



Interim Results Press Release

ASTRAL'S CASH UP STRONGLY DESPITE PRESSURE ON EARNINGS

- Revenue increased by 3.5% to R10.7 billion
- Profit before interest and tax decreased by 51% to R271 million
- Headline earnings per share decreased by 54% to 409 cents
- Cash positive at R259 million
- Interim dividend per share declared for the period of 220 cents

19 May 2025: Astral Foods Limited (Astral), an integrated poultry producer, reported its results for the six months ended 31 March 2025. Group revenue for the six months ended 31 March 2025 increased by 3.5% to R10.7 billion against R10.4 billion reported for the comparable period, mainly due to an improvement in feed and poultry sales volumes, together with higher selling prices in the Feed Division.

Notwithstanding the improved revenue, the Group experienced a retraction in earnings against the comparable period, as margin pressure in the Poultry Division negatively impacted the Group's profits resulting in an operating profit decrease of 50.7% to R271 million (March 2024: R550 million). A net margin of 2.5% was realised (March 2024: 5.3%).

Gary Arnold, CEO of Astral, stated: *"Astral experienced a tough trading environment for the period under review relative to a robust performance in the first half of 2024. We experienced significant poultry selling price deflation which, together with higher input costs, led to negative poultry margins. During this period, Astral subsidised the cost of producing chicken, as higher feed and other inflationary costs could not be passed on in selling prices due to a very competitive poultry market landscape."*

Revenue for the **Feed Division** increased by 9.4% to R5.3 billion (March 2024: R4.9 billion) as a direct result of higher sales volumes and feed selling prices. Sales volumes increased by 5.9% (37 984 tons) driven by an increase in external feed sales of 6.4%, with feed sales to the commercial layer sector recovering following the bird flu outbreak in the industry during the latter part of 2023. The higher internal sales volumes were driven by the requirement for broiler breeder feed, as all flocks were completely restocked and in production following the bird flu outbreak of 2023, which negatively impacted feed volumes in 1H2024.

The operating profit for the division improved by 11.6% to R297 million (March 2024: R266 million), with an increase in the operating profit margin to 5.6% (March 2024: 5.5%). Operating expenses in the division were well controlled during the period under review, with below inflationary increases reported.

Revenue for the **Poultry Division** increased by 1.5% to R8.8 billion (March 2024: R8.7 billion), driven by higher sales volumes over the period. Poultry selling prices were 3.1% lower than the comparable period. This, together with higher poultry feed input costs (SAFEX yellow maize price increased by 28% to an average of R5 004 per ton for the period under review) and an increase in operating expenses in line with inflation, resulted in a loss for the period of R26 million for this division (March 2024: profit of R284 million), a decrease of 190.2%.

Margins remained extremely thin in the Poultry Division going into this financial period, and with higher input costs and lower poultry selling prices in the market, the broiler margin for the period under review reduced further to -1.1% (1H2024: 2.4% and 2H2024: 0.2%).

Broiler sales volumes increased by 4.4% (10 977 tons), due to sales out of finished good stock, which eased working capital requirements leaving poultry inventory levels at the end of March 2025 markedly lower than at the end of September 2024.

Broiler performances for the period under review were good and achieved a record high. The broiler feed price increased by 2% over the period, supported by higher local grain prices on the back of the drought in 2024. However, the improved broiler feed conversion efficiency partially offset the higher feed cost, positively assisting the broiler live cost.

“Group cash generation was strong despite a depressed cash operating profit of R224 million, supported by good working capital improvements mainly from the Poultry Division. Our balance sheet remains healthy, and we continue to focus on increasing cash reserves to ensure long-term financial resilience. Our positive cash position enabled us to declare an interim dividend, in line with our dividend policy;” said Dries Ferreira, Astral’s CFO.

As we look ahead to the next six months, our industry faces a complex landscape marked by both challenges and opportunities. Bird flu remains a significant risk to the local poultry industry, with limited progress towards the approval of vaccinations for poultry breeding stock. This ongoing threat necessitates heightened vigilance and robust biosecurity measures to safeguard our operations.

The South African economy is experiencing deteriorating growth prospects, which are suppressing local investment, infrastructure spend and job creation. Coupled with higher unemployment levels (one of the world’s highest), this will continue to constrain consumer spending.

On the global front, the uncertain landscape characterised by trade wars, various conflicts, and shifting alliances poses risks for an economic slowdown, market uncertainty and currency volatility. These factors could further complicate our operational environment. Additionally, the potential threat to the AGOA preferential trade access for South Africa could have negative economic consequences for the country.

Arnold concluded: *“The expectation of a larger local maize crop is likely to benefit maize prices going forward. Lower poultry inventory levels should assist in recovering poultry selling prices after months of price deflation. Furthermore, Astral has increased broiler placement numbers which provides us with an opportunity to grow sales. In summary, while we navigate through various risks and economic pressures, we remain cautiously optimistic about leveraging the opportunities ahead to strengthen our position and drive growth in the coming months.”*

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Issued and released by:	Keyter Rech Investor Solutions Marlize Keyter 083 701 2021
Issue date:	19 May 2025

JSE code: ARL
A2X code: ARL

Website: www.astralfoods.com

Company background

Astral Foods Limited (Astral), an integrated poultry producer, with key activities in the manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated parent breeding and broiler production operations, abattoirs as well as the sales and distribution of various key poultry brands. The brands in the Astral stable include:

- County Fair
- Festive
- Goldi
- Mountain Valley
- Ross Poultry Breeders
- National Chicks
- Meadow Feeds
- Tiger Animal Feeds
- Tiger Chicks
- Central Analytical Laboratories