



2020

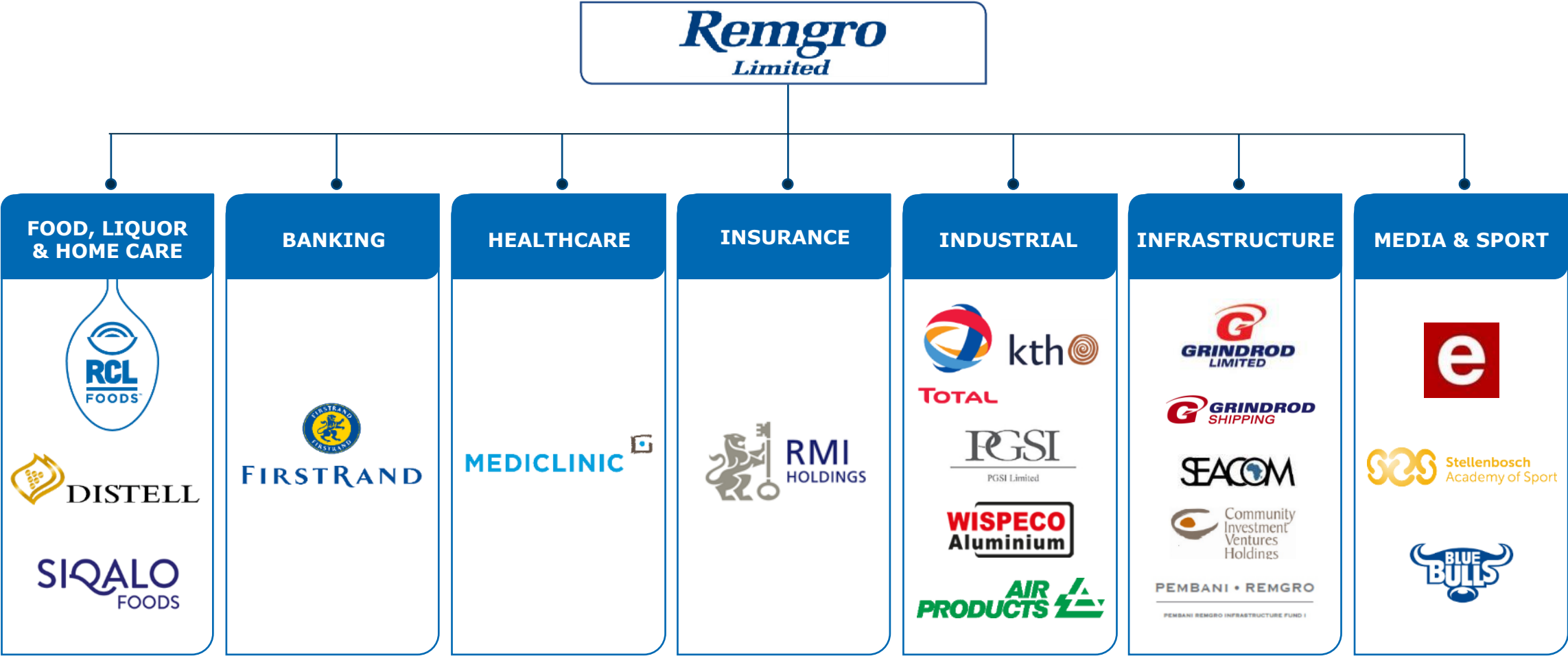
INVESTOR PRESENTATION APPENDICES 31 AUGUST 2020

RESULTS FOR THE YEAR ENDED JUNE 2020



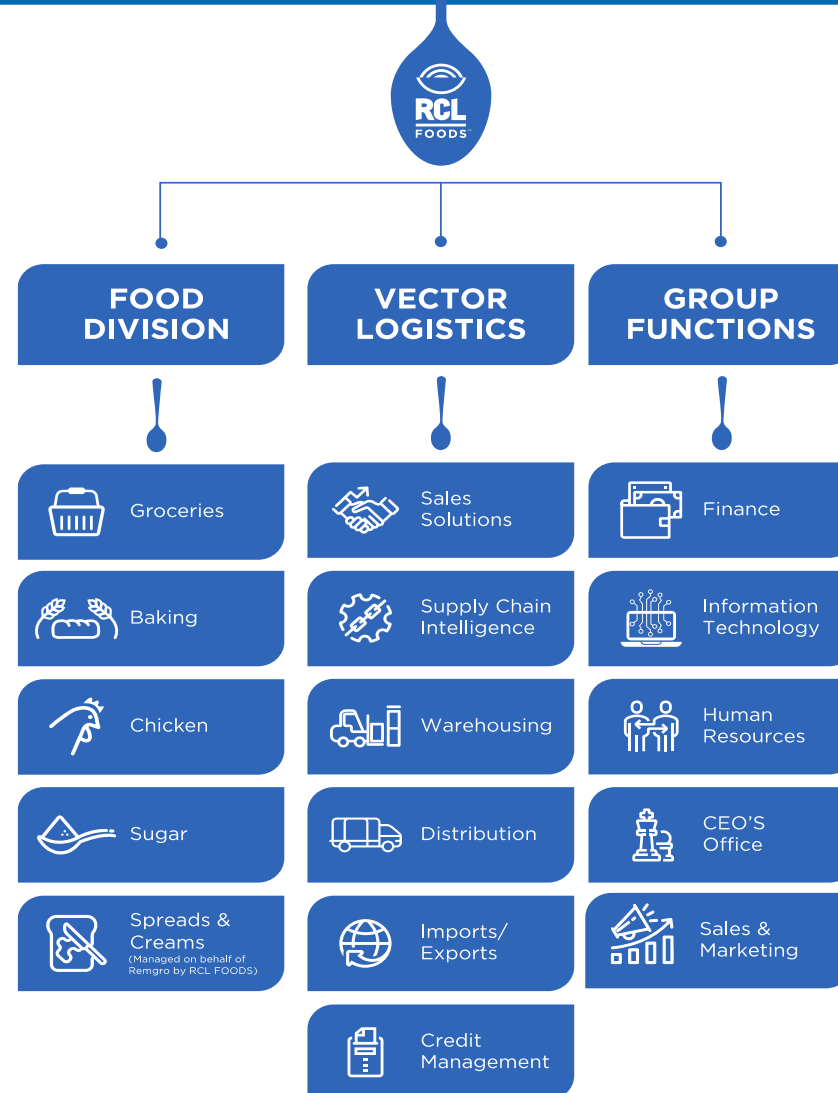


RCL FOODS IN CONTEXT





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 Logistics.

