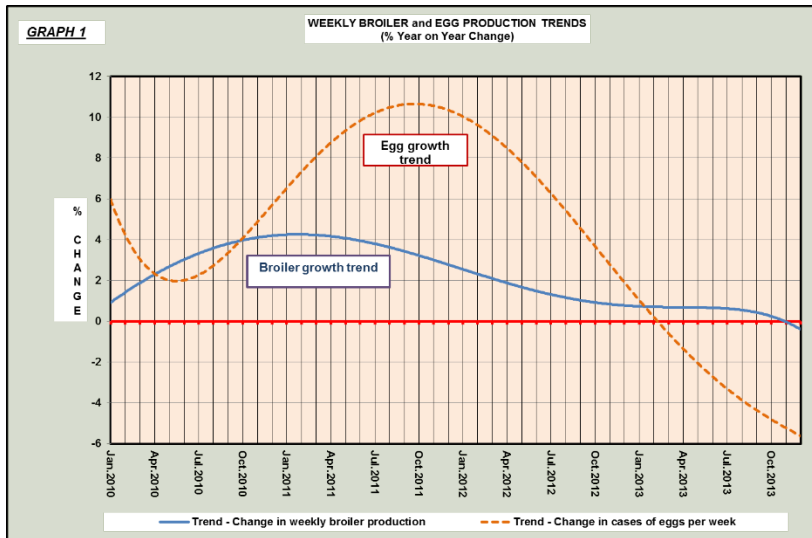


Overview of the South African Poultry Industry: 2009 to 2013

1. Growth trends: Percentage change vs previous year



Graph 1 Weekly broiler and egg production trends

1.1 Broiler industry trend

The broiler production trend depicted in *Graph 1* indicates that the broiler industry grew moderately during 2010 and 2011. The growth peaked at approximately four percent during 2011 and gradually slowed down to zero growth at the end of 2013. The trend line is based on the actual number of day-old broiler chicks hatched per month as reported by broiler hatcheries. The monthly broiler chick data provided by the hatcheries indicates extreme variations, ranging from +17% to -15%, between consecutive months and the trend indicated in the graph has therefore a poor fit to the actual data ($r^2=0.14$).

1.2 Egg industry trend

From a relatively low rate of two percent growth in 2010, egg production increased sharply to reach ten percent towards the end of 2011. This excessive growth exceeded market demand for eggs and as a result the growth gradually declined to zero in the first quarter of 2013. The decline in egg production continued throughout 2013 and reached minus six percent at the end of 2013. The excessive up and down swings in the growth trend seen in *Graph 1* follow a typical pattern inherent to the egg industry and are caused by the long replacement cycle of laying hens.

