

**TONGAAT HULETT LIMITED**

(Incorporated in the Republic of South Africa)

Registration number 1892/000610/06

Share code: TON

ISIN ZAE000096541

(“**Tongaat Hulett**” or “**Company**”)



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**BOARD APPROVAL OF THE CAPITAL RESTRUCTURING PLAN, FEEDBACK ON LIQUIDITY AND FURTHER CAUTIONARY**

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Shareholders are referred to the announcements released on SENS on 8 September 2022 and 28 September 2022, which contained an update on the Company’s capital restructuring plan (“**Restructuring Plan**”), aimed at reducing the Company’s excess debt and achieving longer-term sustainability.

Tongaat Hulett has to date succeeded in reducing the debt burden carried by its South African sugar operation, property operation and corporate office (“**South African operations**”) from R11.7 billion to R6.3 billion. This was achieved through the selected sale of assets and various cost and liquidity management actions. However, delays experienced in the recapitalisation of the Company, particularly the failed planned equity capital raise, have seen debt levels remain well in excess of what can be serviced by the South African operations. Consequently, further initiatives are urgently required to address the excess debt burden in the South Africa operation of more than R6.3 billion.

Although the milling performance of the South African sugar operation is considerably better than the previous season, the shortfall in the Company’s facilities necessary to cover the peak working capital requirement in respect of the current milling season remains R1.5 billion. As previously reported, the shortfall arose from the difficult commercial environment during the last quarter of year ended March 2022, the lack of any meaningful dividend or fee income from the African subsidiaries and higher restructuring costs. In July 2022, and despite these setbacks, the South African lenders supported the Company with the provision of a new borrowing base facility covering R600 million of the total working capital requirement. This facility currently has a scheduled repayment date of 25 October 2022.

The Restructuring Plan, which has been developed and approved by the Board, seeks to address both the Company’s excess debt and its liquidity constraints. The implementation of the Restructuring Plan is dependent on *inter alia* the acceptance by various stakeholders whose participation is required in relation to various elements. The Restructuring Plan will be submitted to such stakeholders for their consideration imminently, and the Board will engage with such stakeholders in relation thereto, as a matter of urgency.

The approved Restructuring Plan contemplates an extension and increase of the Company’s commercial debt facilities, to conclude the milling season and allow time to implement the other components of the Plan. The Company is engaged in ongoing negotiations to determine the availability of such facilities.

In the interim, management continues to progress numerous initiatives to improve cash flows and increase liquidity headroom.

#### **FURTHER CAUTIONARY ANNOUNCEMENT**

Shareholders are referred to the cautionary announcement released on SENS on 19 April 2022 and subsequently renewed on 31 May 2022, 15 July 2022, 26 August 2022 and 8 September 2022.

In light of the content of this announcement and given that negotiations with various parties in relation to the proposed recapitalisation of Tongaat Hulett remain ongoing, shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made.

Tongaat  
14 October 2022

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