2019

INVESTOR PRESENTATION:
2 SEPTEMBER 2019

RESULTS FOR THE YEAR ENDED JUNE 2019

MILES DALLY

CHIEF EXECUTIVE OFFICER

RCL FOODS

HEADLINES – RESULTS FOR THE TWELVE MONTHS ENDED JUNE 2019

CONTEXT: RCL FOODS SIGNIFICANTLY IMPACTED BY SUGAR AND CHICKEN INDUSTRY HEADWINDS

Subdued economic growth, rising unemployment rates and declining real consumer income inhibit consumer spending and increases industry pricing pressure amidst rising input costs

In particular however, RCL FOODS has been significantly impacted by the **headwinds** experienced **industry wide in Sugar and Chicken**:

- **Sugar industry in crisis, with the Health Promotion Levy (sugar tax) driving a permanent reduction in local industry demand.** Displaced local market sales channelled to export markets at significantly lower international prices amidst a global surplus
- **Impairment for the Sugar business unit** based on the significant deterioration in profitability and depressed outlook **materially distorts results**
- **Chicken industry in distress**, **dumped imports** amplify pricing pressure amidst **rising feed costs**

HEADLINES – RESULTS FOR THE TWELVE MONTHS ENDED JUNE 2019

PERFORMANCE HEADLINES: RESULTS MATERIALLY DISTORTED BY SUGAR AND CHICKEN DECLINES

Revenue up 5.5% driven by volume growth

EBITDA down 25.4% due to crises in Sugar and Chicken industries

- Groceries deliver another strong result
- MillBake continues to improve
- Higher costs erode margins in Animal Feed and Logistics
- **EBITDA excluding Sugar and Chicken up 7.8%**

HEPS down 60.8% as it excludes once-off profits realised on sale of Chicken farms

Cash declines due to lower profits, higher working capital investment and debt reduction

Debt funding down 13.2% to R2.8bn, conservative gearing position maintained

REVENUE	R25.9bn	5.5%	↑
EBITDA	R1.53bn	25.4%	↓
EBITDA Ex-Sugar & Chicken	R1.40bn	7.8%	↑
HEPS	37.9c	60.8%	↓
CASH generated by operations	R796.7m	55.4%	↓

FOCUS ON SUSTAINABLE QUALITY OF EARNINGS

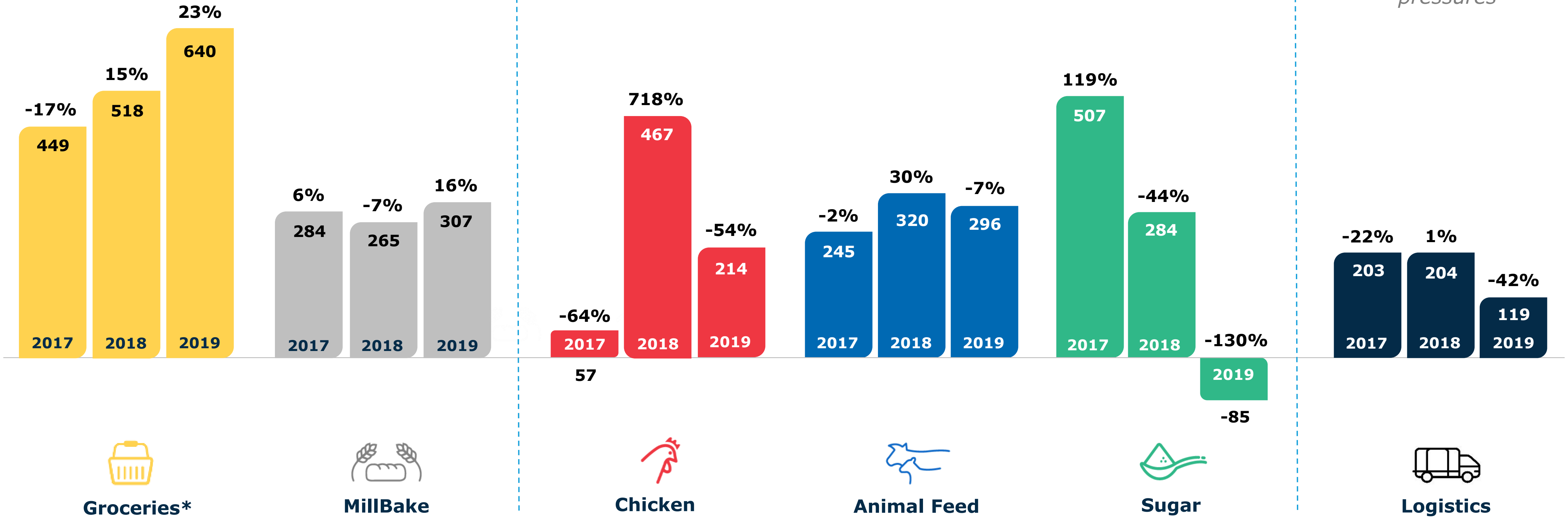
DOUBLE DIGIT GROWTH IN GROCERIES AND MILLBAKE OFFSET BY CRISES EXPERIENCED IN SUGAR AND CHICKEN

EBITDA (Rm) & GROWTH (%) PER CATEGORY CLUSTER

***Market share growth** in key categories drives continued growth in Groceries whilst **MillBake turn-around** progresses well*

Agricultural categories under pressure
Sugar impacted by sugar tax, Chicken competes with dumped imports. Animal feed impacted by cyclical rising input costs

***Logistics** result impacted by **distribution cost** pressures*



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

TWELVE MONTHS TO JUNE 2019 RESULTS

Groceries: Continued growth driven by market share gains in key categories, improved volumes and gross margins

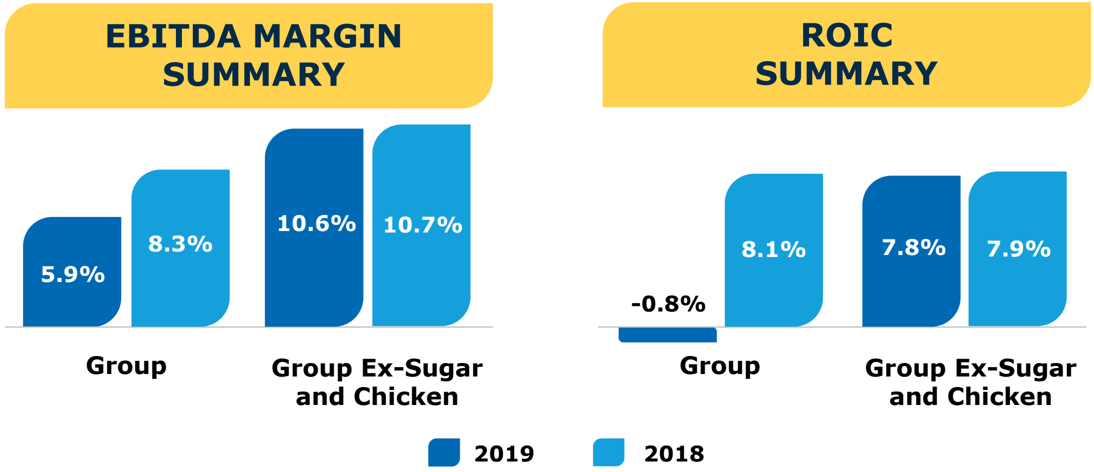
MillBake: Turn-around progressing with good growth in Baking volumes and improved operational efficiency

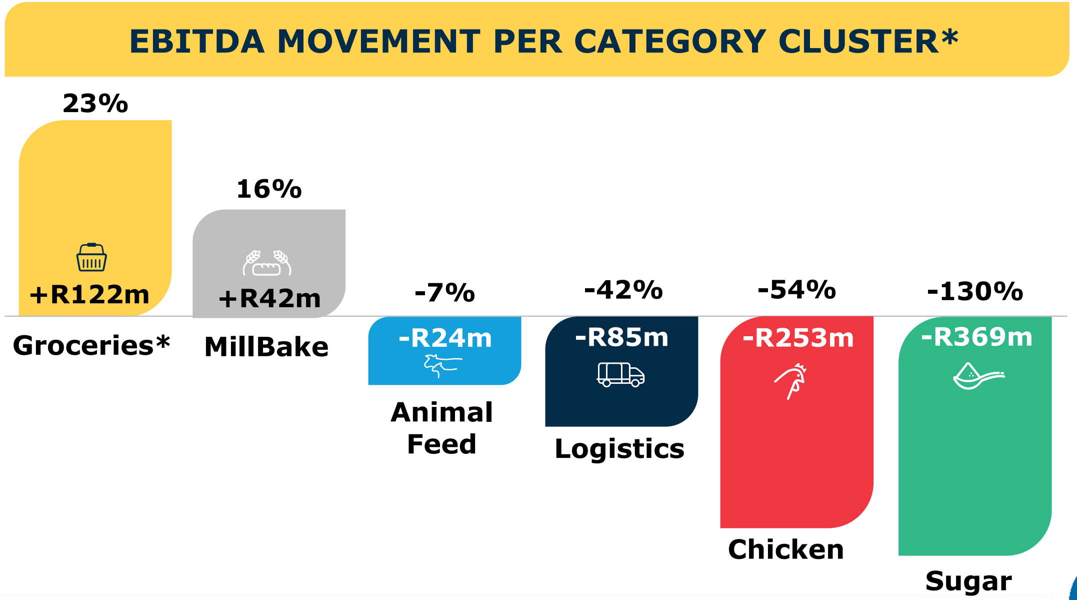
Animal Feed: Adversely impacted by **higher commodity** input costs not recovered from the market

Logistics: Impacted by **enablement costs** of Pick n Pay and Siqalo Foods, and higher than CPI distribution inflation also not fully recovered in year

