

Rainbow Chicken Limited (RCL)

Group audited results for the 15 month period ended 30 June 2011

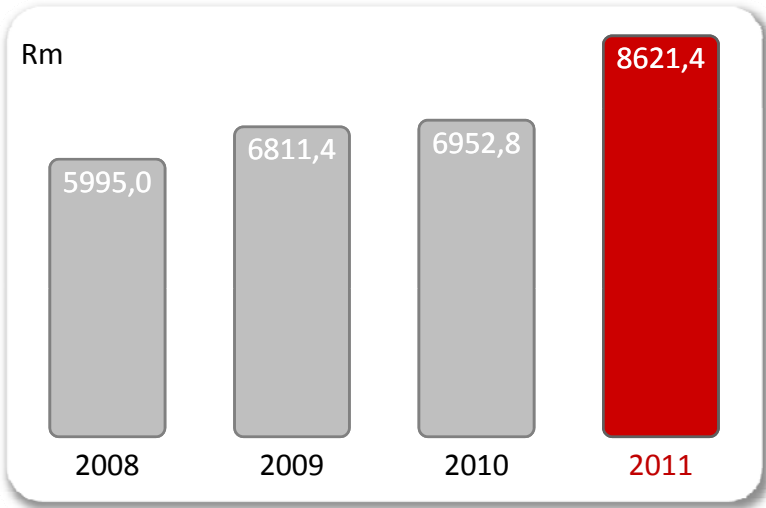
31 August 2011



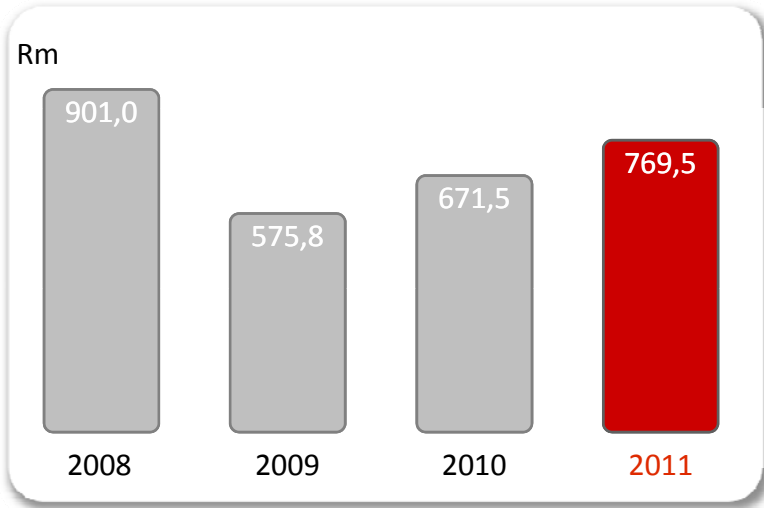
- Impact of change in financial year-end to 30 June:
 - 15 month results versus historic 12 month comparatives
 - Historically the April to June trading quarter is materially lower than the balance of the year
- During the year RCL changed its financial year-end to 30 June to align with its holding company, Remgro Limited
- The reviewed abridged interim results for the 12 months to March 2011 were presented to the market on 24 May 2011
- This presentation covers the results for the 15 month period to June 2011

2011 Statutory Highlights

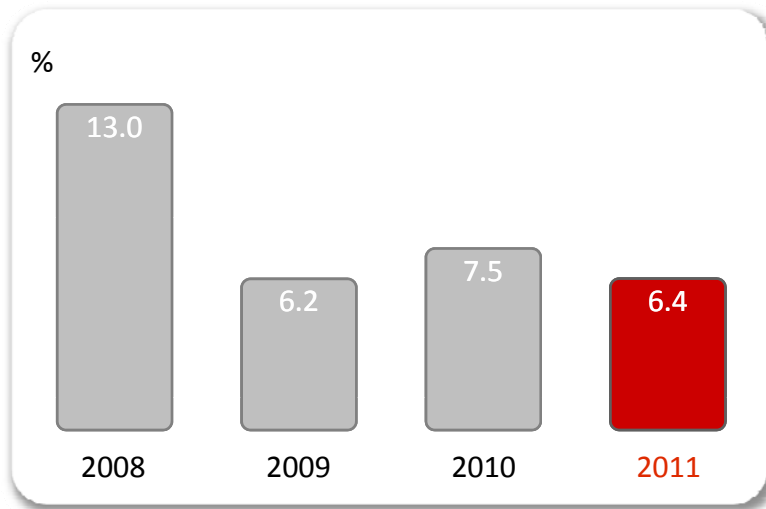
Revenue +24.0%



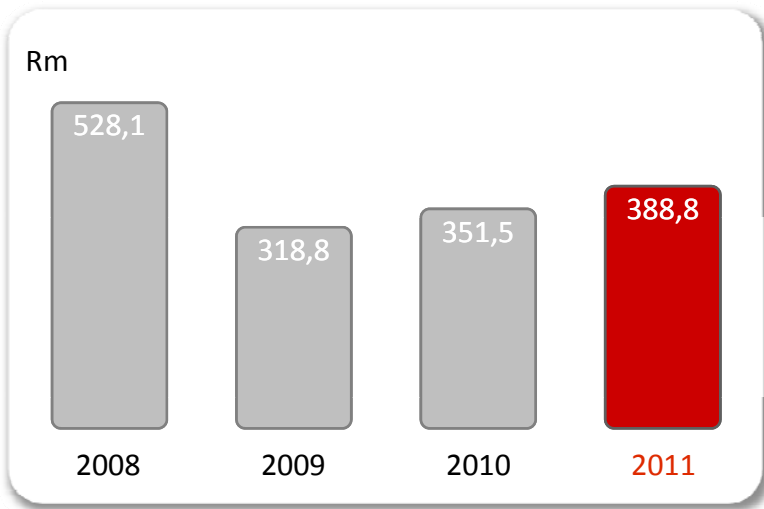
HEBITDA +14.6%



Operating margin -1.1%



Headline earnings + 10.6 %



Market Conditions

- Consumer demand still under pressure despite lower interest rates
- Chicken imports up 36% for 12 months to June
- Rand remained in a strong range
- Feed costs lower at beginning of period but increased through the period
- Chicken price deflation
- Customers in retail and foodservice markets are consolidating their supply chains either by investing and managing it themselves or by partnering third party logistics service providers. This trend is likely to extend to frozen categories as well

What has RCL done?

- Delivered a stable (although lower) margin through difficult market conditions which reinforces strategic focus as appropriate
- Added value component of business continues to grow
- Purchased further processing facility at Wolwehoek near Sasolburg for R52m to provide much needed capacity
- Interacting with government to implement appropriate regulation of brine injection to ensure fair trade and consumer protection
- Restructure into two operating units (Rainbow and Vector) to bring additional operational attention to the businesses and to enable the CEO and CFO of RCL to apply further focus on strategic growth opportunities for the Group
- Increased focus on sustainability initiatives – in 2010 Carbon Disclosure Leadership Index, Rainbow achieved 84% and joint 7th position in the SA top 100 companies

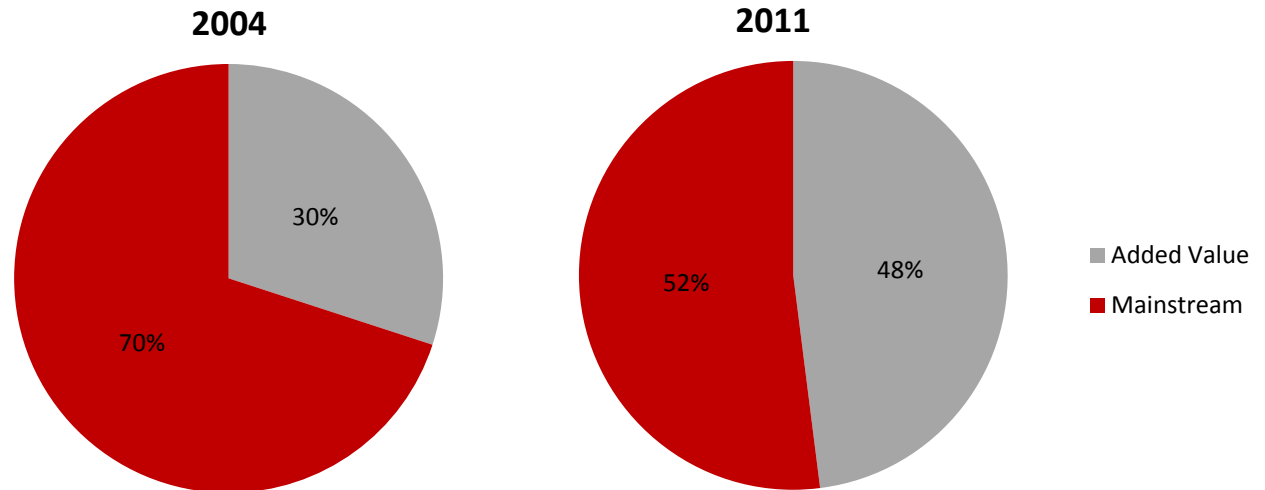
2011 highlights

RCL

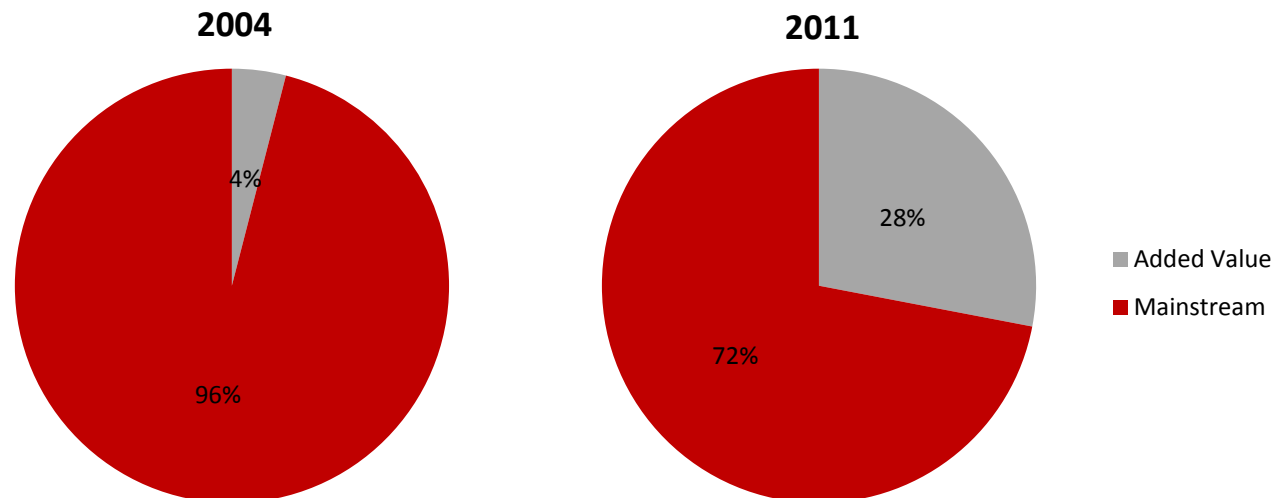
Statutory		2010	2011	%
Revenue	Rm	6952,8	8621,4	+24.0
Headline EBITDA	Rm	671,5	769,5	+14.6
Headline EBIT	Rm	514,1	559,1	+8.8
Effective tax rate	%	33,4	32,9	-0.5
Headline earnings	Rm	351,5	388,8	+10.6
Cash generated by operations	Rm	525,9	643,3	+22.3
Net cash	Rm	539,1	469,5	-12.9
Dividend per share	cents	76,0	84,0	+10.5
Headline earnings per share	cents	120,4	132,7	+10.2
Capex Spend	Rm	251,4	360,0	+43.2
NAV per share	cents	909,3	971,8	+6.9
Return on equity	%	13,8	13,9	+0.1
Operational (Pre IAS39 impact)				
Headline EBITDA	Rm	619,9	709,9	+14.5
Headline EBIT	Rm	462,5	499,6	+8.0
Headline earnings	Rm	314,3	345,9	+10.1

