



INTERIM RESULTS PRESENTATION

For the 6 months ended 31 March 2021

Presented by:

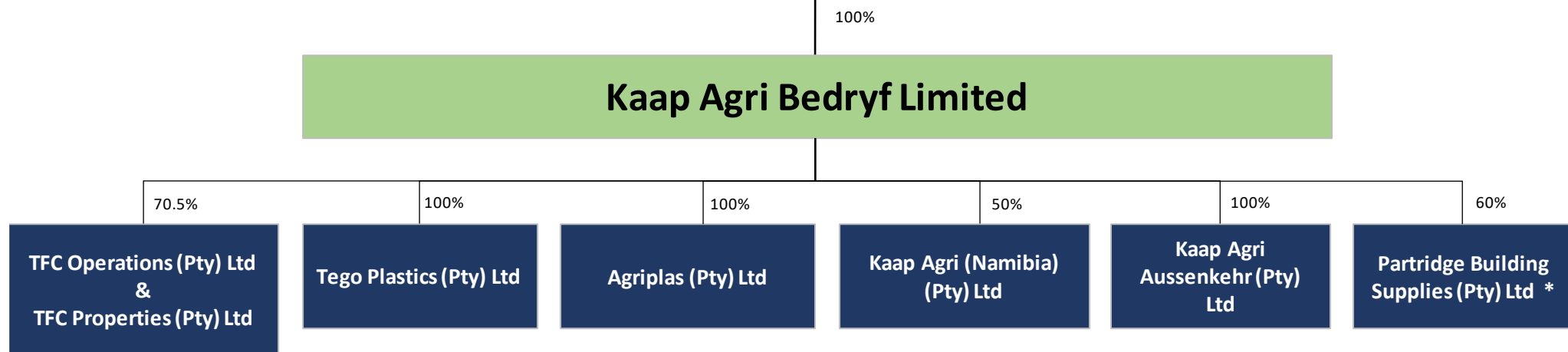
Sean Walsh
Chief Executive Officer

Graeme Sim
Financial Director

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GROUP STRUCTURE













<u>TFC BEE</u>	<u>Shareholding</u>	<u>% BEE</u>
Kaap Agri Bedryf Ltd	70.5%	25.1%
Dipeo Capital (Pty) Ltd		20.0%
ETI (Pty) Ltd		5.0%
Other		0.1%
C Max Investments (Pty) Ltd	23.5%	100.0%
ETI (Pty) Ltd	6.0%	100.0%
Weighted Black ownership		47.2%
Direct Black ownership		40.2%

* Trading as Forge



BUSINESS SEGMENTS – TRADING BRANDS

TRADE	RETAIL FUEL & CONVENIENCE	GRAIN SERVICES	MANUFACTURING
 AGRIMARK  AGRIMARK PACKAGING  AGRIMARK LIQUOR  FORGE	  	 AGRIMARK GRAIN	 
136 Units (61 licences)	47 Units (43 licences)	15 Units (2 licences)	5 Units

TOTAL:
218 Units
106 Licences

Supply Chain - Support service for product procurement, distribution and logistics

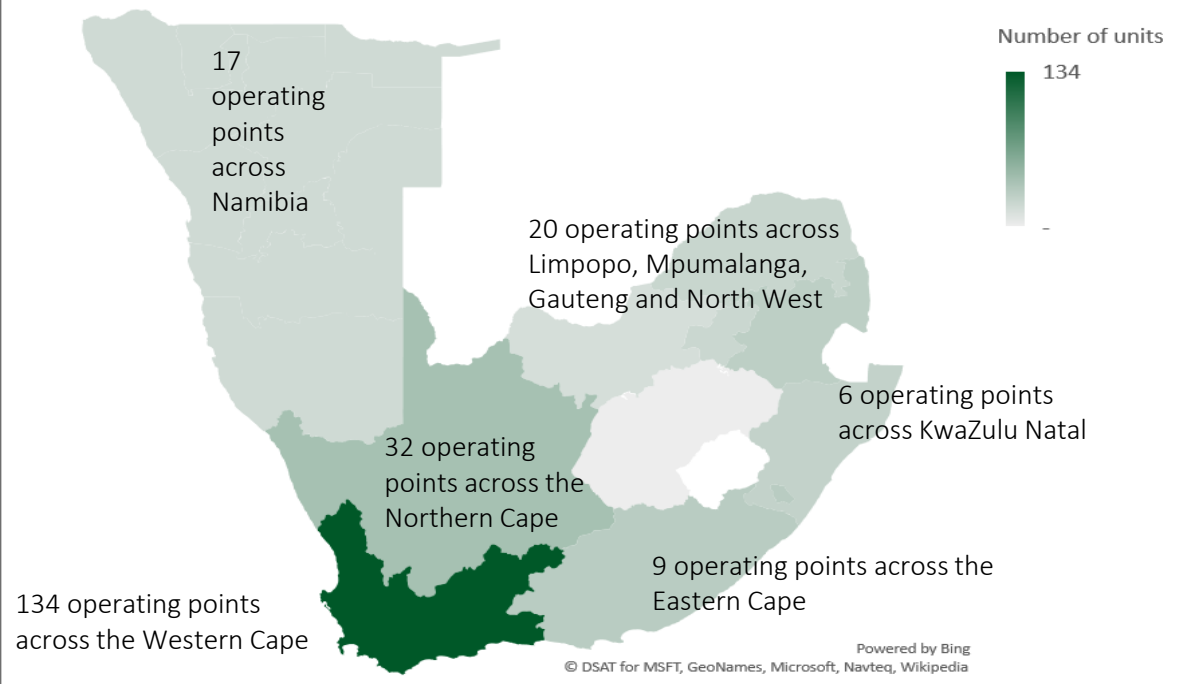
Corporate & Financial Services

(2 Offices, 13 Financial services
 units)

