



# Annual General Meeting

Presented by:

**Norman Celliers**

Chief executive officer


20 June 2014




# FULL YEAR RESULTS

## *Executive summary*


Sum of the parts (see-through)  
*Sum of the parts per share (see-through)*

23% 

Recurring headline earnings  
*Recurring headline earnings per share (cents)*

16% 

Headline earnings  
*Headline earnings per share (cents)*

28% 

<u>Feb 13</u>	<u>Feb 14</u>	<u>4 Jun 14</u>
R4,164m R4.26	R5,155m R5.26	R5,992m R6.11
R251,1m 25.7	R292,1m 29.8	
R196,3m 20.1	R252,5m 25.8	

# BUSINESS DEFINITION

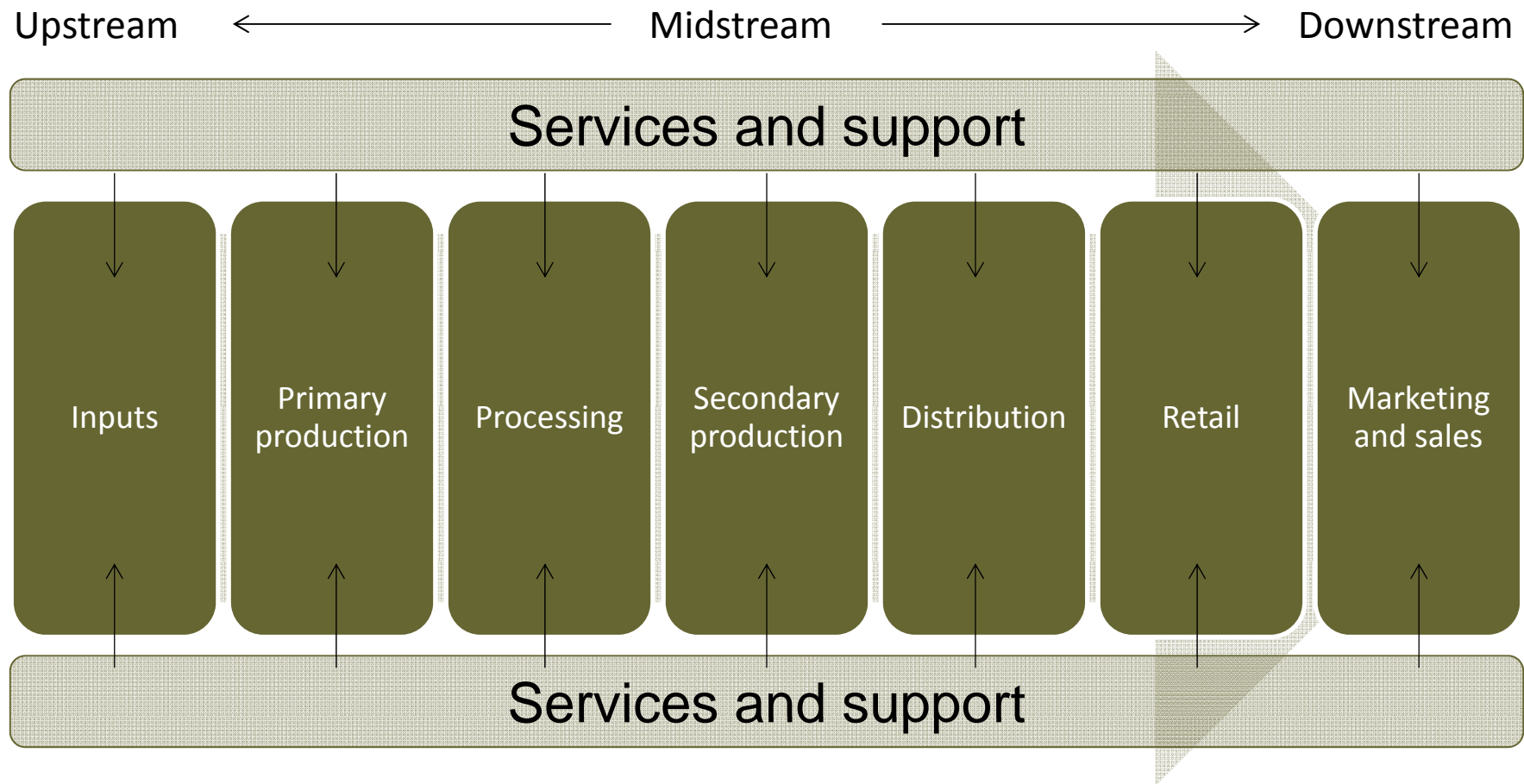
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*Over the past 18-24 months we have reconfirmed our business definition...*

- 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

# INDUSTRY FOCUS

*... and our investment focus – the **AGRIBUSINESS** industry with a specific focus on the food and beverage sub-sectors.*



# EXPANDED STRATEGY

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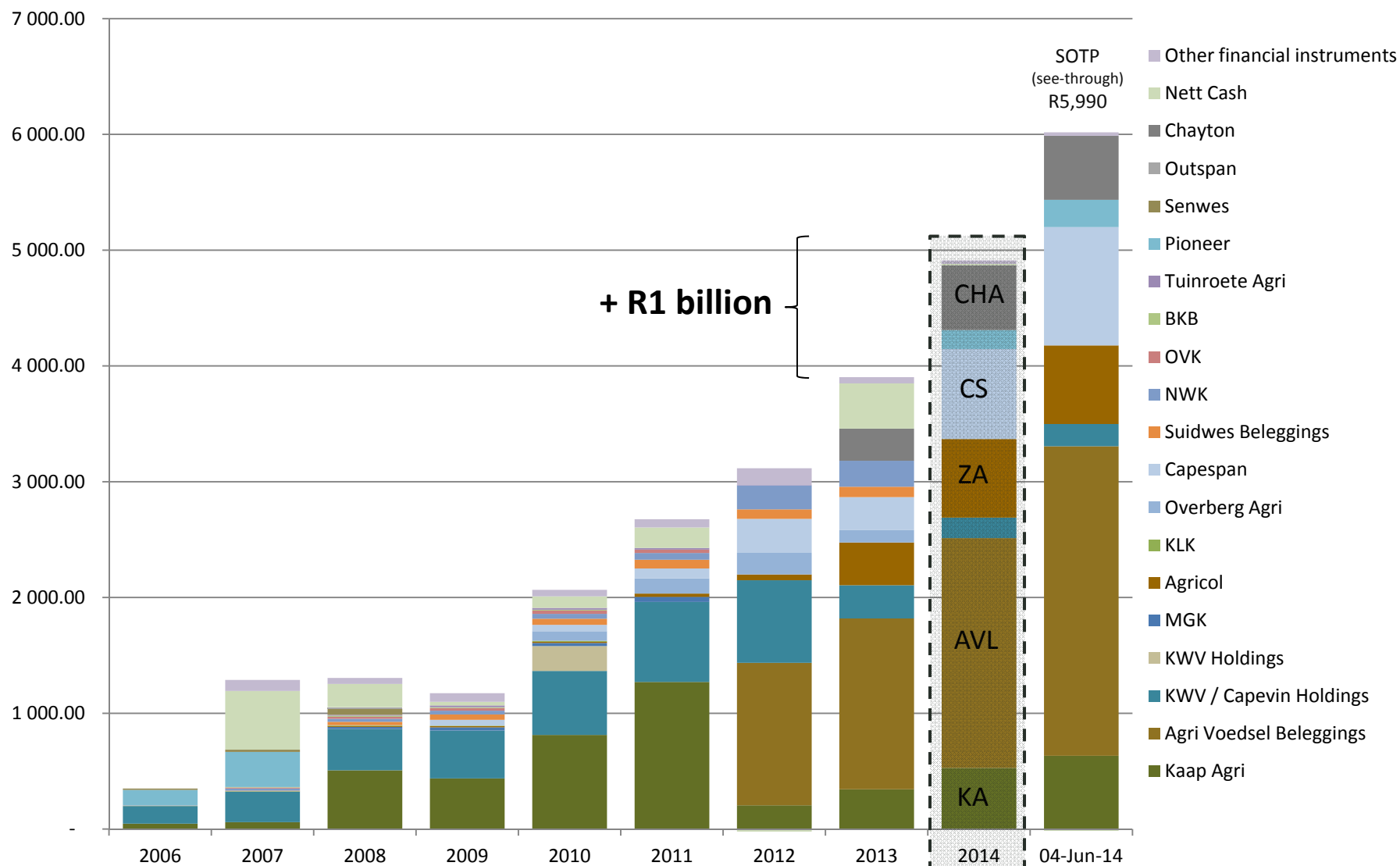
*We have expanded our strategy accordingly.*

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

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

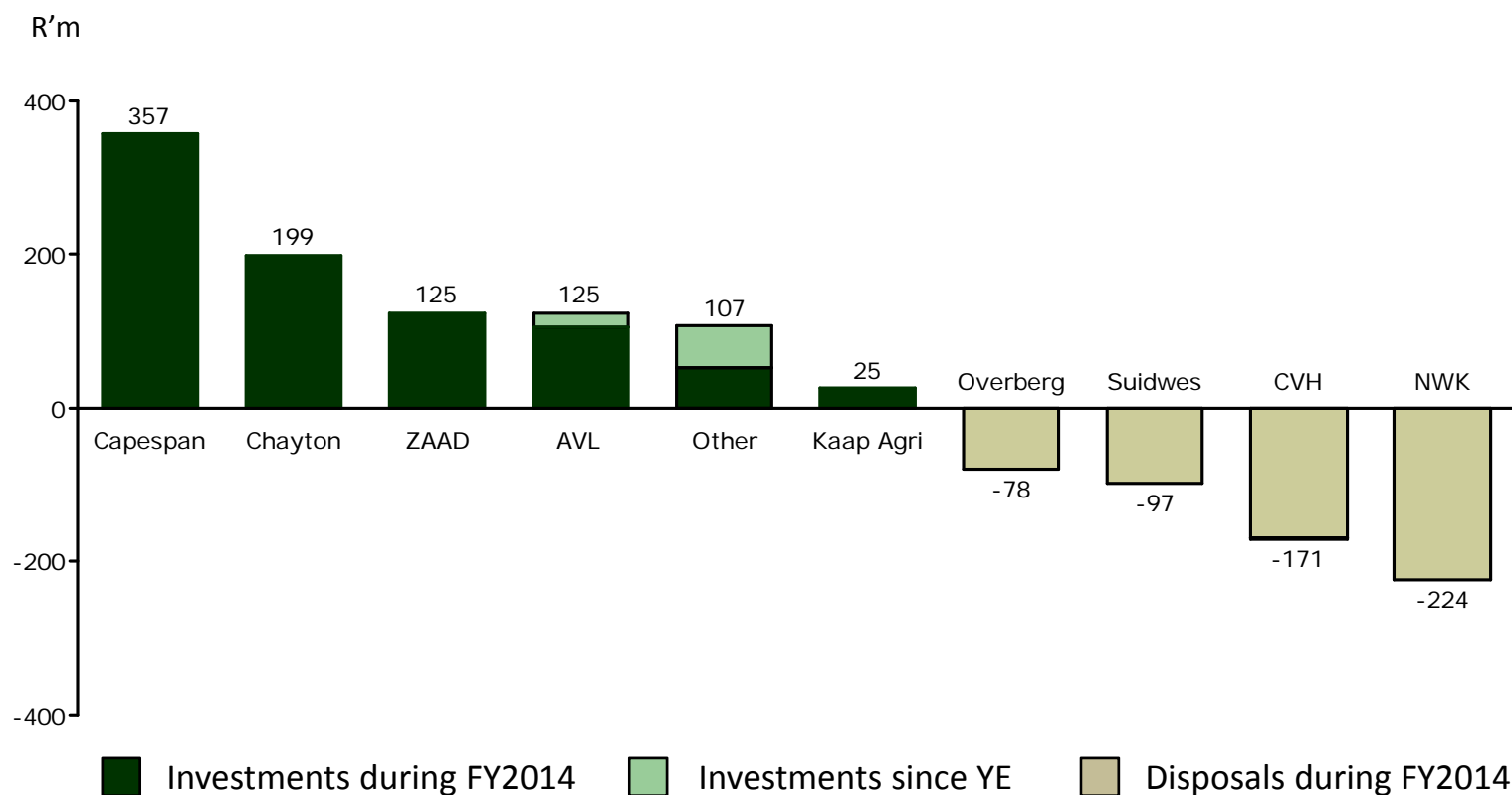
# PORTFOLIO RATIONALISATION

*Zeder's portfolio has been rationalised to 5 core investments valued at approximately R6b.*



# CAPITAL REALLOCATION

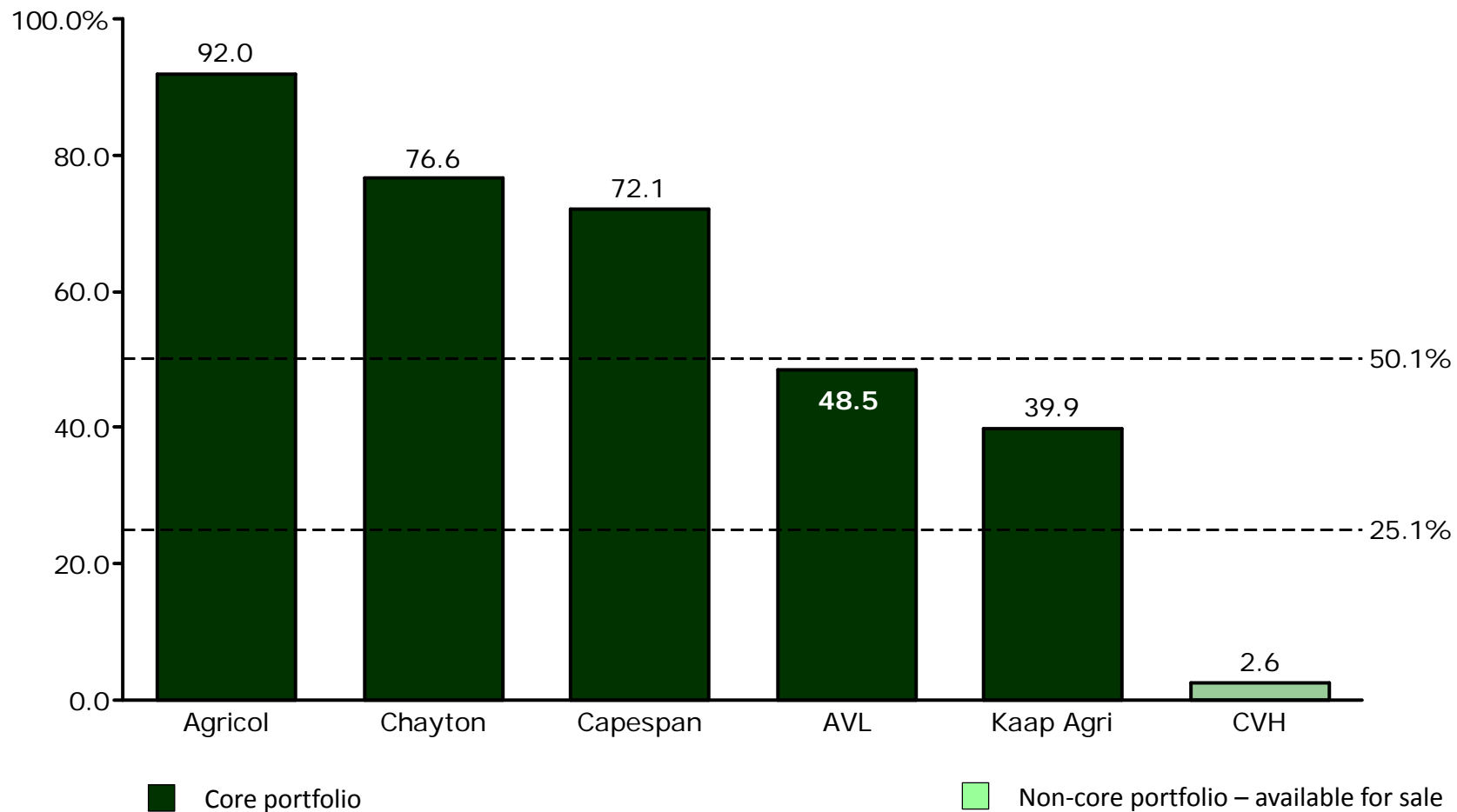
*During FY2014 investments totaling R879m were made while R570m was realised through disinvestments from non-core exposures.*





