

RESULTS FOR THE YEAR ENDED 30 JUNE 2016

INVESTOR PRESENTATION:
31 AUGUST 2016





MILES DALLY
CEO



RESULTS FOR THE YEAR ENDED 30 JUNE 2016

PERFORMANCE HIGHLIGHTS

-  **Major strides in transformation into “ONE RCL FOODS”** with first full year of operating under new structure and leadership
-  **Strong Groceries growth** in Consumer Division and **solid performance from Logistics Division**
-  Move towards a **stronger, more balanced portfolio** as a result of significant progress with our strategic thrusts, with **lowered dependency on the Chicken and Sugar business units**

FINANCIAL HIGHLIGHTS

FY16
REVENUE
R25.0bn

FY15
R23.4bn **6.8%** 

FY16
EBITDA
R1.8bn

FY15
R2.2bn **20.6%** 

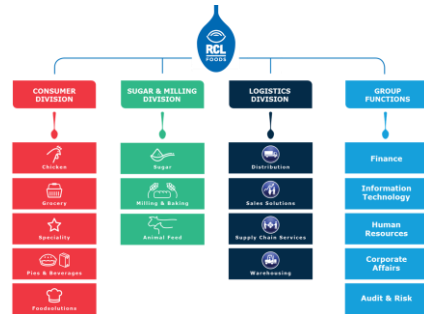
FY16
HEPS
98.5c

FY15
112.2c **12.2%** 

FY16
CASH GENERATED BY OPERATIONS
R1.4bn

FY15
R2.1bn **30.3%** 

BECOMING ONE RCL FOODS



**FIRST YEAR WITH
NEW STRUCTURE**



**WINNING MINDS
AND HEARTS**



**SYNERGIES AND
OPPORTUNITIES**



**OVER
20 000
EMPLOYEES**



**400 000
PIES PER DAY**



**500 000 TONS
OF FLOUR AND MAIZE
MILLED PER YEAR**



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



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



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



**100 TONS
OF MAYONNAISE
PRODUCED DAILY**



**MORE THAN
1 500
DELIVERY
VEHICLES**



**500 000
LOAVES OF
BREAD PER DAY**



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

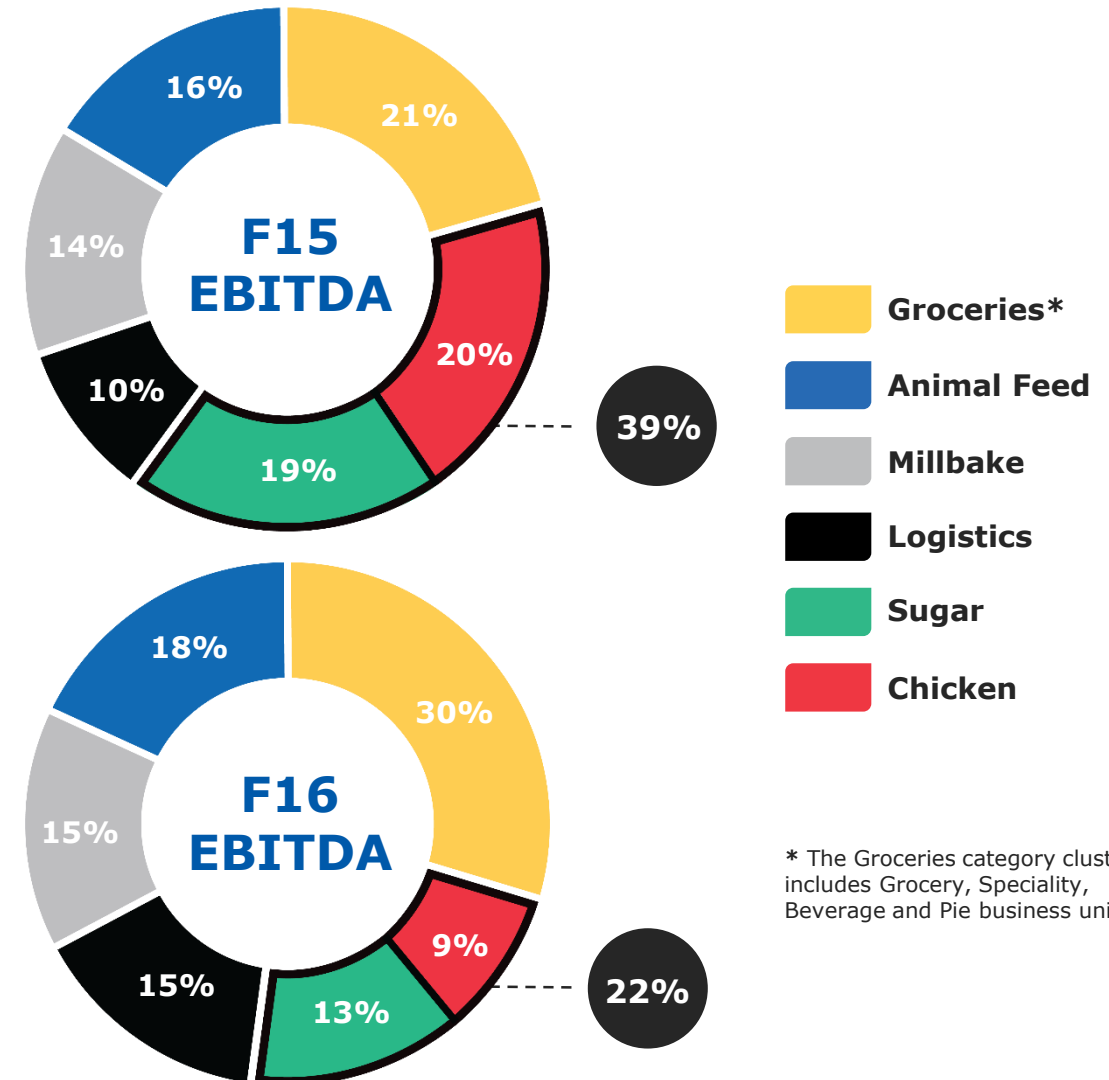
MOVING TOWARDS A MORE BALANCED PORTFOLIO

RELATIVE SHARE OF EBITDA (PRE-IAS 39)

Significant progress against strategic thrusts are **moving us closer** to a **stronger, more diversified business** that is **geared for growth**

Lowered dependency on Chicken and Sugar business units

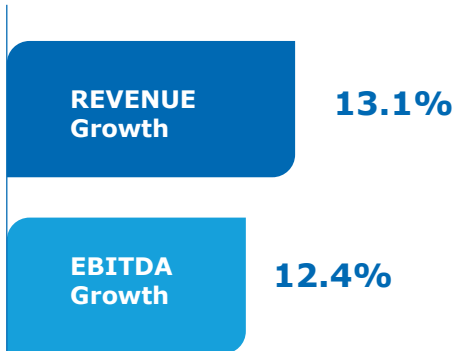
- **Chicken challenged** by oversupply and drought
- **Sugar negatively** impacted by severe drought and curtailed irrigation



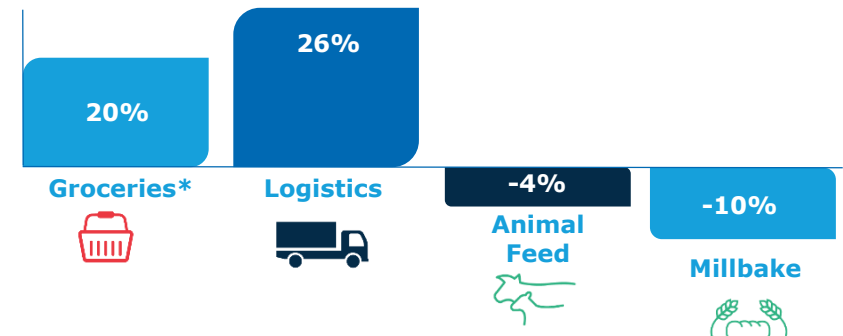
MAIN PERFORMANCE DRIVERS

-  **Groceries achieved strong** results driven by a sound pricing strategy, effective marketing and promotional activities
-  **Logistics had a solid year** driven by new business take on and strong cost control
-  **Animal Feed challenged** by lower internal volumes
-  **Millbake had a challenging year**, however achieved a positive recovery in the last quarter of the financial year

REVENUE & PRE-IAS 39 EBITDA GROWTH (Excl. Chicken & Sugar)



EBITDA GROWTH PER CATEGORY CLUSTER (Excl. Chicken & Sugar)



* The Groceries category cluster includes Grocery, Speciality, Beverage and Pie business units.

