

MEDIA RELEASE

RCL FOODS DELIVERS A PLEASING HALF-YEAR PERFORMANCE

KEY HEADLINES

- Strong market shares maintained across the portfolio
- Focus on continuous-improvement and net-revenue-management initiatives yielding tangible benefits
- Improved margins in Groceries and Baking
- Sugar maintained its positive momentum
- Subdued volume performance as consumers remain cash-constrained
- R1,5 billion term debt package successfully refinanced

FINANCIAL SUMMARY – CONTINUING OPERATIONS

	December 2024	% change
Revenue	R13,6 billion	up 5.4%
EBITDA	R1 549,8 million	up 25.1%
Underlying** EBITDA	R1 388,0 million	up 20.5%
Headline earnings	R 975,7 million	up 39.2%
Headline earnings per share (HEPS)	109.4 cents	up 38.8%
Underlying** headline earnings	R 890,1million	up 29.2%
Underlying** headline earnings per share	99.8 cents	up 28.9%
Total dividend per share	20.0 cents (December 2023: nil)	

* Continuing operations relate to the remaining RCL FOODS business, comprising the Groceries, Baking, Sugar and Group (shared services) segments, post the Rainbow unbundling effected on 1 July 2024 and disposal of Vector Logistics in the 2024 financial year.

** The underlying view of the results excludes material once-offs and accounting adjustments. Underlying results constitute pro-forma financial information in terms of the JSE Listings Requirements.

Westville, 3 March 2025: RCL FOODS has delivered a pleasing half-year performance by diligently managing factors under its control. Earnings before interest, taxes, depreciation, amortisation and impairments (EBITDA) increased by 25.1% to R1 549,8 million (December 2023: R1 238,7 million), largely driven by Baking (up R194,5 million) and Groceries (up R88,4 million). The Board of directors have resolved to declare an interim cash dividend of 20.0 cents per share (December 2023: nil).

This was achieved in the context of a South African food market that remains relatively subdued. Positive movements in macroeconomic factors, including cooling inflation, interest rate reductions, and the institution of the two-pot retirement system, have yet to appreciably improve consumer food demand. In

response, RCL FOODS has focused on driving profitable growth by innovating, managing costs and restoring margins.

"We are mindful of the difficulties faced by consumers and our responsibilities in terms of creating long-term stakeholder value in this subdued economic environment. Our committed focus on managing costs, alongside the absence of load-shedding and some welcome price relief in certain commodities, have allowed us to judiciously manage price increases and provide some welcome relief to cash-strapped consumers. Our market shares largely remain healthy, and are a pleasing sign of not only our continued relevance in the market, but also of the validity of our strategic and management focus," said RCL FOODS' Chief Executive Officer, Paul Cruickshank.

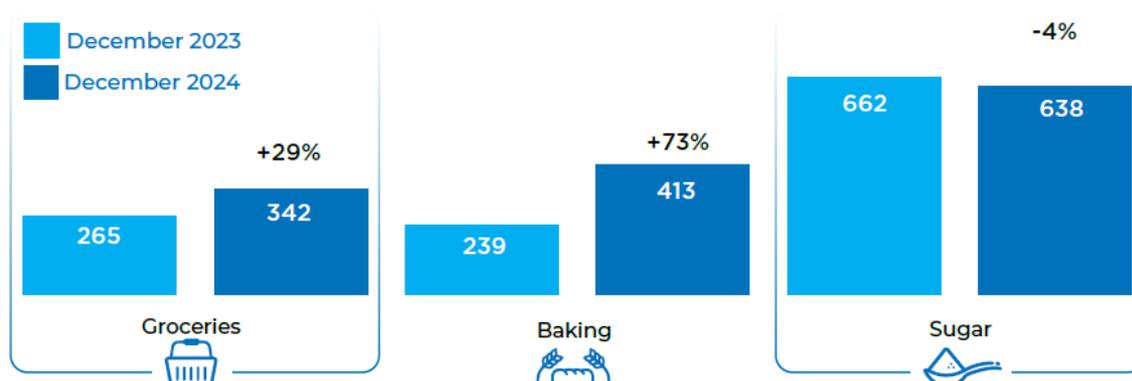
RCL FOODS' debt package, which expired in December 2024, was successfully refinanced at lower interest margins, a positive indicator of the financial market's continued appetite and willingness to partner with RCL FOODS and its view of the business' lower risk profile.

