



Final results presentation

7 & 8 September 2011



Agenda

The past year

Operational overview

Financial overview

Prospects

Questions and answers



The past year
Chris Venter



The past year

- EPS: All operations

(39)%

- HEPS: All operations

(30)%

- HEPS: Discontinued operations

(556)%

- HEPS: Continuing operations

(18)%

- Final cash dividend per share of 3.20 cps



What impacted continuing business?

- 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



The past year

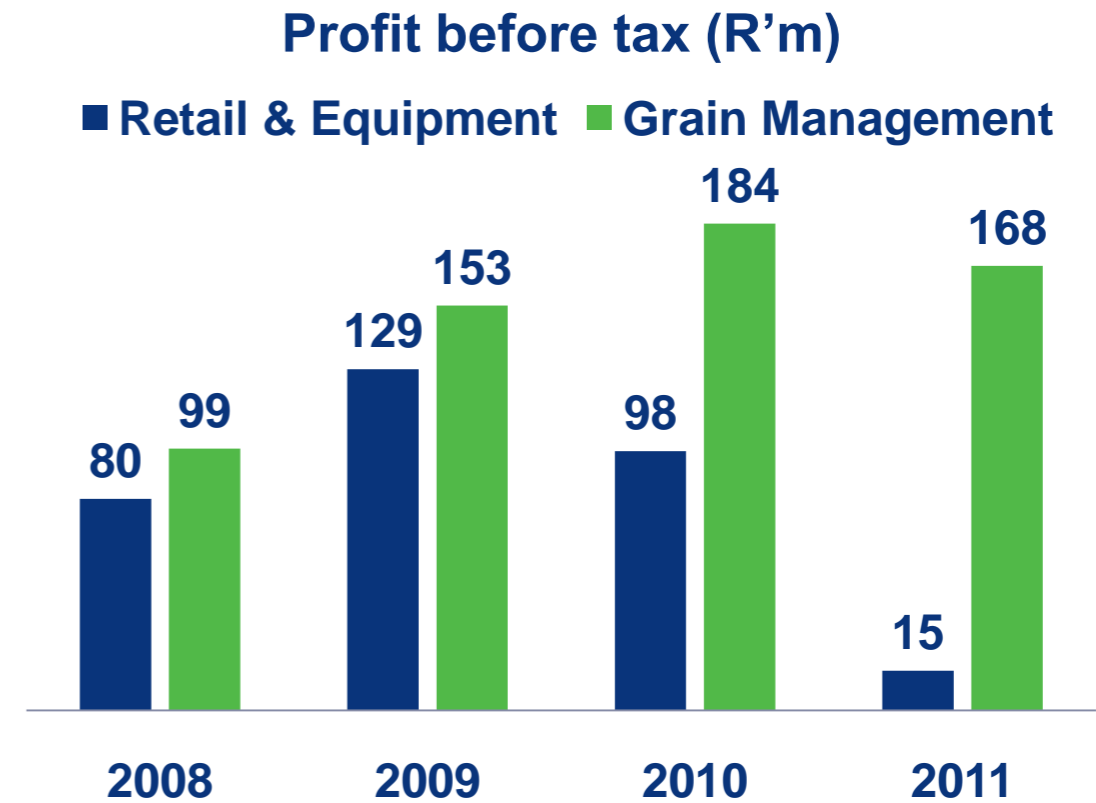
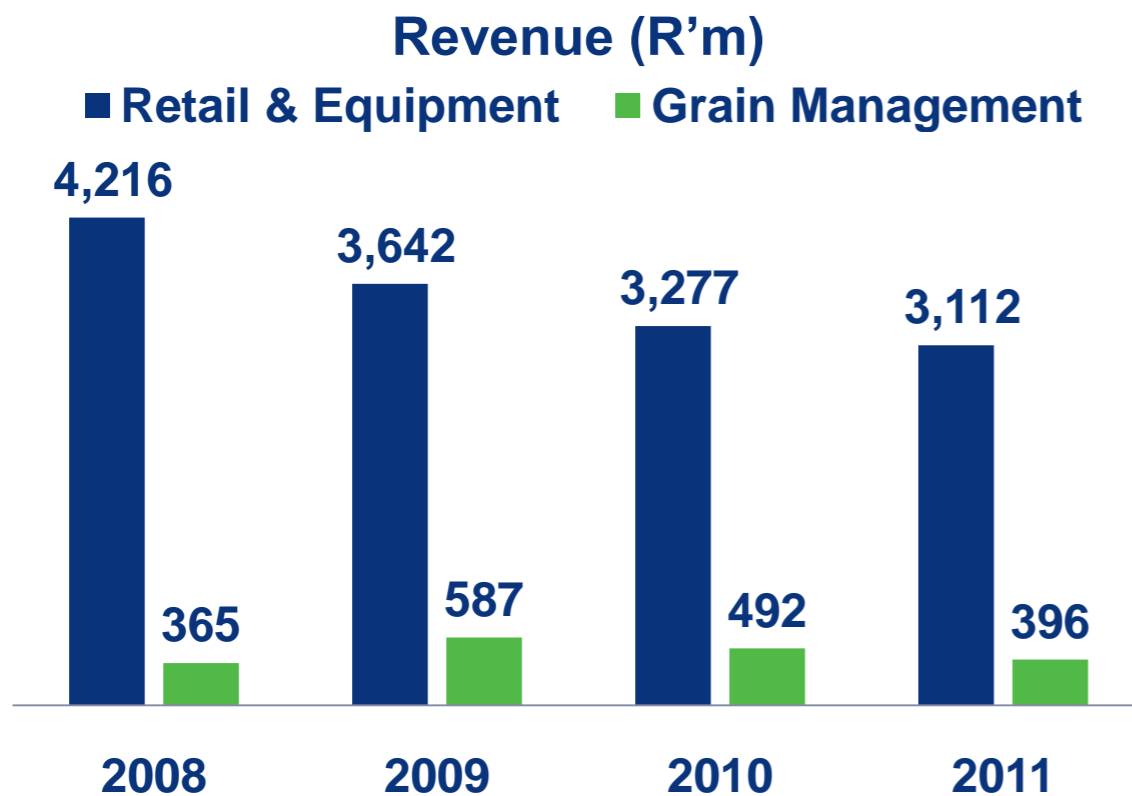
- Positive factors
 - Term sheet finalised on debtors book
 - Finalising BEE structure
 - Strong performance from Financial Services
 - One ERP system
 - Expansion of Food business continued
 - Implementation of sunflower crushing plant
 - Approval of a R180 million expansion at Nedan



Operational overview

Chris Venter

Agri services segment



Retail and Equipment:

- R29 million negative swing from Australian operation
- South African revenue down 17% (Feb and Mar)
- Prior year numbers included profit on sale of assets

Grain Management:

- Unsustainable elements of grain trading business discontinued
- Competition Commission settlement (R15.6 million)
- Continued exports

