2018

INVESTOR PRESENTATION: 29 AUGUST 2018

RESULTS FOR THE YEAR ENDED JUNE 2018

MILES DALLY

CHIEF EXECUTIVE OFFICER

HEADLINES – RESULTS FOR THE YEAR ENDED JUNE 2018

PERFORMANCE HEADLINES

- EBITDA growth of 17.1%
- HEPS growth 52.4%
- Cash generated R1.8 billion
- Chicken and Groceries biggest contributors to EBITDA growth
  - Chicken driven by revised business model
  - Groceries great volume and market share growth
- Sugar remained a major challenge with results negatively impacted by price decreases driven by imports

FINANCIAL HEADLINES

REVENUE
R24.4bn
2.1% ↓

EBITDA
R2.0bn
17.1% ↑

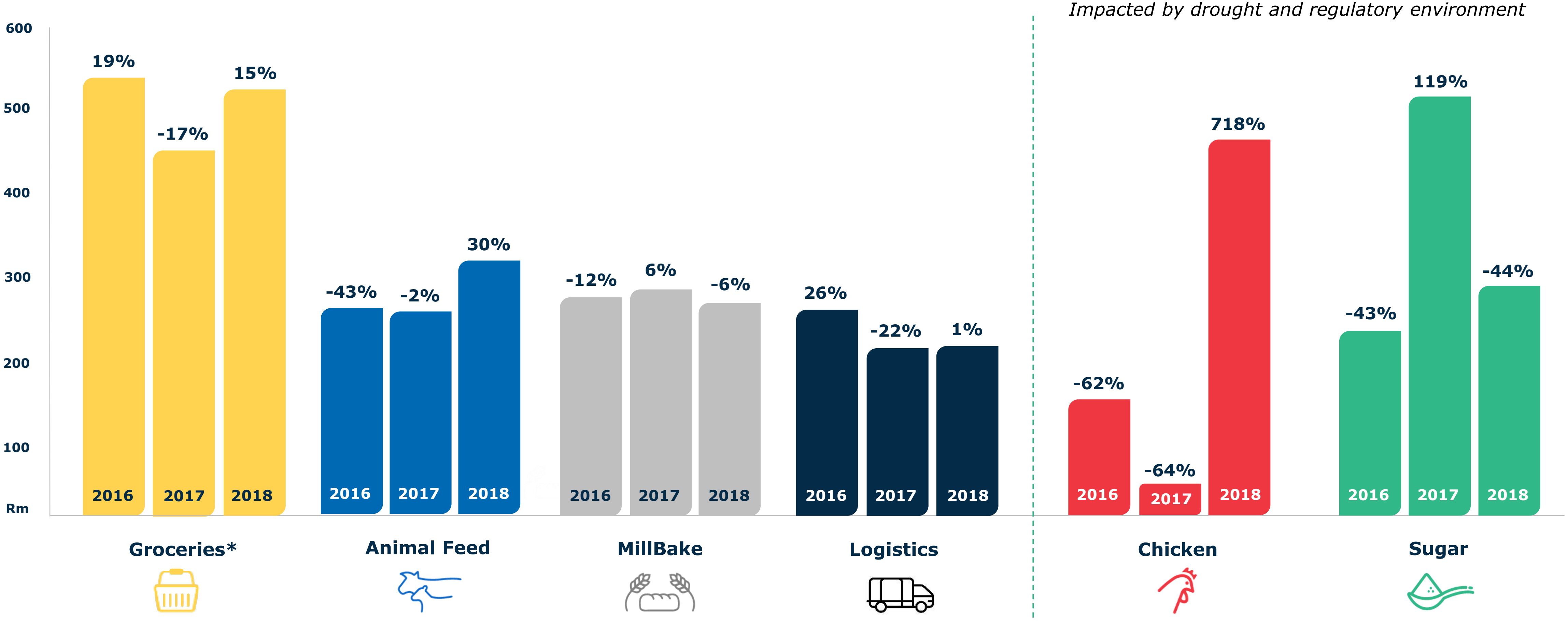
HEPS
96.8c
52.4% ↑

CASH
R1.3bn
19.9% ↑

MOVING TOWARDS A MORE BALANCED PORTFOLIO – FOUNDATION FOR GROWTH

Our more balanced portfolio helped shield us against some key industry challenges and unfavourable macro-economic conditions

EBITDA AND GROWTH PER CATEGORY CLUSTER



* The Groceries category cluster includes the Grocery, Speciality, Beverages and Pies business units.

1. GROW THROUGH STRONG BRANDS

KEY ACHIEVEMENTS

- RCL FOODS Consumer basket volumes grew at **4.1%, ahead of market growth** of **1.6%***
- Our **brand strategies** and **investment** in brands have **strengthened** our **market shares** with a number of our brands holding **market leading positions**

NEW MARKET LEADERS

#1

Yum Yum, Nola, Canine Cuisine, Catmor**

ENTRENCHED MARKET LEADERS

#1

Bobtail, Number One, Ouma, Pieman's

MAINTAINED MARKET POSITION

#2

Selati, Rainbow Simply Chicken***

*Ask'd Volume growth 12 months moving average June 2018 | Source – Aztec 12 months moving average June 2018 | **Premium Category | ***Freezer to Fryer Category

2. PARTNER WITH STRATEGIC CUSTOMERS

KEY ACHIEVEMENTS

- We leveraged our capabilities to provide both our retail and our foodservice customers with a growing and profitable portfolio of solutions
- Strategic customer partnerships and joint planning have been core to the success of Groceries, with clear benefits for all
- The pie category has been a star performer. We have invested in turning around this category along with our customers and achieved volume growth of over 10%
- Our Logistics division successfully partnered with Pick n Pay to launch a dedicated distribution network for the retailer's entire frozen basket of products, including the specialised ice-cream category

3. EXTEND OUR LEADING VALUE CHAIN

KEY ACHIEVEMENTS

- We continued our focus on IT as a key driver in unlocking business value through multi-year initiatives aimed at integrating business platforms and profitability systems
- Our new R136 million pet food plant in Randfontein came into production this year, enabling innovations that are helping grow our pet food category
- Innovation in the Logistics fleet to transport super-frozen products (ice-cream) for Pick n Pay have positioned us well in becoming an operator of choice in multi-temperature supply chain solutions
- We have centralised all our Logistics activities into a single Control Tower which is expected to improve customer service and efficiencies

4. EXPAND INTO THE REST OF AFRICA

KEY ACHIEVEMENTS

- We narrowed our current geographical focus to mainly SADC countries for potential acquisitions
- We have restructured our activities to increase alignment between our export efforts and potential acquisitions
- In Uganda, we made further infrastructure investments within our associate, HMH Rainbow Limited, by constructing more chicken houses to grow capacity

5. INSPIRE GREAT PEOPLE

KEY ACHIEVEMENTS

Our continuous efforts to accelerate diversity has earned us recognition from the Commission for Gender Equality for being a leader in our sector with a strong focus on development

We continued to build our talent pipeline. Over the last three years:

- 43% of our managers completed our Leadership Development Programme
- 130 graduates entered our Management Trainee programme
- 931 employees registered on SETA accredited learnerships, apprentices and internships

We invested R40 million in training more than 10 000 people

Multi-year wage agreements and continued conversion of casuals to permanent staff remain successful in bringing stability within our workforce

We have made available a low cost medical aid plan and health benefits to shop floor employees with 1 080 people signing on during this financial year.

6. DRIVE SUSTAINABLE BUSINESS

KEY ACHIEVEMENTS

- We achieved 25% energy self-sufficiency through the co-generation of energy at our Sugar mills, waste-to-value energy production in Chicken operations, and solar installations
- Our waste-to-value plant, which produces renewable energy from waste water at our Worcester chicken processing plant, provided 30% of the entire manufacturing site's energy needs
- The success of our Worcester waste-to-value plant has prompted us to invest in a similar plant in Rustenburg in 2019
- We completed the second year of a significant irrigation replacement programme in our Sugar operations, aiming to reduce our water usage by 30%
- The DO MORE FOUNDATION, which was launched in July 2017, has enabled inclusion of external partners which has significantly amplified the impact on communities that we operate in
- Our community based joint ventures (JV) delivered more than 846 000 tons of cane from more than 8 700 hectares of irrigated land

KEY DELIVERABLES FOR 2018

- Continue to invest behind brands and systems
- Continue to sharpen customer relationships and strategic focus by category
- Continue with implementation of revised Chicken business model
- Mitigate Chicken restructure impact on Logistics and Animal Feed
- Restore Sugar profitability
- Continue with turnaround in MillBake
- Implement customer model in Logistics where appropriate
- Continue to leverage shared services value
- Drive transformation across operations
- Maximise Waste-to-Value opportunities across Chicken and Sugar

