



2018

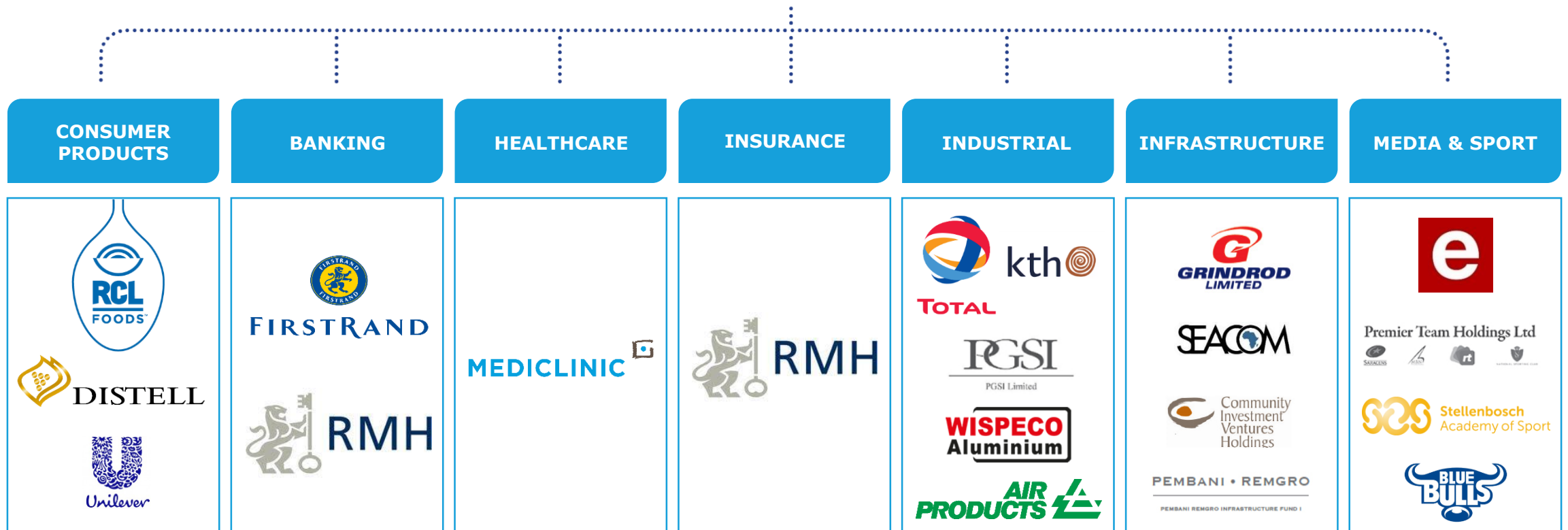
**INVESTOR PRESENTATION:
APPENDICES
29 AUGUST 2018**

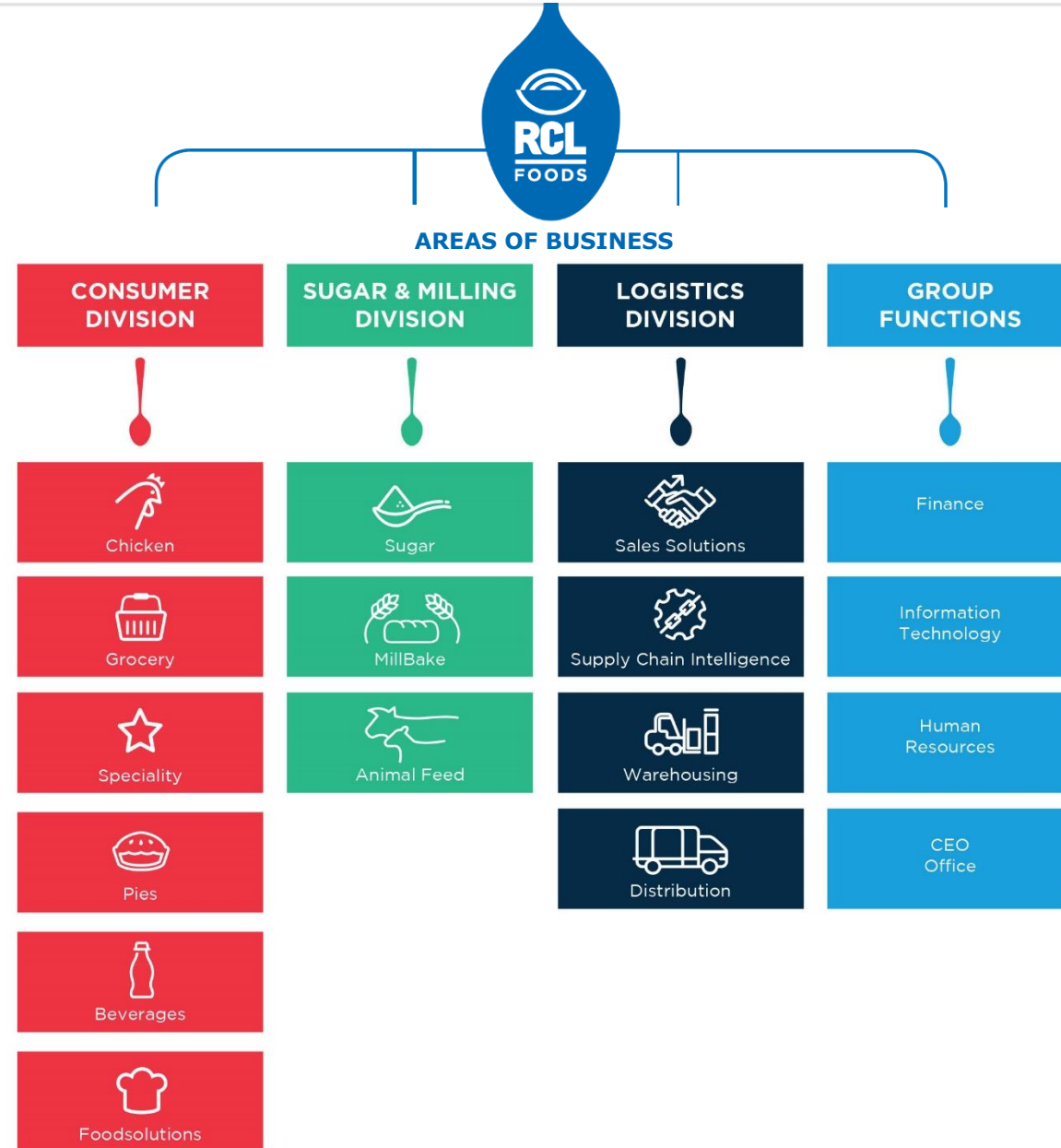
**RESULTS FOR THE
YEAR ENDED JUNE 2018**



