



Investor presentation

May 2007

Imagine life without
RAINBOW™
 Chicken.



Salient features

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Chicken.

➤ Revenue	R 4 730,4m	+ 15,3%
➤ Operating profit	R 654,1m	+ 13,2% (pre IAS39 + 29,9%)
➤ Headline earnings	R 477,0m	+ 19,2% (pre IAS39 + 37,1%)
➤ Cash generated by operations	R 821,5m	+ 20,8%
➤ Dividends per share	68,0 cents	+ 19,3%

Agenda

Imagine life without
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- About Rainbow
- Industry perspective
- Strategy update
- Market conditions
- 2007 highlights
- Financial review
- General
- Prospects
- Questions and answers

About Rainbow

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Facts

- South Africa's largest processor and marketer of chicken
- Listed on the JSE Securities Exchange
- Founded in 1955
- Headquartered in KwaZulu-Natal, South Africa
- Revenue R4,7 bn
- 7,223 employees
- 5 feed mills
- 4 processing plants
- 22 distribution facilities

Our common purpose

***“Rainbow at the heart
of every meal”***

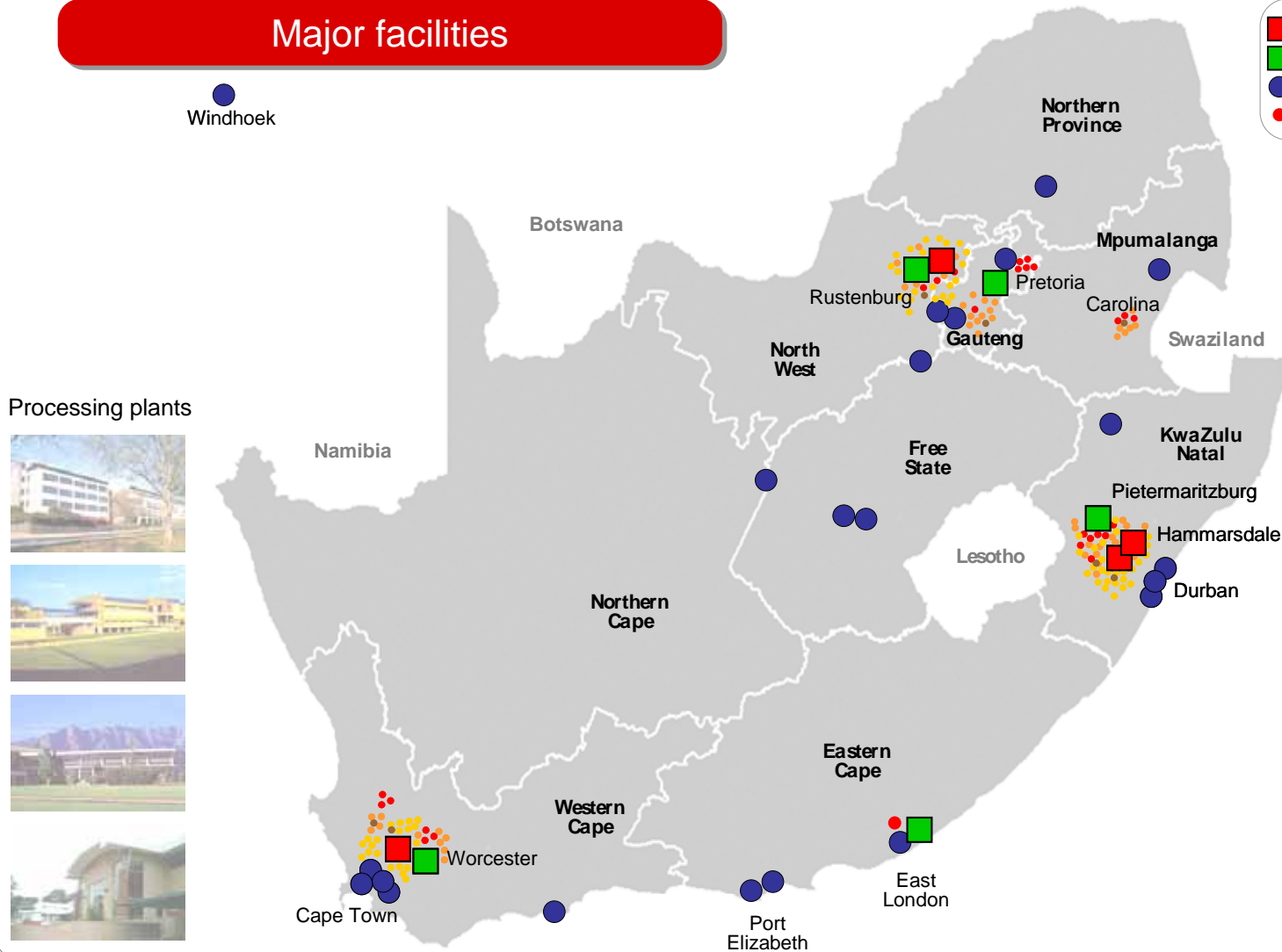


About Rainbow

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Major facilities

- 4 processing plants
- 5 feed mills
- 22 distribution facilities
- 190 farms / hatcheries



Processing plants



Feed mills



About Rainbow

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Distribution channels



Foodservice



Wholesale & Independents

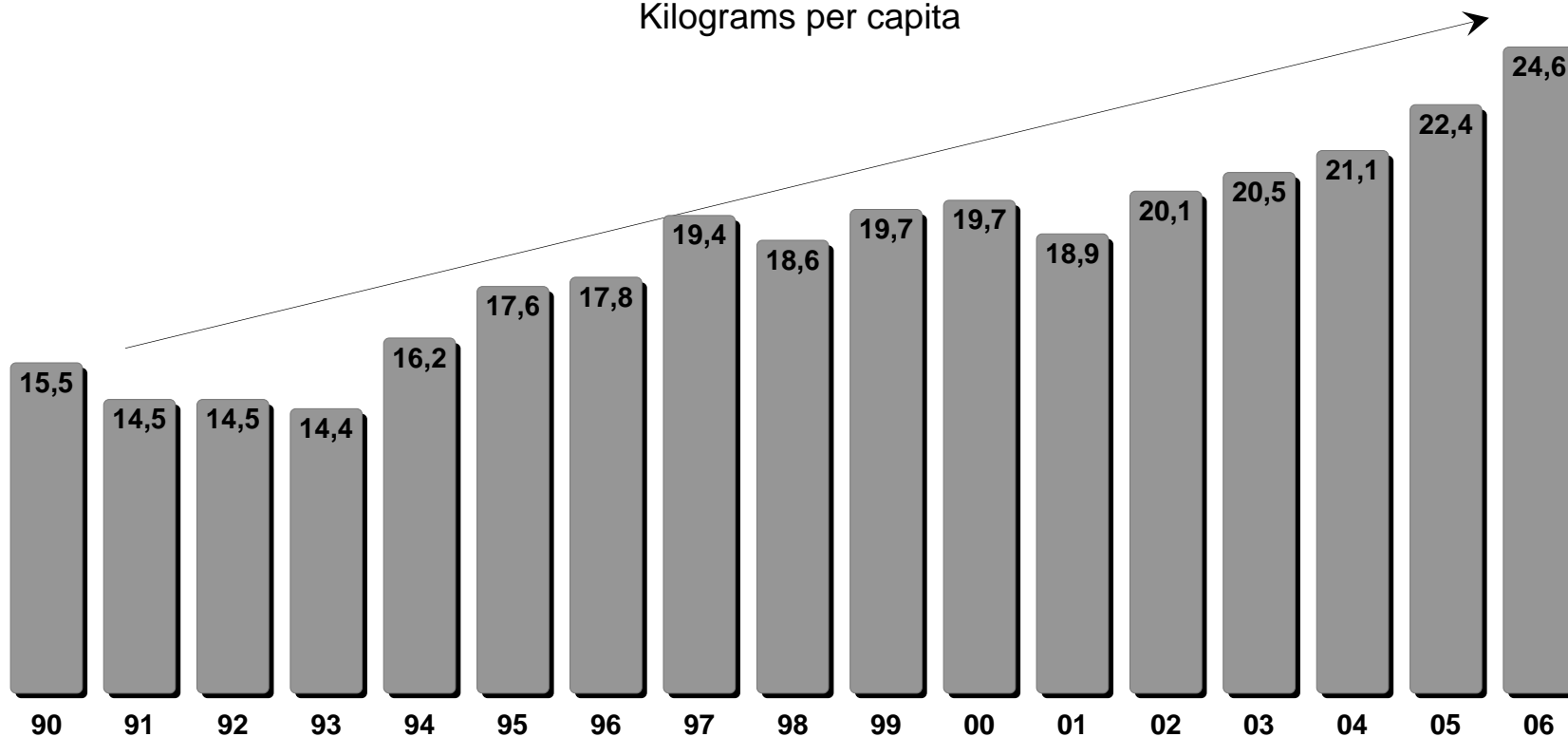


Retail



Estimated per capita consumption of poultry meat

Kilograms per capita



- Continues to reflect growing trend, different to other protein sources (beef consumption declined from 18 to 13 kg over same period)

