



# INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2009

# Agenda

Key features

Operating environment

Financial review

Operational review

Strategic review

Prospects



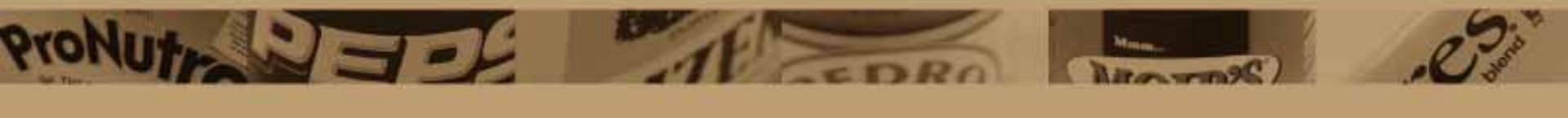


# KEY FEATURES

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# Key features

- *Revenue up 20% to R8,4 billion*
- *Cash profit from operating activities up 32% to R711 million*
- *Operating profit before items of a capital nature up 39% to R549 million*
- *HEPS up by 18% to 170 cents per share*
- *Dividend per share up 20% to 36 cents per share*
- *Debt to equity ratio 32%*



# Key features (cont.)

- Profitability and cash flow pleasing
  - Bakeries once-off costs/delayed price increases in comparative period not repeated
  - March 09 performance exceptional
  - Sales volumes pleasing
  - Focus on costs delivered benefits





# OPERATIONAL ENVIRONMENT

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# Operating environment

- Government support
  - Deem South African food production as important to ensure food security
  - Increased government social grants positive for food manufacturers
- Progress in Zimbabwe
  - Positive effect on South African food exports currently – specifically maize meal
- Exchange rate volatility



# Operating environment (cont.)

- Decline in global / local grain prices
  - Affected by global financial crisis
  - Good global/local weather conditions in recent times
  - Good Northern hemisphere crops
  - Strengthening Rand
- Possibility of a turn-around in grain prices
  - Grain prices being close to production costs may lead to lower plantings
  - South African weather forecasts for new season not positive
  - Maize exports to Africa high

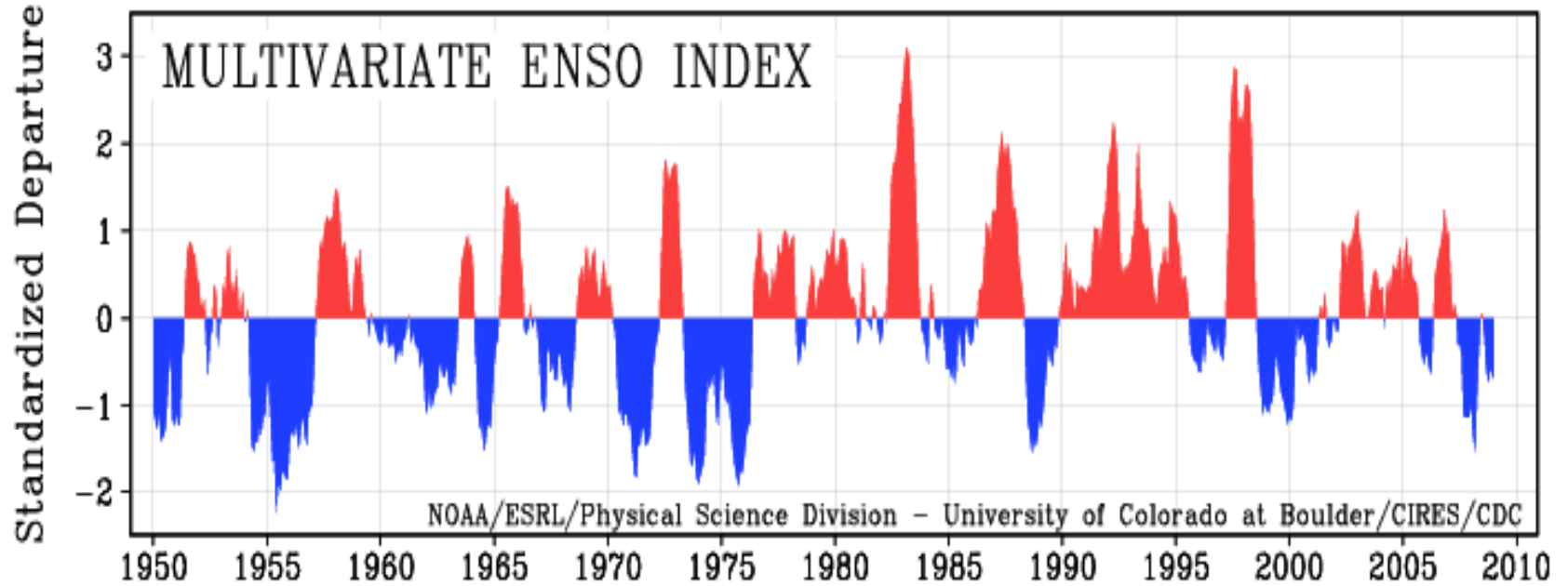


# Operating environment (cont.)

- Food inflation expected to moderate further
  - Significant selling price decreases already in wheaten flour, maize meal, pasta and wheat based cereals
- Food inflation still influenced by cost increases
  - Salaries and wages
  - Transport
  - Electricity
  - Packaging material



