



INTERIM RESULTS PRESENTATION

For the 6 months ended 31 March 2022

Presented by:

Sean Walsh
Chief Executive Officer

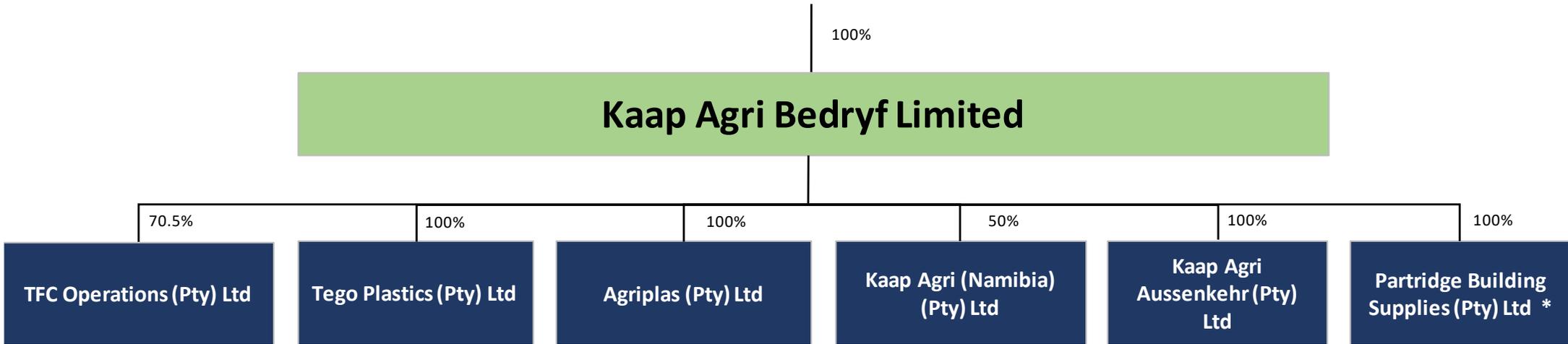
Graeme Sim
Financial Director

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GROUP STRUCTURE

KAAP AGRI



<u>TFC BEE</u>	<u>Shareholding</u>	<u>% BEE</u>
Kaap Agri Bedryf Ltd	70.5%	25.1%
Dipeo Capital (Pty) Ltd		20.0%
ETI (Pty) Ltd		5.0%
Other		0.1%
C Max Investments (Pty) Ltd	23.5%	100.0%
ETI (Pty) Ltd	6.0%	100.0%
Weighted Black ownership		47.2%
Direct Black ownership		40.2%

* Trading as Forge



BUSINESS SEGMENTS – TRADING BRANDS



BUSINESS SEGMENTS – TRADING BRANDS

TRADE	RETAIL FUEL & CONVENIENCE	GRAIN SERVICES	MANUFACTURING
     	  		 
145 Units (61 licences)	48 Units (44 licences)	15 Units (2 licences)	5 Units

Trading Profit contribution		
	2011	2022
Agri	45%	27%
Retail	21%	35%
Fuel	23%	32%
Manufacturing	11%	6%

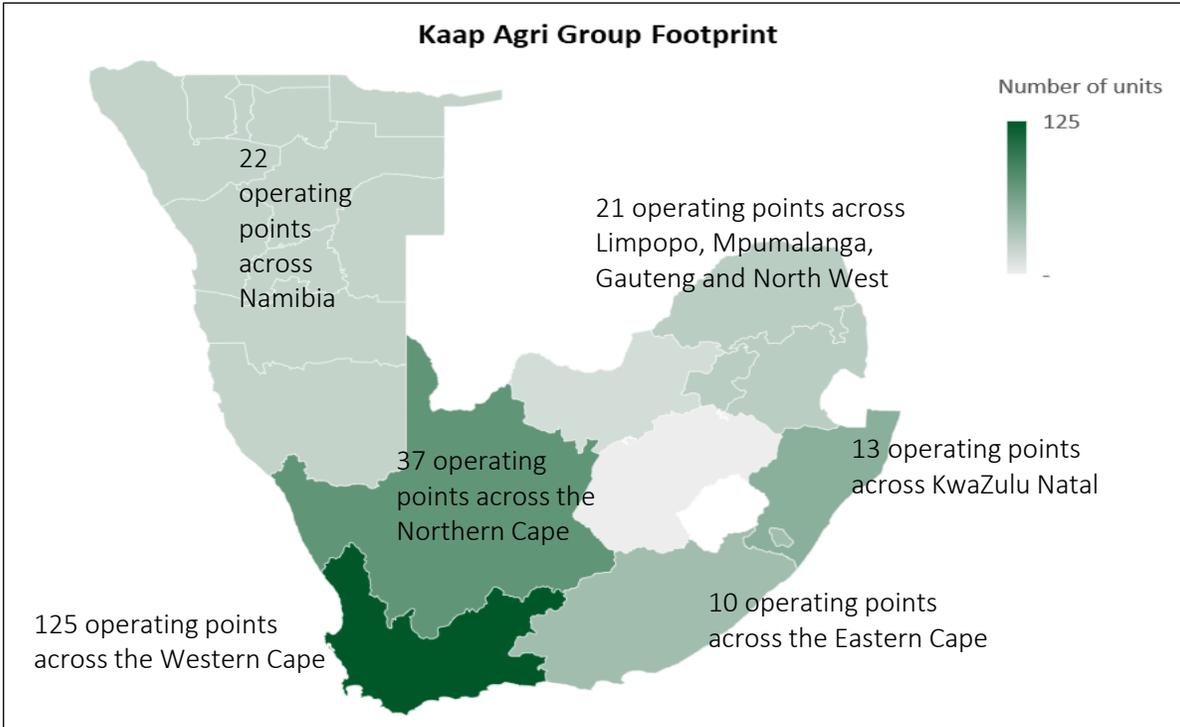
TOTAL:
228 Units
107 Licences

Supply Chain - Support service for product procurement, distribution and logistics

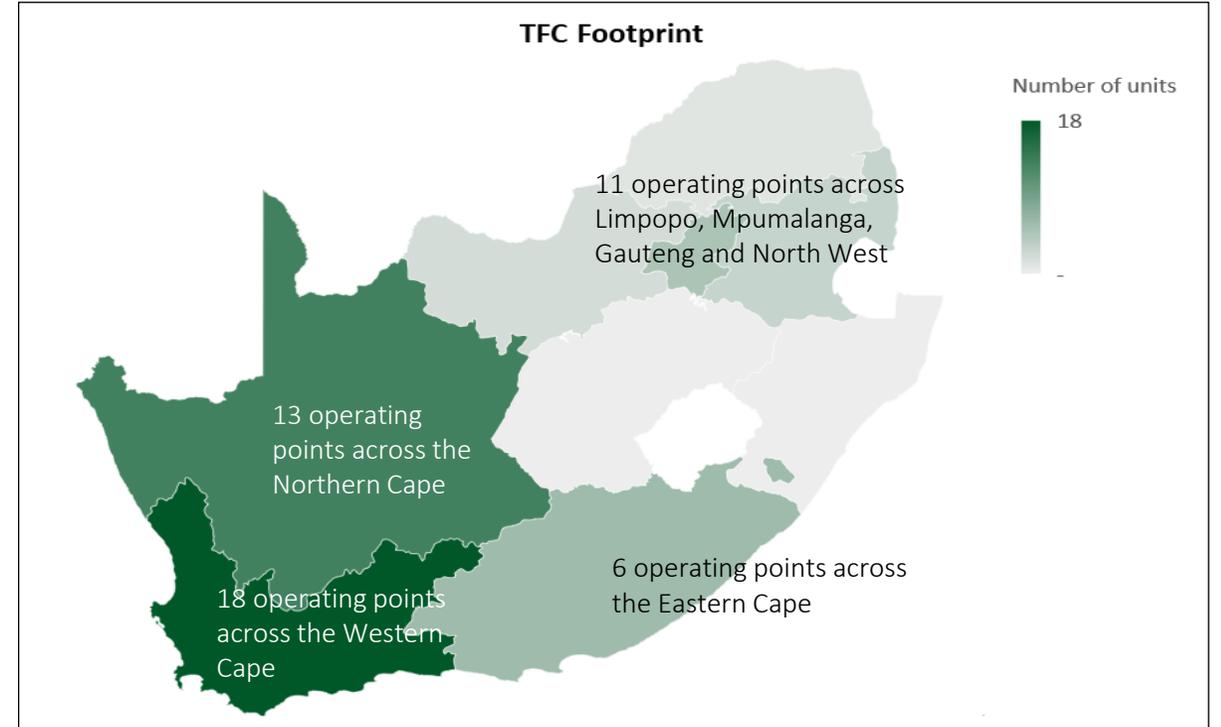
Corporate & Financial Services (2 Offices, 13 Financial services units)

