

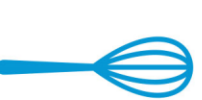


2020

INVESTOR PRESENTATION APPENDICES 2 MARCH 2020

RESULTS FOR THE SIX MONTHS
ENDED DECEMBER 2019





RCL FOODS IN CONTEXT

Remgro
Limited

FOOD, LIQUOR & HOME CARE



BANKING



HEALTHCARE



INSURANCE



INDUSTRIAL



INFRASTRUCTURE

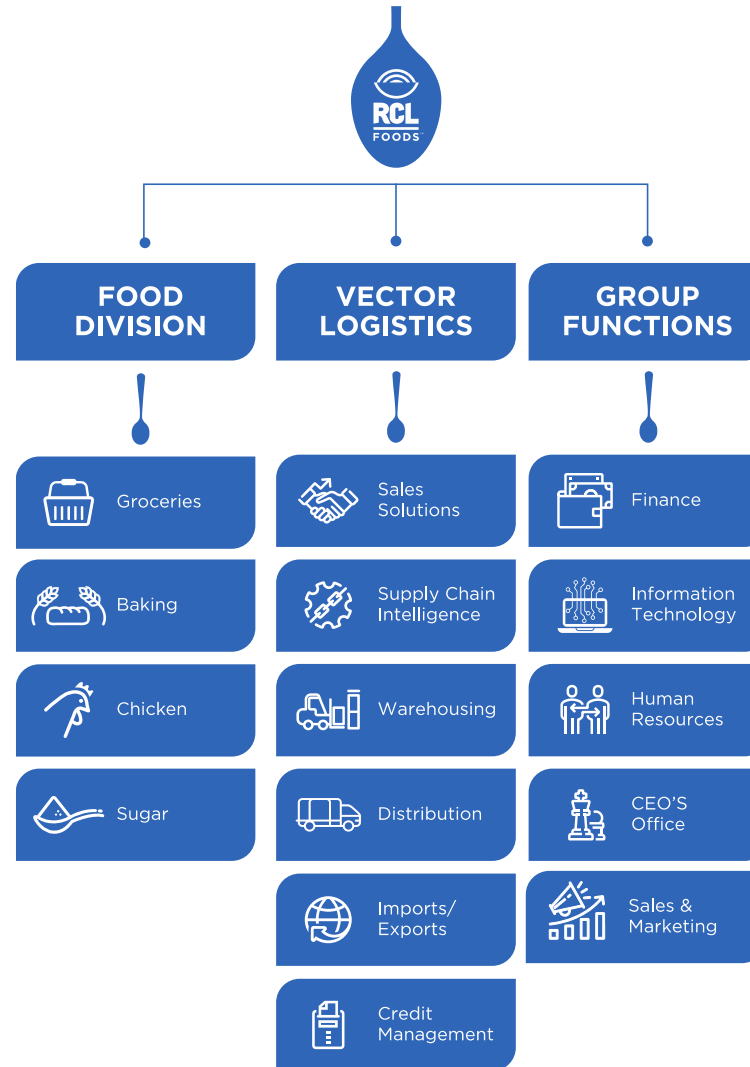


MEDIA & SPORT





OUR STRUCTURE





OUR BUSINESS MODEL






OUR BUSINESS PROFILE



RCL FOODS is a leading South African food manufacturer, producing a wide range of branded and private label food products which we distribute through our own route-to-market supply chain specialist, Vector. With R11 billion in market capitalisation and over 21 000 employees, we are one of the top 100 companies listed on the JSE in terms of market capitalisation.

Our strategy is founded on a clear sense of who we are and where we are going as a business. We aim to create the future Our Way – driven by Our Passion and Our Ambition and guided by Our Values.



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

OUR VALUES

Four powerful values drive the way we do business:

-  Respect for people
-  Uncompromising integrity
-  Seeing and doing things differently
-  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 BRANDS





OUR IMPACT



SUSTAINABILITY

Our **Sustainable Business Drive** is about **creating the future**.

Underpinned by **Our Passion**, it sets out our response to the most critical social and environmental challenges we face. Our Sustainable Business Drive enables us to **secure the future for our business**, whilst establishing competitive advantage in a fast-changing world.

NOURISHING
PEOPLE

①

NOURISHING PEOPLE
MORE FOOD

More nutritionally creative solutions

1.1 MORE NUTRITIOUS PRODUCTS

We will provide more nourishing food, better value and greater choice to all people - educating our consumers on the benefits of a balanced diet.

Ambition

To lead the promotion of nutrition with innovative product solutions in the context of a balanced diet.

1.2 MORE NUTRITIONAL THOUGHT
LEADERSHIP

We will strive to become a trusted source of influence in food policies, regulation and food labelling development.

Ambition

To lead the promotion of nutrition through influencing policy development.

1.3 MORE BASIC NUTRITION FOR
CHILDREN

We will drive awareness of the basic nutrition challenges for children through collaborative multi-stakeholder partnerships aimed at addressing nutritional stunting.

Ambition

To lead the promotion of nutrition for children through collective action against stunting.

ENRICHING
COMMUNITIES

②

ENRICHING COMMUNITIES
MORE PEOPLE

More socially creative solutions

2.1 MORE INSPIRED EMPLOYEES

We will build a unique organisation where work is safe, fun, meaningful and enriching in a way that unlocks the potential and creativity of our 21 000 + people.

Ambition

To become THE place to work by building a compelling RCL FOODS culture.

2.2 MORE ECONOMICALLY DEVELOPED
COMMUNITIES

We will drive an inclusive business agenda through land reform and new inter-connected business models.

Ambition

To become THE trusted business partner for economic development in the communities in which we operate.

2.3 MORE SOCIALLY DEVELOPED
COMMUNITIES

We will drive social upliftment of our communities through a dialogue approach - understanding their needs and partnering with like-minded organisations to find solutions.

Ambition

To become THE respected business partner for social development in the communities in which we operate.

