



2022

INVESTOR PRESENTATION

28 FEBRUARY 2022

RESULTS FOR THE SIX MONTHS
ENDED DECEMBER 2021





**PAUL
CRUICKSHANK**
CHIEF EXECUTIVE OFFICER



KEY HIGHLIGHTS FOR THE SIX MONTHS ENDED DECEMBER 2021

SOLID PROGRESS AMIDST TOUGH TRADING CONDITIONS

Staying on course despite a challenging operating environment

- Continued consumer pressure due to record unemployment levels post COVID-19 lockdowns and July civil unrest
- Rising commodity input costs across all categories
- Our response: focus on the controllables and excel at the basics

Positive momentum maintained, with statutory and underlying EBITDA up 14.4% and 2.5% respectively

- Despite category volume pressure market shares have improved
- Continued solid performance from Groceries
- Baking margins challenged by high input costs
- Positive Sugar momentum largely maintained
- Progress with turnaround plan for Chicken, but profitability still challenged
- Pleasing results from Vector Logistics

HEPS improvement of 21.6% driven by EBITDA improvement

REVENUE R17.1bn 9.2% ↑

EBITDA R1.3bn 14.4% ↑

Underlying*
EBITDA R1.4bn 2.5% ↑

HEPS 72.7c 21.6% ↑

Underlying*
HEPS 79.6c 3.1% ↑

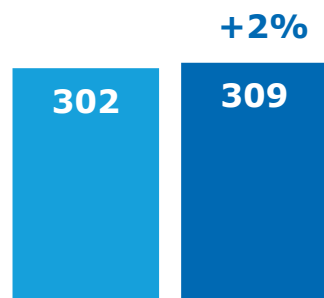
CASH
generated by
operations R1.5bn 277.8% ↑



KEY HIGHLIGHTS FOR THE SIX MONTHS ENDED DECEMBER 2021

UNDERLYING EBITDA & GROWTH (%) PER BUSINESS UNIT

Resilient Groceries volumes and **market share gains off a high base** enabled improvement despite input commodity cost pressure

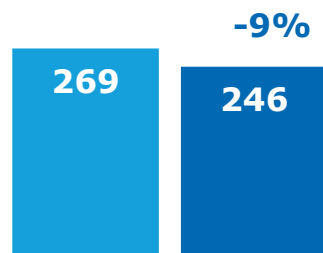


2021 2022



GROCERIES

Despite **good volume growth** in Bread, Buns and Rolls and pleasing Milling improvements, **rising input costs** placed Baking margins under pressure

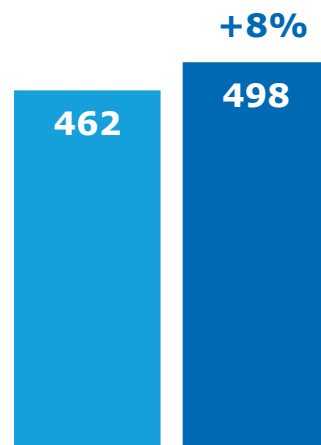


2021 2022



BAKING

Sugar's result was aided by **continued operational efficiency**, a relatively high world sugar price and strong local market demand

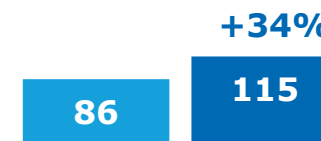


2021 2022



SUGAR

Whilst profitability is still modest, Chicken improved via a **better agric performance and higher price realisations** amidst an Aviation Influeza (AI) outbreak which depressed local market supply

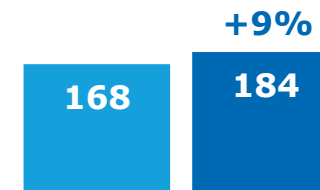


2021 2022



CHICKEN

Vector Logistics momentum continued with good progress in the integration of the ICL* network and a recovery in food service volumes closer to pre-COVID-19 levels



2021 2022



VECTOR LOGISTICS



STRATEGIC PROGRESS

BUILDING A FOCUSED, FUTURE-FIT VALUE-ADDED CONSUMER FOODS BUSINESS

Progress made with strategic intent announced in 2021 financial year: **managed separation** of value-added branded foods ("FMCG"), Chicken and Vector Logistics businesses + **scaling of FMCG** component

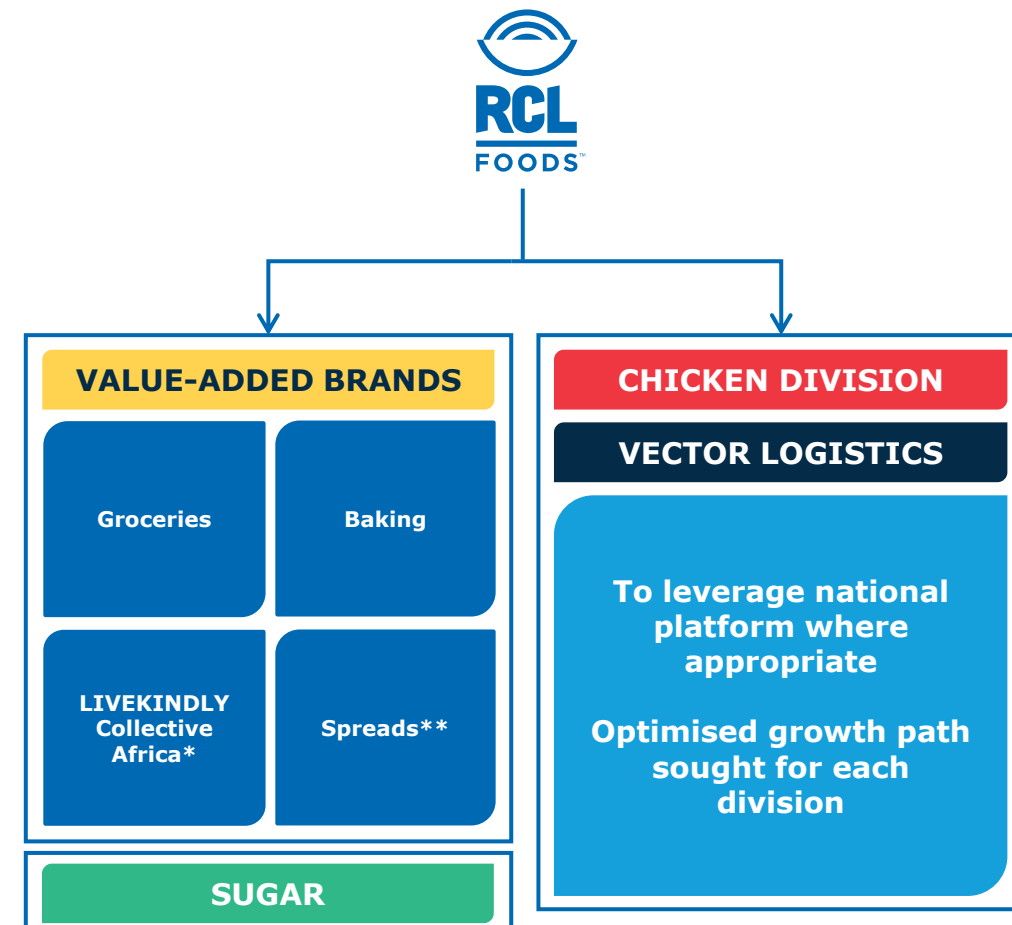
Consolidated RCL FOODS Group and Food Division executive teams into single, flatter and more efficient executive structure

