



FULL YEAR RESULTS

FOR THE YEAR
ENDED 28 FEBRUARY 2022

PRESENTED BY: JOHANN LE ROUX

DATE: 13 APRIL 2022

AGENDA

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

NOTEWORTHY TRANSACTIONS

- Disposal of investment in The Logistics Group

Disposal of TLG Group	Funds received	Earn-out payments
<ul style="list-style-type: none"> Zeder sold its 98.22% interest in TLG Group Disposal at premium This disposal was duly approved by Zeder shareholders Conditions precedent met after year end, closing was on 31 March 2022 	<ul style="list-style-type: none"> The initial amount received by Zeder was R1.35bn Limited growth opportunities in the agribusiness investment space Enables further return of capital to Zeder shareholders 	<ul style="list-style-type: none"> Additional R218m due to Zeder Linked to extensions or renewals of agreement (not profit warranties) Timing uncertain, but optimistic of earn-outs being paid during 28 Feb 2023 financial year
R1.6bn valuation	+ R1.35bn	+ R218m



NOTEWORTHY TRANSACTIONS

- Unbundling of Kaap Agri shareholding

Unbundling of Kaap Agri

- Board resolved to unbundle Kaap Agri shareholding
- Unbundling was subject to the relevant excon approval
- Condition met after year end, 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

Feb 2020 special dividend	Feb 2021 special dividend	Feb 2022 special dividend	Total special dividends
<ul style="list-style-type: none">A special dividend of R2.30 per share was paid to shareholders during the prior financial yearR3.93bn of cash resources were returned to shareholders	<ul style="list-style-type: none">A special dividend of 20c per share was declared and paid to shareholders during May 2021R308m of cash resources were returned to shareholders	<ul style="list-style-type: none">A further special dividend of 92.5c per share was declared to shareholders as part of the year end resultsAn additional R1.42bn of cash resources will be returned to shareholders in May 2022	<ul style="list-style-type: none">In total special dividends of R3.43 per share would have been paid to shareholders after the payment of the further 92.5c special dividend per share
(R3.93bn)	(R308m)	(R1.42bn)	(R5.66bn)

STRATEGY

STRATEGY

- *Zeder's objective remains to maximise shareholder wealth*
 - *Grow the investee portfolio companies*
 - *Dividends to shareholders*
 - *Evaluate disposals when appropriate (timing and price)*
- *The TLG disposal and Kaap Agri unbundling had a positive impact on Zeder's wealth creation for shareholders*
- *Combined with prior year corporate actions and transactions at premiums, significant value has been created for Zeder shareholders*
- *As a result, resources in terms of special dividends and listed shares have been returned to shareholders – R7.26bn*
- *Should theoretically eliminate the discount applied to the cash returned and Kaap Agri shares*

STRATEGY

The recent corporate actions and resultant special dividends had a positive impact on Zeder's value creation for shareholders over the past 3 years, during the main Covid period.

Company	28 Feb 2019		Transactions/special dividend		Post further dividend		
	Interest (%)	Rm	Unbundling Rand	Dividend Rand	Interest (%)	Rm	Growth
Pioneer Foods	27.1	4 689					
Zaad	95.3	2 235			96.9	2 037	
The Logistics Group	97.4	978					
Capespan	97.4	1 193			94.6	1 053	
Kaap Agri	41.1	959					
Quantum Foods	29.3	216					
Other (including Agrivision)		621				624	
Cash and cash equivalents		254				438	
Debt Funding		(1 500)					
SOTP VALUE		9 645				4 152	
Number of shares in issue (<i>net of treasury shares</i>) (million)		1 710				1 538	
SOTP value per share (Rand)		5.64				2.70	
Zeder share price discount to SOTP value per share		25%				25%	
Zeder share price/implied share price (Rand)		4.23				2.02	
<i>Add:</i> Zeder special dividend paid (Rand) - Feb 2020					2.30	2.30	
<i>Add:</i> Zeder special dividend paid (Rand) - Feb 2021					0.20	0.20	
<i>Add:</i> Value of Unbundled Kaap Agri (Rand)			1.03			1.03	
<i>Add:</i> Zeder special dividend paid (Rand) - Feb 2022					0.93	0.93	
Value per share to Zeder Shareholder (Rand)		4.23				6.48	53%

