



Full Year Results

For the year ended 28 February 2019

Presented by:

Norman Celliers

Chief Executive Officer

- **Corporate overview**
- **Financial results**
- **Portfolio review**
- **Conclusion**
- **Questions**



We play an active role in investee companies through strategic interests with a controlling influence.

Business definition

Business definition

- An actively managed investment holding company listed on the Johannesburg Securities Exchange
- Long-term value investor with a primary focus on Agribusiness, food and related industries
- Key characteristics of investment considerations:
 - Sustainable growth sectors or sub-sectors
 - Management with proven track record
 - High barriers to entry
 - Unique and defensible products (brands)
 - Simple (easy to understand) and scalable business models
 - Focused execution

Strategic Focus

- Industry:**
 - Agribusiness
- Sub-sector:**
 - Food and Beverages
 - *Adjacent and related*
- Geography:**
 - South Africa (direct)
 - Sub-Saharan Africa (direct)
 - Rest of World (via portfolio)
- Criteria:**
 - Arbitrage
 - Undervalued
 - Growth sectors
 - Consolidation
- Influence:**
 - Active
 - Boards
 - Management
 - Strategy
 - Transactions

Invest in **and build** businesses

FY2019

- Investor sentiment and capital allocation towards country and sector deteriorated significantly during the period under review
 - *JSE Food Producer's Index declined by 34.7%*
- Intrinsic value of portfolio negatively impacted with downward valuation adjustments
 - ***Sum-of-the-Parts declined by 28.2% to R5.64 per share***
 - *Share price declined by 34.4% to R4.23 per share*
 - *Discount widened to 25.0%*
- Challenging operating environment amidst constrained economic conditions
 - ***Recurring Headline Earnings flat (+0.4%)***
- Attractive returns realised from successful disposal of investment in China
 - ***Headline Earnings increased by 81.9%***
- Satisfactory cash generation and strengthened balance sheets
 - ***Dividend maintained at 11.0c per share***

Zeder's SOTP value per share decreased from R7.85 to R5.64 as of 28 February 2019.

FY2019

Company	28 Feb 2018		28 Feb 2019		15 Apr 2019	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27,0	7 660	27,1	4 689	28,6	4 928
Zaad	93,2	2 043	95,3	2 235	95,3	2 235
Capespan	97,5	2 259	97,4	1 193	97,4	1 193
The Logistics Group			97,4	978	97,4	978
Kaap Agri	40,9	1 376	41,1	959	41,1	968
Agrivision Africa	56,0	591	56,0	493	56,0	493
Quantum Foods	27,7	246	29,3	216	29,3	234
Other		33		19		24
Total investments		14 208		10 782		11 053
Cash and cash equivalents		111		254		251
Other net assets		108		109		112
Debt funding		(1 000)		(1 500)		(1 515)
SOTP value		13 427		9 645		9 901
Number of shares in issue (<i>net of treasury shares</i>) (million)		1 710		1 710		1 710
SOTP value per share (rand)		7,85		5,64		5,79

Observations:

- JSE-Food Producer's Index declined 34.7% during the period under review
- Pioneer Foods's share price (JSE-listed) declined from R131.50 to R80.50 and had a –R2.97bn impact on Zeder's SOTP value
- Kaap Agri's share price (JSE-listed) declined from R45.37 to R31.60 and had a –R417m impact on Zeder's SOTP value
- Follow-on investments of R341m made into Zaad to fund R&D, working capital and acquisitions
- Increased net debt at Zeder level from R1.0bn to R1.5bn to finance follow-on investments (~R250m cash available)

Recurring Headline Earnings per share increased by 0.4% while headline earnings increased by 81.9%.

FY2019

	28 Feb 18 Rm	Change %	28 Feb 19 Rm
<i>Recurring</i> headline earnings from investments	576		604
Net interest, taxation and other income and expenses	(102)		(133)
Recurring headline earnings	474	(0,6)	471
<i>Non-recurring</i> headline earnings	(49)		296
Headline earnings	425	80,5	767
Non-headline items	(171)		(678)
Attributable earnings	254	(65,0)	89
Weighted average number of shares in issue (<i>net of treasury shares</i>) (million)	1 717		1 702
Recurring headline earnings per share (cents)	27,6	0,4	27,7
Headline earnings per share (cents)	24,8	81,9	45,1
Attributable earnings per share (cents)	14,8	(64,9)	5,2

Observations:

• **Recurring Headline Earnings:**

- *Apart from Capespan's Farming and Fruit Division, most investee companies improved on prior year numbers*
- *Capital injected into Zaad and CAN Agri that will only deliver earnings in the medium-to-long term*
- *Increased finance costs as a result of increased debt at Zeder*

• **Headline Earnings:**

- *Upward fair value adjustment reflecting the disposal of Joy Wing Mau investment by Capespan Group*









• **Attributable Earnings:**

- *Impairment charges recognised by Zeder on its Pioneer investment following its decline in share price*

Strategic interests across value chain

Portfolio review

Portfolio offers strategic exposure to meaningful and leading companies across value chain with strong management teams focused on driving growth in the long-term.

Company	Salient features	Zeder Share	Zeder Value	Value of 100%
 PIONEER FOODS	<ul style="list-style-type: none"> • SS Africa's 2nd largest FMCG (Food and Beverage) Company • Packaged staple foods, milling, baking, groceries, beverages • Unmatched platform from which to grow and expand • Africa + Exports + Selective international expansion (UK) 	28.6%	R 4,689 m	R16,272 m
 zaad HOLDINGS	<ul style="list-style-type: none"> • Leading independent non-GMO, Hybrid Seed Company • Broad basket of Agri-seeds and strategic Agri-inputs • Advanced R&D with proprietary Intellectual Property 	95.3%	R 2,235 m	R 2,345 m
 KAAP AGRI	<ul style="list-style-type: none"> • South Africa's leading Agri-retailer • Leading Western Cape grain handler + related services • Well established Fuel-retail and wholesale division 	40.9%	R 959 m	R 1,993 m
 THE LOGISTICS GROUP	<ul style="list-style-type: none"> • Port and warehousing assets in CT, Dbn, PE and Maputo • Inland warehousing plus related services • Leading proprietary tech-led logistical platform 	97.4%	R 978 m	R 1,004 m
 CAPESPAN GROUP LIMITED	<ul style="list-style-type: none"> • South Africa's leading fruit exporter with primary production • Global fruit marketing offices ensuring global retail access • Proprietary trading platform under development 	97.4%	R 1,193 m	R 1,225 m
 Agrivision Africa	<ul style="list-style-type: none"> • Zambia's 2nd largest commercial grain farming enterprise • Regionally dominant maize and wheat milling operations • Significant development and acquisition completed 	56.0%	R 493 m	R 880 m
 QUANTUM FOODS	<ul style="list-style-type: none"> • South Africa's largest egg supplier (vertically integrated) • Regionally dominant animal feeds operations • Leading broiler, layer (grand-parent + parent) farming ops 	29.3%	R 216 m	R 778 m
 CAN-AGRI vertical farming	<ul style="list-style-type: none"> • A vertical farming start-up with enormous potential • South African concept + patent + innovators • Unique intellectual property with global application 	34.4%	R 66 m	R 66 m
			R 10,782 m	R24,563 m

* CAN Agri values reflect loans advanced to date – no equity value recognised yet as it is a greenfield start-up business

Business overview

Portfolio review

Pioneer is South Africa's 2nd largest food producer with leading market share positions across a number of core categories and extensive geographical footprint and penetration.



Pioneer Foods reported a 25.1% increase in adjusted RHEPS for the period ended 30 September 2018.



Summarised Income Statement	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18
Historical	R'm	R'm	R'm	R'm	R'm	R'm
Revenue	16,236	17,699	18,748	20,600	19,575	20,152
EBITDA	1,499	2,006	2,488	2,615	1,664	2,040
<i>EBITDA margin</i>	<i>9.2%</i>	<i>11.3%</i>	<i>13.3%</i>	<i>12.7%</i>	<i>8.5%</i>	<i>10.1%</i>
EBIT	1,153	1,716	2,153	2,273	1,277	1,603
<i>EBIT margin</i>	<i>7.1%</i>	<i>9.7%</i>	<i>11.5%</i>	<i>11.0%</i>	<i>6.5%</i>	<i>8.0%</i>
Recurring headline earnings	853	1,242	1,534	1,637	823	1,032
WANOS (m)	183	184	185	186	186	187
Recurring HEPS (R)	4.70	6.78	8.32	8.83	4.42	5.53
Dividend per share (cents)	132.0	221.0	332.0	365.0	365.0	365.0

Observations:

- *Constrained consumer environment with inflationary cost pressures*
- *Operationally remains competitive with strong management teams*
- *Market shares maintained or recovered*
- *Operational efficiencies continuously improved*
- *Cash generation strong – maintained dividend*
- *Strong balance sheet with conservative levels of debt*

