



Annual Results Presentation

for the year ended 30 September 2014



- **Business Overview**
- **Poultry Industry Trends**
- **Financial Overview**
- **Industry Matters**
- **Prospects**
- **Q & A**



BUSINESS OVERVIEW

THE PERIOD IN PERSPECTIVE



- The period under review reflects an improved performance compared to one of the worst trading periods during the past decade experienced by the poultry industry

Financial Indicators

▪ Revenue

13%

▪ Operating profit

88%

▪ Earnings per share

62%

▪ Headline earnings per share

99%

THE PERIOD IN PERSPECTIVE



- Continued **high total poultry imports**, increasingly from Europe (June 2014 ≈ 7 million bpw with local production at 19 million bpw – refer slides 30 and 31)
- **Record high local maize prices** in February, March and April 2014 not in line with CBOT corn prices (refer slide 53)
- **High soya bean prices** for the same period exacerbating the impact of high maize costs on feed prices (refer slide 26)
- The **Rand remained weak** against the US Dollar negating most of the benefits of lower CBOT corn prices during F2014

THE PERIOD IN PERSPECTIVE



- A **solid performance from the Feed division** and an **improved performance from the Poultry division** have contributed positively to the Group's earnings
- The Group's integrated **best cost business model** proved its value with the business remaining more profitable versus an industry that has struggled over the same period
- **Acquisition of selected assets on liquidation sales** of various small-sized poultry producers
- A positive movement in net cash flow reduced the **net debt to equity ratio to 8.9%** (30 September 2013: 15.5%)



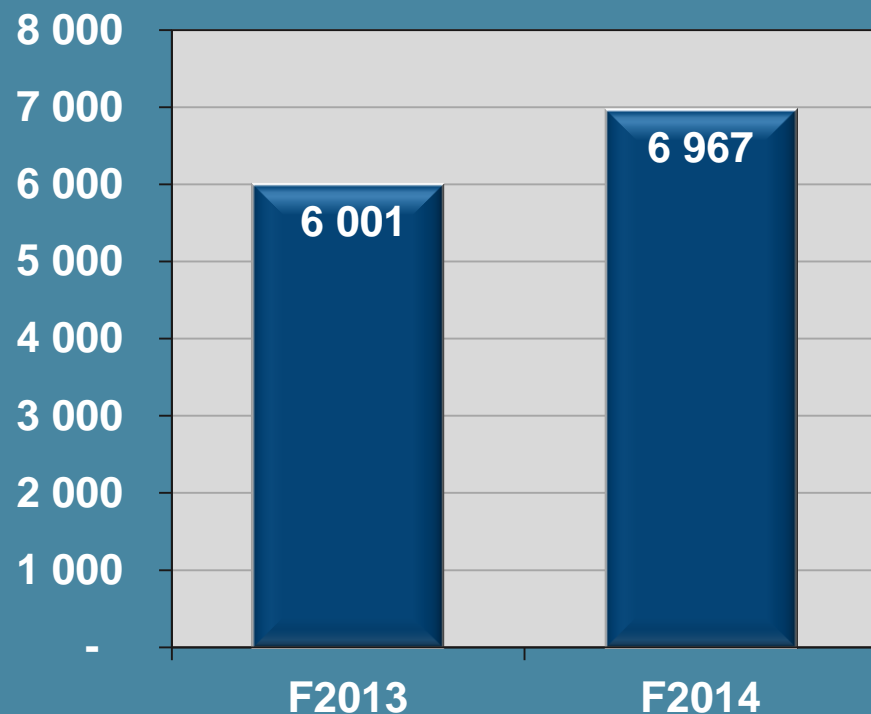
POULTRY DIVISION



POULTRY DIVISION - OVERVIEW

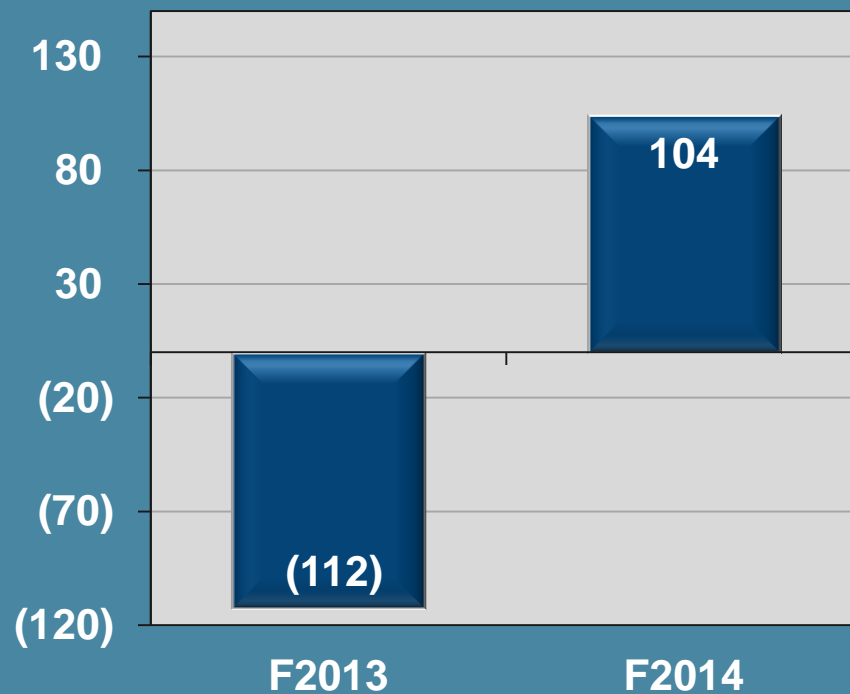


Revenue - R million



- Revenue up 16%
- Broiler volumes up 7%
- Broiler selling prices up 8%

Operating profit - R million



- Operating profit up 193%
- Net margin 1.5% F2013: (1.9%)
- Feed costs up 2%

POULTRY DIVISION - OVERVIEW



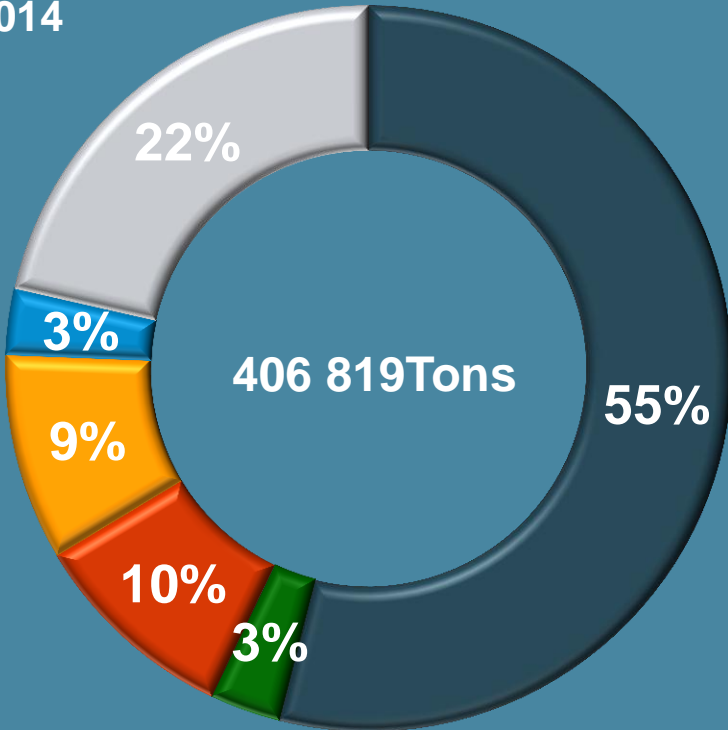
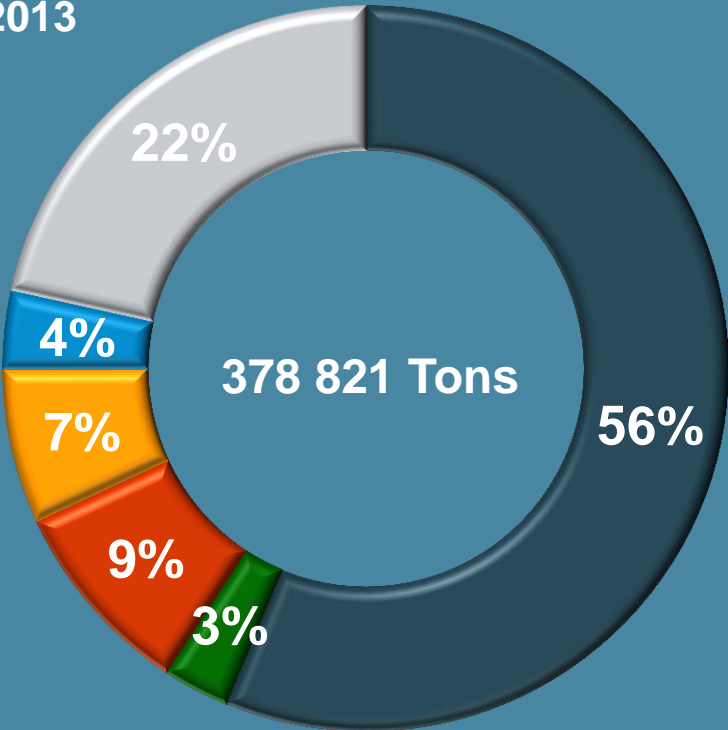
- Average broiler **feed prices** increased year-on-year by 2.3%
- Broiler **selling prices** increased year-on-year by 7.9%
- **Product mix** improvement with IQF reducing by 1% and fresh and value added increasing by 1% and 2% respectively
- Broiler **sales volumes** increased year-on-year by 7.4% - higher placements
- Improved broiler **production efficiencies** - reduced mortality & improved FCR
- Continued high level of **poultry imports** ≈ June 2014 @ 7 million bpw and September 2014 @ 6,6 million bpw



