



Annual General Meeting

Presented by:

Norman Celliers

Chief executive officer

24 June 2016



PIONEER FOODS



SASKO
SHARE THE GOODNESS



Heinz



cape



EXPRESSMARK



agricol
go for growth
aan die groei



WESGRAAN



BOKOMO



AGRIMARK



CAPESPAN GROUP LIMITED



Spekko



FPI



A fresh egg is ...
Nulaid



OUTSPAN



Ceres



Business overview



Our corporate strategy and business definition remain unchanged.

- An actively managed investment holding company listed on the JSE
- Long term value investor with a primary focus on Agribusiness, specifically the food and beverage sectors
- Key characteristics of investment considerations:
 - Sustainable growth sectors or subsectors
 - Management with proven track record
 - High barriers to entry
 - Unique and defensible products (brands)
 - Simple (easy to understand) and scalable business models
 - Focused execution

Strategic focus

We aim to invest in and grow large businesses – the past 36 months priority was “Project Internal Focus”.

	Before 2012	Since 2012
Industry:	<ul style="list-style-type: none">• Agribusiness	<ul style="list-style-type: none">• Agribusiness
Sub-sector:	<ul style="list-style-type: none">• Food and Beverages	<ul style="list-style-type: none">• Food and Beverages• <i>Bio Fuels, Bio/Renewable energy*</i>• <i>Non-food (i.e. Rubber, timber)*</i>
Geography:	<ul style="list-style-type: none">• South Africa (Direct)• Rest of World (via portfolio)	<ul style="list-style-type: none">• South Africa (Direct)• Sub-Sahara Africa (Direct)• Rest of World (via portfolio)
Criteria:	<ul style="list-style-type: none">• Arbitrage• Undervalued	<ul style="list-style-type: none">• Arbitrage• Undervalued• Growth sectors• Consolidation
Influence:	<ul style="list-style-type: none">• Passive	<ul style="list-style-type: none">• Passive• Active

Invest in **and build** the businesses of tomorrow

** No current investments in these sub sectors but broad evaluations considered*

Full year results



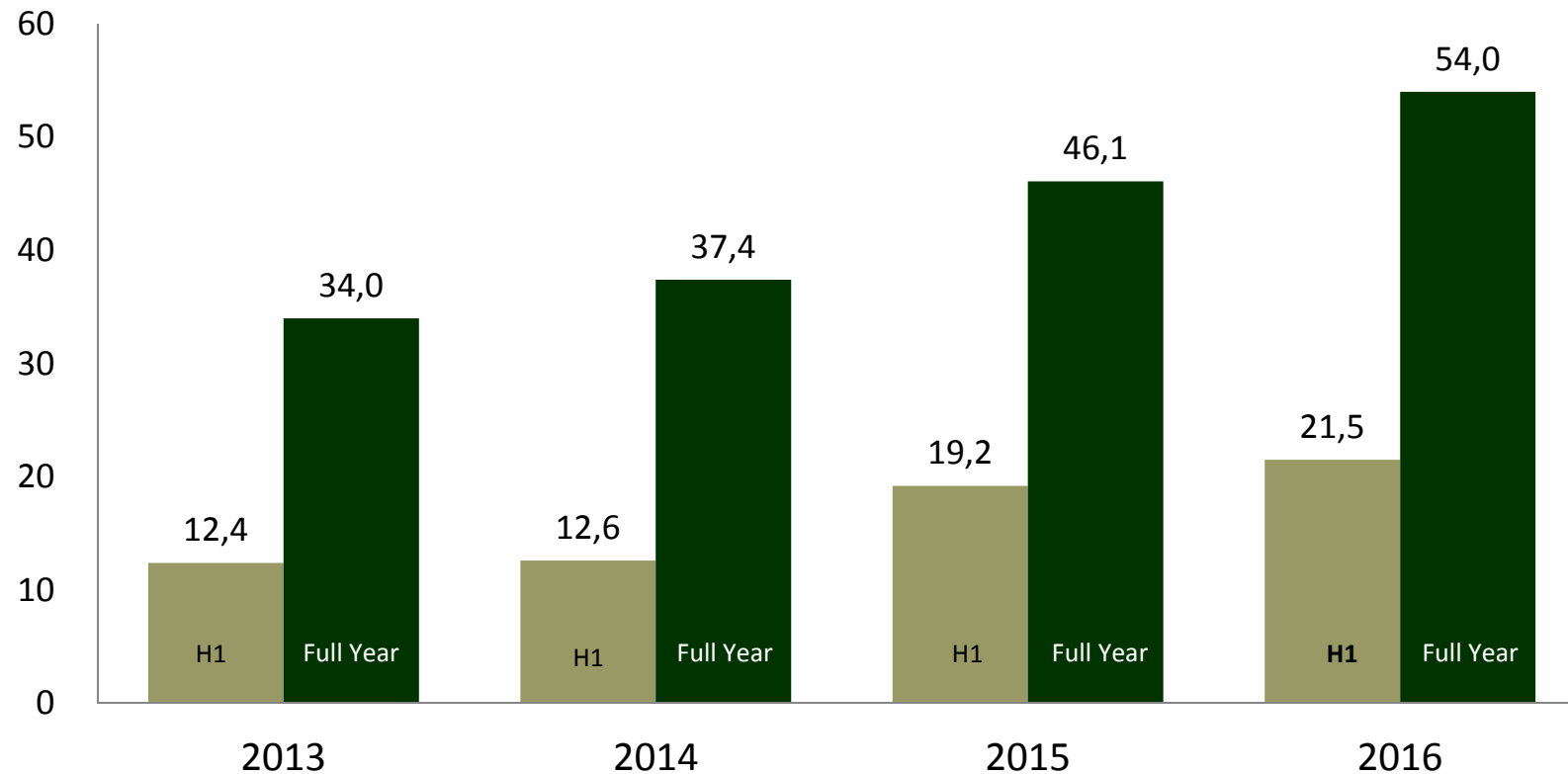
Despite a challenging macro environment, Zeder delivered encouraging results.

