



ANNUAL GENERAL MEETING – 11 FEBRUARY 2021

F21 Q1 TRADING UPDATE

Presented by:

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Chief Executive Officer

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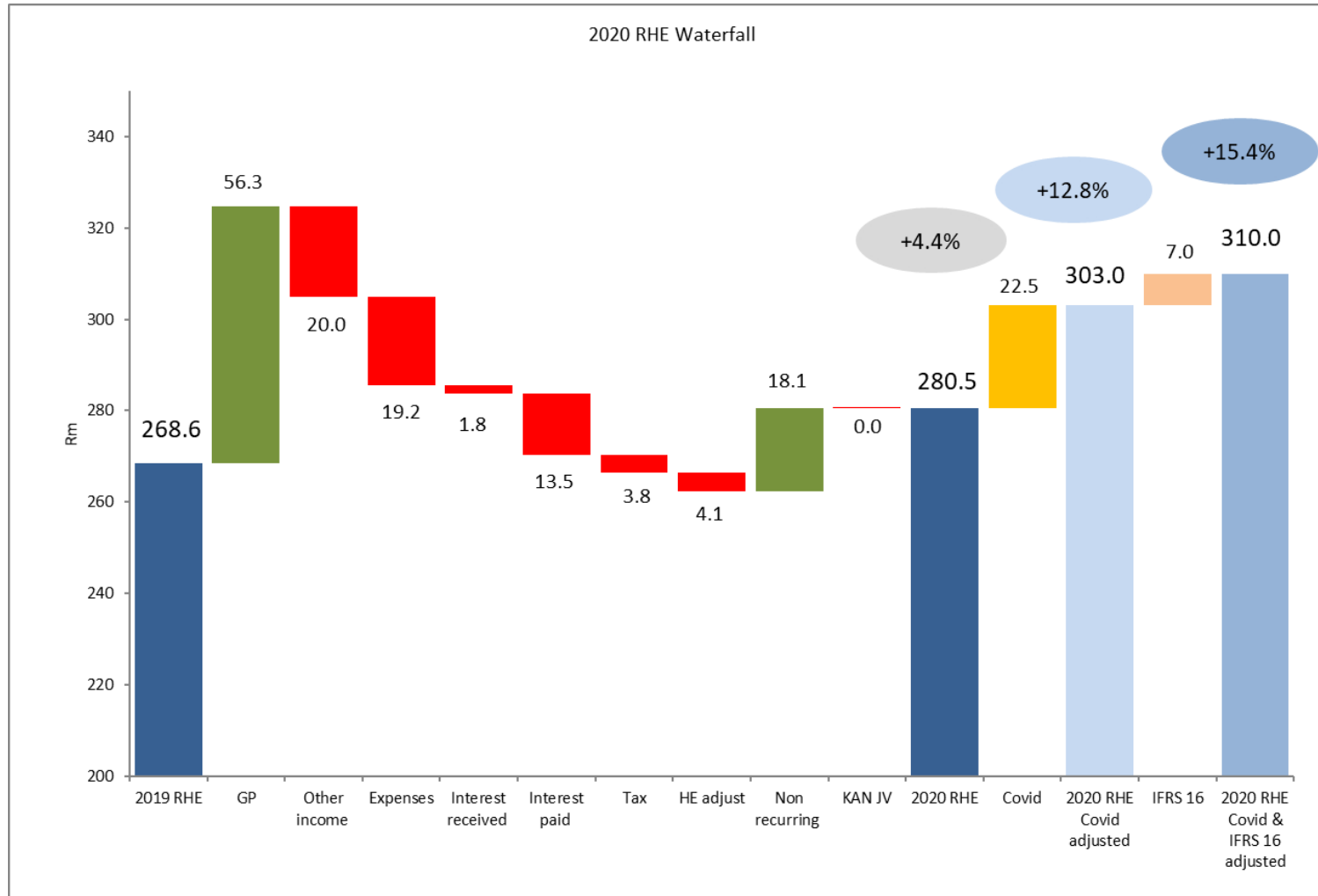
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HIGHLIGHTS FOR F20

