



INTERIM RESULTS

31 AUGUST 2022

PRESENTED BY: JOHANN LE ROUX

DATE: 12 OCTOBER 2022

AGENDA

- Noteworthy transactions
- Strategy
- Interim financial results
- Portfolio review
- Prospects
- Questions – email to cosec@zeder.co.za

NOTEWORTHY TRANSACTIONS

- Disposal of investment in Agrivision Africa

Disposal of Agrivision Africa

- Zeder sold its 100% interest in Zeder Africa, which owns the 56% interest in Agrivision Africa
- Condition precedent relate to Zambian competition commission approval only

R286m valuation

Transaction terms

- Purchase price held in escrow until closing
- No warranties or indemnities
- Closing expected during December 2022, subject to Zambian competition commission approval

Disposal will result in R160m to Zeder

Zeder's history with Agrivision Africa

- Been a difficult investment for Zeder
- Underestimated the dynamics around large-scale commercial farming in Africa
- Focus on operational efficiencies and debt reduction enabled clean exit



Agrivision Africa



NOTEWORTHY TRANSACTIONS

- Disposal of investment in The Logistics Group

Disposal of TLG Group	Initial funds received	Earn-out payments
<ul style="list-style-type: none">Zeder sold its 98.22% interest in TLG GroupDisposal at premiumThis disposal was duly approved by Zeder shareholdersConditions precedent met and closing was on 31 March 2022	<ul style="list-style-type: none">The initial amount received by Zeder was R1.35bnEnabled a further return of capital to Zeder shareholdersR218m earn-outs linked to extensions or renewals of agreements (not profit warranties)	<ul style="list-style-type: none">First earn-out of R178m receivedEnables a further return of capital to Zeder shareholdersTiming uncertain, but optimistic of remaining earn-out being paid during the current financial year
R1.6bn valuation	+ R1.35bn	+ R178m



NOTEWORTHY TRANSACTIONS

- Unbundling of Kaap Agri shareholding

Unbundling of Kaap Agri

- Zeder unbundled Kaap Agri shareholding
- Unbundling was subject to the relevant exon approval
- Condition met after year end and unbundling effective 4 April 2022

R1.6bn in value

Rational for unbundling

- Unbundling was in the best interest of Zeder shareholders
- Zeder shareholders now have a direct interest in Kaap Agri
- Theoretically eliminate the discount applied to the Kaap Agri shares

Unbundling returns R1.03 per Zeder share

Zeder's history with Kaap Agri

- Zeder has been a shareholder since 2006
- Instrumental in the listing of Kaap Agri on the JSE during 2017
- Zeder is proud to be associated with Kaap Agri, the board and the management team



NOTEWORTHY TRANSACTIONS

- Special dividends – total dividends of R5.81bn to shareholders

Feb 2020 special dividend	Feb 2021 special dividend	Feb 2022 special dividend	Aug 2022 special dividend
<ul style="list-style-type: none">• A special dividend of R2.30 per share was paid to shareholders (PFG transaction)• R3.93bn of cash resources were returned to shareholders	<ul style="list-style-type: none">• A special dividend of 20c per share was paid to shareholders (Quantum Foods transaction)• R308m of cash resources were returned to shareholders	<ul style="list-style-type: none">• A special dividend of 92.5c per share was declared and paid to shareholders during May 2022 (TLG transaction)• R1.42bn of cash resources were returned to shareholders	<ul style="list-style-type: none">• A further special dividend of 10c per share was declared to shareholders as part of the interim results• An additional R154m of cash resources will be returned to shareholders in November 2022
(R3.93bn)	(R308m)	(R1.42bn)	(R154m)

STRATEGY

STRATEGY

- *Zeder's objective remains to maximise shareholder wealth*
 - *Grow the investee portfolio companies*
 - *Dividends to shareholders*
 - *Evaluate disposals when appropriate (timing and price)*
- *The TLG disposal and Kaap Agri unbundling had a positive impact on Zeder's wealth creation for shareholders*
- *The Agrivision disposal will result in increased cash on the Zeder balance sheet*
- *Combined with prior year corporate actions and transactions at premiums, significant value has been created for Zeder shareholders*
- *As a result, resources in terms of special dividends and listed shares of R7.41bn (or R4.56 per share) have been returned to shareholders (post the Nov 2022 interim special dividend)*
- *Should theoretically eliminate the discount applied to the resources returned to shareholders*

STRATEGY

The recent corporate actions and resultant special dividends had a positive impact on Zeder's value creation for shareholders over the past 3.5 years, during the main Covid and now recovery period.