- Focus on added value has seen significant growth
- Purchase of new Wolwehoek facility aligned to strategy and has provided significant additional capacity for chilled processed meats

Contribution to total revenue



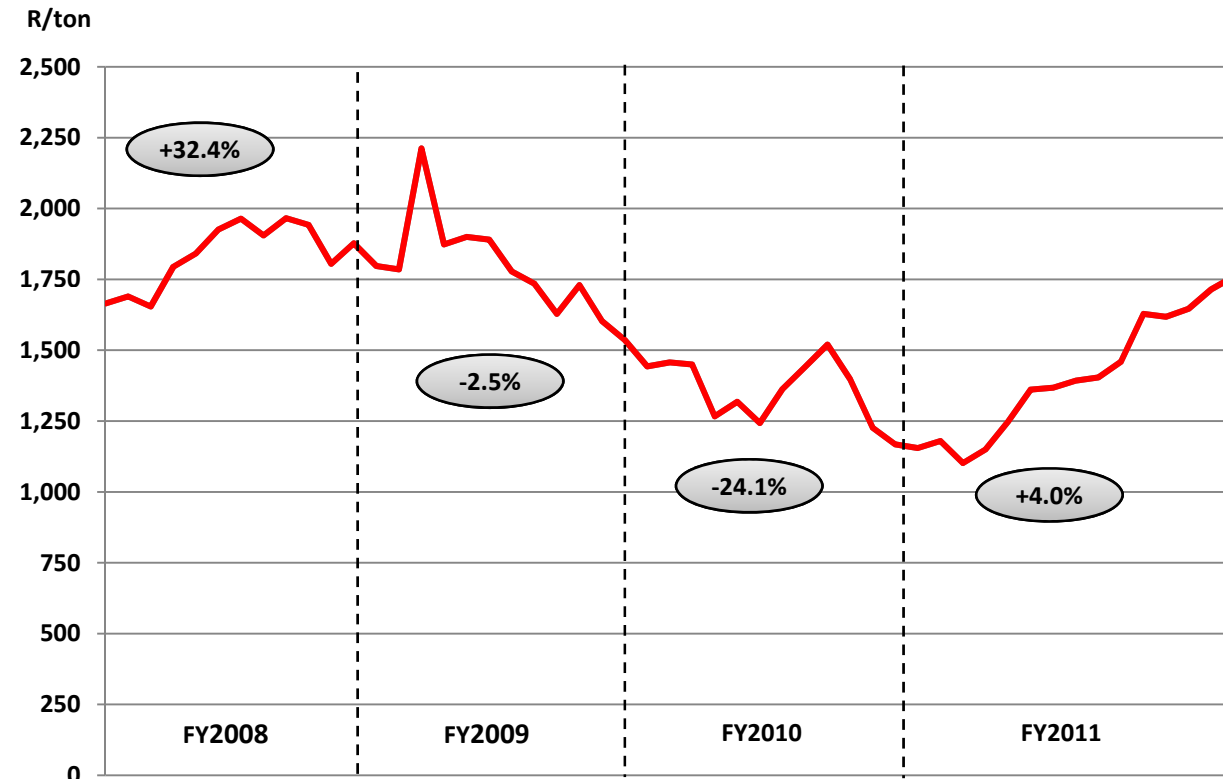
Contribution to retail revenue



Yellow maize (SAFEX)

RCL

- **2010 versus 2011:**
 - Average market price for yellow maize increased by 4%
- **During 2011:**
 - Lowest maize prices in several years recorded in early 2011
 - From September 2010 to June 2011, prices increased by R400 per ton
 - International corn prices hit record high due to US June production estimate showing 22% reduction from May estimate
 - During the same period the local maize crop estimate decreased by 6%
 - Local maize prices are highly correlated to international price movement
- **Looking forward:**
 - Expected ending stocks projected to be lowest in years
 - Local prices have moved away from export parity, exports expected to reduce in order to preserve stocks
 - New local crop estimated to decline 14.8% versus previous crop of 12.8m tons to 10.9m tons
 - New crop has been negatively affected by high moisture levels, harvesting has been delayed



Soya (CBOT)

RCL

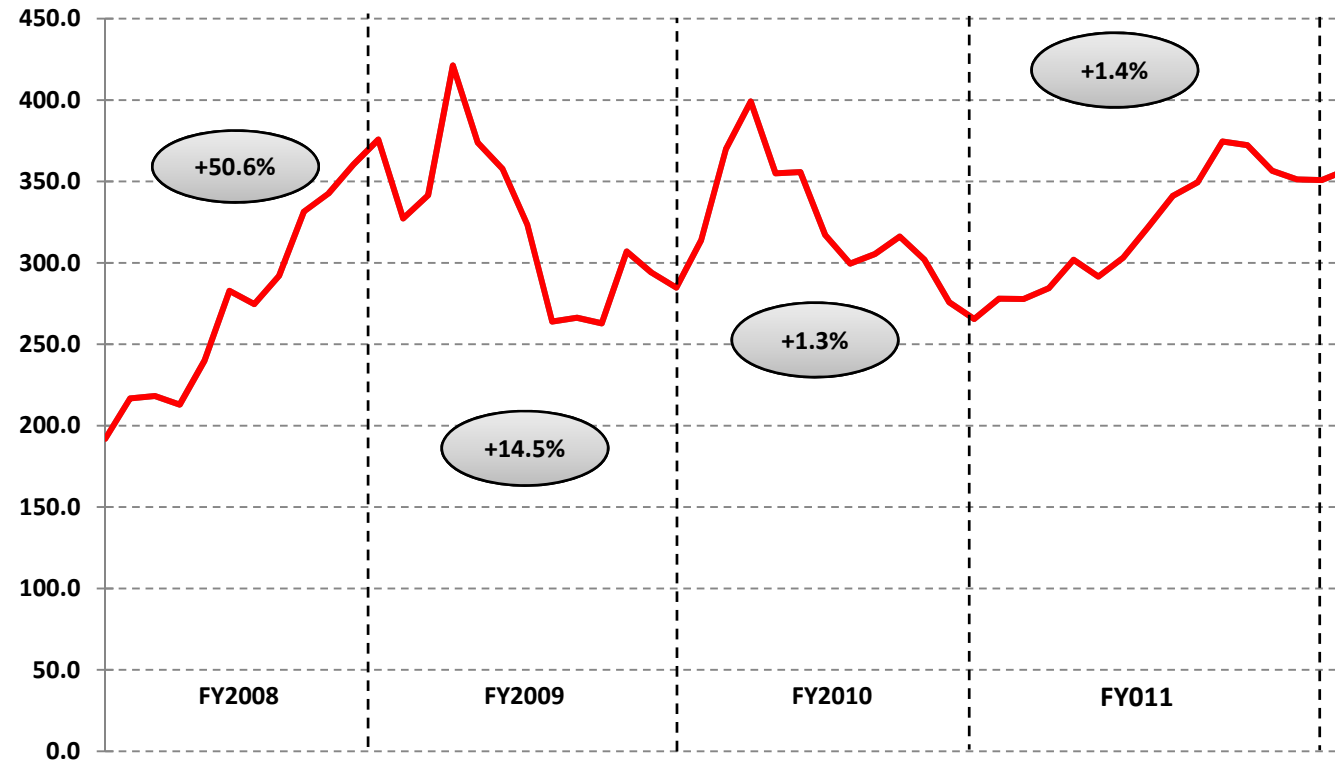
- **2010 versus 2011:**

- Average CBOT soya meal price increased by 1.4%

- **During 2011:**

- Prices were lower in early 2011, trading around \$280 due to record crops in USA, Brazil and Argentina
- Prices bullish from July 2010, led by wheat rally on back of drought in Russia
- October 2010 projected stocks of soybeans reduced by 24%, due to lower production estimates and higher projected usage
- Prices subsequently traded \$20 higher in October compared to September
- November 2010 projected ending stocks reduced with a further 30%, which led to another price increase.
- These consecutive bullish reports led to prices trading in the region of \$350 or 25% up on the start of the financial year
- Since then the market has struggled to break below the \$340 trading range

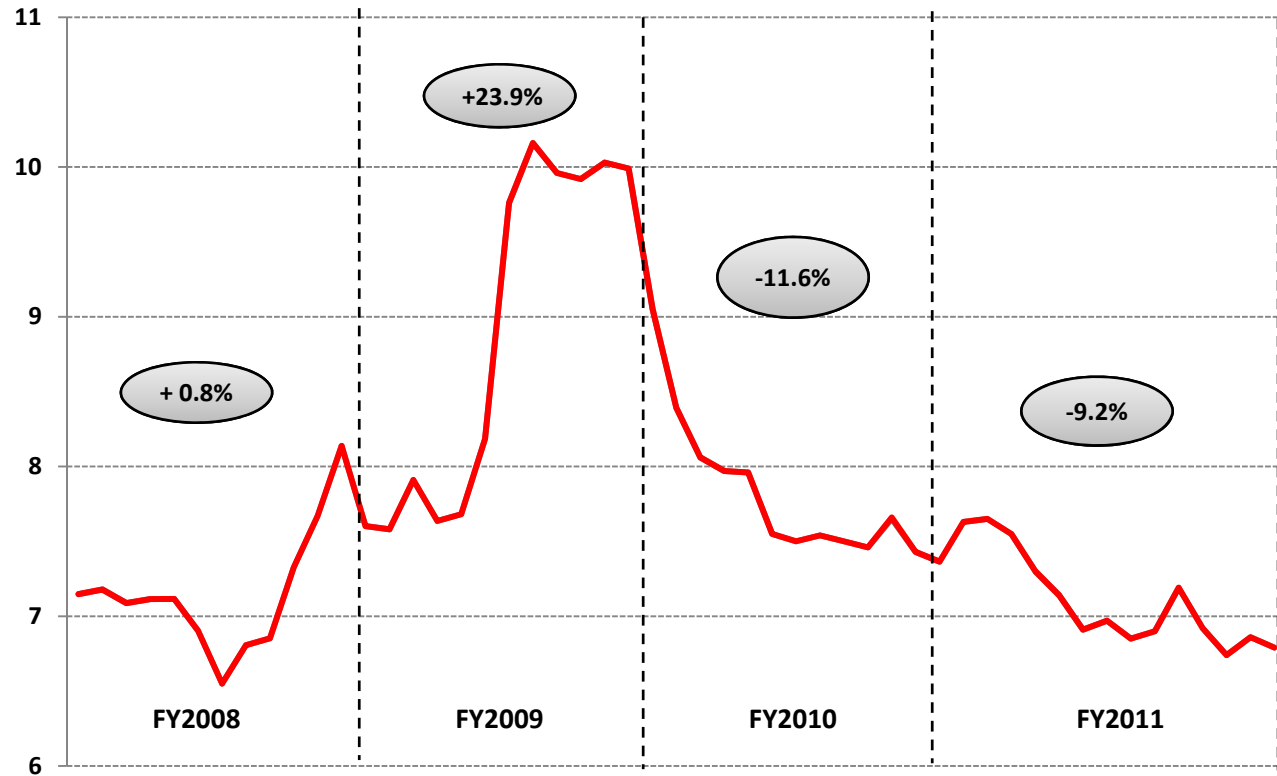
US \$ per ton



Exchange rate

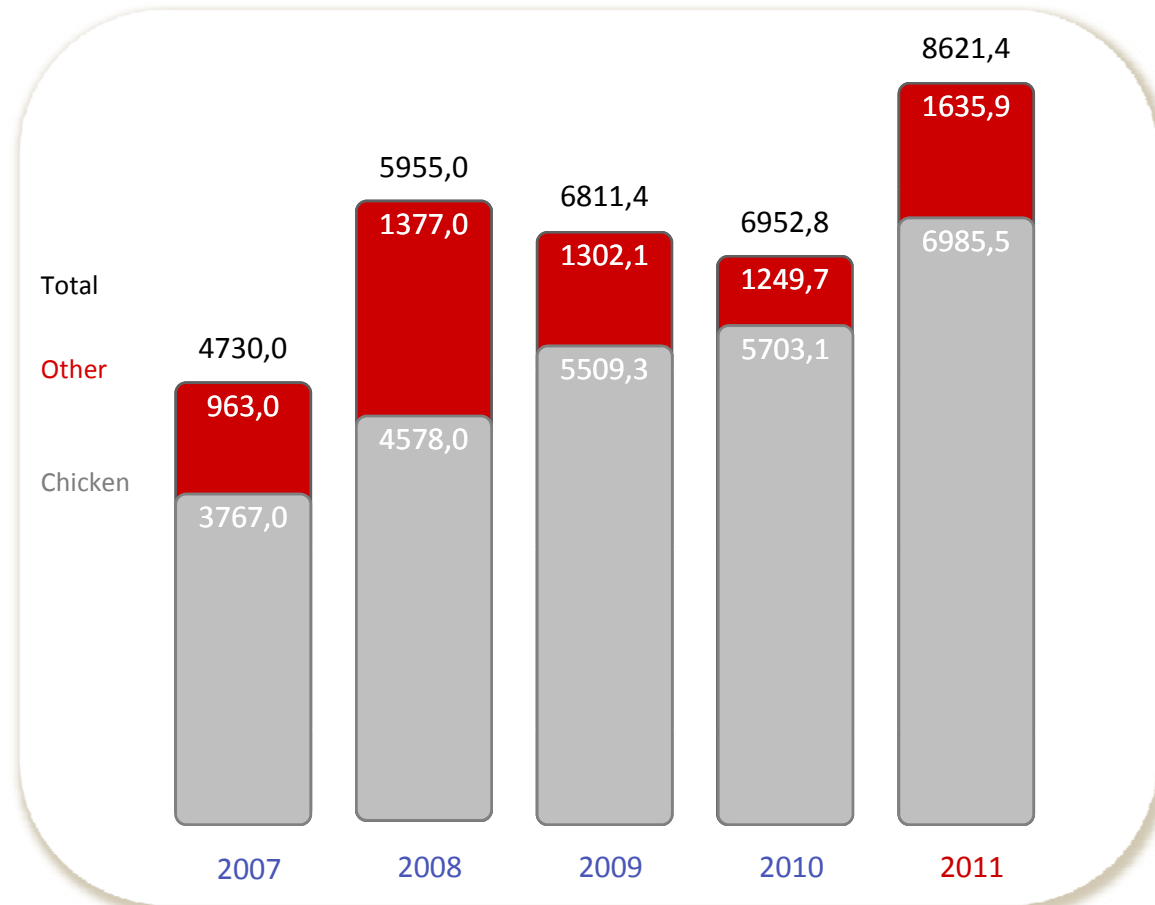
RCL

- Volatility has continued during the current financial year, albeit in a fairly narrow range
- The rand has remained relatively robust notwithstanding debt problems in the Eurozone, unrest in the Middle East, ongoing concerns over the global economy and the weak USD
- The R:\$ exchange rate decreased from R7.36 at the beginning of the current financial period to R6.79 at the end of June
- As Rainbow's entire soya requirements are imported, the foreign exchange exposure is significant
- Volatility is expected to continue



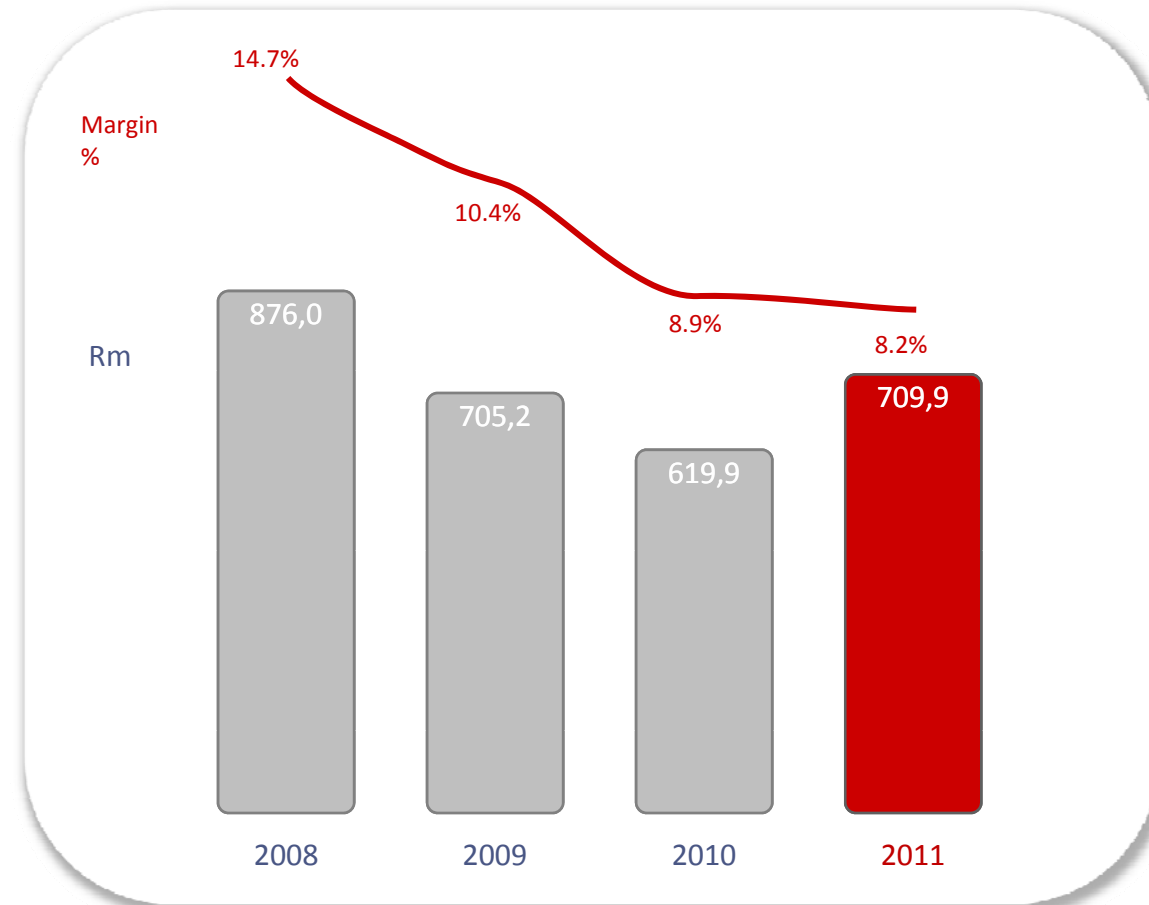
- Total revenue increased by 24.0% to R8.6 billion largely as consequence of the additional three month's trading included in the extended 15 month financial year
- **Chicken sales**
 - Volumes up 24.1%
 - Average price realisation decline of 0.7%
- **Other sales (feed, services)**
 - 23.0 % increase in external feed volumes offset by lower pricing because of lower feed input costs
 - Services revenue 42.7% higher boosted by new business in Vector

Revenue + 24.0%



- Adverse impact of lower realisations, labour and electricity rate increases, offset by lower feed cost
- Significant overall improvement in agricultural performance, particularly in W Cape
- Other processing and milling costs well managed
- IAS 39 (impact of financial instruments used in feed raw material procurement strategy) positive R59.5 million (prior year R 51.6 million positive)