SUSTAINING
RESOURCES

③

SUSTAINING RESOURCES
MORE OFTEN

More environmentally creative solutions

3.1 MORE ENERGY SELF-SUFFICIENT
OPERATIONS

We will invest in energy sufficient operations and support the generation of renewable resources at a rate greater than we consume them.

Ambition

To become an energy self-sufficient business.

3.2 MORE WATER-SMART OPERATIONS

We will invest in water-smart operations and influence local government and other key stakeholders for collective solutions in the higher risk areas.

Ambition

To become a water-smart business that continually seeks new ways to reduce, reuse and "create" water.

3.3 MORE WASTE-FREE OPERATIONS

We will invest in new business opportunities that turn our waste into value (through circular economy principles), and minimise our waste to landfill.

Ambition

To become a waste-free business that continually seeks new ways to turn waste into value.



MATERIAL FINANCIAL IMPACTS

CURRENT AND PRIOR PERIOD



Gain on bargain purchase resulting from the Vector acquisition of the Imperial Logistics South Africa's cold-chain business of **R110.0m** (R79.2m post-tax)



An **IFRS 9 fair value loss of R84.4m** (December 2018: R46.8m gain). Current year adjustments relate to the fair value gains and losses on commodity contracts entered into as part of the Group's raw material procurement strategy



The **implementation of IFRS 16** from 1 July 2019, using the "simplified" approach with comparatives not being restated. For the six months to December 2019, the impact of IFRS 16 resulted in **EBITDA** increasing by **R106.8m** and **Headline Earnings** decreasing by **R23.4m**

PRIOR PERIOD ONLY

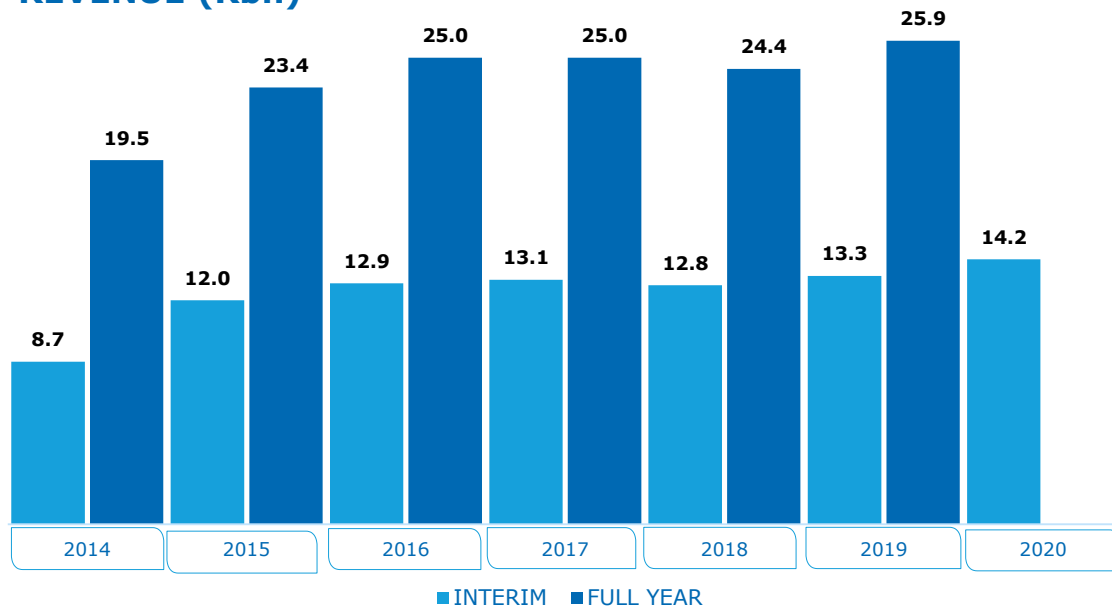


Profit on sale of dormant chicken farms of R105.0m, stemming from the decision to reduce commodity chicken volumes in February 2017

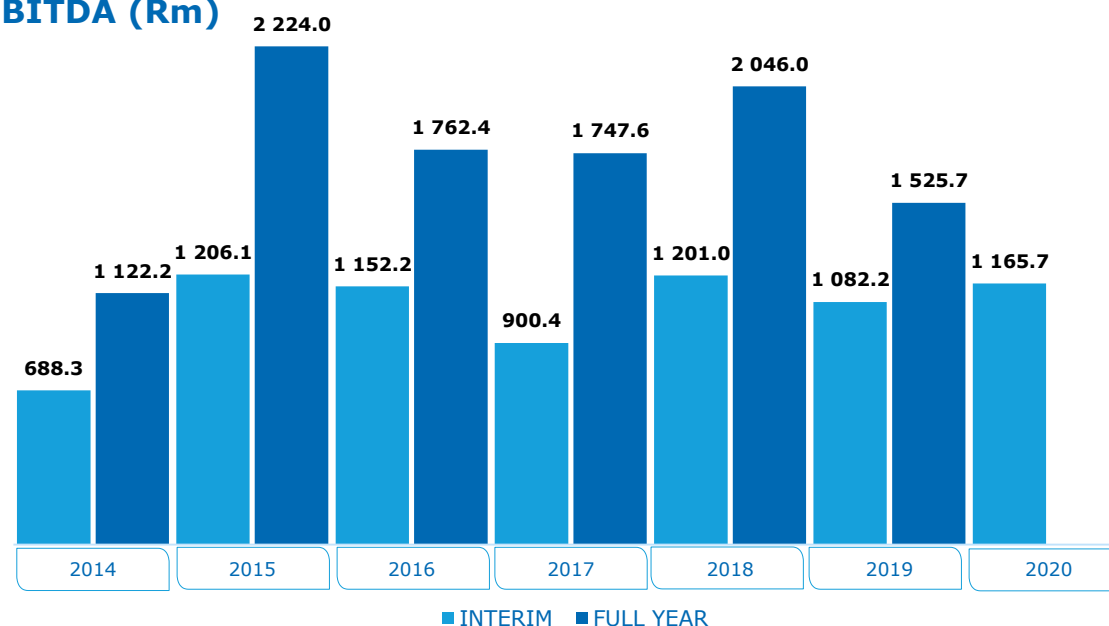


PERFORMANCE

REVENUE (Rbn)