Re-engineered our organisational structure to support our FMCG-focused strategic intent - pivoted strategy to focus on **growth**

Separation of Chicken, Vector Logistics and Sugar into distinct standalone legal entities within RCL FOODS largely completed, laying the foundation for any future strategic imperatives

Sugar operating model to continue unchanged in medium term

Careful consideration of next steps for each business unit to ensure **maximum shareholder value unlock** and responsible execution





STRATEGIC PRIORITIES

IMPERATIVE TO SCALE AND ENABLE SUSTAINABLE VALUE CREATION IN OUR CORE VALUE-ADD FOODS BUSINESS

We want to build a **focused value-added branded foods business** that **generates sustainable shareholder value**

This vision will be **unlocked through 3 strategic pillars:**

1. a **diverse, high-performance culture**
2. a value-added business of the **right scale**
3. a business that is **built to last**

Our priorities are clear and **will be accelerated by the new, clear and focused operating model**

Identified opportunities for growth organically and inorganically across targeted categories, leveraging national platform and strategic capabilities where appropriate. Market will be updated as we progress

3 PILLARS OF SHARPENED RCL FOODS STRATEGY

1

DIVERSE, HIGH-
PERFORMANCE
CULTURE



2

BUSINESS OF
RIGHT SCALE



3

BUILT TO LAST



=

ENHANCED
SHAREHOLDER
VALUE



ENABLED BY OUR STRATEGIC THRUSTS



**ROB
FIELD**

CHIEF FINANCIAL OFFICER



FINANCIAL SUMMARY

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

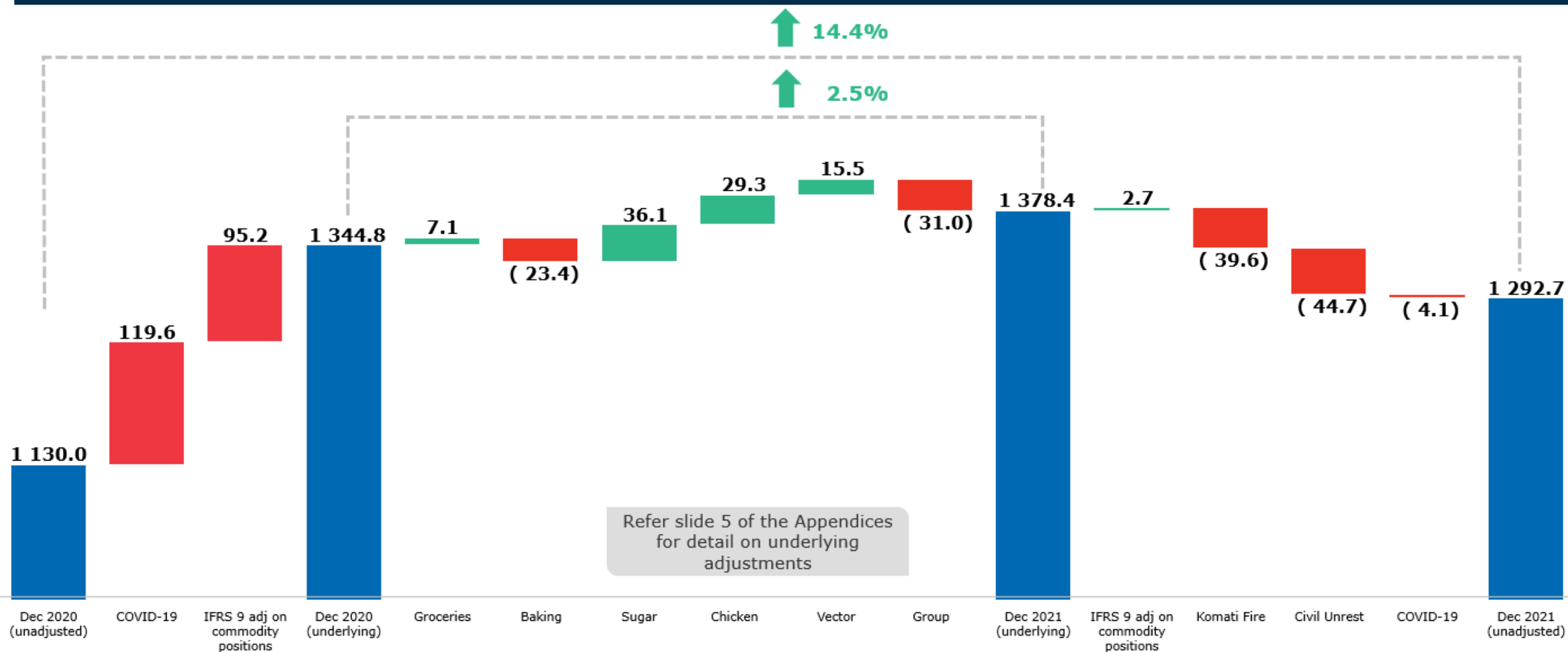
INCOME STATEMENT		DEC 2021	DEC 2020	% VAR
Revenue	Rm	17 146.8	15 701.4	9.2
EBITDA	Rm	1 292.7	1 130.0	14.4
EBITDA margin	%	7.5	7.2	0.3ppts
<i>Underlying* EBITDA</i>	<i>Rm</i>	<i>1 378.4</i>	<i>1 344.8</i>	<i>2.5</i>
<i>Underlying* EBITDA margin</i>	<i>%</i>	<i>8.0</i>	<i>8.6</i>	<i>(0.6ppts)</i>
Net finance costs	Rm	137.8	159.8	(13.8)
Share of profits of JV's & associates	Rm	131.5	173.6	(24.2)
Effective tax rate (excluding JV's & associates)	%	27.5	32.2	(4.7ppts)
Headline earnings**	Rm	645.6	531.5	21.5
Headline earnings per share**	cents	72.7	59.8	21.6
<i>Underlying* headline earnings**</i>	<i>Rm</i>	<i>707.3</i>	<i>686.2</i>	<i>3.1</i>
<i>Underling* headline earnings per share**</i>	<i>cents</i>	<i>79.6</i>	<i>77.2</i>	<i>3.1</i>
BALANCE SHEET & RATIOS				
Net working capital	Rm	3 318.9	3 500.8	(5.2)
Interest-bearing liabilities (excluding lease liabilities)	Rm	2 855.3	3 113.1	(8.3)
Cash generated by operations	Rm	1 540.3	407.7	277.8
Capex spend (including intangibles)	Rm	492.8	424.2	16.2
Return on invested capital	%	9.4	(4.4)	13.8ppts
<i>Underlying* return on invested capital</i>	<i>%</i>	<i>9.2</i>	<i>6.2</i>	<i>3.0ppts</i>
Interim dividend	cents	15.0	15.0	-
NAV per share	cents	1 251.5	1 157.5	8.1

* Adjusted for material once-offs and accounting adjustments| **Headline earnings for the six months ended December 2020 have been restated to align with the requirements of Circular 1/2021 which became effective for the Group for the year ended June 2021