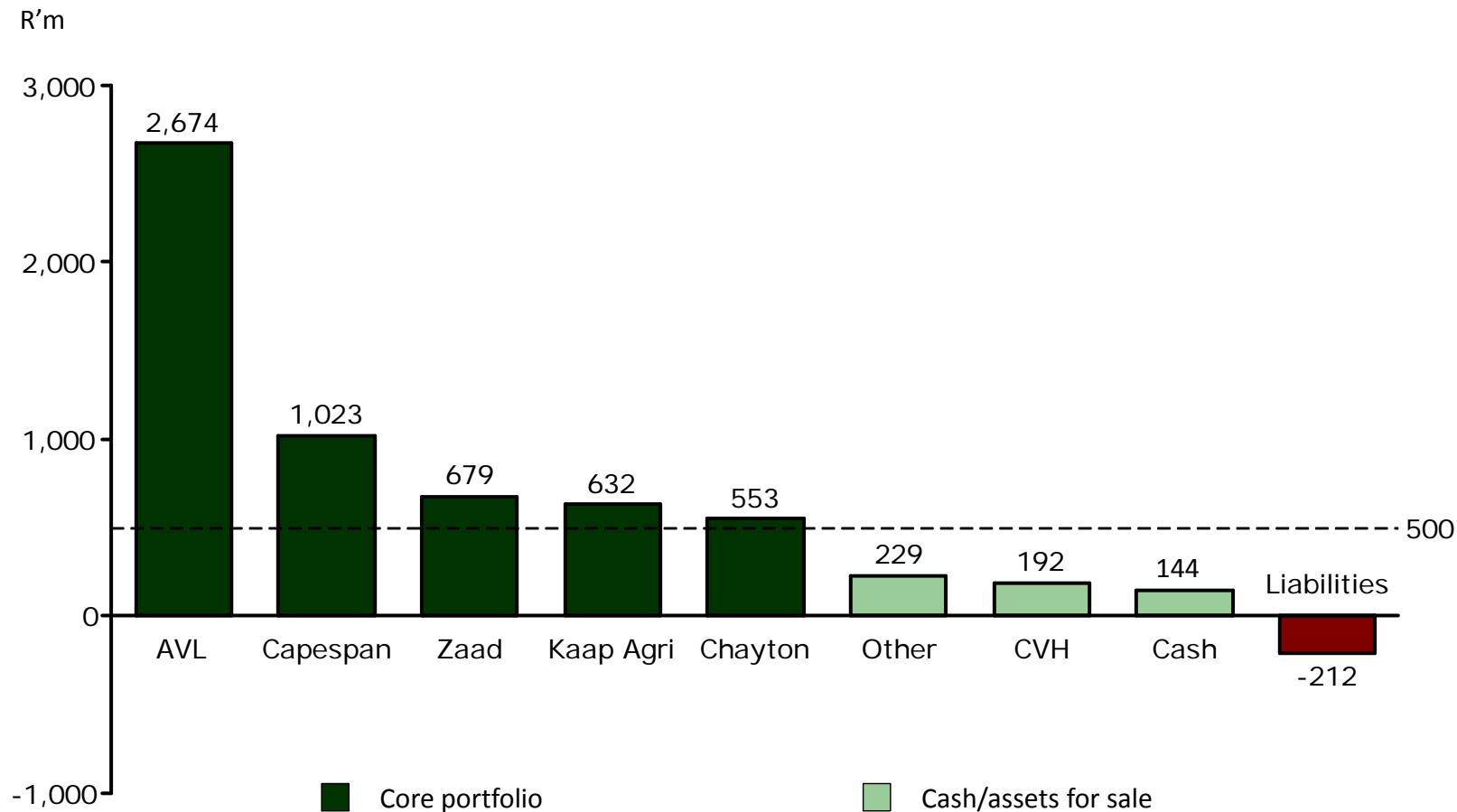
# INCREASED INFLUENCE

*We focused and increased our influence over core portfolio companies.*



# LARGER INVESTMENTS

*Each of our core investments now reflect investment values of at least R500m providing an improved balance to portfolio.*



# CORE INVESTMENTS



***Despite difficult conditions, Pioneer delivered good results for the year ended 30 September 2013...***

Performance summary			PIONEERFOODS SINCE 1920	
	Group		Continuing operations	
Revenue	↑	10% to R20.6bn	↑	9% to R17.0bn
Adjusted operating income	↑	9% to R1 271m	↑	7% to R1 270m
Adjusted HEPS	↑	13% to 456 cents	↑	9% to 452 cents
Adjusted operating margin	→	at 6.2%	→	at 7.5%
Final dividend	↑	23% to 86 cents		
Total dividend for year	↑	16% to 132 cents		

Source: Pioneer Foods FY results presentation

## CORE INVESTMENTS

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*... and Pioneer has undergone a significant internal realignment and repositioning...*



# CORE INVESTMENTS



**PIONEER  
FOODS**

*... and Pioneer released positive interim results for 6 months (H1) ended 31 March 2014.*

	Continuing operations		Group (Quantum Foods included)	
Revenue	↑	9% to R8.8bn	↑	7% to R10.6bn
Adjusted operating profit	↑	43% to R855m	↑	60% to R893m
Adjusted total HEPS	↑	41% to 325 cents	↑	58% to 353 cents
Adjusted operating margin	↑	from 7.4% to 9.7%	↑	from 5.7% to 8.5%
Interim dividend	↑	41% to 65 cents		

