



Interim Results Presentation

for the six months ended 31 March 2016

- **Business Overview** [# 03]
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BUSINESS OVERVIEW

- The period under review reflects a weaker performance over the prior year, on the back of higher feed prices and the inability to recover input costs

Financial Indicators

- Revenue

1%

- Operating profit

22%

- Earnings per share

22%

- Headline earnings per share

23%

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.

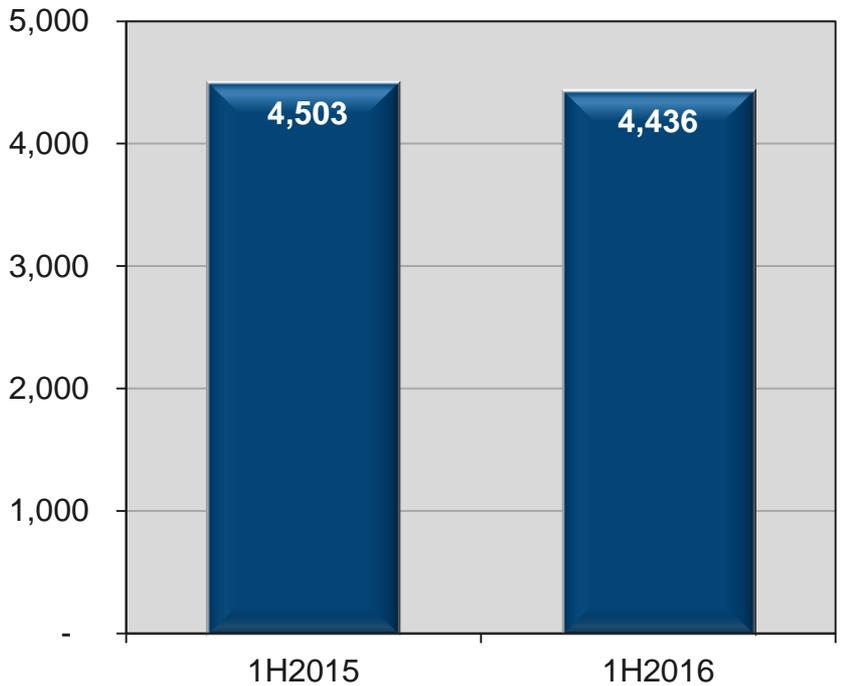


- **Decrease in poultry sales volumes and stock build-up**
- **Flat poultry selling prices due to supply and demand imbalance**
- **Severe drought as a result of the strongest El Niño on record**
- **Depreciation of the Rand impacting the cost of raw material imports**
- **Increase in the live bird cost due to higher feed prices**
- **Currency weakness severely impacts other African contribution**



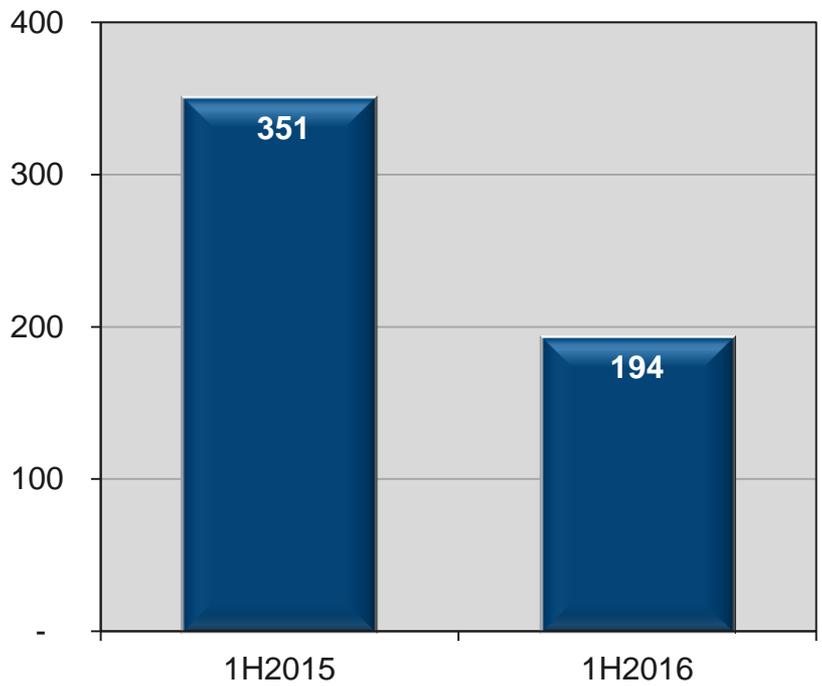
POULTRY DIVISION

Revenue - R million



- Revenue down 1%
 - Broiler volumes down 4.4%
 - Broiler selling prices up 1.5%

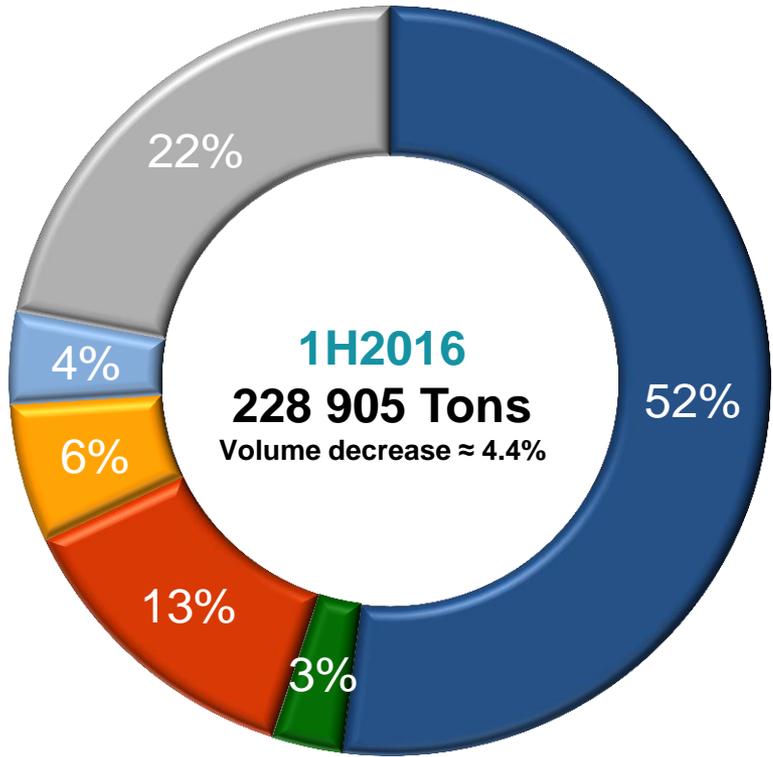
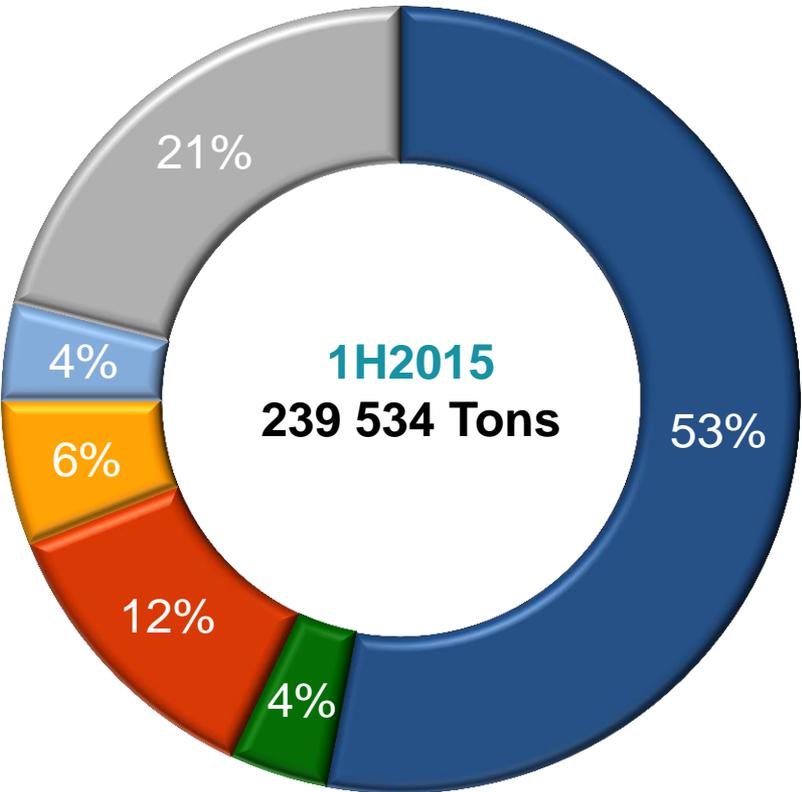
Operating profit - R million



- Operating profit down 45%
 - Net margin 4.4% 1H2015: 7.8%
 - Feed costs up 13.9%

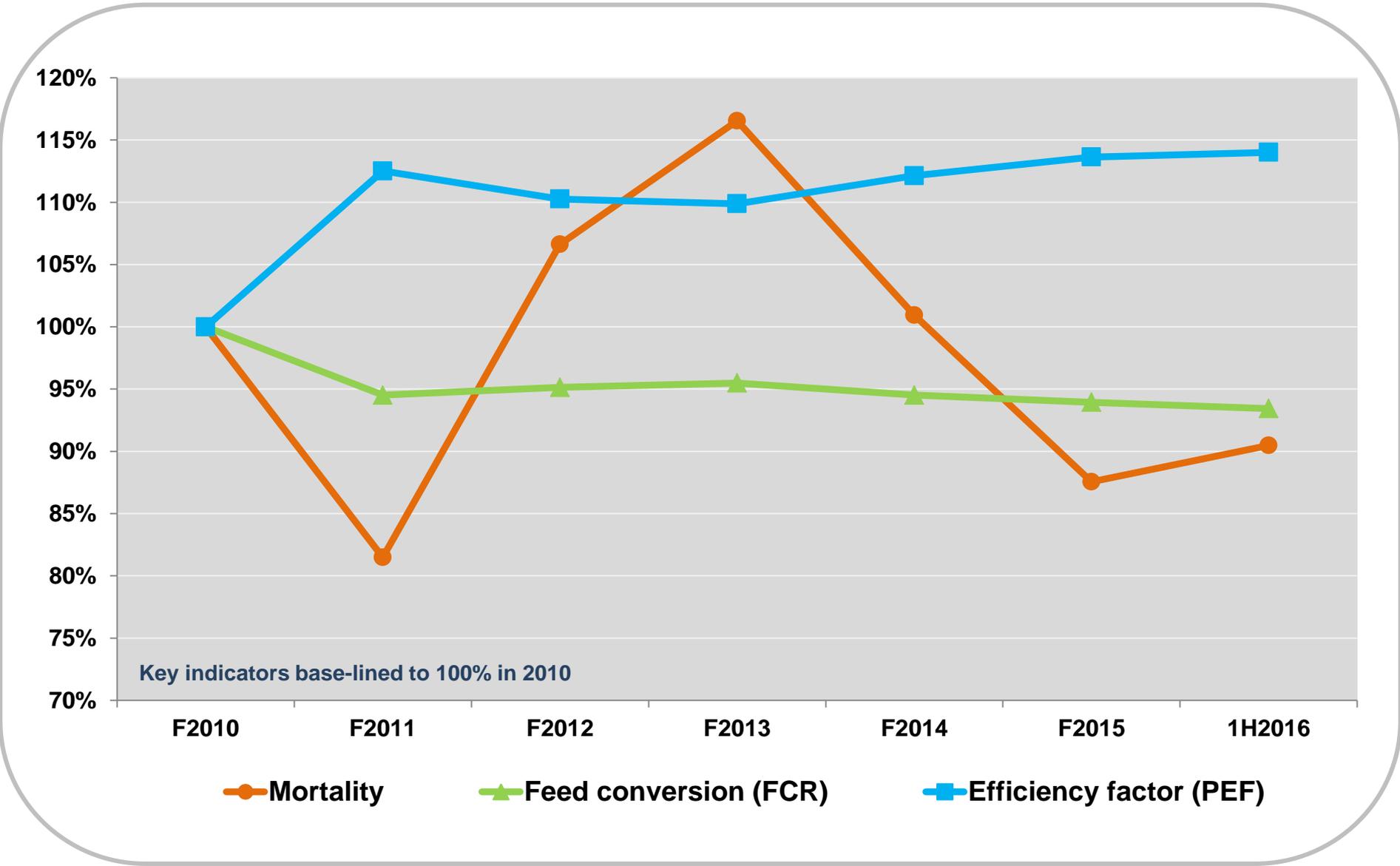
- **Broiler sales volumes decreased** leading to a build-up in poultry stock levels and subsequent broiler production cutbacks (# 10)
- **Broiler selling prices increased marginally** on the back of an imbalance of supply and demand
- **Continued high level of poultry imports** - avg. past six months \approx 7,7 million bpw with the first AGOA US poultry import shipments in March 2016
- **Average broiler feed prices increased** for the period adversely impacting the live bird production cost
- **Consistent broiler production efficiencies** - slightly higher mortality rate (# 11)
- **Product mix improvement** with fresh increasing and IQF reducing by 2% (# 10)

Product Mix

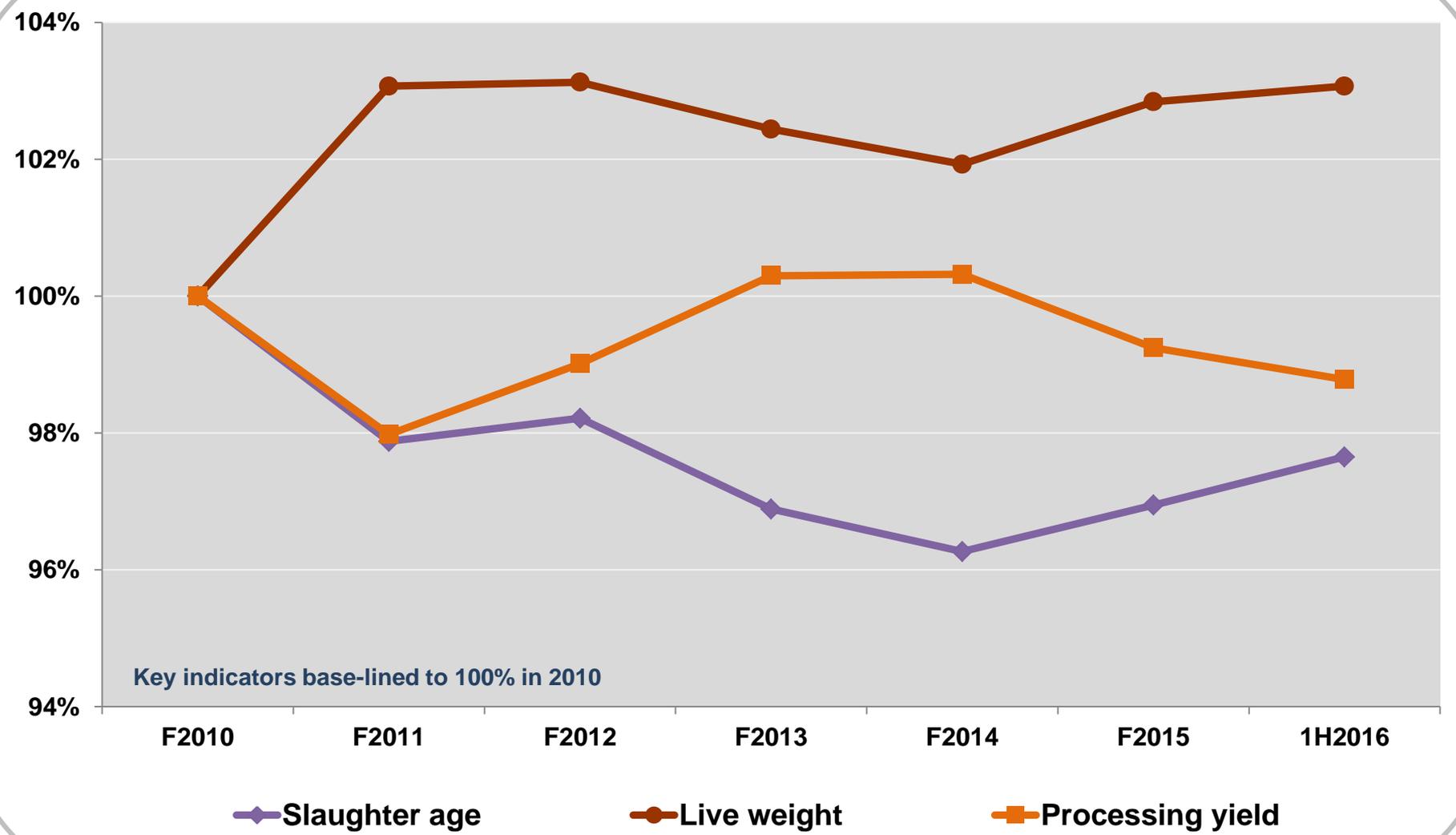


- IQF Mixed Portions
- IQF Single Portions
- Fresh
- Value Added
- Frozen
- Tertiary

