2017

INVESTOR PRESENTATION

RESULTS FOR THE YEAR ENDED JUNE 2017

MILES DALLY

CHIEF EXECUTIVE OFFICER

HEADLINES – RESULTS FOR THE YEAR ENDED JUNE 2017

PERFORMANCE HEADLINES

- 7.5% increase in normalised headline earnings per share
- Strong cash generation with an increase of 56.8% from operations
- Drought impact and slow economic growth affect results across most categories
- Chicken shows early signs of recovery, however the industry is still in crisis
- Certain key Grocery brands grow market share
- Price increases assist Sugar recovery
- Millbake improves due to turnaround of the Gauteng bakeries
- Chicken restructure impacts Logistics and Animal Feed H2 results

FINANCIAL HIGHLIGHTS

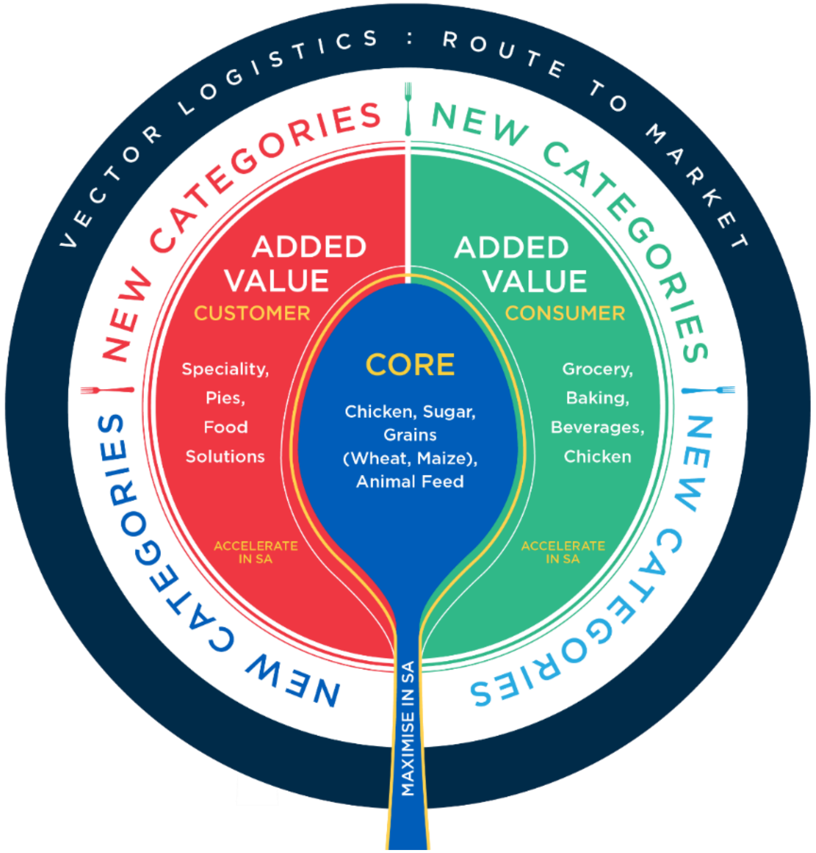
REVENUE
R25.0bn
0.3% ↓

Normalised EBITDA
pre-IAS 39 - Excl. Chicken
R1.6bn
0.3% ↓

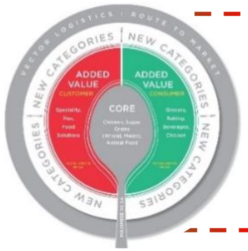
Normalised HEPS
68.6c
7.5% ↑

Cash
Generated by Operations
R2.3bn
56.8% ↑

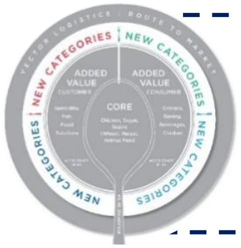
OUR BUSINESS MODEL IS SIMPLE…



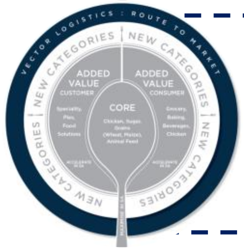
MAXIMISE PROFIT IN OUR CORE CATEGORIES
Chicken, Sugar, Grains (Milling) and Animal Feed
- The main staples on which we build our added value portfolio
- Provide us with a wide range of consumer touch points
- Provide the right scale and carry the cost of business infrastructure



ACCELERATE GROWTH IN OUR ADDED VALUE CATEGORIES
Speciality, Pies, Foodsolutions, Grocery, Baking, Beverages and Added Value Chicken
- Enable higher margins through brand differentiation
- Bring higher growth through innovation and brand penetration



EXPAND INTO NEW ADDED VALUE CATEGORIES
- Facilitate our move towards a more balanced, higher-margin, higher-growth portfolio



VECTOR LOGISTICS ROUTE TO MARKET
- Provide integrated route to market solutions for our products
- Drive supply chain intelligence and efficiencies

F15-17: OUR JOURNEY SO FAR...

Transformation of 4 separate businesses into ONE RCL FOODS

ONE VISION
Our Passion
Our Way
Our Business Model
Our Strategic Thrusts
Our Leadership Standards

ONE IDENTITY
Unique corporate brand identity

National Office designed for future generations

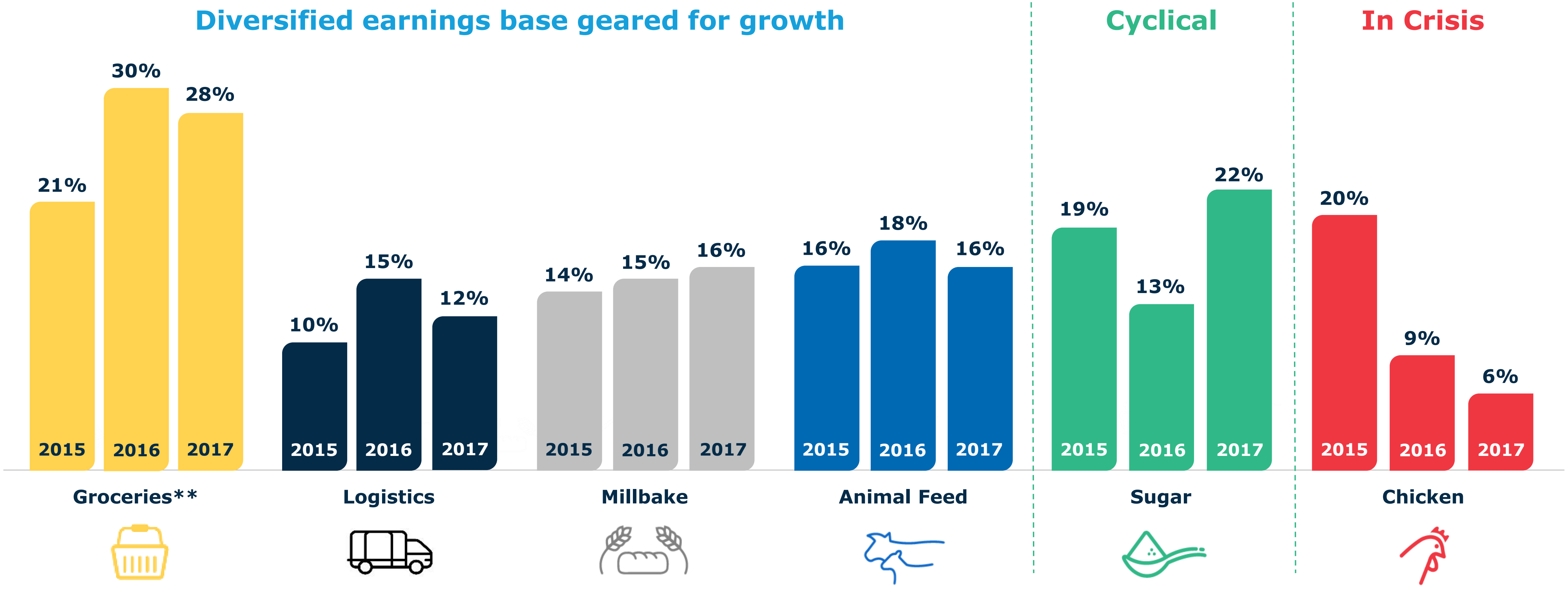
ONE ORGANISATION
New structure with right people in right jobs

ONE PLATFORM
Investment into systems that drives one company mindset and enable growth through insights

MOVING TOWARDS A MORE BALANCED PORTFOLIO

Difficult trading conditions have reinforced the importance of our strategy to move towards a more balanced portfolio with a stronger emphasis on added value products and reduced commodity exposure

RELATIVE SHARE OF NORMALISED* EBITDA (pre-IAS 39)



*Normalised EBITDA excludes once off Chicken restructure costs and the impact of the Sugar silo claim | **The Groceries category cluster includes Grocery, Speciality, Beverages and Pies business units

F15-17: OUR PORTFOLIO JOURNEY

As we move towards a more balanced portfolio, we have also stabilised each of our category clusters, creating a solid foundation for growth even while we continue to experience challenges in some areas