NEXT CHAPTER: SUSTAINABLE QUALITY OF EARNINGS
2019 KEY DELIVERABLES

- Maximise ROIC across category clusters
- Capitalise investment behind brands and systems
- Leverage customer relationships and drive strategic focus by category
- Expand shared services value
- Chicken: Entrench new business model & recover from Listeria impact
- Sugar: Restore profitability and build a sustainable model for future
- Logistics: Mitigate Chicken restructure impact and implement customer model where appropriate
- Drive transformation across agriculture value chain
- Extend Energy, Water, Waste Smart initiatives across the business

ROB FIELD

CHIEF FINANCIAL OFFICER

FINANCIAL SUMMARY

EBITDA UP 17.1%. HEADLINE EARNINGS UP 52.7%

INCOME STATEMENT		JUNE 2018	JUNE 2017	% VAR
Revenue	Rm	**24 426.0**	24 950.7	(2.1)
EBITDA	Rm	**2 046.0**	1 747.6	17.1
EBITDA margin	%	**8.4**	7.0	1.4
Net finance costs	Rm	**252.5**	332.7	24.1
Share of profits of JV's & associates	Rm	**80.1**	158.1	(49.3)
Effective tax rate (excl. JV's, associates)	%	**21.2**	27.4	(6.2)
Headline earnings	Rm	**837.7**	548.5	52.7
Headline earnings per share	cents	**96.8**	63.5	52.4
BALANCE SHEET & RATIOS				
Net working capital	Rm	**2 871.5**	2 511.9	14.3
Net cash	Rm	**1 263.4**	1 053.8	19.9
Cash generated by operations	Rm	**1 784.6**	2 293.7	(22.2)
Capex spend (inc. intangibles)	Rm	**849.1**	834.5	1.7
Return on invested capital*	%	**8.1**	4.8	3.3
Return on invested capital (excl. acquisition intangibles)**	%	**13.7**	8.9	4.8
Final dividend	cents	**25.0**	20.0	25.0
NAV per share	cents	**1 289.0**	1 201.0	7.3

* Calculated as net operating profit after tax, divided by invested capital. | **Excludes Foodcorp acquisition related intangible asset balances and related amortisation

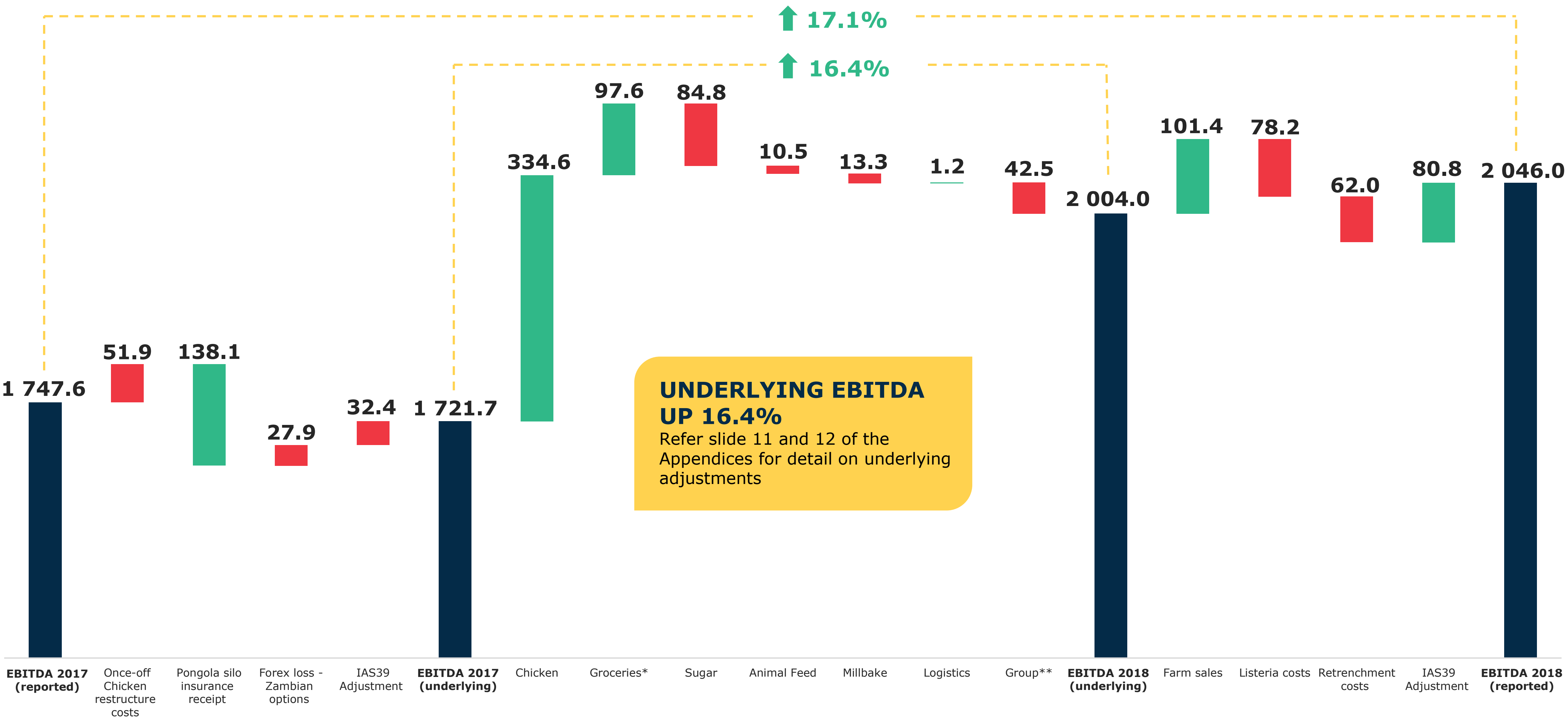
OPERATING ENVIRONMENT

- **Muted market volume growth** of **1.6%***
- **Lower soft commodity prices** provide input cost relief
- **High** levels of **sugar imports** placed **pressure** on local market forcing two price decreases and a higher proportion of exports at lower margins
- **Chicken imports remain high**, **up 2%** on June 2017 year
- **Avian Influenza** and **Listeriosis crisis** impacted poultry industry significantly
- Average **food inflation declines from 9.6% to 4.7%** over the period, though **sustained high interest rates** (and indebtedness), continually rising **fuel prices** and the **1% VAT rate hike** have impacted disposable incomes

*Source: Ask'd – an independent company that specialises in providing benchmarks that measure industry growth and trends, company performance and consumer dynamics for a defined group, which represents the majority of food manufacturers

OPERATING RESULTS SUMMARY (Rm)

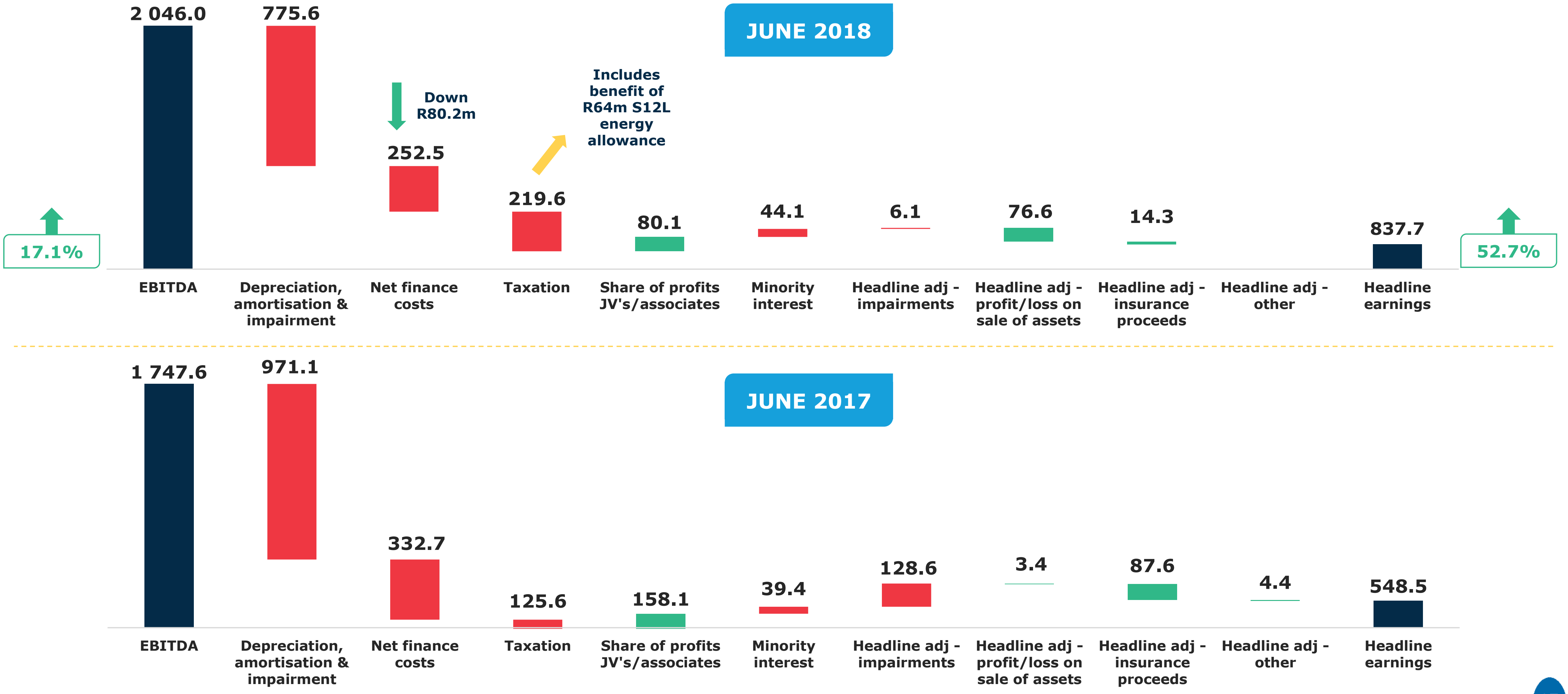
EBITDA JUNE 2017 TO 2018 UP 17.1% DRIVEN BY CHICKEN AND GROCERIES



UNDERLYING EBITDA UP 16.4%
Refer slide 11 and 12 of the Appendices for detail on underlying adjustments

