

STRATEGY OVERVIEW

Vision

To be a leading FMCG company in Africa with globally trusted brands

Leading means:

Number 1 or 2 in select categories:

- Innovation at the core
- Consumer and category led
- Thought leadership with customers where Group holds the number 1 position
- Global best practice within all functions

FMCG means:

- Branded goods
- Private label products governed by “rules of engagement”
- Food and beverage products

Africa means:

- South Africa
- Southern Africa: Botswana, Namibia, Zambia, Mozambique, Zimbabwe, Mauritius
- East Africa: Uganda, Kenya, Ethiopia
- West Africa: Nigeria, Ghana, Algeria, DRC

Globally means:

- Targeted export destinations or viable acquisitive growth

Strategy implementation

Pioneer Foods defined five strategic themes to support the twin objectives of *strengthening its brand positions* and *expanding its margins* to ensure the organisation’s long-term sustainability.

The intensive capital investment cycle of recent years bodes well for future growth and cash generation going forward.

The effective implementation of the strategy is an ongoing and dynamic process. The table below is an overview of the Group’s progress on the five strategic themes, as well as the associated

risks. Going forward, Pioneer Foods is focused on embedding the new business model, thereby enabling the Group to grow to its full potential.

Strategic themes



SHAPE
A WINNING
CORPORATE
PORTFOLIO



FOCUS ON
POWER
BRANDS



EMBED
STRATEGIC
CUSTOMER
MANAGEMENT





RESET THE
COST BASE
AND STEP UP
PRODUCTIVITY




BUILD
A HIGH-
PERFORMANCE
TEAM

STRATEGY OVERVIEW (CONTINUED)

Strategic themes	Initiatives	Risks	2014 progress
 <p>SHAPING A WINNING CORPORATE PORTFOLIO</p>	<p>Seed</p> <ul style="list-style-type: none"> Expand into adjacencies Fast-track innovation Acquisitions <p>Weed</p> <ul style="list-style-type: none"> Divest of marginal assets Stock-keeping unit (“SKU”) rationalisation <p>Feed</p> <ul style="list-style-type: none"> Step change support levels and strategic direction of power brands 	<ul style="list-style-type: none"> Economic growth rates: <ul style="list-style-type: none"> Low GDP Increased competition Few acquisition targets Innovation failure 	<ul style="list-style-type: none"> Concluded evaluation of underperforming assets with appropriate action identified Stock-keeping unit rationalisation Pioneer Foods International positioned as a growth vector Unbundling of Quantum Foods Bakeries re-engineering is gaining traction Market share increase The bottling contract with PepsiCo International will not be renewed in 2015 by mutual agreement
	<ul style="list-style-type: none"> Understanding consumer need states Brand portfolio strategy Innovation and revitalisation focus Segmentation modelling Enhanced brand investment Increased focus on marketing competencies 	<ul style="list-style-type: none"> Market share loss: <ul style="list-style-type: none"> Private label growth Talent retention Increased competition 	<ul style="list-style-type: none"> Increased investment in consumer insights Robust category strategies formulated 59 new product offerings <i>White Star Quick</i> and <i>Bokomo Corn Flakes</i> voted Product of the Year 2014 Icon brand status awarded to <i>Spekko</i> rice Several brands recognised in Sunday Times Top 100 Brands Survey
	<ul style="list-style-type: none"> Joint business planning Customer-centric organisational design Trade terms optimisation Skills and capacity development Optimise channel and customer mix 	<ul style="list-style-type: none"> Market share loss and competition: <ul style="list-style-type: none"> Constrained consumer spending Private label growth Product safety and contamination: <ul style="list-style-type: none"> Consumer activism 	<ul style="list-style-type: none"> Selective joint business planning with retailers Customer-centric organisational structure established Customer-centric training curriculum developed Brand Academy curriculum developed Marketing competency calibration and defined competency framework Pioneer Foods In-Store merchandising partnership enhanced Trade terms structure reviewed

Strategic themes	Initiatives	Risks	2014 progress
 <p>RESET THE COST BASE AND STEP UP PRODUCTIVITY</p>	<ul style="list-style-type: none"> Organisational restructuring and streamlining Capitalise on parenting advantage and “One Pioneer” business model <ul style="list-style-type: none"> Procurement Finance and admin Logistics Efficiency management focus <ul style="list-style-type: none"> Pricing Manufacturing 	<ul style="list-style-type: none"> Efficiency and cost focus: <ul style="list-style-type: none"> Savings targets not fully realised Deployment of full savings to be competitive Input cost volatility Business interruption 	<ul style="list-style-type: none"> Rightsizing exercise completed for 2014 Consolidation of Bokomo Foods and Ceres Beverages completed Further centralisation of procurement Pioneer Foods Logistics Services (“PFLS”) established Year-on-year total operating costs maintained below inflation Completed IT outsourcing (hardware and applications support) Energy minimisation opportunities (“EMOs”) identified and implemented
	 <p>BUILD A HIGH-PERFORMANCE TEAM</p>	<ul style="list-style-type: none"> Talent calibration Transformation Talent management Skills development Strengthening of employer proposition 	<ul style="list-style-type: none"> Talent and high performance culture: <ul style="list-style-type: none"> Skills availability Slow cultural evolution Governance and regulatory compliance Technology and innovation Transformation

 completed
  in progress