

Rhodes Food Group Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 2012/074392/06
JSE share code: RFG
ISIN: ZAE000191979
("the group")

TRADING UPDATE AND TRADING STATEMENT FOR THE TEN MONTHS ENDED JULY 2017

Group turnover for the ten months ended July 2017 ("the period") increased by 9.9% over the prior period.

REGIONAL

The group has maintained strong growth momentum in its regional segment (South Africa and the rest of Africa). Regional turnover increased by 21.1%, with organic growth of 13.9%, while also benefiting from the acquisitions of Pakco and Ma Baker which have been consolidated for four months in this period. The integration programme for both businesses is progressing well and is delivering the projected early-stage cost savings and synergy benefits. Trading conditions domestically and in other African markets have remained challenging in recent months.

INTERNATIONAL

The group's international business continues to be adversely impacted by the strengthening of the Rand which gained 11.8% against the group's basket of trading currencies over this period.

While export volumes of canned fruits have partially recovered in the second half of the year, sales of industrial products have remained slow mainly due to continued pressure on pricing and a reduction in demand for pulp and puree products.

International turnover for the ten months declined by 21.9% over the prior period. In the six months to March 2017 the group reported a 20.7% decline in international sales.

Shareholders will note that while the operating margin of the international business benefited from the group's foreign exchange hedging policy in the first half of the financial year, this will have a significantly reduced benefit to the operating margin in the second half.

Management expects trading across the regional and international businesses to continue at similar levels for the last two months of the financial year.

Shareholders will be updated on the group's trading performance for the financial year during October 2017.

TRADING STATEMENT

Shareholders are advised that the performance of the international business has had a significant adverse effect on the group's profitability. Management expects headline earnings for the current financial year to decline by between 17% and 27% over the restated headline earnings of R293.1 million for the prior financial year.

The weighted average number of shares in issue has increased by 24.7 million or 11.2% over the prior financial year following the issue of shares for the capital raise undertaken by the group in November 2016 and the acquisition of Pakco effective March 2017.

	Year ended 25 Sept 2016 Reported*	Year ending 1 Oct 2017 Expected range	
Headline earnings	R293.1m	17% - 27% lower	R214.0m – R243.3m
Earnings per share (EPS)**	132.1c	25% - 35% lower	85.9c – 99.1c
Headline earnings per share (HEPS)**	133.3c	25% - 35% lower	86.6c – 100.0c
Diluted HEPS**	128.0c	25% - 35% lower	83.2c – 96.0c

* IFRS restatement from figures reported in prior financial year

** Impacted by the increase in the weighted average number of shares in issue

The financial information in this announcement has not been reviewed and reported on by the group's independent external auditors.

The group's financial results for the year ending 1 October 2017 will be released on the Stock Exchange News Service of the JSE on 21 November 2017.

Groot Drakenstein
5 September 2017

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)