



Annual Results Presentation

for the 12 months ended 30 September 2020

2020

- **Business Overview** *Slide 3 – Chris Schutte*
- **Operational Overview** *Slide 8 – Michael Schmitz, Andy Crocker, Gary Arnold*
- **Industry Matters** *Slide 29 – Gary Arnold*
- **Financial Overview** *Slide 32 – Daan Ferreira*
- **Covid-19 & Outlook** *Slide 43 – Chris Schutte*
- **Additional Information** *Slide 48*



Chris Schutte
Chief Executive Officer



**BUSINESS
OVERVIEW**

SALIENT POINTS

- **The nationwide hard lockdown severely impacted profits in 2H2020** eroding gains made in 1H2020, however Astral posted a satisfactory full year result
- **Feed input costs increased** over the period on higher maize and soya prices, which was unexpected given the above average maize crop for 2020
- **Poultry production efficiencies** on farm further improved, with less broiler feed required to achieve the targeted body weight
- **Poultry selling prices** marginally increased for the year under review, however characterised by a “tale of two halves” with a decrease into 2H2020
- **Extraordinary costs** linked to nation wide load shedding, direct Covid-19 costs, and the on-going Standerton municipal supply constraints

KEY FINANCIAL INDICATORS

- Revenue @ R14.1 billion
- Profit before interest and tax @ R838 million
- Profit for the period @ R561 million
- Headline earnings per share @ 1 441 cps
- Total dividend for the year @ 775 cps



DIVISIONAL OVERVIEW

Feed



- Raw material costs up
- Less internal feed required
- External sales volumes marginally up
- Expenses well controlled
- Improved Rand per ton margin

Poultry



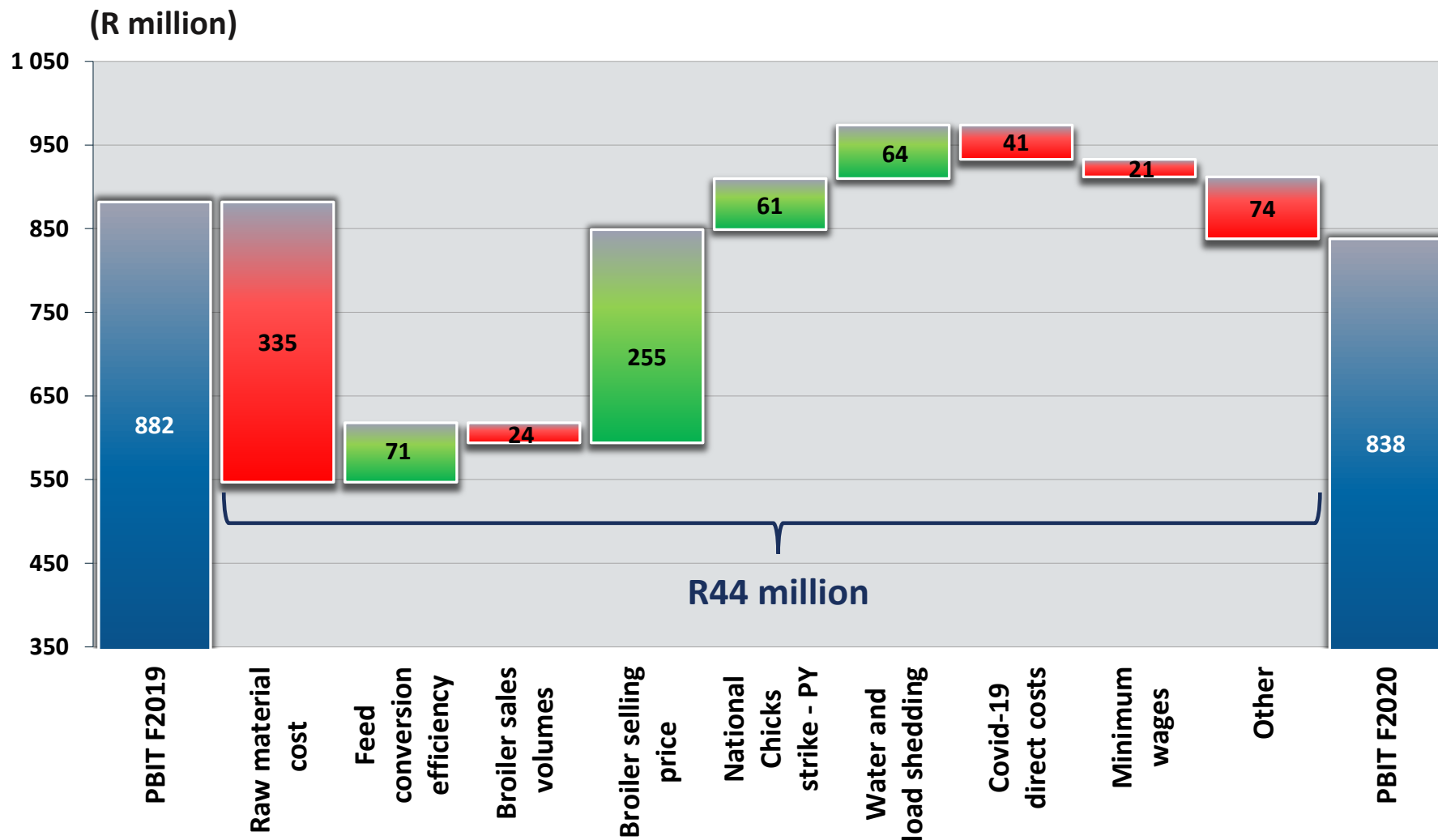
- Feeding cost increased
- Bird performance improvement
- Broiler sales volumes stable
- Broiler sales realisations up
- Extraordinary cost impacts

Other Africa – Feed & Poultry

- Improved performance from all countries



PBIT MOVEMENT – F2020 vs. F2019





Michael Schmitz

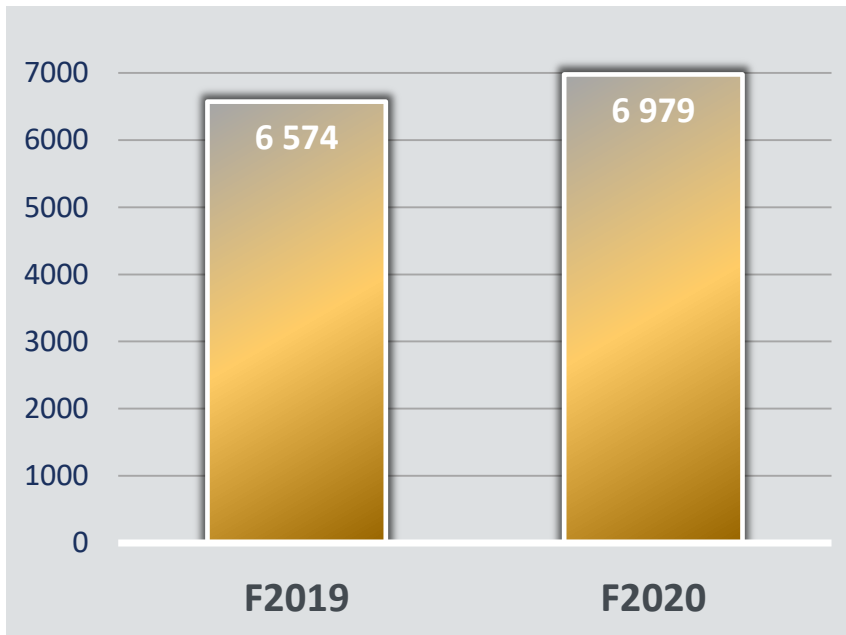
MD: Feed



**FEED
DIVISION**

FEED DIVISION

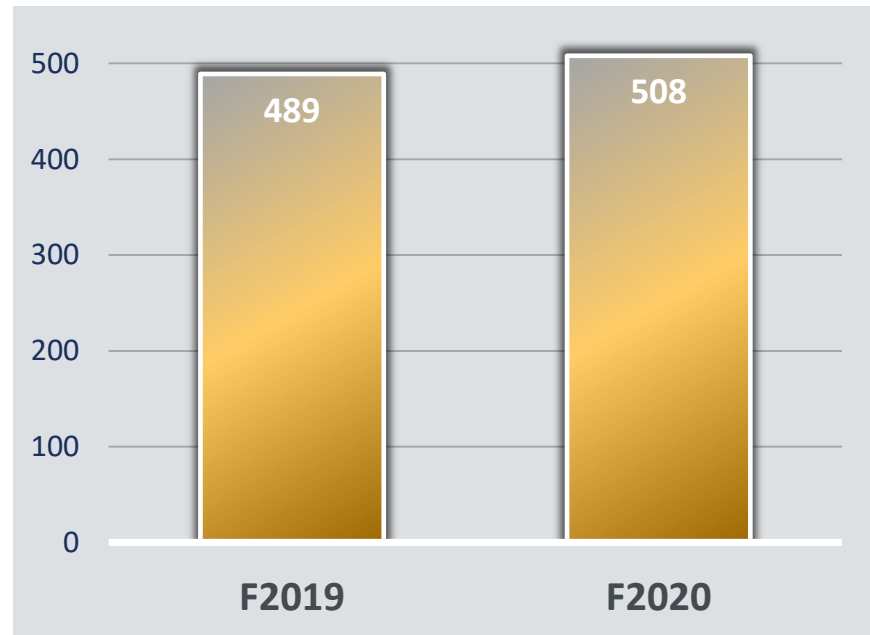
Revenue - R million



Revenue up 6.2%

- Raw material costs up
- Average selling prices up 6.9%
- Sales volumes down 0.7%

Operating profit - R million



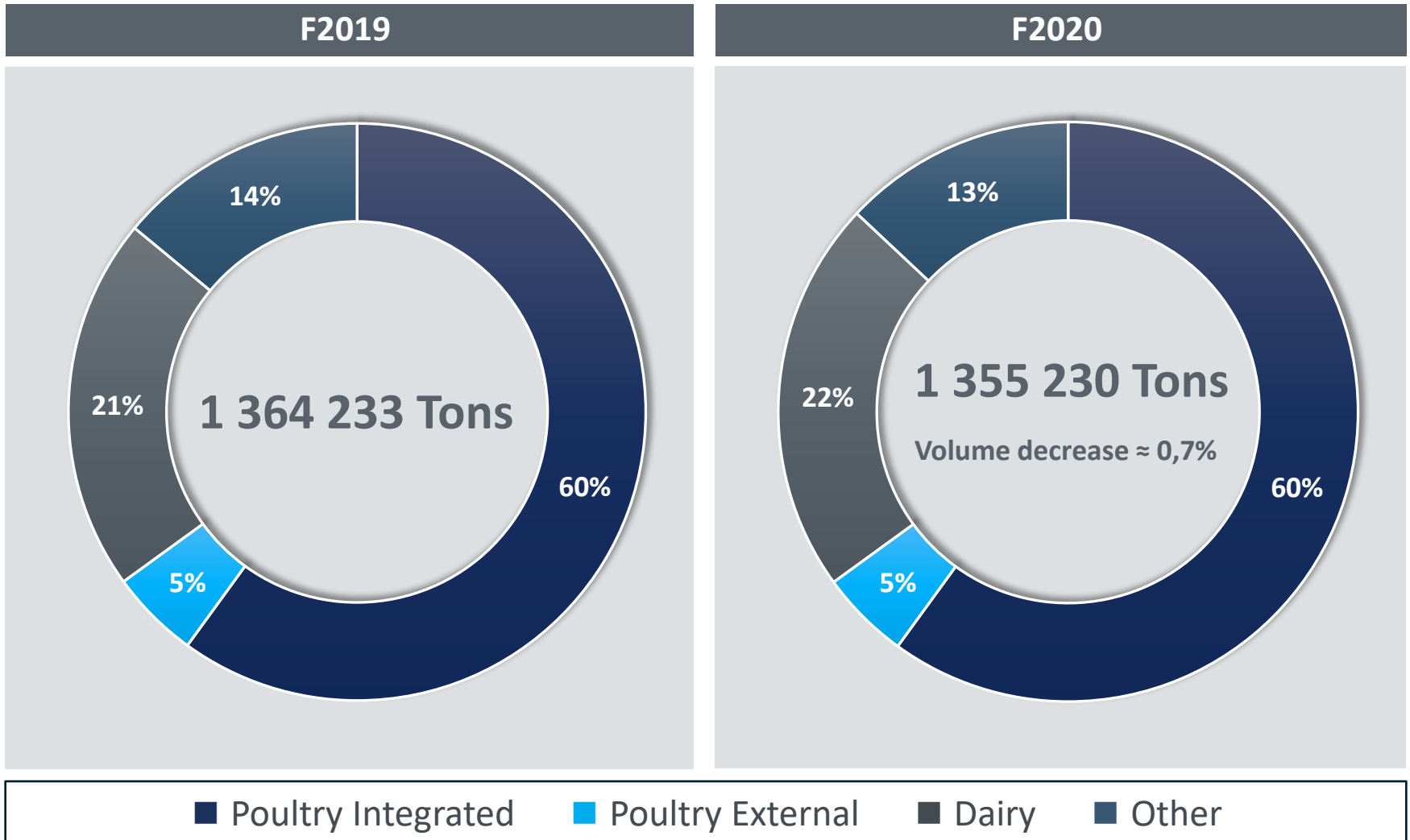
Operating profit up 3.8%

- Net margin 7.3% F2019: 7.4%
- Expenses well controlled
- Rand per ton margin up

FEED DIVISION

- **SAFEX yellow maize price increased** for the year under review F2020 avg. R2 748 per ton (F2019: R2 639) up R109 per ton y-o-y
- **Soya meal price increased** for the year under review F2020 avg. R6 617 per ton (F2019: R5 727) up R890 per ton y-o-y
- **Internal feed sales volumes decreased** marginally by 1.5% due to improved broiler feed conversion rates
- **External feed sales volumes increased** by 0.7% predominantly to the ruminant market despite the higher feed prices
- **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