Product Mix

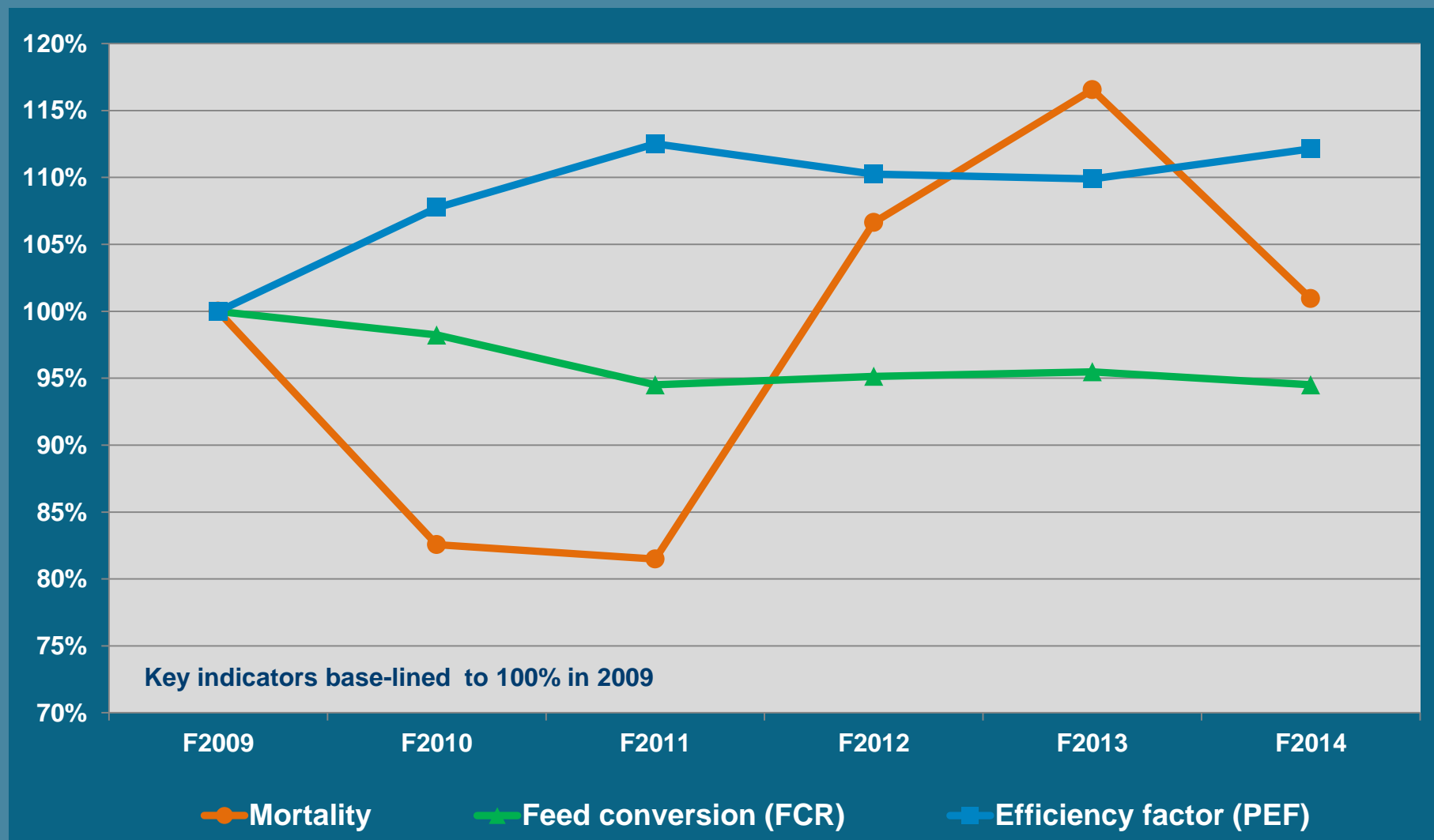
F2013

F2014

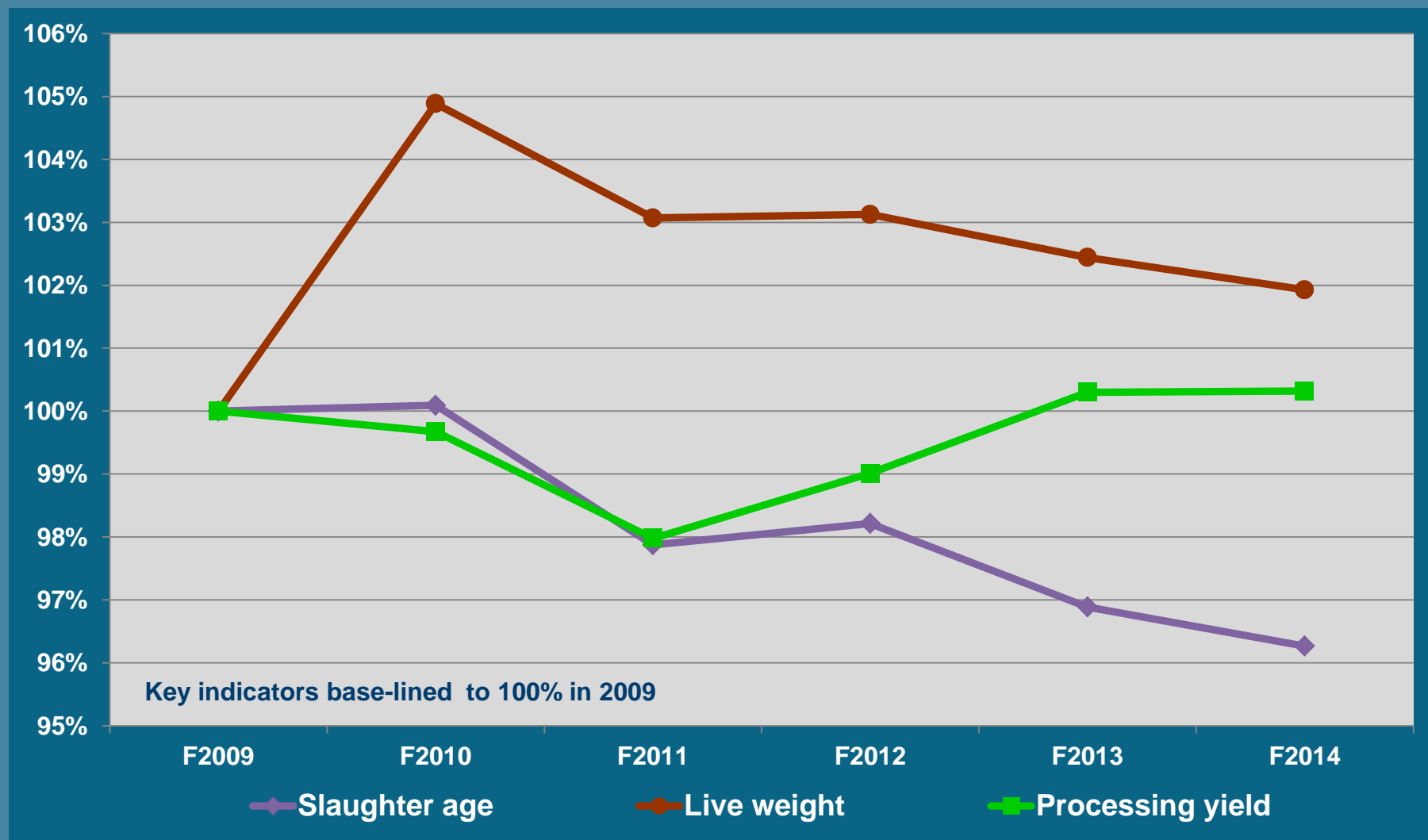


- IQF Mixed Portions
- IQF Single Portions
- Fresh
- Value Added
- Frozen
- Tertiary

BROILER PRODUCTION PERFORMANCES



BROILER PRODUCTION PERFORMANCES



POULTRY DIVISION - PROSPECTS



- Projected **lower feed costs** in at least the first half of the new reporting period
- Broiler **production efficiency improvement** expected to continue
- **Volume growth** to approximately 5 million birds per week from October 2014
- **Improved product mix** from the “Tydstroom” volumes in County Fair and the Mountain Valley expansion
- Provisional **EU anti-dumping duties**, permanent sanction required - Minister: DTI

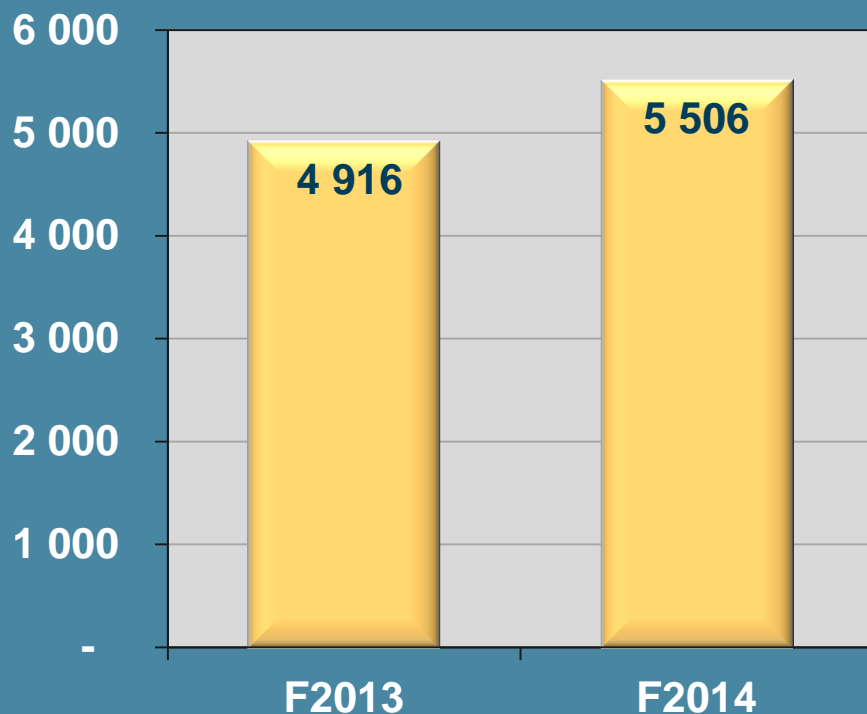


FEED DIVISION

FEED DIVISION - OVERVIEW

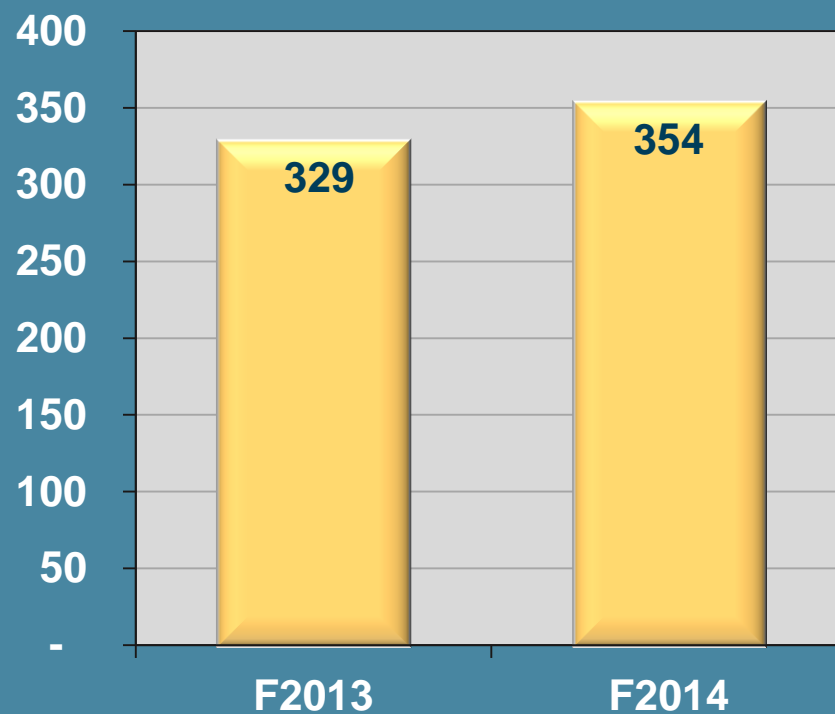


Revenue - R million



- Revenue up 12%
- Sales volumes up 5%
- Avg. realisations up 7%

Operating profit - R million

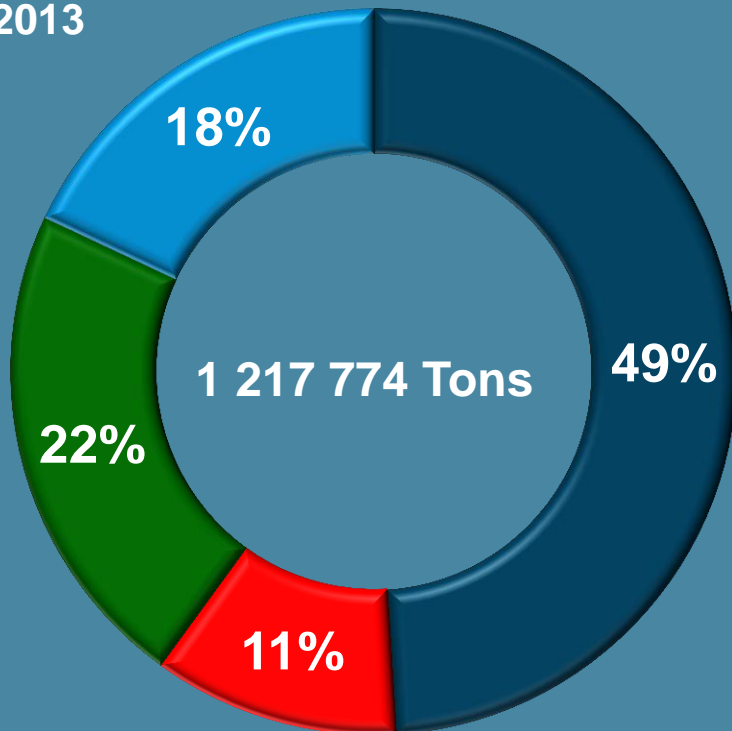


- Operating profit up 7%
- Net margin 6.4% F2013: 6.7%
- Rand per ton margin up 3%

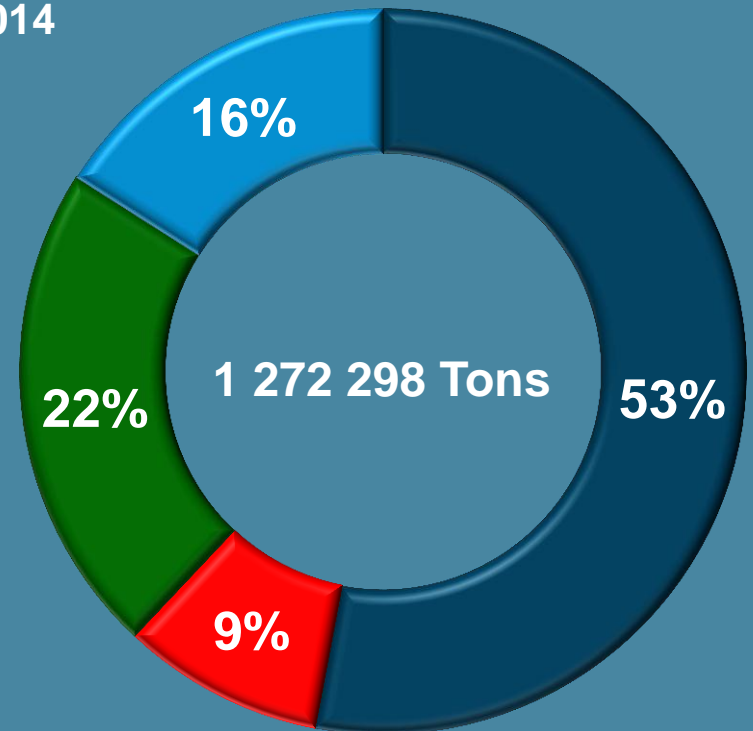
- Feed **volumes increased** by 4.5% due to higher inter-group volumes (up 12.9%)
- Rand per ton **margin increased** on prior year despite a competitive landscape
- **Inflationary costs** were successfully recovered from the market
- On-going management of **credit risk**
- Commissioning of the new **Standerton feed mill** in Q4 of F2014

Meadow Feeds - Sales Mix

F2013



F2014



■ Poultry Integrated ■ Poultry External ■ Dairy ■ Other

- Recently harvested **maize crop of 14,3 million tons** – highest on record
- Softening of grain prices will benefit feed prices and **livestock production costs**
- **External feed sales** drive with due regard to credit risks
- Continued focus to invest in new **cost saving technologies**
- Focus on **Rand per ton margins** to continue
- New **Standerton feed mill** full year profit contribution in F2015