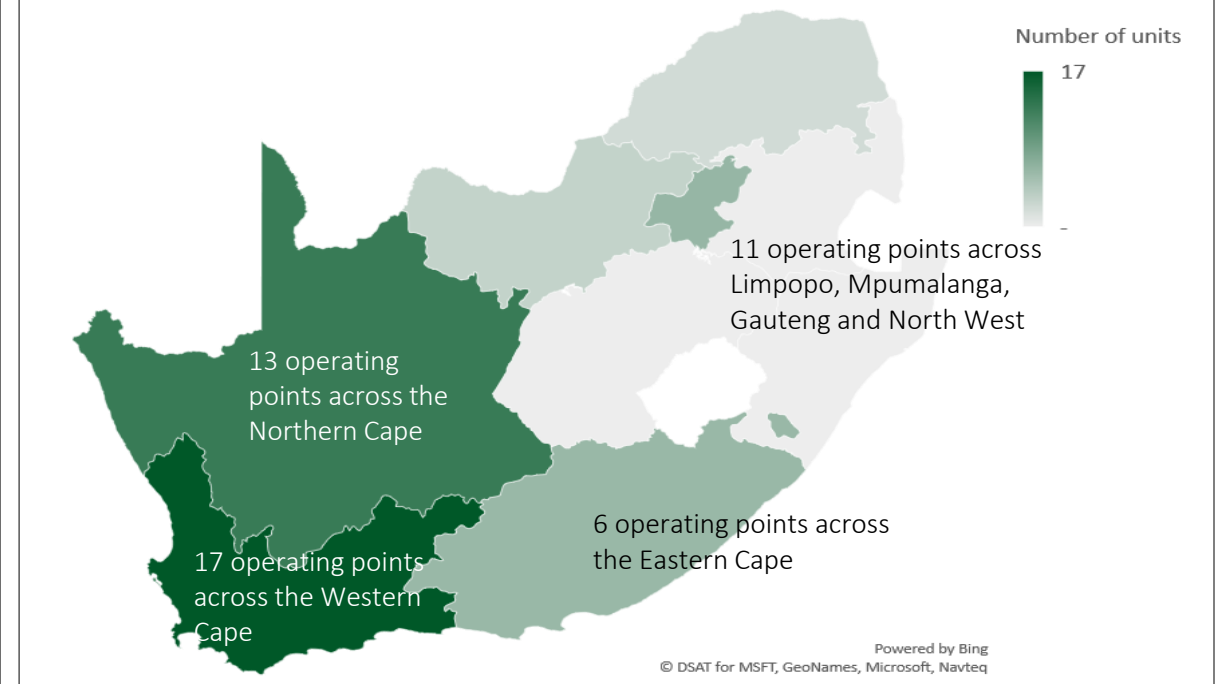


GEOGRAPHIC REPRESENTATION

Kaap Agri Group Footprint



TFC Footprint



218 Units



112 Places



SA & Namibia



8 Provinces



47 Units



33 Places



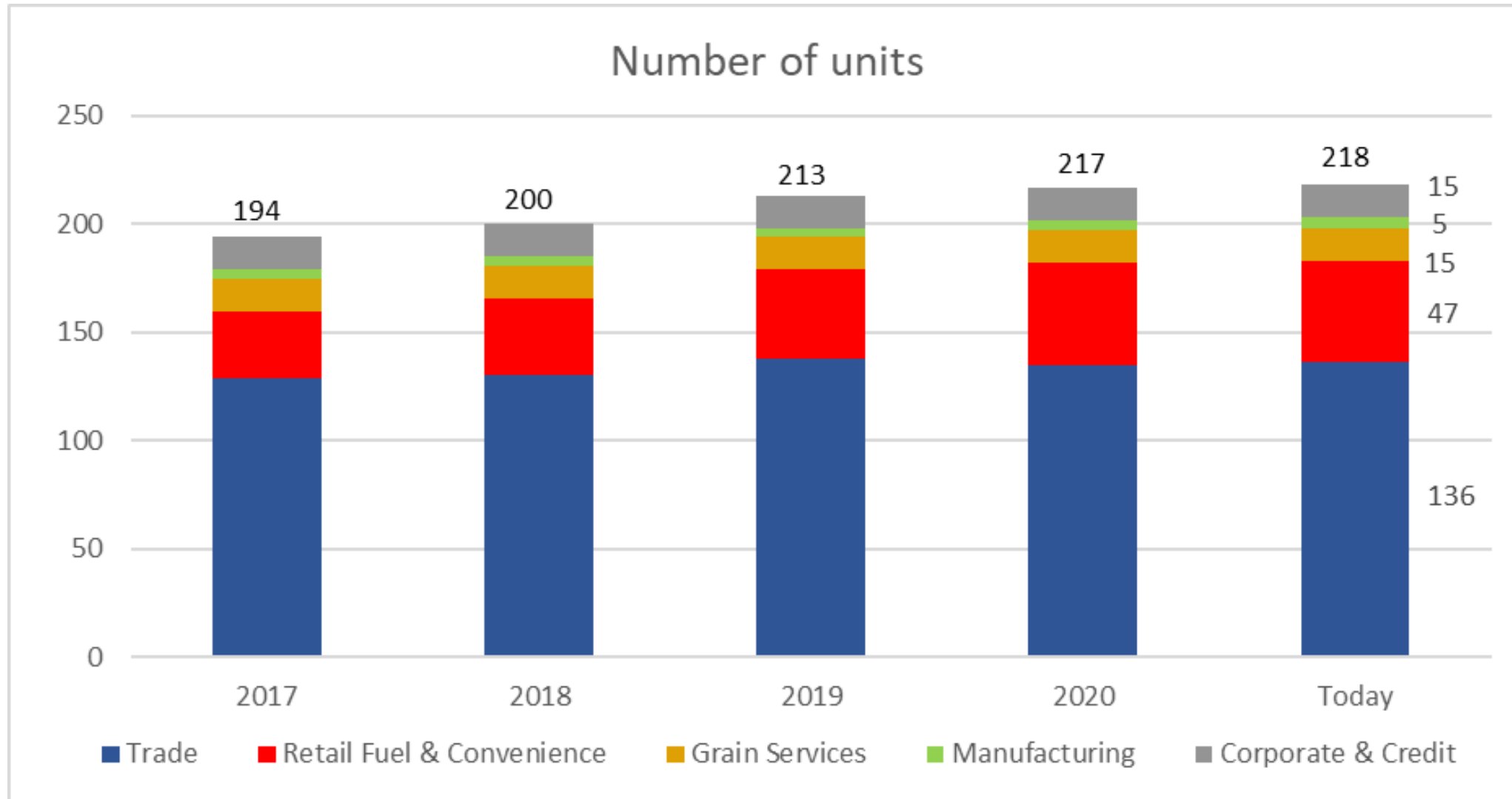
SA















7 Provinces



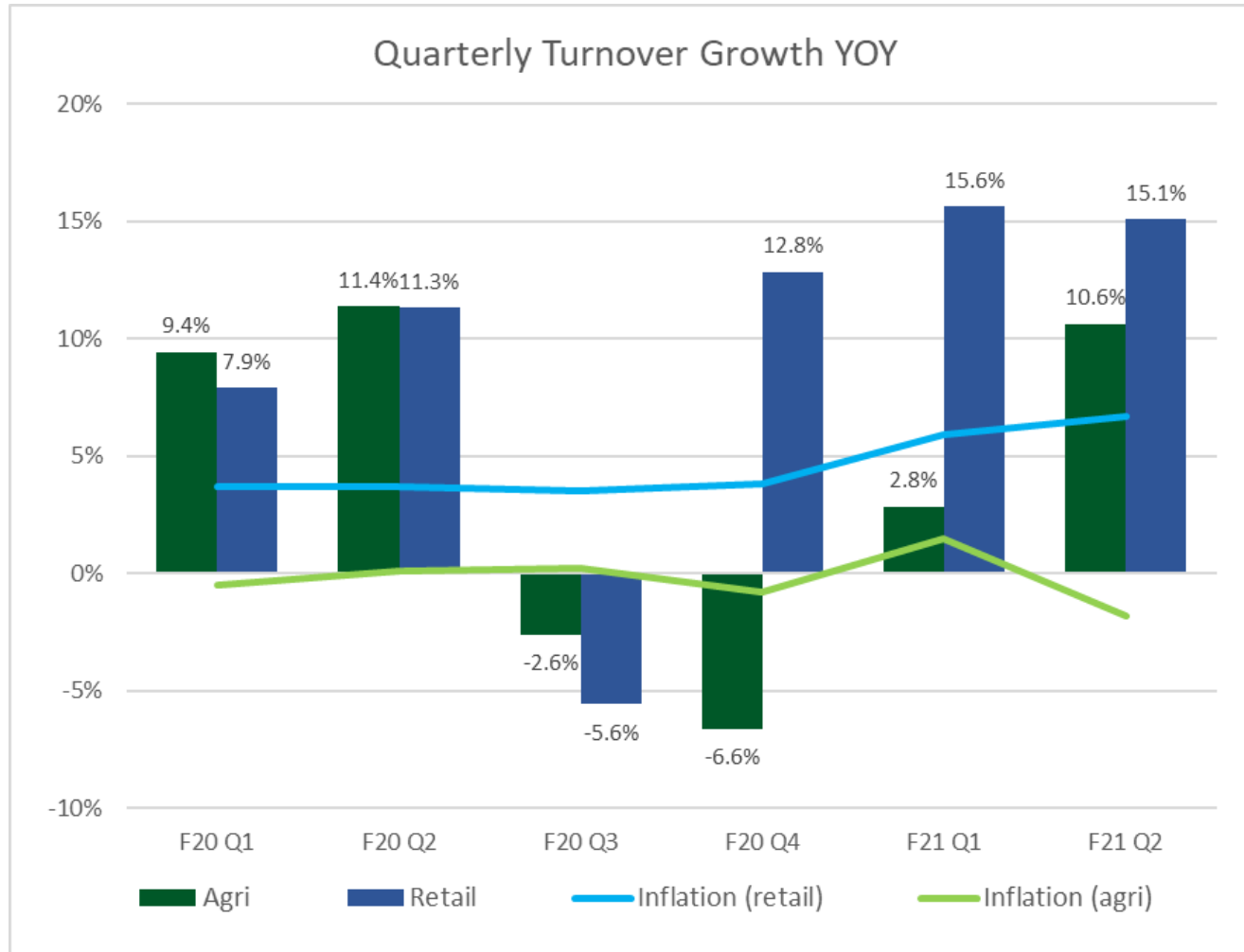
FOOTPRINT OVERVIEW



KEY MILESTONES

-  **Real** Group revenue growth of 19.6%, deflation of 4.0%, with comparable period largely unaffected by Covid
-  Group BEE Level 3 accreditation maintained
-  Group Agri revenue solid 6.7% growth
-  Group Retail revenue increasing by more than 15% for both Q1 and Q2
-  Supported by DC throughput increase of over 40%
-  Agrimark Grain increasing profitability off the higher wheat harvest
-  Improved New Holland Agency profitability for the 4th year
-  Total Support Services cost to serve as % of GP reducing further
-  Group fuel liter growth +11.9% (managed & owned sites), still Covid impacted (Jan '21 lockdown, border traffic)
-  Trading profit contribution from retail categories maintaining a 56% contribution despite Covid impact
-  Working capital requirements reduced during the period assisted by a healthier debtors book, and
-  Net interest bearing debt **reduced** by R356m, down 19% YOY