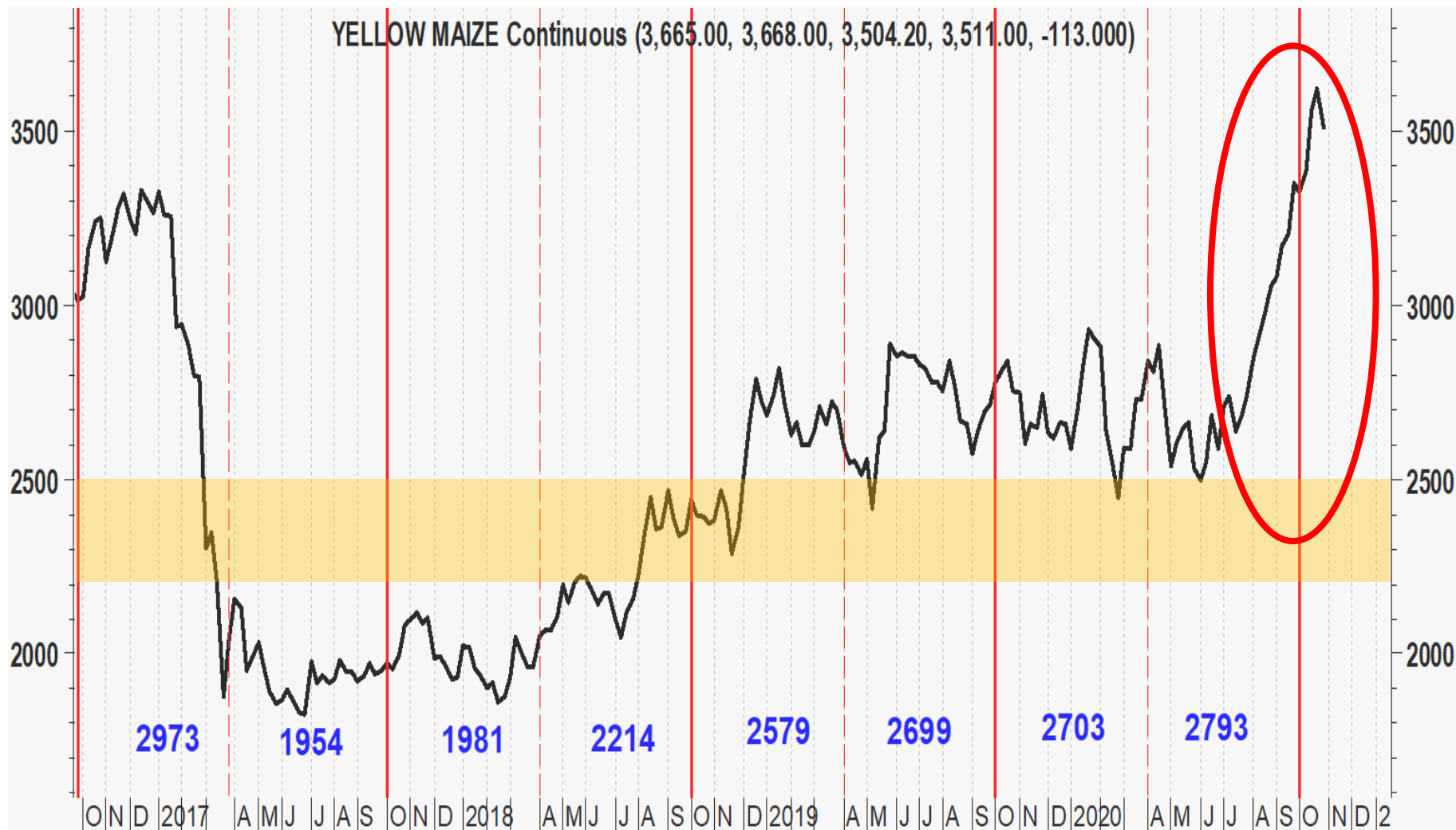


Andy Crocker
MD: Commercial



**RAW
MATERIALS**

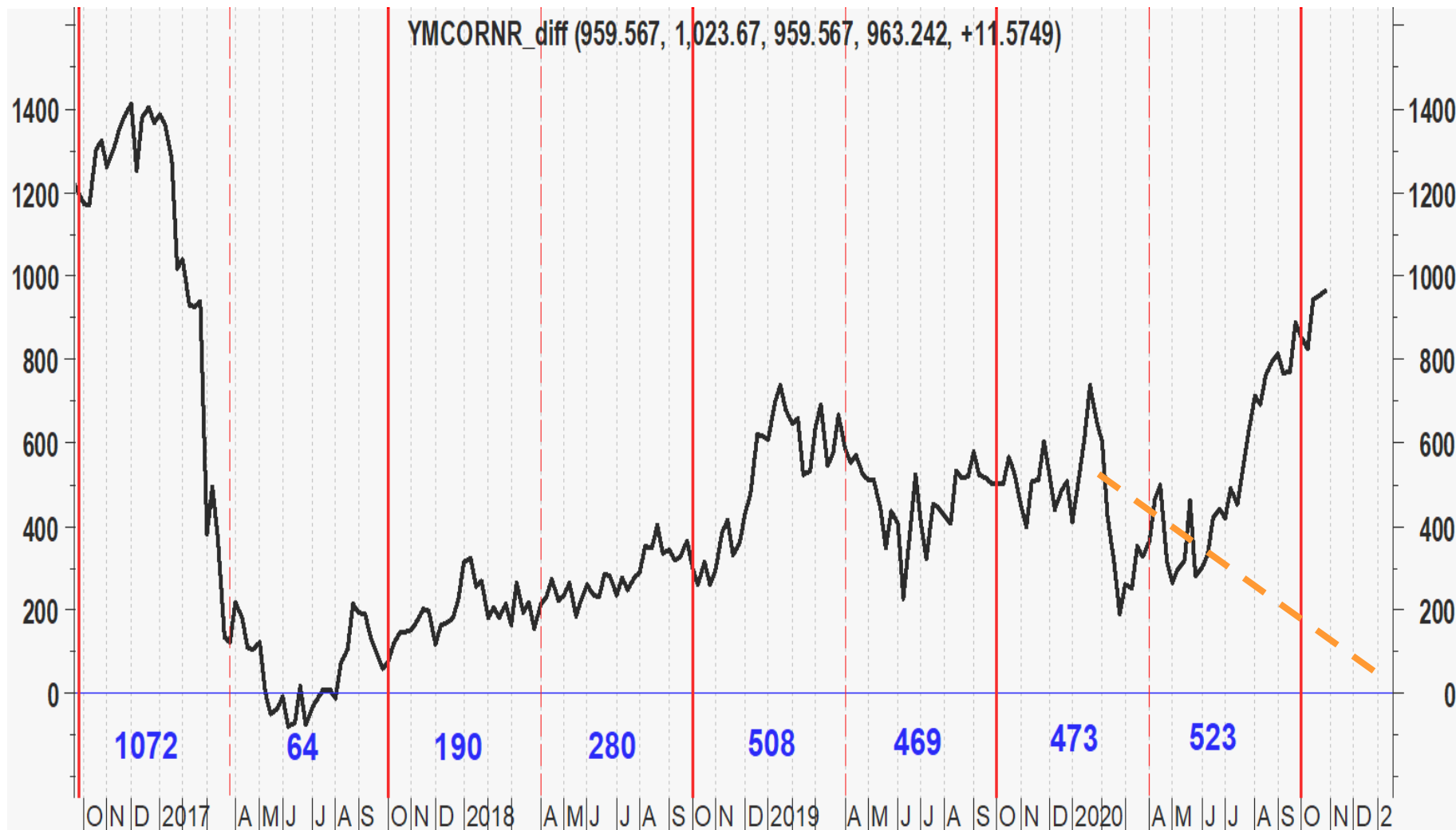
SAFEX YELLOW MAIZE PRICE



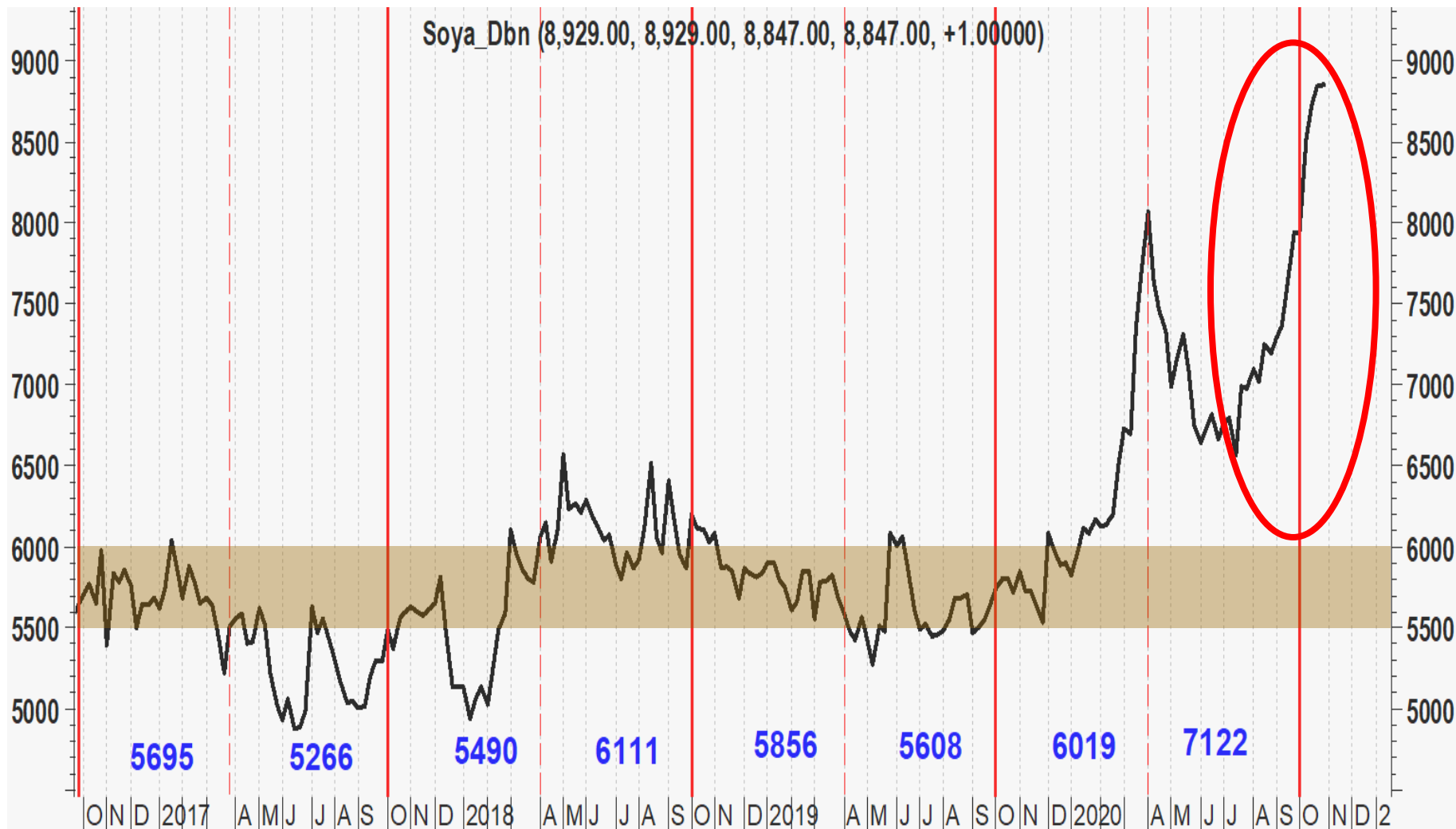
RSA – TOTAL MAIZE SUPPLY & DEMAND

<i>Marketing year (May to April)</i>	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21E	2021/22F
<i>'000 tons</i>	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast
Carry In (1 May)	2 074	2 471	1 093	3 689	2 662	1 000	1 415
Crop Estimate	9 955	7 779	16 820	12 510	11 275	15 280	16 237
Retentions	163	309	1 191	495	388	659	701
Sagis Delivery	9 794	7 469	15 629	11 984	10 887	14 621	15 536
<i>Minus early deliveries</i>	0	450	0	0	0	0	0
Imports	1 964	2 237	0	172	510	0	0
Total Supply	13 831	11 727	16 722	15 845	14 059	15 621	16 951
Domestic Usage Food	4 698	4 808	4 993	5 161	5 378	5 924	5 750
Domestic Usage Feed	5 520	5 004	5 276	5 508	5 699	5 557	5 900
Gristing, withdrawn & released	293	278	313	239	177	225	305
Total Domestic Usage	10 512	10 090	10 583	10 907	11 264	11 706	11 955
Exports & Sundries	848	993	2 451	2 276	1 795	2 500	2 060
<i>Plus early deliveries</i>	0	450	0	0	0	0	0
Carry Out (30 Apr)	2 471	1 093	3 689	2 662	1 000	1 415	2 936
No of days usage	86	40	127	89	32	44	90
STU	21,75%	9,87%	28.31%	20,19%	7,66%	9,96%	20,95%

SAFEX YM PRICE vs. CBOT IN RAND TERMS



DURBAN SOYA MEAL PRICE





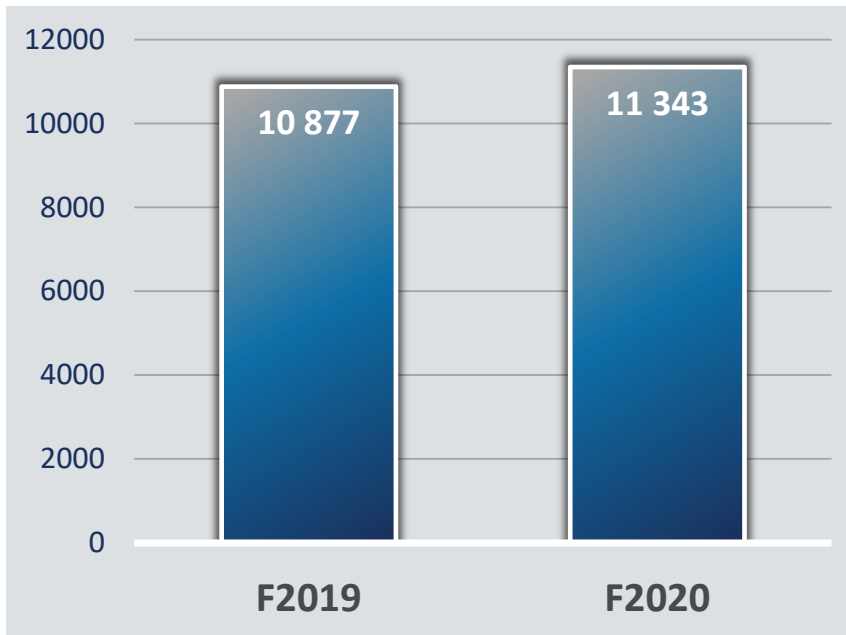
Andy Crocker
MD: Commercial



**POULTRY
DIVISION**
COMMERCIAL

POULTRY DIVISION - CONSOLIDATED

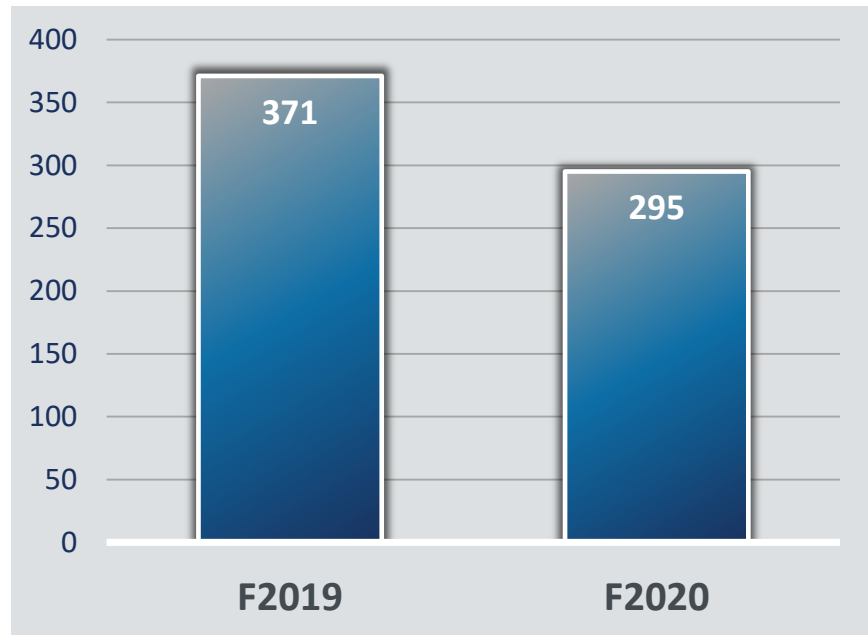
Revenue - R million



Revenue up 4.3%

- Broiler sales volumes down 0.2%
- Broiler sales realisations up 2.6%
- Breeder revenue up 13.4%

Operating profit - R million



Operating profit down 20.5%

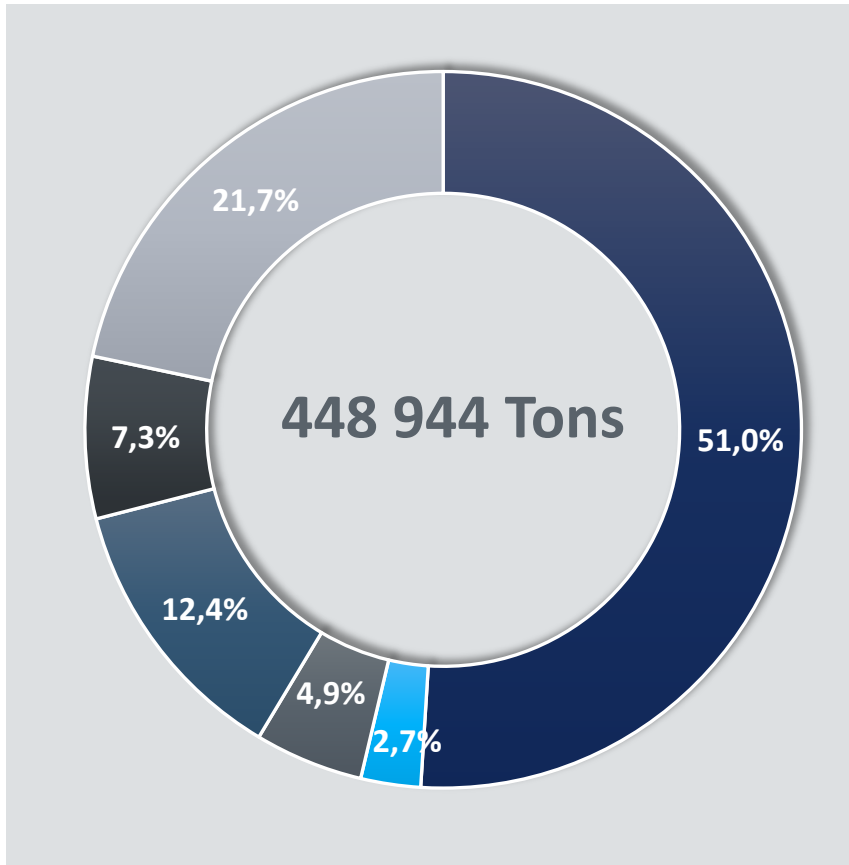
- Net margin 2.6% F2019: 3.4%
- Broiler feed price up 7.7%

