



AFGRI

growth the natural outcome

INTERIM RESULTS PRESENTATION

Investment Analysts Society presentation 4 & 5 March 2009

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Delivering a portfolio of
quality assets, while
growing a profitable
partnership

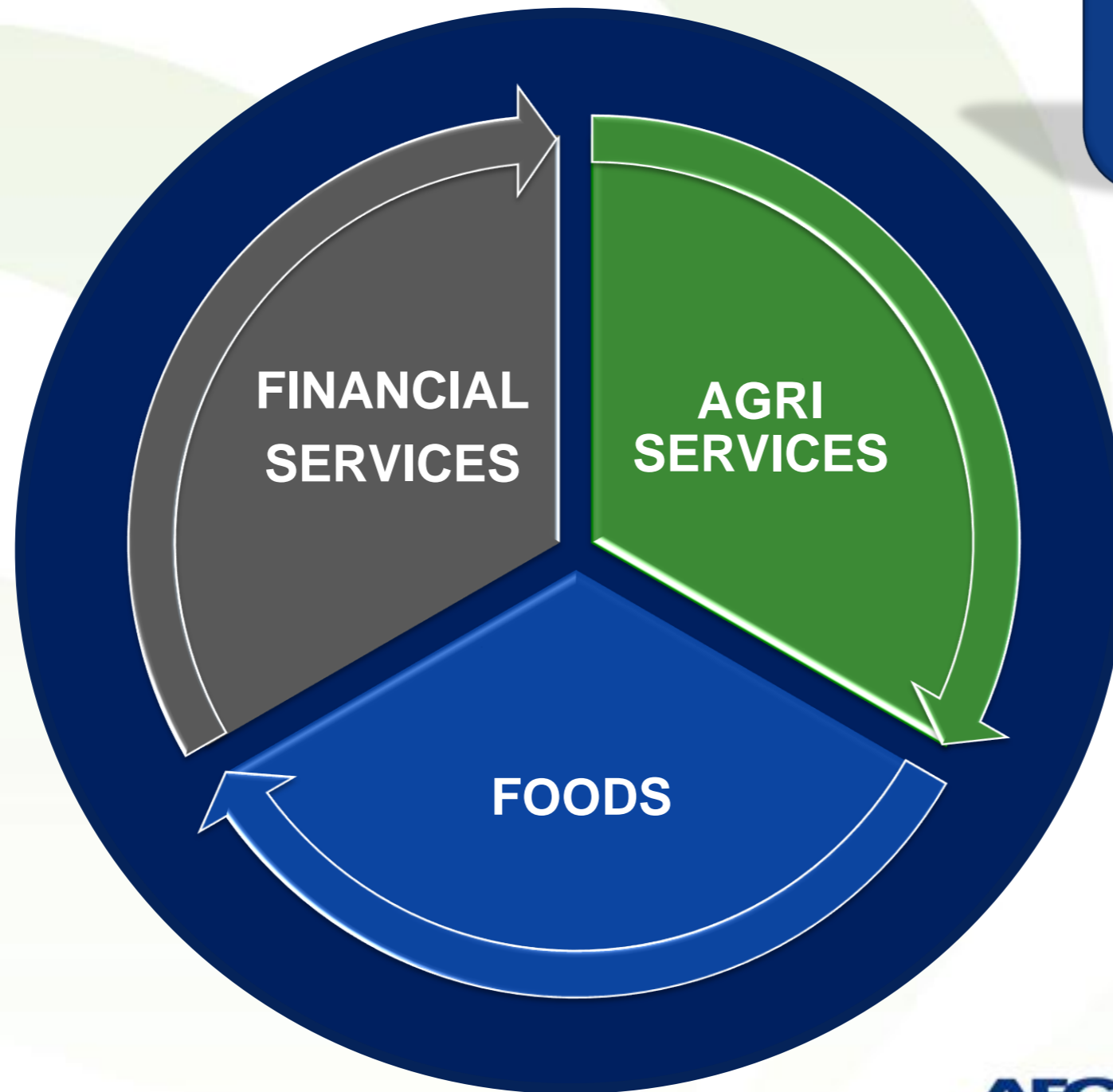
FINANCIAL
SERVICES

AGRI
SERVICES

FOODS

BUSINESS MODEL

BUSINESS MODEL



AFGRI is a leading South African services business offering a wide range of physical and intellectual inputs to farmers, processors and users of agricultural products

FINANCIAL
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FOODS

FINANCIAL HIGHLIGHTS

GROUP FINANCIAL HIGHLIGHTS

- REVENUE
@ R 5 billion  18.5%
- PROFIT BEFORE TAX
@ R 322 million  64.3%
- HEPS: CONTINUED OPERATIONS
@ 48.3  19.9%
- HEPS: ALL OPERATIONS
@ 43.5  11.3%
- DIVIDEND DECLARED
@ 39.4 / 2 19.70 cents

Improved Operating Profit (after finance charges) in the following areas:

- Handling & Storage
- Logistics
- Insurance Brokers
- Producer Services (Retail & Primary inputs)

FINANCIAL
SERVICES

AGRI
SERVICES

FOODS

AFGRI – THE PAST 6 MONTHS

AFGRI – THE PAST 6 MONTHS

- Strategic focus
 - Creating 3 focus business units
 -  FINANCIAL SERVICES
 -  AGRI SERVICES
 -  FOODS
 - Analyse growth strategy in each unit
 - Allocation of capital
 - Identify core vs non-core businesses
 - Re-assess role of Africa
- Operational focus
 - RONA – performance measurement environment
 - Liquidity
 - Transparency
- Culture
 - Cost conscious focus

FINANCIAL
SERVICES

AGRI
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FOODS

NEW SEGMENTAL STRUCTURE

NEW SEGMENTAL STRUCTURE

Operational activities

FINANCIAL SERVICES

Capital

Capital:

- Credit
- Treasury
- Insurance broking

Financial solutions for agriculture

Broking

Broking:

- Price risk and hedging solutions for producers and consumers of agricultural products
- No proprietary trading

Tailor made financial solutions to farmers, processors and consumers of agricultural products

AGRI SERVICES

Logistics Services

Logistics

Logistics:

- Grain handling & storage
- 65 silo complexes
- Five bunkers
- 4 million ton capacity

Trading:

- Grain & commodity trading
- No proprietary trading

Value-add products and services supplied to a wide variety of customers, especially farmers to support and grow their farming operations

Producer Services

Retail

Retail:

- 60 retail outlets
- FarmCity
- John Deere agency & workshop

Primary Inputs:

- Direct supply of diesel, fertiliser and seed.
- Agri-chemical distribution
- Advisory services

FOODS

Animal Protein

Animal Feeds:

- Animal feed technology, formulation and production
- Scientific services and equipment retail

Broilers:

- Poultry production from hatching to abattoir in the Daybreak Group

Expanding into the agricultural processing and food production sectors and comprises Animal feeds, Daybreak farms & Nedan oil business units

Oil & Protein

Oil & Protein:

- Bulk supplier of edible oils and fats, soya and cotton protein for animal feed and texturised soya protein for human consumption

NEW SEGMENTAL STRUCTURE (cont.)

Operational activities

FINANCIAL SERVICES

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AGRI SERVICES

Logistics Services

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Trading

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Primary Inputs

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NEW SEGMENTAL STRUCTURE (cont.)

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FOODS

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FINANCIAL
SERVICES

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SERVICES

FOODS

DIVISIONAL REVIEW

FINANCIAL SERVICES

- R 6 billion funding capacity
 - 4 = Local banks
 - 3 = International banks
 - Focus to increase longer term facilities
- Run ALCO banking module
- Successful integration of insurance broker acquisition leading to increased profits
- Reduction in margins

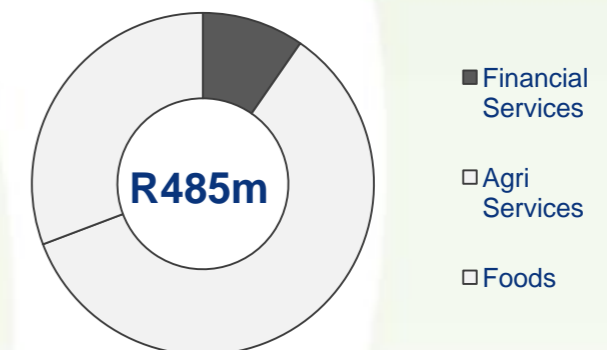
Focus areas:
Funding margins
Funding capacity
Un-utilised growth opportunities

FINANCIAL
SERVICES

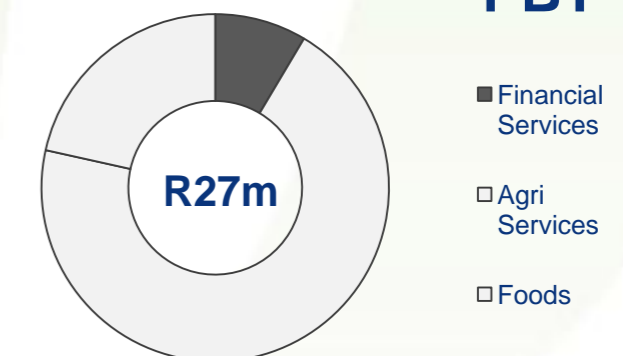
CAPITAL

BROKING

Revenue



PBT



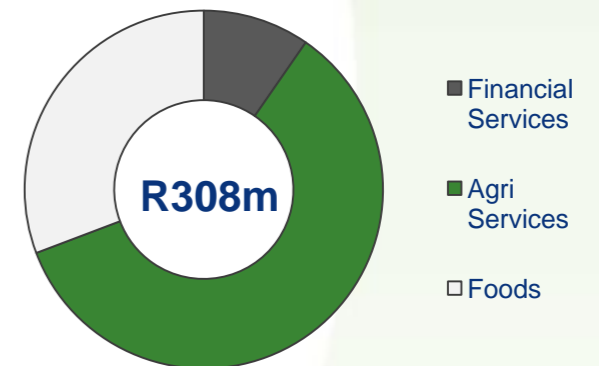
AGRI SERVICES

- Logistics
 - Biggest grain intake – 3.3 million ton
 - Move to 24 hour service
 - Higher volumes transported and improved margins
- Trading
 - Broking moved from Trading units to Financial Services
 - Focus on physical trading into Africa

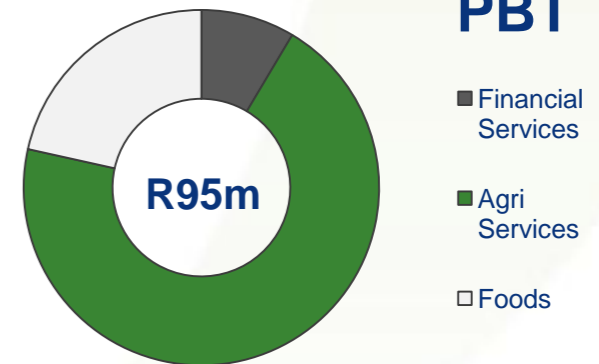
Focus areas:
Expansion of storage facilities / bunkers
African opportunities



Revenue



PBT



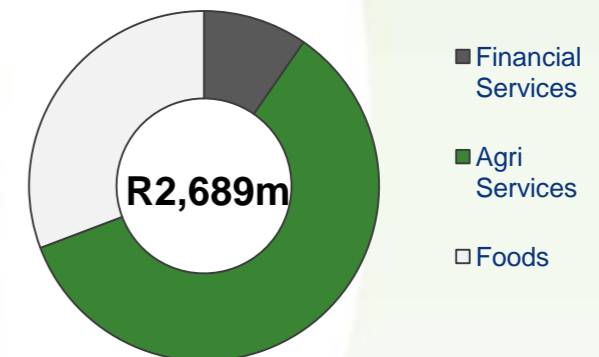
AGRI SERVICES

- Retail
 - Above average sales
 - AFGRI card
 - Increase tractor market share
 - Profit on acquisition of processing business
 - Creation of mechanisation hub
- Primary Inputs
 - Managed closure and sale of Seed
 - Revisit all agency structures in Primary Inputs

