



**AFGRI**

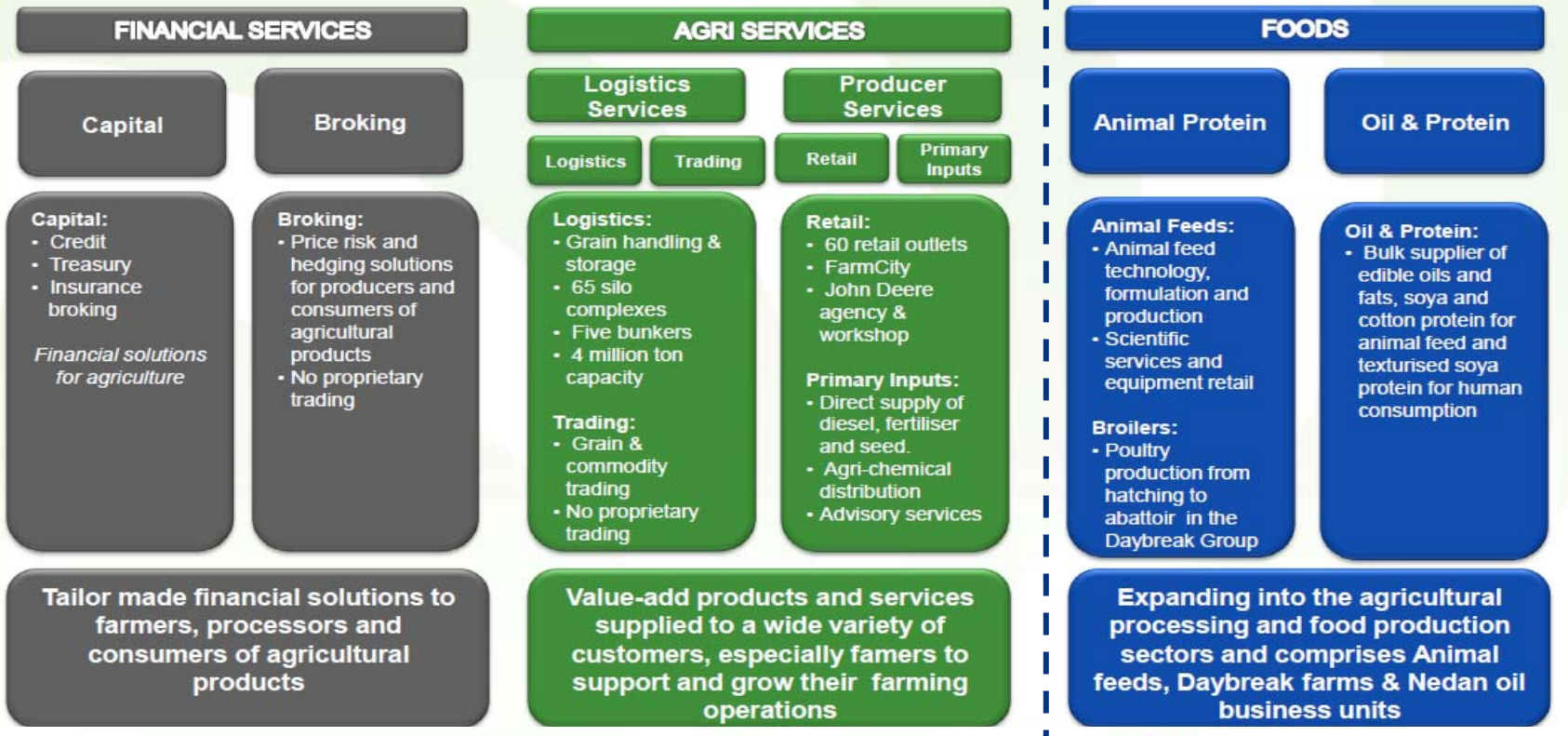
growth the natural outcome

# **AFGRI FOODS INVESTOR PRESENTATION**

**June 2009**

# AFGRI GROUP STRUCTURE

## Operational activities

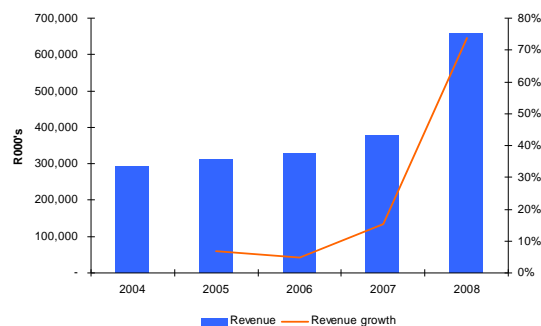


# AFGRI FOODS - DAYBREAK

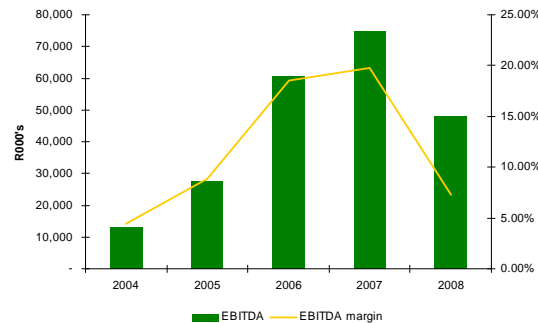
- AFGRI's broiler operations operate as Daybreak farms
- Situated in Sundra near the Gauteng market
- Daybreak produces 900,000 day old chicks through its subsidiary Midway Chix (capacity: 1,000,000 birds per week)
- Broilers grown on own farms and by contract growers on specially formulated high performance diets from AFGRI Animal Feeds
- Supplies a range of products under the "Superior" brand name
- Focuses on supplying the independent wholesale market
- Currently produces 650,000 birds per week (capacity: 750,000 birds per week)
- Currently utilising Ross genetics



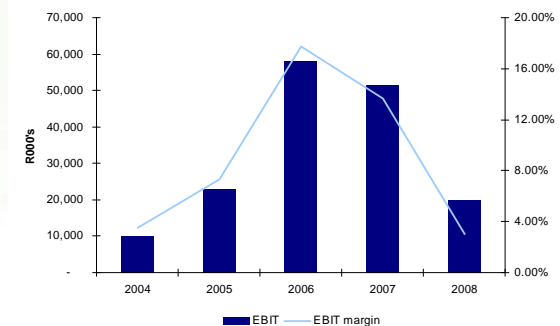
Revenue and Revenue Growth



EBITDA and EBITDA Margin



EBIT and EBIT Margin

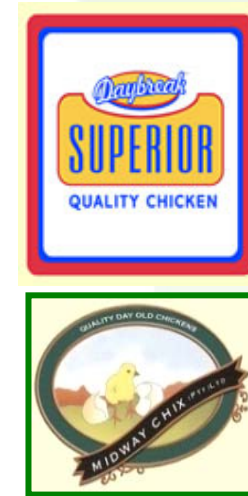


## DAYBREAK - FARM PERFORMANCE



- Daybreak achieves strong farming results:

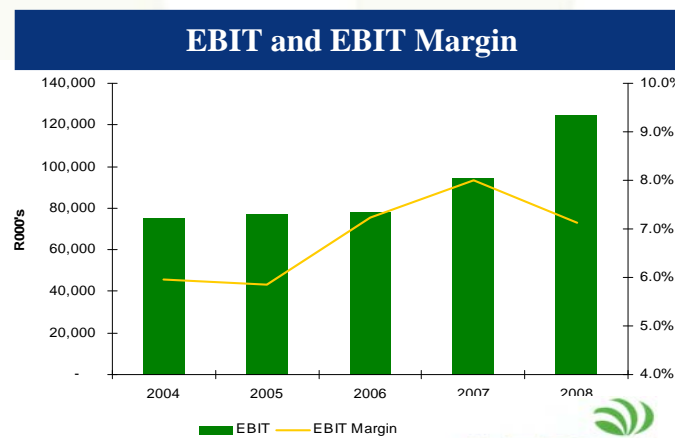
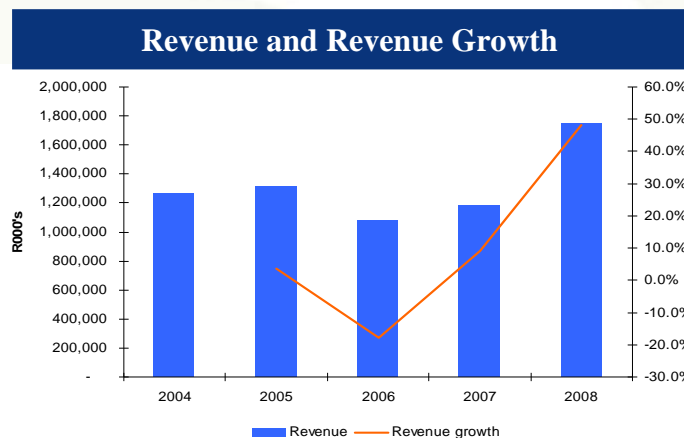
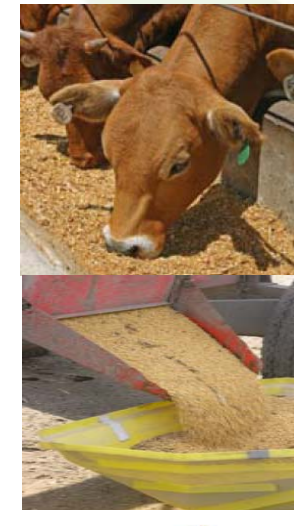
Live weight per bird (kg)	1.81kg
Mortalities (%)	4.1%
Feed conversion ratio (kg of feed per kg of chicken)	1.78
Abattoir yield (%)	116%
Birds per square metre	19
Kg's per square metre	33kg



