INTERIM RESULTS

For the six months ended
30 September 2020

11 DECEMBER 2020

Presentation Outline

01

Business update

Gavin Hudson

Chief Executive Officer

02

Financial results

Rob Aitken

Chief Financial Officer

03

Business outlook

Gavin Hudson

Chief Executive Officer

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We continue to respond to Covid-19

Medical equipment and infrastructure donated

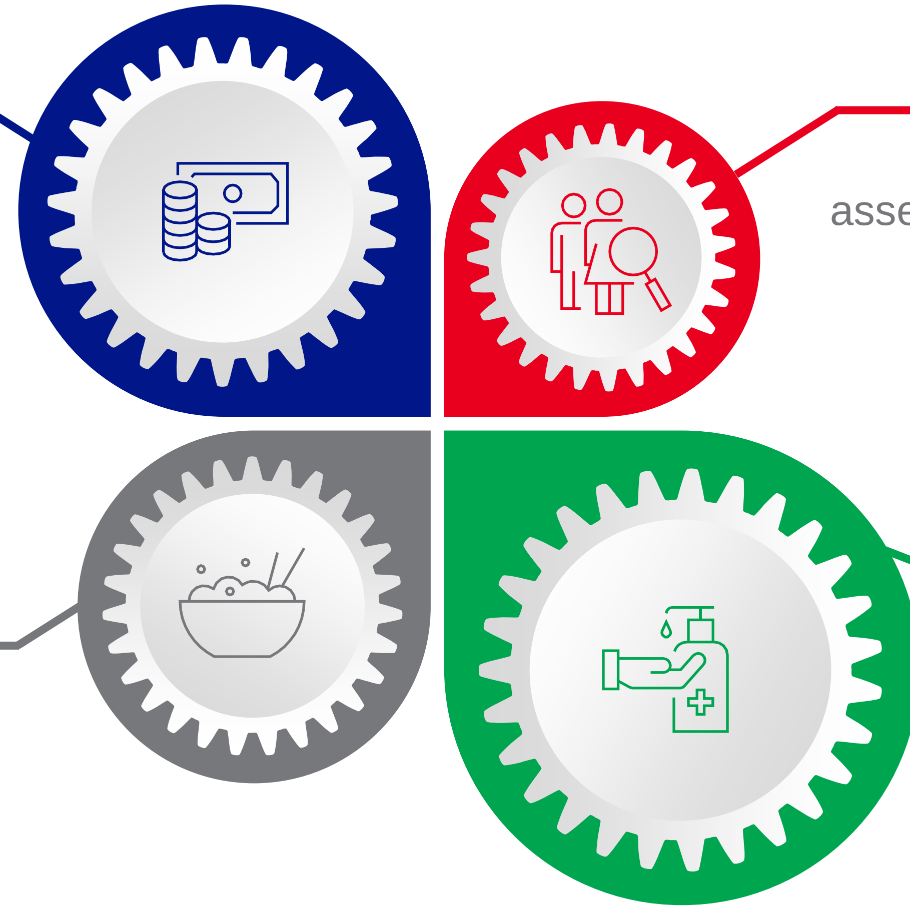
Contributions to Solidarity Fund

Ongoing review of safety protocols

Food security initiatives

R75m
Allocated to COVID-19 initiatives

~20 000
Employees assessed (COF)



120 tons
Porridge and feeding schemes

~1 million
Litres sanitiser donated

Our business has shown significant resilience throughout the pandemic

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Reminder – where we come from

A business in distress

Lack of investment in assets and people

Inadequate processes and procedures

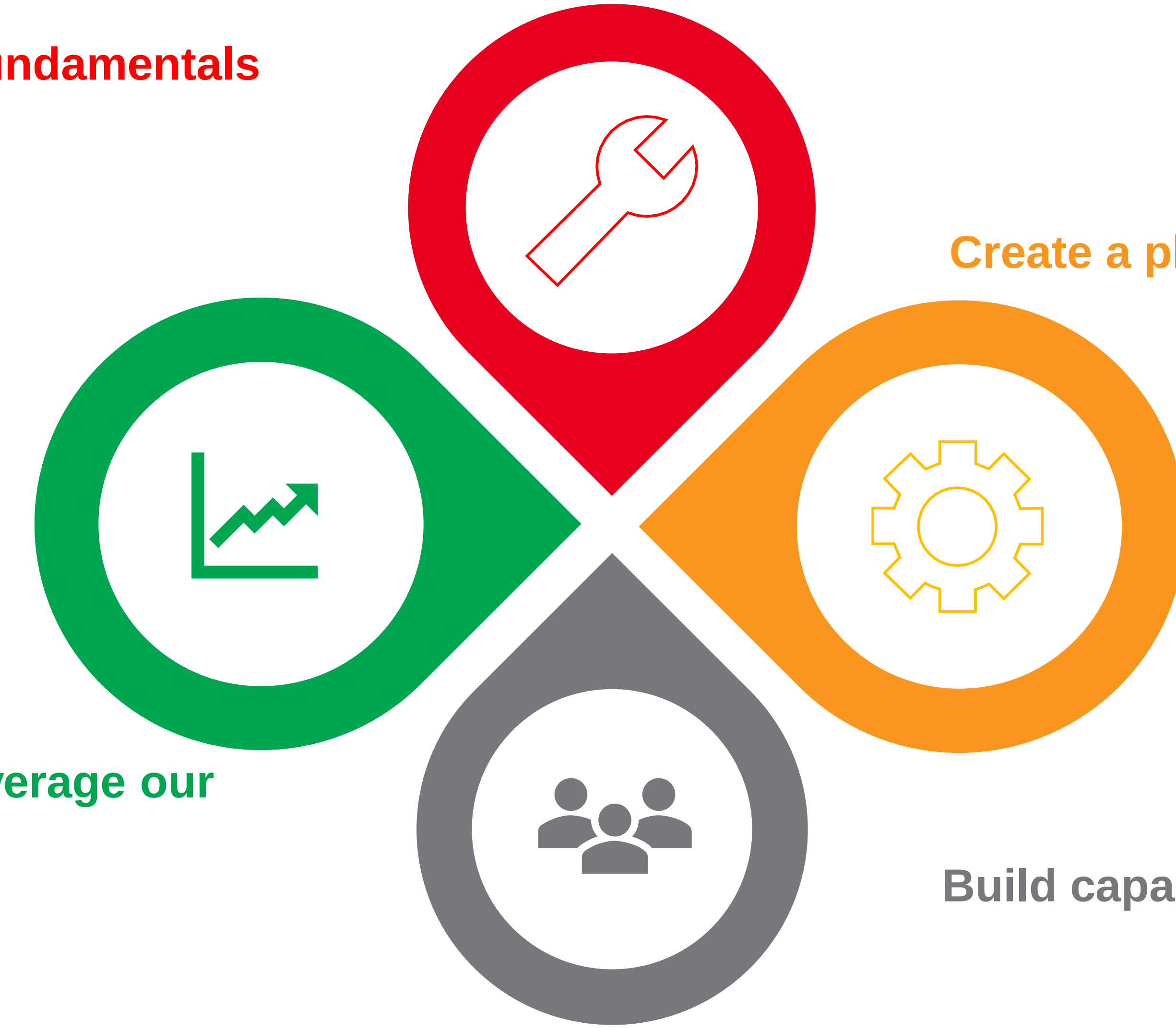
Material restatements of previous financial results

A significant debt burden

We committed to improve the business

Rightsize and fix the fundamentals

Create a platform for sustainable profitable growth



Drive efficiencies to leverage our asset base

Build capability in our people

Through our four (4) strategic pillars

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We are making great progress

SA Sugar

+217% **Adj. EBIDTA**
+24% volume growth
+9% refined sugar share
+5% market share growth

Mozambique

+22% **Adj. EBITDA**
100% growth in refined sugar
Zero - rated VAT until 2023

Zimbabwe

+169% **Adj. EBIDTA**
R288 m dividend repatriated
+16% ethanol production
+42% growth in export volumes

