2020

INVESTOR PRESENTATION
31 AUGUST 2020

RESULTS FOR THE YEAR ENDED JUNE 2020

MILES DALLY

CHIEF EXECUTIVE OFFICER

HEADLINES – RESULTS FOR THE YEAR ENDED JUNE 2020

SOLID UNDERLYING PERFORMANCE NOTWITHSTANDING A MATERIAL COVID-19 IMPACT

Purpose of "More Food to More People, More Often" demonstrated in successful response to COVID-19

- **Health and safety of our people paramount** - evidenced in complimentary regulatory reviews
- **Food security responsibility to the nation delivered** - successful operational continuity
- **Focus on cash and liquidity effective** - healthy position maintained

Reported earnings materially distorted by the impact of COVID-19 on profitability and the economy at large

- Non-cash **impairment raised of R1.5bn**
- COVID-19 **direct impact of R267m**
- Chicken and Vector Logistics particularly **hard hit by the lockdown of the Food service industry**

Solid underlying performance demonstrating portfolio resilience

- Pleasing Sugar recovery
- Groceries continues to deliver a robust performance
- Strong cash generation

Vector Logistics' consolidation of Imperial Logistics South Africa's cold chain business (ICL) **delayed** by lockdown

OUR IMMEDIATE RESPONSE TO COVID-19 FOCUSED ON THREE CORE PRIORITIES

1. Keeping our employees safe

Immediate: Delivered new ways of working with **best in class COVID-19 safety protocols** for 21 000 employees at our operations, whilst enabling over 3 000 employees to work from home.

Future: Sustainably **protecting the lives and livelihoods** of our people.

2. Keeping South Africa fed

Immediate: Successful operational continuity and order fulfilment notwithstanding a pervasive shift in channel demand - a surge in retail volumes amidst a shutdown of the food service sector.

Future: Accelerated **portfolio and brand strategy adaptation** to a new normal.

3. Managing cash and liquidity

Immediate: Prioritisation of liquidity and a focus on cash preservation to operate with sufficient reserves to meet all obligations. Active engagement and support of customers and suppliers to deliver working capital stabilisation.

Future: **Leverage healthy gearing** profile to deliver **strategic investments**.

HEADLINES – RESULTS FOR THE YEAR ENDED JUNE 2020

UNDERLYING PROFITABILITY GROWTH DRIVEN LARGELY BY AN IMPROVED SUGAR RESULT

Revenue up 7.4% driven by good volume and pricing growth in Sugar and new business taken on by Vector Logistics

Underlying EBITDA up 12.6%

- Robust Groceries performance led by Pet Food growth
- Speciality restructure drives Baking improvement
- Pleasing recovery in Sugar
- Chicken materially impacted by lockdown restrictions in food service
- Vector Logistics impacted by delayed network consolidation

Underlying HEPS up 45.9% driven by the improvement in EBITDA. Reported HEPS distorted by COVID-19 impact and the adoption of new accounting standards (with comparatives not restated)

Cash generated by operations increase driven by improved profitability and disciplined working capital focus

REVENUE	R28bn	7.4%	↑
EBITDA	R1.64bn	7.2%	↑
Underlying* EBITDA	R1.51bn	12.6%	↑
HEPS	13.0c	65.7%	↓
Underlying HEPS	51.4c	45.9%	↑
CASH generated by operations	R2.57bn	222.7%	↑

* The underlying view of the results excludes material once-offs and accounting adjustments. The impact of COVID-19 is one of the underlying adjustments but only includes direct costs totalling R266.8m and does not include any revenue impact, which, as relates to the foodservice industry, was significant in Chicken and Vector Logistics

HEADLINES – RESULTS FOR THE YEAR ENDED JUNE 2020

UNDERLYING EBITDA GROWTH (%) PER BUSINESS UNIT

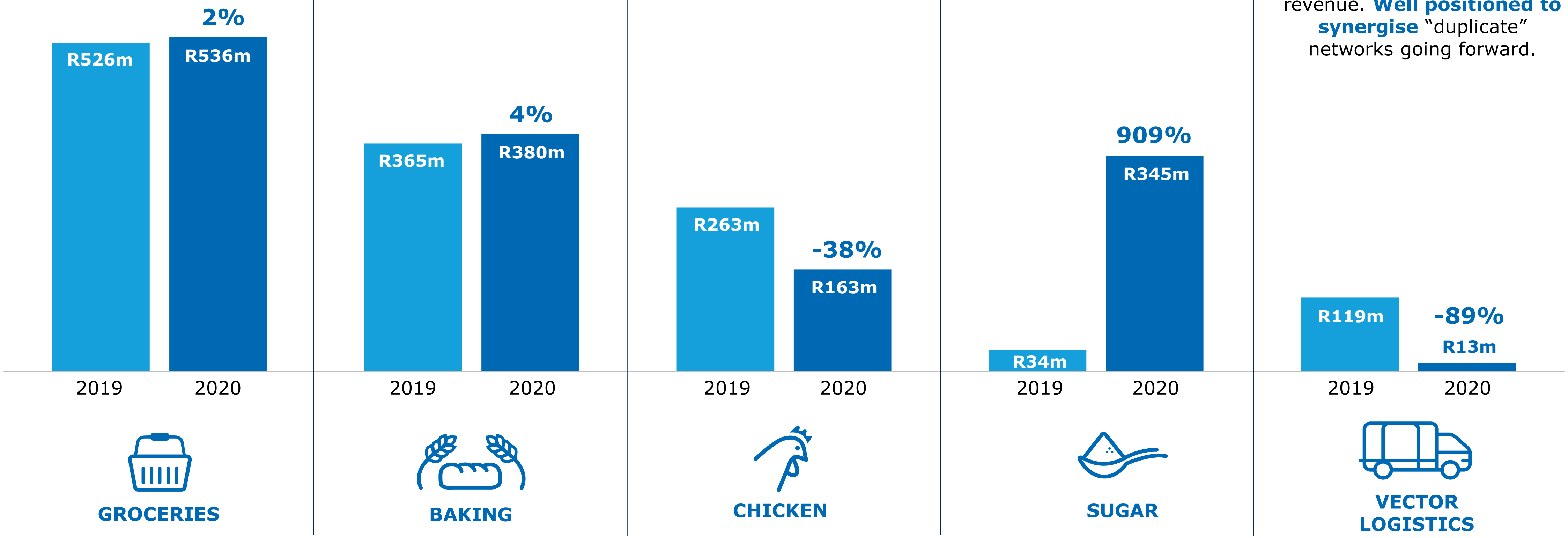
Sustained growth driven by excellent Pet Food performance. **Market share leadership** entrenched in key categories. Partially offset by COVID-19 impact on Pies & Beverages.

Volume and margin challenges in Milling and Bread, Buns & Rolls were offset by **double digit growth in Speciality** with a more profitable mix post restructure.

Decline led by **material impact of COVID-19** induced lockdown on food service revenue. **CPM* categories** generated pleasing growth. **Strong EPOL** result.

Significant improvement in Sugar off a low base, **driven by higher market pricing and sales volumes** amidst an improved mix together with **operational efficiency**.

Underlying EBITDA **impacted by duplicate network costs** post acquisition of ICL in period and **material impact of COVID-19** induced lockdown on food service revenue. **Well positioned to synergise** "duplicate" networks going forward.



*Chilled Processed Meats

1. GROW THROUGH STRONG BRANDS

KEY ACHIEVEMENTS

- Our **Pet Food** category **achieved double digit volume growth** with most brands achieving notable **market share gains**, driven by **innovation, product extensions**, and **channel expansion**
- **Several successful product launches leveraging our established brands**, including extension of the Rainbow brand into the spice category
- **Rainbow Simply Chicken* delivered a 75% volume growth** and is positioned to accelerate further
- Our **brand strategies and investments** have **strengthened** our **market shares** and **retained market leading positions** for several of our brands

ENTRENCHED MARKET LEADERS

#1

NOLA | Bobtail | Canine Cuisine | Ouma | Number 1 Mageu | Catmor | Rainbow Simply Chicken**

Source – Aztec 12 months moving average to June 2020 | *CPM and Freezer to Fryer categories | **Freezer to Fryer category

2. PARTNER WITH STRATEGIC CUSTOMERS

KEY ACHIEVEMENTS

We delivered solid volume growth in the retail and wholesale channel enabled by strong customer relations, with **Chicken, Sugar, Rusks, Bread, Maize Flour and Pet Food** categories helping us achieve our **largest turnover month on record in June 2020**

We leveraged our partnerships to **seamlessly incorporate the Siqalo Foods business** (Spreads category) into our customer platform

Vector Logistics successfully **took on multiple new customers over December peak** through the acquisition of the ICL network to **provide stability to our customer supply chains**

Our Food Partners business partnered with **food service customers to help mitigate the impact of COVID-19** on their businesses with ongoing support and agility on service levels

3. EXTEND OUR LEADING VALUE CHAIN

KEY ACHIEVEMENTS

- The **resilience of our value chain** ensured that we were able to **continue operating uninterrupted** throughout the COVID-19 lockdown
- We **successfully executed on year one** of our **new management operating model for Siqalo Foods** through our shared service platform
- **Vector Logistics'** acquisition of the ICL positions it as the **leading participant in the temperature-controlled logistics** space
- **We acquired a digital freight marketplace, Empty Trips**, enabling dynamic freight matching with available vehicles on an open network, to position Vector Logistics at the forefront of supply chain digitisation