RCL FOODS IN CONTEXT

Remgro
Limited

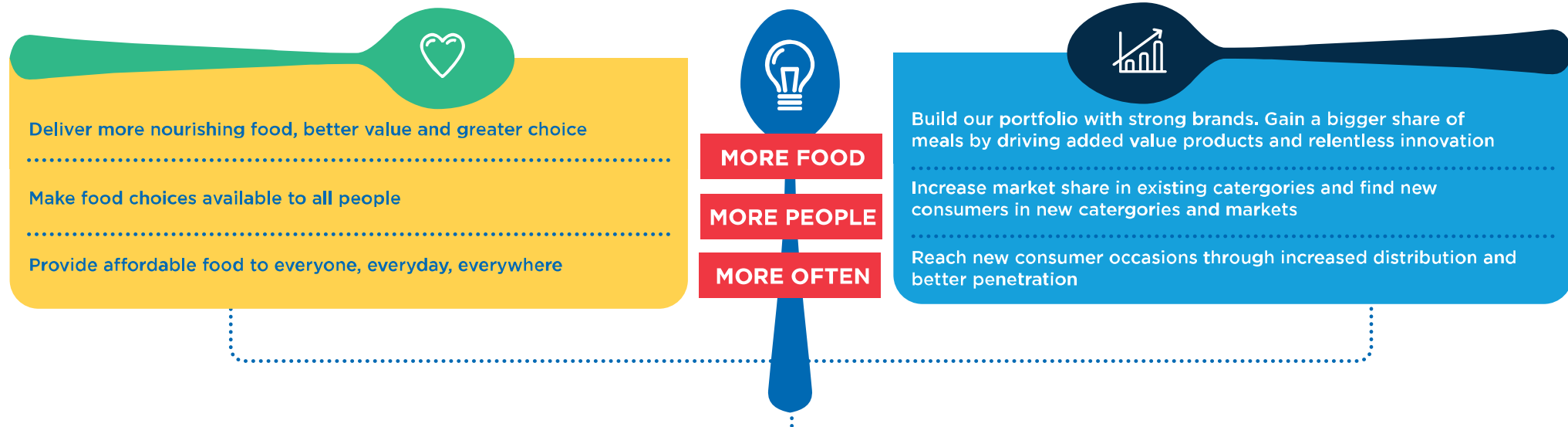




OUR PASSION

MORE FOOD TO MORE PEOPLE MORE OFTEN

WE BELIEVE IN DOING MORE...with a single minded passion to provide more food to more people more often. We believe that by nourishing people while sustaining our resources, everyone wins. Communities will be enriched, employees inspired and our customers and shareholders will enjoy benefits.



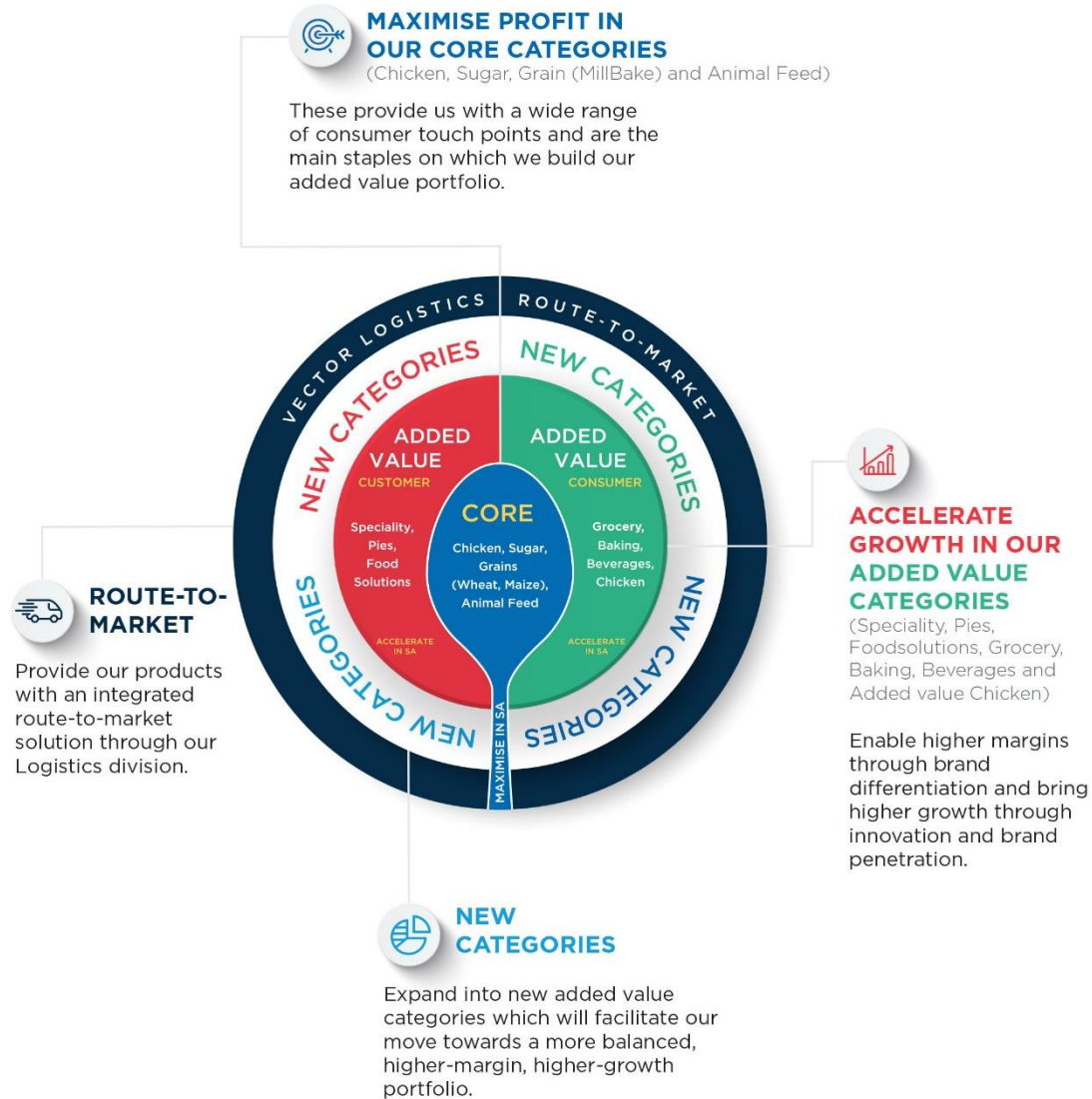
AMBITION

To build a profitable business of scale by creating food brands that matter

STRATEGIC THRUSTS

- Grow through strong brands
- Extend our leading value chain
- Inspire great people
- Partner with strategic customers
- Expand into Africa
- Drive sustainable business

OUR BUSINESS MODEL



OUR STRATEGIC THRUSTS

Our business model is delivered through our six strategic thrusts



OUR WAY

OUR VALUES

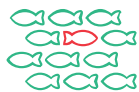
Four Powerful Values
Drive the way we do business



Respect for
people



Uncompromising
integrity



Seeing and doing
things differently



Act
responsibly

OUR WAY

Inspired by Our Passion and
Our Values

Inspired by Our Passion and Our Values, our unique RCL FOODS culture is at the heart of our strategy. This is brought to life in Our Way – the key behaviours that inspire the way we work and create value.



