2021

RCL FOODS LIMITED

GROUP INTERIM FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED DECEMBER 2020

FINANCIAL HIGHLIGHTS

↑ 10.5%

REVENUE
R15,7 BILLION

↓ 3.1%

EBITDA
R1 130,0 MILLION

↑ 18.0%

UNDERLYING EBITDA*
R1 344,8 MILLION

↑ 14.3%

HEADLINE EARNINGS
R529,9 MILLION

↑ 12.0%

HEADLINE EARNINGS PER SHARE
59.7 CENTS

↑ 30.6%

UNDERLYING HEADLINE EARNINGS*
R684,6 MILLION

↑ 28.0%

UNDERLYING HEADLINE EARNINGS PER SHARE*
77.1 CENTS

15.0 cents

INTERIM DIVIDEND PER SHARE

* *The underlying view of the results excludes material once-offs and accounting adjustments related to IFRS 9 Financial Instruments (IFRS 9), direct costs of COVID-19 in the current year and the gain on bargain purchase arising from the acquisition of Imperial Logistics South Africa's cold chain business (ICL) in Vector Logistics in the prior year. Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 13 of this announcement for further details.*

KEY FEATURES

- Revenue growth amidst pandemic
- Strong volume performance across most of the portfolio
- Pervasive pricing pressure as input costs increase
- Strong performance in Baking
- Sugar continued to deliver an improving set of results
- Chicken impacted by agricultural challenges but turnaround progressing
- Solid performance from Vector Logistics
- Significant COVID-19 direct costs, mostly in Chicken
- Well-managed working capital

COMMENTARY

RCL FOODS is proud to present a pleasing set of interim results, with the diversity of its portfolio providing resilience amidst the COVID-19 pandemic. Noteworthy contributors to the improved results came from the Sugar, Baking and Vector Logistics segments, translating into a 28.0% increase in underlying headline earnings per share.

With COVID-19 mitigation strategies firmly in place, including careful management of working capital, RCL FOODS has been able to focus on its strategic transformation agenda with the aim of creating a more resilient business with more sustainable quality of earnings. The Group is progressing against several key strategic initiatives, including the creation of a dedicated Chicken Division separate from the Food Division, the imminent scaling of plant-based endeavours, the integration of the ICL business into Vector Logistics, and the strategic portfolio review.

IMPACT OF COVID-19

Our priorities during the COVID-19 pandemic have continued to be the safety of our employees, uninterrupted food supply, ongoing conservative cash management and the support of the communities we operate in. Operationally, we have maintained lockdown level 5 behaviour regardless of the relaxation of the lockdown levels and our disciplines and controls remain high. The robust processes implemented in the first phase of the pandemic have enabled Group operations to continue to run smoothly and have allowed us to broaden our focus to also encompass growth. While COVID-specific costs in this period of R119,6 million remain material to an interpretation of the six months results, we are pleased to note a significant reduction in such costs in recent months.

Supporting our communities

Since the beginning of lockdown, RCL FOODS, through our DO MORE FOUNDATION, has sponsored and delivered more than 8 million meals to alleviate hunger for vulnerable communities across South Africa.

We have been able to maintain full employment and support productive "remote working" for many of our employees throughout this pandemic. We have also successfully navigated payment challenges resulting from key customers that had to shut down during lockdown and have played our role in supporting our own suppliers as a committed member of the "Pay in 30 days" initiative.

We are deeply saddened by the loss of life that this virus has caused within our business and the country. We remain vigilant to protect the continued safety of our employees and maintain heightened awareness amongst them.

STRATEGIC PROGRESS

RCL FOODS' strategic pillars are aimed at building an integrated business with a high-performance culture, optimising and leveraging our ONE RCL FOODS platform, investing in our brands, and expanding into new products, channels and categories. The Group has made good progress during the current reporting period as we continue our journey.

NEW FOOD DIVISION

The creation of the new Food Division a year ago has galvanised the management team and enabled numerous benefits including an integrated and synergised structure, enhanced focus, improved operational efficiencies, supply chain cost benefits and strong volume performance, all of which is evident in the Food Division's results.

ESTABLISHMENT OF A SEPARATE CHICKEN DIVISION

The Chicken business has delivered many turnaround benefits in recent months, despite the significant impact of the pandemic on its performance. As part of the strategic review of RCL FOODS' portfolio, and in line with our stated intent to ensure competitive, profitable and sustainable performance within Chicken, a decision has been taken to establish Chicken as a separate and focused division within RCL FOODS, reporting directly to the RCL FOODS Chief Executive Officer, rather than being a separate business unit within the Food Division.

The creation of a standalone business will enable a dedicated focus on Chicken. Experienced executive appointments have been announced to lead this initiative, which has also afforded us an opportunity to strike an optimal balance between continuity of existing senior talent in support of the new division and redeployment of talent behind strategic priorities within the broader RCL FOODS business.

To align the financial results with this structural change in Chicken, the division's results will be reported as a separate segment. At this early stage we are not ready to comment on the ultimate outcome for Chicken, as all the strategic options are still being reviewed.

ADVANCING OUR PLANT-BASED ENDEAVOURS

RCL FOODS initiated further expansion of its portfolio by entering the plant-based foods category in January 2020, when it secured a minority shareholding in the LIVEKINDLY collective, a new US-based entity aimed at creating a vertically integrated plant-based food value chain with global reach. This relationship has culminated in RCL FOODS and the LIVEKINDLY collective agreeing to establish a joint venture – LIVEKINDLY collective Africa – which will market, sell and distribute all the collective's brands in South Africa and the rest of sub-Saharan Africa. This will not only include the well-known South African Fry's Family Foods brand but also the international LikeMeat and Oumph! brands. The joint venture will be finalised once Competition Commission approval has been received and further information will be released once available.

GROWING OUR PORTFOLIO OF LEADING BRANDS

We continue to support and grow our diversified portfolio of branded products through clear strategies, continuous innovation and appropriate investment. The strength and rapid growth in our pet food category over recent years is a prime example of our ability to establish profitable and well-loved brands in a relatively short space of time. Successful product extensions and innovations in peanut butter, rusks and chicken in recent months also demonstrate our experience in maintaining market leadership and growing market shares.

In addition, RCL FOODS' unique farm-to-fork capabilities and established market presence has created the platform and ecosystem to partner with others to broaden the range of products on offer. Our recent partnership with the LIVEKINDLY collective will allow us to augment our core Chicken protein offering, providing consumers with more choice.