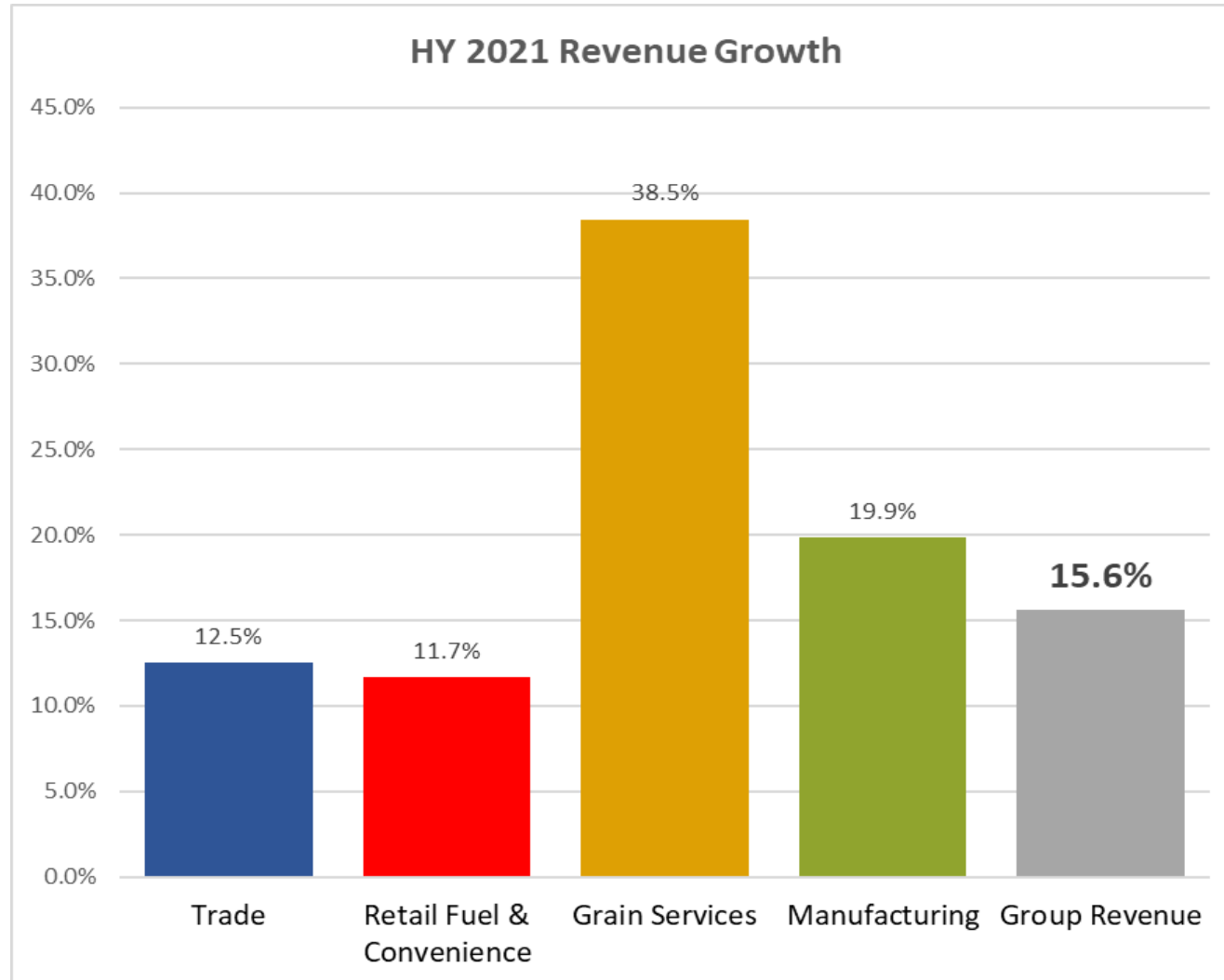
TRADING ENVIRONMENT – RETAIL & AGRI



AGRI AND RETAIL GROWTH TRENDS:

- Retail: Covid V-recovery, strong Q1&2, cement & DIY pick-up from Q4, TFC new sites
- Agri: low Covid impact, animal feeds lower, uptick Q2 from fruit sector (packaging material)
- Economic factors
 - Covid impact, confidence uptick
 - CPI low but ticking up in retail
 - Fuel now on par with 2019
 - ZAR range bound
- Drought
 - Eastern Cape
- Land reform (EWC) uncertainty

TRADING ENVIRONMENT – REVENUE GROWTH



HY 2021 REVENUE GROWTH DRIVEN BY:

- Group revenue +15.6%, deflation 4.0%, real growth 19.6%
- Trends: LFL transactions down, increased basket size, LFL growth 1.6%
- Inflation excl fuel +2.2%
- Trade +12.5% (Agri 6.7%, Retail 15.4%)
- TFC +11.7%, still Covid impacted
- Grain Services +38.5% - wheat!
- Manufacturing +19.9% (Agriplas 8.3%, Tego non-LFL)



HIGHLIGHTS FOR THE PERIOD



Revenue
(R'000)
5,665,998
+15.6%
LFL +1.6%



EBITDA
(R'000)
397,855
+13.9%



**Recurring
headline EPS**
(cents)
305.34
+23.3%



Fuel liter growth
156.4m liters
Group +11.9%
TFC +8.3%








**Number of
transactions**
+8.6%



**Interim
dividend per
share (cents)**
40.00
LY: NIL

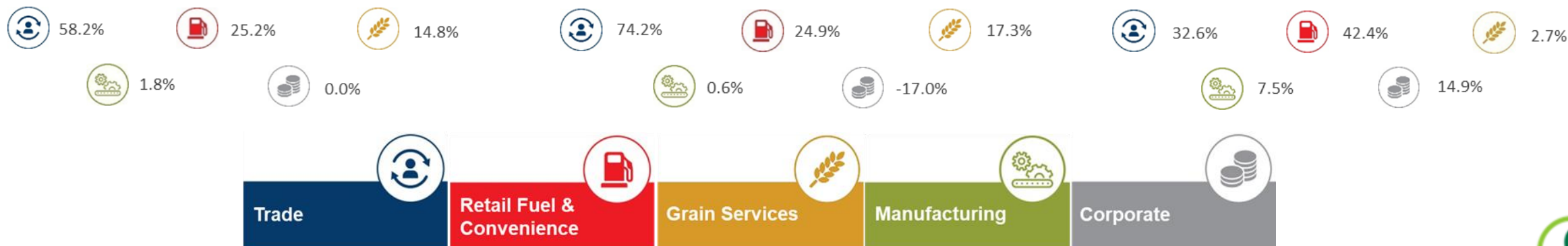
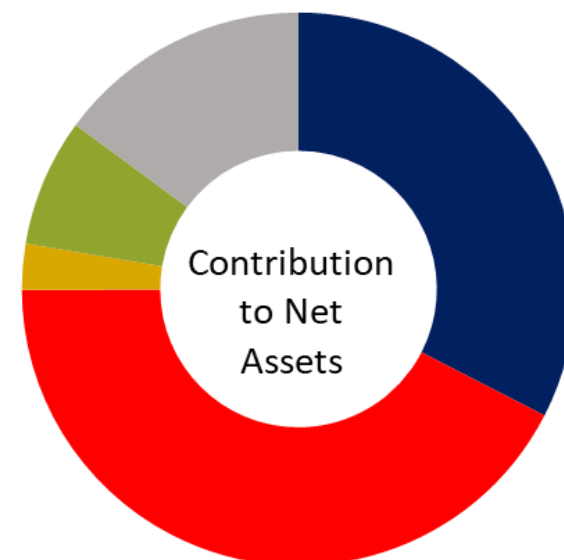
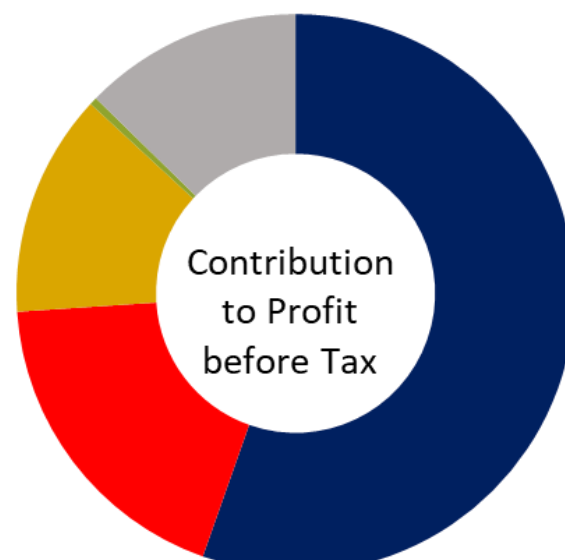
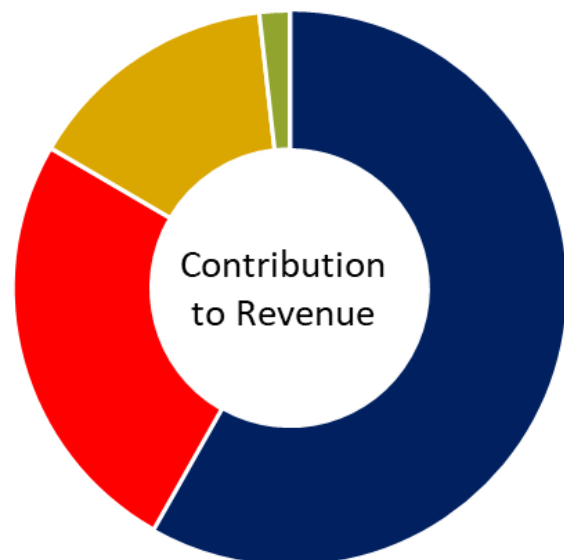


SEGMENTAL REPORT

										
	Trade		Retail Fuel & Convenience		Grain Services		Manufacturing		Corporate	
	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021	HY 2020	HY 2021
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Income	2,930,221	3,296,960	1,279,678	1,429,263	605,749	838,720	84,308	101,055	-	-
Profit before tax	170,320	223,682	51,593	74,894	43,737	52,190	1,231	1,790	-25,835	-51,242
Gross assets	1,553,449	1,691,181	1,010,502	1,189,341	95,838	102,036	288,802	280,231	2,023,027	2,075,685
Net assets	858,748	753,235	837,268	980,734	47,893	62,153	159,481	172,942	116,132	344,449

