RCL FOODS™

2018

INVESTOR PRESENTATION:
26 FEBRUARY 2018

RESULTS FOR THE SIX MONTHS ENDED DECEMBER 2017

MILES DALLY

CHIEF EXECUTIVE
OFFICER

HEADLINES – RESULTS FOR THE SIX MONTHS ENDED DECEMBER 2017

PERFORMANCE HEADLINES

- **Strong earnings** growth
- **Chicken recovery** ahead of expectation **following restructure**, adverse impact on Logistics and Animal Feed in line with expectation
- **Sugar margins compromised** by significant imports despite strong operational performance and volume recovery post drought
- **Grocery brands** continue to **perform well** in a market showing muted growth
- Interim **dividend up 50.0%**

FINANCIAL HIGHLIGHTS

REVENUE
R12.8bn
2.4% ↓

EBITDA
R1.2bn
33.4% ↑

HEADLINE EARNINGS
R644.7m
56.9% ↑

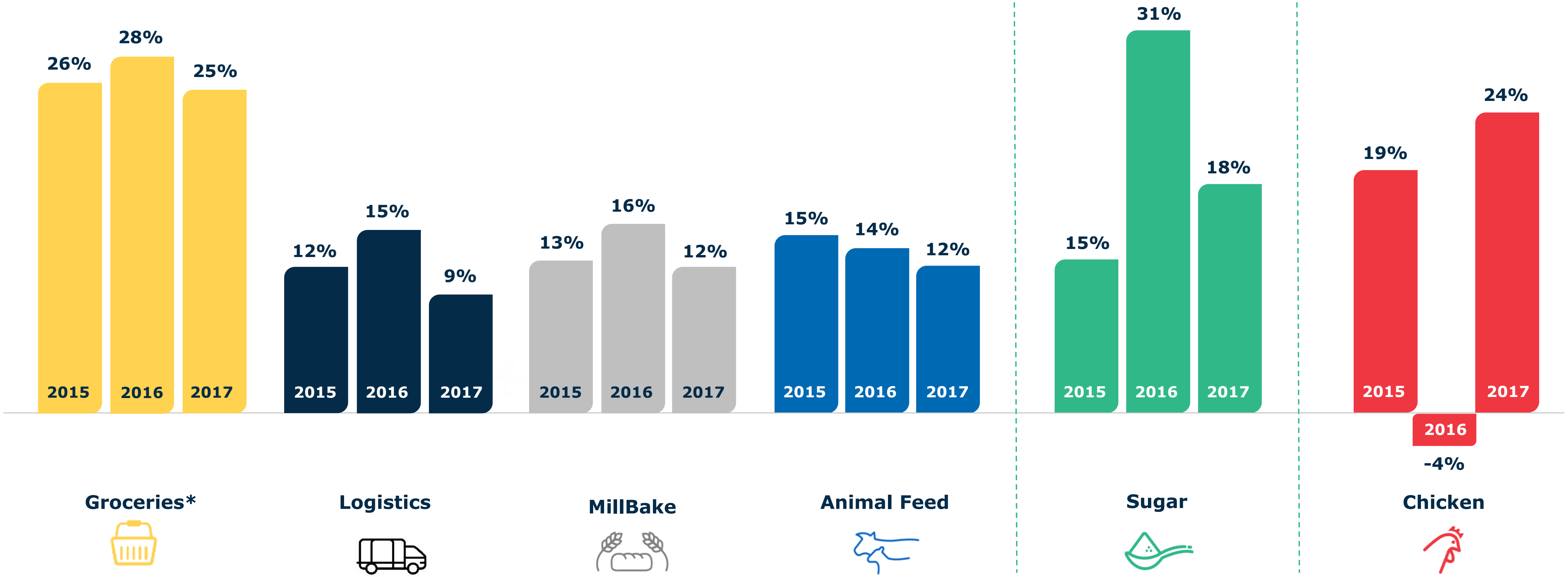
HEPS
74.5c
56.5% ↑

MOVING TOWARDS A MORE BALANCED PORTFOLIO

Chicken recovery moderates contribution of other categories

RELATIVE SHARE OF EBITDA 6 MONTHS TO DECEMBER (pre-IAS 39)

Diversified earnings base geared for growth | Cyclical | Crisis recovery



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

6 MONTHS TO DECEMBER 2017 RESULTS

26.6% pre-IAS 39 EBITDA growth

Chicken: Recovering well driven by the revised business model and lower feed prices

Groceries*: Volume growth, lower commodity costs and good cost management yielded solid performance

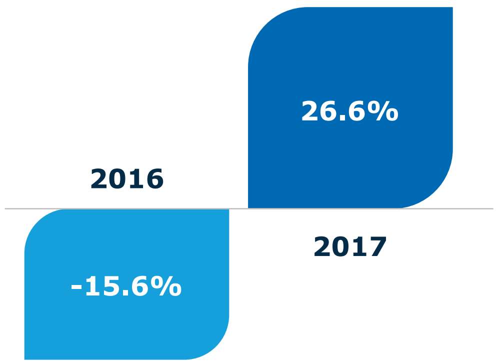
Animal Feed: Lower commodity costs and better mix offset the reduced volume impact from Chicken business unit

MillBake: Industrial action and increased competitor activity adversely impacted Baking while Milling volumes improved

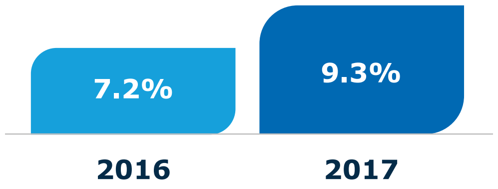
Sugar: Despite strong recovery in volumes post drought, margins declined driven by imports displacing local market sales

Logistics: Reduced volumes from Chicken business unit were partly offset by mitigation strategies

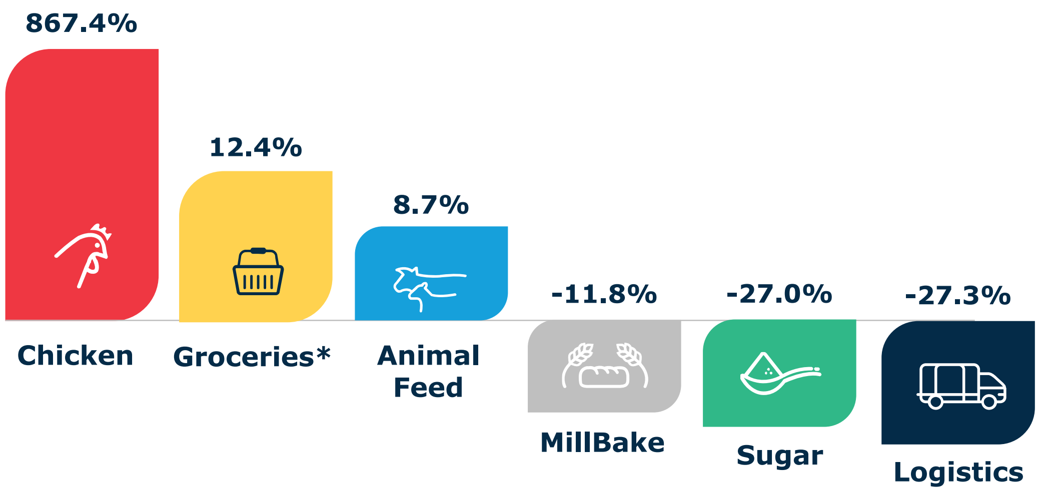
EBITDA GROWTH (pre-IAS 39)



