



# 2019

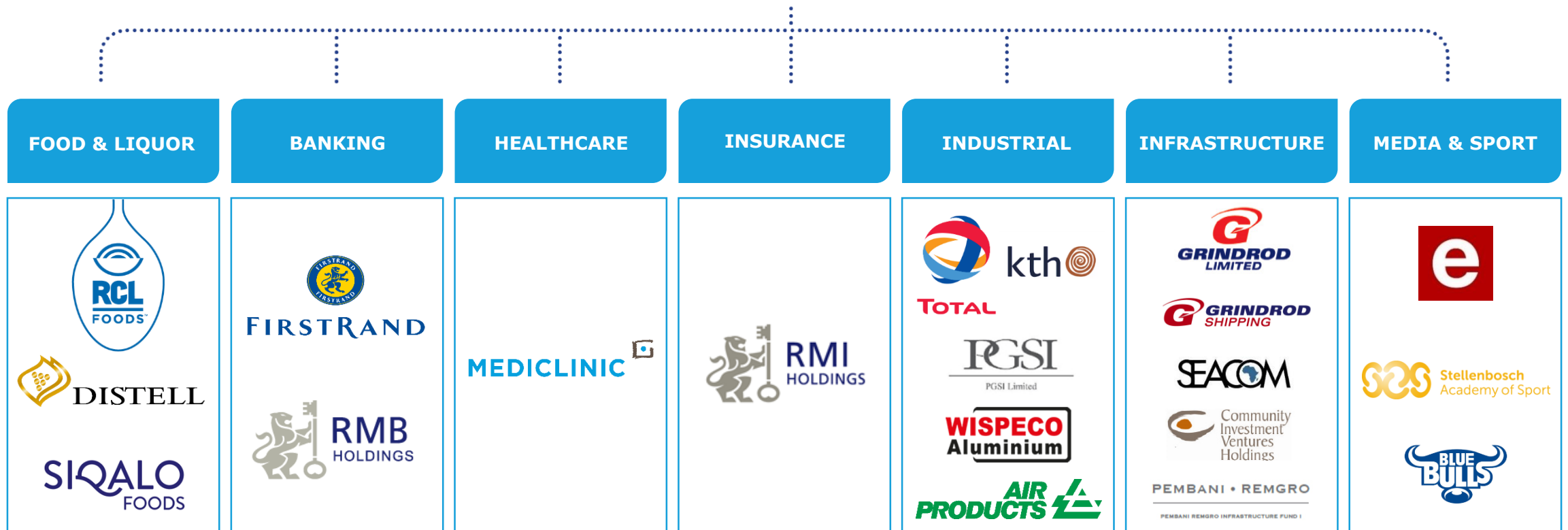
**INVESTOR PRESENTATION:  
APPENDECIES  
2 SEPTEMBER 2019**

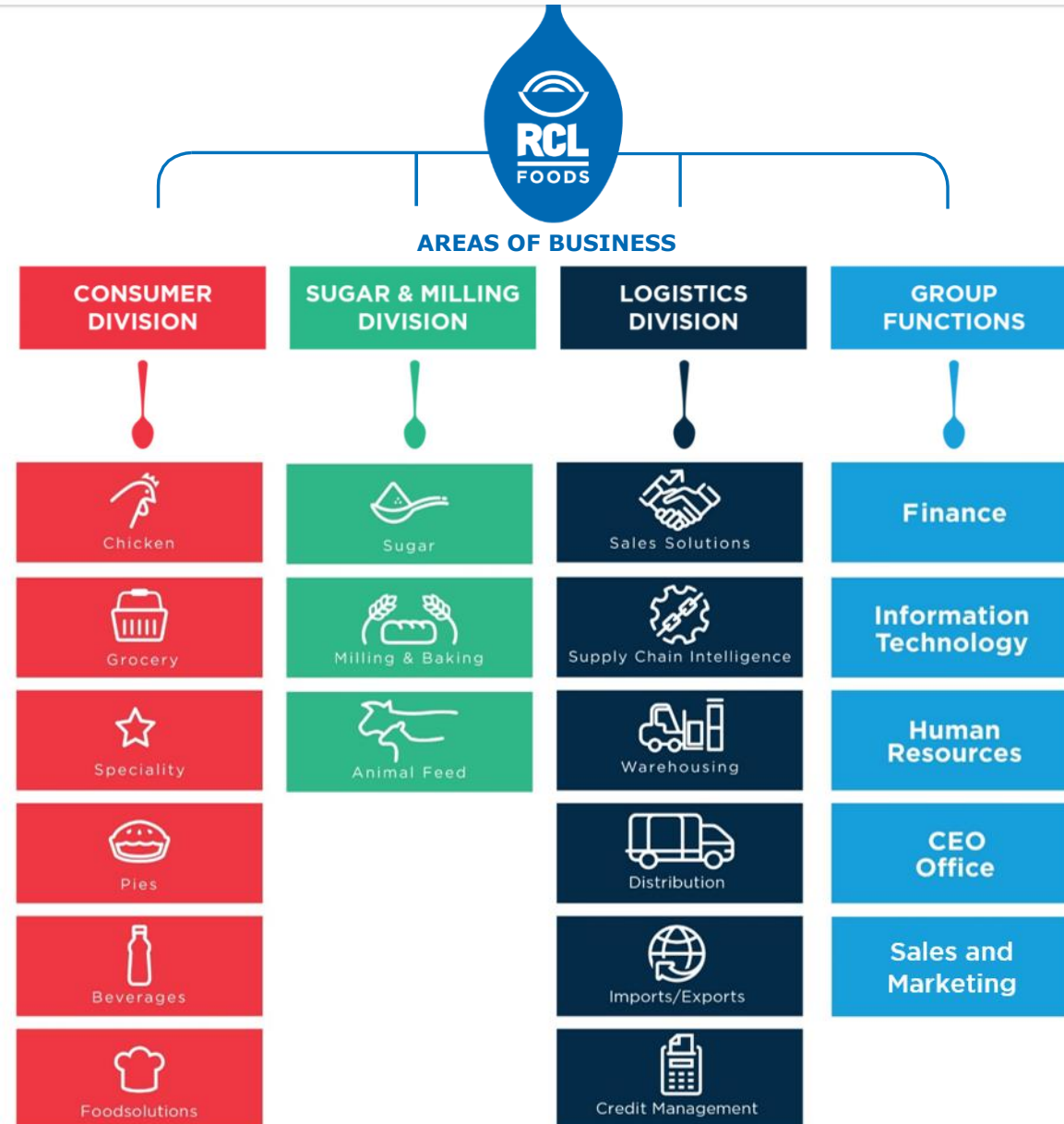
**RESULTS FOR THE YEAR  
ENDED JUNE 2019**



# 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 the benefits.

## OUR AMBITION

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

The key to our strategy is to build brands that people love – brands that make an impact on their lives and cater to their needs.







