



ANNUAL GENERAL MEETING – 9 FEBRUARY 2023
F23 Q1 TRADING UPDATE

Presented by:

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Chief Executive Officer

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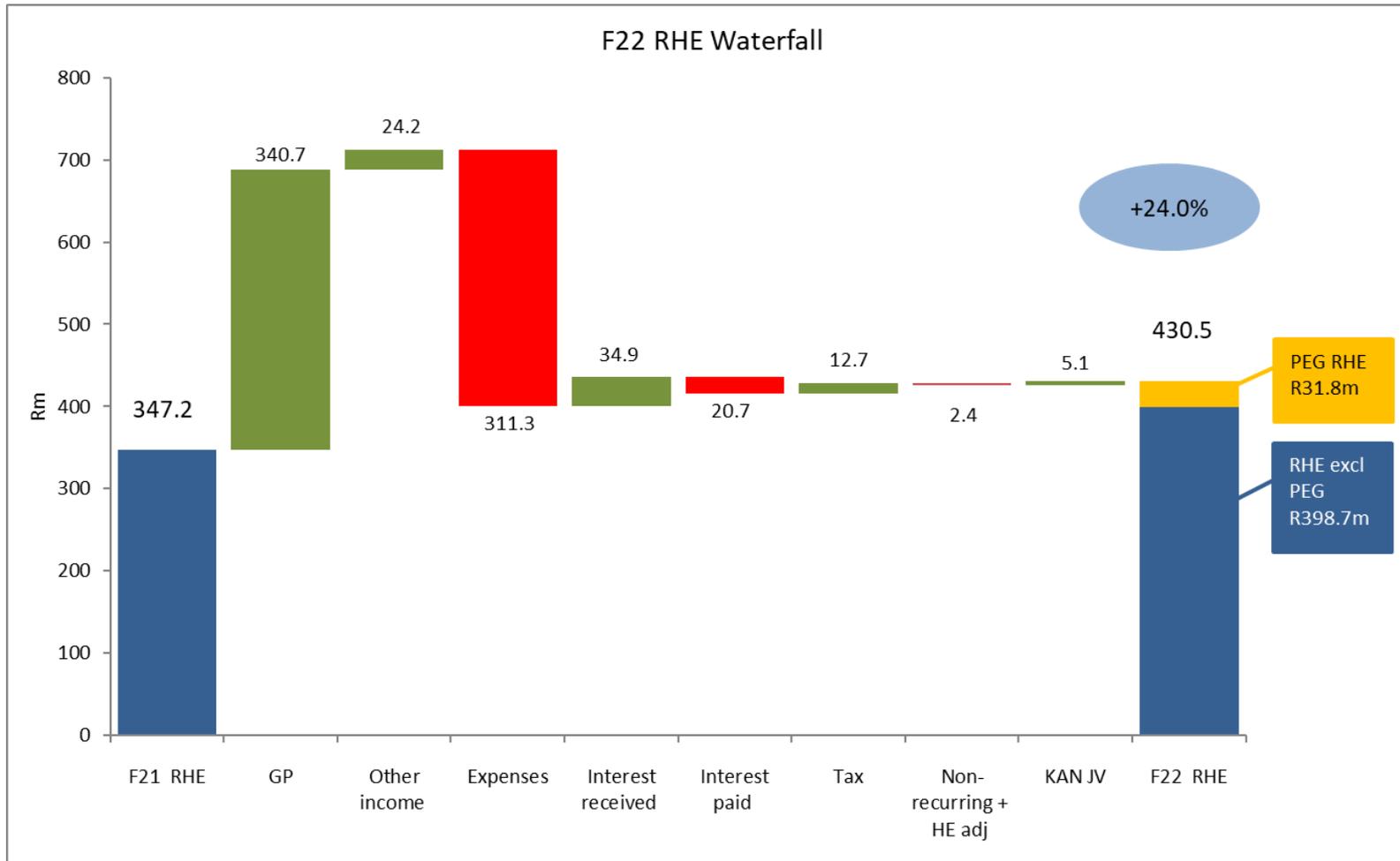
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HIGHLIGHTS FOR F22

