



FULL YEAR RESULTS

FOR THE YEAR
ENDED 28 FEBRUARY 2021

PRESENTED BY: JOHANN LE ROUX

DATE: 14 APRIL 2021

AGENDA

- Noteworthy transactions
- Financial results
- Portfolio review
- Prospects and strategy
- Questions – email to cosec@zeder.co.za

NOTEWORTHY TRANSACTIONS

- Disposals

Disposal of Pioneer Foods

- All of the shares held in Pioneer Foods were disposed to PepsiCo
- This disposal was duly approved by Zeder shareholders
- The final amount received by Zeder was R6.41bn

+ R6.41bn

Settlement of all obligations

- R1.55bn of the cash proceeds were utilised to settle all debt and related obligations
- Zeder has no debt at present

(R1.55bn)

Disposal of Quantum Foods

- All of the shares held in Quantum Foods were disposed
- Cash proceeds of R308m were received

+ R308m



NOTEWORTHY TRANSACTIONS

- Special dividends and buyback of Zeder shares

Payment of Special Dividend

- A special dividend of R2.30 per share was declared and paid to shareholders during April 2020
- R3.93bn of cash resources were returned to shareholders

(R3.93bn)

Payment of further Special Dividend

- A further special dividend of 20c per share was declared to shareholders
- An additional R308m of cash resources will be returned to shareholders

(R308m)

Buyback of Zeder shares

- 172m Zeder shares have been purchased and cancelled
- R426m of cash resources were utilised in the process
- Average price of R2.48 per share

(R426m)



FINANCIAL RESULTS

- Results summary
- Covid-19
- Sum-of-the-parts

FINANCIAL RESULTS SUMMARY

FY2021

- Change in status to that of an Investment Entity (effective 1 March 2020)
 - *Prospective treatment (prior year numbers not restated)*
 - *Cease to consolidate its subsidiaries, investments now measured at fair value through the income statement*
 - *Balance sheet will closely resemble SOTP values*
 - *Change in status to provide much more relevant valuation information*
- Intrinsic value of portfolio impacted by valuation adjustments and special dividend
 - *Total Sum-of-the-Parts decreased to R4.33 per share (result of R2.30 special dividend)*
 - *Sum-of-the-Parts of investments (excluding PFG and Quantum) increased*
 - *Upwards valuations of Kaap Agri, TLG and Capespan*
 - *Discount remains around 36%*
 - *Not unique to Zeder, prevalent in listed markets*
- Satisfactory cash generation and strengthened balance sheets
 - *Dividends declared by Capespan and TLG (~R80m to Zeder)*
 - *Further special dividend of 20c per Zeder share declared (R308m)*
 - *Cash balance of ~R876m (prior to above items)*

FINANCIAL RESULTS

COVID-19

FY2021

- Impact on South Africa and business
 - *GDP retraction and significant job losses*
 - *Economy struggling and business confidence at a record low*
 - *SA Inc downgraded with a negative outlook*
 - *Low interest rate environment*
- Impact on Zeder and its investment portfolio
 - *Pro-active measures taken and implemented by portfolio management*
 - *Investee companies mostly positioned in the “essential” industries*
 - *Operations have largely remained “open” – but under constrained demand and capacity conditions*
 - *Full impact obviously remains unclear, but portfolio investments results better than initially expected*
 - *Balance sheets monitored closely – Zeder is well positioned with available cash resources*
 - *Most significant challenge is now in global supply chain constraints and resultant bottlenecks*

FINANCIAL RESULTS

SUM-OF-THE-PARTS

FY2021

The SOTP value per share decreased, due to the payment of the special dividend, but upwards valuations of most investee companies as a result of improved earnings performance.

