



RMB Morgan Stanley Conference

22 & 23 September 2011

Chris Venter (CEO)



Agenda

AFGRI and our strategy

Influencing factors

Financial overview

Prospects

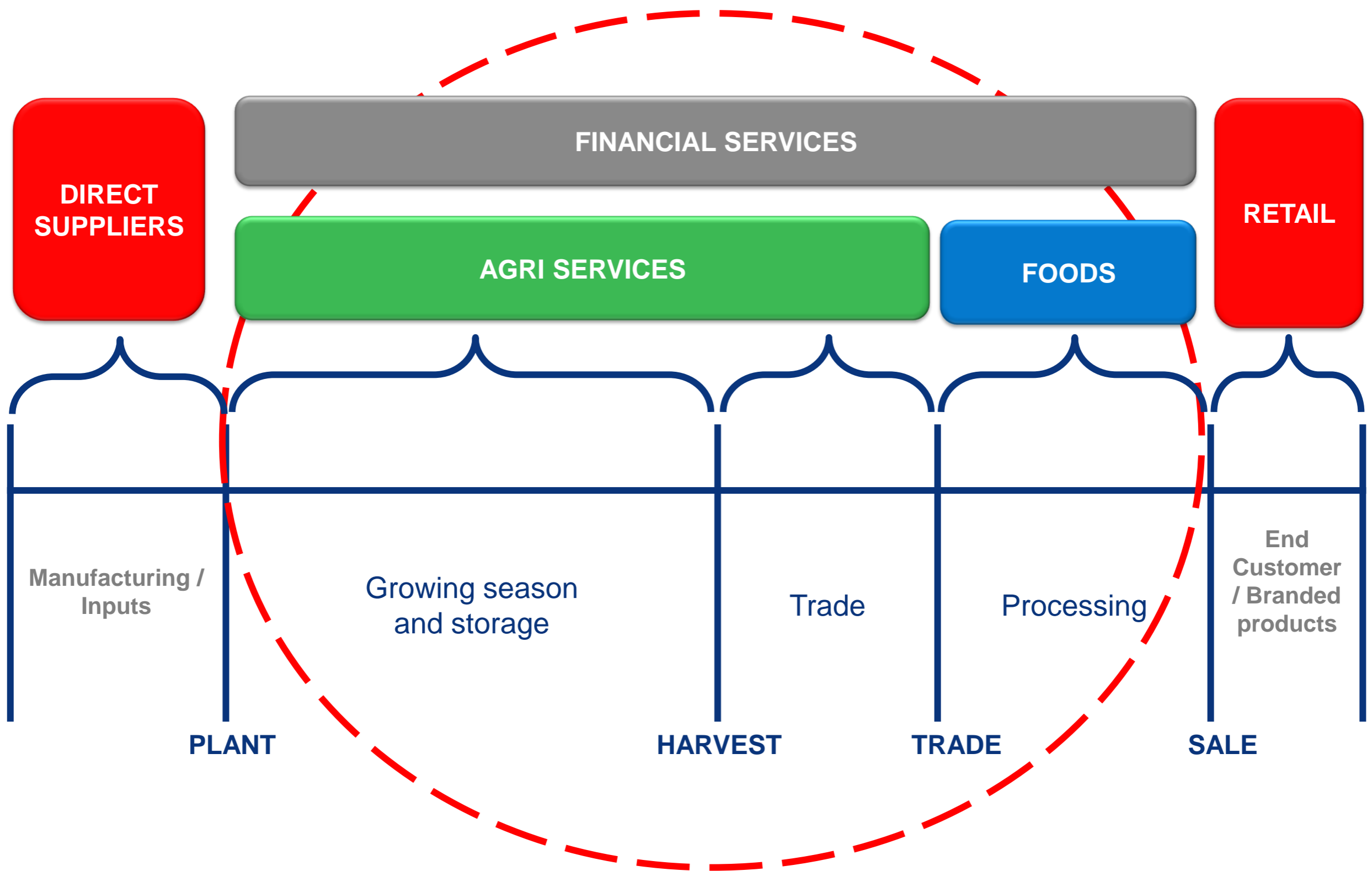
Questions and answers



AFGRI and our strategy



The AFGRI value chain





What is AFGRI?

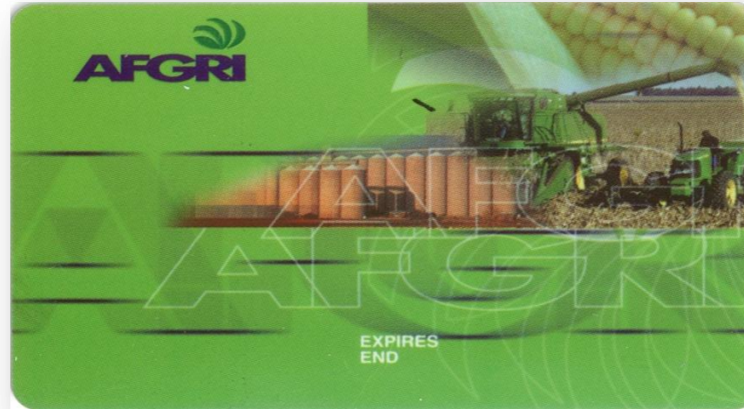
- A leading food and agricultural business with three segments of operation