	Feb 2013	Feb 2014	Feb 2015	Feb 2016	Y-o-Y Change	CAGR 3yrs
Sum of the parts (R'bn)	4.25	5.16	13.24	12.25	-7%	+42%
Recurring headline earnings from investments (R'm)	332.9	366.4	540.1	804.6	+49%	+34%
Recurring headline earnings (R'm)	251.1	300.0	414.2	631.8	+53%	+36%
Headline earnings (R'm)	196.3	260.5	257.3	544.6	+112%	+41%
Dividend (R'm)	39.1	44.1	79.4	137.1	+73%	+52%
Issued number of shares (m)	978	980	1,444	1,523		
Weighted number of issued shares (m)	978	980	1,172	1,490		
<i>Per share:</i>						
Sum of the parts (R)	4.35	5.26	9.17	8.03	-12%	+23%
Recurring headline earnings from investments (cents)	34.0	37.4	46.1	54.0	+17%	+17%
Recurring headline earnings (cents)	25.7	30.6	35.3	42.4	+20%	+18%
Headline earnings (cents)	20.1	26.6	22.0	36.5	+66%	+22%
Dividend (cents)	4.0	4.5	5.5	9.0	+64%	+31%

Earnings from investments

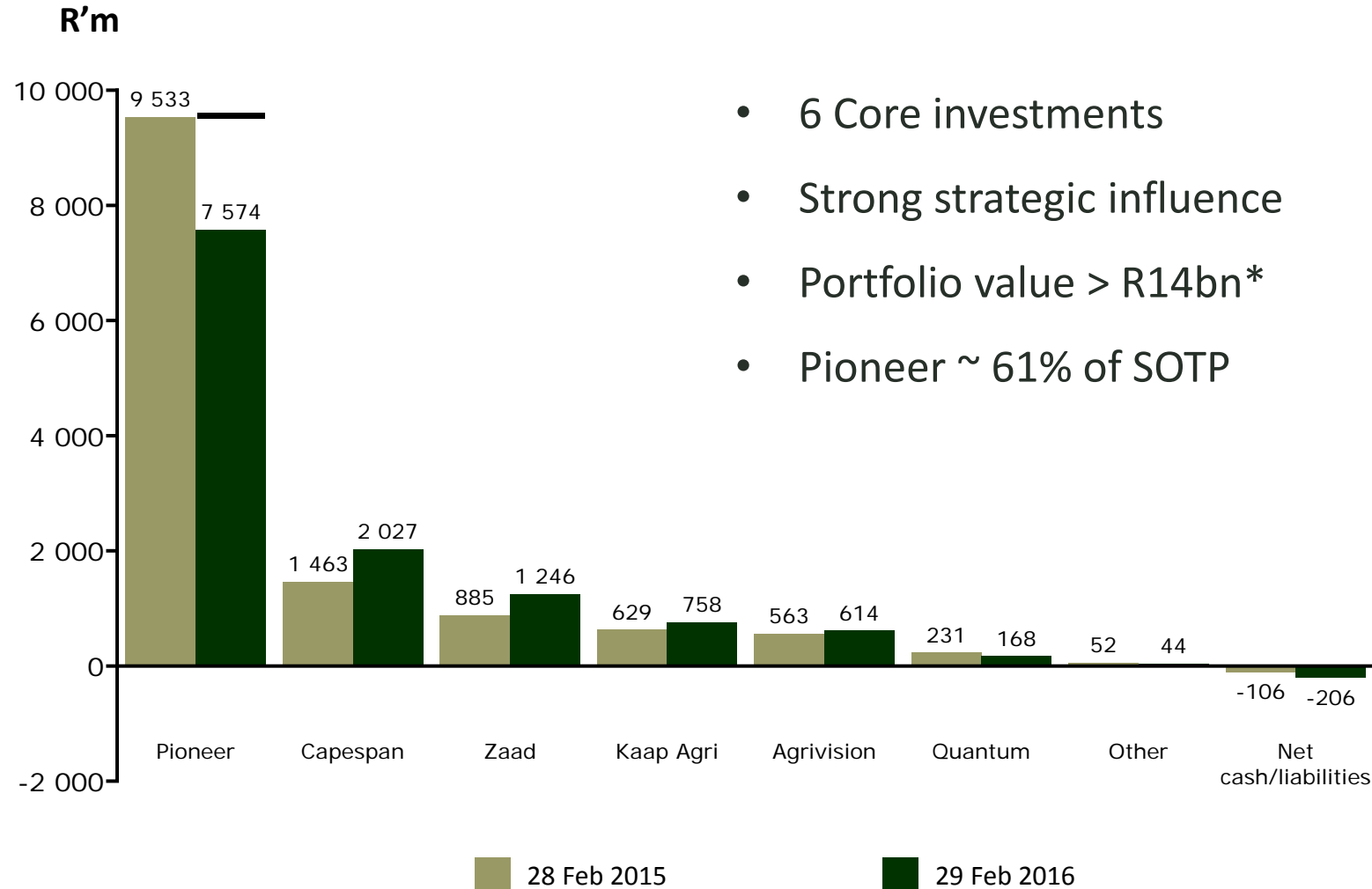
The improved trend in RHEPS growth from underlying investee companies has been maintained and “Project Internal Focus” has delivered satisfactory results.

Recurring headline earnings from investments before funding and fees
(cents per share)



Portfolio distribution

No change in the portfolio mix - from a valuations point of view, most of the downward adjustment, at year-end, was due to decrease in Pioneer share price during the period – there has been a substantial recovery since.



* As on 14 June 2016

Portfolio review








Pioneer reported strong growth for their full year and followed this up with credible interim results with adj. HEPS increasing by 6%.



