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

TRADING UPDATE FOR THE FIVE MONTHS ENDED FEBRUARY 2024

RFG delivered a resilient performance for the five months ended February 2024 (“the period”) and increased revenue by 5.1%. This growth was achieved against the background of a weak domestic consumer environment where high inflation and interest rates persist while export shipments continue to be adversely affected by operating inefficiencies and congestion at the Cape Town port.

The revenue growth was driven by price inflation of 7.9% as the group continued to recover higher input costs.

Revenue (% change)	Total increase/ (decrease)	Price	Volume	Mix	Forex
Regional segment	6.7	10.8	(5.7)	1.6	-
International segment	(3.7)	(7.8)	(2.7)	0	6.8
Total group	5.1	7.9	(5.2)	1.3	1.1

Regional segment

Regional revenue increased by 6.7% with price inflation of 10.8%. Sales volumes remained under pressure due to constrained spending and increased competitor promotional activity, and declined by 5.7%, in line with that reported for the second half of the 2023 financial year.

Management maintained its intense focus on the price/volume balance to recover costs and sustain the operating margin in the weak trading environment.

After reporting good revenue growth for the first quarter of the financial year to December 2023, sales of long life foods in particular slowed in January and into February. The meat products category has sustained the turnaround reported in the previous financial year, with the vegetable and salads categories reporting an improved performance. The fruit juice and dry foods categories both delivered good growth.

In fresh foods, the pie category continued its recent volume growth momentum, with the ready meals category benefiting from the resilience of higher income consumers.

The group is experiencing cost pressure from high tinned can and paper packaging costs, while load shedding-related diesel costs have moderated and totalled R16.8 million for the period, relative to R32.0 million in the prior comparative period.

International segment

Revenue was 3.7% lower due to softer international pricing relative to the prior year as well as the decline in export volumes as a result of lower opening stock levels, compounded by the challenges at the Cape Town port. This was partially offset by the 7.8% depreciation in the Rand against the group's basket of trading currencies which contributed 6.8% to revenue growth.

Outlook

Management expects sales volumes in the regional business to benefit from the Easter long weekend holiday period moving into March this year while the holiday fell in April in 2023. Demand from international customers remains good and export shipments are dependent on overcoming the port challenges.

Despite the pressure on sales volumes, the group is focused on improving its operating margin by driving profitable growth, recovering costs, generating operational efficiencies and applying tight cost management. Margins are being supported by production efficiency gains from recent capital investment, notably the upgrade and replacement of equipment at the fruit products factory (Tulbagh) and new canning equipment and capacity expansion at the meat products plant (Krugersdorp).

The deciduous fruit canning season at the Tulbagh factory is nearing a successful completion, with this year's crop yielding high quality fruit. This plant accounts for approximately 70% of the group's exports.

The group's interim financial results for the six months to March 2024 will be released on the Stock Exchange News Service on or about 22 May 2024.

The financial information in this trading update is the responsibility of the directors and has not been audited, reviewed or reported on by the group's independent external auditor.

Groot Drakenstein
11 March 2024

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)