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
- Seeing and doing things differently
- Uncompromising integrity
- Act responsibly

OUR WAY

Inspired by Our Passion and Our Values:

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

- MORE IMPACT
- MORE BRAVE
- MORE OPEN
- MORE SPEED
- MORE CURIOUS
- 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

MORE FOOD NOURISHING PEOPLE

More nutritionally creative solutions

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.

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.

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

MORE PEOPLE ENRICHING COMMUNITIES

More socially creative solutions

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 20,000 people.

Ambition

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

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.

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

MORE OFTEN SUSTAINING RESOURCES

More environmentally creative solutions

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.

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 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 YEAR

-  A **R266.8m** negative impact arising from the COVID-19 crisis and relating to additional costs incurred
-  A **net gain on bargain purchase** relates to the gain arising from the Vector acquisition of the Imperial cold chain business. The total gain on bargain purchase of **R277.5m** has been offset by once-off costs related to the synergisation of the networks;
-  The **implementation of IFRS 16** from 1 July 2019, using the "simplified" approach with comparatives not being restated. For the current year, the impact of IFRS 16 resulted in **EBITDA** increasing by R237.7m and **Headline Earnings** increasing by **R55.6m**

CURRENT AND PRIOR YEAR

-  Total **impairments** of **R1 506.3 million** were recognised in the current year (2019: R763.7 million). Cash-generating unit (CGU) specific impairments of **R1 505.4 million** were recognised in the Groceries, Baking, Chicken, Sugar and Vector business units (2019: R761.9 million relating to the Sugar CGU)
-  An **IFRS 9 fair value loss of R13.1m** (2019: R32.4m gain), relating to the fair value gains and losses on commodity contracts entered into as part of the Group's raw material procurement strategy

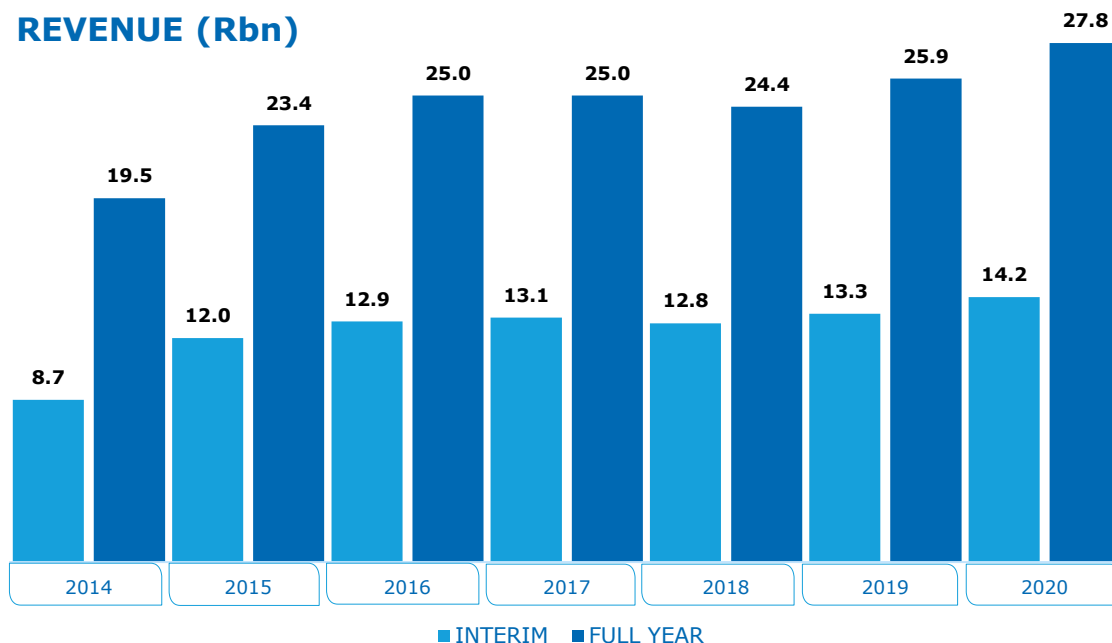
PRIOR YEAR

-  A **R105.0m profit on sale of dormant farms** in the Chicken business unit stemming from the decision to reduce commodity chicken volumes in February 2017
-  A **R47.0 million profit on disposal of the prepared lines** at the Speciality Bronkhorstspuit site