- Daybreak utilises a combination its own farms (55% of production) and contract farmers (45% of production)
- This model enables farm production to be expanded without the need for significant capex
- Daybreak currently owns 14 farms and has contracts with farmers on another 16 farms providing 266,075m<sup>2</sup> of floor space
- If Daybreak's current average birds per m<sup>2</sup> (of 19 birds per m<sup>2</sup>) is increased to 22 birds per m<sup>2</sup>, farming capacity is approximately 800,000 birds per week

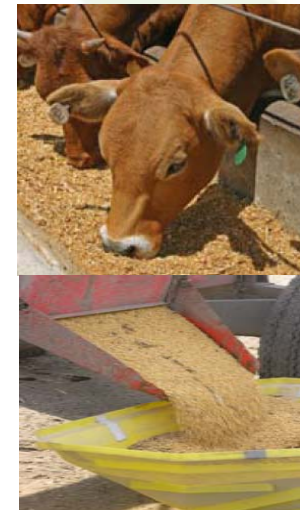
# AFGRI FOODS – ANIMAL FEEDS

- AFGRI Animal Feeds operates six feed mills in Mpumalanga, Gauteng, Free State, and the Eastern and Western Cape with expansion into KwaZulu-Natal underway
- In addition, AFGRI Animal Feeds also operates a rendering plant in Mpumalanga to produce animal by-products as a cost effective raw material
- Production is aimed mainly at the poultry and dairy markets
- AFGRI Animal Feeds focuses on technologically advanced feeds, manufactured to the highest standards based on the latest local and international technology
- Feed trials are continuously run in conjunction with protein producers and under an international technology agreement
- Currently produces 60,000 tons of feed per month (capacity: 90,000 tons per month)



## ANIMAL FEEDS – DEFENSIVE & RELIABLE CASH GENERATOR

- Approximately 9,000 tons of feed per month of the total 60,000 tons of feed produced per month (15%) are consumed by the Daybreak Group
- 85% of feed produced is sold externally
- AFGRI Animal Feeds has produced consistent growth despite underlying commodity cycles
- Extremely defensive and reliable cash generator with growth potential in times of growing volumes
- Provides stability to the more cyclical poultry business



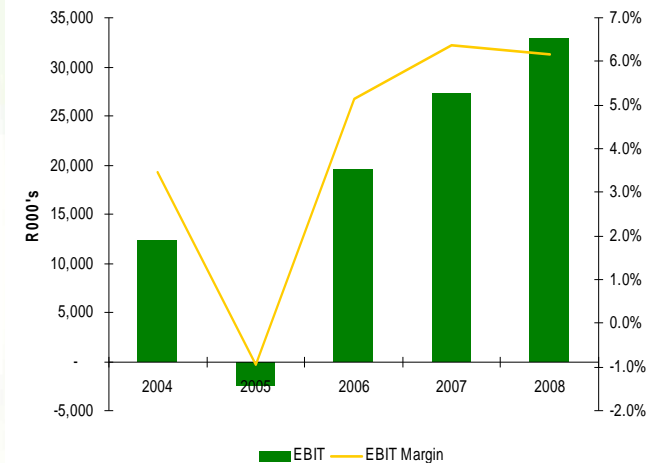
# AFGRI FOODS – NEDAN OIL & PROTEIN



- Nedan is a cotton seed and soya bean crushing facility producing edible oils and soya proteins for the human and animal feeds markets
- Products include: edible oils and fats, soya and Cotton protein for animal feed, high protein defatted Soya flour, and texturised Soya protein for human consumption
- Market leader in Southern Africa in the processing of Soya beans and Cotton seed
- Plants are located in Mokopane
- Capacity to process 33% of the South African Soya bean crop (capacity: 100,000 tons)
- Only crusher of Cotton seed in South Africa (capacity: 72,000 tons)



