



Interim Results March 2011

Presentation to Investors and Analysts
May 2011



A leading Southern African integrated poultry producer

Content






Business overview	-	Chris Schutte
Financial overview	-	Daan Ferreira
Prospects	-	Chris Schutte
Q & A	-	Chris & Daan







Business overview



Financial highlights - March 2011

Revenue	 2%	R4,2bn from R4,3bn (2010)
Operating profit	 23%	R375m from R304m (2010)
Operating profit margin		8,9% from 7,1% (2010)
EPS	 30%	631 cents from 487 cents (2010)
HEPS	 31%	636 cents from 486 cents (2010)

Financial highlights - March 2011 (continued)

Interim dividend per share	 5%	305 cents from 290 cents
Cash generated from operating activities	 1%	R402m from R398m (2010)
Net debt	 61%	R129m (Sep 2010) R50m (Mar 2011)
Net debt to equity ratio		9% (Sep 2010) 3% (Mar 2011)

Feed division - overview

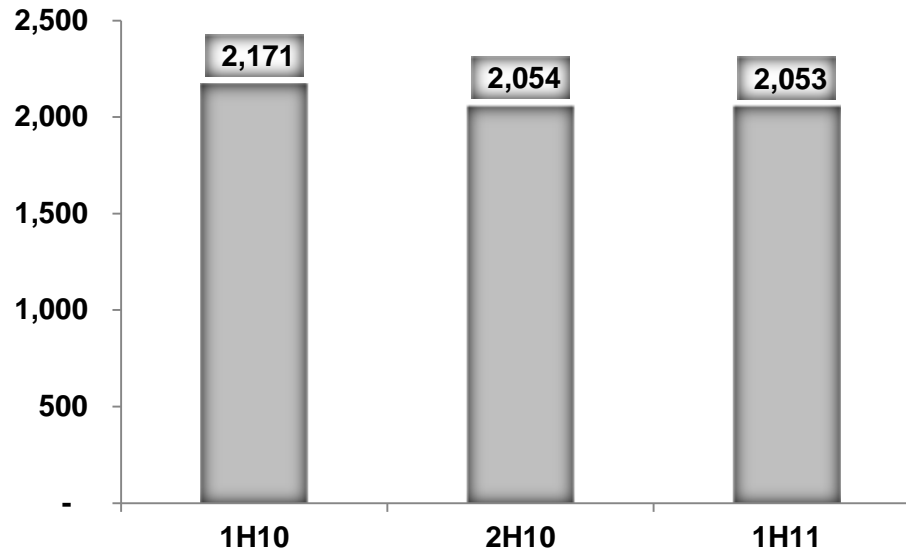
Segment profile

- **Seven feed mills in South Africa**
 - Delmas
 - Randfontein
 - Welkom
 - Paarl
 - Ladismith
 - Port Elizabeth
 - Pietermaritzburg
- **Two feed mills outside South Africa**
 - Mozambique (Maputo)
 - Zambia (Lusaka)
- **Chicken breeding and hatchery operation in Lusaka**
- **Customer profile (SA)**
 - 50% inter-group (Astral Poultry)
 - 50% external (dairy, broilers, swine, layers)



Feed division - overview (continued)

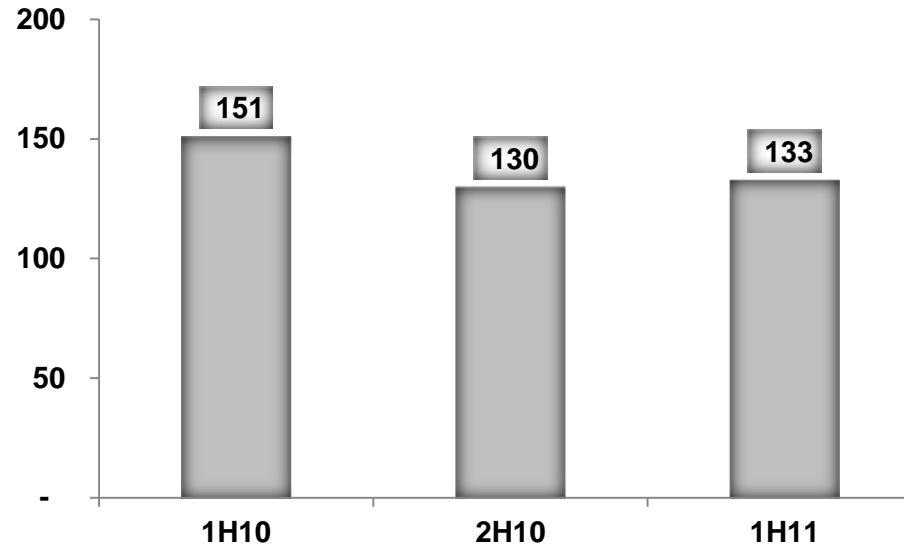
Revenue



- Revenue down 5% on 1H10
- Volumes down 4% on 1H10
- Selling prices bottomed in 2H10
 - down 2% on 1H10
 - marginally up on 2H10

Feed division - overview (continued)

Operating profit



- **Operating profit at R133 million**
 - down 12% on 1H10
 - up 3% on 2H10
- **Profit margin at 6,5%**
 - down on 1H10 (7,0%)
 - up on 2H10 (6,3%)

Feed division - overview (*continued*)

- **Lower in-house feed sales - lower slaughter age**
 - improved feed conversion

- **External feed sales under pressure**
 - Excess capacity
 - Customer buying patterns
 - Focus on credit risk

- **Lower volumes = higher overhead cost per unit**

- **Good recovery from African feed mills**

- **Zambian breeding/hatchery operations**
 - Commissioned July 2010
 - Third phase to be completed
 - Expected to break-even for 2011