## OUR STRATEGIC THRUSTS

### Our Passion and Ambition are enabled by six strategic thrusts:

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

## OUR VALUES

### Four powerful values drive the way we do business:

-  Respect for people
-  Seeing and doing things differently
-  Uncompromising integrity
-  Act responsibly

## OUR WAY

### Inspired by Our Passion and Our Values

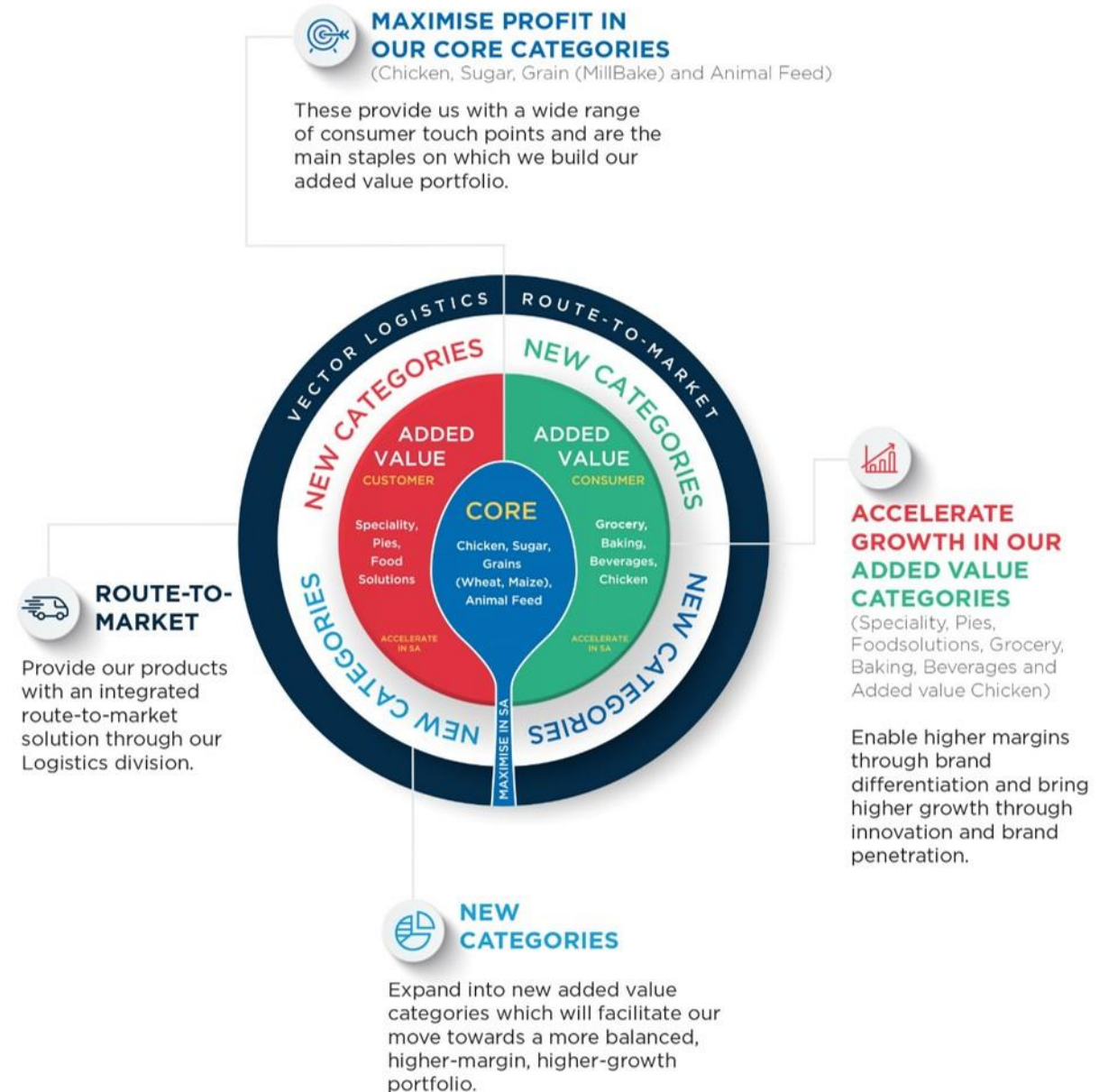
Our unique RCL FOODS culture is at the heart of our strategy, brought to life in Our Way – the key behaviours that inspire the way we work and create value.

-  **MORE IMPACT**
-  **MORE OPEN**
-  **MORE CURIOUS**
-  **MORE BRAVE**
-  **MORE SPEED**
-  **MORE YOU**

## OUR BUSINESS MODEL

Guided by **our passion** and underpinned by **our values**, we strive to **create value** for our stakeholders through the manufacture and distribution of a wide range of branded and private label food products.

In line with our **business model**, our business activities centre on **growing our revenue and profit across both our core and added-value categories**, through the effective and balanced use of our capitals.



## MATERIAL FINANCIAL IMPACTS

### CURRENT YEAR



**Profit on disposal of the Prepared lines** at the Speciality Bronkhorstspuit site of **R47.0m**



**Impairments** within the Sugar cash-generating unit of **R761.9m** stemming from **challenges** within the **local sugar industry**

### CURRENT & PRIOR YEAR



**Profits on sale of dormant farms** in the Chicken business unit of **R105.0m** (June 2018: R101.4m), stemming from the decision to reduce commodity chicken volumes in February 2017



**An IFRS 9 fair value gain on commodity positions of R32.4m** (June 2018: R80.8m gain). Current year gain relates mainly to gains on maize positions, whilst the prior year related mainly to gains on currency positions which have reversed in the current period

## MATERIAL FINANCIAL IMPACTS

### 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**



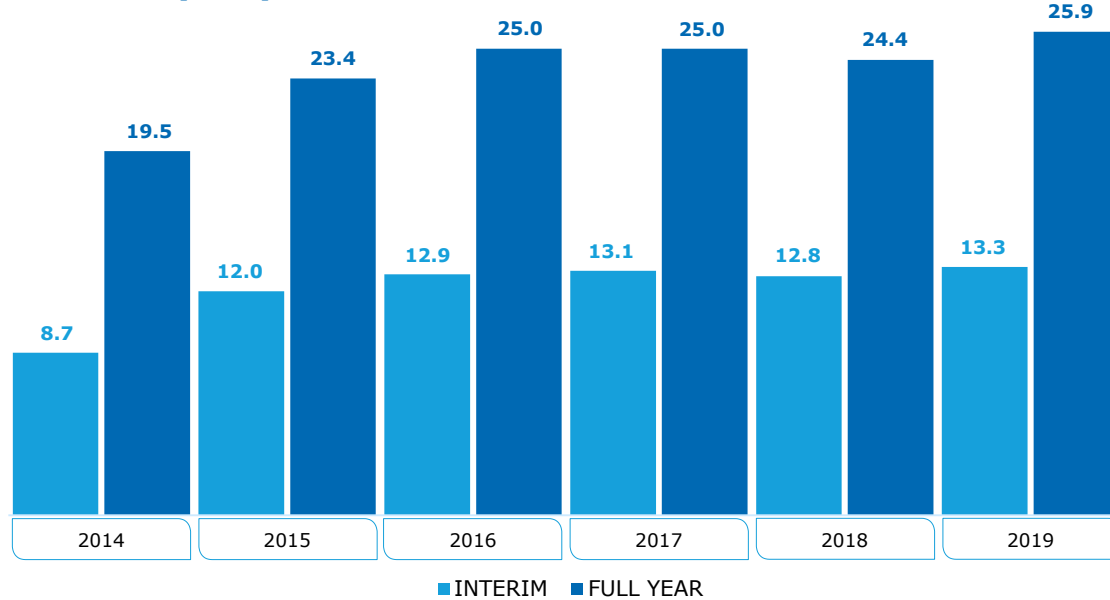
**R62.0m provision for retrenchment costs** in the Speciality business unit, related to the decision to **exit** the **Prepared lines**