-  Sharp Covid V-Recovery in retail sales at Agrimarks
-  Healthy Agri performance throughout Covid, completing various value chain reviews
-  Recovery in TFC ahead of expectation
-  The Company avoided the COVID ICEBERG, stabilized operations, saved livelihoods
-  We forged ahead with optimization initiatives, commenced further digitization efforts
-  Opex growth was curtailed, and limits put on Capex
-  Completed an internal Strategic Profit analysis focused on ROIC and EVA



F20 - RECURRING HEADLINE EARNINGS ('RHE')

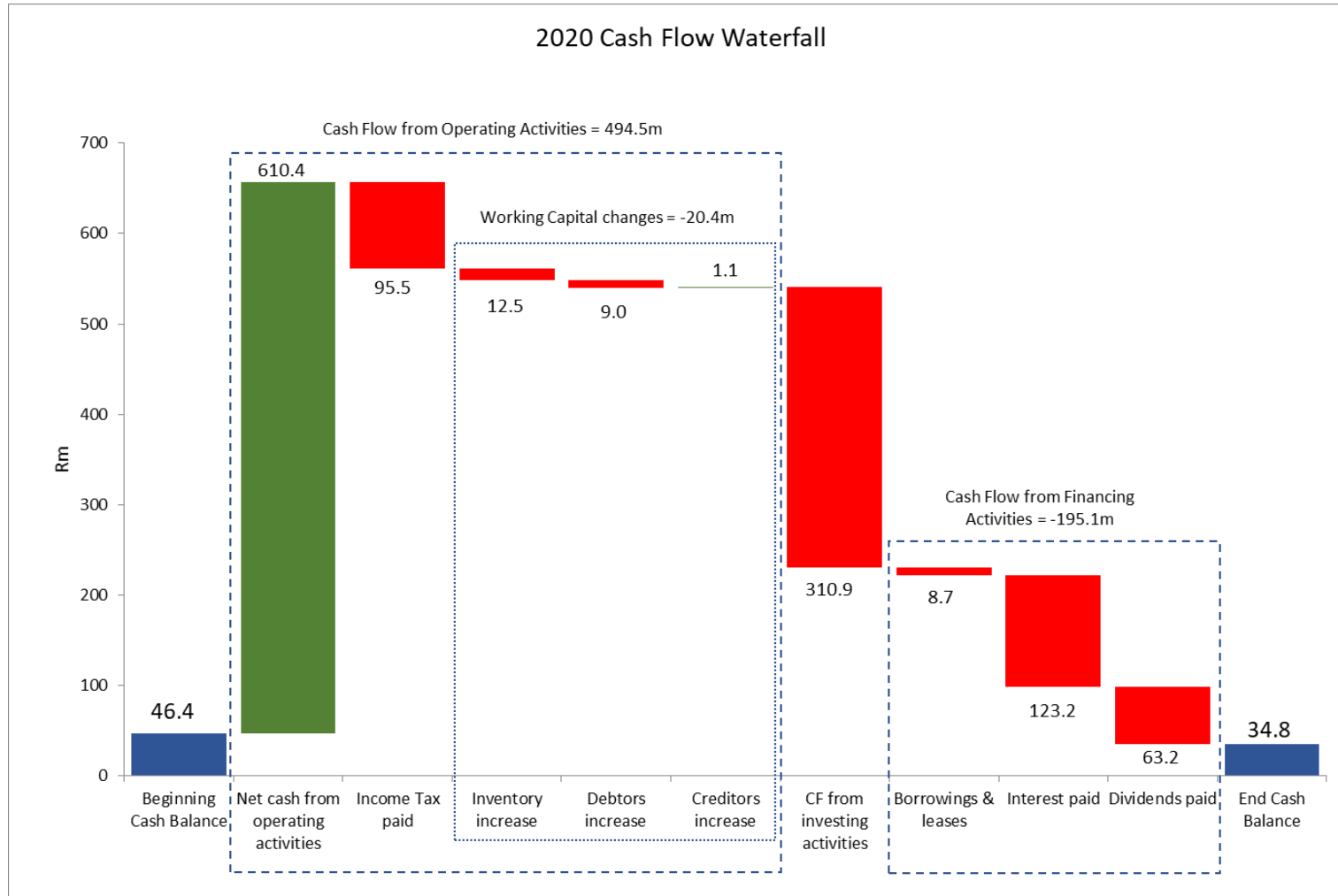


RHE HIGHLIGHTS

- Put liability revaluation (OI & NR)
- Good expense management +2%
- Interest received
 - flat debtors book, low rate impact
- Interest paid
 - Banks -4.4%
 - R20.9m - IFRS 16 cost
- 4.4% RHE growth
- 12.8% RHE growth excl Covid
- 15.4% RHE growth excl Covid & IFRS 16



