

Imagine life without
RAINBOW™
Chicken.



Interim Results

6 months ended 30 September 2006

- **Economy grew by 4%**
 - **Weaker Rand**
 - **Increasing inflation and interest rates**
 - **Higher local yellow maize prices**
 - **Food inflation impacted by higher maize and fuel costs**
 - **Import volumes continue to increase**

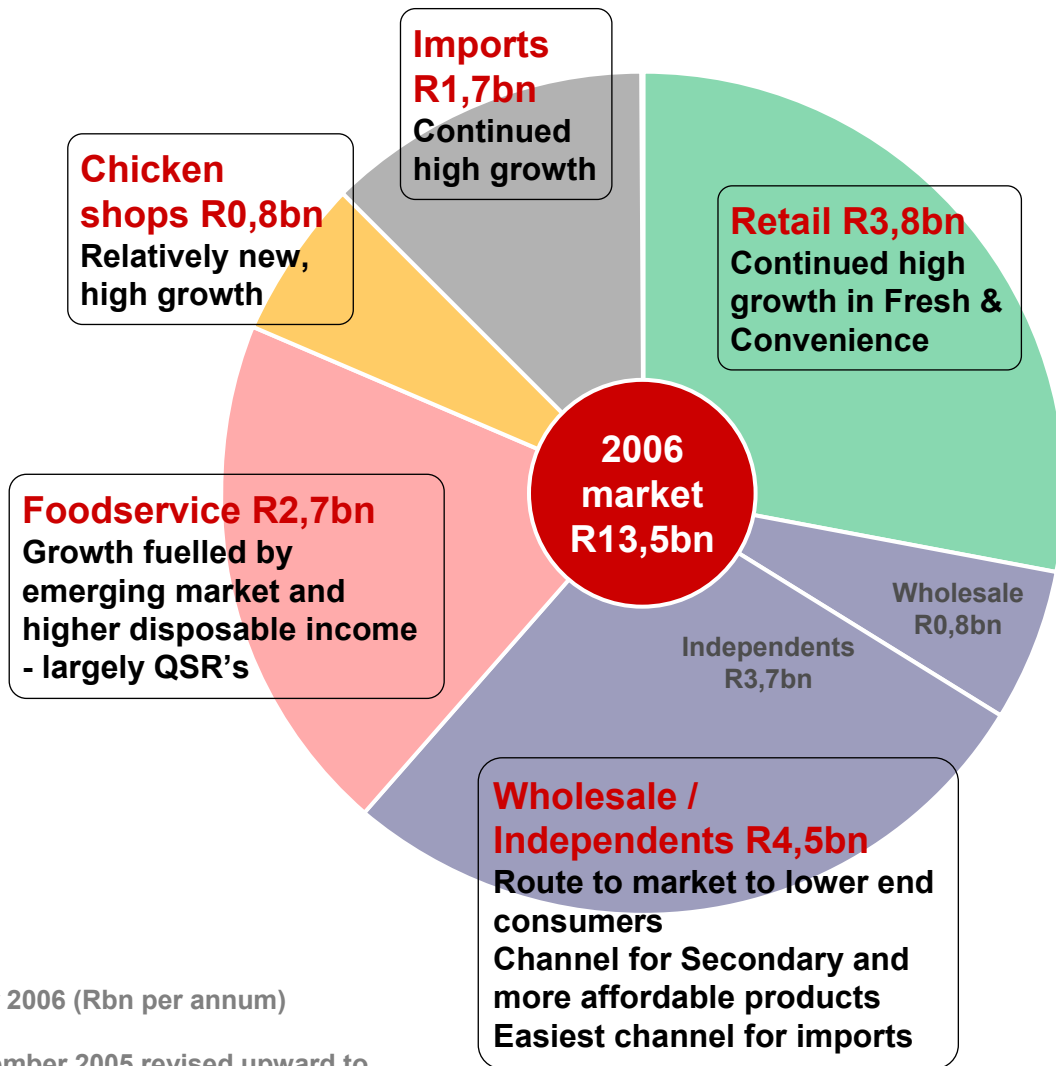
- **AI SA status**
 - **Local industry remains on high alert**
 - **International outbreaks continue to be reported**
 - **Focus on prevention through increased bio-security and stepped-up surveillance and monitoring of flock health**
 - **Good co-operation between Government and Industry**

Interim results
6 months ended
30 Sep 2006

Market perspective

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- Poultry consumption has been growing strongly since the early 1990s, driven by:
 - Greater health awareness
 - Convenience
 - Increased marketing
 - Affordability (underpinned by both higher red meat prices and the availability of cheap imports)
- Estimated 7% growth over past year
 - Improved readings
 - Imports
 - Chilled Processed Meats



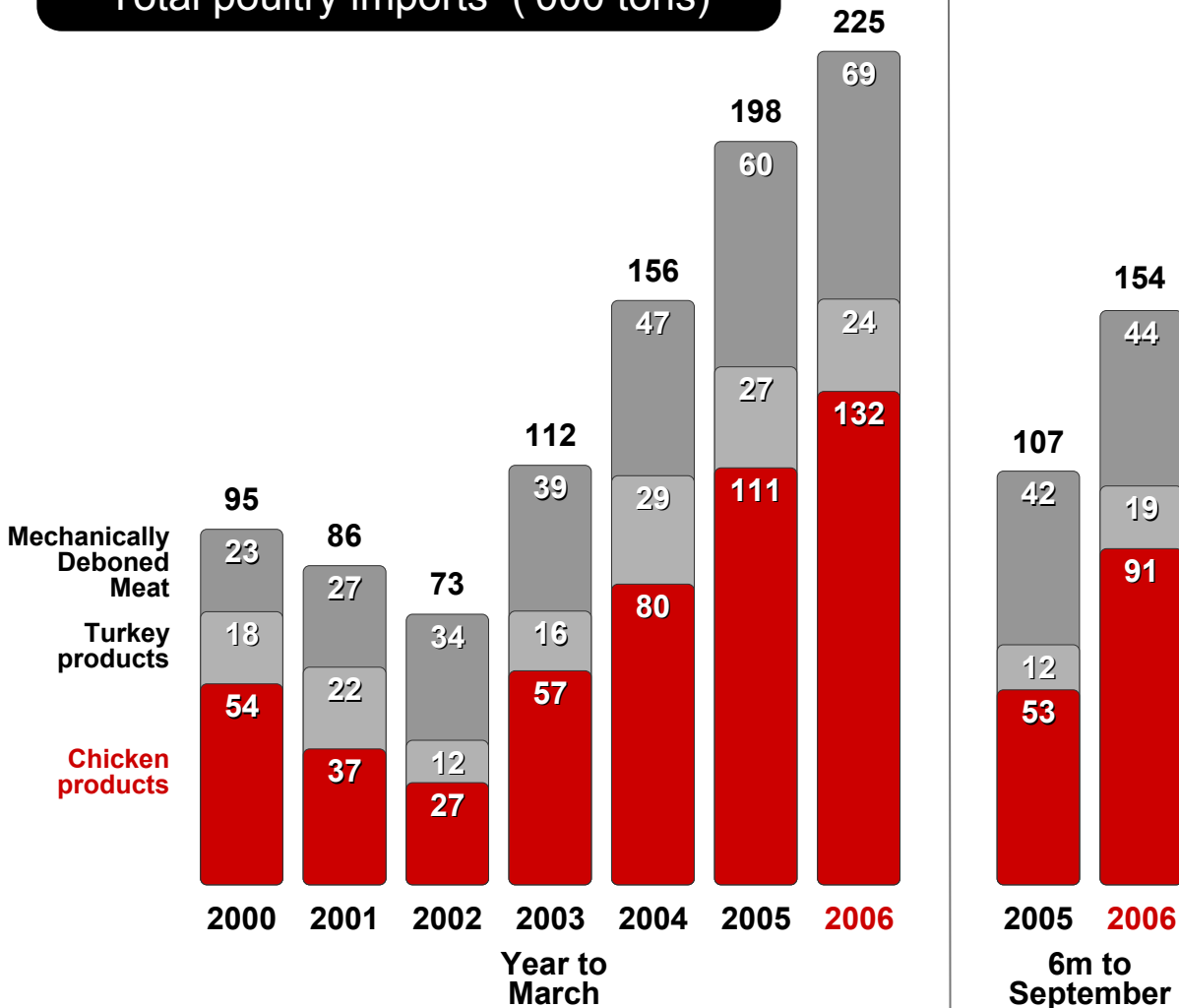
Poultry market by channel as at November 2006 (Rbn per annum)
Source: Management estimate
Market size estimate of R12,2bn as at December 2005 revised upward to R12,6bn as a result of additional Chilled Processed Meat

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Market perspective

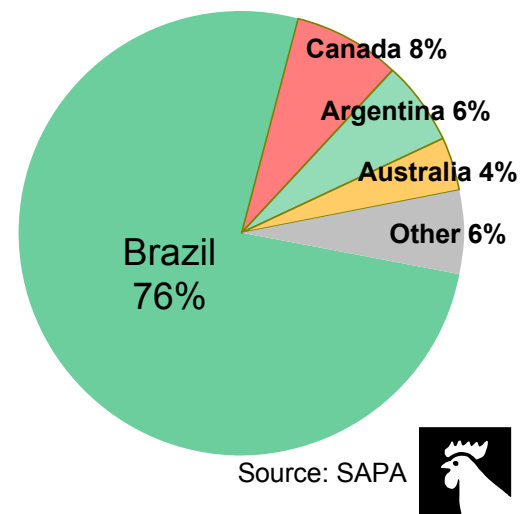
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Total poultry imports ('000 tons)



- Imports increased substantially over past few years
- Chicken products still focused mainly on small range of products (dark meat and offal)
- Extension of anti-dumping duty (USA) approved

2006 origin

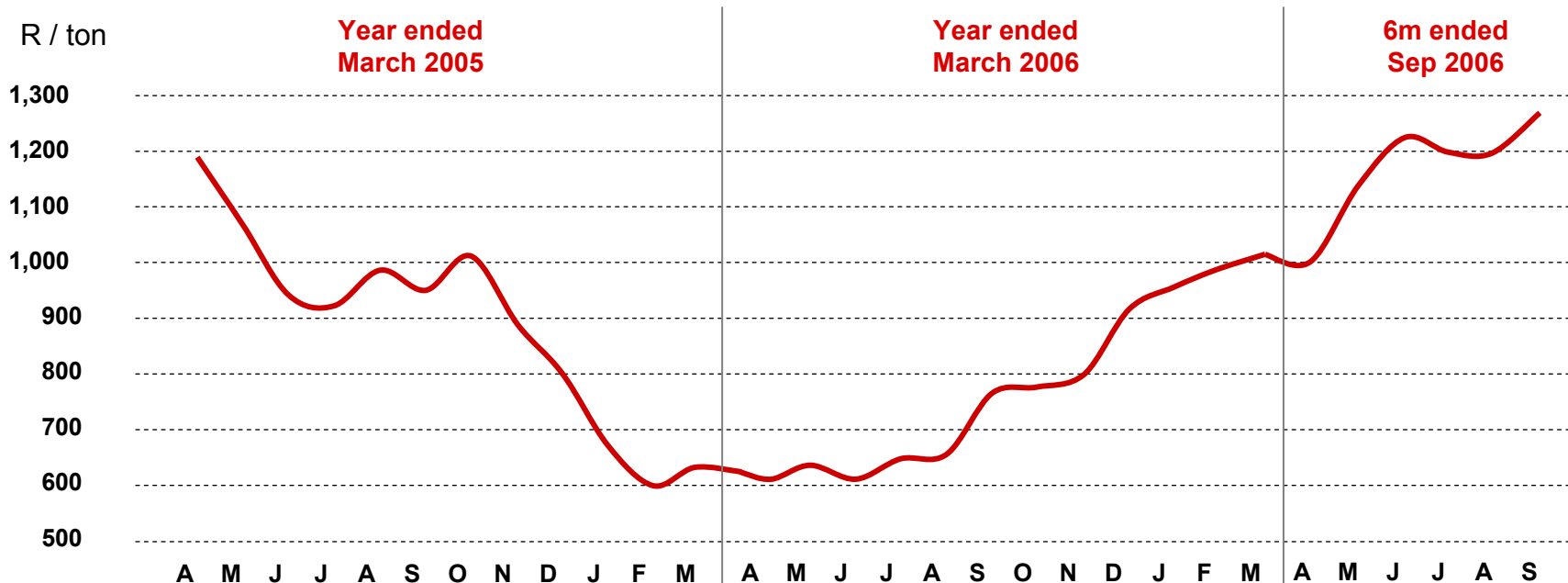


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SAFEX yellow maize spot prices



Industry dynamics

- Weaker Rand and higher international grain prices
- Local yellow maize prices 68% higher than in September 2005

Rainbow action

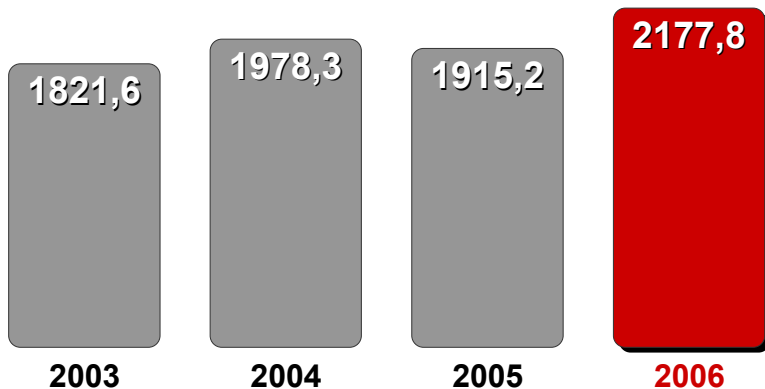
- Forward procurement policy provides a level of price protection
- Import maize to coastal mills when price competitive
- Overall position shortening

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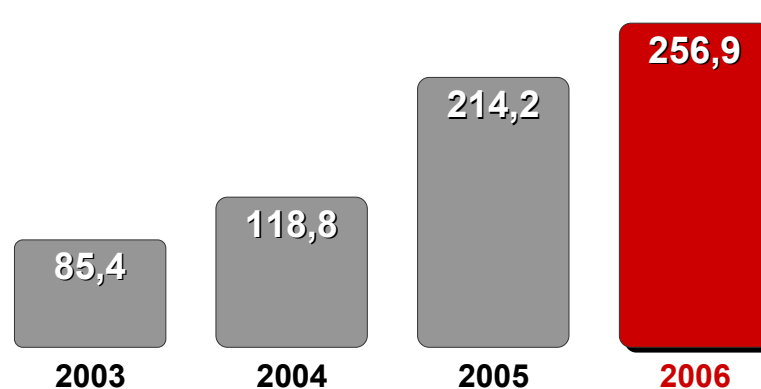
Highlights

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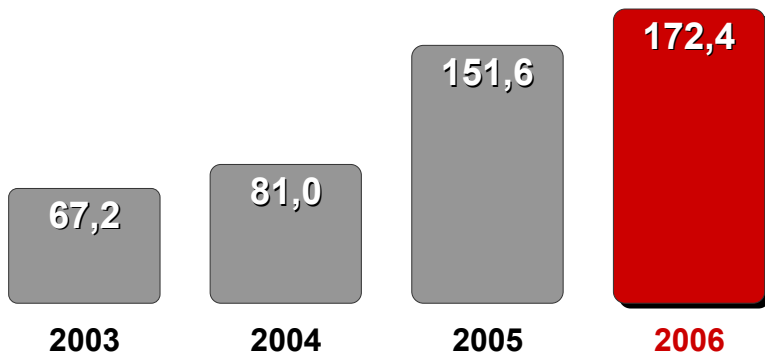
Revenue (Rm) + 13,7%



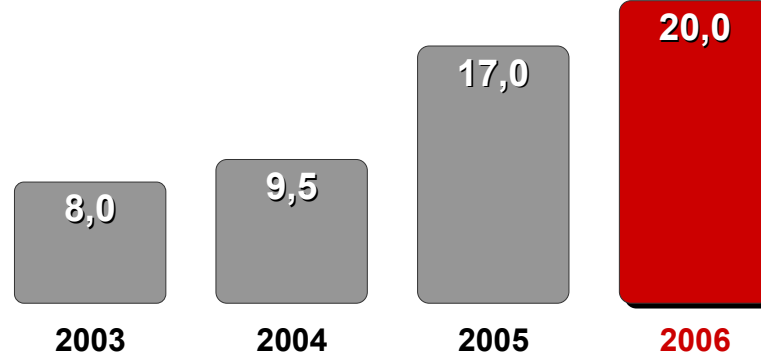
Operating profit (Rm) + 20,0%



Headline earnings (Rm) + 13,7%



Interim dividend per share (cents) + 17,6%



**Interim results
6 months ended
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Financial review

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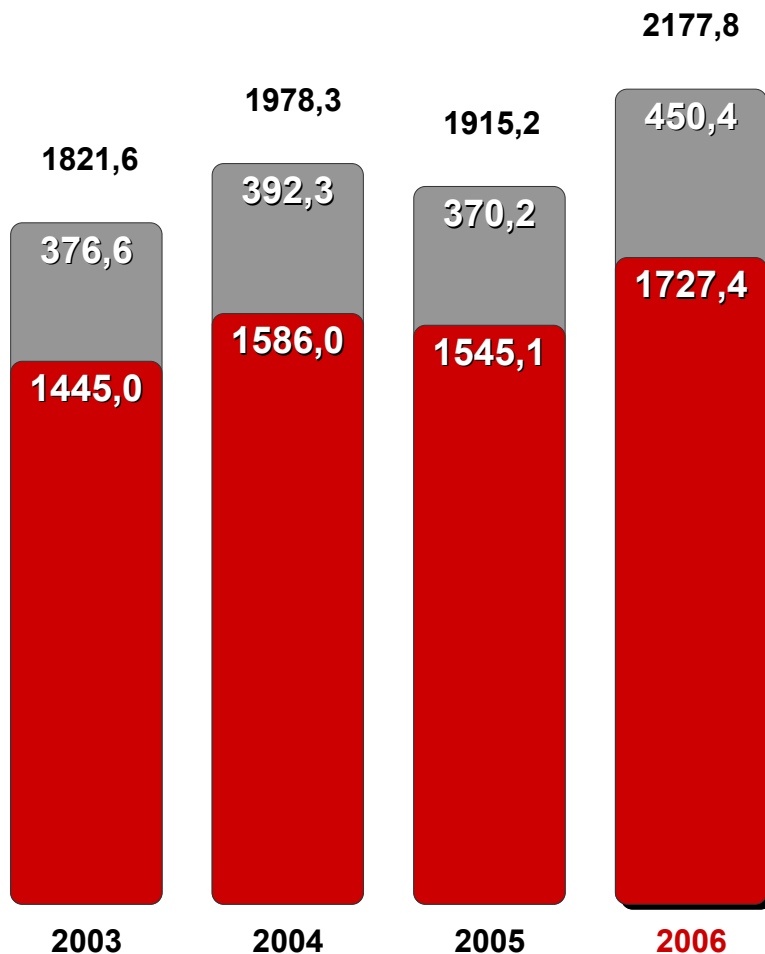
		30 Sep 2005	30 Sep 2006	% change	
Revenue	Rm	1 915,2	2 177,8	+	13,7
Headline EBITDA	Rm	265,5	314,3	+	18,4
Operating profit	Rm	214,2	256,9	+	20,0
Effective tax rate	%	30,3	36,1	+	5,8
Attributable earnings	Rm	149,2	171,0	+	14,6
Headline earnings	Rm	151,6	172,4	+	13,7
HEPS - Fully diluted	cents	53,7	60,2	+	12,1
Interim dividend per share	cents	17,0	20,0	+	17,6
Cash generated by operations	Rm	252,2	210,7	-	16,5
Net cash	Rm	121,7	268,5	+	120,6
NAV per share	cents	499,6	591,6	+	18,4
Return on equity	%	22,7	27,6	+	4,9

Interim results
6 months ended
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Revenue (Rm) + 13,7%



External sales (Cobb, Epol, Vector) + 21,7%

- Higher Epol external volumes
- Vector new principal growth

Chicken sales + 11,8%

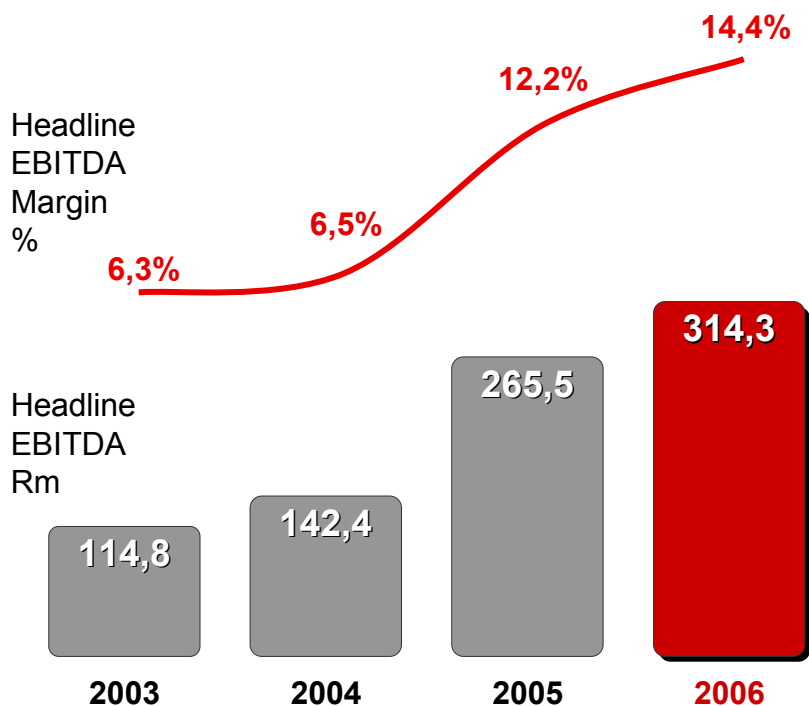
- Volumes up 6,3% with pleasing growth in the QSR sector, targeted customers and branded products, including the new further processed products
- Average price realisation growth of 5,5%

Interim results
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Financial review