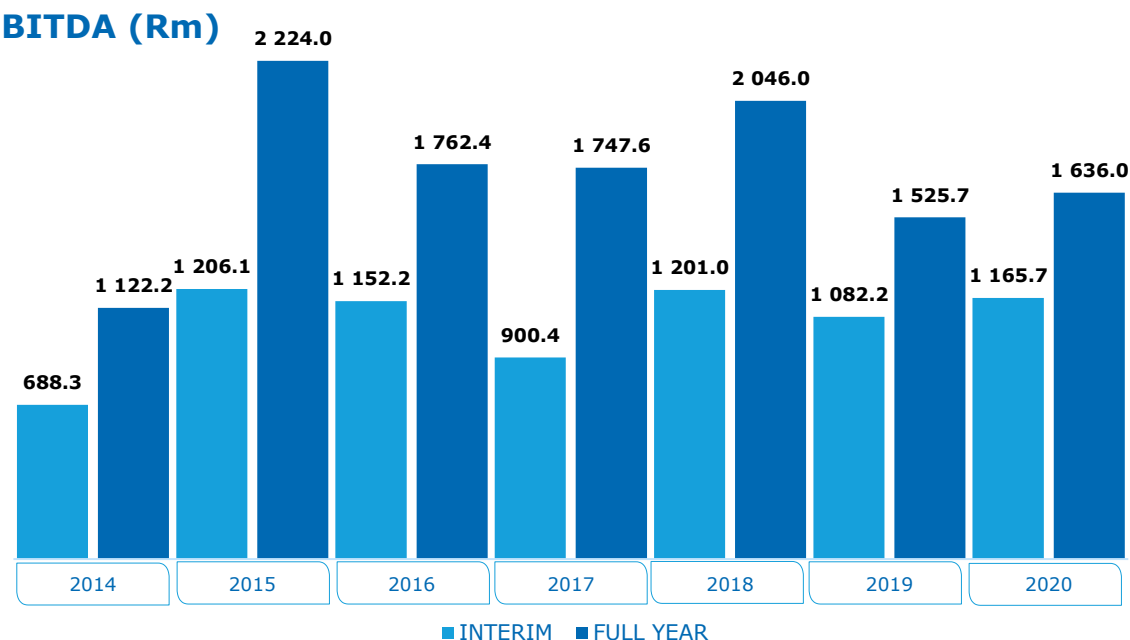


PERFORMANCE

REVENUE (Rbn)



EBITDA (Rm)



OVER
20 000
EMPLOYEES



AROUND
645 000
TONS OF
SUGAR PER YEAR



138 TONS
OF MAYONNAISE
SOLD DAILY



MORE THAN
500
DELIVERY
VEHICLES



550 000 TONS
OF FLOUR AND
MAIZE MILLED
PER YEAR



286 000
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



15 MILLION
CHICKENS ON
THE GROUND AT
ANY TIME





OUR BRANDS

A FEW OF SOUTH AFRICA'S MUCH LOVED BRANDS PRODUCED BY RCL FOODS

6 BRANDS
OVER R1bn

RAINBOW



4 BRANDS BETWEEN
R1bn AND R400m



5 BRANDS BETWEEN
R400m AND R100m



18 BRANDS UNDER R100m

CANINE
CUISINE



FELINE
CUISINE

bonzo MNANDI
AMAHEWU



RAINBOW
SPICES



OPTIMIZOR

Dogmor



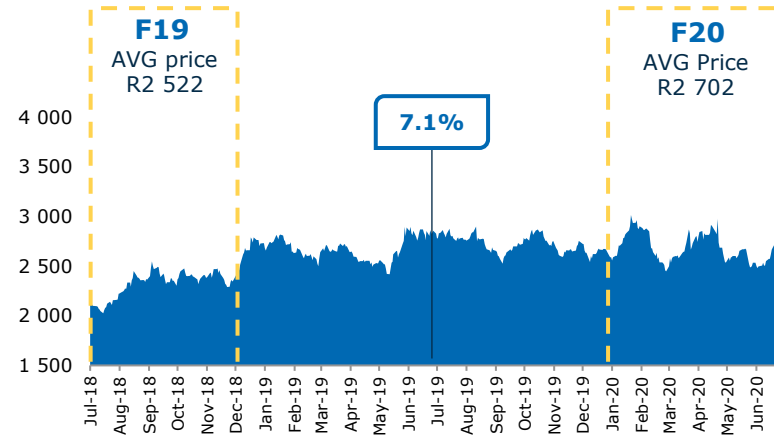
MARKET SHARE

VOLUME SHARE % FOR THE PERIOD	6MM JUNE 20	12MM JUNE 20	12MM JUNE 19	SOURCE
Dogfoods (RCL Brands)	30.7	29.4	26.8	Aztec*
Catfoods (RCL Brands)	31.0	29.9	26.0	Aztec
Yum Yum Peanut Butter	28.1	26.0	30.5	Aztec
Nola Mayonnaise	41.3	40.9	47.7	Aztec
Sorghum (RCL FOODS Brands)	29.6	29.4	28.3	Aztec
Ouma Rusks	43.3	42.6	44.3	Aztec
Mageu	67.1	66.7	69.3	Aztec
Freezer to Fryer	35.8	34.0	30.8	Aztec
Polony (RCL FOODS Brands)	9.3	9.4	9.0	Aztec
Viennas (RCL FOODS Brands)	16.6	15.3	1.2	Aztec
Selati	29.4	29.5	29.2	Aztec
Pies and Rolls (RCL FOODS Brands)	2.1	1.9	2.8	Aztec
Supreme Flour	13.0	12.8	12.7	SAGIS**
Sunbake	9.2	8.6	8.5	SAGIS