EBITDA (Rm)



**OVER
21 000
EMPLOYEES**



**AROUND
649 000
TONS OF
SUGAR PER YEAR**



**146 TONS
OF MAYONNAISE
SOLD DAILY**



**MORE THAN
1 500
DELIVERY
VEHICLES**



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



**312 000
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



RAINBOW



2 BRANDS
OVER R500m



5 BRANDS
OVER R300m



YOUR
FOOD
PARTNERS

7 BRANDS
OVER R100m



9 BRANDS
UNDER R100m





MARKET SHARE

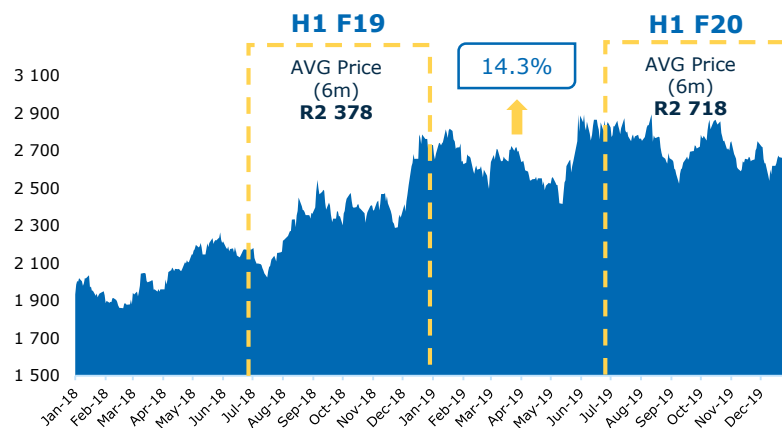
VOLUME SHARE % FOR THE PERIOD	6MM DEC 19	12MM DEC 19	12MM DEC 18	SOURCE
Dogfoods (RCL Brands)	30.0	30.0	28.7	Aztec*
Catfoods (RCL Brands)	30.5	29.4	27.3	Aztec
Yum Yum Peanut Butter	26.1	28.7	32.4	Aztec
Nola Mayonnaise	41.6	43.6	49.1	Aztec
Sorghum (RCL FOODS Brands)	30.5	30.4	28.4	Aztec
Ouma Rusks	44.4	46.8	46.8	Aztec
Mageu	66.9	67.6	72.0	Aztec
Freezer to Fryer	34.6	36.1	29.6	Aztec
Polony (RCL FOODS Brands)	9.9	10.7	6.0	Aztec
Viennas (RCL FOODS Brands)	14.3	8.6	4.6	Aztec
Selati	29.1	30.2	30.2	Aztec
Pies and Rolls (RCL FOODS Brands)	1.8	2.2	3.5	Aztec
Supreme Flour	12.7	12.6	12.9	SAGIS**
Sunbake	8.0	8.3	8.6	SAGIS

*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

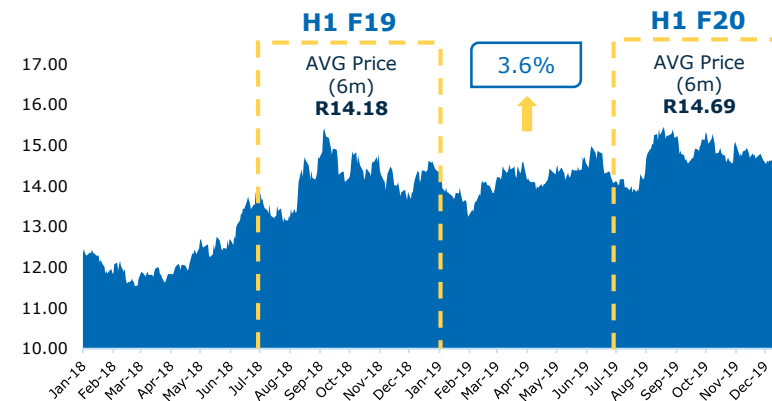


COMMODITY PRICES

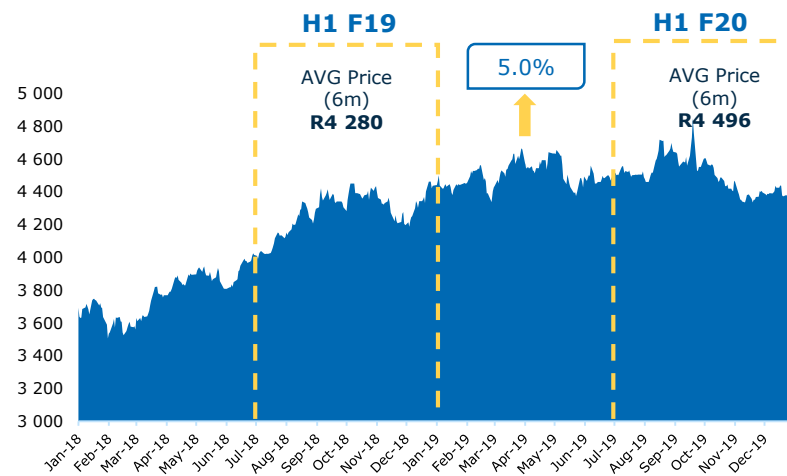
SAFEX YELLOW MAIZE PRICE (R/Ton)