GEOGRAPHIC REPRESENTATION

Kaap Agri Group Footprint



TFC Footprint



228 Units



120 Places



SA & Namibia



8 Provinces



48 Units



34 Places



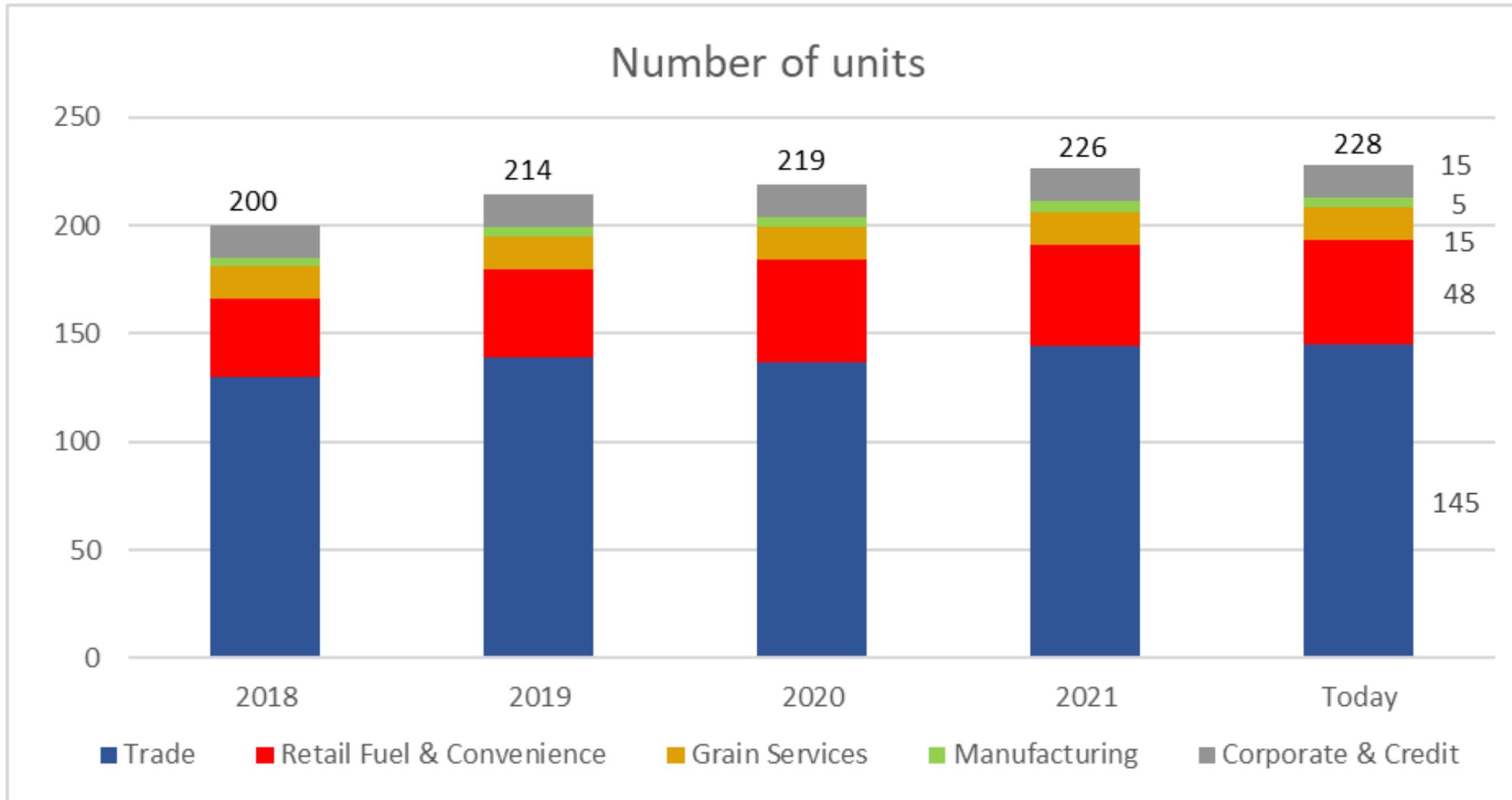
SA



7 Provinces



FOOTPRINT OVERVIEW



KEY MILESTONES & TRENDS



Market share growth in abnormally high inflationary cycle!

- Fuel sector liters down 5-8%, KAL Group down only 1.3%
- Large role players in building material sector sales down in Jan-Mar period, Agrimark LFL category sales up by 7.5%
- New customers accounting for 30% of increased credit facilities for Agri-customers in value terms



Real Group revenue growth of 6.6%, Group inflation of 20.1%, Covid only still affecting TFC in comparable period



Sales volumes under pressure due to high inflation in mainly fuel, fertilizer and chemical commodities



Group revenue growth 26.7% mix: Agri solid +25.0%, Retail stable +6.8%, Fuel inflated +36.3% [inflation!]



Supported by DC value throughput +13%, cost to serve 4% better, DC space growth plan of approx. 10%



Agrimark Grain profitability improvement off record wheat harvest



Continued New Holland Agency profitability improvement for H1



Total Support Services cost to serve up 0.1% of GP [LFL basis!]



Trading profit contribution from retail offerings 3.4% lower, at 54.1% contribution [agri inflation!]



Stock and Debtors value growth < Revenue growth



Moderate net interest bearing debt increase of 5.7%, sale of TFC Prop's only partially in by end H1



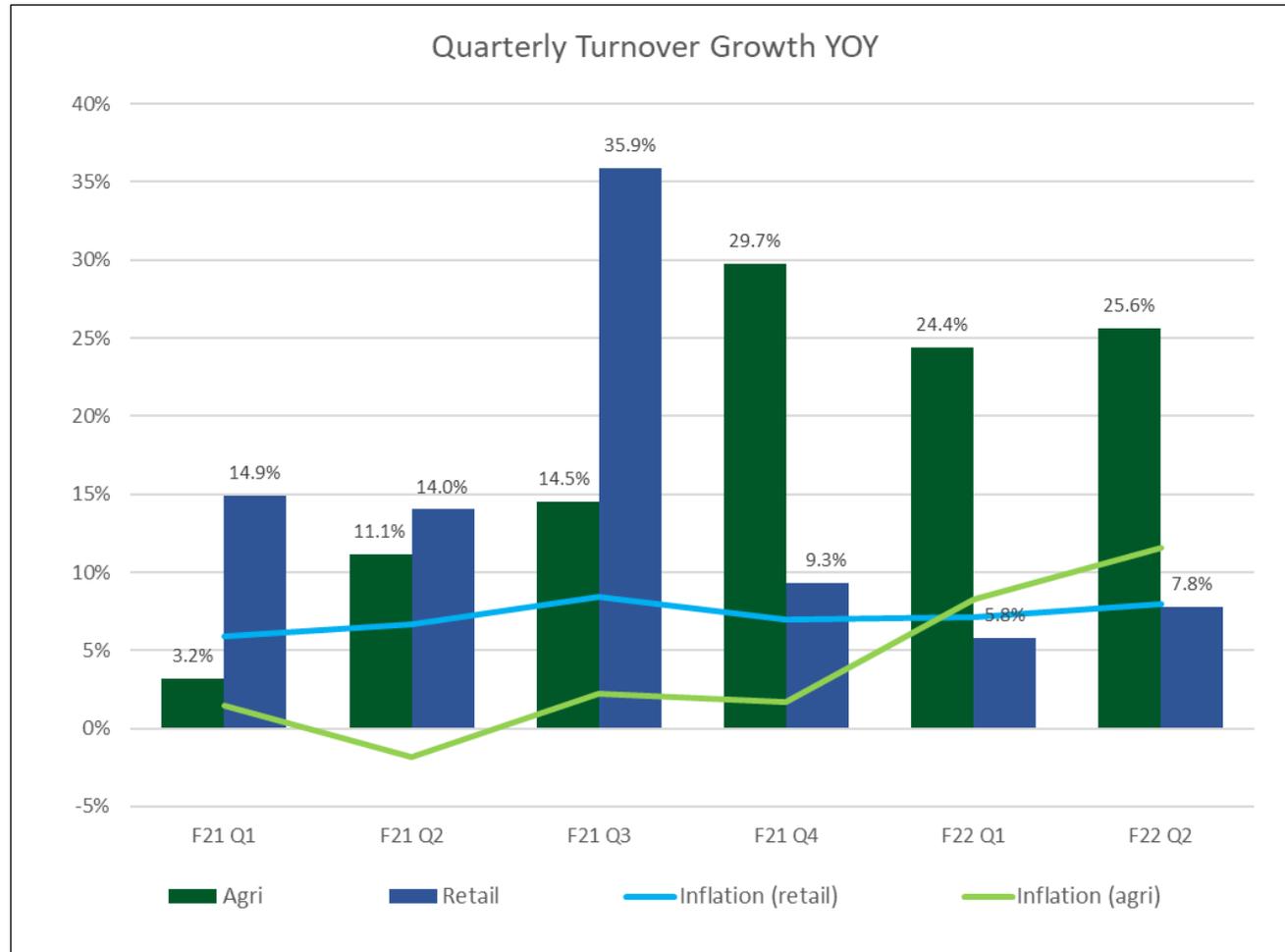
HY 2022 RHEPS growth over PRE-Covid HY 2020 = +41.8%, CAGR +19.1%



More detail on PEG transaction later in presentation



TRADING ENVIRONMENT – RETAIL & AGRI

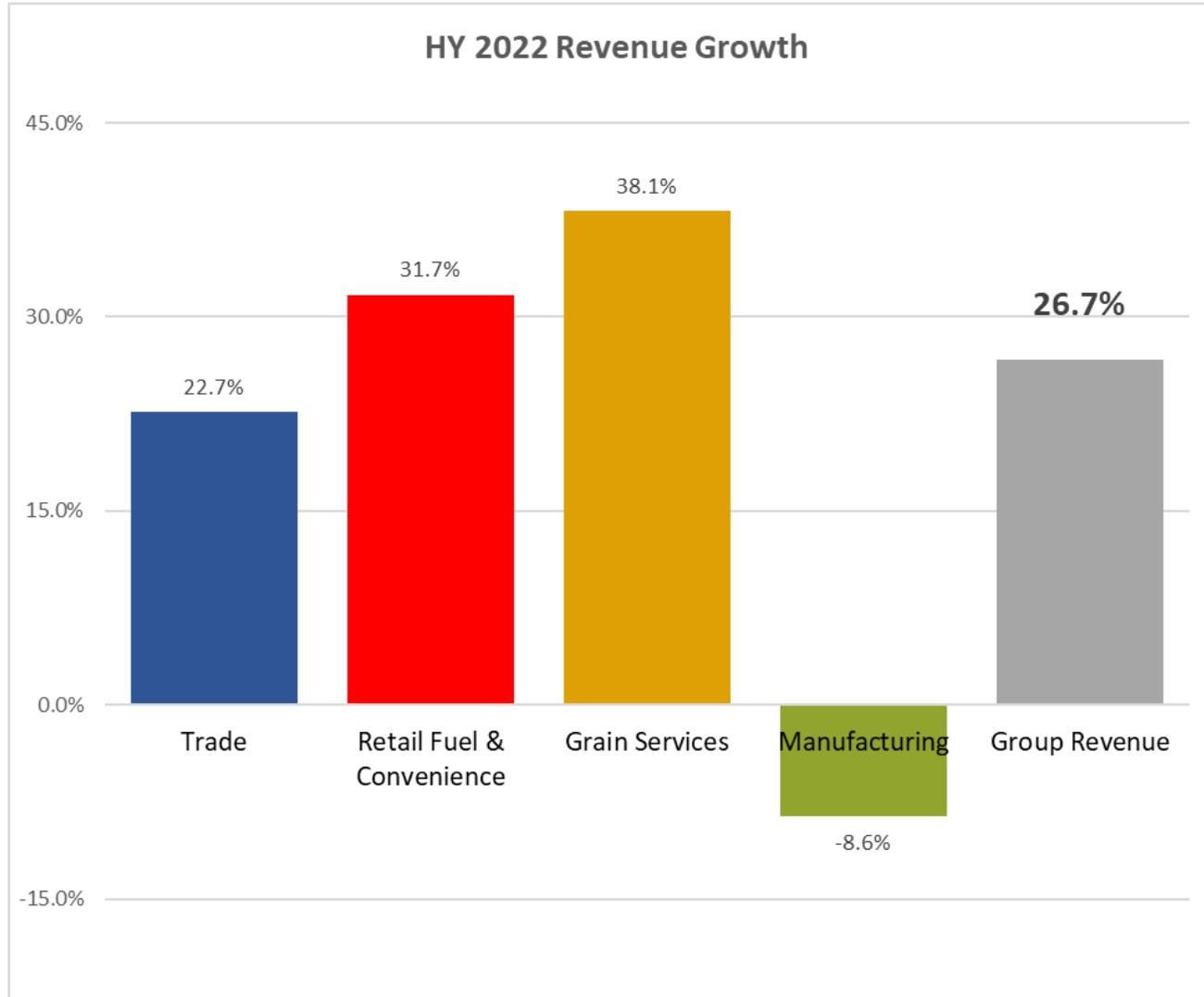


AGRI AND RETAIL GROWTH TRENDS:

- Retail: Sluggish performance, cement & DIY growth slow down, TFC new and non like-for-like sites, increasing inflation
- Agri: Strong performance, low Covid impact, high mechanization & fertilizer sales, high inflation
- Economic factors
 - Low GDP growth
 - Covid impact lower than previous periods
 - CPI increasing, upper end of SARB target range
 - High fuel inflation
 - ZAR range bound, difficult to predict
- Land reform policy unclear - new normal



TRADING ENVIRONMENT – REVENUE GROWTH



HY 2022 REVENUE GROWTH DRIVEN BY:

- Group revenue +26.7%, inflation 20.1%, real growth 6.6%
- Trends: LFL transactions up, increased basket size, LFL growth 22.9%
- Inflation excl fuel +9.2%
- Trade +22.7% (Agri 23.7%, Retail 5.7%)
- TFC +31.7%, Covid impact reducing
- Grain Services +38.1% - record wheat
- Manufacturing -8.6% (Agriplas -0,8%, balance Tego)



HIGHLIGHTS FOR THE PERIOD



Revenue
(R'000)
7,177,366
+26.7%
LFL +22.9%



EBITDA
(R'000)
398,279
+13.0%



**Recurring
headline EPS**
(cents)
351.11
+15.0%



Fuel liter growth
154.3m liters
Group -1.3%
TFC -4.7%



**Number of
transactions**
+7.7%



**Interim
dividend per
share (cents)**
46.00
LY: 40.00

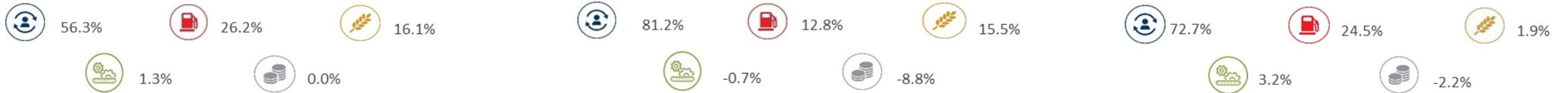
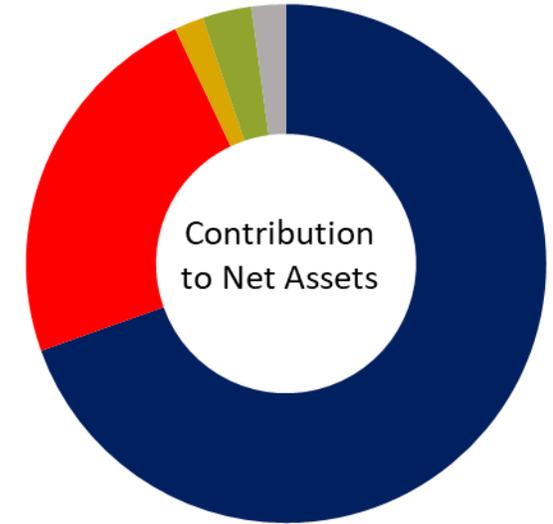
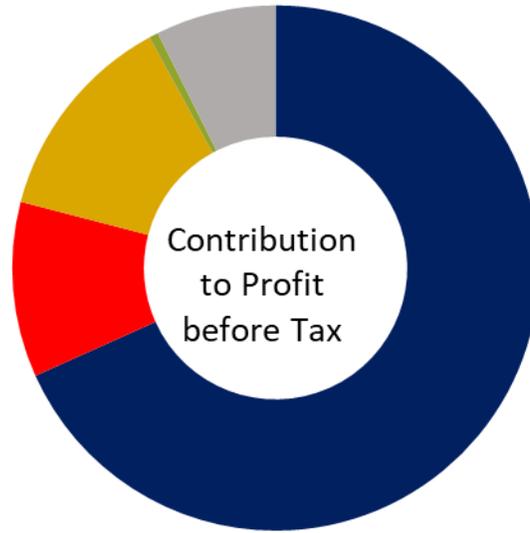
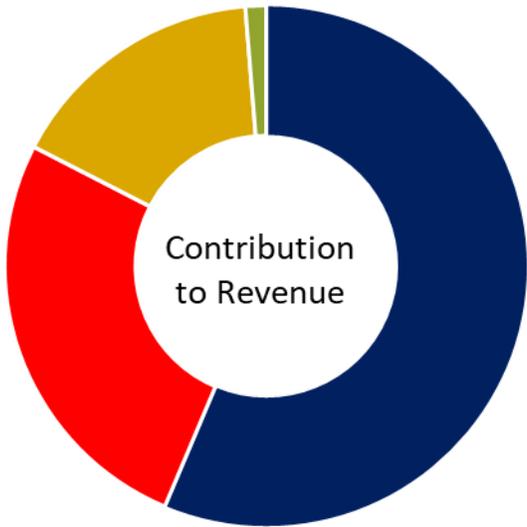


SEGMENTAL REPORT

	 Trade		 Retail Fuel & Convenience		 Grain Services		 Manufacturing		 Corporate	
	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022	HY 2021	HY 2022
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Income	3,296,960	4,043,914	1,429,263	1,882,489	838,720	1,158,612	101,055	92,351	-	-
Profit before tax	243,810	292,226	45,399	46,169	51,006	55,647	1,383	-2,377	-40,284	-33,624
Gross assets	3,597,925	4,233,295	1,237,008	1,502,790	116,630	115,036	307,649	315,477	79,182	80,141
Net assets	1,825,958	1,860,946	440,791	627,447	61,981	48,661	94,971	81,553	-110,188	-57,305