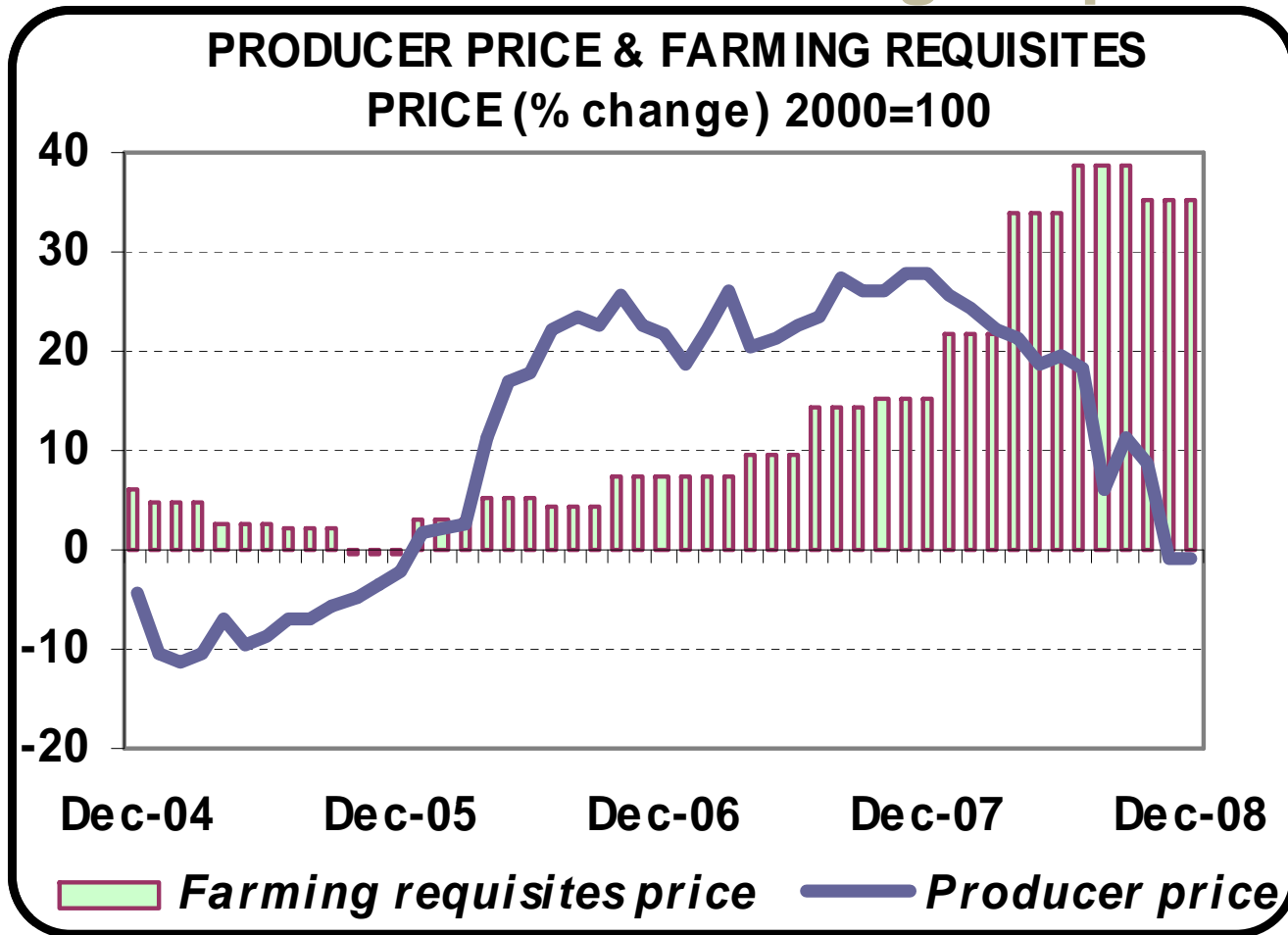
# Weather La Nina / El Nino



Source: SA Weather/ Johan Willemsse



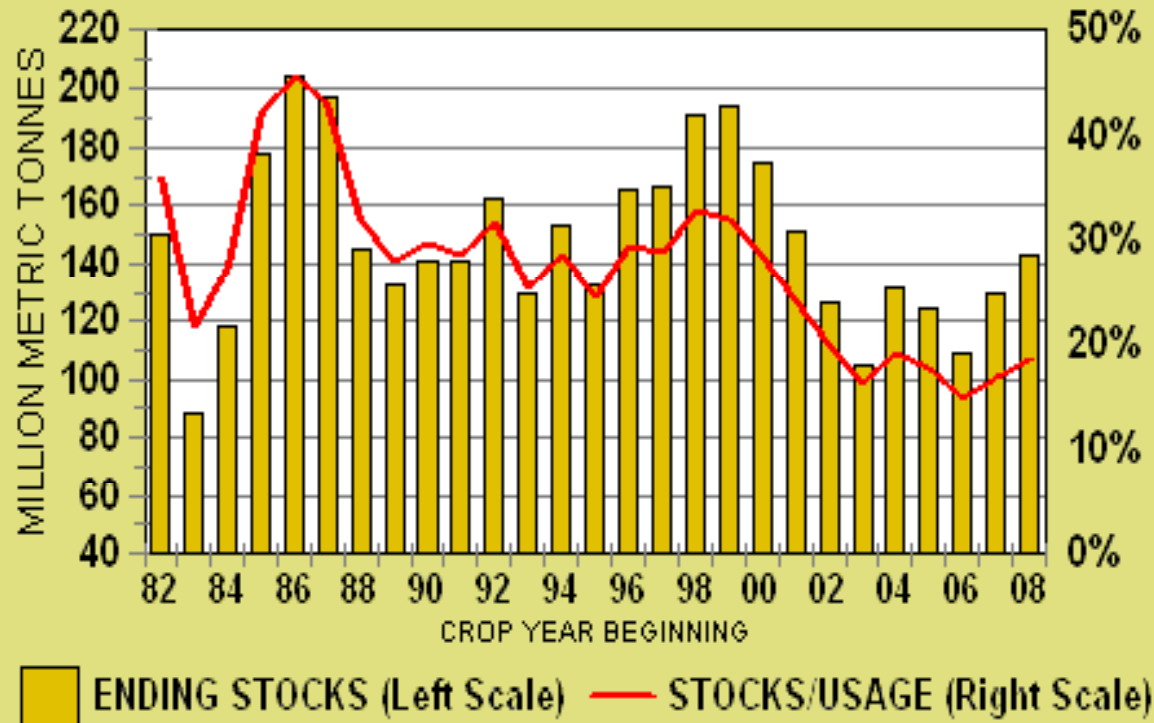
# Producer Price & Farming Requisites



Source: SARB/ Johan Willemse



## WORLD CORN ENDING STOCKS vs STOCKS / USAGE

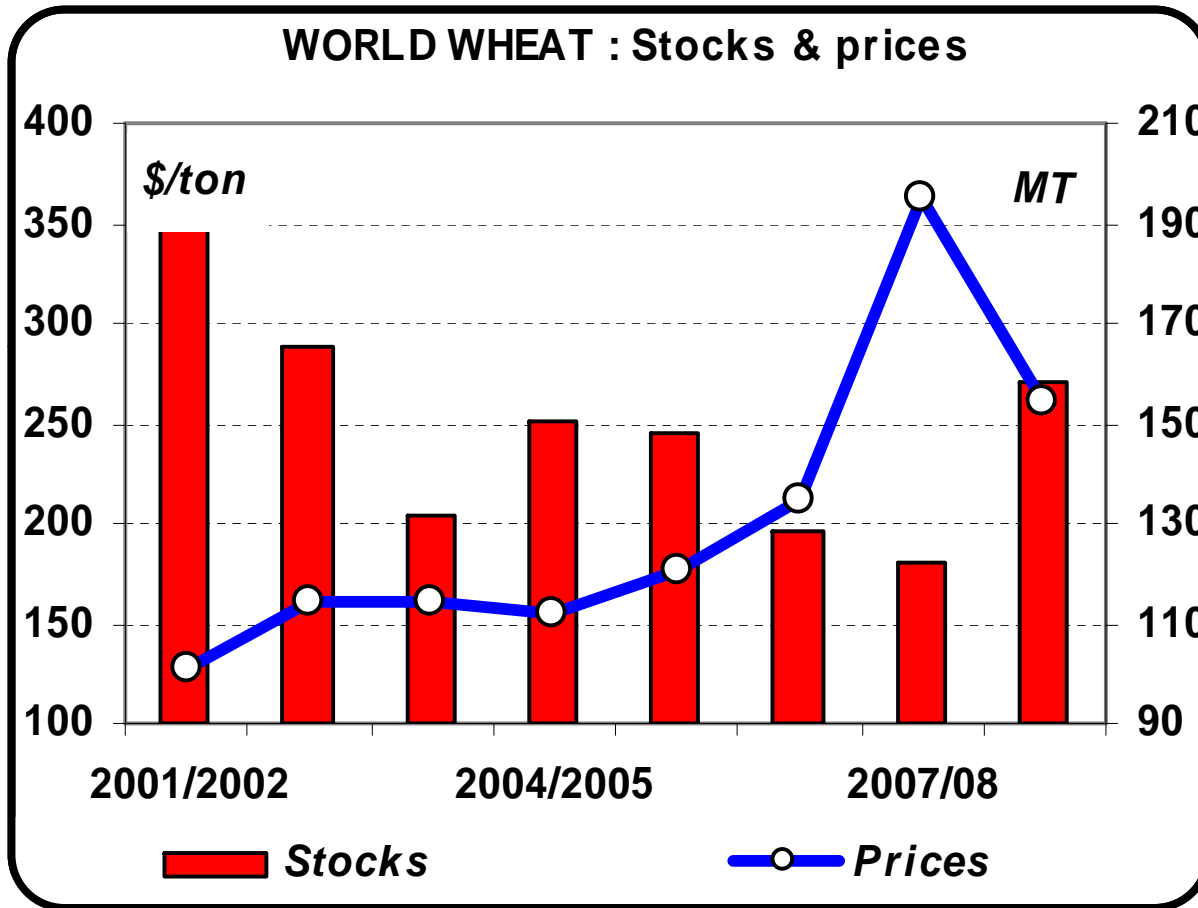


Updated: April 9, 2009

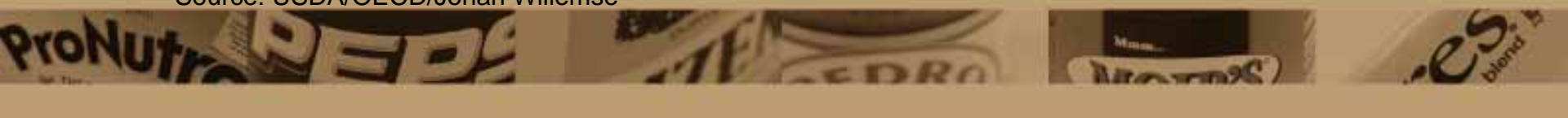
Source: USDA/OECD/Johan Willemse



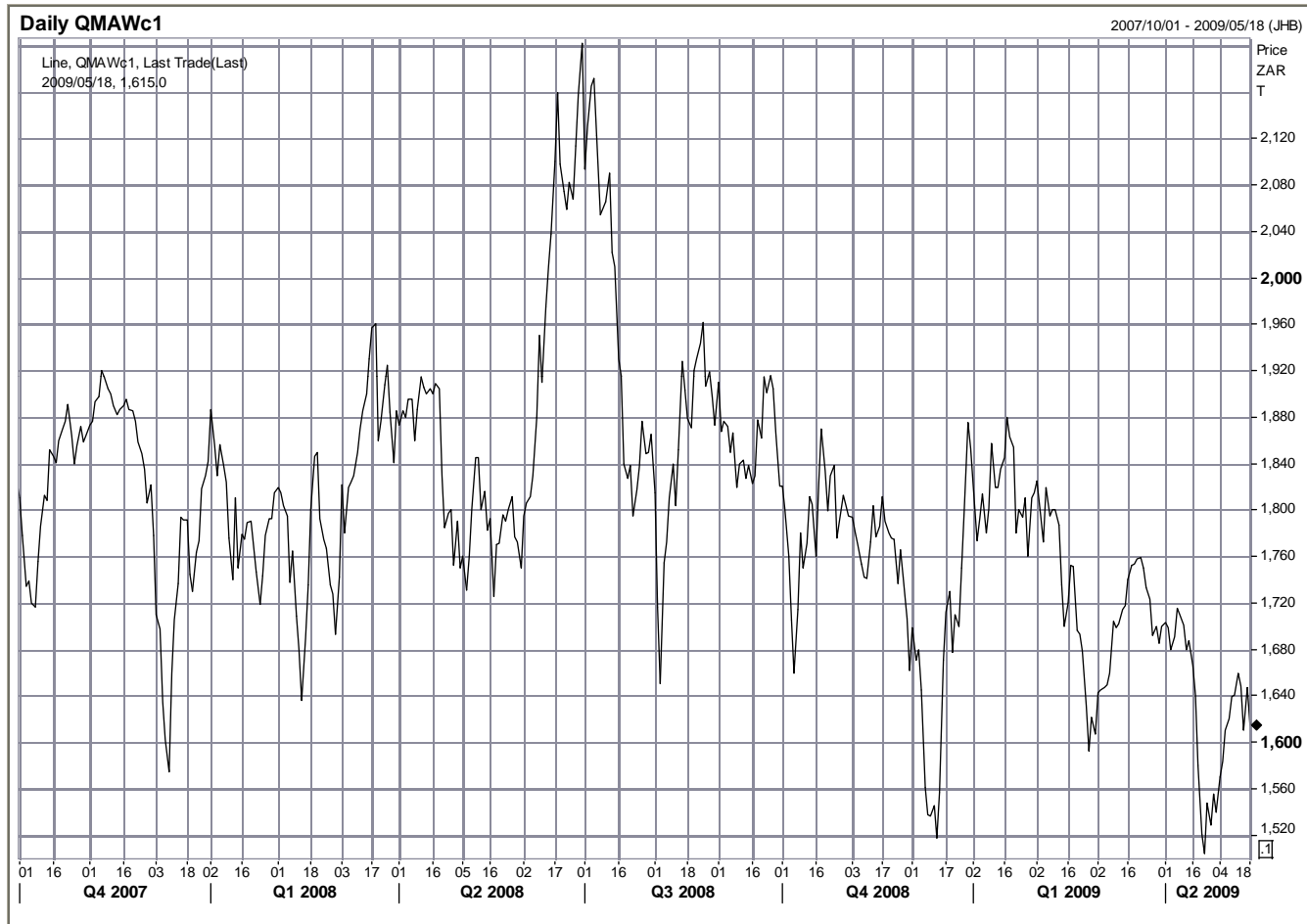
# World Wheat Stocks & Prices



Source: USDA/OECD/Johan Willemse



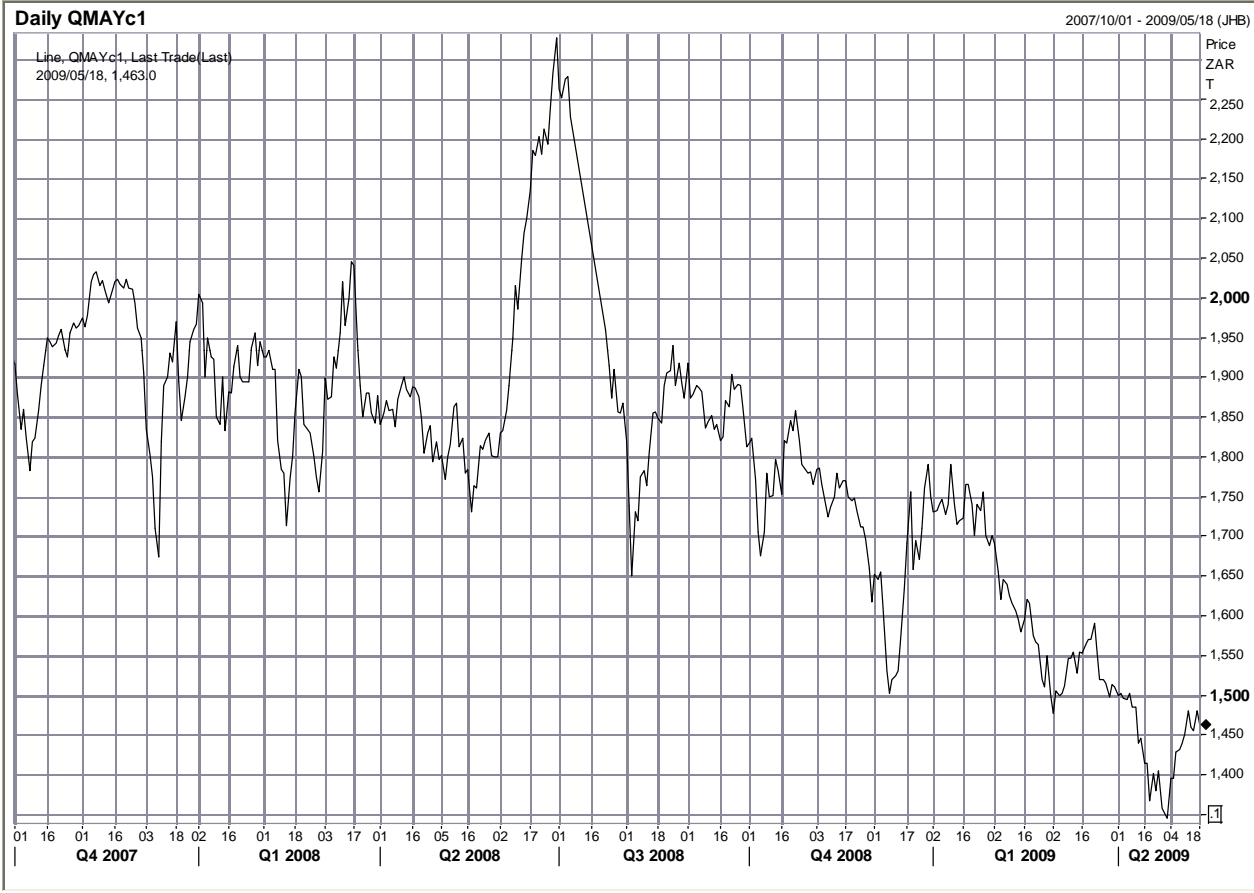
# White Maize



Source: REUTERS



