



Interim Results Presentation

for the six months ended 31 March 2023

2023



- **Business Overview** *Slide 3 – Chris Schutte*
- **Operational Overview** *Slide 11 – Gary Arnold*
- **Industry Matters** *Slide 29 – Gary Arnold*
- **Financial Overview** *Slide 32 – Dries Ferreira*
- **Outlook** *Slide 42 – Chris Schutte*
- **Additional Information** *Slide 47*



BUSINESS OVERVIEW



Chris Schutte
Chief Executive Officer

SALIENT POINTS: MACRO-ENVIRONMENT



- **Failed service delivery and infrastructure** with significant consequences for the entire poultry production value chain
- **Local coarse grain prices soared** sharply over the period on a weaker local currency and negative global fundamentals in the soft commodity markets, exacerbated by the on-going conflict in the Ukraine
- **Poultry imports increased markedly** over the period, with a continued delay in the implementation of the anti-dumping duty against Brazil as recommended by ITAC
- **Economic stagflation in South Africa** underpinned by record levels of unemployment, a desperately strained consumer environment and a rapidly rising cost of living

SALIENT POINTS: OPERATIONAL ENVIRONMENT

- **Poultry feeding cost increased** significantly on higher feed raw material input costs and higher levels of feed consumed on load shedding related impacts
- **Broiler production efficiencies** deteriorated markedly over the period due to a backlog in the slaughter programme, following continuous and extended levels of load shedding, resulting in significant processing downtime
- **Extensive broiler placement cutbacks** implemented over the period in an effort to work away the backlog in the slaughter programme (much older and heavier birds on farm), plus an attempt to negate continuous operational disruptions as a result of on-going load shedding and water supply disruptions
- **Negative poultry margins realised** on record high feed prices and staggering load shedding costs, not recovered in the selling price for poultry

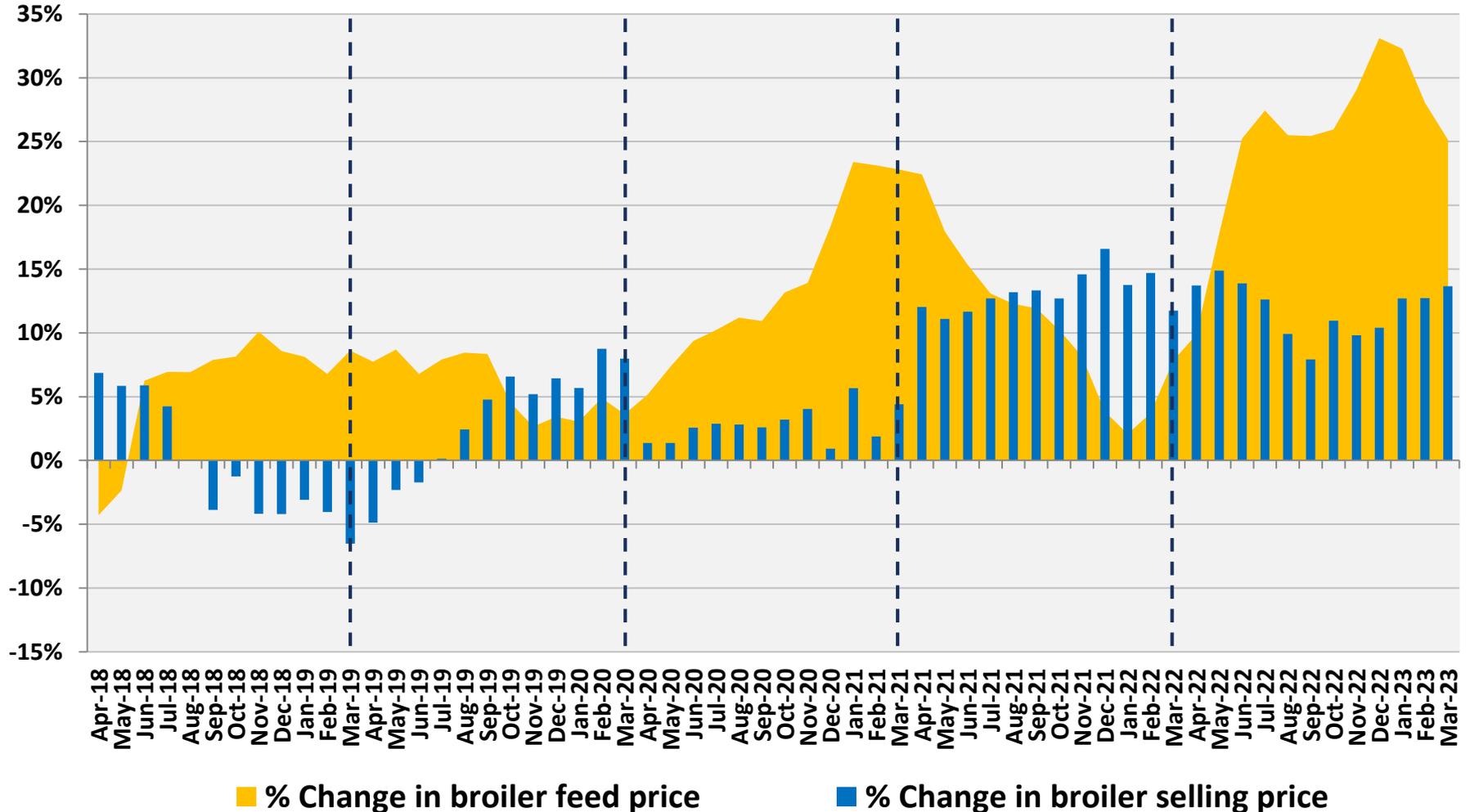
KEY FINANCIAL INDICATORS



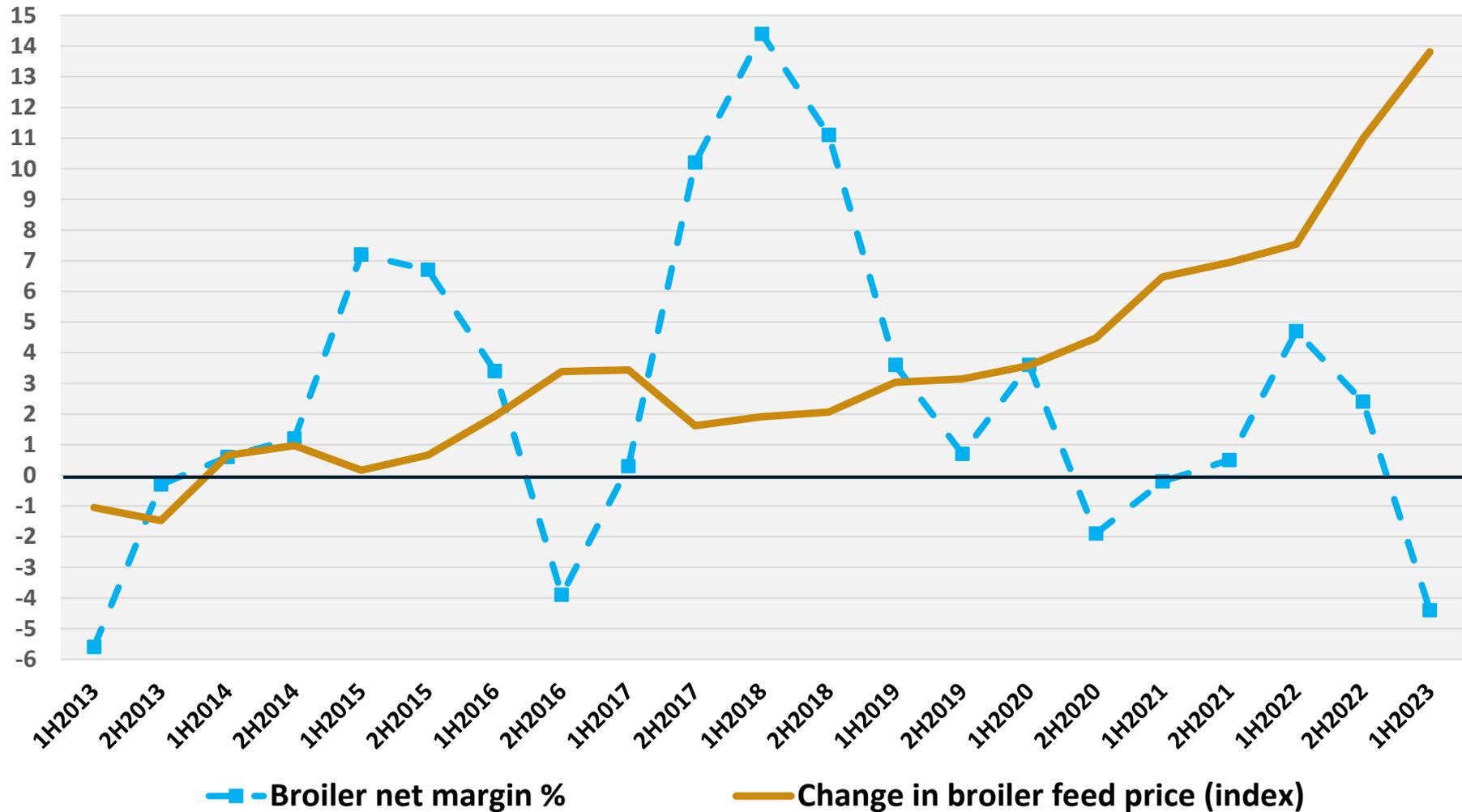
- Revenue @ R10,0 billion
- Profit before interest and tax @ R98 million
- Profit for the period @ R62 million
- Headline earnings per share @ 163 cents
- Net cash outflow @ R1,2 billion
- No interim dividend declared



