



# Audited Summarised Consolidated Results

for the year ended 30 September 2022

# 2022





# HIGHLIGHTS

Revenue

↑ 22%

Operating profit

↑ 103%

Earnings per share

↑ 127%

Total dividend  
per share

↑ 97%



# COMMENTARY

## FINANCIAL OVERVIEW

Revenue reported for the year ended 30 September 2022 was R19.3 billion, an increase of 21.9% compared to the prior year at R15.9 billion. The Poultry Division contributed 81%, Feed Division 17% and Other Africa Division 2% to total external revenue. The increase in revenue (R3.4 billion) was mainly attributable to an increase from the broiler operations of the Poultry Division contributing R2.8 billion, which was the direct result of a growth in broiler sales volumes as well as a recovery in the selling price of poultry.

The operating profit margin increased to 7.4% (2021: 4.6%) as a result of the improvement in the profitability of the Poultry Division at R763 million (2021: R147 million), whilst the Feed Division reported an operating profit of R599 million (2021: R530 million).

The Group generated R1.2 billion in operating cash flow during the year, after funding working capital expansion and tax payments. The cash generated was applied to fund investing activities of R179 million, financing activities of R156 million as well as R457 million in dividend payments.

A net cash inflow for the year of R406 million is reported and the Group remains in a net cash surplus position. Net surplus cash at the end of the year was R701 million, and the Group is therefore well positioned to fund the payment of the final dividend declared.

## OPERATIONAL OVERVIEW

### Poultry Division

Revenue increased by 21.1% to R15.8 billion (2021: R13.1 billion) supported by an increase in broiler sales volumes and a partial recovery in poultry selling prices, together with improved sales of broiler parent stock into the external market.

Broiler slaughter volumes increased by 7.7% benefiting from the Festive expansion volumes. Sales volumes increased by 8.9% for the year under review (up 42 630 tons) on the back of higher slaughter volumes.

Broiler sales realisations increased by 12.5%, reflecting an effort to recover the significant increase in feed prices on the back of higher maize and soya meal costs, as well as rapidly rising energy costs through the period under review.

Trading conditions remained under pressure due to record high unemployment levels and weak economic growth, however promotional sales activity by the retailer sector resulted in higher sales volumes for Astral. The Quick Service Restaurant (QSR) and Fresh sales categories continued to grow in line with the strategic expansion of processing capacity in this area. This positively impacted product mix and led to a stable supply of chicken into the frozen categories.

Broiler feed prices increased by 11.6% versus the prior year due to higher raw material costs. Feed cost remains the key driver of profitability, representing approximately 70% of the live cost of a broiler. On-farm broiler performances reflected an improvement during the year, notwithstanding slightly more feed being used to achieve the targeted broiler live weights in 2022 due to the impact of load shedding in the last month of the period under review.

Operating profit for the Poultry Division increased by 419.9% to R763 million (2021: R147 million). The operating profit margin improved to 4.8% (2021: 1.1%). Non-feed costs in the division increased year-on-year, negatively impacted by the direct cost of load shedding (R126 million) and water supply interruptions (R9 million), as well as a case of highly pathogenic bird flu (R5 million) in the breeding operations.

### Feed Division

Revenue increased by 20.7% to R10.0 billion (2021: R8.3 billion) as a direct result of higher selling prices on the back of the increase in raw material costs. SAFEX yellow maize prices increased to an average of R4 112 per ton for the year under review (2021: R3 371 per ton) up R740 per ton year-on-year. Soya meal prices also increased from an average of R8 216 per ton in 2021 to R9 629 per ton in 2022, up R1 413 per ton year-on-year, further exacerbating the increase in the price of feed.

Feed sales volumes increased by 6.6%, as the internal requirement for broiler feed increased by 8.7% due to the strategic expansion in broiler production numbers, with higher external sales volumes of 3.4% reported off the back of an increase in feed sales across most sectors, despite the fact that livestock markets remained under pressure from higher feed prices.

The operating profit for this division increased by 13.6% to R599 million (2021: R527 million), but with a decrease in the operating profit margin to 6.0% (2021: 6.4%). Net Rand per ton margins increased by 6.6% year-on-year with the division benefiting from good expense control (excluding the raw material cost impact), as well as effective recovery of the higher raw material costs in the selling price for feed. The direct cost of load shedding to the Feed Division for 2022 was R12 million.

