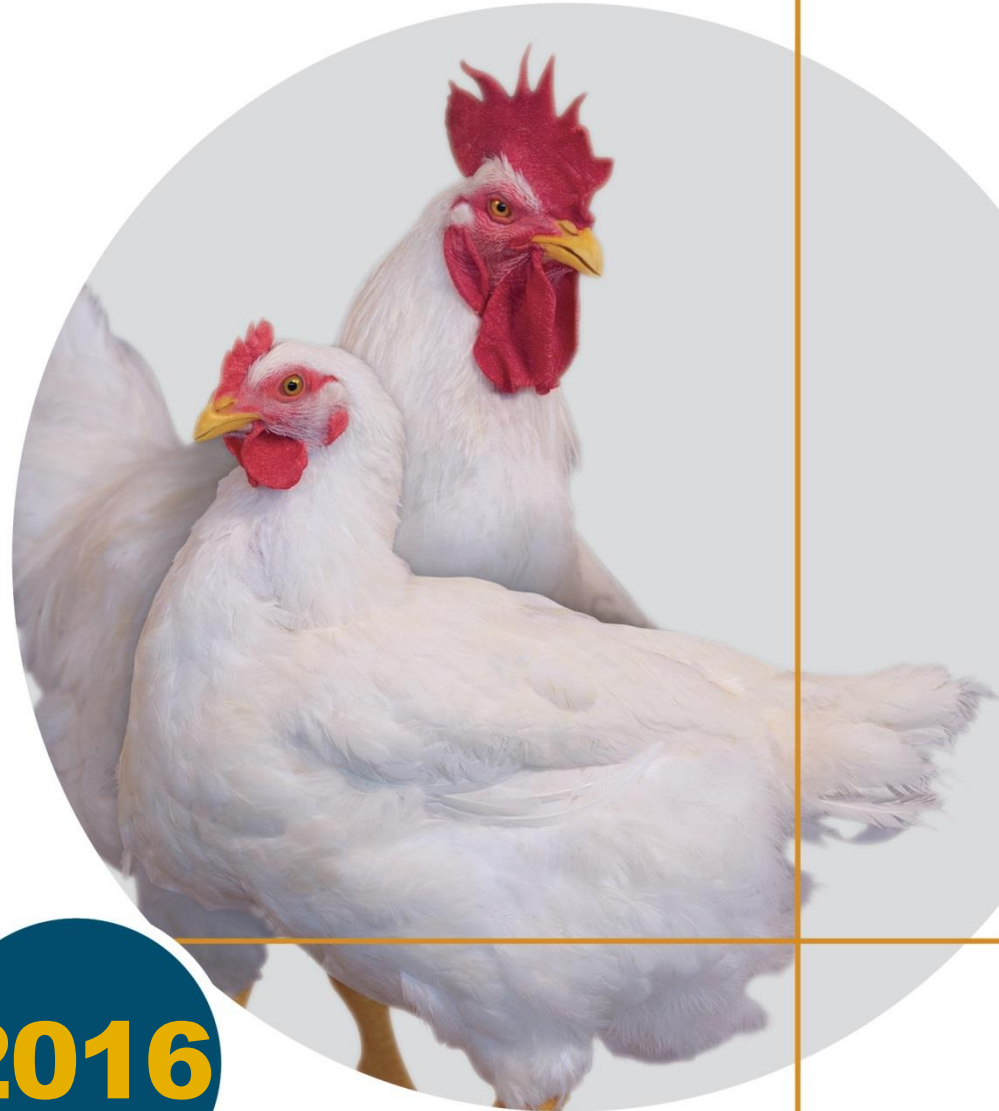




annual results presentation

for the 12 months ended 30 September 2016



2016

- **Business Overview** [# 03]
- **Industry Trends** [# 20]
- **Financial Overview** [# 28]
- **Industry Matters** [# 39]
- **Outlook** [# 41]
- **Additional Information** [# 44]

business overview

2016



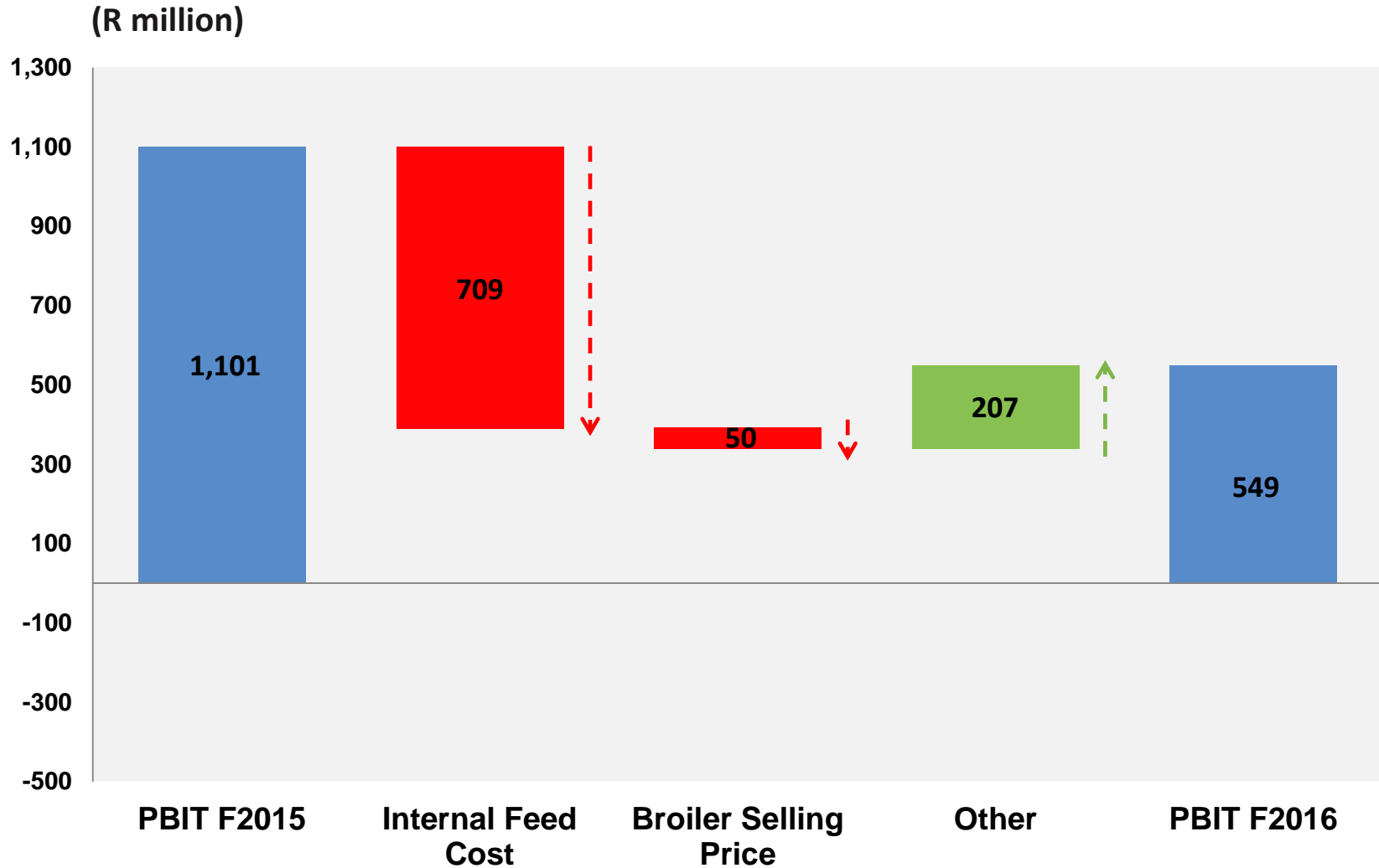
- The period under review reflects a significant decrease in profitability over the prior year, on the back of higher feed prices and the inability to recover input costs

Financial Indicators



- **Increased poultry sales volumes despite production cutbacks**
- **Record high poultry imports \approx 43% of local production**
- **Drop in poultry selling prices due to supply and demand imbalance**
- **Severe drought as a result of the strongest El Niño on record**
- **Rand depreciation impacting the cost of raw material imports**
- **Increase in the live bird cost due to record high feed prices**
- **Operating expenses increase year-on-year below inflation**

▪ PBIT reconciliation



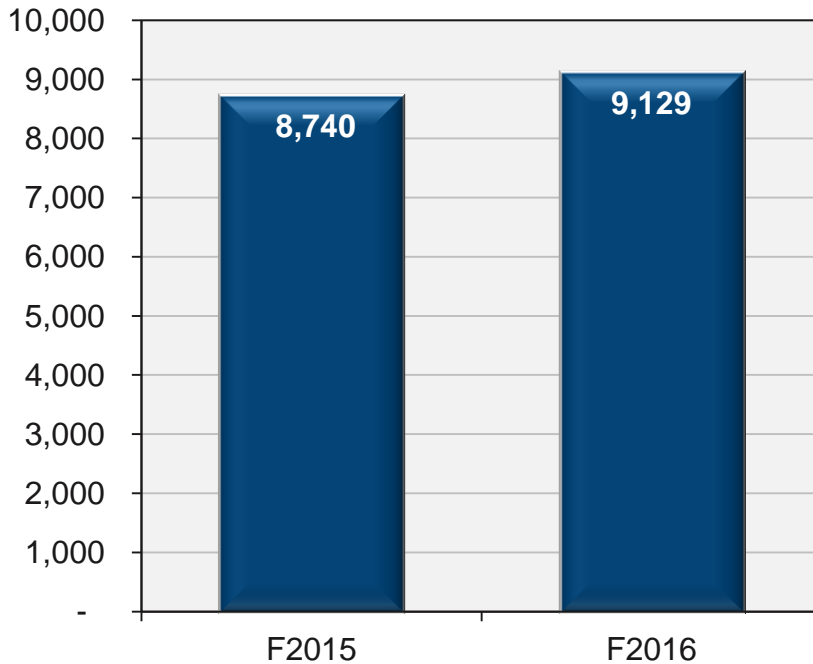


poultry division

2016

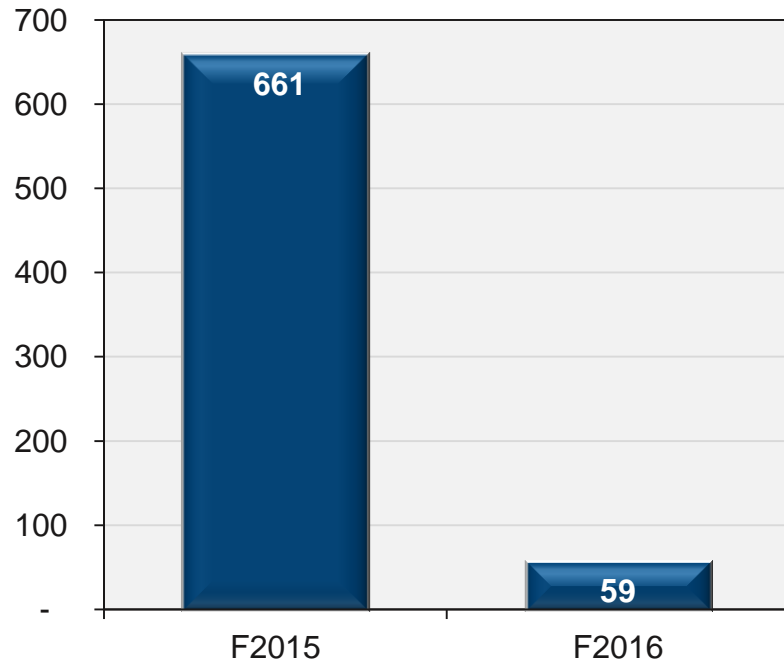


Revenue - R million



- Revenue up 4.5%
 - Broiler volumes up 4.2%
 - Broiler selling prices down 0.6%

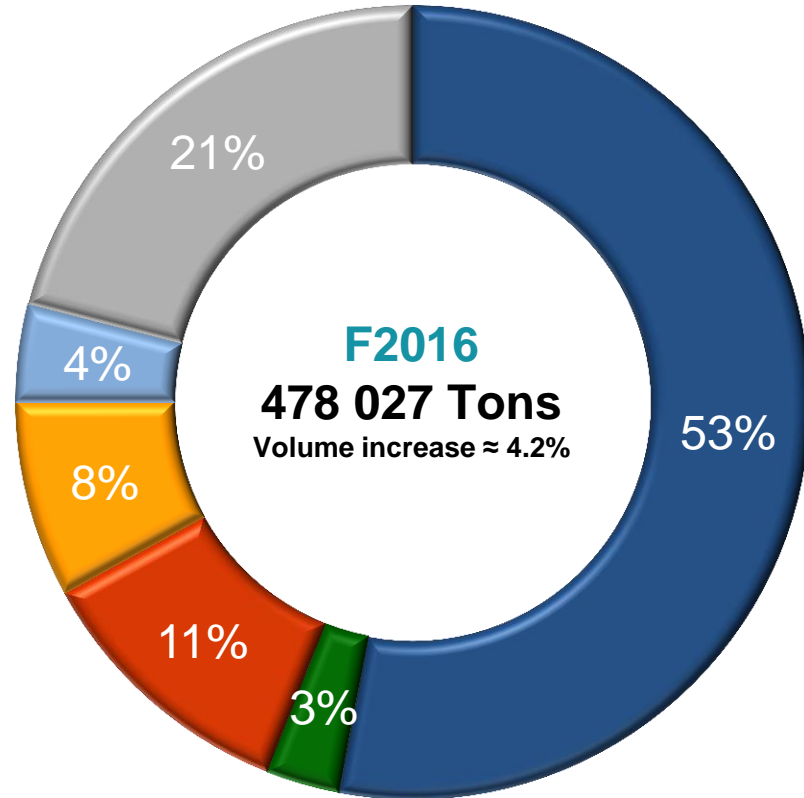
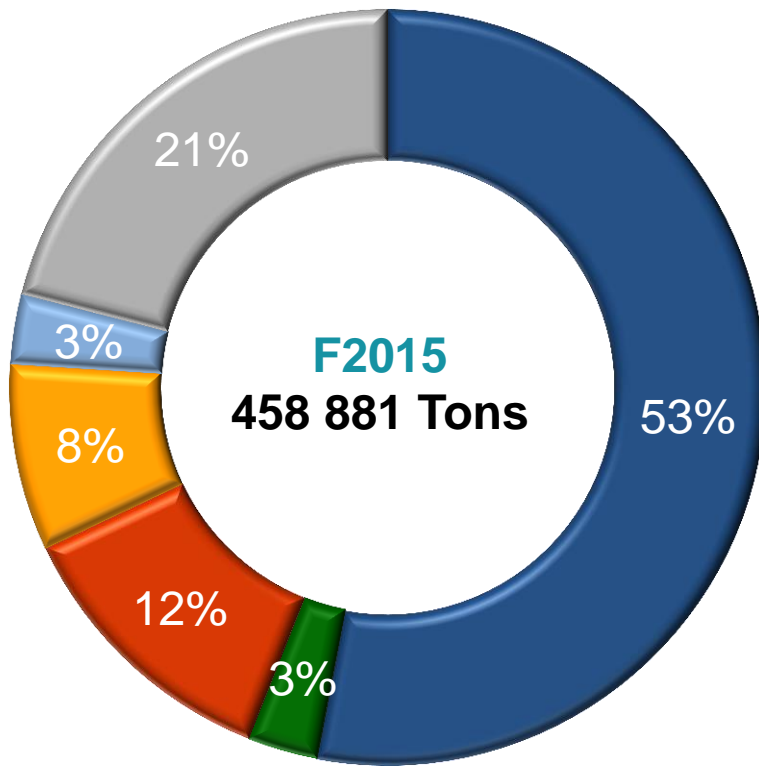
Operating profit - R million



- Operating profit down 91.1%
 - Net margin 0.7% F2015: 7.6%
 - Feed costs up 17.4%

- **Broiler sales volumes increased** due to sales out of higher opening stock levels despite planned broiler production cutbacks during the period
- **Broiler selling prices decreased** marginally on the back of an imbalance in supply and demand leading to heightened promotional activity
- **Continued high level of poultry imports** - avg. past twelve months \approx 8,2 million bpw (43%) with an increase in bone-in-portions from the EU
- **Broiler feed prices increased** significantly (17.4%) for the period adversely impacting the live bird production cost
- **Improved broiler production efficiencies** – feed conversion efficiency and weight for age