Company	28 Feb 2019		Transactions/special dividend		Post further dividend		
	Interest (%)	Rm	Unbundling Rand	Dividend Rand	Interest (%)	Rm	Growth
Pioneer Foods	27.1	4 689					
Zaad	95.3	2 235			97.4	2 384	
The Logistics Group	97.4	978					
Capespan	97.4	1 193			93.0	1 046	
Kaap Agri	41.1	959					
Quantum Foods	29.3	216					
Other (including Agrivision Africa)		621				96	
Cash and cash equivalents		254				617	
Debt funding		(1 500)					
SOTP VALUE		9 645				4 143	
Number of shares in issue (<i>net of treasury shares</i>) (million)		1 710				1 540	
SOTP value per share (rand)		5.64				2.69	
Zeder share price discount to SOTP value per share		25%				25%	
Zeder share price/implied share price (rand)		4.23				2.02	
<i>Add:</i> Zeder special dividend paid (rand) - Feb 2020						2.30	
<i>Add:</i> Zeder special dividend paid (rand) - Feb 2021						0.20	
<i>Add:</i> Value of Unbundled Kaap Agri (rand) - Apr 2022			1.03			1.03	
<i>Add:</i> Zeder special dividend paid (rand) - Feb 2022						0.93	
<i>Add:</i> Zeder special dividend paid (rand) - Aug 2022						0.10	
Value per share to Zeder Shareholders (rand)		4.23				6.58	

Value of R4.56 per share or R7.41bn returned to Zeder shareholders

55%

INTERIM FINANCIAL RESULTS

- Covid and Russia-Ukraine conflict
- Results Summary
- Sum-of-the-parts

INTERIM FINANCIAL RESULTS

COVID & RUSSIA-UKRAINE CONFLICT

- Covid recovery period - Impact on Zeder and its investment portfolio
 - *Pro-active measures taken and implemented by portfolio management*
 - *Supply chain constraints leading to increased shipping costs and margin erosion*
 - *Inefficiencies at South African and global ports remains a major obstacle with increased costs and delays*
 - *Zeder portfolio investments resilient, but challenges remain, especially in the fresh fruit industry*
- Russia-Ukraine conflict - Impact on Zeder and its investment portfolio
 - *Pressure on agri-input costs, especially fuel and fertilizer and resultant inflation (all portfolio companies)*
 - *Higher soft commodity prices positive for certain farming sectors*
 - *Opportunities at Zaad (May Seed investment) as Turkey aims to benefit from multinationals withdrawing from the region*

INTERIM FINANCIAL RESULTS

RESULTS SUMMARY

- Intrinsic value of portfolio impacted by corporate actions and special dividends
 - *Total Sum-of-the-Parts value decreased from R4.66 to R2.69 per share*
 - *Decrease as a result of corporate actions (special dividend and KAL unbundling = R1.96 per share) – Zeder now smaller in size*
 - *Annual input-cost cycle associated with agricultural investments – limited adjustments to valuations at interim reporting*
 - *Discount remains around 30% - not unique to Zeder, comparable to listed holding companies*
- Post interim SOTP value as on 3 October 2022
 - *TLG earn-out of R178m received – increase in cash balance*
 - *Resultant decrease in other assets/liabilities*
- Healthy cash balance and strong balance sheet
 - *Further special dividend of 10c per Zeder share declared (R154m)*
 - *Cash balance of ~R463m (after further special dividend in Nov 2022)*
 - *Zeder in a position to assist portfolio companies if required*

INTERIM FINANCIAL RESULTS

SUM-OF-THE-PARTS

Decrease in the SOTP value per share since year end to 31 August 2022, Kaap Agri and the TLG Group no longer part of Zeder and resultant special dividend paid from TLG proceeds. Increase in cash on the balance sheet on 3 October 2022, subsequent to the TLG earn-out received.

Company	28 Feb 2022		31 Aug 2022		3 Oct 2022	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Zaad	96.9	2 037	97.4	2 384	97.4	2 384
The Logistics Group	98.2	1 571				
Capespan	94.6	1 053	93.0	1 046	93.0	1 046
Kaap Agri	42.3	1 603				
Agrivision Africa	56.0	146	56.0	160	56.0	160
Other net assets/(liabilities)		250		110		(64)
Cash and cash equivalents		508		442		617
SOTP VALUE		7 168		4 142		4 143
Number of shares in issue <i>(net of treasury shares)</i> (million)		1 538		1 540		1 540
SOTP value per share (rand)		4.66		2.69		2.69
Zeder share price (rand)		3.57		1.81		1.89

Note: It should be noted that these valuations are not an indication of the values at which Zeder would consider selling any of its investments

PORTFOLIO REVIEW



Zaad is a specialist agricultural seed and agrochemicals company that develops and supplies a broad basket of proprietary seeds and chemicals to emerging markets.



