

World of sugar

More than 100 countries produce sugar, about 80% 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 mainly in the temperate zones of the northern hemisphere. Generally, the costs of producing sugar from sugar cane are lower than those in respect of processing sugar beets. Currently, 70% of the world's sugar is consumed in the countries of origin, whilst the balance is traded on world markets.

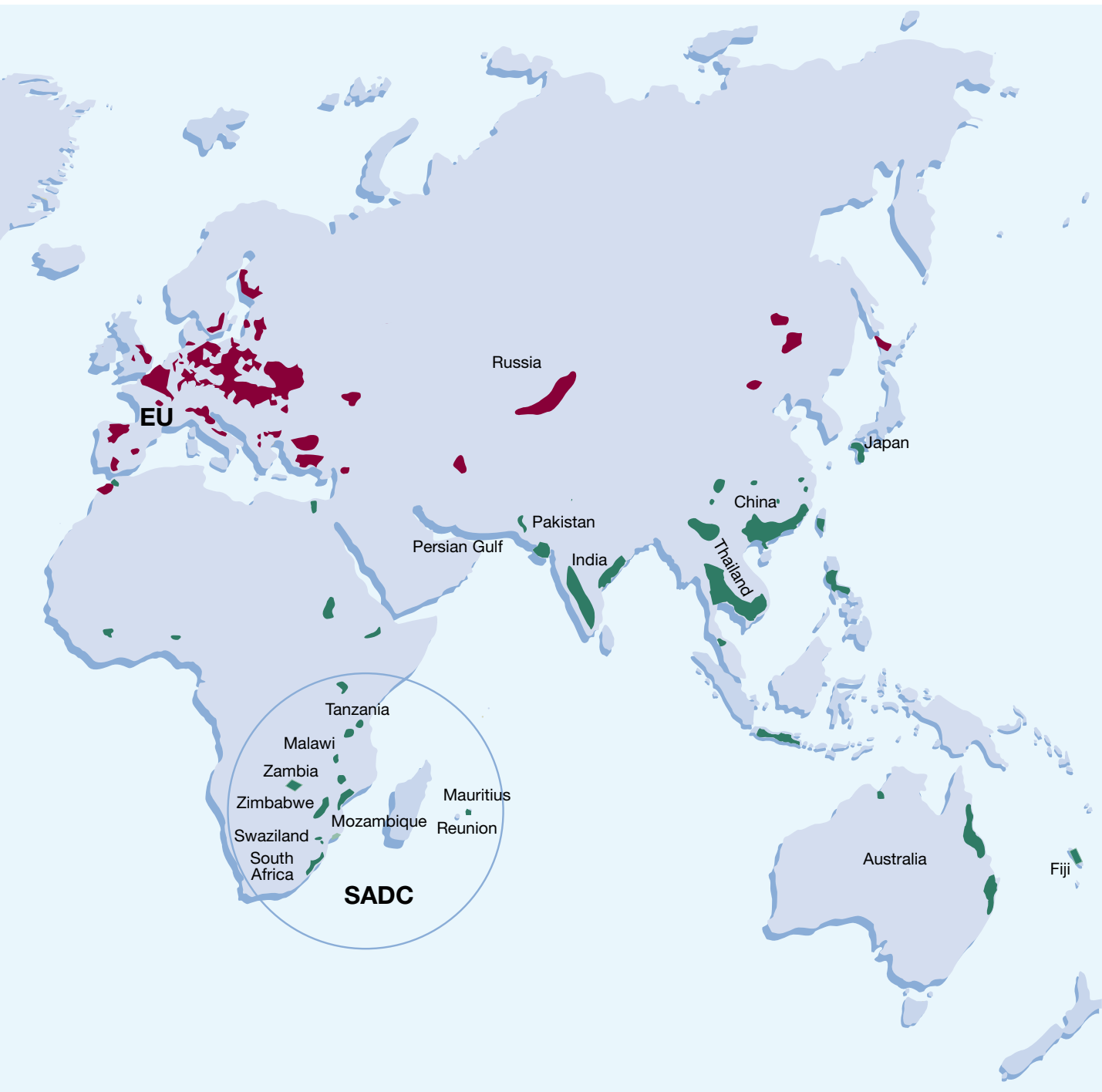
(Source: ED&F Man - 2008/09, Oct/Sep basis.)