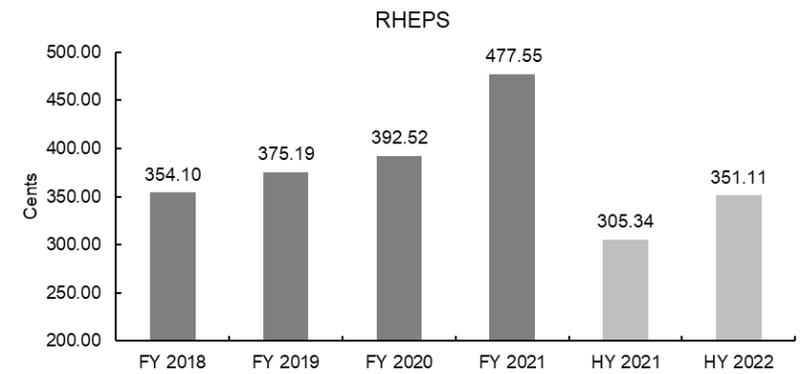
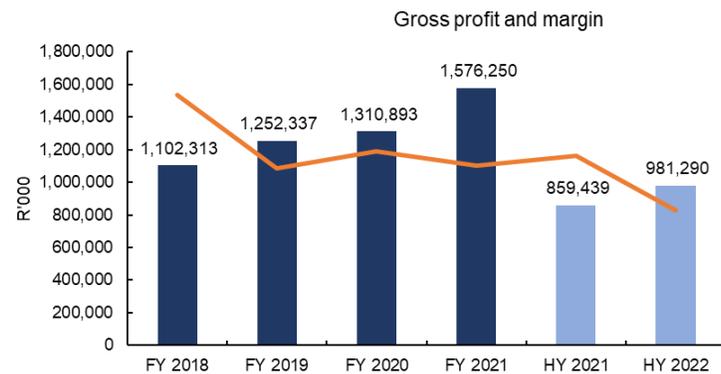
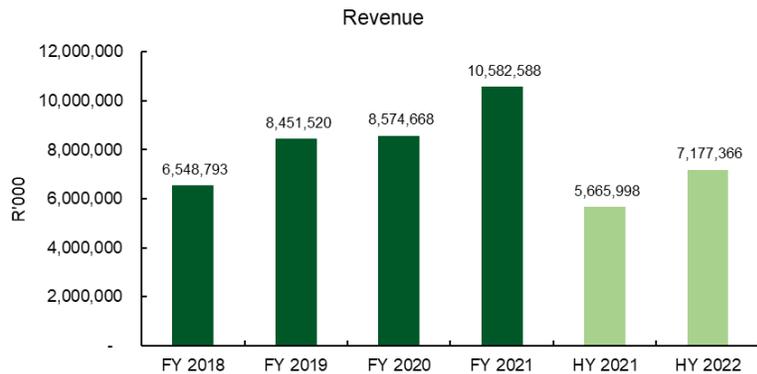


SEGMENTAL REPORT (cont.)



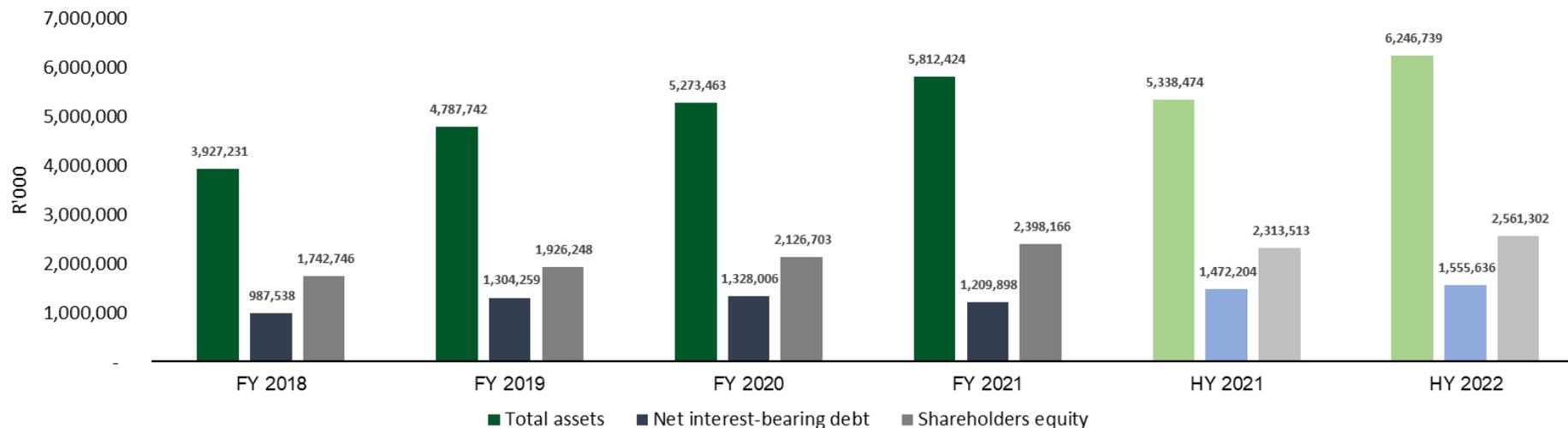
FINANCIAL PERFORMANCE – INCOME STATEMENT

R'000	FY 2018	FY 2019	FY 2020	FY 2021	HY 2021	HY 2022
Revenue	6,548,793	8,451,520	8,574,668	10,582,588	5,665,998	7,177,366
Gross profit	1,102,313	1,252,337	1,310,893	1,576,250	859,439	981,290
<i>Gross profit margin</i>	16.8%	14.8%	15.3%	14.9%	15.2%	13.7%
Profit after tax	248,957	281,279	279,178	332,276	218,256	265,045
EBITDA	361,976	424,322	463,696	552,792	352,395	398,279
Recurring headline earnings	251,983	268,553	280,453	347,208	221,872	254,351
Return on equity	15.2%	14.6%	13.8%	15.3%	10.0%	10.3%
Recurring headline earnings per share (cents)	354.10	375.19	392.52	477.55	305.34	351.11
Dividend per share (cents)	116.70	123.50	50.00	151.00	40.00	46.00
Dividend cover (times)	2.9	2.9	7.4	3.0	7.2	7.2

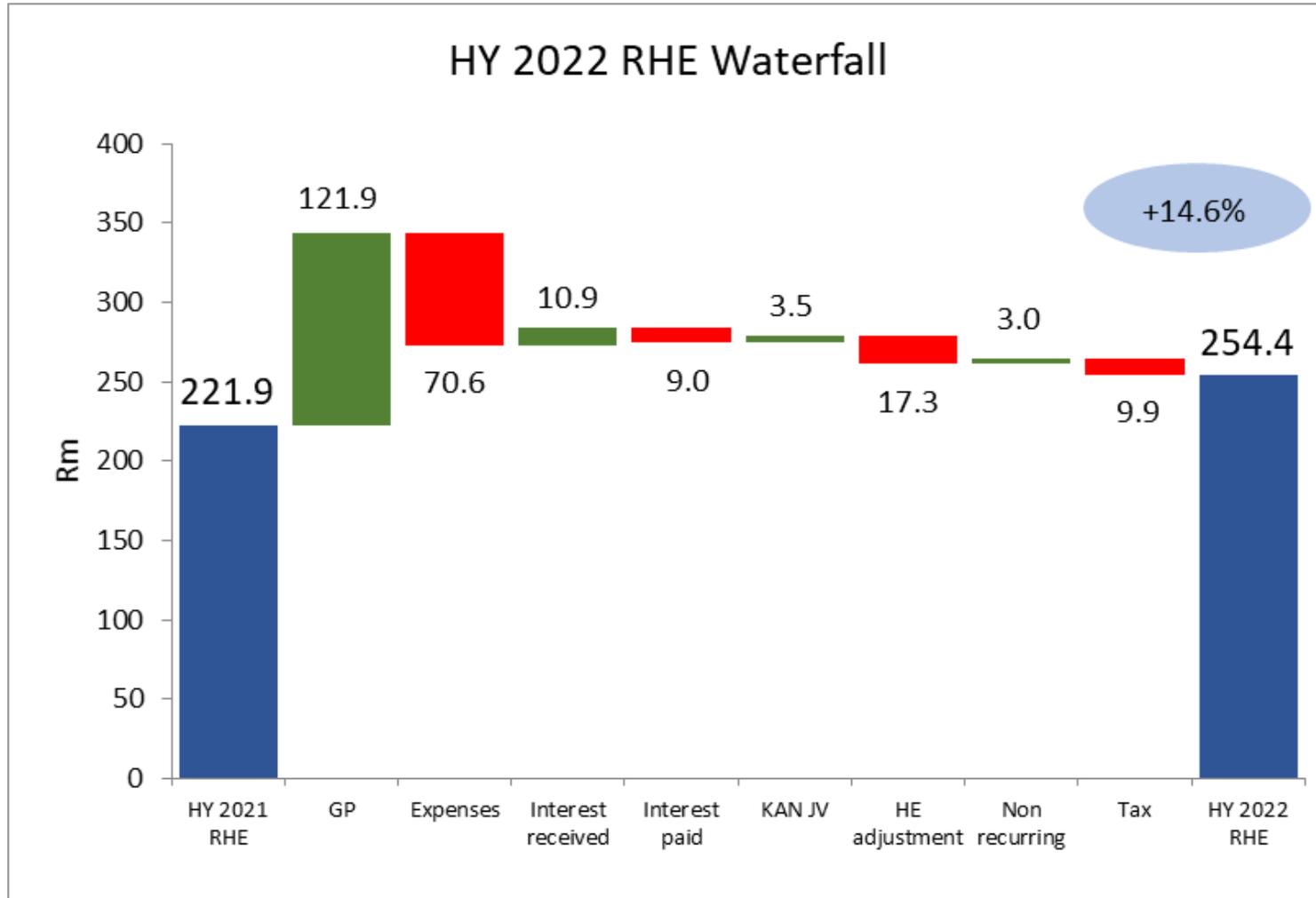


FINANCIAL PERFORMANCE – BALANCE SHEET

R'000	FY 2018	FY 2019	FY 2020	FY 2021	HY 2021	HY 2022
Total assets	3,927,231	4,787,742	5,273,463	5,812,424	5,338,474	6,246,739
Non-current assets	1,304,896	1,785,701	2,345,689	2,442,661	2,391,882	2,415,118
Current assets	2,622,335	3,002,041	2,927,774	3,369,763	2,946,592	3,831,621
Liabilities and loans	2,184,485	2,861,494	3,146,760	3,414,258	3,024,961	3,685,437
Net interest-bearing debt	987,538	1,304,259	1,328,006	1,209,898	1,472,204	1,555,636
Shareholders equity	1,742,746	1,926,248	2,126,703	2,398,166	2,313,513	2,561,302
Net asset value (rand)	24.8	27.4	28.9	32.6	31.4	35.5
Debt to equity ¹	52.4%	62.5%	64.9%	56.1%	63.1%	55.8%
Interest cover (times)	5.5	5.0	5.0	6.8	8.2	7.9