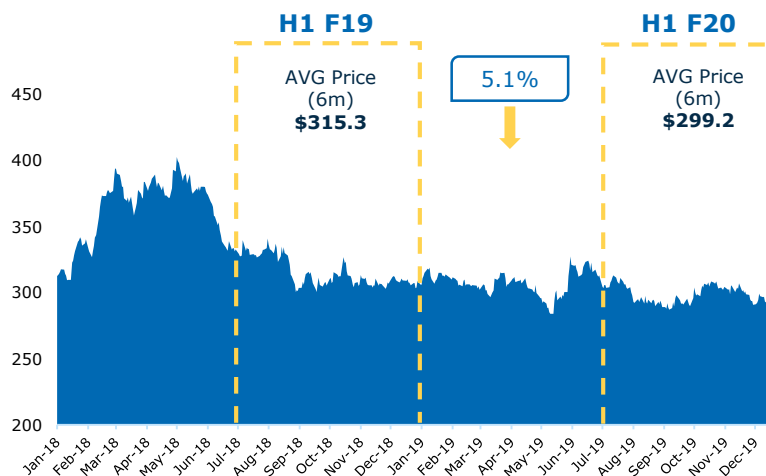
RAND/USD



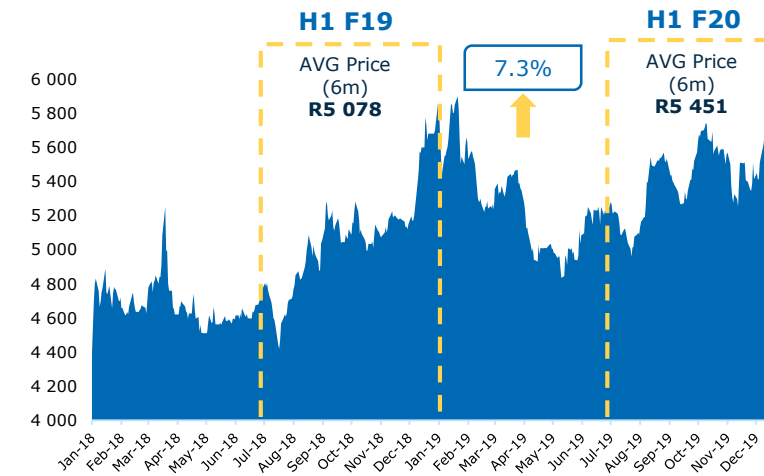
SAFEX WHEAT PRICE (R/Ton)



CME SOYA PRICE (\$/Ton)

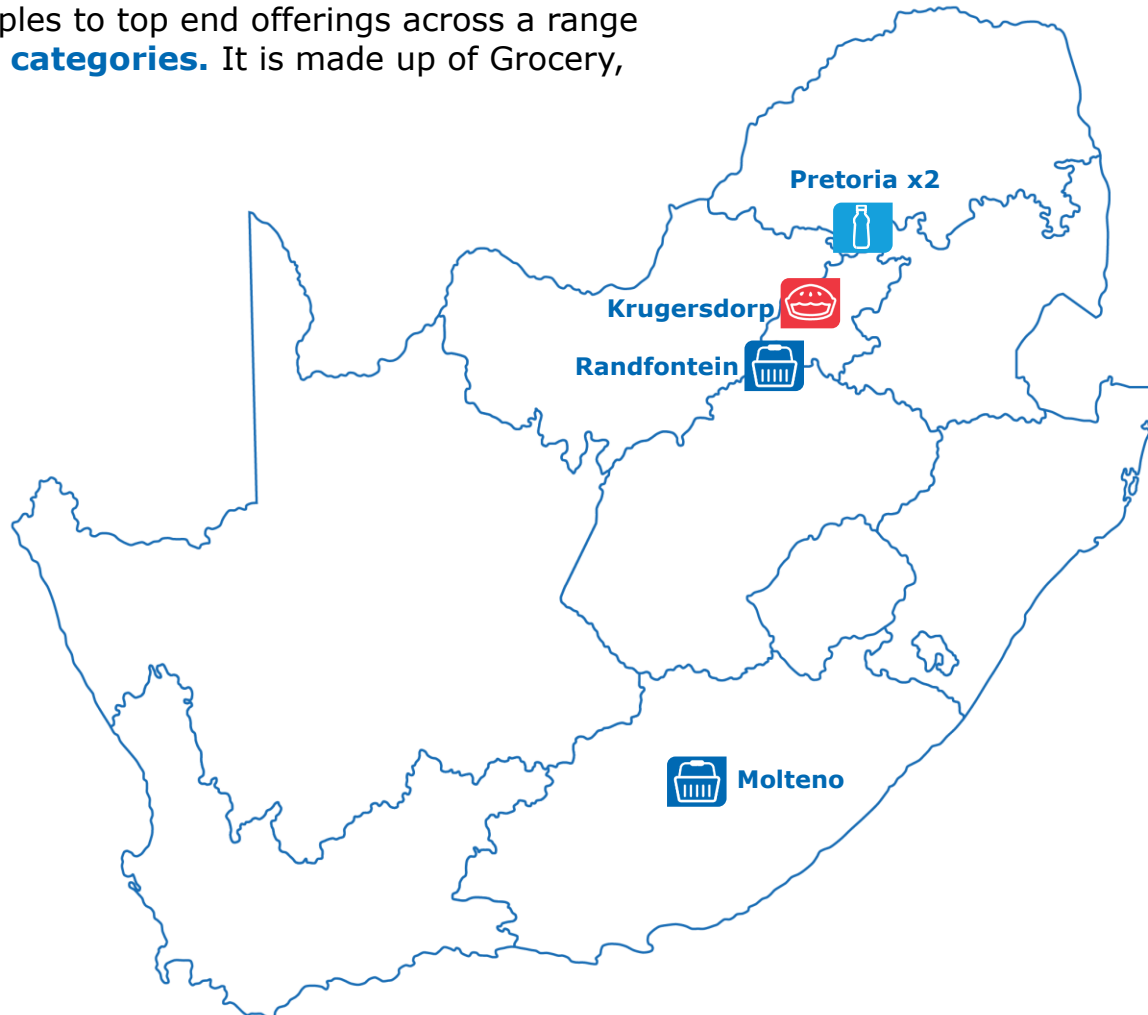


SAFEX SUNFLOWER PRICE (R/Ton)



GROCERIES

The **Groceries 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**. It is made up of Grocery, Pies and Beverages



