



Annual Results Presentation

for the year ended 30 September 2015

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



BUSINESS OVERVIEW

- The period under review reflects a record performance, with most of the major '*stars*' aligned for Astral, as a result of an expansion in poultry and feed volumes, assisted by lower feed costs and increased poultry selling prices

Financial Indicators

- Revenue

17%

- Operating profit

123%

- Earnings per share

128%

- Headline earnings per share

133%

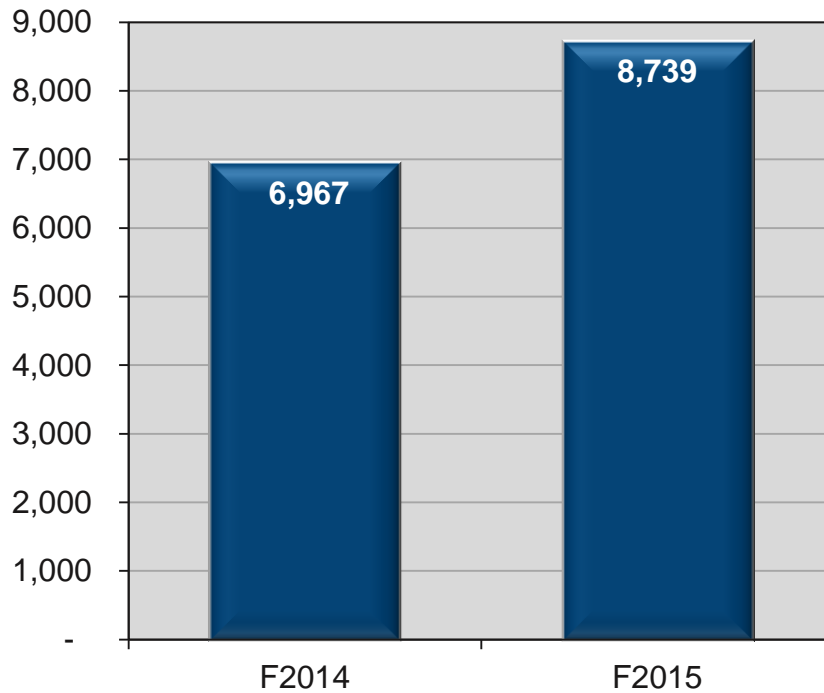
- **Increase in poultry sales volumes**, in particular from the expansion at County Fair which now processes additional broilers contracted from Quantum
- **Good poultry selling prices** coupled with strong demand and lower stock levels up to June 2015
- **Good poultry production efficiencies**, in particular an improved mortality rate together with no cutbacks versus the comparative period have supported poultry sales volumes
- **Astral's forward procurement of raw materials** benefited feed prices and livestock production costs through most of the period under review
- **Expansion in feed volumes** that now includes production of feed from the new Standerton feed mill previously supplied by Afgri in Kinross

- **Poultry imports continued** at high levels with no impact from the EU anti-dumping remedies implemented in February 2015
- **Depreciation of the Rand** against the US Dollar eroding most of the benefit of lower priced CBOT maize import opportunities to the coastal regions of RSA
- **Load shedding**, especially unplanned, had an impact and a direct cost to the Group of approximately R15 million for the period under review
- **Currency weakness in Zambia and Mozambique severely** impacting raw material costs and profitability
- **High poultry stock levels from June 2015** onwards placing pressure on poultry selling prices



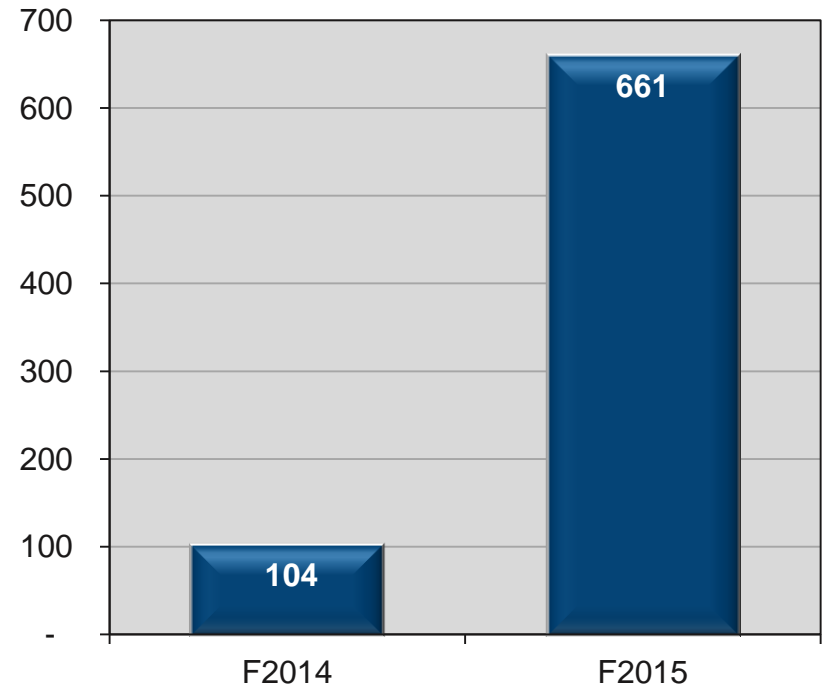
POULTRY DIVISION

Revenue - R million



- Revenue up 25%
- Broiler volumes up 13%
- Broiler selling prices up 12%

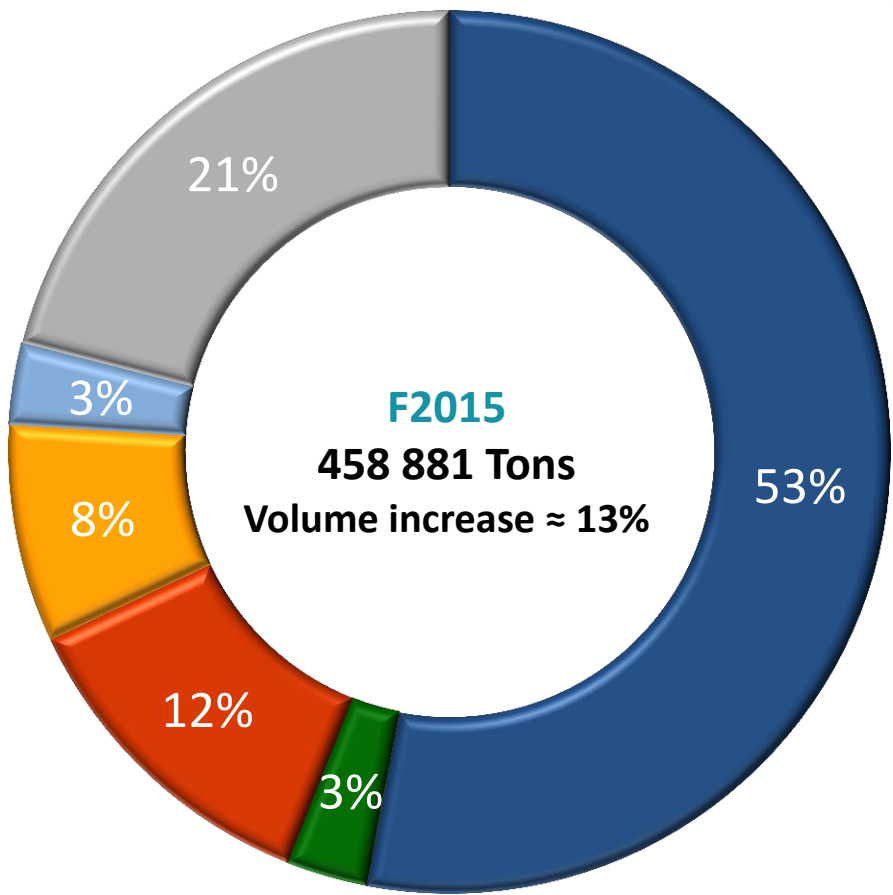
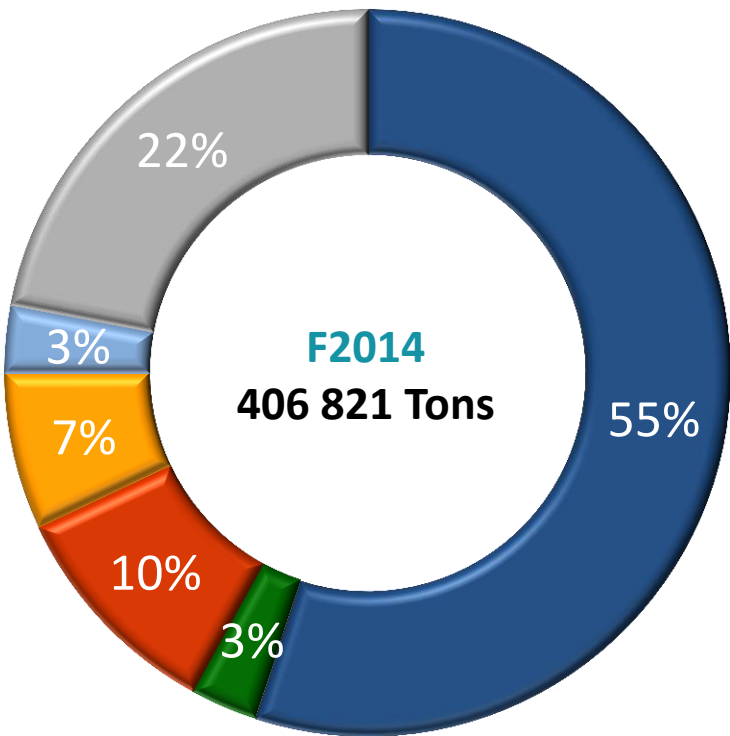
Operating profit - R million



- Operating profit up 533%
- Net margin 7.6% F2014: 1.5%
- Feed costs down 2.5%

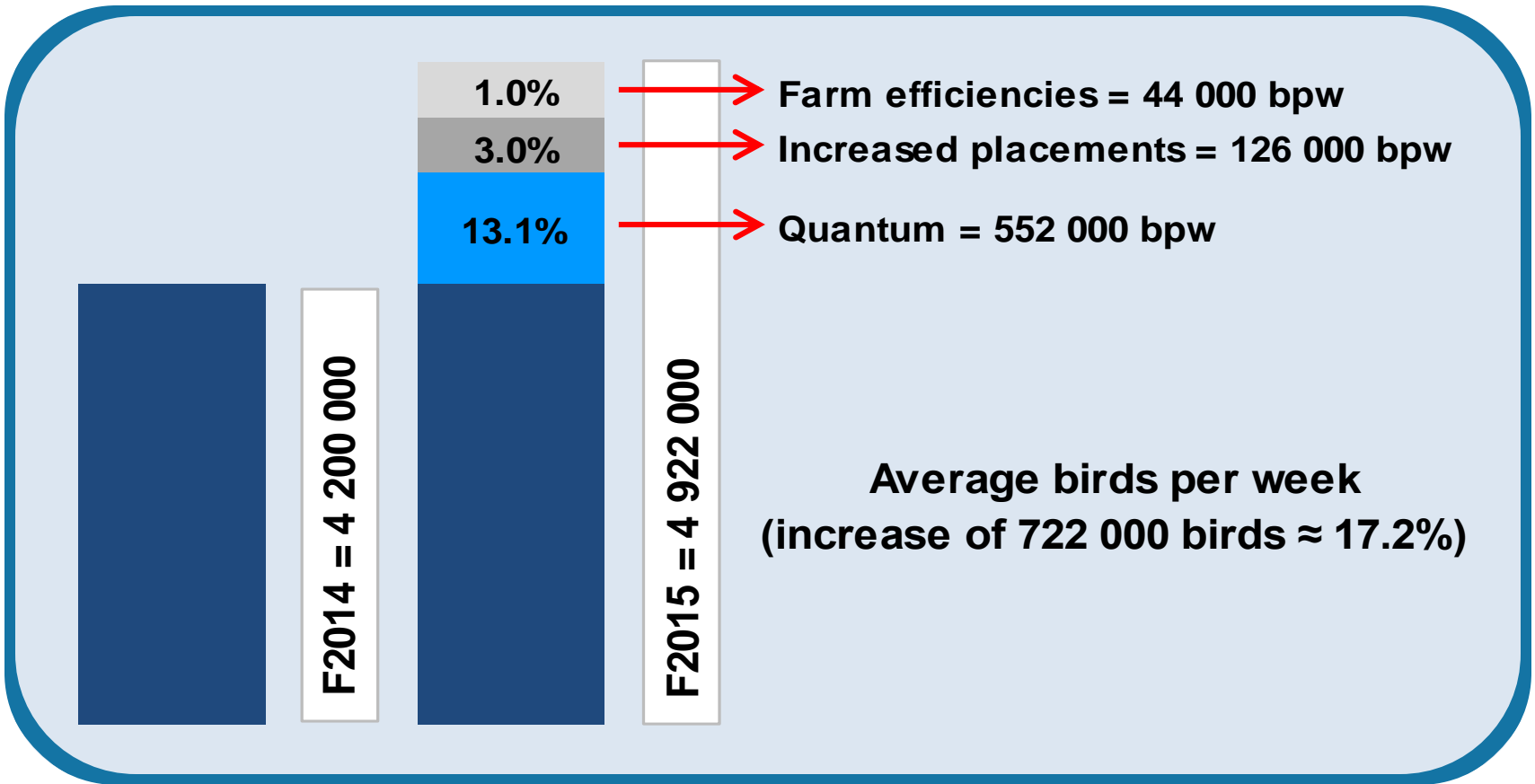
- Broiler sales volumes increased year-on-year by 12.8% (Slide 10)
- Broiler selling prices increased year-on-year by 11.9%
- Product mix improvement with fresh increasing by 2% and IQF reducing by 2%
- Improved broiler production efficiencies – improved mortality rate (Slide 12)
- Average broiler feed price decreases year-on-year by 2.5%
- Record level of poultry imports ≈ July 2015 @ 8,6 million birds per week

Product Mix



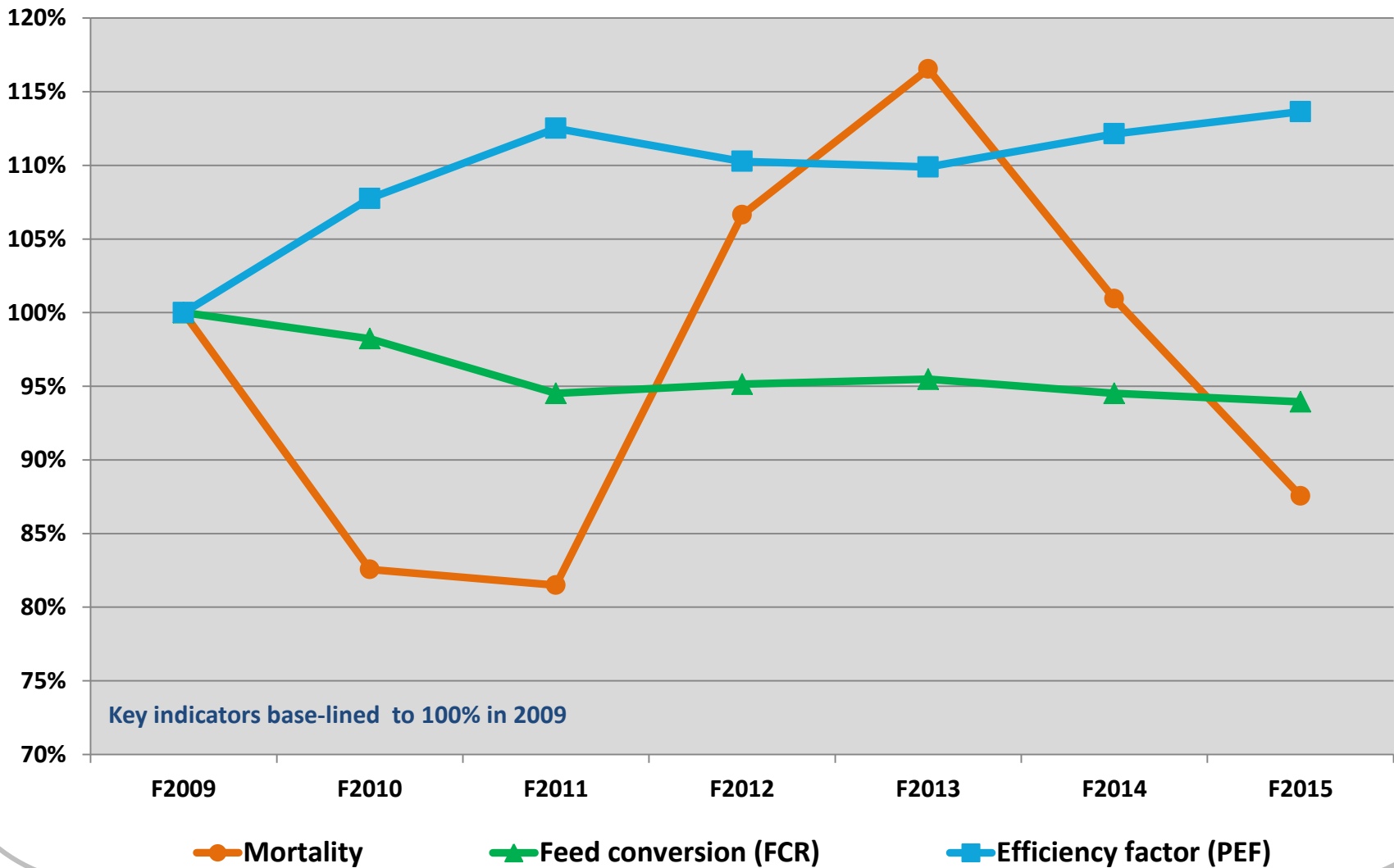
- IQF Mixed Portions
- IQF Single Portions
- Fresh
- Value Added
- Frozen
- Tertiary

Poultry Production Volume Growth

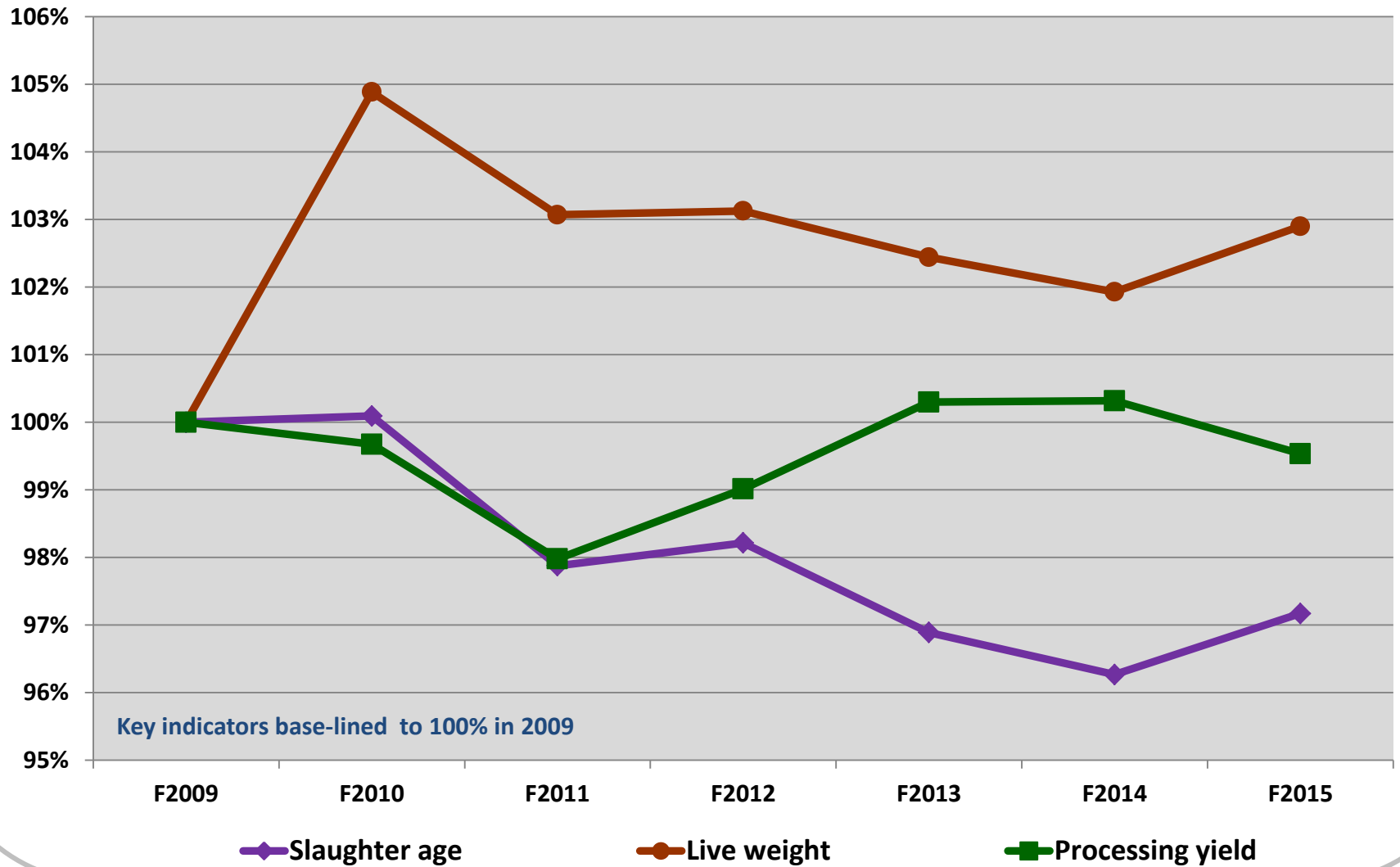


Average birds per week
(increase of 722 000 birds ≈ 17.2%)

