

the world of sugar

More than 100 countries produce sugar, 76% of which is made from sugar cane grown primarily in the tropical and sub-tropical zones of the southern hemisphere, and the balance from sugar beet which is grown in the temperate zones of the northern hemisphere. Prior to 1990, about 40% of sugar was made from beet but this has decreased to current levels as cane sugar producers have made considerable gains in expanding their sugar markets due to the lower costs of cane sugar production. About 71% of the world's sugar is consumed in the country of origin whilst the balance is traded on world markets.

(Source: ED&F Man - 2003/04, Oct/Sep basis)

In the accompanying tables exports and production are measured in millions of tons (raw value), population in millions and per capita consumption in kilograms.



- Beet growing areas
- Cane growing areas

USA		MEXICO		BRAZIL	
Production	8.101	Production	5.435	Production	25.667
Exports	0	Exports	0.326	Exports	15.542
Population	280	Population	104	Population	170
Per capita consumption	29	Per capita consumption	49	Per capita consumption	55

EU

Production	16.270
Exports	4.563
Population	380
Per capita consumption	37

PAKISTAN

Production	4.060
Exports	0.109
Population	156
Per capita consumption	24

INDIA

Production	16.848
Exports	0
Population	1 043
Per capita consumption	19

CHINA

Production	10.761
Exports	0.274
Population	1 294
Per capita consumption	8

THAILAND

Production	7.369
Exports	5.286
Population	64
Per capita consumption	33

SADC

Production	5.044
Exports	1.191
Population	155
Per capita consumption	20

AUSTRALIA

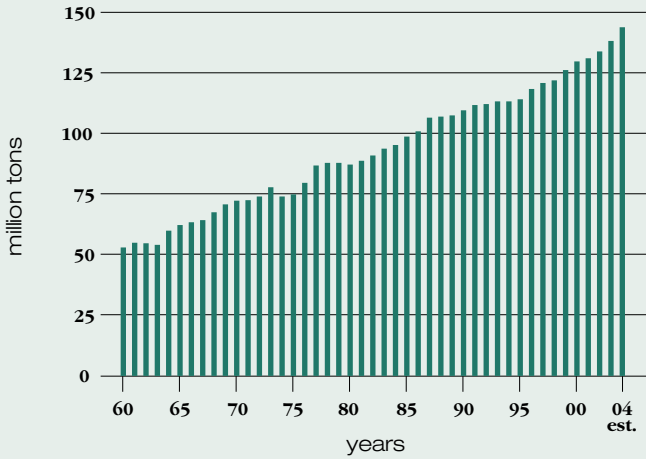
Production	5.505
Exports	4.463
Population	20
Per capita consumption	46



International Statistics

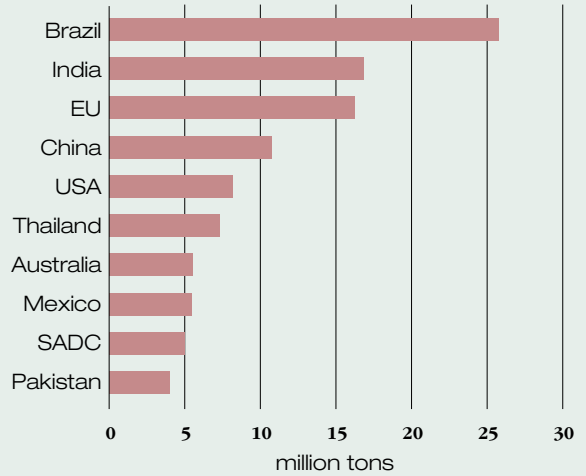
The world sugar year runs from September to August

