



Interim results presentation

2 & 3 March 2011



Agenda

Financial highlights

The past six months

Operational overview

Financial overview

What does the future hold?

Questions and answers



AFGRI

Financial highlights

Chris Venter



Financial highlights

- **EPS**
 - From continuing operations**8.1%**
- **HEPS (diluted)**
 - From all operations**0.7%**
- **HEPS**
 - From all operations**(1.3%)**
- Strengthened cash position to R119 million
- Interim cash dividend per share of 24.15 cents unchanged on 2009



The past six months

Chris Venter



The past six months

- **Corporate activity**
 - Integration of Rossgro Chickens
 - Exit AFGRI Trading
 - Modification of BEE transaction
 - Consolidation of head office into one building
 - Successful implementation of SAP
 - African expansion
- **Agri Services**
 - Low commodity prices impacted the business
 - Move towards soya beans
 - Farmers planted full hectares
- **Financial Services**
 - Strong growth from a refocused base
 - Implemented planned reduction of debtors book
 - Increased fee income
- **Foods**
 - Pietermaritzburg mill completed
 - Poultry price slightly better
 - Consistent growth experienced in the foods business

Progress in strategy
assisted in
countering cyclicality
of agricultural cycle



Operational overview

Chris Venter



Agri services segment

Retail & Mechanisation



Activities

- Retail and mechanisation sales
- Service centers and advisory services
- Grain management
- Collateral management of silos

Clients

- Contractors
- Producers (maize, soybeans, sunflower and wheat)
- Traders
- Millers and processors
- AFGRI Animal Feeds and Nedan

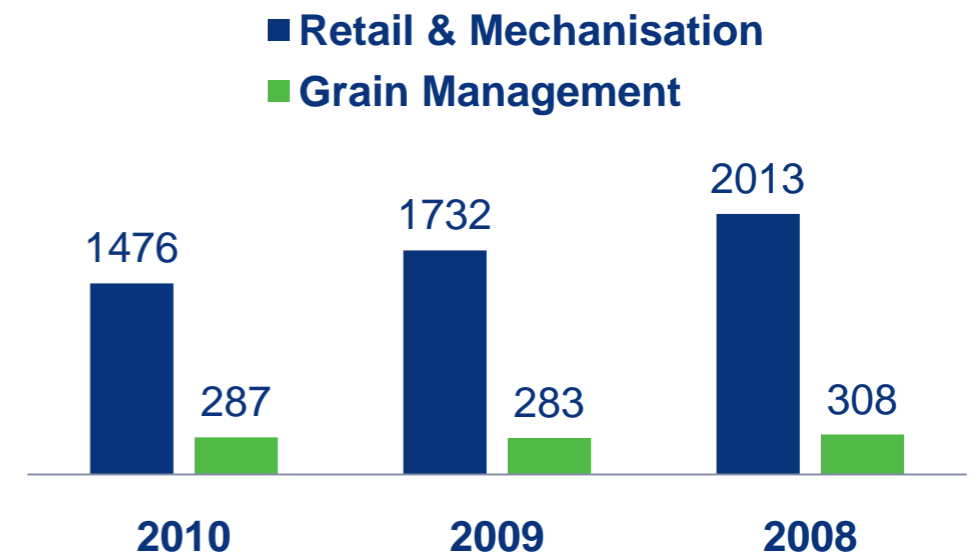
Income derived from

- Retail and mechanisation sales
- Parts
- Service centres
- Grain management fees
- Collateral management fees

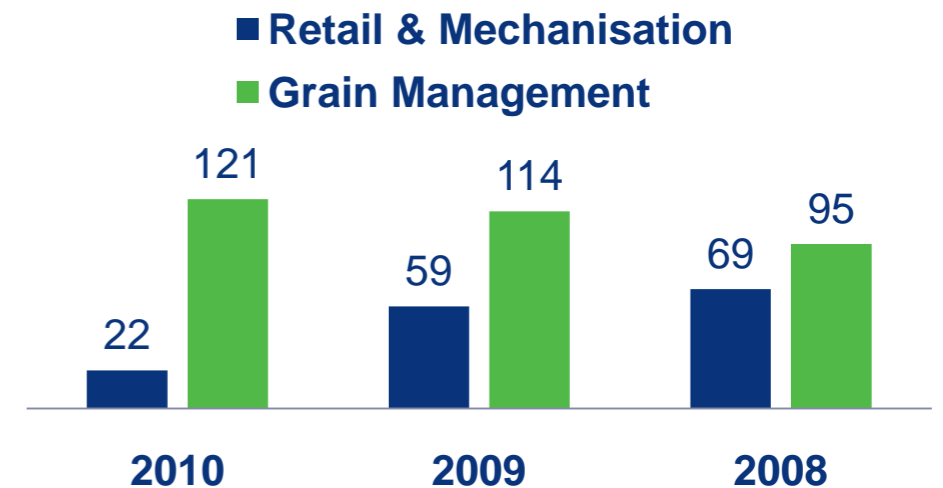
Grain management



Revenue (R'm)



Profit before tax (R'm)





Agri services

- Retail and Mechanisation
 - Farmers reduced spend as a result of low prices resulting in:
 - Decline in tractor sales
 - Decline in direct sales
 - Margin and volume pressure felt
 - Greater strain on balance sheets of farmers at the low end of our farmer profile range (C, D & E)