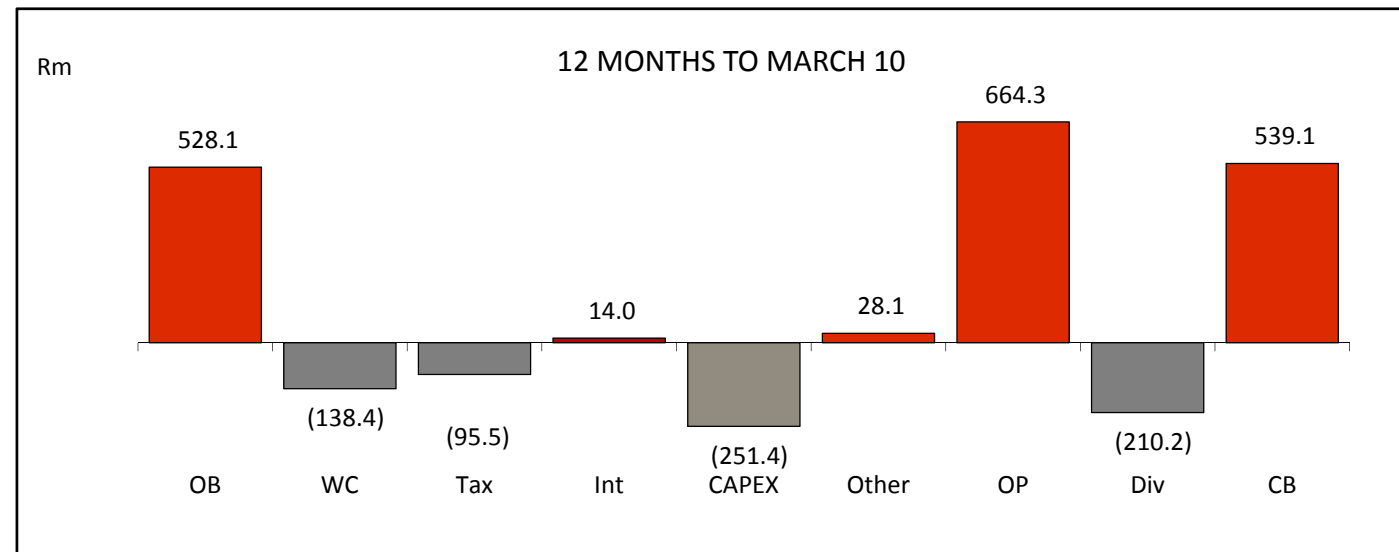
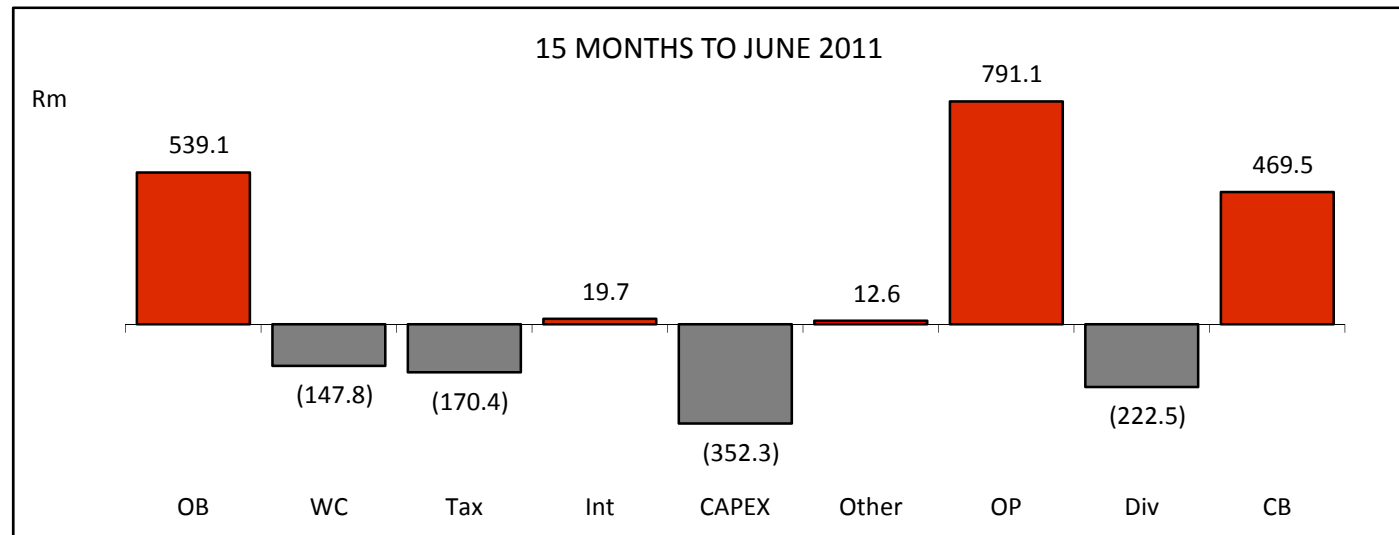
HEBITDA (pre IAS39) +14.5%



- Inventories have been impacted by the changed year-end
- Maize stock levels are normally higher over the June period compared to March to take advantage of harvests in proximity to Rainbow's coastal mills
- IQF stocks higher due to low trading period

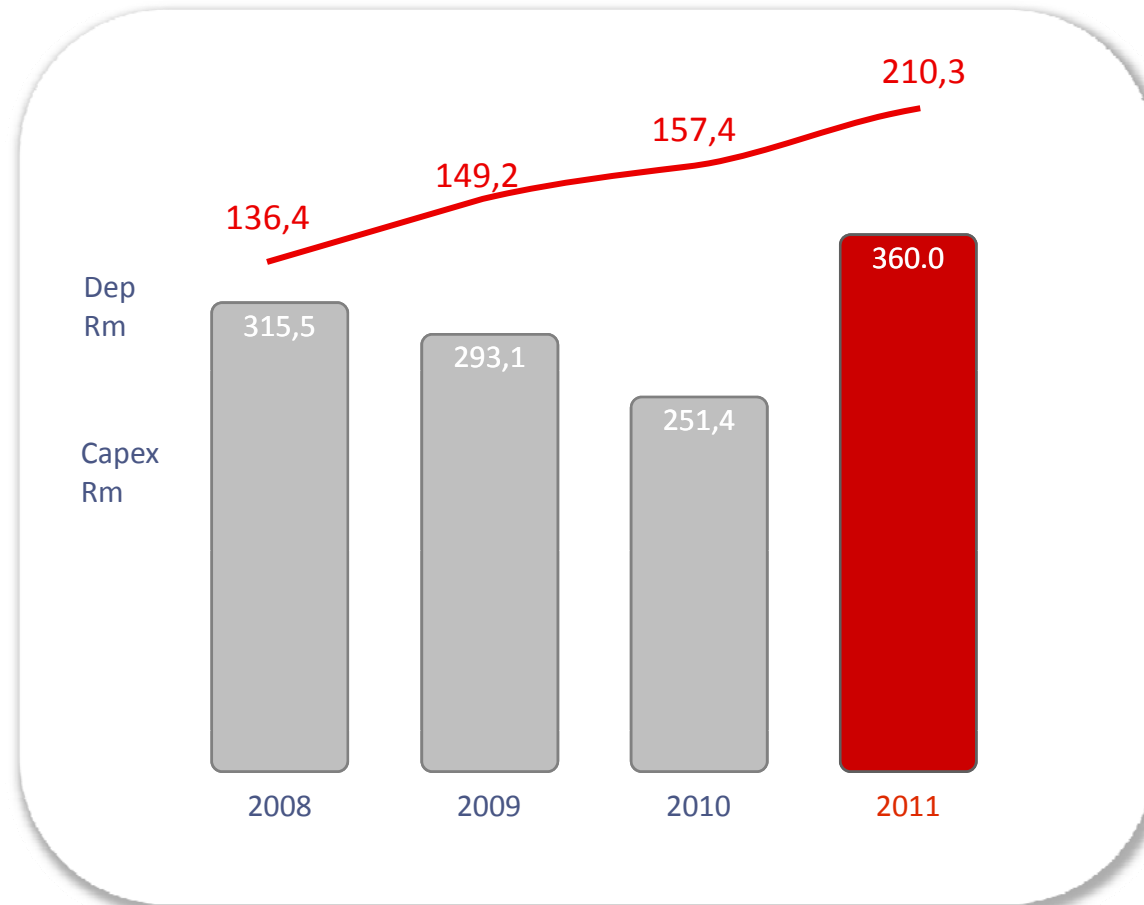
OB - opening balance
 WC - working capital
 Int - net interest
 Div - dividends
 OP - operating profit
 CB - closing balance

Cash flow reflected

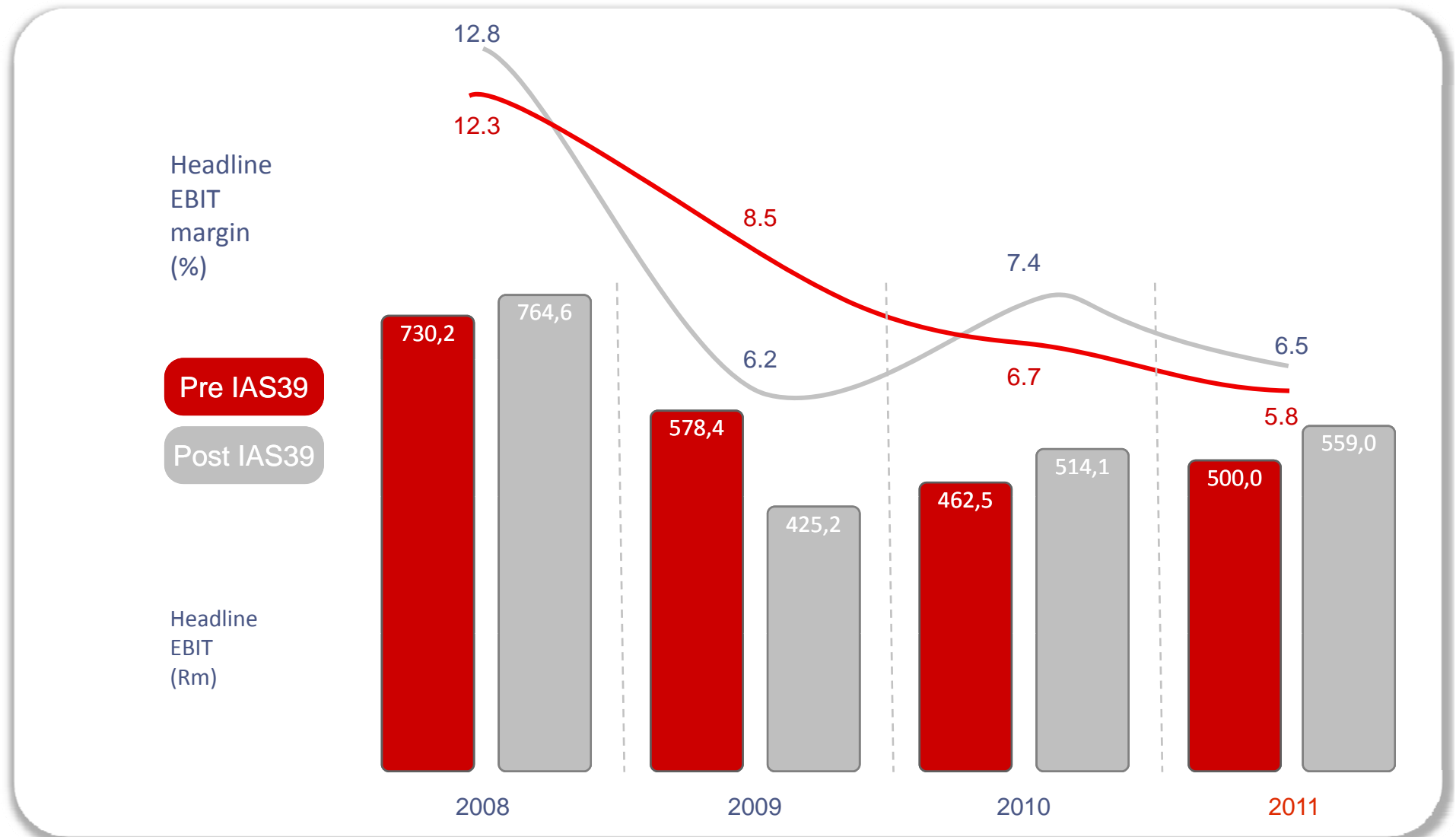


- Capex remains well managed in current economic environment
- 2011 spend excluding acquisition of Wolwehoek further processing plant is R308m for the 15 months