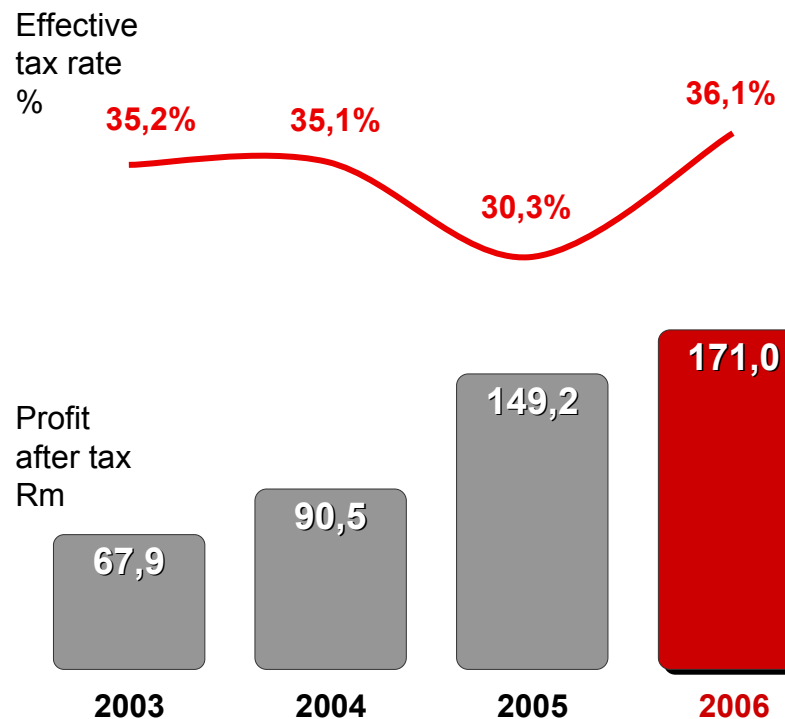
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Headline EBITDA + 18,4%



- Higher realisations and volumes
- Improved product mix

Profit after tax (Rm) + 14,6%



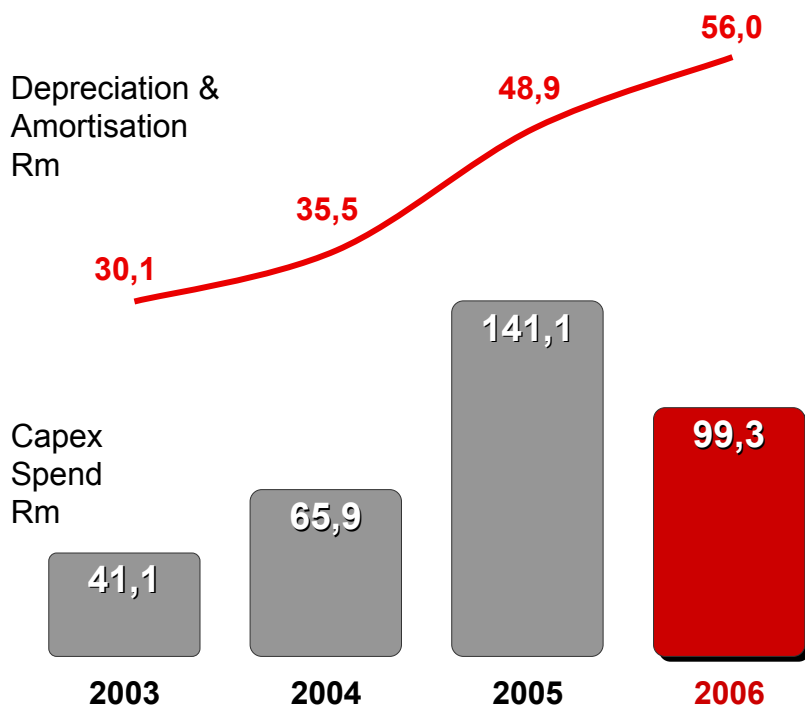
- 2006 ETR impacted by STC on significantly increased final dividend
- 2005 ETR impacted by deferred tax release of R6m due to 1% tax rate adjustment

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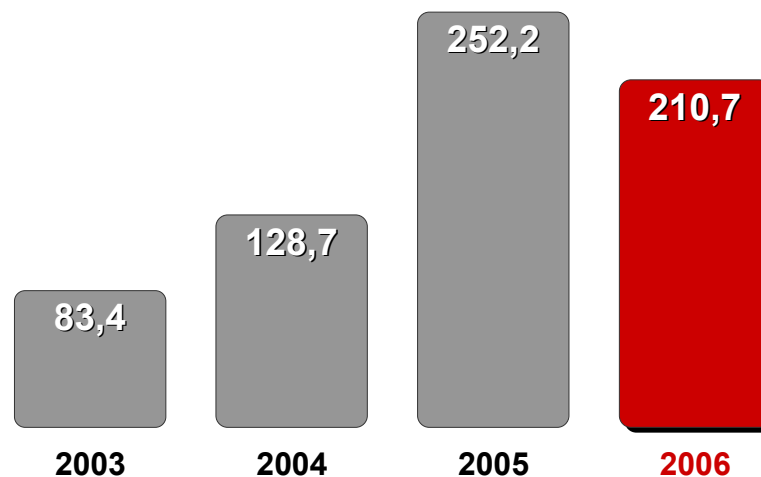
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Capex spend - 29,6%



- 2005 includes R64,7m spent in respect of the Further Processing plant
- Normal replacement capex funded from own resources