Property

~R200 m deals closed to date

- Good collaboration with industry and municipalities
- Improved talent mix and skills
- Repositioning our business

Reduced debt

R6.4 / R8.1 bn transactions concluded

R5.8 bn cash received

Cash flow

Significant cash flow improvements

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Material focus on governance and sustainability

Decisive effort on **safety performance**

Significant progress against **ESG parameters**

Reviewed and strengthened **policies and procedures**

Regulatory processes concluded

Criminal and civil matters progressing well

Reinforcing **strategic partnerships**

Key **governance** roles filled

Capability building and **upskilling** our people

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A convincing interim financial performance*

Revenue	Adj. EBITDA	Cash flow from operating activities
to R8.2 bn	to R2.5 bn	to R1.3 bn
37%	127%	318%
From R6.0 bn	From R1.1 bn	From R615 m outflow

Operating profit	Headline loss	Net borrowings
to R1.9 bn	to R6 m	From R11.9 bn
95%	99%	R10.9 bn Sep'20
From R973 m	From R517 m	to R6.0 bn

*Excluding Starch

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Financials

Strong financial results notwithstanding a very challenging market

Strong performance in all sugar operations

Credible results in starch and glucose -
sold on 31 Oct 2020

Continued progress in property

Excellent cash generation

A step change in debt levels

Recovery countered by net finance cost and hyperinflationary monetary loss

Group financial results

EPS
Improved 171%
to 166 cents
2019: loss of 235 cents

HEPS
Improved 156%
to 130 cents
2019: loss of 233 cents

No interim dividend declared

Notable COVID-19 impact on starch and glucose and property business

Salient financial features indicating positive trends (Continuing operations)

Revenue
Up 37%
to R8.2 bn

Segmental cash flow*
Up 180%
to R1.4 bn

Net monetary loss
R301 m
Effect of hyperinflation

Adjusted EBITDA*
Up 127%
to R2.5 bn

Headline loss
improved 99%
to R6 m

Operating profit
Up 95%
to R1.9 bn

Operating profit excl Zimbabwe
Up R333 m
to R378 m

HLPS
improved 99%
to 4 cents

Tongaat Hulett utilises the concept of adjusted EBITDA
that removes any fair value adjustments to biological assets

*Total of cash flows from operating and investing activities excluding tax, expansion capex, finance income and disposals

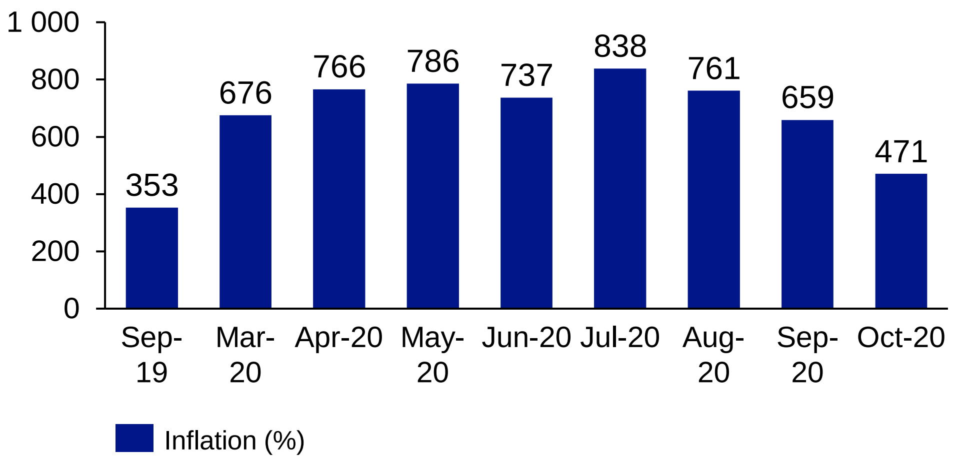
TongaatHulett Financials

Zimbabwe hyperinflation inflates financial results

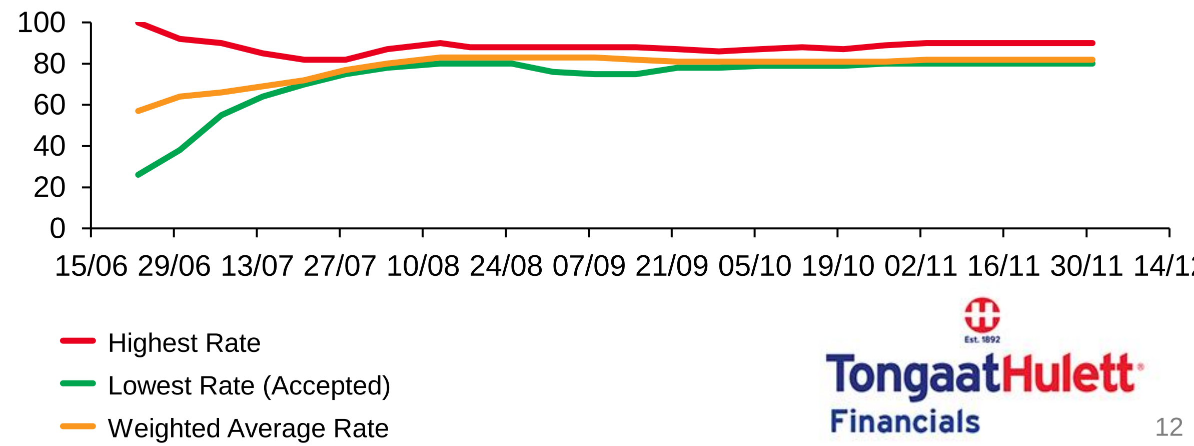
- Application of IAS 29 *Financial Reporting in Hyperinflationary Economies*
- Official inflation rate: **659%** (September 2020)
- Estimated that hyperinflation and currency dynamics contributed R869 million to profits
- New currency auction system has improved gap between the official and unofficial exchange rates
- Net monetary loss arises from local currency cash balances that are losing purchasing power
- Post period-end, currency and inflation are showing relative stability

R 'million	As reported (Official FX rate)	Sensitivity (Unofficial FX rate)	Difference
Exchange rate (vs US$)	ZWL 81	ZWL 97	
Revenue	3 075	2 582	(493)
Operating profit	1 532	1 286	(246)
Profit for the year	719	612	(107)
Net asset value	3 536	2 963	(573)
Total assets	5 564	4 698	(866)

Zimbabwe annual inflation rates (Sep 2019, Mar 2020 to Aug 2020)



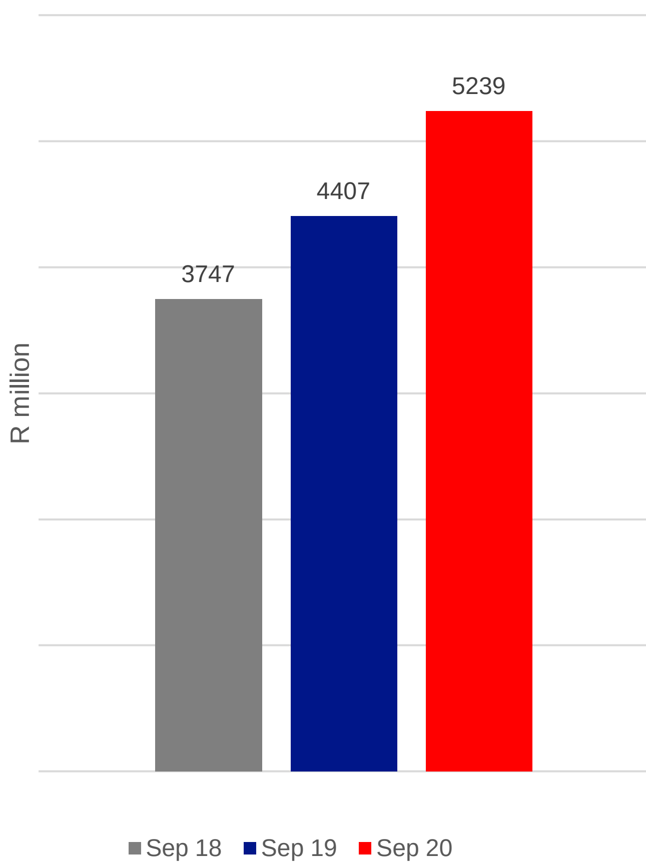
Zimbabwe weekly currency auction (vs US$)