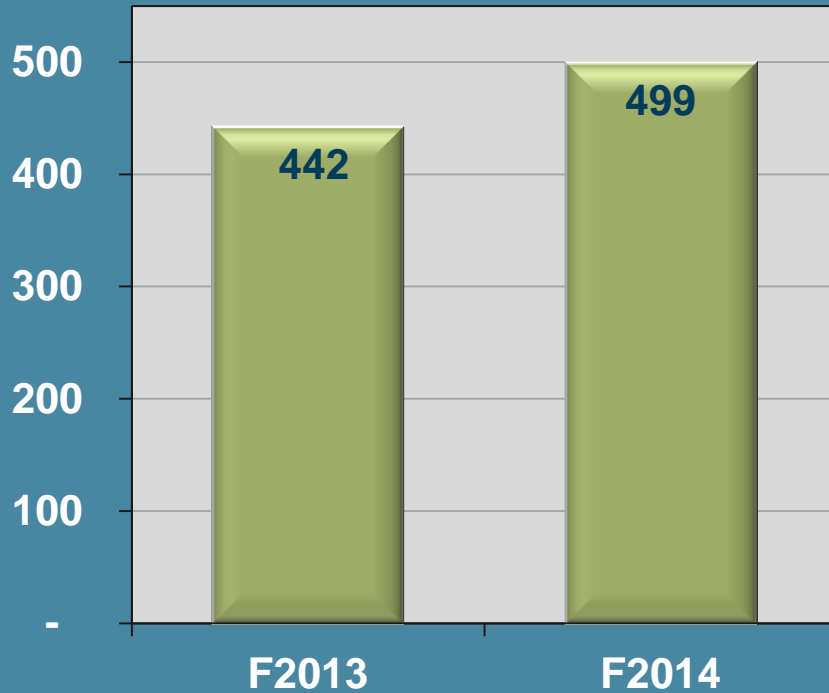


OTHER AFRICA DIVISION

OTHER AFRICA DIVISION - OVERVIEW

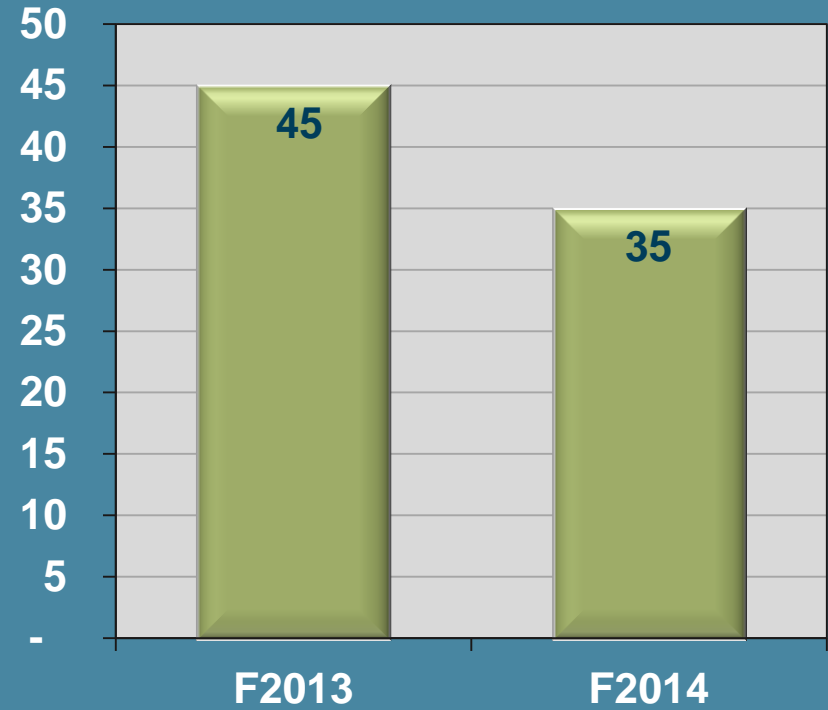


Revenue - R million



- Revenue up 13%
- Volumes up 4%
- Avg. realisations up 8%

Operating profit - R million



- Operating profit down 23%
- Net margin 7% F2013: 10.2%
- Tiger Animal Feeds impact

Zambia

- Profitability at **Tiger Animal Feeds** impacted negatively by unfavourable raw material positions and the management thereof in 1H2014
- **Recovery in earnings** in 2H2014 at Tiger Animal Feeds in line with expectations
- **Tiger Chicks** sales volumes increased by 79% following completion of expansion project

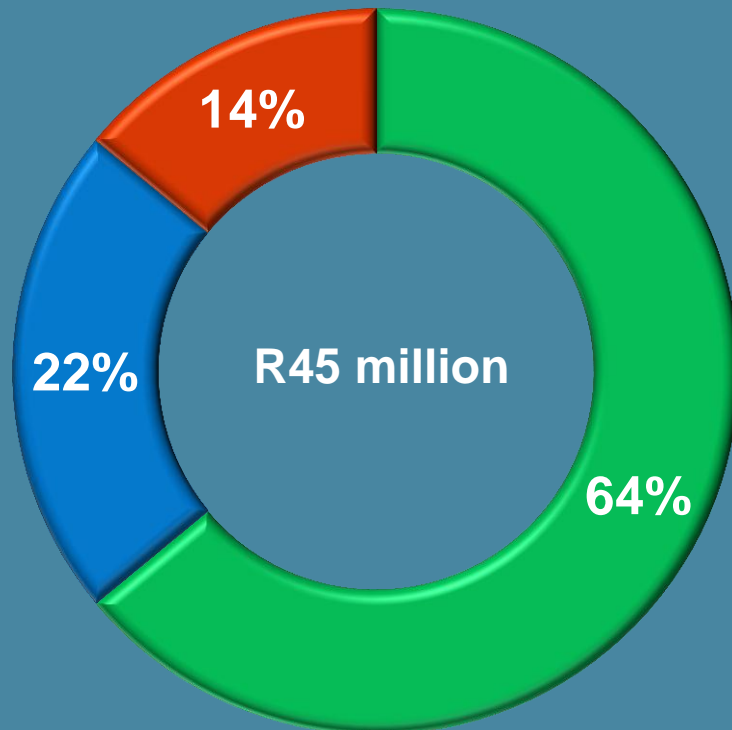
Mozambique & Swaziland

- Good performance from **Mozpintos** following expansion of capacity and increase in own managed feed and day old chick outlets
- Good performance from **National Chicks Swaziland** with stringent cost control and improved sales through the own managed depot network

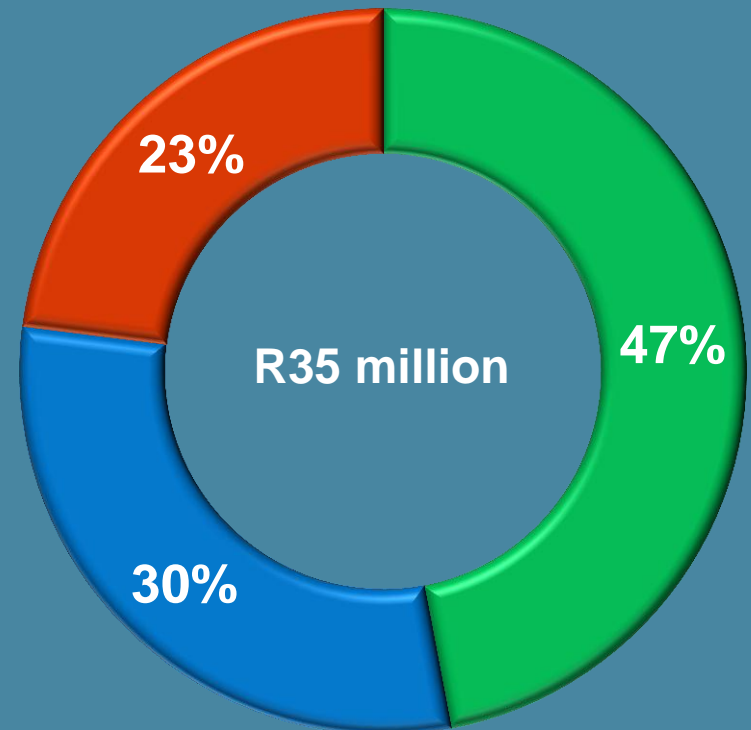
OTHER AFRICA DIVISION PROFIT SEGMENTATION



F2013 Country PBIT Contribution



F2014 Country PBIT Contribution



■ Zambia

■ Mozambique

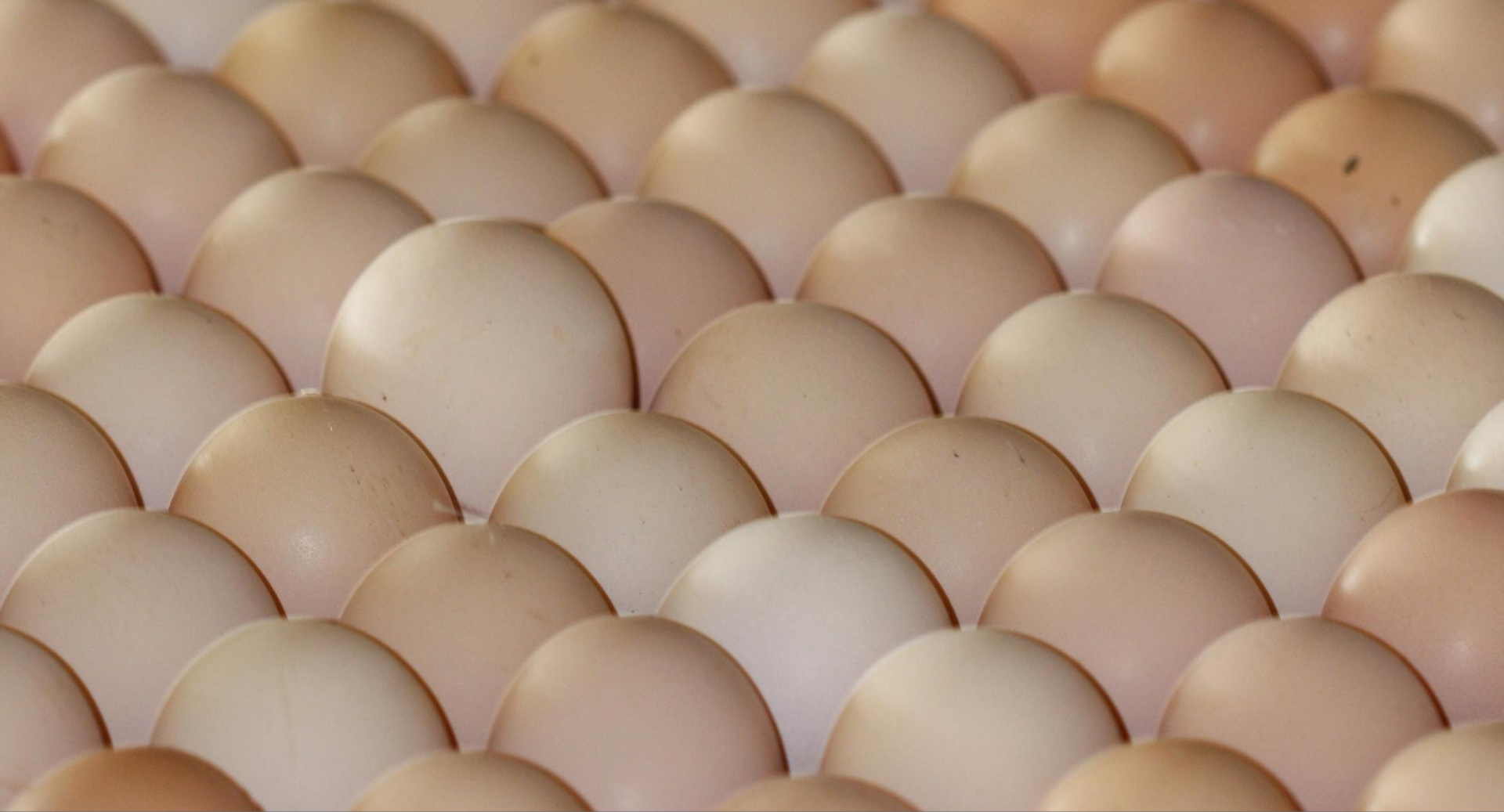
■ Swaziland

Zambia

- **Maize and soya prices** are at lower levels with Tiger Animal Feeds well positioned to take advantage of these
- The continued expansion of feed and day old chick outlets will improve product availability and **competitive feed prices** direct to farm

Mozambique & Swaziland

- The production of **hatching eggs** in Mozambique at a lower cost than imported hatching eggs will contribute positively
- Expanding into further feed and day old chick outlets in Mozambique will further improve **market penetration and sales** of both DOC and feed
- Expansion of **broiler breeder capacity** at National Chicks Swaziland will increase the production of hatching eggs at a lower cost than imported hatching eggs

