



ANNUAL RESULTS PRESENTATION

FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2017

- Business Overview – *Page 3*
- Industry Trends – *Page 20*
- The Period in Perspective – *Page 28*
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A leading Southern African integrated poultry producer

BUSINESS OVERVIEW

- **A year of two distinct halves** impacted by both feed input costs and poultry selling prices
- The year under review includes a number of **factors that distort year-on-year comparisons** and trends
- **Operational realignment and specialised focus** has contributed positively to the group's results

Key Financial Indicators

▪ Revenue

3%

▪ Profit before interest and tax

97%

▪ Earnings per share

102%

▪ Headline earnings per share

97%

Poultry

- Sales volumes down (brine)
- Planned production cutbacks
- Average sales realisations up
- Feeding cost decreased
- Bird performance improvement
- HPAI (bird flu) negative impact

Feed

- Sales volumes down
- General market contraction
- Lower internal feed required
- Old / New season crop swing
- Maize price disparity
- Rand per ton net margin down

Other Africa

- Improved profitability – better performance from all three countries



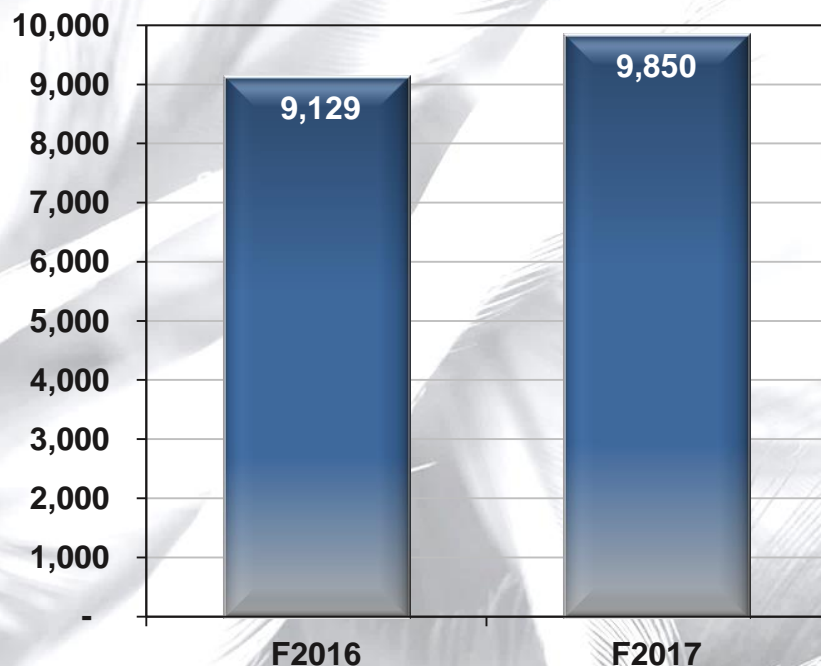
POULTRY DIVISION

“ Astral is a leading Southern African integrated poultry producer ”

POULTRY DIVISION - OVERVIEW

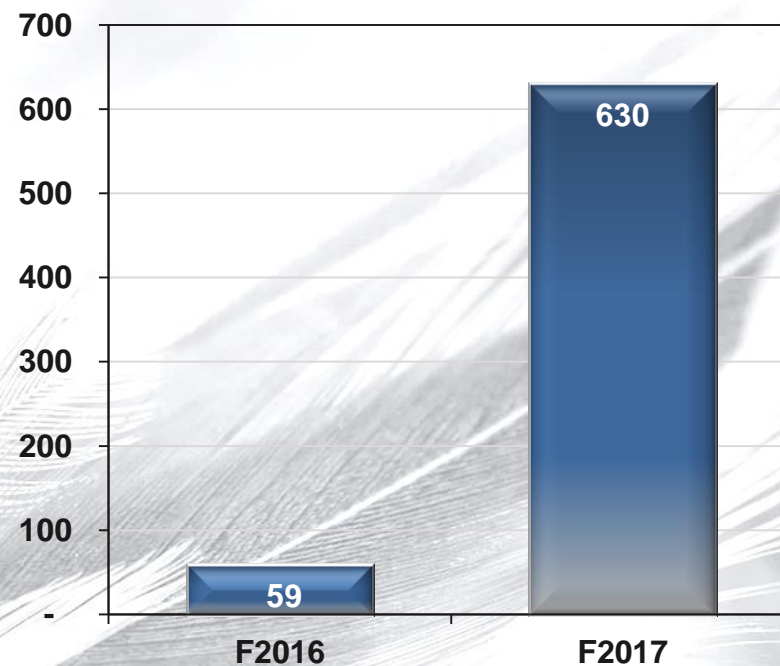


Revenue - R million



- Revenue up 7.9%
 - Broiler sales volumes down 8.6%
 - Broiler sales realisations up 20.6%

Operating profit - R million



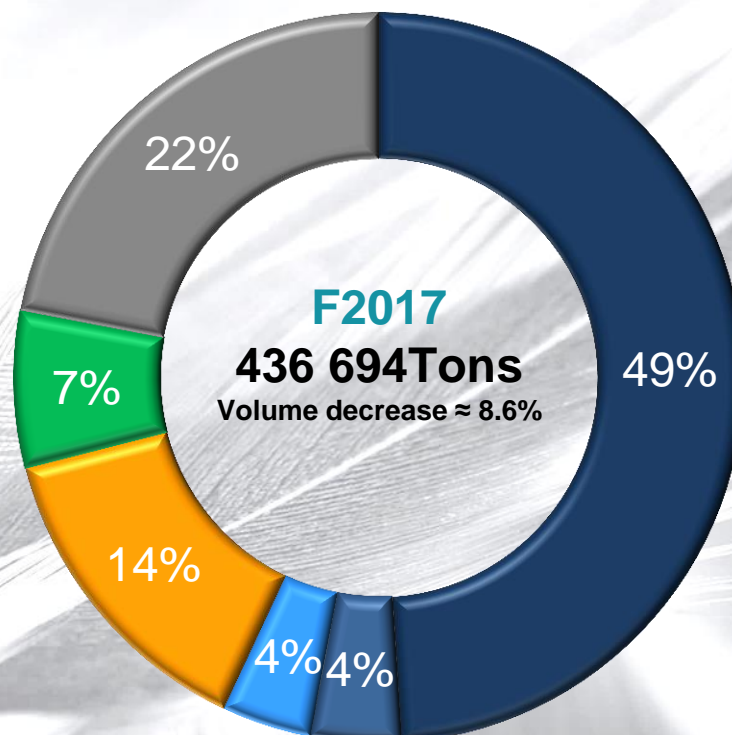
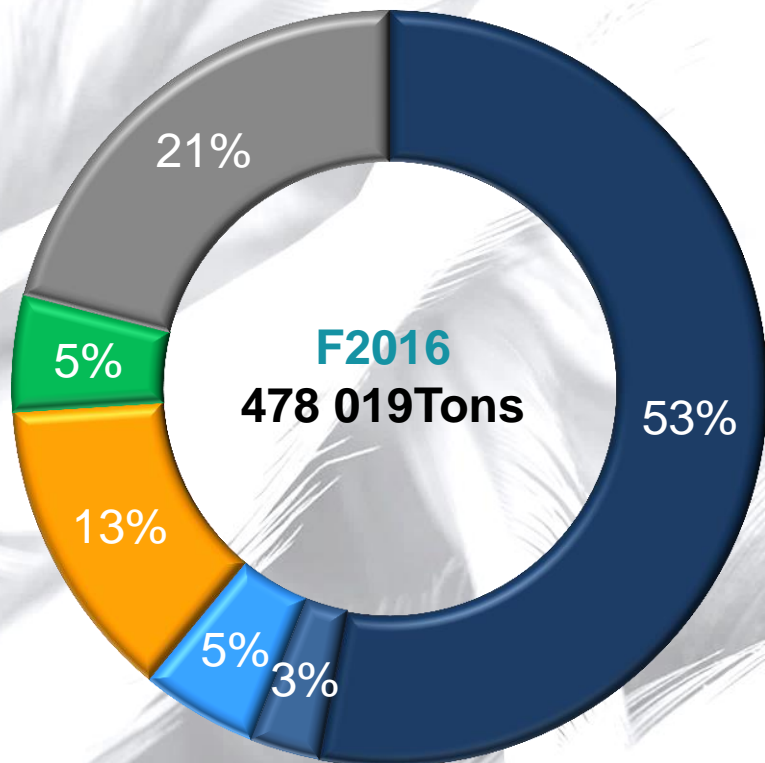
- Operating profit up
 - Selling price contribution
 - Net margin 6.4% F2016: 0.5%

- **Broiler sales volumes decreased** by 8.6% (\approx 41 000 tons) mainly due to the new brine legislation and planned broiler production cutbacks of 3 million birds
- **Broiler sales realisations increase** impacted by a shift in the product offering due to the brine impact and the recovery of inflationary cost contributors
- **IQF sales realisations were higher** as the lower priced 30% IQF was discontinued and replaced with 15% brined IQF at a higher cost
- **Broiler feed prices increased** year-on-year by 3.3%, due to an enhanced feeding programme, despite lower raw material costs in the latter half of the year
- **Improved broiler production efficiencies** – FCR improvements on new feeding programme more than offset the increased feed price
- **Highly pathogenic avian influenza** – biological stock write-off of R54 million

POULTRY DIVISION - OVERVIEW

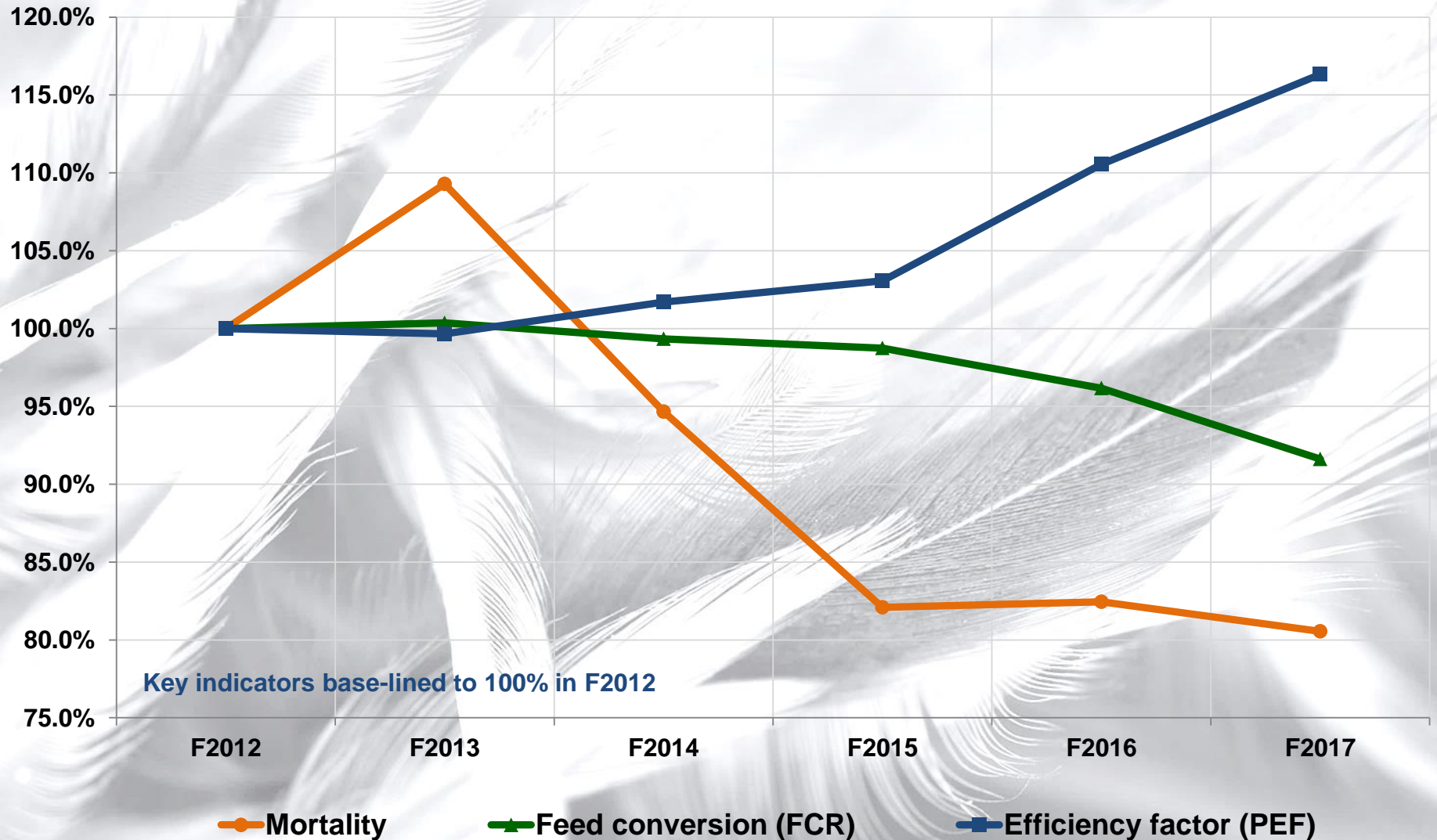


Product Mix

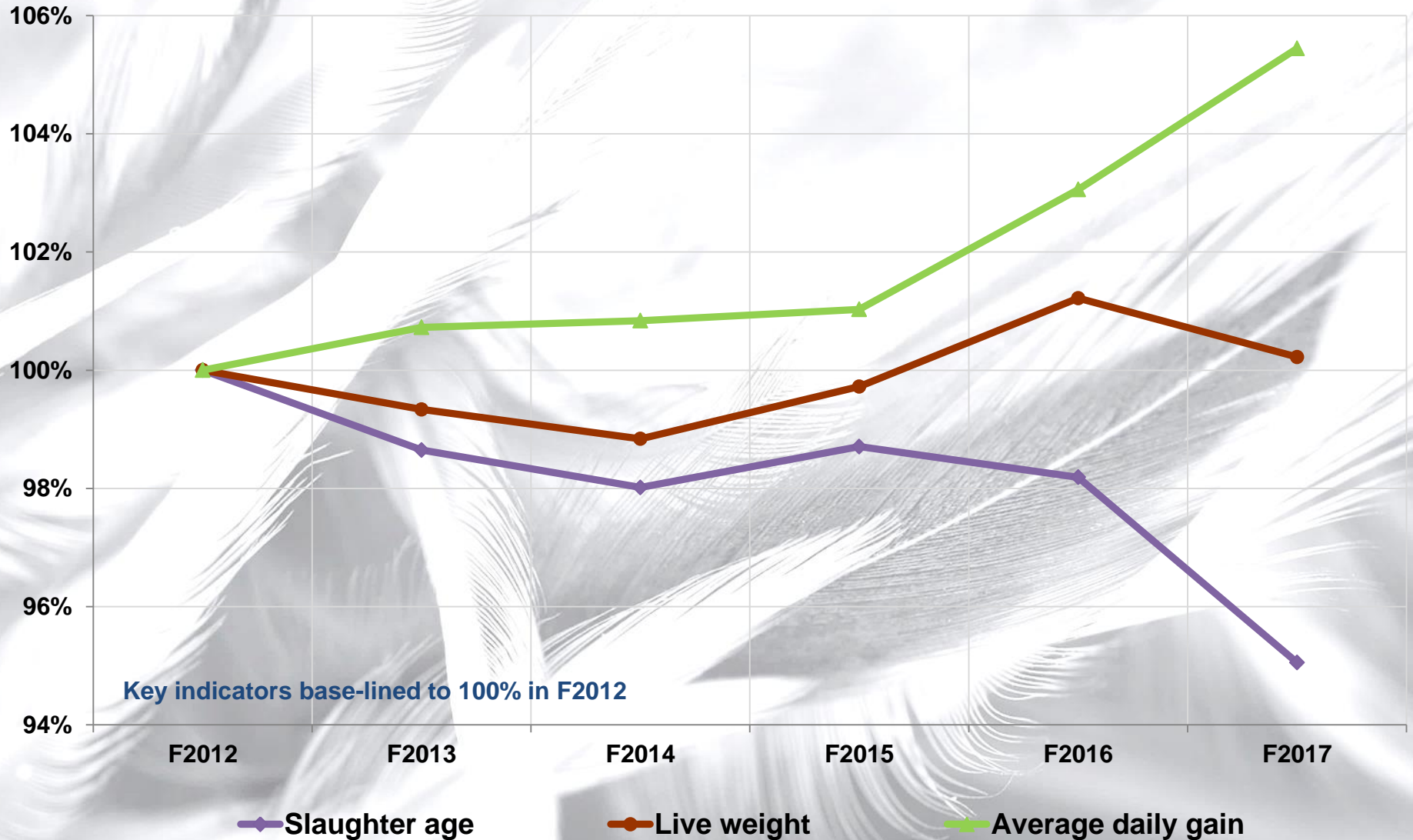


■ IQF Mixed Portions ■ IQF Single Portions ■ Frozen ■ Fresh ■ Value Added ■ Tertiary