Cane
 Beet



In the accompanying tables, production and exports are measured in millions of tons (raw value), population in millions and per capita consumption in kilograms. (#) denotes that country's ranking in terms of world exports.

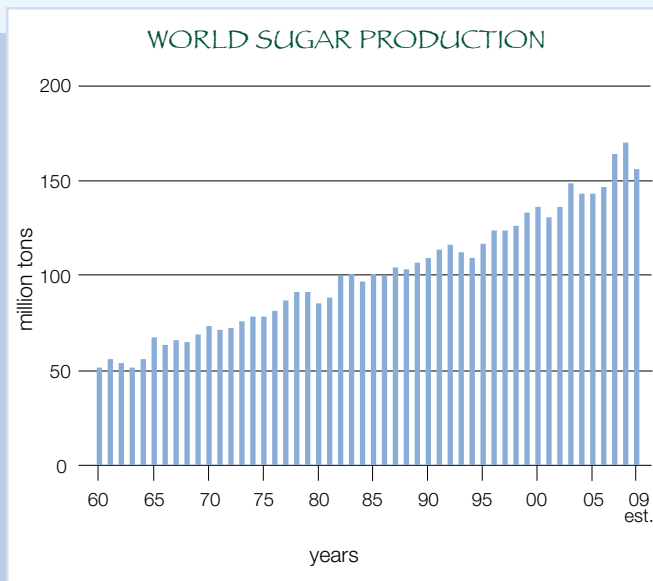
	Production	Exports	Population	Per capita consumption
BRAZIL	38.633	23.685 (1)	198	58
INDIA	16.304	0.237 (15)	1 166	19
EU	14.865	0.707 (9)	500	34
CHINA	13.587	–	1 338	10
THAILAND	7.717	5.004 (2)	66	36



	Production	Exports	Population	Per capita consumption
UNITED STATES	6.924	–	307	29
MEXICO	5.761	0.707 (9)	111	49
SADC	5.309	1.793 (4)	139	19
AUSTRALIA	4.810	4.225 (3)	21	45
PAKISTAN	4.239	–	176	23

INTERNATIONAL STATISTICS

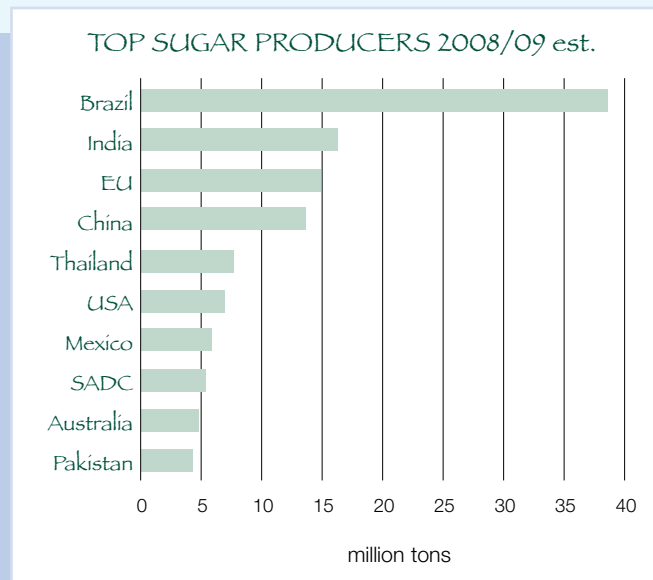
The world sugar year runs from September to August



