



# 2022

**INVESTOR PRESENTATION  
05 SEPTEMBER 2022**

**RESULTS FOR THE YEAR ENDED JUNE 2022**







**PAUL  
CRUICKSHANK**  
CHIEF EXECUTIVE OFFICER





## KEY HIGHLIGHTS FOR THE YEAR ENDED JUNE 2022

### RESILIENCE AMIDST A CHALLENGING OPERATING ENVIRONMENT

#### Forward momentum despite a difficult operating environment

- Constrained consumer with rising inflation and record unemployment
- Continued commodity input cost increases
- Our response: strategic focus on controllables with sharpened strategy and prioritised operational execution on key imperatives

#### Pleasing Revenue & EBITDA growth of 10.2% and 7.7% respectively

- Sustained market share growth in value-add categories
- Resilient volumes across most categories in Groceries
- Prioritised innovation into value offerings across the portfolio
- Continued strong Sugar performance
- Return to profitability in Rainbow with good turn-around momentum
- Continued improved performance in Vector Logistics
- Prior year benefitted from inclusion of additional trading week

#### HEPS improvement of 9.9% driven by EBITDA improvement

**REVENUE** R34.9bn **10.2%** ↑

**EBITDA** R2.6bn **7.7%** ↑

**HEPS** 118.6c **9.9%** ↑

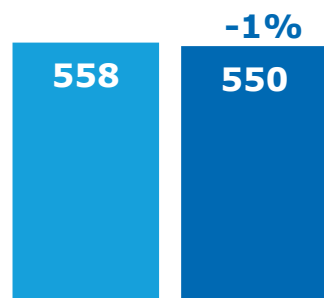
**CASH**  
generated by  
operations R3.4bn **110.6%** ↑



## KEY HIGHLIGHTS FOR THE YEAR ENDED JUNE 2022

## EBITDA &amp; GROWTH (%) PER BUSINESS UNIT

Resilient Groceries performance in total. A **strong Grocery result** with market share gains and good volume growth was **offset** by service level challenges and **margin pressure in Pies and Beverages**.

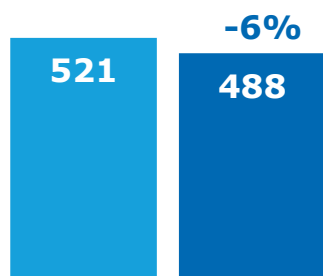


2021 2022



GROCERIES

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

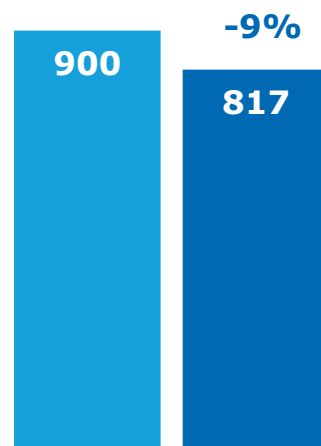


2021 2022



BAKING

Sugar produced another excellent performance with the second highest profit on record. Enabled by **continued operational efficiency, complete cane crush and stable local market demand**

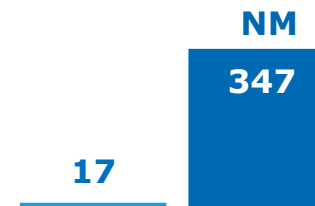


2021 2022



SUGAR

Good progress in Rainbow's turnaround strategy, driven by **improvements in pricing, agricultural results**, partially countered by commodity cost increases.

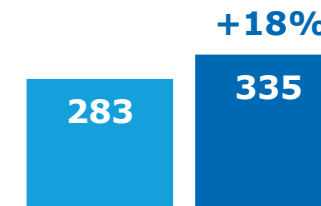


2021 2022



RAINBOW

**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



## PROGRESS WITH STRATEGIC TRANSFORMATION JOURNEY

### BUILDING A PROFITABLE, SUSTAINABLE VALUE-ADDED CONSUMER BUSINESS OF SCALE

**Good progress made with managed separation** of Rainbow and Vector Logistics from RCL FOODS

**Successful legal and operating model separation of Rainbow**, running largely as an autonomous subsidiary of RCL FOODS, laying the platform for complete separation in future

**Sugar remains part of RCL FOODS**, with its **separation plan** being **de-prioritized**

**Foundations for a focused value-added business** through:

- A re-engineered and more integrated executive structure
- A more focused organisation structure with investment in key capabilities
- A revised branded portfolio strategy to drive profitable growth



1

#### VALUE-ADDED BUSINESS



2

#### RAINBOW

3

#### VECTOR LOGISTICS





**ROB  
FIELD**

CHIEF FINANCIAL OFFICER





## FINANCIAL SUMMARY

### PLEASING PERFORMANCE, ESPECIALLY CASH MANAGEMENT

#### INCOME STATEMENT

		JUNE 2022	JUNE 2021	% VAR
Revenue	Rm	34 907.0	31 687.9	10.2
EBITDA	Rm	2 595.7	2 409.1	7.7
EBITDA margin	%	7.4	7.6	(0.2ppts)
<i>Underlying* EBITDA</i>	<i>Rm</i>	<i>2 580.3</i>	<i>2 530.4</i>	<i>2.0</i>
<i>Underlying* EBITDA margin</i>	<i>%</i>	<i>7.4</i>	<i>8.0</i>	<i>(0.6ppts)</i>
Net finance costs	Rm	271.2	289.1	(6.2)
Share of profits of JV's & associates	Rm	56.7	146.9	(61.4)
Effective tax rate (excluding JV's & associates)	%	30.7	27.1	(3.6ppts)
Headline earnings	Rm	1 054.0	958.1	10.0
Headline earnings per share	cents	118.6	107.9	9.9
<i>Underlying* headline earnings</i>	<i>Rm</i>	<i>1 026.8</i>	<i>1 045.5</i>	<i>(1.8)</i>
<i>Underling* headline earnings per share</i>	<i>cents</i>	<i>115.5</i>	<i>117.7</i>	<i>(1.9)</i>