WORLD SUGAR CONSUMPTION



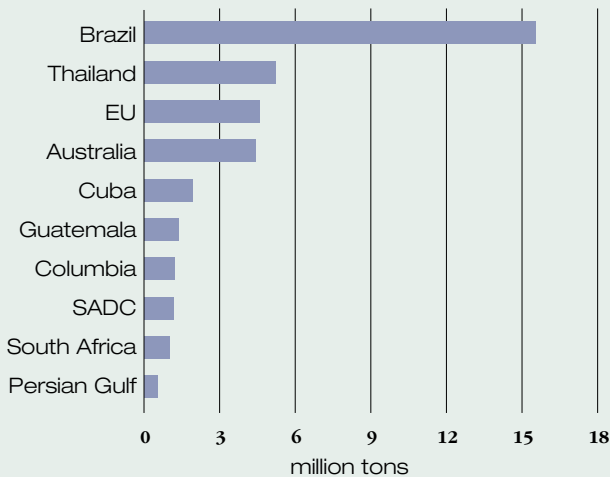
World sugar consumption is forecast to increase by almost 3% to 143 million tons in 2004.

TOP SUGAR PRODUCERS 2003/04 est.



Output from the world's top ten producers is expected to exceed 105 million tons of sugar during the 2003/04 season, representing 73% of total world production.

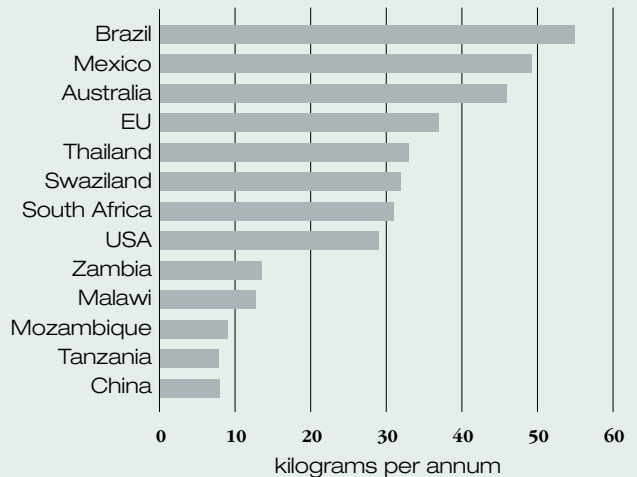
TOP SUGAR EXPORTERS 2003/04 est.



(South Africa is a member of the SADC)

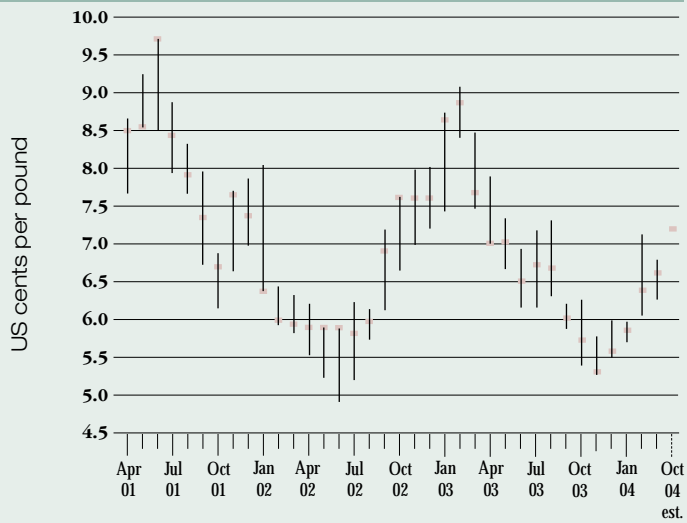
More than 41 million tons of sugar, representing 29% of total world production, is traded on global markets with the balance consumed in the country of origin. The sugar industry in Brazil is currently the focus of a major expansion drive which, together with ideal growing conditions during the 2003/04 season, has significantly increased that country's sugar export availability.

PER CAPITA CONSUMPTION 2003/04 est.



Per capita sugar consumption remains reasonably constant, with the notable exception of China which is experiencing increased consumption primarily due to improved economic conditions.

WORLD RAW SUGAR PRICE



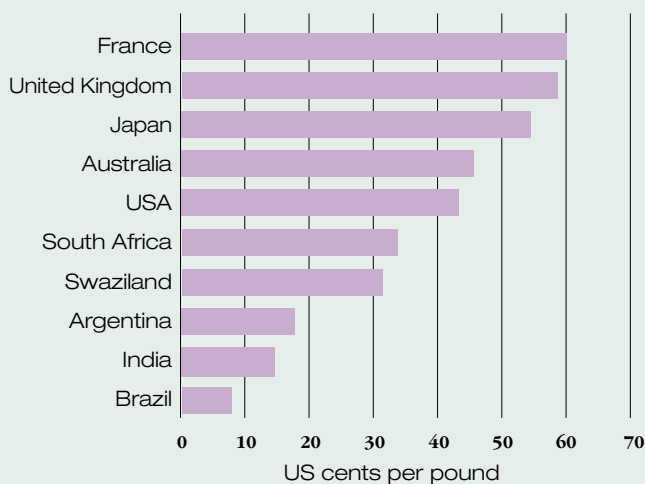
The world sugar price remains volatile. During the 2003 sugar year, production expanded across the globe with consumption failing to keep pace. However, futures prices have recently risen to above US7.0 cents/lb. in the light of increasing evidence that last year's surplus could switch to a deficit due to significant production declines in some of the major sugar producing countries.

PREFERENTIAL PRICES (FREE ON BOARD)



Preferential prices offer a considerable premium to that of the world free market. ACP (African, Caribbean and Pacific) and SPS (Special Protocol Sugar) prices have further increased in US\$ terms as a consequence of the continued strengthening of the Euro.

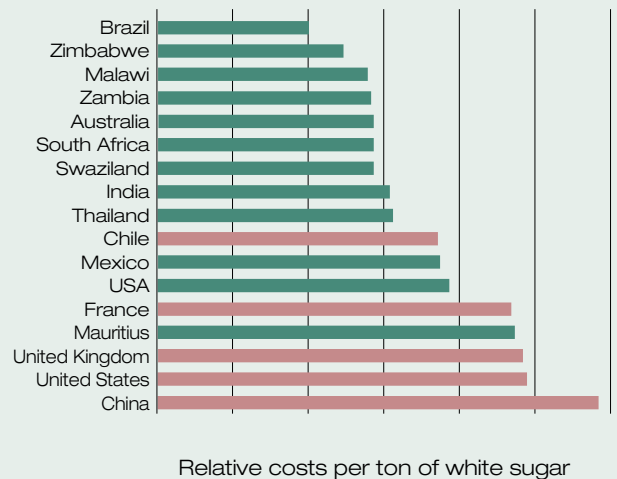
DOMESTIC RETAIL SUGAR PRICES 2003/04 est.



Domestic sugar prices in the South African Customs Union remain substantially below those of developed nations.

LOWEST COST SUGAR PRODUCERS

Period to 2002/03



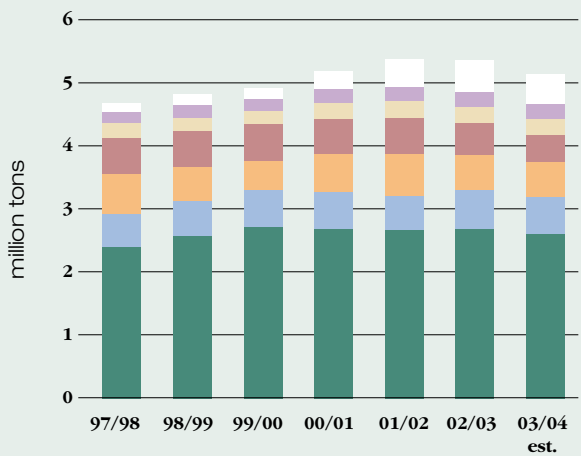
A recent independent survey of international sugar production costs has revealed that Southern African countries remain amongst the world's lowest-cost sugar producers.