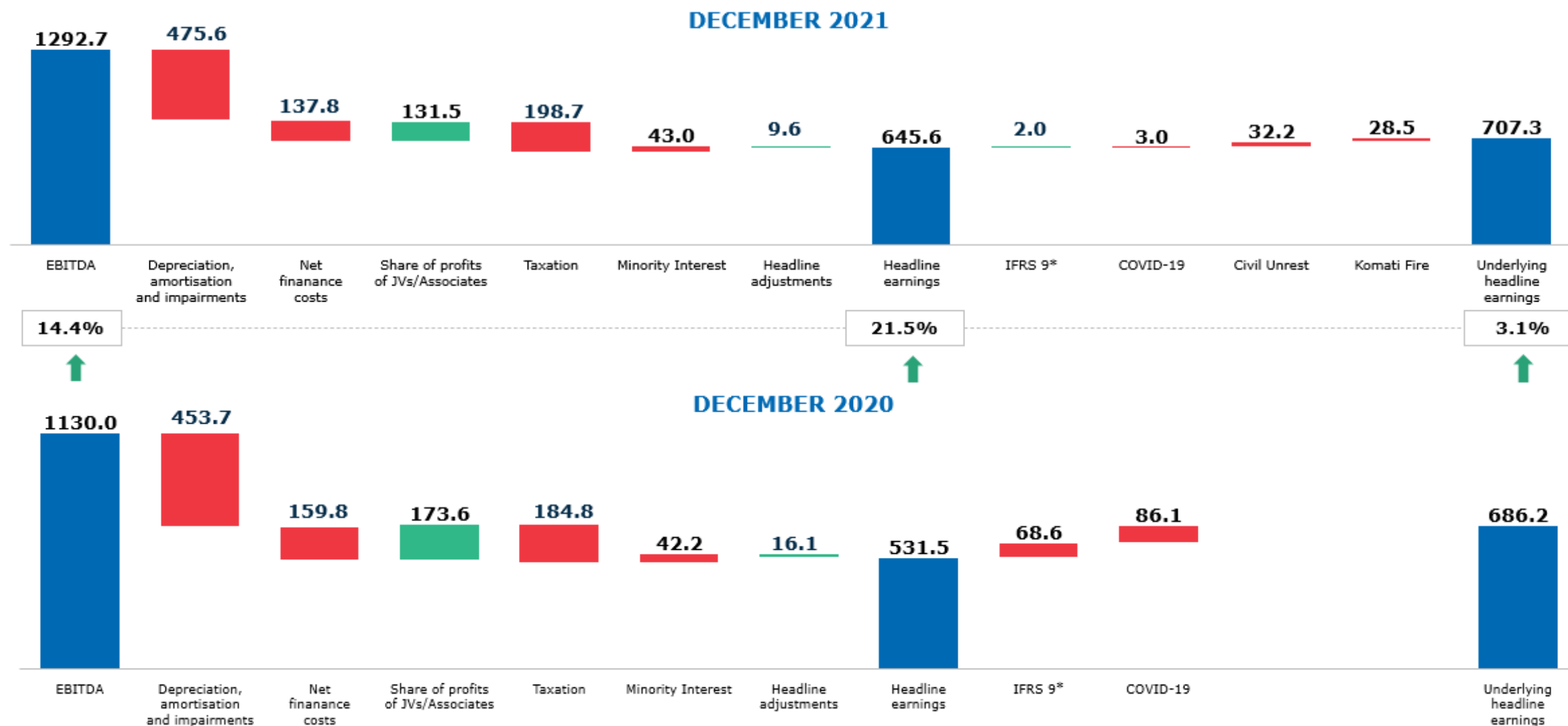
OPERATING RESULTS SUMMARY (Rm)

UNDERLYING EBITDA UP 2.5% DRIVEN MAINLY BY GAINS IN SUGAR, CHICKEN AND VECTOR LOGISTICS





HEADLINE EARNINGS WATERFALL (Rm)





OPERATING RESULTS SUMMARY - UNADJUSTED

SEGMENTAL ANALYSIS – REVENUE AND EBITDA

REVENUE (Rm)	DEC 2021		DEC 2020*	% VAR
Groceries	3 078.2		2 762.5	11.4
Baking	2 980.3		2 917.4	2.2
Sugar	4 432.3		4 377.9	1.2
FOOD DIVISION SUB TOTAL	10 490.8		10 057.8	4.3
Chicken Division	5 517.9		4 875.2	13.2
Vector Logistics	1 829.8		1 519.5	20.4
Group	93.5		74.2	26.0
Sales between segments	(785.3)		(825.3)	
TOTAL	17 146.8		15 701.4	9.2

EBITDA (Rm)	DEC 2021	DEC 2020*	% VAR
Groceries	334.1	317.6	5.2
Baking	243.8	265.8	(8.3)
Sugar	447.4	457.2	(2.1)
FOOD DIVISION SUB TOTAL	1 025.3	1 040.6	(1.5)
Chicken Division	58.3	(133.0)	143.8
Vector Logistics	182.1	162.8	11.9
Group	27.0	59.6	(54.8)
TOTAL	1 292.7	1 130.0	14.4

EBITDA MARGIN (%)	DEC 2021	DEC 2020*	VAR
Groceries	10.9	11.5	(0.6ppts)
Baking	8.2	9.1	(0.9ppts)
Sugar	10.1	10.4	(0.3ppts)
FOOD DIVISION SUB TOTAL	9.8	10.3	(0.5ppts)
Chicken Division	1.1	(2.7)	3.8ppts
Vector Logistics	10.0	10.7	(0.7ppts)
TOTAL	7.5	7.2	0.3ppts

*Restated to include the results of the Group's Waste-to-Value operations as part of the Chicken Division for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment



OPERATING RESULTS SUMMARY – UNDERLYING* EBITDA

EXCLUDING MATERIAL ONCE-OFFS AND ACCOUNTING ADJUSTMENTS, UNDERLYING EBITDA UP 2.5% HOWEVER MARGIN DECLINES TO 8.0%

UNDERLYING* EBITDA (Rm)	DEC 2021	DEC 2020**	% VAR
Groceries	308.7	301.6	2.4
Baking	245.7	269.1	(8.7)
Sugar	498.4	462.3	7.8
FOOD DIVISION SUB TOTAL	1 052.8	1 033.0	1.9
Chicken	115.1	85.8	34.2
Vector Logistics	183.5	168.0	9.2
Group	27.0	58.0	(53.6)
TOTAL	1 378.4	1 344.8	2.5
UNDERLYING* EBITDA MARGIN (%)	DEC 2021	DEC 2020**	VAR
Groceries	10.0	10.9	(0.9ppts)
Baking	8.2	9.2	(1.0ppts)
Sugar	11.2	10.6	0.6ppts
FOOD DIVISION SUB TOTAL	10.0	10.3	(0.3ppts)
Chicken	2.1	1.8	0.3ppts
Vector Logistics	10.0	11.1	(1.1ppts)
TOTAL	8.0	8.6	(0.6ppts)

* Adjusted for material once-offs and accounting adjustments|**Restated to include the results of the Group's Waste-to-Value operations as part of the Chicken Division for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment



CASH FLOW SUMMARY

CASH GENERATED BY OPERATIONS IMPROVES TO R1.5BN

Rm	DEC 2021	DEC 2020	% VAR
OPENING BALANCE*	897.0	1 030.0	(12.9)
Operating profit adjusted for non-cash flow items	1 185.0	996.4	18.9
Working capital changes	355.3	(588.7)	160.4
Tax paid	(218.4)	(78.6)	(177.9)
Replacement capital expenditure	(239.4)	(247.9)	3.5
Proceeds on disposal of non-current assets and assets held-for-sale	25.4	31.5	(19.3)
Free cash flow	1 107.9	112.7	883.1
Net finance costs paid	(111.8)	(100.4)	(11.3)
Net dividends paid	(234.3)	(67.4)	(247.7)
Expansion capital expenditure (incl. intangibles)	(253.5)	(176.3)	(43.8)
(Payments)/Advances on other interest-bearing liabilities	(258.9)	241.4	(207.3)
Other	0.3	4.0	(92.5)
Total cash movement for the period	249.7	14.0	1 683.6
Exchange rate translation	0.8		100.0
CLOSING BALANCE*	1 147.5	1 044.0	9.9

*Net of overdrafts



WORKING CAPITAL

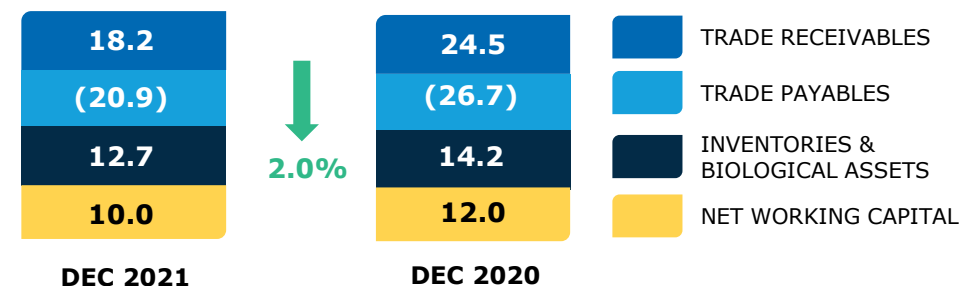
WORKING CAPITAL REMAINS WELL MANAGED

WORKING CAPITAL (Rm)	DEC 2021	DEC 2020	% VAR
Trade and other receivables	6 018.8	7 175.6	(16.1)
Inventories	3 283.9	3 340.1	(1.7)
Biological assets	935.0	814.9	14.7
Trade and other payables	(6 918.8)	(7 829.8)	11.6
Net	3 318.9	3 500.8	(5.2)

WORKING CAPITAL DAYS	DEC 2021	DEC 2020	VAR DAYS
Receivables days	66	89	23
Stock days	62	63	1
Payables days	(101)	(119)	(18)
Net	27	33	6
Adjusted debtors days*	36	50	14

*Trade and other receivables include other receivables and prepayments of R1 071.4m (December 2020: R928.9m). Adjusted debtors days calculates the days off trade debtors only, and is based on the gross sales value made by Vector Logistics instead of the net revenue disclosed for accounting purposes.

NET WORKING CAPITAL AS A % OF REVENUE



Net working capital has decreased by R181.9 million (5.2%) from December 2020, and as a percentage of sales decreased to 10.0% in the current period (December 2020: 12.0%). The decrease was mainly driven by the timing of period-end cut-off versus the prior year.

Trade and other receivables decreased by R1 156.8 million and from 24.5% to 18.2% of revenue, whilst trade and other payables decreased by R911.1 million and from 26.7% to 20.9% of revenue. The gross decrease in both of these lines was largely driven by the impact of the period-end cut-off in the current year being after calendar month-end. The current period cut-off was 2 January 2022, whilst the prior period cut-off was 27 December 2020.

Adjusted debtors' days are 14 days lower than the prior period mainly due to the timing of the period-end cut-off.

Inventory balances are largely in line with the prior period.

Biological assets increased by R120.1 million mainly due to an increase in bird volumes and input pricing in Chicken, as well as improved cane quality and a higher declared recovered value (RV) prices in Sugar.



CAPITAL EXPENDITURE

CAPEX SPEND UP R68.6M



Capital expenditure (including intangibles) was **R492.8m** (2020: R424.2m)

The only significant spend items were:

- The expansion of Vector Logistics' Thekwini chiller (R23.1m);
- Expansion of the Bread, Buns and Rolls production lines (R29.9m);
- The expansion of Vector Logistics' cold storage plant at Estoire in Bloemfontein (R20.1m); and
- Replacement of Ambient Cake lines in Speciality (R20.3m)

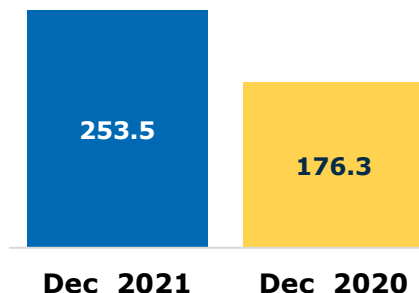


Capital commitments of **R1 326.0m** (2020: R951.1m)

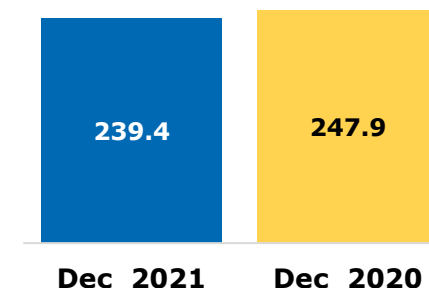
Major items included in these amounts relate to:

- Expansion of the Bread, Buns & Rolls production lines (R157.3m);
- Replacements related to the fire at the Komatipoort warehouse (R150.0m); and
- Replacements within the Vector Logistics fleet (R53.0m)

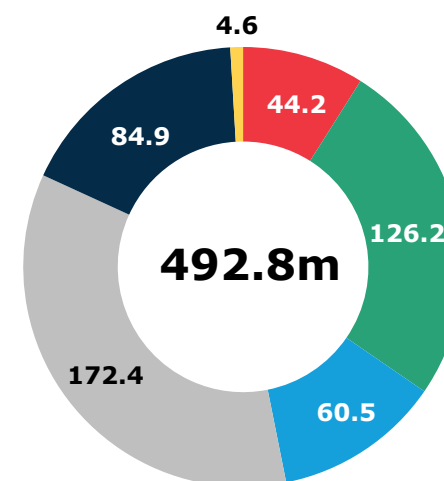
EXPANSION (Rm)



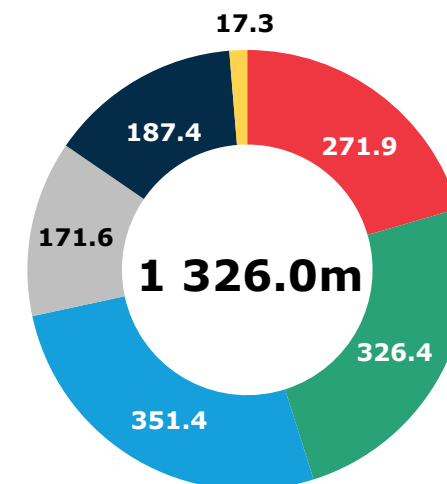
REPLACEMENT (Rm)



CAPITAL EXPENDITURE BY SEGMENT (Rm)



CAPITAL COMMITMENTS BY SEGMENT (Rm)