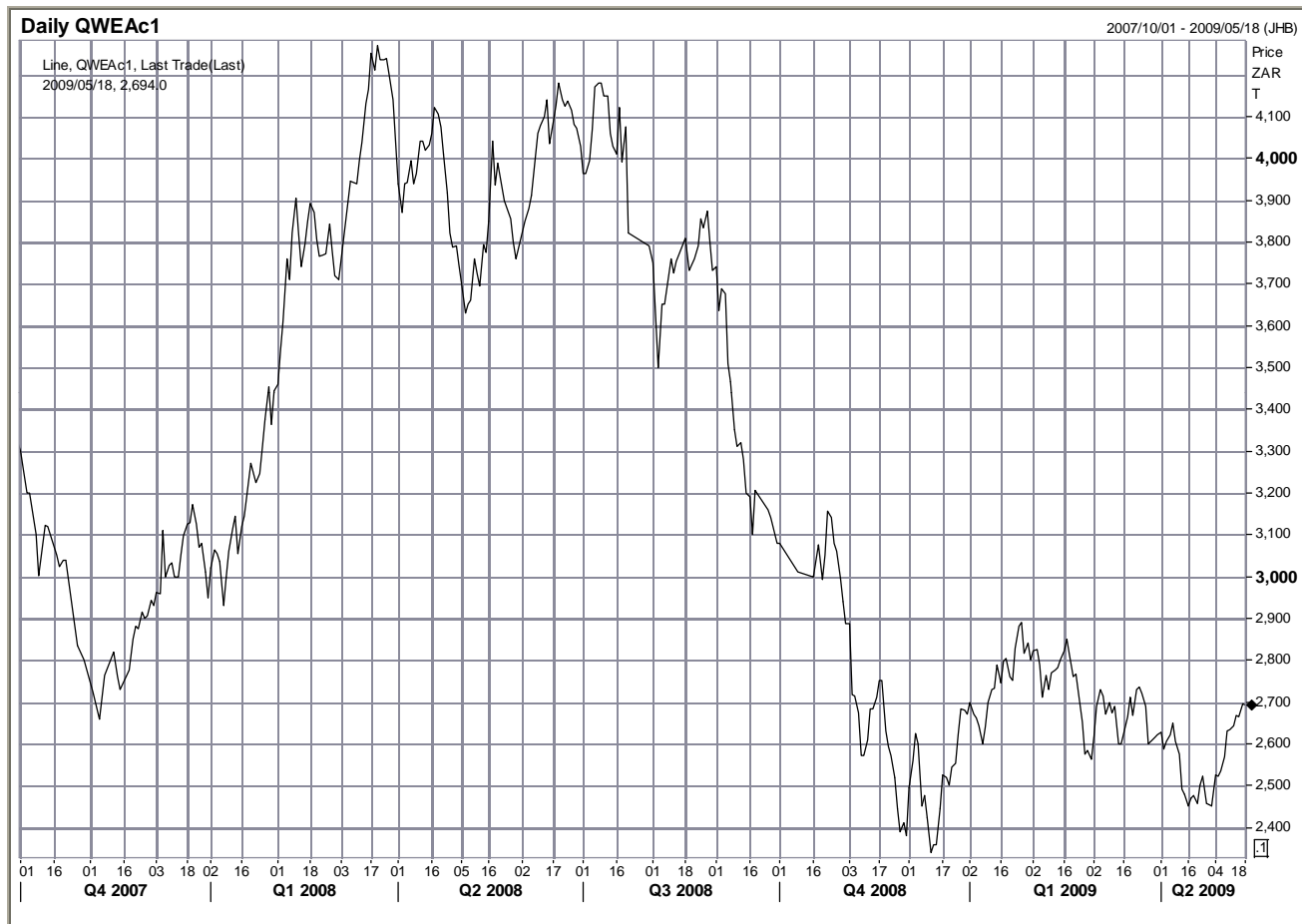
# Yellow Maize



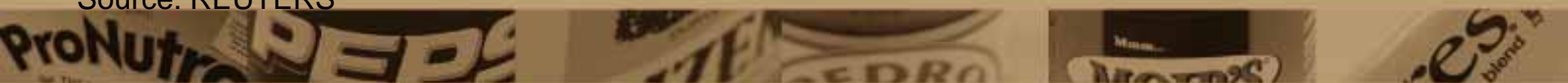
Source: REUTERS



# Wheat



Source: REUTERS





# FINANCIAL REVIEW

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# Segment composition

## SASKO

- Wheat and maize products
- Bread
- Rice
- Pasta
- Bowman Ingredients
- Botswana, Namibia, Zambia and Uganda

## BOKOMO FOODS

- Breakfast cereals (Bokomo)
- Dried fruit products (Safari/S.A.D)
- Spreads (Marmite, Bovril, Redro, Peck's)
- Baking aids (Moir's)
- Bokomo UK
- Sosoy
- Heinz Foods SA