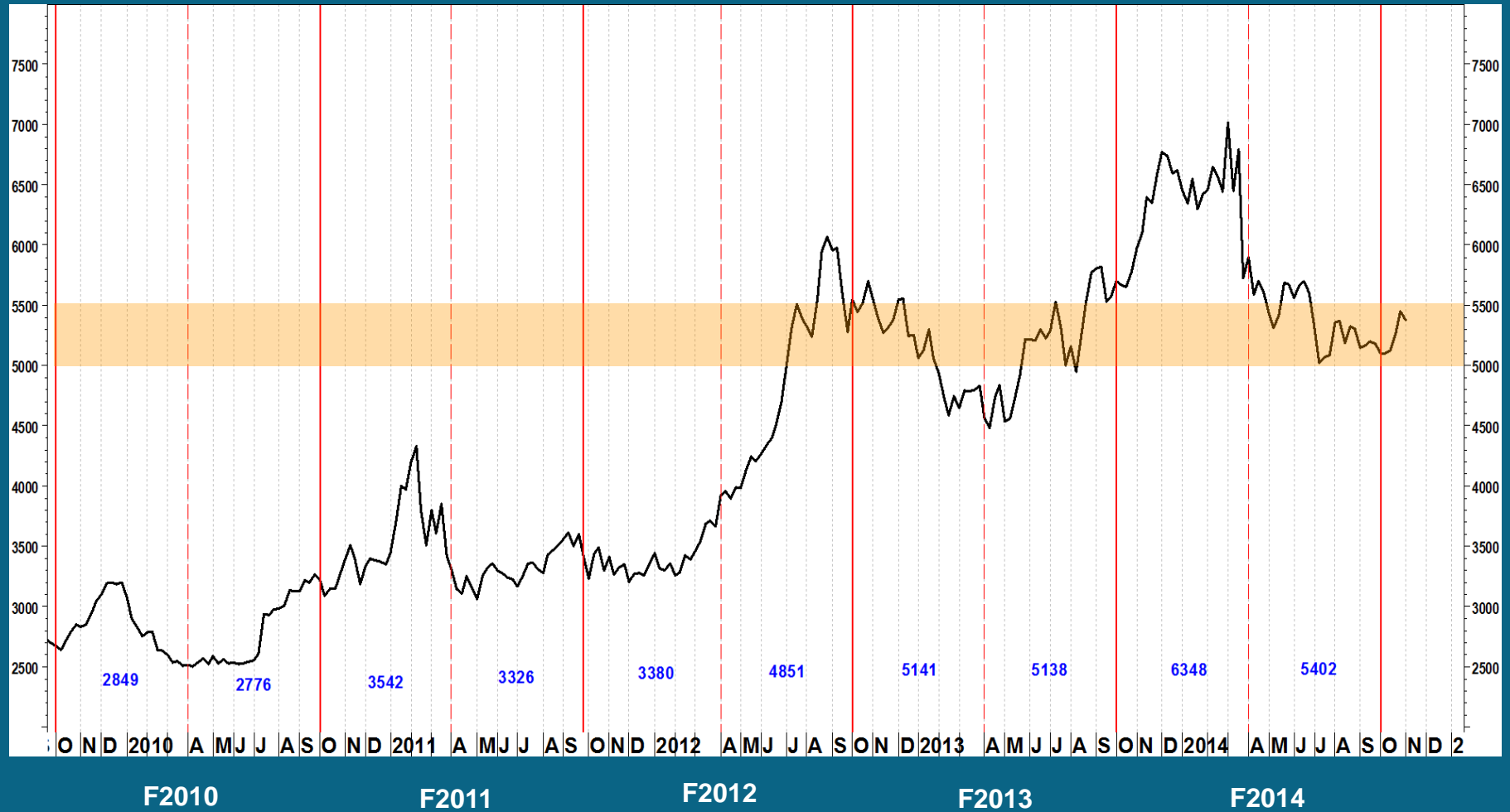


INDUSTRY TRENDS

SAFEX YELLOW MAIZE PRICE



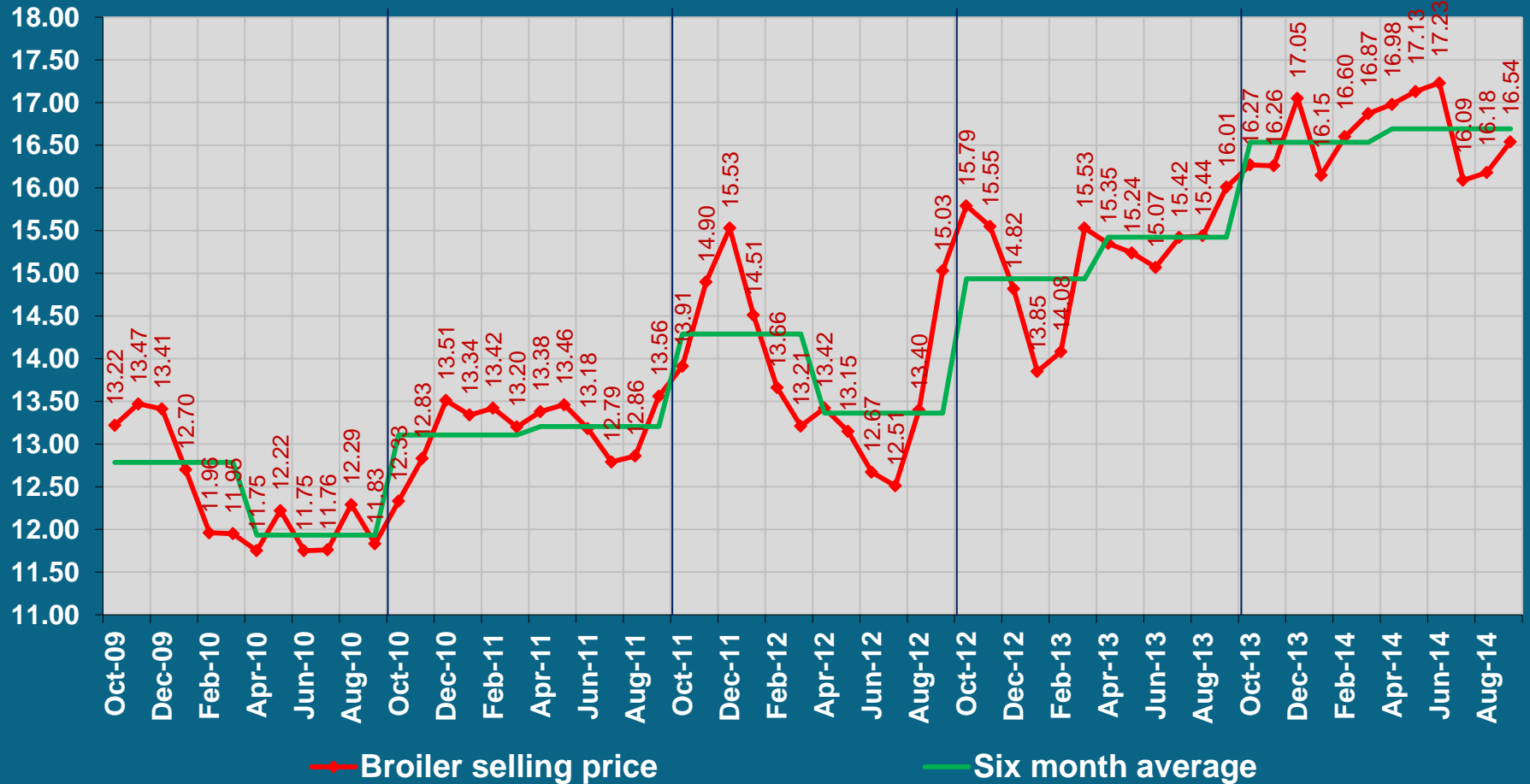
SAFEX SOYA BEANS PRICE



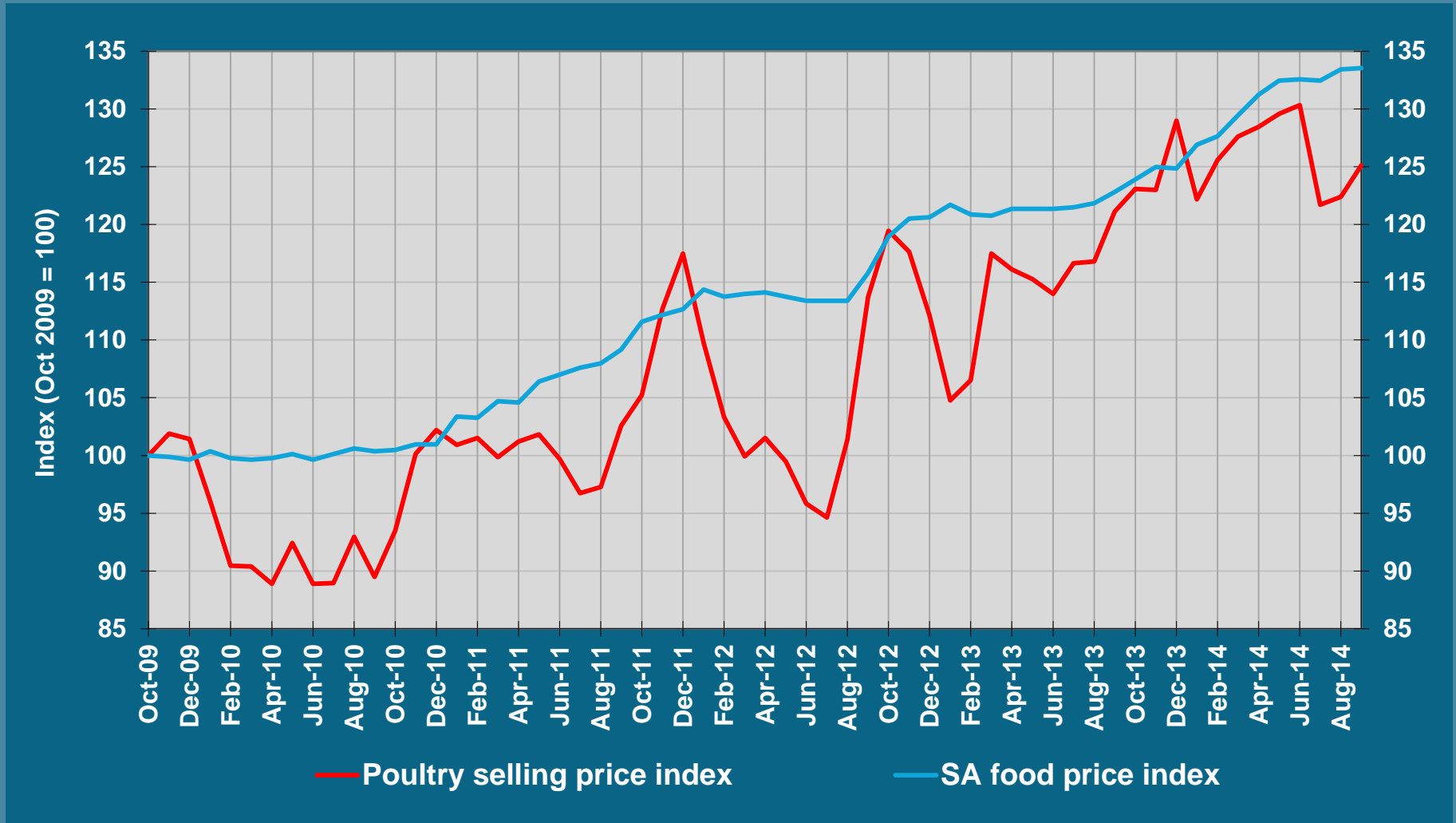
INDUSTRY BROILER SELLING PRICES



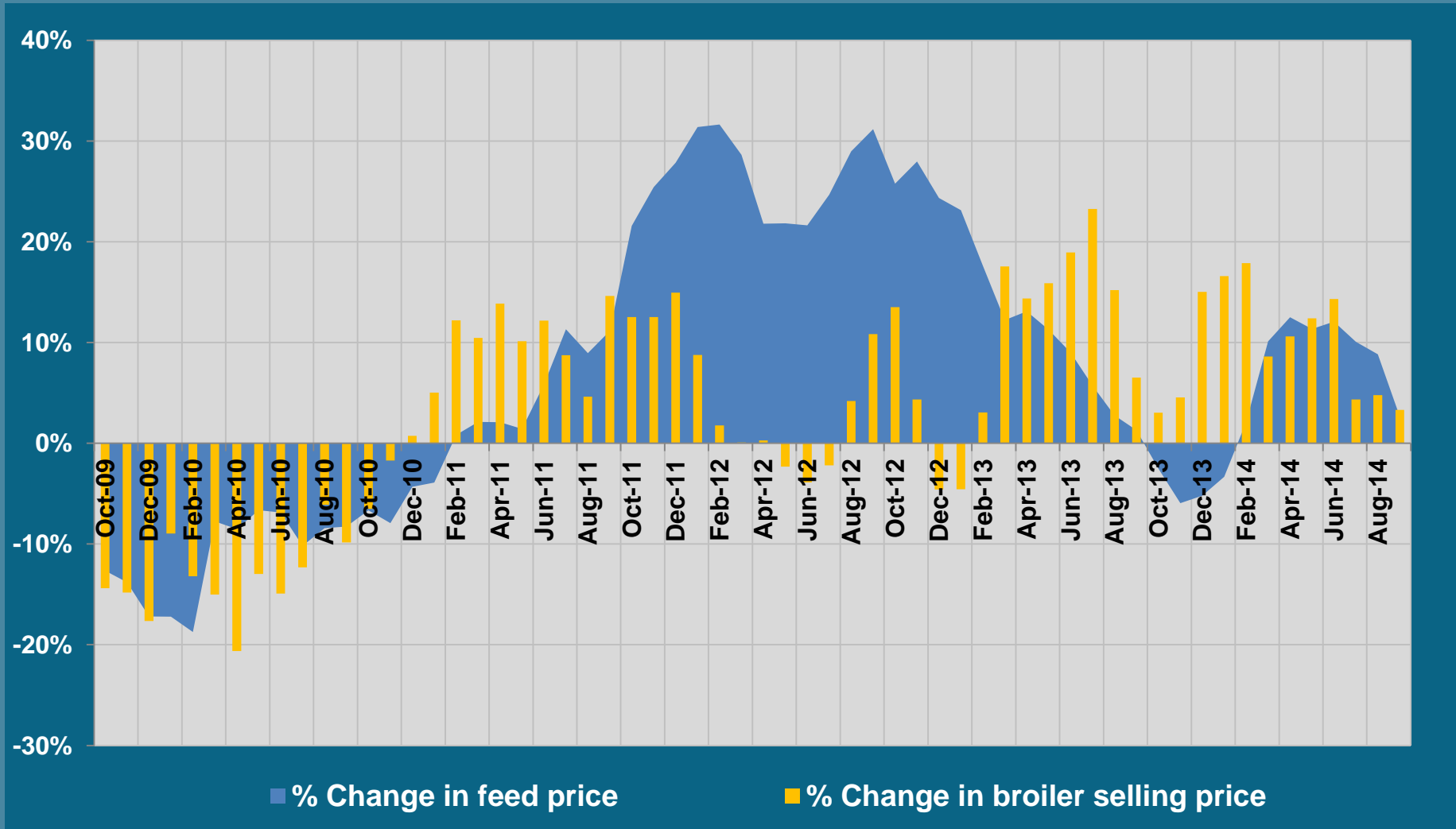
Rand per kilogram



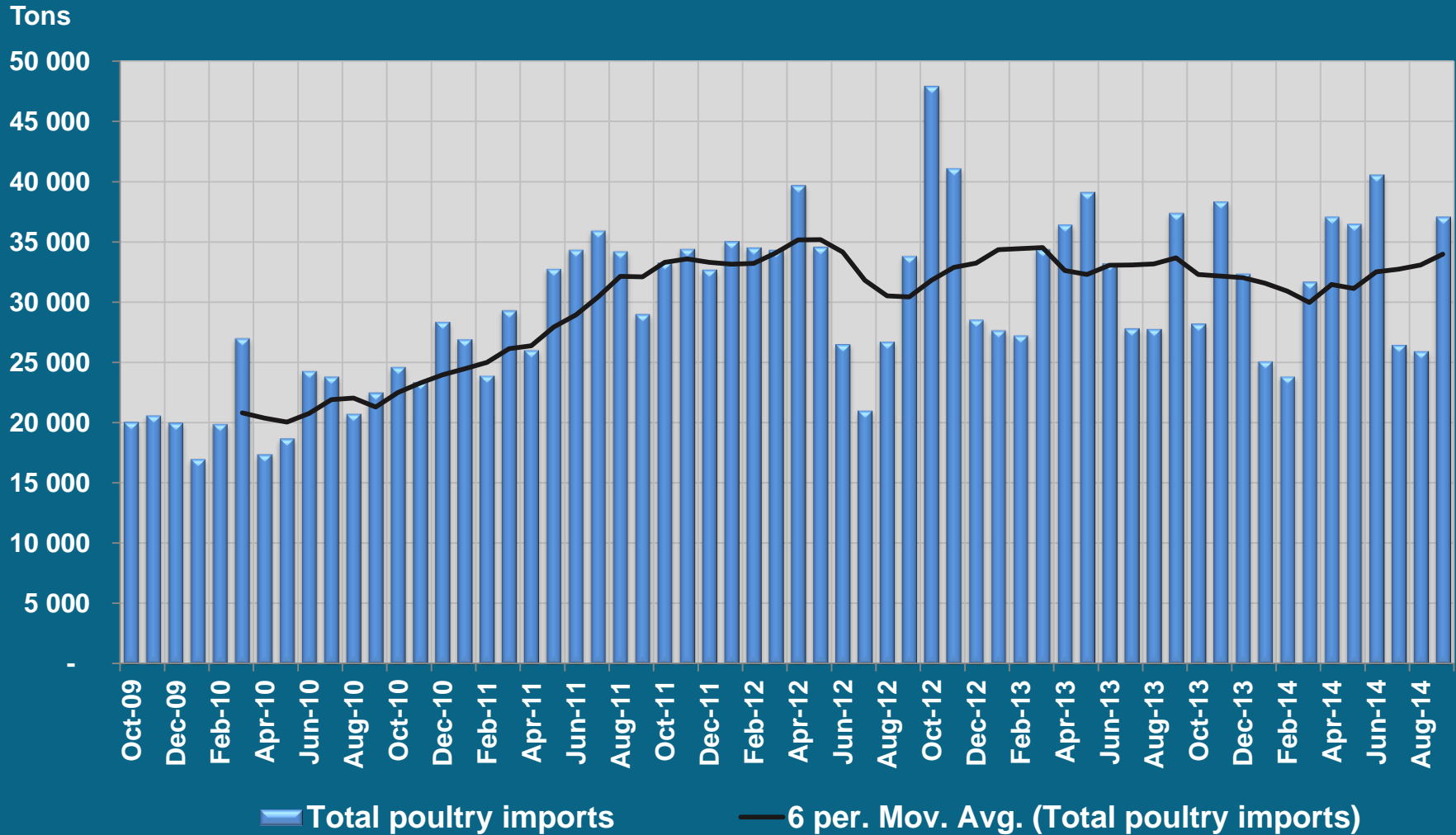
BROILER PRICE vs FOOD PRICE INFLATION



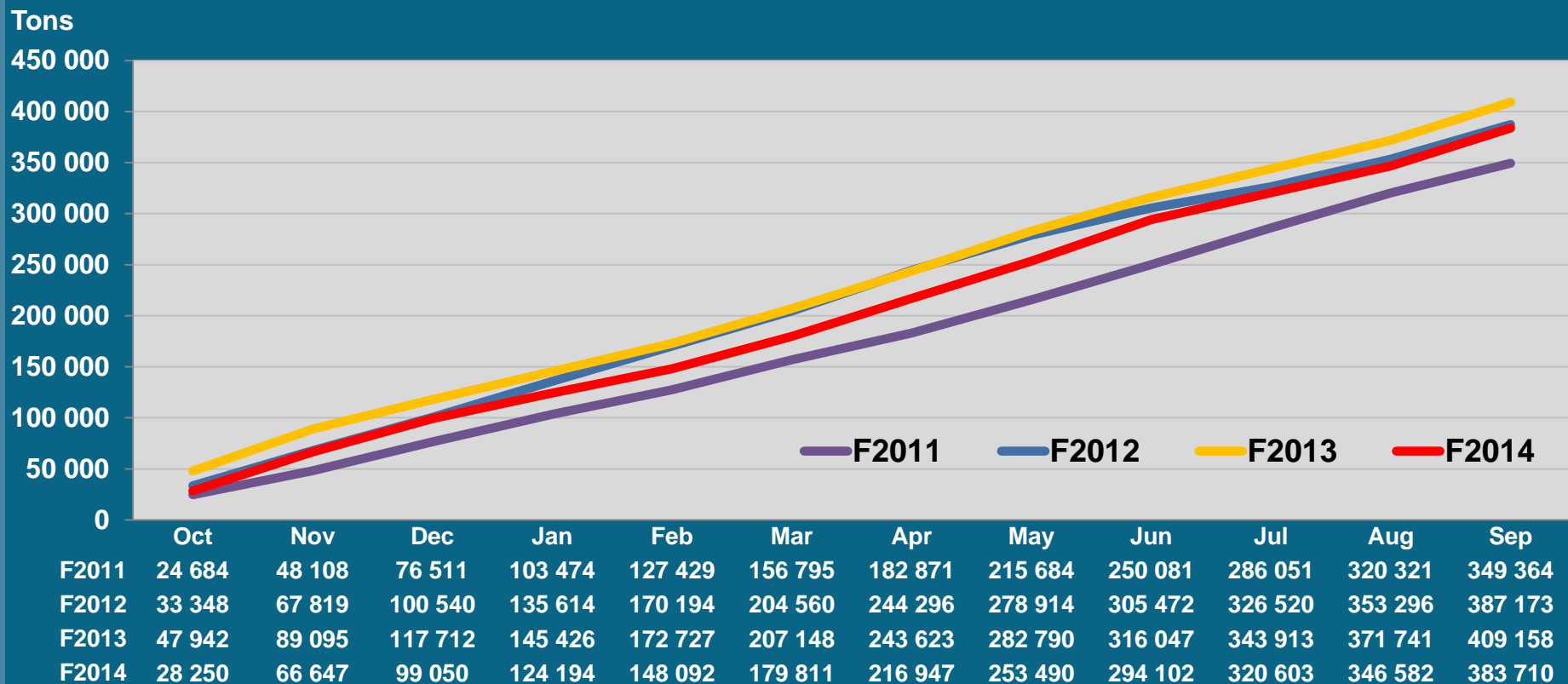
CHANGE IN BROILER SELLING PRICE VS FEED PRICE



POULTRY IMPORTS PER MONTH



TOTAL POULTRY IMPORTS (CHICKEN, TURKEY, MDM)



F2013	47 492	41 153	28 617	27 714	27 301	34 421	36 475	39 167	33 257	27 866	27 828	37 417
F2014	28 250	38 397	32 403	25 144	23 898	31 719	37 136	36 543	40 612	26 501	25 979	37 128
