



# FULL YEAR RESULTS

FOR THE YEAR  
ENDED 28 FEBRUARY 2023

PRESENTED BY: JOHANN LE ROUX

DATE: 19 APRIL 2023

# AGENDA

- Noteworthy transactions
- Strategy
- Financial results
- Portfolio review
- Questions – email to [cosec@zeder.co.za](mailto: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
- Conditions precedent met and closing was on 31 January 2023

R286m valuation

## Transaction terms

- No warranties or indemnities relating to Agrivision Africa

Disposal resulted in R160m proceeds 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"><li>• Zeder sold its 98.22% interest in TLG Group</li><li>• Disposal at premium</li><li>• This disposal was duly approved by Zeder shareholders</li><li>• Conditions precedent met and closing was on 31 March 2022</li></ul>	<ul style="list-style-type: none"><li>• The initial amount received by Zeder was R1.35bn</li><li>• Enabled a further return of capital to Zeder shareholders</li><li>• R218m earn-outs linked to extensions or renewals of agreements (not profit warranties)</li></ul>	<ul style="list-style-type: none"><li>• First earn-out of R178m received</li><li>• Enables a further return of capital to Zeder shareholders</li><li>• Timing uncertain, but optimistic of remaining earn-out of ~R30m being paid during the next financial year</li></ul>
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"><li>• A special dividend of R2.30 per share was paid to shareholders (PFG transaction)</li><li>• R3.93bn of cash resources were returned to shareholders</li></ul>	<ul style="list-style-type: none"><li>• A special dividend of 20c per share was paid to shareholders (Quantum Foods transaction)</li><li>• R308m of cash resources were returned to shareholders</li></ul>	<ul style="list-style-type: none"><li>• A special dividend of 92.5c per share was declared and paid to shareholders during May 2022 (TLG transaction)</li><li>• R1.42bn of cash resources were returned to shareholders</li></ul>	<ul style="list-style-type: none"><li>• A special dividend of 10c per share was declared and paid to shareholders during Nov 2022</li><li>• R154m of cash resources were returned to shareholders</li></ul>
(R3.93bn)	(R308m)	(R1.42bn)	(R154m)

# NOTEWORTHY TRANSACTIONS

## IMPACT ON SHAREHOLDERS

*The recent corporate actions and resultant special dividends had a positive impact on Zeder's value creation for shareholders over the past 4 years, during the main Covid period.*

Company	28 Feb 2019		Corporate actions		28 Feb 2023		
	Interest (%)	Rm	Unbundling Rand	Dividend Rand	Interest (%)	Rm	Growth
Pioneer Foods	27.1	4 689					
Zaad	95.3	2 235			97.2	2 384	
The Logistics Group	97.4	978					
Capespan	97.4	1 193			93.0	1 046	
KAL Group	41.1	959					
Quantum Foods	29.3	216					
Other (including Agrivision Africa)		621				(19)	
Cash and cash equivalents		254				598	
Debt funding		(1 500)					
<b>SOTP VALUE</b>		<b>9 645</b>				<b>4 009</b>	
Number of shares in issue ( <i>net of treasury shares</i> ) (million)		1 710				1 540	
<b>SOTP value per share (rand)</b>		<b>5.64</b>				<b>2.60</b>	
<b>Zeder share price discount to SOTP value per share</b>		<b>25%</b>				<b>25%</b>	
<b>Zeder share price/implied share price (rand)</b>		<b>4.23</b>				<b>1.95</b>	
<i>Add:</i> Zeder special dividend paid (rand) - <b>Feb 2020</b>				2.30		<b>2.30</b>	} Value of R4.56 per share or R7.41bn returned to Zeder shareholders
<i>Add:</i> Zeder special dividend paid (rand) - <b>Feb 2021</b>				0.20		<b>0.20</b>	
<i>Add:</i> Value of Unbundled KAL Group (rand) - <b>Apr 2022</b>			1.03			<b>1.03</b>	
<i>Add:</i> Zeder special dividend paid (rand) - <b>Feb 2022</b>				0.93		<b>0.93</b>	
<i>Add:</i> Zeder special dividend paid (rand) - <b>Aug 2022</b>				0.10		<b>0.10</b>	
<b>Value per share to Zeder Shareholders (rand)</b>		<b>4.23</b>				<b>6.51</b>	<b>54%</b>