- 🌱 Group AGRI real revenue growth +14.7%, market share growth from our B2B strategy
- 🌱 Excl PEG, Group RETAIL real revenue growth +1.5% outperforming struggling building sector and strong recovery in convenience
- 🌱 Group fuel liters outperforming sector trends, gaining market share, PEG resilient (petrol)
- 🌱 Agrimark Grain and New Holland Agency profitability has accelerated
- 🌱 TFC Property disposal executed, TFC acquisition of PEG executed
- 🌱 B2C – My Agrimark On Wheels (on-line) platform launched end Sept '22
- 🌱 Surviving LOAD SHEDDING
- 🌱 Excl PEG, Net interest-bearing debt decreasing by 7.7%
- 🌱 Group BBEE accreditation maintained
- 🌱 Improvement in JV returns from operations in Namibia
- 🌱 DC throughput growth +17%, cost to serve down from 3.9% to 3.5%
- 🌱 RHEPS CAGR of 14.7% over last 10 years, ROIC upward trend continues



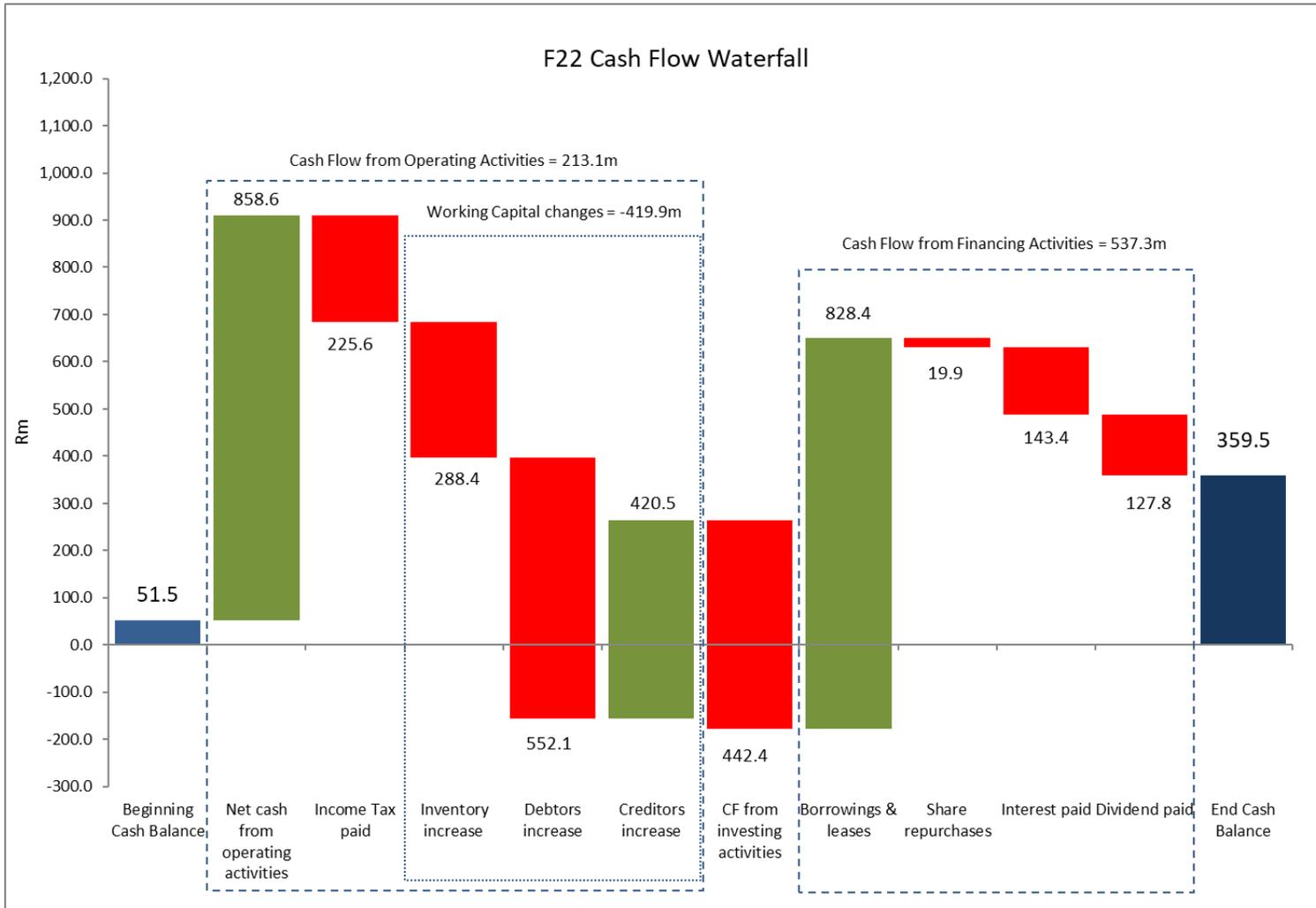
F22 - RECURRING HEADLINE EARNINGS ('RHE')