4. INSPIRE GREAT PEOPLE

KEY ACHIEVEMENTS

Delivered a **new Food Division structure** to create a more focused and internally aligned business, bringing us **closer to a unified "ONE RCL FOODS"**

We **progressed our Diversity and Inclusivity ambitions** by:

- **Meeting and exceeding our 5-year transformation targets**, with excellent progress at management & lower levels
- **Launching a series of Inclusivity Circle Conversations** as the first step towards enhancing our inclusivity as an organisation

We improved our **BEE score from a Level 4 to a Level 3** driven by our participation in the Youth Employment Service **(Y.E.S.) Programme**, employing over 330 youth on 12-month contracts

We prioritised and delivered on **best in class COVID-19 protocols for the safety of our people**, and were commended by government for our excellent protective measures

5. EXPAND INTO THE REST OF AFRICA

KEY ACHIEVEMENTS

- **Exports into Africa generated double digit growth**, despite restricted cross-border movement during the COVID-19 pandemic
- Our investment in **Royal Eswatini Sugar delivered a pleasing 37.9% growth in profitability** for the period
- Our joint venture partner in **Botswana, Senn Foods Logistics, generated strong growth** to their March year-end
- **L&A Logistics, our associate in Zambia**, performed satisfactorily in its first complete year with new business gained being countered by the impact of COVID-19 and a declining exchange rate
- **We will look to accelerate our participation in new export markets**, specifically for Chicken in line with the new Poultry Industry Master Plan

6. DRIVE SUSTAINABLE BUSINESS

KEY ACHIEVEMENTS

We **invested in future-proofing our portfolio by acquiring a dollar-based minority shareholding in the LIVEKINDLY co.**

- We **positioned ourselves to launch into the plant-based protein value chain in Africa** in F21
- We will **provide our diverse consumer population with more choice**, supplementing our core Chicken protein business

Our new **waste-to-value plant in Rustenburg has been completed**. Once fully commissioned, it will **improve our energy self-sufficiency** by approximately 22%

1 200 small-scale sugar cane growers supplied approximately 590 000 tons of cane to our sugar mills, generating approximately R350 million in revenue

Through our **DO MORE FOUNDATION** we provided **over 8 million meals to ease hunger** in vulnerable communities, of which over 3.5 million were specifically for COVID-19 relief during the period

the LIVEKINDLY co.

ROB FIELD

CHIEF FINANCIAL OFFICER

OPERATING ENVIRONMENT

- **COVID-19** pandemic and national **lockdown** during the **last quarter** of the financial year **materially impacts results**, most significantly in **Chicken and Vector Logistics**
- **Weakening South African economy** and **negative economic outlook** results in **impairments** across all business units
- **GDP** expected to **contract** by record **7.2%** for the 2020 calendar year amidst **rising unemployment** rates, placing significant pressure on consumers
- **Higher** average **commodity costs** and a **weaker rand** during the period placed **margins under pressure**
- **Master plans** for the **sugar and poultry industries** initiated

FINANCIAL SUMMARY

SUGAR IMPROVEMENT DRIVES GAINS IN REVENUE, EBITDA & UNDERLYING HEADLINE EARNINGS

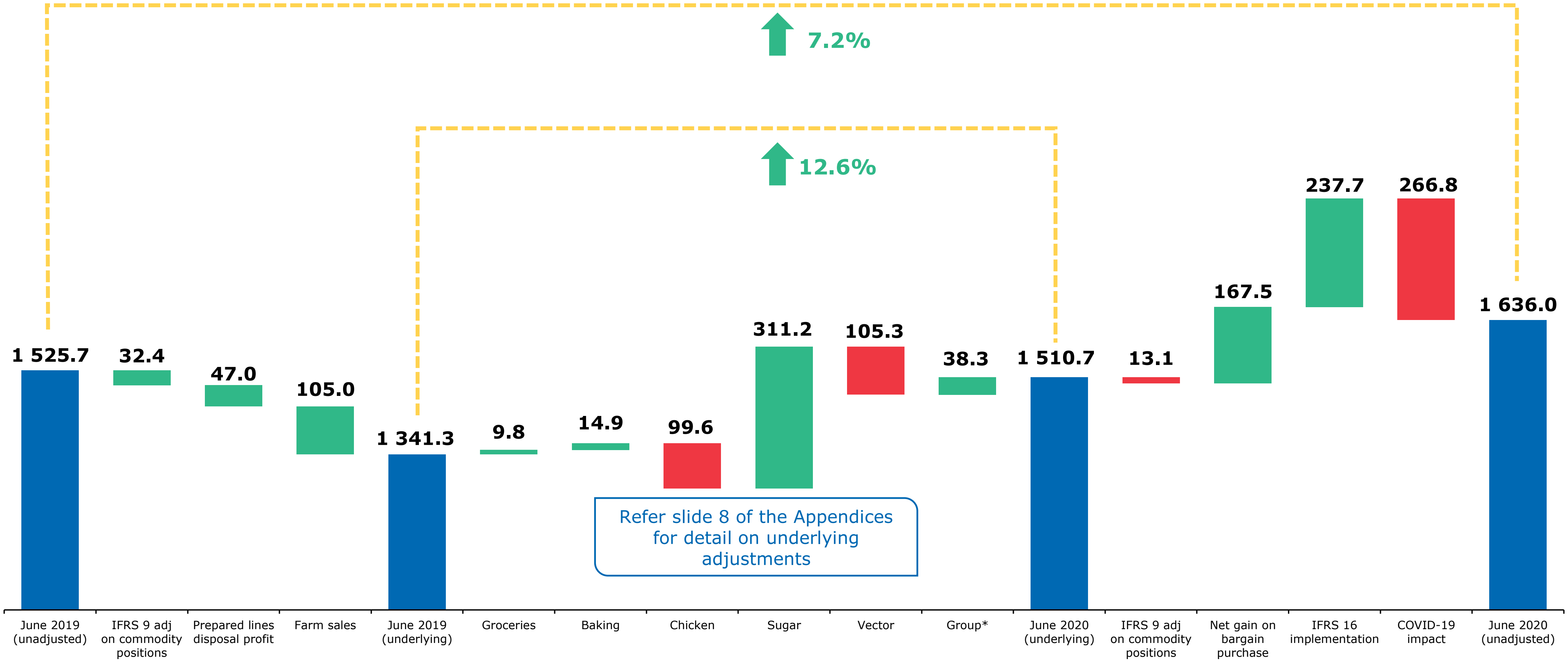
INCOME STATEMENT		JUNE 2020	JUNE 2019	% VAR
Revenue	Rm	**27 803.6**	25 887.5	7.4
EBITDA	Rm	**1 636.0**	1 525.7	7.2
EBITDA margin	%	**5.9**	5.9	-
*Underlying EBITDA**	*Rm*	***1 510.7***	*1 341.2*	*12.6*
*Underlying EBITDA margin**	*%*	***5.4***	*5.2*	*0.2ppts*
Net finance costs	Rm	**454.7**	276.6	(64.4)
Effective tax rate (excl. JV's & associates)	%	**13.4**	(1.0)	14.4ppts
Headline earnings	Rm	**114.2**	329.5	(65.4)
Headline earnings per share	cents	**13.0**	37.9	(65.7)
*Underlying headline earnings**	*Rm*	***450.4***	*306.2*	*47.1*
*Underling headline earnings per share**	*cents*	***51.4***	*35.2*	*45.9*

BALANCE SHEET & RATIOS				
Net working capital	Rm	**2 777.6**	3 683.9	24.6
Interest-bearing liabilities (excluding lease liabilities)	Rm	**2 720.2**	2 619.2	3.9
Cash generated by operations	Rm	**2 571.4**	796.7	222.7
Capex spend (inc. intangibles)	Rm	**811.4**	1 151.4	29.5
Return on invested capital	%	**(6.3)**	(0.8)	(5.5)ppts
Return on invested capital (excl. material once-offs and acquisition adjustments)**	%	**6.4**	4.0	2.4ppts
Total dividend	cents	**25.0**	25.0	
NAV per share	cents	**1 105.8**	1 245.1	(11.2)

* Adjusted for material once-offs and accounting adjustments | **Excludes Foodcorp acquisition purchase price allocation for intangible assets, PPE and related amortisation, depreciation and tax as well as material once-offs and accounting adjustments