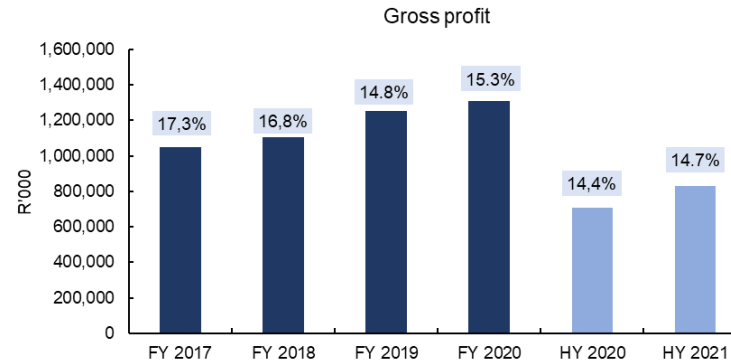
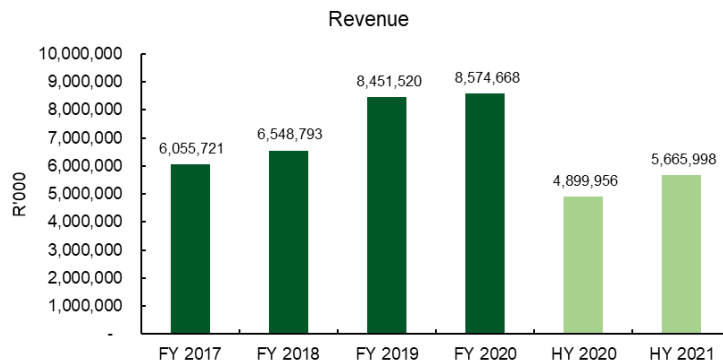


SEGMENTAL REPORT (cont.)

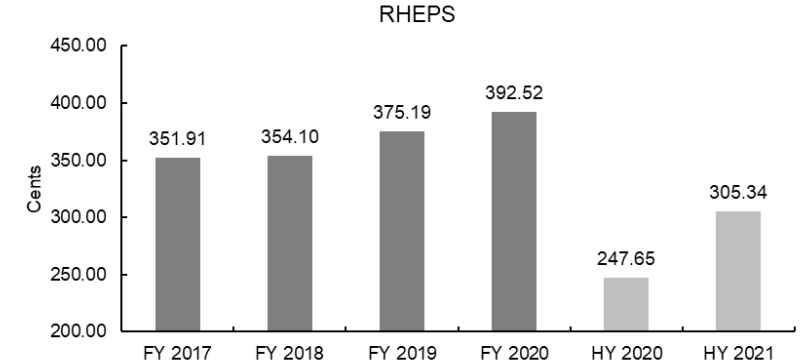


FINANCIAL PERFORMANCE – INCOME STATEMENT

R'000	FY 2017	FY 2018	FY 2019	FY 2020	HY 2020	HY 2021
Revenue	6,055,721	6,548,793	8,451,520	8,574,668	4,899,956	5,665,998
Gross profit	1,050,243	1,102,313	1,252,337	1,310,893	705,429	831,675
<i>Gross profit margin</i>	17.3%	16.8%	14.8%	15.3%	14.4%	14.7%
Profit after tax	241,125	248,957	281,279	279,178	173,159	218,256
EBITDA	446,796	477,816	550,016	587,544	349,308	397,855
Recurring headline earnings	247,669	251,983	268,553	280,453	177,443	221,872
Return on equity	16.6%	15.2%	14.6%	13.8%	9.0%	10.0%
Recurring headline earnings per share (cents)	351.91	354.10	375.19	392.52	247.65	305.34
Dividend per share (cents)	112.00	116.70	123.50	50.00	0	40.00
Dividend cover (times)	3.0	2.9	2.9	7.4	n/a	7.2

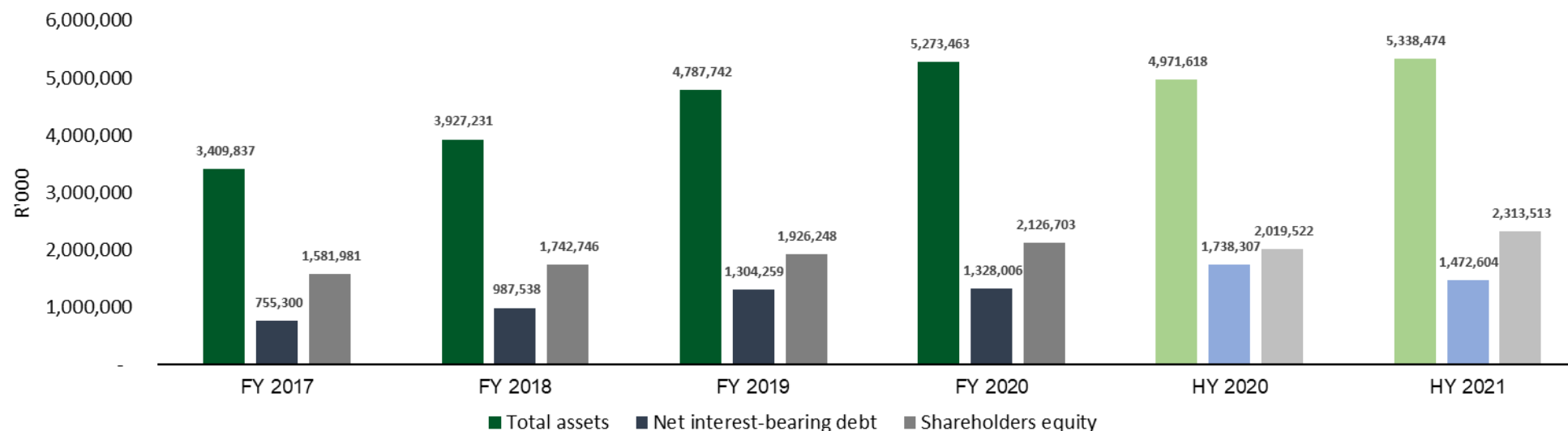


GP margin



FINANCIAL PERFORMANCE – BALANCE SHEET

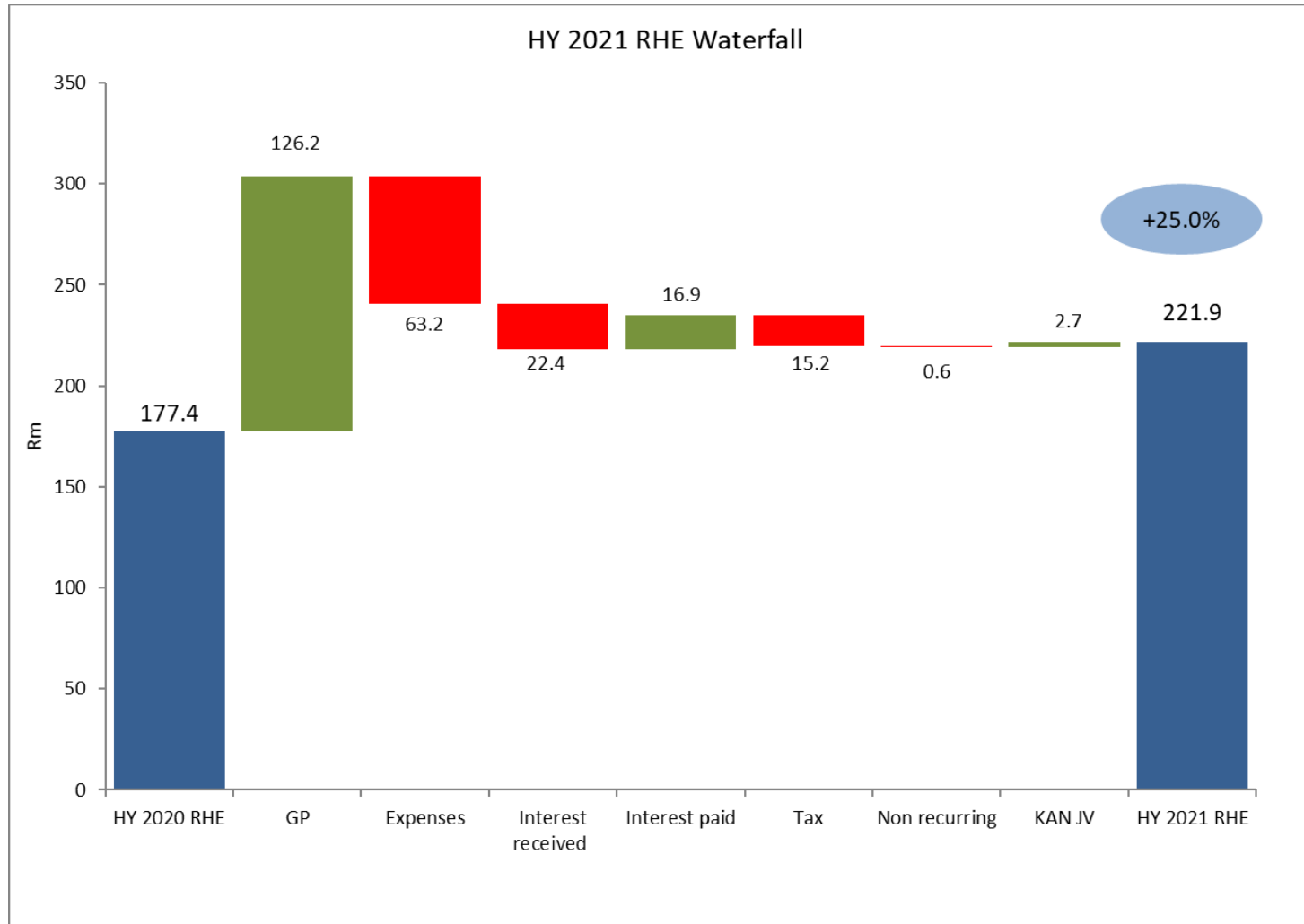
R'000	FY 2017	FY 2018	FY 2019	FY 2020	HY 2020	HY 2021
Total assets	3,409,837	3,927,231	4,787,742	5,273,463	4,971,618	5,338,474
Non-current assets	1,076,812	1,304,896	1,785,701	2,345,689	2,085,495	2,391,882
Current assets	2,333,025	2,622,335	3,002,041	2,927,774	2,886,123	2,946,592
Liabilities and loans	1,827,856	2,184,485	2,861,494	3,146,760	2,952,096	3,024,961
Net interest-bearing debt	755,300	987,538	1,304,259	1,328,006	1,738,307	1,472,604
Shareholders equity	1,581,981	1,742,746	1,926,248	2,126,703	2,019,522	2,313,513
Net asset value (rand)	22.5	24.8	27.4	28.9	27.3	31.4
Debt to equity ¹	52.0%	52.4%	62.5%	64.9%	77.1%	63.0%
Interest cover (times)	6.9	5.5	5.0	5.0	5.6	8.2