STRATEGIC PORTFOLIO REVIEW

RCL FOODS has made significant progress in repositioning its portfolio, with both the disposal of Vector Logistics and the unbundling of Rainbow now successfully concluded. The culmination of these transactions means that RCL FOODS can now concentrate exclusively on "Growing what Matters" in a future-fit, branded business that aims to deliver sustainable earnings and consistent, long-term value to all stakeholders while continuing to pursue growth opportunities to scale up and bolster the portfolio.

OPERATIONAL REVIEW – CONTINUING OPERATIONS*

UNDERLYING** EBITDA (Rm) & GROWTH (%) PER BUSINESS UNIT (CONTINUING OPERATIONS) FOR THE SIX MONTHS ENDED



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** The underlying view of the results excludes material once-offs and accounting adjustments. Underlying results constitute pro-forma financial information in terms of the JSE Listings Requirements.

RCL FOODS' revenue increased 5.4% to R13,6 billion (December 2023: R12,9 billion). In contrast, EBITDA increased by 25.1% or R311,1 million to R1 549,8 million (December 2023: R1 238,7 million). An intense focus on cost savings and improved production efficiencies yielded benefits throughout the operations.

The **Groceries business unit** delivered an improved result driven by a favourable product mix in pet food with more focus placed on premium brands, improved margins resulting from lower raw-material input costs, savings initiatives, production efficiencies and reduced load-shedding. Profitability in Culinary improved by investing in improving brand equity, defending market leadership and maintaining a strong margin although volumes declined. Despite lower volumes, the Beverage business also delivered an improved result, largely driven by cost savings and a shift in the sales mix.

The **Baking business unit** delivered an improved performance, despite muted volumes in most categories. The Bread, Buns and Rolls operating unit continues to face a highly competitive market but generated an encouraging improvement. Pies volumes experienced continued pressure, but managed to deliver improved profitability, while Speciality and Milling achieved excellent results.

The **Sugar business unit** delivered another strong result after two consecutive years of record financial performance. Despite lower world market pricing and increased sugar imports, RCL FOODS benefited from a higher share of the local industry through our bigger RCL FOODS Sugar crop and a drop in KwaZulu-Natal's coastal crop. Production costs were well contained. Milling performance improved with higher sugar production and packaging throughput, while the rebuilt Komati warehouse has contributed to operational efficiencies.

During the current period, RCL FOODS successfully recovered R72,3 million of the R234,4 million special industry levy charged to RCL FOODS in the 2023 financial year. This partial recovery was facilitated through the South African Sugar Association (SASA). RCL Foods continues to actively participate in defending the Tongaat appeal to ensure that SASA and RCL FOODS are paid the balance of monies due.

PROSPECTS

While demand remains soft across most categories, improving macroeconomic factors should translate into stronger demand. GDP growth is expected to increase marginally in 2025 and should support a gradual recovery in consumer spending and associated volume growth.

It is, however, likely that the consumer will remain under pressure for a period, and tough trading conditions are expected to continue in the short to medium

term. RCL FOODS will continue to execute growth plans while enhancing margins to offset the impact of any shortfall in volumes. Continuing to execute energy and water mitigation strategies is also a key focus area for the remainder of the financial year to ensure we remain future fit.

Sugar's continued strong performance provides grounds for optimism but may be offset by lower international prices and increasing imports due to inadequate import protection.

"We are deeply aware that our responsibilities are broader than shareholder return, and include consumer well-being, societal impact and environmental stewardship. These important aspects are integral to our business strategy, ensuring RCL FOODS' long-term relevance and resilience. We remain committed to our strategy and believe we will continue to successfully deliver on it by living out our Purpose: "WE GROW WHAT MATTERS". With a heightened emphasis on brilliant basics, the acceleration of margin-enhancement initiatives and a clear growth strategy, we believe we are well positioned for a continued strong performance in the remainder of the 2025 financial year," concluded Cruickshank.

Ends.

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ABOUT RCL FOODS

RCL FOODS is a deeply-rooted South African food manufacturer that produces some of the country's most-loved brands: Yum Yum peanut butter, Nola mayonnaise, Ouma rusks, Pieman's pies, Number 1 mageu, Sunbake & Sunshine breads, Supreme flour, Selati sugar, Bobtail and Canine Cuisine dog food, Catmor and Feline Cuisine cat food, and Molatek animal feed, to name a few. It also produces a wide range of speciality and private label products.

With its National Office in Westville, Durban, the business employs 10 000 people across 8 provinces in its Groceries, Baking and Sugar operations. At the heart of its culture and strategy is its Purpose – **WE GROW WHAT MATTERS** – which encapsulates its belief in collectively doing *that little more* to create a positive impact that matters.

Visit our website at: www.rcffoods.com