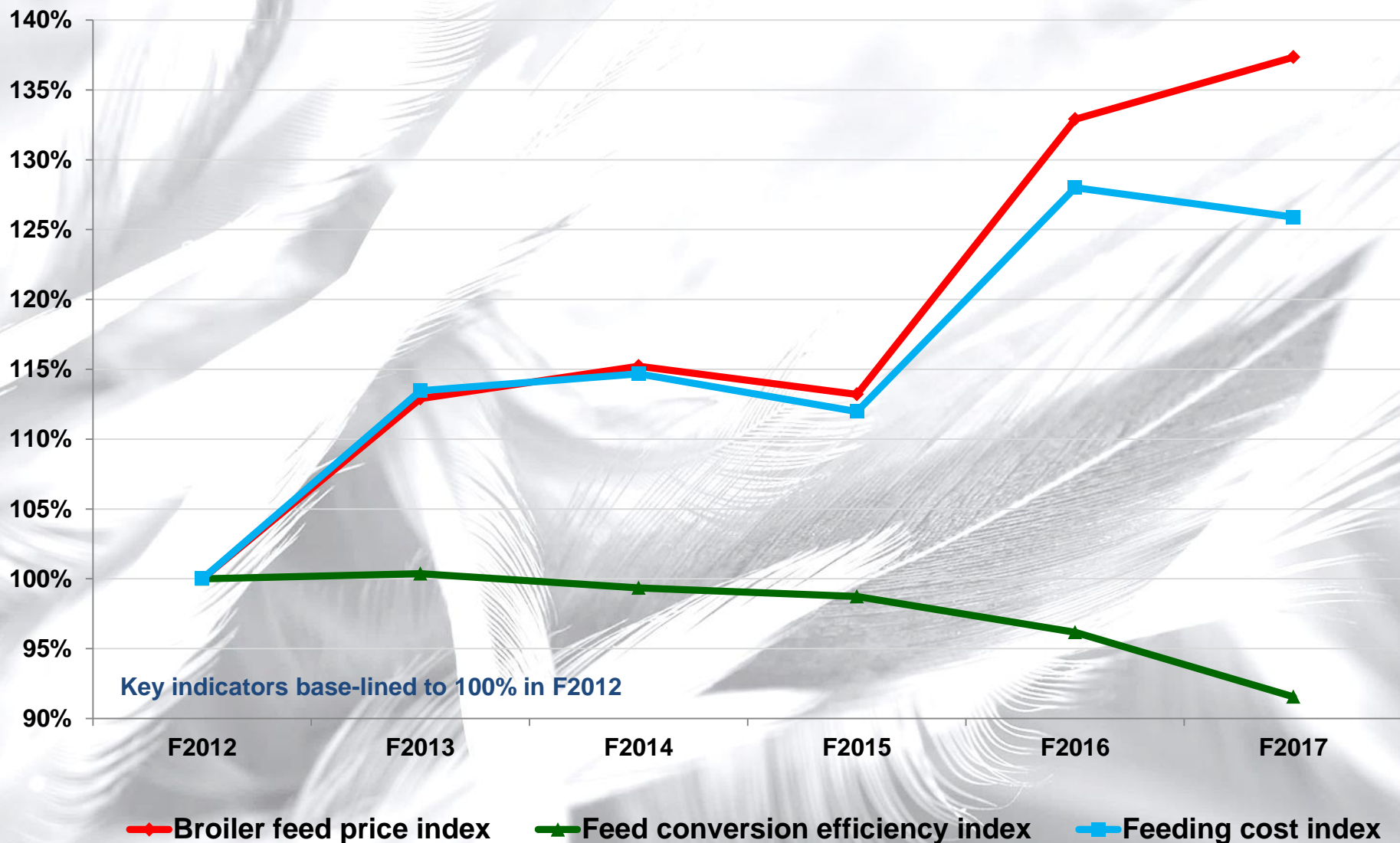
BROILER PRODUCTION PERFORMANCE



BROILER PRODUCTION PERFORMANCE



BROILER PRODUCTION PERFORMANCE



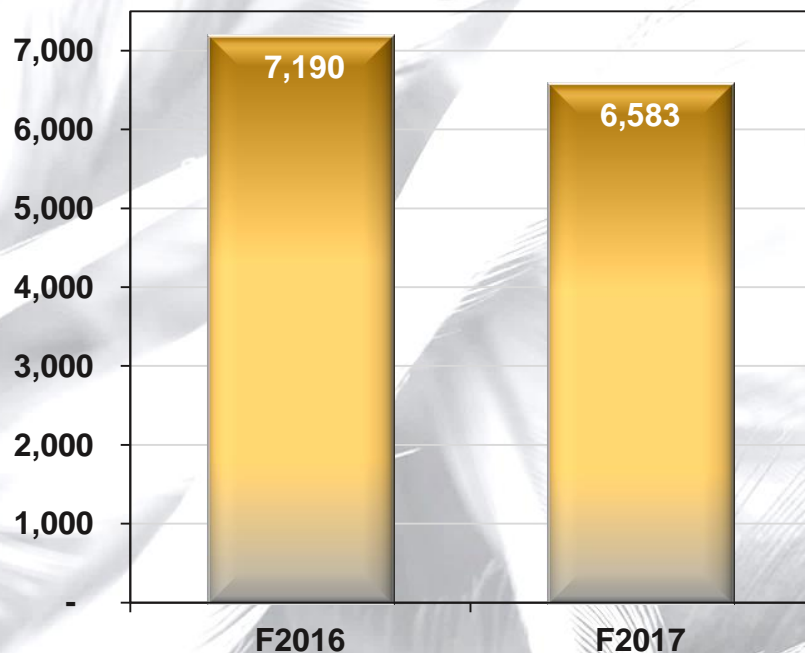


FEED DIVISION

“ Astral is
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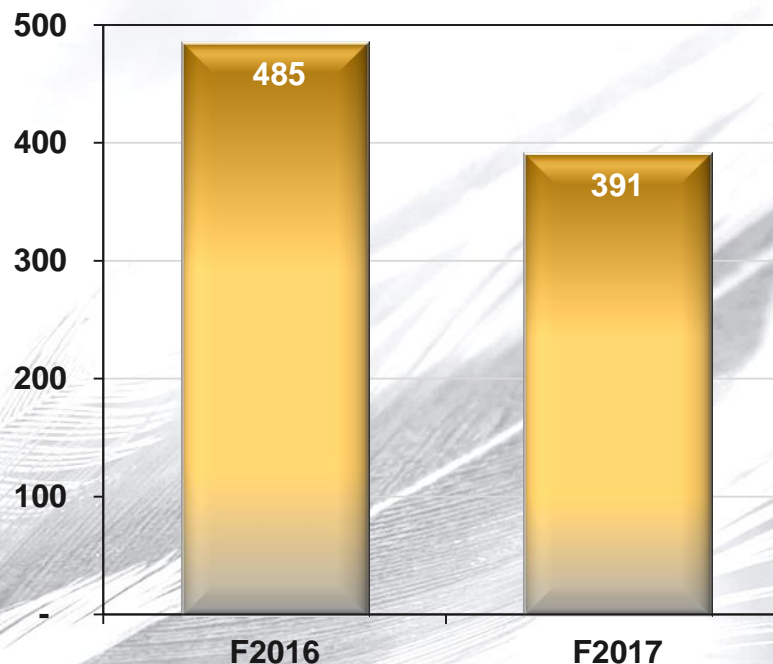
FEED DIVISION - OVERVIEW

Revenue - R million



- Revenue down 8.4%
- Sales volumes down 4.8%
- Average selling prices down 3%

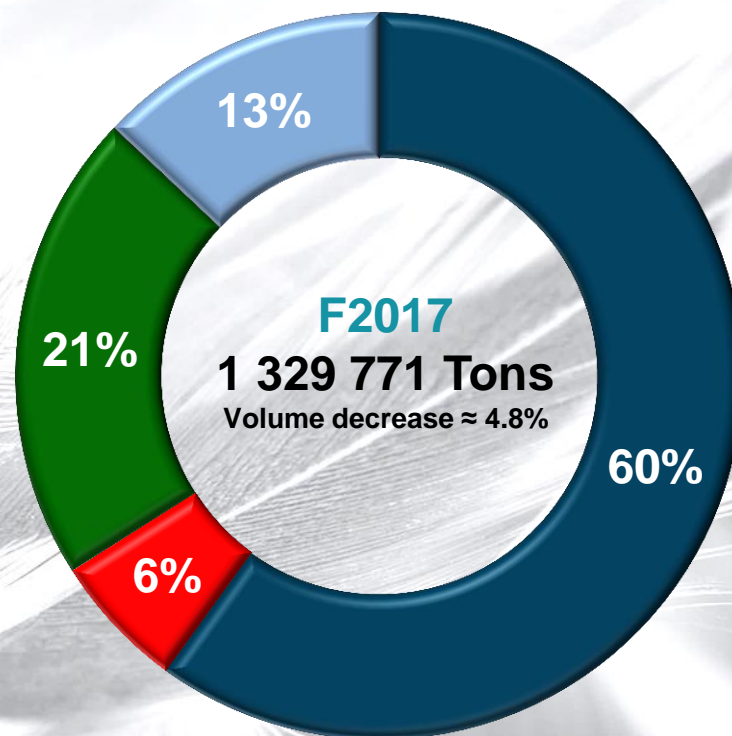
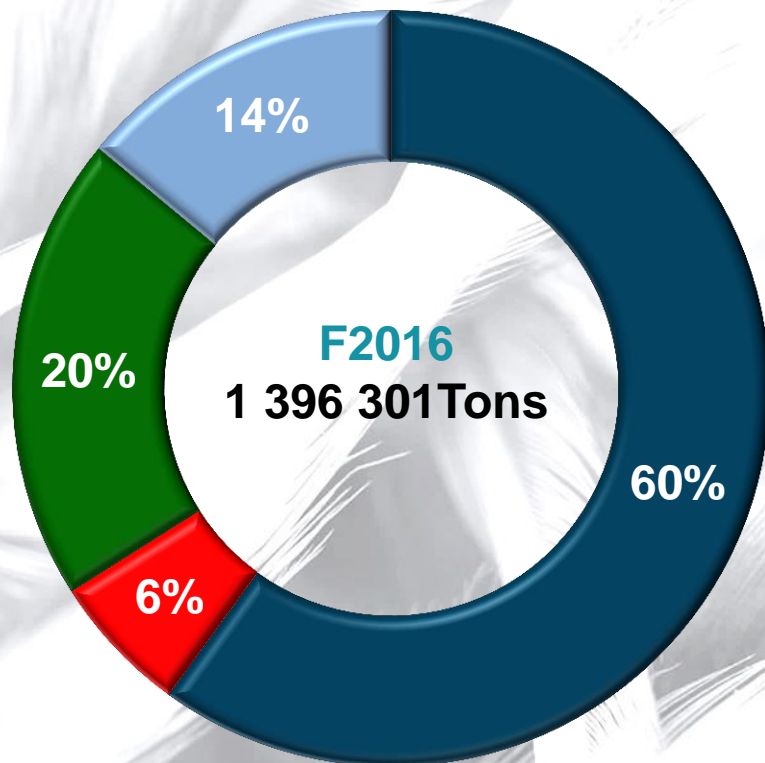
Operating profit - R million



- Operating profit down 19.3%
- Net margin 5.9% F2016: 6.7%
- Difficult trading conditions

- **Feed volumes decreased** due to lower internal feed requirements and lower external feed sales
- **Competitive intensity** in the commercial feed market on surplus capacity available in the industry
- **Record high feed prices** in first half of F2017 on back of raw material positions due to limited procurement opportunities on worst maize crop in 2016 (7,7 million tons – “price disparity”)
- **Record high maize crop** in 2017 resulted in a significant drop in animal feed prices in the second half of F2017 (16,7 million tons)
- **Total expenses** were well contained however the lower volumes negatively impacted margin contribution

Meadow Feeds - Sales Mix



■ Poultry Integrated

■ Poultry External

■ Dairy

■ Other

OTHER AFRICA DIVISION

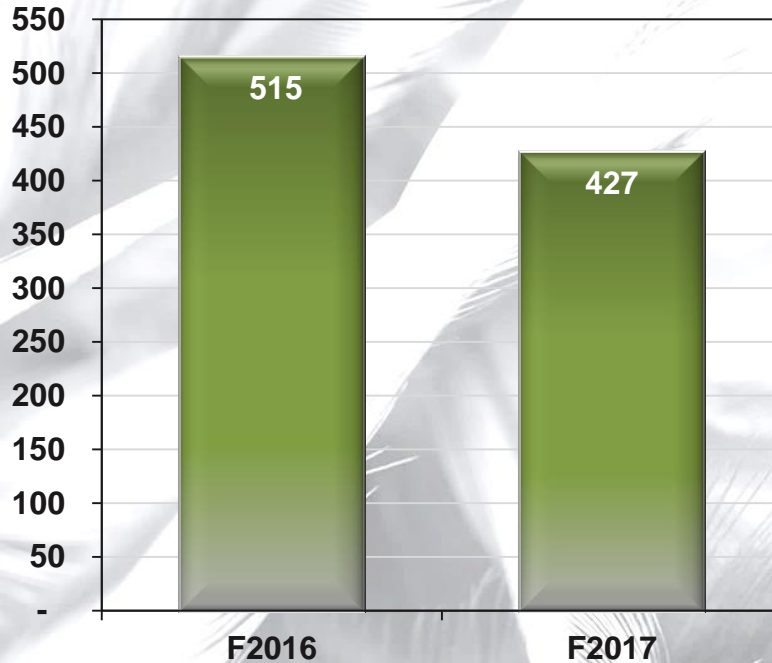


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OTHER AFRICA DIVISION - OVERVIEW

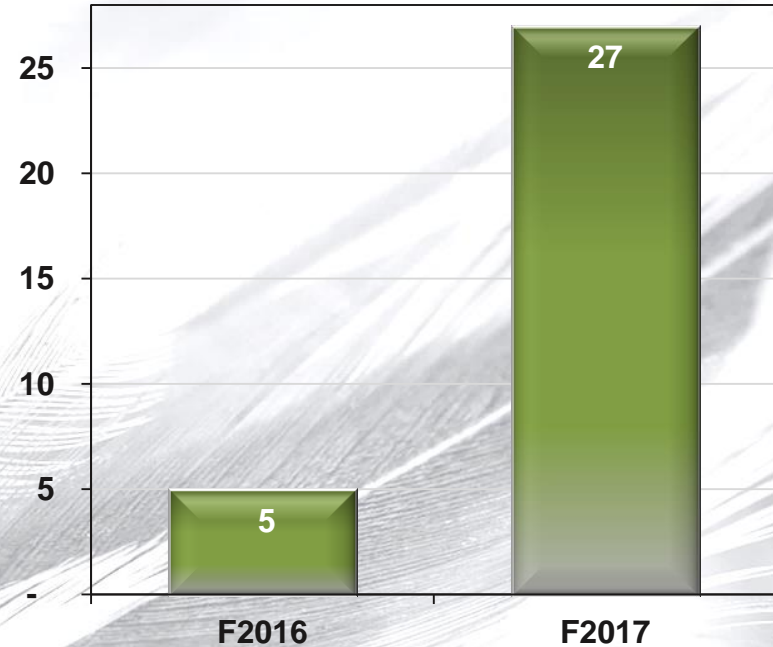


Revenue - R million



- Revenue down 17.2%
 - Sales volumes down 12.7%
 - Average selling prices down 6.3%