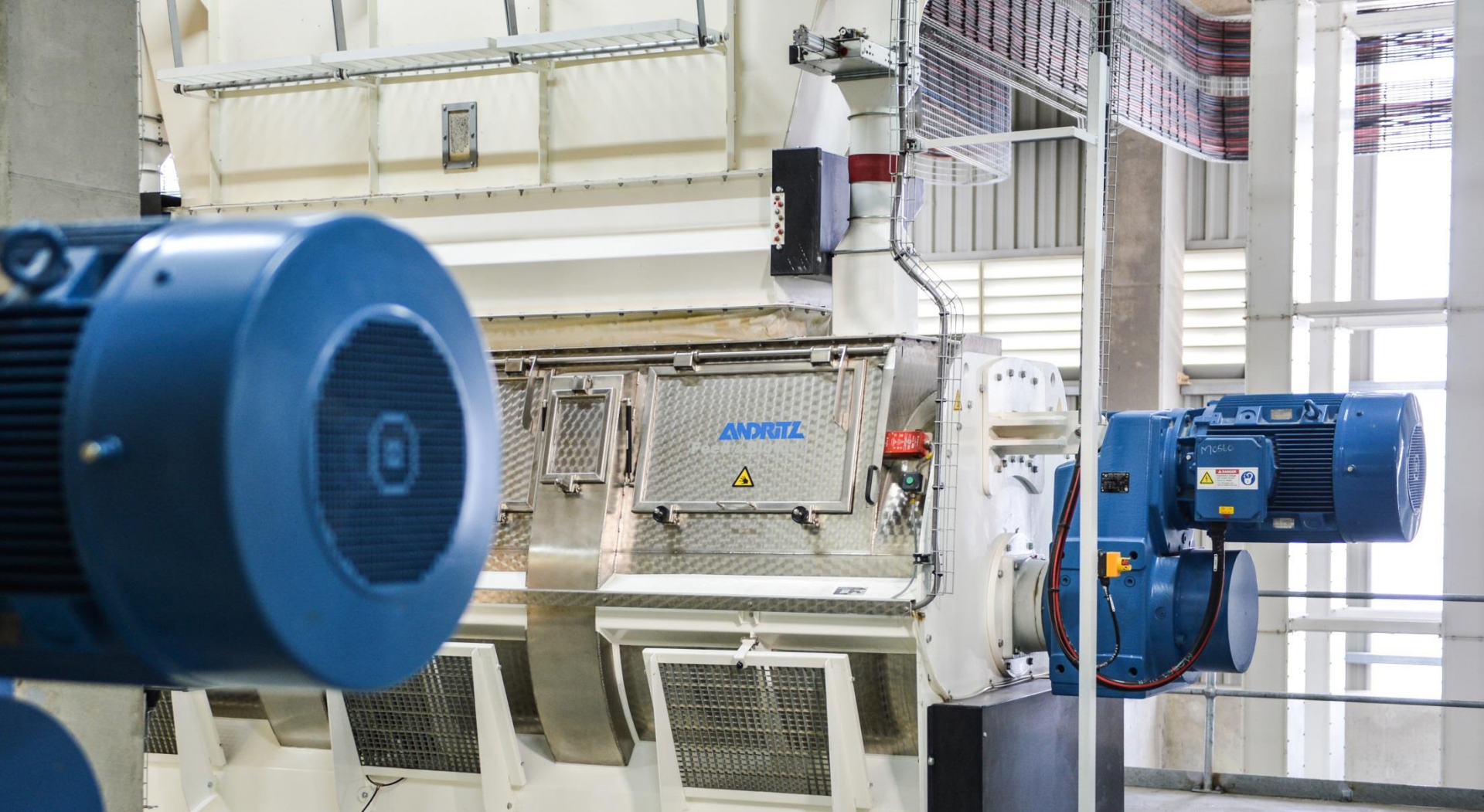
BROILER PRODUCTION PERFORMANCES



BROILER PRODUCTION PERFORMANCES

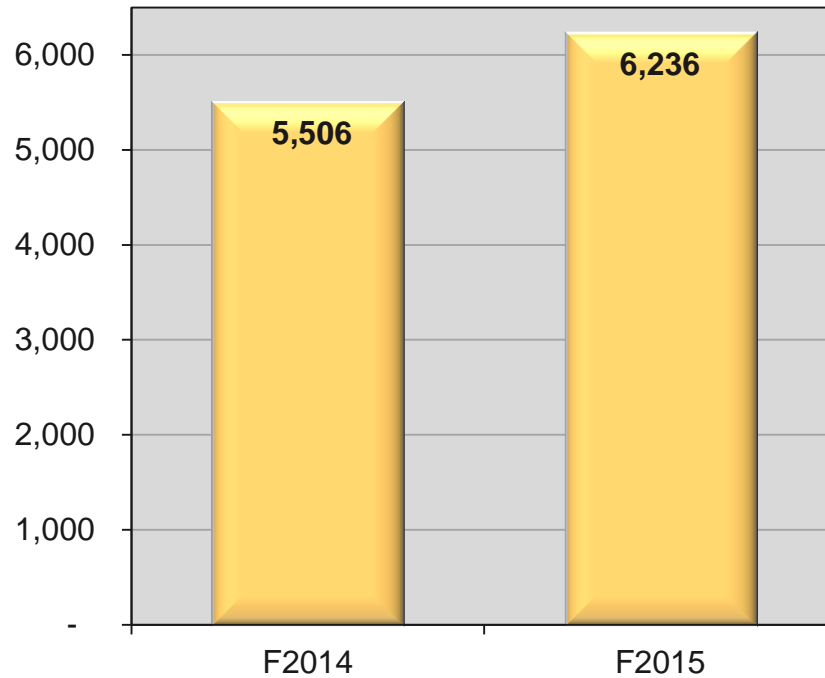


- **Higher feed costs** in the new financial reporting period
- **Higher poultry stock levels** in general will exert pressure on selling prices
- **USA export quota** (AGOA) could be additive to already high poultry imports
- **Proposed brining regulations** – impact on volumes and IQF selling price
- **Optimising product mix** with focus on market and consumer preferences
- **Broiler production efficiencies** currently challenged by numerous health issues



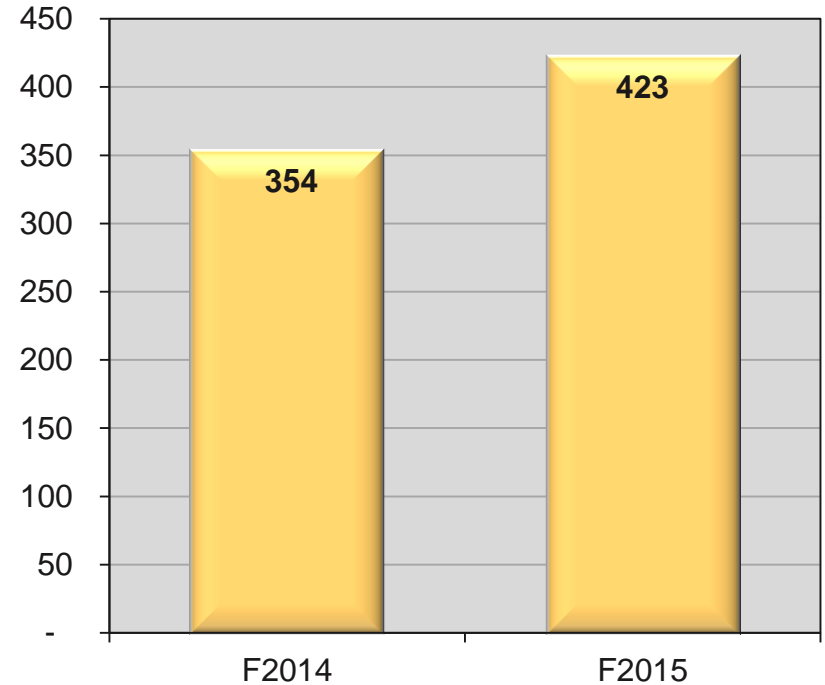
FEED DIVISION

Revenue - R million



- Revenue up 13%
- Sales volumes up 12%
- Avg. selling price up 1%

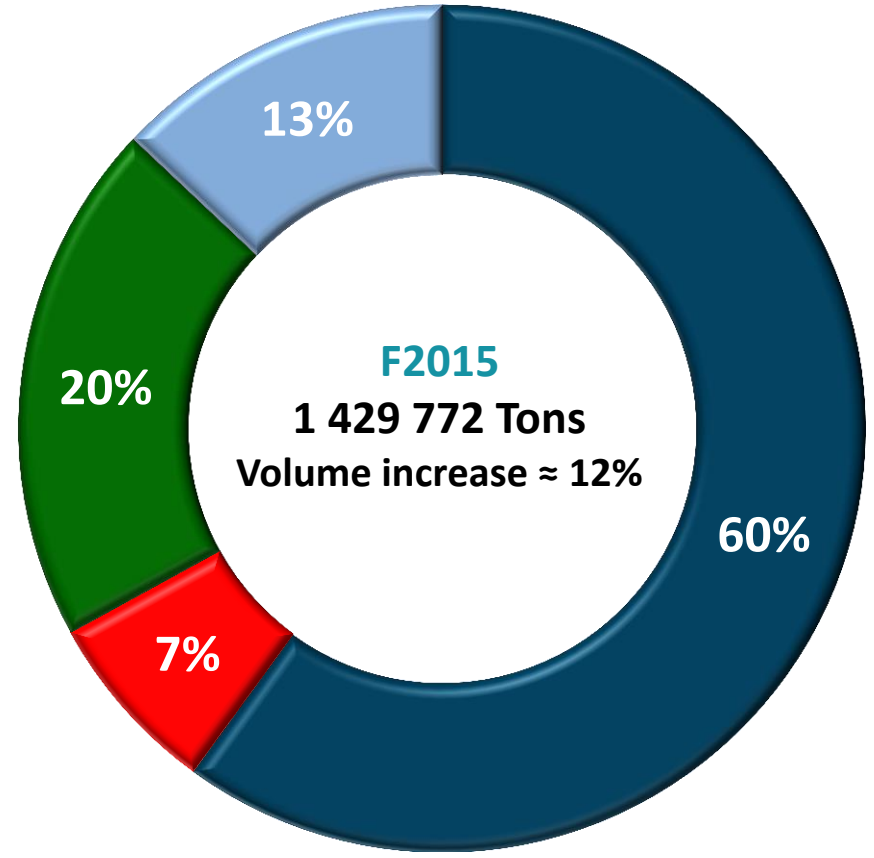
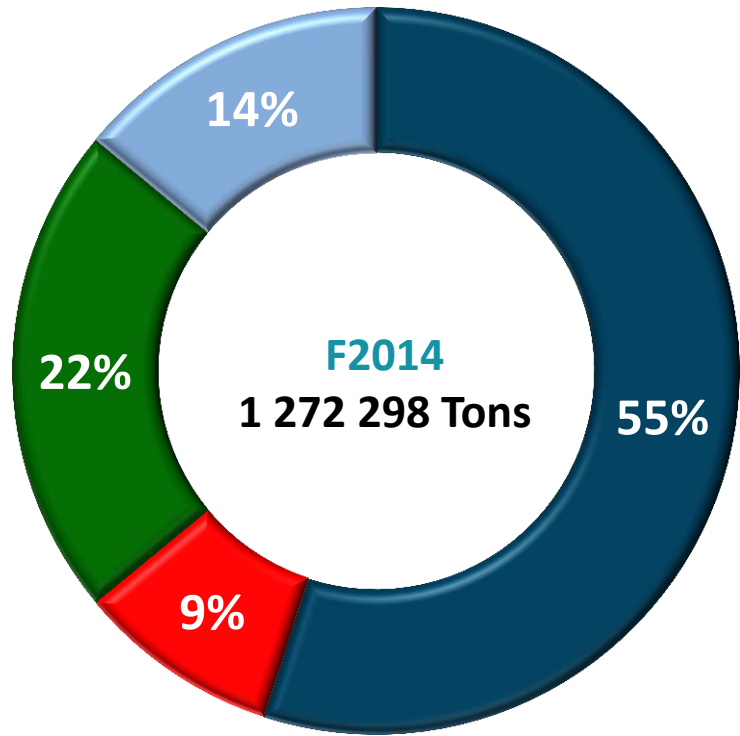
Operating profit - R million



- Operating profit up 20%
- Net margin at 6.8% F2014: 6.4%
- Benefit from increased volumes

- Feed volumes increased by 12.4% due to higher inter-group volumes (up 23.7%)
- Rand per ton margin improvement on prior year despite a competitive landscape
- Inflationary costs were successfully recovered from the market
- Operational cost benefits from the new Standerton feed mill
- Standerton feed mill producing on average 24 000 tons of feed per month
- Raw material price increases in the last quarter of the period under review

Meadow Feeds - Sales Mix



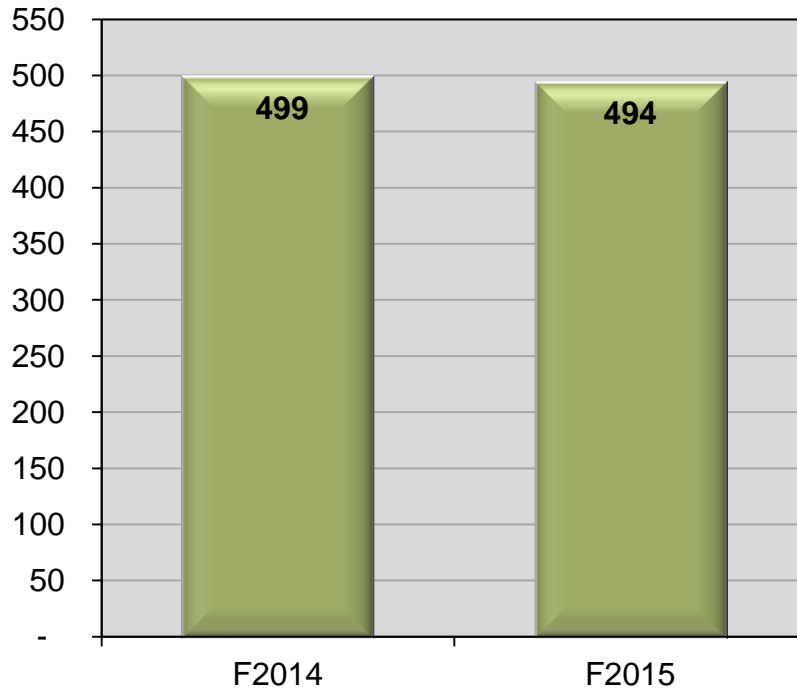
■ Poultry Integrated ■ Poultry External ■ Dairy ■ Other

- **Maize crop of 9,9 million tons** for 2015/16 – smallest crop since 2007
- **Strong El Niño impact** to cause extremely dry and hot conditions this summer
- **Adverse planting conditions** could lead to a consecutive poor maize crop
- **Increasing local maize prices** with excessive upward pressure on feed prices
- **Global balance sheets** for coarse grains remain especially healthy
- **Maize import program** into the coastal regions of South Africa to continue



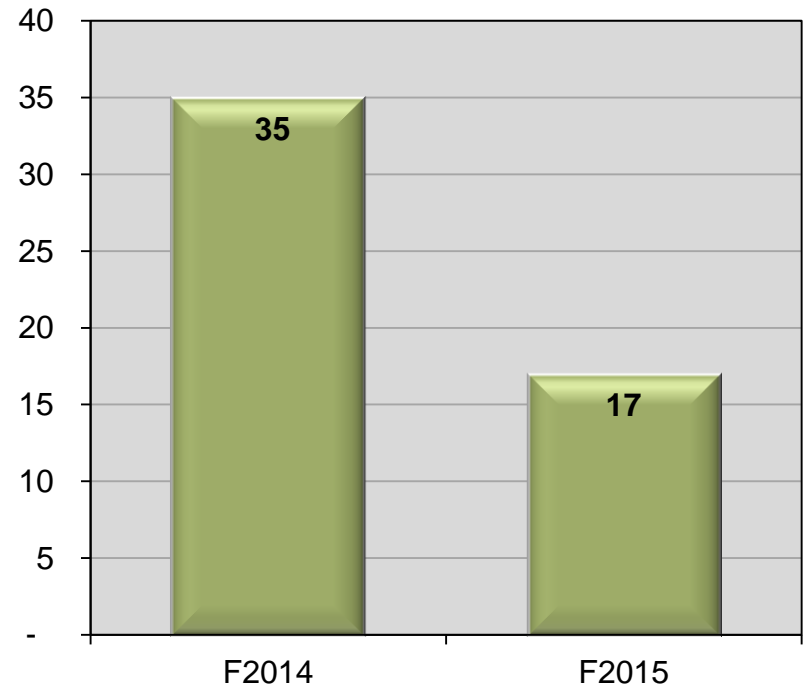
OTHER AFRICA DIVISION

Revenue - R million



- Revenue down 1%
- Feed volumes down 3%
- Hatchery volumes up 2%

Operating profit - R million



- Operating profit down 51%
- Net margin 3.4% F2014: 7.1%
- Exchange rate impact

- **Zambia**
 - Profitability at Tiger Animal Feeds severely impacted by currency exchange movements
 - Tiger Chicks sales volumes increased by 6% over comparative period with this business posting an improved performance
- **Mozambique & Swaziland**
 - Profitability at Meadow Mozambique impacted negatively by currency exchange movements
 - Mozpintos sales volumes increased by 30% over comparative period
 - Good performance from National Chicks Swaziland

- **Zambia**

- The **procurement, financing and storage of maize** in the local currency will reduce exposure to USD denominated raw material purchases
- Tiger Chicks **increasing exports of hatching eggs and day old chicks** into other African markets

