



Interim results

Presented by:

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Chief executive officer

8 October 2013



AGENDA

- Interim results
- Strategy review
- Portfolio overview
- Select investments



INTERIM RESULTS

Executive summary

			<u>Aug 13</u>	<u>Aug 12</u>	<u>Feb 13</u>
Sum of the parts <i>Sum of the parts per share (c)</i>	8,8% (31,0%)	↑	R4,253m R4.34	R3,238m R3.31	R3,903m R3.99
See-through sum of the parts <i>See-through sum of the parts per share (c)</i>	8,7% (32,8%)	↑	R4,632m 4.73	R3,486m 3.56	R4,259m 4.35
Recurring headline earnings <i>Recurring headline earnings per share (c)</i>	8,2%	↑	R89,7m 9.2	R83,1m 8.5	R251,1m 25.7
Headline earnings <i>Headline earnings per share (c)</i>	25,4%	↑	R72,4m 7.4	R57,3m 5.9	R196,3 20.1
Attributable earnings <i>Attributable earnings per share (c)</i>	(3,6%)	↓	R104,2m 10.6	R107,9m 11.0	R511,7 52.3

INTERIM RESULTS

Sum-of-the-parts

Company	February 2013		August 2013	
	Interest (%)	Rm	Interest (%)	Rm
Agri Voedsel	45,0	1 475,2	46,8	1 666,0
Kaap Agri	34,9	343,2	39,7	453,1
Capevin Holdings	5,3	287,6	5,1	312,3
Capespan	37,1	284,2	71,7	742,8
Zaad Holdings	92,0	368,9	92,0	368,9
Chayton	73,4	276,9	76,5	293,3
Suidwes	24,1	90,2	24,1	97,0
NWK	19,9	224,7	19,9	228,0
Overberg Agri	18,6	107,3	18,6	145,6
Other		54,0		53,3
Total investments		3 512,2		4 360,3
Cash and cash equivalents		692,2		216,6
Other net liabilities		(301,1)		(324,3)
SOTP value		3 903,3		4 252,6
Number of shares in issue (million)		978,1		980,2
SOTP value per share (rand)		3,99		4,34
See-through SOTP value per share (rand)		4,35		4,73
Net asset value per share (rand)		3,36		3,48

As on 4 October 2013:

SOTP = R4.53

See-through SOTP = R4.99

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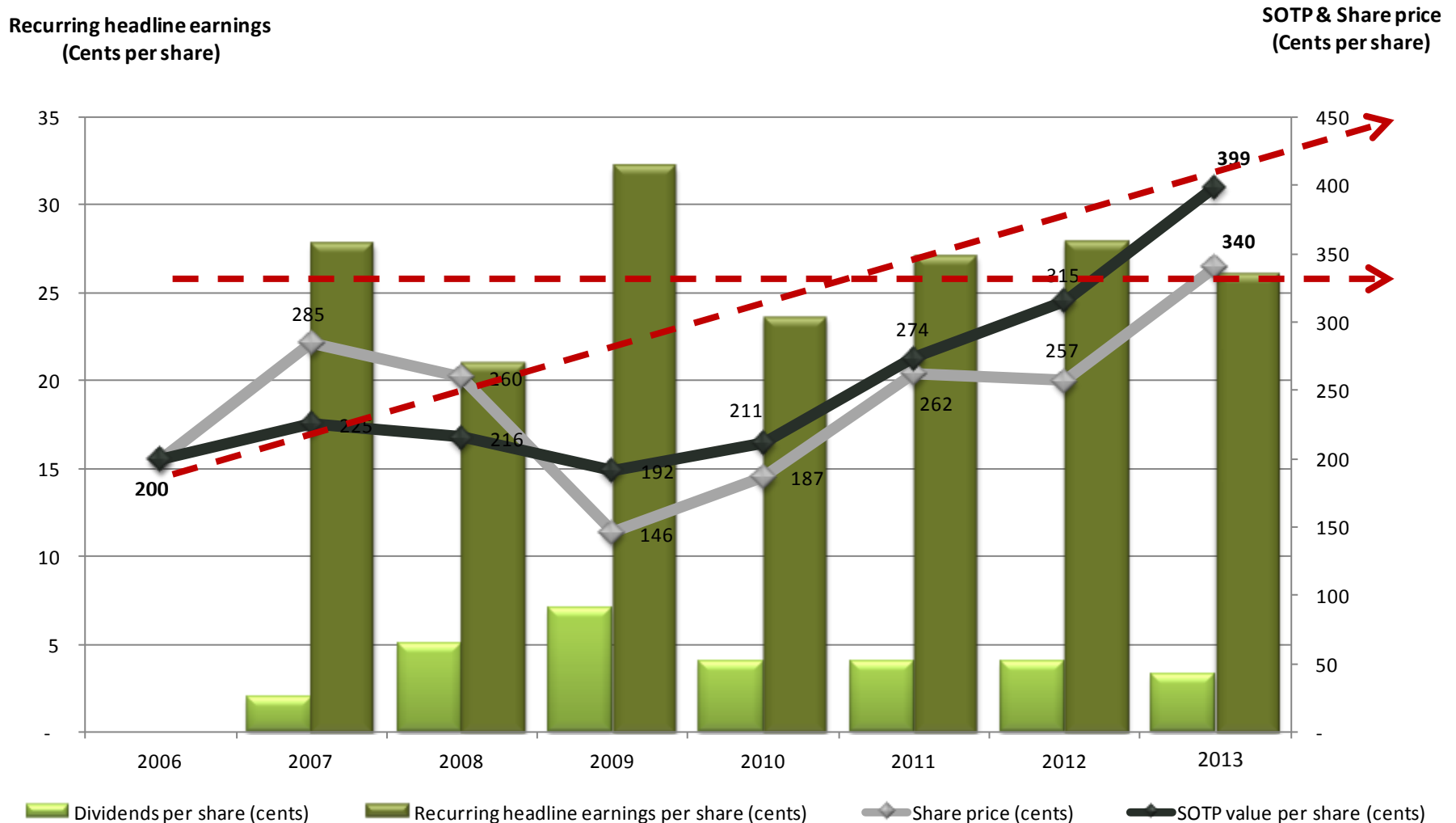
STRATEGY REVIEW

We reconfirmed our business definition

- **Long term** value investor with a primary focus on Agribusiness, specifically the food and beverage sectors
- Listed on the JSE – ZED - **hybrid private equity** vehicle
- Key characteristics of investment considerations:
 - **Growth sectors or subsectors**
 - Management with proven track record
 - High barriers to entry
 - Unique and defensible products (brands)
 - Simple (easy to understand)
 - Scalable business models
 - Focused execution

STRATEGY REVIEW

*We recognized that the opportunity for PE rerating has diminished and that longer term value will be derived from **earnings growth**...*



STRATEGY REVIEW

*We reconfirmed our focus on the **AGRIBUSINESS** industry but identified “non-food” sectors as areas of potential growth...*

Upstream ← Midstream → Downstream

Services and support

Food

Beverages

Bio Fuels

Timber, Textiles, Leather, Rubber, Etc

Services and support

Inputs

production

Processing

production

Distribution

Retail

and sales



STRATEGY REVIEW

We expanded our strategy accordingly...

Historically

Going forward

Industry:

- Agribusiness

- Agribusiness

Sub-sector:

- Food and Beverages

- Food and Beverages

- **Bio Fuels**
- **Non-food (i.e. Rubber, timber)**

Geography:

- South Africa (Direct)
- Rest of World (via portfolio)

- South Africa (Direct)
- **Sub-Sahara Africa (Direct)**
- Rest of World (via portfolio)

Criteria:

- Arbitrage
- Undervalued

- Arbitrage
- Undervalued
- **Growth sectors**
- **Consolidation**

Influence:

- Passive

- Passive
- **Active**

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

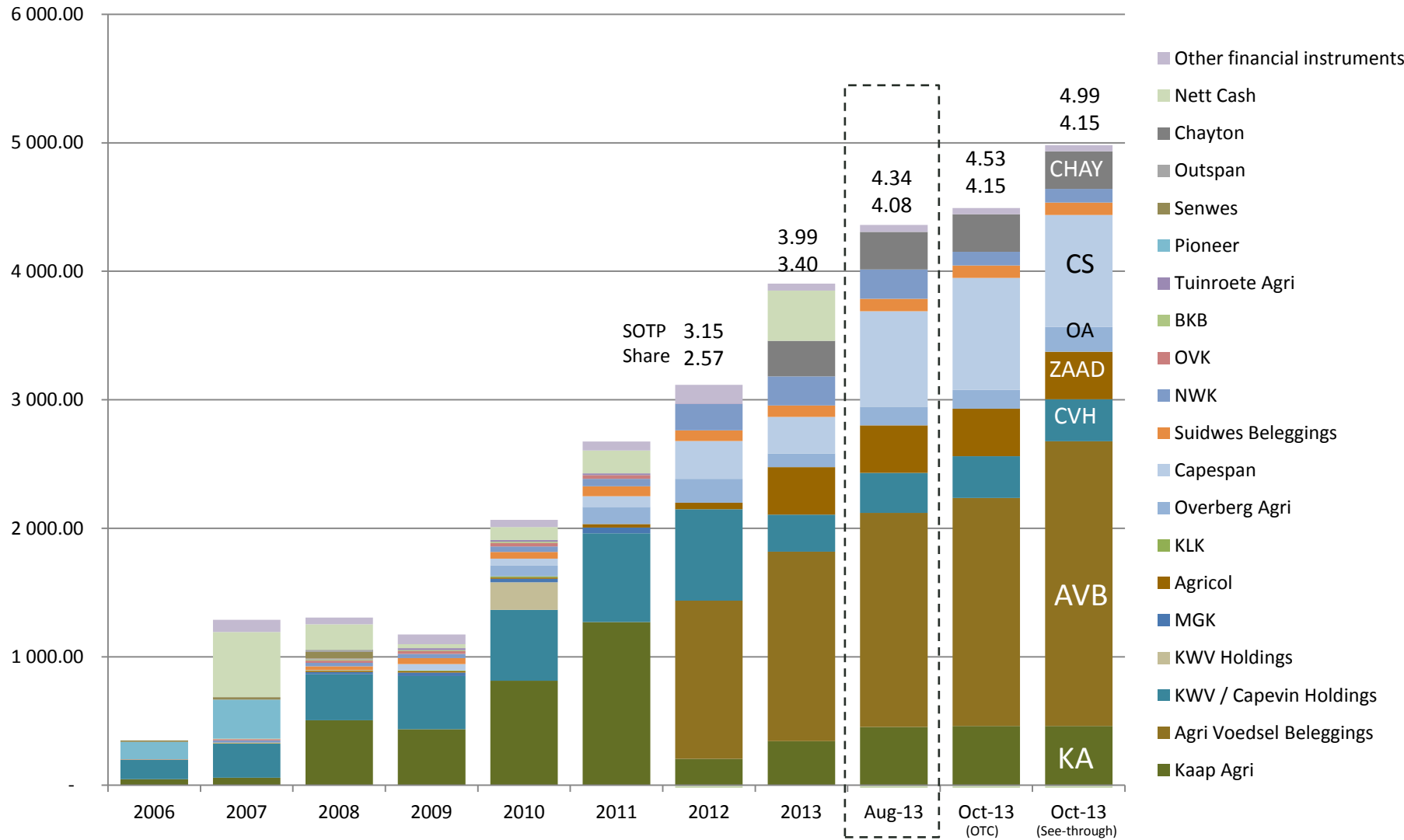
AGENDA

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PORTFOLIO OVERVIEW

The see-through value of portfolio currently touches R5 billion (R4.99 per share).



PORTFOLIO OVERVIEW

Corporate and consumer brand exposure



- Strong assets
- Leading brands
- Good management
- Growth potential

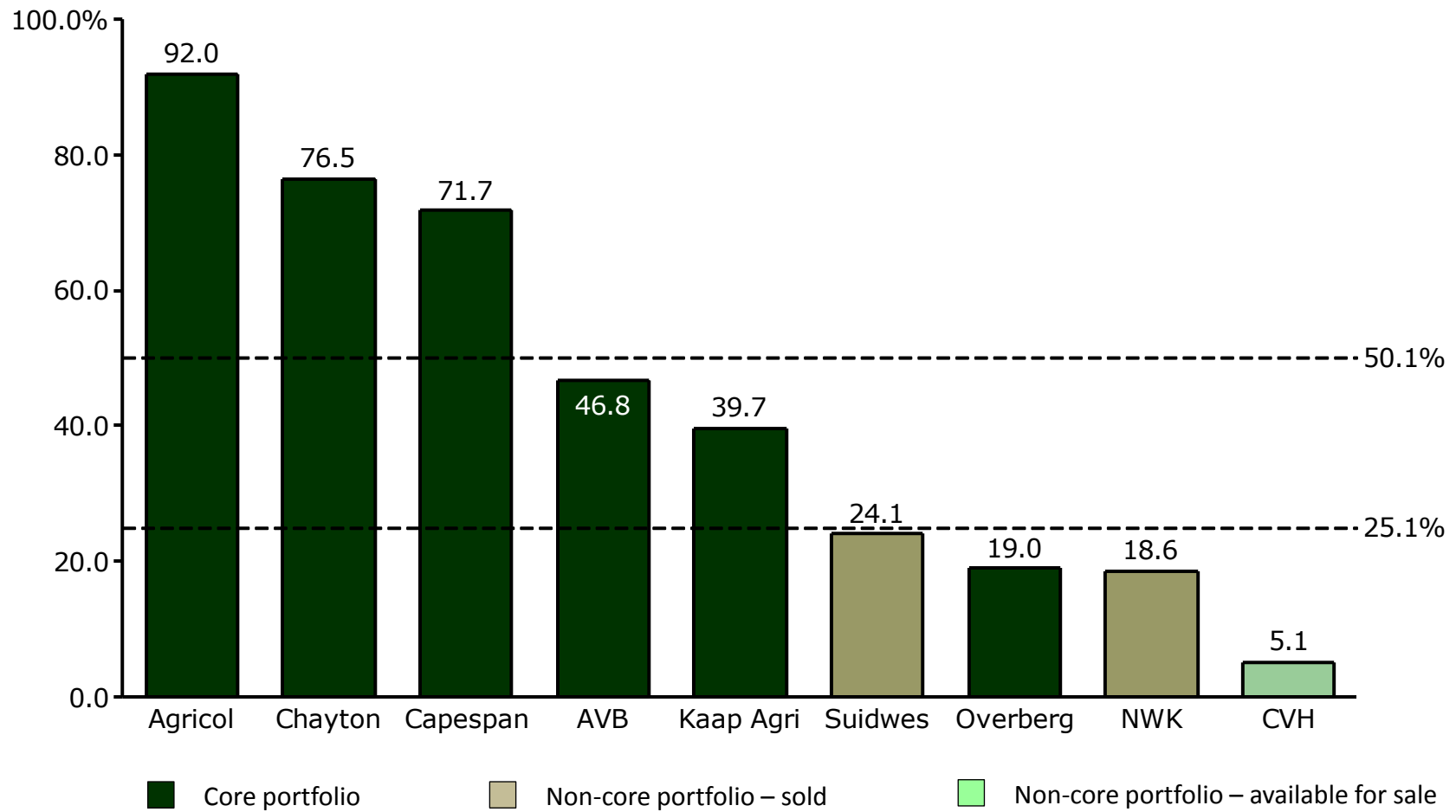
PORTFOLIO OVERVIEW

We made **big decisions** in line with revised strategy...

Investment	Decision	Reason
Pioneer	Core	Perfect fit with strategy Zeder influence high Will emerge from margin compression Significant opp for efficiency improvement End of capex cycle – improved dividends
Distell	Non-core	No influence at Distell level Shareholder discontent
Kaap Agri	Core	Renewed focus of management team Significant opp for efficiency improvement Growth in SA (organic and consolidation) Growth in Africa (trade and expand)
Capespan	Core	Renewed focus of management team Significant opp for efficiency improvement Restructure for logistics and fruit growth Growth opp in SA through consolidation Growth in international markets
ZAAD	Core	Growth sector SA consolidation – African growth
Chayton	Core	Growth sector African food story
Overberg Agri	Core	Large exposure to Pioneer Opp for consolidation and improvement of own-ops
NWK, Suidwes	Non-core	Current structures inhibiting growth Existing business under pressure

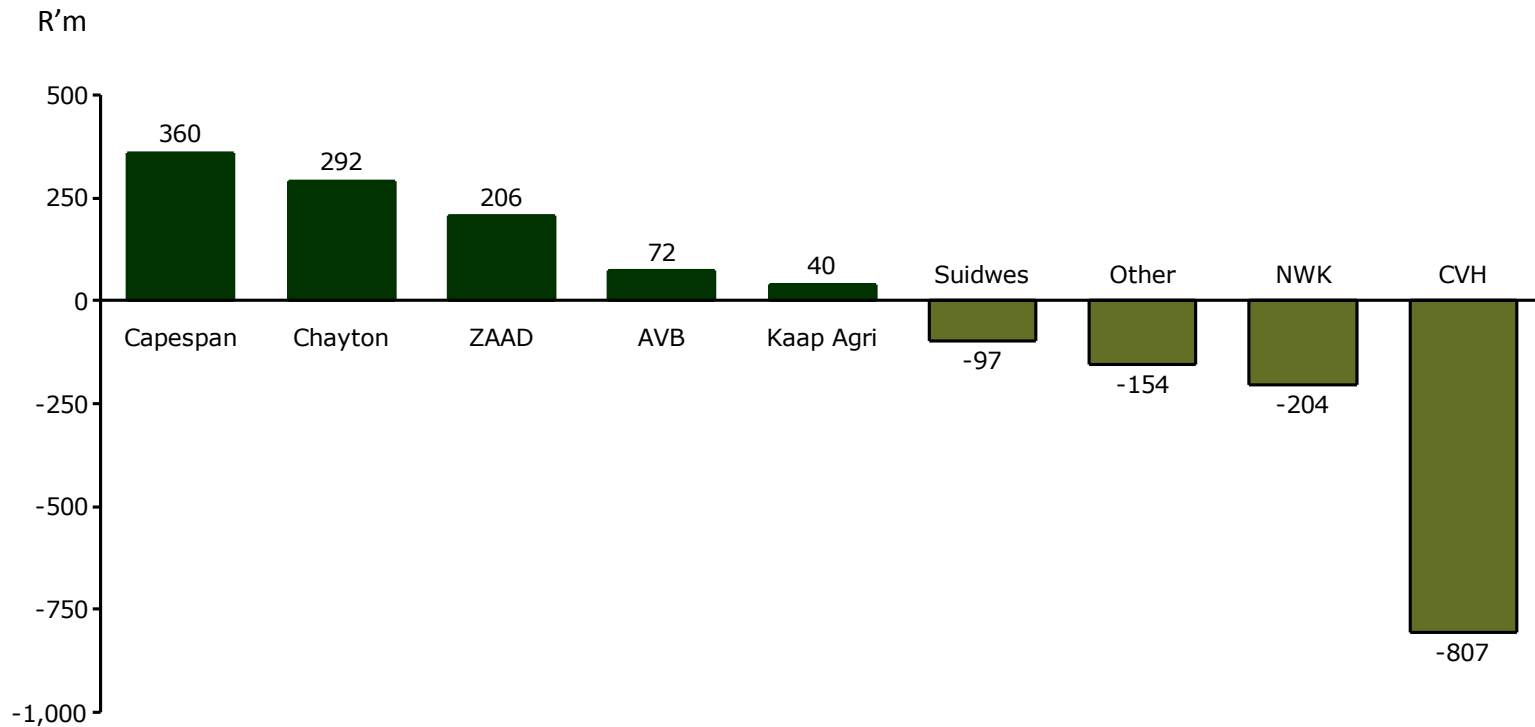
PORTFOLIO OVERVIEW

*We **focused and increased our influence** over a number of portfolio companies and critically reviewed remainder...*