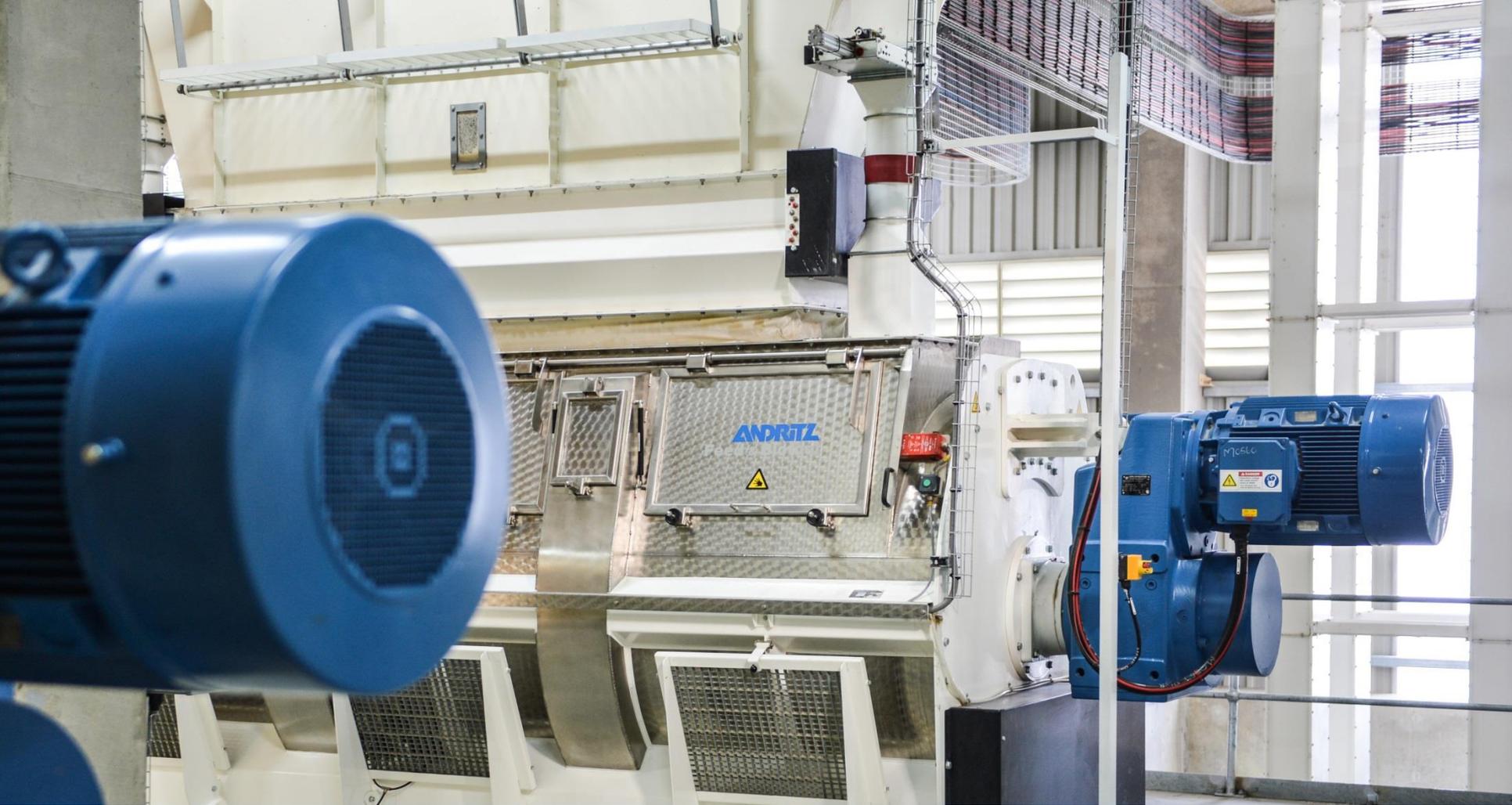
BROILER PRODUCTION PERFORMANCES



BROILER PRODUCTION PERFORMANCES



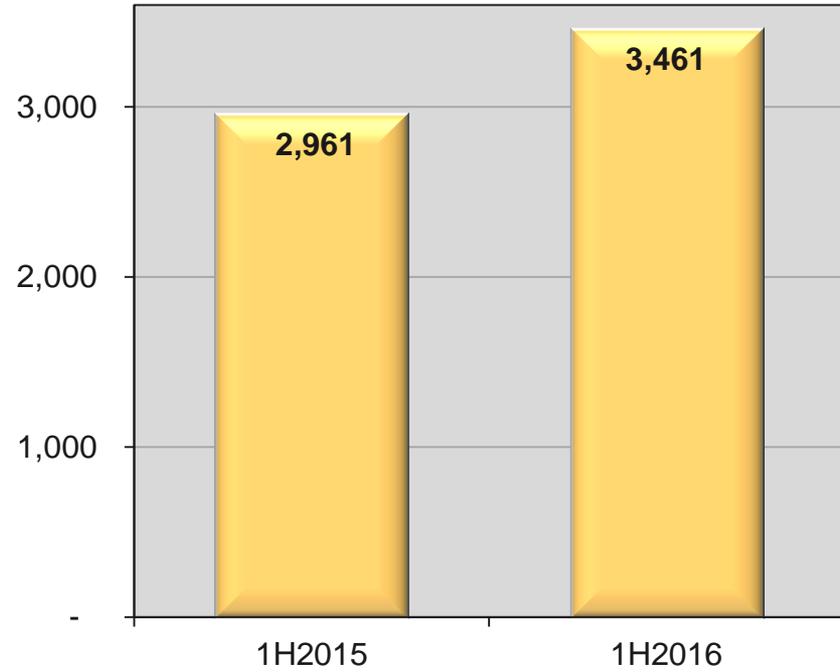
- **Continued high feed costs** at least until rainfall patterns normalise
- **Higher poultry stock levels** in general will exert pressure on selling prices
- **Production cutbacks** to balance stock levels and lower seasonal demand
- **Broiler production efficiencies** a key focus area to offset high feed price impact
- **USA export quota** (AGOA) could contribute to already high poultry imports
- **Brining regulations** may not impact volumes in second half of reporting period



FEED DIVISION

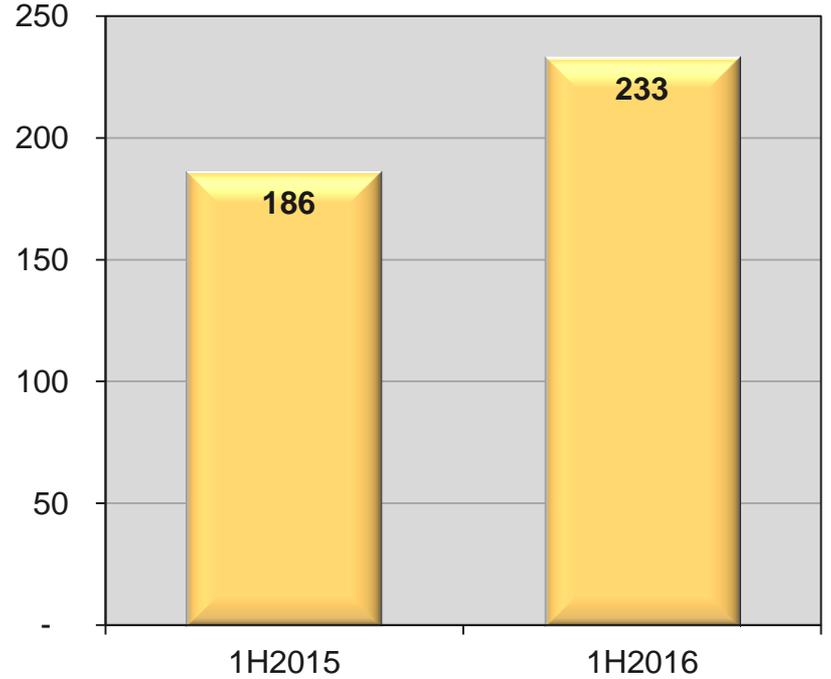


Revenue - R million



- Revenue up 17%
 - Sales volumes up 1%
 - Avg. selling prices up 16%

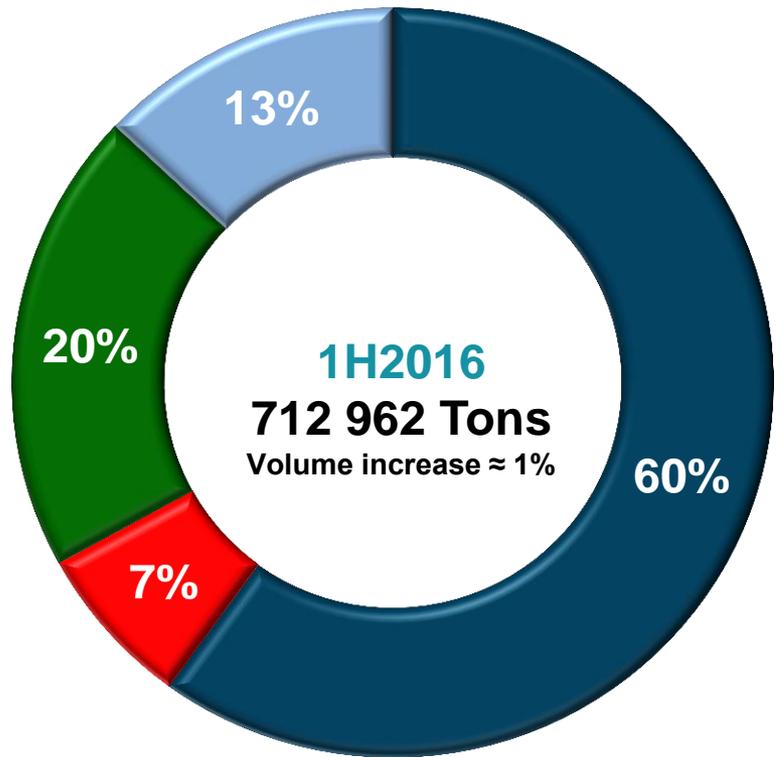
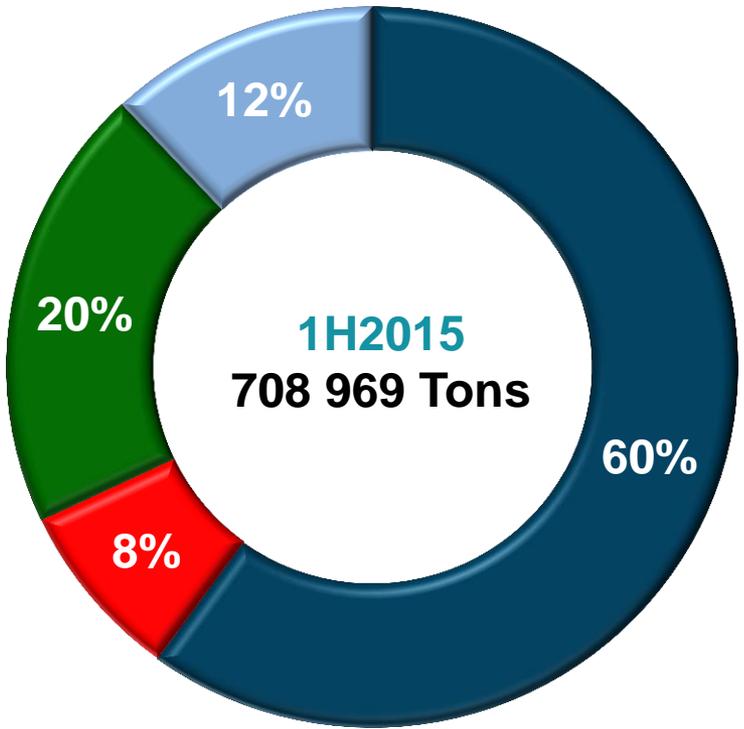
Operating profit - R million



- Operating profit up 26%
 - Net margin at 6.7% 1H2015: 6.3%
 - Good contribution - Standerton

- Feed volumes **increased marginally by 1%** due to higher external volumes (# 17)
- Rand per ton **margin improvement** on prior year despite subdued market
- SAFEX YM price – 1H16 avg. **R3 406 per ton** (1H15: R2 136)
- Increased raw material costs were **successfully recovered** from the market
- Rand per ton **expense increases well managed** below inflation
- Standerton feed mill **“attracts” volumes** with production at 70% of rated capacity

Meadow Feeds - Sales Mix



■ Poultry Integrated ■ Poultry External ■ Dairy ■ Other

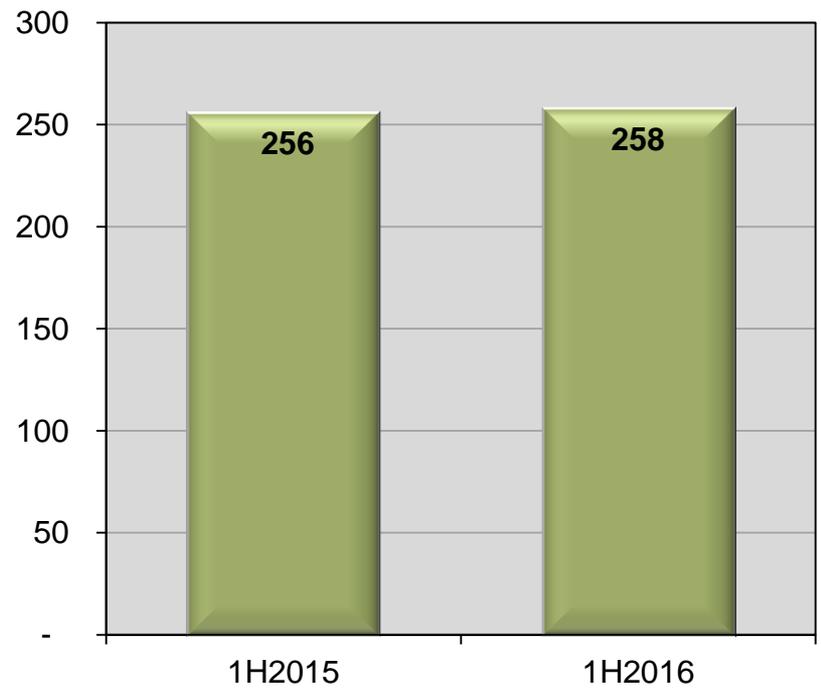
- **Current maize crop estimate of 7,1 million tons** – smallest crop since 2007
- **El Niño impact dissipating** - may benefit 2017 crop planting conditions (# 56)
- **High local maize prices** set to continue with associated impact on feed prices
- **Soya prices increasing** and are no longer expected to offer feed price relief
- **Global balance sheets** for coarse grains remain exceptionally healthy
- **Maize import program** into the coastal regions of South Africa to continue



OTHER AFRICA DIVISION

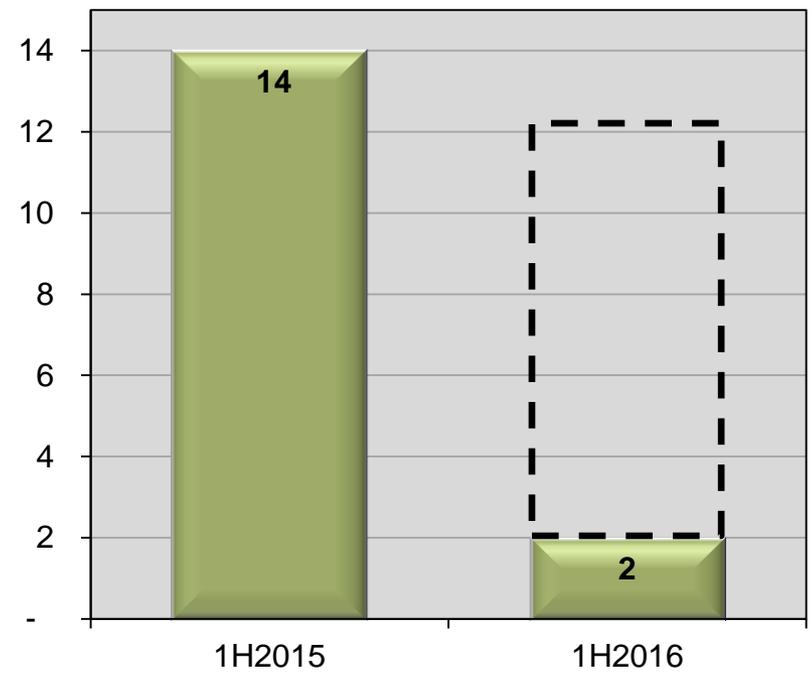


Revenue - R million



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

Operating profit - R million



- Operating profit down 90%
 - Net margin 0.5% 1H2015: 5.3%
 - Exchange rate impacts