Agri services segment

Retail & Equipment

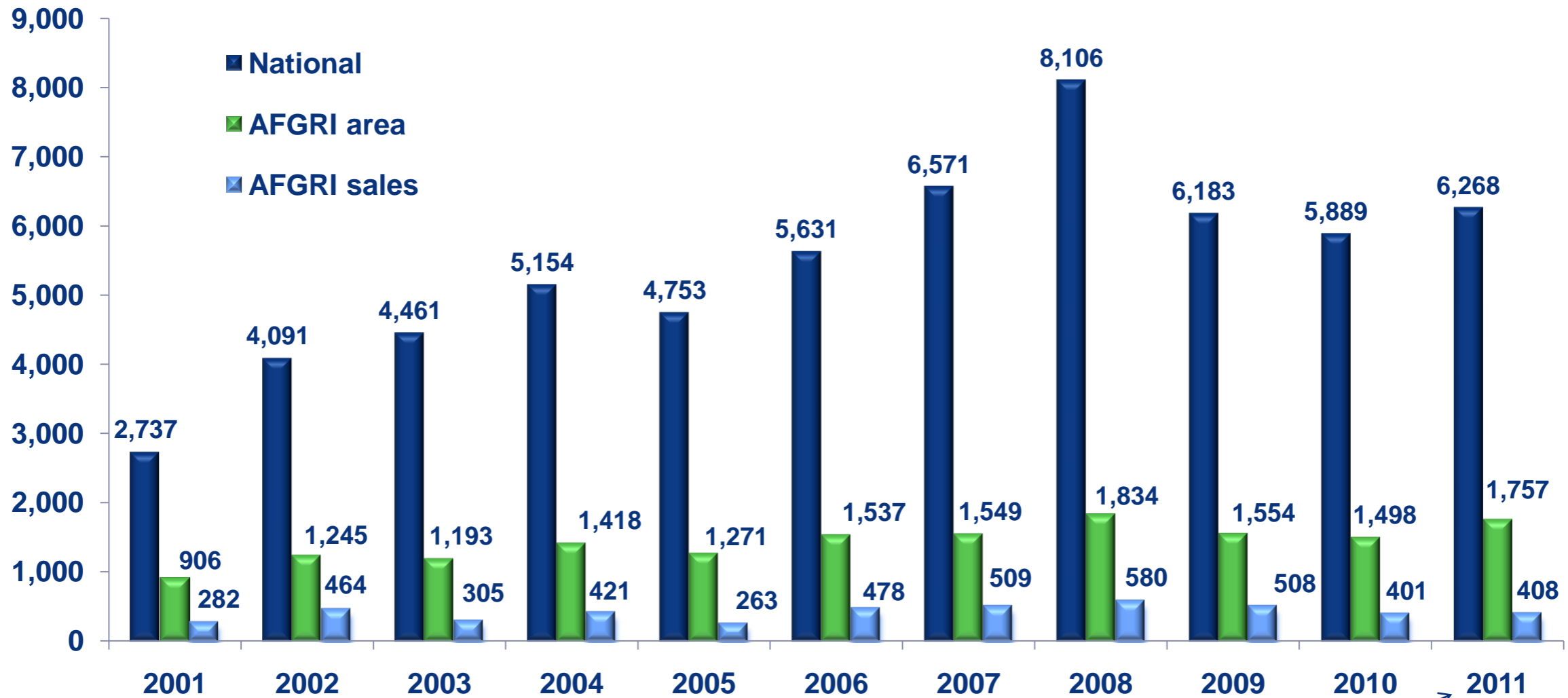


- Early season maize price of R1,100/ton (lower maize price due to large crop)
- Decreased volumes in retail stores
- Lower investment in capital equipment by farmers
- Lower planting and change in crop mix (13% of land transferred from maize to other crops such as soya)
- Australia - significant decline due to drought in West and floods in East
 - First loss ever from this operation
- Lost market share in mechanisation





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 segment

Africa



- Positive contribution on profit before tax
- Silo management in Zambia
- Collateral management in four African countries (Botswana, Mozambique, Swaziland and Zambia)
- Taken 49% equity in John Deere Zimbabwe (trading as AFGRI Zimbabwe)
- Negotiating John Deere agencies in two other African countries

Grain Management

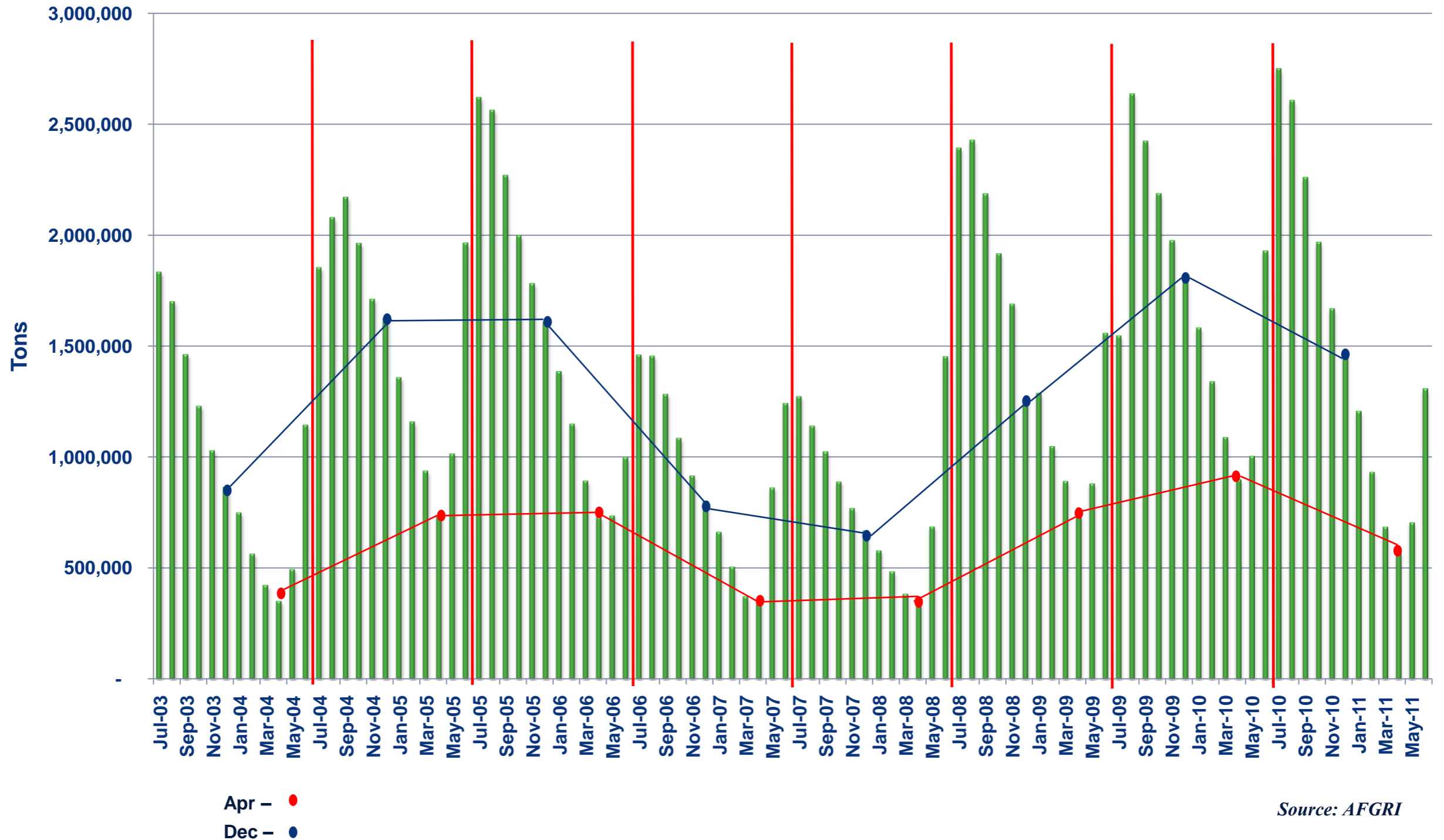


- High opening stock levels
- First half benefitted from high disbursements rates
- Second half was impacted by lower stock levels and continued exports
- Decreased silo levels impacted handling fees received (exports)
- Shorter storage periods
- Exports continued throughout year as SA traded close to export parity
- Poor quality crop in AFGRI area and farmers using crop for purposes other than storage
- Impact of late harvest on current year



Closing silo stocks ('000)

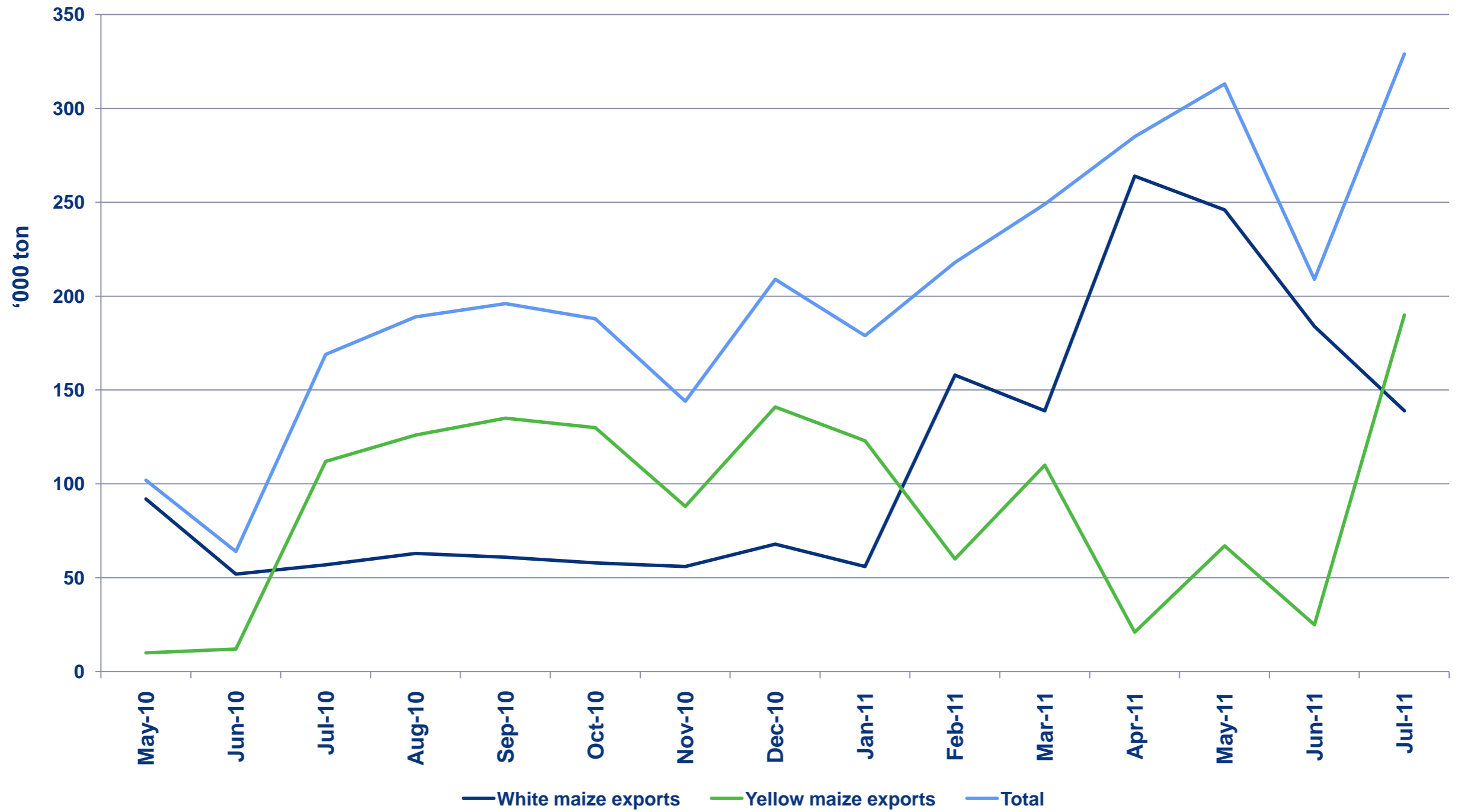
Grain Management: Silo volumes 2003 to 2011