Capex spend



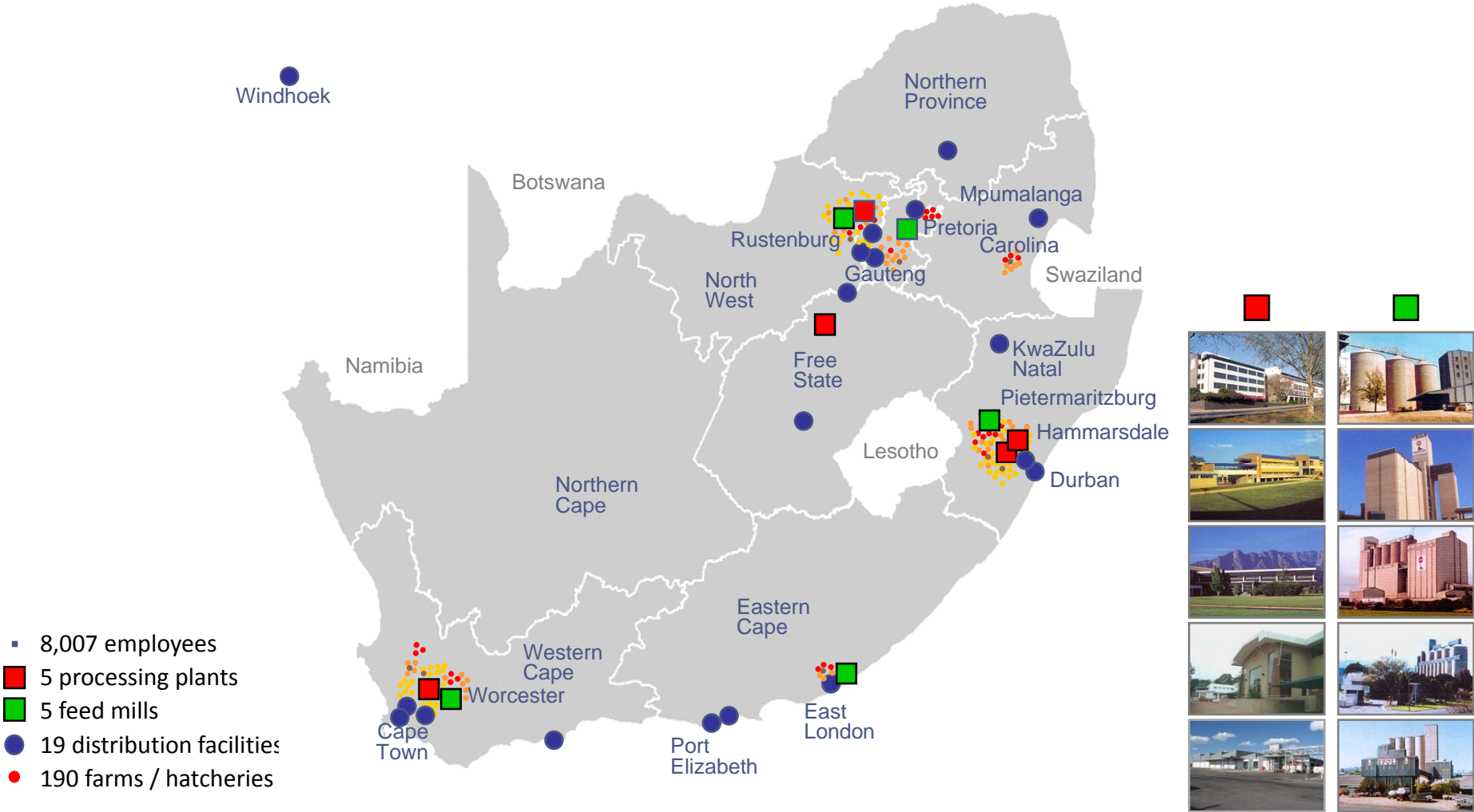
- Underlying operating profit (15 months for 2011)



- Oil prices are trading at relatively high levels. This in turn impacts on related ethanol and maize markets
- Uncertainty around US maize crop and new season local planting intentions
- Maize and soya prices likely to remain volatile
- Feed prices expected to be higher
- Energy rate increases, driven largely by oil and electricity, continue to challenge Rainbow and Vector's cost of doing business
- Although chicken realisations have improved marginally, they are expected to remain under pressure as a result of consumers lower disposable income and the current higher level of imports

Appendices

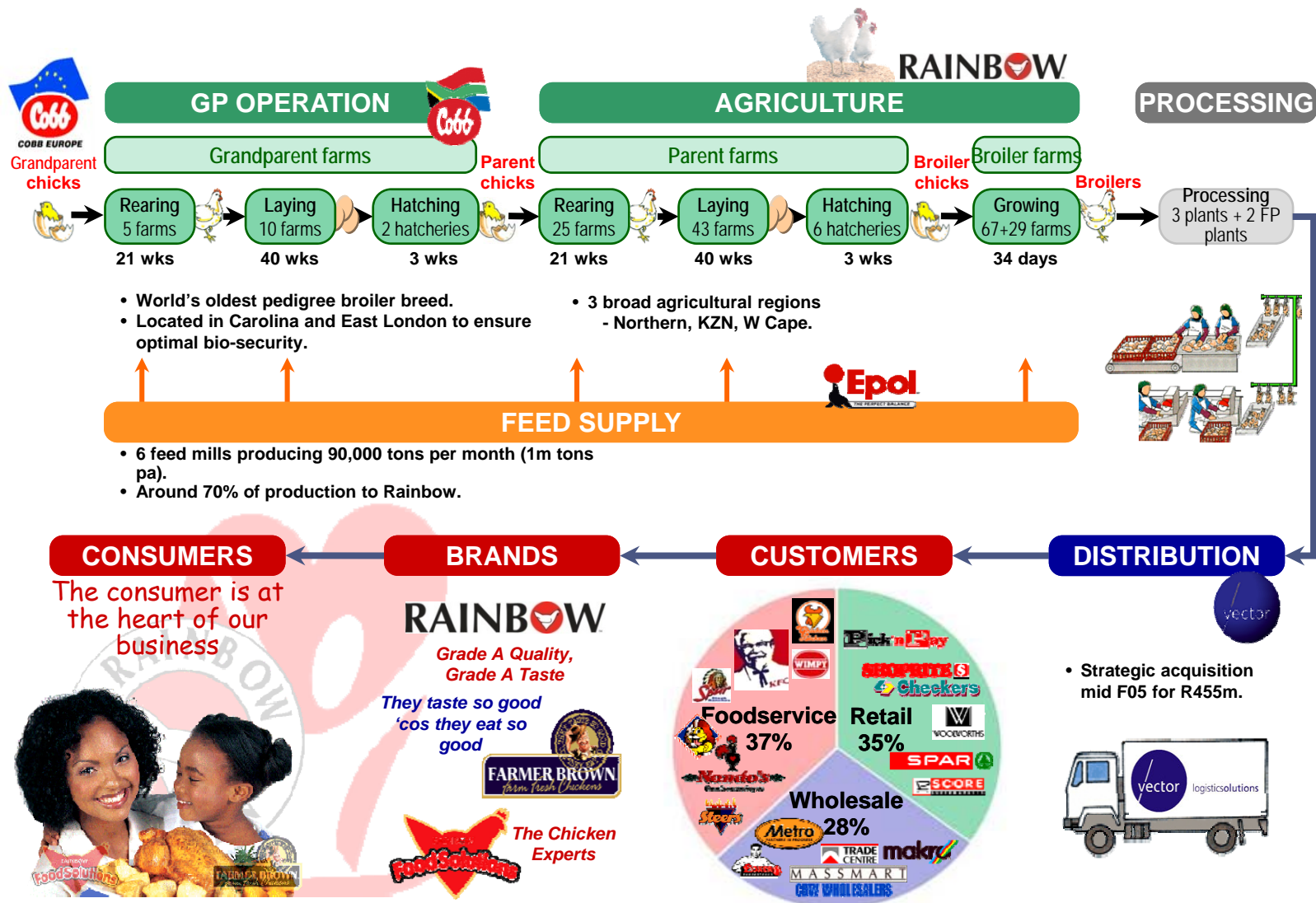


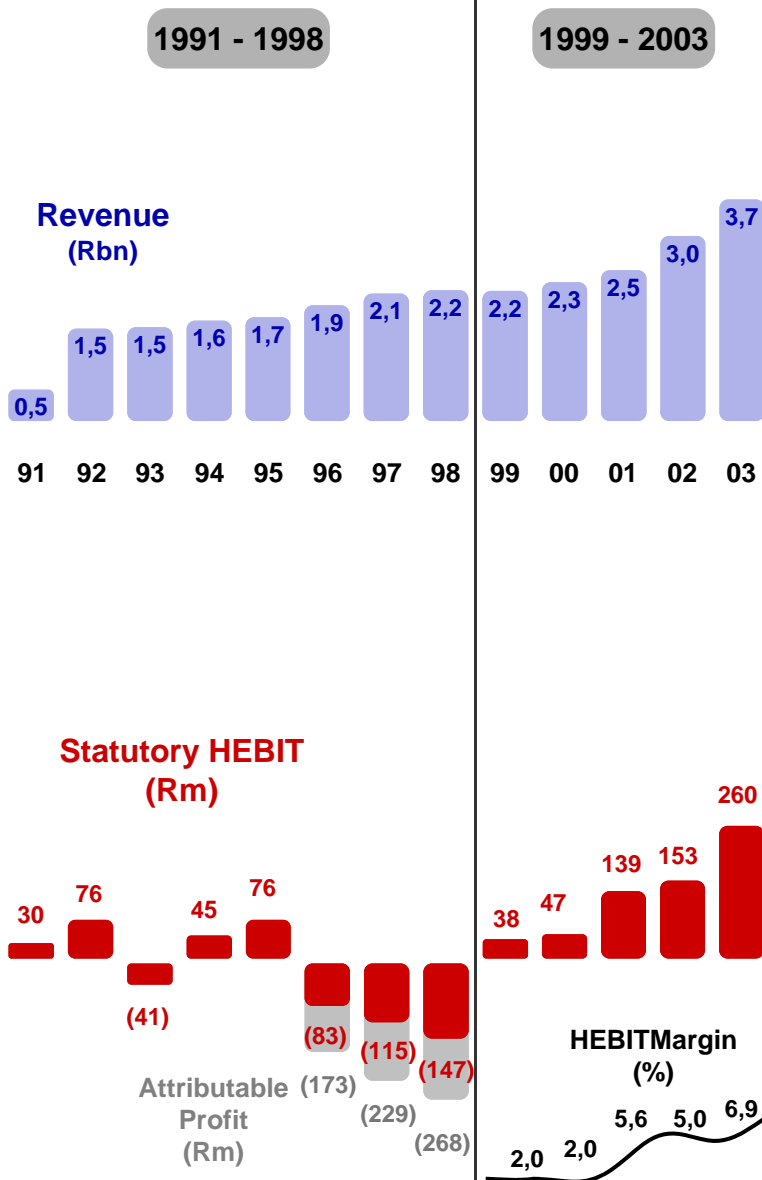


Complex business chain

RCL

- Integrated supply chain from “farm to fork”