For the 6 months ended 31 March 2016

for continuing operations

Revenue**		9% to R10.01 bn
Operating profit*		6% to R1 236 m
Operating margin*		12.3%
HEPS*		6% to 479 cents
Interim dividend declared		11% to 105 cents

* Adjusted for the Phase I B-BBEE income/charge and items of a capital nature

** Excluding biscuits, Pepsi & Maitland Vinegar

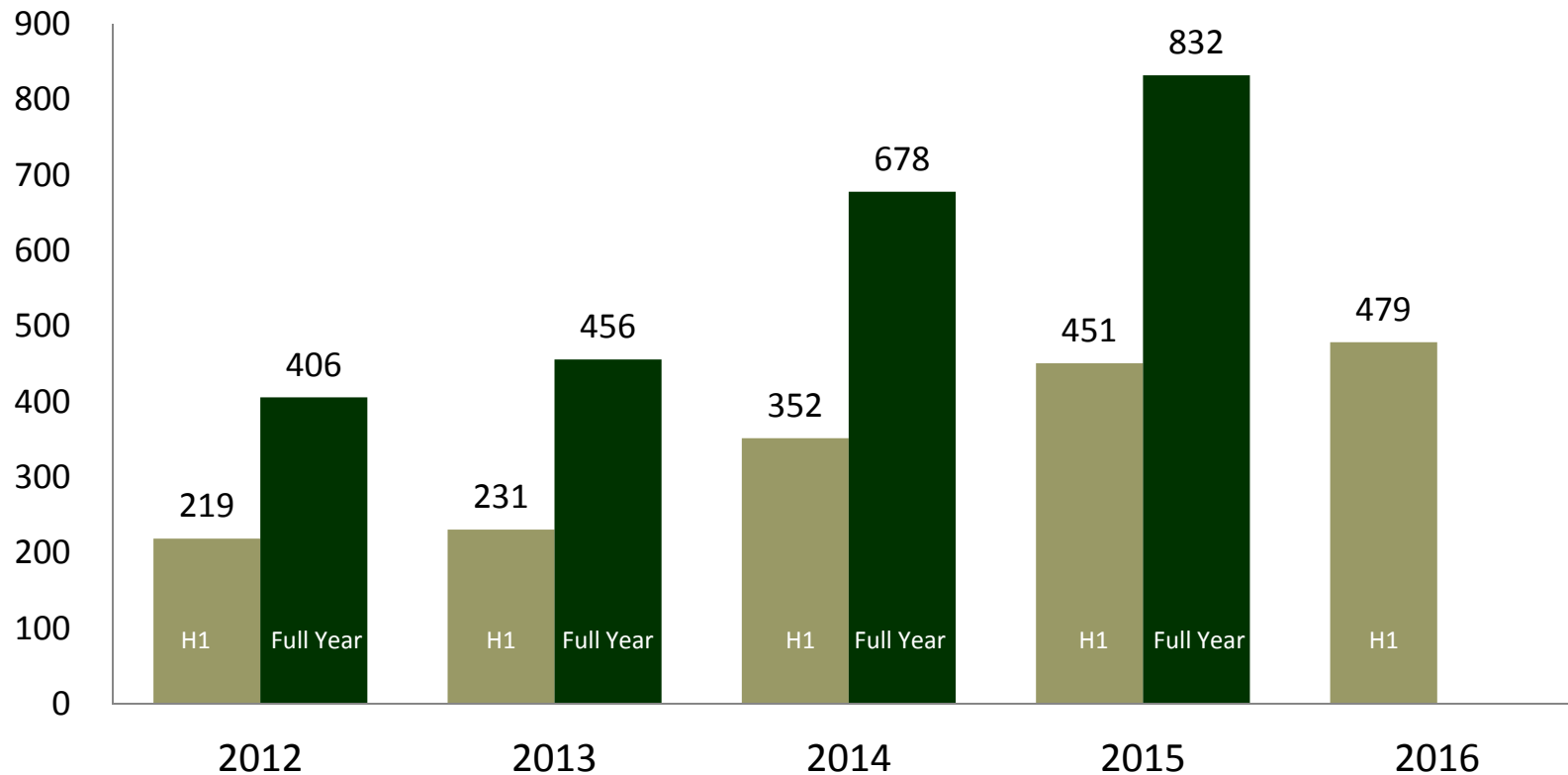
Portfolio review



The continued growth in profitability has to be commended, particularly given the constrained environment.



Adjusted headline earnings
(cents per share)



Portfolio review



... and operating margin improvement has also translated in market recognition.