Operating profit - R million



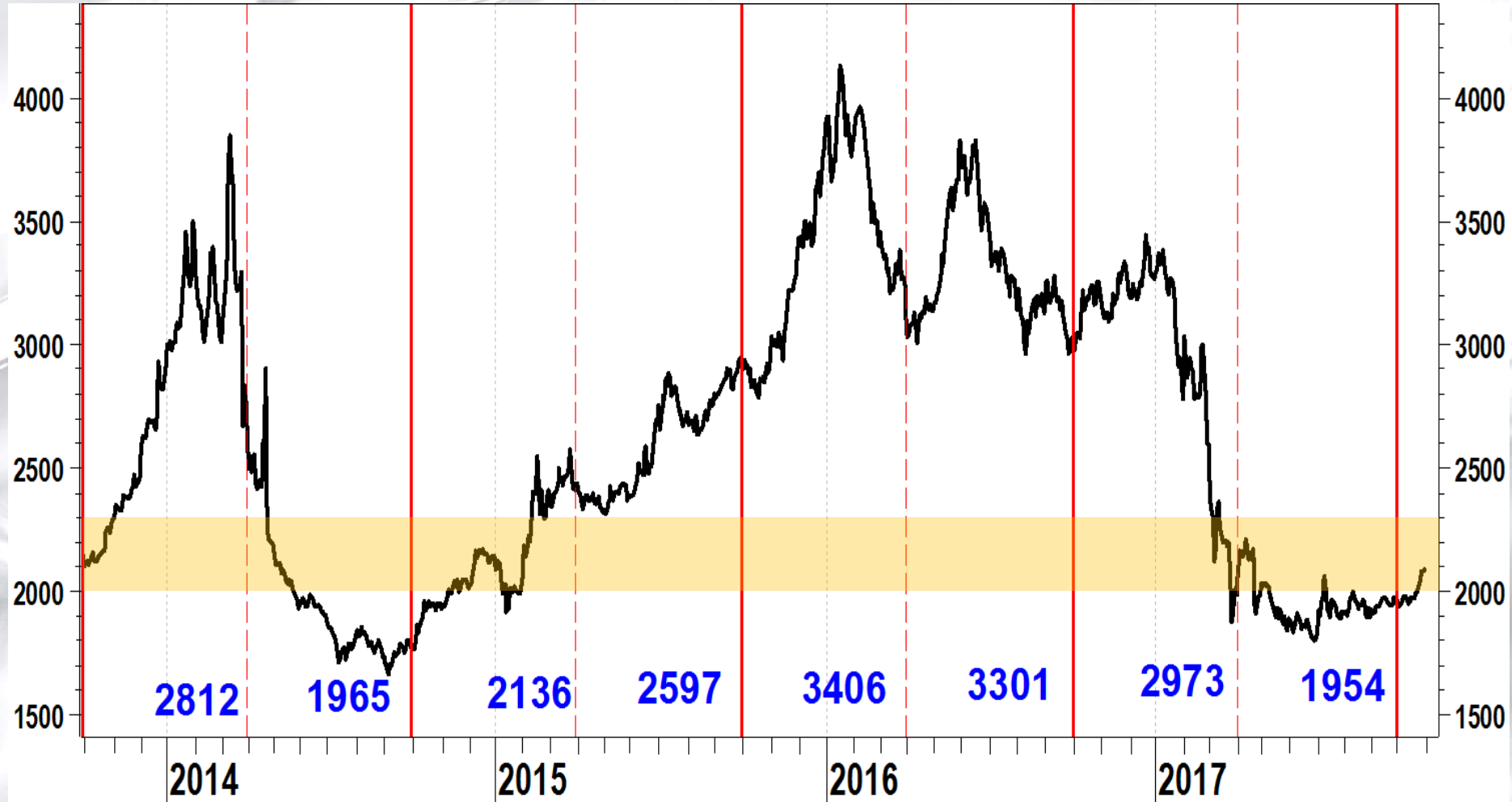
- Operating profit up
 - Net margin 6.3% F2016: 1%
 - Zambia feed mill good performance



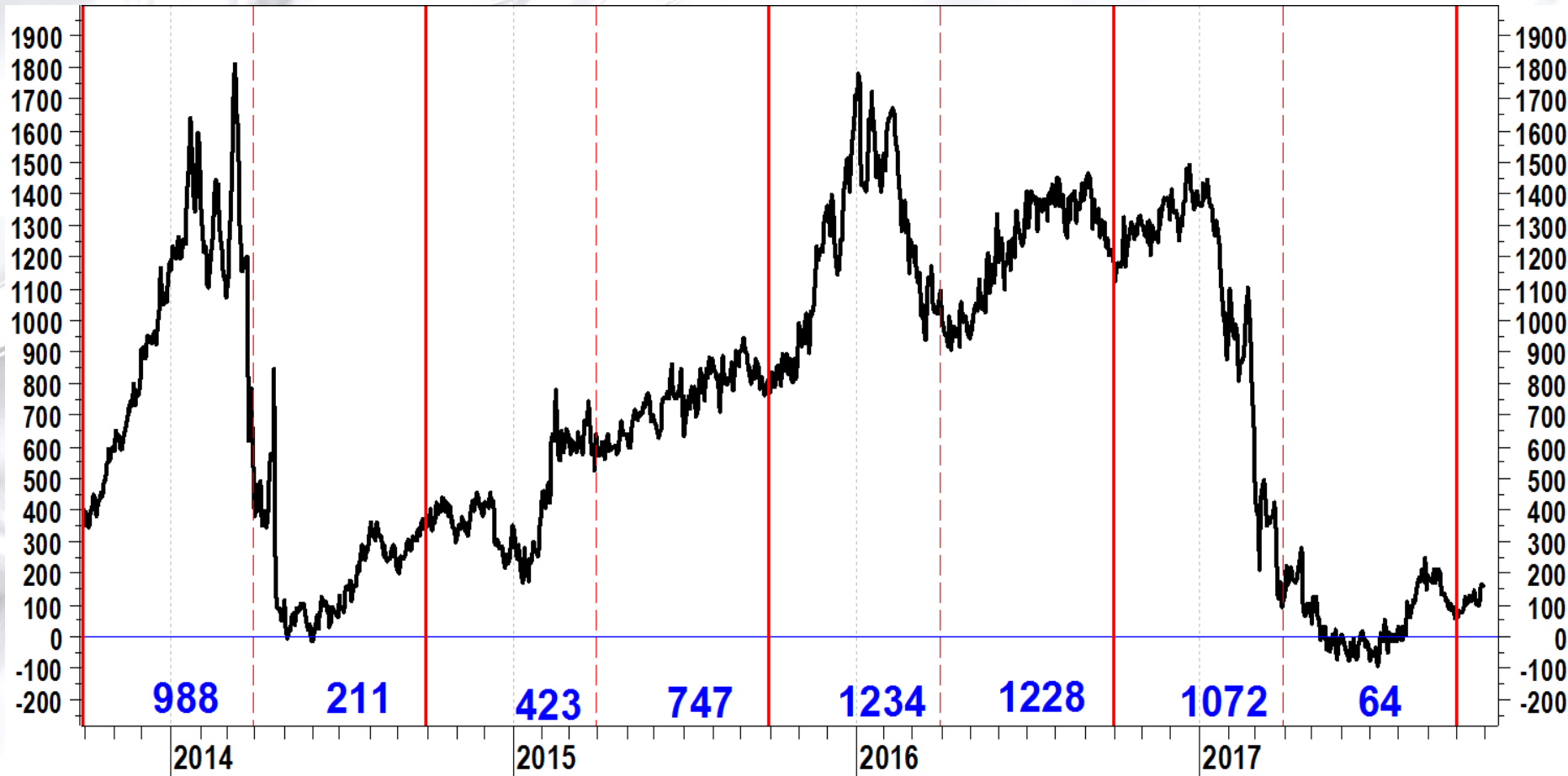
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INDUSTRY TRENDS

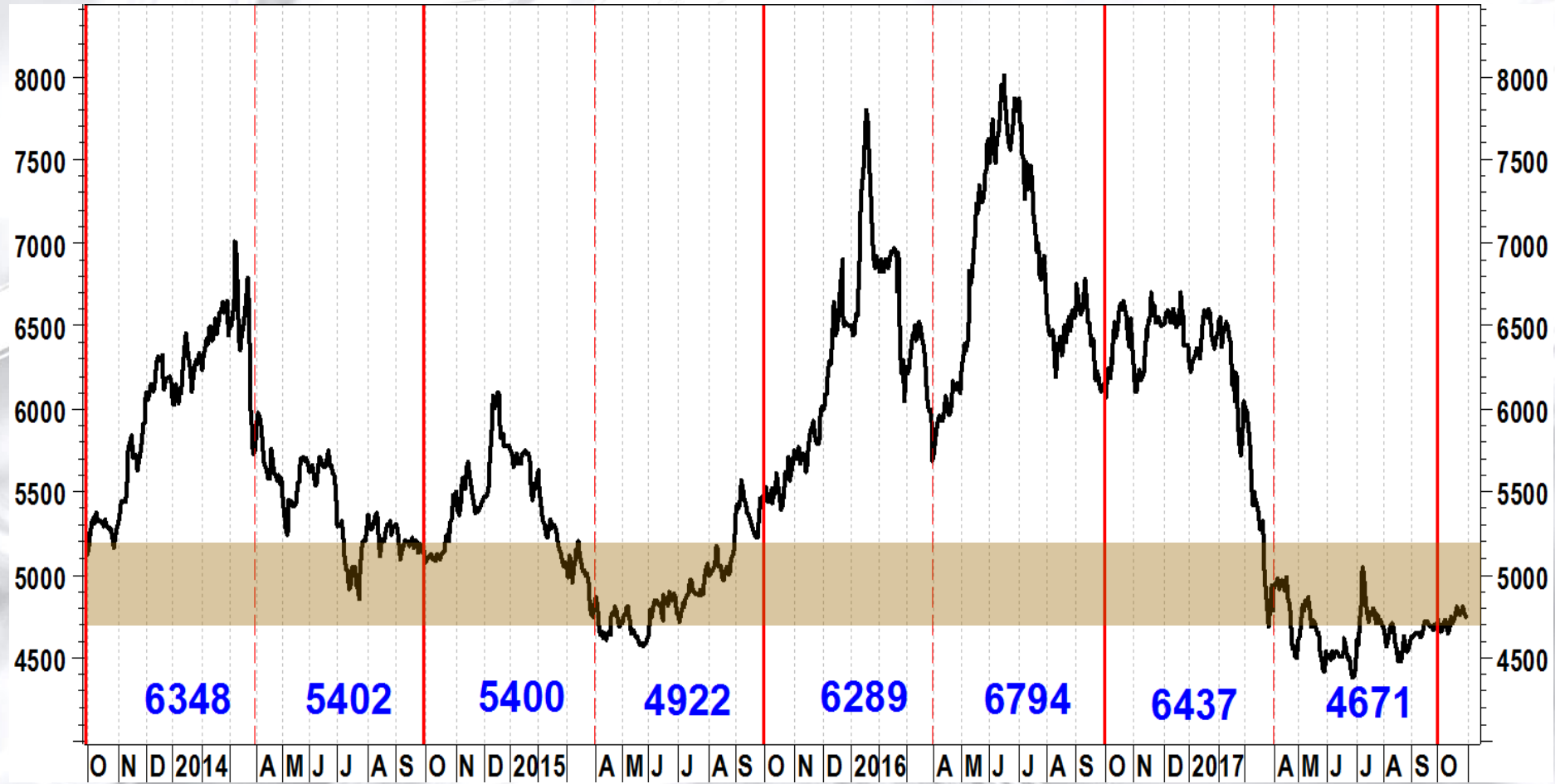
SAFEX YELLOW MAIZE PRICE



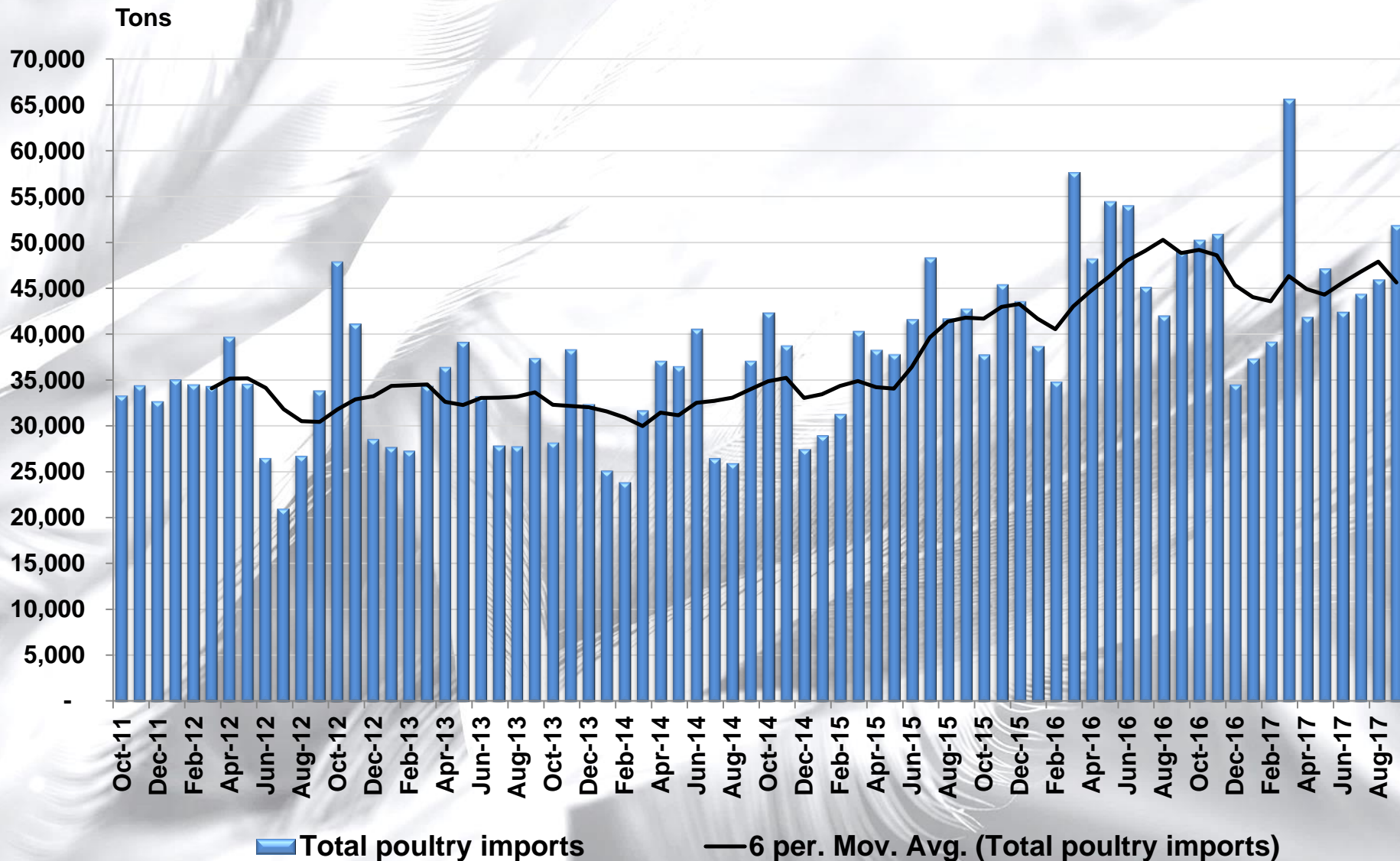
SAFEX YELLOW MAIZE PRICE vs. CBOT IN RAND TERMS