## EBIT and EBIT Margin



*AFGRI Foods acquired a 100% shareholding in Nedan in March 2005. Prior to this date, AFGRI Foods held a minority interest in the business*

# AFGRI FOODS – LABWORLD



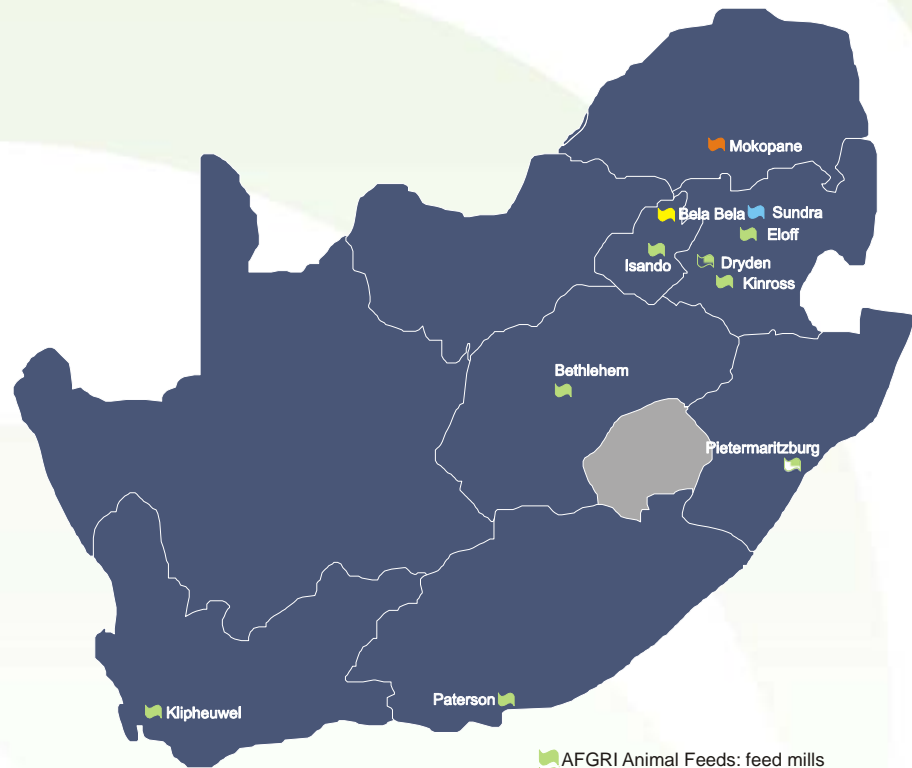
- LabWorld supplies laboratory equipment used in the feed and poultry businesses, as well as in the wider agricultural, chemical and beverage industries

## Brands



# AFGRI FOODS – LOCATION OF FACILITIES

## Location of AFGRI Food's facilities



- AFGRI Animal Feeds: feed mills
- AFGRI Animal Feeds: rendering plant
- AFGRI Animal Feeds: under development
- Daybreak: broiler operations and abattoir
- Midway Chix: parent breeding operation
- Nedan Oil and Protein: processing plant

## AFGRI Animal Feed

Feed mill	Production (tons per month)	Capacity (tons per month)	Customer profile
Klipheuwel	3,500	8,000	Majority ruminant feed
Patterson	3,500	8,000	Majority ruminant feed
Bethlehem	7,000	13,000	60% monogastric; 40% ruminant feed
Isando	20,000	27,000	Majority monogastric feed
Kinross	16,000	19,000	Majority monogastric feed
Eloff	9,500	14,500	50% monogastric; 50% ruminant feed
Dryden	500	500	AFGRI Animal Feeds