Safex YM price since 1 Oct 2005



Source: CJA Strategic Risk Brokers



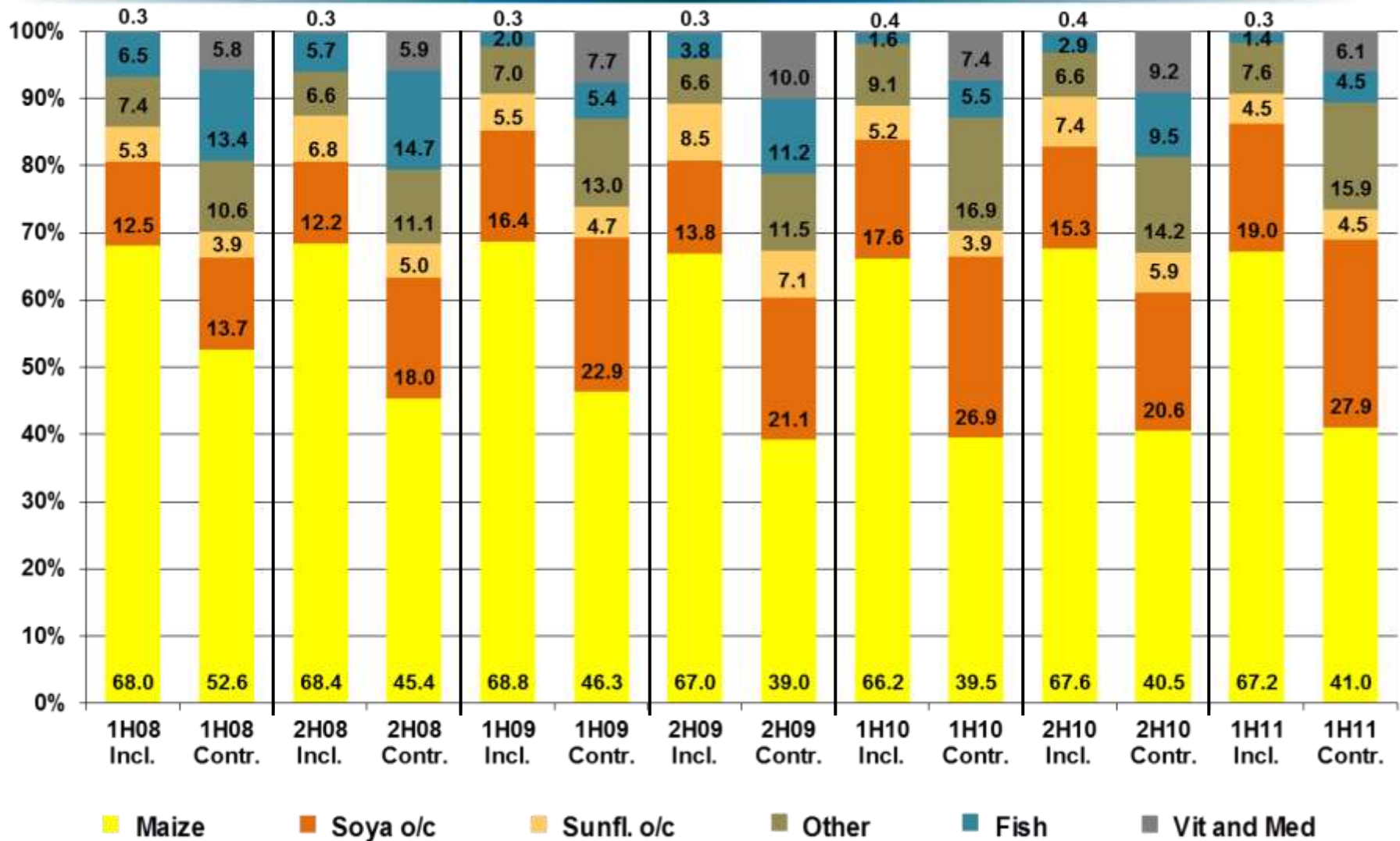
Safex YM versus CBOT Corn in Rand terms



Source: CJA Strategic Risk Brokers

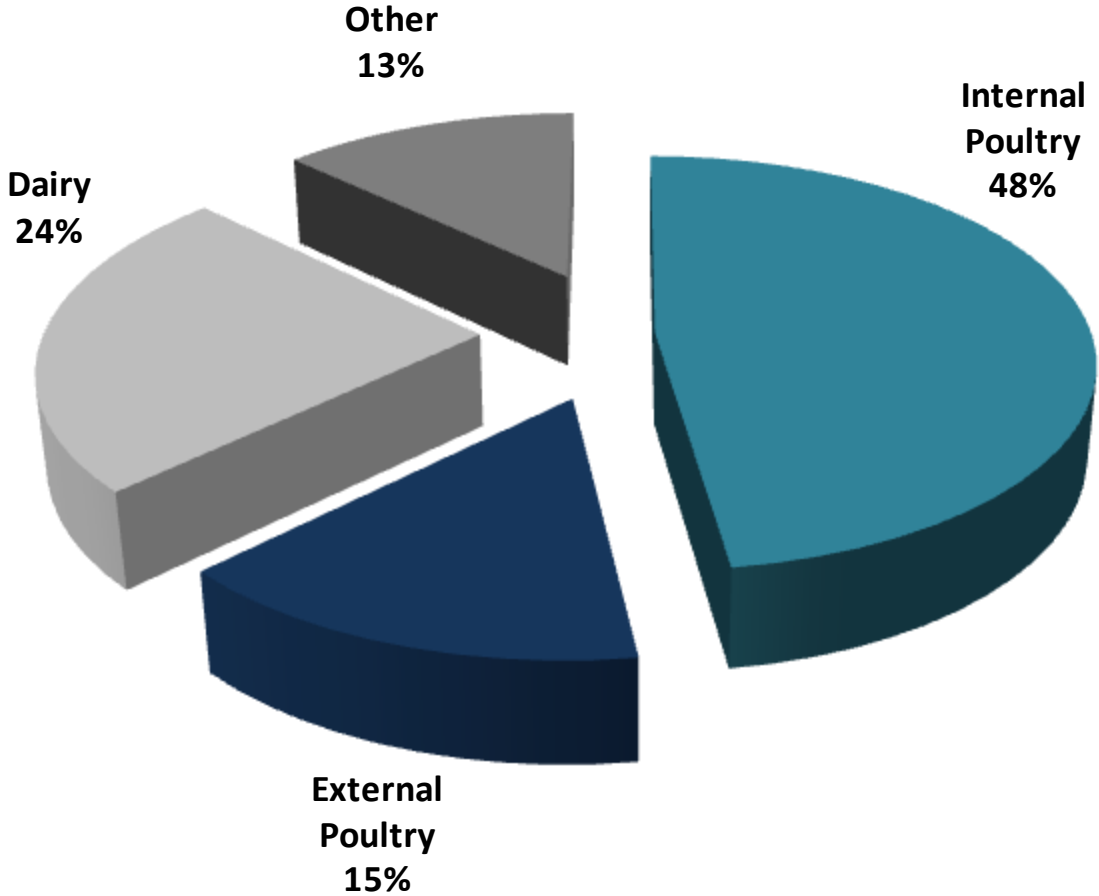


Raw material inclusion (%) and contribution to total cost (%) for broiler feed based on actual contract prices



Market segmentation

Contribution 1H11



Feed division - prospects

- **Upward trend in grain and soft commodity pricing to continue**
- **Volume off-take to remain at current level**
- **Improved trading conditions in African operations**
- **Initial capital spend on new feed mill to commence**



Poultry division - overview

Segment profile

- **Ross Poultry Breeders**
 - Sole supplier and distributor of Ross genetics in SA
 - Operates from Gauteng, KZN and Western Cape

- **National Chicks**
 - Day old chick and hatching egg supplier
 - Operates from Gauteng, KZN and Swaziland

- **Integrated Broiler operations**
 - Broiler production, processing, distribution, sales and marketing
 - Operates three processing plants
 - Standerton
 - Olifantsfontein
 - Agter Paarl



Poultry division - overview (continued)

Segment profile

- **Product offering and market presence**
 - Retail
 - Wholesale
 - Independent cash and carry (ICC)
 - Quick service restaurants (QSR)
 - Catering
 - Further processed products
 - Exports
- **Consumer brands**