Source: Pioneer Foods Interim Results presentation

# CORE INVESTMENTS

CAPESPAN

***Capespan delivered solid results for year ended 31 December 2013 with RHEPS increasing by 42,2%.***

## KEY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER

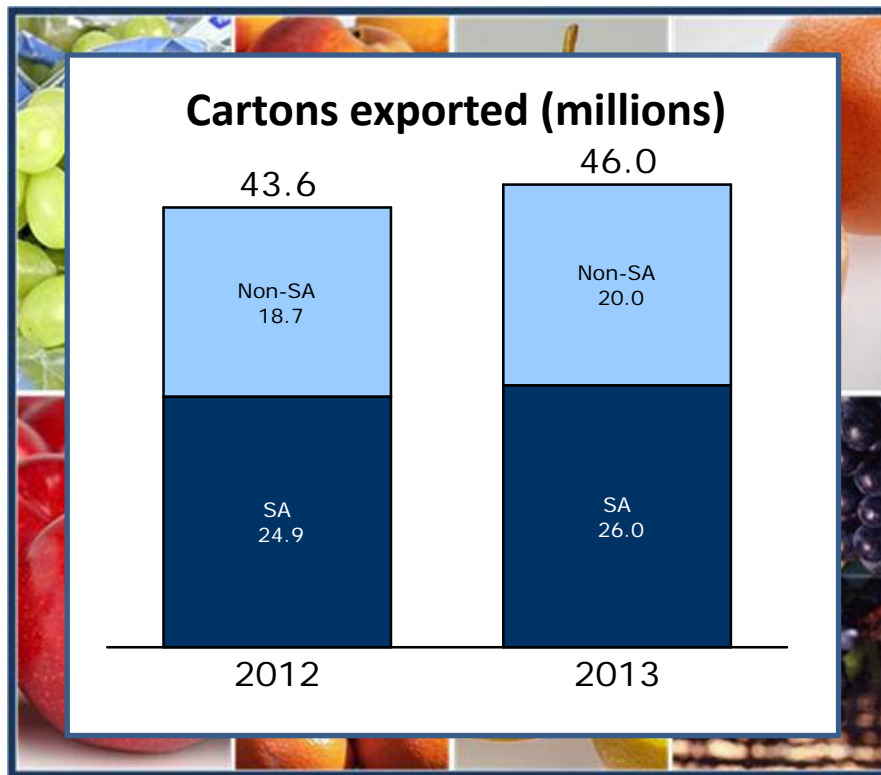
	2013 R'000	2012 R'000	% Change
Revenue	7 182 213	5 631 152	27,5%
Operating profit	169 831	126 658	34,1%
Recurring profit before tax	188 263	166 037	13,4%
Recurring earnings	127 804	88 981	43,6%
Headline earnings	115 416	87 214	32,3%
Headline earnings per share (cents)	36,2	27,6	31,2%
Recurring headline earnings per share (cents)	40,1	28,2	42,2%
Net asset value per share (cents)	429	361	18,8%
Dividend per share (cents)	10,0	9,0	11,1%

# CORE INVESTMENTS

CAPESPAN

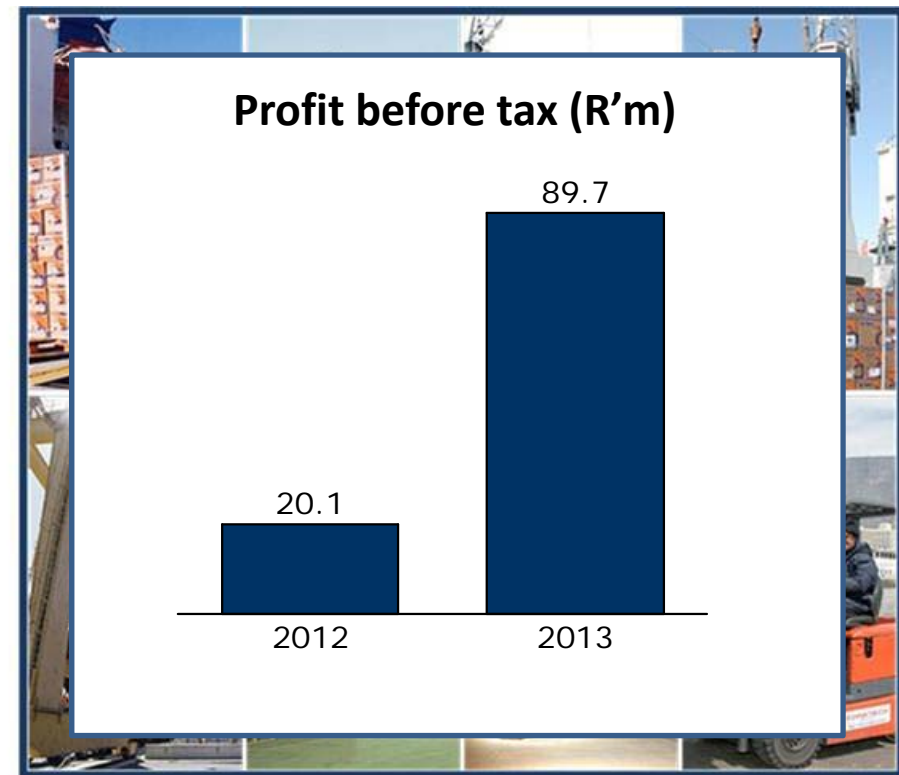
*Over 70 years, the Capespan Group has developed two large and complimentary divisions which are increasingly less interdependent.*