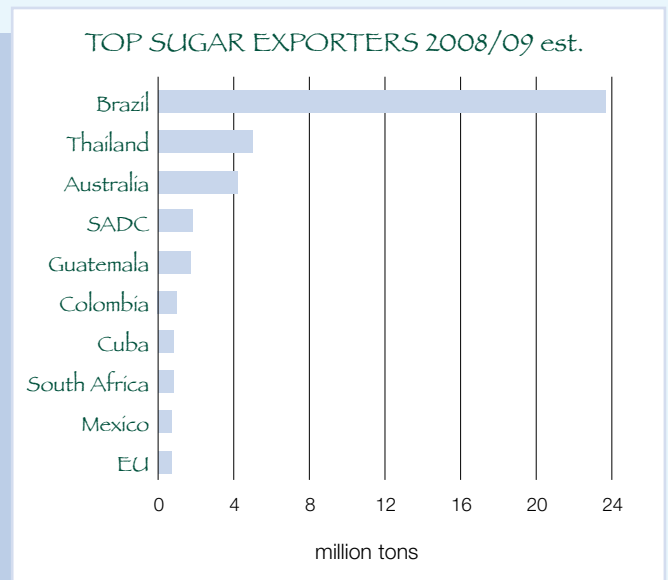
Global sugar production in 2008/09 is forecast at 157 million tons which, compared to the previous season, will represent an 8% production decrease, the largest annual reduction on record. Significant production declines have occurred amongst leading sugar producers, including India and the EU.



Global sugar consumption growth increases by about 2% per annum and in 2008/09 is forecast to reach 161 million tons.

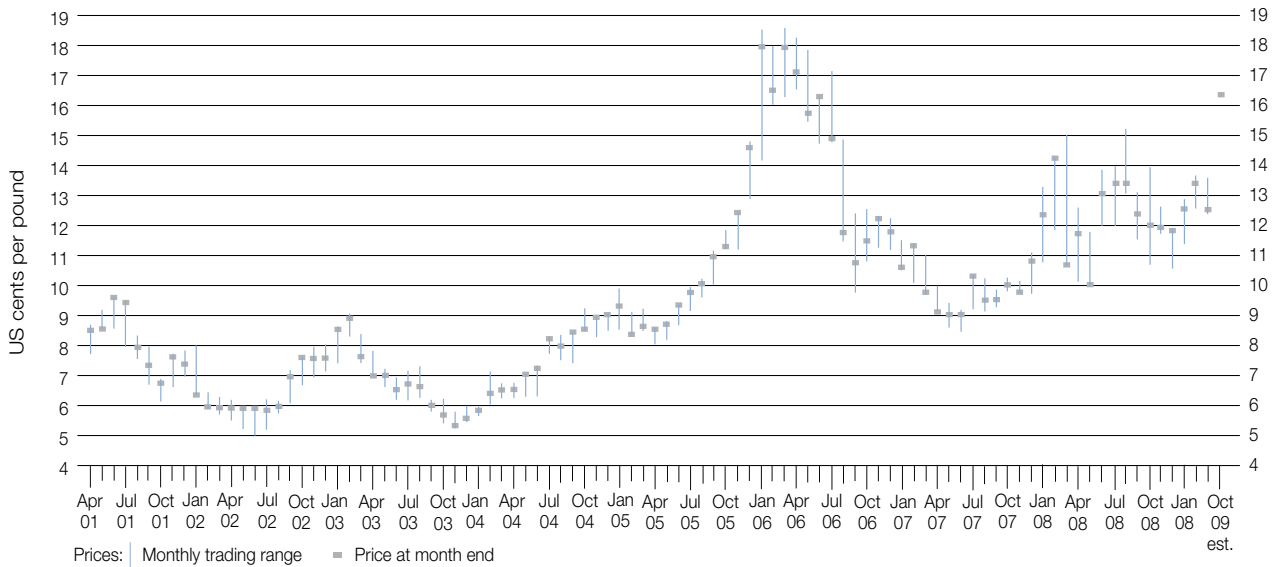


The top ten producers account for around 75% of global production.