Town & Country	35 branches
Farm City	4 stores
John Deere	11 workshop centers



Agri services

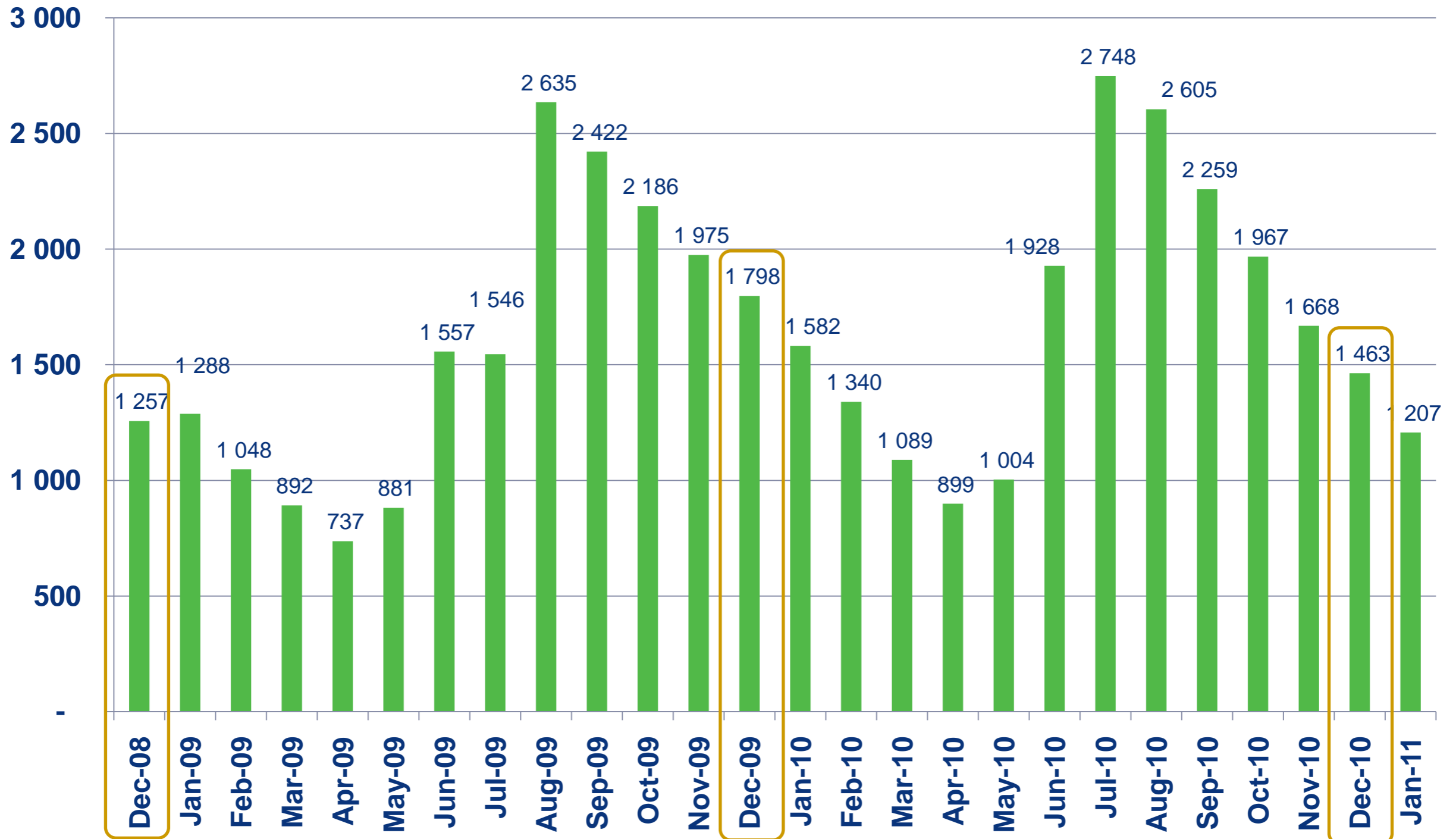
- **Grain Management**

- 335,000 tons less in silos at end December 2010
- Received less tons into silos year:year
- Out loading was higher due to export activity
- Industry (GSI) Competition Commission enquiry regarding SAFEX daily storage tariff

Grain storage silo installations	64
Vertical bunker storage sites	9
Collateral management	13