Chicken: Impacted by softened pricing in an oversupplied market competing with **excessive dumped imports** amidst a **rising feed cost** cycle

Sugar: Sugar tax accelerates a significant **reduction in local industry demand, displacing local market sales** to export markets at significantly lower international prices





* Graph not drawn to scale

1. GROW THROUGH STRONG BRANDS

KEY ACHIEVEMENTS

- **Groceries volumes demonstrated solid growth**, driving an **improved Groceries profitability** performance **ahead of the market**
- Our **brand strategies** and **investment** in brands have **strengthened** our **market shares** with a number of our brands holding **market leading positions**

ENTRENCHED MARKET LEADERS	NEW MARKET LEADER
#1: Yum Yum, Nola, Bobtail, Canine Cuisine, Ouma, Number 1 Mageu, Catmor	Rainbow Simply Chicken*

Source – Aztec 12 months moving average to June 2019 | *Freezer to Fryer Category

2. PARTNER WITH STRATEGIC CUSTOMERS

KEY ACHIEVEMENTS

We leveraged our capabilities to provide both our retail and foodservice customers with a **growing and profitable portfolio of solutions**

These achievements include:

- **Significant volume growth** with strategic customers in key categories – a major contributor to the growth of our Grocery business
- **Solid growth in Pies** and a **good turnaround in Beverages** due to innovative products launched in partnership with our customers
- Continued **growth in our dealer-owned brands** developed for customers

3. EXTEND OUR LEADING VALUE CHAIN

KEY ACHIEVEMENTS

We **assumed the shared services responsibility for the Spreads business of Siqalo Foods** Proprietary Limited (a 100% owned subsidiary of Remgro Limited). Our **single synergised ONE RCL FOODS** platform with integrated structures, systems, customer and shared service capability delivered an innovative, **alternative business model** which allows RCL FOODS to earn a fee for our services while Siqalo Foods benefits from the strategic competencies of RCL FOODS

We initiated the **expansion of Pies manufacturing capacity** with an R80m expansion plan to grow volumes into the future

The **rollout of SAP** in the Consumer Division **progressed well** with implementation in the Speciality business unit

In Logistics, we **successfully integrated systems** and extended our value chain into our customers **to execute Pick n Pay's super-frozen (ice-cream) distribution and the take-on of Siqalo Foods**

4. INSPIRE GREAT PEOPLE

KEY ACHIEVEMENTS

- We continued to progress towards improving **diversity and inclusion** in the organisation. **Employment equity candidates made up 80% of external hires at executive level** and 67% of senior internal promotions in 2019
- We continued to build our leadership pipeline, with more than **400 of our managers** having completed our **RCL FOODS Leadership Development Programme**
- **R44.4 million was spent training** over 10 000 employees
- **Multi-year wage agreements were successfully concluded** in the Consumer Division, while our Logistics Division joined the Road Freight Association Bargaining Council to improve formalised representation for the employees
- **The "Let'sTalk" mobile communication platform was launched**, allowing for authentic relationship building through active two-way engagement with our employees at all levels

5. EXPAND INTO THE REST OF AFRICA

KEY ACHIEVEMENTS

We **narrowed our focus to Southern Africa, paired with our ambition to grow exports**. We adopt a **low-risk expansion strategy in Africa** via only acquiring or establishing new businesses to expand our current value chain

We acquired 45% of L&A Logistics, a FMCG distribution operation based in Lusaka, Zambia - viewed as an attractive re-entry into the Zambian market for RCL FOODS

In Uganda, we have made infrastructure investments within our associate, HMH Rainbow Limited and are considering various investment options to grow the business

Our joint venture partner in **Botswana, Senn Foods Logistics, performed well** and a decision was made to **expand its operations**

6. DRIVE SUSTAINABLE BUSINESS

KEY ACHIEVEMENTS

We continue to **lead the transformation agenda in our Sugar** operations. 1.8 million tons of sugarcane were delivered by small-scale farmers, joint ventures and land reform beneficiaries to our mills in 2019, representing 32% of our total cane supply

Our **waste-to-value investment in Rustenburg has progressed well** during the year, where we expect to provide 65% and 50% of the energy and water requirements respectively for our chicken processing site and animal feed mill

We achieved an **'A-' rating for Climate Change management** in the 2018 Carbon Disclosure survey, coming first in the SA Food and Beverage sector

R5.0 million was **invested in CSI programmes** executed **through** the **DO MORE FOUNDATION**, with the impact substantially amplified through partnerships with a broader group of stakeholders

Our cash generative ability and **healthy gearing profile places us well to consider strategic opportunities that might be forthcoming** in both the South African and African market to drive future **business sustainability**

KEY DELIVERABLES: SUSTAINABLE QUALITY OF EARNINGS

- **In Sugar**, we will accelerate **stakeholder engagement** to strive for **industry wide interventions**, including a review of industry structures. Internally, we will amplify cost optimisation and **diversification** efforts to deliver a sustainable business model
- **In Chicken**, we will **intensify government engagement to allow for a level playing field** to reduce dumped imports. We will continue our **focus** on **internal business drivers** and **adapt Chicken** to shifting **market dynamics**
- **We remain committed to these key industries** of South African employment. We will **strive to drive transformation** across the agriculture value chain despite the current distressed environment in which we operate
- Continue to **drive growth in Groceries** via market share growth plans and **brand extensions** into new categories
- Extend growth in **MillBake - drive Baking into new categories and markets and forward integrate Milling**
- Unlock potential in **external business in Animal Feed**
- Leverage new **customer model to grow Logistics** business into the future
- **Entrench Siqalo Foods shared service offering** and leverage capability for continued growth
- Continue with delivery of Energy and Water Roadmaps – **deliver Rustenburg waste-to-value project in 2020 financial year**

ROB FIELD

CHIEF FINANCIAL
OFFICER

OPERATING ENVIRONMENT

- **Health Promotion Levy (sugar tax)** and **changing consumer perceptions of sugar** place **local sugar industry in crisis**
- **Oversupplied chicken market** due to the impact of dumped **imports** stemming from **inadequate tariff protection**
- **High unemployment levels, record high fuel prices** and a **0.25% increase in interest rates** in November 2018 placed **pressure** on consumers' **disposable income**
- **Higher** average **commodity costs**, a **weaker rand** and **fuel increases** during the period drove higher input costs and placed **margins under pressure**
- **GDP growth** remains **muted**, with low to negative growth reported over the year. **Food basket growth constrained at 0.7%*** for the industry for the 12 months to June 2019

*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

FINANCIAL SUMMARY

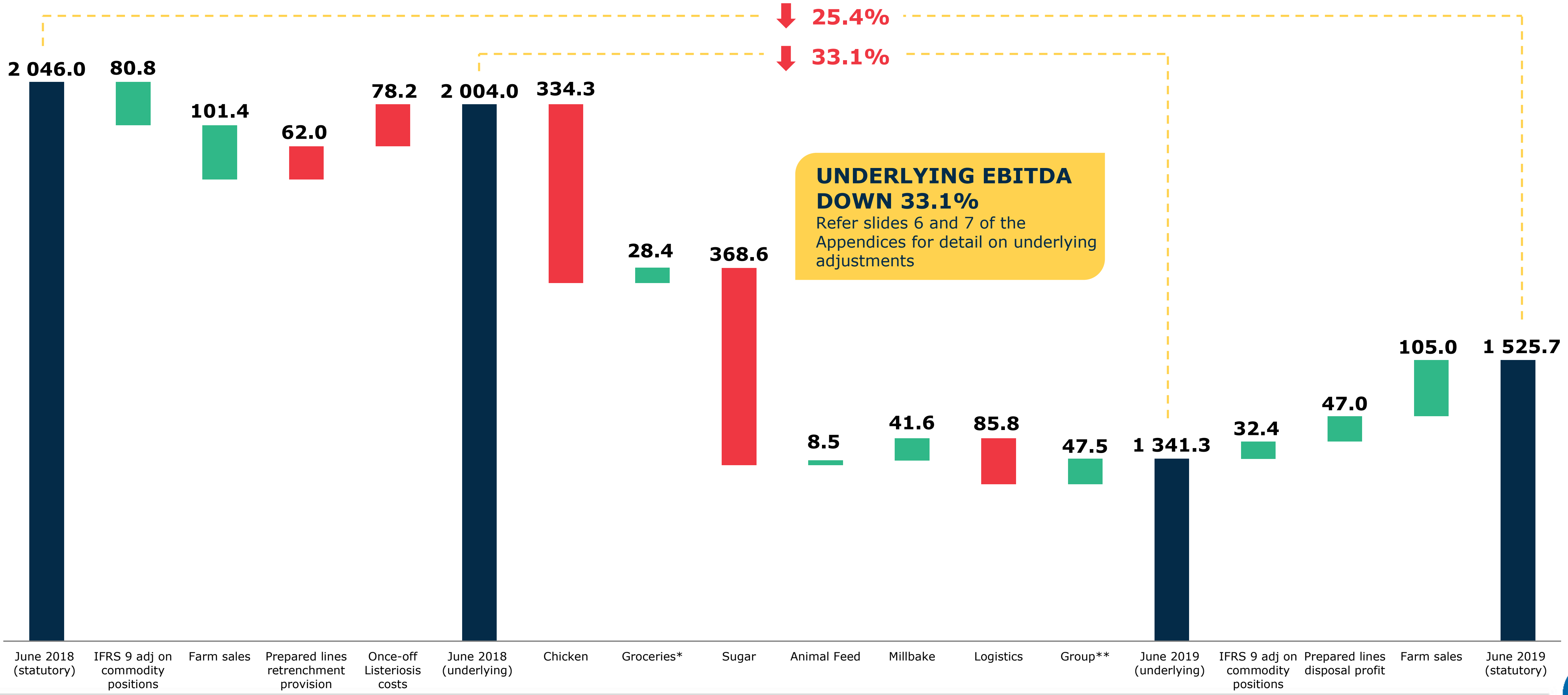
DESPITE A 5.5% INCREASE IN REVENUE, EBITDA DECLINED 25.4%, WHILST HEADLINE EARNINGS WAS DOWN 60.7%

INCOME STATEMENT		JUNE 2019	JUNE 2018	% VAR
Revenue*	Rm	**25 887.5**	24 528.0	5.5
EBITDA	Rm	**1 525.7**	2 046.0	(25.4)
EBITDA margin	%	**5.9**	8.3	(2.4) ppts
Net finance costs	Rm	**276.6**	252.5	9.5
Share of profits of JV's & associates	Rm	**127.8**	80.1	59.6
Effective tax rate (excl. JV's & associates)	%	**(1.0)**	21.2	(22.2) ppts
Headline earnings	Rm	**329.5**	837.7	(60.7)
Headline earnings per share	cents	**37.9**	96.8	(60.8)
BALANCE SHEET & RATIOS				
Net working capital	Rm	**3 683.9**	2 871.5	28.3
Interest-bearing debt	Rm	**2 821.0**	3 248.7	(13.2)
Cash generated by operations	Rm	**796.7**	1 784.6	(55.4)
Capex spend (inc. intangibles)	Rm	**1 151.4**	849.1	35.6
Return on invested capital**	%	**(0.8)**	8.1	(8.9) ppts
Return on invested capital (excl. acquisition adjustments and Sugar impairment)***	%	**5.3**	12.7	(7.4) ppts
Total dividend	cents	**25.0**	40.0	(37.5)
NAV per share	cents	**1 245.1**	1 289.0	(3.4)

*June 2018 revenue restated by R102.0m due to prior year classification error | **Calculated as net operating profit after tax, divided by invested capital | ***Excludes Foodcorp acquisition purchase price allocation for intangible assets, PPE balances and related amortisation, depreciation and tax as well as Sugar's impairment in 2019

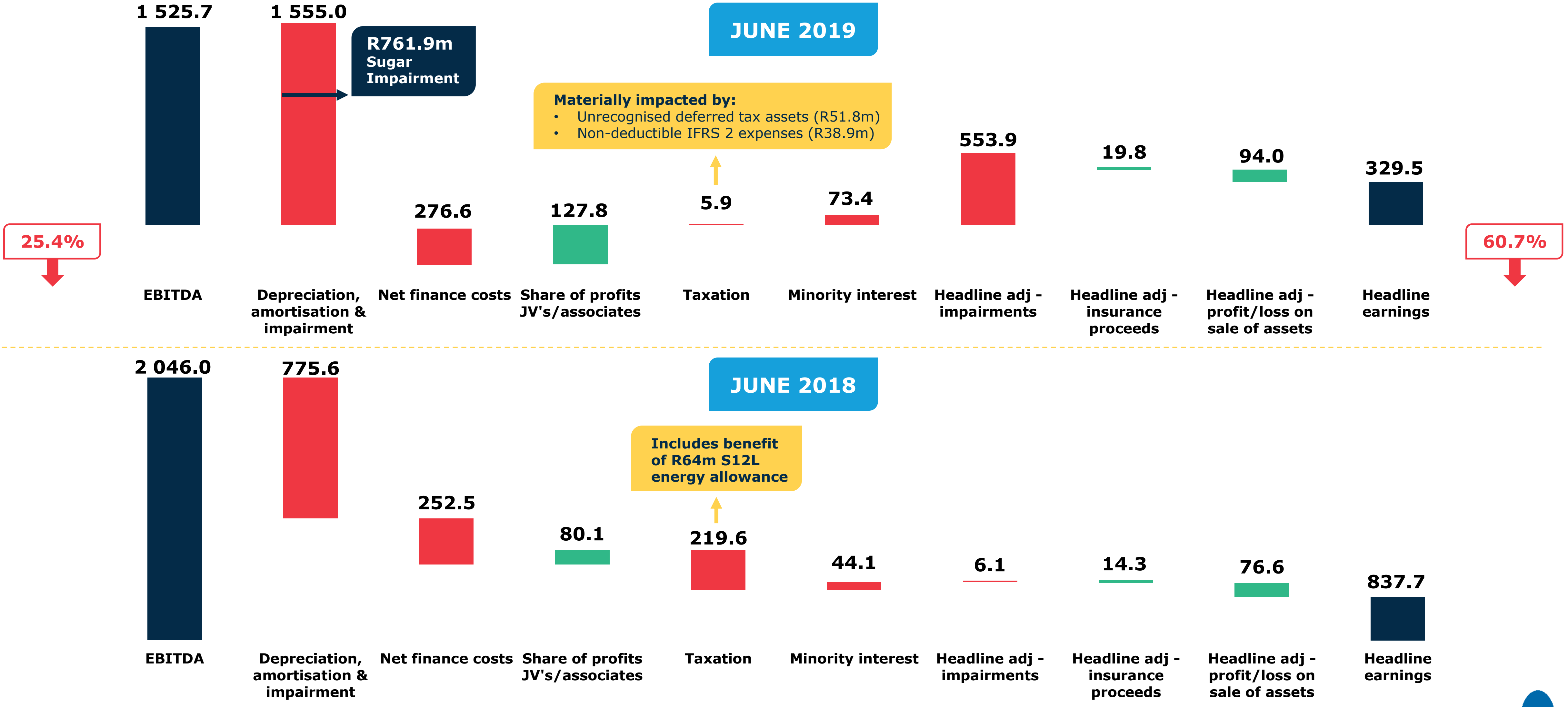
OPERATING RESULTS SUMMARY (Rm)

EBITDA DOWN 25.4% DRIVEN BY DECLINES IN SUGAR & CHICKEN



* The Groceries category cluster includes the Grocery, Speciality, Beverages and Pies business units | ** Includes the profits of Matzonox (waste-to-value operation) and management fees earned from Siqalo Foods

HEADLINE EARNINGS WATERFALL (Rm)



OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS – REVENUE AND EBITDA

REVENUE (Rm)	JUNE 2019	JUNE 2018*	% VAR
Consumer	**12 965.0**	12 752.9	1.7
Sugar & Milling	**14 935.3**	13 668.9	9.3
Logistics	**2 182.8**	1 980.0	10.2
Group**	**101.6**		
Sales between segments			
Consumer to Sugar & Milling	(200.1)	(136.4)	46.7
Sugar & Milling to Consumer	(3 069.6)	(2 727.0)	12.6
Logistics to Consumer	(990.1)	(977.8)	1.3
Logistics to Sugar & Milling	(37.4)	(32.5)	15.1
Total	**25 887.5**	24 528.0	5.5

EBITDA (Rm)	JUNE 2019	JUNE 2018	% VAR
Consumer	**853.9**	985.2	(13.3)
Sugar & Milling	**518.3**	869.0	(40.4)
Logistics	**118.5**	204.3	(42.0)
Group	35.0	(12.5)	NM
Total	**1 525.7**	2 046.0	(25.4)

EBITDA MARGIN (%)	JUNE 2019	JUNE 2018	VAR
Consumer	**6.6**	7.7	(1.1)
Sugar & Milling	**3.5**	6.4	(2.9)
Logistics	**5.4**	10.3	(4.9)
Total	**5.9**	8.3	(2.4)

*June 2018 revenue restated by R102.0m due to prior year classification error | **Relates to the management fees earned from Siqalo Foods

OPERATING RESULTS SUMMARY – ex Sugar & Chicken

SUGAR & CHICKEN RESULTS SEVERELY IMPACTED BY MARKET CONDITIONS. GROUP EBITDA EX SUGAR & CHICKEN UP 7.8%

EBITDA		JUNE 2019	JUNE 2018	% VAR
Consumer (Ex Chicken)	Rm	**639.6**	518.4	23.4
Sugar & Milling (Ex Sugar)	Rm	**602.8**	584.9	3.1
Logistics	Rm	**118.5**	204.3	(42.0)
Group	Rm	35.0	(12.5)	NM
Total ex Sugar & Chicken	**Rm**	**1 395.9**	**1 295.1**	**7.8**
Chicken	Rm	214.3	466.8	(54.1)
Sugar	Rm	(84.5)	284.1	(129.7)
Total	**Rm**	**1 525.7**	**2 046.0**	**(25.4)**
EBITDA margin	**%**	**5.9**	8.3	(2.4) ppts
EBITDA margin ex Sugar & Chicken	**%**	**10.6**	10.7	(0.1) ppts

SUGAR IMPAIRMENT

Non-cash impairment loss of R761.9m recognised for the Sugar cash-generating unit

This is attributable to an **industry structural change** leading to **reduced demand** for sugar, stemming from the Health Promotion Levy (sugar tax)

The Sugar Act **promotes production** into a market with reducing demand and world over-supply

Key variables in the impairment calculation include:

- Local industry crop size
- Demand for local market sugar, including the impact of imported sugar both from the SACU region and elsewhere in the world
- World market pricing, influenced by both the underlying sugar commodity indices (Number 5 and 11 pricing) and the Rand:US Dollar exchange rate

The following table highlights the range of key assumptions applied in the impairment calculation that gave rise to the R761.9m impairment:

ASSUMPTION RANGE INTO TERMINAL YEAR	RANGE
Local industry crop size (million tons)	2.0mt to 2.3mt
Local market demand (million tons)	1.2mt to 1.3mt
No. 11 World Sugar Price (raw sugar)	13c/lb to 15c/lb
Rand:US Dollar exchange rate	R14 to R18

CASH FLOW SUMMARY

CASH DOWN R1 373.8M (108.7%)