% Var	-40.5	-6.7	13.2	-9.3	-12.5	-1.4	7.8	-6.7	22.1	-4.9	-6.6	-0.8
bpw*	5,0	6,8	5,8	4,5	4,2	5,6	6,6	6,5	7,2	4,7	4,6	6,6

*bpw ≈ million birds per week

Source: SAPA



FINANCIAL OVERVIEW

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

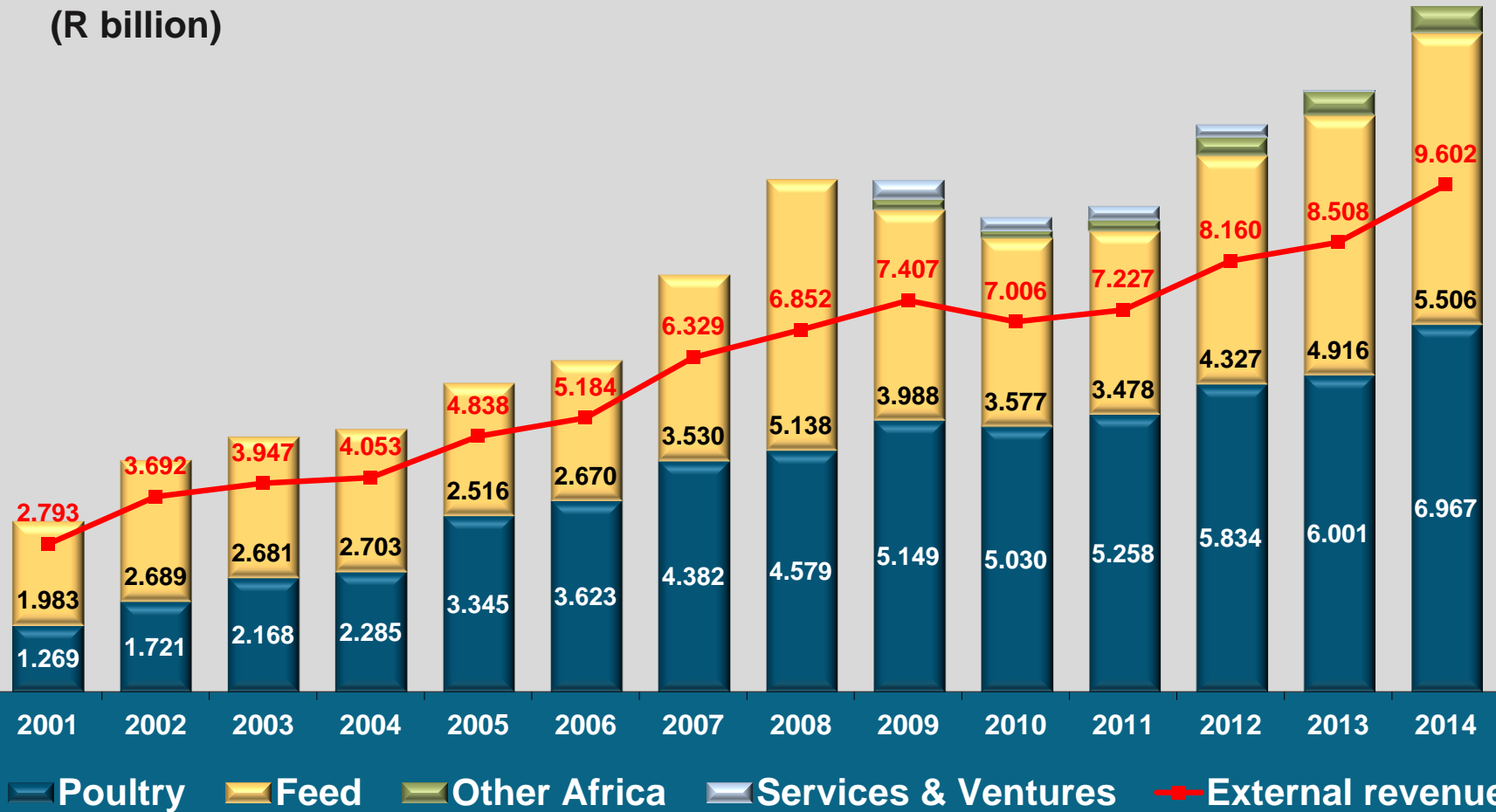


Year ended 30 September	2014 R million	2013 R million	% change
Revenue	9 602	8 509	13%
Operating profit	493	262	88%
<i>Operating profit margin</i>	5.1%	3.1%	
Profit on sale of business unit	-	46	
Profit before interest and tax	493	308	60%
Net finance costs	(25)	(27)	
Share of profit in associates	2	6	
Profit before tax	470	288	63%
Tax	(129)	(77)	
Profit for the period	341	211	62%
Earnings	338	207	63%
Headline Earnings	330	165	100%
EPS – Cents	884	545	62%
HEPS – Cents	864	434	99%

