



2022

Interim Results Presentation

for the six months ended 31 March 2022

AGENDA



- **Business Overview** *Slide 3 – Chris Schutte*
- **Operational Overview** *Slide 11 – Gary Arnold*
- **Industry Matters** *Slide 29 – Gary Arnold*
- **Financial Overview** *Slide 32 – Dries Ferreira*
- **Strategic Matters** *Slide 43 – Chris Schutte*
- **Outlook** *Slide 48 – Chris Schutte*
- **Additional Information** *Slide 51*



BUSINESS OVERVIEW



Chris Schutte
Chief Executive Officer



SALIENT POINTS

- **Raw material input costs increased** sharply over the period on high maize and soya prices, driven by global fundamentals in the coarse grain markets
- **Broiler production efficiencies** improved with a net benefit continuing to be realised through a revised feeding programme, to in part offset the higher broiler feed price
- **Poultry margins improved** as higher feed raw material and energy costs were partially recovered
- **Extraordinary costs** linked to load shedding, water supply interruptions and on-going Covid-19 health protocols

SALIENT POINTS

- **Continued high levels of poultry imports** notwithstanding the import tariffs and anti-dumping duties
- **Record level of unemployment** in South Africa with weak economic growth, however informal economy and social grant supporting disposable spend
- **Disposal of Astral's interest** in the National Chicks Swaziland joint venture completed, and the sale of the Mozambique feed and poultry assets expected to close in 2H2022
- **Resilient financial performance** under on-going tough market and operational conditions

KEY FINANCIAL INDICATORS



- **Revenue @ R9,4 billion**
(R9,5 billion including discontinued operations)
- **Profit before interest and tax @ R785 million**
(R802 million including discontinued operations)
- **Profit for the period @ R562 million**
- **Headline earnings per share @ 1 420 cents**
- **Interim dividend @ 790 cps**



DIVISIONAL OVERVIEW

Feed



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

Poultry



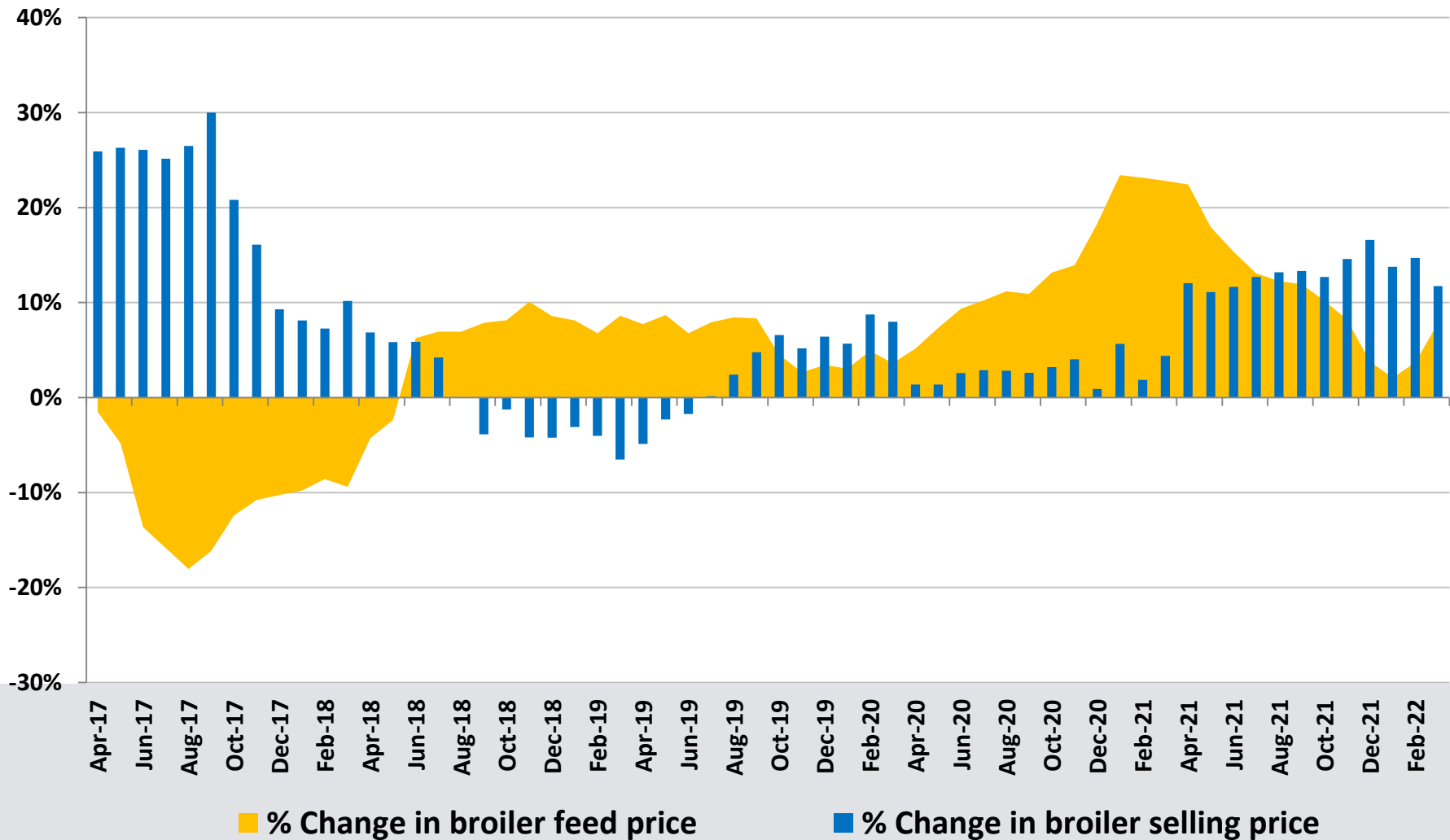
- Feeding programme change
- Broiler performance improvement
- Broiler sales volumes increased
- Broiler sales realisations up
- Non-feed costs well controlled