CHICKEN

- Initiated industry fight against dumping
- Implemented revised business model

GROCERIES*

- Strong brand portfolio
- Implemented brand & customer strategy
- Developed strong innovation pipeline
- Investment to secure future growth in beverages & pet food

SUGAR

- Investment into brand and customer capabilities
- Focus on reducing industry costs
- Full recovery from drought expected in F19

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

F15-17: OUR PORTFOLIO JOURNEY

As we move towards a more balanced portfolio, we have also stabilised each of our category clusters, creating a solid foundation for growth even while we continue to experience challenges in some areas

MILLBAKE

- Turnaround of Gauteng bakeries
- Milling volumes under pressure

ANIMAL FEED

- Successfully merged two different animal feeds businesses
- Clear strategy to diversify and grow other animal feed categories

LOGISTICS

- Positioned to benefit from changing customer landscape
- 3 major expansion projects
- Plans in place to mitigate impacts of chicken restructure

1. GROW THROUGH STRONG BRANDS

KEY ACHIEVEMENTS

Our brand strategy and investment in brands have strengthened our market share with a number of our **brands holding strong positions in their respective categories**

YUM YUM	Market leader 6 out of 12 months	#2
NOLA	Market leader 7 out of 12 months	#2
OUMA	Entrenched its leadership	#1
FREEZER TO FRYER	Market share up from 10.4% to 34.1%	#2
Selati	Market leader for 2 out of 12 months	#2
CANINE CUISINE	Almost doubled market share from 8.8% to over 17.3%	#3 in premium

Source – Aztec 12MMA June 2017

2. PARTNER WITH STRATEGIC CUSTOMERS

KEY ACHIEVEMENTS

- Providing key customers with a dedicated "ONE RCL FOODS" sales team enabled us to step change our customer relationships, strategies and availability
- We continued to grow our basket with current and new customers with tailored solutions developed across various categories
- Engagements with customers’ senior leadership teams have enabled us to drive common growth ambitions
- Completed the integration of the “ONE RCL FOODS” front end team to now include both the Milling operations and Sugar business unit

3. EXTEND OUR LEADING VALUE CHAIN

KEY ACHIEVEMENTS

- The expansion of our Thekwini logistics hub was completed as part of an overall network investment plan of R325m over two years to align us with customers as a specialist multi-temperature service provider
- The commissioning of the new R123 million pet food plant is on track which will feature innovation and technology that is not currently available in South Africa
- Higher proportion of supplier spend now under contract management
- Good progress with integrating business platforms, profitability systems and aligning master data across business units:
  - The Pies and Beverages business units successfully went live on SAP during the year
  - All business units have aligned their transactional systems with the group financial reporting calendar

4. AFRICA

KEY ACHIEVEMENTS

- We continue to pursue opportunities in Africa, however remain cautious in our approach
- Our investment in Zambia was disposed of, with Zambeef electing to settle our shareholding in cash
- Modest infrastructure investments were made within Senn Foods (Botswana) and Hudani (Uganda)
- RSSC (Swaziland) continues to position itself as a leading low cost sugar producer

5. INSPIRE GREAT PEOPLE

KEY ACHIEVEMENTS

- Rolled out our leadership development program to almost 40% of our management over 3 years
- Invested over R40 million in training our people
- Strengthened relationships with union partners through establishment of national working forums and collaborative efforts to raise awareness of the issues in the chicken industry
- Created further stability for our staff by implementing several multi-year wage agreements, converting casual staff to permanent employees and entrenching programs to identify and develop talent
- Our increased visibility on social media platforms has proven highly successful in terms of attracting and recruiting talented individuals

6. DRIVE SUSTAINABLE BUSINESS

KEY ACHIEVEMENTS

- Completed construction and commissioning of our first Waste to Value plant in Worcester (Western Cape) – with water quality better than expected and biogas production meeting 35% of our adjacent plant's energy requirements

- Implemented a number of water-smart initiatives in our Sugar business unit which resulted in more than 20% reduction in water requirements

- Launched "Do More Foundation", a separate non-profit organisation, that will drive all our CSI initiatives and enable us to partner with private or public organisations for bigger impact - so that together we can #Do More

- One of only 11 companies in South Africa to achieve an 'A' rating in the global Carbon Disclosure Project* in 2016 ('B' rating in both 2014 and 2015)

*The Carbon Disclosure Project encourages the top companies in each country to calculate their direct and indirect carbon emissions and come up with plans to lower them

PROGRESS AGAINST DELIVERABLES FOR 2017

- **Revised business 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**

KEY DELIVERABLES FOR 2018

- Continue to invest behind brands and systems
- Continue to sharpen customer relationships and strategic focus by category
- Continue with implementation of revised Chicken business model
- Mitigate Chicken Restructure impact on Logistics and Animal Feed
- Maximise efficiencies in Sugar
- Continue with turnaround in Millbake
- Implement customer model in Logistics where appropriate
- Continue to leverage shared services value
- Drive transformation across operations
- Maximise Waste to Value opportunities across Chicken and Sugar

ROB FIELD

CHIEF FINANCIAL OFFICER

FINANCIAL SUMMARY

YEAR ENDED JUNE 2017

STATUTORY		JUNE 2017	JUNE 2016 Restated	% VAR
Revenue	Rm	**24 950.7**	25 025.2	(0.3)
EBITDA	Rm	**1 747.6**	1 762.4	(0.8)
EBITDA margin	%	**7.0**	7.0	-
Effective tax rate (excl. JV's, associates & abnormal items)	%	**32.2**	30.1	(2.1)
Headline earnings	Rm	**548.5**	832.9	(34.1)
Headline earnings per share	cents	**63.5**	96.5	(34.2)
Normalised headline earnings	Rm	**593.1**	550.7	7.7
Normalised headline earnings per share	cents	**68.6**	63.8	7.5
Net cash	Rm	**1 053.8**	363.2	190.1
Cash generated by operations	Rm	**2 293.7**	1 462.4	56.8
Capex spend (inc intangibles)	Rm	**834.5**	1 049.3	(20.5)
Total dividend declared	cents	**30.0**	30.0	-
NAV per share	cents	**1 201.0**	1 163.2	3.3
Pre-IAS 39				
Statutory EBITDA	Rm	**1 747.6**	1 762.4	(0.8)
IAS 39 adjustment	Rm	**32.4**	80.6	59.8
EBITDA – pre-IAS 39	Rm	**1 780.0**	1 843.0	(3.4)
EBITDA – pre-IAS 39 margin	%	**7.1**	7.4	(0.3)
Normalised* EBITDA – pre-IAS 39 (excl Chicken)	Rm	**1 612.8**	1 617.2	(0.3)
Normalised* EBITDA – pre-IAS 39 margin (excl Chicken)	%	**9.6**	9.7	(0.1)

*Normalised for material financial items in the current and prior year, refer slide 20 and 21 for further details

OPERATING ENVIRONMENT

- **Drought impact continued** into F17 with **sustained high soft commodity prices** for most of the year, though price **relief is expected** in F18
- Despite a decline in **inflation** over the last quarter of F17, **rates remained over the target range** for most of the year, which coupled with **high interest rates within the period**, continued to place **strain on the consumer**
- **Poultry market** remains **oversupplied** due to **dumped imports**
- **Rising sugar imports** place pressure on local volumes in the last quarter of F17
- **GDP growth depressed**, with negative growth in Q2 and Q3 of the F17 financial year, and expectations of below 1.0% growth for Q4

MATERIAL FINANCIAL IMPACTS

F17

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

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

Whilst RCL FOODS as a Group will ultimately benefit from the Chicken restructure, it has impacted on the results of the Animal Feed and Logistics business units, which both act as suppliers to Chicken

Foreign exchange loss of R27.9 million relating to the **settlement of the Zambian put options in the current year**, with the **prior period including a R67.7 million gain** (R118.9 million headline earnings gain) related to the accounting for the exercise of the options; and

R154.8 insurance receipt for the Pongola silo claim, of which:

- **R109.2 million** related to the **assets portion**
- **R45.6 million** related to **business interruption** and the **higher costs of operating** after the silo was damaged
- **R28.9 million** of the R45.6 million business interruption portion related to the **previous financial year**

MATERIAL FINANCIAL IMPACTS

F16

- An **impairment loss of R642.8 million** in the **Milling operation** resulting from a combination of a **competitive trading environment** and **increases in the ten-year government bond yield** driving up the **discount rate**; and
- **Prior period included the release of a R163.3 million provision for uncertain taxation disputes related to** the Foodcorp acquisition, which was finalised with SARS in the previous financial year

IAS 39 IMPACTS

- **Negative IAS 39 adjustment** associated with the Group's commodity raw material procurement strategy, which reduced EBITDA by **R32.4 million for the current period (2016: R80.6 million** negative adjustment)

