



# ANNUAL GENERAL MEETING

PRESENTED BY: JOHANN LE ROUX

DATE: 14 JULY 2021

# AGENDA

- Social and ethics feedback
- Post balance sheet events and sum-of-the-parts update
- Covid-19 and portfolio update
- Prospects and strategy
- Questions

# SOCIAL AND ETHICS FEEDBACK

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*Zeder implements its monitoring and adherence to Social and Ethics obligations through conscious and deliberate participation at investee company level while aligning and monitoring at holding company level.*

- *Zeder's social and ethics (page 58) and governance (page 26) reports are available in the 2021 Annual Report*
- *Zeder is a responsible investor and together with its investee companies consistently aim to apply best practice from an ESG perspective*
- *The environment is critical to the long-term sustainable operations of our investee companies*
- **Listed Company (Kaap Agri)**
  - *Formally constituted Social & Ethics committee*
  - *See website and integrated annual report for details*
- **Unlisted Companies**
  - *Zaad, Capespan and The Logistics Group*
    - ❖ *Formally constituted Social & Ethics committee for unlisted companies*
  - *Agrivision Africa*
    - ❖ *Compliance with and monitoring in terms of the IFC global ESG guidelines*

# SOCIAL AND ETHICS FEEDBACK (EXAMPLES)

*While it is impossible to record each “social and ethical” initiative across the group, below are examples referenced to illustrate our actions and intentions.*

Education	Skills Development	Sustainability	Community Outreach
<ul style="list-style-type: none"><li>• &gt;R1.4m invested in bursaries</li><li>• &gt;R2.5m invested in learnerships</li><li>• Pledges and support to make schools economically self-sustainable</li><li>• Early language and literacy development courses</li></ul>	<ul style="list-style-type: none"><li>• Wellness programs for farm workers</li><li>• Skills development programs for both scholars and teachers in impoverished communities</li><li>• Occupational Health &amp; Safety and Hygiene training</li></ul>	<ul style="list-style-type: none"><li>• Distribution of vegetable garden kits to underprivileged schools</li><li>• Sponsorship of vegetable and maize seeds for impoverished communities</li></ul>	<ul style="list-style-type: none"><li>• Provision of meals to schools and orphanages</li><li>• Provision of basic health services on various farms</li><li>• Distribution of personal hygiene hampers</li><li>• Sponsorship of sports teams and events in farming communities</li><li>• Provision of food, water and health care facilities during the coronavirus pandemic</li></ul>

- We contribute significantly to society
- We view ourselves as good corporate citizens
- We are dedicated to making positive contributions to the environment, our communities and stakeholders

# POST BALANCE SHEET EVENTS

- Dividends, portfolio transaction and buyback of Zeder shares

## Payment of Special Dividend

- A special dividend of 20c per share was paid to shareholders during May 2021
- R308m of cash resources were returned to shareholders
- In addition to the R3.9bn dividend paid during the FY21 year

## Portfolio Dividends Received

- Dividends received from Kaap Agri, TLG and Capespan
- ~R90m of additional cash resources

## EA Seeds Transaction

- Zaad acquired a 40% interest in EA Seeds (Kenya)
- Zeder provided a bridge loan to assist with the funding of the transaction

## Buyback of Zeder Shares

- No further shares bought back since FY21
- Cautionary announcement
- Zeder in closed period for trading in shares
- During the F21 year, spent R426m in share buy-backs at an average price of R2.48 per share



# SUM-OF-THE-PARTS

*The SOTP value per share decreased, largely due to the payment of the 20c special dividend, countered by the increase in the Kaap Agri share price. Share price discount to SOTP remains and is not unique to Zeder (prevalent in listed markets).*

Company	28-Feb-21			07-July-21		
	Interest	Rm	Share of Assets	Interest	Rm	Share of Assets
Zaad	97.0%	2,010	30.2%	97.0%	2,010	30.8%
The Logistics Group	98.5%	1,325	19.9%	98.2%	1,325	20.3%
Capespan	96.0%	1,117	16.8%	94.6%	1,117	17.1%
Kaap Agri	42.3%	1,102	16.5%	42.3%	1,189	18.2%
Other		232	3.5%		414	6.3%
Cash & cash equivalents		876	13.1%		480	7.3%
<b>TOTAL ASSETS</b>		<b>6,662</b>			<b>6,535</b>	
Debt funding		-			-	
<b>SOTP</b>		<b>6,662</b>			<b>6,535</b>	
Number of shares in issue <i>(net of treasury) (million)</i>		1,538			1,538	
<b>SOTP value per share (Rand)</b>		<b>4.33</b>			<b>4.25</b>	
<b>Zeder share price (Rand)</b>		<b>2.65</b>			<b>2.94</b>	

*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*

# COVID-19 AND PORTFOLIO UPDATE

# COVID-19

- **Impact on South Africa and business**

- *GDP retraction and significant job losses*
- *Economy struggling, government debt levels high and business confidence low*
- *3<sup>rd</sup> wave brings additional financial challenges*
- *Access to vaccinations limited and slow vaccination rate (now also impacted by recent protests)*
- *Current low interest rate environment beneficial*

