



NAMIB POULTRY

BECAUSE YOU DESERVE BETTER

MEDIA RELEASE PRICE INCREASE

Dear Customer,

RE: PRICE INCREASE ON NAMIB POULTRY INDUSTRIES (NPI) PRODUCTS

Namib Poultry unfortunately has to inform you that there will be a price increase effective 26 April 2021, on all our Real Good Chicken and Nam Chicken poultry products. Costs to our business have increased over the last 30 months with Namib Mills and Namib Poultry absorbing these by not implementing any price increases over this period, irrespective of the fact that inflation has increased by 8% over the last 30 months. Although certain costs to our business have followed inflationary increases, certain direct input costs, which comprises the bulk of our cost structure, have increased far in excess of inflationary figures.

The driving factors behind the price increase are multifactorial and include, amongst others, the following:

- The cost of grain commodities has increased significantly over the last 24 months, specifically yellow maize and soyabeans. The cost of soyabeans has increased by 80% over the last 24 months of which 60% has been in the last 8 months alone. Yellow maize has increased 68% over the same period, 48% being the increase in the previous 8 months. These two soft commodities combined make up the most significant part of poultry feed. Poultry feed in turn comprises 65% of the total cost of producing a chicken. The feed cost component of poultry produced has increased by 44% as a result of the above-mentioned commodity price increases. These cost increases to date have been absorbed.
- The global Polyethylene industry is facing supply and shipping constraints which has a significant impact on packing material cost. The cost of these raw materials has increased more than 30% since last year.
- The cost of Brent crude oil increased with the resulting effect on production and distribution due to fuel price increases.
- As the economies and by implication the currencies of emerging markets struggle, coupled with the downgrade of South African debt to junk status by all three major rating agencies, the Rand and in effect the Namibian Dollar has been very volatile and has weakened over the preceding 30 months. This has also led to operational cost increases in excess of the inflationary percentages.

Therefore, we have no other option as to announce a **12%** price increase on all our poultry products effective **26 April 2021**. Be assured of our appreciation towards your understanding in this regard.

For more information, please contact:

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