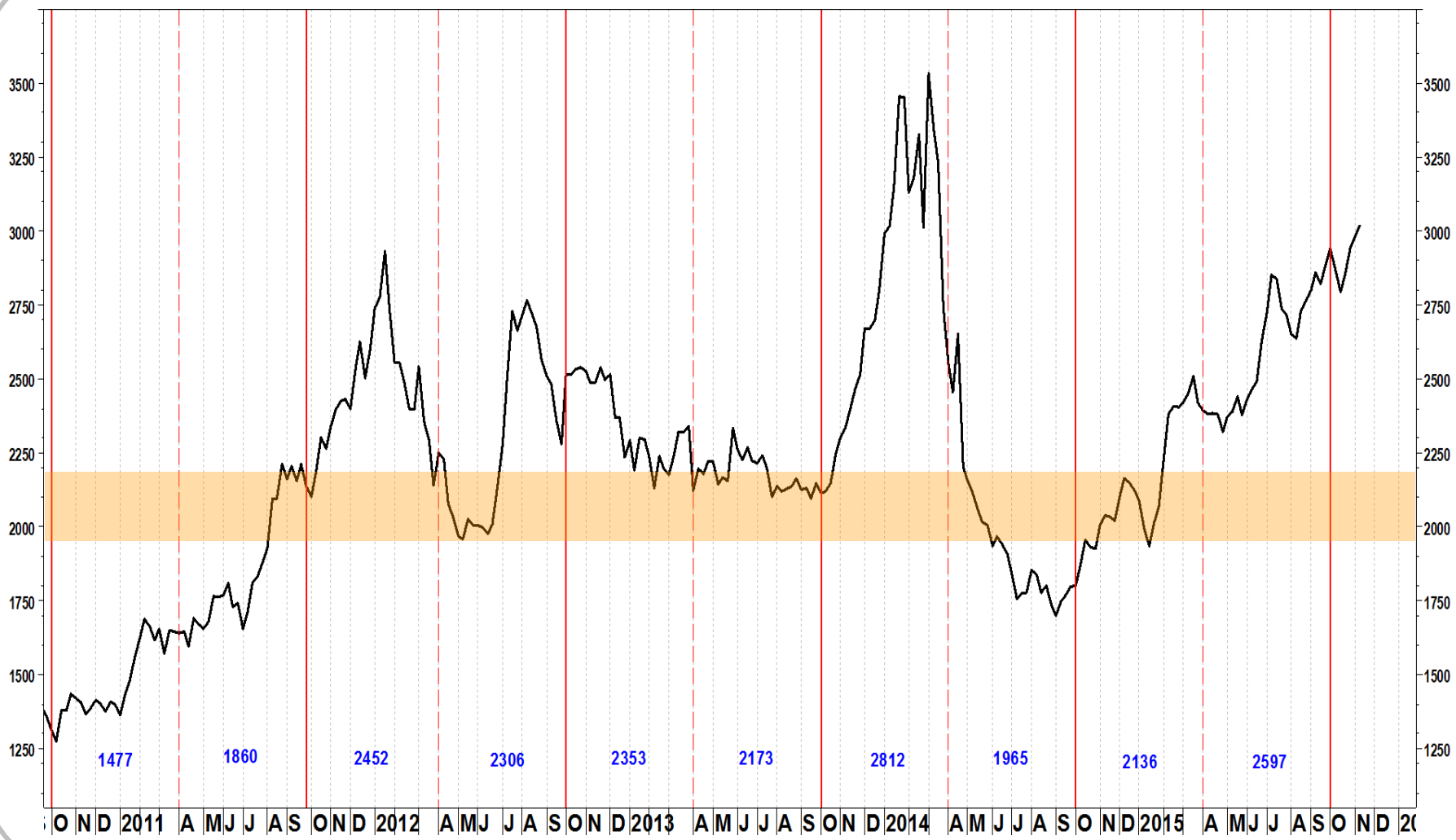
- **Mozambique & Swaziland**

- A further nine **own managed depots** are targeted for South and Central Mozambique in F2016 to improve product availability and sales
- **Expansion of broiler breeder capacity** at National Chicks Swaziland to take place in F2016 will increase the production of hatching eggs at a lower cost than imported hatching eggs