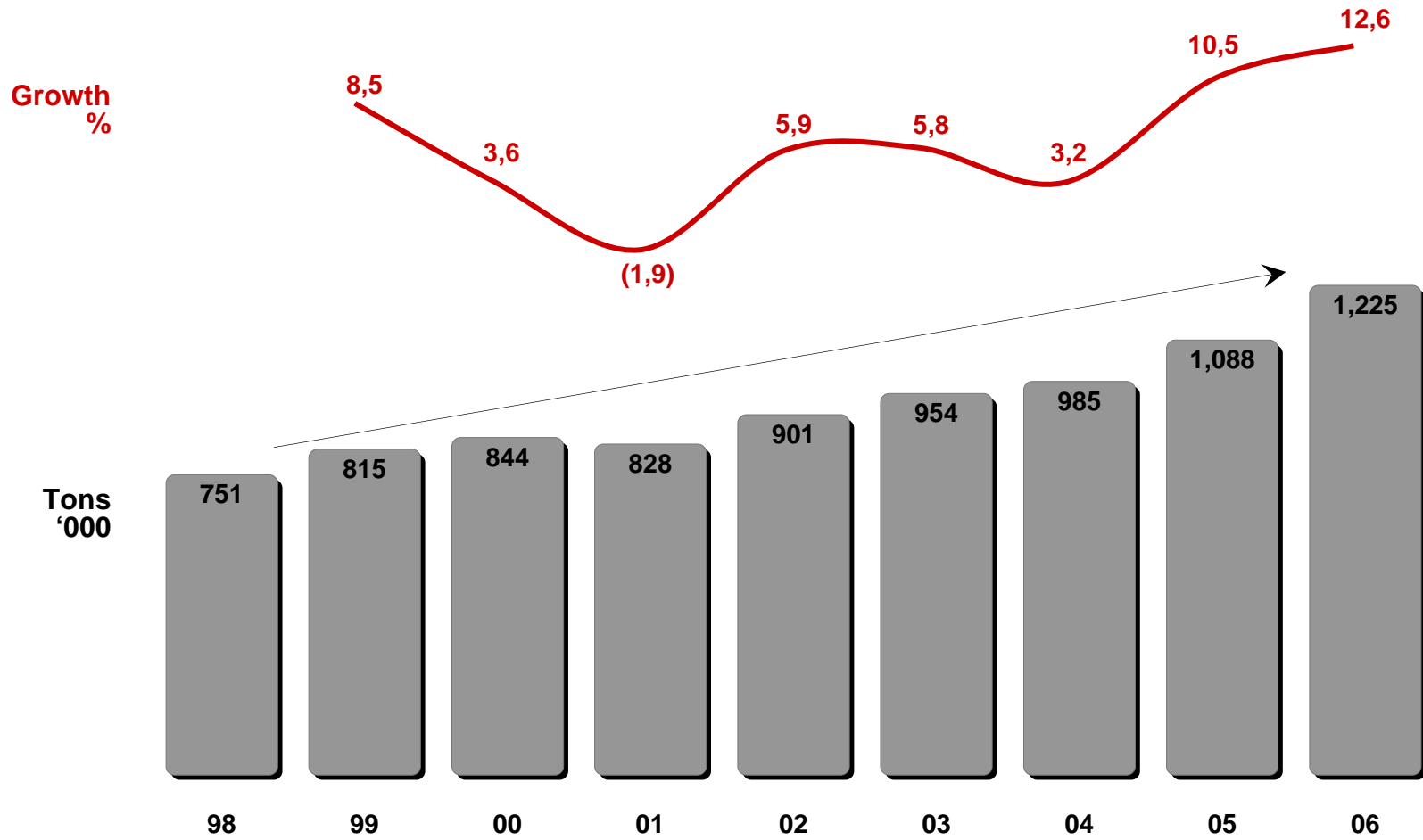
Source: SAPA



Industry perspective

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Estimated local broiler consumption growth

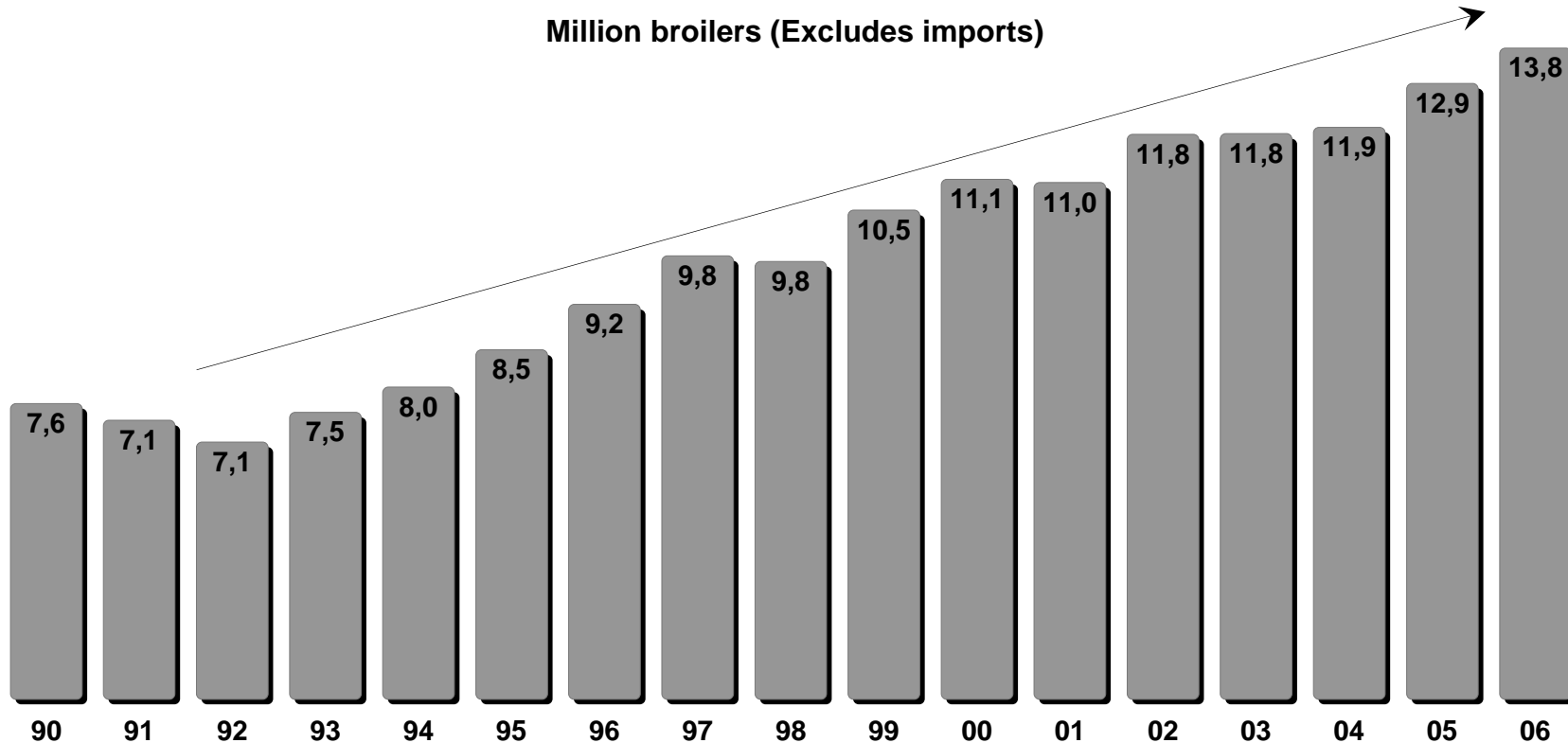


Source: SAPA



Average broiler production per week

Million broilers (Excludes imports)