GROCERY



PIES



BEVERAGES





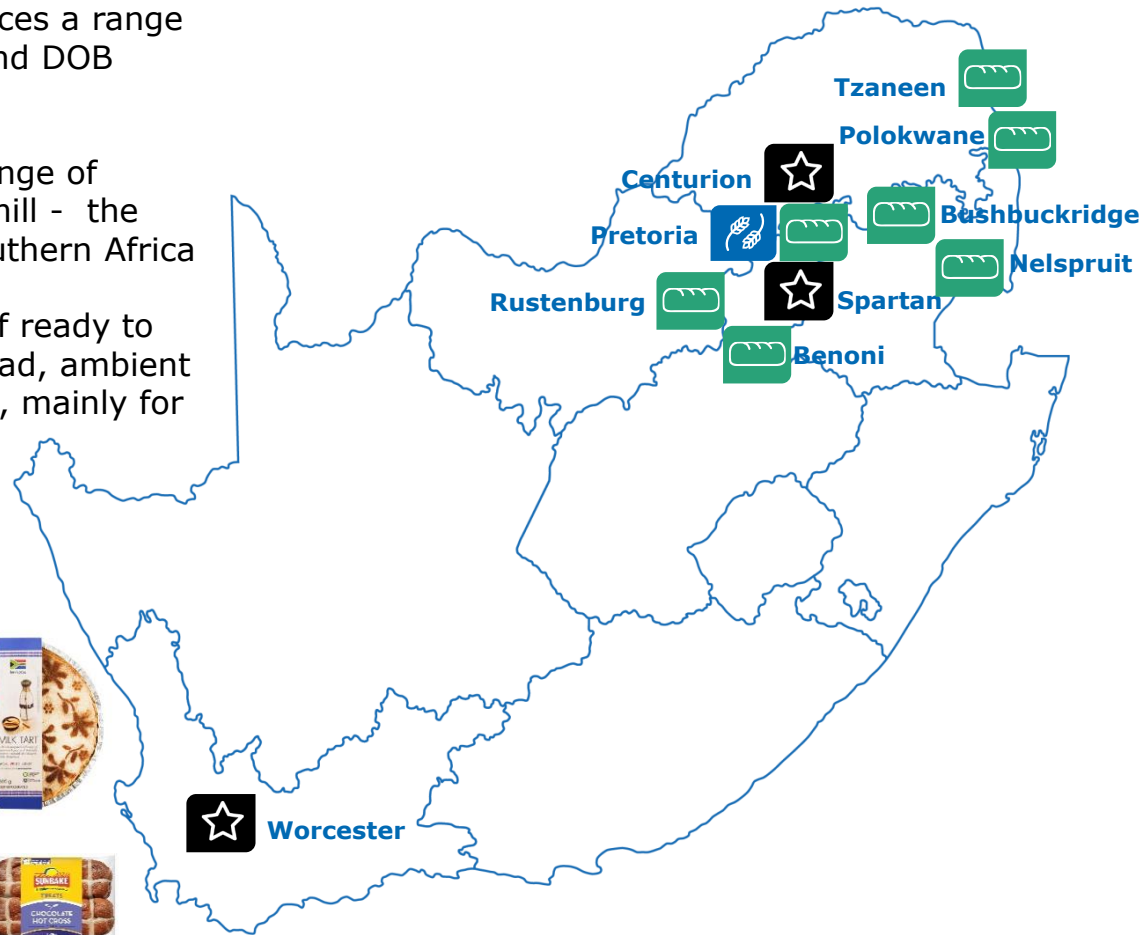
BAKING

BAKING IS MADE UP OF THE FOLLOWING CATEGORIES:

Bread, buns and rolls – the fourth largest bread brand nationally and produces a range of baked goods under Sunbake and DOB brands

Milling – produces flour and a range of maize meal products at its flour mill - the largest single site flour mill in Southern Africa

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



BREAD, BUNS & ROLLS



MILLING



SPECIALITY



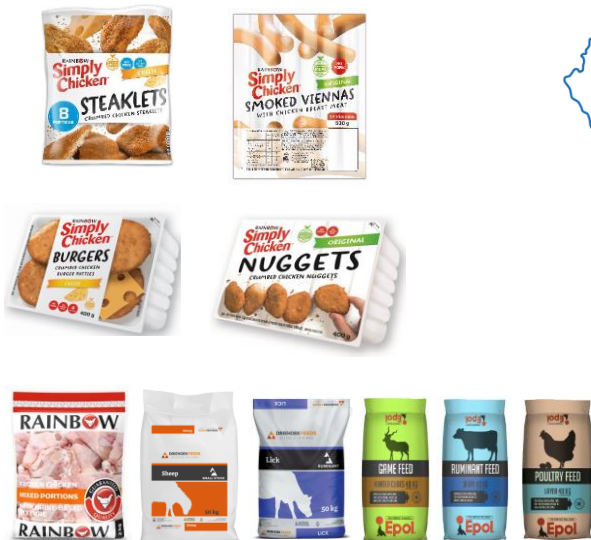
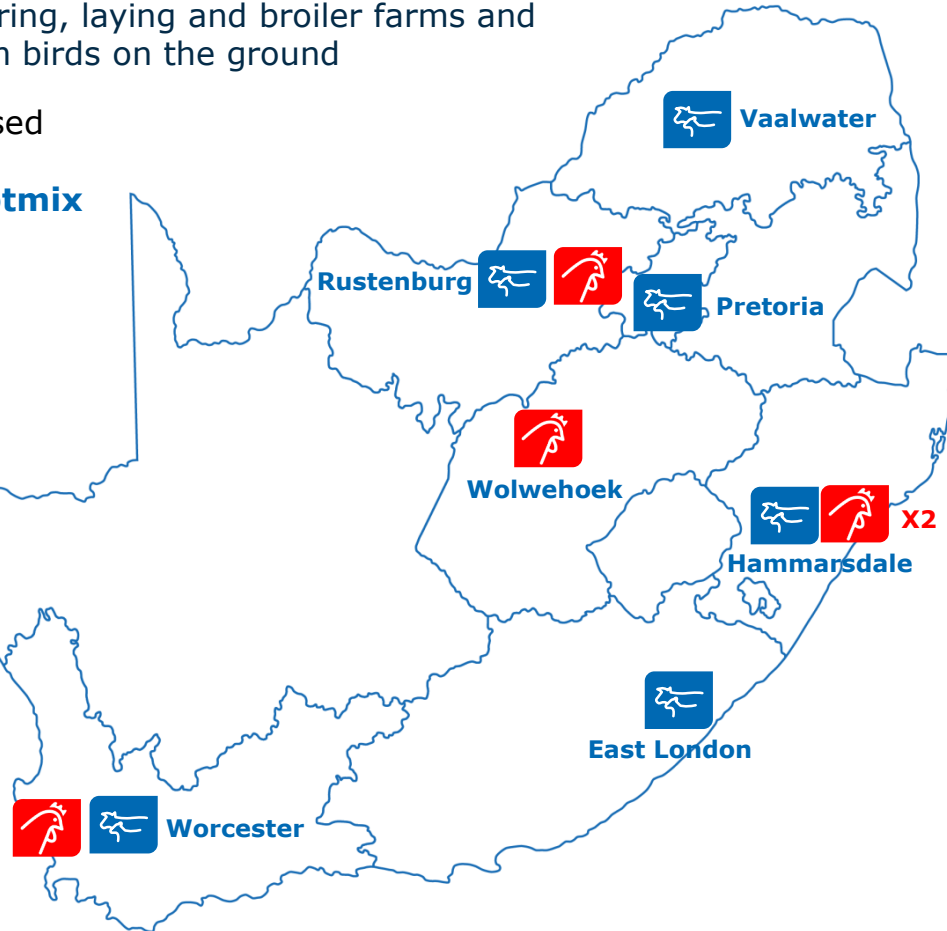
WOOLWORTHS