SUGAR INDUSTRY MASTER PLAN SIGNED

Government and industry stakeholders signed the Master Plan, developed to support the sustainability of the sugar industry in South Africa, in November 2020. The Master Plan seeks to increase consumption of locally produced sugar, provide adequate protection against dumping from international sugar-producing countries, and significantly diversify the sugarcane value chain from producing only raw and refined sugar, to offering a wider range of globally competitive sugarcane-based products.

In addition to commitments from industrial users and retailers to a minimum offtake of local sugar, government and industry players have embarked on a concerted "Buy local" campaign, to encourage South Africans to buy local sugar products.

STRATEGIC REVIEW OF THE PORTFOLIO

The RCL FOODS Board announced in November 2020 that it is evaluating whether the collective portfolio is optimally configured to provide sustainable growth and continuous appeal to shareholders. Rand Merchant Bank has been appointed to assist with an evaluation and review of strategic options as they relate to the composition of the underlying RCL FOODS basket.

Having created a solid foundation from which to grow, our next chapter is about strategically transforming our business to achieve a stronger, more resilient RCL FOODS with more sustainable quality of earnings. The restructure of our Food Division was part of this, as were the decisions to create a standalone Chicken business and venture into plant-based alternatives.

The review process will aim at optimising the growth prospects of the portfolio as well as its attractiveness to prospective investors, while preserving synergy, scale and efficiency benefits. RCL FOODS is well-positioned with a healthy balance sheet, debt capacity and strong cash generation. The Group remains of an acquisitive mindset and once the desired structure has been agreed, migration and capital allocation towards that basket may potentially include acquisitions, disposals or both.

The review process is still at an early stage with little yet to report. We will continue to communicate with all stakeholders on material developments as the strategic review evolves.

INTEGRATION OF THE ICL BUSINESS

Vector Logistics acquired certain assets of ICL with effect from 1 December 2019, to position it to become the largest frozen logistics player in South Africa. As a first phase of its integration, Vector Logistics successfully onboarded the ICL assets and related employees and entered into new agreements with several of the previous ICL customers. The second phase entails consolidation of the two, separate distribution networks into a single optimised and efficient network. Good progress has been made in the past six months despite COVID-related challenges. The duplicated networks in the Inland region were successfully consolidated in August 2020, with the remaining hubs of Polokwane, Bloemfontein, Port Elizabeth and Durban, in progress.

Vector Logistics recently invested in "Empty Trips" – a digital platform to match shippers and carrier/hauliers and improve utilisation of the transport infrastructure. Initial benefits are already compelling. The company also acquired an additional 40% of L&A Logistics Limited in Zambia in February 2021, which increases its holding in the company to 85% and augments the network Vector Logistics currently has in Namibia and Botswana.

ADAPTING TO A MORE VALUE-ORIENTATED ECONOMIC ENVIRONMENT

The impact of the COVID-19 pandemic has served to further reduce discretionary spend and has accelerated the shift in consumer behaviour towards more in-home consumption and a deepened focus on value for money. We are in the fortunate position that our core products already represent a strong basket of essential items and have benefited from this trend in terms of volume increases in our sugar, flour and bread ranges, amongst others. We have also been positioning our brands to capitalise on opportunities related to this trend through innovations in products and packaging, and pro-active promotional strategies with our customers.

In adapting to the constrained economy, the Food Division has also shifted its innovation emphasis towards projects that deliver value to the consumer while driving meaningful volumes. A strong innovation pipeline is being built for new and product extension releases in the next two years.

DRIVING SUSTAINABILITY

The work done by our DO MORE FOUNDATION has never been more relevant than during the COVID-19 pandemic, which has cost many people their livelihoods and caused widespread hunger and economic hardship. The Foundation has attracted 147 partners from the private, public and NGO sectors to help to alleviate hunger and ensure the vulnerable children of South Africa are not left behind.

We have also partnered with the Kingsley Holgate Foundation to deliver packs of Do More sorghum porridge and early learning resources to thousands of young children across the outline of South Africa through the Mzansi Edge expedition and helped 115 Early Childhood Development centres with sanitizer starter packs for re-opening their centres to young children.

The Rustenburg waste-to-value plant was commissioned and exported its first power to the Chicken plant during July 2020. We are pleased with the progress in ramping up its production. The project is strongly aligned with RCL FOODS' commitment to reduce our demand on valuable water and energy resources.

RCL FOODS has thrown its weight behind an international initiative to halve food loss and waste in their supply chains by 2030 and has partnered with Pick n Pay in this undertaking. Our best-for-purpose packaging design also strongly emphasises prevention of food waste, in addition to striving to ensure that packaging waste is kept out of the environment through recycling.

In recent months, the Group has partnered with South Africa's biggest food suppliers to support the restoration of the food service industry, through the #OneMealManyThanks campaign which aims to educate South African consumers about the millions of people that benefit from every meal purchased and to encourage customers to utilise restaurant services, be it sit down or takeaways.

RCL FOODS FINANCIAL REVIEW

INCOME STATEMENT

RCL FOODS' revenue for the current period increased 10.5% to R15,7 billion (December 2019: R14,2 billion). The increase was largely due to improved prices in Sugar and Baking, higher Milling volumes and higher Vector Logistics revenue resulting from the new customers that joined their network in December 2019 following the ICL acquisition.

EBITDA declined by R35,7 million (3.1%) to R1 130,0 million (December 2019: R1 165,7 million) due mainly to the impact of the COVID-19 pandemic during the current period. The EBITDA by business unit is reflected in the table below:

Rm	December 2020	Margin %	December 2019	Margin %	% change	Margin change (ppts)
EBITDA	**1 130,0**	**7.2**	1 165,7	8.2	(3.1)	(1.0)
Food Division	**1 040,6**	**10.3**	817,4	9.1	27.3	1.2
Groceries	**317,6**	**11.5**	327,6	12.4	(3.1)	(0.9)
Baking	**265,8**	**9.1**	183,3	7.2	45.0	1.9
Sugar	**457,2**	**10.4**	306,5	8.1	49.2	2.3
Chicken Division	**(133,8)**	**(2.7)**	134,3	2.9	(199.6)	(5.6)
Vector Logistics	**162,8**	**10.7**	171,0	13.4	(4.8)	(2.7)
Group	**60,4**		43,0		40.3	

The current and prior period EBITDA results were materially impacted by the following once-off items and accounting adjustments:

- Negative fair value adjustments on the Group's commodity raw material procurement positions, which reduced EBITDA by R95,2 million (December 2019: R84,4 million negative adjustment). The R95,2 million current year adjustment relates mainly to the strengthening of the Rand at the end of December 2020 relative to our positions;
- A R119,6 million negative impact arising from COVID-19 direct costs incurred (mostly in the Chicken Division); and
- A gain on bargain purchase of R110,0 million in Vector Logistics relating to the acquisition of ICL in the prior period.

Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 13 of this announcement for further details.

The "underlying" EBITDA excluding the above items is reflected in the table below:

Rm	December 2020	Margin %	December 2019	Margin %	% change	Margin change (ppts)
Underlying EBITDA	**1 344,8**	**8.6**	1 140,1	8.0	18.0	0.6
Food Division	**1 033,0**	**10.3**	817,7	9.1	26.3	1.2
Groceries	**301,6**	**10.9**	322,6	12.2	(6.5)	(1.3)
Baking	**269,1**	**9.2**	188,6	7.4	42.7	1.8
Sugar	**462,3**	**10.6**	306,5	8.1	50.8	2.5
Chicken Division	**85,0**	**1.7**	218,4	4.6	(61.1)	(2.9)
Vector Logistics	**168,0**	**11.1**	61,0	4.8	175.6	6.3
Group	**58,8**		43,0		36.8	

The Group's underlying EBITDA improved R204,8 million (18.0%), driven mainly by the gains in Sugar (up R155,8 million), Baking (up R80,6 million) and Vector Logistics (up R107,0 million), offset partially by declines in Chicken (down R133,4 million).

TAXATION

The Group's effective tax rate for the period (excluding joint ventures and associates) was 32.2% (December 2019: 34.4%). Both the current and prior period rates were materially impacted by deferred tax assets not recognised on losses made in our 50% owned community-based sugar cane-grower companies.

NET FINANCE COSTS

Net finance costs for the period decreased R36,9 million (18.8%) largely due to lower interest rates in the current period. Net finance costs paid for the period of R100,4 million is R59,4 million lower than net finance costs expensed in the income statement mainly due to the non-cash IFRS 16 leases interest charge.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment increased R115,7 million from June 2020, driven by capital expenditure of R416,8 million, offset by depreciation of R289,3 million.

Capital expenditure including intangibles for the six months to December 2020 was R424,2 million (December 2019: R437,1 million). Major spend items included:

- Replacements within the Vector Logistics fleet (R52,9 million);
- Expansion of the Pies production lines (R12,2 million); and
- Replacement of certain production lines at the Pretoria West bakery (R11.4 million).

An amount of R535,8 million (December 2019: R408,1 million) has been contracted and committed, but not spent, whilst a further R415,3 million (December 2019: R479,6 million) has been approved but not contracted. Major items included in these amounts relate to:

- Expansion of the bread, buns and rolls production lines (R160,4 million);
- Planned replacements within the Vector Logistics fleet (R76,8 million); and
- Replacement of certain production lines at the Pretoria West bakery (R25,6 million).

Right-of-use assets capitalised under IFRS 16 Leases decreased by R78,6 million from June 2020 mainly driven by depreciation of R116,7 million, partially offset by new leases capitalised of R51,2 million.

Investment in associates increased by R124,4 million from June 2020 driven mainly by profits capitalised from the Royal Eswatini Sugar Corporation (RES) of R152,6 million partially offset by dividends received from RES of R23,7 million.

Net working capital decreased by R547,8 million (13.5%) from December 2019, and as a percentage of revenue decreased to 12.0% in the current period (December 2019: 15.1%). The decrease was mainly a result of a R1 684,0 million increase in trade and other payables, partially offset by a R1 190,0 million increase in trade and other receivables. Inventory decreased by R124,3 million from December 2019 due to a smaller cane crop in the current year coupled with higher sugar sales volumes, whilst biological assets increased R70,5 million due to higher bird volumes.

The take-on of new principals and customers as part of the ICL acquisition, coupled with the timing of period end cut-off, had a significant impact on the gross trade and other receivables and trade and other payables balances. The current period ended on Sunday, 27 December 2020, whilst the prior period ended on Sunday, 29 December 2019, which resulted in inflated trade and other payables balances.

CASH FLOW AND WORKING CAPITAL

Cash generated by operations of R407,7 million was 51.6% lower than the prior period. Despite the absolute level of net working capital at December 2020 being lower than the prior period, the excellent June 2020 working capital position meant the current period's investment in working capital was higher than the prior period.

Cash outflows from investing activities for December 2020 of R388,7 million increased R61,5 million, and consist mainly of capital expenditure.

Cash inflows from financing activities for December 2020 of R241,4 million consist mainly of loans received in our sugar cane-grower companies.

RETURN ON INVESTED CAPITAL

RCL FOODS measures its efficiency and effectiveness of capital allocation through return on invested capital (ROIC). ROIC is calculated using a rolling 12-month net operating profit after tax (including share of profits/losses of associates and joint ventures) divided by invested capital. ROIC has been materially impacted by once-off items and accounting adjustments referred to earlier in the announcement, as well as by impairments. Excluding these items, "underlying" ROIC, is reflected in the table below:

Underlying ROIC	December 2020	December 2019	% change
Group	**6.2%**	3.5%	2.7ppts
Food Division	**7.0%**	3.7%	3.3ppts
Chicken Division	**0.8%**	4.2%	(3.4)ppts
Vector Logistics	**0.9%**	(2.8%)	3.7ppts

REVIEW OF OPERATIONS

FOOD DIVISION

	December 2020	December 2019	% change
Revenue (Rm)	**10 057,8**	8 961,5	12.2
EBITDA (Rm)	**1 040,6**	817,4	27.3
EBITDA margin (%)	**10.3**	9.1	1.2ppts
Underlying EBITDA (Rm)	**1 033,0**	817,7	26.3
Underlying EBITDA margin (%)	**10.3**	9.1	1.2ppts

The Food Division delivered a robust set of results, with strong performances from Sugar and Baking amidst an enhanced management focus, increased synergies, improved efficiencies and overhead cost savings.

GROCERIES

	December 2020	December 2019	% change
Revenue (Rm)	**2 762,5**	2 637,6	4.7
EBITDA (Rm)	**317,6**	327,6	(3.1)
EBITDA margin (%)	**11.5**	12.4	(0.9)ppts
Underlying EBITDA (Rm)	**301,6**	322,6	(6.5)
Underlying EBITDA margin (%)	**10.9**	12.2	(1.3)ppts

Revenue grew 4.7% to R2 762,5 million, underlying EBITDA decreased by 6.5% to R301,6 million at a margin of 10,9% (December 2019: R322,6 million at a margin of 12.2%). Lockdown restrictions had a negative impact on the Pies operating unit and were the main contributor to the Groceries shortfall.

