



2021

# Annual Results Presentation

for the year ended 30 September 2021

# AGENDA



- **Business Overview** *Slide 3 – Chris Schutte*
- **Operational Overview** *Slide 9 – Gary Arnold, Michael Schmitz, Frans Van Heerden*
- **Industry Matters** *Slide 29 – Gary Arnold*
- **Financial Overview** *Slide 32 – Daan Ferreira*
- **Outlook** *Slide 43 – Chris Schutte*
- **Additional Information** *Slide 46*

# BUSINESS OVERVIEW



**Chris Schutte**  
Chief Executive Officer





# SALIENT POINTS

- **Feed input costs increased** over the period on high maize prices, driven by global fundamentals in the coarse grain markets
- **Broiler production** efficiencies impacted by a management decision to change the feeding regime, to offset the higher cost of feed
- **Poultry selling prices** recovered to pre-Covid levels in the second half of the reporting period, partially offsetting markedly higher input costs
- **Extraordinary costs** linked to the bird flu outbreak, unrest and looting, load shedding and on-going municipal service disruptions
- **Continued high levels of poultry imports** notwithstanding higher import tariffs, the weak Rand and higher freight costs
- **Record levels of unemployment** in South Africa with weak economic growth and lower disposable income
- **Disposal of Astral's interest** in National Chicks Swaziland (joint venture) and assets in Mozambique – Astral approached by purchasers
- **Resilient financial performance** under extremely tough market and operational conditions

# KEY FINANCIAL INDICATORS

- **Revenue @ R15,9 billion**  
*(R16,1 billion including discontinued operations)*
- **Profit before interest and tax @ R711 million**  
*(R731 million including discontinued operations)*
- **Profit for the period @ R473 million**
- **Headline earnings per share @ 1 228 cents**
- **Total dividend for the year @ 700 cps**



# DIVISIONAL OVERVIEW

## Feed



- Raw material costs up sharply
- Internal feed requirements increased
- External sales volumes down
- Expenses well controlled
- Improved Rand per ton margin

## Poultry



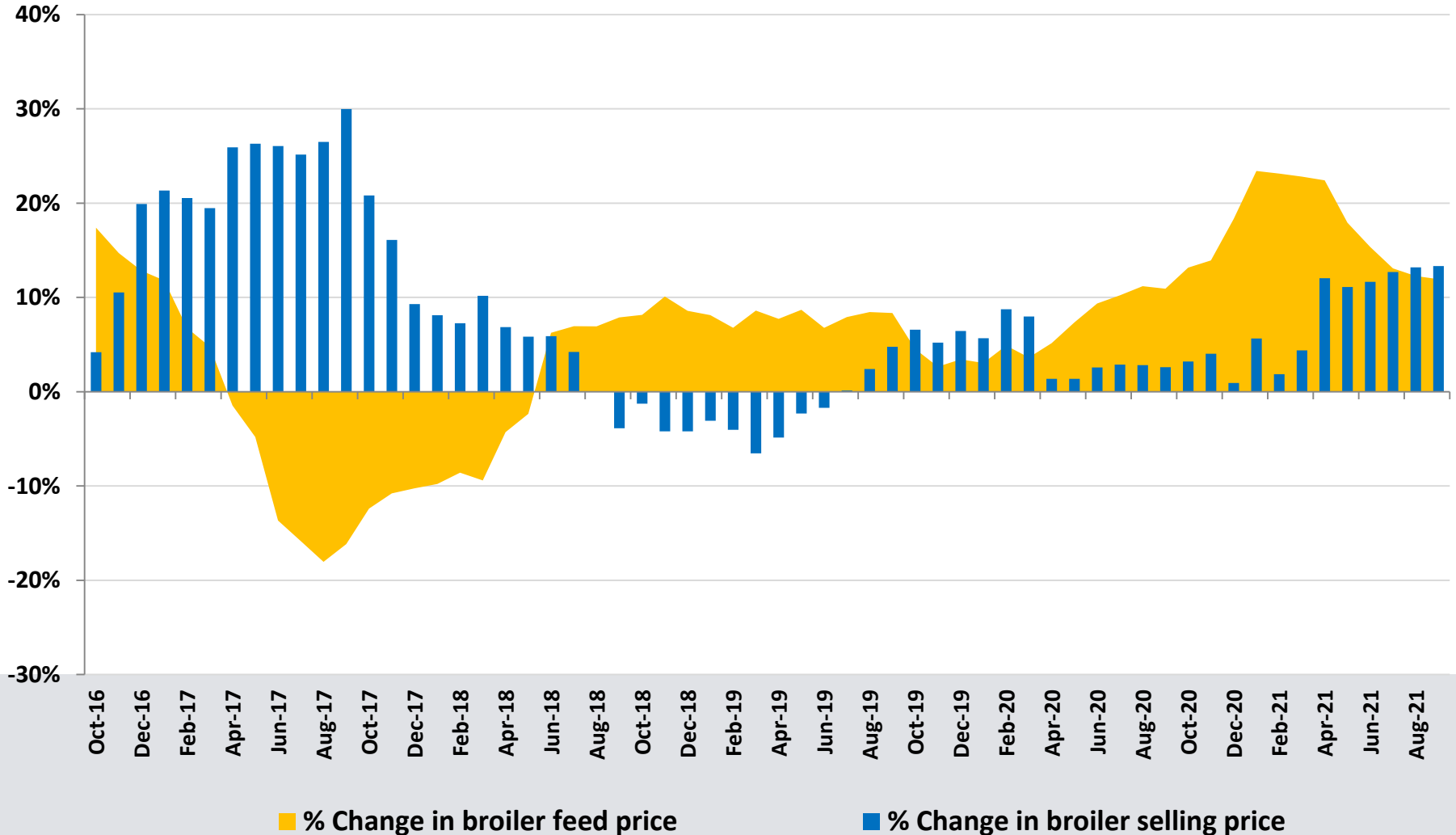
- Feeding programme change
- Broiler performance impact
- Broiler sales realisations up
- Broiler sales volumes increased
- Non-feed costs below inflation

## Other Africa – Feed & Poultry

- Improved performance from Zambian poultry

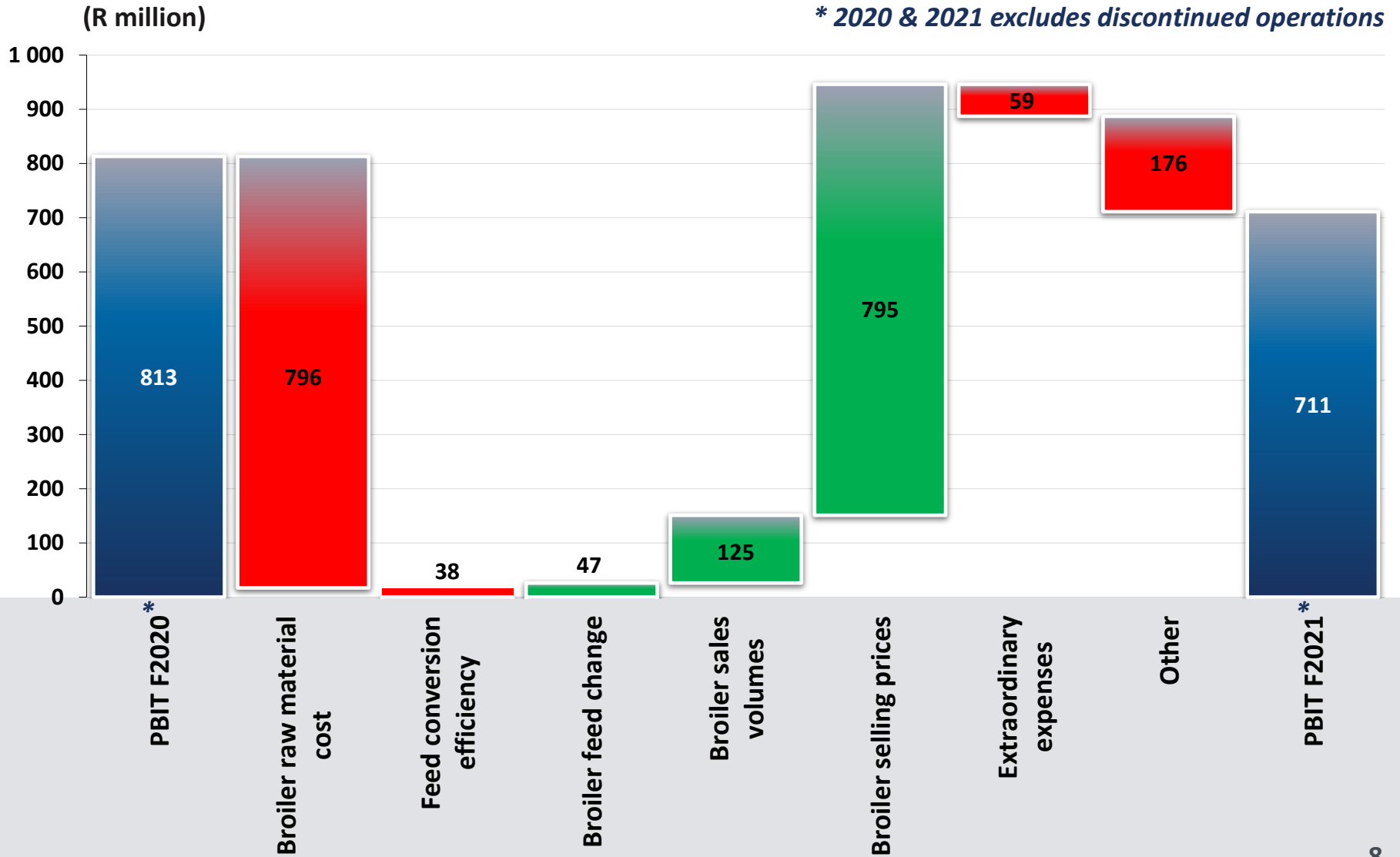


# BROILER SELLING PRICE vs. FEED PRICE



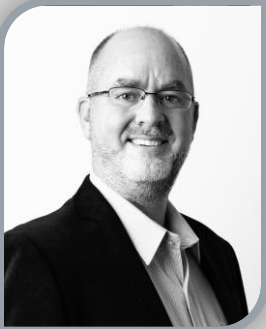


# PBIT MOVEMENT F2021 vs. F2020





# RAW MATERIALS



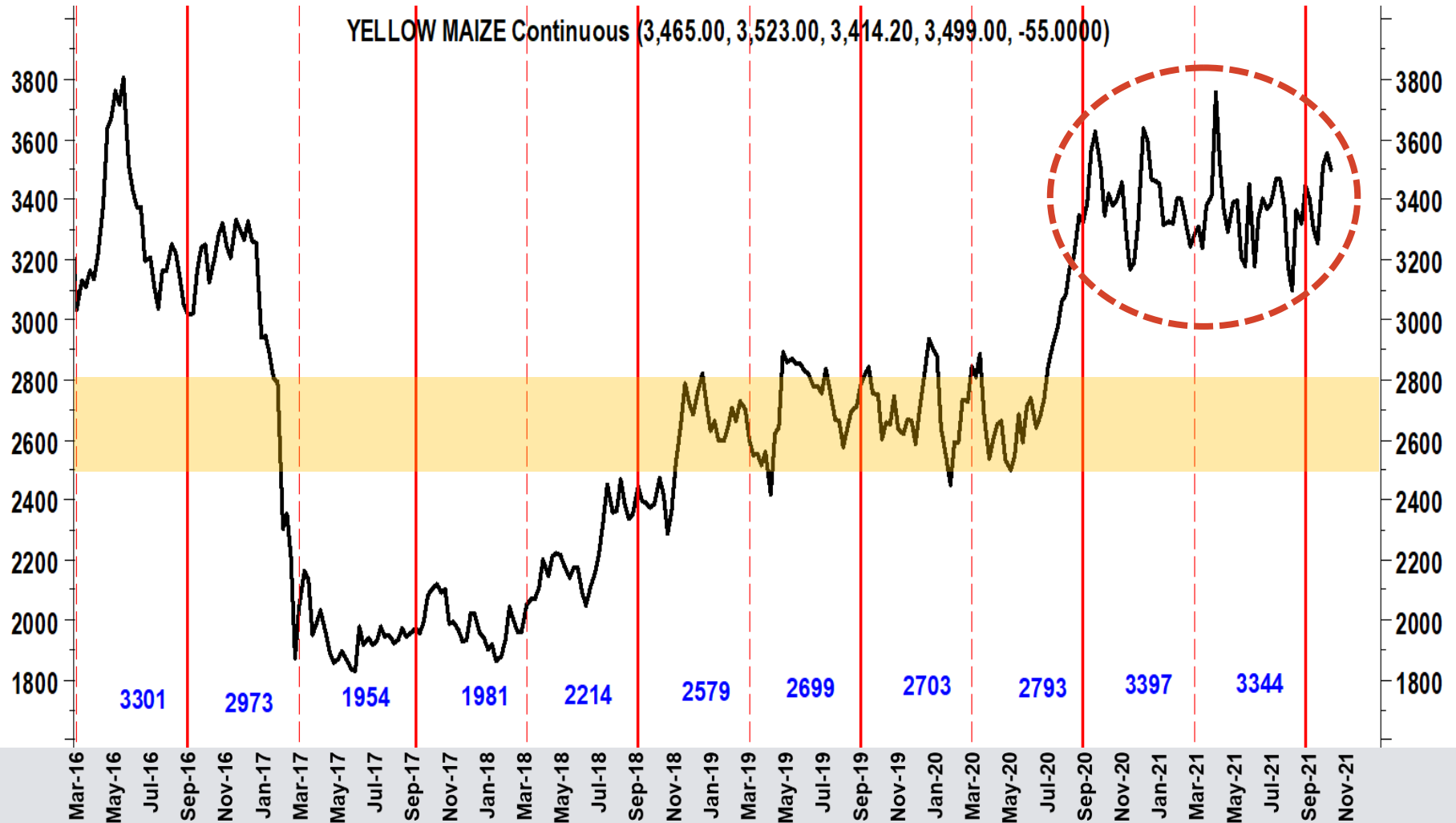
**Gary Arnold**  
Group Chief Operating Officer