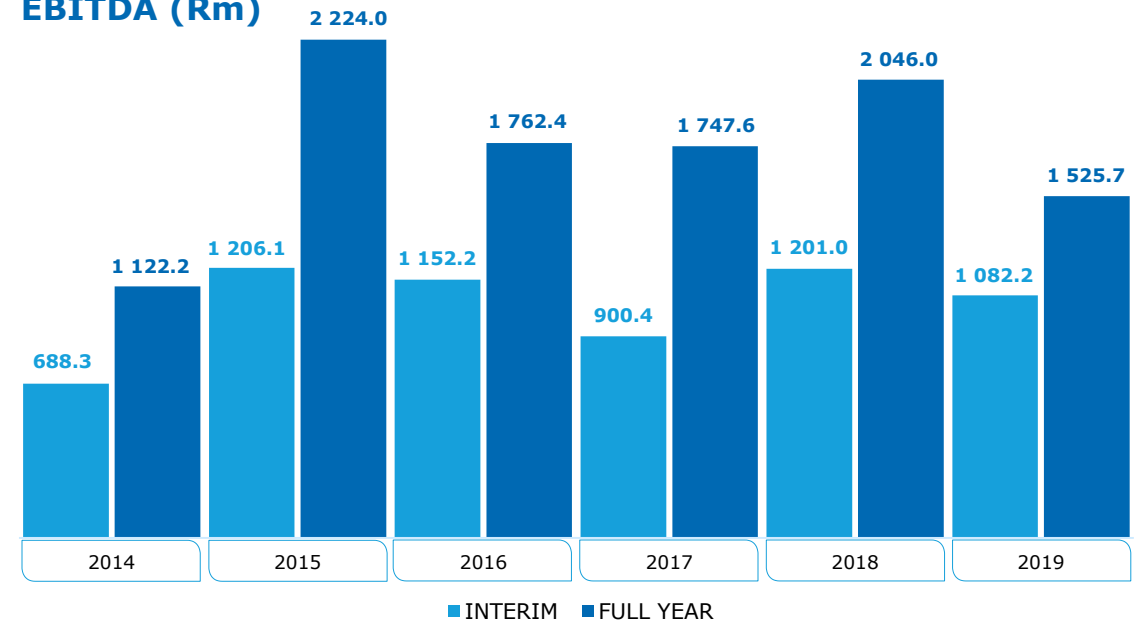
A **R64.0m tax credit** in the Sugar business unit related to a S12L energy efficiency allowance

# PERFORMANCE


## REVENUE (Rbn)



## EBITDA (Rm)



 **OVER 21 000 EMPLOYEES**

 **AROUND 680 000 TONS OF SUGAR PER YEAR**

 **151 TONS OF MAYONNAISE SOLD DAILY**

 **MORE THAN 1 500 DELIVERY VEHICLES**

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

 **316 000 PIES PER DAY**

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

 **MORE THAN 30 WELL KNOWN & MUCH LOVED BRANDS**

 **720 000 LOAVES OF BREAD PER DAY**

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



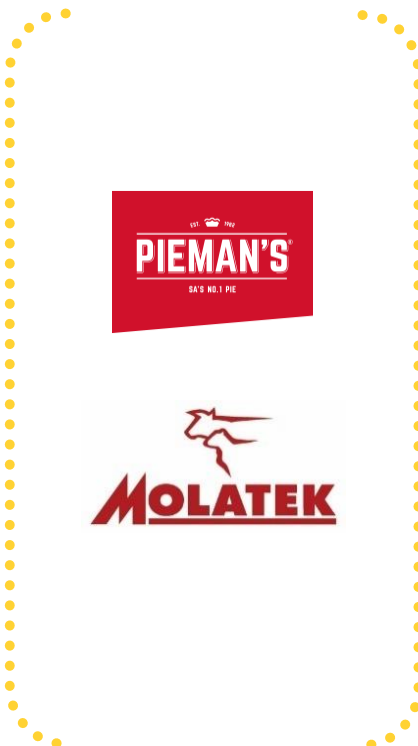
# OUR BRANDS

A few of South Africa's much loved brands produced by RCL FOODS

## 7 BRANDS OVER R1bn



## 2 BRANDS OVER R500m



## 4 BRANDS OVER R300m



## 8 BRANDS OVER R100m



## 9 BRANDS UNDER R100m



## MARKET SHARE

VOLUME SHARE % FOR THE PERIOD	6MM JUNE 19	12MM JUNE 19	12MM JUNE 18	SOURCE
Dogfoods (RCL Brands)	30.0	29.1	28.5	Aztec*
Catfoods (RCL Brands)	28.3	27.8	26.3	Aztec
Yum Yum Peanut Butter	31.5	32.5	30.1	Aztec
Nola Mayonnaise	46.1	48.6	43.2	Aztec
Sorghum (RCL FOODS Brands)	30.4	29.8	28.0	Aztec
Ouma Rusks	49.1	47.3	46.9	Aztec
Mageu	69.5	70.7	73.1	Aztec
Freezer to Fryer	37.4	33.9	31.6	Aztec
Polony (RCL FOODS Brands)	11.5	9.5	7.7	Aztec
Viennas (RCL FOODS Brands)	2.3	1.2	16.2	Aztec
Selati	31.7	30.2	31.1	Aztec
Pies and Rolls (RCL FOODS Brands)	3.8	4.1	7.3	Aztec
Supreme Flour	12.9	12.7	12.8	SAGIS**
Sunbake	8.7	8.5	9.0	SAGIS

VOLUME SHARE % FOR THE PERIOD	6MM MARCH 19	12MM MARCH 19	12MM MARCH 18	SOURCE
EPOL	12.7	13.1	13.0	Internal estimates – share of AFMA***
Molatek	5.3	5.0	4.4	Internal estimates – share of AFMA

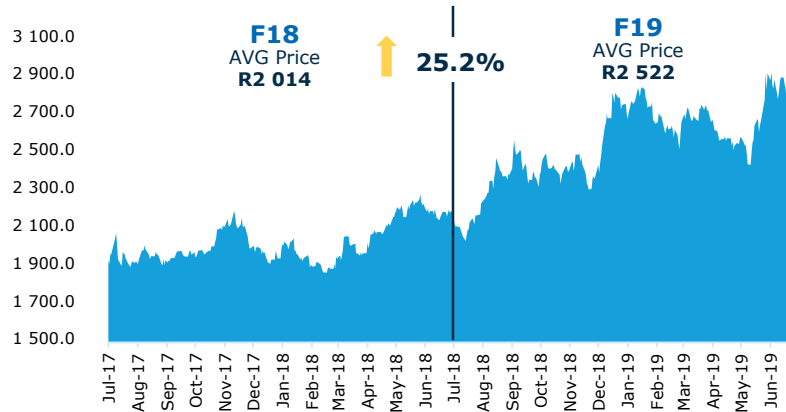
\*Aztec is a provider of market measurement and related services for consumer packaged goods