Strong demand for Groceries in the first three months of the financial year softened in recent months, under pressure from price increases which were necessitated by substantial increases in input costs, particularly in maize and sunflower seed.

In the Grocery operating unit, while staple volumes were more resilient, all categories except for peanut butter were down relative to the comparable period in 2019. Despite softening volumes, the Grocery operating unit demonstrated pleasing profit growth through focused pricing strategies and operating efficiencies.

Yum Yum's volume growth was especially pleasing considering the continued presence of imported peanut butter in the market which does not attract import duties, whereas perversely raw peanut imports are dutiable.

The newly launched Yum Yum Chocolate Dreams performed ahead of expectations

Nola Mayonnaise remains the number one brand in its category, despite a modest deterioration in its market share due to tough conditions and aggressive promotional activity by competitors. While volume shares declined, less promotional activity by Nola supported a more stable value share.

Cat Food market share is at all-time highs

Pet Food continued to be a resilient performer. The category is under wallet pressure with consumers trading down, resulting in aggressive price-based competitive activity. RCL FOODS lost some dealer-owned brand volumes in dog food as part of a conscious decision to not chase volume with little to no contribution. The cat food category has however experienced pleasing volume and value growth in recent months.

The initial phases of lockdown closed retail trading in hot food and on-the-go consumption, which had a direct and considerable impact on the **Pies and Beverages** operating units. As lockdown restrictions have eased, volumes in these operating units have gradually begun to recover towards pre-lockdown levels, specifically in Pies. The forecourts segment is showing good recovery in recent months. The new Pie line is now fully operational, paving the way for the launch of a range of innovations. Beverage plant efficiencies have improved and good progress has been made in realising cost savings.

BAKING

	December 2020	December 2019	% change
Revenue (Rm)	**2 917,4**	2 545,9	14.6
EBITDA (Rm)	**265,8**	183,3	45.0
EBITDA margin (%)	**9.1**	7.2	1.9ppts
Underlying EBITDA (Rm)	**269,1**	188,6	42.7
Underlying EBITDA margin (%)	**9.2**	7.4	1.8ppts

Baking delivered a substantial improvement on the prior period, underpinned by strong demand and a turnaround at the Gauteng bakeries. Revenue of R2 917,4 million was up 14.6% on the prior period. Underlying EBITDA increased by 42.7% to R269,1 million at a margin of 9.2% (December 2019: R188,6 million at a margin of 7.4%).

Bread, buns and rolls generated a good performance after landing an early price increase in the period to counter commodity price pressure. Volumes have however come under pressure in the second quarter, due to aggressive competitor activity. The Benoni bakery delivered a marked turnaround and improved efficiencies on the prior period, while improvements at the Pretoria bakery enabled the business to maintain stable results despite facing volume challenges. Ageing infrastructure at the Pretoria bakery will require some investment in the near term to improve efficiencies. The Sunbake brand continued its steady advance in market share gains.

Speciality delivered a pleasing performance

Recent market benchmarking data from Ask'd suggests that Baking has notably outperformed the industry basket since July, with Speciality a key contributor to this performance. **Speciality** delivered strong volumes, mainly driven by speciality breads, increased in-home consumption, and excellent innovation, which culminated in improved margins.

Milling performance has improved considerably on the back of a focus on stock losses and efficiencies, higher pricing to counter commodity price increases, and improved performance of the mill as a result of recent investments.

SUGAR (INCLUDING MOLATEK ANIMAL FEED)

	December 2020	December 2019	% change
Revenue (Rm)	**4 377,9**	3 778,1	15.9
EBITDA (Rm)	**457,2**	306,5	49.2
EBITDA margin (%)	**10.4**	8.1	2.3ppts
Underlying EBITDA (Rm)	**462,3**	306,5	50.8
Underlying EBITDA margin (%)	**10.6**	8.1	2.5ppts

Pleasingly, Sugar continued to deliver an improving set of results. Revenue increased by 15.9% to R4 377,9 million, driven by higher sugar sales volumes, increased prices and a successful shift in sales mix towards higher-priced local market sales. Underlying EBITDA increased by 50.8% to R462,3 million at a margin of 10.6% (December 2019: R306,5 million at a margin of 8.1%). The direct cost of COVID-19 for the six months to December 2020 was limited to R5,1 million. Substantial cost savings realised in agriculture and supply chain also contributed to the improved margin.

Strong Sugar performance, supported by higher sales volumes and improved mix

Sugar imports remain substantially below the prior period, which has been supporting a healthier supply-demand balance and an improved sales mix in favour of local sales. Industry concerns at the beginning of the season regarding tight local market supply in refined sugar are being proactively managed. Domestic demand continued to be stronger on the back of the large-scale distribution of COVID-hampers, as well as increased home-based cooking and baking since the start of the pandemic.

The molasses-based feed market has become very competitive due to herd reductions amidst COVID-19 uncertainty. Molatek has nevertheless managed to maintain a relatively stable performance, through an improved mix and tactical promotions. Further pressure is anticipated in the coming months.

Sugar's community-based cane-grower joint ventures (CBJV's) supply 33% of the Group's sugarcane. The funding of the CBJV's remains a challenge. Issues of sustainability are actively being addressed through cost reduction, the exiting of unprofitable farms and the planting of alternative crops. Recapitalisation and debt restructuring options are also being considered to address the issues within the CBJV's.

CHICKEN DIVISION (INCLUDING EPOL ANIMAL FEED)

	December 2020	December 2019	% change
Revenue (Rm)	**4 875,2**	4 700,2	3.7
EBITDA (Rm)	**(133,8)**	134,3	(199.6)
EBITDA margin (%)	**(2.7)**	2.9	5.6ppts
Underlying EBITDA (Rm)	**85,0**	218,4	(61.1)
Underlying EBITDA margin (%)	**1.7**	4.6	(2.9)ppts

Despite revenue growth of 3.7% on the prior period to R4 875,2 million, the Chicken Division delivered a disappointing result. Underlying EBITDA declined by 61.1% to R85,0 million, negatively impacted by continued challenges in agriculture as well as R100,7 million supply chain relief and additional storage costs associated with the COVID-19 pandemic.

