

Interim Results

for the six months ended 31 March 2013

Presentation to Investors and Analysts
May 2013



Agenda



Business overview [CES]



Financial overview [DDF]



Prospects [CES]



Q & A








Business overview



The period in perspective

- The past six months to 31 March 2013 reflects the worst trading performance reported by Astral since the listing in 2001

Revenue	 5%
Operating profit	 80%
EPS	 47%
HEPS	 82%

The period in perspective

- Key factors, which were outside of management's control negatively impacted the business:
 - ✦ Feed costs driven by maize and soya prices at record highs
 - ✦ Record poultry imports in October and November 2012
 - ✦ Depressed sales in the 2012 Festive Season
 - ✦ High December poultry closing stocks lead to extreme promotional / discount activity in January through March 2013

The period in perspective

- Violent strike action at Earlybird Olifantsfontein processing and the County Fair farming operation
- The sale of 25% of Astral's interest in Nutec was successfully concluded with proceeds amounting to R64 million
- The Group's integrated model has proven its value with a good performance from the Feed and African divisions contributing positively
- Astral's balance sheet remains healthy with a net debt to equity ratio of 17% (30 September 2012: 7%)

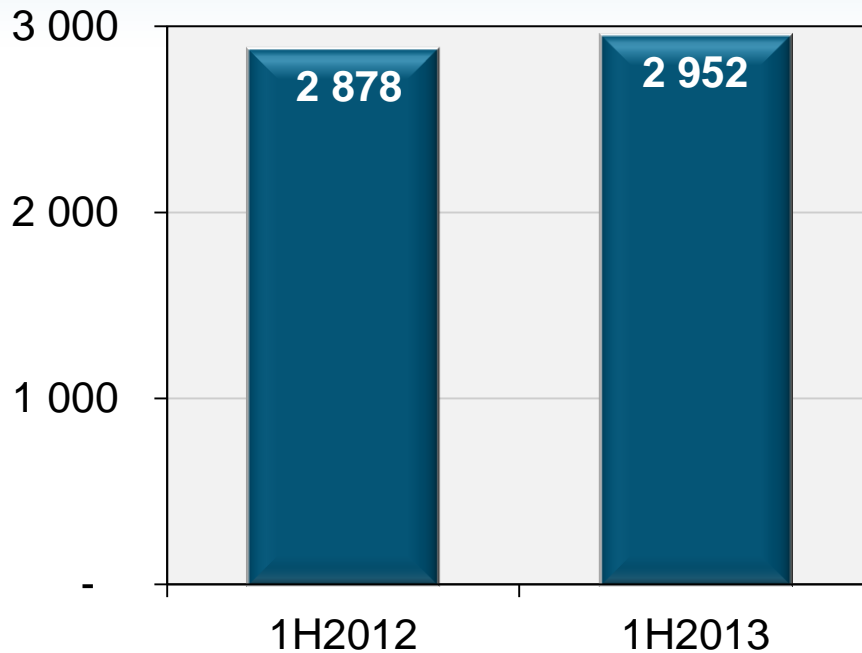


Poultry division



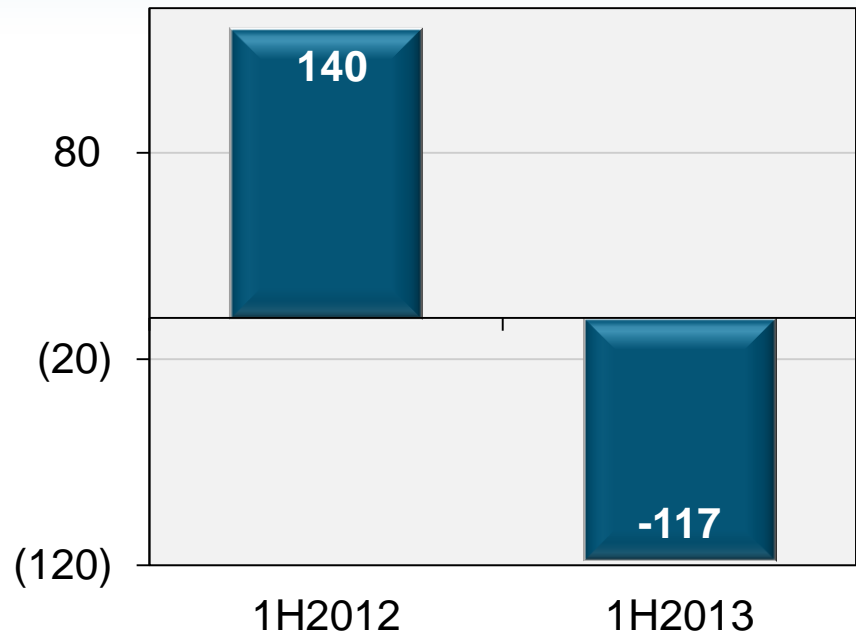
Poultry division - overview

Revenue - Rm



- Revenue up 3%
- ✦ Broiler volumes down 5.8%
- ✦ Broiler realisations up 6.1%
- ✦ Breeder revenue up 19%

Operating profit - Rm



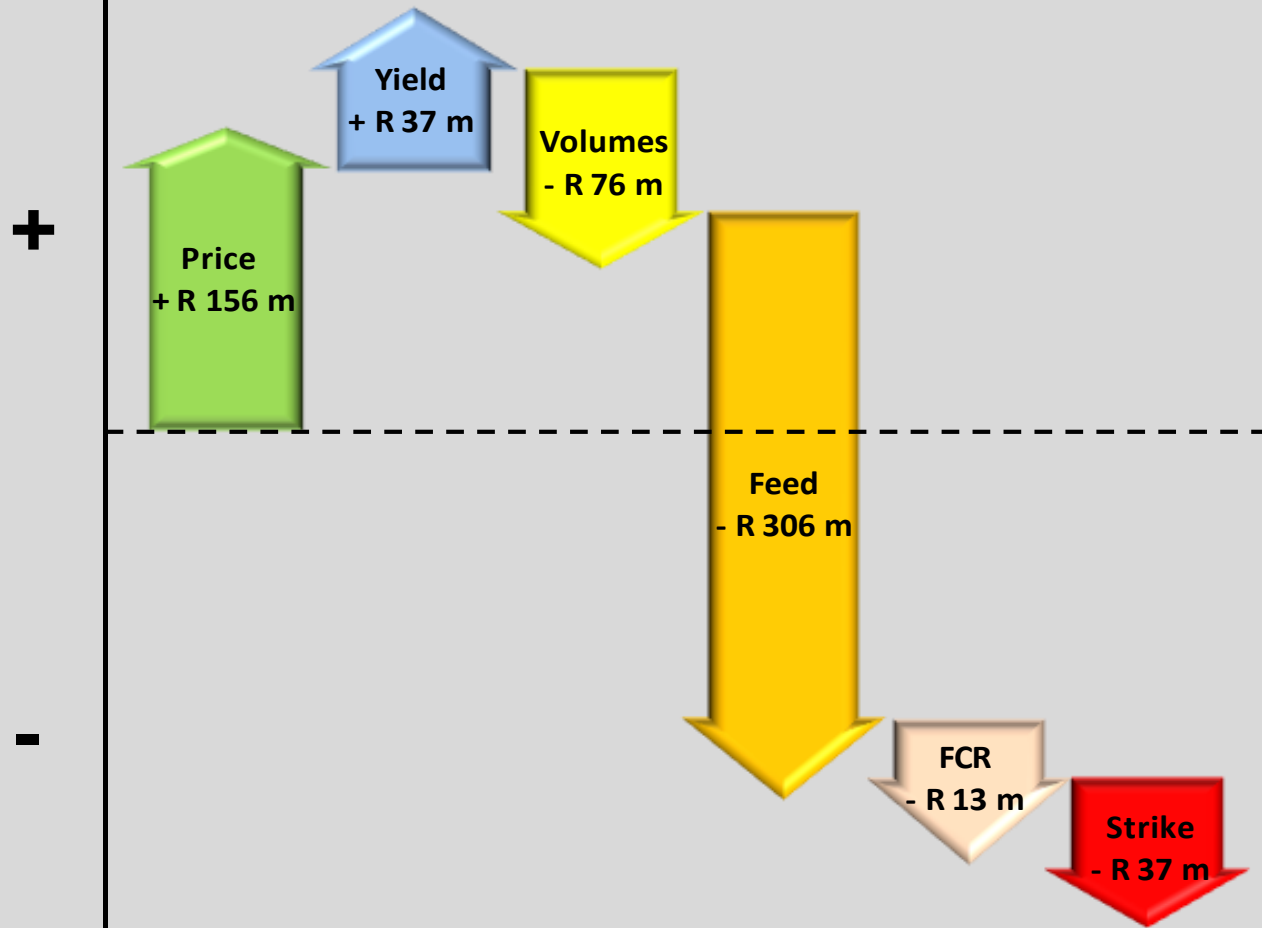
- Operating loss
- ✦ Profit margin negative
- ✦ Feed costs up 21.9%
- ✦ Breeder profit up 6%

Poultry division - overview

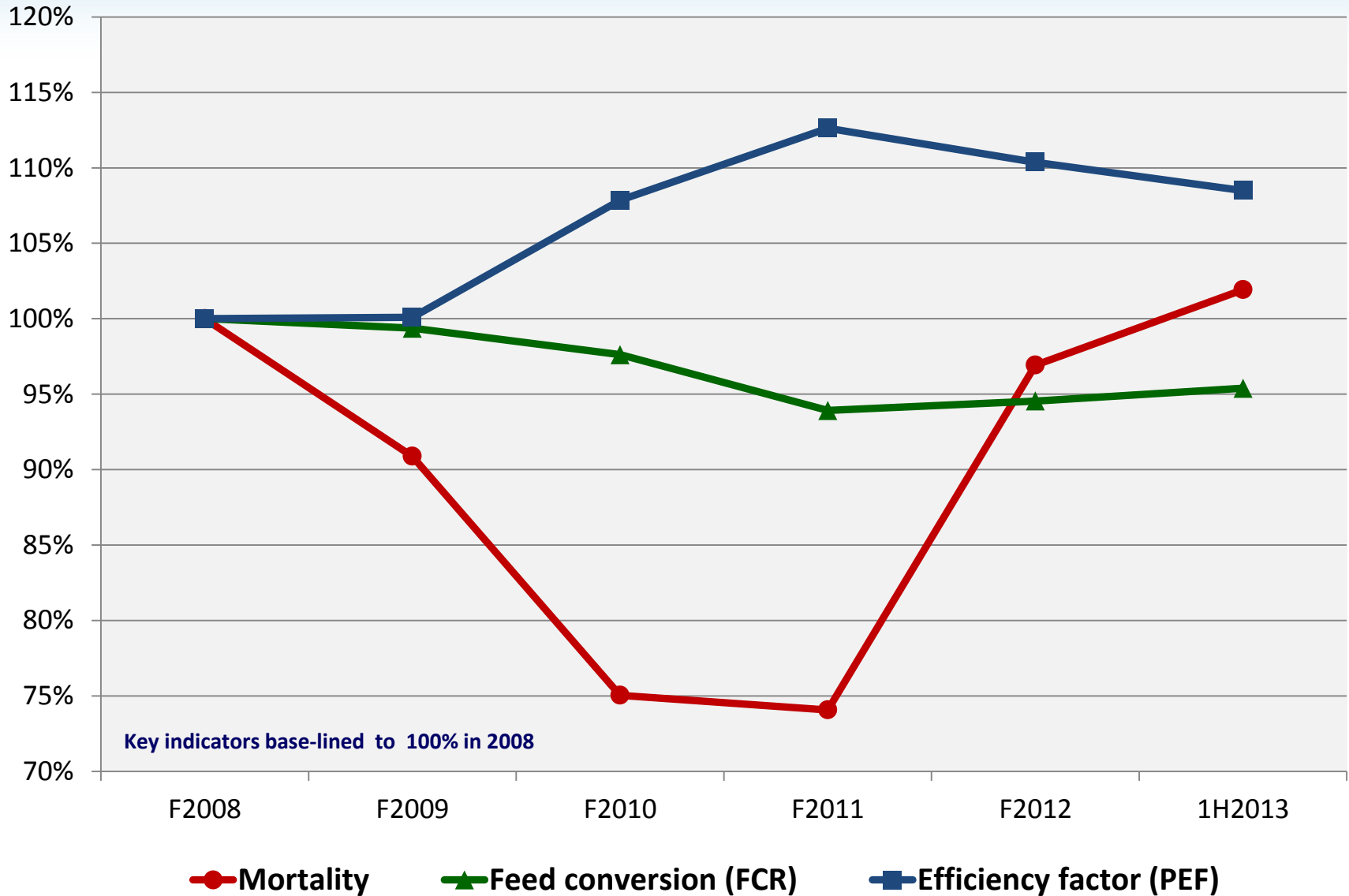
- Poultry feed prices increased – R850 / ton increase \approx R300 million
- Record levels of poultry imports in October 2012 \approx 8 mil birds / wk
- Record high industry poultry stock levels in December 2012
- Broiler production cutbacks on back of poor sales \approx 5%
- Extensive promotional / discount activity from January to March 2013
- Results negatively impacted by industrial action \approx R37 million
- Continuing negative impact of higher energy costs \approx up15% per kg