## AGRI BUSINESS

- Broilers
- Eggs
- Animal feed

## CERES BEVERAGES

- Fruit juices
- Fruit concentrate mixtures (Dilutables)
- Carbonated soft drinks



# Income statement analysis-6 months to March

	<b>09</b>	<b>08</b>	
<b>Group Revenue (Rm)</b>	8 374	6 979	+20%
Sasko	4 469	3 630	+23%
Agri Business	1 342	1 217	+10%
Bokomo Foods	1 333	1 222	+9%
Ceres Beverages	1 356	1 099	+23%
Inter Segment	(126)	(189)	



# Income statement analysis-6 months to March

	<b>09</b>	<b>08</b>	
<b>Group Ebitda (Rm)</b>	687	523	+31%
Sasko	421	249	+69%
Agri Business	52	48	+ 8%
Bokomo Foods	156	146	+ 7%
Ceres Beverages	108	89	+ 21%
Unallocated	(50)	(9)	



# Income statement analysis-6 months to March

	<b>09</b>	<b>08</b>	
<b>Group Operating Profit (Rm)</b>	<b>549</b>	<b>395</b>	<b>+39%</b>

Sasko	365	198	+84%
Agri Business	41	38	+8%
Bokomo Foods	126	118	+7%
Ceres Beverages	81	65	+24%
Unallocated	(64)	(24)	



# Income statement analysis-6 months to March

**09**      **08**

**Operating Profit Margin (%)**      **6,6**      **5,7**

Sasko	8,2	5,4
Agri Business	3,0	3,1
Bokomo Foods	9,5	9,7
Ceres Beverages	6,0	5,9



# Group income statement-6 months to March (summary)

<b>Rm</b>	<b>09</b>	<b>08</b>	
