

ZEDER INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2006/019240/06
Share code: ZED
ISIN: ZAE000088431
("Zeder" or "the Company")



UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2019

OVERVIEW

Zeder is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors. Its underlying investment portfolio was valued at R12.0bn on 31 August 2019. Zeder's 28.6% interest in Pioneer Foods remains its largest investment, representing 51.2% (28 February 2019: 43.5%) of the portfolio.

PROSPECTS AND OUTLOOK

The negative macro conditions are likely to remain unchanged in the short to medium term but should improve over the longer term. As a result, earnings and valuations at both a Zeder and portfolio level are expected to be subdued during the next reporting period. Notwithstanding these challenges, and in light of the anticipated Pioneer Foods disposal, Zeder should be in a position to create value for its shareholders through this cycle. It is anticipated that the substantial cash proceeds will enable Zeder to return capital to its shareholders, while also actively investing into its existing portfolio and new opportunities when opportune. Zeder remains committed to delivering sustainable returns to shareholders.

SALIENT FEATURES

Zeder's *Sum-of-the-Parts* ("SOTP") value per share, calculated using the quoted market prices for all JSE-listed investments, and internal valuations for unlisted investments, increased by 11% during the reporting period to R6.25 as at 31 August 2019. At the close of business on Monday, 30 September 2019, Zeder's SOTP value per share was R6.22.

Company	28 Feb 2019		31 Aug 2019		30 Sep 2019	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27.1	4 689	28.6	6 145	28.6	6 175
Zaad	95.3	2 235	95.3	2 243	95.7	2 243
Capespan	97.4	1 193	97.4	1 081	97.4	1 081
The Logistics Group	97.4	978	97.4	1 028	97.4	1 028
Kaap Agri	41.1	959	41.0	865	41.0	949
Agrivision Africa	56.0	493	56.0	398	56.0	398
Quantum Foods	29.3	216	30.8	228	30.8	225
Other		19		15		17
Total investments		10 782		12 003		12 116
Cash and cash equivalents		254		72		
Other net assets		109		119		121
Debt funding		(1 500)		(1 500)		(1 593)
SOTP value		9 645		10 694		10 644
Number of shares in issue (net of treasury shares) (million)		1 710		1 710		1 710
SOTP value per share (rand)		5.64		6.25		6.22

Note: Zeder's live SOTP is available at www.zeder.co.za.

Zeder's consolidated *recurring* headline earnings is the sum of its effective interest in the *recurring* headline earnings of each of its underlying investments. The result is that investments in which Zeder holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of consolidated *recurring* headline earnings, while once-off (i.e. *non-recurring*) income and expenses are excluded. This provides management and investors with a more transparent way of evaluating Zeder's earnings performance.

	Audited	Unaudited		
	28 Feb 19 12 months Rm	31 Aug 18 6 months Rm	Change %	31 Aug 19 6 months Rm
<i>Recurring</i> headline earnings from investments	604	231		135
Net interest, taxation and other income and expenses	(133)	(64)		(74)
Recurring headline earnings	471	167	(63)	61
<i>Non-recurring</i> headline items	296	348		(20)
Headline earnings	767	515	(92)	41
Non-headline items	(678)	(51)		398
Attributable earnings	89	464	(5)	439
Weighted average number of shares in issue (<i>net of treasury shares</i>) (million)	1 702	1 702		1 702
Recurring headline earnings per share (cents)	27.7	9.8	(63)	3.6
Headline earnings per share (cents)	45.1	30.3	(92)	2.4
Attributable earnings per share (cents)	5.2	27.3	(5)	25.8

Recurring headline earnings per share decreased by 63% to 3.6 cents mainly due to the weaker performance of most investees following continued challenging trading conditions experienced by the food and related business sector.

Headline earnings per share decreased by 92% to 2.4 cents, mainly as a result of the above and due to the upward fair value adjustment of the investment in Joy Wing Mau (previously known as Golden Wing Mau) in the prior corresponding period prior to its disposal.

Attributable earnings per share decreased by 5% to 25.8 cents, a lower percentage than *recurring* headline and headline earnings per share, mainly due to the reversal of the *non-headline* impairment charge recognised by Zeder on its associate investment in Pioneer Foods which was recognised at the prior year-end.

Profit before finance costs and taxation per Zeder's consolidated income statement decreased by 24% to R535m, mainly as a result of the aforementioned factors.

NOTEWORTHY DEVELOPMENTS

Category 1 disposal of investment in Pioneer Foods and application of proceeds

Pioneer Foods received an all-cash offer from PepsiCo Inc to acquire 100% of the Pioneer Foods ordinary shares in issue for a purchase consideration of R110 per share plus certain dividend(s) per Pioneer Foods ordinary share. This offer consideration represents a 56.5% premium to the Pioneer Foods 30-day VWAP of R70.31 per share as at 12 July 2019.

Accordingly, a general meeting was held on Monday, 30 September 2019, where the intended disposal was approved by the requisite majority of Zeder shareholders. The full and final implementation of this transaction remains subject to the fulfilment of further conditions.

If successfully implemented and after having settled its related obligations, Zeder should be able to distribute between R4.25bn and R4.75bn to shareholders. This distribution is being considered by the Zeder board of directors and remains subject to the timing of the transaction and further evaluation of circumstances at the time. The remaining balance of the proceeds will be invested in new opportunities or in Zeder's existing underlying portfolio.

Investments in Zaad

In recent years, Zaad has added strategic plant nutrition and agrochemicals to its portfolio to complement its product offering, particularly in emerging markets with the Farm-Ag and Hygrotech acquisitions. In terms of agreements previously entered into, Zaad acquired all the remaining shares in Farm-Ag effective 1 September 2019.

Zaad also concluded transaction agreements whereby it will acquire a 40% stake in the EAS group of companies ("EAS") in Kenya. EAS was established in 1972 and has steadily grown to become the leading independent seed company within the East and Central African regions. Shareholders should note that the agreement is still subject to several conditions precedent, including receipt of relevant regulatory and competition approvals.

Zeder has committed an additional R300m investment into Zaad to enable the aforementioned transactions.

DIVIDEND

It is currently Zeder's policy to only declare a final dividend at year-end.

UNAUDITED SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement ("Full Announcement") and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2019/JSE/ISSE/ZED/ZEDHY20.pdf>

Copies of the Full Announcement is also available for viewing on the Company's website at <http://www.zeder.co.za/investor-centre/> or may be requested in person, at the Company's registered office or the office of the sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement.

WEBCAST

Shareholders are reminded that Zeder will be hosting a webcast and a conference call at 15h00 (South African time) on Wednesday, 9 October 2019 to present the results to shareholders and the market. To register for the webcast or the conference call, please follow the relevant links below.

Webcast details:

- View and listen mode, with a Q&A facility
- Link: www.ccwebcast.eu/links/zeder191009/

Conference call details:

- Listen-only mode, with an interactive Q&A at the end of the presentation
- Link: www.diamondpass.net/6386878

Stellenbosch
8 October 2019

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