

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

SUMMARISED CONSOLIDATED RESULTS FOR THE YEAR ENDED  
2 OCTOBER 2022 AND CASH DIVIDEND DECLARATION

SHORT-FORM ANNOUNCEMENT

KEY FEATURES

- Group revenue increased 21.9% to R7.3 billion
- Regional revenue increased 13.5%
- International revenue increased 57.4%
- Operating profit increased 54.1% to R574 million
- Group operating margin increased 160 bps to 7.9%
- Headline earnings increased 56.9% to R361 million
- Diluted headline earnings per share increased 57.3% to 137.3 cents
- Dividend increased 57.4% to 45.8 cents per share
- Net debt-to-equity ratio improved from 39.4% to 36.2%

COMMENTARY

Trading and financial performance

Group revenue increased by 21.9% to R7.3 billion in the 53 weeks to 2 October 2022 (2021: 52 weeks). Growth was driven by the recovery in the international business with strong demand for canned fruit and fruit puree products and a resilient regional performance in the constrained consumer spending environment. The Today pie business generated revenue of R147.2 million for the eight months since acquisition and accounted for 2.5% of group revenue growth.

Revenue in the regional segment (South Africa and the rest of Africa) increased by 13.5% with acquisitive growth of 3.1%, volume growth of 2.5% and price inflation and mix changes contributing 7.9% to the increase in revenue for the year.

Regional fresh foods revenue increased by 19.9% with acquisitive growth of 8.4%. Price increases and mix changes accounted for organic revenue growth of 11.5% while volumes were in line with the prior year. Ready meals achieved good volume growth and proved resilient in the weak consumer spending environment, with pie volumes continuing to recover.

Regional long life revenue grew by 9.9% with volumes 4.0% higher. Fruit juice was the main revenue driver but this was partially negated by a decline in canned meat and vegetable volumes. Long life food sales into the rest of Africa grew by 14.5%, supported by fruit juice, canned meat and dry foods sales.

International revenue grew by 57.4% due to strong demand, with export volumes increasing by 18.3%. The group increased production volumes to meet the higher market demand arising from the failure of last year's peach crop in Greece, the world's largest exporter of canned peaches.

International revenue also benefited from the 7.1% weakening in the Rand against the basket of trading currencies which boosted revenue by R118.3 million.

The group's operating profit increased by 54.1% to R574.4 million with the operating profit margin expanding by 160 basis points to 7.9%.

The performance was impacted by once-off costs of R25.7 million relating to the acquisition of the Today pie business while the group received an insurance settlement of R43.4 million for loss of profits during the Covid-19 lockdown, reflected in other income.

Regional operating profit declined by 21.6% to R323.4 million as the operating margin reduced from 8.6% to 5.9%. Operating profit in ready meals, fruit juice, dry foods as well as pulps and purees increased as a result of stronger sales growth and improved operating profit margins. However, this was offset by pressure on operating margins due to delays in recovering higher input costs in the meat, vegetables and pie categories. The most significant inflationary pressure came from cans, meat, fats and oils.

The operating profit for the international segment increased by R202.2 million from R6.9 million to R209.1 million as the operating margin recovered from 0.6% to 11.7%. The group secured good export pricing in trading currencies across the product portfolio and benefited from the market opportunity to increase volumes. The weakening of the Rand against the US dollar in the second half of the year also contributed to the improved operating profit.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 33.6% to R818.3 million, while the EBITDA margin strengthened by 100 basis points to 11.3%.

Headline earnings increased by 56.9% to R360.7 million. Earnings per share increased by 66.9% to 137.9 cents while headline earnings per share (HEPS) increased by 56.9% to 137.9 cents. Diluted headline earnings per share were 57.3% higher at 137.3 cents.

The group maintained its dividend policy of three times diluted HEPS cover and declared a dividend of 45.8 cents per share, an increase of 57.4% on the prior year.

Net working capital increased by 16.1% to R1 811 million largely due to the 13.9% increase in inventory. Inventory levels have normalised as expected from the peak at the half year due to increased levels of shipments to international markets.

Net cash flow generated from operations increased by 31.6% to R672.7 million owing mainly to improved profitability. The increased cash was utilised to fund a third provisional income tax payment for the year due to the inclusion of a 53rd trading week and the R38 million increase in capital expenditure. Net cash inflow from operating activities increased by 22.9% to R427.4 million.

The group's net debt, including lease liabilities, increased marginally to R1 098 million (2021: R1 084 million), with the net debt-to-equity ratio improving to 36.2% (2021: 39.4%).