## FRUIT



**Profit before tax = R88,7m**

## LOGISTICS

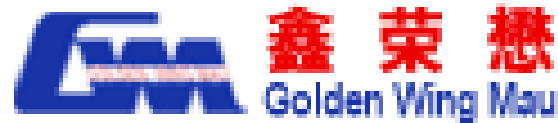


**Profit before tax = R89,7m**

# CORE INVESTMENTS

CAPESPAN

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



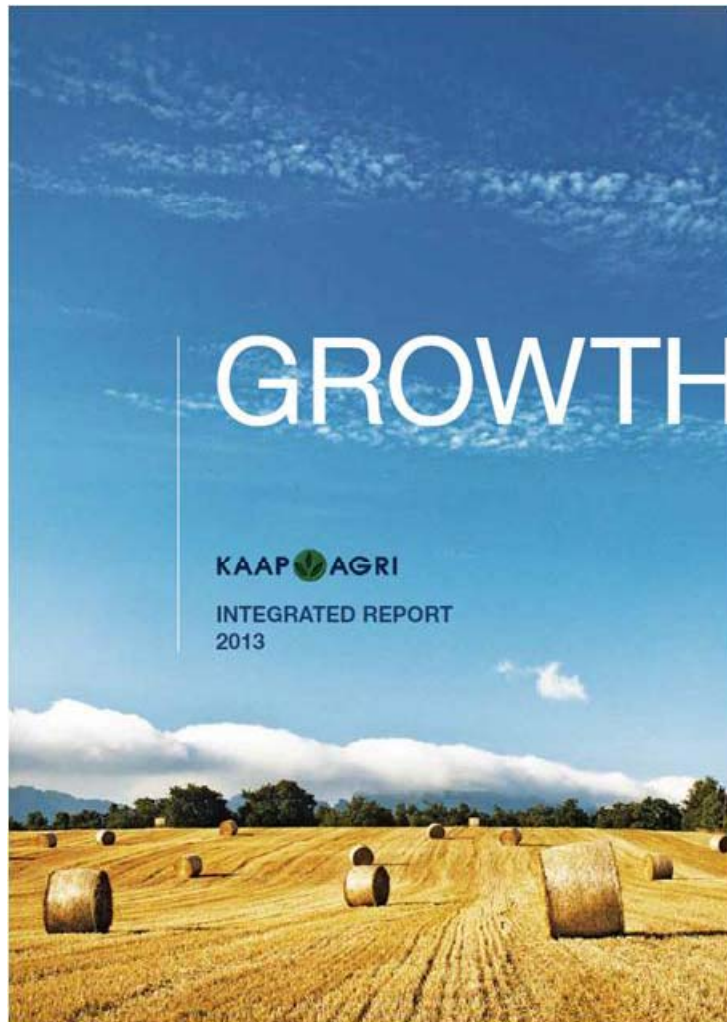
- Capespan has 25% interest in Golden Wing Mau
- Company started trading in Shenzhen in 1997
- Delivered Sustained Annual Growth-average 35% P.A
- Procures from 40 Fruit Production Bases in China
- 15 Regional Packing/ Storage Facilities in Key areas
- 40 Distribution Centres, covering 80 Cities in China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



## CORE INVESTMENTS



*Kaap Agri celebrated its 101<sup>st</sup> year and has become a well established, focused business with growth ambitions.*



# 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.

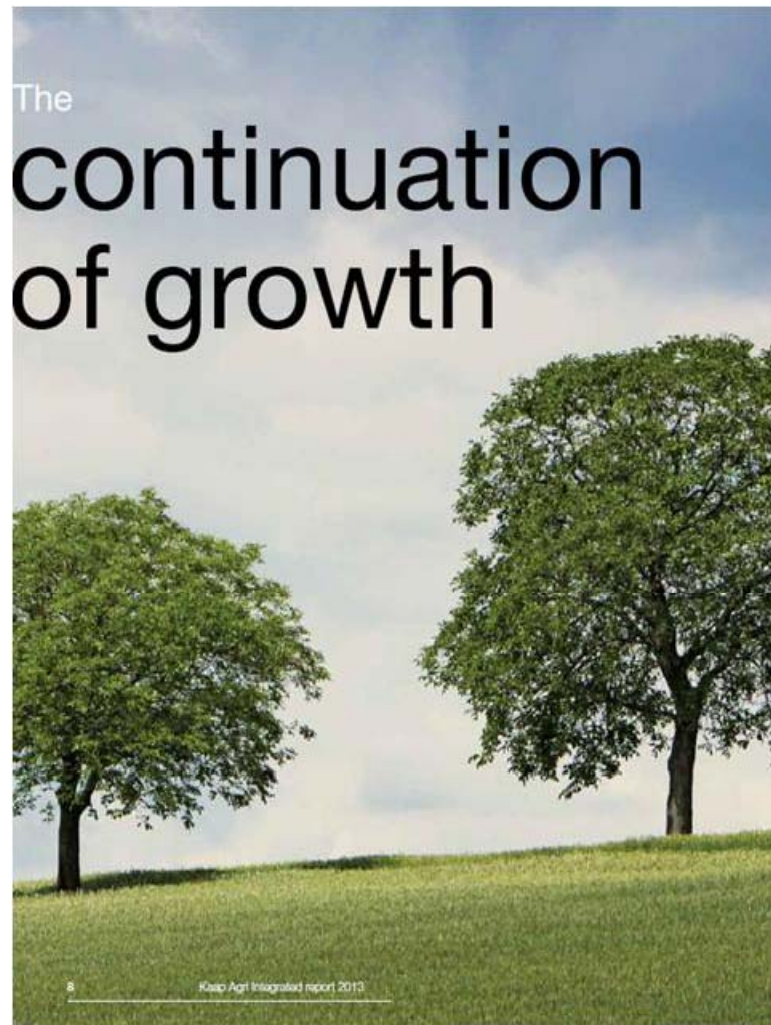
Kaap Agri has 167 operating points that stretch over 88 cities, towns and places, and include areas such as the Swartland, Boland, Winelands, Overberg, Langkloof, Namaqualand, Orange River, Sondags River Valley, Namibia and adjacent areas, as well as Limpopo, Mpumalanga and Gauteng.