Poultry division - overview

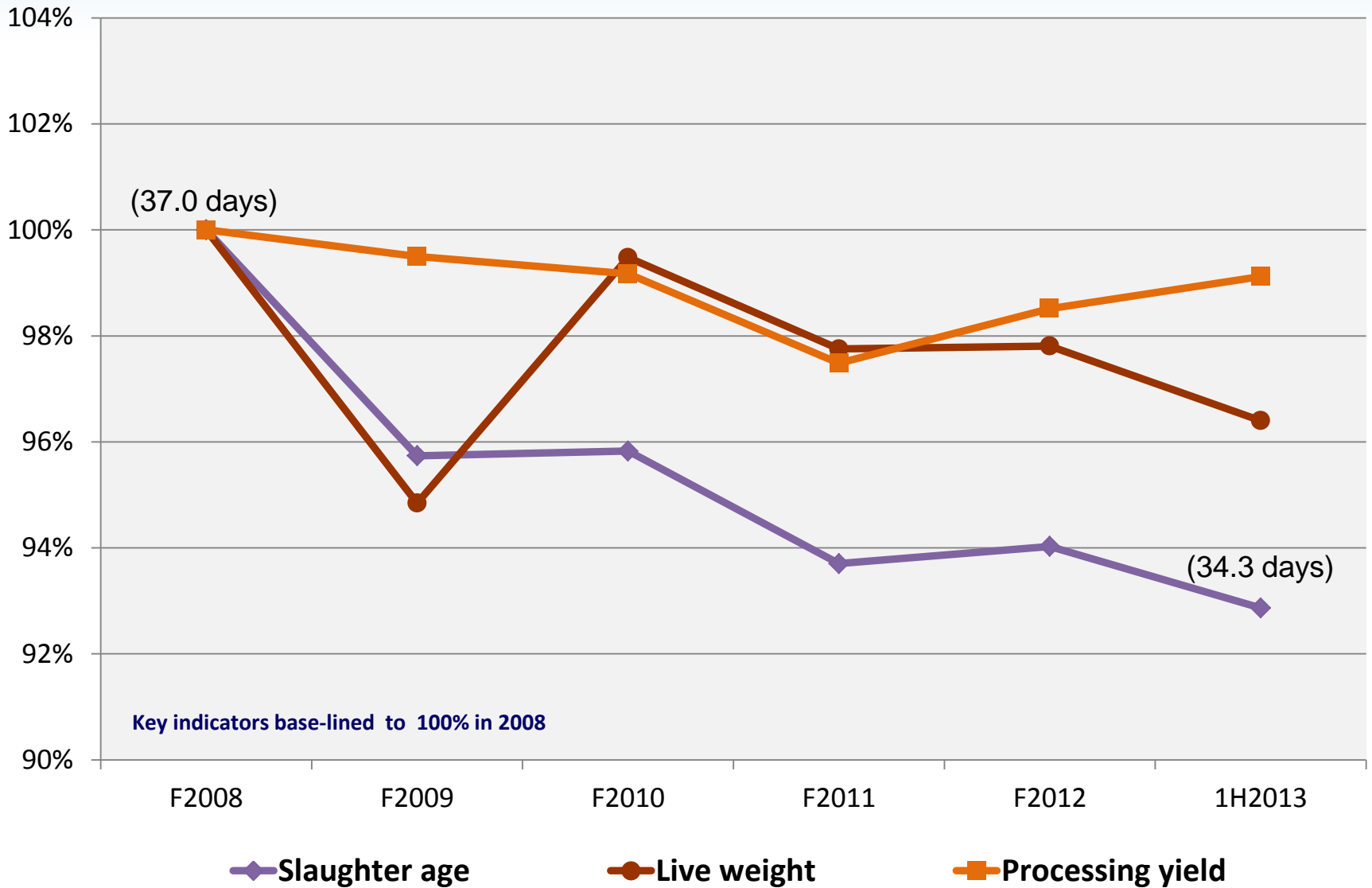
Impact of poultry selling price, yield, poultry sales volumes, feed price, FCR and industrial action on the Poultry Division's profitability



Broiler production performances



Broiler production performances



Poultry division - prospects

- Feed costs to reduce in 2H2013
- Poultry production efficiencies to remain at current levels (Winter)
- Unemployment and spending power of the consumer remains a concern
- Poultry stock levels and pricing to remain at current levels
- Impact of increased energy / heating costs during Winter
- ITAC application for an increase in general import tariffs on poultry

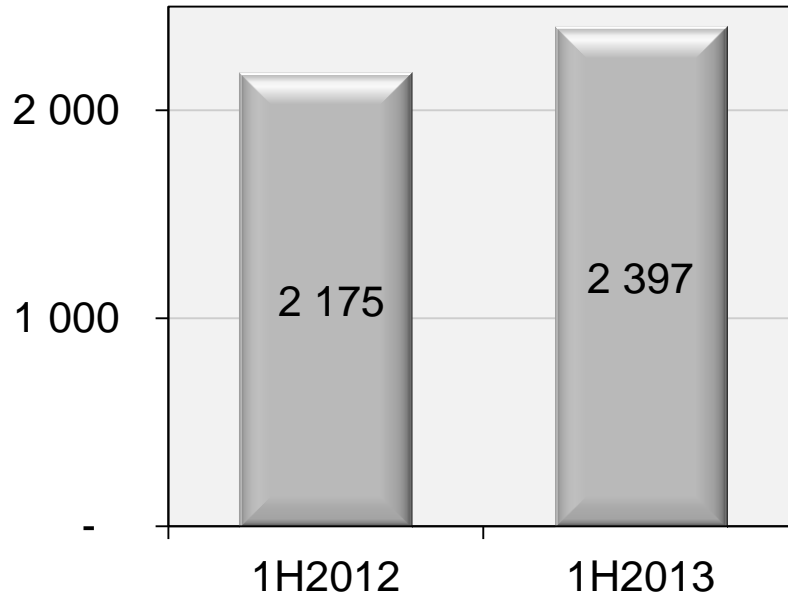


Feed division



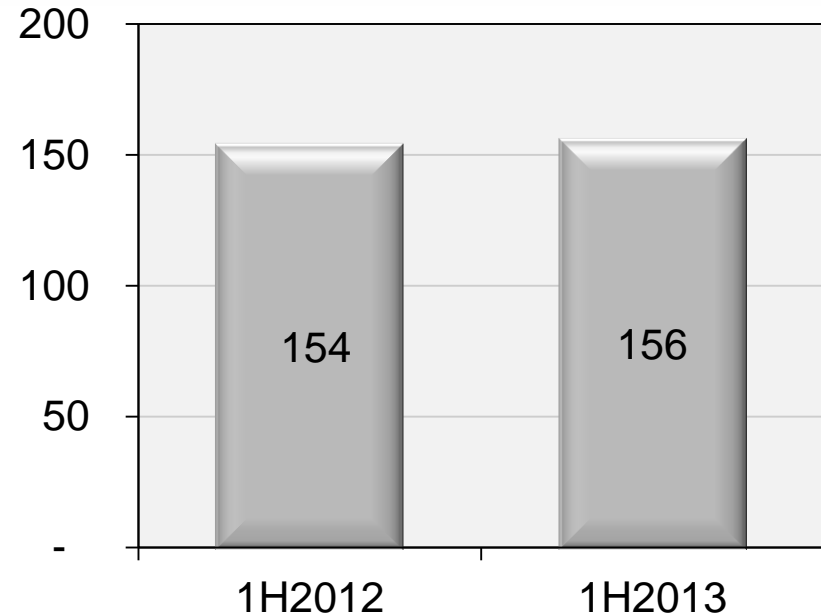
Feed division - overview

Revenue - Rm



- Revenue up 10%
- ✦ Volumes down 5%
- ✦ Realisations up 15%

Operating profit - Rm



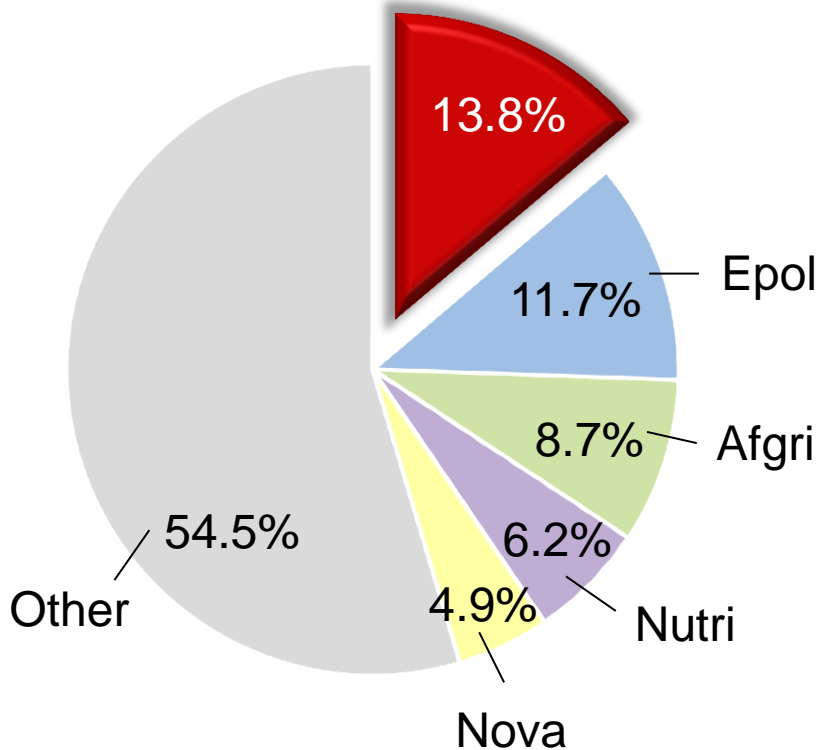
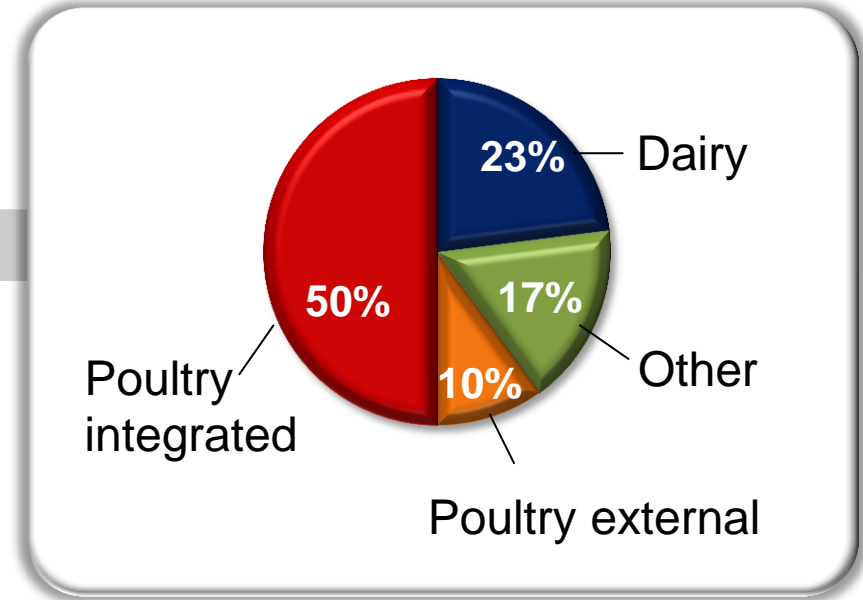
- Operating profit up 1%
- ✦ Profit margin 6.5% (2012: 7.1%)

Feed division - overview

- Livestock producer prices lagging increases in feed costs
- Lower in-house feed volumes (down 12%) due to lower broiler placements
- External sales volumes increased by 3%
- Rand per ton margins maintained on prior year despite a competitive landscape
- The division has shown good cost control for the reporting period

Feed division market segmentation

SA animal feed market: \pm 9.1 million tons per annum

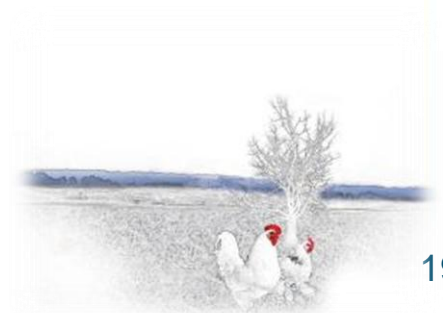


Feed division - prospects

- Maize and soya average prices to reduce in 2H2013
- Drought in the North West Province reduced new season yields
- Current indications of new SA crop \approx 11,2 million tons
- Internal feed volume off-take to increase due to normalized broiler placements
- Focus on Rand per ton margins to continue
- Construction of the new feed mill in Standerton under way

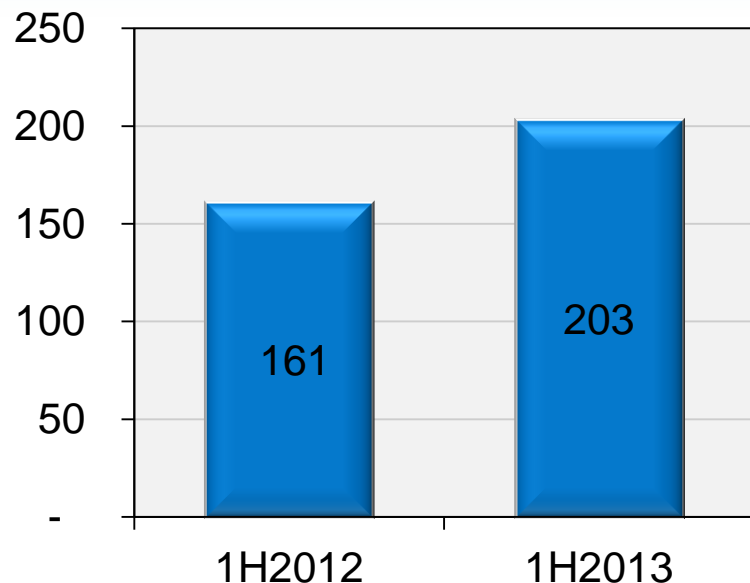


Other Africa division

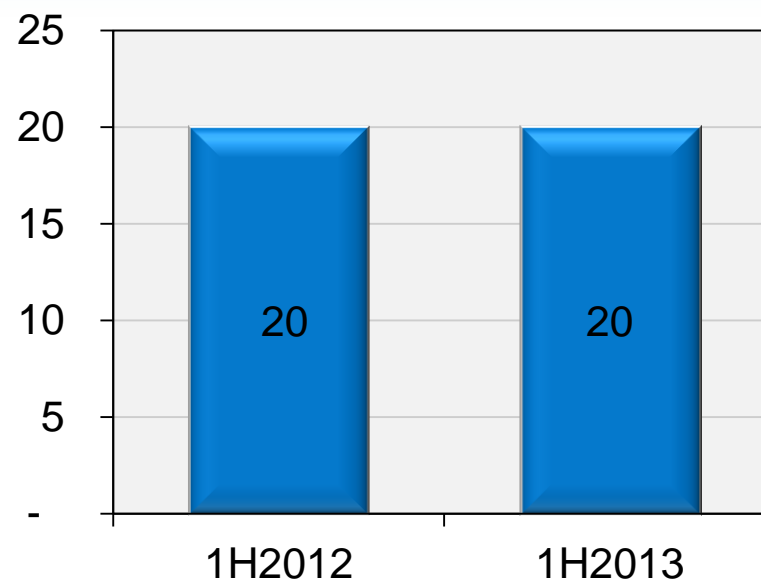


Other Africa - overview

Revenue* - Rm



Operating profit* - Rm



- Revenue up 26%

- ✦ Volumes up 16%

- ✦ Realisations up 10%

- Operating profit unchanged

- ✦ Profit margin 9.6% (2012:12.2%)

* Now includes National Chicks Swaziland

Other Africa division - overview

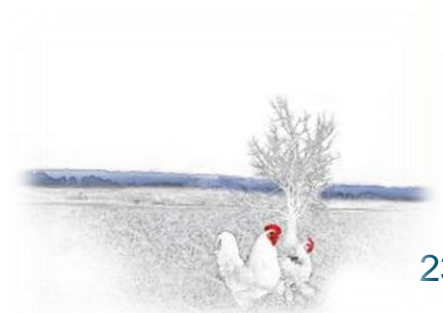
- The new broiler hatchery in Mozambique was commissioned in 1H2013
- The feed mill capacity in Zambia has been increased with the replacement of key equipment
- The feed mill in Mozambique was automated during the reporting period which will improve throughput and efficiencies
- Feed exports from the feed mill in Zambia to neighbouring countries such as the DRC and Zimbabwe have increased in 1H2013