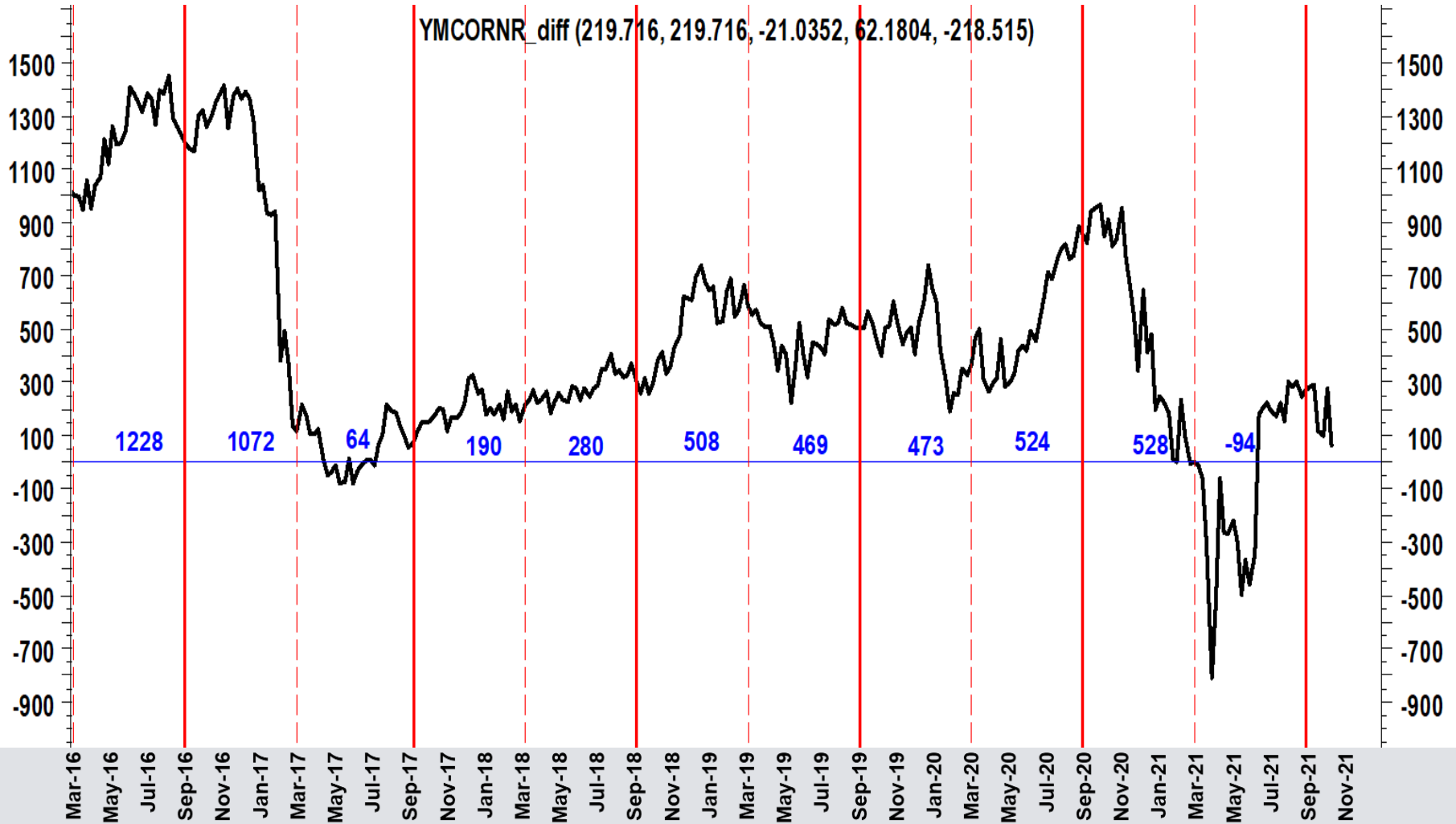
# RSA TOTAL MAIZE SUPPLY & DEMAND

<i>Marketing year (May to April)</i>	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22E	2022/23F
<i>'000 tons</i>	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast
<b>Carry In (1 May)</b>	2 471	1 093	3 689	2 662	1 000	2 115	2 221
<b>Crop Estimate</b>	7 779	16 820	12 510	11 275	15 300	16 211	15 745
<b>Retentions</b>	309	1 191	495	388	90	958	921
<b>Sagis Delivery</b>	7 469	15 629	11 984	10 887	15 268	15 254	14 824
<i>Minus early deliveries</i>	450	0	0	0	0	0	0
<b>Imports</b>	2 237	0	172	510	0	5	0
<b>Total Supply</b>	11 727	16 722	15 845	14 059	16 268	17 373	17 044
<b>Domestic Usage Food</b>	4 808	4 993	5 161	5 378	5 685	5 510	5 620
<b>Domestic Usage Feed</b>	5 004	5 276	5 508	5 699	5 517	5 800	6 060
<b>Gristing, withdrawn &amp; released</b>	278	313	239	177	121	215	250
<b>Total Domestic Usage</b>	10 090	10 583	10 907	11 264	11 324	11 525	11 930
<b>Exports &amp; Sundries</b>	993	2 451	2 276	1 795	2 830	3 627	2 900
<i>Plus early deliveries</i>	450	0	0	0	0	0	0
<b>Carry Out (30 Apr)</b>	1 093	3 689	2 662	1 000	2 115	2 221	2 214
<b>No of days usage</b>	40	127	89	32	68	70	68
<b>STU</b>	9,87%	28.31%	20,19%	7,66%	14,94%	14,66%	14,93%

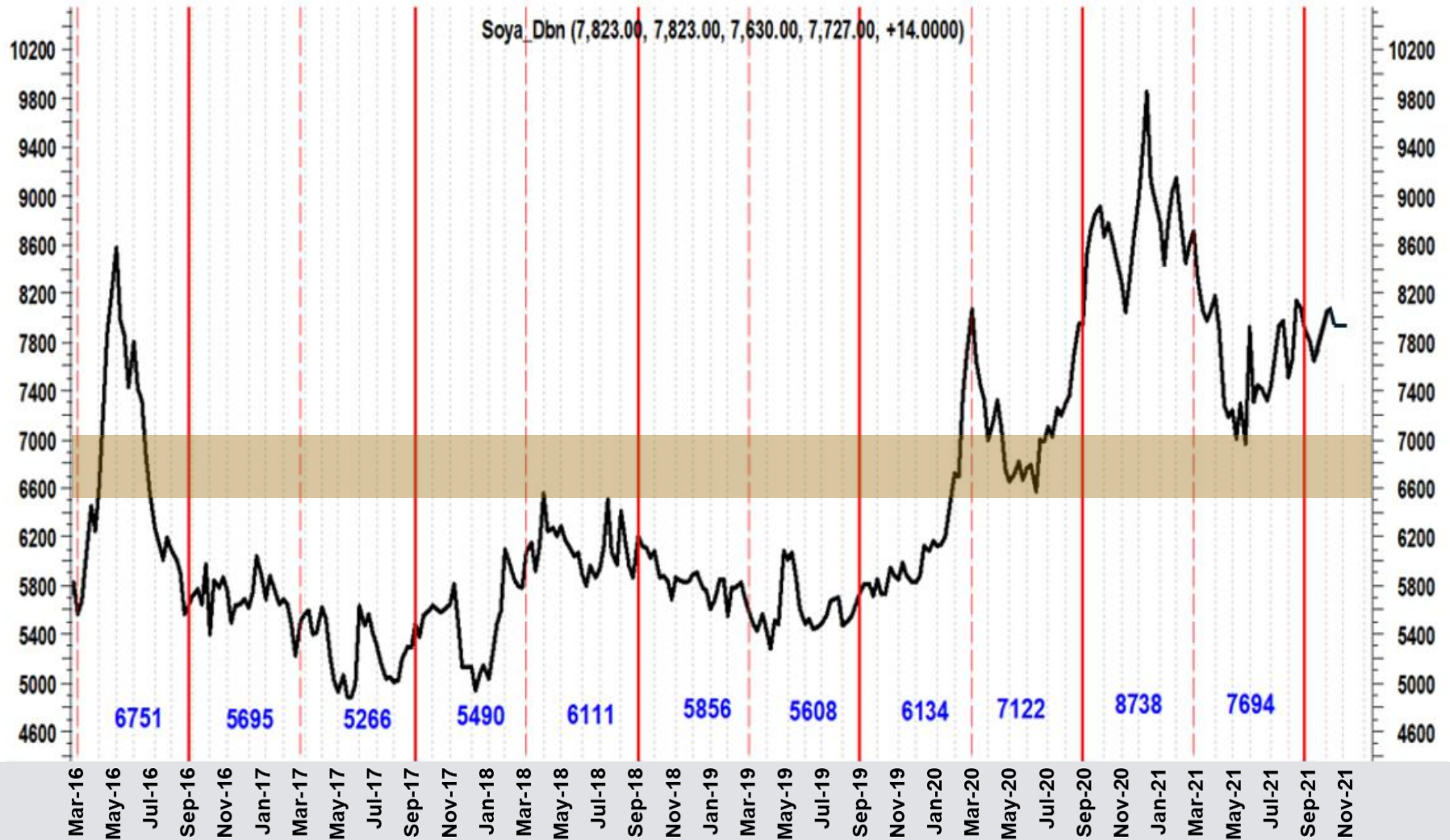
# SAFEX YELLOW MAIZE PRICE



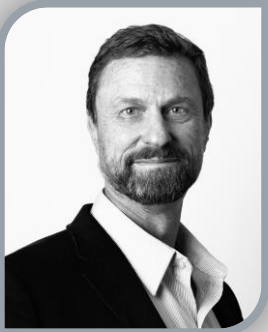
## SAFEX YM PRICE vs. CBOT IN RAND TERMS



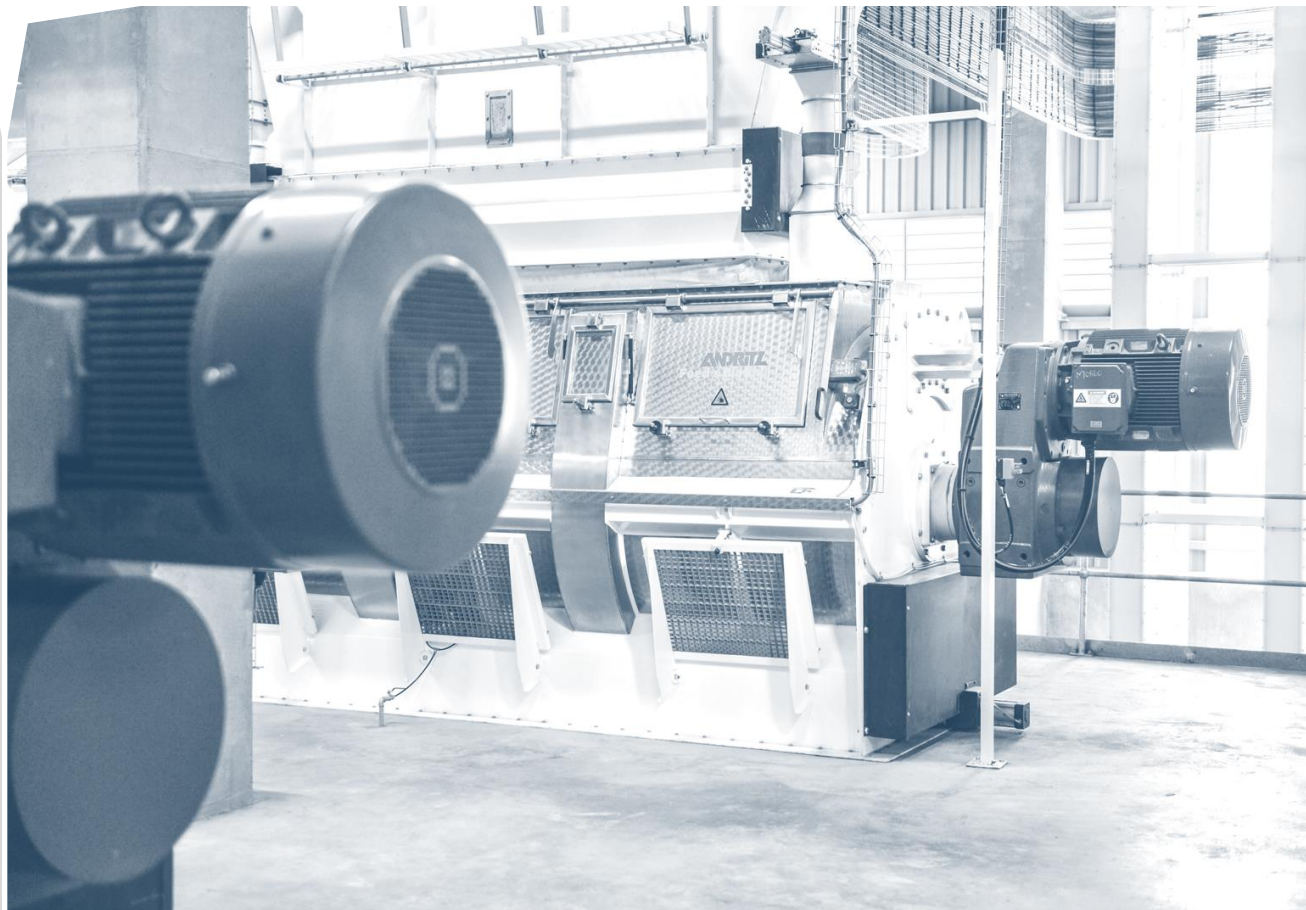
# DURBAN SOYA MEAL PRICE



# FEED DIVISION

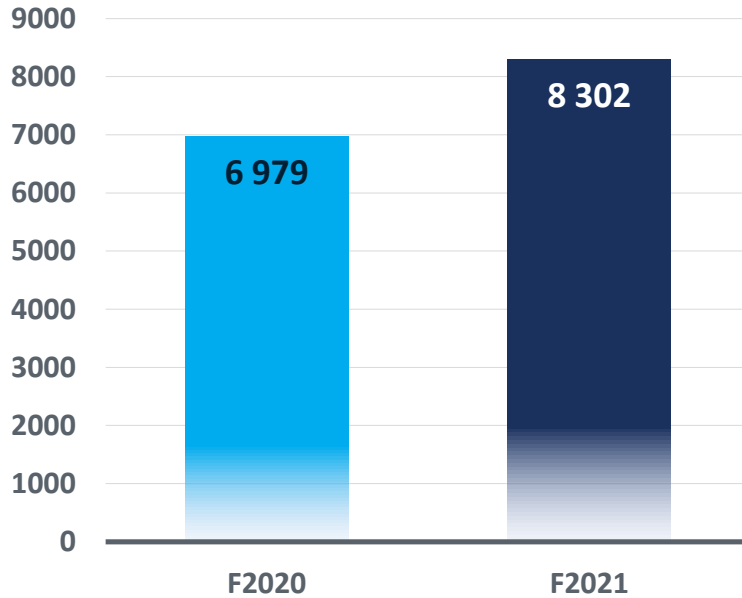


**Michael Schmitz**  
Managing Director : Feed



# FEED DIVISION

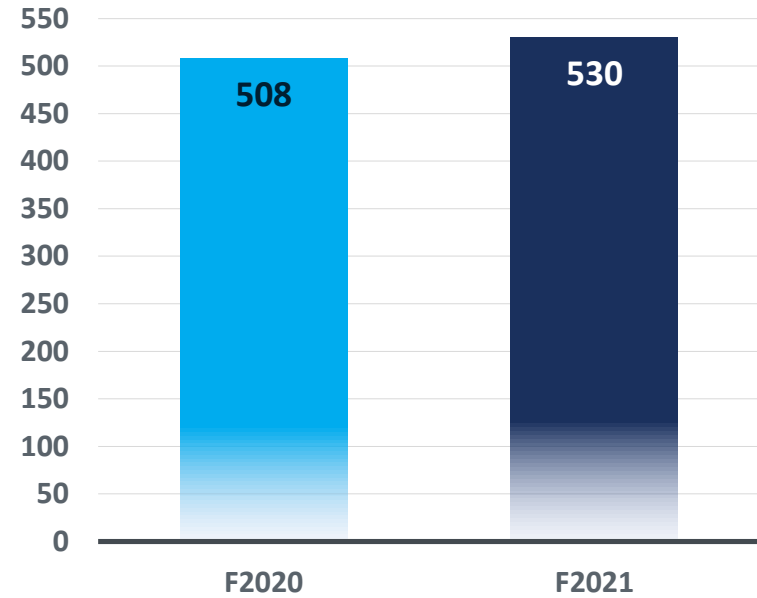
## Revenue - R million



**Revenue up 18.9%**

- Raw material costs up
- Average selling prices up 16.6%
- Sales volumes up 2.0%

## Operating profit - R million



**Operating profit up 4.2%**

- Net margin 6.4% (F2020: 7.3%)
- Expenses well controlled
- Rand per ton margin increased

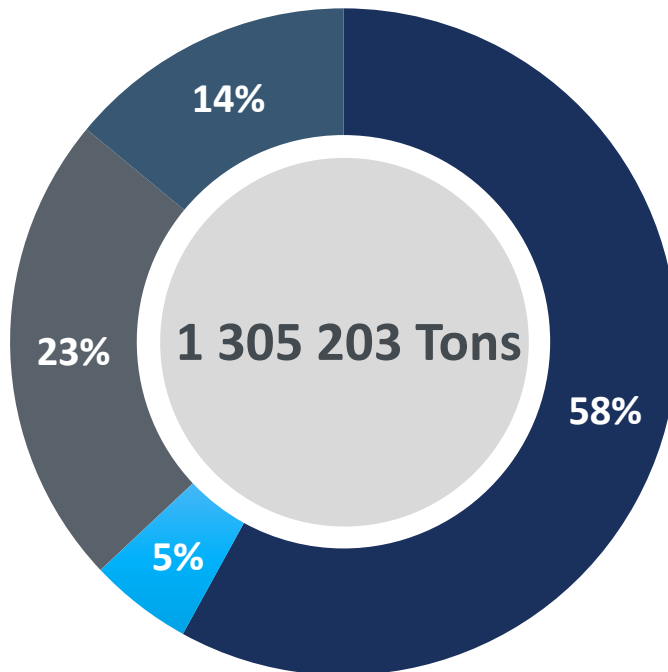
# FEED DIVISION

- **SAFEX yellow maize price increased** for the year under review F2021 avg. R3 363 per ton (F2020: R2 747) up R616 per ton y-o-y
- **DBN soya meal price increased** for the year under review F2021 avg. R8 216 per ton (F2019: R6 617) up R1 599 per ton y-o-y
- **Internal feed sales volumes increased** by 6.0% due to an increase in broiler slaughter numbers and a higher broiler feed conversion rate (management decision)
- **External feed sales volumes decreased** by 3.6% on the back of higher feed prices and a weaker livestock sector
- **Expenses were well controlled** across the division for the year under review
- The **average net margin increased** (on a Rand per ton basis) for the year under review

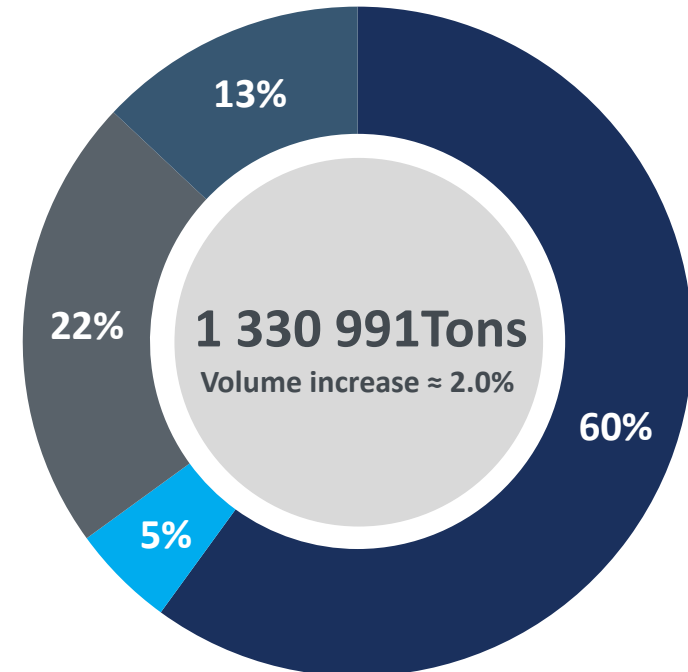


# FEED DIVISION – SALES MIX

F2020



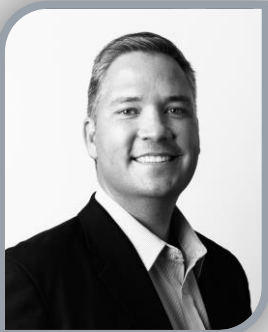
F2021



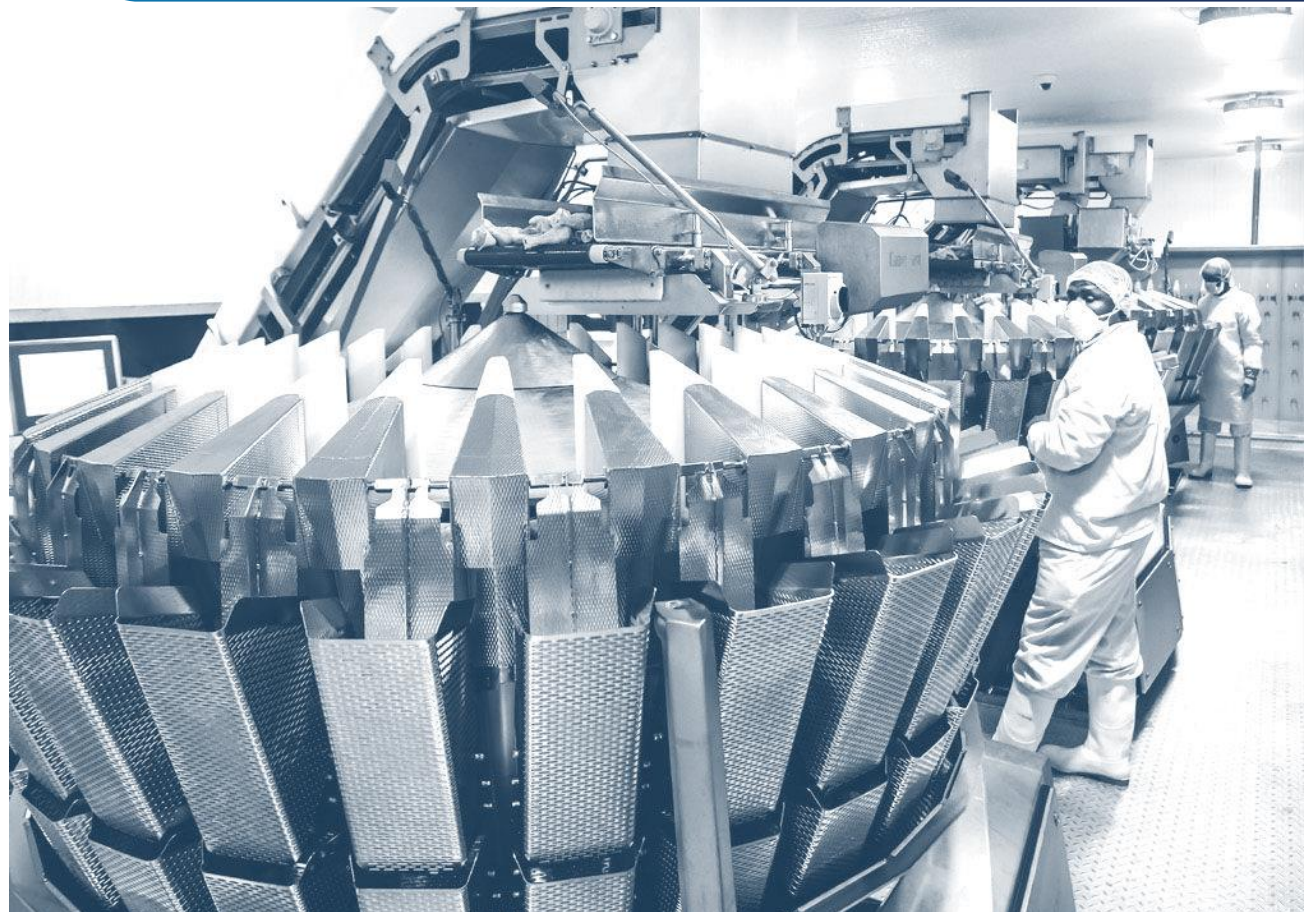
■ Poultry Integrated   ■ Poultry External   ■ Dairy   ■ Other

# POULTRY DIVISION

COMMERCIAL



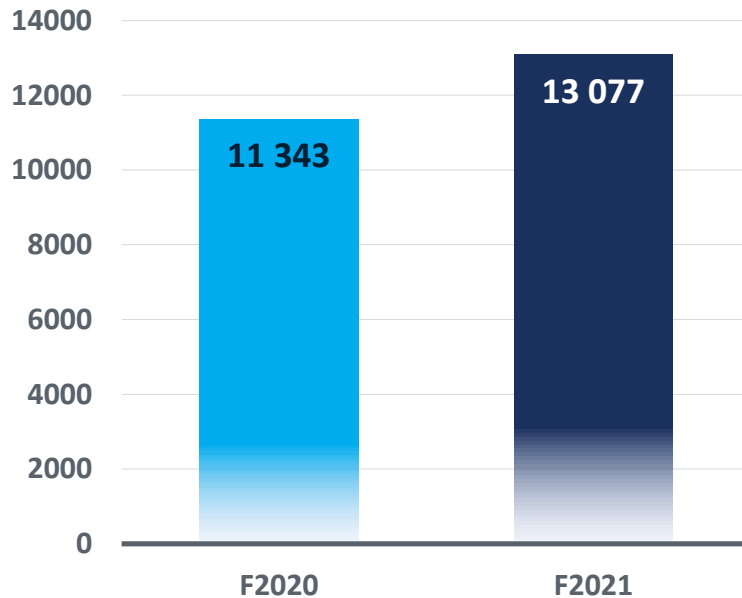
**Frans Van Heerden**  
Managing Director: Commercial



# POULTRY DIVISION - CONSOLIDATED



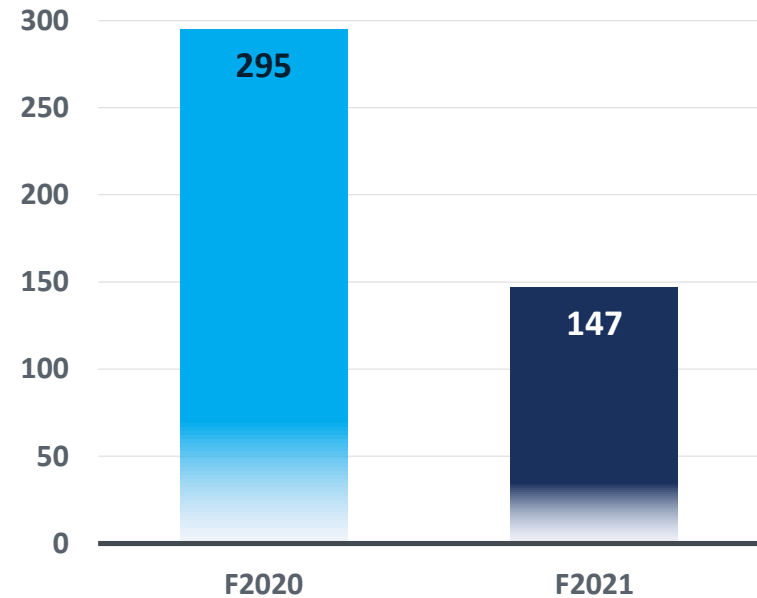
## Revenue - R million



**Revenue up 15.3%**

- Broiler sales volumes up 6.4%
- Broiler sales realisations up 8.1%
- Breeder revenue up 10.3%

## Operating profit - R million



**Operating profit down 50.3%**

- Net margin 1.1% (F2020: 2.6%)
- Broiler feed price up 15.8%
- Impact of extraordinary costs

# POULTRY DIVISION - COMMERCIAL

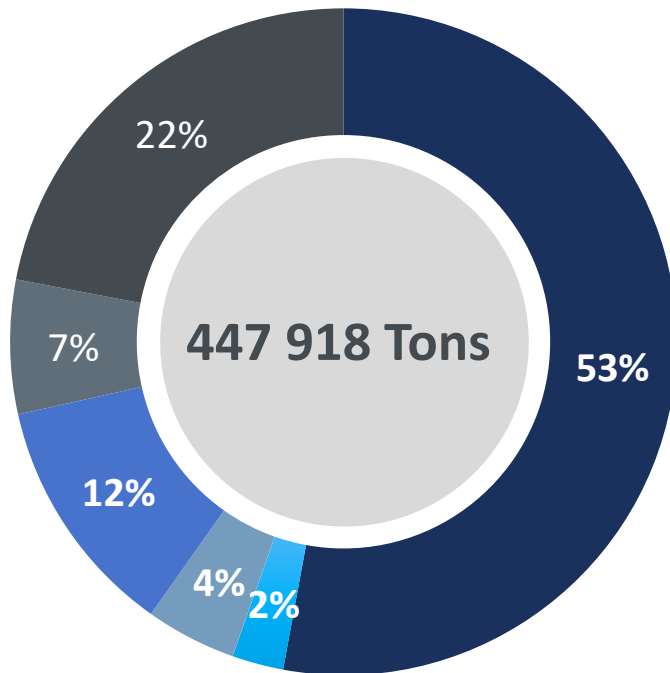


- **Profits decreased** for the year under review on the back of extraordinarily high feed prices and higher operating costs
- **Broiler sales volumes increased** on higher bird numbers, with additional volumes slaughtered under the new Festive expansion capacity
- **Broiler selling prices recovered** for the period under review, however inadequate to offset the full impact of higher feed and operating costs
- **QSR and Fresh sales have recovered** to 95% of pre-Covid levels as lockdown regulations eased (increased Astral market share)
- **Overhead expense increases contained to below inflationary levels**, but was negatively impacted by on-going Covid-19 costs, looting and unrest costs, national load shedding and municipal infrastructure challenges in Standerton

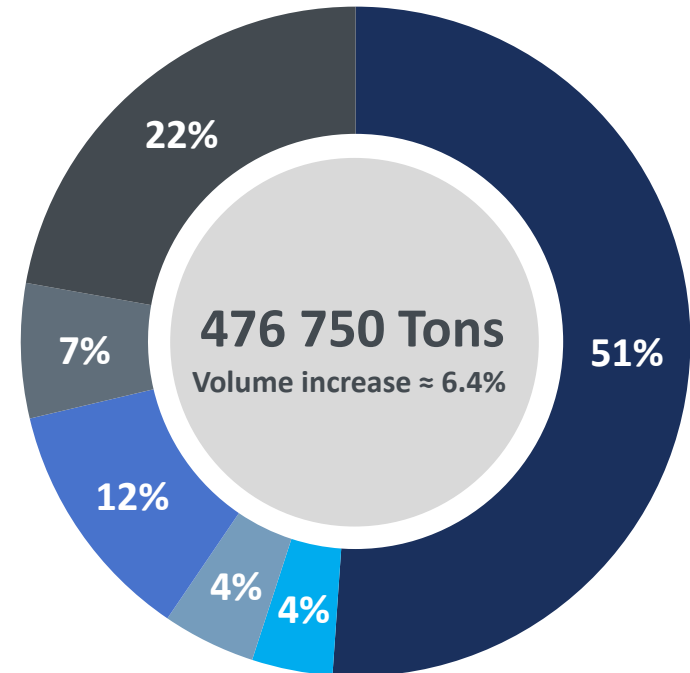


# POULTRY DIVISION – SALES MIX

F2020



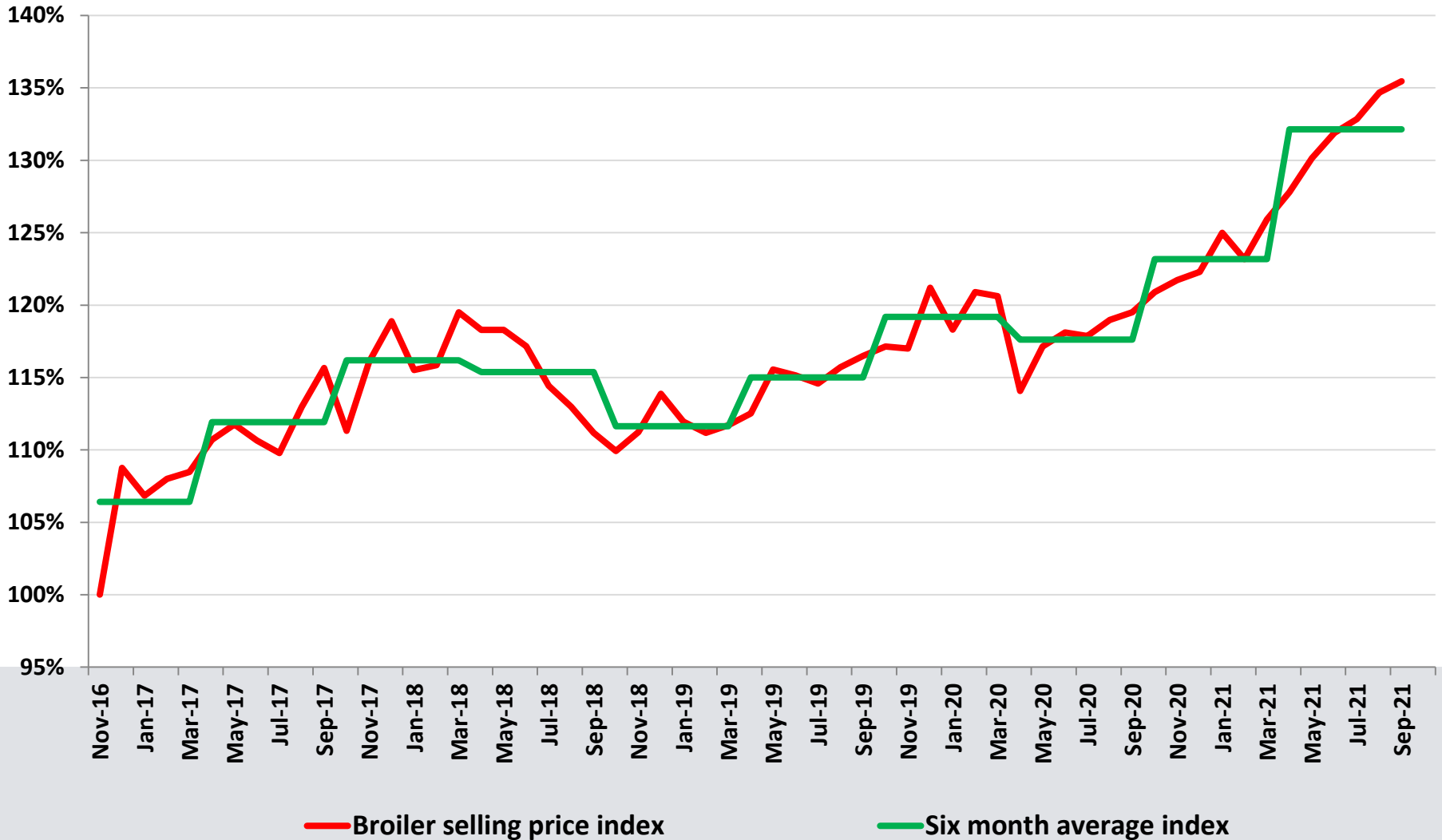
F2021



■ IQF Mixed Portions 
 ■ IQF Single Portions 
 ■ Frozen 
 ■ Fresh 
 ■ Value Added 
 ■ Tertiary

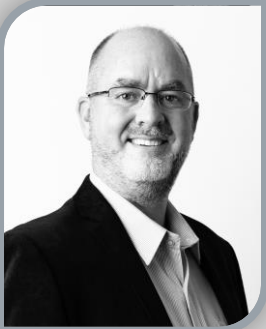


# BROILER SELLING PRICE



# POULTRY DIVISION

AGRICULTURE



**Gary Arnold**  
Group Chief Operating Officer



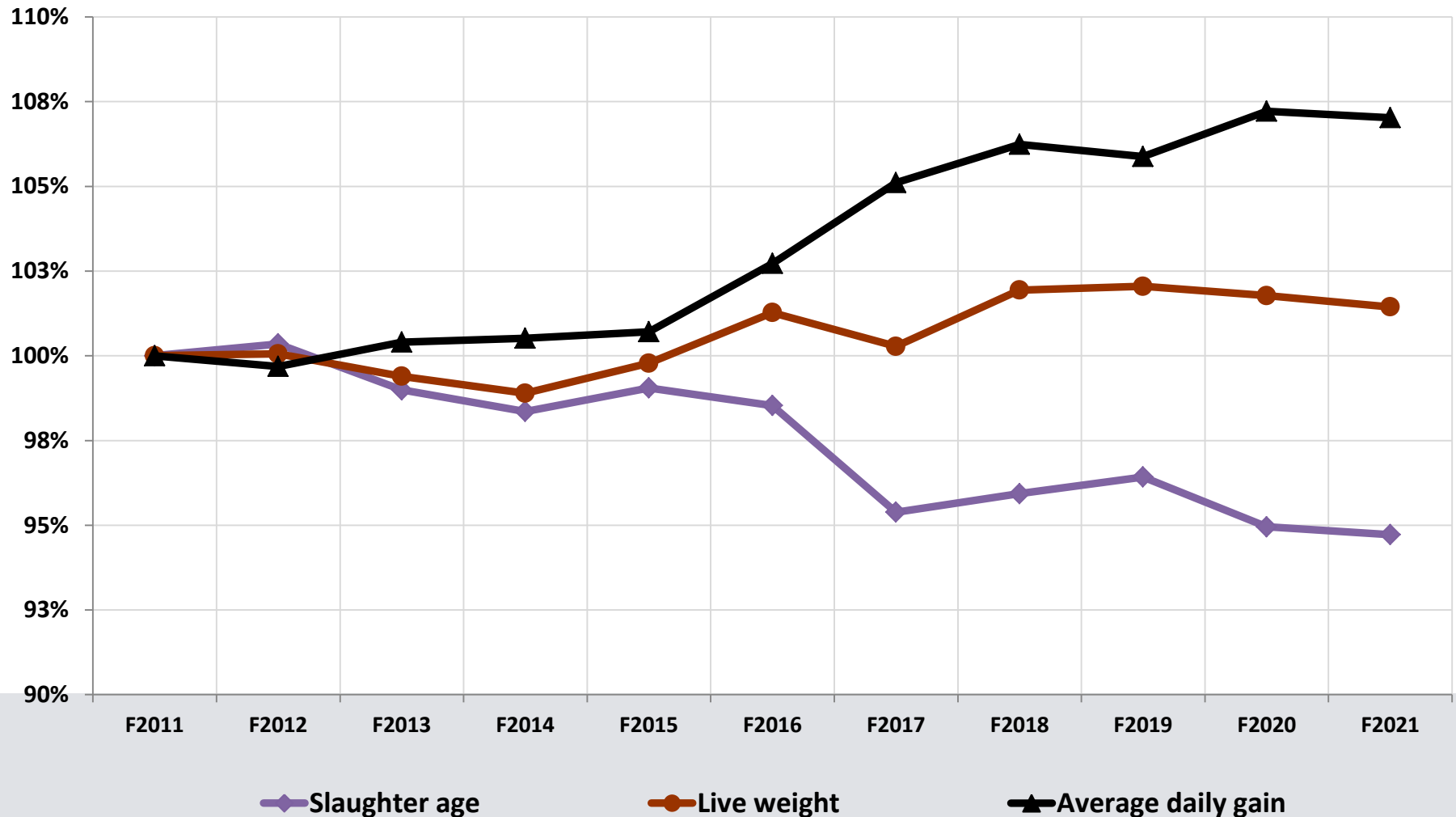
# POULTRY DIVISION - AGRICULTURE



- **Parent stock sales were higher** for the year under review, as demand for the Ross broiler genetics continued to increase market share for the breed
- **Feed input costs increased** on the back of high raw material costs, adversely affecting the live bird production cost
- **Broiler production efficiencies reduced marginally** on changes to the broiler feeding programme, however there was a total net benefit to feeding cost for the year
- **Non-feed costs increased marginally** assisted by increased broiler volumes diluting fixed overheads
- **Highly Pathogenic Avian Influenza** cases reported in some of Astral's parent breeding operations, however broiler slaughter numbers were unaffected

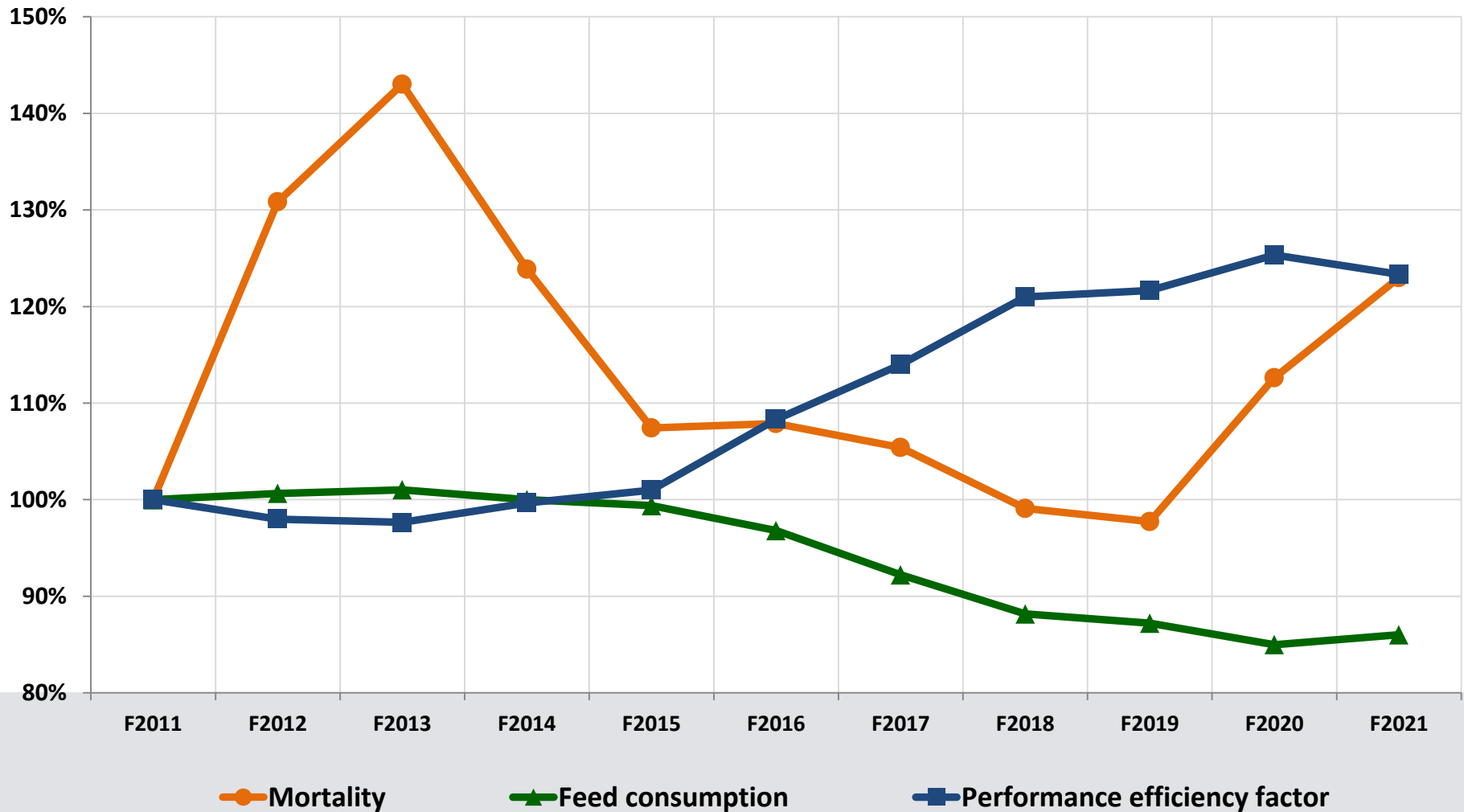


## BROILER PRODUCTION PERFORMANCE



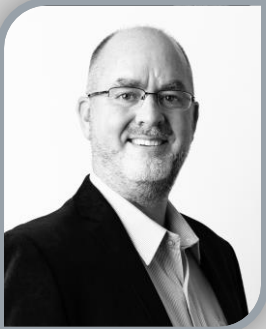
*\*Key indicators base-lined to 100% in F2011*

## BROILER PRODUCTION PERFORMANCE



*\*Key indicators base-lined to 100% in F2011*

# OTHER AFRICA

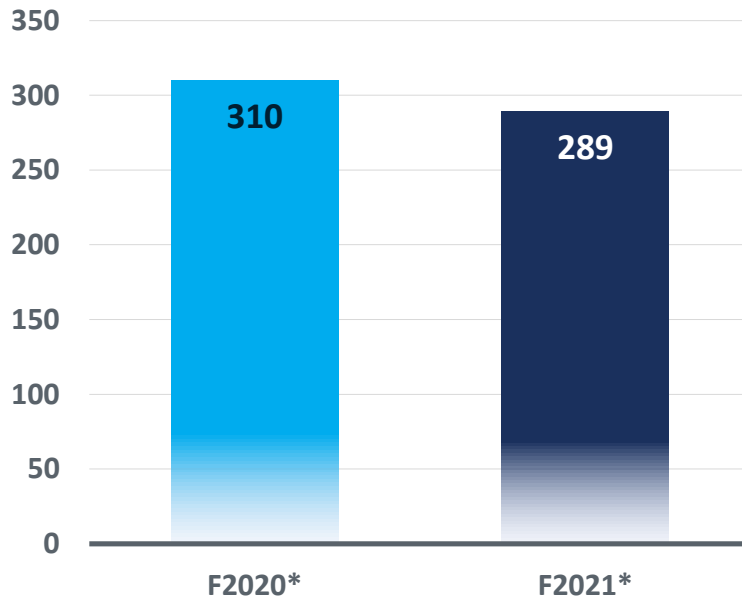


**Gary Arnold**  
Group Chief Operating Officer



# OTHER AFRICA DIVISION

## Revenue - R million

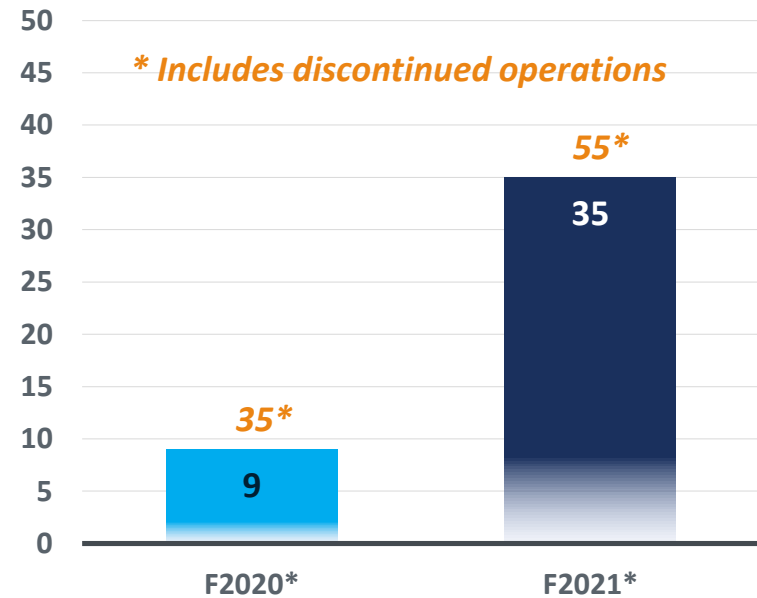


### Revenue down 6.7%

- Raw material costs up
- Selling prices up
- Feed sales volumes down

\* 2020 & 2021 excludes discontinued operations

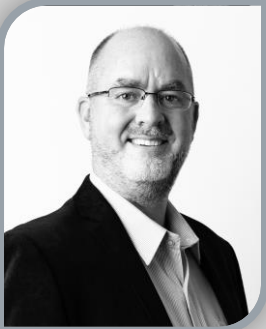
## Operating profit - R million



### Operating profit up

- Net margin 12.0% (F2020: 3.0%)
- Zambian poultry performance
- Minor exchange rate impact

# INDUSTRY MATTERS

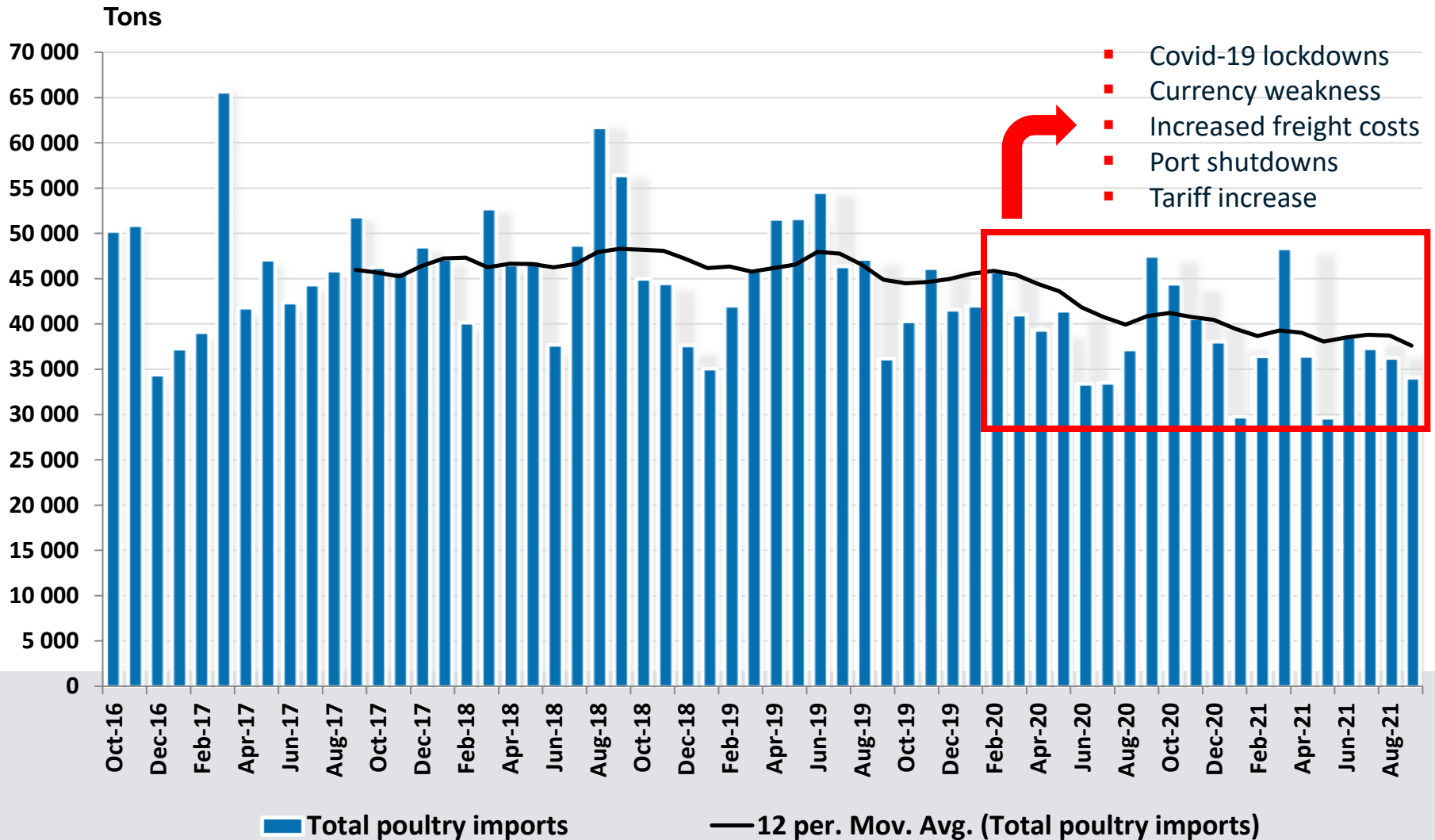


**Gary Arnold**  
Group Chief Operating Officer





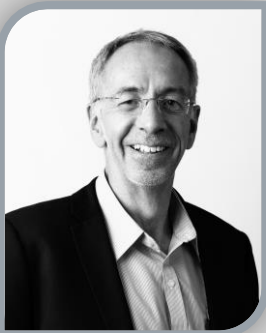
# POULTRY IMPORTS



# INDUSTRY OVERVIEW

- Based on industry statistics **broiler slaughter numbers** are approximately **20.6 million birds per week**
- **Imports for the period averaged** 37 610 tons per month ( $\approx$  8.0% down on F2020 @ 40 875 tons), equalling approximately **25% of total consumption**
- **Highly Pathogenic Avian Influenza continues to pose a threat** to the local industry, with the most recent confirmed outbreak reported in commercial broiler breeders in Gauteng
- **Anti-dumping application** against Brazil, Ireland, Spain, Poland and Denmark; outcome of ITAC findings and decision now expected by the end of June 2022
- A Western Cape based **poultry processor exited the industry** during the period under review

# FINANCIAL OVERVIEW



**Daan Ferreira**  
Chief Financial Officer





# INCOME STATEMENT

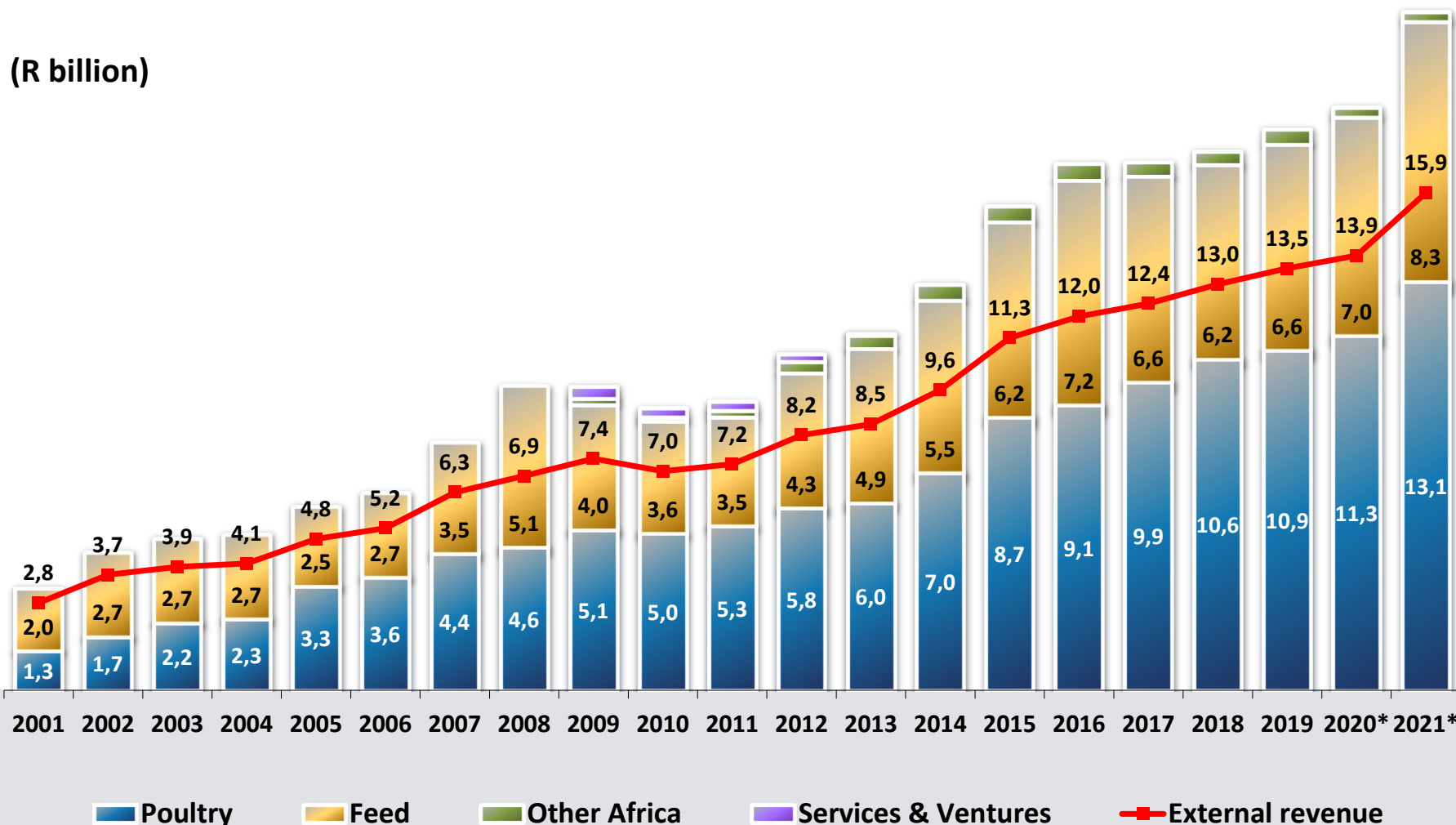


Year ended 30 September	2021 R million	2020 R million <i>(restated)</i>	% change
Revenue	15 866	13 932	13.9%
Operating profit – continuing operations	711	813	12.5%
– <i>(incl. discontinuing operations)</i>	<b>(731)</b>	<b>(838)</b>	12.8%
<i>Operating profit margin</i>	<b>4.5%</b>	<b>5.8%</b>	
Net finance income	(1)	11	
Lease finance charges	(48)	(68)	
Profit before tax	662	756	12.4%
Tax	(202)	(214)	
Profit from continuing operations	460	542	15.2%
Profit from discontinuing operations	14	19	
Headline earnings	474	561	15.6%
EPS – Cents	1 225	1 435	14.7%
HEPS – Cents	1 228	1 441	14.8%

# GROUP ANNUAL REVENUE



(R billion)

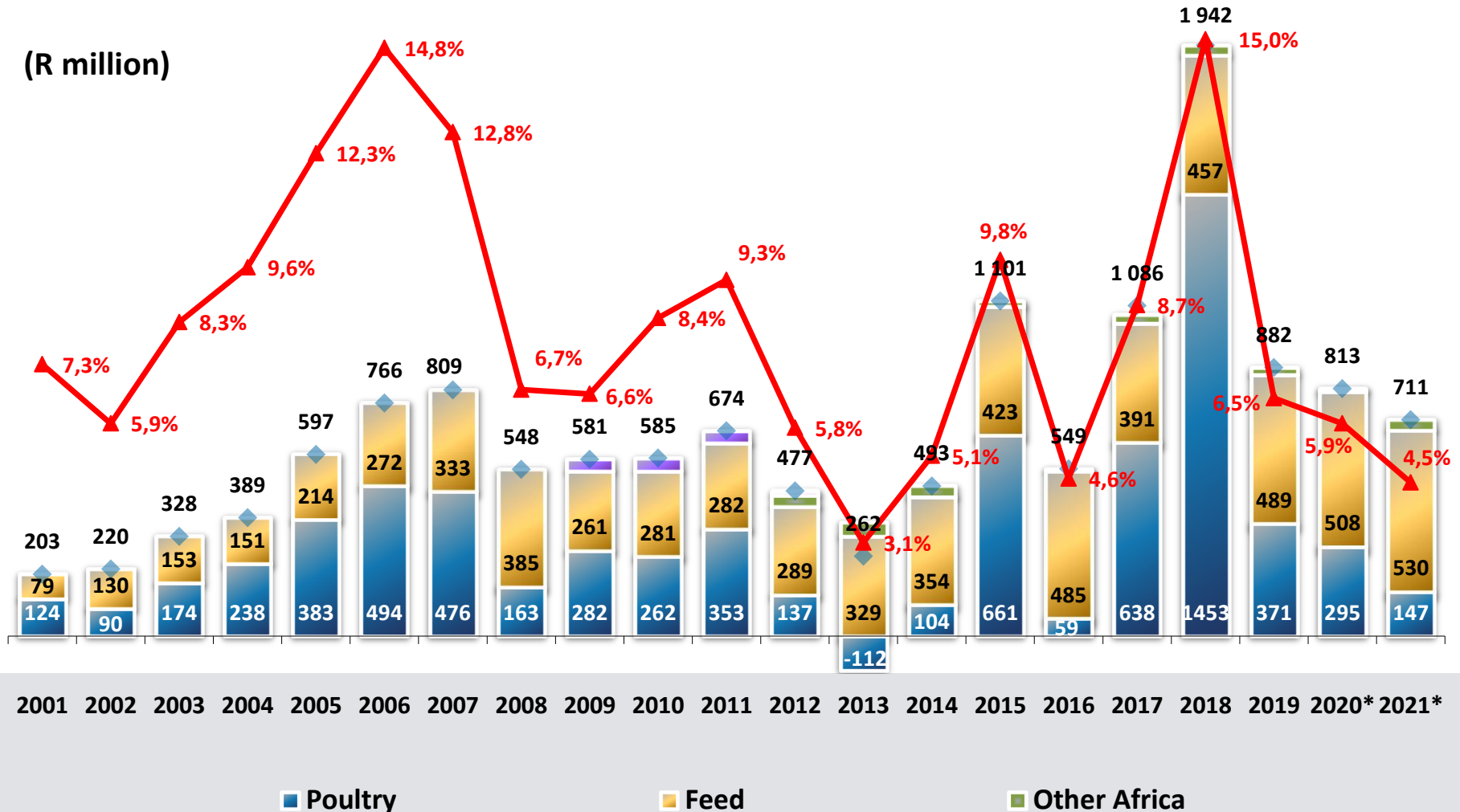


\* 2020 & 2021 excludes discontinued operations

# GROUP ANNUAL OPERATING PROFIT



(R million)

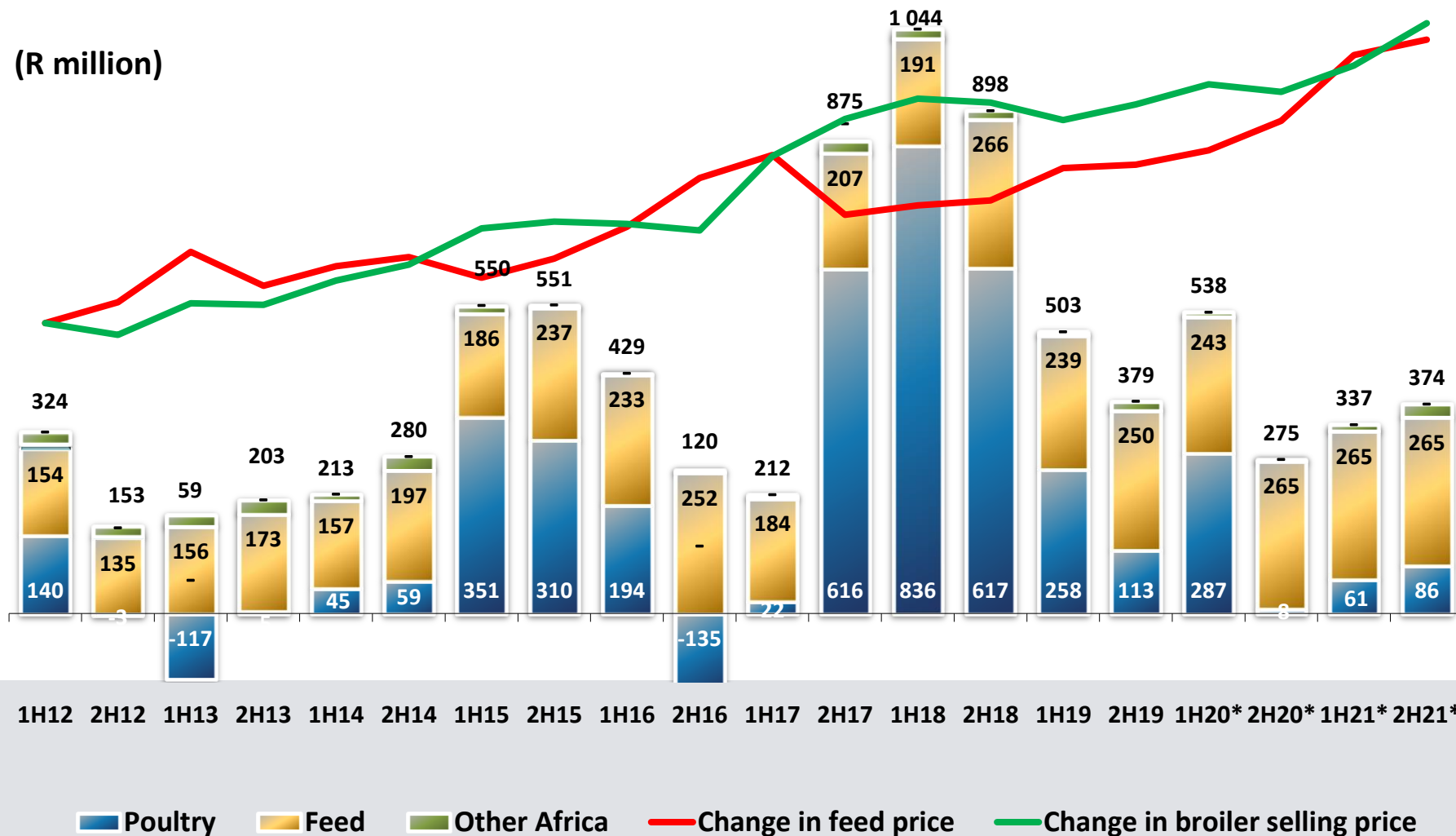


\* 2020 & 2021 excludes discontinued operations

# GROUP SIX MONTHLY OPERATING PROFIT



(R million)



\* 2020 & 2021 excludes discontinued operations

# BALANCE SHEET



	September 2021 R million	September 2020 R million	% change
Non-current assets (excl. ROU assets)	3 235	3 259	↓ 1%
Non-current assets – ROU assets	340	537	
Net working capital	1 454	1 132	↑ 28%
Current assets (excl. cash)	3 520	2 961	↑ 19%
Current liabilities (excl. borrowings & leases)	(2 066)	(1 829)	↑ 13%
Non-current liabilities (excl. borrowings & leases)	(830)	(780)	↑ 6%
Lease liabilities	(376)	(572)	↓ 34%
Net assets	3 823	3 576	↑ 7%
Net assets / liabilities held for sale	60	-	
Net surplus cash	278	546	↓ 49%
	4 161	4 122	↑ 1%
Equity	4 161	4 122	

# CAPITAL EXPENDITURE



Year ended 30 September	F2021 R million	F2020 R million
Depreciation and amortisation	425	403
Property, plant & equipment	217	190
Right of use assets	208	213
Total capex spend	260	456
Festive expansion	-	270
Other capex	260	186
Outstanding commitments	240	298

# WORKING CAPITAL



	September 2021 R million	September 2020 R million	Variance R million
<b>Current assets</b>	<b>3 520</b>	<b>2 961</b>	<b>(559)</b>
Biological assets	976	851	125
Inventory - Poultry	537	497	40
- Feed	328	317	11
- Other Africa	56	47	9
Trade receivables	1 438	1 126	312
Other receivables	185	123	62
<b>Current liabilities</b>	<b>(2 066)</b>	<b>(1 829)</b>	<b>237</b>
Trade payables	(1 744)	(1 467)	(277)
Other payables	(322)	(362)	40
<b>Net working capital</b>	<b>1 454</b>	<b>1 132</b>	<b>322</b>

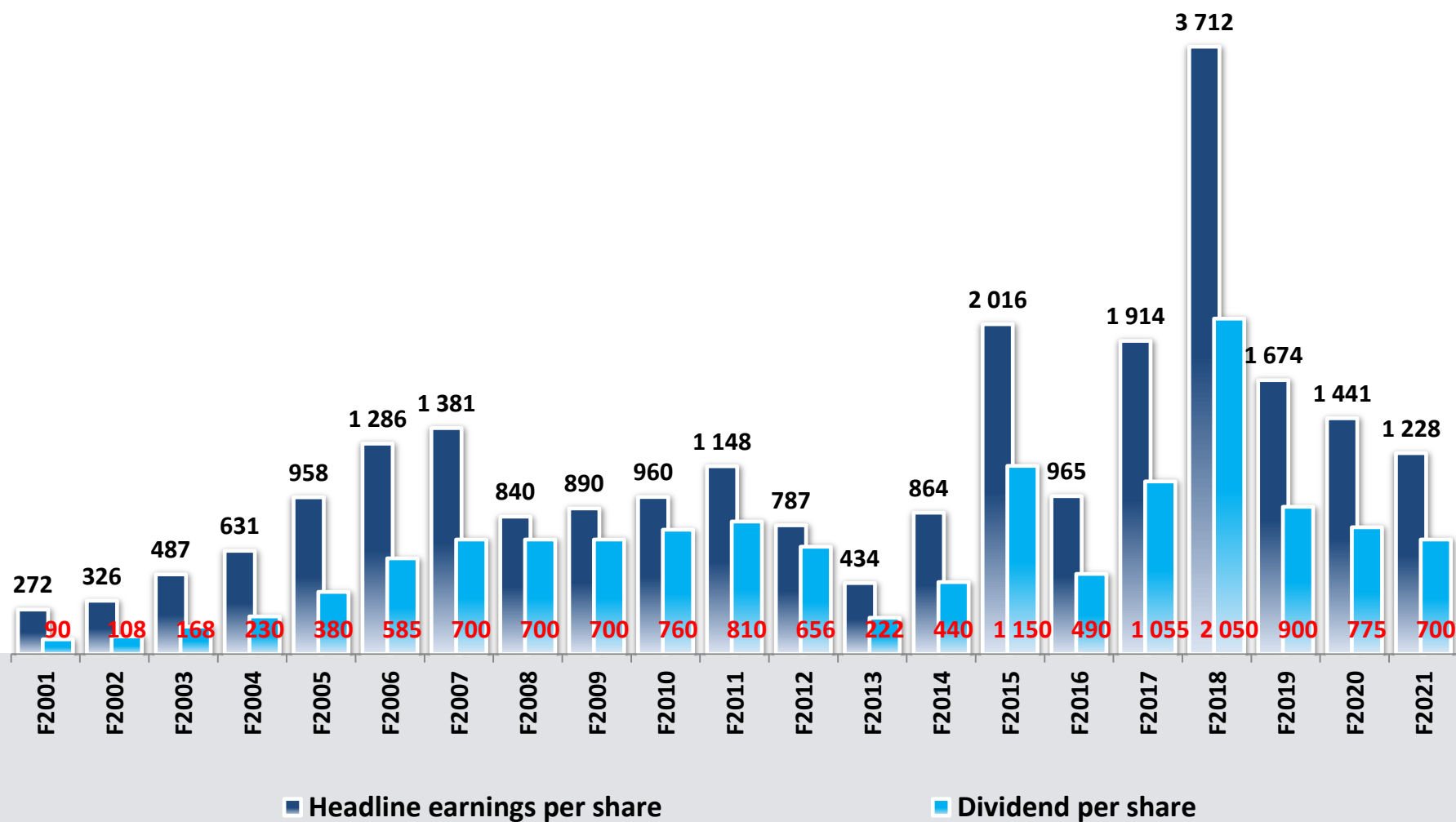
# STATEMENT OF CASH FLOWS



For the twelve months ended 30 September	2021 R million	2020 R million
Cash operating profit	1 156	1 232
Working capital movement	(344)	(74)
	812	1 158
Tax paid	(136)	(153)
Net interest received	6	22
Investment in equity instruments	-	(155)
Capital expenditure	(260)	(456)
Lease payments	(253)	(246)
Dividends paid	(418)	(166)
Other cash flow items	(16)	(22)
Movement in cash equivalents	(265)	(18)
Effect of exchange rate changes	-	9
Cash included in assets held for sale	(3)	-
Opening balance	546	555
Closing balance	278	546



# HEPS & DIVIDEND PER SHARE



# IN SUMMARY

- **Revenue at R15,9 billion\*** up 13.9% (prior year at R13,9 million)
- **Profit before tax at R711 million\*** down 12.5% in a challenging year
- **Capital expenditure of R260 million** at a normalised level
- **Cash outflow of R265 million** distorted by payment of the full prior year dividend (no interim dividend declared in F2020)
- **The Group remained in net surplus cash** throughout the year
- **Total dividend 700 cps** (R270 million) for the year at 1.8x cover

\* *excludes discontinued operations*

# PROSPECTS



**Chris Schutte**  
Chief Executive Officer



# OUTLOOK

- **Record high unemployment levels** have been reported for South Africa, which will lead to pressure on consumer spending with lower disposable income
- **Volatile raw material markets** on global supply and demand, notwithstanding the very good South African maize crop for 2021 which is expected to be repeated in 2022
- **Municipal service delivery interruptions and national load shedding** continue to negatively impact Astral's operations, which add an unnecessary cost burden to producing chicken in South Africa
- The **continued threat of Highly Pathogenic Avian Influenza**, with new outbreaks currently being reported in Europe
- **Product category opportunities** are available for Astral, with improved utilisation of the available capacity commissioned in the Festive processing plant
- Continued **gains in market share for the Ross broiler** breed, as genetic performance of the bird out performs major rivals in the sector
- **Poultry supply and demand** is currently well balanced, which supports the recovery of higher input costs
- Astral will continue to maintain a **strong and resilient balance sheet**



Astral's strategy is to be the **best cost integrated poultry producer** in selected African countries

*Confirmed August 2019*

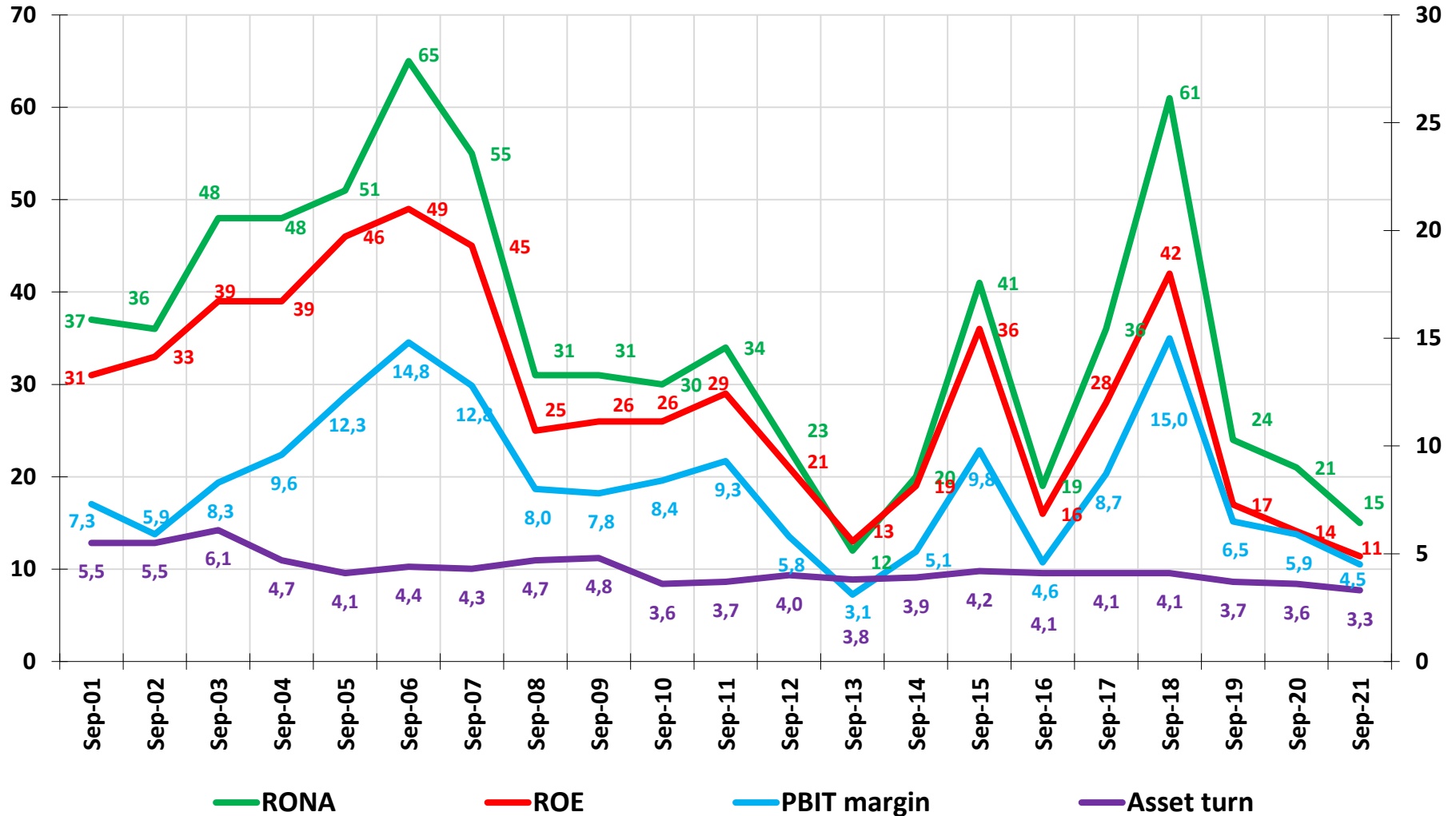
**THANK YOU**

# ADDITIONAL INFORMATION



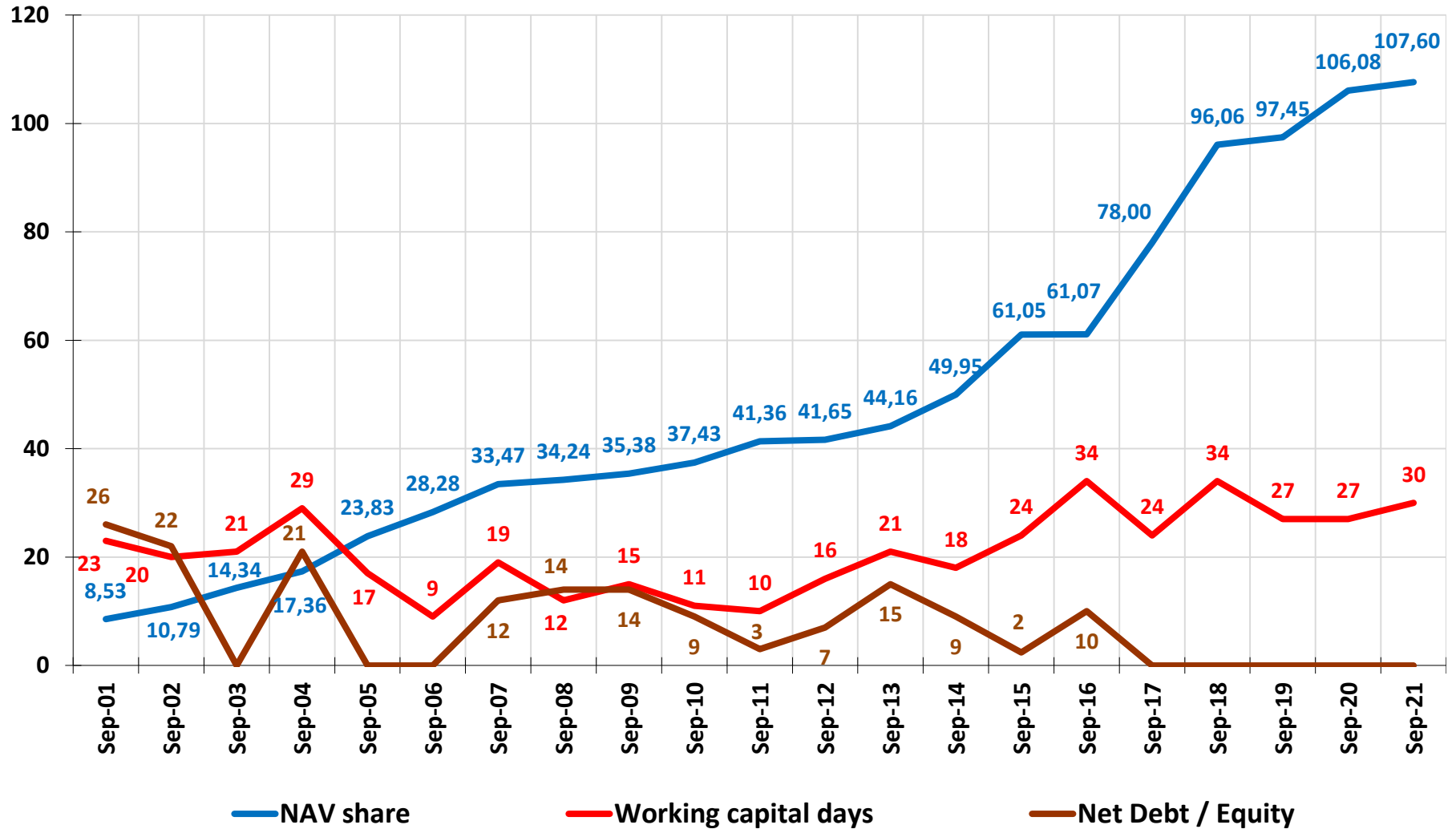


# KEY FINANCIAL RATIOS





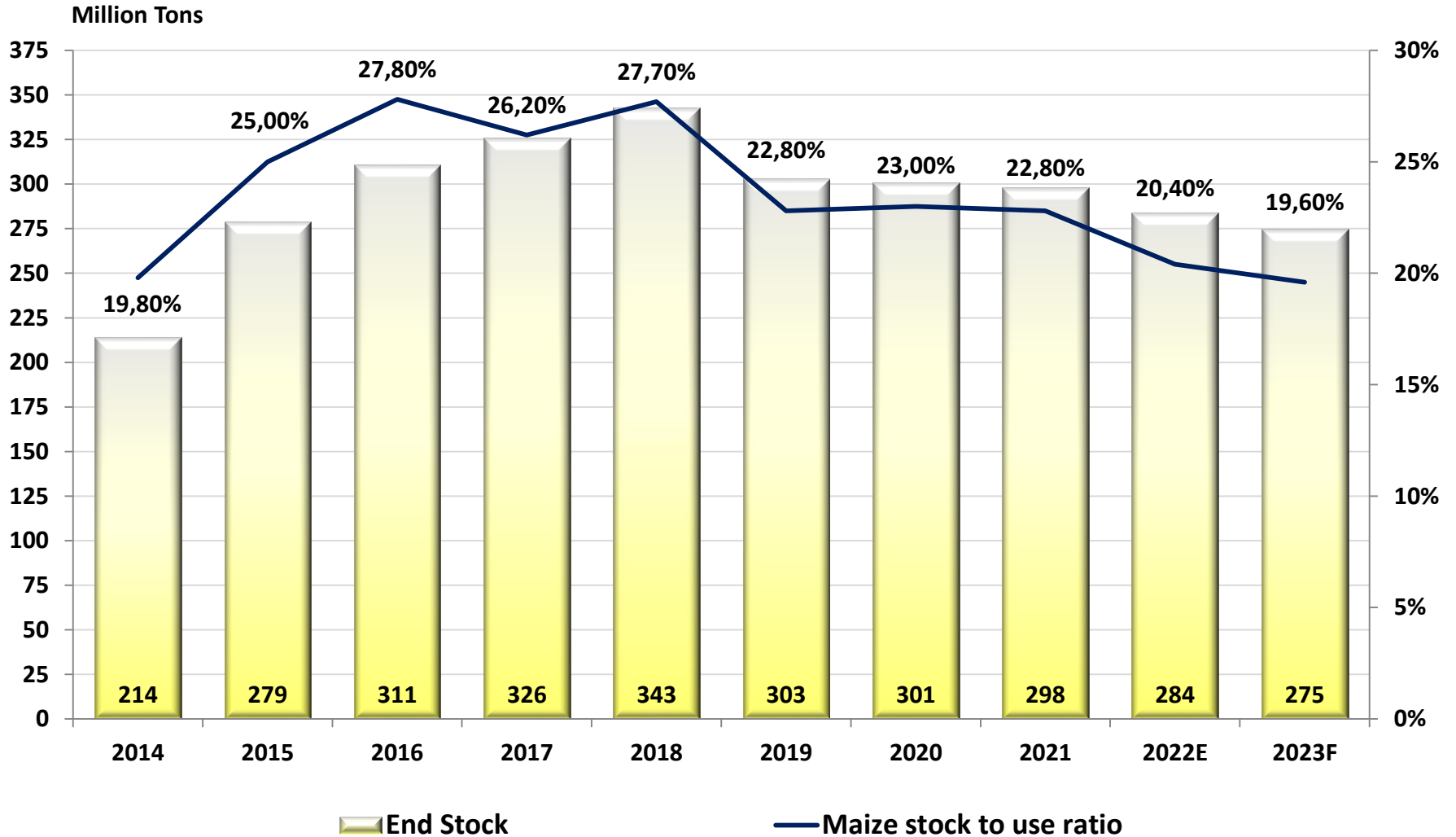
# KEY FINANCIAL INDICATORS







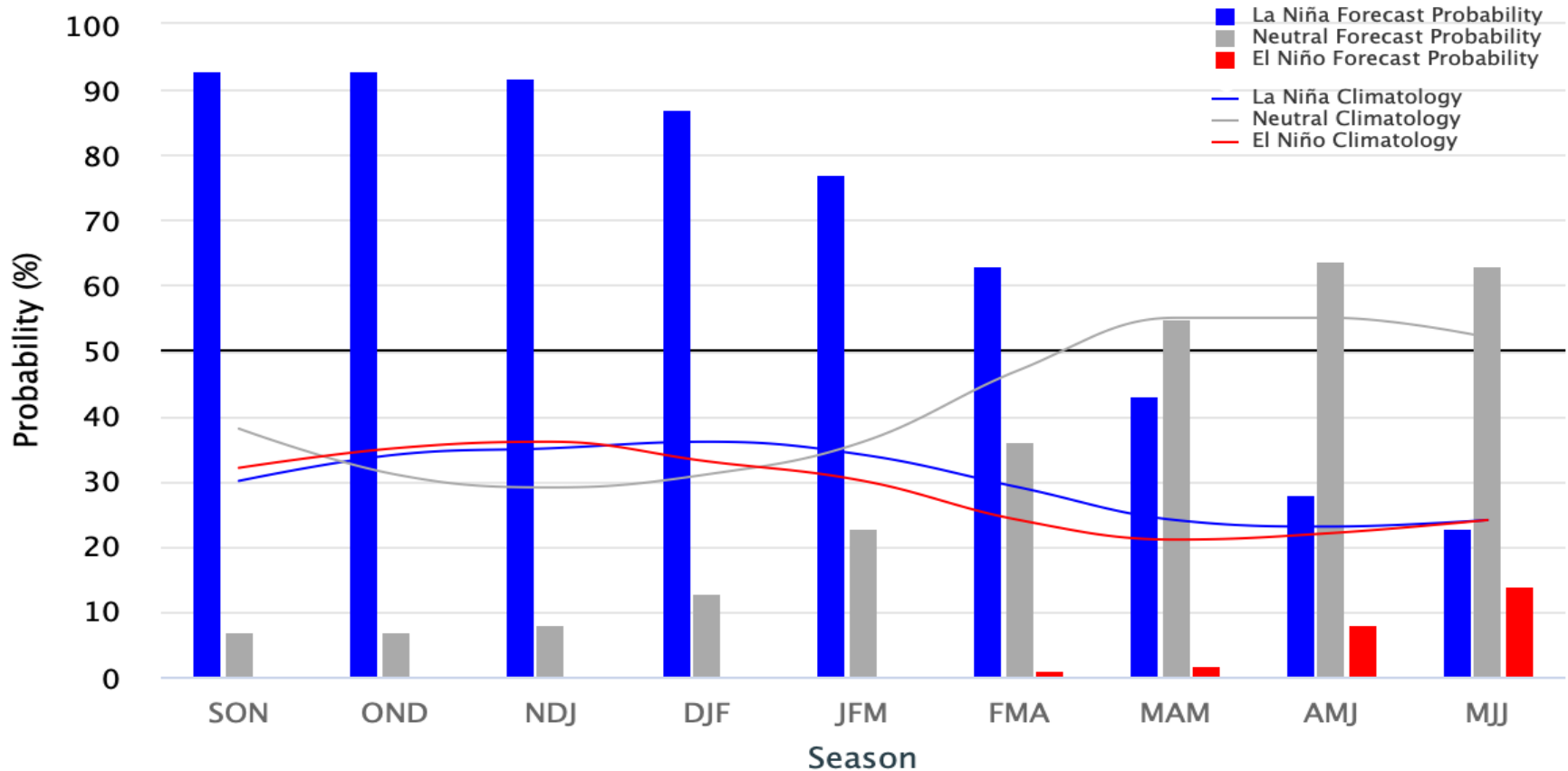
# WORLD CORN ENDING STOCKS



# EL NIÑO OSCILLATION

Early-October 2021 CPC/IRI Official Probabilistic ENSO Forecasts

ENSO state based on NINO3.4 SST Anomaly  
Neutral ENSO:  $-0.5\text{ }^{\circ}\text{C}$  to  $0.5\text{ }^{\circ}\text{C}$

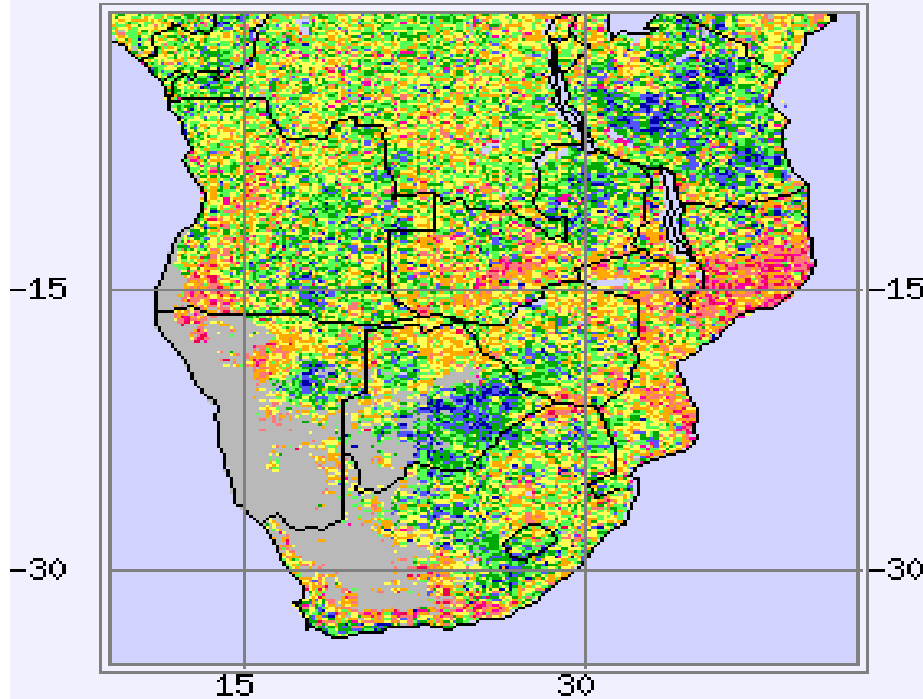


# VEGETATIVE HEALTH INDEX



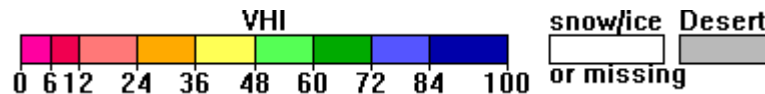
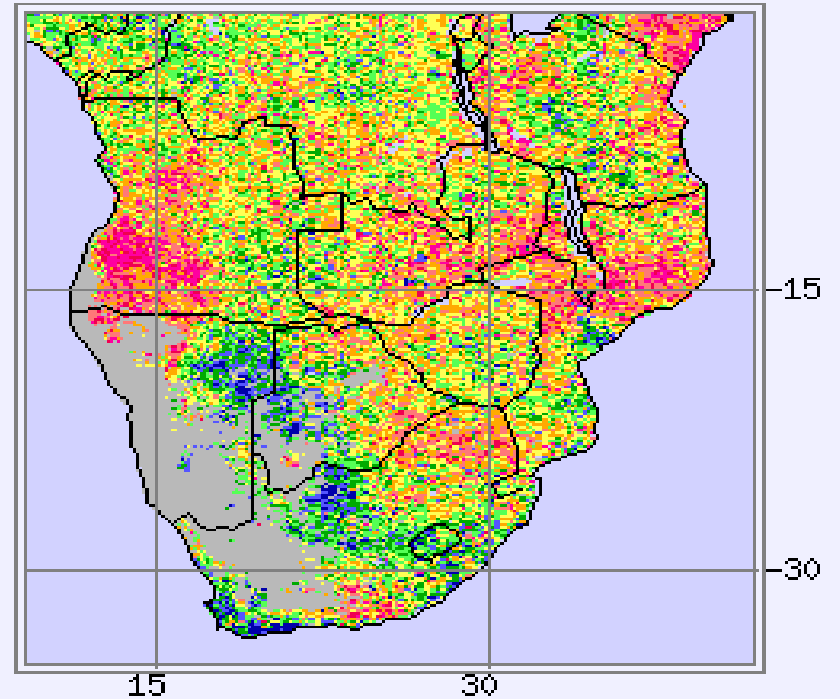
Nov. 3, 2020 (week 44)

15 30

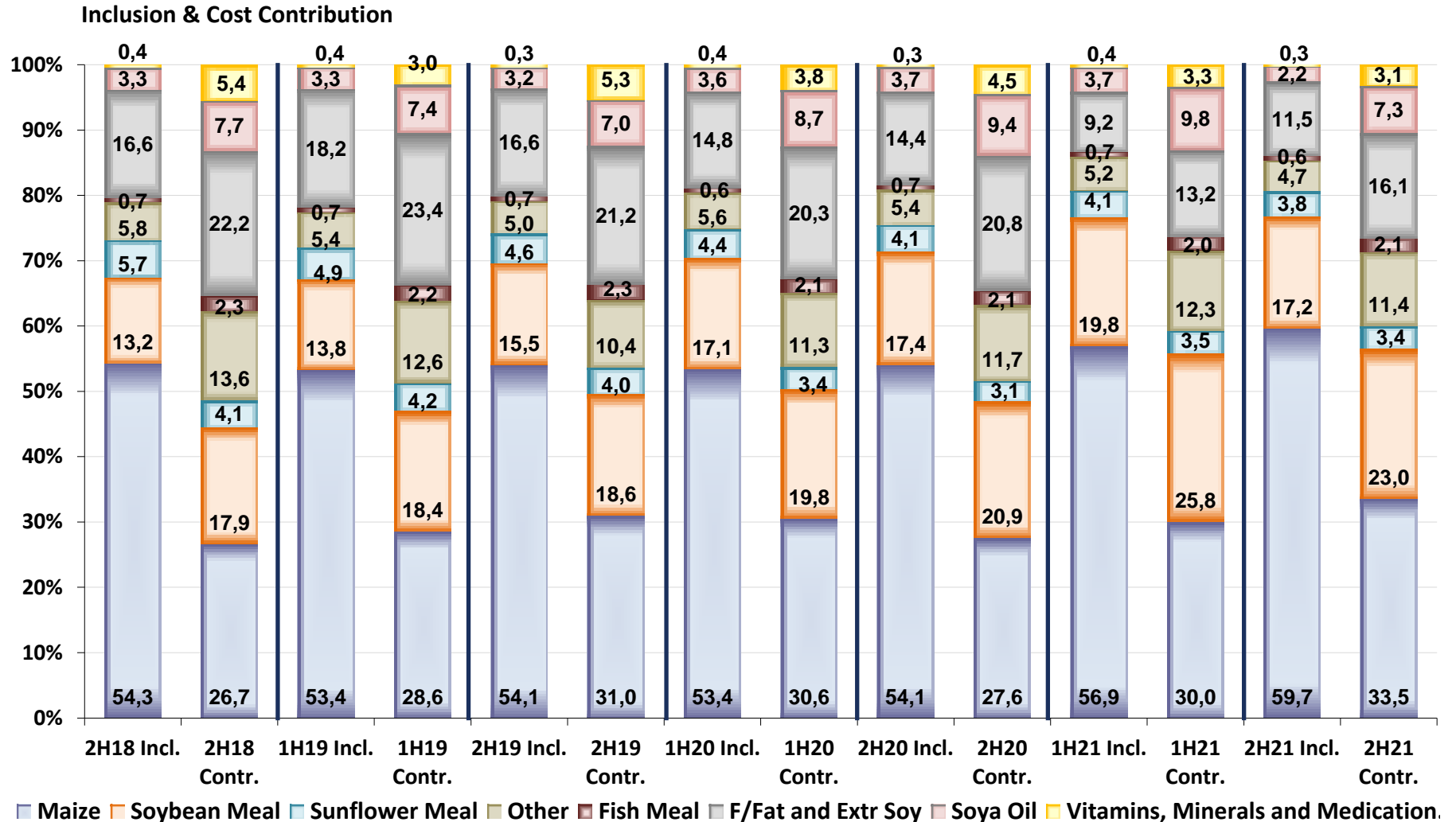


Nov. 4, 2021 (week 44)