Other Africa – Feed & Poultry

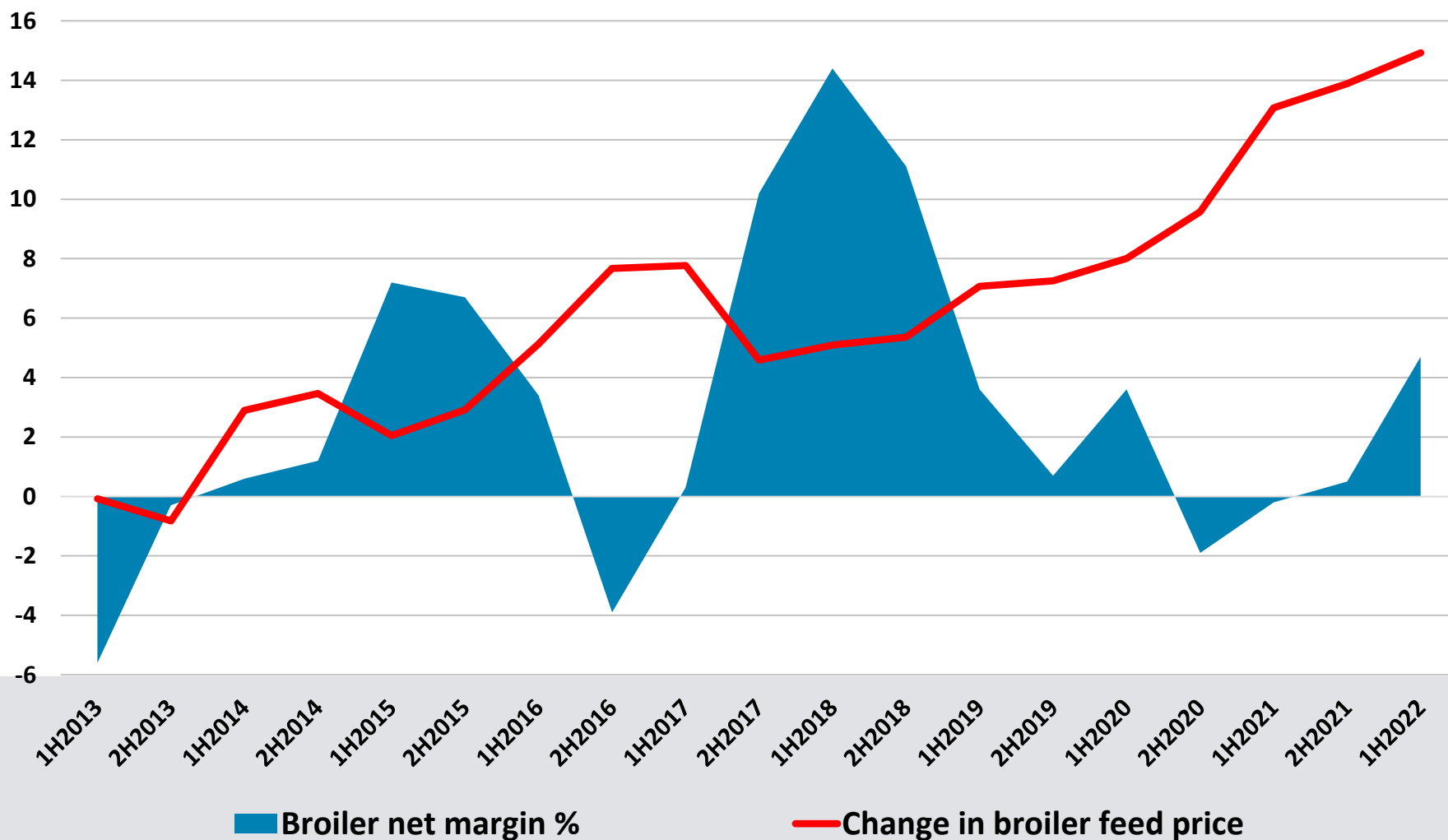
- Continued good performance from Zambia