# COMMENTARY (CONTINUED)

## Other Africa Division

Revenue from continuing operations for the division increased by 62.6 % to R471 million (2021: R289 million). Both selling prices and sales volumes increased for the year under review, driven by a very good performance from the Zambian operations. Operating profit from continuing operations increased to R65 million (2021: R35 million).

The transactions surrounding the disposal of Astral's interest in the National Chicks Swaziland joint venture, as well as the assets held within the Mozambican operations were closed during the period under review.

## OUTLOOK

The following factors are considered by management to have an impact on the near future business and poultry sector prospects:

- Consistently high unemployment levels and a soaring cost of living, have led to pressure on consumer spending with lower disposable income levels.
- Record high raw material costs, notwithstanding the good South African maize crops for the past three years, and which is expected to be repeated in 2023.
- Collapsing municipal infrastructure and national load shedding continue to impact Astral's operational efficiencies negatively, which adds a significant cost burden.
- Production cutbacks have been implemented to limit the negative impact of the current load shedding, with significant capital expenditure in diesel generator capacity.
- The continued threat of Highly Pathogenic Avian Influenza, with rapidly rising infection numbers in Europe and North America.
- Astral will endeavour to increase poultry selling prices to claw back on current negative broiler margins.
- Astral has a strong and resilient balance sheet, which will support Astral in navigating through the negative headwinds facing the poultry industry.

## Declaration of ordinary dividend No 42

The Board has approved a final dividend of 590 cents per ordinary share (gross) in respect of the year ended 30 September 2022.

The dividend will be subject to Dividend Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements the following information is disclosed:

- The dividend has been declared out of income reserves;
- The local Dividend Tax is 20 % (twenty per centum);
- The gross local dividend is 590 cents per ordinary share for shareholders exempt from Dividend Tax;
- The net local dividend is 472 cents per ordinary share for shareholders liable to pay Dividend Tax;
- Astral Foods Limited has currently 42 922 235 ordinary shares in issue (which includes 4 088 577 treasury shares held by a subsidiary and 437 095 held in terms a forfeitable share scheme); and
- Astral Foods Limited's income tax reference number is 9125190711.

Shareholders are advised of the following dates in respect of the final dividend:

Last date to trade <i>cum</i> -dividend	Tuesday, 10 January 2023
Shares commence trading <i>ex</i> -dividend	Wednesday, 11 January 2023
Record date	Friday, 13 January 2023
Payment of dividend	Monday, 16 January 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 January 2023 and Friday, 13 January 2023, both days inclusive.

On behalf of the Board

**T Eloff**  
Chairman

**CE Schutte**  
Chief Executive Officer

Pretoria  
21 November 2022

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Astral Foods Limited

## Opinion

The summarised consolidated financial statements of Astral Foods Limited, set out on pages 4 to 10 of the Audited Summarised Consolidated Results for the year ended 30 September 2022, which comprise the summarised consolidated balance sheet as at 30 September 2022, the summarised consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Astral Foods Limited for the year ended 30 September 2022.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

## The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 November 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

## Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 2 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



PricewaterhouseCoopers Inc.