LOWER PROFITS, R502M DEBT REPAYMENT & HIGHER WORKING CAPITAL REQUIREMENTS DROVE DECLINE

Rm	JUNE 2019	JUNE 2018	% VAR
Opening balance*	**1 263.4**	1 053.8	19.9
Operating profit adjusted for non-cash flow items	**1 177.8**	1 783.0	(33.9)
Working capital changes	**(381.0)**	1.6	NM
Net finance costs paid	**(257.3)**	(257.9)	(0.2)
Tax paid	**(133.2)**	(180.4)	(26.2)
Dividends paid	**(348.6)**	(304.6)	14.4
Dividends received	**50.2**	62.4	(19.6)
Capital expenditure (including intangibles)	**(1 151.4)**	(849.1)	35.6
Proceeds on disposal of non-current assets and assets held-for-sale	**205.2**	157.1	30.6
Acquisitions of business (2019: Driehoek, 2018: Matzonox)	**(60.9)**	(56.3)	8.2
Investment in associate (2019: L&A, 2018: RSSC)	**(40.6)**	(26.4)	53.8
Payment on restructure of the term-funded debt package	**(502.0)**		
Other interest-bearing liabilities	**74.3**	(56.5)	231.5
Other	**(6.3)**	(63.3)	(90.0)
Closing balance*	**(110.4)**	1 263.4	(108.7)

*Net of overdrafts

WORKING CAPITAL

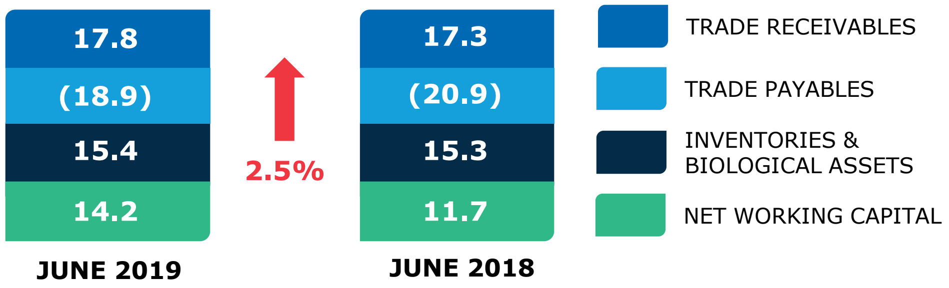
WORKING CAPITAL UP 28.3%, DRIVEN BY A DECREASE IN SHORT-TERM FUNDING FROM SASA AND HIGHER STOCKS

WORKING CAPITAL (Rm)	JUNE 2019	JUNE 2018	% VAR
Trade and other receivables	**4 602.1**	4 254.0	8.2
Inventories	**3 108.6**	2 926.7	6.2
Biological assets	**866.5**	807.4	7.3
Trade and other payables	**(4 893.3)**	(5 116.6)	(4.4)
Net	**3 683.9**	2 871.5	**28.3**

WORKING CAPITAL DAYS	JUNE 2019	JUNE 2018	VAR (days)
Receivables days	**65**	63	2
Stock days	**73**	75	(2)
Payables days	**(90)**	(103)	(13)
Net	**48**	35	13
*Adjusted debtors days**	***38***	*41*	*(3)*

*Trade and other receivables include other receivables and prepayments of R868.1m (June 2018: R807.9m). Adjusted debtors days calculates the days off trade debtors only, and is based on the gross sales value made by Vector instead of the net revenue disclosed for accounting purposes.

NET WORKING CAPITAL AS A % OF REVENUE



Net working capital has increased R812.4m (28.3%) and by 2.5% of revenue over the prior year

The timing of the period end cut-off had a significant impact on receipts and payments. A total of R238.1m in receivables was received late post year-end cut-off in 2019 (2018: R542.7m). A total of R277.7m was paid post the year-end cut-off in 2018 with a similar value paid post the year-end cut-off in 2019.

Excluding the late receipts impact, net working capital has increased R1 117.0m over the prior year driven by:

- Higher stock balances (Inventory up R181.9m, biological assets up R59.1m), mainly driven by higher feed prices which drove increases in chicken stock values; and
- A R223.3m decrease in trade and other payables and a R652.7m increase in trade and other receivables (excluding impact of late receipts in both years). These increases have been unpacked in more detail on the following slide.

WORKING CAPITAL – TRADE AND OTHER RECEIVABLES AND PAYABLES

ADJUSTING FOR THE ITEMS BELOW, RECEIVABLES AND PAYABLES ARE REASONABLE IN RELATION TO THE PRIOR YEAR

TRADE AND OTHER RECEIVABLES (Rm)	JUNE 2019	JUNE 2018	% VAR
Trade and other receivables	**4 602.1**	4 254.0	**8.2**
% revenue	***17.8***	*17.3*	***0.5***
Late receipts	**(238.1)**	(542.7)	
Siqalo take-on*	**(339.0)**		
Prepared lines receivable**	**(76.3)**		
Adjusted Trade and other receivables* **	**3 948.7**	3 711.3	**6.4**
Adjusted % revenue	**15.3**	15.1	**0.2**

*Relates to the take-on of Siqalo Foods into the Vector Logistics principal network, which resulted in a R339.0m increase in receivables (corresponding increase of R271.3m in payables resulting from the take-on).
**An amount of R148.8m is outstanding at year end from the prepared lines disposal of which R76.3m is due in 2020 and is reflected under current trade and other receivables.
***Despite adjusted trade and other receivables still being 6.4% ahead of last year, the remaining increase is mainly driven by a higher sales value in 2019 (revenue up 5.5%).

TRADE AND OTHER PAYABLES (Rm)	JUNE 2019	JUNE 2018	% VAR
Trade and other payables	**4 893.3**	5 116.6	**(4.4)**
% revenue	**18.9**	20.9	**(2.0)**
Siqalo take-on	**(271.3)**		
SASA Funding impact^		(345.0)	
Prepared lines retrenchment provision^^		(62.0)	
Adjusted Trade and other payables	**4 622.0**	4 709.6	**(1.9)**
Adjusted % revenue	**17.9**	19.2	**(1.3)**

^R345.0m decrease stemming from a lower annual receipt of funding at the end of sugar industry season in March 2019 and the 2018 year benefitting from SASA allowing extended payment terms on industry levy payments into our 2019 financial year due to the significant cash flow challenges experienced by the cane growers following the prior year local market price decreases.
^^The retrenchment provision was settled in the current period.

CAPITAL EXPENDITURE

TOTAL CAPEX SPEND UP R302.3M

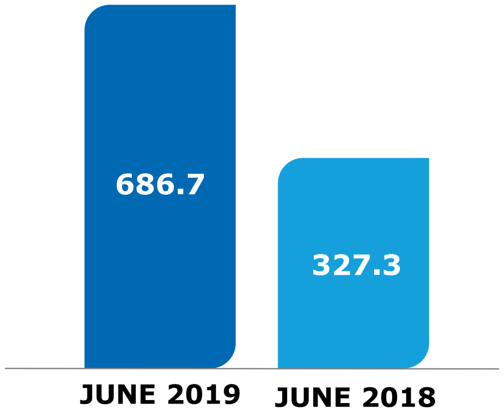
Capital expenditure (including intangibles) was **R1 151.4m** (2018: R849.1m)

Major spend items in the current period included:
- Construction of the Rustenburg waste-to-value plant (R173.9m);
- Cane replant and irrigation investments in the Sugar business unit (R41.3m);
- Logistics fleet and infrastructure to build our frozen and super-frozen capabilities (R48.6m);
- Spend to move the remaining Bronkhorstspruit operations to other Speciality sites (R54.3m);
- Investments behind high-pressure processing equipment for viennas (R24.0m);
- Investments in the Pies business unit to support future growth (R22.7m); and
- Hatchery infrastructure investments in the Chicken business unit (R22.8m)

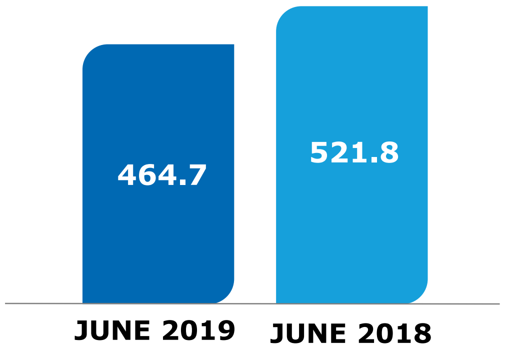
Capital commitments of **R753.9m** (2018: R913.4m)

Major items included in these amounts relate to:
- Completion of the Rustenburg waste-to-value plant (R126.1m);
- Further capacity investments within the Pies & MillBake business units (R115.6m); and
- Cane replant and irrigation investments in the Sugar business unit (R41.2m)

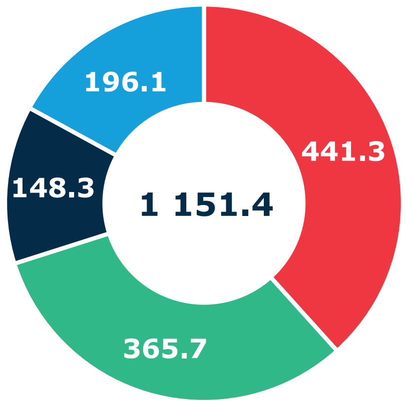
EXPANSION (Rm)



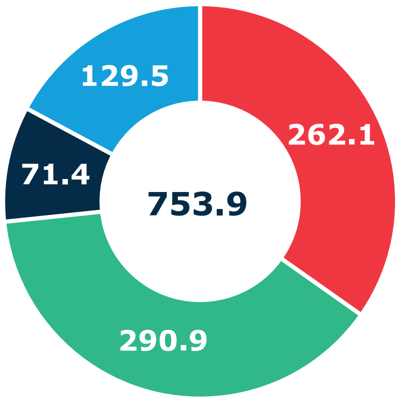
REPLACEMENT (Rm)