CHICKEN

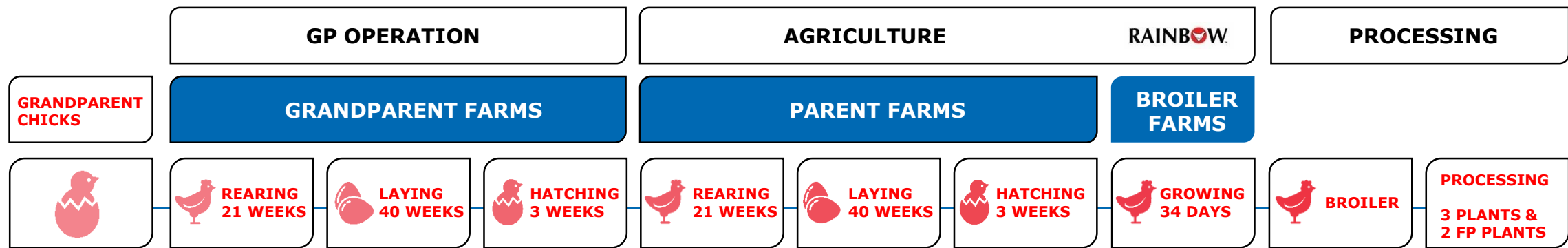
The **Chicken category** produces a **wide range of chicken products** under **3 well established brands; Rainbow, Simply Chicken and Farmer Brown**. In addition to 3 primary processing plants and 2 further processing plants, Chicken has 180 rearing, laying and broiler farms and hatcheries across the country, with 20m birds on the ground

The **Feed category** produces grain-based feeds for a range of species under **the brands of Epol, Driehoek, Equus, Lotmix and Winterveld**

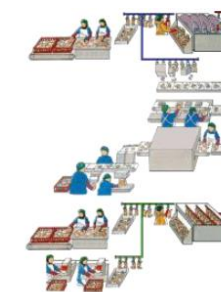


CHICKEN

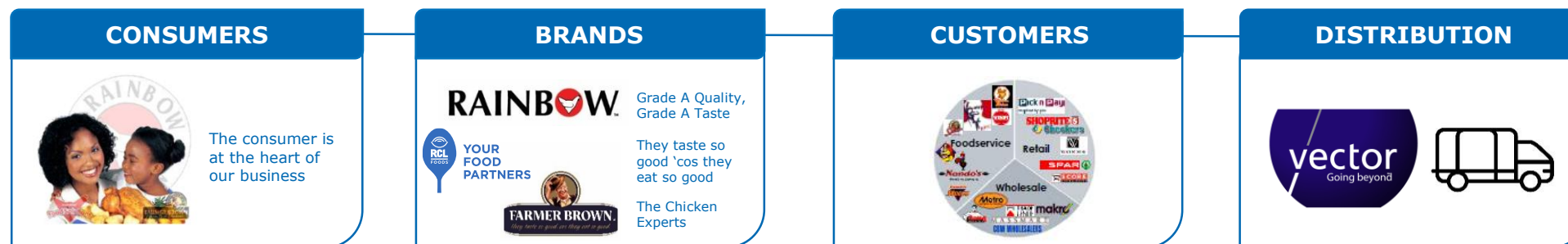
INTEGRATED SUPPLY CHAIN FROM "FARM TO FORK"



- World's oldest pedigree broiler breed
- Located in Carolina and East London to ensure optimal bio-security
- 3 broad agricultural regions: Northern, KZN, W Cape