¹ calculated on average balances



FINANCIAL PERFORMANCE – RECURRING HEADLINE EARNINGS ('RHE')

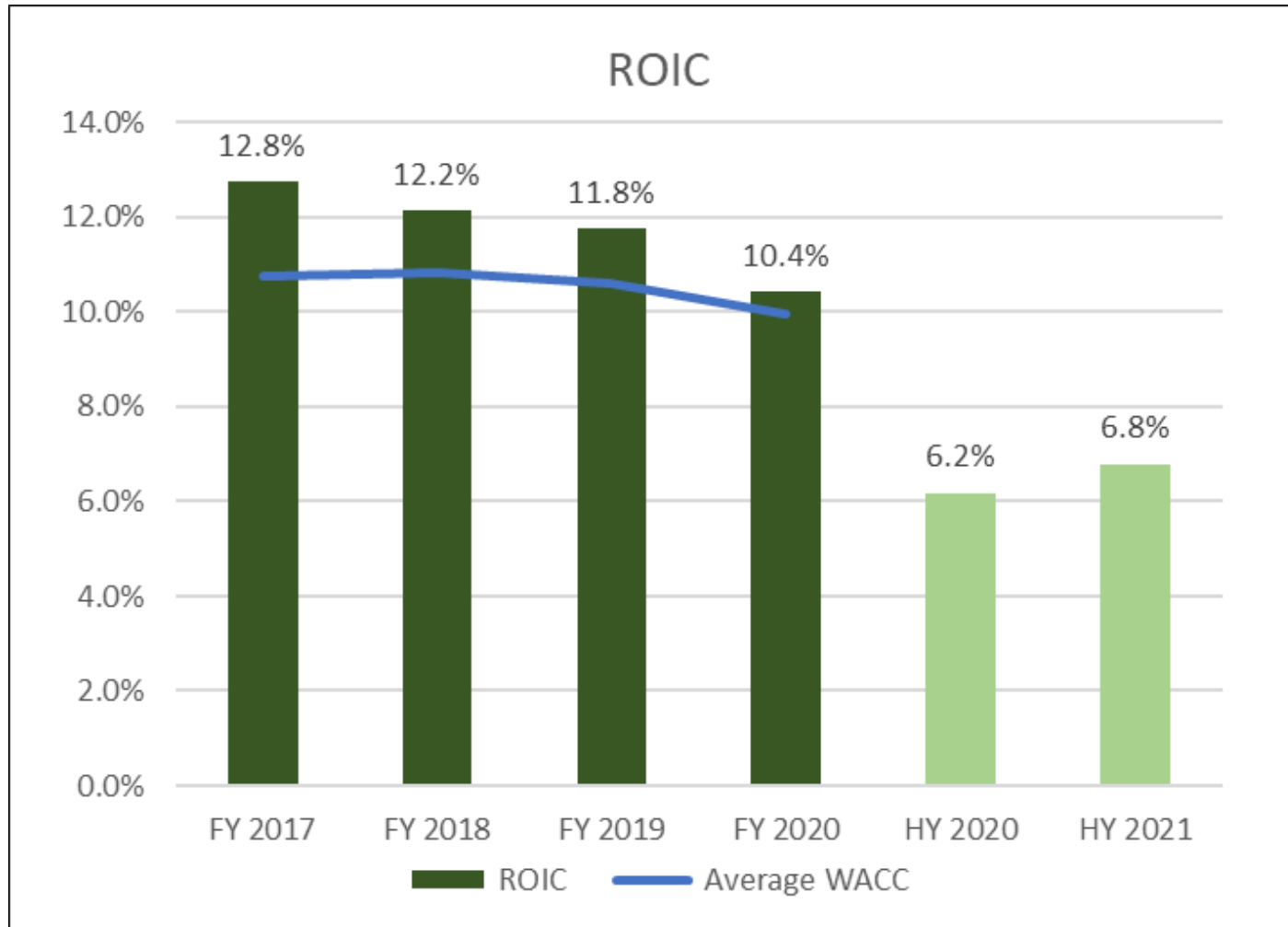


RHE HIGHLIGHTS

- Strong GP growth
- Good expense management
+3.9% LFL
- Interest received
 - reduced debtors book, lower rate
- Interest paid
 - reduced debt, lower rate
- 25.0% RHE growth



FINANCIAL PERFORMANCE - ROIC



PRIOR YEARS ROIC IMPACTED BY:

- Significant investment into upgrades, expansions, acquisitions
- FY 2018 & FY 2019: subdued performance, drought & economy
- FY 2020: Covid
- Tego & TFC: Capital vs return timing mismatch



ROIC OUTLOOK:

- FY 2021 improvement
 - Cautious capital investment
 - TFC portfolio review
 - TFC non-LFL & new
 - Tego



SEGMENTAL REVIEW - TRADE DIVISION

HY 2021 REVIEW & TRENDS:

- ✓ Strategy: largely unchanged, growth from footprint, optimisation, supply chain opportunities
- ✓ Fruit sector UP YoY, wheat plantings similar
- ✓ Agri inputs* +6.7% : packaging material +7.6%, animal feeds -26.5%
- ✓ Retail +15.4% : pet +17.5%, building materials +21.8%, pool & Garden +19.7%, homeware & appliances -14.0%
- ✓ Opex flat, Interest lower, DC cost to serve reducing 24%
- ✓ FORGE profitability +64%

OUTLOOK:

- ✓ Market share focus
- ✓ Fruit sector positive, wheat not likely to match prior year record
- ✓ Farm infrastructure spend positive
- ✓ Retail diversification: cash 28% contributes 42% of GP
- ✓ Margin improvements off central pricing, assortment, replenishment
- ✓ TEGO agency sales to continue improving


AGRIMARK


AGRIMARK
PACKAGING


AGRIMARK
LIQUOR


AGRIMARK
PET

JONSSON
WORKWEAR **ZONE**


NEW HOLLAND
AGRICULTURE

FORGE


TEGO
PLASTICS



SEGMENTAL REVIEW - RETAIL FUEL & CONVENIENCE DIVISION

HY 2021 REVIEW:

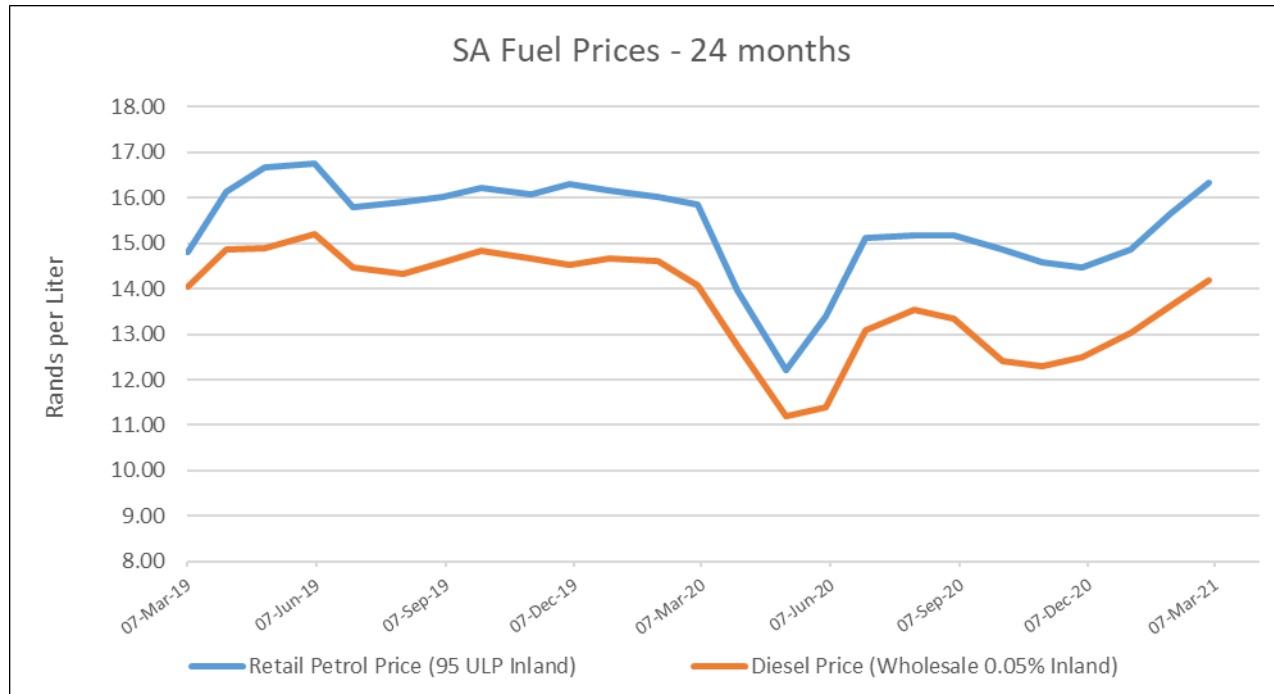
- ✓ Strategy: selective footprint growth, Oilco collaboration, centralized support, leveraging diversity
- ✓ no new fuel sites (managed & owned) since Nov '20
- ✓ Covid impact lingers – January lockdown, border traffic, QSR footfall
- ✓ Liter growth +8.3%
- ✓ PBT +45%, fuel price inflation boosted opportunity profits
- ✓ Site tenure > 25 yrs (evergreen = 30 yrs)

OUTLOOK:

- ✓ Petrol mix % improving - urban footprint & Covid recovery
- ✓ 1 pipeline site
- ✓ Forward looking liter ("FLL") growth above 20% [some Covid recovery included]
- ✓ Opex focus continued
- ✓ TFC 40% direct black ownership
- ✓ Forward looking site tenure > 25 yrs, property ownership review



SEGMENTAL REVIEW – FUEL PRICE IMPACT



Impact on margin of fuel price changes

Retail Petrol Price (95 ULP Inland)	@ 31 March	Price increase	Price decrease
Selling Price (R/liter)	16.32	17.32	15.32
Margin (R/liter)	2.19	2.19	2.19
Margin %	13.4%	12.7%	14.3%



CONSIDERATIONS:

- National fuel prices YOY
 - Petrol +3.0%
 - Diesel +0.7%
- TFC Fuel price adjustments
 - HY 2021: R4.0m profit
 - HY 2020: R0.3m loss
- Volume drives profitability, not fuel price
 - Petrol price regulated
 - Rand margin regulated (fixed)



SEGMENTAL REVIEW – GRAIN SERVICES DIVISION

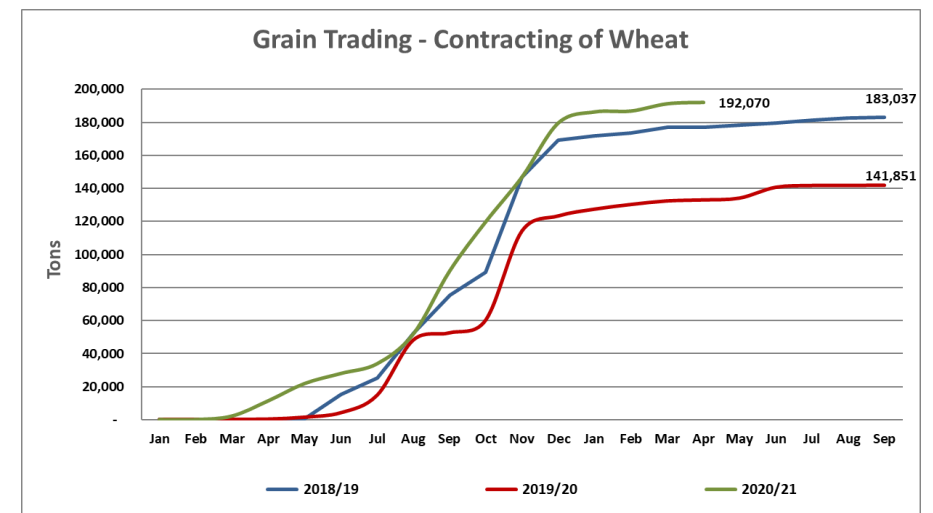
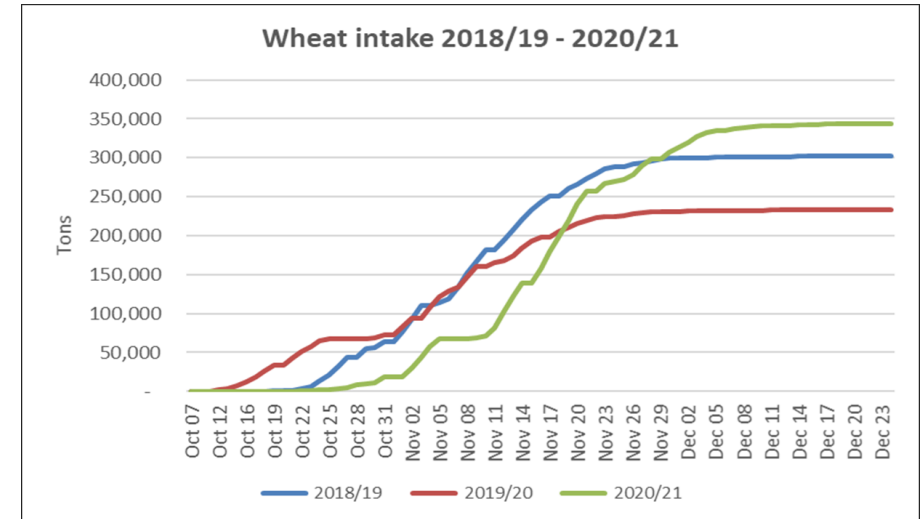


HY 2021 REVIEW:

- ✓ Strategy: wheat & seed market share, facility optimization & growth, a regional player
- ✓ 2020/21 wheat harvest
 - Harvest highest in decade
- ✓ Divisional PBT +19.3%

OUTLOOK:

- ✓ Wheat and Canola plantings similar to prior year
 - However, volumes unlikely to match prior year
- ✓ The division remains a solid profit contributor to the group



SEGMENTAL REVIEW - MANUFACTURING DIVISION

HY 2021 REVIEW:

- ✓ Strategy: market share, new products, optimization, no 1-way plastic, fruit Sector focus
- ✓ Agriplas continued it's "back on track" progress, PBT +60%
- ✓ TEGO Plastics still underperformed to plan, although improved from Q2