CAPITAL EXPENDITURE BY DIVISION (Rm)



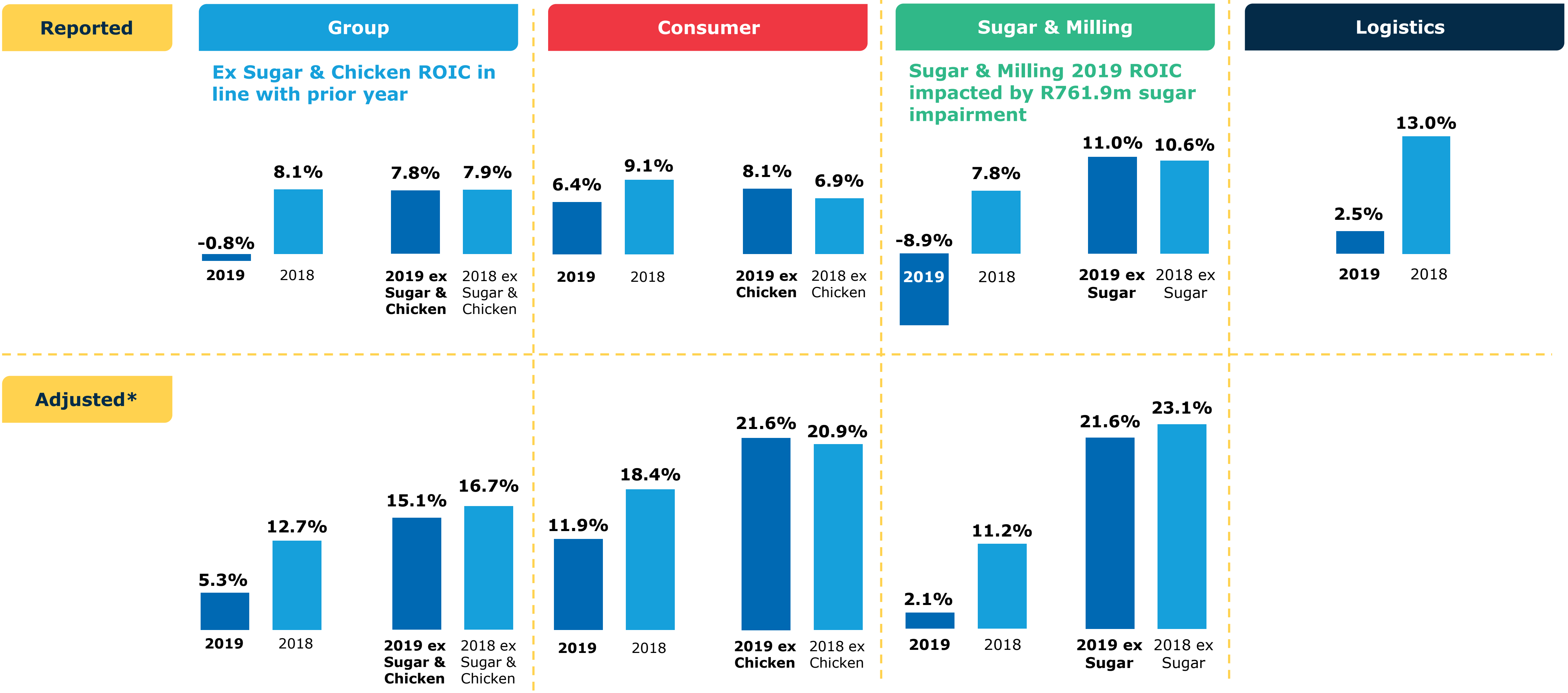
CAPITAL COMMITMENTS BY DIVISION (Rm)



Consumer | Sugar & Milling | Group | Logistics

RETURN ON INVESTED CAPITAL (ROIC) AT JUNE

GROUP ROIC DECLINES TO NEGATIVE 0.8% MAINLY DRIVEN BY DECLINE IN SUGAR & CHICKEN PROFITABILITY



*Excludes Foodcorp acquisition purchase price allocation for intangible assets, PPE balances and related amortisation, depreciation and tax as well as Sugar's impairment in 2019

DEBT PACKAGE

DEBT PACKAGE RESTRUCTURED IN DECEMBER 2018 AT LOWER INTEREST RATES

INTEREST RATE OF 3M JIBAR + MARGIN OF 1.5% TO 1.55% OVER 5 YEAR TERM

TERM	VALUE (Rm)	YEAR 1 (DEC 19)*	YEAR 2 (DEC 20)	YEAR 3 (DEC 21)	YEAR 4 (DEC 22)**	YEAR 5 (DEC 23)
5 year	837.50					
	RCF[1]: 837.50					
4 year	281.25					
	RCF: 281.25					
3 year	56.25					
	RCF: 56.25					
Total	**2 350**					
Hedged %		**75%**	**75%**	**75%**	**75%**	**0%**

Hedged 3M JIBAR (collar with a 7.0% floor & 8.5% cap)

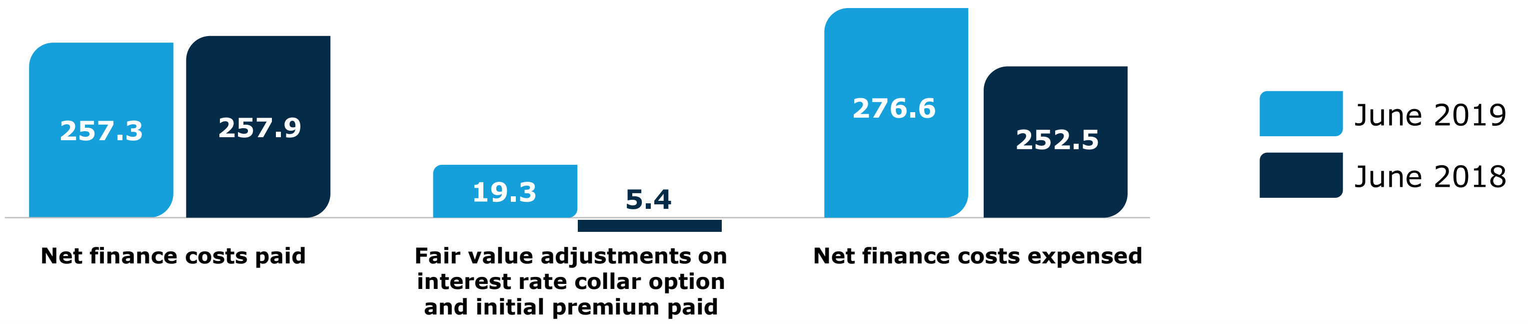
Unhedged

Partial hedge (50%)

* Hedge commenced 1 April 2019

** Hedge ends 31 March 2022

NET FINANCE COSTS (Rm)



[1]Revolving credit facility

DEBT COVENANTS

DESPITE THE DECLINE IN PROFITABILITY, RCL FOODS STILL REMAINS WELL WITHIN COVENANT REQUIREMENTS

Required covenant ratios were revised on restructuring of the debt package in December 2018

COVENANT	REQUIRED	JUNE 2019	DEC 2018
Senior leverage ratio (Net senior debt*/pre-IFRS 9 commodity adjustments HEBITDA)	<3.0	2.3	1.3
Senior interest cover ratio (pre-IFRS 9 commodity adjustments HEBITDA/senior net finance charges**)	>3.5	4.8	6.6

Covenant met   Covenant breached

The restructured debt package has simplified compliance requirements and offers greater flexibility for borrowings

- Covenant requirements are fixed at 3.0 for the leverage ratio and 3.5 for the interest cover ratio over the entire 5-year term of the package
- The current package offers greater flexibility with respect to additional debt requirements. The Group has no external restrictions or limits for taking on additional subordinated unsecured debt should it be required, subject to compliance with the covenants

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

DAVID TUBB

COMMERCIAL DIRECTOR

CONSUMER DIVISION

OPERATIONAL REVIEW: CONSUMER

REVENUE (Rm)	JUNE 2019	JUNE 2018*	% VAR
Consumer	**12 965.0**	12 752.9	1.7
Sugar & Milling	**14 935.3**	13 668.9	9.3
Logistics	**2 182.8**	1 980.0	10.2
Group**	**101.6**		
Sales between segments	**(4 297.2)**	(3 873.8)	10.9
Total	**25 887.5**	24 528.0	5.5
EBITDA (Rm)			
Consumer	**853.9**	985.2	(13.3)
Sugar & Milling	**518.3**	869.0	(40.4)
Logistics	**118.5**	204.3	(42.0)
Group	**35.0**	(12.5)	NM
Total	**1 525.7**	2 046.0	(25.4)

*June 2018 revenue restated by R102.0m due to prior year classification error | **Group revenue relates to the management fees earned from Siqalo Foods

OPERATIONAL REVIEW: CONSUMER

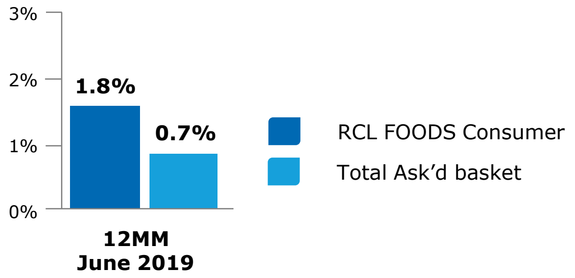
GROCERIES PERFORMANCE AHEAD OF THE MARKET

