

ANNUAL RESULTS

for the year ended 30 September 2010



Agenda



Key Features

André Hanekom

Operating Environment

Financial Review

Leon Cronjé

Operational Review

André Hanekom

Strategic Review

Prospects

Key Features



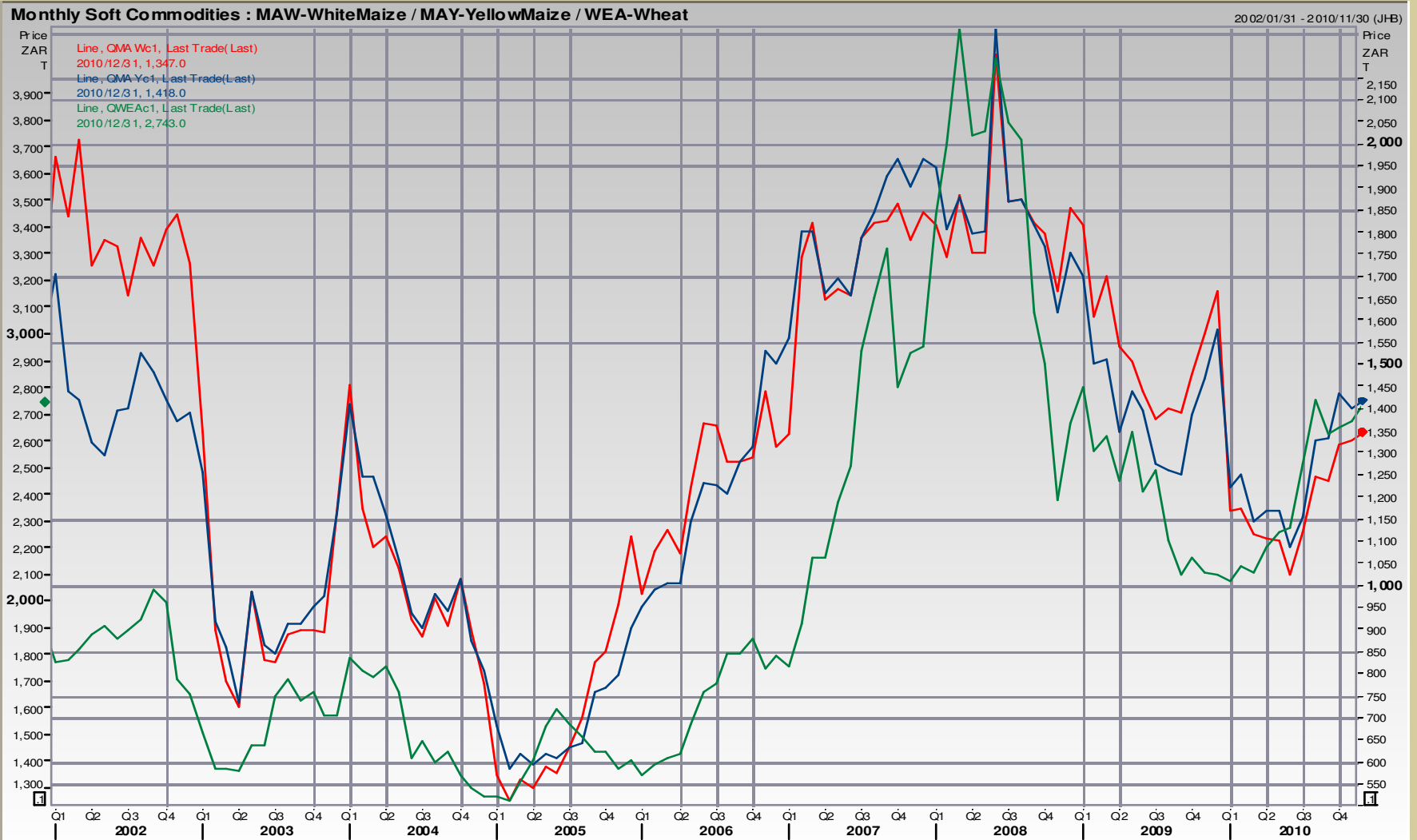
- Revenue down 3% to R15.7 billion
- Adjusted operating profit up 21% to R1 407 m
- HEPS decreased 62% to 134c (R654 m penalties paid and provided)
- Adjusted HEPS increased by 42% to 503c
- Debt decreased by R254 m to R406 m – a ratio of 9% to equity
- No interim or final dividend