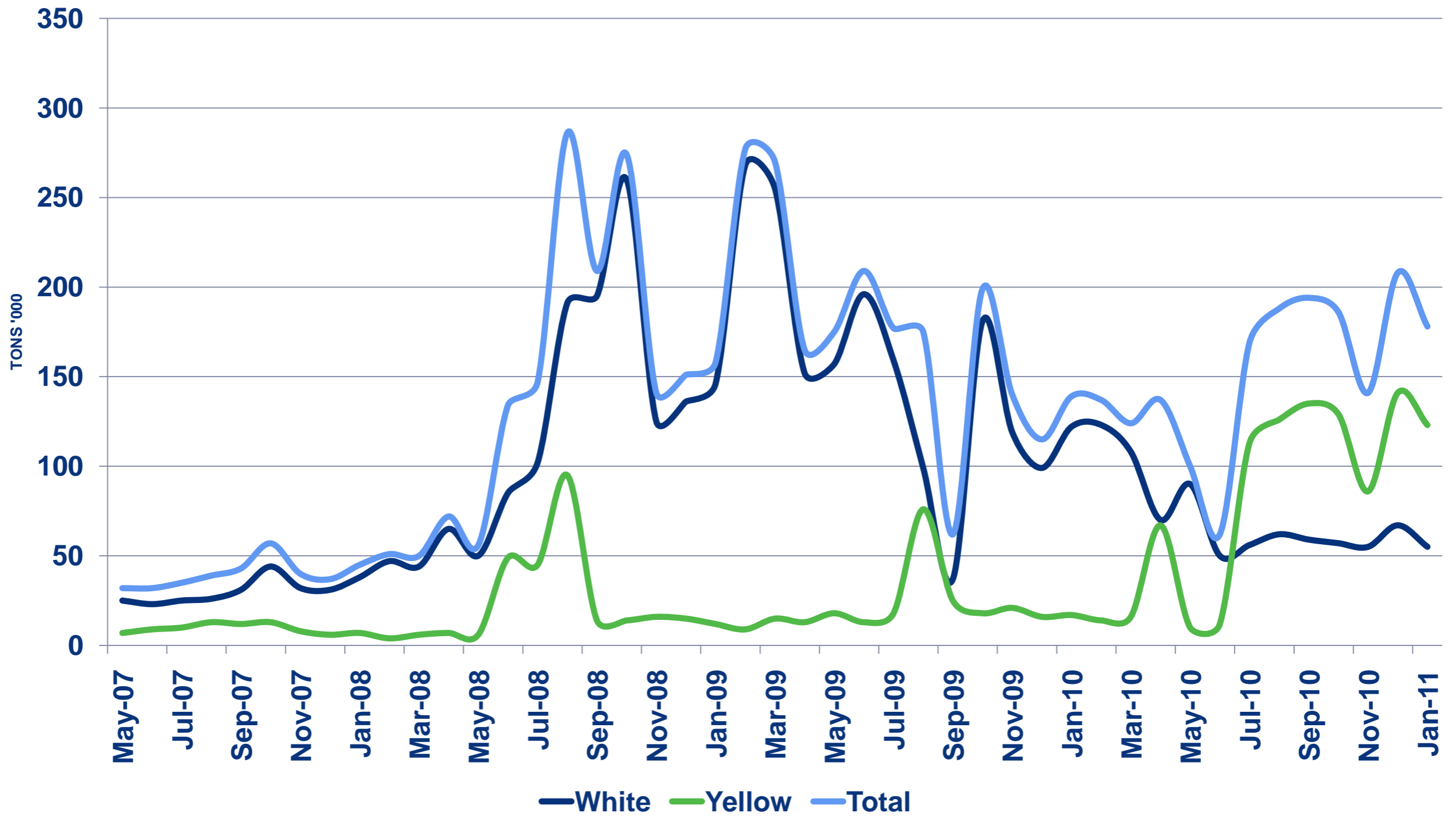
Closing silo stocks ('000)