POULTRY DIVISION - COMMERCIAL

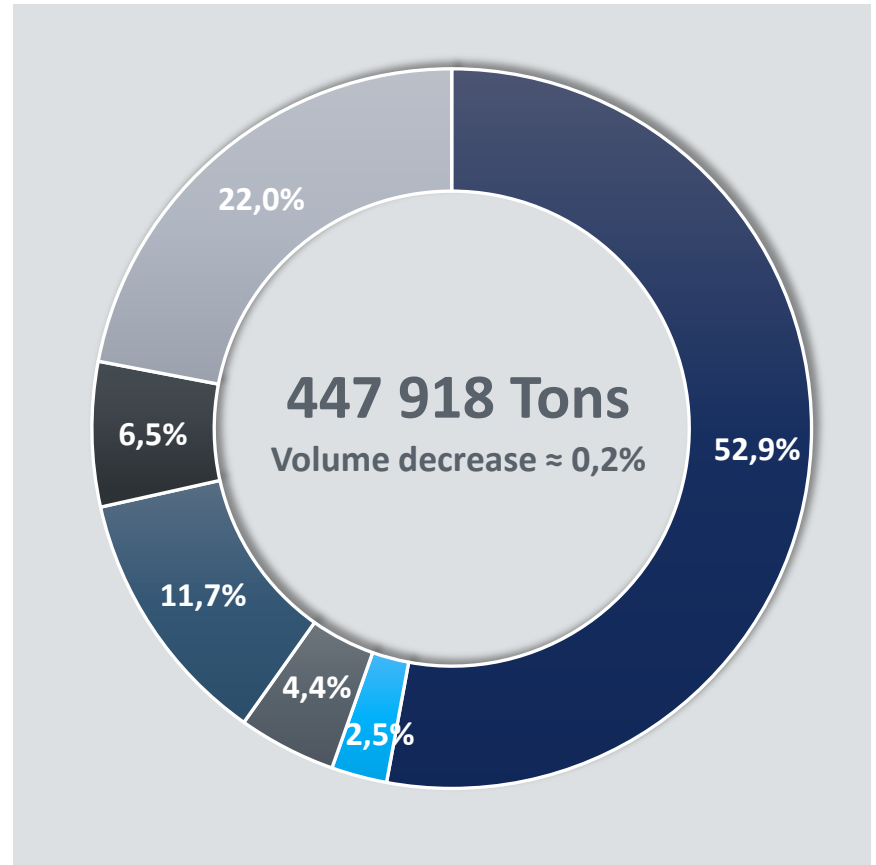
- **Profits decreased** for the year under review on the back of major market disruption, caused by a weak economy exacerbated by the hard lockdown in 2H2020
- **A change in product mix** as a result of lost QSR sales in 2H2020 under the hard lockdown, and the resulting frozen stock build negatively impacted profits on lower sales realisations
- **Broiler selling prices increased** for the year under review, **however a dramatic drop into 2H2020** whilst input costs increased, negatively impacted margins
- **Broiler sales volumes were stable**, which includes a change in the point of recognition of a sale with the new third party distribution agreement, which is based on a consignment stock model
- **Overhead expenses increased** as impacted by direct costs associated with; Covid-19 risk management, nationwide load shedding costs and the on-going municipal infrastructure challenges in Standerton

POULTRY DIVISION – SALES MIX

F2019

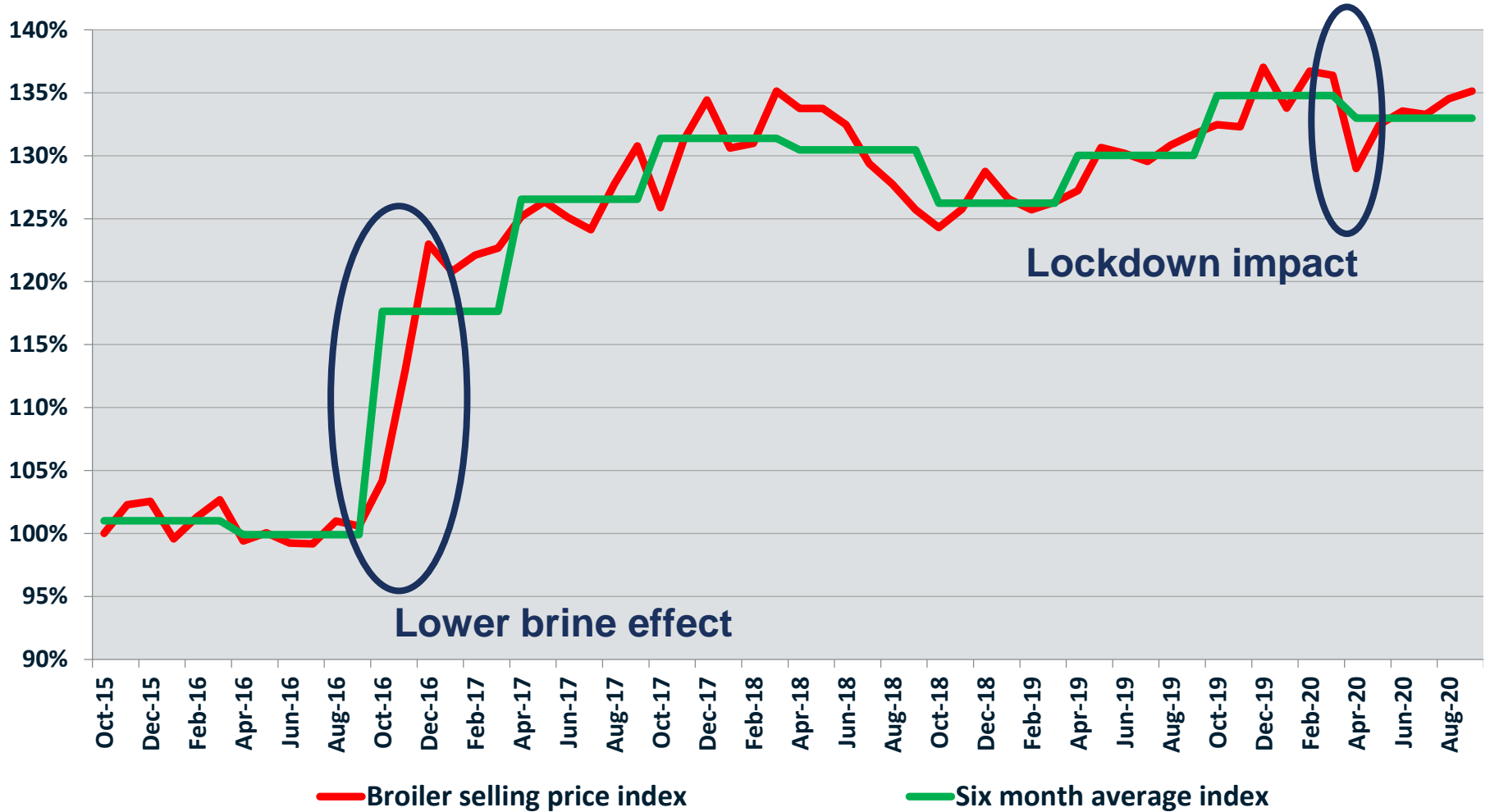


F2020



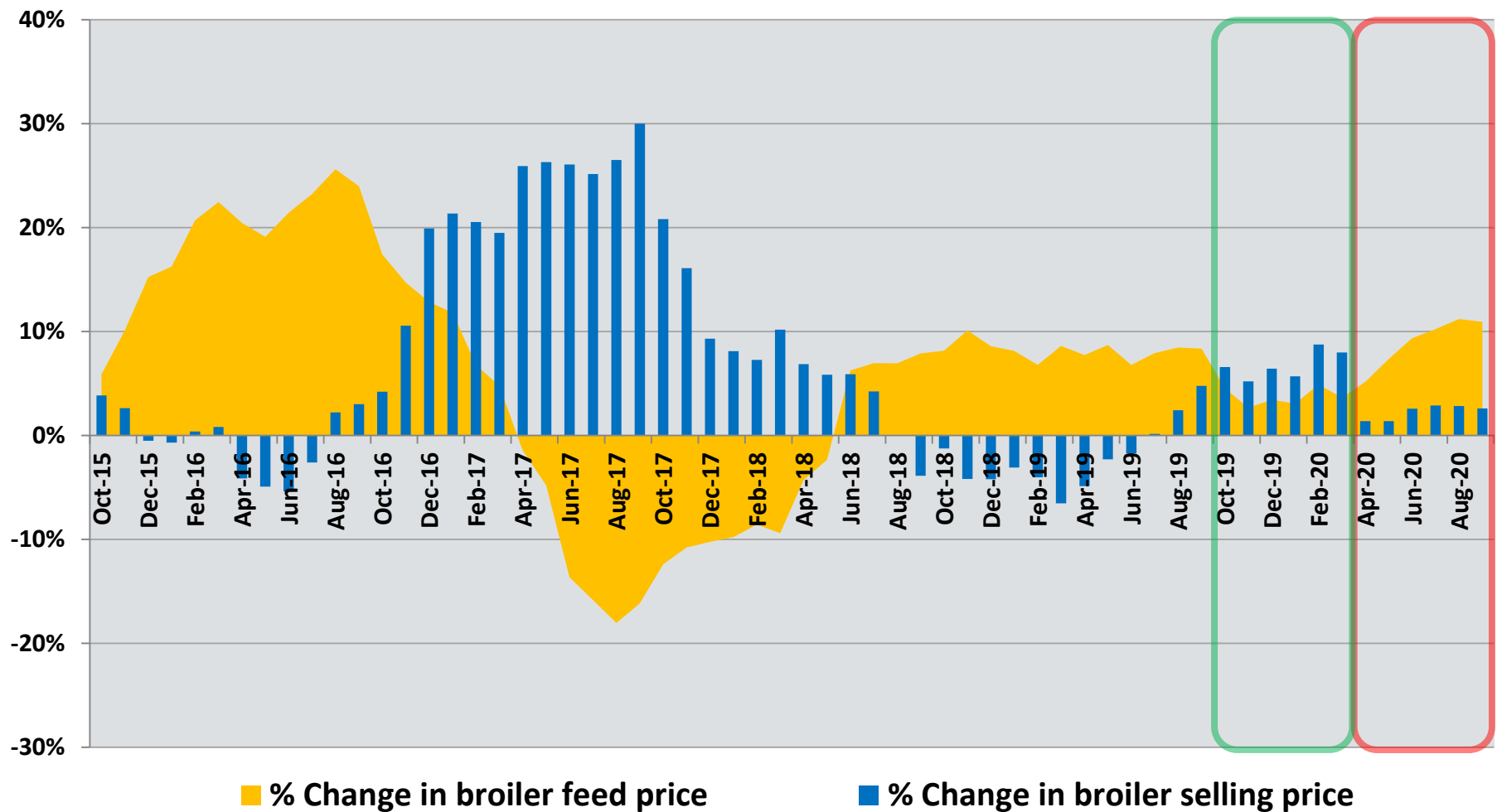
■ IQF Mixed Portions
 ■ IQF Single Portions
 ■ Frozen
 ■ Fresh
 ■ Value Added
 ■ Tertiary