F20 - CASH FLOW



 **STRONG CASH GENERATION FROM OPERATING ACTIVITIES**

 **EXCEPTIONAL WORKING CAPITAL MANAGEMENT**

 **CONTINUED INVESTMENT**

 **FINANCING ACTIVITIES**

- Predominantly interest paid & F19 dividend
- Term loan

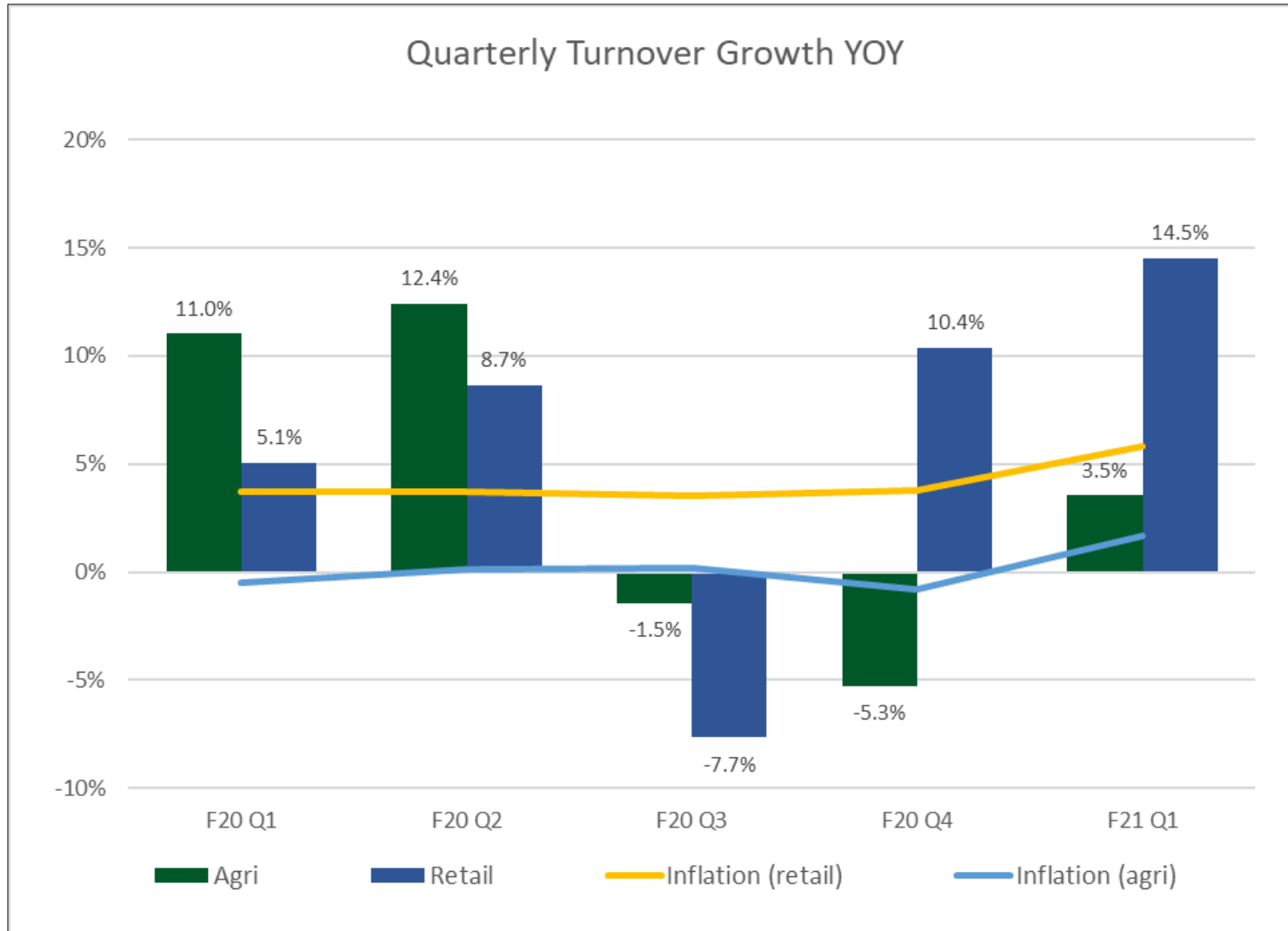


HIGHLIGHTS FOR F21 Q1

- 🌱 Group statutory revenue growth 16.9% including grain pricing and timing
- 🌱 Revenue growth inclusive of deflation of 6.2% (inflation 3.3% excluding fuel)
- 🌱 Gross profit (“GP”) improvement 19.6%
- 🌱 Strong operational performance – all divisions
- 🌱 Group fuel litre growth 11.8% despite December Covid impact
- 🌱 Continued effective cost management
- 🌱 Total support services cost to serve as % of GP reducing
- 🌱 Recurring Headline earnings growth 35.4%
- 🌱 Low capital investment (<R10m)
- 🌱 Healthy debtors position
- 🌱 Strong cashflow generation
- 🌱 Reduced debt levels
- 🌱 YOY ROIC improvement