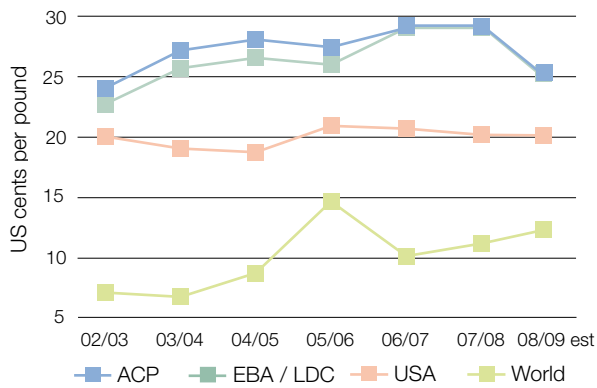
About 70% of world sugar production is expected to be consumed in the countries of origin, with the balance traded on world markets. Brazil remains the world's dominant exporter of sugar and in 2008/09 is forecast to export 23.7 million tons.

WORLD RAW SUGAR PRICE



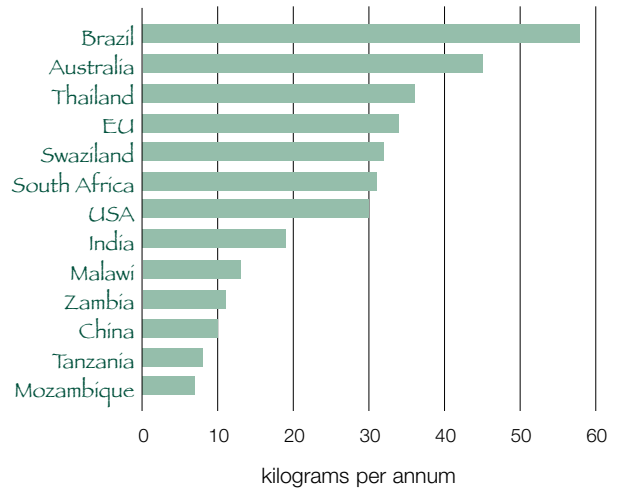
The world sugar price rose in June 2008 as a result of a forecast deficit in global production, but then weakened in line with other commodities. However, in recent months the price increased strongly, driven by significant production declines in major sugar producing countries, most notably India. This has resulted in a material global deficit in production being anticipated, thereby creating a platform for higher sugar prices.

PREFERENTIAL PRICES (FREE ON BOARD)



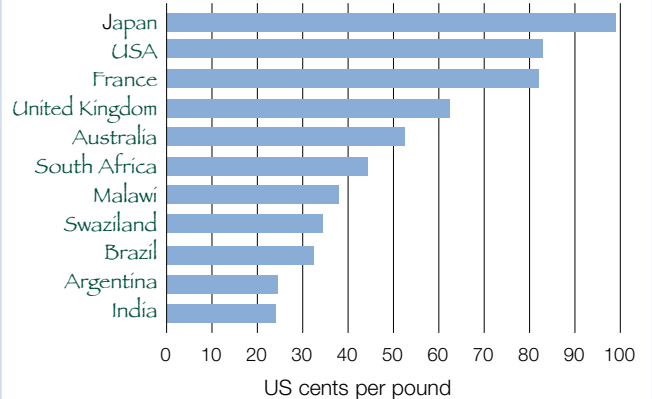
Whilst EU prices have decreased as a result of the recent sugar regime reform in that region, they still remain at a significant premium to the world sugar price. A uniform price is paid for both ACP (African, Caribbean and Pacific) and EBA / LDC (Everything But Arms / Least Developed Country) sugar protocol exports.

PER CAPITA CONSUMPTION 2008/09 est.



Prospects for long-term consumption growth in Southern African countries remain good.

DOMESTIC RETAIL SUGAR PRICES 2008/09 est.



Sugar prices in the South African Customs Union remain substantially below those of some developed nations.