# CORE INVESTMENTS

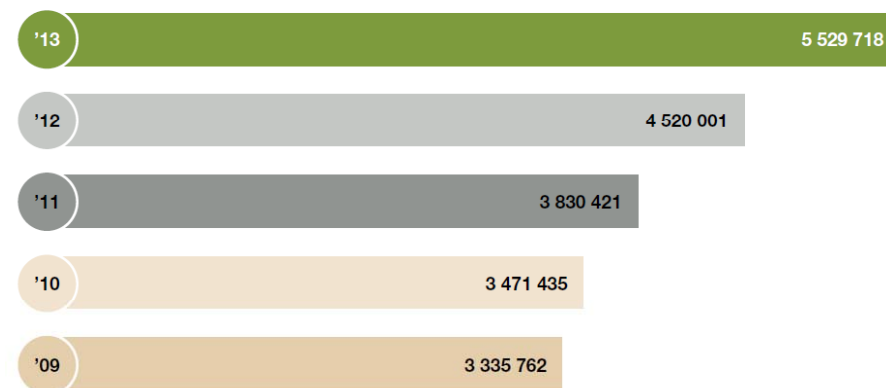


*The group continues to deliver strong and consistent results.*



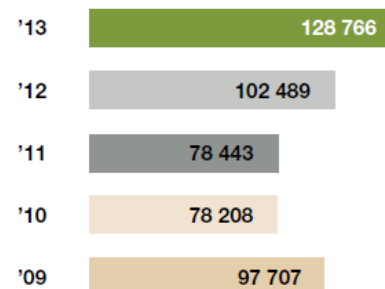
## Turnover (Value of transactions)

R'000



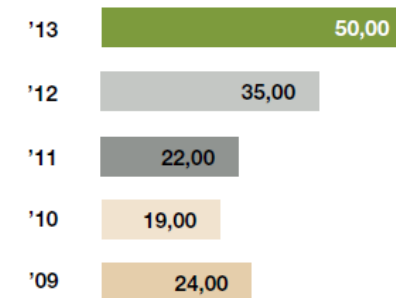
## Headline earnings

R'000



## Dividend

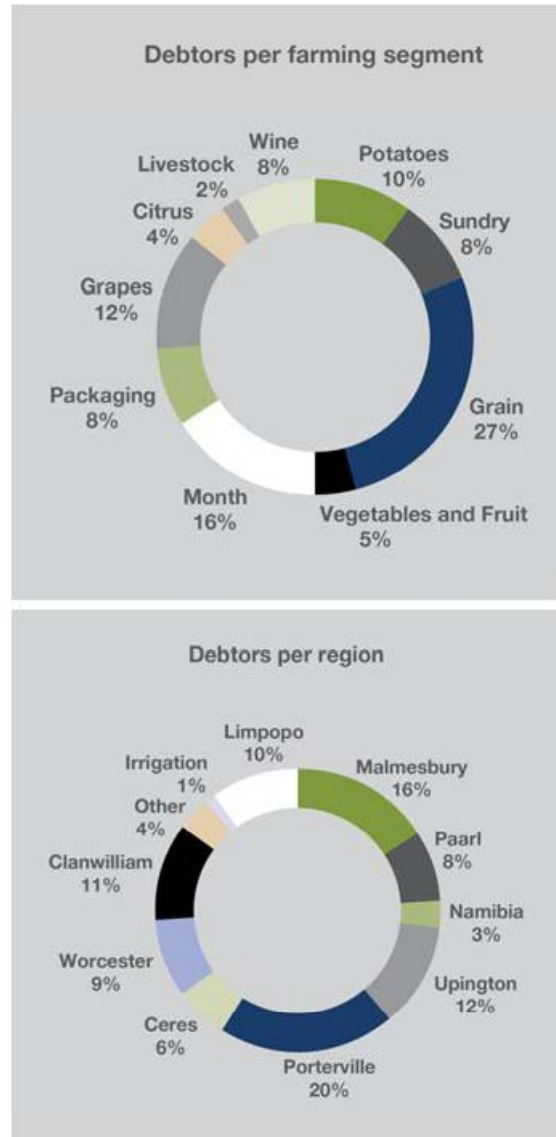
Cents



# CORE INVESTMENTS



*Business activities are focused around diversified crops and areas.*



Kaap Agri will continue its **growth strategy and expansions**, always seeking growth opportunities geographically as well as focusing on new offerings to existing markets.