1. GROW THROUGH STRONG BRANDS

KEY ACHIEVEMENTS

-  **Strong brand performance** resulted in Groceries category cluster **growing 10.1%** in a declining market (-0.4%)
-  **Nola gained significant market share** from competitors and was market leader for a major part of the year
-  **Yum Yum also performed well** holding market share
-  **Canine Cuisine and Ultra Dog drove share gains** in premium pet food market

10.1%



RCL FOODS Groceries*

12MMA JUNE 2016

Source: ask'd

0.4%

ask'd Food Basket

* The Groceries category cluster includes Grocery, Speciality, Beverage and Pie business units.

** The Consumer division has made use of 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.



NOLA MAYONNAISE VOLUME SHARE

33.8 %

41.8%

12MMA 2015

12MMA 2016

Source: Aztec



YUM YUM PEANUT BUTTER VOLUME SHARE

29.5%

29.7%

12MMA 2015

12MMA 2016

Source: Aztec



CANINE DOG FOOD VOLUME SHARE

4.3%

8.8%


12MMA 2015

12MMA 2016

Source: Aztec – Share of Premium Dog Food

2. PARTNER WITH STRATEGIC CUSTOMERS

KEY ACHIEVEMENTS

 **R80m new revenue** from FoodSolutions through **increased relevance and basket extension** to existing and new QSR customers

 Dedicated **ONE RCL FOODS retail sales team** focussed on strengthening relationships with customers

FOODSOLUTIONS NEW RANGE



NEW CUSTOMERS



EXISTING CUSTOMERS



**STRONG
RELATIONSHIPS**
WITH RETAIL &
WHOLESALE CUSTOMERS

3. EXTEND OUR LEADING VALUE CHAIN

KEY ACHIEVEMENTS

R1bn CAPEX investment which included the following significant initiatives:

- R325m** route-to-market expansion
- R150m** integrating systems investment
- R127m** UHT Mageu plant investment
- R123m** new pet food plant investment



BEVERAGE UHT PLANT IN PRETORIA

4. EXPAND INTO AFRICA

KEY ACHIEVEMENTS

-  **33.5% stake** in Ugandan chicken producer **HMH Rainbow Limited** (HMH) in East Africa
-  **Exercised Zam Chick and Zamhatch put options**
-  **Senn Foods delivered pleasing results** despite challenging economic conditions
-  **RCL FOODS** share of revenue from African operations and exports from SA are in **excess of R2bn**
-  **Cautious investment approach** and low risk expansion strategy



6. DRIVE SUSTAINABLE BUSINESS

KEY ACHIEVEMENTS

-  Our understanding of sustainable business is about **securing the future and achieving a competitive advantage**
-  **New business models** driven through circular economy will be **key to long term success**
-  Our **first Waste to Value plant** is under construction in Worcester (Western Cape) – energy produced from post-processing waste water will **power the adjacent Speciality plant**



WASTE WATER TO VALUE PLANT IN WORCESTER

KEY DELIVERABLES FOR 2017



Another model for Chicken



Group **route-to-market opportunities**



Millbake turnaround and future



Sharper strategic customer focus per category



Continuous investment behind brands and systems



Continuous resource and cost optimisation and synergies through TMO



Embed our culture, **OUR WAY**



Renewed focus **on exports**



ROB FIELD
CFO



FINANCIAL SUMMARY

12 MONTHS ENDED 30 JUNE 2016

| Statutory | | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|--|-------|-----------------|--------------|--------|
| Revenue | Rm | 25 025.2 | 23 428.2 | 6.8 |
| EBITDA | Rm | 1 766.5 | 2 224.0 | (20.6) |
| EBITDA margin | % | 7.1 | 9.5 | (2.4) |
| EBIT | Rm | 378.2 | 1 452.4 | (74.0) |
| Effective tax rate (excl. JV's, associates & abnormal items) | % | 30.1 | 31.8 | 1.7 |
| Headline earnings – continuing operations | Rm | 849.7 | 964.5 | (11.9) |
| Cash generated by operations | Rm | 1 440.4 | 2 066.1 | (30.3) |
| Net cash | Rm | 363.2 | 870.5 | (58.3) |
| Headline earnings per share – continuing operations | cents | 98.5 | 112.2 | (12.2) |
| Capex spend (excl. Intangibles) | Rm | 1 012.7 | 756.6 | (33.8) |
| Total dividend declared | cents | 30.0 | 37.0 | (18.9) |
| NAV per share | cents | 1 168.3 | 1 173.9 | (1.0) |

Pre-IAS 39

| | | | | |
|----------------------------|----|----------------|---------|---------|
| Statutory EBITDA | Rm | 1 766.5 | 2 224.0 | (20.6) |
| IAS 39 adjustment | Rm | 80.6 | (106.2) | (175.9) |
| EBITDA – Pre-IAS 39 | Rm | 1 847.1 | 2 117.8 | (12.8) |
| EBITDA – Pre-IAS 39 margin | % | 7.4 | 9.0 | (1.6) |

OPERATING ENVIRONMENT



South African economic environment

- **Severe drought** impacted negatively on prices of **soft commodity inputs**
- Rand continued the **downward trend against the dollar** into the current financial year, **depreciating from R12.16 at the start of the year to R14.68** at the end of the year
- **High unemployment and rising interest rates** are risks to growth objectives and economic stability
- **Food inflation**, which has averaged 6.5% between 2009 and 2016, **increased to 10.8%** in June 2016
- **2016 GDP growth** expected to be **less than 1%**



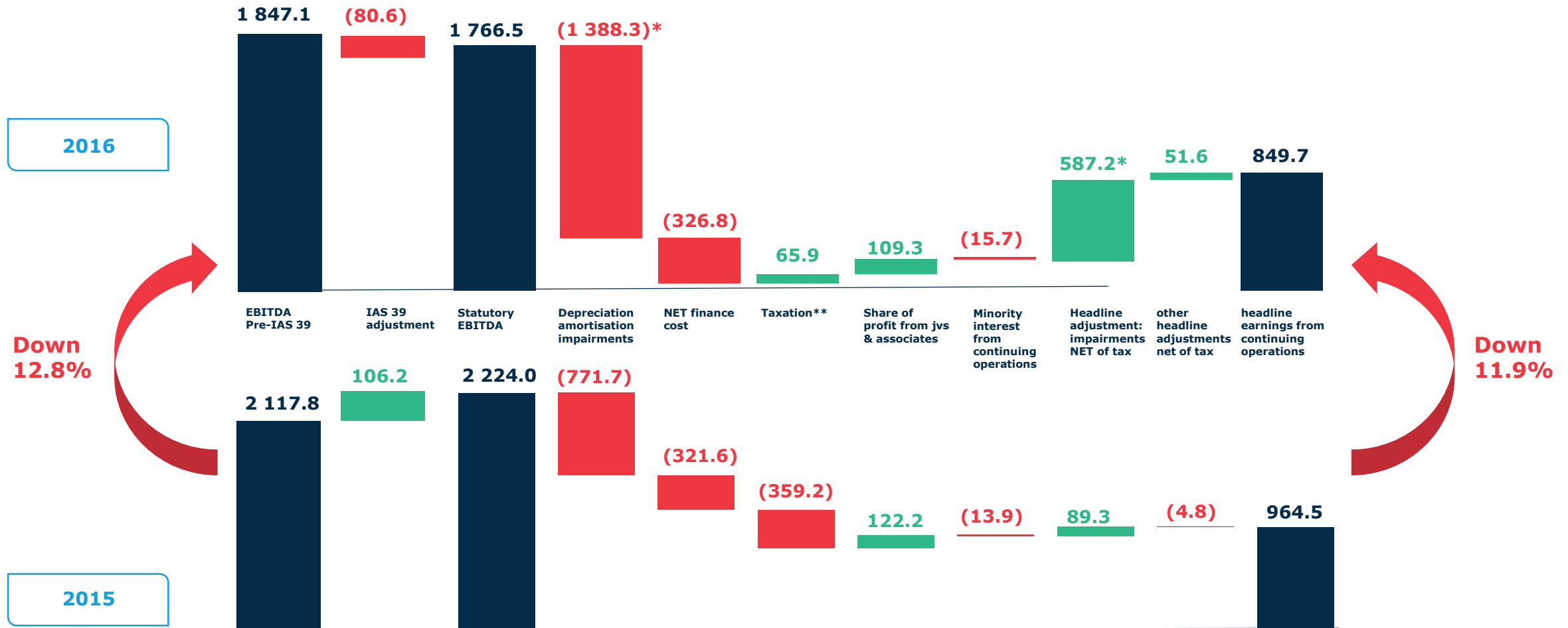
Consumers remain under pressure, despite partial relief from reductions in fuel price