*Value of R4.46 per share
or R7.26bn returned to
Zeder shareholders*

FINANCIAL RESULTS

- Covid and Russia-Ukraine conflict
- Results Summary
- Sum-of-the-parts

FINANCIAL RESULTS

COVID

FY2022

- Impact on South Africa and business
 - *GDP retraction and significant job losses (increase in unemployment rate recently announced)*
 - *Economy struggling with constrained trading environment*
 - *SA Inc remains downgraded with a stable outlook*
 - *South Africa has however ended its national state of disaster*
 - *Seems like the worst is over and some normality restored*
- Impact on Zeder and its investment portfolio
 - *Pro-active measures taken and implemented by portfolio management*
 - *Supply chain constraints leading to increased costs and margin erosion*
 - *Inefficiencies at South African and global ports a major obstacle with increased costs and delays*
 - *South African fresh fruit industry negatively impacted*
 - *Zeder portfolio investments resilient, but challenges remain*

FINANCIAL RESULTS

RUSSIA-UKRAINE CONFLICT

FY2022

- Impact on South Africa and business
 - *Increase in oil price and also soft commodity prices*
 - *Higher inflation environment with acceleration of increases in interest rates expected*
 - *Brace for serious food inflation in South Africa, margin pressure on food producers*
 - *Impact unfortunately mostly on the poor (transport costs, basic food prices)*
- Impact on Zeder and its investment portfolio
 - *Pressure on agri-input costs, especially fuel and fertilizer and resultant inflation*
 - *Availability of key agri-inputs could become problematic*
 - *Risk of agri-inputs being “late” for planting season (seed, fertilizer)*
 - *Higher soft commodity prices positive for certain farming sectors*
 - *Zeder portfolio investments resilient, but challenges remain*

FINANCIAL RESULTS SUMMARY

FY2022

- Intrinsic value of portfolio impacted by valuation adjustments and special dividends
 - *Total Sum-of-the-Parts value increased from R4.33 to R4.66 per share*
 - *Largely due to increased valuations of TLG Group and Kaap Agri, countered by the 20c special dividend paid*
 - *Effective 12% increase in SOTP value per share for the financial year*
 - *Discount remains around 25%*
 - *Not unique to Zeder, prevalent in listed markets*
- Post year end SOTP as on 4 April 2022 materially different
 - *TLG transaction closing, resulted in increased cash balance to R1.86bn*
 - *Kaap Agri and TLG Group no longer part of Zeder*
- Satisfactory cash generation and strengthened balance sheets
 - *Further special dividend of 92.5c per Zeder share declared (R1.42bn)*
 - *Cash balance of ~R438m (after further special dividend in May 2022)*
 - *Zeder in a position to assist portfolio companies if required*

FINANCIAL RESULTS

SUM-OF-THE-PARTS

FY2022

Increase in the SOTP value per share to 28 February 2022. As on 4 April, Kaap Agri and the TLG Group no longer part of Zeder, with increased cash on the balance sheet.

Company	28 Feb 2021		28 Feb 2022		4 Apr 2022	
	Interest %	Rm	Interest %	Rm	Interest %	Rm
Zaad	97.0	2 010	96.9	2 037	96.6	2 037
The Logistics Group	98.5	1 325	98.2	1 571		
Capespan	96.0	1 117	94.6	1 053	94.6	1 053
Kaap Agri	42.3	1 102	42.3	1 603		
Other (including Agrivision)		232		396		624
Cash and cash equivalents		876		508		1 860
SOTP VALUE		6 662		7 168		5 574
Number of shares in issue <i>(net of treasury shares)</i> (million)		1 538		1 538		1 538
SOTP value per share (rand)		4.33		4.66		3.62

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 23% in RHEPS for the 6-month period ended 31 December 2021 to recurring headline earnings of R139m. Increased debt mainly due to Zeder bridge loan to acquire an interest in EASeeds.

Summarised Income Statement	Jan 21	Jun 21	Dec 20	Dec 21
	12 months	12 months	6 months	6 months
Historical	R'm	R'm	R'm	R'm
Revenue	2 914	2 810	1 595	1 637
EBITDA *	379	379	247	291
EBIT	306	299	200	245
Recurring headline earnings	181	177	114	139
WANOS (m)	35	34	34	34
Recurring HEPS (R)	5.24	5.19	3.31	4.07
Net debt/(cash)	1 076	1 074	1 076	1 240

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 increased to R2.037bn, as a result of an improved performance during the Covid recovery period.