Operating Environment



- Significant selling price decreases in the year to September - +/-10% deflation
 - In particular wheat, maize, rice, Weet-Bix, eggs, broilers*
- Satisfactory volume growth, up 5-7% in general
- Determined cost rationalisation
 - Cost savings, efficiencies and distribution streamlining
 - Capital spend to help with improved geographical balance
- Preparation for New Food Labeling Regulations / Consumer Protection Act
- Impact of Wal-Mart entry
- Soft commodity prices increasing

Soft Commodity Price Trends



Financial Review

Leon Cronjé



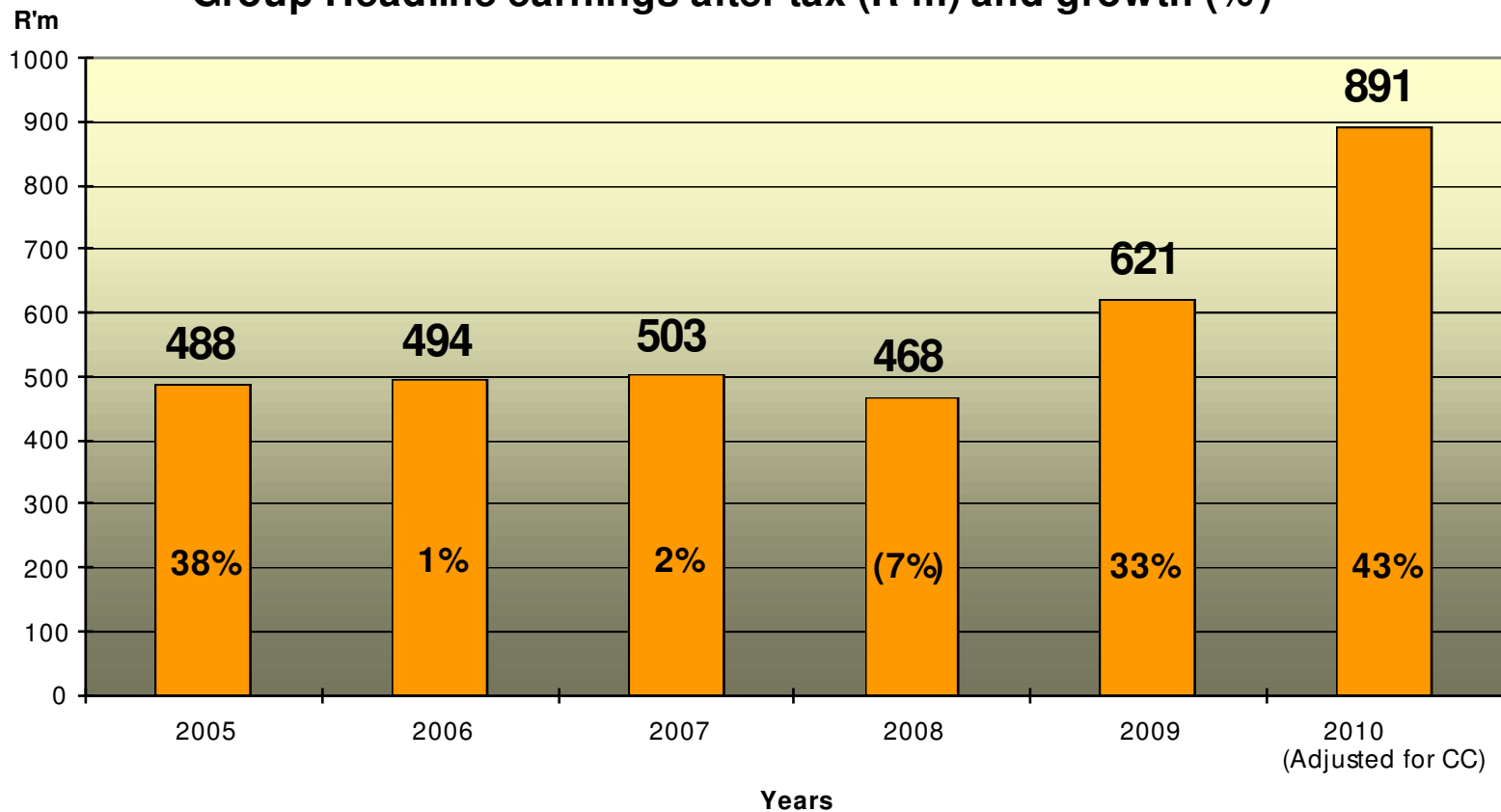
Group Income Statement (summary)