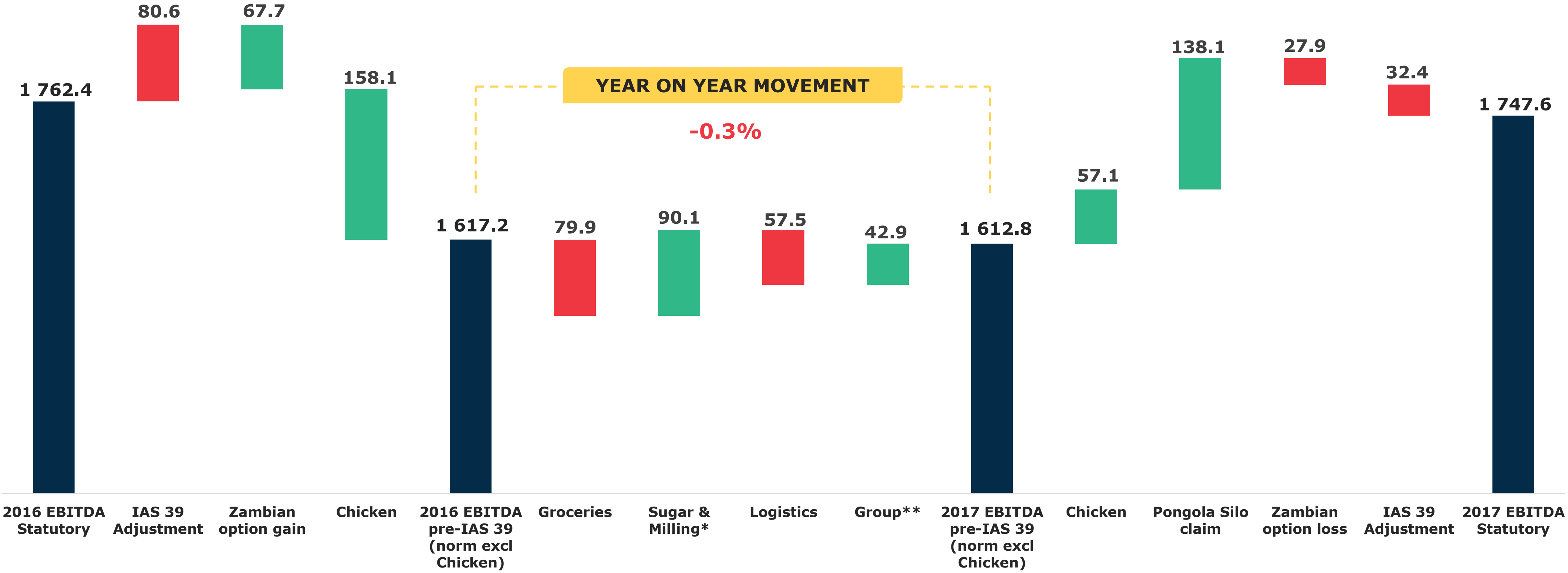
The **prior year negative adjustment** was largely due **to unfavorable currency** positions resulting from the stronger rand, which has reversed in the current financial year

The **R32.4 million negative adjustment for 2017** was due to **falling maize and sunflower spot prices** relative to our positions

OPERATING RESULTS SUMMARY (Rm)

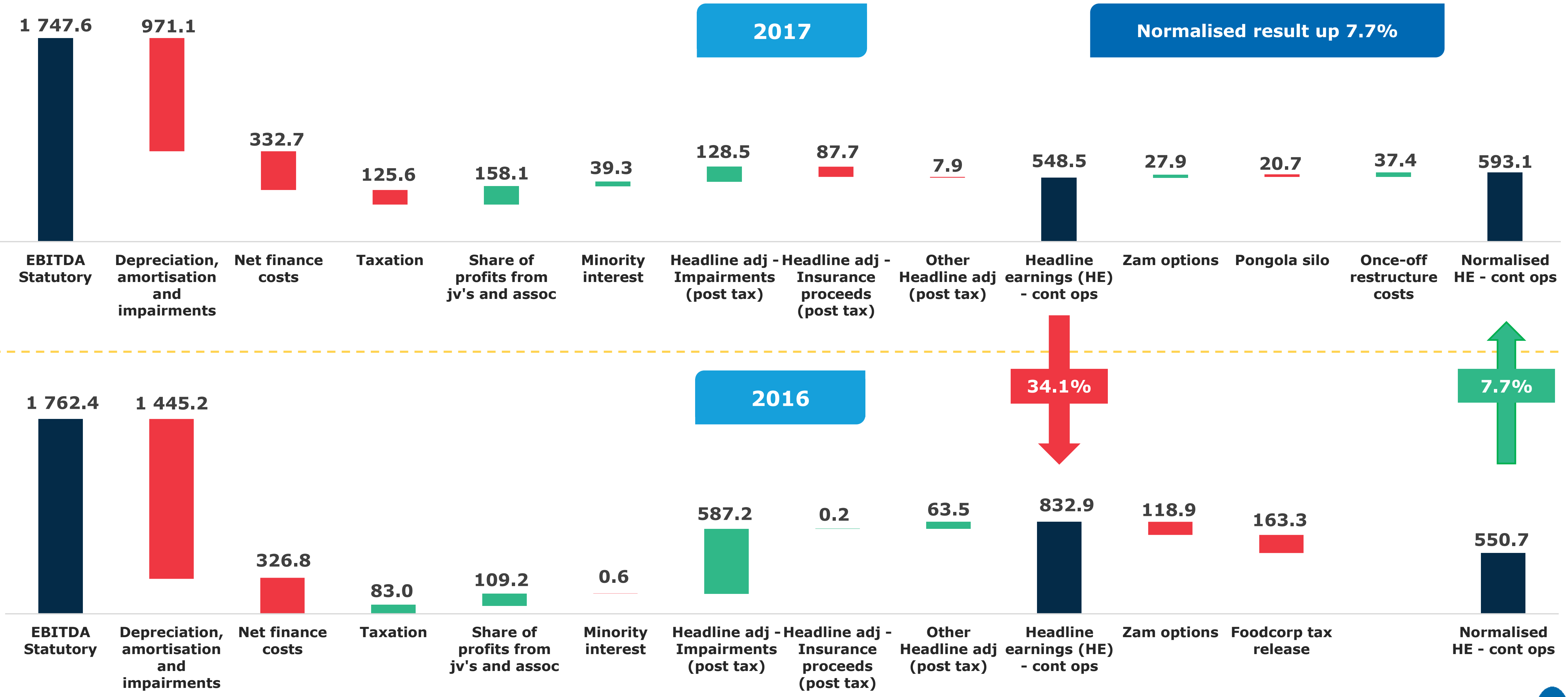
2016 to 2017

Normalised result in line with prior year



*Normalised to exclude assets and prior year portion of the Pongola silo receipt | **Normalised to exclude Zam options impact

HEADLINE EARNINGS WATERFALL (Rm)



OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS - REVENUE

REVENUE (Rm)	JUNE 2017	JUNE 2016	% VAR
Consumer	**13 474.0**	13 301.3	1.3
Sugar & Milling	**14 467.4**	14 914.8	(3.0)
Logistics	**2 033.1**	1 986.9	2.3
Sales between segments			
Consumer to Sugar & Milling	**(230.2)**	(210.1)	9.6
Sugar & Milling to Consumer	**(3 713.8)**	(3 864.2)	(3.9)
Logistics to Consumer	**(1 050.9)**	(1 078.0)	(2.5)
Logistics to Sugar & Milling	**(28.9)**	(25.5)	13.4
Total	**24 950.7**	25 025.2	(0.3)

OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS - EBITDA

EBITDA (Rm) – pre-IAS 39	JUNE 2017	JUNE 2016 Restated	% VAR
Consumer	**520.8**	701.7	(25.8)
Sugar & Milling	**1 054.1**	826.0	27.6
Logistics	**203.1**	260.7	(22.1)
Unallocated group costs	**2.0**	54.6	(96.3)
Total	**1 780.0**	1 843.0	(3.4)

EBITDA MARGIN (%) – pre-IAS 39			
Consumer	**3.9**	5.3	(1.4)
Sugar & Milling	**7.3**	5.5	1.8
Logistics	**10.0**	13.1	(3.1)
Total	**7.1**	7.4	(0.3)

OPERATING RESULTS SUMMARY

SEGMENTAL ANALYSIS – NORMALISED EBITDA

EBITDA (Rm) – pre-IAS 39	JUNE 2017	JUNE 2016 Restated	% VAR
Consumer (excl Chicken)	**463.7**	543.6	(14.7)
Sugar & Milling	**916.1**	826.0	10.9
Logistics	**203.1**	260.7	(22.1)
Unallocated group costs	**29.9**	(13.1)	328.3
Normalised excl Chicken	**1 612.8**	1 617.2	(0.3)
Chicken*	**109.0**	158.1	(31.1)
Normalised total	**1 721.8**	1 775.3	(3.0)
EBITDA MARGIN (%) – pre-IAS 39			
Consumer (excl Chicken)	**8.5**	10.7	(2.2)
Sugar & Milling	**6.3**	5.5	0.8
Logistics	**10.0**	13.1	(3.1)
Normalised excl Chicken	**9.6**	9.7	(0.1)
Normalised total	**6.9**	7.1	(0.2)

