THE LIBSTAR FAMILY

From our Home to Yours

Interim results presentation

Six Months ended 30 June 2019

Index

Andries van Rensburg

Chief Executive Officer

Robin Smith

Commercial & Financial Director

Andries van Rensburg

Chief Executive Officer

01

Introduction to Libstar

Andries van Rensburg

CEO

Libstar strategy

Purpose:

Enriching people's daily lives

Brand promise:

From our Home to Yours.

Values:

Entrepreneurial Spirit
Passion
Integrity
Customer Centricity
Partnerships
Accountability

Value Proposition:

"Libstar – the catalyst where world class CPG manufacturing & market insights come together, igniting lasting partnerships through innovative value creation."

Entrepreneurial Culture

Strategic thrusts

Entrepreneurial Culture			
Grow Our Categories		**Expand Our Capabilities**	**Acquire**
Operational Excellence	**Commercial Excellence**	**Strategic Initiatives**	**Strategic Acquisitions**
Total business • Effectiveness • Cost efficiency • Higher returns	• Swift & visionary market execution capabilities • Total consumer accessibility & visibility	Growing our capabilities, brands, channels and markets	• Innovation & category growth • Strategic acquisitions
• Cost reduction plans, equipment upgrades, lowest cost facilities • Resource sharing & group procurement opportunities • Support under-performing divisions & streamline supply chains	• Enter & innovate in fast growing categories through Private Label & branding solutions • Focus on health, wellness & convenience trends • Accelerate product development, innovation & speed to market • Leverage growth of DOB & PL*; be pro-active in NPD space	• From sales management to customer relationships • New channels & total brand availability • Export-led growth strategy through strategic partners • Identify quick return capital projects & attractive acquisitions	• Identify & fill gaps in existing CPG Food Category offering • Strategic alliances with international players (e.g. Kellogg's, Bel) • Bolt-on acquisitions

** DOB / PL = Dealer-own Brands & Private Label; NPD = new product development*

7 Product Categories

Core growth categories (88% of revenue; 95% normalised EBITDA)				Non-core categories		
1	2	3	4	5	6	7
Perishables	Ambient Groceries	Snacks & Confectionery	Baking & Baking Aids	Niche Beverages	HPC	Specialised Packaging

7 Product categories (reporting structure)

4 Channels

4 Channels

7 Product categories (reporting structure)

4 Channels

	Libstar Channels (% of gross* group revenue)	
1	62%	Retail & Wholesale
2	17%	Food Service
3	11%	Outsourced Manufacturing Solutions#
4	10%	Exports

Libstar Products (% of gross* group revenue)

Dealer-own Brands & Private Label	46%
Libstar Brands & Licensed Brands	30%
Principal Brands	8%
Other^	16%

Brand Solutions (84%)

* Gross revenue = net revenue + customer allowances

#Channel previously referred to as "Industrial"

^ Food Service & Outsourced Manufacturing Solutions

02

Introduction to Results

Robin Smith

Commercial & Financial Director

Conditions in our markets

H1 2018:
- Decline in market conditions noticeably impacted Food Producers

H1 2019:
- Conditions worsened

- Consumers remain under pressure in a weak economy
- Significant volume decline in non-core businesses
- Weak pricing environment

Against this backdrop:

Libstar's **5.9%** ▲ in normalised EBITDA demonstrates resilience

- Core category volumes ▲
- Sales mix & GP margin ▲
- Normalised EBIT margin maintained
- Normalised EBITDA margin ▲

LIBSTAR

Results highlights

Revenue **4.6%** ▲

GP margin **2.3 b.p.** ▲

Normalised EBIT **5.0%** ▲

Normalised EBITDA **5.9%** ▲

Normalised EPS **13.2%** ▲

Normalised HEPS **12.4%** ▲

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

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Core vs non-core performance

Core Categories*

88% of group revenue

Organic Revenue

▲ 5.3%

95% of group normalised EBITDA

Normalised EBITDA

▲ 8.5%

Mainly bolstered by strong performances in dairy, dry condiments, snacks and confectionery & baking and baking aids

** Perishables, Ambient Groceries (Including Khoisan Gourmet), Snacks & Confectionery and Baking & Baking Aids*

Non-core Categories^

12% of group revenue

Organic Revenue

▼ 1.5%

5% of group normalised EBITDA

Normalised EBITDA

▼ 17.6%

Affected by severe competitive pressure

^ Niche beverages, Household & Personal Care (HPC) & Specialised Food Packaging

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

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03
Financial Review

Robin Smith

Commercial & Financial Director

New accounting standards

1st time adoption of **IFRS 9** (hedge accounting) & **IFRS 16** (leases)

Pre-adoption of new accounting standards		Post-adoption of new accounting standards	
Normalised EBIT ▲ **5.0%**	Normalised EPS ▲ **13.2%**	Normalised EBIT ▲ **8.7%**	Normalised EPS ▲ **7.7%**
Normalised EBITDA ▲ **5.9%**	Normalised HEPS ▲ **12.4%**	Normalised EBITDA ▲ **20.3%**	Normalised HEPS ▲ **6.9%**

NOTE: Refer to appendices for details of the impact of the implementation of the new accounting standards

Income Statement

Rm	H1 2019	Ch (%)	H1 2018	2018
Revenue	4 616.9	*+4.6%*	4 414.8	9 659.6
Gross profit	1 072.5	*+16.1%*	924.1	2 166.0
(margin)	*(23.2%)*		*(20.9%)*	*(22.4%)*
Other income	26.4	*+300.0%*	6.6	18.0
Operating expenses	- 828.3	*+18.0%*	-701.8	-1 562.4
(margin)	*(17.9%)*		*(15.9%)*	*(16.2%)*
EBIT	270.6	*+18.2%*	229.0	621.5
(margin)	*(5.9%)*		*(5.2%)*	*(6.4%)*
Normalised EBIT	339.1	*+5.0%*	323.0	823.5
(margin)	*(7.3%)*		*(7.3%)*	*(8.5%)*
Normalised EBITDA	424.9	+5.9%	401.3	984.5
(margin)	*(9.2%)*		*(9.1%)*	*(10.2%)*
Net interest paid	-78.3	*-40.7%*	-132.0	-221.7
Profit before tax	192.3	*+98.4%*	96.9	399.8
Income tax	-55.9	*+124.5%*	*-24.9*	-125.9
(effective rate)	*(29.1%)*		*(25.7%)*	*(31.5%)*
Profit after tax	136.4	*+89.3%*	*72.1*	273.9
Normalised earnings	185.4	*+29.8%*	142.8	*419.9*
Normalised headline earnings	185.2	*+28.7%*	143.9	*422.4*

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Income Statement – Revenue

Rm	H1 2019	Ch (%)	H1 2018	2018
Revenue	4 616.9	*+4.6%*	4 414.8	9 659.6

Core categories
88% of H1 F19 organic revenue

▲ **5.3%**
H1 F18: ▲ **3.9%**

Volume	Price / mix
▲ **5.3%** H1 18: ▲ **3.6%**	► **0%** H1 18: ▲ **0.3%**

Non-core categories
12% of H1 F19 organic revenue

▼ **1.5%**
H1 F18: ▲ **3.2%**

Volume	Price / mix
▼ **19.1%** H1 18: ▲ **1.3%**	▲ **17.6%** H1 18: ▲ **1.9%**

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Income Statement – Gross profit