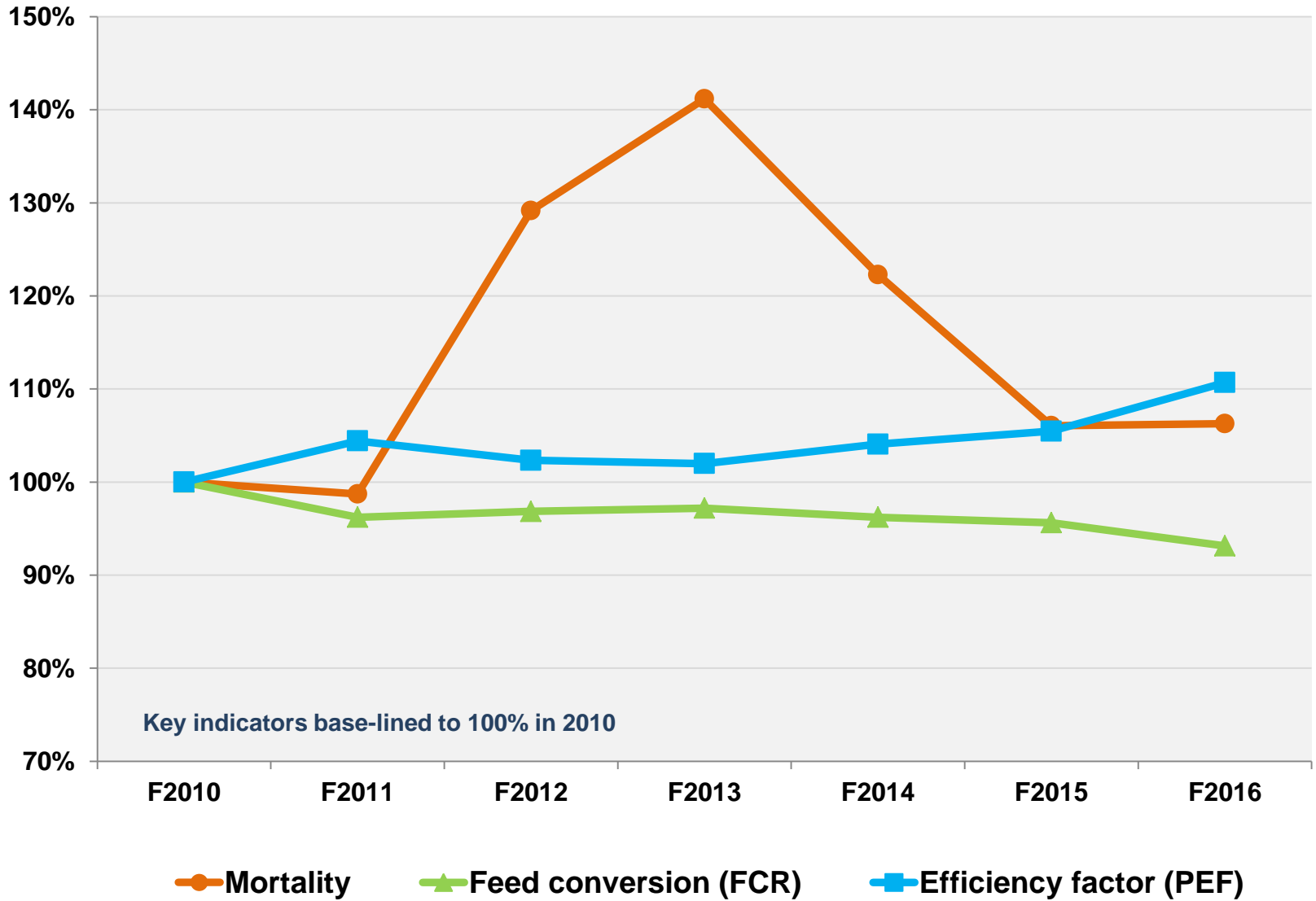
Product Mix

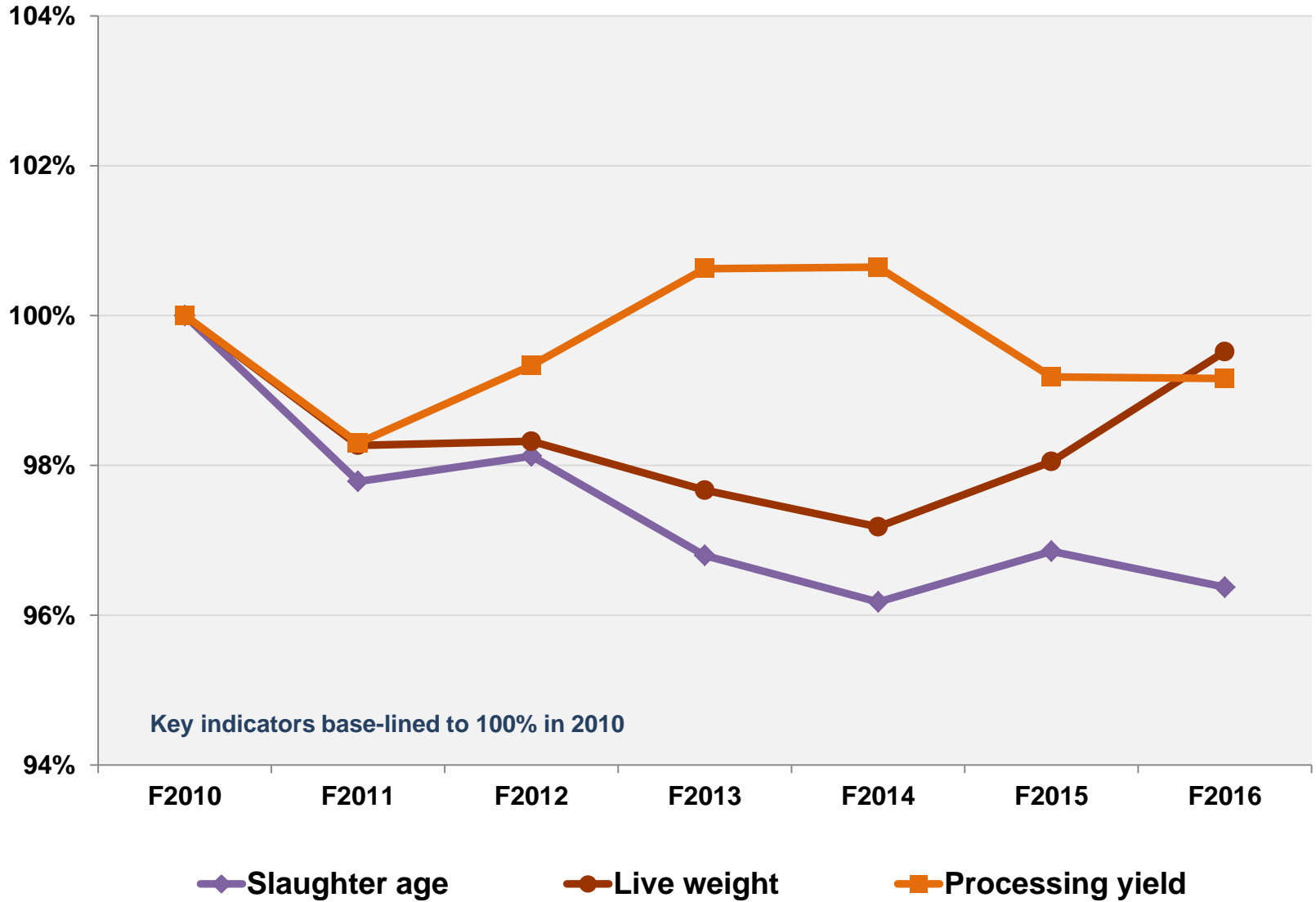


■ IQF Mixed Portions
■ Value Added

■ IQF Single Portions
■ Frozen

■ Fresh
■ Tertiary





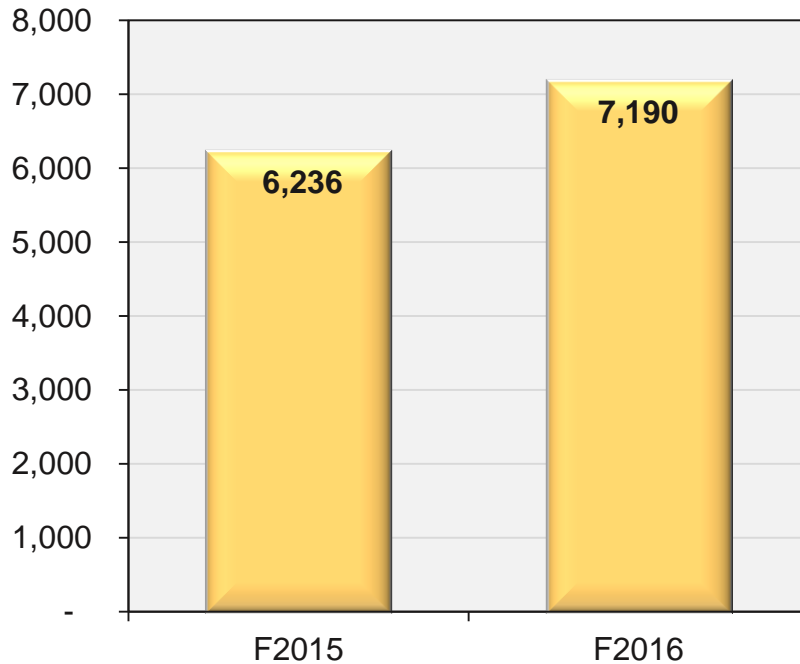


feed division

2016

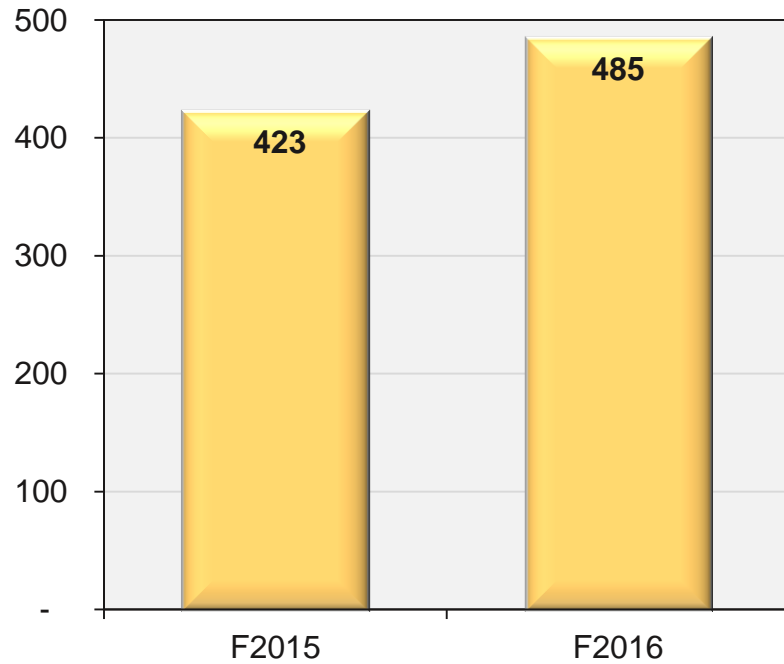


Revenue - R million



- Revenue up 15.3%
 - Sales volumes down 2.3%
 - Average selling prices up 18.1%

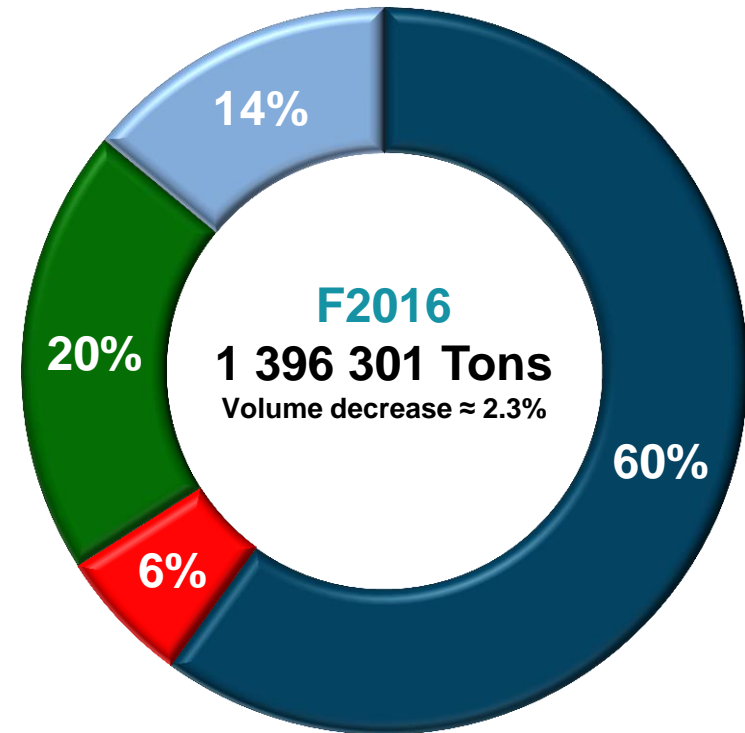
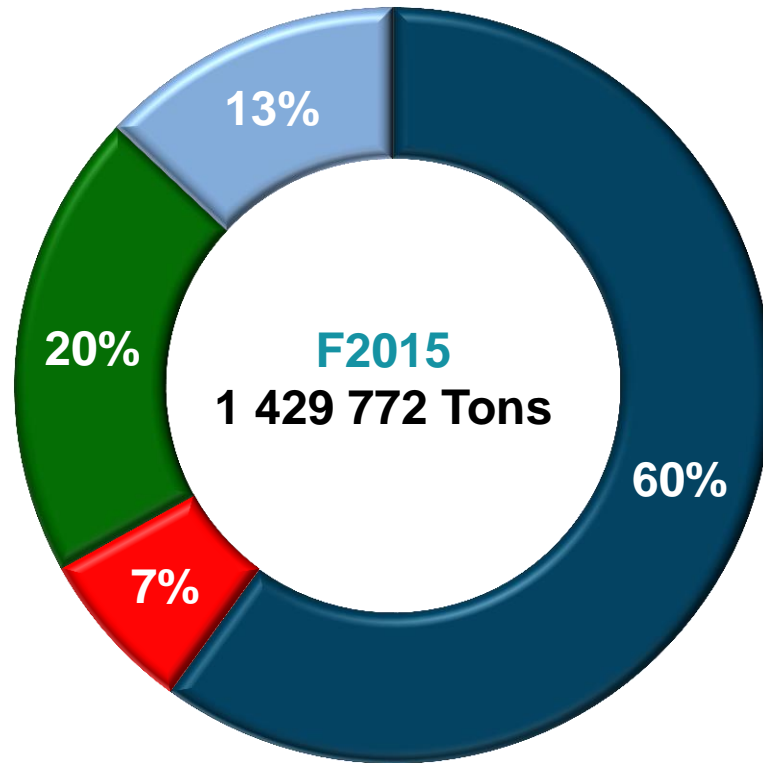
Operating profit - R million



- Operating profit up 14.7%
 - Net margin 6.8% F2015: 6.8%
 - Standerton – good contribution

- **Feed volumes decreased** due to poultry production cutbacks and credit risk management in the external market
- SAFEX Yellow Maize – F2016 avg. **R3 354 per ton** (F2015: R2 367) up R987 per ton year-on-year
- Increased raw material costs - **successfully recovered** in the selling price of animal feed
- Rand per ton **expense increases well** below inflation
- Opportunity to **optimise feed volumes** amongst the three feed mills in the central region has benefited production costs
- **Standerton feed mill** contributed significantly to the division's results with production now at 73% of rated capacity

Meadow Feeds - Sales Mix



■ Poultry Integrated
 ■ Poultry External
 ■ Dairy
 ■ Other

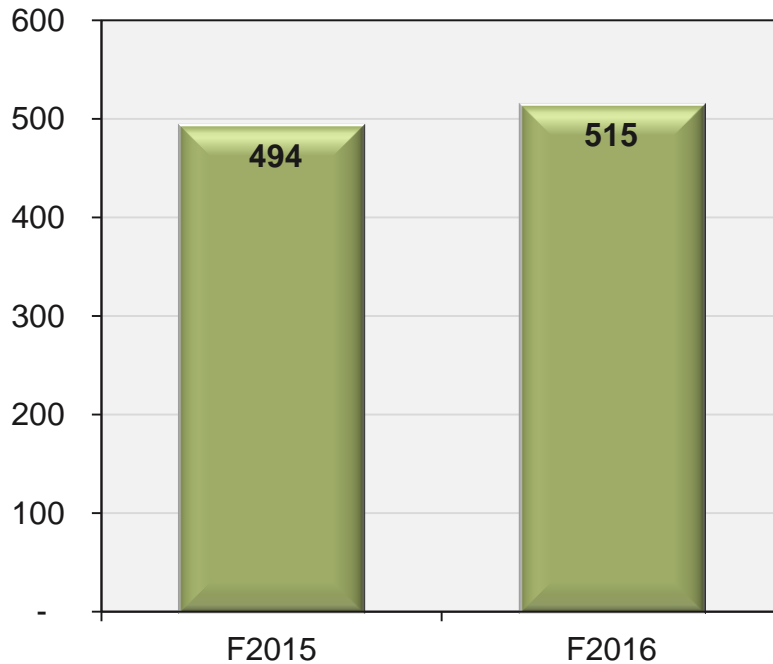


other africa division

2016

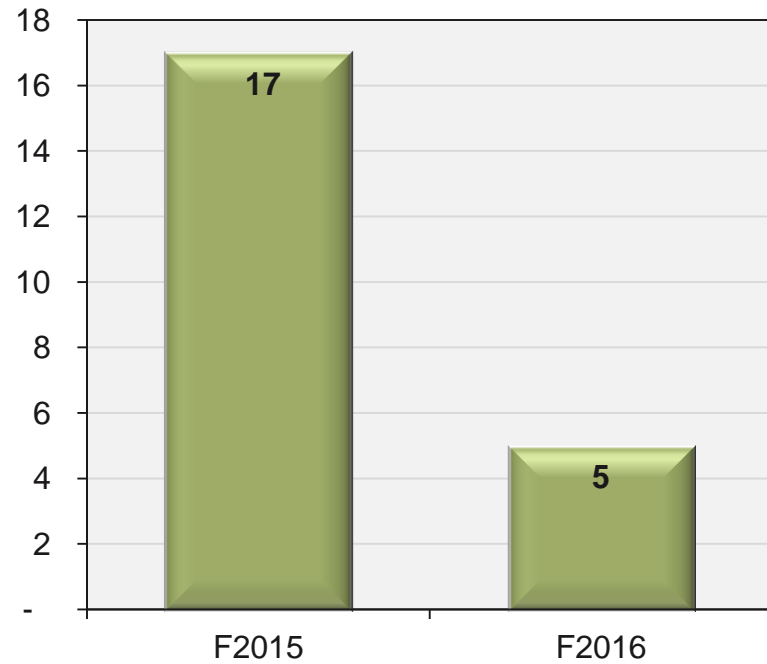


Revenue - R million



- Revenue up 4.4%
 - Sales volumes down 5%
 - Average selling prices up 9.9%

Operating profit - R million



- Operating profit down 70%
 - Net margin 1% F2015: 3.4%
 - Power outages
 - Exchange rate impact