Business overview

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

Portfolio review

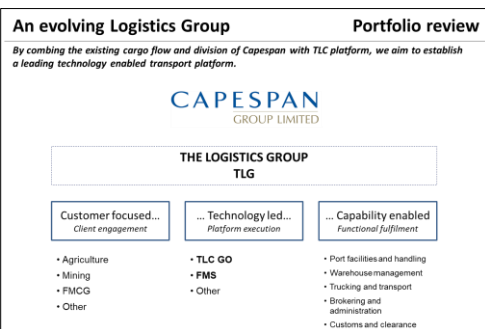
CAPESPAN
GROUP LIMITED



Capespan executed and implemented significant transactions and restructuring during the period under review.



- Successfully disposed of the investment in China
- Fair value gains reported in headline earnings
- Transaction completed and proceeds received
- **Net cash received = R988m**
- Capital applied to reduce Capespan group debt
 - All long-term debt settled in SA (~R590m)
 - Short-term facilities reduced by balance
- Capespan consolidated net debt now effectively zero



- Successfully separated and unbundled logistics division and merged with TLC
- Now two separate stand-alone investments under Zeder named:
 - **Capespan Group Limited (CGL)**
 - **The Logistics Group (TLG)**



Financial results

Portfolio review

Strong performance from Logistics Division off-set by losses incurred in the Farming and Fruit division resulting in a recurring loss at consolidated level.

CAPESPAN
GROUP LIMITED

Summarised Income Statement	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18
Historical	R'm	R'm	R'm	R'm	R'm	R'm
Revenue	7,149	7,392	7,688	8,311	6,619	5,557
EBITDA	228	227	299	250	241	172
<i>EBITDA margin</i>	3.2%	3.1%	3.9%	3.0%	3.6%	3.1%
EBIT	191	169	220	155	123	40
<i>EBIT margin</i>	2.7%	2.3%	2.9%	1.9%	1.9%	0.7%
Recurring headline earnings	139	159	171	98	78	(21)
WANOS (m)	319	321	324	338	362	366
Recurring HEPS (R)	0.44	0.49	0.53	0.29	0.21	(0.06)
Net asset value per share (R)	4.34	4.62	6.26	5.37	5.01	5.55
Dividend per share (cents)	10.0	16.5	19.8	9.6	-	-

Observations:

- *Logistics: Diversified further and reported encouraging results*
- *Farming: Disappointing losses reported largely due to lower grape volumes and market price realisations*
- *Fruit: Lower profits reported due to lower volumes marketed and costs related to strategic restructuring*
- *Climatic conditions have mostly normalised*
- *Capitalised balance sheet should reduce finance charges going forward*
- *SOTP values largely maintained due to JWM capital injection and strong NAV underpin in farming division*

Note: These figures represent the Capespan Group inclusive of the logistics division.

The diversification and expansion of logistical customers and capabilities has delivered pleasing results and reduced volatility.



Summarised Income Statement	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18
Historical	R'm	R'm	R'm	R'm	R'm
Revenue	508	523	511	609	794
EBITDA	152	172	122	172	226
<i>EBITDA margin</i>	<i>29.9%</i>	<i>32.9%</i>	<i>23.9%</i>	<i>28.2%</i>	<i>28.5%</i>
EBIT	122	136	84	120	165
<i>EBIT margin</i>	<i>24.0%</i>	<i>26.0%</i>	<i>16.4%</i>	<i>19.7%</i>	<i>20.8%</i>
Recurring headline earnings	79	79	42	89	125
WANOS (m)	321	323	338	364	366
Recurring HEPS (R)	0.25	0.24	0.12	0.24	0.34

Observations:

- *Retains core business of fresh-produce logistics in ports and warehouses (cold-chain)*
- *Expanded licences and capabilities into break-bulk, bulk and general cargo*
- *Expanded service offering to non-perishable agri, mining and FMCG*
- *Invested in associates and service providers to compliment offering*
- *Developing technology applications to scale*
- *Positioned to continue expanding in SA and neighbouring Sub-Saharan African markets*

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

Business overview

Portfolio review

Kaap Agri is a leading Agri-related retail, trade, supply and services company.



KAAP AGRI

is a retail services group that supplies a variety of products and services mainly to the agricultural sector, but also to the general public.

Kaap Agri has 183 operating points that stretch over 97 cities, towns and places, and include areas such as the Swartland, Boland, Winelands, Overberg, Langkloof, Namaqualand, Orange River, Sundays River Valley, Namibia and adjacent areas, as well as Limpopo, Mpumalanga and Gauteng.