	1H 2013 *	1H 2016	
Operating profit (R'm)	581	1 236	3 yr CAGR 29%
<i>Gross Margin</i>	<i>29.3%</i>	<i>31.0%</i>	
<i>Operating Margin</i>	<i>7.2%</i>	<i>12.3%</i>	
Headline earnings per share (cents)	230	479	
Share price (cents)	7 157	13 904	3 yr CAGR 25%

* Excludes Quantum Foods

Excluding Phase I B-BBEE income/charge and items of a capital nature

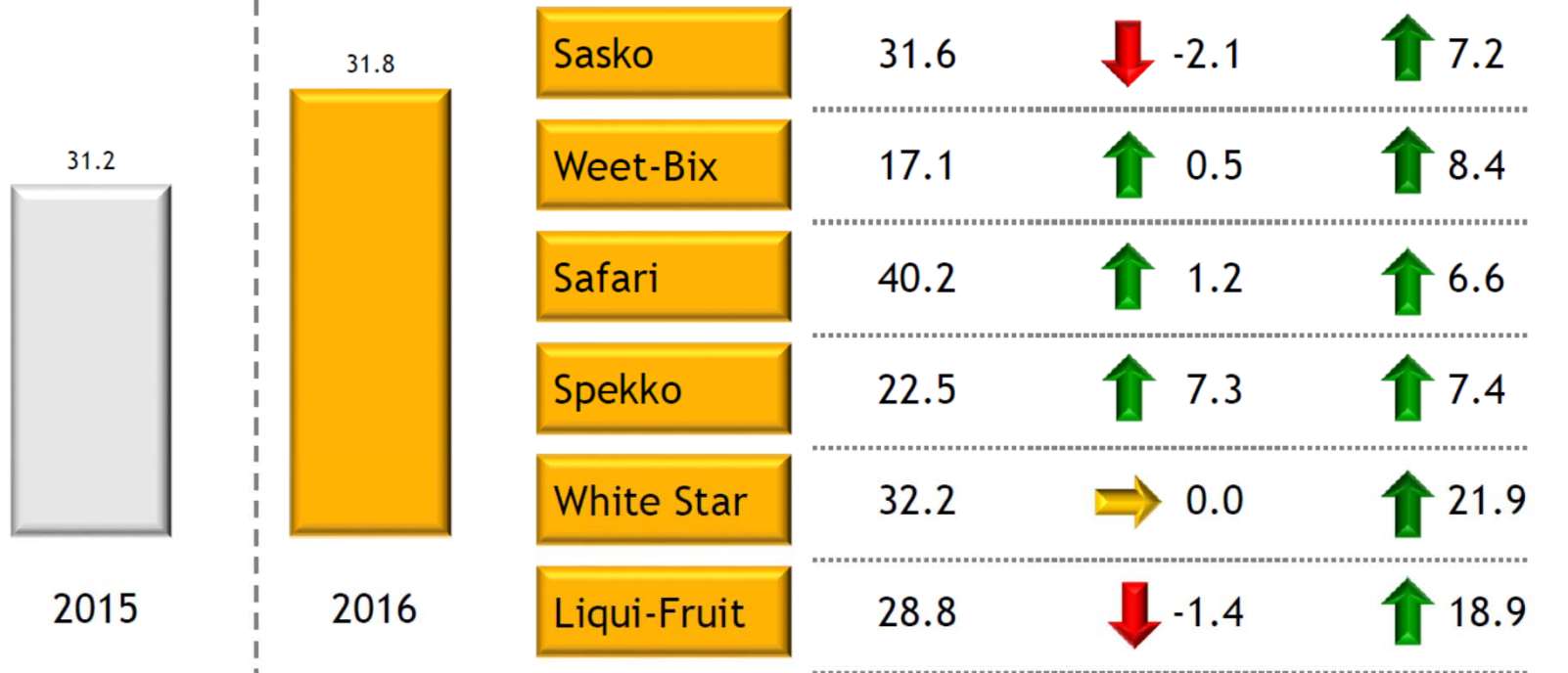
Portfolio review

Investment in core brands and products have been maintained and share indicators remain positive.