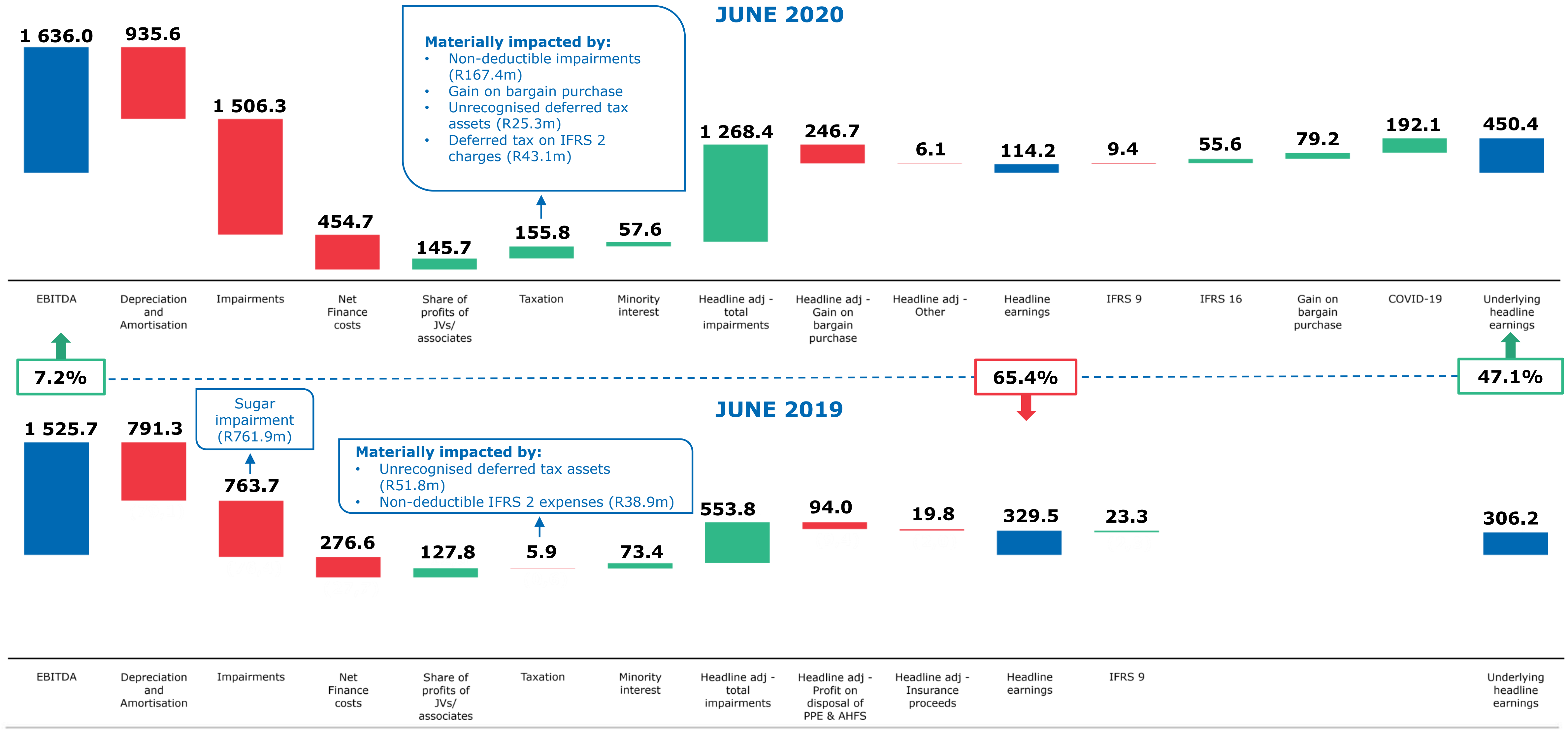
OPERATING RESULTS SUMMARY (Rm)

UNDERLYING EBITDA UP 12.6% DRIVEN BY IMPROVEMENT IN SUGAR



IFRS 9 fair value adjustments relate to the fair value gains and losses on commodity contracts | Bargain purchase gain relates to the gain arising from the initial accounting for the ICL acquisition | IFRS 16 represents the actual impact of IFRS 16 on EBITDA, being the lease rental payments which are no longer recorded through the income statement but rather against the lease liability | COVID-19 relates to the direct cost impact of the pandemic and national lockdown on the results

HEADLINE EARNINGS WATERFALL (Rm)



OPERATING RESULTS SUMMARY - UNADJUSTED

SEGMENTAL ANALYSIS – REVENUE AND EBITDA

REVENUE (Rm)	JUNE 2020	JUNE 2019	% VAR
Groceries	**4 984.2**	4 832.0	3.2
Baking	**5 195.1**	5 060.8	2.7
Chicken	**8 813.6**	8 632.5	2.1
Sugar	**7 621.8**	6 612.7	15.3
Vector	**2 589.4**	2 182.8	18.6
Group	**166.2**	122.5	
Sales between segments	**(1 566.7)**	(1 555.8)	
TOTAL	**27 803.6**	25 887.5	7.4

EBITDA (Rm)	JUNE 2020	JUNE 2019	% VAR
Groceries	**522.4**	528.6	(1.2)
Baking	**371.7**	411.8	(9.7)
Chicken	**28.2**	397.1	(92.9)
Sugar	**354.9**	34.2	937.1
Vector	**244.3**	118.5	106.1
Group	**114.5**	35.3	
TOTAL	**1 636.0**	1 525.7	7.2

EBITDA MARGIN (%)	JUNE 2020	JUNE 2019	% VAR
Groceries	*10.5*	*10.9*	(0.4)ppts
Baking	*7.2*	*8.1*	(0.9)ppts
Chicken	*0.3*	*4.6*	(4.3)ppts
Sugar	*4.7*	*0.5*	4.2ppts
Vector	*9.4*	*5.4*	4.0ppts
TOTAL	**5.9**	**5.9**	

OPERATING RESULTS SUMMARY – UNDERLYING EBITDA

EXCLUDING MATERIAL ONCE-OFFS AND ACCOUNTING ADJUSTMENTS, UNDERLYING EBITDA UP 12.6% AND MARGIN IMPROVES 0.2%

UNDERLYING EBITDA (Rm)	JUNE 2020	JUNE 2019	% VAR
Groceries	**535.6**	525.8	1.9
Baking	**379.7**	364.8	4.1
Chicken	**163.0**	262.6	(37.9)
Sugar	**345.4**	34.2	909.3
Vector	**13.2**	118.5	(88.9)
Group	**73.8**	35.4	108.5
TOTAL	**1 510.7**	1 341.3	12.6

UNDERLYING EBITDA (%)	JUNE 2020	JUNE 2019	% VAR
Groceries	**10.7**	10.9	(0.2)ppts
Baking	**7.3**	7.2	0.1ppts
Chicken	**1.8**	3.0	(1.2)ppts
Sugar	**4.5**	0.5	4.0ppts
Vector	**0.5**	5.4	(4.9)ppts
TOTAL	**5.4**	5.2	0.2ppts

IMPAIRMENTS

Non-cash impairment loss of R1,5bn recognised in the current year

Impairments driven by **deteriorating local economy, lower forecast growth** into the future and lingering impact of **COVID-19** throughout the business

Impairments	Groceries	Baking	Chicken	Sugar	Vector	Total
Property, plant and equipment	64.1	(0.8)	346.3	27.4	57.2	494.2
Right-of-use assets				25.2	73.8	99.0
Trademarks		315.1				315.1
Goodwill	236.6	74.0			287.4	598.0
TOTAL IMPAIRMENTS	**300.7**	**388.3**	**346.3**	**52.6**	**418.4**	**1 506.3**

Impairments in each of the business units above relate to the following cash-generating units:

- Groceries: Pies, Beverages and Sweetener
- Baking: Milling and Speciality
- Chicken: Chicken
- Sugar: Sugar
- Vector

CASH FLOW SUMMARY

FREE CASH FLOW UP R1.9BN TO R1.8BN, DRIVEN BY WORKING CAPITAL IMPROVEMENT AND LOWER CAPEX SPEND

Rm	JUNE 2020	JUNE 2019	% VAR
OPENING BALANCE*	**(110.4)**	1 263.4	(108.7)
Operating profit adjusted for non-cash flow items	**1 252.1**	1 177.8	6.3
Working capital changes	**1 319.3**	(381.0)	446.2
Capital expenditure	**(811.4)**	(1 151.4)	29.5
Proceeds on disposal of non-current assets and assets held-for-sale	**17.1**	205.2	(91.7)
Free cash flow	***1 777.1***	***(149.4)***	*1 289.5*
Net finance costs paid	**(257.7)**	(257.3)	(0.1)
Tax refunded/(paid)	**(47.9)**	(133.2)	64.1
Net dividends paid	**(152.6)**	(298.4)	48.9
Term-funded debt repayment		(502.0)	100.0
(Payments**)/advances on other interest-bearing liabilities	**(154.3)**	74.3	(307.6)
Acquisitions	**(4.2)**	(101.6)	95.9
Other	**(20.0)**	(6.2)	(222.1)
Total cash movement for the period	***1 140.4***	***(1 373.7)***	*183.0*
CLOSING BALANCE*	**1 030.0**	(110.4)	1 033.2

*Net of overdrafts | ** Current period includes R237.7m related to payments on lease liabilities that would have been disclosed as part of operating profit prior to the IFRS 16 implementation

WORKING CAPITAL

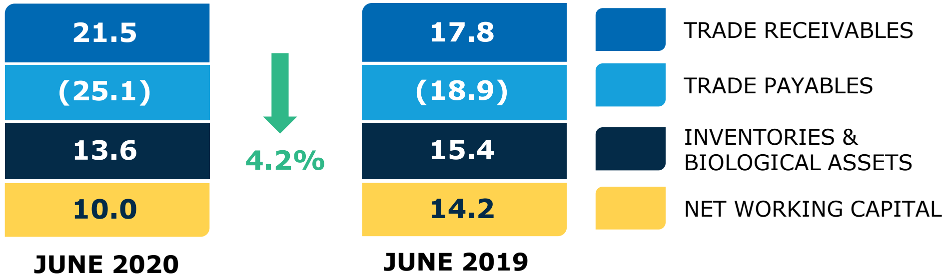
WORKING CAPITAL DOWN 24.6%

WORKING CAPITAL (Rm)	JUNE 2020	JUNE 2019	% VAR
Trade and other receivables	**5 965.3**	4 602.1	(29.6)
Inventories	**2 980.7**	3 108.6	4.1
Biological assets	**805.1**	866.5	7.1
Trade and other payables	**(6 973.5)**	(4 893.3)	42.5
Net	**2 777.6**	3 683.9	**24.6**

WORKING CAPITAL DAYS	JUNE 2020	JUNE 2019	VAR DAYS
Receivables days	**78**	65	(13)
Stock days	**67**	73	6
Payables days	**(123)**	(90)	33
Net	**22**	48	26
Adjusted trade debtors days*	***43***	*38*	*(5)*

*Trade and other receivables include other receivables and prepayments of R917.2m (June 2019: R868.1m). Adjusted trade debtors days calculates the days off trade debtors only, and is based on the gross sales value made by Vector instead of the net revenue disclosed for accounting purposes, and has been adjusted to include a full 12 months of sales relating to the ICL new customers taken on 1 December 2019.