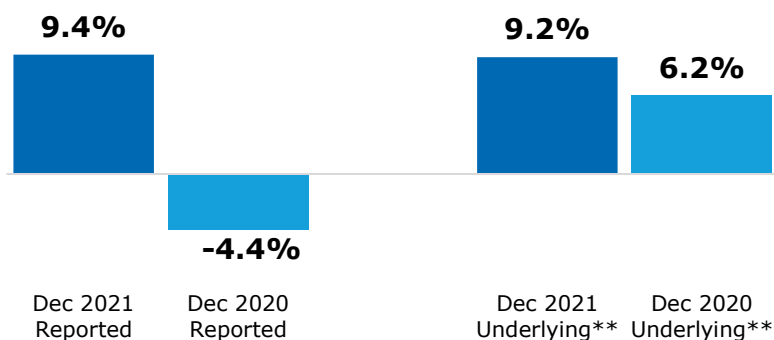
■ Groceries ■ Baking ■ Sugar ■ Chicken ■ Vector ■ Group



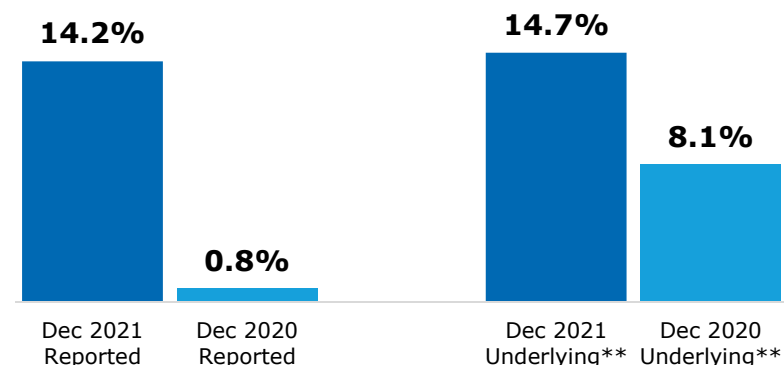
RETURN ON INVESTED CAPITAL (ROIC) AT DECEMBER*

GROUP REPORTED ROIC IMPROVED BY 13.8% TO POSITIVE 9.4% IN DECEMBER 2021 (DECEMBER 2020: NEGATIVE 4.4%)
GROUP UNDERLYING ROIC IMPROVED TO 9.2%, UP 3.0% FROM THE PRIOR PERIOD

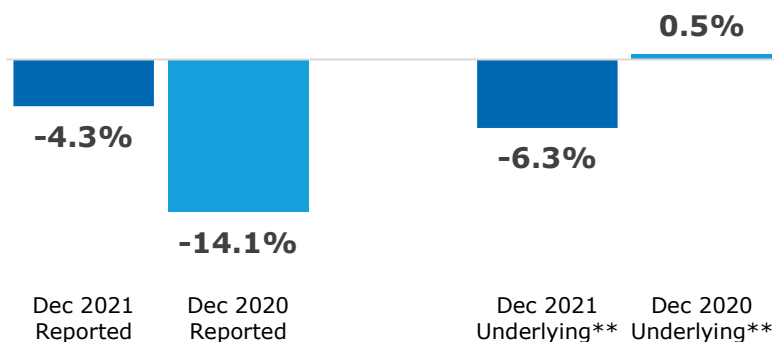
Group



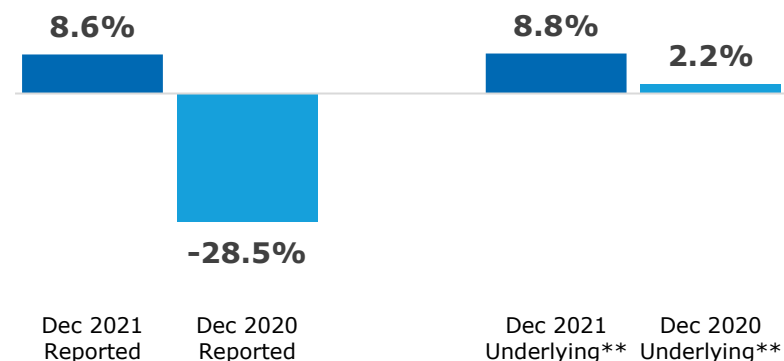
Food Division



Chicken Division***



Vector Logistics






DEBT PACKAGE

DEBT PACKAGE RESTRUCTURED IN DECEMBER 2018 AT LOWER INTEREST RATES
INTEREST RATE OF 3M JIBAR + MARGIN OF 1.5% TO 1.55% OVER 5 YEAR TERM

TERM	REPAYMENT (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 ¹ : 281.25					
3 year ²	56.25					
	RCF ¹ : 56.25					
TOTAL	2 350					
Hedged %		75%	75%	79%	0%	0%

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

 Unhedged

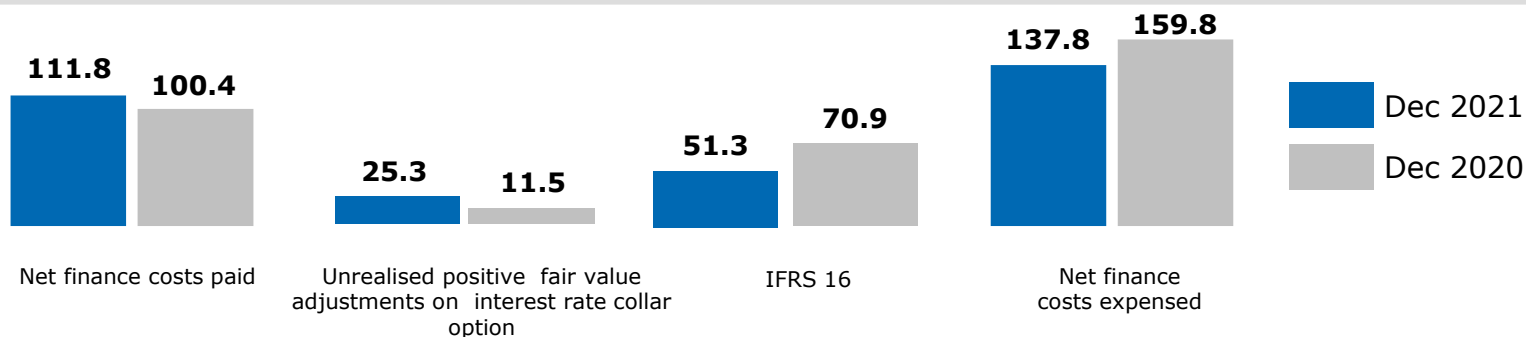
 Partial hedge

* Hedge commenced 1 April 2019

** Hedge ends 31 March 2022

*** The final repayment on the debt package is on 13 December 2023

NET FINANCE COSTS (Rm)



¹Revolving credit facility

²As at December 2021, R112.5m of the debt package has been repaid



DEBT COVENANTS

RCL FOODS REMAINS WELL WITHIN COVENANT REQUIREMENTS

COVENANT	REQUIRED	DEC 2021	JUNE 2021	DEC 2020
Senior leverage ratio (Net senior debt*/Adjusted EBITDA)	<3.0	1.9	1.0	2.2
Senior interest cover ratio (Adjusted EBITDA/senior net finance charges**)	>3.5	10.1	10.2	9.9



Covenant met



Covenant breached

Covenant requirements are fixed at 3.0 for the senior leverage ratio and 3.5 for the senior interest cover ratio over the entire 5-year term of the package

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.