FINANCIAL PERFORMANCE – RECURRING HEADLINE EARNINGS ('RHE')



RHE HIGHLIGHTS

- Strong GP growth
- Good expense management +9.1% LFL
- Interest received
 - increased debtors book, higher rate
- Interest paid
 - higher debt, higher rate
- HE adjustment: TFC Properties disposal profit
- 14.6% RHE growth



FINANCIAL PERFORMANCE – RHE & RHEPS RECONCILIATION

	HY 2022			HY 2021			Var
	Total (R'000)	Attributable (R'000)	Cents per share	Total (R'000)	Attributable (R'000)	Cents per share	Cents per share
Earnings	265,045	258,689	366.56	218,256	211,072	300.39	22.0%
Headline Earnings adjustments	-17,602			-302			
Profit on disposal of subsidiary / assets	-17,602			-302			
Headline Earnings	247,443	241,087	341.61	217,954	210,770	299.96	13.9%
Non-Recurring items	6,908			3,918			
Non recurring expenses	3,134			458			
Revaluation of put options	3,774			3,460			
Recurring Heading Earnings	254,351	247,789	351.11	221,872	214,551	305.34	15.0%
Weighted average number of shares	70,573	70,573		70,266	70,266		

➤ HEPS vs RHEPS

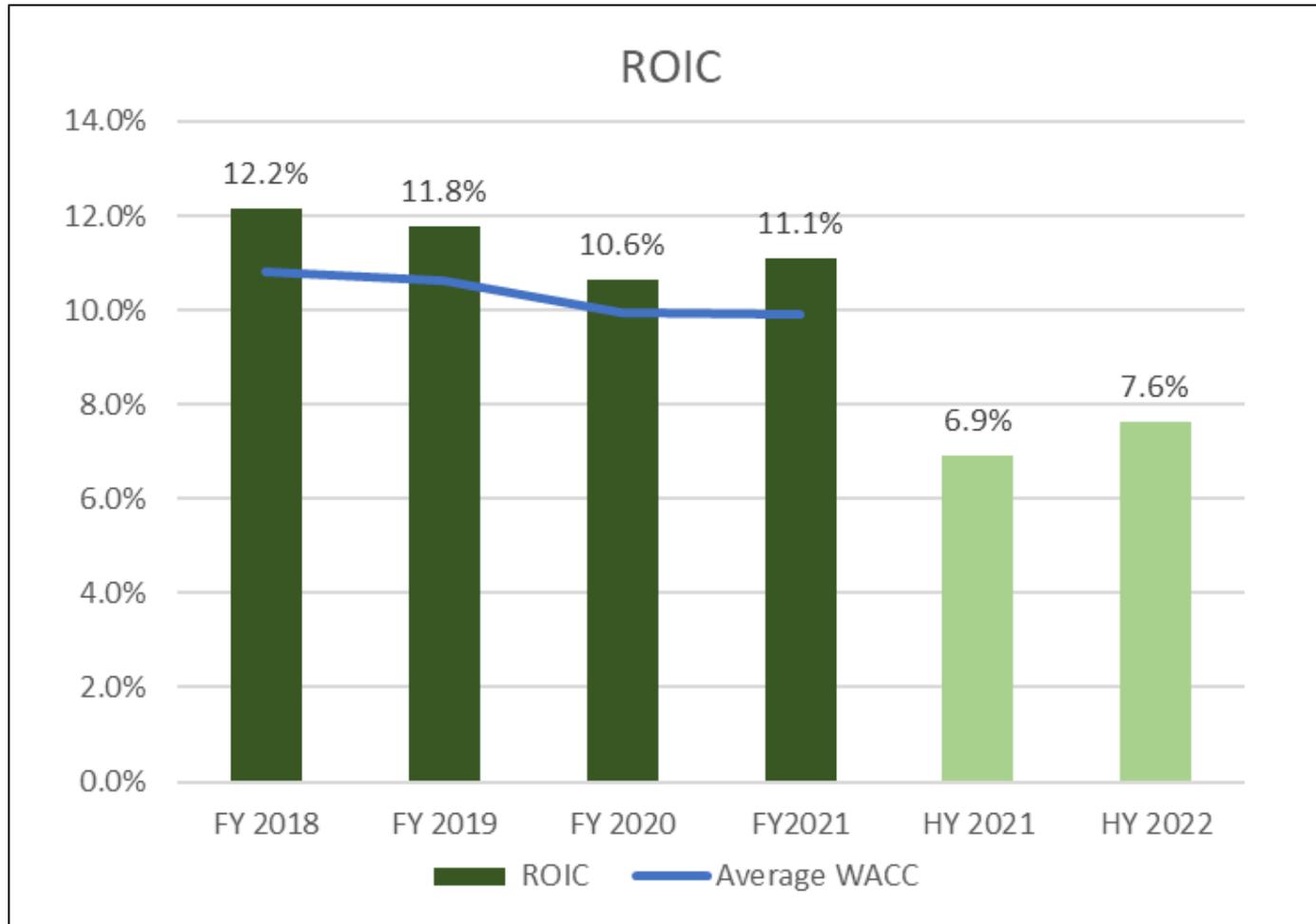
- Non-recurring transaction and legal costs
- Revaluation of Put option liabilities

➤ 2-year pre-Covid CAGR

- RHE +19.7%
- RHEPS +19.1%



FINANCIAL PERFORMANCE - ROIC



PRIOR YEARS ROIC IMPACTED BY:

- Significant investment into upgrades, expansions, acquisitions
- Tego & TFC: Capital vs return timing mismatch
- FY 2020: Covid
- FY 2021: Curtailed capital investment



ROIC OUTLOOK:

- FY 2022 improvement expected
 - Prudent capital investment
 - TFC Properties disposal
 - TFC non-LFL & new



SEGMENTAL REVIEW - TRADE DIVISION

HY 2022 REVIEW & TRENDS:

- ✓ Strategy: market share, selective footprint, optimization, Supply chain opportunities
- ✓ Agri inputs* +23.7% : fertilizer +71.2% [inflation 46%], packaging material +13%, animal feeds down
- ✓ Retail +5.7% : building materials +11.5%, pool & Garden +7.6%, irrigation -5.5%
- ✓ New Holland agency sales +33.4%
- ✓ FORGE incl. Farmsave revenue +50.4%, profitability +34.6% [low base]
- ✓ Division total revenue +22.7%, OPEX +15.5%, **profitability +19.9%**
- ✓ OPEX driven by non-Salary & wage costs, like fuel price & Eskom

OUTLOOK:

- ✓ Continued market share focus – B2B initiatives
- ✓ Fruit sector volumes positive – but price and inflation pressure, wheat H2 lower than H1
- ✓ Farm infrastructure spend will be lower due to high input cost pressures
- ✓ Retail diversification: cash 26.3% contributes 40.5% of GP during high Agri growth period
- ✓ Retail margin improvements off central pricing, assortment, replenishment
- ✓ TEGO agency sales similar to prior year

* Chemicals, fertilizer, packaging material, animal feeds, horticulture



SEGMENTAL REVIEW - RETAIL FUEL & CONVENIENCE DIVISION

HY 2022 REVIEW: (TFC Operations excl. TFC Properties)

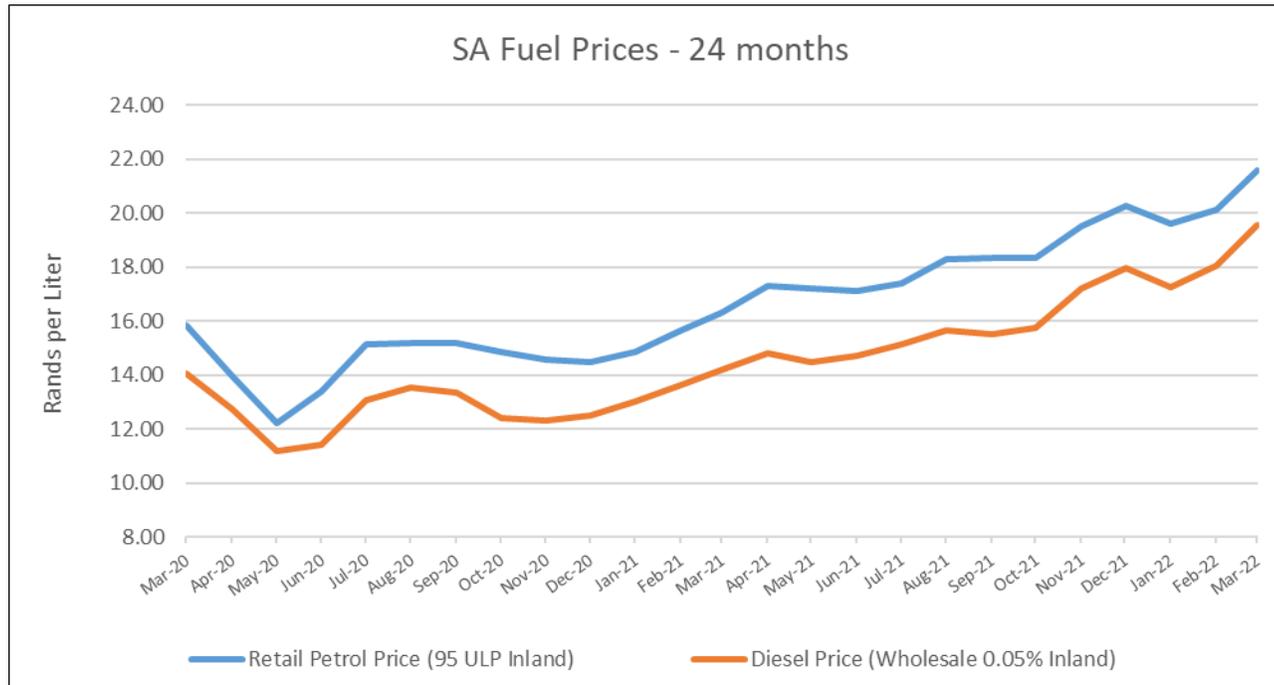
- ✓ Strategy: selective footprint growth, Covid recovery, PEG transaction
- ✓ 1 new retail fuel site added in March 22
- ✓ Covid impact lingering – border traffic, QSR footfall
- ✓ Liter decline -4.7%, marginally better than fuel sector, but impact of price on commuter!!
- ✓ TFC Operations PBT +11.6%, assisted by fuel price inflationary opportunity profits
- ✓ @ H1 ave. Site tenure > 24 yrs (evergreen = 30 yrs), pre- PEG and TFC Props. This measure will change moving forward. Sector average is 3-5 yrs.