NET WORKING CAPITAL AS A % OF REVENUE



Net working capital has decreased R906.4m (24.6%) and by 4.2% of revenue over the prior year. The decrease was mainly due to a R2 080.2m increase in trade and other payables, partially offset by a R1 363.2m increase in trade and other receivables.

The R717.0m decrease in receivables and payables was mainly a function of:

- The timing of year-end cut-off in the current year which resulted in trade creditors being processed for payment post year-end; and
- A heightened focus on cash collections during the pandemic and certain terms renegotiated

The gross increase in both trade and other receivables and trade and other payables is largely due to the new customers taken on as part of the ICL acquisition.

Significant focus was placed on the management of the accounts receivable book in the current year to ensure that the Vector Logistics external debtors book remains working capital neutral from both a cashflow and economic perspective.

Biological assets and inventory were largely in line with the prior year.

CAPITAL EXPENDITURE

CONTROLLED CAPEX SPEND, DOWN R340m

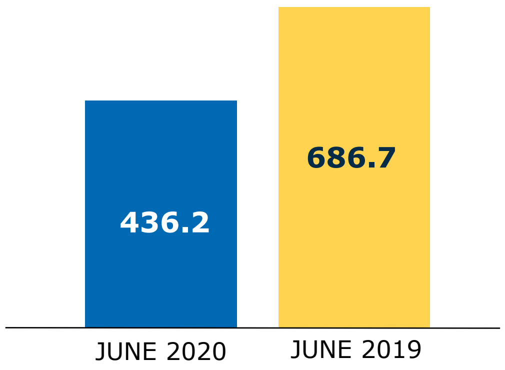
Capital expenditure (including intangibles) was **R811.4m** (2019: R1 151.4m)

Major spend items in the current period included:
- Completion of construction of the Rustenburg waste-to-value plant (R131.0m);
- Expansion of the Pies production lines (R48.1 m); and
- Milling capacity (R28.3m)

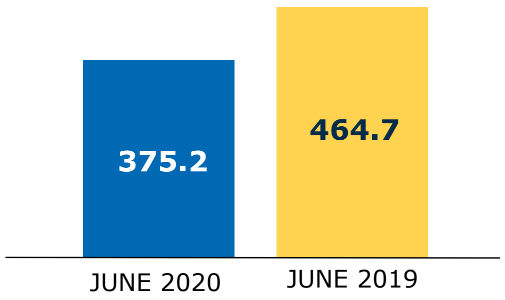
Capital commitments of **R604.9m** (2019: R753.9m)

Major items included in these amounts relate to:
- Final retention payments on the Rustenburg waste-to-value plant (R29.3m);
- Further investments within the Milling operating unit (R61.2m); and
- Fleet replacement in Vector Logistics (R59.8m)

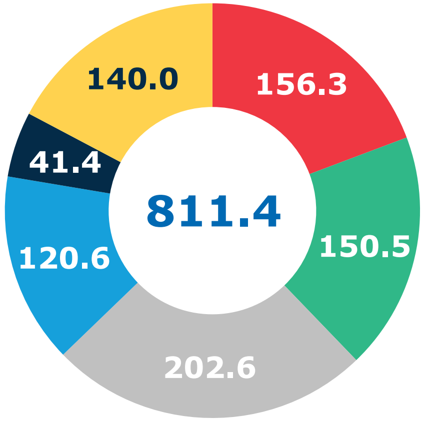
EXPANSION (Rm)



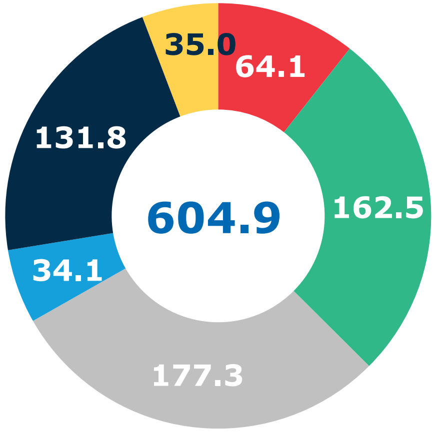
REPLACEMENT (Rm)



CAPITAL EXPENDITURE BY SEGMENT (Rm)



CAPITAL COMMITMENTS BY SEGMENT (Rm)

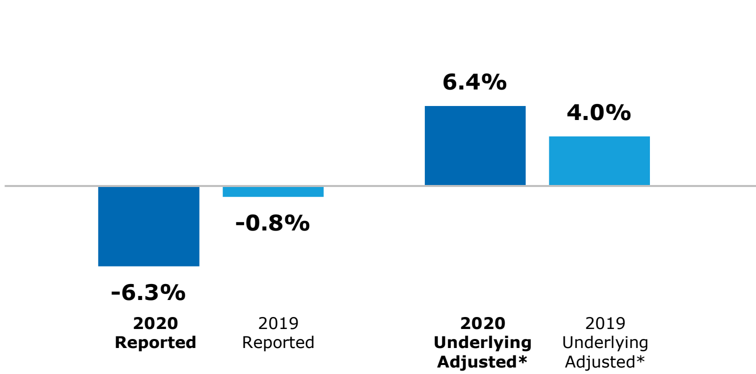


Groceries Baking Chicken Sugar Vector Group

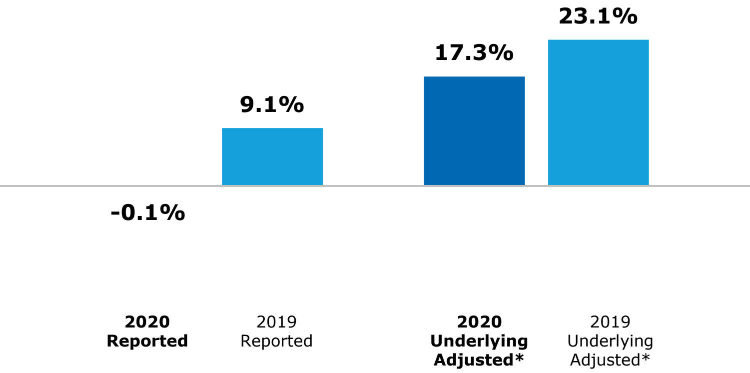
RETURN ON INVESTED CAPITAL (ROIC) AT JUNE