Director: EJ Gerrys

Registered Auditor

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18 November 2022

# SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2022

	Audited 12 months ended 30 September 2022 R'000	% change	Audited 12 months ended 30 September 2021 R'000
Revenue	19 333 850	22%	15 865 938
Cost of sales	(15 310 513)	18%	(13 024 968)
<b>Gross profit</b>	<b>4 023 337</b>	<b>42%</b>	<b>2 840 970</b>
Administrative expenses	(944 950)		(746 092)
Distribution costs	(1 412 646)		(1 149 456)
Marketing expenditure	(292 252)		(243 994)
Other income	49 457		10 911
Other gains/(losses)	16 832		(1 340)
<b>Profit before interest and tax (note 4)</b>	<b>1 439 778</b>	<b>103%</b>	<b>710 999</b>
Finance costs – net	(14 706)		(48 677)
Finance income	29 412		12 426
Finance costs	(44 118)		(61 103)
<b>Profit before tax</b>	<b>1 425 072</b>	<b>115%</b>	<b>662 322</b>
Tax expense	(370 456)		(202 681)
<b>Profit for the year from continuing operations</b>	<b>1 054 616</b>	<b>129%</b>	<b>459 641</b>
<b>Profit for the year from discontinued operations (note 9)</b>	<b>15 960</b>	<b>13%</b>	<b>14 082</b>
<b>Profit for the year</b>	<b>1 070 576</b>	<b>126%</b>	<b>473 723</b>
<b>Other comprehensive income</b>	<b>36 315</b>		<b>(2 113)</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency gain on investment loans to foreign subsidiaries	878		1 064
Foreign currency translation adjustments	43 254		10 338
<b>Items that will not be reclassified to profit or loss</b>			
Transaction with minorities	(1 480)		–
Remeasurement of post-employment benefit obligations (net of deferred tax)	4 807		1 930
Changes in fair value of equity instruments	(11 144)		(15 445)
<b>Total comprehensive income for the period</b>	<b>1 106 891</b>	<b>135%</b>	<b>471 610</b>
<b>Profit attributable to:</b>			
Equity holders of the holding company	1 068 397	126%	472 504
Arising from			
– Continuing operations	1 054 616		459 641
– Discontinued operations	13 781		12 863
Non-controlling interests	2 179	79%	1 219
	1 070 576	126%	473 723
<b>Comprehensive income attributable to:</b>			
Equity holders of the holding company	1 104 712	135%	470 391
Arising from			
– Continuing operations	1 090 931		457 528
– Discontinued operations	13 781		12 863
Non-controlling interests	2 179	79%	1 219
	1 106 891	135%	471 610
<b>Earnings per share – cents per share</b>			
– basic	2 781	127%	1 225
– From continuing operations	2 745		1 192
– From discontinued operations	36		33
– diluted	2 751	126%	1 217
– From continuing operations	2 716		1 184
– From discontinued operations	35		33

# SUMMARISED CONSOLIDATED BALANCE SHEET

as at 30 September 2022

	Audited 30 September 2022 R'000	Audited 30 September 2021 R'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 002 712	2 942 859
Intangible assets	41 947	49 984
Right-of-use assets	288 817	340 029
Goodwill	120 536	136 135
Financial assets at fair value through other comprehensive income	94 431	105 575
	<b>3 548 443</b>	<b>3 574 582</b>
<b>Current assets</b>		
Biological assets	1 245 888	976 316
Inventories	1 178 496	921 104
Trade and other receivables	1 708 292	1 595 721
Current tax asset	33 840	27 146
Cash and cash equivalents	723 350	668 532
	<b>4 889 866</b>	<b>4 188 819</b>
Assets held for sale	–	71 584
	<b>4 889 866</b>	<b>4 260 403</b>
<b>Total assets</b>	<b>8 438 309</b>	<b>7 834 985</b>
<b>Equity</b>		
<b>Capital and reserves attributable to equity holders of the parent company</b>	<b>4 786 007</b>	<b>4 148 877</b>
Issued capital	90 400	90 400
Treasury shares	(277 464)	(250 633)
Reserves	4 973 071	4 309 110
<b>Non-controlling interest</b>	<b>–</b>	<b>12 314</b>
<b>Total equity</b>	<b>4 786 007</b>	<b>4 161 191</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liability	777 830	704 279
Employee benefit obligations	127 029	126 653
Lease liability	231 302	274 371
	<b>1 136 161</b>	<b>1 105 303</b>
<b>Current liabilities</b>		
Trade and other liabilities	1 966 500	1 785 351
Employee benefit obligations	425 840	268 570
Current tax liabilities	19 825	8 240
Lease liability	78 371	102 097
Borrowings	22 332	390 840
Shareholders for dividend	3 273	3 046
	<b>2 516 141</b>	<b>2 558 144</b>
Liabilities held for sale	–	10 347
	<b>2 516 141</b>	<b>2 568 491</b>
<b>Total liabilities</b>	<b>3 652 302</b>	<b>3 673 794</b>
<b>Total equity and liabilities</b>	<b>8 438 309</b>	<b>7 834 985</b>

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2022

	Audited 12 months ended 30 September 2022 R'000	Audited 12 months ended 30 September 2021 R'000
<b>Cash operating profit</b>	1 905 735	1 155 792
Changes in working capital	(413 382)	(343 625)
<b>Cash generated from operating activities</b>	1 492 353	812 167
Income tax paid	(294 454)	(135 738)
<b>Cash flows from operating activities</b>	1 197 899	676 429
<b>Cash used in investing activities</b>	(179 189)	(241 343)
Purchases of property, plant and equipment	(280 271)	(259 233)
Costs incurred on intangibles	(564)	(237)
Proceeds on disposal of property, plant and equipment	478	3 855
Proceeds on disposal of controlling interests in subsidiaries	69 954	–
Finance income	29 650	12 317
Dividends received	1 564	1 955
<b>Cash flows to financing activities</b>	(612 817)	(700 370)
Dividends paid	(457 747)	(418 150)
Finance expense on borrowings	(4 993)	(6 039)
Treasury shares acquired in terms of forfeitable share plan	(26 831)	(24 920)
Proceeds from sale of treasury shares	–	1 504
Lease payments – principal element	(89 661)	(204 557)
Finance cost on lease contracts	(32 105)	(48 208)
Transaction with minorities	(1 480)	–
<b>Net movement in cash and cash equivalents</b>	405 893	(265 284)
Effects of exchange rate changes	13 998	283
Less: Assets held for sale	–	(3 435)
Cash and cash equivalents at beginning of year – discontinued operations	3 435	–
Cash and cash equivalents at beginning of year – continuing operations	277 692	546 128
<b>Cash and cash equivalent balances at end of period (note 6)</b>	701 018	277 692



# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2022

	Audited 12 months ended 30 September 2022 R'000	Audited 12 months ended 30 September 2021 R'000
Balance beginning of year	4 161 191	4 122 320
Profit for the period		
– Continuing operations	1 054 616	459 641
– Discontinued operations	15 960	14 082
Dividends to shareholders	(457 974)	(418 356)
Other comprehensive loss for the period, net of tax	22 877	(2 113)
Increase in share-based payment reserve	16 168	9 033
Shares sold in terms of restricted share incentive scheme	–	1 504
Treasury shares acquired in terms of forfeitable share plan	(26 831)	(24 920)
Balance at end of period	<b>4 786 007</b>	4 161 191

# SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

for the year ended 30 September 2022

	Audited 12 months ended 30 September 2022 R'000	% change	Audited 12 months ended 30 September 2021 R'000
<b>Revenue</b>			
Poultry	15 838 305	21 %	13 077 464
Feed	10 016 838	21 %	8 301 955
Other Africa	470 628	63 %	289 435
Inter-group	(6 991 921)		(5 802 916)
From continuing operations	19 333 850	22 %	15 865 938
From discontinued operations	125 795		181 300
	19 459 645	21 %	16 047 238
<b>Operating profit</b>			
Poultry	762 848	420 %	146 742
Feed	598 694	13 %	529 615
Other Africa	64 927	87 %	34 642
Impairment of goodwill	(15 599)		–
Net gain on disposal of controlling interest in subsidiaries	28 908		–
From continuing operations	1 439 778	103 %	710 999
From discontinued operations	17 743		20 427
	1 457 521	99 %	731 426
<b>Depreciation, amortisation and impairment</b>			
Poultry	242 577	(6 %)	257 071
Feed	58 527	(63 %)	159 913
Other Africa	3 550	47 %	2 410
Corporate	2 107	(13 %)	2 428
– From continuing operations	306 761		421 822
– From discontinued operations	1 701		3 043
	308 462		424 865

# NOTES

for the year ended 30 September 2022

## 1. Nature of business

Astral is a leading South African integrated poultry producer. Key activities consist of manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and sale and distribution of various key poultry brands.

## 2. Basis of preparation

The Summarised Consolidated Financial Statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The Summarised Consolidated Financial Statements have been prepared under the supervision of the Chief Financial Officer, DD Ferreira CA(SA), and were approved by the board on 16 November 2022.

## 3. Accounting policies

The accounting policies applied in these Summarised Condensed Financial Statements comply with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 September 2021.

	Audited 12 months ended 30 September 2022 R'000	Audited 12 months ended 30 September 2021 R'000
<b>4. Profit before interest and tax</b>		
The following items have been accounted for in the profit before interest and tax:		
(Increase)/decrease in fair value adjustment to biological assets	(3 306)	5 852
Amortisation of intangible assets	5 740	5 489
Depreciation on property, plant and equipment	205 283	208 405
Amortisation of right-of-use assets	95 738	207 928
Loss/(profit) on sale of property, plant and equipment and intangibles	2 719	(3 515)
Foreign exchange losses	9 547	1 304
Dividend received from investments	(1 564)	(1 955)
Insurance recoveries	(38 965)	–
Assets scrapped	2 927	5 426
<b>5. Reconciliation to headline earnings</b>		
Net profit attributable to shareholders	1 068 397	472 504
Loss/(profit) on sale of property, plant and equipment (net of tax)	1 957	(2 668)
Impairment of goodwill	15 599	–
Net gain on disposal of controlling interests in subsidiaries	(26 941)	–
Loss on assets scrapped (net of tax)	2 281	3 911
Headline earnings for the period	1 061 293	473 747
<b>6. Cash and cash equivalents per cash flow statement</b>		
Bank overdrafts (included in current borrowings)	(22 332)	(390 840)
Cash at bank and in hand	723 350	668 532
Cash and cash equivalents per cash flow statement	701 018	277 692

## NOTES (CONTINUED)

for the year ended 30 September 2022

	Audited 12 months ended 30 September 2022 R'000	%	Audited 12 months ended 30 September 2021 R'000
		change	
<b>7. Commitments</b>			
Capital expenditure approved not contracted	590 589		185 517
Capital expenditure contracted not recognised in the balance sheet	146 782		54 882
Raw material contracted amounts not recognised in the balance sheet	2 079 376		1 687 543
<b>8. Additional information</b>			
Headline earnings per share – cents per share			
– basic	2 762	125 %	1 228
– From continuing operations	2 726		1 194
– From discontinued operations	36		34
– diluted	2 733		1 220
– From continuing operations	2 697		1 187
– From discontinued operations	36		33
Dividends (cents per share) – declared out of earnings for the period			
– Final dividend	790		300
– Final dividend	590		400
– Total dividend	1 380	97 %	700
Number of ordinary shares			
– Issued net of treasury shares	38 396 563		38 556 883
– Weighted-average	38 420 537		38 584 559
– Diluted weighted-average	38 833 658		38 833 658
<b>9. Discontinued operations</b>			
Agreements were reached whereby certain operations will be sold during the 2022 financial year.			
The following are relevant information regarding these operations:			
Revenue	125 795		181 300
Profit before interest and tax	17 743		20 427
Profit for the year	15 960		14 082
Assets held for sale	–		71 584
Liabilities held for sale	–		10 347
<b>Statement of cash flows information</b>			
Net cash inflow from operating activities	12 592		20 403
Cash generated/(used) in investing activities	535		(6 750)
Cash from financing activities	(14 871)		(3 960)
<b>Net proceeds on disposal (disclosed on statement of cash flows)</b>	69 954		–
<i>Plus:</i> Cash carried on statement of financial position on date of disposal	6 016		–
Total disposal consideration received in cash (gross of cash disposed of)	75 970		–
Carrying amount of consolidated net assets sold	47 062		–
<b>Gain on disposal before income tax</b>	28 908		–
Income tax expense on gain	(2 581)		–
<b>Net gain on disposal after income tax</b>	26 327		–

# CORPORATE INFORMATION

## Registered office

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## Directors

Dr T Eloff (Chairman)  
CE Schutte\* (Chief Executive Officer)  
GD Arnold\*  
DD Ferreira\* (Chief Financial Officer)  
F van Heerden\*  
DJ Fouche  
S Mayet  
WD Potgieter  
TM Shabangu  
AD Cupido  
\* *Executive director*

## Company Secretary

L Marupen

## Sponsor

Nedbank Corporate and Investing Banking, a division of Nedbank Limited



[www.astralfoods.com](http://www.astralfoods.com)

