



2021

Audited Summarised  
Consolidated Results

for the year ended 30 September 2021

# HIGHLIGHTS

Revenue

↑ 14%

Operating profit

↓ 12%

Earnings per share

↓ 15%

Final dividend

**400** cents per share



# COMMENTARY

## Financial overview

Revenue reported for the year ended 30 September 2021 was R15.9 billion, an increase of 13.9% compared to the prior year at R13.9 billion. The Poultry Division contributed 81%, Feed Division 17% and Other Africa Division 2% to total external revenue. The increase in revenue (R1.9 billion) was primarily attributable to the broiler operations in the Poultry Division contributing R1.7 billion, which was the result of growth in broiler sales volumes as well as a recovery in the selling price of poultry products.

The reduced operating profit margin of 4.6% (2020: 5.8%) was as a result of the low profits from the Poultry Division at R147 million (2020: R295 million), with the broiler operations contributing R43 million. The Feed Division continues to report consistent profits at R530 million (2020: R508 million).

Cash used for investing activities was at normalised levels after the completion of the first phase of the capacity expansion at the Festive processing plant in 2020.

The cash flow during the year was impacted by a relatively high final dividend paid of R299 million in respect of the previous financial year. No interim dividend was paid during that year which resulted in an increase in the amount paid as the final dividend.

A net cash outflow for the year of R265 million is reported, however the Group remained in a net cash surplus position throughout the year. Net surplus cash at the end of the year was R278 million, and the Group is therefore well positioned to fund the payment of the final dividend of 400 cents per share. The total dividend for the year at 700 cents per share equates to a 1.8 times dividend cover.

## Operational overview

### Poultry Division

Revenue increased by 15.3% to R13.1 billion (2020: R11.3 billion) supported by higher sales volumes and a recovery in broiler sales realisations, together with improved sales of broiler parent stock into the external market by Ross Poultry Breeders.

Broiler slaughter volumes increased by 4.8% benefiting from the Festive expansion volumes. Sales volumes increased by 6.4% for the year under review (28 832 tons) and includes sales out of stock accumulated during 2020 on the back of the Covid-19 lockdowns during that period.

Trading conditions improved as the economy continued to recover with the easing of Covid-19 lockdown restrictions. Deep cut promotional activity by retailers resulted in higher sales volumes for Astral. Volumes in the Quick Service Restaurant (QSR) and fresh sales categories for Astral, have recovered to pre Covid-19 levels. This positively impacted product mix and led to a better balanced sales basket.

Along with the rest of the country, Astral was shocked by the levels of violence, looting and subsequent losses to businesses in the supply chain during the unrest experienced in KwaZulu-Natal and Gauteng. Astral's customers have shown extreme resilience, with many having recovered from this event with no long-term trading repercussions.

Broiler sales realisations recovered by 8.1%, reflecting an effort to recoup the significant increase in feed prices on the back of higher maize and soya meal costs for the year under review. Broiler sales realisations were only at pre Covid-19 levels during the last quarter of the reporting period.

Broiler feed prices increased by 15.8% versus the prior year due to higher raw material costs, negatively impacting Astral's profits for the full year. Feed cost remains the key driver of profitability, representing approximately 68% of the live cost of a broiler.

On-farm broiler performances showed a marginal decline during the year, with slightly more feed being used to achieve the targeted broiler live weights in 2021. This was expected, as a management decision was taken during the year to change the broiler feeding programme to a lower nutritional specification which came at a reduced cost, realising a net benefit to the Group as the feed cost savings more than offset the impact of the higher feed conversion rate.

Operating profit for the Poultry Division decreased by 50.3% to R147 million (2020: R295 million). Non-feed expenses in the division increased year-on-year, negatively impacted by the direct cost of bird flu (R49 million), looting and damage to infrastructure (R18 million), on-going Covid-19 costs (R14 million), as well as water and electricity supply interruptions (R27 million), with the operating profit margin reducing to 1.1% (F2020: 2.6%).

## COMMENTARY (CONTINUED)

### Feed Division

Revenue increased by 18.9% to R8.3 billion (2020: R7.0 billion) as a direct result of higher selling prices on the back of the increase in raw material costs. SAFEX yellow maize prices increased to an average of R3 363 per ton for the year under review (2020: R2 747 per ton) up R616 per ton year-on-year. Soya meal prices also increased from an average of R6 617 per ton in 2020 to R8 216 per ton in 2021, up R1 599 per ton year-on-year, further exacerbating the increase in the price of feed.

Feed sales volumes increased by 2.0%, as the internal requirement for broiler feed increased by 6.0% due to the strategic expansion in production, but with lower external sales volumes of 3.6% reported due to a decrease in feed sales across all sectors as livestock markets came under pressure from higher feed prices.

The operating profit for this division increased by 4.2% to R530 million (2020: R508 million), with a decrease in the operating profit margin to 6.4% (2020: 7.3%). Net Rand per ton margins increased year-on-year with the division benefiting by containing total operating expenses (excluding the raw material cost impact) to an increase of 4.0% year-on-year, as well as from effective raw material cost recoveries. The direct cost of loadshedding to the Feed Division was R1.9 million, whilst the cost of preventative measures related to Covid-19 was R1.4 million.

### Other Africa Division

Revenue from continued operations for the division decreased by 6.7% to R289 million (2020: R310 million). Whilst selling prices increased for the year under review, feed sales volumes were under pressure, with the improved results driven by a much improved performance from the Zambian operations. Operating profit from continued operations increased to R35 million (2020: R9 million).

The National Chicks Swaziland and Mozambican operations have been reported as discontinued operations, following approaches by prospective buyers with firm offers to acquire Astral's interests.

### Outlook

The following factors are considered by management to have an impact on the near future business and poultry sector prospects:

- 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 loadshedding 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 outperforms 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.



## Declaration of ordinary dividend number 40

The Board has approved a final dividend of 400 cents per ordinary share (gross) in respect of the year ended 30 September 2021.

The dividend will be subject to Dividends Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements the following information is disclosed:

- The dividend has been declared out of income reserves;
- The local Dividends Tax is 20 % (twenty per centum);
- The gross local dividend is 400 cents per ordinary share for shareholders exempt from Dividends Tax;
- The net local dividend is 320 cents per ordinary share for shareholders liable to pay Dividends Tax;
- Astral Foods Limited has currently 42 922 235 ordinary shares in issue (which includes 4 088 577 treasury shares held by a subsidiary and 276 775 held in terms of a forfeitable share scheme); and
- Astral Foods Limited's income tax reference number is 9125190711.

Shareholders are advised of the following dates in respect of the final dividend:

Last date to trade <i>cum</i> -dividend	Tuesday, 11 January 2022
Shares commence trading <i>ex</i> -dividend	Wednesday, 12 January 2022
Record date	Friday, 14 January 2022
Payment of dividend	Monday, 17 January 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 January 2022 and Friday, 14 January 2022, both days inclusive.

On behalf of the Board

**T Eloff**  
*Chairman*

**CE Schutte**  
*Chief Executive Officer*

Pretoria

10 November 2021

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

## To the shareholders of Astral Foods Limited

### Opinion

The summarised consolidated financial statements of Astral Foods Limited, set out on pages 5 to 11 of the Audited Summarised Consolidated Results, which comprise the summarised consolidated balance sheet as at 30 September 2021, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Astral Foods Limited for the year ended 30 September 2021.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 2 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 12 November 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

### Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 2 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

### PricewaterhouseCoopers Inc.

Director: EJ Gerryts

Registered Auditor

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2090

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Johannesburg  
South Africa

12 November 2021

# SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2021

	Audited 12 months ended 30 September 2021 R'000	%	Audited 12 months ended 30 September (restated)* 2020 R'000
		change	
<b>Revenue</b>	<b>15 865 938</b>	14 %	13 932 210
Cost of sales	(13 024 968)	16 %	(11 197 192)
<b>Gross profit</b>	<b>2 840 970</b>	4 %	2 735 018
Administrative expenses	(746 092)		(692 794)
Distribution costs	(1 149 456)		(1 031 325)
Marketing expenditure	(243 994)		(232 159)
Other net income and gains	9 571		33 788
<b>Profit before interest and tax (note 4)</b>	<b>710 999</b>	(12 %)	812 528
Finance costs – net	(48 677)		(56 709)
Finance income	12 426		27 838
Finance costs	(61 103)		(84 547)
<b>Profit before tax</b>	<b>662 322</b>	(12 %)	755 819
Tax expense	(202 681)		(213 577)
<b>Profit for the year from continuing operations</b>	<b>459 641</b>	(15 %)	542 242
<b>Profit for the year from discontinued operations (note 9)</b>	<b>14 082</b>	(26 %)	18 992
<b>Profit for the year</b>	<b>473 723</b>	(16 %)	561 234
<b>Other comprehensive income</b>	<b>(2 113)</b>		(48 036)
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency gain/(loss) on investment loans to foreign subsidiaries	1 064		(2 718)
Foreign currency translation adjustments	10 338		(19 830)
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post-employment benefit obligations (net of deferred tax)	1 930		8 798
Changes in fair value of equity instruments	(15 445)		(34 286)
<b>Total comprehensive income for the period</b>	<b>471 610</b>	(8 %)	513 198
<b>Profit attributable to:</b>			
Equity holders of the holding company	472 504	(15 %)	556 267
Arising from			
– Continuing operations	459 641		542 242
– Discontinued operations	12 863		14 025
Non-controlling interests	1 219	(75 %)	4 967
	473 723	(16 %)	561 234
<b>Comprehensive income attributable to:</b>			
Equity holders of the holding company	470 391	(7 %)	508 231
Arising from			
– Continuing operations	457 528		494 206
– Discontinued operations	12 863		14 025
Non-controlling interests	1 219	(75 %)	4 967
	471 610	(8 %)	513 198
<b>Earnings per share – cents per share</b>			
– basic	1 225	(15 %)	1 435
– from continuing operations	1 192		1 399
– from discontinued operations	33		36
– diluted	1 217	(15 %)	1 432
– from continuing operations	1 184		1 396
– from discontinued operations	33		36

\* Prior year has been restated to account for certain businesses as discontinued operations.

# SUMMARISED CONSOLIDATED BALANCE SHEET

as at 30 September 2021

	Audited 30 September 2021 R'000	Audited 30 September 2020 R'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2 942 859	2 946 643
Intangible assets	49 984	55 421
Right-of-use assets	340 029	537 061
Goodwill	136 135	136 135
Financial assets at fair value through other comprehensive income	105 575	121 020
	<b>3 574 582</b>	<b>3 796 280</b>
<b>Current assets</b>		
Biological assets	976 316	851 252
Inventories	921 104	861 241
Trade and other receivables	1 595 721	1 218 097
Current tax asset	27 146	30 595
Cash and cash equivalents	668 532	573 581
	<b>4 188 819</b>	<b>3 534 766</b>
Assets held-for-sale	71 584	–
	<b>4 260 403</b>	<b>3 534 766</b>
<b>Total assets</b>	<b>7 834 985</b>	<b>7 331 046</b>
<b>Equity</b>		
<b>Capital and reserves attributable to equity holders of the parent company</b>	<b>4 148 877</b>	<b>4 107 265</b>
Issued capital	90 400	90 400
Treasury shares	(250 633)	(228 111)
Reserves	4 309 110	4 244 976
<b>Non-controlling interest</b>	<b>12 314</b>	<b>15 055</b>
<b>Total equity</b>	<b>4 161 191</b>	<b>4 122 320</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liability	704 279	639 482
Employee benefit obligations	126 653	140 730
Lease liability	274 371	365 956
	<b>1 105 303</b>	<b>1 146 168</b>
<b>Current liabilities</b>		
Trade and other liabilities	1 785 351	1 556 294
Employee benefit obligations	268 570	263 757
Current tax liabilities	8 240	6 158
Lease liability	102 097	206 057
Borrowings	390 840	27 453
Shareholders for dividend	3 046	2 839
	<b>2 558 144</b>	<b>2 062 558</b>
Liabilities held for sale	10 347	–
	<b>2 568 491</b>	<b>2 062 558</b>
<b>Total liabilities</b>	<b>3 673 794</b>	<b>3 208 726</b>
<b>Total equity and liabilities</b>	<b>7 834 985</b>	<b>7 331 046</b>



# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2021

	Audited 12 months ended 30 September 2021 R'000	Audited 12 months ended 30 September 2020 R'000
<b>Cash operating profit</b>	1 155 792	1 231 706
Changes in working capital	(343 625)	(74 117)
<b>Cash generated from operating activities</b>	<b>812 167</b>	<b>1 157 589</b>
Income tax paid	(135 738)	(153 280)
<b>Cash flows from operating activities</b>	<b>676 429</b>	<b>1 004 309</b>
<b>Cash used in investing activities</b>	<b>(241 343)</b>	<b>(580 976)</b>
Purchases of property, plant and equipment	(259 233)	(453 931)
Costs incurred on intangibles	(237)	(2 049)
Proceeds on disposal of property, plant and equipment	3 855	2 031
Finance income	12 317	28 279
Dividends received	1 955	–
Equity instruments acquired	–	(155 306)
<b>Cash flows to financing activities</b>	<b>(700 370)</b>	<b>(441 736)</b>
Dividends paid	(418 150)	(166 278)
Finance expense on borrowings	(6 039)	(5 855)
Treasury shares acquired in terms of forfeitable share plan	(24 920)	(23 676)
Proceeds from sale of treasury shares	1 504	–
Lease payments – principal element	(204 557)	(177 966)
Finance cost on lease contracts	(48 208)	(67 961)
<b>Net movement in cash and cash equivalents</b>	<b>(265 284)</b>	<b>(18 403)</b>
Effects of exchange rate changes	283	9 657
Less: Assets held for sale	(3 435)	–
Cash and cash equivalent balances at beginning of year	546 128	554 874
<b>Cash and cash equivalent balances at end of period (note 6)</b>	<b>277 692</b>	<b>546 128</b>

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

	Audited 12 months ended 30 September 2021 R'000	Audited 12 months ended 30 September (restated)* 2020 R'000
Balance beginning of year	4 122 320	3 795 635
Profit for the period		
– Continuing operations	459 641	542 242
– Discontinued operations	14 082	18 992
Dividends to shareholders	(418 356)	(166 362)
Other comprehensive loss for the period, net of tax	(2 113)	(48 036)
Increase in share-based payment reserve	9 033	3 525
Shares sold in terms of restricted share incentive scheme	1 504	–
Treasury shares acquired in terms of forfeitable share plan	(24 920)	(23 676)
Balance at end of period	<b>4 161 191</b>	<b>4 122 320</b>

\* Prior year has been restated to account for certain businesses as discontinued operations.

# SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

for the year ended 30 September 2021

	Audited 12 months ended 30 September 2021 R'000	%	Audited 12 months ended 30 September (restated)* 2020 R'000
		change	
<b>Revenue</b>			
Poultry	13 077 464	15%	11 343 231
Feed	8 301 955	19%	6 979 422
Other Africa	289 435	(7%)	310 349
Inter-group	(5 802 916)		(4 700 792)
From continuing operations	15 865 938	14%	13 932 210
From discontinued operations	181 300		172 071
	<b>16 047 238</b>	14%	<b>14 104 281</b>
<b>Operating profit</b>			
Poultry	146 742	(50%)	295 015
Feed	529 615	4%	508 091
Other Africa	34 642	268%	9 422
From continuing operations	710 999	(12%)	812 528
From discontinued operations	20 427		25 584
	<b>731 426</b>	(13%)	<b>838 112</b>
<b>Depreciation, amortisation and impairment</b>			
Poultry	257 071	12%	230 373
Feed	159 913	(4%)	165 719
Other Africa	2 410	(15%)	2 838
Corporate	2 428	4%	2 337
– From continuing operations	421 822		401 267
– From discontinued operations	3 043		2 198
	<b>424 865</b>		<b>403 465</b>

\* Prior year has been restated to account for certain businesses as discontinued operations.

# NOTES

for the year ended 30 September 2021

## 1. Nature of business

Astral is a leading South African integrated poultry producer. Key activities consist of manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and sale and distribution of various key poultry brands.

## 2. Basis of preparation

The Summarised Consolidated Financial Statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The Summarised Consolidated Financial Statements have been prepared by the Chief Financial Officer, DD Ferreira CA(SA), and were approved by the Board on 10 November 2021.

## 3. Accounting policies

The accounting policies applied in these Summarised Condensed Financial Statements comply with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 September 2020.

	Audited 12 months ended 30 September 2021 R'000	Audited 12 months ended 30 September 2020 R'000
<b>4. Profit before interest and tax</b>		
The following items have been accounted for in the profit before interest and tax:		
Decrease/(increase) in fair value adjustment to biological assets	5 852	(5 156)
Amortisation of intangible assets	5 489	5 568
Depreciation on property, plant and equipment	208 405	182 781
Amortisation of right-of-use asset	207 928	212 918
Profit on sale of property, plant and equipment	3 515	85
Foreign exchange losses	1 304	2 961
Dividend received from investments	1 955	–
Insurance recoveries	–	30 138
Assets scrapped	5 426	2 811
<i>(Prior year has been restated to account for certain businesses as discontinued operations)</i>		
<b>5. Reconciliation to headline earnings</b>		
Net profit attributable to shareholders	472 504	556 267
Loss/(profit) on sale of property, plant and equipment (net of tax)	(2 668)	5
Loss on assets scrapped (net of tax)	3 911	2 015
Headline earnings for the period	473 747	558 287
<b>6. Cash and cash equivalents per cash flow statement</b>		
Bank overdrafts (included in current borrowings)	(390 840)	(27 453)
Cash at bank and in hand	668 532	573 581
Cash and cash equivalents per cash flow statement	277 692	546 128

	Audited 12 months ended 30 September 2021 R'000	%	Audited 12 months ended 30 September 2020 R'000
		change	
<b>7. Commitments</b>			
Capital expenditure approved not contracted	185 517		170 157
Capital expenditure contracted not recognised in the balance sheet	54 882		127 682
Raw material contracted amounts not recognised in the balance sheet	1 687 543		1 129 870
<b>8. Additional information</b>			
Headline earnings per share – cents per share			
– basic	1 228	(15%)	1 441
– From continuing operations	1 194		1 404
– From discontinued operations	34		37
– diluted	1 220		1 438
– From continuing operations	1 187		1 402
– From discontinued operations	33		36
Dividends (cents per share) – declared out of earnings for the period			
– Interim dividend	300		–
– Final dividend	400		775
– Total dividend	700	(10%)	775
Number of ordinary shares			
– Issued net of treasury shares	38 556 883		38 719 158
– Weighted average	38 584 559		38 755 135
– Diluted weighted average	38 833 658		38 833 658
<b>9. Discontinued operations</b>			
Agreements were reached whereby certain operations will be sold during the 2022 financial year.			
The following are relevant information regarding these operations:			
Revenue	181 300		172 071
Profit before interest and tax	20 427		25 584
Profit for the year	14 082		18 992
Net cash inflow from operating activities	20 403		18 960
Assets held for sale	71 584		–
Liabilities held for sale	10 347		–

# CORPORATE INFORMATION

## Registered office

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## Transfer secretaries

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## Directors

Dr T Eloff (Chairman)  
CE Schutte\* (Chief Executive Officer)  
GD Arnold\*  
DD Ferreira\* (Chief Financial Officer)  
F van Heerden\*  
DJ Fouche  
S Mayet  
WD Potgieter  
TM Shabangu  
AD Cupido  
\* *Executive director*

## Company Secretary

L Marupen

## Sponsor

Nedbank Corporate and Investing Banking, a division of Nedbank Limited





[www.astralfoods.com](http://www.astralfoods.com)