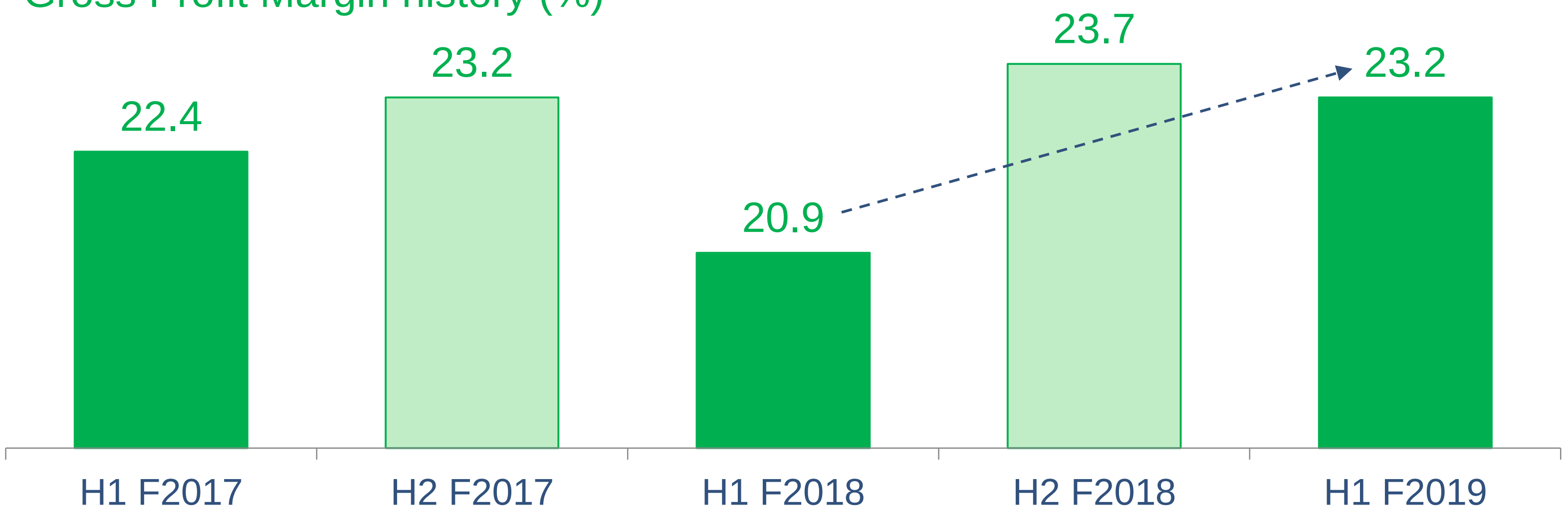
Rm	H1 2019	Ch (%)	H1 2018	2018
Revenue	4 616.9	*+4.6%*	4 414.8	9 659.6
Cost of sales	-3 544.4	*+1.5%*	-3 490.7	-7 493.6
Gross profit	1 072.5	*+16.1%*	924.1	2 166.0
(margin)	*(23.2%)*		*(20.9%)*	*(22.4%)*

- H1 2019 GP margin up 2.3 p.p on H1 2018 despite difficult trading conditions
- H1 2019 GP margin exceeded H1 2018 & H1 F2017

GP% increase supported by:

- Favourable sales mix changes in value-added dairy products (Perishables)
- Lower dry condiment input costs (Ambient Groceries)
- Continued focus on procurement, production efficiencies & equipment effectiveness

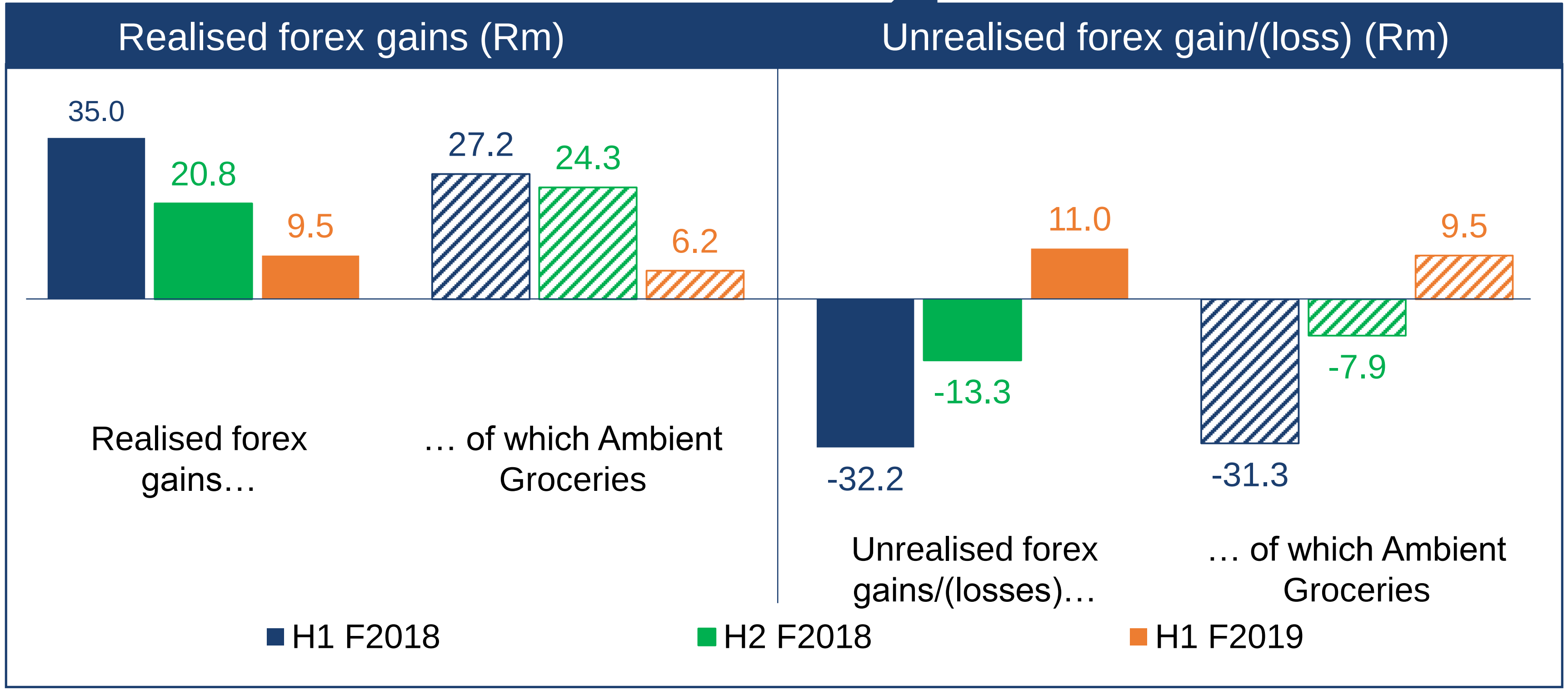
Gross Profit Margin history (%)



H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Income Statement – Other income

Rm	H1 2019	Ch (%)	H1 2018	2018
Revenue	4 616.9	*+4.6%*	4 414.8	9 659.6
Gross profit	1 072.5	*+16.1%*	924.1	2 166.0
(margin)	*(23.2%)*		*(20.9%)*	*(22.4%)*
Other income	26.4	*+300.0%*	6.6	18.0



- Other Income is largely forex
- Ambient Groceries is by far the largest contributor to realised & unrealised forex gains & losses

Improvement supported by reduced volatility between spot prices & FEC contract rates

See appendix for breakdown of open FEC exposure

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

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Treasury & FEC exposure management

1 R1.5m investment in logistics IT platform

2018 initiative

- Piloted at Rialto in March 2019
- Improved product costing

H1 2019 progress

- Logistics IT platform now ready to roll out to other group businesses on a measured basis

2 FEC exposure management function outsourced

2018 initiative

- FEC policies formalised*
- Improved FEC forecasting & monitoring (budget vs actual)

H1 2019 progress

- Automated forecasting tool in development

3 Hedge accounting

2018 initiative

- To be implemented H1 2019
- Reduces income statement volatility over medium term

H1 2019 progress

- Hedge accounting policy successfully adopted

Improved cash flow forecasting & reduced volatility on income statement

** Imports hedged 6-9 months ahead; exports hedged 9-12 months ahead (see appendix for full detail)*

Income Statement – Operating expenses

Rm	H1 2019	Ch (%)	H1 2018	2018
Gross profit	1 072.5	*+16.1%*	924.1	2 166.0
(margin)	*(23.2%)*		*(20.9%)*	*(22.4%)*
Other income	26.4	*+300.0%*	6.6	18.0
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(margin)	*(17.9%)*		*(15.9%)*	*(16.2%)*

Operating expenses (Rm)	H1 2019	*% ch.*	H1 2018	Comment
Operating expenses	**828**	***+18.0%***	**702**	
Once-offs:				
• Reversal of share appreciation rights	-	-	22	Non-recurrence of H1 2018 R22m share appreciation rights reversal
• Distribution & warehousing	-	-	33	Sonnendal integration
Operating expenses (excl. once-offs)	828	*9.4%*	757	Increased marketing spend, above CPI increase in rental and utilities

Cost cutting actions: General & Admin overhead cost reduction plan for each business unit