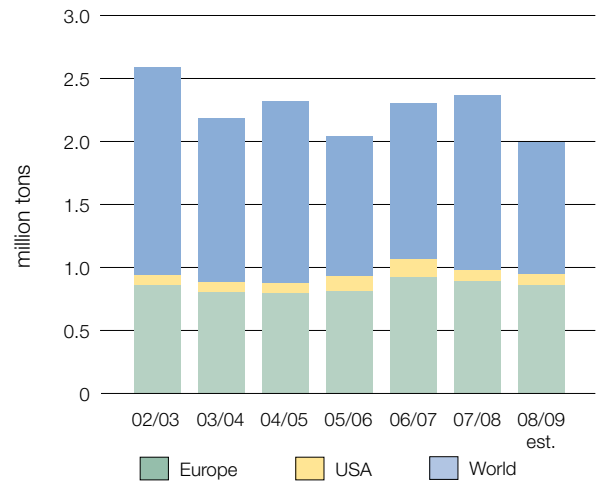
SOUTHERN AFRICAN DEVELOPMENT COMMUNITY STATISTICS

The SADC sugar season runs from April to March

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

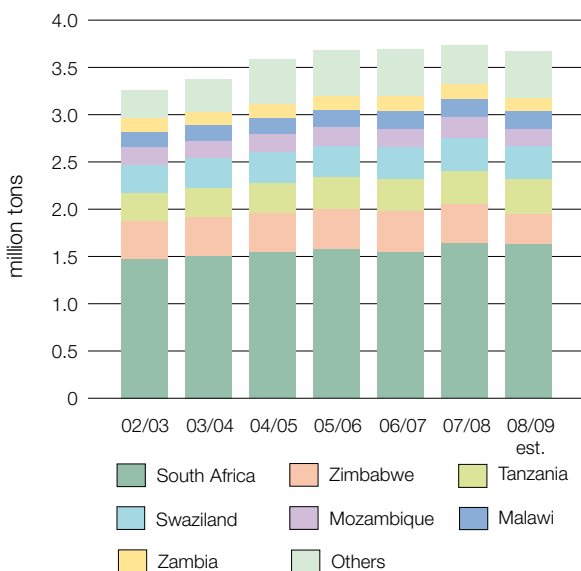
SADC countries	Sugar producers
Angola	
Botswana	
D R Congo	
Lesotho	
Madagascar	
Malawi	
Mauritius	
Mozambique	
Namibia	
Seychelles	
South Africa	
Swaziland	
Tanzania	
Zambia	
Zimbabwe	

EXPORT MARKETS



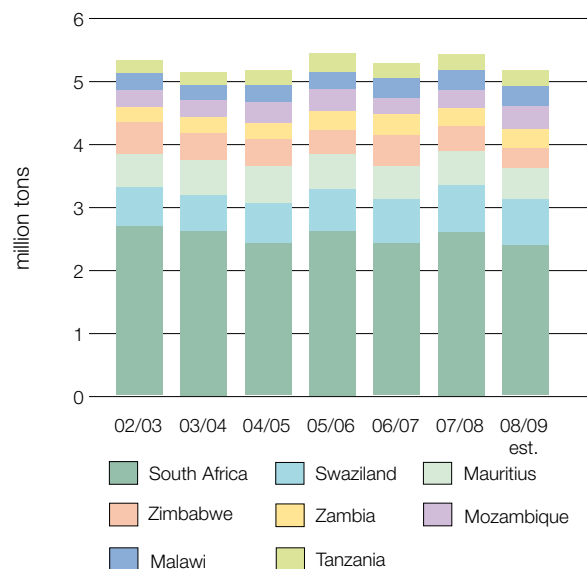
Exports to premium-priced markets in the EU and USA are very important to SADC sugar producing countries.

LOCAL CONSUMPTION



Annual sugar consumption across the SADC region was forecast to remain above 3.5 million tons.