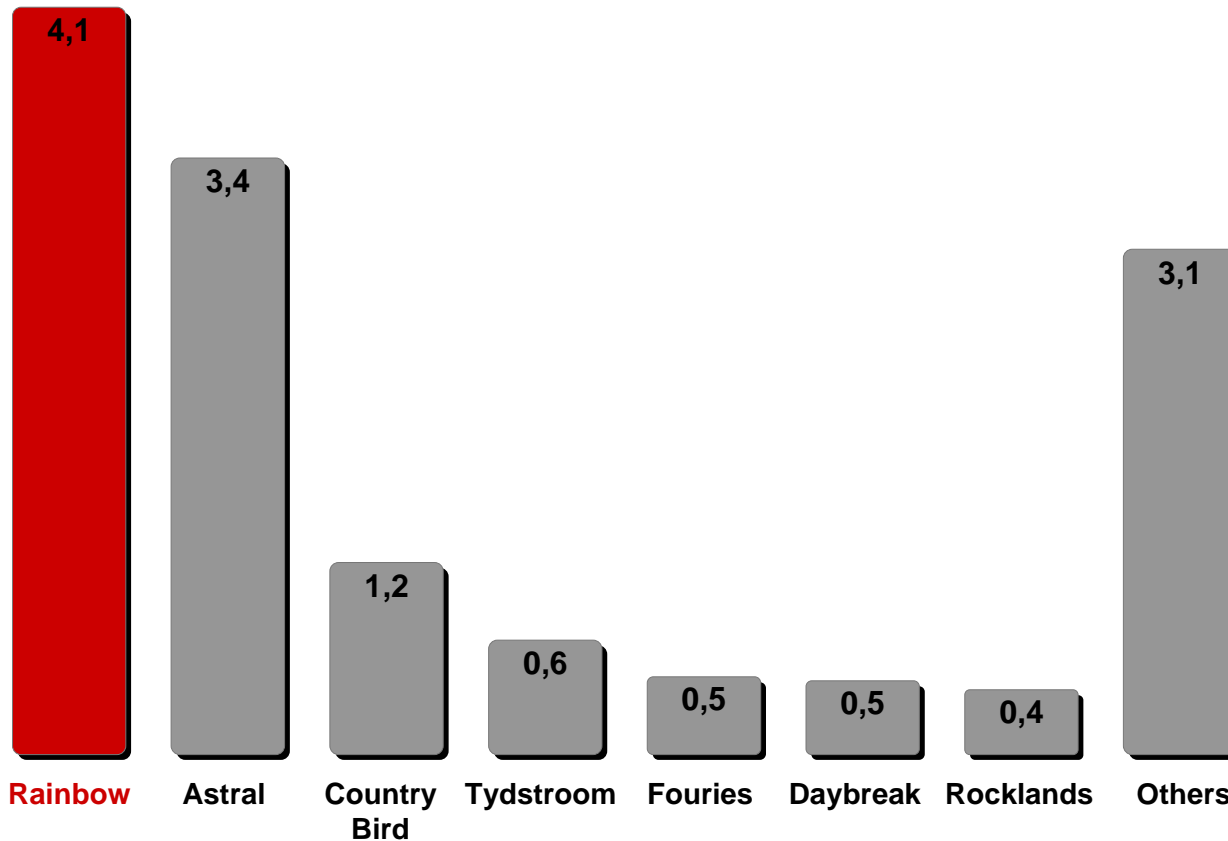
- Steady growth over last 3 years
- Recent investments in the industry likely to see capacity increase further

Source: SAPA



Average broiler production per week by producer

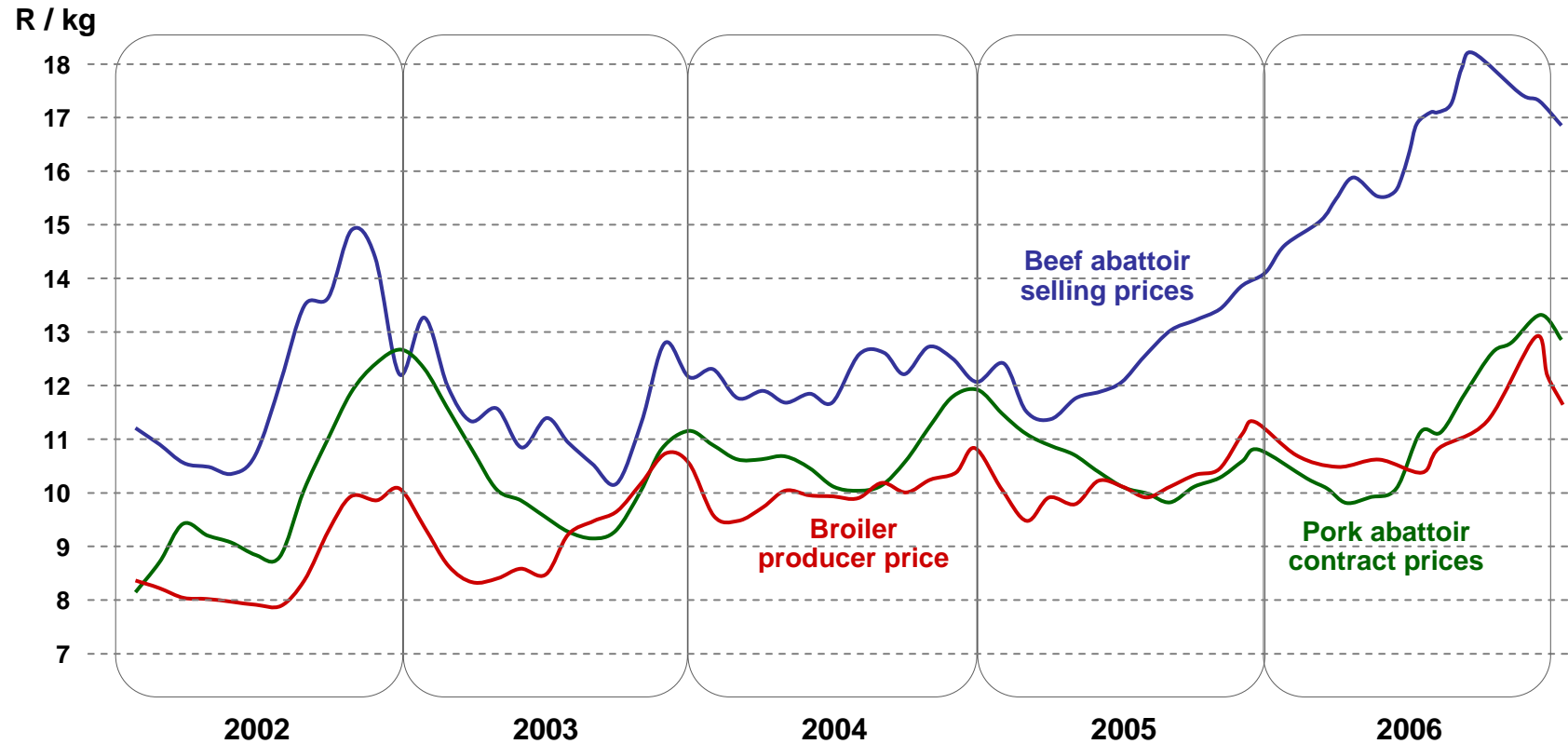
Million broilers per week as at March 2007



- 13,8m broilers produced per week
- 1,2m tons per annum
- Astral = Earlybird Farms + County Fair
- Others = approximately 50 smaller producers producing less than 200k broilers per week