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

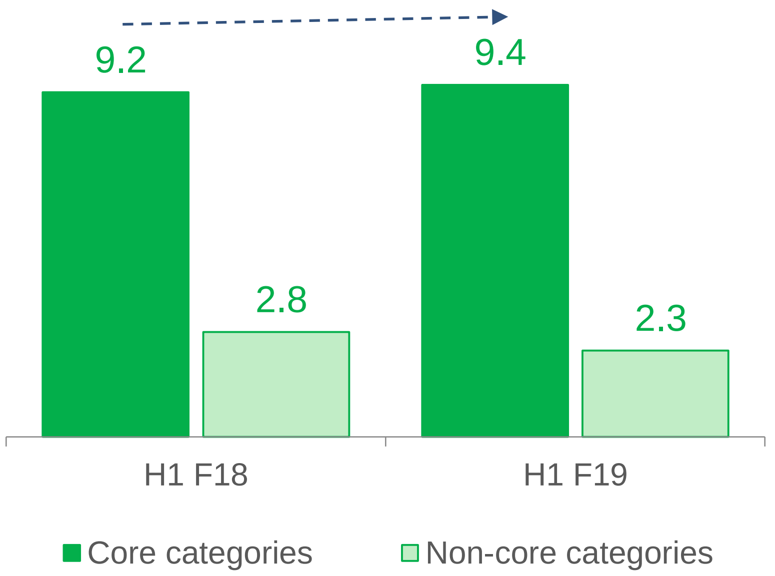
Income Statement – Normalised EBIT

Rm	H1 2019	Ch (%)	H1 2018	2018
Operating expenses	- 828.3	*+18.0%*	-701.8	-1 562.4
(margin)	*(17.9%)*		*(15.9%)*	*(16.2%)*
EBIT	270.6	*+18.2%*	229.0	621.5
(margin)	*(5.9%)*		*(5.2%)*	*(6.4%)*
Normalised EBIT	339.1	*+5.0%*	323.0	823.5
(margin)	*(7.3%)*		*(7.3%)*	*(8.5%)*

EBIT normalised for:

• Amortisation of intangibles (over 10-15 years)	R75m
• Reversal of unrealised forex gains	-R11m
• Other non-operating & non-recurring items	R4m
Total	R68m

Normalised EBIT* margin %



** Before central office allocation*

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Income Statement – Normalised EBITDA

Rm	H1 2019	Ch (%)	H1 2018	2018
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(margin)	*(9.2%)*		*(9.1%)*	*(10.2%)*

EBIT normalised (as per previous page) for:

- Amortisation of intangibles (over 10-15 years) R75m*
- Reversal of unrealised forex gains -R11m
- Other non-operating & non-recurring items R4m

Total R68m

EBITDA normalised for same items as EBIT plus:

- Software amortisation R4m
- PPE depreciation R82m

Total R86m

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Income Statement – Net interest paid

Rm	H1 2019	Ch (%)	H1 2018	2018
Normalised EBIT	339.1	*+5.0%*	323.0	823.5
(margin)	*(7.3%)*		*(7.3%)*	*(8.5%)*
Normalised EBITDA	424.9	+5.9%	401.3	984.5
(margin)	*(9.2%)*		*(9.1%)*	*(10.2%)*
Net interest paid	-78.3	*-40.7%*	-132.0	-221.7

Reduced by:

- New banking facilities (Nov 2018) @ 0.8% lower weighted avg. cost
- Net debt reduction from R1.9bn to R1.4bn post IPO

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

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Income Statement – Tax

Rm	H1 2019	Ch (%)	H1 2018	2018
Normalised EBITDA	424.9	+5.9%	401.3	984.5
(margin)	*(9.2%)*		*(9.1%)*	*(10.2%)*
Net interest paid	-78.3	*-40.7%*	-132.0	-221.7
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Income tax	-55.9	*+124.5%*	-24.9	-125.9
(effective rate)	*(29.1%)*		*(25.7%)*	*(31.5%)*
Profit after tax	136.4	*+89.3%*	*72.1*	273.9

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Income Statement

Normalised earnings & headline earnings

Rm	H1 2019	Ch (%)	H1 2018	2018
Income tax	-55.9	*+124.5%*	*-24.9*	-125.9
(effective rate)	*(29.1%)*		*(25.7%)*	*(31.5%)*
Profit after tax	136.4	*+89.3%*	*72.1*	273.9
Normalised earnings*	185.4	*+29.8%*	142.8	*419.9*
Normalised headline earnings*	185.2	*+28.7%*	143.9	*422.4*

Earnings normalised post-tax for:	
• Amortisation of intangibles (10-15 years)	R54m
• Reversal of unrealised forex gains	-R8m
• Other	R4m
TOTAL	R50m

Headline earnings normalised for same EPS items plus:	
• Profit on disposal of PPE	-R0.2m
TOTAL	-R0.2m

** H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations*

Income Statement

Normalised EPS, HEPS & DPS

	H1 2019	Ch (%)	H1 2018	2018
Normalised headline earnings (million)	185.2	*+28.7%*	143.9	*422.4*
WANOS^ (million)	599.3	14.5%	523.3	566.4
Like-for-like ◊				
Normalised EPS (cps)	30.9	*+13.2%*	27.3	74.1
Normalised HEPS (cps)	30.9	*+12.4%*	27.5	74.6
Reported ◊				
Normalised EPS (cps)	29.4	*+7.7%*	27.3	74.1
Normalised HEPS (cps)	29.4	*+6.9%*	27.5	74.6
DPS (cps)	-	-	-	22.0

Dividend policy:

- Declared once p.a. at final results
- Policy: DPS covered 3-4x by normalised HEPS
  - 2018 dividend covered 3.3x by normalised HEPS

^ *Weighted average number of shares*

◊ *Like-for-like Normalised EPS & HEPS **exclude** the implementation of the new accounting standards, whereas these items are **included** for Reported Normalised EPS & HEPS*

H1 2019 – Exit of non-core business

Impairment loss due to sale of Elvin

H2 2018

- Structurally weak market
- Relocation of non-beverage production, marketing & sales functions to group wet-condiment facilities announced (commenced July 2019)
- Will yield future cost rationalisation benefits
- R42m (pre-tax) / R30m (post-tax) impairment on remaining dairy-blend & fruit concentrate beverage operations

H1 2019

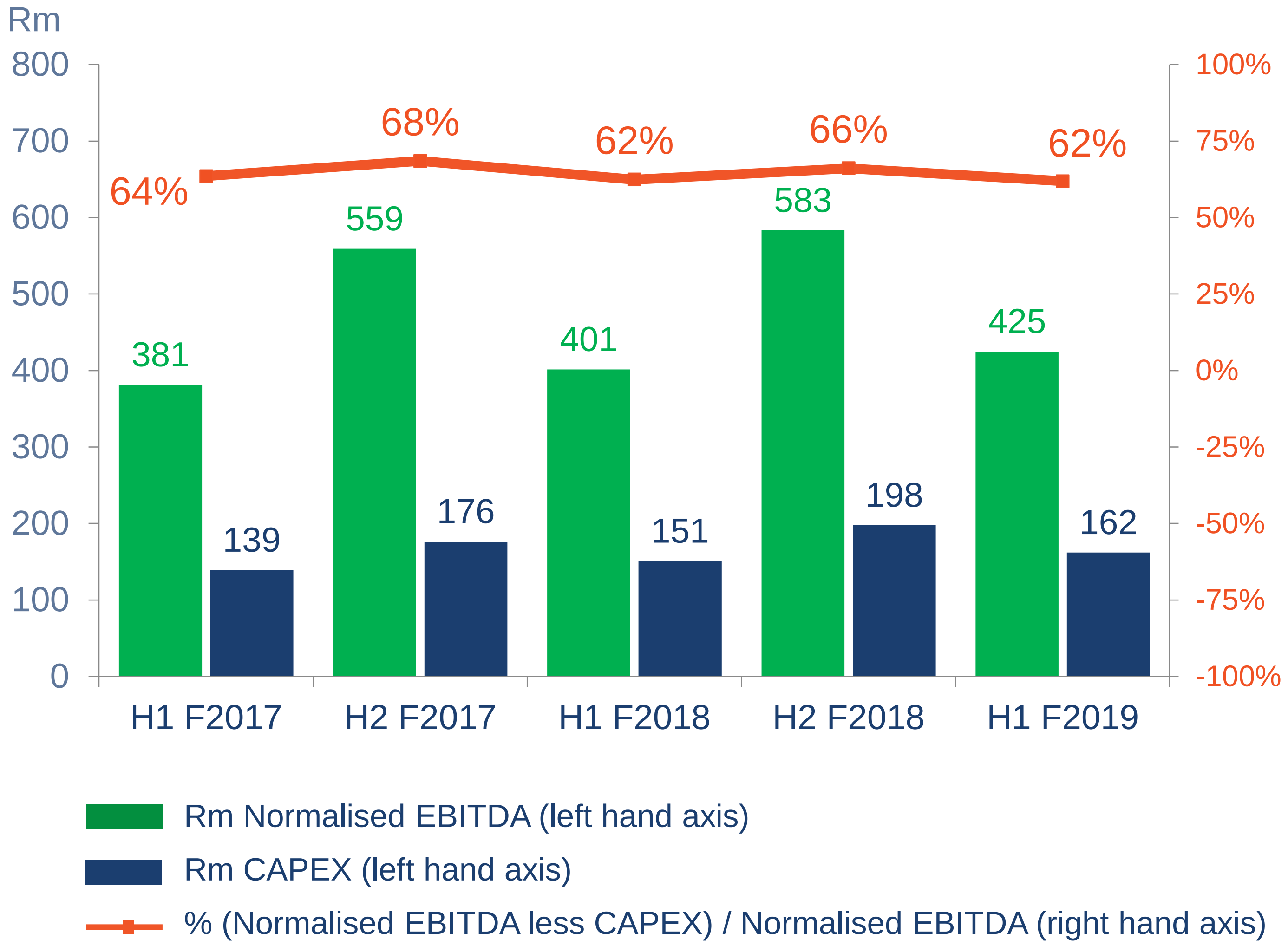
Binding agreement to exit non-core dairy-blend & fruit concentrate beverage operations