Source: AFGRI



Maize exports

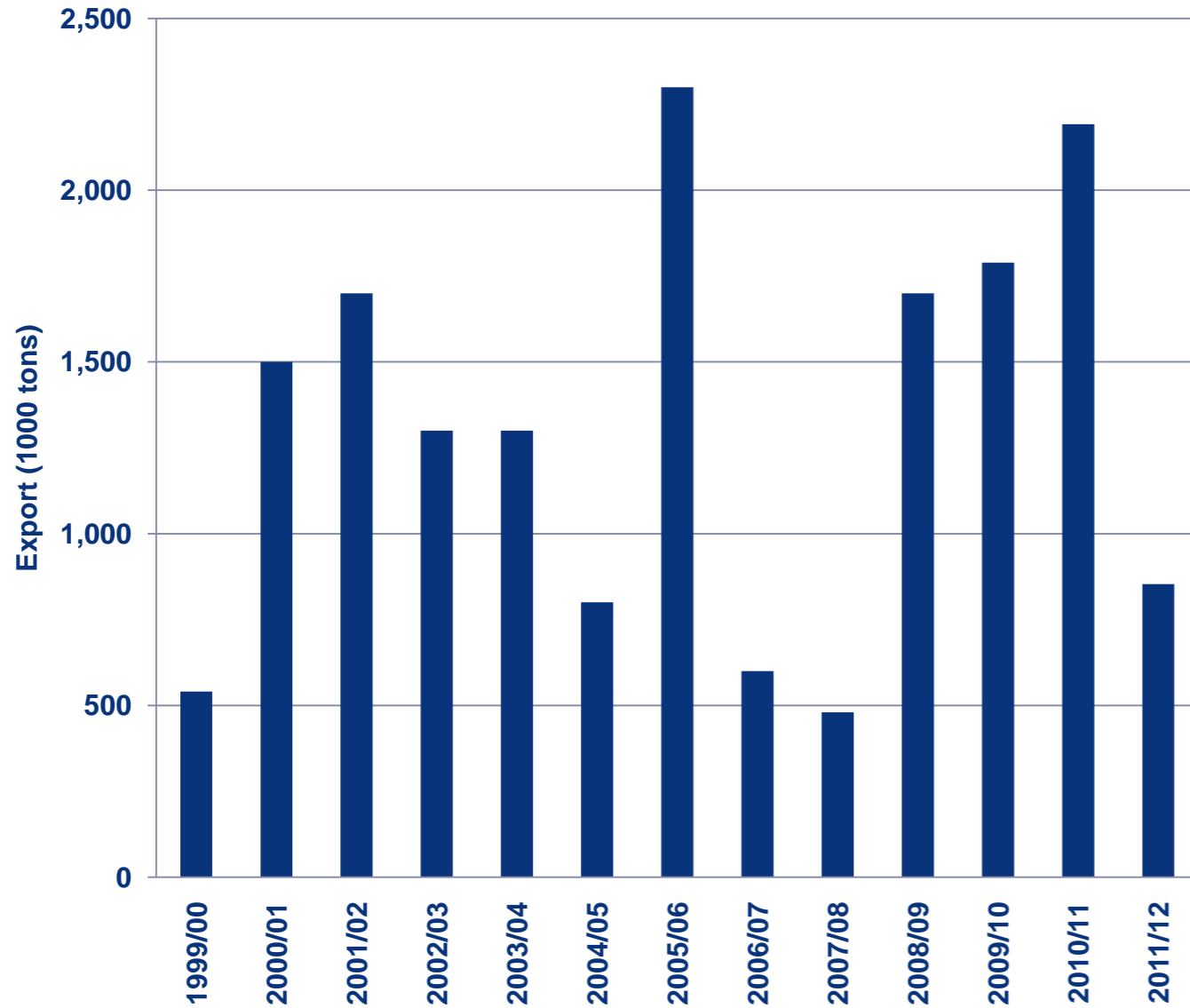


Source: SA Grain Information Service



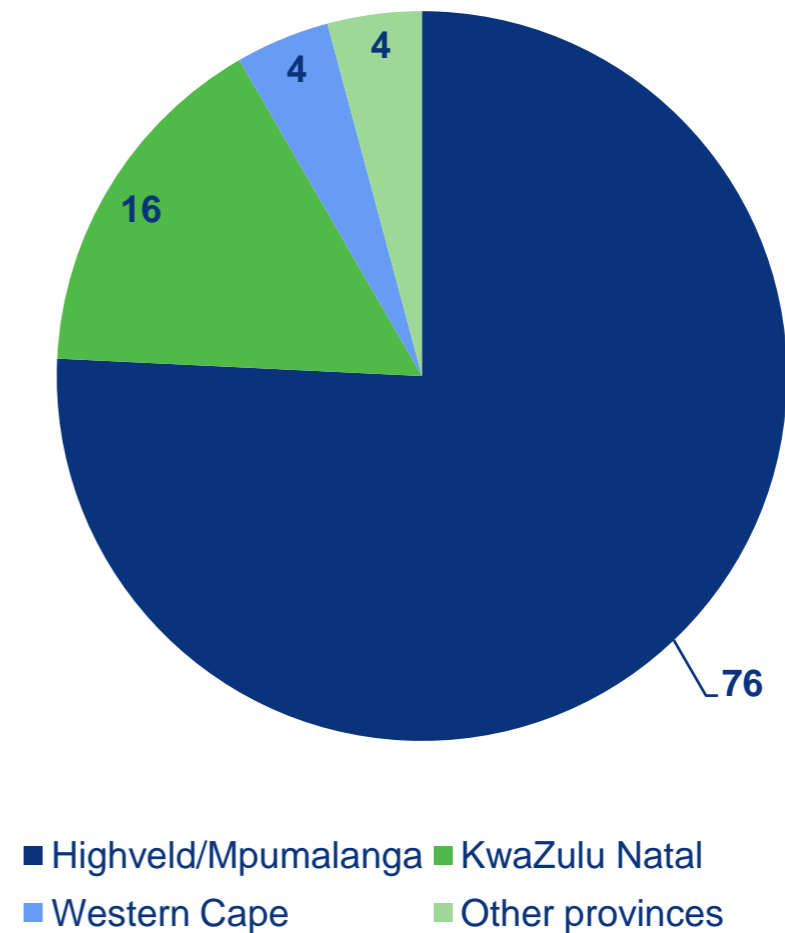
Maize exports

Maize exports



2011/12 is data to July 2011

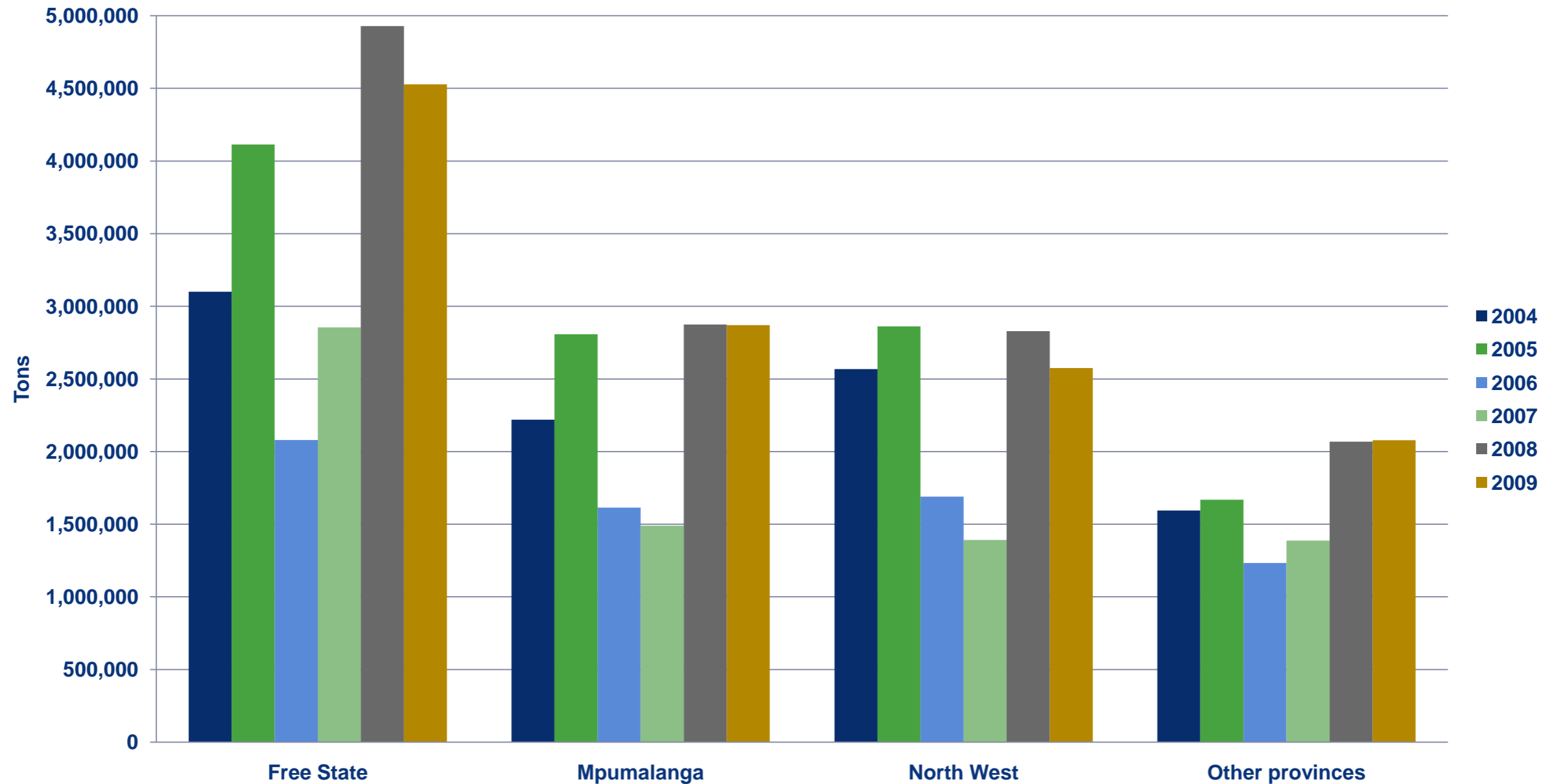
Share of provincial maize exports to total RSA exports (%) – average from 2000 – 2009 season



Source: Maize Value Chain Profile 2010-2011 & SAGIS



Maize production by province

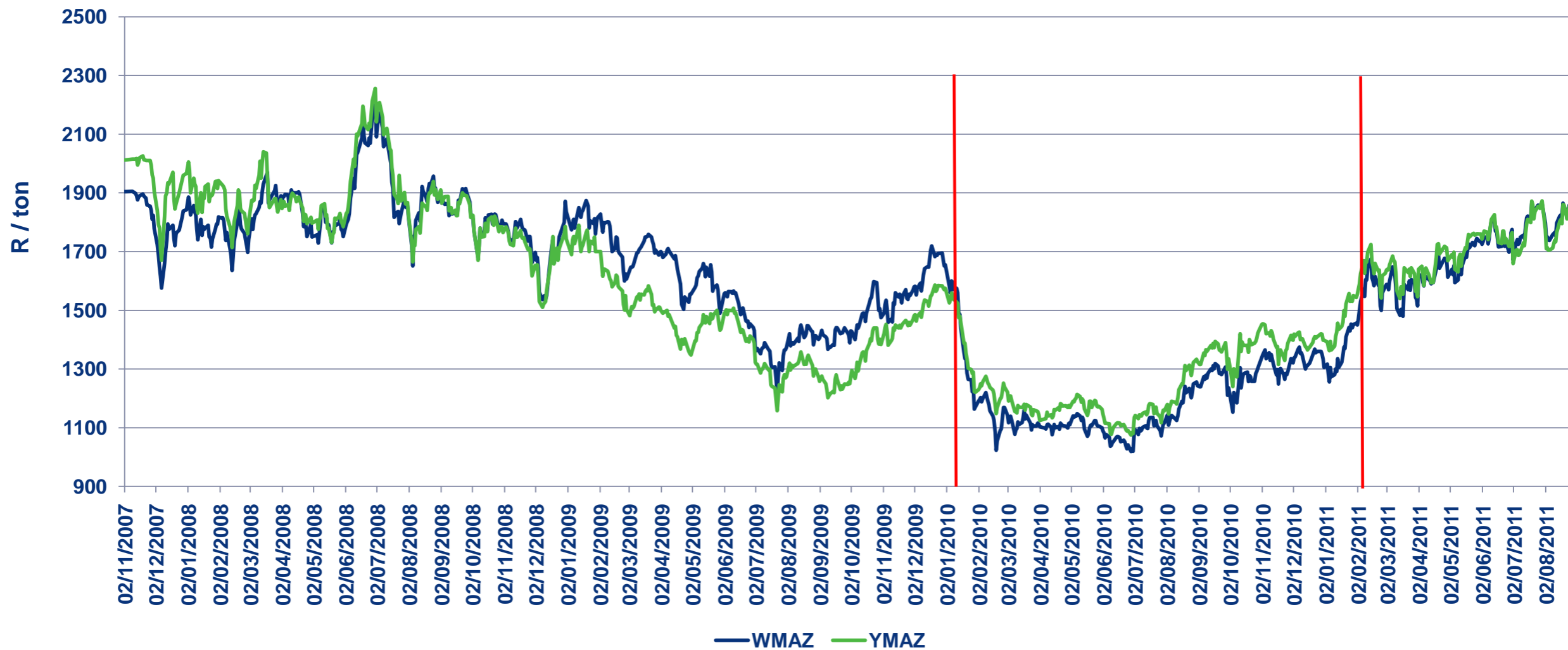


- Free State, Mpumalanga and North West province account for 84% of total maize production in South Africa

Source: Maize Value Chain Profile 2010-2011