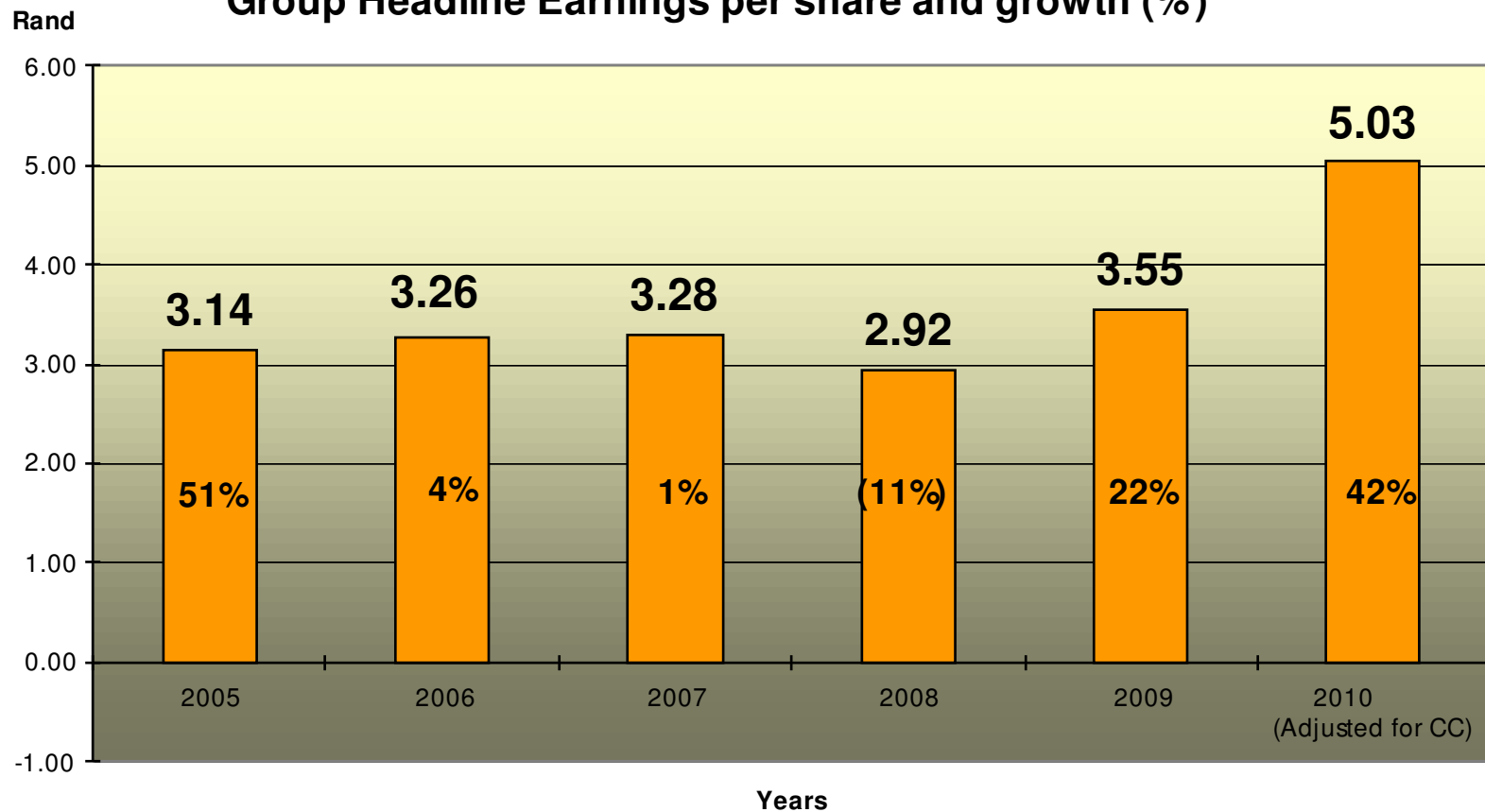
Rm	2010	2009	
Headline earnings	236	621	-62%
Adjusted Headline Earnings *	891	621	+43%
<i>HEPS (cents)</i>	<i>134</i>	<i>355</i>	<i>-62%</i>
<i>Adjusted HEPS (cents) *</i>	<i>503</i>	<i>355</i>	<i>+42%</i>
<i>EPS (cents)</i>	<i>133</i>	<i>321</i>	<i>-59%</i>