- Subject to customary conditions precedent, including Competition Commission approval
- Further impairment loss of R73m (pre-tax) / R59m (post-tax)
  - Aligns carrying value of assets sold with estimated net realisable value

Cash Flow summary

H1 2019		H1 2018
829	Opening cash balance	
402	Cash generated from operations	390
-96	Working capital changes	-86
-78	Net finance charges	-132
-108	Tax paid	-92
120	Cash generated from operating activities	80
-161	Investment activities	-151
-178	Finance activities	363
610	Closing cash balance	

Cash Flow – Cash conversion

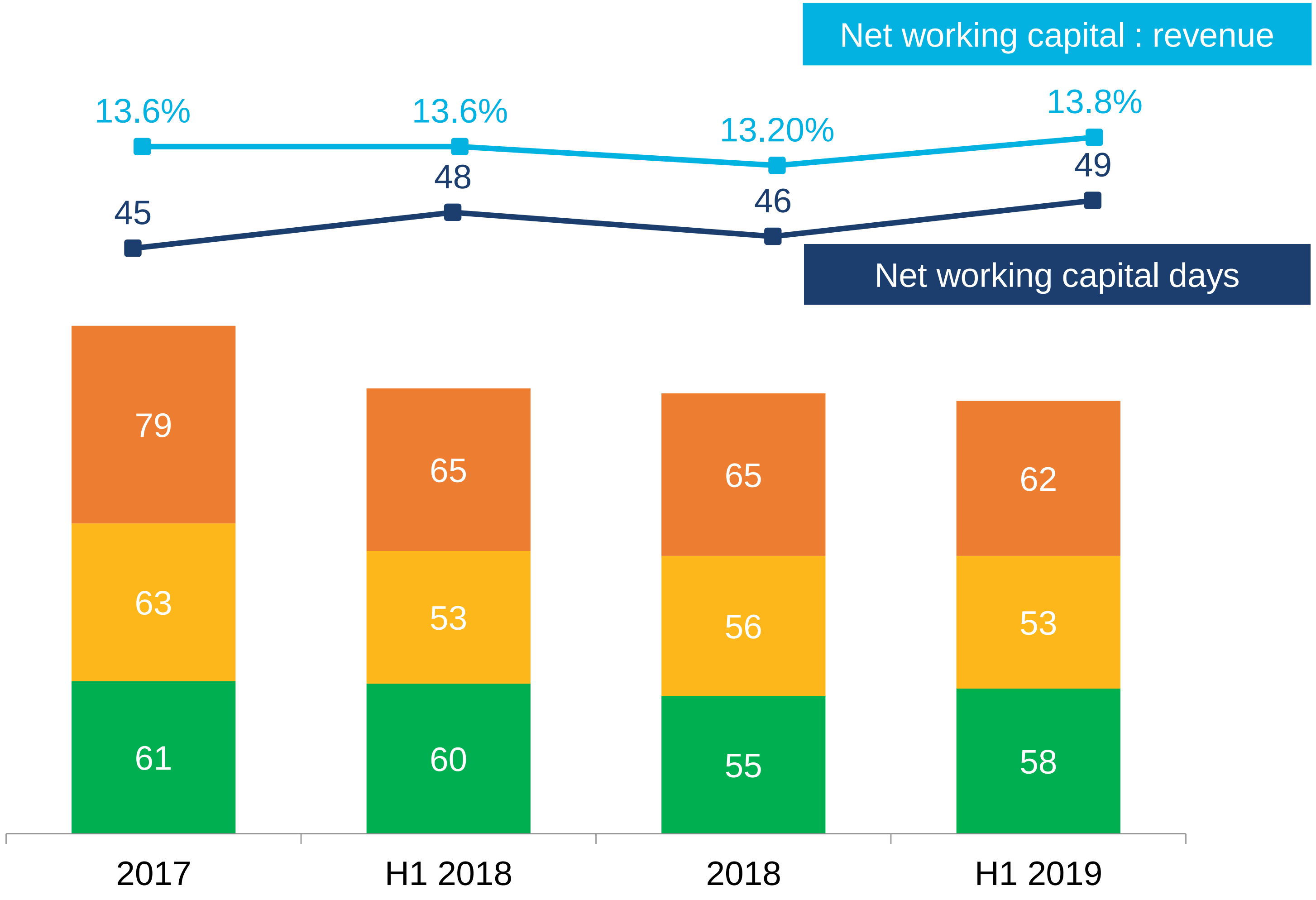


Focus on cash generation

- Divesting non-core business - Elvin
- Further focus on working capital
  - Supply chain finance, debtor factoring
- Tightened controls around ROI on capex

Cash flow conversion remains strong

Cash Flow – Working capital days



Working capital remains within target band of 13-15% of revenue

Net working capital (12-month rolling)

- Notice seasonality - H1 usually higher than full year

Creditors

- Refinanced third-party supply chain facilities with bank facilities at lower rates (contributed to lower interest charge)

Debtors

- Increase in debtors in line with revenue

Inventory

- Well controlled in line with Cost of Sales

Cash Flow – Net investing activities

R'm	H1 2019	H1 2018	2018
Capex	-162	-151	-345
Other financial assets advanced / proceeds from discontinued ops	1	0	-1
Cash flow from investing activities	-161	-151	-346