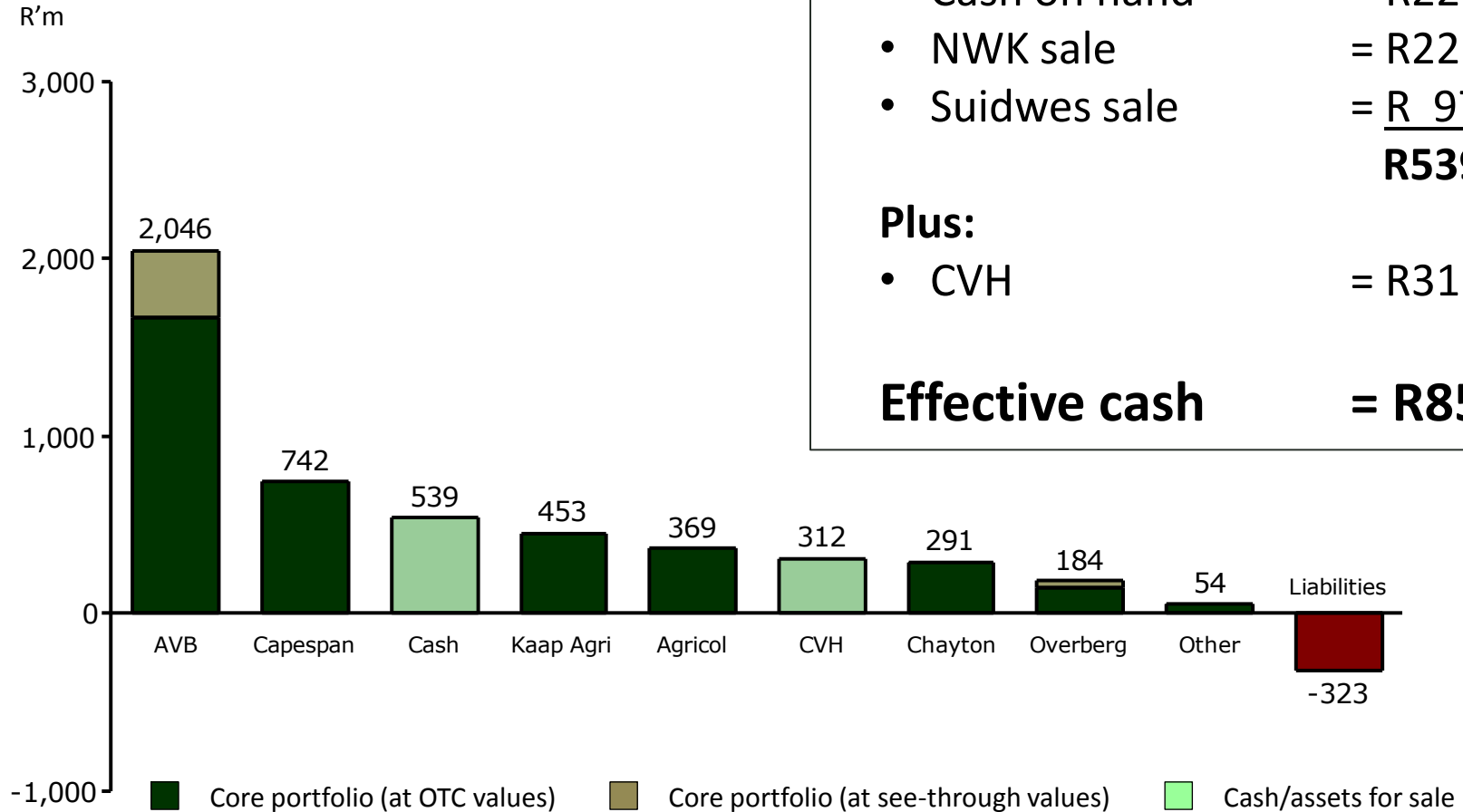
PORTFOLIO OVERVIEW

Since Feb 2012 we have invested R970m while disposing of R1,26b...



PORTFOLIO OVERVIEW

We now have larger interests in smaller number of investments with a healthy cash balance.



Effective cash balance:

- Cash on hand = R220m
 - NWK sale = R222m
 - Suidwes sale = R 97m
- R539m**

Plus:

- CVH = R312m

Effective cash = R851m

PORTFOLIO OVERVIEW

We believe our direction and influence over portfolio is beginning to show and that results will be derived in medium term.

- Significant **progress has been made** but results will only be visible in medium term - it takes time to turn a big ship
- Project **internal focus** remains very relevant and applicable – significant opportunities remain
- **Keep and grow** existing portfolio while actively seeking value enhancing opportunities
- Evaluate constantly but **wait patiently** for new “big” opportunity

PORTFOLIO OVERVIEW

We are in the process of driving thought leadership through portfolio to deliver results over medium-long term.

- Long-term sustainable competitive advantage is derived from **core repeatable processes**
- Relative market share drives **scale advantage** and corresponding margin leadership over time



- Identify and focus on **core business**
- **Scale-up** rather than start-up

PORTFOLIO OVERVIEW

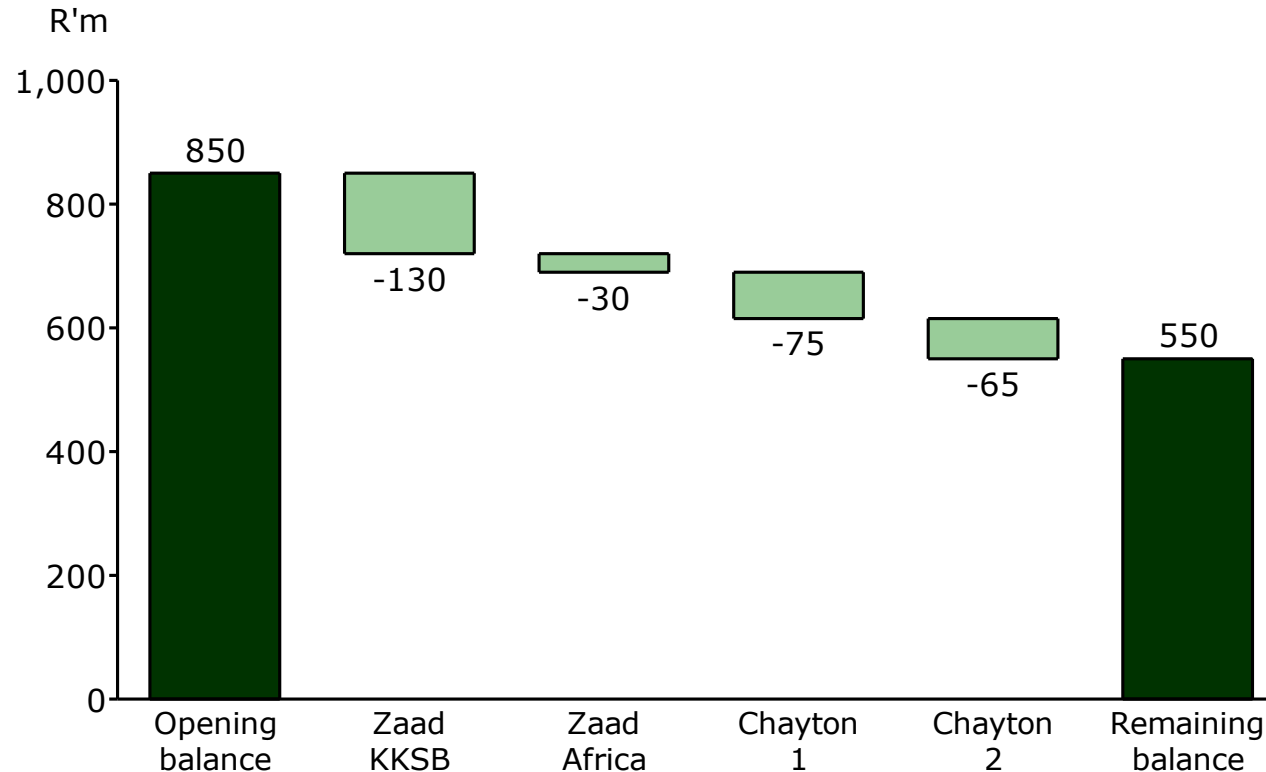
Zeder currently has controlling influence over ~R30b in turnover representing ~R1b in recurring profits – big but suboptimal ratio's