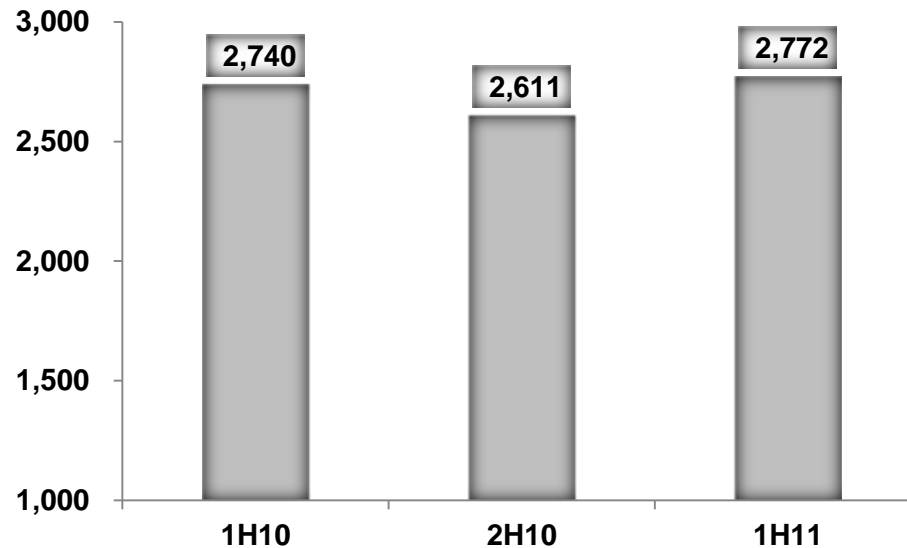


Private
Labels

Poultry division - overview (*continued*)



Revenue

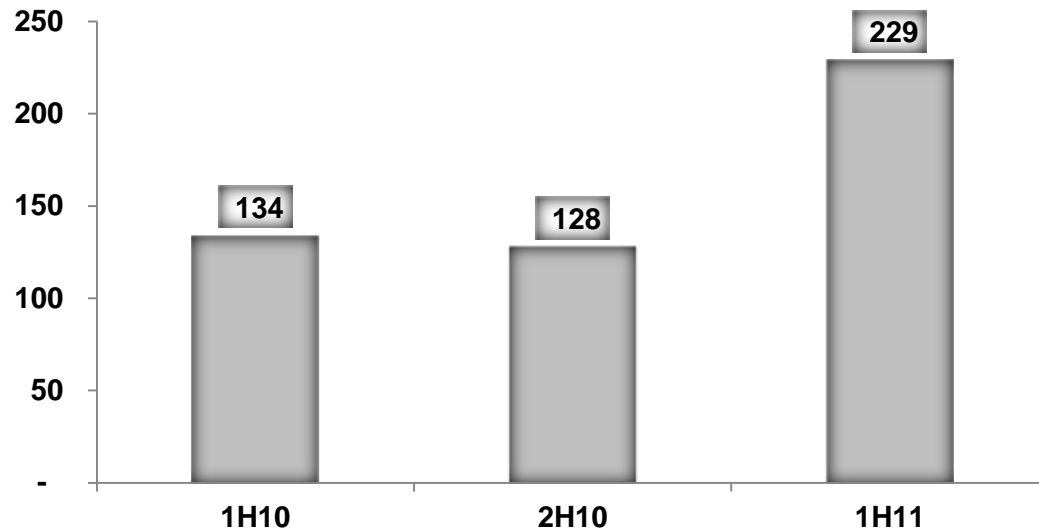


- **Revenue marginally up (1%) on 1H10**
 - No major movement in volume
 - No major movement in price
- **Revenue movement on 2H10**
 - Volumes : stock management
 - Pricing level improvement

Poultry division - overview (continued)



Operating Profit



- **Operating profit increased to R229 million**
 - Effect of industrial action included in prior year profits (1H10)
 - Reduced farm gate cost
 - Sales realisation improvement
- **Profit margin at 8,3%**
 - Up on 1H10 (4,9%)
 - Up on 2H10 (4,9%)

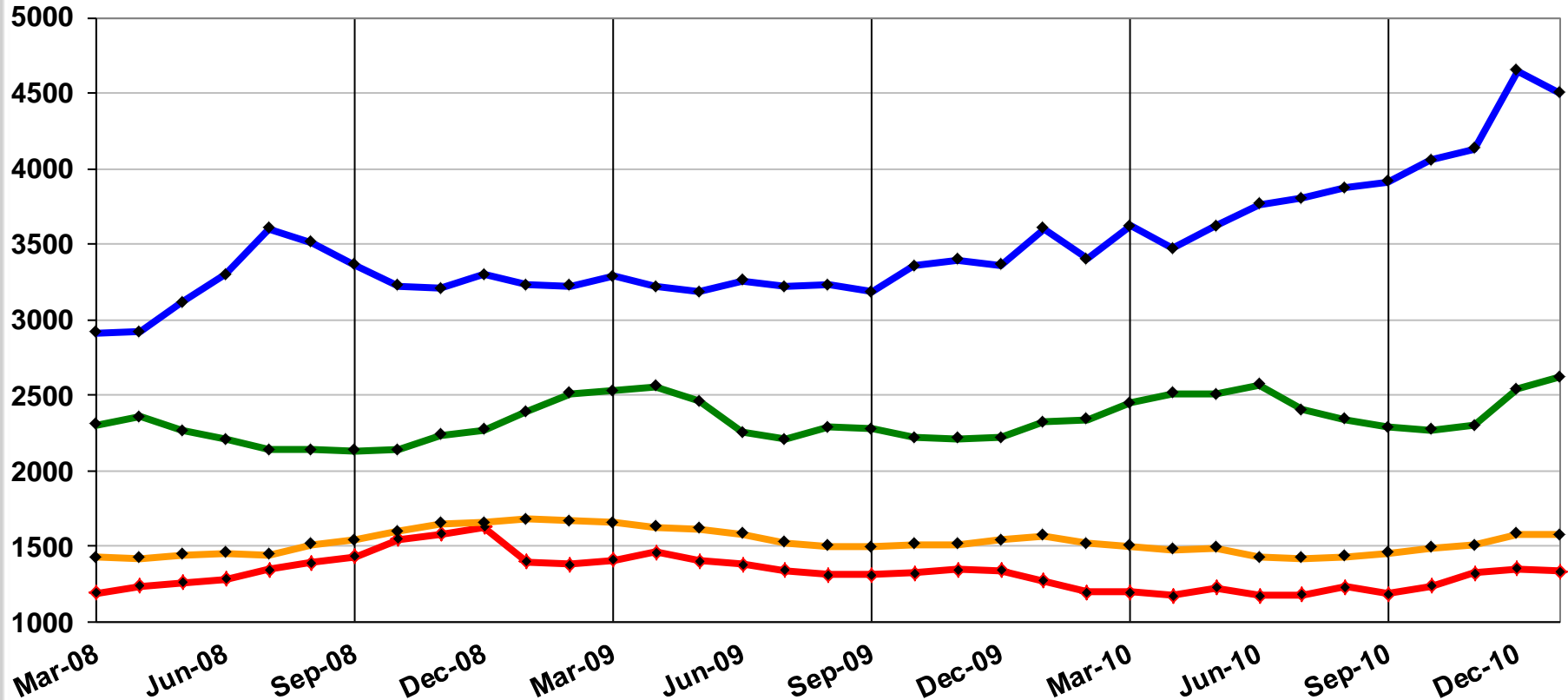
Poultry division - overview (*continued*)