* The Groceries category cluster includes Grocery, Speciality, Beverages and Pies business units. | ** Includes impact of claims on the cell captive

HEADLINE EARNINGS WATERFALL (Rm)



OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS – REVENUE AND EBITDA

REVENUE (Rm)	JUNE 2018	JUNE 2017	% VAR
Consumer	**12 752.9**	13 474.0	(5.4)
Sugar & Milling	**13 566.9**	14 467.4	(6.2)
Logistics	**1 980.0**	2 033.1	(2.6)
Sales between segments			
Consumer to Sugar & Milling	(136.4)	(230.3)	(40.8)
Sugar & Milling to Consumer	(2 727.1)	(3 713.7)	(26.6)
Logistics to Consumer	(977.8)	(1 050.9)	(7.0)
Logistics to Sugar & Milling	(32.5)	(28.9)	12.5
Total	**24 426.0**	24 950.7	(2.1)

EBITDA (Rm)	JUNE 2018	JUNE 2017	% VAR
Consumer	**985.2**	506.5	94.5
Sugar & Milling	**869.0**	1 036.1	(16.1)
Logistics	**204.3**	203.1	0.6
Unallocated group costs	(12.5)	1.9	N/A
Total	**2 046.0**	1 747.6	17.1

EBITDA MARGIN (%)	JUNE 2018	JUNE 2017	% VAR
Consumer	**7.7**	3.8	3.9
Sugar & Milling	**6.4**	7.2	(0.8)
Logistics	**10.3**	10.0	0.3
Total	**8.4**	7.0	1.4

CASH FLOW SUMMARY

IMPROVED UNDERLYING PROFITABILITY AND WELL CONTROLLED INTEREST COSTS DRIVES CASH UP 19.9%

LOWER CASH CONVERSION RATIO OF 87% VS 131% IN PRIOR YEAR DUE MAINLY TO RELEASE OF WORKING CAPITAL IN 2017

Rm	JUNE 2018	JUNE 2017	% VAR
Opening balance*	**1 053.8**	363.2	190.1
Operating profit adjusted for non-cash flow items	**1 783.0**	1 466.2	21.6
Working capital changes	**1.6**	827.5	(99.8)
Net finance costs paid	**(257.9)**	(325.1)	20.7
Tax paid	**(180.4)**	(262.0)	31.1
Dividends paid	**(304.6)**	(217.1)	(40.3)
Dividends received	**62.4**	93.5	(33.3)
Capital expenditure (including intangibles)	**(849.1)**	(834.5)	(1.7)
Proceeds on disposal of Zam Chick and Zamhatch		289.5	
Acquisition of Matzonox	**(56.3)**		
Investment in associate	**(26.4)**		
Proceeds on sale of PP&E	**115.5**	34.6	233.8
Interest-bearing liabilities	**(56.5)**	(406.0)	86.1
Other	**(21.7)**	24.0	(190.4)
Closing balance*	**1 263.4**	1 053.8	19.9

*Net of overdrafts

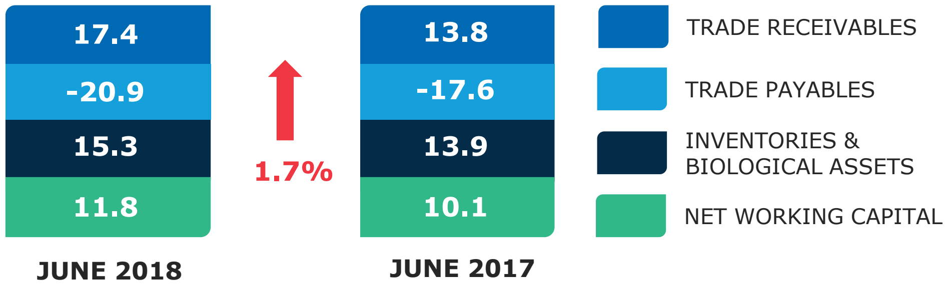
WORKING CAPITAL

HIGHER SUGAR PRODUCTION VOLUMES DRIVE 14.3% INCREASE IN NET WORKING CAPITAL

WORKING CAPITAL (Rm)	JUNE 2018	JUNE 2017	% VAR
Trade and other receivables	**4 254.0**	3 452.3	23.2
Inventories	**2 926.7**	2 666.6	9.8
Biological assets	**807.4**	791.5	2.0
Trade and other payables	**(5 116.6)**	(4 398.5)	(16.3)
Net	**2 871.5**	2 511.9	14.3

WORKING CAPITAL DAYS	JUNE 2018	JUNE 2017	VAR (days)
Receivables days	**64**	51	13
Stock days	**75**	65	10
Payables days	**(103)**	(83)	(20)
Net	**36**	33	3
*Adjusted debtors days**	***41***	*31*	*10*

NET WORKING CAPITAL AS A % OF REVENUE



Net working capital (NWC) has increased by R359.6m and by 1.7% as a percentage of revenue over the prior year. The increase was driven by:

- A R260.1m increase in inventory, mainly stemming from a 26.5% increase in sugar tons on hand, as production volumes rose post the drought.
- Trade and other receivables increased R801.7 million, whilst trade and other payables increased R718.1 million, impacted by the timing of the calendar month close with the 30 of June being over a weekend. A total of R542.7 million receipts and R277.7 million payments were received/paid immediately post the year-end cut-off. Net trade receivables increased R83.6m and by 0.3% of revenue.

Net working capital days increased by 3 days driven by the higher stocks. Despite the R83.6m increase in net receivable days and a 0.3% increase as a % of revenue, net payable days increased by 7 days due to a decrease in cost of sales mainly as a result of lower commodity input costs during the year.

*Trade and other receivables include other receivables and prepayments of R807.9m (2017: R662.4m). Adjusted debtors days calculates the days off trade debtors only, and based on the gross sales value made by Vector instead of the net revenue disclosed for accounting purposes. The increase of 10 days over 2017 is due mainly to the late receipts received post the year-end cut-off in 2018. Adjusting further for this cut-off issue the 41 days expressed would be 34 days.