# HISTORICAL FINANCIAL INFORMATION

R'000s	2004	2005	2006	2007	2008
<b>REVENUE</b>	<b>1,917,960</b>	<b>1,889,520</b>	<b>1,787,204</b>	<b>1,986,263</b>	<b>2,936,624</b>
Daybreak	292,930	312,906	328,227	378,269	657,271
Animal Feeds	1,268,733	1,314,569	1,080,540	1,180,140	1,747,399
Nedan	356,297	262,045	378,437	427,854	531,954
<b>EBITDA</b>	<b>114,781</b>	<b>117,228</b>	<b>171,171</b>	<b>210,337</b>	<b>223,502</b>
Daybreak	12,935	27,647	60,695	74,860	48,045
Animal Feeds	86,260	88,270	87,796	105,287	137,374
Nedan	15,586	1,311	22,680	30,190	38,083
<b>EBIT</b>	<b>98,001</b>	<b>97,541</b>	<b>155,858</b>	<b>173,056</b>	<b>177,299</b>
Daybreak	10,222	22,944	58,278	51,552	20,075
Animal Feeds	75,465	77,052	78,106	94,299	124,386
Nedan	12,314	-2,455	19,474	27,205	32,838
<b>EBIT MARGIN</b>	<b>5.1%</b>	<b>5.2%</b>	<b>8.7%</b>	<b>8.7%</b>	<b>6.0%</b>
<i>Daybreak</i>	<i>3.5%</i>	<i>7.3%</i>	<i>17.8%</i>	<i>13.6%</i>	<i>3.1%</i>
<i>Animal Feeds</i>	<i>5.9%</i>	<i>5.9%</i>	<i>7.2%</i>	<i>8.0%</i>	<i>7.1%</i>
<i>Nedan</i>	<i>3.5%</i>	<i>-0.9%</i>	<i>5.1%</i>	<i>6.4%</i>	<i>6.2%</i>

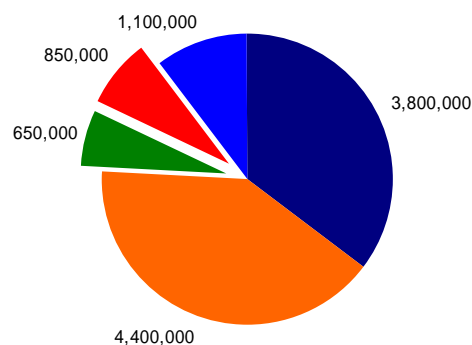
*Notes:*

- 1. Excludes allocation of Group head-office costs*
- 2. Nedan consists of Nedan Oil & Protein and LabWorld*

# POULTRY AND FEED INDUSTRY

- The South African poultry and feed industry is dominated by Astral and Rainbow

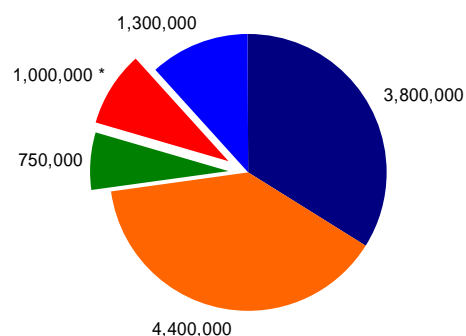
“Big 5” Poultry production – bpw



■ Astral ■ Rainbow ■ Afgri ■ Sovereign ■ Country Bird

Source: Investec estimates

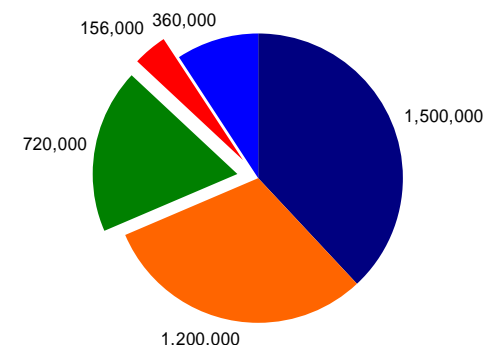
“Big 5” Poultry capacity - bpw



■ Astral ■ Rainbow ■ Afgri ■ Sovereign ■ Country Bird

\* Sovereign's stated capacity of 1,000,000 bpw assumes that capex is spent to address bottlenecks in the farming and production processes

“Big 5” Feed production – tons pa



■ Astral ■ Rainbow ■ Afgri ■ Sovereign ■ Country Bird

- Players in the poultry and feed industry with scale enjoy the following benefits:
  - Cost advantages – fixed overheads are spread over higher volumes
  - Net selling value – larger size and national footprint allow larger, national customers to be supplied
  - Distribution advantages – greater distribution efficiencies

**QUESTIONS?**