Zambia

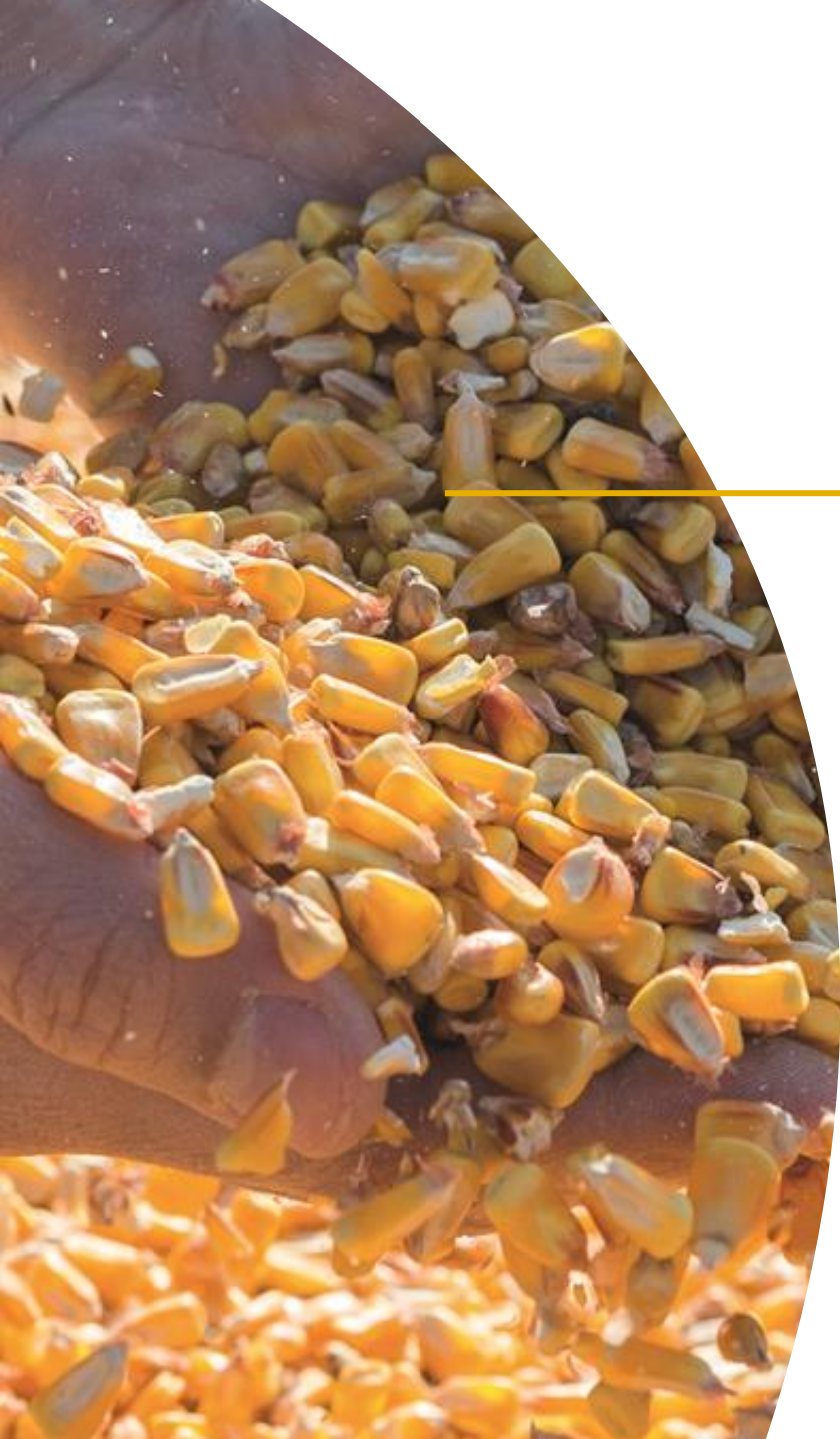
- Profitability at Tiger Animal Feeds improved for the period although negatively impacted by high diesel costs due to **power outages**
- Tiger Chicks – sales realisations under sever pressure impacted by an **oversupply in the market** and depressed demand

Mozambique

- Profitability at Meadow Mozambique severely impacted by **currency exchange movements**
- Mozpintos sales volumes decreased due to **weak demand** under hyper-inflationary environment

Swaziland

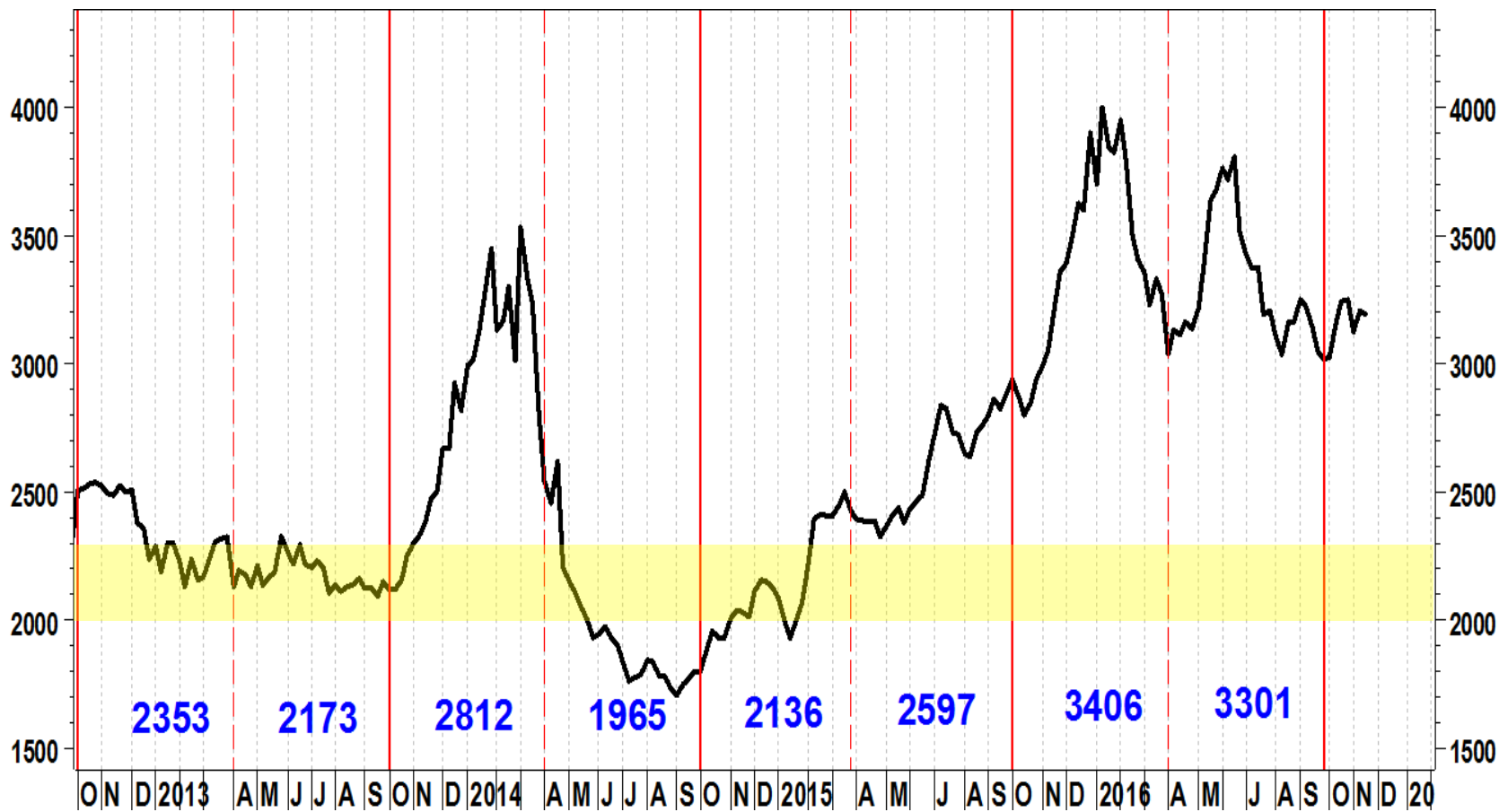
- **Acceptable performance** from National Chicks Swaziland