RHE HIGHLIGHTS

- Strong GP growth at 12.8% margin
- LFL Expense management +12.2%
- Interest received +48.9%
 - higher average debtors book, higher interest rates
- Interest paid +46.8%
 - Higher average debt levels
 - PEG acquisition debt (3 months)
 - Banks +36.6%
 - R37.9m IFRS 16 cost
- 24.0% RHE growth (F21 23.8% growth)

F22 - CASH FLOW



KEY CASHFLOW DRIVERS:

- Strong cash generation from operating activities
- Effective working capital management, real growth and inflation impacted
 - net working capital cycle +6 days
 - Inventory growth < revenue growth
 - Debtors healthy
- TFC properties disposal proceeds
- PEG acquisition funding
- Prudent capital investment – ROIC focus
- Increased net interest received



MARGIN CONTRIBUTION



Fuel



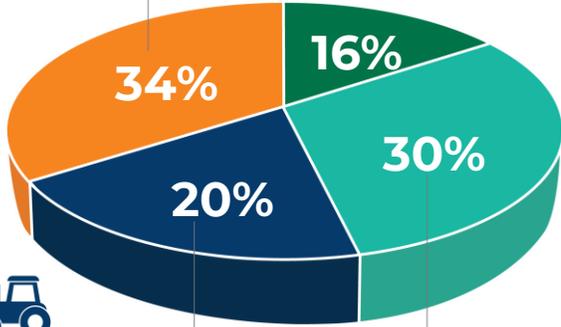
General retail



Transactions

33,3 million

54,3% growth

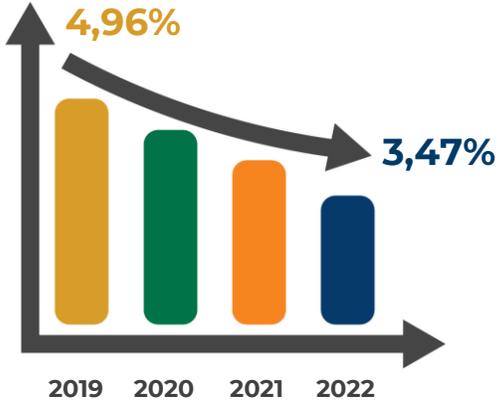


Agri



Convenience retail

DC COST TO SERVE



7,401

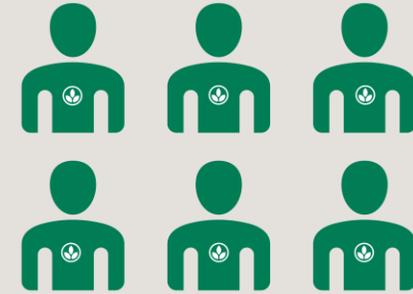
Active suppliers



HERE'S AN IDEA OF OUR SIZE TODAY



service stations in TFC Group network



Employees

6,752



Employment cost efficiency improved by