Source: AFGRI



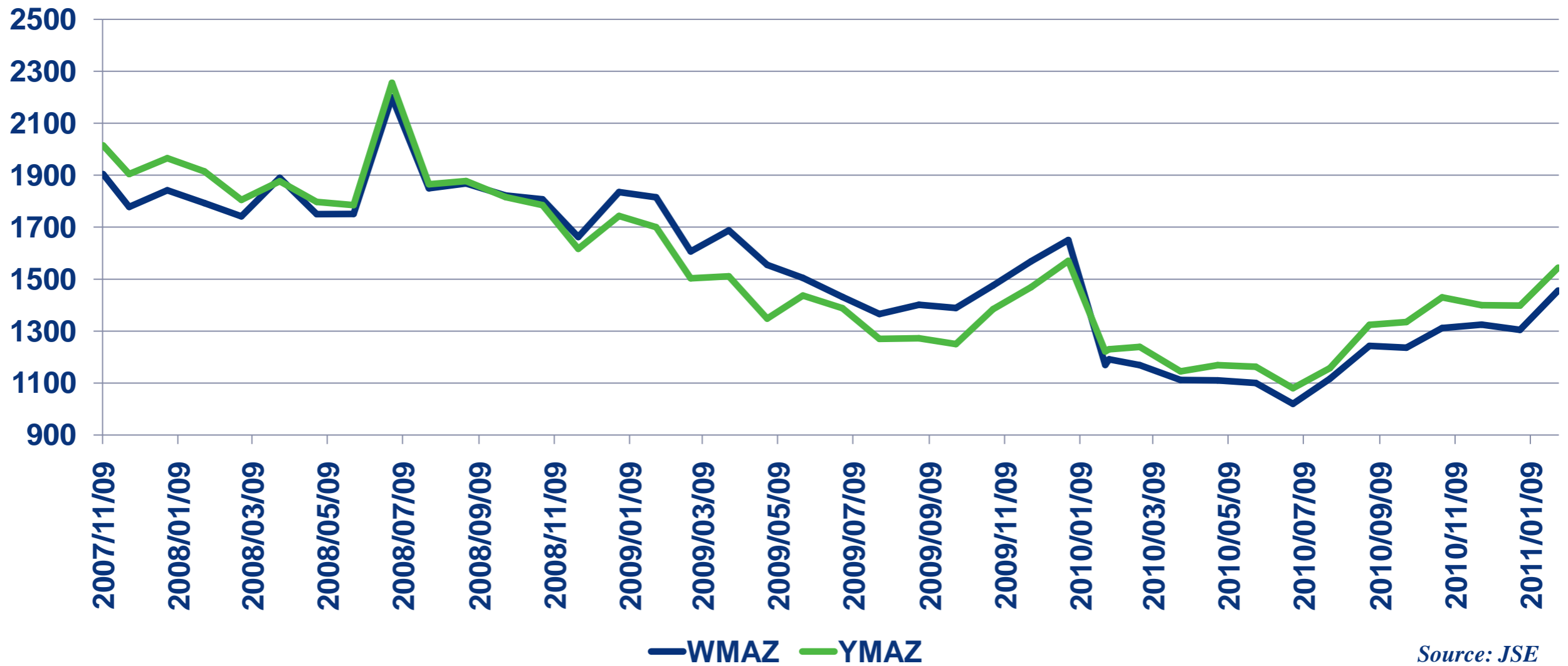
Maize exports



Source: SA Grain Information Service



Yellow and white maize price

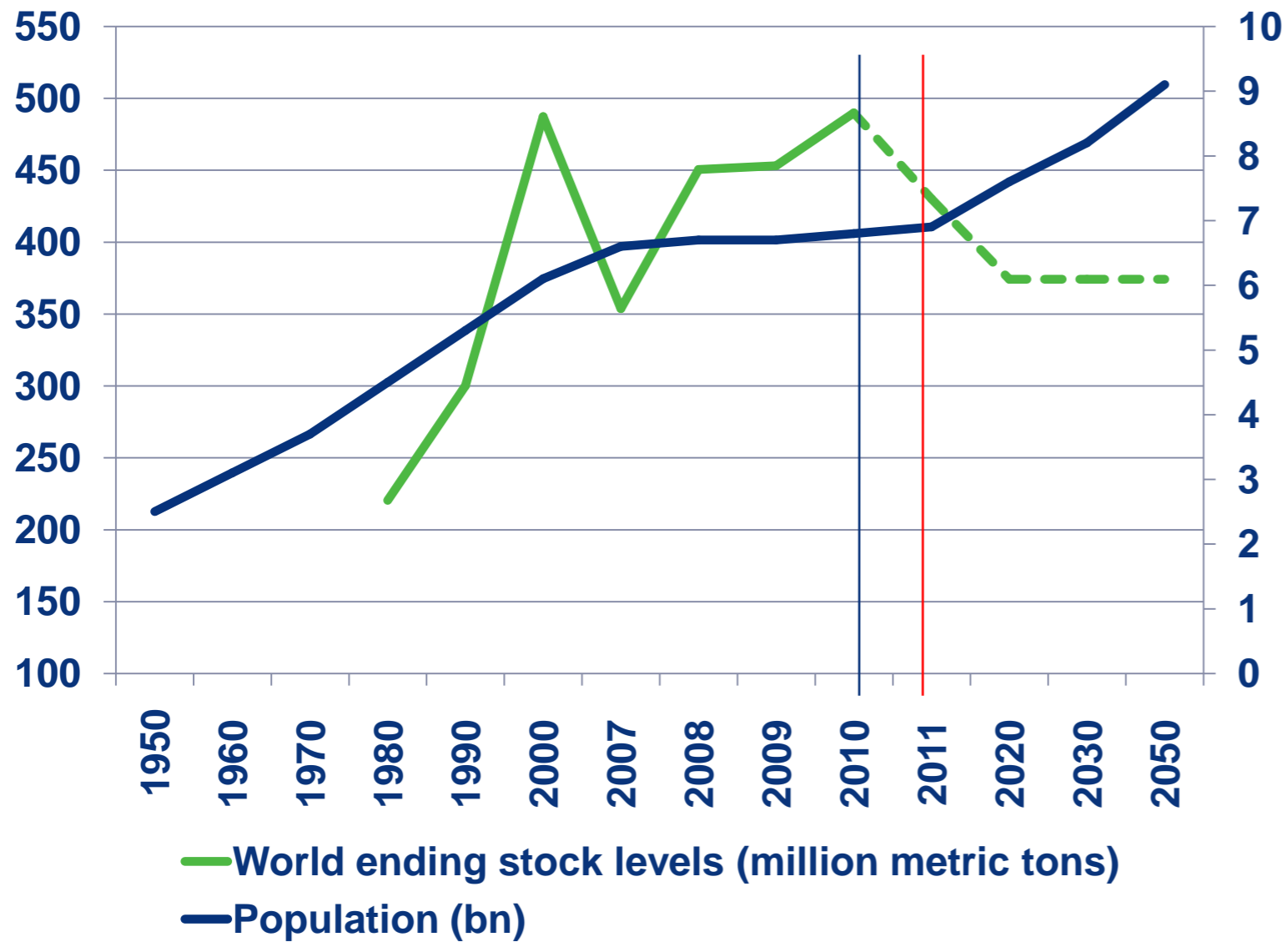


Source: JSE

Year	White maize	Yellow maize
	Average for the year	
2008	1830	1844
2009	1537	1425
2010	1185	1253