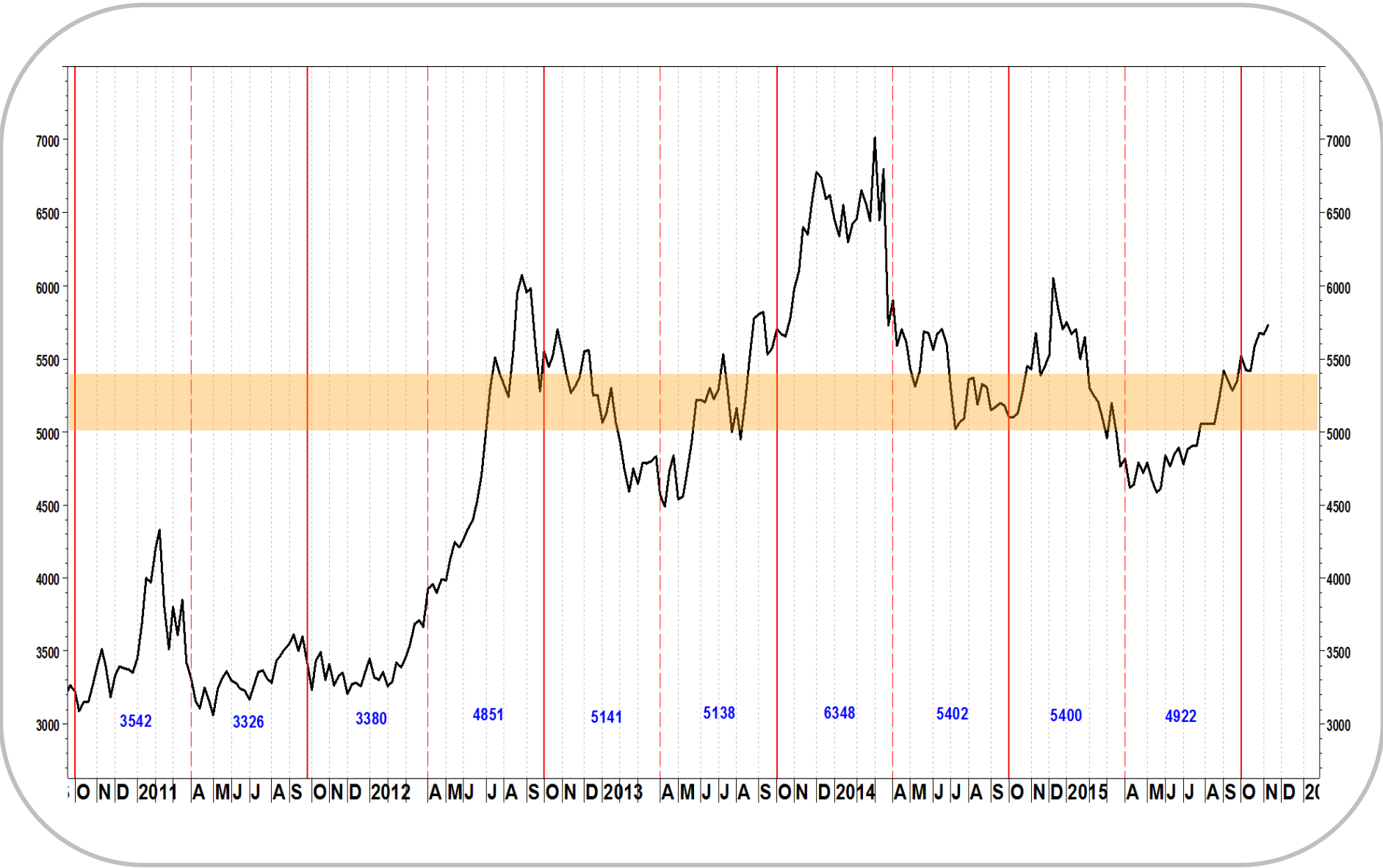


INDUSTRY TRENDS

SAFEX YELLOW MAIZE PRICE



SAFEX SOYA BEANS PRICE

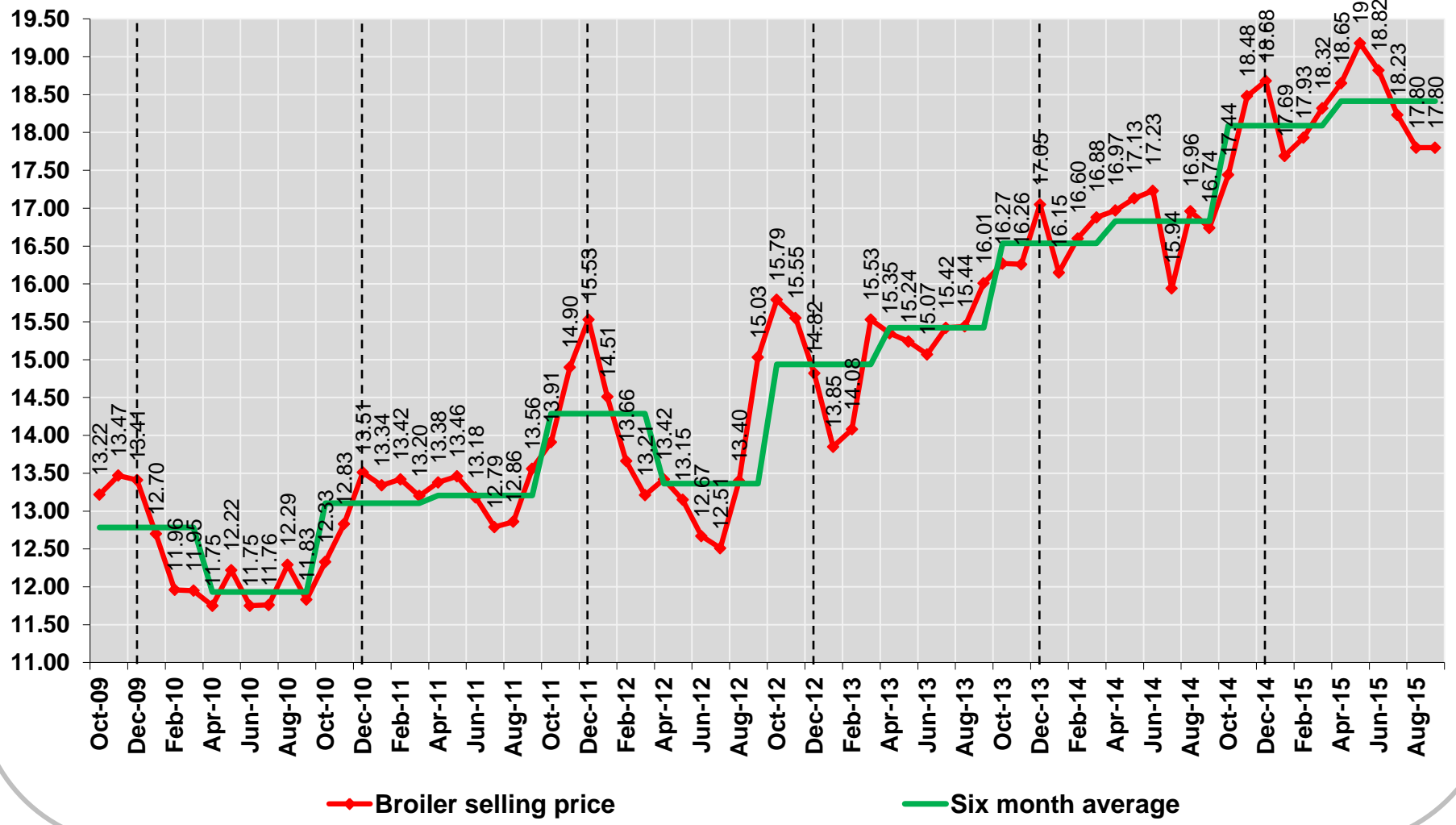


Source: CJA Strategic Risk Brokers

INDUSTRY BROILER SELLING PRICES

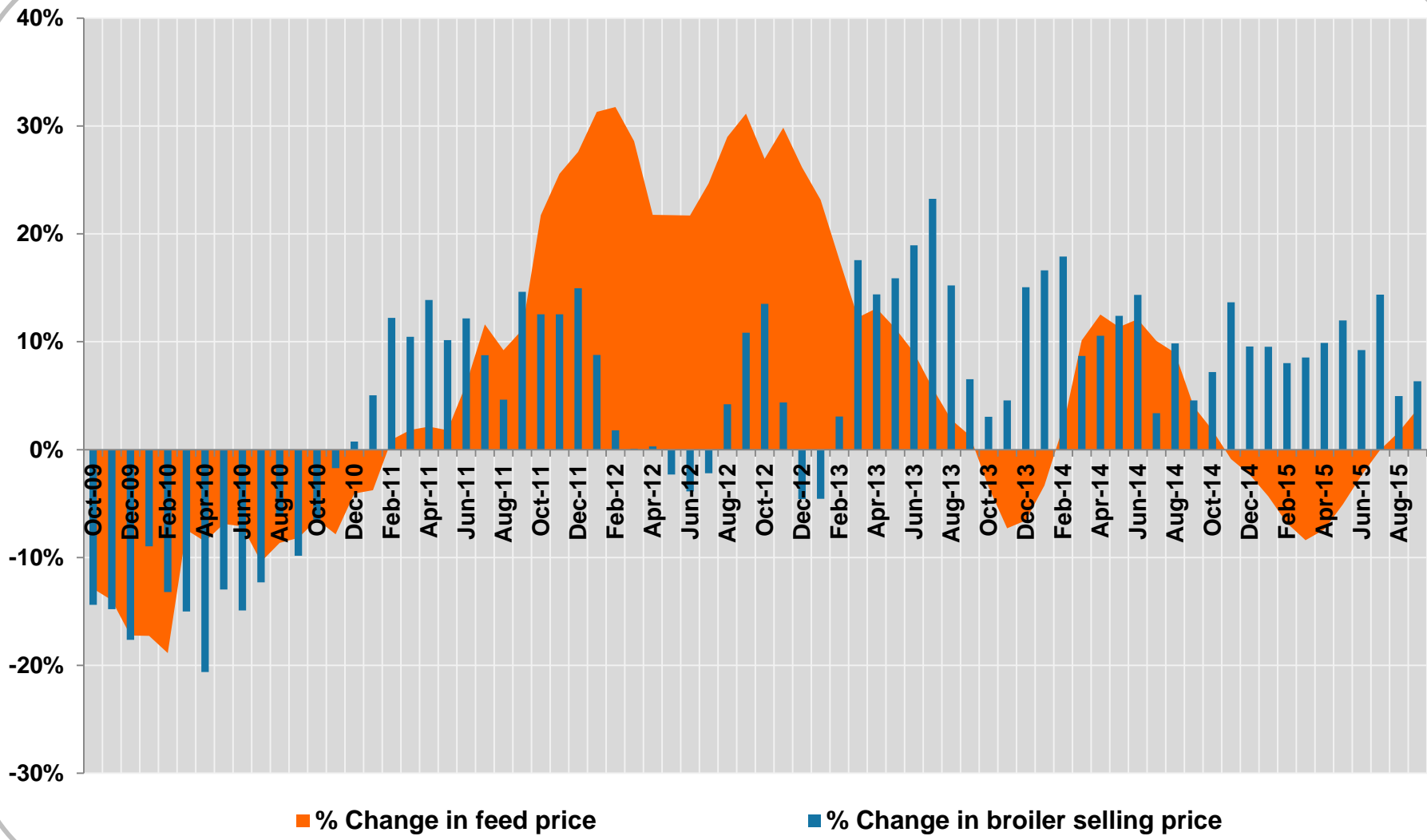


Rand per kilogram

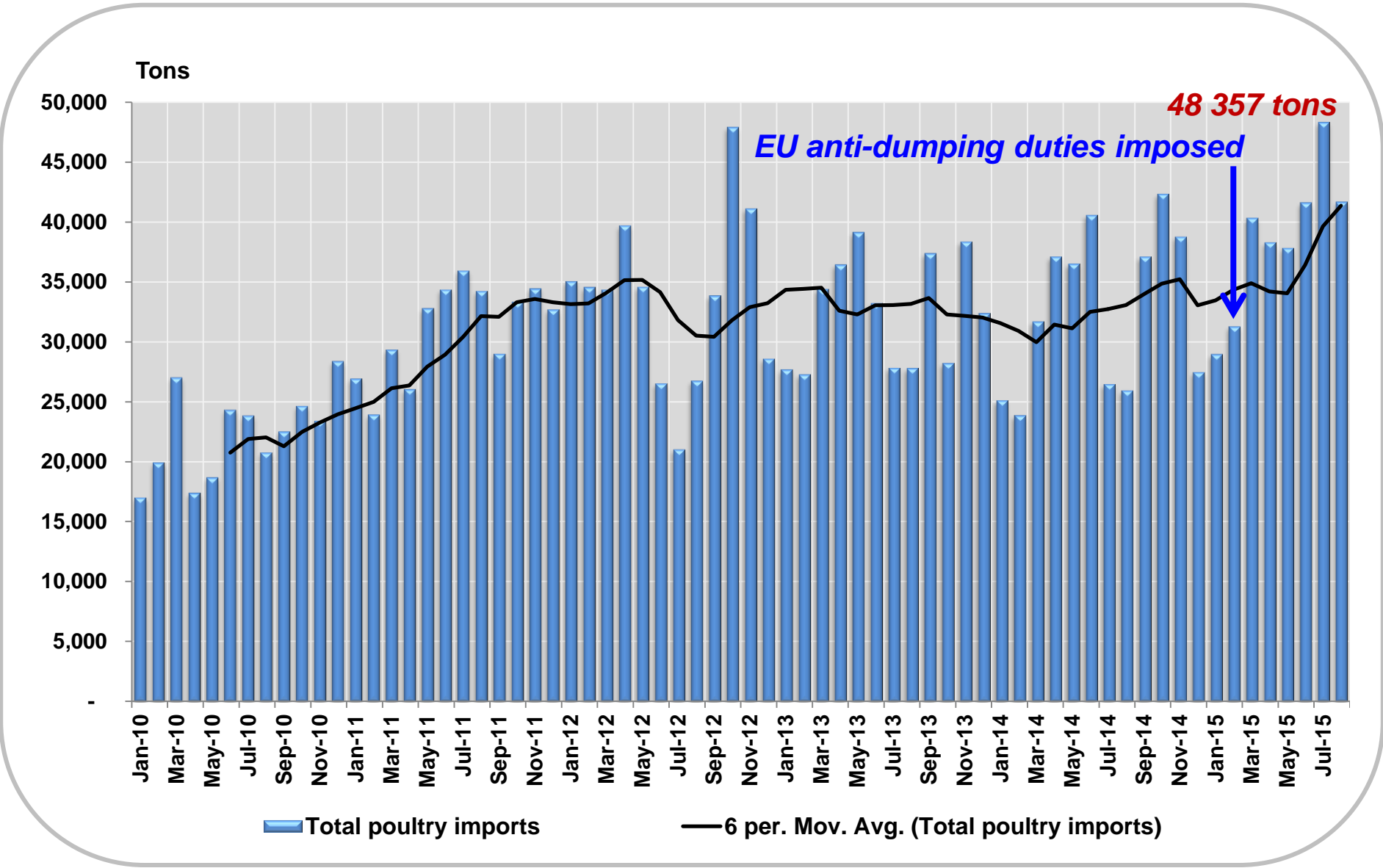


Source: SAPA

CHANGE IN BROILER SELLING PRICE vs FEED PRICE










POULTRY IMPORTS PER MONTH

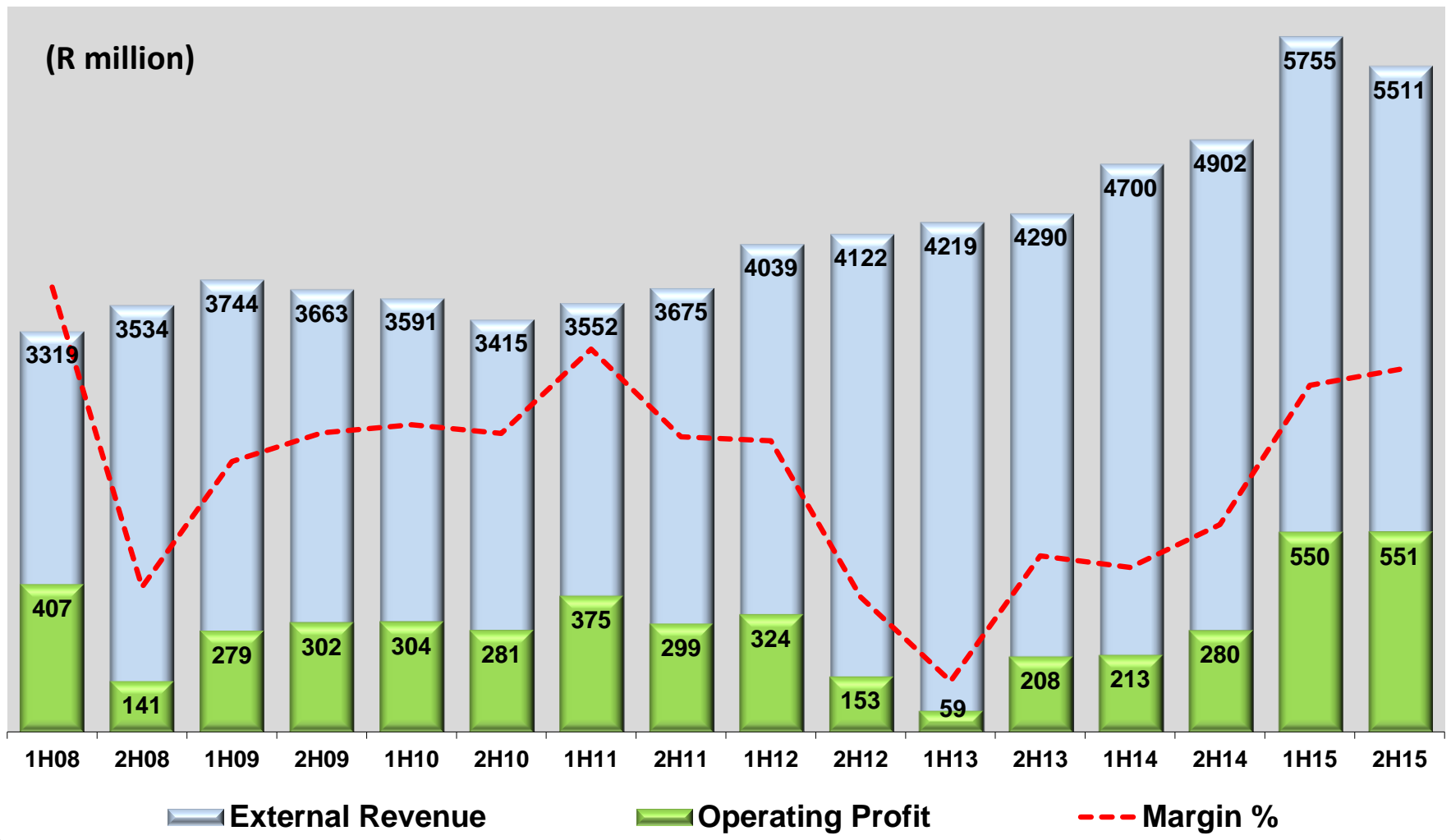


Source: SAPA



FINANCIAL OVERVIEW

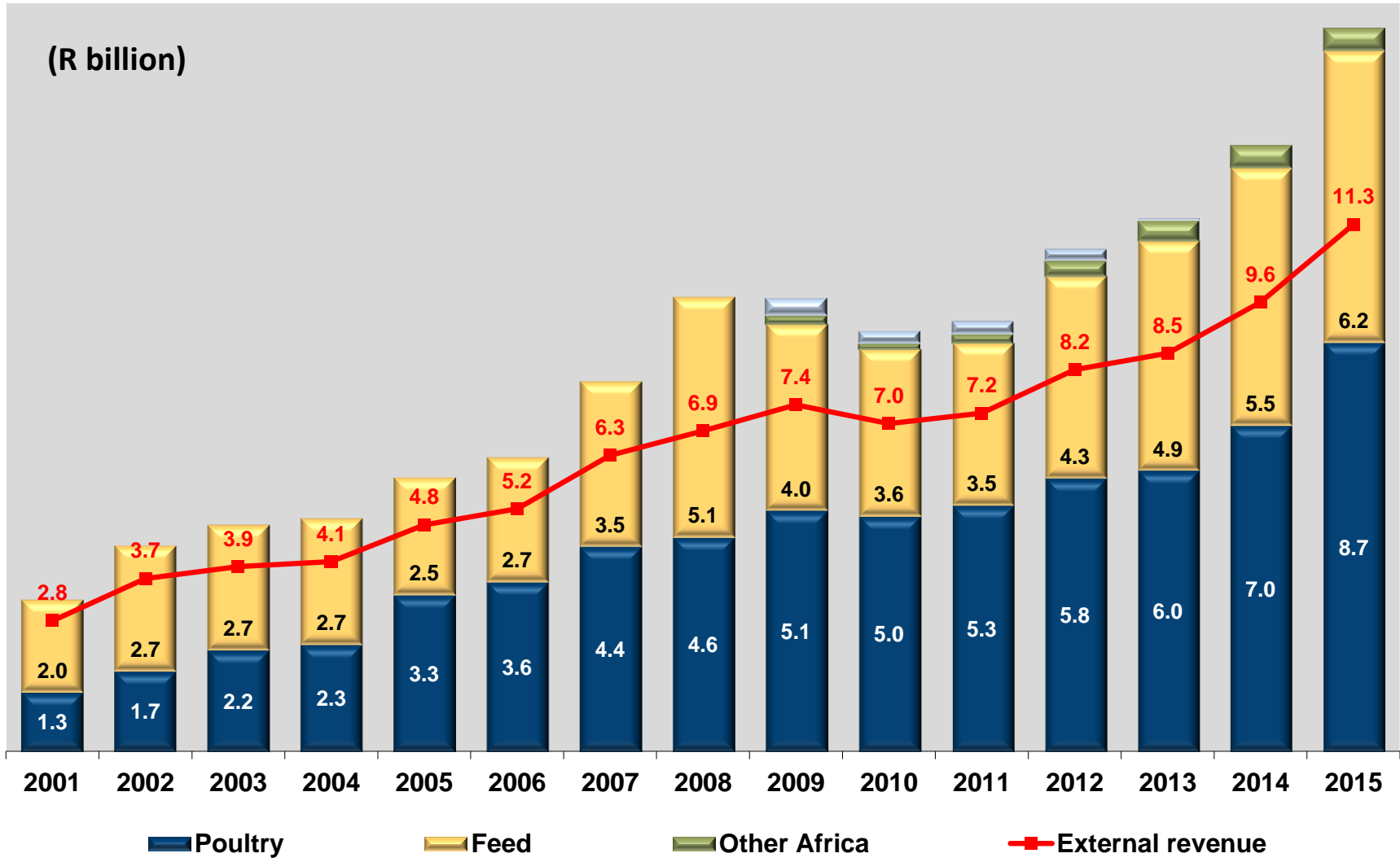
| Year ended 30 September | 2015 R million | 2014 R million | |
|--------------------------------|-------------------|-------------------|--|
| Revenue | 11 266 | 9 602 |  17% |
| Operating profit | 1 101 | 493 |  123% |
| <i>Operating profit margin</i> | 9.8% | 5.1% | |
| Net finance costs | (10) | (25) | |
| Share of profit in associates | 3 | 2 | |
| Profit before tax | 1 094 | 470 |  133% |
| Tax | (314) | (129) | |
| Profit for the period | 780 | 341 |  129% |
| Headline earnings | 780 | 330 |  136% |
| EPS – Cents | 2 013 | 884 |  128% |
| HEPS – Cents | 2 016 | 864 |  133% |



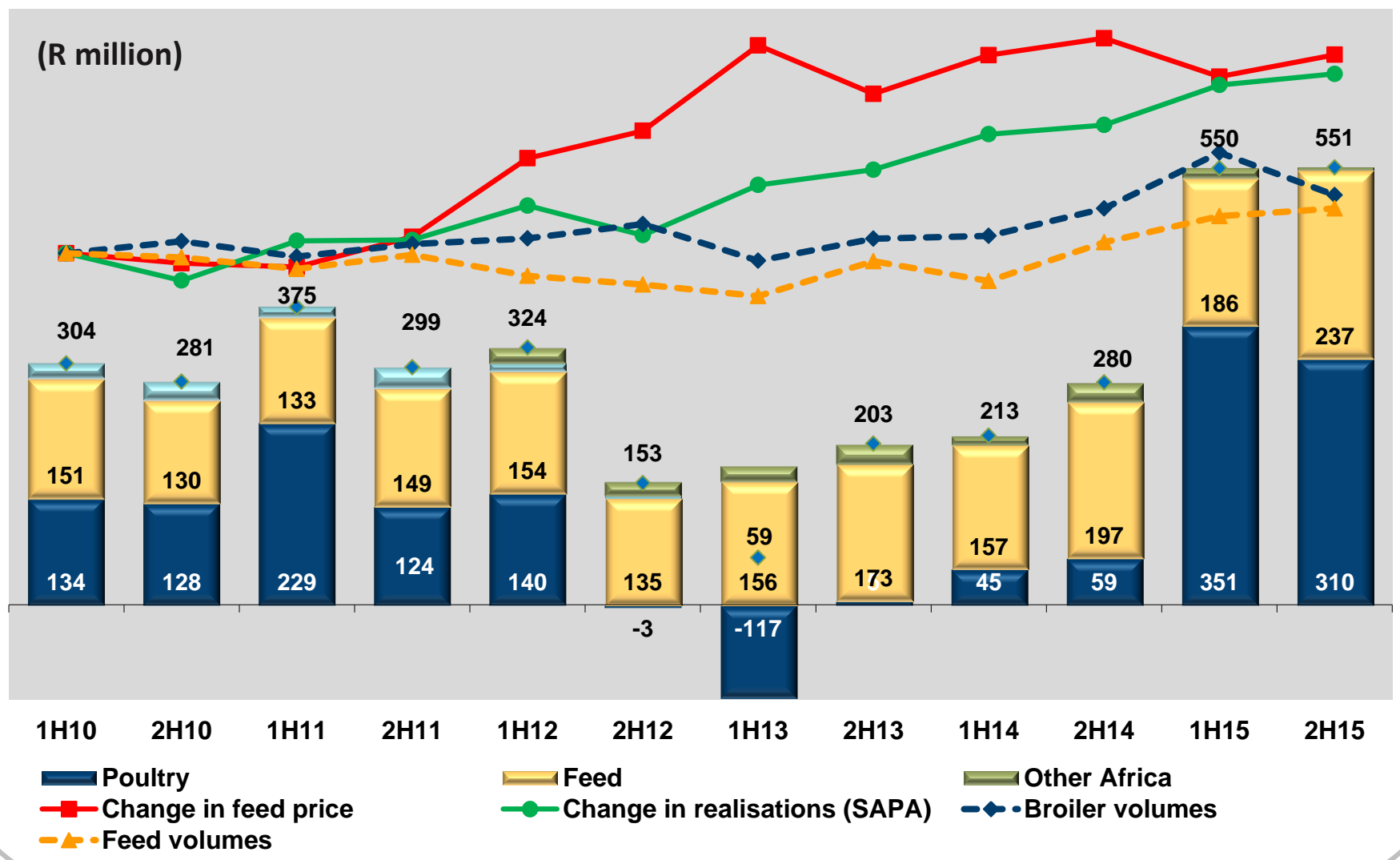
GROUP ANNUAL REVENUE



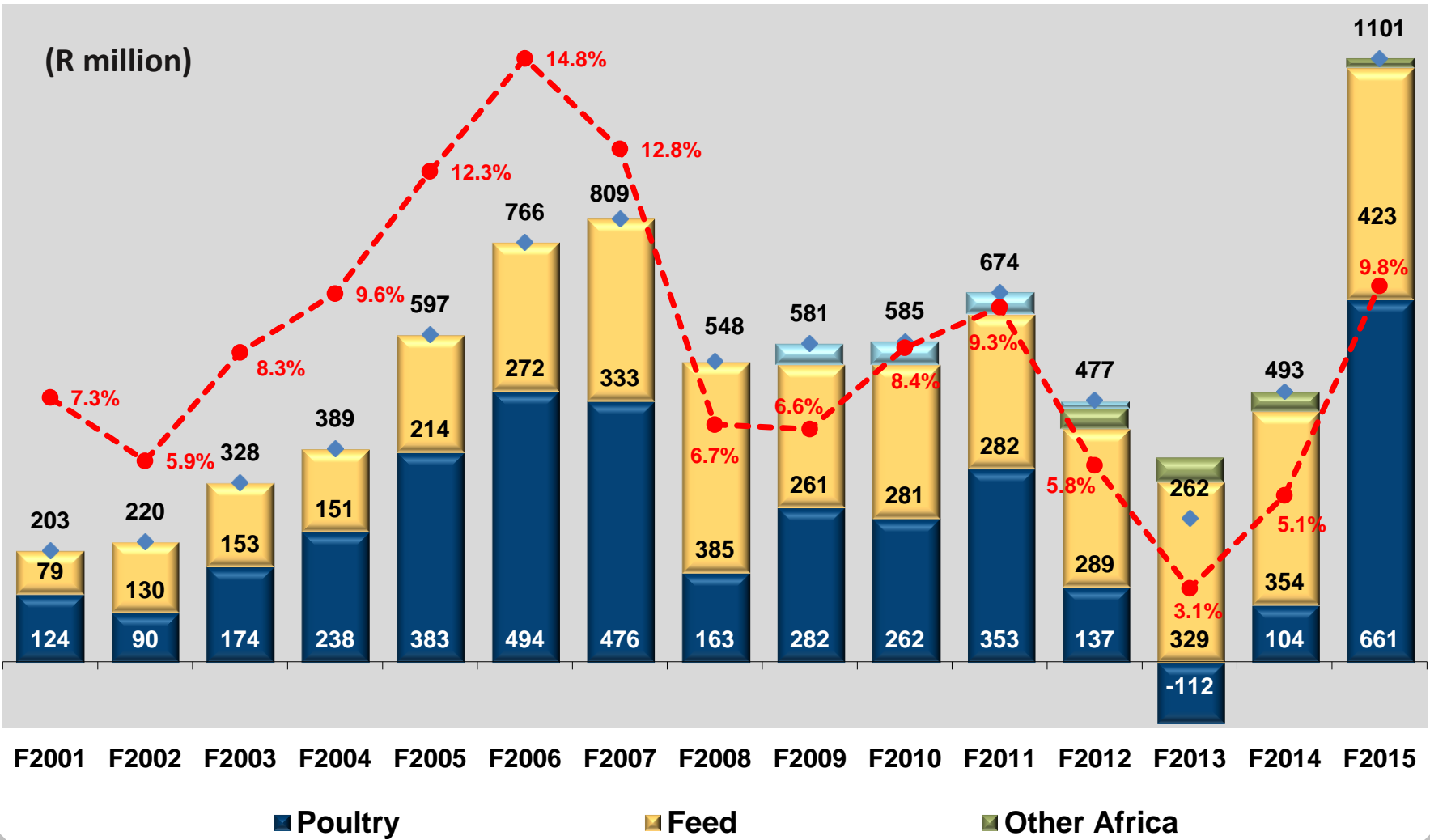
(R billion)



GROUP SIX MONTHLY OPERATING PROFIT



GROUP ANNUAL OPERATING PROFIT



ABRIDGED STATEMENT OF FINANCIAL POSITION



| | September 2015 R million | September 2014 R million | % change |
|--|-----------------------------|-----------------------------|----------|
| Non-current assets | 2 234 | 2 242 | |
| Net working capital | 776 | 452 | 72% |
| Current assets (excl. cash) | 2 261 | 2 003 | 13% |
| Current liabilities (excl. borrowings) | (1 485) | (1 551) | -4% |
| Non-current liabilities (excl. borrowings) | (582) | (575) | |
| Net assets | 2 428 | 2 119 | 15% |
| Net debt | 57 | 174 | 67% |
| ▪ <i>Loans</i> | 83 | 206 | |
| ▪ <i>Cash and cash equivalents</i> | (26) | (32) | |
| Equity | 2 371 | 1 945 | 22% |
| Total | 2 428 | 2 119 | 15% |

| For the twelve months ended 30 September | 2015 R million | 2014 R million | Variance R million |
|--|-------------------|-------------------|-----------------------|
| Current assets | 2 261 | 2 003 | 258 |
| Inventory | 1 370 | 1 096 | 274 |
| Trade receivables | 786 | 777 | 9 |
| Other | 105 | 130 | (25) |
| Current liabilities | (1 485) | (1 551) | 66 |
| Trade payables | (1 156) | (1 352) | 196 |
| Other | (329) | (199) | (130) |
| Net working capital | 776 | 452 | 324 |

Major variances:

| | |
|-------------------------------------|-------|
| Increased stock levels – poultry | 197 |
| Increased stock levels – feed | 84 |
| Settlement – raw material creditors | 320 |
| Provision for employee benefits | (171) |

For the twelve months ended 30 September

| | 2015 R million | 2014 R million |
|---------------------------------|-------------------|-------------------|
| Cash operating profit | 1 436 | 671 |
| Working capital movement | (441) | 33 |
| | 995 | 704 |
| Tax paid | (344) | (100) |
| Net interest paid | (10) | (37) |
| Capital expenditure | (203) | (395) |
| | 438 | 172 |
| Dividends paid | (321) | (163) |
| Other cash flow items | 10 | 77 |
| | 127 | 86 |
| Loans (repaid) / received | (120) | 24 |
| Movement in cash equivalents | 7 | 110 |
| Effect of exchange rate changes | (13) | - |
| Opening balance | 32 | (78) |
| Closing balance | 26 | 32 |