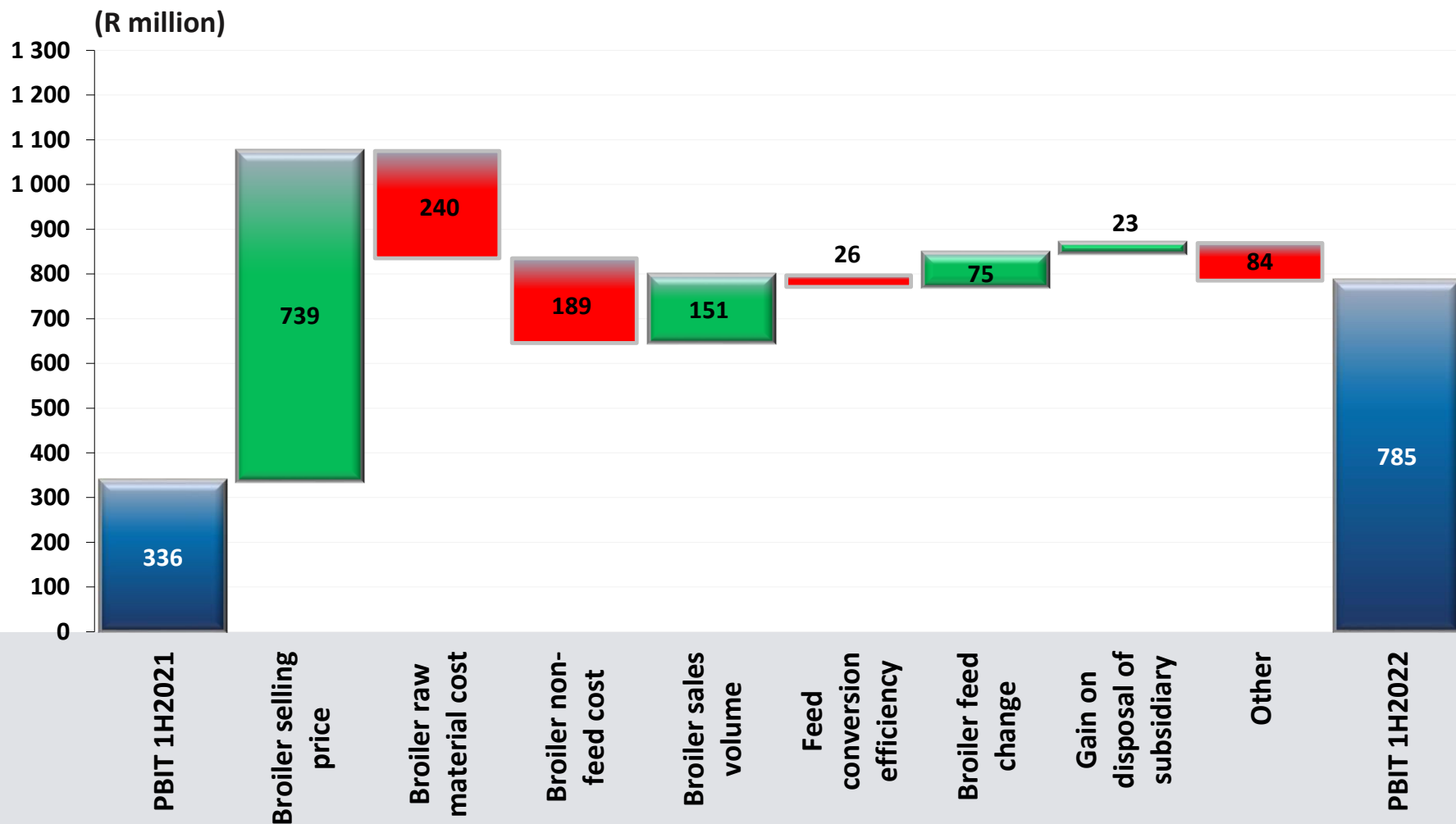
BROILER SELLING PRICE vs. FEED PRICE



BROILER NET MARGIN vs. FEED PRICE



PBIT MOVEMENT 1H2022 vs. 1H2021



RAW MATERIALS



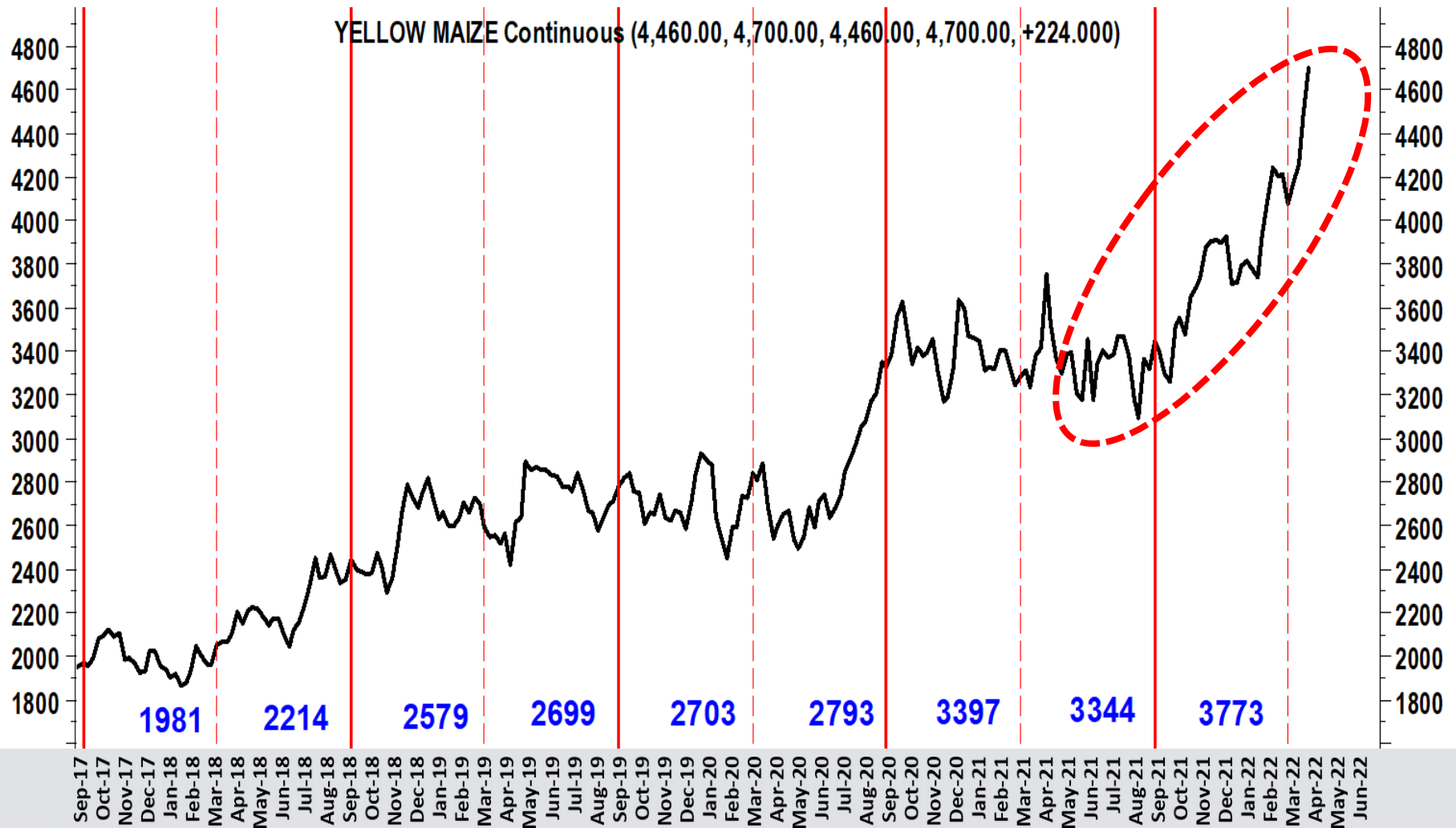
Gary Arnold
Group Chief Operating Officer