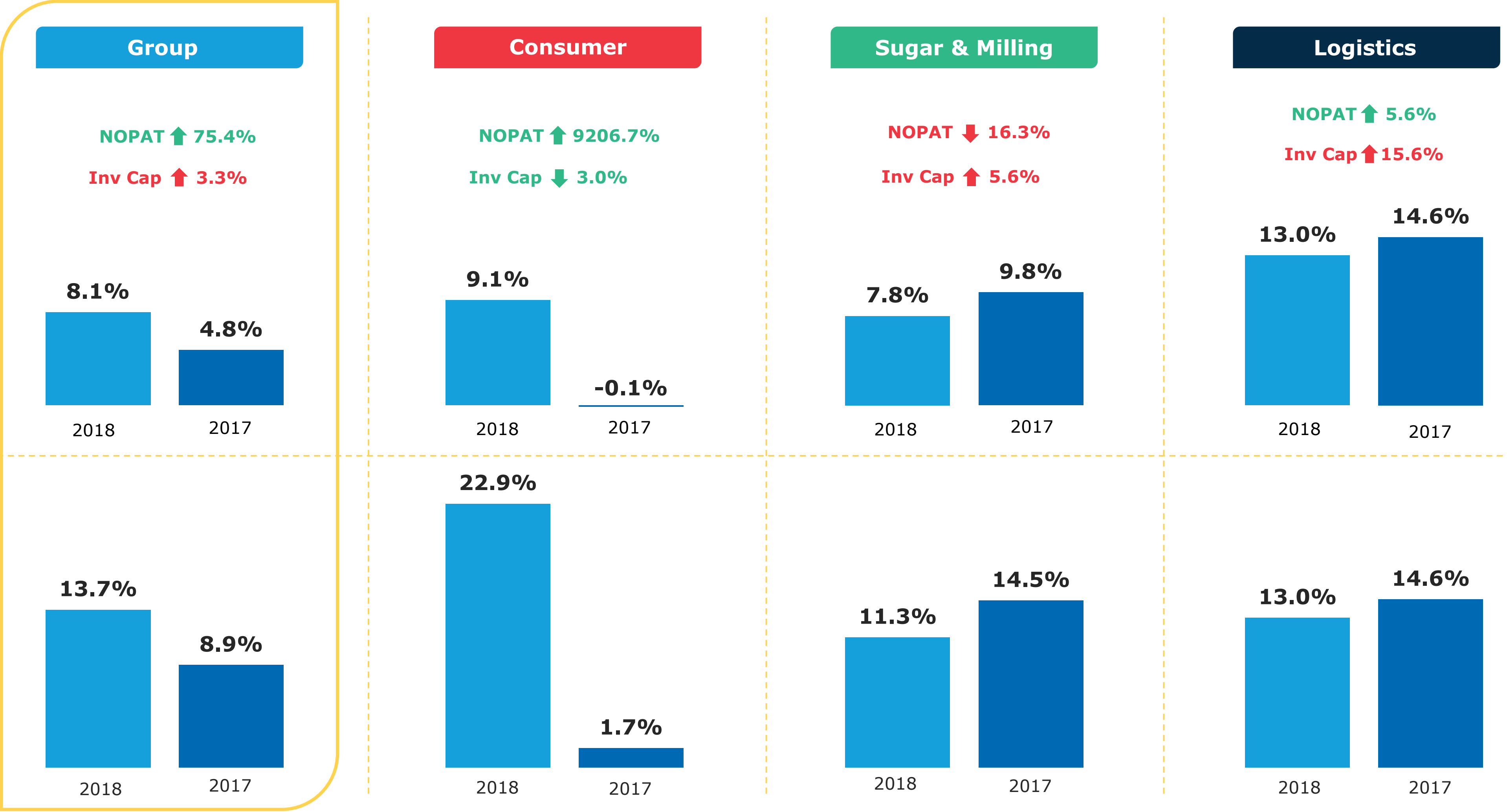
RETURN ON INVESTED CAPITAL (ROIC)

GROUP ROIC IMPROVES TO 8.1% DRIVEN BY HIGHER NET OPERATING PROFIT AFTER TAX

Reported

Adjusted*

Group ROIC improves to 13.7% after excluding intangibles impact



*Excludes Foodcorp acquisition related intangible asset balances and related amortisation

CAPITAL EXPENDITURE

TOTAL CAPITAL SPEND IN LINE WITH PRIOR YEAR

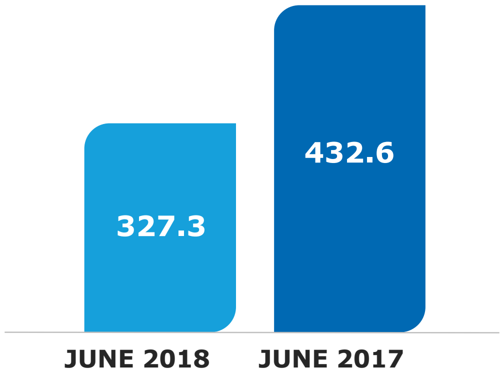
Capital expenditure (including intangibles) was **R849.1m** (2017: R834.5m)

Major spend items in the current period included:
- Restoration of the damaged Pongola silo (R66.5m)
- Investments in the ERP systems across RCL FOODS (R49.2m)
- Investments in the Logistics fleet to accommodate the Pick n Pay frozen business (R28.5m)
- Investments in plant and equipment related to the new pet food plant (R21.9m)

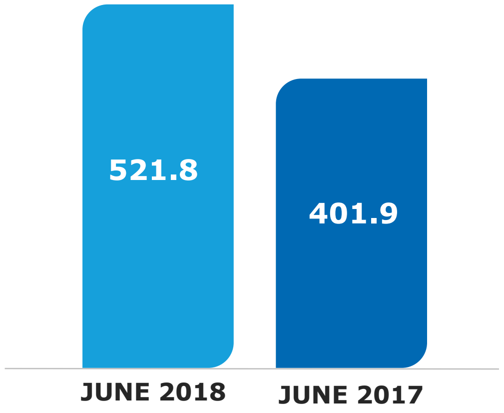
Capital commitments of **R913.4m** (2017: R510.4m)

Major items included in these amounts relate to:
- Investment in a waste-to-value plant at our Rustenburg Chicken site (R300.0m)
- Investments behind the ERP implementations across RCL FOODS (R60.9m)
- Integration capital expenditure relating to the move of the remaining Bronkhorstspruit operations to other Speciality sites (R60.0m)

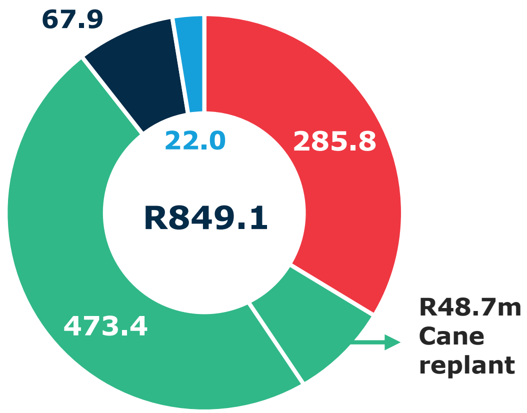
EXPANSION (Rm)



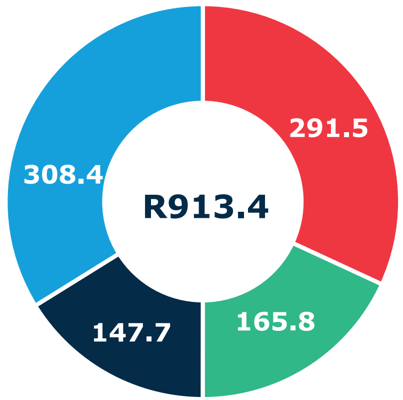
REPLACEMENT (Rm)



CAPITAL EXPENDITURE BY DIVISION (Rm)



CAPITAL COMMITMENTS BY DIVISION (Rm)



Consumer | Sugar & Milling | Group | Logistics

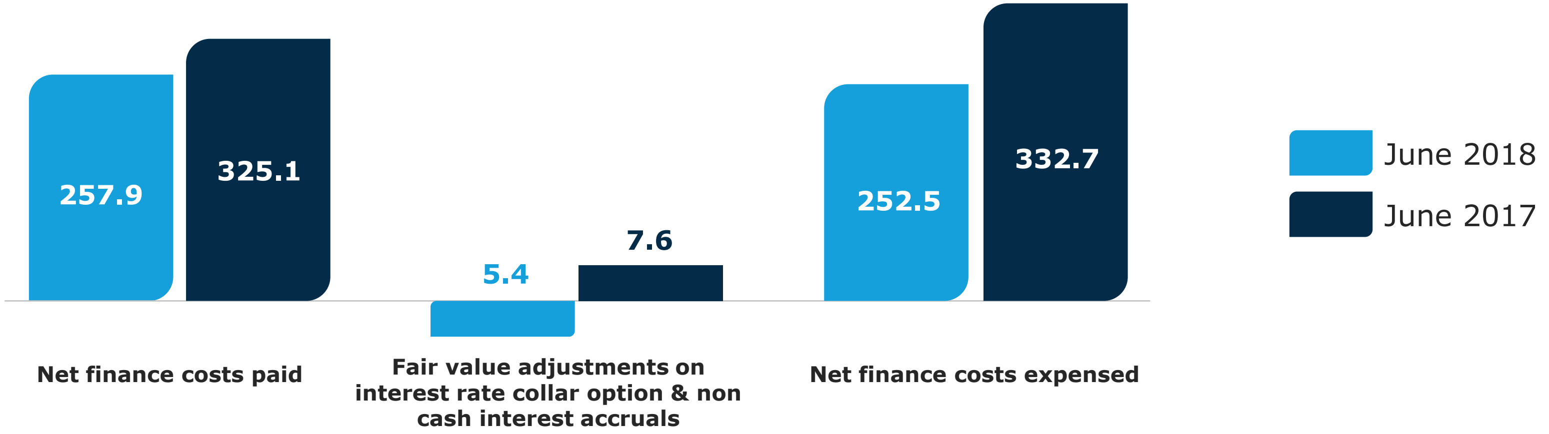
DEBT PACKAGE

NET FINANCE COSTS PAID DECLINE 20.7%

TERM	VALUE (Rm)	YEAR 1	YEAR 2	YEAR 3 (FEB 18)	YEAR 4 (FEB 19)
5 year	1 355				
	400				
4 year	847				
	250				
3 year – RCF	498				
Total	**3 350**				
Hedged %		**77%**	**77%**	**53%**	**53%**