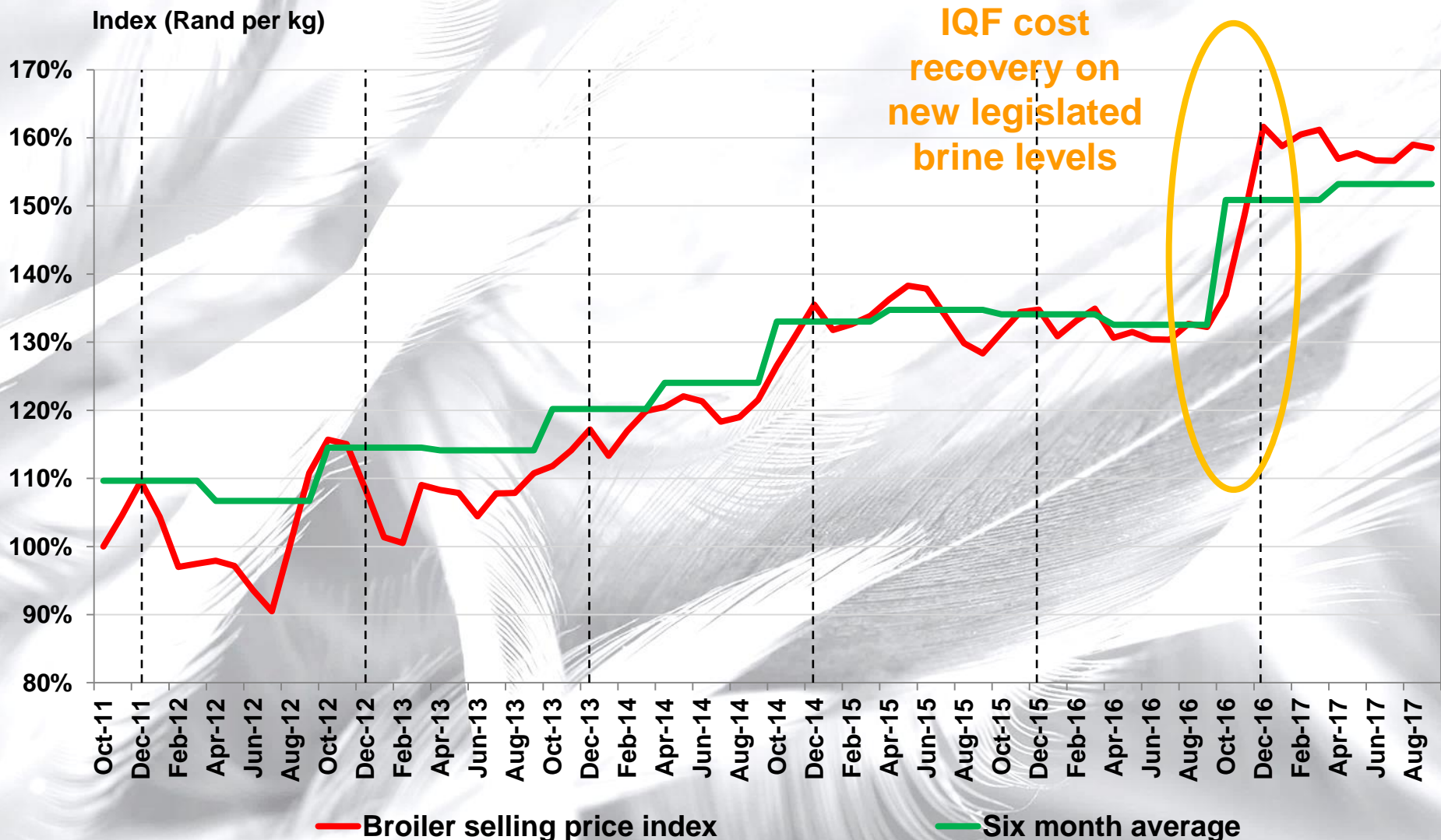
SAFEX SOYA BEANS PRICE



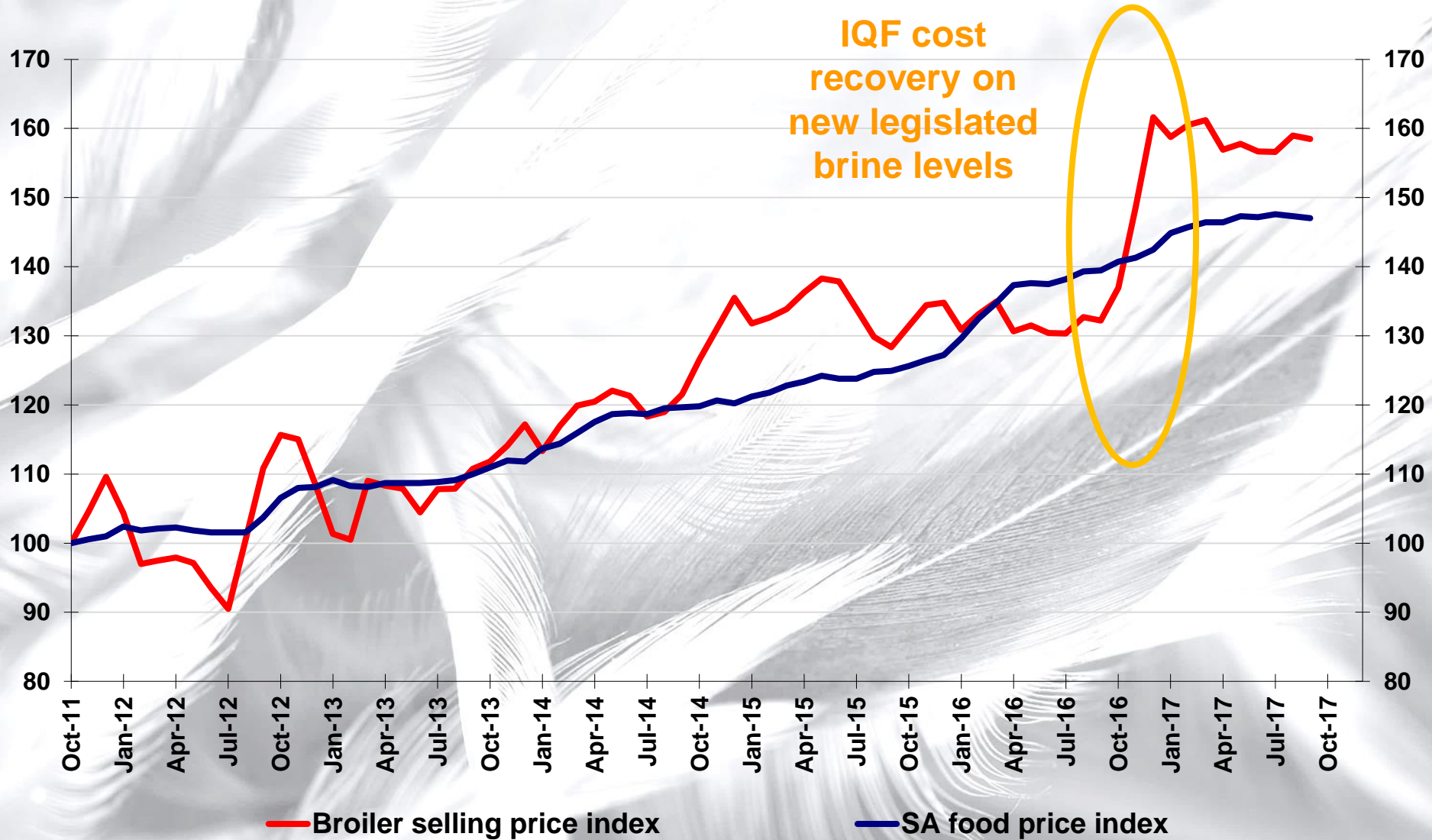
POULTRY IMPORTS PER MONTH



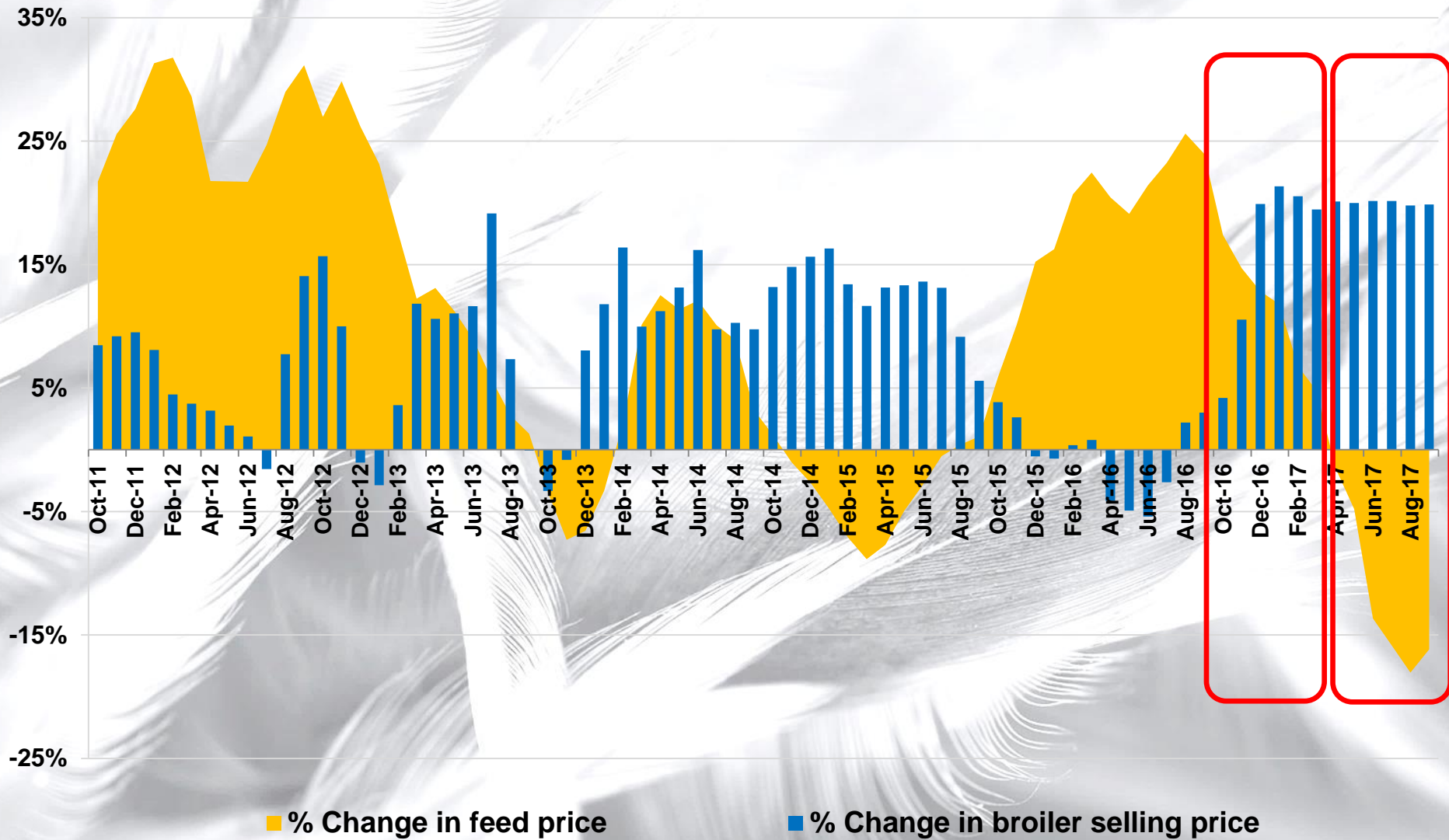
BROILER SELLING PRICES



BROILER PRICE vs. FOOD PRICE INFLATION



CHANGE IN BROILER PRICE vs. FEED PRICE



Source: Own Data

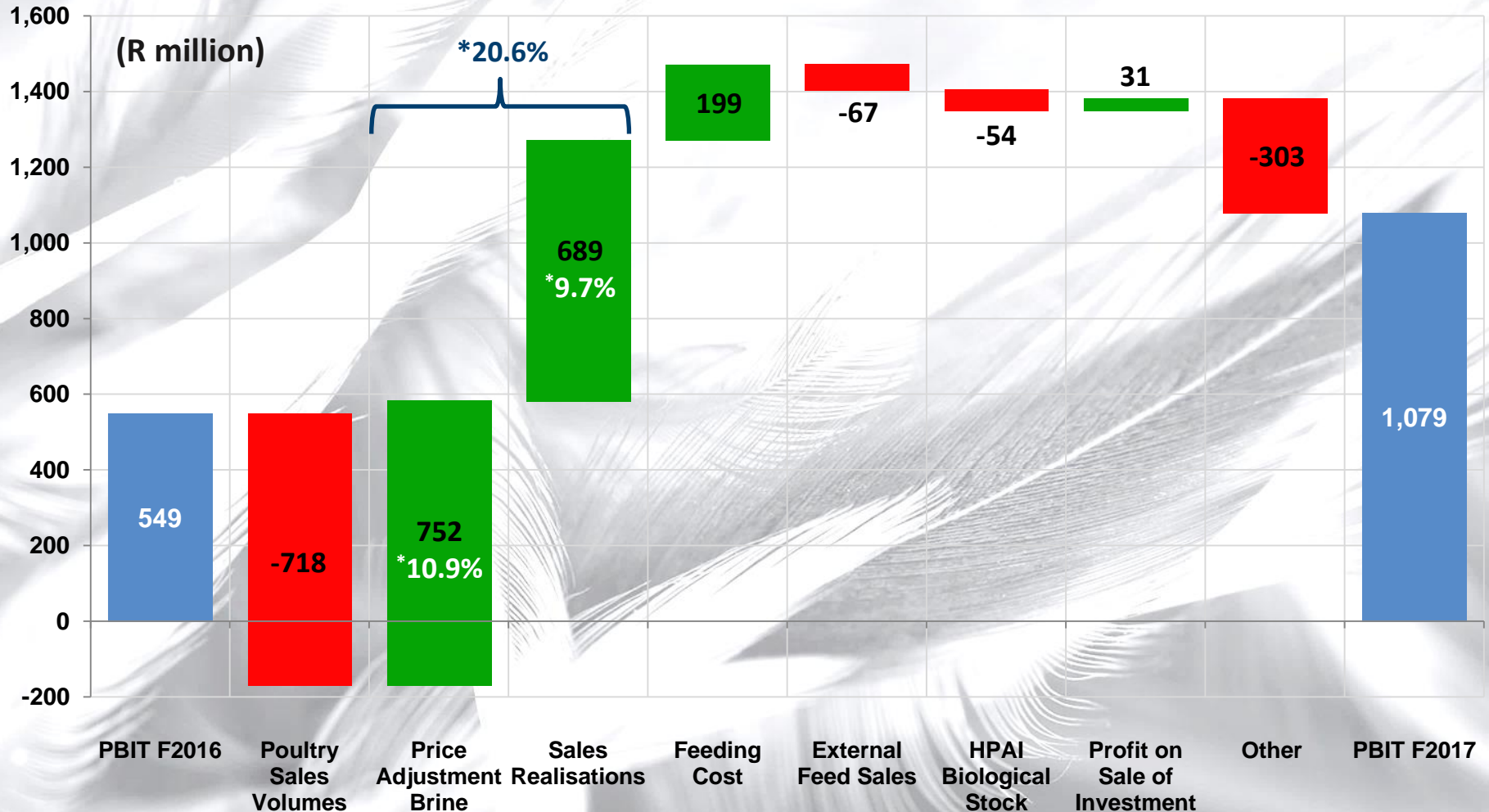


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THE PERIOD IN PERSPECTIVE

THE PERIOD IN PERSPECTIVE

■ PBIT reconciliation



* Increase in sales realisations



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FINANCIAL OVERVIEW

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME



Year ended 30 September	2017 R million	2016 R million
Revenue	12 351	11 954
Operating profit	1 048	549
<i>Operating profit margin</i>	<i>8.5%</i>	<i>4.6%</i>
Profit on sale of investment	31	-
Profit before interest and tax	1 079	549
<i>PBIT margin</i>	<i>8.7%</i>	<i>4.6%</i>
Net finance costs	(15)	(22)
Share of profit in associates	-	(1)
Profit before tax	1 064	526
Tax	(309)	(154)
Profit for the period	755	372
Headline earnings	735	373
EPS – Cents	1 948	964
HEPS – Cents	1 899	965

