



Interim Results Presentation
for the six months ended 31 March 2019

Presented by:

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PURPOSE & STRATEGY

All stakeholders must be better off because we exist

Strategic focus areas	Strategic initiative	Key Outcomes
• Growth	Agri & Retail upgrades & expansions M&A Footprint expansion (non M&A) Strategic alliances Manufacturing diversification	Minimum CAGR 15% growth in RHE
• Optimisation	Supply chain, Agri & Retail, TFC, Manufacturing, Support services Customer Relationship Management	Minimum 15% ROE
• Leveraging Culture & Diversity	Leveraging people Leveraging BEE	For 15 Years
• Digital transformation	Customer experience digitisation Process digitisation	



GROUP STRUCTURE



100%

Kaap Agri Bedryf Limited

88.0%

TFC Properties (Pty) Ltd

70.5%

TFC Operations (Pty) Ltd

100%

Agriplas (Pty) Ltd

50%

Kaap Agri (Namibia) (Pty) Ltd

100%

Kaap Agri Aussenkehr (Pty) Ltd

60%

Partridge Building Supplies (Pty) Ltd *

TFC BEE

Shareholding

% BEE

Kaap Agri Bedryf Ltd	70.5%	26.2%
Plurispace (Pty) Ltd		20.0%
ETI (Pty) Ltd		5.0%
Other		1.2%
C Max Investments (Pty) Ltd	23.5%	100.0%
ETI (Pty) Ltd	6.0%	91.5%
Weighted		47.5%

* Forge - acquired 1 October 2018



DIVISIONAL STRUCTURE – TRADING BRANDS

TRADE



TFC



WESGRAAN



IRRIGATION MANUFACTURING



Excludes
Corporate
Division

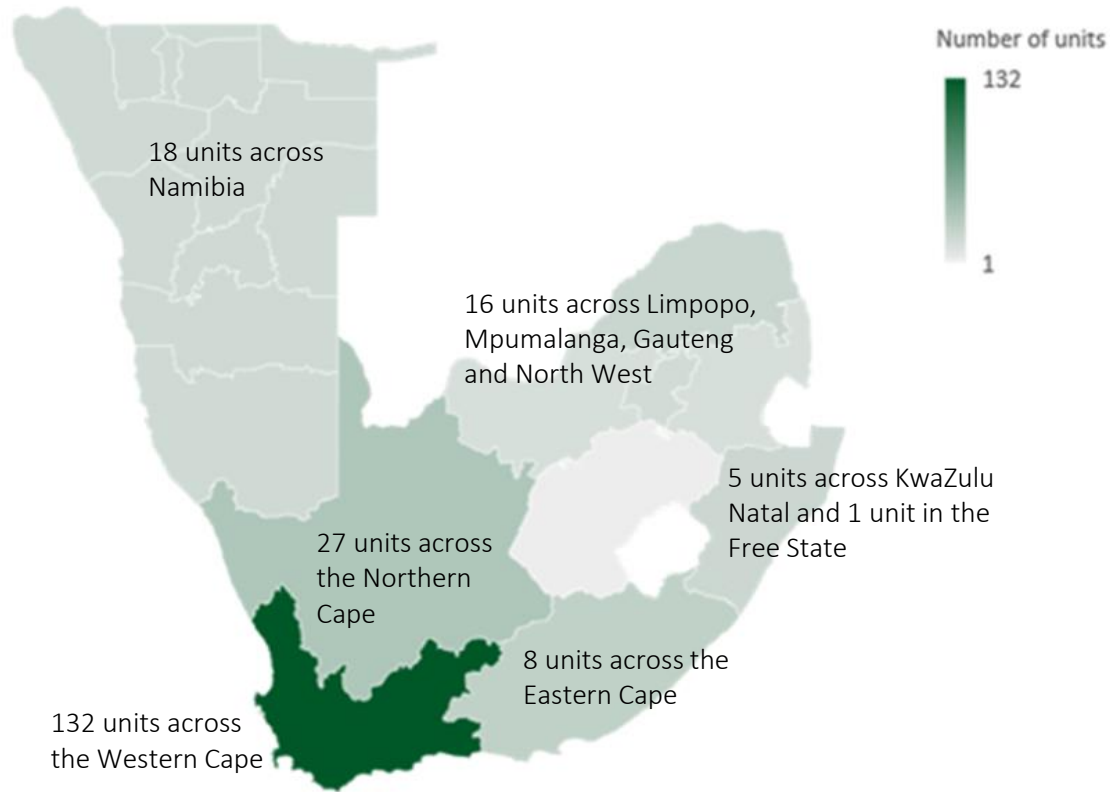


Support service for the acquisition, distribution and logistics of products for the Kaap Agri Group



GEOGRAPHIC REPRESENTATION

Kaap Agri Group Footprint

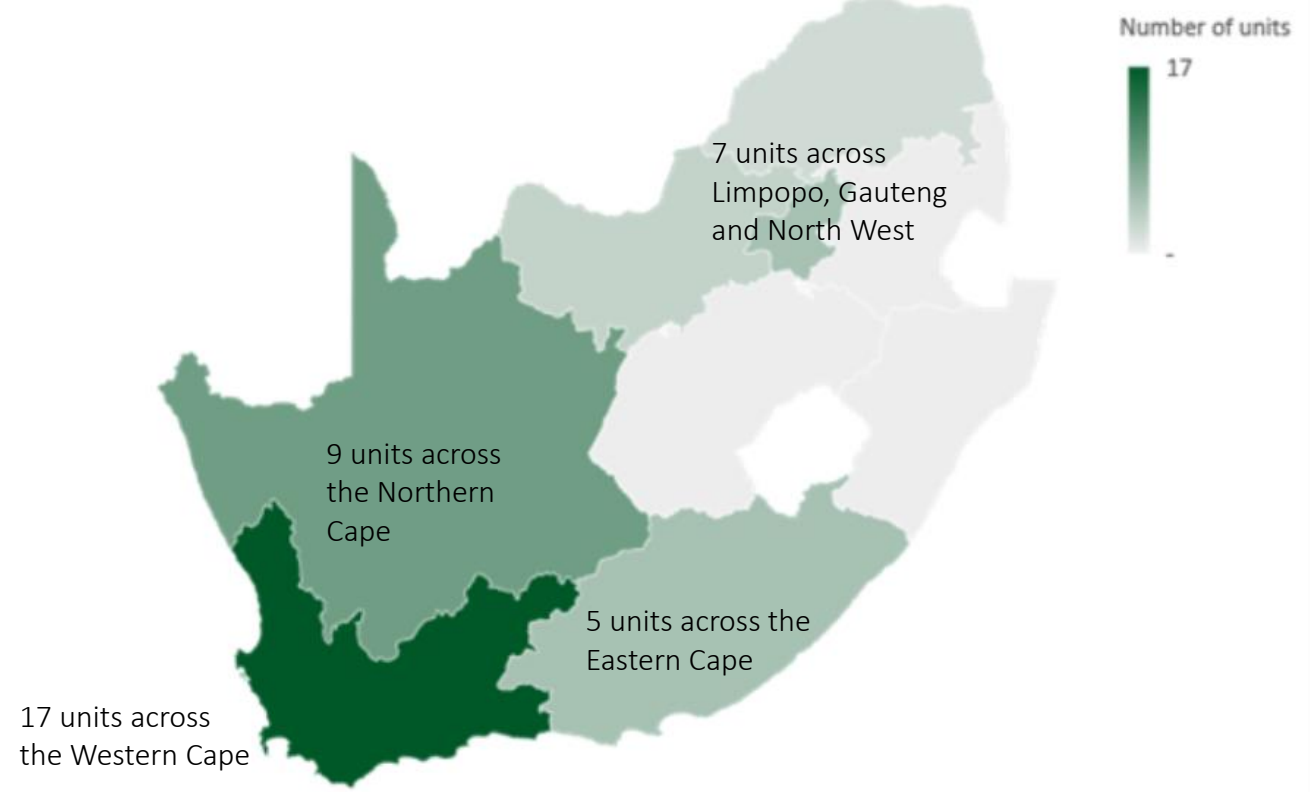


207 Units
110 Places



SA & Namibia
9 Provinces

TFC Footprint



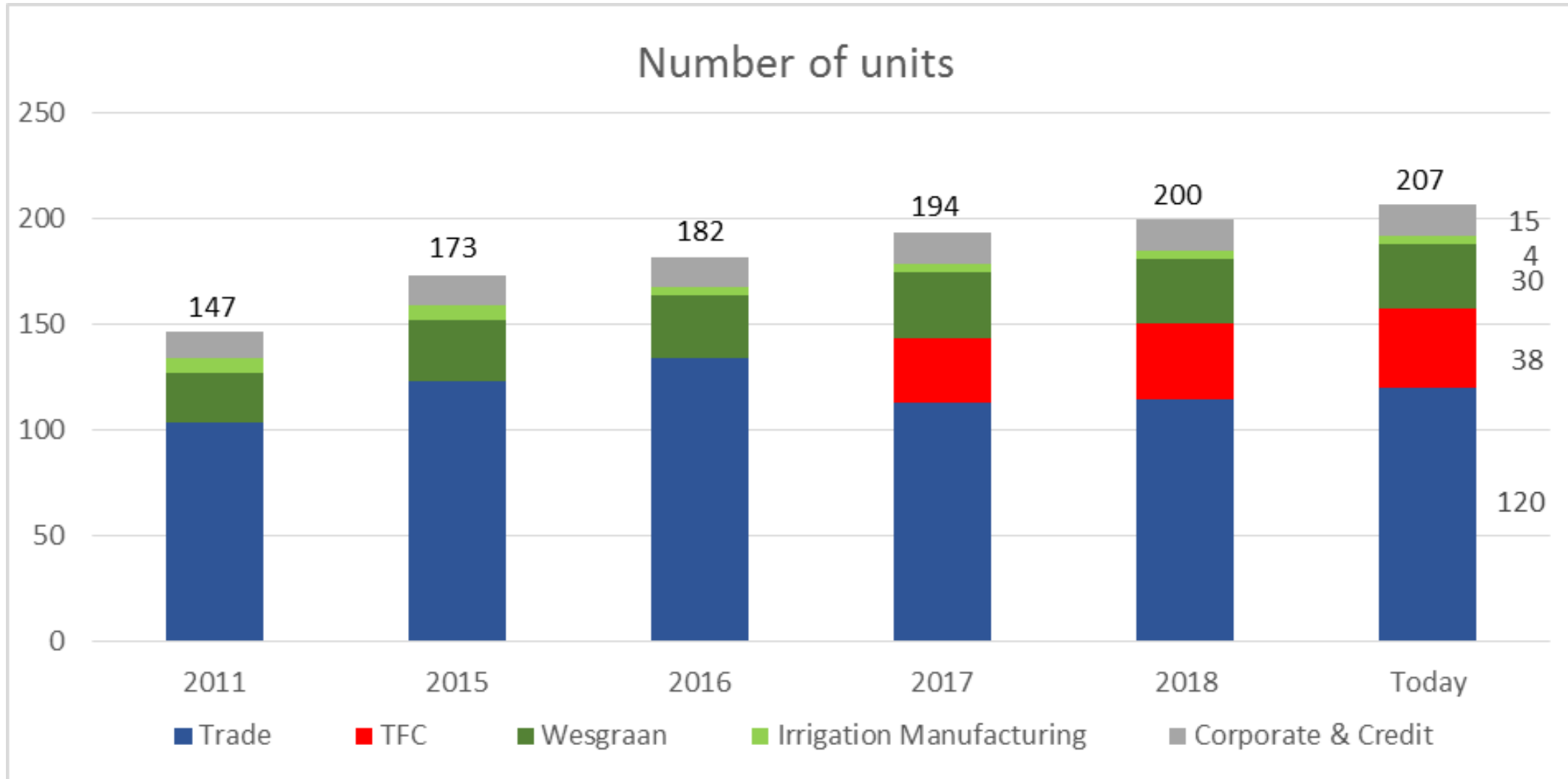
38 Units
30 Places













SA
6 Provinces



FOOTPRINT OVERVIEW



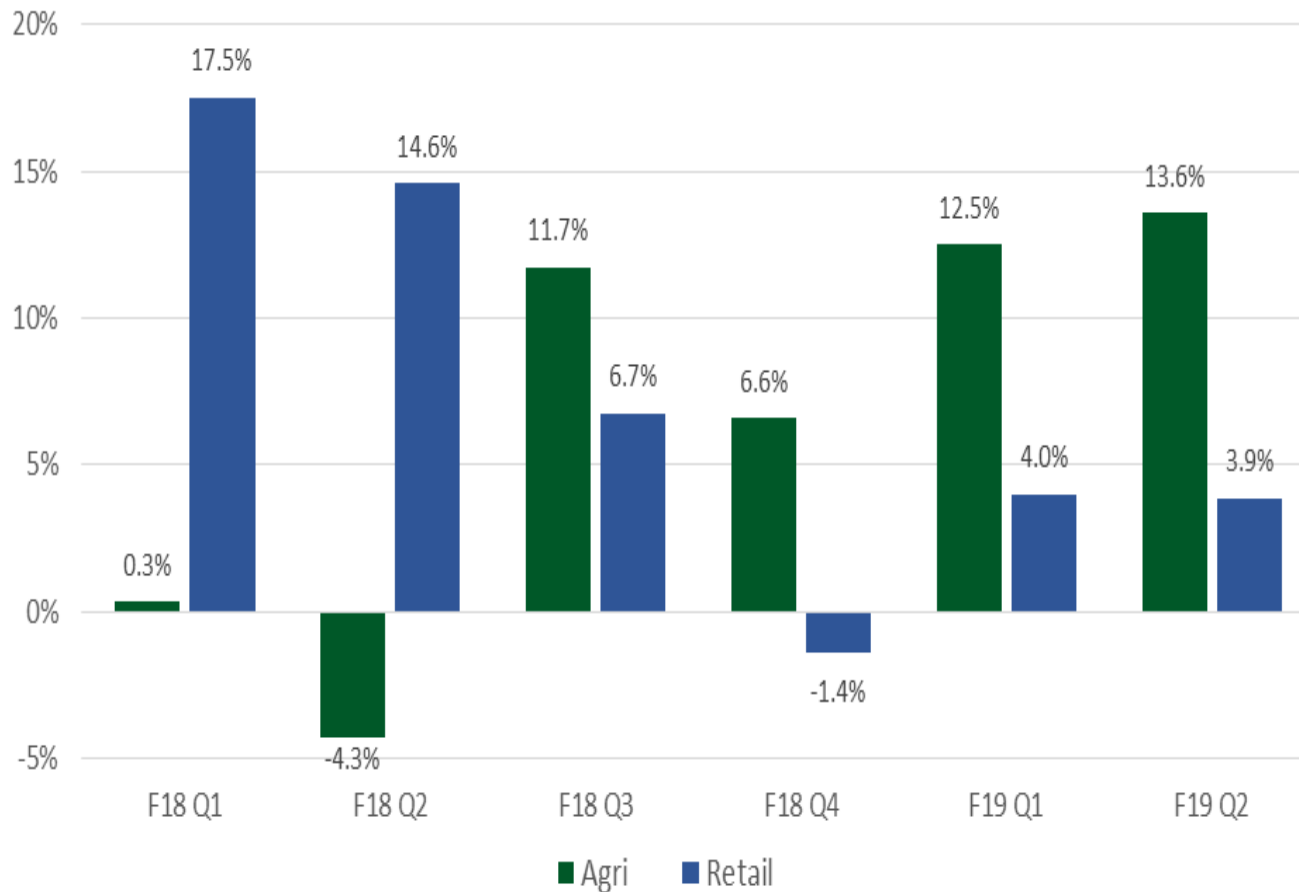
KEY MILESTONES

-  Revenue growth under tough trading conditions (+21.9% transactions)
-  Forge acquisition effective 1 October 2018
-  Retail revenue growth 13.4% (excl. cement and irrigation)
-  Wesgraan PBT growth +16.8%
-  Improved Mechanisation profitability (> F18 & F17)
-  Corporate cost growth < GP growth
-  Group fuel liter growth +9.2%