Cash generated by ops (Rm) - 16,5%



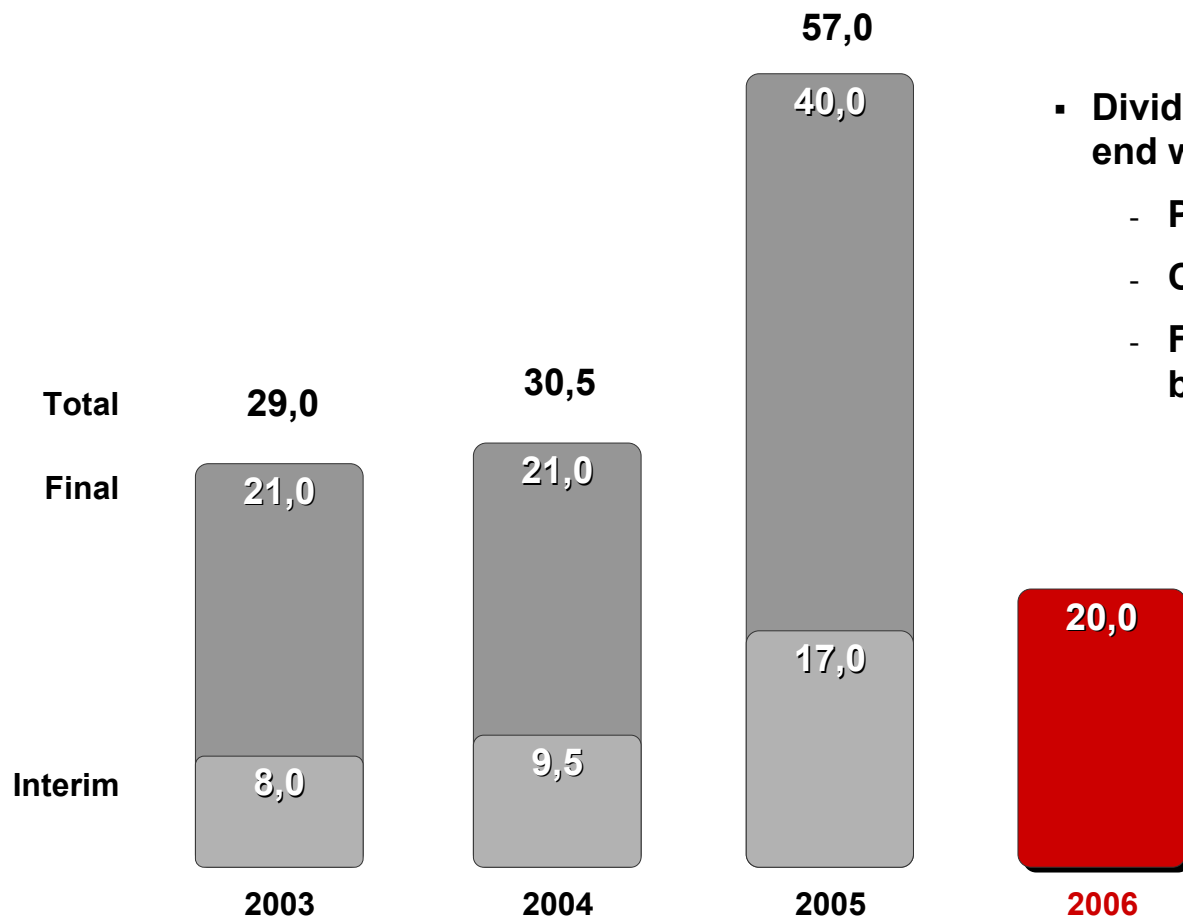
- Strong cash generation, however R94,3m increased working capital requirement
 - Trade receivables higher in line with increased trading
 - Valuation of inventories impacted by higher feed costs
 - Working capital days cover normal

Interim results
6 months ended
30 Sep 2006

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Interim dividend per share + 17,6%



- Dividend policy review for year end will take into account:
 - Performance
 - Cash flow
 - Future prospects of the business

**Interim results
6 months ended
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Impact of IAS39

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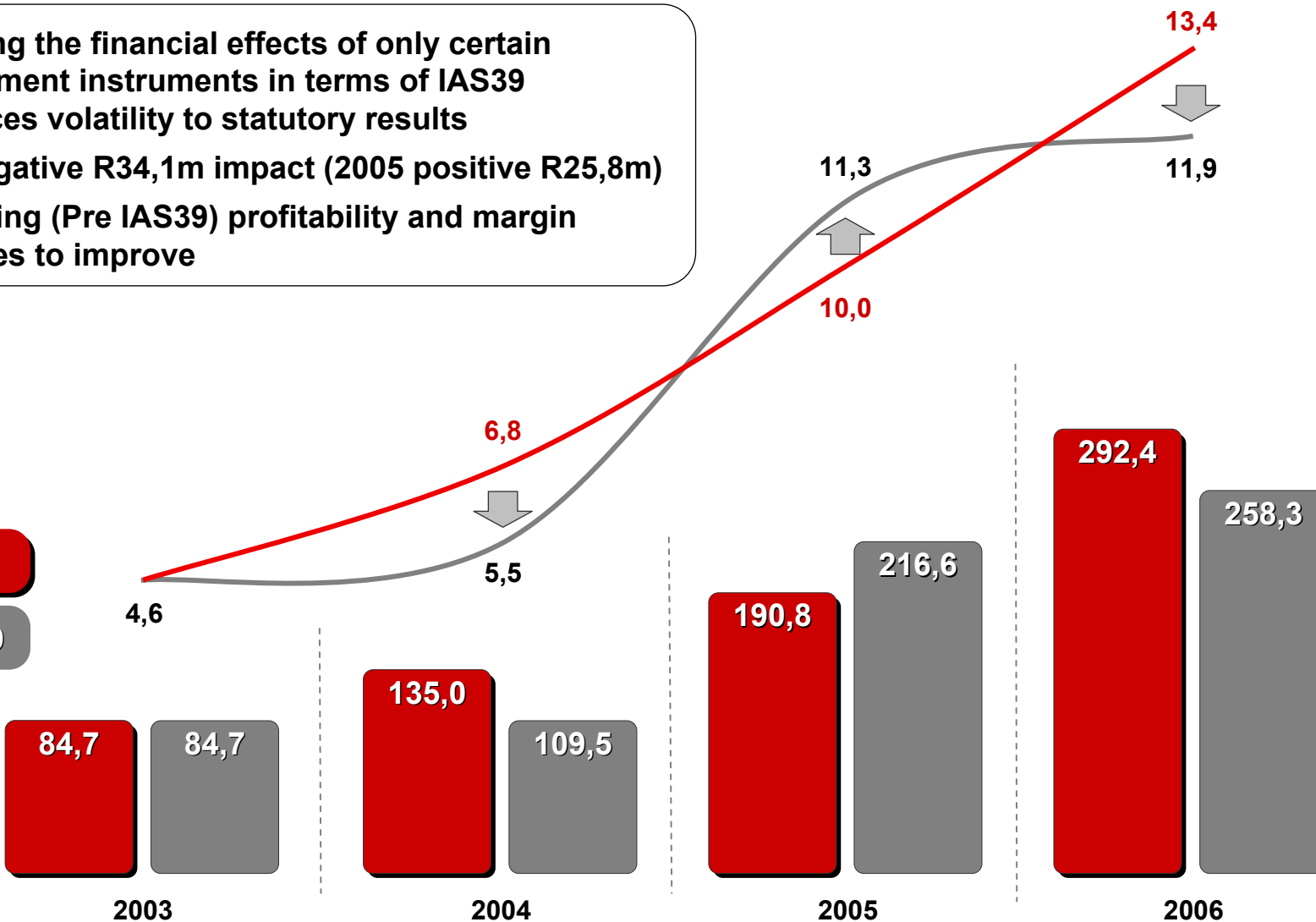
- Reporting the financial effects of only certain procurement instruments in terms of IAS39 introduces volatility to statutory results
- 2006 negative R34,1m impact (2005 positive R25,8m)
- Underlying (Pre IAS39) profitability and margin continues to improve