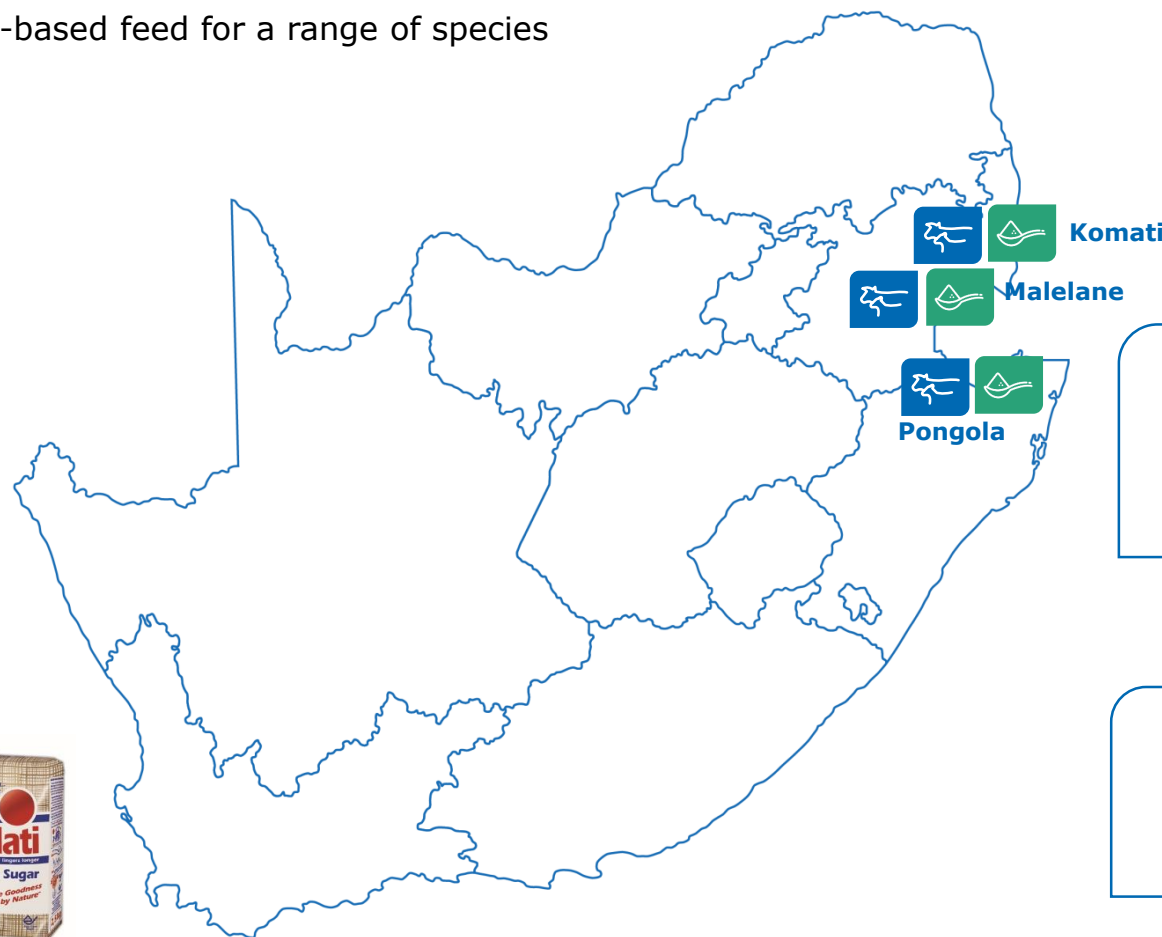
FEED SUPPLY 5 broiler feed mills producing 876 000 tons pa



SUGAR

The **Sugar business unit** is made up of the following categories:

- **Sugar** – produces a range of sugar products under the **leading sugar brand Selati**
- **Molatek** – produces molasses-based feed for a range of species