Other Africa division - prospects

- The Zambian maize and soya crops for the new season will fulfill local demand and maize exports from Zambia have been banned
- The continued expansion of feed and day old chick outlets in Mozambique will improve market penetration and sales
- The new broiler breeder operation in Mozambique will be commissioned and operational towards the end of 2013
- The double up of the Zambian hatchery and broiler breeder operation will be completed towards the end of 2013

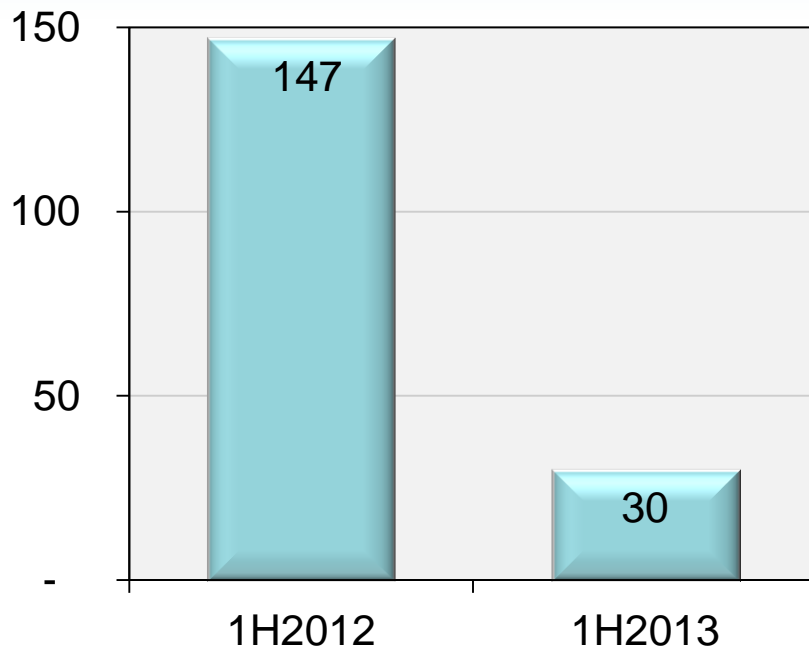


Services and Ventures division

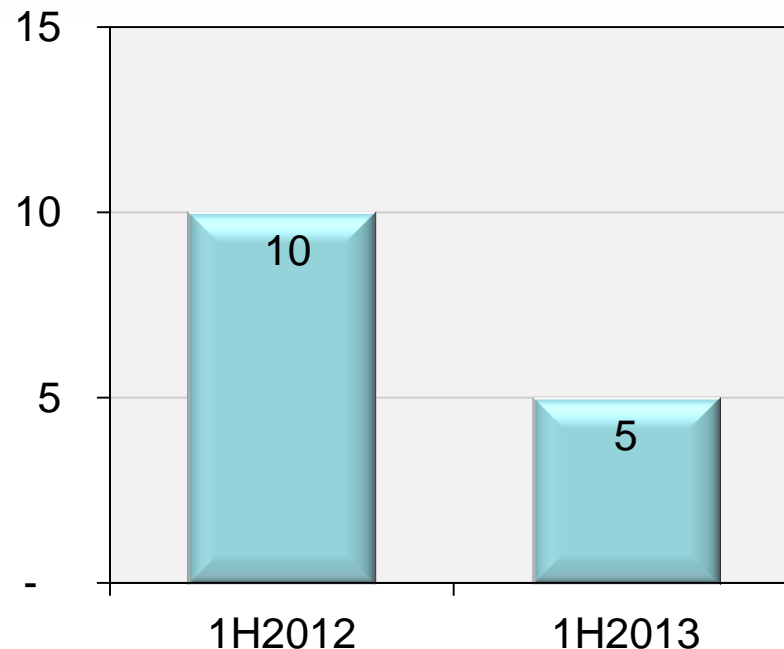


Services and Ventures division

Revenue - Rm



Operating profit - Rm



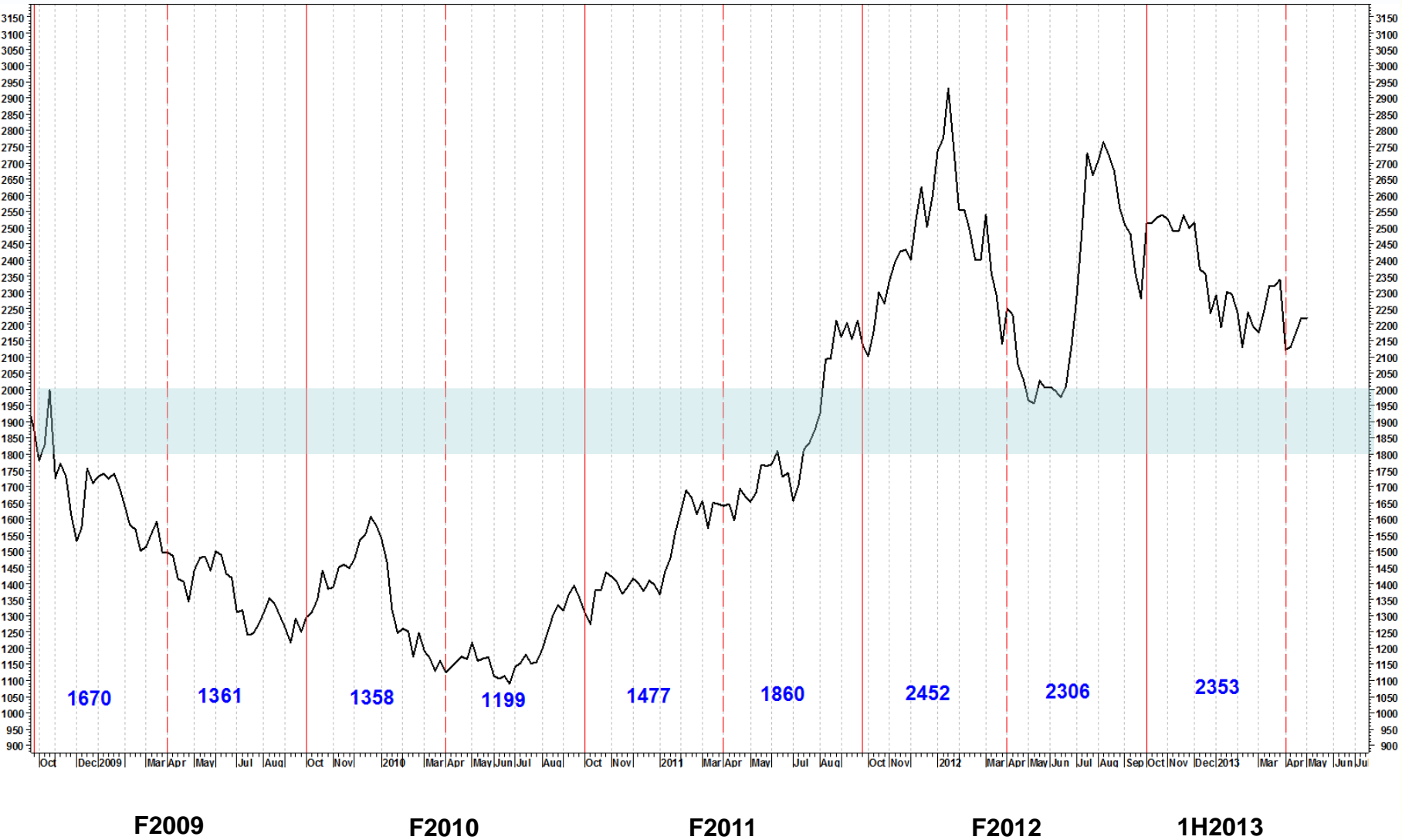
- Comparative period includes East Balt and Nutec
- Current period includes Nutec for 2 months (pre-disposal)
- In future no reporting on this Division as segment will fall away



Poultry industry trends

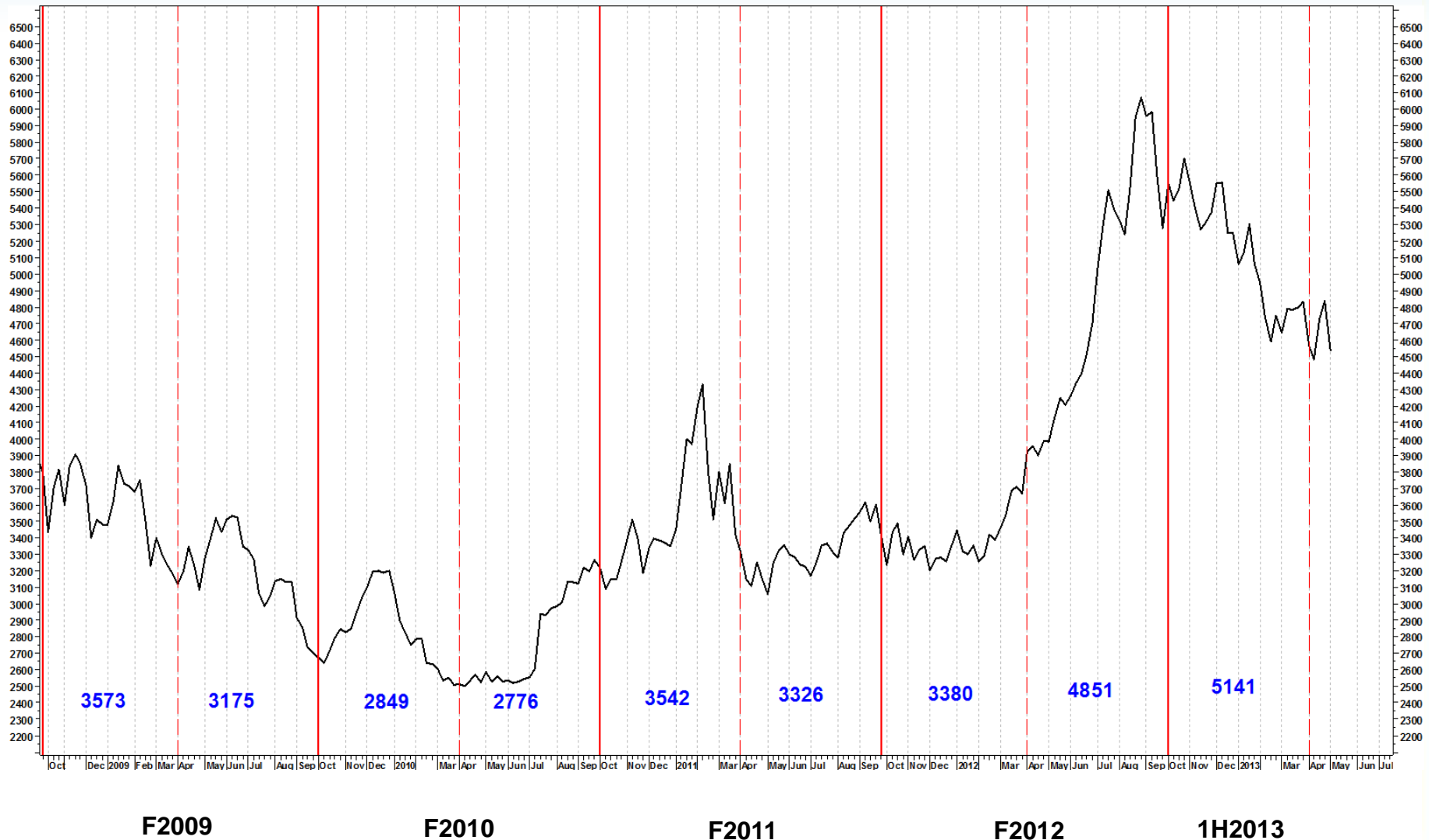


Safex Yellow Maize price from October 2008



Source: CJA Strategic Risk Brokers

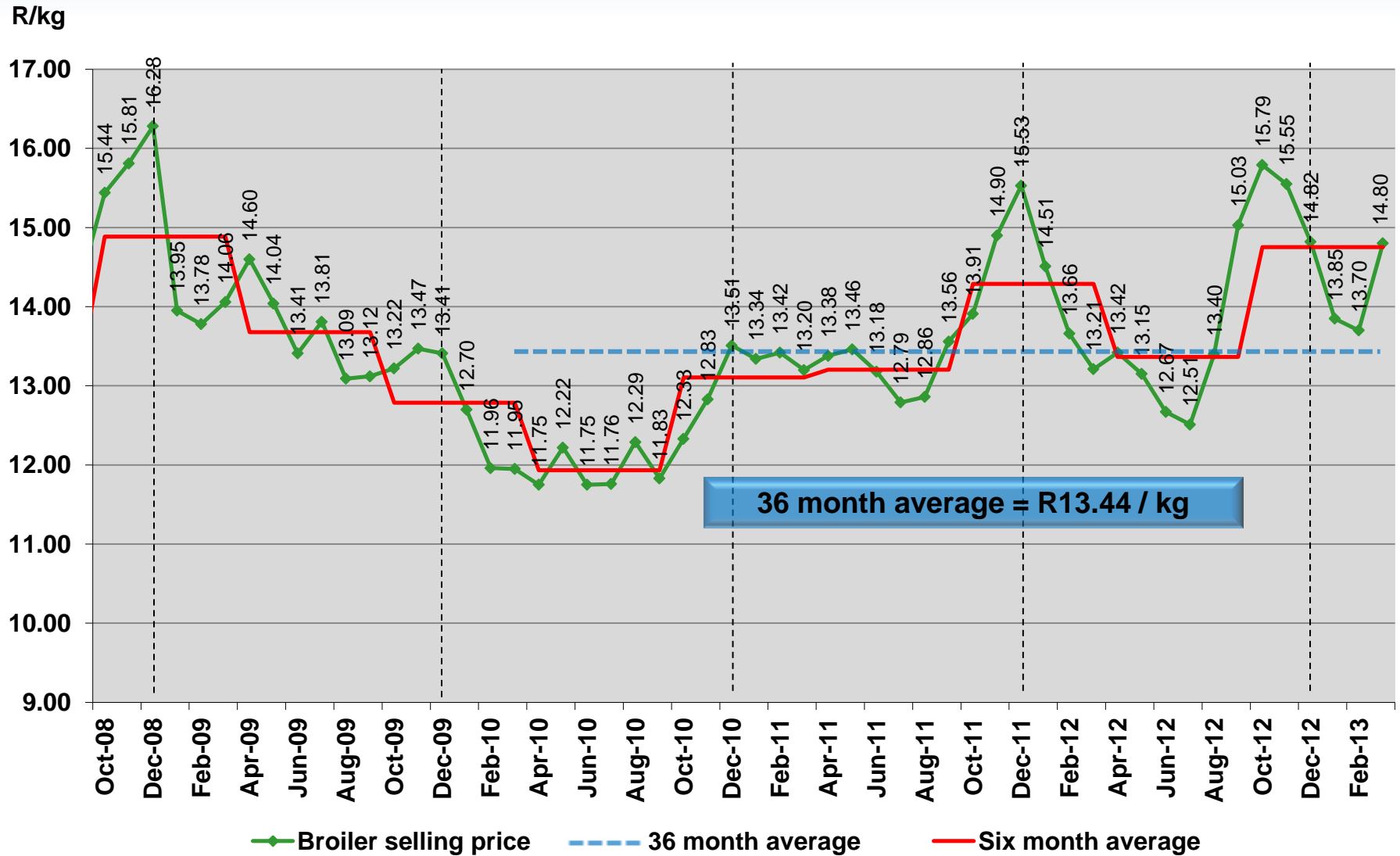
Safex Soya Beans price from October 2008