	Pioneer	Kaap Agri	Capespan	Overberg	Zaad	Chayton	Total	
Revenue	18 609.7	3 211.6	5 631.1	1 791.3	413.3	112.6	29 773.0	←
EBIT	1 031.0	169.2	164.6	83.5	57.8	-22.1	1 480.3	
PBT	916.6	141.6	127.2	45.5	49.8	-29.8	1 247.0	
PAT	766.9	102.6	99.2	35.5	37.7	-31.0	1 007.0	←
<i>EBIT margining (%)</i>	<i>5.54%</i>	<i>5.27%</i>	<i>2.92%</i>	<i>4.66%</i>	<i>13.98%</i>	<i>-19.63%</i>	<i>4.97%</i>	←
<i>PAT margin (%)</i>	<i>4.12%</i>	<i>3.19%</i>	<i>1.76%</i>	<i>1.98%</i>	<i>9.12%</i>	<i>-27.53%</i>	<i>3.38%</i>	←
Non-current assets	5 526.6	408.4	1 012.6	1 472.6	58.1	468.9	8 965.3	
Current assets	5 079.6	1 464.0	1 383.9	765.7	312.3	196.7	9 203.9	
Total assets	10 606.2	1 872.4	2 396.6	2 238.3	370.4	665.6	18 169.3	
Non-current liabilities	1 377.5	21.7	424.1	322.9	50.1	196.7	2 408.3	
Current liabilities	3 035.5	955.7	802.8	719.6	188.5	102.2	5 804.8	
Total liabilities	4 413.1	977.5	1 226.9	1 042.5	238.6	298.9	8 213.3	
Equity	6 184.9	894.9	1 169.7	1 169.7	131.8	366.6	9 921.5	←
<i>Return on assets</i>	<i>7.23%</i>	<i>5.48%</i>	<i>4.14%</i>	<i>1.59%</i>	<i>10.18%</i>	<i>-4.66%</i>	<i>5.54%</i>	←
<i>Return on equity</i>	<i>12.40%</i>	<i>11.46%</i>	<i>8.48%</i>	<i>3.03%</i>	<i>28.60%</i>	<i>-8.46%</i>	<i>10.15%</i>	←

Note: Financial figures do not correlate with Zeder accounting. Table contains each company's information for their respective financial years

PORTFOLIO OVERVIEW

We have committed ~R300m towards highly likely transactions within our existing portfolio - subject to due-diligence.



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EXISTING INVESTMENTS

CORE INVESTMENT

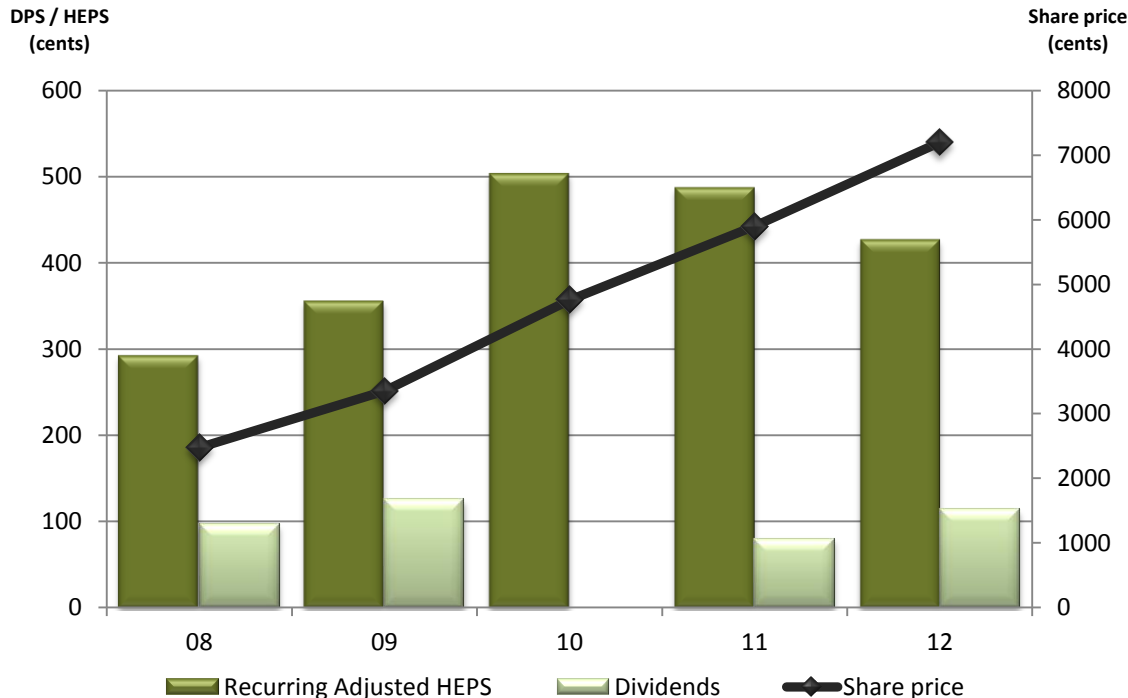


- Earnings remains under pressure – high commodity cycle
- Significant capacity for recovery , growth and efficiencies
- Phil Roux heavily engaged with many initiatives underway
- Active participation at Board level

R1,666m/2,216m

Salient features:

- Influence ~ 30%
- Turnover = R18,6b
- Adjusted HE = R767m
- SA's 2nd largest food company
- Listed on the JSE
- Four key divisions:
 - Sasko, Bokomo, Ceres
 - Quantum
- Challenging environment
- Efficiency improvements
- Increasingly looking into Africa
- Likely unbundling of Quantum



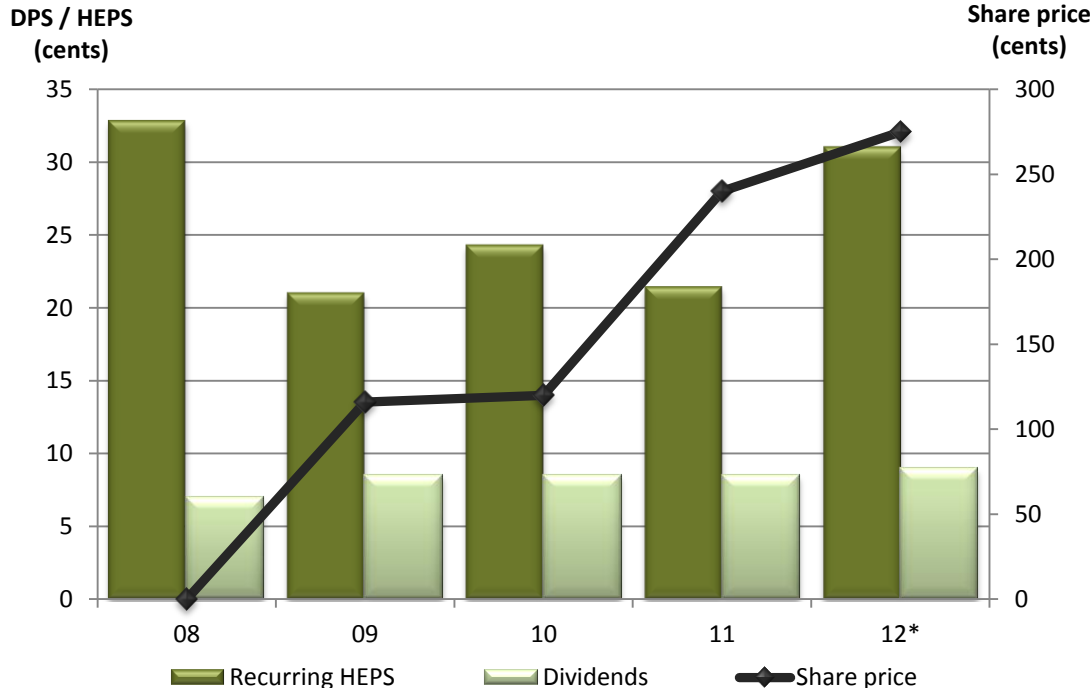
CAPESPAN

R743m

- Underlying performance encouraging
- Presents both challenges and opportunities
- Increased interest from 37.3% to 71.7% since YE
- Johan Dique and team implementing new strategy

Salient features:

- Influence = 71.7%
- Turnover = R5.5b
- Adjusted HE = R99m
- Leading fruit exporting and marketing company
- Three key divisions:
 - Fruit
 - Farming
 - Logistics
- 6 months results very encouraging (RHEPS +30%)
- Solid contributions from Mozambique