Market trends



Producer price comparison (SA) c/kg

Monthly Prices (SA c/kg)
March 2008 - Jan 2011

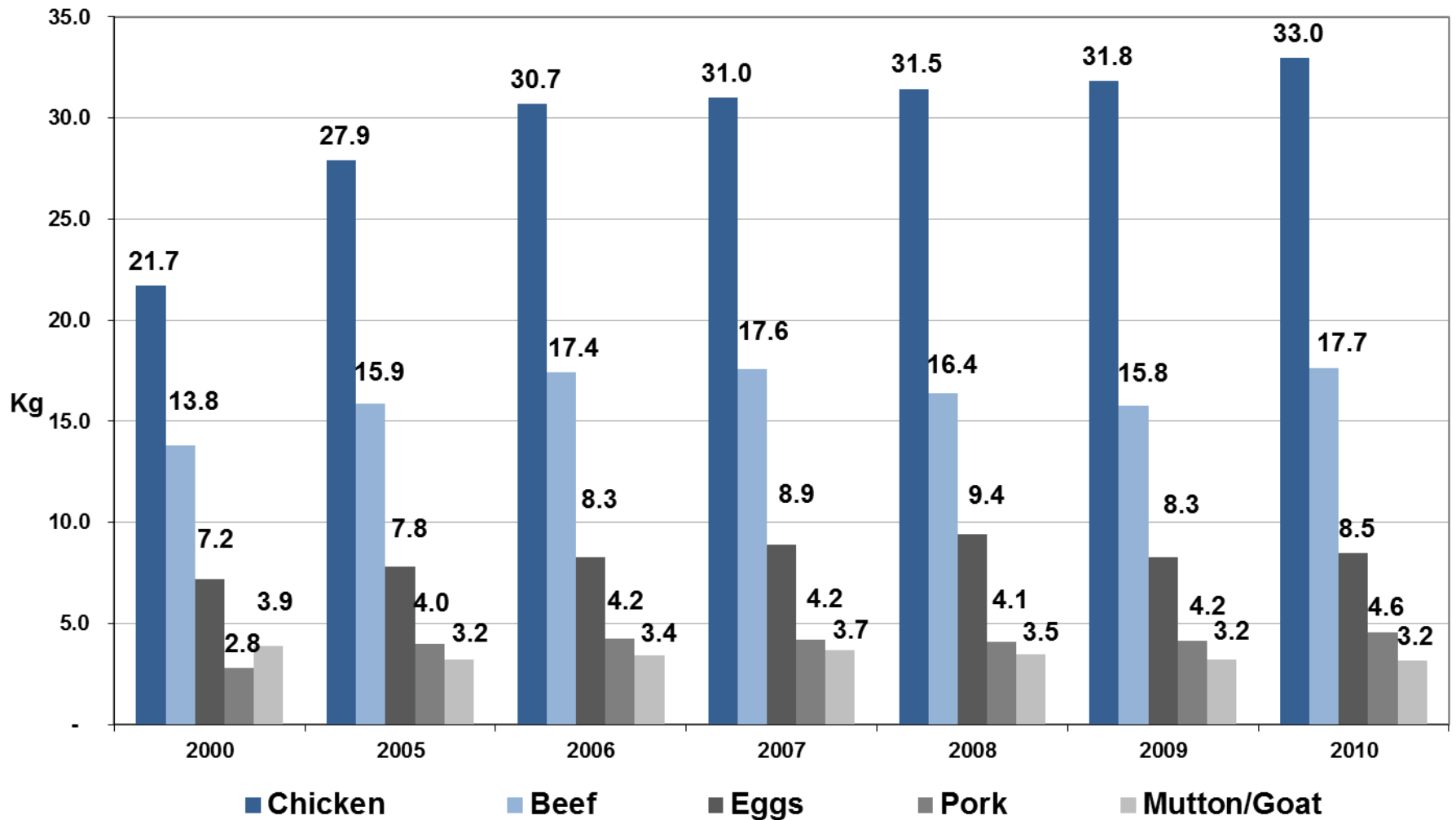


FCR ◆ *Chicken: 1.7* ◆ *Pork: 2.2* ◆ *Beef: 5.5* ◆ *Sheep: 5.0*
PCC ◆ *Chicken: 33.0kg* ◆ *Pork: 4.6kg* ◆ *Beef: 17.7kg* ◆ *Sheep: 3.2kg*