World stock levels



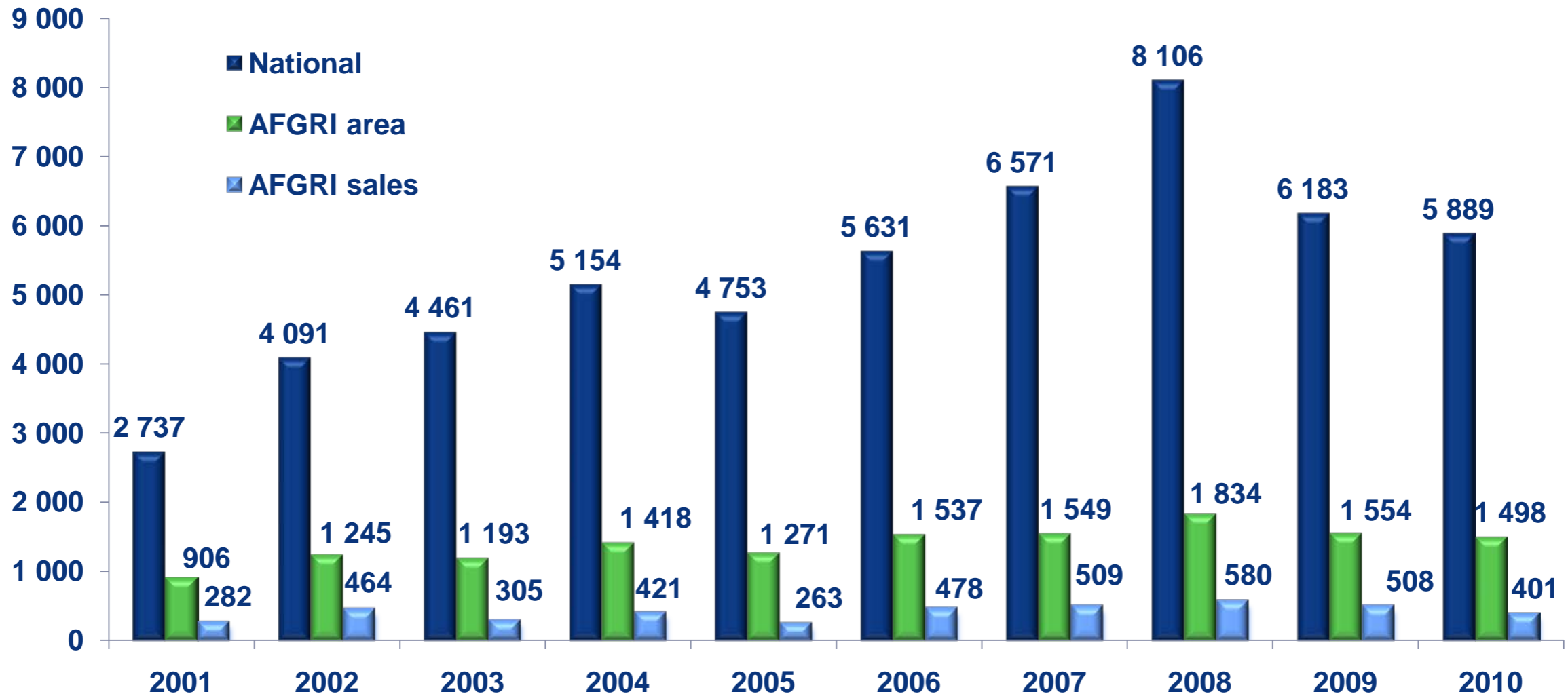
- World population in 2050 estimated to reach 9.1 billion
- 34% increase over next 41 years
- Agricultural production to grow globally by 70% to feed this population

Source: FAO, How to feed the world 2050

Source: USDA WASDE Report, February 2011 & Negative Population Growth.Org



Agri services: Tractor sales



Sales value of AFGRI tractors sold:

2010	R121.1 million
2009	R176.7 million

** Value of tractors sold only includes new tractors sold*



Financial services segment

GroCapital



AFGRI Capital



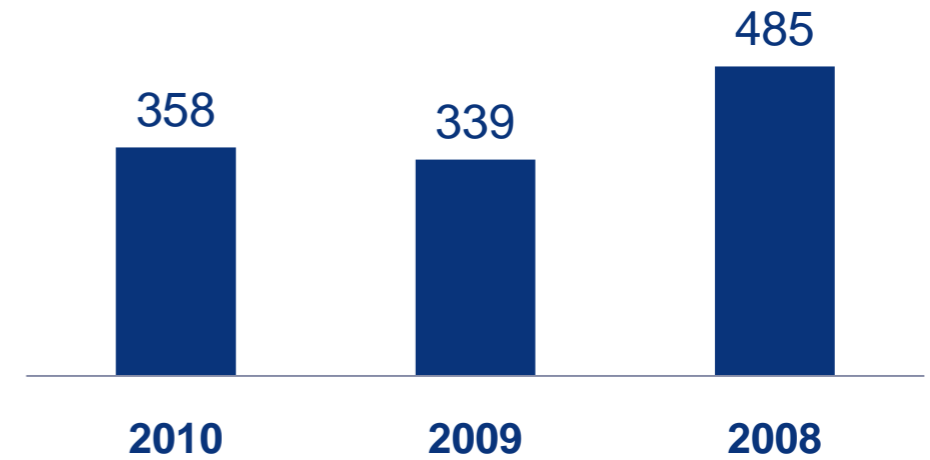
Insurance



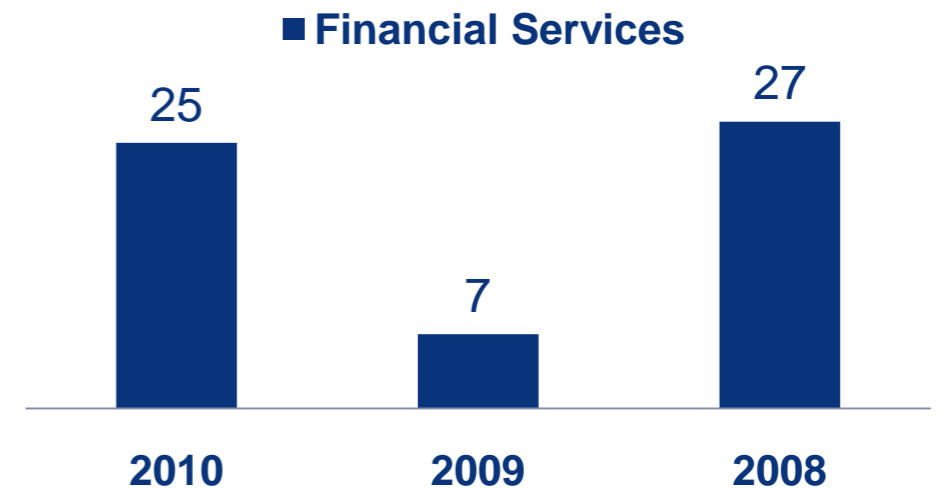
- **Activities**
 - Broking
 - Treasury
 - Forex management
 - Lending
 - Insurance
- **Clients**
 - Commercial farmers
 - Corporate clients
 - AFGRI
 - Individuals
- **Income derived from**
 - Interest income
 - Broking fees on SAFEX
 - Forex management fees
 - Facility fees



Revenue (R'm)
■ Financial Services



Profit before tax (R'm)
■ Financial Services

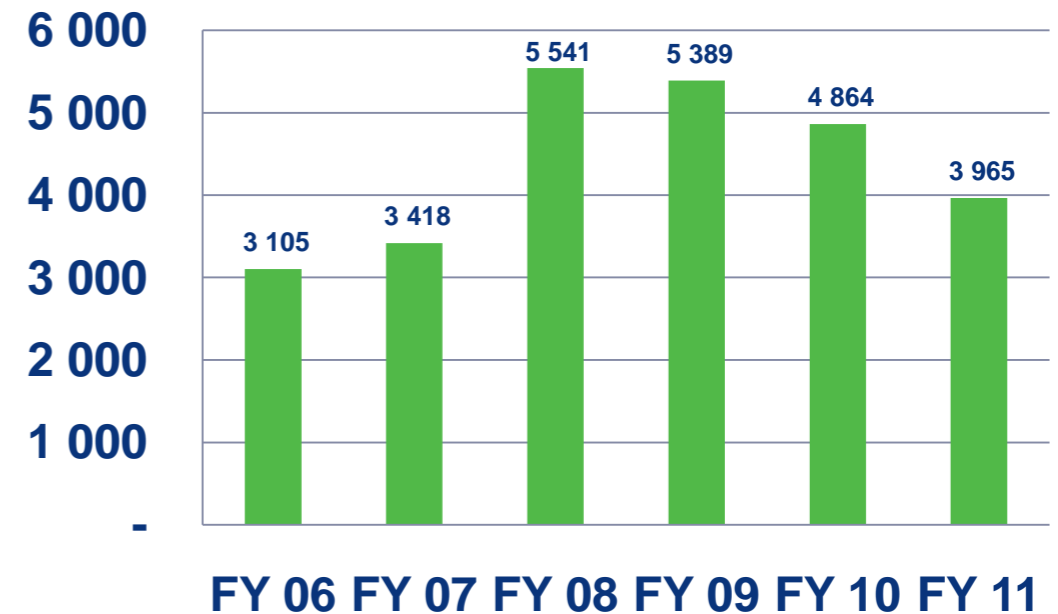




Financial services

- **Lending business**
 - Restructuring initiatives successfully implemented
 - Engaged with four financial institutions to sell debtors book
 - Continued discussions with two preferred institutions
 - Board considering the preferred option (shareholder approval required)
 - Focus is to implement transaction within the next six months
 - Result:
 - Front end relationship with farmer maintained
 - AFGRI will act as an agent to the financial institution