#### BALANCE SHEET & RATIOS

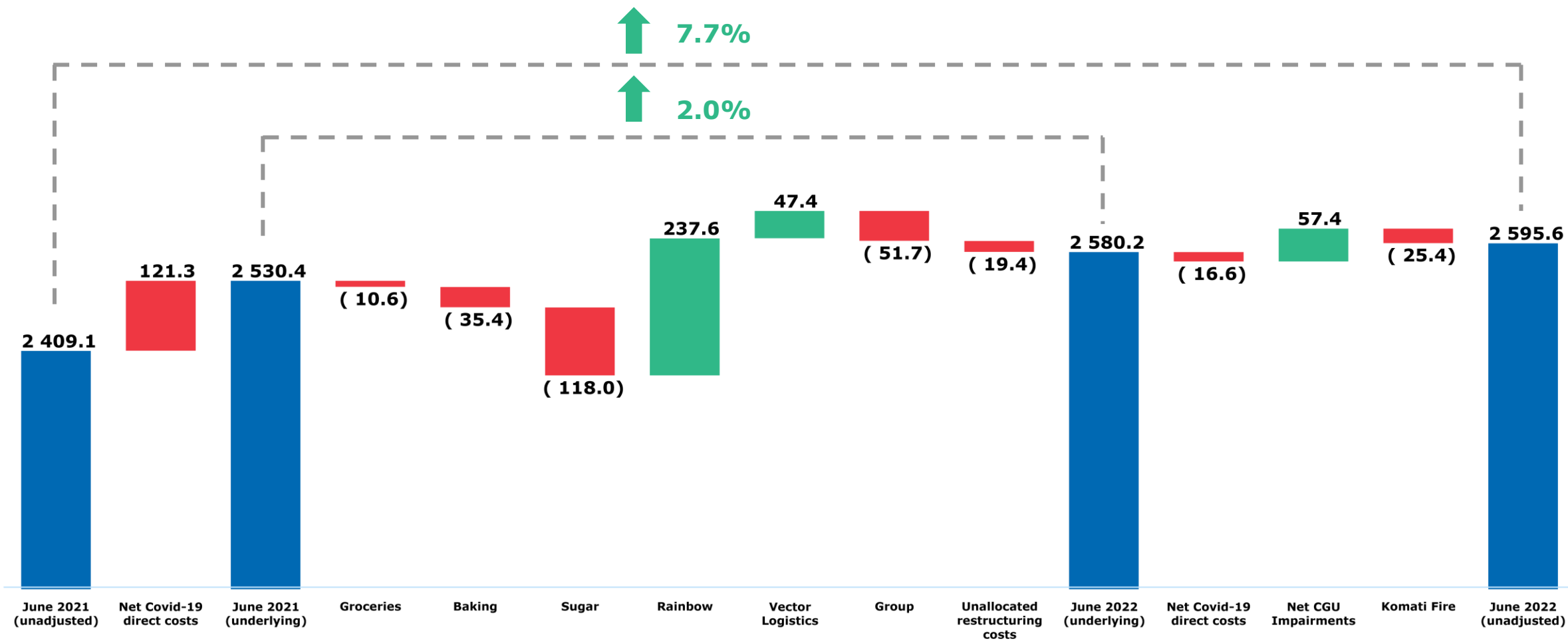
Net working capital	Rm	2 677.8	3 470.9	(22.9)
Interest-bearing liabilities (excluding lease liabilities)	Rm	2 650.3	2 965.0	(10.6)
Cash generated by operations	Rm	3 427.9	1 627.4	110.6
Capex spend (including intangibles)	Rm	1 300.7	921.3	41.2
Return on invested capital	%	8.8	8.5	0.3ppts
<i>Underlying* return on invested capital</i>	<i>%</i>	<i>9.0</i>	<i>9.1</i>	<i>(0.1ppts)</i>
Total dividend	cents	45.0	45.0	
NAV per share	cents	1 280.5	1 203.9	6.4

\* Adjusted for material once-offs and accounting adjustments



## OPERATING RESULTS SUMMARY (Rm)

UNDERLYING EBITDA UP 2.0% DRIVEN MAINLY BY RAINBOW'S TURNAROUND AND GAINS IN VECTOR LOGISTICS

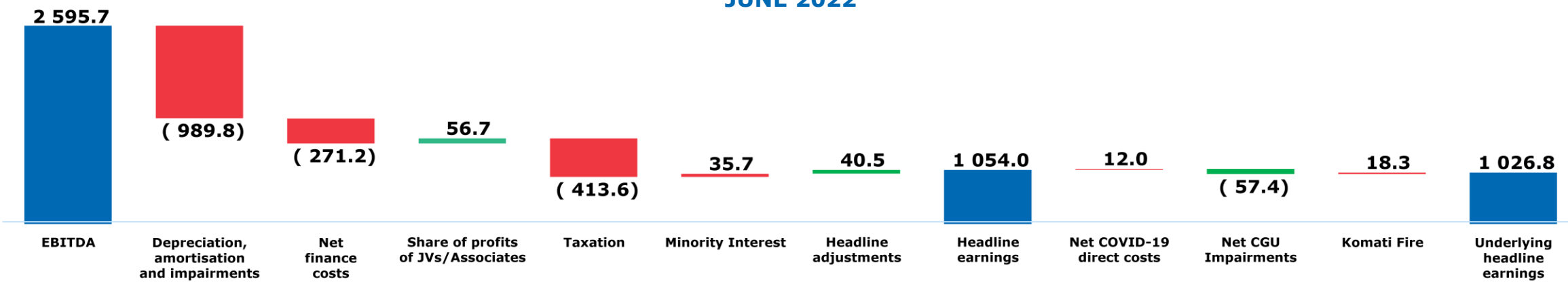






## HEADLINE EARNINGS WATERFALL (Rm)

JUNE 2022



7.7%

10.0%

1.8%

JUNE 2021





## OPERATING RESULTS SUMMARY - UNADJUSTED

### SEGMENTAL ANALYSIS – REVENUE AND EBITDA

REVENUE (Rm)	JUNE 2022		JUNE 2021*	% VAR
Groceries	6 005.9		5 522.0	8.8
Baking	6 214.5		5 849.0	6.2
Sugar	9 001.3		8 397.7	7.2
<b>VALUE-ADDED BUSINESS SUB TOTAL</b>	<b>21 221.7</b>		<b>19 768.6</b>	<b>7.4</b>
Rainbow	11 384.8		10 335.9	10.1
Vector Logistics	3 691.9		3 153.6	17.1
Group	189.7		152.2	24.7
Sales between segments	(1 581.1)		(1 722.4)	
<b>TOTAL</b>	<b>34 907.0</b>		<b>31 687.9</b>	<b>10.2</b>

EBITDA (Rm)	JUNE 2022	JUNE 2021*	% VAR
Groceries	550.1	557.8	(1.4)
Baking	487.9	520.6	(6.3)
Sugar	817.0	900.4	(9.3)
<b>VALUE-ADDED BUSINESS SUB TOTAL</b>	<b>1 855.0</b>	<b>1 978.8</b>	<b>(6.3)</b>
Rainbow	347.1	17.5	NM
Vector Logistics	334.7	282.9	18.3
Group	78.3	130.0	(39.7)
Unallocated restructuring costs	(19.4)		
<b>TOTAL</b>	<b>2 595.7</b>	<b>2 409.1</b>	<b>7.7</b>

EBITDA MARGIN** (%)	JUNE 2022	JUNE 2021*	VAR
Groceries	10.4	11.6	(1.2ppts)
Baking	7.9	8.9	(1.0ppts)
Sugar	9.1	10.7	(1.6ppts)
<b>VALUE-ADDED BUSINESS SUB TOTAL</b>	<b>8.7</b>	<b>10.0</b>	<b>(1.3ppts)</b>
Rainbow	3.0	0.2	2.8ppts
Vector Logistics	9.1	9.0	0.1ppts
<b>TOTAL</b>	<b>7.4</b>	<b>7.6</b>	<b>(0.2ppts)</b>

\*Restated to include the results of the Group's Waste-to-Value operations as part of Rainbow for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment | \*\*Margin calculated on revenue excluding by-product/sundry revenue