*2017 EBITDA excludes the once-off costs already normalised | Normalised for material financial items in the current and prior year, refer slide 20 and 21 for further details

CASH FLOW SUMMARY

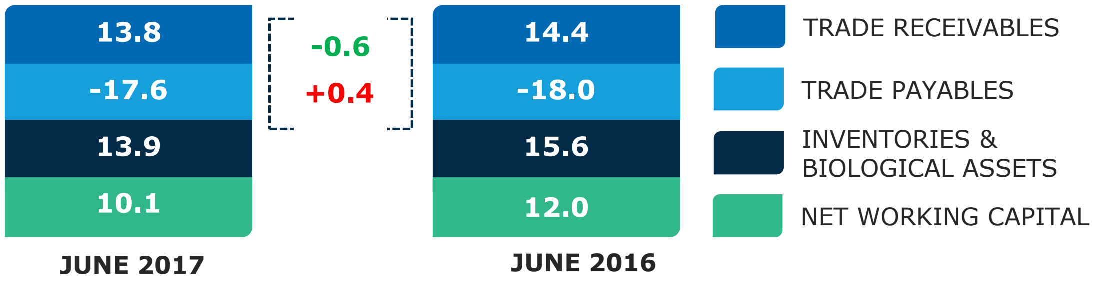
Rm	JUNE 2017	JUNE 2016 Restated	% VAR
Opening balance*	**363.2**	870.5	(58.3)
Operating profit adjusted for non-cash flow items	**1 466.2**	1 343.8	9.1
Working capital changes	**827.5**	118.6	597.7
Net finance costs paid	**(325.1)**	(325.5)	0.1
Tax paid	**(262.0)**	(254.6)	(2.9)
Dividends received	**93.5**	68.6	36.3
Dividends paid	**(217.1)**	(320.1)	32.2
Capital expenditure (including intangibles)	**(834.5)**	(1 049.3)	20.5
Proceeds on disposal of Zam Chick and Zamhatch	**289.5**		100.0
Proceeds on disposal of Fishing division		25.0	(100.0)
Proceeds on sale of PP&E	**34.6**	43.5	(20.5)
Investments in associates and joint ventures		(61.5)	100.0
Interest-bearing liabilities	**(406.0)**	(88.8)	(357.2)
Other	**24.0**	(7.0)	442.9
Closing balance*	**1 053.8**	363.2	190.1

*Net of overdrafts

WORKING CAPITAL

WORKING CAPITAL (Rm)	JUNE 2017	JUNE 2016 (Restated)	% VAR
Trade receivables*	**3 452.3**	3 610.0	(4.4)
Inventories	**2 666.6**	2 940.3	(9.3)
Biological assets	**791.5**	968.2	(18.3)
Trade payables	**(4 398.5)**	(4 514.4)	(2.6)
Net	**2 511.9**	3 004.1	(16.4)
WORKING CAPITAL DAYS	**JUNE 2017**	**JUNE 2016 (Restated)**	**VAR (days)**
Debtors days*	**51**	53	(2)
Stock days	**65**	74	(9)
Creditors days	**(83)**	(85)	(2)
Net	**33**	42	(9)

NET WORKING CAPITAL AS A % OF REVENUE



Net working capital* has decreased R492.2m over the prior year due to:

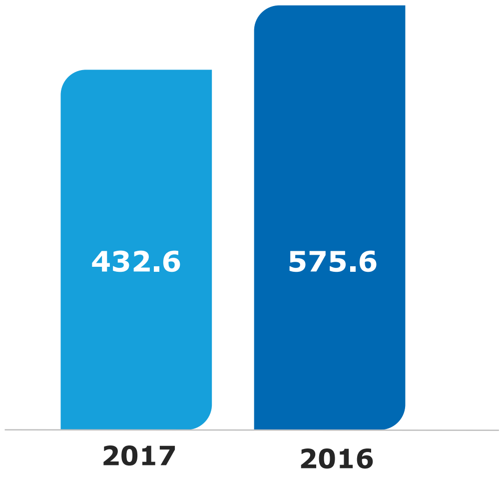
- A decrease in biological assets resulting from lower quantities of birds on the ground following the chicken restructure;
- Lower inventory balances, due to a shift from imports to locally sourced commodities which resulted in lower buffer stock requirements, and lower commodity prices which further drove the decrease at year-end; and
- Lower net receivables, largely due to the decreased IQF sales volumes in chicken following the restructure

*Excludes Zambian options receivable included in prior year receivables

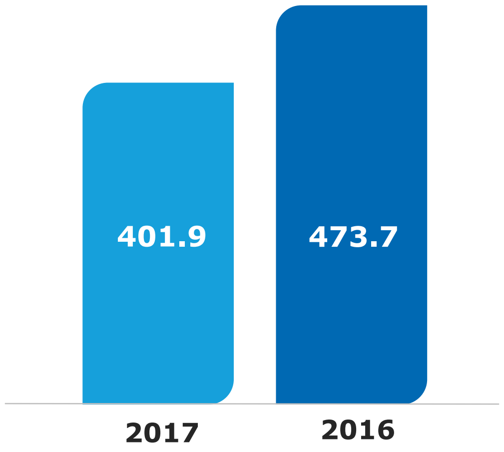
CAPITAL EXPENDITURE

- Capital expenditure was **R834.5m** (2016: R1 049.3m)
- Major spend in the period included further spend on projects that commenced in the prior year relating to the upgrade to the pet food plant in the Grocery business unit and the expansion at the Logistics division's Thekwini site and investments in our ERP systems across the Group
- **Capital commitments of R510.4m** (2016: R550.5m) mainly relate to on-going replacement of critical infrastructure within the divisions, further spend required to restore the Pongola silo and investments in the ERP implementations across the Group

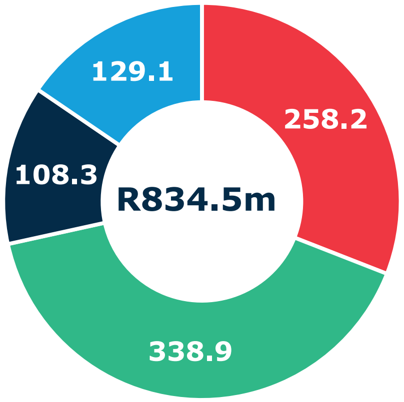
EXPANSION



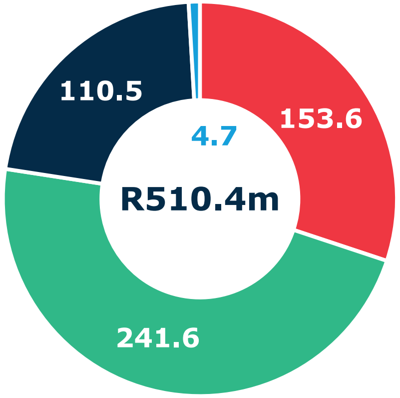
REPLACEMENT



CAPITAL EXPENDITURE BY DIVISION



CAPITAL COMMITMENTS BY DIVISION



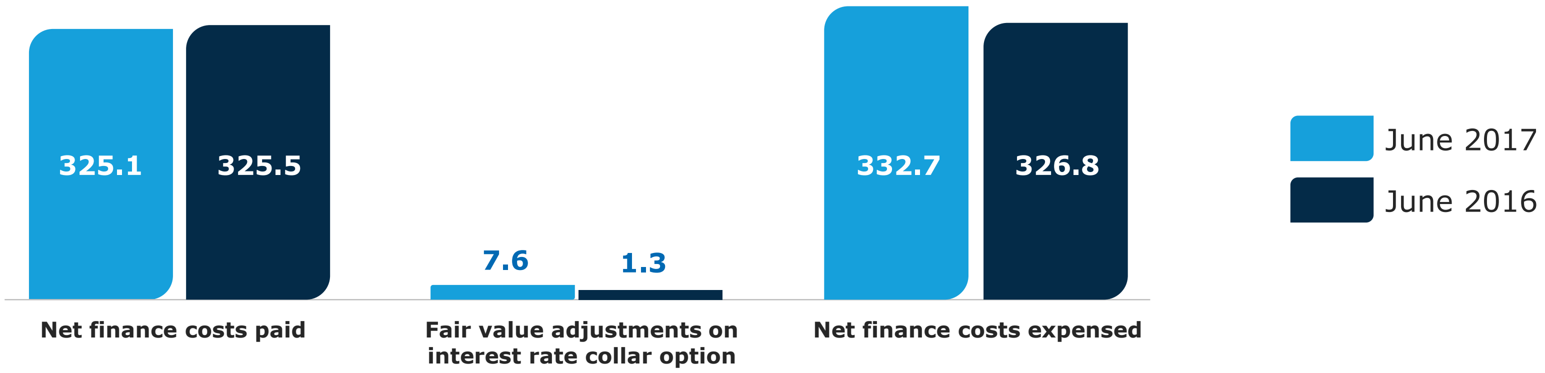
Consumer | Sugar & Milling | Group | Logistics