MORE IMPACT



MORE OPEN



MORE BRAVE



MORE SPEED



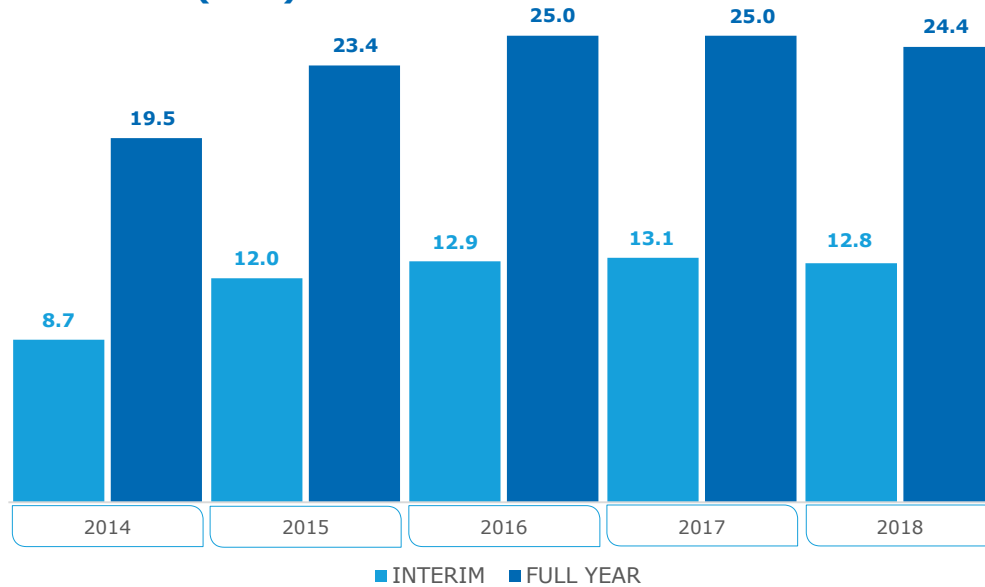
MORE CURIOUS



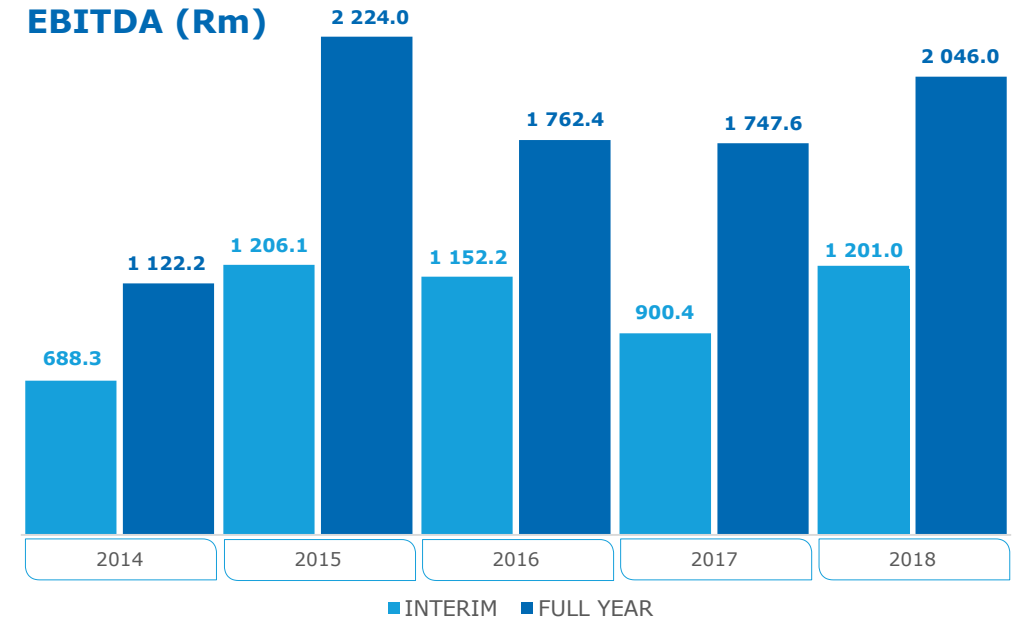
MORE YOU

PERFORMANCE


REVENUE (Rbn)



EBITDA (Rm)



 **OVER
20 000
EMPLOYEES**

 **AROUND
700 000
TONS OF SUGAR
PER YEAR**

 **150 TONS
OF MAYONNAISE
SOLD DAILY**

 **MORE THAN
1 500
DELIVERY
VEHICLES**

 **550 000 TONS
OF FLOUR AND MAIZE
MILLED PER YEAR**

 **300 000
PIES PER DAY**

 **1.2 MILLION
TONS OF ANIMAL
FEED PER YEAR**

 **MORE THAN 20
WELL KNOWN &
MUCH LOVED BRANDS**

 **720 000
LOAVES OF
BREAD PER DAY**

 **20 MILLION
CHICKENS ON THE
GROUND AT ANY TIME**

OUR BRANDS

RELATIVE SALES (12 Months to June 2018)

6 BRANDS OVER R1bn



3 BRANDS OVER R500m



11 BRANDS OVER R100m



10 BRANDS UNDER R100m



MARKET SHARE

VOLUME SHARE % FOR THE PERIOD	6MM June 18	12MM June 18	12MM June 17	SOURCE
Dogfoods (RCL FOODS Brands)	29.5	28.9	26.8	Aztec*
Catfoods (RCL FOODS Brands)	27.4	26.4	20.4	Aztec
Yum Yum Peanut Butter	31.7	30.7	31.2	Aztec
Nola Mayonnaise	47.2	43.6	42.9	Aztec
Sorghum (RCL FOODS Brands)	27.7	28.1	28.6	Aztec
Ouma Rusks	50.2	48.7	46.9	Aztec
Mageu	69.9	70.8	71.8	Aztec
Freezer to Fryer	29.9	32.8	34.2	Aztec
Polony (RCL FOODS Brands)	4.6	7.7	9.3	Aztec
Viennas (RCL FOODS Brands)	10.5	16.5	19.6	Aztec
Selati	28.2	27.3	28.7	Aztec
Pies and Rolls (RCL FOODS Brands)	7.8	9.0	6.4	Aztec
EPOL	13.4	13.0	14.4	Internal estimates – share of AFMA**
Molatek	4.9	4.4	4.8	Internal estimates – share of AFMA
Supreme Flour	12.6	12.8	12.9	SAGIS***
Sunbake	9.1	9.0	9.1	SAGIS

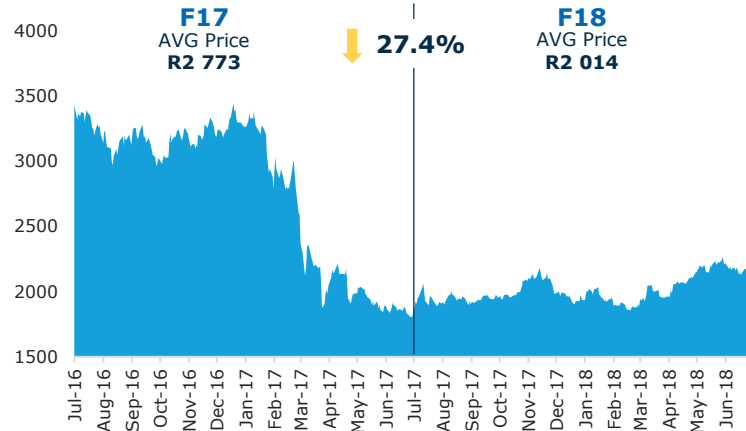
*Aztec is a provider of market measurement and related services for consumer packaged goods

**AFMA refers to the Animal Feed Manufacturers Associations, which represents approximately 60-65% of the total feed market

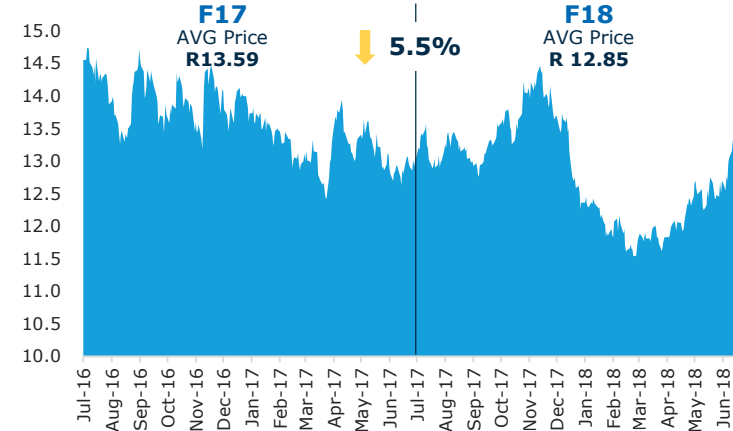
*** SAGIS is a South African grain information service that supplies market information to the grain and oil seeds industry