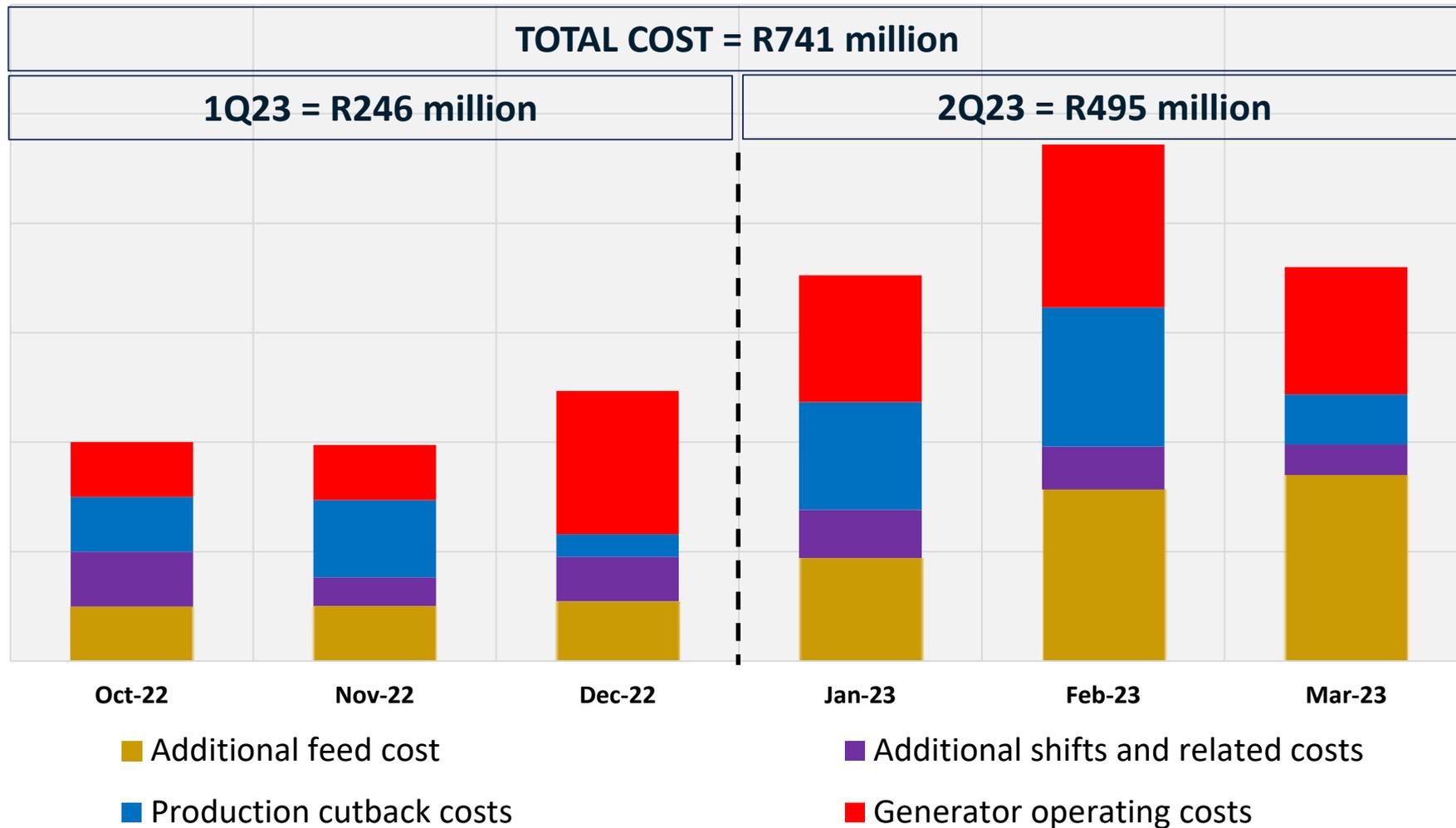
BROILER SELLING PRICE vs. FEED PRICE



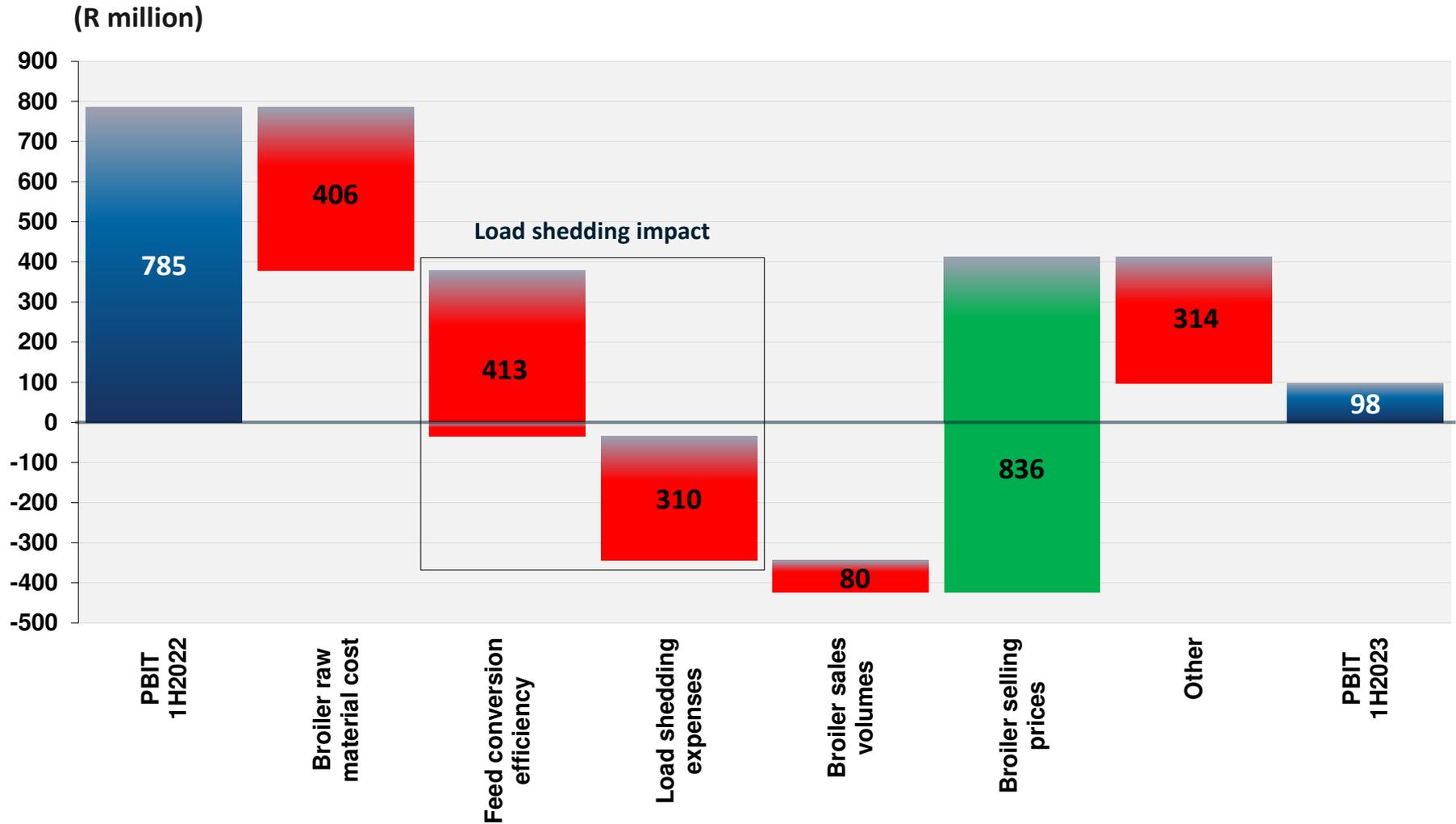
BROILER NET MARGIN vs. FEED PRICE



LOAD SHEDDING COSTS 1H23



PBIT MOVEMENT 1H23 vs. 1H22





RAW MATERIALS



Gary Arnold
Group Chief Operating Officer

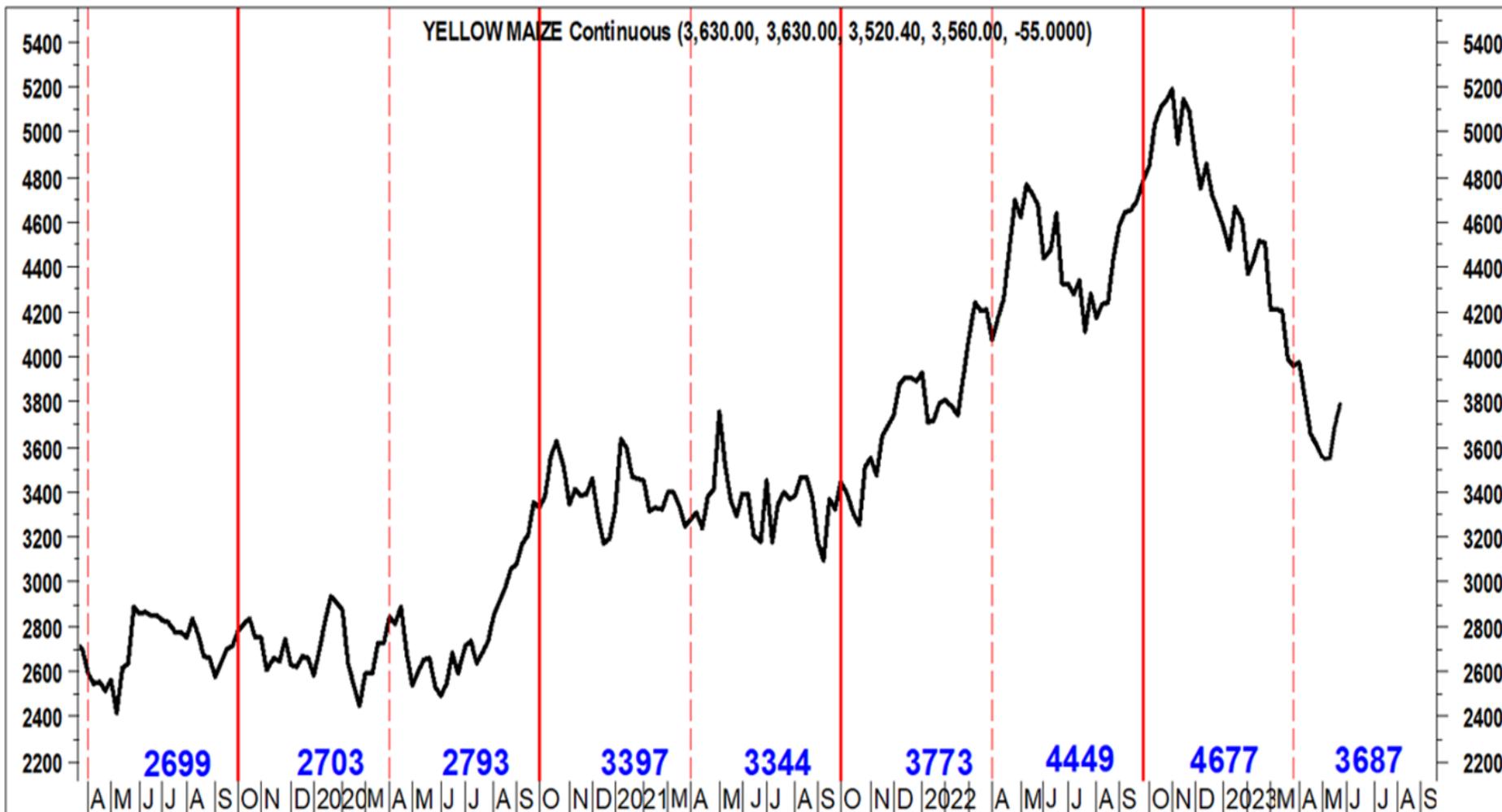
RSA TOTAL MAIZE SUPPLY & DEMAND



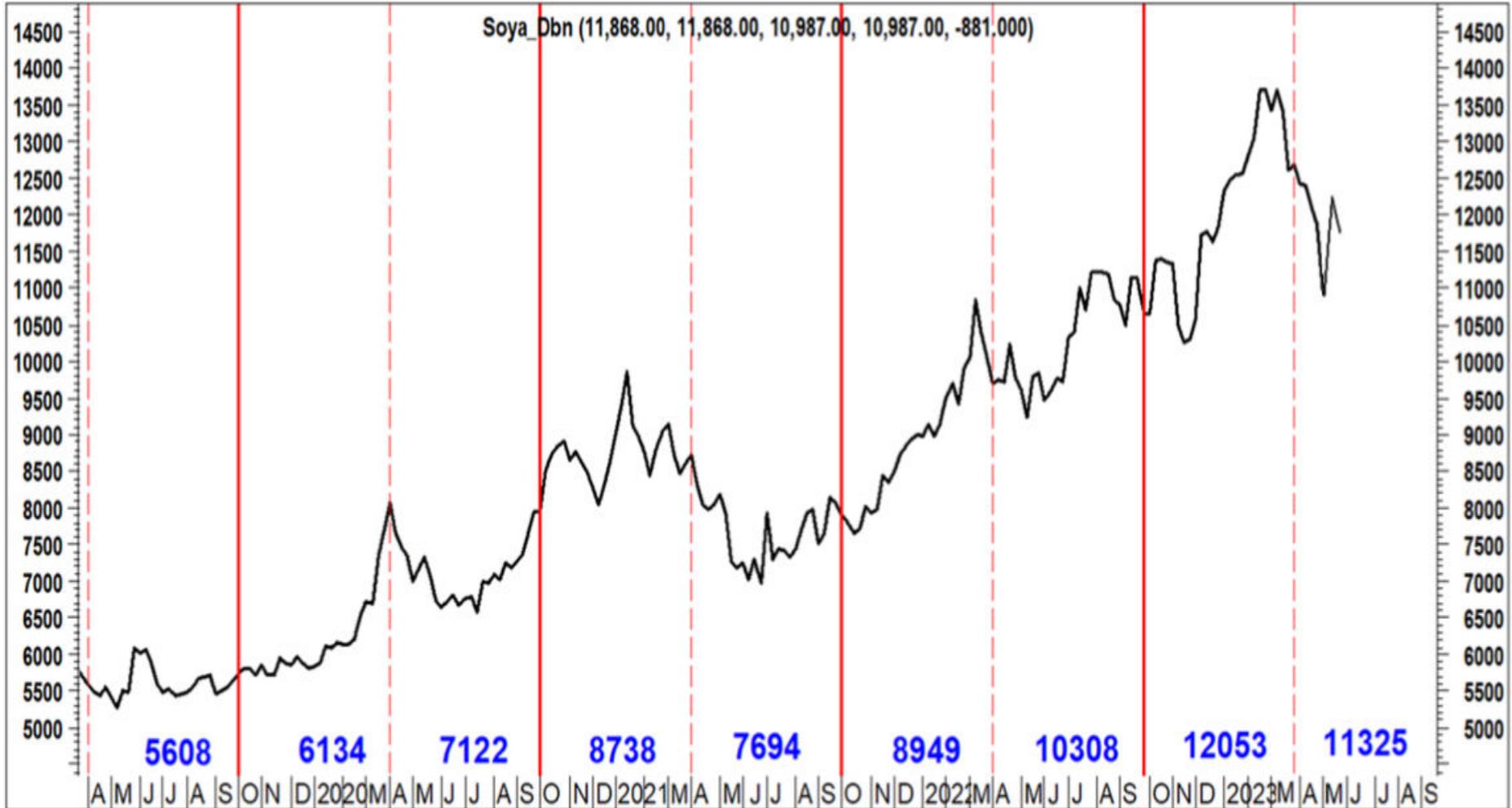
Marketing year (May to April) '000 tons	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast
Carry In (1 May)	3 689	2 662	1 000	2 115	2 124	1 645	1 952
Crop Estimate	12 510	11 275	15 300	16 315	15 470	15 890	14 000
Retentions	495	388	90	1 048	567	703	615
Sagis Delivery	11 984	10 887	15 268	15 267	14 903	15 187	13 385
<i>Minus early deliveries</i>	0	0	0	0	0	0	0
Imports	172	510	0	8	0	0	0
Total Supply	15 845	14 059	16 268	17 389	17 027	16 832	15 337
Domestic Usage Food	5 161	5 378	5 685	5 172	5 415	5 440	5 350
Domestic Usage Feed	5 508	5 699	5 517	5 898	6 060	5 900	5 550
Gristing, withdrawn & released	239	177	121	103	96	100	100
Total Domestic Usage	10 907	11 264	11 324	11 173	11 571	11 440	11 000
Exports & Sundries	2 276	1 795	2 830	4 093	3 813	3 440	2 988
<i>Plus early deliveries</i>	0	0	0	0	0	0	0
Carry Out (30 Apr)	2 662	1 000	2 115	2 124	1 645	1 952	1 349
No of days usage	89	32	68	69	52	62	45
STU	20,19%	7,66%	14,94%	13,92%	10,69%	13,12%	9,64%



SAFEX YELLOW MAIZE PRICE



DURBAN SOYA MEAL PRICE





FEED DIVISION

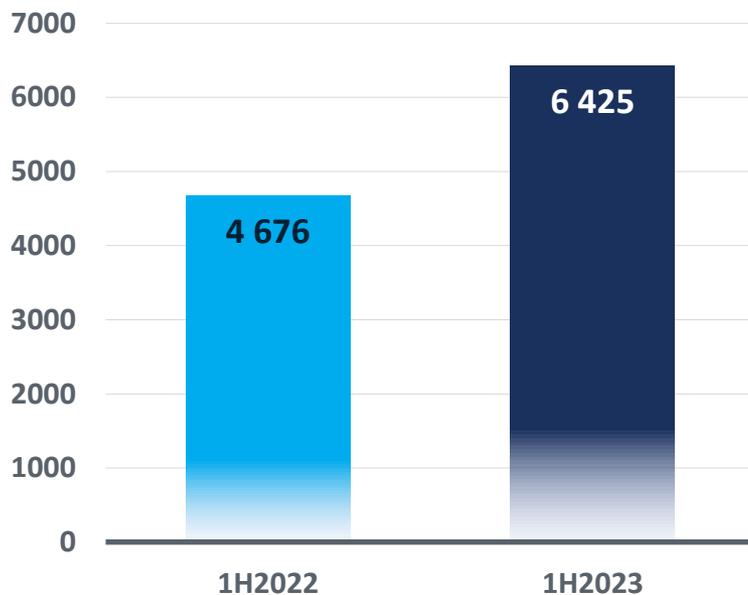


Gary Arnold
Group Chief Operating Officer

FEED DIVISION



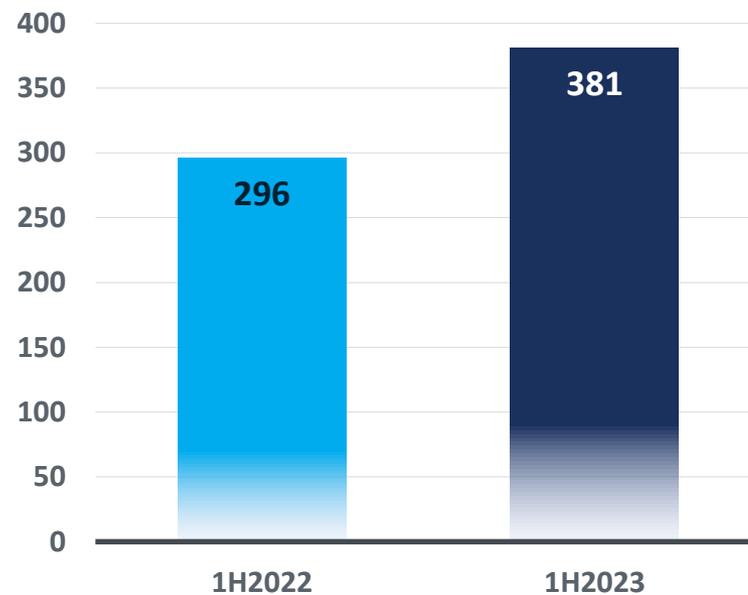
Revenue - R million



Revenue up **37.4%**

- Raw material costs up
- Average selling prices up 24.7%
- Sales volumes up 10.2%