9% since pre-COVID

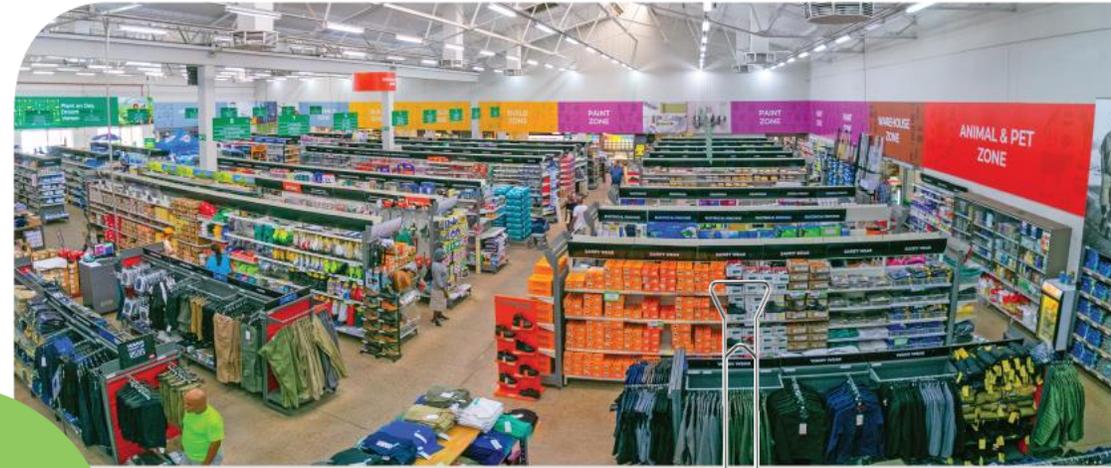




Record
369,084 tonnes
 of wheat received at
 Agrimark Grain storage
 facilities



3 first methane
 gas-driven
 tractors in Africa



900,000+
 Pallets



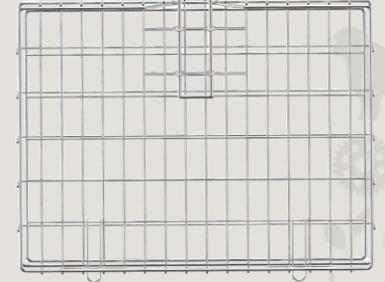
**FARMERS,
 FAMILIES,
 FRIENDS AND THE
 FUR-FAMILY**

369,7 million
 Litres of fuel



Cement unit sales
12% above pre-
 COVID levels

2,500+
 WAYPOINT
 braai grids



Dog food

6,7 million kg

Cat food

309,000 kg



Fertiliser
90,100 tonnes





BEE LEVEL 4

24,48%

ownership
in Kaap Agri

55,6%

black ownership
in TFC



76,6%

R14,1 billion
procurement
spend with B-BBEE
accredited suppliers



KAAP AGRI TRUST



R4,2 million

to employees & communities
in 2022

R1,2 million in **interest-free**
revolving home loan facility to
48 employees



Tree seedlings
grown for 10 years

4,819

due to solar plant
installations

KAAP AGRI ACADEMY



R9,3m

invested in Academy
programs

463 new generation
farmers trained since 2009



**Phasing out single use
plastic carrier bags**

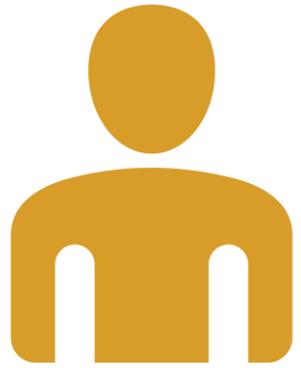
Introducing paper and
reusable alternatives