AGRI SERVICES



**Grain Management
Retail and Equipment**

FINANCIAL SERVICES

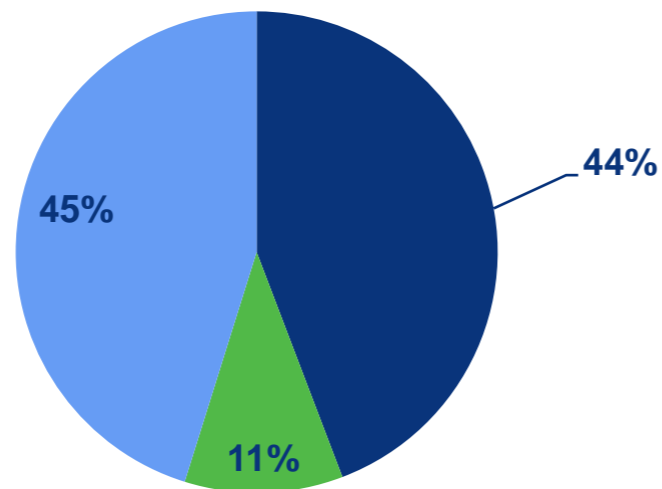


**GROCapital
AFGRI Capital
Insurance**

FOODS



**Animal Feeds
Poultry
Nedan**



■ AGRI Services ■ Financial Services ■ Foods

**Profit before tax segmental
contribution**

**Focus on Foods segment to
contribute 60% into the future**



Agri services segment

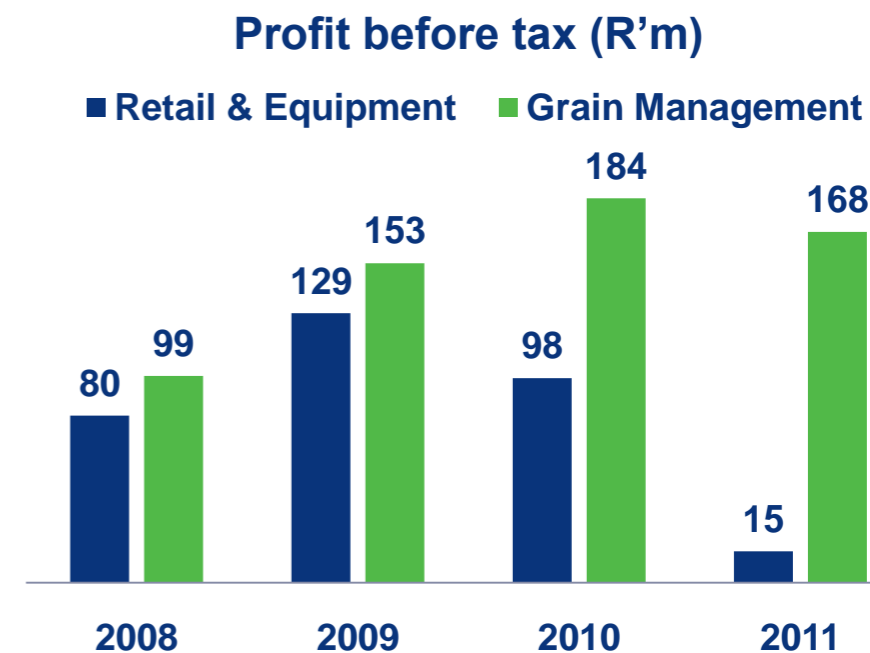
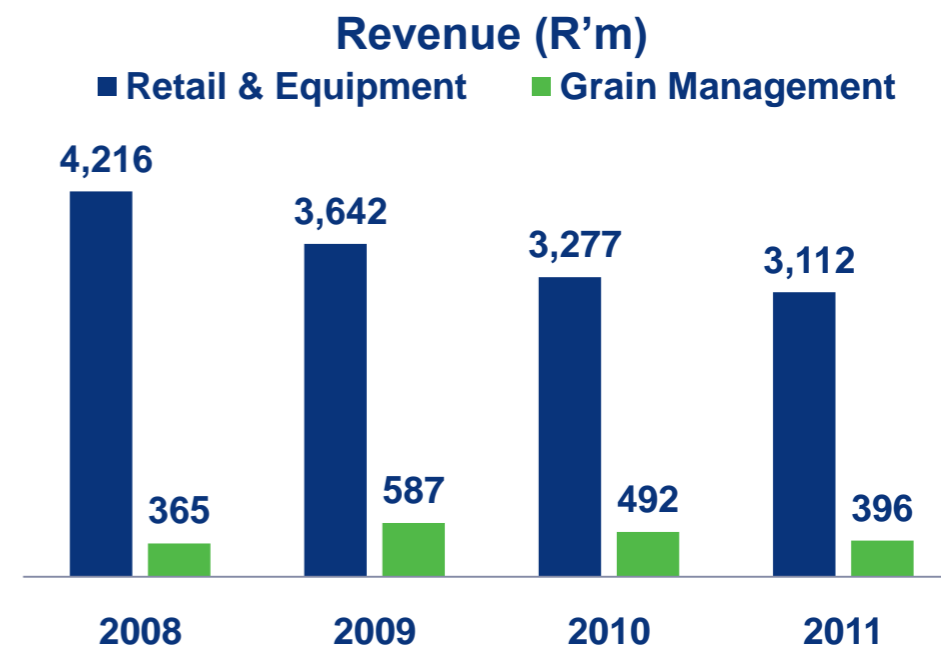
Retail & Equipment



Grain management



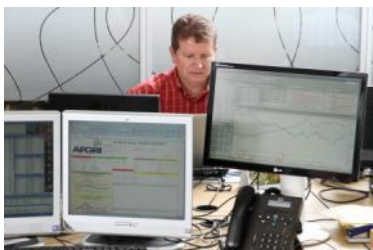
- **Activities**
 - Retail and equipment sales
 - Service centers and advisory services
 - Grain management
 - Collateral management of silos
- **Clients**
 - Contractors
 - Producers (maize, soybeans, sunflower and wheat)
 - Traders
 - Millers and processors
 - AFGRI Animal Feeds and Nedan
- **Income derived from**
 - Retail and equipment sales
 - Parts
 - Service centres
 - Grain management fees
 - Collateral management fees





Financial services segment

GroCapital



AFGRI Capital



Insurance

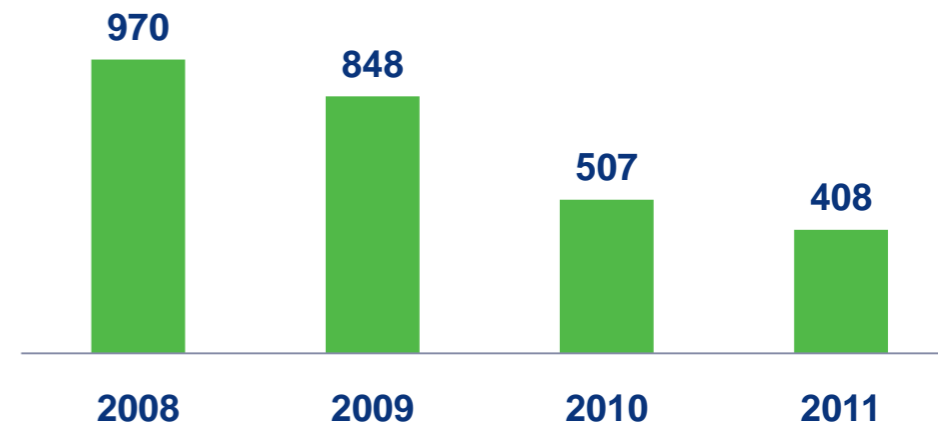


- **Activities**
 - Broking
 - Treasury
 - Forex management
 - Lending
 - Insurance
- **Clients**
 - Commercial farmers
 - Corporate clients
 - AFGRI
 - Individuals
- **Income derived from**
 - Interest income
 - Broking fees on SAFEX
 - Forex management fees
 - Facility fees



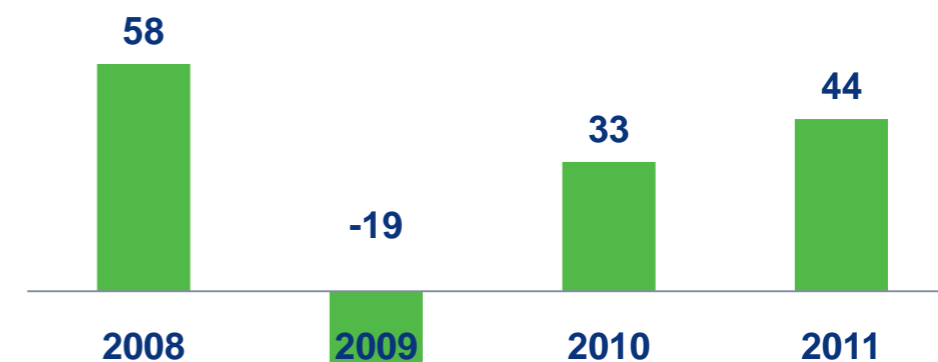
Revenue (R'm)

■ Financial Services



Profit before tax (R'm)

■ Financial Services





Foods segment

Oil & Protein



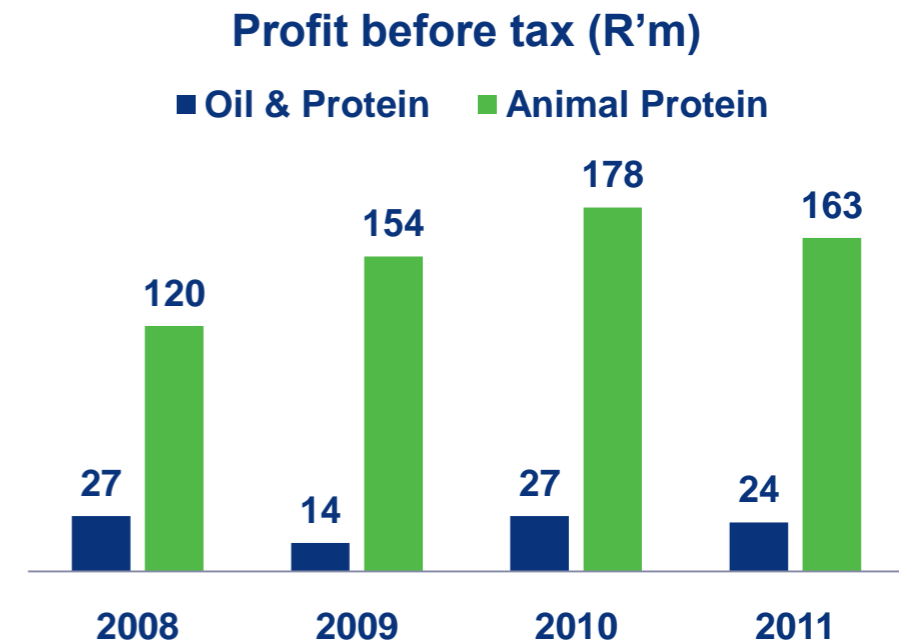
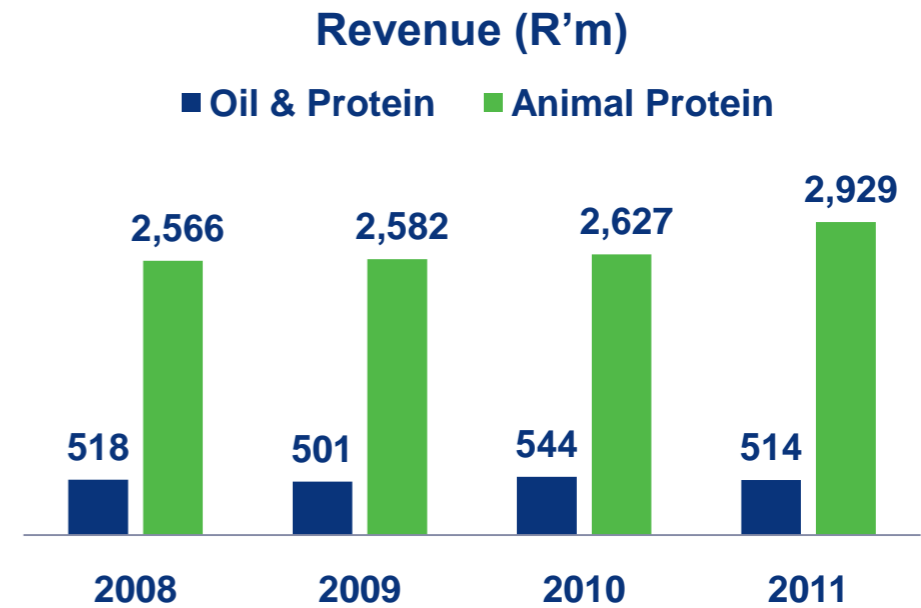
Animal Feeds