Maize stock levels

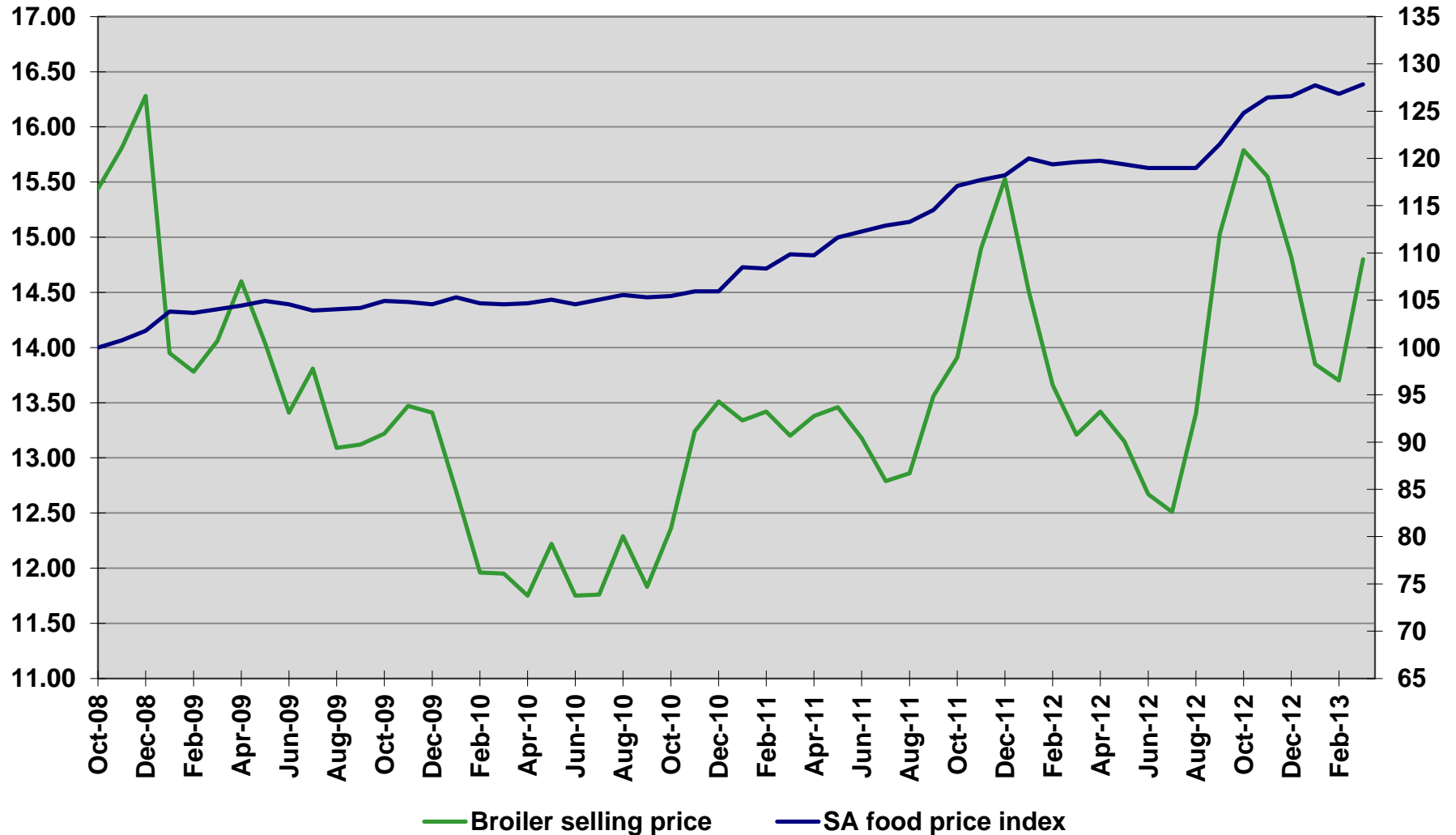
- Impact of US drought 2012 (worst in 50 years):
 - ✦ Maize yields dropped from 10.2 tons per hectare to 7.7 tons per hectare
 - ✦ Production from 370,8 million tons to 279,4 million tons
 - ✦ Stock to use ratio reduced from 17.0 to 7.6
- Impact of RSA drought 2013:
 - ✦ Maize yields dropped from 4.7 tons per hectare to 4.3 tons per hectare
 - ✦ Production from 12,6 million tons to 11,2 million tons (estimate)
 - ✦ Stock to use ratio to reduce from 21.1 to 13.5

Industry broiler selling prices

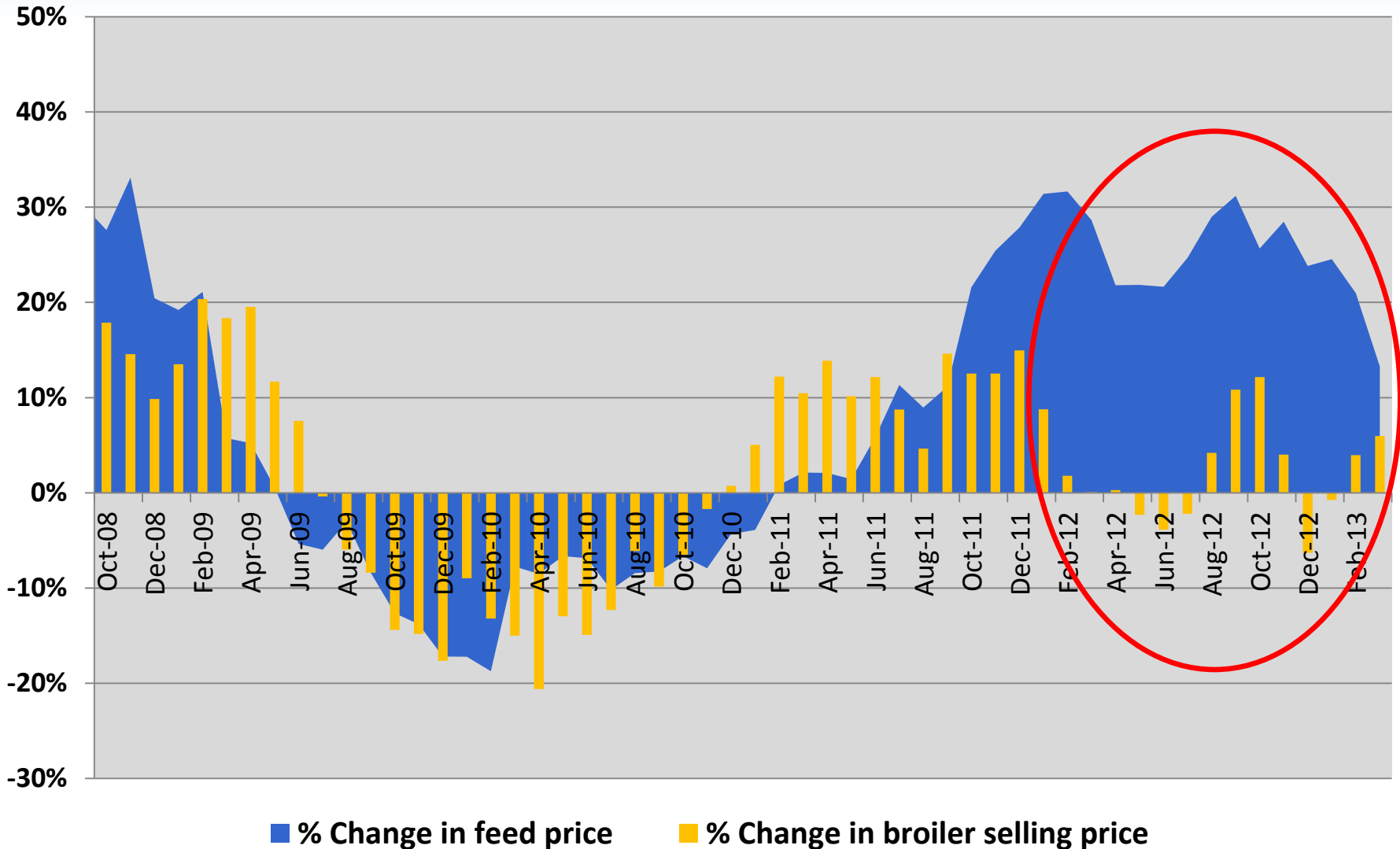


Broiler price vs food price inflation

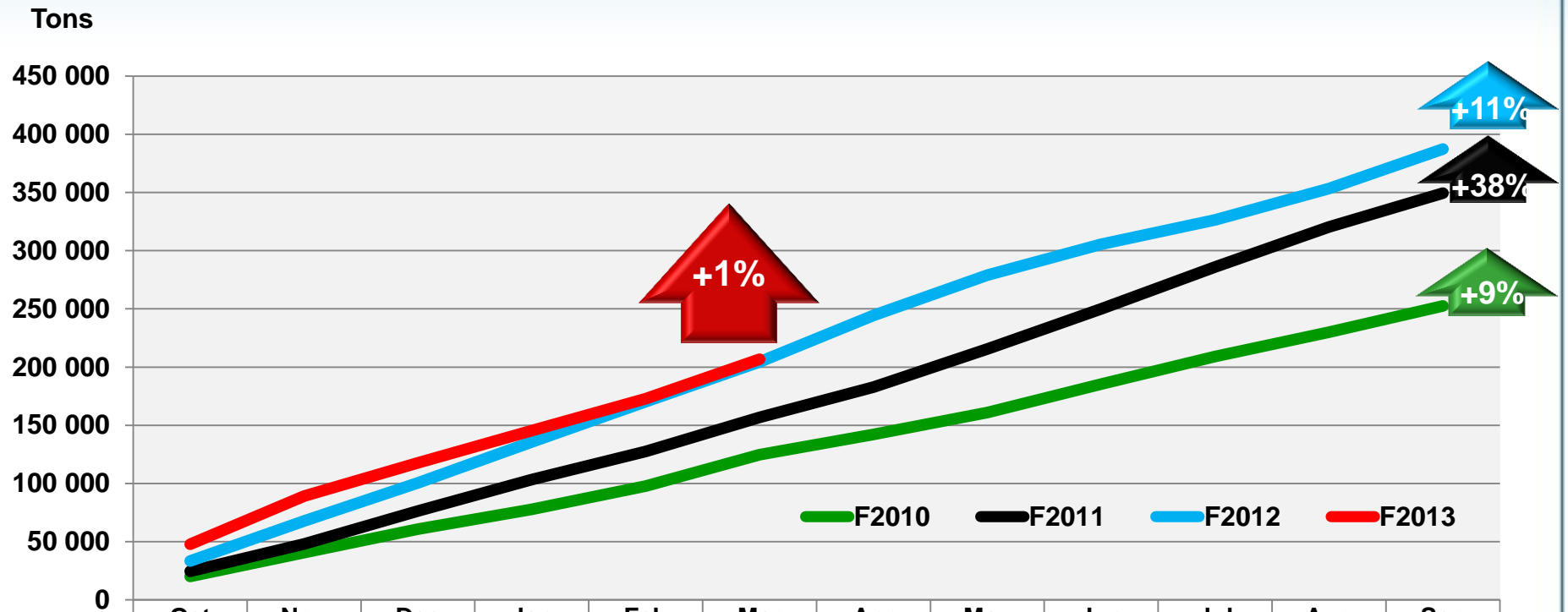
Rand per kg



% Change in broiler selling price vs feed price



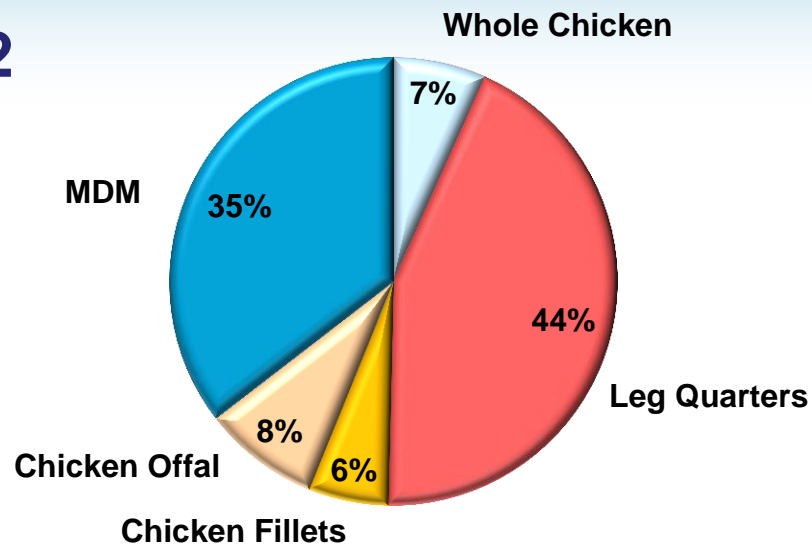
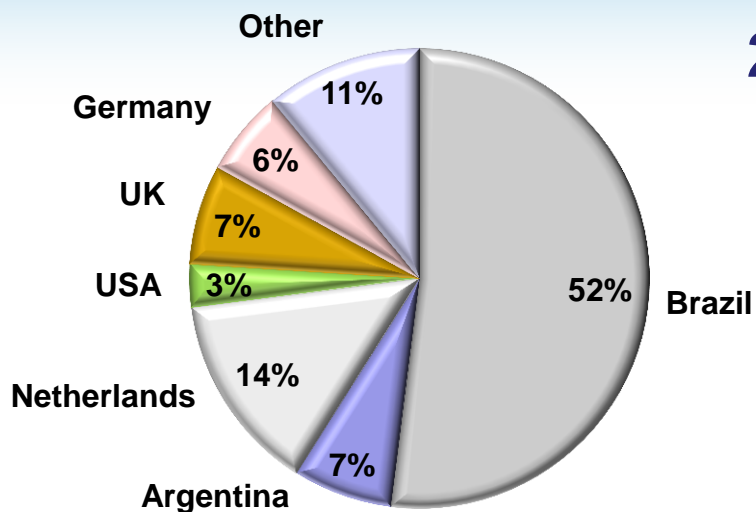
Total poultry imports - chicken, turkey and MDM