1991 - 1998 Business in trouble

- Revenue was growing, but so were losses.
- The business had lost its way, and required recapitalisation.

1999 - 2003 Fixing the basics

Focused on:

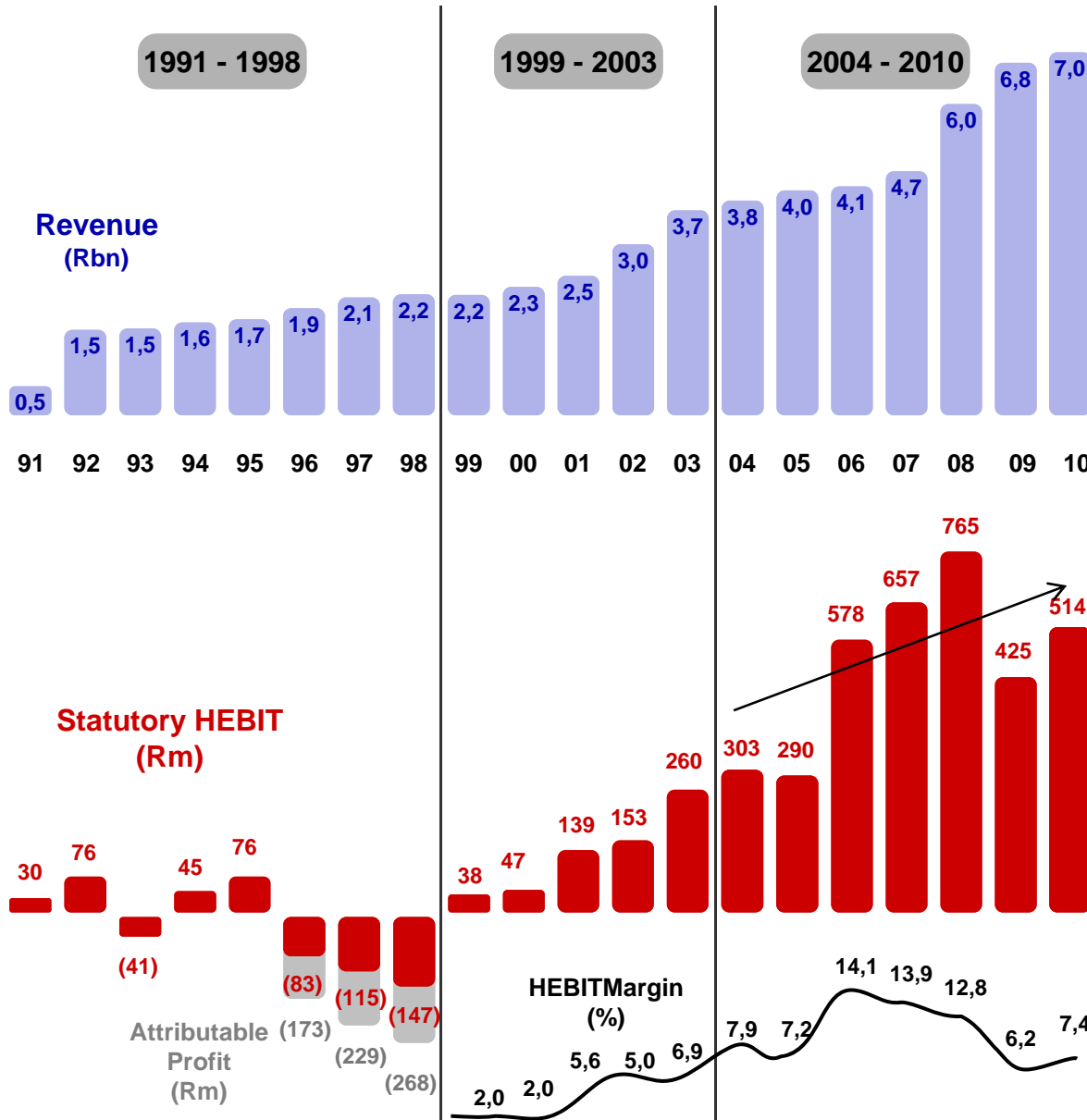
- Maximising Key Performance Indicators in Agriculture
- Improving processing yields
- Enhancing animal husbandry practices and bio-security
- Managing costs out of the business

This ensured a return to profitability, but earnings remained variable ...

- Chicken still sold on price and a function of managing stock levels
- Regional emphasis had inhibited the realisation of supply chain integration benefits
- There was still a degree of under-investment

RCL's transformation

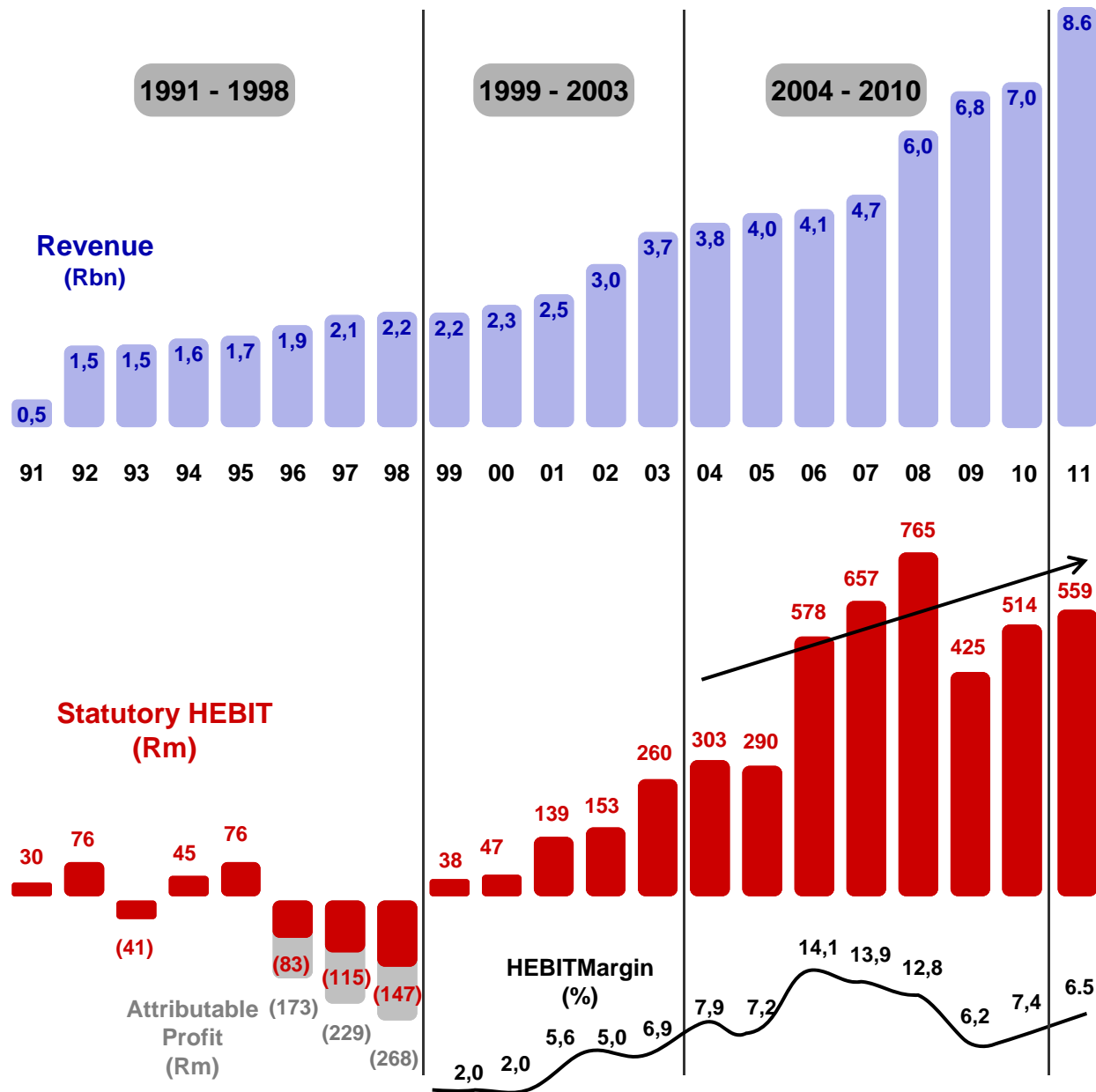
RCL



2004 - 2010
Transformation to consumer focused business

- Focused on:
- Clarifying our strategic framework
 - Restructuring the company and board
 - Vector acquisition enables optimisation of outbound supply chain
 - Strategic customer approach to eliminate volume volatility and create higher margin business
 - Significant investment over past 5 years
 - Agreed IT strategy roadmap and implemented profitability tools
 - Consumer insight driving brand strategies - emphasis on Added Value
 - Strengthening leadership talent pool
 - Strategic alignment of leadership through Good To Great journey