SUGAR PRODUCTION BY COUNTRY

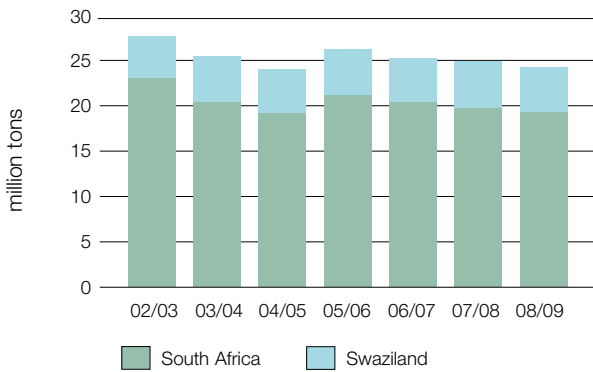


Approximately 5.2 million tons of sugar was estimated to be produced by SADC countries in 2008/09.

SOUTH AFRICAN CUSTOMS UNION STATISTICS

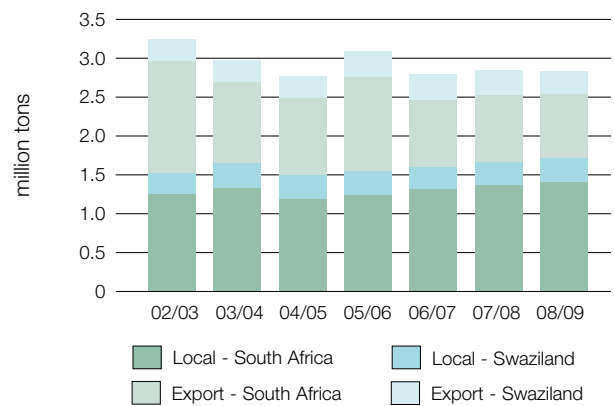
The Southern African sugar season runs from April to March

CANE PRODUCTION



Total cane production in the SACU region amounted to 24.2 million tons, slightly lower than that of the previous season due primarily to weather related factors.

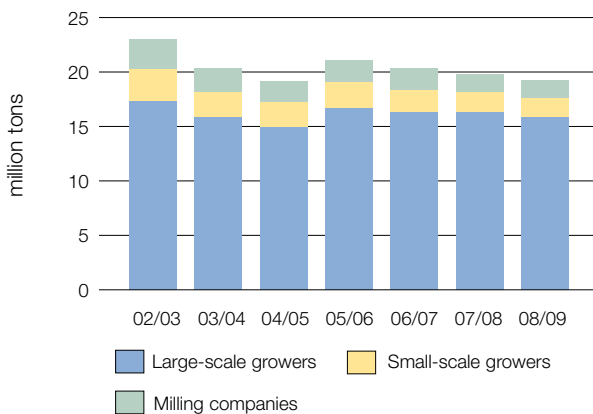
SUGAR PRODUCTION AND MARKETS



The export availability of both Swaziland and South Africa was again marginally reduced due to increased domestic sales.

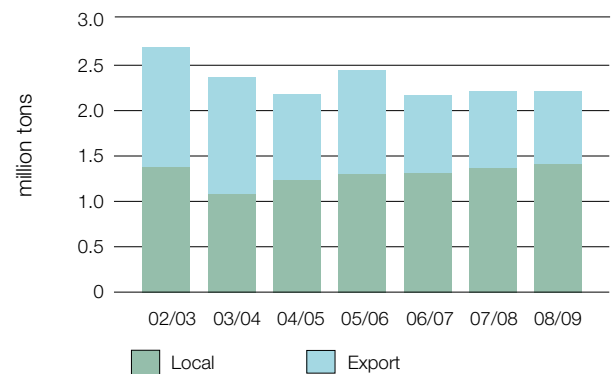
SOUTH AFRICAN STATISTICS

CANE PRODUCTION



Cane production in 2008/09 amounted to 19.2 million tons, representing a marginal reduction compared to the previous season due to drier growing conditions. However, over the longer term, annual production is also being affected by the employment of traditional cane growing regions for other uses and by the uncertainty created by unsettled land claims.