% change

3%

91%

97%

102%

103%

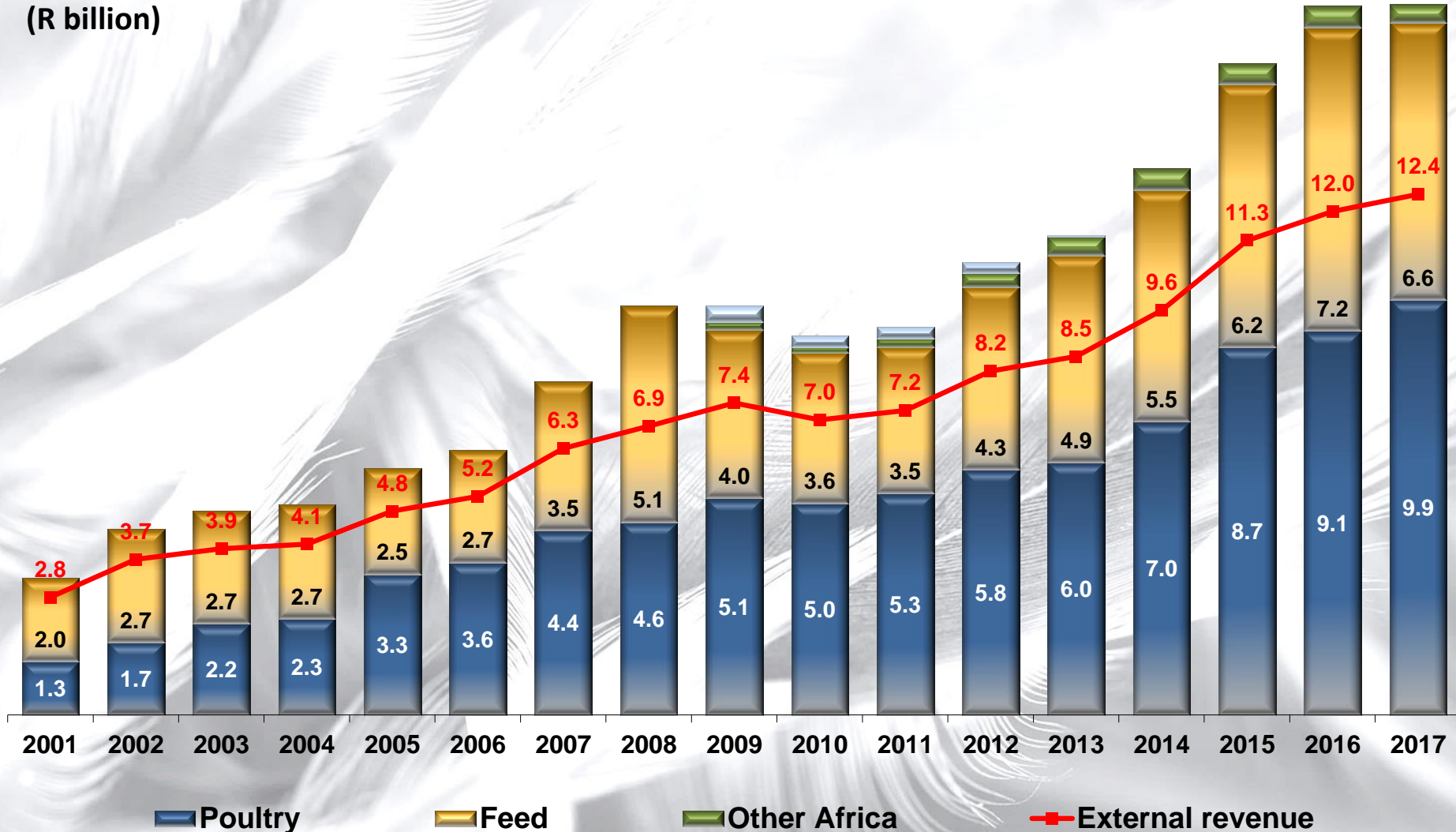
102%

97%

GROUP ANNUAL REVENUE



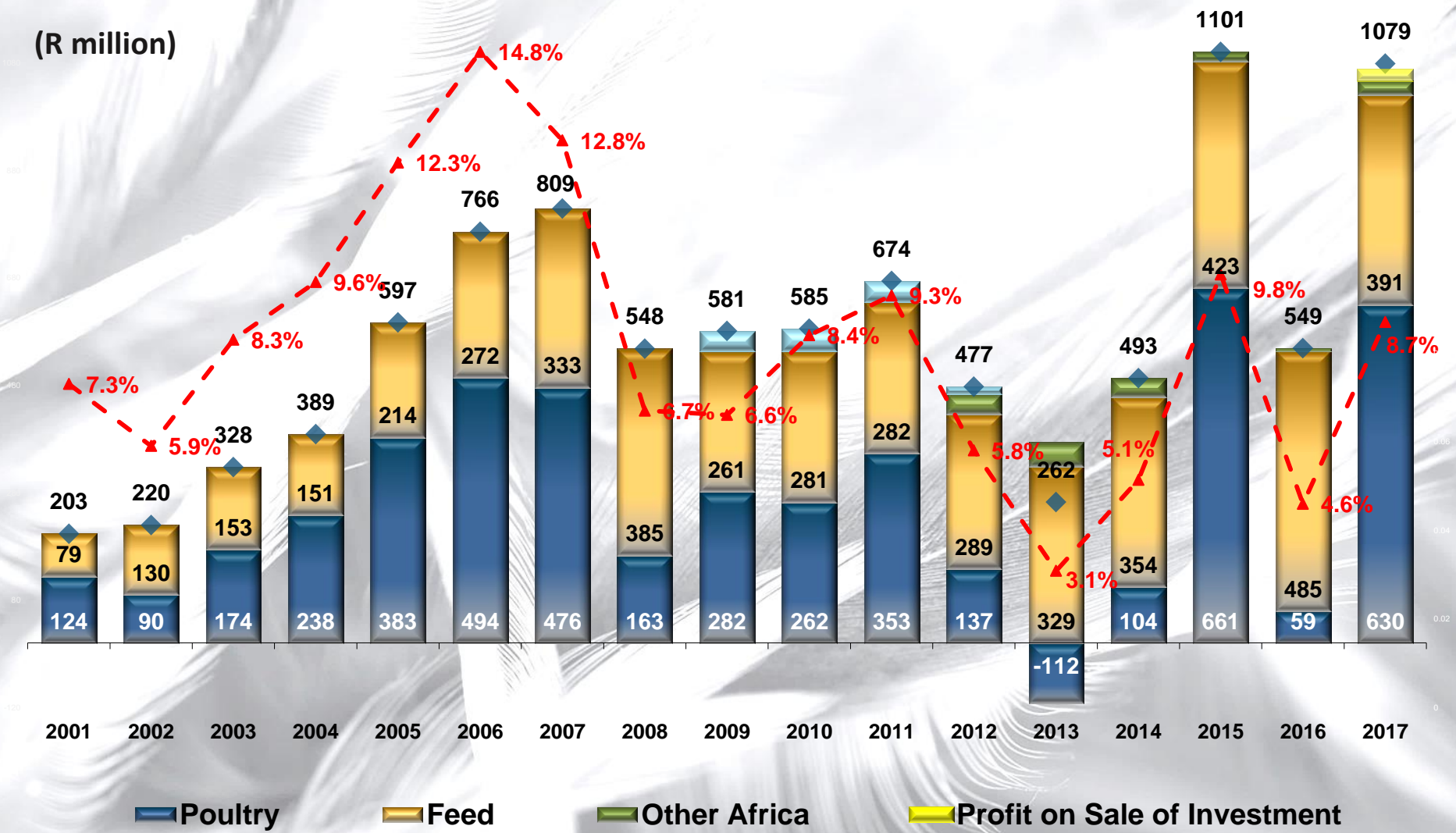
(R billion)



GROUP ANNUAL OPERATING PROFIT



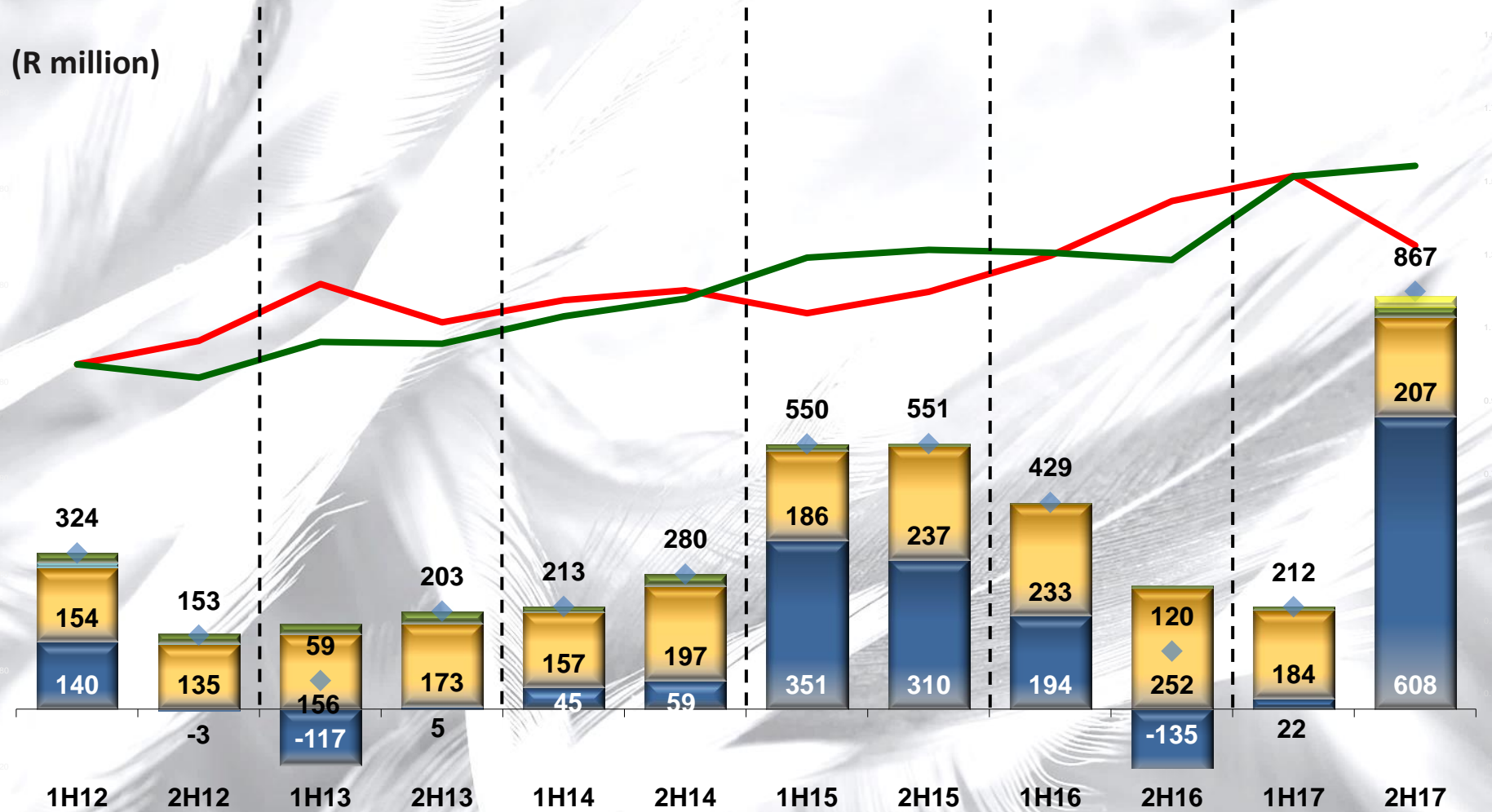
(R million)



GROUP SIX MONTHLY OPERATING PROFIT



(R million)



■ Poultry
 ■ Feed
 ■ Other Africa
 — Change in feed price
 — Change in poultry selling price

ABRIDGED BALANCE SHEET

	September 2017 R million	September 2016 R million
Non-current assets	2 228	2 230
Assets held for sale	-	25
Net working capital	862	1 003
Current assets (excl. cash)	2 461	2 588
Current liabilities (excl. borrowings)	(1 599)	(1 585)
Non-current liabilities (excl. borrowings)	(610)	(646)
Net assets	2 480	2 612
Net debt / (Surplus cash)	(553)	240
▪ <i>Loans</i>	-	35
▪ <i>Cash and cash equivalents</i>	(553)	205
Equity	3 033	2 372
Total	2 480	2 612

% change

14%

5%

1%

6%

5%

5%

WORKING CAPITAL



For the twelve months ended 30 September	2017 R million	2016 R million	Variance R million
Current assets	2 461	2 588	(127)
Biological assets	658	735	(77)
Inventory - Poultry	316	314	2
- Feed	185	362	(177)
- Other Africa	50	41	9
Trade receivables	1049	998	51
Receivables – investment sold	56	-	56
Other receivables	147	138	9
Current liabilities	(1 599)	(1 585)	(14)
Trade payables	(1 151)	(1 390)	239
Other payables	(448)	(195)	(253)
Net working capital	862	1 003	(141)

ABRIDGED STATEMENT OF CASH FLOW



For the twelve months ended 30 September	2017 R million	2016 R million
Cash operating profit	1 428	546
Working capital movement	(63)	(46)
	1 365	500
Tax paid	(310)	(122)
Net interest paid	(11)	(22)
Capital expenditure	(180)	(174)
	864	182
Dividends paid	(108)	(373)
Government grant received	29	-
Other cash flow items	7	10
Loans (repaid) / received	(35)	(49)
	757	(230)
Movement in cash equivalents	1	(1)
Opening balance	(205)	26
Closing balance	553	(205)

CAPITAL EXPENDITURE

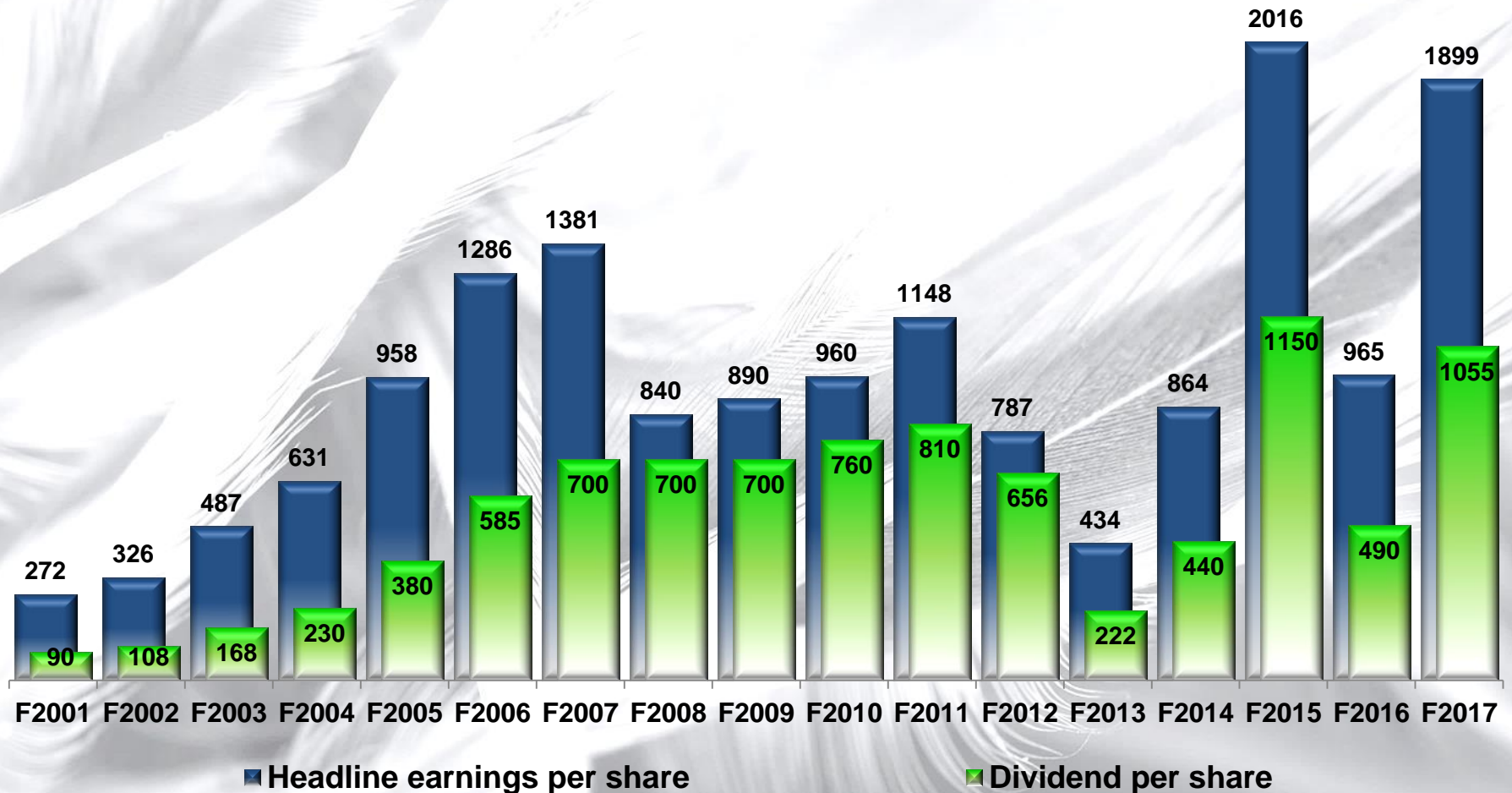


Twelve months ended 30 September	2017 R million	2016 R million
Depreciation	149	144
Total capex	180	174
Commitments	148	105
Total spend and committed	328	279

HEADLINE EARNINGS & DIVIDEND PER SHARE



(cents per share)



- Recovery in Profits in **2H2017** with **profit margin at 13.2%** (1H2017: 3.7%)
- **Positive cash flow** accelerates in 2H2017 (R703 million)
- **Net surplus cash** at year-end (R553 million)
- **Final dividend of 875 cps** within the Group's liquidity capability
- **Full year dividend of 1 055 cps** at 1.8 times cover



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INDUSTRY MATTERS

- **Poultry imports** – *Page 63*
- **Highly Pathogenic Avian Influenza (HPAI)** – *Page 64*
- **Industry consolidation** – *Page 65*



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OUTLOOK

- The **negative political landscape and policy uncertainty** has contributed to a weak economic environment that could lead to a further downgrade by the credit rating agencies. **Record unemployment levels** and lower levels of disposable income are unlikely to improve due to a poor economic outlook for the foreseeable future.
- **Continued high level of poultry imports** with weak tariff protection, has allowed foreign produced poultry to become further entrenched in the local market leading to a contraction in production amongst South African producers.
- On a positive note and key to local protein production, both **global and local coarse grains** (maize and soybeans) **exhibit healthy stock-to-use ratios**. Current consensus points towards the promise of another year where at least average local grain production is predicted.
- **Numerous supply constraints** influenced by the past drought, production cutbacks and the devastating bird flu could result in **further inflation in the food basket**.
- **Further unlocking the inherent genetic potential of the Ross broiler breed** through optimised broiler nutrition, and the cementing of Astral's best cost strategy.
- The **threat of further spread of the highly pathogenic bird flu virus** (H5N8) is a major contributor towards uncertainty around the sustainability of certain sectors of the local poultry industry. The role of vaccination of high value breeding stock as a preventative measure, together with the concept of compensation for losses incurred is paramount to managing this highly virulent avian disease.



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



THANK YOU



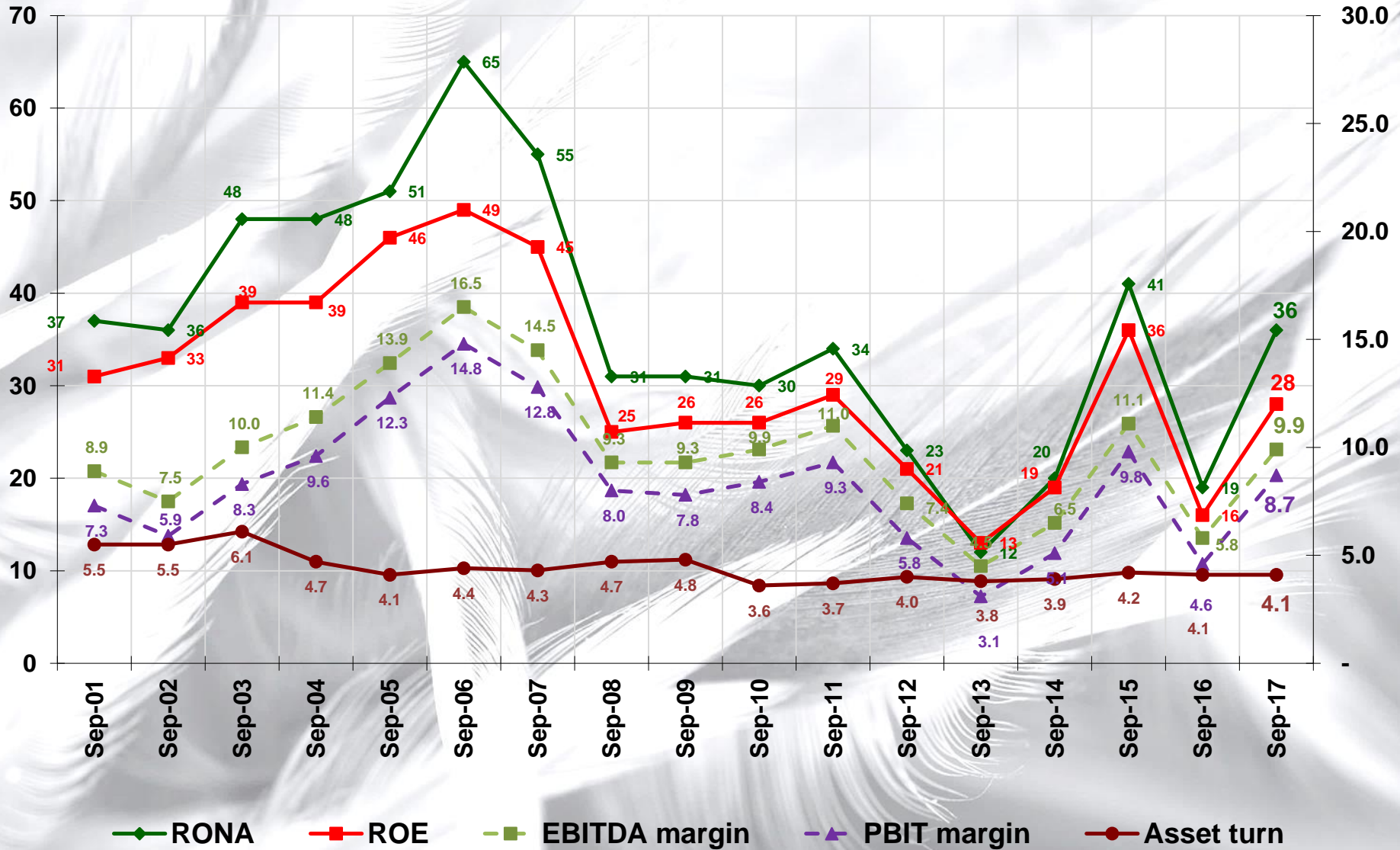
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ADDITIONAL INFORMATION

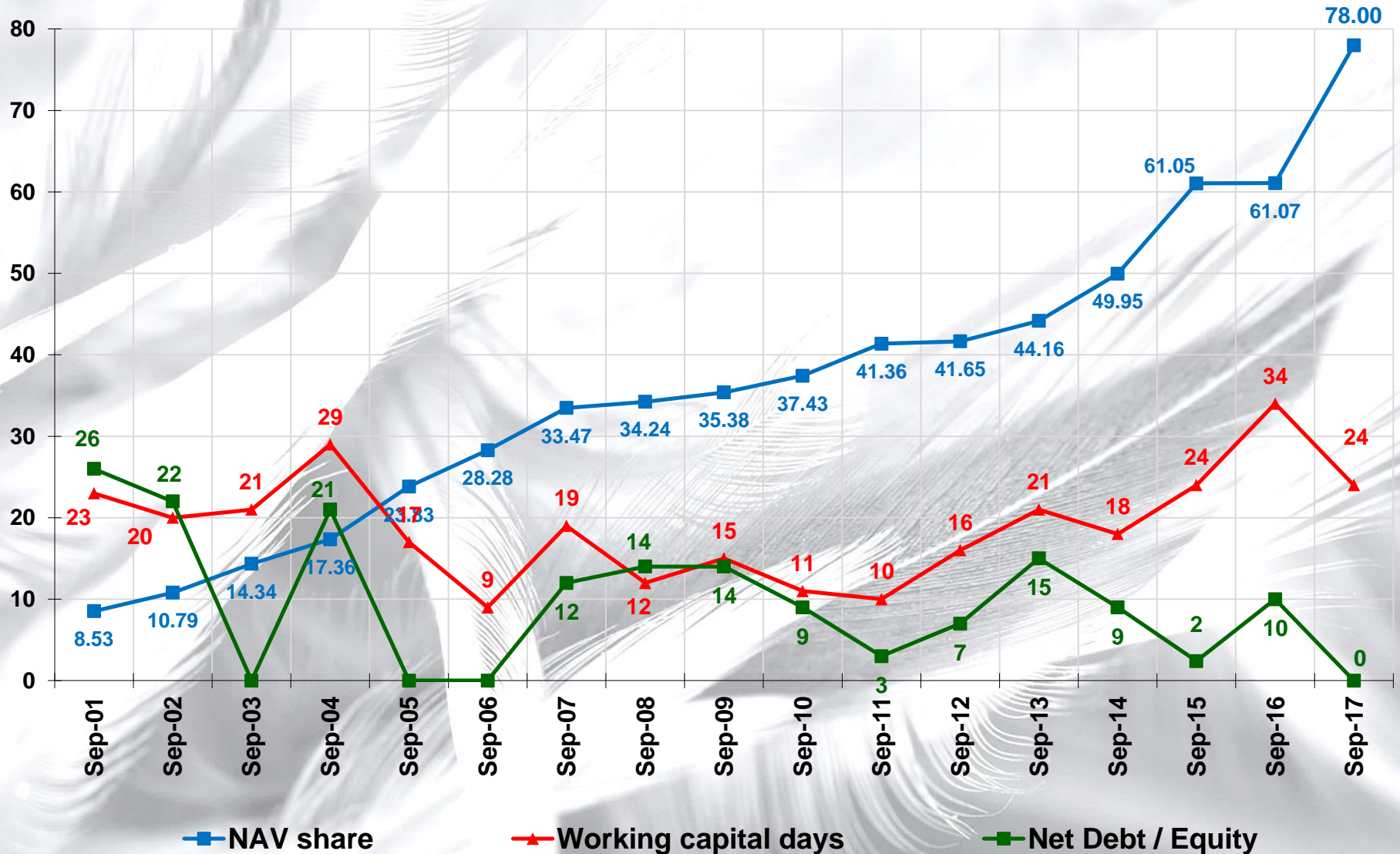
WHAT WE SAID IN MAY 2017

- The **weakened state of consumer spending** is unlikely to improve due to poor economic growth and higher unemployment. ✓
- The current **safeguard duty** recommended by ITAC against the EU is not expected to significantly curb poultry import levels (March 2017 USA spike). ✓
- The **new brining regulations** will continue to negatively impact total kilograms sold at the revised brining level of 15% on IQF product. ✓
- The risk of permanent **power cuts by Eskom** to Astral's operations in Standerton has been negated through an order of the High Court. ✓
- **Record local maize crop** is expected for the current harvest season at 14,5 million tons which historically is the largest change in the crop size year-on-year (2016: 7,7 million tons). ✓
- **Poultry production efficiencies** are expected to remain intact on the back of superior nutrition optimising the genetic potential of the Ross 308 breed. ✓

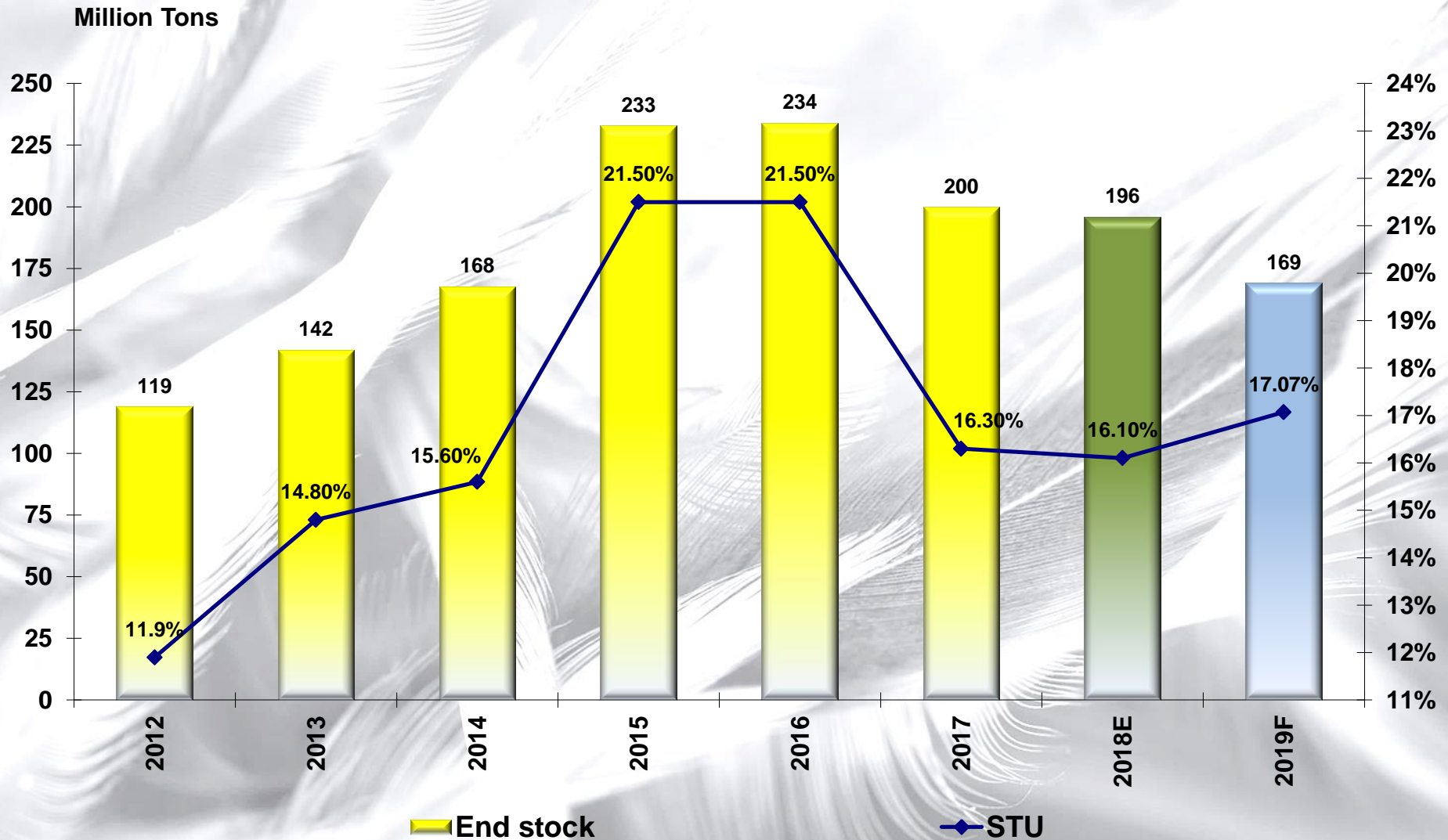
KEY FINANCIAL RATIOS



KEY FINANCIAL INDICATORS



WORLD CORN ENDING STOCKS vs. STU

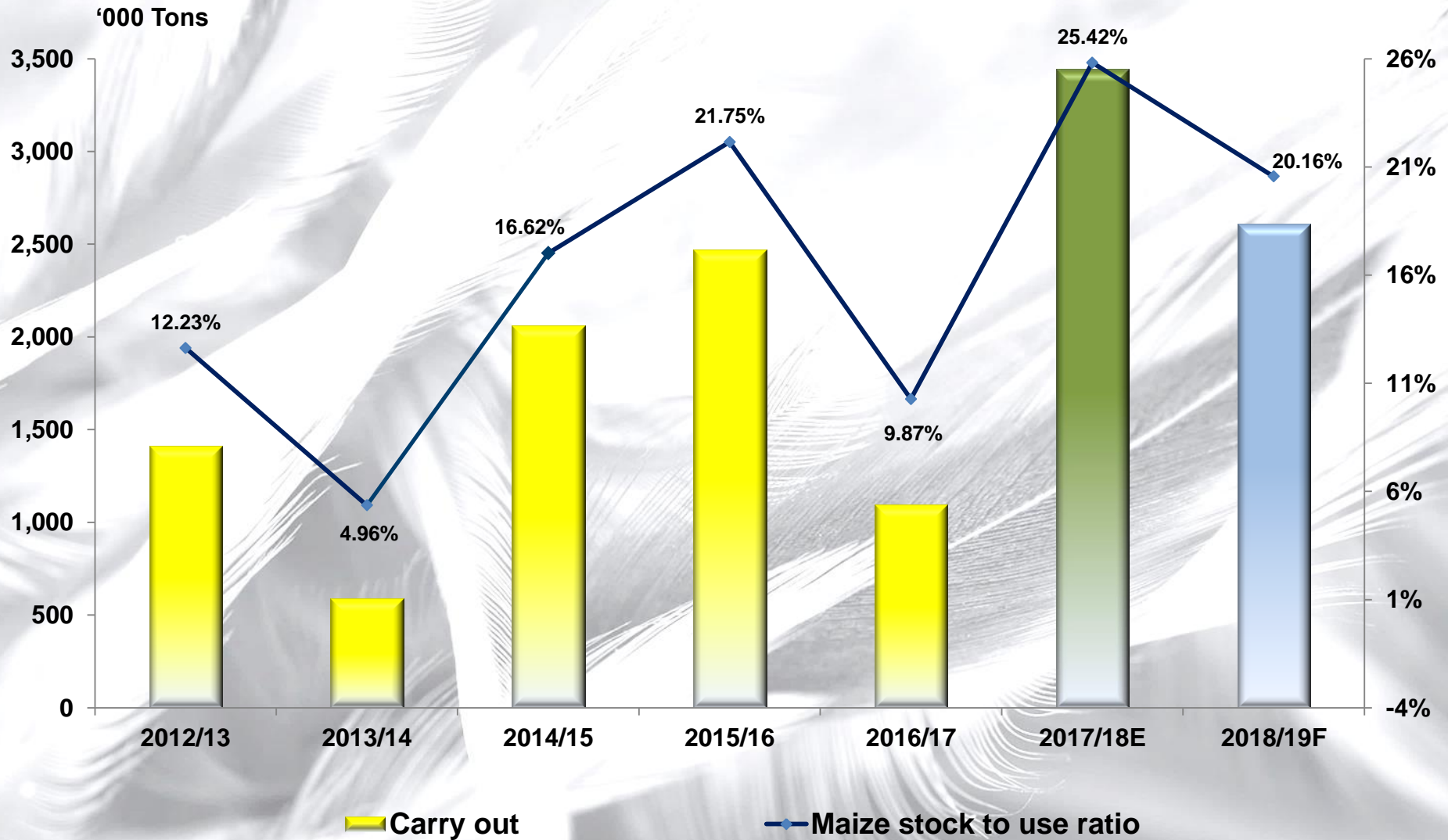


SOUTH AFRICA – TOTAL MAIZE SUPPLY & DEMAND



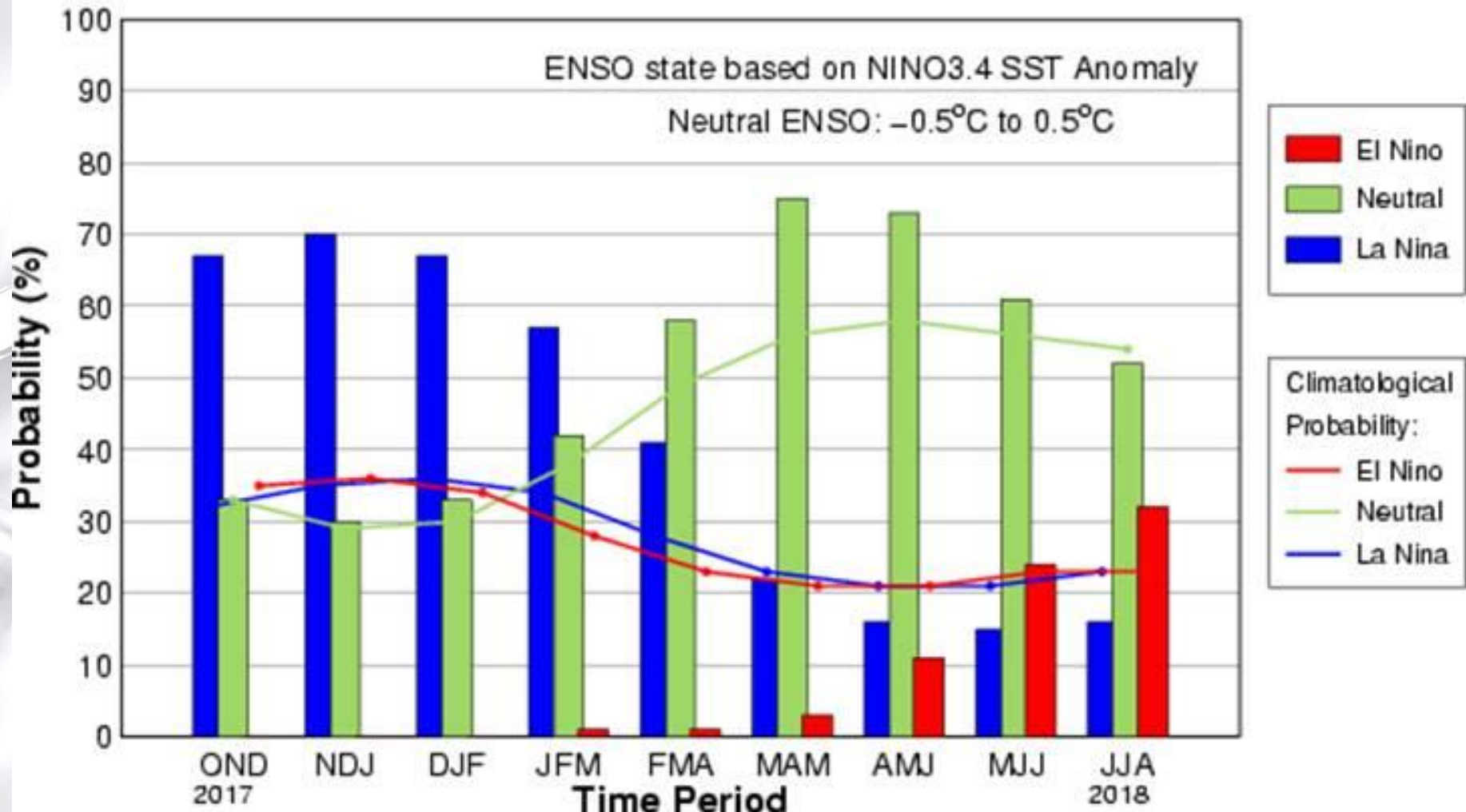
<i>Marketing year (May to April)</i> <i>'000 tons</i>	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18E	2018/19F
	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast
Carry In (1 May)	991	1,414	589	2,074	2,471	1,093	3,446
Crop Estimate	12,121	11,811	14,250	9,955	7,779	16,744	12,751
Retentions			433	163	309	837	638
Sagis Delivery	11,972	11,072	13,817	9,794	7,469	15,907	12,114
<i>Minus early deliveries</i>	0	0	0	0	450	0	0
Imports	11	80	65	1,964	2,237	0	0
Total Supply	12,973	12,566	14,471	13,831	11,727	17,000	15,559
Domestic Usage Food	4,499	4,583	4,840	4,698	4,808	4,872	4,908
Domestic Usage Feed	4,378	4,715	5,041	5,520	5,004	5,399	5,220
Gristing, withdrawn & released	674	480	376	293	278	358	343
Total Domestic Usage	9,551	9,777	10,257	10,512	10,090	10,630	10,471
Exports & Sundries	2,008	2,122	2,153	848	993	2,925	2,477
<i>Plus early deliveries</i>	0	0	0	0	450	0	0
Carry Out (30 Apr)	1,414	590	2,062	2,471	1,093	3,446	2,611
No of days usage	54	25	73	86	40	118	91
STU	12.23%	4.96%	16.62%	21.75%	9.87%	25.42%	20.16%

RSA MAIZE CARRY OUT & STOCK TO USE RATIO



EL NIÑO SOUTHERN OSCILLATION - FORECAST

Mid-Oct IRI/CPC Model-Based Probabilistic ENSO Forecast

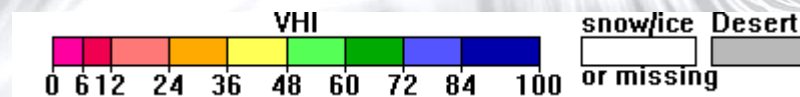
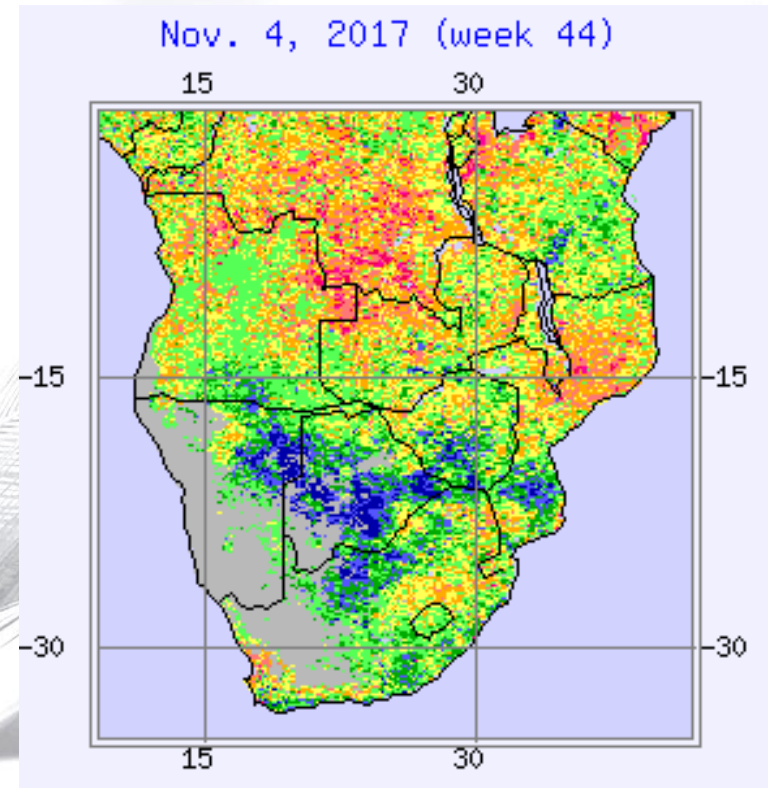
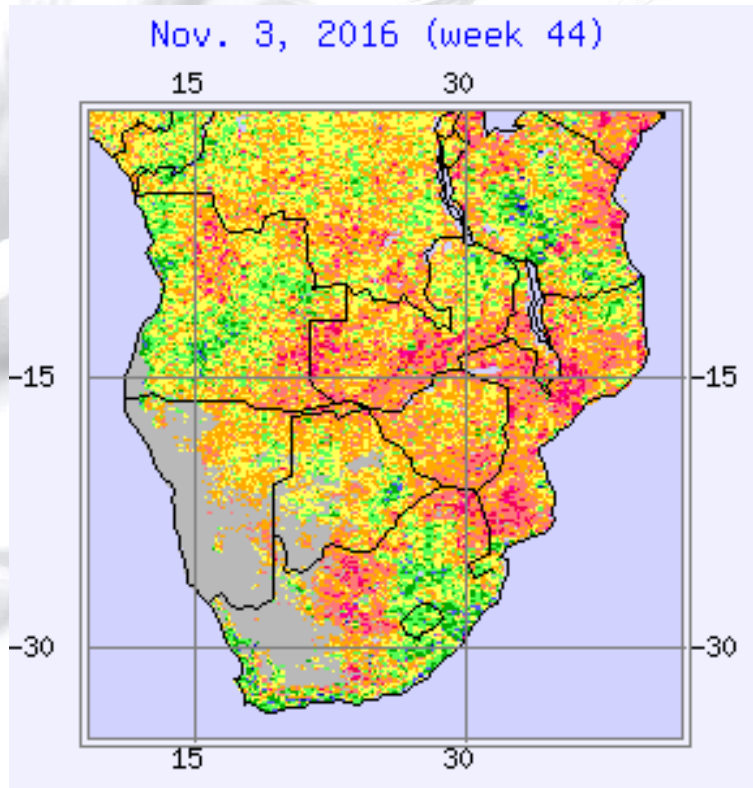


SOUTHERN AFRICA – VEGETATION HEALTH INDEX

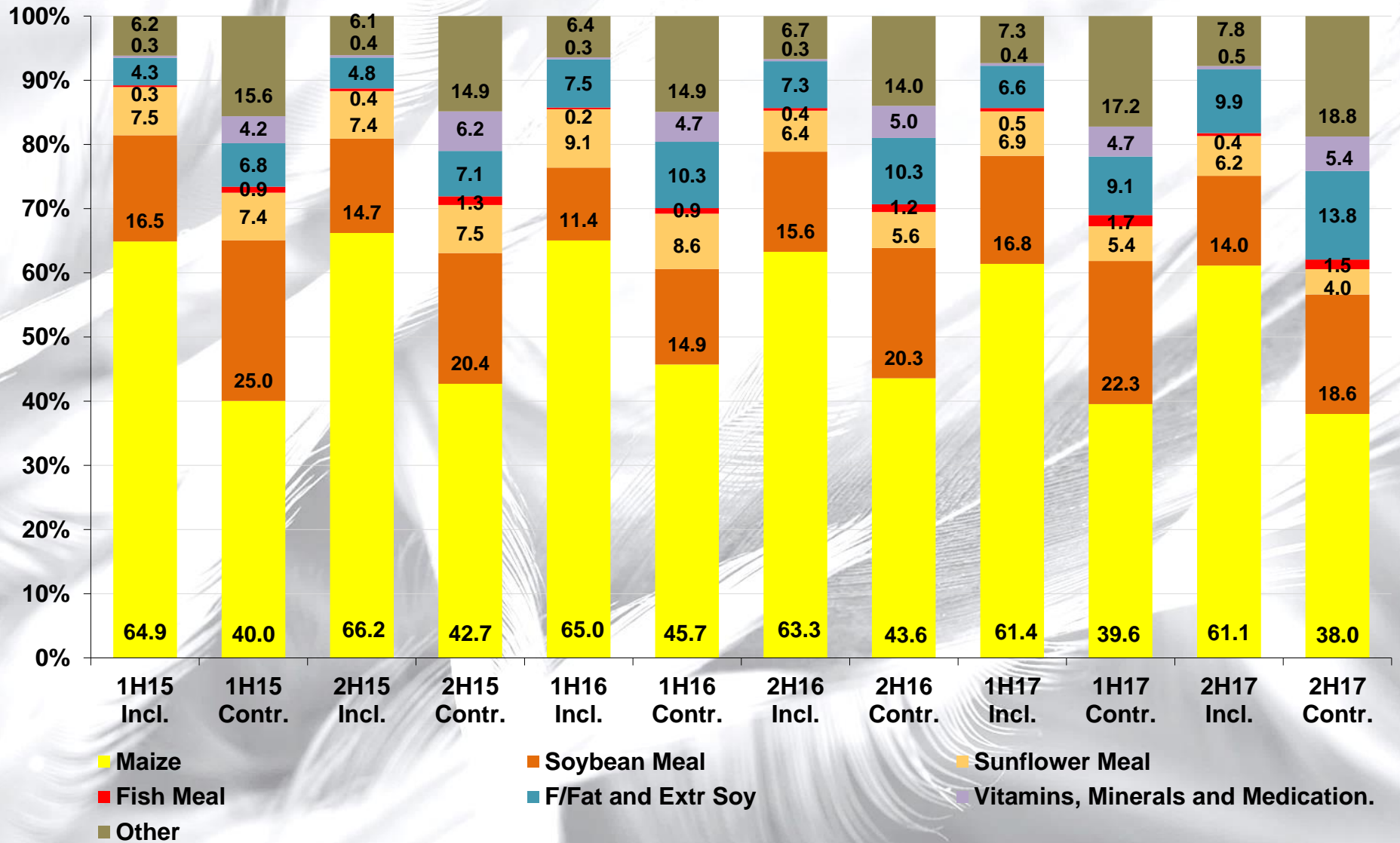


VHI of previous year

VHI of current year



BROILER FEED – INGREDIENT INCLUSION & COST CONTRIBUTION



Source: Own Data

BRAZIL, EU & USA PRODUCT COST BENCHMARK



Ex BRAZIL – November 2017					
FROZEN LEG QUARTERS BULK PACKED					
CIF DBN US\$ per ton	TON	1 150.00	1 150.00	1 150.00	SA COST
R/\$ exchange rate	R\$	13.80	14.00	14.30	
Rand per ton	TON	15 870.00	16 100.00	16 445.00	22 640.00
Rand per kg	KG	15.87	16.10	16.45	22.64
Duty per kg	KG	37%	37%	37%	-
Clearance costs	KG	0.65	0.65	0.65	-
COST INTO STORAGE	KG	22.39	22.71	23.18	22.64
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.70	0.70	0.70	0.95
Marketing, Administration, Finance	KG	0.80	0.80	0.80	0.89
TOTAL COST	KG	24.39	24.71	25.18	24.48
EUROPE Ex NETHERLANDS – November 2017					
FROZEN LEG QUARTERS BULK PACKED					
CIF DBN € per ton	TON				SA COST
€ exchange rate	R\$				
Rand per ton	TON				22 640.00
Rand per kg	KG				22.64
Duty per kg	KG				-
Clearance costs	KG				-
COST INTO STORAGE	KG				22.64
Storage	KG				-
Distribution	KG				0.95
Marketing, Administration, Finance	KG				0.89
TOTAL COST	KG				24.48

Closed due to Avian Influenza

BRAZIL, EU & USA PRODUCT COST BENCHMARK



EUROPE Ex Belgium, Denmark with Safeguard Duty @ 0% – November 2017 (Safeguard Duty expired on 3 July 2017)

FROZEN LEG QUARTERS BULK PACKED

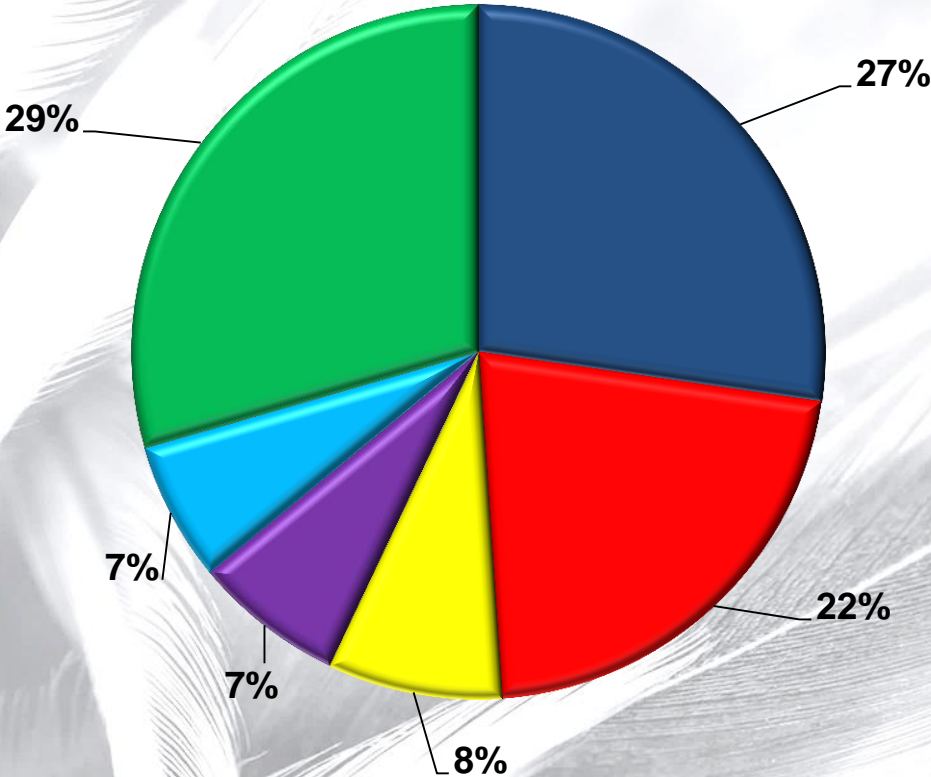
CIF DBN € per ton	TON	1 400.00	1 400.00	1 400.00	SA COST
R/€ exchange rate	R\$	16.30	16.50	16.80	
Rand per ton	TON	22 820.00	23 100.00	25 320.00	22 640.00
Rand per kg	KG	22.82	23.10	23.52	22.64
Duty per kg	KG	0%	0%	0%	-
Clearance costs	KG	0.65	0.65	0.65	-
COST INTO STORAGE	KG	23.47	23.75	24.17	22.64
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.70	0.70	0.70	0.95
Marketing, Administration, Finance	KG	0.80	0.80	0.80	0.89
TOTAL COST	KG	25.47	25.75	26.17	24.48

Ex USA – November 2017

FROZEN LEG QUARTERS BULK PACKED

CIF DBN US\$ per ton	TON	900.00	900.00	900.00	SA COST
R/\$ exchange rate	R\$	13.80	14.00	14.30	
Rand per ton	TON	12 420.00	12 600.00	12 870.00	22 640.00
Rand per kg	KG	12.42	12.60	12.87	22.64
Duty per kg	KG	37.00%	37.00%	37.00%	-
Clearance costs	KG	0.65	0.65	0.65	-
COST INTO STORAGE	KG	17.67	17.91	18.28	22.64
Storage	KG	0.50	0.50	0.50	-
Distribution	KG	0.70	0.70	0.70	0.95
Marketing, Administration, Finance	KG	0.80	0.80	0.80	0.89
TOTAL COST	KG	19.67	19.91	20.28	24.48