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

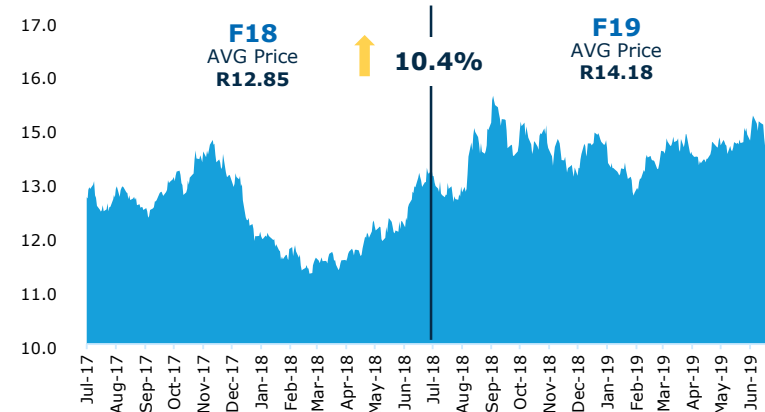
\*\*\*AFMA refers to the Animal Feed Manufacturers Associations, which represents approximately 60-65% of the total feed market.

# COMMODITY PRICES

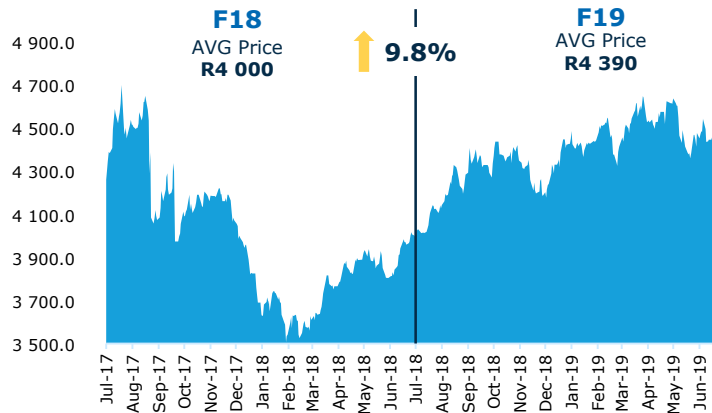
## YELLOW MAIZE PRICE (R/Ton)



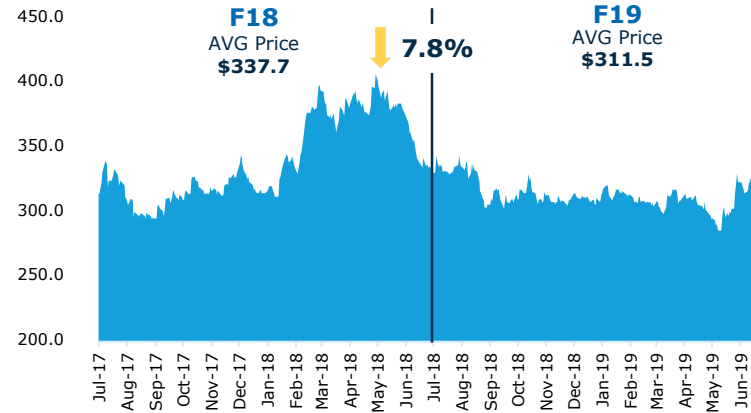
## RAND/USD



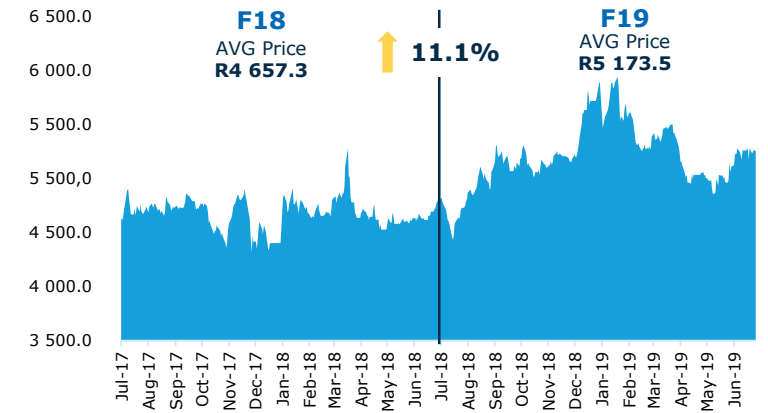
## SAFEX WHEAT PRICE (R/Ton)



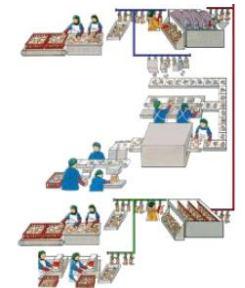
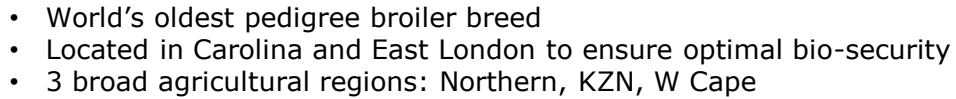
## CME SOYA PRICE (\$/Ton)