COMMODITY PRICES

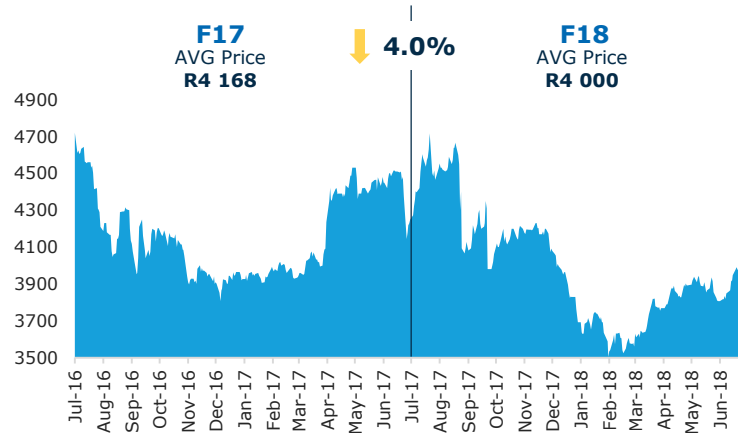
YELLOW MAIZE PRICE (R/Ton)



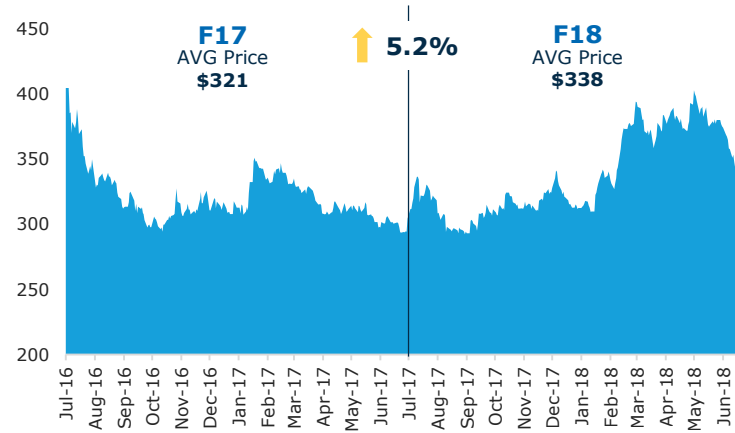
RAND/USD



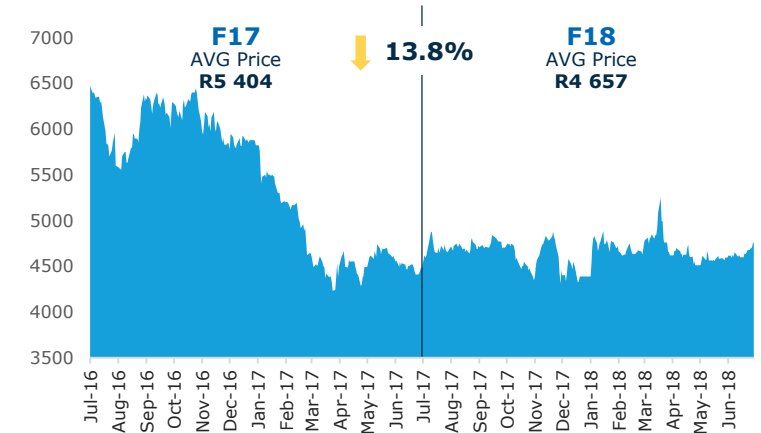
SAFEX WHEAT PRICE (R/Ton)



CME SOYA PRICE (\$/Ton)



SAFEX SUNFLOWER PRICE (R/Ton)



MATERIAL FINANCIAL IMPACTS

CURRENT PERIOD



Profit on sale of dormant farms in the Chicken business unit of **R101.4m**, stemming from the decision to reduce commodity chicken volumes in the prior year



Once-off costs of R78.2m (net of insurance recoveries of R9.3m) incurred in the Chicken business unit as a result of the **Listeriosis crisis**



R62.0m provision for retrenchment costs in the Speciality business unit, related to the decision to **exit** the **Prepared lines**




A **R64.0m tax credit** in the Sugar business unit related to a 12L energy efficiency allowance

MATERIAL FINANCIAL IMPACTS

IAS 39 IMPACTS


 **Positive IAS 39 adjustment** associated with the Group's commodity raw material procurement strategy, which increased EBITDA by **R80.8 million for the current period** (**2017: R32.4 million** negative adjustment)

 **The R113.2 million gain** over the prior period is attributable mainly to **favourable maize and currency positions** stemming from higher maize prices and the weakening of the Rand relative to our positions

PRIOR PERIOD

 **Downsizing of Chicken business unit** resulted in the following financial impacts:

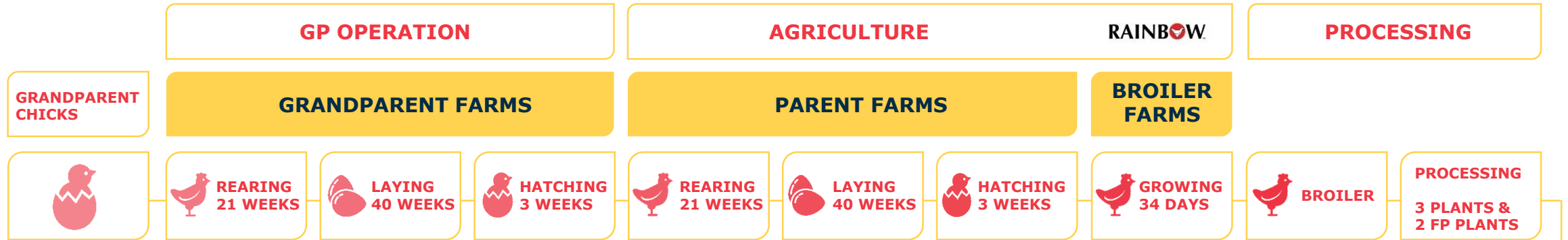
- **R172.0 million impairment** of assets
- **R42.9 million provision for restructuring costs**
- **R9.0 million in biological assets write-downs**, directly related to the reduction in the size of flocks and bird numbers in KZN

 **Foreign exchange loss of R27.9 million** relating to the **settlement of the Zam Chick and Zamhatch put options**

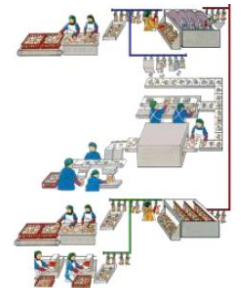
 A R154.8 million **insurance receipt** for the Pongola silo claim in the Sugar business unit, of which **R109.2 million** related to the **assets portion** of the claim and **R28.9 million** related to the **business interruption portion** in the **2016 financial year**

CONSUMER: CHICKEN

INTEGRATED SUPPLY CHAIN FROM "FARM TO FORK"

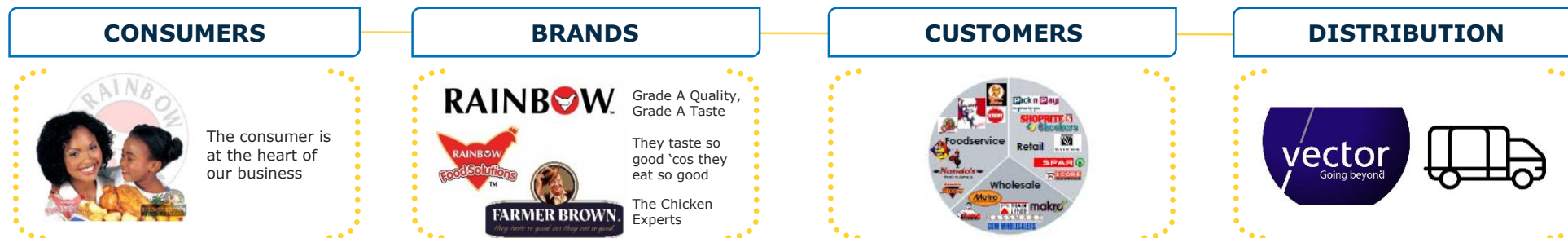


- World's oldest pedigree broiler breed
- Located in Carolina and East London to ensure optimal bio-security
- 3 broad agricultural regions: Northern, KZN, W Cape