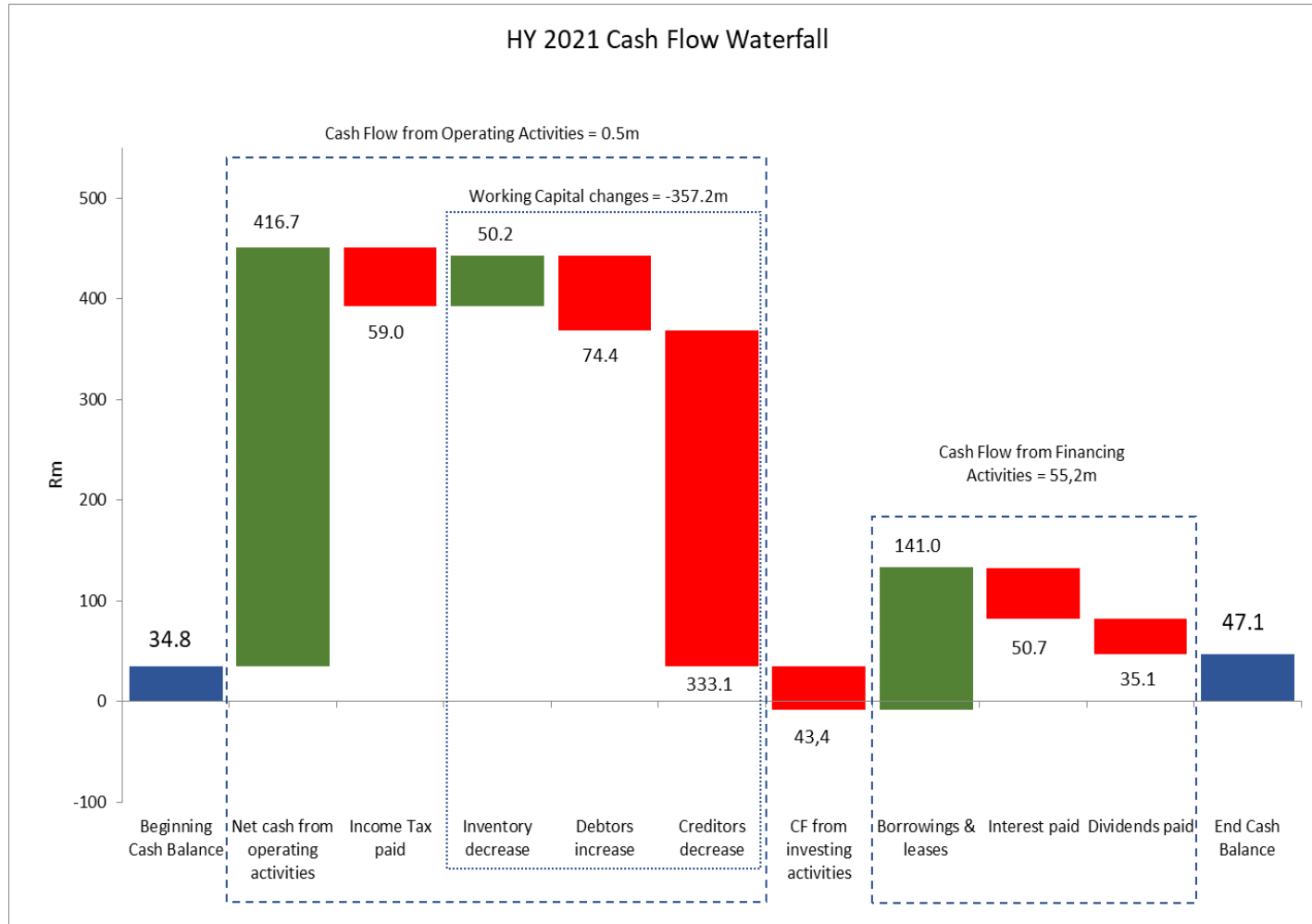


OUTLOOK:

- ✓ Agriplas
 - Continue to investigate export markets for sprinkler product range
 - H2 should continue the H1 trend
- ✓ Tego
 - Short term focus on Citrus customers has paid off
 - R&D for Pome customers
 - Maximising alternative contract manufacturing options
 - Subdued FY 2021



CASHFLOW PERFORMANCE

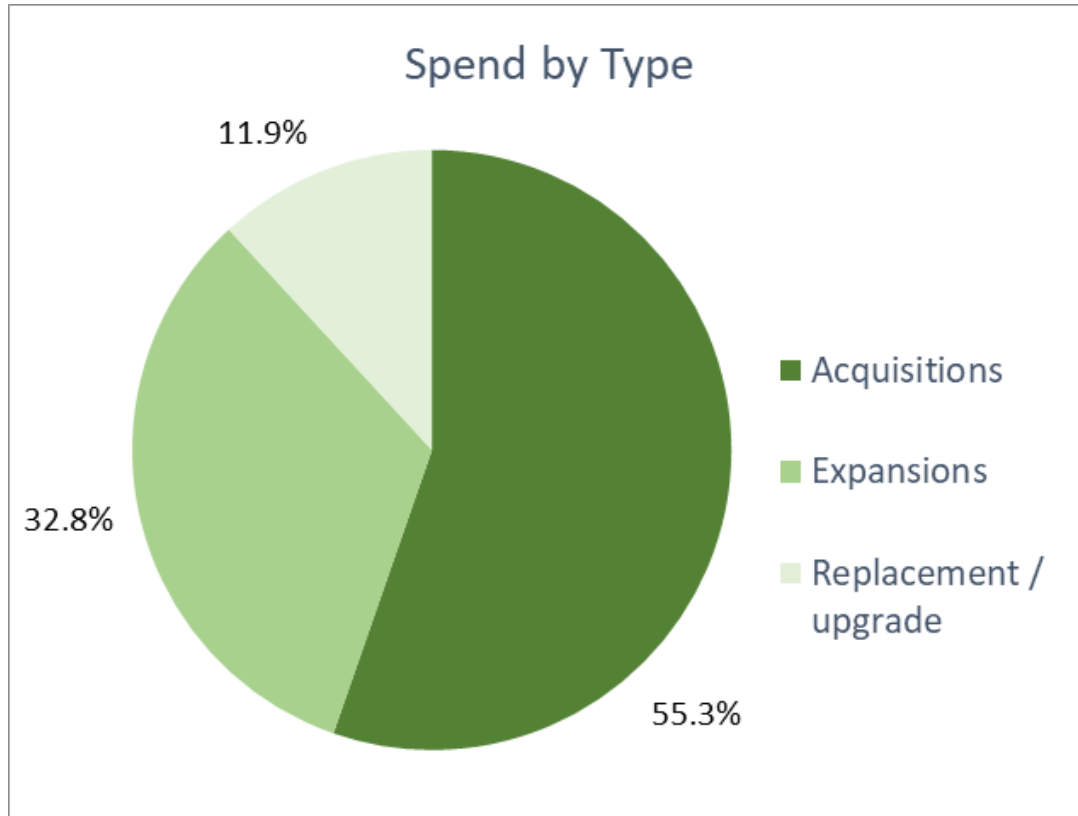


KEY CASHFLOW DRIVERS:

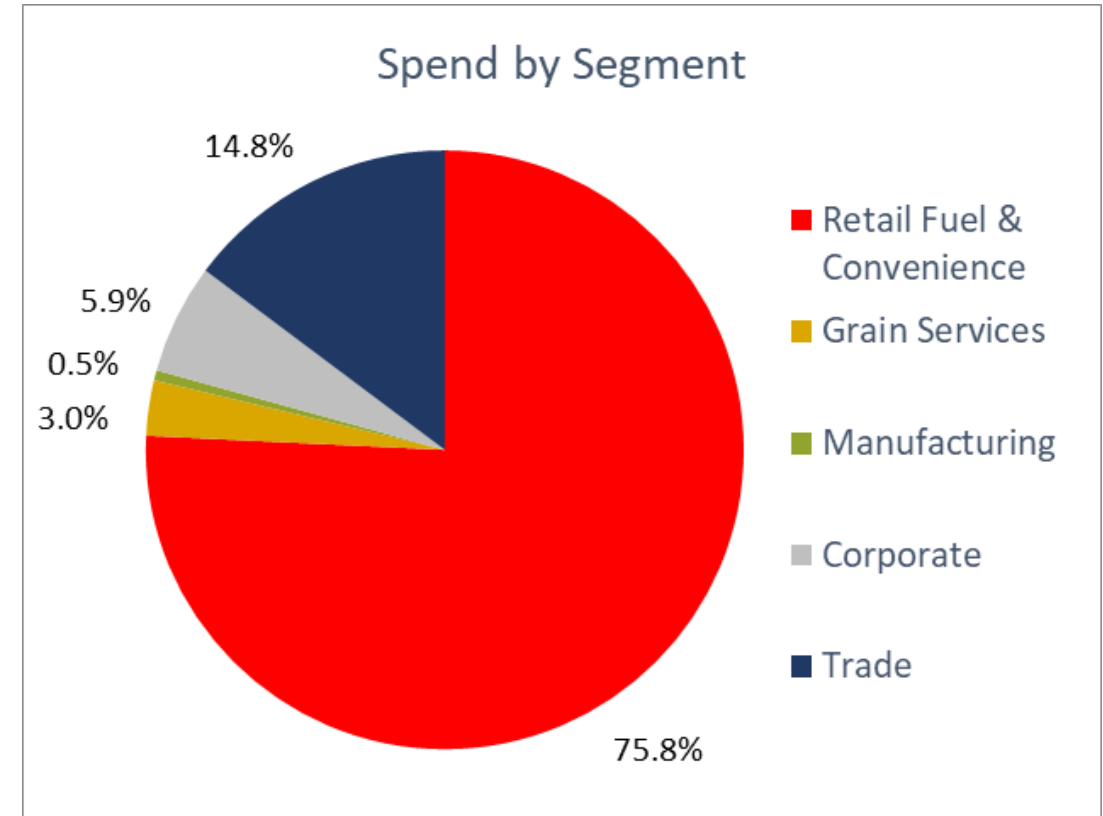
- Strong cash generation from operating activities
- Exceptional working capital management
 - Inventory growth < revenue growth
 - Debtors healthy
 - Creditors – 7 payment cycles
- Low capital investment – ROIC focus
- Interest paid – rate & net debt lower
- Lower F20 dividends paid