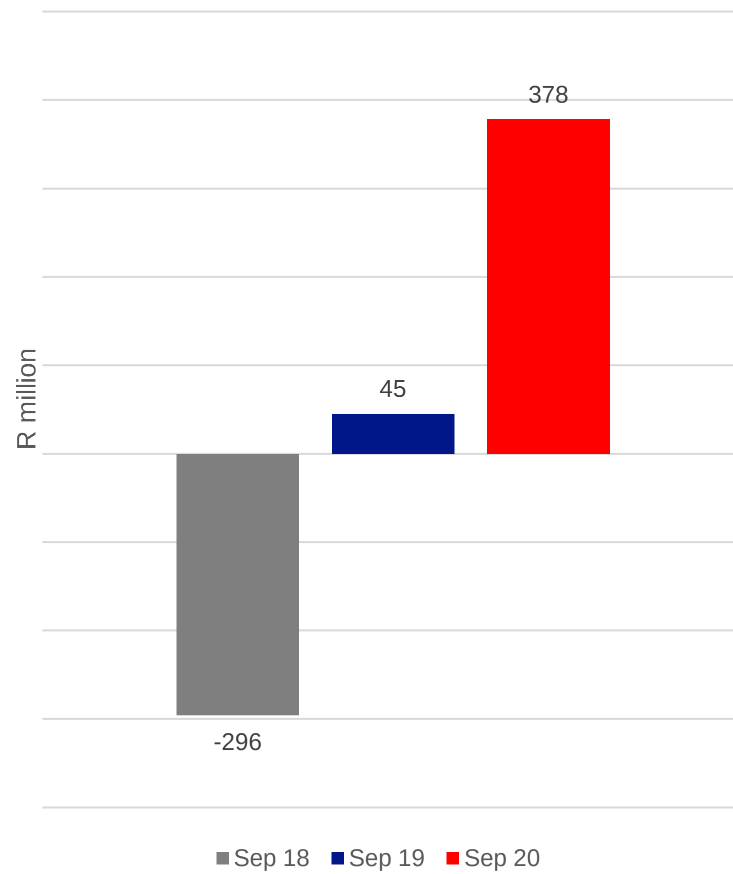
TongaatHulett Financials

Zimbabwe hyperinflation masks strong performance in other operations

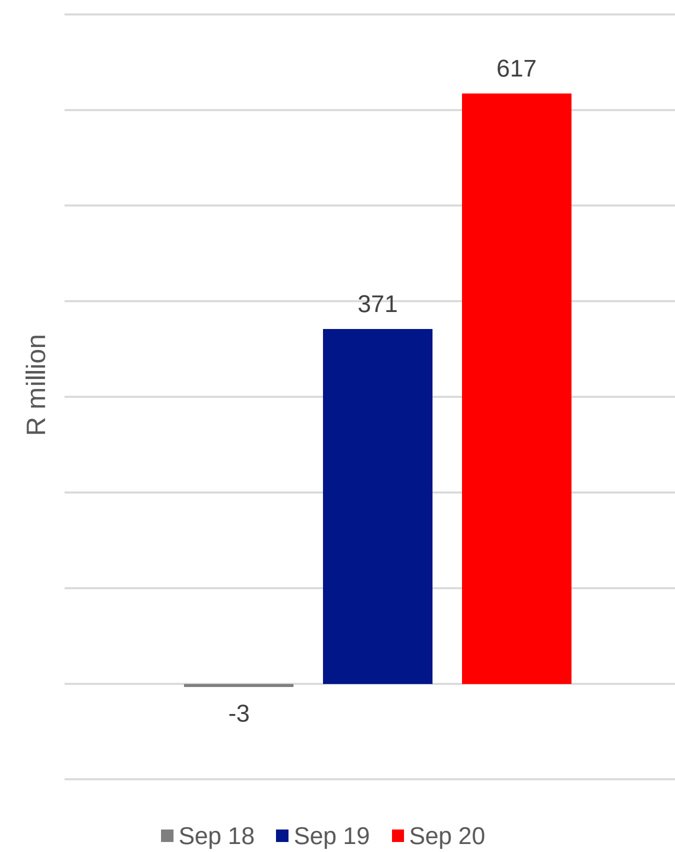
Non-Zim revenue up 19%*



Non-Zim operating profit up 740%*#



Non-Zim adjusted EBITDA up 66%*



*Continuing operations;
Includes profit on disposal on Namibian operations of R183 million, and benefit of not depreciating assets held for resale

TongaatHulett Financials

Statement of Profit or Loss (Continuing operations – excl starch)

R 'million	6 months ended 30 September 2020 (Reviewed)	6 months ended 30 September 2019 (Unaudited)
Revenue	8 248	5 984
Cost of sales	(5 126)	(3 695)
Gross profit	**3 122**	**2 289**
Operating profit	**1 910**	**973**
Net finance costs	(1 053)	(855)
Net monetary loss	(301)	(329)
Share of net profit of associates	5	2
Profit / (loss) before taxation	**561**	**(209)**
Taxation	(241)	(180)
Profit / (loss) from continuing operations	**320**	**(389)**
Profit from discontinued operations	171	190
Profit/(loss)for the period	**491**	**(199)**
Basic and diluted loss per share (cents) from continuing operations	**32**	**(384)**

Strong operational progress, impact of hyperinflation, profit on disposal of Namibia packaging operation included

Increased exchange losses, higher cost of restructured SA facilities

Hyperinflation, erosion of purchasing power of monetary assets

TongaatHulett Financials

Revenue (from continuing operations) up 37% to R8.2bn

- Local market sales up 24%
- Export volumes up 104k tons
- Export pricing benefitted from weaker exchange rate and improved pricing, particularly in refined sugar markets

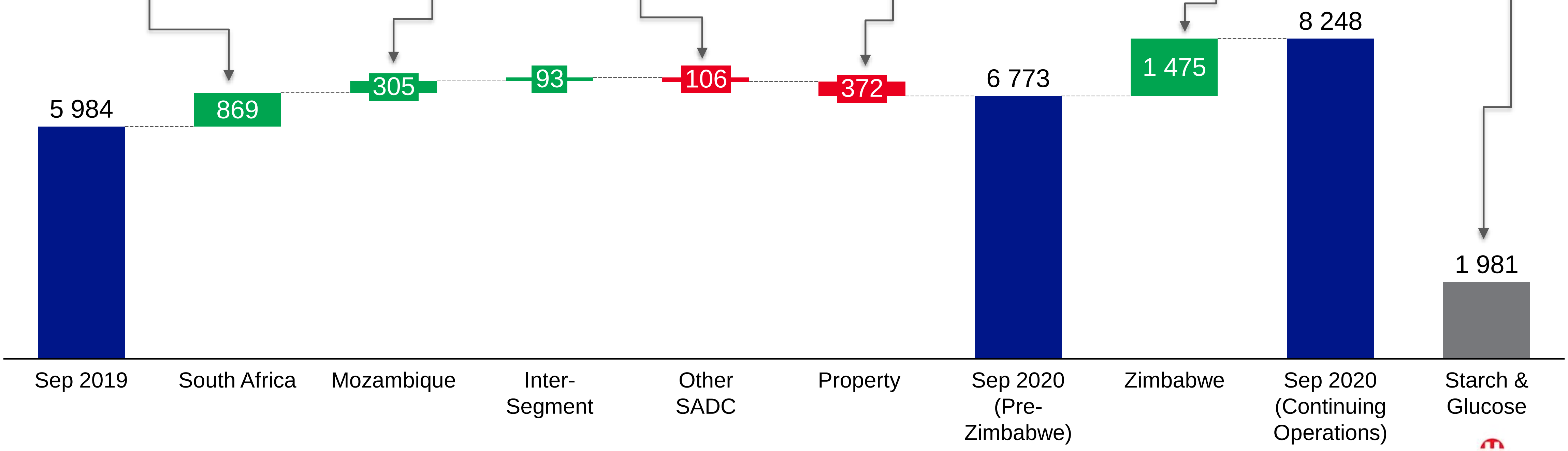
- Average sugar pricing up 18%
- Sales volumes in line with prior period
- Export pricing up
- Improved local sales mix