Zambia

- Profitability at Tiger Animal Feeds improved for the period although negatively impacted by high diesel costs due to **power outages**
- Tiger Chicks sales decreased by 9% over comparative period impacted by new entrant / capacity and **oversupply in the market**

Mozambique

- Profitability at Meadow Mozambique severely impacted by **currency exchange movements**
- Mozpintos sales volumes decreased by 10% over comparative period due to **poor market demand**

Swaziland

- **Consistent performance** from National Chicks Swaziland

Zambia

- **Maize procurement positions** in local currency will reduce exposure to USD denominated raw material purchases
- **Uncertainty in the outlook for the Zambian Kwacha** due to continued low copper exports and approaching general elections

Mozambique

- **Severe economic downturn in Mozambique set to continue** with poor foreign exchange availability and continued weakness in the Meticaís
- **Re-sizing and alignment of operations** to limit potential losses and no further investment in the short to medium term

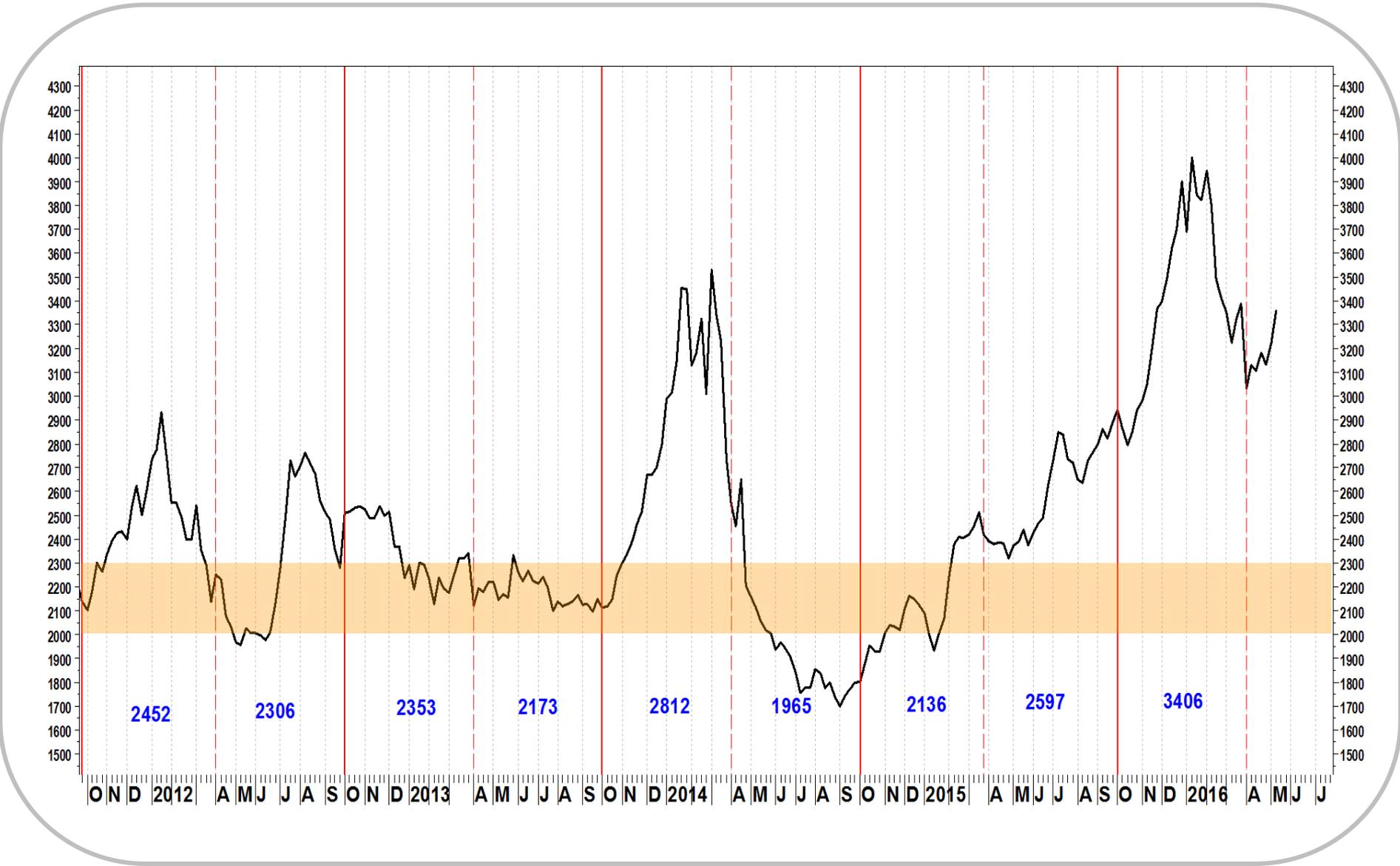
Ethiopia