GENERAL COMMENTS

- Good performances from Agricol, FarmAg and May Seed
- Covid negative impact on Bakker Brothers remains (timing of seed availability for planting seasons)
- EA Seeds transaction concluded (East African distribution hub of Zaad seed varieties)
- Russia/Ukraine conflict impact minimal on May Seed, but being monitored
- Going forward - higher input costs, probably more sunflower, less maize planted – focus on margin enhancement

VALUATION CONSIDERATIONS

- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors
- Market related multiples split between seed and chemicals
- EBITDA normalised and adjusted downwards to exclude the accounting effect of hyperinflation in Zimbabwe
- Net debt deducted from the valuation (Zeder to convert Zeder bridge loan to equity)





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 •

JOY TREE 欢乐果园

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

Capespan reported a decrease of 29% in recurring earnings for the year ended 31 December 2021 to recurring headline earnings of R54m, largely as a result of increased costs and lower prices realised in the market.

Summarised Income Statement	Dec 18	Dec 19	Dec 20	Dec 21
	12 months	12 months	12 months	12 months
Historical	R'm	R'm	R'm	R'm
Revenue	4 763	3 951	3 506	3 053
EBITDA	(54)	72	148	110
EBIT	(124)	(10)	76	42
Recurring headline earnings	(146)	(36)	76	54
WANOS (m)	367	367	371	376
Recurring HEPS (R)	(0.40)	(0.10)	0.20	0.15
Balance sheet NAV	2 033	1 409	1 478	1 457
Net debt/(cash)	277	191	52	206

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

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Capespan has decreased to R1.053bn, largely as a result of the continuous supply chain challenges experienced as a result of Covid.

GENERAL COMMENTS

- Significant supply chain constraints - inefficiencies at South African ports and unreliable global supply chain, leading to higher costs (ships bypass ports, cold chain costs)
- Longer lead times for perishable products leading to quality control issues and as a result, lower prices realised in the market. Russia/Ukraine conflict leading to oversupply in other markets and additional price pressure
- Farms performance exceptional in terms of volumes – best varieties, full production on grapes and pome division capex
- Industry wide dynamics are not unique to Capespan – going forward focus on managing volumes, quality and market risk

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



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 Africa

Agrivision reported a significant improved performance and managed to reduce debt during the year from operating cashflows.

	Dec 18	Dec 19	Dec 20	Dec 21
Summarised Income Statement	12 months	12 months	12 months	12 months
Historical	\$'000	\$'000	\$'000	\$'000
Revenue	30 571	33 932	27 004	33 354
EBITDA	3 373	4 754	5 893	11 058
EBIT	(209)	1 601	3 171	9 375
Recurring headline earnings	(983)	866	2 210	7 200
WANOS (m)	1.9	1.9	1.9	1.9
Recurring HEPS (\$)	(0.53)	0.47	1.19	3.88
Balance sheet NAV	58 711	60 135	58 527	67 220
Net debt/(cash)	22 864	21 256	16 406	8 550

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

PORTFOLIO REVIEW

FINANCIAL RESULTS

The valuation of Zeder's interest in Agrivision has remained unchanged at R146m.

GENERAL COMMENTS

- Improved results due:
 - Access to water at our Mkushi farming operations
 - Promising yields in terms of the soya/wheat production
 - High soft commodity prices
- Challenging operating environment however remains in Zambia with government default on foreign debt
- Focus on inflation cost management and timely availability of agri-inputs and equipment for upcoming planting seasons
- Going forward - expecting soft commodity prices to remain high in medium term

VALUATION CONSIDERATIONS

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

PROSPECTS

- Grow and support our existing portfolio
 - *Agricultural conditions remain mostly favourable*
 - *Covid recovery and Russia-Ukraine conflict implications will impact the portfolio*
 - *Global supply chain challenges and resultant inflation pressure will remain*
- Approaches received on portfolio investments
 - *Cautionary withdrawal - SENS*
 - *Board remains engaged with third parties on approaches on various portfolio assets*
 - *Funding terms and other key considerations not certain on approaches*
 - *Board considering various wealth maximising options*
 - *Any decision will be made in an appropriate and responsible manner*
 - *Zeder will communicate to the market when appropriate*
- Overall strategy remains – to maximise shareholder wealth for Zeder shareholders

Thank you

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

PHYSICAL ADDRESS
2ND FLOOR, OU KOLLEGE
35 KERK STREET
STELLENBOSCH
7600

**FOR FURTHER INFORMATION,
PLEASE CONTACT US AT INFO@ZEDER.CO.ZA**

POSTAL ADDRESS
PO BOX 7403
STELLENBOSCH
7599

TEL: 021 831 9559