# STRATEGY



# STRATEGY

- Zeder's objective remains to maximise shareholder wealth
- How did we do during 2022/2023?
  - *Grow the investee portfolio companies*
    - *Recurring headline earnings growth at our portfolio companies for their respective financial year ends (Zaad as at 30 June 2022 and Capespan as at 31 December 2022).*
  - *Dividends to shareholders*
    - *Special dividends of 92.5c and 10c per share paid during the year.*
    - *Unbundling of Kaap Agri (effective R1.03 per share returned to Zeder shareholders).*
  - *Corporate actions*
    - *Disposals of TLG and Agrivision during the year.*
    - *Combined with prior year corporate actions, value has been created for Zeder shareholders.*
- Zaad and Capespan our remaining portfolio companies
- We remain engaged with third parties on our remaining portfolio assets
- Evaluating various options in an appropriate and responsible manner

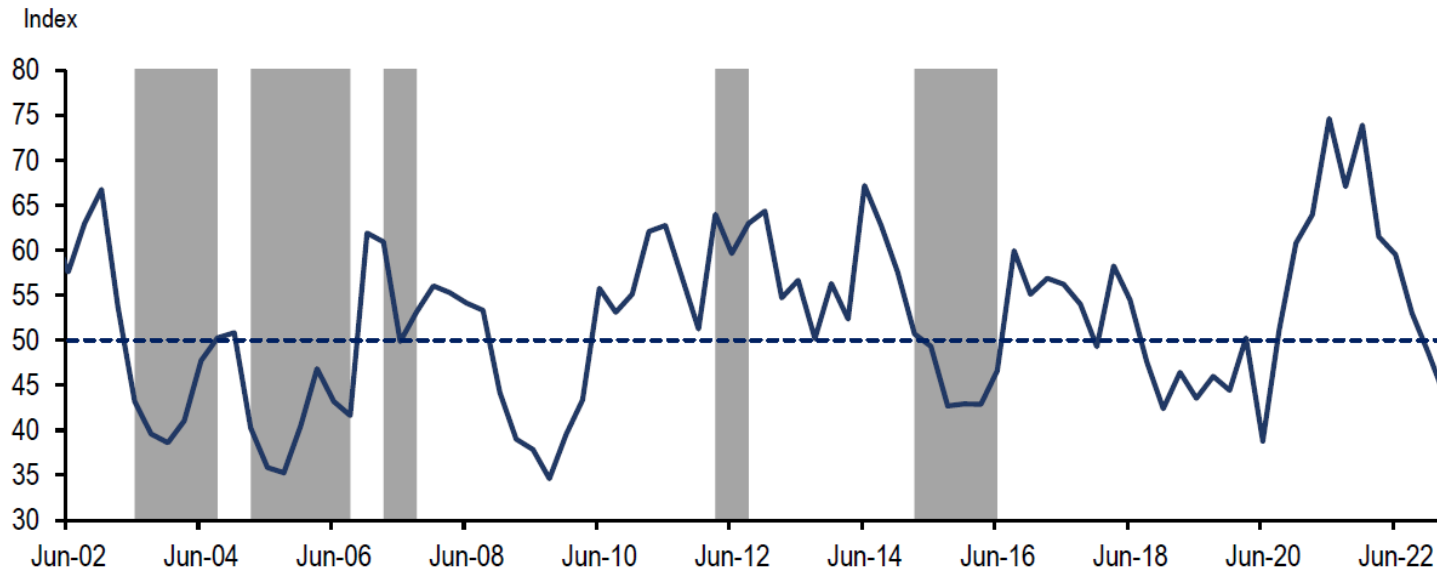
# FINANCIAL RESULTS

- Business and operating environment
- Results Summary
- Sum-of-the-parts

# FINANCIAL RESULTS

## BUSINESS AND OPERATING ENVIRONMENT

**Figure 1: Agbiz/IDC Agribusiness Confidence Index<sup>1</sup>**



Source: Agbiz Research, South African Weather Service  
*(Shaded areas indicate periods when rainfall across South Africa was below the average level of 500 millimetres)*

<sup>1</sup>The Agbiz/IDC Agribusiness Confidence Index reflects the perceptions of at least 25 agribusiness decision-makers on the 10 most important aspects influencing a business in the agricultural sector (i.e. *turnover, net operating income, market share, employment, capital investment, export volumes, economic growth, general agricultural conditions, debtor provision for bad debt and financing cost*). It is used by agribusiness executives, policymakers and economists to understand the perceptions of the agribusiness sector, and also serves as a leading indicator of the value of the agricultural output while providing a basis for agribusinesses to support their business decisions.