Operating profit - R million



Operating profit up **28.5%**

- Net margin 5.9% (1H22: 6.3%)
- Expenses well controlled
- Rand per ton margin increased

FEED DIVISION

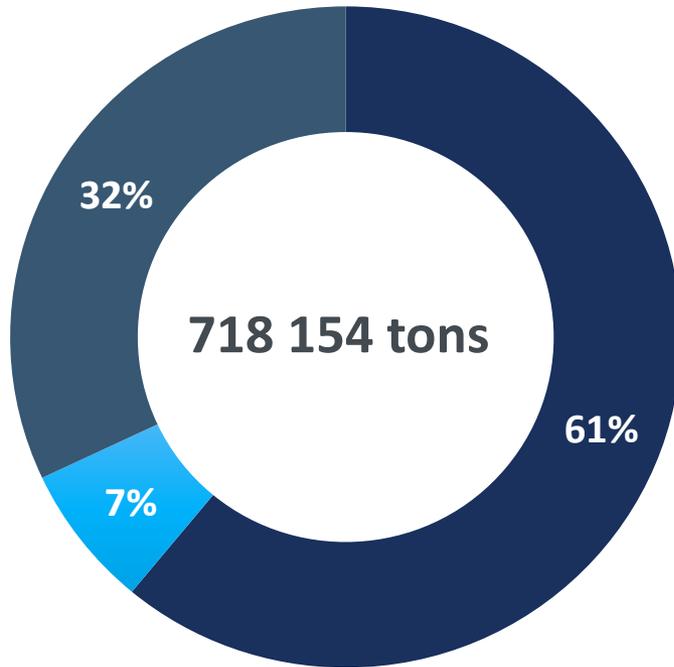


- **SAFEX yellow maize price increased** for the period under review 1H23 avg. R4 677 per ton (1H22: R3 773) up R904 per ton (increase of 24.0%)
- **DBN soya meal price increased** for the period under review 1H23 avg. R12 053 per ton (1H22: R8 949) up R3 104 per ton (increase of 34.7%)
- **Internal feed sales volumes increased** by 21.5% due to high feed consumption in older and heavier broilers as a result of load shedding
- **External feed sales volumes decreased** by 6.5% as the pig and table egg sectors came under tremendous pressure on higher feed costs and lower selling prices
- **Expenses well controlled** across the division despite load shedding costs
- The **average net margin increased** (Rand per ton) for the period under review

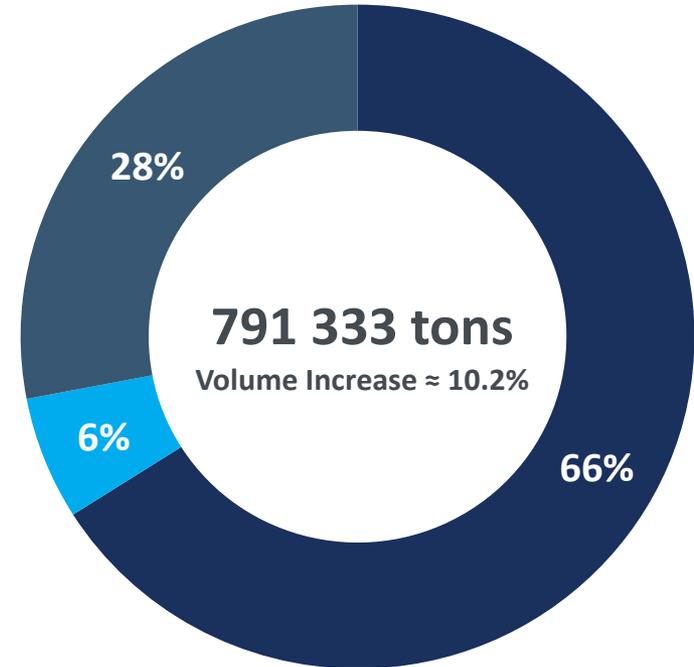
FEED DIVISION



1H22



1H23



■ Poultry Integrated ■ Poultry External ■ Other



POULTRY DIVISION

COMMERCIAL

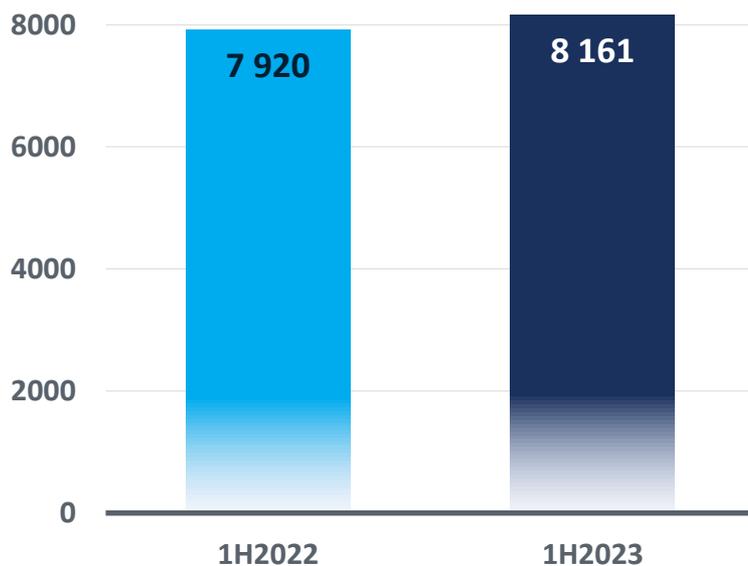


Gary Arnold
Group Chief Operating Officer

POULTRY DIVISION - CONSOLIDATED



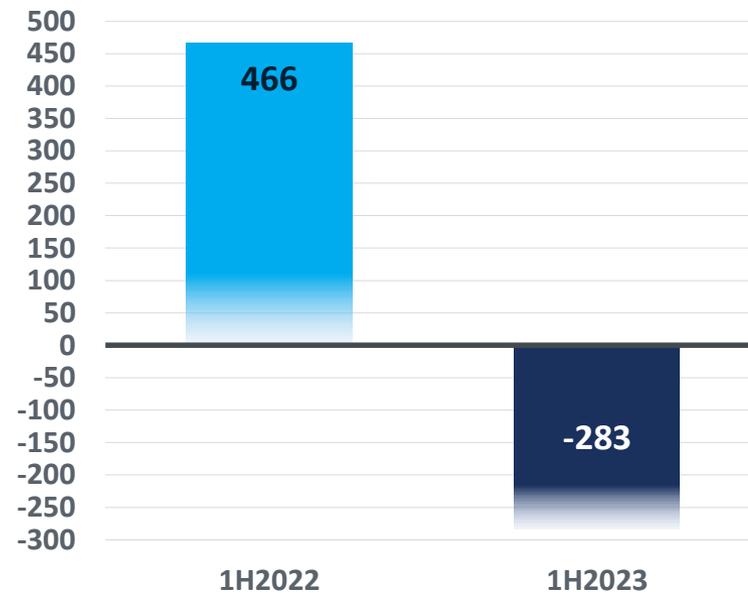
Revenue - R million



Revenue up 3.0%

- Broiler sales volumes down 10.6%
- Broiler sales realisations up 11.5%
- Breeder revenue up 8.6%

Operating profit - R million



Operating profit down 161%

- Net margin -3.5% (1H22: 5.9%)
- Broiler feed price up 28.9%
- Material impact from load shedding costs

POULTRY DIVISION - COMMERCIAL

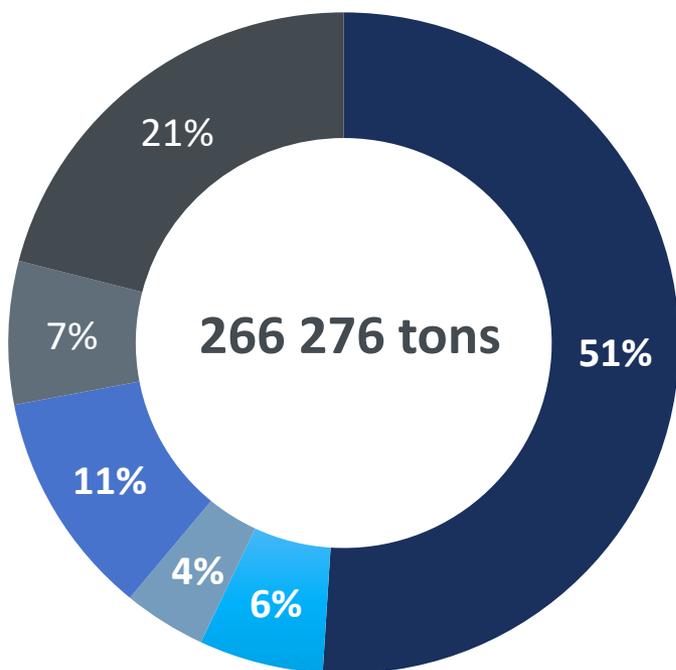


- **Broiler sales volumes decreased** on lower demand for Astral's finished goods as a result of a change to the product basket, as load shedding impacted the processing mix
- **Significant production cutbacks implemented** to reduce the on-going impact of load shedding and water supply disruptions, however not sufficient to counter the unexpected and increasing frequency of failure in national and municipal services
- **Negative broiler margins at -4.4%** (F2022: 3.5%) as soaring feed input costs and the costs associated with load shedding could not all be recovered in selling prices
- **In addition broiler margins were impacted** by the product mix due to the large bird size and an inability to completely supply the QSR and fresh markets
- **Operating expenses negatively impacted** by load shedding (national and municipal interruptions), water supply disruptions and overtime costs

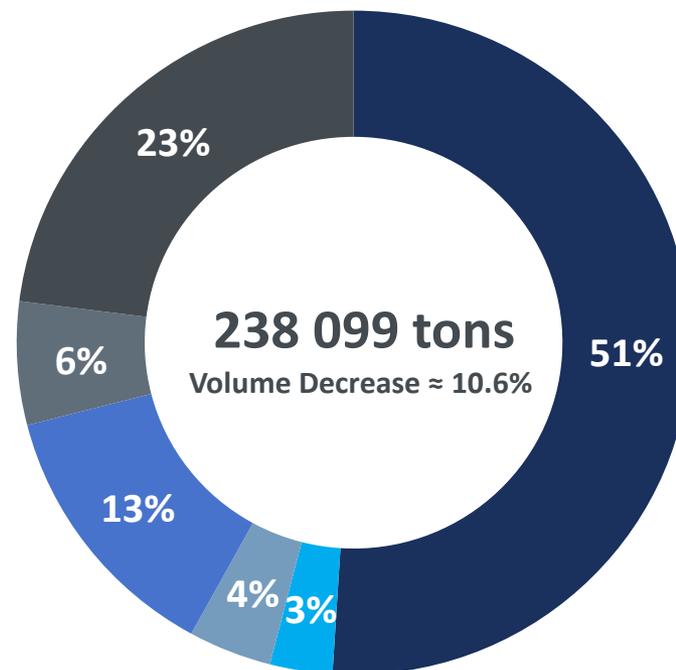
POULTRY DIVISION - COMMERCIAL



1H22



1H23



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



POULTRY DIVISION

AGRICULTURE



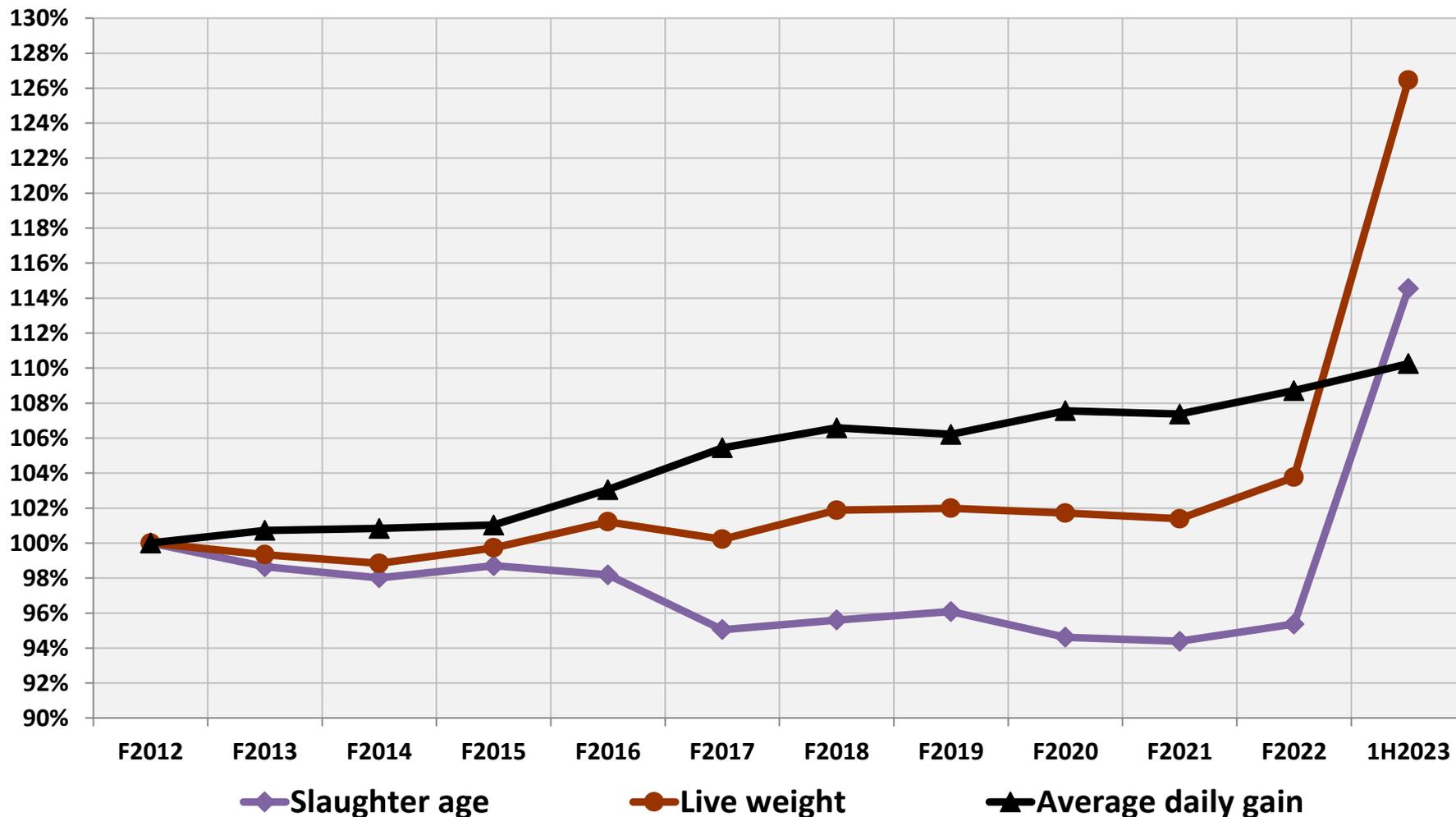
Gary Arnold
Group Chief Operating Officer