- See **update** - slide # 51



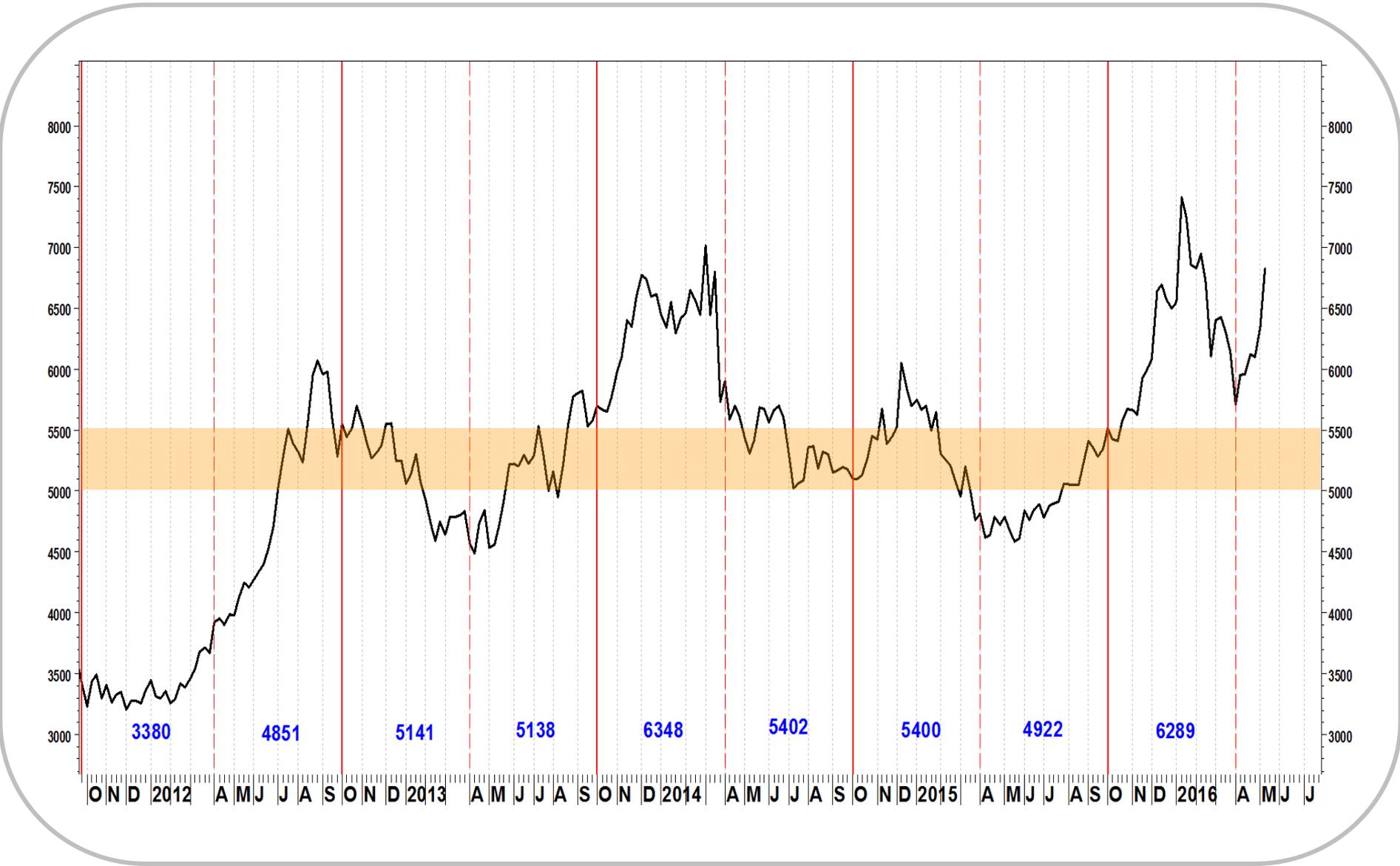
INDUSTRY TRENDS

SAFEX YELLOW MAIZE PRICE

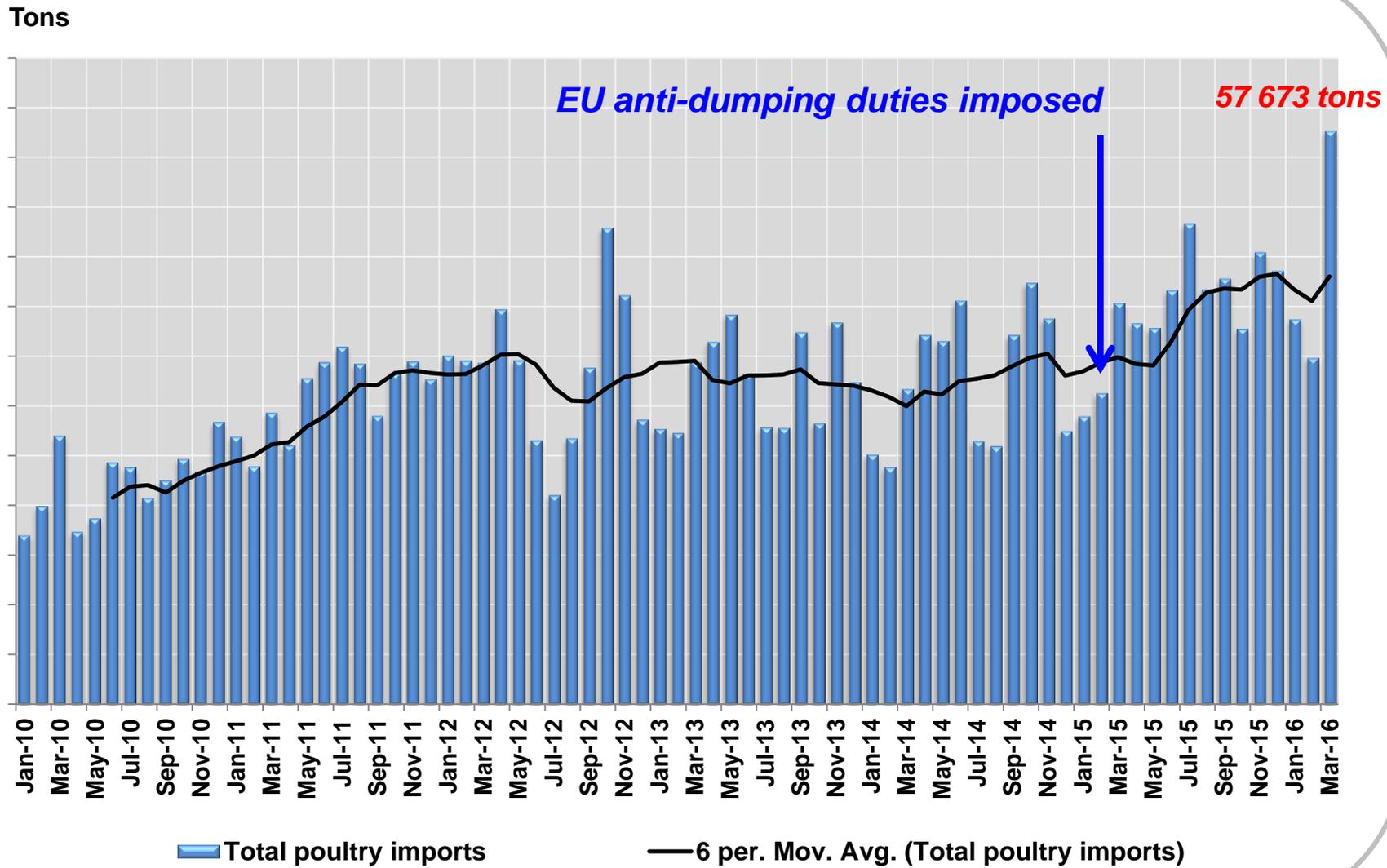


Source: CJA Strategic Risk Brokers

SAFEX SOYA BEANS PRICE



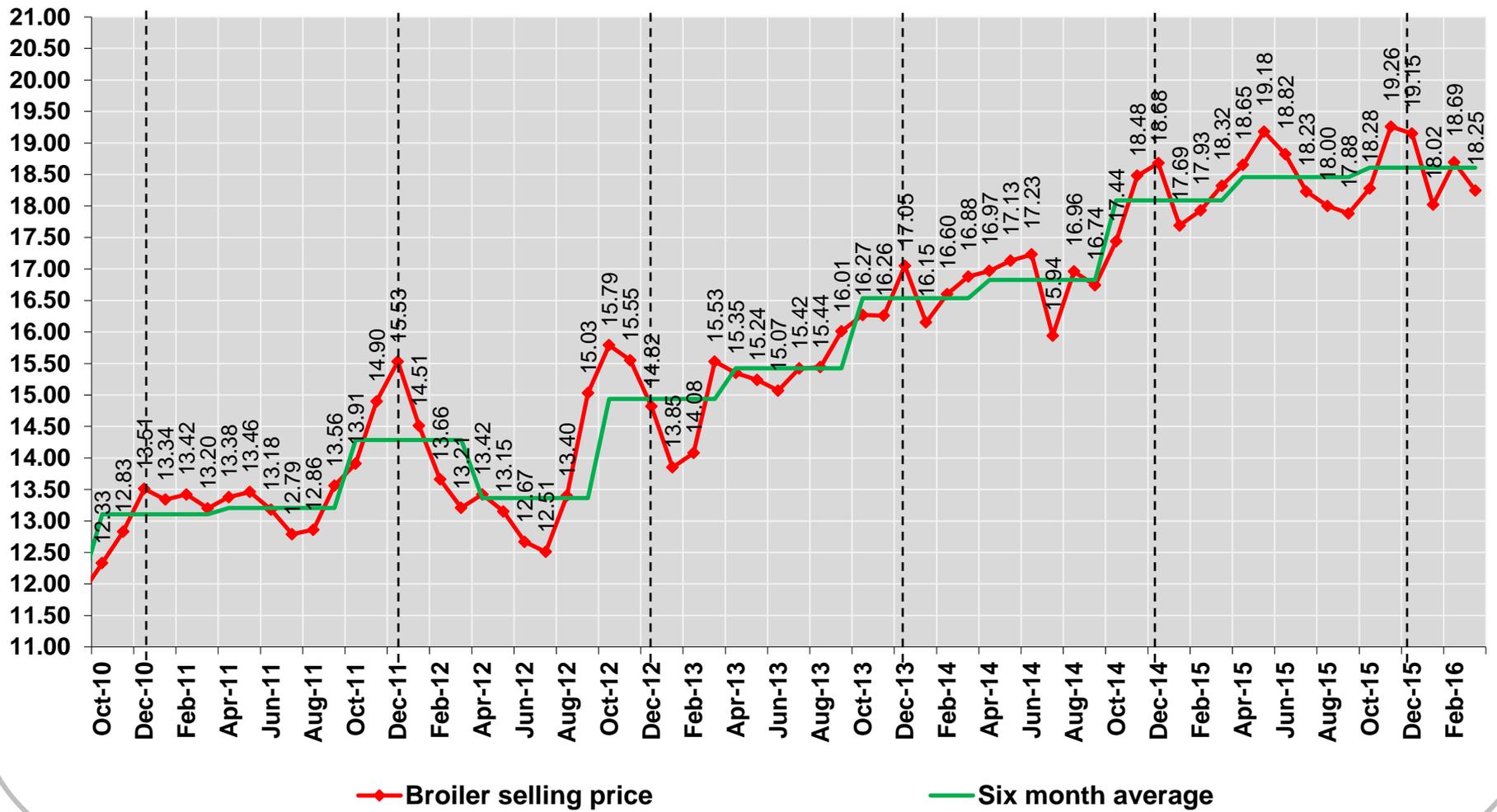
POULTRY IMPORTS PER MONTH



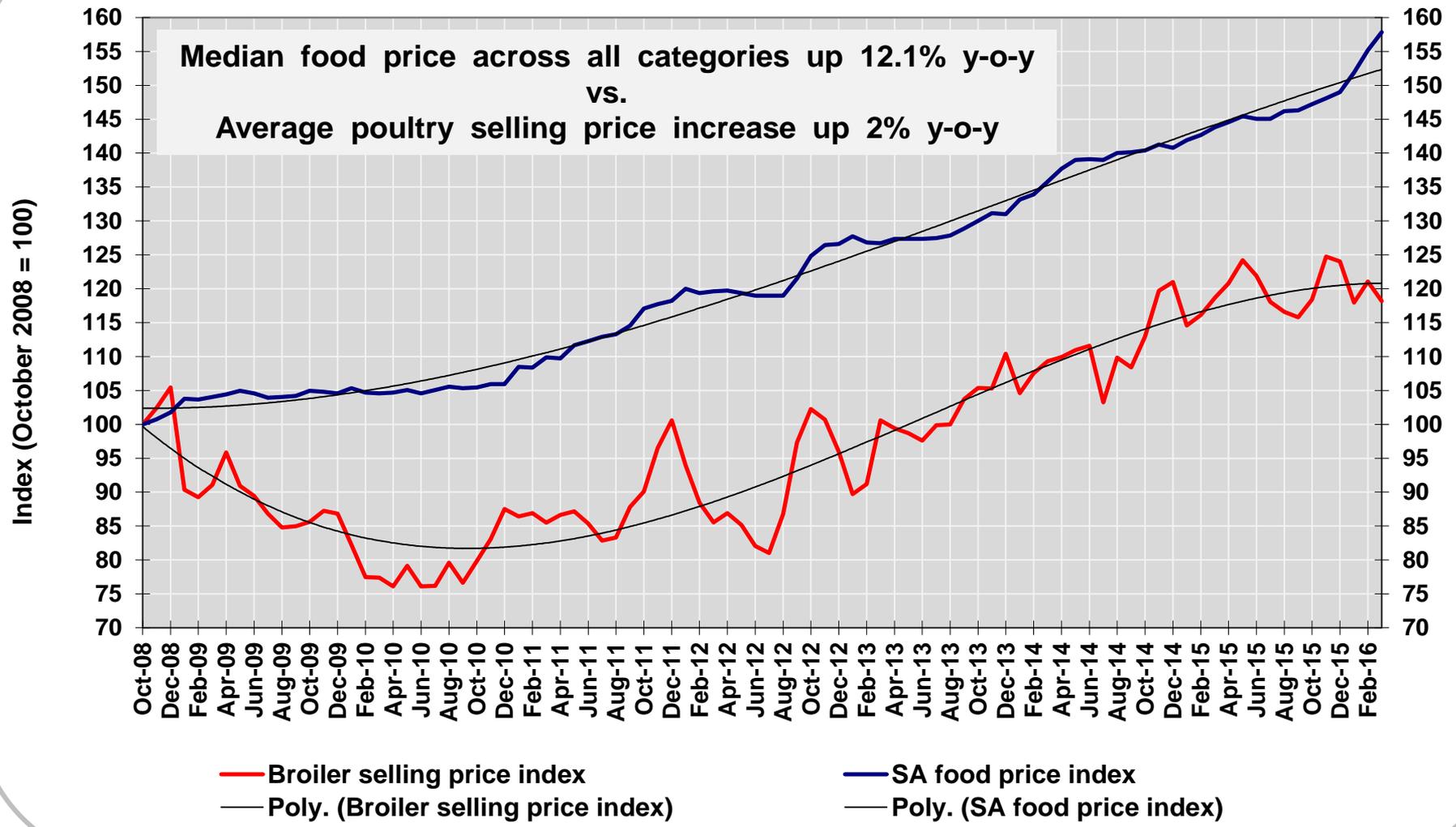
INDUSTRY BROILER SELLING PRICES



Rand per kilogram

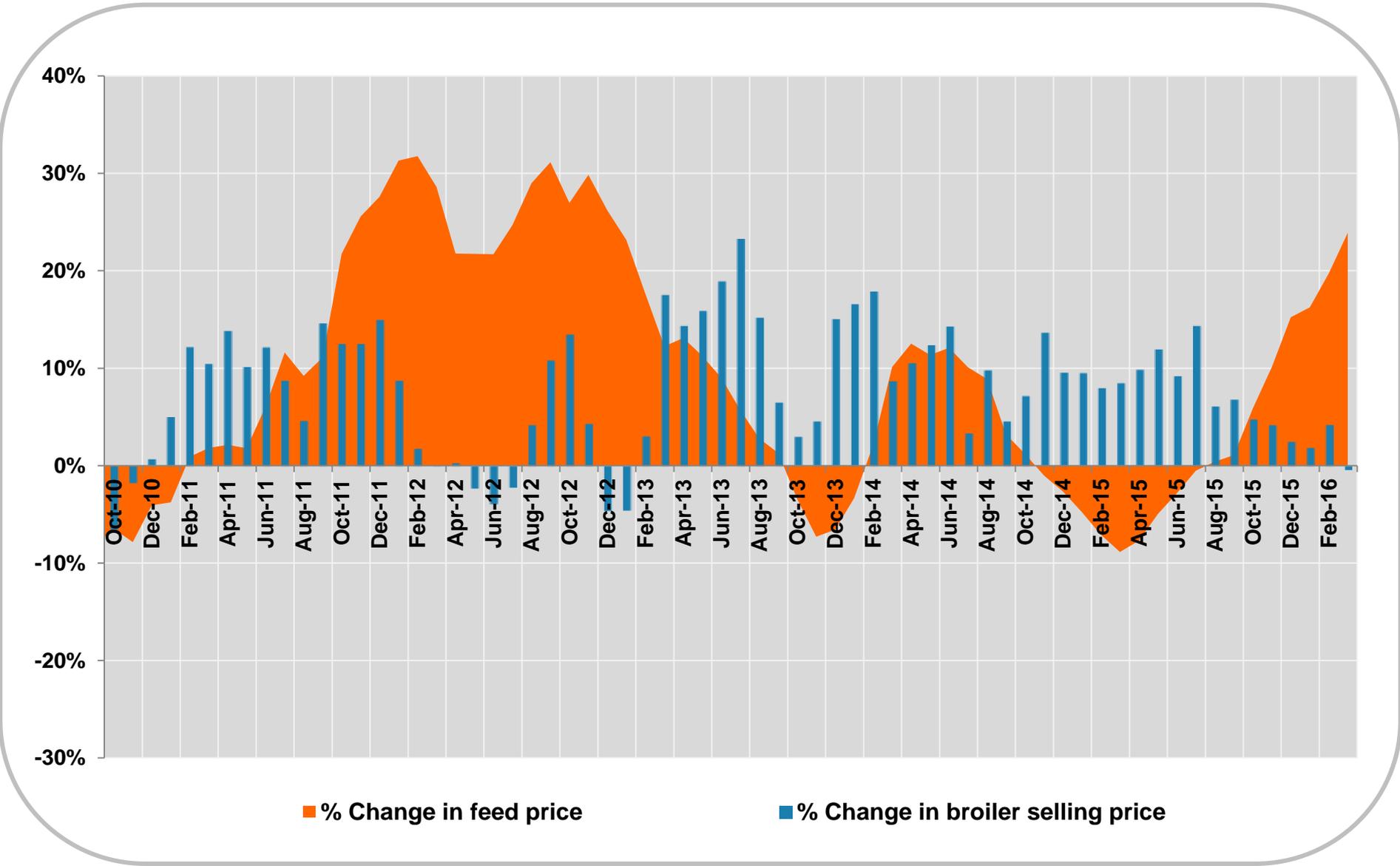


BROILER PRICE vs. FOOD PRICE INFLATION



Source: SAPA, CJA Strategic Risk Brokers & SBG Securities

CHANGE IN BROILER SELLING PRICE vs FEED PRICE



Source: SAPA & Own Data



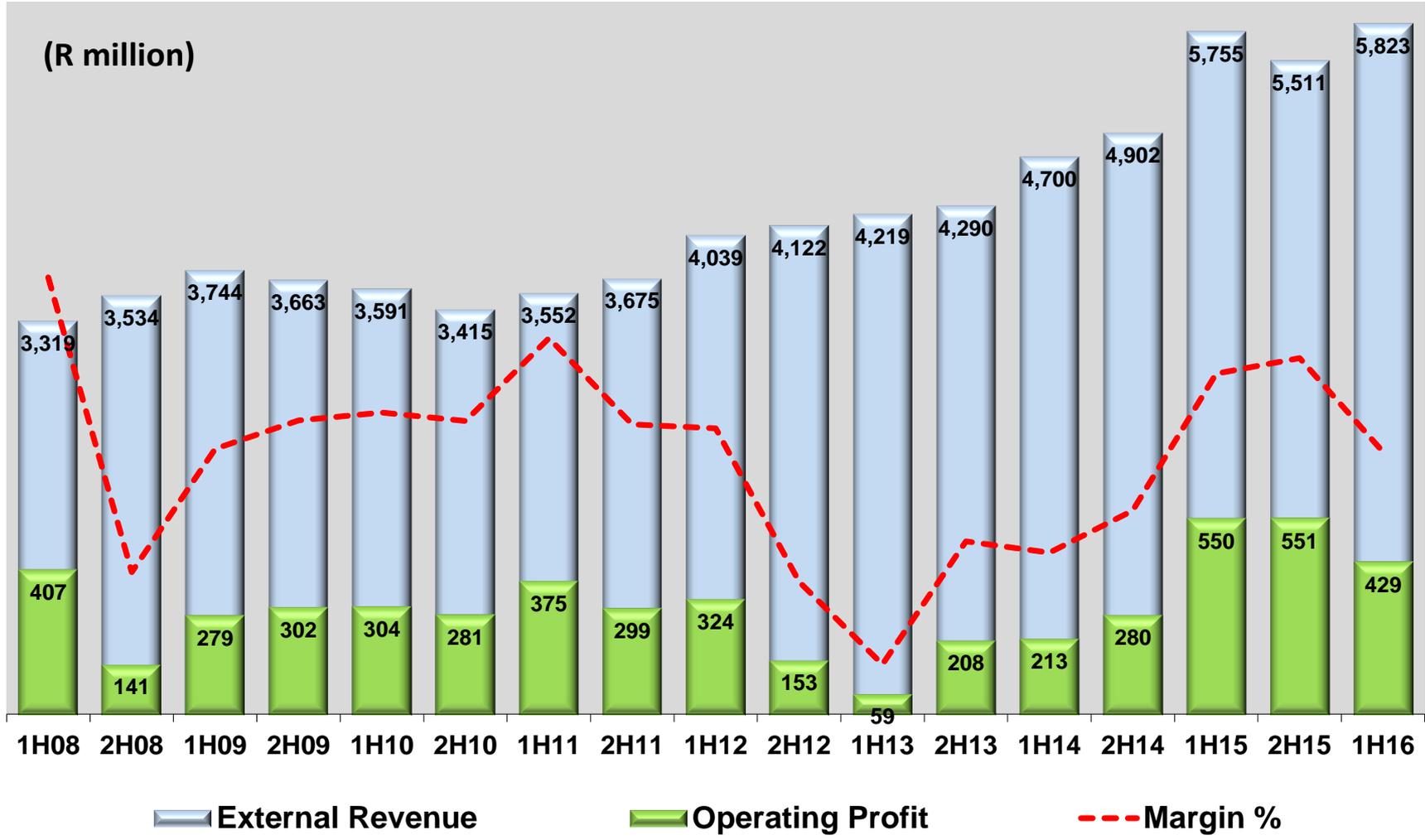
FINANCIAL OVERVIEW

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

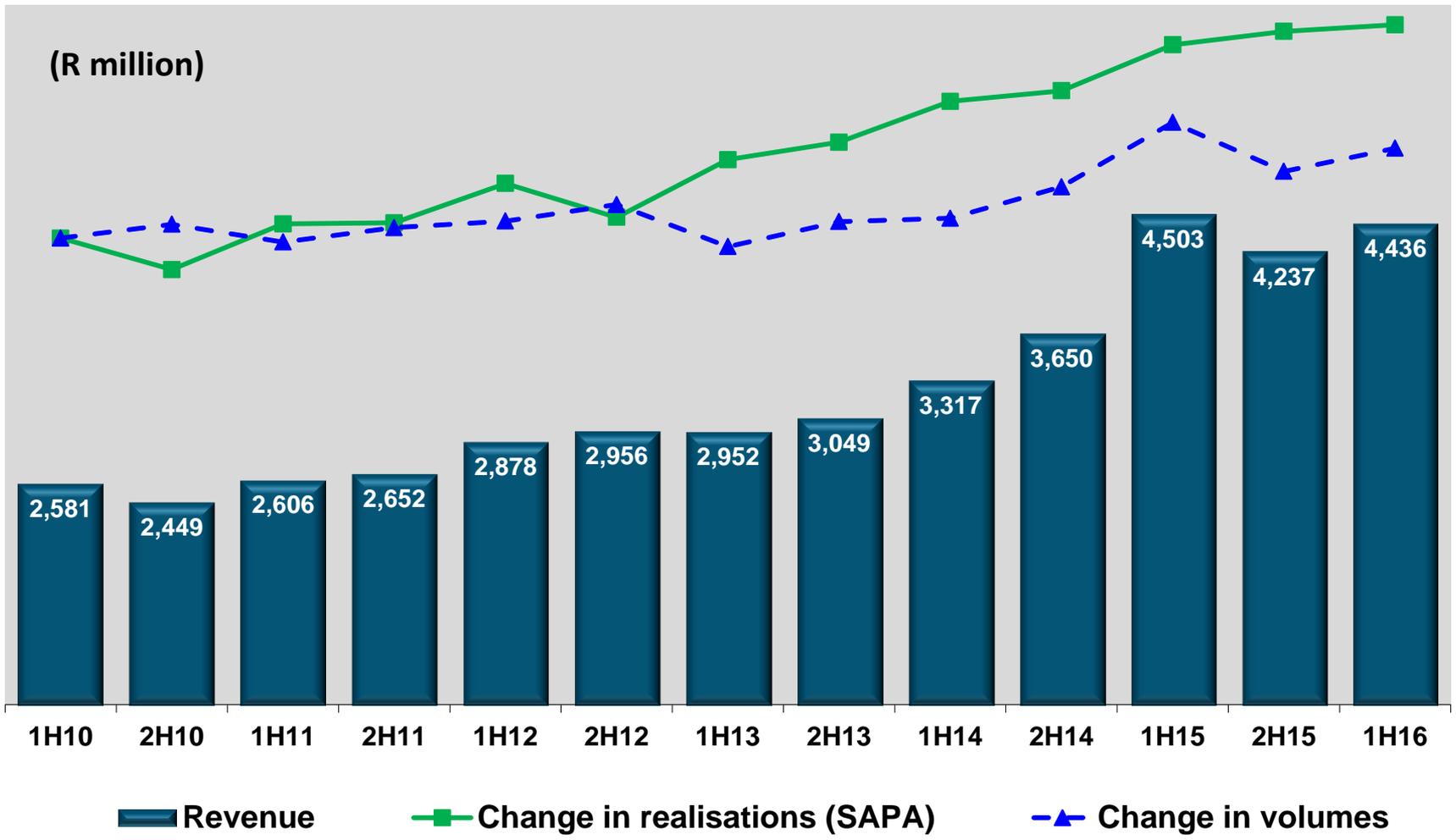


Six months ended 31 March	2016 R million	2015 R million	
Revenue	5 823	5 755	1%
Operating profit	429	550	22%
<i>Operating profit margin</i>	7.4%	9.6%	
Net finance costs	(4)	(10)	
Share of profit in associates	-	2	
Profit before tax	425	542	22%
Tax	(124)	(154)	
Profit for the period	301	388	23%
Headline earnings	299	387	23%
EPS – Cents	777	999	22%
HEPS – Cents	774	1 001	23%