Corporate share¹
%, 6 mm to March 2016

6 mm October 2015 to March 2016



¹ Measured as weighted average of Pioneer's share in 18 categories in which it operates. TEG only. Including DOB's. Source: Aztec

Brand investment maintained

Portfolio review



Capespan continues to realign its business, invest for growth and reported a modest increase of 8% in RHEPS.



Summarised Income Statement	Dec 13		Dec 14		Dec 15
	R'm	% growth	R'm	% growth	
Revenue	7,149	3.4%	7,392	4.0%	7,688
EBITDA	228	(0.4%)	227	31.7%	299
<i>EBITDA margin</i>	3.2%		3.1%		3.9%
EBIT	191	(11.5%)	169	30.2%	220
Recurring headline earnings	139	14.4%	159	7.5%	171
Headline earnings	127	(23.6%)	97	40.2%	136
Weighted average number of shares (m)	319	0.7%	321	0.7%	324
Recurring HEPS (R)	0.44	11.4%	0.49	8.2%	0.53

Zeder successfully concluded the buy-out of minority shareholders in Capespan during the period under review – R500m

Portfolio review



Capespan operates along three divisions namely Farms, Fruit and Logistics...



Portfolio review



... and more than R800m has been invested over the past 24 months in acquisitions and expansions to strengthen the group.



China



India



South Africa



Germany



Hong Kong



Mozambique



Portfolio review

Zaad delivered an increase of 36% in earnings that translated to 20% per share (diluted as a result of investment of R92m during the year).



Summarised Income Statement	Feb 14		Feb 15		Feb 16
	R'm	% growth	R'm	% growth	R'm
Revenue	465	103.7%	947	29.5%	1,226
EBITDA	96	53.1%	147	61.2%	237
<i>EBITDA margin</i>	20.6%		15.5%		19.3%
EBIT	84	48.8%	125	125.6%	282
Recurring headline earnings	54	42.6%	77	36.4%	105
Headline earnings	51	45.1%	74	41.9%	105
Weighted average number of shares (m)	13	30.1%	17	13.9%	20
Recurring HEPS (R)	4.06	9.4%	4.44	20.0%	5.33

Zaad successfully acquired all of the remaining shares in Bakker Brothers (Netherlands) and entered the Agri-Chemical sector with a 49% investment in FarmAG

Portfolio review

With a strong product portfolio, proprietary IP and established South African and international market presence, growth is underway.



Portfolio review



Kaap Agri reported solid results in 2015 and increased RHEPS by 18% during their first 6 months of FY16.



Summarised Income Statement	Sep 13		Sep 14		Sep 15
	R'm	% growth	R'm	% growth	R'm
Revenue	4,008	21.6%	4,875	9.6%	5,341
EBITDA	219	20.1%	263	18.3%	311
<i>EBITDA margin</i>	5.5%		5.4%		5.8%
EBIT	202	20.3%	243	19.8%	291
Recurring headline earnings	129	22.5%	158	15.8%	183
Headline earnings	129	22.5%	158	15.8%	183
Weighted average number of shares (m)	70		70		70
Recurring HEPS (R)	1.83	22.4%	2.24	15.6%	2.59

Kaap Agri invested R350m over the past 3 years to maintain and expand its operating footprint and develop new divisional revenue streams

Portfolio review

With a strong footprint and historical base, opportunities exist to continue growing.



KAAP AGRI

is a retail services group that supplies a variety of products and services mainly to the agricultural sector, but also to the general public.

Kaap Agri has 183 operating points that stretch over 97 cities, towns and places, and include areas such as the Swartland, Boland, Winelands, Overberg, Langkloof, Namaqualand, Orange River, Sundays River Valley, Namibia and adjacent areas, as well as Limpopo, Mpumalanga and Gauteng.



Portfolio review



Agrivision Africa remains in net J-curve but underlying business performances encouraging despite challenges.