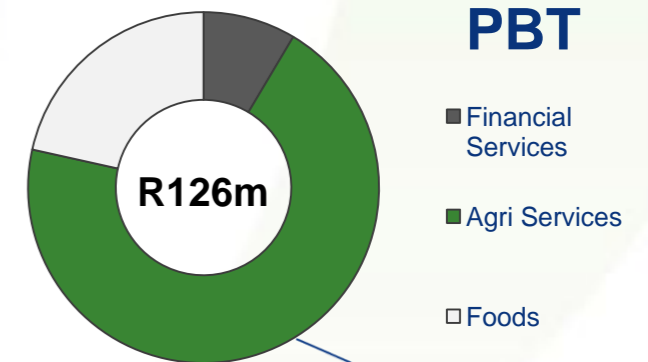
Focus areas:
Margin growth
Services levels to customers
Management of stock levels



Revenue



PBT



**Normalised PBT = R 96 m
(Once-off profit R 30 m)**

FOODS

- Animal Feeds & Broilers
 - Progress on expansion of Daybreak
 - Improvement in broiler efficiencies
 - Growth in Eastern and Western Cape markets
 - Continued investment in technology
- Oil & Protein
 - Improvements in extraction yields & efficiencies
 - Oil sale volumes under pressure

Focus areas:

Increased profitability

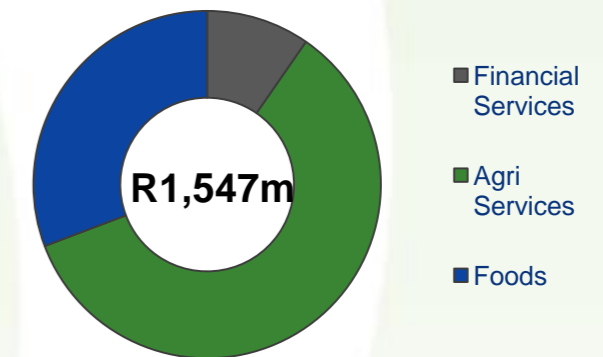
Consumer demand given current economic environment

FOODS

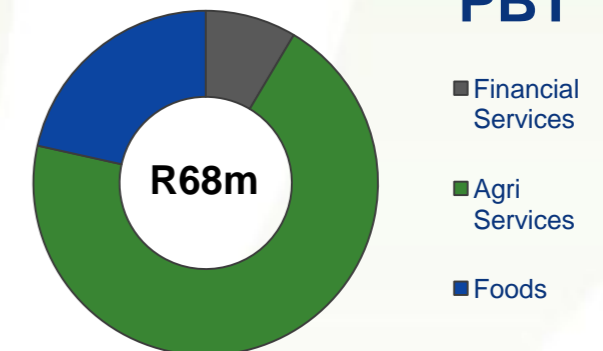
Animal Protein

Oil & Protein

Revenue



PBT



OPERATIONS

Continuing
Operations

Discontinued
Operations

- Continuing Operations
 - Strategic focus on strength and fit of operations within new segmental structure
- Discontinued Operations
 - The following operations have been disposed of in the previous and current year

DISCONTINUED OPERATIONS

Cotton

- Discontinued in previous year.
- Final rap up of previous discontinued operations
- R 1 million

Citrifruit

- Discontinued in previous year
- Final write-off
- R 2 million

Snacks & Redo

- Discontinued in previous year
- R 8 million

Seed

- Discontinued in current year
- R 58 million

Farming

- Discontinued in previous year
- R 11 million

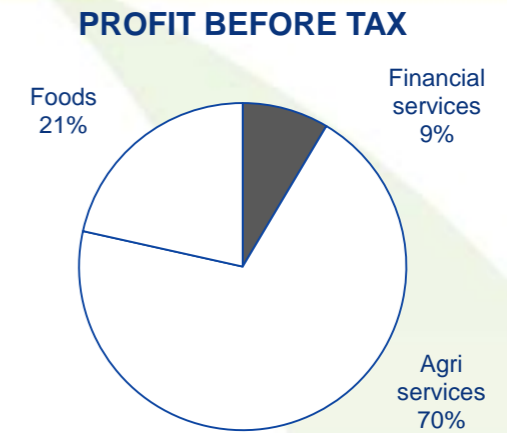
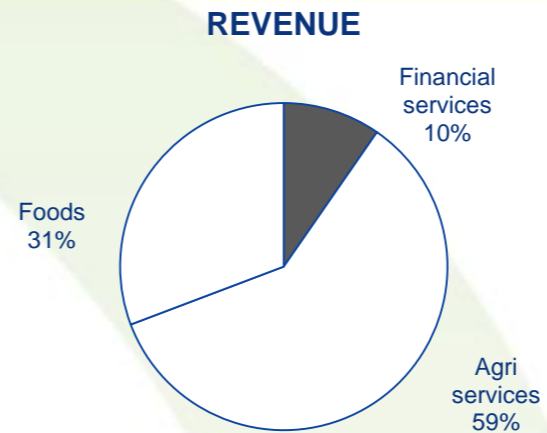
FINANCIAL
SERVICES

AGRI
SERVICES

FOODS

FINANCIAL OVERVIEW

FINANCIAL SERVICES



Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
Interest received	305	283	8%
Other revenue	180	170	6%
Total revenue	485	453	7%
Interest paid	258	230	12%
PBT - Capital	23	29	(21%)
PBT - Broking	4	6	(33%)
Total profit before taxation	27	35	(23%)
Financial services margin	2.2%	3.2%	(31%)
Bad debt written of as a % of debtors	0.2%	0.2%	-