## OPERATING RESULTS SUMMARY – UNDERLYING\* EBITDA

**UNDERLYING EBITDA UP 2.0% HOWEVER MARGIN DECLINES BY 0.6% DUE MAINLY TO PERVASIVE COMMODITY INPUT COST PRESSURE**

UNDERLYING* EBITDA (Rm)	JUNE 2022	JUNE 2021**	% VAR
Groceries	551.7	562.4	(1.9)
Baking	494.5	529.9	(6.7)
Sugar	789.5	907.5	(13.0)
<b>VALUE-ADDED BUSINESS SUB TOTAL</b>	<b>1 835.7</b>	<b>1 999.8</b>	<b>(8.2)</b>
Rainbow	348.6	111.0	214.0
Vector Logistics	337.0	289.6	16.4
Group	78.3	130.0	(39.7)
Unallocated restructuring costs	(19.4)		
<b>TOTAL</b>	<b>2 580.3</b>	<b>2 530.4</b>	<b>2.0</b>
UNDERLYING* EBITDA MARGIN*** (%)	JUNE 2022	JUNE 2021**	VAR
Groceries	10.4	11.7	(1.3ppts)
Baking	8.0	9.1	(1.1ppts)
Sugar	8.8	10.8	(2.0ppts)
<b>VALUE-ADDED BUSINESS SUB TOTAL</b>	<b>8.7</b>	<b>10.1</b>	<b>(1.4ppts)</b>
Rainbow	3.1	1.1	2.0ppts
Vector Logistics	9.1	9.2	(0.1ppts)
<b>TOTAL</b>	<b>7.4</b>	<b>8.0</b>	<b>(0.6ppts)</b>

\* Adjusted for material once-offs and accounting adjustments | \*\* Restated to include the results of the Group's Waste-to-Value operations as part of Rainbow for segmental reporting purposes. The Waste-to-Value results were previously included as part of the Group segment | \*\*\* Margin calculated on revenue excluding by-product/sundry revenue





## CASH FLOW SUMMARY

## FREE CASH FLOW IMPROVES TO R2.4BN

Rm	JUNE 2022	JUNE 2021	% VAR
<b>OPENING BALANCE*</b>	<b>897.0</b>	1 030.0	(12.9)
Operating profit adjusted for non-cash flow items	<b>2 273.1</b>	2 034.1	11.7
Working capital changes	<b>1 154.8</b>	(406.7)	384.0
Tax paid	<b>(347.1)</b>	(335.1)	(3.6)
Replacement capital expenditure	<b>(686.0)</b>	(579.1)	(18.5)
Proceeds on disposal of non-current assets and assets held-for-sale	<b>41.2</b>	41.8	(1.1)
<b>Free cash flow</b>	<b>2 436.0</b>	<b>755.0</b>	222.7
Net finance costs paid	<b>(217.8)</b>	(216.6)	(0.6)
Net dividends paid	<b>(332.5)</b>	(129.3)	(157.2)
Expansion capital expenditure (incl. intangibles)	<b>(614.6)</b>	(342.1)	(79.7)
Acquisitions	<b>(7.0)</b>	(160.5)	95.6
Payments on other interest-bearing liabilities	<b>(605.9)</b>	(36.5)	(1 558.6)
Other	<b>10.4</b>	(2.8)	(481.1)
<b>Total cash movement for the period</b>	<b>668.7</b>	<b>(132.8)</b>	(603.6)
Exchange rate translation	<b>0.2</b>	(0.2)	(175.8)
<b>CLOSING BALANCE*</b>	<b>1 565.8</b>	897.0	74.5

\*Net of overdrafts



## WORKING CAPITAL

### WORKING CAPITAL REMAINS WELL MANAGED

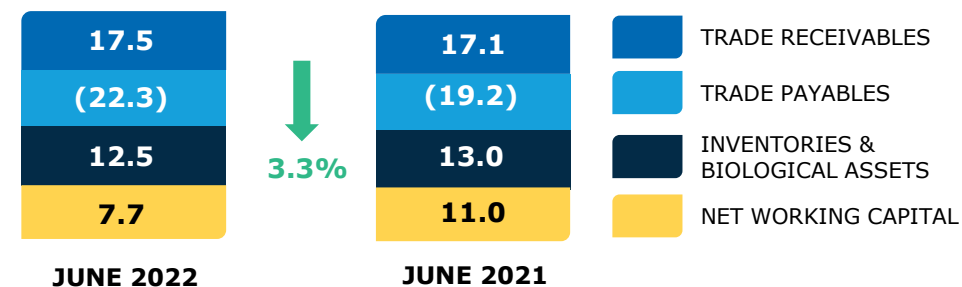
WORKING CAPITAL (Rm)	JUNE 2022	JUNE 2021	% VAR
Trade and other receivables	6 099.6	5 427.3	12.4
Inventories	3 147.2	3 171.4	(0.8)
Biological assets	1 231.8	955.3	28.9
Trade and other payables	(7 800.8)	(6 083.1)	28.2
Net	2 677.8	3 470.9	(22.9)

WORKING CAPITAL DAYS	JUNE 2022	JUNE 2021	VAR DAYS
Receivables days	64	63	1
Stock days	62	64	(2)
Payables days	(110)	(94)	(16)
Net	16	33	(17)
Adjusted debtors days*	34	34	-

\*Trade and other receivables include other receivables and prepayments of R1 014.3m (June 2021: R888.0m). 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 R793.2m (22.9%) from June 2021, and as a percentage of sales decreased to 7.7% in the current period (June 2021: 11.0%).

Trade and other receivables increased by R672.3m and from 17.1% to 17.5% of revenue, whilst trade and other payables increased by R1 717.7m and from 19.2% to 22.3% of revenue. Credit continues to be well managed, evidenced by low adjusted trade debtors' days of 34 days (June 2021: 34 days).

Inventory levels were largely in line with the prior year.

Biological assets increased by R276.5m to R1 231.8m mainly due to improved recoverable value (RV) prices, cane quality, age and yield in Sugar, coupled with higher volumes and higher bird values as a result of increased input costs, particularly feed costs, in Rainbow.



## CAPITAL EXPENDITURE

### CAPEX SPEND UP R379.4M

**Capital expenditure** (including intangibles) was **R1 300.7m** (2021: R921.3m)

The significant spend items were:

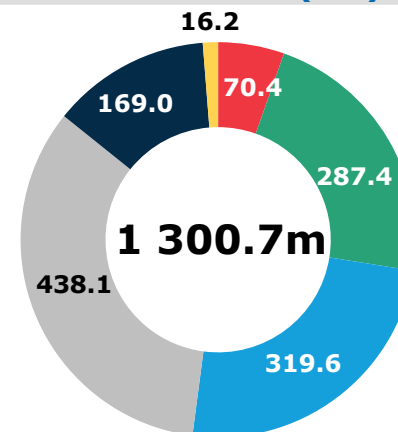
- Expansion of the Bread, Buns and Rolls production lines (R82.2m);
- A combination of expansion and replacement expenditure related to the reinstatement of the second shift at the Hammarsdale P2 processing facility (R50.3m);
- Replacement and expansion of Ambient Cake lines in Speciality (R47.7m)
- Expansion of Vector Logistics' Thekwini chiller (R37.0m);
- Off-crop replacement projects in Sugar (R33.6m);
- Expansion of Vector Logistics' cold storage facility at Estoire in Bloemfontein (R31.2m); and
- Expansion of Vector Logistics' Polokwane site (R25.4m)

**Capital commitments** of **R1 384.2m** (2021: R908.8m)

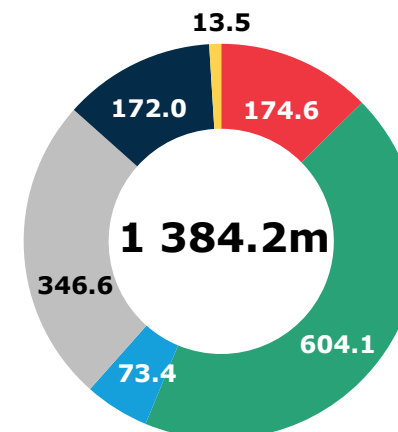
Major items included in these amounts relate to:

- A combination of expansion and replacement expenditure related to the reinstatement of the second shift at the Hammarsdale P2 processing facility (R170.4m);
- Replacements related to the fire at the Komatipoort warehouse (R150.0m);
- Expansion of the Bread, Buns and Rolls production lines (R117.5m);
- Replacements within the Vector Logistics fleet (R67.6m);
- Replacements of ovens within Bread, Buns and Rolls (R32.3m); and
- Replacement of solvent extracting machinery within Grocery (R25.8m)

#### CAPITAL EXPENDITURE BY SEGMENT (Rm)

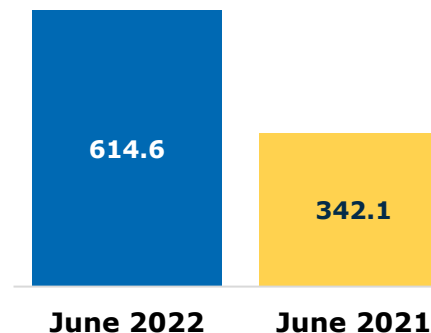


#### CAPITAL COMMITMENTS BY SEGMENT (Rm)

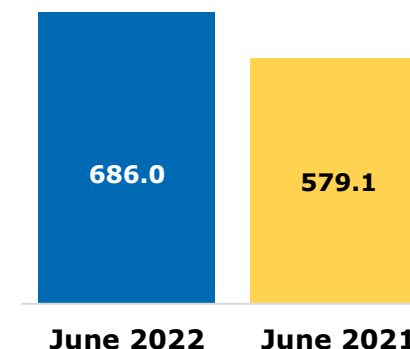


■ Groceries
 ■ Baking
 ■ Sugar
 ■ Chicken
 ■ Vector
 ■ Group

#### EXPANSION (Rm)



#### REPLACEMENT (Rm)



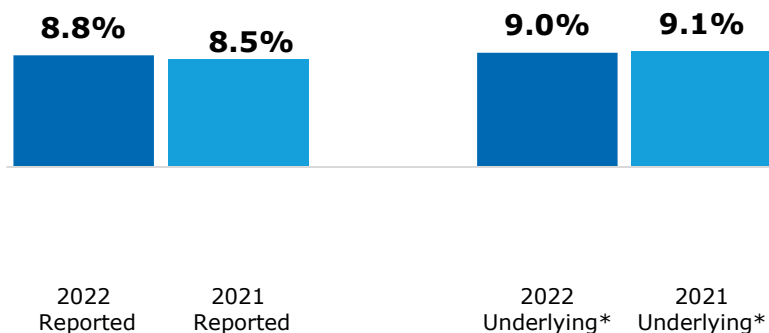




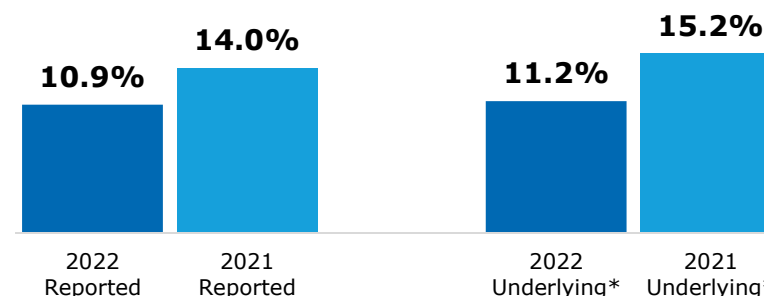
## RETURN ON INVESTED CAPITAL (ROIC) AT JUNE

**GROUP REPORTED ROIC IMPROVED BY 0.3%, UNDERLYING ROIC DECLINED BY 0.1%  
SUGAR'S GOOD BUT LOWER THAN 2021'S RECORD RESULT WAS LARGELY OFFSET BY RAINBOW'S RECOVERY  
VECTOR LOGISTICS BENEFITTED FROM FAVOURABLE YEAR-END WORKING CAPITAL CUT-OFF POSITION**

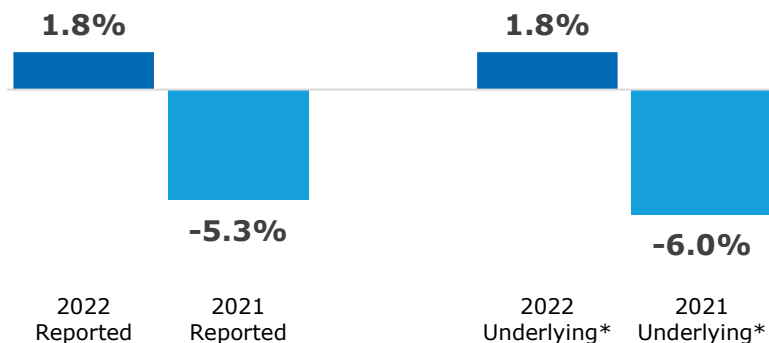
### Group



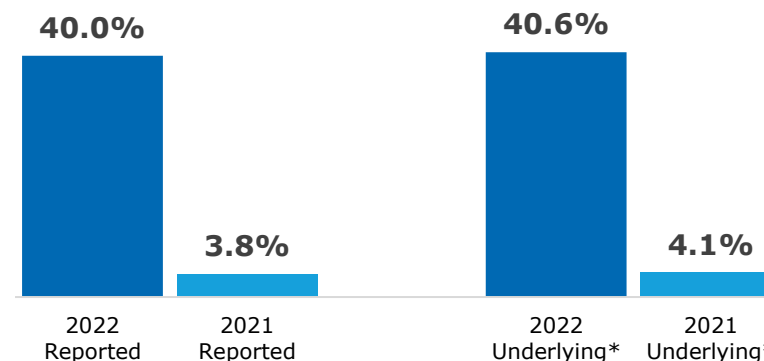
### Group (excl. Rainbow and Vector Logistics)



### Rainbow\*\*



### 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  
DEBT PACKAGE EXPIRES IN DECEMBER 2023, ANTICIPATED THAT IT WILL BE RESTRUCTURED IN ADVANCE OF  
EXPIRY**

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						Hedged 3M JIBAR (collar with a 7.0% floor & 8.5% cap)
RCF <sup>1</sup> :	837.50						Unhedged
4 year	281.25						Partial hedge
RCF <sup>1</sup> :	281.25						
3 year <sup>2</sup>	56.25						
RCF <sup>1</sup> :	56.25						
<b>TOTAL</b>	<b>2 350</b>						
<b>Hedged %</b>		<b>75%</b>	<b>75%</b>	<b>79%</b>	<b>0%</b>	<b>0%</b>	

\* Hedge commenced 1 April 2019  
 \*\* Hedge ended 31 March 2022  
 \*\*\* The final repayment on the debt package is on 13 December 2023

<sup>1</sup>Revolving credit facility  
<sup>2</sup>As at June 2022, R337.5m of the debt package has been repaid

DEBT COVENANTS	REQUIRED	JUNE 2022	JUNE 2021
Senior leverage ratio (Net senior debt*/Adjusted EBITDA)	<3.0	0.6	1.0
Senior interest cover ratio (Adjusted EBITDA/senior net finance charges**)	>3.5	10.5	10.2