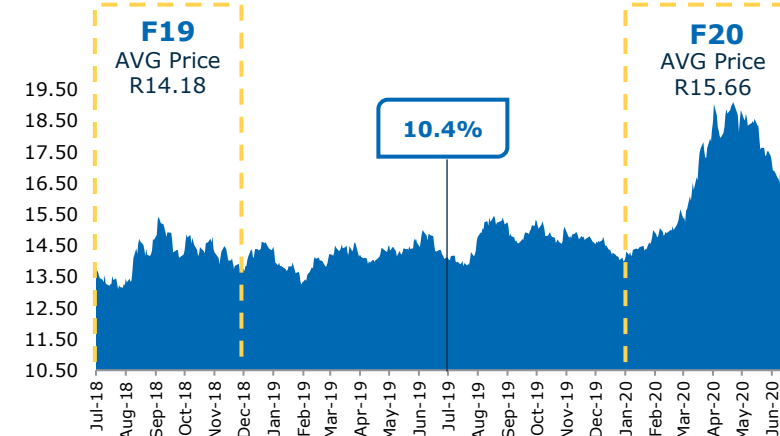


COMMODITY PRICES

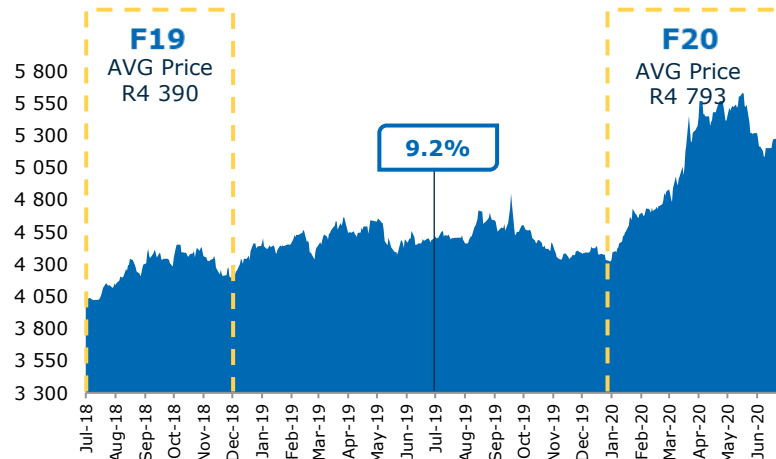
SAFEX YELLOW MAIZE PRICE (R/Ton)



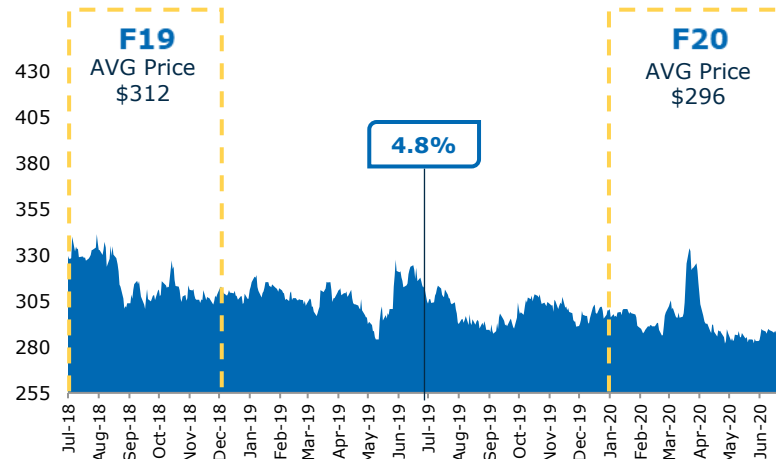
RAND/USD



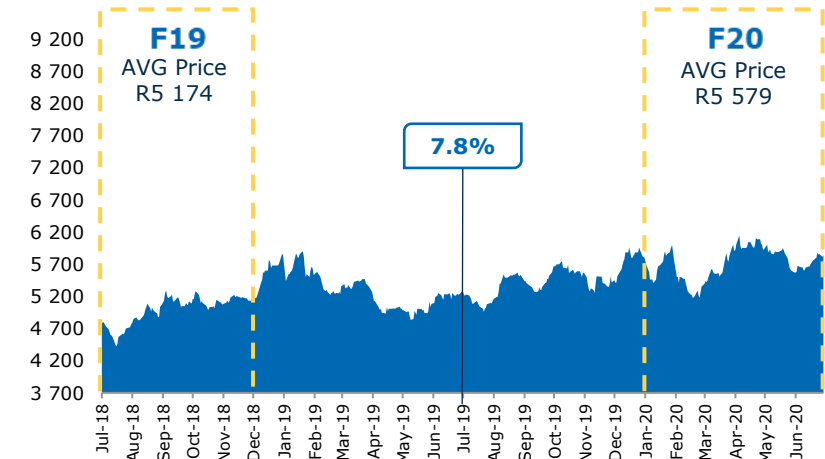
SAFEX WHEAT PRICE (R/Ton)



CME SOYA PRICE (\$/Ton)



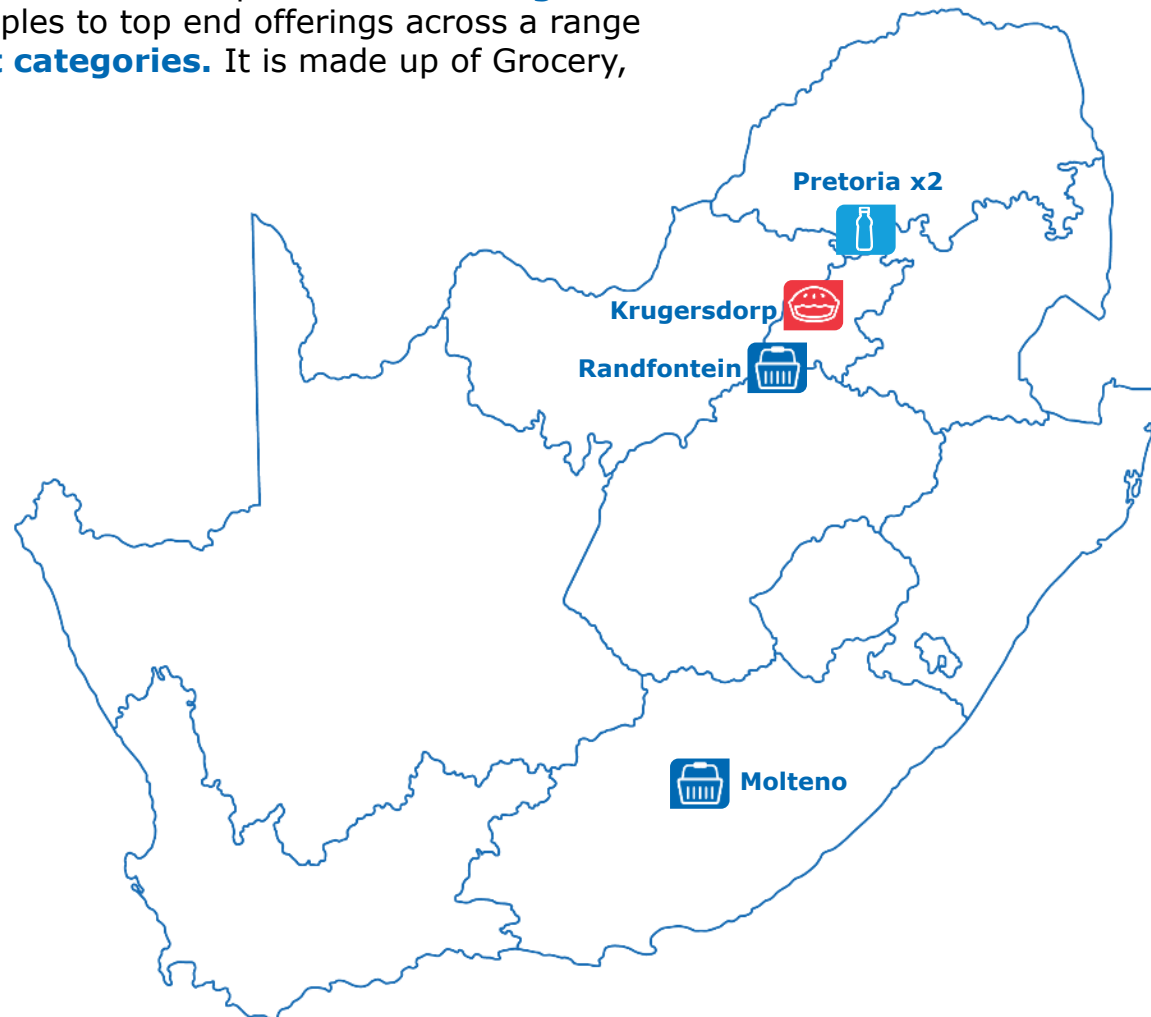
SAFEX SUNFLOWER PRICE (R/Ton)