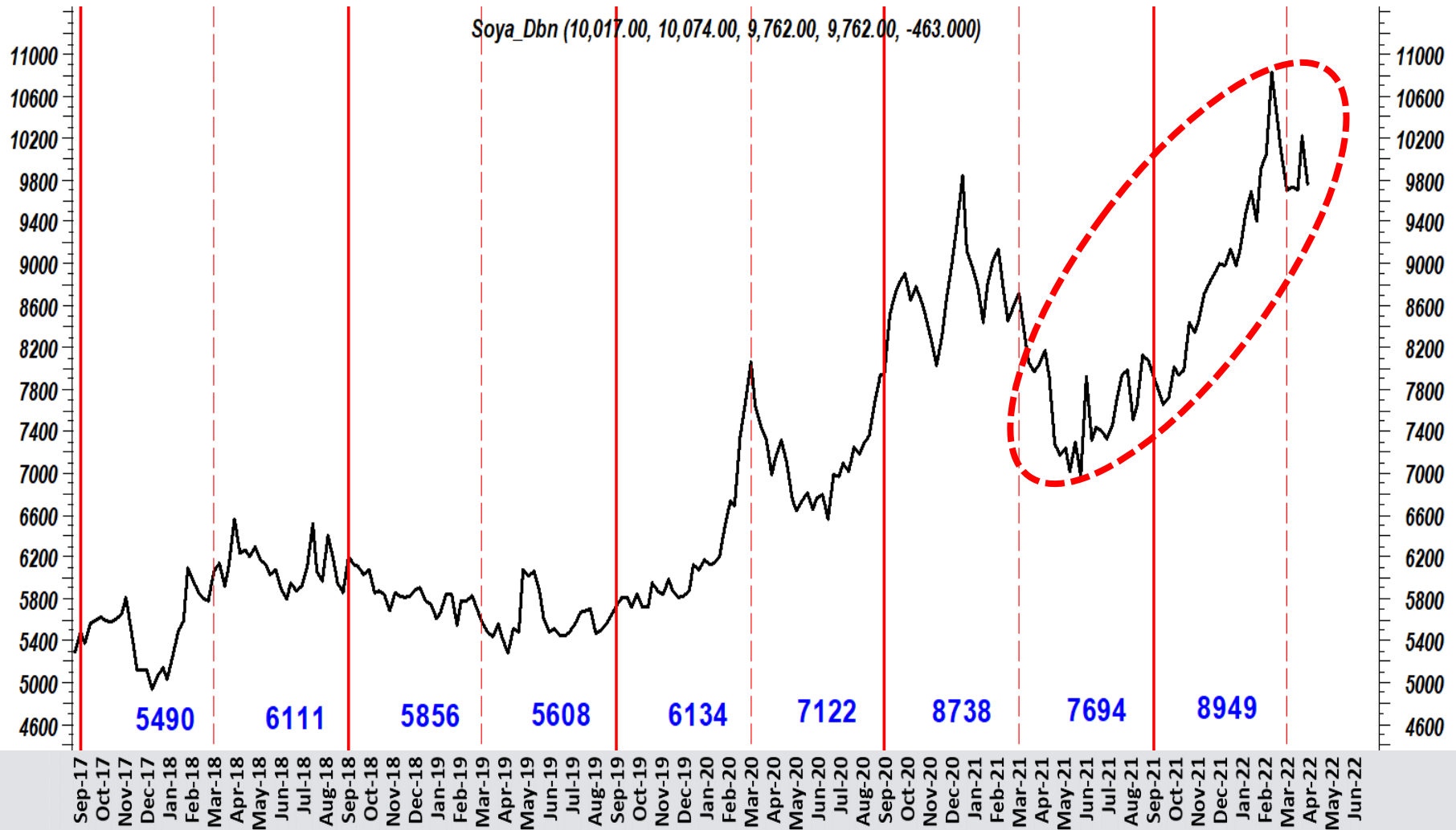
RSA TOTAL MAIZE SUPPLY & DEMAND Astral

<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
Carry In (1 May)	2 471	1 093	3 689	2 662	1 000	2 115	2 207
Crop Estimate	7 779	16 820	12 510	11 275	15 300	16 315	14 975
Retentions	309	1 191	495	388	90	829	707
Sagis Delivery	7 469	15 629	11 984	10 887	15 268	15 486	14 268
<i>Minus early deliveries</i>	450	0	0	0	0	0	0
Imports	2 237	0	172	510	0	8	0
Total Supply	11 727	16 722	15 845	14 059	16 268	17 608	16 475
Domestic Usage Food	4 808	4 993	5 161	5 378	5 685	5 220	5 305
Domestic Usage Feed	5 004	5 276	5 508	5 699	5 517	5 863	6 050
Gristing, withdrawn & released	278	313	239	177	121	130	130
Total Domestic Usage	10 090	10 583	10 907	11 264	11 324	11 212	11 485
Exports & Sundries	993	2 451	2 276	1 795	2 830	4 189	2 855
<i>Plus early deliveries</i>	450	0	0	0	0	0	0
Carry Out (30 Apr)	1 093	3 689	2 662	1 000	2 115	2 207	2 134
No of days usage	40	127	89	32	68	72	68
STU	9,87%	28,31%	20,19%	7,66%	14,94%	14,33%	14,88%