Agrivision Africa

Summarised Income Statement	Dec 13		Dec 14		Dec 15
	US\$'000	% growth	US\$'000	% growth	US\$'000
Revenue	14,305	127.4%	32,532	(2.6%)	31,677
EBITDA	8,322	(7.2%)	7,726	47.5%	11,396
<i>EBITDA margin</i>	58.2%		23.7%		36.0%
EBIT	2,485	107.8%	5,164	61.9%	8,361
Recurring headline earnings *	(1,502)		(507)		1,921
<i>Foreign currency translation reserve</i>	(44)		(1,814)		(6,616)
Recurring headline earnings	(1,546)		(2,321)		(4,695)



- Successfully completed strategic equity participation of **\$30m** (~R450m) during the year
- Zeder's interest reduced from 76% – 55%

* Adjusted for FCTR movements

Portfolio review

Limited expansion was undertaken during the year with a focus on existing investments only.



Agrivision Africa

Farming & Development



- 4,500 ha (irrigated)
- 1,800 ha (dry-land)

Milling & Processing



- 50,000 tons (Maize)
- 24,000 tons (Wheat)

Brands & Distribution



- Formal retail
- Distribution depots

Portfolio review



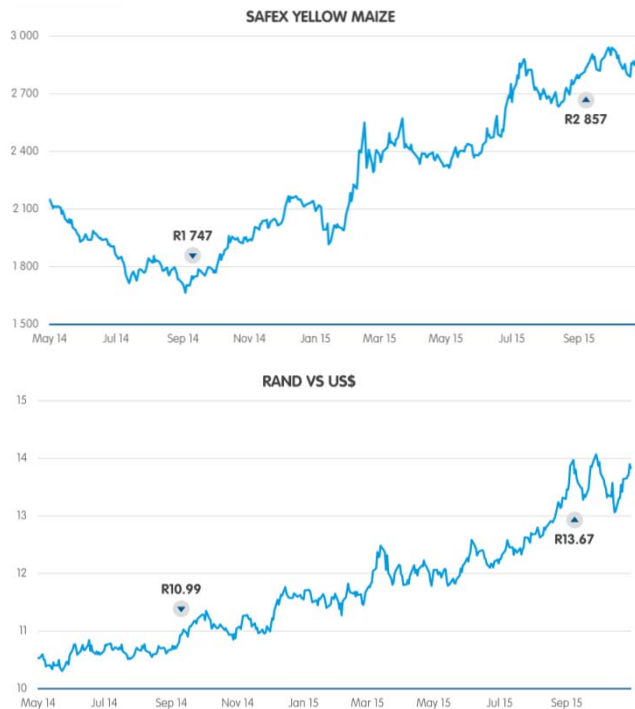
As expected, Quantum was not able to repeat the strong profits of 2015 but remains better positioned for the cycles.



Six months ended 31 March	2016 Rm	2015 Rm	% change
Revenue	1 807.6	1 674.7	▲ 7.9
Operating profit*	76.5	82.3	
(Loss) / income from associates	(0.3)	0.1	
Net finance income	5.2	2.5	
Profit before tax	81.4	84.9	
Tax	(20.7)	(22.7)	
Profit for the period	60.7	62.2	
* Operating profit includes capital items	36.1	1.5	
Adjusted operating profit	40.4	80.8	▼ 50
Adjusted operating margin	2.2%	4.8%	
EPS - cents	26	27	
HEPS - cents	15	26	▼ 44

Portfolio review

Quantum Foods will aim to navigate cyclical volatility while pushing forward in pursuing its strategic objectives.



- Raw material prices at higher levels
- Weak exchange rate environment
- Consumer under pressure
- New business model better aligned
- Management to focus:
 - Efficiencies
 - Growth to scale
 - Acquisitions (RSA/Africa)

Quantum Foods has invested or approved R250m over the past 12 months to maintain but mostly expand its operations in South Africa (Animal Feeds), Zambia, Uganda and Mozambique



Conclusion

We remain optimistic about the prospects of the group.

- Drought and tough economic conditions likely to remain a challenge in the short term – but longer term the sector is resilient
- Appropriately diversified portfolio likely to mitigate volatility
- Strong existing portfolio companies with focused and able management teams
- “Internal focus” offers additional opportunities and platform growth is being encouraged
- Management fee internalisation should allow for much improved cash flows and likely removal of structural discount thereby enabling additional growth
- Strategic investments and diversification if/when appropriate



Thank you