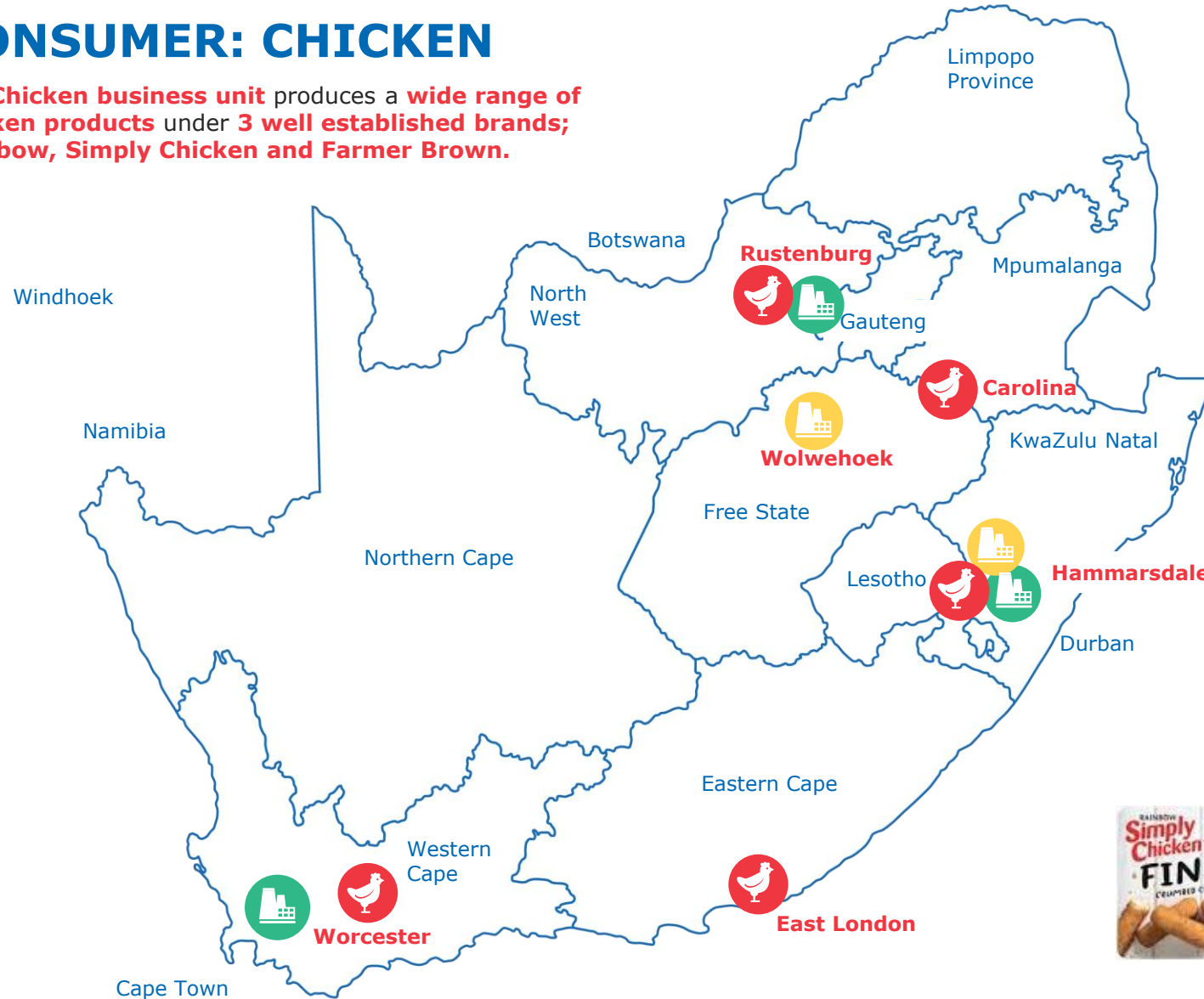
FEED SUPPLY

5 feed mills producing 1.2 million tons pa



CONSUMER: CHICKEN

The **Chicken business unit** produces a **wide range of chicken products** under **3 well established brands**; **Rainbow, Simply Chicken and Farmer Brown.**



180 rearing, laying and broiler farms and hatcheries
20m birds on the ground



3 primary processing plants



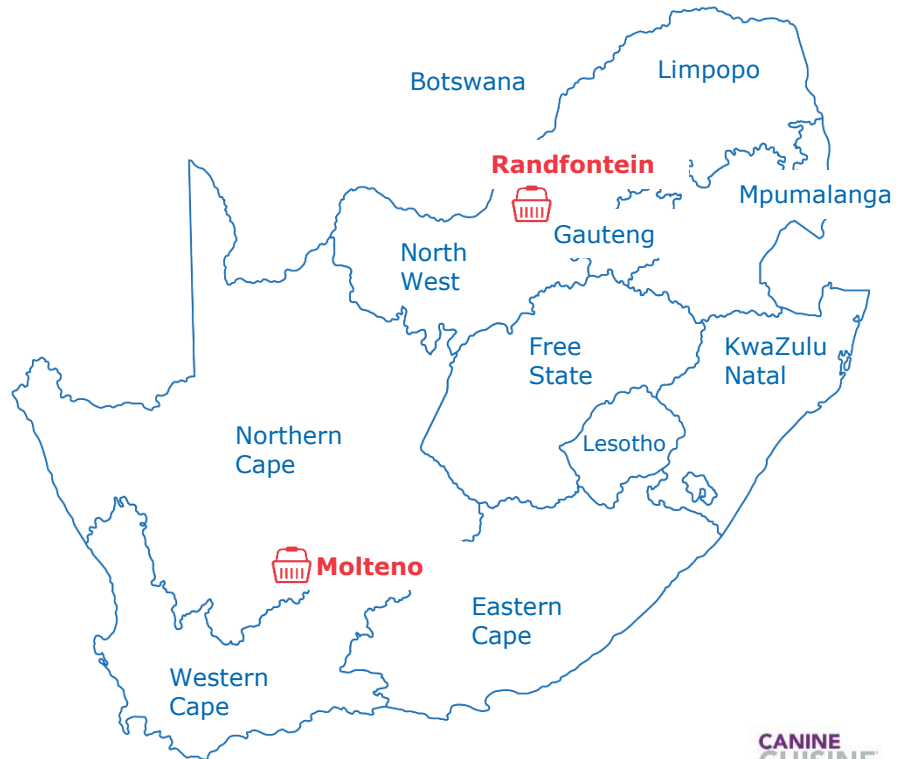
2 further processing plants



CONSUMER: GROCERIES

GROCERY

The **Grocery business unit** consists of a portfolio of **leading South African brands** spanning staples to top end offerings across a range of **food and animal product categories**.