POULTRY DIVISION - AGRICULTURE

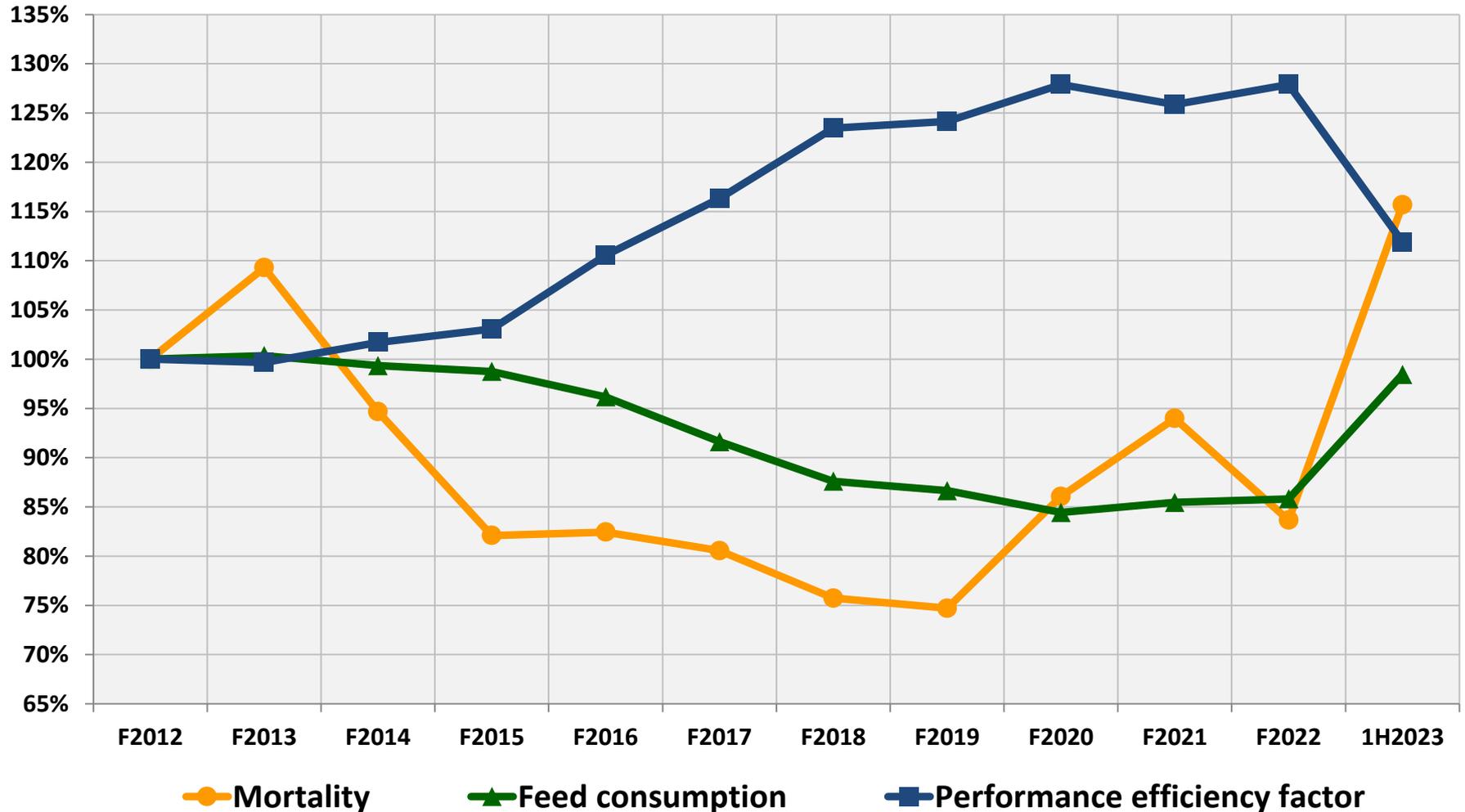


- **Parent stock sales increased** as demand for the Ross broiler genetics continued to grow and expand market share in the sector
- **Feed input costs increased significantly** to record highs on the back of escalating raw material costs, adversely affecting the live bird production cost
- **Broiler production severely impacted**, as bird age and live weight increased due to a backlog in the slaughter programme, and birds remained on farm dramatically increasing poultry feed consumed
- **Broiler maintenance feeds introduced**, to curb broiler weight gains however negatively impacting the feed conversion efficiency
- **Highly Pathogenic Avian Influenza** in South Africa remains a major risk to the industry, with recent outbreaks in commercial poultry in the Western Cape

BROILER PERFORMANCE



BROILER PERFORMANCE





OPERATIONAL SUSTAINABILITY



Gary Arnold
Group Chief Operating Officer

POWER & WATER SECURITY

- **Diesel generators installed** as load shedding crisis deepens



- **Energy consultants appointed** to assess, optimise, design, tender and oversee the installation and commissioning of solar installations on 13 key sites (PPA's considered)
- **Additional water storage capacity** under construction at Festive Olifansfontein (10 ML) to extend supply by 2 days in the event of outage
- **Water pipeline to be installed** to Goldi Standerton from the Vaal River (7 km) for total water requirements and completely remove dependency on the municipality
- **Interim solution at Goldi** has been to increase capacity at the on-site filtration plant and increase the volume of trucked raw water from the Vaal River
- **Capital expenditure** spend and planned commitments of at least R400 million to ensure operational sustainability

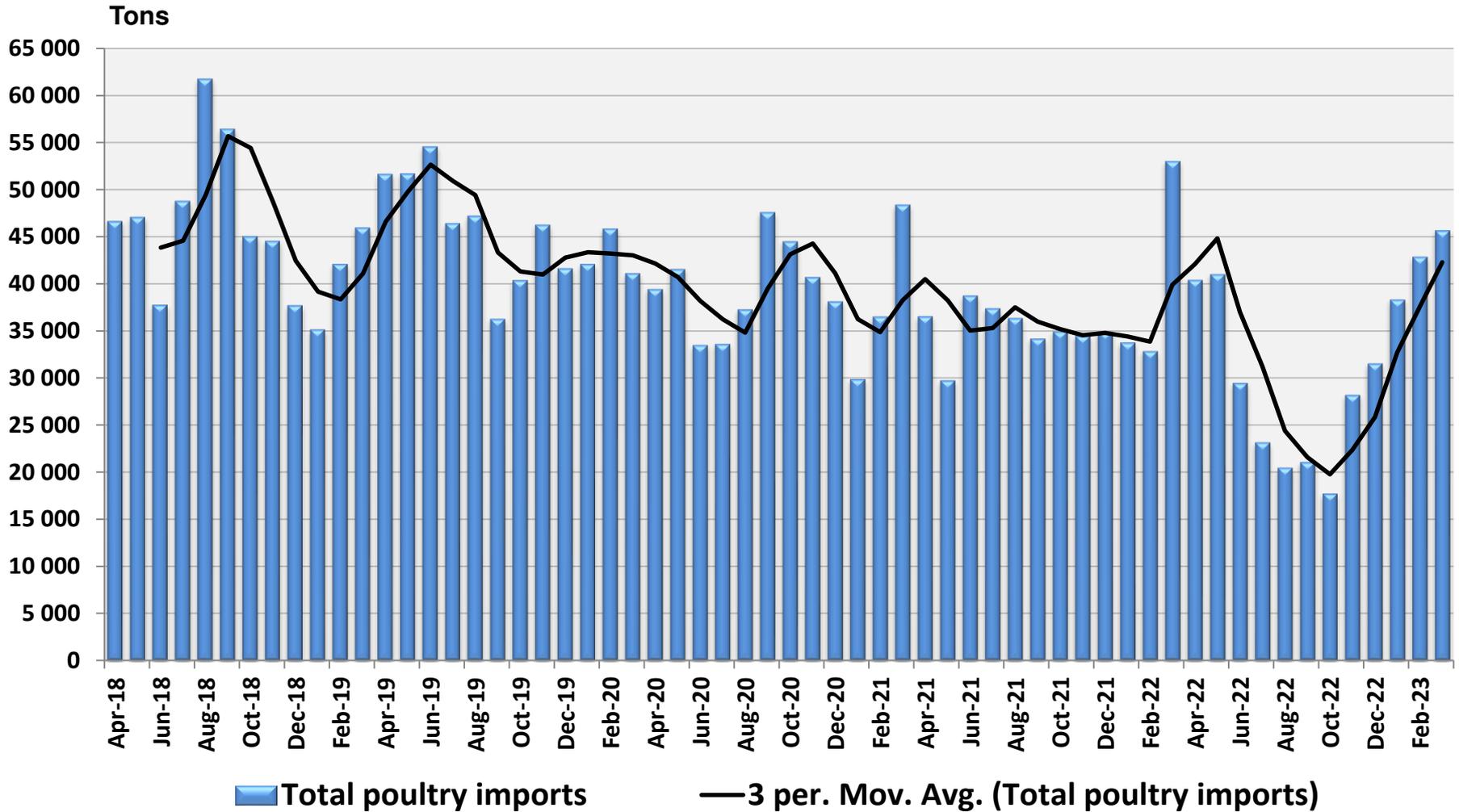


INDUSTRY MATTERS



Gary Arnold
Group Chief Operating Officer

POULTRY IMPORTS



INDUSTRY OVERVIEW

- Based on industry statistics **broiler slaughter numbers are approximately 21.3 million birds per week** (December 2022)
- **Imports for the period** averaged 34 072 tons per month (\approx 6.1 million bpw) being approximately **23% of local consumption** (2H2022: 29 288 tons per month)
- **Provisional anti-dumping duties** introduced in December 2021 against Brazil, Ireland, Spain, Poland and Denmark; expired on 14 June 2022
- **Implementation of permanent anti-dumping duties** against these same countries delayed by 12 months or longer (from August 2022)
- **Highly Pathogenic Avian Influenza continues to pose a threat** to the local industry, with recently reported outbreaks in commercial poultry and continued detection in wild birds



FINANCIAL OVERVIEW



Dries Ferreira
Chief Financial Officer

INCOME STATEMENT

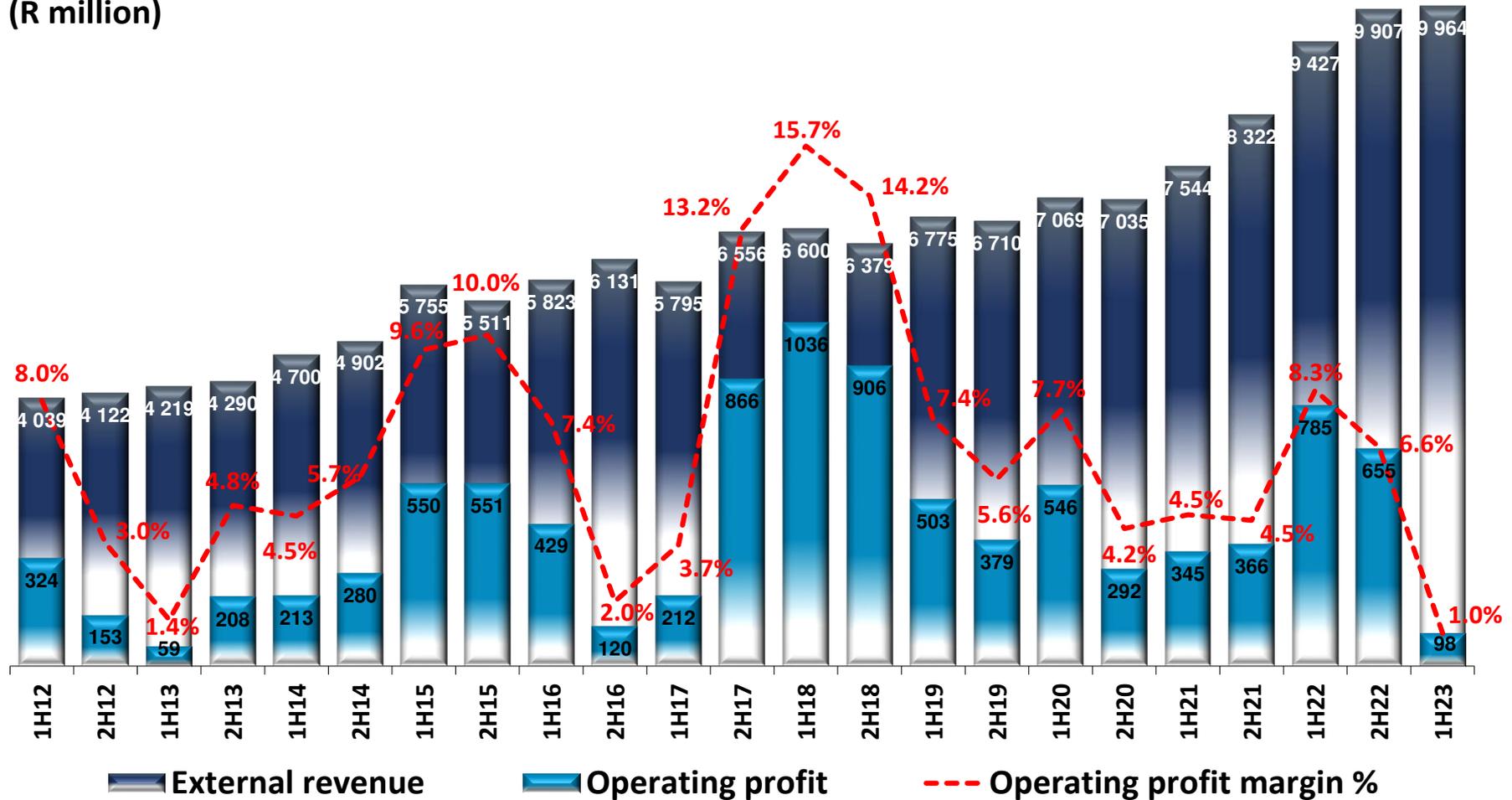


Six months ended 31 March	2023 R million	2022 R million	% change
Revenue	9 964	9 427	6%
Operating profit	98	762	88%
– incl. gain on disposal of interest in subsidiaries	-	23	
Operating profit margin	1.0%	8.3%	
Net finance costs	(14)	(17)	
– bank interest	(1)	1	
– lease finance charges	(13)	(18)	
Profit before tax	84	769	89%
Tax	(22)	(222)	
Profit from continuing operations	62	547	89%
Profit from discontinued operations & NCI	-	13	
Attributable profit	62	560	
EPS – Cents	162	1 456	89%
HEPS – Cents	163	1 420	88%