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



Grain trading division

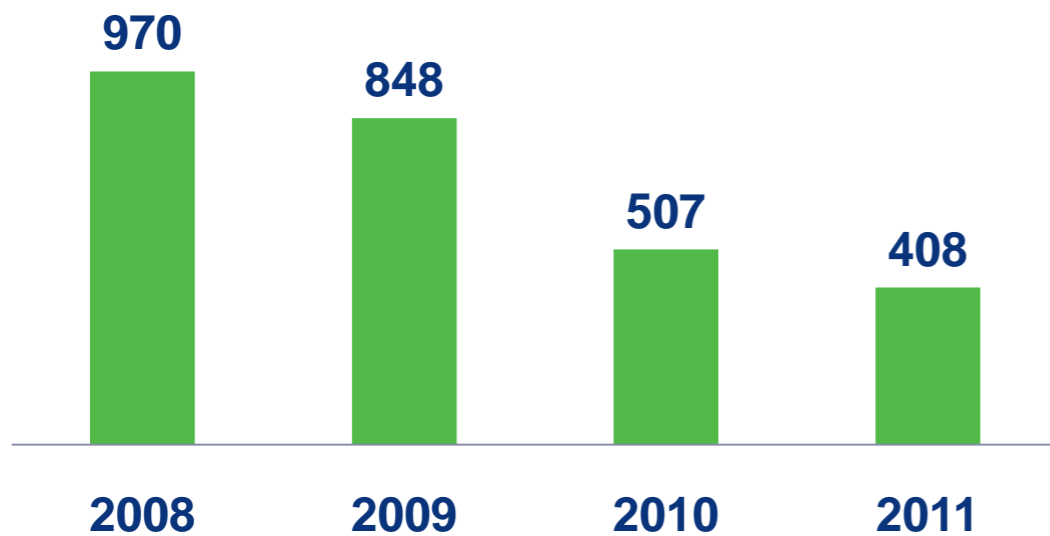
- Discontinuation of grain trading business
 - Providing end users with fully hedged future grain deliveries – not sustainable
 - Too much risk associate with fully hedged business model
 - Particular product line closed
 - Remaining grain trading activities moved into Grain Management
 - Discontinued loss: R34 million
 - Benefits:
 - Reduction in costs going forward
 - Elimination of uncontrollable risks
 - Going forward a more sustainable business model for grain procurement