Main capex items

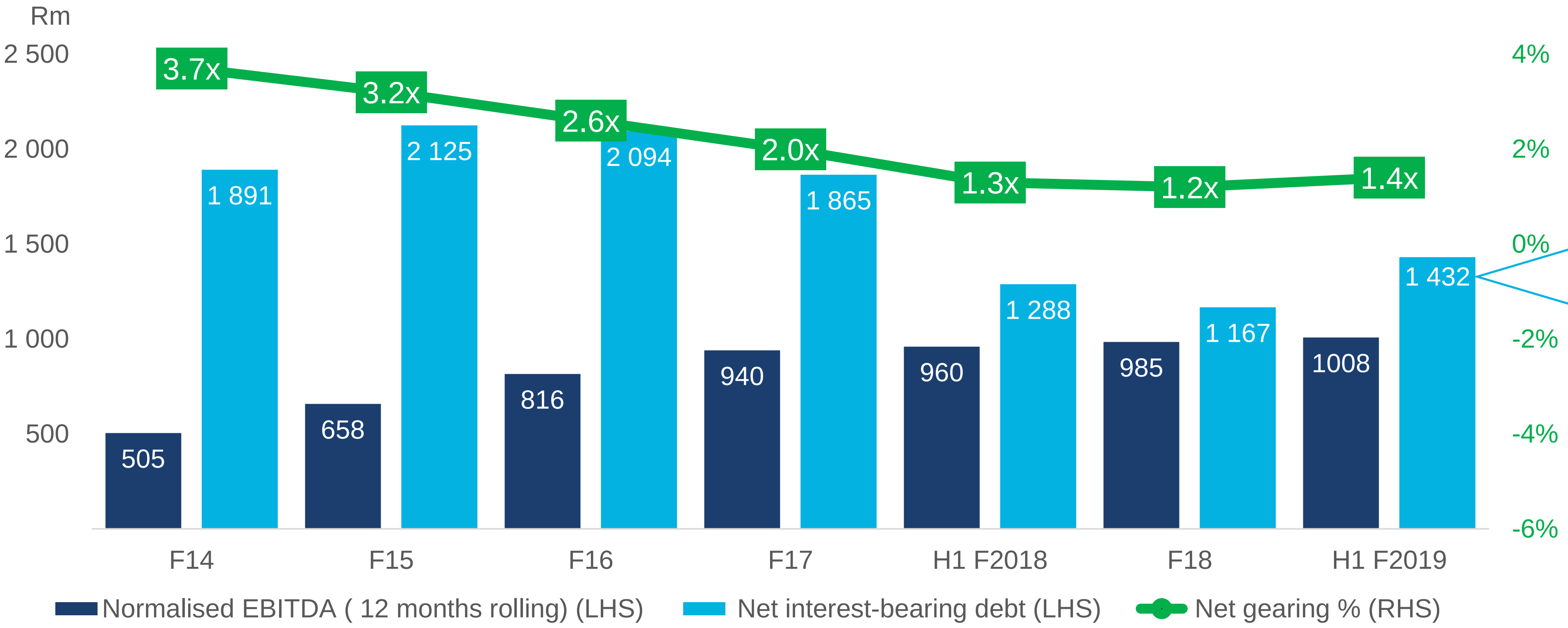
Capex H1 2019		
• Main replacement items		
− Denny	**16**	
• Key initiatives (expansion)	**90**	• Capex, at 3.5% of revenue, remains above guidance of 2-3% • Majority expansionary capital
− Par-bake frozen (Amaro Foods)	23	
− Milk-receiving, cheese-packaging upgrades (Lancewood)	43	
− Tea plant upgrade (Cape Herb & Spice)	13	
− Bar-line upgrade (Ambassador Foods)	11	
− Prepared meal facility upgrade (Millennium Foods)	14	
Planned key initiatives H2 2019	**98**	
• Milk-receiving, cheese-packaging upgrades (Lancewood)	57	
• Bar-line upgrade (Ambassador Foods)	15	
• Prepared meal facility upgrade (Millennium Foods)	26	

H1 2019 = like-for-like (pre-implementation of new accounting standards) results from continuing operations

Cash Flow – Net financing activities

R'm	H1 2019	H1 2018
Net cash flow from financing activities	-178	363
Proceeds from issue of equity shares	-	1 500
Net debt inflow	87	889
Net debt outflow	-41	-1226
Treasury shares	-92	-
Capital distribution	-	-800
Dividends paid	-132	-

5-year net debt trend



R265m net debt increase due to:

- R132m dividend paid from cash
- R92m share repurchases from cash
- remainder increase due to asset-based finance

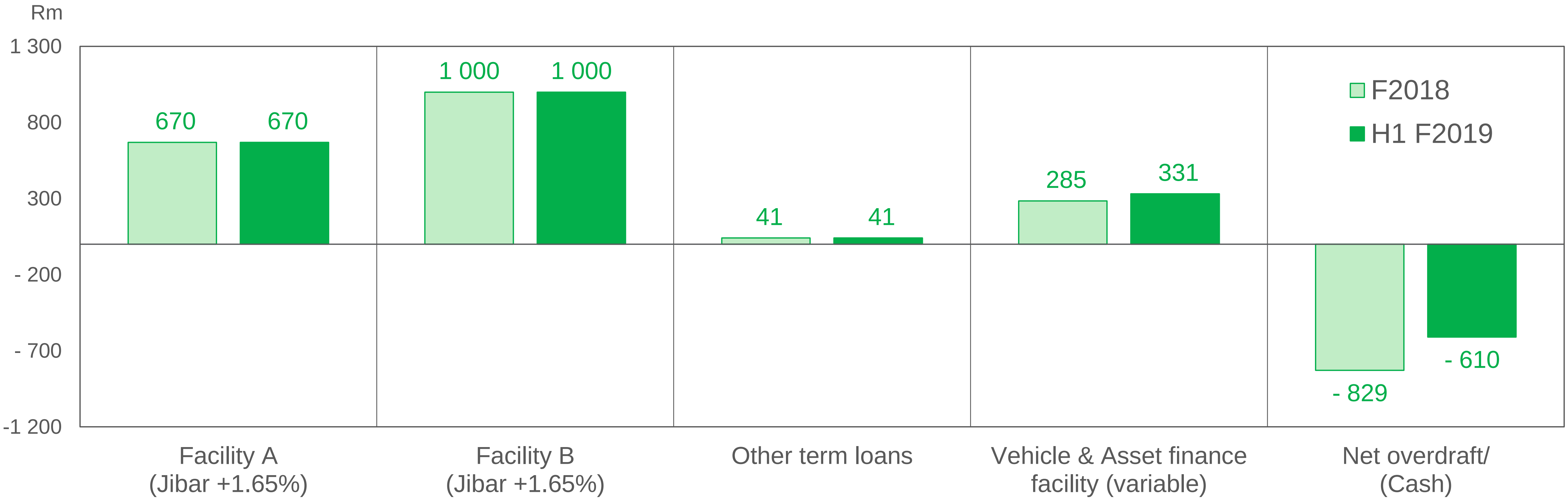
- Despite significant expansionary capex, gearing remains low
- R1.5bn in unutilised funding facilities

Maximum gearing & interest cover aligned with unsecured, long-term SA facility covenants:

- Gearing: 1.4x normalised EBITDA (12 months rolling)
  Optimal range: 1-2x maximum normalised EBITDA)
- Senior borrowings* to EBITDA : 1.4x
- Net interest cover: 4.95x (target: >2.5x)

** 12 month rolling*

Net debt structure



- Renegotiated debt package implemented Nov 2018 - achieved 0.9% reduction in weighted average cost of debt
- 94% (R1.9bn) in long term borrowings (R121m due in next 12 months)
- 100% floating rates

04
Corporate Matters

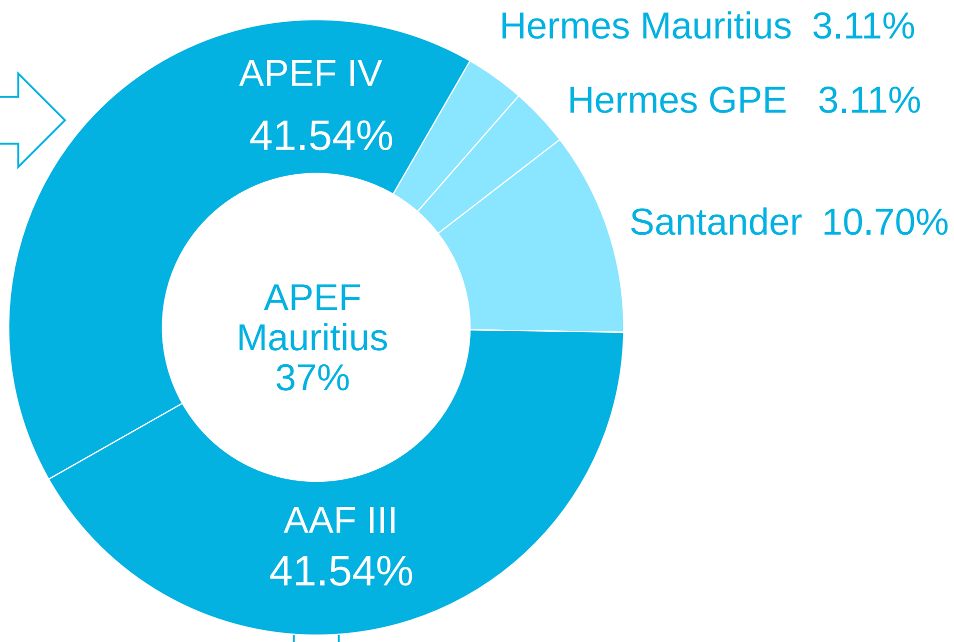
Robin Smith

Commercial & Financial Director

Shareholder matters

Addressing the perceived share overhang

BEE Trust & share repurchases	General shareholders	APEF Pacific Mauritius Ltd
13%	50%	37%



- Libstar is a portfolio investment of APEF Pacific Mauritius Ltd
- Actis (private equity) now formally appointed to manage AAF III & APEF IV (previously managed by Abraaj)
- Actis should be regarded in the same light as any other shareholder