As highlighted in the results for the 12-month period ending June 2020, poor COBB genetics at a grandparent level have manifested in sub-standard egg production numbers as well as poor hatchability at a parent level. Whilst this is expected to continue to adversely impact results for another twelve months, the business is confident that actions in place are on track if not ahead of the planned recovery plan. Furthermore, the prevalence and control of Salmonella from an agricultural performance perspective is of emerging concern for the whole industry. Protocols have been reviewed and confirmed across the industry and stringent testing is being done to manage the risks. The enhanced measures, while necessary, are causing supply chain challenges as it slows down supply due to positive release practices and increasing costs to control.

The sudden closure of restaurants and fast-food outlets under the initial phases of the national lockdown required storage of material excess production that could not be resolved elsewhere. In line with the strategic thrust to revitalise the Rainbow brand, the business has re-established relationships with historic customers and has managed to resolve the bulk of the excess production in the first six months of the 2021 financial year with minimal price impact. However, the final impact of supply chain relief measures introduced during the lockdown as well as additional storage costs in distribution materially impacted results by R100,7 million. This represents the largest portion of the direct COVID-19 costs adjusted out of the underlying results.

The substantial rally in commodity prices has begun to negatively impact margins, a trend that is expected to worsen for the remainder of the financial year. Efforts to expand our customer base, regionalise our sales effort and heighten cost focus have begun to gain traction, however the full recovery of the commodity input cost pressure will be challenging.

Whilst the new tariff implemented in March 2020 will continue to assist in rebalancing the supply-demand dynamic, the industry will continue to support government in delivering a sustainable business model for all. Good progress is being achieved across most pillars of the Poultry Sector Master Plan, despite the focus required by the government as well as poultry producers in managing the impact of the pandemic.

REVIEW OF OPERATIONS CONTINUED

VECTOR LOGISTICS

	December 2020	December 2019	% change
Revenue (Rm)	**1 519,5**	1 273,9	19.3
EBITDA (Rm)	**162,8**	171,0	(4.8)
EBITDA margin (%)	**10.7**	13.4	(2.7)ppts
Underlying EBITDA (Rm)	**168,0**	61,0	175.6
Underlying EBITDA margin (%)	**11.1**	4.8	6.3ppts

Volume recovery, new principals and good progress with the consolidation of the duplicate networks delivered a robust performance for Vector Logistics

Vector Logistics generated pleasing revenue and underlying EBITDA growth in the current period, despite the continued impact of COVID-19. The direct cost of COVID-19 was R5,2 million.

Vector Logistics' Food Service business was most affected by the imposed lockdowns and experienced a better than anticipated recovery in recent months as these restrictions were eased. This performance was further enhanced by the ability to leverage its retail secondary business, where higher volumes delivered increased revenue. The results for the reporting period also include the take-on of new principals due to the ICL acquisition, whereas these principals were only included for one month in the prior period.

Financial performance was also supported by progress made with consolidating the duplicate networks post the ICL acquisition. The full consolidation is anticipated to be completed over the next nine to 12 months, accruing further cost and scale benefits as these projects are finalised.

In the prior year, Vector Logistics invested in "Empty Trips", a smart online digital freight matching platform to expand its primary transport business. In the first phase, a proportion of Vector Logistics' internal business has been moved onto the platform with positive results. Further rollouts are anticipated, with benefits expected to accrue in the coming years.

Vector Logistics' outlook is positive as the consolidation of the duplicate networks continue, notwithstanding the continued impact that the pandemic may have on both the food service business as well as consumer demand.

SHARE OF PROFITS OF JOINT VENTURES AND ASSOCIATES

RCL FOODS share of profits from joint ventures for the current period was down by R2,3 million to R19,7 million (December 2019: R22,0 million). The decline was largely due to the negative impact of the COVID-19 pandemic on Senn Foods in Botswana whose business is focused on the food service industry.

RCL FOODS share of profits from associates for the current period was up by R31,5 million to R153,9 million (December 2019: R122,4 million), largely due to a R31,8 million improvement in RES. RES's increase was largely attributable to improved sales prices and higher sales volumes over the period.

BEE SCHEME

The current BEE scheme was implemented in January 2014, with vesting dates of July 2021 and January 2022. The Group is currently reviewing the terms and conditions of the scheme and options for the future.

GROUP FOCUS AREAS FOR 2021

The growth and performance improvement areas that were identified at the beginning of the financial year remain relevant and will continue to be pursued in the coming six months. These include:

- Agricultural recovery in Chicken
- Sugar diversification and resolution of the Sugar CBJV funding challenges
- Pies expansion and innovation
- Traction in the Beverage recovery plan
- Accelerating execution in terms of the opportunities in the plant-based joint venture
- Finalising Vector Logistics' network consolidation
- Completing the strategic portfolio review and implementing value enhancing changes

PROSPECTS

While the full impact of the COVID-19 pandemic is yet to emerge, the economic and social ramifications will be significant for the foreseeable future. Domestic consumption has to date been sustained by government grants and food-parcel related support for consumers, which is coming to an end. Commodity price rallies, of a magnitude not seen in years, add to an exceptionally tough macro-economic climate. These conditions demand of us focus and simplicity, as well as innovation that is relevant within the current value-driven context.

Our Food Division is well-positioned with a clear strategic focus and growth aspiration. In the Chicken Division, good progress has been made to date in terms of the recovery of the breed and the new management team will accelerate those initiatives to restore profitability. The recent commodity price surge will have a significant negative impact on the Chicken Division's result for the second half of the 2021 financial year. The Group is optimistic that Sugar should continue the positive trajectory demonstrated to date.

The logistics industry is experiencing diminishing margins and COVID-19 has significantly impacted the food service market. Despite these headwinds, Vector Logistics remains on track to deliver on the integration and optimisation project post the acquisition of ICL.

RCL FOODS has a resilient portfolio with strong brands, a healthy balance sheet and strong cash flow generating ability. These attributes, together with our committed and creative people, will assist to steer the Group through current challenges. The comprehensive strategic review that is being undertaken at the moment, will provide a fresh perspective and the Group remains well-positioned to capitalise on opportunities that may present themselves through this exercise.

CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross cash dividend (number 92) of 15.0 cents (12.0 cents net of dividend withholding tax) for the six months ended December 2020.

The dividend has been declared from income reserves.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 959 004 383 ordinary shares. The company's income tax reference number is 9950019712.

The salient dates for the dividend will be as follows:

Publication of declaration data	Monday, 1 March 2021
Last day of trade to receive a dividend	Tuesday, 20 April 2021
Shares commence trading “ex” dividend	Wednesday, 21 April 2021
Record date	Friday, 23 April 2021
Payment date	Monday, 26 April 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 April 2021 and Friday, 23 April 2021, both days inclusive.

BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the information required by IAS 34 Interim Financial Reporting, IFRIC interpretations, SAICA financial reporting guides and circulars and in compliance with the Companies Act of South Africa and the Listings Requirements of the JSE Limited, under the supervision of the Chief Financial Officer, Robert Field CA(SA). The accounting policies comply with IFRS and are consistent with those applied in the previous year and corresponding interim period.

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS

The underlying view of results, which is considered *pro forma* financial information, has been presented for illustrative purposes only, to provide users with a "like-for-like" comparison on operating results for the period under review. The underlying adjustments have been extracted from the Group's accounting records and is the responsibility of its board of directors. The underlying view of results is a non-IFRS measure and therefore may not fairly present the Group's financial position, changes in equity, results of operations or cash flows for the periods presented.

December 2020 (Rm)	Unadjusted	COVID-19	IFRS 9 Fair value adjustments	Underlying
EBITDA	**1 130,0**	**119,6**	**95,2**	**1 344,8**
Food Division	1 040,6	13,7	(21,3)	**1 033,0**
Groceries	317,6	3,3	(19,3)	**301,6**
Baking	265,8	5,3	(2,0)	**269,1**
Sugar	457,2	5,1		**462,3**
Chicken Division	(133,8)	100,7	118,1	**85,0**
Vector Logistics	162,8	5,2		**168,0**
Group	60,4		(1,6)	**58,8**
EPS (cents)	**61.6**	9.7	7.7	**79.0**
Headline earnings	**529,9**	86,1	68,6	**684,6**
HEPS (cents)	**59.7**	9.7	7.7	**77.1**

December 2019 (Rm)	Unadjusted	Gain on bargain purchase	IFRS 9 Fair value adjustments	Underlying
EBITDA	**1 165,7**	**(110,0)**	**84,4**	**1 140,1**
Food Division	817,4		0,3	**817,7**
Groceries	327,6		(5,0)	**322,6**
Baking	183,3		5,3	**188,6**
Sugar	306,5			**306,5**
Chicken Division	134,3		84,1	**218,4**
Vector Logistics	171,0	(110,0)		**61,0**
Group	43,0			**43,0**
EPS (cents)	**62.6**	(9.1)	7.0	**60.5**
Headline earnings	**463,6**		60,7	**524,3**
HEPS (cents)	**53.3**		7.0	**60.3**

- COVID-19 relates to the negative impact arising from COVID-19 direct costs incurred and excludes any revenue impact.
- IFRS 9 fair value adjustments relate to the fair value gains and losses on commodity contracts entered into as part of the Group's raw material procurement strategy.
- Gain on bargain purchase relates to the gain arising from the initial accounting for the Vector Logistics acquisition of ICL and is considered a "once-off" profit.

For and on behalf of the Board

JJ Durand
Non-executive Chairman

M Dally
Chief Executive Officer

Durban
1 March 2021

CORPORATE INFORMATION

Directors: HJ Carse, JJ Durand (Non-executive Chairman), M Dally (CEO)*, RH Field*, CJ Hess, GCJ Tielenius Kruythoff**, PR Louw, NP Mageza, PM Moumakwa, DTV Msibi, PJ Neethling***, MM Nhlanhla, GM Steyn and GC Zondi.

**Executive director **Dutch ***Alternate director*

Company secretary: JMJ Maher

Registration number: 1966/004972/06

JSE share code: RCL

ISIN: ZAE000179438

Registered office: RCL Foods Limited, Ten The Boulevard, Westway Office Park, Westville, 3629

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors: PricewaterhouseCoopers Inc.

Sponsor: RAND MERCHANT BANK (a division of FirstRand Bank Limited)

Bankers: Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and Standard Bank of South Africa Limited

Website: www.rclfoods.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	27 December 2020 R'000	29 December 2019 R'000	28 June 2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**5 401 031**	5 533 994	5 285 323
Right-of-use asset	**1 305 127**	1 600 827	1 383 754
Intangible assets	**1 699 816**	2 073 296	1 737 932
Investment in joint ventures	**329 107**	288 505	310 309
Investment in associates	**801 296**	717 002	676 856
Deferred income tax asset	**91 294**	73 621	86 428
Loans receivable	**62 860**	87 161	66 964
Trade and other receivables	**23 813**	92 820	23 060
Investment in financial asset	**137 039**		137 039
Goodwill	**1 939 123**	2 537 076	1 939 123
	11 790 506	13 004 302	11 646 788
Current assets			
Inventories	**3 340 136**	3 464 430	2 980 665
Biological assets	**814 880**	744 369	805 088
Trade and other receivables	**7 175 575**	5 985 602	5 965 279
Derivative financial instruments	**25 094**	16 841	9 723
Tax receivable	**18 459**	1 372	44 358
Loan receivable	**2 500**	5 000	2 500
Cash and cash equivalents	**1 127 518**	394 044	1 030 041
	12 504 162	10 611 658	10 837 654
Assets of disposal group classified as held-for-sale	**672**	945	2 134
Total assets	**24 295 340**	23 616 905	22 486 576
EQUITY			
Capital and reserves	**10 281 787**	11 310 188	9 821 976
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	**2 678 341**	2 466 286	2 477 189
Lease liabilities	**1 427 845**	1 587 990	1 482 769
Deferred income tax liabilities	**1 045 794**	1 231 103	1 034 622
Retirement benefit obligations	**106 598**	132 455	101 269
Trade and other payables	**3 584**	2 924	3 059
	5 262 162	5 420 758	5 098 908
Current liabilities			
Trade and other payables	**7 829 843**	6 145 870	6 973 515
Deferred income	**3 345**	5 200	2 741
Interest-bearing liabilities	**434 781**	201 958	243 036
Lease liabilities	**172 592**	125 910	162 509
Derivative financial instruments	**94 187**	25 339	124 811
Current income tax liabilities	**133 115**	134 786	59 080
Bank overdraft	**83 528**	246 896	
	8 751 391	6 885 959	7 565 692
Total liabilities	**14 013 553**	12 306 717	12 664 600
Total equity and liabilities	**24 295 340**	23 616 905	22 486 576