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





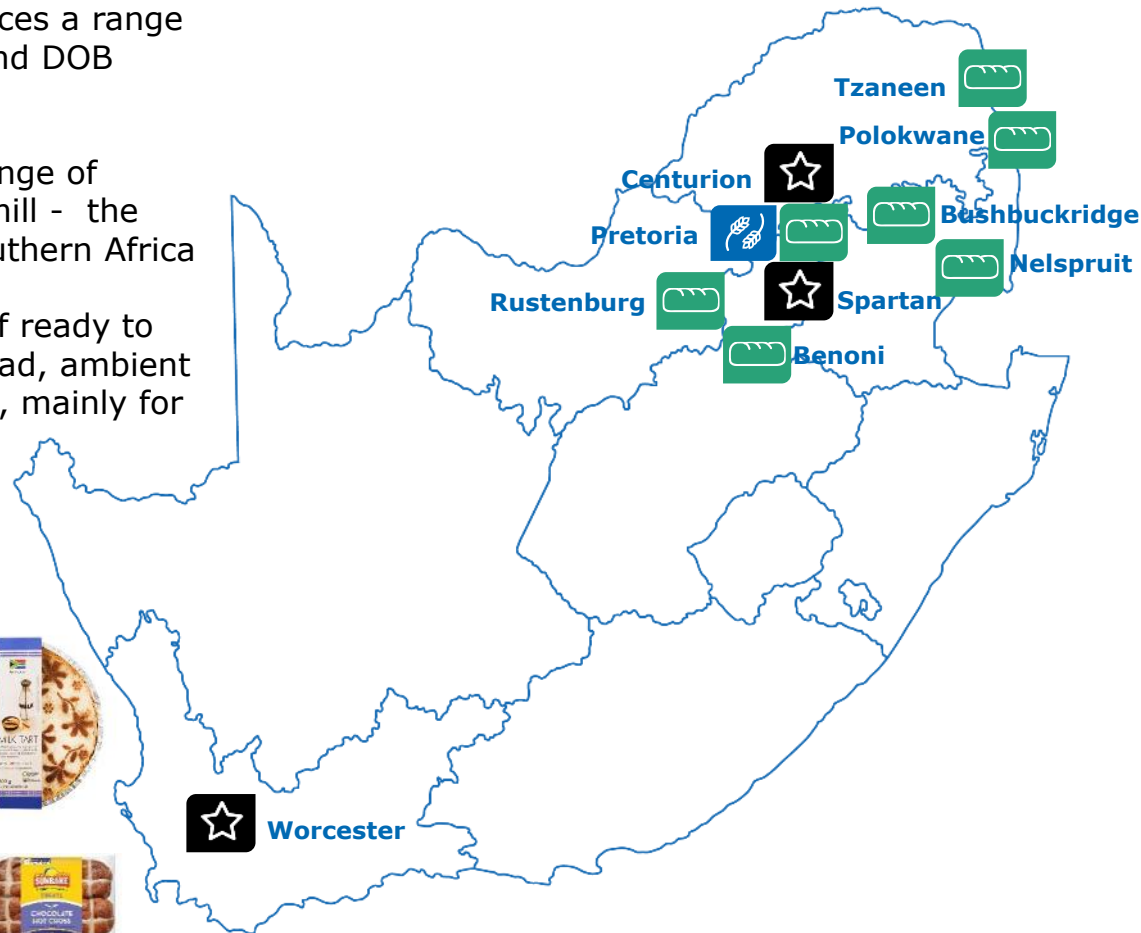
BAKING

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



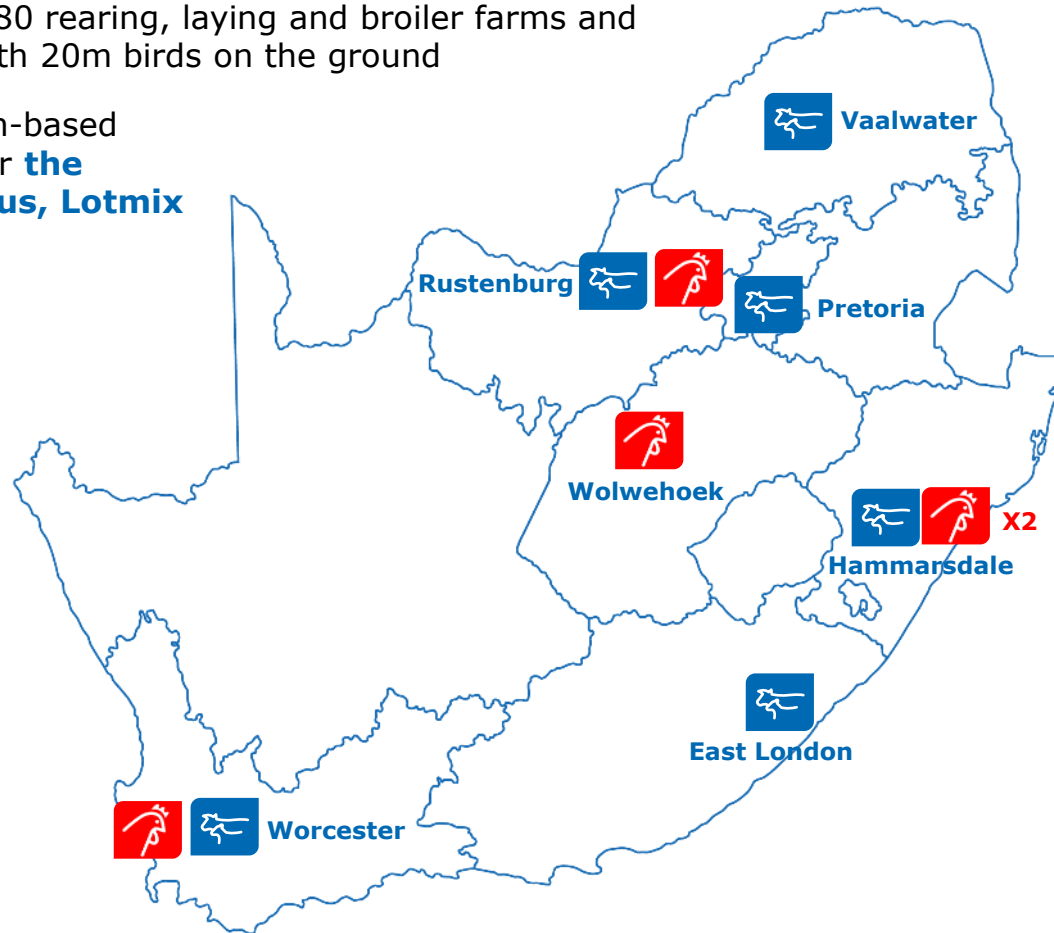
WOOLWORTHS



CHICKEN

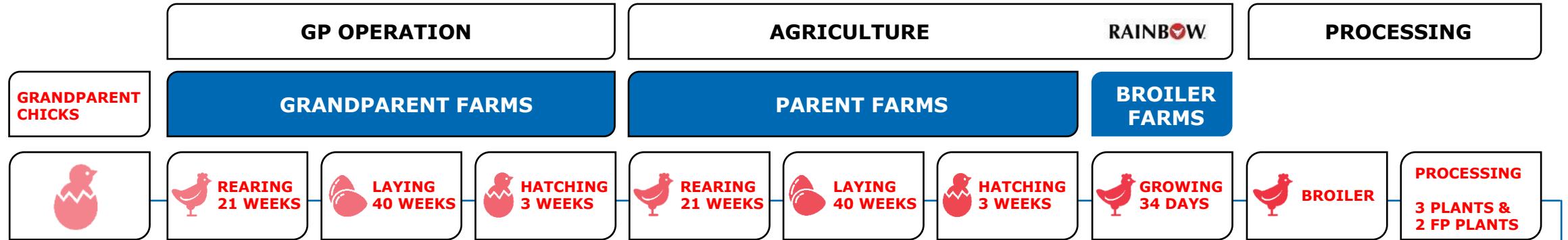
The **Chicken category** produces a **wide range of chicken products** under **3 well established brands: Rainbow, Simply Chicken and Farmer Brown**. In addition to 3 primary processing plants and 2 further processing plants, Chicken has 180 rearing, laying and broiler farms and hatcheries across the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

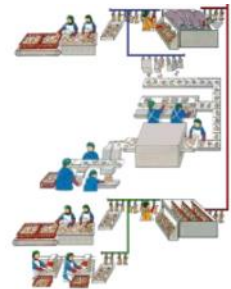


CHICKEN

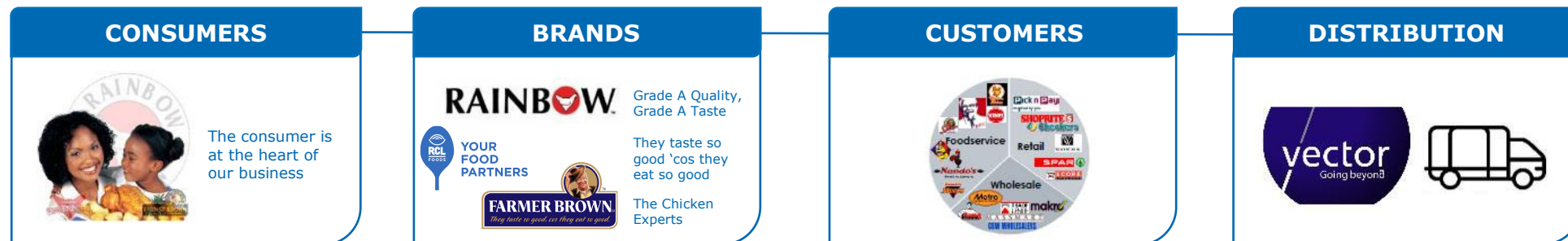
INTEGRATED SUPPLY CHAIN FROM "FARM TO FORK"