■ 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





## STRATEGIC PROGRESS ON RCL FOODS VALUE-ADDED BUSINESS STRATEGY

**A VISION TO CREATE A BUSINESS OF THE RIGHT SCALE WHICH HAS BEEN BUILT TO LAST WITH A DIVERSE AND HIGH PERFORMANCE CULTURE THAT ENHANCES STAKEHOLDER VALUE**

### 3 PILLARS OF SHARPENED RCL FOODS STRATEGY

**1**

#### DIVERSE, HIGH- PERFORMANCE CULTURE



- Business that is "home" for all
- Harness the power of unique individuality
- Leverage our strategic capability advantage

**2**

#### BUSINESS OF RIGHT SCALE



- Increased share of store
- Leverage our dynamic platform
- EBITDA margin % ahead of peers

**3**

#### BUILT TO LAST



- "Best in class" operating model
- Appropriate infrastructure investment
- Strong sustainable footprint

#### WHAT DO WE MEAN

#### STRATEGIC THRUSTS

1. Build a high-performance culture that is diverse & inclusive
2. Invest in our strategic capabilities to drive our competitive advantage

3. Leverage our dynamic platform through acquisition
4. Grow organically through strong consumer brands
5. Leverage consumer insight & partner with strategic customers to lead market growth
6. Scale up & enter new channels & markets

7. Deliver cost efficiencies & responsibly invest in an asset base to become "best in class"
8. Build a net positive business

### ENHANCED STAKEHOLDER VALUE



- Growth ahead of market
- ROIC ahead of WACC
- Diverse portfolio of strong brands
- Net positive business



## STRATEGIC PROGRESS ON RCL FOODS VALUE-ADDED BUSINESS STRATEGY

A VISION TO CREATE A BUSINESS OF THE RIGHT SCALE WHICH HAS BEEN BUILT TO LAST WITH A DIVERSE AND HIGH PERFORMANCE CULTURE THAT ENHANCES STAKEHOLDER VALUE

### 1 Driving a diverse and high performance culture

- Intensified commitment and good progress on our **Diversity and Inclusivity journey**
- Invested in **key strategic capabilities** (such as New Product Development and Consumer Insights) to support profitable growth

### 2 Delivering a business of right scale

- **Creation of a cross-functional Growth Leadership Team** to drive consumer insight led brand and product innovation, digital transformation and customer-centricity
- **Delivery of a prioritised Accelerated Growth Strategy** (across categories, brands and channels)
- **Successful value focused innovation** launches in year
- Commissioning of the material **investment Polokwane** bakery
- Pending acquisition of **Sunshine Bakeries**

### 3 A **Best In Class imperative and focused ESG strategy** supports the third pillar





## RCL FOODS VALUE-ADDED BUSINESS (Groceries, Baking, Sugar)

### RESILIENT PERFORMANCE AIDED BY STEADY DEMAND

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## RCL FOODS VALUE-ADDED BUSINESS: GROCERIES

## STRONG REVENUE GROWTH PARTIALLY OFFSET BY MARGIN PRESSURE

## GROCERIES

JUNE  
2022JUNE  
2021

% VAR

## REVENUE

Revenue excluding sundry sales	5 284.5	4 813.0	9.8
Sundry sales	721.4	709.0	1.8

EBITDA	550.1	557.8	(1.4)
EBITDA margin* %	10.4	11.6	(1.2)
Underlying adjustments:			
COVID-19	1.6	4.5	
UNDERLYING EBITDA	551.7	562.4	(1.9)
Underlying EBITDA* margin %	10.4	11.7	(1.3)

## Headlines




- Despite significant **pressure** on **commodity prices** and other input costs, Grocery delivered a pleasing result
- Good volume growth in Grocery coupled with successful innovation launches drove a **strong revenue performance**
- This was partially offset by **margin pressure in Pies** and **softer Beverage demand**



## RCL FOODS VALUE-ADDED BUSINESS: GROCERIES

### Grocery: Culinary

- Our **Culinary brands have remained resilient** despite necessary price increases required to try recover rising commodity input costs
- Pleasingly, we **maintained market-leading positions** in most of our Culinary categories
- The **new value products launched** in Nola mayonnaise and Yum Yum peanut butter have been well received by cost conscious consumers and have **exceeded our growth expectations**
- In addition, a strong innovation pipeline of new products and product extensions is being built and piloted, with **further exciting launches planned in the near term**

MARKET SHARE (VOLUME)	12mm June 2021	12mm June 2022
	42.4%	42.8%
	26.3%	30.0%
	49.6%	50.9%

Source: IRI



\* Ouma Rusks relates to mainstream rusks only



## RCL FOODS VALUE-ADDED BUSINESS: GROCERIES

### Grocery: Pet Food

Our **Pet Food brands outperformed the market**, which has continued to feel the pressure of reduced consumer spending

**Branded volumes grew by 5.3%** despite a price increase implemented to counter cost pressure arising from higher maize prices

We celebrated **all-time-high market shares in Feline Cuisine, Canine Cuisine and Bobtail** in the supermarket channel, where our newly-launched weight management offerings have been well received

**Ultra Pet delivered double-digit growth** in the vet channel and **Optimizor continued to power ahead** in co-ops and pet shops

**Exciting innovation planned for the category** will support future growth

MARKET SHARE (VOLUME)	12mm June 2021	12mm June 2022
<b>Bobtail</b>	34.3%	35.1%
<b>CANINE CUISINE</b>	36.1%	37.8%
<b>FELINE CUISINE</b>	16.9%	21.2%
<b>catmor</b>	69.3%	69.0%

Source: IRI





## RCL FOODS VALUE-ADDED BUSINESS: GROCERIES

### Pies

- Strong volume growth** driven by innovation and successful activation plans resulted in the Piesman's brand holding its market-leading position
- Despite the upward volume trend, **margins have come under pressure** due to raw material price increases and operational challenges
- Operating efficiencies and **cost reduction initiatives will remain an area of focus**



### Beverages

- Improved performance from a cost perspective**, aided by efficiencies arising from site consolidation as well as shelf-life extension initiatives which is driving lower returns
- The benefit of the reduced cost platform is, however, being offset by **softer demand** as the category continues to decline
- To boost volumes, a **new Vitamin C-rich variant** of Number 1 Mageu was **launched in February 2022** to cater for health-conscious consumers
- In addition, a number of **projects have been earmarked to further step change performance**







## RCL FOODS VALUE-ADDED BUSINESS: BAKING

### STRONG VOLUME GROWTH ALTHOUGH MARGINS UNDER PRESSURE

#### BAKING

JUNE  
2022JUNE  
2021

% VAR

REVENUE	6 214.5	5 849.0	6.2
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EBITDA	487.9	520.6	(6.3)
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EBITDA margin %	7.9	8.9	(1.0 pts)
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#### Underlying adjustments:

COVID-19	6.6	9.3	
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UNDERLYING EBITDA	494.5	529.9	(6.7)
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Underlying EBITDA margin %	8.0	9.1	(1.1pts)
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#### Headlines

- **Strong volume growth drove higher revenue** in Bread, Buns and Rolls and Speciality
- **Margins, however, came under pressure** in the second half of the financial year, driven by rising wheat and fuel costs
- The Milling operating unit is starting to benefit from **cost reduction initiatives and improved efficiencies**



## RCL FOODS VALUE-ADDED BUSINESS: BAKING

### Bread, Buns and Rolls

The business is positioning itself for longer-term growth in Bread Buns & Rolls and has just **commissioned its newly expanded bread line in Polokwane** to increase capacity