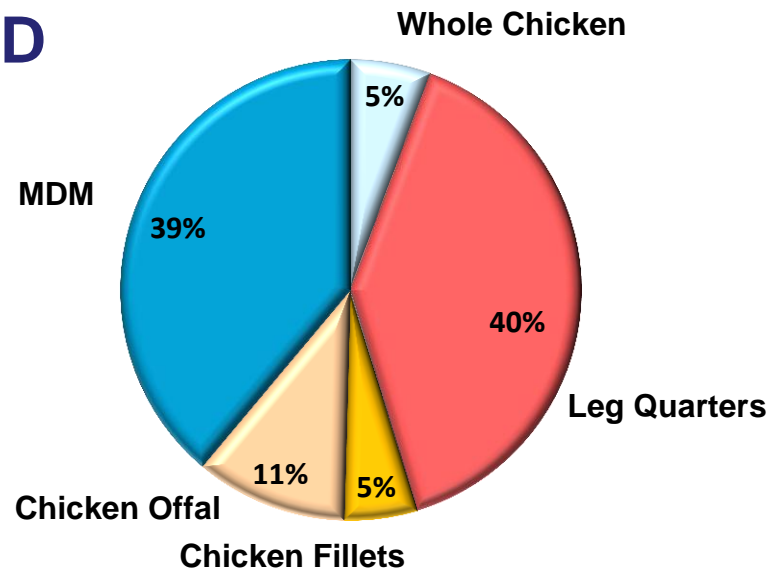
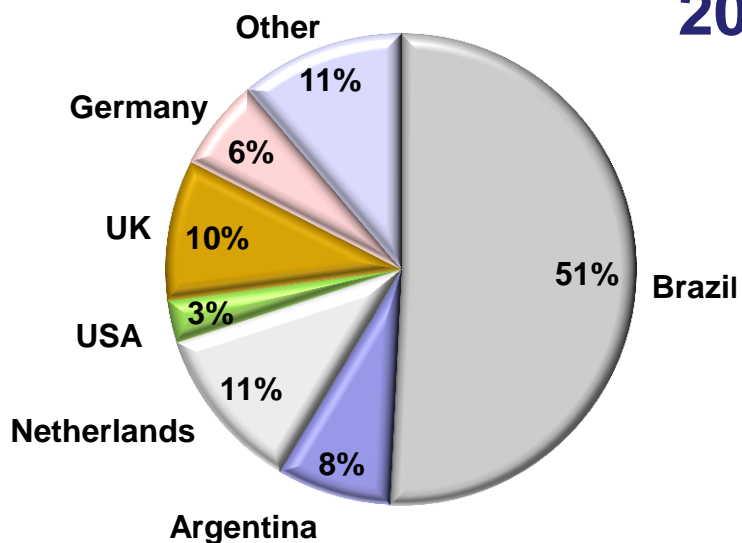
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2010	20 093	40 735	60 774	77 813	97 763	124 813	142 226	160 940	185 290	209 164	229 951	252 485
F2011	24 684	48 108	76 511	103 474	127 429	156 795	182 871	215 684	250 081	286 051	320 321	349 364
F2012	33 348	67 819	100 540	135 614	170 194	204 560	244 296	278 914	305 472	326 520	353 296	387 173
F2013	47 942	89 095	117 712	145 451	172 762	206 704						
Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2012	33 348	34 471	32 721	35 074	34 580	34 365	39 736	34 618	26 558	21 048	26 776	33 877
F2013	47 942	41 153	28 617	27 739	27 311	33 942						
Var %	43.8	19.4	-12.5	-20.9	-21.0	-1.2						

Total poultry imports – country of origin & product split

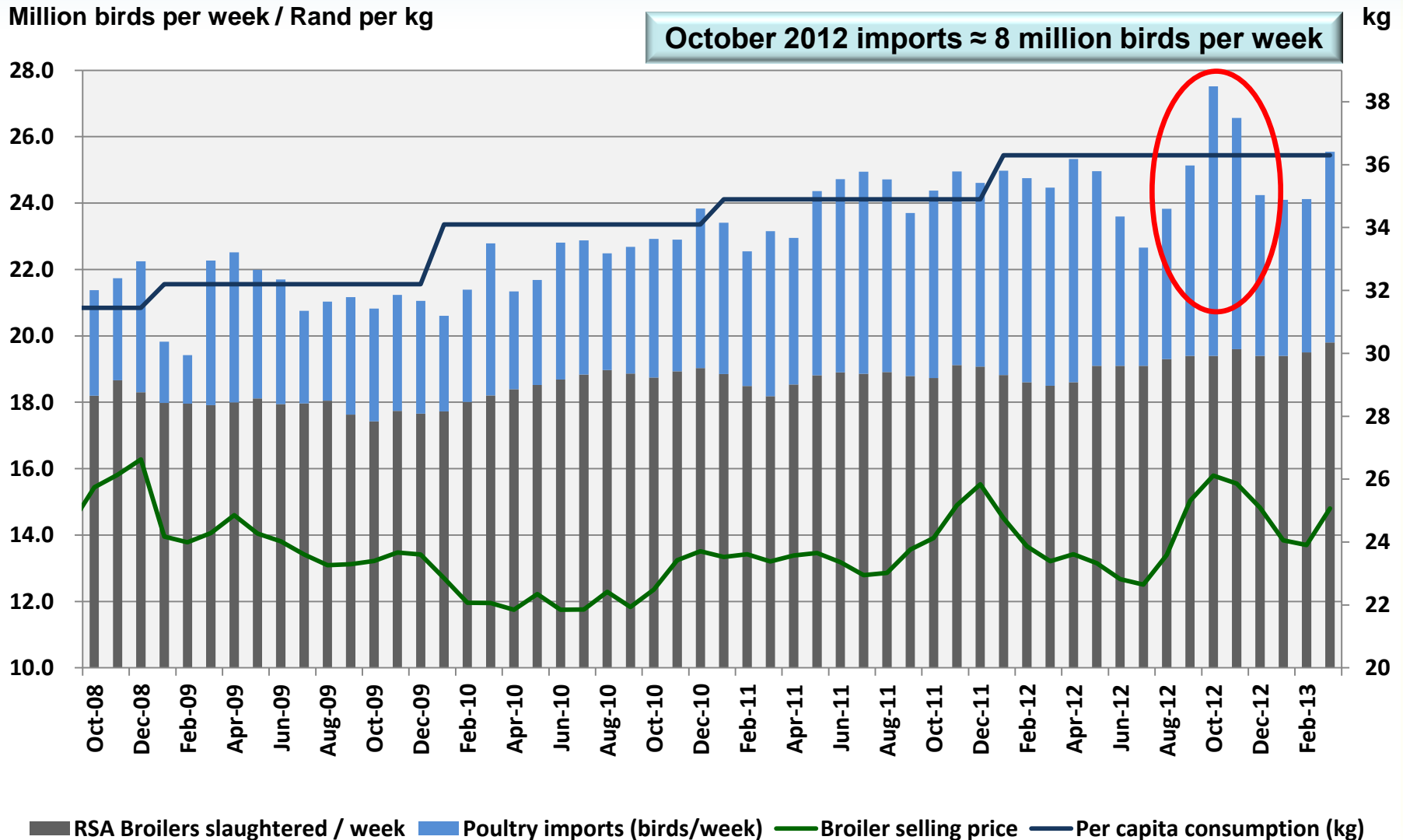
2012



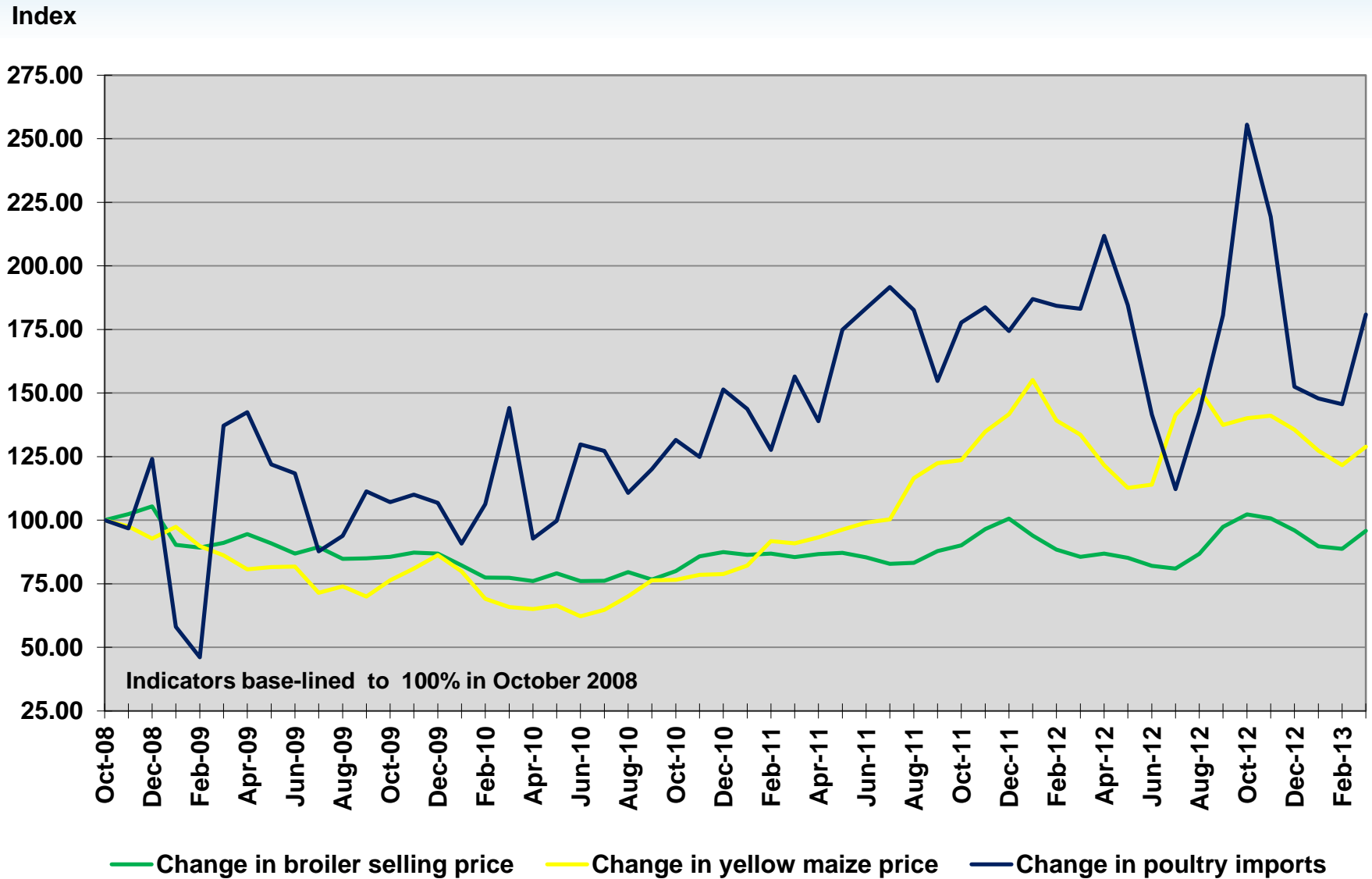
2013 YTD



Number of broilers produced locally & imports, per capita consumption and selling price

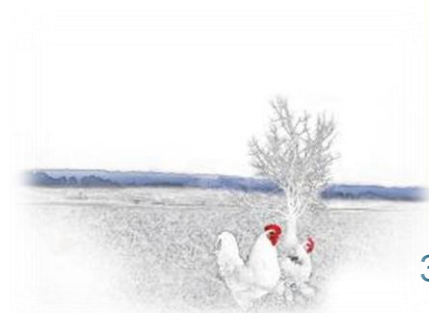


Broiler price vs maize price vs imports





Financial overview

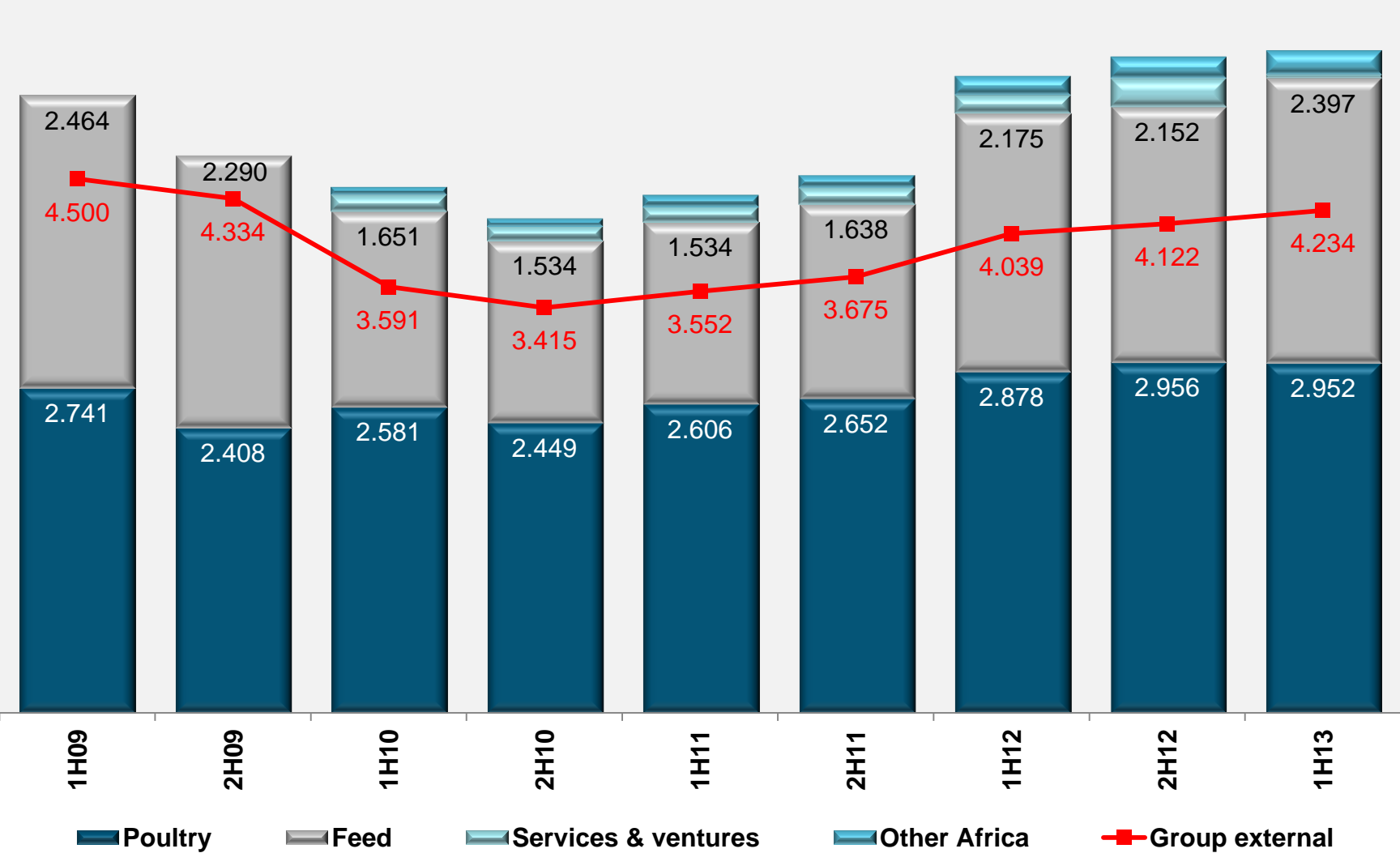


Abridged statement of comprehensive income

Six months ended 31 March	2013 Rm	2012 Rm	% change
Revenue	4 234	4 038	5%
Operating profit	64	323	80%
<i>Operating profit margin</i>	1.5%	8.0%	80%
Profit on sale of Nutec	79	-	
PBIT	143	323	56%
Net finance cost	12	8	
Share of profit of associates	2	-	
Profit before tax	133	315	58%
Tax	26	114	77%
Profit for the period	107	201	
Headline Earnings	36	199	82%
EPS - Cents	278	523	47%
HEPS - Cents	94	522	82%