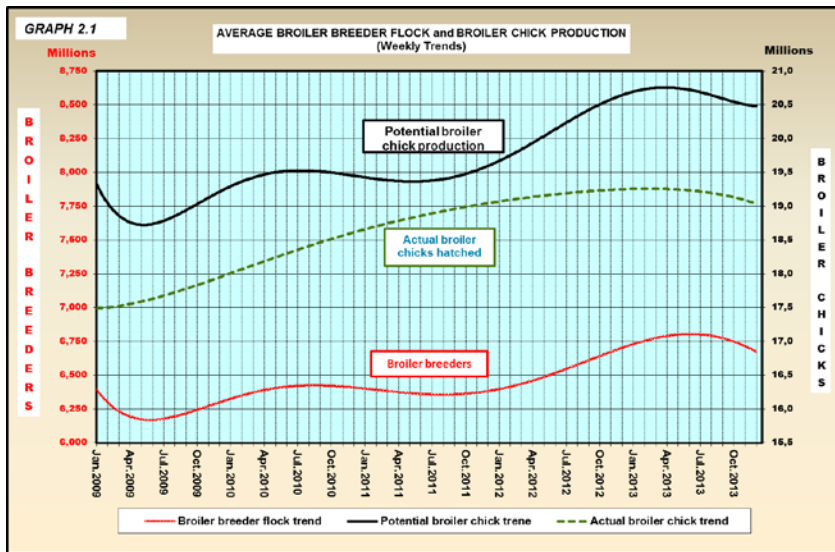
2. Poultry stock number trends

2.1 Broiler industry: broiler parent and broiler chick numbers

The projected broiler breeder flock numbers are based on actual weekly numbers of day-old broiler parent pullets placed, is presented in *Graph 2.1*. It assumed that pullets are moved to the breeder flock at 20 weeks of age and depopulated at 61 weeks of age. As indicated in the graph the number of hens in the broiler breeder flock increased from 6.2 million in 2009 to 6.8 million (+9.7%) in 2013. Over the same period the potential number of broiler chicks produced by the breeder flock increased from 18.7 million per week to 20.7 million (+10.7%). During the period under discussion genetic improvements in the performance of broiler breeder were made. The potential number of broiler chicks produced per breeder hen housed therefore increased from 119.5 in 2009 to 124.2 during 2011 and again to 128.9 during 2013.

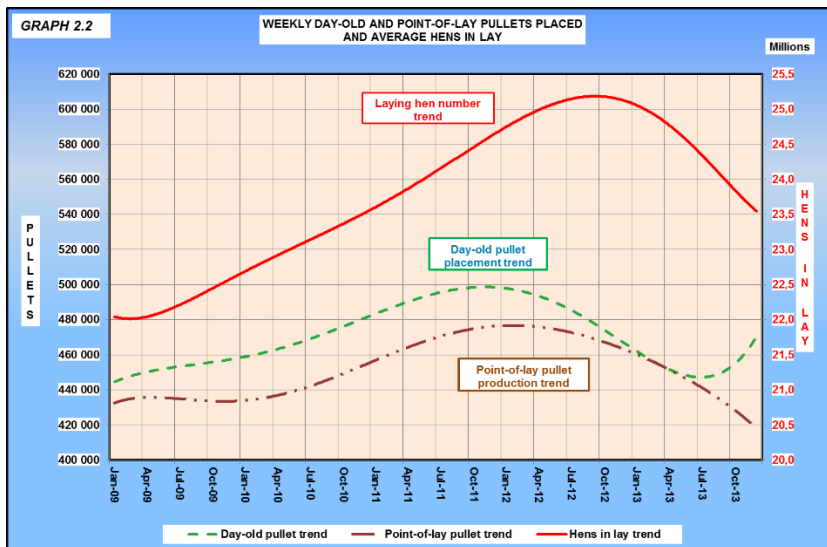
It is assumed that the actual number of broiler chicks hatched as provided by the broiler hatcheries is a true reflection of broilers placed by the broiler industry. As stated in paragraph 1.1 the trend line for actual broiler chicks hatched has a poor fit to the actual numbers reported. The average actual number of broiler chicks hatched per week during consecutive months varied by as much as minus 3.2 million and plus 2.8 million chicks. In 2011 the actual broiler chick placement was 500 000

chicks less than the potential chick production. In 2013 this discrepancy increased to 1.5 million chicks per week. Arguments advanced to account for the discrepancy are diseases affecting production of breeder flocks, sale of surplus hatching eggs for table consumption, early depopulation of breeder flocks and exportation of hatching eggs.