- ❑ Index lowest since Q2 2020 when Covid-19 lockdown restrictions were implemented
- ❑ Agribusinesses are generally downbeat about business conditions
- ❑ Increased pressure on farmers as a result of higher input costs (margins)
- ❑ Persistent loadshedding leading to additional challenges and cost pressure
- ❑ Rising protection in certain export markets
- ❑ Disrupted supply chains (port inefficiencies) and weaknesses in municipal delivery
- ❑ Agricultural conditions are changing with El-Nino expected (drier conditions)

# FINANCIAL RESULTS SUMMARY

FY2023

- Intrinsic value of portfolio impacted by corporate actions and special dividends
  - *Total Sum-of-the-parts value decreased from R4.66 to R2.60 per share (decrease of R2.06 per share)*
  - *Decrease as a result of corporate actions*
    - *Special dividends of R1.03 per share*
    - *KAL unbundling of R1.03 per share*
  - *Kaap Agri, TLG Group and Agrivision Africa no longer part of Zeder*
  - *Zeder now smaller in size, discount remains around 30%*
  - *Not unique to Zeder, prevalent in listed markets*
- Satisfactory cash generation and strengthened balance sheets
  - *No dividend as part of year end results, given unrestricted available cash*
  - *Zeder in a position to assist portfolio companies if required*
  - *R100m committed to Zaad via bridge loan in order to assist with increase in equity interest in May Seed*
  - *If no further portfolio requirements, further special dividends will be considered during the year*

# FINANCIAL RESULTS

## SUM-OF-THE-PARTS

FY2023

*Decrease in the SOTP value per share to 28 February 2023, as a result of aforementioned corporate actions and special dividends. Zeder bridge loan of R330m to Zaad converted into equity during April 2022. TLG, Kaap Agri and Agrivision Africa no longer part of Zeder.*

Company	28 Feb 2022			28 Feb 2023		
	Interest (%)	Rm	Share of Assets (%)	Interest (%)	Rm	Share of Assets (%)
Zaad	96.9	2 037	28.4	<b>97.2</b>	<b>2 384</b>	<b>59.5</b>
The Logistics Group	98.2	1 571	21.9			
Capespan	94.6	1 053	14.7	<b>93.0</b>	<b>1 046</b>	<b>26.1</b>
KAL Group	42.3	1 603	22.4			
Agrivision Africa	56.0	146	2.0			
Other net assets/(liabilities)		250	3.5		<b>(19)</b>	<b>(0.4)</b>
Cash and cash equivalents		508	7.1		<b>598</b>	<b>14.9</b>
<b>SOTP VALUE</b>		<b>7 168</b>			<b>4 009</b>	
Number of shares in issue <i>(net of treasury shares)</i> (million)		1 538			<b>1 540</b>	
<b>SOTP value per share (rand)</b>		4.66			<b>2.60</b>	
<b>Zeder share price (rand)</b>		3.57			<b>1.72</b>	

*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



*On a last twelve month (LTM) basis, Zaad reported a decrease of 6% in recurring earnings to R225m, largely as a result of increased interest rates and therefore increased finance charges at our African operations.*

Summarised Income Statement	Jan 21	Jun 21	Jun 22	LTM 31 Dec 22
	12 months	12 months	12 months	12 months
Historical	R'm	R'm	R'm	R'm
Revenue	2 914	2 810	2 455	2 460
EBITDA *	379	379	510	516
EBIT	306	299	420	429
<b>Recurring headline earnings</b>	<b>181</b>	<b>177</b>	<b>240</b>	<b>225</b>
WANOS (m)	35	34	35	38
<b>Recurring HEPS (R)</b>	<b>5.24</b>	<b>5.19</b>	<b>6.83</b>	<b>5.92</b>
Net debt/(cash)	1 076	1 074	890	909

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 remained unchanged at R2.384bn from the Zeder interim results, based on the LTM results.*

### GENERAL COMMENTS

- Good results from Agricol, FarmAg (chemicals) and May Seed. Agricol benefitting from price increases in the oilseed industry, whilst FarmAg achieved growth predominantly in the South African market. Opportunities for May Seed, as multinationals are looking for alternatives in the area.
- Bakker Brothers in transitional phase from trading to fully-fledged IP company. Vegetable seed and African maize IP located in the Netherlands. EA Seed now also contributing to earnings, although negatively impacted by drought conditions in East Africa.
- African subsidiaries negatively affected by higher interest rate and resultant pressure on operating margins.