CAPESPAN

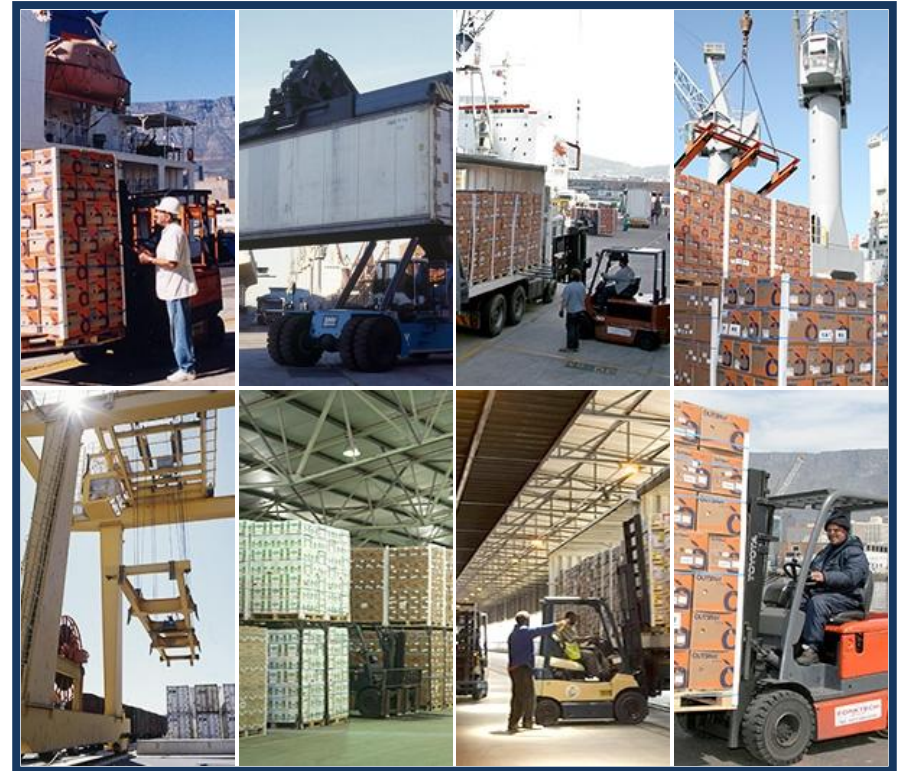
Over 70 years, the Capespan Group has developed two large and complimentary divisions which are increasingly less interdependent.

FRUIT



Normalised PBT = ~R80m

LOGISTICS



Normalised PBT = ~R80m

The fruit division produces, procures, markets and distributes fresh produce from more than 12 countries to more than 60 countries.

FRUIT



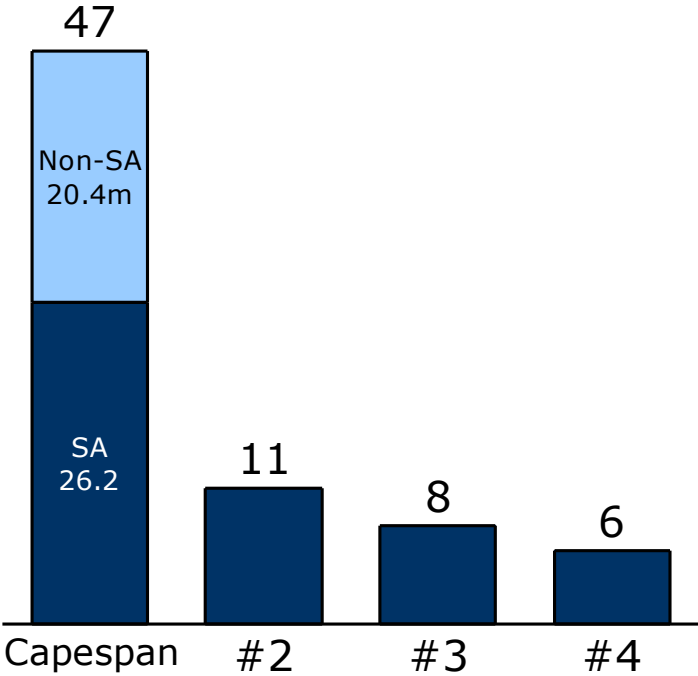
Salient features

- Capespan markets and delivers exceptional fruit from the orchard to international retail, wholesale and food service partners
- Procures fruit from more than 12 countries and markets and delivers to customers in more than 60 countries on 4 continents
- Fully staffed and integrated marketing companies in 12 countries
- Fully integrated fruit production farms in South Africa and Namibia
- Valuable equity interest in challenging and expanding Chinese market

Capespan remains the largest South African exporter of fruit and has a diversified customer base with emerging market growth.

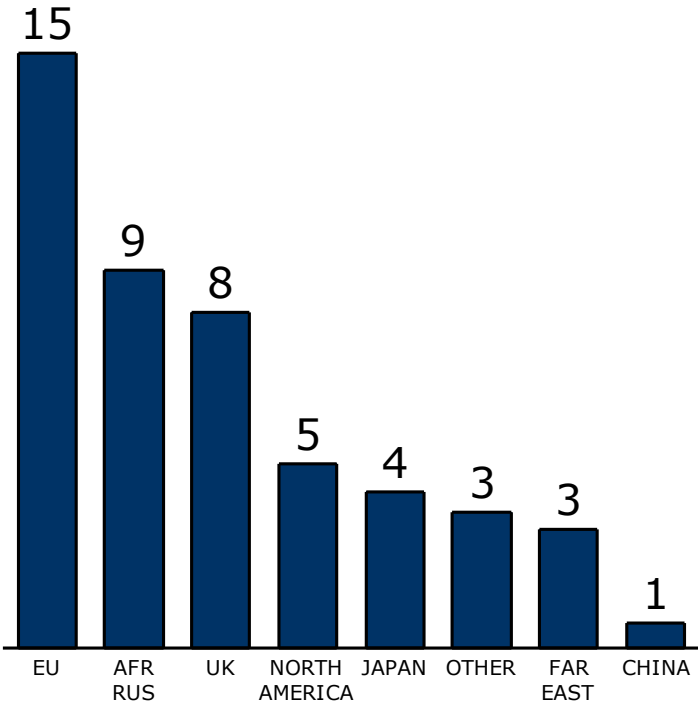
South African Exporters

Fruit volumes (million cartons)



Capespan Exports

Fruit volumes (million cartons)



Capespan has globally recognised brands that can be leveraged in emerging markets.



OUTSPAN®

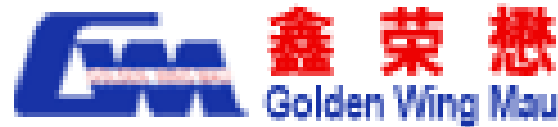


cape



Goldland®

Through its investment in Golden Wing Mau, Capespan has established a credible entry into the growing Chinese market.



- Capespan has 25% interest in Golden Wing Mau
- Company started trading in Shenzhen in 1997
- Delivered Sustained Annual Growth-average 35% P.A
- Turnover in 2012- 2.10 Billion Yuan (\$336M)
- 40 Fruit Production Bases in China
- 15 Regional Packing/ Storage Facilities in Key areas
- 40 Distribution Centres, covering 80 Cities in China - total employees over 2500
- Daily provides Fresh Fruit to over 2000 Supermarket outlets throughout China covering consumer market of 500 million people

While there are exciting opportunities to grow the fruit business, challenges remain.

Opportunities

- Maintain SA leadership position
- Explore consolidation/expansion options
- Support/invest for growth in emerging market channels
- Leverage core capabilities to potentially expand into other “fresh” categories

Challenges

- Labour implications
- Agricultural volatility
- Exchange rate exposures
- Balance sheet optimisation
- Long term investments

Through FPT and MCT, Capespan offers a broad range of landside and port logistic services in South African and Mozambique.

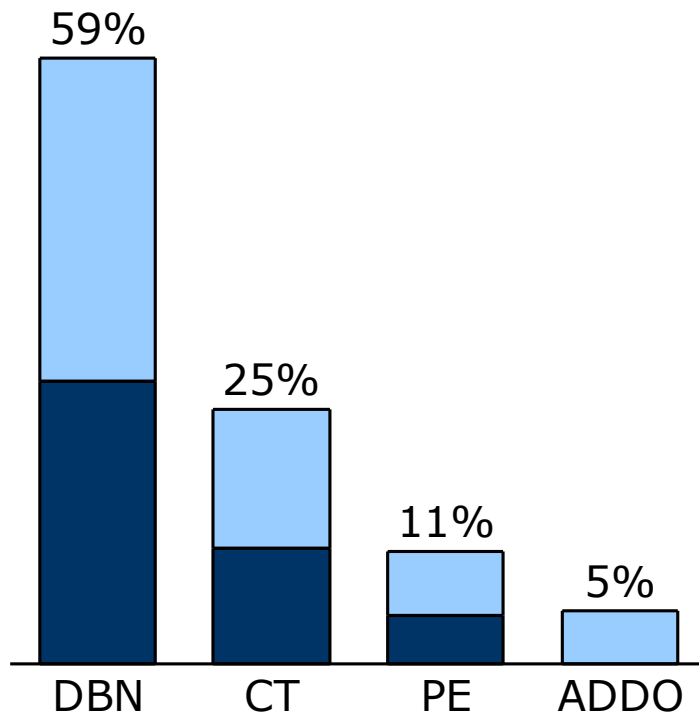


Salient features

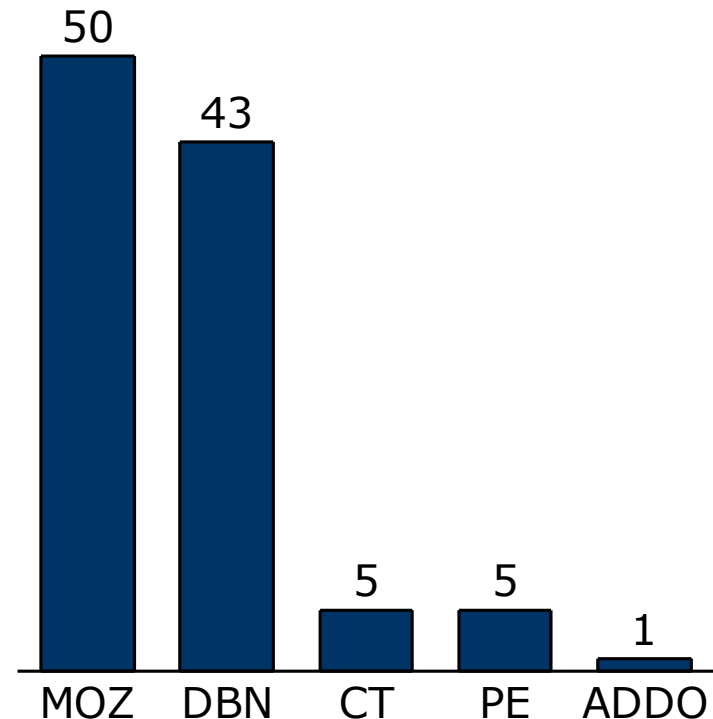
- Owns and operates four multipurpose terminals in Southern Africa situated in the ports of Cape Town, PE, Durban and Maputo
- Terminals handle ~ 1 million pallets of fruit and ~ 1 million tons of general cargo annually
- In recent years it has diversified its activities from fruit cargo to now perform terminal services for dry bulk, various break bulk commodities as well as containers too
- In Mozambique, it has 56 cold rooms of 400 m3 each, 24.000 m3 storage room for general cargo, rail siding accommodating 28 rail trucks and a fully equipped workshop
- South Africa's only private entity with ownership and control over quay side loading