In addition, a strategic new depot rollout programme, together with an effective promotional campaign has already resulted in **strong Sunbake volume growth**

**Sunbake outperformed major competitors** to gain a pleasing increase in market share this year

**Margin pressure arising from high input costs** has, however, necessitated a price increase in the second half of the financial year

In addition to the Polokwane investment, the **acquisition of Sunshine Bakeries** will enable us to further expand the capability of our established Baking business unit into the KwaZulu-Natal region





## RCL FOODS VALUE-ADDED BUSINESS: BAKING

### Milling

**Improved operational performance** in Milling was offset by **lower volumes** and **margin pressure**

The business is **focused on protecting margins** in a high commodity inflation environment however recovering the oncost associated with high wheat and maize prices has been a challenge

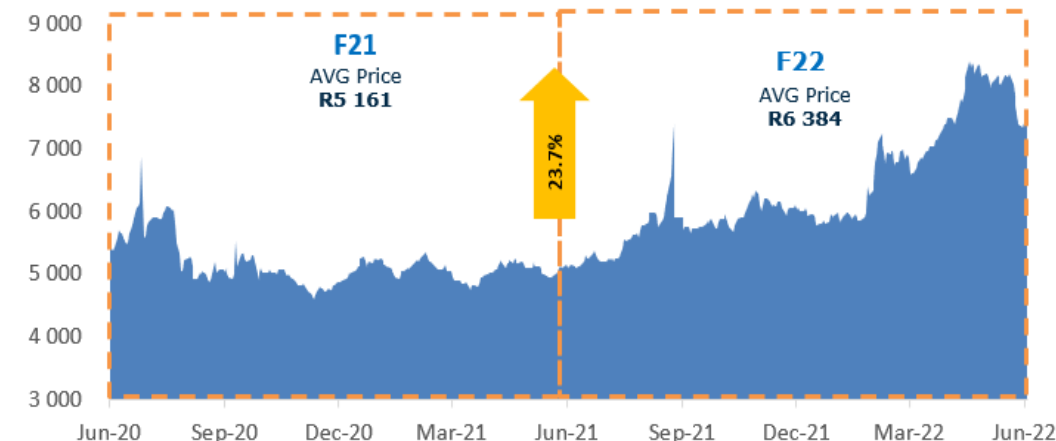
The **new Enterprise Resource Planning (ERP) system**, which **went live** recently, will drive further operational efficiencies

### Speciality

Despite lapping **higher COVID-19 driven demand** in the prior year, Speciality delivered a strong final quarter and a pleasing result, supported by a shift in product mix coupled with plant efficiencies

The recent **consolidation of its two cake facilities** into one dedicated plant in Centurion will drive further efficiencies going forward

### SAFEX WHEAT PRICE (R/Ton)





## RCL FOODS VALUE-ADDED BUSINESS: SUGAR

### CONTINUED STRONG PERFORMANCE IN SUGAR

SUGAR	JUNE 2022	JUNE 2021	% VAR
REVENUE	9 001.3	8 397.7	7.2
EBITDA	817.0	900.4	(9.3)
EBITDA margin %	9.1	10.7	(1.6 pts)
<b>Underlying adjustments:</b>			
Net CGU impairments (Reversal of ECL)	(57.4)		
Komati fire	25.4		
COVID-19	4.6	7.2	
<b>UNDERLYING EBITDA</b>	<b>789.6</b>	<b>907.5</b>	<b>(13.0)</b>
Underlying EBITDA margin %	8.8	10.8	(2.0pts)

#### Headlines

- Sugar produced another **excellent EBITDA performance**, which albeit down on the record prior year, represents **the second highest profit made by the business since inception**
- The result was underpinned by **sound cost control, improved operations, high international sugar prices, favourable local industry factors** and **stable local demand**





## RCL FOODS VALUE-ADDED BUSINESS: SUGAR

### Sugar

Operations successfully **crushed their full 2022 season cane crop** and delivered **improved mill recoveries and efficiencies**

**Improvement in cane quality and yields** post aphid infestation and heatwaves in the first half of the financial year

**Increased local sales** driven by stable market demand, supported by the Sugar Industry Master Plan, and competitors struggling with crystal availability

A **27% increase in the average international sugar price** has also improved export earnings over the period

Whilst the **fire at the Komatipoort site** in October 2021 caused significant damage to the raw sugar warehouse, supply chain disruption was minimised. Insurance proceeds will fully cover the rebuild costs in the 2023 financial year.



### NO.11 WORLD SUGAR PRICE (RAW SUGAR)





## RCL FOODS VALUE-ADDED BUSINESS: SUGAR

### Molatek

Molatek delivered a **pleasing revenue performance**, with the business successfully pivoting towards selling higher-value bagged products

**Escalating raw material costs** remain a challenge with the business carefully managing price increases

More recently, temporary **declines in raw material availability** following a late start to the season and coal shortages has presented a challenge which has heightened focus on improved efficiencies to offset the impact of lower volumes







**MARTHINUS  
STANDER**

RAINBOW  
MANAGING DIRECTOR





## RAINBOW'S TURNAROUND STRATEGY: FOCUS and BASICS over past year and a half

**DELIVER A SUSTAINABLE EBIT MARGIN AND BE THE NUMBER ONE INTEGRATED CHICKEN COMPANY IN SOUTH AFRICA FOR BOTH ITS CUSTOMERS AND CONSUMERS**

1

### Short Term

Back to Basics  
&  
Set Up for  
Success

2

### Medium Term

Implement a  
fit-for-purpose  
competitive,  
sustainable,  
and profitable  
standalone  
business

3

### Medium+ Term

Invest for  
Growth



## PROGRESS

### NOTABLE PROGRESS MADE DURING THE YEAR

- Good progress on the turnaround strategy, with the focus in the last year being on establishing the team, halting loss-making trends and laying the foundations for the future
- Improved focus and efficiencies from the decentralised operating model is yielding great results
- The new Breed is performing well , the full benefit of which is expected to flow through in the 2024 financial year
- While much work remains to be done, the business has steadied itself and is starting to consolidate in preparation for Growth
- The business has committed R220 million to reinstate the second shift at the Hammarsdale P2 processing facility to increase fresh and value-added volumes to meet growing regional demand
- Additional broiler volumes will largely be procured from emerging black contract growers, which will create jobs and significant opportunities for the surrounding communities



## RAINBOW (PREVIOUSLY "CHICKEN DIVISION")

### GOOD PROGRESS MADE ON THE TURNAROUND STRATEGY DESPITE SIGNIFICANT HEADWINDS DURING THE YEAR

#### RAINBOW

	JUNE 2022	JUNE 2021*	% VAR
<b>REVENUE</b>	11 384.8	10 335.9	10.1
EBITDA	347.1	17.5	NM
EBITDA margin** %	3.0	0.2	2.8ppts
<b>Underlying adjustments:</b>			
COVID-19	1.5	93.6	
<b>UNDERLYING EBITDA</b>	<b>348.6</b>	<b>111.1</b>	<b>214.0</b>
Underlying EBITDA margin** %	3.1	1.1	2.0ppts

#### Headlines

- Improvement in results driven by increased pricing and sales mix, agricultural results, which partially countered excessive commodity input cost increases