Poultry market massively oversupplied

RESULTS WATERFALL

RECONCILIATION WATERFALL OF EBITDA TO HEADLINE EARNINGS FOR THE 12 MONTHS ENDED 30 JUNE (Rm)



*2016-Includes R642.8m impairment relating to Milling CGU

**2016- Includes the release of R163.3 million for uncertain tax positions raised as part of the Foodcorp acquisition and the effect of the non-deductible loss resulting from the impairment of Goodwill in the Milling operation (R105,6 million tax effect)

KEY FINANCIAL ISSUES



SEGMENTAL REPORTING

- RCL FOODS is reporting on its **new segments** of Consumer, Sugar & Milling and Logistics for the first full year



MILLING IMPAIRMENT

- A **non-cash impairment loss of R642.8m** relating to the Milling CGU was recognised
- Due to a combination of a **competitive trading environment** and **increases in the ten-year government bond yield** driving up the discount rate
- The impact on EPS is a **negative 74.5 cents** per share
- **No requirement** for impairment had CGU been defined at Millbake or Foodcorp level



RELEASE OF PROVISION FOR UNCERTAIN TAX POSITIONS

- Included in earnings for the year is the **release of a R163.3m provision for uncertain tax positions** raised on the Foodcorp acquisition
- This matter has now been **finalised with SARS**
- Released in the income tax line of the income statement
- Improved EPS and HEPS by **18.9 cents** per share

KEY FINANCIAL ISSUES



IAS 39 ADJUSTMENT

- Relates to the Group's commodity procurement strategy
- Reduced EBITDA by **R80.6m (2015: R106.2m profit)**
- Largely attributed to **long foreign exchange positions** entered into the last quarter of the year and an **appreciating rand exchange rate** at year end



ZAMBIAN PUT OPTION

- As a standard protection mechanism, RCL FOODS negotiated put options that would require Zambeef to acquire all of the ordinary shares held by RCL FOODS in Zam Chick and Zamhatch
- The exercise of the put options resulted in the investment in Zam Chick and Zamhatch being disposed of
- A **net gain of R67.7m profit after tax** (**headline earnings** profit impact **R118.9m**) was made on the revaluation of the put option derivative
- The difference in earnings impact and headline earnings impact relates to the recycling of the foreign currency translation reserve on disposal of the investment
- Improved **EPS by 7.8 cents** per share and **HEPS by 13.8 cents** per share



MASSINGIR

- A decision has been taken to terminate the Massingir sugar project in Mozambique (R13.0 final impairment)

OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS

| REVENUE (Rm) | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|------------------------------|-----------------|-----------------|------------|
| Consumer | 13 301.3 | 12 084.2 | 10.1 |
| Sugar & Milling | 14 914.8 | 14 121.5 | 5.6 |
| Logistics | 1 986.9 | 1 883.7 | 5.5 |
| Sales between segments | | | |
| Consumer to Sugar & Milling | (210.1) | (213.3) | (1.5) |
| Sugar & Milling to Consumer | (3 864.1) | (3 484.1) | 10.9 |
| Logistics to Consumer | (1 078.0) | (950.3) | 13.4 |
| Logistics to Sugar & Milling | (25.6) | (13.5) | 89.6 |
| Total | 25 025.2 | 23 428.2 | 6.8 |

OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS - EBITDA

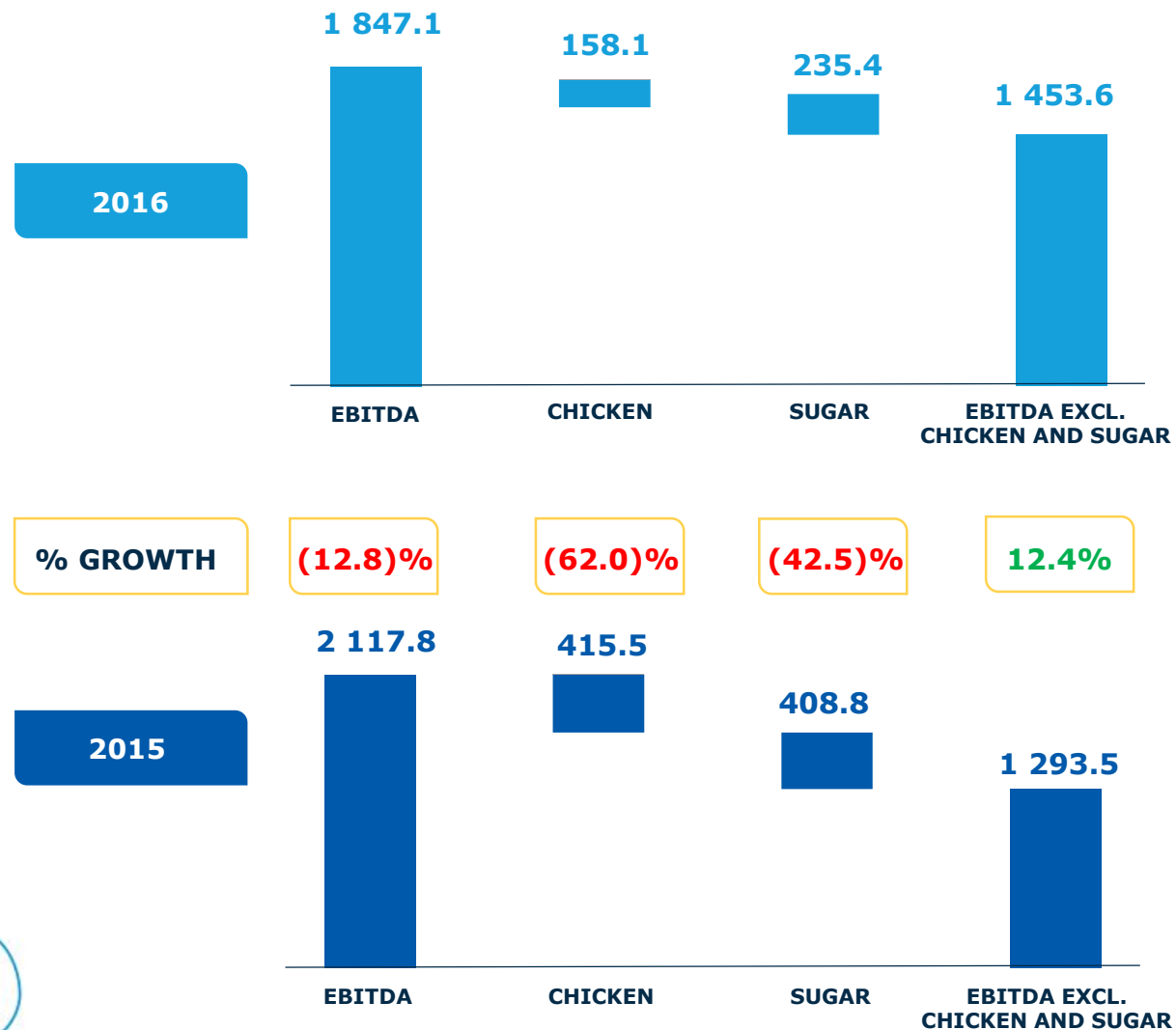
| EBITDA (Rm) – PRE-IAS 39 | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|--------------------------|----------------|----------------|---------------|
| Consumer | 701.7 | 868.8 | (19.2) |
| Sugar & Milling | 830.1 | 1 047.2 | (20.7) |
| Logistics | 260.7 | 206.2 | 26.4 |
| Unallocated group costs | 54.6 | (4.4) | NM |
| Total | 1 847.1 | 2 117.8 | (12.8) |

| EBITDA MARGIN – PRE-IAS 39 | | | |
|----------------------------|-------------|-------------|--------------|
| Consumer | 5.3% | 7.2% | (1.9) |
| Sugar & Milling | 5.6% | 7.4% | (1.8) |
| Logistics | 13.1% | 10.9% | 2.2 |
| Total | 7.4% | 9.0% | (1.6) |

| STATUTORY | | | |
|---------------|---------|---------|--------|
| EBITDA (Rm) | 1 766.5 | 2 224.0 | (20.6) |
| EBITDA margin | 7.1% | 9.5% | (2.4) |