### VALUATION CONSIDERATIONS

- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors
- Market related multiples split between seed and chemicals
  - Seed: 7-8x      Seed Associates: 7-9x
  - Chemicals: 6-7x      Chemicals Associates: 5-6x
- Multiples applied to each operating business unit
- EBITDA normalised and adjusted to exclude the IAS29 accounting effect of hyperinflation in Zimbabwe/Turkey
- Net debt deducted from the valuation





传递一份爱，收获一份欢乐  
我是一名水果顾问，我来自欢乐果园

**爱在欢乐果园**  
• LOVE IN JOY TREE •

SERVICE 微笑服务

Part of the Capespan world

capespan.com

**Just picked freshness**

apples • grapes • pears • peaches • plums

Part of the Capespan world

**EXPLORE NEW FLAVOURS**  
GET A NEW TAKE ON FRUIT

50% SOUR  
100% EXCITING  
50% SWEET

TRY OUR LAVENDER AND LEMON LEMONADE

**OUTSPAN**  
Outspan always fresh, bursting with flavour.

Scan to start the journey with **OUTSPAN SAM**



**OUTSPAN GEMS** **Goldland**

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

**CAPESPAN**  
GROUP LIMITED

**ZEDER**  
INVESTMENTS LIMITED

# PORTFOLIO REVIEW

## FINANCIAL RESULTS

*Despite challenging conditions in the global fresh fruit industry, Capespan reported an increase of 65% in recurring earnings for the year ended 31 December 2022 to recurring headline earnings of R89m.*

Summarised Income Statement	Dec 19	Dec 20	Dec 21	Dec 22
	12 months	12 months	12 months	12 months
Historical	R'm	R'm	R'm	R'm
Revenue	3 951	3 506	3 053	3 435
EBITDA	72	148	110	168
EBIT	(10)	76	42	103
<b>Recurring headline (loss)/earnings</b>	<b>(36)</b>	<b>76</b>	<b>54</b>	<b>89</b>
WANOS (m)	367	371	376	381
<b>Recurring HEPS (R)</b>	<b>(0.10)</b>	<b>0.20</b>	<b>0.15</b>	<b>0.23</b>
<b>Balance sheet NAV</b>	<b>1 409</b>	<b>1 478</b>	<b>1 457</b>	<b>1 559</b>
Net debt/(cash)	191	52	206	191

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

# PORTFOLIO REVIEW

## FINANCIAL RESULTS

*The valuation of Zeder's interest in Capespan has remained unchanged at R1.046bn from the Zeder interim results, despite the increase in recurring earnings for the financial year.*

### GENERAL COMMENTS

- Global fresh fruit industry continues to experience challenges on the input cost side and supply chain side of operations.
- Capespan's farming diversification strategy and favourable conditions on several of its own farming operations contributed to increased export volumes. Improved yields were unfortunately negatively influenced by cost challenges and lower price realisations in some instances.
- Capespan's sales and distribution division continue to grow its service business model. Improved efficiencies and enhanced service levels following its restructuring, the fruit division managed to grow its volumes across all three core product categories and across all regions.

### VALUATION CONSIDERATIONS

- Valuation based on Capespan Group NAV, adjusted for company specific factors
  - Independent 3<sup>rd</sup> party valuations performed on all farms and packhouses during Jan 2022
  - Desktop valuations done during Jan 2023, minimum change in farm land values
  - Associate investments valued at appropriate p/e multiples
- Market related discount applied to Capespan Group NAV as mentioned above

# Thank you

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

**PHYSICAL ADDRESS**  
2<sup>ND</sup> FLOOR, OU KOLLEGE  
35 KERK STREET  
STELLENBOSCH  
7600

**FOR FURTHER INFORMATION,  
PLEASE CONTACT US AT [INFO@ZEDER.CO.ZA](mailto:INFO@ZEDER.CO.ZA)**

**POSTAL ADDRESS**  
PO BOX 7403  
STELLENBOSCH  
7599

**TEL: 021 831 9559**