## SAFEX SUNFLOWER PRICE (R/Ton)



## INTEGRATED SUPPLY CHAIN FROM "FARM TO FORK"

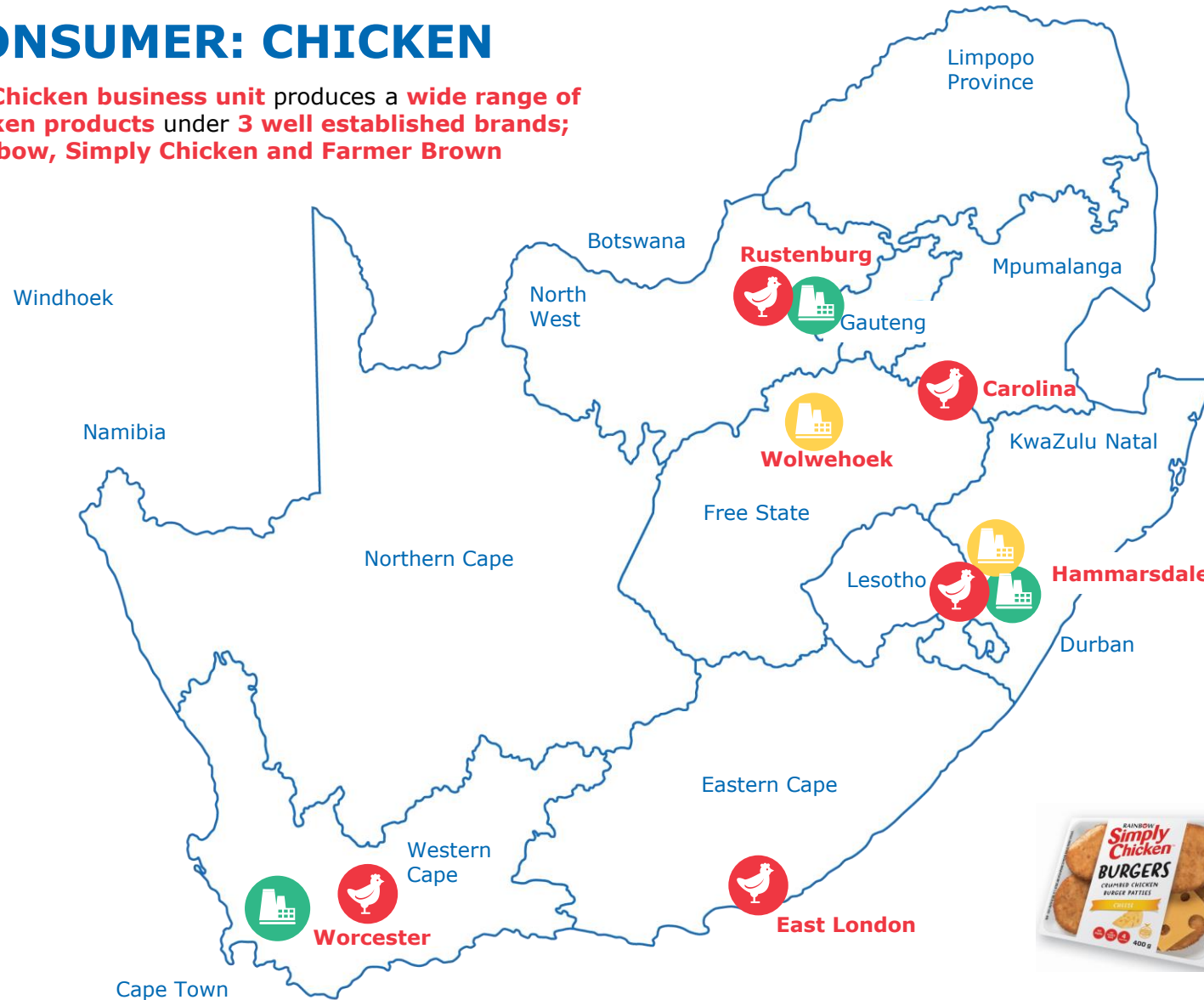


5 feed mills producing 876 000 tons pa



## 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



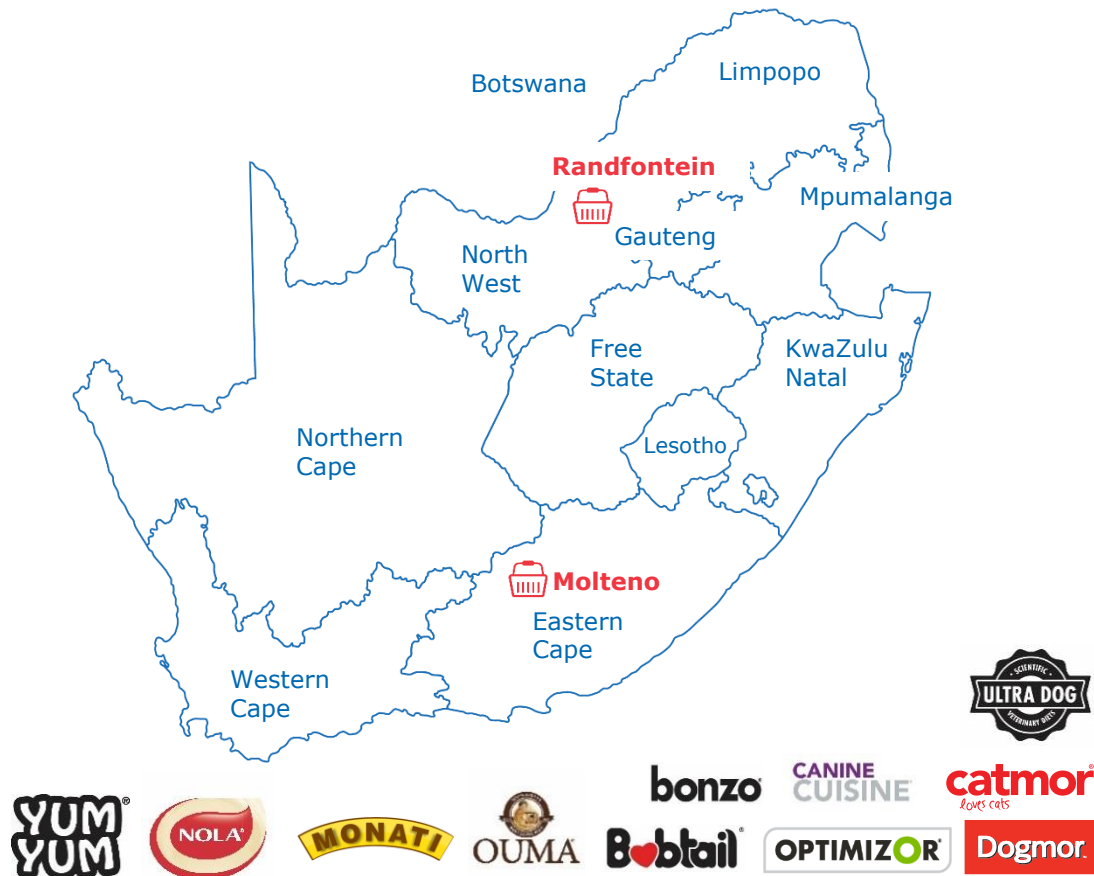
2 further processing plants



## CONSUMER: GROCERIES

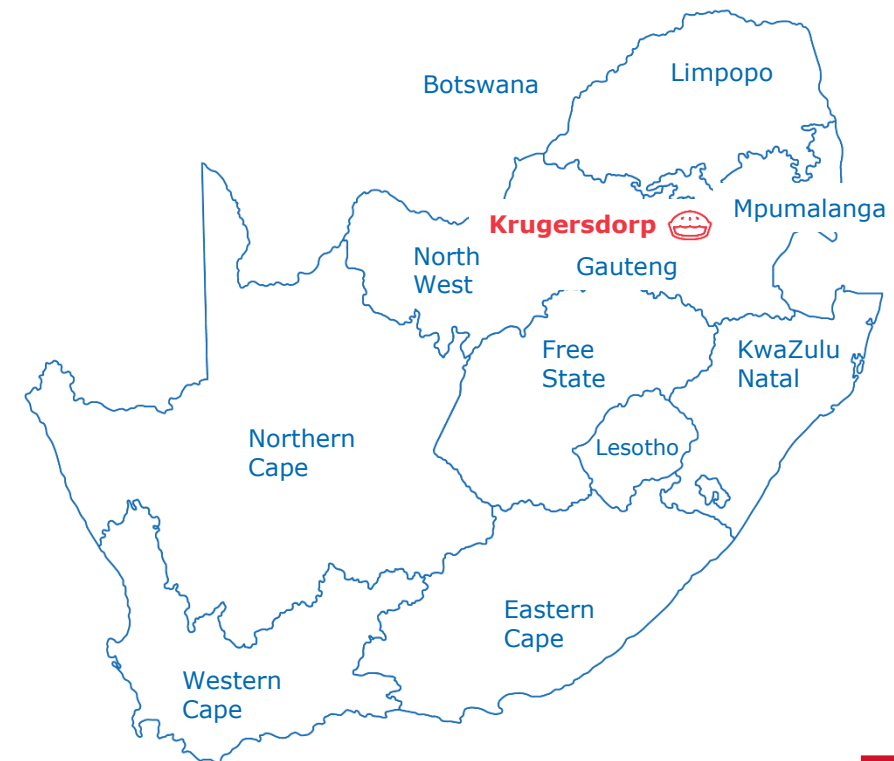
### GROCERY

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**



### PIES

The **Pies business unit** produces a range of **high quality pies under the Pieman's brand as well as dealer-owned brands** in frozen baked and unbaked formats