CAPITAL EXPENDITURE



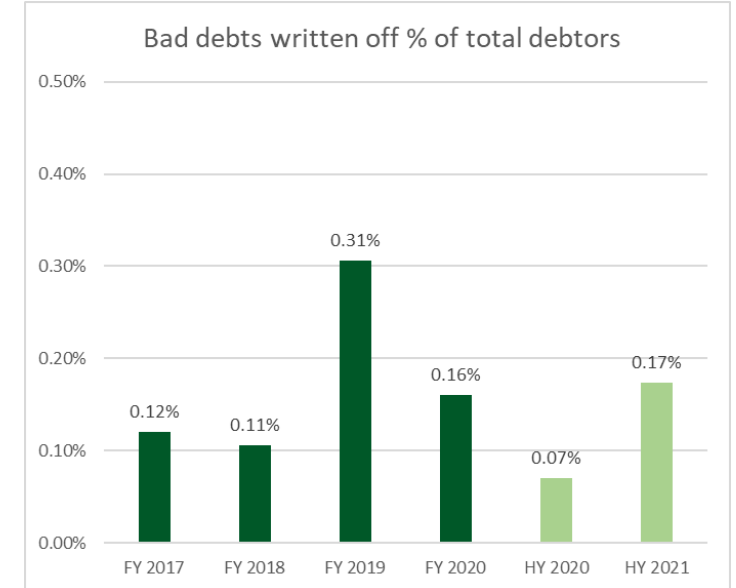
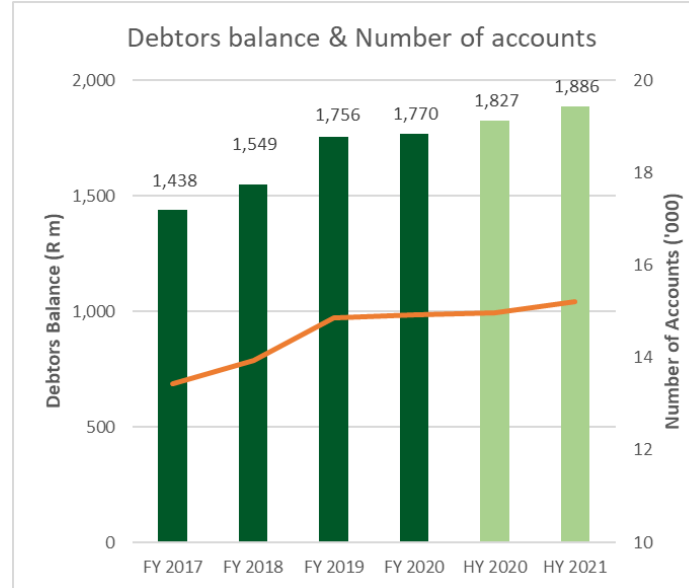
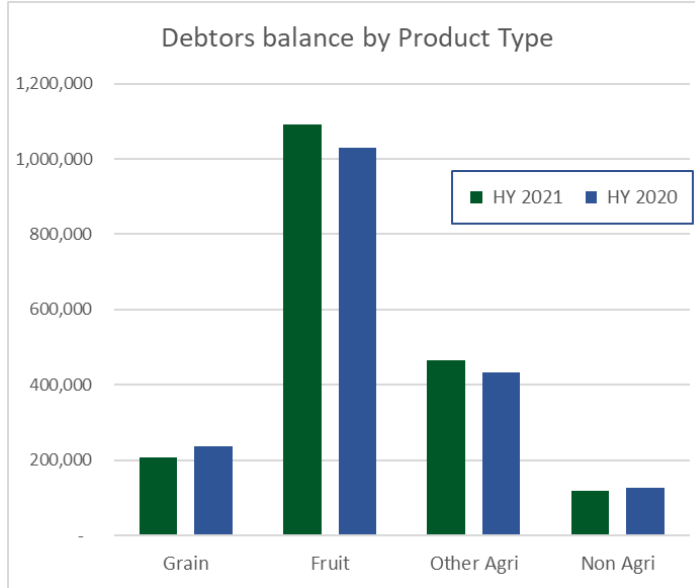
- Total capex R52.8m incl. acquisitions
- Acquisitions: TFC (2 sites)
- Expansions: TFC, Trade
- Replacement: All segments



- TFC largest share (R40.0m)
- Corporate – includes Supply Chain (digital investment)



TRADE DEBTORS

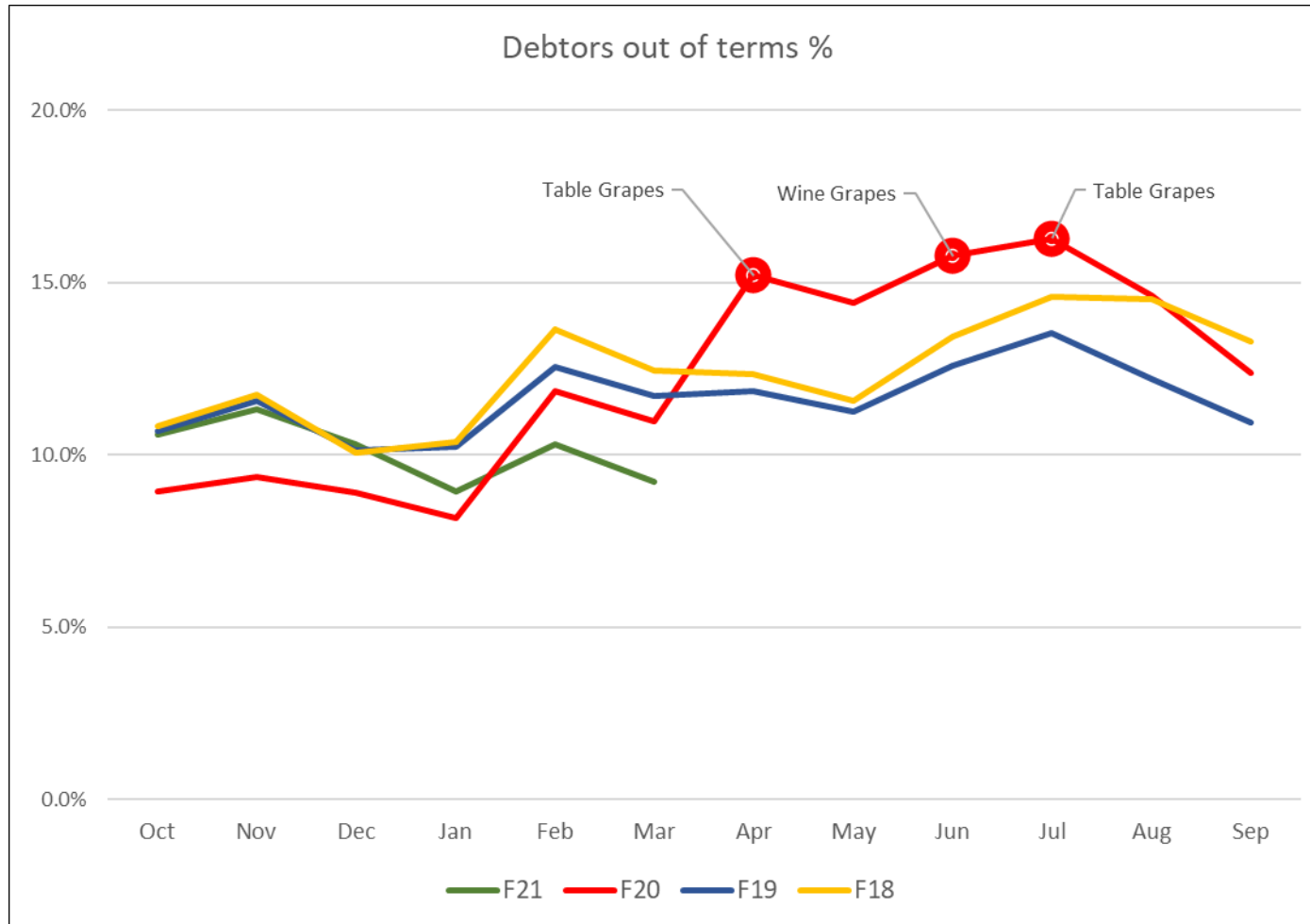


- 🌱 Enabler to revenue growth
- 🌱 Product and geographic diversity reduces risk & improves cash flow
- 🌱 Debtors +3.2%
- 🌱 15,212 accounts (3,165 seasonal and 12,047 monthly)

- 🌱 Debtors book turns 4.2x per year
- 🌱 Bad debts written off = 0.17% of total debtors
 - 5 yr average: 0.22%
 - 10 yr average: 0.31%
- 🌱 Income spread 2.1%



TRADE DEBTORS – OUT OF TERMS



OUT OF TERMS

- Down 1.8% of debtors
- Lowest out of terms in 5 years
- Above average wheat harvest



SUMMARY

- Healthy & resilient book
- Well secured by various categories



CONCLUSION



HY 2021 REVIEW:

- ✓ Sharp Covid V-Recovery in retail sales in our Agrimarks has continued at healthy levels
- ✓ Solid Agri performance throughout Covid, uptick in Q2, supported by agency and grain services
- ✓ TFC recovery ahead of expectation, sterling PBT growth of 45% compared to non-Covid period
- ✓ Optimization initiatives continued – DC throughput up > 40%
- ✓ Digitization efforts are a high priority with various ERP, B2B, B2C initiatives
- ✓ Opex growth was curtailed, Capex limited, debt levels reduced, improved ROIC and EVA
- ✓ Company has capitalized on opportunities



OUTLOOK:

- ✓ Wheat and Canola volumes will normalize off prior record
- ✓ Largely positive Fruit sector bodes well for farm infrastructure spend
- ✓ TFC pipeline more focused on non-property and higher feasible sites
- ✓ TEGO subdued, Agriplas to maintain healthy profitability momentum from H1
- ✓ Economy is expected to remain sluggish – we will capitalize on changing consumer trends
- ✓ Continue volume AND value enhancing efforts for shareholders



KAAP  AGRI

THANK YOU