R5,9 million

spent on community
initiatives including
digital learning projects





Employees in TFC

4,703



69,8 million

PEG litres fuel contributed to TFC

Petrol **31,7 million**

Diesel **38,1 million**

Total TFC Fuel: **240,7 million litres**

Jul - Sep 2022

**THE FUEL COMPANY:
FUELLING GROWTH**



10 electric vehicle charging stations



Coffees

874,500



Biltong

22,300 kg



Pies

3,8 million



Litres of Coca-Cola

2,6 million



Litres of energy drinks

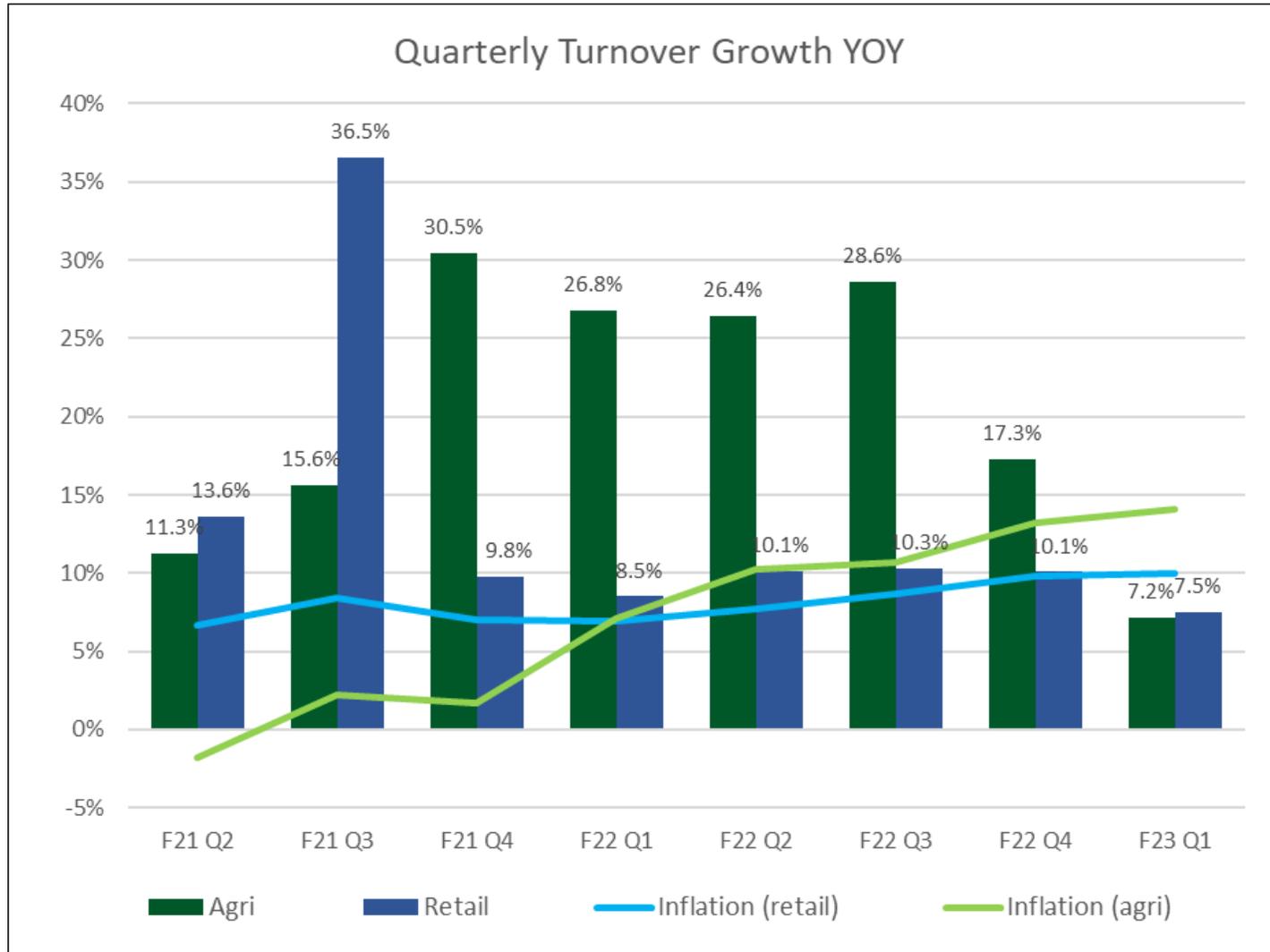
1,1 million

HIGHLIGHTS FOR F23 Q1

- 🌱 Group statutory revenue growth 73.8% (LFL 17.8%)
- 🌱 Inflation 26.0% (12.5% excluding fuel).
- 🌱 Transaction growth 193.6% (6.3% excl PEG)
- 🌱 Group fuel litre growth 82.9% (3.2% excl. PEG)
- 🌱 LFL expense growth 2.5% (-1.8% excl. Loadshedding costs)
- 🌱 RHE growth 30.9%, RHEPS 19.8% (RHEPS 6.5% excl. PEG)
- 🌱 PEG acquisition successfully onboarded
 - YOY retail revenue growth 16.9%
 - YOY fuel litres -3.0%
- 🌱 Improved working capital cycle
 - Stock growth < turnover growth
 - Debtors: healthy growth, not within terms (“NWT”) % of debtors reduced
- 🌱 Continued strong cashflow generation, improved comparable debt ratios
- 🌱 Improved ROIC



F23 Q1 TRADING UPDATE - GROUP AGRI & RETAIL CHANNEL



➤ **Excl PEG !**

➤ Retail +7.5%: slower Q1, flattening inflation:

Up: FMCG 23.0%, Pets 9.1%, Paint 1.4%, pool & garden +1.8%, irrigation +10.8%, outdoor +23.6%, Deli +41.6%

Down: Build. materials 10.4%, Hardware 2.2%

➤ Agri +7.2%: slower Q1, continued inflation uptick:

Up: Packaging materials 22.0%, Fertilizer 12.4%, animal feed 3.3%

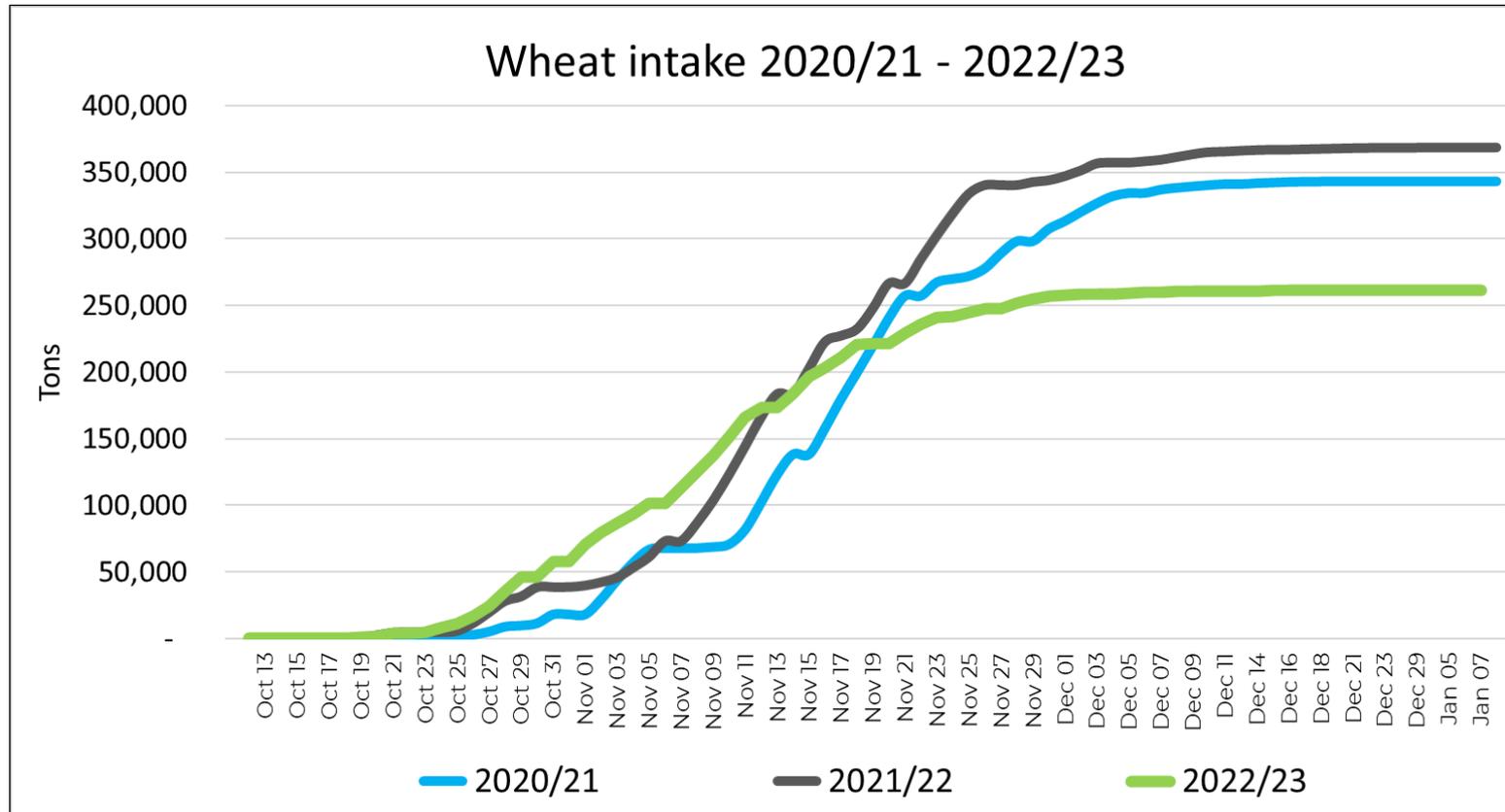
Down: agri chemicals 0.2%, agri infrastructure 31.8%

➤ Economic factors

- High inflation & interest rates
- Loadshedding impacting spend
- Infrastructure spend curtailed



