

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

TRADING UPDATE FOR THE FIVE MONTHS ENDED FEBRUARY 2019

Group turnover for the five month period ended 28 February 2019 ("the period") increased by 8.0%.

Regional segment

Despite the continued challenging trading environment, turnover in the group's regional segment (South Africa and the rest of Africa) for the period increased by 8.2%.

Regional long life revenue grew by 12.7% with volume growth of 10.2%. The main growth drivers were fruit juices, dry foods and the meat category which showed an encouraging recovery.

The group's brands have gained or maintained market share across core product categories.

Fresh foods sales increased by 1.4% with volumes unchanged on the prior period. Ready meals and the pie category have both proven to be resilient in the current consumer slowdown. The turnaround in Ma Baker, the KwaZulu-Natal based pie producer, has continued and the business has contributed positively for the five-month period.

Margins in the regional segment have been diluted by the impact of low selling price inflation, higher depreciation charges and substantial once-off costs relating to the relocation of the pulps and purees plant from Wellington to Groot Drakenstein, and the associated interruption in production.

The R30 million acquisition of RCL Foods Consumer Proprietary Limited's protein snack business, which was announced to shareholders in November 2018, has been completed. The business produces protein snack foods for Woolworths and is being integrated into RFG's Western Cape ready meals operation during March.

International segment

International turnover increased by 6.7% for the period, with volume growth of 4.5%.

The international margin has continued to improve, with the segment benefiting from the 7.3% weakening in the value of the Rand against the group's major trading currencies over this five-month period. However, profitability has been affected by the impact of the drought in the Western Cape on the costs and quality of canned deciduous fruit products manufactured in the prior financial year. This resulted in canned fruit, mainly peaches, being sold at low prices on international markets which has had a material impact on profitability.

Unrealised gains on the mark-to-market revaluation on forward exchange contracts were approximately R8 million lower compared to the corresponding period in 2018.

Interest payments

Interest payments, which relate mainly to the funding of the Ma Baker acquisition and the group's capital investment programme, exceeded those of the prior period by approximately R6 million.

The financial information on which this voluntary trading update is based has not been audited, reviewed or reported on by the group's independent external auditors.

The group's interim financial results for the six months ending 31 March 2019 will be released on the Stock Exchange News Service of the JSE on or about 21 May 2019.

Groot Drakenstein
27 March 2019

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)