Durban and MCT remains Capespan's largest operations and jointly generates almost R100m in EBIT before group allocations.

Percentage of CS fruit pallets



Operating Profit before group costs (R'm)



Capespan needs to creatively leverage its core assets in order to ensure that it remains relevant and grows.

Opportunities

- Leverage existing competitive positioning and ensure sustainable future in SA ports
- Evaluate expansion opportunities in SA and other SSA ports
- Grow general cargo capability

Challenges

- Political factors in SA
- Sufficient lease extensions to justify needed CAPEX
- Remaining relevant in the containerisation of fruit

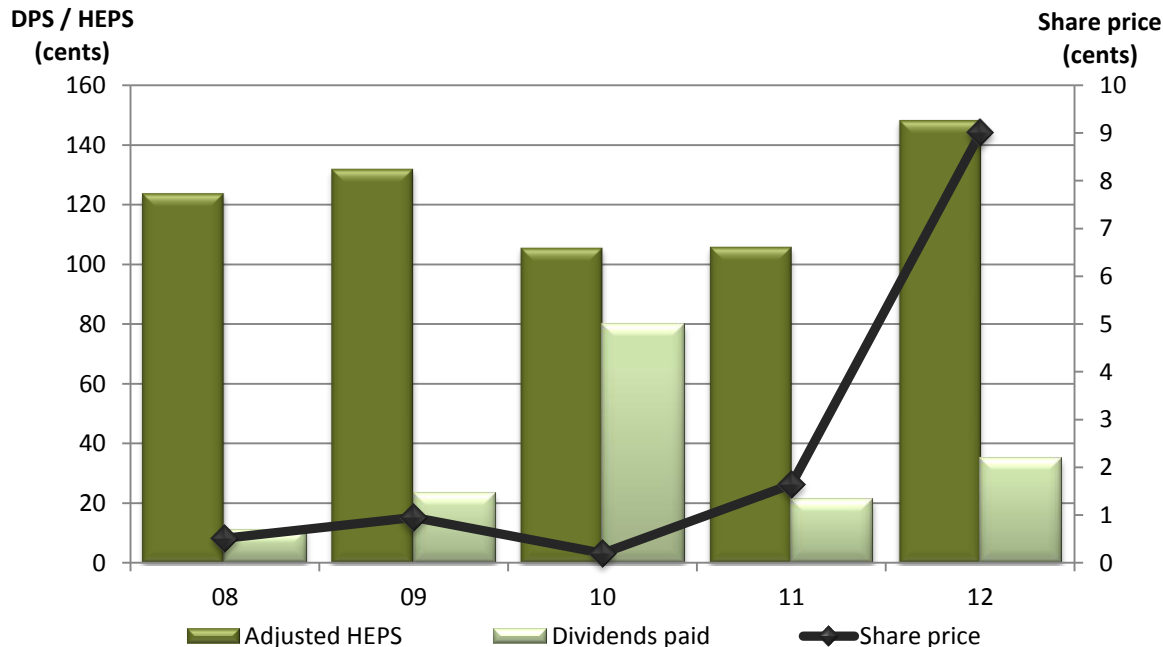


R343m

- Underlying performance strong
- Zeder made voluntary offer to minorities
- Zeder increased interest to >39,7% since YE
- Sean Walsh and team driving strategy

Salient features:

- Influence = 59%
- Turnover = R3.2b
- Adjusted HE = R103m
- Agri retail and related trade company
- Four key divisions:
 - Trade
 - Grains
 - Irrigation
 - Finance
- Growing in South Africa and commencing African expansion
- 6 Months results very encouraging (RHEPS +31%)



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

Kaap Agri has 148 operating points that stretch over 88 cities, towns and places and include areas such as the Swartland, Boland, Winelands, Overberg, Langkloof, Namaqualand, Orange River, Sondags River Valley, Namibia and adjacent areas as well as Limpopo, Mpumalanga and Gauteng.

	Trade	Commodities	Irrigation	Corporate and financing
Services	<ul style="list-style-type: none"> Production inputs Packing material Hardware Fuel Outdoor life Tractors and combine harvesters Tillage Parts Workshops Convenience stores 	<ul style="list-style-type: none"> Grain receiving and grading Grain marketing Grain storage Seed processing Seed potatoes 	<ul style="list-style-type: none"> Dripper pipe Pumps Irrigation equipment Filters Automation 	<ul style="list-style-type: none"> Financing Finances Human resources Communication Internal audit IT services
Purpose	<p>Providing a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.</p>	<p>Providing a complete range of marketing and hedging options as well as handling grain products between producer and buyer.</p>	<p>Manufacturing of dripper pipe and other irrigation equipment, as well as distribution of franchise and other irrigation parts.</p>	<p>Providing support services for the Group's activities. Providing tailor-made financing for producers.</p>
Operations	<ul style="list-style-type: none"> 62 Agrimark shops 21 Pakmark shops 2 Villagemart shops 1 Savemart shop 6 Liquormark shops 2 Expressmart shops 10 Agrimark depots 9 Workshops 8 Parts outlets 4 Fuel depots <p>Western Cape Eastern Cape Northern Cape Limpopo Mpumalanga Namibia</p>	<ul style="list-style-type: none"> 14 Silo complexes 350 000 ton capacity 3 Seed-processing plants <p>Western Cape</p>	<ul style="list-style-type: none"> 1 Factory 6 Distribution points <p>Western Cape Gauteng Mpumalanga</p>	<ul style="list-style-type: none"> Head office Malmesbury 12 Regional credit offices <p>Western Cape Northern Cape Mpumalanga Namibia</p>

The retail and trading divisions represent 78% of group profits.

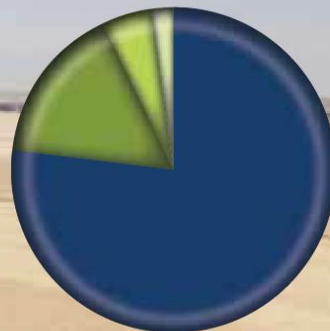
	Trade		Commodities		Irrigation		Corporate and financing	
Financial	2012 R'000	2011 R'000	2012 R'000	2011 R'000	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Income	2 742 711	2 269 711	364 747	265 068	94 289	80 374	9 890	8 542
Profit before tax	110 692	90 426	22 519	17 563	7 722	6 932	726	(3 830)
Gross assets	671 628	606 945	84 003	44 195	25 942	23 267	1 090 839	1 001 972
Net assets	253 954	273 910	56 373	37 729	16 358	15 858	568 258	448 424

As percentage of total

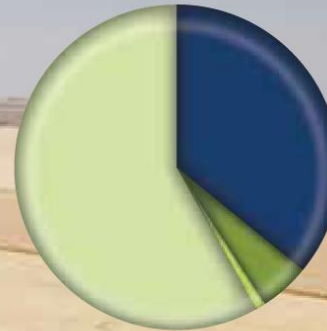
Income



Profit before tax



Gross assets



Net assets



85% 11% 3% 1%

78% 16% 5% 1%

36% 5% 1% 58%

28% 6% 2% 64%

Trade

Commodities

Irrigation

Corporate

Kaap Agri has a well defined strategy and should be able to achieve satisfactory growth and results in medium term.