Financial services segment

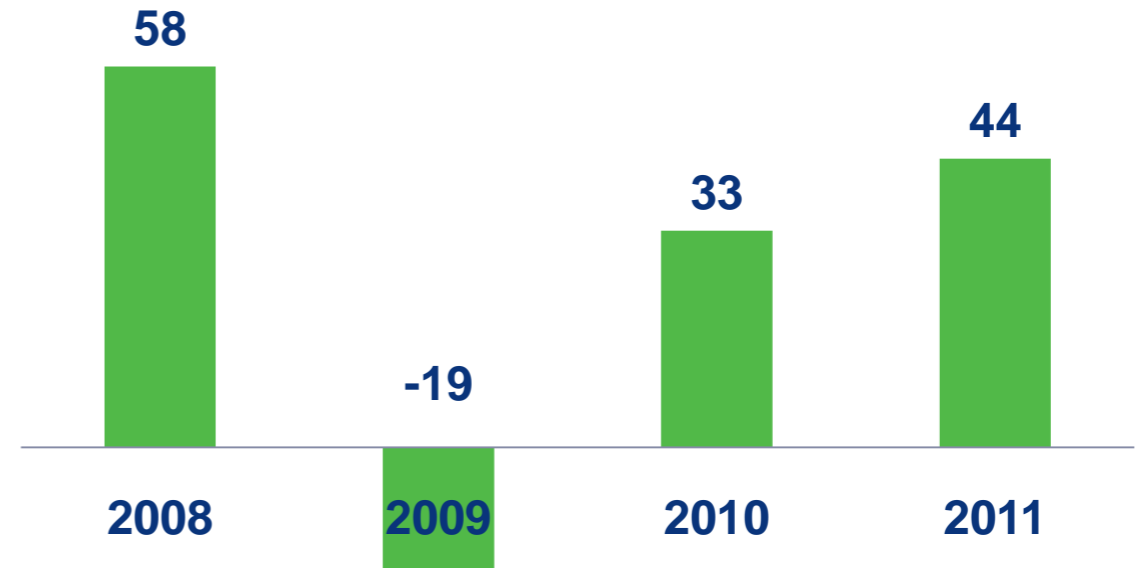
Revenue (R'm)

■ Financial Services



Profit before tax (R'm)

■ Financial Services



GroCapital

- Very good year
- Excellent performance from GroCapital

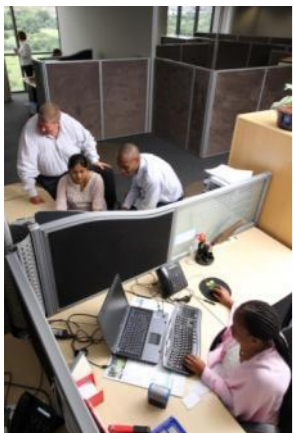
AFGRI Capital

- Reduced debtors book by R530 million

Insurance

- Experienced an average year

Financial services segment



GroCapital

- Increased lending to processors and end users
- Increased profitability due to
 - Improved margins
 - Expansion into international agricultural trade finance
 - Foreign exchange products
- Broking declined due to lower agricultural futures volumes
- Strong growth in non-interest income



Financial services segment

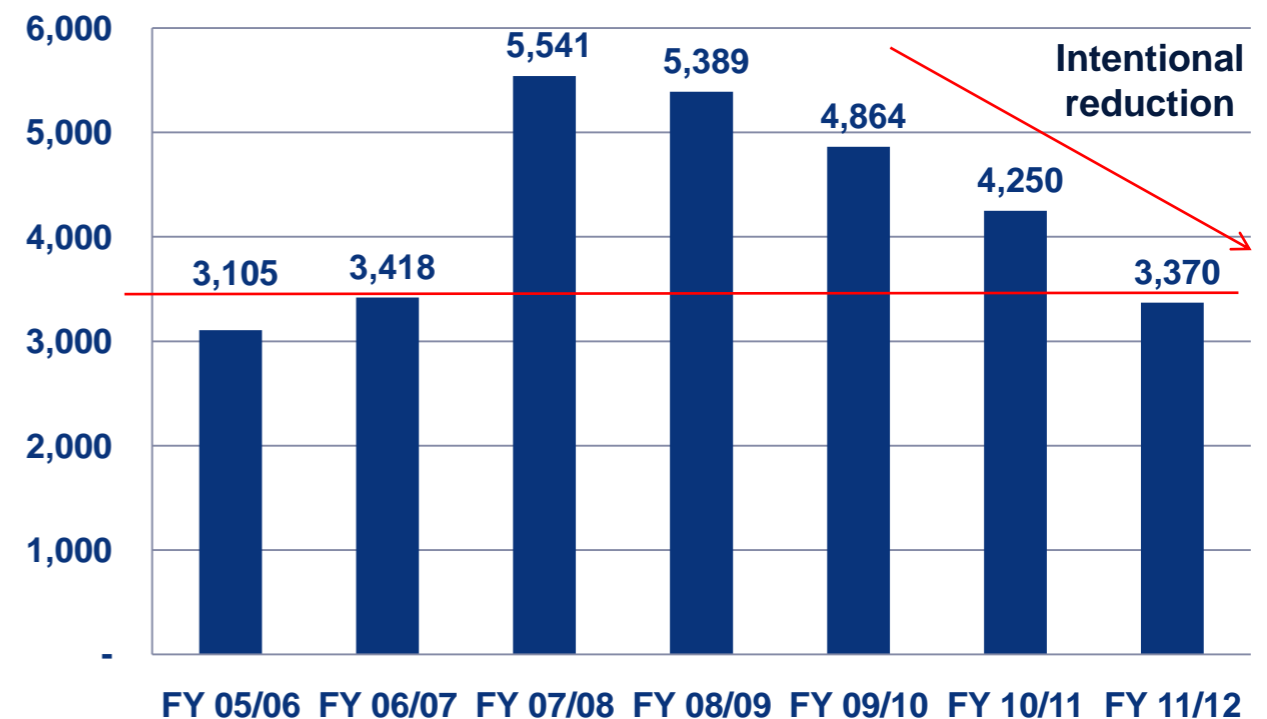
AFGRI Capital



- Profitable business model
- Re-pricing
- Benefits of 2010 restructuring (specific cost reduction)
- Experienced one of its better years in the past 3 years
- Focus on sale of debtors book



Average Debtors Trend Analysis



Status of the balance sheet restructure

- Sales of debtors book
 - Process proceeding well
 - Land Bank is the preferred partner
 - AFGRI retains relationship with farmer



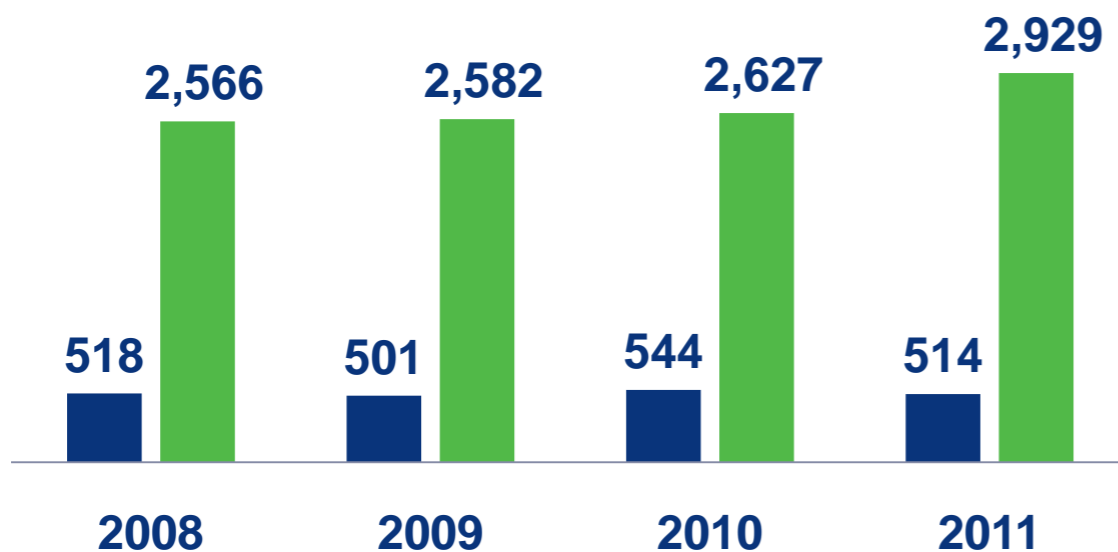
- Envisaged implementation before end December 2011 (subject to Competition Commission)
- Sale of debtor book will strengthen balance sheet allowing for expansion of Foods sector
- Similar objectives for balance of book