Year ended 30 September

**2015
R million**

**2014
R million**

Depreciation

153

135

Total capex

203

395

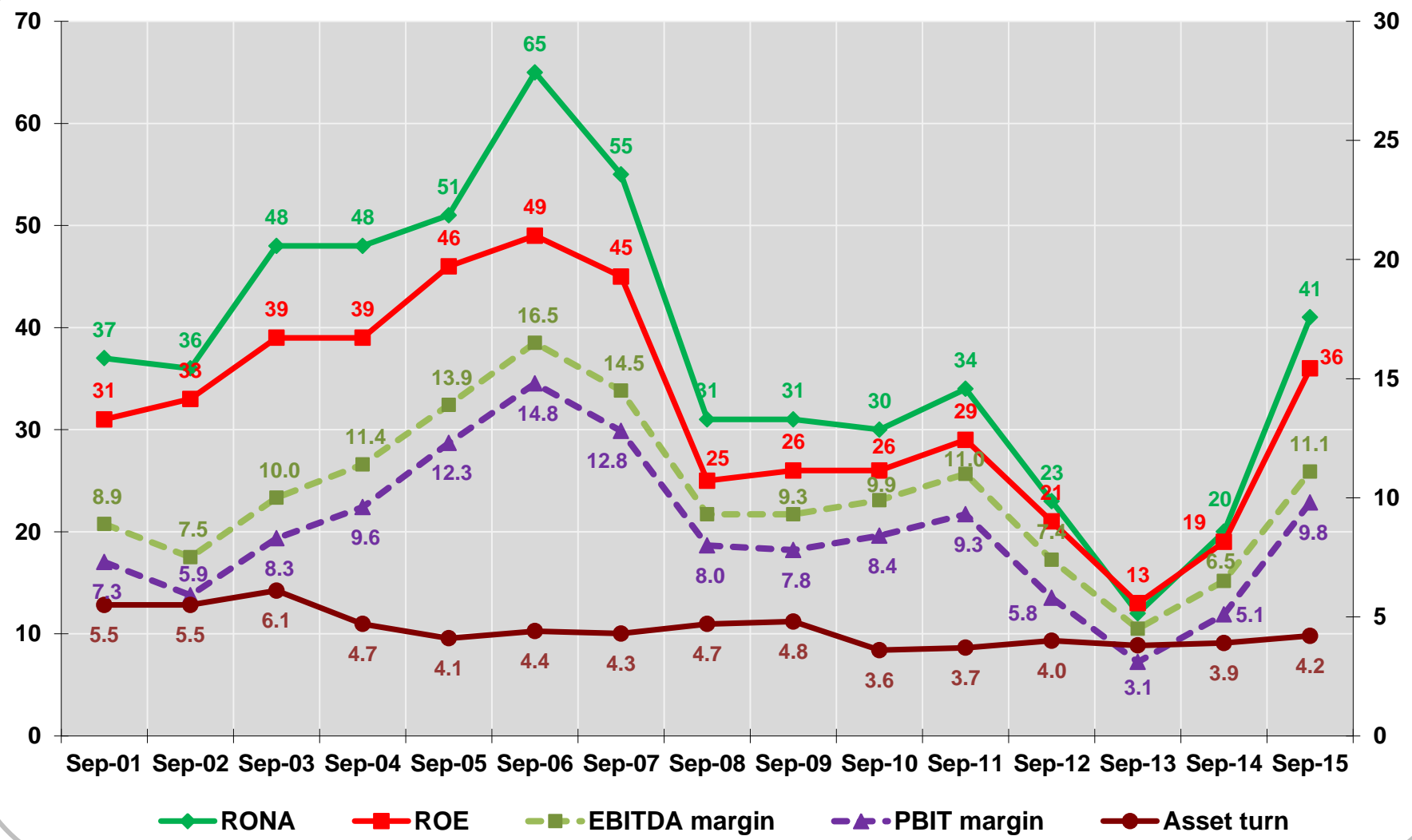
Commitments

67

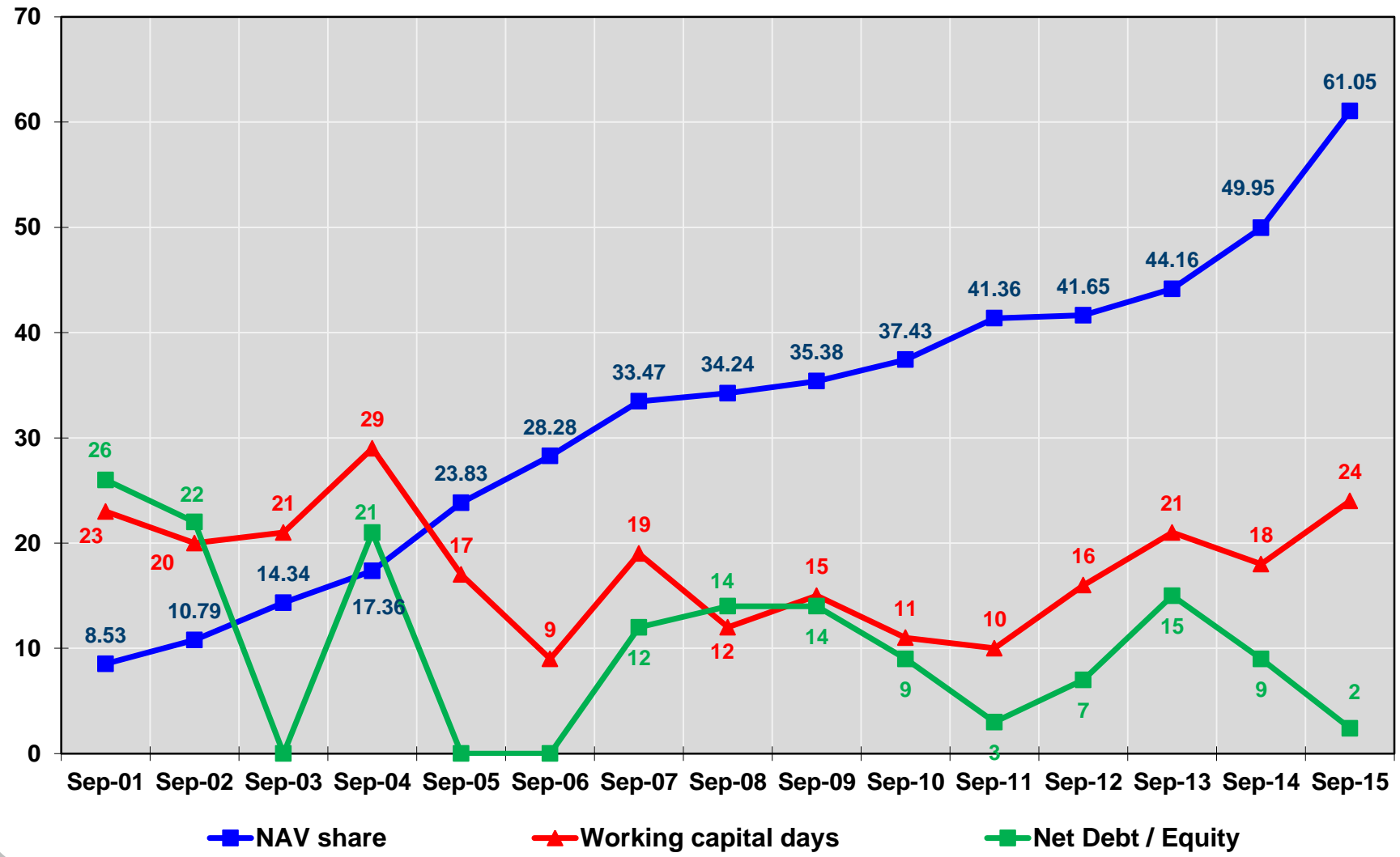
Total spent and committed

270

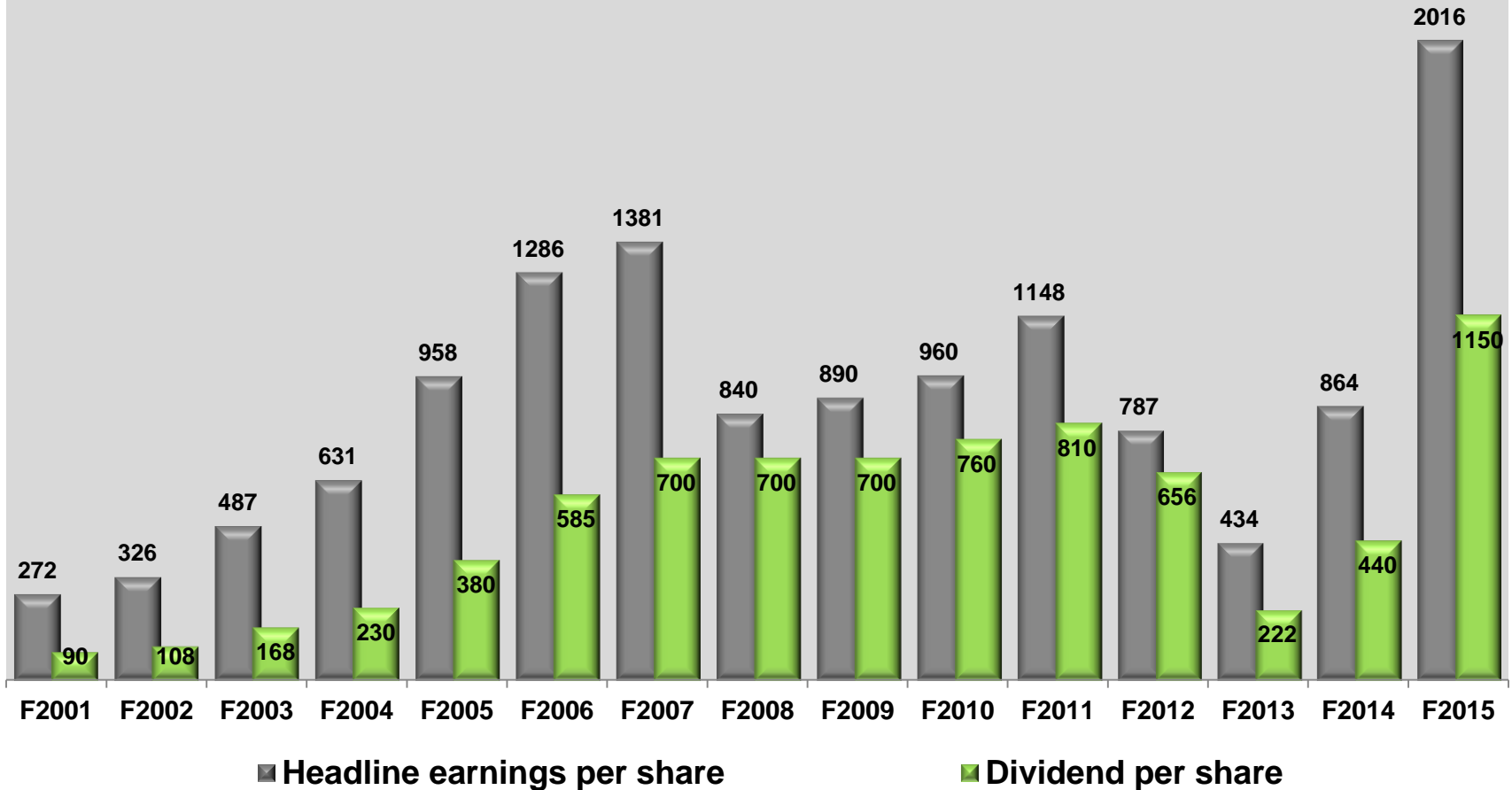
KEY FINANCIAL RATIOS



KEY FINANCIAL INDICATORS



(cents per share)



- Poultry division reported a **more normalised profit margin**
- Poultry division benefited from various **volume growth initiatives**
- Feed division benefited from **Standerton feed mill contribution**
- **Net debt to equity** ratio of 2.4% (30 Sep 2014: Net debt to equity ratio of 8.9%)
- Final dividend of **575 cps** declared (**total dividend of 1 150 cps up 161%**)
- **Board composition** - Diederik Fouche (Appointed as Non-Executive Director)



INDUSTRY MATTERS

- 70 : 30 - current industry practice
- 75 : 25 - industry proposal
- 85 : 15 - draft DAFF regulations
- Various interactions with the DAFF Minister & Deputy Minister
- DAFF “mistakenly” released a press statement on 1 October 2015 stating “*Total brine injection allowed for individual portions is limited to a maximum of 15%*”
- DAFF indications of further debate between industry and legislators
- As of 13 November 2015, no amendments to the Poultry Meat Regulations have been published in the Government Gazette

- On 27 Feb 2015 anti-dumping duties on bone-in portions were imposed on Germany, Netherlands and United Kingdom
- Duties range from 3.86% to 73.33% on frozen bone in chicken portions
- EU imports are now originating from Spain, Belgium and France
- US quota of 65 000 tons leg quarter volumes per annum to RSA as part of AGOA renewal negotiated in Paris in June 2015
- Poultry industry bodies of both countries at loggerheads over diversion from the agreement negotiated in Paris during June 2015
- Current media hype and misrepresentation of technical aspects surrounding the AGOA / poultry quota agreement



PROSPECTS

The **slowing level of growth in the economy** and higher unemployment levels will continue to hamper an increase in the per capita consumption of poultry.

The strong El Niño and impact on planting conditions **will negatively impact crop yields** leading to higher feed prices in the new reporting period.

Strong likelihood for the **introduction of brining regulations** which could result in lower volumes for the industry, and higher selling prices for the consumer. These regulations if promulgated at the proposed levels by DAFF, as well as the technical format of the regulations, will likely be challenged by the industry.

The annual **quota for 65 000 tons of US poultry imports**, free of anti-dumping duties negotiated around the renewal of AGOA, is likely to negatively impact local producers as high levels of poultry imports continue unabated.

Further consolidation in the industry could follow as a result of the above as the resilience of the poultry industry will be tested to the limit.

Astral's **best cost integrated strategy** has further strengthened on the back of selective investments contributing to higher poultry volumes, improved efficiencies and feeding costs into the future.

"If you want to go fast, go alone....

if you want to go far, go together"

R1,1 billion

RECORD PROFIT IN ASTRAL'S HISTORY

**40,7
million**

LIVE BIRDS ON FARM

2,4%

DEBT : EQUITY

**5,0
million**

BROILERS SLAUGHTERED PER WEEK

1,5 million

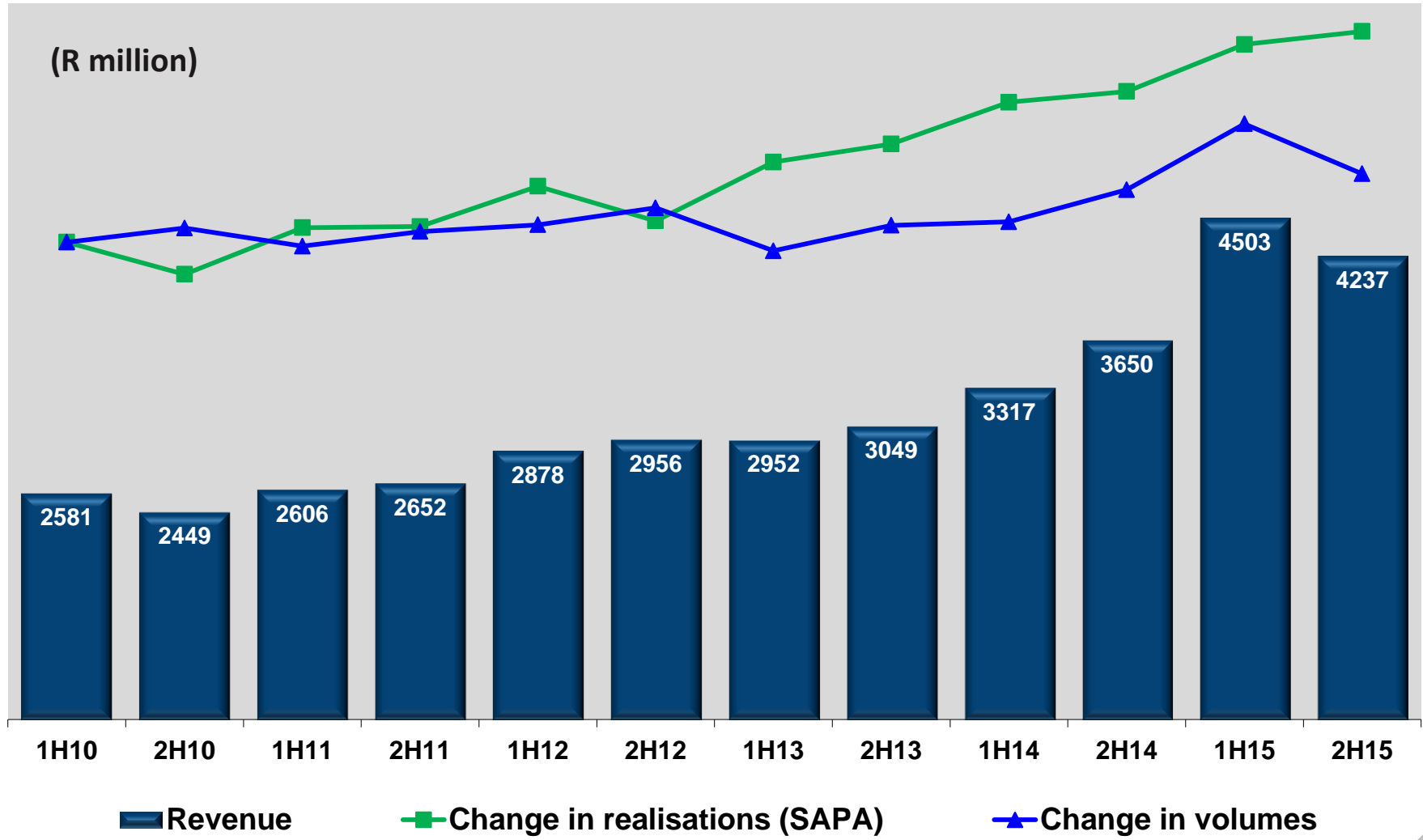
TONS OF ANIMAL FEED PRODUCED AT SEVEN MILLS

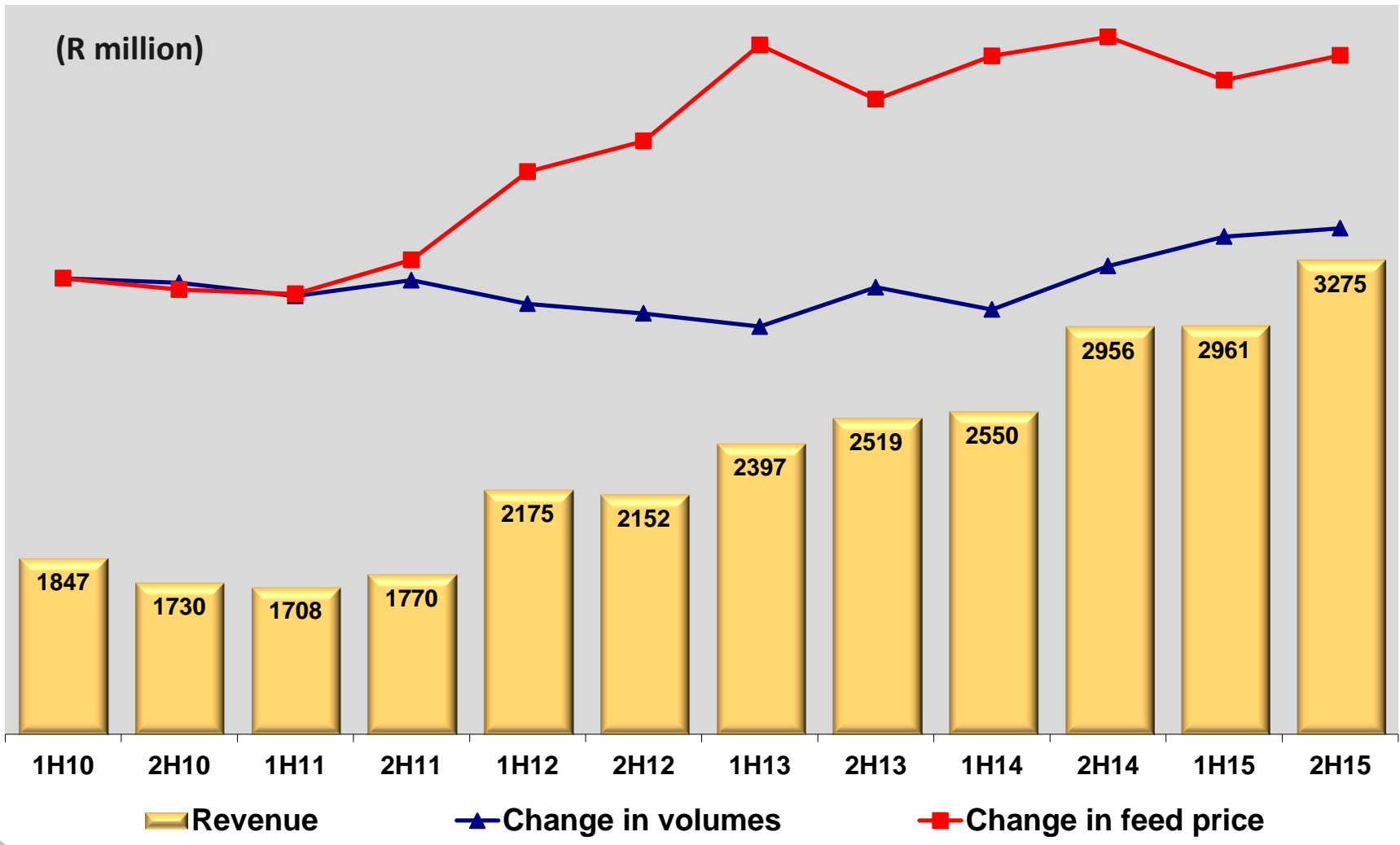


Strategy - to be the best cost integrated poultry producer in selected African countries

