



Press Release

ASTRAL WELCOMES TEMPORARY RESPITE AS ESKOM AGREES TO POSTPONE POWER CUTS TO LEKWA MUNICIPALITY

19 January 2017: Further to the statement released on Thursday, 12 January 2017, **Astral Foods Limited** (Astral), a leading Southern African integrated poultry producer, launched an urgent interdict on Monday, 16 January 2017 to prevent Eskom from interrupting electrical supply to Astral's operations via the Lekwa Local Municipality (Greater Standerton area, Mpumalanga) from 23 January 2017. As a result of the numerous applications received, Eskom requested a meeting with the Deputy Judge President of the Pretoria High Court yesterday, 18 January 2017.

The outcome of this meeting was that Eskom agreed to postpone its power cuts to the Lekwa Local Municipality (Lekwa) until 28 February 2017 to allow the applications to be heard on 21 & 22 February 2017.

Chris Schutte, CEO of Astral, stated: "We note that the immediate crisis has been averted, however, it does not detract from the fact that Lekwa appears to be unable to manage and administer its obligation to supply electricity to the region. In our opinion we can only deduce that Lekwa is a failed government structure that is unable to meet its financial obligations. We require urgent national government intervention in order to derive a permanent solution to ensure that Astral, other businesses and the wider community do not find themselves in this calamitous position come 28 February 2017. As previously stated, if Eskom is not paid or a repayment agreement is not reached with Lekwa, the power interruptions and especially the impending threat of permanent cuts will have disastrous consequences for Astral. We will pursue legal recourse to protect our business, as we cannot simply subject our operations to the municipality's indifferent approach to payment. These regular and recurring threats of electricity interruptions are extremely disruptive necessitating the diversion of resources to address each crisis. These repeated threats to cut electricity could further contribute to investment uncertainty in the country and could impact future credit ratings."

Since receiving Eskom's notification of the intended electricity cuts, Astral has met with representatives of the local municipality, provincial government and other affected parties in an effort to resolve the approaching crisis. Astral was however unable to secure any direct interaction with Eskom after a proposed meeting, facilitated by a representative of the Economic Development Department, was unfortunately cancelled by Eskom. Schutte concluded, "We are perplexed that a payment disagreement between two government institutions is now negatively impacting businesses, the drivers of the South African economy. Eskom has an effective monopoly on the generation and supply of power leaving us no viable alternative sources for our electrical requirements, yet Eskom insists on penalising the paid up consumers of electricity."

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Company background

Astral Foods Limited (Astral), a leading South African integrated poultry producer, with key activities in animal feed pre-mixes, manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, with integrated breeder and broiler production operations, abattoirs as well as sales and distribution of various key poultry brands. The brands in the Astral stable include:

- County Fair
- Festive
- Goldi
- Earlybird
- Mountain Valley
- Ross Poultry Breeders
- National Chicks
- Meadow Feeds
- Tiger Animal Feeds (Zambia)
- Tiger Chicks (Zambia)
- Meadow Feeds (Mozambique)
- Mozpintos (Mozambique)
- CAL Labs
- Provimi SSA