- Revenue impacted by Namibia disposal

- 35ha of large land sales
- Townships sales down 80% to 28,000m^2 - COVID-19 and low economic activity

- Local market sugar volumes declined during period in which a price freeze was recommended by Government to prevent arbitrage by traders.
- Export sales up 42% to generate foreign currency
- Hyperinflation dynamics

- Sales to alcoholic beverage industry affected by lockdown
- Strong sales to the coffee creamer and canning sectors



TongaatHulett Financials

Adjusted EBITDA (from continuing operations) up 127% to R2.5bn

- Higher revenue translated into improved EBITDA
- Benefit of continued cost savings and non-repeat of retrenchment / restructure costs
- Similar NRV adjustment for export sugar

Improved profits impacted by improved pricing and ongoing cost saving initiatives

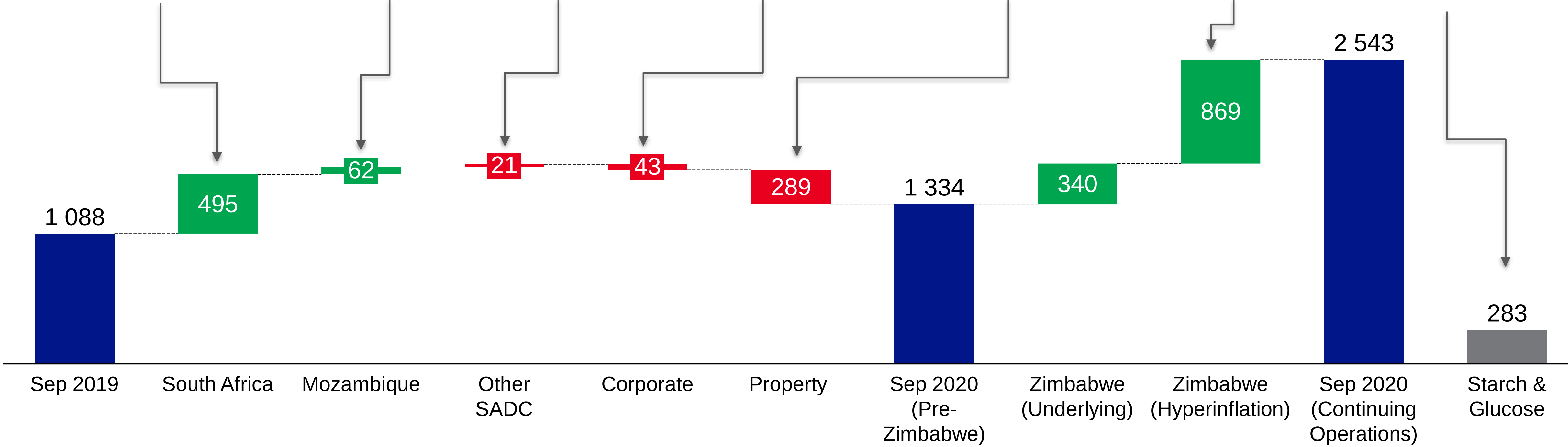
EBITDA impacted by disposal of Namibia.

- Centralisation of Regional Sugar function
- Restructuring costs - MAC dispute, criminal / civil cases debt restructure
- Appointment of key roles

- Reduction in land sales
- R19m credit loss allowance for cost recoveries from municipality.
- Benefit of lower employee costs post retrenchment.

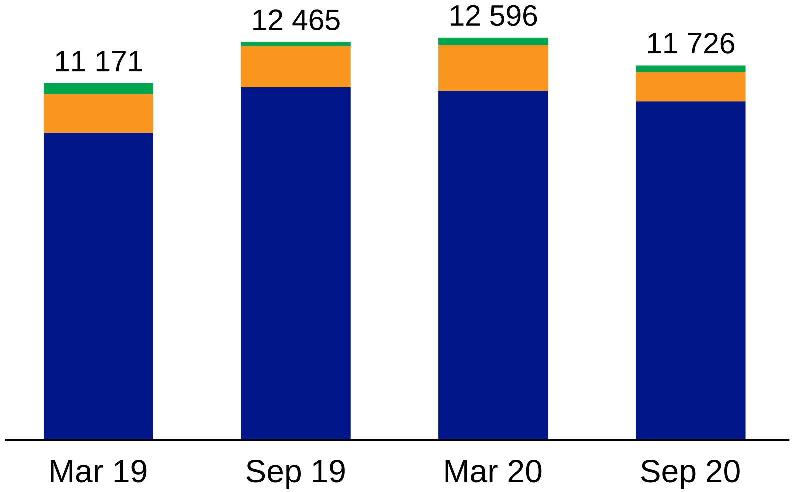
Impact of hyper inflation and weaker Rand, with margins further improved by prepayments of goods to mitigate currency losses.

Lower sales volumes and higher maize prices offset by higher pricing and cost control

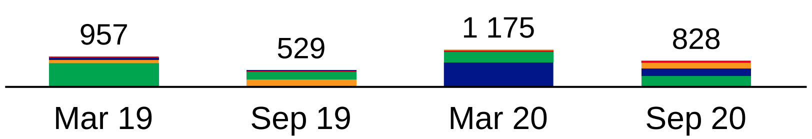


Improved cash and borrowings position

Gross Borrowings (R millions)*

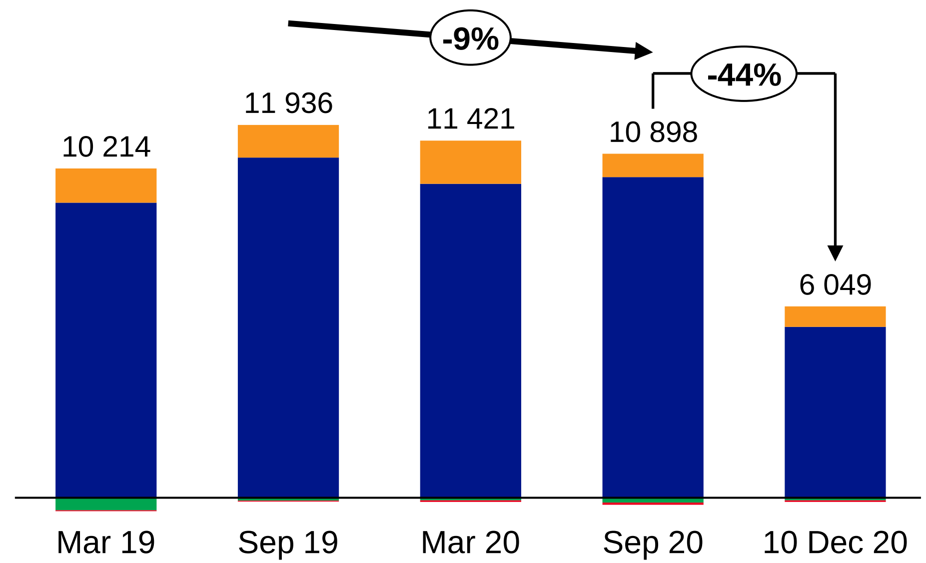


Cash Balances (R millions)*



*Adjusted for operations with held-for-sale assets at 30 September 2020

Net Borrowings (R millions)*



- Group net borrowings has decreased by R4.849bn from 30 September 2020 to 10 December 2020
- Collection of debt reduction proceeds, offset by normal working capital movements across the business

