

# SUMMARISED RESULTS

## FOR THE YEAR ENDED 28 FEBRUARY 2014



• SOTP value per share **↑ 26%** to **R5,02**

• See-through SOTP value per share **↑ 21%** to **R5,26**

• Recurring headline earnings per share **↑ 16%** to **29,8 cents**

• Headline earnings per share **↑ 28%** to **25,8 cents**

### OVERVIEW

Zeder is an investor in the broad agribusiness industry with a specific focus on the food and beverage sectors. The value of its underlying investment portfolio amounted to R4,9bn (R5,2bn on a see-through basis) as at 28 February 2014. Agri Voedsel (with its 30,4% interest in Pioneer Foods) remains a large strategic investment representing 39,8% of the portfolio. During the year under review, Zeder continued rebalancing its portfolio in line with its amended strategy. It disposed of investments valued at R528,7m and invested an additional R879,4m, the majority of which was utilised to acquire additional stakes in its existing core portfolio.

### STRATEGY

Over the past 18 months, Zeder has communicated a refined strategy to the market. It seeks larger, strategic stakes in entities that allow it to play a more active role in its underlying portfolio companies and assist with the determination of appropriate long-term strategies to help expand the respective businesses.

During the past year significant progress has been made in this regard through further investments in Agri Voedsel, Capespan, Zaad, Chayton Africa and Kaap Agri. Zeder also disposed of its interests in NWK, Suidwes and Overberg Agri. Zeder's portfolio is now well balanced with fewer but larger core investments. These companies offer attractive growth prospects and Zeder has no intention of listing them.

### RESULTS

The two key benchmarks which Zeder believes to measure performance by are sum-of-the-parts ("SOTP") value per share and recurring headline earnings per share.

#### SOTP

Zeder's SOTP value per share, calculated using the quoted market prices for all JSE-listed and over-the-counter ("OTC") traded investments, and market-related valuations for non-quoted, unlisted investments, increased by 25,8% to R5,02 since 28 February 2013. Zeder's see-through SOTP value per share, calculated on the same basis apart from using the see-through JSE-listed market price for Agri Voedsel's investment in Pioneer Foods instead of Agri Voedsel's own OTC share price, increased by 20,9% to R5,26 during the same period. At the close of business on Friday, 4 April 2014, Zeder's SOTP and see-through SOTP value per share were R5,14 and R5,58 respectively.

Company	2012		2013		2014	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Agri Voedsel	44,7	1 230,4	45,0	1 475,2	47,4	1 960,0
Capespan	40,9	293,0	37,1	284,2	72,1	777,2
Zaad Holdings	25,1	49,8	92,0	368,9	92,0	678,8
Chayton			73,4	276,9	76,7	560,4
Kaap Agri	33,4	205,5	34,9	343,2	39,9	527,8
Capevin Holdings	39,8	713,1	5,3	287,6	2,7	177,2
Other		147,9		54,0		229,3
Suidwes	23,7	82,7	24,1	90,2		
NWK	19,9	206,5	19,9	224,7		
Overberg Agri	18,6	186,9	18,6	107,3		
<b>Total investments</b>		<b>3 115,8</b>		<b>3 512,2</b>		<b>4 910,7</b>
Cash and cash equivalents		77,5		692,2		376,1
Other net liabilities		(108,6)		(301,1)		(365,4)
<b>SOTP value</b>		<b>3 084,7</b>		<b>3 903,3</b>		<b>4 921,4</b>
Number of shares in issue (million)		978,1		978,1		980,2
<b>SOTP value per share (rand)</b>		<b>3,15</b>		<b>3,99</b>		<b>5,02</b>
<b>See-through SOTP value per share (rand)</b>		<b>3,48</b>		<b>4,35</b>		<b>5,26</b>

#### Recurring headline earnings

Zeder's consolidated recurring headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments which Zeder does not equity account in terms of accounting standards are included in the calculation of consolidated recurring headline earnings. This provides management and investors with a more realistic and simplistic way of evaluating Zeder's earnings performance.