**PAUL
CRUICKSHANK**
CHIEF EXECUTIVE OFFICER



FOOD DIVISION

RESILIENT PERFORMANCE AIDED BY STEADY DEMAND

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Groceries	3 078.2	2 762.5	11.4
Baking	2 980.3	2 917.4	2.2
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FOOD DIVISION: GROCERIES

STRONG REVENUE GROWTH PARTIALLY OFFSET BY MARGIN PRESSURE

GROCERIES

DEC
2021DEC
2020

% VAR

REVENUE

Revenue excluding sundry sales	2 703.0	2 423.4	11.5
Sundry sales	375.2	339.1	10.6

EBITDA	334.1	317.6	5.2
EBITDA margin %	10.9	11.5	(0.6 pts)

Underlying adjustments:

Civil unrest	0.8		
IFRS 9 commodity adjustments	(26.4)	(19.3)	
COVID-19	0.2	3.3	

UNDERLYING EBITDA	308.7	301.6	2.4
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<i>Underlying EBITDA margin %</i>	10.0	10.9	(0.9pts)
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Headlines




- **Pleasing Grocery growth** despite implementing price increases to counter commodity price hikes
- **Strong volume recovery seen in Pies**, however **margins under pressure** due to input cost increases
- **Heightened cost focus in Beverage** delivering improved performance whilst **volumes remain challenged**
- **Innovation pipeline** providing value-conscious consumer with alternatives



FOOD DIVISION: GROCERIES

Grocery: Culinary

- Our **Culinary brands have remained resilient** despite a trading environment characterised by aggressive competitor promotional activity and commodity input price pressure
- Nola Mayonnaise retained market leadership** despite price increases to offset rising sunflower seed prices
- Nola Value Mayonnaise**, launched in September 2021 as a new economy proposition, is gaining good traction
- Yum Yum Peanut Butter continues to grow its leading market position** despite stiff competition from peanut butter imports which do not attract duties, whereas raw peanuts are still subject to import tariffs
- Despite aggressive competitor pricing, **Ouma Rusks has grown its market leadership position**

MARKET SHARE (VOLUME)	6mm Dec 2020	6mm Dec 2021
	42.8%	42.8%
	26.8%	29.5%
	45.7%	50.7%

Source: IRI





FOOD DIVISION: GROCERIES

Grocery: Pet Food

Our major **Pet Food brands have continued to outperform** which is reflected in our growing market share position despite a market under pressure

Branded volumes grew by 9.2% despite a price increase implemented to counter cost pressure arising from higher maize prices

A **strong focus on marketing support** resulted in an increase in trial and retention in the **premium retail** (Canine Cuisine & Feline Cuisine) and **veterinary** (Ultra Dog & Ultra Cat) ranges

Optimizor also continues to deliver strong **double-digit growth** in the co-op channel

Exciting innovation planned for the category will support future growth

MARKET SHARE (VOLUME)	6mm Dec 2020	6mm Dec 2021
Bobtail	33.2%	34.8%
CANINE CUISINE <small>scientifically formulated by animal nutritionists</small>	34.7%	37.2%
FELINE CUISINE	15.4%	20.8%
catmor <small>loves cats</small>	66.4%	72.6%

Source: IRI





FOOD DIVISION: GROCERIES

Pies

Strong volume recovery aided by a “back to market” recovery plan and growth coming from the Pieman’s Big Deal Pie (forecourt channel) and the newly-launched frozen Pieman’s range (retail channel)

Margins have come under pressure due to significant raw material cost increases and production disruptions resulting from COVID-19 isolation protocols



Beverages

Delivered an **improved performance from a cost perspective**, aided by efficiencies arising from the ultra-high temperature (UHT) and fresh plant consolidation as well as an extension of shelf life

Volumes remain challenged as the category struggles to recover post the lockdown

Whilst significant inroads have been made to turn the business around, a number of **projects have been earmarked to further step change performance**





FOOD DIVISION: BAKING

STRONG VOLUME GROWTH ALTHOUGH MARGINS UNDER PRESSURE

BAKING

DEC
2021DEC
2020

% VAR

REVENUE	2 980.3	2 917.4	2.2
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EBITDA	243.8	265.8	(8.3)
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EBITDA margin %	8.2	9.1	(0.9 ppts)
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Underlying adjustments:

Civil unrest	0.2		
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IFRS 9 commodity adjustments	(1.3)	(2.0)	
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COVID-19	3.0	5.3	
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UNDERLYING EBITDA	245.7	269.1	(8.7)
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Underlying EBITDA margin %	8.2	9.2	(1.0ppts)
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Headlines

- **Strong volume growth drove higher revenue** in Bread, Buns and Rolls and Speciality
- **Margins challenged** as price increases landed only partially offset input cost pressure, predominantly related to fuel & raw material pricing
- **Milling volumes under pressure** as the business focuses on protecting margins



FOOD DIVISION: BAKING

Bread, Buns and Rolls

As part of the Baking growth strategy, the capital expansion **project at Polokwane** is underway and will be **commissioned before financial year-end**

A strategic new depot rollout programme has been launched. Together with effective regional and national campaigns, it has already resulted in **strong Sunbake volume growth**

Margin pressure arising from high input costs necessitated a price increase in the period





FOOD DIVISION: BAKING

Milling

Improved operational performance in Milling, aided by business process changes implemented ahead of the new Enterprise Resource Planning (ERP) system which goes live at the end of the fiscal

With **forward integration being a big strategic focus**, the business has successfully launched a new coating for the QSR market

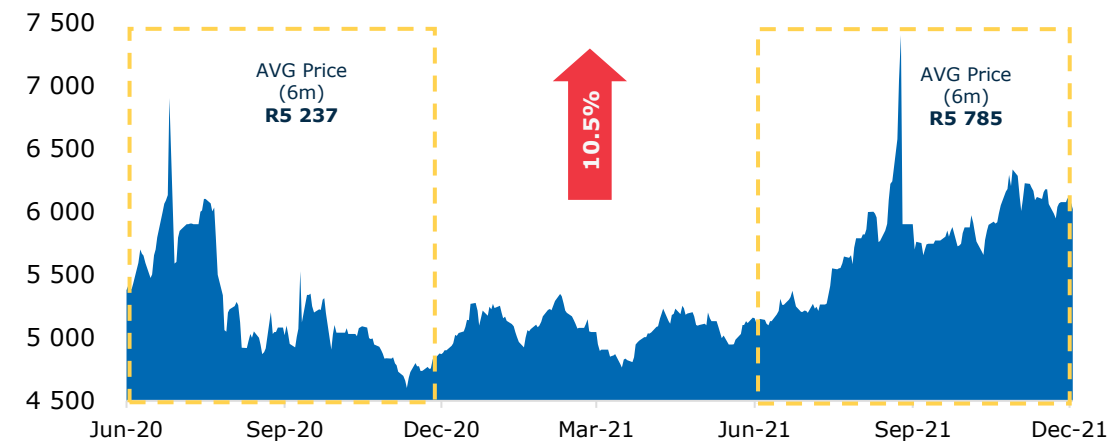
Volumes are under pressure but the business is **focused on protecting margins** in a high commodity inflation environment

Speciality

The Speciality operating unit experienced **margin pressure** due to **increased input costs** as well as a shift in product mix