## CONSUMER: GROCERIES

### BEVERAGES

The **Beverages business unit** produces a **maize-based** drink under the **Number 1 Mageu**, **Smooth** and **Mnandi** brands



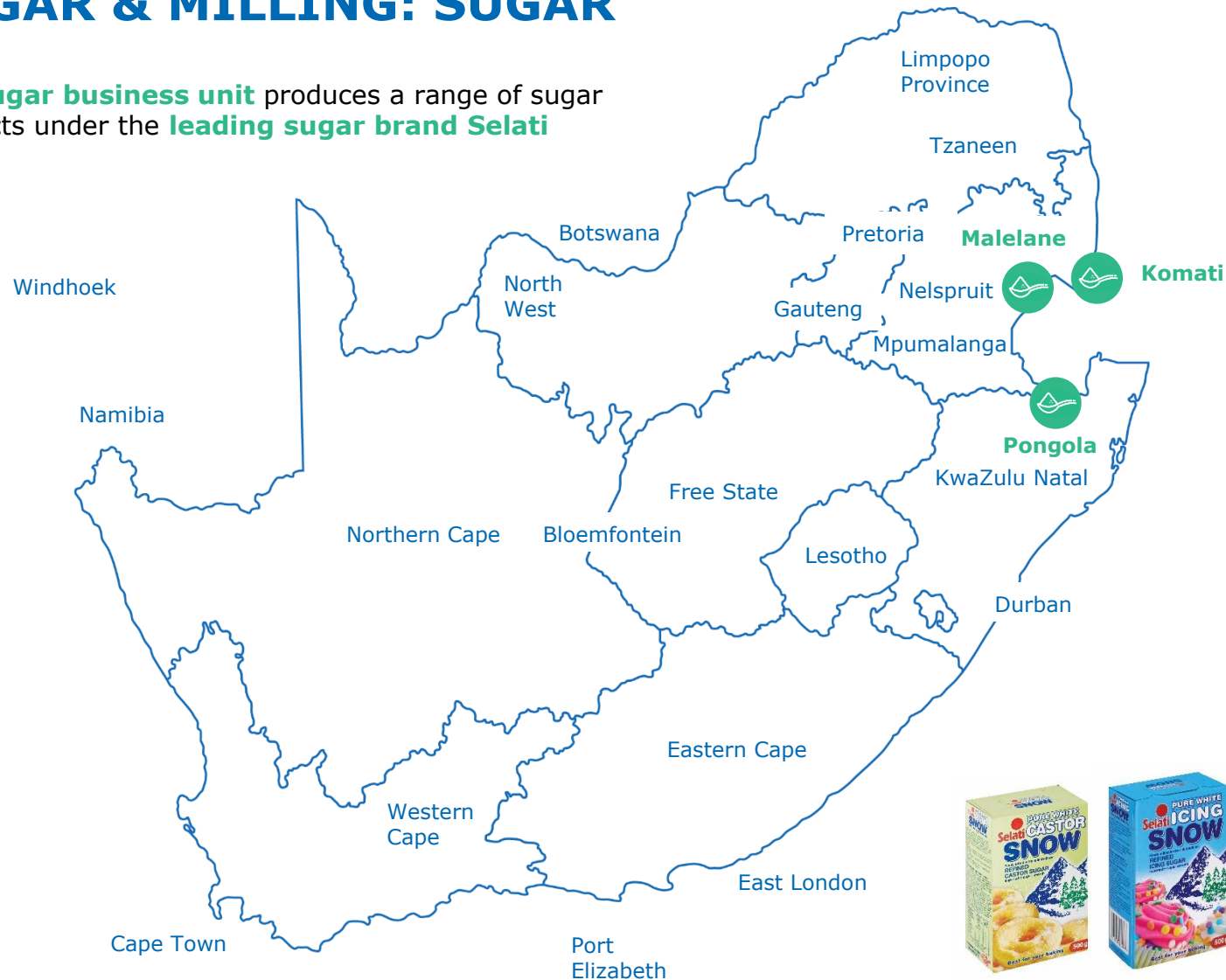
### SPECIALITY

The **Speciality business unit** produces a range of **ready to eat products** across **speciality bread, ambient cake and chilled cakes & desserts**, mainly for Woolworths