■ Cane
■ Beet

Southern African Development Community Statistics

The SADC sugar season runs from April to March

SUGAR PRODUCTION BY COUNTRY

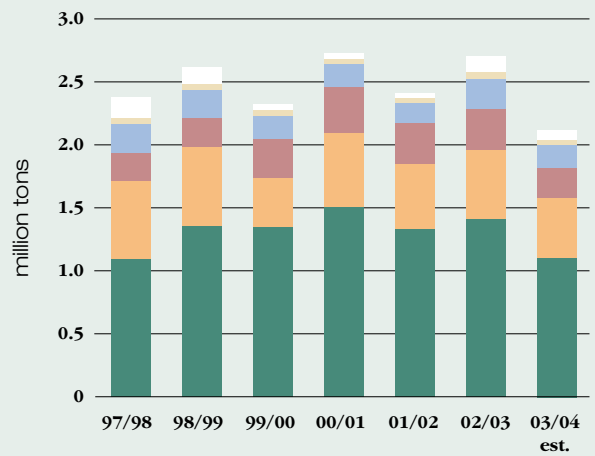


South Africa Swaziland Mauritius Zimbabwe
Malawi Zambia Others

The SADC is a significant sugar producing region with annual production remaining above 5 million tons for the past four years.

EXPORTS BY COUNTRY

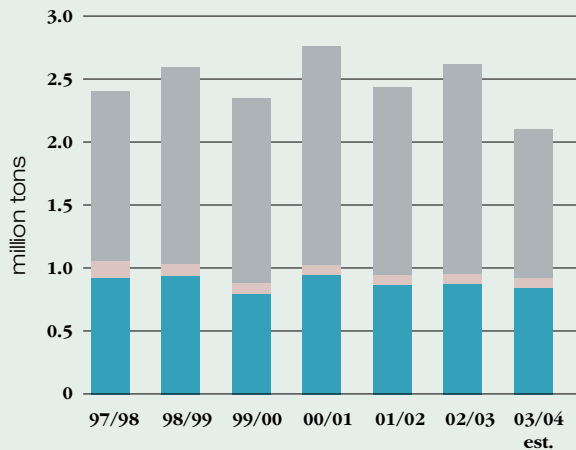
(excluding inter-regional exports)



South Africa Mauritius Zimbabwe
Swaziland Malawi Others

SADC sugar exports have been affected primarily by reduced sugar output in South Africa as a result of dry weather conditions, and by lower sugar production output in Zimbabwe.

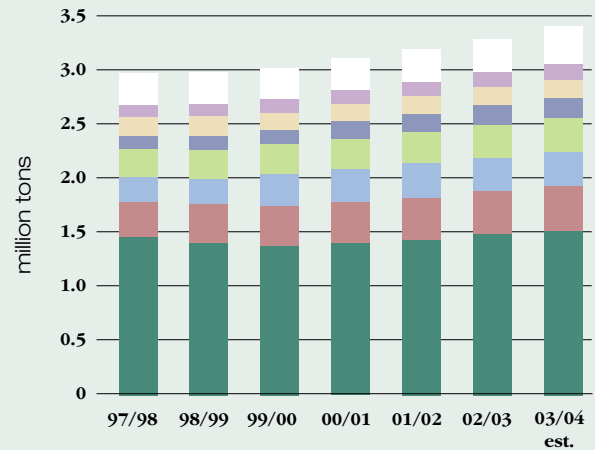
EXPORT MARKETS



Europe USA World

The sugar tonnage sold into preferential markets remains reasonably constant, with the world free market exports fluctuating relative to production.

LOCAL CONSUMPTION



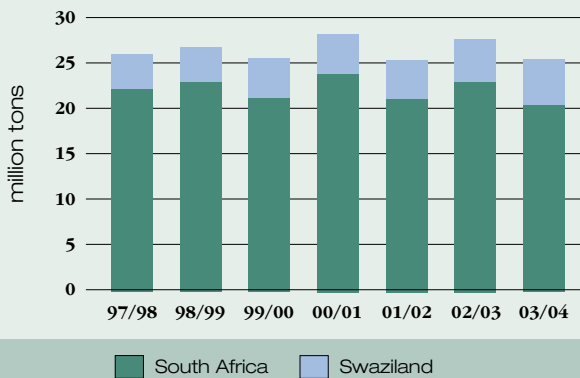
South Africa Zimbabwe Swaziland
Tanzania Mozambique Malawi
Zambia Others

SADC sugar consumption increased by more than 100 000 tons during 2003/04, representing a 3.5% rise over the previous year.