Source: Management estimate

Beef, Pork and Poultry prices



- Poultry prices becoming less volatile
- Beef prices increased significantly

Source: SAPA



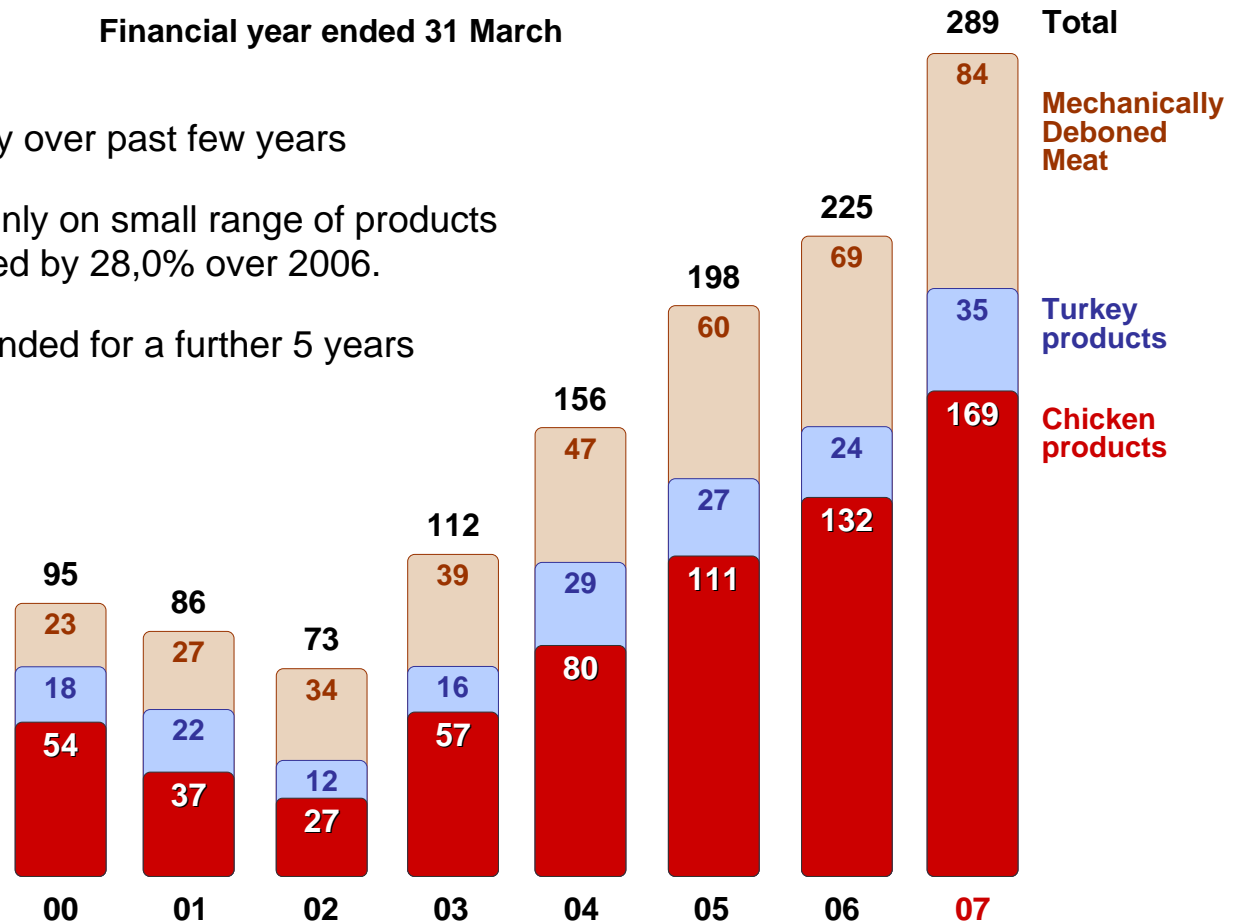
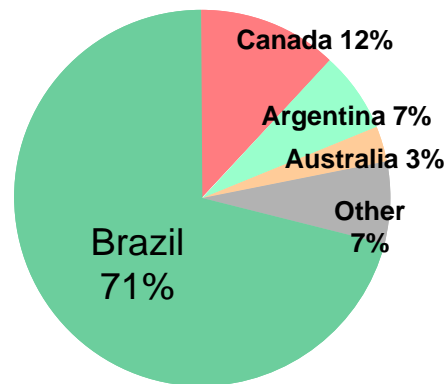
Total poultry imports ('000 tons)

Financial year ended 31 March

- Imports increased substantially over past few years
- Chicken products focused mainly on small range of products (dark meat and offal). Increased by 28,0% over 2006.
- Anti-dumping tariff (USA) extended for a further 5 years

Origin of poultry imports

Feb 2006 - Jan 2007



Source: SAPA



Strategy update



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	✓
		Regional to Functional	✓
	Route to market	R455m Vector acquisition gives control of RTM	✓
		Focused on cost-effective distribution	✓
	Customer base	Created consistent demand	✓
		Broadened customer base	✓
		Grew with strategic partners	✓
		Eliminated unprofitable independent / reprocessor business	✓
	Under investment	Grew out-of-home consumption	✓
		Capex 1999 - 2003 R262m	✓
	Plant specialisation	Capex 2004 - 2007 R726m	✓
		Worcester Fresh upgraded and VA commissioned	✓
	Brands	Rustenburg refurbished and converted to Frozen plant	✓
		All brands repositioned after strategic review	✓
	Further Processed products	✓	

Eliminated the volatility and created sustainable, higher-margin earnings

Strategy update

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3 Redefined our broader business strategy within a framework of 5 key initiatives	<p>Consumer insight</p>  <p>the heart of our business</p>	<p>Customer focus</p>  <p>creating win-win partnerships</p>	<p>Supply chain</p>  <p>delivering excellence</p>	<p>Business investment</p>  <p>investing for future growth</p>	<p>Our culture</p>  <p>doing things inspirationally</p>
	<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 to achieve our vision:
 "Rainbow at the heart of every meal"**

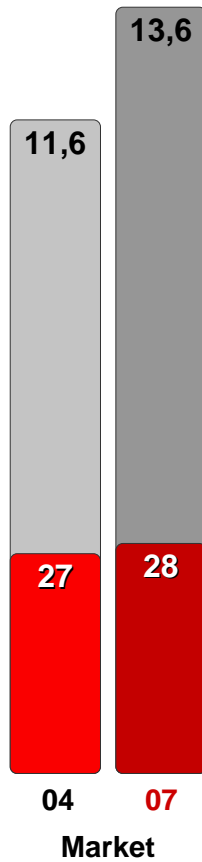
Strategy update

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Poultry market by channel (Including imports)

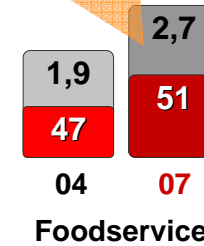
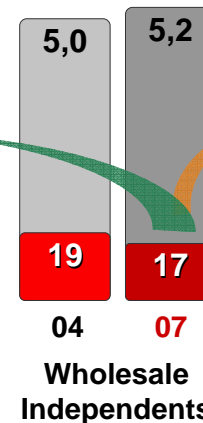
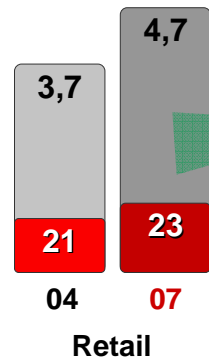
2007 vs 2004

Total market
Rbn



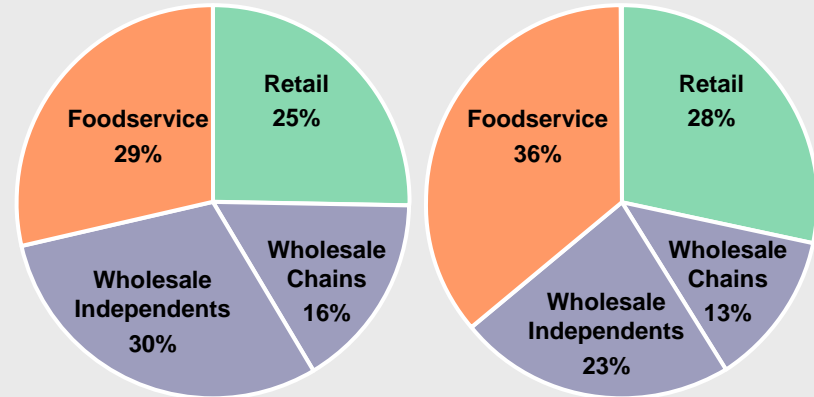
- Good growth
- Strategic customer focus

Rainbow
share
%



Rainbow focus

2004 Contribution 2007



Source: Management estimate

FP products update

- First full year of production
- Investment has supported customer strategy in providing growth and innovation for FoodSolutions and Retail customers
- All 3 technologies (Freezer-To-Fryer, Chilled Processed Meats and Fully Cooked) successfully launched into Retail
- Products well accepted by the trade and consumers
- Plant's turnover still small relative to total business, but approaching R300m
- Ongoing challenge in terms of managing the short shelf life nature of certain of the products



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IQF update (4+4+4 and Flavoured)

- Further example of consumer innovation
- Recently launched products performing well



Barbecue

Mild Peri-Peri



Lemon & Herb



Strategy update - Creating Win-win Partnerships

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KFC



- On 26 April 2007 Rainbow received the prestigious Yum! Restaurants International (holding company of KFC) “International Food Supplier of the year” award.
- First South African company to do so.
- KFC has experienced significant growth in the past 5 years, and Rainbow has grown to meet this demand whilst maintaining consistently high quality levels.
- Previously, on 24 November 2006, Rainbow had received the local KFC “Supplier of the year” award.