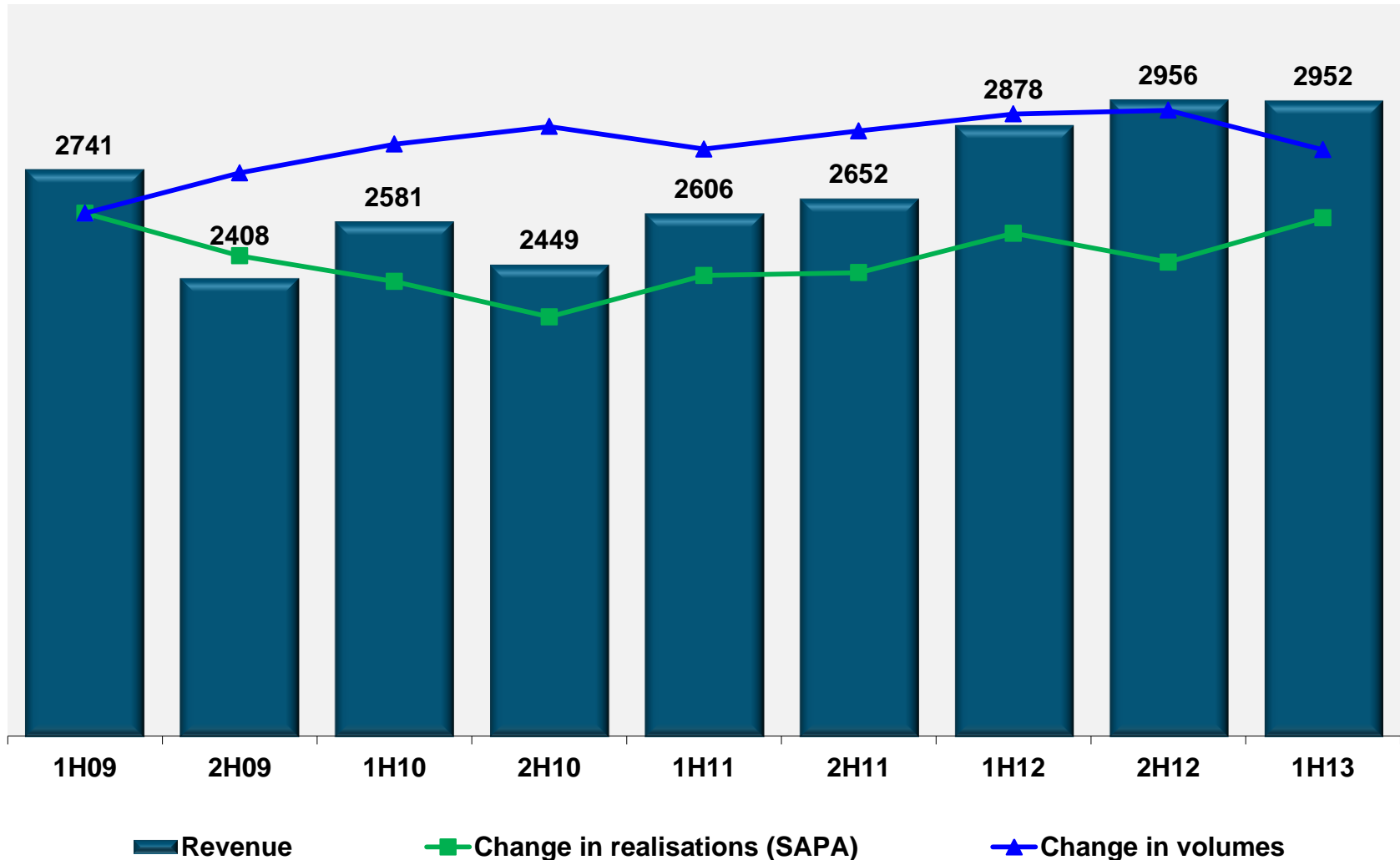
Group six monthly revenue

R billion



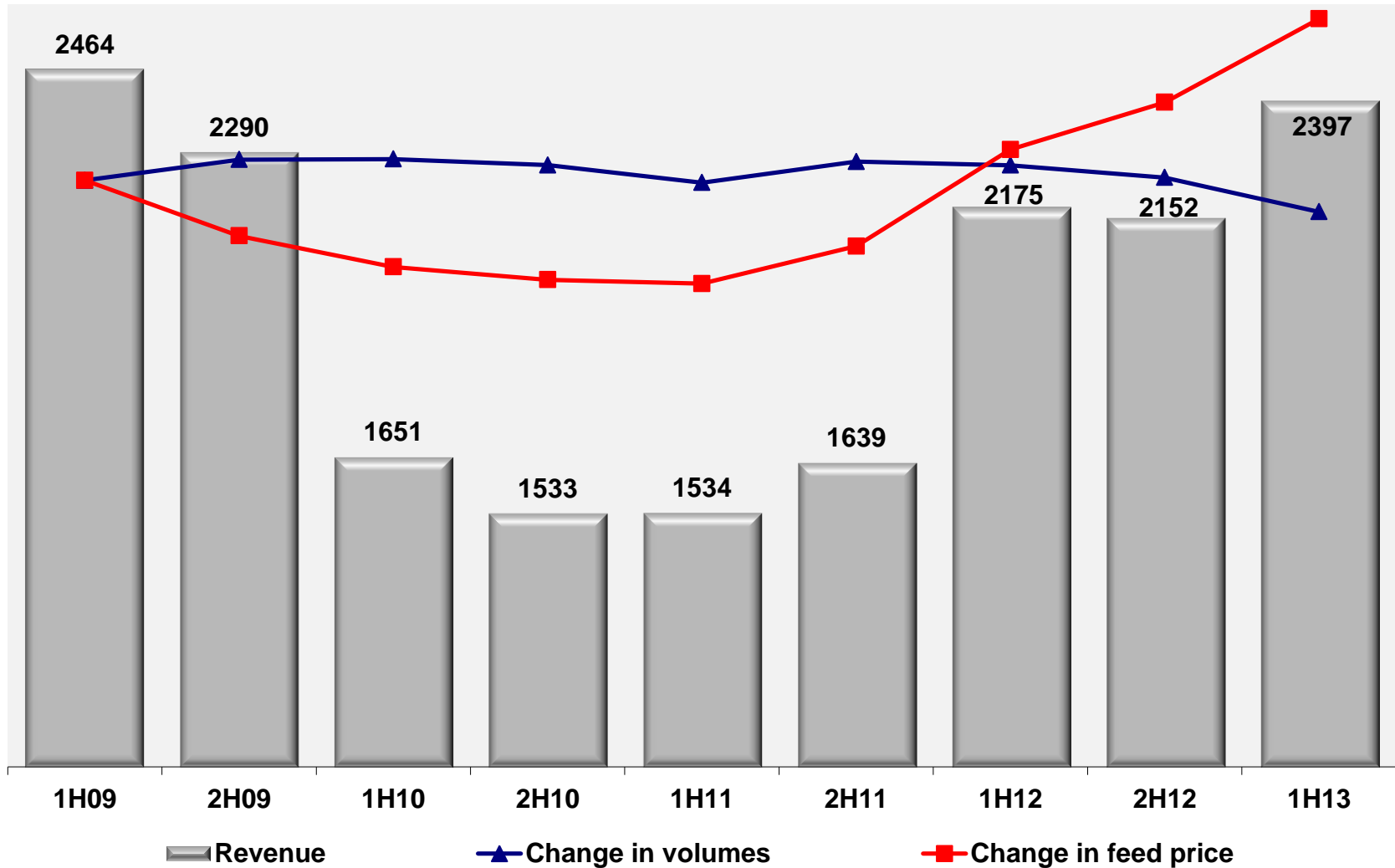
Poultry – six monthly revenue

R million



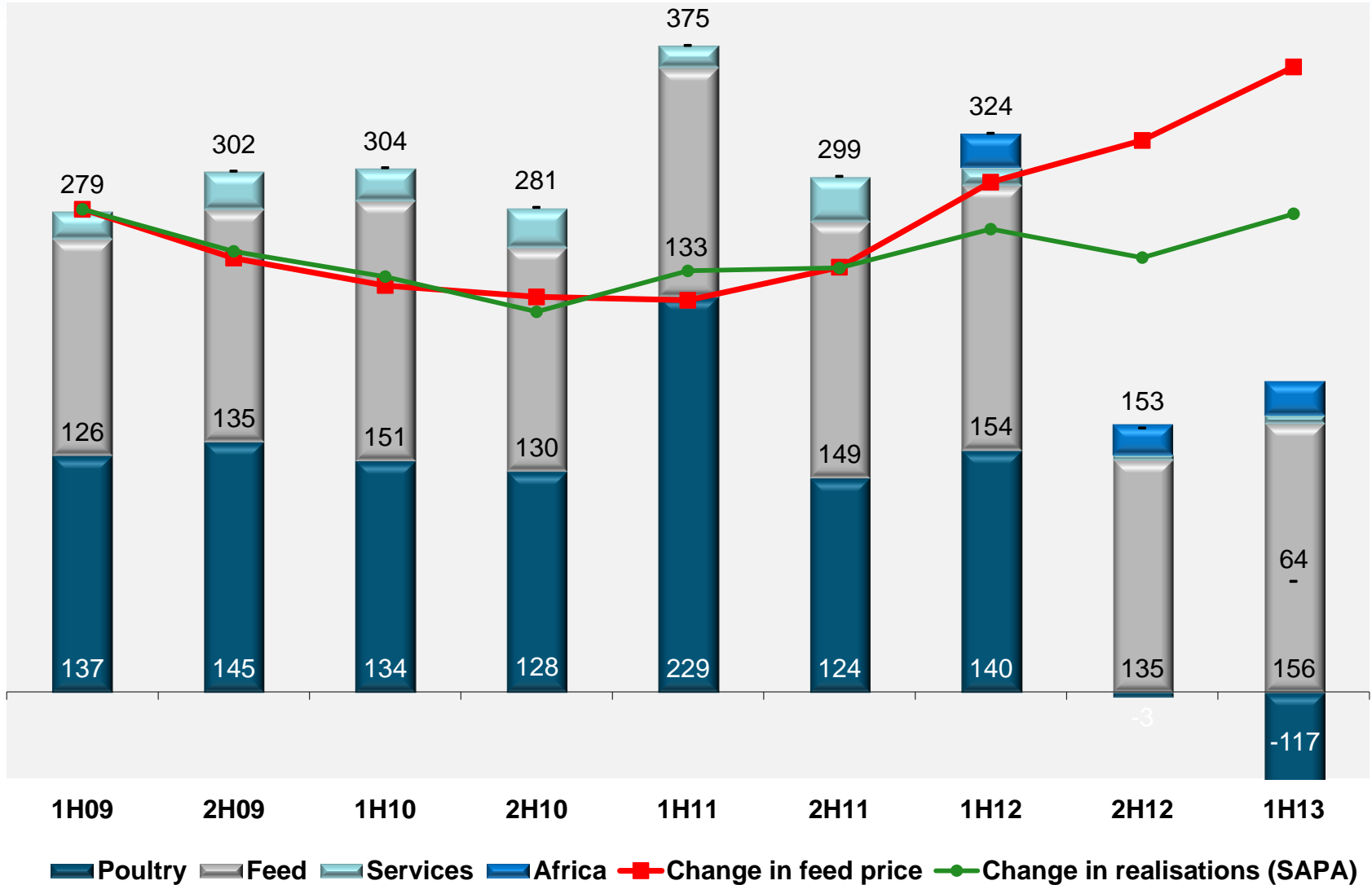
Feed – six monthly revenue

R million












Group six monthly operating profit





R million



Abridged statement of financial position

	March 2013 Rm	Sept 2012 Rm	% change
Non-current assets	1 940	1 840	 5%
Net working capital	418	333	 25%
Current assets (excl. cash)	1 664	1 648	 1%
Current liabilities (excl. borrowings)	(1 246)	(1 315)	 5%
Non-current liabilities (excl. borrowings)	(513)	(502)	 2%
Assets held for sale	-	31	
Net assets	1 845	1 702	 8%
Net debt	267	106	 152%
<ul style="list-style-type: none"> ▪ <i>Structured debt</i> 	113	28	
<ul style="list-style-type: none"> ▪ <i>Cash and cash equivalents (incl. overdraft)</i> 	154	78	
Equity	1 578	1 596	 1%
Total	1 845	1 702	 8%

Cash Flow

Six months ended 31 March	2013 Rm	2012 Rm	% change
Cash operating profit	122	388	 69%
Working capital movement	(89)	(86)	
	33	302	 89%
Tax paid	(15)	(111)	
Net interest paid	(15)	(10)	
Capital expenditure	(104)	(86)	
Proceeds on disposal of Nutec	64	-	
Other cash flow items	3	5	
Cash flow before financing activities	(34)	100	 66%
Movement in borrowings	85	(6)	
Dividends paid	(128)	(194)	
Movement in cash equivalent	(77)	(100)	
Disposed / held for sale	(16)	(13)	
Opening balance	(61)	69	
Closing balance	(154)	(44)	

Capital expenditure

Six months ended 31 March	2013 Rm	2012 Rm
Depreciation	60	61
Replacement capex	36	47
Expansion capex - other	14	40
- new feed mill*	58	-
Total capex spent	108	87
Commitments - other	115	
- new feed mill*	139	
Total spent and committed	362	

* Financed from structured debt

Dividend

- No interim dividend has been declared with consideration given to:
 - ✦ Low earnings have been reported for the period
 - ✦ Increased level of average net borrowings
 - ✦ Profitability still in a recovery phase



Industry matters



Industry matters

- Industry update – Kevin Lovell (SAPA)

- ✦ ITAC import tariff submission 

- ✦ Anti-dumping duty application

- ✦ EU zero rated tariffs

- ✦ DAFF proposed brine legislation

- ✦ Claims made by AMIE in media reporting

Proposed rate of duty on frozen chicken meat

Product Description	Current duty	Proposed duty	Type of duty requested
Carcasses with all cuts (e.g. thighs, wings, legs and breasts) removed	27%	991c/kg with a maximum of 82%	Specific duty capped with the bound rate
Whole birds	27%	1111c/kg with a maximum of 82%	Specific duty capped with the bound rate
Boneless cuts	5%	12% or 220c/kg	Combination duty capped with the bound rate
Offal	220c/kg	67% or 335c/kg	Combination duty capped with the bound rate
Bone – in portions	27%	56% or 653 c/kg	Combination duty capped with the bound rate





Prospects



Prospects

The **outlook for good maize crops** in South Africa and the United States is **less optimistic** as a result of unfavourable weather conditions, which could lead to **prolonged high feed input costs**, albeit with **some softening in grain prices in the coming six months** off the highs of the past reporting period.