## SUGAR & MILLING: SUGAR

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

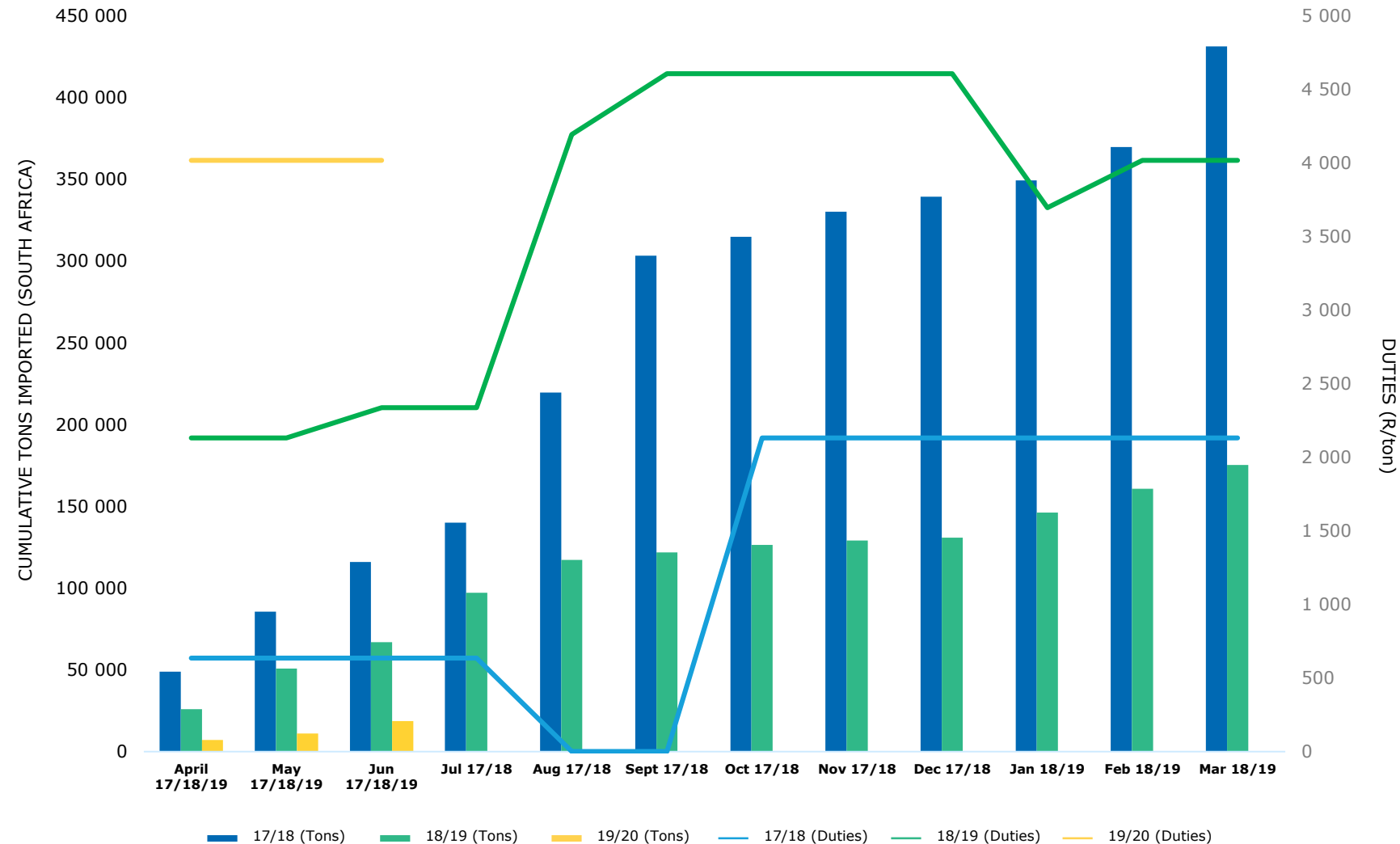


3 Sugar mills based in Malelane, Komati and Pongola, established in 1965, 1993 and 1954 respectively produce approximately 680 000 tons of sugar per year.





# SUGAR IMPORTS AND DUTIES



- Cumulative tons imported from 1 April 2017, 2018 and 2019 (start of industry year)
- A total of 127 010 tons have been imported for the year ended June 2019, down 66.8% (June 2018: 382 360 tons)
- Revised tariff implemented in August 2018, which substantially reduced imports

## SUGAR & MILLING: MILLBAKE

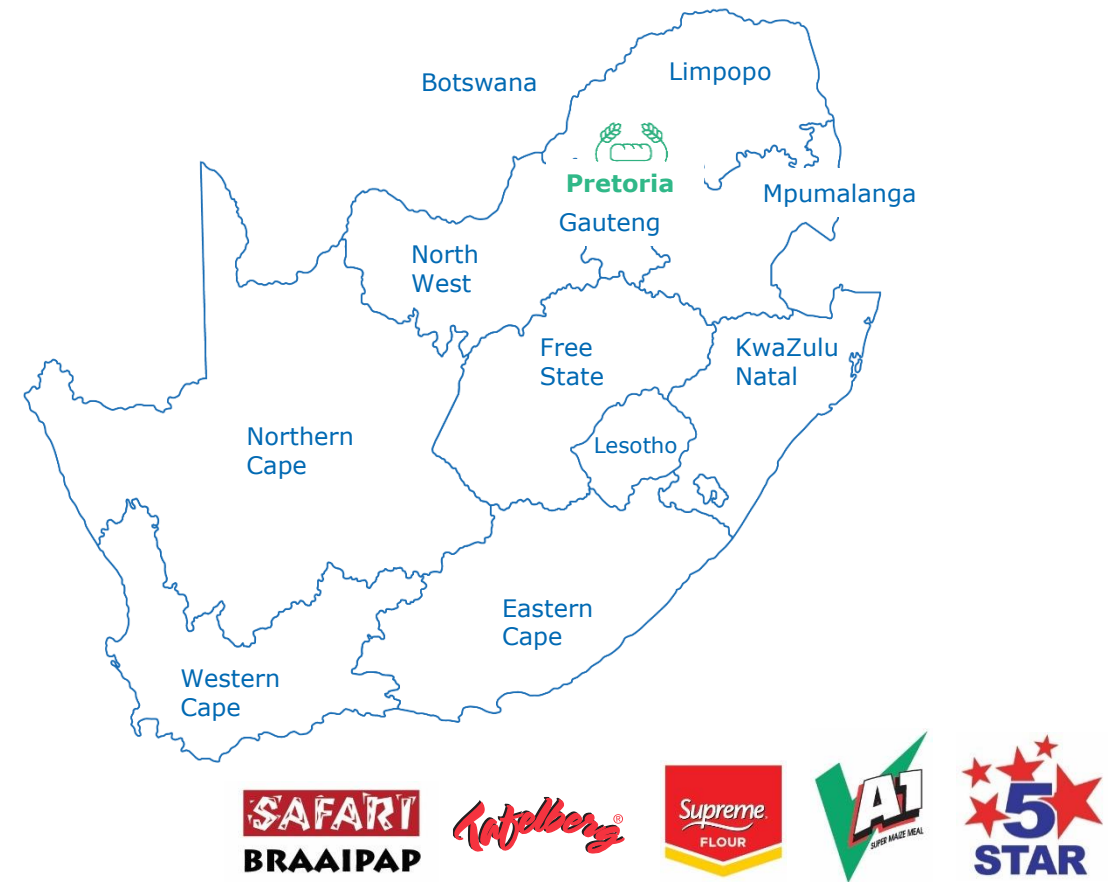
### BAKING

The **Baking business unit** is the **fourth largest bread brand nationally**, and produces a range of **baked goods** under the **Sunbake brand** and **dealer-owned brands**