EBITDA MARGIN (pre-IAS 39)



EBITDA GROWTH PER CATEGORY CLUSTER (pre-IAS 39)



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

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
- Maximise efficiencies in Sugar
- 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

ROB FIELD

CHIEF FINANCIAL OFFICER

FINANCIAL SUMMARY SIX MONTHS ENDED DECEMBER 2017

STATUTORY		DEC 2017	DEC 2016	% VAR
Revenue	Rm	**12 765.1**	13 085.5	(2.4)
EBITDA	Rm	**1 201.0**	900.4	33.4
EBITDA margin	%	**9.4**	6.9	2.5
Effective tax rate (excl. JV's, associates & abnormal items)	%	**28.1**	30.7	(2.6)
Headline earnings	Rm	**644.7**	411.0	56.9
Headline earnings per share	cents	**74.5**	47.6	56.5
Normalised headline earnings*	Rm	**644.7**	476.4	35.3
Normalised headline earnings per share*	cents	**74.5**	55.1	35.2
Net cash	Rm	**143.5**	112.7	27.3
Net finance costs paid	Rm	**142.8**	177.5	19.6
Cash (utilised)/generated by operations	Rm	**(99.7)**	103.2	(196.6)
Capex spend (incl. intangibles)	Rm	**317.8**	403.5	(21.2)
Return on invested capital**	%	**6.0**	3.8	2.2
Return on invested capital (excl. acquisition intangibles)***	%	**10.2**	6.9	3.3
Interim dividend declared	cents	**15.0**	10.0	50.0
NAV per share	cents	**1 266.8**	1 183.1	7.1
Pre-IAS 39				
IAS 39 adjustment	Rm	**16.0**	(35.3)	145.4
EBITDA	Rm	**1 185.0**	935.7	26.6
EBITDA margin	%	**9.3**	7.2	2.1
Normalised EBITDA*	Rm	**1 185.0**	1 015.6	16.7
Normalised EBITDA margin*	%	**9.3**	7.8	1.5

*Normalised for material financial items in the prior year, refer to slide 10 for further details. ** Calculated as normalised net operating profit after tax, divided by invested capital. ***Excludes acquisition related intangible asset balances and related amortisation

OPERATING ENVIRONMENT

- **Muted market growth** of **1.7%***
- **Lower soft commodity prices** provide input cost relief
- **High** levels of **sugar imports** placed **pressure** on local market **sale volumes** forcing industry to export sugar at **lower realisations.** Revised duty implemented in September 2017, after extended period of minimal tariff protection
- **Chicken imports remain high**, though source **shifted from EU** markets (because of AI) **to mainly Brazil** which at least attracts a minimum tariff and hence **offers some relief**
- Average **food inflation declines from 11.5% to 5.6%** over reporting six months, though **sustained high interest rates** (and indebtedness) and **fuel prices** 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

MATERIAL FINANCIAL IMPACTS

IAS 39 IMPACTS

Positive IAS 39 adjustment associated with the Group's commodity raw material procurement strategy, which increased EBITDA by **R16.0 million for the current period** (**H1 2017: R35.3 million negative adjustment**)

The R51.3 million gain over the prior period is largely **attributable to** the **unwinding of unfavourable maize positions** held in the prior period

PRIOR PERIOD

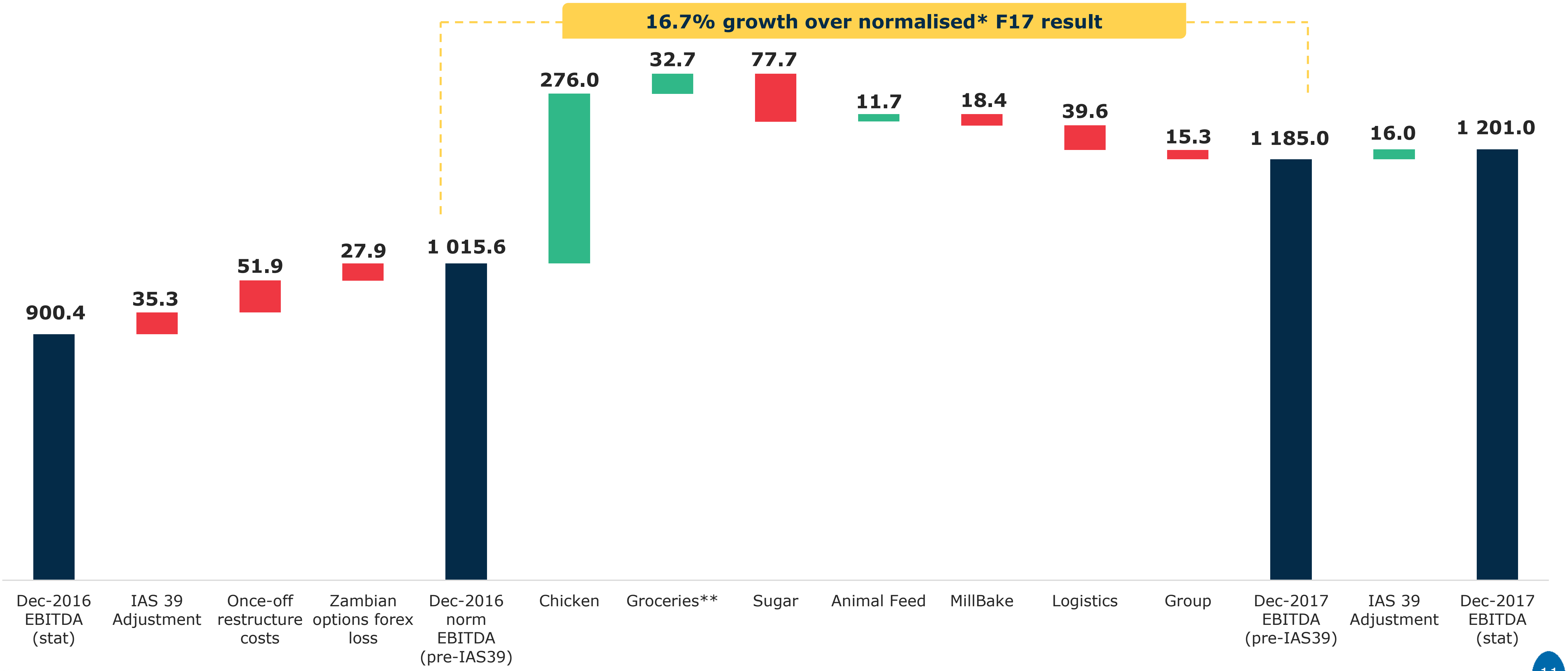
Downsizing of Chicken business unit resulted in the following financial impacts:

- **R142.2 million impairment** of assets;
- **R42.9 million provision for restructuring costs**; and
- **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 Zambian put options**

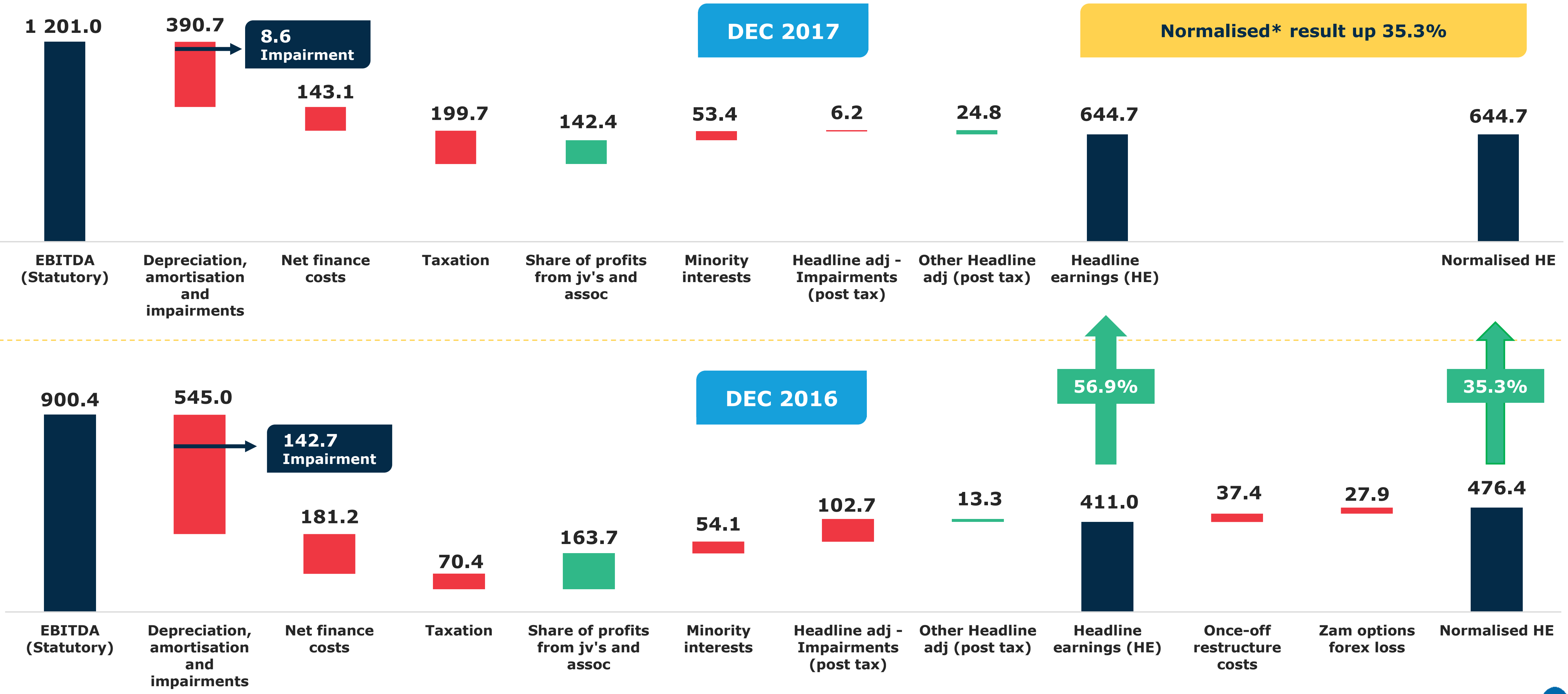
OPERATING RESULTS SUMMARY (Rm)

EBITDA DECEMBER 2016 TO 2017



*Normalised for material financial items in the prior period, refer to slide 10 for further details. ** The Groceries category cluster includes the Grocery, Speciality, Beverages and Pies business units.

HEADLINE EARNINGS WATERFALL (Rm)



*Normalised for material financial items in the prior period, refer to slide 10 for further details

RCL FOODS

OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS – REVENUE AND EBITDA

REVENUE (Rm)	DEC 2017	DEC 2016	% VAR
Consumer	**6 687.6**	7 072.8	(5.4)
Sugar & Milling	**7 010.0**	7 613.0	(7.9)
Logistics	**1 006.5**	1 056.3	(4.7)
Sales between segments			
Consumer to Sugar & Milling	**(57.7)**	(133.2)	(56.7)
Sugar & Milling to Consumer	**(1 369.8)**	(1 981.3)	(30.9)
Logistics to Consumer	**(496.7)**	(528.0)	(5.9)
Logistics to Sugar & Milling	**(14.8)**	(14.1)	5.0
Total	**12 765.1**	13 085.5	(2.4)

EBITDA (Rm) – pre-IAS 39	DEC 2017	DEC 2016	% VAR
Consumer	**585.5**	224.9	160.4
Sugar & Milling	**493.8**	578.2	(14.6)
Logistics	**105.6**	145.2	(27.3)
Unallocated group costs	**0.1**	(12.6)	100.8
Total	**1 185.0**	935.7	26.6

EBITDA MARGIN (%)– pre-IAS 39	DEC 2017	DEC 2016	% VAR
Consumer	**8.8**	3.2	5.6
Sugar & Milling	**7.0**	7.6	(0.6)
Logistics	**10.5**	13.7	(3.2)
Total	**9.3**	7.2	2.1

OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS – NORMALISED EBITDA

EBITDA (Rm) – pre-IAS 39	DEC 2017	DEC 2016	% VAR
Consumer	**585.5**	276.8	111.5
Sugar & Milling	**493.8**	578.2	(14.6)
Logistics	**105.6**	145.2	(27.3)
Unallocated group costs	**0.1**	15.4	(99.4)
Normalised total	**1 185.0**	1 015.6	16.7
EBITDA MARGIN (%) – pre-IAS 39			
Consumer	**8.8**	3.9	4.9
Sugar & Milling	**7.0**	7.6	(0.6)
Logistics	**10.5**	13.7	(3.2)
Normalised total	**9.3**	7.8	1.5

Normalised for material financial items in the prior period, refer to slide 10 for further details

