

## Illovo Sugar Limited - Strategic Up-date

### **ILLOVO SUGAR LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1906/000622/06)

Share Code: ILV

ISIN: ZAE000083846

("Illovo" or "the company" or "the group")

### **STRATEGIC UP-DATE**

The company advises of the following strategic disposals, investments and changes in structure, together with an up-date on progress in respect of expansion projects. The transactions will result in a more focused and streamlined South African business, whilst increasing the group's footprint and future earnings potential in the rest of Africa.

#### South Africa

- The sale of the Umfolozi sugar mill to a grower consortium has been completed effective 31 March 2009, with payment received in full;
- An agreement to sell the Pongola sugar mill to TSB Sugar RSA Limited has been concluded, subject to certain suspensive conditions including approval by the Competition Commission and a detailed due diligence;
- The company has acquired a 30% shareholding in and will provide technical services to a new business entity which has purchased the Gledhow sugar mill unencumbered, previously wholly-owned by Ushukela Milling (Proprietary) Limited (Ushukela). The other shareholders in this new business entity comprise Ushukela, a consortium of supplying cane growers and Sappi Limited;
- The effect of these three transactions on Illovo's net assets and non-tangible assets per share, and its headline earnings and earnings per share, is not significant;
- The company plans to transfer its South African business to a wholly-owned subsidiary with effect from 1 April 2010.

#### Mozambique

- The group has entered into a joint venture with the local community at Maragra to develop 4 000 hectares of land to cane over the next two years at a site located

on the east bank of the Inkomati River approximately 40 kilometres from the Maragra sugar mill. The joint venture will produce 400 000 tons cane per annum and the project is linked to the doubling of the capacity of the factory, to 150 000 tons sugar per annum;

- The company has acquired an option to purchase a 90% shareholding in the Búzi sugar estate situated near Beira, which provides the opportunity to erect a sugar factory in this area in the future.

#### Zambia

- Phase two of the expansion project, which increases the capacity of the Nakambala sugar mill of Zambia Sugar to 450 000 tons sugar per annum, was completed as planned on 1 April 2009;
- The group has, subject to approval by the Zambia Competition Commission and other regulatory authorities, acquired a majority stake in a cane growing company currently producing 325 000 tons cane per annum with the potential to further increase output. This operation delivers its cane to the Nakambala sugar mill.

#### EU sugar exports

- In respect of EU sugar exports, arrangements for duty free, quota free access to the European Union market for ACP/LDC exporters will come into effect on 1 October 2009. The company has concluded an investment in an UK-based joint venture with British Sugar which will provide an effective route to the EU market for Illovo's export sugars from 1 October 2009.

Mount Edgecombe  
9 April 2008

Sponsor  
J P Morgan Equities Limited