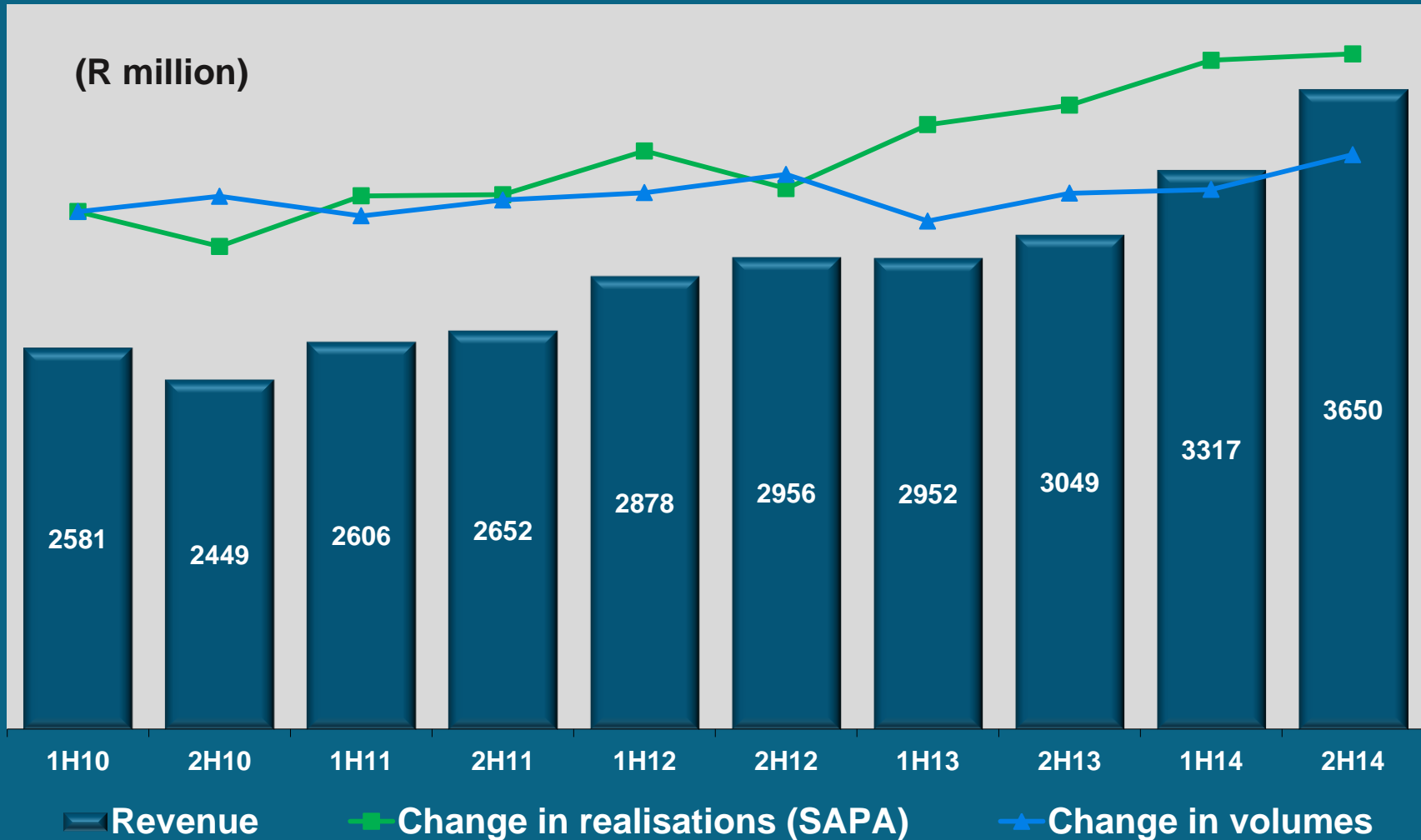
GROUP ANNUAL REVENUE



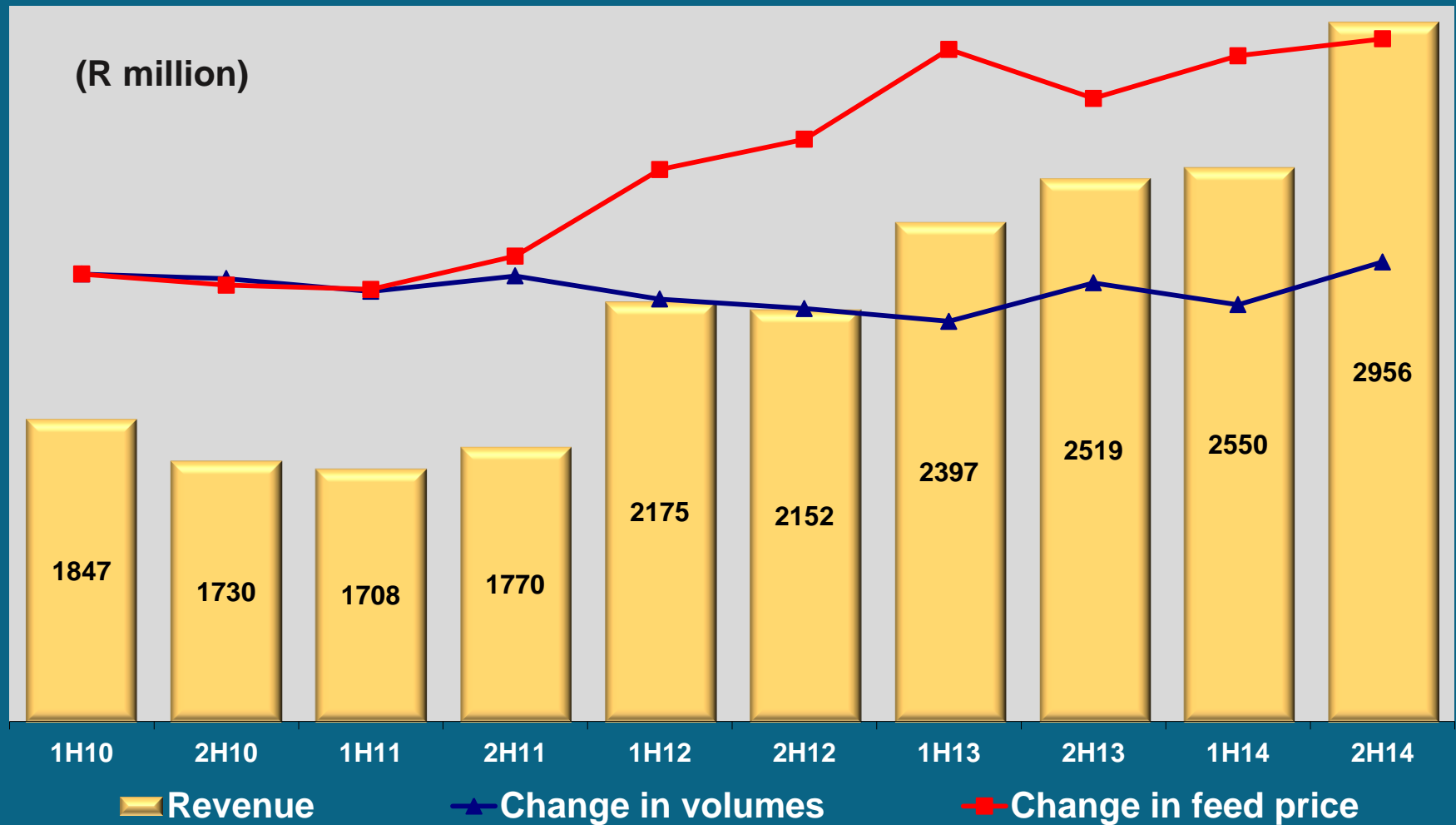
(R billion)



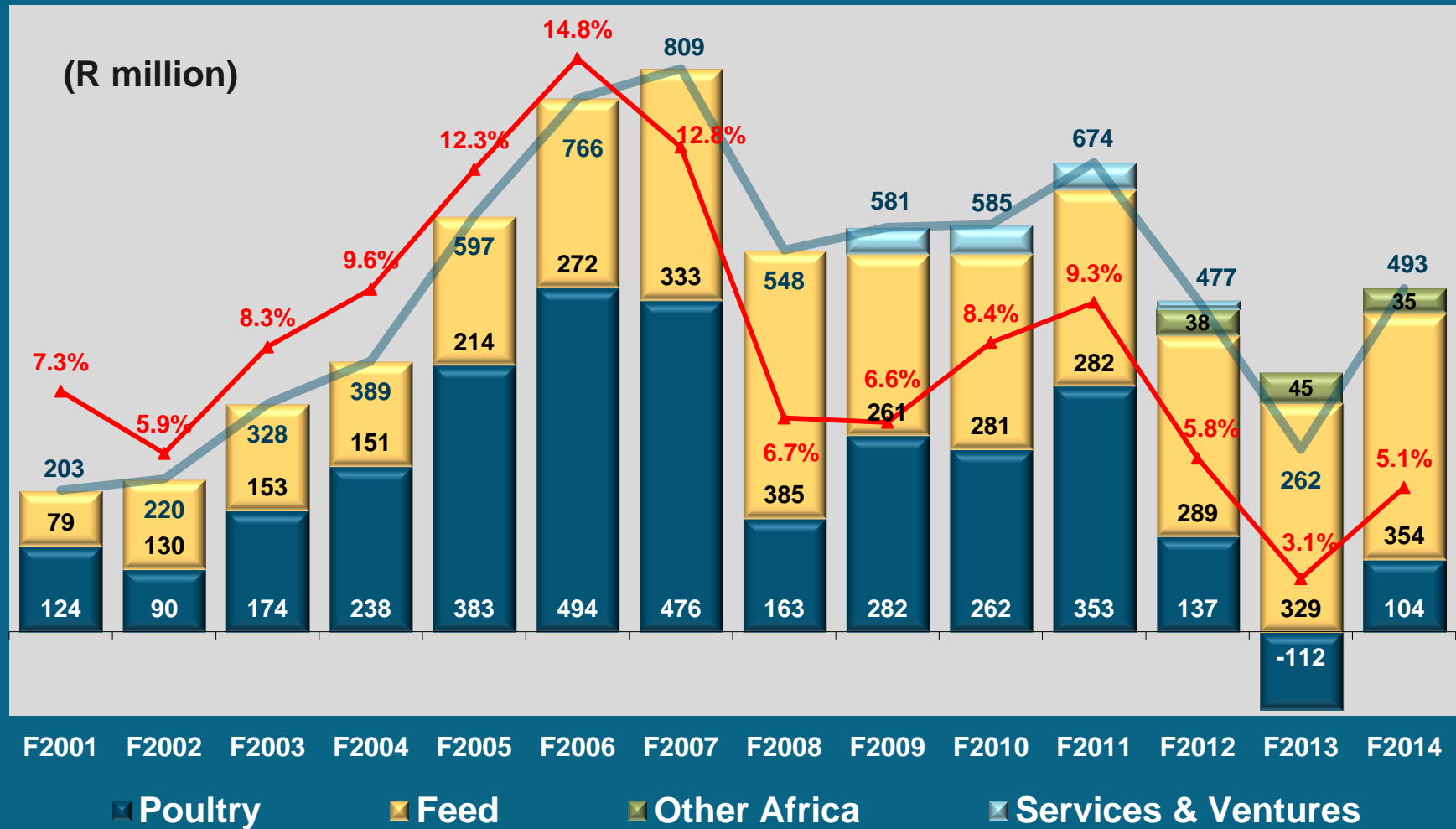
POULTRY – ANNUAL REVENUE



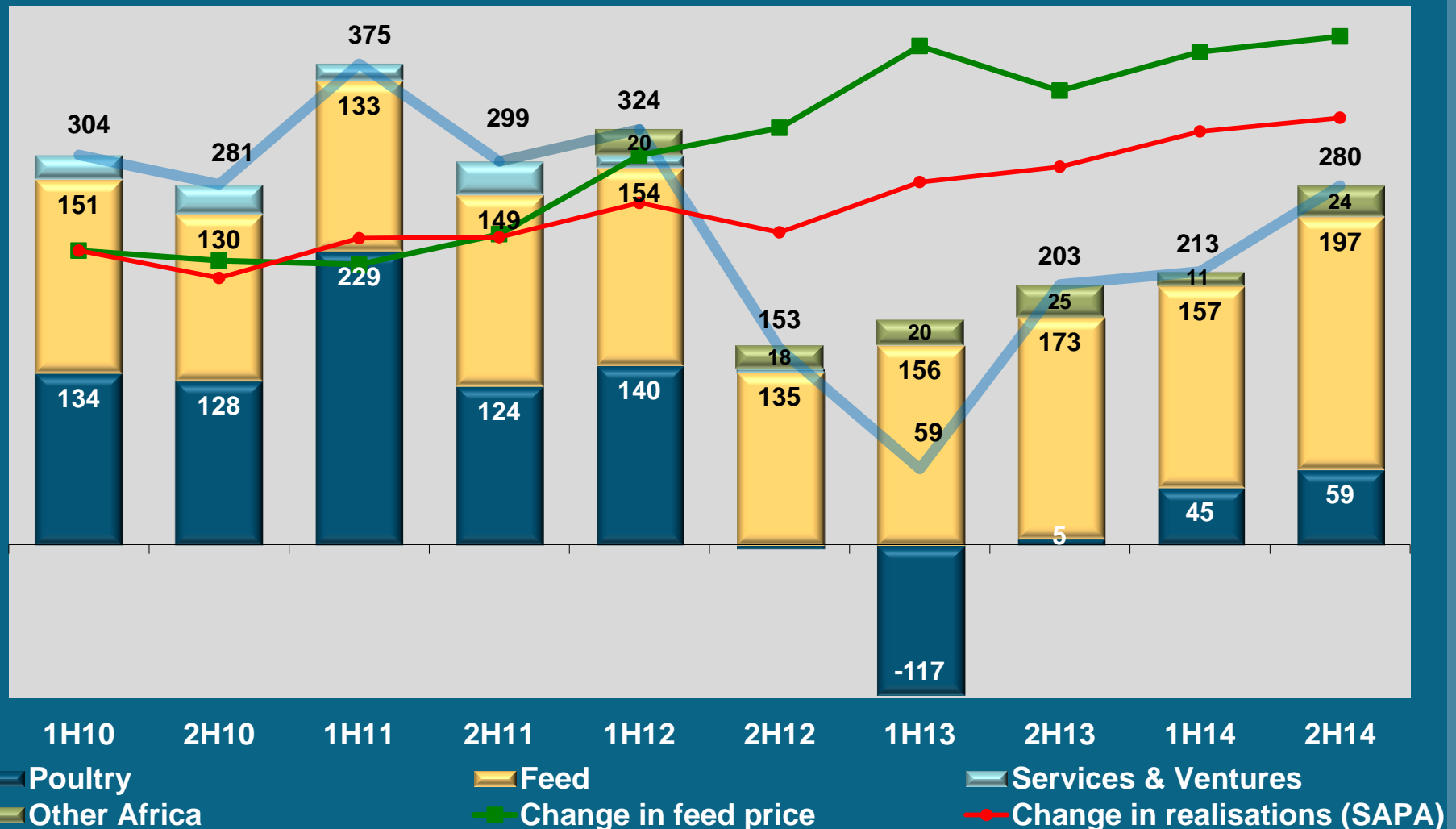
FEED – ANNUAL REVENUE



GROUP ANNUAL OPERATING PROFIT



GROUP ANNUAL OPERATING PROFIT



ABRIDGED STATEMENT OF FINANCIAL POSITION



At 30 September	2014 R million	2013 R million	% change
Non-current assets	2 242	1 983	↑ 13%
Net working capital	452	523	↓ 13%
Current assets (excl. cash)	2 003	1 845	↑ 9%
Current liabilities (excl. borrowings)	(1 551)	(1 322)	↑ 17%
Non-current liabilities (excl. borrowings)	(575)	(548)	↑ 5%
Net assets	2 119	1 958	↑ 8%
Net debt	174	263	↓ 34%
▪ Loans	206	185	
▪ Cash and cash equivalents	(32)	78	
Equity	1 945	1 695	↑ 15%
Total	2 119	1 958	↑ 8%