CASH FLOW SUMMARY

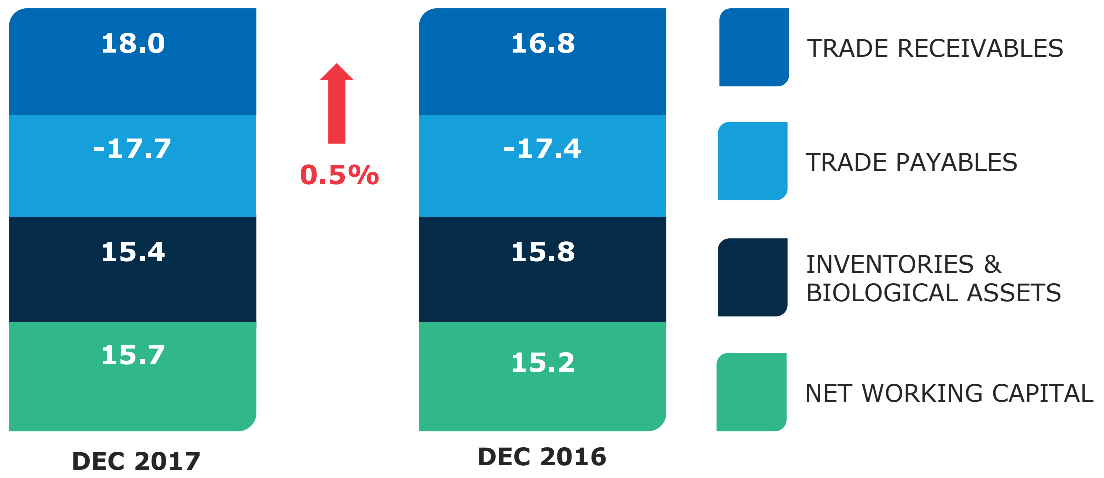
Rm	DEC 2017	DEC 2016*	% VAR
Opening balance**	**1 053.8**	363.2	190.1
Operating profit adjusted for non-cash flow items	**1 044.5**	808.1	29.3
Working capital changes	**(1 144.2)**	(704.9)	(62.3)
Net finance costs paid	**(142.8)**	(177.5)	19.6
Tax paid	**(123.0)**	(75.0)	(64.0)
Dividends received	**32.0**	28.0	14.3
Dividends paid	**(174.6)**	(130.7)	(33.6)
Capital expenditure (including intangibles)	**(317.8)**	(403.5)	21.2
Proceeds on disposal of Zam Chick and Zamhatch		289.5	
Proceeds on sale of PP&E	**30.1**	21.9	37.4
Acquisition of Matzonox	**(56.3)**		
Investment in associate	**(26.4)**		
Interest-bearing liabilities	**(54.4)**	62.9	(186.5)
Other	**22.6**	30.7	(26.4)
Closing balance**	**143.5**	112.7	27.3

*Net of overdrafts | **Restated for reclassification between non-cash items and working capital requirements.

WORKING CAPITAL

WORKING CAPITAL (Rm)	DEC 2017	DEC 2016	% VAR
Trade receivables	**4 429.3**	4 238.7	4.5
Inventories	**3 185.2**	3 285.7	(3.1)
Biological assets	**618.7**	709.2	(12.8)
Trade payables	**(4 354.9)**	(4 402.7)	(1.1)
Net	**3 878.3**	3 830.9	1.2

NET WORKING CAPITAL AS A % OF REVENUE



Net working capital has increased R47.4m over the prior year due to:

- An increase in trade and other receivables largely as a result of the timing of cash receipts from debtors over the festive period (compromised by the period end being followed by the New Years day public holiday); offset by
- A decrease in inventory and biological assets due largely to reduced bird volumes in the Chicken business unit

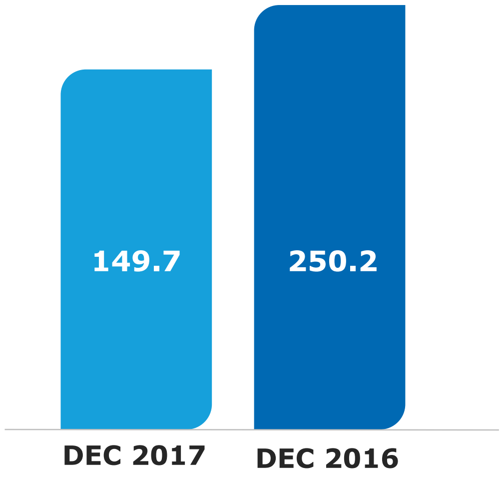
The net working capital % of revenue has increased 0.5%, due mainly to the increase in trade receivables, combined with a decrease in revenue

Due to the timing impact described above, debtors receipts of R575,0 million were received between the 2nd and 4th of January 2018. Normalising working capital for this impact, would result in net working capital as a % of revenue declining to 13.4%

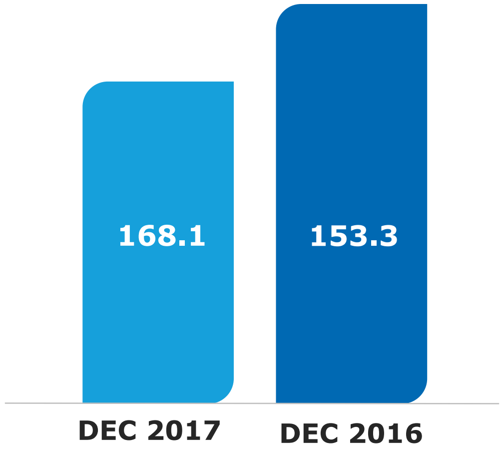
CAPITAL EXPENDITURE

- Capital expenditure (including intangibles) was **R317.8m** (H1 2017: R403.5m)
- Major spend items in the current period include amounts to restore the damaged Pongola silo and the replacement of irrigation equipment in the Sugar business unit, as well as replacements of key infrastructure across the rest of the Group
- **Capital commitments are R677.0m** (H1 2017: R602.1m). Major items included in these amounts relate to further spend required to restore the Pongola silo, investments in the ERP systems across the Group, replacements within the Logistics fleet, as well as cane replant and irrigation equipment replacements in the Sugar business unit

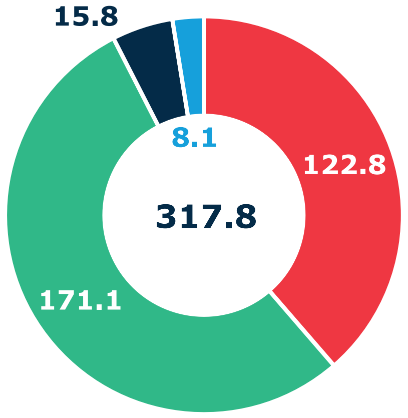
EXPANSION (Rm)



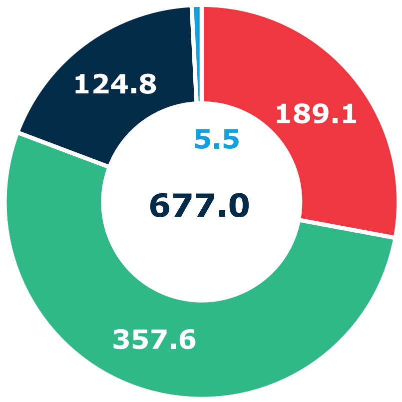
REPLACEMENT (Rm)



CAPITAL EXPENDITURE BY DIVISION (Rm)



CAPITAL COMMITMENTS BY DIVISION (Rm)