South Africa | Zimbabwe | Mozambique | Other SADC

TongaatHulett Financials

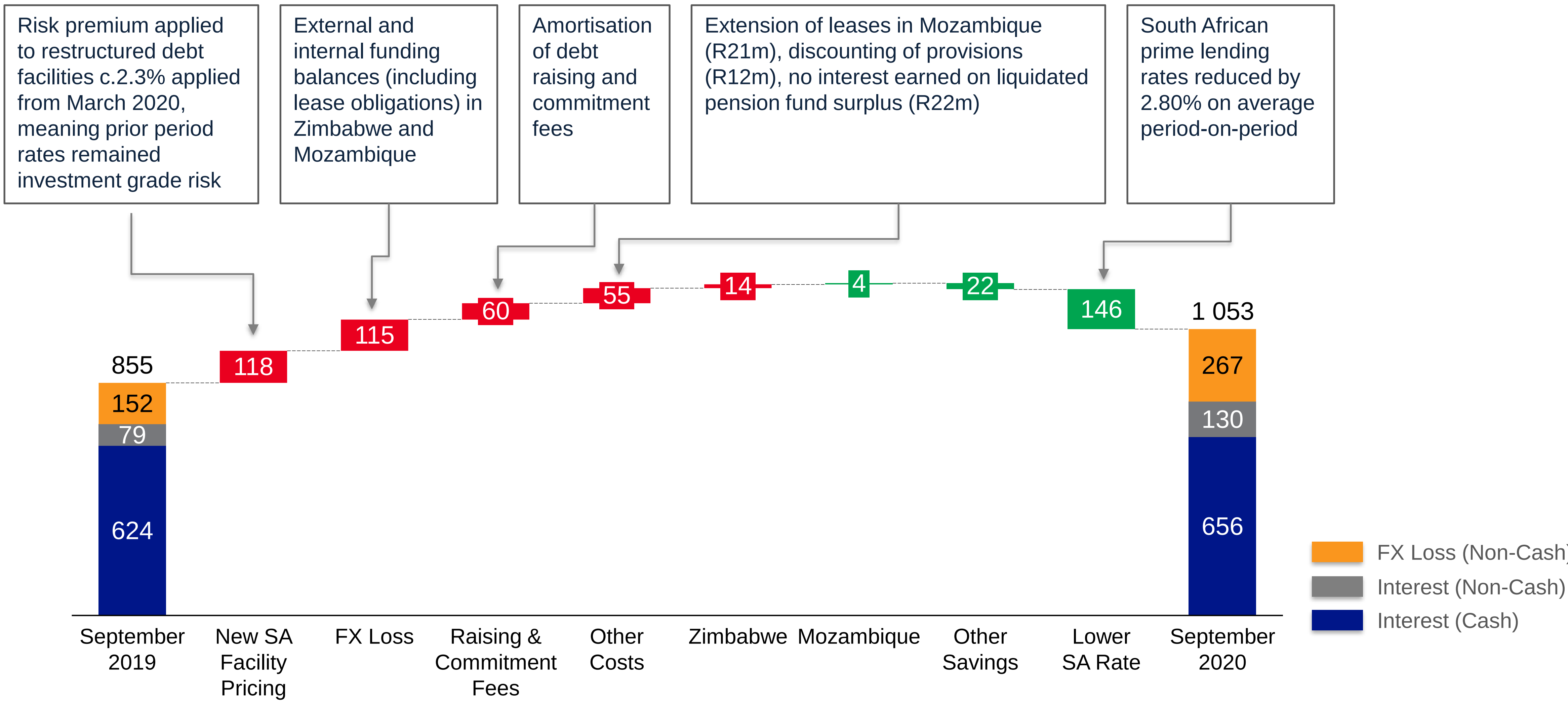
Cash flows improved and new borrowings reduced

R million	September 2020	September 2019
Operating cash flows before working capital	2 844	1 478
Working capital movements	(1 503)	(2 093)
Cash generated from operations	1 341	(615)
Additions to property, plant and equipment	(232)	(120)
Proceeds on disposal of Namibian packaging operation	220	-
Other (tax, intangibles, etc)	(294)	(131)
Net finance costs	(656)	(624)
Borrowings raised	(184)	1 599
Raised	1 955	7 085
Repaid	(2 139)	(5 486)
Cash balances at the beginning of the period	1 242	962
Foreign currency translation effects on cash balances	(14)	(79)
Hyperinflation effect on cash balances	(508)	(347)
Transfer to assets held for sale	(87)	5
CASH BALANCES AT END OF THE PERIOD	**828**	**650**

- Cash generated from operations of R1.341 bn, relative to cash outflow of R615m in prior period
- Normalisation of working capital cycle
- Debt repayments exceeded debt drawdowns for the first time in some time
- Capital expenditure of R232 m (in line with depreciation), confined to essential replacement, cane root replant, second milling line at Maidstone

TongaatHulett Financials

Net finance costs impacted by debt restructure and FX losses



Average borrowings in South Africa were aligned with prior period – cash flows from turnaround initiative used to fund interest costs and capital expenditure

Financials

Borrowings restructured to accommodate COVID-19 induced delays

South Africa debt structure

Facility	Facility type	30 September 2020		10 December 2020	
		Total	Utilised	Total	Utilised
Facility A	Senior Term Loan Facility	8 592	8 592	3 548	3 548
Facility B	Senior Revolving Credit Facility	2 200	1 250	2 200	1 450
Facility C	Seasonal Sugar Revolving Loan Facility	553	553	553	553
Facility D	Seasonal Sugar Term Loan Facility	47	47	47	47
Overdraft	General banking	300	97	300	Nil
Total		**11 692**	**10 539**	**6 648**	**5 598**

Target Total Debt / Adjusted EBITDA: < 2.0x

Commentary

- At 30 September 2020, net borrowings decreased by R577 m to R10.372 bn
- Second restructuring of existing debt facilities, agreed in principle on 31 July 2020 and concluded on 4 November 2020
  - Facility A and B maturity dates extended from 31 March 2021 to 30 September 2021
  - Facility C and D (i.e. seasonal facilities) maturity dates extended from 31 March 2021 to 31 March 2022
  - Revision to the debt reduction milestones
  - Revision to financial ratio covenants
- Debt reduction proceeds from disposal of starch and Tambankulu in excess of R5.0 bn (excluding R450 m held in escrow) banked post period-end

TongaatHulett Financials

Good progress with debt reduction milestones

Pricing Milestones

✓ *Milestone met*
✗ *Milestone missed*

Pricing	R500m	R500m	R4bn	R4bn	R6bn	R6bn	R8.1bn	R8.1bn
Signed Agreements	Nov 19 ✓		Mar 20 ✓		Jun 20 ✓		Sep 20 ✗	
Proceeds		Jun 20 ✓		Sep 20 ✓		Dec 20		Mar 21
No. milestones met	1	2	3	4	5			
No. milestones missed							1	

Default Milestones

✓ *Milestone met*
✗ *Milestone missed*

Default	R500m	R500m	R4bn	R5.5bn	R6bn	R6bn	R8.1bn	R8.1bn
Signed Agreements	Nov 19 ✓		Mar 20 ✓		Jun 20 ✓		Mar 21	
Proceeds		Jun 20 ✓		Dec 20 ✓		Mar 21		Sep 21