Shareholder matters

Free float, share repurchases & board matters

New Libstar Free Float

- At listing, a sizeable pre-listing shareholder was barred from selling a portion of its holding
- Holding period has ended so these shares are now regarded as free float

New Free Float Calculations at 31 August 2019

Total shares in issue	681 921 408	100%
Less APEF Pacific Mauritius Ltd	252 463 077	37%
Less BEE SPV'S & Treasury shares repurchased	86 109 145	13%
Free float incl. Actis shares	595 812 263	87%
Free float excl. Actis shares	343 349 186	50%

Share Repurchase Programme

- Commenced on 19 Dec 2018 & terminated 4 Apr 2019
  - 13.1m shares repurchased

Board Matters

- Abraaj representative, Wahid Hamid, resigned on 12 Aug 2019
- Nomination committee currently assessing composition and structure of Board

B-BBEE Update

1

Implementation of BEE Scheme delayed due to:

- Unfavourable issue price vs current market price
- Still searching for right combination of ability to :
  - Add strategic value
  - Fund transaction
  - Offer realistic discount

2

Options being assessed by the Board (indicative only):

- Collapse strategic shareholder SPV & incorporate into ESOP* (will amount to c. 11% of shares in issue)
- Re-strike issue price (& notional debt) to current share price levels less appropriate discount
- Introduce 10% trickle dividend to beneficiaries
- Retain notional vendor funded structure & mechanisms as per pre-listing statement
- Dilution at maturity c. 2-3.5% with IFRS 2 cost over the period of c. R200m (pre-listing estimate c. R192m)

3

No IFRS 2 charge or dilutive impact on WANOS until units are allocated

4

Next step

- Stakeholder engagement

* *ESOP = Employee Share Ownership Plan*

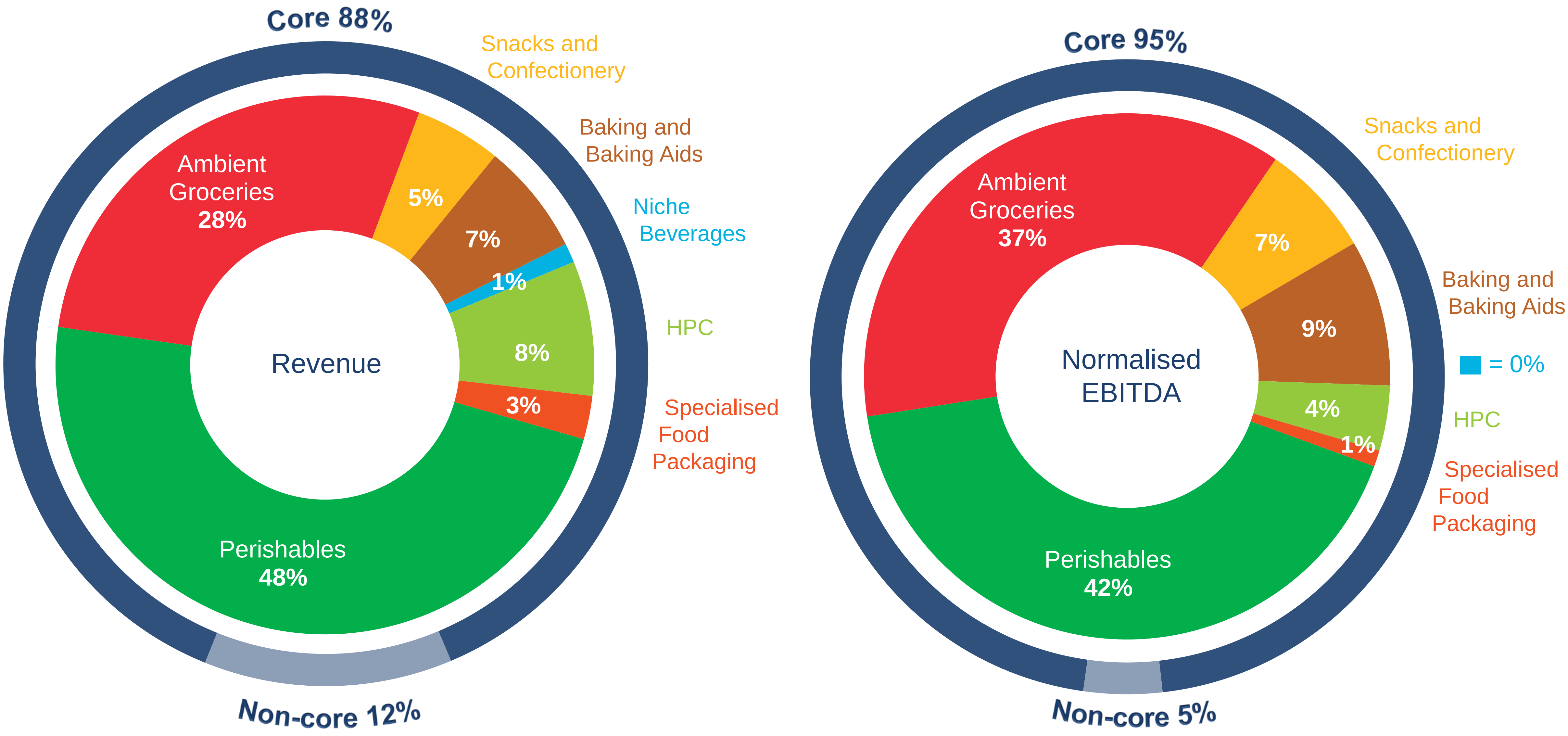
05

Category Review & Outlook

Andries van Rensburg

Chief Executive Officer

Category contributions



LIBSTAR

PERISHABLES

6 month Performance

	Volume (units)	Price/mix	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	-2.8%	+4.5%	2 205.3	+1.5%	2 172.6
Normalised EBITDA (Rm)			200.7	+6.0%	189.4
EBITDA margin %			*9.1%*	-	*8.7%*

89% EBITDA

Weighted contribution to 6.0% normalised EBITDA increase	
Lancewood (Dairy)	+6.2%
Finlar (Meat)	-1.2%
Rialto (Value-added perishables)	+1.9%
Denny (Mushrooms)	+1.1%
Millennium Foods (Prepared meals)	-2.1%
Total	+6.0%

Dairy:
- Improved product mix (less bulk hard cheese)
- Lancewood yoghurt market share has grown from zero to 3% since Q3 2018
- Core product growth in Rialto

Meat:
- Value-added beef products increase
- Significant volume decline & cost pressure of value-added chicken products
- Core product growth in Rialto

Mushrooms:
- Volume & price growth off H1 2018 low base

Prepared meals:
- Modernisation & capacity-enhancing projects disrupted H1 production
- H2 benefits from facility upgrades

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PERISHABLES

Outlook & Key Initiatives

Dairy

- Grow market share
  - Targeting 5% yoghurt singles tubs market share of R4bn total market in medium term
  - New product launches e.g. sauces and yoghurts
- Invest in Lancewood Capacity & Capability
  - Kiri and Laughing Cow manufacturing
  - Langeberg Cheese (July 2019) adds hard-cheese capacity (c. R33m)
  - Milk-receiving & packaging upgrades (c. R57m)
- Investigating bolt-on opportunities

Meat

- Expand food service footprint
- Increased exports of value added meat

Fresh mushrooms

- Protect & grow market share
  - Improve service levels
- Targeted new customers e.g. food service branded offering
- New products e.g. mushrooms in brine for manufacturing sector

6 month Performance

	Volume (units)	Price/mix	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	+0.1%	+7.5%	1 311.8	+7.6%	1 218.9
Normalised EBITDA (Rm)			178.9	+13.5%	157.6
EBITDA margin %			*13.6%*		*12.9%*

84% EBITDA

Weighted contribution to 13.5% normalised EBITDA increase	
Cape Herb & Spice (Dry condiments)	+12.9%
Rialto Foods (Groceries)	+3.8%
Dickon Hall Foods (Wet condiments)	+4.8%
Hurters Honey (Spreads)	+1.4%
Cecil Vinegar (Wet condiments)	-0.6%
Khoisan Gourmet * (Teas)	-6.0%
Montagu Foods (Wet condiments)	-3.8%
NMC (Groceries)	+1.0%
Total	+13.5%

** Khoisan Gourmet now housed in Ambient Groceries; H1 2018 comparative disclosure amended accordingly*

Dry condiments:
- Spices & seasonings EBITDA up due to reduced input costs
- Significant recoveries in American, Asian & Middle Eastern exports