Headline
EBIT
margin
(%)

Pre IAS39

Post IAS39

Headline
EBIT
(Rm)



**Interim results
6 months ended
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Strategy update

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1 Fixed the basics

Maximised Key Performance Indicators in Agriculture	✓
Improved processing yields	✓
Enhanced animal husbandry practices and bio-security	✓
Managed costs out of the business	✓

Yielded improved earnings but the business was still at risk as earnings were low-margin, volatile and not sustainable

2 Identified and eliminated major business risks

Structure	Restructured the Board		✓
	Integrated the Supply Chain		✓
Vector	Acquired Vector to enable customer strategy		✓
	Redefined focus areas		✓
Narrow customer base	Created demand consistency		✓
	Broadened customer base		✓
	Grew with strategic partners		✓
	Eliminated unprofitable independent / reprocessor business		✓
	Grew out-of-home consumption		✓
Under investment	Plant upgrades and specialisation	Worcester upgraded to increase fresh capacity	✓
		Rustenburg refurbished and converted to frozen plant	✓
	Brands	Focused on Innovation, Differentiation and Communication	✓
		Extensive research and segmentation studies	✓
	All brands repositioned after strategic review		✓






Eliminated the volatility and created sustainable, higher-margin earnings

Interim results
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Strategy update

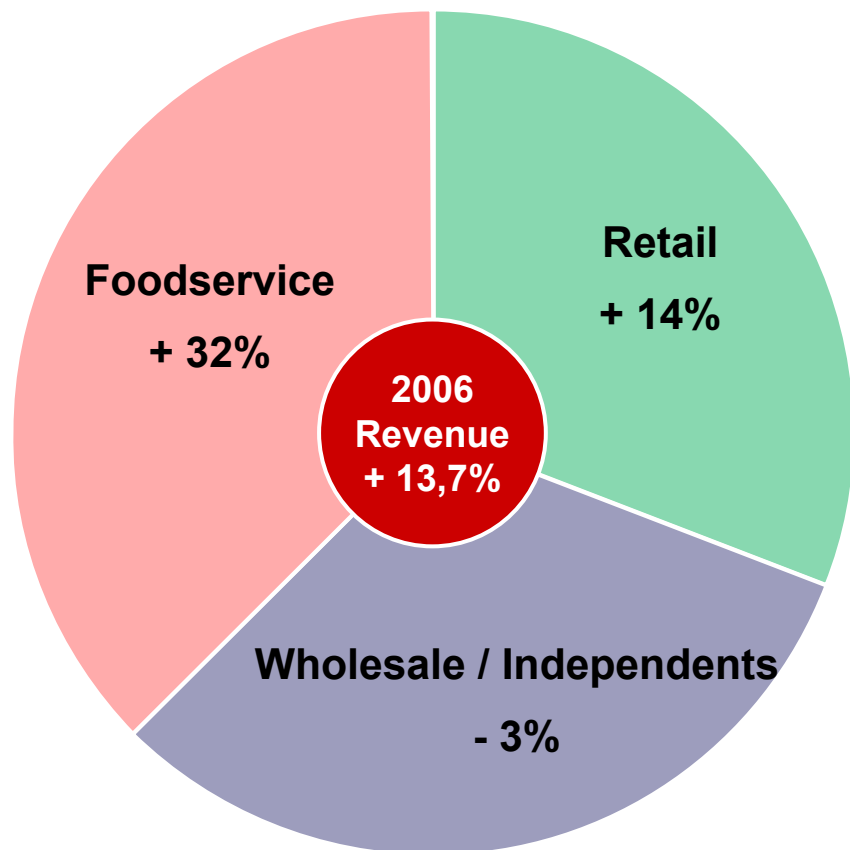
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3
Redefined our
broader
business
strategy within
a framework of
5 key
initiatives

Consumer insight	Customer focus	Supply chain	Business investment	Our culture
 <i>the heart of our business</i>	 <i>creating win-win partnerships</i>	 <i>delivering excellence</i>	 <i>investing for future growth</i>	 <i>doing things inspirationally</i>
<p>Developing an intimate understanding of our consumers' and shoppers' lives, habits and needs, and creating strong brands</p>	<p>Creating mutually beneficial relationships with our customers to ensure that our products are within reach of our consumers every day, and creating category excitement</p>	<p>Managing complexity, leveraging competitive advantage, and achieving excellence through a common objective – “the right size bird at the lowest cost”</p>	<p>Investing continually in inspirational people, our great brands, and our business in order to ensure sustainability and future growth</p>	<p>Creating a winning community and the inspirational culture necessary to see and do things differently</p>