Consumer | Sugar & Milling | Group | Logistics

DEBT PACKAGE

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%**

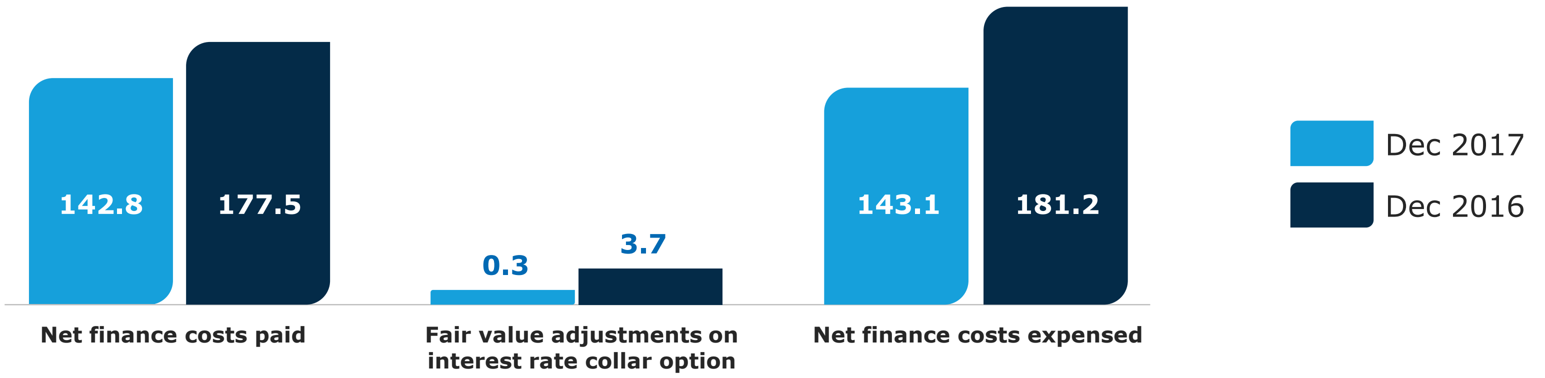
Hedged (fixed rate)

Unhedged

Partial hedge (collar) to the extent of R1.5bn

Revolving credit facility (RCF) not hedged*

NET FINANCE COSTS (Rm)



*Repaid in January 2017 and undrawn since

DEBT COVENANTS

COVENANT	REQUIRED	DEC 2017	JUNE 2017	DEC 2016
Senior leverage ratio (Net senior debt*/pre-IAS 39 HEBITDA)	<2.75	1.7	1.4	2.2
Repricing (a step-up margin of 0.25% is triggered if the senior leverage ratio breaches 2.7)	<2.7	1.7	1.4	2.2
Senior interest cover ratio (pre-IAS 39 HEBITDA/senior net finance charges**)	>3.5	6.4	5.0	4.6

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

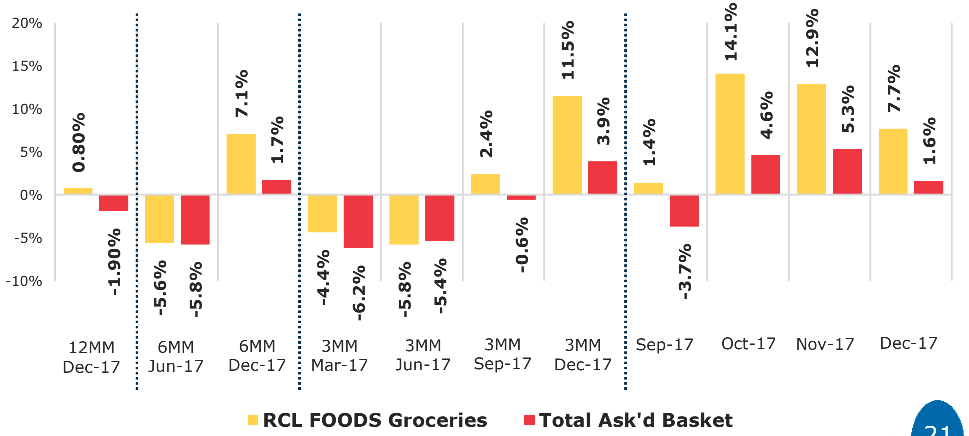
REVENUE (Rm)	DEC 2017	DEC 2016*	% VAR
Consumer	**6 687.6**	7 072.8	(5.4)
Sugar & Milling	**7 010.0**	7 613.0	(7.9)
Logistics	**1 006.5**	1 056.3	(4.7)
Sales between segments	**(1 939.0)**	(2 656.6)	(27.0)
Total	**12 765.1**	13 085.5	(2.4)

EBITDA (Rm) pre-IAS 39			
Consumer	**585.5**	276.8	111.5
Sugar & Milling	**493.8**	578.2	(14.6)
Logistics	**105.6**	145.2	(27.3)
Unallocated group costs	**0.1**	15.4	(99.4)
Total	**1 185.0**	1 015.6	16.7

HEADLINES

- Against the backdrop of a very tough grocery market, Consumer has seen strong profit growth, in both Chicken and Groceries**
- Market shares across most categories are firm, with increased margins, indicating that strategies are delivering to expectations
- The grocery market has seen some return to volume growth in the last three months, after a long run of severe volume declines

Volume Growth vs Total Ask'd Basket - Food



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OPERATIONAL REVIEW: CONSUMER

REVENUE (Rm)	DEC 2017	DEC 2016*	% VAR
Chicken	**3 609.9**	4 024.8	(10.3)
Groceries[1]	**2 692.9**	2 595.8	3.7
Sales between business units	**(17.4)**	(37.0)	(53.0)
Cost recoveries – Chicken[2]	**150.5**	221.5	(32.1)
Cost recoveries – Groceries[2]	**251.7**	267.7	(6.0)
Total	**6 687.6**	7 072.8	(5.4)
EBITDA (Rm) pre-IAS 39			
Chicken	**290.1**	14.1	1 957.4
Groceries	**295.4**	262.7	12.4
Total	**585.5**	276.8	111.5
EBITDA MARGIN (%) – pre-IAS 39**			
Chicken	**8.0**	0.4	7.6
Groceries	**11.0**	10.1	0.9
Total	**8.8**	3.9	4.9

HEADLINES

- Chicken's new business model, being smaller but more profitable, has landed as per expectations with an EBITDA margin of 8.0% (which includes the Avian Influenza financial impact of R58.0m)
- Groceries EBITDA margin is also up to 11.0%, from 10.1% with notably strong performances from Nola mayonnaise, Yum Yum peanut butter, the entire Pet Food portfolio as well as Piemans pies

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)

*Normalised for material financial items in the prior period, refer to slide 10 for further details | **Margin calculated of revenue excluding cost recoveries