Chicken Licken

- Soul Partner award to CLC in September 2006
- Recognition of 25 years as exclusive supplier



- Economy grown by 4%
- Positive macro-economic environment, despite increasing inflation and interest rates
- Local chicken market estimated to have grown by 11,1% to R13,6bn
- Local drought conditions with estimated maize crop of only 6,9m tons, global stocks very low and increased usage for ethanol production all translate into significantly higher prices (SAFEX YM up 79,5% from March 2006)

2007 highlights

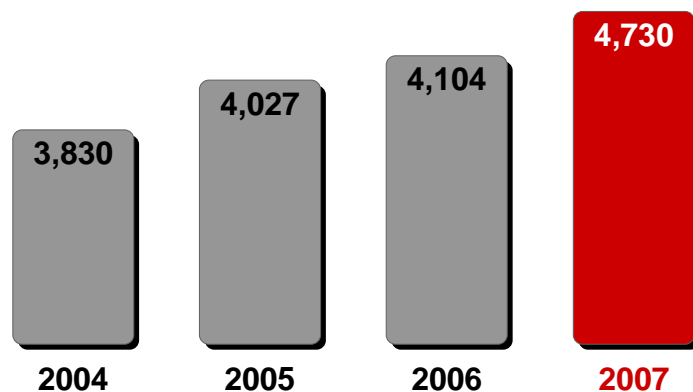
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		2006	2007		
Revenue	Rm	4 101,5	4 730,4	+	15,3%
Headline EBITDA	Rm	688,1	775,1	+	12,6%
Effective tax rate	%	31,9	29,9	+	2,0%
Headline earnings	Rm	400,3	477,0	+	19,2%
HEPS - fully diluted	cents	140,2	164,4	+	17,3%
Cash generated by ops	Rm	680,1	821,5	+	20,8%
Net cash	Rm	394,4	590,3	+	49,7%
Dividends per share	cents	57,0	68,0	+	19,3%
Capex spend	Rm	234,4	214,1	-	8,7%
NAV per share	cents	571,6	679,5	+	18,9%
Return on equity	%	27,7	27,0	-	0,7%

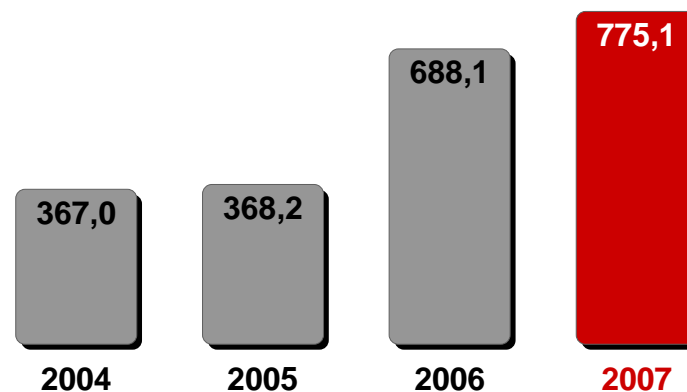
2007 highlights

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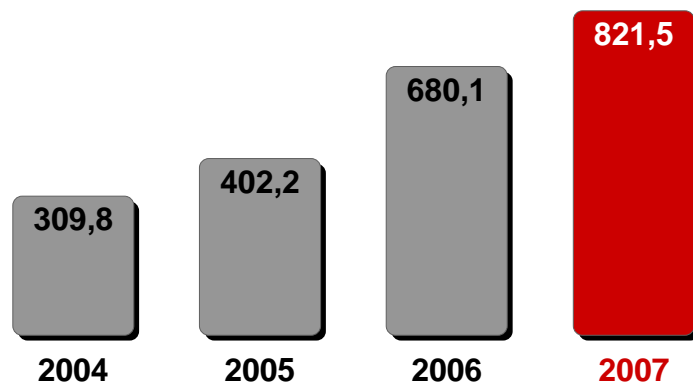
Revenue (Rm) + 15,3%



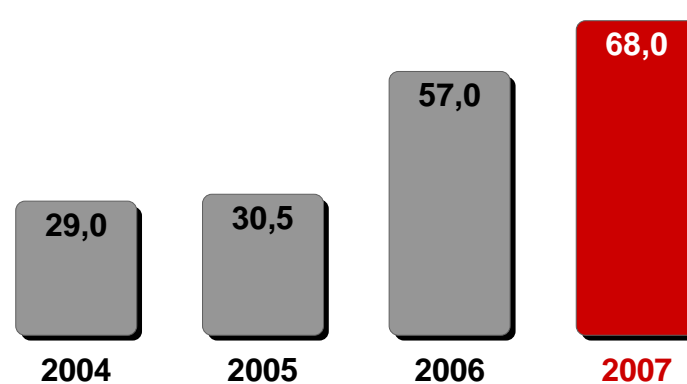
Headline EBITDA (Rm) + 12,6%



Cash generated (Rm) + 20,8%



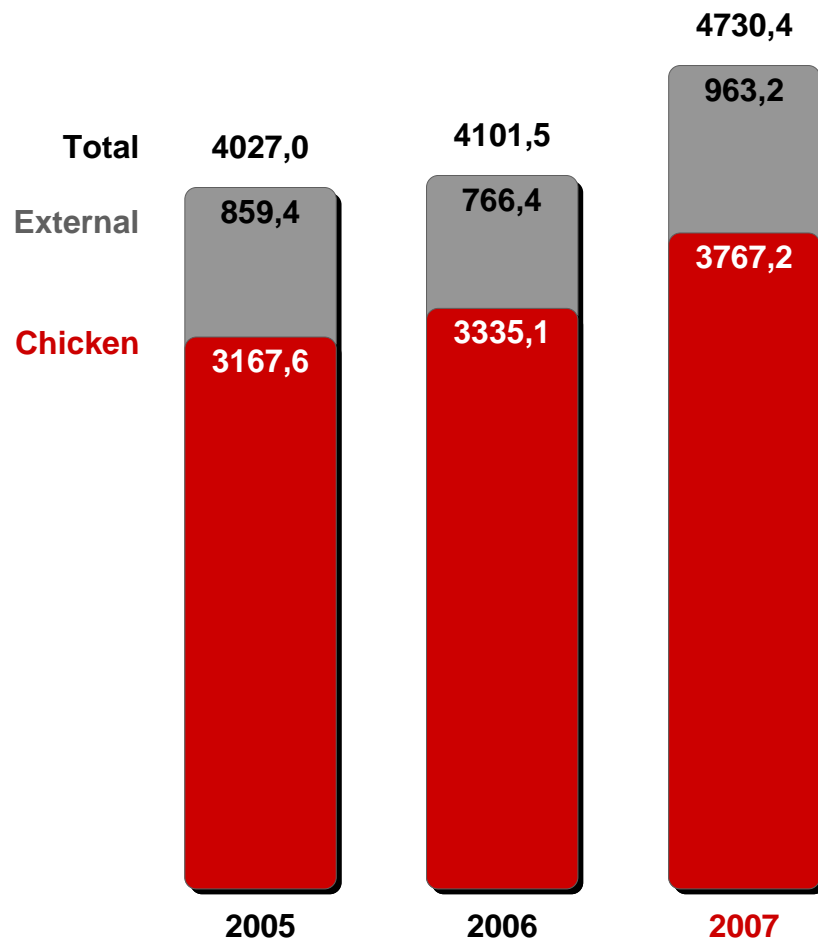
Dividends per share (cents) + 19,3%



Financial review

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Revenue (Rm) + 15,3%



Chicken sales + 13,0%

- Volumes up 5,0%. Sales to QSR sector, targeted customers and branded products (including new Further Processed products) all showing pleasing growth
- Average price realisation growth of 8,0% mainly due to higher maize prices