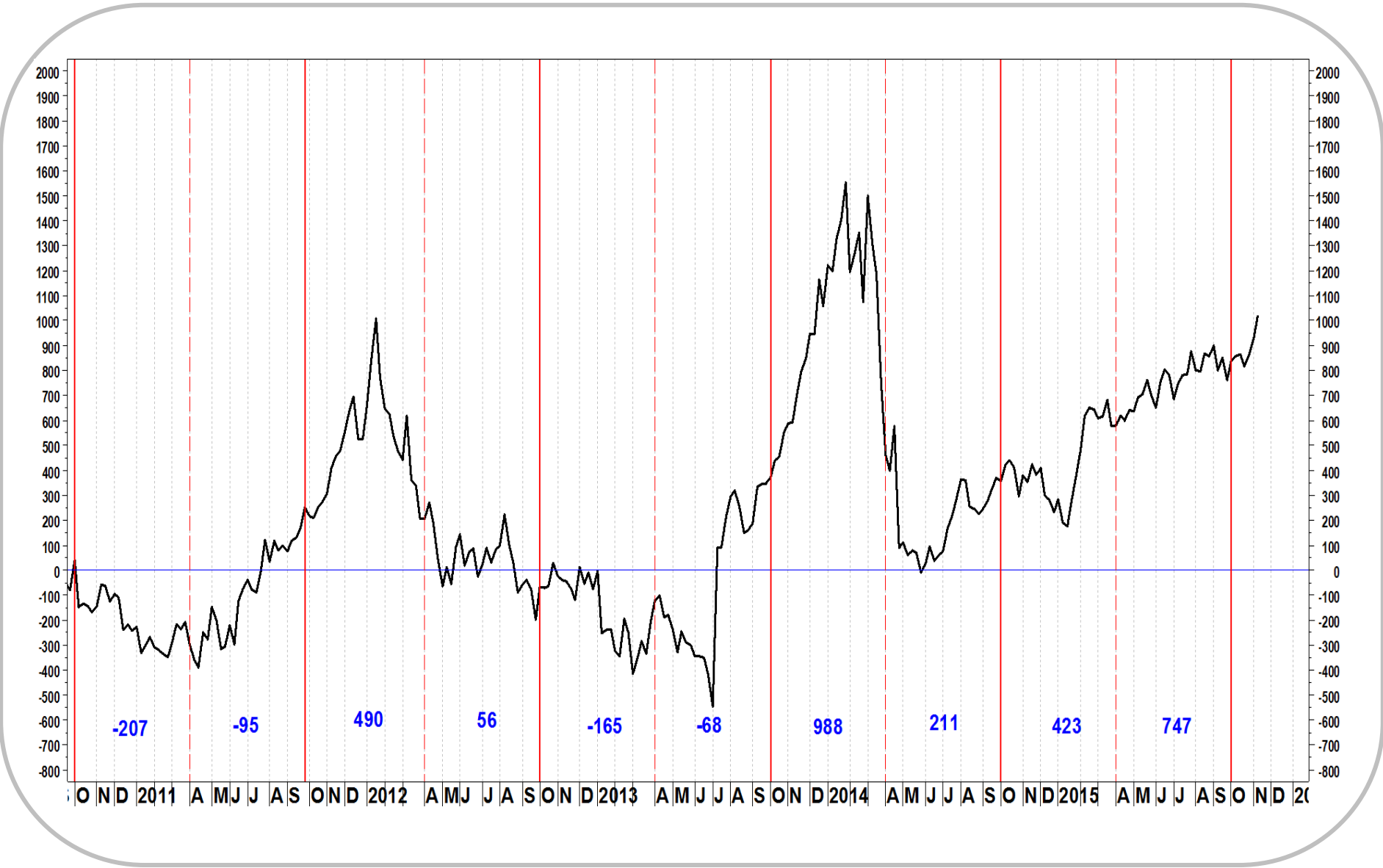


ADDITIONAL INFORMATION





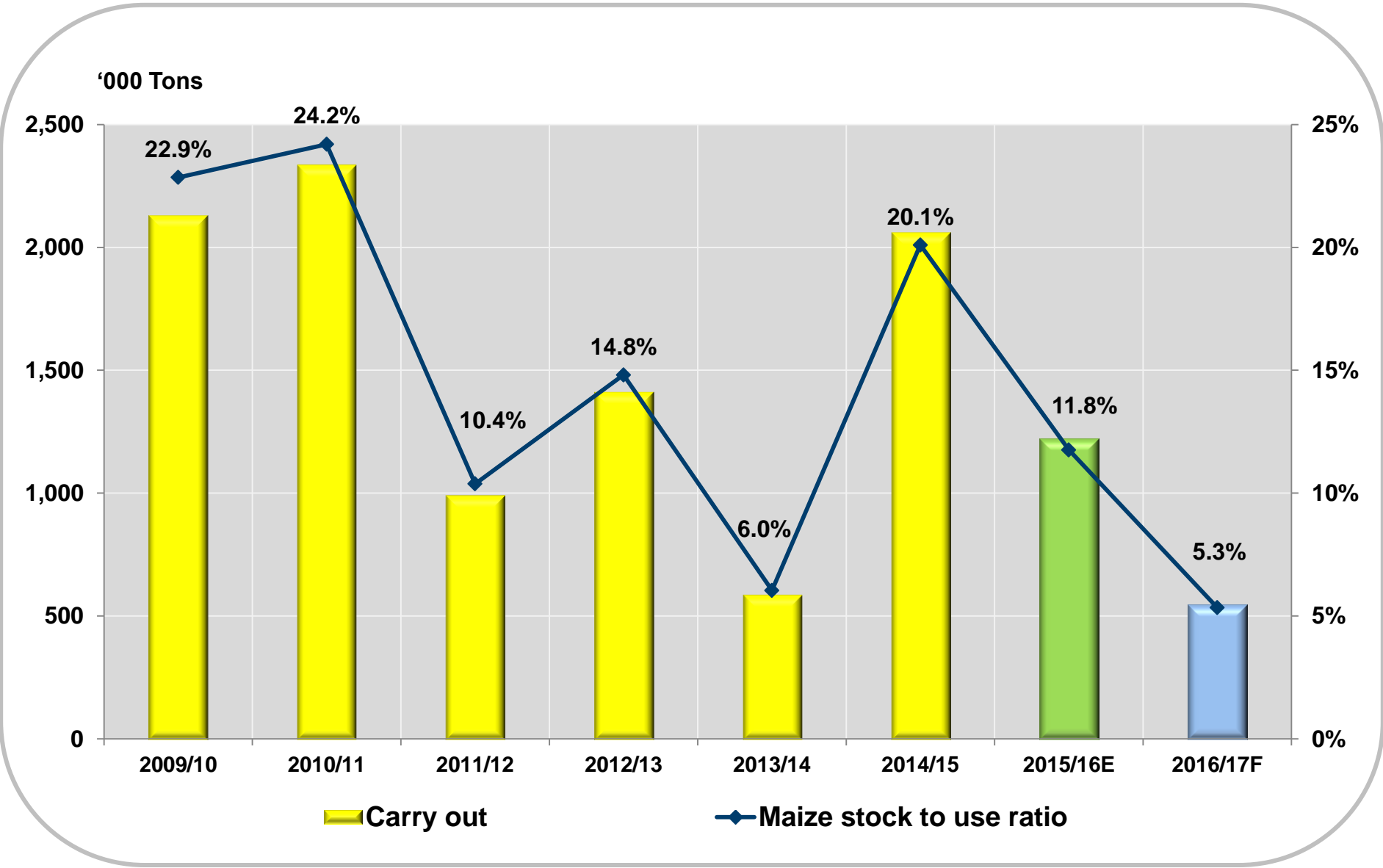
SAFEX YELLOW MAIZE vs CBOT CORN IN RAND TERMS



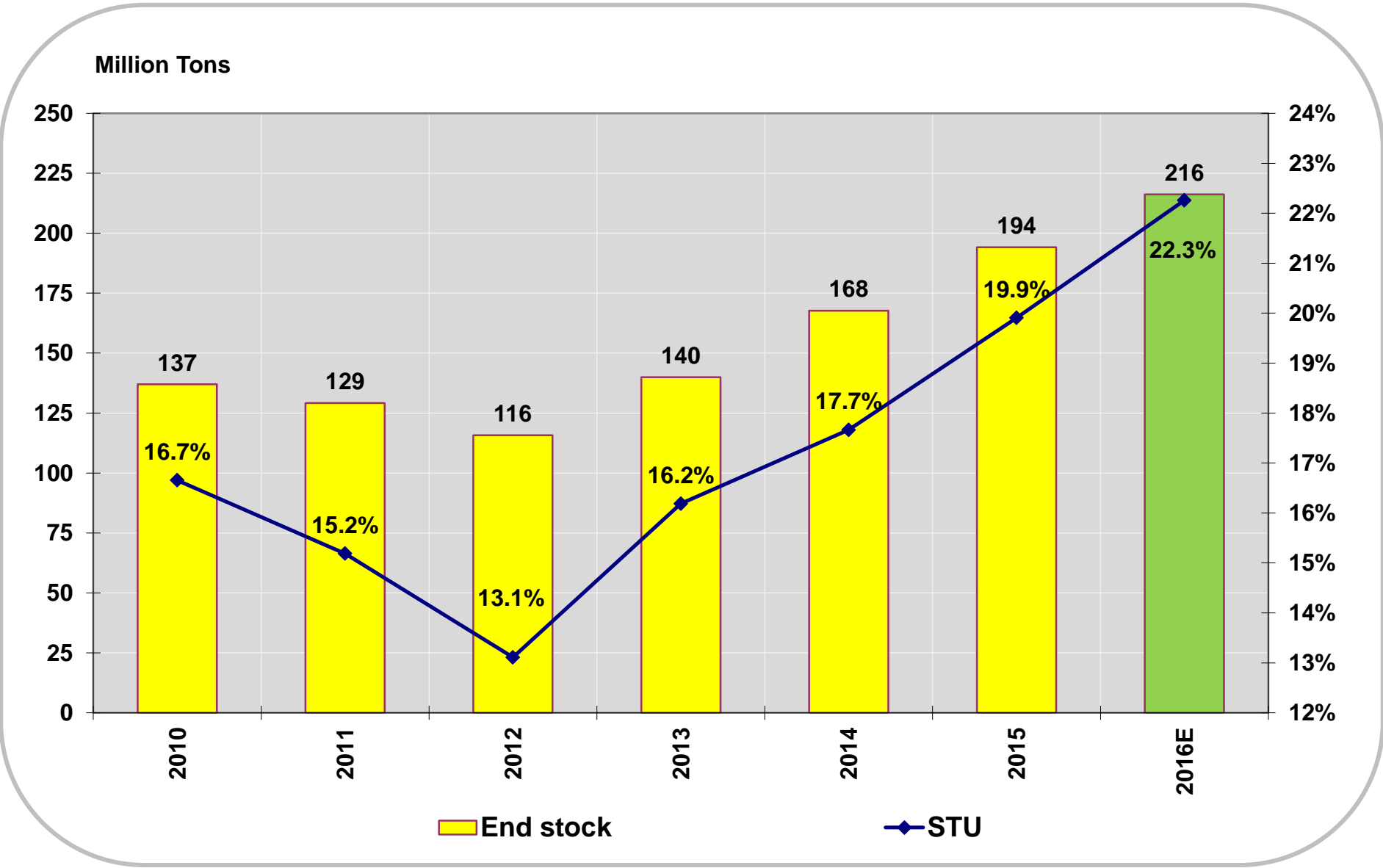
SOUTH AFRICA – TOTAL MAIZE SUPPLY & DEMAND



| <i>Marketing year (May to April)</i> | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15E | 2015/16F | 2016/17F |
|---|---------|---------|---------|---------|----------|----------|----------|
| <i>'000 tons</i> | Actual | Actual | Actual | Actual | Actual | Estimate | Forecast |
| Carry In (1 May) | 2,131 | 2,336 | 991 | 1,414 | 589 | 2,077 | 1,221 |
| Crop Estimate | 12,815 | 10,360 | 12,121 | 11,811 | 14,250 | 9,942 | 9,505 |
| Retentions | | | | | 433 | 460 | |
| Sagis Delivery | 12,092 | 10,394 | 11,972 | 11,072 | 13,817 | 9,482 | 9,130 |
| <i>Minus early deliveries</i> | 0 | 0 | 0 | 0 | 0 | 535 | 0 |
| Imports | 0 | 421 | 11 | 80 | 65 | 837 | 1,280 |
| Total Supply | 14,224 | 13,151 | 12,973 | 12,566 | 14,471 | 11,860 | 11,631 |
| Domestic Usage Food | 4,513 | 4,512 | 4,499 | 4,583 | 4,840 | 4,856 | 4,800 |
| Domestic Usage Feed | 4,271 | 4,362 | 4,378 | 4,715 | 5,041 | 5,210 | 5,126 |
| Gristing, withdrawn & released | 866 | 693 | 674 | 480 | 376 | 316 | 300 |
| Total Domestic Usage | 9,650 | 9,567 | 9,551 | 9,777 | 10,257 | 10,382 | 10,226 |
| Exports & Sundries | 2,238 | 2,590 | 2,008 | 2,122 | 2,153 | 793 | 859 |
| <i>Plus early deliveries</i> | 0 | 0 | 0 | 0 | 0 | 535 | 0 |
| Carry Out (30 Apr) | 2,336 | 994 | 1,414 | 590 | 2,062 | 1,221 | 546 |
| No of days usage | 88 | 38 | 54 | 25 | 73 | 43 | 19 |
| STU | 24.20% | 10.38% | 14.81% | 6.04% | 20.10% | 11.76% | 5.34% |

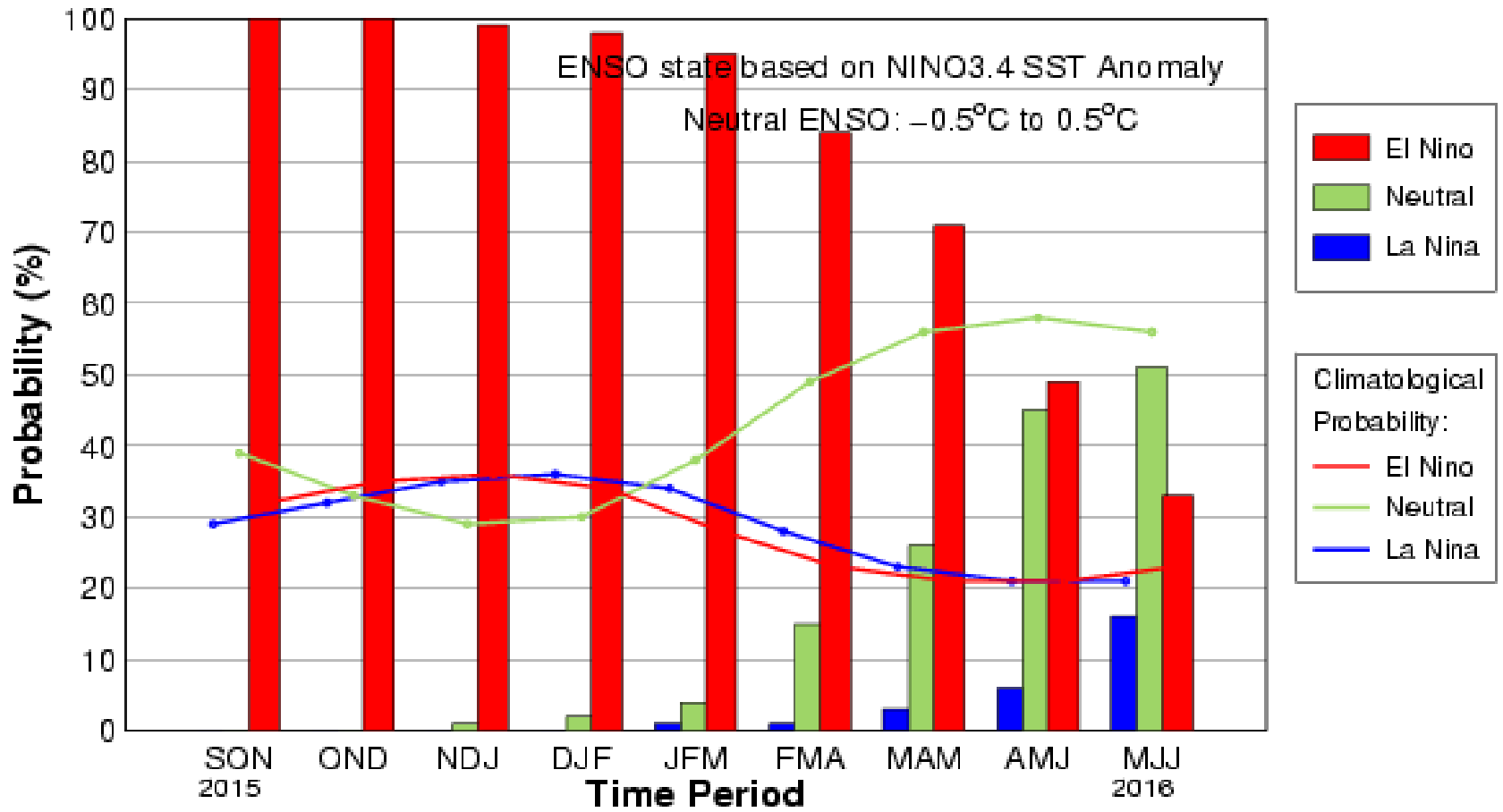


WORLD CORN ENDING STOCKS AND STU RATIO



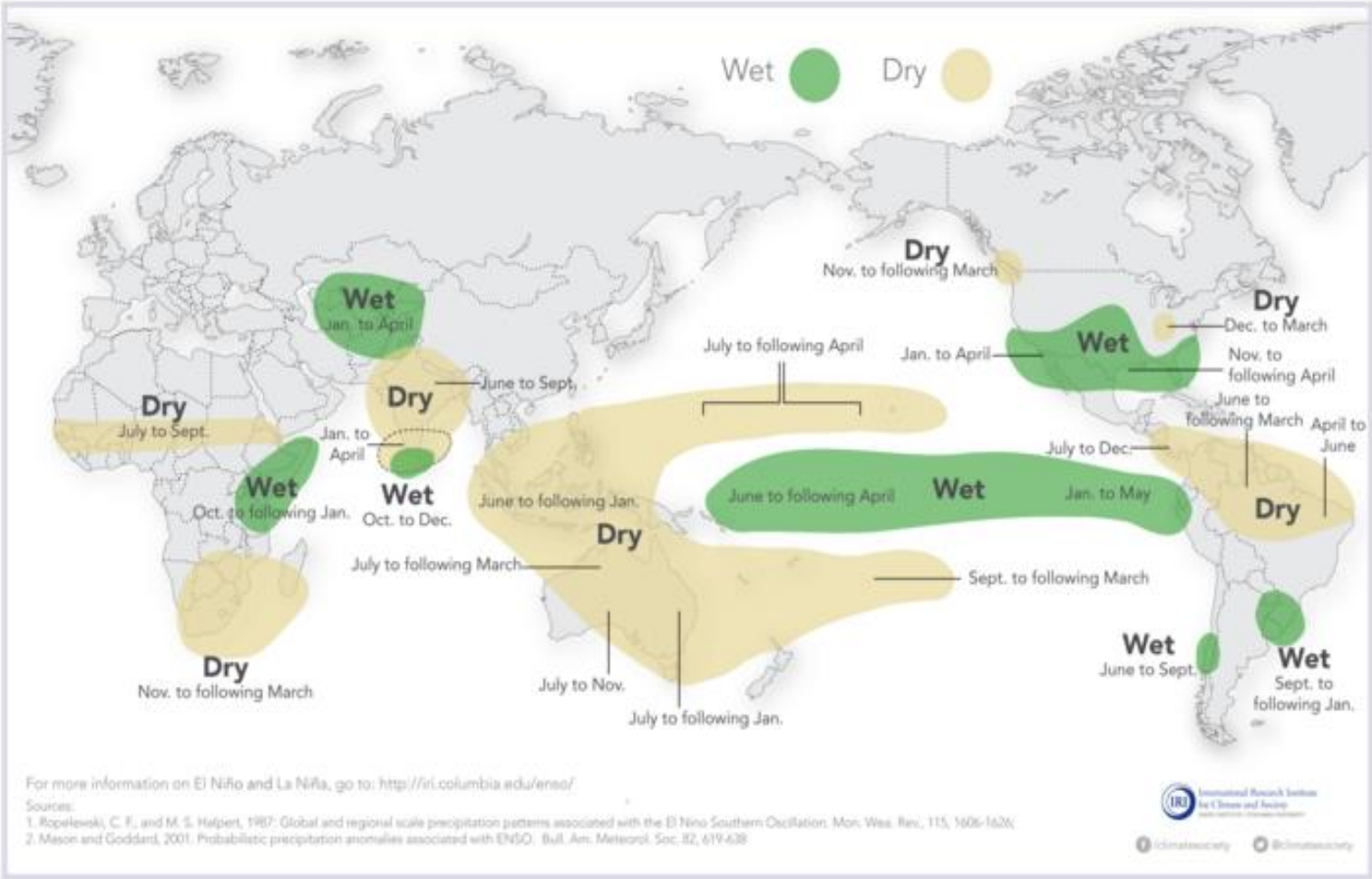


Early–Oct CPC/IRI Consensus Probabilistic ENSO Forecast

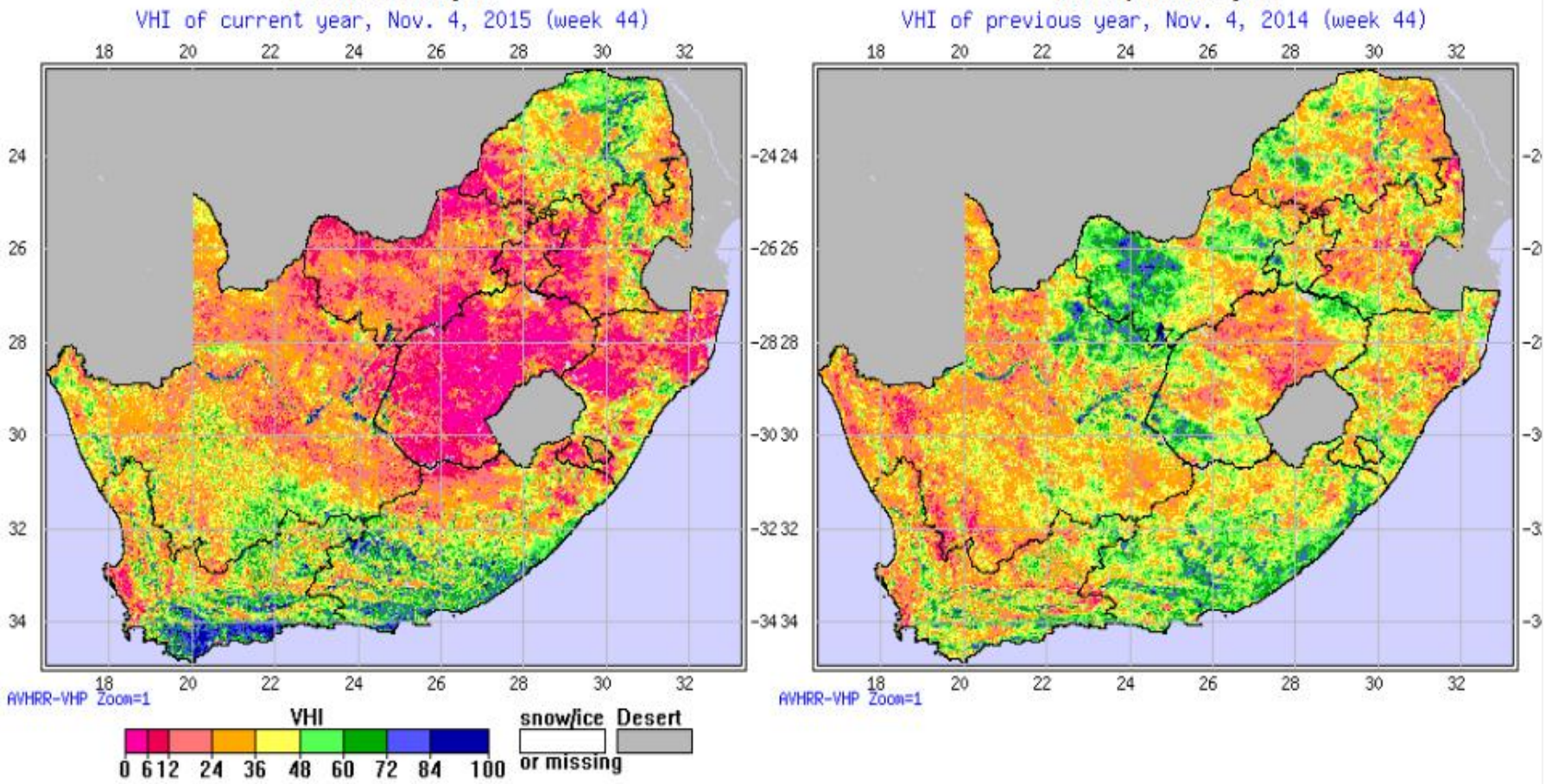


El Niño and Rainfall

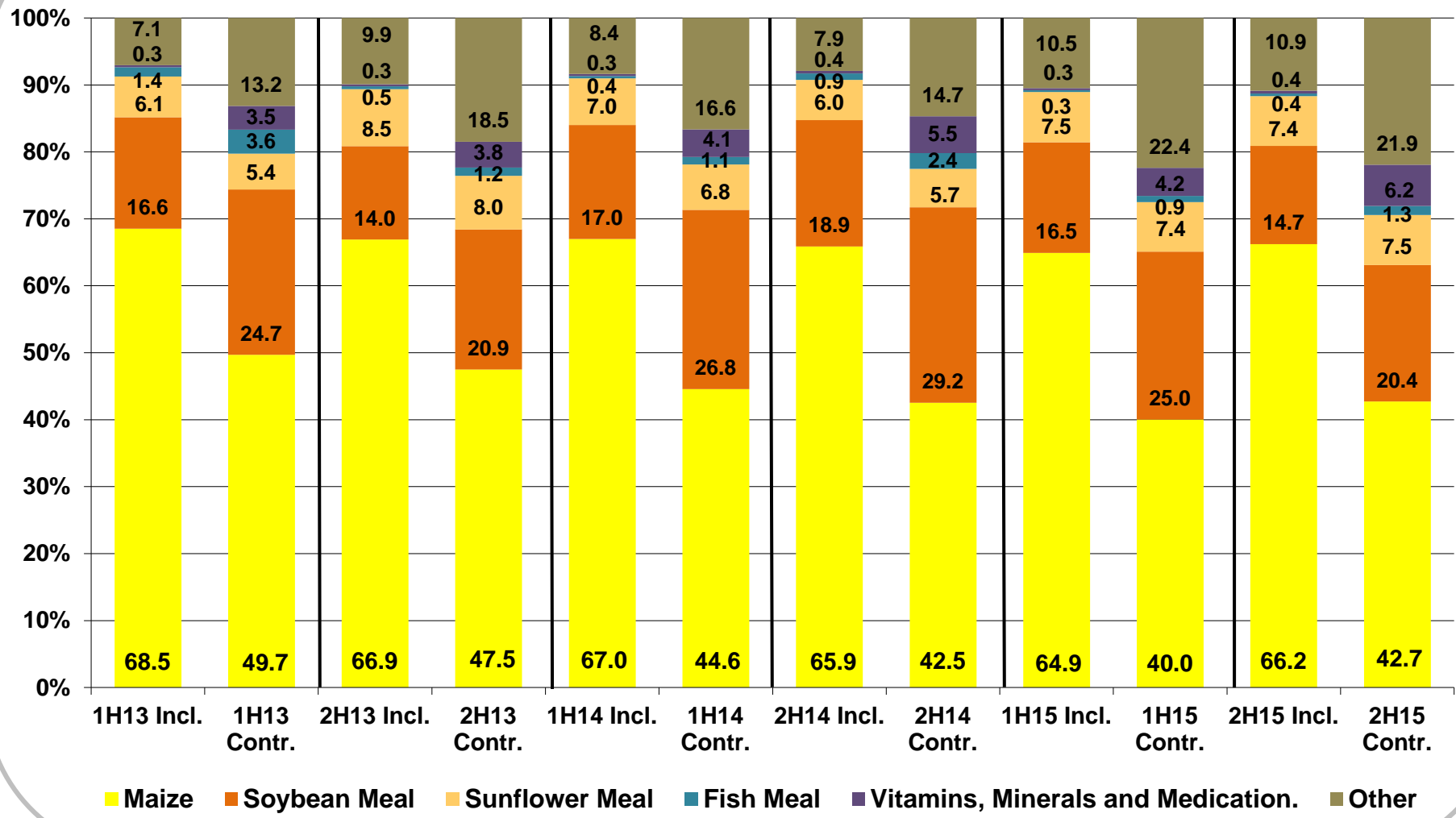
El Niño conditions in the tropical Pacific are known to shift rainfall patterns in many different parts of the world. Although they vary somewhat from one El Niño to the next, the strongest shifts remain fairly consistent in the regions and seasons shown on the map below.



South Africa - Vegetation Health Index (VHI): Current Week and One Year Ago



BROILER FEED INGREDIENT INCLUSION AND COST CONTRIBUTION



| Ex BRAZIL – November 2015 | | | | | |
|--|------------|-----------------|-----------------|-----------------|----------------|
| FROZEN LEG QUARTERS BULK PACKED | | | | | |
| CIF DBN US\$ per ton | TON | 1 000.00 | 1 000.00 | 1 000.00 | SA COST |
| R/\$ exchange rate | R\$ | 13.50 | 13.82 | 14.25 | |
| Rand per ton | TON | 13 500.00 | 13 820.00 | 14 250.00 | 21 750.00 |
| Rand per kg | KG | 13.50 | 13.82 | 14.25 | 21.75 |
| Duty per kg | KG | 37% | 37% | 37% | - |
| Clearance costs | KG | 0.50 | 0.50 | 0.50 | - |
| COST INTO STORAGE | KG | 19.00 | 19.43 | 20.02 | 21.75 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.64 | 0.64 | 0.64 | 0.84 |
| Marketing, Administration, Finance | KG | 0.78 | 0.78 | 0.78 | 1.04 |
| TOTAL COST | KG | 20.92 | 21.35 | 21.94 | 23.63 |
| Ex UNITED KINGDOM – November 2015 | | | | | |
| FROZEN LEG QUARTERS BULK PACKED | | | | | |
| CIF DBN US\$ per ton | TON | 1 000.00 | 1 000.00 | 1 000.00 | SA COST |
| R/\$ exchange rate | R\$ | 13.50 | 13.82 | 14.25 | |
| Rand per ton | TON | 13 500.00 | 13 820.00 | 14 250.00 | 21 750.00 |
| Rand per kg | KG | 13.50 | 13.82 | 14.25 | 21.75 |
| Duty per kg | KG | 30.99% | 30.99% | 30.99% | - |
| Clearance costs | KG | 0.50 | 0.50 | 0.50 | - |
| COST INTO STORAGE | KG | 18.18 | 18.60 | 19.17 | 21.75 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.64 | 0.64 | 0.64 | 0.84 |
| Marketing, Administration, Finance | KG | 0.78 | 0.78 | 0.78 | 1.04 |
| TOTAL COST | KG | 20.10 | 20.52 | 21.09 | 23.63 |

Ex NETHERLANDS – November 2015

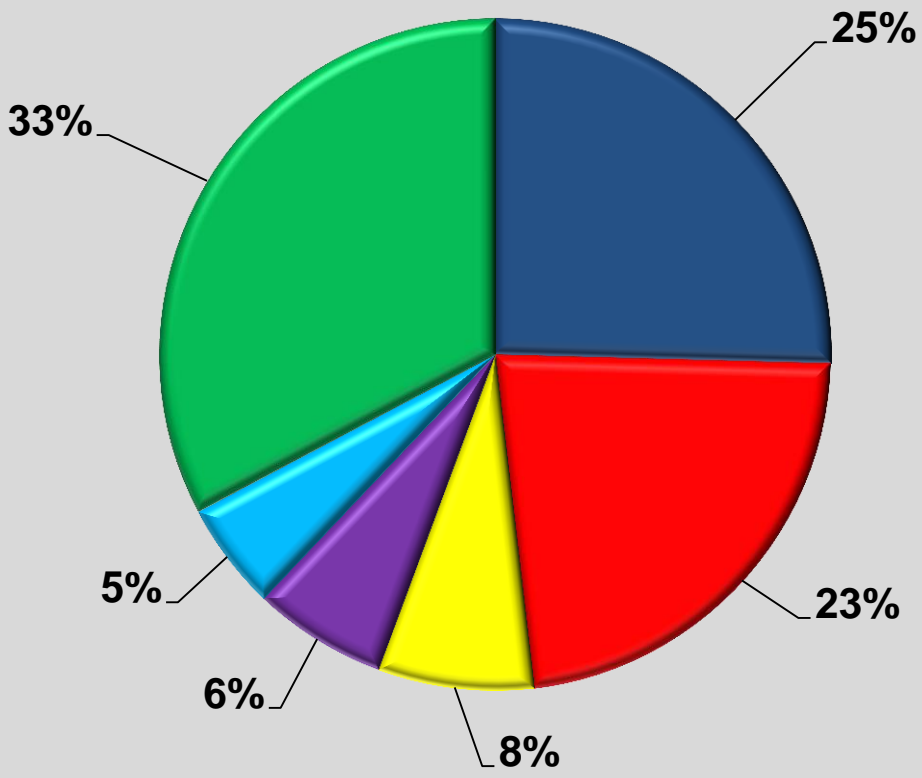
FROZEN LEG QUARTERS BULK PACKED

| CIF DBN US\$ per ton | TON | 1 050.00 | 1 050.00 | 1 050.00 | SA COST |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|
| R/\$ exchange rate | R\$ | 13.50 | 13.82 | 14.25 | |
| Rand per ton | TON | 14 175.00 | 14 511.00 | 14 962.50 | 21 750.00 |
| Rand per kg | KG | 14.18 | 14.51 | 14.96 | 21.75 |
| Duty per kg | KG | 22.81% | 22.81% | 22.81% | - |
| Clearance costs | KG | 0.50 | 0.50 | 0.50 | - |
| COST INTO STORAGE | KG | 17.91 | 18.32 | 18.88 | 21.75 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.64 | 0.64 | 0.64 | 0.84 |
| Marketing, Administration, Finance | KG | 0.78 | 0.78 | 0.78 | 1.04 |
| TOTAL COST | KG | 19.83 | 20.24 | 20.80 | 23.63 |

Ex EUROPE NON-TARIFF COUNTRIES – November 2015

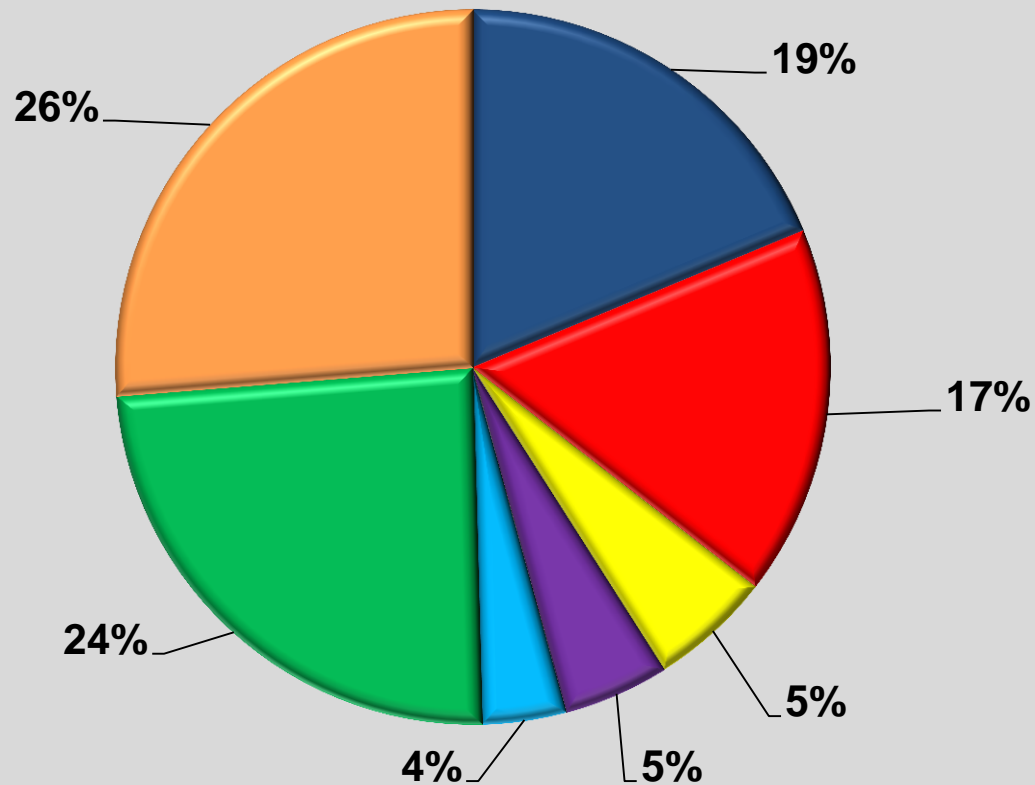
FROZEN LEG QUARTERS BULK PACKED

| CIF DBN US\$ per ton | TON | 960.00 | 960.00 | 960.00 | SA COST |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|
| R/\$ exchange rate | R\$ | 13.50 | 13.82 | 14.25 | |
| Rand per ton | TON | 12 960.00 | 13 267.20 | 13 680.00 | 21 750.00 |
| Rand per kg | KG | 12.96 | 13.27 | 13.68 | 21.75 |
| Duty per kg | KG | 0.00% | 0.00% | 0.00% | - |
| Clearance costs | KG | 0.50 | 0.50 | 0.50 | - |
| COST INTO STORAGE | KG | 13.46 | 13.77 | 14.18 | 21.75 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.64 | 0.64 | 0.64 | 0.84 |
| Marketing, Administration, Finance | KG | 0.78 | 0.78 | 0.78 | 1.04 |
| TOTAL COST | KG | 15.38 | 15.69 | 16.10 | 23.63 |