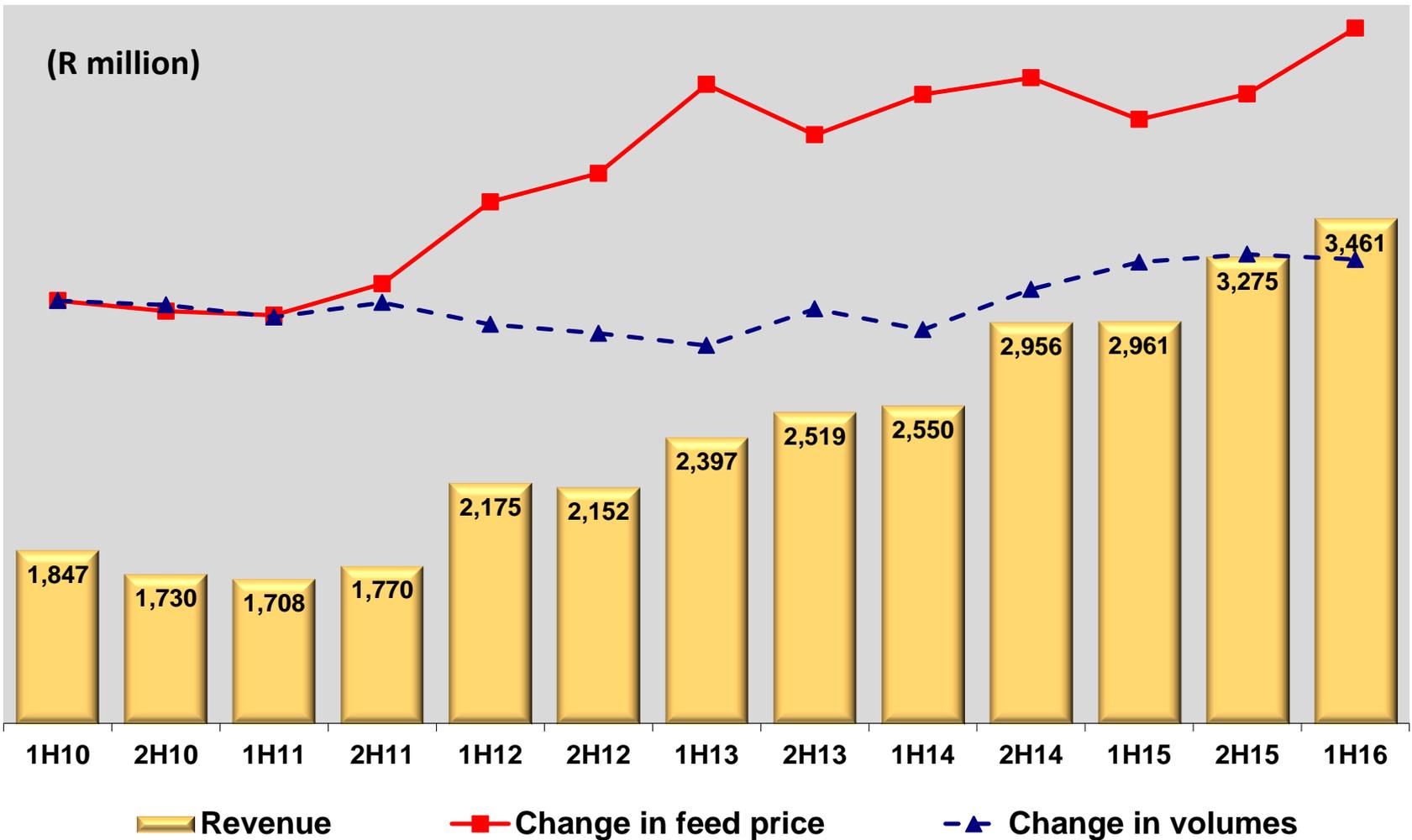
GROUP SIX MONTHLY REVENUE AND PROFITABILITY



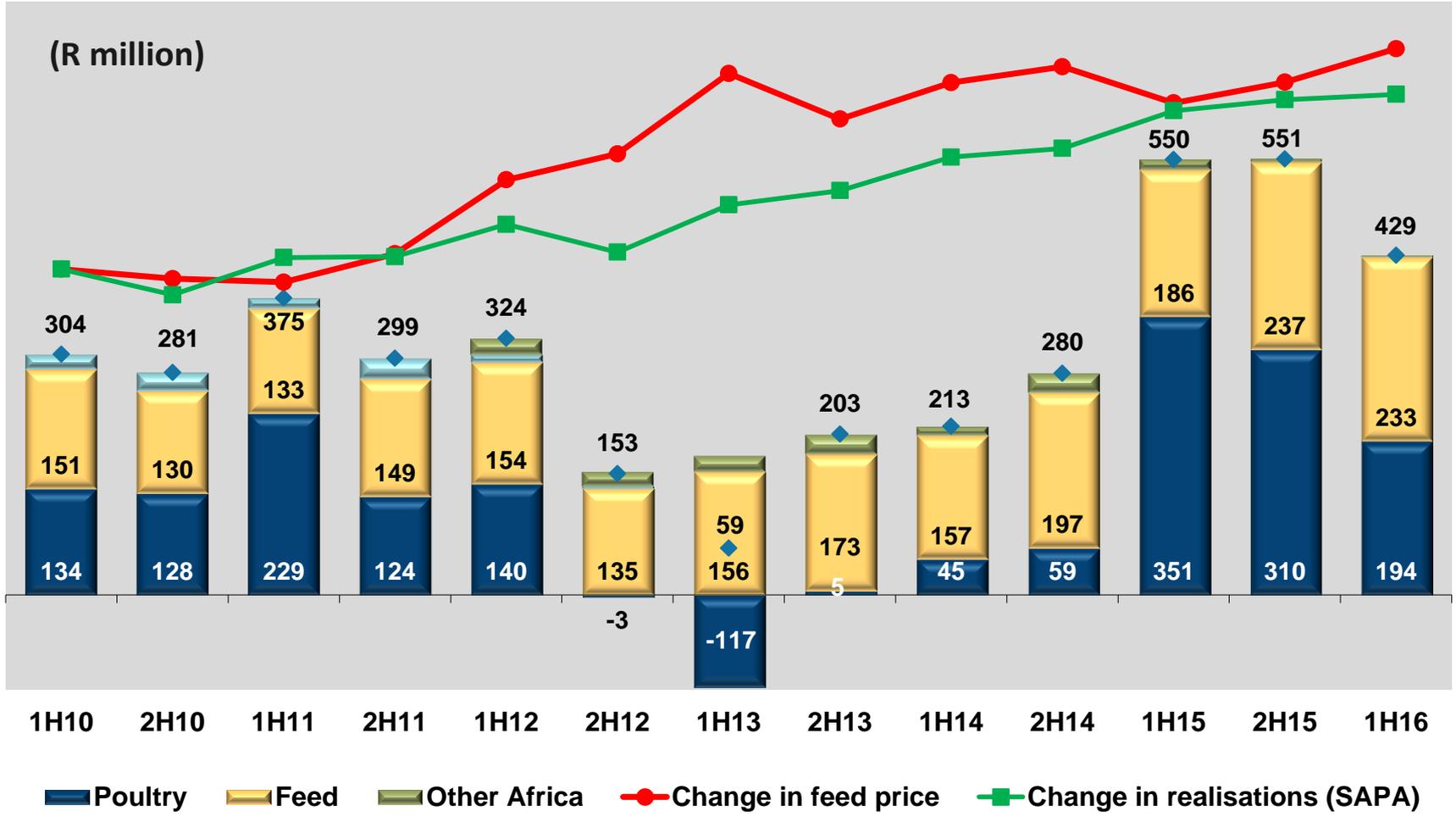
POULTRY – SIX MONTHLY REVENUE



FEED – SIX MONTHLY REVENUE



GROUP SIX MONTHLY OPERATING PROFIT



ABRIDGED STATEMENT OF FINANCIAL POSITION



	March 2016 R million	September 2015 R million	% change
Non-current assets	2 235	2 234	
Net working capital	1 036	776	↑ 33%
Current assets (excl. cash)	2 673	2 261	↑ 18%
Current liabilities (excl. borrowings)	(1 637)	(1 485)	↑ 10%
Non-current liabilities (excl. borrowings)	(570)	(582)	↓ 2%
Net assets	2 701	2 428	↑ 11%
Net debt	242	57	↑
▪ <i>Loans</i>	59	83	
▪ <i>Cash and cash equivalents</i>	183	(26)	
Equity	2 459	2 371	↑ 4%
Total	2 701	2 428	↑ 11%

	March 2016 R million	September 2015 R million	Change R million
Current assets	2 673	2 261	412
Inventory	1 641	1 370	271
Trade receivables and other	1 032	891	141
Current liabilities	(1 637)	(1 485)	(152)
Trade payables and other	(1 637)	(1 485)	(152)
Net working capital	1 036	776	260

Major variances:

Increased stock levels – poultry	145
Increased stock levels – feed	110

ABRIDGED STATEMENT OF CASH FLOW



For the six months ended 31 March

	2016 R million	2015 R million
Cash operating profit	559	629
Working capital movement	(353)	80
	206	709
Tax paid	(100)	(142)
Net interest paid	(3)	(11)
Capital expenditure	(73)	(50)
	30	506
Dividends paid	(222)	(93)
Other cash flow items	8	1
	(184)	414
Loans (repaid) / received	(24)	(23)
Movement in cash equivalents	(208)	391
Other	1	-
Opening balance	26	32
Closing balance	(183)	423

Six months ended 31 March	2016 R million	2015 R million
Depreciation	75	73
<ul style="list-style-type: none"> • Replacement capex • Expansion capex 	30	41
	43	9
Total capex	73	50
Commitments	154	
Total spent and committed	227	

- Poultry division down on **feed price increases not recovered in the market**
- **Feed division posted improved results** on recovery of input costs
- **Negligible contribution** from other African operations
- Cash flow negative due to **stock build-up** in both poultry and feed divisions
- **Net debt to equity** ratio of 9.8% (30 Sep 2015: Net debt to equity ratio of 2.4%)
- **Interim dividend of 390 cps (2.0 x cover)**, within the Group's liquidity capability

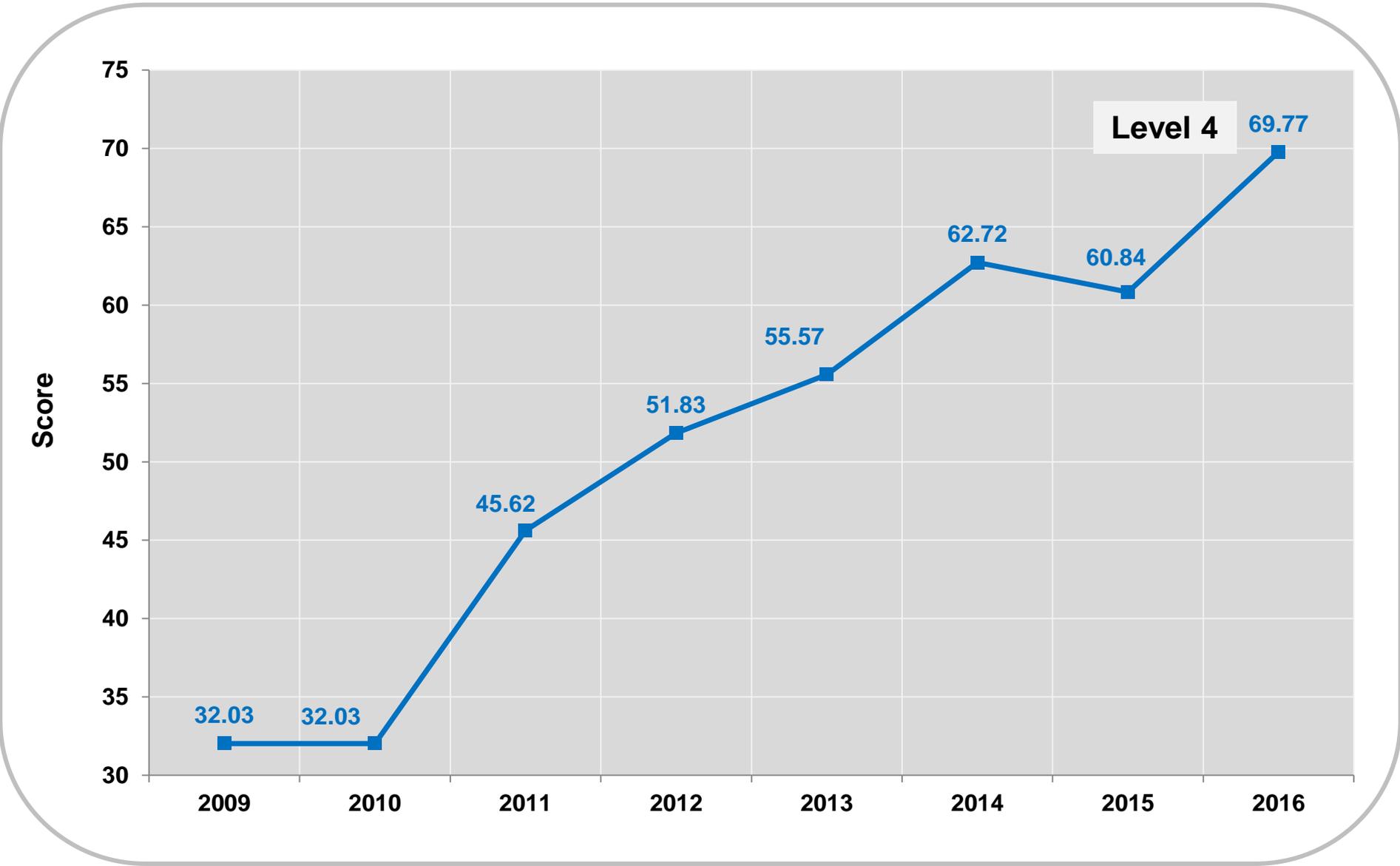


INDUSTRY & OTHER MATTERS

- Amended regulations regarding control over the sale of poultry meat were published in the Government Gazette on **22 April 2016 (6 month implementation)**
- The new standards now include regulations governing the definitions of brine, brine based mixtures and formulated solutions
- Included are regulations stipulating the allowable levels of brine in whole birds and individual portions treated with a formulated solution
- The notice also sets out methods and procedures to be used to determine the uptake of a formulated solution (brine) in poultry carcasses and portions
- The maximum limit set for the uptake of brine in **whole birds has been set at 10% and for individual portions at 15%**
- These regulations could be **legally challenged** by SAPA as they are fundamentally flawed and have no scientific basis and / or consumer consideration

- A deadline was set by the US of 15 March 2016 to allow poultry imports in terms of the AGOA renewal or face the removal of SA's agricultural AGOA benefits
- The first US poultry imports as part of the AGOA deal arrived before the deadline, and by end **March 2016 around 10 000 tons** of a quota of 16 250 tons for the quarter had landed
- These imports were subject to **lower phytosanitary standards** and in particular Salmonella standards than generally applied to poultry imports
- Product seen is mostly block frozen format and of generally poor physical quality with wholesale prices set at similar levels to locally produced IQF product (# 68)
- The investigation for safeguard measures in terms of Article 16 of the TDCA against the EU was **initiated by ITAC on 19 February 2016**
- These measures could take the form of a safeguard duty and it is unlikely that these measures will be enforced before October 2016

B-BBEE SCORECARD (CURRENT CHARTER)



- Specialised management training programme with leading SA business school
- Three levels – Fundamental, Middle and Advanced Management
- 84 employees have completed the management training programmes
- Supervisory training through Astral’s workplace improvement programme
- 71 employees have completed the supervisory training
- Underpins policy of staff development and promotion from within

- In line with B-BBEE (Enterprise Development) Astral promotes the development of black contract growers and broiler farm ownership
- Astral currently contracts 10 black contract growers (12 farms) supplying broilers to the Goldi and Festive operations
- A pilot project in Gauteng was concluded with Phetogo CC owned by Tumi Mokwene
 - An Astral-owned farm has been leased to the individual and a contract grower agreement concluded with Festive
 - If this project is successful consideration will be given to rolling out the concept on Astral owned broiler farms
 - Skills transfer, mentorship and incentivising the farm employees are important aspects for the success of this project



PROSPECTS

- It is expected that the **demand for poultry will continue to be constrained** due to limited consumer discretionary spend and weaker seasonal poultry consumption patterns.
- **High maize and feed prices will continue** until at least rainfall patterns normalise, with some mid-size industry producers already showing signs of financial distress.
- **Rand weakness** will continue to negatively impact input costs on imports of poultry genetics, maize and soya.
- The **high level of poultry imports and the potential AGOA impact** of US poultry will see local broiler production cutbacks due to an imbalance in supply and demand.
- A **weakening of the El Niño weather event** could favour better planting conditions for maize in the coming season as normal rainfall is predicted.
- **World raw material stocks** are exceptionally **healthy**.



