

Astral Foods Limited
("Astral Foods")
Registration number: 1978/003194/06
JSE Code: ARL ISIN: ZAE000029757

General Update

In the interim results reported for the six months ended 31 March 2019, it was stated that the deterioration of the municipal infrastructure of the Lekwa (Standerton) municipality has led to water supply interruptions to Astral's poultry processing plant in Standerton, despite the proximity of this municipality to a substantial water source in the Vaal River. This water supply issue is resulting in significant cost implications for the group.

A substantial ongoing under supply of water has escalated, and this notwithstanding a permanent order of court requiring the municipality to secure a minimum necessary supply. The total calculated impact on profits is currently at least R85 million.

This comprises mainly the following:

	R million
• Costs to manage the impact of the short supply	19
• Costs related to not slaughtering birds according to a pre-determined schedule; additional feed costs due to a higher bird age	10
• Cost of slaughtering at alternative processing plants	25
• Forced production cuts planned for June 2019; to reduce the number of birds to be slaughtered with an estimated non-recovery of costs	31

In spite of active engagement with a number of stakeholders on this issue, cooperation from the Lekwa local municipality has not been forthcoming. Due to the unpredictability of the outcome of the ongoing discussions with the authorities, the group is not in a position to provide an estimate of the impact on profits of the short supply of water beyond what is stated above.

Astral is actively seeking alternative water supply solutions in an attempt to mitigate any further cost impacts under the ongoing water supply interruptions. All possible avenues are being explored which includes continued legal action to secure water supply through the municipal infrastructure.

Further updates will be communicated as and when circumstances change.

Pretoria

28 May 2019

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited