



**Pre-listing
Presentation**
April 2008



Pioneer Foods is one of the largest food and beverage companies in Africa, with a host of market leading staple foods and branded products, providing consumer choice

Agenda

History and Operational Developments

André Hanekom

Financial Overview

Leon Cronjé

Operating Environment

André Hanekom

Key Strategies and Focus Areas

Outlook and Conclusion

History



EST. 1920



FORMED IN 1997



EST. 1930

The main driver of the merger was the deregulation of the South African grain industry from 1991 to 1997, which led to industry consolidation

The focus following the merger was to cut costs and re-align capacity

The strategic intent was to grow the business to create a significant diversified food manufacturer



History *continued*

Following the merger we cut excess cost and “right sized” the business

4 wheat mills closed

7 maize mills closed

27 bakeries closed

25 depots closed

More than 4 000 employees retrenched

Further strategic intent was to enter categories in competition with dominant players to broaden consumer choice and increase competition

Operational Developments

The bread business was repositioned from only manufacturing the standard 800g “government loaf” to manufacturing a range of more than 50 different value-added, high quality, branded products

White Star was launched as a premium quality super maize meal



Operational Developments *continued*

Entered the pasta market with significant capital spent on the latest-technology equipment

Purchased the Western Cape rice brand, Spekko, to facilitate a significant entry into the rice market on a national basis

A full range of breakfast cereal products was launched to support Weet-Bix under the Bokomo brand. Acquired ProNutro and Nature's Source to round off the portfolio



Operational Developments *continued*

Acquired the Ceres Fruit Juice business. Significant investments were made to diversify the business into different packaging formats and product categories

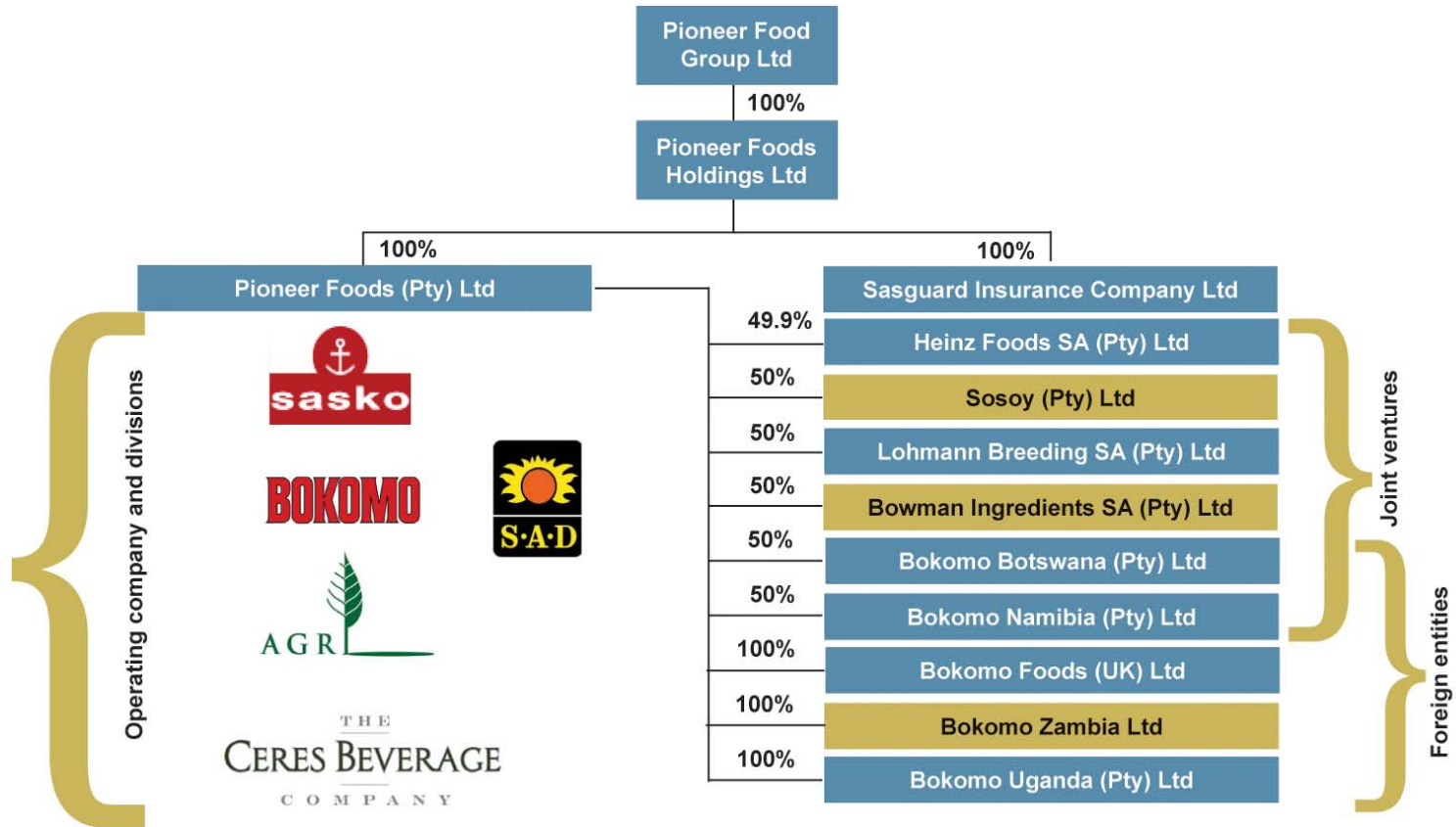
Signed a franchise agreement with PepsiCo International to re-enter the CSD market with Pepsi, Mirinda, 7-Up and Mountain Dew

The Heinz JV was formed to enter the ketchup market and add further value to the Pioneer Foods frozen food business

Acquired SAD/Marmite/Bovril/Peck's Anchovette and Redro



Organisational Structure



Board of Directors

Diverse board with representatives from large shareholders and strong independent directors with particular industry expertise alongside executive directors

Group Executive Management

The Executive Team is a good blend of:

Experience (years of service)

Youth (energy)

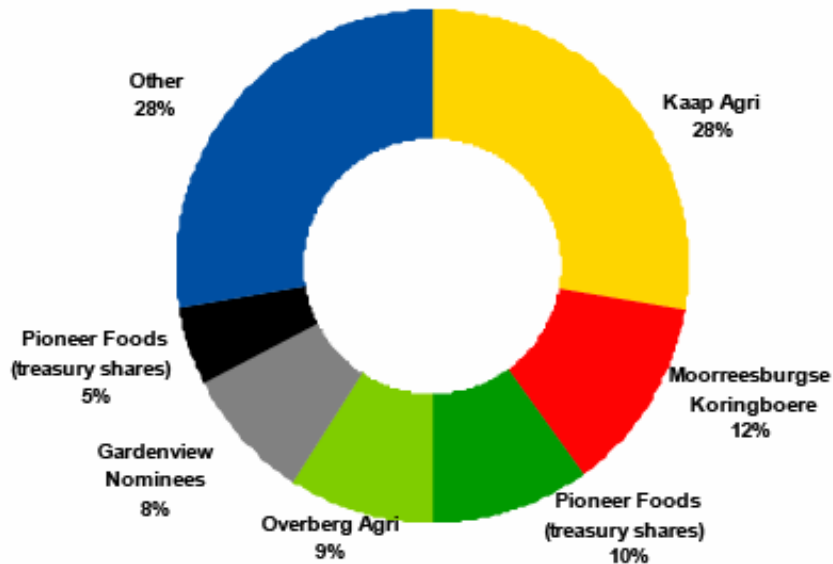
Diversity of skills

Experience across divisions

Refer Annexure for full details of executive management team

Current Shareholders

Analysis of ordinary shareholding (30 September 2007)



Distribution of ordinary shareholders (30 September 2007)

Number of ordinary shares	Number of ordinary shareholders	%	Number of ordinary shares ('000)	%
1 – 1000	479	33.6	191	0.1
1 001 – 10 000	563	39.5	2,509	1.4
10 001 – 50 000	227	15.9	5,881	3.2
50 001 – 100 000	62	4.3	4,996	2.8
100 001 – 500 000	73	5.1	13,878	7.7
500 001 <	22	1.6	153,729	84.8
	1,426	100.0	181,184	100.0

Black economic empowerment

- Employee Share Ownership Trust (BEE) currently owns 14.2 million Class A Ordinary shares, entitled to 8.0% of total voting rights

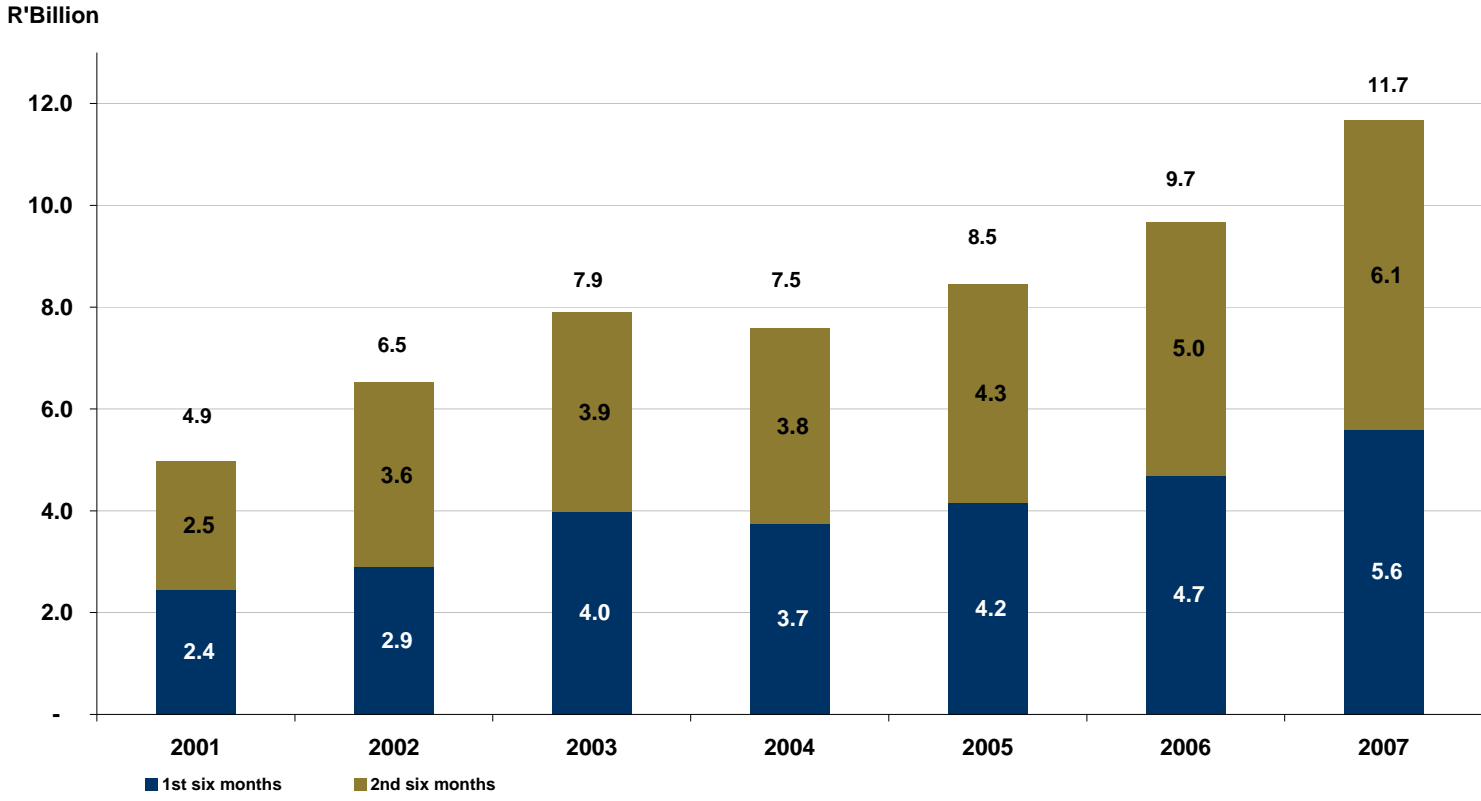


Financial Overview

Leon Cronjé

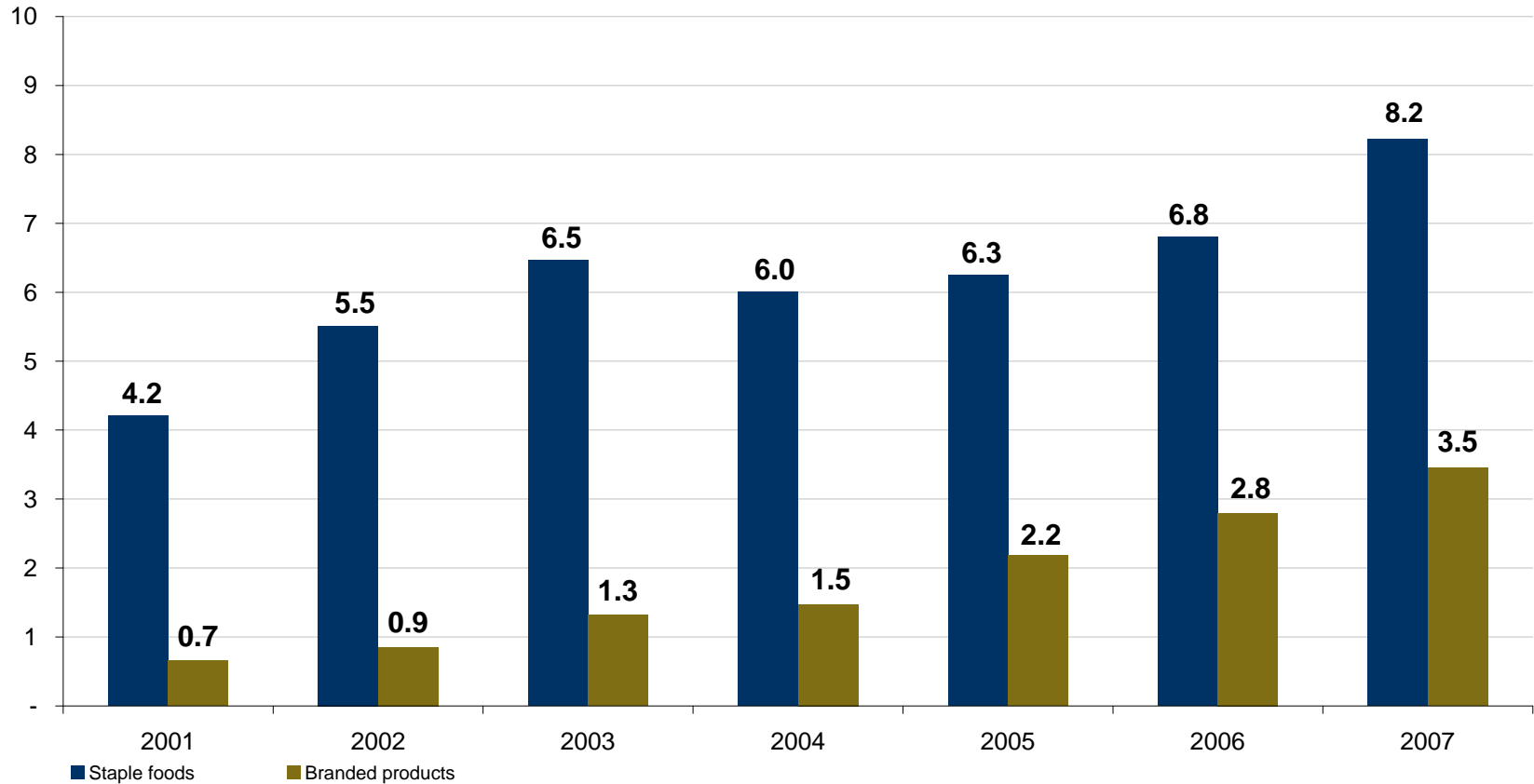


Revenue

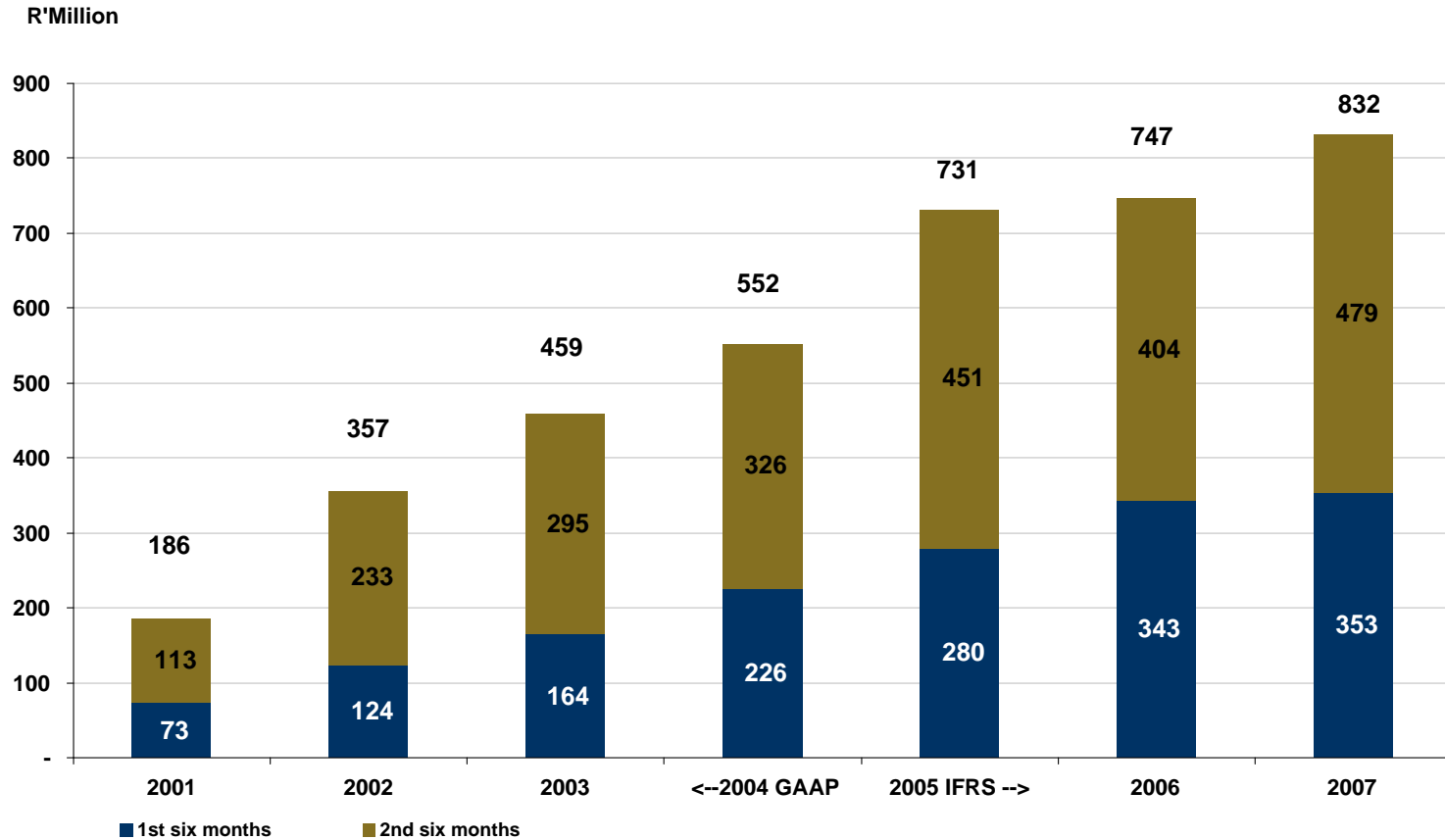


Revenue per segment

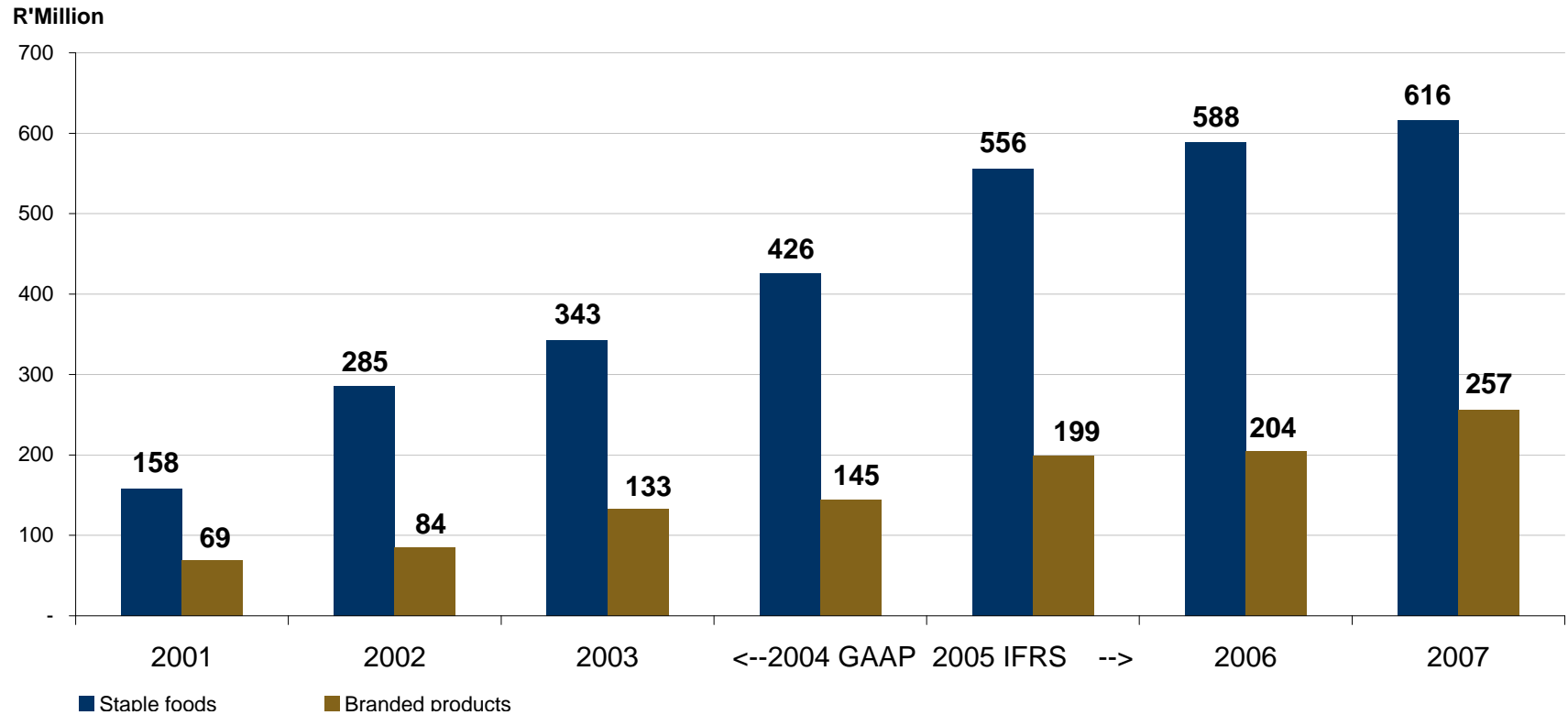
R'Billion



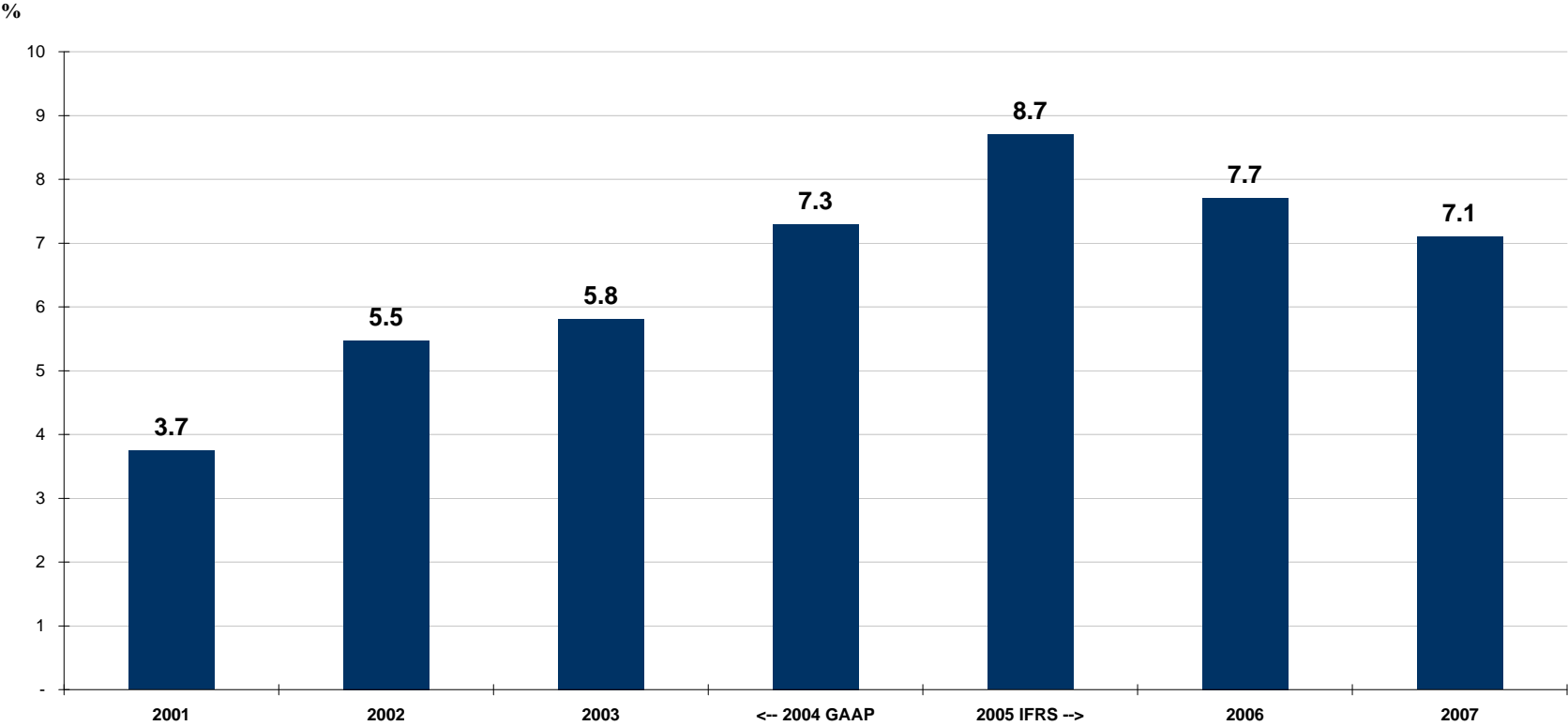
Operating Profit (EBIT)



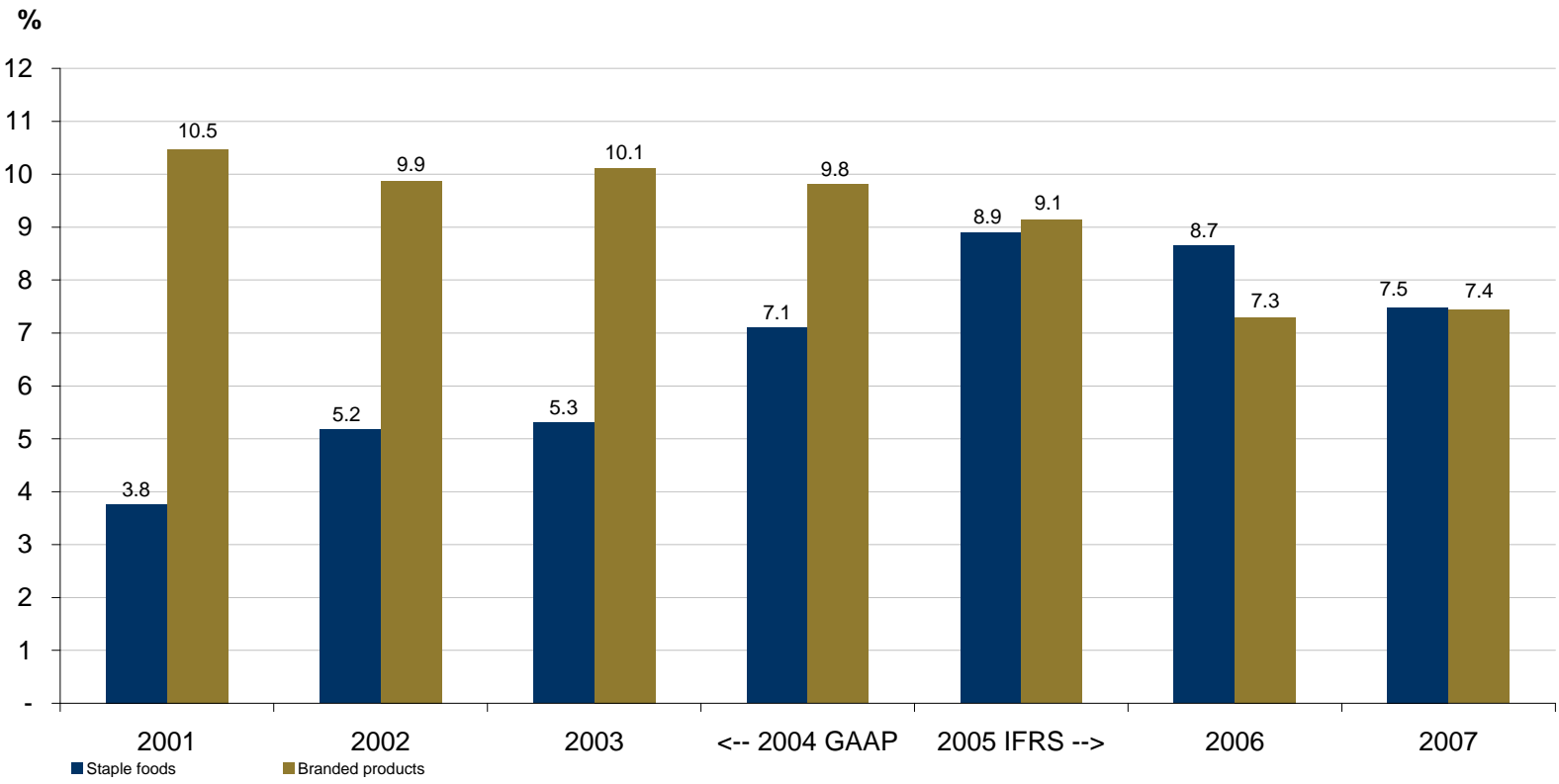
Operating profit per segment



Operating profit margin

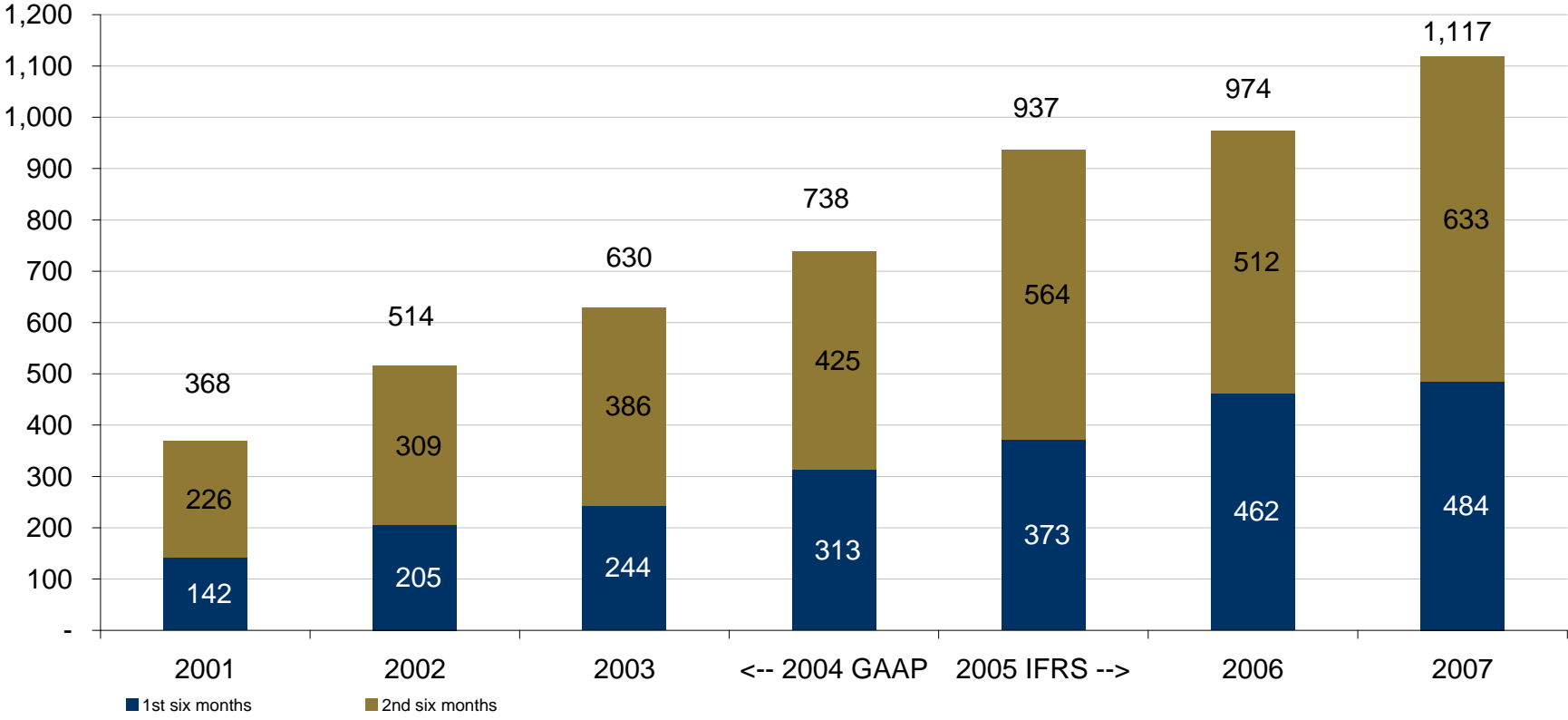


Operating profit margin per segment



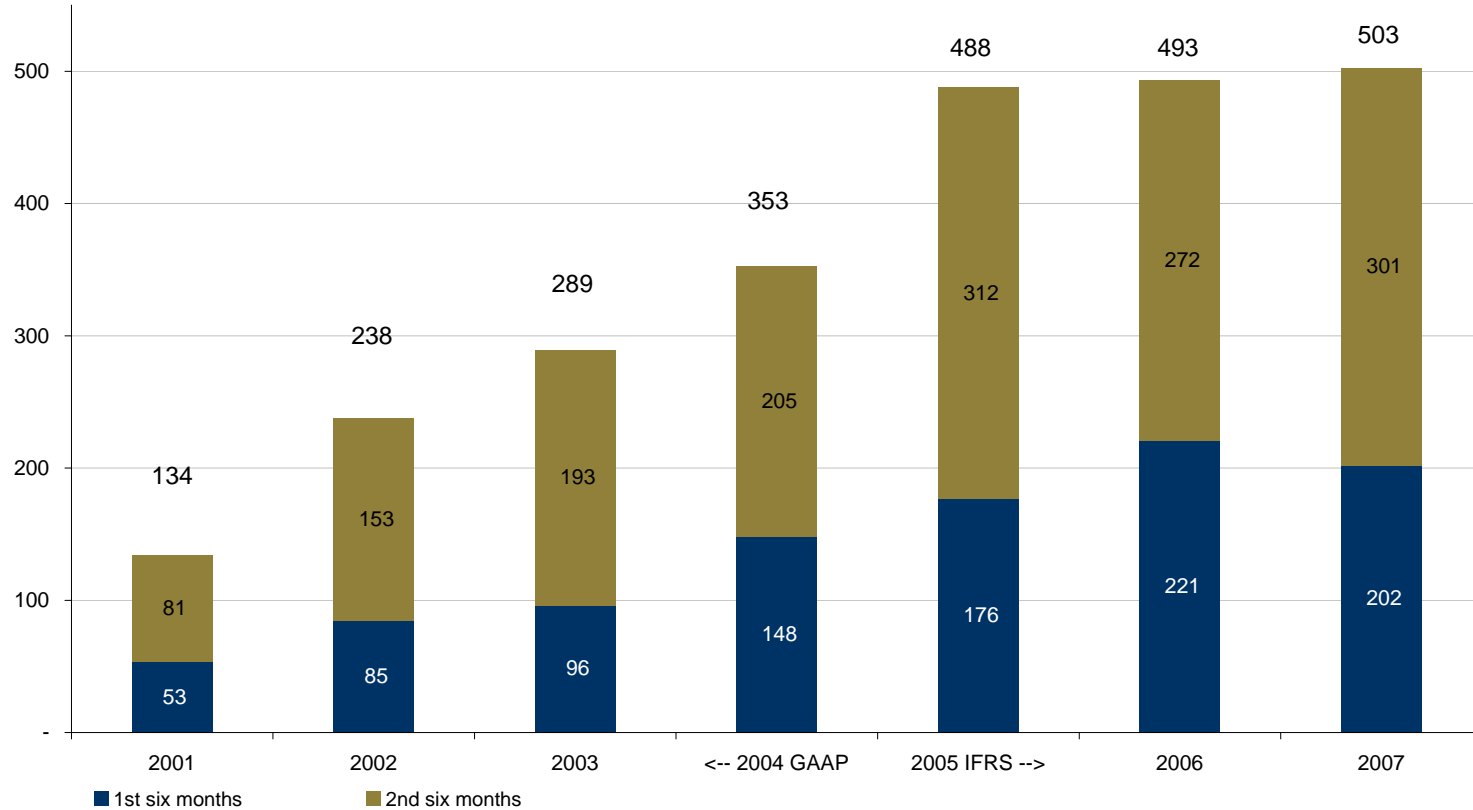
Cash Profit (EBITDA)

R'Million

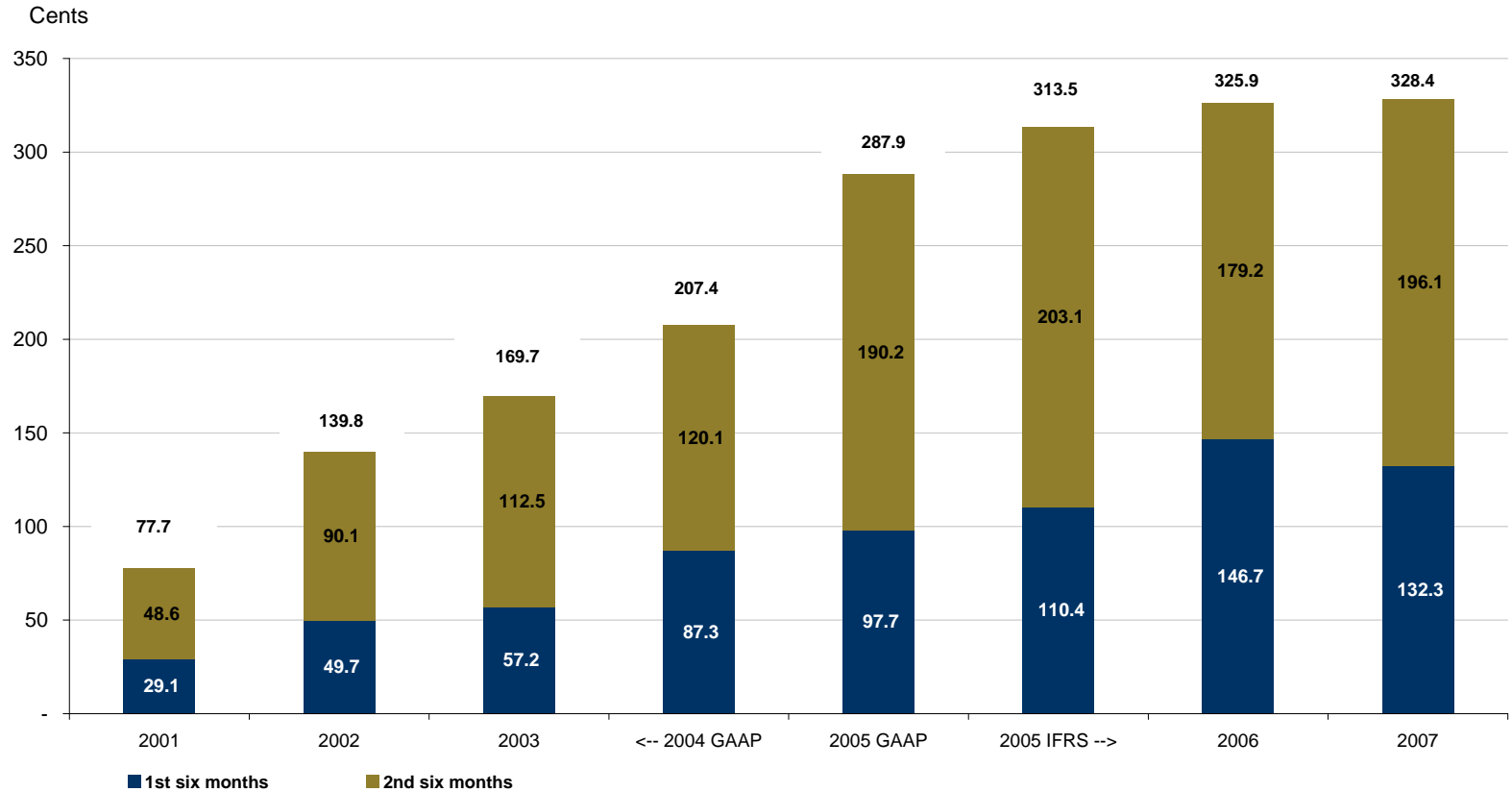


Headline Earnings

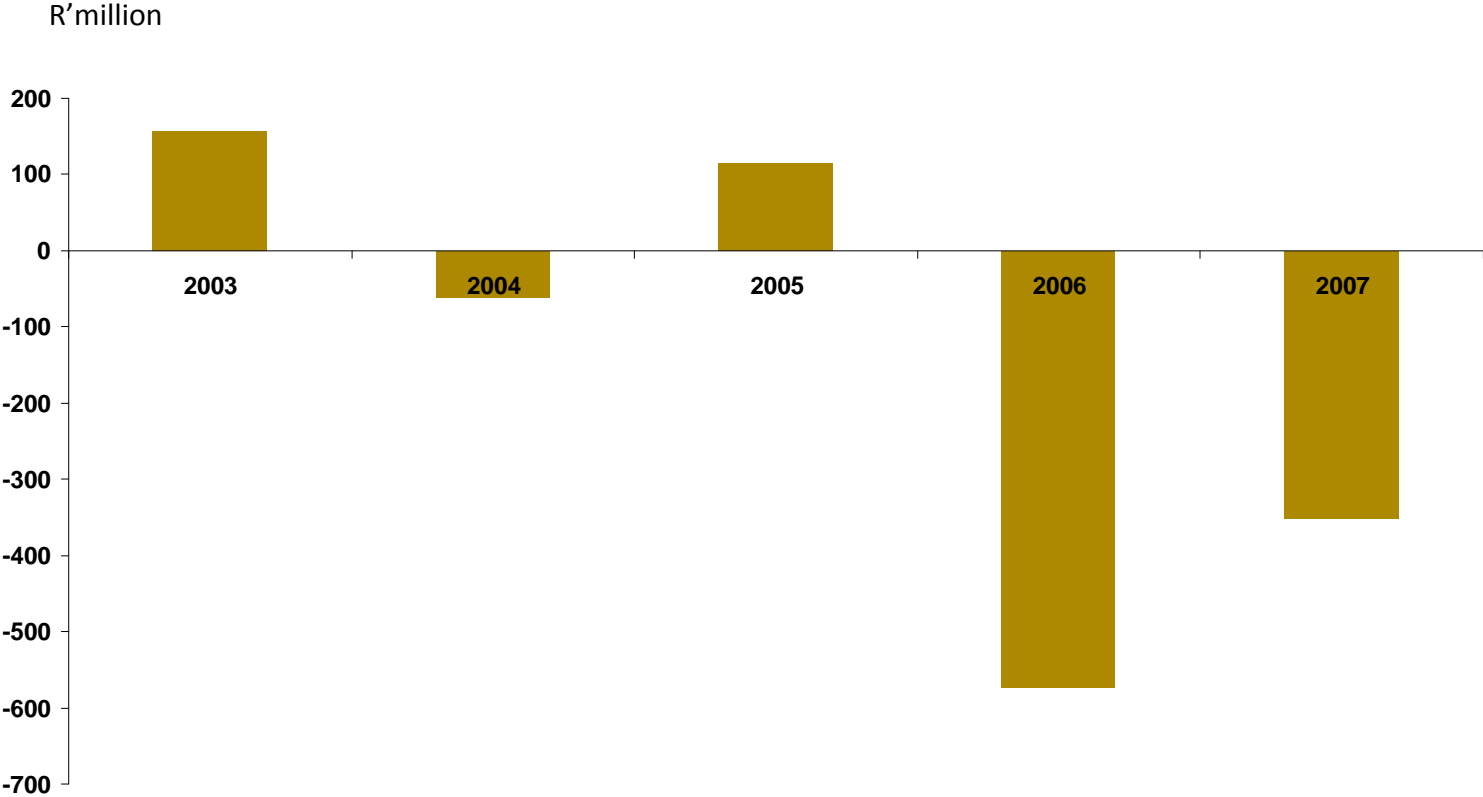
R'Million



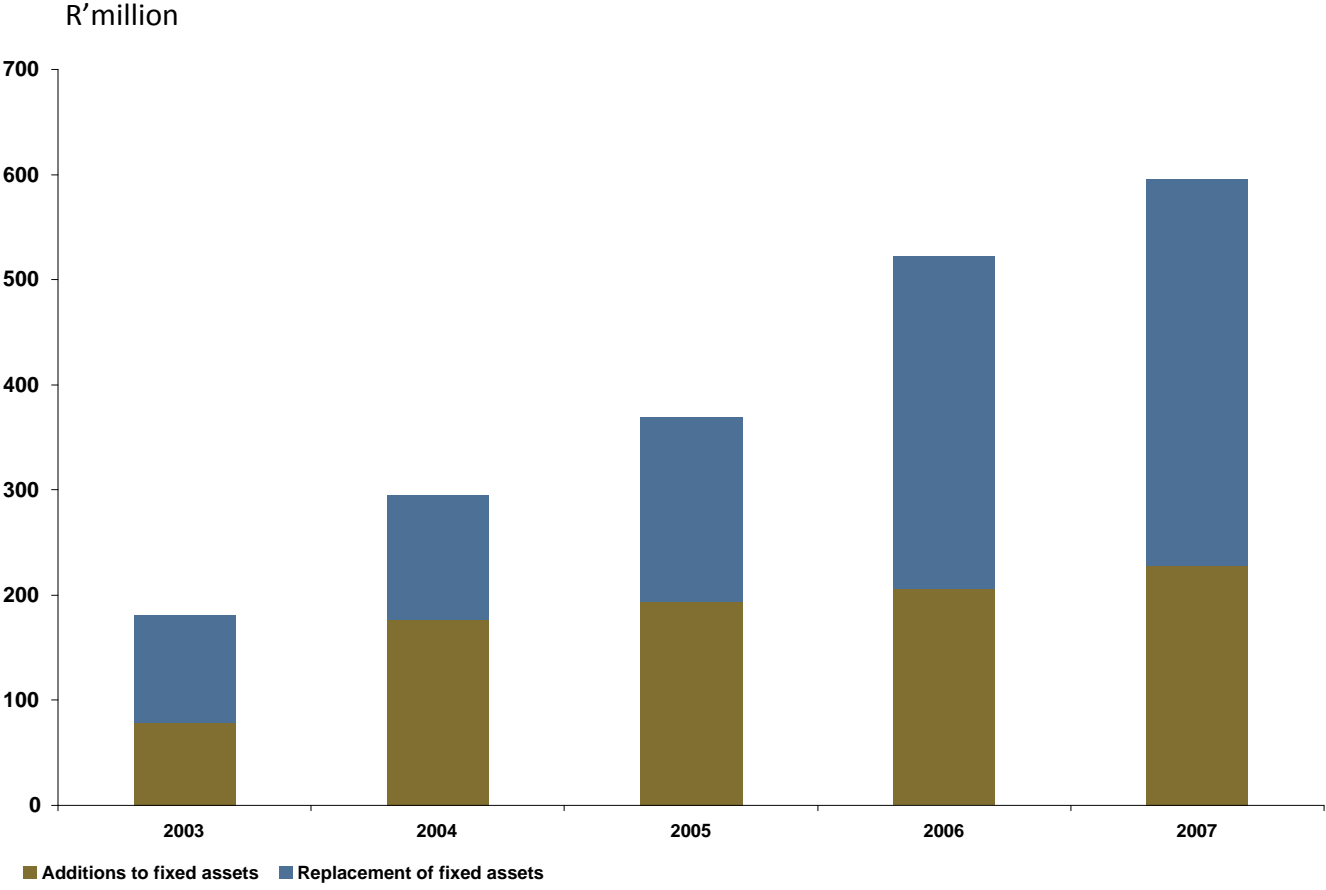
Headline Earnings per share



Net working capital changes



Capital Expenditure

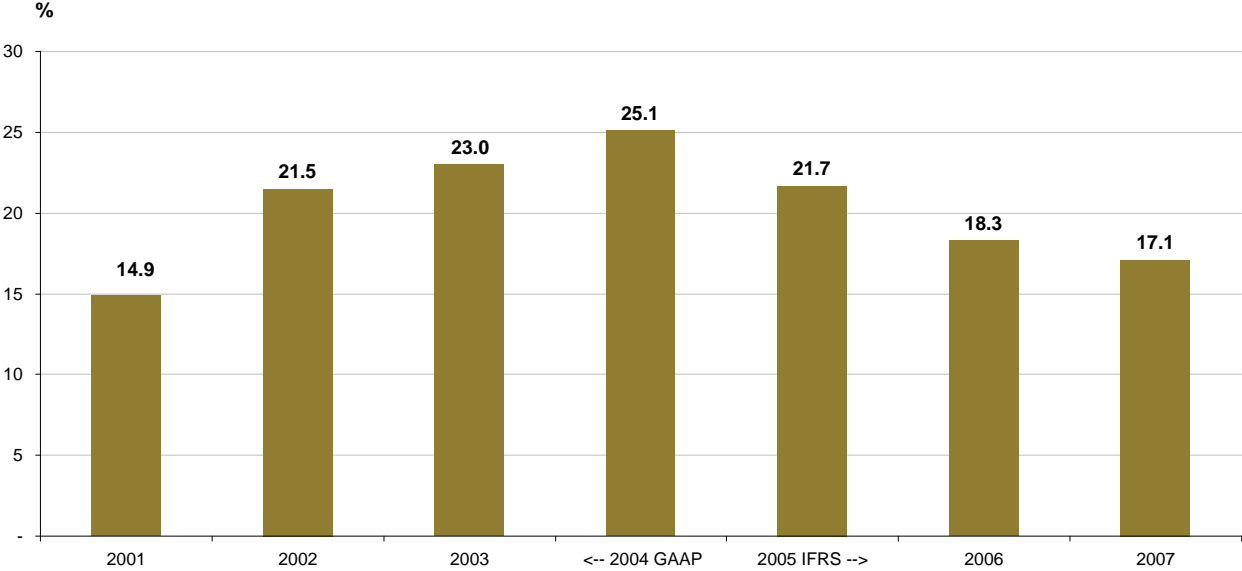


Capital Expenditure

Pioneer Foods' strategy to increase manufacturing capacity to cater for strong growth in consumer spending, step-up innovation, new product development and leveraging brands into new categories

Result been increased capital expenditure with expansion to continue going forward

Return on Net Assets



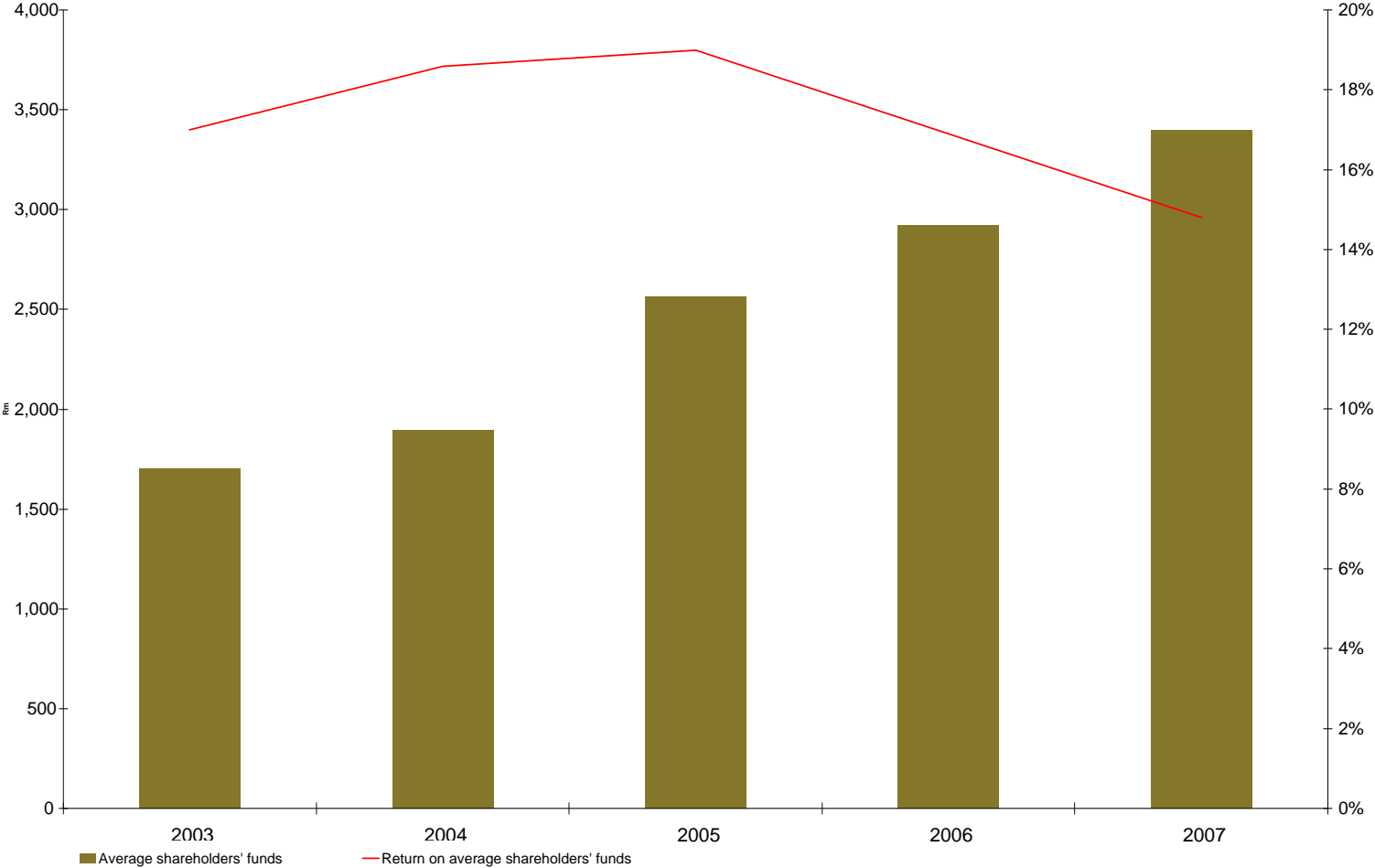
Return on Assets and Return on Equity

2006 and 2007

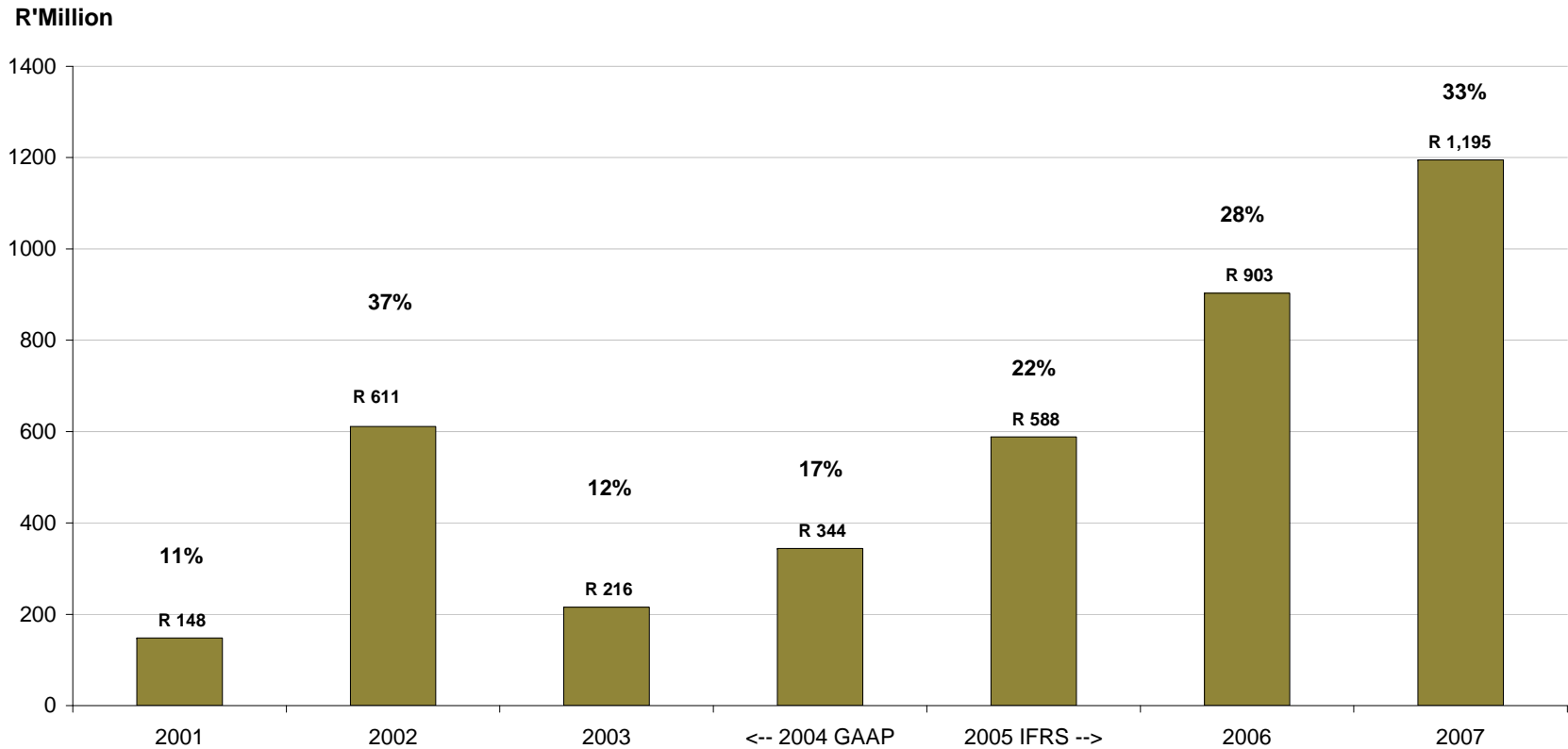
Substantial increase in fixed capital as part of expansion programme as well as time lag between spending of capital and expected contribution to earnings, resulted in decreased ROA

ROE was similarly affected

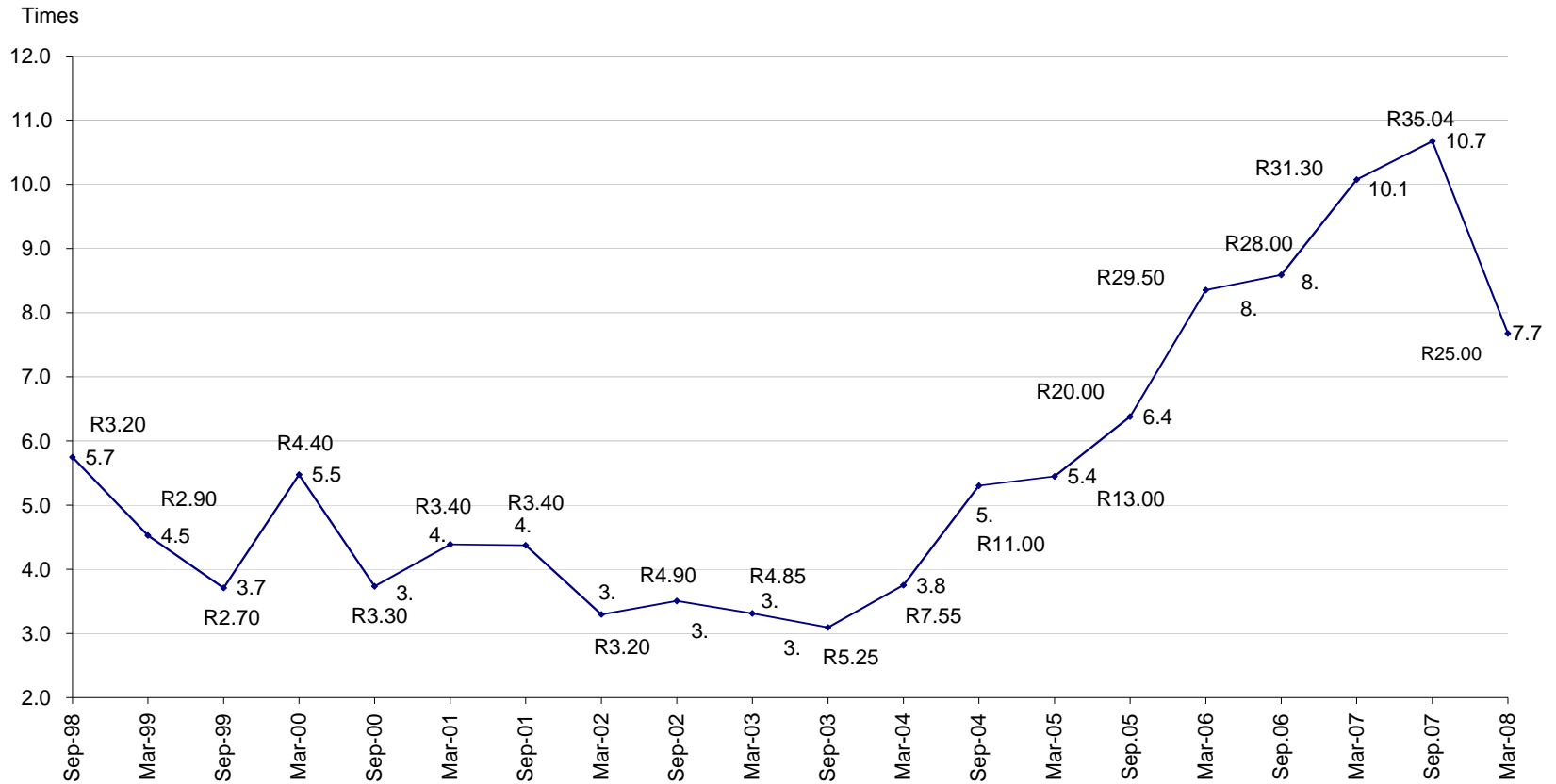
Return on Equity



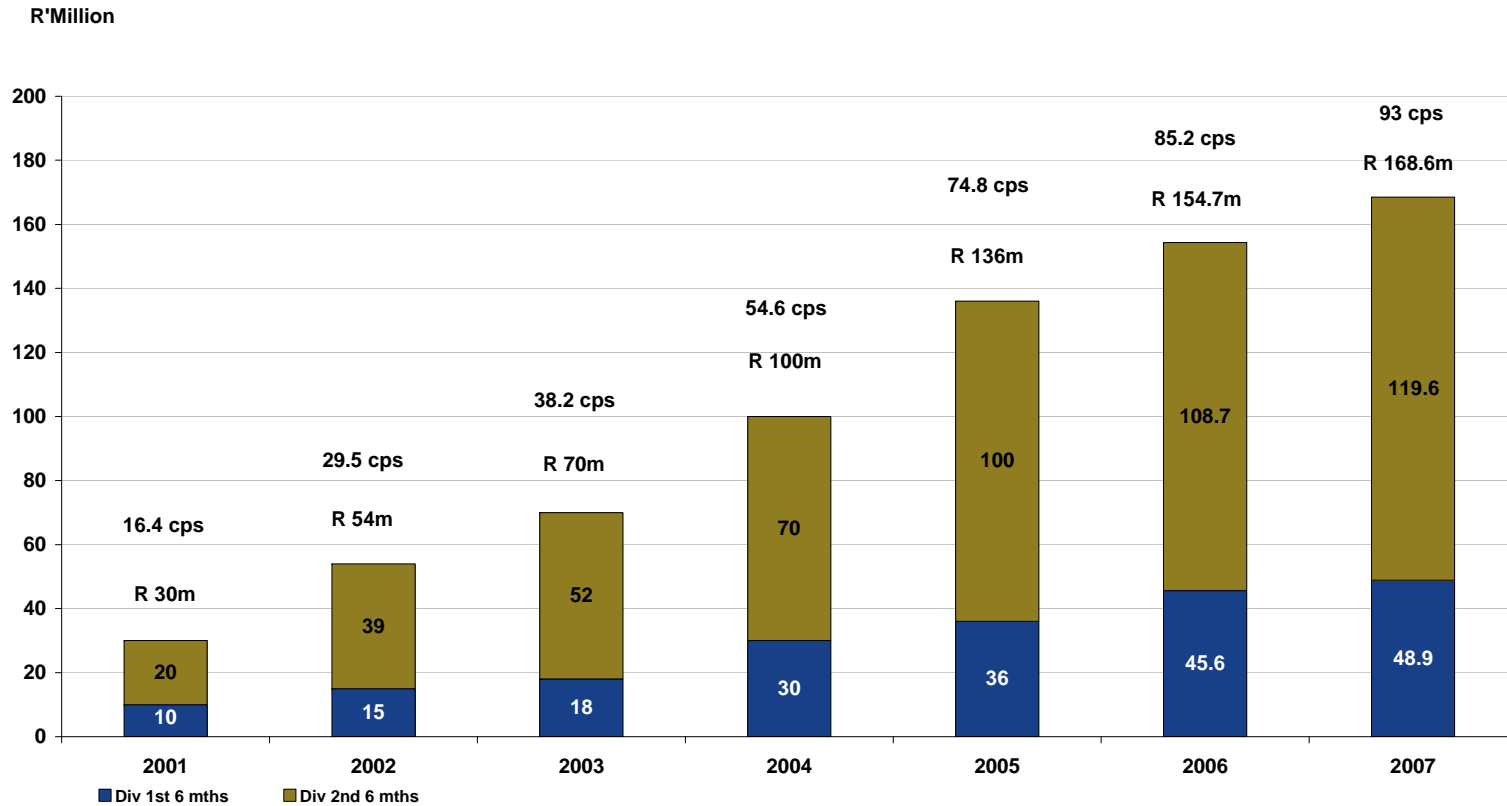
Net Interest Bearing Debt



Price Earnings Ratio

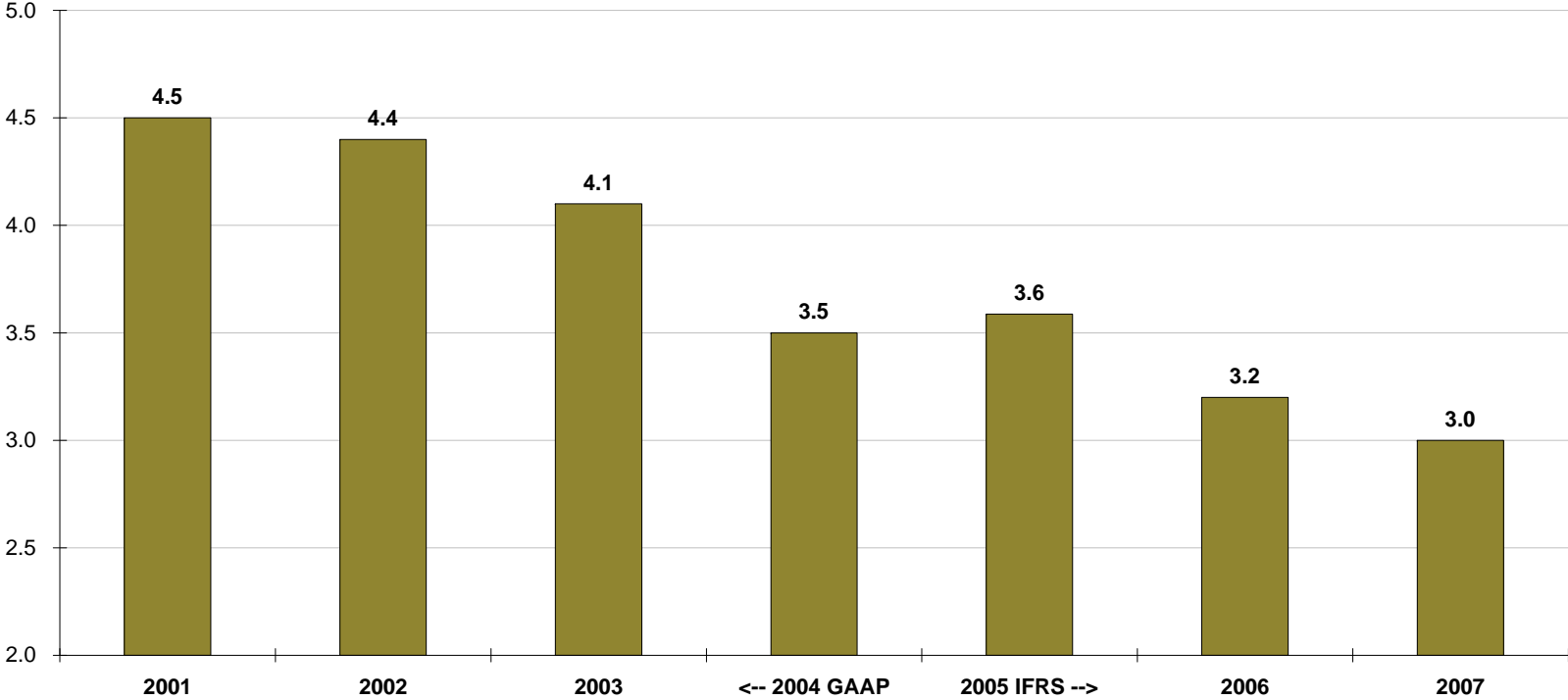


Dividends



Dividend Cover

Times



Financial Commentary

Growth in local economy and world grain prices driving strong revenue growth

Declining operating margins due to lag in recovery of raw material prices in the market – largely being addressed

Significant net investment in working capital led to increased borrowings and net interest charge

Forecasting increased expansionary capital expenditure to drive volume growth

Salient Details of BEE Transaction

Implemented in 2006

Initially covered 11,000 employees (excl senior management) of South African subsidiaries, more than 85% of whom are black

BEE Trust issued with Class A Ordinary shares :

- Full voting rights
- Qualify for 30% of normal dividend with the balance used to reduce “notional threshold debt”
- Currently owns 14.2 million shares – 8% of voting rights

Salient Details of the Rights Offer

- | | |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital raised | <ul style="list-style-type: none">• R500 million, before expenses |
| Use of proceeds | <ul style="list-style-type: none">• The Capital raised will be utilised to fund the capacity expansion at the wheat mills, bakeries, Weet-Bix and Pepsi |
| Price and ratio | <ul style="list-style-type: none">• In the process of being finalised |
| Underwriting | <ul style="list-style-type: none">• Intention to underwrite and/or committed to by shareholders |
| Salient dates (provisional) | <ul style="list-style-type: none">• LTD to participate – Friday, 16 May 2008• Last day to trade LAs – Friday, 6 June 2008• Rights offer closes – Friday, 13 June 2008 |

Competition Commission Investigation

The Board and Management condemn any actions that may be interpreted as, or lead to price-fixing, market sharing and collusion

We actively enforce this principle across the organisation

We have appropriate internal and external resources in place to monitor the situation and inform follow-up action

Board appointed a sub-committee to oversee the process and managements' handling of the investigation



Operating Environment

André Hanekom



Operating Environment

Historically high prices of key commodity inputs – wheat, maize, soya, rice

Very tight stock situation further affected by supply disruptions due to foreign government interventions

Increasing demand pressure from major retailers

Production chain under pressure – power outages and transport inefficiencies are complicating matters

Operating Environment *continued*

Consumers under some strain due to high inflation (ie. food and fuel) and high interest rates and debt levels

However, encouraging volume growth

Operational emphasis on sustainability and efficiency



Key Strategies and Focus Areas

André Hanekom



Key Strategies and Focus Areas

Organic growth in revenue

- Capacity expansion
- Strong demand for products

New category and geographic expansion

- Evaluate opportunities to enter new categories
- Africa will become a focus in the medium term

Key Strategies and Focus Areas *continued*

Margin improvement

- Raw material input cost increases gradually passed on to consumer
- Increased efficiencies and scale
- Increased brand positioning and related efficiencies

Pepsi

- Market penetration increasing
- Margins expected to increase

Agri

- We are reviewing all options to turn around the unprofitable egg business
- Lowest cost production not negotiable

Transformation

- Drive transformation throughout the business



Outlook and Conclusion

André Hanekom



Outlook

Operating environment more challenging after a number of years of significant growth in consumer expenditure

Margin pressure likely to continue – assert price increases to ensure sustainability

Believe availability of product will become key and to a lesser extent price (especially where world stocks are very low e.g. rice)

Outlook *continued*

Inflation likely to increase further before it declines

Affordability for the consumer is always a concern

Consumers expected to start “buying down” and purchase smaller pack sizes

Still seeing encouraging volume growth although our capacity is constrained

New capacity is coming on stream and efficiency improvements at some plants are showing demonstrable benefits

Outlook *continued*

Maintain and increase market share in key product areas through capacity expansion

Strong brands expected to deliver robust revenue growth and higher operating margins

Concentrate on increasing operating margins through internal efficiencies, increase in sales prices and improved product mix

Conclusion

Defensive mix of market leading staples and branded products

Efficient plants with up to date technology from significant capital investment in the past

Further capital spend will add capacity to meet increasing demand

Experienced management team with a profitable growth track record

Maintain competitive margins whilst offering the consumer more choice

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Thank you





Annexures



Evolution

1998/1999

- acquired and upgraded the CPC Tongaat maize mills
- increased shareholding in Amaizco maize mills from 49% to 100%
- increased shareholding in Northern Bakeries Limited and its affiliates to 100% and delisted the company
- established operations in Zambia and Namibia
- acquired the **ProNutro**, **Maltabella**, **Kreemy Meel** and **Toddlers** breakfast food brands
- acquired an effective 37.5% shareholding and management involvement in **Ceres Fruit Juices**

1999/2000

- acquired a chicken breeding unit in Uganda
- acquired a 50% interest in Grain Health Foods (United Kingdom), Pioneer Foods' first step in manufacturing outside of Africa

2000/2001

- acquired **Sugarbird**, an established business in the manufacturing and marketing of premium jams, preserved fruit and vegetables, glazed fruit and cake mixes

2001/2002

- acquired 100% of S.A.D, the Group's largest acquisition since the merger, further diversifying the Group's products outside of the traditional grain-based products.

2002/2003

- established Heinz Foods SA, a joint venture with HJ Heinz
- increased shareholding in Ceres Fruit Juices from 37.5% to 75%
- established Bokomo Botswana

Evolution *continued*

2003/2004

- increased shareholding in Ceres Fruit Juices from 75% to 100%
- acquired Frucon Beverages
- acquired Moir's, one of the oldest and best known household brand names in South Africa
- acquired Accolade Trading, giving the Group an increased exposure to the rice market through the Spekko brand
- acquired Golden Lay
- acquired the assets of Kquality Biscuits
- established a 50/50 joint venture, Bowman Ingredients SA, with J.A.S. Bowman & Sons, wheat millers in England

2004/2005

- signed an agreement with PepsiCo, Inc to be its carbonated soft drink franchisee in South Africa
- acquired the Marmite, Bovril and Maizena brands with ownership extending to South Africa, Botswana, Lesotho, Swaziland, Namibia, and Mauritius (Bovril only)
- further increased involvement in the spreads category by acquiring the Redro and Peck's Anchovette brands
- acquired Belso's (United Kingdom) Cereals, a business specialising in muesli breakfast products and competing in the United Kingdom and Scandinavian markets

2005/2006

- implementation of a BEE transaction with more than 11 000 employees of the wholly-owned South African subsidiaries of Pioneer Foods, the majority of whom are black

2006/2007

- acquired the assets of Crossbow, involved in the manufacturing and packaging of dried vegetables
- acquired the assets of Savoury Foods, involved in the manufacturing of Marmite and Bovril, previously outsourced by the group

Board of Directors

Chairman

- HE (Boy) Blanckenberg (Independent)

Vice-chairman

- JA (Nols) Louw (Independent)

Executive Directors

- WA (André) Hanekom (Managing Director)
- LR (Leon) Cronjé (Financial Director)
- MT (Tertius) Swanepoel
- TA (Tertius) Carstens

Non- executive Directors

- WA (Willem) Agenbach
- GD (George) Eksteen
- JN (Johannes) Hamman
- N (Nhlanhla) Mjoli-Mncube (Independent)
- AH (Andile) Sangqu (Independent)
- AC (Amanda) Singleton (Independent)
- Dr FA (Franklin) Sonn (Independent)
- Dr MI (Iqbal) Survé (Independent)
- AW (Albie) Bester
- JH (Kosie) van Niekerk

Executive Management

André Hanekom (49)

CA (SA)
Managing Director



- 20 years service
- André started his career in the group with Bokomo Breakfast Cereals and in 1994 he was appointed CEO of Bokomo. After the merger, André was the Executive Sasko Milling & Baking before being appointed as CEO of the group in 1999.

Mkuseli Dlikilili (43)

BAdmin (Hons) MA
Human Resources



- 7 years service
- Mkuseli joined the group in 2001 from Portnet, where he served as Human Resources Manager. He was appointed Executive for Human Resources of the group in 2003.

Leon Cronjé (51)

CA (SA)
Financial Director



- 21 years service
- Before joining the group in 1987, Leon was Group Financial Manager at Boland Bank for five years. Leon was General Manager: Finance at Sasko before the merger and appointed in the same role for Pioneer Foods before becoming Financial Director in 1999.

Pieter Stofberg (54)

BA (LLB)
Company Secretary and Legal Services



- 26 years service
- Pieter joined Sasko in 1981 from Boland Bank. Prior to the merger, Pieter was Executive Legal Services and Company Secretary at Sasko and fulfilled the same role at Pioneer Foods since the merger.

Executive Management *continued*

Rosh Naidoo (34)

B.Proc

Corporate Strategy



- 4 years service
- Rosh served as a candidate attorney with MacRobert, de Villiers for two years. She was also a manager in the Legal Division of Deloitte before joining Ceres Fruit Juices in 2003. She was appointed as Executive: Corporate Strategy in 2007.

Tertius Carstens (45)

B Eng (Chem) MBA

Executive Director and Sasko



- 13 years service
- Tertius has 13 years experience within the group, both pre and post merger in managerial and executive capacities. His current position is Executive Director responsible for the Sasko division. Prior to that Tertius acted as the Executive Director responsible for S.A.D.

Tertius Swanepoel (53)

B Econ

Executive Director Marketing



- 19 years service
- Tertius joined the group in 1989 as Assistant Manager of Bokomo Cereals before progressing to General Manager. In 1997 he became the Executive responsible for Bokomo Foods and was appointed Executive Director of Pioneer Foods in 2004

Felix Lombard (39)

CA (SA)

Bokomo Foods and S.A.D



- 14 years service
- Felix started his career at the group in 1994 as Head of Information Systems at Bokomo and then Pioneer Foods. He then acted as Financial Manager for Sasko Maize Mills and in 1999 was promoted as Executive: Agri Business and Packaging. Felix is currently Executive: Bokomo and S.A.D.

Executive Management *continued*

Pieter Hanekom (43)

CA (SA)

The Ceres Beverage Company



- 15 years service
- Pieter joined the group from Distillers Corporation in 1993 as Financial Manager at Bokomo. He has since fulfilled numerous managerial roles in the packaging and Agri businesses before being appointed CEO of the Ceres Beverage Company in 2000.

Hennie Lourens (44)

B.Com (Hons); M.Com; B.Proc

Agri Business



- 11 years service
- Hennie joined the group as Human Resources Manager for Bokomo in 1996 from Transnet where he was Human Resources Manager. Before being appointed as Executive: Agri in 2007, Hennie was General Manager for the Sasko grain business of the group.

Competition Commission Investigation

- Recent media reports citing remarks attributed to Competition Commission - fine of R1.2 billion will be levied on Pioneer Foods for price-fixing
- Impression given that Pioneer Foods guilty of price-fixing, un-co-operative and obstructive and liable for a penalty of that magnitude
- Correct position is:
 - Competition Act determines penalty imposed for prohibited practice such as illegal price-fixing, may not exceed 10% of annual turnover in South Africa plus exports during firm's preceding financial year
 - i.e. maximum penalty 10% of turnover as described, but can be less
 - Competition Act further provides that amount of appropriate penalty must be determined by taking following factors into account:
 - ▶ nature, duration, gravity and extent of contravention;
 - ▶ loss or damage suffered as a result of contravention;
 - ▶ behaviour of respondent;
 - ▶ market circumstances in which contravention took place;
 - ▶ level of profit derived from contravention;
 - ▶ degree to which respondent co-operated with Competition Commission and Competition Tribunal; and
 - ▶ whether respondent previously been found in contravention of Competition Act.

Competition Commission Investigation *continued*

- Therefore actual amount of penalty determined with reference to evidence and rational argument
- Competition Tribunal developed guidelines to lend rationality to decision of determining size of penalty
 - reasoned, that in appropriate instances, would have regard only to turnover in particular market affected by prohibited practice as opposed to total turnover
- Precedents:
 - 2.5% fine on affected turnover of SAA
 - sum total of 5.5% of Mittal SA's turnover
 - Competition Commission and Tiger Brands negotiated penalty of 5.7% of national bread turnover
 - R98 million paid by Tiger Brands approximately 0.5% of total annual turnover for 2007 financial year
- At present Pioneer Foods cited as respondent in bread price-fixing charge in Western Cape only
- Trial preparations now underway and more complaint referrals expected to be delivered for alleged price-fixing in national bread market and national milling market
- Pioneer Foods full co-operation in due process and with the Competition authority will continue