DEBT PACKAGE

TERM	VALUE (Rm)	YEAR 1	YEAR 2	YEAR 3 (FEB 18)	YEAR 4 (FEB 19)
5 year	1 355				
	400				
4 year	847				
	250				
3 year – RCF	498				
Total	**3 350**				
Hedged %		**77%**	**77%**	**53%**	**53%**

- Hedged (fixed rate)
- Unhedged
- Partial hedge (collar) to the extent of R1.5bn
- Revolving credit facility (RCF) not hedged*

NET FINANCE COSTS (Rm)



*Repaid in January 2017 and undrawn since

DEBT COVENANTS

COVENANT	REQUIRED	JUNE 2017	DEC 2016	JUNE 2016
Senior leverage ratio (Net senior debt*/pre-IAS 39 HEBITDA)	<3.0	**1.4**	**2.2**	**1.8**
Repricing (a step-up margin of 0.25% is triggered if the senior leverage ratio breaches 2.7)	<2.7	**1.4**	**2.2**	**1.8**
Senior interest cover ratio (pre-IAS 39 HEBITDA/senior net finance charges**)	>3.0	**5.0**	**4.6**	**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

SCOTT PITMAN
MANAGING DIRECTOR

Consumer Division

OPERATIONAL REVIEW: CONSUMER

REVENUE (Rm)	JUNE 2017*	JUNE 2016* Restated	% VAR
Consumer	**13 474.0**	13 301.3	1.3
Sugar & Milling	**14 467.4**	14 914.8	(3.0)
Logistics	**2 033.1**	1 986.9	2.3
Sales between segments	**(5 023.8)**	(5 177.8)	(3.0)
Total	**24 950.7**	25 025.2	(0.3)
EBITDA (Rm) pre-IAS 39			
Consumer	**572.7**	701.7	(18.4)
Sugar & Milling	**916.1**	826.0	10.9
Logistics	**203.1**	260.7	(22.1)
Unallocated group costs	**29.9**	(13.1)	328.3
Total	**1 721.8**	1 775.3	(3.0)

HEADLINES

- F17 was a challenging year with Consumer's results being severely impacted by the performance of the Chicken business unit which came under pressure from dumped imports, local oversupply and high input costs
- Although our Groceries portfolio has also been adversely impacted by a tough trading environment in which most food categories are in decline, RCL FOODS has shown pleasing volume growth on key Grocery brands and strong market share gains

*Normalised for material financial items in the current and prior year, refer slide 20 and 21 for further details

OPERATIONAL REVIEW: CONSUMER

REVENUE (Rm)	JUNE 2017*	JUNE 2016* Restated	% VAR
Chicken	**7 675.9**	7 905.0	(2.9)
Groceries	**4 955.3**	4 512.9	9.8
Sales between business units	**(54.4)**	(110.8)	(50.9)
Cost recoveries – Chicken	**396.1**	432.5	(8.4)
Cost recoveries – Groceries	**501.1**	561.7	(10.8)
Total	**13 474.0**	13 301.3	1.3
EBITDA (Rm) pre-IAS 39			
Chicken	**109.0**	158.1	(31.1)
Groceries	**463.7**	543.6	(14.7)
Total	**572.7**	701.7	(18.4)
EBITDA MARGIN (%) – pre-IAS 39**			
Chicken	**1.4**	2.0	(0.6)
Groceries	**9.4**	12.0	(2.6)
Total	**4.3**	5.3	(1.0)

HEADLINES

- Despite continued external market pressures, Chicken is starting to reap the benefits of a new and more resilient business model evident in an EBITDA result which was R80.8m higher in the second half of the financial year
- On a further positive note, ASK'd, an independent company that measures food industry growth and trends, is indicating that although volumes are down, RCL FOODS' volume declines are not as pronounced as the rest of the industry

FOODS MARKET - 12MMA JUNE 2017	
RCL FOODS GROCERIES	ASK'D BASKET (EXCL STAPLES)
-3.8%	-4.7%

Notes:
1) Groceries category includes the Beverages, Grocery, Pies and Speciality business units
2) Revenue excludes items which are considered revenue in terms of IFRS but cost recoveries for management reporting purposes (e.g. poultry by-products, sunflower-oil and cake)

*Normalised for material financial items in the current, refer slide 20 and 21 for further details | **Margin calculated of revenue excluding cost recoveries

OPERATIONAL REVIEW: CHICKEN

CHICKEN MAINSTREAM

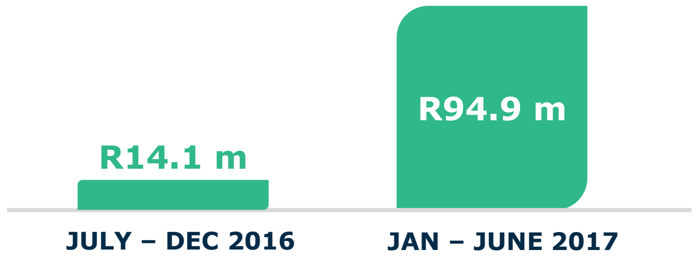
- Whilst the industry remains in crisis, the Chicken business unit had a much stronger second half as a result of the business model change and consequential volume reduction, with the aim of reducing reliance on commodity driven categories

- Following the change in our business model, the number of birds produced per week has declined from 4.7 million to 3.8 million

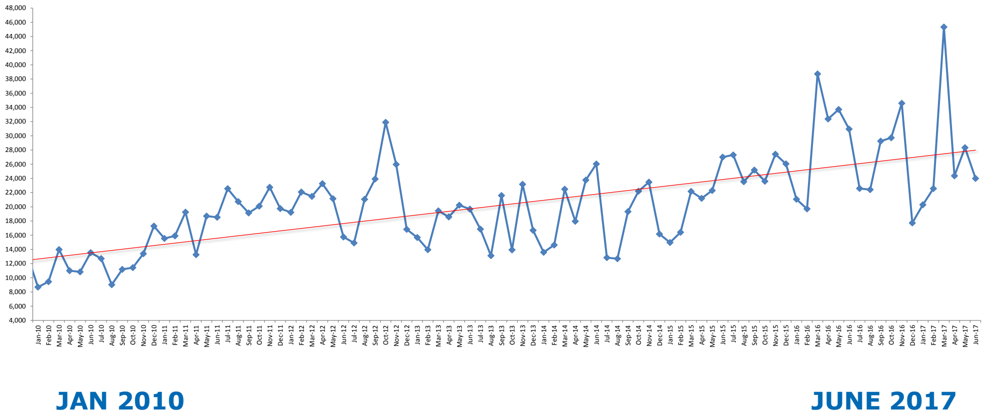
- Despite engagements with government around an additional tariff, the dumping of leg quarters remains a concern with levels still high in spite of reduced European imports due to an outbreak of Avian Influenza (AI)

- High Pathogenic Avian Influenza is present in South Africa at the moment with 14 or more outbreaks recorded. An RCL breeder site in Midrand was affected and culled. Obsessive implementation of biosecurity measures are in place at all our sites, and the industry and government are partnering on containing the virus

CHICKEN - EBITDA PERFORMANCE (Normalised)