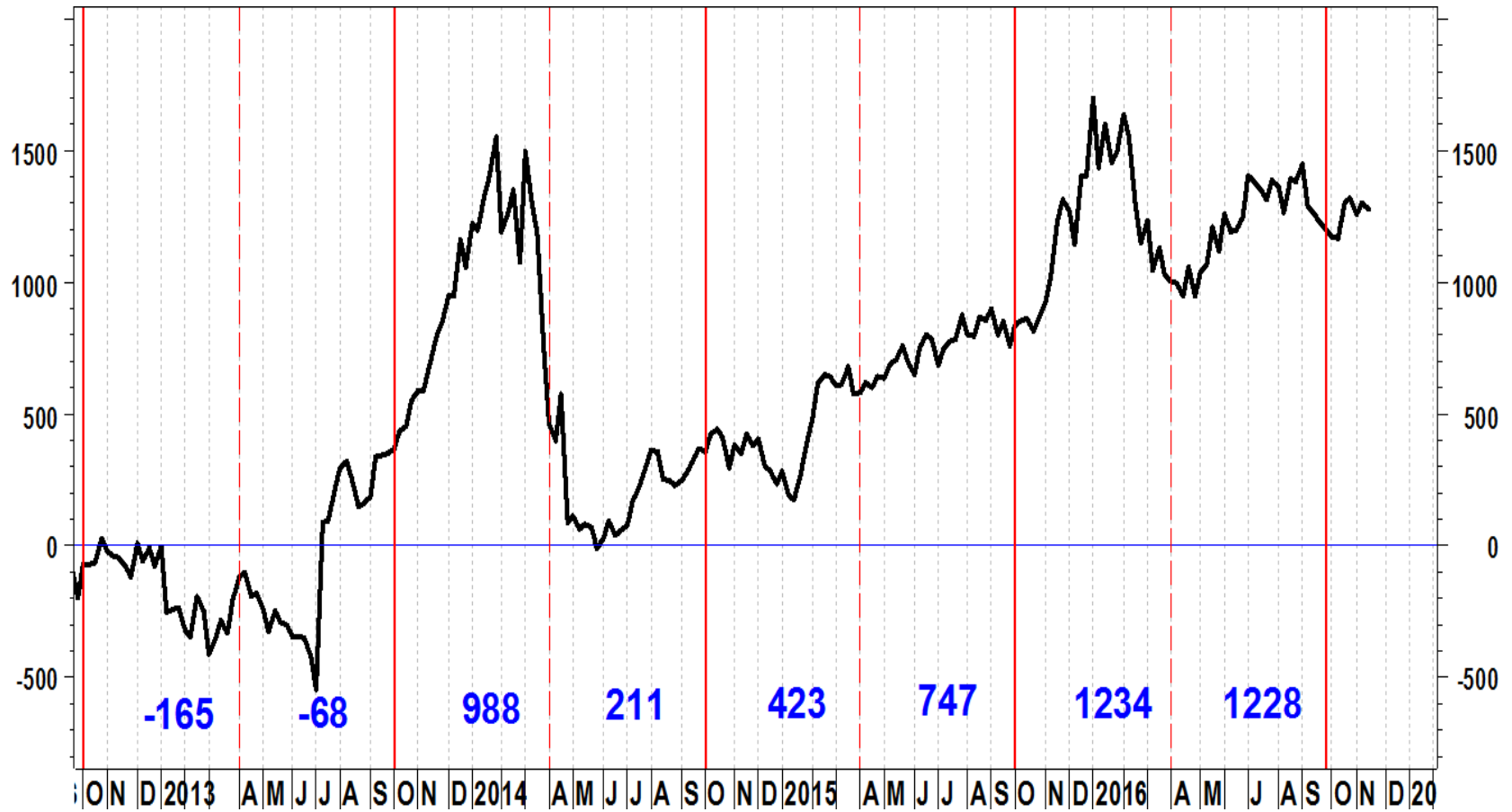


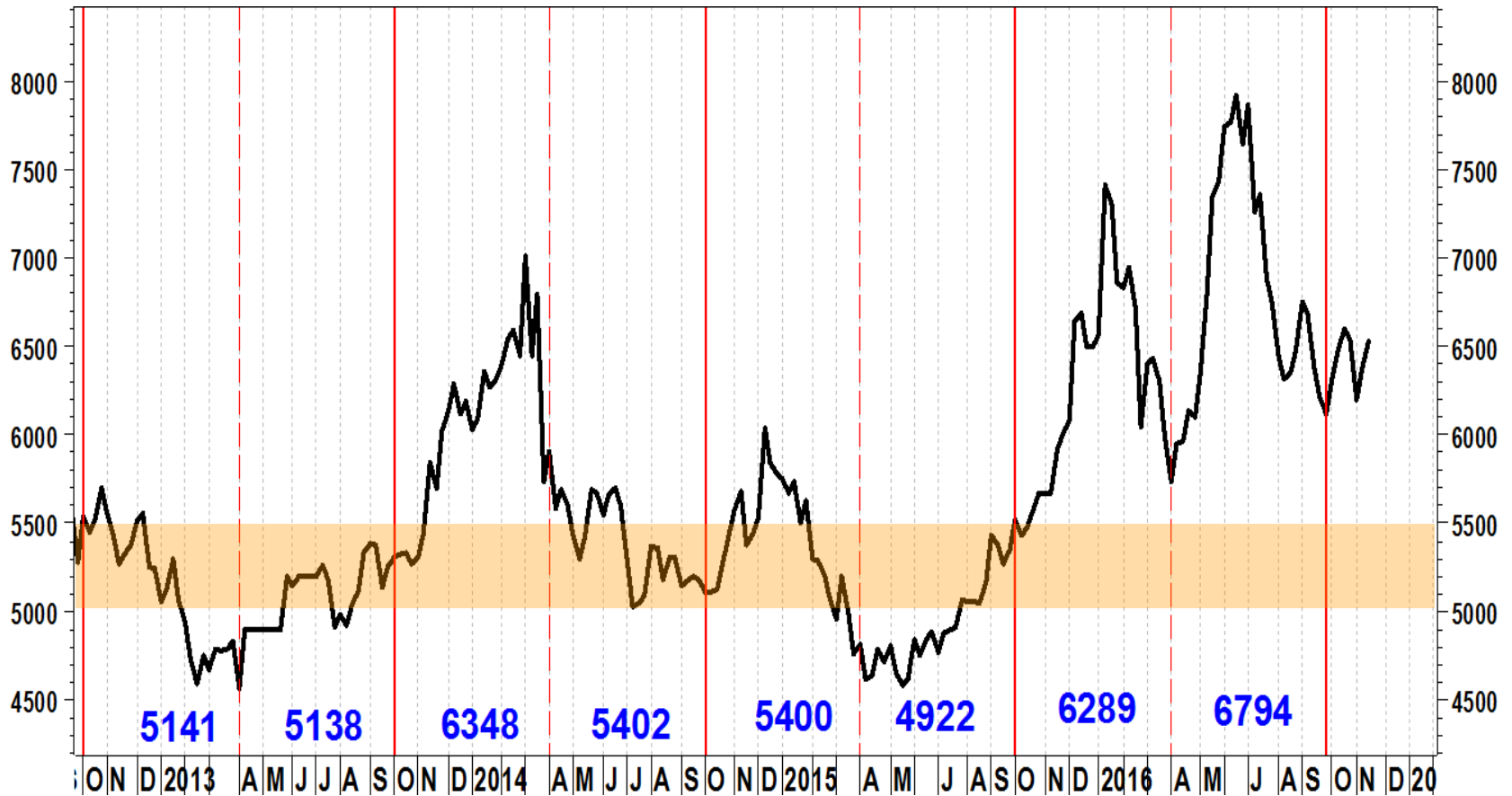
industry trends

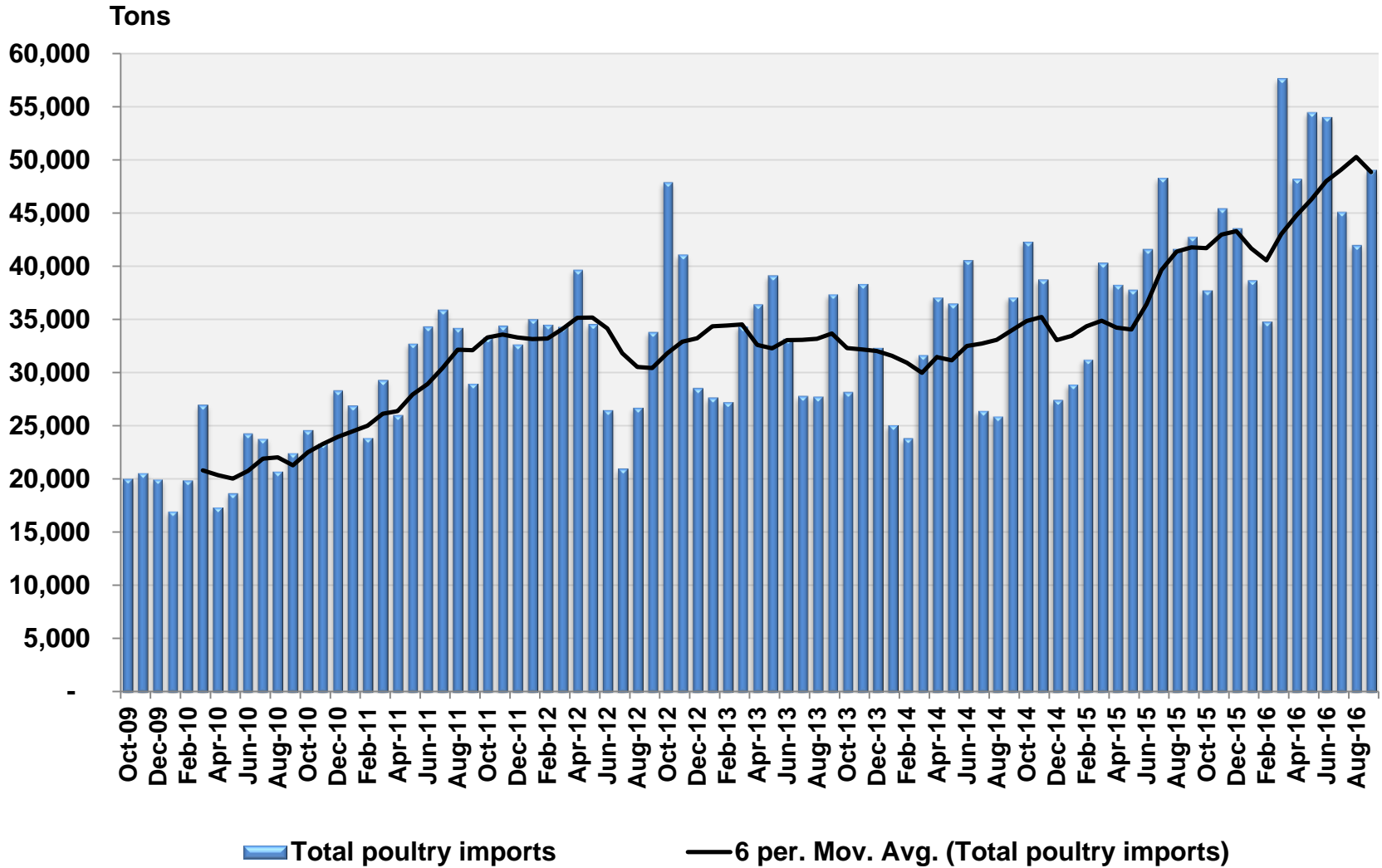
2016

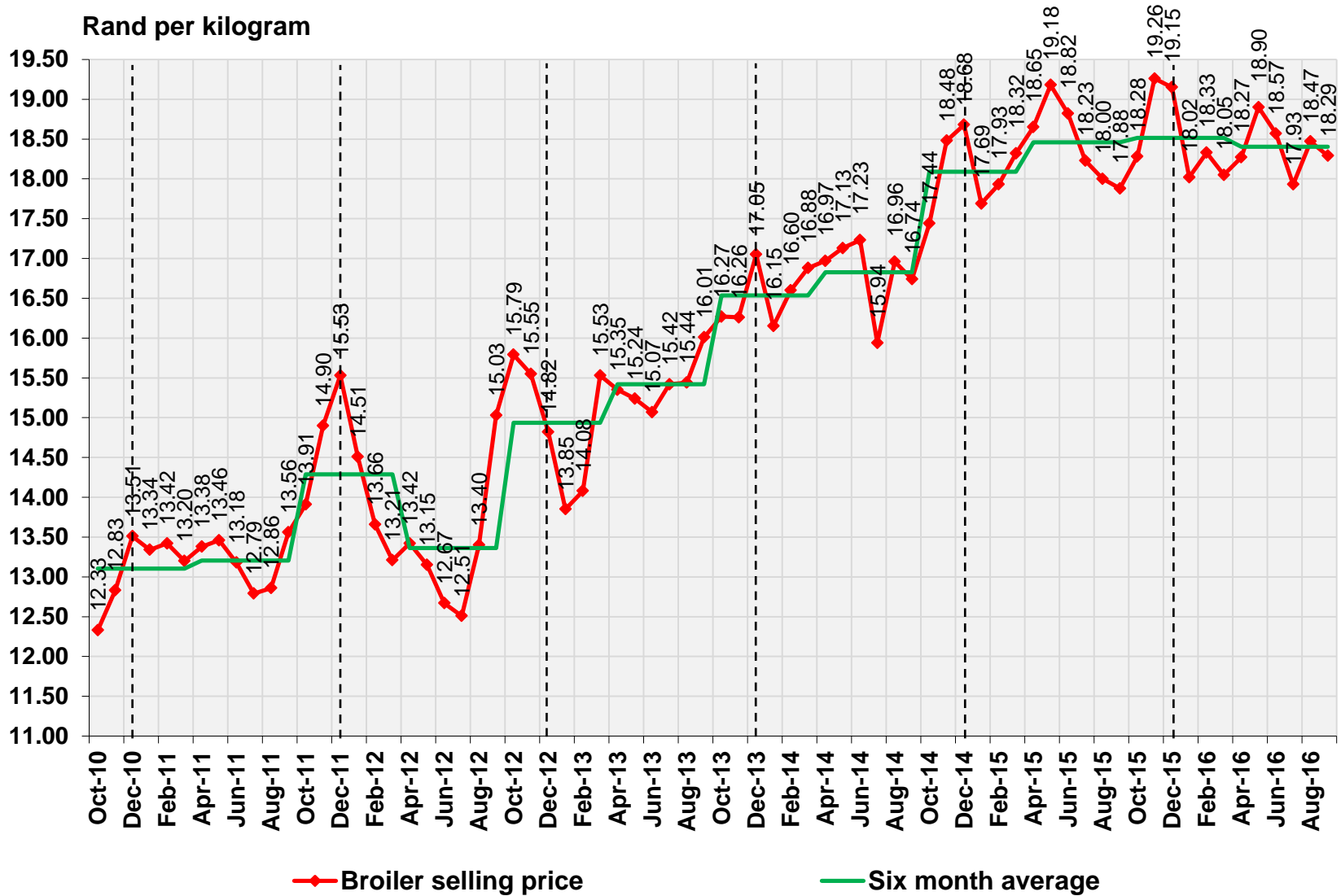


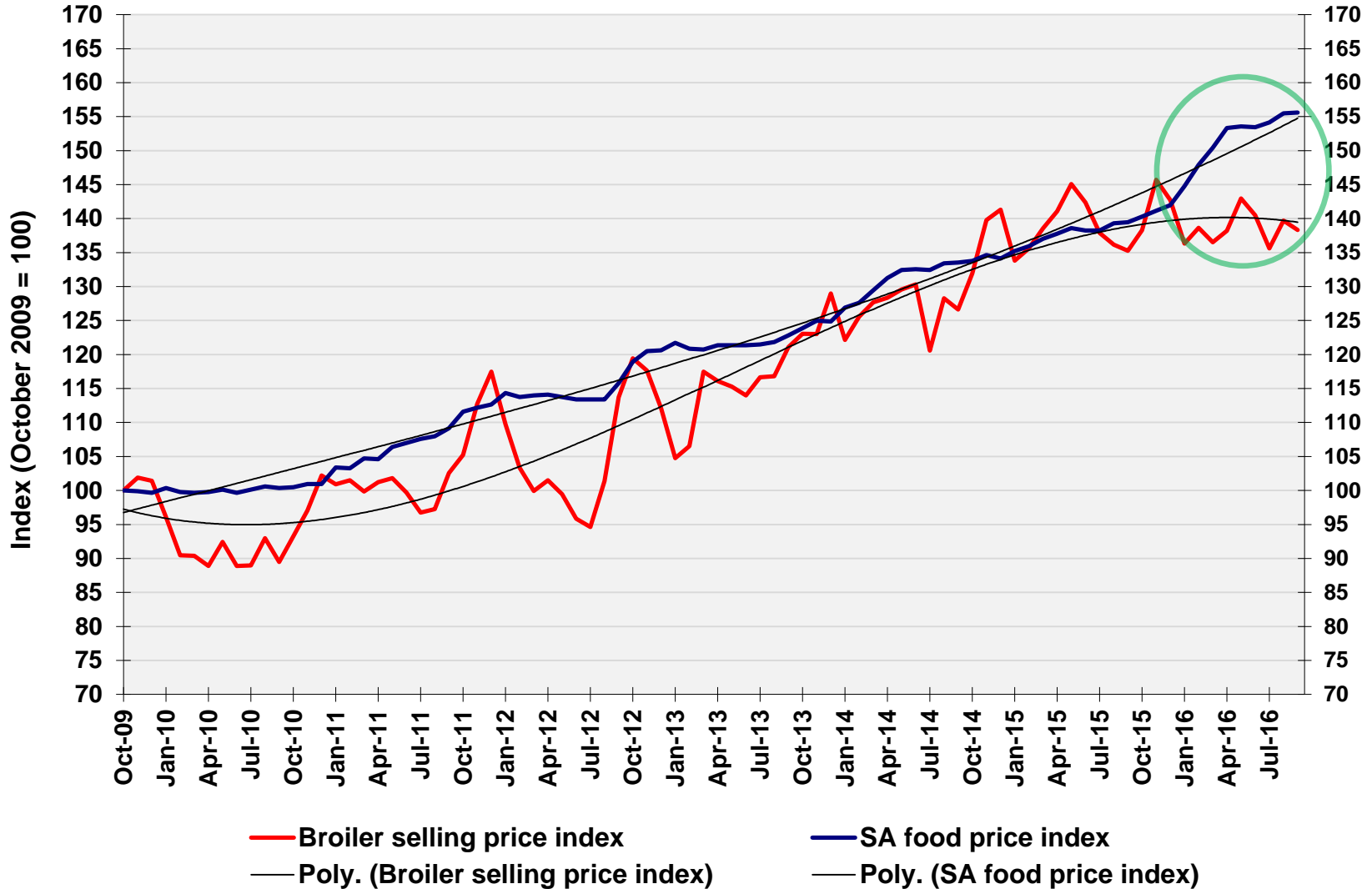


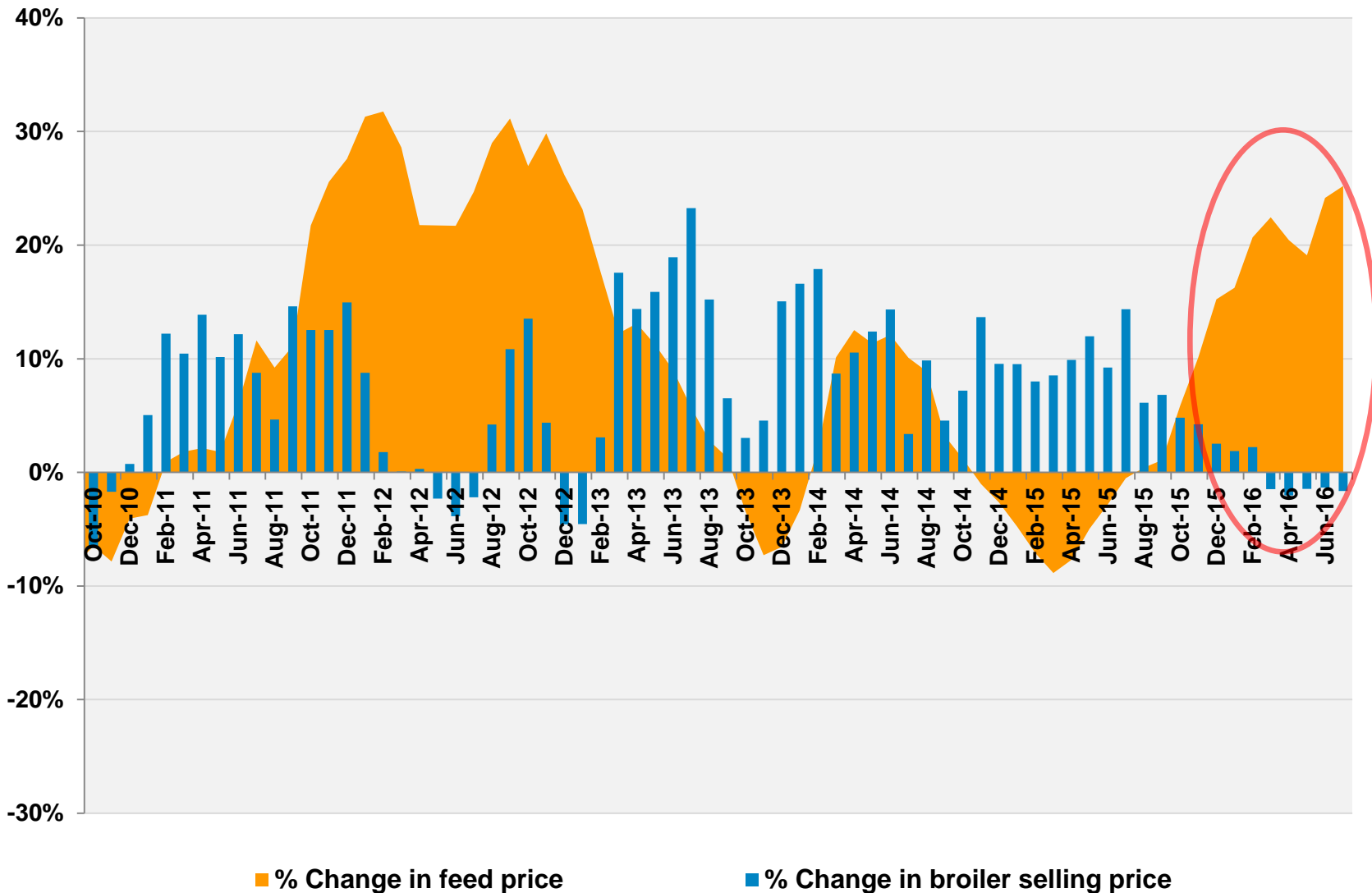












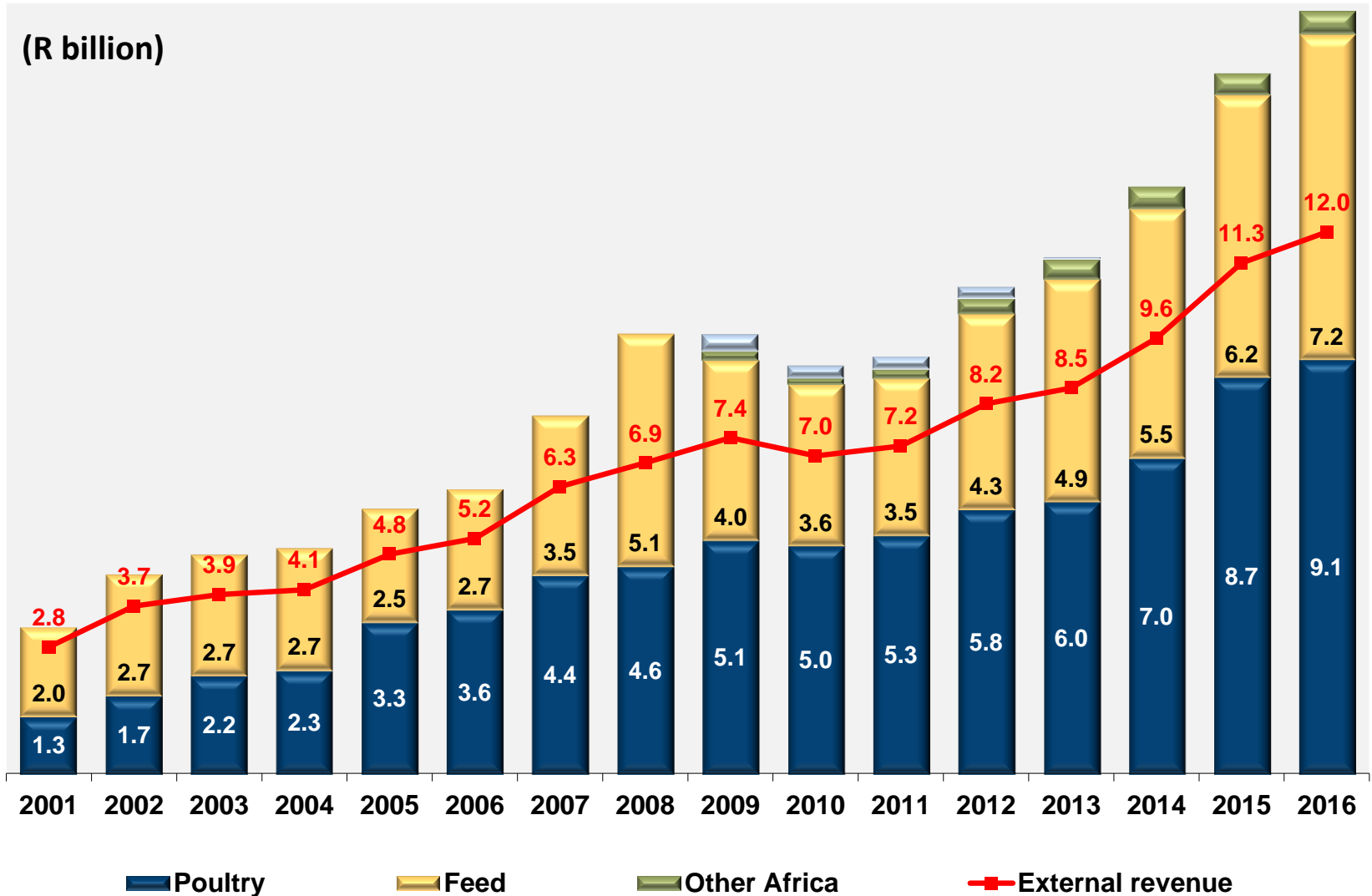


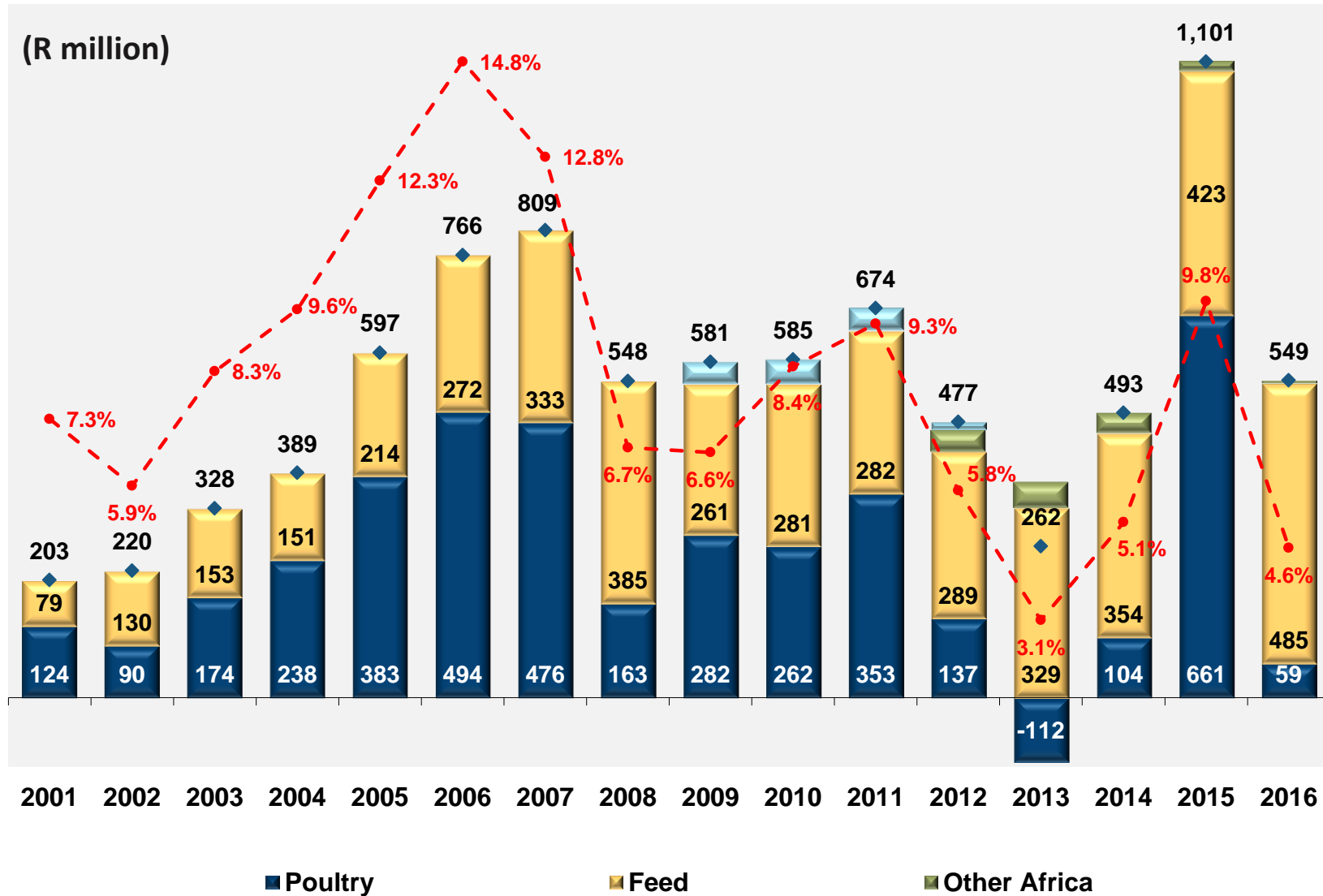
financial overview

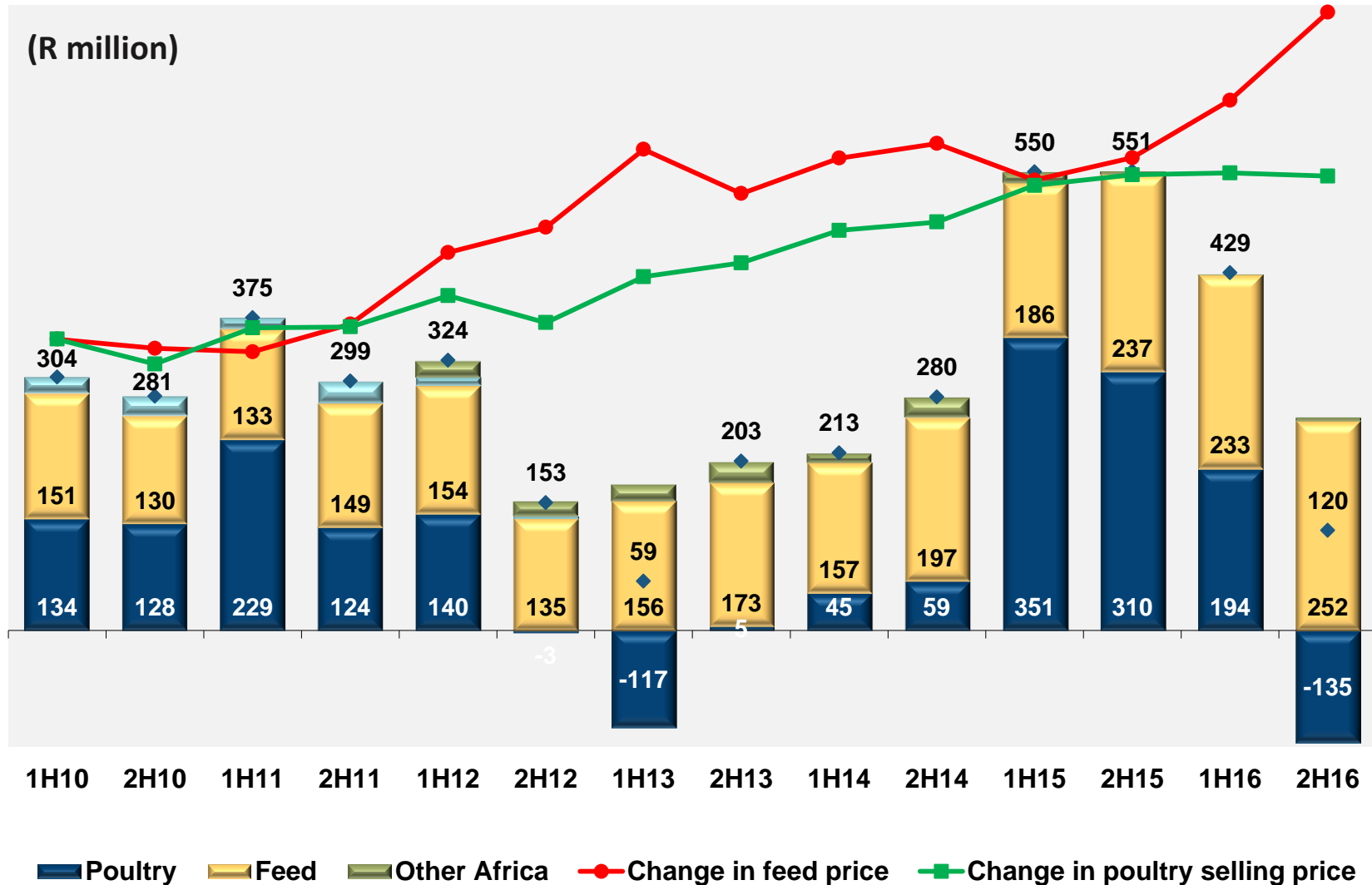
2016










| Year ended 30 September | 2016 R million | 2015 R million | |
|--------------------------------|-------------------|-------------------|-----|
| Revenue | 11 954 | 11 266 | 6% |
| Operating profit | 549 | 1 101 | 50% |
| <i>Operating profit margin</i> | 4.6% | 9.8% | |
| Net finance costs | (22) | (10) | |
| Share of profit in associates | (1) | 3 | |
| Profit before tax | 526 | 1 094 | 52% |
| Tax | (154) | (314) | |
| Profit for the period | 372 | 780 | 52% |
| Headline earnings | 373 | 780 | 52% |
| EPS – Cents | 964 | 2 013 | 52% |
| HEPS – Cents | 965 | 2 016 | 52% |







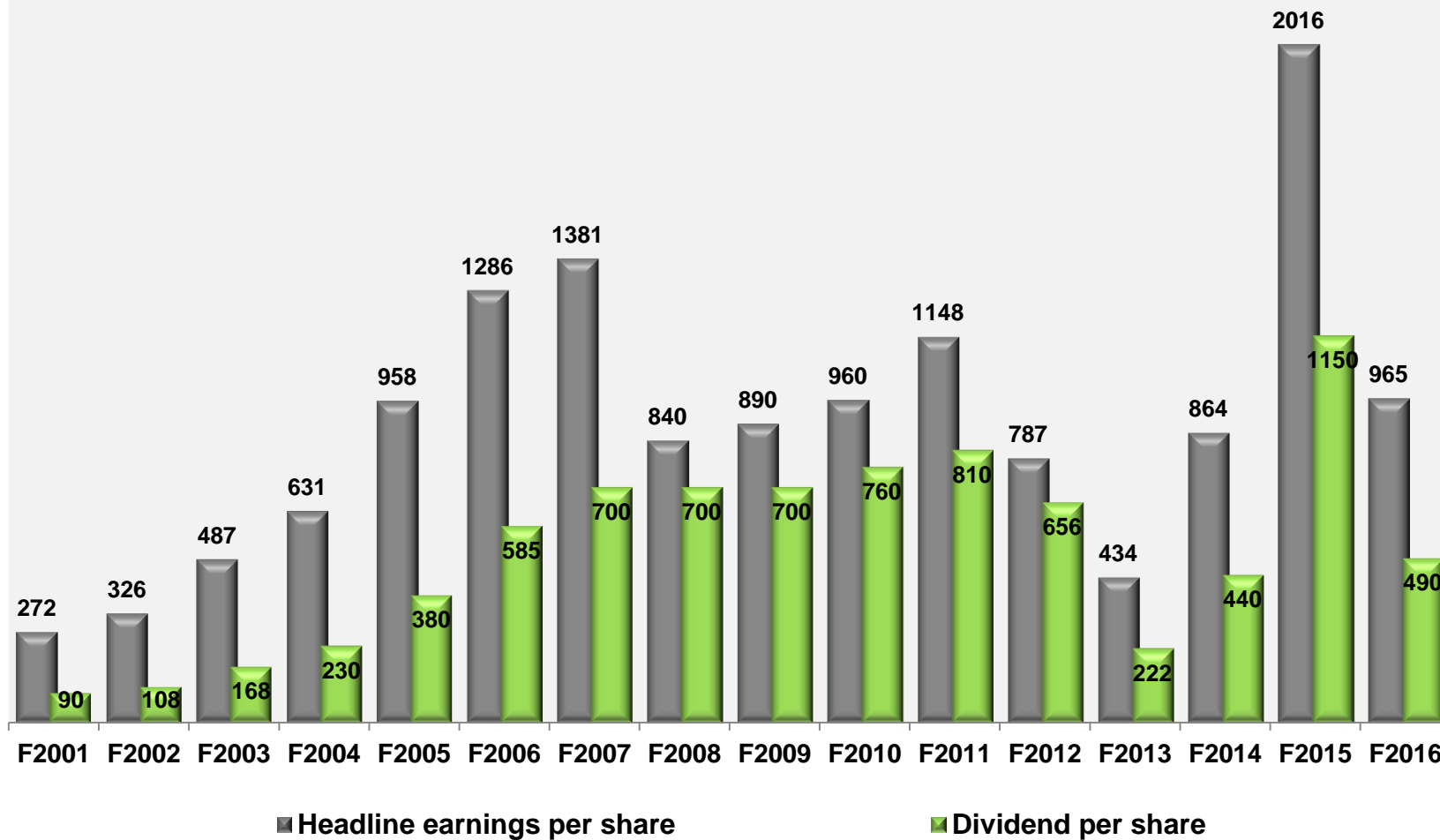
| | September 2016 R million | September 2015 R million | % change |
|--|-----------------------------|-----------------------------|--|
| Non-current assets | 2 230 | 2 234 | |
| Assets held for sale | 25 | - | |
| Net working capital | 1 003 | 776 |  29% |
| Current assets (excl. cash) | 2 588 | 2 261 |  14% |
| Current liabilities (excl. borrowings) | (1 585) | (1 485) |  7% |
| Non-current liabilities (excl. borrowings) | (646) | (582) |  |
| Net assets | 2 612 | 2 428 |  8% |
| Net debt | 240 | 57 |  |
| ▪ <i>Loans</i> | 35 | 83 | |
| ▪ <i>Cash and cash equivalents</i> | 205 | (26) | |
| Equity | 2 372 | 2 371 | |
| Total | 2 612 | 2 428 |  8% |

| For the twelve months ended 30 September | 2016 R million | 2015 R million | Variance R million |
|---|-------------------|-------------------|-----------------------|
| Current assets | 2 588 | 2 261 | 327 |
| Biological assets | 735 | 668 | 67 |
| Inventory - Poultry | 314 | 425 | (111) |
| - Feed | 362 | 245 | 117 |
| - Other Africa | 41 | 32 | 9 |
| Trade receivables | 998 | 786 | 212 |
| Other | 138 | 105 | 33 |
| Current liabilities | (1 585) | (1 485) | (100) |
| Trade payables | (1 390) | (1 156) | (234) |
| Other | (195) | (329) | 134 |
| Net working capital | 1 003 | 776 | 227 |

| For the twelve months ended 30 September | 2016 R million | 2015 R million |
|--|-------------------|-------------------|
| Cash operating profit | 546 | 1 436 |