-  TFC convenience and QSR growth > fuel volume growth
-  R158.9m investment related capital expenditure
-  Debtors not within terms reduced by 27.6%



TRADING ENVIRONMENT

Quarterly Turnover Growth YOY



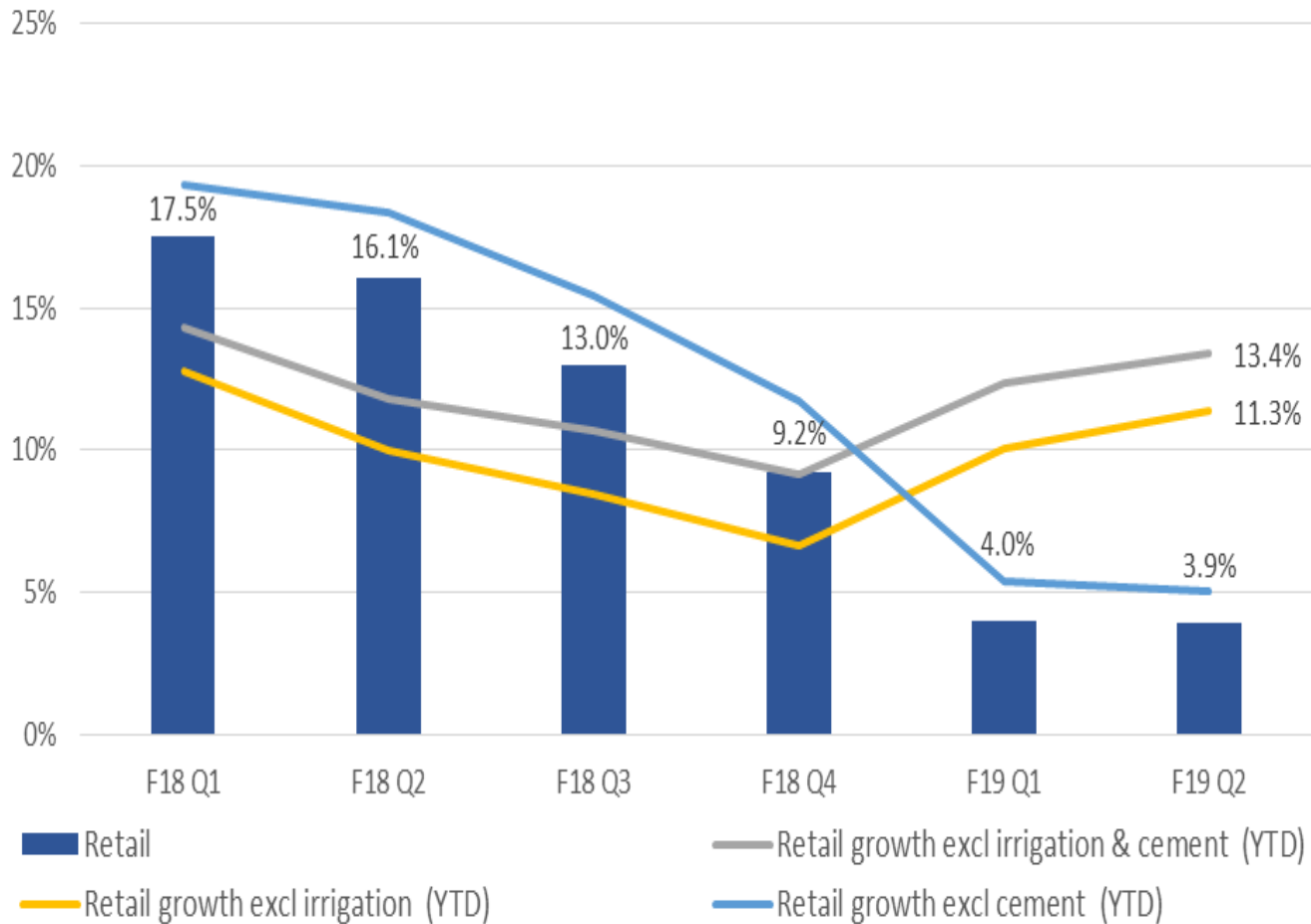
AGRI AND RETAIL GROWTH IMPACTED BY:

- Retail: Difficult F18, improving F19
- Agri: Sustained improvement
- Economic factors
 - ✓ Low GDP growth (1.1%)
 - ✓ CPI increasing (4.5%)
 - ✓ Low business and consumer confidence (28 points)
 - ✓ Retail sales index (0.5%)
 - ✓ Fuel price increase (average +14.1% YOY)
- Drought
 - ✓ Slower recovery in Western Cape
 - ✓ Ongoing in Northern Cape
 - ✓ Q1 in KwaZulu-Natal
- Land reform (EWC) uncertainty



