

ZEDER INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2006/019240/06
Share code: ZED
ISIN: ZAE000088431
LEI code: 37890022AF5FD117D649
("Zeder" or "the Company")



REVIEWED RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2020

OVERVIEW

Zeder is an active 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 R11.58bn on 29 February 2020.

NOTEWORTHY TRANSACTIONS

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

In line with the relevant announcements, circulars and shareholder approvals obtained, Zeder disposed of its entire interest in Pioneer Foods on 23 March 2020 for a total consideration of R6.41bn.

Zeder has used R1.55bn of the cash proceeds received to settle all its debt and related obligations and has declared a special dividend of 230 cents per share to shareholders.

This marks the end of a long and proud association with Pioneer Foods and its stakeholders for which Zeder is grateful. Zeder would like to wish PepsiCo, as the new beneficial owner of Pioneer Foods, and all employees the very best for the journey that lies ahead.

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 5.8% during the reporting period to R5.97 as at 29 February 2020.

At the close of business on Tuesday, 7 April 2020, Zeder's SOTP value per share was R5.95, which includes the cash amount to be paid as a special dividend of 230 cents per share which was declared on 1 April 2020 and is payable on 28 April 2020. The special dividend will be paid out of cash reserves, reducing the total cash holdings by R3.93bn and Zeder will retain approximately R1bn of cash reserves with no debt.

Company	28 Feb 2019		29 Feb 2020		7 Apr 2020	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27.1	4 689	28.6	6 348		
Zaad	95.3	2 235	95.7	2 034	95.7	2 034
The Logistics Group	97.4	978	98.6	1 028	98.6	1 028
Capespan	97.4	1 193	96.7	999	96.7	999
Kaap Agri	41.1	959	41.0	723	41.0	652
Agrivision Africa	56.0	493	56.0	242	56.0	242
Quantum Foods	29.3	216	32.1	188	32.1	210
Other		19		19		21
Total investments		10 782		11 581		5 186
Cash and cash equivalents		254		83		4 948

Other net assets	109	40	43
Debt funding	(1 500)	(1 500)	
SOTP value	9 645	10 204	10 177
Number of shares in issue (net of treasury shares) (million)	1 710	1 710	1 710
SOTP value per share (rand)	5.64	5.97	5.95

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

The SOTP valuations of Zeder's unlisted investments have been based on the respective investee companies' latest financial results as contained in Zeder's consolidated results for the financial year ended 29 February 2020. Such valuation methodologies are consistent with those applied in previous years.

Suffice to say, the wide-spread impact of COVID-19 on the global economy and financial markets is already evident. The short- to medium-term severity thereof and consequent impact on the profitability and valuation of our investments, however, remain uncertain.

While the SOTP calculation is indicative of the value of Zeder's underlying portfolio of net assets, it does not take into account factors such as adjustments for the size of shareholdings, liquidity of the underlying assets, tax on the potential disposal of underlying assets, head office operating profit/loss and other factors.

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, whilst 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 28 Feb 19 Rm	Change %	Reviewed 29 Feb 20 Rm
Recurring headline earnings from investments	604		725
Net interest, taxation and other income and expenses	(133)		(166)
Recurring headline earnings	471	18.7	559
Continued operations	177		263
Discontinued operations	294		296
Non-recurring headline items	296		(155)
Headline earnings	767	(47.3)	404
Continued operations	466		121
Discontinued operations	301		283
Non-headline items	(678)		157
Attributable earnings	89	530.3	561
Continued operations	374		(234)
Discontinued operations	(285)		795
Weighted average number of shares in issue (net of treasury shares) (million)	1 702		1 702
Recurring headline earnings per share (cents)	27.7	18.4	32.8
Headline earnings per share (cents)	45.1	(47.5)	23.7
Attributable earnings per share (cents)	5.2	532.7	32.9

Recurring headline earnings per share increased by 18.4% to 32.8 cents mainly due to improved performance from most of Zeder's underlying investee companies.

Headline earnings per share decreased by 47.5% to 23.7 cents mainly due to the non-recurrence of the upward fair value adjustment of Capespan's investment in Joy Wing Mau prior to its disposal in the prior year.

Attributable earnings per share increased by 532.7% to 32.9 cents mainly due to the reversal of the non-headline impairment charge recognised by Zeder on its associate investment in Pioneer Foods in the prior year, partly offset by impairments of non-financial assets.

Profit before finance costs and taxation from continued operations per Zeder's consolidated income statement decreased by 70.0% to R252.4m, mainly as a result of the aforementioned prior year upward fair value adjustment of the investment in Joy Wing Mau and impairments during the current year. The reversal of the prior year impairment on its associate investment in Pioneer Foods is included in discontinued operations.

REVIEW OF BUSINESS ENVIRONMENT

During the year under review, Zeder and its investee companies were impacted by constrained economic conditions and corresponding downward adjustments to market valuations. The full effect was moderated by the announcement of the Pioneer Foods disposal at R110 per share, reflecting a premium of 58% at the time. This uplift ensured that Zeder's *Sum-of-the-Parts* valuation, at an aggregate level, increased by 5.8% during the year.

Notwithstanding the challenging conditions and valuation implications, Zeder and its investee companies managed controllable elements well and delivered satisfactory operating results across the portfolio with *recurring* headline earnings per share increasing by 18.4% during the year under review. Apart from Quantum Foods, all portfolio companies stabilised or reversed the corresponding lower levels of profitability reported in the results for the previous year.

COVID-19

The financial results reported and business environment reviewed reflect the year ended 29 February 2020 as well as subsequent events that transpired prior to the publication of these results. It is, however, critical to note that, at the time of producing this report, there is a global coronavirus pandemic and corresponding international health and economic crises unfolding. South Africa, similar to many countries around the world, is locked-down in terms of strict regulations imposed by government. While the final outcome is unclear, it is anticipated that the negative economic impact in South Africa and around the world will be severe in the short- to medium term. While Zeder and its portfolio companies will not be immune to these challenges, the deliberate process over the past few years to strengthen balance sheets, reduce debt and preserve cash resources should assist Zeder during this crisis.

It is worth noting though that many of Zeder's portfolio companies fall within the "essential services" classification under the current regulations and have been allowed to continue certain operations.

PROSPECTS AND OUTLOOK

The successful disposal of its largest investment and the declaration of the substantial special dividend are considered in a positive light from a Zeder shareholder's perspective. These transactions understandably also represent a material change to the size and composition of Zeder and its portfolio as it results in the disposal and distribution of a substantial portion of the underlying value of the group.

Albeit from a lower base, Zeder remains optimistic about its prospects going forward. The remainder of its portfolio represents strategic equity interests in leading organisations that span the agribusiness value chain. While the broader investor sentiment towards the sector and country is clearly negative at present and the external operating environment remains challenging, the underlying fundamentals of Zeder and its portfolio have not changed. The investee companies are well positioned with strong balance sheets and leading management teams that are committed to delivering on their respective long-term strategies.

We believe that, despite inevitable cyclicalities, investing in the agribusiness industry should offer attractive long-term returns and the strength of our defensive portfolio should ensure that we deliver the required shareholder return over time.

SPECIAL DIVIDEND

Shareholders are referred to the Company's SENS announcement dated 1 April 2020, regarding the declaration of a special gross dividend of 230 cents per share by the Company, pursuant to the disposal of its shareholding in Pioneer Foods to a subsidiary of PepsiCo, Inc., in terms of a scheme of arrangement.

For ease of reference, the salient dates of this dividend, as previously announced on SENS, are:

Last day to trade cum dividend	Tuesday, 21 April 2020
Trading ex-dividend commences	Wednesday, 22 April 2020
Record date	Friday, 24 April 2020
Date of payment	Tuesday, 28 April 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 April 2020 and Friday, 24 April 2020, both days inclusive.

Following the significant special dividend, the directors have resolved to amend the Zeder dividend policy. Going forward the payment of dividends will be conditional on the Group having sufficient reserves to fund its operations, investments and growth plans.

REVIEWED FINANCIAL RESULTS

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the reviewed 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/2020/JSE/ISSE/ZED/LFAFY20.pdf>

A copy of the Full Announcement is also available for viewing on the Company's website at <http://www.zeder.co.za/investor-centre/>. In addition, electronic copies of the Full Announcement may be requested and obtained, at no charge, from the Company at cosec@zeder.co.za and from PSG Capital.

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

The Company has based this short-form announcement on the financial results for the year ended 29 February 2020 which have been reviewed by the Company's auditors, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion.

Stellenbosch
17 April 2020

Sponsor

PSG Capital