BROILER SELLING PRICE



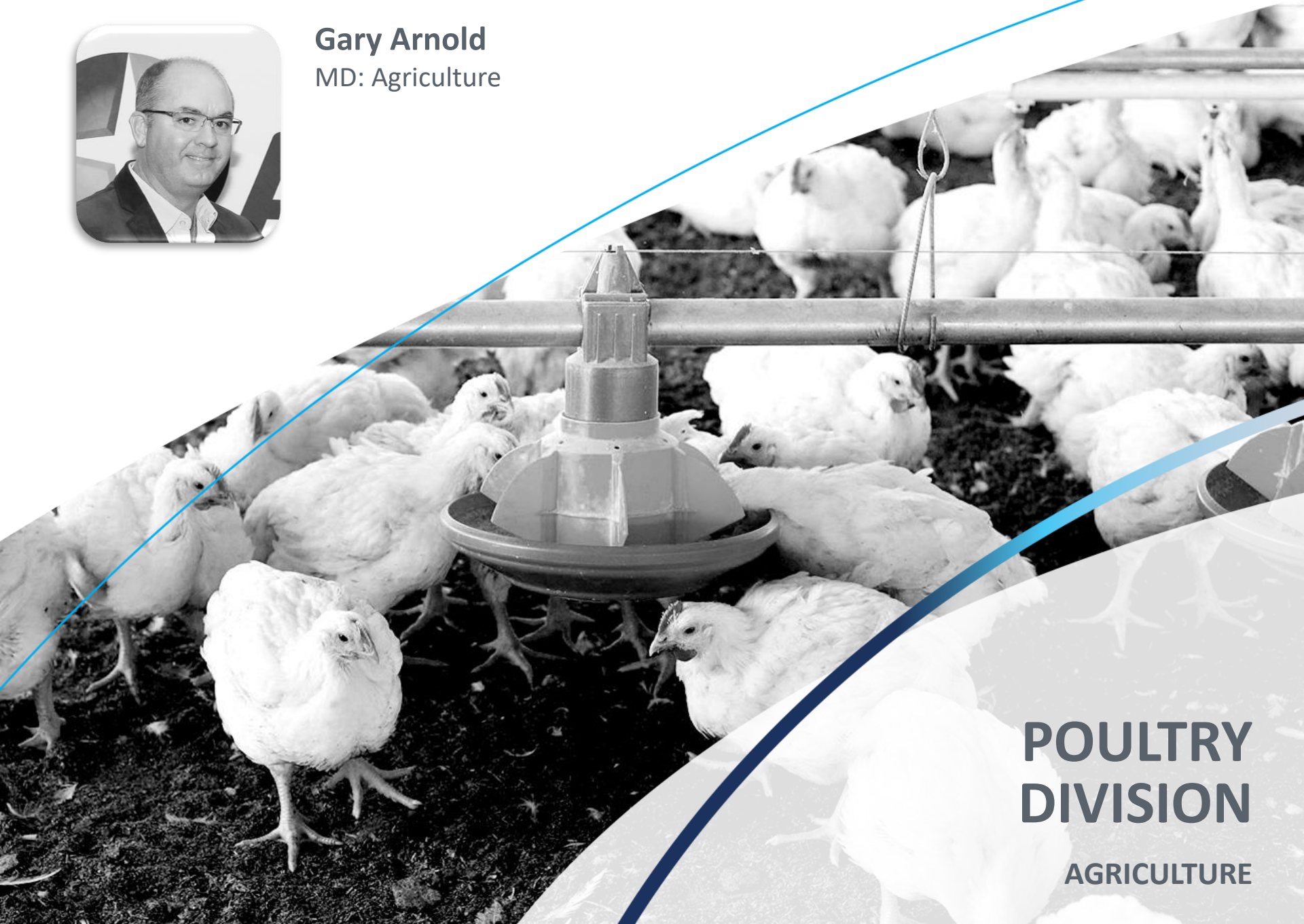


BROILER SELLING PRICE vs. FEED PRICE





Gary Arnold
MD: Agriculture



POULTRY DIVISION

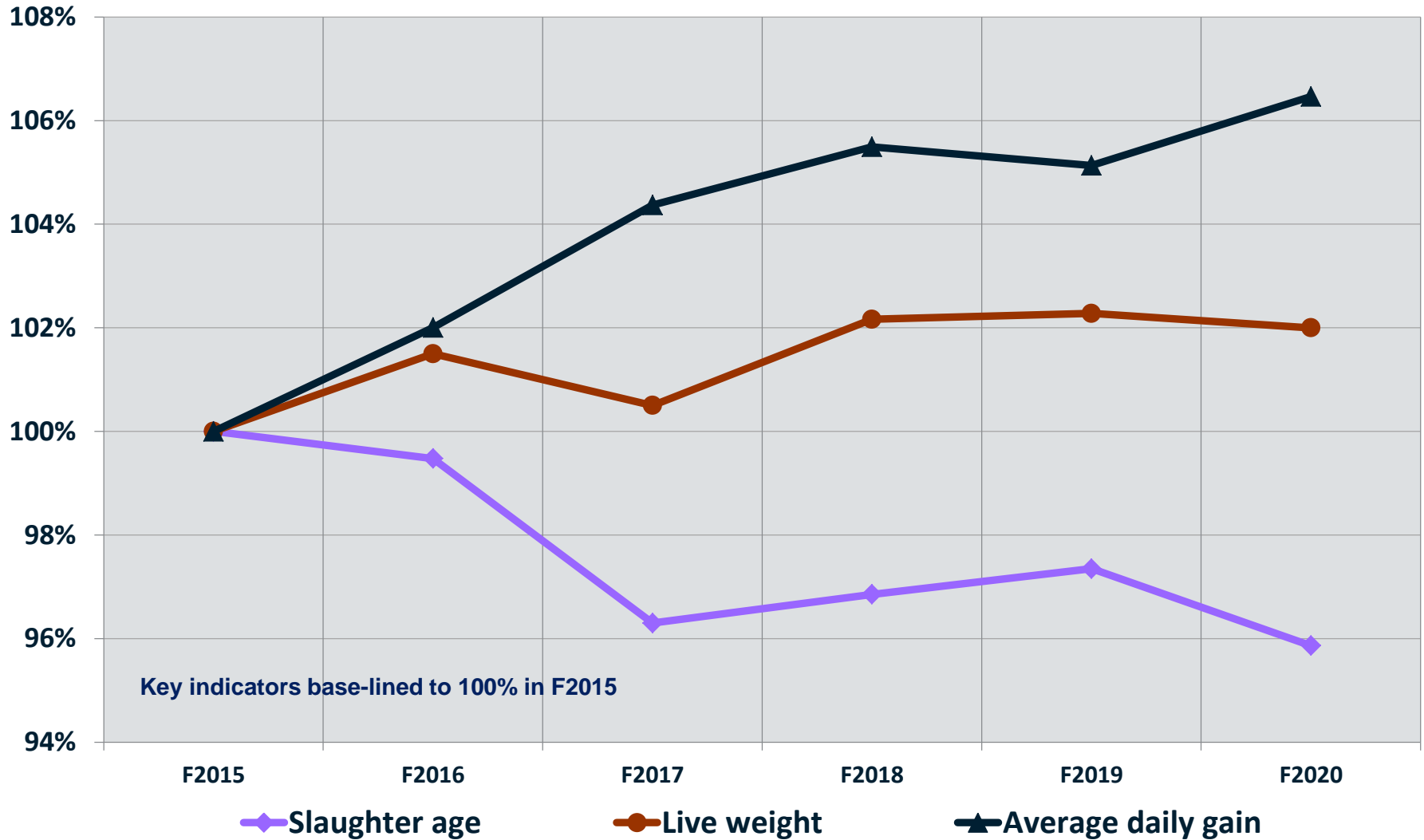
AGRICULTURE

POULTRY DIVISION - AGRICULTURE

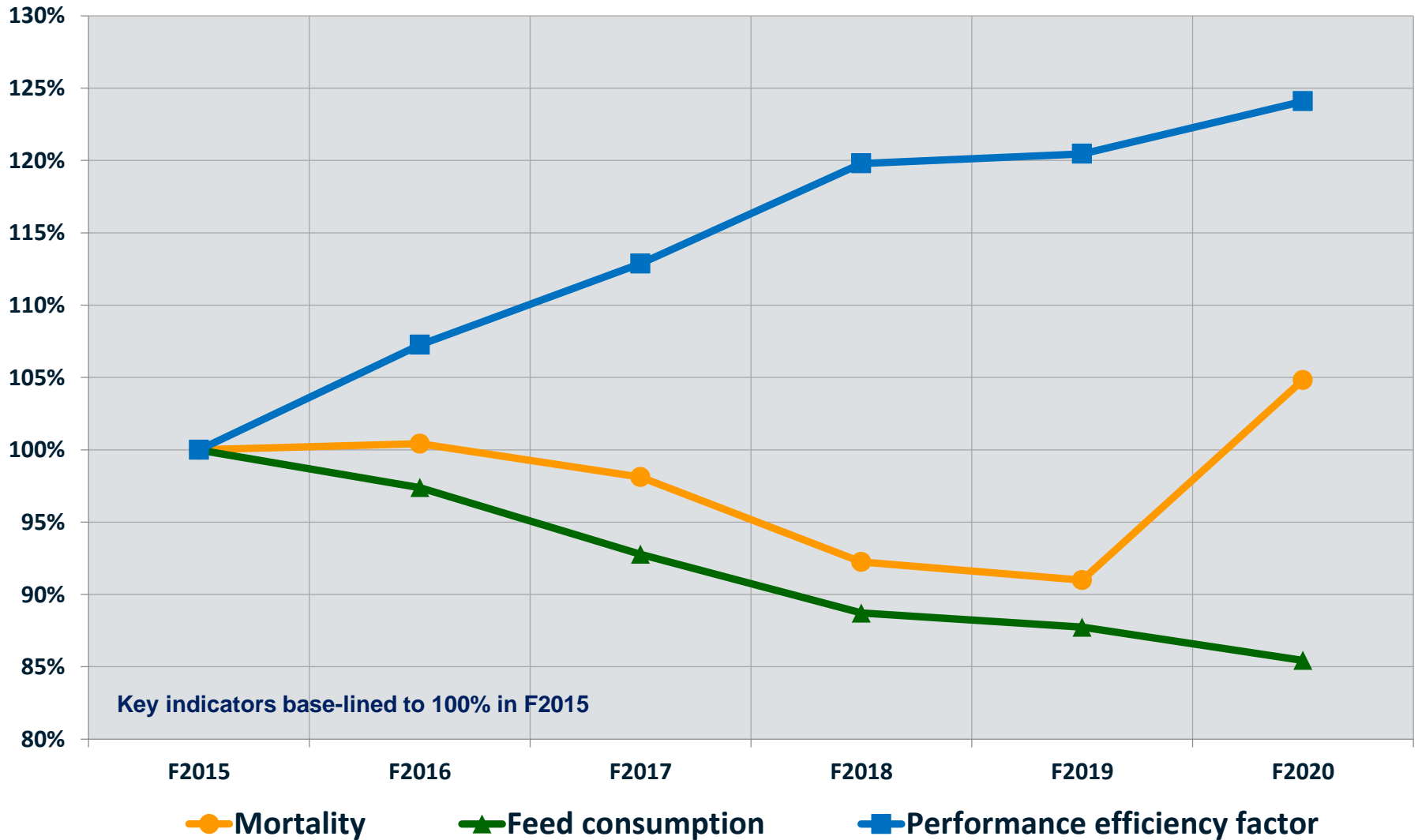
- **Parent stock sales were higher** for the year under review, as demand for the Ross broiler genetics increased
- **Parent breeder productions were good**, with certain key production indicators again improving
- **Feed input costs increased** due to higher raw material costs, adversely affecting the live bird production cost
- **Further improvement in broiler production efficiencies**, assisted broiler live cost through an improved feed conversion rate (hence lower internal feed volumes)
- **Highly pathogenic bird flu still prevalent** in ostriches, however no confirmed cases in commercial poultry since May 2018



BROILER PRODUCTION PERFORMANCE

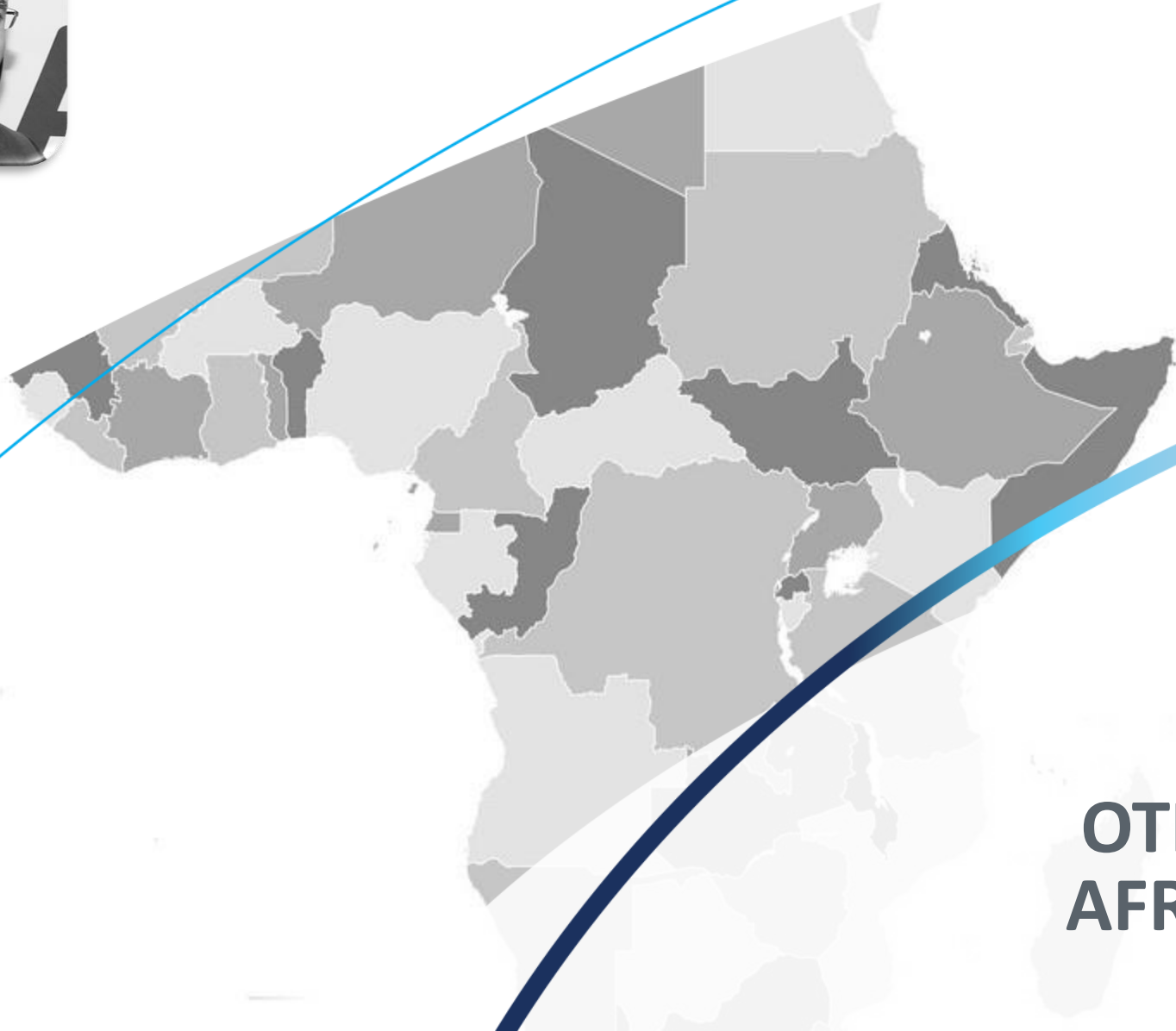


BROILER PRODUCTION PERFORMANCE





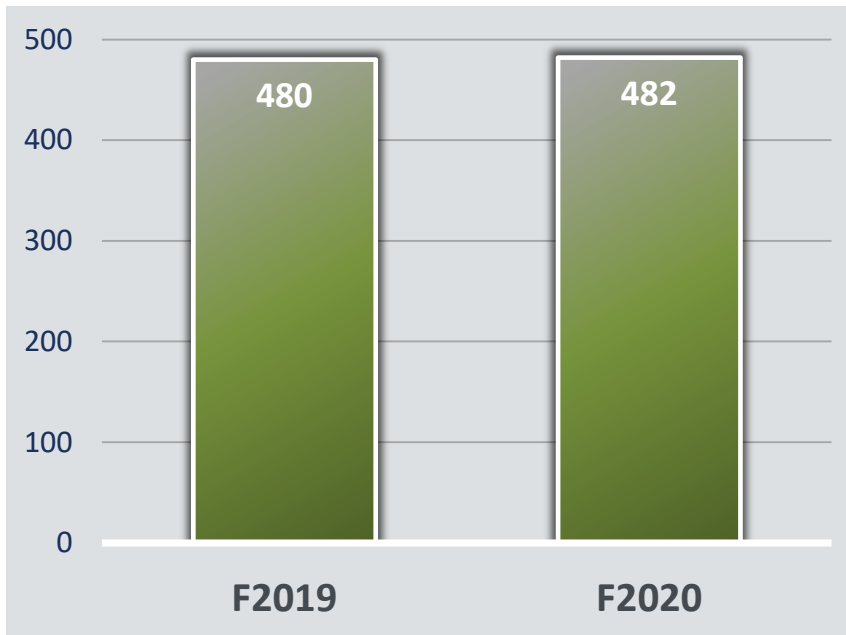
Gary Arnold
MD: Agriculture



**OTHER
AFRICA**

OTHER AFRICA DIVISION

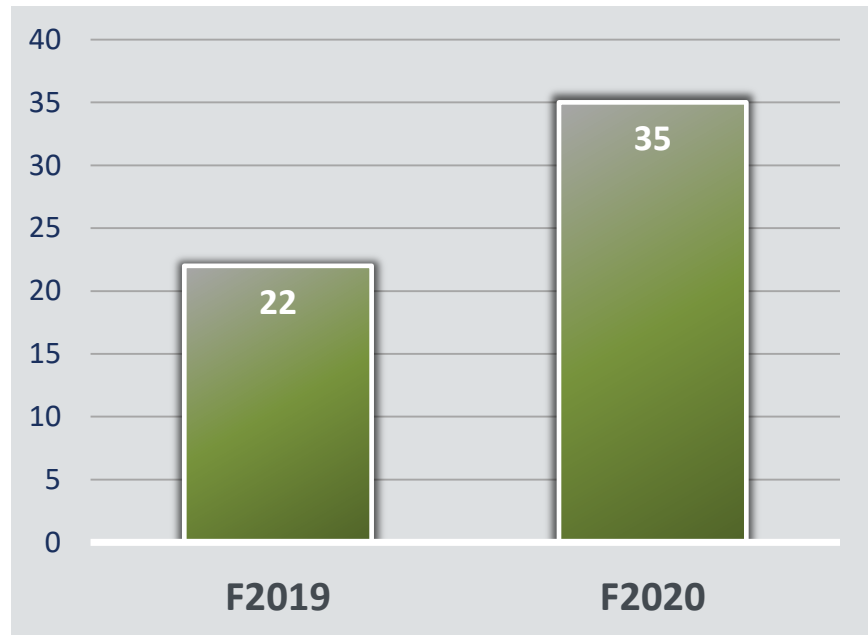
Revenue - R million



Revenue up 0.6%

- Raw material costs up
- Average selling prices up 9.9%
- Sales volumes down 8.5%

Operating profit - R million



Operating profit up 60.4%

- Net margin 7.3% F2019: 4.5%
- Zambia & Mozambique turnaround
- Eswatini continued good performance



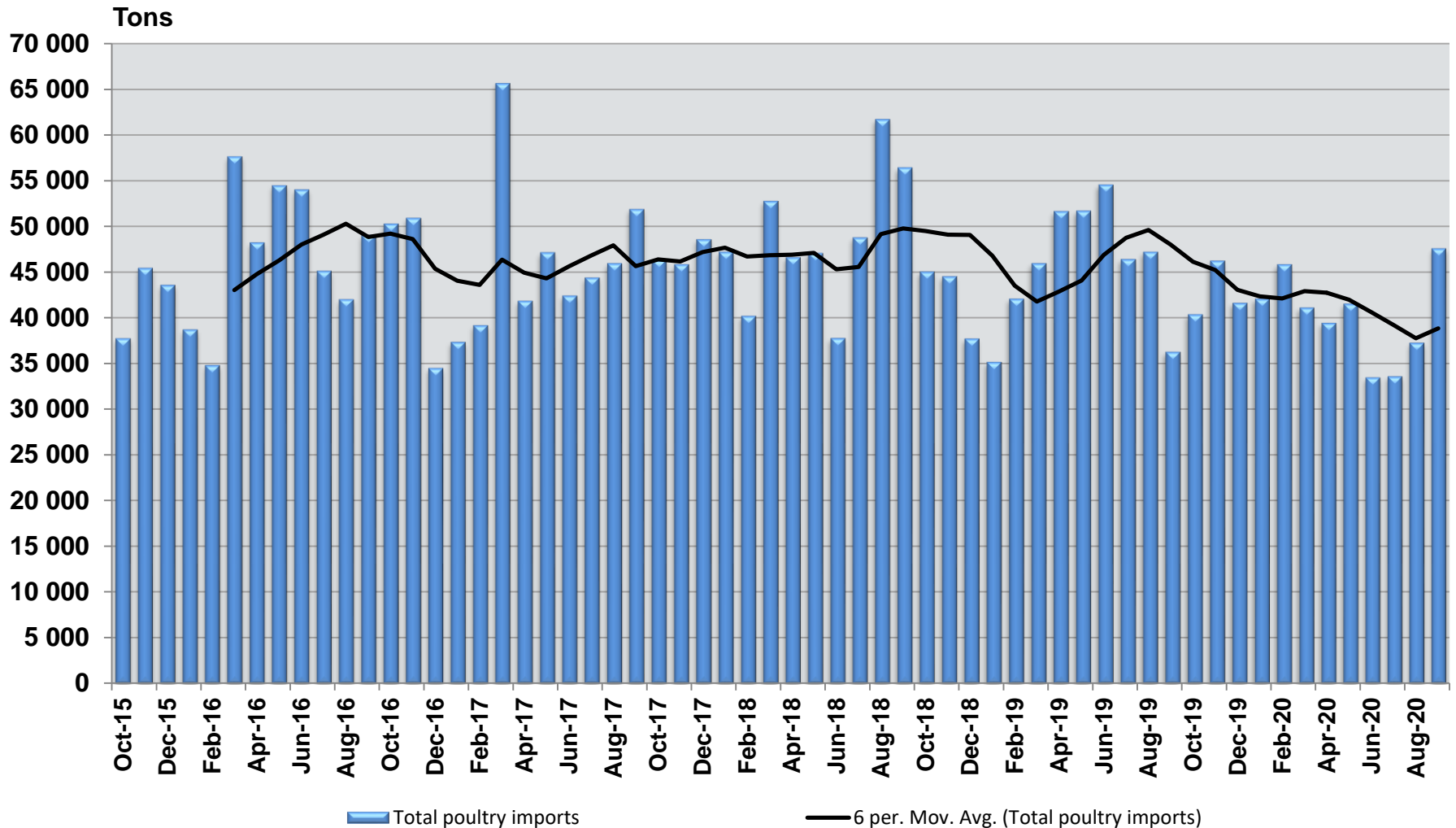
Gary Arnold
MD: Agriculture

an African Chicken Every Day!