## RAINBOW

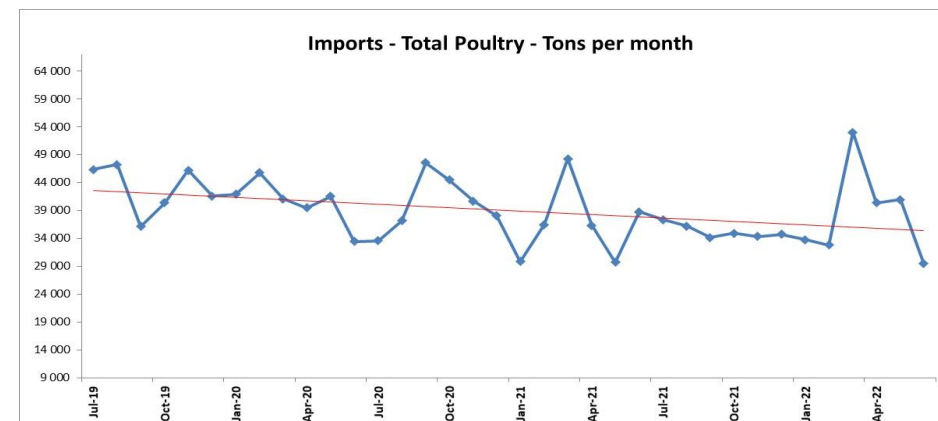
### Chicken

- Sales favourably impacted by buoyant Quick Service Restaurant (QSR) volumes and favourable pricing in the Retail Wholesale (RWS) category
- Simply Chicken Chilled Processed Meats continues to outperform the market with double-digit growth
- Significant cost increases due to relentless commodity pricing pressure as well as above inflationary increases on other input costs
- Realigned focus yielded significantly improved agricultural results with the full benefit expected with the new breed in the 2024 financial year
- Impacts of load shedding continue to hamper operations and drive up costs
- The decision by the DTIC to suspend the implementation of definitive anti-dumping duties for a period of 12 months is disappointing

MARKET SHARE (VOLUME)	12mm Jun 2021	12mm Jun 2022
	10.1%	13.6%
	20.9%	25.9%
	32.2%	26.1%

Source: Aztec

### IMPORTS TOTAL POULTRY (Tons per month)







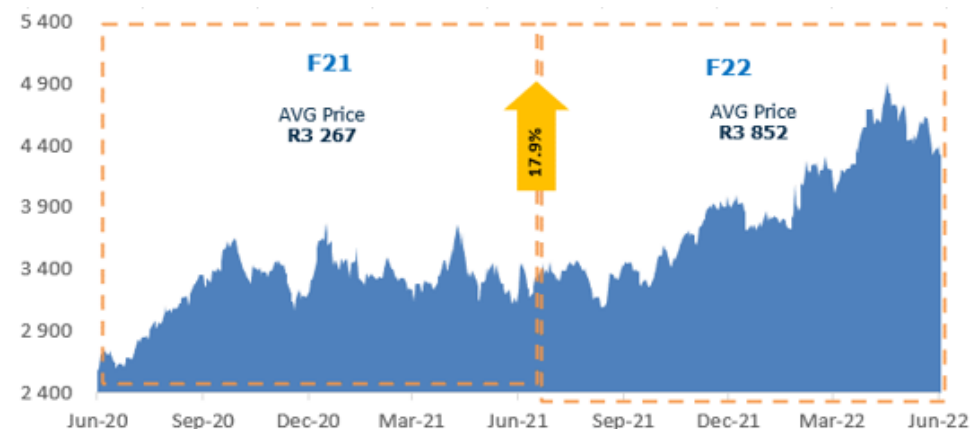
## RAINBOW

### Epol

- Record raw material costs placed margins under pressure
- To mitigate some of the raw material cost increase, considerable effort was invested in diet formulation and optimisation for both internal and external customers
- The external market was exceptionally competitive and both margins and volumes came under pressure
- Loadshedding materially disrupted operations and drove significant additional cost
- Capital investments were focused on increasing efficiency and creating additional capacity to service selected markets.



#### SAFEX YELLOW MAIZE PRICE (R/Ton)



#### CME SOYA PRICE (\$/Ton)





**CHRIS  
CREED**

VECTOR LOGISTICS  
MANAGING DIRECTOR

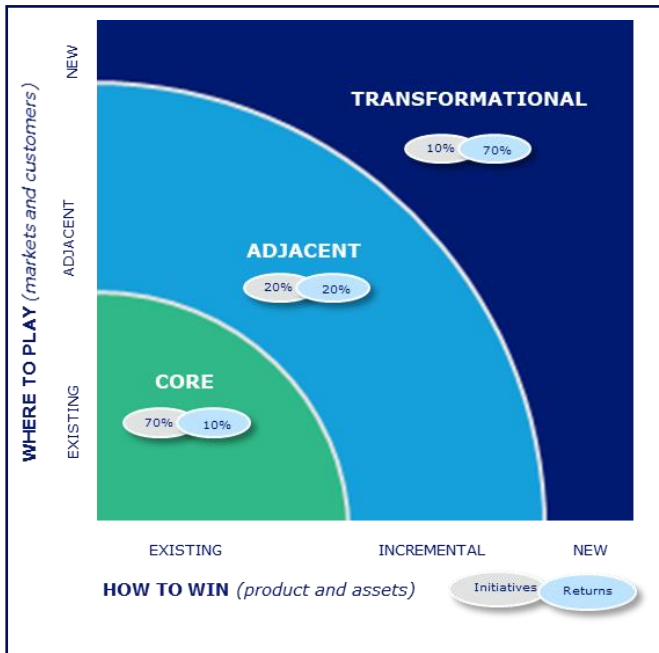


## VECTOR LOGISTICS – GOING BEYOND

**Vector's 5 Year Strategy** - Driven by revenue growth, underpinned by 3 strategic pillars of Core, Adjacent and Transformational

**Revenue growth is key**

Achieved by optimizing our core business, whilst simultaneously developing a portfolio of adjacent and transformational business opportunities.



### CORE



**Optimise and grow** our Sales and Supply Chain service capabilities for existing and new customers.

### ADJACENT



**Expand business by leveraging** current services into adjacent channels and markets, whilst creating new services for existing customers.

### TRANSFORMATIONAL



**Develop exponential growth opportunities**, enabled through innovation, inhouse development and acquisition.





## VECTOR LOGISTICS

### A PLEASING PERFORMANCE DRIVEN BY VOLUME RECOVERY AND NETWORK INTEGRATION PROGRESS

#### VECTOR LOGISTICS

JUNE  
2022JUNE  
2021

% VAR

REVENUE	3 691.9	3 153.6	17.1
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EBITDA	334.7	282.9	18.3
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EBITDA margin %	9.1	9.0	0.1ppts
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#### Underlying adjustments:

COVID-19	2.3	6.7	
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UNDERLYING EBITDA	337.0	289.6	16.4
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Underlying EBITDA margin %	9.1	9.2	(0.1ppts)
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#### Headlines

- **Pleasing revenue growth** driven by volume recovery in food service , growth in retail and L&A consolidation, partially **offset by the July unrest and April floods in KZN.**
- **Above inflationary pressure on costs** driven by fuel have been offset by cost synergies from the first phases of the ICL network integration.
- **Final phase of the ICL network integration** into the Vector network has been substantially completed, realising further cost and scale benefits into the future.
- **Continued focus on sustainability** delivers promising results
- **Empty trips** our digital freight matching platform **launched to the external market in March 2022**