REVENUE (Rm)	JUNE 2019	JUNE 2018	% VAR
Groceries[1]	**5 399.8**	5 244.9	3.0
Chicken	**6 735.0**	6 693.4	0.6
Sales between business units	**(24.7)**	(35.5)	(30.4)
Sundry sales – Groceries[2]	**527.8**	534.0	(1.2)
Sundry sales – Chicken[2]	**327.1**	316.1	3.5
Total	**12 965.0**	12 752.9	1.7
EBITDA (Rm)			
Groceries	**639.6**	518.4	23.4
Chicken	**214.3**	466.8	(54.1)
Total	**853.9**	985.2	(13.3)
EBITDA MARGIN (%)*			
Groceries	**11.8**	9.9	1.9 ppts
Chicken	**3.2**	7.0	(3.8) ppts
Total	**6.6**	7.7	(1.1) ppts

HEADLINES

- Market pressures faced by Chicken more than offset strong Groceries performance
- Local market oversupply coupled with rising commodity input costs were key contributors to Chicken's poor result
- Our strong Grocery brands continued to gain market share and drive growth ahead of the ASK'd basket

ask'd



Notes:
1) Groceries category includes the Grocery, Beverages, Pies and Speciality business units
2) Revenue includes sundry sales 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 on revenue excluding cost recoveries

OPERATIONAL REVIEW: CONSUMER

UNDERLYING EBITDA RESULT OF R699.0M, DOWN 30.4% ON PRIOR YEAR

GROCERIES (Rm)	JUNE 2019	JUNE 2018	% VAR
EBITDA	**639.6**	518.4	23.4
IFRS 9 commodity adjustments	(2.9)	(19.1)	
Profit on disposal of Prepared lines	(47.0)		
Prepared lines retrenchment provision		62.0	
Underlying EBITDA	**589.7**	**561.3**	5.1
*Underlying EBITDA margin %**	***10.9***	*10.7*	0.2 ppts
CHICKEN (Rm)			
EBITDA	**214.3**	466.8	(54.1)
Farm Sales	(105.0)	(101.4)	
Once-off Listeriosis costs		78.2	
Underlying EBITDA	**109.3**	**443.6**	(75.4)
*Underlying EBITDA margin %**	***1.6***	6.6	(5.0) ppts
CONSUMER (Rm)			
Underlying EBITDA	**699.0**	**1 004.9**	(30.4)
Underlying EBITDA margin %	***5.4***	*7.9*	*(2.5) ppts*

HEADLINES

- Underlying EBITDA removes the impact of once-off material items and accounting adjustments
- Excluding the IFRS 9 fair value gains on commodity positions and once-offs relating to the Speciality business units' Prepared lines exit, Groceries underlying result is up 5.1%
- Included in Chicken's result is a profit on the sale of dormant farms of R105.0m (2018:R101.4m) following the decision in 2017 to reduce consequential chicken volumes which resulted in certain farms being closed. The prior year also included once-off costs incurred relating to the Listeriosis crisis

*Margin calculated on revenue excluding cost recoveries

OPERATIONAL REVIEW: GROCERIES

GROCERY: CULINARY

- Our Culinary brands continue to power ahead, delivering a strong set of results on the back of solid volume growth and margin improvements
- Successful promotional support plans translated into market share gains for all our Culinary brands with Nola, Yum Yum and Ouma growing their market leadership positions
- Whilst the business intends to extend the excellent work done in 2019, a challenging year ahead is expected with pressure on pricing in a rising commodity market

MARKET SHARE (VOLUME)	12MM JUNE 2018	12MM JUNE 2019
NOLA	43.2%	48.6%
YUM YUM	30.1%	32.5%
OUMA	46.9%	47.3%

Source: Aztec

OPERATIONAL REVIEW: GROCERIES

GROCERY: PET FOOD

- Our investment in a new, state of the art pet food facility enabled the category to roll out an exciting range of differentiating products in 2019
- However, despite additional volumes from innovation, our existing core range came under pressure from aggressive competitor discounting driving the market down
- A revised promotional plan has been implemented which together with a second wave of innovation is expected to drive a strong Pet Food result in 2020
- Despite this, all major brands held or grew their market leadership status

MARKET SHARE (VOLUME)	12MM JUNE 2018	12MM JUNE 2019
Bobtail	32.7%	34.1%
Canine Cuisine*	24.5 %	28.9 %
Catmor	67.1%	62.0%

Source: Aztec

*Premium category

OPERATIONAL REVIEW: GROCERIES

PIES

- Despite the impact of a fire at the Pies bakery, the business unit delivered another outstanding year of growth
- Strong demand was driven by a clear front-end investment plan coupled with cost saving efficiencies that enabled competitive pricing
- In addition, innovation in both Pieman's and customer specific dealer-owned brands was a key contributor to the year's success
- With the rebuild of the bakery expected to be completed before the end of the 2019 calendar year and further investment in additional capacity and exciting new production capability, the business is positioned well for the 2020 financial year

OPERATIONAL REVIEW: GROCERIES

BEVERAGES

- 2019 was a year focused on reviving the core in an extremely competitive beverage market

- Whilst strong front-end support coupled with a revised pricing strategy were instrumental in growing core volumes, the division also launched a range of exciting new products. These were aimed at entering adjacent beverage categories as well as driving up overall market demand

- Whilst the beverage market remains intensely competitive, RCL FOODS acknowledges the need to protect and grow this affordable category by differentiating the brand further through innovation and reducing costs further

OPERATIONAL REVIEW: GROCERIES

SPECIALITY

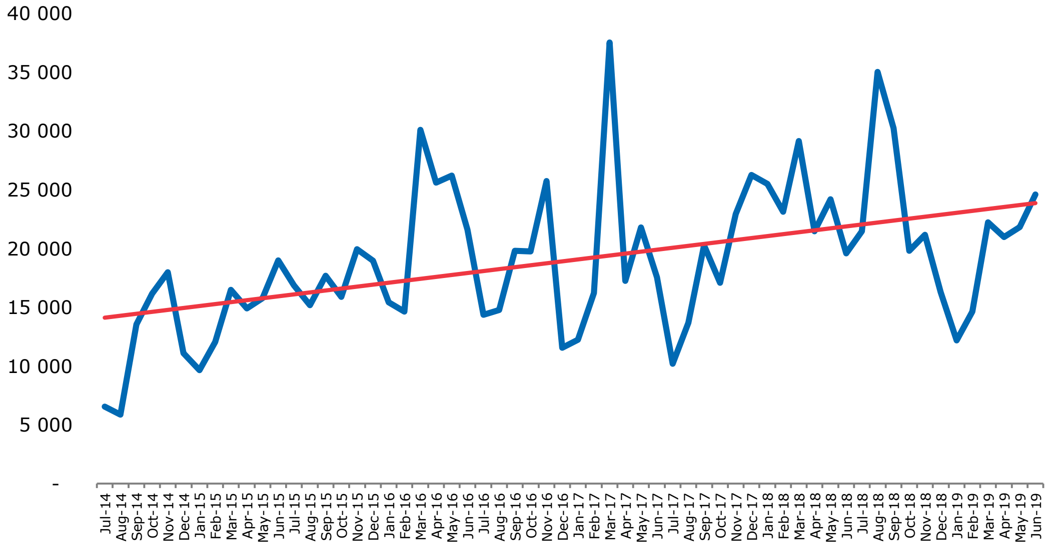
- A restructure of the Speciality business in 2019 to focus on Bakery capability resulted in the disposal of our Bronkhorstspruit Prepared plant and the relocation of desserts to our Centurion facility
- In addition to the challenges associated with a restructure of this magnitude, sales volumes also came under severe pressure
- However, strong cost management and operational efficiencies have been key in offsetting the softer Retail market demand
- 2020 focus will be centered around settling the Bakery business whilst also aggressively driving volumes through insight driven innovation

OPERATIONAL REVIEW: CHICKEN

CHICKEN

- Chicken's decline in performance was a result of a tough trading year underpinned by muted retail demand stemming from local oversupply with high import levels being a key contributor
- SAPA in conjunction with major poultry producers have lodged an application with government for a tariff increase on imported frozen bone-in portions however the outcome of this application is still pending
- In addition to an industry stock imbalance, breed challenges adversely impacted our agric KPI's, whilst a considerable increase in feed costs made it challenging for producers to fully recover cost push through pricing

IMPORTS – BONE-IN PORTIONS – TONS PER MONTH



Source: SAPA

RETAIL SELLING PRICES VS FEED COST

OPERATIONAL REVIEW: CHICKEN

CHICKEN

- Whilst the mainstream category remains volatile, we remain committed to growing the more stable Foodsolutions and Retail Added-Value channels
- The Foodsolutions channel has come under pressure in recent times as customers look to diversify their supplier base with an adverse impact on the structure of our business model
- Our Retail Added-Value category however returned to growth with Rainbow re-launching it’s Simply Chicken “Tested & Clear” Polony and Vienna ranges with both gaining good market traction
- We envisage an increasingly competitive trading environment for the upcoming year and therefore we’ve implemented various initiatives with the aim of enhancing our focus and competitiveness

PAUL CRUICKSHANK

MANAGING DIRECTOR
SUGAR & MILLING DIVISION

OPERATIONAL REVIEW: SUGAR & MILLING

REVENUE (Rm)	JUNE 2019	JUNE 2018*	% VAR
Consumer	**12 965.0**	12 752.9	1.7
Sugar & Milling	**14 935.3**	13 668.9	9.3
Logistics	**2 182.8**	1 980.0	10.2
Group**	**101.6**		
Sales between segments	**(4 297.2)**	(3 873.8)	10.9
Total	**25 887.5**	24 528.0	5.5

EBITDA (Rm)			
Consumer	**853.9**	985.2	(13.3)
Sugar & Milling	**518.3**	869.0	(40.4)
Logistics	**118.5**	204.3	(42.0)
Group	**35.0**	(12.5)	NM
Total	**1 525.7**	2 046.0	(25.4)

*June 2018 revenue restated by R102.0m due to prior year classification error | **Group revenue relates to the management fees earned from Siqalo Foods