OPERATING RESULTS SUMMARY

EBITDA – PRE IAS 39 (Rm) EXCLUDING CHICKEN AND SUGAR



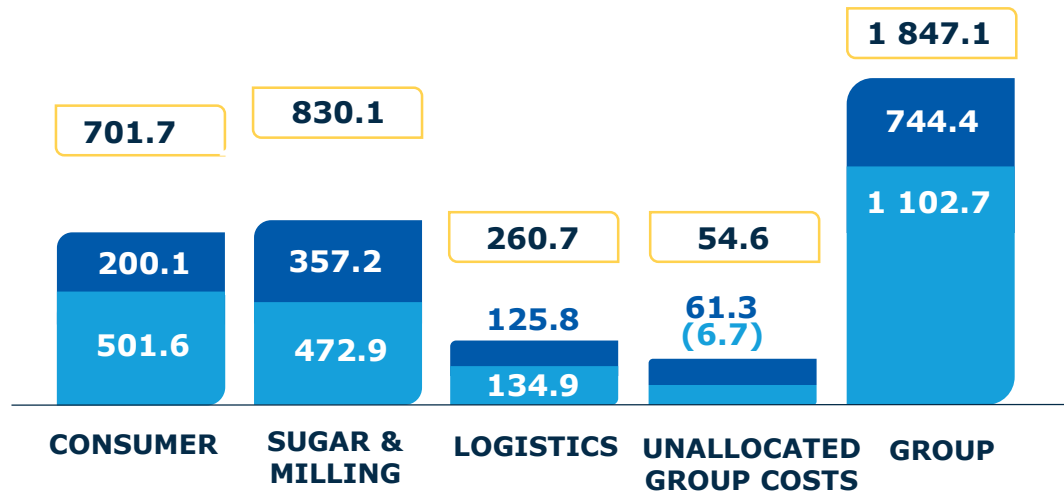
EBITDA excl. Chicken and Sugar increased by 12.4% compared to prior year

OPERATING RESULTS SUMMARY

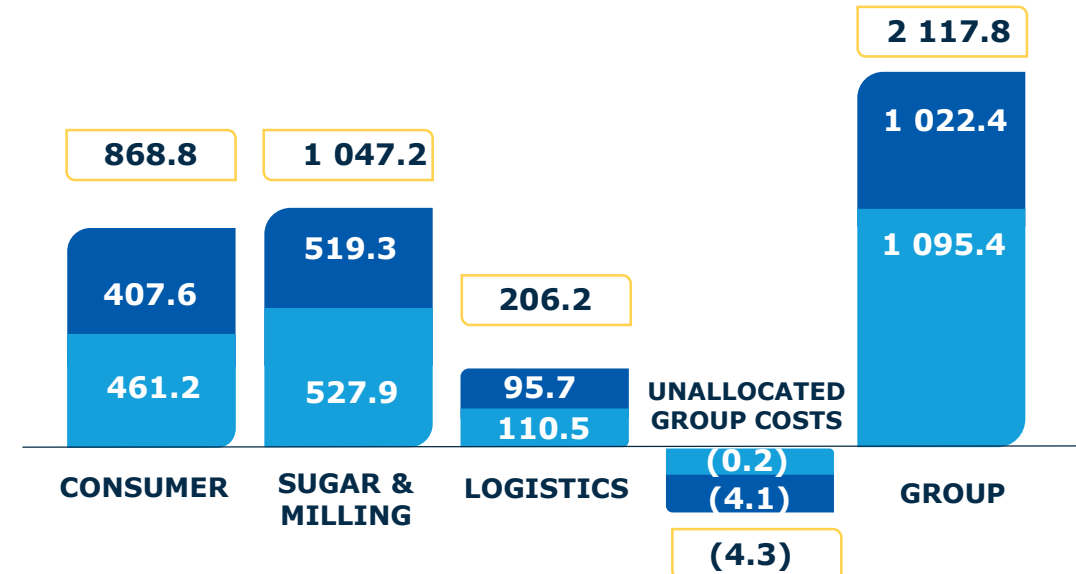
SEGMENTAL CONTRIBUTION TO EBITDA – PRE IAS 39 (Rm) H1 AND H2 SPLIT

■ H1
 ■ H2
 Total

2016



2015



CASH FLOW SUMMARY

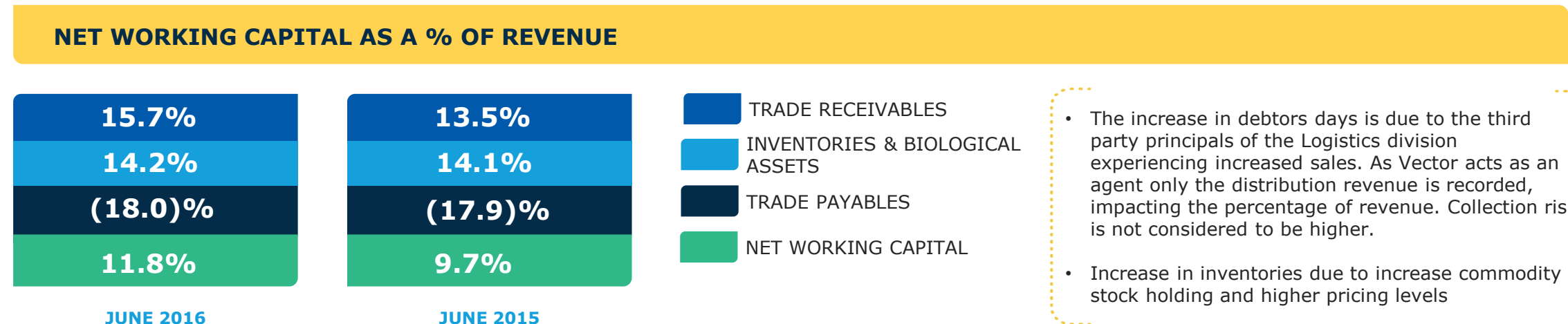
| SUMMARISED CASH INFORMATION Rm | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|--|--------------|--------------|---------|
| Opening balance* | 870.5 | 1 472.7 | (40.9) |
| Operating profit adjusted for non-cash flow items | 1 321.8 | 1 914.8 | (31.0) |
| Working capital changes | 118.6 | 151.4 | (21.7) |
| Net finance costs paid | (325.5) | (322.6) | (0.9) |
| Tax paid | (254.6) | (280.9) | 9.4 |
| Dividends paid | (320.1) | (301.8) | (6.1) |
| Capital expenditure (including intangibles) | (1 027.3) | (763.5) | (34.6) |
| Proceeds on disposal of Fishing division (net of cash) | 25.0 | 251.1 | NM |
| Additional investment in Associate and Joint venture | (61.5) | (46.0) | (33.7) |
| Proceeds on sale of PP&E | 43.5 | 31.6 | 37.7 |
| Interest-bearing liabilities | (88.8) | (1 357.7) | 93.5 |
| Discontinued operation-net cash inflows | | 35.3 | (100.0) |
| Other | 61.6 | 86.1 | (28.5) |
| Closing balance* | 363.2 | 870.5 | (58.3) |

* Net of overdrafts and including money market fund.











WORKING CAPITAL

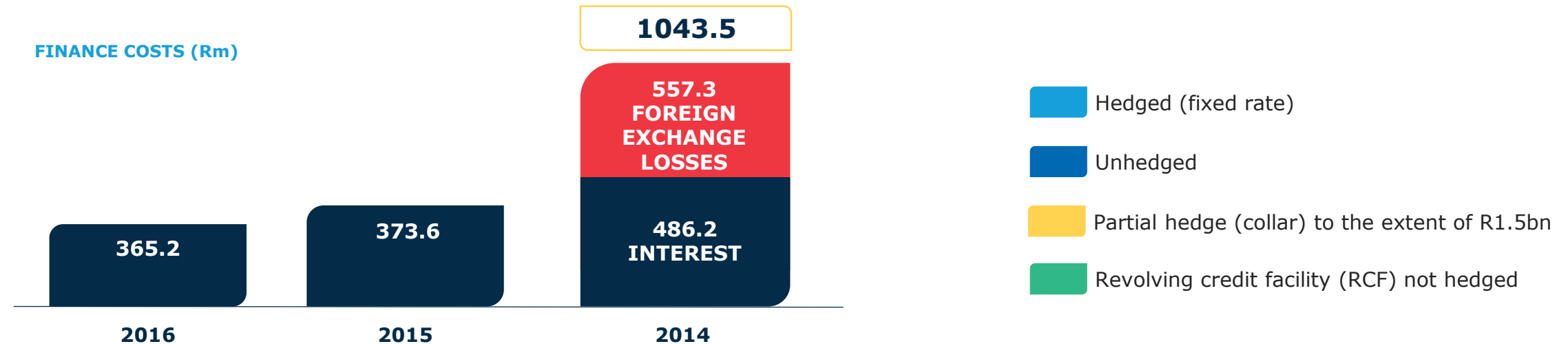
| WORKING CAPITAL MOVEMENT (Rm) | 30 JUNE 2016 | 30 JUNE 2015 |
|-------------------------------|--------------|--------------|
| Net | 118.6 | 151.4 |
| Trade receivables | (465.6) | (68.0) |
| Inventories | (179.2) | (603.9) |
| Biological assets | 273.5 | 267.4 |
| Trade payables | 489.9 | 555.9 |

| WORKING CAPITAL DAYS | 30 JUNE 2016 | 30 JUNE 2015 |
|----------------------|--------------|--------------|
| Debtors days | 42.7 | 40.3 |
| Stock days | 53.9 | 56.3 |
| Creditors days | 69.6 | 69.5 |