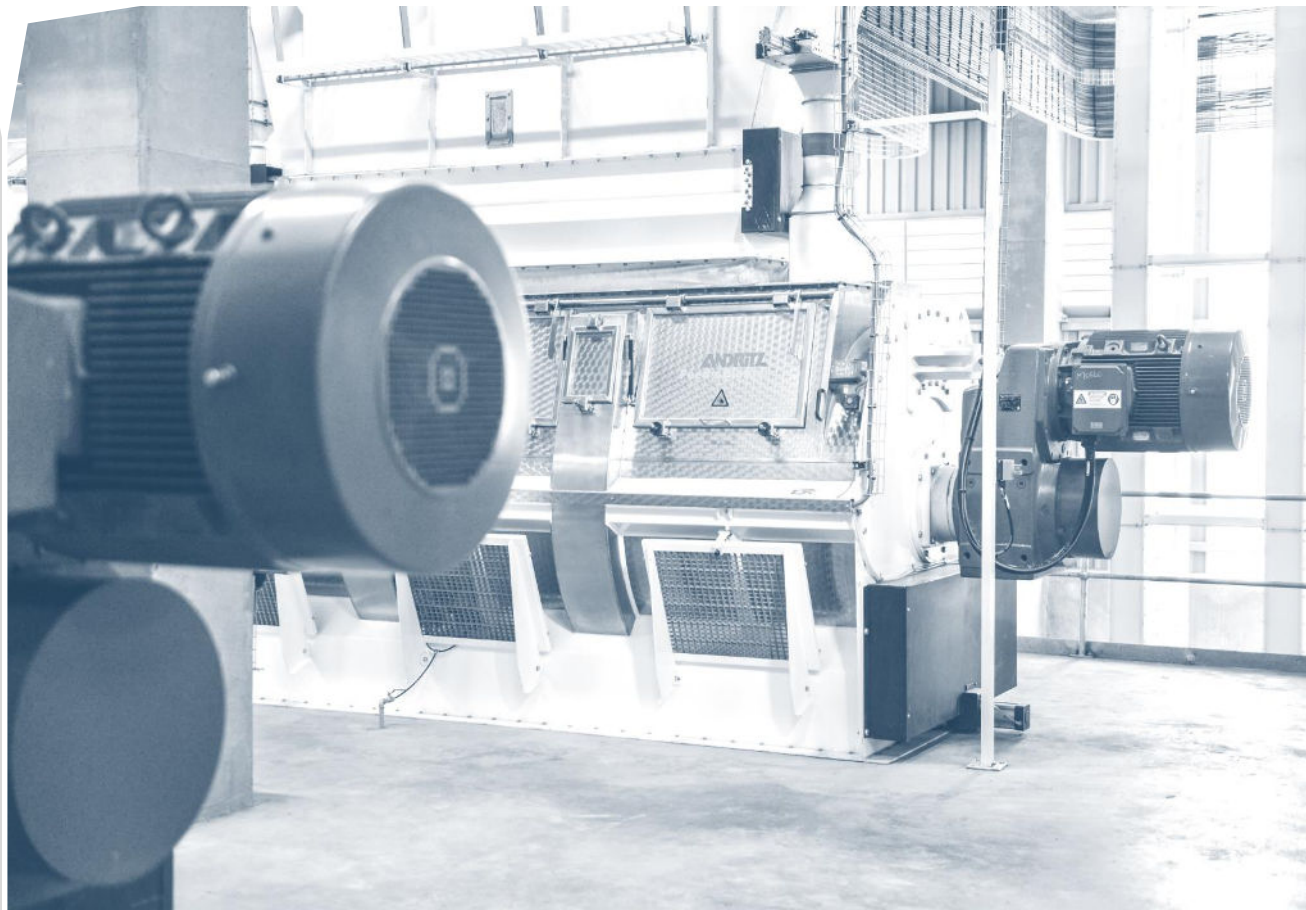
SAFEX YELLOW MAIZE PRICE



DURBAN SOYA MEAL PRICE

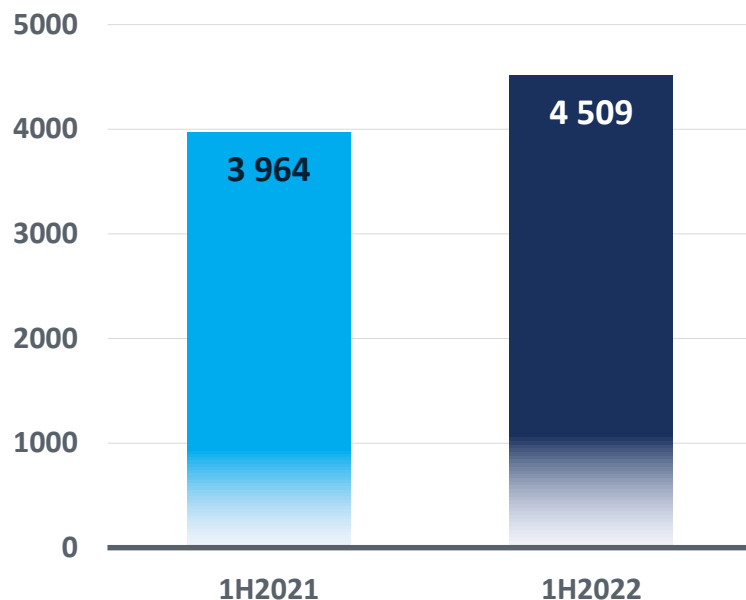


FEED DIVISION



FEED DIVISION

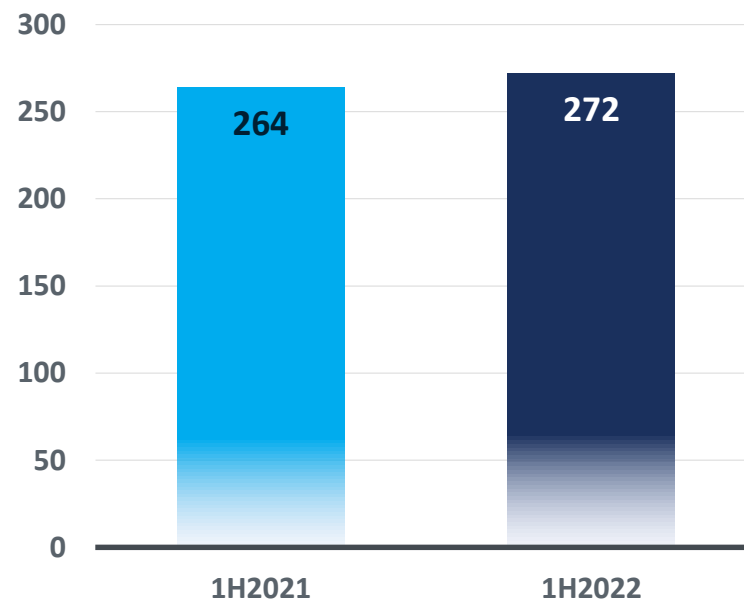
Revenue - R million



Revenue **up 13.8%**

- Raw material costs up
- Average selling prices up 6.7%
- Sales volumes up 7.6%

Operating profit - R million



Operating profit **up 2.9%**

- Net margin 6.0% (1H2021: 6.7%)
- Expenses well controlled
- Rand per ton margin stable

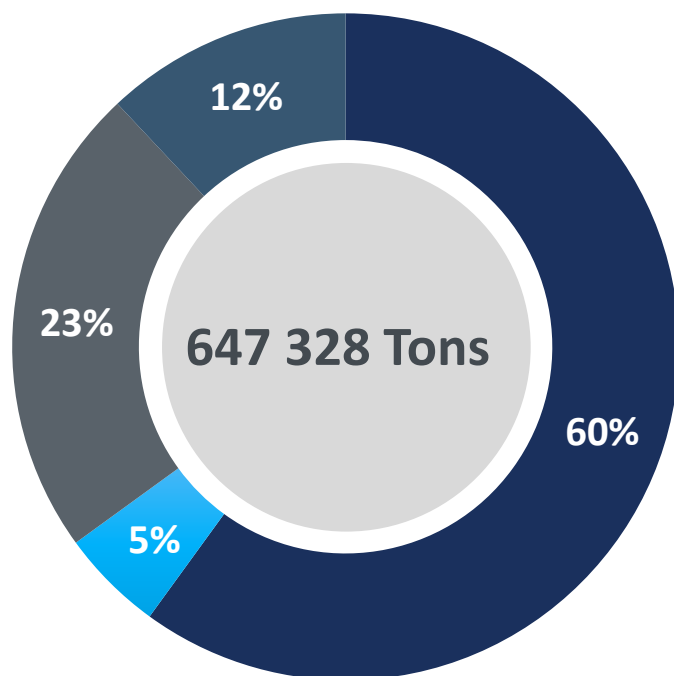
FEED DIVISION

- **SAFEX yellow maize price increased** for the period under review 1H2022 avg. R3 773 per ton (1H2021: R3 397) up R376 per ton
- **DBN soya meal price increased** for the period under review 1H2022 avg. R8 949 per ton (1H2021: R8 738) up R211 per ton
- **Internal feed sales volumes increased** by 10.8% due to an increase in broiler slaughter numbers and a higher broiler feed conversion rate (management decision)
- **External feed sales volumes increased** by 2.5% with increased sales into the pig and poultry sectors
- **Expenses were well controlled** across the division for the period under review
- The **average net margin stable** (on a Rand per ton basis) for the period under review