Foods segment

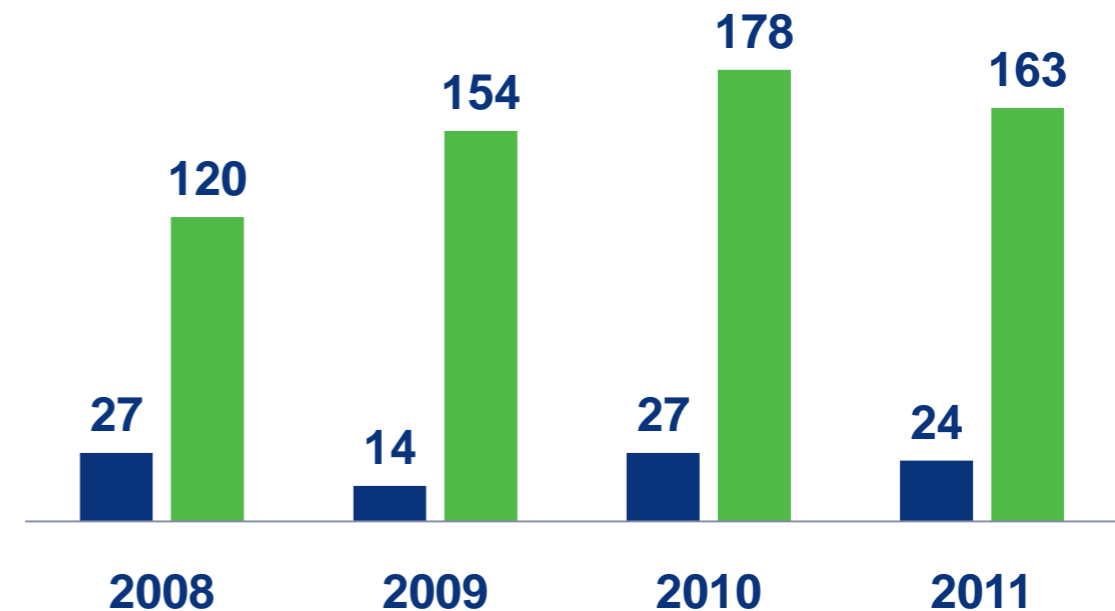
Revenue (R'm)

■ Oil & Protein ■ Animal Protein



Profit before tax (R'm)

■ Oil & Protein ■ Animal Protein



- Conclusion of Rossgro Poultry acquisition
- Acquisition Pride Milling yellow maize business
- Consolidation of Midway Chix, Daybreak and Rossgro into AFGRI Poultry
- R180 million expansion at Nedan
- Margin pressure on Animal Feeds business



Foods segment



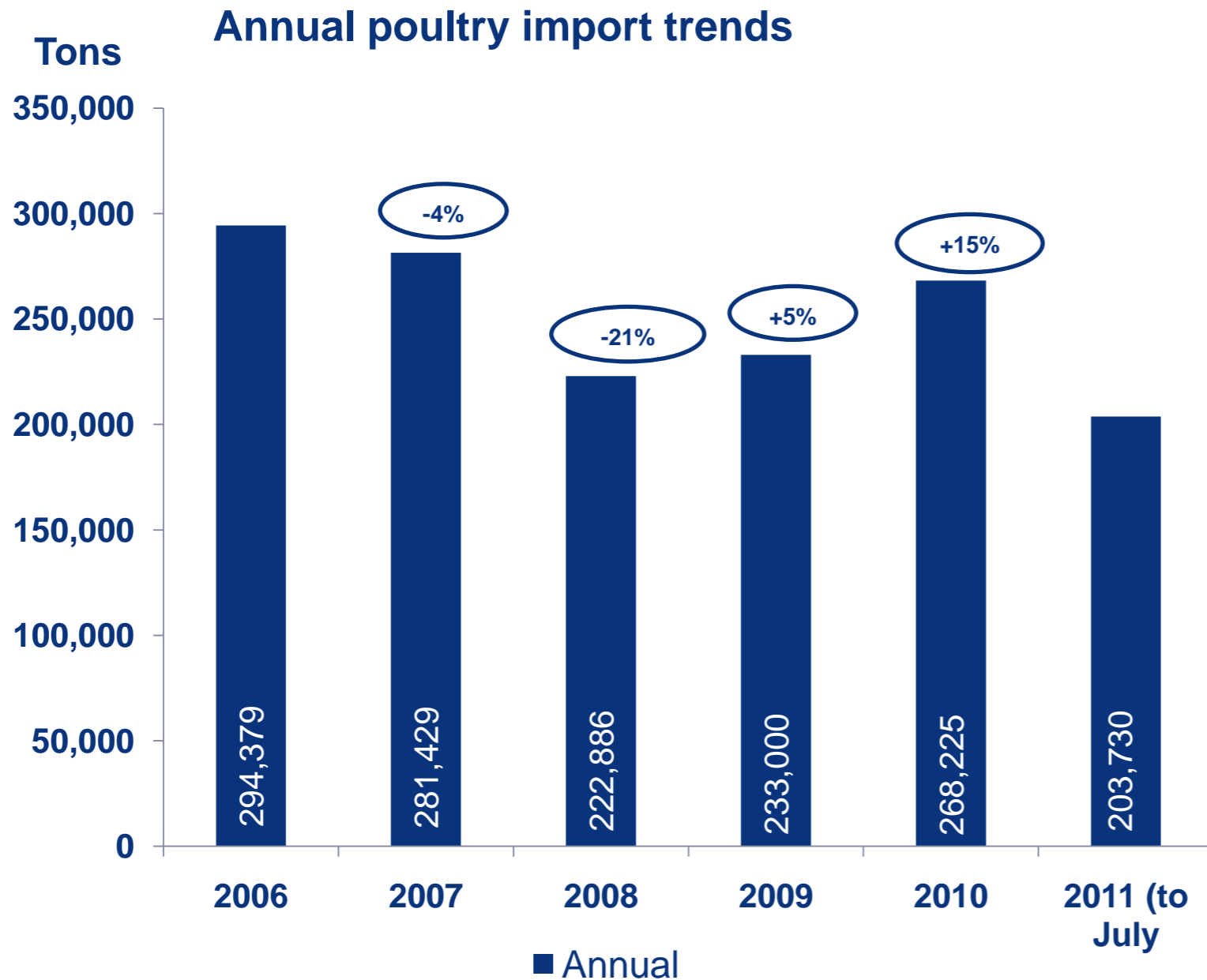
Animal Protein

- Disappointing results from external sales
- Margin pressure
- Operation costs – electricity and overheads undermine margin per ton
- Poultry prices remain below 2009 prices
- Expansion of Sundra and Rossgro abattoirs contributed to increased volumes
- Operation efficiencies / PEF's
- Challenges
 - Market place

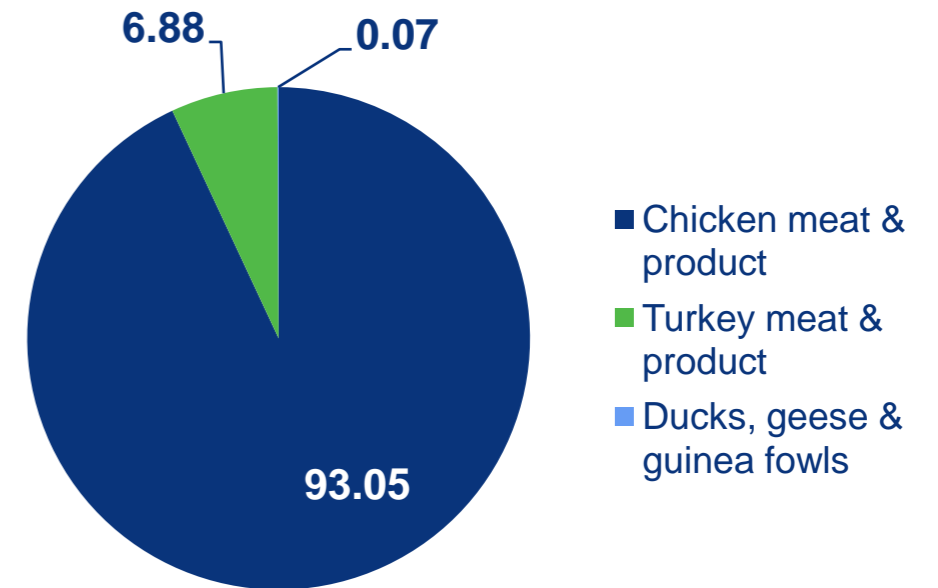




Annual poultry imports and composition



Composition of April 2011 imports (%)