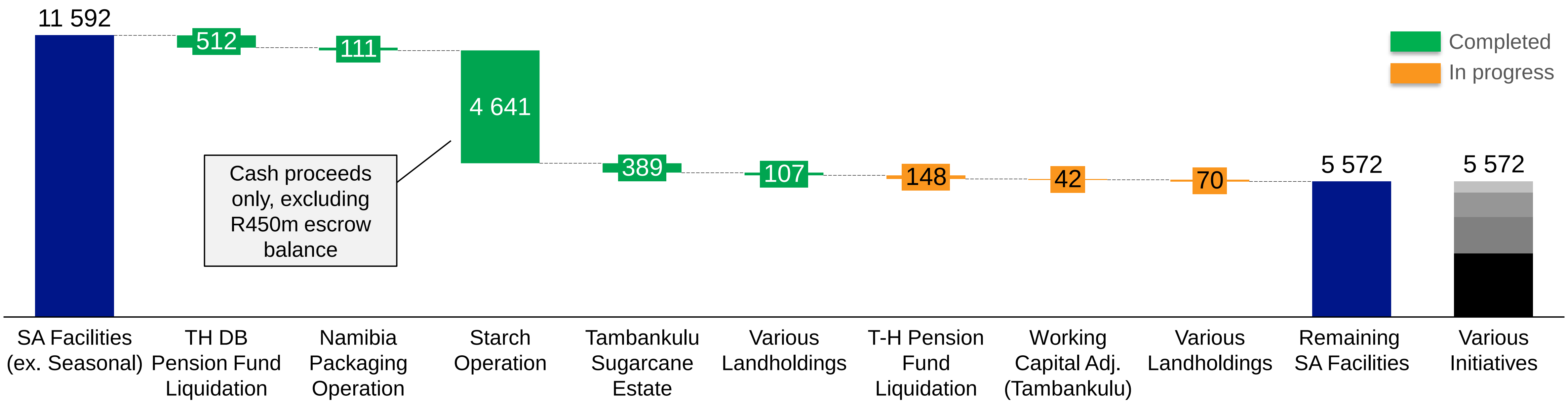
Reduction target of R8.1 bn
Deals of R1.7 bn to go
Cash of R2.2 bn to go

Pricing Milestones
5 out of 6 achieved
1x upward ratchet applied

Default Milestones
5 out of 5 achieved
Timing risk on 31 March 2021

TongaatHulett Financials

A significant reduction in debt levels since December 2019



- Debt refinance proposal being progressed for tabling to lenders prior to redraw of seasonal facilities
- Remainder of R450 million escrow balance at 31 October 2021 to be applied to debt – various liability limits in place
- Strategic partnerships over SA Sugar assets and the group’s landholdings remain work in progress
  - MillCo: Lockdown slowed progress, engagements with industry bidders paused to align on valuation
  - PropCo: Sites visits were delayed, due diligence and valuation processes are ongoing
- Equity capital raise remains a consideration

Mozambican debt decreasing and standstill in place

Mozambique Debt Standstill

	Type	September 2020	September 2019
Short term	Term loans (MZN)	494	692
Short term	Overdraft and similar	276	572
Short term	Overdraft (US$)	81	31
Short term	Liquidity facility	nil	nil
Long term	Sales and leaseback	72	nil
Borrowings		**923**	**1 295**
Cash balances		**(163)**	**(236)**
Net borrowings		**760**	**1 059**

Commentary

- Net debt in Mozambique decreased from R1.059 bn to R760 m
- Improved operational cash flows, with some translation benefit from a weaker Metical exchange rate against the Rand
- The debt standstill agreement remains in effect until 30 June 2021
- Lenders have agreed, in principle, to a debt restructuring proposal and certain lenders have obtained credit approval in support thereof
- Debt restructure is premised on a 2 year “trade out” based on improved operational performance
- Other debt reduction initiatives include the sale of the operation’s vehicle fleet to Unitrans and the disposal of less profitable company farms

Divisional Performance

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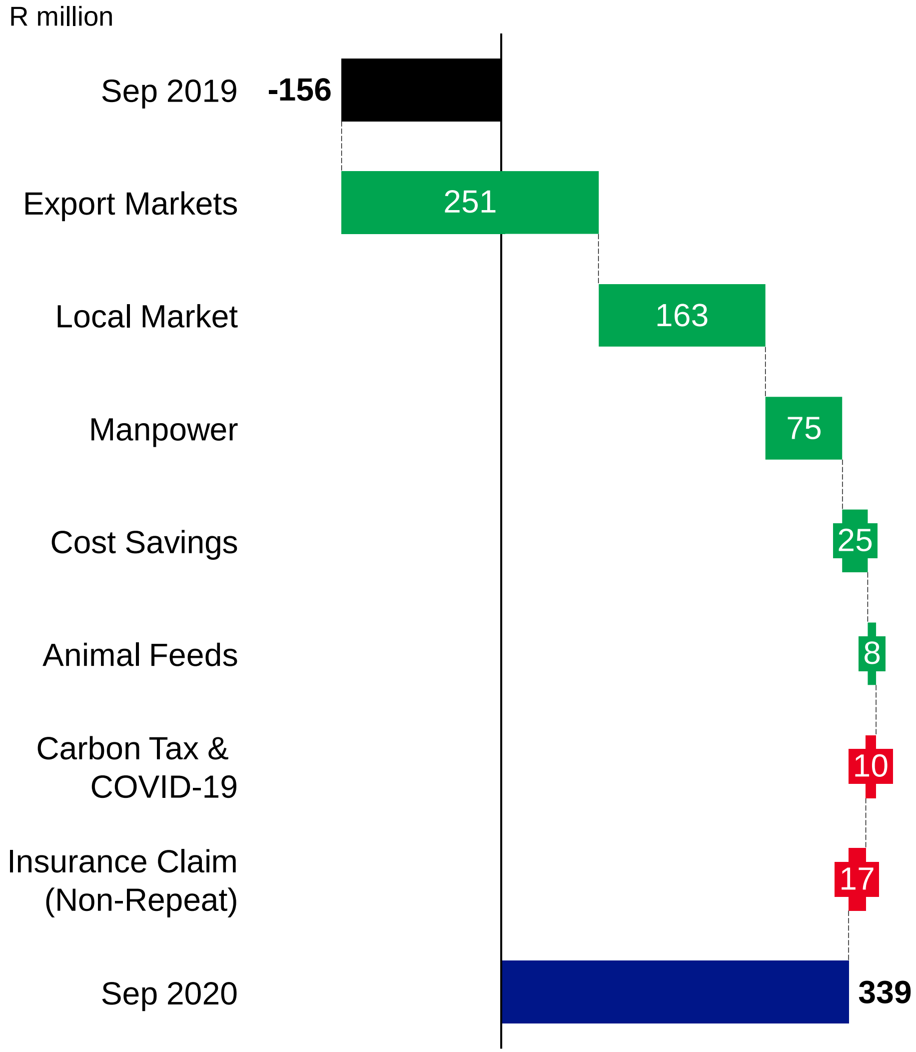
Sugar