Groceries:
- Strong growth in pasta and speciality cheese revenue

Wet condiments:
- Recovery at Dickon Hall Foods from H1 2018 low base (strike - H1 2018: -R63m in revenue & -R16m in EBITDA)
- Commissioning delays at Montagu impacted branded sales, increased maintenance spend & stock losses
- Lower vinegar exports into rest of Africa, weaker performance in contract packing

Teas:
- Strong revenue growth in local DOB packaged teas
- Substantial reduction in Rooibos tea prices
- Bulk tea export timing significantly weighted to H2 - later tea price announcement

Outlook & Key Initiatives

Dry condiments
- Continued growth in key export markets
- Focus on value-added products in local & export markets

Wet condiments
- Increased factory efficiencies: H2 expected to run at full-production capacity
- Address reduced demand for Outsourced Manufacturing from national & multi-national brand owners in SA
- New food service clients
- Dealer-own Brand growth to continue

Teas
- Focus on developing value-added tea category for local & export markets
- Stronger H2 shipments timing

Groceries
- Continued focus on product newness
- Slower H2 growth anticipated off strong H1

6 Month Performance & Key Initiatives

	Volume (units)	Price/mix	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	-2.0%	+12.8%	234.8	+10.6%	212.3
Normalised EBITDA (Rm)			35.9	+2.7%	35.0
EBITDA margin %			*15.0%*		*16.5%*

99% EBITDA

Weighted contribution to 2.7% normalised EBITDA increase	
Ambassador Foods	+2.0%
K-Snacks (New)	+0.7%
Total	2.7%

- Base impacted by H1 2018 bar promo
- Aggressive promotional activity in Tubs (nuts) & Peanut snacks impacted margins
- Outsourced manufacturing of Pringles; plant commissioned June 2019

Outlook & Key Initiatives

- K-Snacks production
- Continued growth from Ambassador foods with bars under pressure

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BAKING & BAKING AIDS

6 Month Performance & Key Initiatives

	Volume (units)	Price/mix	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	+24.3%	-1.3%	313.9	+22.7%	255.8
Normalised EBITDA (Rm)			41.9	+5.3%	39.7
EBITDA margin %			*13.3%*		*15.5%*

93% EBITDA

Weighted contribution to 5.3% normalised EBITDA increase	
Amaro Foods (Baked goods)	+13.2%
Retailer Brands (Baking aids)	-6.7%
Cani (Rusks)	-1.2%
Total	5.3%

Baked goods drove strong performance:

- Rolls and buns revenue up > 12%
- Flat breads & speciality breads revenue up >20%
- Strong recovery in wraps

Rusks:

- Capacity constraints resulted in lost sales

Outlook & Key Initiatives

- Focus on H2 baked goods procurement costs to drive margin improvement
- Par-bake frozen plant commissioned; food service opportunities
- Continued development of independent, wholesale channels in baking aids
- Rusk facility upgrade underway to facilitate increased capacity

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NICHE BEVERAGES

6 Month Performance & Key Initiatives

	Volume (units)	Price/mix	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	-45.6%	+38.4%	53.5	-24.8%	71.1
Normalised EBITDA (Rm)			1.2	-79.6%	6.0
EBITDA margin %			*2.3%*		*8.5%*

Weighted contribution to 79.6% normalised EBITDA decrease	
Chamonix Springwater	+9.5%
Elvin (continuing lines)	-89.1%
Total	-79.6%

- Breakeven EBITDA from water business
- Elvin non-beverage lines relocated to group wet condiment plant in July
  - will be disclosed as part of core categories (Ambient Groceries) from H2

Outlook & Strategy

- Investigating strategic options (water business)
- Focus on successful integration of lemon juice, vinegar & flammables into existing facilities (Ambient Groceries – Cecil Vinegar)

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HOUSEHOLD & PERSONAL CARE

6 Month Performance & Key Initiatives

	Volume (units)	Price/mix	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	-11.9%	+12.1%	373.1	-1.2%	377.5
Normalised EBITDA (Rm)			16.8	+5.5%	15.9
EBITDA margin %			*4.5%*	-	*4.2%*

Weighted contribution to 5.5% normalised EBITDA increase	
Contactim	+38.2%
Chet Chemicals	-38.9%
Glenmor Soap	+6.2%
Total	+5.5%

- Strong own-brand & Private Label growth in retail channel
- Significant volume decline in outsourced and export markets

Outlook & Initiatives

- HPC cluster amalgamation / consolidation (reduced cost)

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SPECIALISED FOOD PACKAGING

6 Month Performance & Key Initiatives

	H1 2019	% ch.	H1 2018
Organic Revenue (Rm)	120.0	+12.7%	106.5
Normalised EBITDA (Rm)	3.5	-16.2%	4.1
EBITDA margin %	*2.9%*		*3.9%*

Contribution to 16.2% normalised EBITDA decrease	
Multicup	-16.2%

- Newly launched biodegradable products adds c. R2.5m revenue per month
- Cups & lids revenue declined and margin pressures
- Slow sales in wholesale & independent channels

Outlook & Key Initiatives

- Focus on environmentally-friendly packaging trends
- Finding new customers & marketing channels

06

Group Outlook

Andries van Rensburg

Chief Executive Officer

Meeting consumers needs with product innovation

Innovation	H1 F19	
	235	New products
	123	Renovated products
	358	**Total**

> “Previously shoppers relied on brand, now companies must **constantly innovate, drive prices down & streamline / aesthecticise** their offerings to entice shoppers * ”

* *Source: Euromonitor International, Top ten global consumer trends 2019*

Private Label evolution

Value Based Private Label → Strategic Private Label → Dealer Own Brand Strategies

Libstar advantages

- Low Cost Production to Scale
- Innovation
- Category Insight Management
- World Class CPG Manufacturing
- Customer Partnership & Delivery

H1 2019 Libstar PL / DOB profitability

- Revenue growth > rest of group
- Price increases achieved
- Continue growing PL / DOB market share in exports (+30% growth in H1 revenue), then expand into other PL / DOB markets

What was challenging in H1 2019?

	Challenges	Mitigating actions
1	Continued under-utilisation of chicken production facilities	Category plan, incl. new customers, product opportunities and exports
2	Under-performance of HPC cluster, despite cost rationalisation • HPC very working capital intensive • Continued market pressures • Volume pressure (exports & outsourced manufacturing)	HPC cluster amalgamation – cost savings, distribution/sales force benefits and category focus
3	Integration delays at Montagu/Denny Foods	Demand planning
4	Volume pressure in key wet condiment product lines	New food service customers, products and markets

Strategic enablers – H1 2019 update

GROW OUR CATEGORIES

Commercial Excellence

- Implementation of category plans & steerco's
- Drive new strategic product innovation
- Libstar market share growth > PL market growth
- Private Label & Dealer-own Brand growth at 46% of Libstar group revenue (H1 2018: 45%)

Operational Excellence

- Improved costing systems 90% completed by YE
- Improved OEE* measurement
- Logistics tracking

EXPAND OUR CAPABILITIES

Strategic Initiatives

- Export markets: Increased volume & increased footprint
- Food service growth plan
- Increased availability & visibility drive
- Increased marketing & promotional activity
- Invest in new technologies in core categories
- Reduce costs through HPC cluster amalgamation
- Capacity expansion in key categories

- **Full benefits now flowing from F18 projects:**
  - Granola plant, health bar capacity, meat slicing plant
- **H2 2019 & full 2020 benefits anticipated from commissioning of:**
  - Hard cheese manufacturing, Par-bake frozen, Tea plant, Pringles plant
- **F2020 benefits from Q4 commissioning of Kiri & Laughing Cow**
- **Full benefits now flowing from F2017 acquisitions**
  - Improved dairy product mix & margins
  - Khoisan (reduction in Rooibos prices, volumes up)
- **Evaluating strategic bolt-on acquisition in tea category** (non-categorised transaction)