ABRIDGED STATEMENT OF CASH FLOW



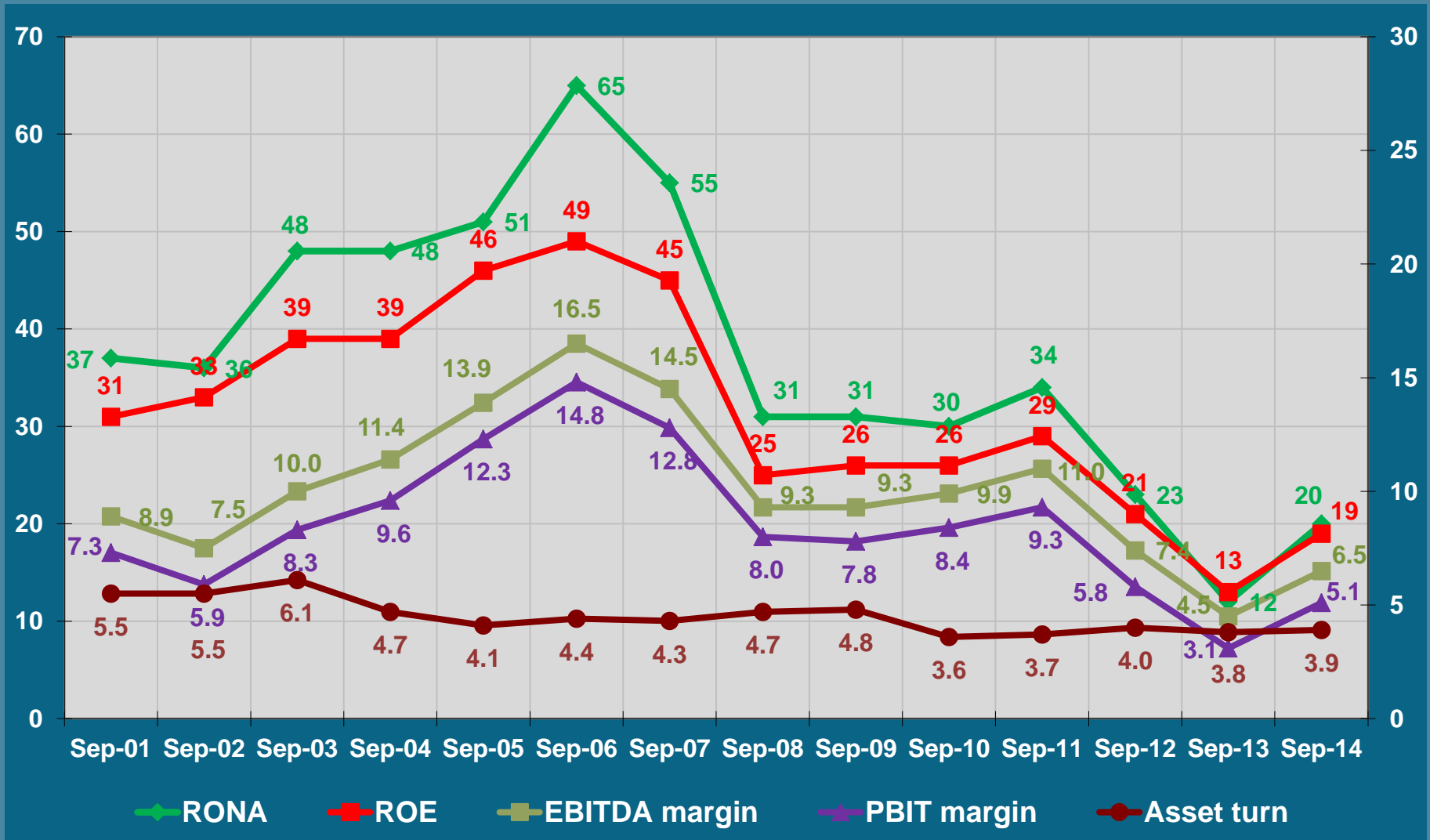
For the year ended 30 September	2014 R million	2013 R million
Cash operating profit	671	388
Working capital movement	33	(151)
	704	237
Tax paid	(100)	(67)
Net interest paid	(37)	(34)
Capital expenditure	(395)	(235)
	172	(99)
Dividends paid	(163)	(129)
Net increase in loans	24	155
Other cash flow items	12	72
Shares issued	65	-
Movement in cash equivalents	110	(1)
Opening balance	(78)	(77)
Closing balance	32	(78)

CAPITAL EXPENDITURE

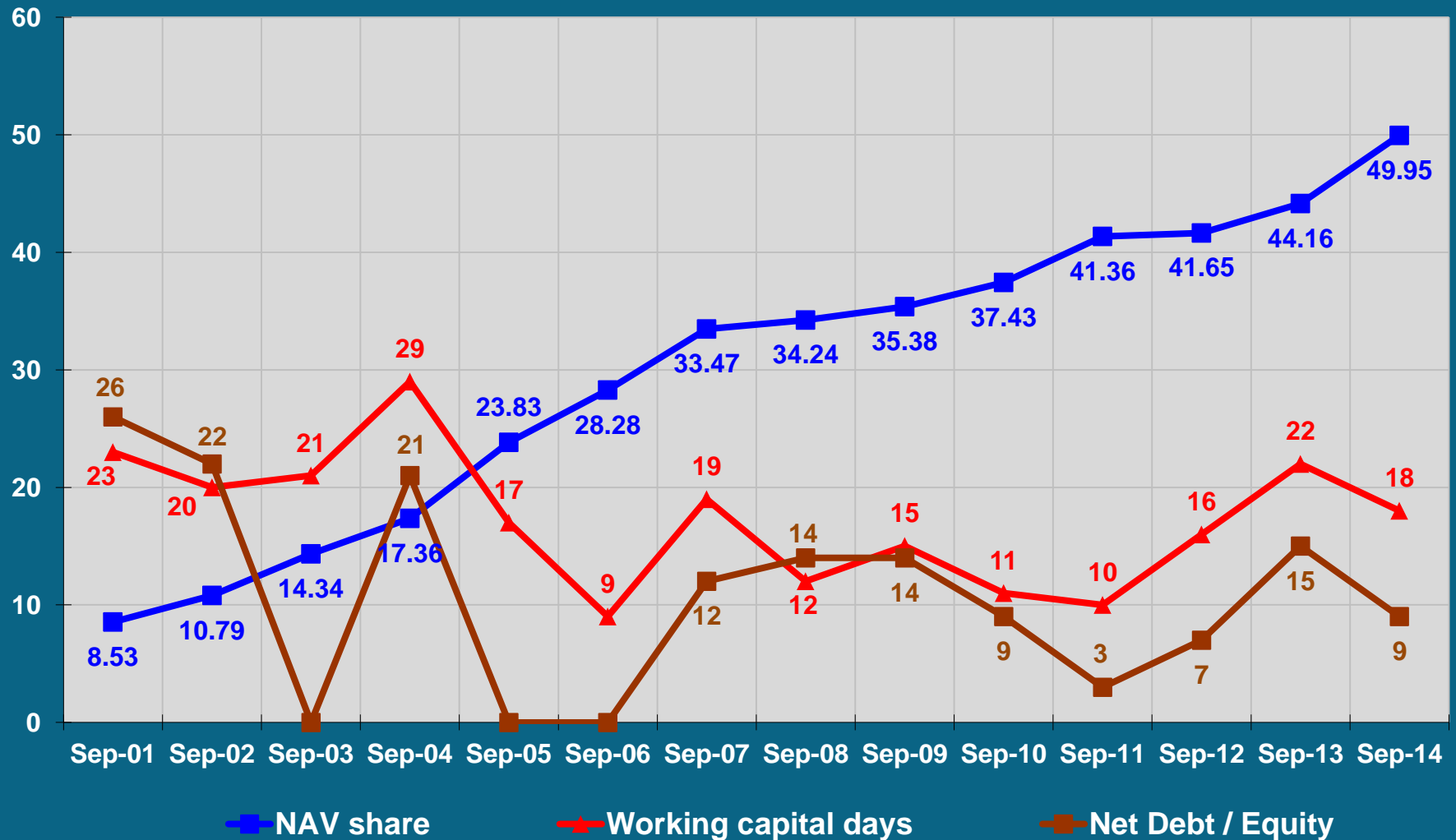


Year ended 30 September	2014 R million	2013 R million
Depreciation	135	123
▪ Replacement capex	129	73
▪ Expansion capex	275	168
Total capex	404	241
Commitments	56	
Total spent and committed	460	

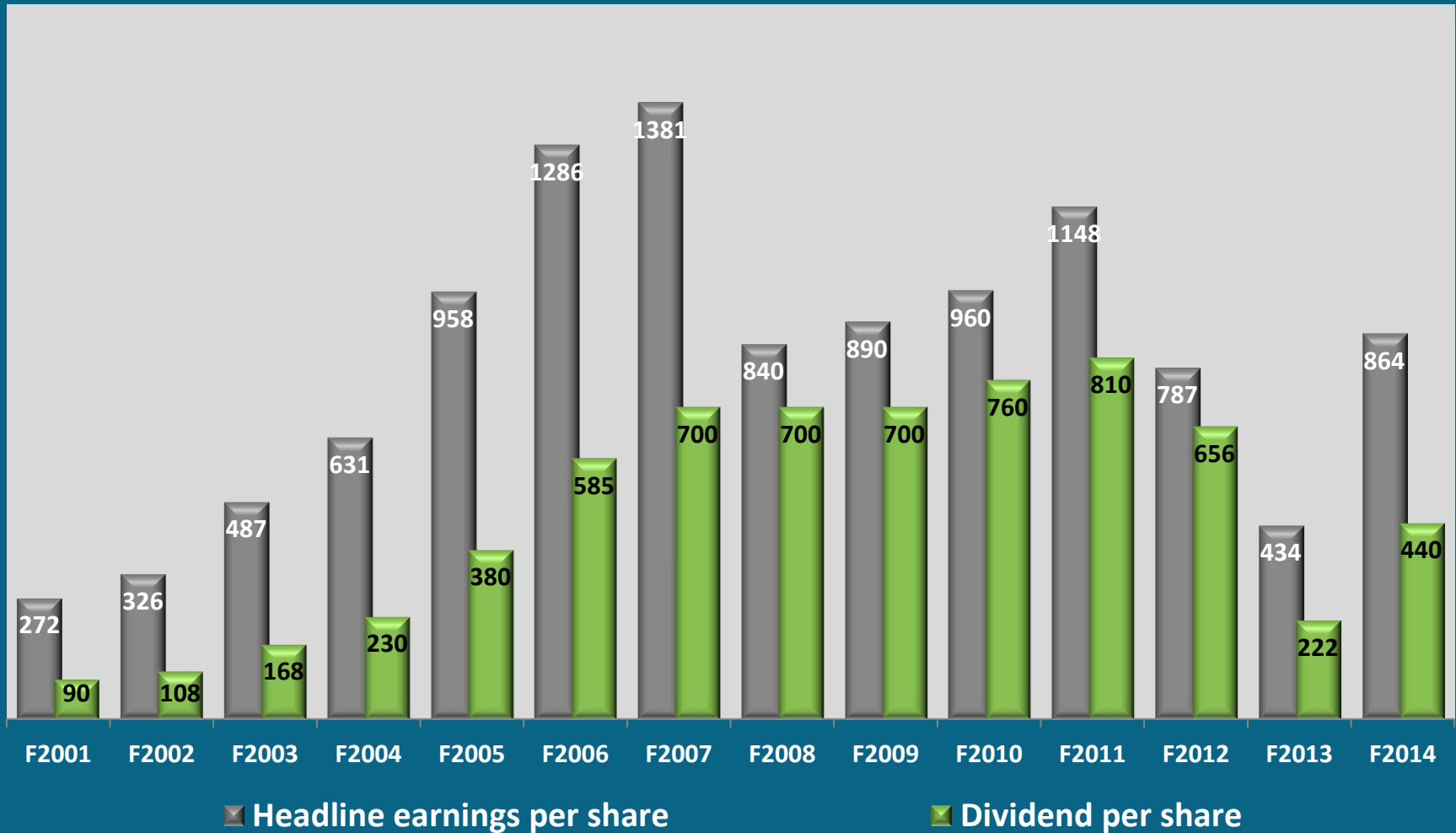
KEY FINANCIAL RATIOS



KEY FINANCIAL INDICATORS



HEADLINE EARNINGS PER SHARE & DIVIDEND PER SHARE





INDUSTRY MATTERS

- ITAC accepted an application from SAPA for alleged dumping of poultry products from the EU after the industry showed evidence of financial harm
- Provisional anti-dumping duties were implemented against Germany, Netherlands and the United Kingdom on 4 July 2014, but expire on 2 January 2015
- These duties will go “some way” in correcting the “uneven playing field” that has existed for some time and severely damaged the local industry
- Proposed brining levels of 8% by DAFF unresolved and SAPA has been notified of a roundtable discussion to take place with DAFF
- Astral supports the requirement for regulatory control around brining, however reducing the level to 8% will lead to excessive poultry price increases

PROSPECTS



The **slowing level of growth in the economy** and higher unemployment levels will continue to depress consumer spending.

It is of paramount importance that the **EU anti-dumping measures are sanctioned** on a more permanent basis by the Minister of Trade and Industry in order to stem the tide of dumped poultry products into South Africa.

The recent South African harvest produced a record maize crop, and together with healthy global maize and soya crops the **softening of grain prices will at least benefit feed prices** and livestock production costs in the first half of the new reporting period.