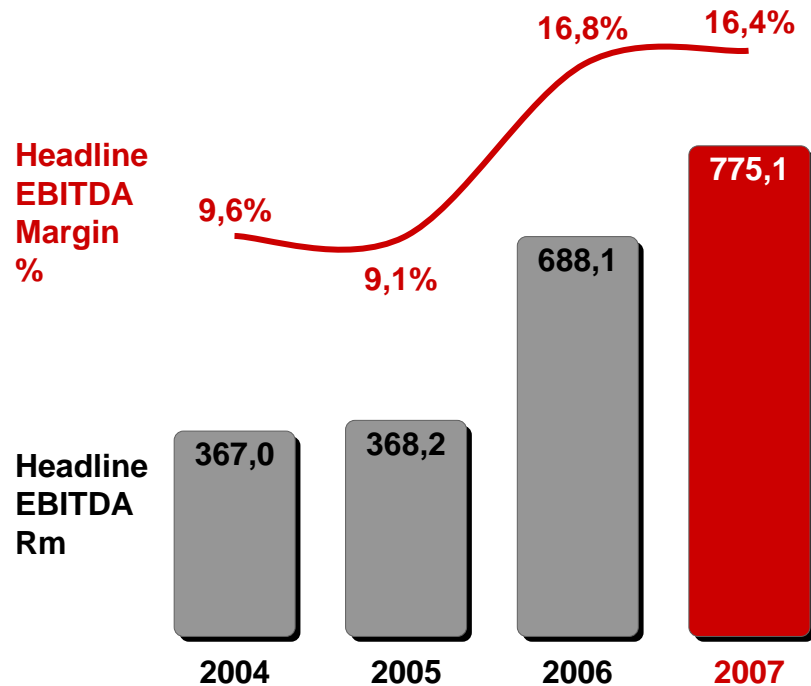
External sales (Cobb, Epol, Vector) + 25,7%

- Epol sales value higher due to increased volumes and higher maize prices
- Vector sales higher due to higher volumes

Financial review

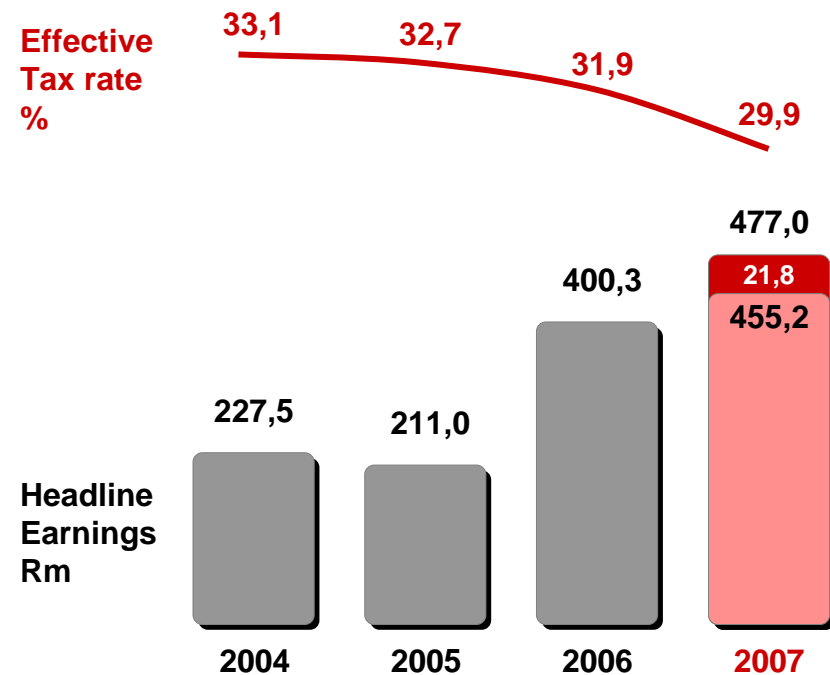


Headline EBITDA margin - 0,4%



- Higher feed input cost
- Higher realisations and volumes
- Improved mix

Headline earnings + 19,2%

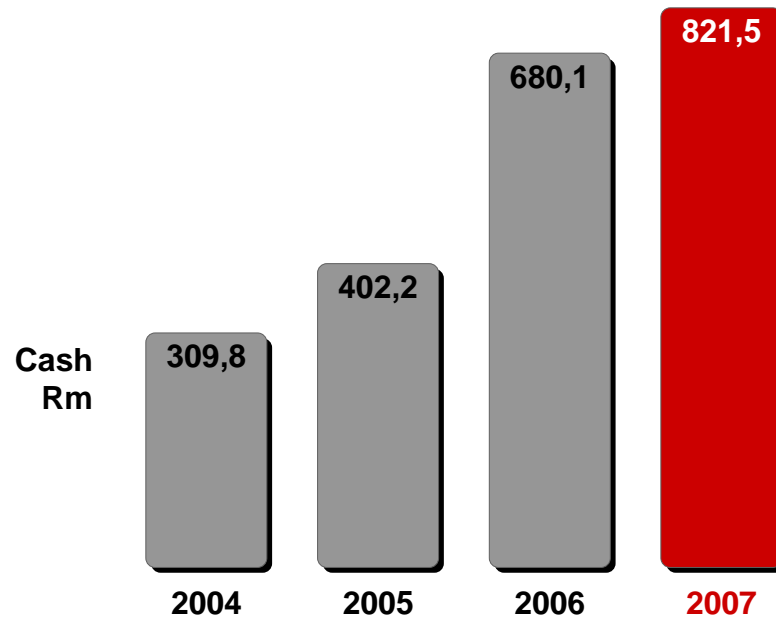


- R21,8m impact of additional tax allowance, which resulted in a lower effective tax rate, despite higher STC due to higher dividends paid

Financial review

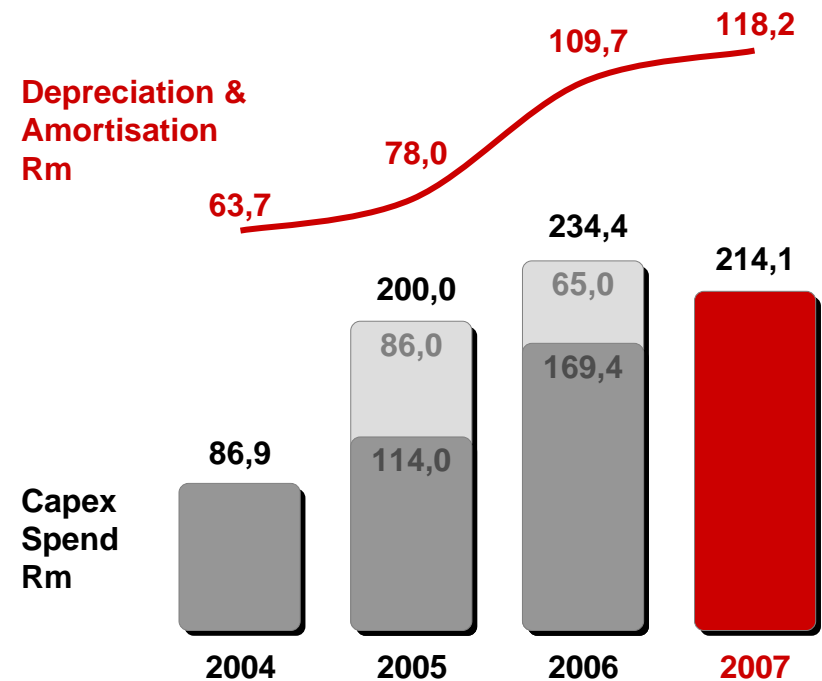


Cash generated by ops + 20,8%



- Function of improved overall group performance
- Continued focus on managing working capital requirements

Capex spend - 8,7%

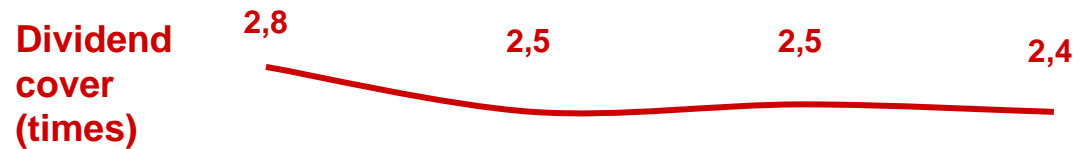


- 2006 capex included R65m in respect of the Further Processing plant (2005: R86m)
- Continue to invest more in upgrading facilities