- Hedged (fixed rate)
- Unhedged
- Partial hedge (collar) to the extent of R1.5bn
- Revolving credit facility (RCF) not hedged*

NET FINANCE COSTS (Rm)



*Repaid in January 2017, 13 months ahead of the term payment date in February 2018

DEBT COVENANTS

RCL FOODS REMAINS WELL WITHIN COVENANT REQUIREMENTS

COVENANT	REQUIRED	JUNE 2018	DEC 2017	JUNE 2017
Senior leverage ratio (Net senior debt*/pre-IAS 39 HEBITDA)	<2.75	1.1	1.7	1.4
Repricing (a step-up margin of 0.25% is triggered if the senior leverage ratio breaches 2.7)	<2.7	1.1	1.7	1.4
Senior interest cover ratio (pre-IAS 39 HEBITDA/senior net finance charges**)	>3.5	7.4	6.4	5.0

Covenant met

Covenant breached

*Net senior debt: Total unsubordinated debt less cash and cash equivalents | **Senior net finance charges: Finance charges on unsubordinated debt less interest income

SCOTT PITMAN

MANAGING DIRECTOR
CONSUMER DIVISION

OPERATIONAL REVIEW: CONSUMER

EBITDA result up 94.5% on prior year

REVENUE (Rm)	JUNE 2018	JUNE 2017	% VAR
Consumer	**12 752.9**	13 474.0	(5.4)
Sugar & Milling	**13 566.9**	14 467.4	(6.2)
Logistics	**1 980.0**	2 033.1	(2.6)
Sales between segments	**(3 873.8)**	(5 023.8)	(22.9)
Total	**24 426.0**	24 950.7	(2.1)

EBITDA (Rm)			
Consumer	**985.2**	506.5	94.5
Sugar & Milling	**869.0**	1 036.1	(16.1)
Logistics	**204.3**	203.1	0.6
Unallocated group costs	(12.5)	1.9	N/A
Total	**2 046.0**	1 747.6	17.1

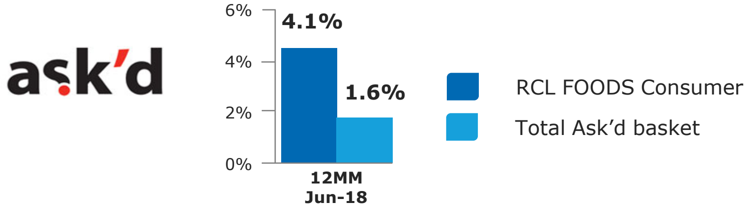
OPERATIONAL REVIEW: CONSUMER

Outstanding Groceries growth and a solid chicken result, drove a 94.5% increase in Consumer's EBITDA

REVENUE (Rm)	JUNE 2018	JUNE 2017	% VAR
Groceries[1]	**5 244.9**	4 955.3	5.8
Chicken	**6 693.4**	7 675.9	(12.8)
Sales between business units	**(35.5)**	(54.4)	(34.7)
Cost recoveries – Groceries[2]	**534.0**	501.1	6.6
Cost recoveries – Chicken[2]	**316.1**	396.1	(20.2)
Total	**12 752.9**	13 474.0	(5.4)
EBITDA (Rm)			
Groceries	**518.4**	449.4	15.4
Chicken	**466.8**	57.1	717.5
Total	**985.2**	506.5	94.5
EBITDA MARGIN (%)*			
Groceries	**9.9**	9.1	0.8
Chicken	**7.0**	0.7	6.3
Total	**7.7**	3.8	3.9

HEADLINES

- Strong volume growth, market share gains and margin growth on our Groceries brands translated into an EBITDA growth of 15.4%
- Groceries outperformed the ASK'd market volume growth



- Despite the significant financial impact of Listeria & Avian Influenza, a fully entrenched new business model drove a strong Chicken result

Notes:
1) Groceries category includes the Beverages, Grocery, Pies and Speciality business units
2) Revenue excludes items which are considered revenue in terms of IFRS but cost recoveries for management reporting purposes (e.g. poultry by-products, sunflower-oil and cake)

*Margin calculated of revenue excluding cost recoveries

MATERIAL ADJUSTMENTS TO DERIVE UNDERLYING RESULT

Underlying EBITDA result of R1 004.9 million, up 75.5% on prior year

GROCERIES (Rm)	JUNE 2018	JUNE 2017	% VAR
EBITDA	**518.4**	**449.4**	15.4
IAS39 Adjustment	(19.1)	14.3	
Speciality retrenchment provision	62.0		
Underlying EBITDA	**561.3**	**463.7**	21.0
*Underlying EBITDA margin %**	***10.7***	*9.4*	*1.3*
CHICKEN (Rm)			
EBITDA	**466.8**	**57.1**	717.5
Once-off listeriosis costs	78.2		
Farm sales	(101.4)		
Once-off restructure costs		51.9	
Underlying EBITDA	**443.6**	**109.0**	307.0
*Underlying EBITDA margin %**	***6.6***	***1.4***	*5.2*
Consumer underlying EBITDA	**1 004.9**	**572.7**	75.5
Consumer underlying EBITDA margin	***7.9***	*4.3*	*3.6*

HEADLINES

- Underlying EBITDA removes the impact of once-off material items and accounting adjustments
- IAS39 adjustment in Groceries relates to the fair value gains and losses on the commodity procurement positions with the R33.4m gain over 2017 attributable to favourable sunflower and currency positions
- Once-off Listeriosis costs (net of R9.3m insurance recovery) are related to the uplift and destruction of affected stock, communication costs and costs incurred to support the Rainbow brand
- Profit on sale of dormant farms of R101.4 million following decision in 2017 to reduce consequential chicken volumes which resulted in certain chicken farms being closed
- R62.0 million provision for retrenchment costs relates to the decision to exit the Prepared lines manufactured at the Bronkhorstspruit site within the Speciality business unit
- Once-off restructure costs in 2017 related to costs associated with the decision to reduce consequential chicken volumes

*Margin calculated of revenue excluding cost recoveries

OPERATIONAL REVIEW: GROCERIES

SHARE AND MARGIN

- Groceries had another exceptional year, delivering a strong set of results on the back of solid volume and market share growth
- Underlying Groceries EBITDA margin up 1.3%. Whilst growth in volume and market shares were achieved, margins in most categories were maintained/expanded
- Four key brands became number one market leaders for the full 12 months average for the first time
- Existing market leaders Bobtail, Ouma and Piemans grew further share to entrench their number one positions
- All key groceries brands are now market leaders

NEW MARKET LEADERS

ENTRENCHED MARKET LEADERS

OPERATIONAL REVIEW: GROCERIES

INNOVATION

- Innovation has been a key part of the brand successes with pet food leading the charge. The new factory enables intrinsic product differentiation which is unique in SA at this stage

- The recent launch of Feline Cuisine achieved 12.5% market share of the total dry cat food category in its second month!

- Successful innovation added significant volume to Piemans pies, YumYum peanut butter and Number 1 mageu and drove a satisfying underlying result in Speciality

OPERATIONAL REVIEW: GROCERIES

FRONT END

- Customer relationships, partnerships and joint planning have been core to the success of groceries, with clear benefits for all

- Despite significant step changes in marketing spend and activity on our brands, strong margin growth was achieved

SUPPLY CHAIN

- Efficiencies were driven into the supply chain, from plant redesign, to raw material optimisation, aimed at lowering costs and improving the customer experience

- iCSE (Integrated Customer Service Excellence) is RCL FOODS terminology to describe the entire supply chain and captures our obsession to exceed customer expectations

OPERATIONAL REVIEW: GROCERIES

TURNAROUND

- Significant focus & investment in innovation, revised front end strategy and manufacturing efficiencies were poured into re-establishing our **Pieman's** brand. This has yielded an outstanding full year result for the category with volume growth of 10.3% and has meaningfully step changed profitability

- **Beverages** remains a challenge however with growing intensity of competition as another four companies launched into this category in the current financial year, causing margin to contract

- A very aggressive plan is in place to turn beverages around, utilising all the resources of our market leading **Number 1** brand

OPERATIONAL REVIEW: GROCERIES

TURNAROUND

- **Speciality** saw satisfying underlying profit growth (although muted by the retrenchment provision) with substantial focus and re-engineering of processes and ways of working

- A strategic decision was taken to exit the low margin prepared subset of Speciality, to focus on all our baking categories (breads, cakes, desserts etc)

- After implementation by first quarter 2019, this will stabilise profit and allow growth going forward

OPERATIONAL REVIEW: CHICKEN

CHICKEN ADDED VALUE

FOODSOLUTIONS

- This priority area of the chicken business saw significant growth in customer volumes in the second half of the financial year. RCL FOODS continues to invest in people and technology, particularly in the QSR area
- The new chicken business model reduces variability in Chicken's result