| Working capital movement | (46) | (441) |
| | 500 | 995 |
| Tax paid | (122) | (344) |
| Net interest paid | (22) | (10) |
| Capital expenditure | (174) | (203) |
| | 182 | 438 |
| Dividends paid | (373) | (321) |
| Other cash flow items | 10 | 10 |
| | (181) | 127 |
| Loans (repaid) / received | (49) | (120) |
| Movement in cash equivalents | (230) | 7 |
| Effect of exchange rate changes | (1) | (13) |
| Opening balance | 26 | 32 |
| Closing balance | (205) | 26 |

| Twelve months ended 30 September | 2016 R million | 2015 R million |
|----------------------------------|-------------------|-------------------|
| Depreciation | 144 | 153 |
| Total capex | 168 | 203 |
| Commitments | 105 | |
| Total spend and committed | 273 | |

(cents per share)



- Two major variables that **negatively impacted profitability**:
 - Feed – drought related maize cost increases
 - Poultry – no movement in selling prices

- **Net debt to equity** ratio of 10.1% (30 Sep 2015: 2.4%)

- **Final dividend of 100 cps (2.0x cover)**, within the Group's liquidity capability



industry matters

2016



- **AGOA / sanitary & phytosanitary measures** [# 63]
- **ITAC safeguard duty against the EU** [# 64]
- **Impact of new brining regulations** [# 65]
- **Industry consolidation and contraction** [# 66]



outlook

2016

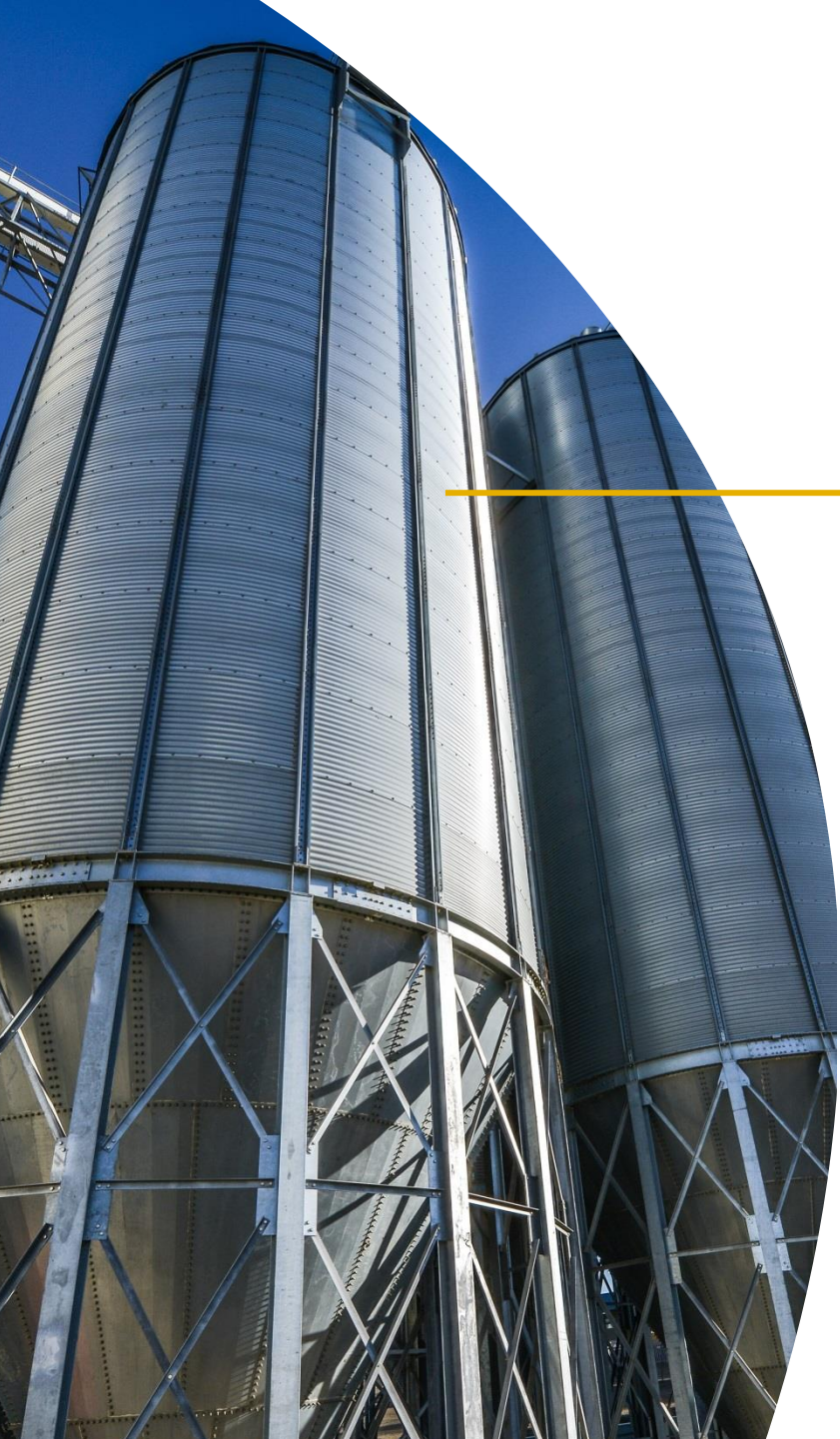


- The **weakened state of consumer spending** is unlikely to improve due to poor economic growth and higher unemployment which will continue to constrain an increase in the per capita consumption of poultry.
- The **new brining regulations** will negatively impact total kilograms sold at the revised brining level of 15% on IQF product.
- **High maize and feed prices** will continue for at least the first half of 2017 on the back of the severe drought.
- The **safeguard duty** recommended by ITAC against the EU is not expected to significantly curb poultry import levels.
- The consensus amongst weather forecasters is that **normal rainfall** can be expected over the next South African maize growing season, which should lead to **lower SAFEX maize prices** from May 2017.
- **Poultry production efficiencies are** expected to remain good on the back of the inherent genetic potential of the Ross 308 breed.
- **Contraction in local production** due to cutbacks, resizing and closures could result in an improved balance between supply and demand.



Thank you







“Astral’s strategy is to be the best cost integrated poultry producer in selected African countries”