Company	29-Feb-20			28-Feb-21		
	Interest	Rm	Share of Assets	Interest	Rm	Share of Assets
Pioneer Foods	28.6%	6,348	54.2%	28.6%	-	-
Quantum Foods	32.1%	188	1.6%	32.1%	-	-
Zaad	95.7%	2,034	17.4%	97.0%	2,010	30.2%
The Logistics Group	98.6%	1,028	8.8%	98.5%	1,325	19.9%
Capespan	96.7%	999	8.5%	96.0%	1,117	16.8%
Kaap Agri	41.0%	723	6.2%	42.3%	1,102	16.5%
Other		301	2.6%		232	3.5%
Cash & cash equivalents		83	0.7%		876	13.1%
TOTAL ASSTES		11,704			6,662	
Debt funding		(1,500)			-	
SOTP		10,204			6,662	
Number of shares in issue <i>(net of treasury) (million)</i>		1,710			1,538	
SOTP value per share (Rand)		5.97			4.33	

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 2% in RHEPS for the year ended 31 January 2021 to recurring headline earnings of R181m.

Summarised Income Statement	Jan 19	Jan 20	Jan 21
	12 months	12 months	12 months
Historical	R'm	R'm	R'm
Revenue	1 635	2 113	2 914
EBITDA*	253	346	379
EBIT	200	281	306
Recurring headline earnings	131	169	181
WANOS (m)	27	33	35
Recurring HEPS (R)	4.76	5.14	5.24
Net debt/(cash)	819	993	1 076

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 flat at R2.010bn.

GENERAL COMMENTS

- Good performance from May Seed (Turkey) and FarmAg
- Covid-19 negative impact on Bakker Brothers (Netherlands)
- Improved summer rainfall, but lower sunflower hectares planted in South Africa
- Limagrain transaction concluded (multi-national partner)
- EA Seeds transaction to be concluded shortly (East African distribution of Zaad seed varieties)

VALUATION CONSIDERATIONS

- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors
- Market related multiples split between seed and chemicals
 - Zaad Group: ~8.3x
 - Seed: ~9x
 - Chemicals: ~7x
- EBITDA normalised and adjusted downwards to exclude the accounting effect of hyperinflation in Zimbabwe
- Net debt of R1.076bn deducted from the valuation



The Logistics Group is an asset light business, operating strategic logistical and terminal assets in South Africa, whilst expanding its service offering and capabilities to a broader market base in Southern Africa.



PORTFOLIO REVIEW

FINANCIAL RESULTS



TLG reported an increase of 12% in RHEPS for the year ended 31 December 2020 to recurring headline earnings of R142m.

Summarised Income Statement	Dec 18	Dec 19	Dec 20
	12 months	12 months	12 months
Historical	R'm	R'm	R'm
Revenue	794	949	1 108
EBITDA [*]	226	321	372
EBIT	165	204	240
Recurring headline earnings	125	128	142
WANOS (m)	366	367	368
Recurring HEPS (R)	0.34	0.35	0.39
Net debt/(cash)	301	198	93

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

PORTFOLIO REVIEW

FINANCIAL RESULTS



The valuation of Zeder's interest in TLG has increased to R1.325bn, as a result of an improved performance in RHEPS and good growth forecasts.

GENERAL COMMENTS

- Covid-19 negative impact on FPT and Tradekor
- Sharp V-recovery seen and continuing into 2021
- Exciting growth prospects in Sub-Saharan Africa
- Solid cash generation
- Dividend of R36m declared to shareholders

VALUATION CONSIDERATIONS

- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors
- Market related EBITDA multiple of ~4.4x applied to the valuation of TLG
- Net debt of R92m and lease liabilities 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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GROUP LIMITED

ZEDER
INVESTMENTS LIMITED

PORTFOLIO REVIEW

FINANCIAL RESULTS

Capespan reported an increase in recurring headline earnings from a loss of R36m in the prior year to recurring headline earnings of R76m for the year ended 31 December 2020.

Summarised Income Statement	Dec 18	Dec 19	Dec 20
	12 months	12 months	12 months
Historical	R'm	R'm	R'm
Revenue	4 763	3 951	3 506
EBITDA	(54)	72	148
EBIT	(124)	(10)	76
Recurring headline earnings	(146)	(36)	76
WANOS (m)	367	367	371
Recurring HEPS (R)	(0.40)	(0.10)	0.20
Balance sheet NAV	2 033	1 409	1 478
Net debt/(cash)	277	191	52

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

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Capespan has increased to R1.117bn, as a result of an improved performance in RHEPS and successful restructuring of the business.