Opportunities

- Maintain leadership position in current markets
- Explore consolidation/expansion options
- Continue to seek non-cyclical business additions
- Drive deliberate growth into Africa

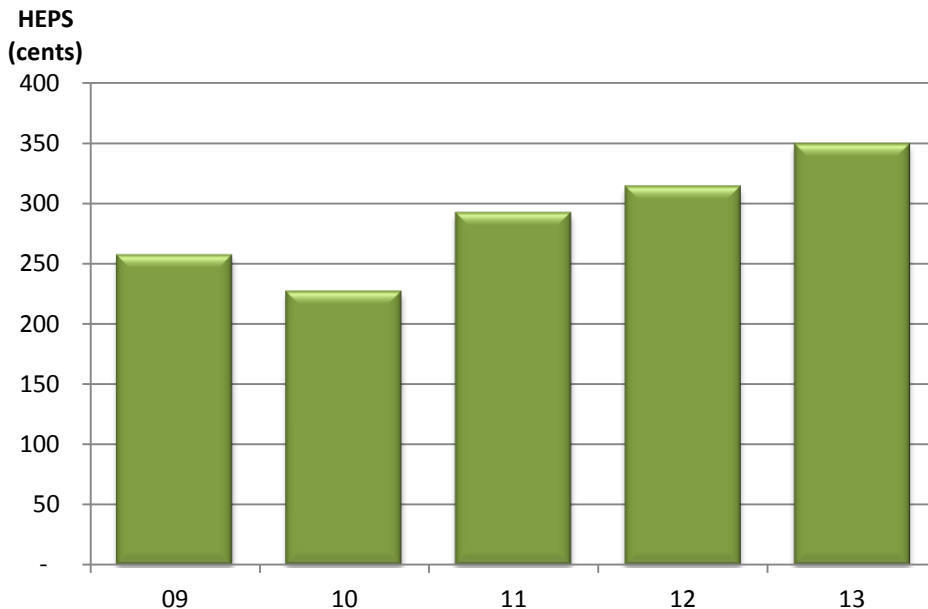
Challenges

- Balance sheet optimisation remains a challenge given underlying core Agri profile
- Normal agricultural risks influences customer behaviour
- Beware of disintermediation threat across categories

ZAAD Holdings

R370m

- ZAAD created as holding company for seed investments
- Acquired 49% of Klein Karoo Saad Bemarking and has option to acquire remaining 51%
- Antonie Jacobs and team driving clear growth strategy

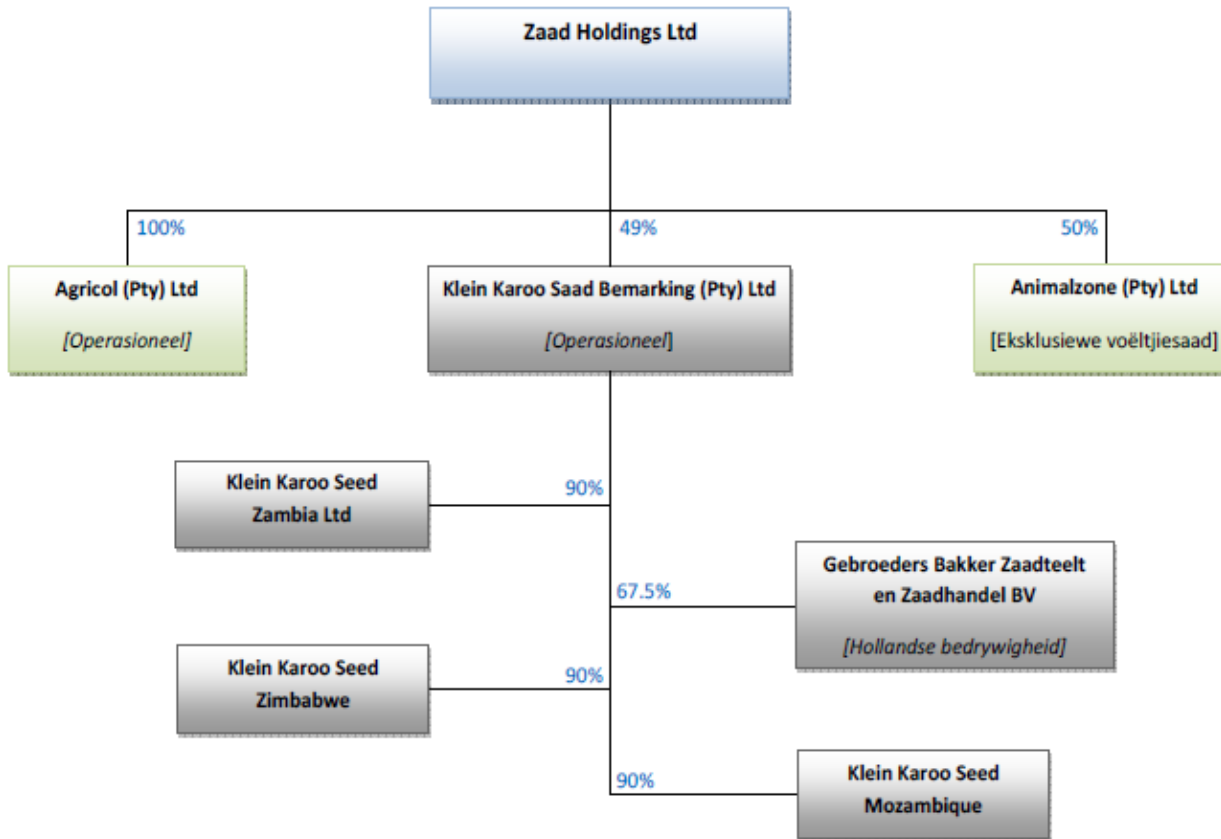


Salient features:

- Influence = 92%
- Turnover = R700m
 - KKS B = R400m
 - Agricol = R300m
- Combined HE = R47m
 - KKS B = R17m
 - Agricol = R30m
- Producer, marketer and distributor of a wide variety of agricultural seeds
- Underlying performance strong
- 6 months RHEPS + 71.1%
- Already doing business in Africa and evaluating opportunities

ZAAD

ZAAD currently has investments in Agricol and Klein Karoo Seed Marketing - two established companies with trusted heritage.



- Agricol est. 1957
- KKSB est. 1947
- Niche seed categories
- In-market operations in:
 - South Africa
 - Zambia
 - Zimbabwe
 - Mozambique
 - Holland

ZAAD

Through Agricol and KKSB, the group has a solid foundation to build upon and grow from.

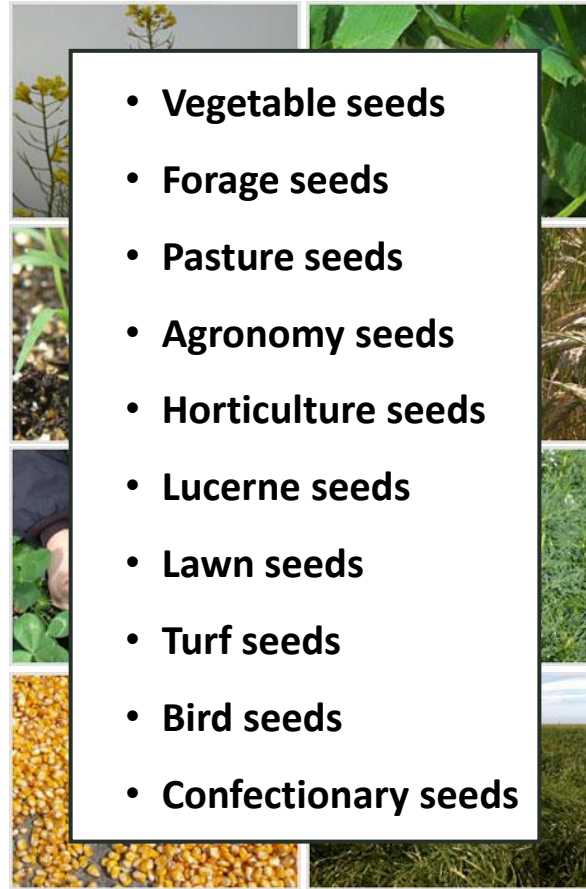
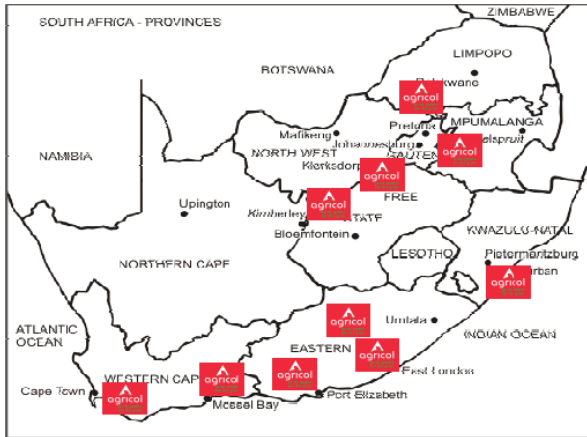
Strong footprint