	Feb 2013 Rm	Feb 2014 Rm
<b>Earnings analysis</b>		
Food, beverages and related services	205,7	239,3
Agri-related retail, trade and services	120,4	74,1
Agri-inputs	28,7	49,6
Agri-production	(21,8)	(4,8)
Net interest, taxation and other income and expenses	(23,3)	(7,1)
Management (base) fee	(58,6)	(59,0)
<b>Recurring headline earnings</b>	<b>251,1</b>	<b>292,1</b>
Management (performance) fee		(59,0)
Non-recurring headline earnings, net of taxation	(54,8)	19,4
<b>Headline earnings</b>	<b>196,3</b>	<b>252,5</b>
Non-headline items	315,4	38,8
<b>Attributable earnings</b>	<b>511,7</b>	<b>291,3</b>
<b>Recurring headline earnings per share (cents)</b>	<b>25,7</b>	<b>29,8</b>
<b>Headline earnings per share (cents)</b>	<b>20,1</b>	<b>25,8</b>
<b>Attributable earnings per share (cents)</b>	<b>52,3</b>	<b>29,7</b>

Recurring headline earnings per share increased by 16% to 29,8 cents, mainly due to improved contributions from Agri Voedsel (i.e. Pioneer Foods), Capespan, Zaad, Kaap Agri and Chayton.

However, the positive effect of the aforementioned was to some extent offset by:

- the cash proceeds from the disposal of the bulk of Zeder's Capevin Holdings shares that yielded a lower return than what the Capevin Holdings investment did during the prior year; and
- a weaker performance from NWK and Suidwes, prior to disposing of same during September 2013, as a result of drought conditions experienced in their geographical locations.

Headline earnings per share increased by 28,4% to 25,8 cents. The aforementioned, coupled with higher marked-to-market gains, resulted in the increase in headline earnings per share.

Attributable earnings per share decreased by 43,2% to 29,7 cents and profit before finance costs and taxation by 19,5% to R517,3m, mainly as a result of the one-off non-headline gain from the disposal of the majority of the Capevin Holdings investment during the prior year.

### Agri Voedsel (Pioneer Foods)

Agri Voedsel is an unlisted investment company that owns a 30,4% economic interest in the JSE-listed Pioneer Foods. During the year under review, Zeder invested a further R106,5m in cash and issued ordinary shares to the value of R3,8m to increase its stake in Agri Voedsel from 45% to 47,4%.

Pioneer Foods produced satisfactory results for the period ended 30 September 2013 with adjusted headline earnings per share having increased by 12%. In line with its competitors, Pioneer Foods commented that although its overall performance is encouraging, it continues to face challenges

from a prolonged high commodity price cycle, structural challenges within the poultry industry and constrained consumer spending. However, early indications are that the core divisions within the organisation are performing well and that new management is making significant strides to strategically realign the organisation and improve operational efficiencies. It is a leading food producer with strong fundamentals and is well poised to benefit from the growing demand for food and beverages, both in sub-Saharan Africa and select international markets. Agri Voedsel represents a strategic interest and there is no intention of unbundling its Pioneer Foods investment.

Pioneer Foods' results can be viewed at [www.pioneerfoods.co.za](http://www.pioneerfoods.co.za).

### Kaap Agri

Kaap Agri is an unlisted retail, trade and services group which supplies a variety of products and services to the agricultural sector and the general public. It has 167 operating points throughout South Africa, as well as a growing exposure to the rest of Africa. Kaap Agri's underlying performance remains encouraging and the company produced satisfactory results for the year ended 30 September 2013 with a 23,4% increase in headline earnings per share. During the year under review, Zeder invested an additional R26,6m in cash and issued ordinary shares to the value of R4,4m to increase its stake in Kaap Agri from 34,9% to 39,9%.

Kaap Agri's results can be viewed at [www.kaapagri.co.za](http://www.kaapagri.co.za).

### Capespan

Capespan is an unlisted fruit and logistics group with a history spanning more than 70 years. Its core business activities are focused on the production, procurement, distribution and marketing of fruit in more than 60 countries worldwide. Capespan continued to deliver satisfactory results and reported a 42,2% increase in recurring headline earnings per share for the year ended 31 December 2013. Zeder remains optimistic about Capespan's growth potential in both its fruit and logistics divisions and has invested R358m in cash to increase its interest from 37,1% to 72,1% during the year under review.

Capespan's results can be viewed at [www.capespan.com](http://www.capespan.com).

### Zaad Holdings

Zeder owns a 92% interest in Zaad Holdings, the holding company of wholly-owned Agricol and Klein Karoo Seed Marketing Group ("KKS"), which includes a subsidiary Bakker Brothers Agricol in Holland. Agricol is a seed business that has established itself in both the South African and international markets with a proud history spanning more than 50 years. KKS develops and distributes vegetable, pasture and agronomic seed in mainly Africa, the Middle East and Asia. The financial performance of Zaad is encouraging, with a 16,3% growth in recurring headline earnings per share for the period under review. The seed market remains attractive, particularly in an African context where the demand for agricultural inputs is expected to grow exponentially as it provides food for its own needs, as well as the rest of the world.