OPERATIONAL REVIEW: CHICKEN

CHICKEN MAINSTREAM

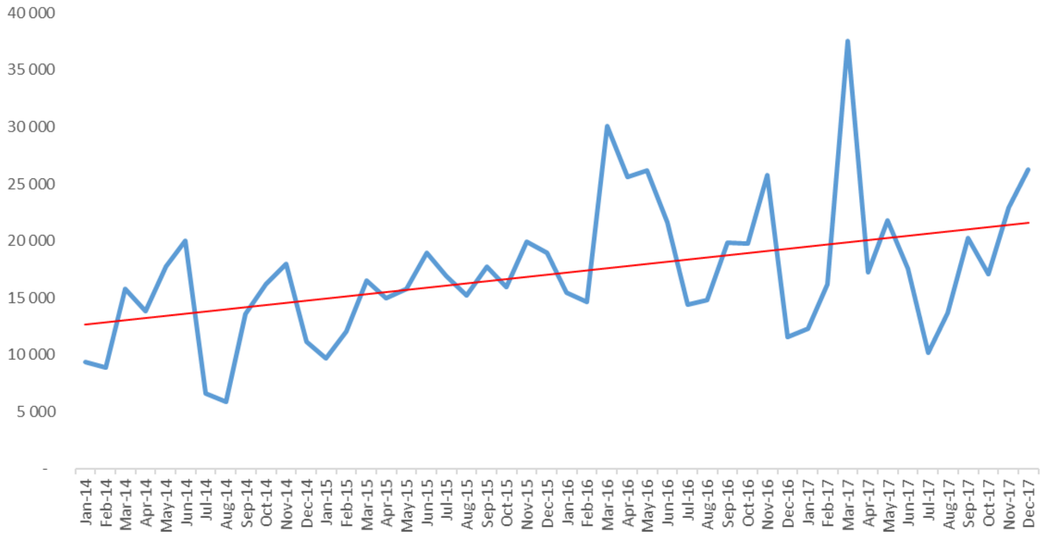
- The chicken industry has seen recent recovery, but this is not due to the resolution of dumping problems. Dumped leg quarters into South Africa remain at near record high levels. Supply and demand has been in better balance though due mainly to our reduction in flock size from 4.8m broilers per week, at its peak, to 3.4m over the last 2 years, as well as other smaller poultry manufacturers going out of business

- As a consequence, prices have risen in Retail, while feed costs have come down at the same time……

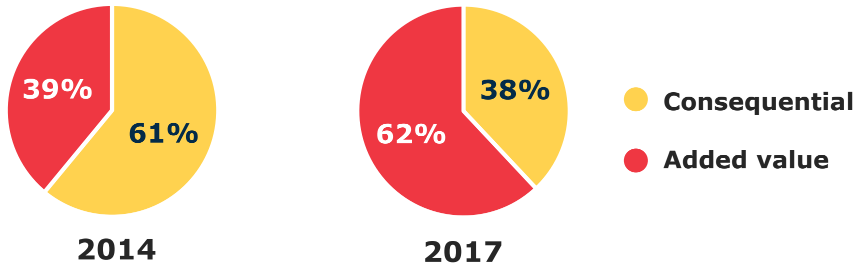
- …..and our new Chicken business model implementation has meant that profitable added value volume is the dominant contributor to Chicken's result

- Avian Influenza (AI) had a material financial impact (R58.0m) on the first 6 months result

IMPORTS – LEG QUARTERS – Tons per month



CHICKEN new business model mix



OPERATIONAL REVIEW: CHICKEN

CHICKEN ADDED VALUE

FOODSOLUTIONS

Overall, Foodservice accounts saw the same economic pressure as the retail industry, but are also seeing volume improvement in the last few months

RCL FOODS has held shares with QSR customers, and the improvement in volumes in recent months will suit our new business model which is pleasingly dominated by the added value categories, which now also include sauces, mayonnaise and other QSR non-chicken categories

RETAIL

Continued focus and communication on Chicken's retail added value lines (e.g. Simply Chicken ranges) has seen shares remain strong and volumes grow

RAINBOW SIMPLY CHICKEN SHARES

FREEZER TO FRYER

	12MMA DEC 16	6MMA DEC 17
Freezer to Fryer	26.0%	35.8%

VIENNAS

	12MMA DEC 16	6MMA DEC 17
Viennas	18.8%	20.2%

POLONY

	12MMA DEC 16	6MMA DEC 17
Polony	9.3%	10.1%

Source: Aztec

OPERATIONAL REVIEW: GROCERIES

GROCERY

- Grocery had another exceptional six months, with strong volume growth and market shares, and benefitted from lower soft commodity prices. Average EBITDA growth has been 12.0% over the past 3 years
- Nola mayonnaise and Yum Yum peanut butter have maintained their frequent market leadership positions, while at the same time growing margin
- Pet food has performed excellently. In a category with overall volume decline, RCL FOODS pet food volumes and margins are up. This is across the portfolio, from the premium end with Canine Cuisine reaching an all time high market leading share, to Bobtail and Ultradog continuing strongly, and Catmor showing powerful growth into market leadership
- RCL FOODS launched extensively into the pet treats category with good early sales
- The new pet food factory is complete and a raft of differentiated, SA first innovations are being launched

	12MMA DEC 16	6MMA DEC 17
TOTAL DOG FOOD RCL VOL SHARE	26.9%	28.3%
TOTAL CAT FOOD RCL VOL SHARE	18.8%	25.4%
CANINE CUISINE RCL VOL SHARE	12.4%	24.0%
CATMOR* RCL VOL SHARE	27.4%	35.0%

Source: Aztec

*Share of dry cat food market

OPERATIONAL REVIEW: GROCERIES

PIES

- The combination of innovation, cost take out and quality improvement coming together in a co-ordinated strategy has seen Piemans have a fantastic 6 months with 7.7% volume growth, and strong margin growth
- Focused work with key accounts, big hit innovation and appropriate pricing strategy has meant that Piemans has grown volume share and relevance in South Africa

BEVERAGES

- Number 1 and Mnandi Mageu brands have had a tough 6 months. A cooler year in SA pushed most beverage categories into volume decline, while strong competitor activity in adjacent categories also impacted volumes
- RCL FOODS has put an active innovation plan in place, covering off vulnerable areas of the portfolio and targeting growth
- Recent volume trends are encouraging

OPERATIONAL REVIEW: GROCERIES

SPECIALITY

- Like most grocery categories in SA, the Woolworths dominated Speciality category was under pressure, but produced an acceptable result

- This innovation dominated category had a good December and trends look in line with the volume recovery seen in the last few months of retail in general

JOHN DU PLESSIS

MANAGING DIRECTOR
SUGAR & MILLING DIVISION

OPERATIONAL REVIEW: SUGAR & MILLING

REVENUE (Rm)	DEC 2017	DEC 2016*	% VAR
Consumer	**6 687.6**	7 072.8	(5.4)
Sugar & Milling	**7 010.0**	7 613.0	(7.9)
Logistics	**1 006.5**	1 056.3	(4.7)
Sales between segments	**(1 939.0)**	(2 656.6)	(27.0)
Total	**12 765.1**	13 085.5	(2.4)

EBITDA (Rm) pre-IAS 39			
Consumer	**585.5**	276.8	111.5
Sugar & Milling	**493.8**	578.2	(14.6)
Logistics	**105.6**	145.2	(27.3)
Unallocated group costs	**0.1**	15.4	(99.4)
Total	**1 185.0**	1 015.6	16.7

*Normalised for material financial items in the prior period, refer to slide 10 for further details