RETAIL

- In the national panic of the ST6 strain of listeriosis, Rainbow polony and viennas were returned from the trade despite government recalling only Rainbow polony 'as a precaution'. Despite extensive testing by RCL FOODS, government and other stakeholders, Rainbow products have never tested positive for ST6
- Although global food safety standards permit 'up to 100 cfu of listeria as totally safe', our government has specified zero cfu. Consequentially RCL FOODS has invested in new technology and processes to meet this specification

OPERATIONAL REVIEW: CHICKEN

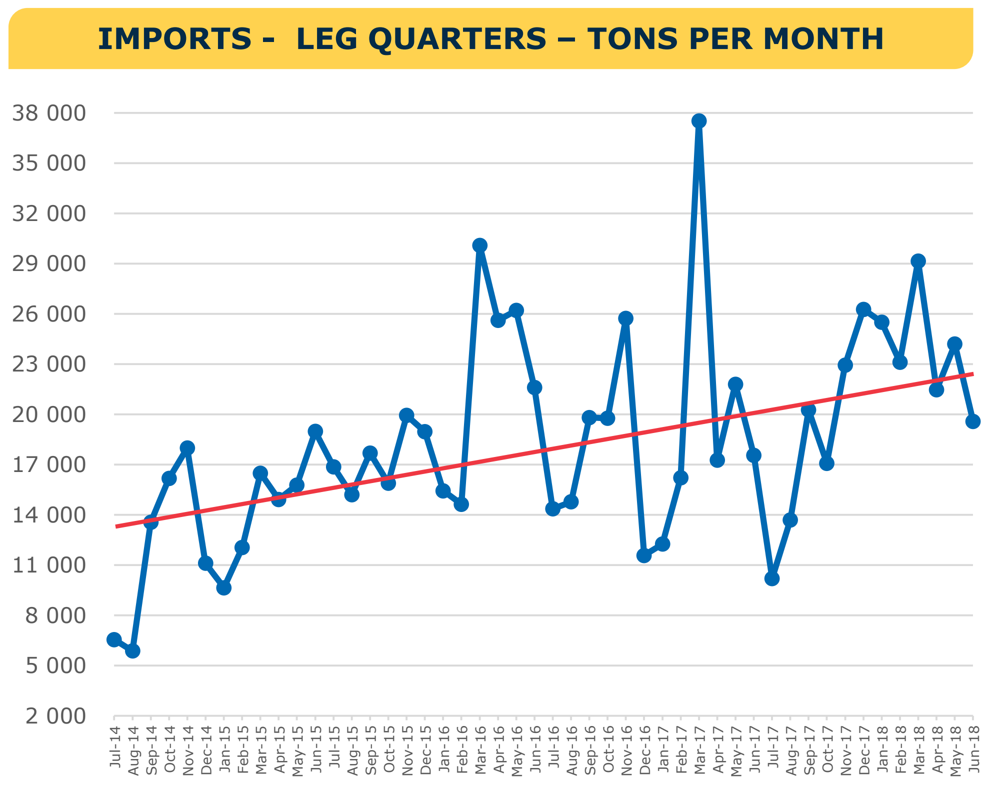
CHICKEN MAINSTREAM

- Whilst Chicken import levels remain high, local supply and demand has largely been in balance, mainly thanks to Rainbows cut back, allowing producers to recover costs through improved pricing

- The entire Rainbow brand was negatively affected by the listeriosis crisis, but careful management of the brand has allowed much of that to recover

- Avian Influenza had a material once off profit impact and additional costs associated with increased biosecurity measures have become the new reality

- Total negative financial impact of R227m in 2018 relating to Avian Influenza (R69m) and Listeria (R158m). Of the R227m, R128m related to direct costs incurred, with the remaining R99m an indirect impact, which includes lost contribution



Source: SAPA

JOHN DU PLESSIS

MANAGING DIRECTOR
SUGAR & MILLING DIVISION

OPERATIONAL REVIEW: SUGAR & MILLING

EBITDA result down 16.1% on prior year

REVENUE (Rm)	JUNE 2018	JUNE 2017	% VAR
Consumer	**12 752.9**	13 474.0	(5.4)
Sugar & Milling	**13 566.9**	14 467.4	(6.2)
Logistics	**1 980.0**	2 033.1	(2.6)
Sales between segments	**(3 873.8)**	(5 023.8)	(22.9)
Total	**24 426.0**	24 950.7	(2.1)

EBITDA (Rm)			
Consumer	**985.2**	506.5	94.5
Sugar & Milling	**869.0**	1 036.1	(16.1)
Logistics	**204.3**	203.1	0.6
Unallocated group costs	(12.5)	1.9	N/A
Total	**2 046.0**	1 747.6	17.1

OPERATIONAL REVIEW: SUGAR & MILLING

Sugar & Milling EBITDA down 16.1% driven mainly by declines in Sugar and Baking

REVENUE (Rm)	JUNE 2018	JUNE 2017	% VAR
Animal Feed	**4 589.4**	5 667.9	(19.0)
MillBake	**3 646.5**	3 799.4	(4.0)
Sugar	**5 419.9**	5 098.7	6.3
Sales between business units	**(88.9)**	(98.6)	(9.8)
Total	**13 566.9**	14 467.4	(6.2)
EBITDA (Rm)			
Animal Feed	**319.5**	245.4	30.2
MillBake	**265.4**	283.7	(6.5)
Sugar	**284.1**	507.0	(44.0)
Total	**869.0**	1 036.1	(16.1)
EBITDA MARGIN (%)			
Animal Feed	**7.0**	4.3	2.7
MillBake	**7.3**	7.5	(0.2)
Sugar	**5.2**	9.9	(4.7)
Total	**6.4**	7.2	(0.8)

HEADLINES

- Revenue down by 6.2% primarily as a result of softer market commodity pricing and lower internal volumes affecting Animal Feed
- The Millbake result masks the gains in Milling that were offset by significant challenges in Baking
- Sugar revenue increase resulted from materially improved volumes, although muted by poor mix stemming from the impact of dumped imports
- Sugar EBITDA reduction driven by disruptive impact of imports on local market volumes and pricing

MATERIAL ADJUSTMENTS TO DERIVE UNDERLYING RESULT

Underlying EBITDA result of R807.3 million, with decline moderating to 12.3%

ANIMAL FEED (Rm)	JUNE 2018	JUNE 2017	% VAR
EBITDA	**319.5**	**245.4**	30.2
IAS39 Adjustment	(61.7)	23.0	
Underlying EBITDA	**257.8**	**268.4**	(3.9)
Underlying EBITDA margin %	***5.6***	*4.7*	*0.9*
SUGAR (Rm)			
EBITDA	**284.1**	**507.0**	(44.0)
Insurance receipt		(138.1)	
Underlying EBITDA	**284.1**	**368.9**	(23.0)
Underlying EBITDA margin %	***5.2***	***7.2***	*(2.0)*
MILLBAKE (Rm)			
EBITDA	**265.4**	**283.7**	(6.5)
Sugar & Milling Underlying EBITDA	**807.3**	**921.0**	(12.3)
Sugar & Milling Underlying EBITDA margin %	***6.0***	***6.4***	*(0.4)*

HEADLINES

- Underlying EBITDA removes the impact of once-off material items and accounting adjustments
- IAS39 adjustment in Animal Feed relates to the fair value gains and losses on the commodity procurement positions
- The R84.7 million improvement in the Animal Feed IAS39 adjustment over the prior year was a result of gains on maize and currency positions due to higher maize prices and the weakening of the Rand relative to our positions
- R138.1 million insurance receipt in 2017 relates to the Pongola silo claim in the Sugar business unit

OPERATIONAL REVIEW: ANIMAL FEED

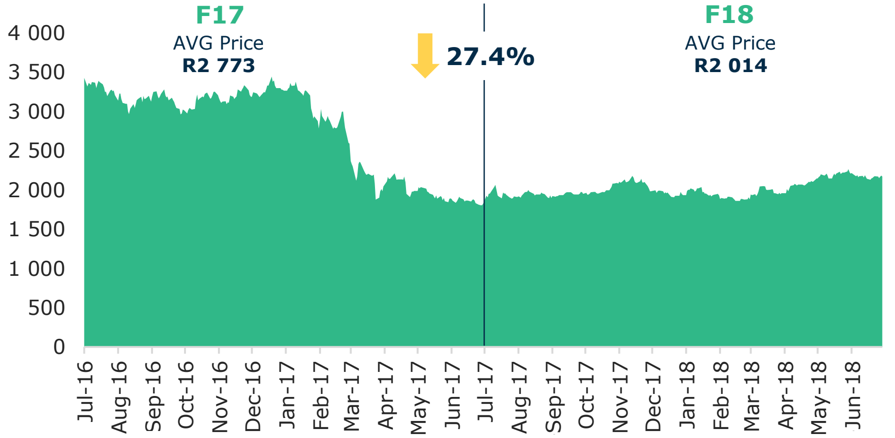
- **Underlying EBITDA decreased by R10.6m (3.9%)** to R257.8m driven primarily by the reduction in internal volume
- Epol internal volumes were down against last year mainly as a result of the restructure within the Chicken business unit
- Despite significant competitor pressure in H2, the Epol external result was ahead of last year with strong volume gains driven by both the superior performance of Epol feed and exceptional customer service
- Despite increased volumes, the Molatek result was negatively impacted by an oversupply of molasses in the market and a 12% increase in the input cost of molasses
- Cost control remained a key focus