Thank you

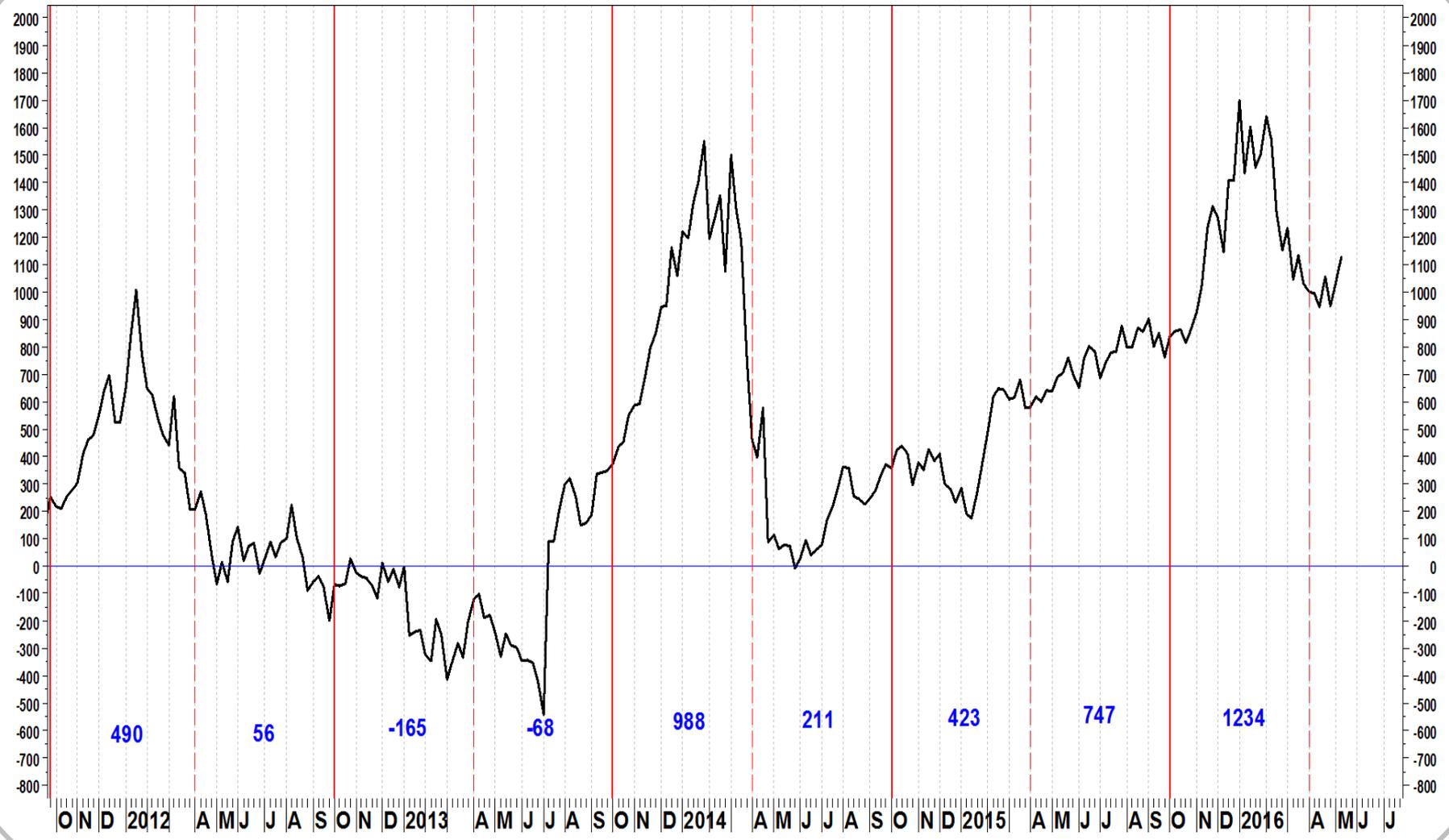
“Astral’s strategy is to be the best cost integrated poultry producer in selected African countries”



ADDITIONAL INFORMATION

- **A business has been registered** in Ethiopia and a General Manager appointed and based in that country from early 2015
- **Extensive market research was** completed prior to the investment motivation being presented to the Astral board for consideration
- **A detailed due diligence exercise on a table egg operation** was performed with a view to acquiring the business as a going concern
- Unfortunately **during negotiations to conclude the transaction** the Dutch owners decided not to sell the business
- **Land has been identified outside Debre Zeit** (approx. 60 km south east of Addis Ababa) for allocation to Astral for a Greenfields investment
- **The application for this land was submitted** to the relevant authorities on 11 April 2016 and is receiving attention
- Once the allocation of the land is finalised Astral will proceed with the **construction of a “entry level” feed mill and hatchery**

SAFEX YELLOW MAIZE vs CBOT CORN IN RAND TERMS

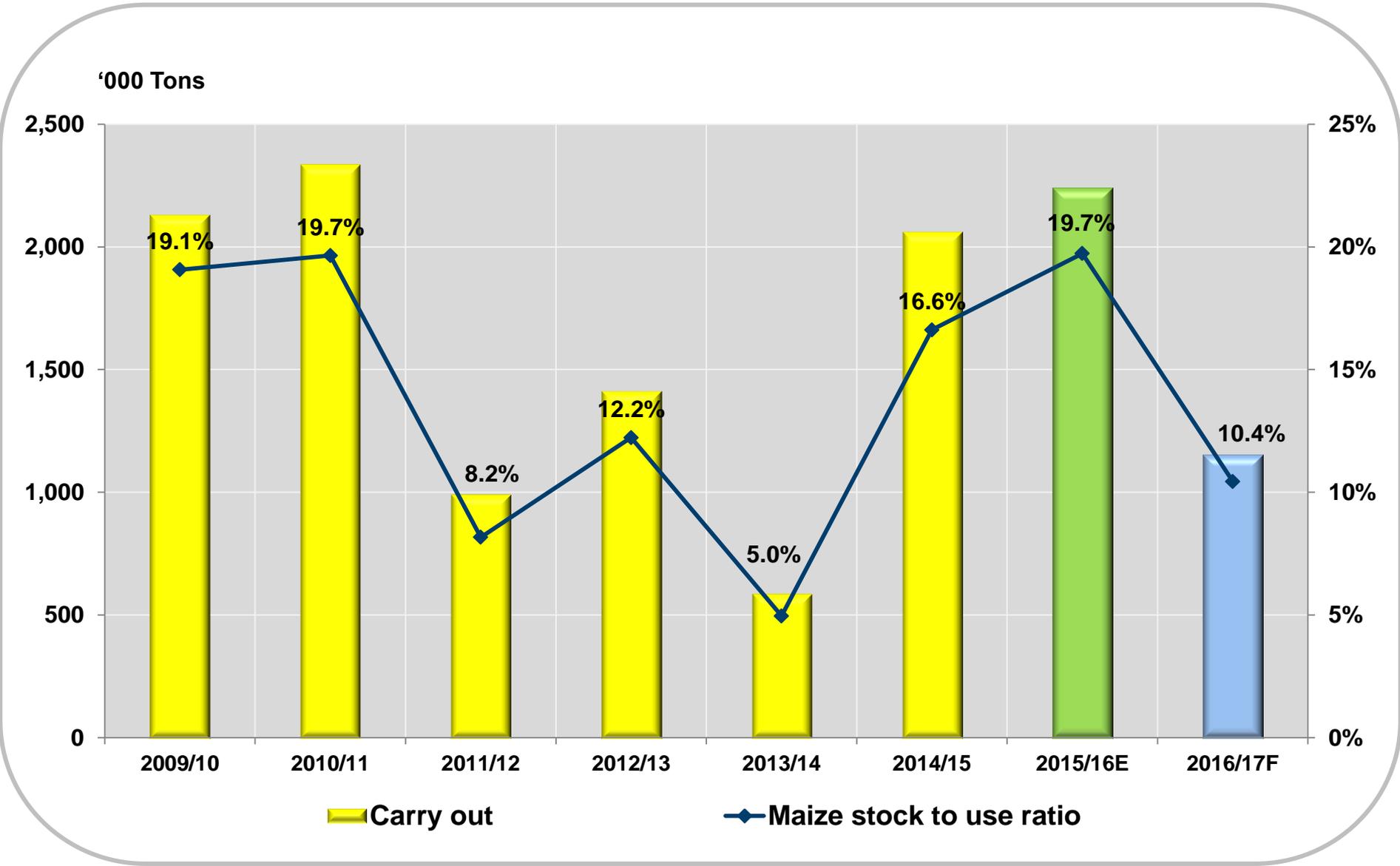


SOUTH AFRICA – TOTAL MAIZE SUPPLY & DEMAND

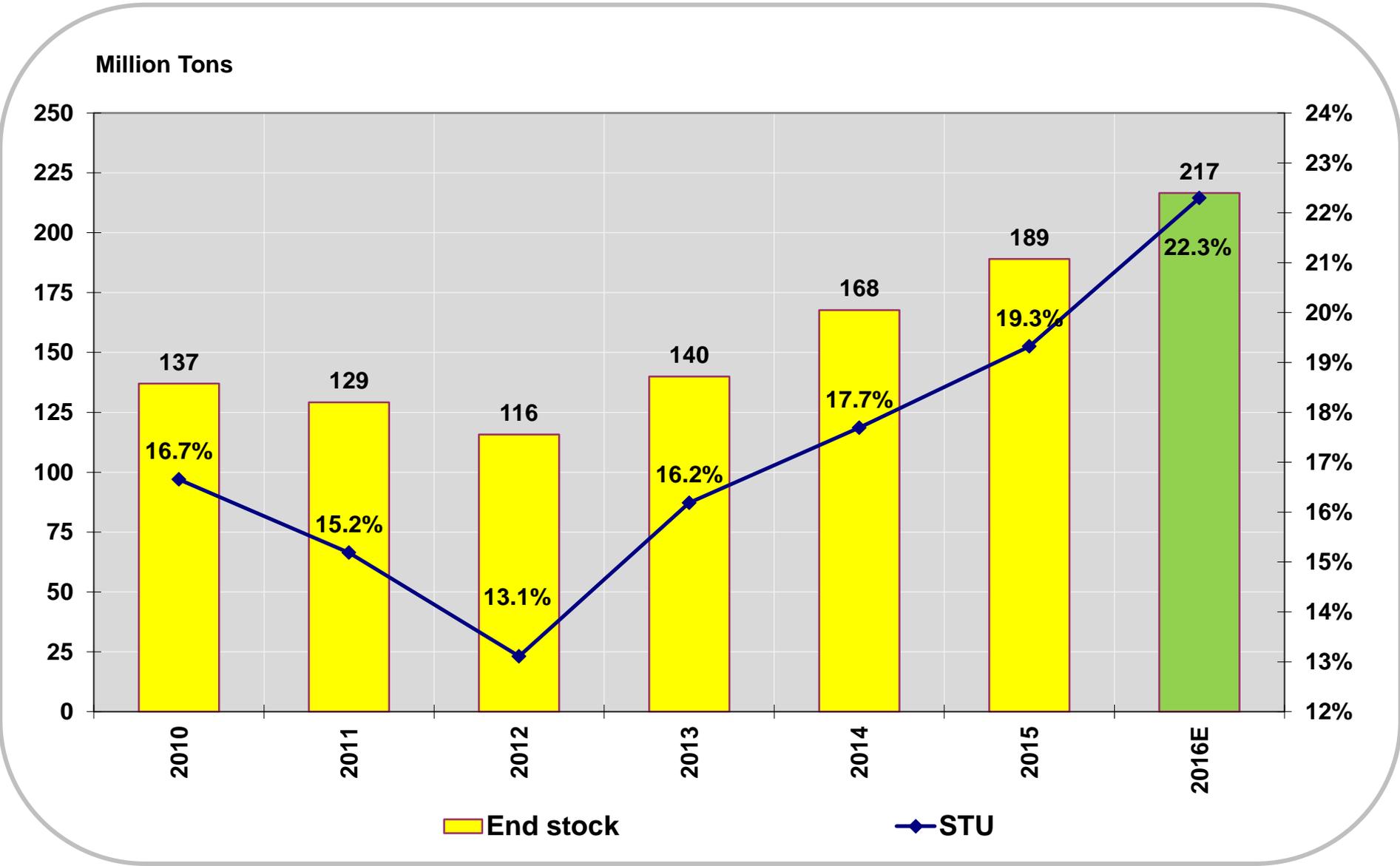


<i>Marketing year (May to April)</i>	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16E	2016/17F
<i>'000 tons</i>	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast
Carry In (1 May)	2,131	2,336	991	1,414	589	2,077	2,241
Crop Estimate	12,815	10,360	12,121	11,811	14,250	9,955	7,065
Retentions					433	440	475
Sagis Delivery	12,092	10,394	11,972	11,072	13,817	9,515	6,590
<i>Minus early deliveries</i>	0	0	0	0	0	535	0
Imports	0	421	11	80	65	2,009	3,350
Total Supply	14,224	13,151	12,973	12,566	14,471	13,066	12,181
Domestic Usage Food	4,513	4,512	4,499	4,583	4,840	4,688	4,800
Domestic Usage Feed	4,271	4,362	4,378	4,715	5,041	5,494	5,126
Gristing, withdrawn & released	866	693	674	480	376	323	300
Total Domestic Usage	9,650	9,567	9,551	9,777	10,257	10,505	10,226
Exports & Sundries	2,238	2,590	2,008	2,122	2,153	855	804
<i>Plus early deliveries</i>	0	0	0	0	0	535	0
Carry Out (30 Apr)	2,336	994	1,414	590	2,062	2,241	1,152
No of days usage	88	38	54	25	73	78	41
STU	19.65%	8.17%	12.23%	4.96%	16.62%	19.73%	10.44%