OPERATIONAL REVIEW: SUGAR & MILLING

REVENUE (Rm)	DEC 2017	DEC 2016	% VAR
Animal Feed	**2 242.1**	3 057.8	(26.7)
MillBake	**1 849.6**	1 982.5	(6.7)
Sugar	**2 966.9**	2 627.3	12.9
Sales between business units	**(48.6)**	(54.6)	(11.0)
Total	**7 010.0**	7 613.0	(7.9)
EBITDA (Rm) pre-IAS 39			
Animal Feed	**146.1**	134.4	8.7
MillBake	**137.0**	155.4	(11.8)
Sugar	**210.7**	288.4	(27.0)
Total	**493.8**	578.2	(14.6)
EBITDA MARGIN (%) – pre-IAS 39			
Animal Feed	**6.5**	4.4	2.1
MillBake	**7.4**	7.8	(0.4)
Sugar	**7.1**	11.0	(3.9)
Total	**7.0**	7.6	(0.6)

HEADLINES

- Improved commodity positions and cost saving initiatives to offset the impact of the revised Chicken business model resulted in an improved performance for Animal Feed
- Pleasing volume gains in Milling were offset by operational pressure and competitor activity in Baking which resulted in MillBake lagging behind the prior period
- Imported sugar negatively impacted local market sales resulting in a significant increase in raw sugar exports

  Despite increased volumes, lower margins stemming from raw sugar exports had a material adverse impact on Sugar's performance for the period

OPERATIONAL REVIEW: ANIMAL FEED

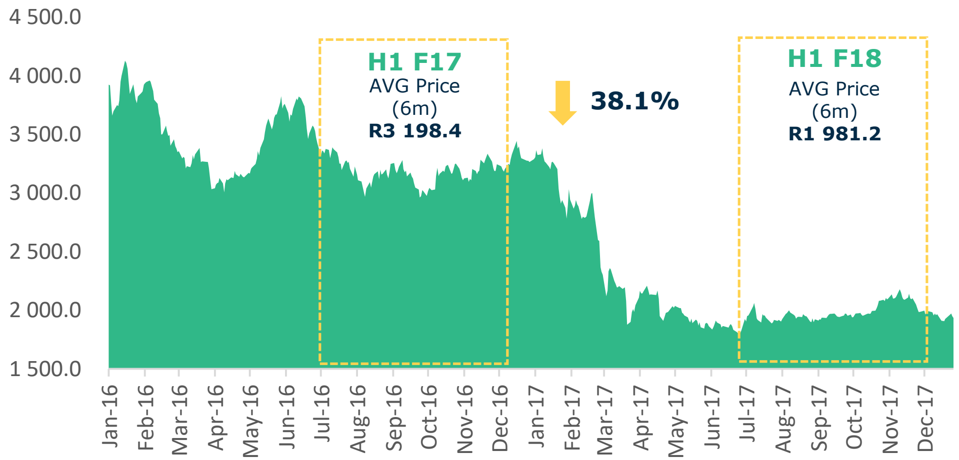
- **EBITDA increased by R11.7m (8.7%)** to R146.1m primarily as a result of improved commodity positions relative to the market, cost saving initiatives in Pietermaritzburg and volume gains for Molatek
- Volume remained under pressure in Epol due to reduced internal demand as a consequence of the new business model for Chicken, reduced herd sizes that have not yet recovered from the drought and the AI outbreak that impacted the external broiler business
- Supply of both bagasse and molasses for Molatek was significantly higher than the prior year which created capacity to drive volume ahead of last year
- Costs were well controlled with below inflation increases

ANIMAL FEED MARKET SHARES

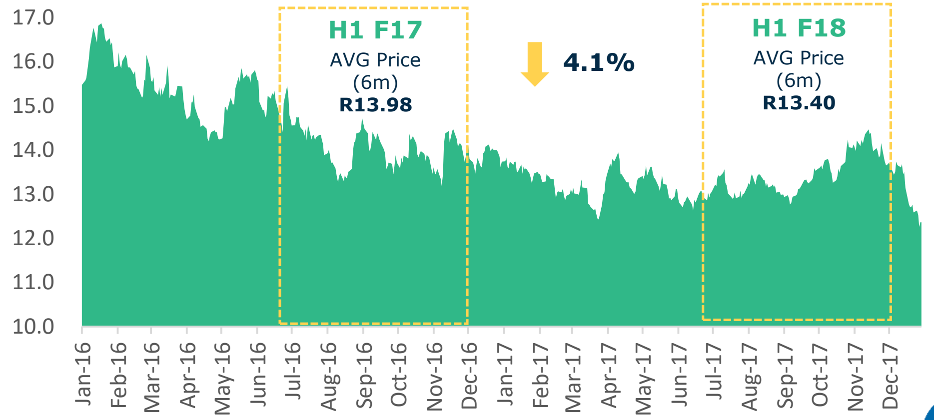
GAME	DAIRY	LAYERS	BROILERS	HORSE	RUMINANTS	OSTRICH	PIGS
36.0%	1.4%	4.0%	25.5%	66.4%	33.8%	5.8%	8.8%

Source: Internal estimate (share of AFMA – December 2017)

YELLOW MAIZE PRICE (R/ton)



RAND/USD

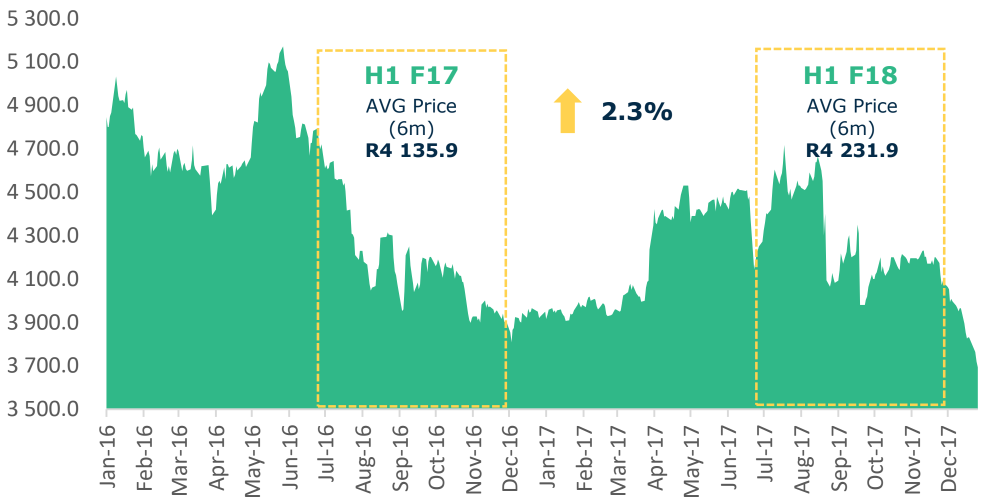


Source: Reuters

OPERATIONAL REVIEW: MILLBAKE

- **EBITDA decreased by R18.4m (11.8%)** to R137.0m stemming from challenges in Baking
- The strategic drive to increase volume in Milling is starting to gain traction, with volumes up 8.7% year-on-year
- Lower maize prices coupled with favourable commodity positions enabled Milling to price competitively in the market whilst optimising the sales mix to positively impact margins
- Baking volumes experienced pressure in certain regions. Targeted plans are being implemented to regain market share
- Although bread prices have remained static, focused cost control and beneficial raw material pricing enabled the business unit to improve margins
- Damages resulting from operational challenges at certain bakeries and the labour strike at the Rustenburg bakery hampered performance