Average Debtors Trend Analysis





Foods segment

Oil & Protein



Animal Feeds

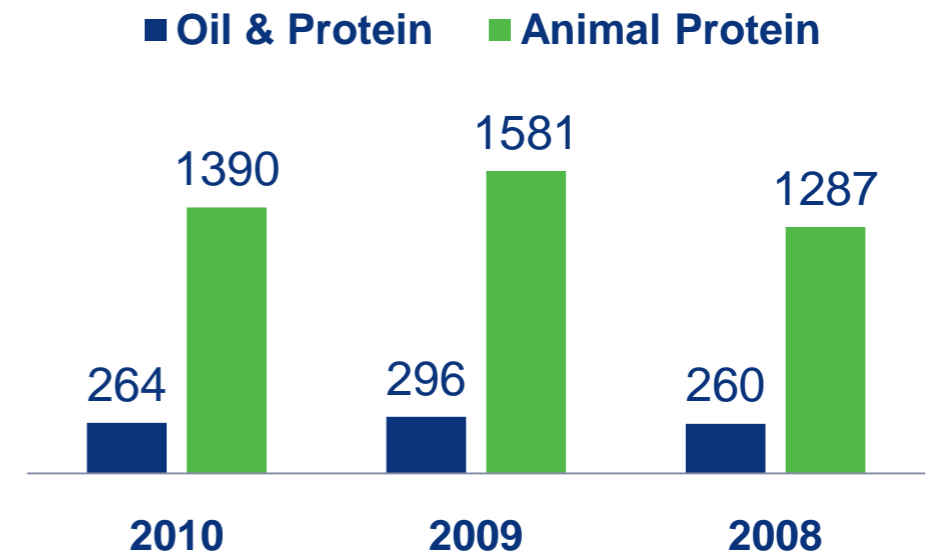


Poultry

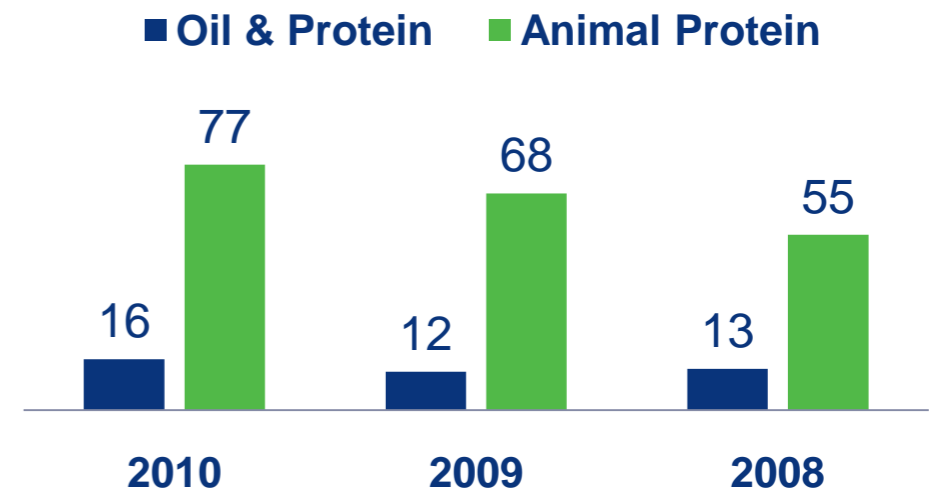


- **Activities**
 - Oil processing & extraction
 - Breeder capacity
 - Day old chick supply
 - Poultry products
 - Manufacture of animal feeds
- **Clients**
 - Wholesalers
 - Retail chains
 - Large multinationals & independent producers
- **Income derived from**
 - Sale of day old chicks & poultry products
 - Animal feed sales
 - Sale of oil products

Revenue (R'm)



Profit before tax (R'm)





Foods

- **Oil & Protein**
 - Volumes increased on soya crush
 - Decline in volumes on the cotton crush (limited quality cotton available)
 - Ability to retain margin
 - Successful completion of sunflower crusher (1 March 2011)
- **Animal Protein**
 - Margin squeeze in Animal Feeds
 - Better business environment for poultry
 - Slightly enhanced sales price on poultry (not yet at levels prior to financial crisis)
 - Lower maize price favoured lower cost of feed to AFGRI Poultry



Food strategy

AFGRI Foods

Previous business



New business





Pride Milling

- Purchase yellow maize milling business of Pride Milling
- Rationale of transaction
 - Strategic fit with stated expansion of Foods strategy in particular industrial processing capability
 - Instant production capacity and market penetration
 - Large market share of yellow maize milling market in SA
 - Corresponding AFGRI geographic area with mills located in Ermelo, Kinross and Bethal
 - Synergies exist between Grain Management and Animal Feeds
- Reputable customer base
- Production capacity of 198,700 tons per year



Financial overview

Jan van der Schyff



Financial highlights

Revenue - continuing
@ R3.5 billion

(3%)

Cash at end of period
@ R119 million

105%

Diluted HEPS: All operations
@ 41.2 cents

1%

Diluted EPS: Continuing operations
@ 43.4 cents

10%

Interim cash dividend
@ 24.15 cents

unchanged



First consolidation of the BEE structure

- **Income statement impact**
 - Increase in interest paid : R 40 million
 - Increase in taxation : R 8 million
 - Increase in profit attributable to ordinary shareholders : R 13 million
- **Balance sheet impact**
 - Decrease in total equity : R 810 million
 - Decrease in net assets : R 810 million



Financial Services

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Interest received	162	203	(20%)
Other revenue	196	136	44%
Total revenue	358	339	6%
Interest paid	96	163	(41%)
Total profit before taxation	25	7	257%

Loan book margin	2.6%	1.5%	73%
Bad debt written off as a % of debtors	0.3%	0.3%	-%

Loan book: Margin calculation

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Total interest received	172	219	(21%)
<i>Total interest received</i>	162	203	(20%)
<i>Interest on cash guarantees</i>	10	16	(37%)
Total interest paid	(121)	(186)	35%
<i>Total interest paid</i>	(116)	(181)	36%
<i>Other interest (paid) / received</i>	(5)	(5)	-%
Net interest	51	33	55%
Average debtors balances	3,965	4,465	(11%)
Loan book margin (annualised)	2.6%	1.5%	73%