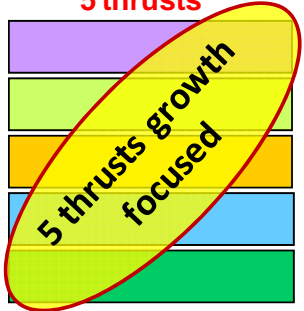




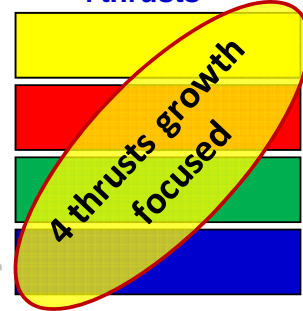





Group well positioned for growth



2011 - 2015

**2011 - 2015
Growth phase**

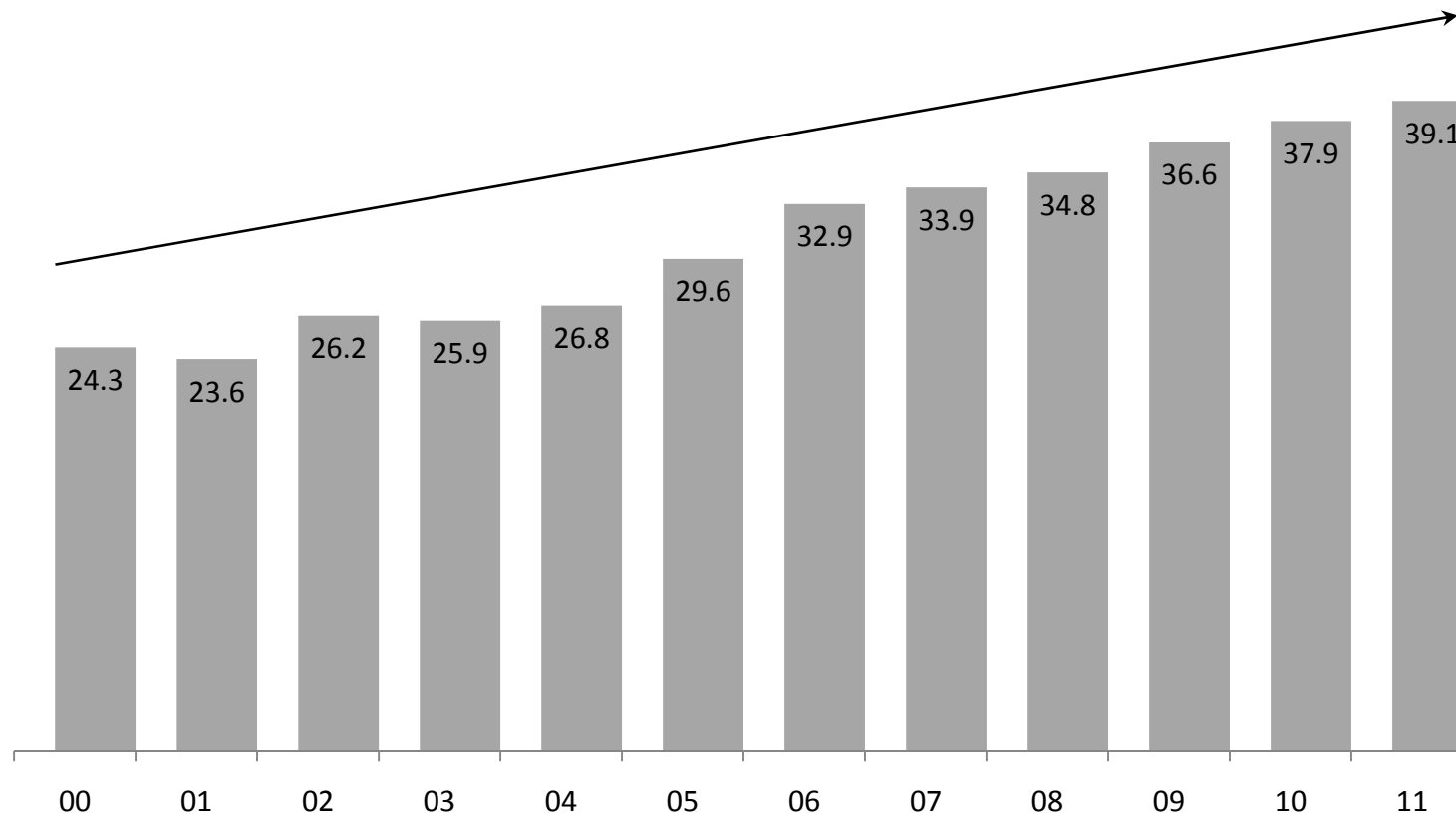
- Further processed capacity enhanced through Wolwehoek acquisition
- 2015 strategy to utilise growth-focused strategic brands, services and thrusts
- Key enabler a further restructure to create 2 focused operating companies, each with their own clear vision and strategy


 Vision 	
<p>RAINBOW Vision</p> <p>Rainbow Chicken will be at the heart of every meal. We will achieve this by creating innovative solutions and strong brands. Key to our success is consistent, profitable, sustainable demand.</p>	<p>vector Vision</p> <p>Vector will be Africa's chosen multi-temperature route to market solution. Vector delivers supply chain excellence through innovative customised solutions. Key to our success is our frozen expertise, integrated network and information systems.</p>
2015 strategy	
<p style="text-align: center;">5 brands</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">      </div> <div style="text-align: center;"> <p>5 thrusts</p>  </div> </div>	<p style="text-align: center;">4 services</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  primary services  secondary services  sales solutions  supply chain planning </div> <div style="text-align: center;"> <p>4 thrusts</p>  </div> </div>
Strategy into action - current year	Strategy into action - current year
Detailed strategic goals set for each operating company	Detailed strategic goals set for each operating company
We believe..	
<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  <p>Consumers the heart of our business The single reason we exist</p> </div> <div style="text-align: center;">  <p>Customers creating win-win partnerships Our partners in reaching our consumers</p> </div> <div style="text-align: center;">  <p>Supply Chain delivering excellence Excellence gives us fuel for growth</p> </div> <div style="text-align: center;">  <p>Sustainability investing for future growth Investing responsibly for growth</p> </div> <div style="text-align: center;">  <p>Our Culture doing things inspirationally The right team</p> </div> </div>	