Sugar South Africa delivered a strong turnaround

Adjusted EBITDA Bridge



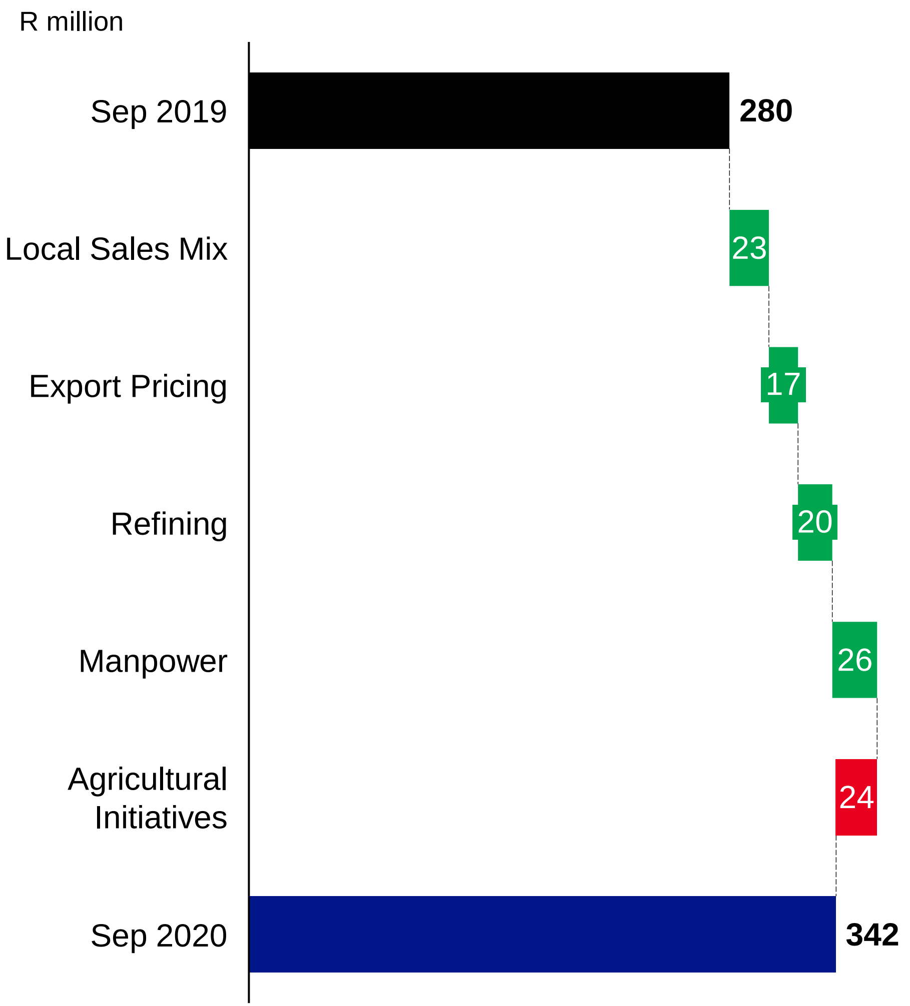
Commentary

- Adjusted EBITDA of R339 m (Sep 2019: loss of R156 m)
- Sugar mills crushed 3.507 m tons cane (Sep 2019: 3.467 m tons)
- Raw sugar produced 404 060 tons (Sep 2019: 387 210)
- COVID-19 and other disruptions in production
- Local market sales up 24% to 246 130 tons
- Inflation-linked price increase in September 2020
- Cost reductions improved margins on sales
- Exports sales volumes increased by 103 802 tons to 147 628 tons, with a lower write-down of sugar stocks to net realisable value
- Export pricing of both raw and refined sugar higher in US$ terms, and benefit from the weaker exchange rate
- Segmental cash inflow up to R217 m (Sep 19: outflow of R661 m)

TongaatHulett Sugar

Sugar Mozambique delivered a solid performance

Adjusted EBITDA Bridge



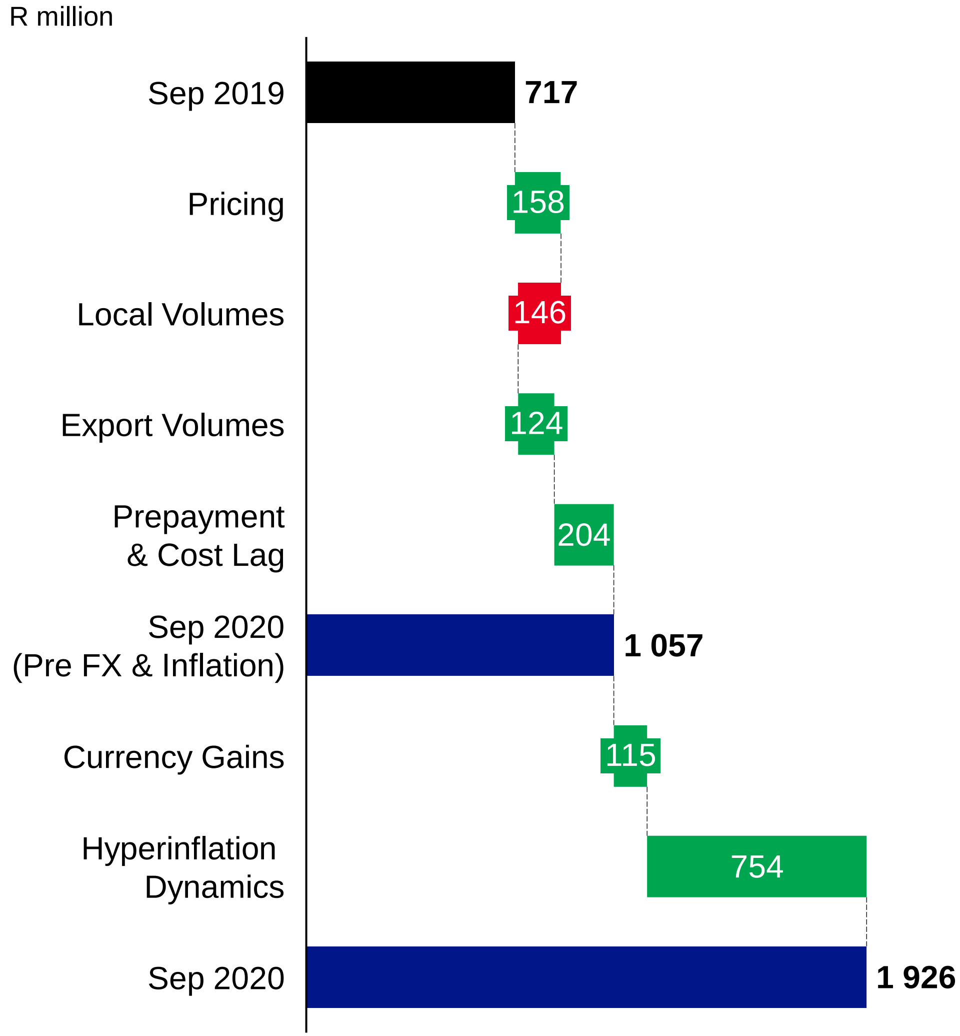
Commentary

- Adjusted EBITDA up 22% to R342 million
- Crushed 1 538 824 tons cane (Sep 2019: 1 478 125 tons)
- Raw sugar produced 173 668 tons (Sep 2019: 164 547 tons).
- Xinavane – excellent performance in terms of reliability
- Mafambisse – began recovery after Cyclone Idai
- Refinery production at Xinavane more than doubled to 47 266 tons
- Domestic sales were in line with prior period, supported by extension of VAT exemption until December 2023
- Average sugar pricing up 18% with improved export pricing and local market sales mix
- Export volumes were lower than prior period
- Cost reduction initiatives – R26 million saving
- Investment in agricultural initiatives

TongaatHulett Sugar

Sugar Zimbabwe had a steady performance impacted by hyperinflation

Adjusted EBITDA Bridge



Commentary

- Adjusted EBITDA of R1.926 bn (Sep 2019: R717 million)
- Margins improved through prepayments of goods to preserve currency value
- Crushed 2.473 m tons of cane (Sep 2019: 2.481 m tons)
- Raw sugar of 296 974 tons (Sep 2019: 303 155 tons)
- Refined sugar of 26 251 tons (Sept 2019: 32 050 tons)
- Local sales volumes down 13% to 158 439 tons to prevent arbitrage and from impact of low household disposable incomes
- Export volumes up 42%; total sales contribution up from 21% to 30%
- Export pricing in US$ in line with the previous interim period
- Ethanol production up 16% to 14.2 m litres, ethanol sales up 17% to 11.6 m litres