Net interest calculation

Description R' million	6 months to 31 Dec 2010			6 months to 31 Dec 2009
	Financial Services	Other	Total	
Finance cost: continuing	(96)	(109)	(205)	(235)
Interest related to debtors finance	104	1	105	169
Other interest paid: continuing	8	(108)	(100)	(66)
Other interest paid: discontinued	-	(2)	(2)	(16)
Other interest paid	8	(110)	(102)	(82)
Dividend income*	-	3	3	7
Interest received: Guarantee deposit*	10	3	13	16
Interest received: Other**	-	12	12	18
Net interest	18	(92)	(74)	(41)
Interest effect of consolidation	-	40	40	-
Interest: Other guarantee deposits**	-	4	4	3
Net interest and dividends	18	(48)	(30)	(38)

* - Included in other operating income

** - Included in other operating expenses

Balance sheet – Financial Services

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Assets	3,630	4,719	(23%)
Non-current assets	554	376	47%
Other current assets	37	241	(85%)
Trade and other receivables	2,532	3,619	(30%)
Cash and cash equivalents	507	483	5%
Liabilities	2,704	3,851	(30%)
Non-current liabilities	19	112	(83%)
Other current liabilities	102	69	48%
Borrowings to finance trade receivables	2,542	3,258	(22%)
Call loans and bank overdrafts	51	51	-%
Intergroup debt	(10)	361	(103%)
Net assets	926	868	7%



Agri Services Retail & Mechanisation

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Total revenue	1,476	1,732	(15%)
Total profit before taxation	22	59	(63%)
Profit before interest margin	2.6%	4.6%	(43%)

Agri Services Retail & Mechanisation

Description R' million	6 months to 31 Dec 2010	% Contribution	6 months to 31 Dec 2009	% Contribution
Revenue – Retail (Continuing**)	805	55%	**746	43%
Revenue – Mechanisation	314	21%	389	22%
Revenue – Primary Inputs	165	11%	311	18%
Revenue – Australia	192	13%	286	17%
Total revenue	1,476	100%	1,732	100%
PBT – Retail	27	75%	31	42%
PBT – Mechanisation	11	31%	24	33%
PBT – Primary Inputs	3	8%	6	8%
PBT – Australia	(5)	(14%)	12	17%
Total profit before taxation*	36	100%	73	100%
Net Profit – Retail	3.3%		4.1%	
Net Profit – Mechanisation	3.5%		6.1%	
Net Profit – Primary Inputs	1.8%		1.9%	
Net Profit – Australia	(2.6%)		4.1%	
Net profit margin	2.4%		4.2%	

*PBT shown before the allocation of corporate costs



Agri Services Grain Management

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Total profit before taxation	121	114	6%
Total tonnage received in million	2.6	3.3	(21%)



Foods Animal Protein

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Total profit before taxation	77	68	13%
Raw material decrease			9%
Selling price decrease			6%



Foods Oil & Protein

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Total profit before taxation	16	12	33%



Balance Sheet

Agri, Foods & Other Services

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Assets	4,239	4,509	(6%)
Non-current assets	1,642	1,770	(7%)
Other current assets	1,044	1,382	(24%)
Trade and other receivables	1,267	1,209	5%
Cash and cash equivalents	286	148	93%
Liabilities	3,567	3,106	15%
Non-current liabilities	997	252	296%
Other current liabilities	1,156	2,024	(43%)
Borrowings to finance trade receivables	781	668	17%
Call loans and bank overdrafts	623	522	19%
Intergroup debt	10	(361)	103%
Net assets	672	1,403	(52%)

Consolidated Income Statement (Earnings)

Description R' million	6 months to 31 Dec 2010	6 months to 31 Dec 2009	Change
Total revenue	3,705	4,410	(16%)
Profit before taxation - continuing	229	251	(9%)
Taxation	(70)	(37)	89%
Profit for continuing operations	159	214	(26%)
Discontinued operations	(12)	21	(157%)
Profit for the period	147	235	(37%)
Total Earnings	147	235	(37%)
Minorities	1	79	(99%)
Earnings attributable to shareholders	146	156	(6%)
Diluted weighted average number of shares in issue ('m)	356.5	354.8	1%
Diluted HEPS (cents)	41.2	40.9	1%



Group Capex

Description R' million	Actual Dec 2010 6 Months
Financial Services	12
Agri Services	24
Foods	57
Corporate	78
Total	171



What does the future hold?

Chris Venter



Prospects

- **External environment**
 - Above average crop in 2010/2011 season expected (in line with last year)
 - Expect high stock levels in silos
 - Retail and Mechanisation branches expected to do better in second half due to higher commodity prices
 - Farmers – optimistic for the season ahead and will hedge their crop at current levels

Price expectation	
White maize	R1,450 – R1,800
Yellow maize	R1,500 – R1,900
Wheat	R2,800 – R3,200
Sunflower	R3,800 – R4,500
Soybean	R3,200 – R3,600



Prospects

- Focus areas for the six months ahead
 - Continue expansion in Foods segment
 - Conclude lender finance of debtors book
 - Continue with African expansion strategy
 - Procurement and cost cutting on the back of SAP implementation
 - Phase II of BEE implementation

Progress in strategy
assisted in
countering cyclicity
of agricultural cycle



Thank you

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