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



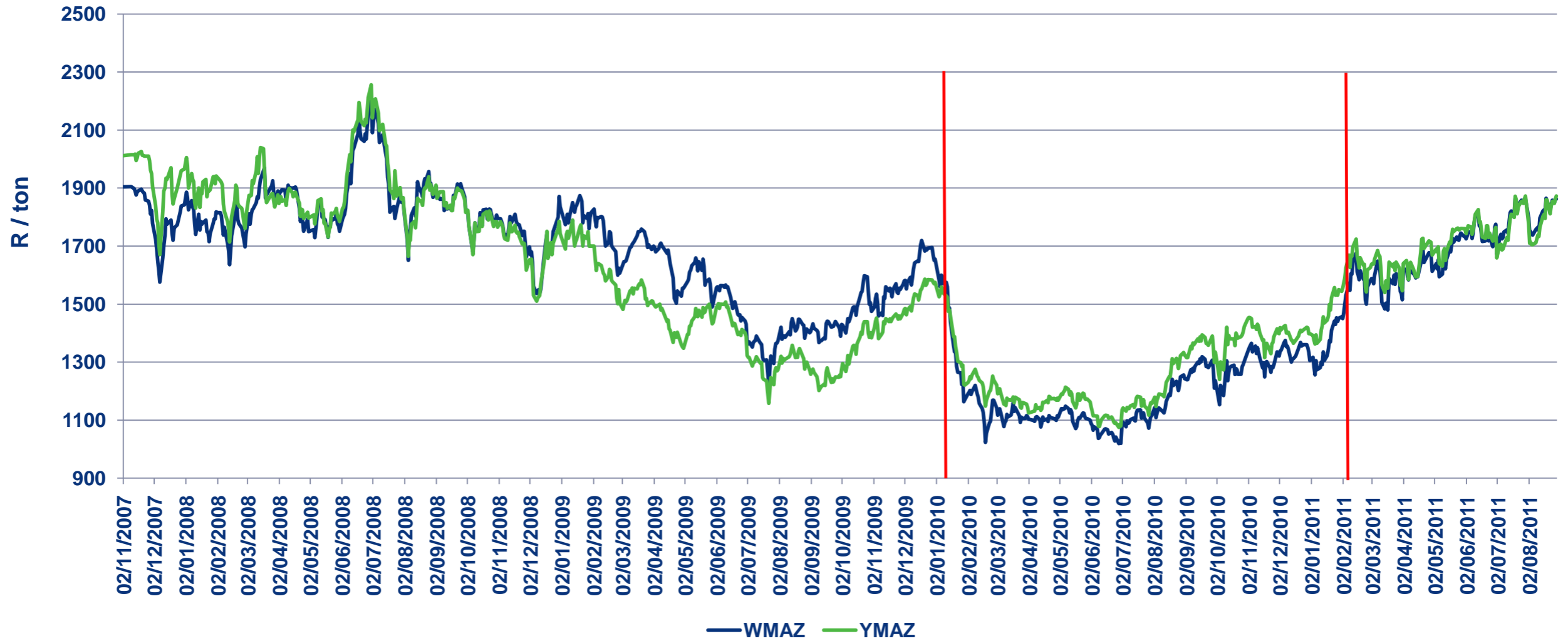


AFGRI

Influencing factors



Agri Services: Yellow and white maize price

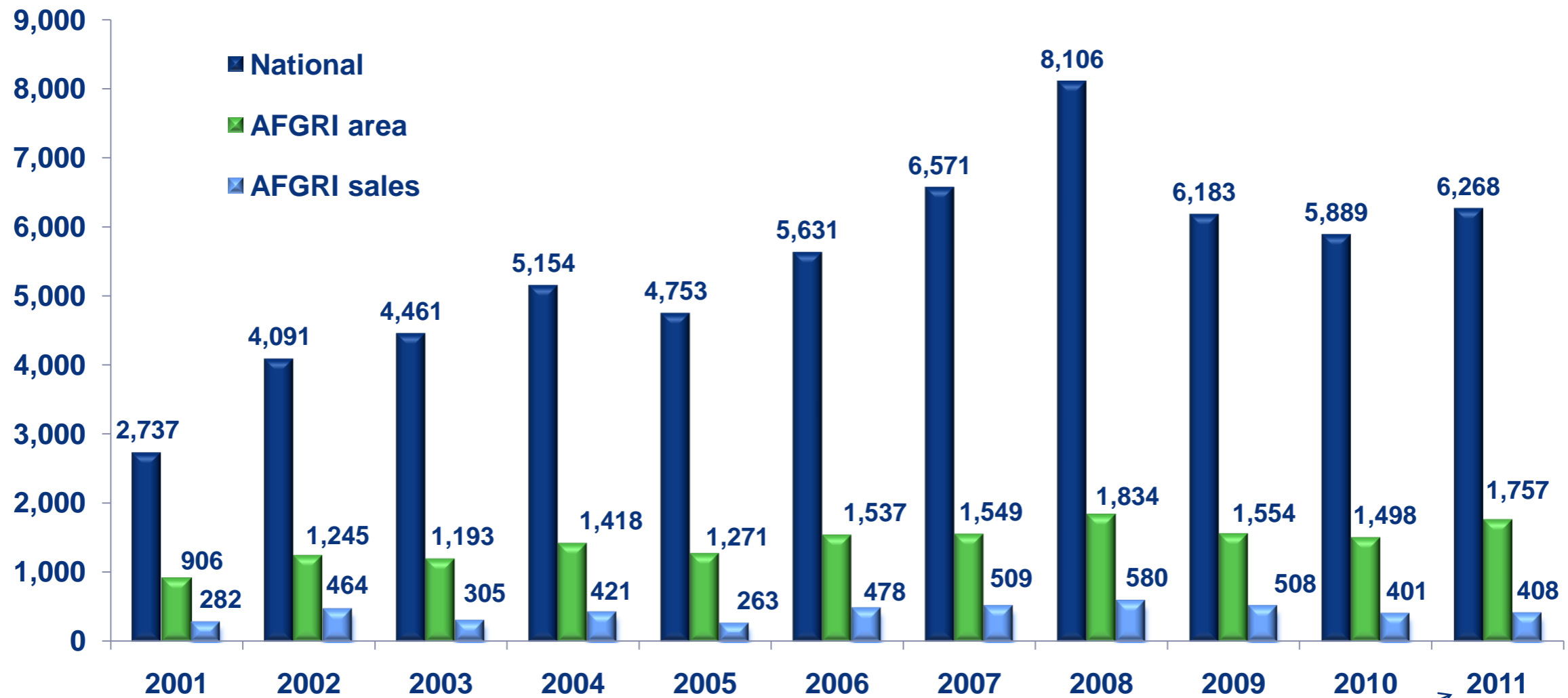


Year	White maize	Yellow maize
	Average for the year	
2008	1 830	1 844
2009	1 537	1 425
2010	1 201	1 263
2011 (Aug)	1 643	1 675

Source: JSE and SAGIS



Agri services: Tractor sales



Sales value of AFGRI tractors sold:

2011	R235 million
2010	R288 million

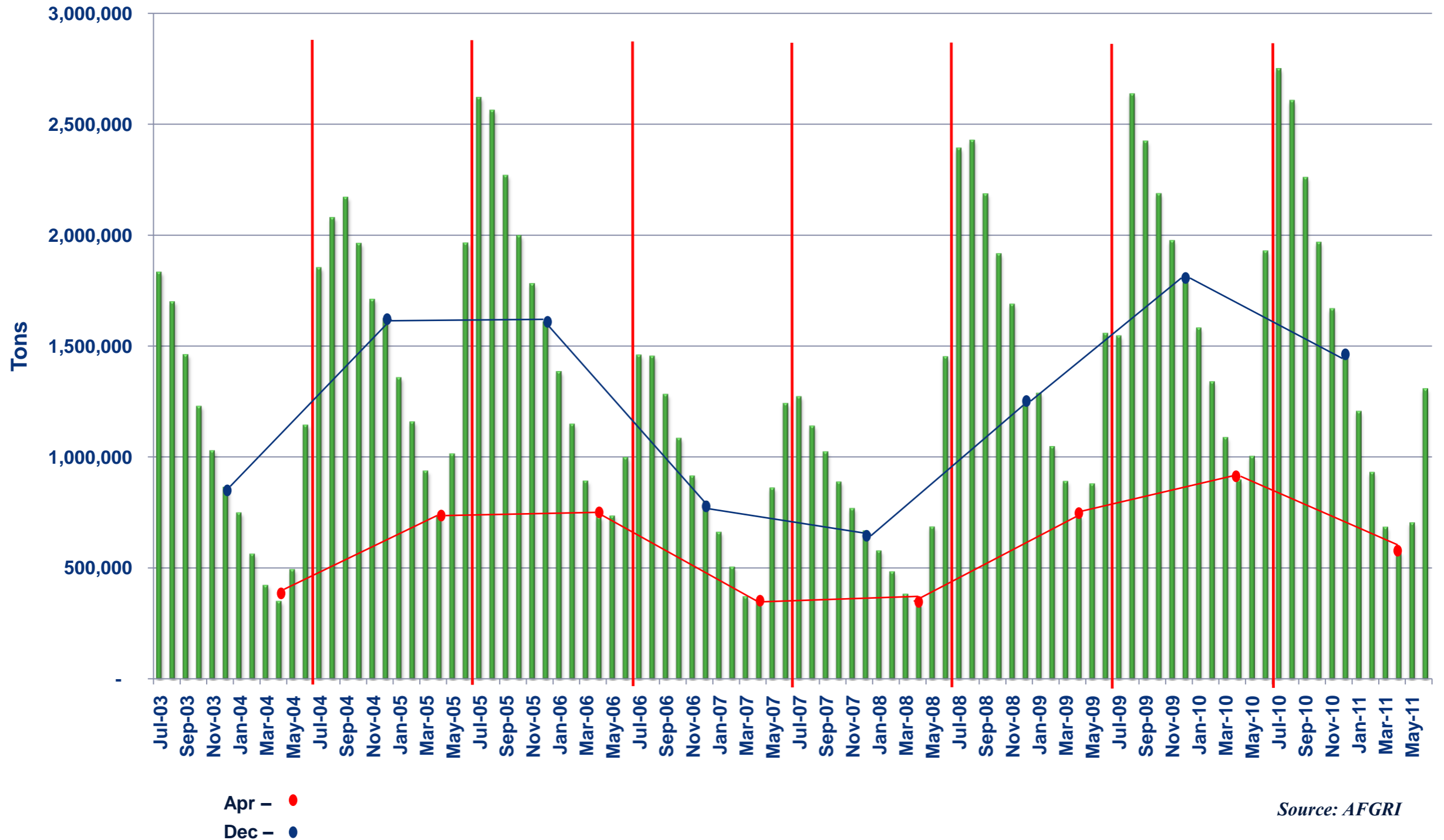
Lower kilowatt tractors purchased by farmers

* Value of tractors sold only includes new tractors sold



Agri Services : Closing silo stocks ('000)

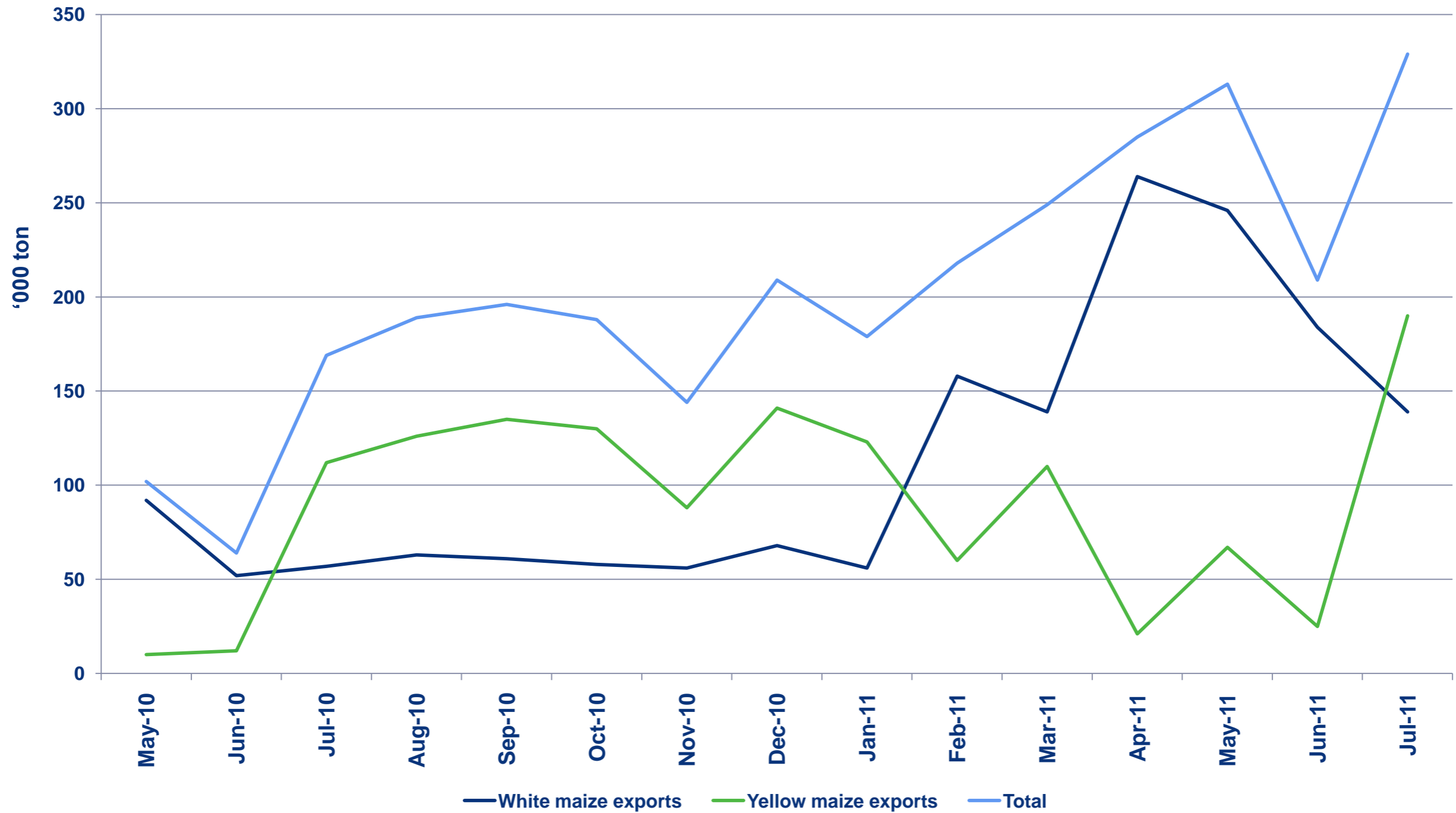
Grain Management: Silo volumes 2003 to 2011