OUTLOOK:

- ✓ PEG transaction – detail later in presentation
- ✓ Pipeline being kept low due to PEG on-boarding process
- ✓ Forward looking liter (“FLL”) growth in excess of 100% expected [site annualization, some Covid recovery & PEG annualisation in 2023, price pressure considered]
- ✓ Opex focus continued, mainly on S&W costs
- ✓ TFC 40% direct black ownership will increase to 50.98%
- ✓ Ave. forward looking site tenure 13 yrs, post TFC Props & PEG vs sector average 3-5yrs



SEGMENTAL REVIEW – FUEL PRICE IMPACT



Impact on margin of fuel price changes

Retail Petrol Price (95 ULP Inland)	@ 31 Mar	Price increase	Price decrease
Selling Price (R/litre)	21.60	22.60	20.60
Margin (R/litre)	2.29	2.29	2.29
Margin %	10.6%	10.1%	11.1%



CONSIDERATIONS:

- National fuel prices YOY
 - Petrol +32.4%
 - Diesel +37.9%
- TFC Fuel price adjustments
 - HY 2022: R11.7m profit
 - HY 2021: R4.0m profit
- Volume drives profitability, not fuel price
 - Petrol price regulated
 - Unleaded 93: 7.9% of TFC volumes
 - Rand margin regulated (fixed)



SEGMENTAL REVIEW – GRAIN SERVICES DIVISION



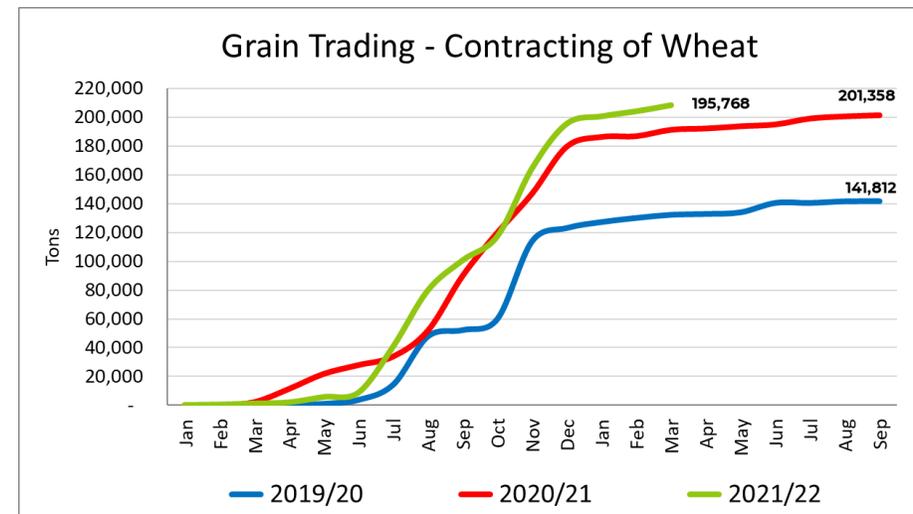
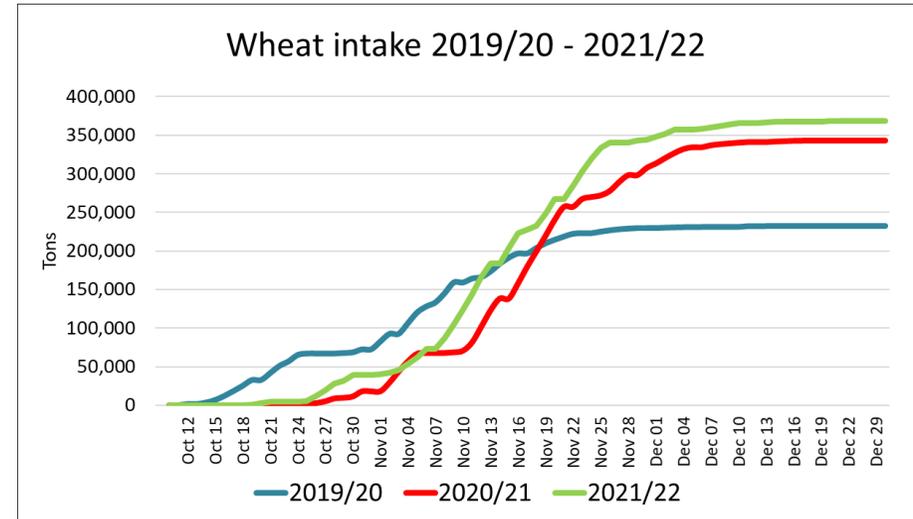
HY 2022 REVIEW:

- ✓ Strategy: wheat & seed market share, facility optimization & growth, a regional player
- ✓ 2021/22 wheat harvest
 - Harvest highest in 16 years
- ✓ Divisional profitability +9.1%



OUTLOOK:

- ✓ Expect Wheat and Canola plantings similar to prior year, however, volumes in F23 unlikely to match F22 as rains are already late
- ✓ The division remains a solid profit contributor to the Group



SEGMENTAL REVIEW - MANUFACTURING DIVISION

HY 2022 REVIEW:

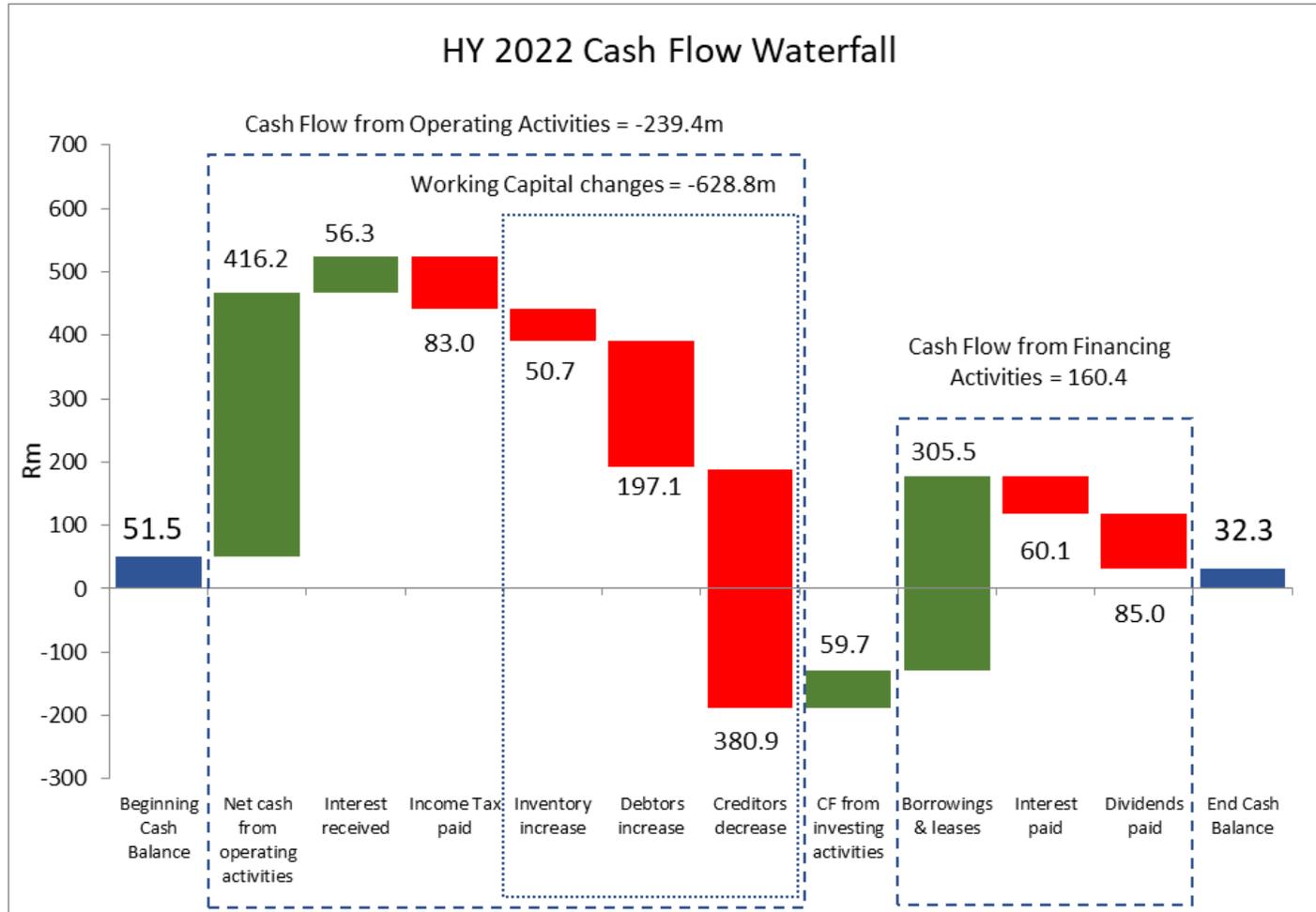
- ✓ Strategy: market share, new products, optimization, no 1-way plastic, fruit sector focus
- ✓ Agriplas had a particularly slow Q1F22, but has seen uptick in Q2 F22, H1 profitability -28%
- ✓ TEGO maintaining prior year volumes yet still under pressure, negative contribution similar to prior year