YUM YUM

NOLA

MONATI
SUPER
MABELA

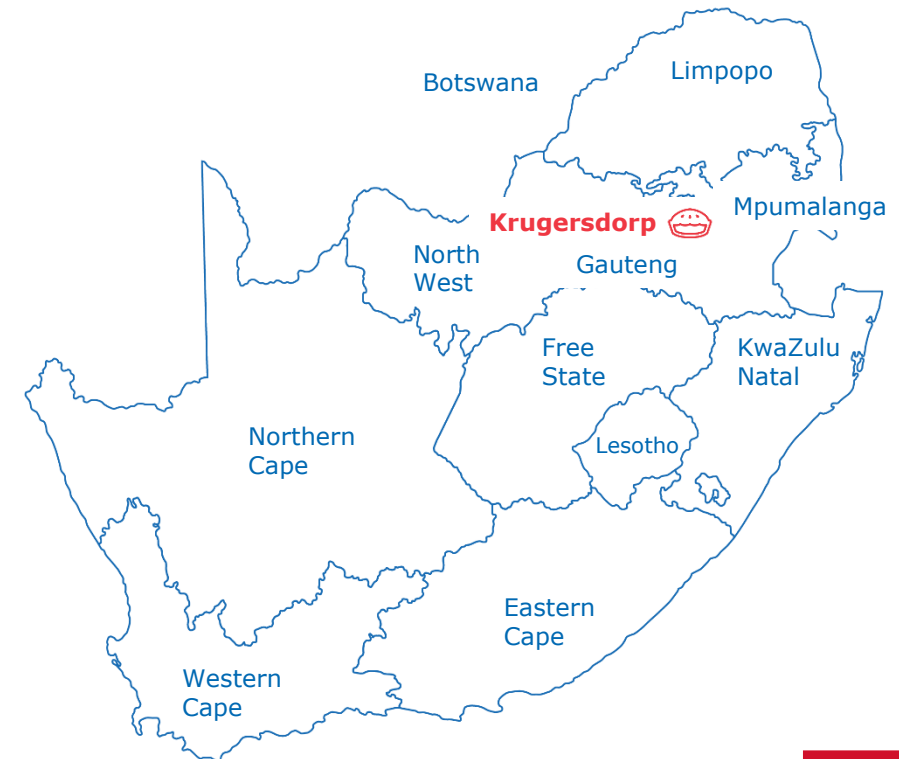
OUMA

Bobtail

SCIENCE
ULTRA DOG
STRENGTH 2017CANINE
CUISINE
OPTI
MIZORbonzo
catmor.
Dogmor.

PIES

The **Pies business unit** produces a range of **high quality pies under the Pieman's brand** in frozen unbaked, frozen baked and chilled baked formats.

PIEMAN'S
SINCE 1913

CONSUMER: GROCERIES

BEVERAGES

The **Beverages business unit** produces a **maize-based drink** under the **Mageu No 1, Smooth** and **Mnandi brands**.



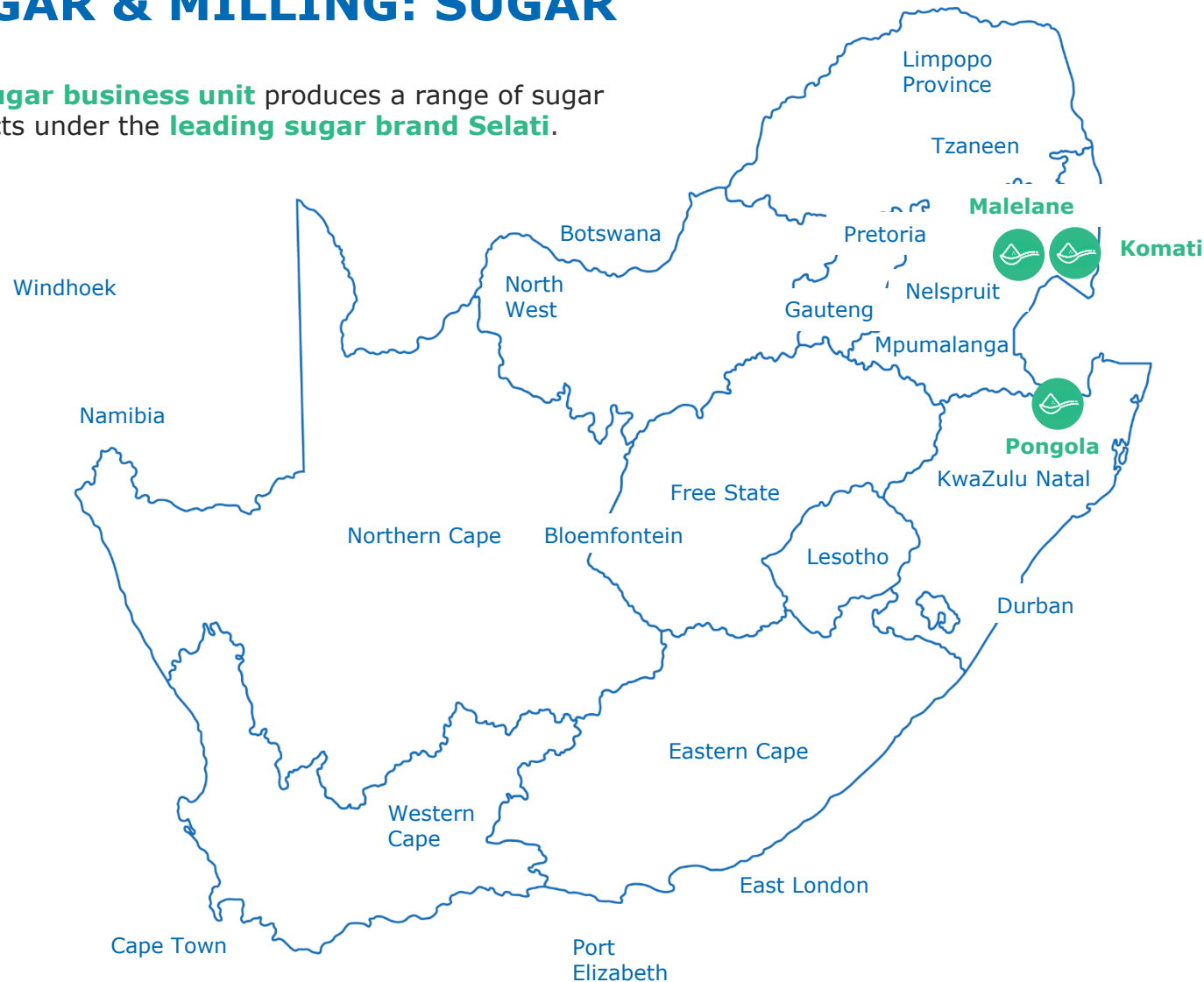
SPECIALITY

The **Speciality business unit** produces a range of **superior ready to eat products**, including **speciality breads**, mainly for Woolworths.