Chicken industry perspective

RCL

- Estimated per capita consumption of broiler meat in Kilograms per capita

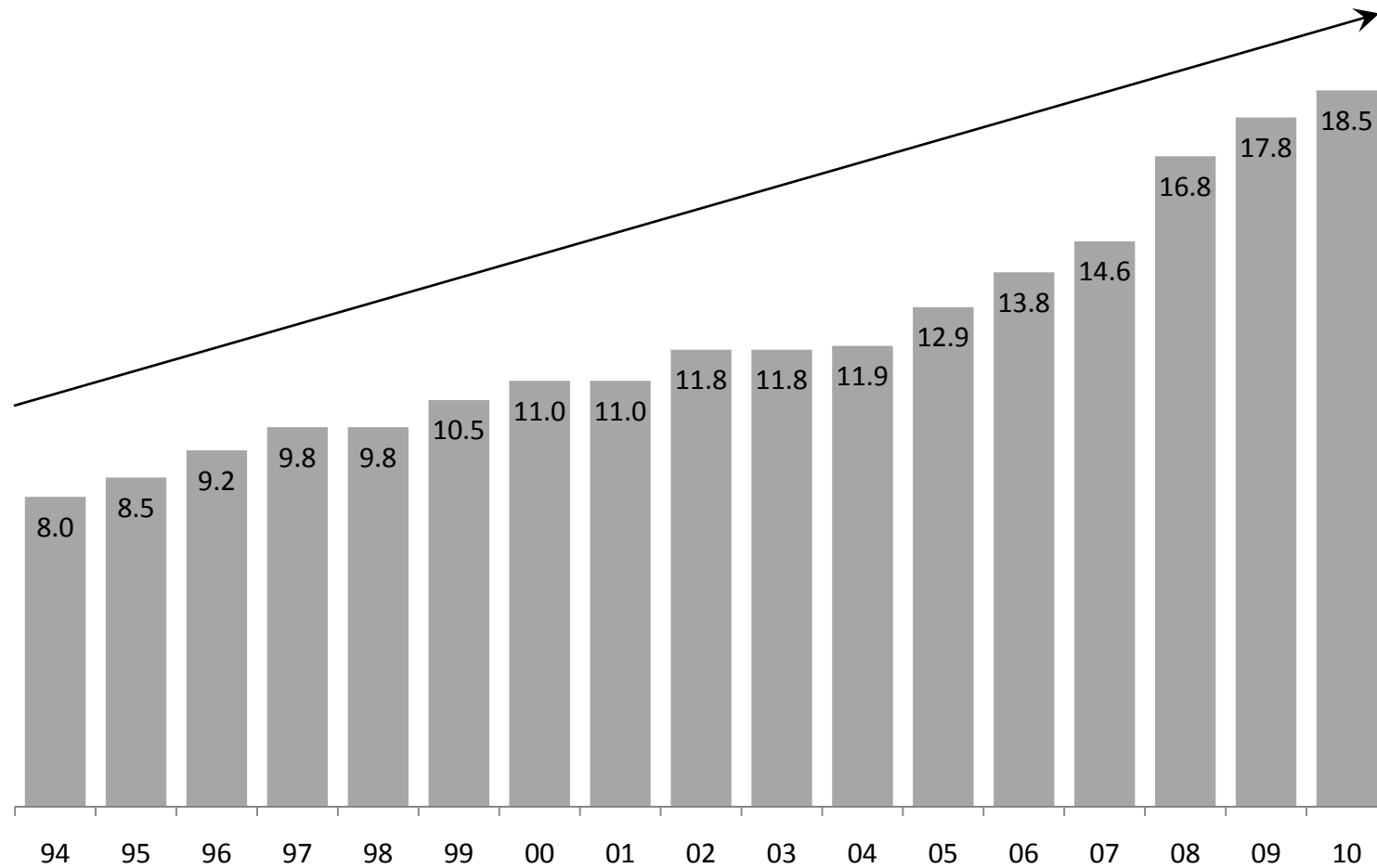


Source: SAPA 

Chicken industry perspective

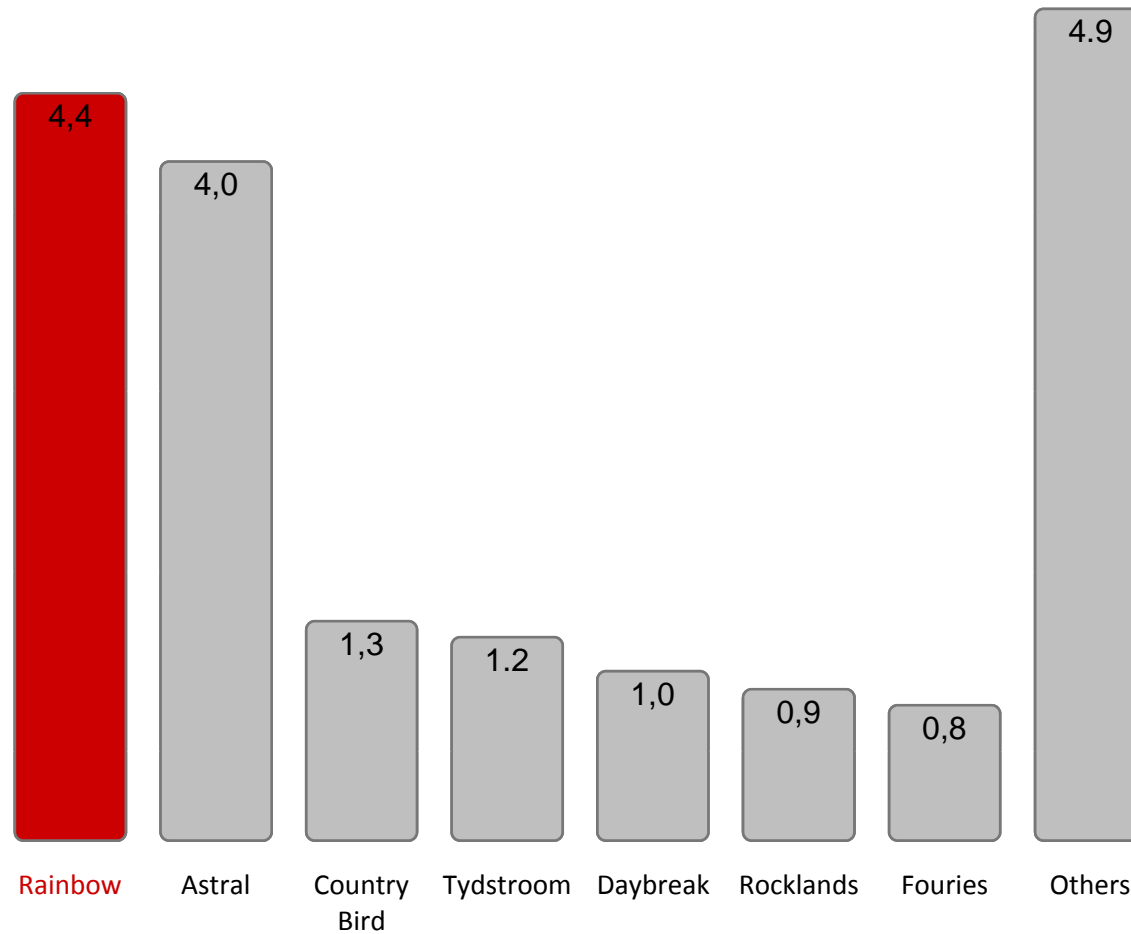
RCL

- Average broiler production per week (in millions) excluding imports



Source: SAPA

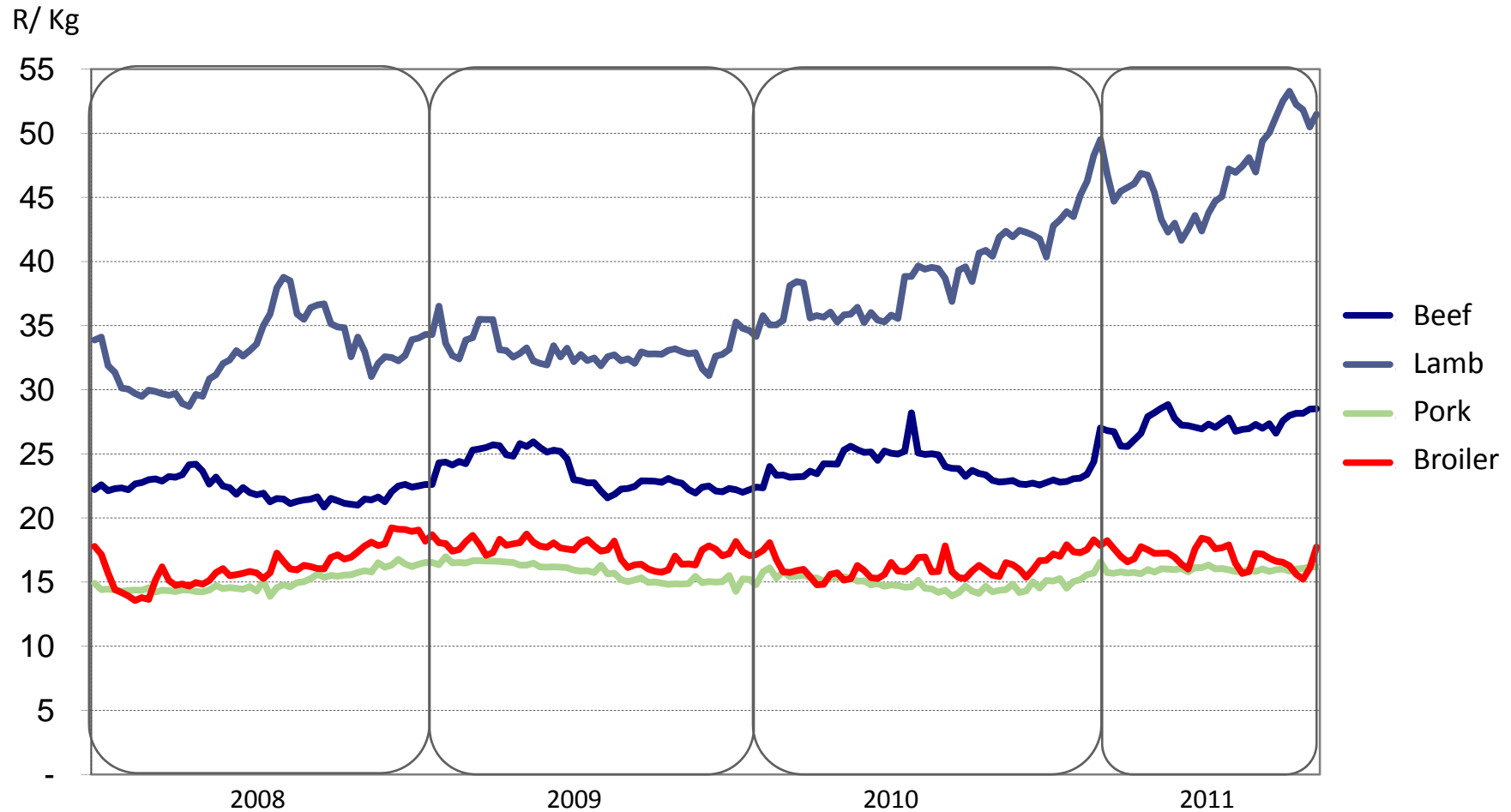




- 18.5m broilers produced per week
- 1,5m tons per annum
- Astral = Earlybird Farms + County Fair
- Tydstroom acquisition of Tonko has placed them as 4th largest producer.
- Others = Numerous smaller producers producing less than 200k broilers per week

Source: Management estimate

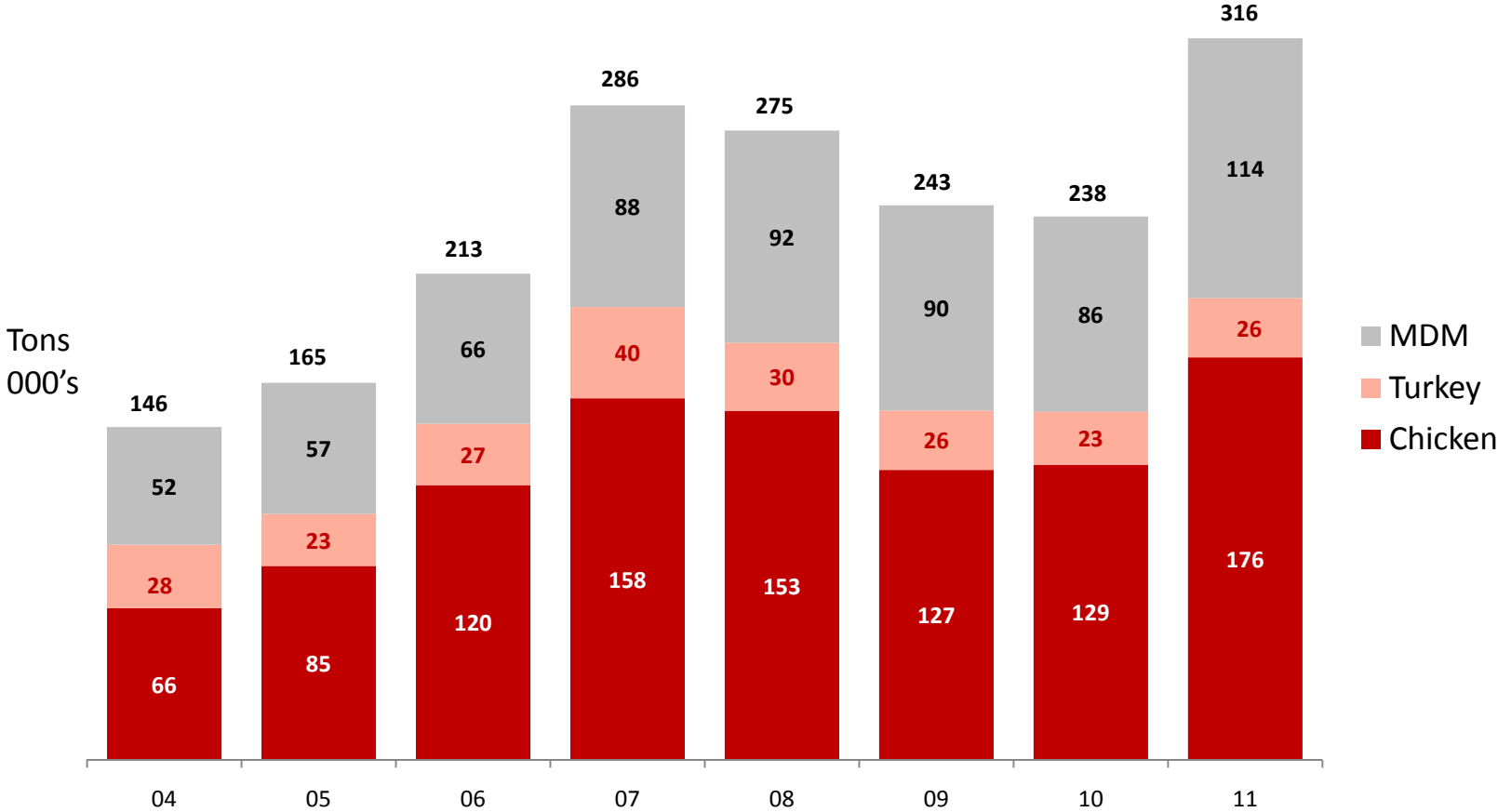
Beef, lamb, pork and poultry prices (to 14 August 2011)



Source: Red Meat Abbitor Association

Chicken industry perspective - imports

RCL



Source: SAPA