GROUP ROIC DECLINES TO NEGATIVE 6.3% MAINLY DRIVEN BY IMPAIRMENTS AND IFRS 16 TAKE-ON

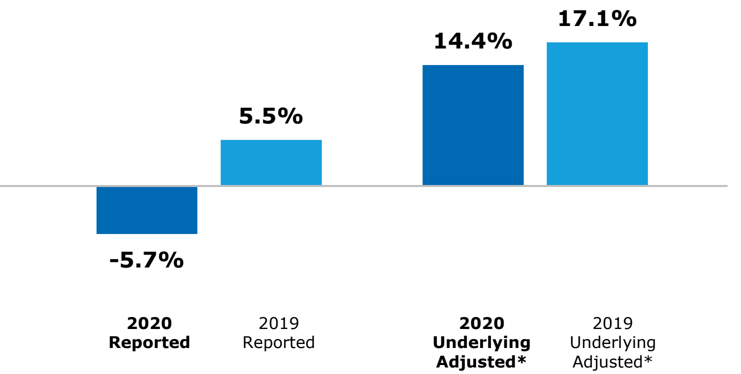
GROUP



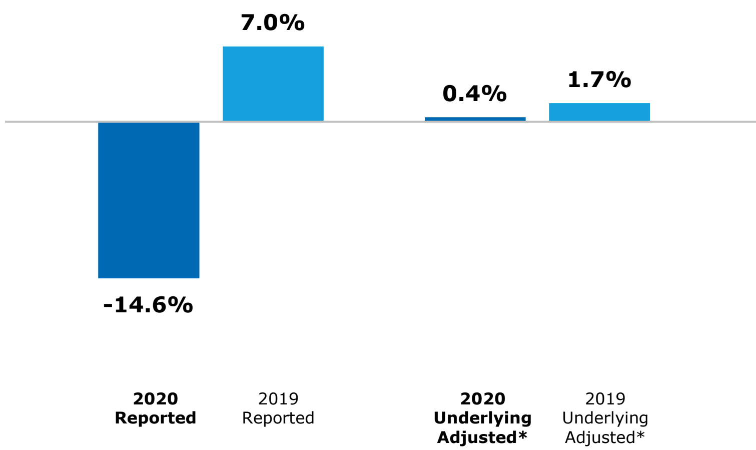
GROCERIES



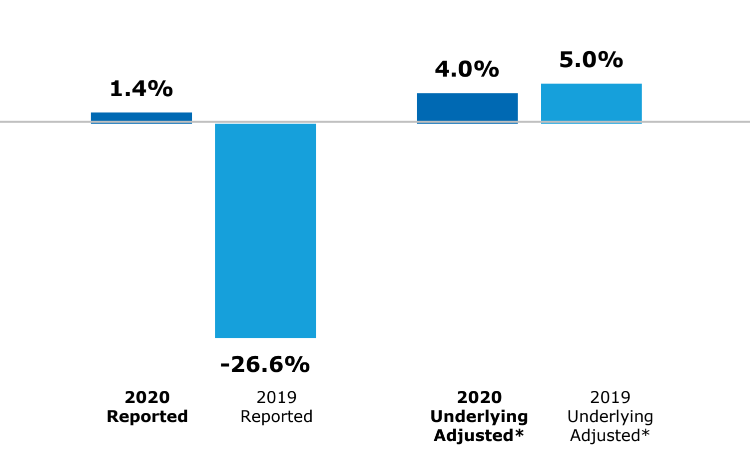
BAKING



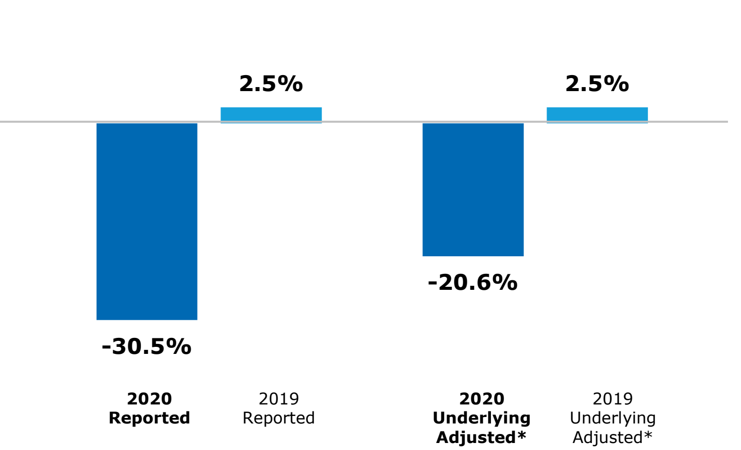
CHICKEN



SUGAR



VECTOR



* Excludes the material impact of once-offs and accounting adjustments as well as Foodcorp acquisition purchase price allocation for intangible assets, PPE balances and related amortisation, depreciation and tax.

DEBT PACKAGE

NET FINANCE COSTS IMPACTED BY IFRS 16 IMPLEMENTATION

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

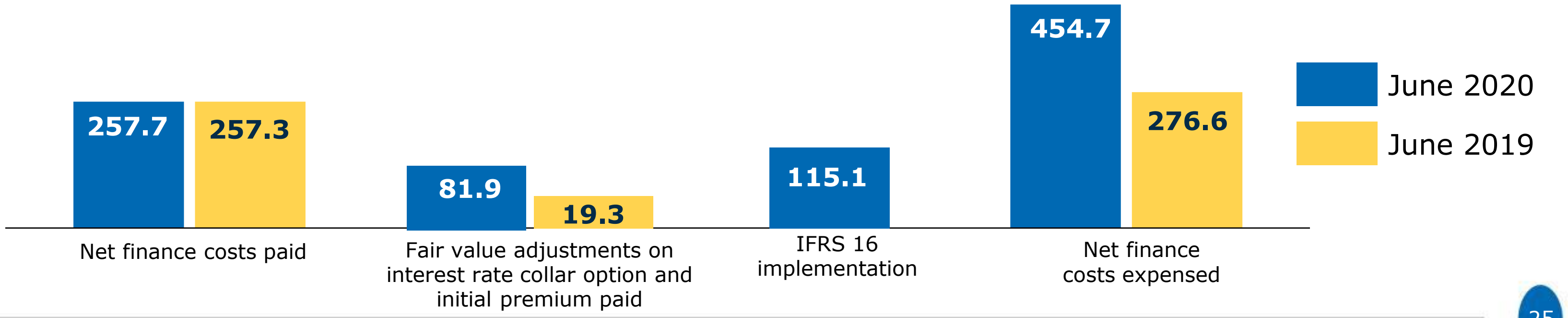
Hedged 3M JIBAR (collar with a 7.0% floor & 8.5% cap)

Unhedged

Partial hedge (50%)

* Hedge commenced 1 April 2019
** Hedge ends 31 March 2022

NET FINANCE COSTS (Rm)



[1]Revolving credit facility

DEBT COVENANTS

RCL FOODS REMAINS WELL WITHIN COVENANT REQUIREMENTS

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

COVENANT	REQUIRED	JUNE 2020	JUNE 2019
Senior leverage ratio (Net senior debt*/Adjusted EBITDA)	<3.0	1.6	2.3
Senior interest cover ratio (Adjusted EBITDA/senior net finance charges**)	>3.5	4.7	4.8

Covenant met   Covenant breached

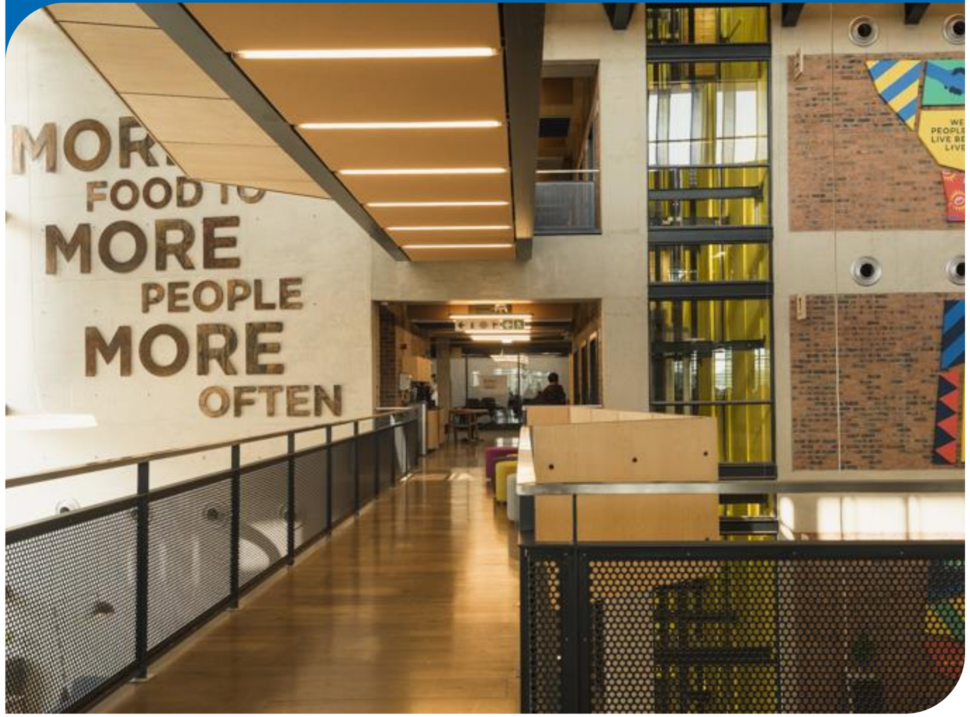
Adjusted EBITDA is calculated as pre-IFRS 9 EBITDA, less EBITDA attributable to non-controlling interests less gains/losses arising from revaluations of disposals of assets and excludes the EBITDA impact of IFRS 16 Leases.

*Net senior debt: Total unsubordinated debt less cash and cash equivalents | **Senior net finance charges: Finance charges on unsubordinated debt less interest income, excluding unrealised fair value movements on collar hedge

IMPACT OF IFRS 16

THE GROUP ADOPTED IFRS 16 'LEASES' USING THE "SIMPLIFIED" RESTATEMENT APPROACH. AS A RESULT THE JUNE 2019 RESULTS WERE NOT RESTATED

The table illustrates the impact on IFRS 16 on the June 2020 results



Rm	INCREASE/(DECREASE)
INCOME STATEMENT	
EBITDA	237.7
Depreciation and Amortisation	199.7
EBIT	38.0
Net finance costs	115.1
Profit before tax	(77.1)
Taxation expense	21.6
Profit after tax	(55.5)
Headline earnings	(55.5)
BALANCE SHEET	
Property, plant & equipment (ROU asset)	1 324.9
Deferred tax asset	31.2
Lease liabilities	1 458.8
Deferred tax liability	(6.1)
INVESTED CAPITAL	**1 362.2**
RETURN ON INVESTED CAPITAL (%)	**2.0**

PAUL CRUICKSHANK

FOOD DIVISION

CHIEF OPERATING OFFICER

OPERATIONAL REVIEW : FOOD DIVISION

REVENUE (Rm)	JUN 2020	JUN 2019	% VAR
Groceries	**4 984.2**	4 832.0	3.2
Baking	**5 195.1**	5 060.8	2.7
Chicken	**8 813.6**	8 632.5	2.1
Sugar	**7 621.8**	6 612.7	15.3
FOOD DIVISION SUB TOTAL	**26 614.7**	25 138.0	5.9
Vector	**2 589.4**	2 182.8	18.6
Group	**166.2**	122.5	
Sales between segments	**(1 566.7)**	1 555.8	
TOTAL	**27 803.6**	25 887.5	7.4
EBITDA (Rm)			
Groceries	**522.4**	528.6	(1.2)
Baking	**371.7**	411.8	(9.7)
Chicken	**28.2**	397.1	(92.9)
Sugar	**354.9**	34.2	937.1
FOOD DIVISION SUB TOTAL	**1 277.2**	1 371.8	(1.3)
Vector	**244.3**	118.5	106.1
Group	**114.5**	35.3	223.7
TOTAL	**1 636.0**	1 525.7	7.2