OPERATIONAL REVIEW: SUGAR & MILLING

SUGAR'S ADVERSE PERFORMANCE CASTS A SHADOW OVER DIVISIONAL RESULTS

REVENUE (Rm)	JUNE 2019	JUNE 2018*	% VAR
Sugar	**5 692.8**	5 419.9	5.0
MillBake	**3 953.2**	3 646.5	8.4
Animal Feed	**5 433.5**	4 691.4	15.8
Sales between business units	**(144.2)**	(88.9)	62.2
Total	**14 935.3**	13 668.9	9.3
EBITDA (Rm)			
Sugar	**(84.5)**	284.1	(129.7)
MillBake	**307.0**	265.4	15.7
Animal Feed	**295.8**	319.5	(7.4)
Total	**518.3**	869.0	(40.4)
EBITDA MARGIN (%)			
Sugar	**(1.5)**	5.2	(6.7) ppts
MillBake	**7.8**	7.3	0.5 ppts
Animal Feed	**5.4**	6.8	(1.4) ppts
Total	**3.5**	6.4	(2.9) ppts

HEADLINES

- A structural change in the sugar industry, driven by significant decline in demand off the back of the Health Promotion Levy, weighs heavily on Sugar's results
- Solid performance in Baking as focus continues to deliver efficiency and market share gains
- Tough competitive environment and rising feed costs constrain an otherwise sound result for Animal Feed

*June 2018 revenue restated by R102.0m due to prior year classification error

OPERATIONAL REVIEW: SUGAR & MILLING

UNDERLYING EBITDA RESULT OF R488.8M, DOWN 39.5% ON PRIOR YEAR (UP 9.6% EXCLUDING SUGAR)

ANIMAL FEED (Rm)	JUNE 2019	JUNE 2018	% VAR
EBITDA	**295.8**	319.5	(7.4)
IFRS 9 commodity adjustments	(29.5)	(61.7)	
Underlying EBITDA	**266.3**	**257.8**	3.3
Underlying EBITDA margin %	***4.9***	*5.5*	(0.6) ppts
SUGAR & MILLING (Rm)			
Underlying EBITDA	**488.8**	**807.3**	(39.5)
Underlying EBITDA margin %	***3.3***	*5.9*	*(2.6) ppts*

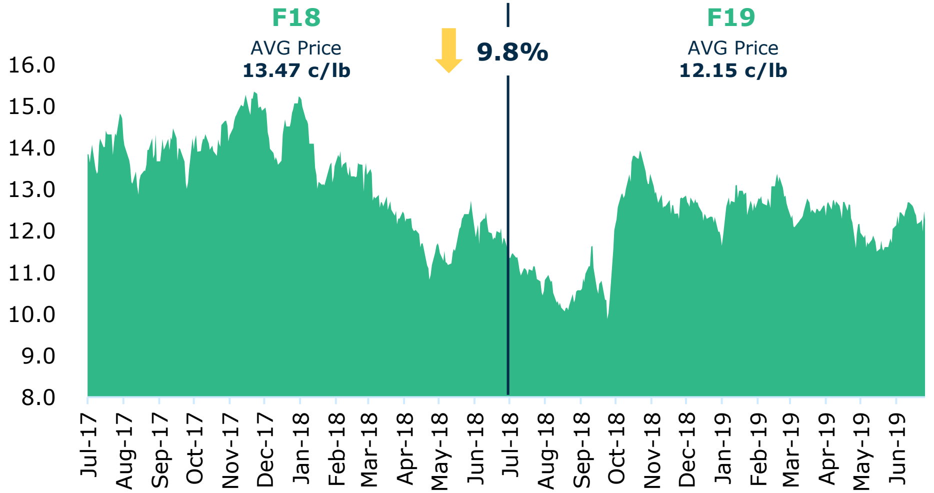
HEADLINES

- Underlying EBITDA removes the impact of once-off material items and accounting adjustments
- IFRS 9 adjustments in Animal Feed relates to the fair value gains and losses on the commodity procurement positions. The R29.5m current year adjustment relates mainly to gains on maize positions whilst the prior year adjustment included gains on currency positions which have reversed due to the strengthening of the rand

OPERATIONAL REVIEW: SUGAR

- Reduced demand, stemming from the Health Promotion Levy (sugar tax), batters sugar industry
- Tariff has slowed deep-sea imports, however Eswatini imports continue growing and prove troublesome
- World market prices remain at 10-year lows as over-supply persists
- Cane crop recovers significantly into a declining market resulting in increased exports
- Focus on cost and efficiencies remains a key priority
- Work with industry and government is underway to ensure sustainability and enable diversification

NO. 11 WORLD SUGAR PRICE (Raw Sugar)

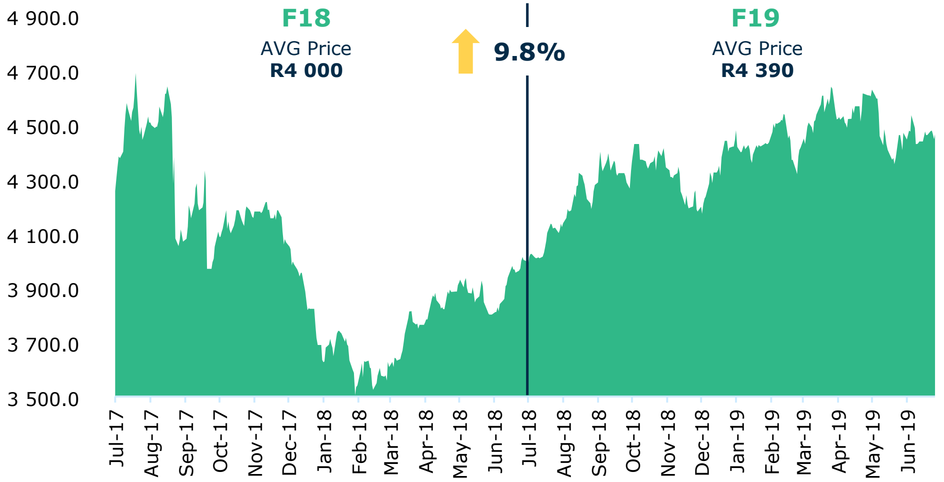


Source: Reuters

OPERATIONAL REVIEW: MILLBAKE

- A solid performance in Baking with improved volume and margins despite 9.8% wheat price increase
- Focus on high quality bread whilst driving operating efficiencies and market share
- Operational challenges at the mill constrained supply and are currently being addressed
- Flour quality remains exceptional and helps drive efficiency in Baking
- Ongoing labour challenges at the mill negatively impacted operations during the year

SAFEX WHEAT PRICE (R/ton)



Source: Reuters

OPERATIONAL REVIEW: ANIMAL FEED

- The market remained fiercely competitive into the second half of the year
- Raw material pricing increased and could not be fully recovered in an extremely tight market
- Internal efficiency and cost savings are key focus areas
- Customer and technical support differentiation remains
- Driehoek acquisition performs in line with expectations

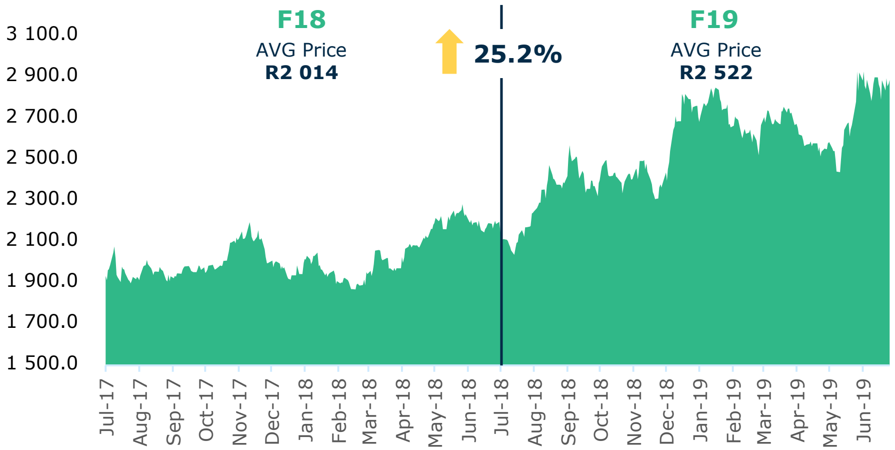
ANIMAL FEED MARKET SHARES

GAME	DAIRY	LAYERS	BROILERS	HORSE
53.1%	3.1%	3.9%	23.6%	94.7%

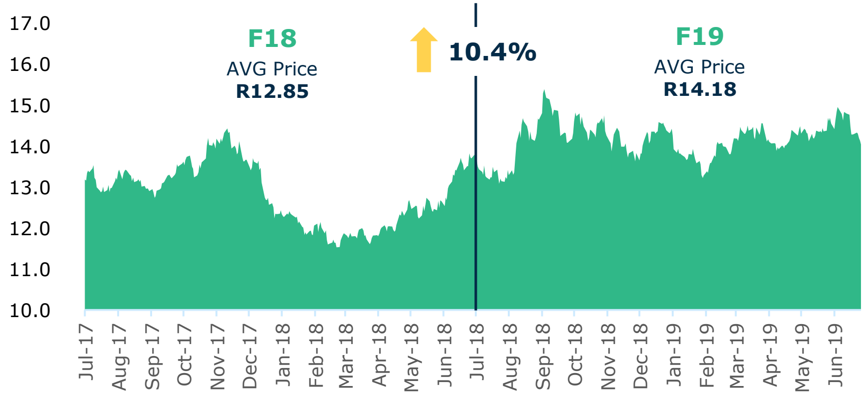
RUMINANTS	OSTRICH	PIGS	BREEDERS
34.8%	12.8%	4.8%	23.1%