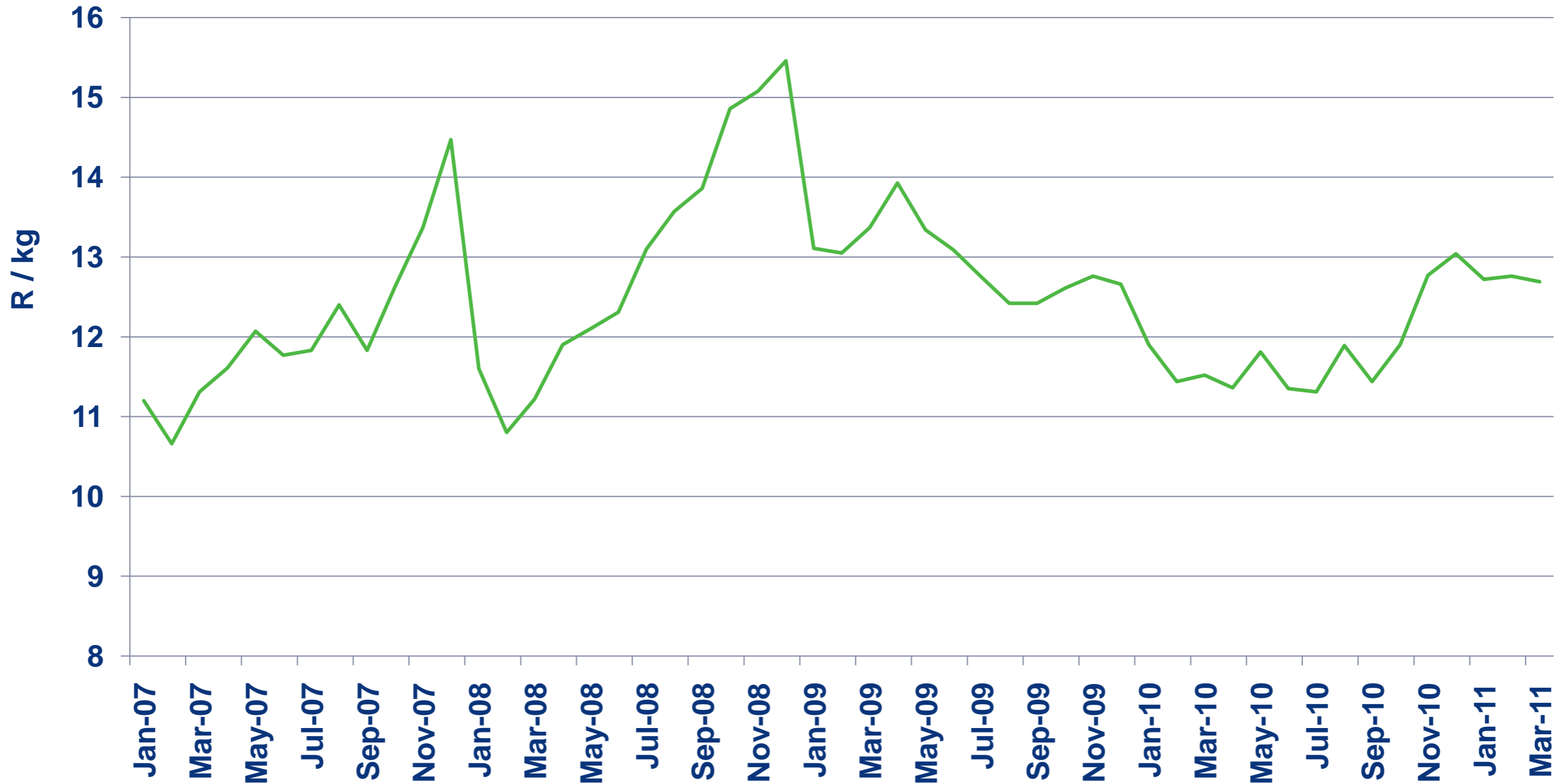
- Poultry includes: chicken, turkey, ducks, geese and guinea fowl imports
- The trend for imports is increasing

Source: South African Poultry Association



Broiler pricing

Total sales realised of frozen broilers



Source: South African Poultry Association



Foods segment

Oil and Protein

- Slight decrease year on year
- Impact of commissioning of new sunflower crushing plant
- Stabilised profit levels
- Crush margins down
- Expansion plans





Update on 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
 - Provide solid base for expansion
 - Marketing opportunities with Nedan
 - Reputable customer base
 - Production capacity of 198,700 tons per year
-
- Competition Commission submitted
 - Expect approval before end September



AFGRI

Financial overview

Jan van der Schyff



Financial highlights

Revenue - continuing
@ R7.3 billion

2%

Cash at end of period
@ (R546) million

(179%)

HEPS: All operations
@ 54.7 cents

(30%)

HEPS: Discontinued operations
@ (8.2) cents

(556%)

2011: Trading (Loss – R34 million)
2010: Tsunami (Profit – R6 million)

HEPS: Continued operations
@ 62.9 cents

(18%)



HEPS from continued operations

HEPS from continued operations were affected by the following:

Description	1 st Half R' million	2 nd Half R' million	Total
South African retail conditions	(14)	(22)	(36)
Australia retail conditions	(11)	(9)	(20)
Increase in taxation	(14)	6	(8)
BEE consolidation	13	(21)	(8)
<i>Interest</i>	<i>(40)</i>	<i>(41)</i>	<i>(81)</i>
<i>Tax</i>	<i>(8)</i>	<i>4</i>	<i>(4)</i>
<i>BEE profit share</i>	<i>61</i>	<i>16</i>	<i>77</i>
Grain management*	7	(23)	(16)
Total	(19)	(69)	(88)

* Includes Competition Commission administrative penalty . 1st Half R(8) million, 2nd Half R(8) million.



Agri Services - Retail and Equipment

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Total revenue	3,112	3,277	-5%
Total profit before taxation	15	98	-85%
Profit before interest margin	1.70%	4.73%	-64%



Agri Services - Retail and Equipment

Description (R' million)	12 Months to Jun 2011	12 Months to Jun 2010
Revenue – Retail	820	776
Revenue – Mechanisation	768	904
Revenue – Primary Inputs	334	422
Revenue – Other services*	820	648
Revenue – Australia	370	527
Total revenue	3,112	3,277
PBT – Retail	9	26
PBT – Mechanisation	10	21
PBT – Primary Inputs	1	7
PBT – Other services*	10	30
PBT – Australia	(15)	14
Total profit before taxation*	15	98
Net Profit – Retail	1.10%	3.35%
Net Profit – Mechanisation	1.30%	2.32%
Net Profit – Primary Inputs	0.30%	1.66%
Net profit – Other services*	1.22%	4.63%
Net Profit – Australia	-4.05%	2.66%
Net profit margin	0.48%	3.02%

* Other operating income (including capital profits), other services and Africa



Agri Services - Grain Management

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Total profit before taxation	168	184	-9%
Total tonnage received in million	2.6	3.1	-16%



Financial Services

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Interest received	289	381	-24%
Other revenue	119	126	-6%
Total revenue	408	507	-20%
Interest paid	180	298	-40%
Total profit before taxation	44	33	33%
Loan book margin	2.6%	2.0%	30%
Bad debt written off as a % of debtors	0.5%	0.5%	-



Loan book: Margin calculation

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Total interest received	308	465	-34%
<i>Total interest received</i>	293	434	-32%
<i>Interest on cash guarantees</i>	15	31	-52%
Total interest paid	(221)	(382)	42%
<i>Total interest paid</i>	(205)	(366)	44%
<i>Other interest (paid) / received</i>	(17)	(16)	-6%
Net interest	87	83	5%
Average debtors balances	3,370	4,250	-21%
Loan book margin	2.6%	2.0%	30%