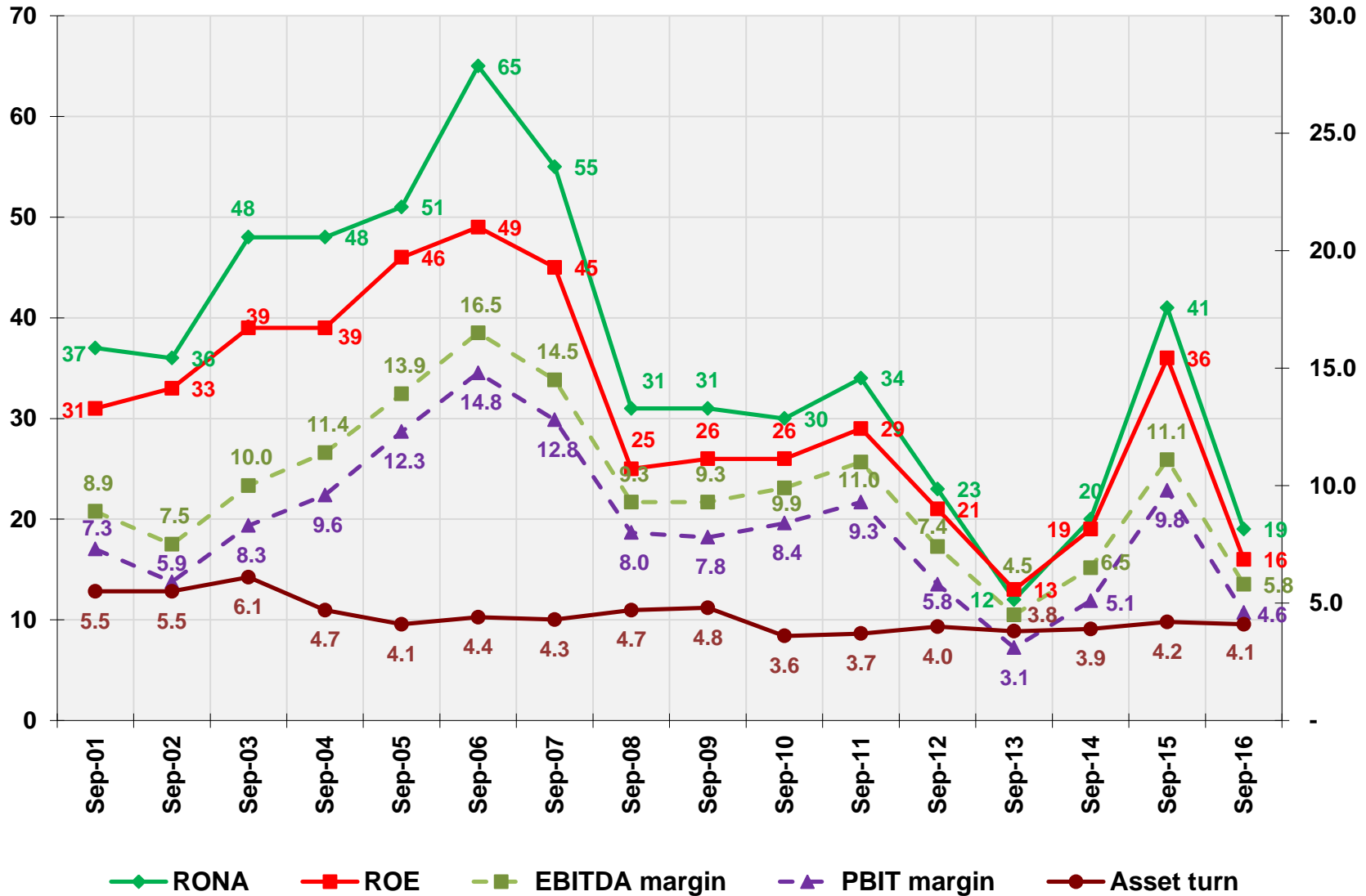


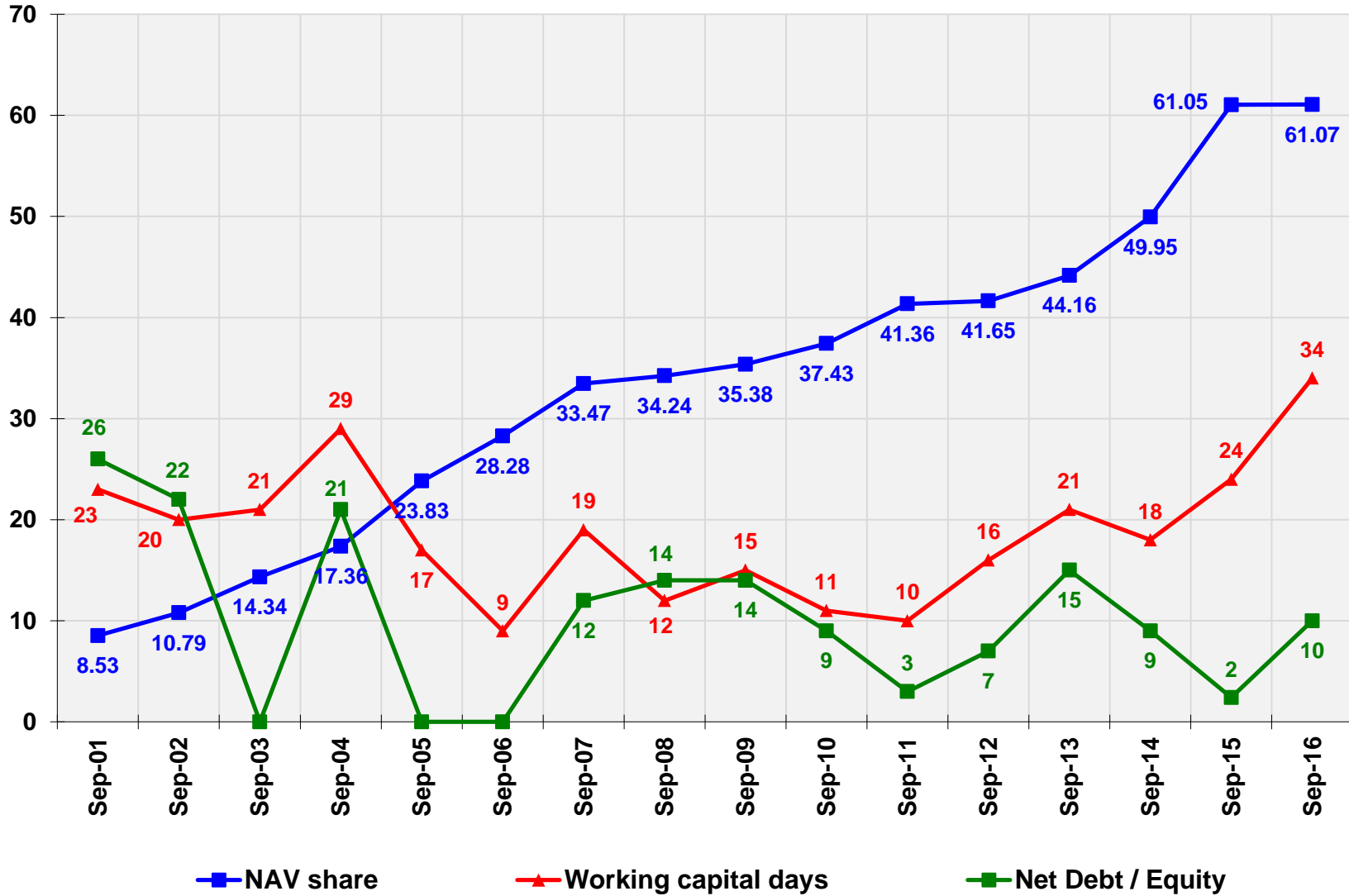
additional information

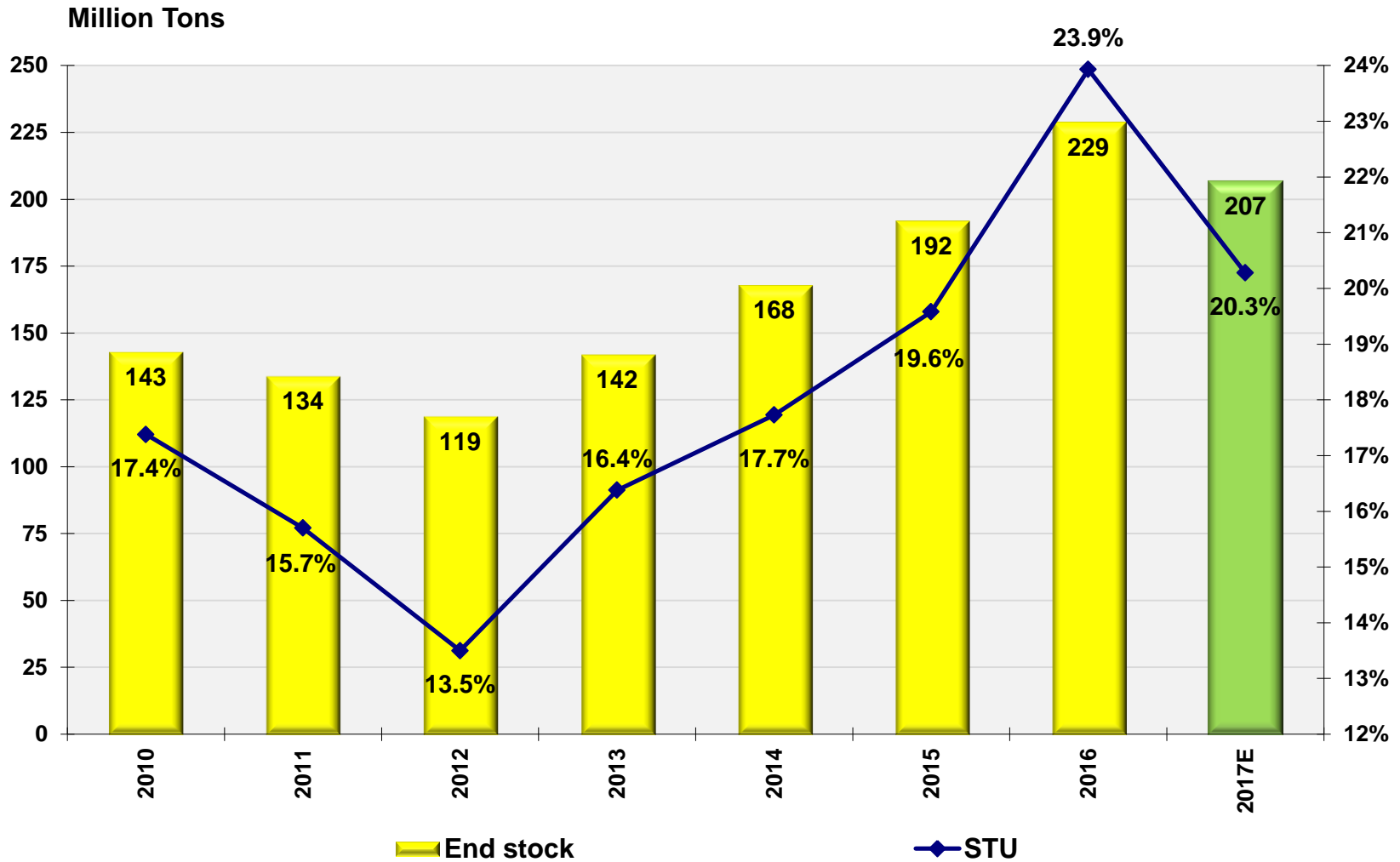
2016



- It is expected that the **demand for poultry will continue to be constrained** due to limited consumer discretionary spend and weaker seasonal poultry consumption patterns. 
- **High maize and feed prices will continue** until at least rainfall patterns normalise, with some mid-size industry producers already showing signs of financial distress. 
- **Rand weakness** will continue to negatively impact input costs on imports of poultry genetics, maize and soya. 
- The **high level of poultry imports and the potential AGOA impact** of US poultry will see local broiler production cutbacks due to an imbalance in supply and demand. 
- A **weakening of the El Niño weather event** could favour better planting conditions for maize in the coming season as normal rainfall is predicted. 
- **World raw material stocks** are exceptionally healthy. 

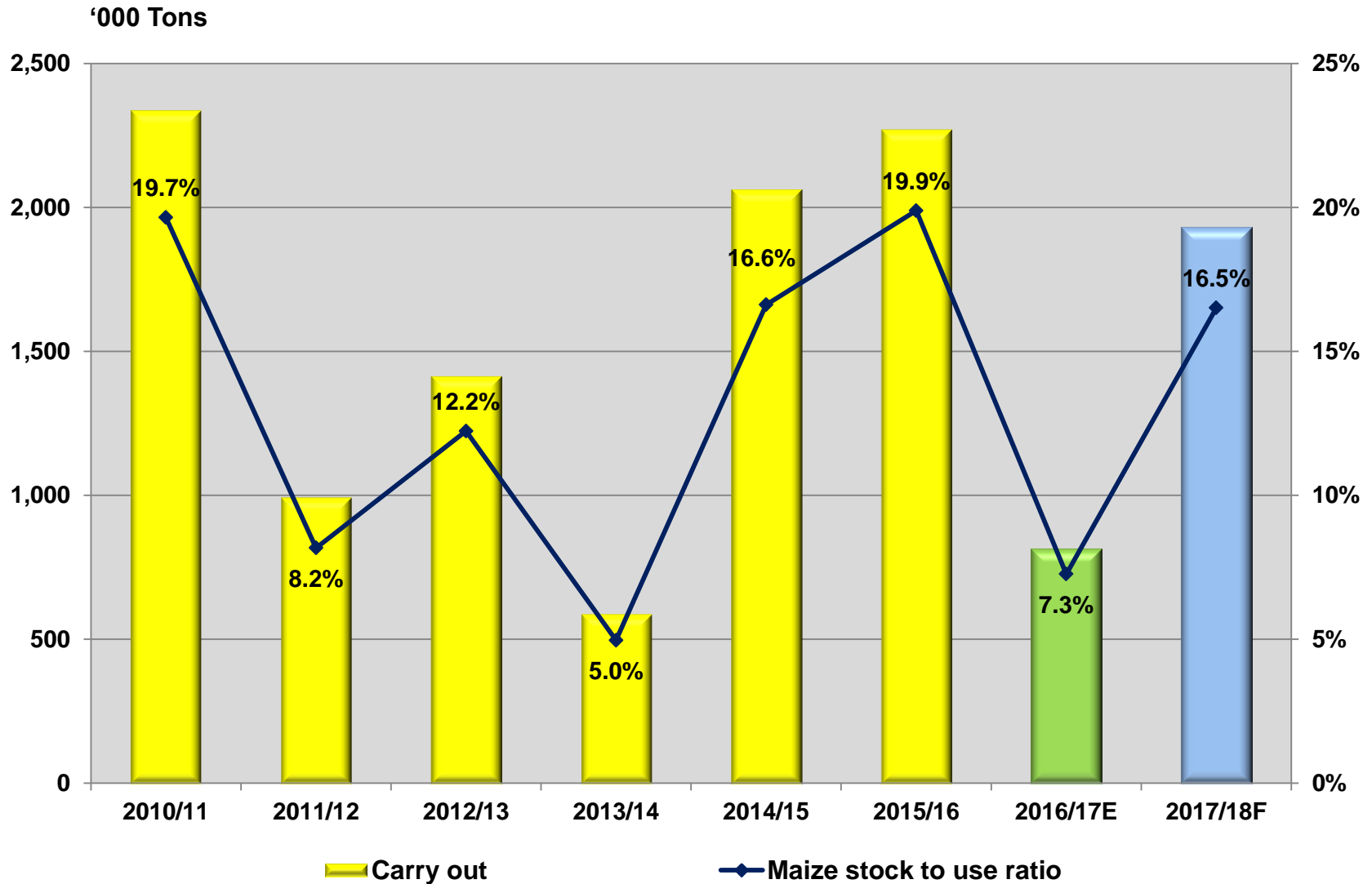




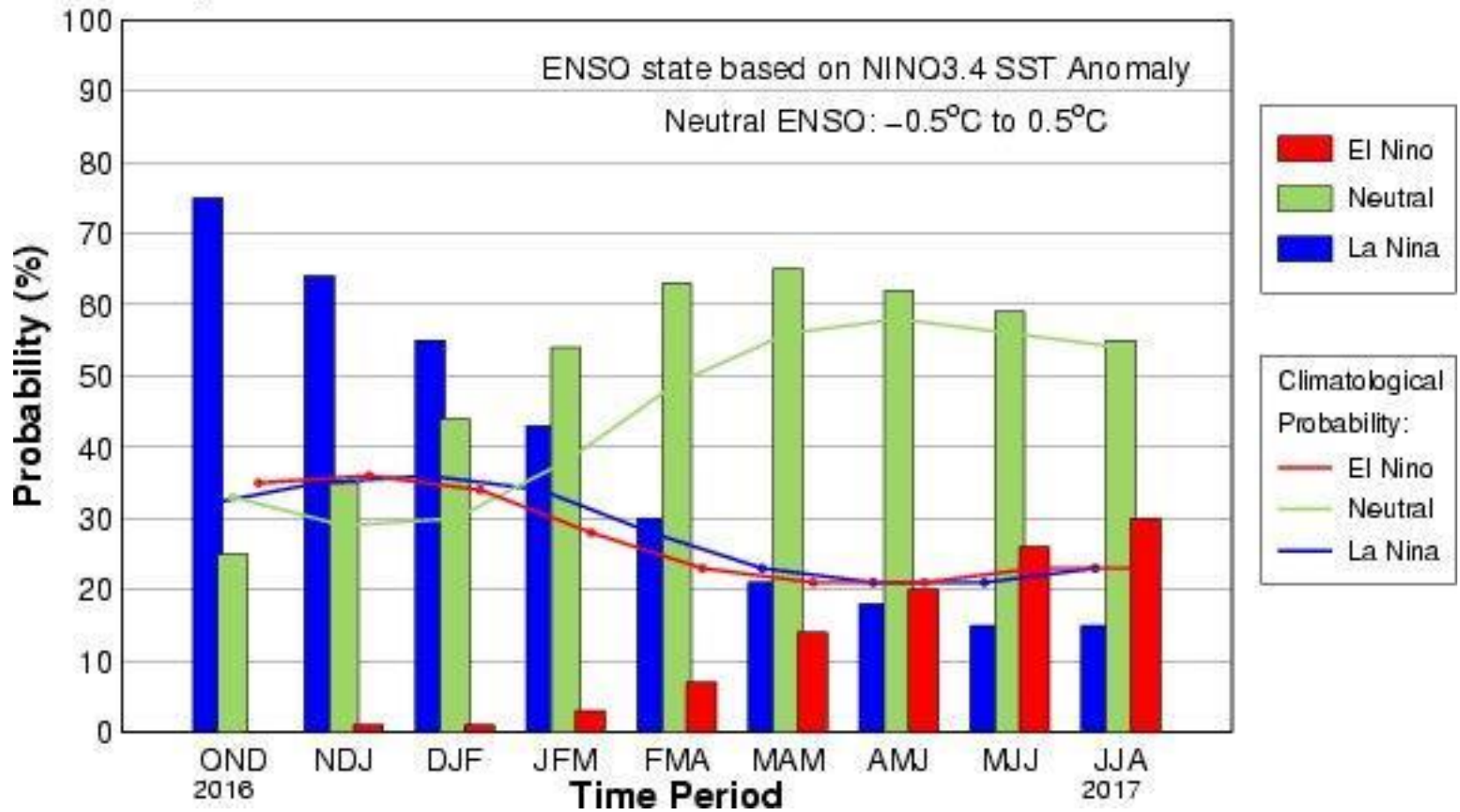


- Maize carry out on the international markets highest since 1987 / 88

| <i>Marketing year (May to April)</i> | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17E | 2016/18F |
|---|---------|---------|---------|---------|---------|----------|----------|
| <i>'000 tons</i> | Actual | Actual | Actual | Actual | Actual | Estimate | Forecast |
| Carry In (1 May) | 2,336 | 991 | 1,414 | 589 | 2,074 | 2,270 | 813 |
| Crop Estimate | 10,360 | 12,121 | 11,811 | 14,250 | 9,955 | 7,537 | 13,001 |
| Retentions | | | | 433 | 330 | 330 | 550 |
| Sagis Delivery | 10,394 | 11,972 | 11,072 | 13,817 | 9,625 | 7,207 | 12,451 |
| <i>Minus early deliveries</i> | 0 | 0 | 0 | 0 | 0 | 740 | 0 |
| Imports | 421 | 11 | 80 | 65 | 1,968 | 2,539 | 360 |
| Total Supply | 13,151 | 12,973 | 12,566 | 14,471 | 13,685 | 12,015 | 13,624 |
| Domestic Usage Food | 4,512 | 4,499 | 4,583 | 4,840 | 4,695 | 4,752 | 4,740 |
| Domestic Usage Feed | 4,362 | 4,378 | 4,715 | 5,041 | 5,520 | 5,336 | 5,161 |
| Gristing, withdrawn & released | 693 | 674 | 480 | 376 | 319 | 341 | 330 |
| Total Domestic Usage | 9,567 | 9,551 | 9,777 | 10,257 | 10,535 | 10,428 | 10,231 |
| Exports & Sundries | 2,590 | 2,008 | 2,122 | 2,153 | 880 | 774 | 1,463 |
| <i>Plus early deliveries</i> | 0 | 0 | 0 | 0 | 0 | 740 | 0 |
| Carry Out (30 Apr) | 994 | 1,414 | 590 | 2,062 | 2,270 | 813 | 1,931 |
| No of days usage | 38 | 54 | 25 | 73 | 79 | 28 | 69 |
| STU | 8.17% | 12.23% | 4.96% | 16.62% | 19.89% | 7.26% | 16.51% |