SUGAR PRODUCTION AND MARKETS



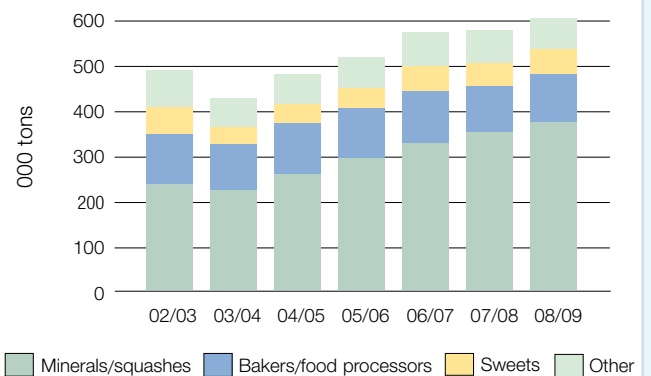
Sugar production of 2.3 million tons in South Africa was similar to last year, benefiting from conducive conditions during the crushing season.

CONSUMER MARKET SALES



Domestic sales growth continued in 2008/09, despite the increased presence of duty-paid imports in this sector of the market.

INDUSTRIAL MARKET SALES

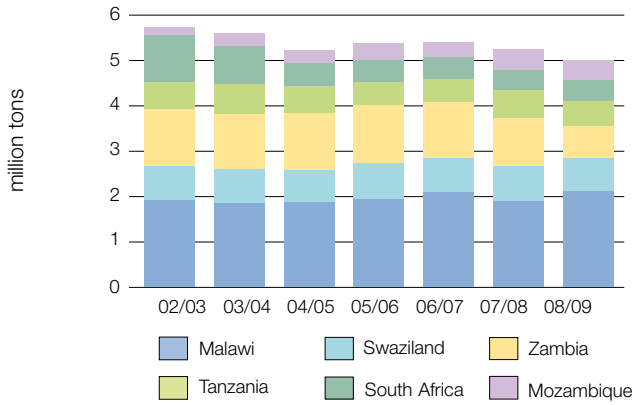


Good demand from manufacturers of sugar-containing products during 2008/09 resulted in increased industrial sales.

ILLOVO GROUP STATISTICS

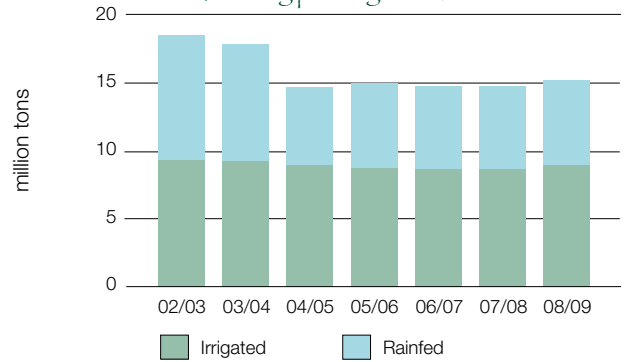
The group sold its operation in the USA in 2004.

CANE PRODUCTION



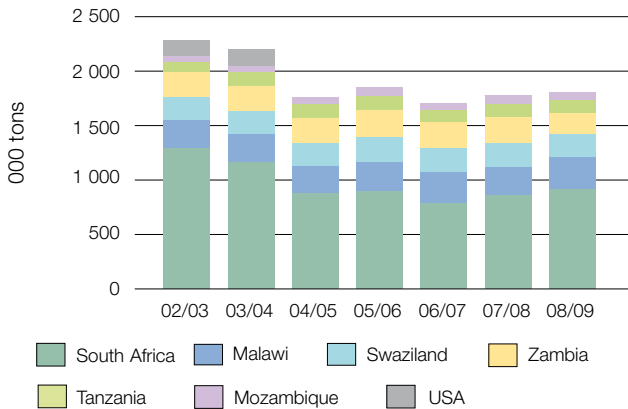
Overall, the agricultural operations performed well, with record cane production achieved at both estates in Malawi, and increased sucrose content recorded in all countries of operation except South Africa. Cane deliveries in Zambia were negatively impacted by factory operating difficulties and an exceptionally wet end to the season.