IMPORTS - TOTAL CHICKEN (EXCL MDM) TONS PER MONTH



Source: SAPA

OPERATIONAL REVIEW: CHICKEN

CHICKEN ADDED VALUE

RETAIL

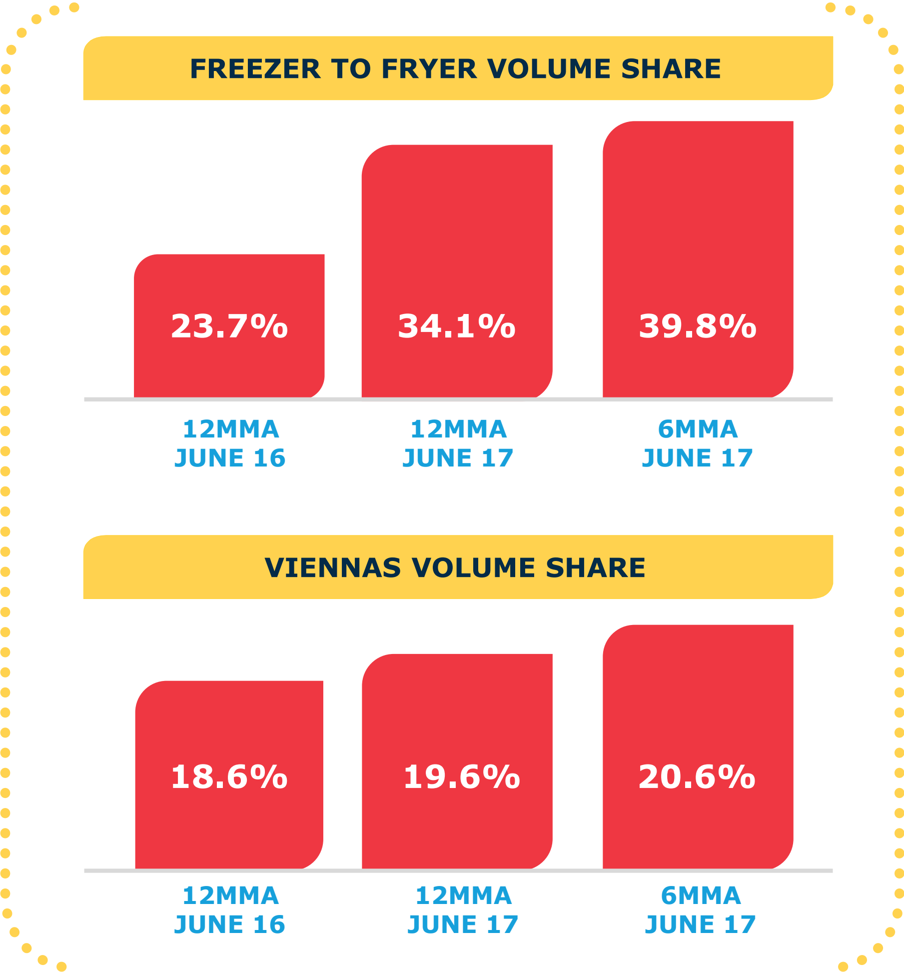
Excellent performance in the Freezer to Fryer category has translated into market leadership status for RCL FOODS for the 6 month moving June 2017 period

In a category that is in decline, investment in differentiating innovation has proven to be successful in winning back market share in the Chilled Processed Meat category

FOODSOLUTIONS

Growth in the Quick Service Restaurant channel remains under pressure due to soft consumer demand

As market leader in the QSR Chicken sector, Rainbow Foodsolutions is successfully expanding it's footprint outside of Chicken



Source:Aztec

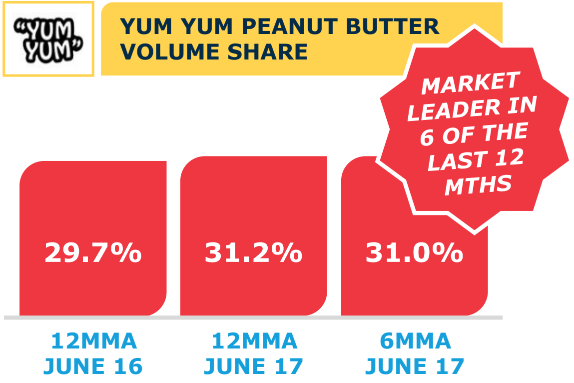
OPERATIONAL REVIEW: GROCERIES

GROCERY

- RCL have grown share to dominate the peanut butter and mayonnaise categories with Yum Yum and Nola respectively assuming market leadership in most months

- RCL's pet food range has grown considerable share in the premium sector of the pet food market. Canine Cuisine grew 57% in volume to become market leader of the premium dog food category in supermarkets, while Ultradog grew volume by 9% in the Vet channel. This enhanced profit mix sets up pet food well for the implementation of the raft of innovation from the new factory which is almost complete in build

- Our Ouma range continues to grow through the launch of "Minis" and more recently a premium homestyle range



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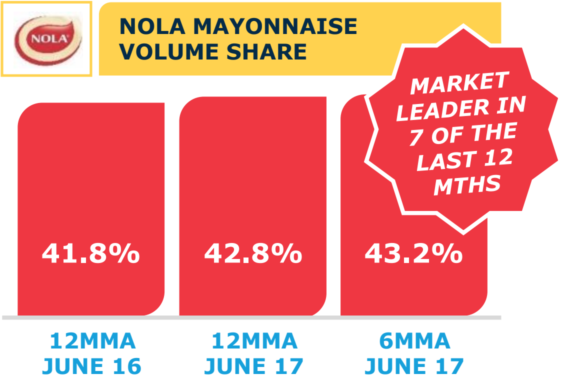

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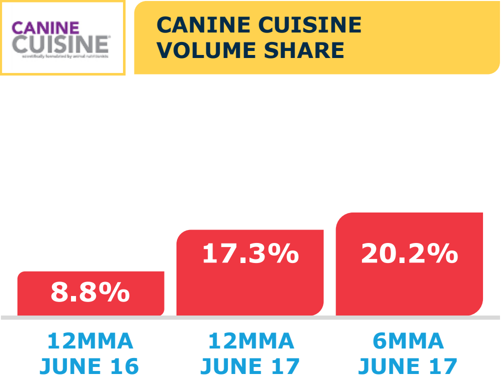

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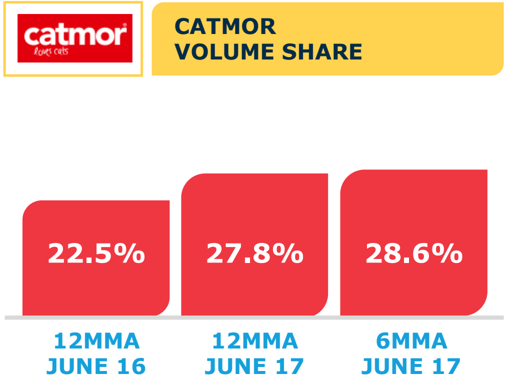


Source:Aztec

OPERATIONAL REVIEW: GROCERIES

PIES

- The work on Piemans is paying off with our brand seeing volume growth in F17 despite nearly all grocery categories being in decline during the period
- Improving the quality of it's Classic Pie range, launching an affordable value offering in Mighty Fine, relentlessly cutting costs and driving clear customer plans have all been key enablers behind Piemans seeing volume growth
- Exciting pipeline innovation coupled with major cost saving projects will ensure that our Pies continue to grow in a competitive market

OPERATIONAL REVIEW: GROCERIES

BEVERAGE

- All beverage categories in South Africa had a tough year due to cooler average temperatures
- RCL withdrew its Number1 Smooth UHT product from the market in November due to product consistency issues. The above factors, combined with tough competition from lower priced competitors made for a difficult financial year for Beverages
- A vigorous innovation program, as well as the relaunch of our UHT range is currently being listed in the trade

OPERATIONAL REVIEW: GROCERIES

SPECIALITY

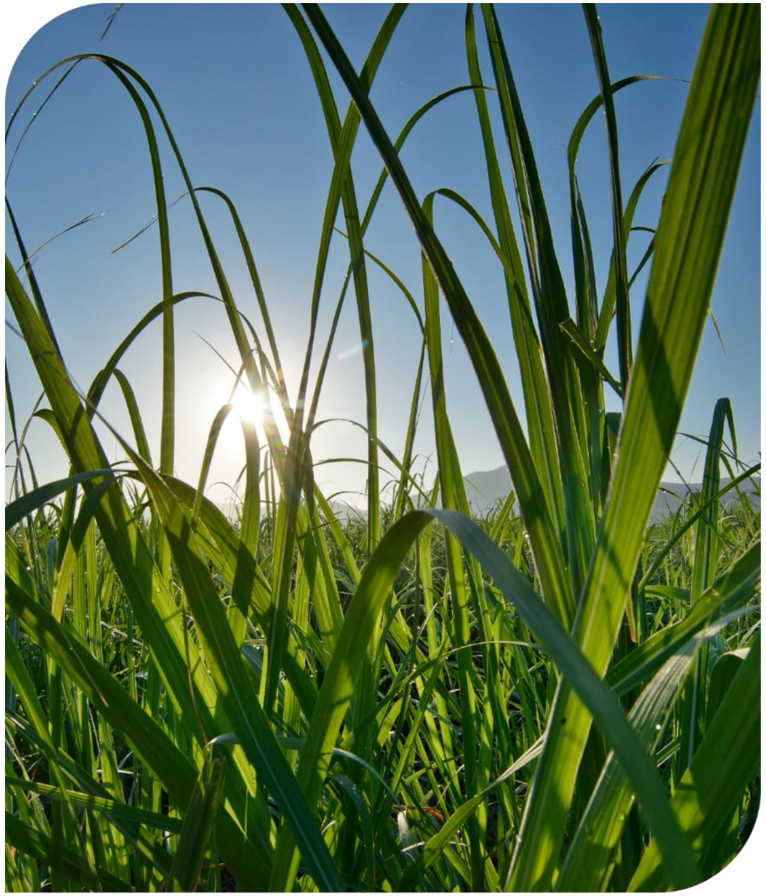
- The Speciality business unit experienced volume declines in line with grocery markets in South Africa
- Speciality has undergone a full revamp to align systems and controls with the RCL FOODS Consumer way
- With efforts now gaining traction, the business unit will be well positioned for the upcoming year
- RCL FOODS will continue to partner closely with key customers to drive sustainable growth through differentiated innovation