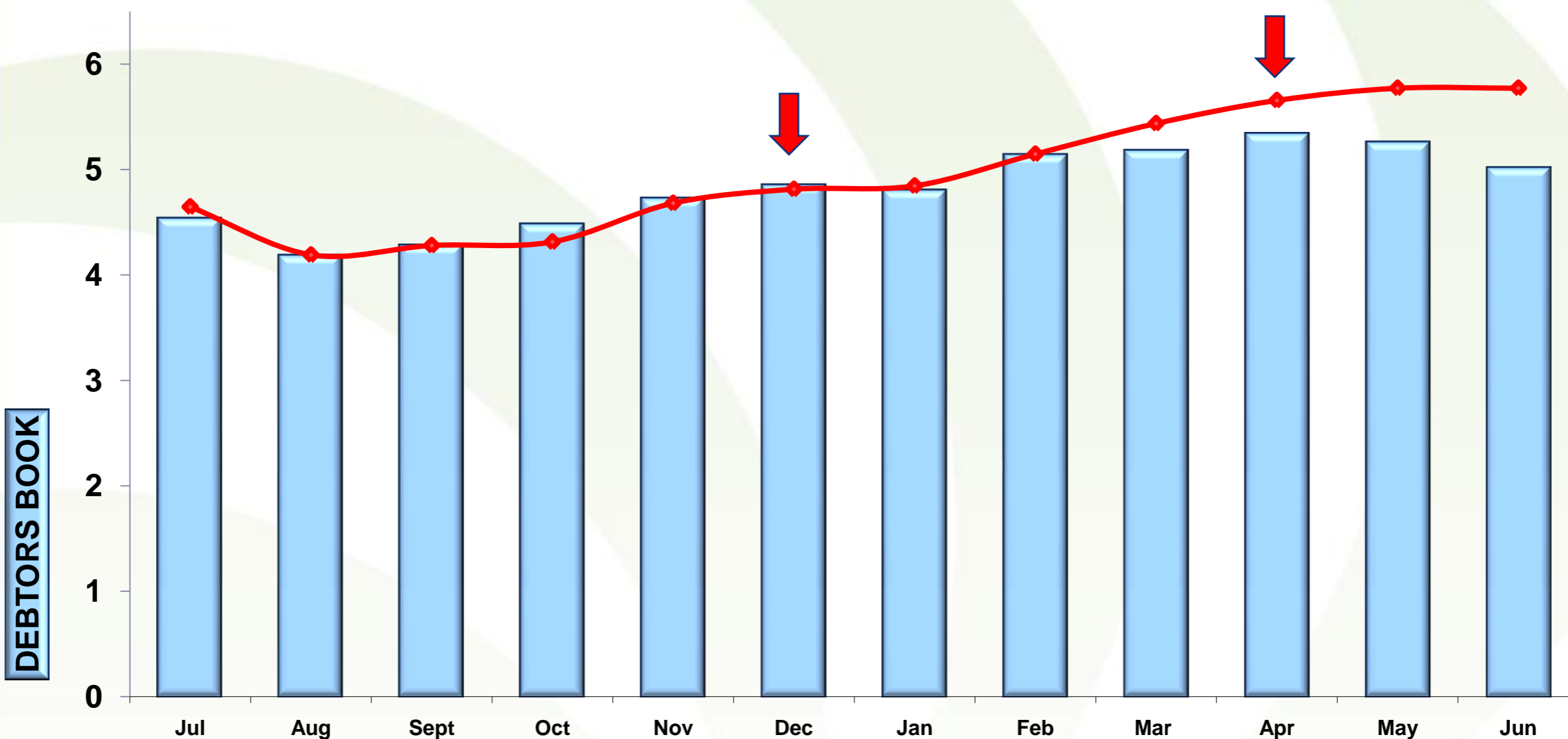
BALANCE SHEET

FINANCIAL SERVICES

Description R'million	31 Dec'08	31 Dec'07	Change
ASSETS	6,184	4,142	49%
Non-current assets	281	189	49%
Trade and other receivables	5,296	3,683	44%
Cash and cash equivalents	607	270	125%
LIABILITIES	5,285	2,902	82%
Non-current liabilities	109	108	1%
Other current liabilities	93	66	41%
Borrowings to finance trade receivables	4,902	2,698	82%
Call loans and bank overdrafts	181	30	503%
NET ASSETS	899	1,240	(28%)

FINANCIAL SERVICES (cont.)