- **Impact on Zeder and its investment portfolio**

- *Pro-active measures taken and implemented by portfolio management*
- *Investee companies mostly positioned in the “essential” industries and have largely remained “open”*
- *Full impact obviously remains unclear, especially with continuous “waves” being experienced*
- *Portfolio investments resilient and performance better than expected*
- *Balance sheets monitored closely – Zeder is well positioned with available cash resources*
- *Most significant challenge remains in global supply chain constraints (shipping) and resultant bottlenecks*



*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 UPDATE



*Zaad has concluded the acquisition of a 40% interest in EA Seeds (Kenya) during May 2021. Final building block in terms of acquisitions for now.*

## GENERAL COMMENTS

- Valuation only adjusted at interim and full year reporting
- Agricultural conditions remains mostly favourable
- Continued good performances from May Seed (Turkey) and FarmAg (chemicals)
- Covid-19 negative impact on Bakker Brothers (Netherlands) being evaluated
- EA Seeds investment will be key to growth in terms of distribution of own IP products

## YEAR END CONSIDERATIONS

- Zaad reported an increase of 2% in RHEPS for the year ended 31 January 2021
- The valuation of Zeder's interest in Zaad has remained flat at R2.010bn
- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors
- Covid-19 negative impact on Bakker Brothers (Netherlands)





*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.*



*The Ressano Garcia terminal in Southern Mozambique was opened during June 2021.*

## GENERAL COMMENTS

- Valuation only adjusted at interim and full year reporting
- Sharp V-recovery in volumes seen post Covid-19 and continuing into 2021 (commodities)
- Exciting growth prospects in Sub-Saharan Africa, Ressano Garcia key asset in terms of the Mozambiquan trade corridor
- Solid cash generation, growth funded from own balance sheet
- Dividend of R36m paid to shareholders

## YEAR END CONSIDERATIONS

- TLG reported an increase of 12% in RHEPS for the year ended 31 December 2020
- The valuation of Zeder's interest in TLG has increased to R1.325bn, as a result of an improved performance in recurring earnings and good growth prospects
- Valuation based on comparable EV/EBITDA multiples, adjusted for company specific factors



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

**CAPESPAN**  
GROUP LIMITED

**ZEDER**  
INVESTMENTS LIMITED

*The Capespan farming operations (citrus and pome) had good agricultural seasons and produced good volumes.*

## GENERAL COMMENTS

- Valuation only adjusted at interim and full year reporting
- Agricultural conditions remains mostly favourable (cold winter)
- Stronger rand is negatively affecting prices in international markets, but local and African market prices at decent levels
- Disruption in shipping lines as a result of Covid-19 is affecting Capespan – hope to normalise by year end and key grape season
- Dividend of R50m paid to shareholders

## YEAR END CONSIDERATIONS

- 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
- The valuation of Zeder's interest in Capespan has increased to R1.117bn, as a result of an improved performance in recurring earnings and successful restructuring of the business
- Valuation based on Capespan Group NAV, adjusted for company specific factors



*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.*



*Kaap Agri delivered solid interim 31 March 2021 results with an increase in recurring headline earnings per share of 23% and an interim dividend payment of 40c per share.*

## GENERAL COMMENTS

- Valuation adjusted in-line with movement in JSE share price
- Agricultural conditions remains mostly favourable for farmers
- Higher fuel price will lead to increase in input costs (fertilizer)
- Pro-active management during Covid-19 and now with country wide protests
- Interim dividend restored

## YEAR END CONSIDERATIONS

- Valuation based on listed share price
- Share price at:
  - 28 February 2021 was R35.20 per share
  - 07 July 2021 was R37.99 per share
- More information at: [www.kaapagri.co.za](http://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



*The Mkushi farming area received sufficient rainfall and has enabled the group to plant a full crop of wheat.*

## GENERAL COMMENTS

- Valuation only adjusted at interim and full year reporting
- Surplus water and improved yields on soya should lead to improved results in the short term
- Challenging operating environment remains in Zambia (2021 election year and Covid-19)
- Zambian government default on foreign debt repayment
- Remains a difficult investment for Zeder (less than 2.5% of Zeder's SOTP)

## YEAR END CONSIDERATIONS

- Agrivision reported an improved performance, but challenges remain
- The valuation of Zeder's interest in Agrivision has decreased to R146m, as a result of a deterioration in the operating environment within Zambia
- Valuation based on Agrivision Group NAV, adjusted for company specific and additional investment risk factors

# PROSPECTS AND STRATEGY

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- **Grow and support existing portfolio**

- *The macro environment in which Zeder and its portfolio companies currently operate in remains favorable*
- *Covid-19 implications and impact of protests being evaluated*
- *Dedicating time to portfolio investments affected by Covid-19 and growth and acquisition opportunities within the existing portfolio*
- *In addition, we are also evaluating the approaches received on various portfolio assets*

- **Strategy**

- *Zeder remains under cautionary (renewal SENS of 8 July 2021)*
- *Zeder board is evaluating the approaches received on various portfolio investments and resultant strategy shift towards additional value unlock options*
- *Good progress in this regard, but Covid-19 has led to delays in certain instances (travelling restrictions and other capacity limitations)*
- *Overall strategy remains – create value for shareholders in an appropriate and responsible manner*
- *Zeder will communicate in more detail to the market when appropriate*

# Thank you Questions?

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

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