Thank you

“Astral’s strategy is to be the best cost integrated poultry producer in selected African countries”

ADDITIONAL INFORMATION

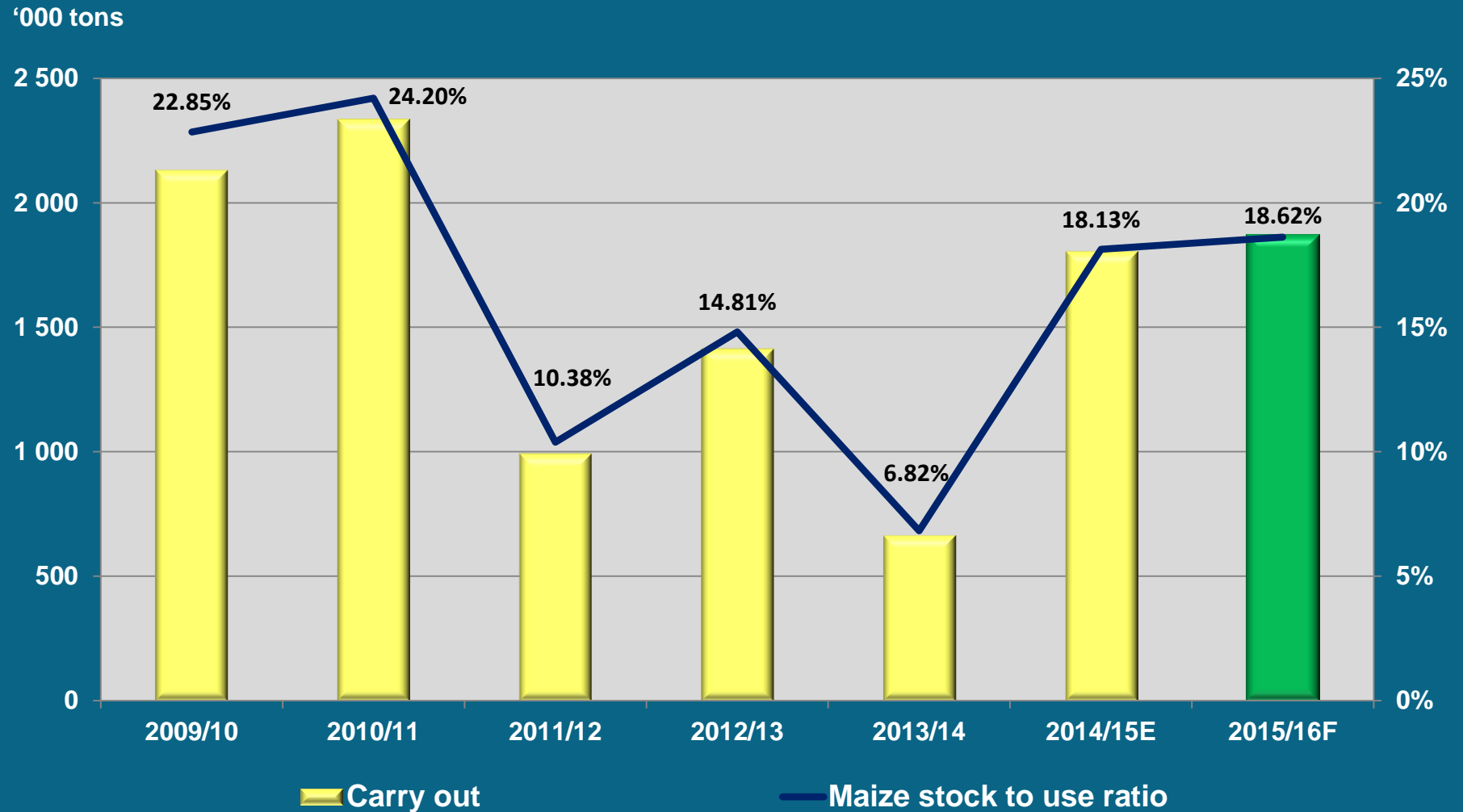


SOUTH AFRICA - TOTAL MAIZE SUPPLY & DEMAND



<i>Marketing year (May to April)</i> <i>'000 tons</i>	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15E	2015/16F
	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast
Carry In (1 May)	1 581	2 131	2 336	991	1 414	590	2 386
Crop Estimate	12 050	12 815	10 360	12 121	11 811	14 307	12 582
Sagis Delivery	11 697	12 092	10 394	11 972	11 072	13 503	11 860
<i>Minus early deliveries</i>	0	0	0	0	0	0	0
Imports	27	0	421	11	80	0	0
Total Supply	13 305	14 224	13 151	12 973	12 566	14 094	13 666
Domestic Usage Food	4 471	4 513	4 512	4 499	4 583	4 811	4 751
Domestic Usage Feed	4 101	4 271	4 362	4 378	4 715	4 638	4 698
Gristing, withdrawn & released	755	866	693	674	480	516	608
Total Domestic Usage	9 327	9 650	9 567	9 551	9 777	9 965	10 056
Exports & Sundries	1 847	2 238	2 590	2 008	2 122	2 323	1 738
<i>Plus early deliveries</i>	0	0	0	0	0	0	0
Carry Out (30 Apr)	2 131	2 336	994	1 414	666	1 806	1 872
No of days usage	83	88	38	54	25	66	68
STU	22.85%	24.20%	10.38%	14.81%	6.82%	18.13%	18.62%

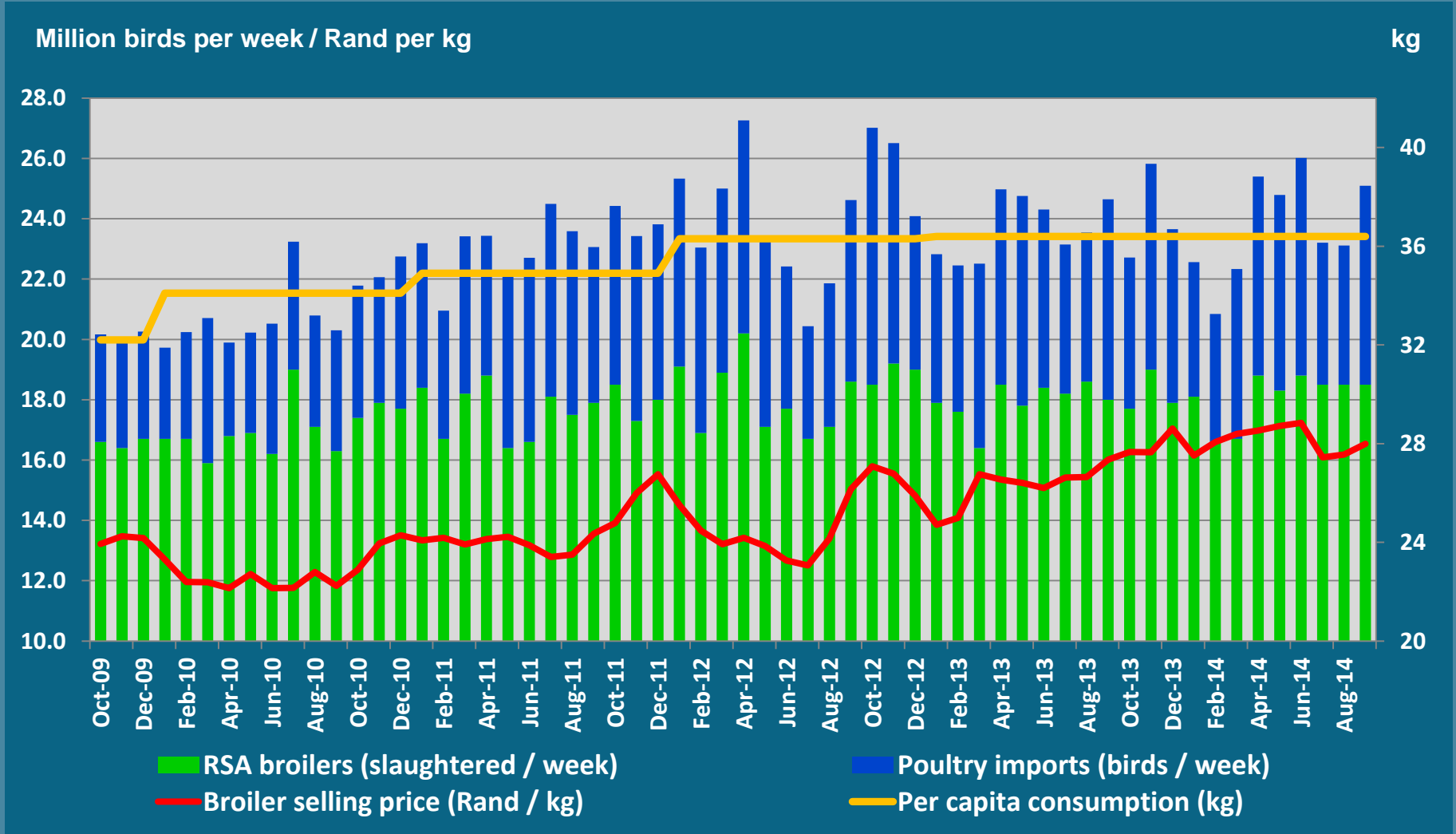
RSA MAIZE CARRY OUT AND STOCK TO USE RATIO



SAFEX YELLOW MAIZE vs CBOT CORN IN RAND TERMS



LOCAL BROILER PRODUCTION, IMPORTS & PER CAPITA CONSUMPTION



Source: SAPA

BRAZIL & EUROPE PRODUCT COST BENCHMARK



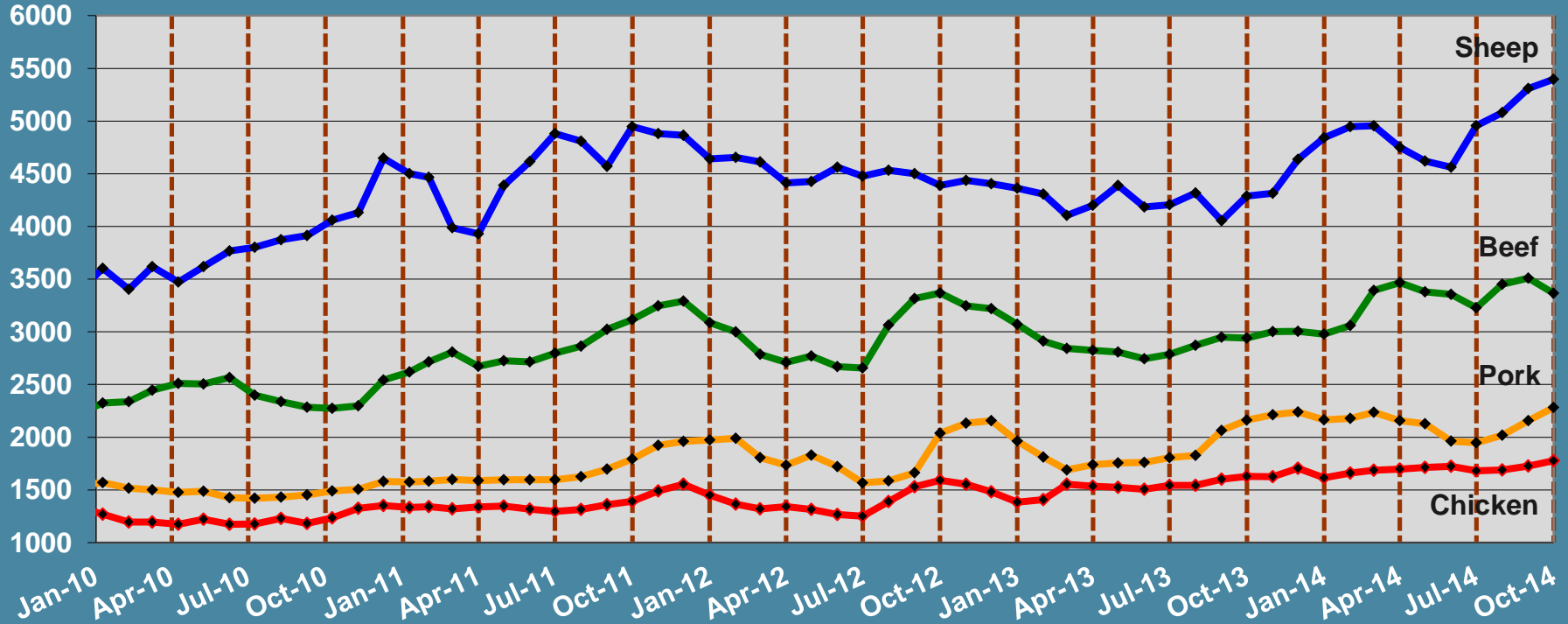
Ex BRAZIL - November 2014					
FROZEN LEG QUARTERS BULK PACKED					
CIF DBN US\$ per ton	TON	1 350.00	1 350.00	1 350.00	SA COST
R/\$ exchange rate	R\$	10.00	10.50	11.00	
Rand per ton	TON	13 500.00	14 175.00	14 850.00	20 750.00
Rand per kg	KG	13.50	14.18	14.85	20.75
Duty per kg	KG	37%	37%	37%	-
Clearance costs	KG	0.50	0.50	0.50	-
COST INTO STORAGE	KG	19.00	19.92	20.84	20.75
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.64	0.64	0.64	0.78
Marketing, Administration, Finance	KG	0.78	0.78	0.78	0.85
TOTAL COST	KG	20.92	21.84	22.76	22.38
Ex UNITED KINGDOM - November 2014					
FROZEN LEG QUARTERS BULK PACKED					
CIF DBN US\$ per ton	TON	1 300.00	1 300.00	1 300.00	SA COST
R/\$ exchange rate	R\$	10.00	10.50	11.00	
Rand per ton	TON	13 000.00	13 650.00	14 300.00	20 750.00
Rand per kg	KG	13.00	13.65	14.30	20.75
Duty per kg	KG	22.03%	22.03%	22.03%	-
Clearance costs	KG	0.50	0.50	0.50	-
COST INTO STORAGE	KG	16.36	17.16	17.95	20.75
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.64	0.64	0.64	0.78
Marketing, Administration, Finance	KG	0.78	0.78	0.78	0.85
TOTAL COST	KG	18.28	19.08	19.87	22.38

**United Kingdom & Netherlands import duty very similar at 22.03% and 22.81% respectively
Export poultry selling prices between EU countries on par with one another*

PRODUCER PRICE COMPARISON – SA PROTEIN



Cents per kg



	Chicken	Pork	Beef	Sheep
Feed Conversion Rate	1.7	2.2	5.5	5.0
Per Capita Consumption	36.4 kg	4.6kg	17.2kg	3.2kg

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