The **slowing level of growth in the economy** and **higher unemployment** levels will continue to **depress consumer spending**. This, coupled with **high levels of poultry imports**, will continue to **hamper** the industry's ability to **recover the high input costs**.

If the **SAPA application to ITAC for higher poultry tariffs** is successful, this will go some way to **improving the imbalance** in the **supply and demand of chicken**.



Strategic focus

***“To be the best cost
integrated poultry
producer and grow the
business organically
through selective
investments”***



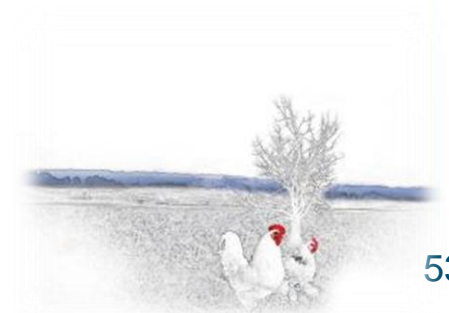
Q & A





New Standerton Feed Mill

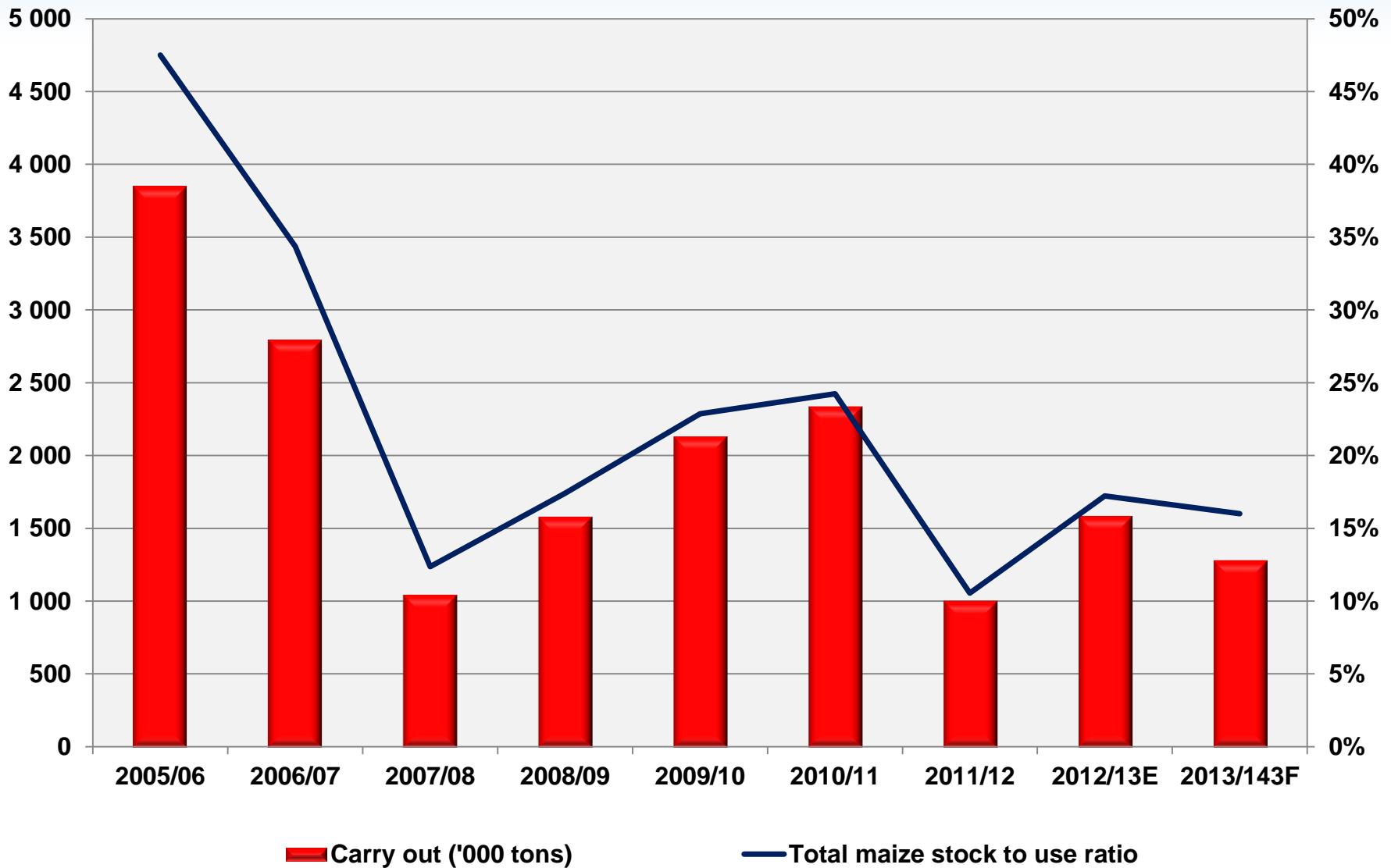
Additional information



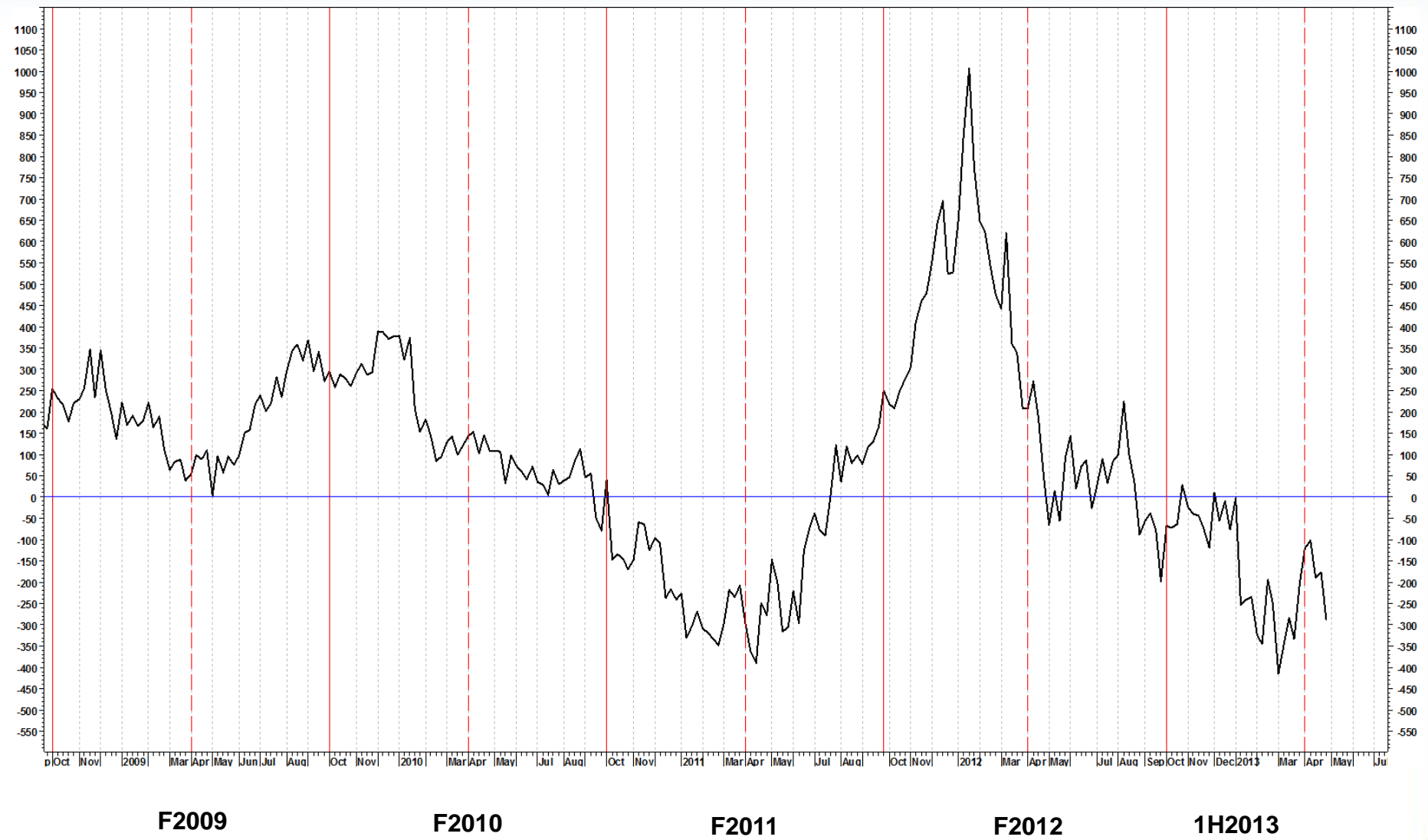
RSA total maize supply and demand

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13E	2013/14F
<i>Marketing year (May-Apr)</i>	Act	Act	Act	Act	Act	Estimate	Forecast
Carry In (1 May)	2 070	1 049	1 584	2 134	2 340	994	1 598
Crop Estimate						12 121	11 121
Sagis Delivery	6 884	11 891	11 629	12 015	10 325	11 687	10 683
Minus early deliveries	0	0	0	0	0	0	0
Imports	1 120	27	27	0	422	11	150
Total Supply	10 074	12 967	13 240	Copied	13 087	12 691	12 431
Domestic Usage Food	3 809	4 523	4 478	4 515	4 492	4 345	4 557
Domestic Usage Feed	4 158	4 011	4 101	4 271	4 343	4 327	4 338
Gristing, withdrawn & released	510	562	755	866	692	607	574
Total Domestic Usage	8 477	9 096	9 334	9 652	9 527	9 279	9 469
Exports & Sundries	535	2 287	1 772	2 158	2 554	1 814	1 447
Plus early deliveries	0	0	0	0	0	0	0
Carry Out (30 Apr)	1 049	1 584	2 134	2 340	1 006	1 598	1 515
No of days usage	45	64	83	88	39	63	58
STU	12.37%	17.42%	22.87%	24.24%	10.56%	17.22%	16.00%

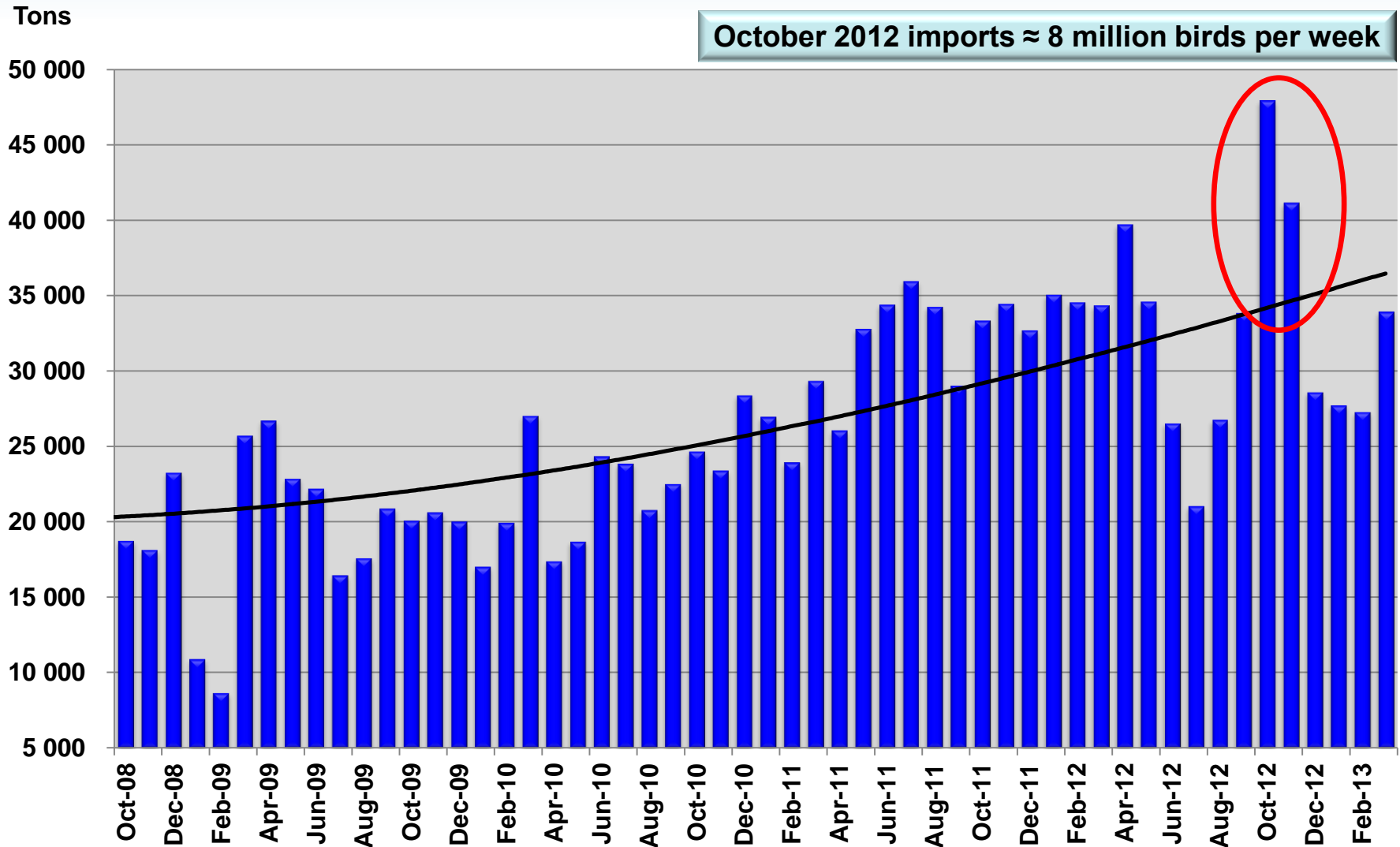
Total RSA maize carry out and stock to use ratio