TRADING ENVIRONMENT

YTD Retail Turnover Growth vs PY



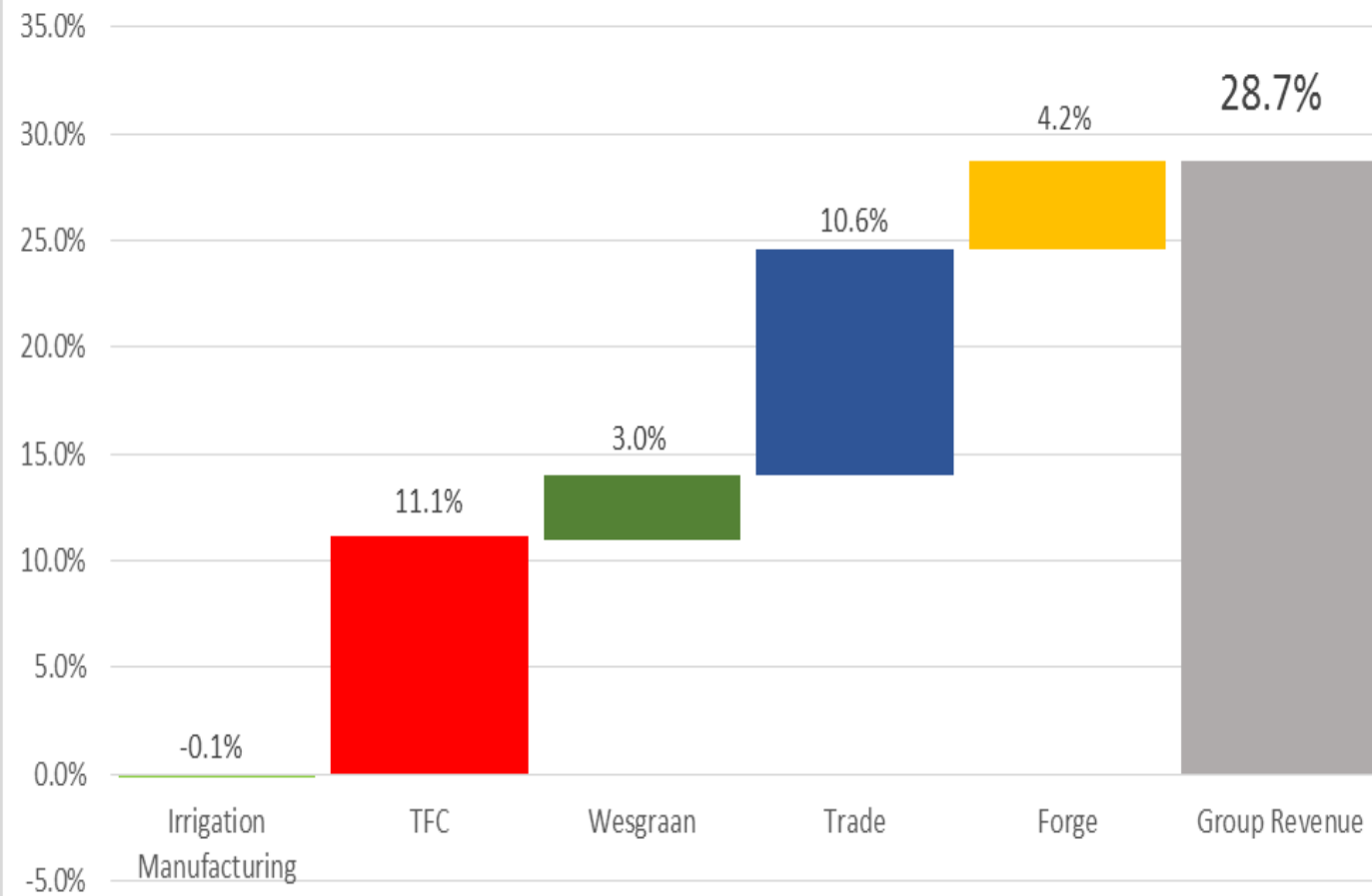
RETAIL GROWTH IMPACTED BY:

- F18 Retail sales supported by irrigation sales (Day zero)
 - ✓ Retail sales growth +11.3% excluding irrigation sales
- Negative impact of cement sales improving
 - ✓ Retail sales growth +13.4% excluding irrigation and cement sales
- Remaining retail categories performing well



TRADING ENVIRONMENT

Revenue Growth contribution



STRONG REVENUE GROWTH DRIVEN BY:

- TFC
 - ✓ annualisation and new sites
 - ✓ Convenience & QSR
- Wesgraan improvement
- Trade
 - ✓ Agri
 - ✓ Retail
- Forge (new)



HIGHLIGHTS FOR THE INTERIM PERIOD



Revenue
(R'000)
4,389,785
+28.7%
LFL +10.7%



Fuel liter growth
130.2m liters
Group 9.2%
TFC 9.5%



EBITDA
(R'000)
302,756
+6.6%



**Recurring
headline EPS**
(cents)
230.34
+3.2%



**Interim
dividend per
share (cents)**
33.50
+4.7%



**Number of
transactions**
+21.9%



SEGMENTAL REPORT



Trade



TFC



Wesgraan



Irrigation
manufacturing

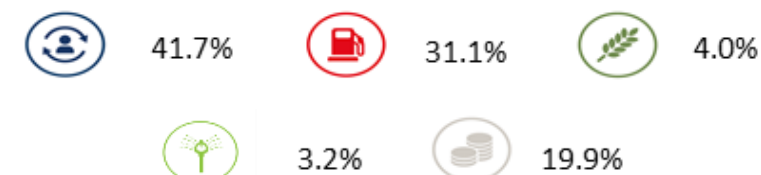
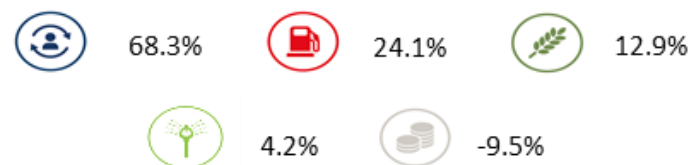
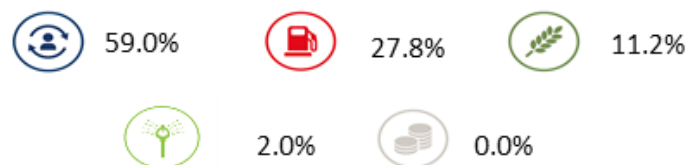
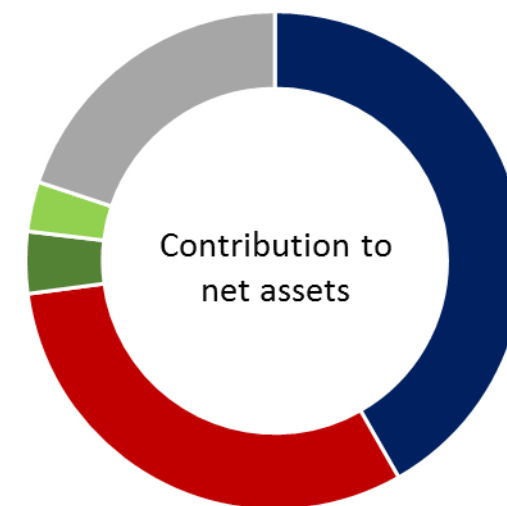
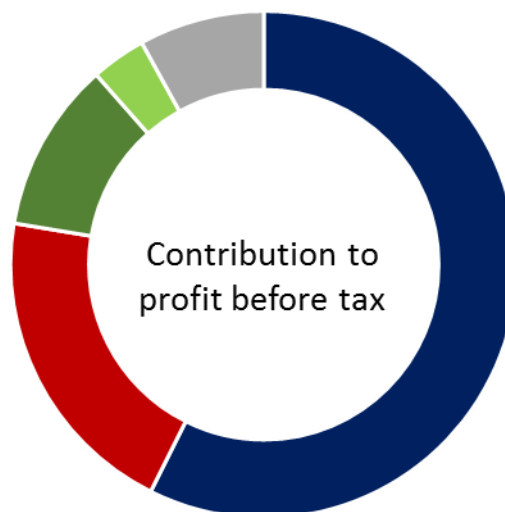
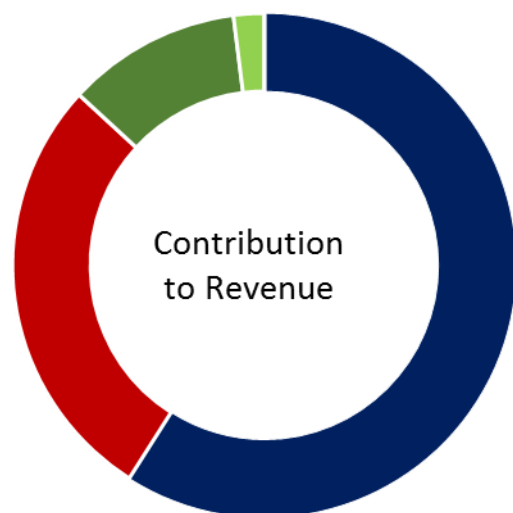