Source: AFGRI



Agri Services : Maize exports

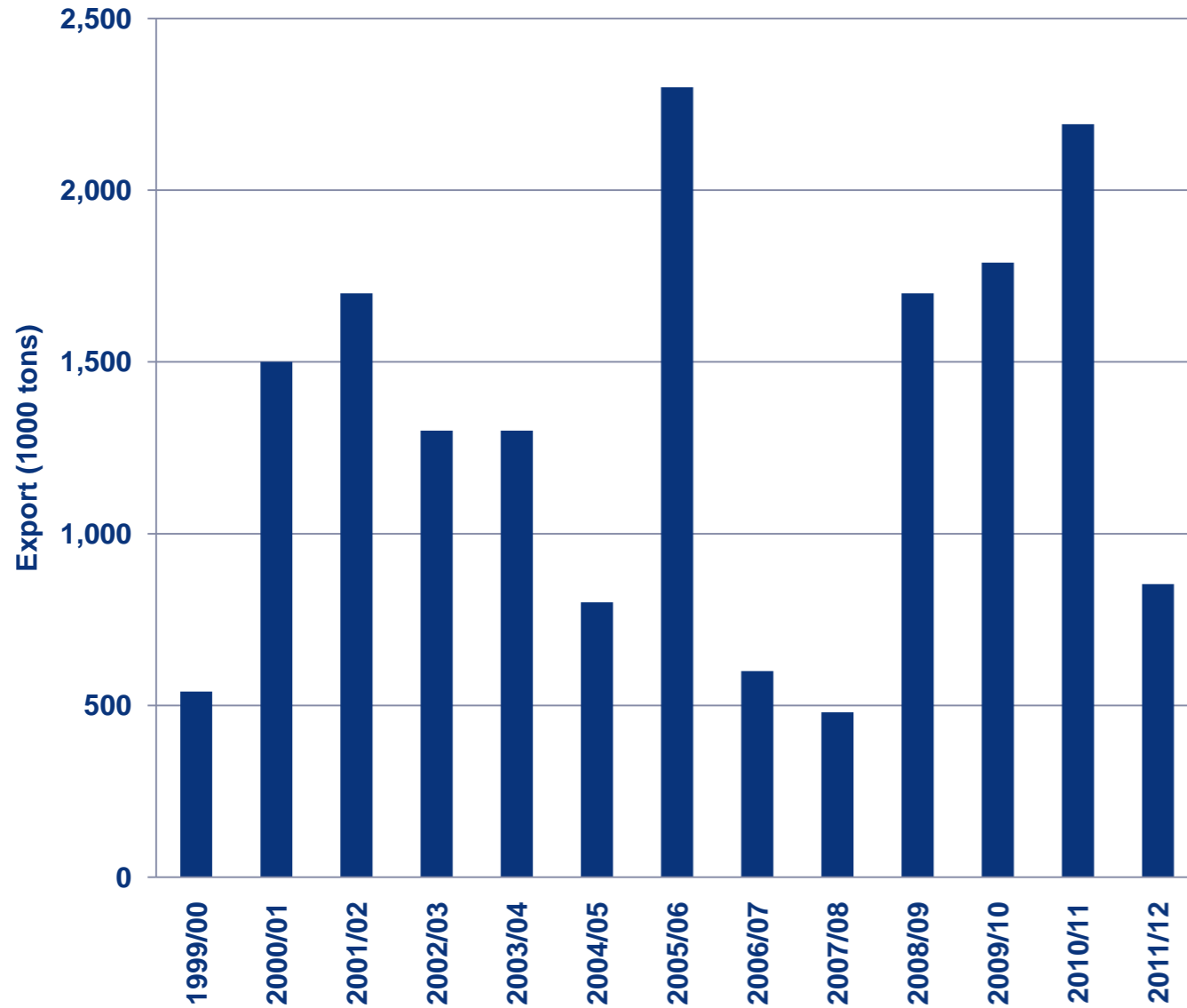


Source: SA Grain Information Service



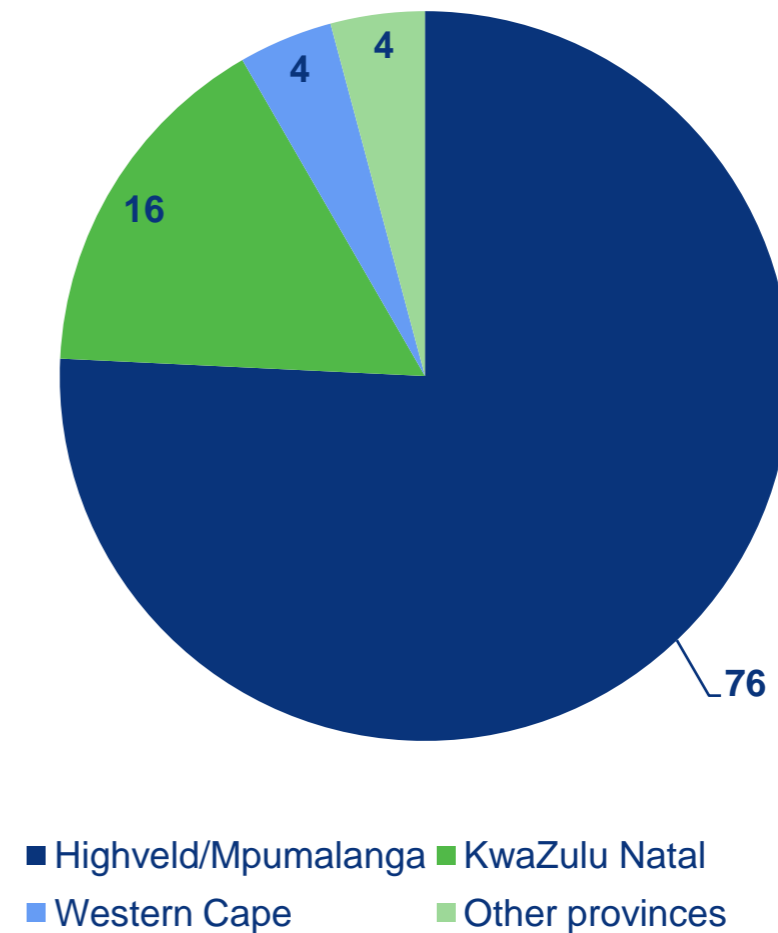
Agri Services : Maize exports

Maize exports



2011/12 is data to July 2011

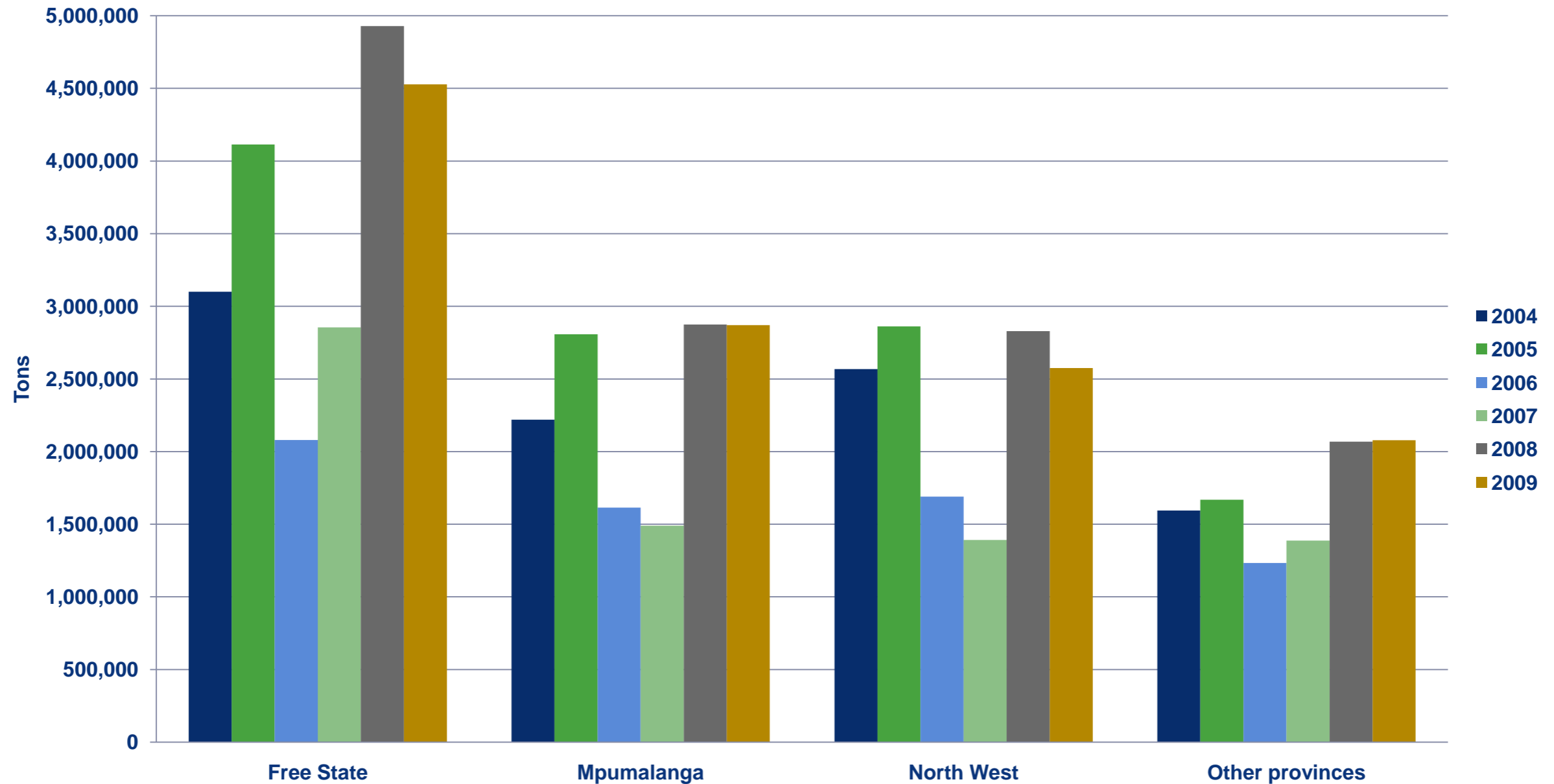
Share of provincial maize exports to total RSA exports (%) – average from 2000 – 2009 season