CONSOLIDATED INCOME STATEMENT

	Six months December 2020 R'000	Six months December 2019 R'000	Year ended June 2020 R'000
Revenue from contracts with customers	**15 701 441**	14 210 244	27 803 611
Operating profit before depreciation, amortisation and impairment* (EBITDA)	**1 130 003**	1 165 690	1 636 037
Depreciation and amortisation	**(454 687)**	(445 209)	(935 551)
Net impairments of assets	**1 026**		(1 506 283)
Operating profit/(loss)	**676 342**	720 481	(805 797)
Finance costs	**(171 335)**	(211 175)	(508 186)
Finance income	**11 566**	14 502	53 457
Share of profits of joint ventures	**19 747**	22 029	46 267
Share of profits of associates	**153 892**	122 393	118 338
Impairment of associate			(18 897)
Profit/(loss) before tax	**690 212**	668 230	(1 114 818)
Income tax (expense)/credit	**(184 847)**	(194 223)	155 780
Profit/(loss) for the period	**505 365**	474 007	(959 038)
Attributable to:			
Equity holders of the company	**547 519**	544 955	(901 396)
Non-controlling interests	**(42 154)**	(70 948)	(57 642)
HEADLINE EARNINGS			
Profit/(loss) for the period attributable to equity holders of the company	**547 519**	544 955	(901 396)
(Profit)/loss on disposal of property, plant and equipment and assets held-for-sale	**(14 687)**	(3 571)	257
Gain on bargain purchase		(79 200)	(246 740)
Insurance proceeds	**(631)**	(1 548)	(5 871)
Net impairments of fixed assets and intangibles	**(739)**	2 943	1 249 463
Gain on remeasurement of leases	**(1 566)**		(447)
Impairment of associate			18 897
Headline earnings	**529 896**	463 579	114 163
	Cents	Cents	Cents
Earnings per share attributable to equity holders of the company			
Basic earnings per share	**61.6**	62.6	(103.0)
Basic earnings per share – diluted	**61.6**	61.4	(102.9)
Headline earnings per share	**59.7**	53.3	13.0
Headline earnings per share – diluted	**59.6**	52.2	13.0

* *Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	December 2020 R'000	December 2019 R'000	June 2020 R'000
Profit/(loss) for the period	**505 365**	474 007	(959 038)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of retirement medical obligations – net of tax			18 982
Share of associates other comprehensive income			408
Items that may subsequently be reclassified to profit and loss			
Currency translation differences	**(5 720)**	221	11 389
Other comprehensive income for the period – net of tax	**(5 720)**	221	30 779
Total comprehensive income for the period	**499 645**	474 228	(928 259)
Total comprehensive income for the period attributable to:			
Equity holders of the company	**541 799**	545 176	(870 618)
Non-controlling interests	**(42 154)**	(70 948)	(57 642)
	499 645	474 228	(928 259)

CONSOLIDATED CASH FLOW INFORMATION

	December 2020 R'000	December 2019 R'000	June 2020 R'000
Operating profit/(loss)	**676 342**	720 481	(805 797)
Non-cash items	**320 057**	230 832	2 057 895
Operating profit before working capital requirements	**996 399**	951 313	1 252 098
Working capital requirements			
Movement in inventories	**(359 471)**	(355 864)	127 903
Movement in biological assets	**124 975**	318 835	344 961
Movement in trade and other receivables	**(1 211 048)**	(1 349 275)	(1 259 192)
Movement in trade and other payables	**856 853**	1 277 834	2 105 614
Cash generated by operations	**407 708**	842 843	2 571 384
Net finance cost	**(100 426)**	(146 579)	(257 724)
Tax (paid)/refunded	**(78 608)**	2 686	(47 852)
Cash available from operating activities	**228 674**	698 950	2 265 808
Dividends received	**24 682**	40 296	69 197
Dividends paid	**(92 075)**	(88 514)	(221 751)
Cash outflows from investing activities			
Replacement property, plant and equipment	**(247 958)**	(156 408)	(375 152)
Expansion property, plant and equipment	**(168 810)**	(273 856)	(410 239)
Intangible asset additions	**(7 438)**	(6 840)	(25 991)
Acquisition of business		110 000	110 000
Investment in financial asset			(114 196)
Advances of interest-bearing loans		(8 477)	(10 737)
Advances of non-interest-bearing loans	**(2 861)**		(9 234)
Receipts of interest-bearing loans	**6 832**		
Proceeds on disposal of non-current assets held-for-sale		6 312	10 311
Proceeds on disposal of property, plant and equipment and intangible assets	**31 521**	2 005	6 769
Net cash outflow from investing activities	**(388 714)**	(327 264)	(818 469)
Cash outflows from financing activities			
Repayment of interest-bearing liabilities	**(152 773)**	(162 378)	(265 013)
Advances of interest-bearing liabilities	**394 155**	96 436	110 647
Net cash inflow/(outflow) from financing activities	**241 382**	(65 942)	(154 366)
Net movement in cash and cash equivalents	**13 949**	257 526	1 140 419
Cash and cash equivalents at the beginning of the period	**1 030 041**	(110 378)	(110 378)
Cash and cash equivalents at the end of the period	**1 043 990**	147 148	1 030 041

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Share-based payments R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Controlling interest total R'000	Non-controlling interest R'000	Total R'000
Balance at 1 July 2019	10 134 574	729 273	(169)	(1 919 832)	1 886 781	10 830 627	3 399	10 834 026
Profit/(loss) for the period					544 955	544 955	(70 948)	474 007
Other comprehensive income for the period			221			221		221
BEE share-based payments charge		8 800				8 800		8 800
Employee share scheme:								
Value of employee services		81 646				81 646		81 646
Equity component of tax on share-based payments		2				2		2
Ordinary dividend paid					(87 014)	(87 014)	(1 500)	(88 514)
Balance at 29 December 2019	10 134 574	819 721	52	(1 919 832)	2 344 722	11 379 237	(69 049)	11 310 188
(Loss)/profit for the period					(1 446 351)	(1 446 351)	13 306	(1 433 045)
Other comprehensive income for the period			11 168		19 390	30 558		30 558
BEE share-based payments charge		8 800				8 800		8 800
Employee share scheme:								
Value of employee services		38 713				38 713		38 713
Equity component of tax on share-based payments		(1)				(1)		(1)
Exercise of employee share options	183 505	(183 505)						
Ordinary dividend paid					(133 237)	(133 237)		(133 237)
Balance at 28 June 2020	10 318 079	683 728	11 220	(1 919 832)	784 524	9 877 719	(55 743)	9 821 976
Profit/(loss) for the period					547 519	547 519	(42 154)	505 365
Other comprehensive income for the period			(5 720)			(5 720)		(5 720)
BEE share-based payments charge		8 800				8 800		8 800
Employee share scheme:								
Value of employee services		43 441				43 441		43 441
Ordinary dividend paid					(88 825)	(88 825)	(3 250)	(92 075)
Balance at 27 December 2020	**10 318 079**	**735 969**	**5 500**	**(1 919 832)**	**1 243 218**	**10 382 934**	**(101 147)**	**10 281 787**