GROUP REVENUE & PROFIT MARGIN



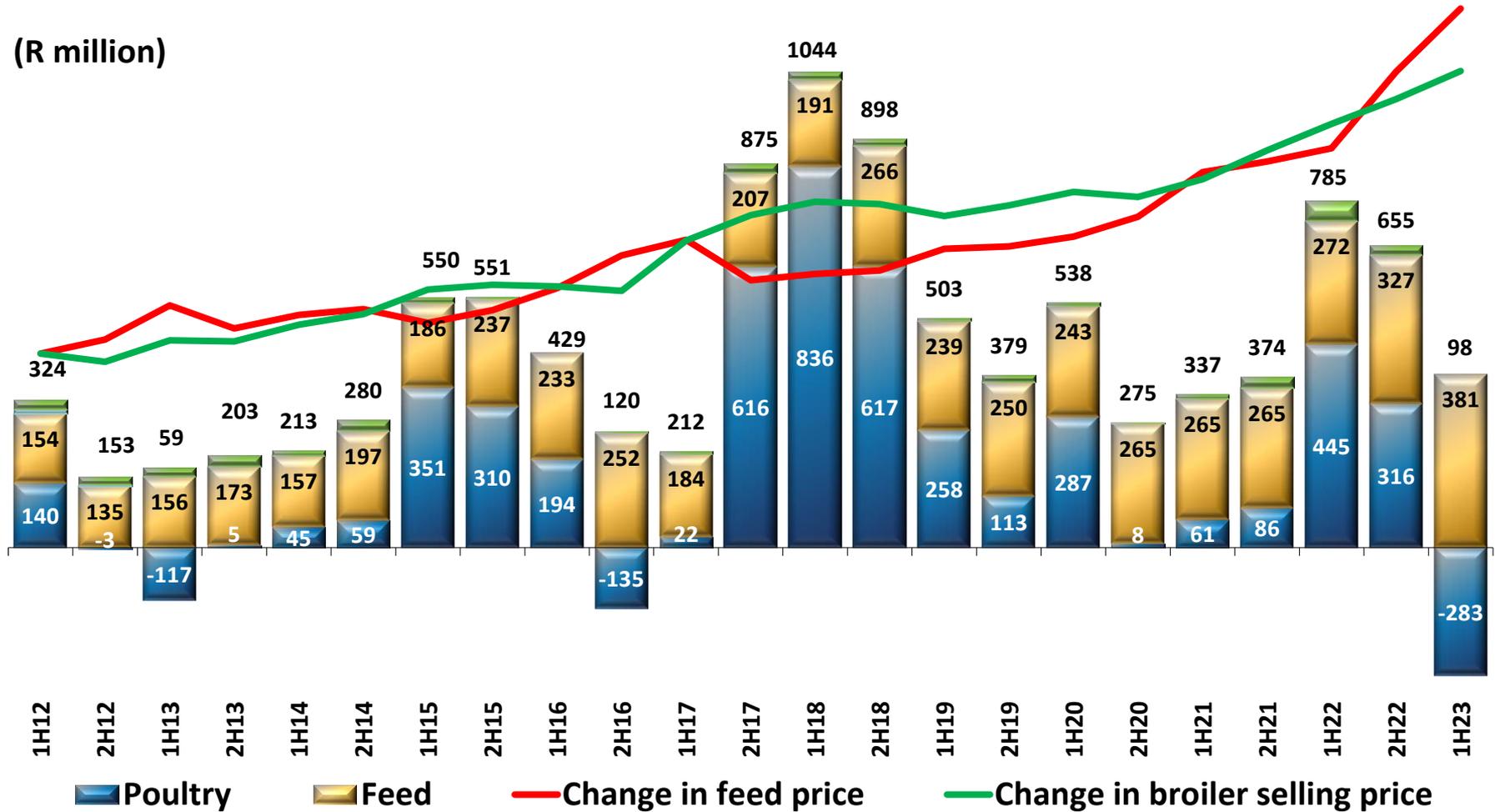
(R million)



GROUP OPERATING PROFIT



(R million)



BALANCE SHEET



	March 2023 R million	September 2022 R million	% change
Non-current assets (excl. ROU assets)	3 313	3 260	↑ 2%
Non-current assets – ROU assets	258	289	↓ 11%
Net working capital	2 725	1 751	↑ 56%
Current assets (excl. cash)	5 264	4 167	↑ 26%
Current liabilities (excl. borrowings & leases)	(2 539)	(2 416)	↑ 5%
Non-current liabilities (excl. borrowings & leases)	(937)	(905)	↑ 4%
Lease liabilities	(282)	(310)	↓ 9%
Net assets	5 078	4 085	
Net (bank overdraft) / surplus cash	(506)	701	↓ 172%
Equity	4 572	4 786	↓ 4%

CAPITAL EXPENDITURE



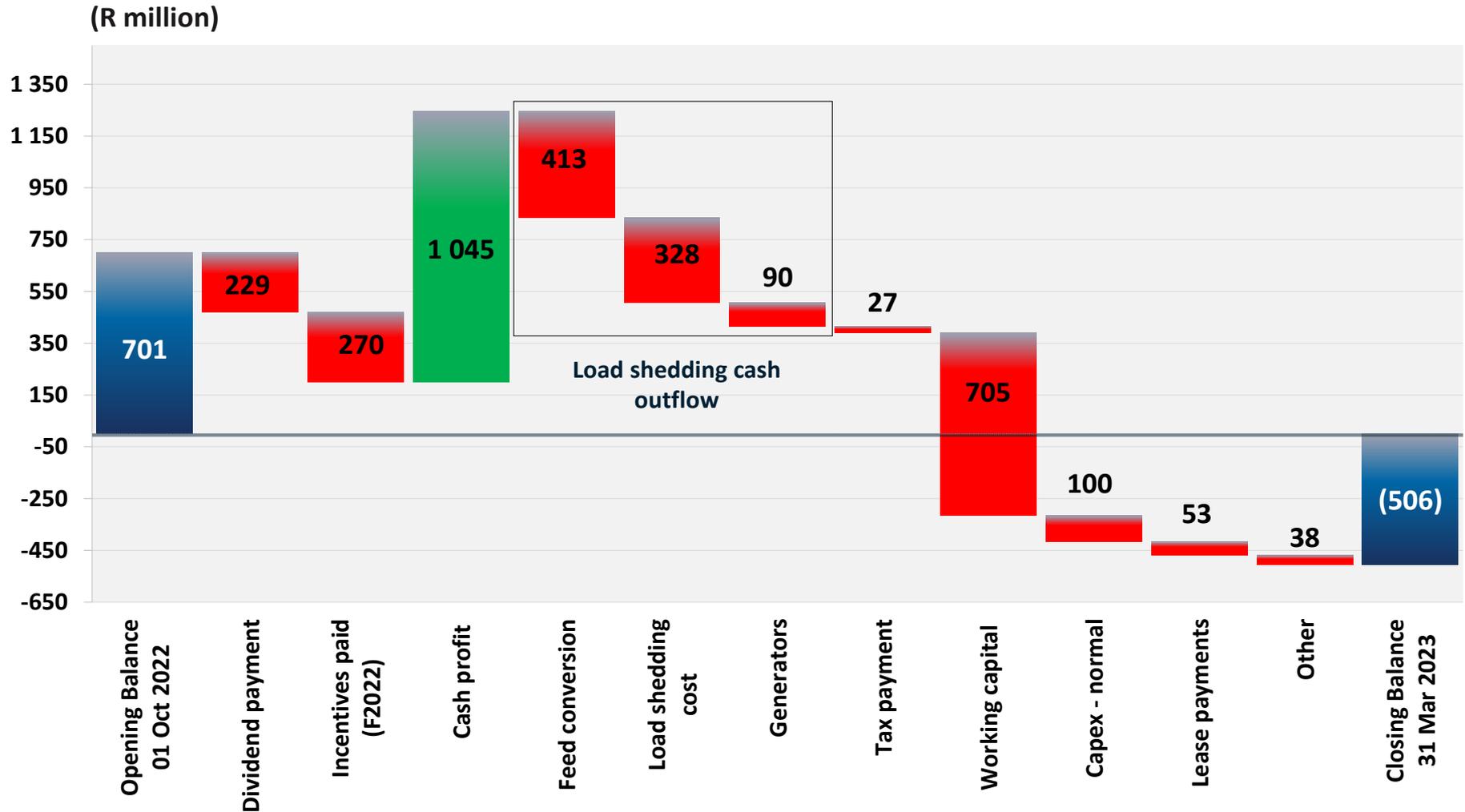
	1H2023 R million	F2022 R million
Depreciation and amortisation	148	307
Property, plant & equipment	106	211
Right of use assets	42	96
Total capex spend	180	258
Outstanding commitments	241	737
Ross – GGP farm purchase and build	On Hold	245
Ross – Expansion of PS production capacity	On Hold	113
Zambia – New feed mill	76	98
Agriculture – Festive expansion phase 2	On Hold	89
County Fair – PS farm rebuild	16	43
Power and water related	89	32
Other	60	117

WORKING CAPITAL



	March 2023 R million	September 2022 R million	Variance R million
Current assets	5 264	4 166	1 098
Biological assets	1 526	1 246	280
Inventory - Poultry	1 210	696	514
- Feed	641	482	159
Trade receivables	1 554	1 524	30
Advance capex payments	56	46	10
Other receivables	278	172	106
Current liabilities	(2 539)	(2 415)	(124)
Trade payables	(1 933)	(1 679)	(254)
Other payables	(606)	(736)	130
Net working capital	2 725	1 751	974

CASH FLOW MOVEMENT



STATEMENT OF CASH FLOWS



Six months ended 31 March	2023 R million	2022 R million
Cash generated from operating activities	(671)	1 077
Tax paid	(27)	(146)
Net interest and dividends received	5	7
Proceeds from disposal of assets held-for-sale	-	45
Capital expenditure	(180)	(90)
Lease payments	(53)	(70)
Dividends paid	(229)	(154)
Other cash flow items	(13)	(31)
Movement in cash equivalents	(1 168)	639
Effect of exchange rate changes	(39)	(11)
Opening balance	701	281
Closing balance	(506)	909

IN SUMMARY

- **Revenue at R10,0 billion** up 5.7% (prior year at R9,4 billion)
- **Operating profit at R98 million** down 88% on load shedding impact to operational efficiencies and cost base
- **Capital expenditure of R180 million** mainly to reduce the impact of load shedding on the operations
- **Cash outflow of R1,2 billion** due to massive disruptions experienced by the Poultry Division incurring severe load shedding related costs and increases in working capital
- **No interim dividend declared**
- **Sufficient banking facilities** in place to ensure liquidity and solvency



OUTLOOK



Chris Schutte
Chief Executive Officer

PROSPECTS: MACRO-ENVIRONMENT



- **In the lead up to the 2024 National elections a period of political instability** is expected, as well as both policy uncertainty and poor service delivery from Government
- **The macro-economic crisis in the country** with negligible to no economic growth is hampering any prospects for job creation, with disposable income under severe pressure as the cost of living crisis deepens and a recession looms large
- **Failing infrastructure and the lack of service delivery** from a “Government that is asleep at the wheel” is placing a massive cost burden on businesses and the consumer alike
- **The dramatic demise** of Eskom in the generation and distribution of electricity, of Water Affairs and failing water supply networks, together with the disastrous state of Transnet, have destroyed the capacity of the agricultural sector to function efficiently and has hence become globally cost uncompetitive
- **The continuous costly disruptions** to Agri-processing businesses and the integrated food production value chains, have left South Africa with deepening hunger and poverty levels especially amongst the most vulnerable of communities, and an even greater threat to **food security** is plausible