OUR WINS FOR THE PERIOD

- **Well executed COVID-19 controls** across the Division
- Strong focus on cash management driving **pleasing cash position**
- Able to **"feed the nation" over the lockdown period**
- **Volume growth** across most categories
- Strong market share gains driving a **stellar year for Pet Food**
- **Pre-lockdown Chicken was gaining momentum** driven by turnaround strategy
- **Overhead savings**
- **Substantial cost savings** in Sugar **delivered**
- **New Pies plant commissioned** & operational despite lockdown delays
- Pleasing **turnaround at Gauteng bakeries in last quarter**

GROCERIES


YUM
YUM
OUMA
KARRING
MELK
BESKUIT
BOLLETJIES
TRY OUR
NEW
PREMIUM RANGE!
Supreme
THE PROFESSIONAL BAKERS CHOICE
SINCE 1919
CAKE
WHEAT FLOUR
2.5 kg
SUPER
2 kg

OPERATIONAL REVIEW : FOOD DIVISION - GROCERIES

UNDERLYING EBITDA RESULT OF R535.6m, UP 1.9% ON LAST YEAR DRIVEN BY DOUBLE DIGIT GROCERY VOLUME GROWTH

GROCERIES	JUN 2020	JUN 2019	% VAR
REVENUE			
Revenue excluding sundry sales	4 454.3	4 304.2	3.5
Sundry sales	529.9	527.8	0.4
EBITDA	522.4	528.6	(1.2)
*EBITDA margin %**	*11.7*	*12.3*	(0.6)ppts
Underlying adjustments:			
IFRS 9 commodity adjustments	4.1	(2.9)	
Impact of implementation of IFRS 16	(4.3)		
COVID-19	13.4		
UNDERLYING EBITDA	**535.6**	**525.7**	1.9
*Underlying EBITDA margin %**	***12.0***	*12.2*	(0.2)ppts

HEADLINES

- The national lockdown negatively affected the performance of Pies (closure of deli and forecourt hot food offering) and Beverages (on-the-go nature of consumption reduced due to movement restrictions)
- A strong overall result was therefore underpinned by double digit growth in the Pet Food & Culinary part of the Grocery portfolio

*Margin calculated on revenue excluding sundry sales

OPERATIONAL REVIEW : FOOD DIVISION - GROCERIES

GROCERY : PET FOOD

- Pet Food had a stellar year driven by improved margins and strong volume growth which has driven notable market share gains across all our brands

- Innovation launched through the year has exceeded expectation with Ultra Cat reaching out to the value tier in the vet channel and Catmor 2 in 1 Plus and specialised diet extensions in Canine Cuisine aggressively growing share in the Retail channel

- In addition, Optimizor's expansion into the Co-op distribution channel has been a major success with volumes growing by as much as 156% and already a greater than R100m brand

- Despite significant gains made, considerable opportunity still exists to grow our brands further in this sector through innovative capability and alternate channels

MARKET SHARE (VOLUME)	12mm June '19	12mm June '20	3mm June '20
Bobtail	32.3%	34.3%	36.9%
CANINE CUISINE	27.1%	33.2%	34.6%
FELINE CUISINE	10.4%	13.9%	14.2%
catmor	58.5%	62.9%	65.9%

Source : IRI

OPERATIONAL REVIEW : FOOD DIVISION - GROCERIES

GROCERY : CULINARY

- Despite a challenging start to the year due to fierce competitor pricing, improved customer promotional support and increased at home consumption over the lockdown period has driven strong recovery in the second half
- Nola & Ouma maintained their market leadership share positions despite strong competitor activity
- Yum Yum continues to face pressure from imported peanut butter which does not currently attract duties. There has however been good volume recovery in the last quarter and Rand devaluation should support a reduction in imports going forward.
- Despite aggressive competition, our newly launched Rainbow Spices has performed well where it has been listed. Focus will remain on driving consumer trial and market penetration

MARKET SHARE (VOLUME)	12mm June 2019	12mm June 2020	3mm June 2020
NOLA	47.7%	40.9%	42.5%
"YUM YUM"	30.5%	26.0%	29.3%
OUMA	54.6%	53.2%	58.9%

Source : IRI

OPERATIONAL REVIEW : FOOD DIVISION - GROCERIES

PIES

- The shutdown of retail trading in hot food during the lockdown had a negative impact on Pie volumes which were substantially down in H2
- Despite trading restrictions being lifted we expect reduced footfall and continued travel restrictions to impact volumes for the next 6 months
- The expansion of our Pies manufacturing facilities was completed at the end of July and the market can expect exciting innovation, albeit slightly delayed as we focus on core recovery post COVID-19

BEVERAGES

- Because the Beverages offering is an “on the go” consumption, the lockdown only exacerbated our volume pressure in this category
- Strategic plans are in place to stem the volume declines by shifting focus back to our core
- In addition, plans to address under utilisation of the UHT facility should see a significant recovery in the Beverages operation going forward

BAKING

OPERATIONAL REVIEW : FOOD DIVISION - BAKING

UNDERLYING EBITDA OF R379.7m, UP 4.1% ON LAST YEAR MAINLY DUE TO STRONG DEMAND

BAKING	JUN 2020	JUN 2019	% VAR
REVENUE	**5 195.1**	5 060.8	2.7
EBITDA	371.7	411.8	(9.7)
EBITDA margin %	*7.2*	*8.1*	(0.9)ppts
Underlying adjustments:			
Profit on sale of Prepared Lines		(47.0)	
Impact of implementation of IFRS 16	(16.4)		
COVID-19	24.4		
UNDERLYING EBITDA	**379.7**	**364.8**	4.1
Underlying EBITDA margin %	***7.3***	*7.2*	0.1ppts

HEADLINES

- Strong volume growth in a highly competitive market driving a 4.1% underlying EBITDA growth
- Increased demand partially offset by inability to recover input cost push through price increases during the lockdown period

OPERATIONAL REVIEW : FOOD DIVISION - BAKING

BREAD, BUNS & ROLLS

- Although fierce price competition impacted volumes in H1, the category performed well in H2, especially in recent months, with record weekly bread sales
- Management changes together with a well executed action plan has been instrumental in turning operational performance around at our Gauteng bakeries
- The strength of the Sunbake brand means it is well-positioned for growth

OPERATIONAL REVIEW : FOOD DIVISION - BAKING

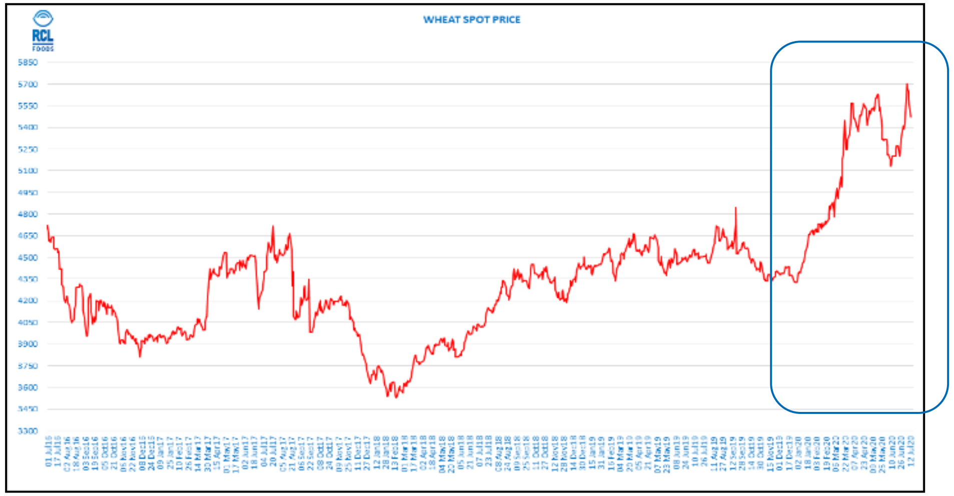
SPECIALITY

- Double-digit volume growth, sound cost control and operating efficiencies drove an improved Speciality result
- Retail sales volumes were boosted by the closure of coffee shops and restaurants which generated increased at-home consumption of our speciality bread, cake & dessert range

MILLING

- Increasing efficiencies and record throughput in recent months particularly on flour were negated by a lower by-product recovery coupled with a significantly higher wheat price which put pressure on margins
- Forward integration efforts at Milling are expected to deliver growth going forward and use more of our capacity internally

SAFEX WHEAT PRICE (R/Ton)



CHICKEN

OPERATIONAL REVIEW: FOOD DIVISION - CHICKEN

THE COVID-19 LOCKDOWN HAD A SUBSTANTIAL IMPACT ON THE BUSINESS'S H2 RESULT

CHICKEN	JUN 2020	JUN 2019	% VAR
REVENUE			
Revenue excluding sundry sales	8 506.5	8 305.4	2.4
Sundry sales	307.1	327.1	(6.1)
EBITDA	28.2	397.1	(92.9)
*EBITDA margin %**	*0.3*	*4.6*	(4.3)ppts
Underlying adjustments:			
IFRS 9 commodity adjustments	7.9	(29.5)	
Impact of implementation of IFRS 16	(42.7)		
Farm sales		(105.0)	
COVID-19	169.6		
UNDERLYING EBITDA	**163.0**	**262.6**	(37.9)
*Underlying EBITDA margin %**	***1.8***	*3.0*	(1.2)ppts