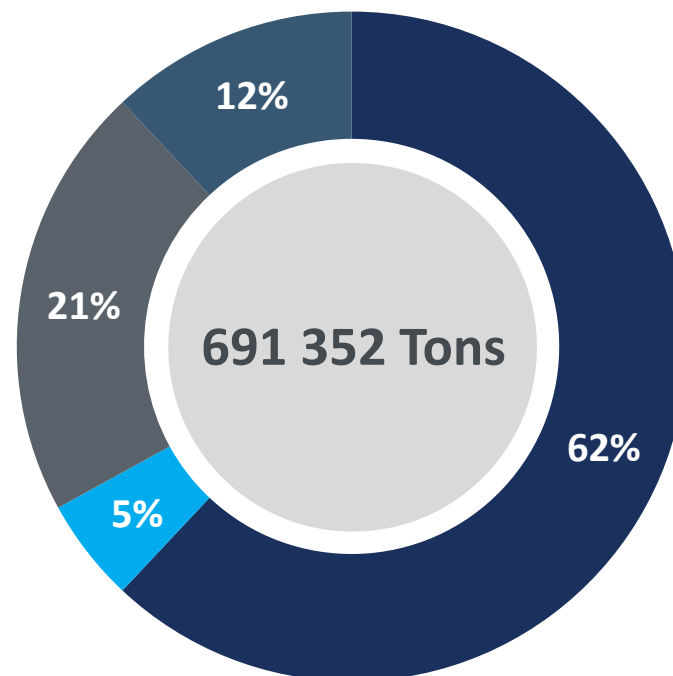
FEED DIVISION – SALES MIX



1H2021



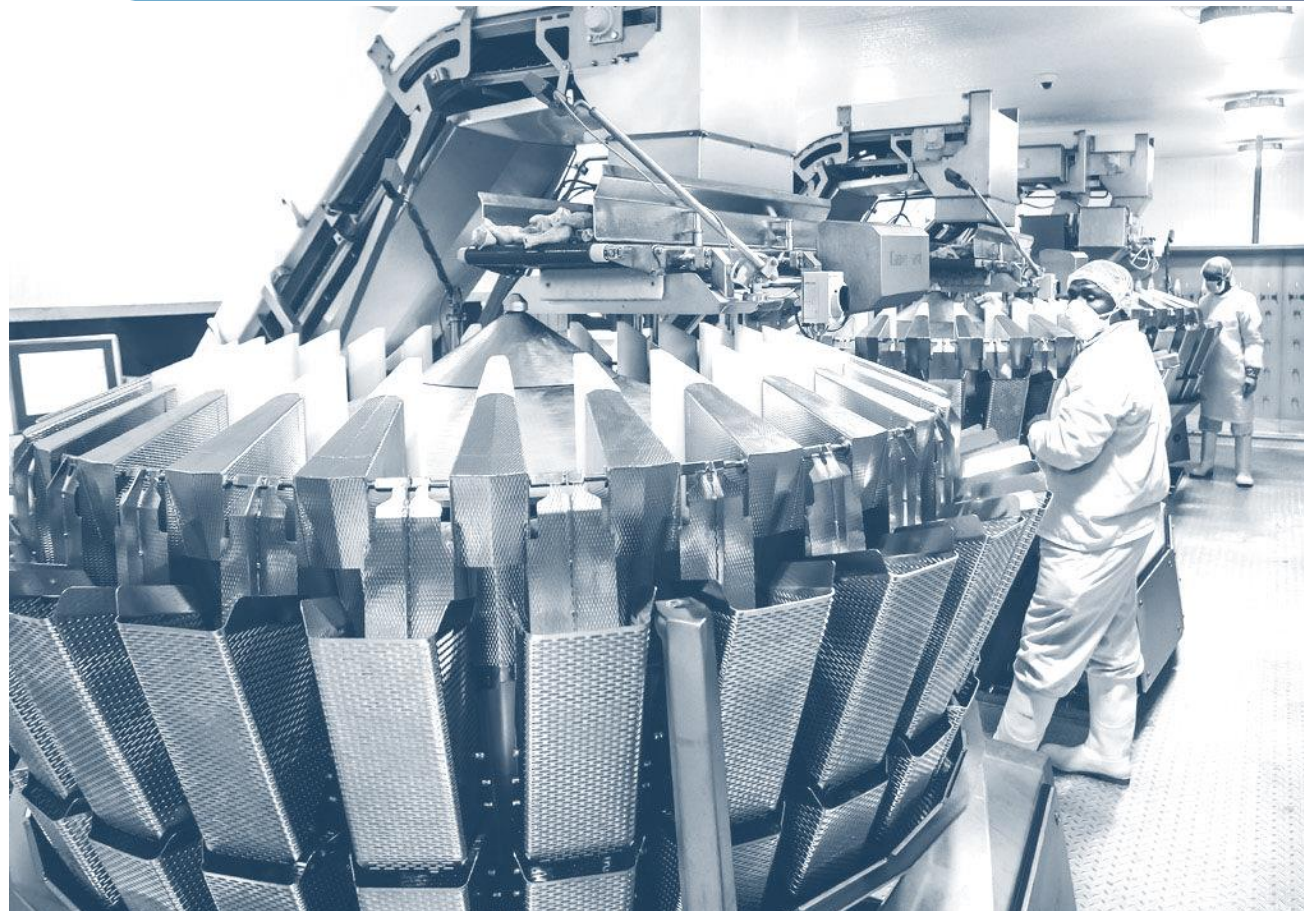
1H2022



■ Poultry Integrated ■ Poultry External ■ Dairy ■ Other

POULTRY DIVISION

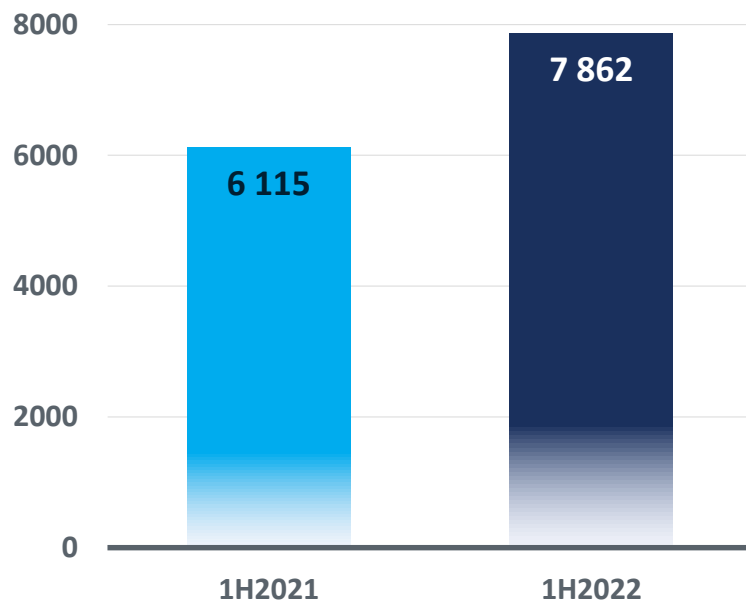
COMMERCIAL



POULTRY DIVISION - CONSOLIDATED



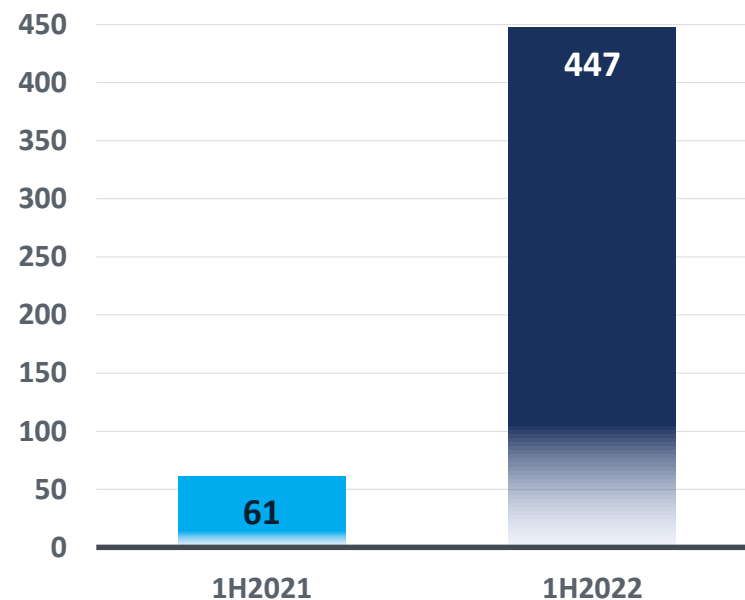
Revenue - R million



Revenue up 28.6%

- Broiler sales volumes up 15.7%
- Broiler sales realisations up 13.4%
- Breeder revenue up 13.8%

Operating profit - R million



Operating profit up 627%

- Net margin 5.7% (1H2021: 1.0%)
- Broiler feed price up 3.5%
- Positive impact of higher volumes

POULTRY DIVISION - COMMERCIAL

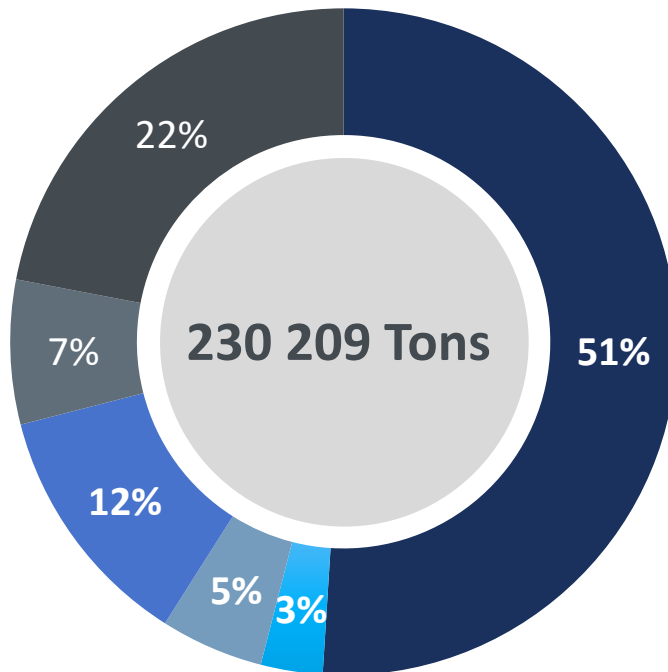


- Profits benefitted from **improved economies of scale** linked to an increase in broiler slaughter numbers
- **Broiler sales volumes increased** on higher bird numbers and sales out of stock, with additional volumes slaughtered under the new Festive expanded capacity
- **Broiler margins improved** to 4.7% (March 2021: -0.2%) on the partial recovery of escalating feed and energy input costs
- **The sales mix positively impacted** by further increase in QSR and fresh sales for the period under review
- **Overhead expense increases (per unit) contained to below inflationary levels**, but continue to be negatively impacted by on-going Covid-19 costs, national load shedding and water supply disruptions to the processing plants