** Adjusted for Competition Commission (CC) penalties paid and provided*

Group Headline earnings after tax (R'm) and growth (%)



Group Headline Earnings per share and growth (%)



Group Income Statement (summary)



Rm	2010	2009		
Revenue	15 731	16 284	-3%	-553
Cost of goods sold	<u>(10 720)</u>	<u>(11 733)</u>	+9%	+1 013
Gross profit	5 011	4 551	+10%	+460
GP %	31.9%	27.9%		

Group Income Statement (summary)



Rm	2010	2009	
Other expenses	3 604	3 391	+6%
Other income	(282)	(286)	-1%
Distribution costs	1 326	1 264	+5%
Administrative expenses	313	312	0%
Other operating expenses	2 247	2 101	+7%

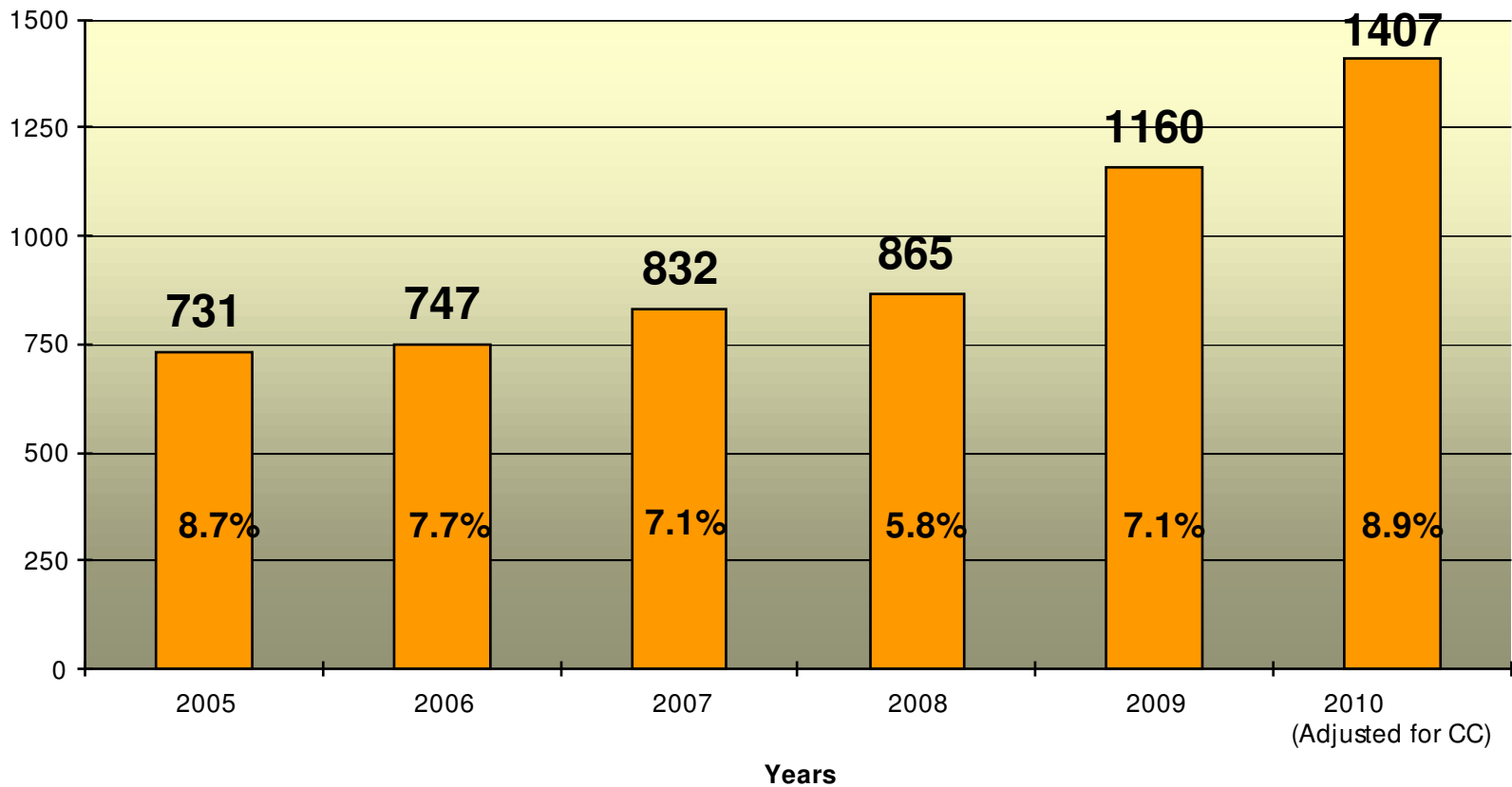
Group Income Statement (summary)