Improved efficiency through **plant consolidation and a focus on specialist skills** will be at **the heart of Speciality's strategy** for the next two years

SAFEX WHEAT PRICE (R/Ton)





FOOD DIVISION: SUGAR

CONTINUED STRONG PERFORMANCE IN SUGAR DESPITE KOMATIPOORT FIRE IMPACT

SUGAR	DEC 2021	DEC 2020	% VAR
REVENUE	4 432.2	4 377.9	1.2
EBITDA	447.4	457.2	(2.1)
EBITDA margin %	10.1	10.4	(0.3 ppts)
Underlying adjustments:			
Civil unrest	9.7		
Komati fire	39.6		
COVID-19	1.7	5.1	
UNDERLYING EBITDA	498.4	462.3	(7.8)
Underlying EBITDA margin %	11.2	10.6	0.6ppts

Headlines

- **Strong underlying performance** driven by **good cost control, high international sugar prices, favourable local industry factors** and **strong local demand**
- Albeit on track for another good year, the full year result is **expected to be materially lower than the record results achieved in the prior year**
- A **fire at our Komatipoort warehouse** resulted in a significant stock loss

FOOD DIVISION: SUGAR

Sugar

Increased local demand supported by industry focus on the “Buy Local” campaign, coupled with Sugar Industry Master Plan

A **41.8% increase in the international sugar price** has also improved export earnings over the period

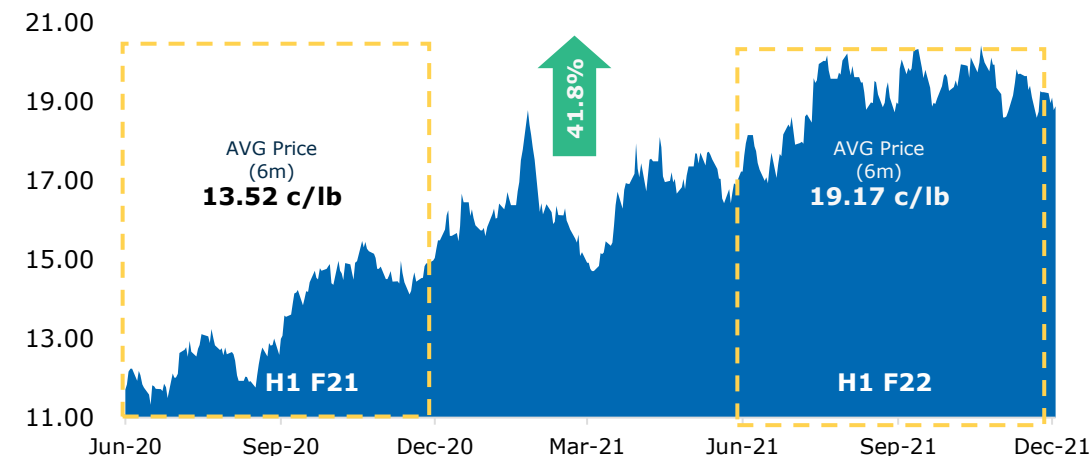
Heightened focus on “controlling our controllables” – continuing to identify and unlock cost savings in the supply chain

Cane quality and yields temporarily affected by aphids and heat in the early part of the fiscal year

A **fire at the Komatipoort sugar warehouse**, which destroyed 40 000 tons of raw sugar in October 2021, is in the process of being finalised with insurers. A project team has been appointed to design an optimal future storage solution



NO.11 WORLD SUGAR PRICE (RAW SUGAR)





Molatek

A **strong underlying performance** in light of an above-average prior year result, bolstered by farmers starting to rebuild their herds post the drought

High raw material prices are starting to **put pressure on margins**

Therefore, the business continues to look at opportunities to drive a more **profitable product mix** and **reduce overall costs of production**





MARTHINUS STANDER

CHICKEN DIVISION
MANAGING DIRECTOR



CHICKEN DIVISION

A PLEASING IMPROVEMENT IN CHICKEN OFF A LOW BASE

CHICKEN DIVISION

DEC
2021DEC
2020

% VAR

	DEC 2021	DEC 2020	% VAR
REVENUE	5 517.9	4 875.2	13.2

EBITDA	58.3	(133.0)	143.8
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EBITDA margin %	1.1	(2.7)	3.8 ppts
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Underlying adjustments:

Civil unrest	34.0		
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IFRS 9 commodity adjustments	25.0	118.1	
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COVID-19	(2.2)	100.7	
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UNDERLYING EBITDA	115.1	85.8	34.2
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Underlying EBITDA margin %	2.1	1.8	0.3ppts
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Headlines

- An **improved performance after an extremely tough start** to the financial year
- **Higher volumes, improved KPIs and pricing** largely offset the impact of **Avian Influenza (AI)** (R85,8 million), the **July 2021 civil unrest** (R34 million) and high **commodity input costs**





CHICKEN DIVISION

Chicken




Improved performance aided by **better agricultural results, higher price realisations amidst the AI outbreak, and strong strategic focus**

Simply Chicken and Rainbow brands increased their market share in the Chilled Processed Meats (CPM) category - **Simply Chicken viennas reached an all-time value share high** of 38% in September 2021

Good progress with the Chicken turnaround strategy, focusing on regional management structure, integrating the value chain, fixing agricultural performance, reducing costs and driving growth

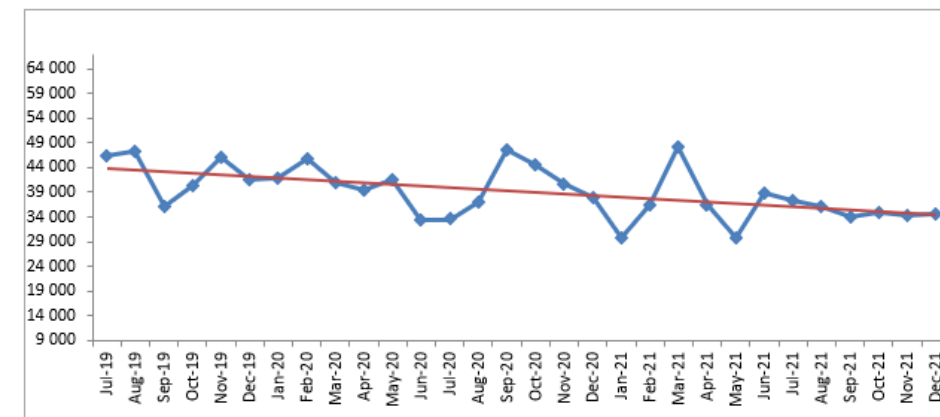
Introduction of new breeds is being fast tracked and early breed improvement benefits are being banked; the majority will start flowing early in the 2023 calendar year

Reduction in chicken imports (bone-in portions) in the local market, driven by AI in Europe, high shipping charges, import duties and a stronger currency

MARKET SHARE (VOLUME)	6mm Dec 2020	6mm Dec 2021
	9.6%	13.4%
	20.2%	26.6%
	38.7%	28.9%

Source: Aztec

IMPORTS TOTAL POULTRY (Tons per month)