Southern African Customs Union Statistics

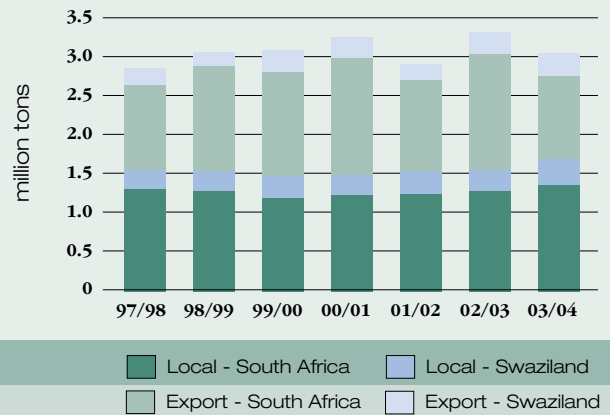
The Southern African sugar season runs from April to March

CANE PRODUCTION



Dry weather conditions, particularly in South Africa, resulted in a reduced crop in the 2003/04 season.

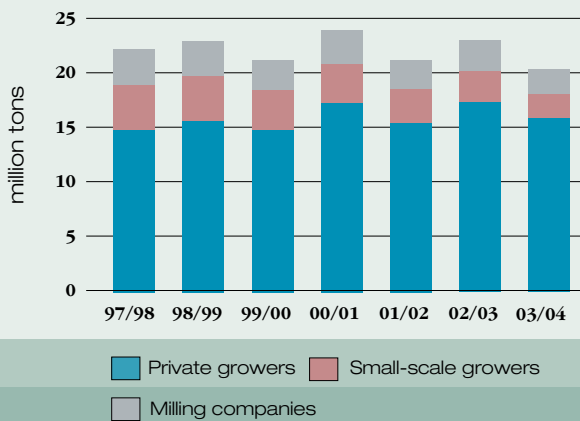
SUGAR PRODUCTION AND MARKETS



The reduction in sugar production levels in 2003/04 resulted in a decrease in availability.

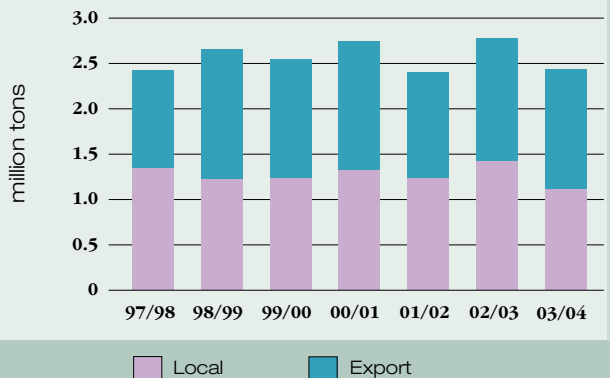
South African Statistics

CANE PRODUCTION



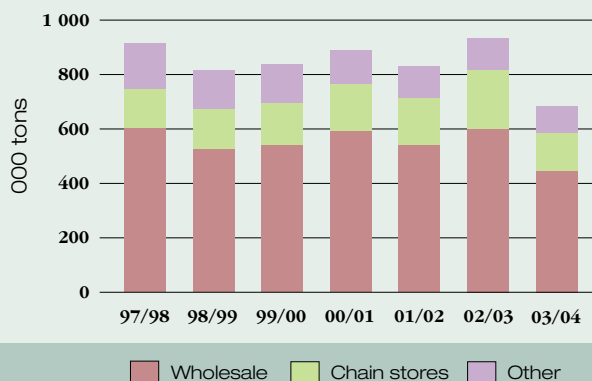
Cane production in the South African sugar industry was reduced by 12.5% as a consequence of dry weather conditions.