Capital expenditure of R259.9 million included the completion of the new warehouse at the fruit juice plant, the integration of the Today pie business, equipment upgrades at the Eswatini and pie facilities and the ongoing development of the pineapple plantations in Eswatini.

The performance for the past year has ensured that the group made pleasing progress in delivering on its medium-term financial targets, with the revenue growth target being exceeded, the operating profit margin expanding by 160 basis points and the return on equity improving from 8.1% to 12.5%.

Outlook

In the year ahead the group aims to drive organic growth to expand brand shares while recovering volumes in canned meat, vegetables and pies. The significant inflationary input cost pressures experienced in the reporting period appear to be stabilising and the group is focusing on recovering increased costs from the market in the affected categories. Management's priority is to restore the regional operating profit margin which started to recover in the latter months of the

financial year and into the new year.

The momentum in the international business is expected to be maintained owing to the improvement in international pricing and ongoing strong demand for RFG's canned fruit products. The group continues to diversify its international sales and expand into new markets, including South America.

Canned fruit and fruit puree production volumes will normalise in the 2023 financial year after being accelerated in 2022 to take advantage of the lower Greek production output.

The volume of pineapple products to be exported from RFG's Eswatini facility will be increased following the development of new plantations over the past few years. Production is expected to reach full capacity by the 2024 financial year.

The group is expanding its renewable energy infrastructure to reduce the impact of loadshedding, with solar installations planned for a further three production sites in the new financial year. In addition, to mitigate the impact of related water supply interruptions the group is investing in increasing water storage capacity at certain facilities.

Management continues to evaluate opportunities for value-accretive bolt-on acquisitions aligned to the group's strategy and core product categories.

The group is focusing on improving free cash flow, specifically through strategic capital allocation and reducing net working capital levels. Capital expenditure of R250 million, including R50 million for expansion and replacement of pineapple plantations in Eswatini, is planned for the 2023 financial year.

Any reference to future performance included in this announcement has not been reviewed or reported on by the group's independent auditor.

#### CASH DIVIDEND DECLARATION

The board of directors has declared a gross cash dividend of 45.8 cents per share in respect of the year ended 2 October 2022 for holders of ordinary shares.

The dividend has been declared out of income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt, resulting in a net dividend to these shareholders of 36.64 cents.

Shareholders are advised of the following salient dates in respect of the dividend declaration:

Last day to trade to receive a dividend	Tuesday, 17 January 2023
Shares commence trading "ex" the dividend	Wednesday, 18 January 2023
Record date	Friday, 20 January 2023
Dividend payment to shareholders	Monday, 23 January 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 January 2023 and Friday, 20 January 2023, both days included.

The number of ordinary shares in issue at the date of declaration is 262 762 018.

The company's tax reference number is 9348/292/17/9.

Pieter Hanekom  
Chief Executive Officer

Tiaan Schoombie  
Chief Financial Officer

Groot Drakenstein  
23 November 2022

This short-form announcement has not been audited or reviewed by the group's external auditor. The summarised consolidated financial statements have been derived from the annual consolidated financial statements on which the group's independent auditor, Ernst & Young Inc., has expressed an unmodified audit opinion. The consolidated annual financial statements, which includes the auditor's report and the key audit matter, are available on the group's website at [www.rfg.com/app/uploads/2022/12/Annual-financial-statements-2022.pdf](http://www.rfg.com/app/uploads/2022/12/Annual-financial-statements-2022.pdf)

This announcement is the responsibility of the company's directors and is a summary of the detailed annual results announcement and does not contain full or complete details. The announcement can be downloaded from <https://senspdf.jse.co.za/documents/2022/jse/isse/RFG/Annual2022.pdf> and on the group's website at [www.rfg.com](http://www.rfg.com). The full announcement is available for inspection, at no charge, at the company's registered office (Pniel Road, Groot Drakenstein) and at the office of the sponsor (1 Merchant Place, corner Rivonia Road and Fredman Drive, Sandton) during office hours for a period of 30 calendar days following the date of this announcement. Any investment decision in relation to the company's shares should be based on the full announcement.

Directors: Dr YG Muthien\* (Chairperson), MR Bower\* (Lead Independent Director), WP Hanekom (Chief Executive Officer), BAS Henderson\*\*, TP Leeuw\*, S Maitisa\*, BN Njobe\*, CC Schoombie (Chief Financial Officer), CL Smart\*\*, GJH Willis\*\*  
\* Independent non-executive      \*\*Non-executive

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

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