

1. Q1 Volumes were very subdued, closing 36% below the same period last year.
2. The sustained inflation further restrained consumer spending power, impacting volumes across all categories:
 - 2.1 Flour volumes were most heavily impacted, closing 50% below last year, on the back of intermittent supply and increased cost of wheat.
 - 2.2 Volume performance in the remaining categories was largely reflective of consumers down-trading in favour of more affordable commodities, with Groceries (mainly rice and salt) closing 47% down, Snacks and Treats 37% down and Stockfeeds 25% down.
 - 2.3 The Maize category was the least impacted, with volumes for the quarter closing 5% below the prior period, as subsidies on raw maize assisted with maize meal affordability, driving consumption.
3. Profitability for the quarter largely met expectation due mainly to the lag in both raw material and operating costs.
4. National Foods has initiated an importation program for both white and yellow maize to cover the expected maize deficit in the first half of 2020.
5. The company is holding a solid pipeline of raw materials, although subdued local liquidity and continued devaluation mean that replacement of this pipeline will need to be a key focus area for management in the months ahead.
6. National Foods has launched a new cereal product under the Pearlenta Nutri-Active Brand during the month of October. This follows several years of research and planning and the product has been well received by the market.
7. In the Snacks and Treats category "Allegros Popticorn" and "Iris" Cream biscuits were launched during the quarter. Market acceptance of these products has again been encouraging, further complementing our existing Snacks and Treats offering.

Michael Lashbrook

Group Chief Executive Officer

November 8th 2019