

Libstar Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 2014/032444/06)

(JSE share code: LBR)

(ISIN: ZAE000250239)

("Libstar" or the "Group")

VOLUNTARY TRADING UPDATE FOR THE FINANCIAL YEAR TO DATE AND INVESTOR PRE-CLOSE CONFERENCE CALL

INTRODUCTION

The Group is pleased to provide this pre-close trading update for the financial year to date ended 24 May 2024. An investor conference call will be held today at 17:00 CAT (details are provided below).

Libstar continues to execute its five key value-driving initiatives to improve the Group's cost-competitiveness, earnings quality and return on invested capital.

The Group is on track to finalise the simplification of its operating structures within the newly established Perishable Products and Ambient Products super-categories by the end of 2024.

Category growth initiatives, launched during 2023, yielded benefits as the dairy and wet condiment sub-categories performed strongly relative to the prior period. Against the backdrop of subdued local consumer demand, Libstar's export channel outperformed, benefiting from a renewed business development focus initiated in 2023.

Supported by focused capital allocation and sustained working capital monitoring, the Group is currently on track to reduce its net interest-bearing debt to Normalised EBITDA ratio (gearing ratio) to below 1.5 by the end of 2024.

TRADING UPDATE

Libstar's year to date revenue increased by 4.6%. Revenue growth was driven by price and mix changes of 6.3%, against a volume decline of 1.7%.

Perishable Products category revenue increased by 4.4%, with selling price inflation and mix changes contributing 7.7% to sales growth. Sales volume declined by 3.3% driven mainly by lower beef volumes in the food service channel.

Ambient Products category revenue increased by 5.3%, driven by a recovery of wet condiment volumes in the industrial channel relative to the weak demand experienced in the prior period. Dry condiments sales in the export channel delivered volume growth with a strong pipeline of orders to be delivered in the coming months. Price and mix changes contributed 5.8% of revenue growth.

Gross profit margins have been sustained above those of H1 2023 due to effective price realisation, cost management, improved product basket mix and production efficiencies. General and administrative expenses remained well-controlled.

OUTLOOK

The Group's portfolio and operating model simplification strategy has yielded initial results. Further benefits are expected from the implementation of the HPC divestment strategy as well as an integrated Perishable Products operating model in H2 2024. Within the Ambient Products category, Libstar continues to develop export opportunities and increase its food service channel product basket locally and internationally.

Improving customer service levels and cost efficiencies through targeted projects will remain a key priority to deliver the sustainable improvement of operational performance and margins.

The One Libstar culture programme was launched successfully in H1 2024 and will continue to drive strategic alignment throughout the Group in the remainder of the financial year.

INVESTOR PRE-CLOSE CONFERENCE CALL

Shareholders are advised that Libstar will be hosting a pre-close investor call at 17:00 (CAT) today 19 June 2024, to provide investors with an update for the year to date, prior to entering a closed period on 1 July 2024.

Participants should register for the online meeting using the following link:

https://us02web.zoom.us/meeting/register/tZMocO2rrjlvH9bMm8Bklo6GmnkEQQePyF_3

OTHER INFORMATION

The financial information on which this pre-close trading update is based is the responsibility of the directors of Libstar and has not been reviewed nor reported on by the Group's external auditors.

Libstar expects to publish its interim financial results on or about 10 September 2024.

19 June 2024

Sponsor
The Standard Bank of South Africa Limited