Source: Internal estimate (share of AFMA – March 2019)

YELLOW MAIZE PRICE (R/ton)



RAND/USD



Source: Reuters

CHRIS CREED

MANAGING DIRECTOR
LOGISTICS DIVISION

OPERATIONAL REVIEW: LOGISTICS

LOGISTICS EBITDA MARGIN NEGATIVELY IMPACTED BY COST HEADWINDS FACED

REVENUE (Rm)	JUNE 2019	JUNE 2018*	% VAR
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Group	**35.0**	(12.5)	NM
Total	**1 525.7**	2 046.0	(25.4)

HEADLINES

- Pleasing revenue performance, despite the impact of the Chicken restructure, driven largely by:
  - Additional volumes in respect of the Pick n Pay frozen basket take-on
  - The Siqalo Foods take-on in the second half of the financial year
  - Foodservice revenue growth across the majority of our customers,
  - Offset by loss of Willowton due to Siqalo take on, and Burger King
- EBITDA margin declined to 5.4% (2018: 10.3%), mainly due to the following cost headwinds faced:
  - Record fuel prices during the financial period under review
  - Above CPI distribution inflation not fully recovered as a result of the current economic environment, and significant insurance increases
  - Enablement costs in respect of both the Pick n Pay frozen basket and Siqalo Foods take-ons
- As mentioned in our interim results, we have acquired a 45% shareholding in L&A Logistics which increases our African footprint and provides an attractive re-entry into the Zambian market for RCL FOODS

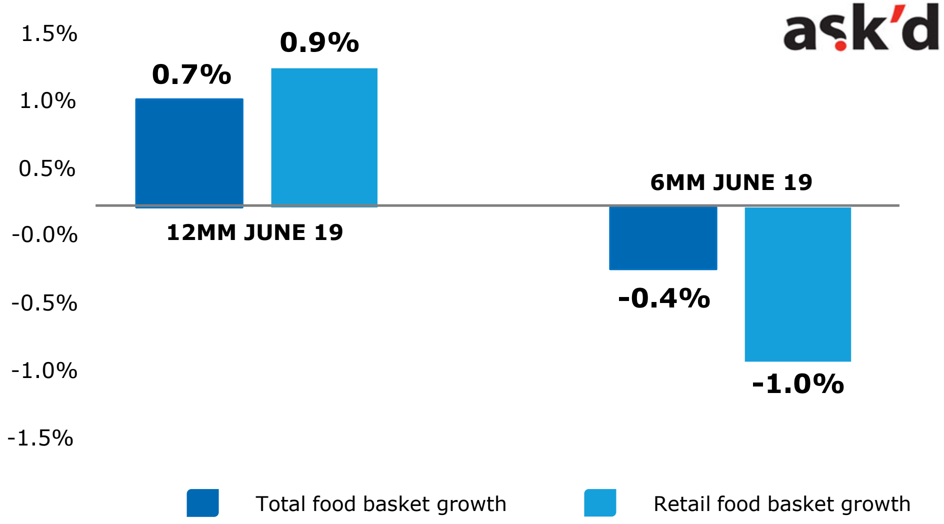
*June 2018 revenue restated by R102.0m due to prior year classification error | **Group revenue relates to the management fees earned from Siqalo Foods

PLEASING REVENUE PERFORMANCE IN LINE WITH MITIGATION STRATEGY

- Good progress has been made on the mitigation strategy to offset the impact of the Chicken restructure, with revenue growing 10.2% on the prior year
- Solid retail revenue performance largely as a result of the Pick n Pay frozen basket (including ice-cream) and Siqalo Foods take-ons, in an otherwise muted retail volume growth environment
- Foodservice revenue grew across the majority of our customers despite the strained economic environment
- The growth in revenue was despite the loss of Willowton as a result of the Siqalo Foods take-on and Burger King in the second half of the year

SOLID RETAIL REVENUE PERFORMANCE DUE TO NEW BUSINESS DESPITE MUTED RETAIL VOLUMES

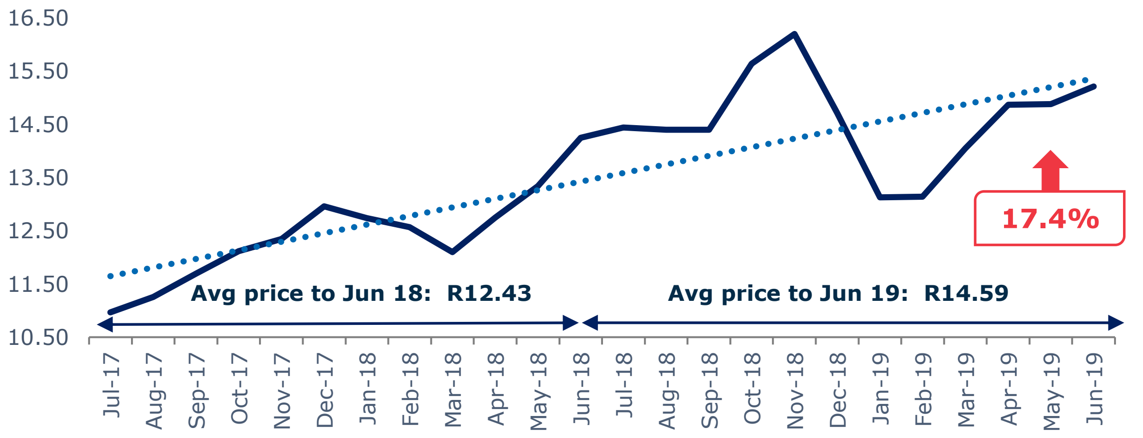
VOLUME GROWTH



COST PRESSURES ERODE LOGISTICS MARGIN

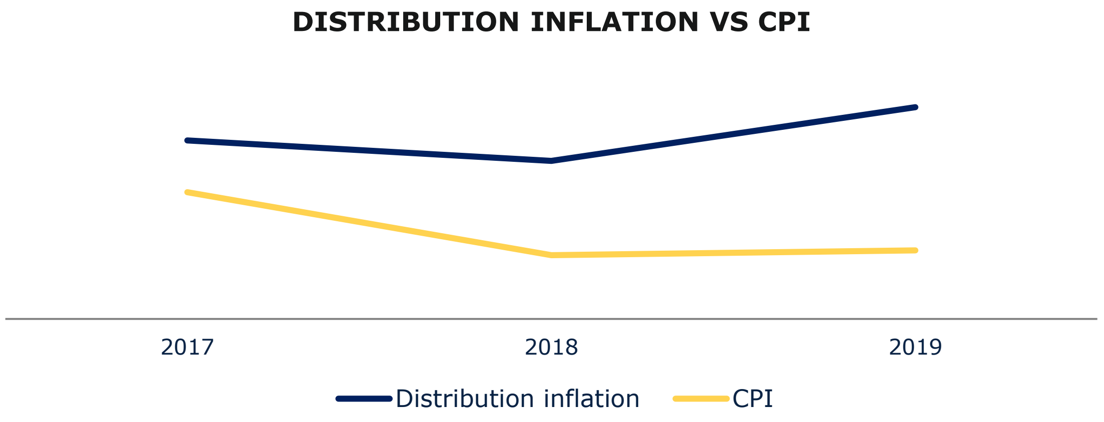
- EBITDA declined 42.0% to R118.5m as a result of the cost pressures faced during the period under review
- Fuel costs increased well above expected levels with a spate of price hikes driving the average year-on-year price for Inland diesel up 17.4%, coming of a 30% increase in the previous year
- Distribution inflation tracked in excess of CPI for the full financial year, which limited our ability to fully recover cost increases
- In order to successfully enable the Pick n Pay frozen basket (including ice-cream) and Siqalo Foods take-ons, various enablement costs were incurred in the transport and warehousing areas

SIGNIFICANT FUEL PRICE INCREASES IMPACT RESULTS



Source: www.aa.co.za

DISTRIBUTION INFLATION TRACKS IN EXCESS OF CPI, LIMITING THE ABILITY FOR PRICE INCREASES



Source: www.statssa.gov.sa/Internal

LOGISTICS WELL POSITIONED FOR THE FUTURE

- Logistics implemented a mitigation strategy to offset the Chicken restructure during the 2018 financial year, with focus on winning new business and cost optimisation in the transport and warehouse network, to suit revised business requirements

- This initiative gained momentum with new revenue of Pick n Pay frozen basket and Siqalo Foods and the successful implementation of a four Hub customer aligned network - reaffirming our customer-centric mindset

- The frozen supply chain industry has been under pressure for a period of time, resulting in the pending closure of Imperial CPG Division, closure of ID Logistics and KLL Logistics. This changing landscape brings further new business opportunities for Vector

SUCCESSFUL PICK N PAY FROZEN BASKET TAKE-ON REAFFIRMS CUSTOMER CENTRIC MINDSET

PROSPECTS

PROSPECTS

- **Sugar expects** to remain under **significant pressure** with **local market demand in decline**, urgent **interventions** are required at an **industry level** to ensure local industry's sustainability
- **Sugar's focus** in **2020** will be on the factors within our control, such as **cost reduction and optimisation**, whilst continuing to **investigate diversification opportunities**
- **Chicken** will **focus** on **engagement with industry and government** in order to establish a level playing field whilst continuing to focus on **business drivers within our control**
- In **Groceries**, we will continue to **focus** on **strong innovation, brand investment and efficiencies**, though **further share gains** will be **challenging** in the highly competitive markets
- **MillBake** will **continue** to build on the progress made in 2019 through **cost saving initiatives** and **brand investment**
- **Animal Feed** will continue its **focus** on **developing innovative feed solutions** to strengthen brands and **broaden the customer base**
- **Logistics** will focus on **bedding down the new business** acquired in 2019 and **improving efficiencies**