Net interest calculation

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010
Finance cost: continuing	(387)	(438)
Finance cost: discontinued	(12)	(51)
Interest related to debtors finance: continuing	205	366
Interest related to debtors finance: discontinued	-	18
Other interest paid	(194)	(105)
Dividend income*	12	18
Interest received: Guarantee deposit*	15	31
Interest received: Other**	25	39
Net interest	(142)	(17)
Preference dividend	-	31
Interest effect of consolidation	81	-
Interest: Other guarantee deposits**	3	4
Net interest and dividends	(58)	18

* - Included in other operating income

** - Included in other operating expenses



Balance sheet – Financial Services

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Assets	3,553	3,730	-5%
Non-current assets	338	196	72%
Other current assets	144	19	658%
Trade and other receivables	2,919	3,090	-6%
Cash and cash equivalents	152	425	-64%
Liabilities	3,072	3,401	-10%
Non-current liabilities	20	13	54%
Other current liabilities	133	298	-55%
Borrowings to finance trade receivables	2,871	2,937	-2%
Call loans and bank overdrafts	-	-	0%
Intergroup debt	48	153	-69%
Net assets	481	329	46%



Foods - Animal Protein

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Total profit before taxation	163	178	-8%
Raw material increase			0%
Selling price increase			3%



Foods - Oil & Protein

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Total profit before taxation	24	27	-11%



Balance Sheet - Agri, Foods & Other Services

Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Assets	4,425	4,748	-7%
Non-current assets	2,126	1,884	13%
Other current assets	1,090	1,039	5%
Trade and other receivables	956	1,353	-29%
Cash and cash equivalents	253	472	-46%
Liabilities	3,331	2,792	19%
Non-current liabilities	728	334	118%
Other current liabilities	1,148	1,446	-21%
Borrowings to finance trade receivables	552	958	-42%
Call loans and bank overdrafts	951	207	359%
Intergroup debt	-48	-153	-69%
Net assets	1,094	1,956	-44%



Consolidated Income Statement (Earnings)

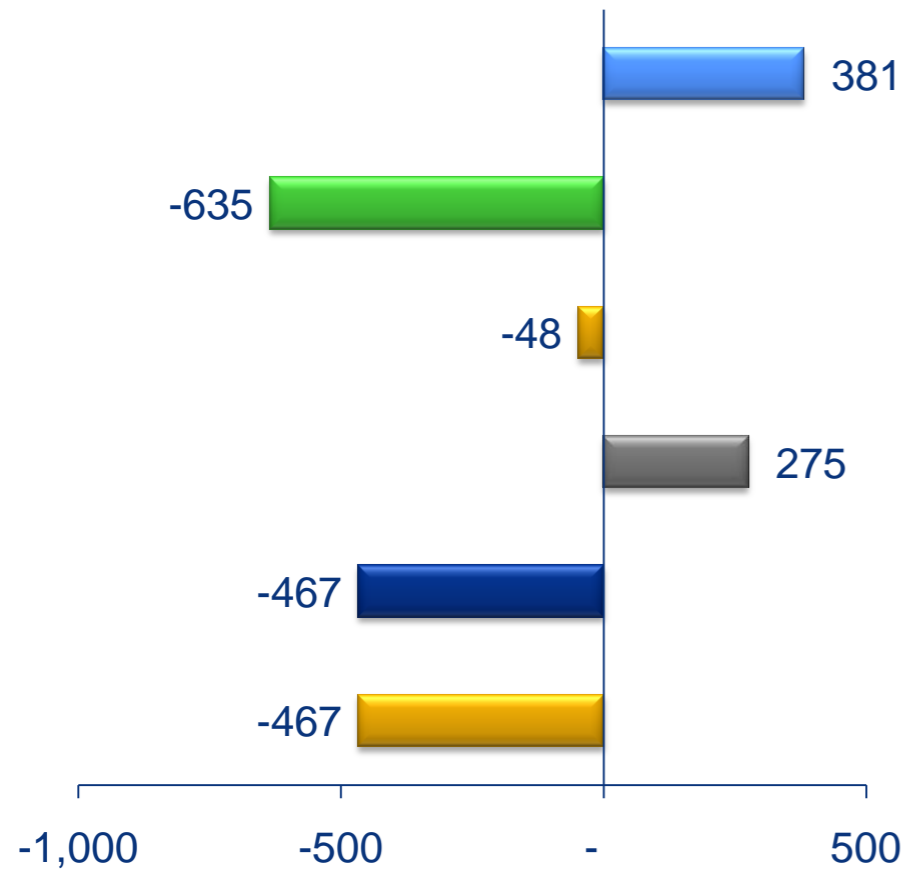
Description R' million	12 Months to Jun 2011	12 Months to Jun 2010	Change
Total revenue	7,349	8,326	-12%
Profit before taxation - continuing	293	473	-38%
BEE interest	81	-	100%
Taxation (excluding BEE)	(64)	(66)	-3%
Profit for continuing operations	310	407	-24%
HEPS (Cents) – Continued operations	62.9	76.8	-18%
Discontinued operations	(34)	60	-157%
Profit for the period	276	467	-41%
Minorities	(78)	(162)	52%
Total Earnings	198	305	-35%
BEE consolidation impact	(8)	-	100%
Earnings attributable to shareholders	190	305	-38%
HEPS (cents)	54.7	78.6	-30%



Cash flow statement

30 June 2011

R'million



(961)
268
147
(546)

Cash generated from ops

Working capital utilised

Taxation

Decrease/(Increase) in
guarantee deposits

Investments made

Finance activities

Net (decrease)/increase in cash

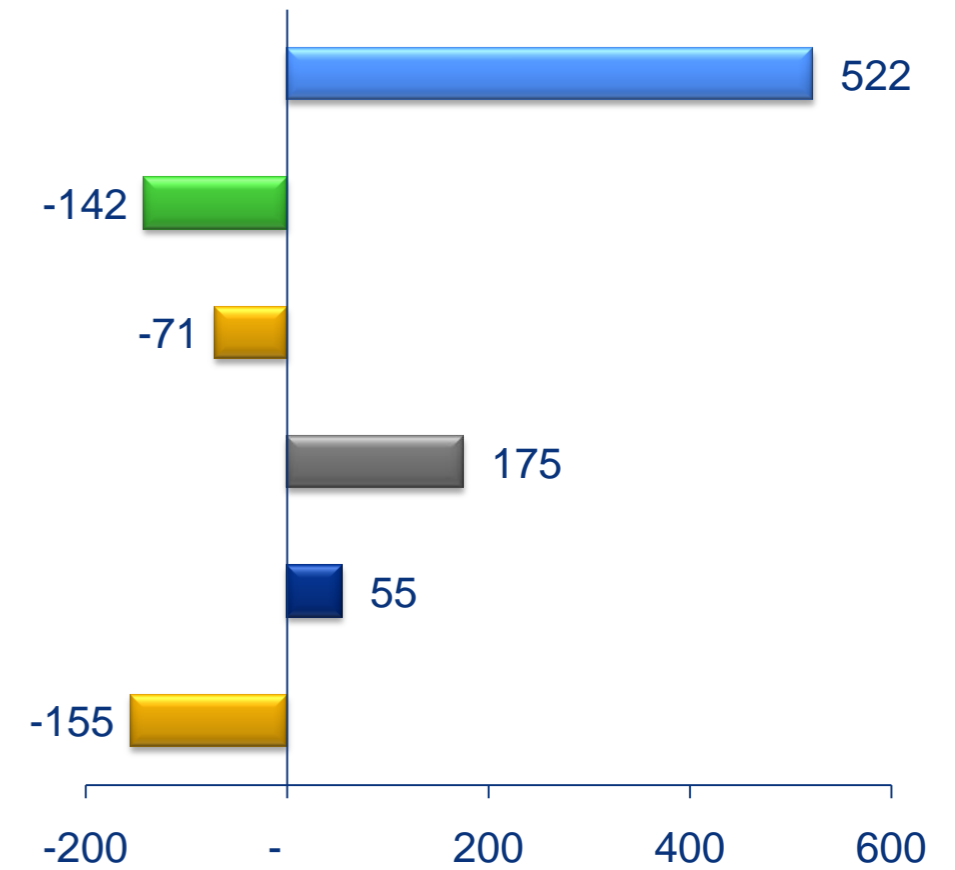
Cash beginning of period

Bank collateral deposits

Cash end of period

30 June 2010

R'million



384
(116)
422
690



Group Capex

Description R' million	12 Months to June 2011
Agri Services	61
Financial Services	30
Foods	112
Corporate	95
Total	298



Prospects

Chris Venter



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

- 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

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



Thank you

www.afgri.co.za