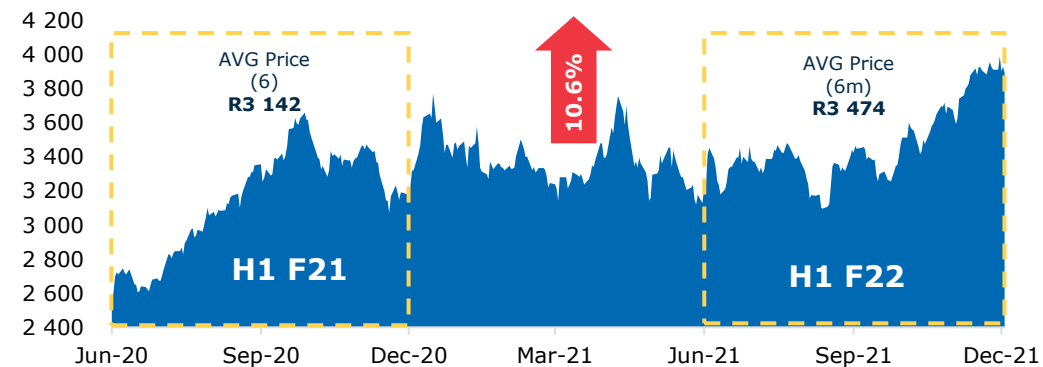
CHICKEN DIVISION

Epol

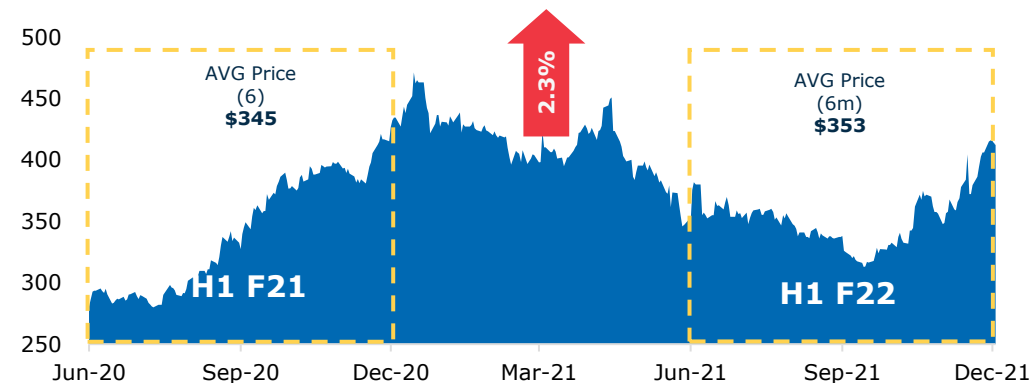
Epol's result improved mainly due to procurement gains and sound cost control; however **volumes remain under pressure**



SAFEX YELLOW MAIZE PRICE (R/Ton)



CME SOYA PRICE (\$/Ton)





**CHRIS
CREED**

VECTOR LOGISTICS
MANAGING DIRECTOR



VECTOR LOGISTICS

A PLEASING PERFORMANCE DRIVEN BY VOLUME RECOVERY AND NETWORK INTEGRATION PROGRESS

VECTOR LOGISTICS

DEC
2021DEC
2020

% VAR

REVENUE	1 829.8	1 519.5	20.4
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EBITDA	182.1	162.8	11.9
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EBITDA margin %	10.0	10.7	(0.7ppts)
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Underlying adjustments:

COVID-19	1.4	5.2	
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UNDERLYING EBITDA	183.5	168.0	9.2
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Underlying EBITDA margin %	10.0	11.1	(1.1ppts)
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Headlines

- **Pleasant revenue growth** driven by volume recovery in food service , growth in retail and L&A consolidation, partially **offset by the July unrest**
- Progress made with the **final phase of the ICL network integration** into the Vector network, realising further cost and scale benefits
- **Underlying EBITDA**, after adjusting for the impact of COVID-19 costs, is **ahead of prior year** and the business turnaround is **on track**

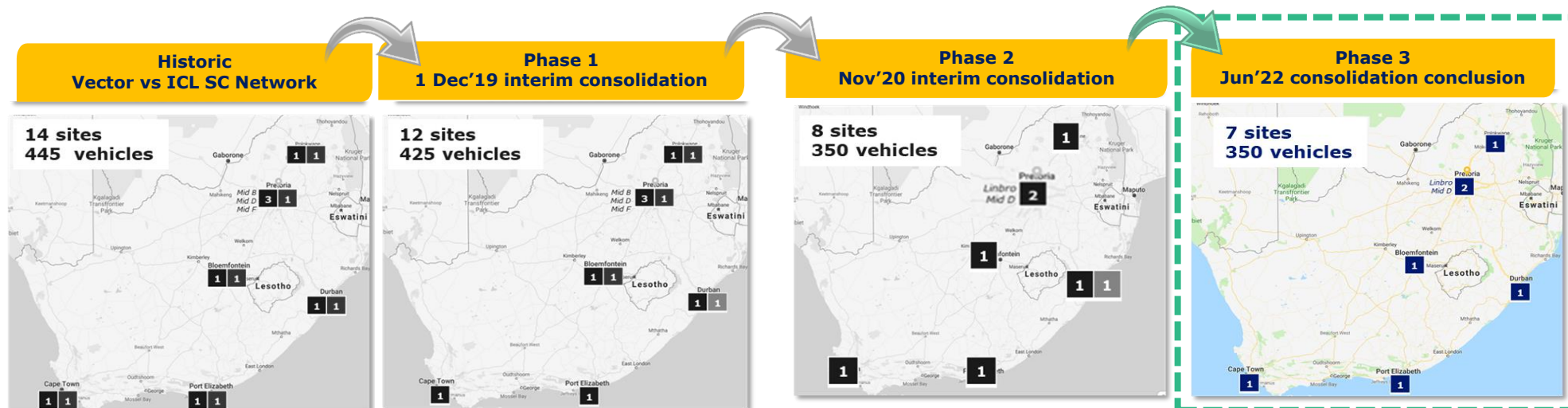
VECTOR LOGISTICS

Pleasing revenue growth during the period despite the civil unrest in the first quarter, driven by:

- Food service volume recovery almost to pre-COVID-19 levels
- Higher volumes in retail secondary business
- Consolidation of L&A results after increasing our shareholding to 85% in the second half of 2021 financial year

Steady progress made with **phase 3 of the network integration**. Capacity builds are due to come online by the end of the financial year

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





VECTOR LOGISTICS

GOING BEYOND

The **Empty Trips digital freight matching platform** has been rolled out with internal customers and is now being launched externally to create a smarter, more sustainable logistics marketplace



Smart ► Digital ► Logistics

visionary thinking and our relentless commitment to a more sustainable future





**PAUL
CRUICKSHANK**
CHIEF EXECUTIVE OFFICER



PROSPECTS

- **Difficult conditions expected to continue** amidst a slower than anticipated economic recovery, with **high commodity input costs** a key risk
- **Groceries expected to remain resilient** despite the likelihood of higher input costs dampening demand
- **Sugar likely to continue benefiting** from more favourable market conditions, but full-year result expected to be materially lower than prior year's record performance due to agricultural challenges
- **Chicken not yet sustainable** due to impact of breed challenges, commodity input cost hikes and AI – but turnaround progressing
- **Vector Logistics' consolidated network soon to be finalised**, enabling improved efficiencies and delivery on customer-focused recovery strategy
- **Group to continue driving managed separation pathway** of Chicken and Vector businesses as a key focus in the second half





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