SAFEX WHEAT PRICE (R/ton)

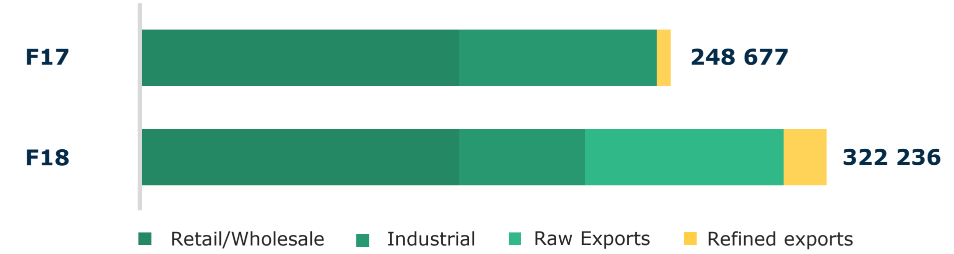


Source: Reuters

OPERATIONAL REVIEW: SUGAR

- **EBITDA decreased by R77.7m (-27.0%)** to R210.7m
- Record levels of sugar imports in August and September 2017, stemming from an inappropriate tariff, put pressure on local market sales volumes, which were 13.7% below last year
- Sugar not sold in the local market was exported as unrefined raw sugar which led to lower margins
- Good progress was made against all key operational efficiency and recovery metrics
- Sound cost control led to production cost increases being contained to below inflation whilst overhead costs actually decreased

MIX AND VOLUME



NO. 11 WORLD SUGAR PRICE (Raw Sugar)

RAND DOLLAR EXCHANGE RATE

CHRIS CREED

MANAGING DIRECTOR
LOGISTICS DIVISION

OPERATIONAL REVIEW: LOGISTICS

REVENUE (Rm)	DEC 2017	DEC 2016*	% VAR
Consumer	**6 687.6**	7 072.8	(5.4)
Sugar & Milling	**7 010.0**	7 613.0	(7.9)
Logistics	**1 006.5**	1 056.3	(4.7)
Sales between segments	**(1 939.0)**	(2 656.6)	(27.0)
Total	**12 765.1**	13 085.5	(2.4)

EBITDA (Rm) pre-IAS 39			
Consumer	**585.5**	276.8	111.5
Sugar & Milling	**493.8**	578.2	(14.6)
Logistics	**105.6**	145.2	(27.3)
Unallocated group costs	**0.1**	15.4	(99.4)
Total	**1 185.0**	1 015.6	16.7

HEADLINES

- Revenue and EBITDA contraction driven largely by significant impact of Chicken restructure which is in line with expectations for the period
- Good progress made on the mitigation strategy to offset the Chicken restructure, driven by new revenue and cost rationalisation, despite inflation in a largely fixed cost business
- Planned take-on of the full Pick n Pay cold chain including the ice cream category is on track, laying the foundation for a sound future partnership

*Normalised for material financial items in the prior period, refer to slide 10 for further details

LOGISTICS IMPACTED BY CHICKEN RESTRUCTURE AND WEAK ECONOMY

- **The Chicken restructure** (not in the six months to December 2016 base) has had a material impact on the Logistics division
- Weak economy **mutes growth in Retail and Foodservice volumes**
- **Unutilised capacity in the bulk cold storage** network remains a challenge

CHICKEN CRISIS HAS A MATERIAL IMPACT ON LOGISTICS

ECONOMIC PRESSURE CONTINUES TO SUBDUE GROWTH IN RETAIL AND FOODSERVICE VOLUMES

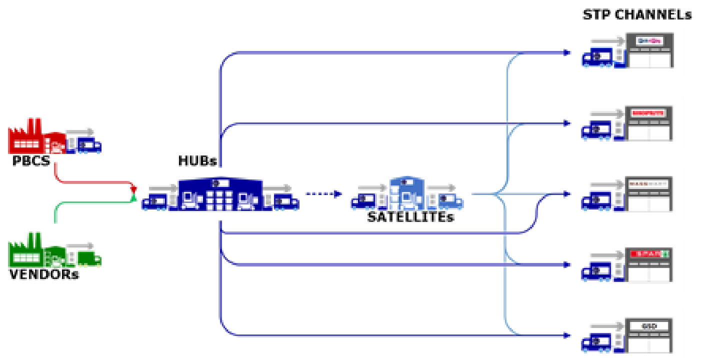
Retail

Foodservice

GOOD PROGRESS MADE IN MITIGATION STRATEGY

- Logistics makes good progress on the mitigation strategy to offset the Chicken restructure, with focus on winning new business and network and transport cost optimisation to suit revised business requirements
- Cost optimisation initiatives focused on the retail network impacted by the loss of Chicken volumes. This included the conversion of various stock holding depots to cross-docking facilities and the successful implementation of a four hub customer aligned network. These initiatives enabled a sound platform for manpower, transport and warehouse cost efficiencies
- Logistics successfully initiates supply chain control tower/centre of excellence concept to reaffirm customer centric mind-set

FOUR HUB CUSTOMER ALIGNED NETWORK STRATEGICALLY POSITIONS LOGISTICS FOR THE FUTURE



SUCCESSFUL INITIATION OF CONSOLIDATED SUPPLY CHAIN CONTROL TOWER CONCEPT

WINNING NEW BUSINESS

- Planned take-on of the full Pick n Pay cold chain on track laying the foundation for a sound future partnership, a Pick n Pay first of integrating the full frozen and super-frozen (ice cream) basket with a single supply chain partner
- Take-on includes new retail principals in the frozen foods business as well as the ice cream category, which contributes meaningfully to offset lost volumes from the Chicken restructure
- The dual mitigation strategy of new business take-on, including group opportunities, and strategic cost rationalisation lays a good platform for an improved second half of the year, with H2 2017 including the impact of Chicken restructure

PICK N PAY COLDCHAIN PARTNERSHIP ON TRACK WITH NEW RETAIL PRINCIPALS

Pick n Pay
Inspired by you

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

Unilever
OLA

FRONERI
Dairymaid

PROSPECTS

PROSPECTS

- Recent political developments have been positive, however concrete plans and economic policies to revitalise our economy have yet to be enacted and their timeline remain as uncertainties. We therefore expect the next six months to remain challenging
- The poultry market continues to stabilise and Chicken is expected to continue its recovery, however appropriate safeguards from government are still required to prevent dumping
- Groceries is ready to capitalise on an improved environment with a good pipeline of innovations to be rolled out over the next few months
- Sugar imports remain a threat due to global surpluses and a strengthening rand
- MillBake will continue to place focus on restoring volumes
- Animal Feed to continue to benefit from lower commodity input prices and improved volumes as AI impact diminishes
- Logistics will continue to focus on cost rationalisation, which coupled with new business opportunities, will deliver a more positive outlook for the remainder of the year