

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

## **Update on debt restructuring and the South African sugar operations; and cautionary announcement**

### Debt restructuring

On 11 December 2020, the interim financial results for the six months ended 30 September 2020 were released on the Stock Exchange News Service ("SENS") wherein THL also updated shareholders on the cumulative amount of the repayments it had made on its South African debt.

In the interim financial results, shareholders were advised that:

- Debt reduction transactions (i.e. disposal and other agreements from which proceeds could be sourced to repay South African debt) totalling R6.4 billion had been concluded, with R5.76 billion thereof having been paid to the South African lenders pursuant thereto;
- THL had agreed in principle to a second restructure of its existing debt facilities and concluded the agreement with the South African lenders on 4 November 2020. The most significant amendments to the restructured debt relate to, *inter alia*, the revision of the default debt reduction milestones and the financial ratio covenants; and
- The revised default debt reduction milestones required THL to sign cumulative debt reduction transaction agreements amounting to R8.1 billion and repay (from debt reduction proceeds) at least R6.0 billion of the South African debt by 31 March 2021. This same milestone is again tested on 30 June 2021.

At 31 March 2021, THL has paid debt reduction proceeds of R6.01 billion to the South African lenders and has therefore achieved the R6.0 billion debt reduction proceeds milestone. Debt reduction transaction agreements totalling R6.56 billion had been signed at 31 March 2021, which falls short of the R8.1 billion required.

In order to prevent an event of default, THL and the South African lenders amended the milestone measurement date from 31 March 2021 to 30 April 2021. The parties are in advanced negotiations to amend the cumulative amount of the signed debt reduction transaction agreements from R8.1 billion to R6.4 billion, which will allow THL to meet the milestone.

The 30 June 2021 milestone remains unchanged and still requires THL to sign cumulative debt reduction agreements amounting to R8.1 billion.

As certain of the facilities mature on 30 September 2021, negotiations with the South African lenders have commenced to implement a debt refinance and a further announcement will be made once this has been agreed.

## South African sugar operational update

THL's central sugar refinery produces all of its refined sugar and supplies a significant portion of the total demand for refined sugar in South Africa. To honour the sugar industry's commitments in terms of the Sugar Master Plan and supply the 100,000 ton (13%) increase in refined sugar demand, it became necessary to keep the refinery running and delay the planned annual maintenance shutdown for the 2021 financial year to the off-season period. Consequently, actual production of refined sugar for the 2021 financial year increased by 40% to more than 450 000 tons, against a previously planned production level of 304 000 tons.

Unfortunately, the extra pressure of this production ramp-up on the refinery led to increased production costs and process inefficiencies and resulted in a 25 000 ton sugar production loss. This will have a material impact on the full year financial results of the South African sugar operation, though the amount thereof has not yet been fully quantified.

Significant steps have been taken during the recent maintenance shutdown to rectify and enhance the refinery processes and controls in order to prevent a reoccurrence.

Further information in relation to the above will be provided to shareholders once available and in accordance with the required practices in terms of the JSE Listings Requirements.

Accordingly, shareholders are advised to exercise caution when dealing in THL's securities until the amount of the full impact of the loss has been quantified.

Tongaat  
29 April 2021

Sponsor to THL  
Investec Bank Limited