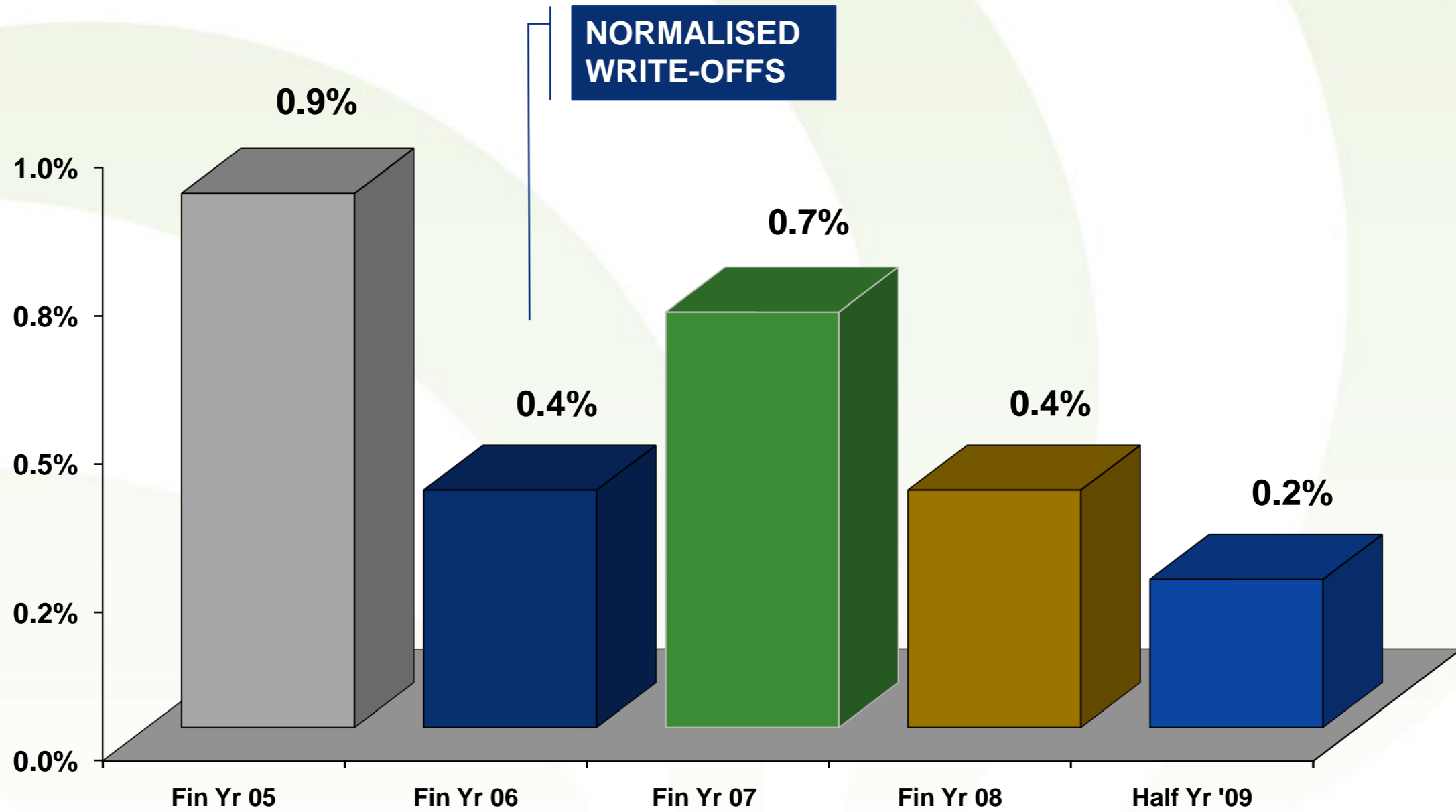
R'Billion



Highlights

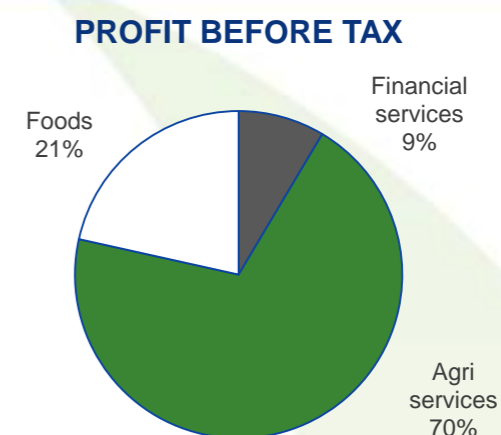
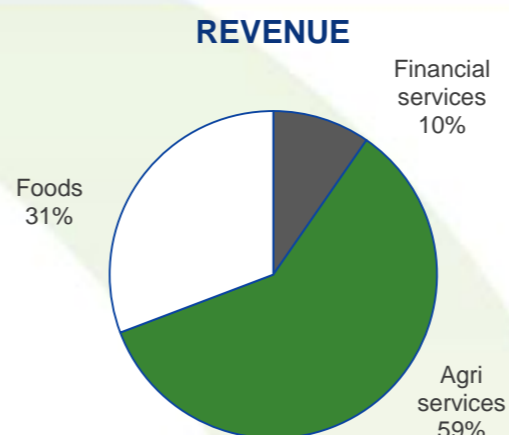
- Liquidity managed in the same way as the ALCO banking process.
- Quality of debtors book is excellent, > 60% of book A – B risk classes.
- Increase focus on margins.

FINANCIAL SERVICES (cont.)



AGRI SERVICES

Logistics services



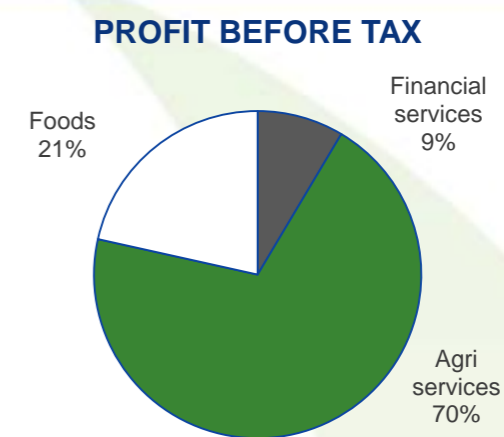
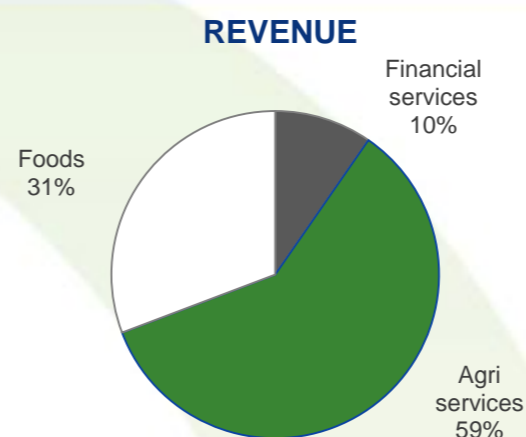
Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
PBT - Logistics	90	37	143%
PBT - Trading	5	(9)	156%
Total profit before taxation	95	28	239%
Total tonnage received	3.3	1.6	106%

Highlights

- Logistics services performed exceptionally well. Increase in profit can be attributable to the better crop of the past season resulting into higher stock levels.
- The utilisation of AFGRI's own fleet made it possible for the Logistics division to improve margins, transport higher volumes and negotiate more favourable conditions with suppliers.
- Additional income from sales and purchase activities due to increased tonnages and average commission earned in the Trading division also contributed to the increased profit.

AGRI SERVICES

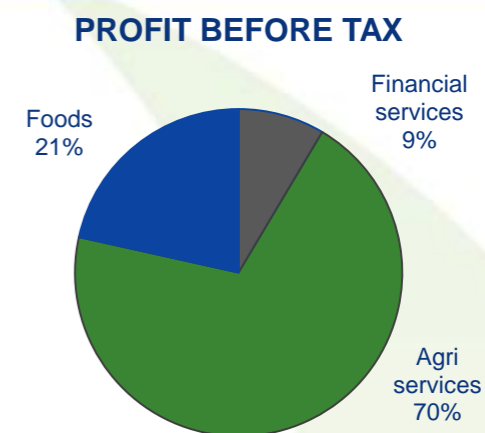
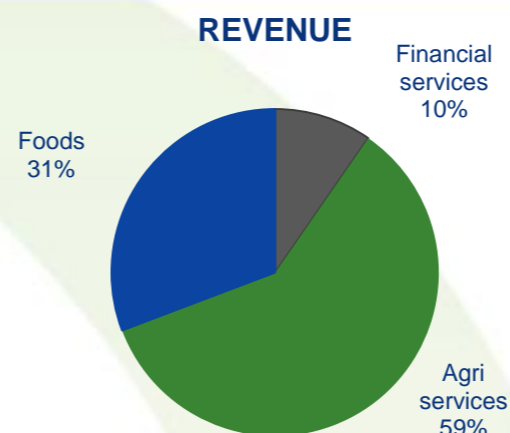
Producer services



Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
Revenue - Retail	1,933	1,598	21%
Revenue - Primary inputs	756	777	(3%)
Total revenue	2,689	2,375	13%
<i>Retail - normalised</i>	66	18	267%
<i>Retail - once-off</i>	30	-	100%
PBT - Retail	96	18	433%
PBT - Primary inputs	30	23	30%
Total profit before taxation	126	41	207%
Total profit before taxation (Normalised)	96	41	134%
Operating profit margin (Normalised)	5.3%	3.3%	61%
Net profit margin (Normalised)	3.6%	1.7%	112%

FOODS

Animal protein



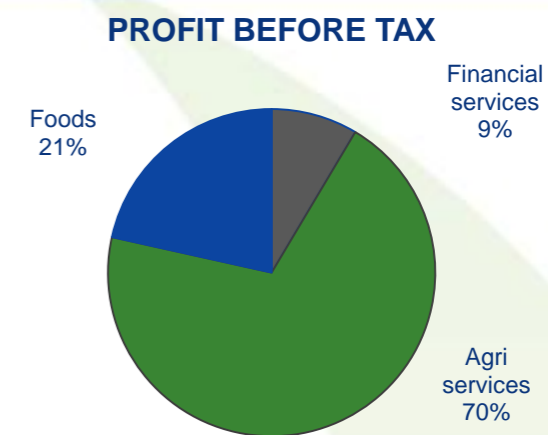
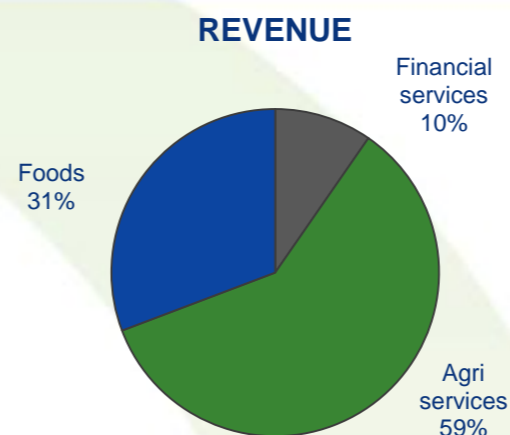
Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
Total profit before taxation	55	75	(27%)
Raw material increase			34%
Selling price increase			15%

Highlights

Raw material prices increased with the increase in the price of maize and imported protein raw materials. The higher raw material price had a substantial effect on the profitability of the Broiler business.

FOODS

Oil & protein



Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
Total profit before taxation	13	12	8%

Highlights

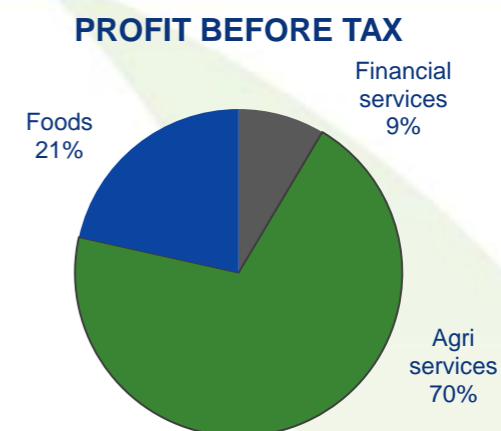
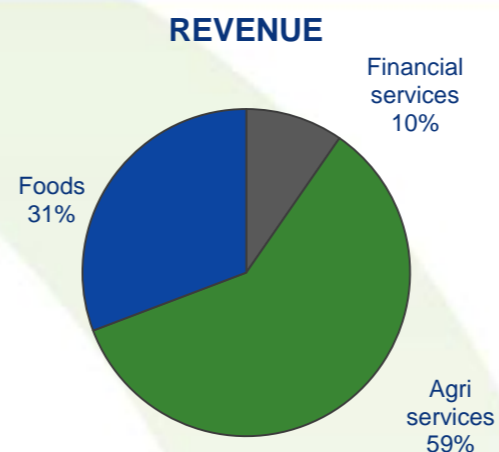
- Higher profit due to the procurement of raw material at a lower cost relative to the market, effective margin management.
- Downward pressure on selling prices continued due to material declines in soft commodity prices.

BALANCE SHEET

AGRI, FOOD & OTHER SERVICES

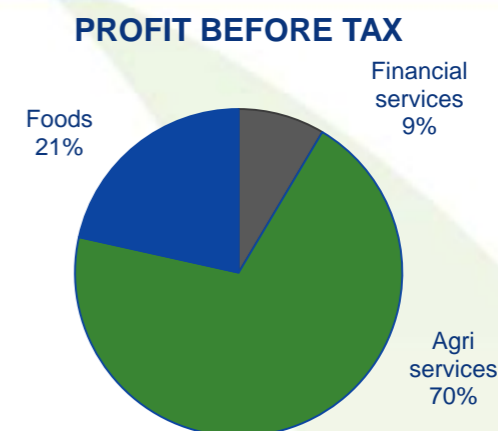
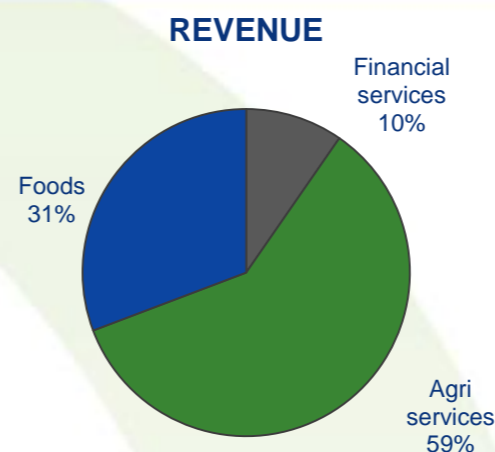
Description R'million	31 Dec'08	31 Dec'07	Change
ASSETS	4,232	3,739	13%
Non-current assets	1,685	1,439	17%
Other current assets	1,208	1,170	3%
Trade and other receivables	1,033	865	19%
Cash and cash equivalents	306	265	15%
LIABILITIES	3,053	3,106	(2%)
Non-current liabilities	235	190	24%
Other current liabilities	1,827	1,793	2%
Call loans and bank overdrafts	991	1,123	(12%)
NET ASSETS	1,179	633	86%