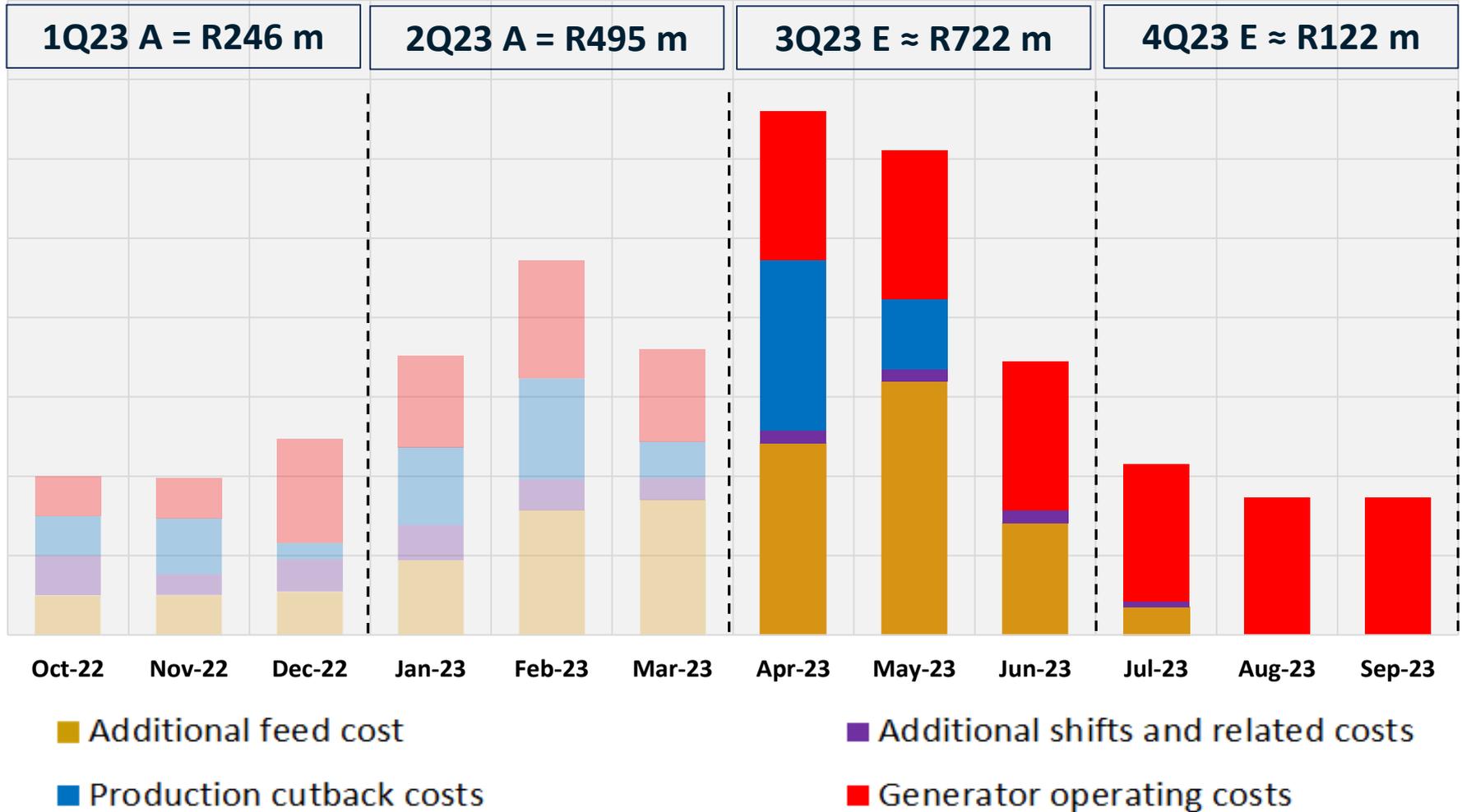
PROSPECTS: OPERATIONAL ENVIRONMENT Astral

- **Astral's second half reporting period** will reflect a “half of two halves”, with costly actions to counter the impact of load shedding and water disruptions realising in distinctly different financial results for Q3 vs. Q4
- **Broiler placements will be aligned** with market demand and expected sales into a normalised product mix for Q4
- **Broiler biological efficiencies to return to normal** from July onwards, with particular reference to age, live weight and feed consumption
- **Raw material costs will reduce** from Q4 onwards as Astral's forward position and procurement strategy capitalises on reducing coarse grain prices both locally and globally, however still somewhat hampered by the weaker local currency
- **A significant diesel cost** has been forecast into the cost base for Stage 6 load shedding, representing approximately R45 million per month
- **All capital expenditure has been placed on hold** except that required for necessary maintenance and emergency measures in electricity and water supply
- **Astral will focus on rebuilding its balance sheet** over the new reporting period in F2024, which as in the past has provided resilience to the cyclical nature of the poultry sector

LOAD SHEDDING COSTS 2H23 vs. 1H23



PROJECT 3R





THANK YOU

Re-set, re-focus, re-start.....



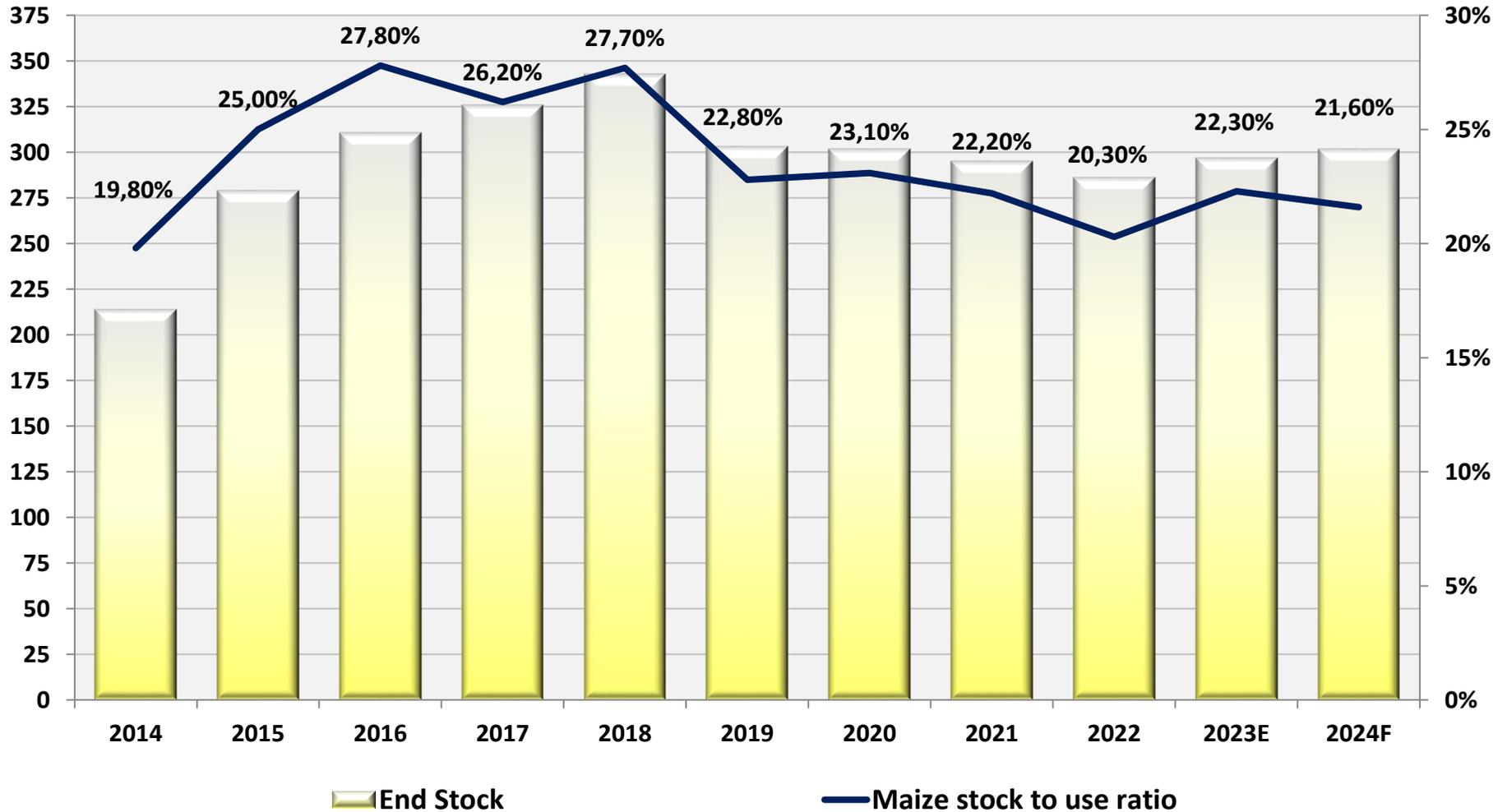
Astral's strategy is to be the best cost integrated poultry producer in selected Southern African countries

Confirmed March 2022

ADDITIONAL INFORMATION



WORLD CORN ENDING STOCKS

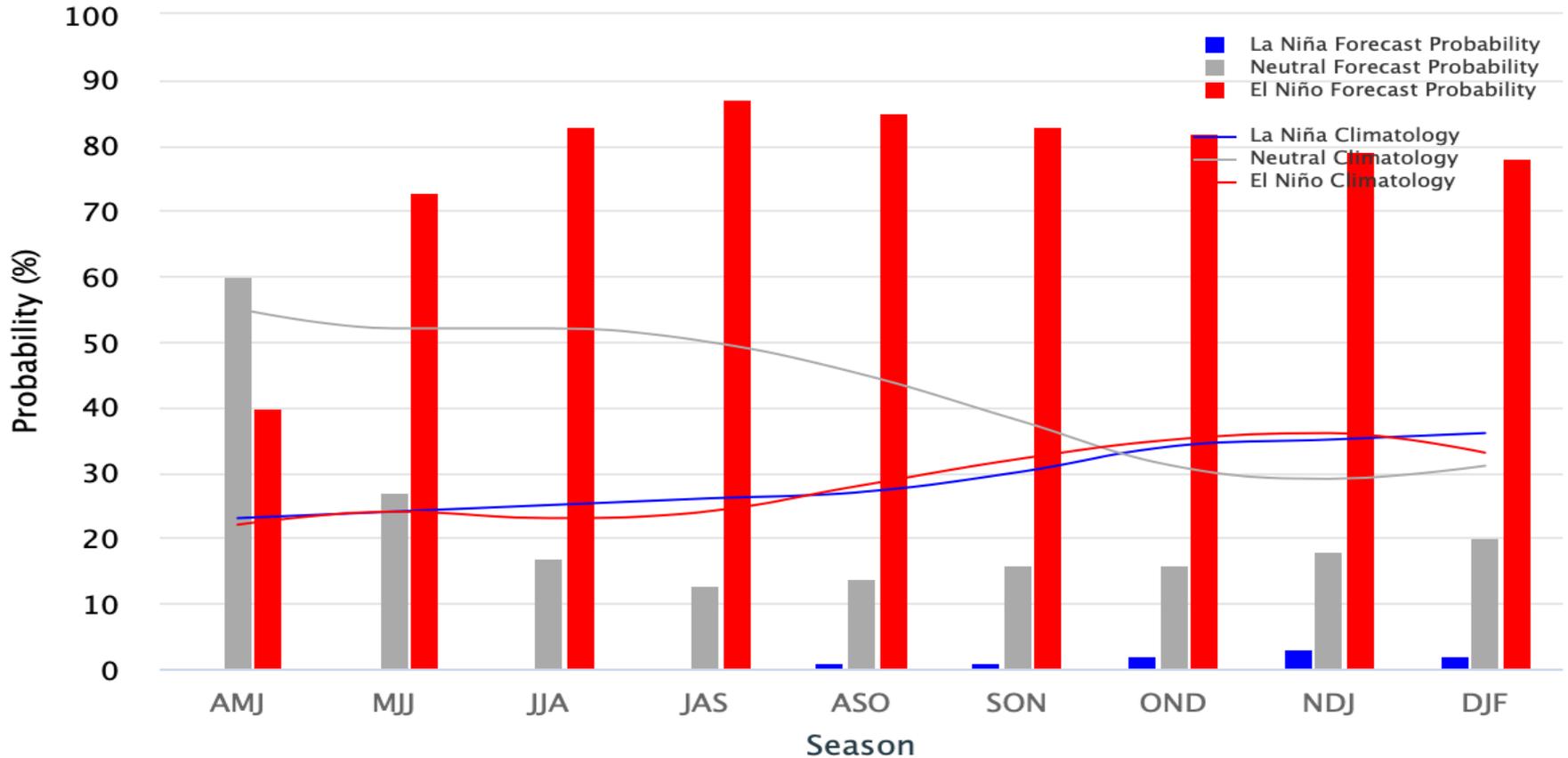


EL NIÑO OSCILLATION



Mid-April 2023 IRI Model-Based Probabilistic ENSO Forecasts

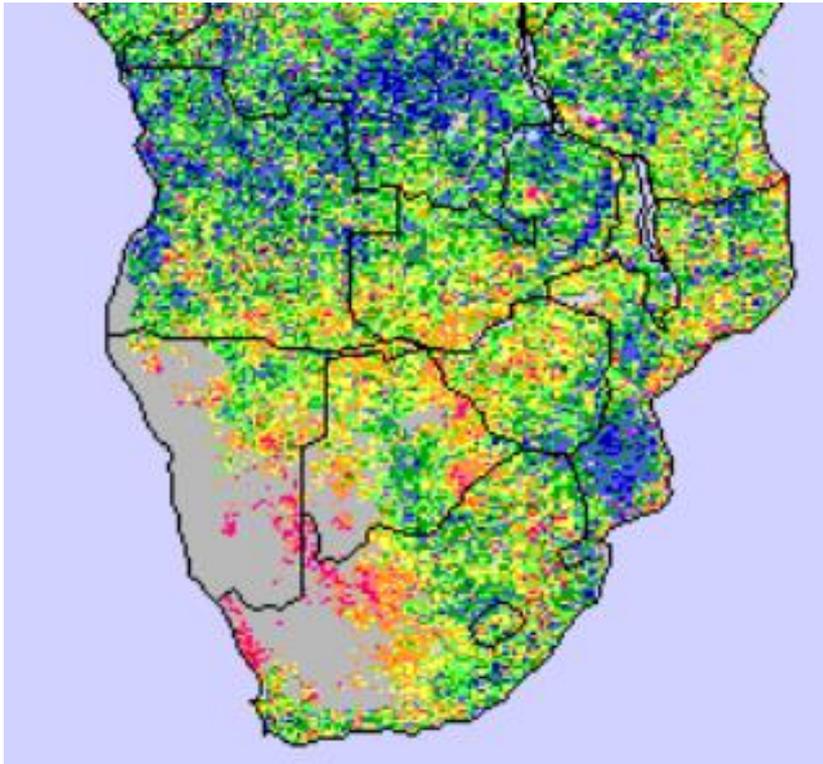
ENSO state based on NINO3.4 SST Anomaly Neutral ENSO: $-0.5\text{ }^{\circ}\text{C}$ to $0.5\text{ }^{\circ}\text{C}$