ANIMAL FEED MARKET SHARES

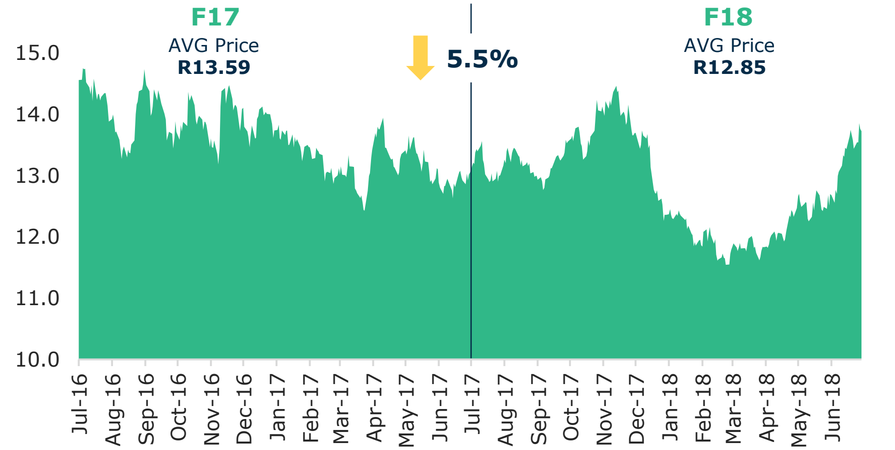
GAME	DAIRY	LAYERS	BROILERS	HORSE	RUMINANTS	OSTRICH	PIGS
31.8%	1.9%	4.0%	22.9%	70.3%	36.8%	4.9%	5.9%

Source: Internal estimate (share of AFMA – March 2018)

YELLOW MAIZE PRICE (R/ton)



RAND/USD

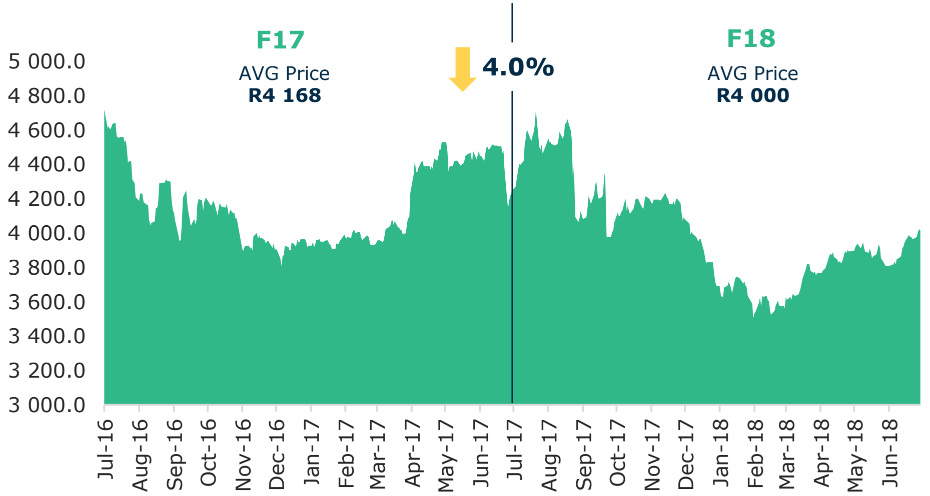


Source: Reuters

OPERATIONAL REVIEW: MILLBAKE

- **EBITDA decreased by R18.3m (6.5%)** to R265.4m primarily as a result of challenges in Baking
- Volume gains in Milling, combined with improved margins, delivered a result for Milling that was higher than last year
- Focus on operational excellence delivered material cost savings for Milling
- Volume pressure in Polokwane and Tzaneen and prices that were flat year-on-year put pressure on margins in Baking
- Wage negotiations across all bakeries were challenging with settlements that were above inflation
- Significant progress was made on driving down damages and returns, which remains a key focus area to unlock value
- Production cost challenges in certain bakeries are being addressed through various initiatives which are expected to deliver value in the next financial year
- Core overhead costs for Millbake were well controlled

SAFEX WHEAT PRICE (R/ton)

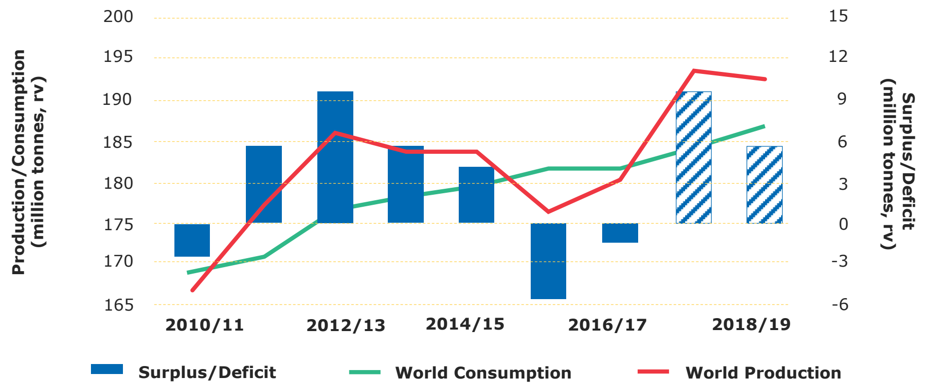


Source: Reuters

OPERATIONAL REVIEW: SUGAR

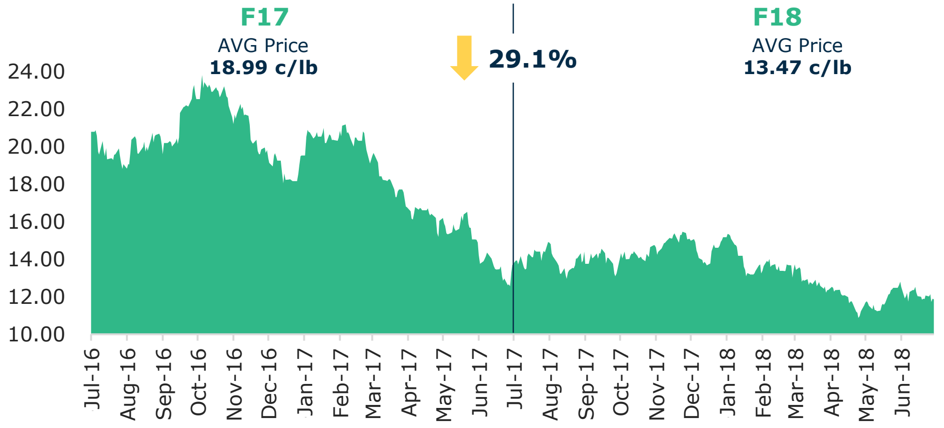
- **Underlying EBITDA decreased by R84.8m (23.0%)** to R284.1m as a result of the disruptive impact of imports on local market sales
- The crop recovery after the drought exceeded expectations with 594 850 tons sugar produced, 35.8% more than the prior year
- However, very low global sugar prices and inadequate tariff protection saw a dramatic increase in imports that displaced locally produced sugar with the result that local market sales were 6.7% lower than last year
- Two price decreases (totalling 20.7%) combined with the change in sales mix from local market to export sales negatively impacted margin
- Focus on operational excellence across all mills yielded an excellent result with improvements in all target indicators
- Stringent focus on operational and overheads costs delivered a material saving over the prior year

GLOBAL SUPPLY/DEMAND BALANCE (OCT/SEPT BASIS)