Revenue	8 374	6 979	+20%
Net operating profit	549	396	
Net finance costs	111	83	
Income tax expense	140	90	
Headline earnings	297	222	+34%
Earnings	297	224	+33%
HEPS (cents)	170	144	+18%
EPS (cents)	170	145	+17%



# SASKO

<b>Rm</b>	<b>09</b>	<b>08</b>	
<b>Revenue</b>	4 469	3 630	+ 23%
<b>Ebitda</b>	421	249	+ 69%
<b>Operating Profit</b>	365	198	+ 84%
<b>Operating Profit margin</b>	8,2%	5,4%	



# SASKO

- Volumes
  - Maize volumes excellent
  - Wheat down
  - Bakeries flat
  - Pasta and rice volumes down but satisfactorily
  
- Positive results from bakeries due to timeous price increases and non-repeated commissioning costs of Bloemfontein and PE Bakeries during corresponding period



# Agri Business

Rm	09	08	
Revenue	1 342	1 217	+10%
Ebitda	52	48	+ 8%
Operating Profit	41	38	+ 8%
Operating Profit margin	3,0%	3,1%	



# Bokomo Foods

Rm	09	08	
Revenue	1 333	1 222	+ 9%
Ebitda	156	146	+ 7%
Operating Profit	126	118	+7%
Operating Profit margin	9,5%	9,7%	



# Ceres Beverages

<b>Rm</b>	<b>09</b>	<b>08</b>	
<b>Revenue</b>	1 356	1 099	+23%
<b>Ebitda</b>	108	89	+ 21%
<b>Operating Profit</b>	81	65	+ 24%
<b>Operating Profit margin</b>	6,0%	5,9%	