HEADLINES

- Pre COVID-19, Chicken was gaining good momentum and starting to deliver on the new business turnaround strategy
- Unfortunately, this category was most impacted by the lockdown, largely due to the closure of Quick Service Restaurants (QSR) which resulted in considerable revenue loss and significantly higher stock holding requirements

*Margin calculated on revenue excluding sundry sales

OPERATIONAL REVIEW: FOOD DIVISION - CHICKEN

CHICKEN

- Chicken's focus is on fixing agricultural operations, improving competitiveness, re-establishing the Rainbow brand & shifting to a regional demand led model, gained pleasing momentum pre-lockdown
- As COVID-19 hit, the closure of the QSR channel meant that roughly 40% of total volume had to be resolved in the retail wholesale channels, with demand proving to be insufficient to take up excess production
- Despite securing significant additional storage capacity, further relief was necessary & the business made a decision to reduce volumes by the equivalent of 2% of annual production in order to ease pressure on the supply chain
- With the reopening of the foodservice channel, initial demand has been positive but it is unlikely that supply will normalise over the short term
- The Simply Chicken range has however generated pleasing market share growth in the Vienna, Polony and Freezer-to-Fryer categories

MARKET SHARE (VOLUME)	12mm June '19	12mm June '20	3mm June '20
	9.0% *	9.4%	9.7%
	1.2% *	15.3%	17.7%
	30.8%	34.0%	35.9%

* Shares impacted by the Listeria crisis

Source : IRI

RAINBOW Simply Chicken™

OPERATIONAL REVIEW: FOOD DIVISION - CHICKEN

CHICKEN continued

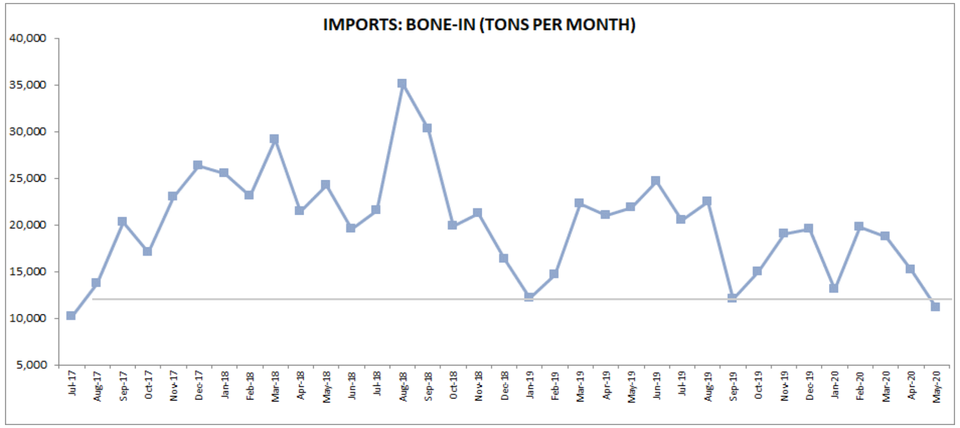
Although a good South African maize crop bodes well for input prices we don't anticipate seeing any significant relief in the short term whilst the Rand remains weak & chicken stock levels remain high

POULTRY INDUSTRY MASTER PLAN

As part of the industry's **"Poultry Industry Master Plan"** roll out, a revised import tariff was implemented in March 2020 & there has been a notable drop off in imports, with further benefit expected in the new fiscal.
With tariffs now in place and government's full support, the future of the Chicken industry is dependent on key industry players coming together to tackle the 5 Pillars of the masterplan:

1. Expand & improved production
2. Drive domestic demand and promote affordability
3. Drive exports
4. Enhancing the Regulatory Framework & Ensuring Compliance
5. Trade measures to protect the local Industry

IMPORTS : BONE-IN PORTIONS - TONS PER MONTH



Source : SAPA

OPERATIONAL REVIEW: FOOD DIVISION - CHICKEN

ANIMAL FEED

- Volume growth coupled with a strong margin focus contributed to a significant EPOL EBIT improvement on prior year
- More recently, internal volumes were down driven by Chicken's decision to reduce volumes and rising input costs have started to put pressure on margins


SUGAR

OPERATIONAL REVIEW: FOOD DIVISION - SUGAR

SUGAR IMPROVES ON THE BACK OF HIGHER MARKET PRICING AND COST CONTROL, UNDERLYING EBITDA UP 909.3% TO R345.4m

SUGAR	JUN 2020	JUN 2019	% VAR
REVENUE	**7 621.8**	6 612.7	15.3
EBITDA	354.9	34.2	937.1
EBITDA margin %	*4.7*	*0.5*	4.2ppts
Underlying adjustments:			
Impact of implementation of IFRS 16	(26.2)		
COVID-19	16.7		
UNDERLYING EBITDA	**345.4**	**34.2**	909.3
Underlying EBITDA margin %	***4.5***	*0.5*	4.0ppts

HEADLINES

- Sugar delivered a substantially stronger result, albeit off a low prior year base
- The improvement was a factor of significant cost savings and a better sales mix as a result of reduced exposure to the export market

OPERATIONAL REVIEW: FOOD DIVISION - SUGAR

SUGAR

- Whilst the implementation of the Health Promotion Levy brought about substantial and permanent reduction in industrial sales, retail demand improved significantly during the year
- The second half also benefitted from higher in-home consumption due to baking and brewing during lockdown as well as the distribution of COVID-19 relief hampers
- Lower imports also contributed to a successful shift in sales mix, weighted towards higher priced local sales
- Successful cost savings and restructure initiatives in the agricultural and supply chain areas gained good traction in the year
- With reduced local demand following the implementation of the Health Promotion Levy and heightened focus on becoming more cost competitive, a decision was made to mothball the unprofitable refinery operations at the Pongola Mill

OPERATIONAL REVIEW : FOOD DIVISION - SUGAR

SUGAR continued

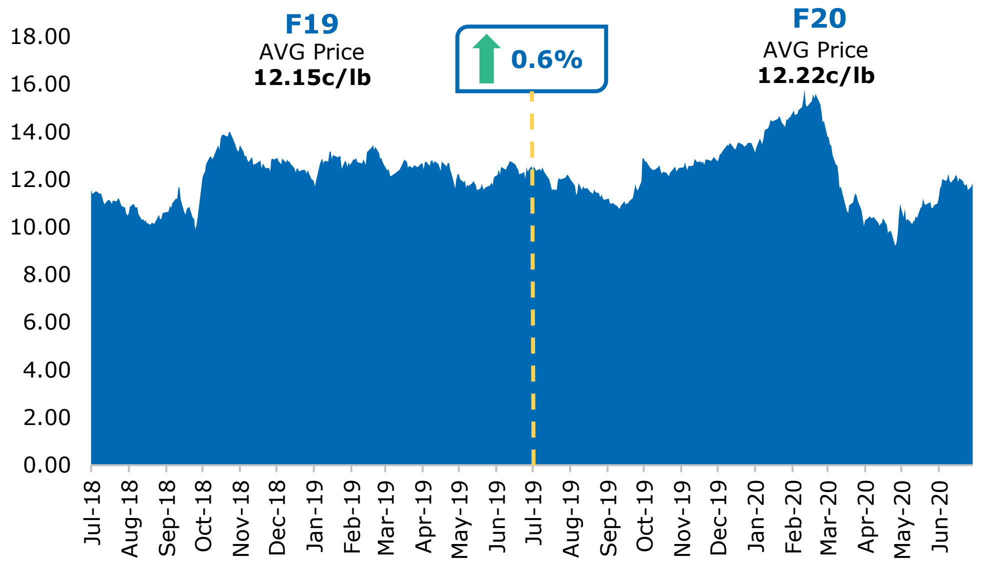
Lastly, a weak exchange rate has been instrumental in shielding the local sugar industry from the decline in the international sugar price

SUGAR INDUSTRY MASTER PLAN

Through the roll out of the "Sugar Industry Master Plan", RCL FOODS is working closely with other key industry role players to deliver a long term sustainable sugar industry. Phase 1 is aimed at stabilising and restructuring the industry through 7 action commitments namely:

1. Restoring local market off-take
2. Producer Price Restraint
3. Strategic Trade Protection
4. Job Retention & mitigation
5. Small-Scale grower retention and support
6. Transformation
7. Managed Industry Restructuring

NO.11 WORLD SUGAR PRICE (RAW SUGAR)



Source : Reuters

OPERATIONAL REVIEW : FOOD DIVISION – ANIMAL FEED

MOLATEK

- Despite a strong first half, Molatek's volumes have come under pressure more recently as farmers switch from molasses based feed to more cheaper substitutes like maize

- With surplus molasses in the industry, a big maize crop and reduced red meat consumption the business expects another challenging year ahead

FOOD DIVISION

BUSINESS UNIT LONGER TERM STRATEGY

GROCERIES	**Drive Growth**	Aggressively build brand equity and drive category growth
BAKING	**Simplify the basket & drive growth**	Drive Bread, Buns & Rolls growth agenda & forward integrate into adjacent flour based categories
SUGAR	**Protect & Diversify**	Drive a sustainable, diversified and profitable Sugar based business
CHICKEN	**Fix**	Accelerate Cobb breed recovery, Revitalise the Rainbow brand and drive supply chain efficiencies