Rm	2010	2009	
Net operating profit	743	1 092	-32%
Operating profit (Adjusted for CC)	1 407	1 160	+21%
CC settlement & penalties	(654)	-	
Items of a capital nature	(10)	(68)	
Operating profit margin (Adjusted for CC)	8.9%	7.1%	

Group - Operating profit (R'm) and Margin %

R'm



Group Income Statement (summary)



Rm	2010	2009	
Net finance costs	125	198	-73
Income tax expense	384	335	+49

Effective rate

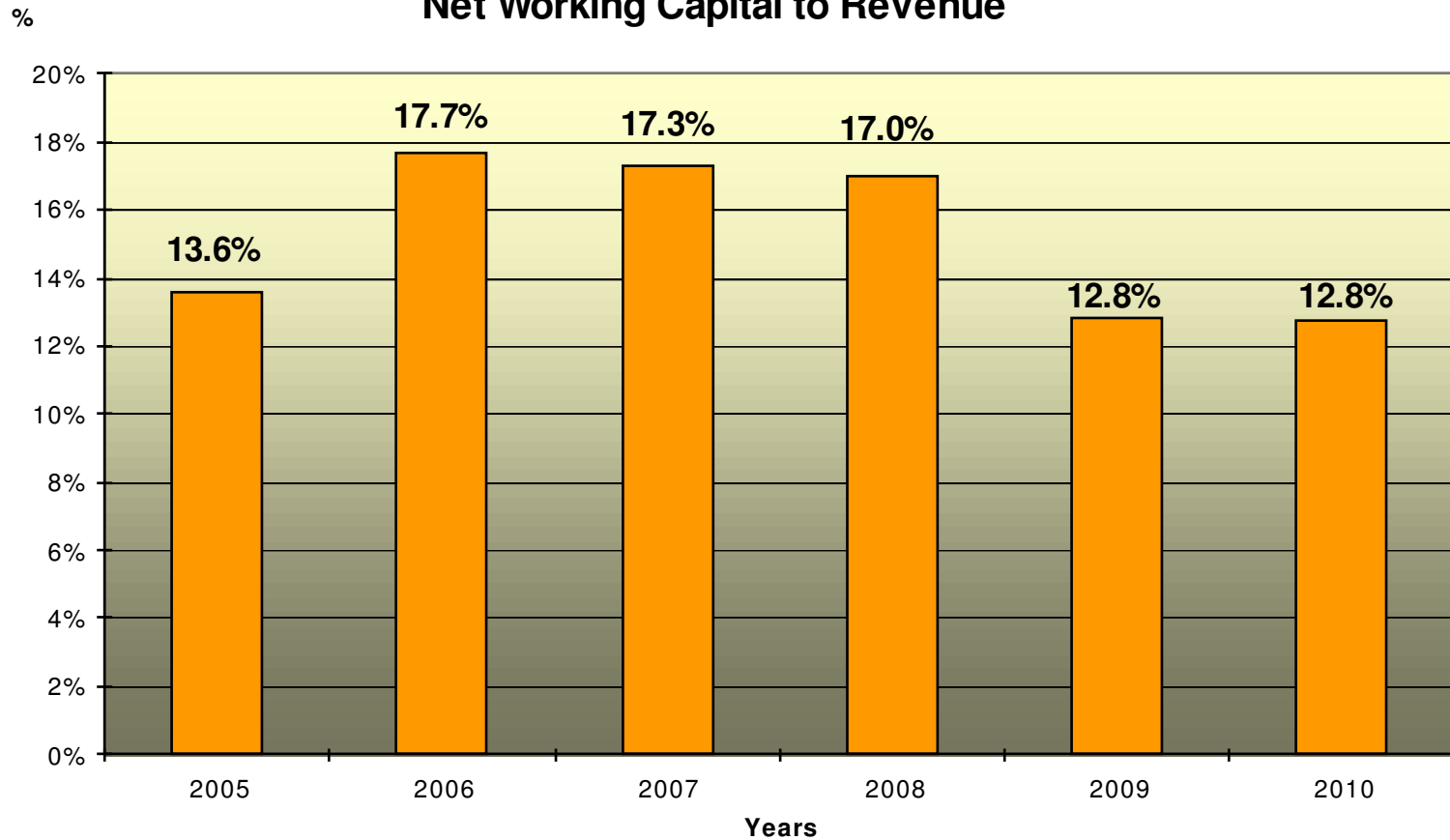
Effective tax rate	<u>62.0%</u>
Share based payments (R49 m pre-tax)	2.2%
CC settlement and penalties	29.6%
“Adjusted” tax rate	<u>30.2%</u>

Cash Flow Analysis



Rm	2010	2009	
Cash profit from operations	1 806	1 510	+20%
CC penalty	(196)	-	
Change in working capital	95	356	
Inventory	44	235	
Debtors	(130)	149	
Creditors	230	(1)	
Other	(49)	(27)	
Cash effect from commodity hedging	19	22	
Cash generated by operations	<u>1 724</u>	<u>1 888</u>	-164

Net Working Capital to Revenue



Capital Expenditure (Rm)