# Ceres Beverages

- Juice and dilutables volumes acceptable
- Exports positive on results due to volume growth and Rand weakness
- Pepsi volumes still doing well despite pressure on CSD volumes leading to lower prices
- Pepsi profitability still low but on plan



# Cash flow analysis

<b>Rm</b>	<b>09</b>	<b>08</b>
Cash profit from operations	711	540
Change in working capital	(154)	(604)
Inventory	(79)	(499)
Debtors	(150)	(281)
Creditors and provisions	75	176
Cash effect from commodity hedging	39	(35)
Cash generated by operations	<u>596</u>	<u>(99)</u>



# Cash flow analysis

<b>Rm</b>	<b>09</b>	<b>08</b>
Cash flow from operating activities	509	(226)
Cash flow from investment activities	<u>(227)</u>	<u>(363)</u>
Net Cash Surplus/(deficit)	282	(589)
Cash flow from financing activities	<u>(296)</u>	<u>(55)</u>
Net decrease in cash	(14)	(644)





# OPERATIONAL REVIEW

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# Sasko

- Maize mills fully utilising recent capacity expansions
- Krugersdorp Wheat Mill capacity increase and efficiency upgrade successfully completed at a cost of R85 million
- Natal bakeries capacity increase postponed

# Agri Business

- Significant swing in the performance of the egg business
- On-farm performance of broilers disappointing



# Bokomo Foods

- New Weet-Bix capacity on stream from July, to be completed by September 2009; 25% capacity increase at a cost of R130 million
- New raisin crop smaller, leading to exceptionally high prices
  - Negative financial impact in 2009/2010 financial year
- Nature's Source' manufacturing facility to be moved to the existing Western Cape breakfast cereal factory from Durban as part of cost reduction initiatives



## Bokomo Foods (cont.)

- Acquisition by Heinz of frozen food facility in Gauteng concluded in April 2009
  - Capacity increase in progress
  - Distribution cost savings expected
  - New market opportunities



# Ceres Beverages

- Beverage facility expansion of R110 million in Wadeville to be completed in the beginning of 2010
- Pepsi manufacturing to begin in the Ceres Beverage plant





# STRATEGIC REVIEW

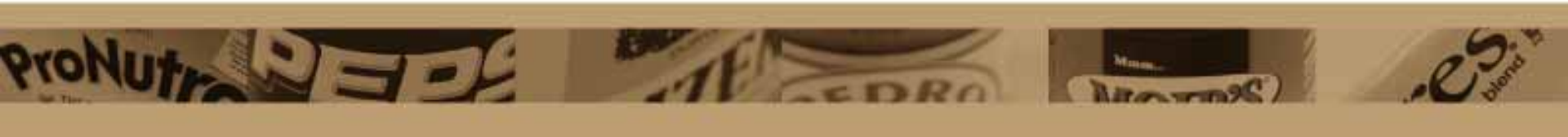
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# Strategic review

**The growth strategy of the group, since the merger, is to enter into categories dominated by market leaders and broaden the choice of the consumer**

**The benefits of the strategy are becoming significant, with further potential still to be unlocked**

- White Star launched 10 years ago and now super maize meal market leader at a premium price
- Breakfast Cereals was a small business which grew to be a market leader by creating capacity and new product lines:  
e.g. Corn Flakes, Bran Flakes, Otees
- The Pasta business was started in 1994 and has grown to the largest manufacturer in 2008



# Strategic review (cont.)

- Built Spekko into a national brand after acquisition in 2004, from its regional presence in the Western Cape
- Heinz Ketchup was launched in 2004 with a superior quality offering to the consumer
- The launching of PEPSI in the carbonated soft drinks market was successful, with significant potential for the medium to long term



# Strategic review (cont.)

## Key strategies and focus areas

- Management of volumes versus margins critical
- Cost containment and factory efficiency
- Manage cash flow to contain debt
- Capex of some projects postponed given the current economic climate





# PROSPECTS

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# Competition Commission Investigation

- Trial set for the last two weeks in June 2009; trial preparations are underway
- No provision for a penalty has been raised
- If the defense is unsuccessful an administrative penalty may be imposed in terms of S59 of the Act, not exceeding 10% of annual revenue



# Prospects

A more stable food price environment is expected to contribute to an improved operational performance for the full year, though upward cost pressures persist

The growth momentum for the full year is expected to be in line with that achieved in the first half, whilst dependent on the following assumptions:

- Sales volumes from maize meal products to remain at full production capacity
- Sales volumes from bread to be sustained
- Sales volumes from wheaten products to improve
- A much improved performance from the egg business over the corresponding second half in the previous year
- No profit contribution from the broiler business in the current financial year
- Lower raisin export volumes due to a substantially smaller crop
- Improvement in contribution from the fruit concentrate mixtures category



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