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% |



DEBT COVENANTS

| COVENANT | REQUIRED | STATUS |
|--|----------|--------|
| Senior leverage ratio (Net senior debt*/pre-IAS39 HEBITDA) | <3.0 | 1.8 |
| Repricing (a step-up margin of 0.25% is triggered if the senior leverage ratio breaches 2.7) | <2.7 | 1.8 |
| Senior interest cover ratio (pre-IAS39 HEBITDA/senior net finance charges**) | >3.0 | 5.8 |



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

CAPITAL EXPENDITURE

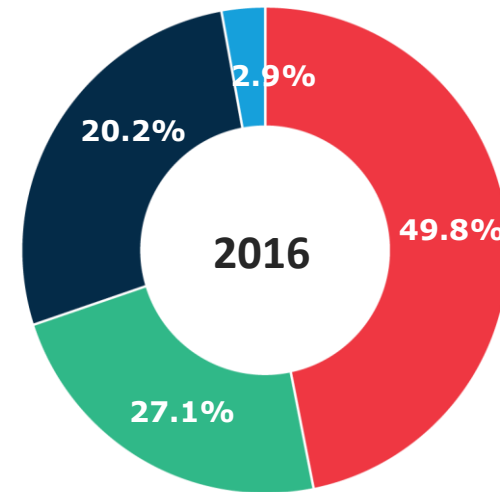
Capital expenditure (excluding intangibles) was R1 012.7m (2015: R756.6m)

Significant spend includes the UHT project at the Beverage business unit, upgrade to the pet food plant in Grocery and expansion at Logistics' Peninsula and Thekwini sites

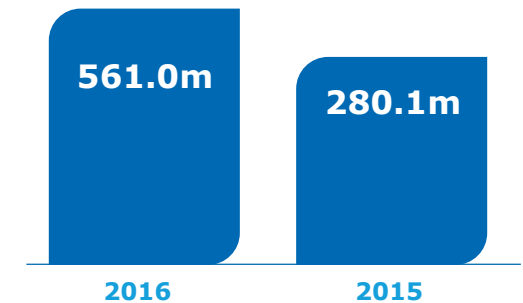
Capital commitments of R550.5m (2015: R922.4m) relate mainly to continued investments in the above projects



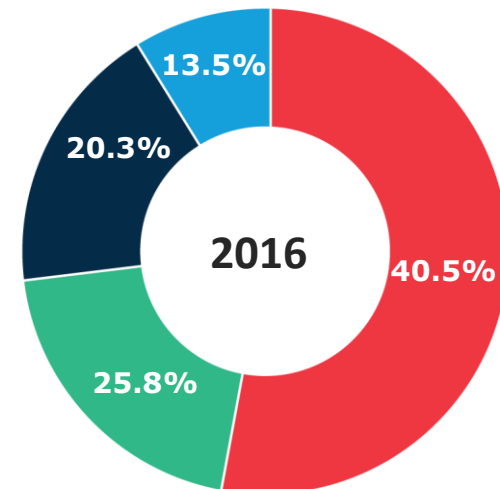
CAPITAL EXPENDITURE BY SEGMENT



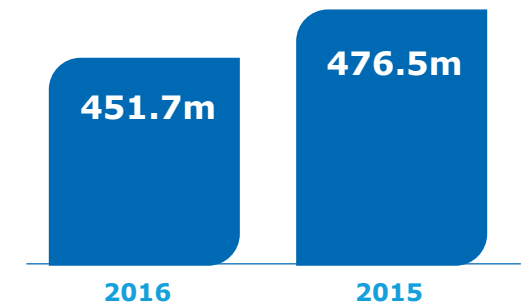
EXPANSION CAPITAL EXPENDITURE



CAPITAL COMMITMENTS BY SEGMENT



REPLACEMENT CAPITAL EXPENDITURE





SCOTT PITMAN
MD
CONSUMER DIVISION



OPERATIONAL REVIEW: CONSUMER

| REVENUE (Rm) | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|------------------------|------------------|--------------|-------|
| Consumer | 13 301.3 | 12 084.2 | 10.1 |
| Sugar & Milling | 14 914.8 | 14 121.5 | 5.6 |
| Logistics | 1 986.9 | 1 883.7 | 5.5 |
| Sales between segments | (5 177.8) | (4 661.1) | 11.1 |
| Total | 25 025.2 | 23 428.2 | 6.8 |

| EBITDA (Rm) PRE-IAS39 | | | |
|-------------------------|----------------|---------|--------|
| Consumer | 701.7 | 868.8 | (19.2) |
| Sugar & Milling | 830.1 | 1 047.2 | (20.7) |
| Logistics | 260.7 | 206.2 | 26.4 |
| Unallocated group costs | 54.6 | (4.4) | NM |
| Total | 1 847.1 | 2 117.8 | (12.8) |

HEADLINES

- A diversified Consumer portfolio has shielded the division against a challenging year for the Chicken business unit
- Continued focus on investment and innovation in existing brands and non-commodity categories are delivering performance ahead of the market

OPERATIONAL REVIEW: CONSUMER

| REVENUE (Rm) | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|------------------------------|-----------------|--------------|--------|
| Chicken | 7 905.0 | 7 616.4 | 3.8 |
| Groceries | 4 512.9 | 3 925.8 | 14.9 |
| Sales between business units | (110.8) | (95.0) | 16.7 |
| Cost recoveries – Chicken | 432.5 | 266.2 | 62.5 |
| Cost recoveries – Groceries | 561.7 | 370.8 | 51.5 |
| Total | 13 301.3 | 12 084.2 | 10.1 |
| EBITDA (Rm) | | | |
| Chicken | 158.1 | 415.5 | (62.0) |
| Groceries | 543.6 | 453.3 | 19.9 |
| Total | 701.7 | 868.8 | (19.2) |
| EBITDA (%) | | | |
| Chicken | 2.0% | 5.5% | (3.5) |
| Groceries | 12.0% | 11.5% | 0.5 |
| Total | 5.3% | 7.2% | (1.9) |

HEADLINES

- The Chicken industry is in crisis and RCL FOODS chicken business unit is not exempt from it
- Groceries are powering ahead with a 19.9% increase in EBITDA, driven by outstanding volume growth, focused cost control and disciplined pricing strategy

Notes:

1) Groceries category includes the Beverage, Grocery, Pie 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)

OPERATIONAL REVIEW: CHICKEN

CHICKEN - MAINSTREAM

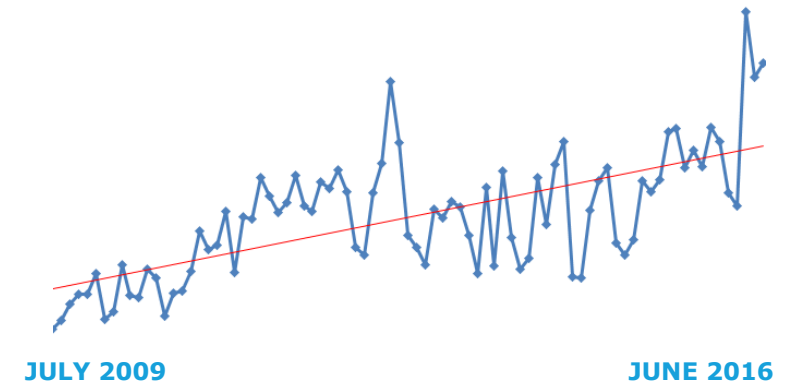
The chicken industry is in an unprecedented crisis. Dumped leg quarters continue to flood the market with no relief on the horizon

...while feed costs have spiked to new highs. Oversupply has prevented manufacturers from recovering cost pushes, resulting in a precarious industry profit position

RCL FOODS is evaluating options to change its chicken business model dramatically

RCL FOODS continues to support the implementation of the imminent brining cap and therefore is gearing up to switch over to new legislated injections levels 22nd October