Source: Maize Value Chain Profile 2010-2011 & SAGIS



Agri Services : Maize production by province



- Free State, Mpumalanga and North West province account for 84% of total maize production in South Africa

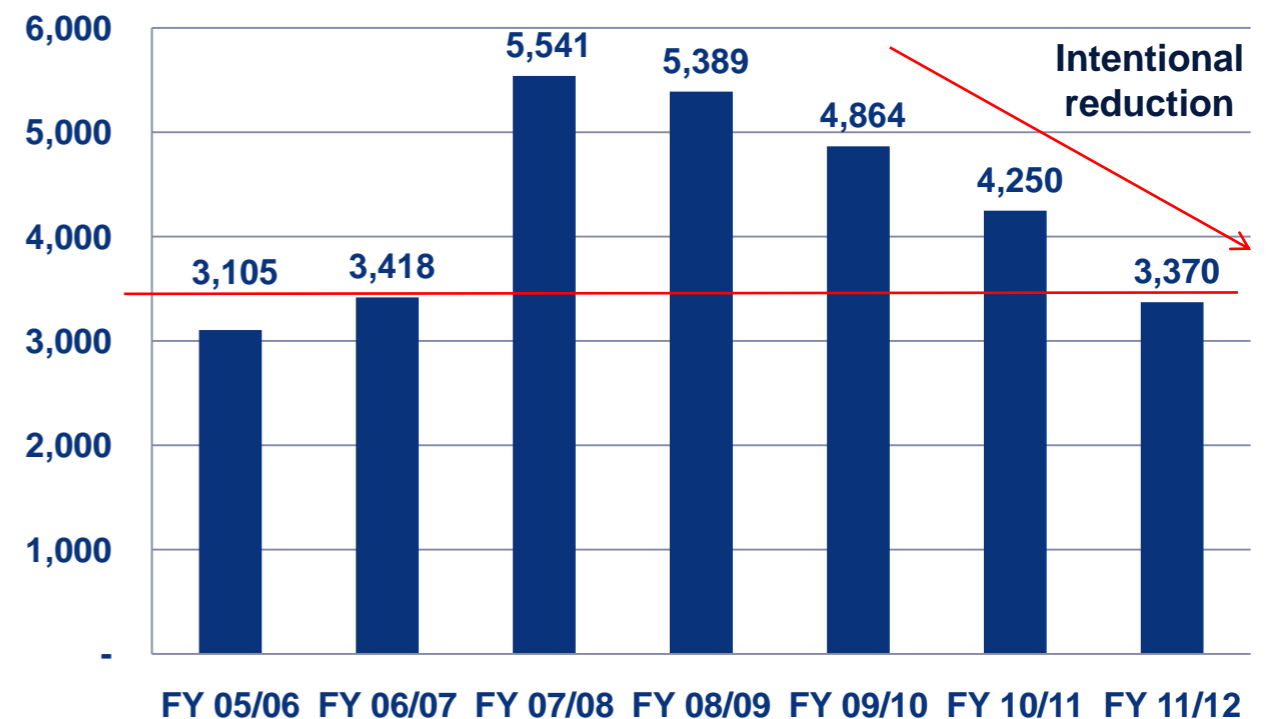
Source: Maize Value Chain Profile 2010-2011

Financial Services : Restructure of balance sheet

- Sales of debtors book
 - Process proceeding well
 - Land Bank is the preferred partner
 - AFGRI retains relationship with farmer
 - Envisaged implementation before end December 2011 (subject to Competition Commission)
 - Sale of debtor book will strengthen balance sheet allowing for expansion of Foods sector
 - Similar objectives for balance of book