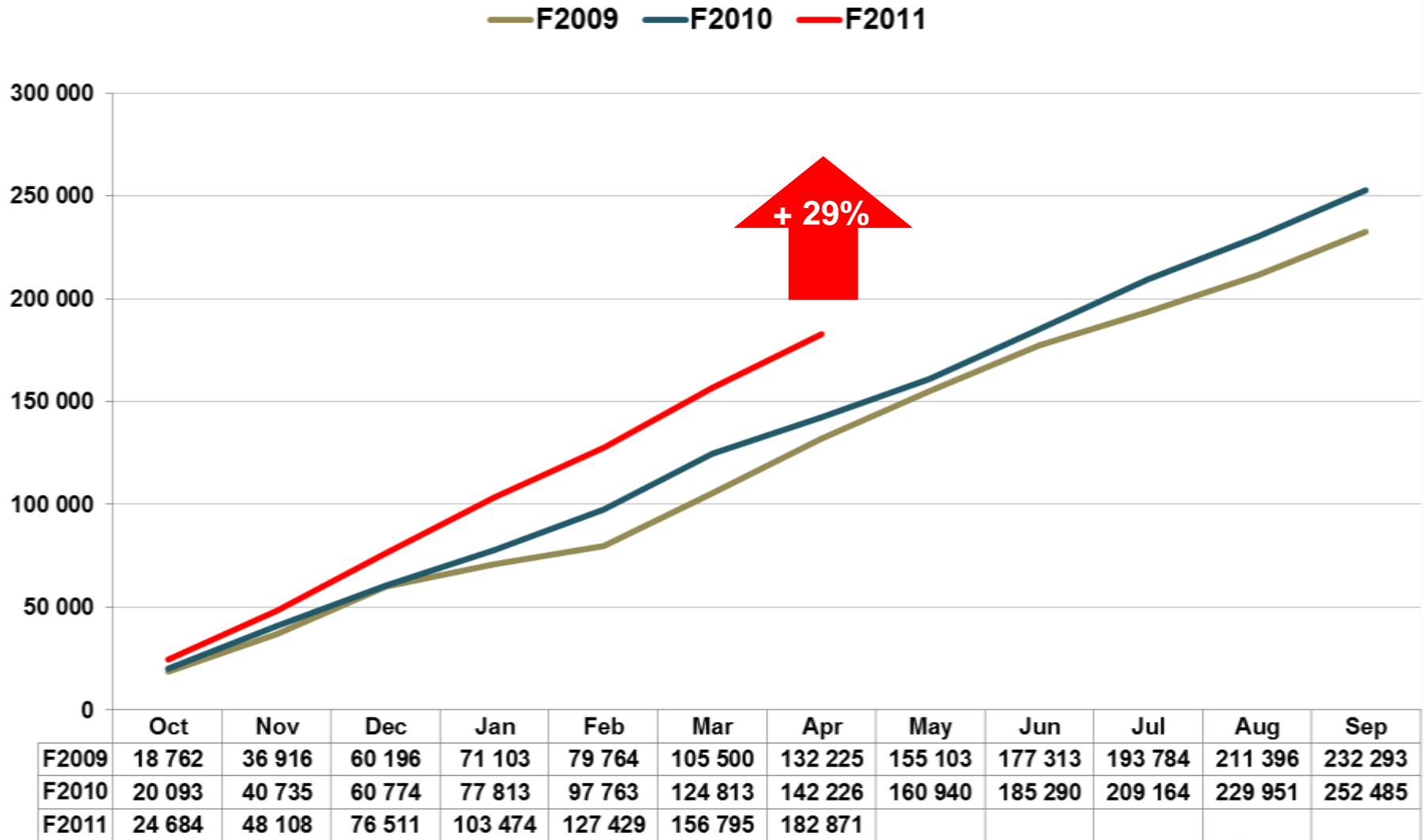
Source: J van Niekerk



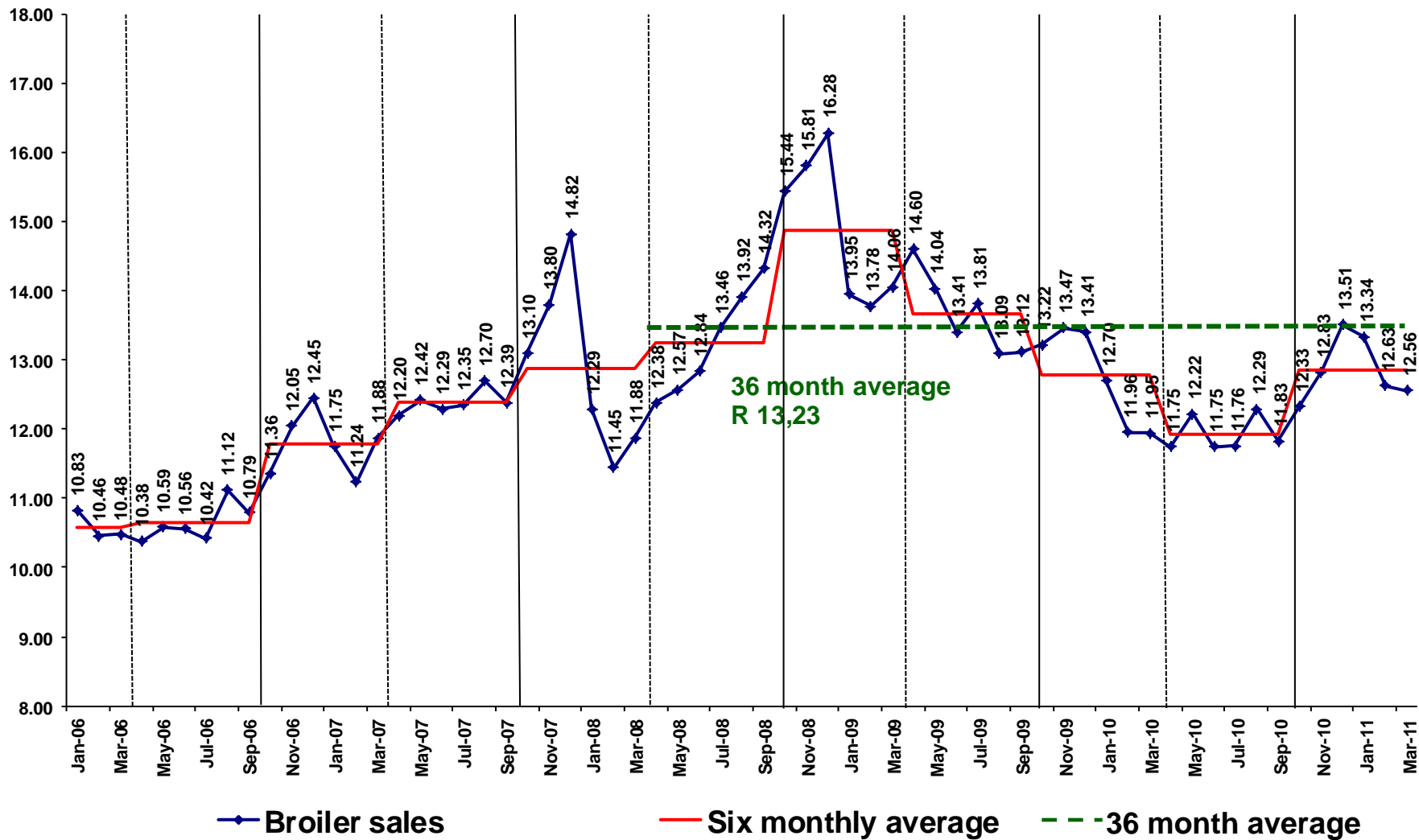
Per capita consumption: South Africa



Poultry imports - chicken, turkey and MDM in tons



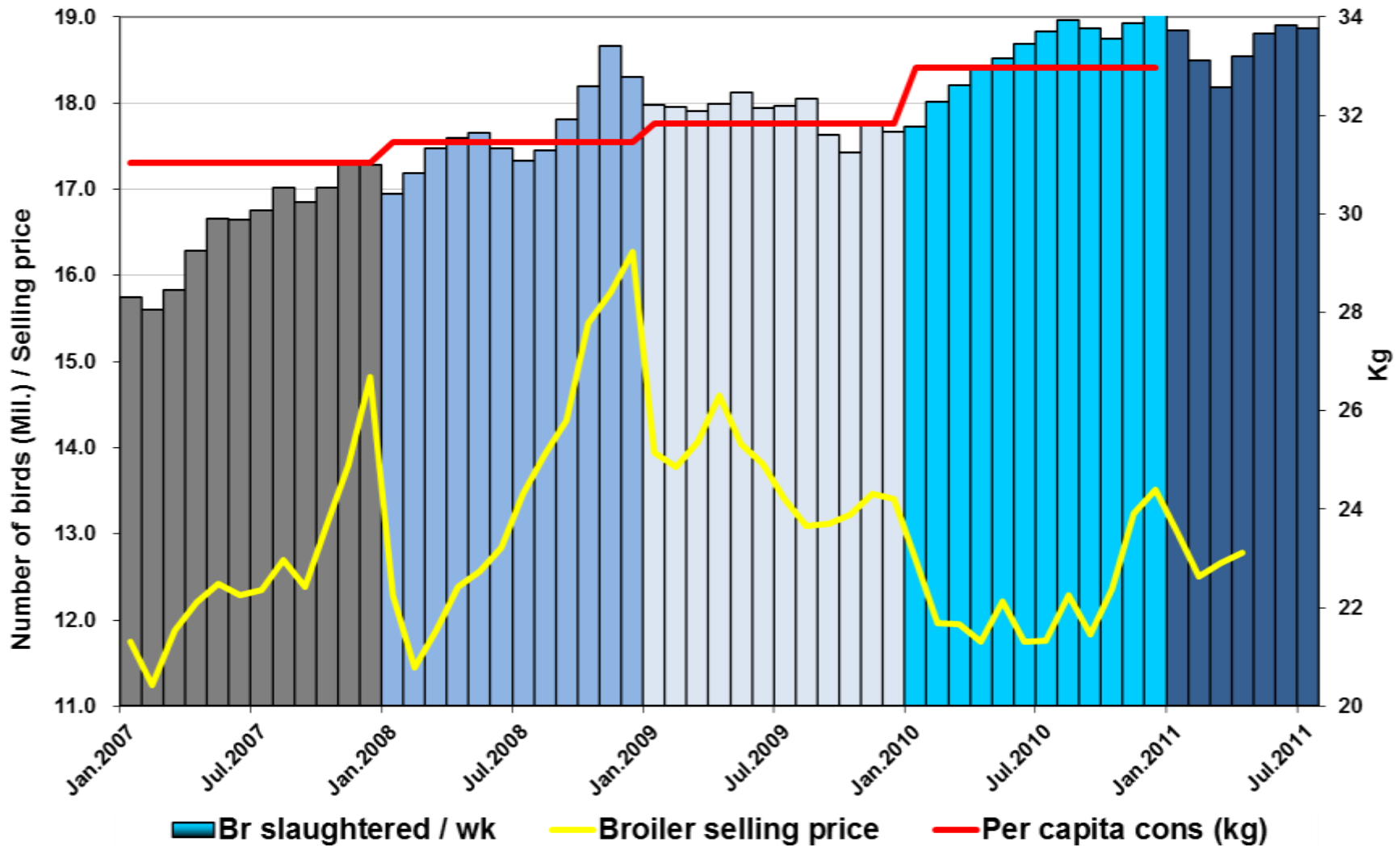
Industry broiler selling prices



Source: SAPA



Number of broilers slaughtered, per capita consumption and selling price



Poultry division - prospects

- **Feed cost on the increase, however will remain advantageous for 2H11**
- **Breeder and broiler production expected to remain at current efficient levels**
- **Selling prices not expected to change significantly due to high import levels**
- **Incorporation of Mountain Valley - no immediate effect on EPS expected**
- **New Ross 308 breed - fully integrated since March 2011**



Services and ventures division