** Overall Equipment Effectiveness*

Key take-outs

Resilient performance from group's core categories

PL/DOB constitutes 46% of revenue & presents significant opportunity

- Libstar innovates & helps customers grow their PL/DOB market share

40:60 H1:H2 ratio still largely intact

- Constrained demand poses downside risk against backdrop of economic slow-down

Renewed Libstar Strategic Focus: Purpose, Value Proposition & Brand Promise

Entrepreneurial Culture

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Certain matters discussed in this document regarding Libstar's future performance, that are neither reported financial results nor other historical information but involve known and unknown risks based on assumptions regarding the group's present and future business strategies and the environments in which it operates now and in the future and uncertainties which relate to events and depend on circumstances that will occur in the future. These matters are regarded as 'forward-looking statements'. They involve and include initiatives and the pace of execution thereon and any number of economic or geopolitical conditions, including factors which are in some cases beyond management's control and which may cause the actual results, performance or achievements of the group, or its industry, to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. They furthermore involve and include, without limitation, the group's ability to successfully control costs and execute on and achieve the expected benefits from operational and strategic initiatives, the availability of necessary skilled staff, disruptions impacting the execution of the group's strategy and business, including regional instability, violence (including terrorist activities), cybersecurity events and related costs and impact of any disruption in business, political activities or events, weather conditions that may affect the group's ability to execute on its contracts, adverse publicity regarding the group, initiatives of competitors, objectives to compete in the market and to improve financial performance, all forward-looking financial numbers and statements, currency translation, macroeconomic conditions, growth opportunities, contributions to pension plans, ongoing or planned real estate, ongoing or planned contracts and investments and future capital expenditures, acquisitions, divestitures, financial conditions, dividend policy and prospects, the effects of regulation of the group's businesses by governments in the countries in which it operates and all other statements that are not purely historical. These forward-looking statements have not been reviewed or reported on by the group's auditors. Such statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Forward-looking statements made in this document apply only as of the date of this document.

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Appendices

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Breakdown of open FEC exposure

Quarter	Import "Purchase" / (Export "Sell") Millions	FEC Rate	FEC Cover Rm	FEC spot rate on 30 June 19	FEC revalued at 30 June 19 Rm
2019-Q3			**-102**		**-100**
AUD	-2	10.9	-20	10.1	-18
EUR	-1	20.5	-14	18.9	-13
GBP	-1	19.1	-14	21.3	-16
NZD	-0	9.9	-1	9.4	-1
SGD	0	10.5	0	10.0	0
USD	-3	15.7	-54	15.2	-52
2019-Q4			**-172**		**-180**
AUD	-2	10.5	-17	10.1	-17
EUR	-3	17.2	-51	18.9	-56
GBP	-0	18.9	-8	21.3	-9
USD	-6	14.8	-96	15.2	-98
2020-Q1			**-78**		**-79**
AUD	-1	10.7	-7	10.1	-7
EUR	-0	17.5	-3	18.9	-3
GBP	-1	20.0	-10	21.3	-11
USD	-4	15.0	-57	15.2	-58
2020-Q2			**-33**		**-33**
AUD	-0	10.9	-4	10.1	-4
EUR	-0	17.8	-2	18.9	-2
GBP	-0	19.8	-5	21.3	-5
USD	-1	15.5	-22	15.2	-21
Total open FEC value			**-386**		**-392**

H1 2019 – Results summary

	Post impact of new accounting standards	Pre impact of new accounting standards
Normalised EBITDA (group)	▲ 20.3%	▲ 5.9%
Normalised EBITDA (core categories)	▲ 19.0%	▲ 8.5%
Normalised EBITDA (non-core categories)	▲ 26.8%	▼ 17.6%
Total basic and diluted EPS	▼ 28.7%	▼ 4.1%
Total basic and diluted HEPS	▲ 50.0%	▲ 73.4%
Basic and diluted normalised EPS from continuing operations	▲ 7.7%	▲ 13.2%
Basic and diluted normalised HEPS from continuing operations	▲ 6.9%	▲ 12.4%

Income Statement

Adoption of new accounting standards

H1 2019 impact of 1st time adoption of IFRS 16

Income Statement		Balance Sheet	
R58m ▼	in rental expense & similar ▲ in normalised EBITDA (before normalisation adjustments)	R464.4m ▲	in long term lease asset
R46m ▲	in depreciation expense	R5.4m ▼	in operating lease asset
R25m ▲	in interest expense	R479.6m ▲	in long term liabilities
R13m ▼	in profit before tax	R39.0m ▲	in short term liabilities
		R59.6m ▼	in retained income

Income Statement

Adoption of new accounting standards

H1 2019 impact of 1st time adoption of IFRS 9 (hedge accounting)

Recognition of gain in hedge accounting reserve

Other Income (statement of comprehensive income)	▼	R12m (pre-tax)
		or
Other Comprehensive Income (hedge reserve in statement of comprehensive income)	▲	R8.8m (post tax)

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Balance sheet summary

Accounting changes reconciled

Rm	H1 2019 reported	New Accounting Standards	H1 2019 Like-for-like	H1 2018	2018	*Comment*
ASSETS						
PPE	1 263.7		1 263.7	1 103.6	1 205.9	
Lease asset	464.4	-464.4	-	-	-	*IFRS 16 lease assets*
Intangible assets	2 144.4		2 144.4	2 377.0	2 269.2	
Goodwill	2 496.1		2 496.1	2 521.1	2 521.1	
Other non-current assets	19.9	5.4	25.3	30.0	13.5	*Deferred tax, reversal of operating lease asset R5.4m*
Current assets	3 801.0		3 801.0	3 689.8	3 784.2	
EQUITY & LIABILITIES						
Stated capital	4 727.3		4 727.3	4 829.2	4 818.9	
Reserves	479.2	59.6	538.9	441.2	599.9	*R59.6m IFRS 16 impact*
Non-current liabilities	3 178.0	-479.6	2 698.4	2 439.1	2 722.4	*R13.1 m reversal of operating lease liability* *R515.9m IFRS 16 Lease liability* *R23.2m IFRS 16 tax effect*
Current liabilities	1 805.0	-39.0	1 765.9	2 012.0	1 652.7	*R39m short term portion of IFRS 16 lease liability*

Income Statement

Accounting changes reconciled

Rm	H1 2019 reported	New Accounting Standards	H1 2019 Like-for-Like	H1 2018 reported	*Like-for-Like % ch vs H1 2018*	*Comment*
Revenue	4 616.9	-	4 616.9	4 414.8	*+4.6%*	
Cost of sales	-3 544.3	-	-3 544.3	-3 490.7	*+1.5%*	*IFRS 16 – R12.4m reversal of rental expense & R12.4m increase in depreciation*
Gross profit *(margin)*	1 072.5 *(23.2%)*	-	1 072.5 *(23.2%)*	924.1 *(20.9%)*	*16.1%*	
Other Income	14.3	12.1	26.4	6.6	*+298.4%*	*IFRS 9 – Recognition of R12.1m gain in hedge accounting reserve (equity)*
Operating expenses *(margin)*	-816.2 *(17.7%)*	-12.1	-828.3 *(17.9%)*	-701.8 *(15.9%)*	*+18.0%*	*IFRS 16 – R45.6m reversal of rental expense & R33.5m increase in depreciation*
EBIT *(margin)*	270.6 *(5.9%)*	0.0	270.6 *(5.9%)*	229.0 *(5.2%)*	*+18.2%*	
Normalised EBIT *(margin)*	351.2 *(7.6%)*	-12.1	339.1 *(7.3%)*	323.0 *(7.3%)*	*+5.0%*	*IFRS 16 – R58.0m reversal of rental expense & R45.9m increase in depreciation*
Depreciation & Amortisation	131.7	-45.9	85.8	78.3	*+9.6%*	*IFRS 16 – R45.9m increase in depreciation*
Normalised EBITDA *(margin)*	482.9 *(10.5%)*	-58.0	424.9 *(9.2%)*	401.3 *(9.1%)*	*+5.9%*	*IFRS 16 – R58.0m reversal of rental expense*
Net interest paid	-102.9	24.6	-78.3	-132.0	*-40.7%*	*IFRS 16 – R24.6m increase in interest expense*
Profit before tax	167.6	24.6	192.3	96.9	*+98.4%*	*Pre-tax effect of new accounting standards*
Income tax *(effective rate)*	-49.0 *(29.2%)*	-6.9	-55.9 *(29.1%)*	-24.9 *(25.7%)*	*+124.6%*	*Income tax effect of new accounting standards*
Profit after tax	118.6	17.7	136.4	72.1	*+89.3%*	*Post tax effect of new accounting standards*
Normalised earnings	176.4	-9.0	185.4	142.8	*+29.8%*	*Post tax effect of change in operating expenses*
Normalised headline earnings	176.2	-9.0	185.2	143.9	*+28.7%*	*Post tax effect of change in operating expenses*
Normalised EPS (cps)	29.4	-1.5	30.9	27.3	*+13.2%*	
Normalised HEPS (cps)	29.4	-1.5	30.9	27.5	*+12.4%*	