**INDUSTRY
MATTERS**

POULTRY IMPORTS



INDUSTRY OVERVIEW

- Based on industry statistics **current broiler slaughter numbers** are approximately **20.1 million birds per week**
- **Corporate action** during the year, saw a number of poultry producers acquire an interest in the JSE listed **Quantum Foods**
- **Imports for the period averaged** 40 875 tons per month (\approx 10% down with F2019 @ 44 884 tons), equalling approximately **27% of total consumption**
- The establishment of an oversight committee with representation from government and all stakeholders has lent support to the on-going **implementation of the Poultry Sector Master Plan**
- Approximately R1.0 billion of the R1.7 billion pledged for local **production broiler capacity expansion by 2022** has already been invested










Daan Ferreira
Chief Financial Officer

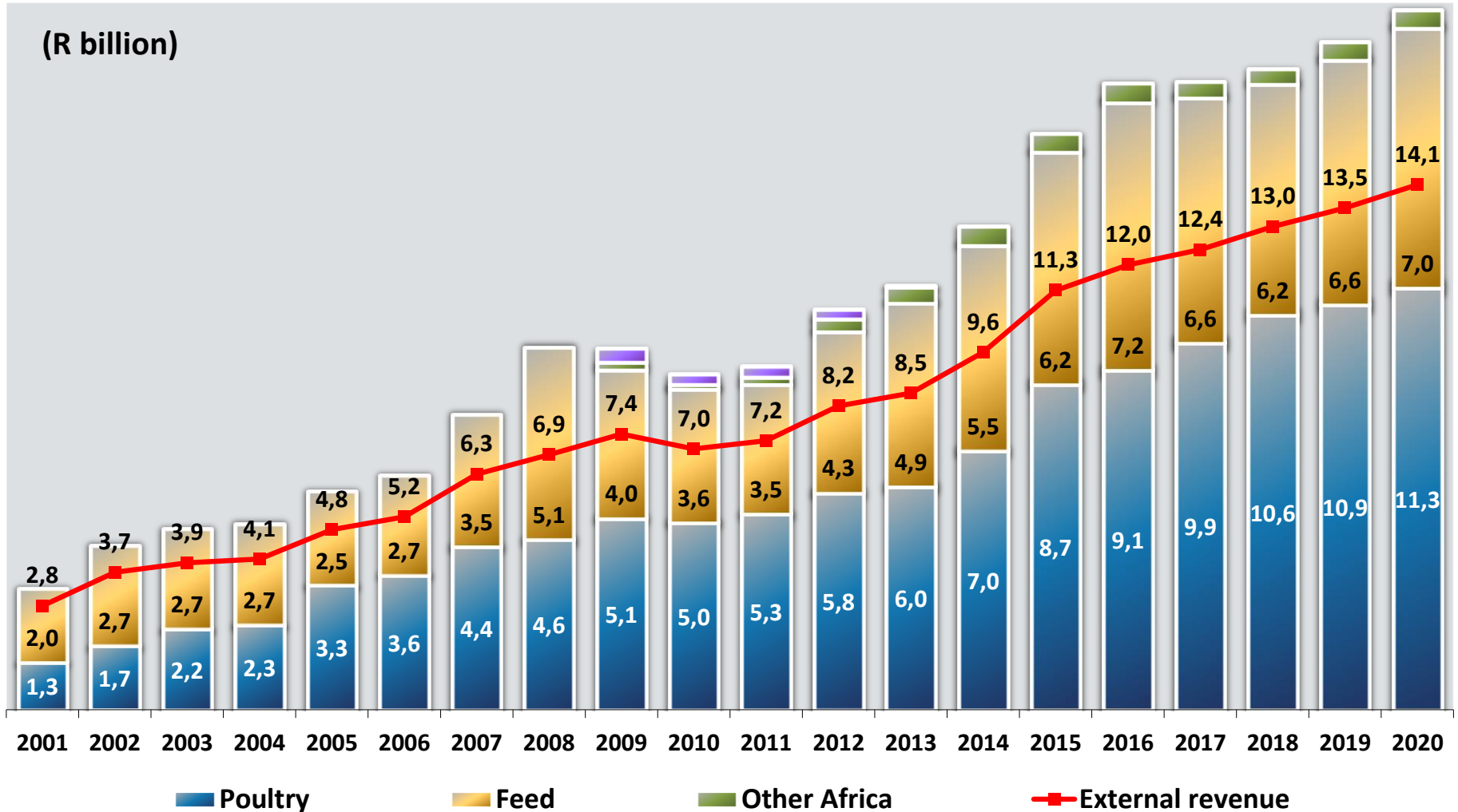


FINANCIAL OVERVIEW

INCOME STATEMENT

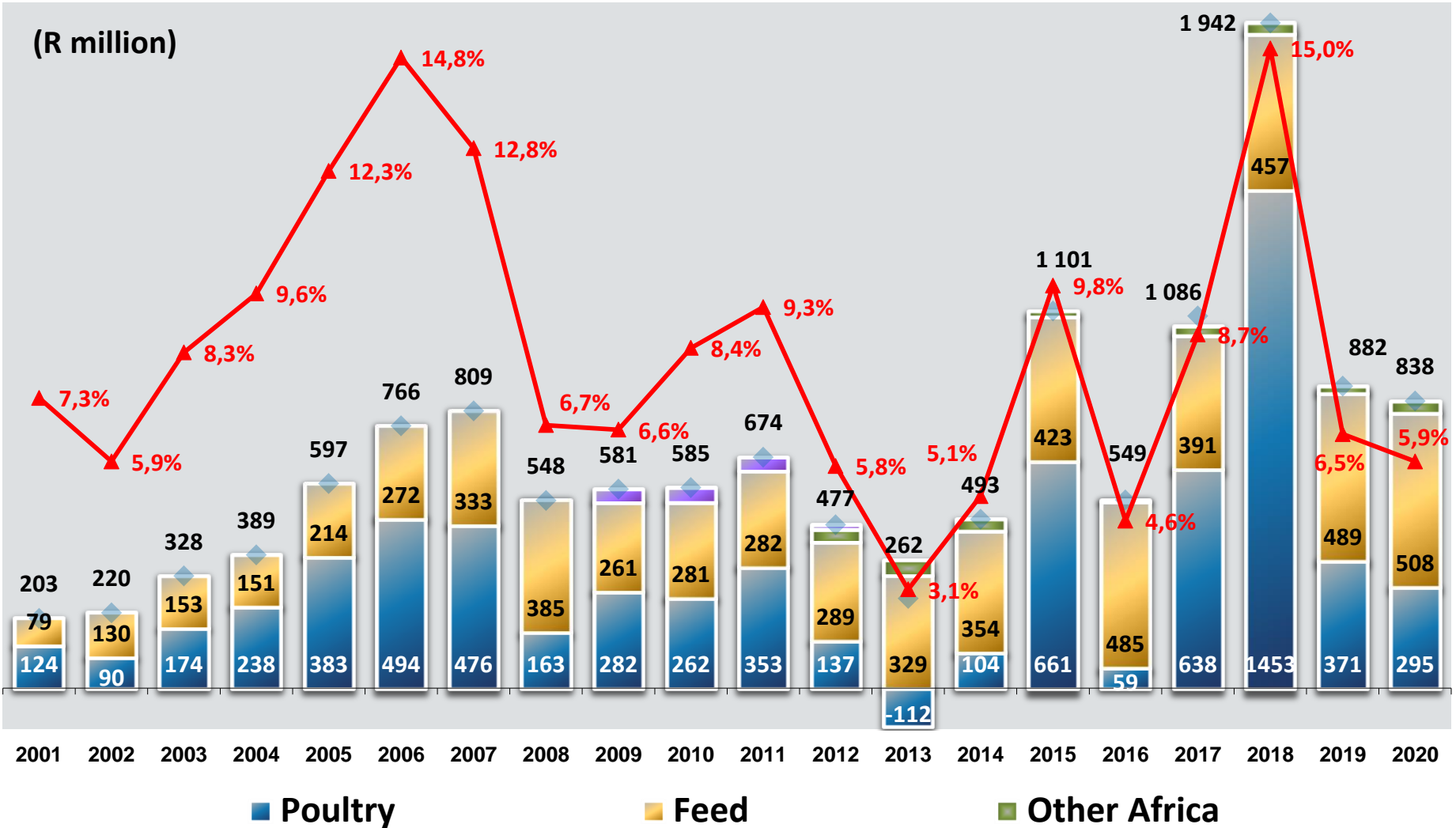
Year ended 30 September	2020 R million	2019 R million	% change
Revenue	14 104	13 485	 4.6%
Operating profit	838	882	 5.0%
<i>Operating profit margin</i>	5.9%	6.5%	
Net finance income	12	30	
Lease finance charges	(68)		
Profit before tax	782	913	 14.3%
Tax	(221)	(265)	
Profit for the period	561	648	 13.3%
Headline earnings	558	650	 14.1%
EPS – Cents	1 435	1 659	 13.5%
HEPS – Cents	1 441	1 674	 13.9%

GROUP ANNUAL REVENUE

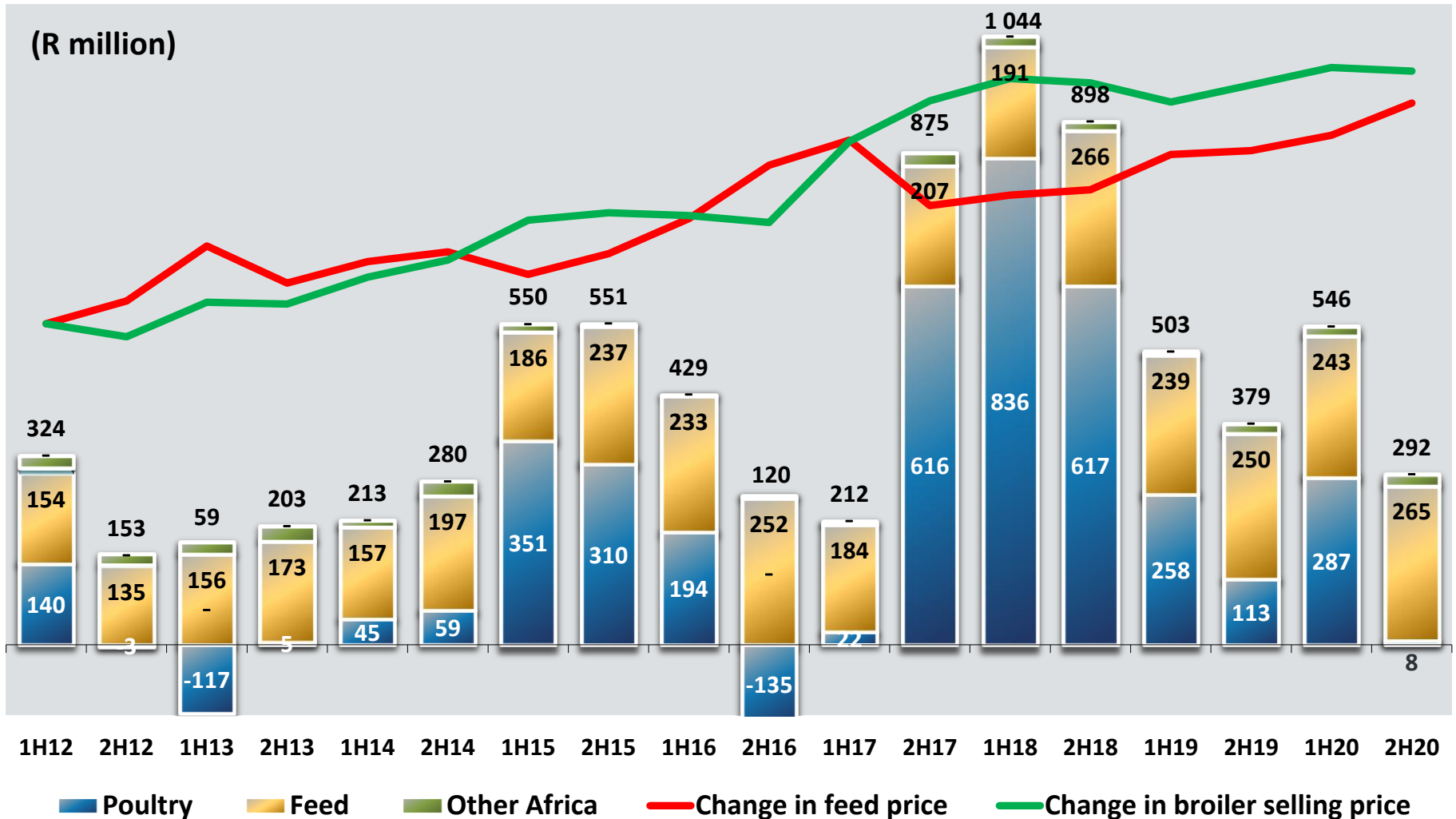


GROUP ANNUAL OPERATING PROFIT










(R million)



GROUP SIX MONTHLY OPERATING PROFIT



BALANCE SHEET

	September 2020 R million	September 2019 R million	% change
Non-current assets (excl. ROU assets)	3 259	2 658	 23%
Non-current assets – ROU assets	537	-	
Net working capital	1 132	1 288	 12%
Current assets (excl. cash)	2 961	2 982	 1%
Current liabilities (excl. borrowings & leases)	(1 829)	(1 694)	 8%
Non-current liabilities (excl. borrowings & leases)	(780)	(705)	 11%
Lease liabilities	(572)	-	
Net assets	3 576	3 241	 10%
Net (surplus cash)	(546)	(555)	 2%
Equity	4 122	3 796	 9%
Total	3 576	3 241	 10%

CAPITAL EXPENDITURE

Year ended 30 September	F2020 R million	F2019 R million
Depreciation and amortisation	403	176
Property, plant & equipment	190	176
Right of use assets	213	-
Total capex spend	456	657
Festive expansion (including advance payments)	270	440
Other capex	186	217
Outstanding commitments	298	537

WORKING CAPITAL

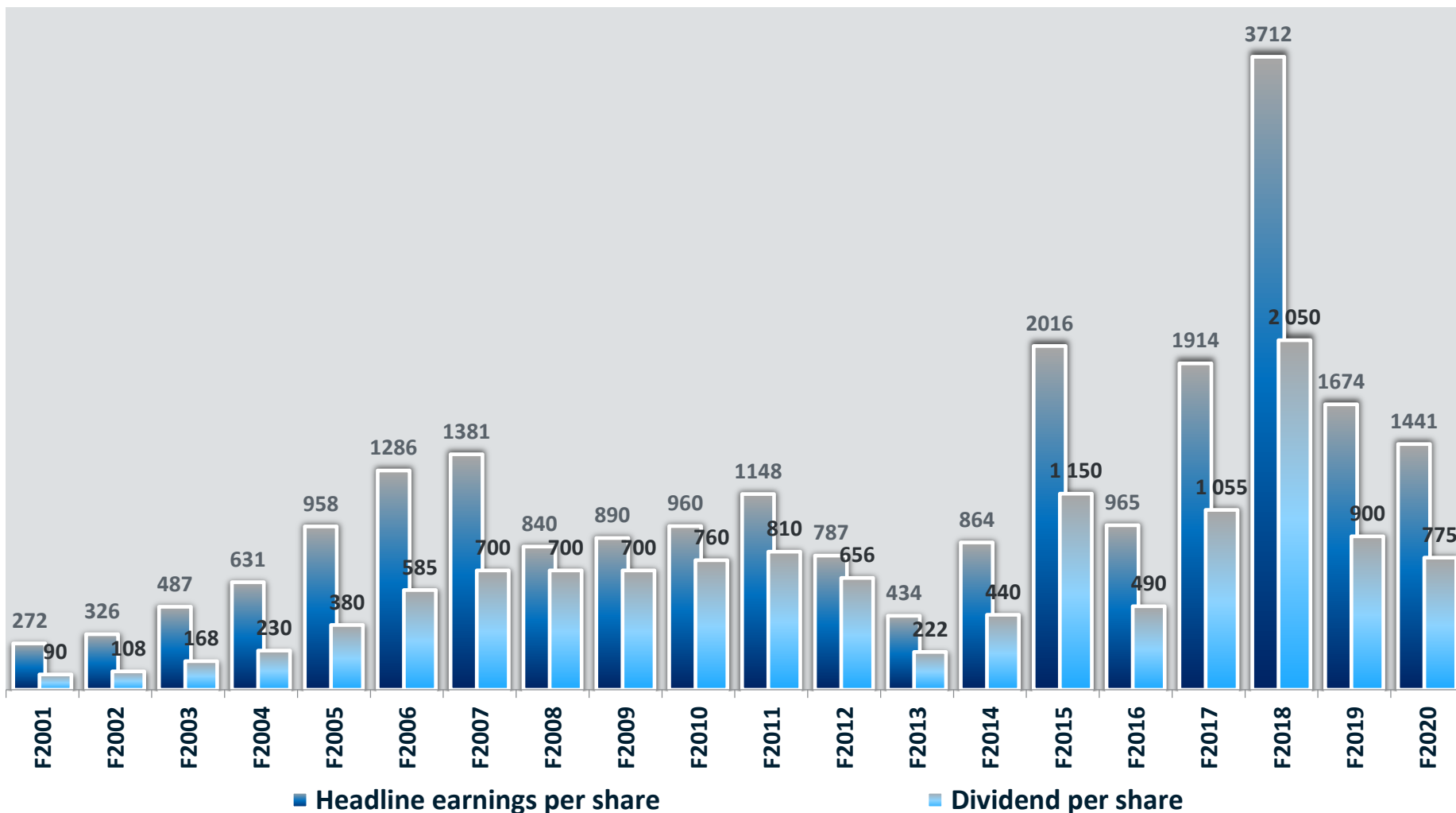
	September 2020 R million	September 2019 R million	Variance R million
Current assets	2 961	2 982	(21)
Biological assets	851	759	92
Inventory - Poultry	497	337	160
- Feed	317	291	26
- Other Africa	47	63	(16)
Trade receivables	1 138	1 168	(30)
Advance capex payments	23	256	(233)
Other receivables	88	108	(20)
Current liabilities	(1 829)	(1 694)	(135)
Trade payables	(1 467)	(1 349)	(118)
Other payables	(362)	(345)	(17)
Net working capital	1 132	1 288	(156)

STATEMENT OF CASH FLOWS

For the twelve months ended 30 September

	2020 R million	2019 R million
Cash operating profit	1 232	936
Working capital movement	(74)	257
	1 158	1 193
Tax paid	(153)	(214)
Net interest received	28	36
Investment	(155)	-
Capital expenditure	(454)	(657)
	424	358
Lease payments	(246)	-
	178	358
Dividends paid	(166)	(594)
Other cash flow items	(30)	4
Movement in cash equivalents	(18)	(232)
Effect of exchange rate changes	9	(2)
Opening balance	555	789
Closing balance	546	555

HEPS & DIVIDEND PER SHARE



IN SUMMARY

- **Profit before tax at R782 million** down 14.3% on prior year (R913 million)
- **Net cash outflow limited to R18 million** in a challenging year
- **Major capital expansion project successfully commissioned** and paid in full
- **Total dividend 775 cps** (R301 million) for the year at 1.9x cover
- **Surplus funds (R546 million) at year end** sufficient to cover the dividend payment



Chris Schutte
Chief Executive Officer



COVID-19 & OUTLOOK

COVID-19: ASTRAL'S RESPONSE

- **Astral's operations continued to perform like clockwork** during the Covid-19 lockdown, with no disruptions experienced in any of the **integrated operations**, which is testament to the rigorous protocols implemented by management
- **Currently only 3 active Covid-19 cases** in the Group following implementation of stringent social distancing, personal protective equipment and hygiene protocols
- **Strategic raw material and consumable stock levels** proactively built prior to the local lockdown, were **worked away by year-end under lockdown level 1** releasing working capital
- Increased **poultry finished good stock levels** following the hard lockdown, were **effectively managed down to normalised levels** with no production cutbacks
- Following the QSR closure under the hard lockdown, **Astral's share of this market segment has increased as supply to this sector resumed** (strengthened partnerships)
- **Astral has experienced limited bad debts** despite the hard lockdown, and the negative impact on many sectors of the economy (**total trade receivables written off – R17k**)
- **Major capital expenditure project completed successfully** despite the impact of Covid-19 and the lockdown both locally and globally, with some capital spend placed on hold

NEGATIVE INFLUENCES

- **Unprecedented unemployment rate** following the hard lockdown, and resultant financial impact on business and the economy at large
- **Consumer disposable income severely constrained**, with a very slow recovery out of the lockdown as expected by most economists
- With an **above average local maize crop for the 2020/21 season, prices unexpectedly increased** due to global weather concerns, international coarse grain demand (China) and a rally in prices, leading to higher feed prices into 1H2021
- **Exchange rate effect on input costs**, with the Rand cost of imported soya negatively impacted
- **Higher costs due to Covid-19** as risk management strategies continue, and global lockdowns possibly impact supply chains leading to higher input costs

POSITIVE INFLUENCES

- It is still unclear if **higher import tariffs on frozen bone-in portions** announced in March 2020, will discourage unfair trade (dumping)
- **Reopening of the local hospitality and restaurant sector** with QSR volumes returning to the sales mix, with a net market share gain in this sector for Astral
- **Production efficiency, product mix and volume growth opportunities** following final commissioning of the Festive expansion project adding significant flexibility
- **Progressive genetic improvement of the Ross broiler breed** will continue to support the Group's best cost strategy
- Astral expected to **maintain a strong and resilient balance sheet**



THANK
YOU



GREAT SOUTH AFRICAN CHICKEN FARM DAY

Festive
FRESH CHICKEN

Drumsticks

STORAGE INSTRUCTIONS:
RAW. KEEP REFRIGERATED BETWEEN 0-4 °C
Storage at temperatures higher than 4°C increase the risk of food poisoning. Use within the specified period.

COOKING INSTRUCTIONS:
Product is cooked once all juices run clear. Consuming raw or undercooked chicken may increase the risk of foodborne illnesses.

ALLERGENS: NONE, MAY CONTAIN EGG AND/OR SOYA AND/OR WHEAT, GLUTEN AND/OR COW'S MILK. ALLERGEN CONTROL PROGRAM IN PLACE.

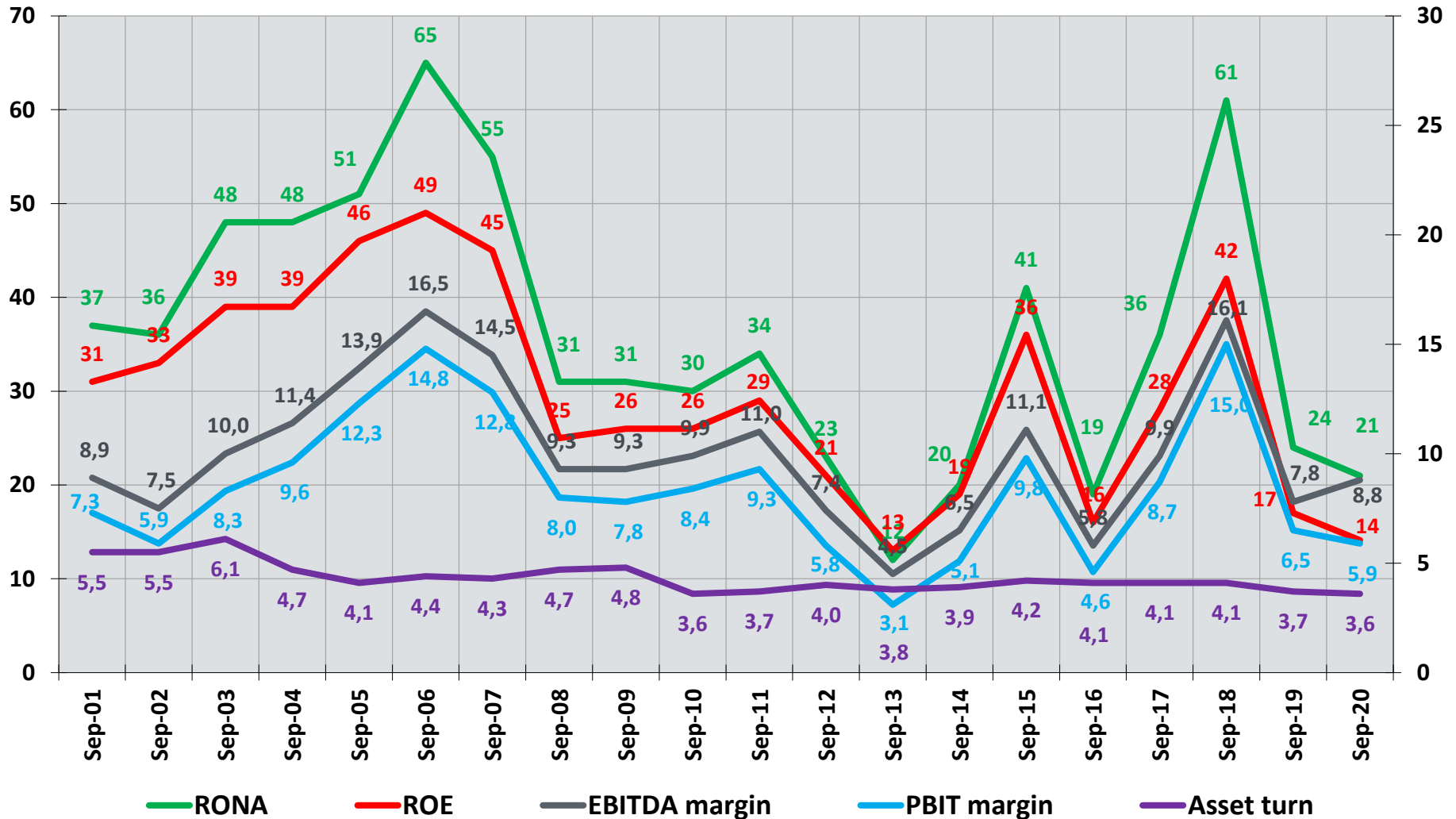
ASTRAL DIVISIONAL OFFICE,
LANSERIA CORPORATE ESTATE,
ERF 594, LANSERIA EXT. 26,
GAUTENG, 1748
TEL: 0860 102 485
www.astralchicken.com

Astral 
PRODUCT OF SOUTH AFRICA

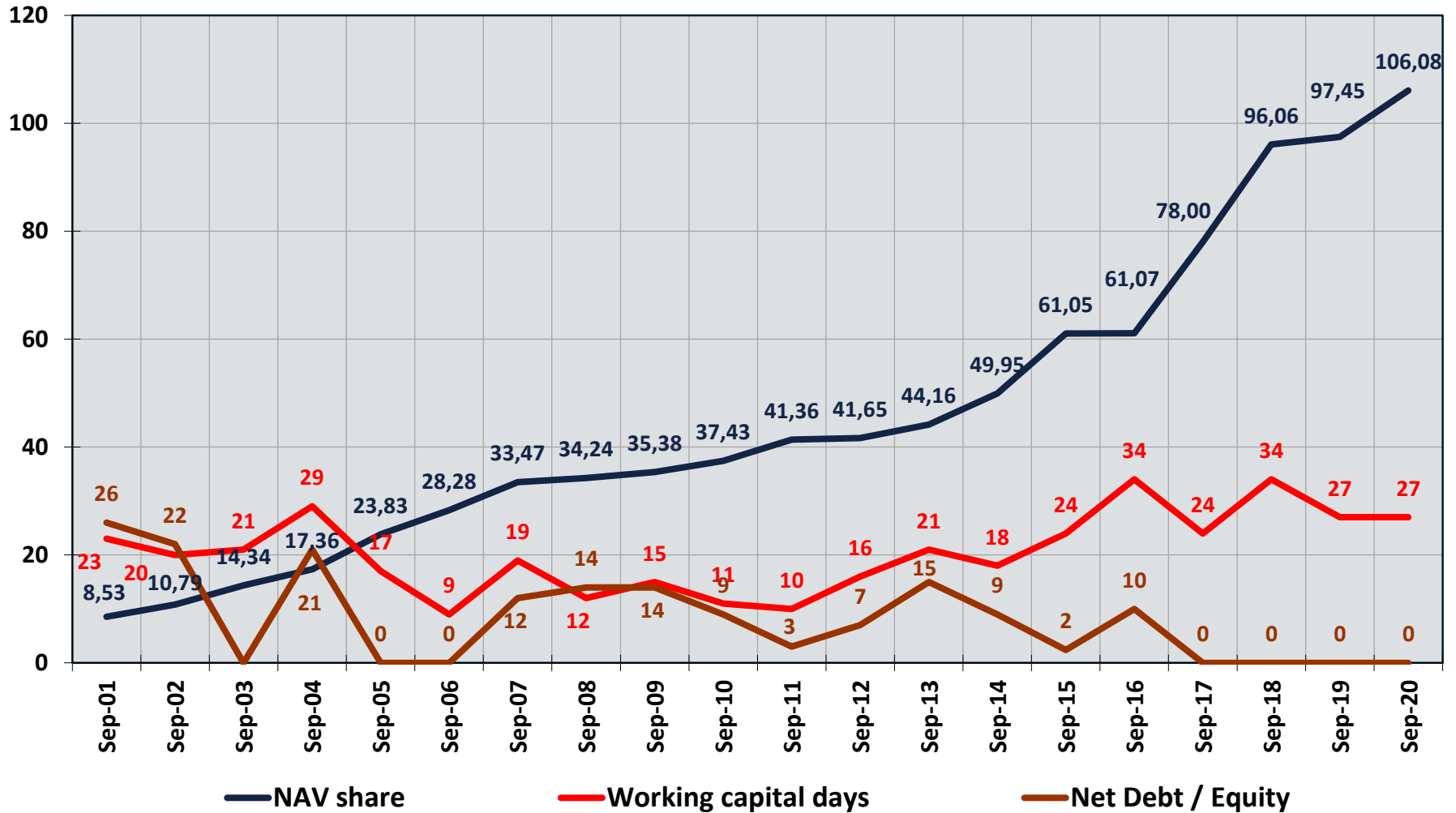
SERVING SUGGESTION

**ADDITIONAL
INFORMATION**

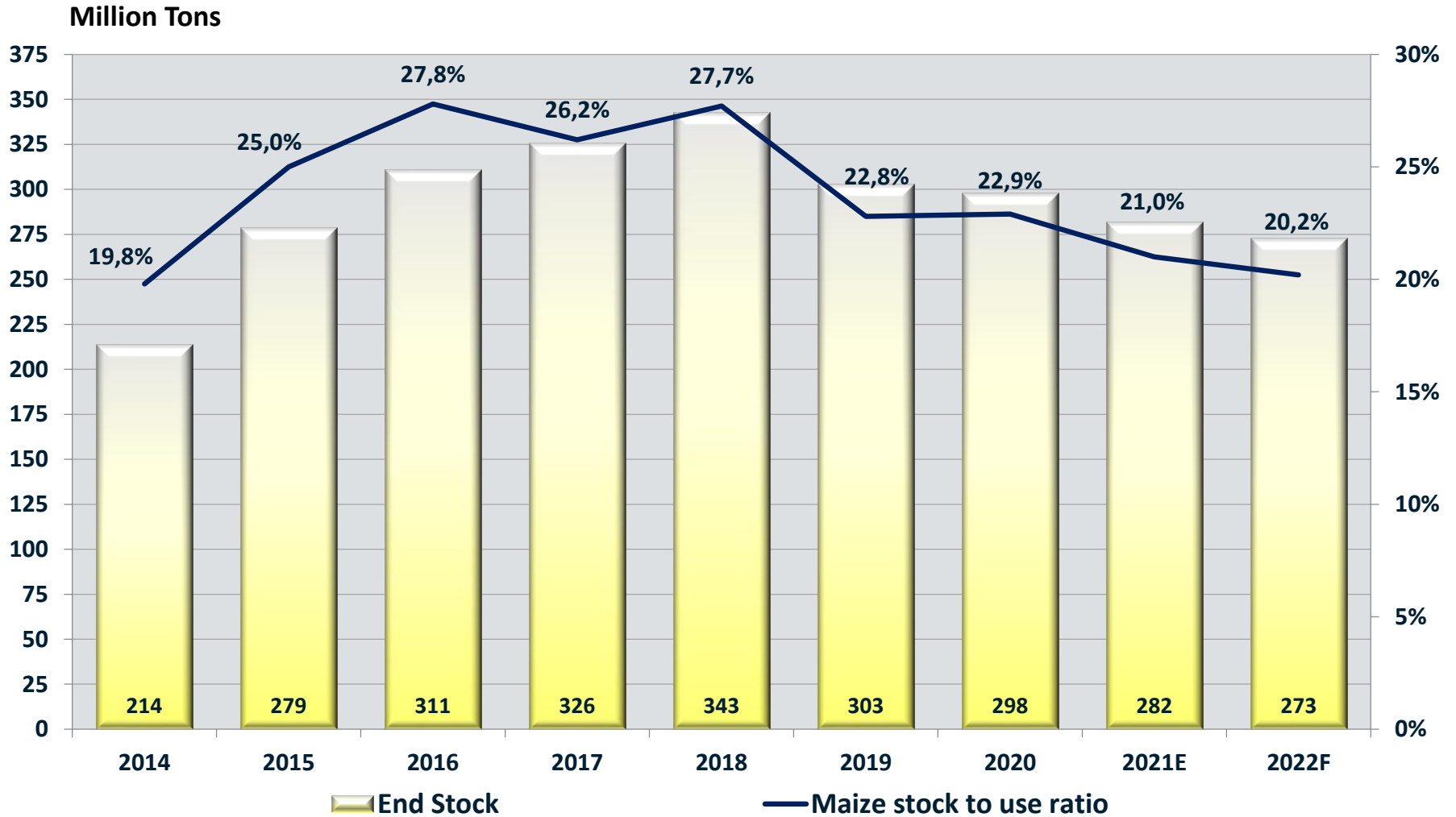
KEY FINANCIAL RATIOS



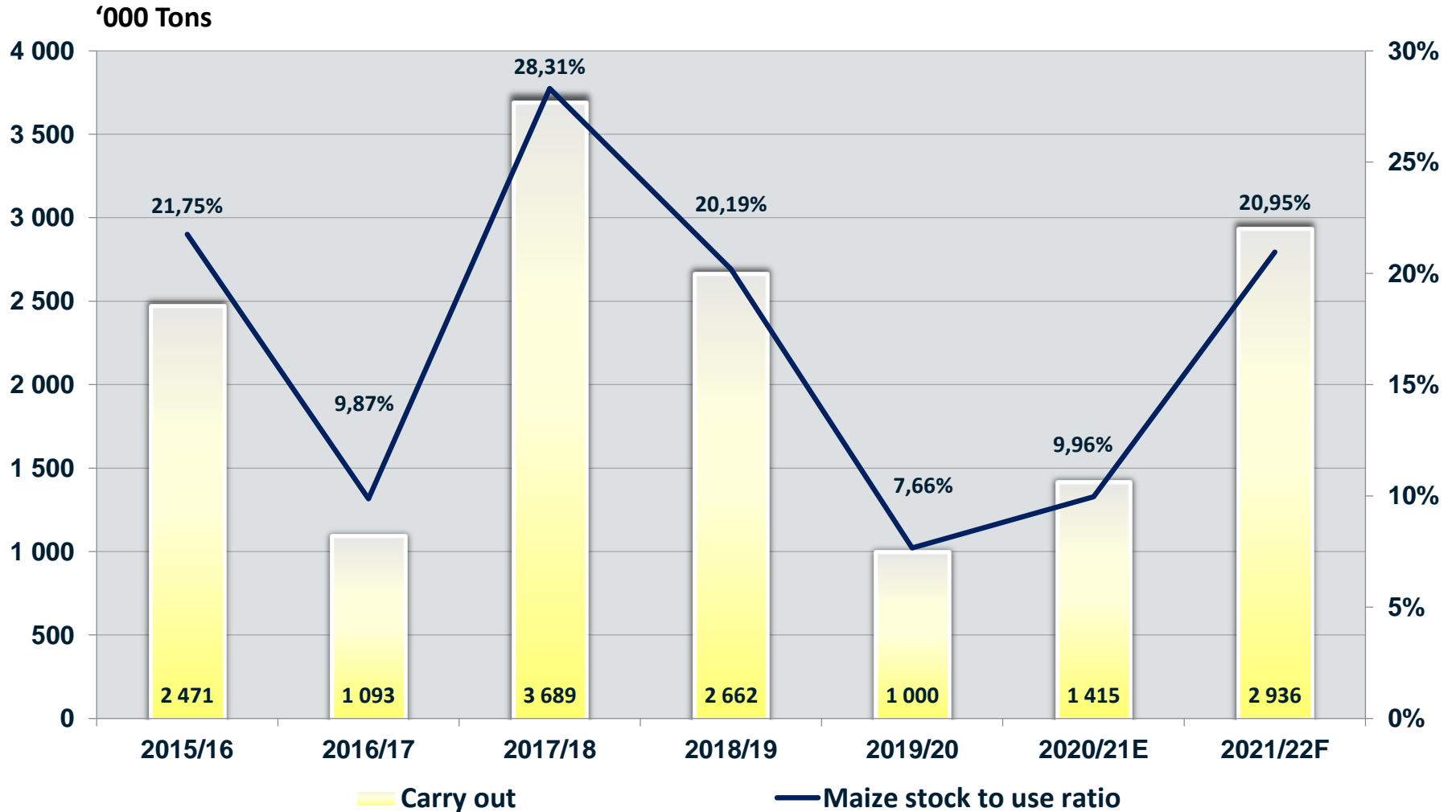
KEY FINANCIAL INDICATORS



WORLD CORN ENDING STOCKS



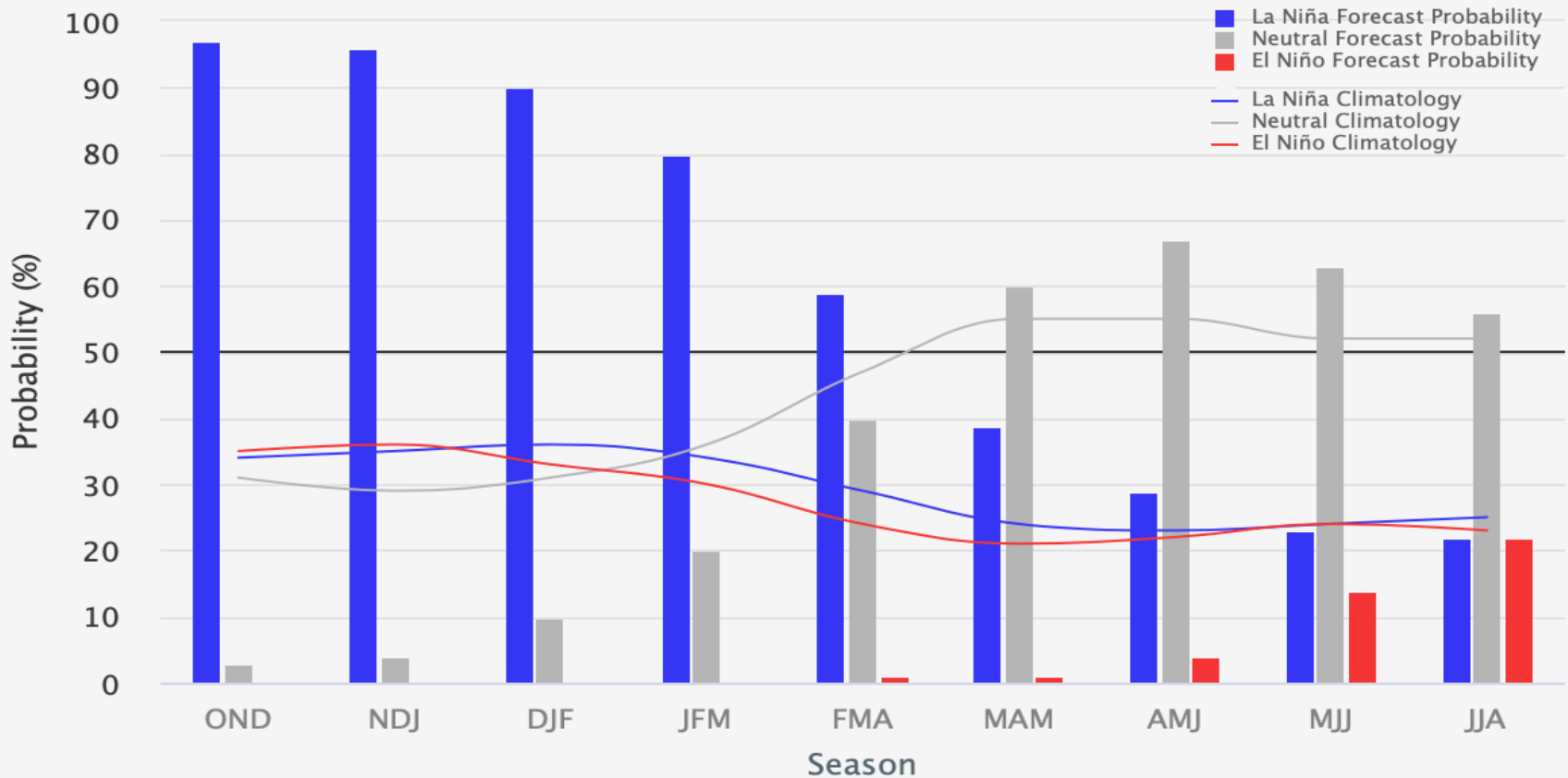
RSA – TOTAL MAIZE SUPPLY & DEMAND



EL NIÑO SOUTHERN OSCILLATION

Mid-October 2020 IRI/CPC Model-Based Probabilistic ENSO Forecasts

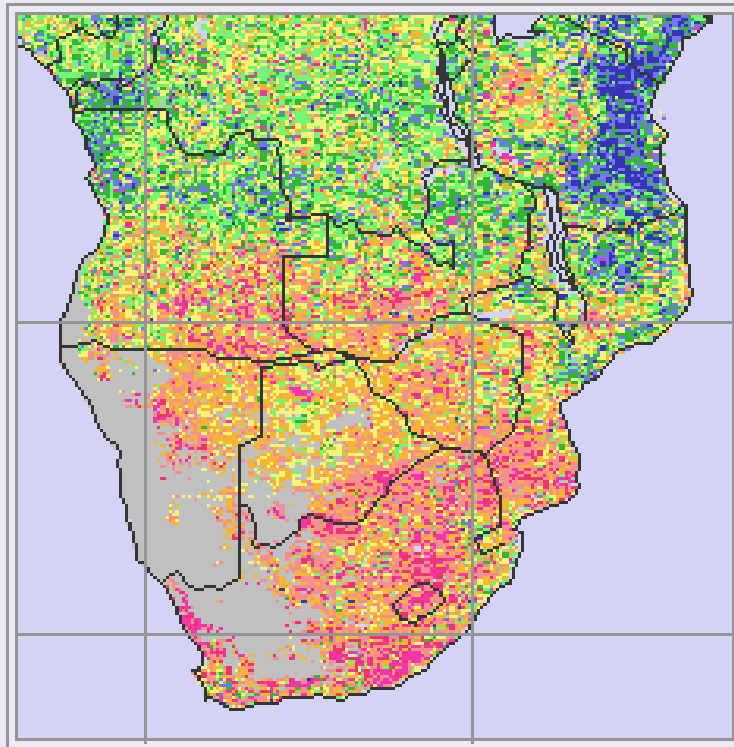
ENSO state based on NINO3.4 SST Anomaly
Neutral ENSO: $-0.5\text{ }^{\circ}\text{C}$ to $0.5\text{ }^{\circ}\text{C}$



VEGETATIVE HEALTH INDEX

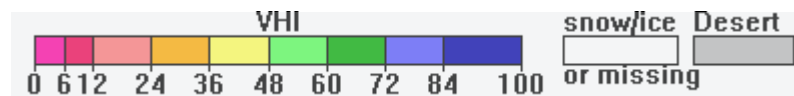
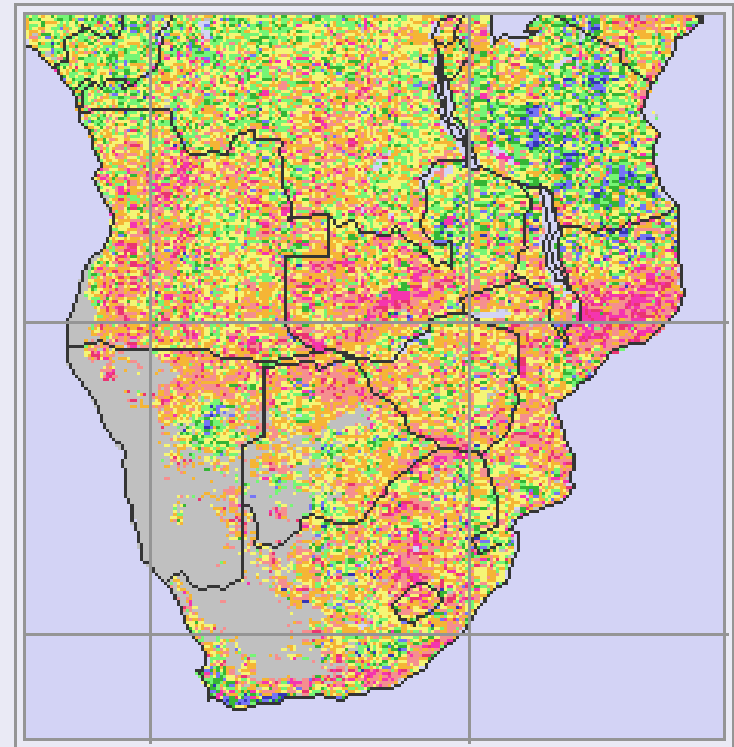
Oct. 28, 2019 (week 43)

15 30



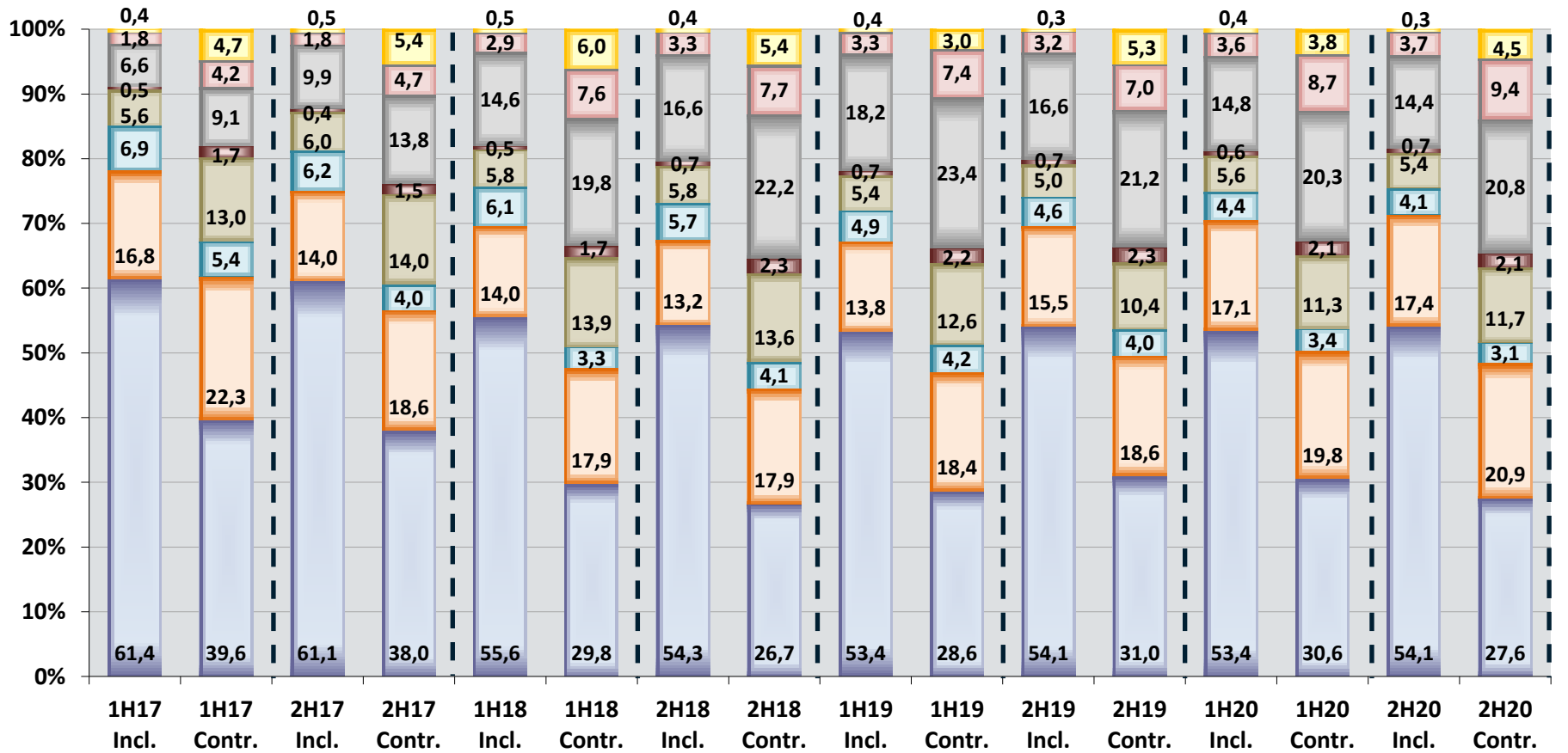
Oct. 27, 2020 (week 43)