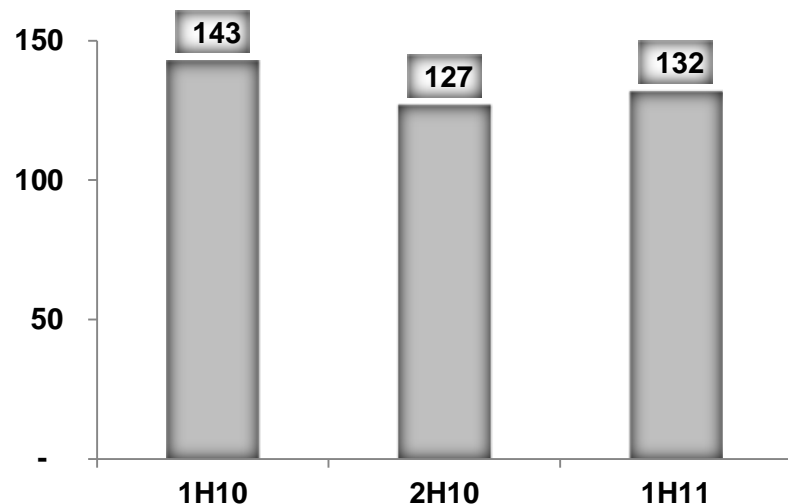
Segment Profile

- **Nutec (50% joint venture)**
 - Supplies feed premixes to the feed industry
 - Mixing plant in Pietermaritzburg
- **CAL**
 - Provides analytical services to the feed industry
 - Laboratory in Johannesburg
- **East Balt Bakery (50% joint venture)**
 - Bakes for QSR outlets and third party distributors
 - Bakeries in Pretoria and Cape Town

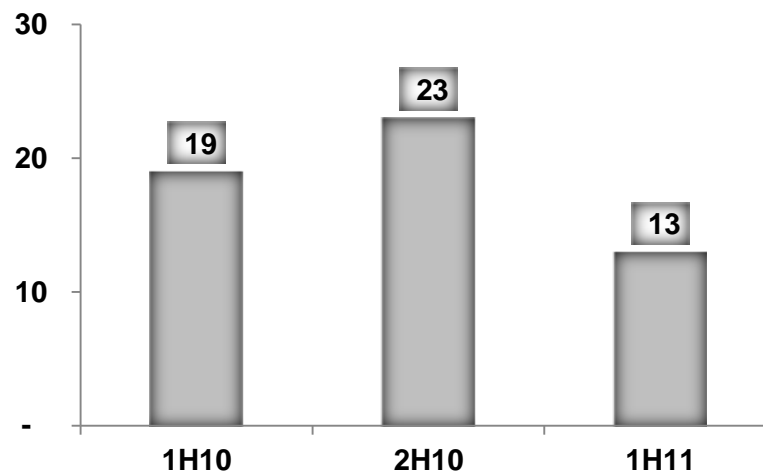


Services and ventures division

Revenue



Operating profit



- **Decrease in segment's revenue due to sale of Meaders Feeds**
- **All business units reported increased revenue**
- **Operating profit improved for all business units, however negatively impacted by:**
 - Exclusion of Meaders Feeds' profit
 - Cape Town bakery
 - start-up costs
 - low start-up volumes