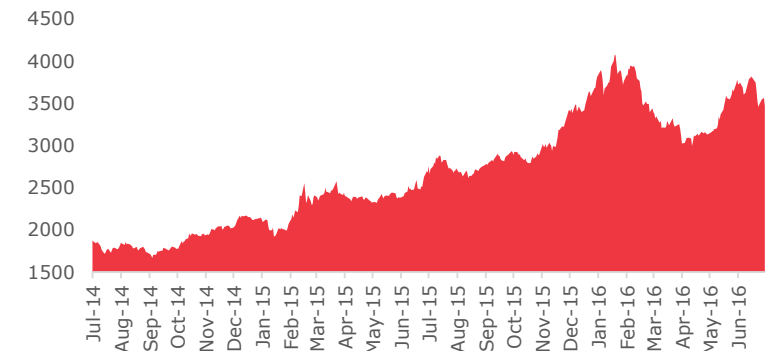
IMPORT-TOTAL CHICKEN (EXCL MDM) TONS PER MONTH



Source: SAPA

YELLOW MAIZE PRICE

53,7% increase in average price per ton from previous year



Source: Reuters

OPERATIONAL REVIEW: CHICKEN

CHICKEN – ADDED VALUE

RETAIL

Despite lively Rainbow Simply Chicken innovation (some depicted alongside), higher price increases to cover feed cost growths have resulted in Rainbow's added value products coming under pressure

Affordable value innovations are planned for launch in the next few months to assist consumers under pressure

FOODSOLUTIONS

Quick Service Restaurants delivered a solid volume growth in tough circumstances which was pleasing

Rainbow FoodSolutions continues to hold its share of this important sector



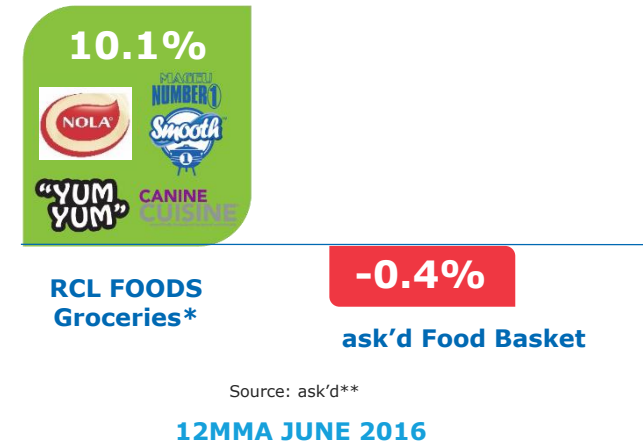
OPERATIONAL REVIEW: GROCERIES

GROCERIES

Groceries had an exceptional year due to brilliant basics implementation and the beginnings of some innovation and marketing investment. Groceries also won key sauce and mayonnaise business in KFC and Chicken Licken

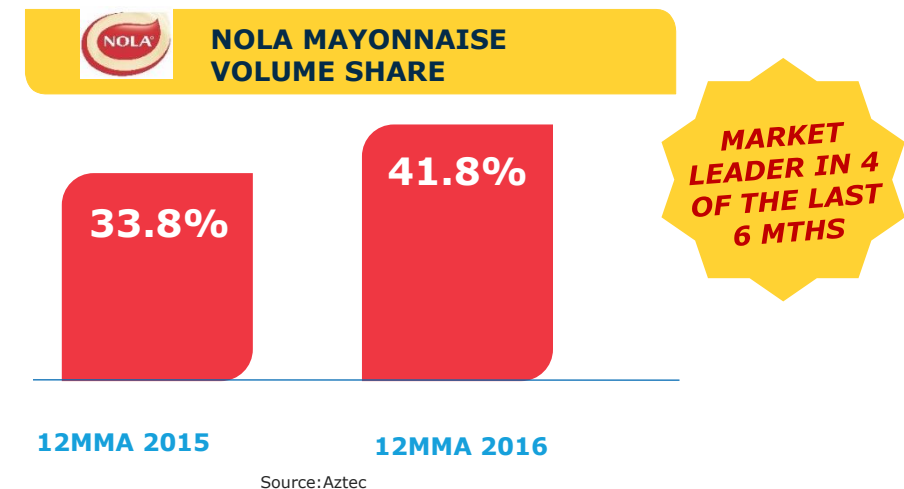
For the 12 months ending 30 June 2016 the Groceries sales volumes grew by 10.1% despite the food industry basket sales volumes declining by 0.4%

High double digit volume growth on Nola drove a new market share high



* The Groceries category cluster includes Grocery, Speciality, Beverage and Pie business units.

** The Consumer division has made use of 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.



OPERATIONAL REVIEW: GROCERIES

GROCERY

Similar efforts have meant Yum Yum Peanut Butter was able to hold market share in a very competitive market

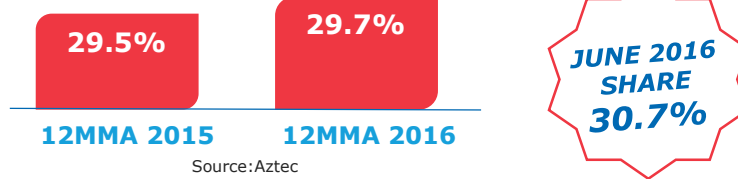
Furthermore, the important recently launched Canine Cuisine premium dog food brand grew from 4.3% in June 2015 to 8.8% in premium dry dog food sector in June 2016, boosting overall RCL FOODS dog food share by 2.7%

The relaunch of Ouma and the launch of individually wrapped single rusks has seen some steady share growth in recent months

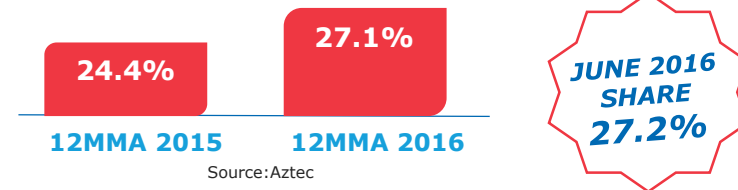
Excellent cost control has also contributed to an exceptional Grocery result



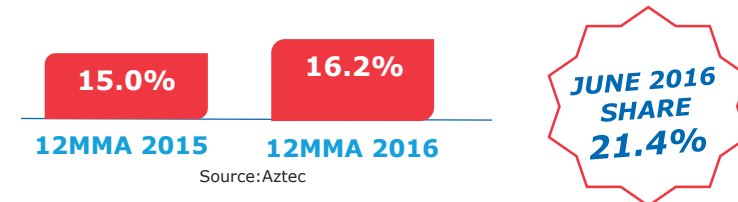
YUM YUM VOLUME SHARE



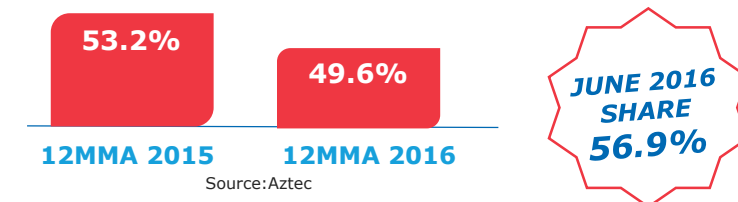
TOTAL RCL FOODS DRY DOG FOOD VOLUME SHARE



CATMOR FOOD VOLUME SHARE



OUMA VOLUME SHARE



OPERATIONAL REVIEW: GROCERIES

BEVERAGE

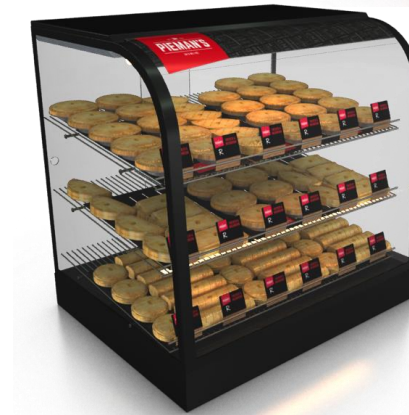
- The Beverage business unit has performed well ahead of expectation
- Our smooth offering has showed excellent growth of 39% and as a result we are producing a more profitable mix
- The just launched UHT shelf stable No.1 smooth product is well positioned to change the landscape of the Mageu category



OPERATIONAL REVIEW: GROCERIES

PIE

- The Pie business unit has undergone an extensive brand renovation, focused on delivering a better quality offering to the consumer
- Furthermore, “Mighty Fine”, which is an exciting new affordable meal range, was launched to ensure that the brand remains relevant in tough times
- There has been significant focus on cost containment which has positively contributed to an improved Pie’s result



OPERATIONAL REVIEW: GROCERIES

SPECIALITY

RCL FOODS is the largest supplier of food to Woolworths and seeks to be their “Most admired supplier”

