

## **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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## **VOLUNTARY TRADING UPDATE FOR THE TEN MONTHS ENDED 31 JULY 2022 AND TRADING STATEMENT**

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### **TRADING UPDATE**

Kaap Agri has delivered a strong trading performance, despite an environment dominated by above normal inflation across most product categories and fuel prices which have remained high throughout the period. The impact of the Russia / Ukraine conflict has negatively impacted farming input costs, specifically fertilizer and fuel, with prices likely to stay at higher levels for some time. The Covid impact has lessened year on year and has now largely annualised. The logistical challenges at ports were exacerbated by the recent floods in KwaZulu-Natal and have further increased costs for the agri value chain. South African retail sales remain constrained and high fuel prices are dampening fuel consumption.

Notwithstanding the challenges highlighted above and high inflation, Kaap Agri's Agri trade has shown real growth of 16.6% compared to the same period last year. Excluding the acquisition of PEG Retail Holdings (Pty) Ltd ("**PEG**") in July 2022, Retail trade continued to grow market share with real growth in turnover of 1.6% year on year. Both Retail and Agri trade margins have improved compared to the same period last year.

Although the retail fuel industry has experienced severe fuel volume decreases off the back of changed consumer behaviour due to high fuel prices, TFC Operations (Pty) Ltd. ("**TFC**") excluding PEG has performed well with litres decreasing by only 2.8% and showing continuous improvement. Convenience and quick service restaurant offerings have recovered strongly. Agrimark fuel volumes dropped marginally by 0.8% due to market share gains, comparing very favorably to industry trends.

Agriplas turnover was negatively impacted by the abovementioned rising agri input costs, as well as impaired farm income due to fruit export logistical challenges, resulting in curtailed farm infrastructural spend. The Agriplas outlook, however, remains positive going forward, given the relatively healthy state of dam levels in most areas of the country and potential in product innovations.

Agrimark Grain's performance is ahead of last year due largely to the increased wheat volumes. Mechanisation agencies have continued their strong performance of the prior year.

As referred to in the SENS dated 1 August 2022, the acquisition by TFC, a subsidiary of Kaap Agri, of 100% of the issued ordinary shares in and loan claims against PEG became unconditional with an effective date of 1 July 2022. As such, only one month of PEG performance is included in the Company's financial results for the 10 months ended 31 July 2022. During the current financial year up to 1 July 2022, the PEG operations have exceeded expectations compared to business case and prior year.

## TRADING STATEMENT

In terms of the JSE Limited Listings Requirements, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next period to be reported on will differ by 20% or more from the financial results for the previous corresponding period.

Therefore, the Company hereby advises that a reasonable degree of certainty exists that for the financial year ending 30 September 2022:

- earnings per share ("**EPS**") will be between 556 cents and 583 cents, representing an increase of between 21.7% and 27.6% compared to the EPS of 456.88 cents reported for the year ended 30 September 2021;
- headline earnings per share ("**HEPS**") will be between 530 cents and 557 cents, representing an increase of between 16.5% and 22.5% compared to the HEPS of 454.92 cents reported for the year ended 30 September 2021; and
- recurring headline earnings per share ("**RHEPS**") will be between 551 cents and 579 cents, representing an increase of between 15.3% and 21.3% compared to the RHEPS of 477.55 cents reported for the year ended 30 September 2021.

Kaap Agri considers RHEPS to be a key benchmark to measure performance and to allow for meaningful year-on-year comparison. The adjustments from HEPS to RHEPS relate to the exclusion of non-recurring expenses, which consist predominantly of costs associated with acquisitions of new businesses, and the revaluation of put options.

The financial information on which this trading statement is based has not been reviewed or reported on by the auditor of the Company. The expected publication date of the financial results for the year ended 30 September 2022 will be announced in due course, together with details of the webcast at which these results will be presented to shareholders and the market.

Paarl

30 August 2022

Sponsor

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