JOHN DU PLESSIS
MANAGING DIRECTOR

Sugar & Milling Division

OPERATIONAL REVIEW: SUGAR & MILLING

REVENUE (Rm)	JUNE 2017*	JUNE 2016* Restated	% VAR
Consumer	**13 474.0**	13 301.3	1.3
Sugar & Milling	**14 467.4**	14 914.8	(3.0)
Logistics	**2 033.1**	1 986.9	2.3
Sales between segments	**(5 023.8)**	(5 177.8)	(3.0)
Total	**24 950.7**	25 025.2	(0.3)
EBITDA (Rm) pre-IAS 39			
Consumer	**572.7**	701.7	(18.4)
Sugar & Milling	**916.1**	826.0	10.9
Logistics	**203.1**	260.7	(22.1)
Unallocated group costs	**29.9**	(13.1)	328.3
Total	**1 721.8**	1 775.3	(3.0)



*Normalised for material financial items in the current, refer slide 20 and 21 for further details

OPERATIONAL REVIEW: SUGAR & MILLING

REVENUE (Rm)	JUNE 2017*	JUNE 2016* Restated	% VAR
Animal Feed	**5 667.9**	5 996.9	(5.5)
Millbake	**3 799.4**	3 765.3	0.9
Sugar	**5 098.7**	5 275.2	(3.3)
Sales between business units	**(98.6)**	(122.6)	(19.6)
Total	**14 467.4**	14 914.8	(3.0)
EBITDA (Rm) pre-IAS 39			
Animal Feed	**268.3**	322.4	(16.8)
Millbake	**278.9**	272.3	2.4
Sugar	**368.9**	231.3	59.5
Total	**916.1**	826.0	10.9
EBITDA MARGIN (%) – pre-IAS 39			
Animal Feed	**4.7**	5.4	(0.7)
Millbake	**7.3**	7.2	0.1
Sugar	**7.2**	4.4	2.8
Total	**6.3**	5.5	0.8

HEADLINES

- Good performances from Sugar and Baking deliver a result that is ahead of last year
- Animal Feed volumes were under pressure but showed promising signs of recovery in the last quarter
- Milling volumes were under pressure in an overtraded market
- Whilst all bakeries performed well, Gauteng turnaround was the key driver in a strong performance from Baking

*Normalised for material financial items in the current, refer slide 20 and 21 for further details

OPERATIONAL REVIEW: ANIMAL FEED

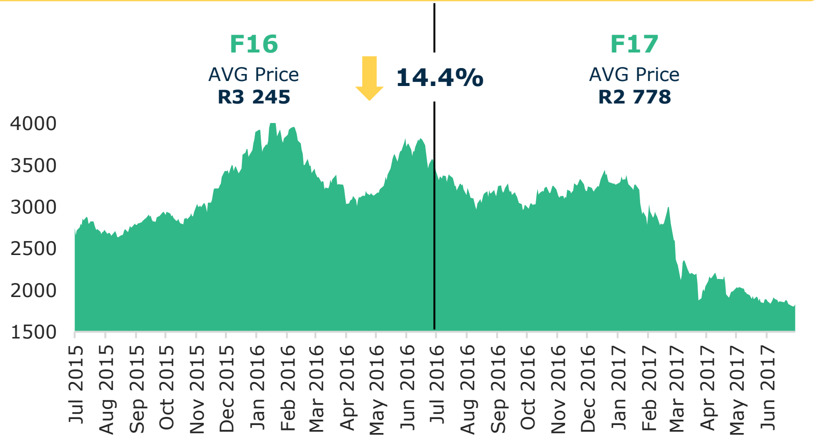
- **EBITDA decreased by R54.1m (-16.8%)** to R268.3m due to pressure on both volume and margin
- A constrained market, still recovering from the drought, resulted in soft demand with volumes down 13.8% on F16
- Due to the drought, commodity prices hit record highs in the first half of the year with good rainfall then leading to increased grazing and a steep drop in commodity prices from Q4
- High priced commodity positions relative to the spot market increased input costs and, in an effort to sustain margins, volumes were under significant pressure
- Due to shortages in the first half of the year, Molatek was forced to import molasses at a significant premium to local prices
- Commodity prices showed a significant recovery in the last quarter of the year and created capacity for both brands to aggressively chase volume

ANIMAL FEED MARKET SHARES

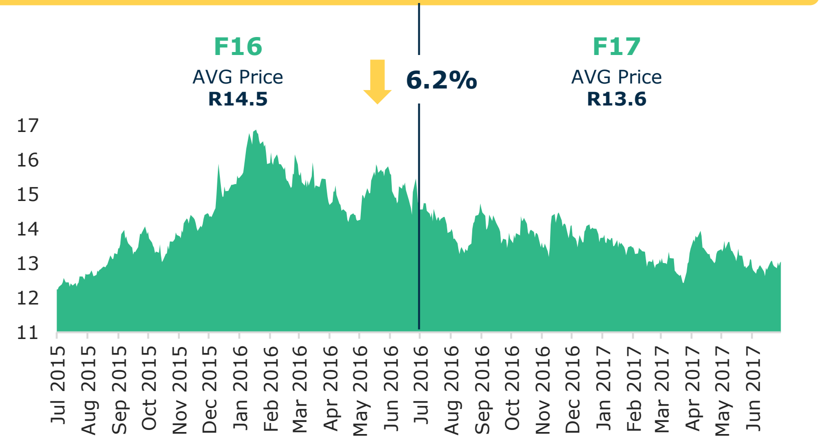
GAME	DAIRY	LAYERS	BROILERS	HORSE	RUMINANTS	OSTRICH	PIGS
36.0%	1.4%	4.0%	25.5%	66.4%	33.8%	5.8%	8.8%

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

YELLOW MAIZE PRICE (R/ton)



RAND/USD



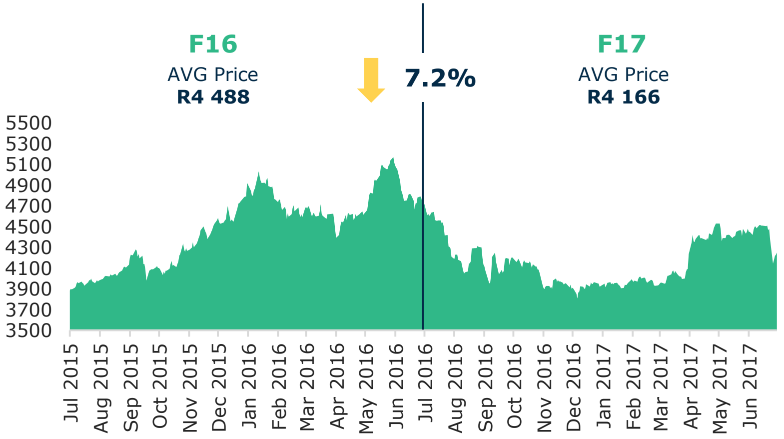
Source: Reuters

OPERATIONAL REVIEW: MILLBAKE

- **EBITDA increased by R6.6m (2.4%)** to R278.9m, largely off strong performances in Baking
- An oversupplied market for flour put volume and margin under pressure
- Longer procurement positions for maize, in a declining market, put margins and volume for maize based products under pressure
- Procured positions closer to the market in the last quarter of F17, combined with full integration into the ONE RCL FOODS front end team led to a volume recovery in the latter part of the year
- Operating efficiency improvements in Millbake had a positive impact on costs
- Baking delivered an exceptional result off the back of the turnaround plans implemented for the Gauteng bakeries and profit was materially up year-on-year
- Though competition was tough across the other bakeries, gains were made in both volume and margin

SAFEX WHEAT PRICE (R/ton)

A long position on wheat put margin under pressure in a declining market

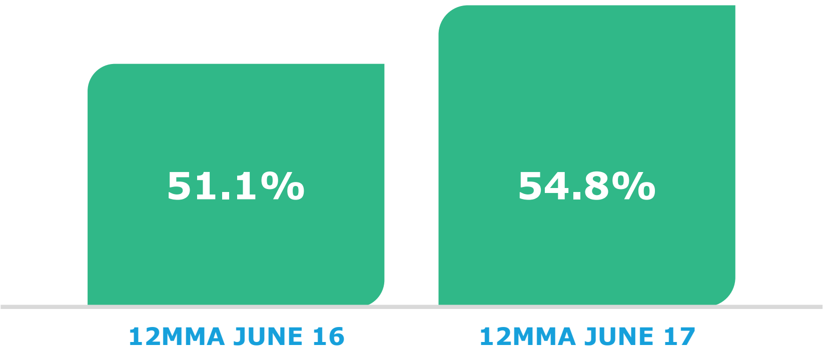


Source: Reuters

OPERATIONAL REVIEW: SUGAR

- **Normalised EBITDA increased by R137.6m (59.5%)** to R368.9m, primarily due to price increases that went through in July and in February
- The drought and an intentionally delayed start up of the mills post the off-crop season led to less cane crushed than the prior year with the result that sales volumes were down by 22% to 485 000 tons
- Gross profit margin was positively impacted by the two price increases as well as focused effort to optimise the sales and channel mix

