

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

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

SALIENT FEATURES

- Continued progress with the business turnaround strategy
- Successful conclusion of disposals to the value of R6.6 billion
- A 42% reduction in group debt from disposals, as well as reduced costs, working capital improvements and operational efficiencies
- Debt refinancing agreements concluded in South Africa and Mozambique
- Strong market share gains in the sugar operations
- R323 million in dividends received from Zimbabwean sugar operations
- Recovery in the financial results hampered by the following:
 - Continued negative impacts from hyperinflation in Zimbabwe
 - Significant delays and cancellations in land sales due to COVID-19
 - Lower raw sugar production and a refinery loss, since corrected in South Africa, which was partially offset by the reversal of all short-term and turnaround incentive accruals
 - Partial contribution from the starch, Namibia and Eswatini operations due to their disposal
 - Unrealised foreign exchange losses due to significant volatility in the MZN/ZAR exchange rate
 - Benefit from lower borrowings largely offset by higher cost of the restructured South African debt facilities

Group financial results (including the discontinued starch and glucose operation)

- Basic earnings per share improved by 1 916% to 1 794 cents (2020: 89 cents)
- Headline earnings per share decreased by 801% to a loss of 631 cents (2020: Headline profit per share of 90 cents)

Group financial results from continuing operations (excluding starch operations)

- Revenue down 3% to R14 918 million (2020: R15 382 million)
- Operating profit down 44% to R1 818 million (2020: R3 257 million)
- Hyperinflationary net monetary loss reduced to R626 million (2020: loss of R1 296 million)
- Basic loss of R929 million (2020: loss of R286 million)
- Basic loss per share of 689 cents (2020: loss of 212 cents)
- Headline loss of R1 109 million (2020: loss of R285 million)
- Headline loss per share of 822 cents (2020: loss of 211 cents)
- Cash generated from operations of R1 820 million (2020: R2 337 million)
- No dividend was declared in the current year

Tongaat Hulett's turnaround plan commenced two years ago and is centred around improving governance and control, debt reduction and repositioning the business as a sustainable entity, whilst protecting overall employment. Our efforts continue to yield positive results, notwithstanding a challenging economic backdrop and the COVID-19 pandemic. Successful asset disposals, as well as stringent cash flow management and cost reduction efforts supported a 42% reduction in debt levels during the year. The Mozambique sugar operations delivered solid results, almost doubling its operating profit. The Zimbabwean operations are significant and continued performing well despite ongoing hyperinflation effects. The South African operations made excellent progress, as evidenced by the financial results in the first half of the year. In the second six months, this improvement was countered by lower sugar production and the once-off refinery loss. COVID-19 related challenges resulted in a material reduction in the revenue and profits of the property business.

The good progress made in honouring existing commitments to lenders under challenging circumstances has allowed Tongaat Hulett to secure an agreement with its lenders to refinance the existing South African debt facilities of R6 400 million, which largely mature on 30 September 2021. An agreement was also secured with lenders to restructure debt facilities in Mozambique.

Outlook

With evidence of the impact of subsequent waves of the COVID-19 pandemic globally, we remain cautious of the ongoing uncertainty and impact this may have on our operations and people. This will inevitably lead to increased input costs due to higher commodity prices, create further complexity and result in increased cost of logistics and services. The health and safety of our people and communities remains a priority.

We will continue to firmly re-establish a sustainable growth path, reduce debt and restore confidence in Tongaat Hulett, especially working with our extended grower network which has in some instances shared the pains of our challenged past. Unfortunately, addressing a legacy of cultural, maintenance and operational difficulties requires significant time and patience, and we remain confident that the strategy and business model will build a more sustainable future for Tongaat Hulett. The entrenchment of ESG processes in the organisation is also being prioritised.

The sugar operations will remain focused on improving operating efficiencies and asset reliability, reducing costs, and building capacity. Investment in assets will be increased in the coming years to protect and maintain Tongaat Hulett's asset base. We will continue to pursue the repatriation of dividends from Zimbabwe. Sales at the start of the new financial year have been impacted by lower opening sugar inventory and a challenging start to the crushing season. Signs of strong commercial improvements and the ability to leverage the opportunities presented by the Sugar Masterplan should allow the company to make up the deficit. Diversification of the sugar revenue streams remains a medium to long-term imperative.

New property sales continue to be considered in relation to associated legacy obligations. While sales may remain depressed in the short term, the emerging demand is encouraging. The property portfolio is being repackaged to accelerate sales in anticipation of an improved market. Efforts to realise synergies, improve cost efficiencies and negotiate cost-sharing arrangements for legacy obligations will continue to be pursued during 2022.

We expect that lower debt levels will benefit finance costs in 2022. Cash generation, debt reduction to a sustainable level, liquidity management, the ongoing review of the Group's capital structure, and conclusion of the South African debt refinance remain as priorities.

Any forward-looking statements have not been reviewed or reported on by the external auditors.

For a more comprehensive analysis of Tongaat Hulett's financial results and strategy, please refer to the full results announcement on www.tongaat.com.

SHORT-FORM NOTICE

The contents of this short-form announcement are the responsibility of the board of directors of the company. It is a summary of the information in the full announcement and does not contain full or complete details.

Any investment decision should be based on the full announcement, published and available at: <https://senspdf.jse.co.za/documents/2021/jse/isse/thgl/Annuals21.pdf> and on Tongaat Hulett's website <https://www.tongaat.com/>.

Investors and/or shareholders may request copies of the full announcement by contacting the Company Secretary, details of whom are set out below. The full announcement is available for inspection at the registered office of the group, or at the offices of the sponsor or copies of the full announcement may be requested during business hours from the company at no charge.

This short form announcement has itself not been audited or reviewed but has been extracted from audited results. Any forecast financial information contained in this announcement is the responsibility of the directors and has not been reviewed or reported on by the external auditors.

The summarised consolidated financial statements for the year ended 31 March 2021, from which this short form announcement has been extracted, have been audited by Deloitte & Touche, who have expressed an unmodified audit opinion in terms of the International Standards on Auditing. The auditor's report includes a separate section under the heading "Material Uncertainty Related to Going Concern" which draws attention to the note in the financial statements that discloses the matters giving rise to the material uncertainty and states that these conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

The directors of Tongaat Hulett take full responsibility for the preparation of this report and the financial information has been correctly extracted from the underlying audited group financial statements for the year ended 31 March 2021.

Tongaat
13 July 2021

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

Directorate
Non-executive directors:
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L de Beer, RM Goetzsche, JJ Nel, AH Sangqu, L Stephens

Executive directors:
JG Hudson (CEO), RD Aitken (CFO), DL Marokane

Company Secretary:
JJ van Rooyen

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