



REALISING POTENTIAL

Pioneer Food Group Limited
Incorporated in the Republic of South Africa
Registration number: 1996/017676/06
Share code: PFG
ISIN code: ZAE000118279
("Pioneer Foods" or "the Company" or "the Group")

TRADING UPDATE FOR THE FOUR MONTHS ENDED 31 JANUARY 2016

Pioneer Foods remains resilient notwithstanding significant economic challenges facing South Africa. Rand weakness and the concomitant cost-push effect will accelerate inflationary pressure on food manufacturers, and increase the burden on consumers. The severe drought in South Africa has furthermore exacerbated this situation. As a result of these volatile external factors, managing volume and margin imperatives becomes a delicate balance.

Pioneer Foods has made every effort to respond to these vagaries as responsibly and assertively as possible. Group turnover for the four months ended 31 January 2016, grew by 8% (adjusting comparatives for biscuits, Pepsi and Maitland Vinegar). There has been a sustained effort to contain costs, to price appropriately and enhance efficiencies in order to mitigate some of the impact.

The Groceries Division has succeeded in meeting stretch profit and margin targets to date. Long Life Juice and Breakfast Cereals in particular delivered excellent results.

The International Division has traded well, particularly export fruit. Managing the price, volume and margin pressures within the soft currency markets in Africa has however proven challenging for beverages.

The maize industry has been particularly affected by the drought conditions, resulting in input costs rising c.74% for the period, with a significant impact on Pioneer Foods' volume, but retaining category leadership. Wheat too, is adversely affected by the weakening currency and increase in the import tariff from R156 to R911 per ton over 12 months. Significant price recovery has been unavoidable.

The Bakeries have performed satisfactorily, given the significant base effect of Shakaskraal, the Duens Bakery refurbishment and increased competition. Rice has performed exceptionally well.

Future Life process development is well under way and poised for promising innovation.



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The aggregated corporate outcome of the aforementioned will result in a muted 1st half largely due to an exceptional performance at the 1st half of the prior year where adjusted headline earnings per share growth of 39% was achieved for continuing operations (refer to SENS dated 18 May 2015).

The strategic process of embedding a new operating model some 3 years ago placed Pioneer Foods in a far more defensive position to counter the headwinds facing business in South Africa. Pioneer Foods remains positive and continues to invest in significant fixed capital as a key enabler in realising its medium term objectives.

The financial information, on which this trading update is based, has not been reviewed or reported on by the Group's external auditors.

12 February 2016
Bellville

Sponsor
PSG Capital