PORTFOLIO REVIEW

FINANCIAL RESULTS



Zaad reported an increase of 32% in RHEPS for the year ended 30 June 2022 to recurring headline earnings of R240m. Debt reduced as a result of the Zeder bridge loan converted to equity during April 2022.

Summarised Income Statement	Jan 20	Jan 21	Jun 21	Jun 22
	12 months	12 months	12 months	12 months
Historical	R'm	R'm	R'm	R'm
Revenue	2 113	2 914	2 810	2 455
EBITDA *	346	379	379	510
EBIT	281	306	299	420
Recurring headline earnings	169	181	177	240
WANOS (m)	33	35	34	35
Recurring HEPS (R)	5.14	5.24	5.19	6.83
Net debt/(cash)	993	1 076	1 074	890

Notes: * includes EBITDA from associates
 These figures are unaudited proforma financials derived from divisional accounts



PORTFOLIO REVIEW

FINANCIAL RESULTS



The valuation of Zeder's interest in Zaad has increased to R2.384bn, as a result of the R330m Zeder loan conversion to equity and the improved financial performance during the Covid recovery period.

GENERAL COMMENTS

- Good performances from Agricol, FarmAg (agro-chemicals) and May Seed. EA Seed now also contributing and will be key to growth in terms of distribution of own IP products in East African hub
- Bakker Brothers not yet recovered from Covid (trading into North African and Middle East markets and timing of seed availability)
- Russia/Ukraine conflict impact minimal on May Seed, but opportunities in Turkey
- Going forward - higher input costs - focus on margin enhancement

VALUATION CONSIDERATIONS

- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors
- Market related multiples split between seed and chemicals
 - Zaad Group: ~7x
 - Seed: ~8x
 - Chemicals: ~6x
- Multiples applied to each operating business unit
- EBITDA normalised and adjusted downwards to exclude the IAS29 accounting effect of hyperinflation in Zimbabwe
- Net debt deducted from the valuation





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Capespan is an internationally diversified group with a primary exposure to fruit farming, marketing, distribution and related services.

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PORTFOLIO REVIEW

FINANCIAL RESULTS

Capespan reported a loss of R63m for the six-months period ended 30 June 2022, compared to the prior period loss of R56m. Loss at interim as expected, as the interim period primarily represents the annual input cost cycle.

Summarised Income Statement	Dec 20	Dec 21	Jun 21	Jun 22
	12 months	12 months	6 months	6 months
Historical	R'm	R'm	R'm	R'm
Revenue	3 506	3 053	1 341	1 324
EBITDA	148	110	(36)	(24)
EBIT	76	42	(69)	(59)
Recurring headline (loss)/earnings	76	54	(56)	(63)
WANOS (m)	371	376	374	379
Recurring HEPS (R)	0.20	0.15	(0.15)	(0.17)
Balance sheet NAV	1 478	1 457	1 370	1 394
Net debt/(cash)	52	206	66	174

Note: These figures are unaudited proforma financials derived from divisional accounts

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Capespan has decreased to R1.046bn, largely as a result of the difficult trading environment and continued supply chain challenges experienced as a result of the lagging impact of Covid.

GENERAL COMMENTS

- Fresh fruit industry remains under pressure - industry wide dynamics that are not unique to Capespan
- Significant supply chain constraints and inefficiencies, leading to increased costs and margin pressure. Longer lead times for perishable products leading to quality control issues and as a result, lower prices realised. Russia/Ukraine conflict leading to oversupply in other markets and price pressure
- Pome farms performance exceptional in terms of volumes, compensated for lower price realisations. Citrus division negatively affected by strikes in certain farming areas, did not have increased volumes. EU export markets and regulations bring additional challenges to the citrus industry

VALUATION CONSIDERATIONS

- Valuation based on Capespan Group NAV, adjusted for company specific factors
 - Independent 3rd party valuations performed on all farms and packhouses during Dec 2021/Jan 2022
 - Associate investments valued at appropriate p/e multiples
- Market related discount applied to Capespan Group NAV as mentioned above

PROSPECTS

- Grow and support our existing portfolio
 - *Agricultural conditions mostly favourable – there is margin pressure*
 - *Covid recovery and Russia-Ukraine conflict implications will impact the portfolio*
 - *Global supply chain challenges and resultant inflation pressure will remain*
- Approaches received on portfolio investments
 - *We remain engaged with third parties on our remaining portfolio assets*
 - *Evaluating various options in an appropriate and responsible manner*
 - *Zeder will communicate to the market when appropriate*
- Overall strategy remains – to maximise shareholder wealth for Zeder shareholders

Thank you

**WE ARE BASED IN STELLENBOSCH,
WESTERN CAPE, SOUTH AFRICA.**

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