RAW MATERIAL THROUGHPUT (including private growers)



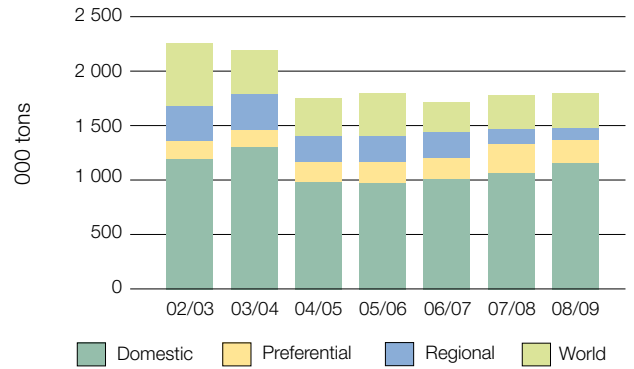
Approximately 55% of cane throughput supplied by the group's own agricultural operations and by private growers is cultivated under irrigation. Excluding South Africa, this percentage increases to 91%.

SUGAR PRODUCTION



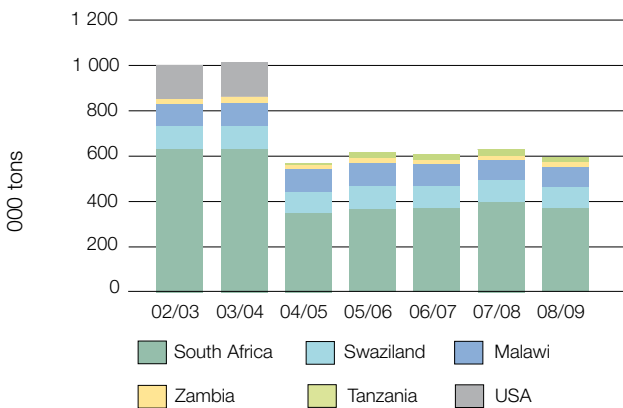
Record sugar production was achieved in Malawi and Mozambique. Unfortunately, disappointing factory performance and very wet weather at the end of the season in Zambia, impacted on overall sugar production of 1.824 million tons.

GROUP MARKETS



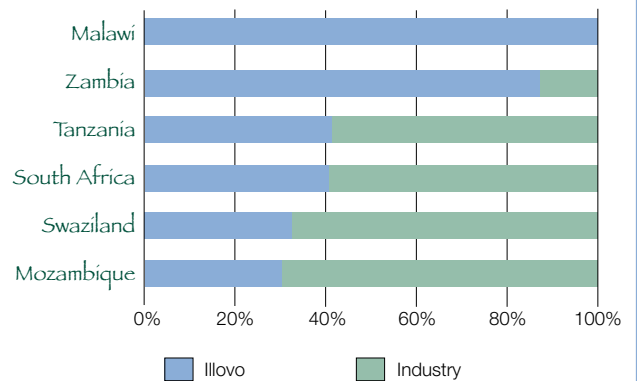
The group supplies sugar products to domestic, preferential, regional and world markets. A significant strength of the group was that 76% of sugar production by volume and 91% by value was sold into the domestic or premium-priced export markets.

REFINED SUGAR PRODUCTION



Group refined sugar production in 2008/09 amounted around 600 million tons, slightly below that of the previous season due to reduced output in South Africa and Tanzania.

ILLOVO SHARE OF INDUSTRY PRODUCTION



Consistent with its Strategic Intent, Illovo commands a significant share of production in each of the countries in which it operates.