FOOD DIVISION PRIORITIES FOR F21 FINANCIAL YEAR

STRATEGIC

- Accelerate **Chicken's turnaround strategy**
- **Fix COBB Breed challenges**
- Focused **reduction of Agriculture costs** and increase efficiency (Chicken and Sugar)
- Deliver on our **Pies plant investment**
- **Execute** the **Beverage turnaround plan**
- Deliver the **Baking investment roadmap**
- Execute on our **Sugar Diversification plan**
- Continue to **step change Gauteng bakeries performance**

OPERATIONAL

- **Manage** ongoing **implications of COVID-19** particularly in Chicken
- **Support industry masterplan** advancement (Chicken and Sugar)
- Effectively **manage commodity** and **currency volatility**
- Drive a **purpose fit cost base** for a challenged consumer environment
- Prioritise **innovation in value tier**

CHRIS CREED

VECTOR

MANAGING DIRECTOR

OPERATIONAL REVIEW : VECTOR

REVENUE (Rm)	JUN 2020	JUN 2019	% VAR
Groceries	**4 984.2**	4 832.0	3.2
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Sugar	**7 621.8**	6 612.7	15.3
Food Division Sub Total	**26 614.7**	25 138.0	5.9
VECTOR	**2 589.4**	**2 182.8**	**18.6**
Group	**166.2**	122.5	
Sales between segments	**(1 566.7)**	(1 555.8)	
Total	**27 803.6**	25 887.5	7.4
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Chicken	**28.2**	397.1	(92.9)
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Food Division Sub Total	**1 277.2**	1 371.8	(1.3)
VECTOR	**244.3**	**118.5**	**106.1**
Group	**114.5**	35.3	
TOTAL	**1 636.0**	1 525.7	7.2

OPERATIONAL REVIEW : VECTOR

WATERSHED YEAR SEES VECTOR WINNING SIGNIFICANT NEW BUSINESS, BUT IMPACTED IN THE SHORT TERM BY INVESTMENT COSTS

VECTOR	JUN 2020	JUN 2019	% VAR
REVENUE	**2 589.4**	2 182.8	18.6
EBITDA	**244.3**	118.5	106.1
EBITDA margin %	*9.4*	*5.4*	4.0ppts
Underlying adjustments:			
Net gain on bargain purchase	(167.5)		
Impact of implementation of IFRS 16	(106.2)		
COVID-19	42.6		
UNDERLYING EBITDA	**13.2**	**118.5**	(88.9)
Underlying EBITDA margin %	**0.5**	5.4	(4.9)ppts

HEADLINES

- **Pleasing revenue performance** driven by Siqalo new business, the realisation of our customer aligned strategy by being awarded the Shoprite and Massmart frozen supply chain business and the December take-on of new principals
- EBITDA improves, however, **underlying EBITDA down** due to removal of the gain on bargain purchase as a result of acquisition of certain assets and obligations of the Imperial cold chain business (ICL) as well as the impact of IFRS 16 in the current period
- **Significant investment in new capacity and duplicated networks increase cost base in the short term** until integration of the network is achieved
- The **acquisition of ICL** infrastructure has secured a **positive outlook** on the future sustainability of **Vector**

PLEASING NEW BUSINESS IN LINE WITH CUSTOMER STRATEGY

- The initiative has gained momentum with bolstered revenue performance as a result **of Siqalo new business** as well as having being **awarded** the **Shoprite and Massmart** retailer **frozen** networks, **reaffirming** our **customer aligned strategy**

- **Significant new principal business**, as a **result of** the **integration of the ex ICL business** in December, further boosted revenue performance

- The new revenue mitigated the significant **impact of COVID-19 on the Foodservice customers**, re-affirming the benefit of diversified revenue

CUSTOMER ALIGNED STRATEGY

NEW PRINCIPALS

SIGNIFICANT INVESTMENT IN CAPACITY

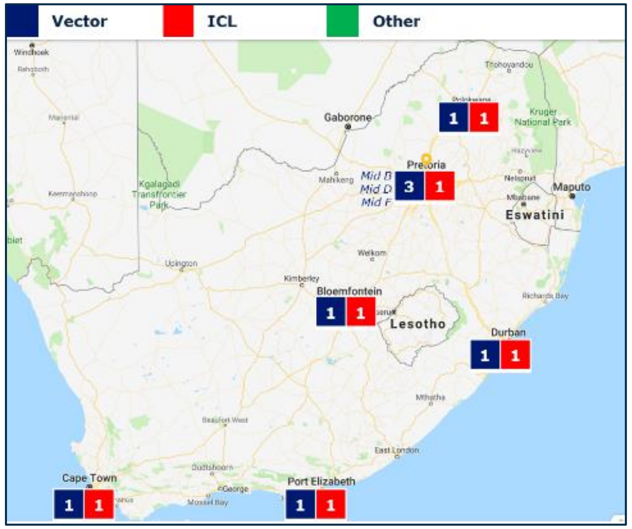
Capacity enablement for the **new business** and the **duplicated network** have **increased the cost base** and will continue for the next 9-12 months

The **final synergised network**, once bedded down, **will unlock synergies of scale**, **reduce** the **cost base** and help **build** a **sustainable model** into the future

VECTOR & ICL SC NETWORK

2 separated networks serviced through:

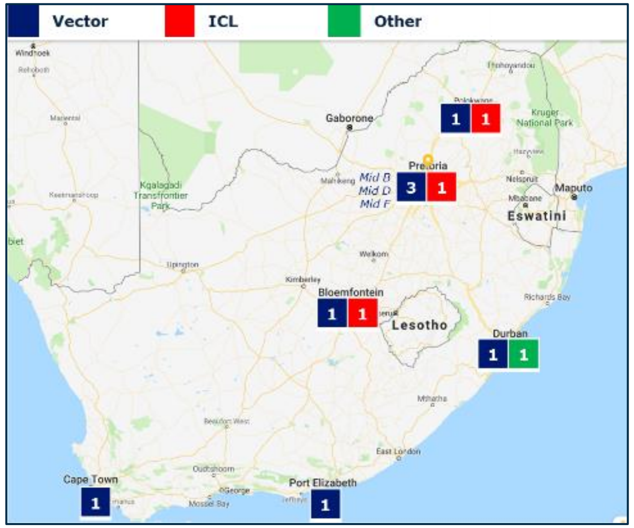
- **19 sites**
- **278+167 = 445 vehicles**



CURRENT
1 Dec 2019 interim consolidation

Semi combined networks serviced through:

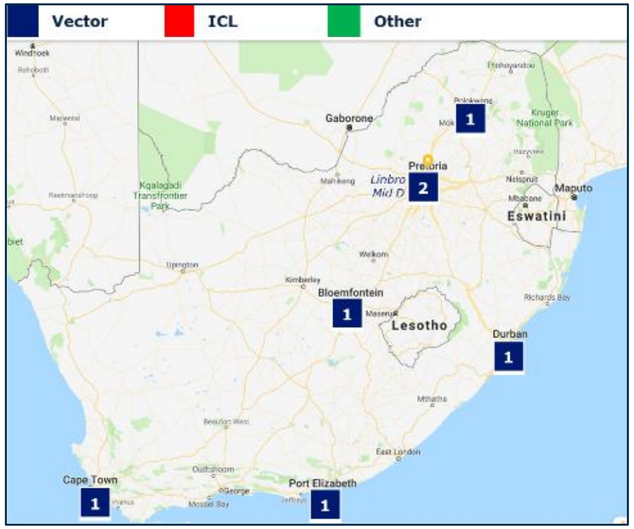
- **15 sites**
- **278+147= 425 vehicles**



FINAL NETWORK

Combined networks serviced through:

- **12 sites**
- **399 vehicles**



VECTOR GOING BEYOND

- The realisation of our **customer aligned strategy** and the implementation of the **final synergised network** will deliver positive earnings

- The acquisition of **"Empty Trips", a smart online digital freight matching platform,** positions Vector to further expand our Primary Transport business

- **Driving sustainability** is a key priority with solar installations in identified facilities

- **Growth in "other services"** such as Primary Transport and Sales & Merchandising, a **focus area** further improving our diversification and customer strategy

- A **positive contribution from our joint venture partners** in Senn Foods (Botswana) and L&A Logistics (Zambia) further enhances our network reach into Africa

Senn Foods Logistics

L&A LOGISTICS

In association with Vector Logistics, a Division of Of RCL FOODS Foods Ltd

KEY DELIVERABLES

KEY DELIVERABLES: EMERGE FROM COVID-19 STRONGER

1

ACCELERATE OUR PORTFOLIO AND BRAND STRATEGY REVIEW

Simplify and future proof the shape of our portfolio in a new COVID-19 induced reality. Deliver on alternative proteins

2

MAXIMISE GROWTH POTENTIAL IN GROCERIES

Deliver clear value proposition for consumers, adapting to new consumer habits and trends

3

DRIVE BREAD, BUNS & ROLLS AND FORWARD INTEGRATE IN BAKING

Step change Bread, Buns & Rolls capability whilst enhancing internal consumption in Milling

4

ACCELERATE CHICKEN'S REFRESHED STRATEGY

Fix Breed challenges. Revitalise the Rainbow brand and drive significant supply chain efficiencies

5

AMPLIFY TURNAROUND IN SUGAR AND DELIVER ON DIVERSIFICATION PLAN

Deliver a sustainable, diversified and profitable Sugar-based business

6

SYNERGISE DUPLICATE NETWORKS IN VECTOR LOGISTICS

Deliver on synergy opportunities and unlock Vector Logistics' desired end state plan

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