

## **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 PRE-CLOSE TRADING UPDATE AND FINALISATION OF CHET CHEMICALS DISPOSAL**

### **INTRODUCTION**

During H2 2024, Libstar continued to implement its key value-driving initiatives (KVI) to enhance the Group's cost-competitiveness, earnings quality and return on invested capital.

Trading conditions improved from Q4 following a weaker than expected Q3 performance resulting from soft retail and food service channel demand, as well as delayed Q3 export shipments from the Cape Town harbour.

In the Ambient Products category, Wet Condiments delivered a resilient performance, driven by strong retail channel demand and improved contract manufacturing volumes. The Dry Condiments sub-category benefited from improved capacity utilisation and production efficiencies following the successful transfer of production lines between business units earlier in the year. The Baking category continued to be impacted by weak demand for wraps in the quick service restaurant (QSR) sub-channel, showing some recovery into Q4. The Snacks category delivered an improved trading result from the start of H2, albeit still lagging the prior year.

In the Perishable Products category, Libstar's Lancewood brand successfully increased its market share in the Soft Cheese and Yoghurt categories, while maintaining its position as the market leader in the Natural Cheese category, despite heightened price competition.

The Value-Added Meats sub-category underperformed as a consequence of lower QSR beef volumes, partly offset by increased demand for retail and contract manufactured fresh and frozen chicken products.

### **TRADING UPDATE**

#### **Revenue**

Libstar's year-to-date revenue for the period ended 22 November 2024, increased by 2.5%. Price and mix changes contributed 5.4% of revenue growth, against a volume decline of 2.9%.

Perishable Products category revenue increased by 0.4%, with selling price inflation and mix changes contributing 3.8% to sales growth. Sales volumes declined by 3.4% driven mainly by lower QSR beef volumes in the food service channel.

Ambient Products category revenue increased by 4.9%, driven by the resilient Wet Condiments sub-category performance. Price and mix changes contributed 7.4% of revenue growth. The volume decline of 2.5% resulted primarily from the implementation of a direct import model by a retail customer as reported during H1. Export shipment frequency improved slightly from the start of Q4.

## **Gross profit margins**

Libstar's gross margins tracked in line with the prior year, notwithstanding a decline in sales volumes, reflecting the Group's continued focus on price management, operational efficiencies and cost-savings.

## **Non-recurring prior year items**

During the prior year, the Group re-evaluated the estimated useful lives of assets with zero book value, resulting in a decline in prior year depreciation of property, plant and equipment and right-of-use assets of 5.9% or R20 million. As the re-evaluation only impacted the 2023 financial results, the 2024 year-to-date depreciation and amortisation expense has increased by 18.3% or R51 million relative to the prior corresponding period.

In addition, the Group received insurance proceeds of R120 million in the prior year relating to the Denny Mushrooms (Shongweni plant) fire.

## **Net debt and working capital**

The Group's year-to-date net interest-bearing debt to Normalised EBITDA ratio remains in line with the 1.6 times reported in H1 2024 and at the end of 2023. Higher inventory holding in the Dairy, Meal Ingredients (Imports) and Dry Condiments (Exports) sub-categories has been offset by lower capital expenditure which tracks in line with the Group's previous guidance.

## **FINALISATION OF CHET CHEMICALS DISPOSAL**

Shareholders are referred to the SENS announcement published on 10 September 2024 in which shareholders were advised that Libstar has concluded an agreement in respect of the disposal of its interest in Chet Chemicals, which forms part of its Household and Personal Care category to Mithratech SA (Pty) Ltd, a subsidiary of Morvest Group (Pty) Ltd ("**the Transaction**").

Libstar is pleased to announce that the effective date of the Transaction will be 30 December 2024.

## **OTHER INFORMATION**

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

Libstar expects to publish its financial results for the year ended 31 December 2024 on or about 18 March 2025.

## **11 December 2024**

Sponsor  
The Standard Bank of South Africa Limited