# CORE INVESTMENTS

ZAAD

*Agricol and KKSB are category leaders spanning a broad product range with complimentary geographical footprints and brands.*

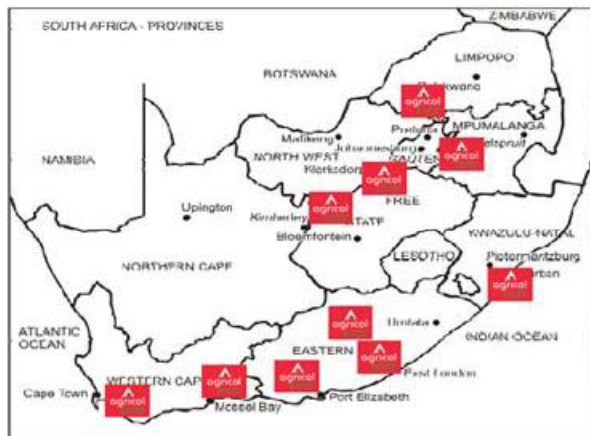
Strong footprint

+

Broad product range

+

Trusted brands



- Vegetable seeds
- Forage seeds
- Pasture seeds
- Agronomy seeds
- Horticulture seeds
- Lucerne seeds
- Lawn seeds
- Turf seeds
- Bird seeds
- Confectionary seeds



AGRI

Saad van die Klein Karoo



AFRIGRO

Seed from the Klein Karoo

# CORE INVESTMENTS

# ZAAD

*Zeder believes that Zaad is one of the most exciting companies in its portfolio with a scalable platform for sustainable growth.*



- Very good investment to date
  - Capital invested to date ~ R342m
  - Market value of investment ~ R679m
- HEPS growth encouraging
  - 2012/13 increased by 16%
  - Diluted due to acquisition and rights
- Significant growth opportunities
  - Geographical expansion
  - Range extension
  - Organic or M&A

# CORE INVESTMENTS



Chayton Africa

*Chayton is the holding company for large scale grain farming and related investments in Africa.*



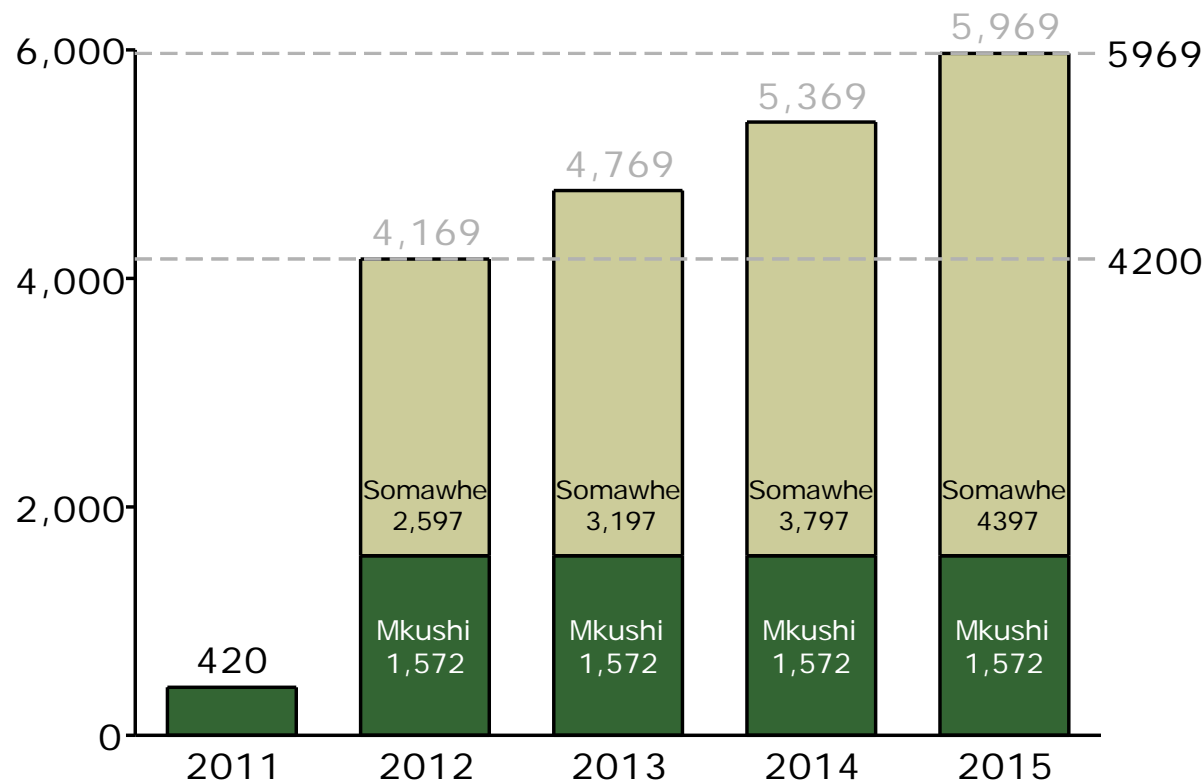
# CORE INVESTMENTS



Chayton Africa

***4,200 irrigated hectares have been completed within 24 months and additional capacity is currently being added to the farms...***

Irrigated hectares



- 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



# CORE INVESTMENTS



Chayton Africa

*... while a leading mill was acquired and has been integrated within the group.*






- Recently acquired Mpongwe Milling in Zambia's Copperbelt
- Maize and wheat milling operations
- 50,000 tons of maize and 24,000 tons of wheat milled annually
- Synergies with the farm operations
- Offers the opportunity to expand across the value chain





# SIGNIFICANT INFLUENCE

*Zeder's portfolio investments represent a significant group with exciting prospects.*

	Zeder (%)	Revenue (R'm)	RHE (R'm)
 <b>PIONEER FOODS</b>	14% (30%)	20,551	826
<b>KAAP</b>  <b>AGRI</b>	40%	5,530	129
<b>CAPESPAN</b>	72%	7,182	128
 	92%	465	54
 Chayton Africa	76%	138	-10
		<b>33,866</b>	<b>1,126</b>

**THANK YOU**