+

Broad product range

+

Trusted brands



AGRI

Saad van die Klein Karoo

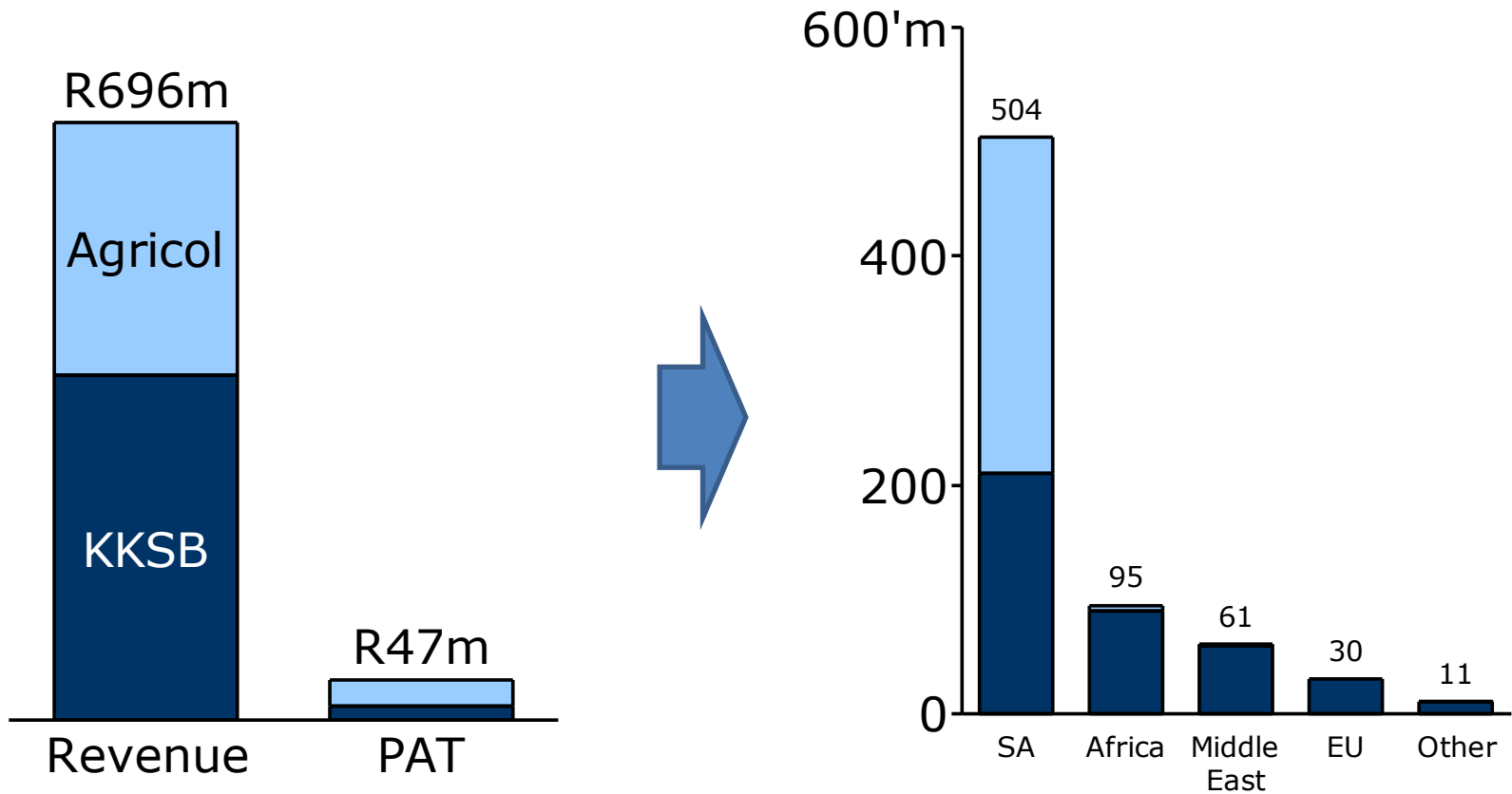


AFRIGRO

Seed from the Klein Karoo

ZAAD

Existing revenues are approaching R700m and non-RSA revenues representing an ever increasing portion.



ZAAD

Africa's existing seed market is estimated at US\$ 1 billion with exponential growth expected outside of South Africa.

Existing Seed Markets US\$ 'million	
South Africa	250
Morocco	140
Egypt	140
Nigeria	120
Algeria	70
Kenya	60
Tunisia	45
Libya	25
Zambia	18
Tanzania	15
Malawi	10
Uganda	10
Rest of Africa	97
Total	1,000



Available Arable Land Hectares (millions)	
South Africa	14,5
Angola	57,6
Zimbabwe	15,5
Zambia	25,6
Malawi	4,9
Tanzania	34,2
Mozambique	48,8

ZAAD

Despite challenges, ZAAD is facing an industry full of opportunities and Zeder is optimistic about its medium-term prospects.

Opportunities

- Maintain leadership position in current markets
- Explore consolidation/expansion options
- Expand into Africa

Challenges

- Legislation
- Competition commission
- Competitive “buying” behaviour in market
- Good management in SSA



Chayton Africa

R293m



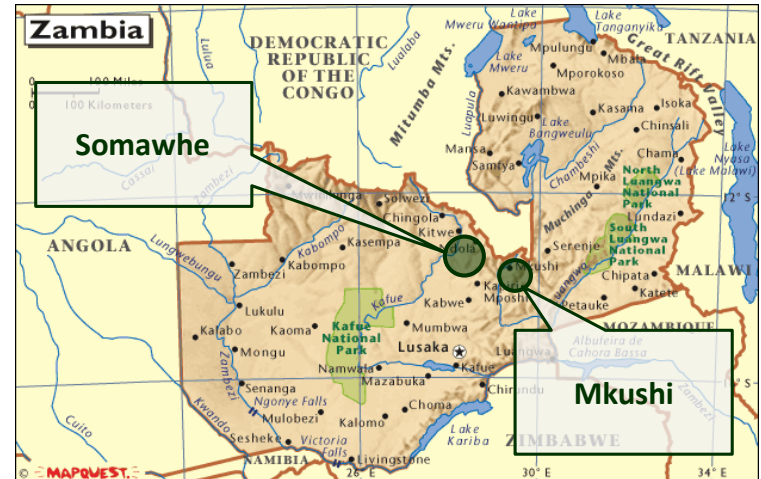
Salient features:

- Holding company for grain related operations in Sub Saharan Africa
- Zeder acquired 73.4% during 2012 in Partnership with Norfund
- Start-up company in rapid development phase (3-5 years)
- Double cropping (wheat and soya) for local demand



Since investing, Zeder has played a significant role in ensuring effective execution and strategic alignment.

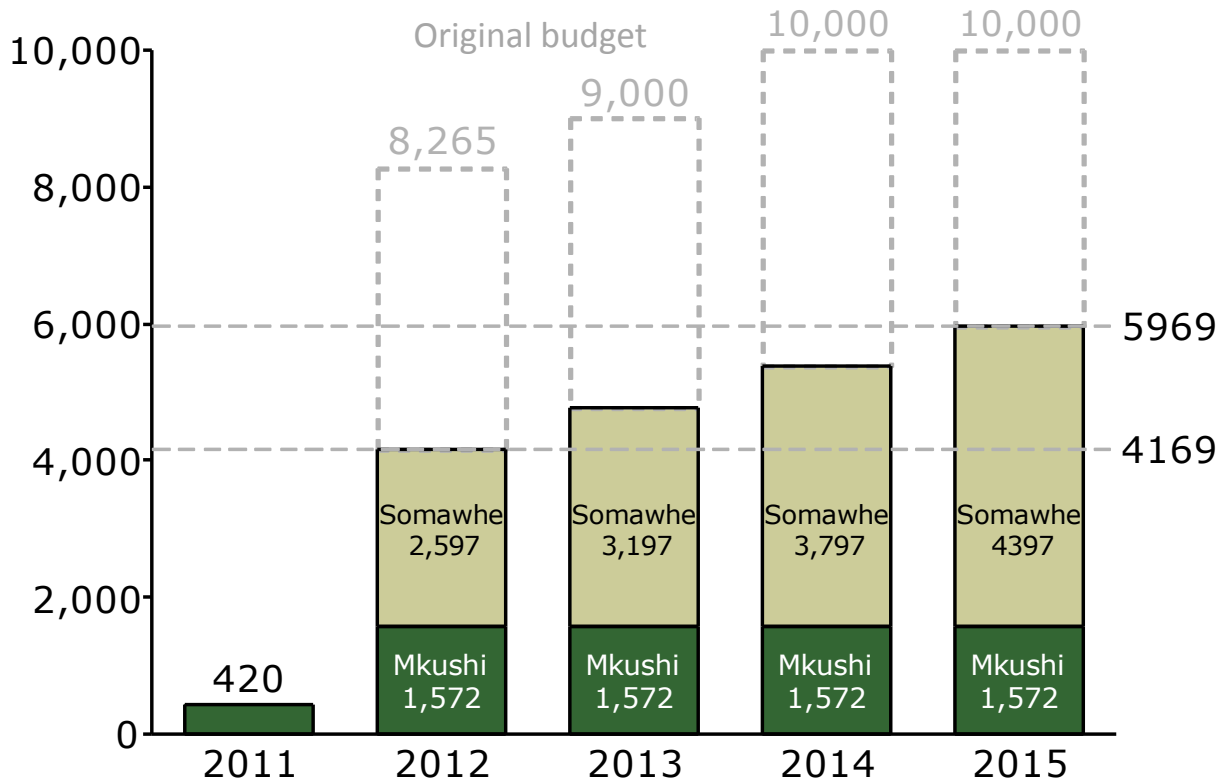
- Fund structure to operating company
- Zeder effective management control
 - W Meyer seconded to Chayton
 - Stuart Kearns /Phil Nicol
- Zambian operations streamlined
- Two current farming units
 - Mkushi
 - Somawhe
- Current strategy and future plans
 - Bed down existing investments
 - Increase scale/efficiency in existing farms
 - Enter new local markets
 - Downstream expansion





A total of 4,169 irrigated hectares have been developed in less than 18 months and are currently actively planted.

Irrigated hectares



Cost (\$/ha)

12,500 11,500 10,000 9,500

- Operations **under control** and efficiency improvements being implemented
- Harvested yields **ahead of budget** but wheat pricing weak
- Solid investment thus far but **high entry price**
- Somawhe excellent investment that offers **opportunity to scale**



Despite the obvious challenges, Chayton is operating in an industry and sector full of opportunities and global interest.

Opportunities

- Complete development on existing farms
- Acquire “bolt-on” farms to scale-up existing investments
- Invest in directly related downstream activities to compliment existing operations
- Replicate model in 4-5 SSA countries

Challenges

- Normal agri-volatility
- Political instability and policy changes
- High quality local management

CONCLUSION

- Questions?