- 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

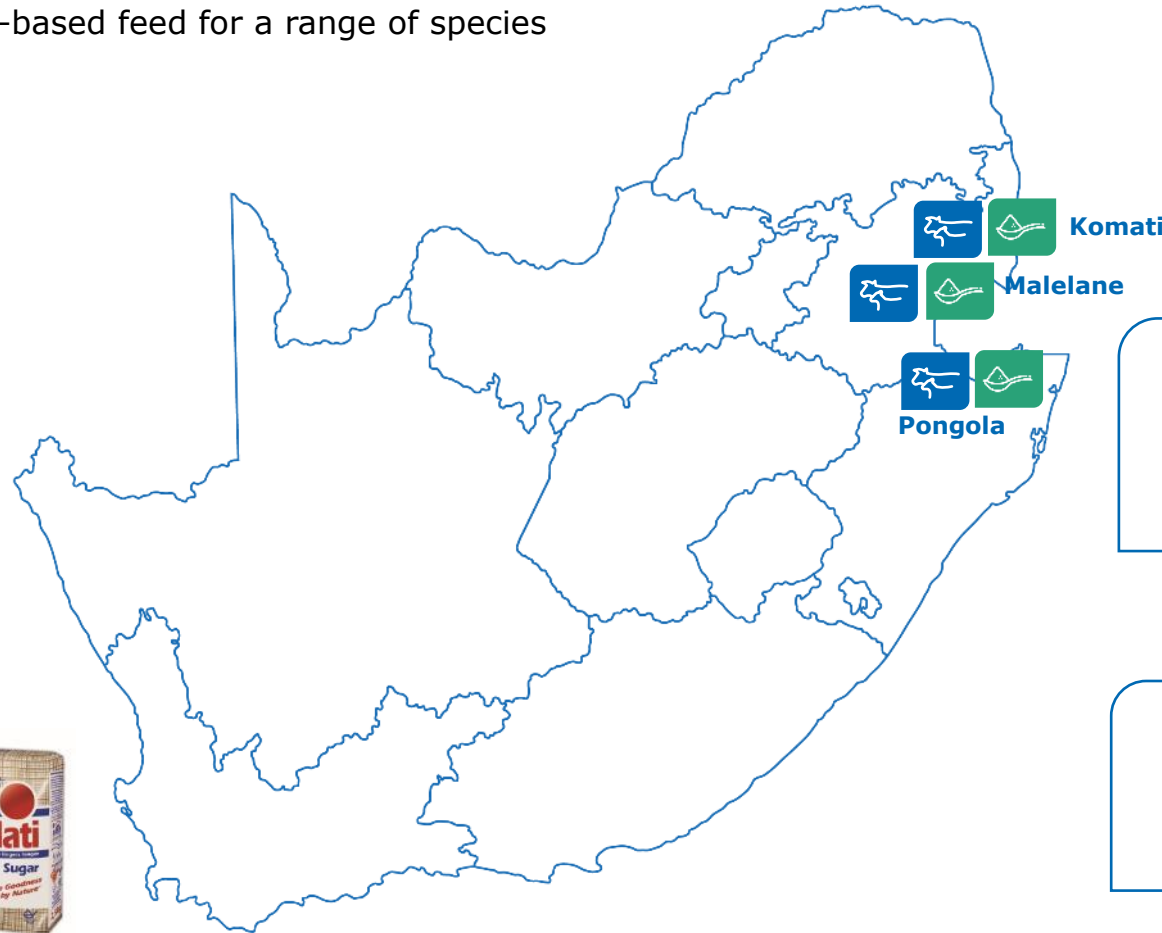




SUGAR

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

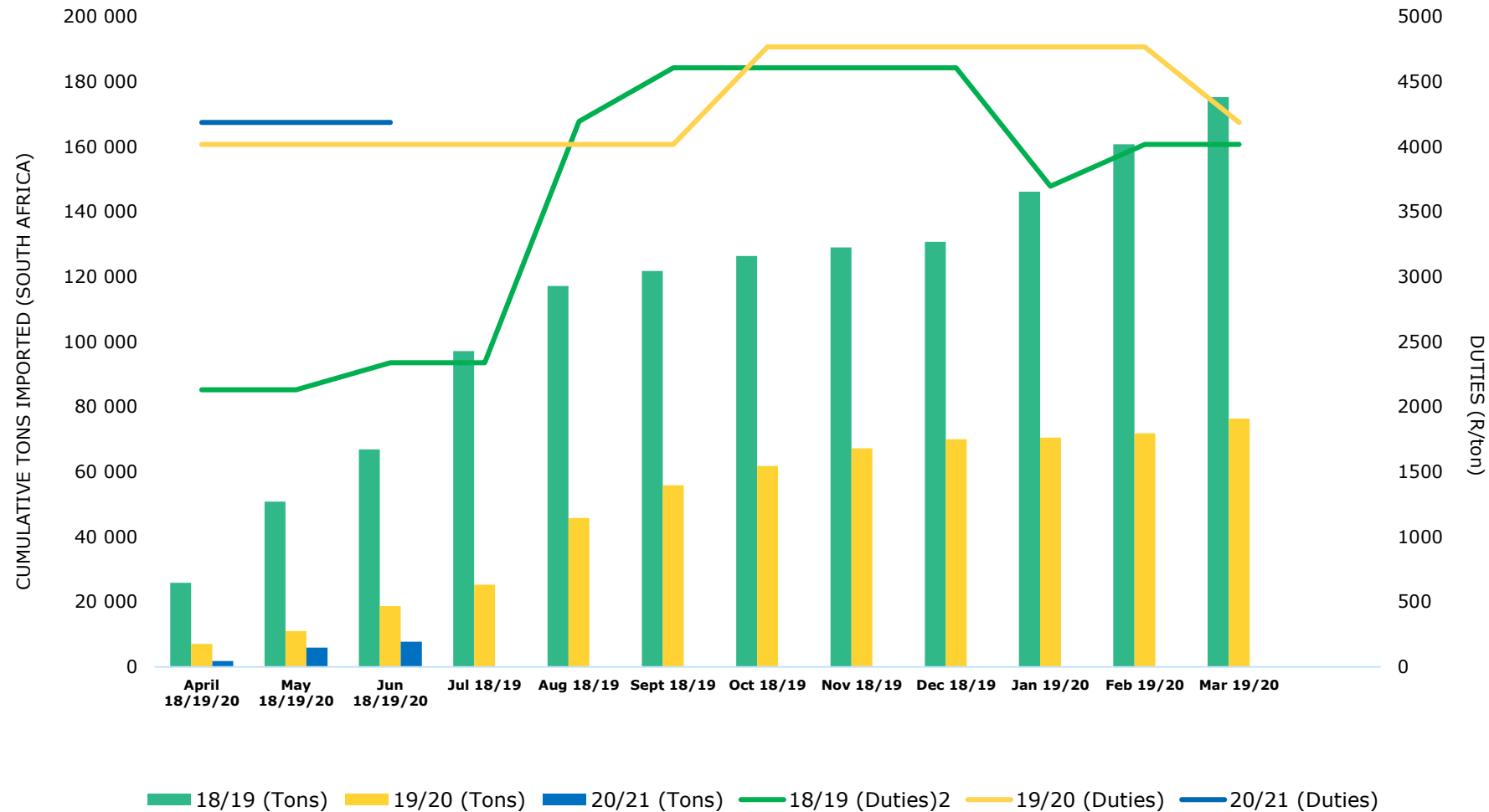


ANIMAL FEED

MOLATEK



SUGAR IMPORTS AND DUTIES



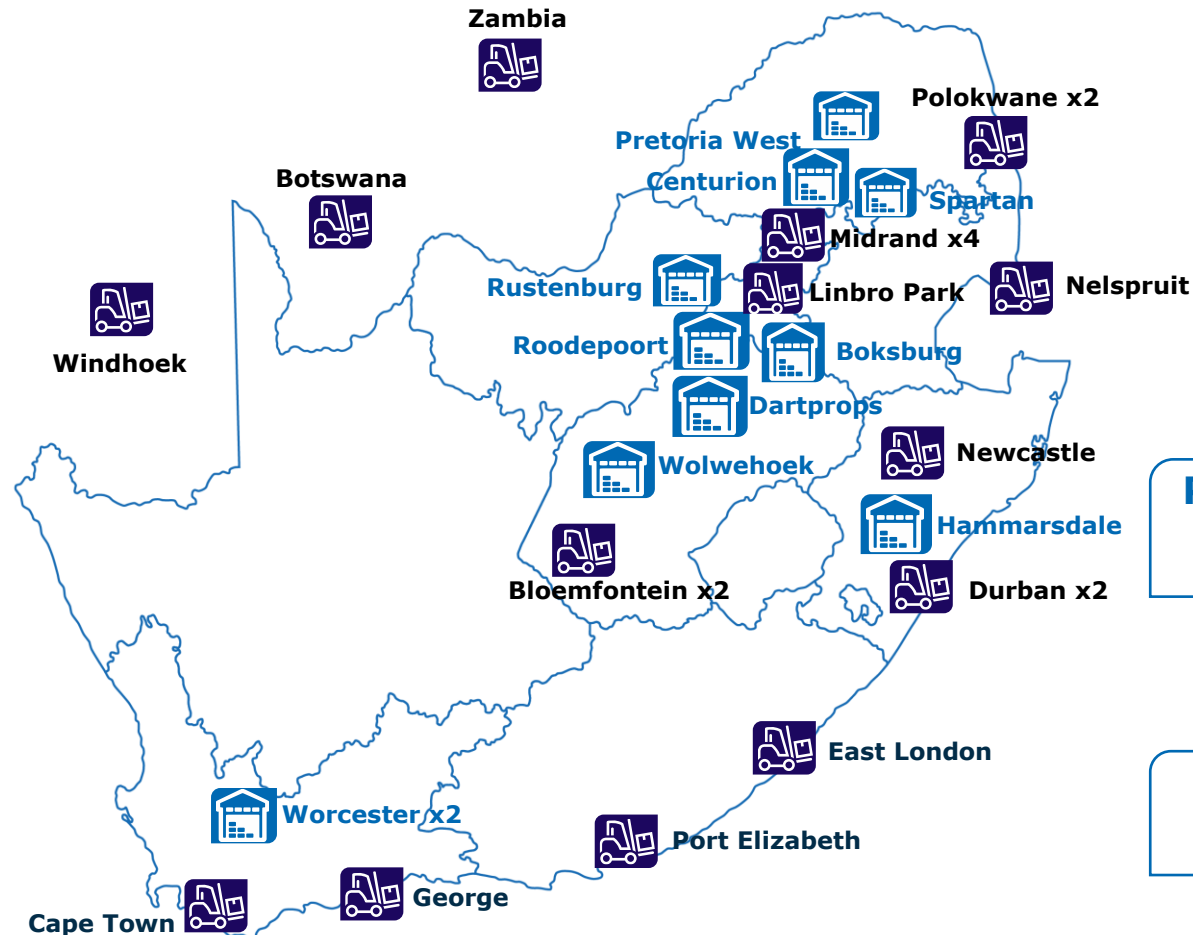
- Cumulative tons imported from 1 April 2018, 2019, 2020 (start of industry year)
- A total of 65 468 tons have been imported for the year ended June 2020, down 48.5% (June 2019: 127 010 tons)



VECTOR

NATIONAL FOOTPRINT EXTENDING INTO NAMIBIA, BOTSWANA AND ZAMBIA

- 2 bulk storage sites (Midrand B and Midrand I)
- Storage capacity for over 147 000 pallets
- Over 5 000 employees
- Over 6 000 customer drop points
- Over 110 million cases delivered annually
- Over 772 000 tons transported annually
- 506 distribution vehicles
- Responsible for 100% of Pick n Pay and Shoprite's frozen product distribution
- 1 Integrated Service Centre



PLANT-BASED COLD STORES
11 national locations



DISTRIBUTION SITES
18 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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