

Clover Industries Limited
(Incorporated in the Republic of South Africa)
(Registration number 2003/030429/06)
Share code: CLR ISIN No: ZAE000152377
NSX Ordinary Share code: CLN
("Clover" or "the Company")

UPDATED TRADING STATEMENT

Shareholders are referred to the trading statement released on the Stock Exchange News Service ("SENS") on 29 May 2017, whereby shareholders were advised that:

- Headline earnings per share ("HEPS") is expected to be between 50.0% and 65.0% lower than that reported for the year ended 30 June 2016 ("the previous corresponding period"). Accordingly, HEPS is expected to be between 66.12 and 94.42 cents compared to 188.9 cents reported for the previous corresponding period; and
- Earnings per share ("EPS") is expected to be between 40.0% and 55.0% lower than that reported in the previous corresponding period. Accordingly, EPS is expected to be between 83.58 and 111.56 cents compared to 185.9 cents reported for the previous corresponding period.

In terms of the Listings Requirements of the JSE Limited, if after publication of a trading statement but before publication of the relevant periodic financial results, an issuer becomes reasonably certain that its previously published number, percentage or range in the trading statement is no longer correct, then the issuer must publish another trading statement providing the revised number, percentage or range in accordance with paragraph 3.4(b).

The Company is finalising the approval and release of its financial results for the year ended 30 June 2017 ("financial results"), and given the "new normal" constrained economic environment that impacted heavily on the financial results, shareholders are hereby advised that:

- HEPS is expected to be between 65.0% and 67.0% (62.4 and 66.1 cents) lower than the HEPS of 188.9 cents reported for the previous corresponding period. and
- EPS is expected to be between 54.0% and 56.0% (81.8 and 85.5 cents) lower than the EPS of 185.9 cents reported in the previous corresponding period.

Clover needed to contend with many complex challenges during the current period, and the major disruptors have been the prolonged drought and rand volatility that resulted in above inflation input costs which could not be recovered through revenue increases as consumer sentiment remains subdued. Clover's price increases during

April 2016 and a comparatively wetter and cooler summer negatively impacted sales volumes overall, except for the new yoghurt and custard categories.

While Clover's brands did not trade in line with volume expectations, the results were further negatively impacted by a decrease in services rendered income. The liquidation of a recently signed principal and the constrained economic environment contributed to the muted principal revenue.

Stagnant and falling selling prices and rising input costs is forcing Clover to make difficult decisions to sustain short-term operations, while still aligning these decisions with long-term growth objectives.

While the after effects of the prolonged drought will be felt for some time, a gradual recovery in milk and fruit production volumes is expected. The once off restructuring costs and the impact of the drought are seen as non-recurring anomalies, and given the recent improvement in the economy and strengthening of the rand, management is optimistic for a reduction in input cost inflation.

Despite the challenging economic and operating environment, management is optimistic about the company's future and is confident that the actions taken to date should benefit the business in the longer term. These actions are already evident by the general improvement of market shares in the last three months of the financial year.

The forecast financial information on which this trading statement is based has not been reviewed and reported on by the Company's external auditors.

The Company expects to release its annual financial results for the year ended 30 June 2017 on SENS on or about 12 September 2017.

Johannesburg
7 September 2017

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

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