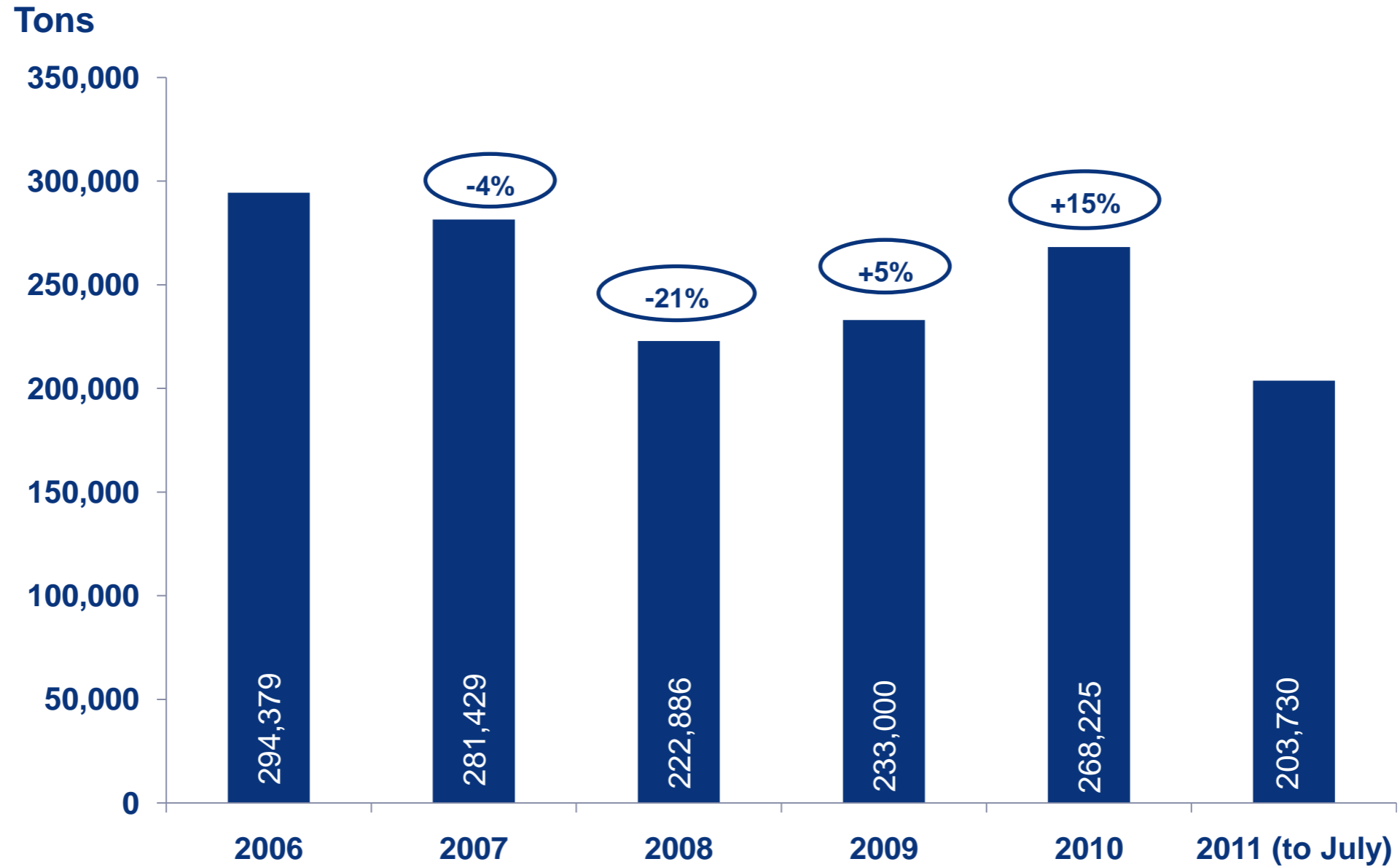


Average Debtors Trend Analysis





Foods: Annual poultry import trends



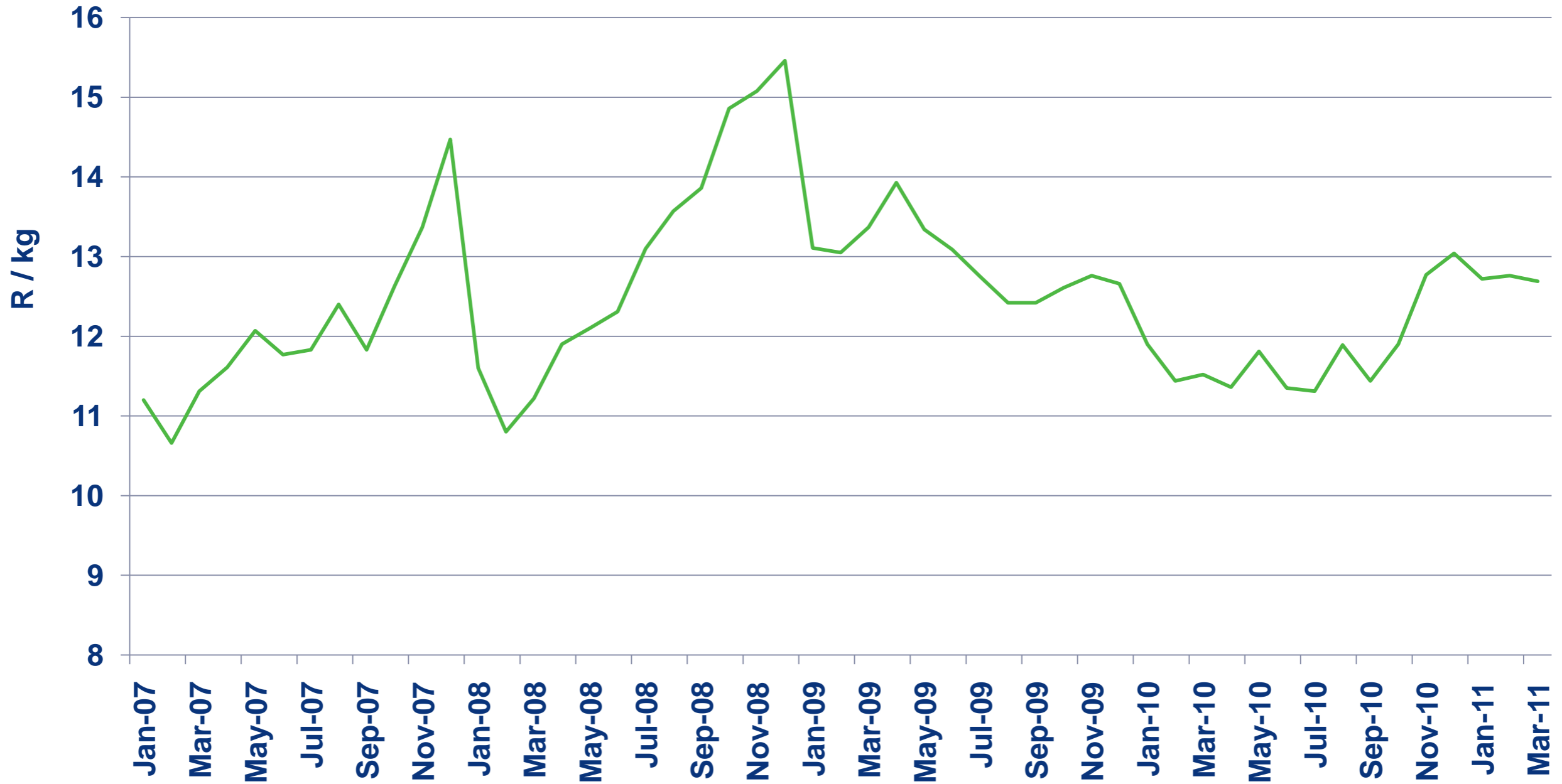
Trend for imports is increasing

Source: South African Poultry Association



Foods: Broiler pricing

Total sales realised of frozen broilers



Source: South African Poultry Association



AFGRI

Financial overview

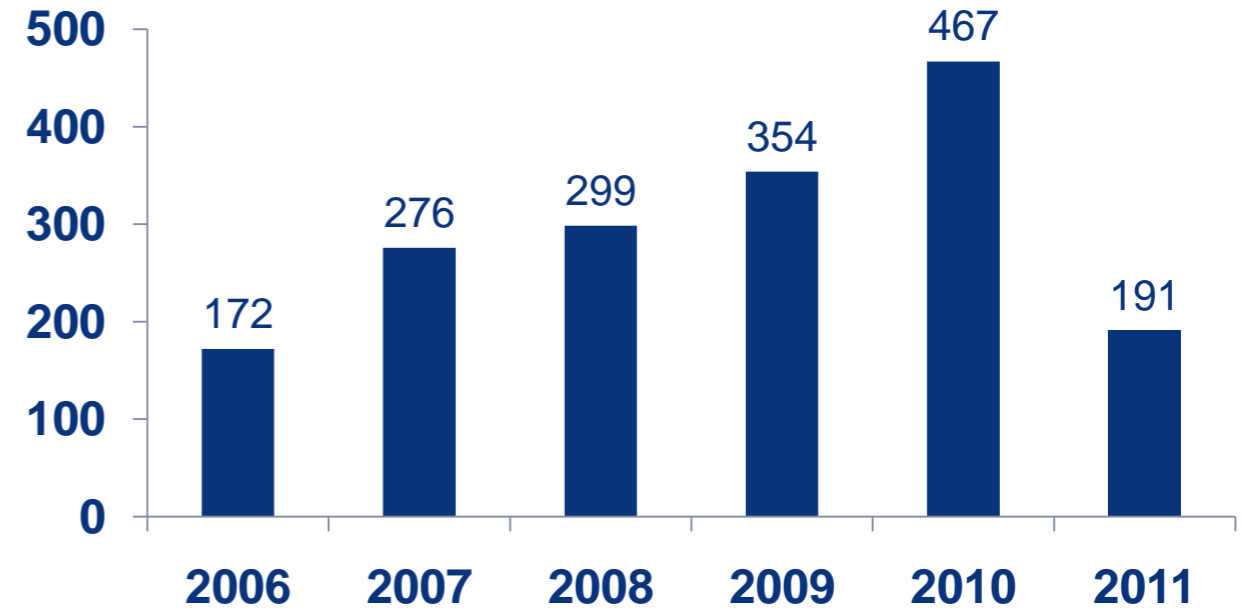


Financial overview

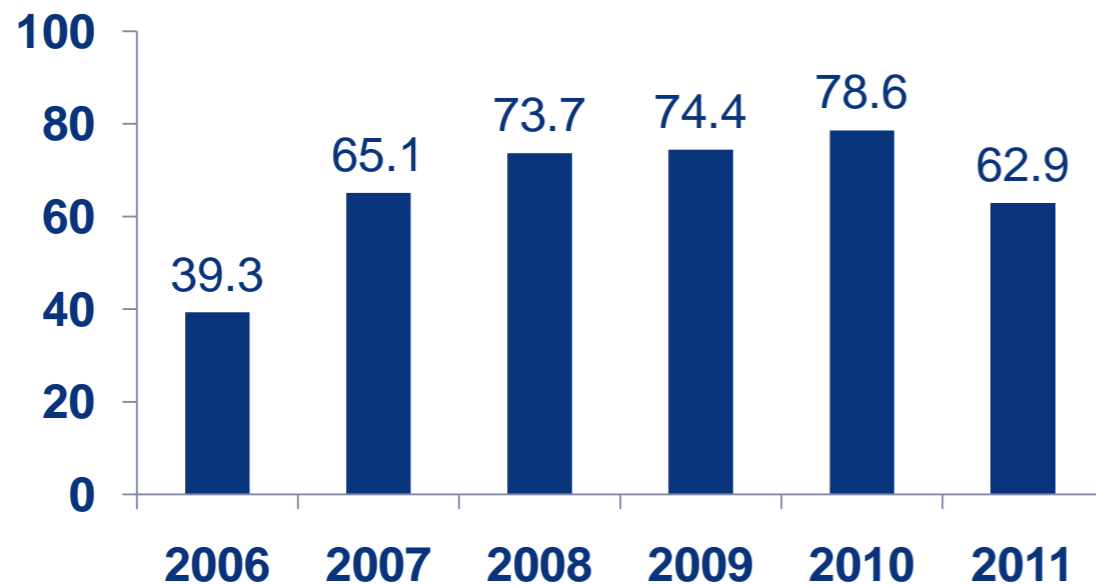
Listing particulars

Year end	June
JSE ticker	AFR
Listed exchange	JSE Main Board: Food Producers
Sub sector	Farming & Fishing
Market cap	R2.1 billion
NAV	441 cents per share (June 2011)

Profit for the year (Rm)



HEPS (cents)

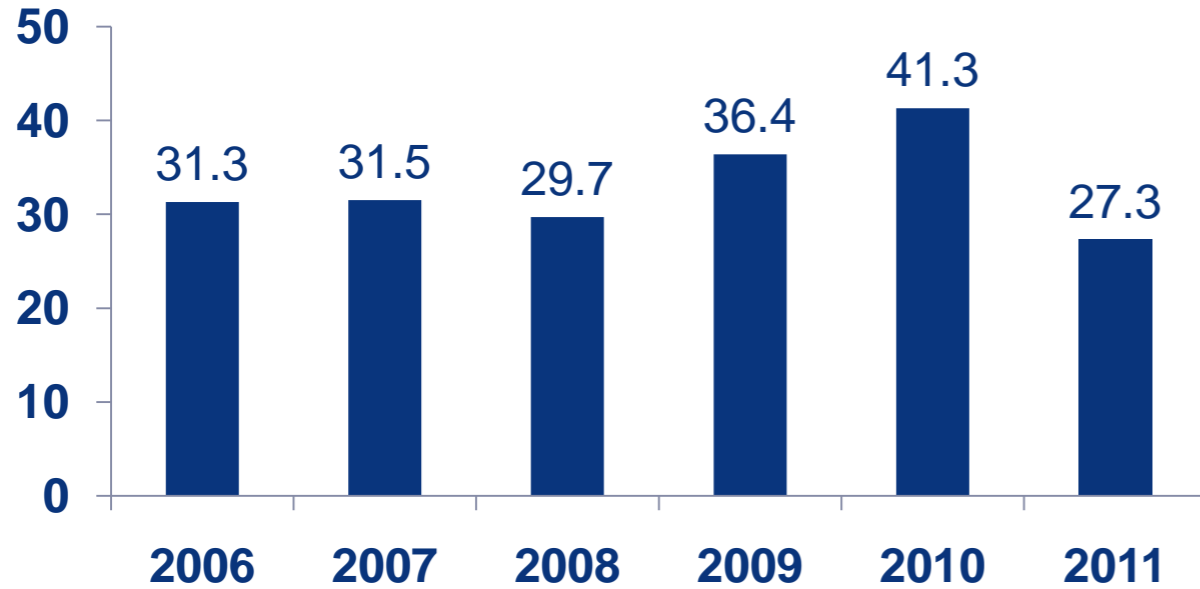


- Continuing HEPS affected by
 - Competition Commission penalty
 - Consolidation of BEE minorities
 - Increased tax rate
 - Retail – Australia and South Africa
- Difference between first half and second half

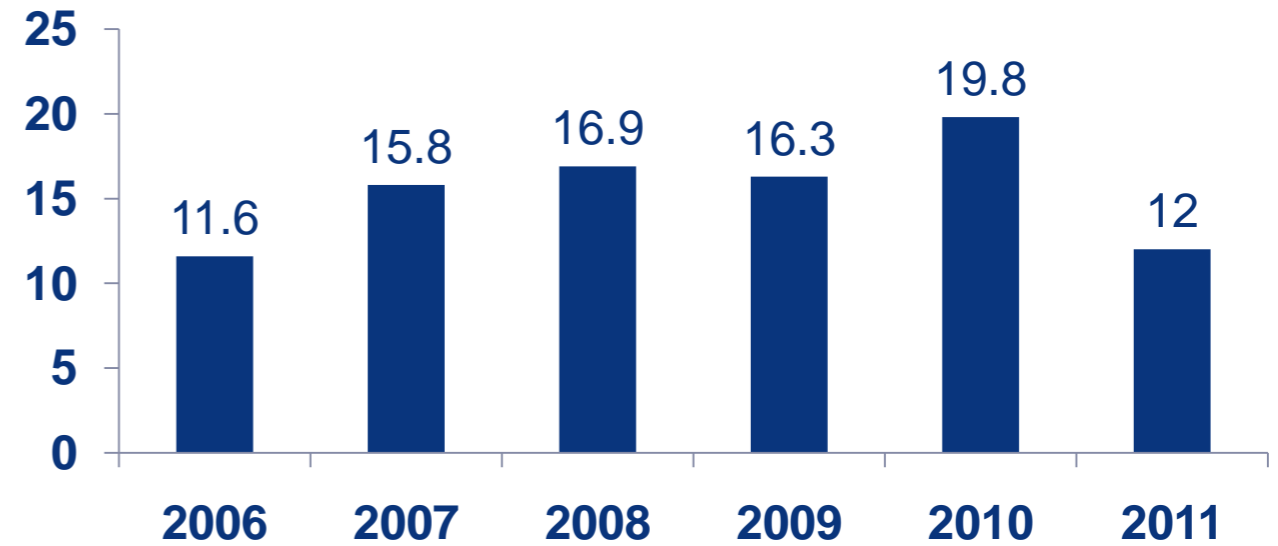


Financial overview (con't)

Dividends (total)



ROE (%)



AFGRI in numbers

Town & Country	35 branches
Farm City	4 stores
John Deere	13 workshops & sales agencies
Vertical grain storage silo's	67
Vertical bunker storage sites	9
Collateral management	13
Handling & storage capacity	4.45 million tons
Animal Feed Mills	7
Animal Feed Depots	4




AFGRI

Prospects



Overall focus area





Agri Services



- Focus areas:
 - Increased agricultural confidence – improved demand at retail operations
 - Expecting improved conditions in Australia
 - Streamline process
 - Consistency on systems
 - Market share in mechanisation