SUGAR

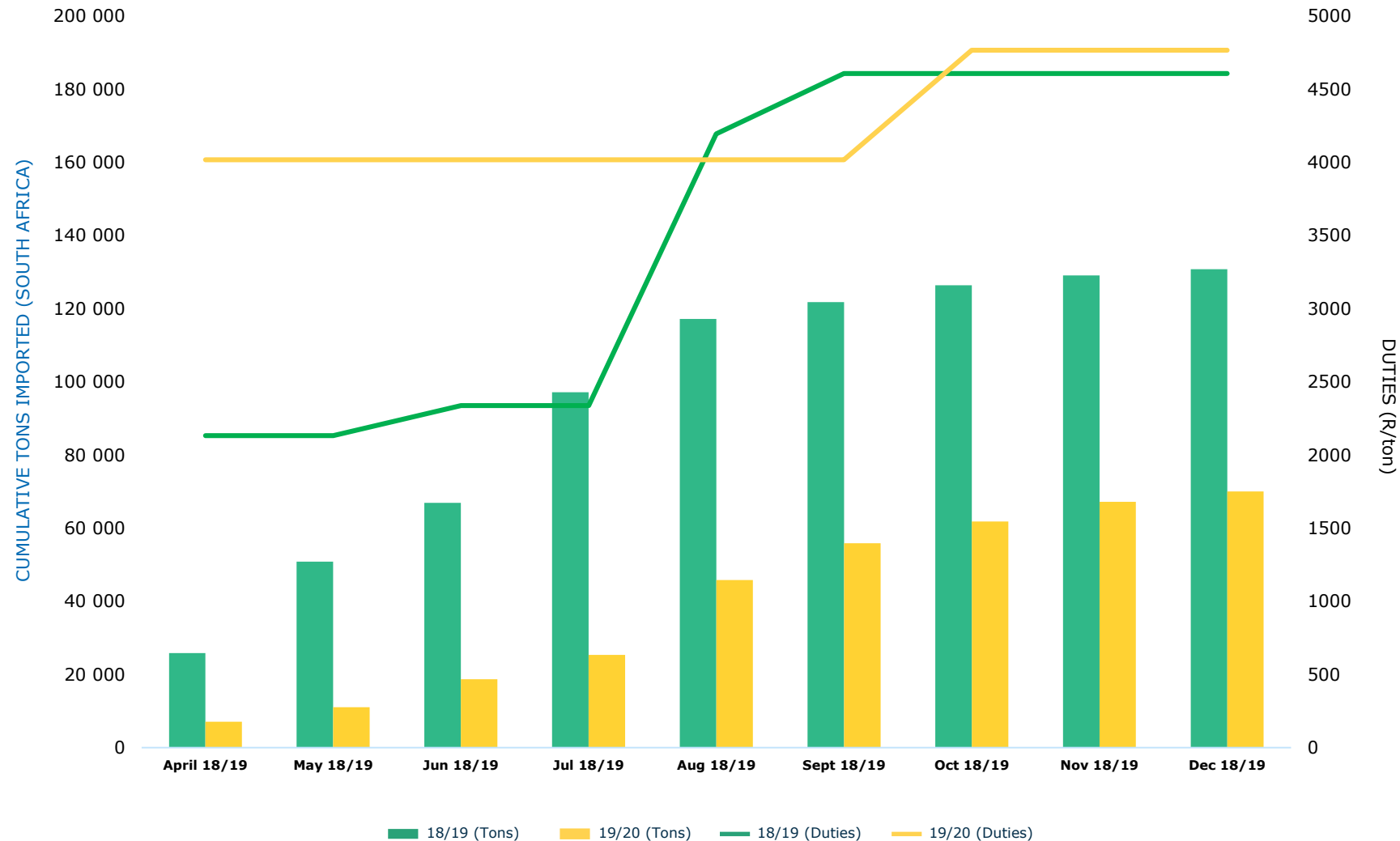
Selati
SPRINKLE JOY



ANIMAL FEED

MOLATEK

SUGAR IMPORTS AND DUTIES



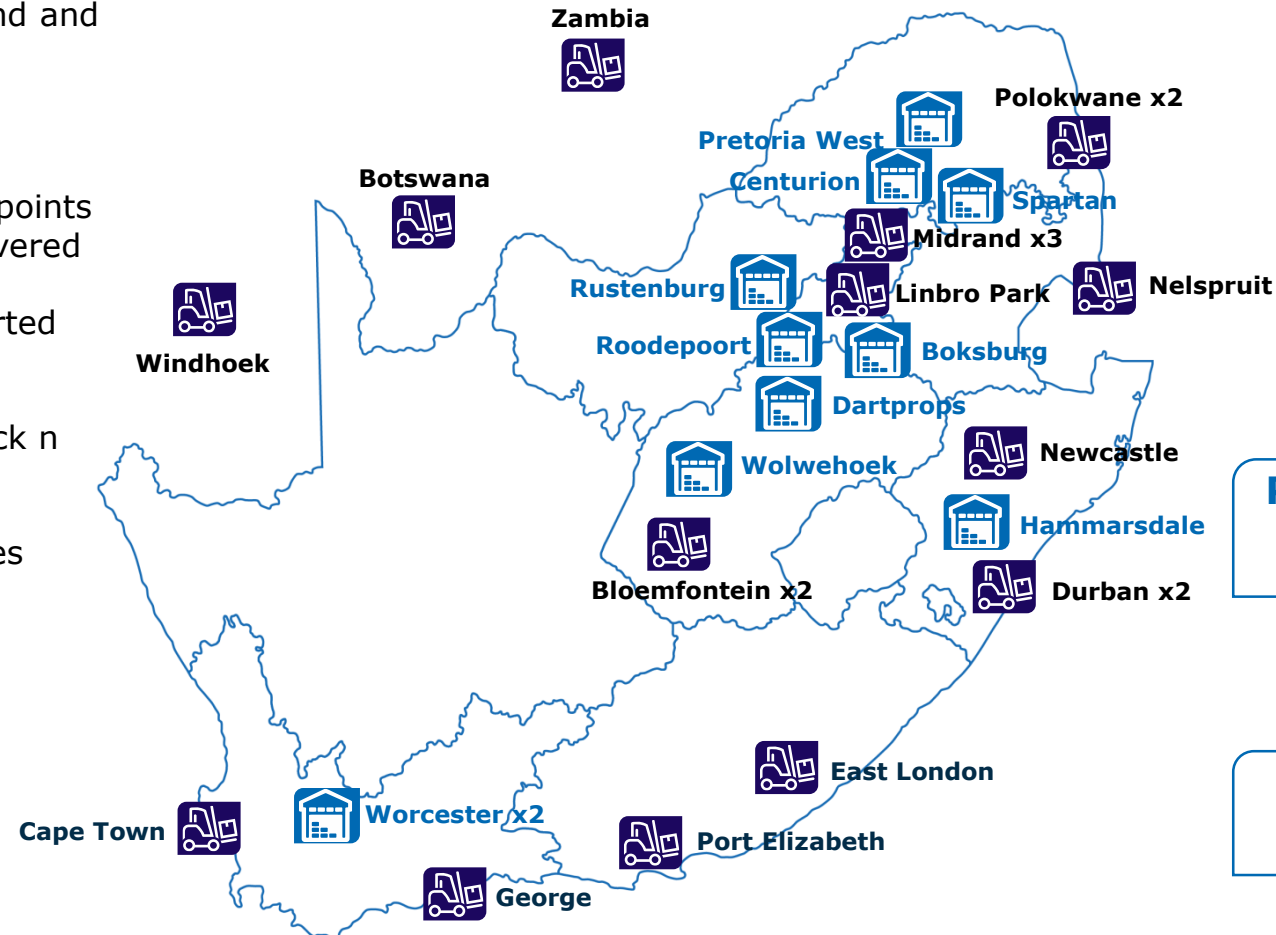
- Cumulative tons imported from 1 April 2018 and 2019 (start of industry year)
- A total of 51 355 tons have been imported for the six month period ended December 2019, down 19.6% (December 2018: 63 899 tons)



VECTOR

NATIONAL FOOTPRINT EXTENDING INTO NAMIBIA, BOTSWANA AND ZAMBIA

- 2 bulk storage sites (Midrand and Roodepoort)
- Storage capacity for over 139 000 pallets
- Over 5 100 employees
- Over 6 100 customer drop points
- Over 100 million cases delivered annually
- Over 708 000 tons transported annually
- 425 distribution vehicles
- Responsible for 100% of Pick n Pay and Shoprite's frozen product distribution
- 2 Integrated Service Centres



PLANT-BASED COLD STORES
11 national locations



DISTRIBUTION SITES
19 locations

VECTOR

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





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