

# SUMMARISED RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2019



SOTP value per share  
**R5,79** as at 15 April 2019

Recurring headline earnings remained flat at  
**27,7 cents** per share

Headline earnings ↑ **81,9%** to  
**45,1 cents** per share

Dividend maintained at  
**11 cents** per share

## OVERVIEW

Zeder is an investor in the broad agribusiness and adjacent industries, with a historical focus on the food and beverage sectors. Its underlying investment portfolio was valued at R10,78bn on 28 February 2019. Zeder's 27,1% interest in Pioneer Foods remains its largest investment, representing 43,5% (2018: 53,9%) of the portfolio.

## REVIEW OF BUSINESS ENVIRONMENT

The share prices of most South African companies, especially those exposed to the underlying consumer economy, declined significantly during the period under review with the JSE Food Producer's index down 34,7%. Zeder and its investee companies were similarly affected resulting in a decline in *Sum-of-the-Parts* valuations. The overall investor sentiment towards Zeder and the sector it operates in continues to be negative in this regard but our positioning as strategic investor in leading companies should ensure recovery participation once positive sentiment returns.

From an operational point of view, Zeder and its investee companies managed controllable elements well under challenging conditions. At an aggregate level, satisfactory results were delivered with total *recurring* headline earnings per share being in line with the prior year, mainly due to the expected recovery from the majority of Zeder's investee companies during the year under review. Apart from Capespan's fruit and farming divisions, all portfolio companies stabilised or reversed the corresponding lower levels of profitability reported in the results for the previous year. In addition to the *recurring* headline earnings, a substantial increase in headline earnings was recorded as a result of the upward fair value adjustment relating to Capespan's interest in its Chinese investment, Joy Wing Mau (previously known as Golden Wing Mau), that was subsequently disposed.

## SUM-OF-THE-PARTS ("SOTP")

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments, decreased by 28,2% during the reporting period to R5,64 as at 28 February 2019. At the close of business on Monday, 15 April 2019, Zeder's *SOTP value* per share was R5,79.

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
<b>Total investments</b>		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)
<b>SOTP value</b>		13 427		9 645		9 901
Number of shares in issue ( <i>net of treasury shares</i> ) (million)		1 710		1 710		1 710
<b>SOTP value per share (rand)</b>		7,85		5,64		5,79

Note: Zeder's live SOTP is available at [www.zeder.co.za](http://www.zeder.co.za).

## RECURRING HEADLINE EARNINGS

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

*Recurring* headline earnings per share of 27,7 cents in line with prior year mainly due to a recovery in earnings from most of its underlying investee companies, except for Capespan.

Headline earnings per share increased by 81,9% to 45,1 cents mainly due to the upward fair value adjustment reflecting the disposal value of Capespan's investment in Joy Wing Mau.

Attributable earnings per share decreased by 64,9% to 5,2 cents mainly due to the significant impairment charge recognised by Zeder on its associate investment Pioneer Foods, following the decline in its share price.

*Profit before finance costs and taxation* per Zeder's consolidated income statement decreased by 19,8% to R555,5m, mainly as a result of the aforementioned impairments, countered by the recovery in investee earnings and the upward fair value adjustment of the investment in Joy Wing Mau.

## NOTEWORTHY TRANSACTIONS

During the year, Capespan Group Limited disposed of its entire shareholding in the Joy Wing Mau Group in China. Net cash of R988m was received and this enabled Capespan to inject capital into its core fruit and farming divisions and reduce debt levels.

Furthermore, Capespan separated and unbundled its logistics division on 2 January 2019 and this division now operates independently as The Logistics Group. The fruit and farming operations remain within Capespan. Zeder also transferred its investment in the logistical application business, The Logistic Company, to The Logistics Group, to ensure The Logistics Group benefits from the logistics-related technology developed within.

## PROSPECTS AND OUTLOOK

Zeder has enviable strategic equity interests in leading organisations that span the agribusiness value chain. While the broader investor sentiment towards the sector and country is clearly negative at present and the external operating environment remains challenging, the underlying fundamentals of Zeder and its portfolio have not changed. The investee companies are well positioned with strong balance sheets and leading management teams that are committed to delivering on their respective long-term strategies. We believe that, despite inevitable cyclicity, investing in the agribusiness industry should offer attractive long-term returns and the strength of our defensive portfolio should ensure that we deliver the required shareholder return over time.

## DIVIDEND

The directors have resolved to declare a gross final dividend of 11,0 cents (2018: 11,0 cents) per share from income reserves in respect of the year ended 28 February 2019. The final dividend amount, net of South African dividend tax of 20%, is 8,8 cents (2018: 8,8 cents) per share for those shareholders who are not exempt from dividend tax. The number of ordinary shares in issue at the declaration date is 1 715 179 121 and the income tax number of the company is 9406891151.

The salient dates of this dividend are:

Last day to trade cum dividend	Monday, 6 May 2019
Trading ex dividend commences	Tuesday, 7 May 2019
Record date	Friday, 10 May 2019
Date of payment	Monday, 13 May 2019

Share certificates may not be dematerialised or rematerialised between Tuesday, 7 May 2019 and Friday, 10 May 2019, both days inclusive.

The dividend will be paid via electronic transfer into the bank accounts of certificated shareholders, whose banking details are held by the company's transfer secretaries, Computershare Investor Services Proprietary Limited. Certificated shareholders whose bank account details are not held by the transfer secretaries, are requested to provide such details to the transfer secretaries to enable payment of the dividend to be made to them. The manner of payment to dematerialised shareholders will remain unchanged.

## AUDITED FINANCIAL RESULTS

This voluntary announcement contains only a summary of the information of the full announcement made on SENS on Tuesday, 16 April 2019, and is the responsibility of the directors. The information in this announcement has been extracted from the audited information, but the announcement is not itself audited. Please refer to the full announcement for additional information. The full announcement is also 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 or the company's sponsor during office hours. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

## SPECIAL THANKS

A special word of thanks and gratitude goes to the founder and retired chairman of the group, Jannie Mouton. His wisdom and leadership were invaluable to Zeder and we thank him for the significant contributions he made over the years to grow the group into what it is today. We wish him and his family all the very best for his retirement years.

Signed on behalf of the board

**Chris Otto**  
Chairman

Stellenbosch  
16 April 2019

**Norman Celliers**  
Chief executive officer

**Zeder Investments Limited:** Incorporated in the Republic of South Africa, (Registration number: 2006/019240/06), JSE Ltd ("JSE") share code: ZED, ISIN number: ZAE000088431, ("Zeder" or "the group") **Directors:** CA Otto\* (Chairman), N Celliers\* (CEO), JH le Roux\* (FD), GD Eksteen\*, RM Jansen\*, WL Greeff, ASM Karaan\*, NS Mjoli-Mncube\*, PJ Mouton (\* executive \* independent non-executive)

**Company secretary and registered office:** Zeder Corporate Services Proprietary Limited, 2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600; PO Box 7403, Stellenbosch, 7599 **Transfer secretary:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; PO Box 61051, Marshalltown, 2107

**Sponsor:** PSG Capital Proprietary Limited **Auditor:** PricewaterhouseCoopers Inc.