MANUFACTURERS SHARE

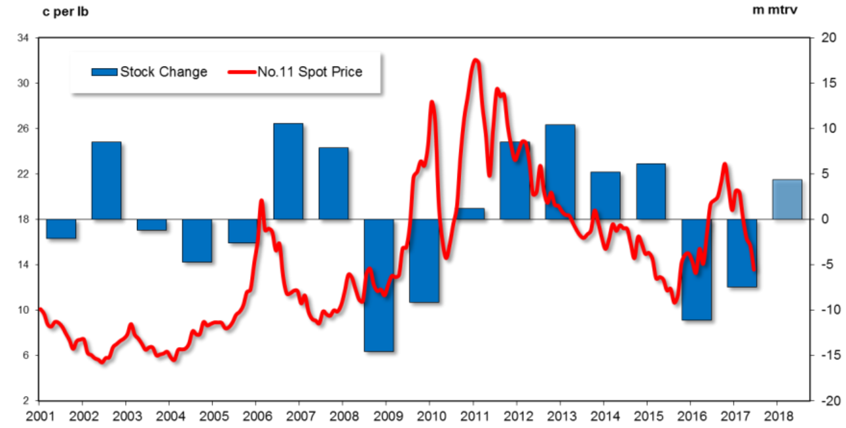


Source:Aztec

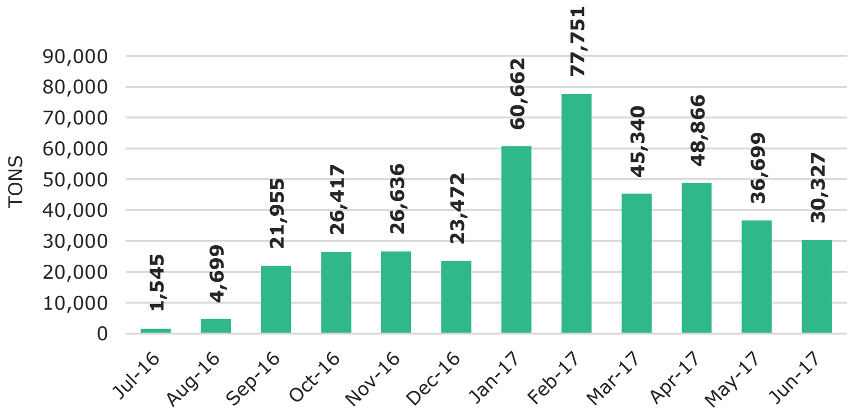
OPERATIONAL REVIEW: SUGAR IMPORTS

- The global sugar market is currently in oversupply with the result that sugar prices are trading well below historic average prices
- A key driver of the global surplus is a shift away from ethanol to fossil fuel as a result of sustained low oil prices
- The current sugar tariff structure has provided inadequate protection against imports, which traded up to 30% below the cost of domestic sugar
- As a result, imported sugar increased to record levels from January
- This negatively affected domestic sales and increased the amount of raw sugar needing to be exported

GLOBAL SUPPLY / DEMAND BALANCE



SUGAR IMPORTS (Duty Paid Deep Sea & SADC Protocol)



CHRIS CREED
MANAGING DIRECTOR

Logistics Division

OPERATIONAL REVIEW: LOGISTICS

REVENUE (Rm)	JUNE 2017*	JUNE 2016* Restated	% VAR
Consumer	**13 474.0**	13 301.3	1.3
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Total	**1 721.8**	1 775.3	(3.0)

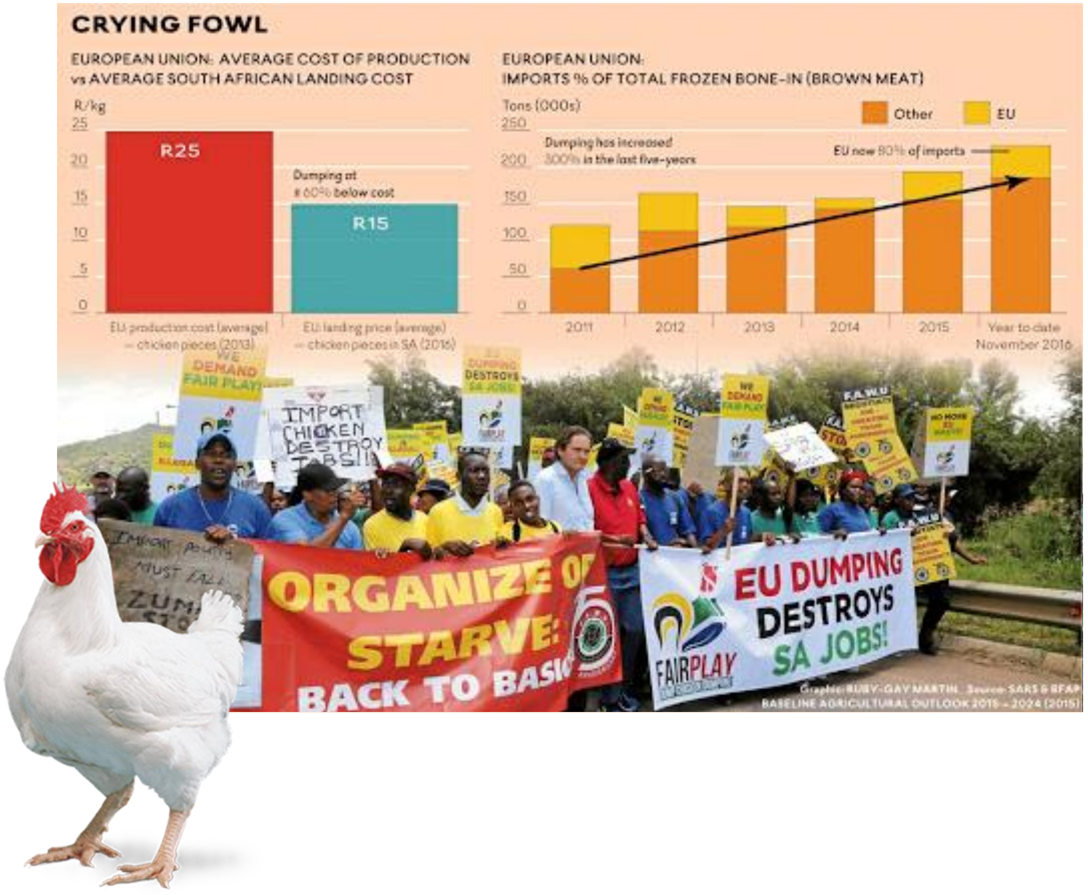
HEADLINES

- Significant impact of Chicken restructure; focus on winning new business and adjusting cost base to suit revised business requirements
- Weak economy stifles growth in Retail, with Food Service volumes under pressure
- Excess market capacity for bulk storage dampens overall performance
- Pleasing extension of customer contracts
- Sound performance in sales & merchandising

*Normalised for material financial items in the current and prior year, refer slide 20 and 21 for further details

CHICKEN CRISIS IMPACTS LOGISTICS, MITIGATION PLAN BEING IMPLEMENTED

- **Excluding** the impact of the Chicken business unit downsizing, underlying EBITDA would be R246.9m (-5.3% compared to 2016)
- **New business targeted** to offset the impact of the loss of Chicken volumes
- Business **restructuring** and **cost base rationalisation** underway to mitigate the effect with a focus on network, hub and transport optimisation



RAINBOW

WEAK ECONOMY IMPACTS RETAIL, FOOD SERVICE SHOWS SIGNS OF PRESSURE

- **Retail volumes** reflected the generally muted economic environment and resulting subdued consumer spending
- Food Service sector **volumes under stress**, tapering off into the last quarter in particular
- **Bulk storage** demand reduced due to pressure on Retail volumes and excess market capacity

Economic pressure impacts Retail and Food Service performance




Excess market capacity for bulk storage impacts negatively on performance

WINNING NEW BUSINESS

- Focus on targeted opportunities to **win new business**
- Vector has been **awarded a long-term contract** for Pick 'n Pay's frozen distribution
- Nandos **continues its partnership** with Vector by renewing its supply chain agreement
- Growth in **Sales & Merchandising** due to new business and improved volume from Group business

PROSPECTS

PROSPECTS

- Economic growth will continue to be lacklustre in the coming year, which implies that demand will remain constrained, with flat to declining volumes
- Improved supply of crops is expected to bring price relief to consumers and assist in restoring margins
- The implementation of the revised business model in Chicken, coupled with anticipated lower input costs will assist in substantially improving profitability in the Chicken business unit going forward
- Production volumes in Sugar should improve on the back of renewed irrigation, although the increasing trend in sugar imports and its impact on local sugar prices remains a major concern
- We continue to focus on innovation and our recent capital investments have presented further opportunities to improve and create new product ranges and service offerings
- Focus in Logistics on targeting new business and cost containment initiatives
- Internal opportunities in synergies, overhead savings and production efficiencies that flow from our ONE RCL FOODS initiatives will continue to receive substantial focus