Kaap Agri reported an increase of 0.7% in RHEPS for the year ended 30 September 2018 amidst the drought experienced in the Western Cape.



Summarised Income Statement	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18
Historical	R'm	R'm	R'm	R'm	R'm	R'm
Revenue	4,008	4,875	5,341	5,653	6,416	6,549
EBITDA	219	263	311	370	447	478
<i>EBITDA margin</i>	<i>5.5%</i>	<i>5.4%</i>	<i>5.8%</i>	<i>6.5%</i>	<i>6.8%</i>	<i>7.3%</i>
EBIT	202	243	291	338	402	431
<i>EBIT margin</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.4%</i>	<i>6.0%</i>	<i>6.2%</i>	<i>6.6%</i>
Recurring headline earnings	129	158	183	210	248	249
WANOS (m)	70	70	70	70	70	70
Recurring HEPS (R)	1.83	2.24	2.59	2.98	3.52	3.54
Net asset value per share (R)	14.13	15.83	17.81	19.95	22.45	24.84
Dividend per share (cents)	50.0	65.0	82.0	94.5	112.0	116.7

Observations:

- *Tough year negatively impacted by the Western Cape drought – drought ended and current season encouraging*
- *Weaker retail and trade environment - Fuel licence regulatory delays*
- *Strong TFC volume growth (38%) – now larger than agri direct fuel*
- *Agri and building material expansion in KZN – strong growth in Limpopo and Eastern Cape*
- *Dividends increased by 4.2%*

Business overview

Portfolio review

Zaad is a specialist agricultural seed company that develops and supplies a broad basket of proprietary seeds to more than 96 international markets.



GROWING
POSSIBILITIES

Zaad reported commendable operating results but RHEPS declined by 5.5% for the year ended 31 January 2019 due to share dilution resulting from rights issues.



Summarised Income Statement	Feb 14	Feb 15	Feb 16	Jan 17	Jan 18	Jan 19
Historical	R'm	R'm	R'm	R'm	R'm	R'm
Revenue	465	947	1,217	1,344	1,409	1,635
EBITDA	92	142	223	222	223	253
<i>EBITDA margin</i>	<i>19.8%</i>	<i>15.0%</i>	<i>18.3%</i>	<i>16.5%</i>	<i>15.8%</i>	<i>15.4%</i>
EBIT	80	120	188	185	173	200
<i>EBIT margin</i>	<i>17.2%</i>	<i>12.7%</i>	<i>15.4%</i>	<i>13.8%</i>	<i>12.3%</i>	<i>12.2%</i>
Recurring headline earnings	54	77	98	133	123	131
WANOS (m)	13	17	20	22	24	27
Recurring HEPS (R)	4.06	4.44	4.97	6.04	5.03	4.76
Net asset value per share (R)	25.16	29.00	41.28	41.86	46.90	50.40

Observations:

- *Significant business unit expansion and additions made over past 3-4 years*
- *Capital of R341m raised during the year through rights issues*
- *Growth and development capital deployed with delay in corresponding earnings*
- *Group has been exposed to the challenging agri-cycle that Southern Africa experienced the past 24 months*
- *Sector recovery underway but still not at normalised levels yet – impact on working capital requirements*
- *R&D spend remains high but IP tested on an ongoing basis and verified for attractive commercial use*
- *M&A pipeline healthy but managed within acceptable capital allocation parameters*

* Financial year end changed from 28 February to 31 January

Business overview

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.

Farming & Development



- 4,200 ha (irrigated)
- 2,500 ha (dry-land)

Milling & Processing



- 50,000 tons (Maize)
- 24,000 tons (Wheat)

Portfolio review



Agrivision Africa

Brands & Distribution



- Formal retail
- Distribution depots

Disappointing recurring losses reported but conservative approach supports Sum-of-the-Parts values in ZAR.