Further information about Agricol and KKS can be viewed at [www.agricol.co.za](http://www.agricol.co.za), [www.seedmarketing.co.za](http://www.seedmarketing.co.za) and [www.bakkerbrothers.nl](http://www.bakkerbrothers.nl) respectively.

### Chayton Africa

Chayton Africa's vision is to own and operate grain-related agribusinesses across Southern Africa. It owns and operates two large-scale commercial farming operations in Zambia and has recently acquired Mpongwe Milling, a leading milling business, to complement its production activities. In less than two years, Chayton Africa has managed to increase its productive farmland under irrigation from 420 hectares to 4 200 hectares and is actively evaluating related development and acquisitive opportunities. The integration of the mill, with dominant regional maize meal and wheat flour brands is anticipated to unlock synergies. While the company remains in the development phase, operational performance to date has been encouraging with actual agricultural yields exceeding expectations. Chayton is well positioned to benefit from the growing demand for staple foods in sub-Saharan Africa.

Further information about Chayton Africa can be viewed at [www.chaytonafrica.com](http://www.chaytonafrica.com).

### Capevin Holdings (Distell)

Capevin Holdings ("CVH") is a listed holding company with its core asset being an effective interest of 28,9% in JSE-listed Distell. During the previous reporting period, Zeder announced its strategic decision to exit its investment in CVH and reported its disposal of 15,1% in CVH for R799,8m. During the year under review, Zeder has obtained the required shareholder approval and will dispose of its remaining 2,7% interest in CVH at the appropriate time.

Distell's results can be viewed at [www.distell.co.za](http://www.distell.co.za).

### PSG MANAGEMENT FEE

Effective 1 March 2013, Zeder shareholders approved a restructuring of the Zeder management agreement in terms of which the basis of the calculation of the base and performance fee payable to PSG was changed. The base fee is now calculated as 1,5% p.a. of Zeder's volume weighted average market capitalisation for the year, and the performance fee as 20% p.a. of Zeder's share price outperformance of the GOVI-index yield plus 4% ("benchmark hurdle"). The performance fee, however, is limited to the base fee in the event that it exceeds same. The excess performance fee is carried over to the next financial year as a reduction of the benchmark hurdle.

The base management fee (recurring) and performance fee (non-recurring) calculated in terms of the revised fee arrangement amounted to R59m (2013: R58,6m) and R59m (non-recurring headline cost) respectively for the year under review. As the performance fee exceeded the base fee, the benchmark hurdle per Zeder share for its 2015 financial year has been reduced by 10 cents from R4,09 to R3,99.

### PROSPECTS

Zeder will remain actively engaged with its existing portfolio of companies, while also increasingly seeking new opportunities. We continue to believe that the agribusiness, food and beverage sectors offer rewarding investment opportunities, both locally and abroad.

### DIVIDEND

The directors have resolved to declare a gross final dividend of 4.5 cents (2013: 4 cents) per share in respect of the year ended 28 February 2014. The dividend was calculated in accordance with Zeder's policy of paying 100% of free cash flow as a final ordinary dividend.

The company will be utilising STC credits amounting to 4.5 cents per ordinary share, and as a result there will be no dividend tax deducted from this dividend for any Zeder shareholder. The number of ordinary shares in issue at the declaration date is 980 188 331. The income tax number of the company is 9406891151.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Wednesday, 23 April 2014
Trading ex dividend commences	Thursday, 24 April 2014
Record date	Friday, 2 May 2014
Date of payment	Monday, 5 May 2014

Share certificates may not be dematerialised or rematerialised between Thursday, 24 April 2014, and Friday, 2 May 2014, both days inclusive.

### NOTICE TO SHAREHOLDERS

This voluntary announcement contains only a summary of the information of the full announcement made on SENS on Monday, 7 April 2014, and is the responsibility of the directors. Please refer to the full announcement for additional information. The full announcement is available for viewing on Zeder's website at [www.zeder.co.za](http://www.zeder.co.za) or may be requested and obtained in person, at no charge, at the registered office of the company during office hours. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement made on SENS.

Signed on behalf of the board of directors

Jannie Mouton  
Chairman

Stellenbosch  
7 April 2014

Norman Celliers  
Chief executive officer