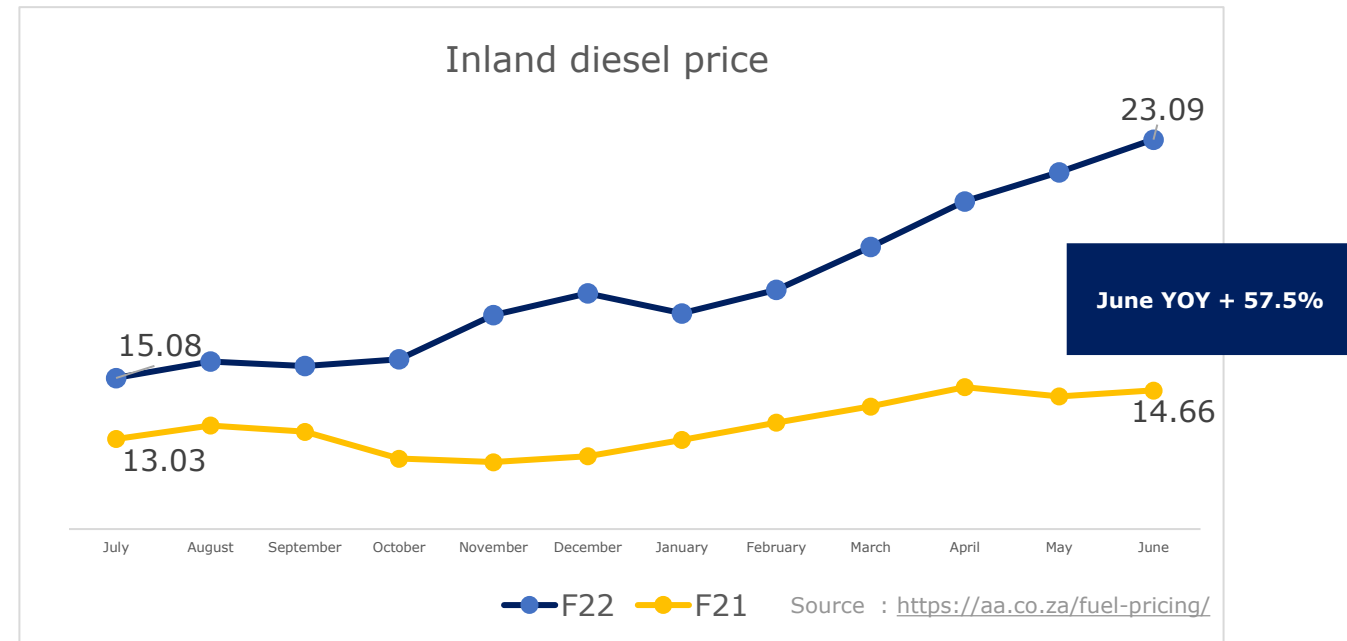


## VECTOR LOGISTICS

**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

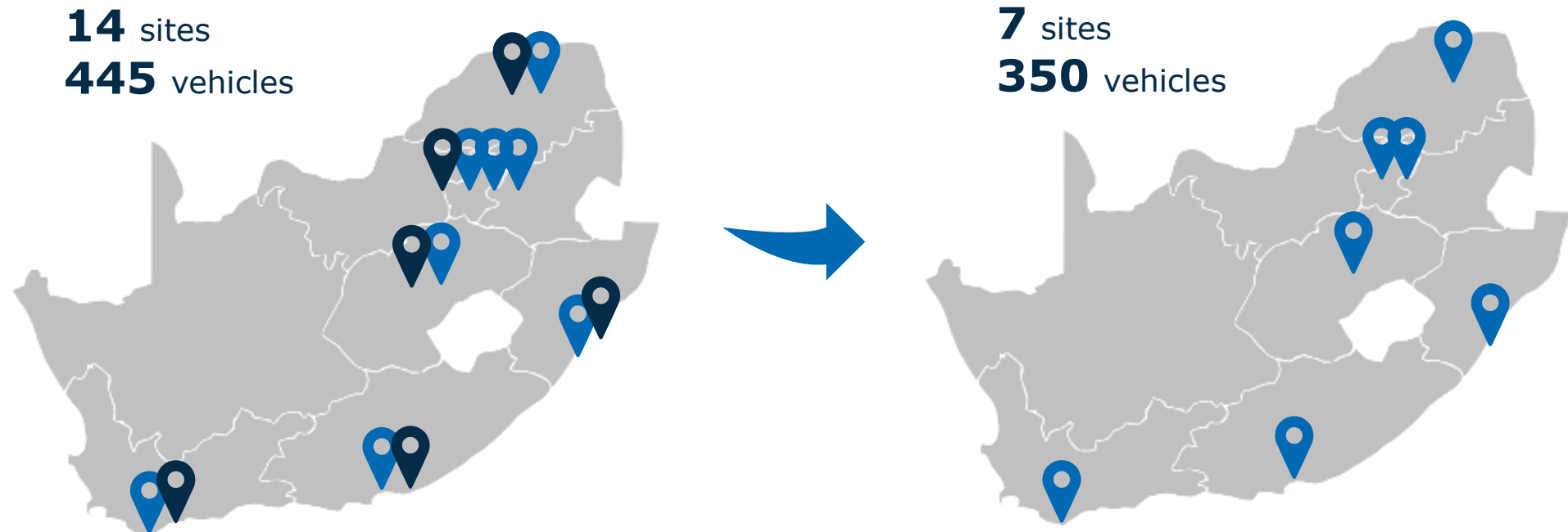
**Above inflationary pressure on costs**, driven by fuel price, have been offset by cost synergies from the first phases of the ICL network integration.





## VECTOR LOGISTICS – GOING BEYOND

- **Capacity** builds are now complete and expected to realise cost savings into the future.
- The **final synergised network** will continue to unlock synergies of scale, reduce the cost base and set a platform for growth.





## VECTOR LOGISTICS – GOING BEYOND

Focus on sustainability has driven good results through targeted **projects across the network.**

- Solar panels deliver energy savings ahead of expectation
- Successfully concluded solar powered vehicle refrigeration trial
- Biodiesel conversions trial underway to deliver 30% less carbon emissions
- Atmospheric water generation trial commenced in May 2022
- 24% less electricity consumption through network consolidations and 8% less water consumption





## VECTOR LOGISTICS – GOING BEYOND

The **Empty Trips digital freight matching platform** has been rolled out to internal and external customers to create a smarter, more sustainable logistics marketplace. Whilst still in early stages, we are excited about the prospects of this business.



**Smart ► Digital ► Logistics**

visionary thinking and our relentless commitment to a more sustainable future







**PAUL  
CRUICKSHANK**  
CHIEF EXECUTIVE OFFICER





## PROSPECTS

**High commodity costs expected to continue** creating a volume risk as consumers struggle to make ends meet

**Groceries expected to remain resilient** through the delivery of our strong innovation pipeline and margin management

**Sugar outlook bodes well** as demand remains robust, improved agricultural performance and higher rainfall

**Rainbow turnaround plan will continue** amidst the high level commodity prices and delay in implementation of definitive anti-dumping duties

**Vector Logistics' expectation is positive**, enabled by improved efficiencies and leveraging Empty Trips

**RCL FOODS Group remain committed to our strategic transformation journey**, will continue the managed separation process responsibly while driving growth in our value-added component





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