Early–Nov CPC/IRI Official Probabilistic ENSO Forecast

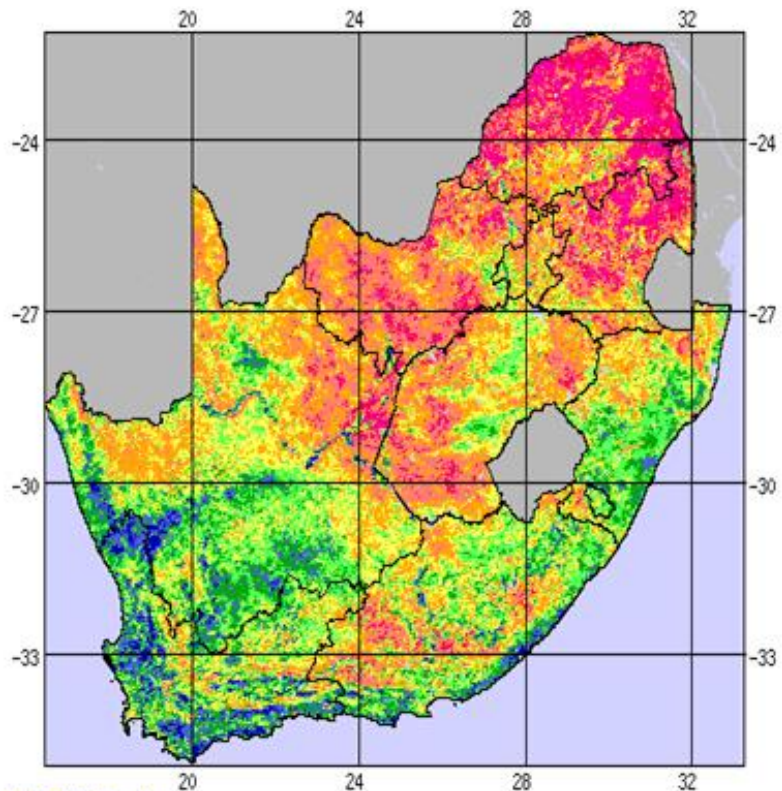
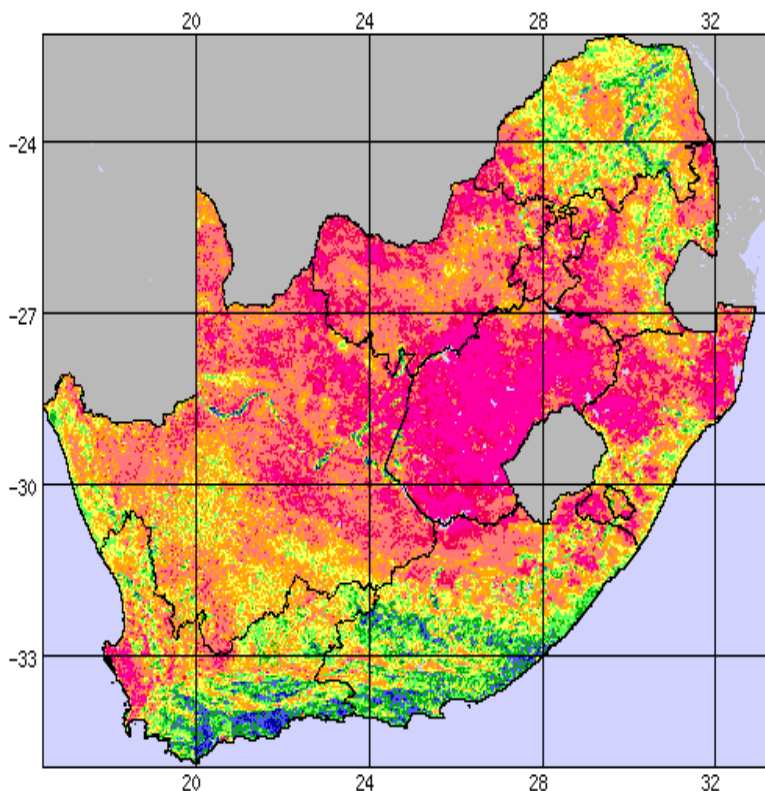


VHI of previous year

VHI of current year

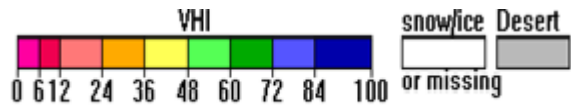
VHI of previous year, Nov. 4, 2015 (week 44)

VHI of current year, Nov. 3, 2016 (week 44)

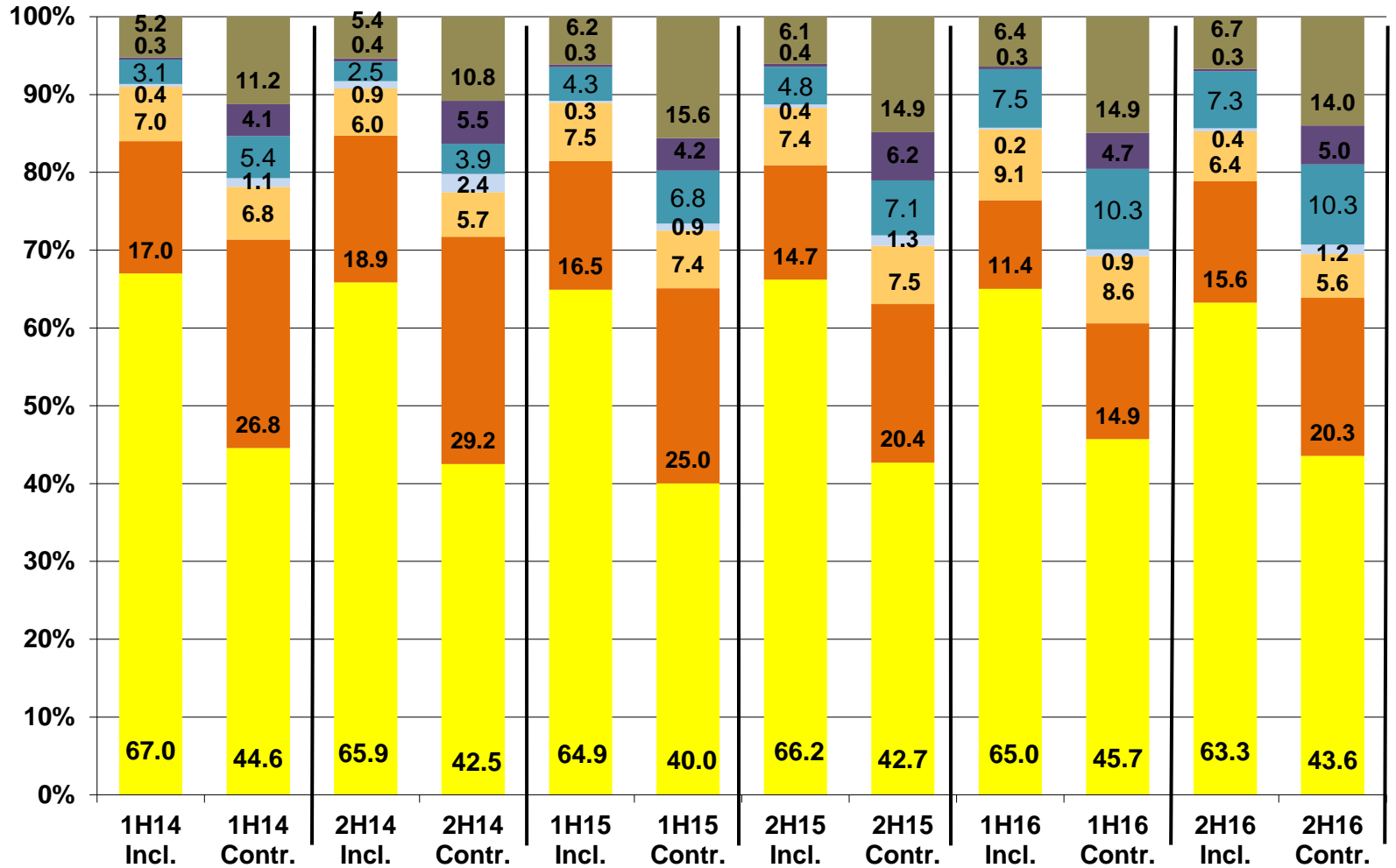


AVHRR-VHP Zoom=1

AVHRR-VHP Zoom=1



BROILER FEED INGREDIENT INCLUSION & COST CONTRIBUTION



■ Maize ■ Soya Bean Meal ■ Sunflower Meal ■ Fish Meal ■ Full Fat Soya ■ Vitamins, Minerals and Medication ■ Other

Ex BRAZIL – November 2016

FROZEN LEG QUARTERS BULK PACKED

| CIF DBN US\$ per ton | TON | 1 100.00 | 1 100.00 | 1 100.00 | SA COST |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|
| R/\$ exchange rate | R\$ | 13.50 | 14.00 | 14.50 | |
| Rand per ton | TON | 14 850.00 | 15 400.00 | 15 950.00 | 25 680.00 |
| Rand per kg | KG | 14.85 | 15.40 | 15.95 | 25.68 |
| Duty per kg | KG | 37% | 37% | 37% | - |
| Clearance costs | KG | 0.65 | 0.65 | 0.65 | - |
| COST INTO STORAGE | KG | 20.99 | 21.75 | 22.50 | 25.68 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.70 | 0.70 | 0.70 | 0.81 |
| Marketing, Administration, Finance | KG | 0.80 | 0.80 | 0.80 | 0.66 |
| TOTAL COST | KG | 22.99 | 23.75 | 24.50 | 27.15 |

Ex NETHERLANDS – November 2016

FROZEN LEG QUARTERS BULK PACKED

| CIF DBN US\$ per ton | TON | 1 140.00 | 1 140.00 | 1 140.00 | SA COST |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|
| R/\$ exchange rate | R\$ | 13.50 | 14.00 | 14.50 | |
| Rand per ton | TON | 15 390.00 | 15 960.00 | 15 960.00 | 25 680.00 |
| Rand per kg | KG | 15.39 | 15.96 | 16.53 | 25.68 |
| Duty per kg | KG | 3.86% | 3.86% | 3.86% | - |
| Clearance costs | KG | 0.65 | 0.65 | 0.65 | - |
| COST INTO STORAGE | KG | 16.63 | 17.23 | 17.82 | 25.68 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.70 | 0.70 | 0.70 | 0.81 |
| Marketing, Administration, Finance | KG | 0.80 | 0.80 | 0.80 | 0.66 |
| TOTAL COST | KG | 18.63 | 19.23 | 19.82 | 27.15 |

Ex EUROPE NON-TARIFF COUNTRIES – November 2016

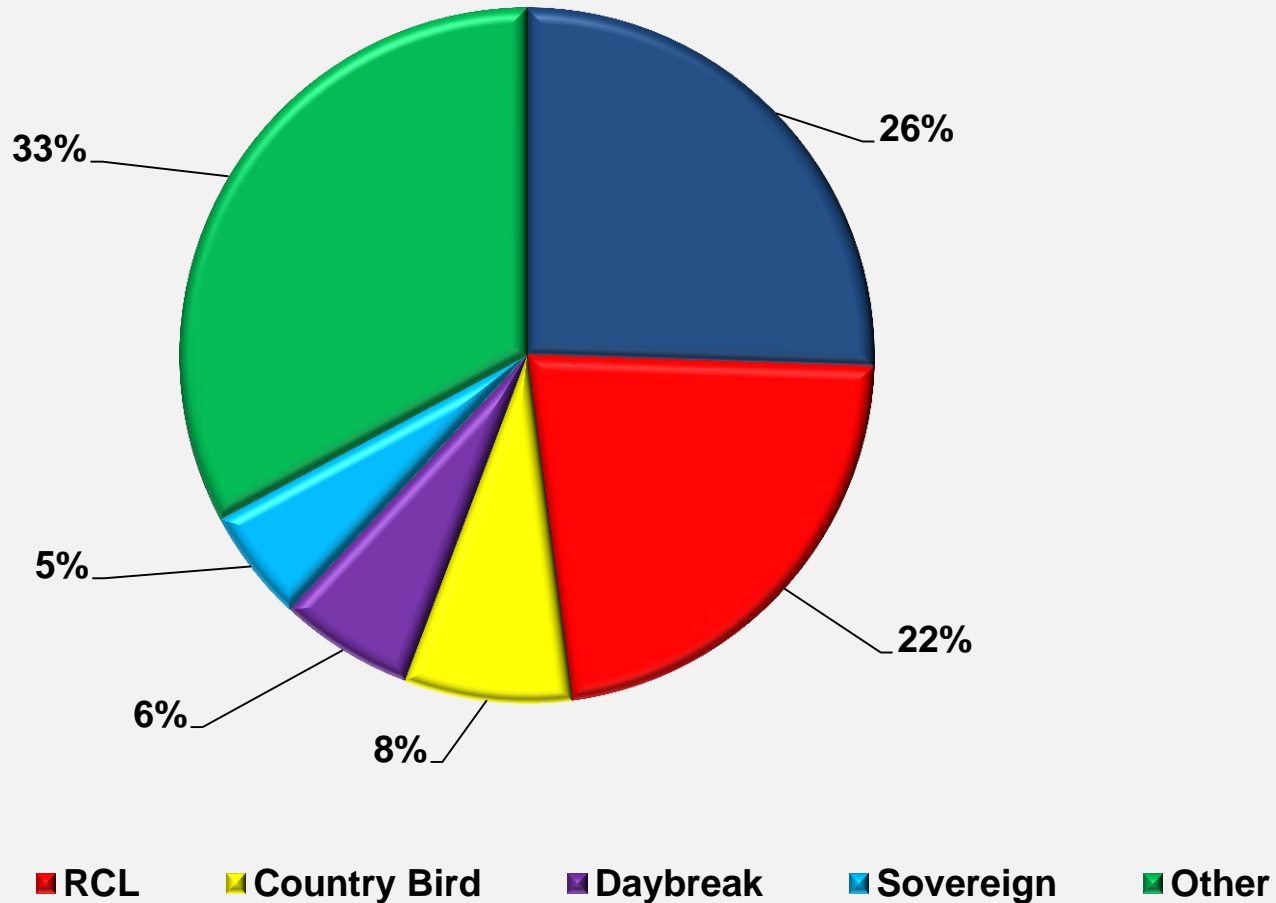
FROZEN LEG QUARTERS BULK PACKED

| CIF DBN US\$ per ton | TON | 1 180.00 | 1 180.00 | 1 180.00 | SA COST |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|
| R/\$ exchange rate | R\$ | 13.50 | 14.00 | 14.50 | |
| Rand per ton | TON | 15 930.00 | 16 520.00 | 17 110.00 | 25 680.00 |
| Rand per kg | KG | 15.93 | 16.52 | 17.11 | 25.68 |
| Duty per kg | KG | 0.00% | 0.00% | 0.00% | - |
| Clearance costs | KG | 0.65 | 0.65 | 0.65 | - |
| COST INTO STORAGE | KG | 16.58 | 17.17 | 17.76 | 25.68 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.70 | 0.70 | 0.70 | 0.81 |
| Marketing, Administration, Finance | KG | 0.80 | 0.80 | 0.80 | 0.66 |
| TOTAL COST | KG | 18.58 | 19.17 | 19.76 | 27.15 |

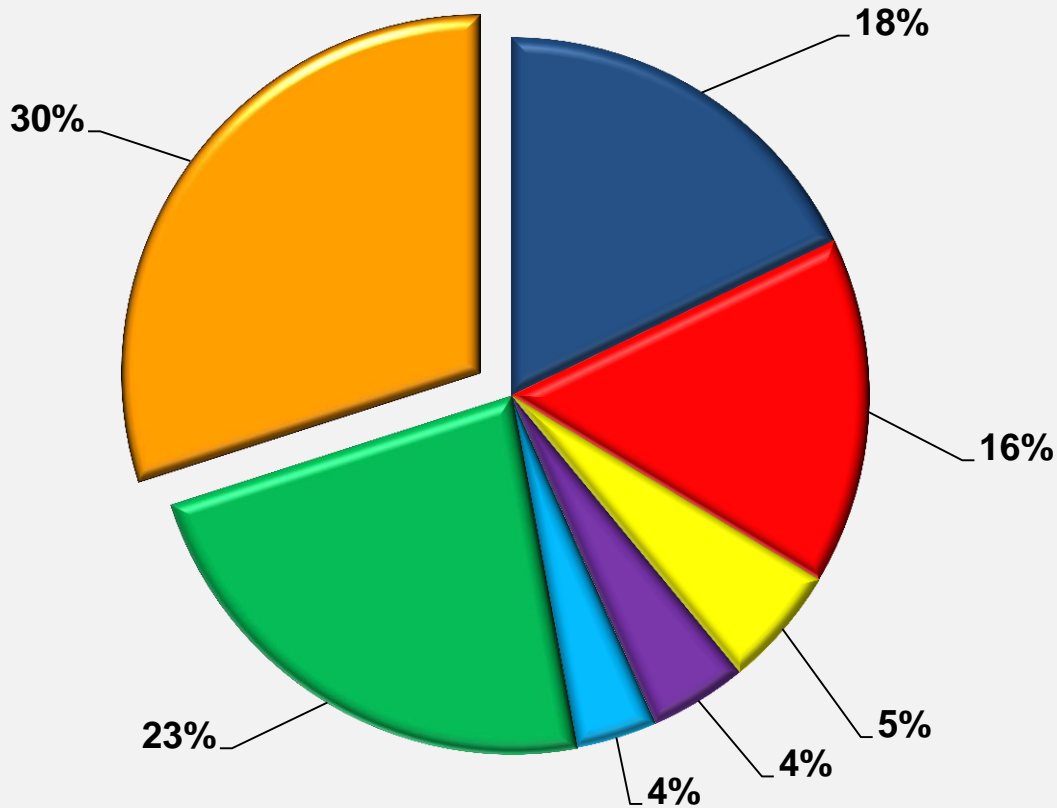
Ex USA – November 2016

FROZEN LEG QUARTERS BULK PACKED

| CIF DBN US\$ per ton | TON | 800.00 | 800.00 | 800.00 | SA COST |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|
| R/\$ exchange rate | R\$ | 13.50 | 14.00 | 14.50 | |
| Rand per ton | TON | 10 800.00 | 11 200.00 | 11 600.00 | 25 680.00 |
| Rand per kg | KG | 10.80 | 11.20 | 11.60 | 25.68 |
| Duty per kg | KG | 37.00% | 37.00% | 37.00% | - |
| Clearance costs | KG | 0.65 | 0.65 | 0.65 | - |
| COST INTO STORAGE | KG | 15.45 | 15.99 | 16.54 | 25.68 |
| Storage | KG | 0.50 | 0.50 | 0.50 | - |
| Distribution | KG | 0.70 | 0.70 | 0.70 | 0.81 |
| Marketing, Administration, Finance | KG | 0.80 | 0.80 | 0.80 | 0.66 |
| TOTAL COST | KG | 17.45 | 17.99 | 18.54 | 27.15 |

