

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

## **REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

### **SALIENT FEATURES**

- Continued progress with the business turnaround strategy
- Strong local sugar demand across all geographies and market share gains
- Ongoing improvements in ESG
- Net finance costs down 50% on reduced debt and favourable exchange rate movements
- Debt refinancing agreements concluded in South Africa and Mozambique
- Up to R4 billion equity capital raise initiated and partial underwriting of R2 billion for rights offer secured
- Dividends and management fees of R140 million received from Zimbabwe
- The financial results have been impacted by the following:
  - Lower raw sugar production
  - Land sales delayed by civil riots
  - Zimbabwe hyperinflation dynamics
  - Restatements arising from correction of prior period errors
  - R158 million impact of civil unrest on profits of the South African sugar operation
  - Group taxation at an effective 97% tax rate due to deferred tax on losses not recognised
  - Partial contribution from the disposed of starch and glucose, Namibia and Eswatini operations in the comparative period

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

- Basic loss per share of 174 cents (September 2020: earnings per share of 214 cents)
- Headline loss per share of 188 cents (September 2020: headline earnings per share of 178 cents)

### **Group financial results from continuing operations**

- Revenue up 5% to R8.5 billion (September 2020: R8.1 billion)
- Operating profit down 23% to R1.3 billion (September 2020: R1.7 billion)
- Hyperinflationary net monetary loss of R110 million (September 2020: loss of R71 million)
- Basic loss of R234 million (September 2020: earnings of R108 million)
- Basic loss per share of 174 cents (September 2020: earnings per share of 80 cents)
- Headline loss of R254 million (September 2020: earnings of R59 million)
- Headline loss per share of 188 cents (September 2020: headline earnings per share of 44 cents)
- Segmental cash flows of R958 million (September 2020: R1.4 billion)
- No dividend was declared in the current period (September 2020: Rnil)

Steady progress continues to be made in the implementation of the turnaround strategy and in restoring the Group to a sustainable growth path. In addition to the implementation of a range of initiatives to improve operational performance and strengthen governance, the Group has substantially reduced its debt burden and improved cash flow, successfully repatriated dividends from Zimbabwe, invested in people and processes and strengthened its focus on ESG over the past two years. A 5-year capital programme has also been initiated to sustain and improve all operations. More recently, the refinance of the South African debt facilities has been concluded, an equity capital raise was initiated and a partial underwriting of R2 billion for the rights offer was secured.

The Mozambique sugar operations delivered an excellent result, with strong growth in operating profit on the back of robust local sales. The Zimbabwe sugar operations benefitted from buoyant local sales but were materially impacted by the effects of hyperinflation. The South African sugar operations experienced a very challenging six months compounded by breakdowns at the three raw sugar mills, the unrest in KwaZulu-Natal during July 2021 and the challenges experienced in processing sugarcane that arose from the unrest-related arson. COVID-19 related impacts, civil riots and a weak economy continue to weigh on the revenue and profits of the property business.

Financial performance in the current period is notably skewed by hyperinflation, the disposal of the Namibian and Eswatini operations, which contribute to the comparative results, as well as restatements of certain prior year numbers.

## **Outlook**

We will continue to firmly re-establish a culture of operational excellence, reduce debt, and restore confidence in Tongaat Hulett. In the short term, this will involve targeting the conclusion of a successful rights offer, which is a key step in securing the future of the Group.

With the sugar season drawing to a close, full year sugar production for the Group is expected to be between 8% and 10% below that of the prior year. Our focus for the remainder of the year will be to ensure a good crop for the next season, closing out the current season and preparing for the next season from a milling perspective, and continuing with the improvements to restore the South African refinery to historic production levels.

In Zimbabwe and Mozambique, water security for multiple seasons arising from the full dam levels will support improved sugarcane yields and increased cane supply to the mills, thereby increasing operating efficiencies and cost competitiveness in these regions. In South Africa, there is an intensified drive to reinvest in the asset base of the sugar business to improve the operational performance and maximise both efficiencies and economies of scale. We believe that the property portfolio continues to hold considerable value for the Group. Efforts to close out legacy land development projects, finalise historic land sales and deal with legacy infrastructure commitments continue to gain traction.

We expect that lower debt levels will further benefit finance costs in 2022. Cash generation, reducing debt to a sustainable level, liquidity management, and the ongoing review of the Group's capital structure, 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.tonga.com](http://www.tonga.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/Interims22.pdf> and on Tongaat Hulett's website <https://www.tonga.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 Company, 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 reviewed 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 condensed consolidated financial statements for the six months ended 30 September 2021, from which this short form announcement has been extracted, have been reviewed by Ernst & Young Inc, who have expressed an unmodified review conclusion in terms of the International Standards on Review Engagements, including an emphasis of matter paragraph on the material uncertainty relating to going concern. The auditors also expressed an unmodified review conclusion in terms of the International Standards on Review Engagements, including an emphasis of matter paragraph on the material uncertainty relating to going concern on the condensed consolidated interim financial statements for the six months ended 30 September 2021. 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 directors of Tongaat Hulett take full responsibility for the preparation of this report and the financial information has been correctly extracted from the underlying reviewed condensed consolidated interim financial statements for the six months ended 30 September 2021.

Tongaat  
9 December 2021

**Tongaat Hulett Limited**

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

**Directorate** Non-executive directors: L von Zeuner (Chairman), DC Noko (Lead-independent non-executive director), L de Beer, RM Goetzsche, JJ Nel, AH Sangqu, L Stephens

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

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