SUGAR & MILLING: SUGAR

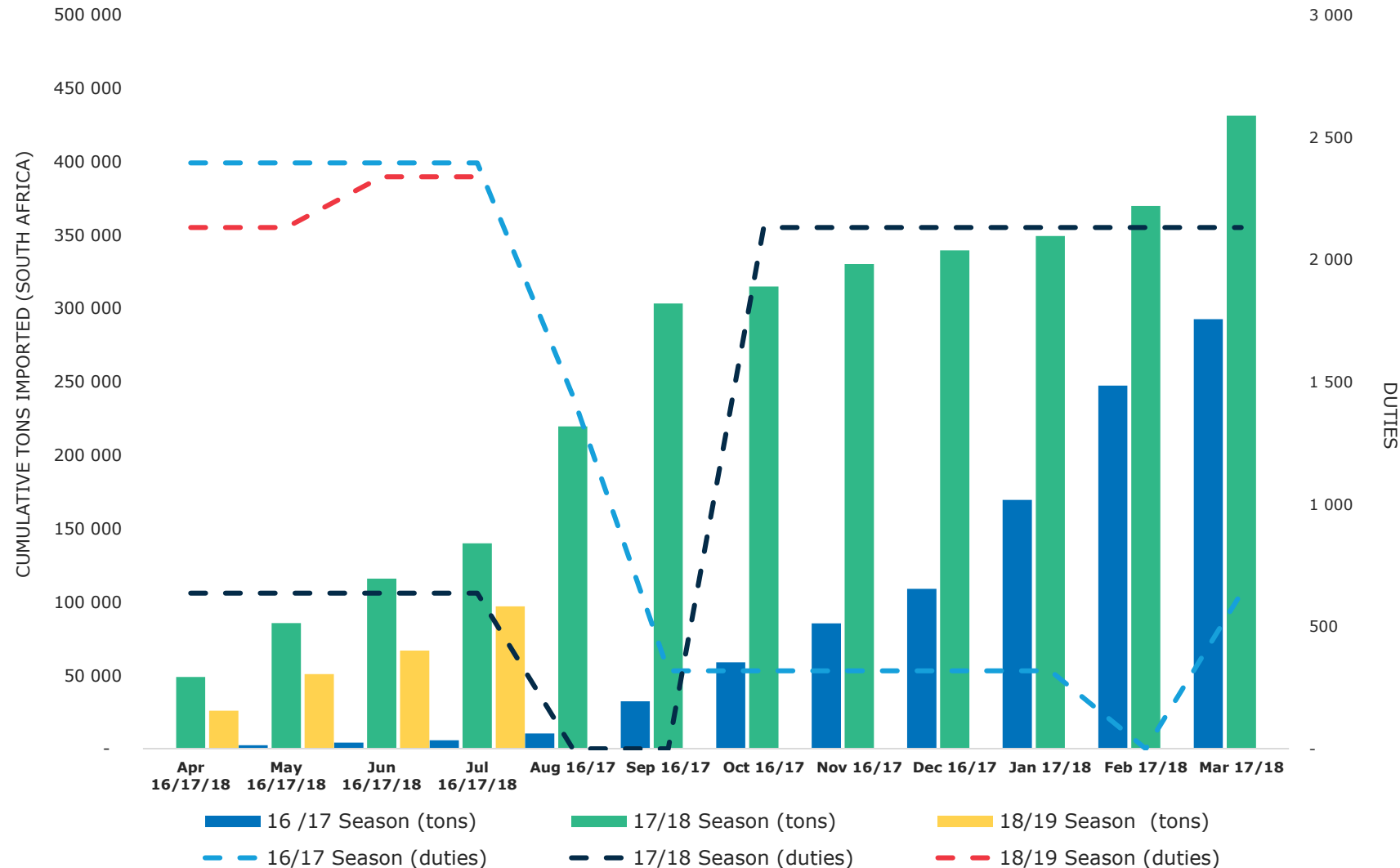
The **Sugar business unit** produces a range of sugar products under the **leading sugar brand Selati**.



3 Sugar Mills based in Malelane, Komati and Pongola, were established in 1968, 1993 and 1954 respectively produce approximately 700 000 tons of sugar per year.



SUGAR IMPORTS AND DUTIES



- Cumulative tons imported from 1 April 2016, 2017 and 2018 (start of industry year)
- A total of 431 376 tons have been imported for the 12 months ended March 2018, up 47.4% (March 2017: 292 696 tons)
- Duty free periods in August and September 2017, resulted in record high imports being reported
- Government have updated the Dollar-Based Reference Price, a component of the existing tariff, in August 2018
- The revised tariff will assist in reducing imports, but stocks have built up during the period of inadequate protection

SUGAR & MILLING: MILLBAKE

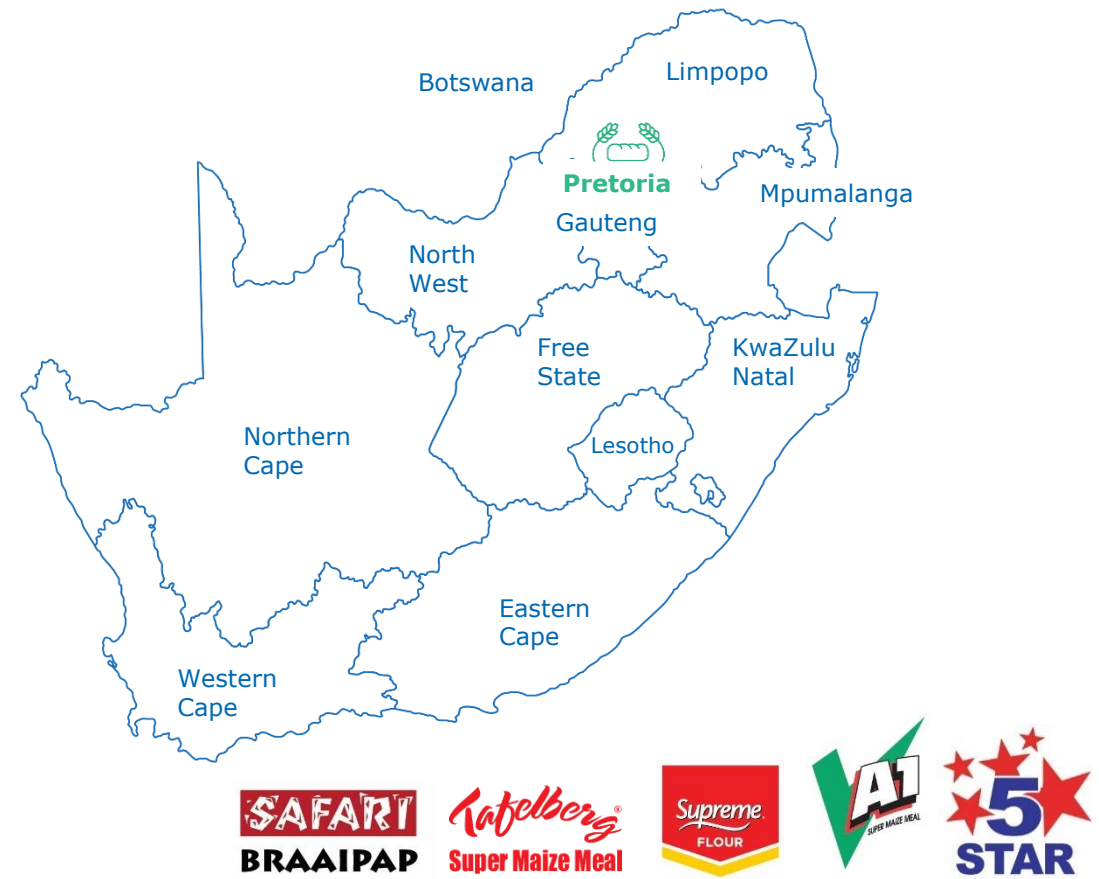
BAKING

The **Baking operations** produce a range of **bread products** under the **Sunbake** brand - the **fourth largest bread brand nationally**.