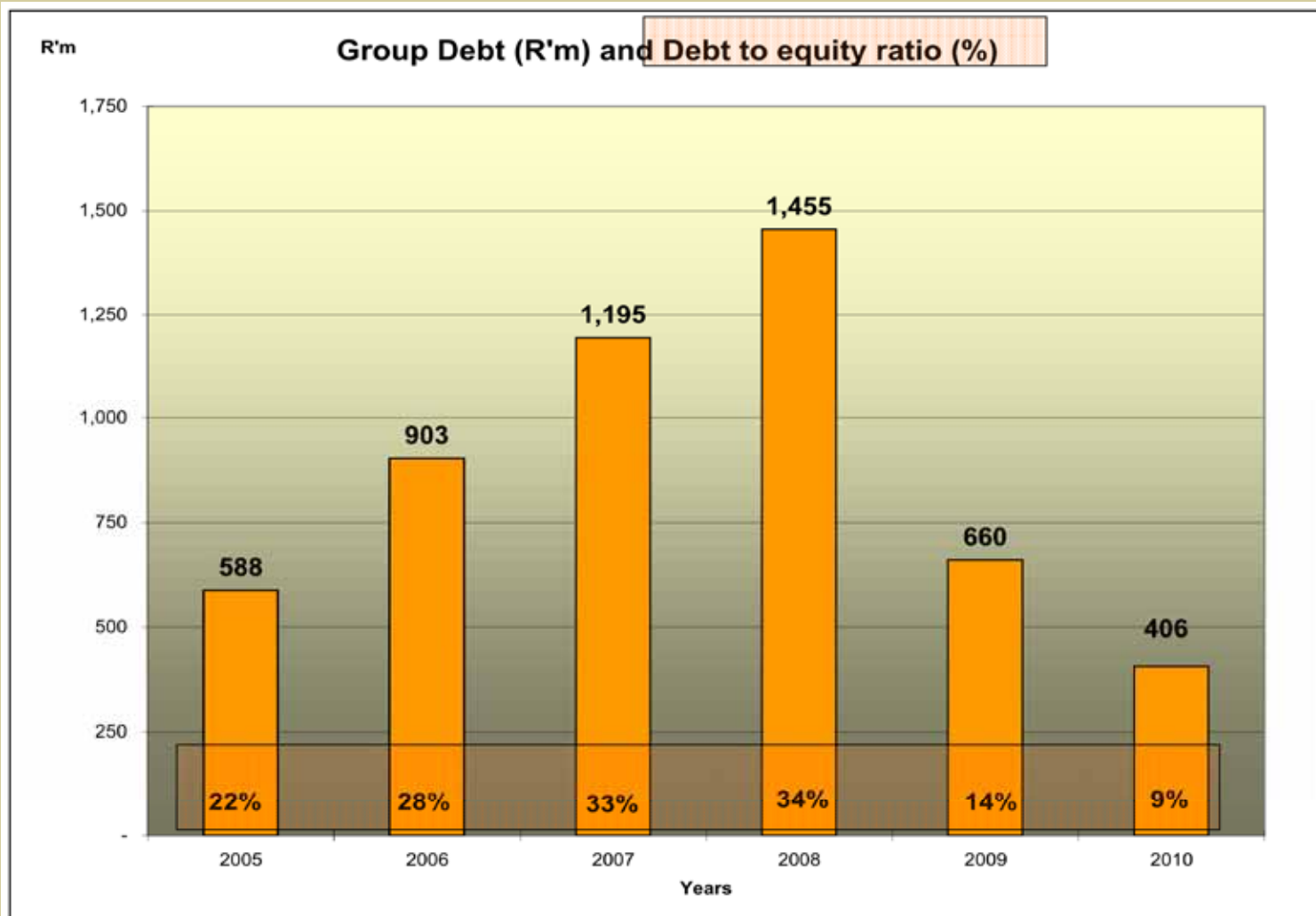
	2008	2009	2010	2011	2012	2013
Actual/Projected	679	499	866	1 000	800	750
• Ceres Gauteng project		X	X	X		
• Biscuit strategy			X	X		
• Rice facility upgrade			X	X		
• Polokwane bakery upgrade			X	X		
• Broiler expansion			X	X	X	
• Pasta capacity expansion				X	X	
• Egg repositioning			X			

Return on average net assets (%)



	2010	2009
Group *	23.9	19.8
Sasko *	38.1	32.9
Agri Business	19.4	15.4
Bokomo Foods	16.2	13.8
Ceres Beverages	15.3	9.8

* *Adjusted for CC*



Segment Analysis



Revenue (Rm)	2010	2009	
Group	15 731	16 284	-3%
Sasko	8 314	8 877	-6%
Agri Business	2 453	2 599	-6%
Bokomo Foods	2 683	2 625	+2%
Ceres Beverages	2 484	2 410	+3%
Inter Segment	(203)	(227)	

Segment Analysis



Operating profit (Rm)	2010	2009	
Group *	1 407	1 160	+21%
Sasko *	982	926	+6%
Agri Business	137	80	+71%
Bokomo Foods	231	195	+18%
Ceres Beverages	165	99	+67%
Unallocated	(108)	(140)	

* *Adjusted for CC*

Segment Analysis



Operating profit margin (%)	2010	2009
Group *	8.9	7.1
Sasko *	11.8	10.4
Agri Business	5.6	3.1
Bokomo Foods	8.6	7.4
Ceres Beverages	6.6	4.1