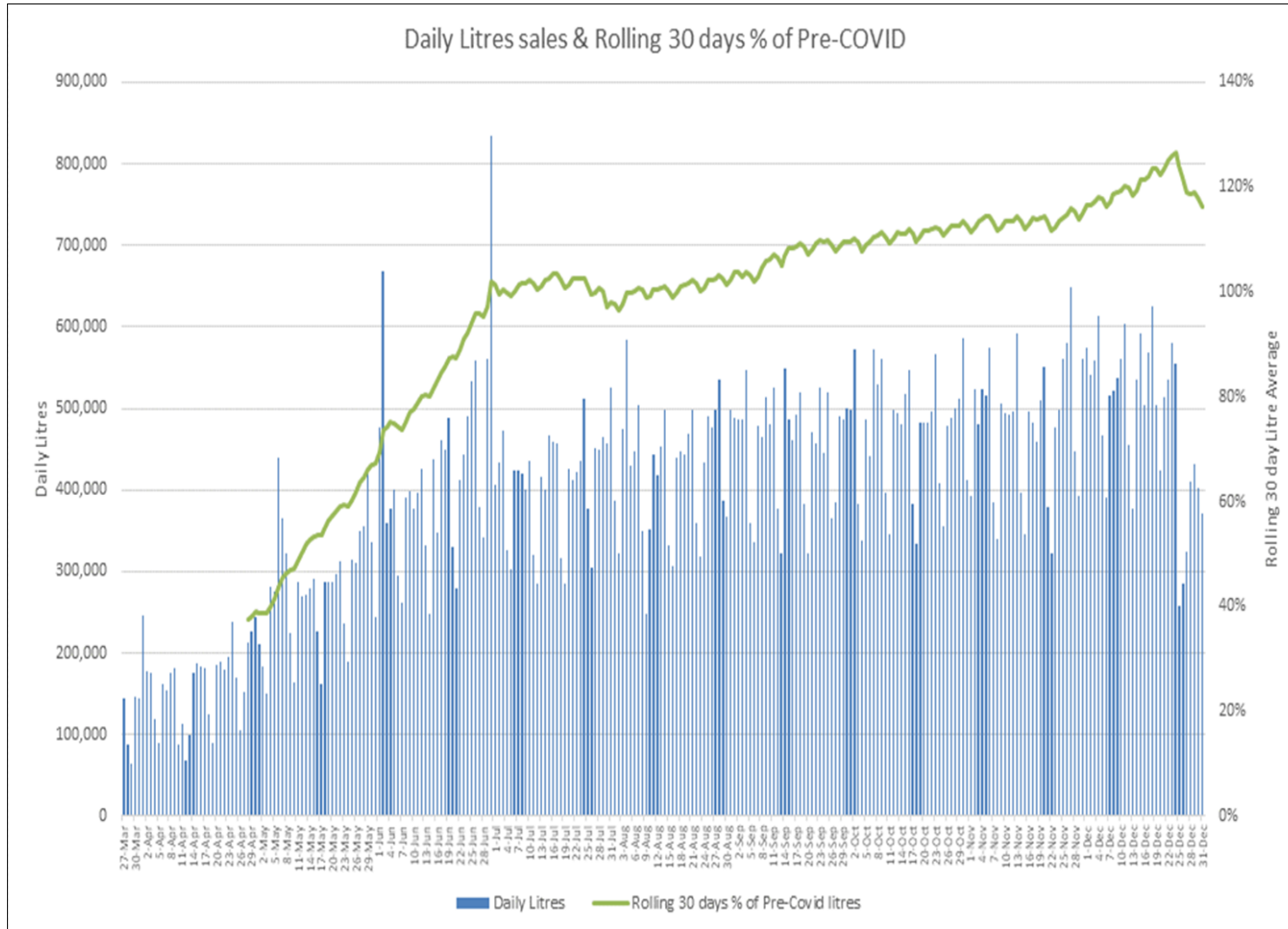
TRADING ENVIRONMENT - GROUP AGRI & RETAIL CHANNEL



- Retail +14.5%: Covid V-recovery, strong F20 Q4 continued F21 Q1,
 - Building materials +16.8%, Pets +17.5%, Pool +19.0%, Hardware +10.7%, Tools +20.2%, TFC new
- Agri +3.5%: Low Covid impact, supply chain challenges
 - Packaging materials +5.2%, Fertilizer recovery +0.1%, Animal feeds -25.4% (rainfall), Strong Mechanisation (timing)
- Forge momentum continued
- Economic factors
 - Covid impact on GDP growth
 - CPI low, fuel deflation
- Agri conditions favourable