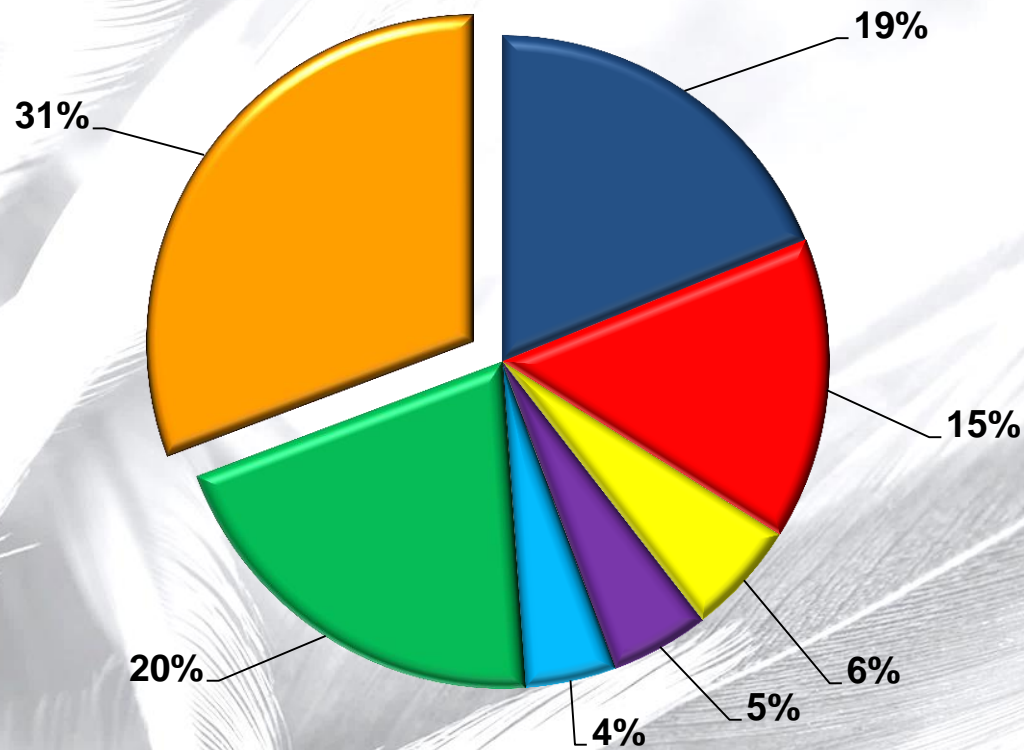
LOCAL BROILER PRODUCTION & MARKET SHARE



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

Local broiler production ≈ 18.5 million birds per week

LOCAL BROILER PRODUCTION & MARKET SHARE



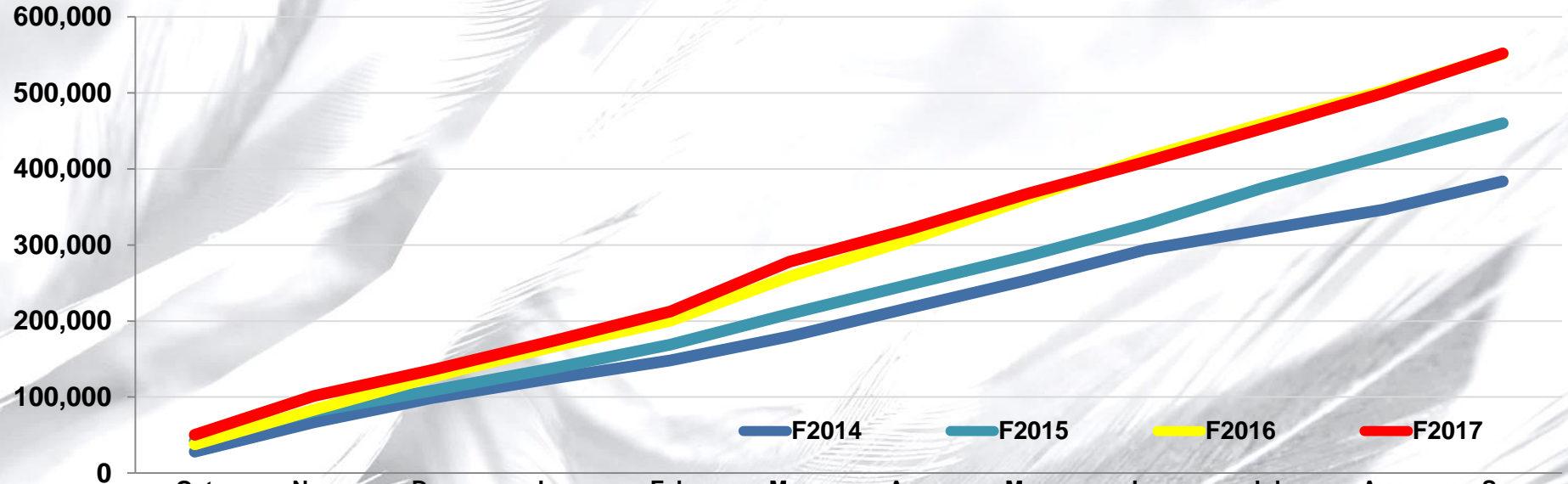
■ Astral ■ RCL ■ Country Bird ■ Daybreak ■ Sovereign ■ Other ■ Imports

Avg. poultry imports ≈ 8,2 million birds per week (12 months ending September 2017)

TOTAL POULTRY IMPORTS (CHICKEN, TURKEY, MDM)



Tons

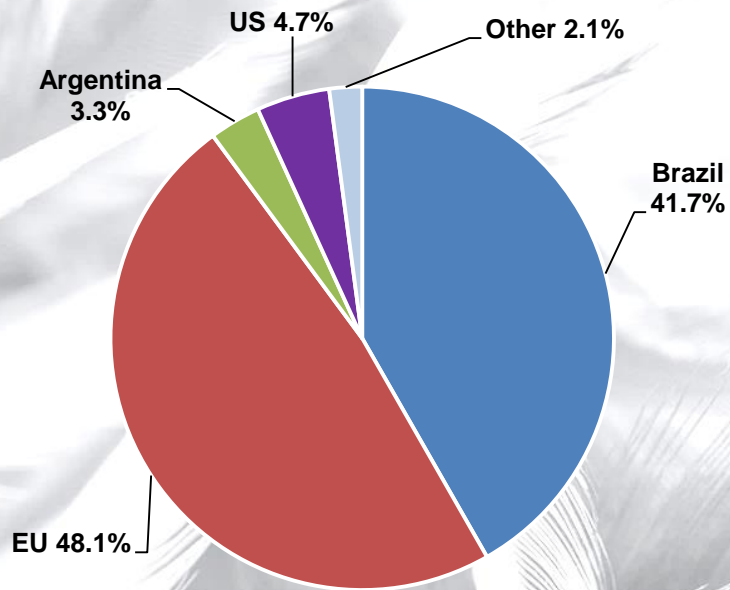


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2014	28,250	66,647	99,050	124,194	148,092	179,811	216,947	253,490	294,102	320,603	346,582	383,710
F2015	42,363	81,170	108,674	137,660	168,965	209,337	247,672	285,532	327,180	375,717	417,427	460,255
F2016	37,789	83,258	126,866	165,602	200,461	258,134	306,385	360,899	414,947	460,098	502,138	551,209
F2017	50,324	101,279	135,812	173,187	212,399	278,057	319,933	367,106	409,557	453,981	499,952	551,867
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
F2017	50,324	50,955	34,533	37,375	39,212	65,658	41,876	47,173	42,451	44,424	45,971	51,915
% Var	33.2	12.1	-20.8	-3.5	12.5	13.8	-13.2	-13.5	-21.5	-1.6	9.4	5.8
bpw*	8,9	9,1	6,1	6,6	7,0	11,7	7,4	8,4	7,5	7,9	8,2	9,2

*bpw ≈ million birds per week

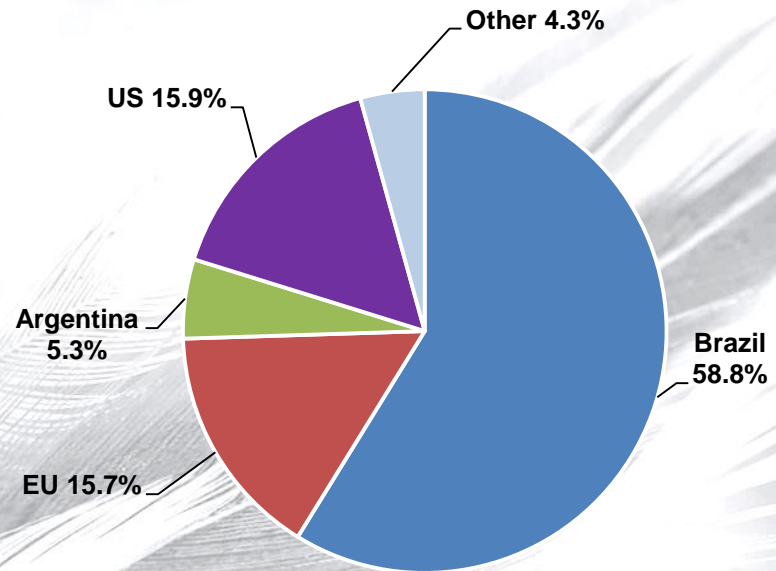
TOTAL POULTRY IMPORTS – COUNTRY OF ORIGIN

Country of origin for poultry imports - 2016



560 155 tons

Country of origin for poultry imports - September 2017 YTD



416 055 tons

TOTAL POULTRY IMPORTS – COUNTRY OF ORIGIN



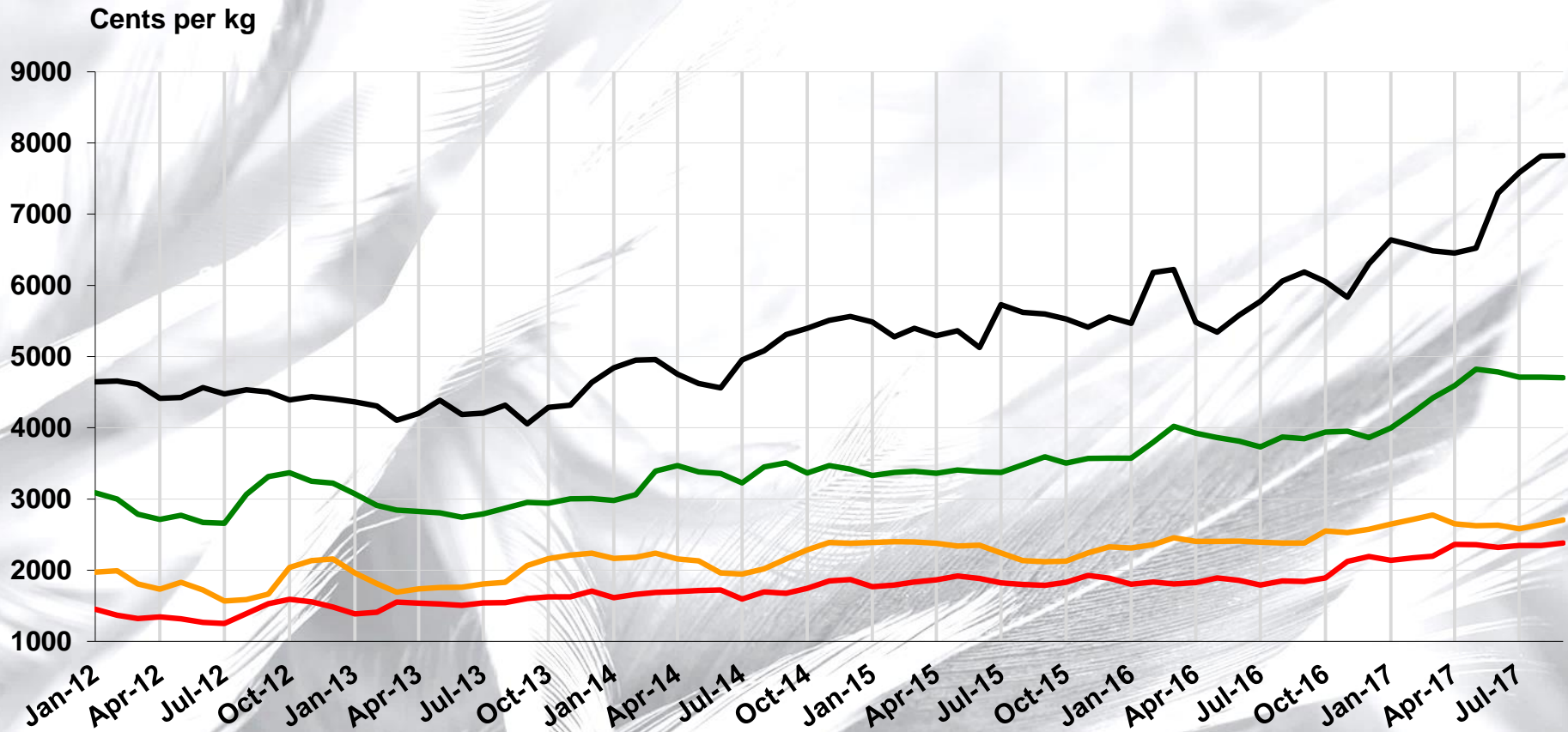
Country	Imports (tons)			
	2014	2015	2016	2017 YTD
Brazil	168 666	241 180	233 787	244 564
Netherlands	73 987	61 995	110 344	112
United Kingdom	43 009	15 985	45 647	1 319
Spain	10 356	27 090	39 620	11 138
United States	5 022	331	26 573	66 188
Belgium	11 994	35 613	24 256	23 451
Argentina	21 586	27 718	18 713	22 080
Ireland	8 286	13 336	15 556	18 555
Hungary	7 758	10 547	13 174	0
Denmark	6 133	9 508	9 779	10 785
Canada	5 255	131	8 884	12 219
Germany	21 821	554	6 073	81
Poland	-	-	4 773	72
Thailand	347	7 616	2 078	3 477
Chile	928	408	360	721
Australia	43	264	254	956
France	7 294	24 895	105	3.1

- **Provisional safeguard duties** against the EU of 13.9% that were implemented during December 2016 at 13,9% expired on 3 July 2017
- A **decision on a permanent safeguard duty** against the EU is awaited following efforts made by an industry, DTI and DAFF work group to secure better trade terms to support local industry jobs and reinvestment
- **Avian Influenza** outbreaks caused temporary trade bans with some EU countries and with this a switch to Brazilian and US imports has been reported
- A record level of total poultry imports at **65 658 tons** (\approx 11,7 million bpw) and equivalent to 65% of local production was reported for March 2017
- **Imports remained relatively stable year-on-year** when measured against the Astral financial calendar year equalling approximately 8,2 million birds per week

- South Africa reported its first case of **H5N8 infection in domestic poultry** in June 2017 in Mpumalanga
- From that date H5N8 has **caused wide spread damage to the local poultry industry** and in particular significantly affected broiler breeders and commercial laying hens
- Industry working closely with the Poultry Interest Group of the South African Veterinary Association have engaged DAFF, and more particularly the Director for Animal Health, in an effort to **propose the use of vaccination** as a tool to mitigate the impact of H5N8 infection on South African poultry
- A number of **technical submissions have been made** to DAFF, however some clear differences exist in the expectations with regards to the use of the vaccine and the consequential actions should a vaccinated flock be infected with the field strain of the virus. Industry is working with the relevant authorities to find a solution to the impasse; however time is of the essence in this matter as the industry faces a serious risk of further negative consequences as a result of this disease
- In the meantime DAFF have requested the following;
 - that **efficacy studies** are conducted on selected commercially available international vaccines as well as a locally available autogenous H5N8 vaccine (could take approximately three months)
 - following completion of the challenge studies, and if DAFF is satisfied with all other conditions they requested of the industry, DAFF will invite **public comment on vaccination against H5N8** and that process is expected to take an additional 3 months at a minimum

- **Intentional short term cutbacks** during 1H2017 due to an imbalance in supply and demand
- **RCL introduced permanent cutbacks** from March 2017 which saw the company shedding approximately 1 500 jobs and reducing production by some 700 000 bpw in their Hammarsdale operation (KZN)
- **Country Bird Holdings** abandoned its bid to gain control of Sovereign Foods during September 2017, as it accepted an offer from Capital Works which offered a 33% premium over the R9 a share that CBH bid for the Sovereign shares
- **Sovereign Foods now looks set to delist** from the Johannesburg Stock Exchange under the ownership of the private equity firm Capital Works
- **Daybreak Farms** now wholly owned by the Public Investment Corporation following a buy out of other shareholders

SOUTH AFRICAN PROTEIN PRICE COMPARISON



Chicken

Pork

Beef

Mutton

Feed Conversion Rate

1.6

2.2

5.5

5.0

Per Capita Consumption

39.1 kg

4.7 kg

19.5 kg

3.4 kg

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