Exciting innovation has driven good growth across most Woolworths categories

Our FoodSolutions capability has resulted in RCL FOODS winning many QSR areas of business, from Nando's, to all Starbucks food

Strong cost control and focused category performance analysis enabled margin improvement





JOHN DU PLESSIS

MD

SUGAR & MILLING DIVISION



OPERATIONAL REVIEW: SUGAR & MILLING

| REVENUE (Rm) | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|------------------------|-----------------|--------------|-------|
| Consumer | 13 310.3 | 12 084.2 | 10.1 |
| Sugar & Milling | 14 914.8 | 14 121.5 | 5.6 |
| Logistics | 1 986.6 | 1 883.7 | 5.5 |
| Sales between segments | (5 177.8) | (4 661.1) | 11.1 |
| Total | 25 025.2 | 23 428.2 | 6.8 |

| EBITDA (Rm) PRE-IAS39 | | | |
|-------------------------|----------------|---------|--------|
| Consumer | 701.7 | 868.8 | (19.2) |
| Sugar & Milling | 830.1 | 1 047.2 | (20.7) |
| Logistics | 260.7 | 206.2 | 26.4 |
| Unallocated group costs | 54.6 | (4.4) | NM |
| Total | 1 847.1 | 2 117.8 | (12.8) |

HEADLINES

- Severe drought has adverse effect on Sugar and Animal Feed EBITDA
- Operational challenges experienced in Millbake
- Growth in sugar manufacturers share



OPERATIONAL REVIEW: SUGAR & MILLING

| REVENUE (Rm) | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|------------------------------|-----------------|-----------------|------------|
| Animal Feed | 5 996.9 | 5 383.5 | 11.4 |
| Millbake | 3 765.3 | 3 392.9 | 11.0 |
| Sugar | 5 275.2 | 5 423.8 | (2.7) |
| Sales between business units | (122.6) | (78.7) | 55.5 |
| Total | 14 914.8 | 14 121.5 | 5.6 |

| EBITDA (Rm) | | | |
|--------------|--------------|----------------|---------------|
| Animal Feed | 322.4 | 334.6 | (3.7) |
| Millbake | 272.3 | 303.8 | (10.4) |
| Sugar | 235.4 | 408.8 | (42.5) |
| Total | 830.1 | 1 047.2 | (20.7) |

| EBITDA (%) | | | |
|--------------|-------------|-------------|--------------|
| Animal Feed | 5.4% | 6.2% | (0.9) |
| Millbake | 7.2% | 9.0% | (1.8) |
| Sugar | 4.5% | 7.6% | (3.1) |
| Total | 5.6% | 7.4% | (1.8) |

HEADLINES

- Animal feed result adversely impacted by lower internal volumes and drought driving up prices of soft commodities
- Milling margins challenged with wheat price increase
- Rural bakeries performed well and Gauteng bakeries turnaround plan in process of implementation with improved performance in the last few months
- Sugar results impacted by drought and resultant lower volumes



OPERATIONAL REVIEW: ANIMAL FEED

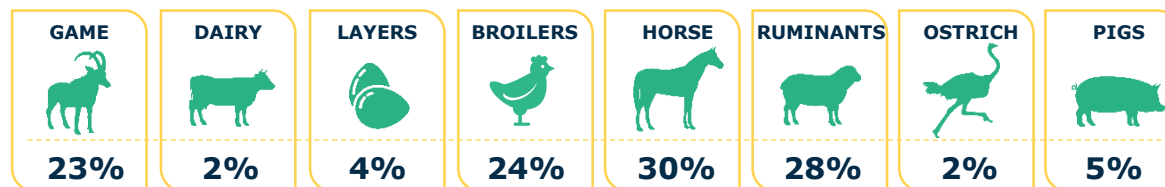
EBITDA decline by R12.2m (3.7%) to R322.4m as a result of lower internal volumes

The combination of Epol and Molatek into one business unit with an integrated route-to-market strategy has created a **larger more balanced feed company**

External volume and profitability improved, with a record year for Molatek

A strong drive to **diversify categories** away from “pure commodity” segments to higher value add segments such as horse and game has had a positive impact. (Market shares below)

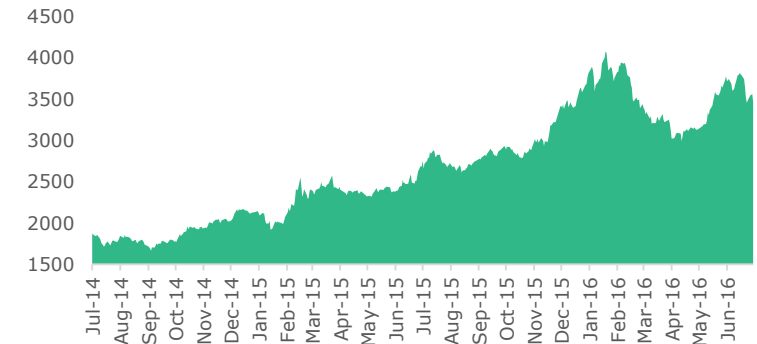
Epol volumes and margins under pressure with record maize prices as a result of the drought



Source: Internal estimate

YELLOW MAIZE PRICE

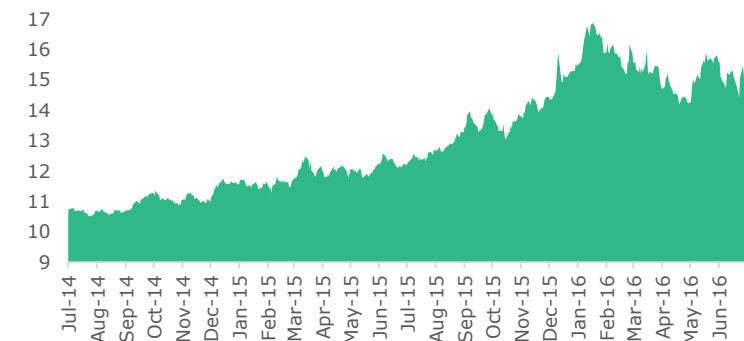
53.7% increase in average price per ton from previous year



Source: Reuters

RAND/USD

21.0% decline from previous year



Source: Reuters

OPERATIONAL REVIEW: MILLBAKE

EBITDA decline by R31.5m (10.4%) to R272.3m

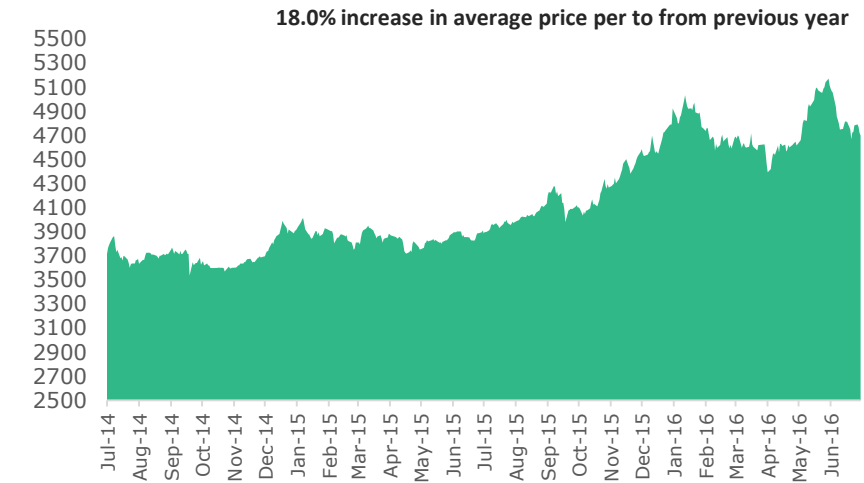
The Milling and Baking businesses were combined during the previous financial year recognising their **highly integrated nature**

Operating conditions have been tough and **highly competitive** with **high commodity input prices**, aggressive pricing in the market and a financially stressed consumer

The operational challenges in the two Gauteng bakeries have had a **substantial impact** on margin but have shown improvement in the last few months

The margin remains below acceptable levels

SAFEX WHEAT PRICE



Source: Reuters



OPERATIONAL REVIEW: SUGAR

EBITDA of R235.4m was down 42.5% on the comparative period, with the associated margin dropping from 7.6% to 4.5%

While the decline in sugar imports as a result of the increase in the sugar tariff benefitted sugar prices in South Africa, the **ongoing drought** has proven to be a **significant challenge**

Consequently, **sugar production was substantially lower (152 980 tons, 21.8%)** than the previous period

Irrigation allowances were **reduced significantly** as the drought impact deepened