GENERAL COMMENTS

- Improved results due:
 - Successful restructure of global marketing business and significant lower cost base
 - Improved farms performance – exit J-curve
 - Solid contributions from associate investments
- Good cash generation, no long term debt
- Investment in farms infrastructure (netting)
- Dividend of R50m declared to shareholders

VALUATION CONSIDERATIONS

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



Kaap Agri is a leading Agri-related retail, trade, supply and services company that supplies a variety of products and services mainly to the agricultural sector, but also to the general public.



PORTFOLIO REVIEW

FINANCIAL RESULTS



Kaap Agri reported an increase of 4.6% in RHEPS for the year ended 30 September 2020 to recurring headline earnings of R276m.

Summarised Income Statement	Sep 18	Sep 19	Sep 20
	12 months	12 months	12 months
Historical	R'm	R'm	R'm
Revenue	6 549	8 452	8 575
EBITDA	478	550	588
EBIT	427	489	503
Recurring headline earnings	249	263	276
WANOS (m)	70	70	70
Recurring HEPS (R)	3.54	3.75	3.93
Net asset value per share (R)	24.84	27.42	28.86
P/E	11.0	8.3	5.2
Share price (R)	38.99	31.27	20.50

Note: These figures are the latest published results available for the year ended 30 September 2020

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Kaap Agri has increased to R1.102bn, as a result of an increase in the listed share price.

GENERAL COMMENTS

- Positive Q1 trading update released to the market
- Revenue (+16.9%)
- Gross profit (+19.6%)
- Recurring headline earnings (+35.4%)
- Pro-active management during Covid-19
- Covid-19 negative impact on The Fuel Company

VALUATION CONSIDERATIONS

- Valuation based on listed share price
- Share price at:
 - 30 September 2020 was R20.50 per share
 - 28 February 2021 was R35.20 per share
- More information at: www.kaapagri.co.za



Agrivision Africa is a vertically integrated, grain-related food supplier that farms, mills and distributes products in the northern region of Zambia and southern parts of the DRC.



Agrivision Africa



PORTFOLIO REVIEW

FINANCIAL RESULTS



Agrivision reported an improved performance, but challenges remain.

Summarised Income Statement	Dec 18	Dec 19	Dec 20
	12 months	12 months	12 months
Historical	\$'000	\$'000	\$'000
Revenue	30 571	33 932	27 004
EBITDA	3 373	4 754	5 893
EBIT	(209)	1 601	3 171
Recurring headline (loss)/earnings	(983)	866	2 210
WANOS (m)	1.9	1.9	1.9
Recurring HEPS (\$)	(0.53)	0.47	1.19
Balance sheet NAV	58 711	60 134	58 525
Net debt/(cash)	22 864	21 838	21 385

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

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Agrivision has decreased to R146m, as a result of a deterioration in the operating environment within Zambia.

GENERAL COMMENTS

- Improved results due:
 - Promising yields in terms of the wheat production
 - Costs being managed
- Challenging operating environment remains in Zambia
- Zambian government default on foreign debt repayment
- Remains a difficult investment for Zeder (less than 2.5% of Zeder SOTP)

VALUATION CONSIDERATIONS

- Valuation based on Agrivision Group NAV, adjusted for company specific factors
 - Independent 3rd party valuations done on all farms and milling assets
- Market related discount applied to Agrivision Group NAV as mentioned above, taking into account additional investment risk factors

PROSPECTS AND STRATEGY

PROSPECTS AND STRATEGY

- Grow and support existing portfolio
 - *Agricultural conditions remain favourable*
 - *Covid-19 implications and impact continuously being evaluated*
- Strategy review
 - *Cautionary released earlier today on SENS*
 - *Material change to the size and composition of the Zeder group (result of the Pioneer Foods and Quantum Foods disposals as well as the special dividend paid)*
 - *The board recently received third party approaches on various portfolio investments*
 - *Being evaluated by the Zeder board and potential strategy shift towards additional value unlock options*
 - *The strategy does not have a specific timeline and will be executed in an appropriate and responsible manner*
 - *As a result of approaches being evaluated, Zeder will not pursue share buy backs at this time*
 - *Overall strategy remains – create value for shareholders*
 - *Zeder will communicate in more detail to the market on the value enhancing progress from time to time*

Thank you

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