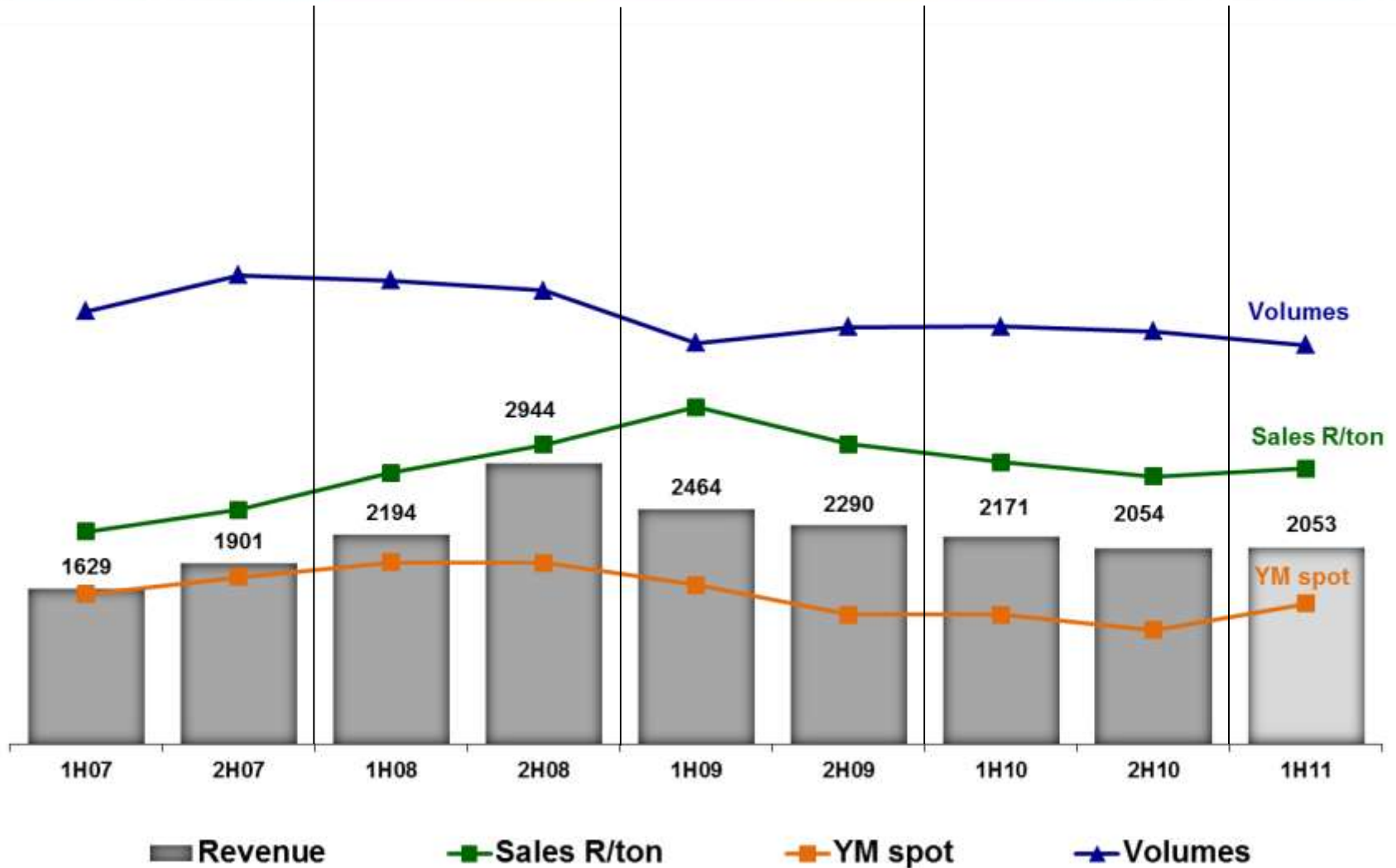
Financial overview



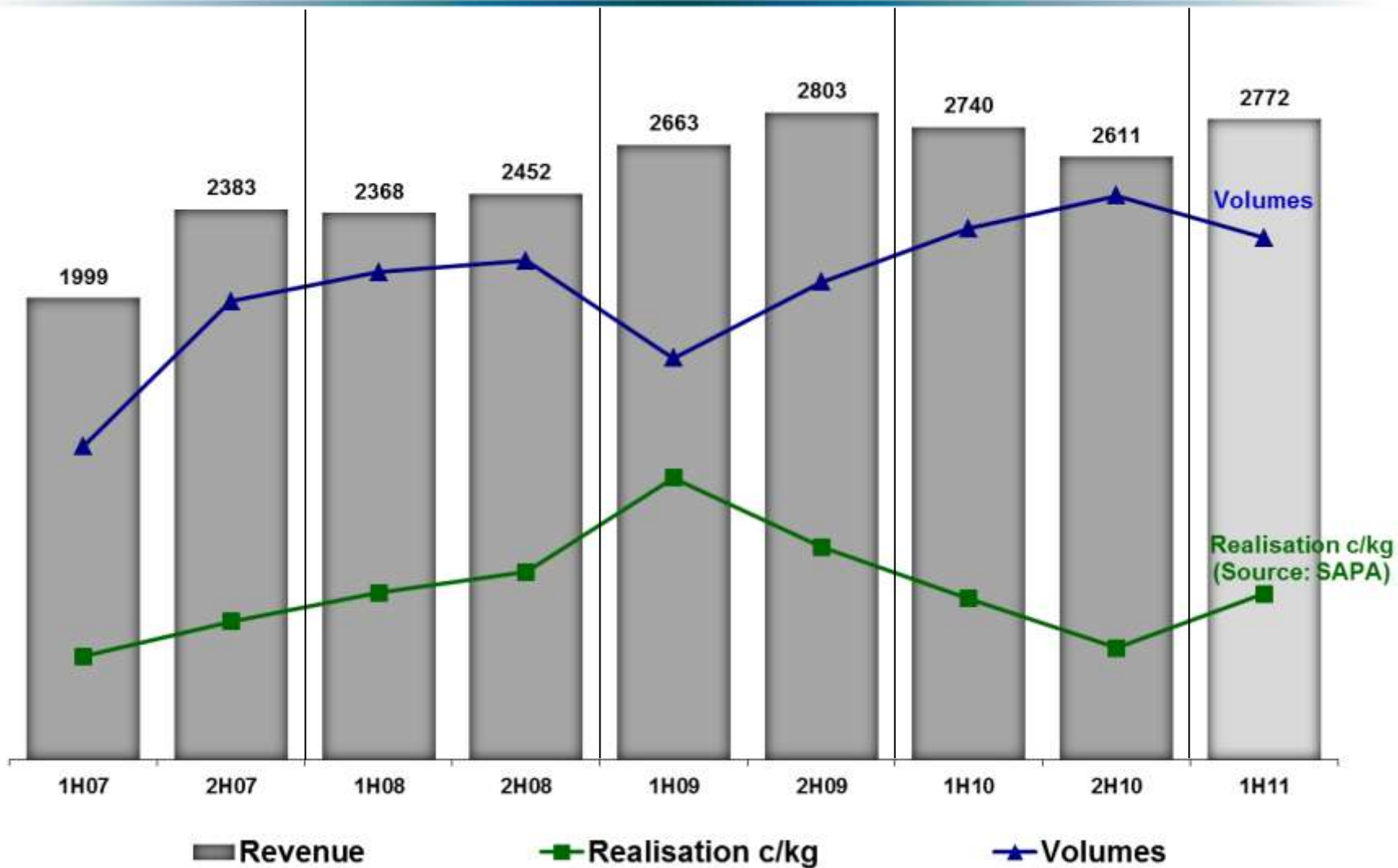
Income statement

Six months ended 31 March	2011 Rm	2010 Rm	% Change
Revenue	4 215	4 284	↓ (2)%
Operating profit	375	304	↑ 23%
<i>Operating profit margin</i>	<i>8,9%</i>	<i>7,1%</i>	↑
Net finance cost	9	12	↓ (22)%
Profit before tax	364	292	↑ 25%
Tax	122	104	↑ 18%
Profit for the period	242	188	↑ 28%
EPS - cents	631	487	↑ 30%
HEPS - cents	636	486	↑ 31%