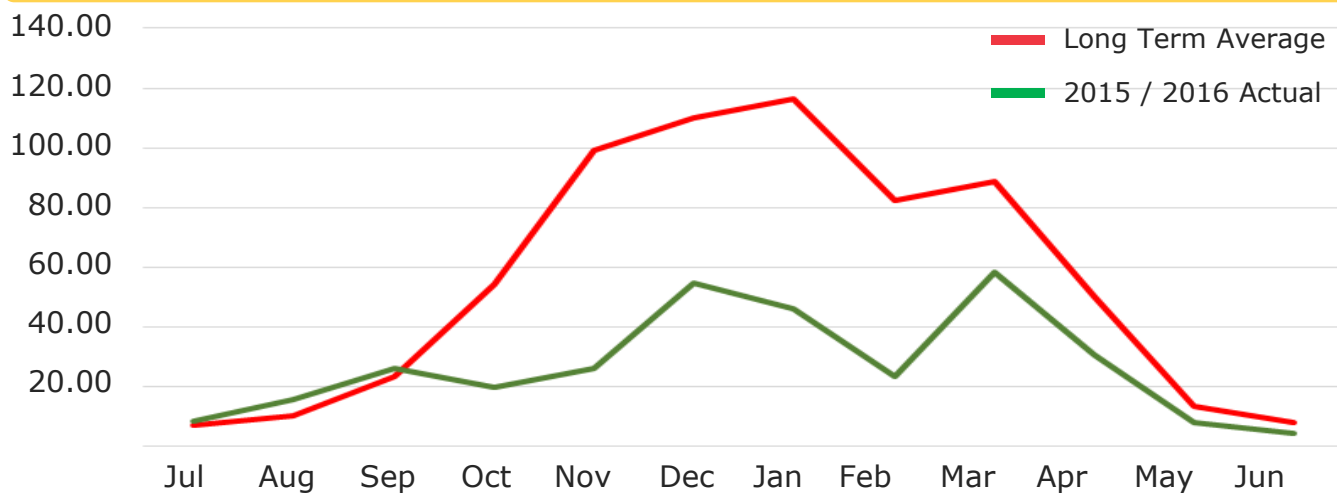
Work continues on SASA costs and focus areas of the Industry

Although weather conditions are expected to normalise in 2016, 2017 volumes and profitability will still be impacted due to the effect of the drought on cane quality and yields. A return to **acceptable profitability** is only expected in the **2018 financial year**

WATER AVAILABILITY

- **Extreme weather conditions** – low rainfall & high temperatures
- **Dam levels** have **fallen** materially
- **Severe** irrigation **restrictions** imposed

WEIGHTED AVERAGE RAINFALL (mm)



Rainfall over the past 9 months has been significantly below the long term average

DAM LEVELS (%)


| | Capacity (mil m3) | March 2014 | March 2015 | March 2016 |
|---------------|----------------------|---------------|---------------|---------------|
| Maguga | 350 | 100.4 | 93.2 | 30.6 |
| Drikoppies | 260 | 101.1 | 92.6 | 44.4 |
| Kwena | 150 | 101 | 100.7 | 48.34 |
| Bivane | 120 | 100 | 61.6 | 29.5 |
| Total/Average | 880 | 101.7 | 90.8 | 37.9 |

Levels measured as at March to coincide with the end of the sugar season

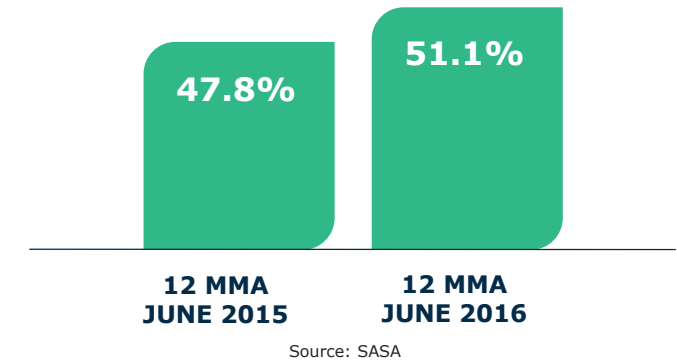
OPERATIONAL REVIEW: SUGAR

-  Due to the outlook of **limited sugar availability** in the country, the Sugar industry **reduced its exports** in order to ensure sufficient sugar for the domestic market
-  This exclusive focus on domestic market sales significantly changed the mix of retail, wholesale and industrial business for RCL FOODS Sugar, which put **margins under pressure**
-  Pleasing **market share gains** were achieved

MASSINGIR

-  Based on current conditions, the Massingir project has been terminated and a final impairment of R13m has been recognised

MANUFACTURERS SHARE





CHRIS CREED
MD
LOGISTICS DIVISION



OPERATIONAL REVIEW: LOGISTICS

| REVENUE (Rm) | 30 JUNE 2016 | 30 JUNE 2015 | % VAR |
|------------------------|------------------|--------------|-------|
| Consumer | 13 301.3 | 12 084.2 | 10.1 |
| Sugar & Milling | 14 914.8 | 14 121.5 | 5.6 |
| Logistics | 1 986.9 | 1 883.7 | 5.5 |
| Sales between segments | (5 177.8) | (4 661.1) | 11.1 |
| Total | 25 025.2 | 23 428.2 | 6.8 |




| EBITDA (Rm) PRE-IAS39 | | | |
|-------------------------|----------------|---------|--------|
| Consumer | 701.7 | 868.8 | (19.2) |
| Sugar & Milling | 830.1 | 1 047.2 | (20.7) |
| Logistics | 260.7 | 206.2 | 26.4 |
| Unallocated group costs | 54.6 | (4.4) | NM |
| Total | 1 847.1 | 2 117.8 | (12.4) |

HEADLINES

- Reasonable revenue growth coupled with sound cost control leads to pleasing profitability performance. Excluding the impact of industrial action in the comparative period, EBITDA would have grown by 15.3%
- New capacity commissioned at Peninsula and PE Coega; Thekwini expected to go live shortly
- Stability of labour due to implementation of multi-year wage agreement
- Group projects initiated

OPERATIONAL REVIEW: LOGISTICS

Sound EBITDA delivery off reasonable revenue growth

-  **26.4% EBITDA growth** off the back of sound cost control and simplification of the customer network
-  **5.5% revenue growth** notwithstanding changes to the customer base and a challenging year for retail
-  **Foodservice industry proves robust**



CHANGES TO CUSTOMER LANDSCAPE BEDDED DOWN






EFFICIENCY AND COST CONTROL INITIATIVES AT MIDRAND CAMPUS IMPLEMENTED






STRONG PERFORMANCE IN THE FOODSERVICE SECTOR

OPERATIONAL REVIEW: LOGISTICS

Route-to-market investment on track

-  **PE Coega commissioned** in July 2015
-  **Peninsula on line** January 2016
-  **Thekwini** due September 2016

Operational Performance

-  Volume decline reflects **challenging poultry** environment
-  **Service levels enhanced** due to recovered inbound stock availability
-  **A focus on inventory holding** leads to pleasing improvement



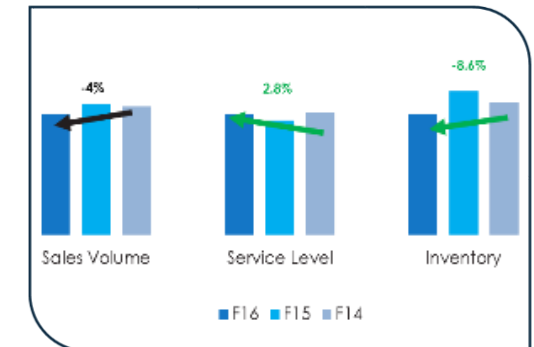
PE COEGA



PENINSULA



THEKWINI



OPERATIONAL EFFICIENCY

OPERATIONAL REVIEW: LOGISTICS

Group route-to-market initiatives progressing

One RCL FOODS sales and merchandising structure implemented

Ambient distribution solution for Groceries business unit implemented

SAP rollback initiative for Consumer division underway

Five key workstreams with 23 major projects





PROSPECTS



PROSPECTS



Local poultry industry is in a crisis and the Board is forced to relook at all options



Headwinds of low economic growth, a volatile currency, high commodity input costs and drought impacts are real and understood



Establishment of **strong platform** internally for our business, will **create even bigger and better opportunities for RCL FOODS**



RCL FOODS is well-capitalised and we are investing extensively in our people, our brands, our assets and our systems to gain additional advantage and ensure a larger market share



The resulting scale, as well as **strengthened product and service offerings**, will culminate in a stronger and more robust business, providing value and benefits to all stakeholders