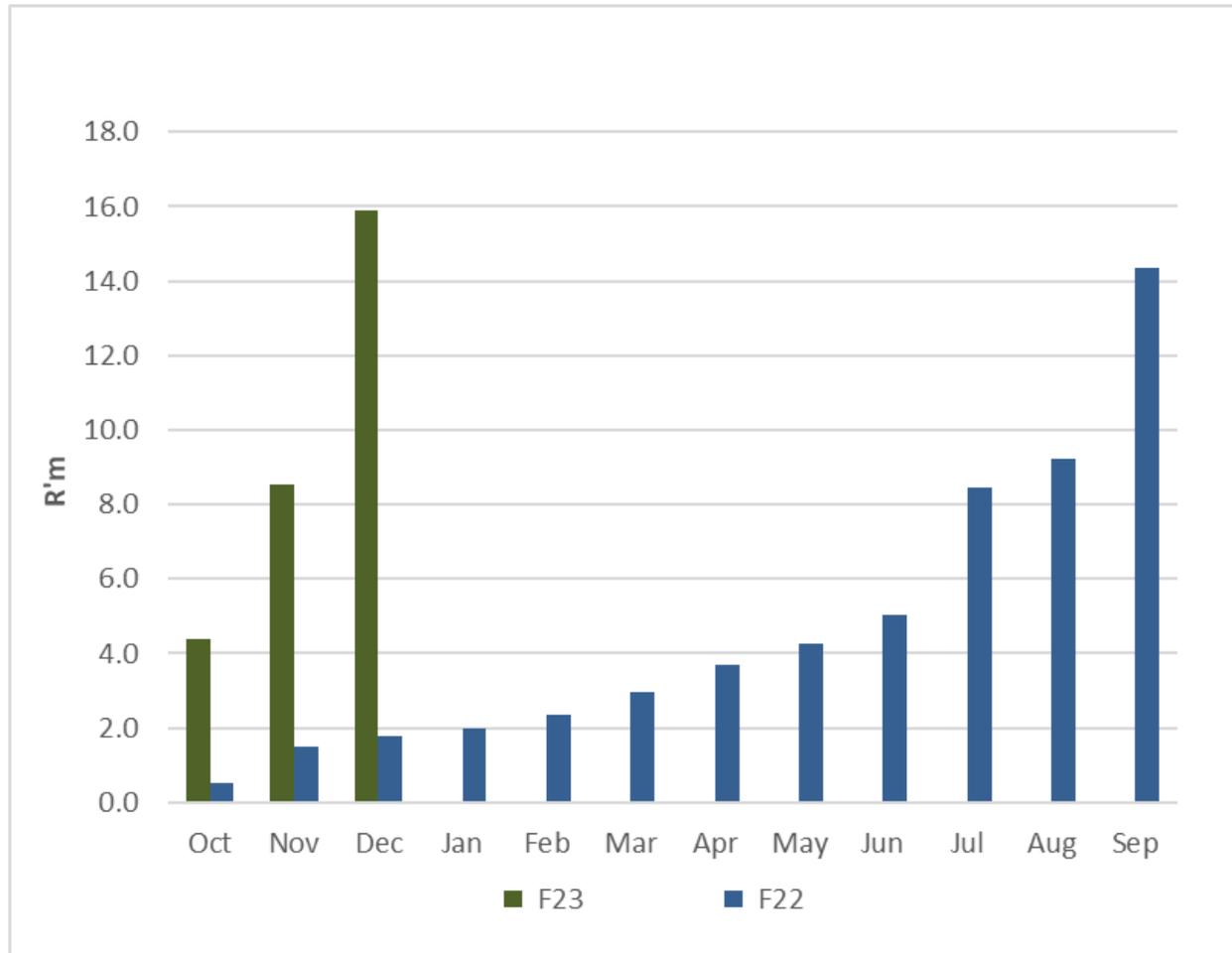
F23 Q1 TRADING UPDATE - AGRIMARK GRAIN DIVISION



- Normalized wheat harvest for 2022/23 season
 - record years in 2020/21 & 2021/22
- Canola tonnage – similar to PY
- Wheat prices positive for farmers, will cover high input costs
- Agrimark Grain expectation F23 earnings aligned to prior years of similar yields.