Safex Yellow Maize vs CBOT Corn in Rand terms



Poultry imports per month

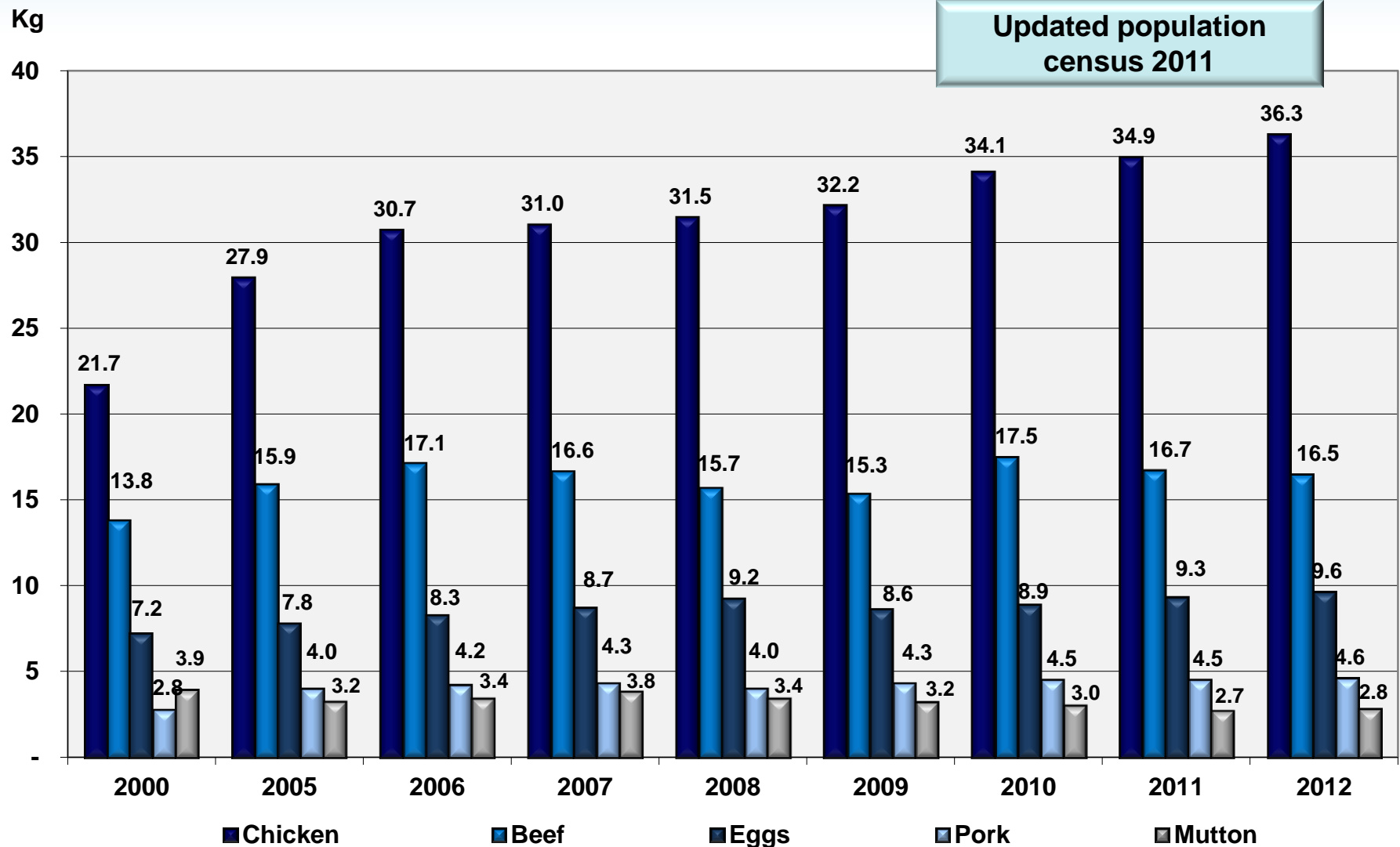


Brazil & Europe benchmark – product cost (April 2013)

EX BRAZIL - April 2013					
FROZEN LEG QUARTERS BULK PACKED					
SCENARIOS BASED ON R/\$ EXCHANGE RATE					
CIF DBN US\$ per ton	TON	1 610.00	1 610.00	1 610.00	SA COST
R/\$ exchange rate	R\$	8.50	9.00	9.50	
Rand per ton	TON	13 685.00	14 490.00	15 295.00	19 960.00
Rand per kg	KG	13.69	14.49	15.30	19.96
Duty per kg	KG	2.20	2.20	2.20	-
Clearance costs	KG	0.50	0.50	0.50	-
COST INTO STORAGE	KG	16.39	17.19	18.00	19.96
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.60	0.60	0.60	0.64
Financing	KG	0.60	0.60	0.60	0.57
TOTAL COST	KG	18.09	18.89	19.70	21.17

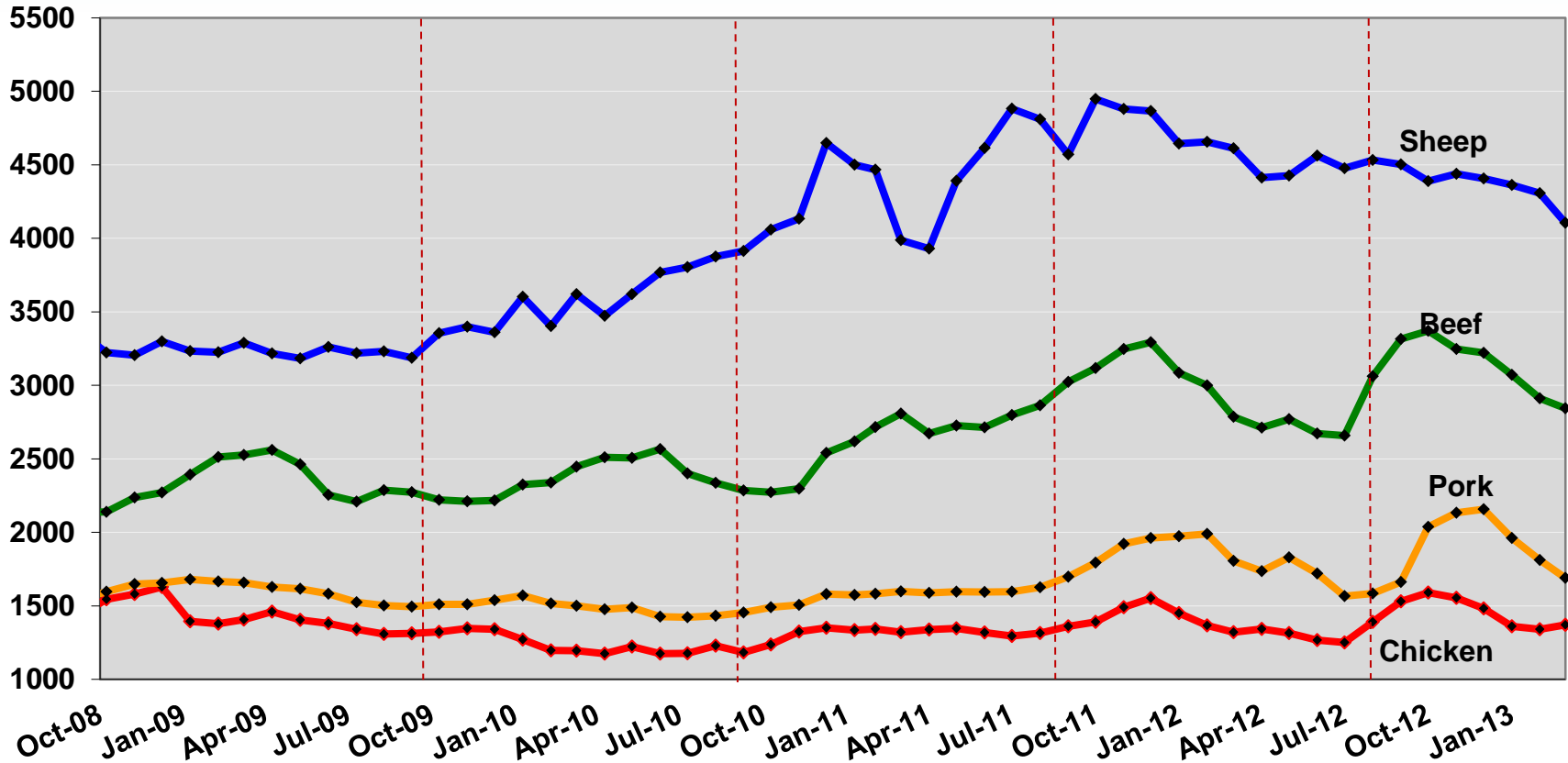
EX EUROPE - April 2013					
FROZEN LEG QUARTERS BULK PACKED					
SCENARIOS BASED ON R/\$ EXCHANGE RATE					
CIF DBN US\$ per ton	TON	1 585.00	1 585.00	1 585.00	SA COST
R/\$ exchange rate	R\$	8.50	9.00	9.50	
Rand per ton	TON	13 472.50	14 265.00	15 057.50	19 960.00
Rand per kg	KG	13.47	14.27	15.06	19.96
Duty per kg	KG	0.00	0.00	0.00	-
Clearance costs	KG	0.50	0.50	0.50	-
COST INTO STORAGE	KG	13.97	14.77	15.56	19.96
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.60	0.60	0.60	0.64
Financing	KG	0.60	0.60	0.60	0.57
TOTAL COST	KG	15.67	16.47	17.26	21.17

Per capita consumption: South Africa



Producer price comparison – SA Protein

Estimated monthly prices (c/kg) October 2008 – March 2013



	Chicken	Pork	Beef	Sheep
Feed Conversion Rate	1.7	2.2	5.5	5.0
Per Capita Consumption	36.3kg	4.6kg	16.5kg	2.8kg

Competition Commission

- An all-inclusive agreement with the Competition Commission has been negotiated to settle all previous and current matters and investigations
- The settlement value of R17 million is fully provided
- The agreement remains to be confirmed as an order by the Competition Tribunal

Labour matters

- Strike action

- ✦ Earlybird Olifantsfontein (Processing) – 9 week strike

- ✦ County Fair (Farms) – 8 week strike

- ✦ Direct cost of both strikes – R37 million

- ✦ In both instances the strikes were settled at a 0% increase in wages

- Farm workers minimum wage

- ✦ Legislated at R105 per day on 1 March 2013

- ✦ The cost of introducing the minimum wage to Astral is R3,3 million per annum

New Standerton feed mill

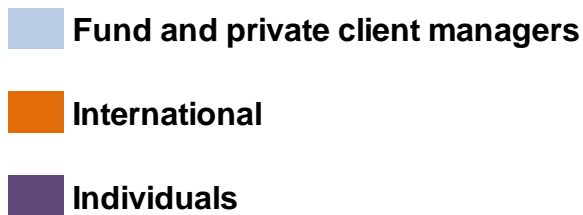
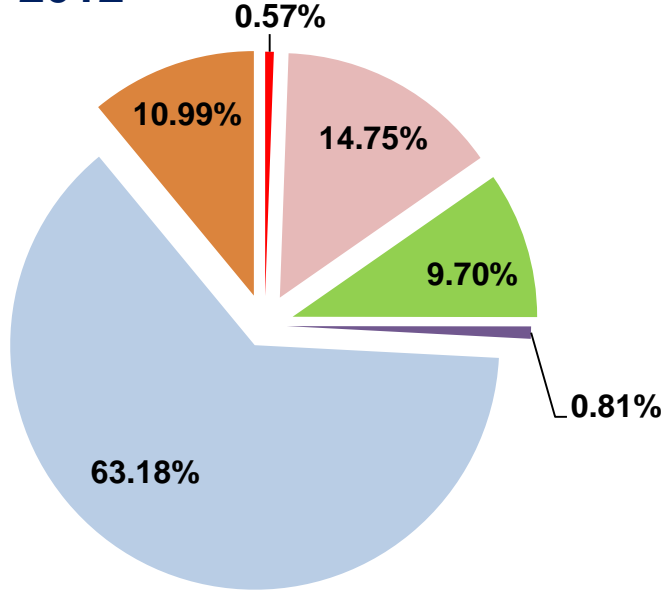
- Scheduled for cold commissioning in January 2014
- Construction works commenced on 11 November 2012
- Equipment installation to commence on 1 June 2013
- Project completion and beneficial occupation on 1 March 2014
- Capital expenditure budget R197 million



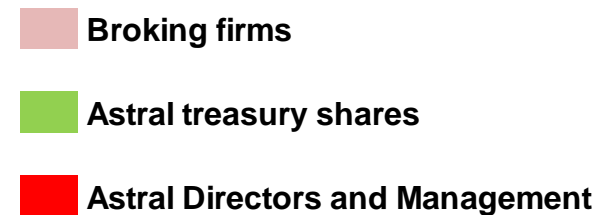
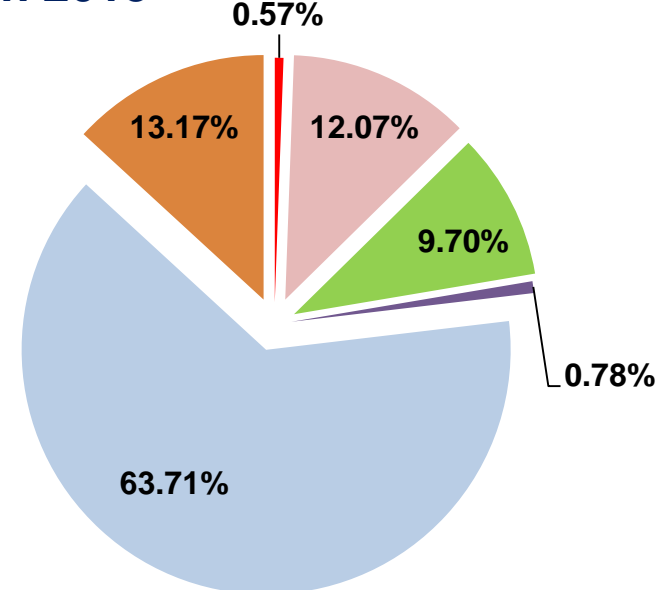
Astral shareholder analysis

- Interest in Astral's shares by foreign investors
- Astral's major shareholders have remained largely unchanged

September 2012



March 2013



Contact details



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Chief Executive Officer

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