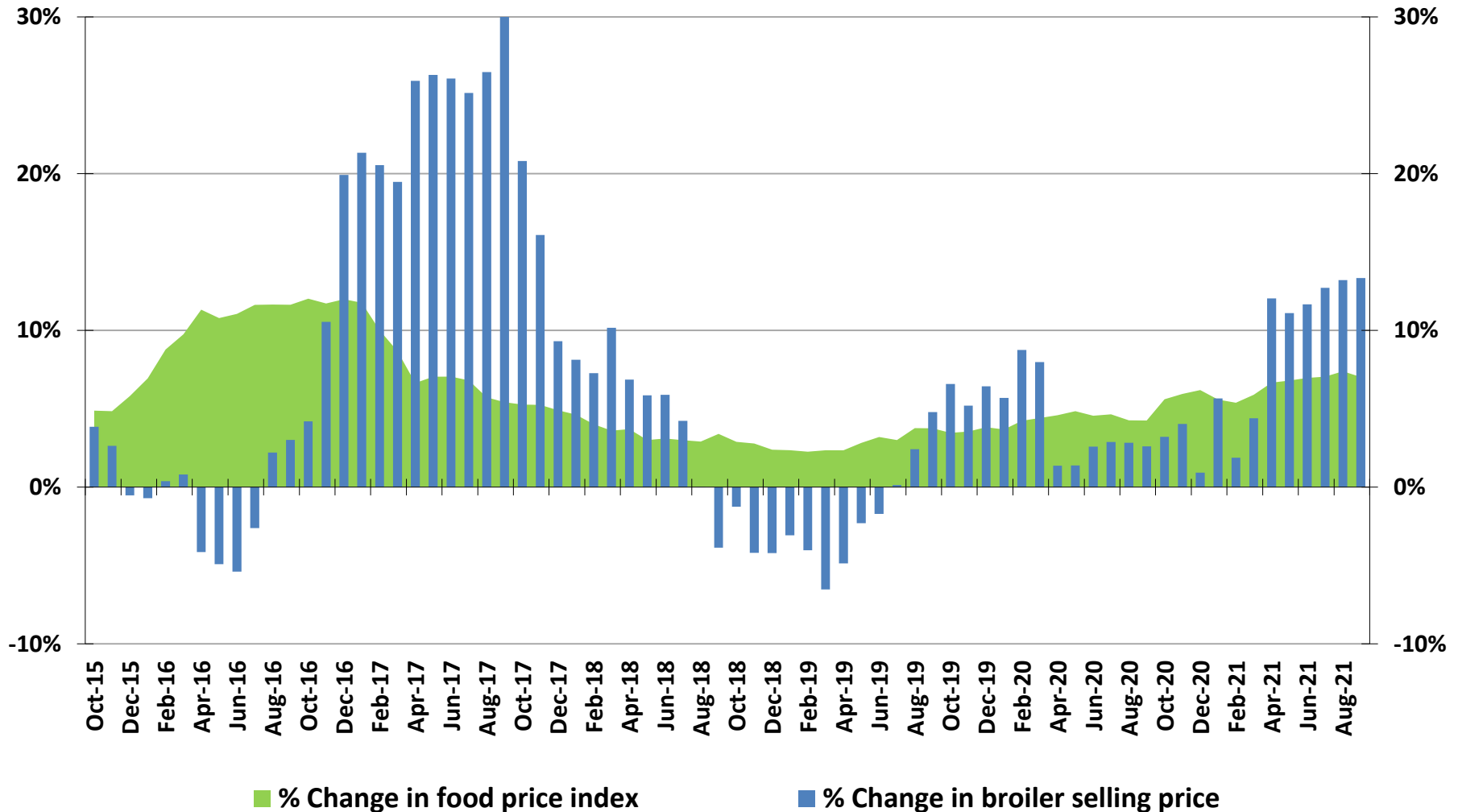
15 30



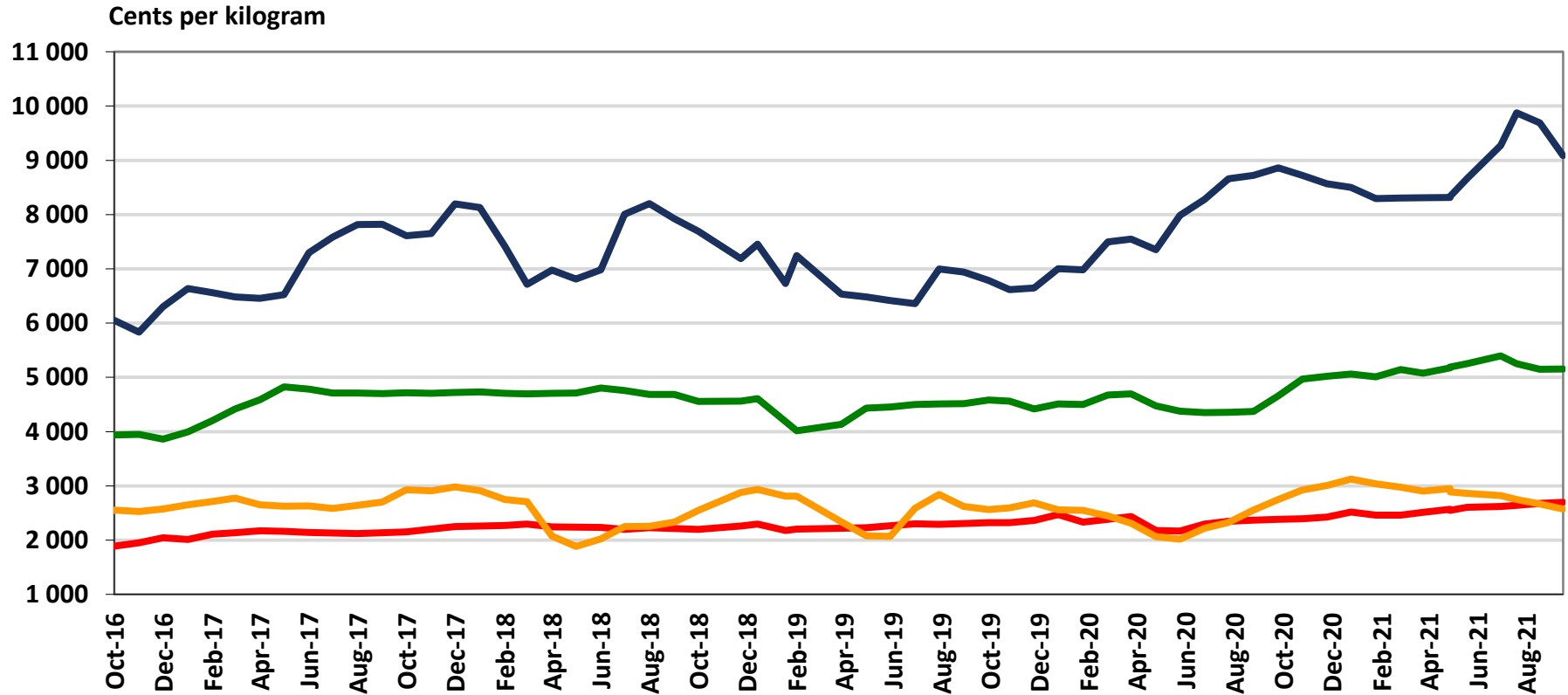
# BROILER FEED INGREDIENT CONTRIBUTION



# BROILER PRICE vs. FOOD PRICE INFLATION



# RSA PROTEIN PRICE COMPARISON



**Chicken**

**Pork**

**Beef**

**Mutton**

**Feed Conversion Rate**

1.5

2.2

5.5

5.0

**Per Capita Consumption**

38,9 kg

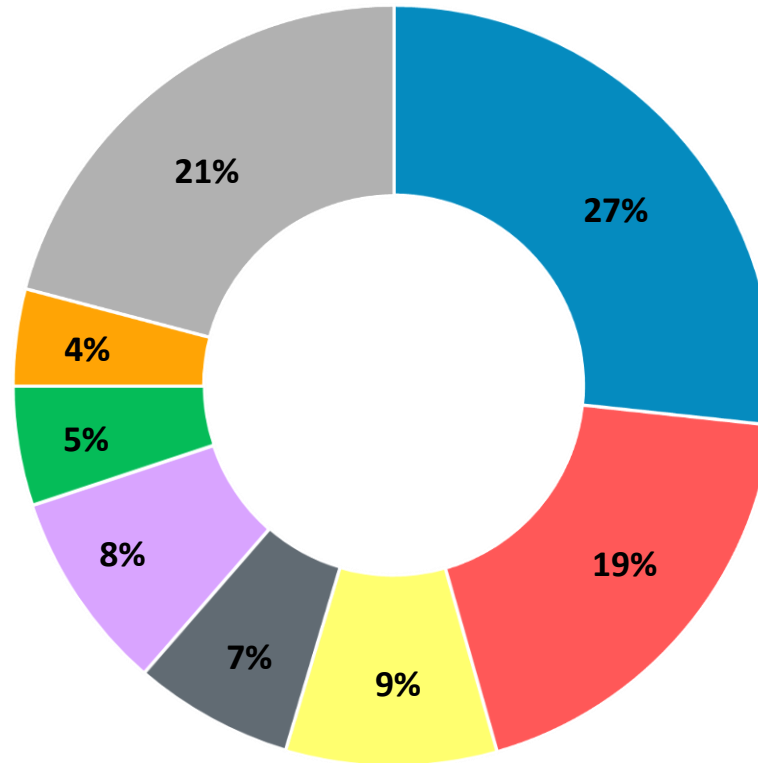
5,2 kg

16,8 kg

2,9 kg



# RSA POULTRY MARKET SHARE

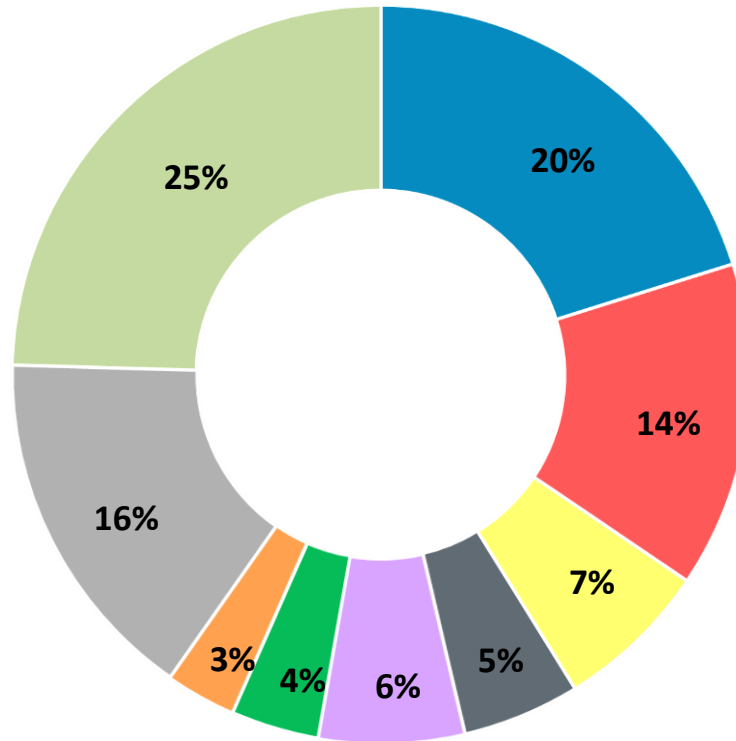


■ Astral ■ RCL ■ Country Bird ■ Daybreak ■ Sovereign ■ Grainfields ■ Chubby Chick ■ Other

Local broiler production ≈ 20.6 million birds per week (July YTD)

# RSA POULTRY MARKET SHARE

INCLUDING TOTAL POULTRY IMPORTS



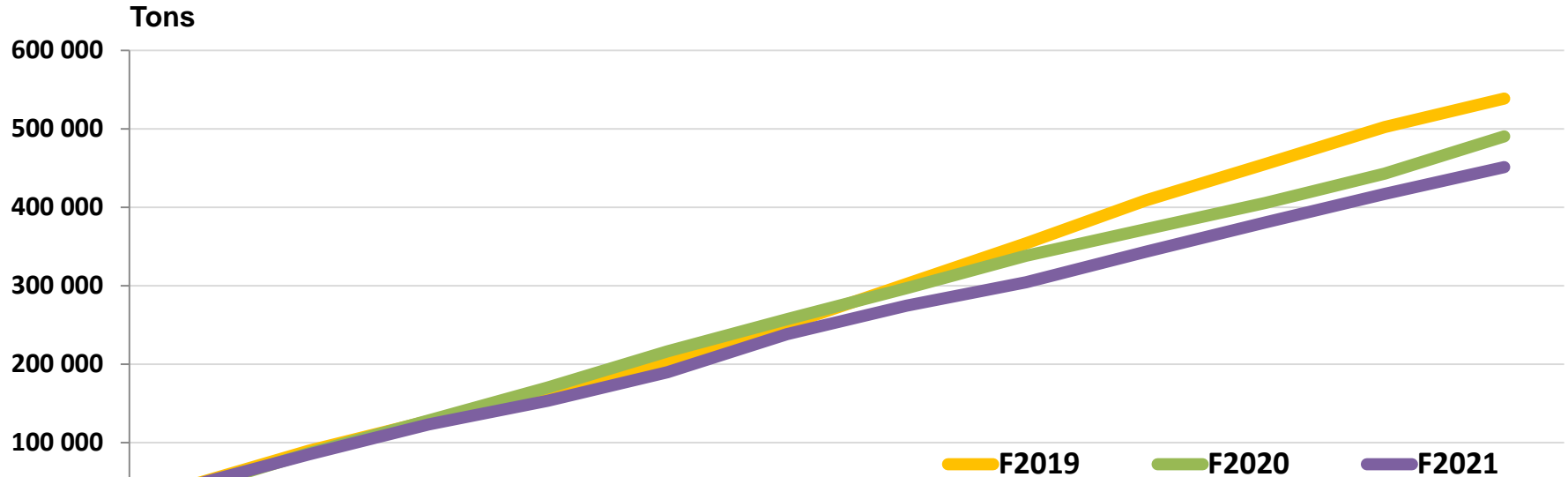
■ Astral ■ RCL ■ Country Bird ■ Daybreak ■ Sovereign ■ Grainfields ■ Chubby Chick ■ Other ■ Imports

Avg. poultry imports ≈ 6.7 million birds per week (12 months ending September 2021)





# TOTAL POULTRY IMPORTS



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>F2019</b>	45 061	89 632	127 371	162 545	204 659	250 646	302 318	354 046	408 633	455 069	502 306	538 605
<b>F2020</b>	40 409	86 676	128 331	170 449	216 314	257 443	296 901	338 461	371 969	405 599	442 892	490 501
<b>F2021</b>	44 514	85 247	123 398	153 294	189 826	238 230	274 805	304 583	343 344	380 748	417 132	451 324

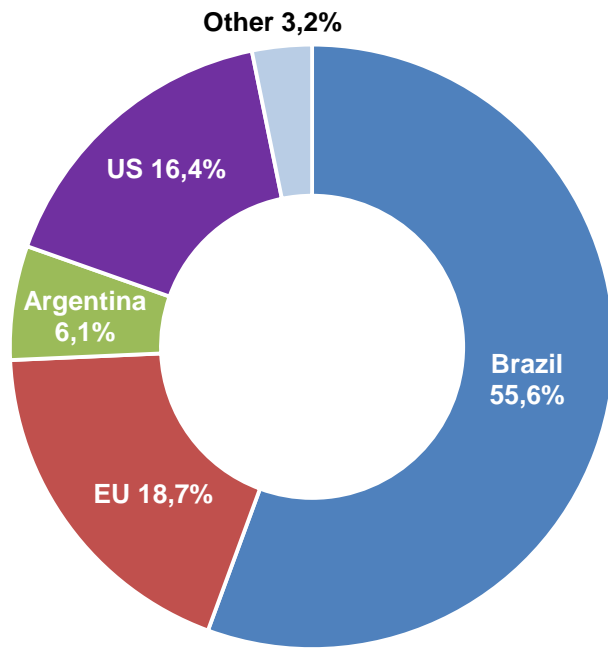
<b>F2020</b>	40 409	46 267	41 655	42 118	45 865	41 129	39 458	41 560	33 508	33 630	37 293	47 609
<b>F2021</b>	44 514	40 733	38 151	29 896	36 532	48 404	36 575	29 778	38 761	37 404	36 384	34 192
<b>% Var</b>	10,2	-12,0	-8,4	-29,0	-20,3	17,7	-7,3	-28,3	15,7	11,2	-2,4	-28,2
<b>bpw*</b>	8.0	7.3	6.8	5.4	6.5	8.7	6.5	5.3	6.9	6.7	6.5	6.1

# TOTAL POULTRY IMPORTS

COUNTRY OF ORIGIN

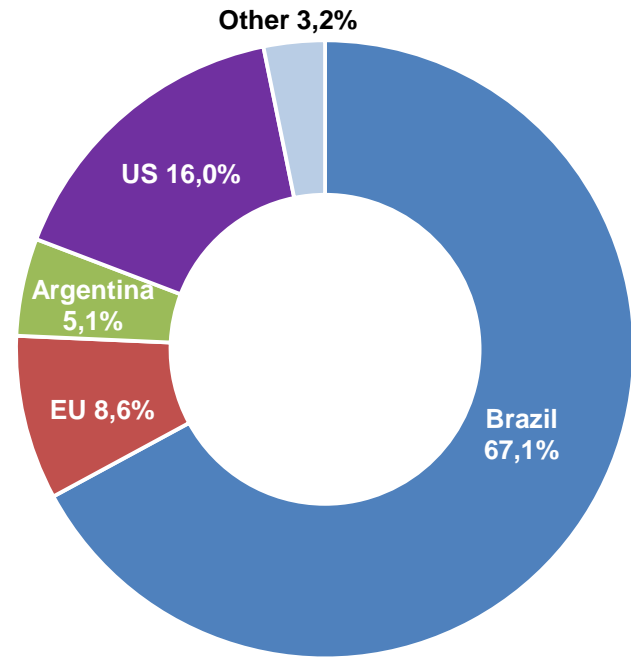


■ 2020



485 568 tons

■ 2021 September YTD



327 926 tons



# TOTAL POULTRY IMPORTS

*COUNTRY OF ORIGIN*

<b>Country (tons)</b>	<b>2019</b>	<b>2020</b>	<b>2021 YTD</b>
Brazil	268 869	270 100	219 955
United States	89 598	79 492	52 338
Poland	50 419	4 321	-
Argentina	37 939	29 530	16 786
Ireland	31 221	35 128	852
Denmark	23 325	16 562	100
Spain	18 824	28 000	27 159
Thailand	8 728	4 035	3 564
Canada	6 658	6 276	4 811
Chile	2 341	2 272	1 087
Australia	780	2 732	850
Germany	326	192	42
United Kingdom	224	341	-
Netherlands	101	6 040	22
Uruguay	52	293	77
Belgium	52	28	25
France	30	3	1
Switzerland	23	-	-
Swaziland	23	-	132
Other	27	218	52

# CONTACT DETAILS

**Chris Schutte**  
*Chief Executive Officer*

Tel : +27 (0) 12 667 5468  
email: [Chris.Schutte@astralfoods.com](mailto:Chris.Schutte@astralfoods.com)



**Daan Ferreira**  
*Chief Financial Officer*

Tel : +27 (0) 12 667 5468  
email: [Daan.Ferreira@astralfoods.com](mailto:Daan.Ferreira@astralfoods.com)