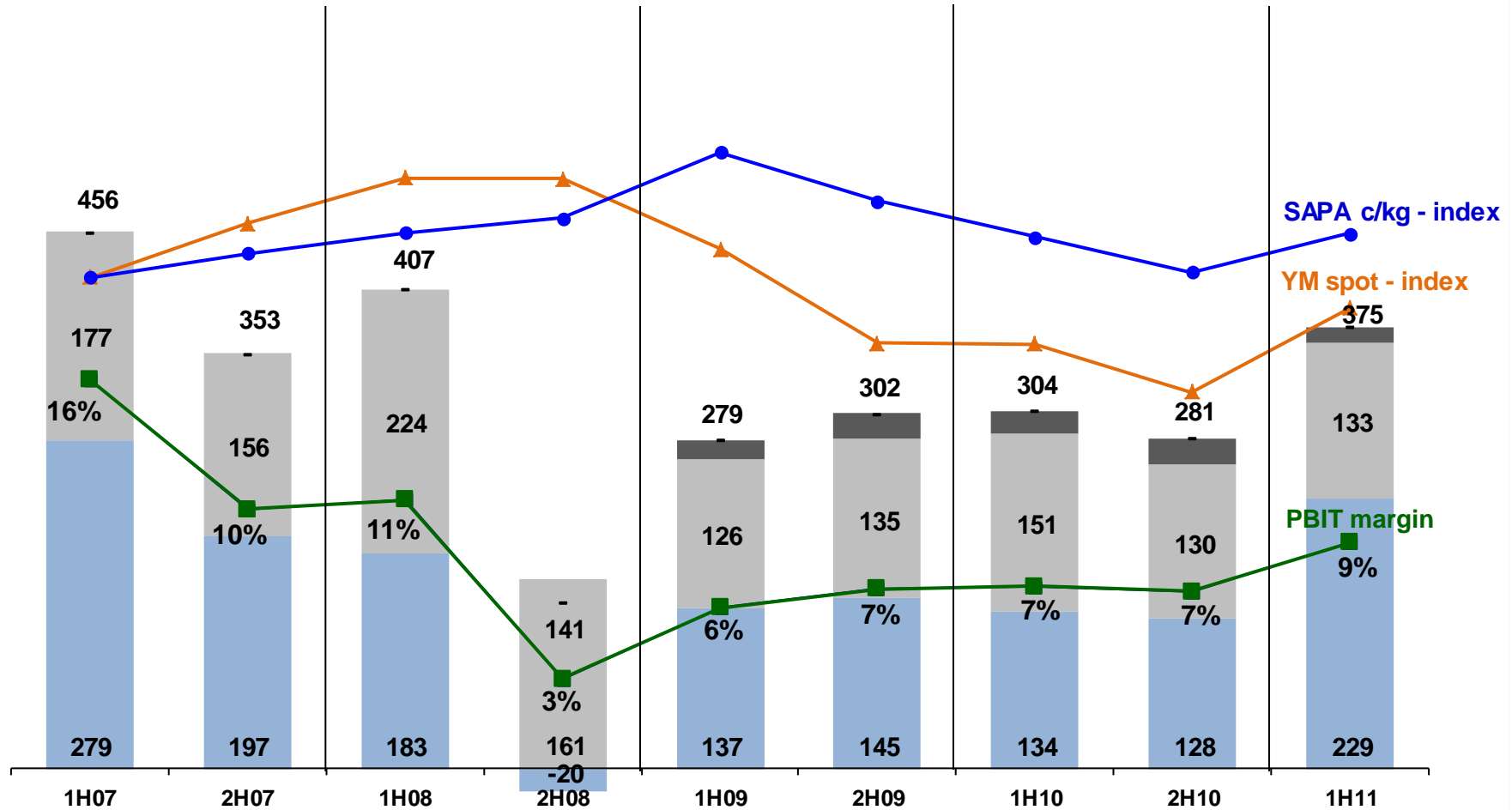
Feed - revenue: 2007-2011



Poultry - revenue: 2007-2011



Group - operating profit: 2007-2011



■ Poultry
 ■ Feed
 ■ Services
 - PBIT margin
 ▲ YM spot - index
 ● SAPA c/kg - index
 ■ Profit margin



Statement of financial position

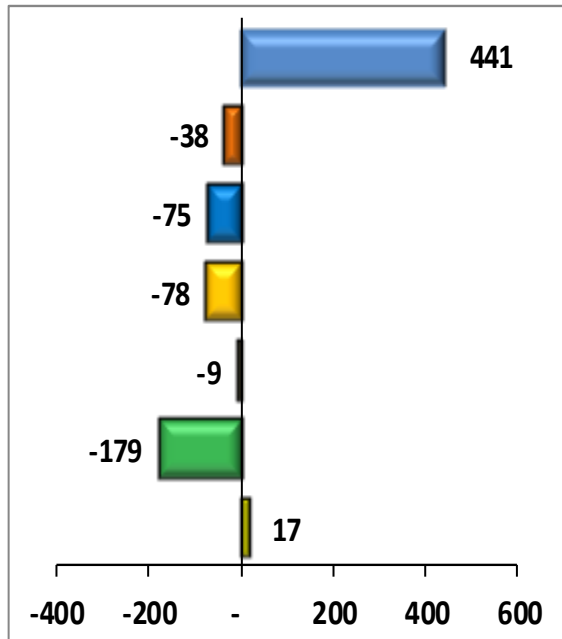
Six months ended 31 March	March 2011 Rm	September 2010 Rm	Change
Non-current assets	1 785	1 764	1%
Current assets (excl cash)	1 324	1 197	11%
Net assets held-for-sale	-	15	
Non-current liabilities (excl borrowings)	(461)	(441)	5%
Current liabilities (excl borrowings)	(1 082)	(960)	13%
Net assets	1 566	1 575	(1)%
Net debt	50	129	(61)%
- <i>Structured debt</i>	<i>107</i>	<i>100</i>	-
- <i>Cash and cash equivalent</i>	<i>(57)</i>	<i>29</i>	-
Equity	1 516	1 446	5%
Total	1 566	1 575	1%

Capital expenditure

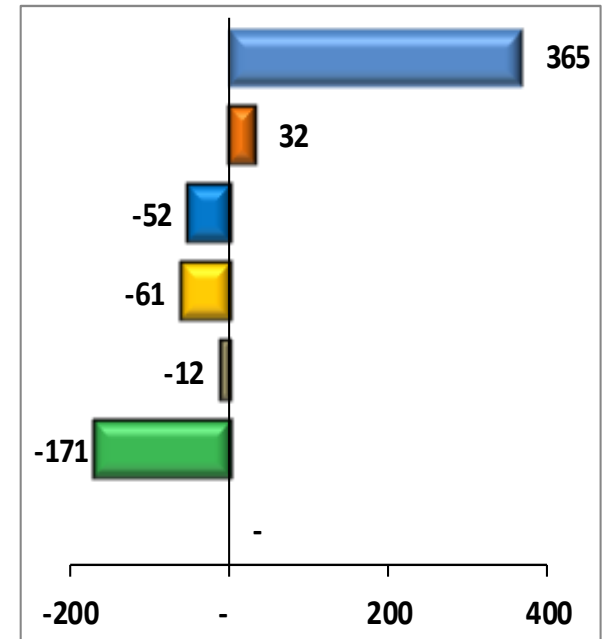
Six months ended 31 March	2011 Rm	2010 Rm
Depreciation	58	54
Replacement capex	42	22
Expansion capex	36	42
Total capex spent	78	64
Commitments	157	99
Total spent and committed	235	163

Cash movement for the six months ended 31 March

2011
R'million



2010
R'million



79
(129)
(50)
(107)
57

Decrease in net debt
 Net debt beginning of year
 Net debt end of March
 - Structured debt
 - Cash and cash equivalents

101
(187)
(86)
(40)
(46)

In summary

- **Poultry revenue marginally up**
- **Decline in Feed revenue**
- **Improvement in profits**
 - **Non-recurring industrial action costs**
 - **Favourable feed input cost**
 - **Continued improvement in poultry production efficiencies**
 - **Marginal poultry price improvement**
- **Cash flow - positive**
- **Gearing ratio remained low**



Salient features



Other matters

- **Elite / Ross: Competition Tribunal hearing**
 - 25 July to 5 August 2011

- **Industry: Summons to supply information (September 2009)**
 - No feedback from Competition Commission

- **Media: Reports on alleged underweight products**
 - Regulatory body apologises to Astral

Prospects



Prospects

- **Firmer grain and agricultural commodity prices**
- **Impact of poultry imports to continue (strong Rand vs USD)**
- **Food inflation - will poultry prices follow the trend?**
- **Erosion of consumers' disposable income through administered inflation - possible impact?**
- **Stock balance - critical for price stability**
- **Anti-dumping application against Brazilian imports submitted by SAPA**
- ***Business environment - expected to remain stressed***

Strategic focus

“ to be a low cost integrated poultry producer ...



*... and grow the business organically
through selective investments ”*

THANK YOU