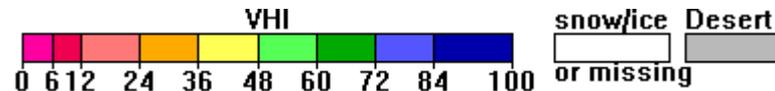
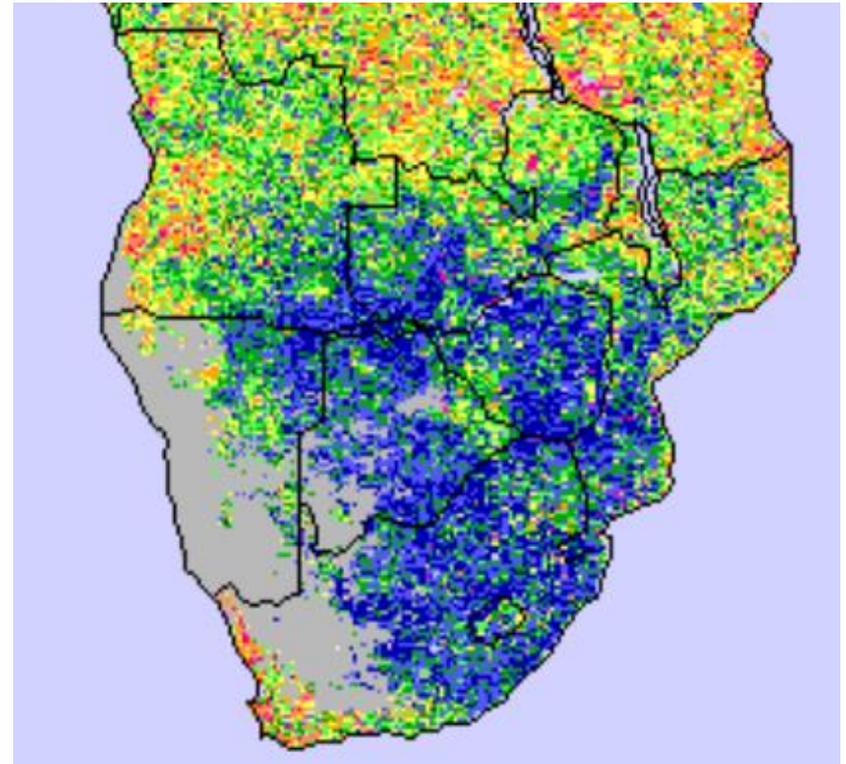
VEGETATIVE HEALTH INDEX



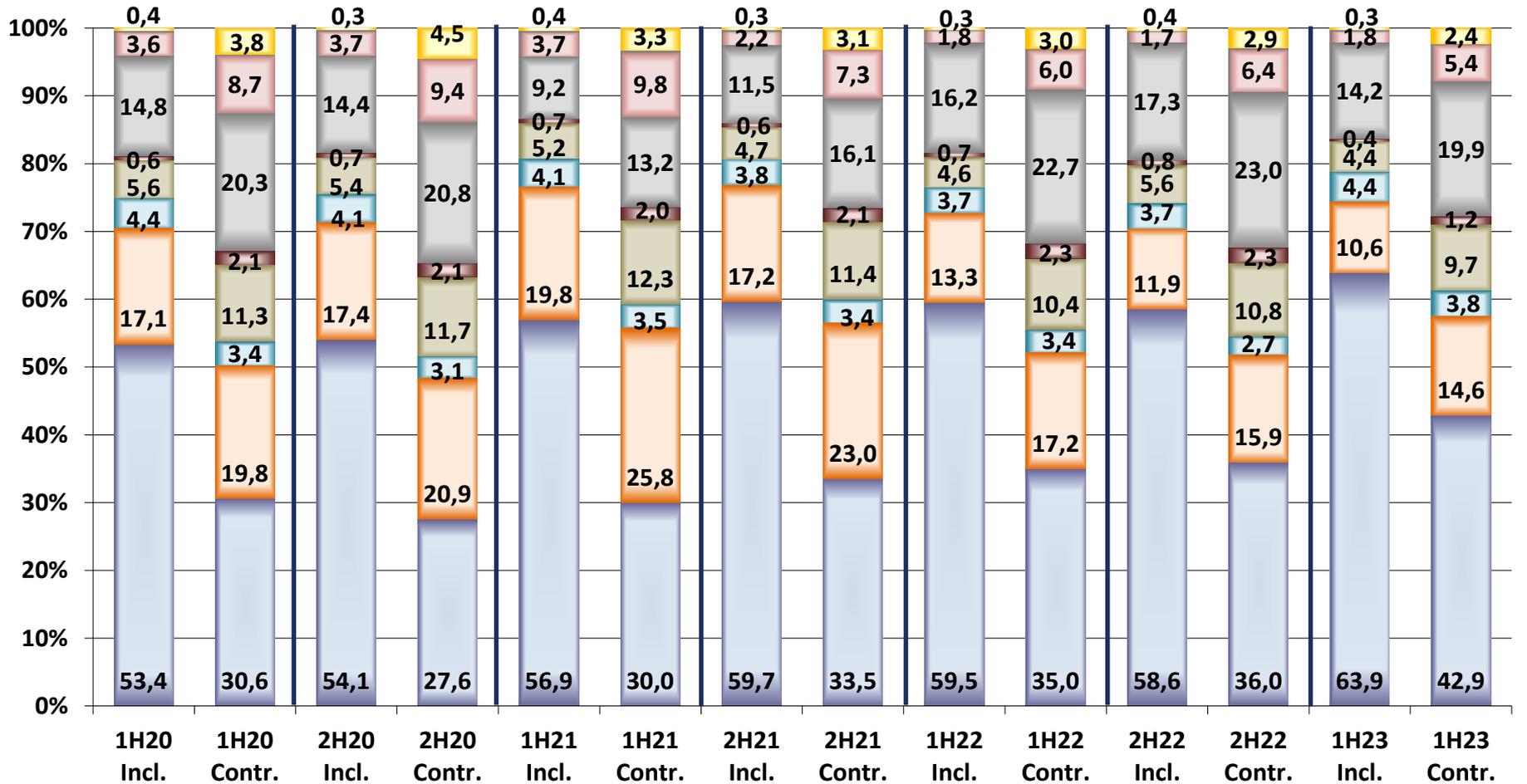
VHI of current year
May 6, 2023 (week 18)



VHI of previous year
May 6, 2022 (week 18)



BROILER FEED INGREDIENT CONTRIBUTION

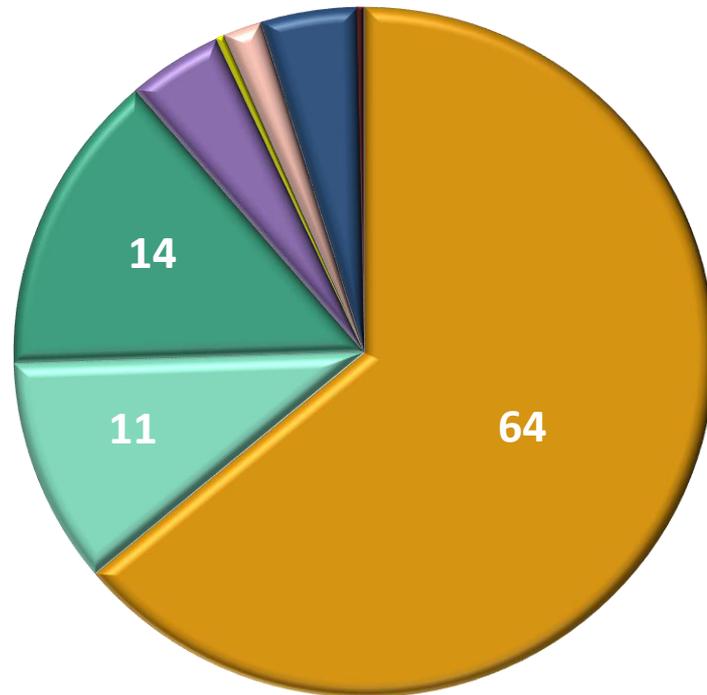


■ Maize ■ Soybean Meal ■ Sunflower Meal ■ Other ■ Fish Meal ■ F/Fat and Extr Soy ■ Soya Oil ■ Vitamins, Minerals and Medication.

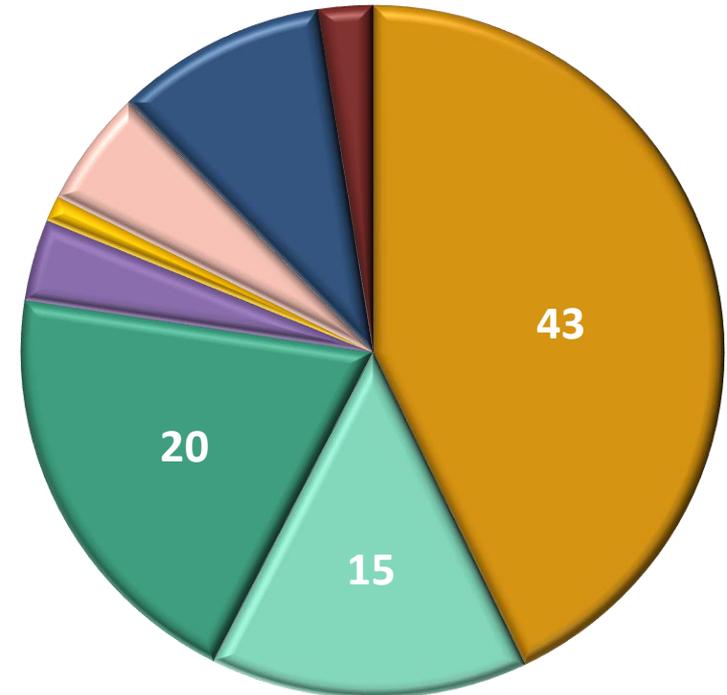
BROILER FEED COST BREAKDOWN



Inclusion (%)



Cost Contribution (%)