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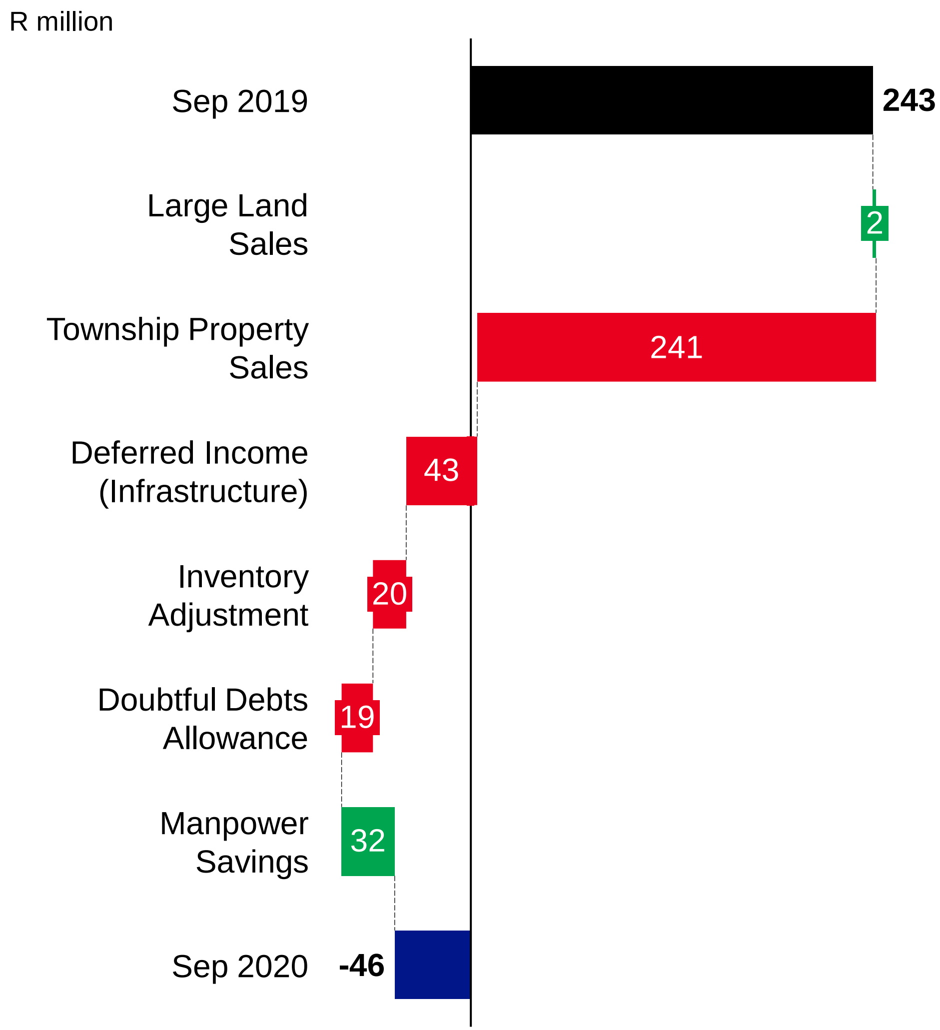
Property

Property produced an acceptable result given significant COVID-19 impact

Adjusted EBITDA Bridge



Commentary

- Adjusted EBITDA loss of R46 million (Sep 2019: profit of R243 million)
- Large land sales in line with prior period (2 transactions)
- Township property sales reduced significantly to 28,000m^2 new floor areas (Sep 2019: 138,000m^2) –
  - Deeds offices closed during lockdown
  - Deals under negotiation that were halted or abandoned
- Repositioning sites in Umhlanga Hills to a more affordable product – once-off adjustment of R20 million
- Allowance for credit losses for infrastructure recoveries up R19 million
- Cost reduction initiatives – R32 million saving
- Property transactions valued at R197 million concluded in October 2020 (i.e. properties transferred and cash banked)

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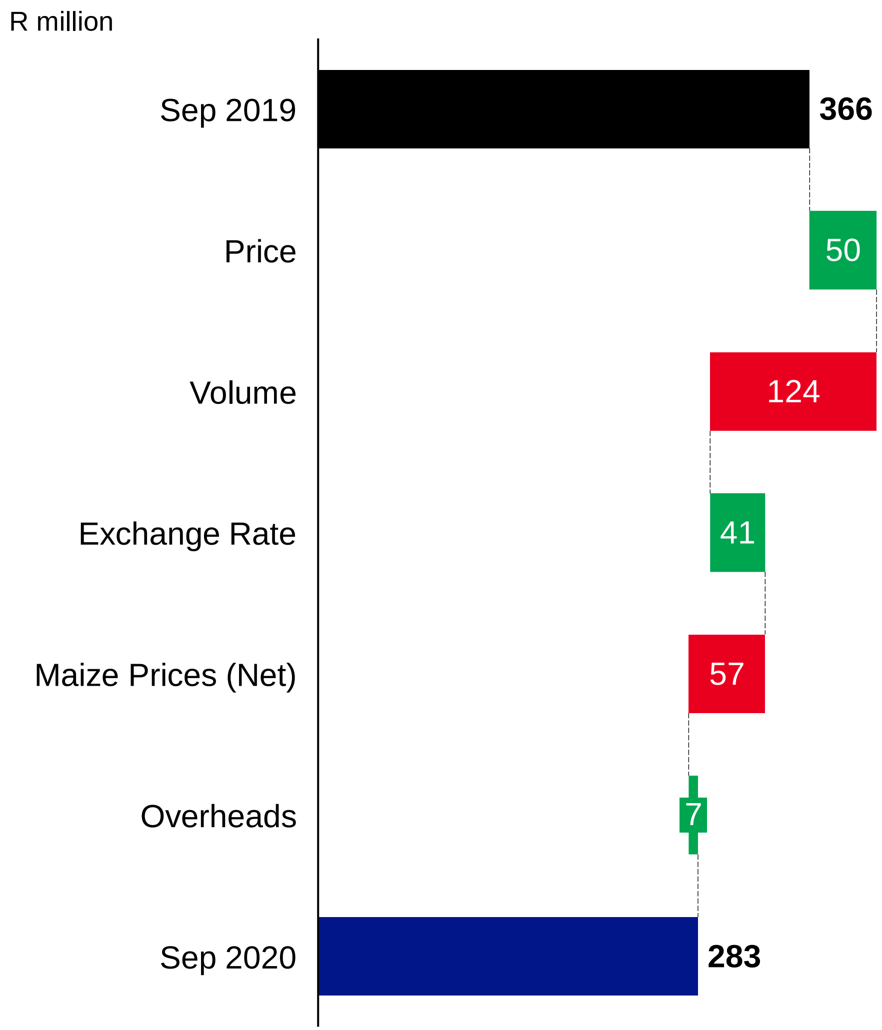
Starch

Starch was sold on 31 October 2020

Adjusted EBITDA Bridge



Commentary

- Adjusted EBITDA down to R283 million
- Domestic sales volumes down 13% to 189 749 tons
- Exports sales were 18% lower at 29 057 tons
- Alcoholic beverage sector sales down 39%, due to lockdown restrictions
- Other non-essential services such as confectionary and papermaking similarly impacted
- Coffee creamer sales volumes up by 33% to 13 276 tons.
- Margins under pressure from maize prices despite record crop
- Higher co-product realisations
- Positive impact from cost reduction initiatives
- Operating profit impacted by the requirement to not depreciate assets classified as held-for-sale (R56 million)

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Outlook

Tongaat is a formidable business

Sugar

Leading Agri business in Sugar, Ethanol, Animal Feeds and Cattle

13 **Production facilities**

South Africa
- 3 mills
- 1 sugar refinery
- 1 animal feeds mill

Zimbabwe
- 2 mills
- 1 sugar refinery
- 1 ethanol refinery

Mozambique
- 2 mills
- 1 sugar refinery

Botswana
- 1 packaging plant

60k
Hectares farmed
177k ha total farmed

1.5m
Tons per annum in sugar production capacity

40m
Litres per annum in ethanol capacity

400k
Tons per annum in animal feed capacity

30 000
Employees in peak milling season

Property

One of the largest portfolios of premier commercial land in KZN and SA

11.7k
Hectares of prime commercial land(1)
20k ha in total

R11bn
Indicative fair value of developable land(1)

R70bn
Economic development on land to date(2)

Underpinned by a significant asset base

Notes: Unless otherwise indicated, operational data and company estimates as at September 2020. (1) Independent Valuation Report issued on 23 August 2019, valued as at 1 June 2019. (2) Developable value of land once infrastructure is in place

TongaatHulett Outlook

It's time to pivot and look towards the future

Sustainability	• Deepening our focus on ESG and transformation
Diversification	• 19 opportunities in 4 countries • SA Sugar Industry Master Plan is a catalyst
Growth	• Market share, per capita consumption and exports growth • Repositioning our Property business
Efficiency	• Low cost and reliable producer
Talent	• Overall talent and capability enhancement

Our ambition remains to create value for all our stakeholders

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Outlook

Outlook

1. Review our capital structure in light of debt reduction glidepath and remaining milestones
2. Continued growth in sugar EBITDA
3. The reduced debt levels to benefit future finance costs
4. Increased capital investment aligned with depreciation
5. We remain on track to meet our R3 bn cash flow improvement target
6. Drive property sales whilst managing legacy infrastructure obligations
7. Ongoing dividend stream from Zimbabwe

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Outlook

Questions?

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