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

**TRADING STATEMENT AND OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019 AND RENEWAL OF CAUTIONARY**

This trading statement is issued in terms of Section 3.4 (b) of the JSE Limited ("JSE") Listings Requirements.

Shareholders are advised that a reasonable degree of certainty exists that Tongaat Hulett's headline loss for the six months to 30 September 2019 is expected to show an improvement compared to the R354 million loss (restated) in the comparable six months of 2018. Following the unwind of the 2007 Broad-Based Black Empowerment equity transaction, the weighted average number of shares in issue used for the calculation of loss per share ("LPS") and headline loss per share ("HLPS") increased by 25 million (23%), which impacts on the comparability to prior periods.

Consequently, LPS and HLPS for the six months ending 30 September 2019 are expected to be within the ranges reflected in the table below:

| | September 2018 | September 2018 | September 2019 | September 2019 |
|---|---|---|---|---|
| | As reported | Restated | Expected range | Expected Range |
| Loss for the period (Rm) | -R110 million | -R392 million | -R327 to -R303 million | +17% to +23% |
| Headline loss for the period (Rm) | -R87 million | -R354 million | -R322 to -R300 million | +9% to +15% |
| Weighted average number of shares (000's) | 117 441 | 110 008 | 135 113 | n/a |
| Loss per share (cents) | -94 cents | -356 cents | -242 to -224 cents | +32% to +37% |
| Headline loss per share (cents) | -74 cents | -322 cents | -238 to -222 cents | +26% to +31% |

Tongaat Hulett applied the requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* to the financial results of the Zimbabwean operations for the half year ended 30 September 2019. Zimbabwe's official inflation rate has increased substantially and as at 30 September 2019 equated to 350% relative to 1 October 2018. The application of hyperinflation accounting, particularly with its impact on the fair value of biological assets, has had the impact of increasing Rand-denominated operating profit in these operations threefold. Further details of the impact of hyperinflation on the operations and the assumptions used will be provided in the interim results.

The Mozambican operations experienced a notable turnaround, benefiting from higher local sales on the back of beneficial pricing and promotions, as well as from successful cost containment. This, together with the positive impact of the Xinavane refinery coming on stream in the six months under review, returned the operations to profitability after a loss in the comparable period.

South African sugar production improved by 10% relative to the comparable period and good progress was made with cost reduction efforts. Despite these positive interventions, lower local sales volumes and the consequent change in the sales mix toward lower margin exports, has increased the South African operations' operating loss during the period.

The profitability of the starch and glucose operations were stable against the prior period. Higher maize prices negated good growth in local sales volumes.

Land conversion and development profits increased notably, mainly due to the re-recognition of historic property deals which, under the accounting policies implemented in 2019, requires recognition of the land sale on the date on which the property was transferred to the purchaser. The deals recognised in the six-month period represents the equivalent of 141 000m² of new building floor space compared to 17 000m² (restated) in the prior period.

Higher finance cost and taxation, together with a net monetary loss arising from hyperinflation accounting in Zimbabwe, countered the strong improvements in operating profit of the group discussed above, leading to the earnings outcomes depicted in the table above.

Operating cash flow before working capital movements was positive in the period. The working capital cycle normalised following the year-end as deferred creditors from the previous financial year were settled and supply terms were brought up to the Group's terms.  Capital expenditure during the period was confined to essential replacement items. Total borrowings at this point of the season have remained relatively stable compared to the prior period, increasing by 3% on the back of increased production and higher finance costs.

The financial information contained in this trading statement has not been reviewed or reported on by Tongaat Hulett's auditors.

**LIFTING OF THE SUSPENSION ON TONGAAT HULETT'S SHARES**

Shareholders were advised in December 2019 that the Board viewed the suspension of its shares on the JSE as a temporary measure until the Company was in a position to provide sufficient further information to the market and that it was expected that the suspension would be lifted once the Company had released its trading statement for the six-month period ended 30 September 2019. Accordingly, the Board has entered into discussions with the JSE to request the lifting of the suspension of its shares, potentially in the first week of February 2020, and a further announcement will be made once the JSE conveys its decision.

**FURTHER RENEWAL OF CAUTIONARY ANNOUNCEMENT**

Shareholders are advised that the previous cautionary announcements released by the Company, the most recent of which was released on 2 January 2020, are still relevant and applicable. Accordingly, shareholders are advised to continue to exercise caution.

**INTERIM RESULTS**

The interim results for the six months to 30 September 2019 are scheduled to be released on SENS on 31 January 2020.

Tongaat
29 January 2020

Sponsor:
Investec Bank Limited