** Adjusted for CC*

Growth trend in perspective



	1 st Half 2009 (A)	2 nd Half 2009 (B)	1 st Half 2010 (C)	2 nd Half 2010 (D)	(D vs B)	(D vs C)
GROUP						
Revenue (R'm)	8,374	7,910	7,954	7 777	↓	↓
Ebit (R'm)	549	611	777 *	630 *	↑	↓
Margin (%)	6.6%	7.7%	9.8%	8.1%	↑	↓

* Adjusted for CC

Effect of Competition Commission Penalties and settlement



	2010	2011	2012	2013	Total
Earnings	-654	-186	-15	-1	-856
Cash flow	-196	-227	-217	-216	-856

Operational Review

André Hanekom



Sasko



- White maize consumption seems to have peaked
- Wheat consumption improved
- Bakeries maintained satisfactory performance with sustained sales volumes
- Rice and Legume sales increased. Continued sound performance from *Spekko*
- Pasta posted sound results. Increased competition from imported products
- Substantial increase in global soft commodity pricing, stronger Rand provided some relief

Bokomo Foods



- Breakfast cereals performed well with improved production efficiencies
- Weet-Bix achieved good volume growth
- New biscuit factory scheduled for commissioning in May 2011
- Marketing spend increased significantly
- Lower international demand and weak US Dollar impacted Dried Fruit, better second half with good raisin volumes

Agri Business



- Decreased Animal Feed prices supported volume growth and an improved sales mix contributed to better margin
- Lower volumes and selling prices impacted Eggs. Profitability improved from efficiency gains and lower feed prices
- Broiler profitability improved due to lower feed prices, cost management and on-farm performance
- Broiler volumes increased as a result of improved on-farm performance and new facilities
- Acquired Tonko Chicks in Gauteng for R130m, awaiting regulatory approval

Ceres Beverages



- Fruit Juices performed well despite local sales being down on prior year
- Pleasing volume growth and profitability of juice exports despite the strong Rand
- Better juice volumes in last quarter as consumer spending started to pick up
- Fruit Concentrate Mixtures below expectation in competitive market
- Carbonated Soft Drink volumes grew profitably
- Added Lipton ice tea brand from 1 September 2010
- Fruit Juice factory in Wadeville to be commissioned in 2nd quarter calendar 2011

KWV

Salient features of firm expression of interest



- Buy 100% of KWV by way of a scheme of arrangement (Sec. 311)
- Proposed consideration : R828 m (R12/share)
- 25% = Pioneer Foods shares : R207 m
(R49.83 per share = 4.2 m shares)
- 75% = Cash payment : R621 m
- Consideration subject to a number of conditions

Potential benefits to Pioneer Foods of proposed transaction



- The addition of a sizeable business in excess of R700 million revenue that is expected to benefit from synergistic cost structures and improved economies of scale
- Entrenched international and local brands
- Profitable growth in key wine and brandy markets

Strategic Review



Innovation



Strategic Review



- Businesses such as Baking, Milling, Breakfast Cereals, Juice and Eggs are maturing - achieved market leading positions
- Margin protected by cost control and efficiency gains, innovation and brand building
- Expansionary capital spend in:
 - Biscuit plant and brand launch
 - Gauteng juice capacity
 - Gauteng broiler expansion
 - Pasta capacity expansion

Strategic Review



- Pepsi, Pasta, Rice, Broilers, Biscuits, Weet-Bix and Lipton in categories with strong growth potential
- Africa will become greater focus area:
 - Management team strengthened
 - Broiler business acquired in Botswana and Uganda
 - Increased Wheat Milling and Pasta manufacturing capacity in Namibia from early 2011

Prospects



Prospects



Performance for the new year is expected to be influenced by:

- The gradual upward trend in raw material prices
- Cost increase above inflation, e.g. salaries and wages, electricity and transport
- Volatile sales volumes driven by consumer spending patterns
- Inflationary pressures on selling prices

A largely sustained earnings performance is expected in the current financial year

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Thank you