Agrivision Africa

Summarised Income Statement	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18
Historical	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	14,304	32,532	31,711	39,718	34,994	30,571
EBITDA	2,831	3,576	2,199	7,326	1,726	3,373
<i>EBITDA margin</i>	<i>19.8%</i>	<i>11.0%</i>	<i>6.9%</i>	<i>18.4%</i>	<i>4.9%</i>	<i>11.0%</i>
EBIT	(245)	5	(955)	4,305	(191)	(209)
<i>EBIT margin</i>	<i>(1.7%)</i>	<i>0.0%</i>	<i>(3.0%)</i>	<i>10.8%</i>	<i>(0.5%)</i>	<i>(0.7%)</i>
Recurring headline (loss)/earnings	(1,509)	(3,385)	(3,615)	1,305	(4,109)	(983)
WANOS (m)	0.8	1.3	1.9	1.9	1.9	1.9
Recurring HEPS (\$)	(1.80)	(2.60)	(1.90)	0.69	(2.20)	(0.53)
Net asset value per share (\$)	38.33	30.64	19.08	55.15	52.55	49.45

Observations:

- *Disappointing Soya bean harvest due to late disease outbreak*
- *Acceptable yields on other cropping but insufficient irrigation water resources at Mkushi units*
- *Subdued commodity pricing and challenging sales/export environment*
- *Under performance of milling operations – turnaround under way*
- *Favourable rain fall conditions during past summer – full water resources for the first time since 2013*
- *Improved outlook for current season and performance*

Business overview

Portfolio review

Quantum is South Africa's #1 commercial egg supplier and operates a regionally dominant and nationally recognised premium animal feeds business.



Quantum Foods reported an increase of 234% in RHEPS and declared dividends of 90c per share during the year ended 30 September 2018.



Summarised Income Statement	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18
Historical	R'm	R'm	R'm	R'm	R'm	R'm
Revenue	3,483	3,561	3,468	3,913	4,052	4,122
EBITDA	(40)	84	220	134	232	544
<i>EBITDA margin</i>	<i>(1.1%)</i>	<i>2.4%</i>	<i>6.3%</i>	<i>3.4%</i>	<i>5.7%</i>	<i>13.2%</i>
EBIT	(251)	(21)	164	124	170	473
<i>EBIT margin</i>	<i>(7.2%)</i>	<i>(0.6%)</i>	<i>4.7%</i>	<i>3.2%</i>	<i>4.2%</i>	<i>11.5%</i>
Recurring headline earnings	(80)	26	126	66	112	361
WANOS (m)	233	233	233	233	229	220
Recurring HEPS (R)	(0.34)	0.11	0.54	0.28	0.49	1.64
Net asset value per share (R)	-	6.26	6.49	6.89	7.03	8.82
Dividend per share (cents)	-	-	10.0	6.0	34.0	90.0

Observations:

- *Strong performance throughout the group*
- *Exceptional results delivered by egg division (AI, commodities)*
- *Inevitable cyclicality recognised – but much improved and resilient business*
- *Strong cash generation and improved dividends*

CAN Agri is a green-field, startup vertical farming business that owns proprietary technology that delivers improved yields at lower costs sustainably.



Small seeds planted

We have partnered with an innovative team and invested in a new company that gives us an entry into smart, vertical farming.

New platform investments

- Urbanisation and vertical farming is a growing global theme
- Decline in cost effective available agricultural land and damage to environment is forcing a rethink of the sustainability of current approach
- Identified a South African team and concept – suggests:
 - best yields
 - lowest costs
- Total comprehensive urban farming solution
 - water + climate + efficiency + technology + nutrients + control systems + patents

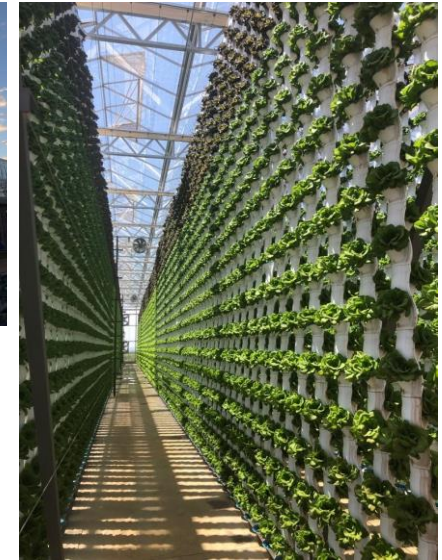
Small seeds planted

We have committed the funding to build full-size commercial unit and are currently well advanced with construction.

New platform investments

- Build full size unit in RSA
- Validate assumptions and KPI's
- Roll out in SA
- Test global application

- First full-scale unit completed in January 2019 – *within budget*
- First harvest completed in February 2019 – *within targets*
- Commercial viability being assessed and confirmed
- South African roll-out being planned
- International market assessment underway



With a strong existing platform and focused addition of new opportunities, the prospects remain positive in the long term.



Despite the short-term challenges, we remain committed to deliver attractive shareholder returns over the next 5 years.

Questions will now be answered as registered on the webinar's call or data log