

RHODES FOOD GROUP HOLDINGS LIMITED

MEDIA RELEASE

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RHODES FOOD GROUP'S EARNINGS UP 41% IN RESILIENT TRADING

Groot Drakenstein – Rhodes Food Group Holdings, which made its debut on the JSE last month, delivered a strong trading and financial performance for the year to September 2014, increasing operating profit by 48% to R236 million.

Normalised headline earnings per share (HEPS) increased by 40.5% to 36.8 cents.

The Cape-based food producer increased turnover by 32% to R2.44 billion, driven by sustained organic growth in both the regional and international businesses.

Chief executive officer, Bruce Henderson, said the business has been resilient in the current constrained consumer environment. "This is due mainly to the strength of our brands, our exposure to higher LSM customers who have been less impacted than the middle market income groups, and our well established international customer base."

Turnover in the regional segment increased 37% to R1.6 billion and accounted for 65% of the group's revenue. The regional segment includes business generated in South Africa and in Sub-Saharan Africa.

Henderson said the group's brands occupy either the number 1 or strong number 2 market positions in most of its targeted product categories, having experienced strong growth in recent years.

In South Africa, the Rhodes brand has leading market share positions in canned pineapple, tomato paste and jam in glass jars, supported by number two positions in canned fruit, canned jams, canned vegetables and canned tomatoes. Bull Brand is the iconic market leader in corned meat.

The group's export sales accounted for 35% of revenue as international turnover grew by 22% to R848 million. The growth was due to higher export volumes, foreign price increases and the weakening of the Rand. The international segment exports canned fruit, fruit juice purees and concentrates to global markets including Europe, the Far East, USA, Canada and Australasia.

Henderson said the group was using the net listing proceeds of approximately R550 million to expand capacity at its production facilities, reduce debt and accelerate the group's growth strategy through strategic acquisitions.

The group continued to invest in upgrading its production facilities and expanding capacity, with capital expenditure of R88 million in 2014 and R129 million planned for 2015. This includes increasing warehouse capacity at its fruit production facilities in Tulbagh and Swaziland, upgrading the Bull Brand plant and expanding capacity at the pie production facility.

On the outlook for the year ahead, Henderson said the group will continue to capitalise on the strength of its brands and long-term customer relationships to drive organic growth and grow market share.

“Our plans include further expansion into Sub-Saharan Africa and we will also be pursuing acquisition opportunities of other food producers that are aligned to our core products,” he said.

The group plans to declare its first dividend for the 2015 financial year which will be paid in early 2016.

Ends

Issued by Tier 1 Investor Relations on behalf of Rhodes Food Group

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