 - Improve conditions in retail business
 - Lower stock levels
 - Collateral management
 - Expansion in Africa



Financial Services



- Focus areas:
 - Finalise sale of farmers debtors book
 - Started negotiations on the sale of corporate debtors book
 - Continued focus on non-interest income
 - Growth in debtors in line with expectations of partners



Foods



- Focus areas:
 - Efficiencies in feeds and procurement
 - Day old chicks expansion
 - Focus on expanding product range in poultry (IQF, Fresh, FSR)
 - Milling expansion
 - Nedan expansion



Nedan expansion project

- Currently run two plants:
 - Opportunity for local produced quality product
 - Byproduct to be utilised by Animal Feed
 - Aligned with AFGRI's value chain and food portfolio growth objective
 - Plant protein (soya) well positioned to supply global demand
 - Within current core competencies
 - Increase soya crush capacity by 133%
 - Location gives AFGRI Animal Feeds ability to sell into northern markets (Limpopo)
 - Eighteen months time line



Prospects

- External environment:

- World food production is set to increase
- Expect economic climate in South Africa and Australia to improve
- Maize plantings should return to normal
- Maize price already shown strength

Price expectation	
White maize	R1,900 – R2,400
Yellow maize	R1,900 – R2,400
Wheat	R2,900 – R3,200
Sunflower	R3,800 – R4,500
Soybean	R3,200 – R3,600

- Focus areas for the period ahead:

- Prepare to take over operations of Pride Milling
- Continue commitment to the expansion in Foods segment
- Conclude lender finance of debtors book
- Continue with African expansion strategy



Thank you

www.afgri.co.za