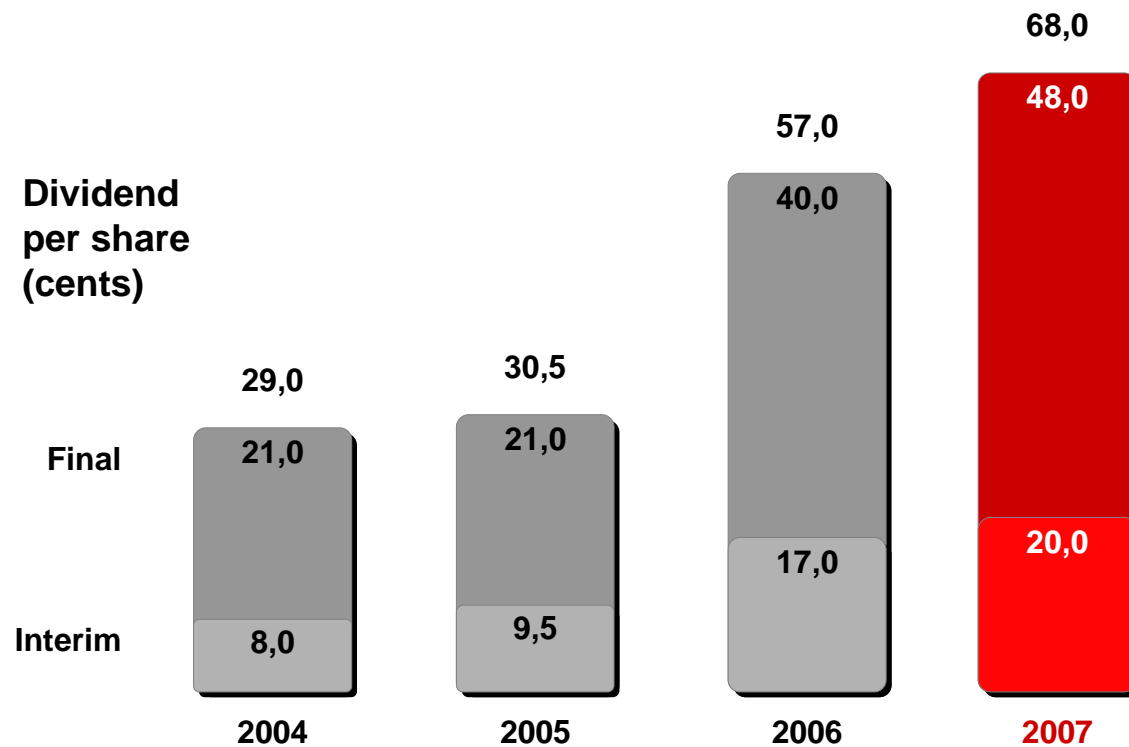
Financial review



Dividends per share + 19,3%



Dividend per share (cents)

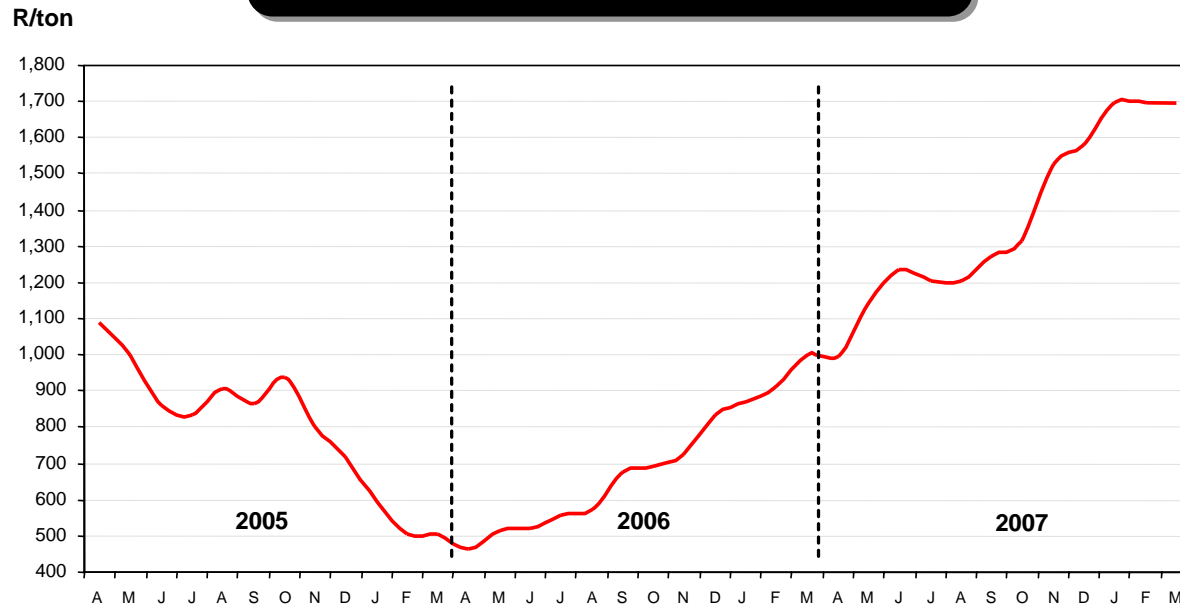


- Dividend a function of:
 - Performance
 - Cash flow
 - Future prospects of the business

Financial review - Raw material procurement

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Yellow maize spot prices

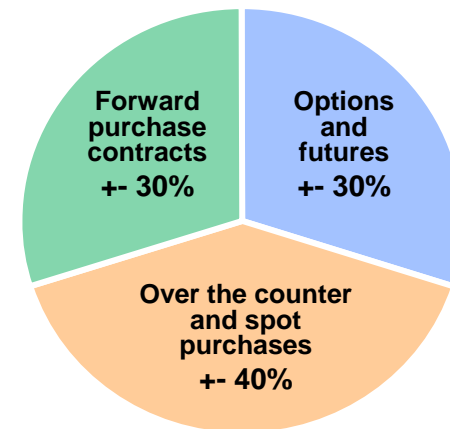


Source: SAFEX

Industry dynamics

- Concern over low global stocks and price volatility
- SAFEX YM 79,5% price increase (year-on-year 31 March)
- Soya prices also higher

Rainbow policy



Rainbow action

- Policy mitigates current industry crisis
- Import maize to coastal mills when price competitive
- White maize only used when pricing advantage