Graph 2.1 Average broiler breeder flock and broiler chick production

2.2 Egg industry: day-old pullet, point-of-lay pullet and laying hen numbers



Graph 2.2 Weekly day-old and point-of-lay pullets placed and average hens in lay

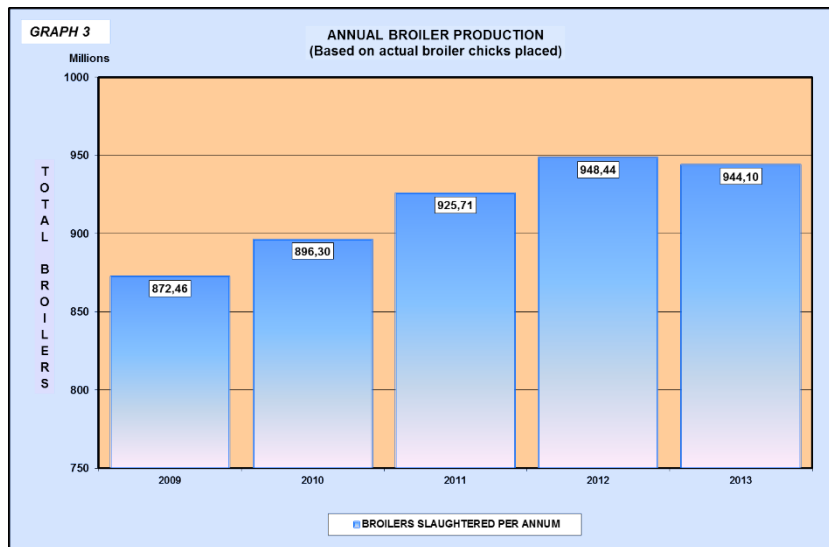
In Graph 2.2 the number of day-old pullets placed and the number of point-of-lay pullets produced to be transferred to the laying flock from 2009, is presented as trend lines.

Day-old pullet placements gradually increased by ten percent to peak at approximately 495 000 per week during 2009, 2010 and halfway through 2011. Over the following two and a half years, day-old pullet placements gradually decreased by eight percent to 455 000 per week. As expected, production of point of lay pullets followed the same pattern as day-old pullet placement, but with a delay of four months.

The prolonged period of growth in day-old pullet placements resulted in an increase in the number of laying hens over a period of four years, culminating in a total of 25.2 million hens in the last quarter of 2012. From January 2009 to the last quarter of 2012 the laying flock increased by 14.5%. During 2013 the number of laying hens however decreased by 2.2 million hens (-9.6%) to 23 million hens.

From the trend lines in *Graph 3*, it is clear that the egg industry reacted to market signals in 2011 and reduced placements of day-old pullets. As a result of the decrease in day-old pullet placements a downswing in the number of laying hens commenced fifteen months later, in the third quarter of 2012.

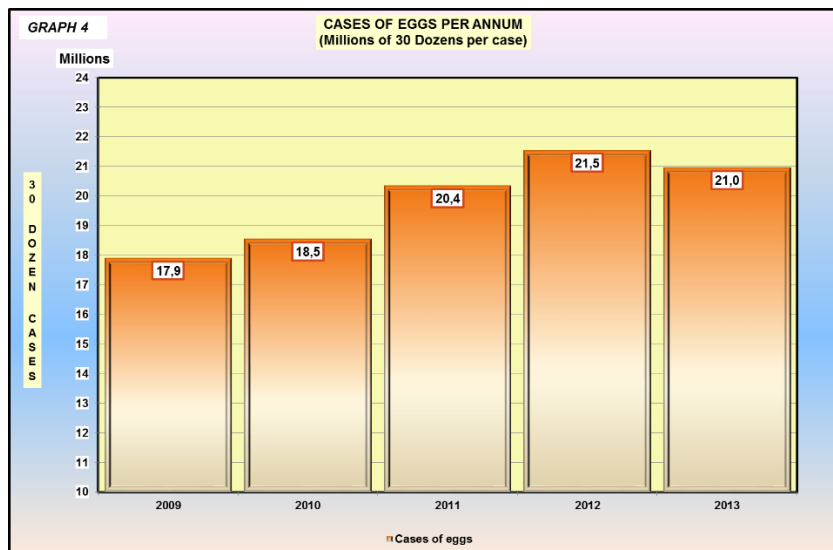
3. Actual broiler production per annum



Graph 3 Average annual broiler production

As indicated in *Graph 3*, total broiler production per annum increased by 76 million broilers (+8.7%) over three years from 2009 to 2012. A small decrease of 4.3 million broilers (-0.5%) was recorded in 2013.