OUTLOOK:

- ✓ Agriplas
 - Expect increased exports, order book improvement into Q3
 - H2 should exceed H1
- ✓ Tego
 - New Xtra Volume Pome (“XVP”) bin tailored to Pome sector, expected in Sep 22
 - Maximising alternative contract manufacturing options
 - Subdued F21 will continue into F22
 - Sales of XVP bin expected to kick off in Q1F23



CASHFLOW PERFORMANCE



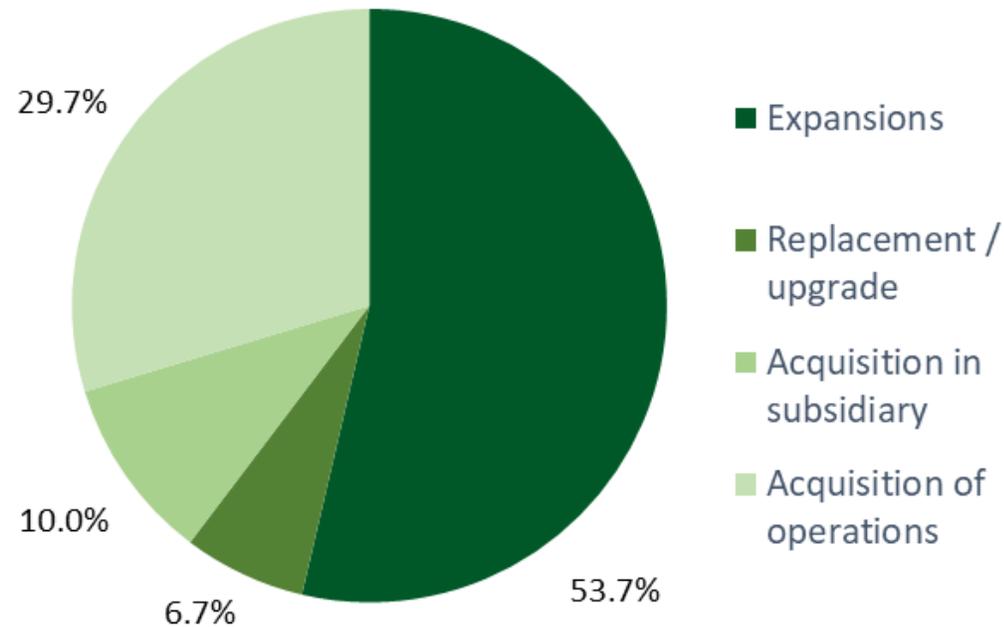
KEY CASHFLOW DRIVERS:

- Strong cash generation from operating activities
- Effective working capital management
 - Inflationary impact
 - Inventory growth < revenue growth
 - Debtors healthy
 - Creditors: 7 payment cycles
- Normalized capital investment & TFC Properties partial proceeds
- Interest paid: rate & net debt higher, lease interest
- Higher F21 dividends paid

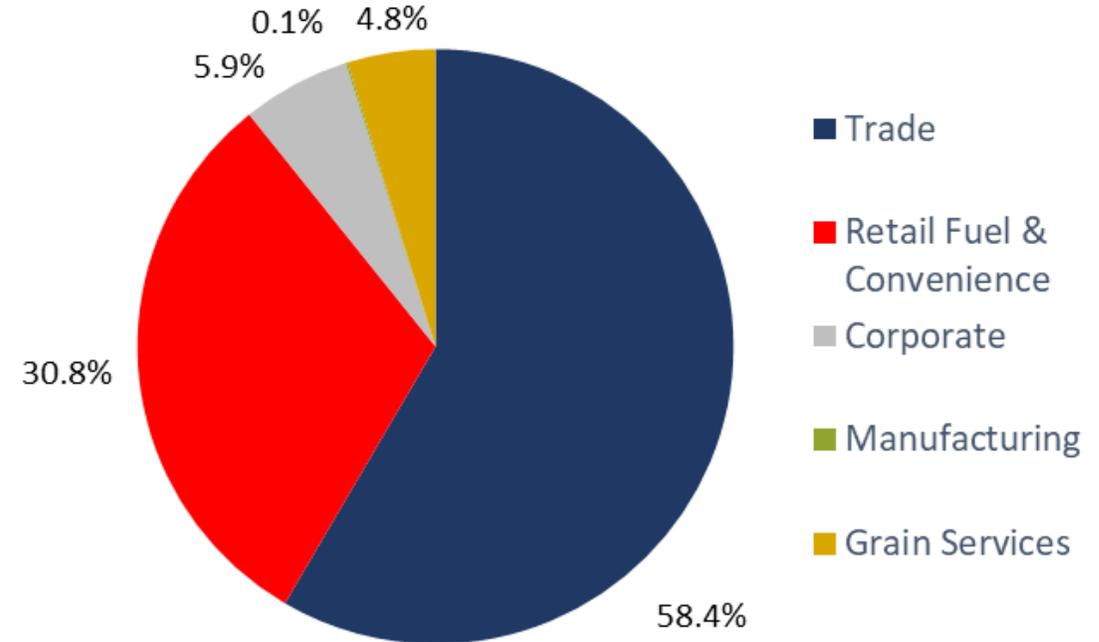


CAPITAL EXPENDITURE

Spend by Type



Spend by Segment

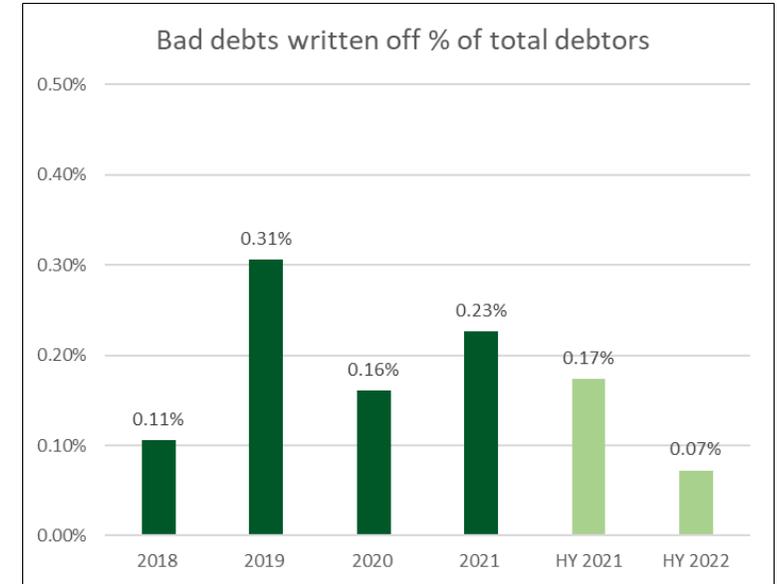
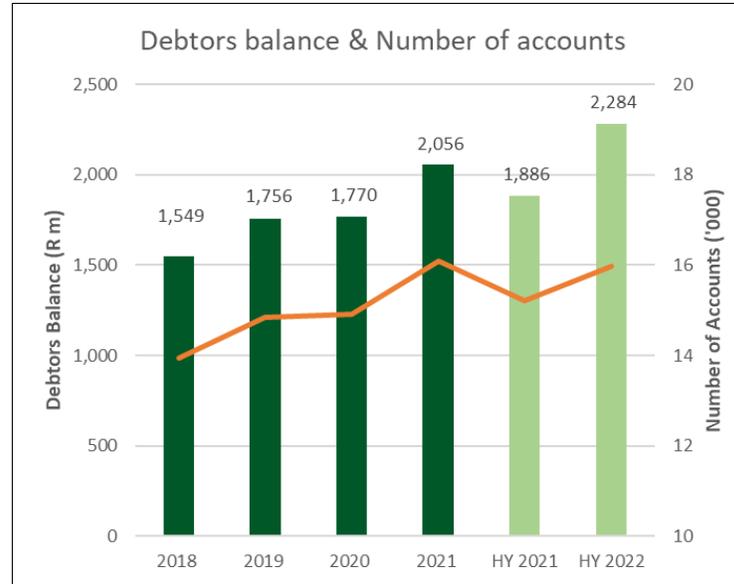
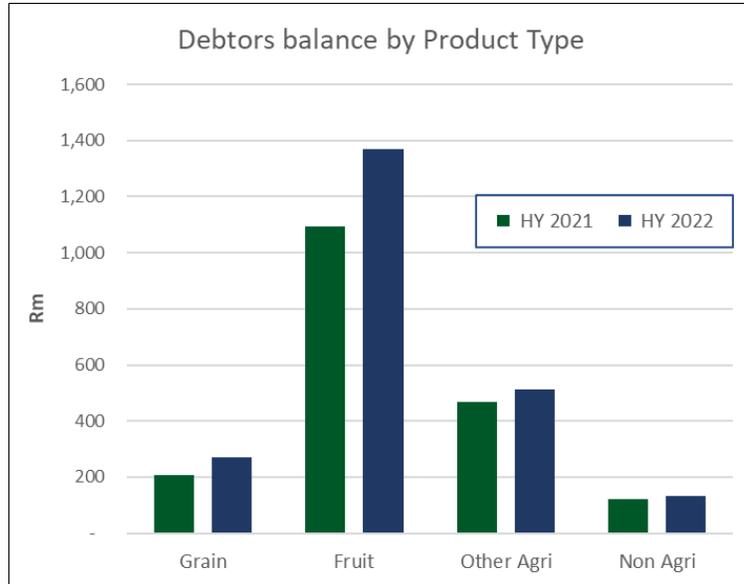