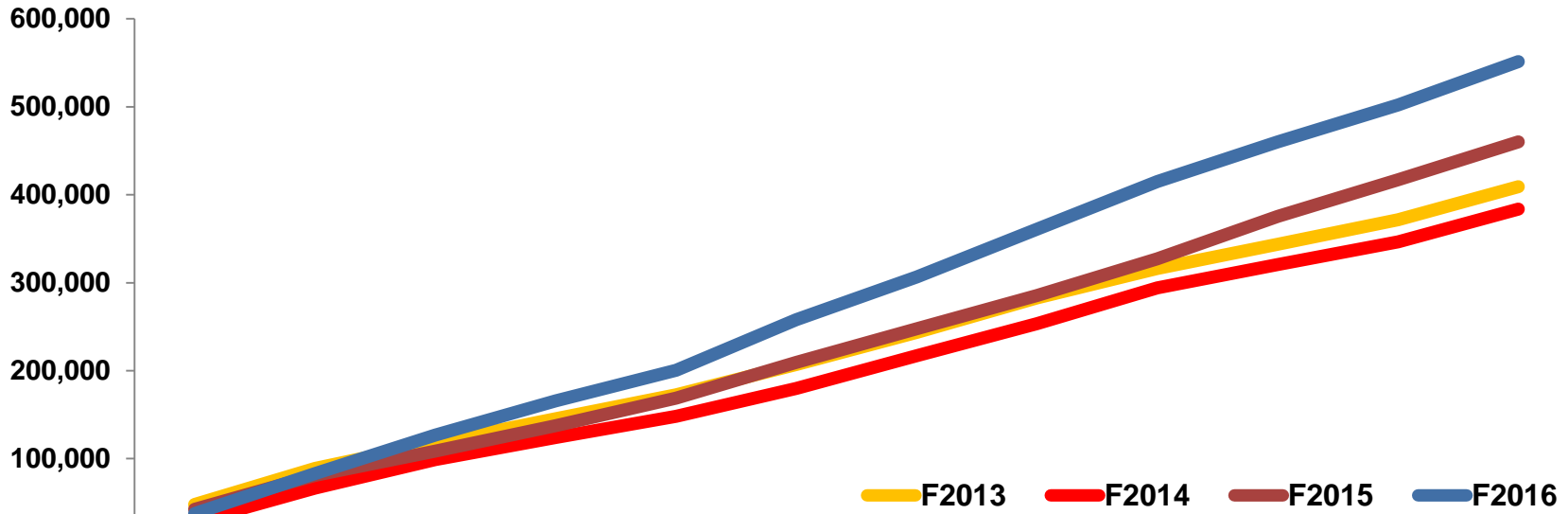


Local broiler production ≈ 19,2 million birds per week



■ Astral
 ■ RCL
 ■ Country Bird
 ■ Daybreak
 ■ Sovereign
 ■ Other
 ■ Imports

Avg. poultry imports ≈ 8,2 million birds per week (past 12 months)



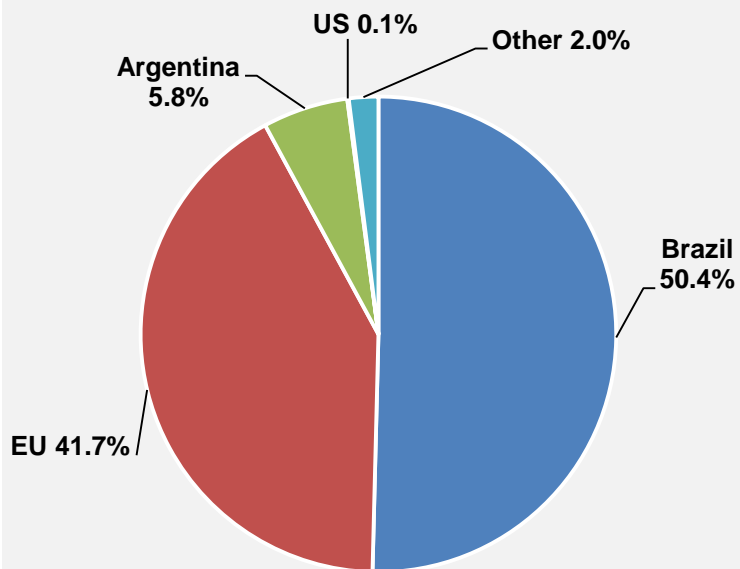
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|-------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| F2013 | 47,942 | 89,095 | 117,712 | 145,426 | 172,727 | 207,148 | 243,623 | 282,790 | 316,047 | 343,913 | 371,741 | 409,158 |
| F2014 | 28,250 | 66,647 | 99,050 | 124,194 | 148,092 | 179,811 | 216,947 | 253,490 | 294,102 | 320,603 | 346,582 | 383,710 |
| F2015 | 42,363 | 81,170 | 108,674 | 137,660 | 168,965 | 209,337 | 247,672 | 285,532 | 327,180 | 375,537 | 417,247 | 460,075 |
| F2016 | 37,789 | 83,258 | 126,866 | 165,602 | 200,461 | 258,134 | 306,385 | 360,899 | 414,947 | 460,098 | 502,138 | 551,209 |

| | | | | | | | | | | | | |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| F2015 | 42,363 | 38,807 | 27,504 | 28,896 | 31,305 | 40,372 | 38,335 | 37,860 | 41,648 | 48,437 | 41,710 | 42,828 |
| F2016 | 37,789 | 45,469 | 43,608 | 38,736 | 34,859 | 57,673 | 48,251 | 54,514 | 54,048 | 45,151 | 42,040 | 49,071 |
| % Var | -10.8 | 17.2 | 58.6 | 34.1 | 11.4 | 42.5 | 25.9 | 44.0 | 29.8 | -6.8 | 0.8 | 14.6 |
| bpw* | 6,7 | 8,1 | 7,7 | 6,9 | 6,2 | 10,3 | 8,6 | 9,7 | 9,6 | 8,0 | 7,5 | 8,7 |

*bpw ≈ million birds per week

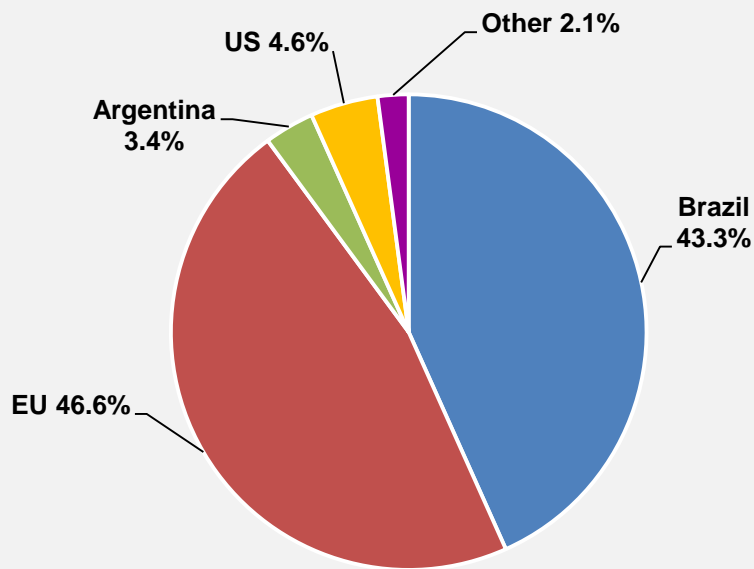
Source: SAPA

Country of origin for poultry imports - 2015



478 447 tons

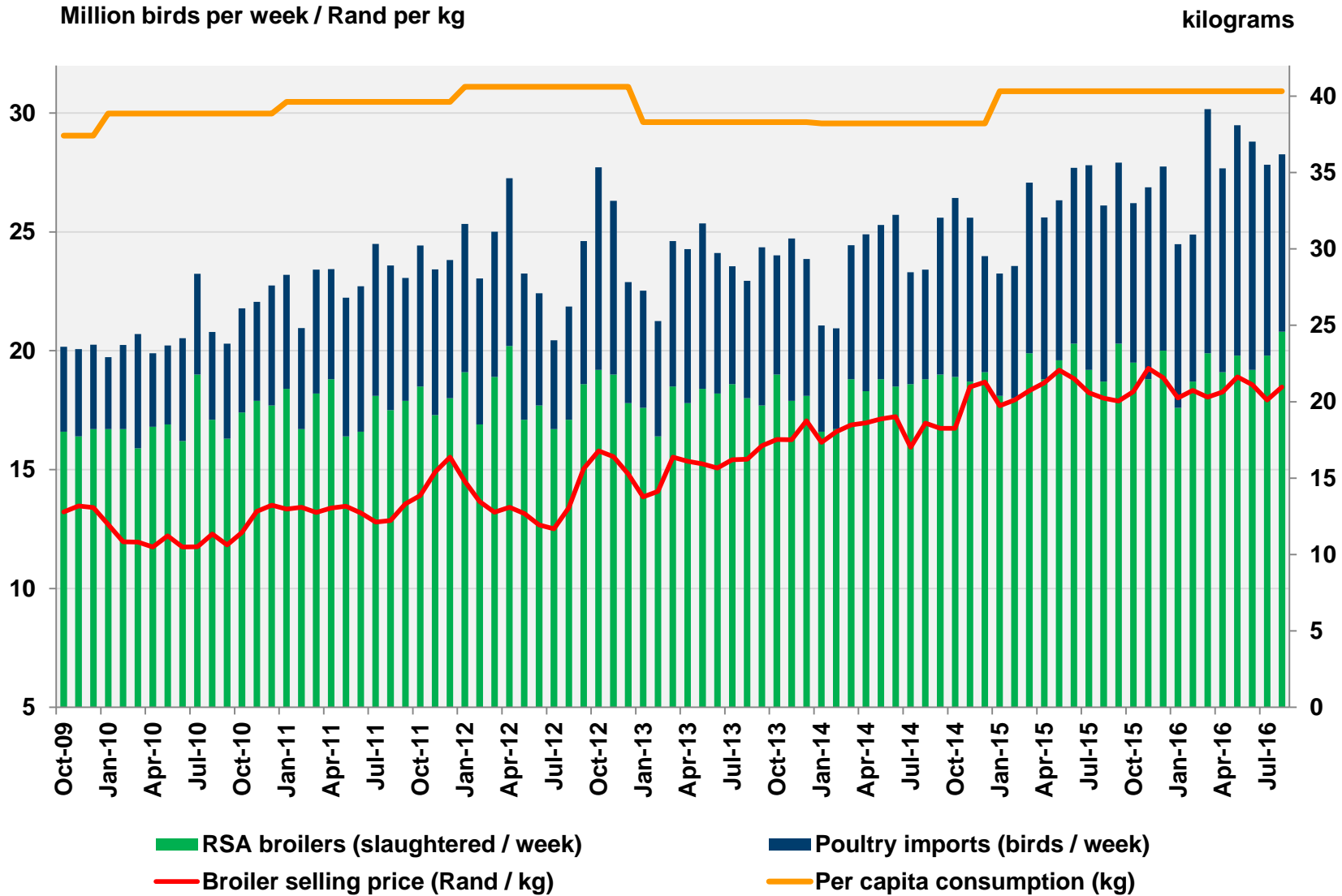
Country of origin for poultry imports - September 2016 YTD

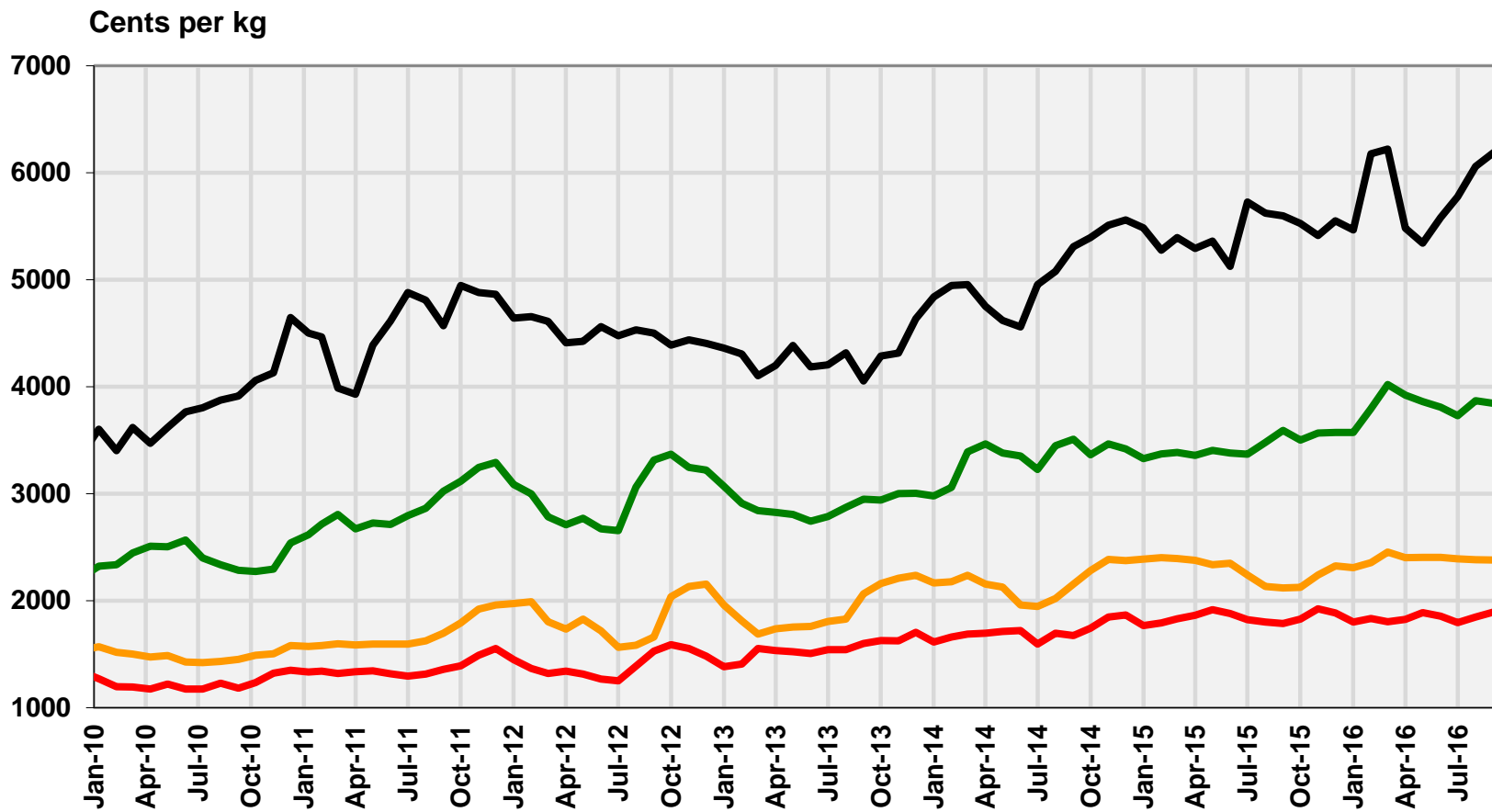


424 342 tons

Poultry imports according to main country of origin for 2013 to 2015 and 2016 YTD

| Country | Imports (tons) | | | |
|----------------|----------------|---------|---------|----------|
| | 2013 | 2014 | 2015 | 2016 YTD |
| Brazil | 188 084 | 168 666 | 241 180 | 183 621 |
| Netherlands | 66 512 | 73 987 | 61 995 | 79 936 |
| United Kingdom | 39 190 | 43 009 | 15 985 | 34 419 |
| Spain | 1 080 | 10 356 | 27 090 | 28 819 |
| United States | 11 076 | 5 022 | 331 | 19 249 |
| Belgium | 1 797 | 11 994 | 35 613 | 18 904 |
| Argentina | 28 479 | 21 586 | 27 718 | 14 536 |
| Hungary | 3 889 | 7 758 | 10 547 | 11 230 |
| Ireland | 5 241 | 8 286 | 13 336 | 11 109 |
| Denmark | 7 422 | 6 133 | 9 508 | 7 533 |
| Canada | 8 854 | 5 255 | 131 | 6 386 |
| Germany | 23 271 | 21 821 | 554 | 5 338 |
| Thailand | 2 547 | 347 | 7 616 | 1 951 |
| Poland | - | - | - | 551 |
| Chile | 111 | 928 | 408 | 336 |
| France | 1 624 | 7 294 | 24 895 | 78 |





Chicken

Pork

Beef

Mutton

Feed Conversion Rate

1.60

2.2

5.5

5.0

Per Capita Consumption

40.3 kg

4.8kg

18.8kg

3.6kg

- The Government is to be approached to **apply equal standards** to poultry imports in terms of:
 - Enforcement of sanitary and phytosanitary standards
 - Veterinary inspection at port of entry
 - Carcass grading standards / quality
 - Brining certification / legislation
 - Restricting reworking
- A court challenge by SAPA to the **Salmonella testing standards** which were lowered to suit the US poultry imports under AGOA is in progress
- The **SA pork industry** is also in the process of challenging the pork import standards on product from the US

- The investigation for safeguard measures in terms of Article 16 of the TDCA against the EU **was initiated by ITAC on 19 February 2016**
- These measures take the form of a **safeguard duty on EU imports** which are zero rated besides the anti-dumping duties against 3 EU countries
- ITAC have presented their decision in this matter to **Min. Rob Davies for his approval or further action**
- It is anticipated that **provisional measures** will be implemented during November 2016
- Any safeguard duty other than the **maximum bound rate of 82%** under the WTO rules may not have a material impact on EU poultry imports
- **US imports under AGOA** are currently lower than the set quota and the US blame the tariff free imports from the EU as a causal factor

- The **new brining regulations set at 85 : 15** for individually quick frozen (IQF) portions became effective on 22 October 2016
- Astral was granted a **dispensation to clear all product** brined at 70 : 30 by the end of January 2017
- Based on the new brining percentages **sales volumes** will be negatively impacted in the new financial year
- However **selling price levels** for the traditional 2 kg and 5 kg IQF pack sizes will be adjusted to compensate for the higher cost of these products
- New IQF pack sizes have also been introduced at **1,7 kg [replacing 2 kg]** and **4,2 kg [replacing 5 kg]** with the same price point
- The full impact of **lower volumes, higher prices and new product lines** can only be assessed in at least six months time

- **Intentional short term cutbacks** during 2016 due to an imbalance in supply and demand
- **RCL indicates in September 2016 cutback plans** which could impact \approx 1 000 jobs
- **Mike's Chickens (Polokwane) closed** in July 2016 shedding \approx 600 jobs
- **Country Bird Holdings** much publicised **takeover bid of Sovereign Foods**
- Some contract broiler producers consider **converting broiler sheds to house laying hens** producing table eggs
- Astral will **pursue consolidation opportunities** as they present themselves

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