RSA MAIZE CARRY OUT AND STOCK TO USE RATIO

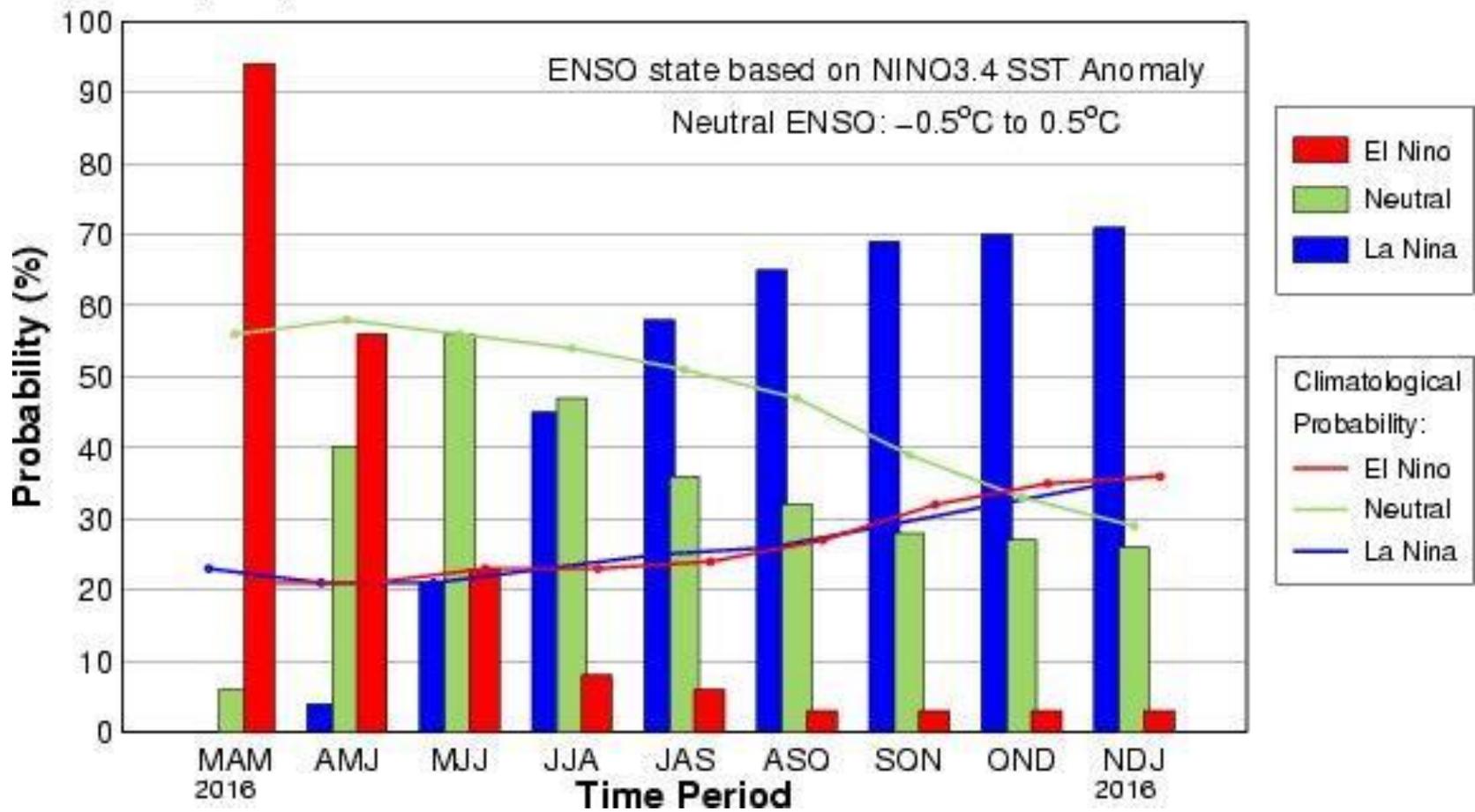


WORLD CORN ENDING STOCKS vs STU





Early-Apr CPC/IRI Official Probabilistic ENSO Forecast



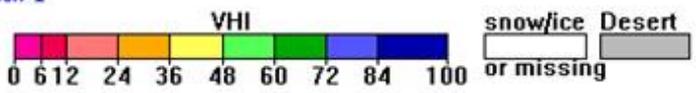
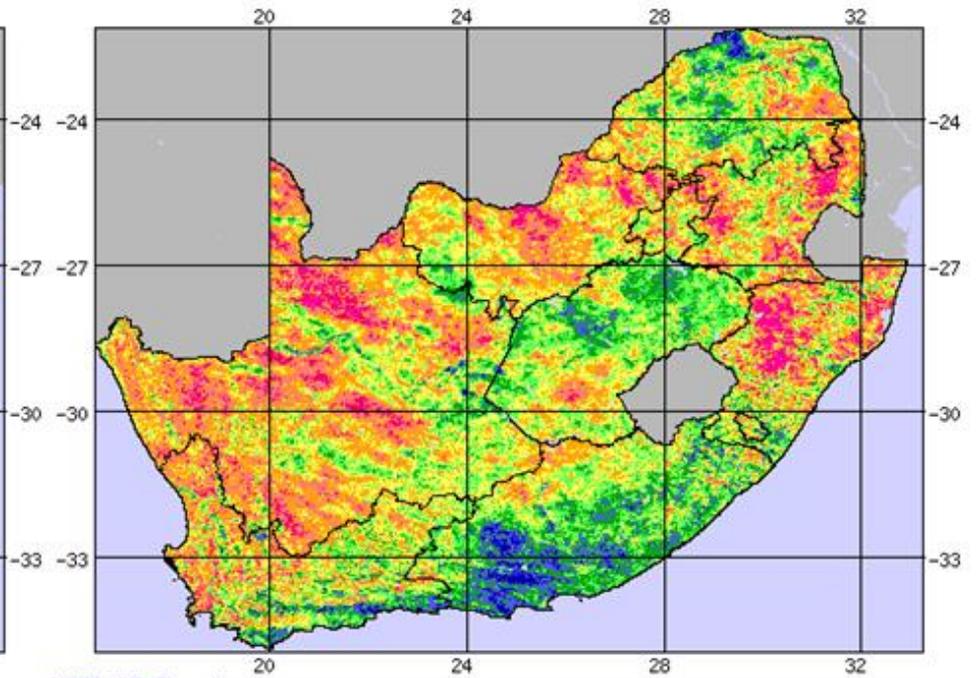
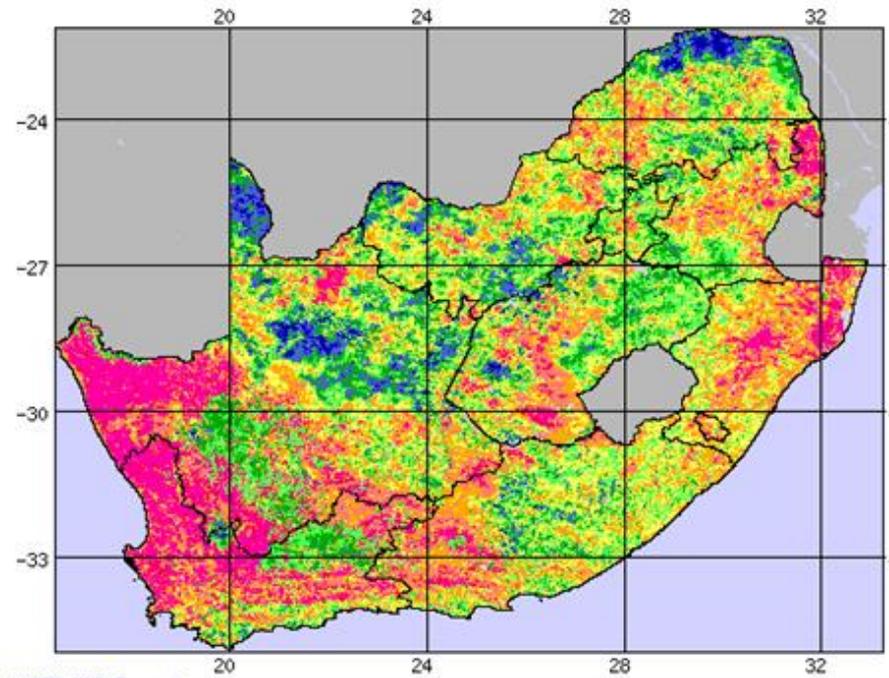
SOUTH AFRICA – VEGETATION HEALTH INDEX



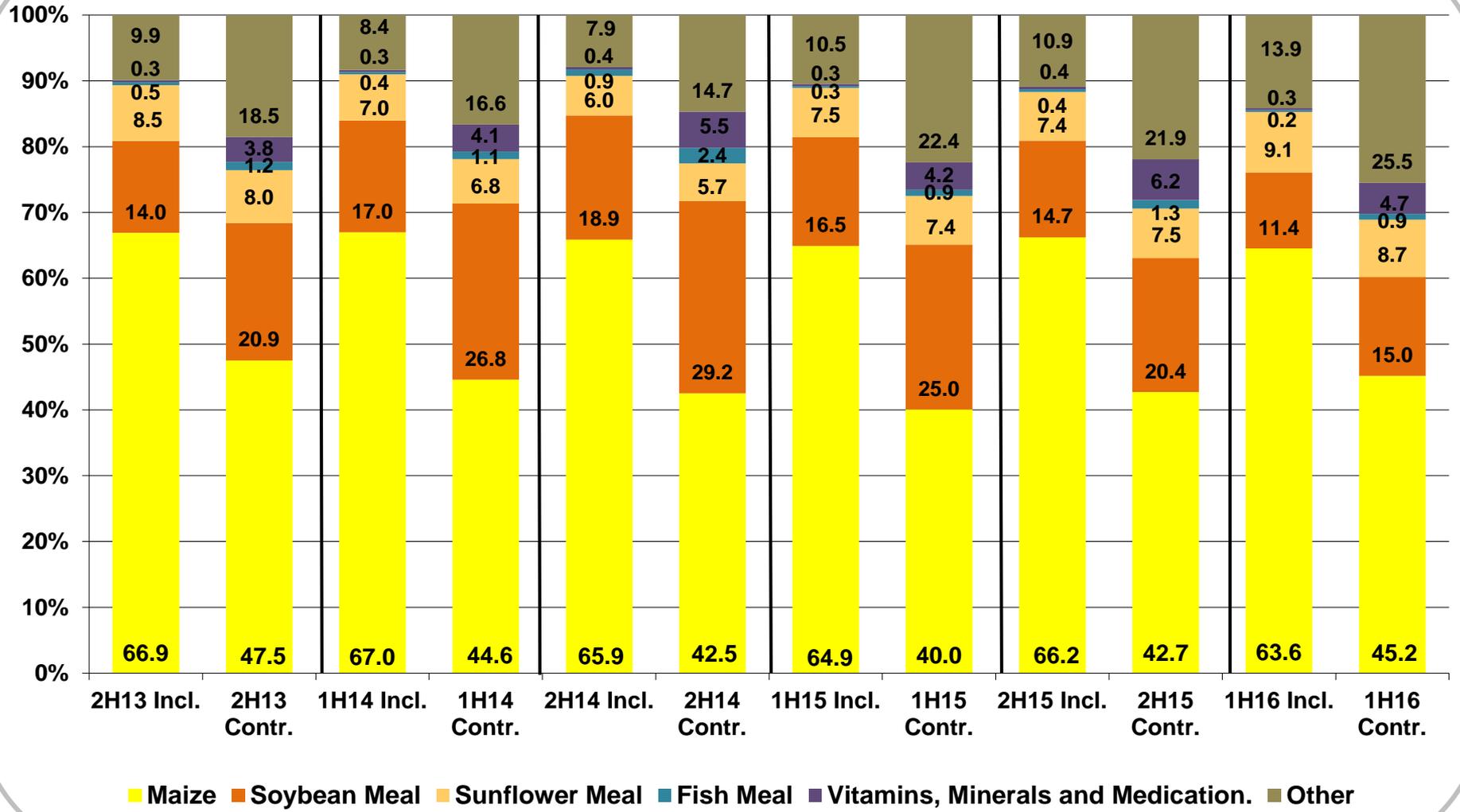
South Africa, Vegetation Health Index (VHI): Current Week and One Year Ago

VHI of current year, April 21, 2016 (week 16)

VHI of previous year, April 22, 2015 (week 16)



BROILER FEED INGREDIENT INCLUSION AND COST CONTRIBUTION



Ex BRAZIL – May 2016

FROZEN LEG QUARTERS BULK PACKED

CIF DBN US\$ per ton	TON	875.00	875.00	875.00	SA COST
R/\$ exchange rate	R\$	14.60	14.80	15.00	
Rand per ton	TON	12 775.00	12 950.00	13 125.00	24 130.00
Rand per kg	KG	12.78	12.95	13.13	24.13
Duty per kg	KG	37%	37%	37%	-
Clearance costs	KG	0.58	0.58	0.58	-
COST INTO STORAGE	KG	18.08	18.32	18.56	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	20.00	20.24	20.48	26.01

Ex NETHERLANDS – May 2016

FROZEN LEG QUARTERS BULK PACKED

CIF DBN US\$ per ton	TON	1 270.00	1 270.00	1 270.00	SA COST
R/\$ exchange rate	R\$	14.60	14.80	15.00	
Rand per ton	TON	18 542.00	18 796.00	19 050.00	24 130.00
Rand per kg	KG	18.54	18.80	19.05	24.13
Duty per kg	KG	22.81%	22.81%	22.81%	-
Clearance costs	KG	0.58	0.58	0.58	-
COST INTO STORAGE	KG	23.35	23.66	23.98	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	25.27	25.58	25.90	26.01

BRAZIL, EU & USA PRODUCT COST BENCHMARK



Ex EUROPE NON-TARIFF COUNTRIES – May 2016

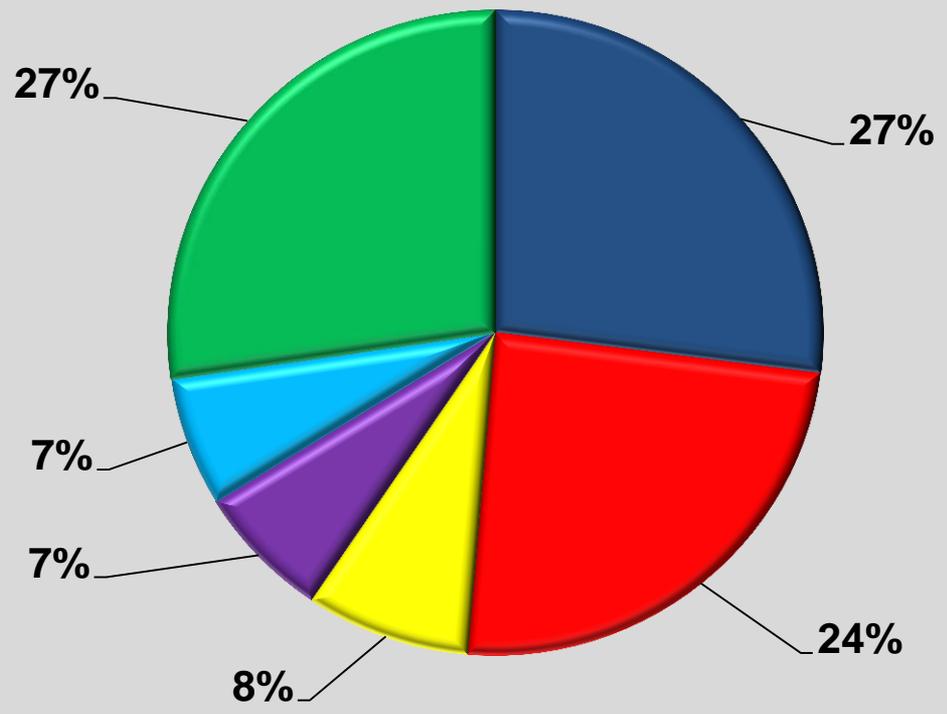
FROZEN LEG QUARTERS BULK PACKED

CIF DBN US\$ per ton	TON	1 240.00	1 240.00	1 240.00	SA COST
R/\$ exchange rate	R\$	14.60	14.80	15.00	
Rand per ton	TON	18 104.00	18 352.00	18 600.00	24 130.00
Rand per kg	KG	18.10	18.35	18.60	24.13
Duty per kg	KG	0.00%	0.00%	0.00%	-
Clearance costs	KG	0.58	0.58	0.58	-
COST INTO STORAGE	KG	18.68	18.93	19.18	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	20.60	20.85	21.10	26.01

Ex USA – May 2016

FROZEN LEG QUARTERS BULK PACKED

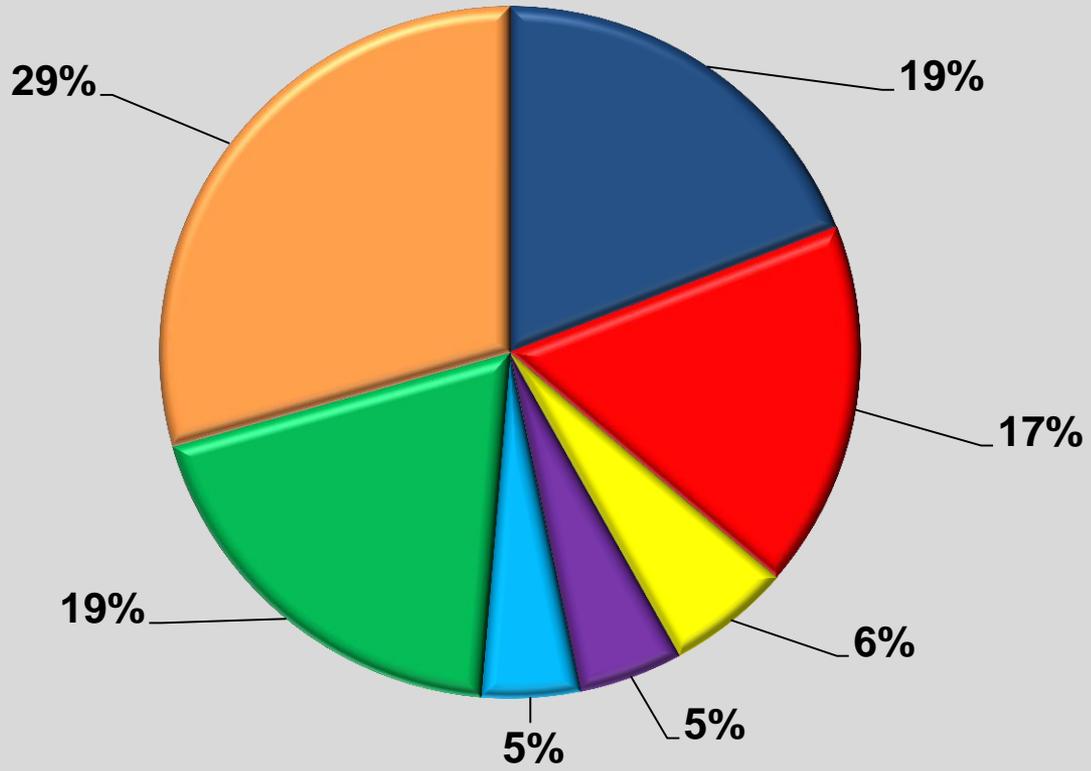
CIF DBN US\$ per ton	TON	900.00	900.00	900.00	SA COST
R/\$ exchange rate	R\$	14.60	14.80	15.00	
Rand per ton	TON	13 140.00	13 320.00	13 500.00	24 130.00
Rand per kg	KG	13.14	13.32	13.50	24.13
Duty per kg	KG	37.00%	37.00%	37.00%	-
Clearance costs	KG	0.58	0.58	0.58	-
COST INTO STORAGE	KG	18.58	18.83	19.08	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	20.50	20.75	21.00	26.01