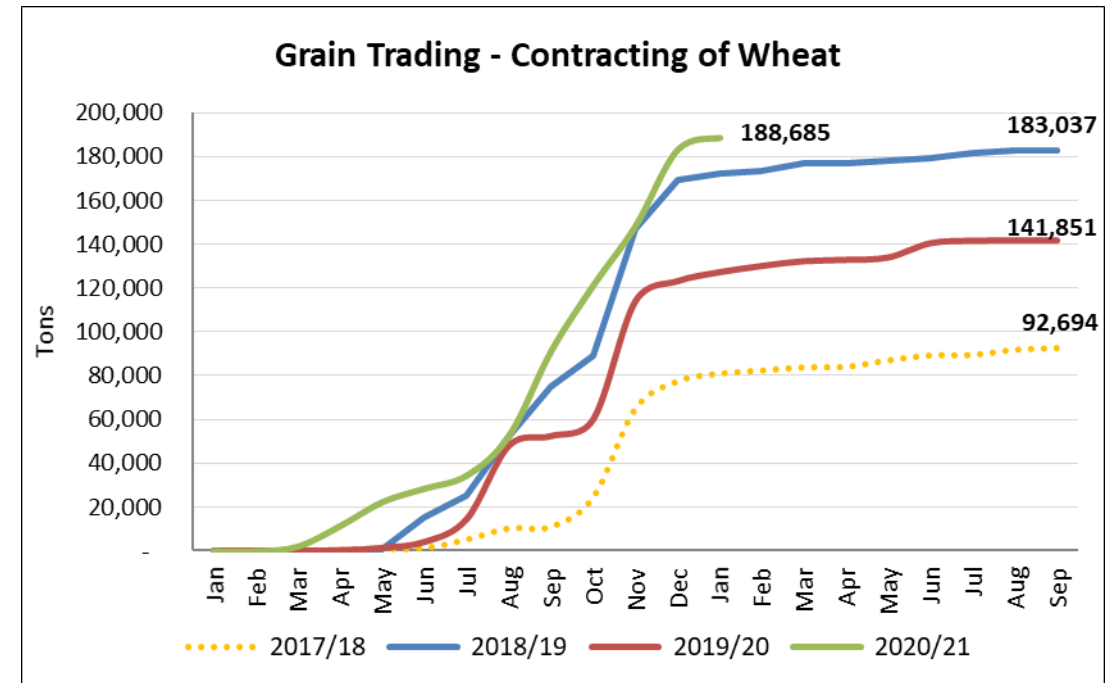
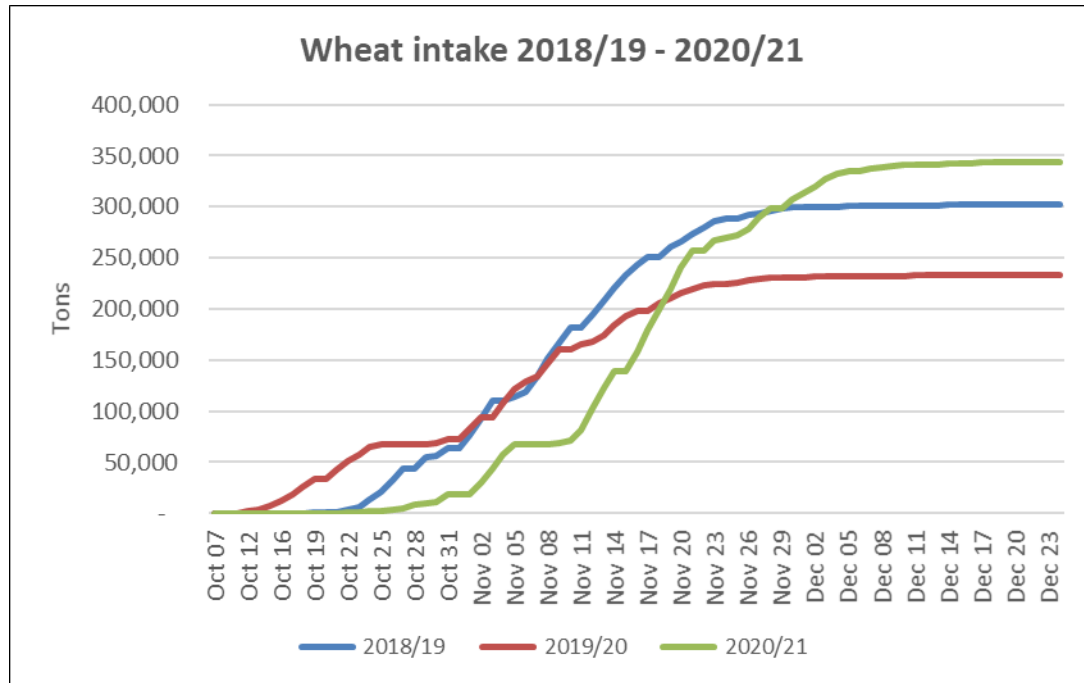
TRADING ENVIRONMENT - RETAIL FUEL & CONVENIENCE CHANNEL



- Covid impact site dependent
- Fuel price deflation 16.1%
- Q1 Total litres up 8.8% YOY
- Q1 LFL litres down 8.1% vs LY
- Q1 LFL expenses down 13.2% vs LY
- Fuel GP per litre + 12.1%
- Store & QSR GP +23%
- Healthy forward-looking litres
- 2 managed site conversions F21 Q2