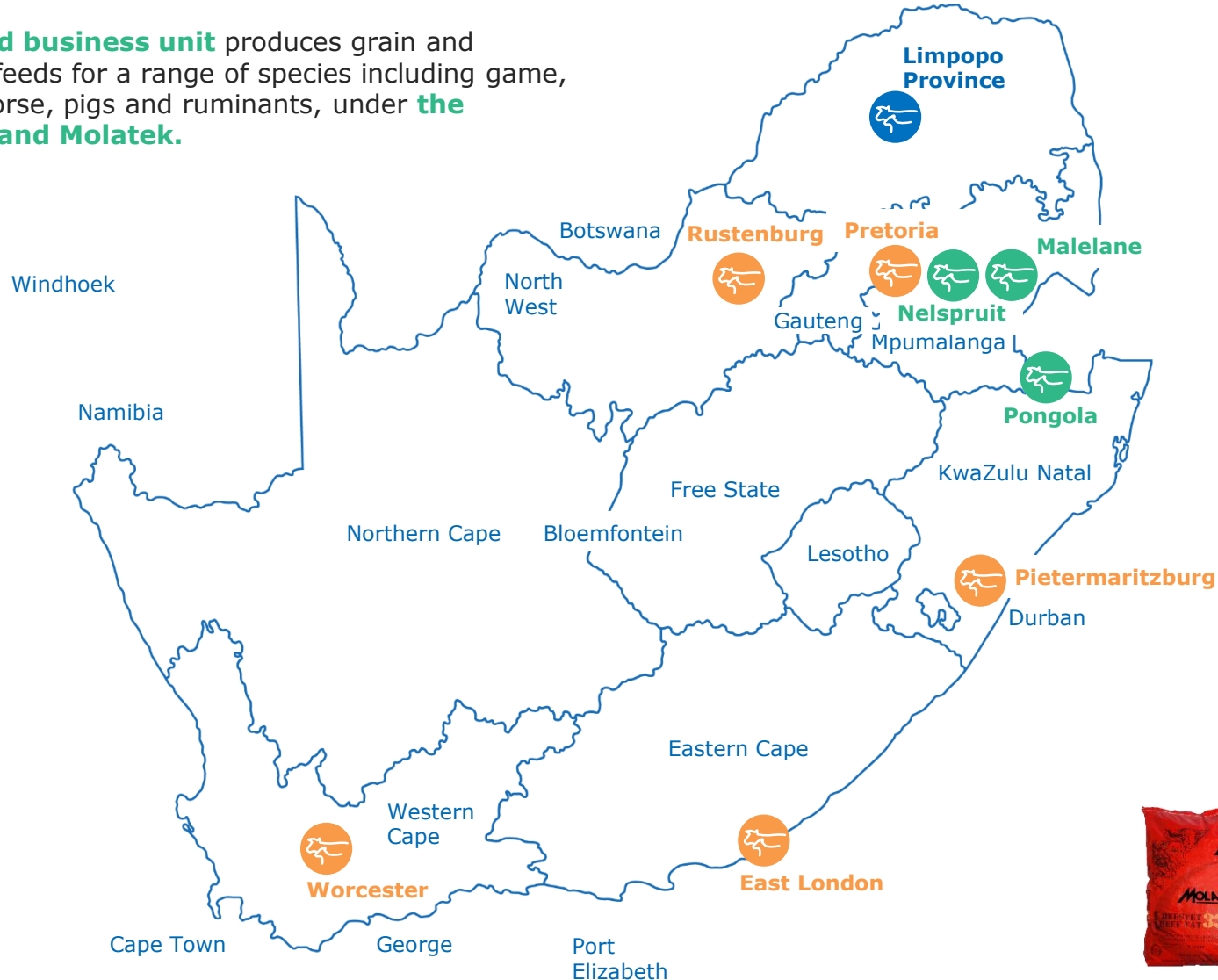
MILLING

The **Milling operation** produces **flour and a range of maize meal products** at its flour mill - **the largest single site flour mill in Southern Africa**.



SUGAR & MILLING: ANIMAL FEED

The **Animal Feed business unit** produces grain and molasses based feeds for a range of species including game, dairy, poultry, horse, pigs and ruminants, under **the brands of Epol and Molatek**.



3 molasses based feed mills producing more than 300 000 tons per year



5 grain based feed mills producing almost 1.2 million tons per year



Driehoek Voere, acquired post year end, produces high roughage animal feed under the Driehoek, Equus, Lotmix and Winterveld brands



CUSTOMER OVERVIEW: LOGISTICS

CUSTOMER SECONDARY DISTRIBUTION (CSD)

Vector is contracted by the customer to deliver their full basket of products directly to the outlets

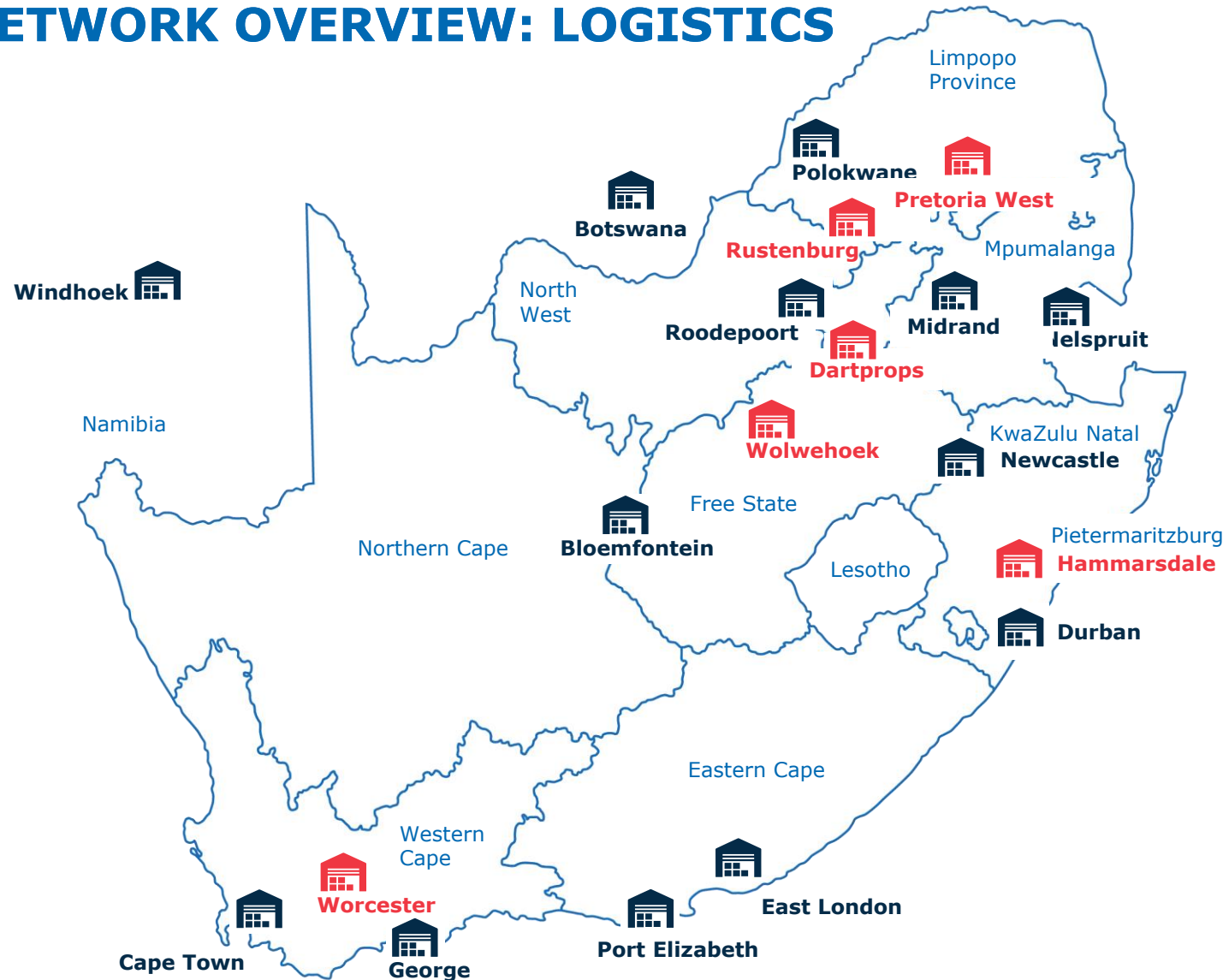


PRINCIPAL SECONDARY DISTRIBUTION (PSD)

Vector is contracted by the principal to deliver to all retailers, wholesalers and general trade



NETWORK OVERVIEW: LOGISTICS



- National footprint extending into Namibia and Botswana
- 6 plant-based cold stores
- 13 distribution sites
- Storage capacity for over 100 600 pallets
- 3948 employees
- 6 000 customer drop points
- Nearly 60 million cases delivered annually
- 570 000 tons transported annually
- 340 distribution vehicles
- Responsible for 100% of Pick n Pay's frozen product distribution
- ISO 22000(Food safety management system) accreditation for all Warehouses
- ISO 14001(Environmental management standards) and OHSAS 18001 across Midrand, Thekwini, Peninsula and Roodepoort



Plant-based cold stores



Distribution sites