Corporate

	Trade		TFC		Wesgraan		Irrigation manufacturing		Corporate	
	HY2018	HY2019	HY2018	HY2019	HY2018	HY2019	HY2018	HY2019	HY2018	HY2019
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Income	2,087,510	2,590,809	842,105	1,221,149	388,164	491,403	91,302	86,424	1,682	-
Profit before tax	151,347	152,413	43,153	53,796	24,736	28,885	12,925	9,315	-15,529	-21,259
Gross assets	1,260,066	1,401,769	554,059	679,124	92,596	126,651	70,988	74,695	1,568,683	1,913,237
Net assets	729,139	794,144	520,256	592,649	61,699	76,216	58,677	61,539	312,158	378,022

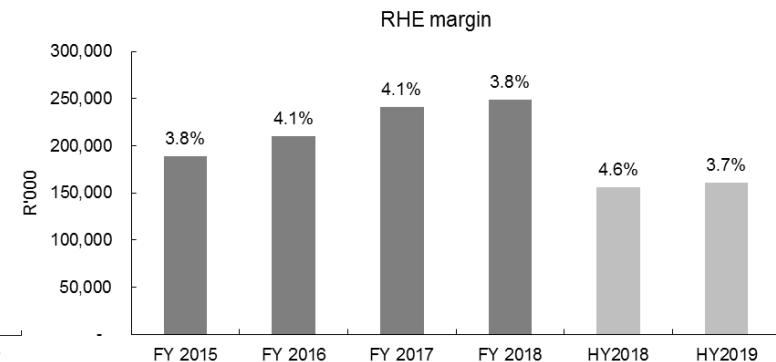
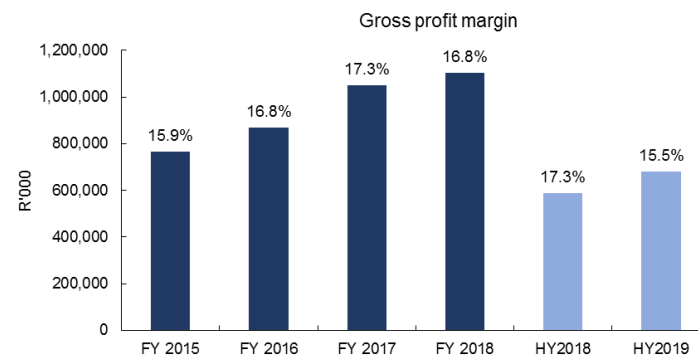
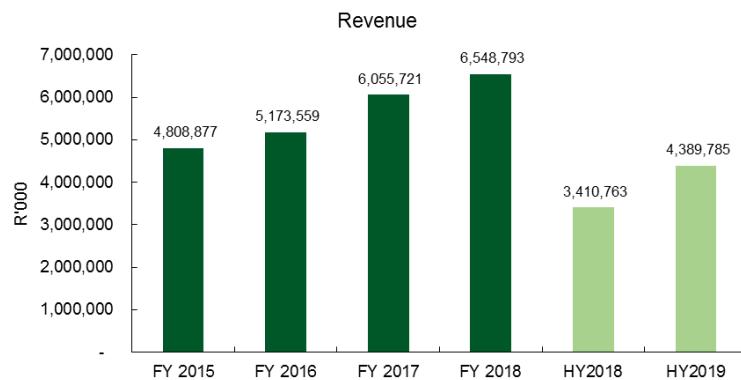


SEGMENTAL REPORT (cont.)



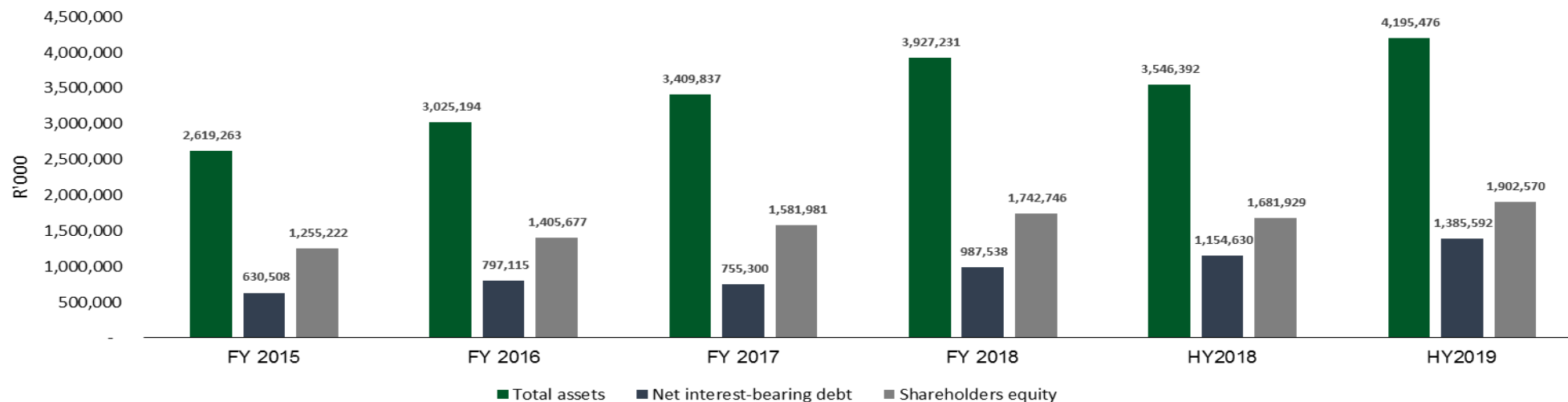
FINANCIAL PERFORMANCE – INCOME STATEMENT

R'000	FY 2015	FY 2016	FY 2017	FY 2018	HY2018	HY2019
Revenue	4,808,877	5,173,559	6,055,721	6,548,793	3,410,763	4,389,785
Gross profit	766,582	868,777	1,050,243	1,102,313	589,933	681,835
<i>Gross profit margin</i>	15.9%	16.8%	17.3%	16.8%	17.3%	15.5%
Profit after tax	189,194	210,422	241,125	248,957	156,212	161,192
Recurring headline earnings	182,722	210,304	247,669	251,983	157,236	165,483
Return on equity	15.4%	15.8%	16.6%	15.2%	9.9%	9.2%
Recurring headline earnings per share (cents)	259.32	298.46	351.91	354.10	223.15	230.34
Dividend per share (cents)	82.00	94.50	112.00	116.70	32.00	33.50
Dividend cover (times)	3.3	3.2	3.1	3.0	6.6	6.5



FINANCIAL PERFORMANCE – BALANCE SHEET

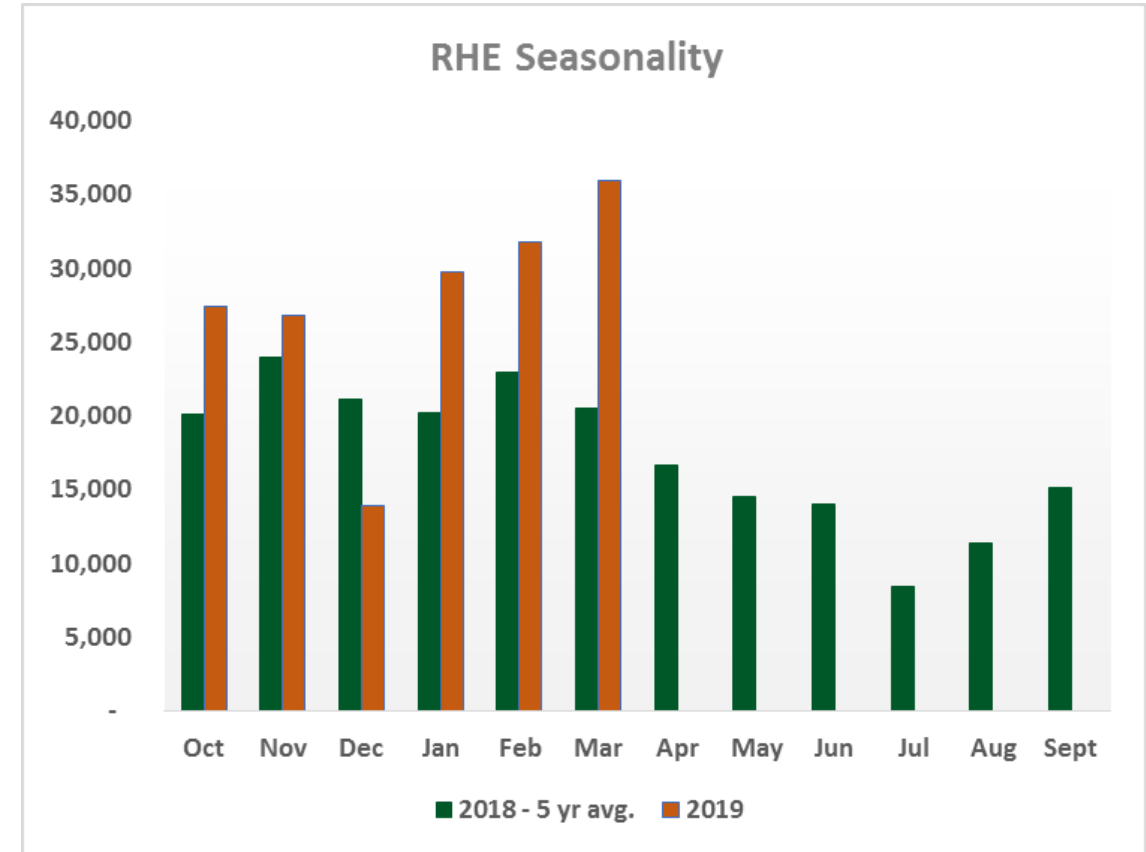
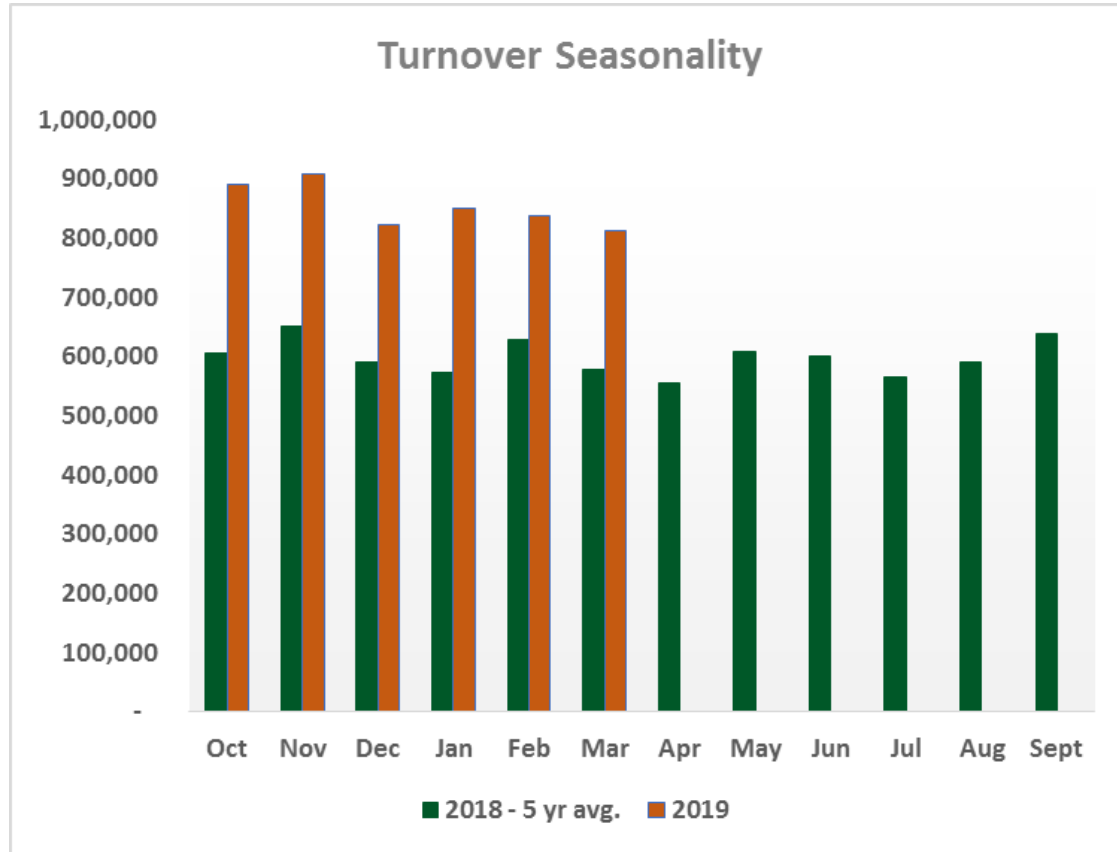
R'000	FY 2015	FY 2016	FY 2017	FY 2018	HY2018	HY2019
Total assets	2,619,263	3,025,194	3,409,837	3,927,231	3,546,392	4,195,476
Non-current assets	663,072	802,807	1,076,812	1,304,896	1,150,971	1,523,532
Current assets	1,956,191	2,222,387	2,333,025	2,622,335	2,395,421	2,671,944
Liabilities and loans	1,364,041	1,619,517	1,827,856	2,184,485	1,864,463	2,292,906
Net interest-bearing debt	630,508	797,115	755,300	987,538	1,154,630	1,385,592
Shareholders equity	1,255,222	1,405,677	1,581,981	1,742,746	1,681,929	1,902,570
Net asset value (rand)	17.8	20.0	22.5	24.8	23.9	27.1
Debt to equity ¹	47.8%	53.7%	52.0%	52.4%	65.2%	70.9%
Interest cover (times)	8.7	8.1	6.9	5.5	5.5	5.9



1) Calculated as average debt/average equity



FINANCIAL PERFORMANCE - SEASONALITY



➤ Turnover:

- ✓ 51% H1 & 49% H2 (2018 - 5 yr avg.)
- ✓ F18 similar H1 monthly trend

➤ RHE:

- ✓ 62% H1 & 38% H2 (2018 - 5 yr avg.)
- ✓ Improving trend



SEGMENTAL REVIEW – TRADE DIVISION (AGRI)



HY2019 Review:

- ✓ Strategy unchanged: Organic, Footprint, Sector consolidation = Growth
- ✓ Western Cape drought recovery sluggish
- ✓ Farm inputs * +11.3%, Agri fuel liters +8.8%, margin pressure
- ✓ All regions up, except Northern Cape
- ✓ Forge sales > target, returns < target
- ✓ Namibian revenue +6.1%, despite severe drought and recession
- ✓ Inflation -2.7%



Outlook:

- ✓ Eastern Cape market share gains
- ✓ Political and regulatory certainty – infrastructural spend
- ✓ Forge
- ✓ Normalised weather



* Chemicals, fertilizer, packaging material, animal feeds, horticulture



SEGMENTAL REVIEW – TRADE DIVISION (RETAIL)



HY2019 Review:

- ✓ Strategy: Building material, Retail PUSH, DC = Growth
- ✓ Building material industry contraction (cement – 10%)
- ✓ Overall sales +0.5%, hardware +15.8%, Paint +9.3%
- ✓ Excluding irrigation and cement sales +6.5%
- ✓ 50.1% trading profit contribution, only 26.4% of sales
- ✓ Urban region down, Country and Northern Cape regions up
- ✓ Both cash and account customer affected
- ✓ Inflation +3.1%



Outlook:

- ✓ Economic pressure remaining
- ✓ Q2 stabilization to continue
- ✓ DC throughput growth above 10%
- ✓ Optimisation
- ✓ Building material sector opportunities



SEGMENTAL REVIEW – TFC DIVISION

HY2019 Review

- ✓ Strategy: Footprint, collaboration, centralized support, leveraging diversity = Growth
- ✓ 2 new and managed sites
- ✓ Liter growth +9.5%
- ✓ Convenience & QSR growth > liter growth
- ✓ PBT growth 24.7% (expense growth < GP growth)
- ✓ Inflation +8.6%

Outlook:

- ✓ Petrol mix % to continue growing
- ✓ 6 pipeline sites + investigations
- ✓ High oil price, consumption pressure
- ✓ New franchise opportunities
- ✓ Cents per liter profitability improvements
- ✓ Significant forward looking liter growth



Baked just right



SEGMENTAL REVIEW – WESGRAAN DIVISION



HY2019 Review:

- ✓ Strategy: Market share, facility optimisation, agency profitability = Growth
- ✓ Drought recovery
 - ✓ Wheat tons +89.6%, Grain trading tons +117.0%
 - ✓ New Doornkuil facility fully utilized
- ✓ Improved agency profitability
 - ✓ Record Braud grape harvester sales



Outlook:

- ✓ Wheat recovery H2, favourable positions
- ✓ Seed sales increase
- ✓ Increased competition
- ✓ Agency spare parts challenges



SEGMENTAL REVIEW – IRRIGATION MANUFACTURING DIVISION

HY2019 Review:

- ✓ Strategy: Markets, new products, optimisation = Growth
- ✓ Sales -5.3%, only Gauteng region +2.5%
- ✓ Margin improvements
- ✓ Farmer hesitancy on infrastructural spend
- ✓ Western Cape – no drought recovery

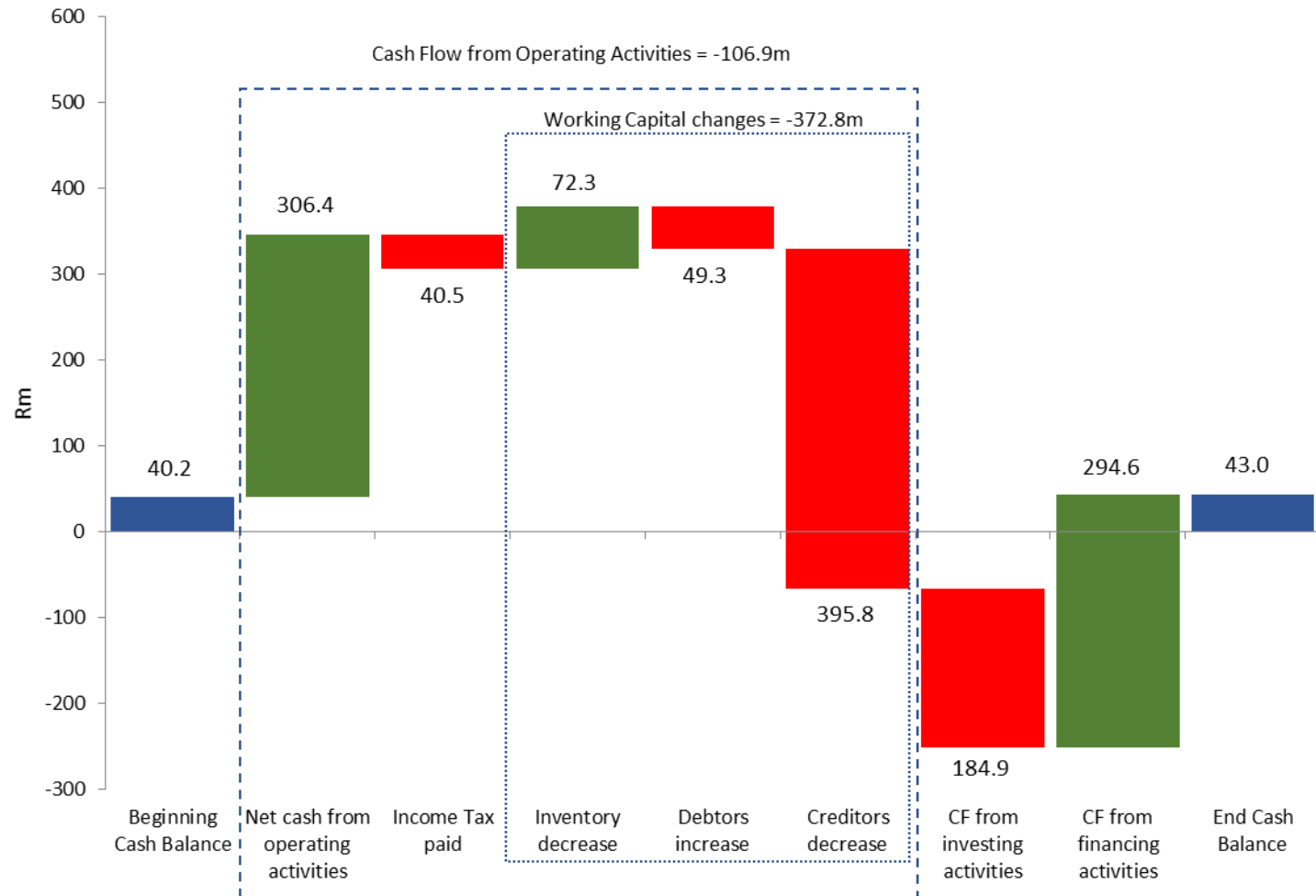
Outlook:

- ✓ Production capacity
- ✓ ERP implementation, Manufacturing efficiency improvements
- ✓ Investment into capacity: people and logistics
- ✓ R&D, new product launches Q1 FY20