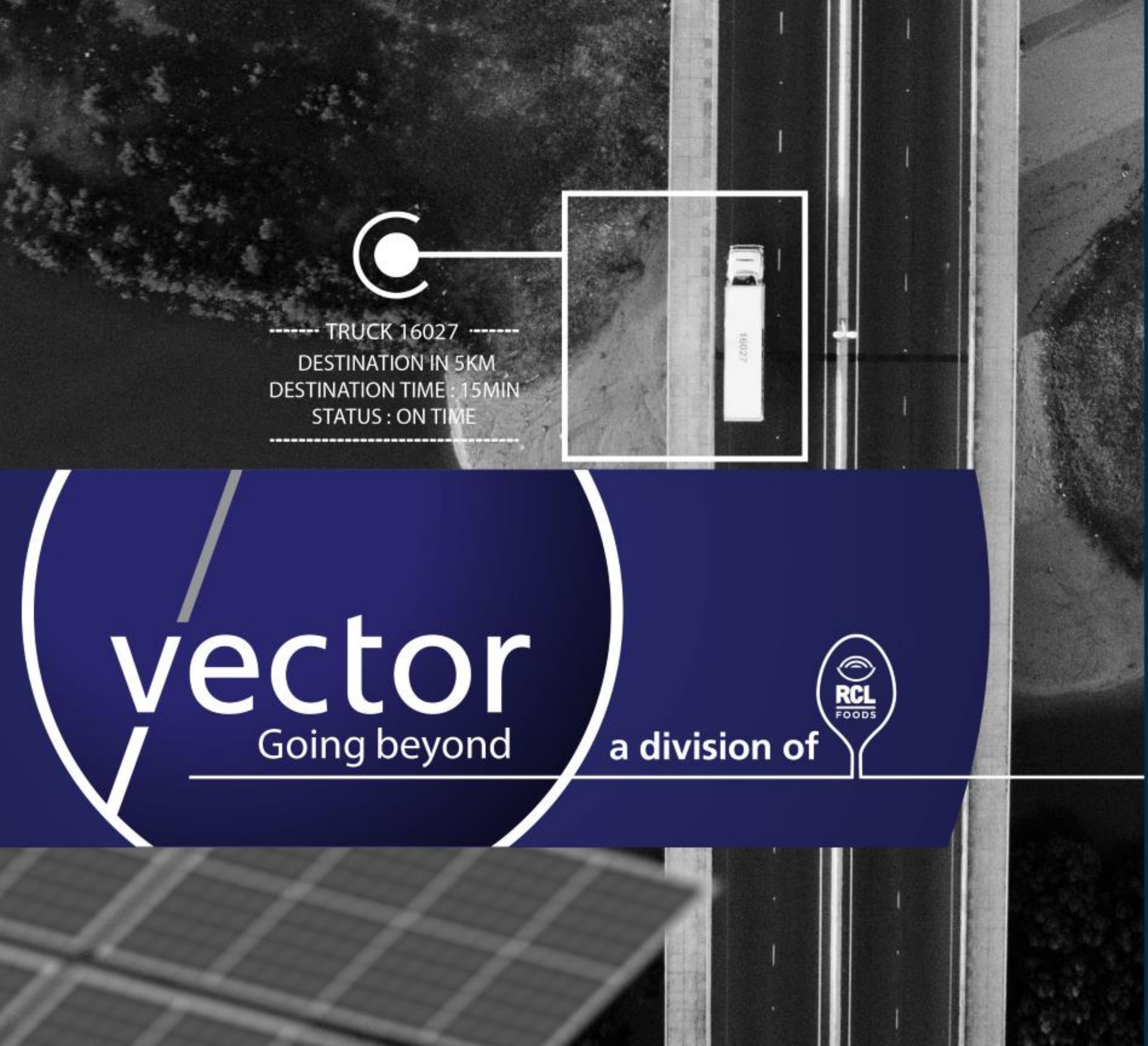


Source: LMC International

NO. 11 WORLD SUGAR PRICE (Raw Sugar)



Source: SASA



CHRIS CREED

MANAGING DIRECTOR
LOGISTICS DIVISION

OPERATIONAL REVIEW: LOGISTICS

EBITDA result in line with prior year

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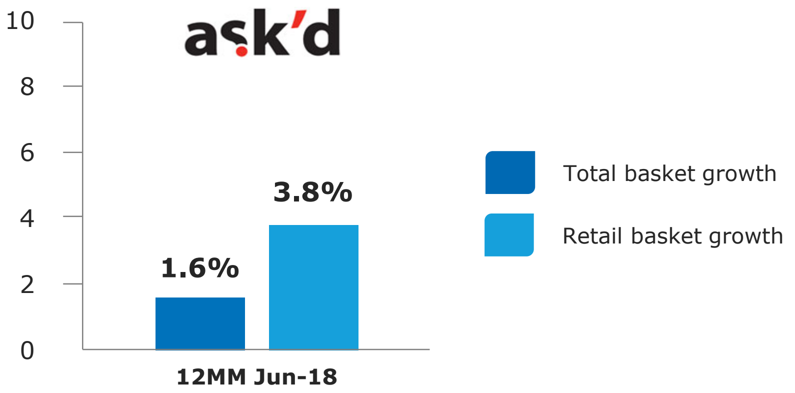
HEADLINES

- Despite the significant impact of the Chicken restructure, Logistics delivers EBITDA in line with the prior year
- Mitigation strategy to offset the Chicken restructure successfully implemented, driven by both the achievement of targeted revenue growth opportunities and cost rationalisation
- Take-on of the full Pick n Pay cold-chain well underway and on track
- EBITDA margin improves to 10.3% (from 10.0%) as a result of the mitigation strategy mentioned above and the resultant improved operating leverage

LOGISTICS IMPACTED BY CHICKEN RESTRUCTURE, SUBDUED ECONOMIC CONDITIONS AND LISTERIA

- The Chicken restructure (only in the base for H2 of F17) has had a material impact on the Logistics division
- Retail volumes reflected the generally muted current economic conditions, however new business taken on aided in partially offsetting this impact
- Listeriosis outbreak curtailed volumes for certain principals operating in the Chilled Processed Meats (CPM) category
- Foodservice sector has grown, with improved results across customer groups

RETAIL VOLUME GROWTH MUTED

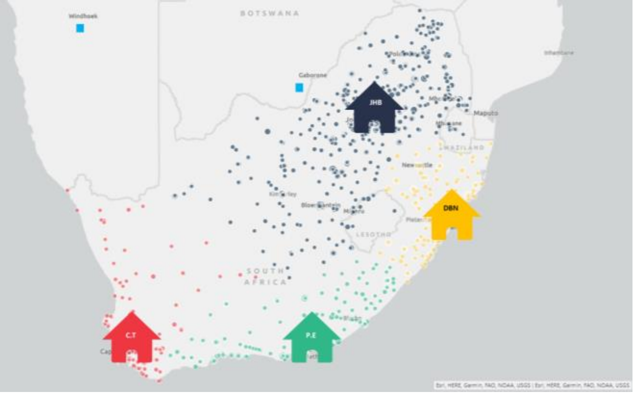


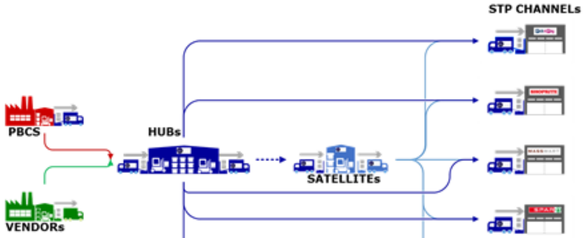
ACCEPTABLE FOODSERVICE PERFORMANCE

MITIGATION STRATEGY SUCCESSFULLY IMPLEMENTED

- Logistics successfully implements mitigation strategy to offset the Chicken restructure, with focus on winning new business and cost optimisation in the warehouse and transport network, to suit revised business requirements
- This initiative gained momentum with the successful implementation of a 4 Hub customer aligned warehouse network, driving cost optimisation and enabling a sound platform for further improvement
- Logistics successfully implements a consolidated transport Control Tower to improve transport optimisation and service levels

FOUR HUB WAREHOUSE NETWORK STRATEGICALLY POSITIONS LOGISTICS FOR THE FUTURE





SUCCESSFUL IMPLEMENTATION OF TRANSPORT CONTROL TOWER

Enabling a Customer-Driven Supply Network

Planning & Routing	Tracking	Customer Service	Analytics & Reporting

TARGETED NEW BUSINESS ACHIEVED

- Planned take-on of the full Pick n Pay cold chain on track laying the foundation for a sound future partnership
- Take-on includes new retail principals in the frozen foods business as well as the ice-cream category, a Pick n Pay first of integrating the full frozen and super-frozen (ice-cream) basket with a single supply chain partner
- The dual mitigation strategy of new business take-on and strategic cost rationalisation coupled with multi-temperature capability (including super-frozen) positions Logistics well for the future

PICK N PAY COLDCHAIN PARTNERSHIP ON TRACK WITH NEW RETAIL PRINCIPALS

Inspired by you

ICE-CREAM TAKE ON VIA INTEGRATED FROZEN AND SUPER-FROZEN DISTRIBUTION A FIRST FOR PICK N PAY

PROSPECTS

PROSPECTS

- Recent modest recovery in market volumes expected to continue, though trading conditions will continue to be challenging and fight for market share will remain fierce
- Focus on Groceries brands remains on driving market share growth through strong innovation and brand investment
- Revised Chicken model has delivered per expectation and substantial focus will be centered around restoring consumer confidence in the Rainbow brand following Listeriosis impact
- Sugar tariff updated, though positive impact will only become evident once the built-up import stocks have sold through the market and supply/demand balance restored in the local market
- Volume recovery at Milling expected to continue whilst initiatives implemented at Baking expected to start bearing fruit
- Logistics will continue to seek new business and reduce costs