15 30



BROILER FEED

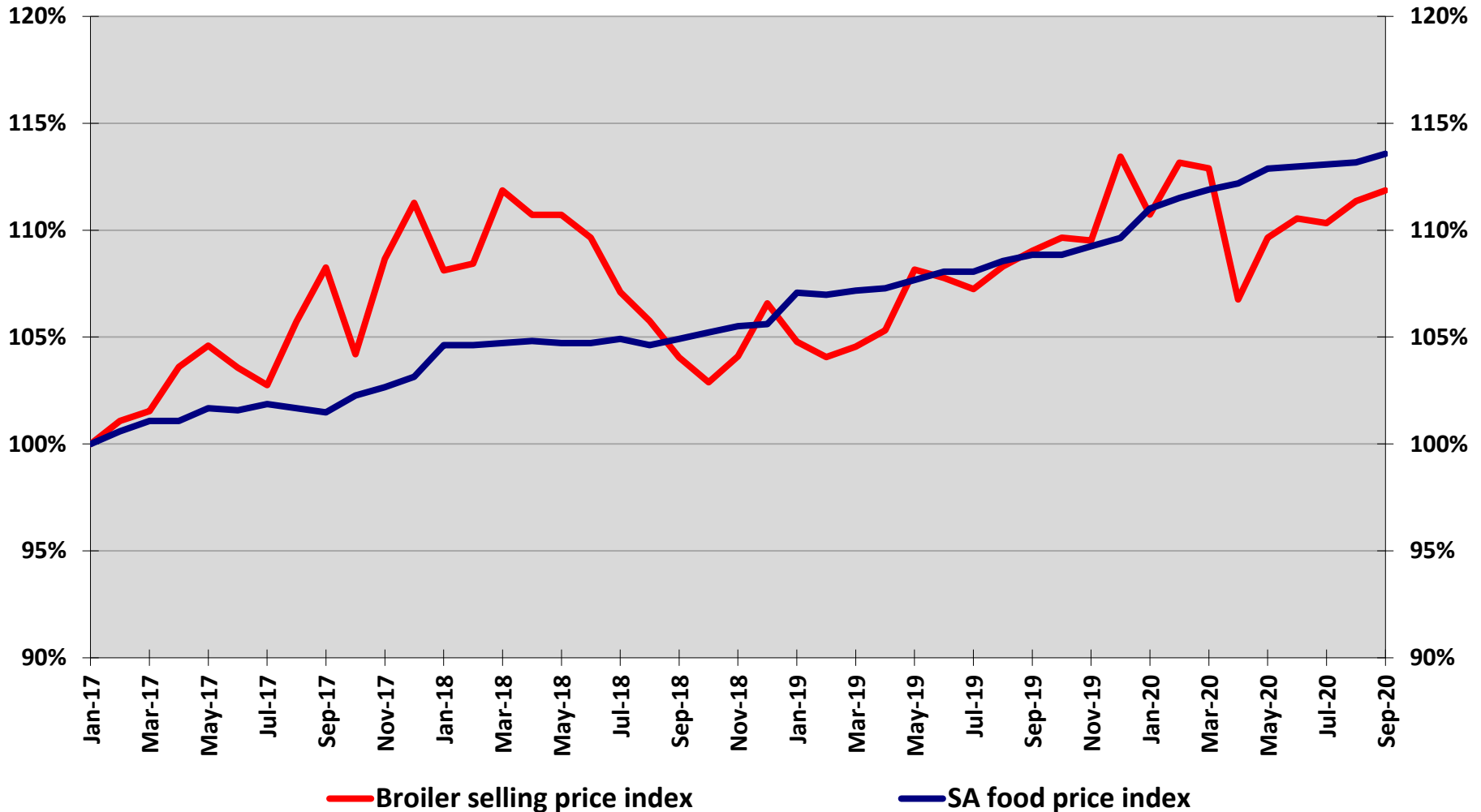
Inclusion & Cost Contribution



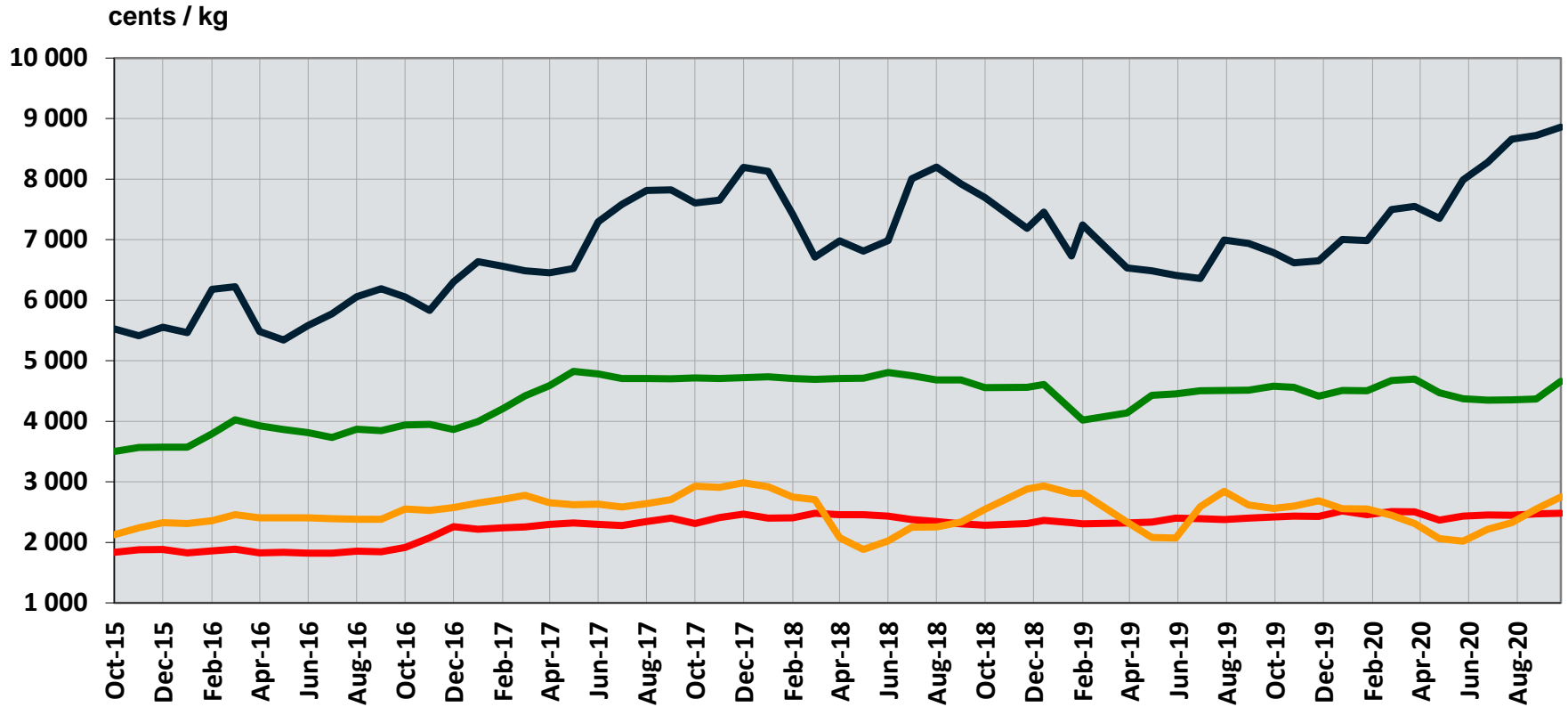
■ Maize ■ Soy Meal ■ Sunflower Meal ■ Other ■ Fish Meal ■ Full Fat & Extruded Soy ■ Soya Oil ■ Vitamins, Minerals and Medication



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

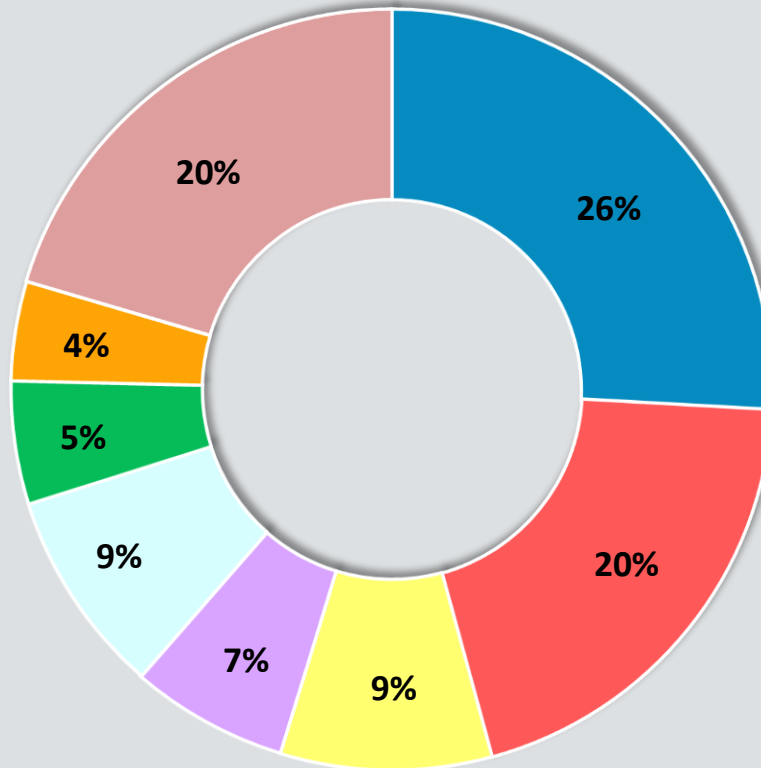
39,3 kg

5,1 kg

17,2 kg

3,1 kg

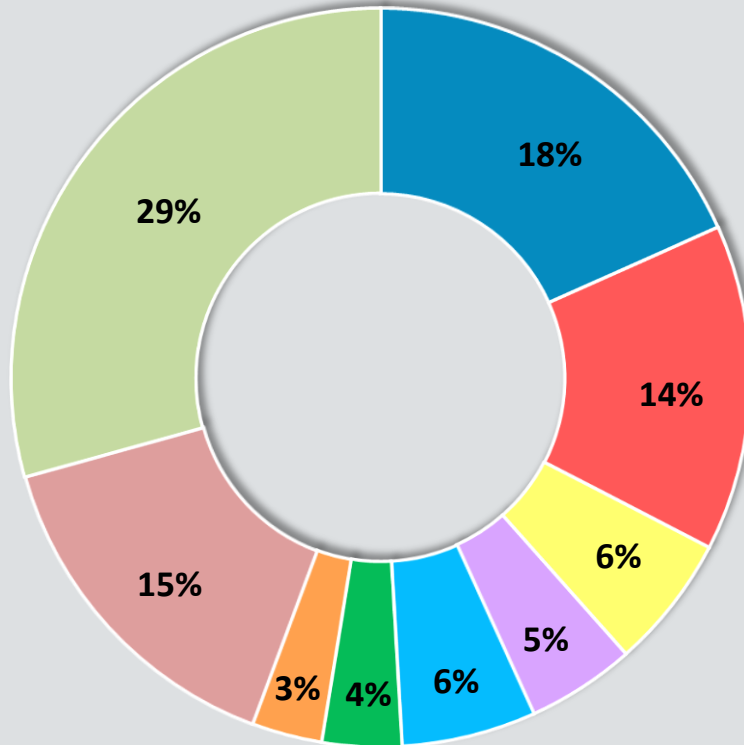
RSA MARKET SHARE



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

Local broiler production ≈ 20.1 million birds per week

RSA MARKET SHARE (INCLUDING IMPORTS)



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

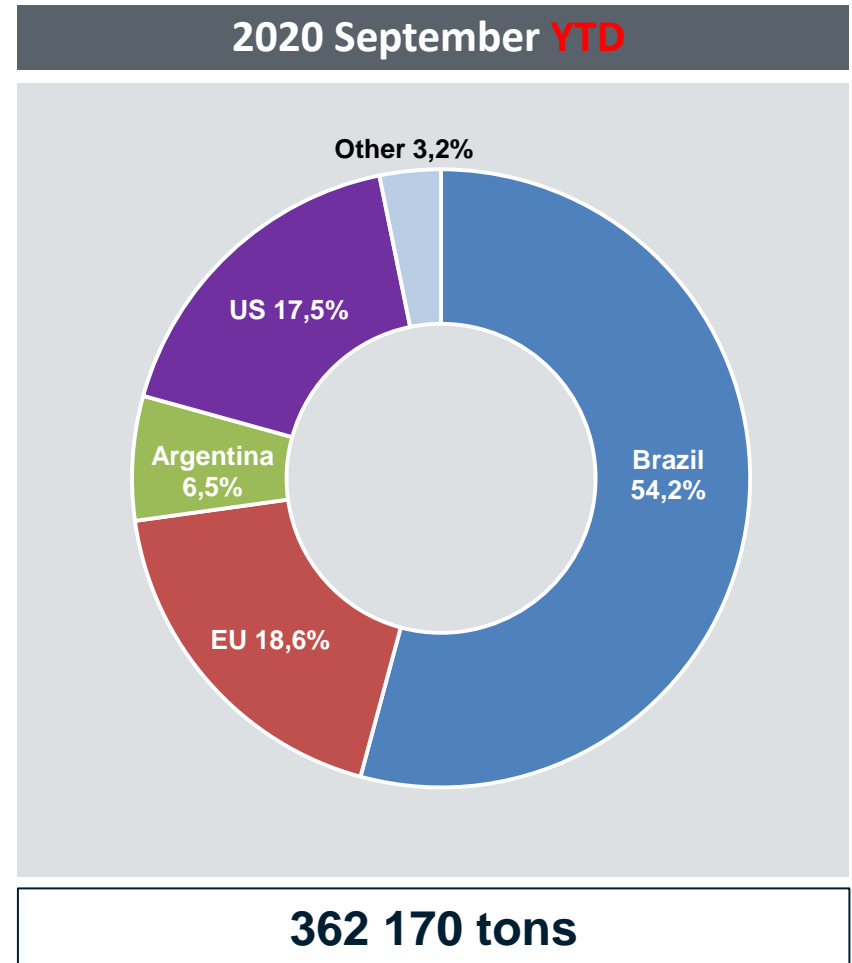
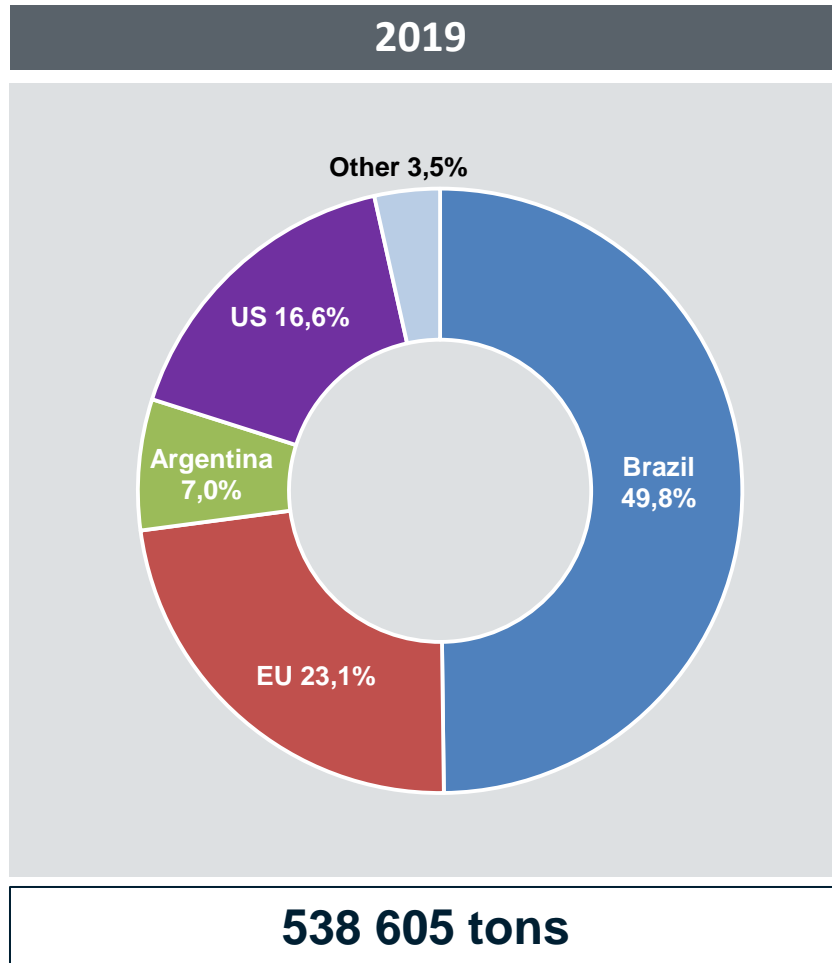
Avg. poultry imports ≈ 7.3 million birds per week (12 months ending September 2020)

TOTAL POULTRY IMPORTS



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2017	50 324	101 279	135 812	173 187	212 399	278 057	319 933	367 106	409 557	453 981	499 952	551 867
F2018	46 348	92 223	140 823	188 065	228 295	281 102	327 753	374 838	412 638	461 454	523 205	579 661
F2019	45 061	89 632	127 371	162 545	204 659	250 646	302 318	354 046	408 633	455 069	502 306	538 605
F2020	40 409	86 676	128 331	170 449	216 314	257 443	296 901	338 461	371 969	405 599	442 892	490 501
F2019	45 061	44 571	37 739	35 174	42 114	45 987	51 672	51 728	54 587	46 436	47 237	36 299
F2020	40 409	46 267	41 655	42 118	45 865	41 129	39 458	41 560	33 508	33 630	37 293	47 609
% Var	-10,3	3,8	10,4	19,7	8,9	-10,6	-23,6	-19,7	-38,6	-27,6	-21,1	31,2
bpw*	7.2	8.3	7.5	7.5	8.2	7.4	7,0	7,4	6,0	6,0	6,6	8,5

TOTAL IMPORTS – COUNTRY OF ORIGIN



TOTAL IMPORTS – COUNTRY OF ORIGIN

Country (tons)	2018	2019	2020 YTD
Brazil	348 155	268 869	196 130
United States	91 374	89 598	63 264
Poland	13 463	50 419	4 321
Argentina	33 278	37 939	23 479
Ireland	26 328	31 221	25 945
Denmark	25 672	23 325	12 009
Spain	4 932	18 824	21 052
Thailand	9 011	8 728	2 482
Canada	7 305	6 658	4 319
Chile	4 362	2 341	2 085
Australia	553	780	2 684
Germany	222	326	171
United Kingdom	231	224	126
Netherlands	359	101	3 753
Uruguay	323	52	160
Belgium	23	52	0
France	5	30	2
Switzerland	97	23	0
Swaziland	482	23	0
Other	0	27	127

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