CASH FLOW PERFORMANCE

2019 Interim Cash Flow Waterfall



Strong cash generation from operating activities



Good working capital management

- 7 months creditors payments

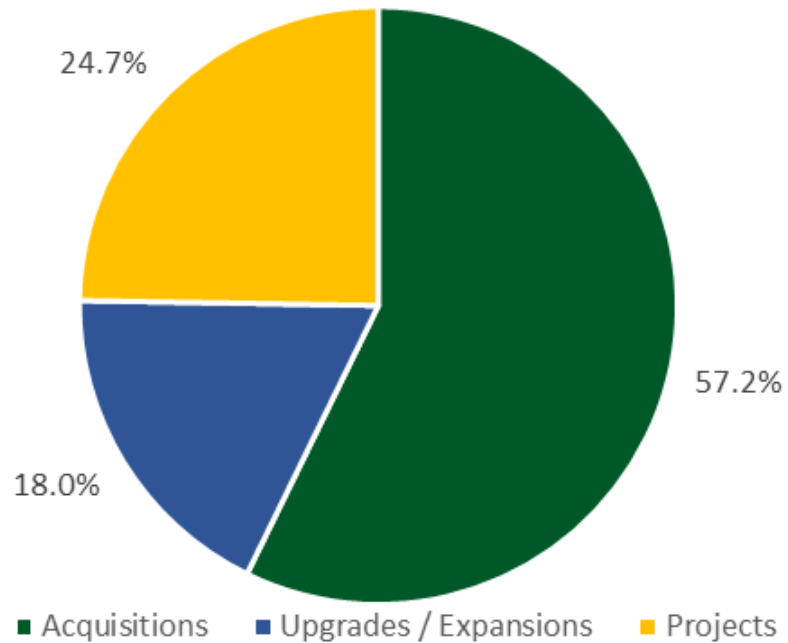


Continued investment



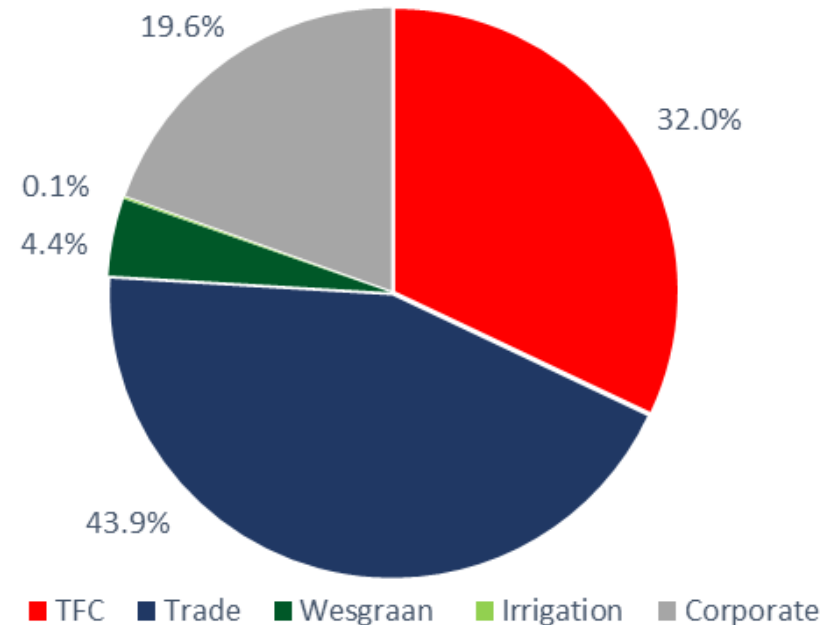
CAPITAL EXPENDITURE

Spend by type



- Acquisitions - Forge & TFC
- R158.9m capex incl. acquisitions

Spend by Division

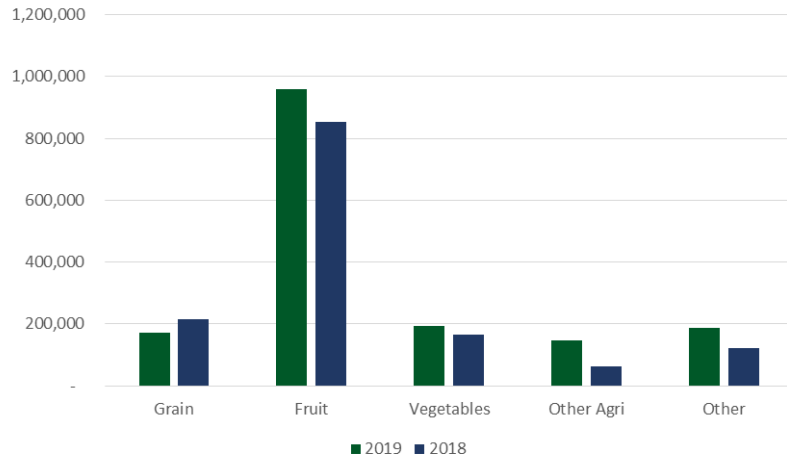


- Trade largest share (Forge)
- TFC still significant
- Corporate – largely digital investment

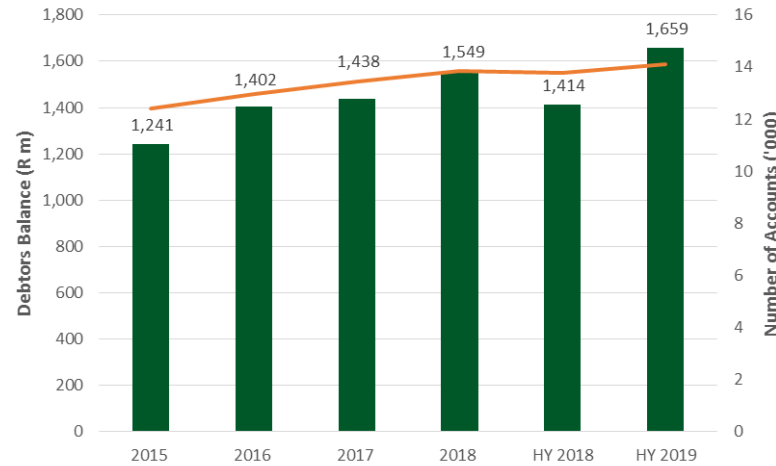


TRADE DEBTORS

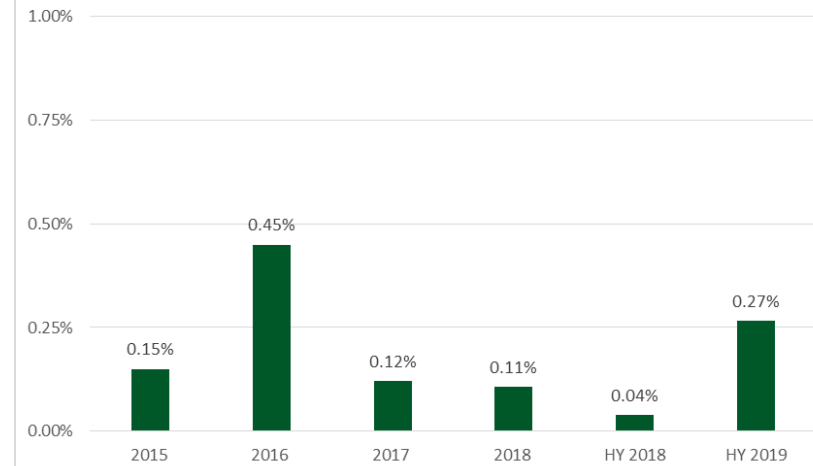
Debtors balance by Product Type



Debtors balance & Number of accounts



Bad debts written off %



Enabler to revenue growth (production credit)



Product and geographic diversity reduces risk



Other includes monthly accounts not assigned to a product type



14,101 accounts (3,619 seasonal and 10,482 monthly)



Debtors book turns 3.8 times per year



Bad debts written off = 0.27% of total debtors

- ✓ 5 yr average: 0.27%
- ✓ 10 yr average: 0.38%



Out of terms down 27.6%



Debtors book

- ✓ Healthy book
- ✓ Well secured by various categories
- ✓ Return of approx. 25%



CONCLUSION



HY2019 Review:

- ✓ Drought recovery sluggish in Agri but double digit growth
- ✓ Comparable sales +10.7%
- ✓ Transactions +21.9%, liters +9.2%
- ✓ Retail trading margin contribution exceeding agri trading margin contribution
- ✓ Q2 retail stabilizing
- ✓ No debtor defaults after drought
- ✓ RHE growth 5.2%
- ✓ EBITDA growth +6.9%



Outlook:

- ✓ Wesgraan H2 impact
- ✓ TFC pipeline growth healthy
- ✓ Recovery acceleration
- ✓ Election outcome
- ✓ Growth, Optimisation, Leveraging culture and diversity, Digital transformation



THANK YOU

