

ASTRAL FOODS LIMITED  
"Astral Foods"  
(Reg. No. 1978/003194/06)  
(Incorporated in the Republic of South Africa)  
Share Code: ARL  
ISIN Code: ZAE000029757

#### VOLUNTARY OPERATIONAL UPDATE

Astral Foods' operating profit for the first quarter of its 2019 financial year ended 31 December 2018, was significantly lower than the corresponding period in the previous year, and will have a negative impact on the results to be reported for the six months ending 30 March 2019.

When comparing the current Astral Foods' first quarter results with that of the previous year, it must be noted that the previous year's results for the same period were at a record historical high, benefitting at the time from low feed costs following a record maize crop for the 2016/2017 marketing year, whilst selling prices for poultry products were stronger due to the negative impact of Avian Influenza resulting in the short supply of broilers to the market.

During the September 2018 year-end results presentation, Astral Foods indicated in its outlook for the 2019 financial year that raw material prices were in an upward trend and consumer disposable income was under pressure. This has now manifested itself, with the lack of widespread rains particularly in the central and western parts of the maize producing areas following an El Nino weather pattern, resulting in upward pressure on maize prices which will lead to a material increase in feed costs for the 2019 financial year. Higher feed input costs and depressed poultry selling prices have resulted in significant pressure on profit margins.

Disappointing consumer spending during the Astral Foods' first quarter for its 2019 financial year, and in line with reports from a number of retailers, together with high poultry stock levels at the end of Astral Foods' 2018 financial year, resulted in average selling prices below that of the comparative period. Higher sales volumes during the first quarter culminated in a reduction in Astral Foods' poultry finished goods stock levels at the end of December 2018.

Despite the current trading conditions, Astral Foods is continuing with its strategy to upgrade and expand the Festive processing plant located in Midrand. The upgraded facilities will provide additional capacity for value-added and fresh products, where supply has been hampered in the past due to Astral Foods' capacity constraints. The initial phase of the project is expected to be completed during 2020.

The above information has not been reviewed or reported on by Astral Foods' auditors.

Pretoria

5 February 2019

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited