

**KAAP AGRI LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 2011/113185/06)

Share code: KAL

ISIN: ZAE000244711

("KaaP Agri" or "the Company")



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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2020**

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**1. INTRODUCTION**

Despite a slow start to the financial year due to a combination of sluggish retail spend and a constrained consumer environment, Kaap Agri increased revenue by 11.6% to R4.9 billion, up from R4.4 billion in the previous comparable financial period, with like-for-like comparable sales growth of 4.8%. This growth in revenue was driven by a 5.0% increase in the number of transactions. Product inflation, excluding the impact of fuel inflation, is estimated at 1.5%.

Both agri and retail performance improved during the second quarter. As indicated at the prior year end, crucial late season rainfall needed by the wheat farmers did not materialise, resulting in harvest reductions. Despite lower wheat volumes received compared to last year, the increased rate of sales has resulted in a heavy weighting of Wesgraan full year profitability in the first six months of the year. This performance will not re-occur in the second six months. Conditions for fruit and vegetable production have largely been positive but significant expansions and infrastructural spend have diminished, partly drought related and partly related to ongoing concerns around land policies. The fuel industry has experienced ongoing fuel volume decreases.

Group fuel volumes increased by 6.7%, of which TFC owned and managed sites have grown fuel volumes by 12.6%. Growth in fuel site convenience and quick service restaurant retail operations exceeded fuel volume growth.

EBITDA, excluding the impact of adopting IFRS 16, has grown by 9.5% and ahead of recurring headline earnings growth.

It is clear that we are moving into a challenging period of further reduced consumer confidence and uncertainty. As a supplier of essential goods and services we will continue to review the way we interact with our customers to ensure we provide a relevant and sustainable offering in a responsible manner. We are committed to the wellbeing of all our stakeholders and remain relatively positive about the medium-term prospects for agriculture in southern Africa.

We anticipate that retail trade will remain under pressure in the short term. However, good agri trade performance is expected to continue. A number of new TFC licence applications are expected to be finalised before year end. The heavy weighting of Wesgraan performance to the first half of the year as well as the impact of Covid-19 will result in the second half of the year reflecting a weaker trading environment than the first six months. We remain committed to achieving our strategic medium-term growth targets.

## 2. SALIENT FEATURES

Revenue increased by 11.6% to R4.9 billion, from R4.4 billion in the prior corresponding period.

EBITDA increased by 14.8% to R349,3 million. EBITDA, excluding the impact of adopting IFRS 16 grew by 9.5%.

Earnings per share increased by 8.0% to 242.21 cents per share, from 224.23 cents per share in the prior corresponding period.

Headline earnings per share increased by 7.9% to 241.83 cents per share, from 224.17 cents per share in the prior corresponding period.

Recurring headline earnings per share increased by 7.5% to 247.65 cents per share, from 230.34 cents per share in the prior corresponding period.

No dividend has been declared. An interim dividend of 33.50 cents per share was declared in the prior corresponding period.

## 3. DIVIDEND DECLARATION

The impact of Covid-19 is being felt across all the markets in which the Group operates. As such, a number of interventions have been implemented to mitigate the impact of Covid-19 on the business. Although the majority of Kaap Agri operations have been designated as essential goods and service providers, revenue will be impacted by the reduction in footfall in specifically our Trade retail and TFC stores. In response to this, management have implemented a host of cost saving and cash flow initiatives as well as capital expenditure curtailment. Given the uncertainty of the duration and impact of the current circumstances, the Board is of the view that cash preservation and liquidity remains paramount and as such has decided to forgo the declaration of an interim dividend.

## 4. 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/2020/JSE/ISSE/KALE/KALMar20.pdf>

Copies of the Full Announcement is also available for viewing on the Company’s website at [https://www.kaapagri.co.za/wp-content/uploads/2020/05/07-Condensed-Interim - Financial-Statements.pdf](https://www.kaapagri.co.za/wp-content/uploads/2020/05/07-Condensed-Interim-Financial-Statements.pdf) 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, as a whole.

The condensed consolidated interim financial statements have not been audited or reviewed by the Company’s auditors.

7 May 2020

Sponsor

PSG Capital



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