SUPPLEMENTARY INFORMATION

		December 2020 R'000	December 2019 R'000	June 2020 R'000
Capital expenditure contracted and committed		**535 753**	408 052	325 800
Capital expenditure approved but not contracted		**415 288**	479 613	279 079
STATISTICS				
Statutory ordinary shares in issue (includes BEE shares)	(000's)	**959 004**	940 902	959 004
Ordinary shares in issue for accounting purposes	(000's)	**888 246**	870 143	888 246
Weighted average ordinary shares in issue	(000's)	**888 246**	870 143	875 497
Diluted weighted average ordinary shares in issue	(000's)	**888 759**	887 661	876 172
Net asset value per share	(cents)	**1 157.5**	1 299.8	1 105.8
Ordinary dividends per share:				
Interim dividend declared	(cents)	**15.0**	15.0	15.0
Final dividend declared	(cents)			10.0
Total dividends	(cents)	**15.0**	15.0	25.0

SEGMENTAL ANALYSIS

	December 2020 R'000	December 2019 R'000	June 2020 R'000
Revenue from contracts with customers	**15 701 441**	14 210 244	27 803 611
Food Division	**10 057 765**	8 961 548	17 801 120
Groceries	**2 762 480**	2 637 592	4 984 240
Baking	**2 917 383**	2 545 862	5 195 089
Sugar	**4 377 902**	3 778 094	7 621 791
Chicken Division	**4 875 248**	4 700 162	8 813 581
Vector Logistics	**1 519 521**	1 273 932	2 589 368
Group#	**94 050**	82 140	166 188
Sales between segments:			
Groceries sales to Baking	**(258)**	(249)	(747)
Groceries sales to Sugar	**(6 702)**	(1 590)	(7 170)
Groceries sales to Chicken	**(89 799)**	(55 113)	(103 369)
Baking sales to Groceries	**(76 708)**	(64 727)	(123 830)
Baking sales to Chicken	**(33 804)**	(63 106)	(106 229)
Sugar sales to Groceries	**(44 027)**	(42 554)	(70 100)
Sugar sales to Baking	**(27 281)**	(31 219)	(59 676)
Sugar sales to Chicken	**(910)**		(2 257)
Chicken sales to Groceries	**(9 937)**	(5 302)	(14 176)
Vector Logistics sales to Groceries	**(122 559)**	(136 759)	(273 519)
Vector Logistics sales to Baking	**(8 442)**	(9 741)	(19 461)
Vector Logistics sales to Sugar	**(16 209)**	(17 132)	(34 075)
Vector Logistics sales to Chicken	**(388 677)**	(370 917)	(731 544)
Group sales to Chicken	**(19 830)**	(9 129)	(20 493)
Operating profit before depreciation, amortisation and impairment^ (EBITDA)	**1 130 003**	1 165 690	1 636 037
Food Division	**1 040 540**	817 376	1 249 096
Groceries	**317 588**	327 610	522 415
Baking	**265 762**	183 251	371 745
Sugar	**457 190**	306 516	354 936
Chicken Division	**(133 761)**	134 305	28 200
Vector Logistics	**162 813**	170 962	244 266
Group*	**60 411**	43 046	114 475
Depreciation and amortisation	**(454 687)**	(445 209)	(935 551)
Net impairments of assets	**1 026**		(1 506 283)
Operating profit/(loss)	**676 342**	720 481	(805 797)
Food Division	**827 052**	601 399	71 908
Groceries	**259 935**	265 162	99 842
Baking	**181 280**	99 037	(184 112)
Sugar	**385 837**	237 200	156 178
Chicken Division	**(230 819)**	17 051	(560 540)
Vector Logistics	**62 020**	91 064	(366 524)
Group*	**18 089**	10 967	49 359

\# *Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and the revenue earned by Matzonox Proprietary Limited.*

^ *Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.*

* *Includes the operating costs of RCL Foods Limited, RCL Group Services Proprietary Limited and Matzonox Proprietary Limited, losses/gains on the Group's self-insurance arrangement, profit from management fees earned on shared services functions for Siqalo Foods Proprietary Limited and consolidation entries.*

SEGMENTAL ANALYSIS CONTINUED

	December 2020 R'000	December 2019 R'000	June 2020 R'000
Finance costs	**(171 335)**	(211 175)	(508 186)
Finance income	**11 566**	14 502	53 457
Share of profits of joint ventures	**19 747**	22 029	46 267
Sugar	**15 057**	13 982	28 087
Vector Logistics	**4 690**	8 047	18 180
Share of profits/(loss) of associates	**153 892**	122 393	118 338
Sugar	**152 574**	120 762	118 744
Ugandan Operation	**811**	(288)	(1 861)
Vector Logistics	**507**	1 919	1 455
Impairment of Ugandan Operation			(18 897)
Profit/(loss) before tax	**690 212**	668 230	(1 114 818)

REVENUE

	December 2020 R'000	December 2019 R'000	June 2020 R'000
Disaggregation of revenue from contracts[1] with customers			
Revenue	**15 701 441**	14 210 244	27 803 611
Food Division	**10 057 765**	8 961 548	17 801 120
Groceries	**2 762 480**	2 637 592	4 984 240
Groceries	**2 423 366**	2 352 753	4 454 350
Sundry sales^	**339 114**	284 839	529 890
Baking	**2 917 383**	2 545 862	5 195 089
Sugar	**4 377 902**	3 778 094	7 621 791
Chicken Division	**4 875 248**	4 700 162	8 813 581
Chicken	**4 722 327**	4 553 637	8 506 521
Sundry sales^	**152 921**	146 525	307 060
Vector Logistics	**1 519 521**	1 273 932	2 589 368
Group#	**94 050**	82 140	166 188
Sales between segments	**(845 143)**	(807 538)	(1 566 646)
Timing of revenue recognition[2]	**15 701 441**	14 210 244	27 803 611
Point in time	**14 643 587**	13 384 106	26 087 091
Over time	**1 057 854**	826 138	1 716 520

^ *Sundry sales consists of poultry by-products and sunflower-oil and -cake. The sale of these items arise in the course of the Group's ordinary activities but are considered cost recoveries as they are by-products of the Group's core operations.*

\# *Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and the revenue earned by Matzonox Proprietary Limited.*

1 *An agreement between two or more parties that creates enforceable rights and obligations. Can be written, oral or implied by customary business practices.*

2 *Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services.*