Financial review

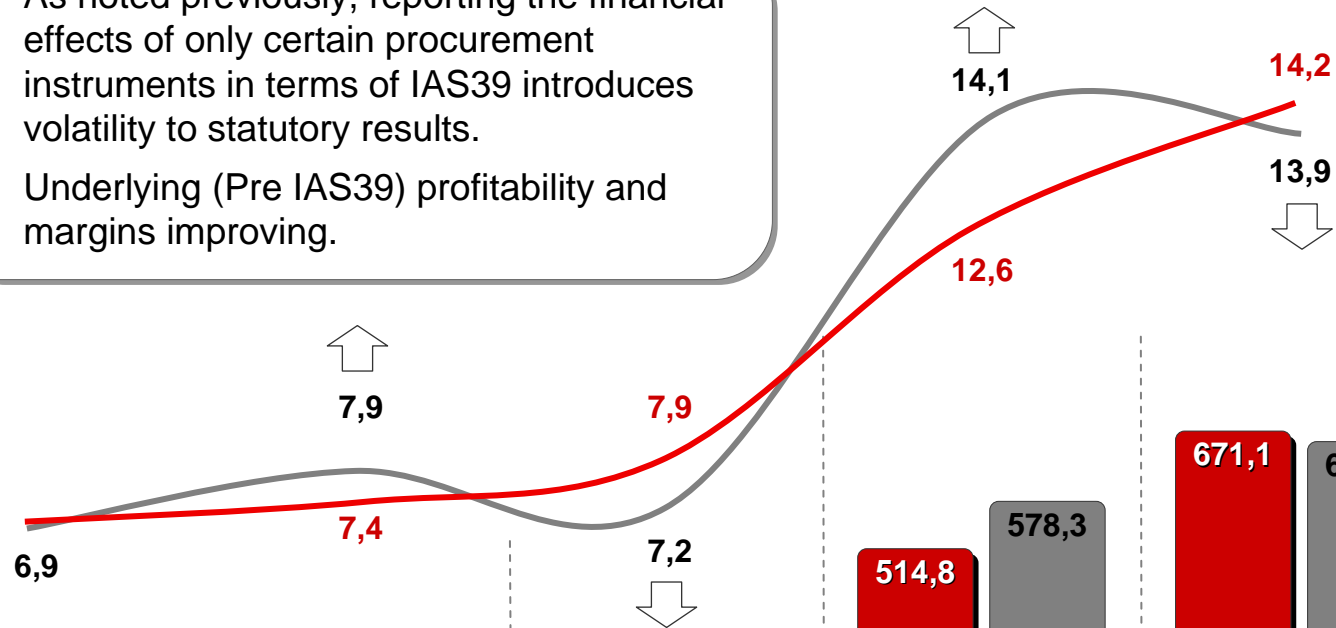


Pre IAS39

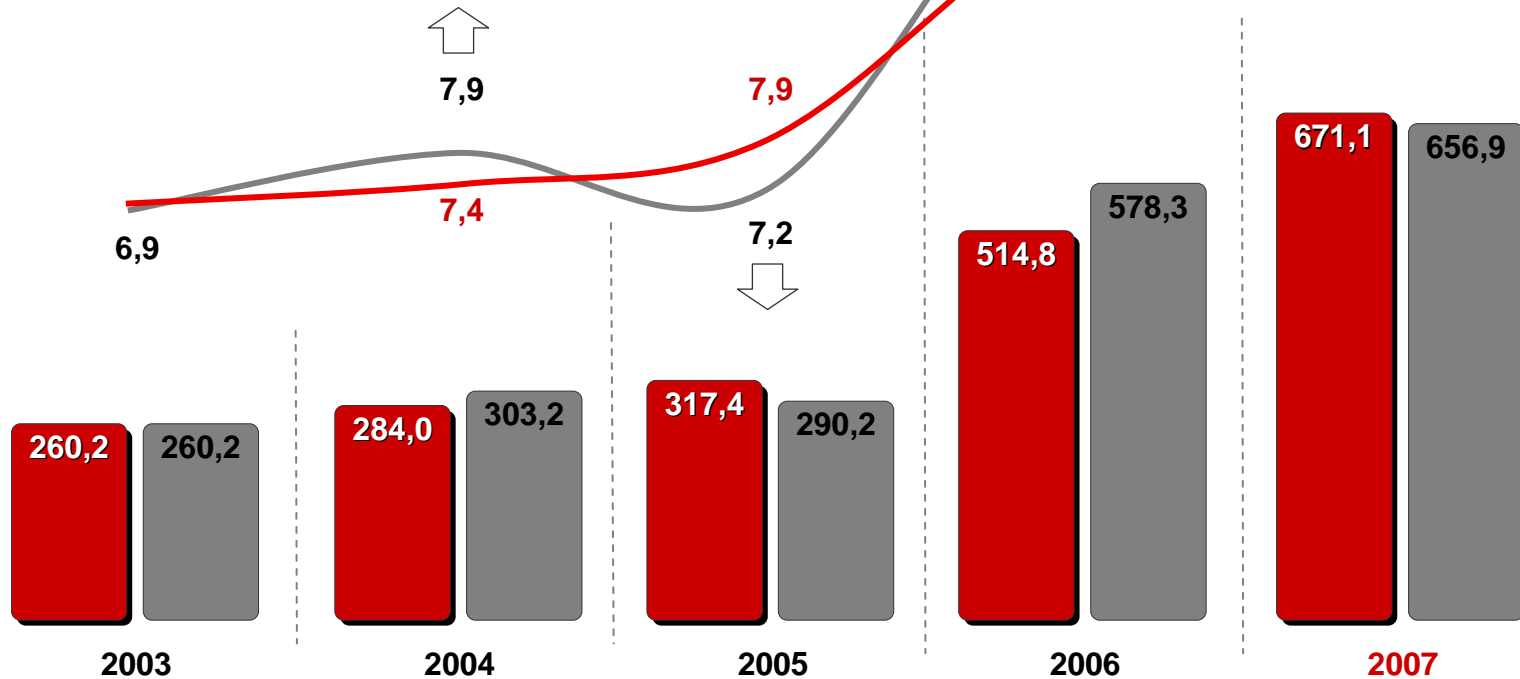
Post IAS39

- As noted previously, reporting the financial effects of only certain procurement instruments in terms of IAS39 introduces volatility to statutory results.
- Underlying (Pre IAS39) profitability and margins improving.

Headline EBIT margin (%)



Headline EBIT (Rm)



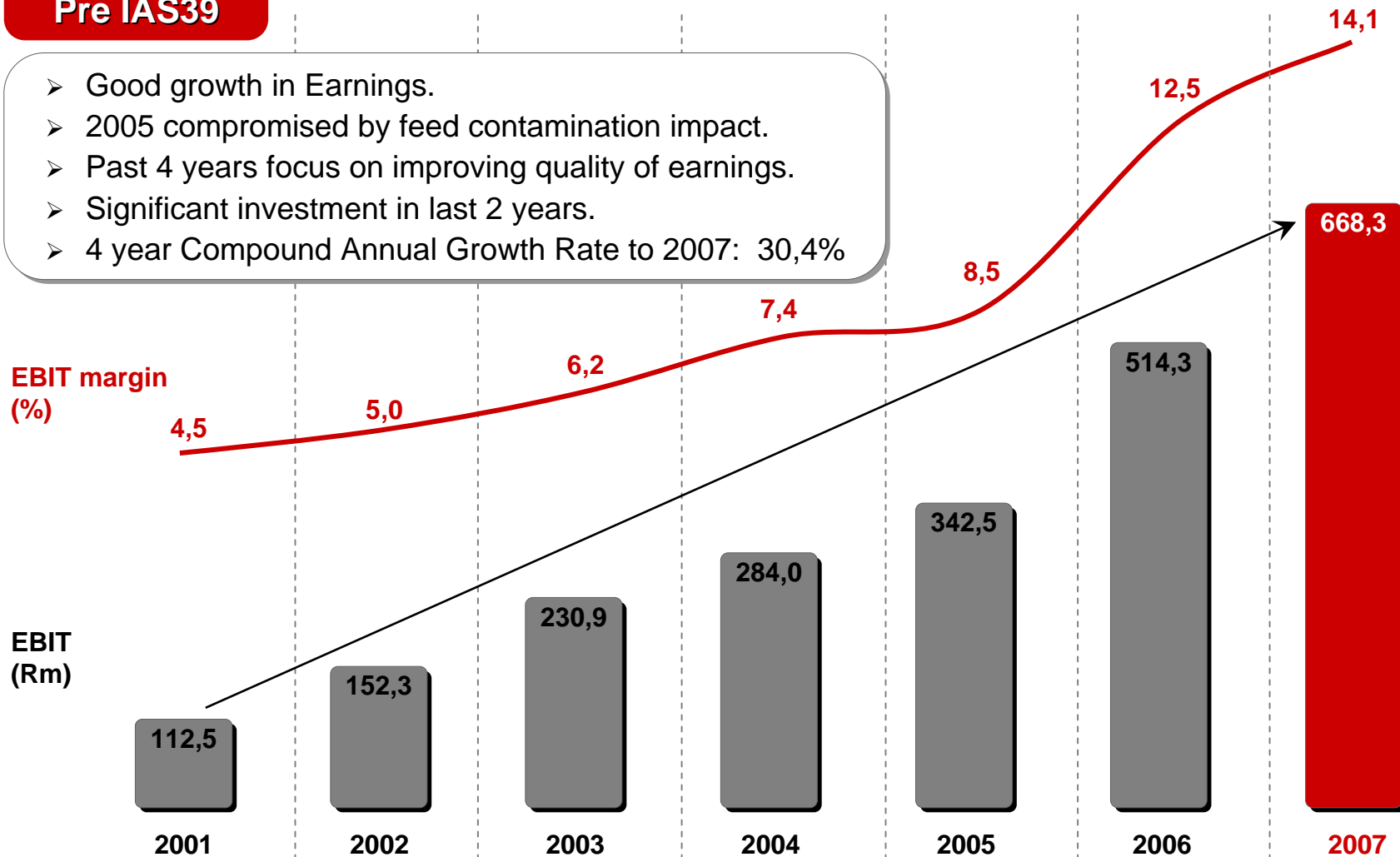
- AI SA status unchanged
 - Local industry remains on high alert
 - International outbreaks reported in Asia, Europe and Africa
 - Focus on prevention through increased bio-security and stepped-up surveillance and monitoring of flock health
 - Good co-operation between Government and Industry
- Remgro minority offer
- BEE process
- Feed claim status

Strategy delivers significantly improved results

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Pre IAS39

- Good growth in Earnings.
- 2005 compromised by feed contamination impact.
- Past 4 years focus on improving quality of earnings.
- Significant investment in last 2 years.
- 4 year Compound Annual Growth Rate to 2007: 30,4%



- Consumer spending is expected to remain positive with demand for chicken specifically as an affordable protein source also expected to remain strong.
- Maize and soya prices are likely to remain at the current high levels, and it is expected that feed input costs will be significantly higher than the 2007 financial year.
- Increased supply in the market.
- The combination of the above events will translate into margin compression off the current higher levels meaning that earnings in the 2008 financial year is likely to be lower than 2007.
- Rainbow remains committed to upgrading its facilities within agriculture and feedmilling which will enable further supply chain efficiencies and additional chicken volume capacity. Investment will be made to meet growing demand but will be focused on key customers and sustainable product categories.



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Questions and answers