■ Astral ■ RCL ■ Country Bird ■ Afgri ■ Sovereign ■ Other

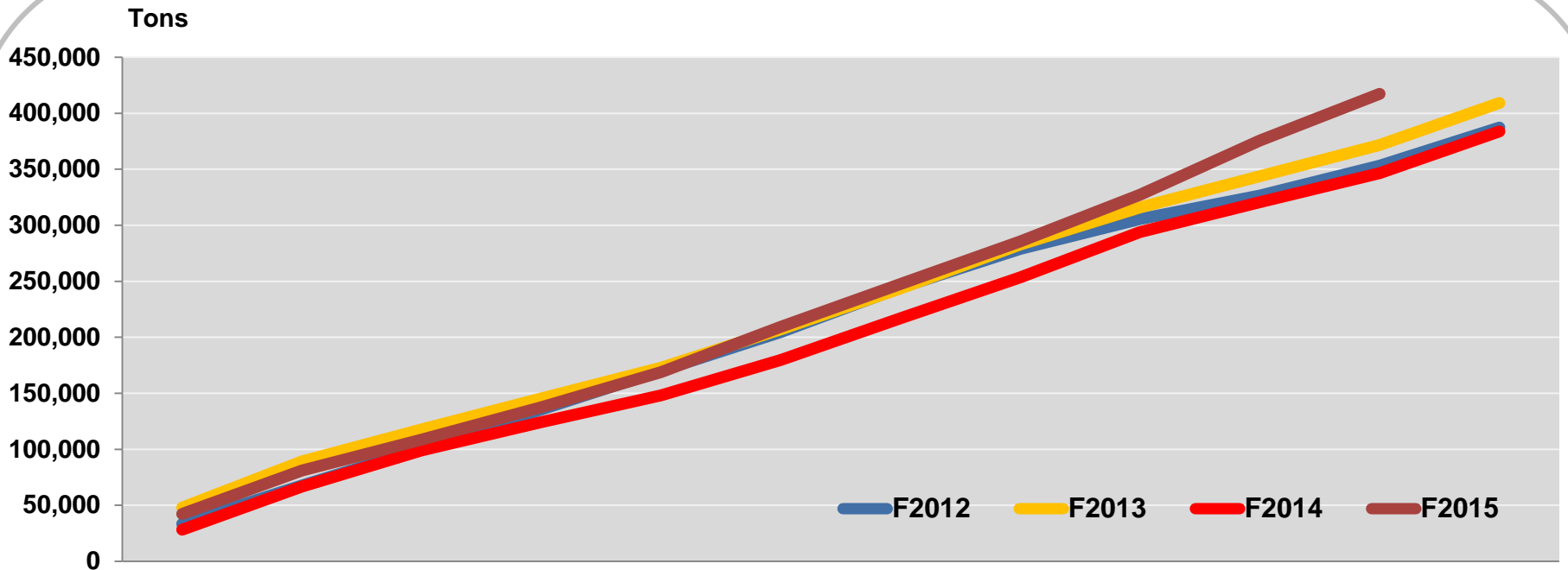
Local broiler production ≈ 19,3 million birds per week



■ Astral ■ RCL ■ Country Bird ■ Afagri ■ Sovereign ■ Other ■ Imports

Avg. poultry imports ≈ 6,9 million birds per week (to August 2015 avg. 8 months)

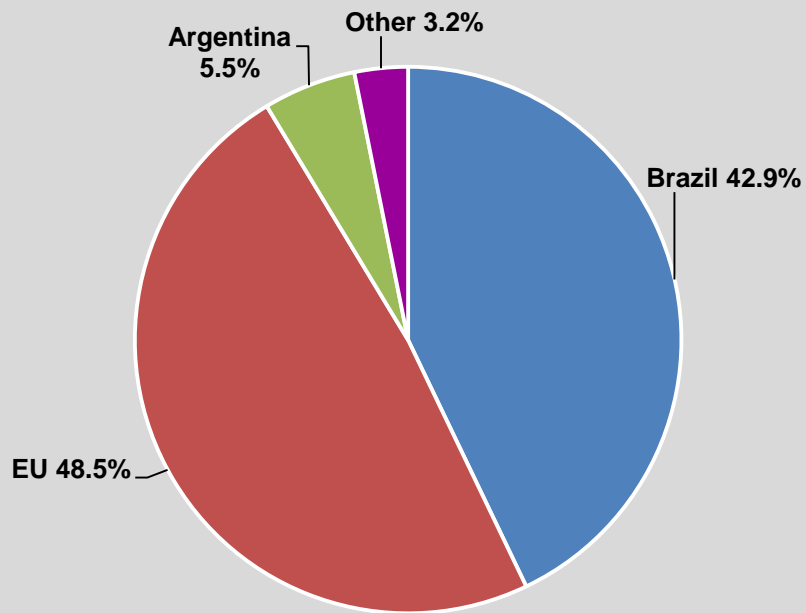
TOTAL POULTRY IMPORTS (CHICKEN, TURKEY, MDM)



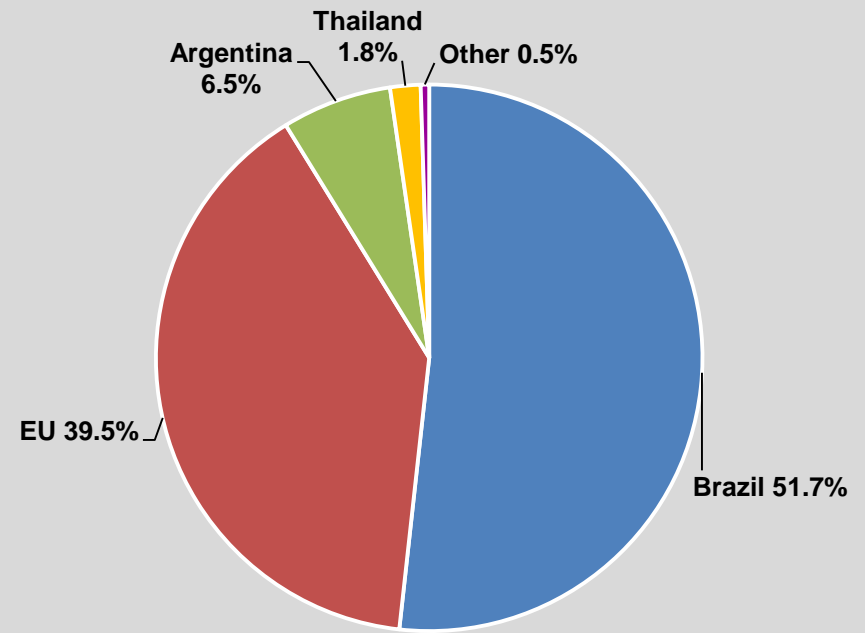
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|-------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| F2012 | 33,348 | 67,819 | 100,540 | 135,614 | 170,194 | 204,560 | 244,296 | 278,914 | 305,472 | 326,520 | 353,296 | 387,173 |
| F2013 | 47,942 | 89,095 | 117,712 | 145,426 | 172,727 | 207,148 | 243,623 | 282,790 | 316,047 | 343,913 | 371,741 | 409,158 |
| F2014 | 28,250 | 66,647 | 99,050 | 124,194 | 148,092 | 179,811 | 216,947 | 253,490 | 294,102 | 320,603 | 346,582 | 383,710 |
| F2015 | 42,363 | 81,170 | 108,674 | 137,660 | 168,965 | 209,337 | 247,672 | 285,532 | 327,180 | 375,537 | 417,247 | |
| 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 |
| F2015 | 42,363 | 38,807 | 27,504 | 28,896 | 31,305 | 40,372 | 38,335 | 37,860 | 41,648 | 48,357 | 41,710 | |
| % Var | 49.9 | 1.1 | -15.1 | 14.9 | 31.0 | 27.3 | 3.2 | 3.6 | 2.6 | 82.5 | 60.6 | |
| bpw* | 7,5 | 6,9 | 4,9 | 5,1 | 5,6 | 7,2 | 6,8 | 6,7 | 7,4 | 8,6 | 7,5 | |

*bpw ≈ million birds per week

Country of origin for poultry imports - 2014

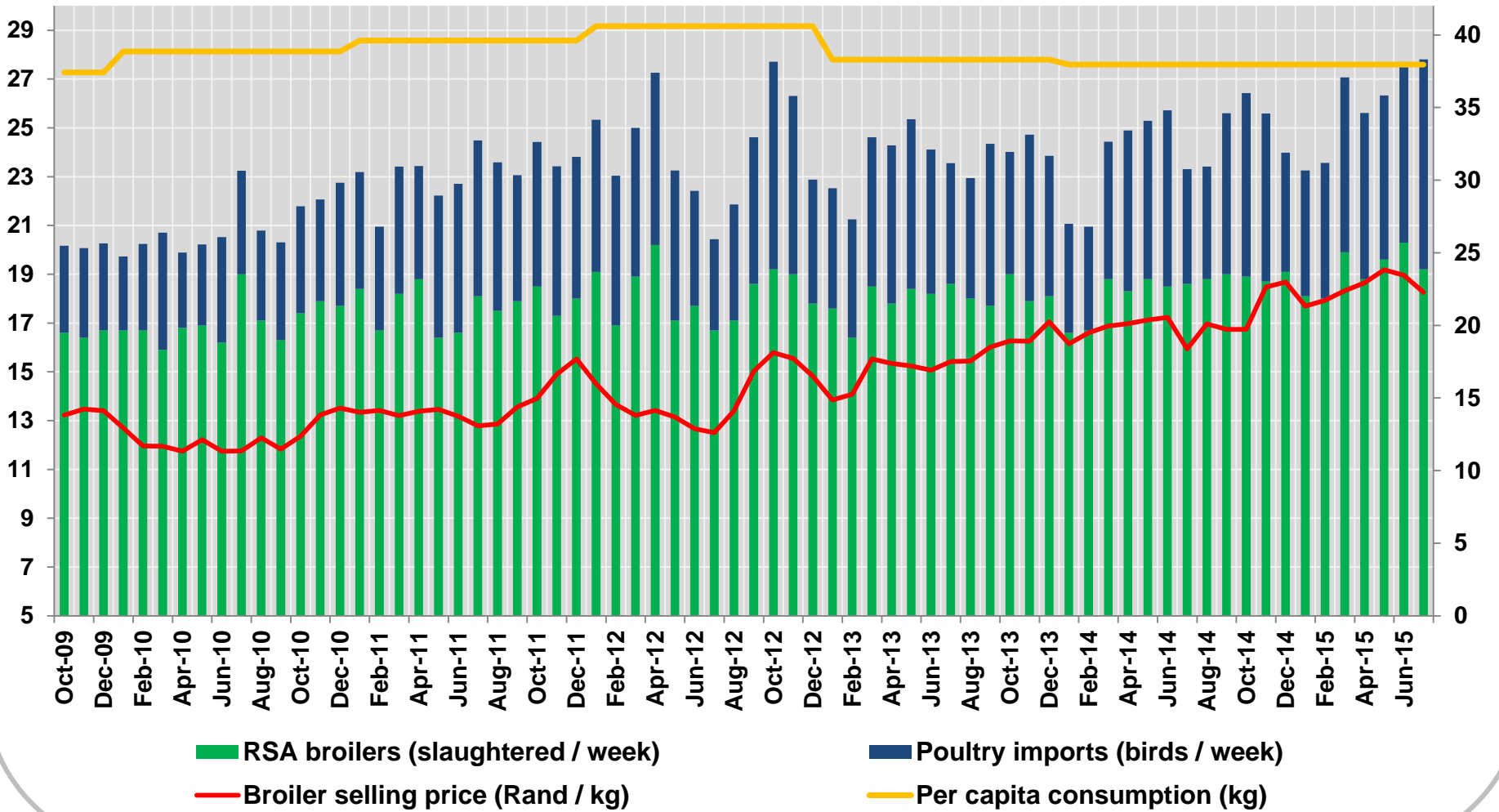


Country of origin for poultry imports - 2015 YTD

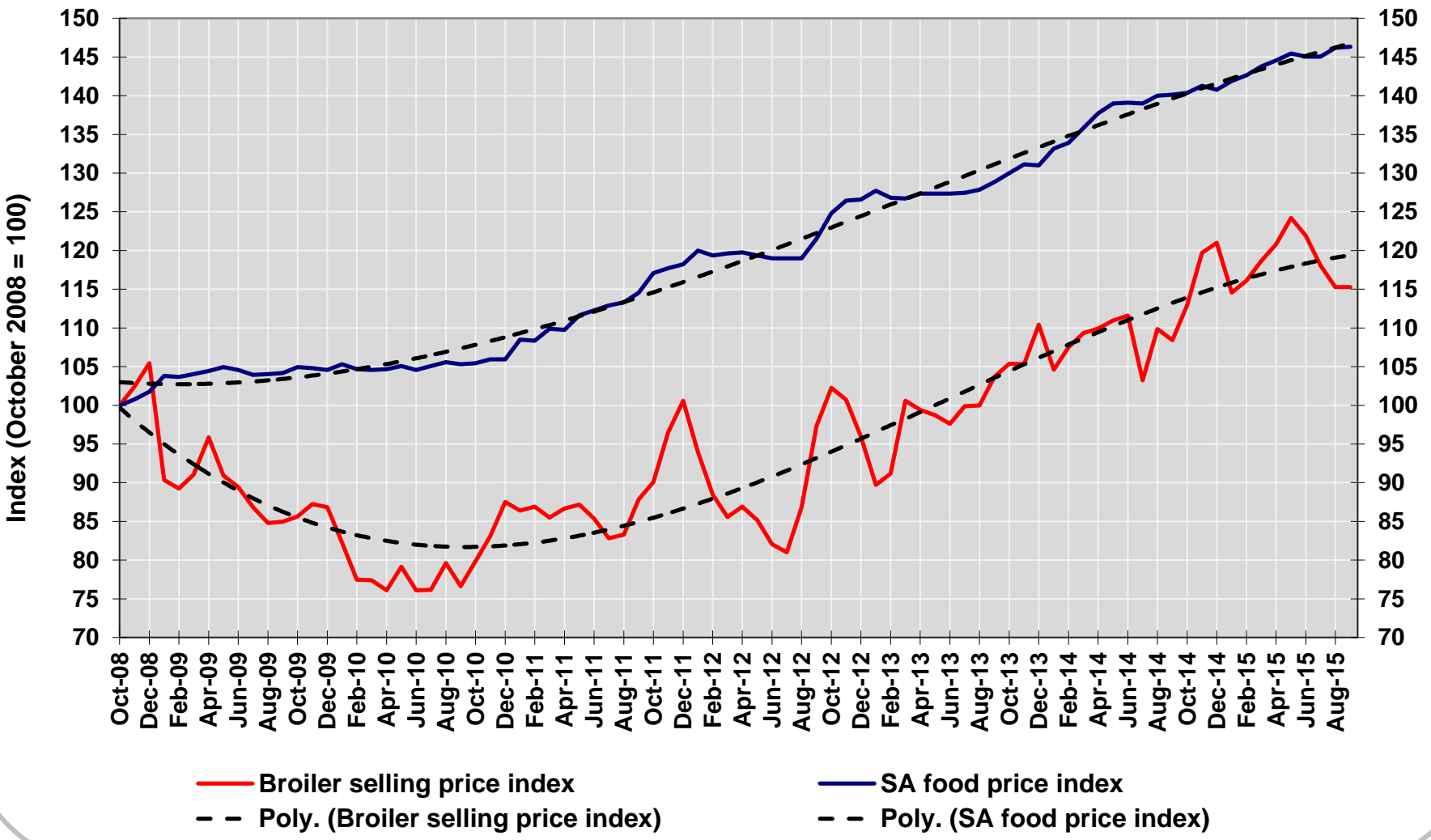




Million birds per week / Rand per kg

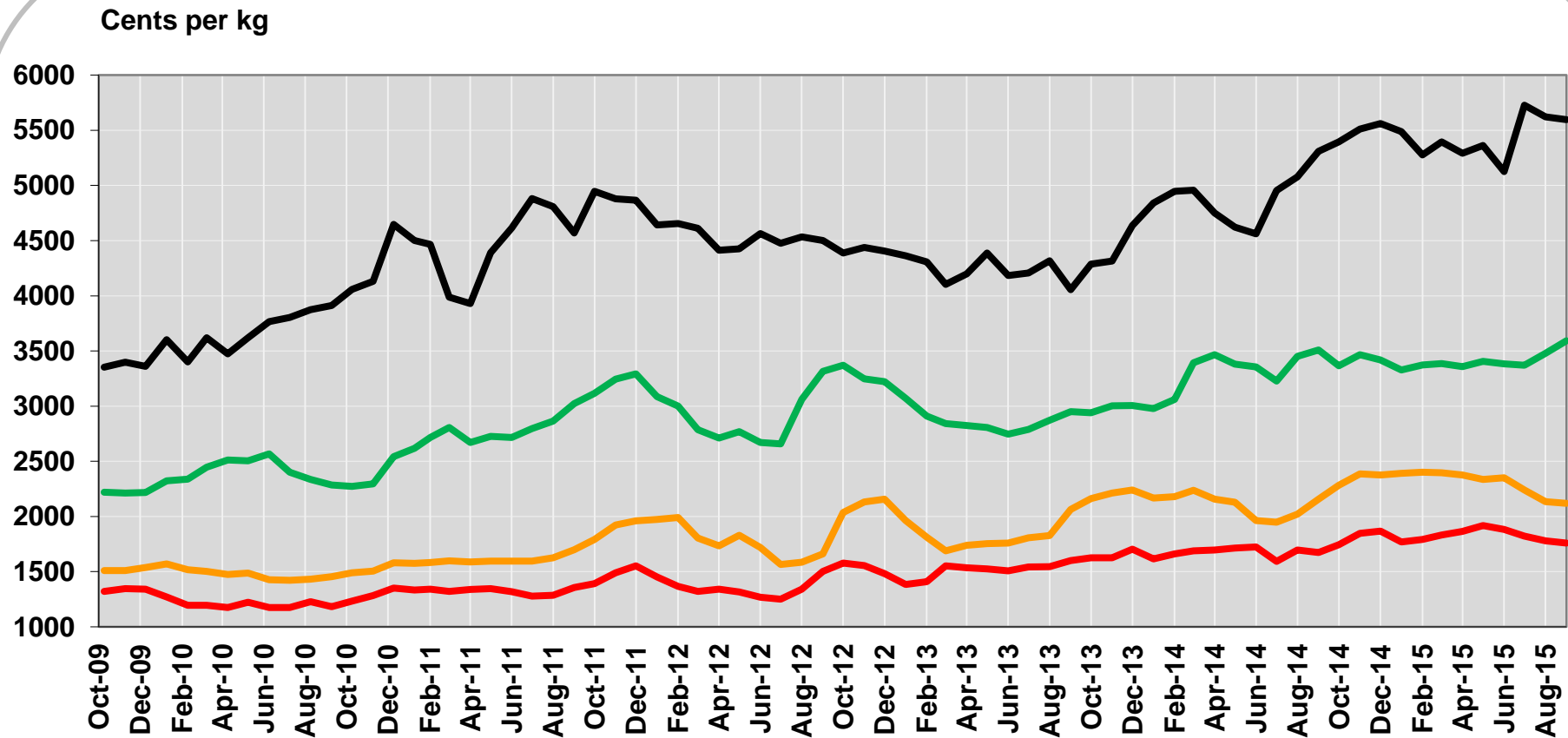


BROILER PRICE vs FOOD PRICE INFLATION



Source: SAPA & CJA Strategic Risk Brokers

SOUTH AFRICAN PROTEIN PRICE COMPARISON



| | Chicken | Pork | Beef | Sheep |
|------------------------|---------|-------|--------|-------|
| Feed Conversion Rate | 1.7 | 2.2 | 5.5 | 5.0 |
| Per Capita Consumption | 38.0 kg | 4.6kg | 18.1kg | 3.5kg |

Source: SAPA, FNB, Red Meat Industry Forum

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