SUGAR PRODUCTION AND MARKETS



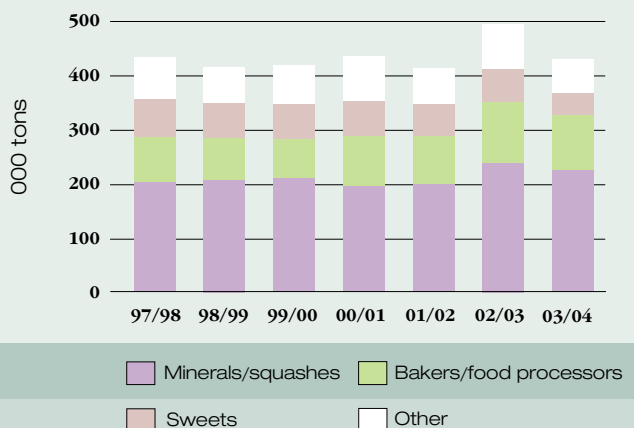
Due to the strong rand against the major currencies, the domestic sugar price in South Africa had to be reduced during the 2003/04 season. Consequently, traditional market stocking activities ahead of an annual price increase did not occur at the end of the season (as occurred in previous seasons).

CONSUMER MARKET SALES



Over and above depressed market conditions, the consumer market in South Africa was adversely affected by increased sales of Swaziland sugar.

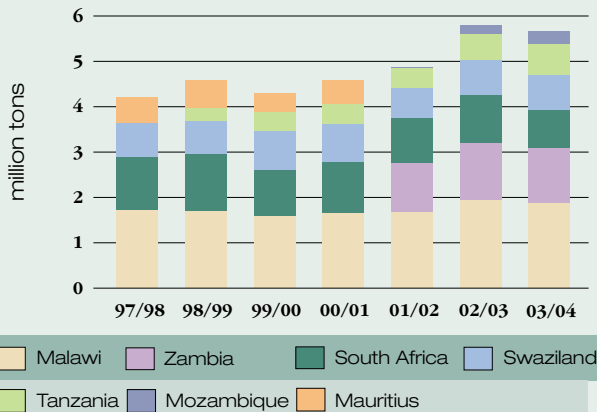
INDUSTRIAL MARKET SALES



The sweet sector offtake was significantly impacted by competition from imported final products.

Illovo Group Statistics

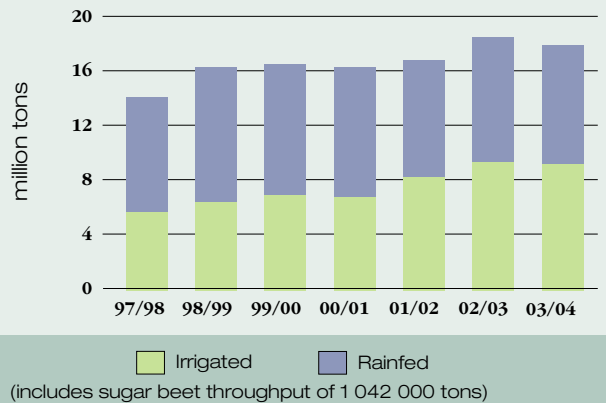
CANE PRODUCTION



Despite dry conditions in South Africa and Swaziland, growing conditions elsewhere in the group were favourable and in several countries above average cane yields and record sucrose production were achieved. Group cane production for 2003/04 was 5.641 million tons, only 3% below the previous year's record production.