4. Eggs produced per annum

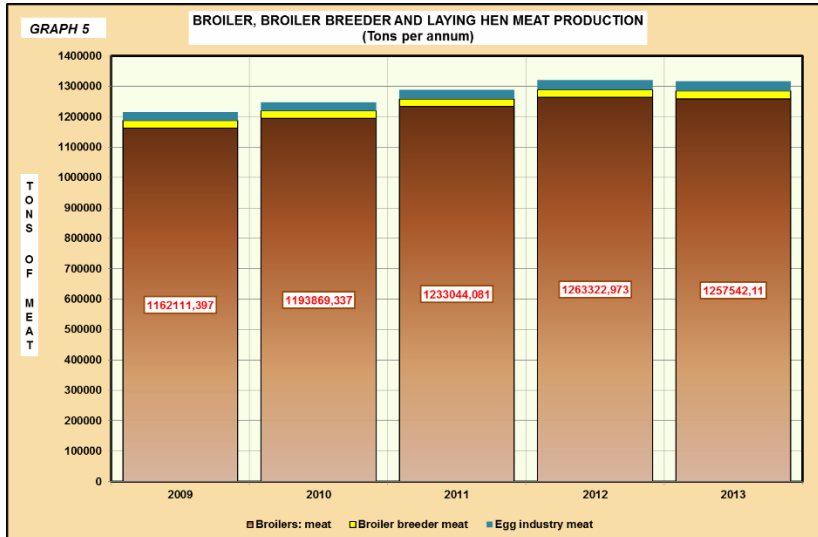


Graph 4 Cases of eggs per annum

In *Graph 4* it is indicated that from 2009 to 2012, egg production increased by 3.638 million cases (+20.3%). During 2011 the production standard used to project egg production was revised in order to incorporate genetic improvements made by breeders of laying hens. This accounts for the fact that the percentage increase in the number of eggs produced is higher than the increase in the number of laying hens, as stated in paragraph 2.2.

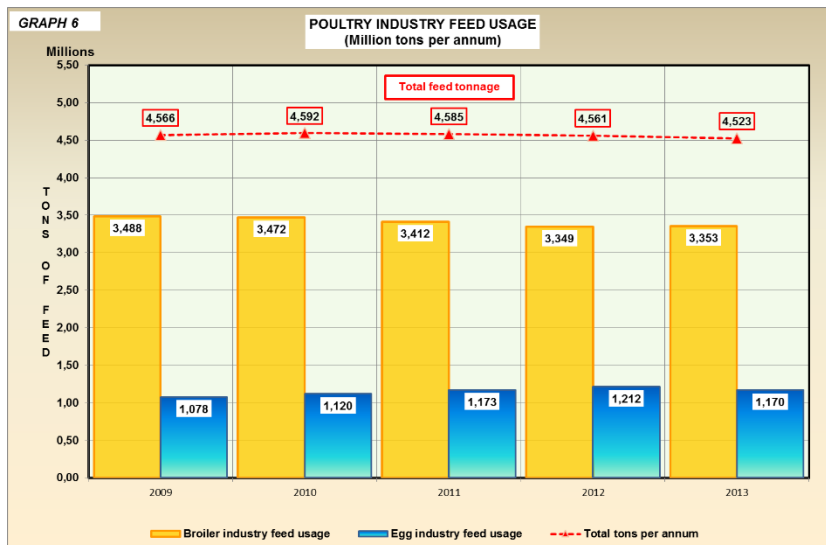
5. Poultry meat production

The total tons of meat produced per annum from production of broilers, live sales of breeding stock and commercial laying hens is presented in *Graph 5*. The contribution of broilers alone to total poultry meat production amounts to 95.8%. Please note that offal is not included in the meat production calculation.



Graph 5 Broiler, broiler breeder and laying hen meat production

6. Feed usage by poultry industry



Graph 6 Poultry industry feed usage

The total tons of feed consumed by birds in the broiler and egg production sectors of the poultry industry respectively is presented in *Graph 6*. The broiler production sector of the poultry industry consumes 74.8% of the total feed required by the industry.