■ Astral ■ RCL ■ Country Bird ■ Daybreak ■ Sovereign ■ Other

Local broiler production ≈ 18.5 million birds per week

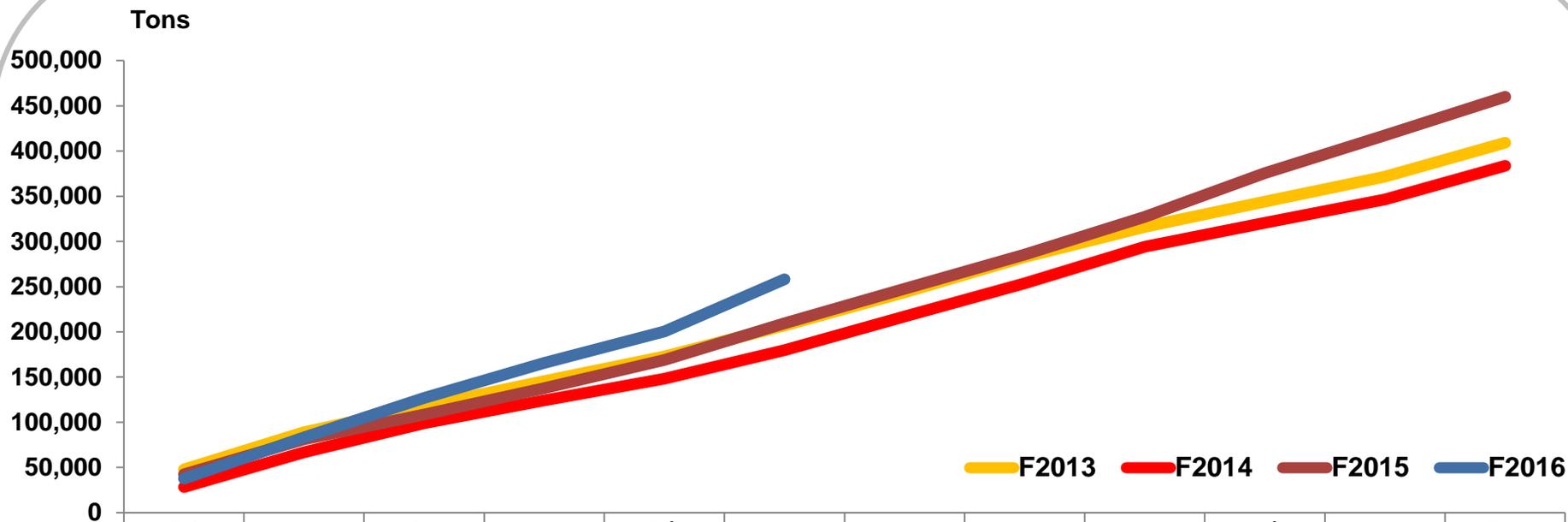
TOTAL POULTRY MARKET PARTICIPATION



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

Avg. poultry imports ≈ 7,7 million birds per week (avg. past 6 months)

TOTAL POULTRY IMPORTS (CHICKEN, TURKEY, MDM)



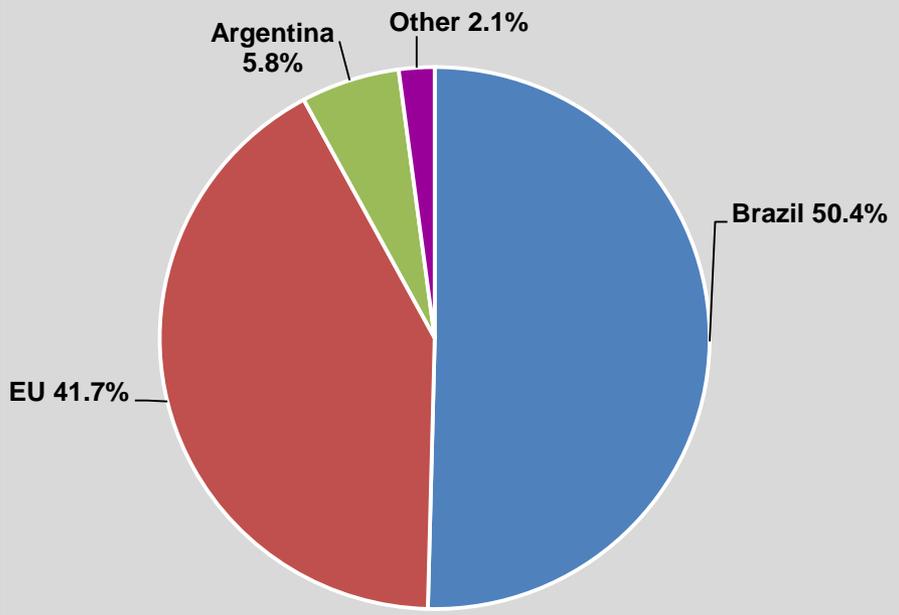
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2013	47,942	89,095	117,712	145,426	172,727	207,148	243,623	282,790	316,047	343,913	371,741	409,158
F2014	28,250	66,647	99,050	124,194	148,092	179,811	216,947	253,490	294,102	320,603	346,582	383,710
F2015	42,363	81,170	108,674	137,660	168,965	209,337	247,672	285,532	327,180	375,537	417,247	460,075
F2016	37,789	83,258	126,866	165,602	200,461	258,134						

F2015	42,363	38,807	27,504	28,896	31,305	40,372	38,335	37,860	41,648	48,437	41,710	42,828
F2016	37,789	45,469	43,608	38,736	34,859	57,673						
% Var	-10.8	17.2	58.6	34.1	11.4	42.5						
bpw*	6,7	8,1	7,7	6,9	6,2	10,3						

TOTAL POULTRY IMPORTS – COUNTRY OF ORIGIN

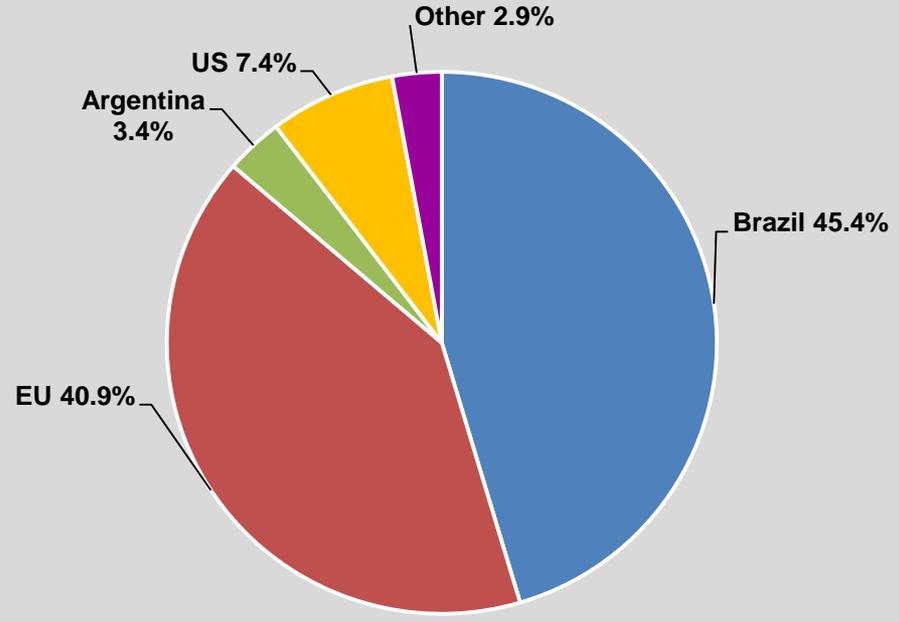


Country of origin for poultry imports - 2015



478 267 tons

Country of origin for poultry imports - 2016 YTD

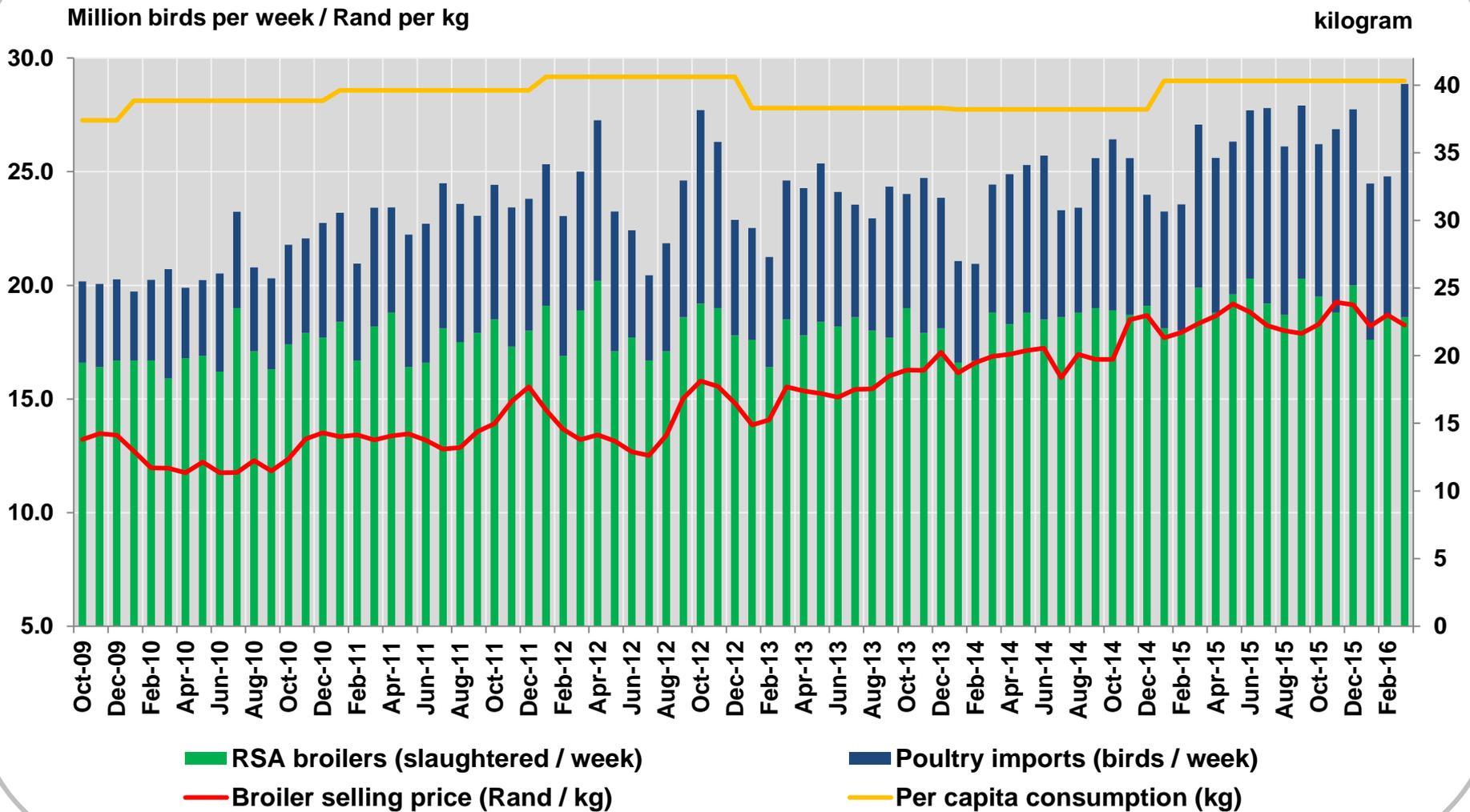


131 268 tons

Poultry imports according to main country of origin for 2013 to 2015 and 2016 YTD

Country	Imports (tonnes)			
	2013	2014	2015	2016 YTD
Brazil	188 084	168 666	241 180	59 584
Netherlands	66 512	73 987	61 995	20 186
United Kingdom	39 190	43 009	15 985	9 803
United States	11 076	5 022	331	9 723
Spain	1 080	10 356	27 090	8 704
Belgium	1 797	11 994	35 613	5 576
Argentina	28 479	21 586	27 718	4 519
Ireland	5 241	8 286	13 336	3 406
Hungary	3 889	7 758	10 547	3 124
Canada	8 854	5 255	131	1 969
Denmark	7 422	6 133	9 508	1 900
Thailand	2 547	347	7 616	1 719
Germany	23 271	21 821	554	884
France	1 624	7 294	24 895	508

LOCAL BROILER PRODUCTION, IMPORTS & PER CAPITA CONSUMPTION

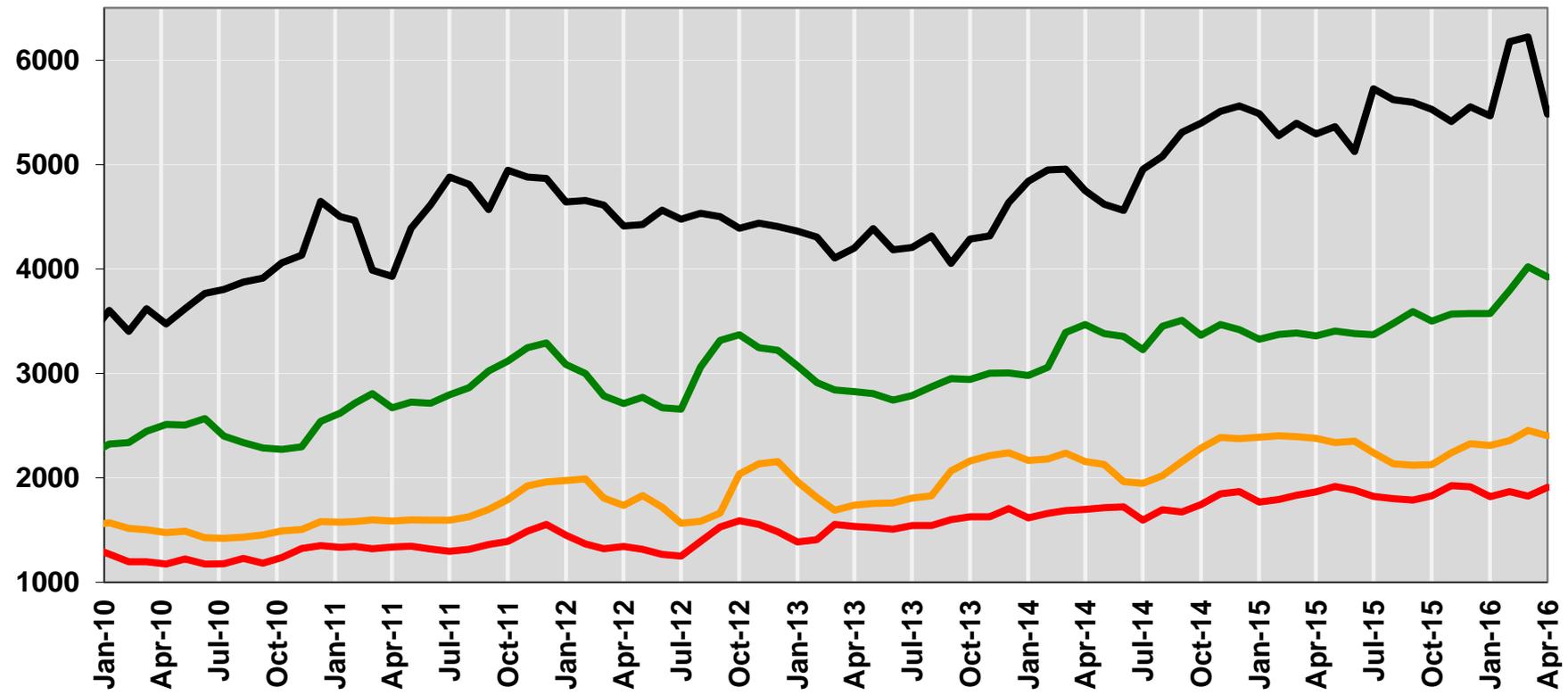


Source: SAPA & DAFF

SOUTH AFRICAN PROTEIN PRICE COMPARISON



Cents per kg



Chicken

Pork

Beef

Mutton

Feed Conversion Rate

1.65

2.2

5.5

5.0

Per Capita Consumption

40.3 kg

4.8kg

18.8kg

3.6kg







COMPETITOR ACTIVITY (5 KG PRICE COMPARISON)



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