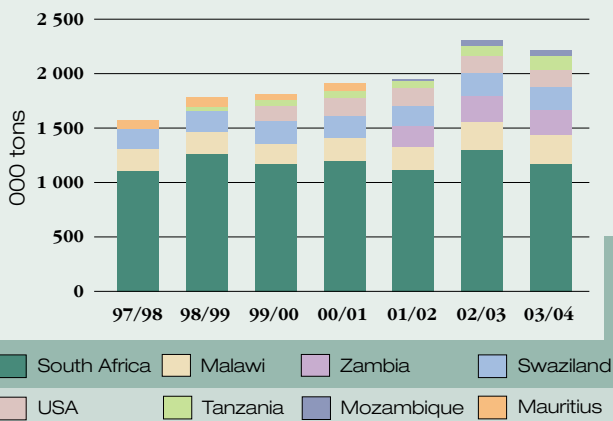
RAW MATERIAL THROUGHPUT

(including private growers)



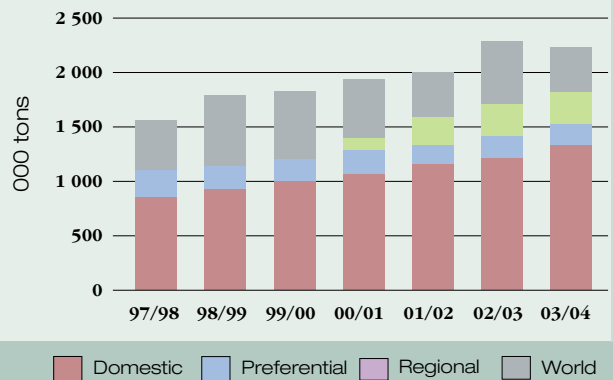
More than half the group's raw material is cultivated under irrigation.

SUGAR PRODUCTION



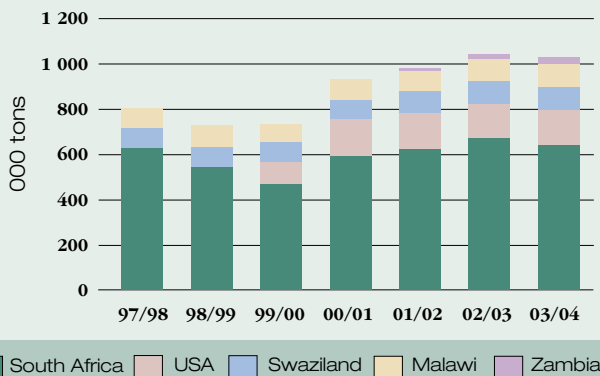
Record sugar production was achieved in Swaziland, Tanzania and Mozambique whilst output in Malawi and Zambia fell only marginally short of the previous year's levels. Total sugar production amounted to 2.224 million tons, which was slightly less than the previous year's all-time record of 2.308 million tons.

GROUP MARKETS



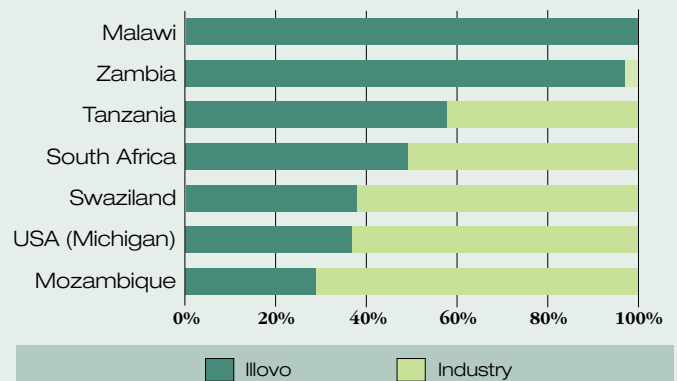
The group supplies sugar to domestic, regional and export markets. A significant strength of the group is that 69% of sugar production by volume and 77% by value was sold into stable domestic or premium-priced export markets.

REFINED SUGAR PRODUCTION



The downturn in demand for South African refined sugar reduced the group's overall achievement in this important value-adding activity.

ILLOVO SHARE OF INDUSTRY PRODUCTION



Illovo commands a significant share of production in each of the countries in which it operates.