TRADING ENVIRONMENT - GRAIN SERVICES CHANNEL

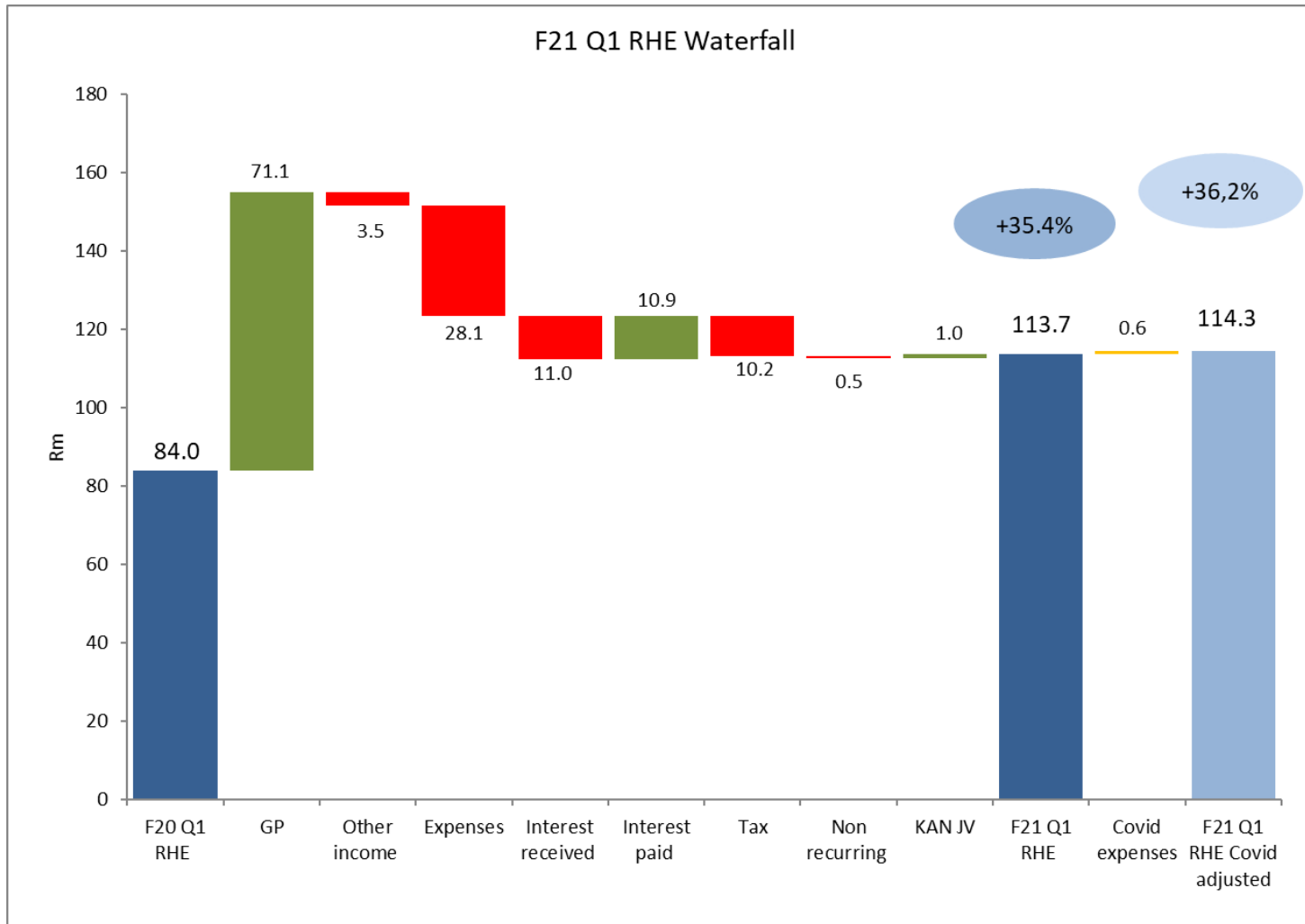


- 10yr record wheat intake
- Timing – later and quicker
- Expected PBT H1 > H2

- Grain trading income timing upfronted
- Price impact



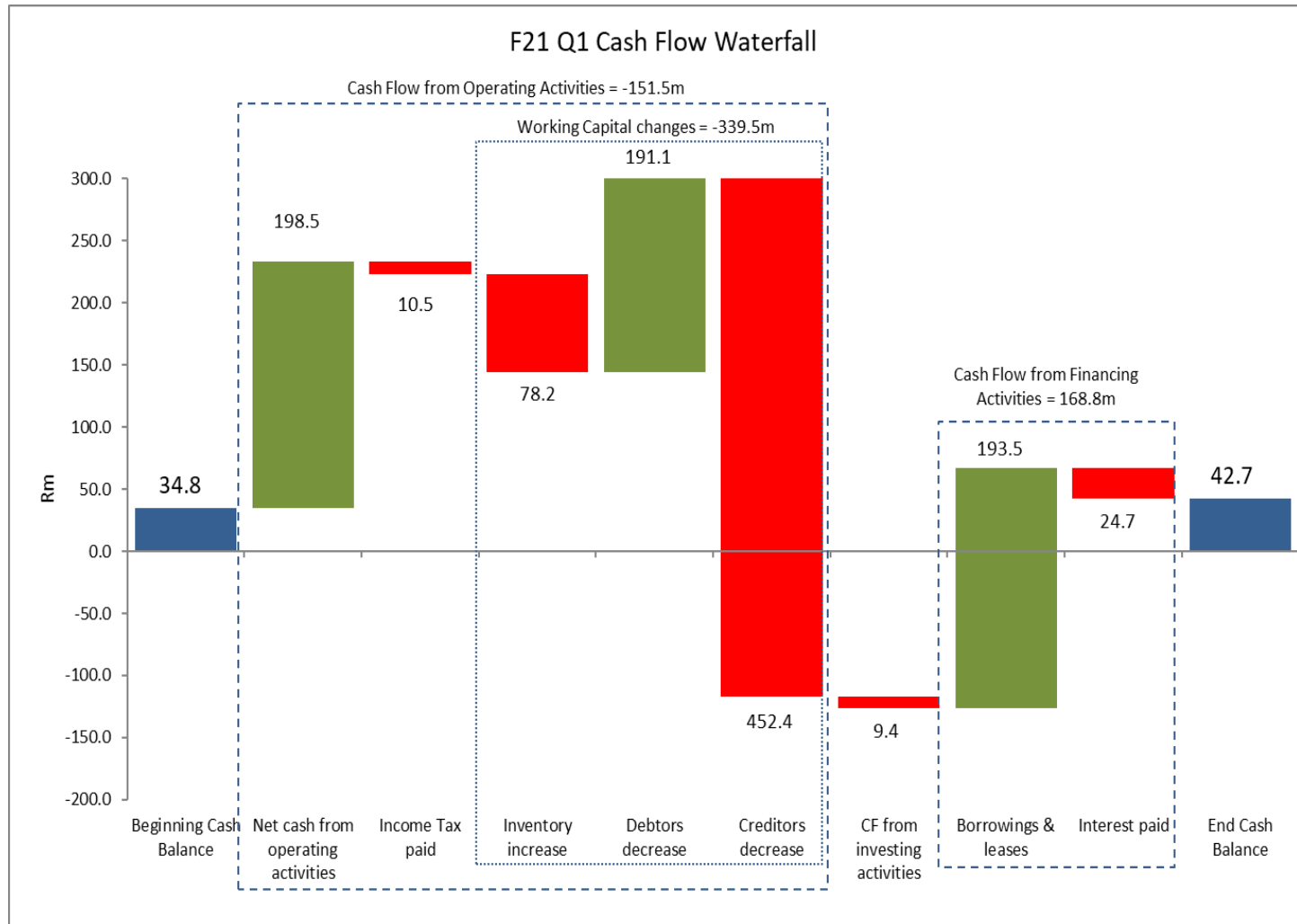
FINANCIAL PERFORMANCE - RECURRING HEADLINE EARNINGS



- Healthy GP growth > Revenue growth (volume + rate improvement)
- Strong operational cost management & support services cost to serve decrease
- Interest received: rate and debtors decrease
- Interest paid: rate and interest-bearing debt decrease
- Earnings +36.2%
- HE +38.2%
- RHE +35.4%







FINANCIAL PERFORMANCE - CASH FLOW



- Strong cashflow from operations
- Stock days +3 days – focus area
- Debtors reduction, NWT % improvement
- Creditors – 4 payment cycles in Q1
- Low capex as committed, ROIC focus
- Healthy cashflow



OUTLOOK

-  Agriculture
 - Overall Fruit expectations very positive
 - Wine Grape producer cashflow pressure expected
 - Record wheat, barley and canola harvest is currently in storage
 - Some limited weather damage to fruits in NC and Eastern Cape
 - Damage due to Eloise still being assessed
-  Retail
 - Continued growth in Convenience, Building materials, Pet & Garden categories
 - QSR pressure lingering
 - Liquor category impact minimal
 - No doubt, uncertainty can be felt
-  Retail Fuel
 - Location!
 - Forward-looking liters positive
 - H2 effect should be prominent
-  Overall
 - F20 Covid impact in H2, F21 H2 recovery seems very probable
 - Yes, F21 Q1 was great, one should temper full year expectations somewhat



KAAP  AGRI

THANK YOU