

Tongaat Hulett Limited
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
("Tongaat Hulett" or "the group")

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

Features

Revenue decreased by 2% to R17,069 billion from R17,505 billion

Operating profit up by 850% from R142 million to R1,207 billion

EBITDA of R1,860 billion (2018: R727 million)

Basic loss per share reduced by 10% to 948 cents (2018: loss of 1 054 cents)

Headline loss of R923 million (2018: loss of R947 million)

Headline loss per share down 4% to 823 cents (2018: loss of 861 cents)

Cash inflow from operations of R1,720 billion (2018: R1,876 billion)

Net asset value decreased by R3,034 billion to -R2,972 billion from R62 million in 2018

No dividend was declared in the current year, 160 cents declared in 2018

The total restatement amounts to R11,886 billion which is mainly attributable to the following::

Revenue recognition - R2,7 billion

Cane assets - R3 billion

Cost capitalisation - R3,8 billion

Assets recoverability - R4 billion

Minority and tax shield - (R1,7 billion)

Tongaat Hulett highlighted to shareholders in May 2019 that the group's audited consolidated financial statements for the year ended 31 March 2018 would need to be restated. At the time of the announcement it was estimated that the impact on equity would be a reduction of between R3,5 and R4,5 billion. The difference between this range and the R11,886 billion is mainly due to impairments and the derecognition of expropriated land in Zimbabwe of R4 billion and some R3 billion of deferred tax assets that have not been recognised.

Despite these restatements, it is encouraging to note that core business remains strong with positive cash flows from operating activities and strong margins at an operational profit level. Our investment case is supported by our lenders, with whom we have signed debt refinancing agreements.

Overview

Tongaat Hulett has gone through significant change since the beginning of the 2019 calendar year, which has culminated in a new board and executive management team, considerably strengthened governance and financial

structures, with a new vision and strategy underpinned by key values. The group initiated a forensic investigation, the key findings of which were recently published, and has implemented a range of corrective actions to effectively respond to the recommendations contained in the review. A key component of these was to review and strengthen current accounting policies and restate prior year annual financial statements to more accurately reflect Tongaat Hulett's underlying business performance.

The business has taken the necessary steps to stabilise the group, restructure its high debt levels and initiate processes to start reducing the debt to more sustainable levels. Despite the challenges of the past year, Tongaat Hulett has made considerable progress on its journey to recovery, and continues to advance with resetting its base.

Auditor's report

With respect to the consolidated financial statements for the year-ended 31 March 2019, the auditors, Deloitte & Touche, have issued an unmodified audit opinion in terms of the International Standards on Auditing, with a paragraph on material uncertainty relating to going concern. Events and other matters indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The auditor's report also includes detail of an identified reportable irregularity in terms of the Auditing Profession Act which was reported to the Independent Regulatory Board for Auditors. The reportable irregularity pertained to non-compliance with the Companies Act relating to the preparation, approval, dissemination or publication of financial statements, knowing that those statements fail in a material way to comply with the requirements of the Companies Act or are materially false or misleading. Deloitte & Touche report that they have satisfied themselves that the reportable irregularity is no longer continuing.

This short form announcement has itself not been audited or reviewed.

The auditor's unmodified audit report in terms of International Standards on Auditing, along with their key audit matters and the Annual Financial Statements is available on the link below.

Progress on key matters

The initial phases of reducing the group's debt through streamlining and rationalising operations and improving business performance and accountability have commenced. Twelve key projects across all areas of the business have been rolled out, aimed at maximising net cash.

Tongaat Hulett has signed its South African debt refinancing agreements which will come into effect once certain outstanding administrative conditions are met. The group has agreed with the South African Lenders that they will execute a plan to reduce the level of debt by a minimum of R8,1 billion by 30 September 2021.

The contents of this short-form announcement are the responsibility of the board of directors. Shareholders are advised that this short-form announcement represents a brief summary of the information contained in the full announcement, published on <https://senspdf.jse.co.za/documents/2019/jse/isse/thgl/annuals.pdf> and on Tongaat Hulett's website <http://www.tonga.com/2019/Results-for-the-year-ended-31-March-2019.pdf>. Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement and shareholders are encouraged to review the full announcement as directed above. Investors and/or shareholders may request copies of the full announcement by contacting the company secretary, details of whom are set out in this announcement.

The full announcement is available for inspection at the registered office of the group, the offices of the sponsor or copies of the full announcement may be requested during business hours from the company at no charge.

Tonga

10 December 2019

Tonga Hulett Limited

Registration No: 1892/000610/06, JSE share code: TON, ISIN: ZAE000096541

Directorate Non-executive directors: L Von Zeuner (Chairman), SM Beesley, F Daniels, L de Beer, RM Goetzsche, JJ Nel, AH Sangqu Executive directors: JG Hudson (CEO), RD Aitken (CFO), DL Marokane

Company Secretary: MAC Mahlari

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Sponsor: Investec Bank Limited, Telephone: +27 11 286 7000

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