



(Incorporated in the Republic of South Africa)

(Registration number 1906/000622/06)

Share Code: ILV

ISIN: ZAE000083846

ANNUAL GENERAL MEETING – 18 JULY 2012

CHAIRMAN'S ADDRESS PRESENTED BY DON MACLEOD

As already reported in respect of the year ended 31 March 2012, group turnover increased by R1.1 billion to R9.2 billion. Despite lower sugar production, primarily as a result of continued drought conditions in South Africa, a drive to maximise market opportunities and a group focus on cost control, resulted in operating margin increasing from 12.7% to 14.7%. Operating profit increased by 31% to R1 349 million and headline earnings by 18% to R609.8 million. Headline earnings per share rose from 112.2 cents in 2010/11 to 132.6 cents per share.

Strong cash generation and a healthy balance sheet position the group well to continue with its growth plans to increase cane, sugar and downstream / co-generation production in Africa. Investments in the group's operations continue to be undertaken in areas that display positive and stable social, political and economic fundamentals, have adequate water and land resources, favourable climatic and agronomic conditions, strong local sugar markets and good export market potential and returns. Recent cane and factory expansions have increased the group's sugar production capacity.

The commissioning of the major factory expansion and power co-generation plant at Ubombo in Swaziland during the past year was a significant milestone for the group. The project will not only increase sugar production but also generate sufficient electricity to cover all of Ubombo's power requirements and provide for the export of surplus electricity into the national grid. The amount of electricity supplied into the national grid during the 2011/12 year exceeded the annual minimum contractual commitment.

Illovo's objective overall is to become self-sufficient in its own power requirements, taking advantage of significant potential to supply surplus power into national electricity grids from existing and new operations. The Swaziland expansion provides a sustainable sugar/ power co-generation production model that can be used in existing operations or new sugar projects as appropriate.

The construction of a new potable alcohol distillery at our Kilombero operation in Tanzania has commenced, providing a tangible example of the group's objective to add value to every stick of cane. This plant will utilise all of the molasses produced at Kilombero and supply high quality alcohol into East African markets, once it is commissioned in mid-2013. Opportunities to produce alcohol for potable use or fuel blending programmes also exist in Malawi and Zambia.

The group's South African operation has identified a number of strategic opportunities to enable it to overcome the impact of declining cane supplies, sub-optimisation of installed factory capacity and low operating margins. To this end, with the support of provincial and national government, private banks and the cane growing community, work has already commenced on a number of longer-term initiatives, amounting to a net increase in area of more than 10 000 hectares of land, to grow the cane supply with early, positive results.

The return to more normal weather conditions in South Africa has seen the Umzimkulu sugar mill reopening in the 2012/13 season, with the bagasse demand required to optimise available furfural capacity at Sezela supplemented by bagasse transfers from both Umzimkulu and Eston. Elsewhere, all of the group's South African factories have commenced crushing and are running well.

The construction of a custom-designed central warehouse in Pietermaritzburg will significantly improve supply chain logistics in South Africa and impact favourably on sugar distribution costs. Overall the group's South African business is a leading player in the country's sugar industry with strong downstream operations. Focus is therefore on maintaining a long-term sustainable business based on a structured plan to grow cane supplies, a cost reduction programme and capital investment in strategic opportunities.

Failure to finalise key elements required for the promotion of the Markala Sugar Project in Mali resulted in a decision to terminate further group involvement in that project, which was a great disappointment. Incomplete funding of the agricultural component of the project via bi-lateral concessional funding to the government of Mali and its inability to complete key undertakings for the project to proceed, together with the deteriorating security situation in Mali and the country's uncertain political future, increased the project risks associated with a greenfield development of this size and gave the group no option but to cease its involvement.

This shareholders meeting provides the opportunity to update you on the current state of the group's operations.

Climatic conditions across the group have been good and cane yields, together with sucrose content in cane, are much improved. A record sugar cane crop is expected in the current 2012/13 season. Factory performance to date has been generally positive with factories in South Africa capitalising on good cane quality. Overall, group sugar production is anticipated to increase by in excess of 300 000 tons over last year. Prospects for downstream production have improved, particularly in respect of furfural production at Sezela which will benefit from increased cane availability from its own cane supply area together with bagasse supplies from other factories in South Africa. Electricity exports into the Swaziland national grid are forecast to be above those achieved in 2011/12. Market conditions for sugar remain positive as the world price remains above the US20 cents/lb level, supported by supply concerns in Brazil and India. Furthermore, longer-term prospects for the world raw sugar price remain positive despite the current global surplus. Domestic sugar market offtake and prices are expected to remain firm. Downstream prices have eased from the record levels seen early last year but still remain at good levels. Exchange rate volatility will continue to be a major influence on export earnings and the conversion of foreign subsidiary profits into rand. Overall, there has been a generally positive start to the 2012/13 season.

D G MacLeod

Chairman

Mount Edgecombe

18 July 2012

Sponsor

J P Morgan Equities Limited