Provides a framework designed to facilitate the achievement of our common purpose :
“Rainbow at the heart of every meal”

Chicken sales by channel

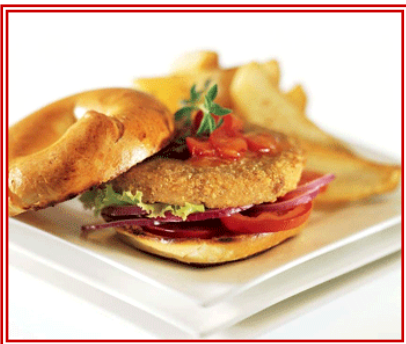


- Strong growth in Foodservice and Retail channels
- Foodservice channel growth areas
 - Quick Service Restaurants (QSRs)
 - New business
- Retail channel focus areas
 - Further Processed
 - Individually Quick Frozen (IQF)
 - Fresh

Interim results
6 months ended
30 Sep 2006

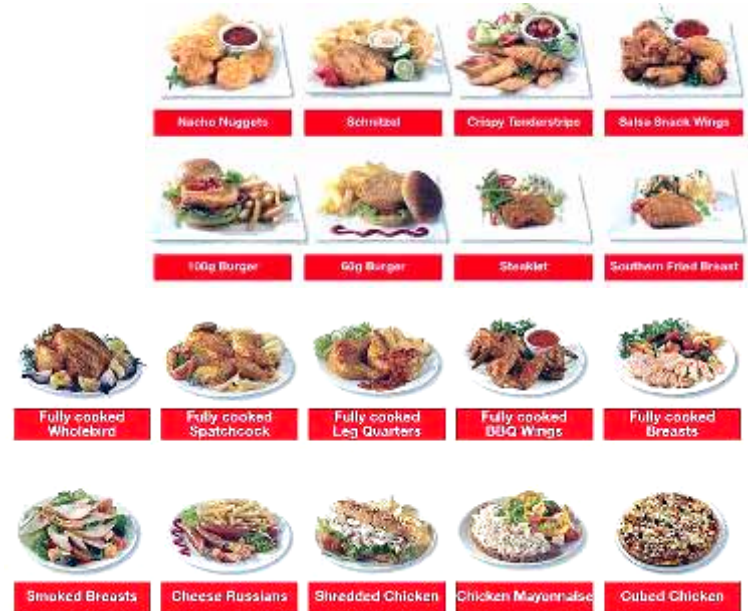
Strategy update

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Rainbow FoodSolutions

- Significant growth from strategic partners in Quick Service Restaurants (QSRs)
- Significant growth also through:
 - New products eg Ready2Go ex Further Processed plant
 - Expanded customer base via RTM strategy



- Research reinforces that chicken is an important item for every LSM group
- Opportunity for Rainbow to offer value added convenience

Consumer basket: Top 5 categories by LSM (Source AC Niensens)				
	LSM 1 - 4	LSM 5 + 6	LSM 7 + 8	LSM 9 + 10
1	Maize	Chicken	Chicken	Milk
2	Sugar	Sugar	Bread	Bread
3	Chicken	HDD	Milk	CSDs
4	Rice	Maize	HDD	Chicken
5	HDD	Bread	Sugar	CPM
	Basics			Convenience

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Strategy update

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Further Processed

- In the first 8 months since launch, new products performing well with excellent acceptance by trade and consumers
- Fully Cooked category - well accepted by the trade and consumers
- Frozen Crumbed category - capacity to supply growth
- Chilled Processed Meats – larger than anticipated – AC Niensens Aug/Sep 06 market share reading shows Rainbow at 5% national volume share and 4% value share in first 6 months
- Farmer Brown Easyserve and Easybraai range placed second in prestigious ‘Food Review New Product of the Year’ competition



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Individually Quick Frozen (IQF)

- IQF category constitutes 62% (2005 57%) of total chicken market (AC Niensens 12mm JJ06)
- IQF grew at 18% volume and 24% value (AC Niensens 12mm JJ06) and primarily responsible for driving market growth
- Challenge - to differentiate our products by delivering consumer innovations
- Successful Family Pack launch innovation driving Rainbow incremental growth in IQF in targeted stores

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NEW!

IQF Innovation - Flavoured Mixed Portions

- Opportunity to extend the range into further value added IQF offerings
- Consumer insight: Consumers enjoy great tasting aromatic chicken at home
- Consumer need: Consumers always add spices to flavour chicken
- Benefits: Variety, Quick, Economical, Easy, Convenient

Barbecue

Mild Peri-Peri

Lemon & Herb



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NEW!

IQF Innovation - Premium Curry Pack



- IQF with sachet of Mild & Spicy Rajah Curry Powder included
- Consumer insight: Chicken curry is a firm favourite
- The perfect mix
- Co-branding with Unilever

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Support

- TV advertising
- In-store Point-of-sale
- In-store demonstrations
- Fridge dividers
- Tactical taste stations
- Sampling



Investment update

- **Supply Chain review underway - focus of spend in Agriculture and Feedmilling operations**
- **Recent upgrade of Vector distribution facilities**
 - **Bellville (Peninsula) - Integration of Multi-Temperature Contract Distribution (MTCD), Bulk Store and Cold Store**
 - **Roodepoort - Expansion of existing bulk store**
 - **Bloemfontein - Incorporation of MTCD, Dry Store**
 - **Clayville (Midrand) - Increased ambient capacity**



- **Consumer spending expected to remain positive, with demand for chicken specifically as an affordable protein source also expected to remain strong.**
- **Maize prices likely to remain at current higher levels and, together with the weaker Rand, it is expected that feed input costs will continue to increase.**
- **Earnings for the second 6 months of the 2006 financial year were impacted positively by a significant IAS39 adjustment.**
- **Earnings growth for the full year likely to be lower than the first half.**