- Total capex R150.0m incl. acquisitions
- Expansions: Trade , Grain, Corporate
- Replacement: All segments
- Acquisitions: TFC, Forge

- Trade: largest share R87.7m
- TFC: R46.2m
- Corporate: digital initiatives
- Grain: storage expansion



TRADE DEBTORS

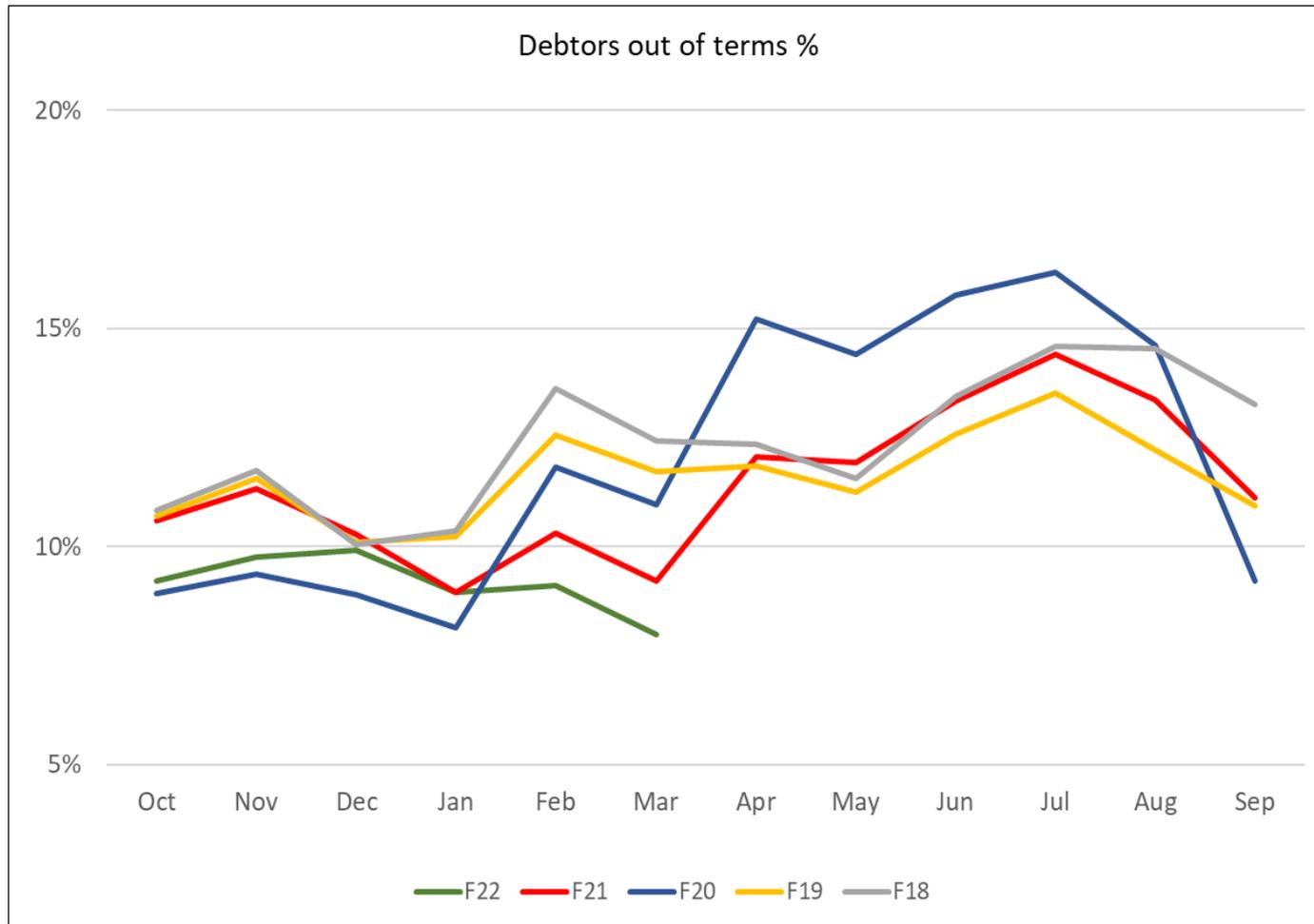


-  Enabler to revenue growth
-  Product and geographic diversity reduces risk & improves cash flow
-  Debtors +21.1%
-  15,969 accounts (3,308 seasonal and 12,661 monthly)

-  Debtors book turns 4.2x per year
-  Bad debts written off = 0.07% of total debtors
 - 5 yr average: 0.17%
 - 10 yr average: 0.25%
-  Income spread approximately 2.1%



TRADE DEBTORS – OUT OF TERMS



OUT OF TERMS

- Down 1.2% of debtors
- Lowest out of terms % in 5 years
- Above average wheat harvest
- Stable to positive agri conditions bode well looking forward



SUMMARY

- Healthy & resilient book
- Low default rate
- Well secured by various categories



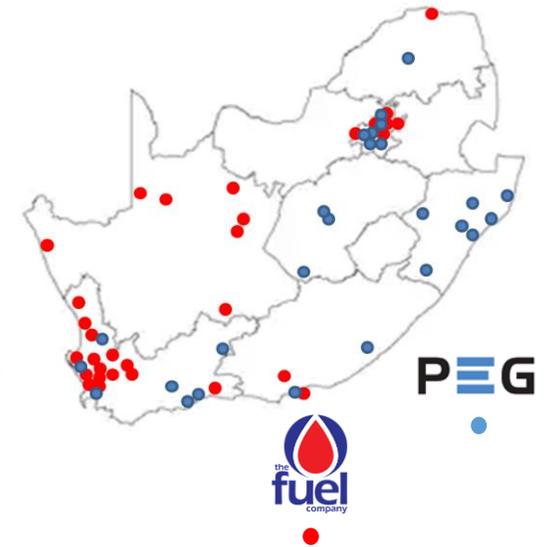
TFC PROPERTIES DISPOSAL

-  Category 2 disposal announcement 4 October 2021
-  KAL disposal of TFC Properties (Pty) Ltd
-  KAL current shareholding in TFC Properties 70.5%
-  21 properties, new long-term leases
-  No impact on TFC Operations
-  Improved ROIC, free up underperforming capital
-  Enterprise value R502m, payable to KAL R444.2m
-  Proceeds received to date R380m, balance on transfer May 22
-  Implemented on 1 March 2022



PEG ACQUISITION

- 🌱 Category 1 acquisition announcement 19 January 2022
- 🌱 TFC purchase of PEG Retail Holdings (Pty) Ltd
- 🌱 Purchase consideration R1.097 billion
- 🌱 41 service stations (mostly national highway sites), across all major oil company brands
- 🌱 Minority independent operator partners on all sites, effective ownership approx. 13.4%



	Pre-acquisition	Post-acquisition
TFC ownership by KAL	70.50%	57.88%
TFC direct BEE shareholding	40.31%	50.98%
TFC BEE shareholding (modified flow through)	47.22%	56.67%

- 🌱 Earnings & ROIC enhancing, stable & predictable income streams, highly profitable & cash generative, favourable working capital cycle, diversified fuel brands, strong management team, increased BEE ownership opportunities
- 🌱 Acquisition funded through bank funding and existing cash resources
- 🌱 Conditions precedent remaining incl. DMRE approval, Competition Commission approval
- 🌱 Circular distributed 4 May, Shareholders meeting 6 June
- 🌱 Effective date target expected 1 July 2022



CONCLUSION

HY 2022 REVIEW:

- ✓ High inflationary cycle, we are still winning, market share gains clearly visible, diversified growth
- ✓ Healthy growth from Agrimark, New Holland, Agrimark Grain and Forge
- ✓ TFC continues to recover, volume pressures experienced – price driven, opportunity profits realised
- ✓ DC value throughput growth, SS cost as % of GP controlled
- ✓ Digitization momentum continues with various ERP, B2B, B2C initiatives
- ✓ Capex normalised, debt level growth moderate, improved ROIC and EVA
- ✓ Well positioned for potential fuel price reductions

OUTLOOK:

- ✓ Wheat and Canola volumes could normalize into F23
- ✓ Most agri-subsectors expect high volumes (good for us), but farm profitability will be under pressure due to high input cost inflation (not good for us), market share will take us forward
- ✓ TFC focused on PEG onboarding and higher return sites
- ✓ TEGO subdued, Agriplas to maintain Q2 momentum
- ✓ Although, economy is expected to remain sluggish – we will capitalize on changing consumer trends, continue finding volume and value enhancements for our shareholders



KAAP  **AGRI**

THANK YOU