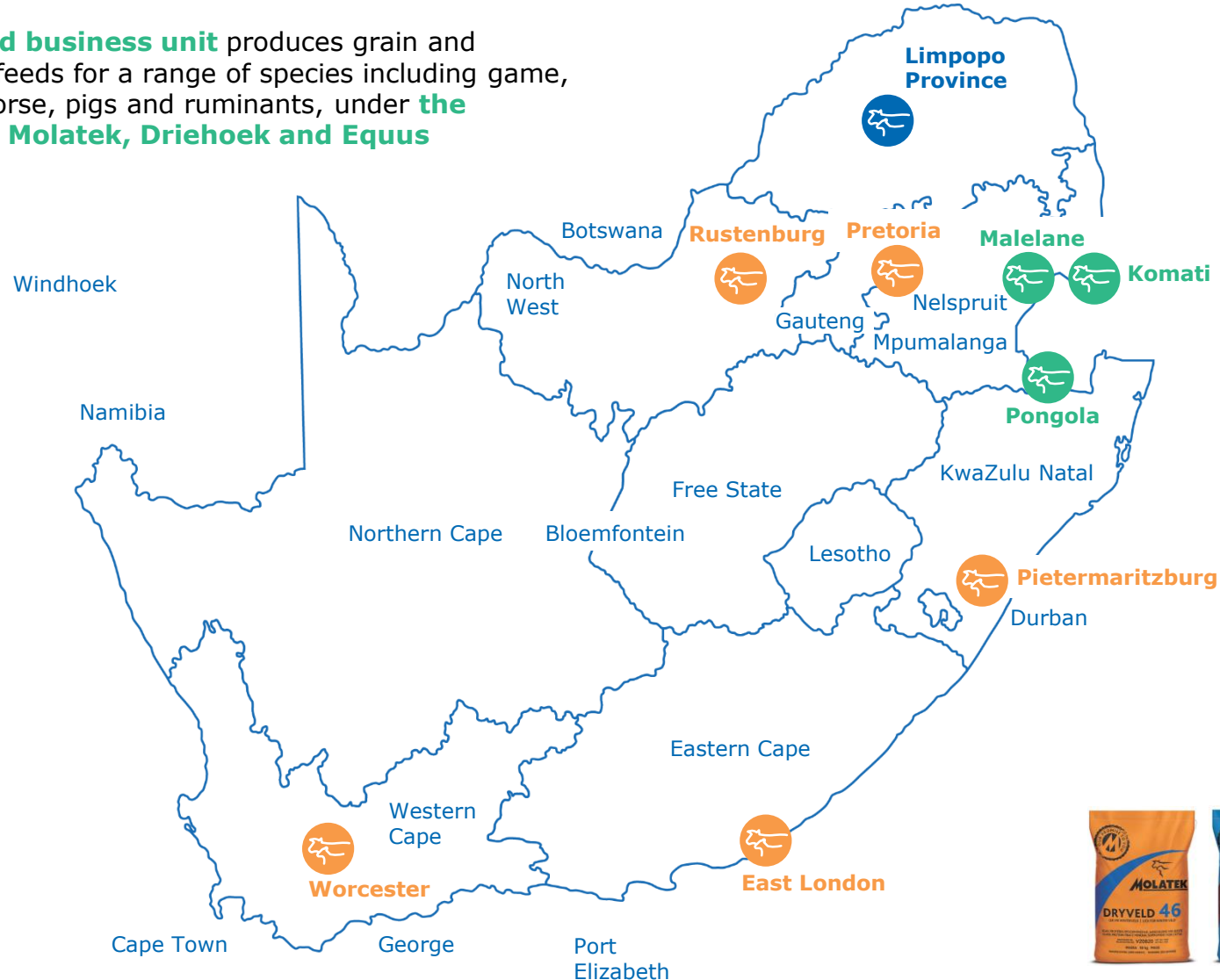
### MILLING

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, Molatek, Driehoek and Equus**



3 molasses based feed mills producing over 336 000 tons per year



5 grain based feed mills producing over 876 000 tons per year



Driehoek Voere produces high roughage animal feed under the Driehoek and Equus 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

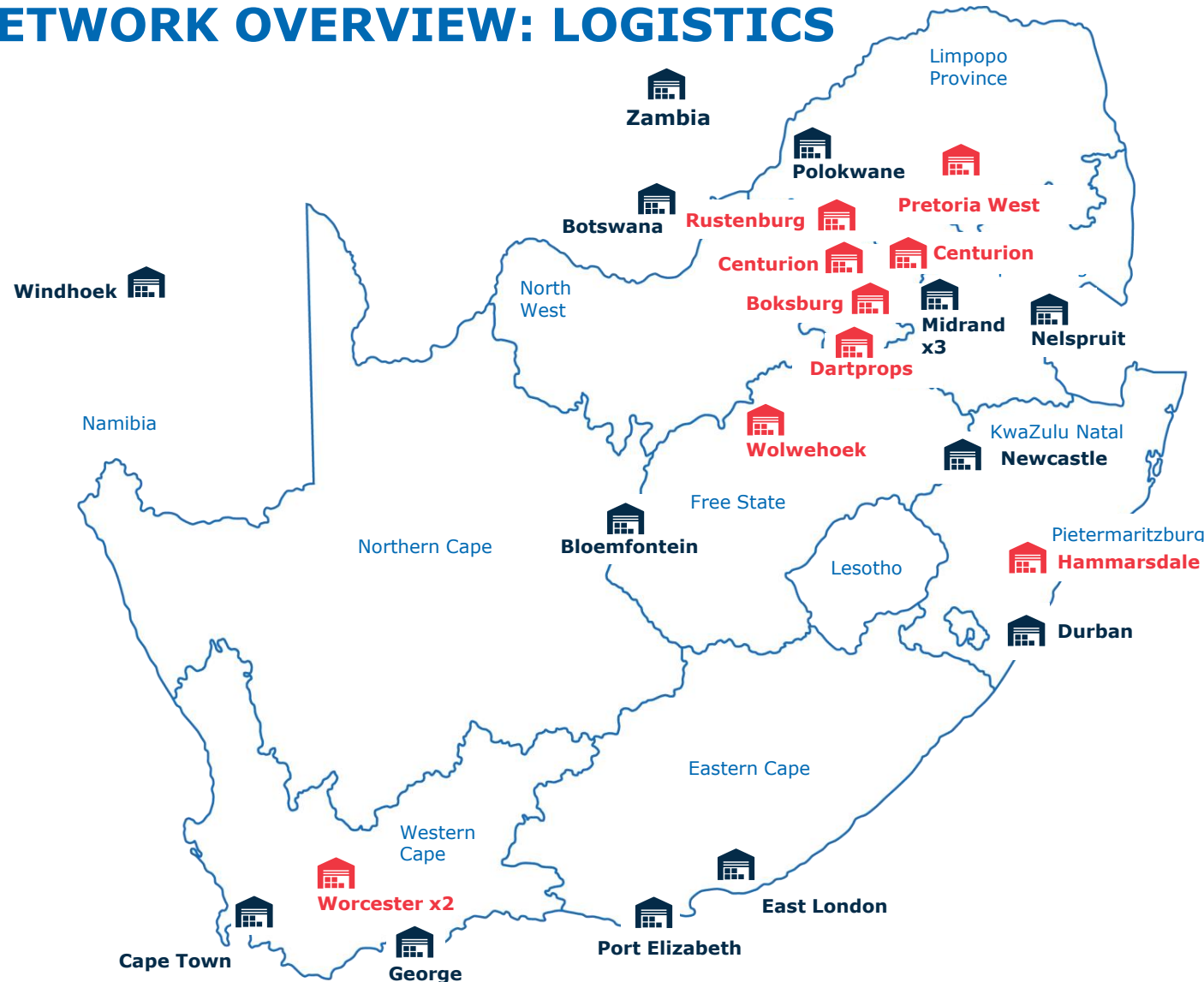


### PRINCIPAL SECONDARY DISTRIBUTION (PSD)

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



## NETWORK OVERVIEW: LOGISTICS



- National footprint extending into Namibia, Botswana and Zambia
- 10 plant-based cold stores
- 15 distribution sites
- 2 bulk storage sites (Midrand and Roodepoort)
- Storage capacity for over 105 000 pallets
- Over 4 500 employees
- Over 6 000 customer drop points
- Nearly 90 million cases delivered annually
- Over 640 000 tons transported annually
- 350 distribution vehicles
- Responsible for 100% of Pick n Pay's frozen product distribution
- FSSC 22000 (Food safety management system) accreditation for all warehouses
- ISO 14001 (Environmental management standards) and OHSAS 18001 (Occupational health and safety standards) across Midrand, Thekwini and Peninsula



**Plant-based cold stores**



**Distribution sites**