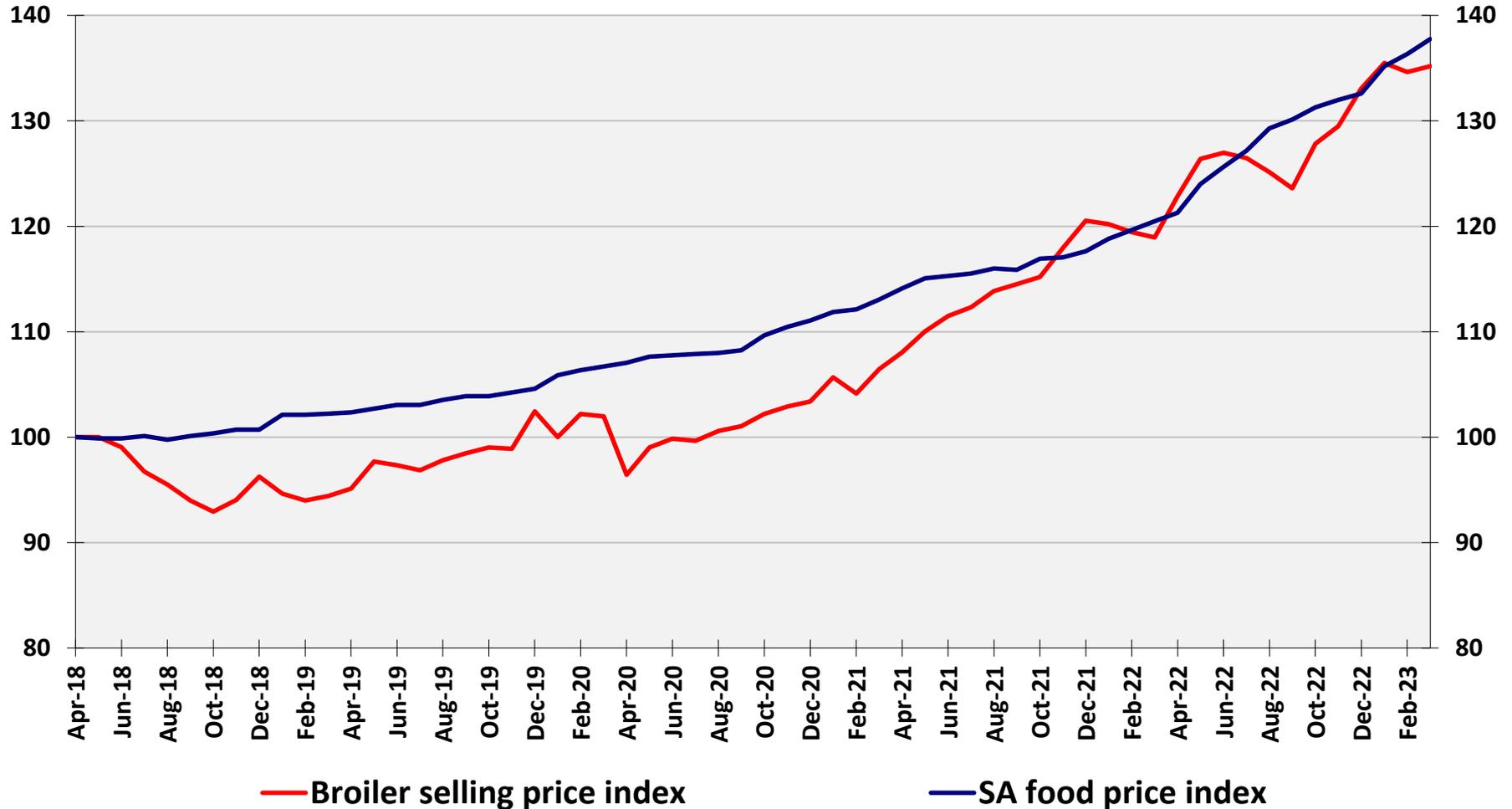
Maize
Fish meal

Soya meal
Soya oil

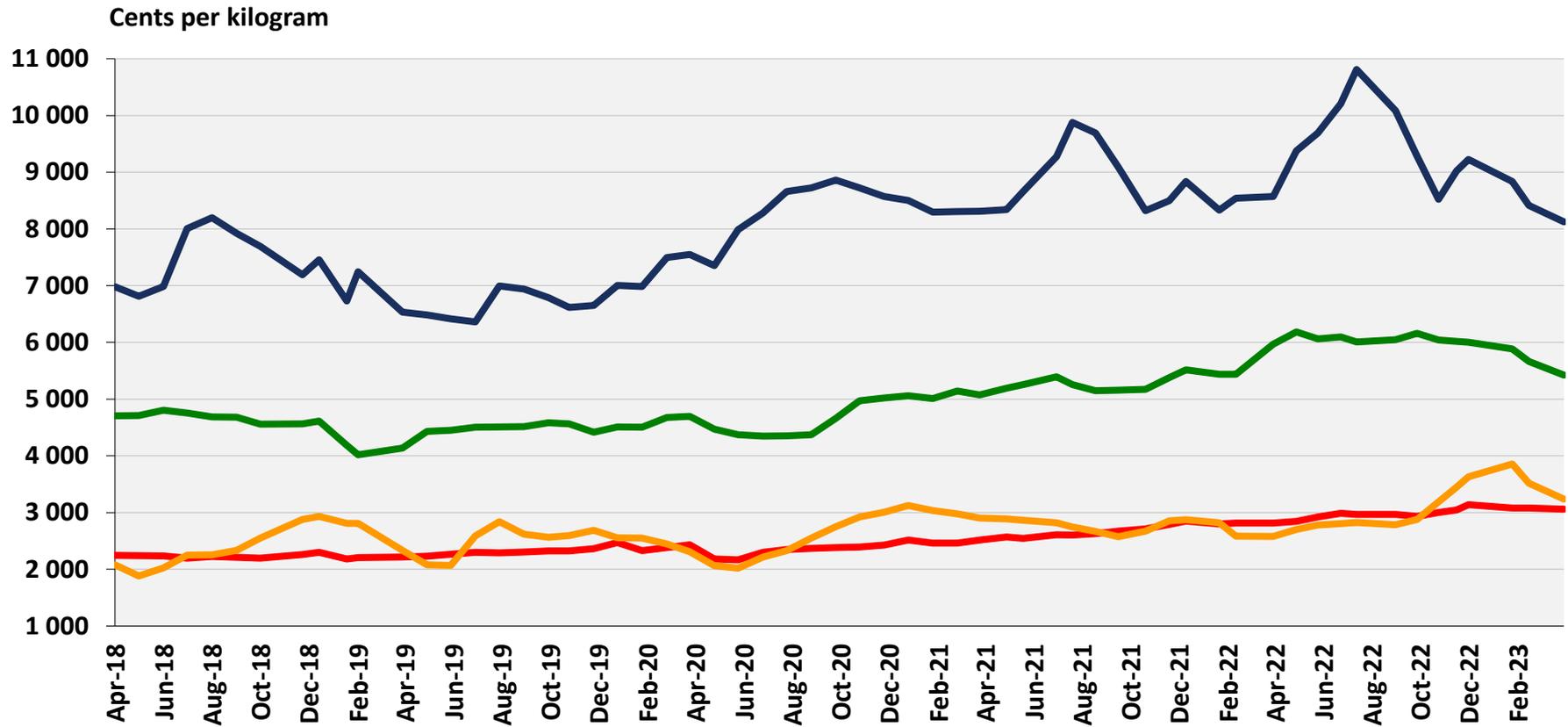
Extruded soya
Other

Sunflower meal
Vitamins & Minerals

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

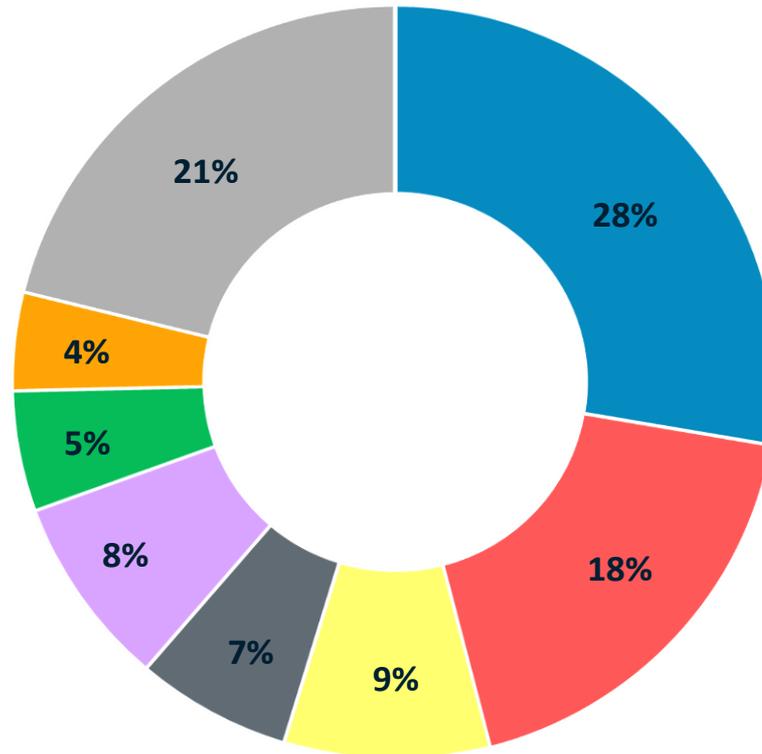
37,4 kg

5,9 kg

16,1 kg

2,8 kg

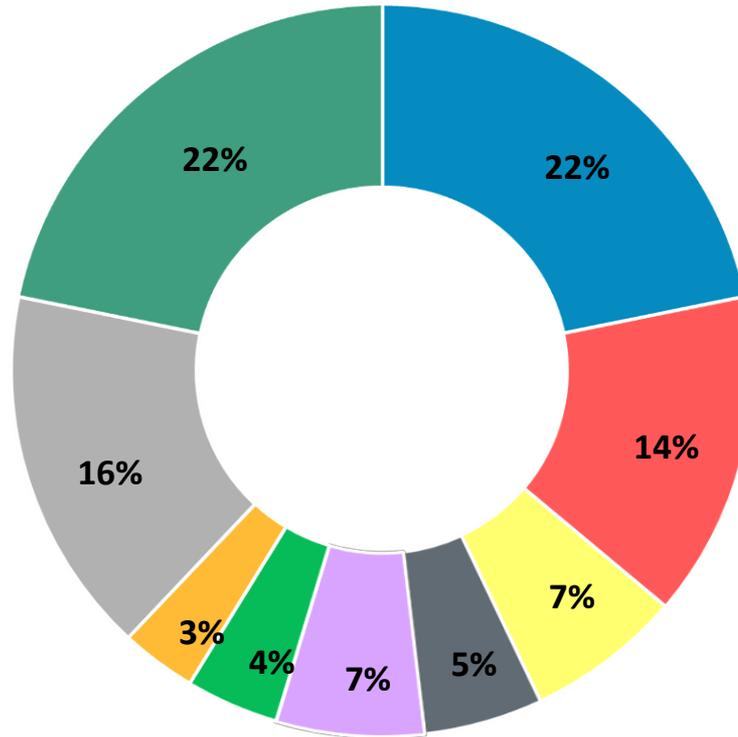
RSA POULTRY MARKET SHARE



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

Local broiler production ≈ 21,3 million birds per week (December 2022)

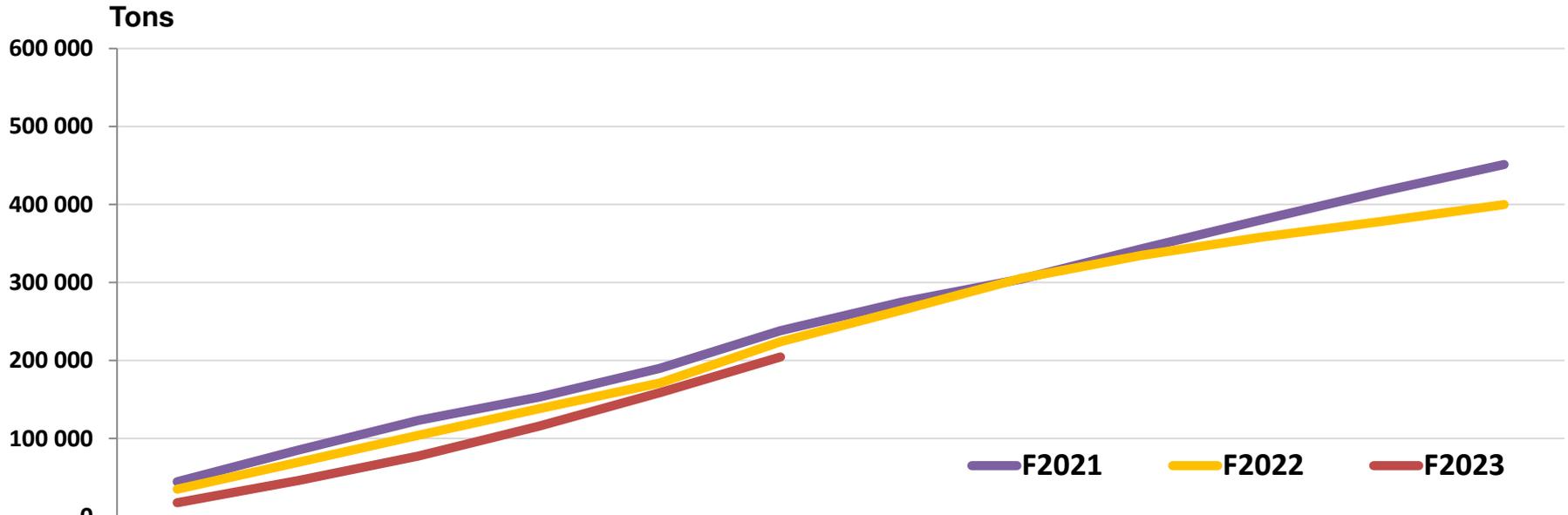
RSA POULTRY MARKET SHARE



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

Avg. poultry imports ≈ 6.1 million birds per week (6 months ended March 2023)

TOTAL POULTRY IMPORTS



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2021	44 514	85 247	123 398	153 294	189 826	238 230	274 805	304 583	343 344	380 748	417 132	451 324
F2022	34 965	69 465	104 383	138 181	171 050	224 088	264 514	305 551	335 049	358 237	378 734	399 817
F2023	17 730	45 948	77 515	115 854	158 740	204 431						

F2022	34 965	34 500	34 918	33 798	32 869	53 038	40 426	41 037	29 498	23 188	20 497	21 083
F2023	17 730	28 218	31 567	38 339	42 886	45 691						
% Var	-49,3	-18,2	-9,6	13,4	30,5	-13,9						
bpw*	3,2	5,1	5,6	6,9	7,7	8,2						

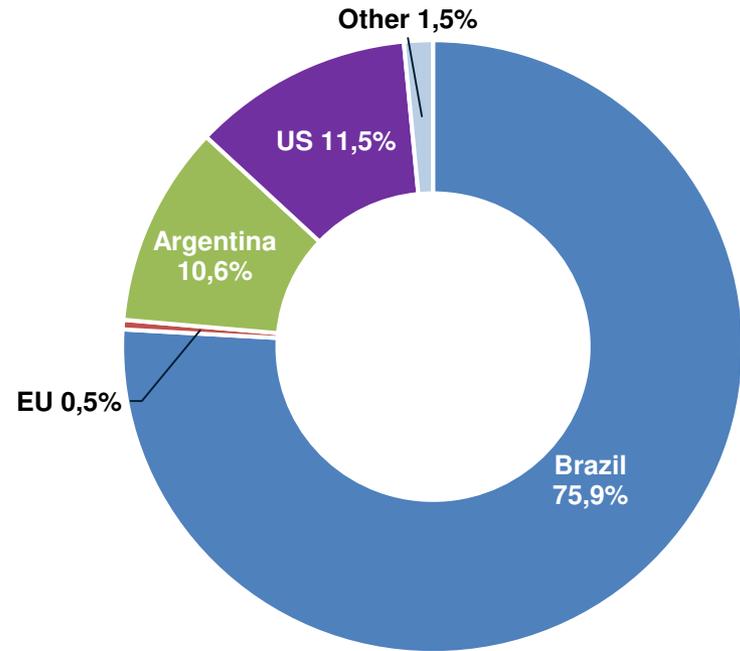
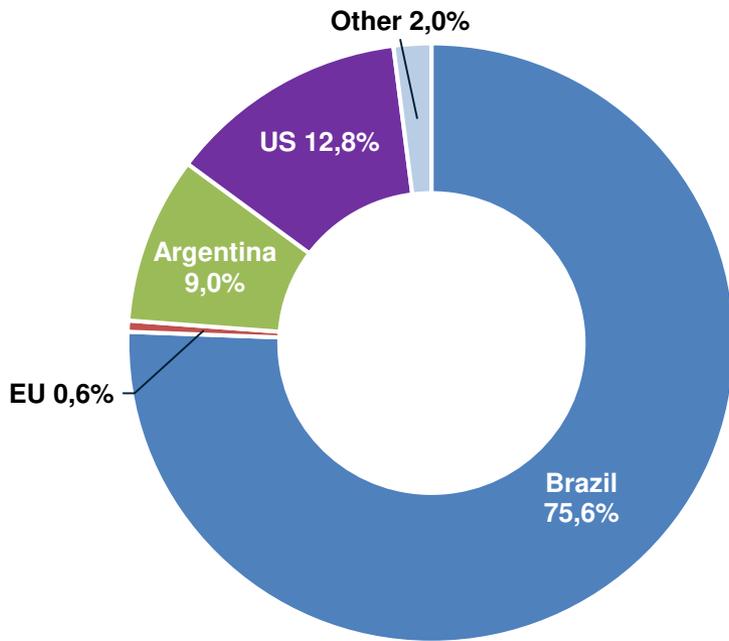
TOTAL POULTRY IMPORTS

COUNTRY OF ORIGIN



■ 2022

■ 2023 March YTD



373 049 tons

126 915 tons

TOTAL POULTRY IMPORTS

COUNTRY OF ORIGIN

Country (tons)	2021	2022	2023 Mar YTD
Brazil	287 880	282 128	96 345
United States	67 308	47 774	14 615
Poland	-	-	-
Argentina	23 715	33 455	13 442
Ireland	852	-	-
Denmark	100	-	28
Spain	37 077	2 061	-
Thailand	4 576	1 101	69
Canada	6 462	1 358	-
Chile	1 484	1 334	422
Australia	2 243	2 334	1 145
Germany	42	-	-
United Kingdom	-	-	-
Netherlands	22	84	544
Uruguay	77	104	25
Belgium	25	25	-
France	28	5	0.5
Switzerland	24	-	-
Swaziland	132	984	239
Other	107	87	9

CONTACT DETAILS

Chris Schutte
Chief Executive Officer

Tel : +27 (0) 12 667 5468
email: ces@astralfoods.com



Gary Arnold
Chief Operating Officer

Tel : +27 (0) 11 991 6000
email: gary.arnold@astralfoods.com



Dries Ferreira
Chief Financial Officer

Tel : +27 (0) 12 667 5468
email: dries.ferreira@astralfoods.com