CONSOLIDATED INCOME STATEMENT (EARNINGS)



Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
Total revenue	4,950	4,177	19%
Profit before taxation	322	196	64%
Taxation	(64)	(19)	(237%)
Profit for continuing operations	258	177	46%
Discontinued operations	(67)	(13)	(415%)
Profit for the period	191	164	17%
Earnings	126	119	6%
Minorities	65	45	44%
Earnings per share (cents)	39.4	37.4	5%
<i>Taxation (normalised) 24% -26%</i>	(52)	(34)	53%
Earnings normalised	139	98	42%

CONSOLIDATED INCOME STATEMENT (HEADLINE EARNINGS)

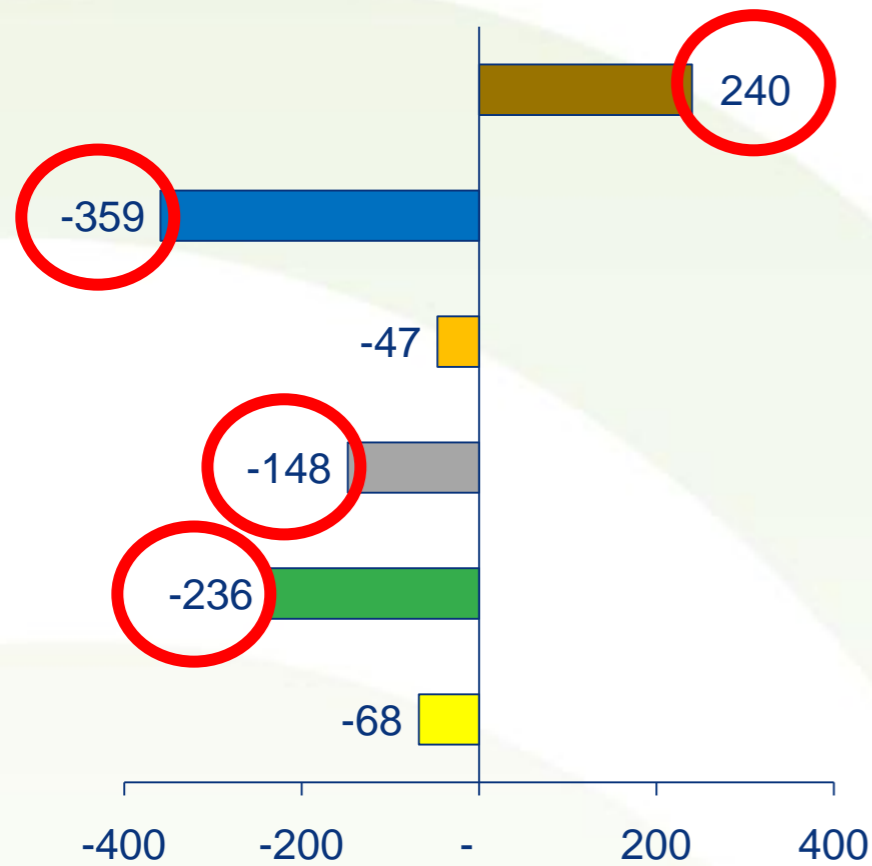


Description R'million	6 months to 31 Dec'08	6 months to 31 Dec'07	Change
Earnings	126.2	119.0	6%
<i>Loss from discontinued operations</i>	31.3	5.7	449%
<i>Impairment of assets</i>	3.5	-	100%
<i>Profit on the disposal of assets</i>	(0.2)	(0.3)	33%
<i>Goodwill</i>	(21.7)	-	(100%)
<i>Loss on the sale of business</i>	2.5	-	100%
<i>Profit on the sale of investment</i>	(1.9)	-	(100%)
Headline earnings	139.7	124.4	12%
Headline earnings per share (cents)	43.5	39.1	11%

CASH FLOW MOVEMENTS FOR THE SIX MONTHS

31 December 2008

R'million



(618)
(343)
702
(259)