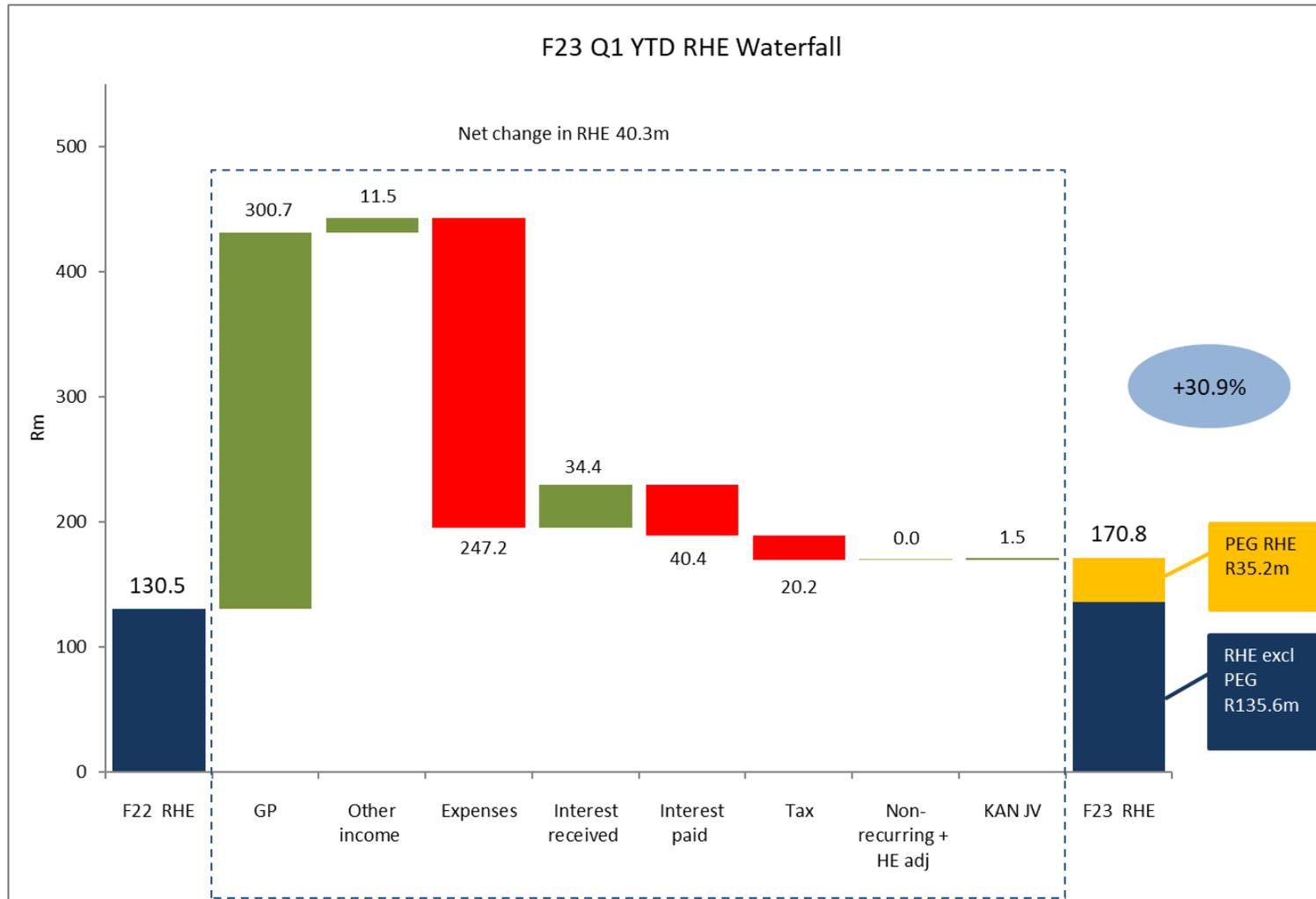
F23 Q1 TRADING UPDATE - COST OF LOADSHEDDING



- Loadshedding trend - F23 YTD exceeding all prior years within Q1
- Direct cost impact of fuel, maintenance, generator rentals
- PEG costs included from July 22
- Lost revenue unquantifiable
- Driving up costs, driving up capital expenditure and **driving down earnings**
- Mitigating plans include:
 - Capex review & reallocation (solar, batteries)
 - Trading hours review
 - Expense management (vacancies, travel, non-critical costs)
- Sustainability – balance sheet strength and cash flow management



F23 Q1 - RECURRING HEADLINE EARNINGS ('RHE')



- GP growth supported by PEG
- GP growth < turnover growth
 - YOY fuel price inflation impact
- Expense growth driven by:
 - LFL expenses +2.5%
 - PEG
 - TFC and Agrimark non-LFL
 - TFC rentals (ex-TFC props)
 - Loadshedding
- Interest received: rate and debtors increase
- Interest paid: rate and interest-bearing debt increase
- Earnings +35.6%
- Headline earnings +35.6%
- **RHE +30.9%**



OUTLOOK

-  Agriculture
 - Fruit sector expectations stable – yields down, logistics & cost much better
 - Wine grape harvest expected to be lower, prices stable to better (Peru & Chile issues)
 - Lower/normal wheat, barley and canola harvest currently in storage
 - Weather – moving to El Nino
 - High input costs lingering, rising interest rates, load shedding cost shock ... A perfect storm!
 - Tego improvement
-  Retail (general & convenience)
 - DIY boom over, inflation, high fuel price & interest rates leading to consumer pressure
 - **Convenience store & QSR above pre-covid ... “open during load shedding”**
 - PEG – 9 months impact in F23
 - Agrimark online – comfortable with stats to date
-  Fuel
 - Conservative approach to new sites, onboarding Worcester Mall end Q2
 - PEG – 9 months impact in F23, note KAL share % in RHEPS calc's!
-  Overall
 - F23 – if Load shedding continues = in line with the upper range of our medium term targets
 - Operational interventions to mitigate the load shedding storm
 - Inflation expected to normalise from Apr (365 days into the war!)



KAAP  **AGRI**

THANK YOU