Cash generated from ops

Working capital utilised

Taxation

Increase in guarantee deposits

Investments made

Finance activities

Net decrease in cash

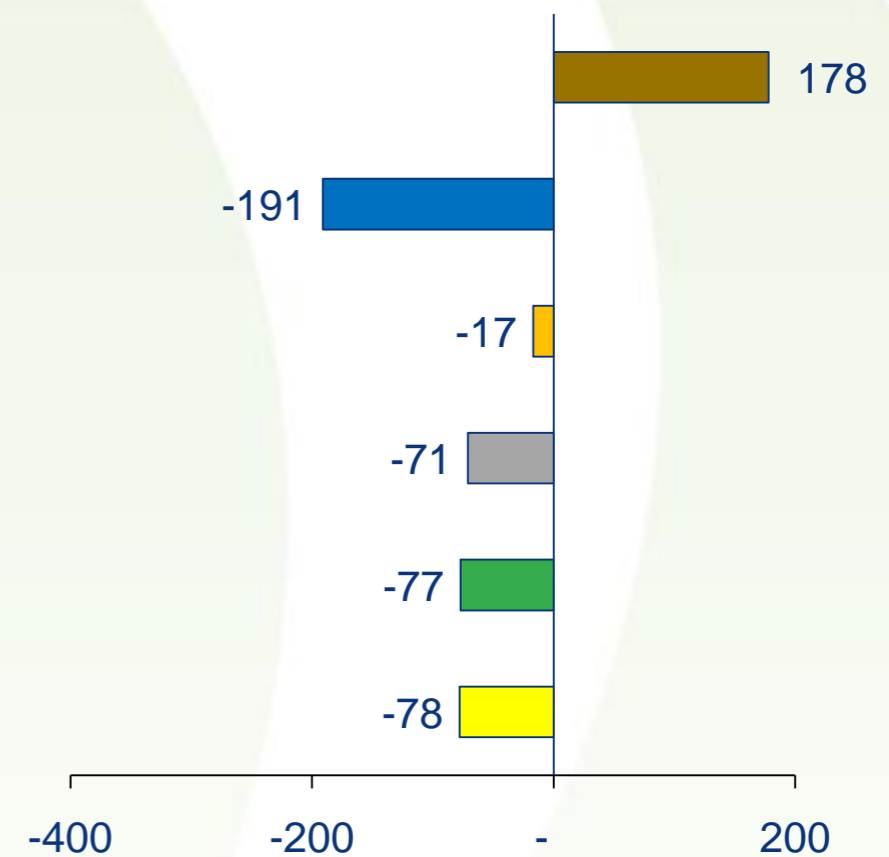
Cash beginning of period

Bank collateral deposits

Cash end of period

31 December 2007

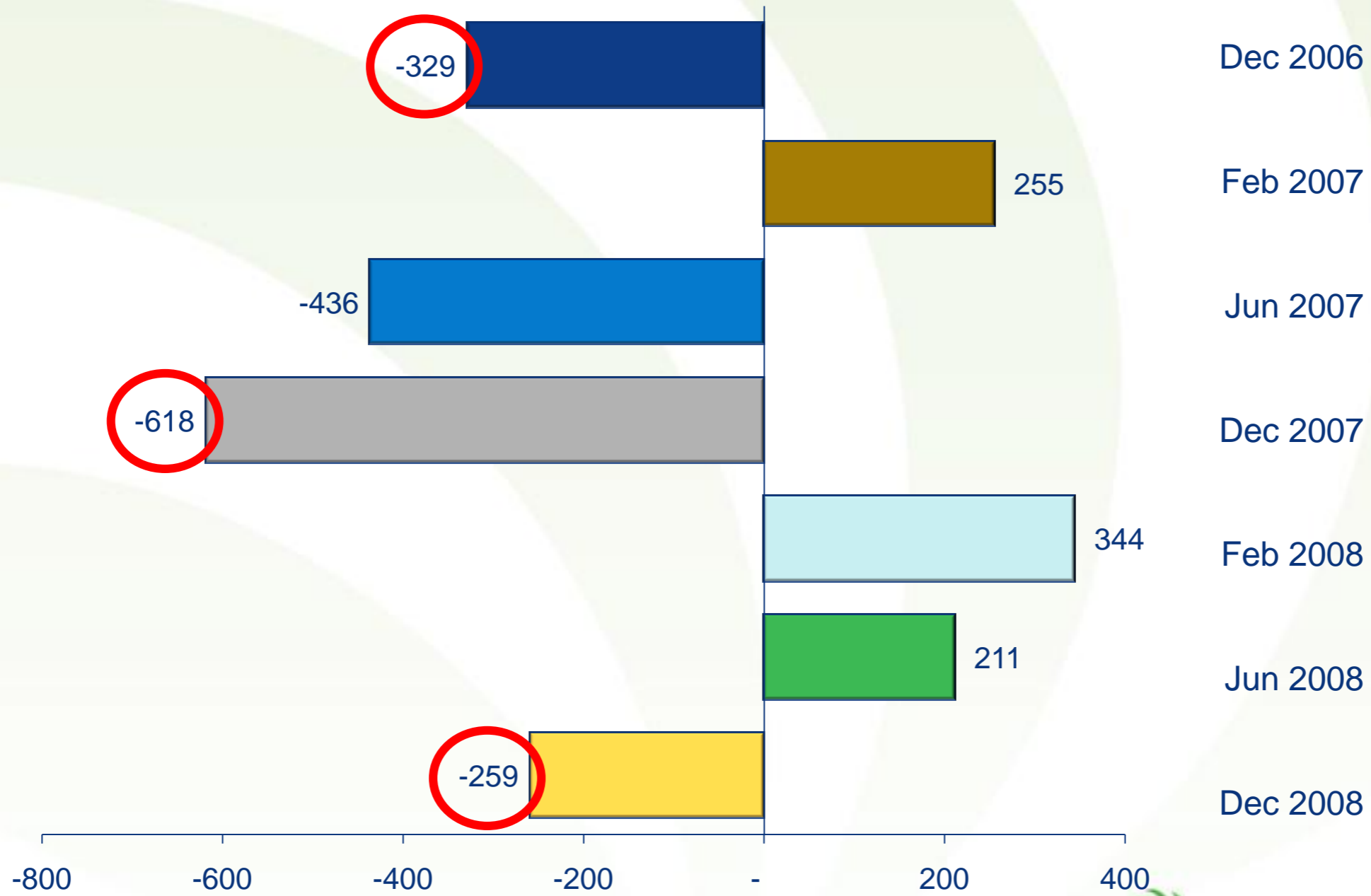
R'million



(256)
(762)
400
(618)

CASH & CASH COLLATERAL END OF PERIOD

R'million



FINANCIAL
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FOODS

FUTURE EXPECTATIONS & OUTLOOK

PROSPECTS

FINANCIAL
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SERVICES

FOODS

- External environment
 - Expect good crop
 - Change in spending trend (farmers)
 - Expect commodity prices to remain between the following ranges
 - Reduction in input cost and higher yield

- Focus areas

- Focus on physical trading
- Capital efficiency process
 - Optimum return on capital
 - Cost management
- Improvement in cash flow
- Exit non-core businesses

White maize	(R 1,400 – R 1,900)
Yellow maize	(R 1,300 – R 1,800)
Wheat	(R 2,700 – R 3,100)
Sunflower	(R 3,000 – R 3,800)
Soybean	(R 3,100 – R 3,800)

Expected prices may change as a result of R/\$; Freight (Oil); CBOT (World Markets); Africa (Need for food); Supply & demand in SA

Focus on producing excellent results in a good year and good results in a bad year!

QUESTIONS & ANSWERS

Additional information available from:

www.afgri.co.za