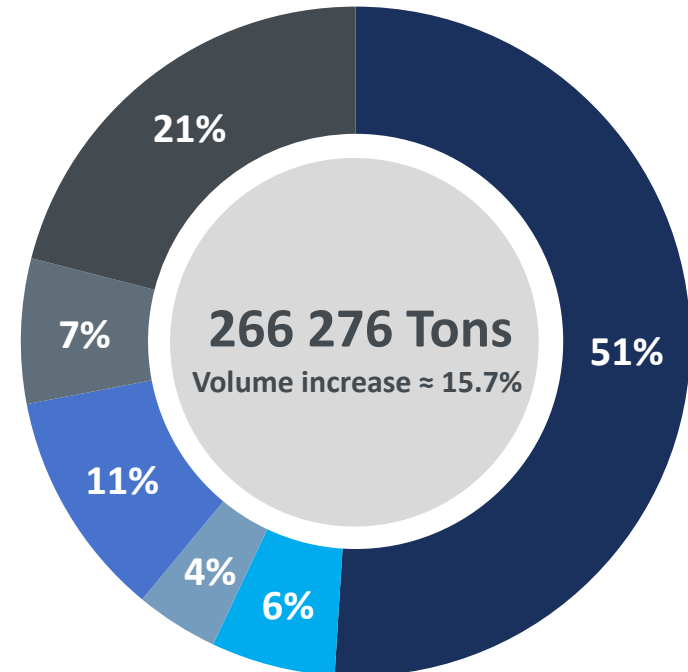
POULTRY DIVISION – SALES MIX



1H2021



1H2022



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

POULTRY DIVISION

AGRICULTURE

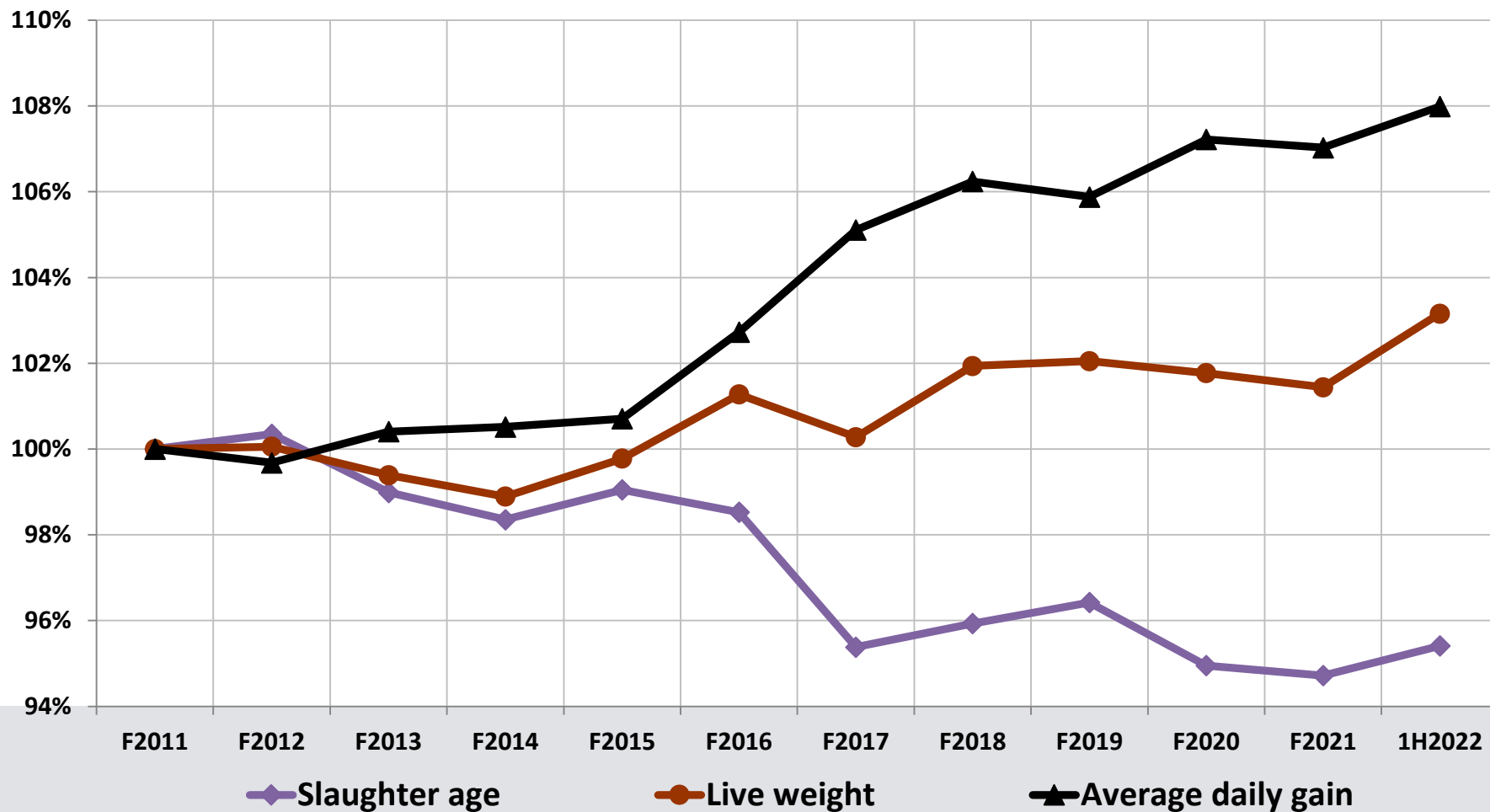


POULTRY DIVISION - AGRICULTURE



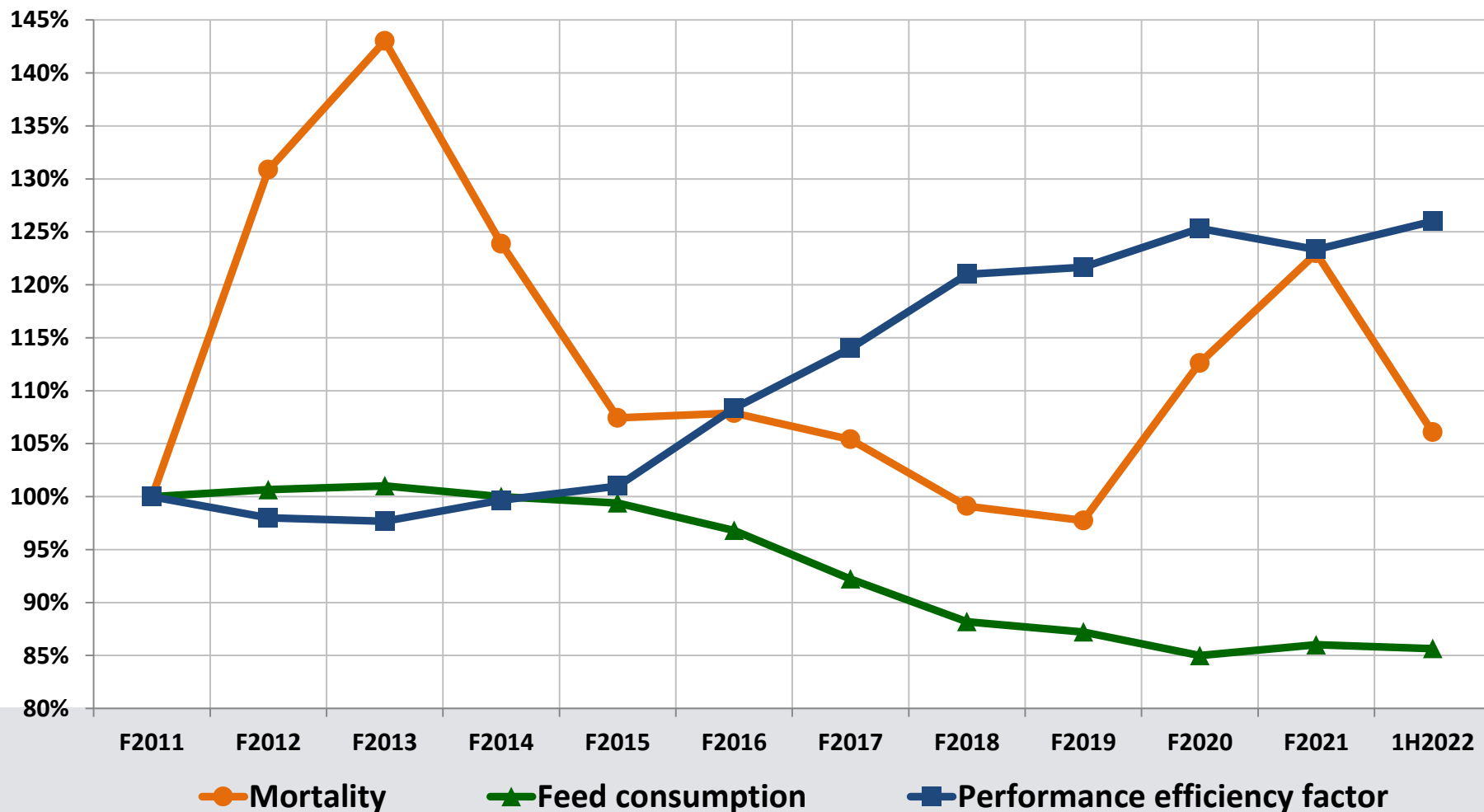
- **Parent stock sales were higher** for the period under review, as demand for the Ross broiler genetics continued to increase market share for the breed
- **Feed input costs increased** on the back of escalating raw material costs, adversely affecting the live bird production cost
- **Broiler production efficiencies improvement** together with revised feeding programme supported a positive contribution to the margin over feed cost
- **Non-feed costs increased** on the back of higher broiler production volumes and bird flu related control measures
- **Highly Pathogenic Avian Influenza** in South Africa remains a key risk to the industry, and continues to be detected in wild birds across the country

BROILER PRODUCTION PERFORMANCE



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

BROILER PRODUCTION PERFORMANCE



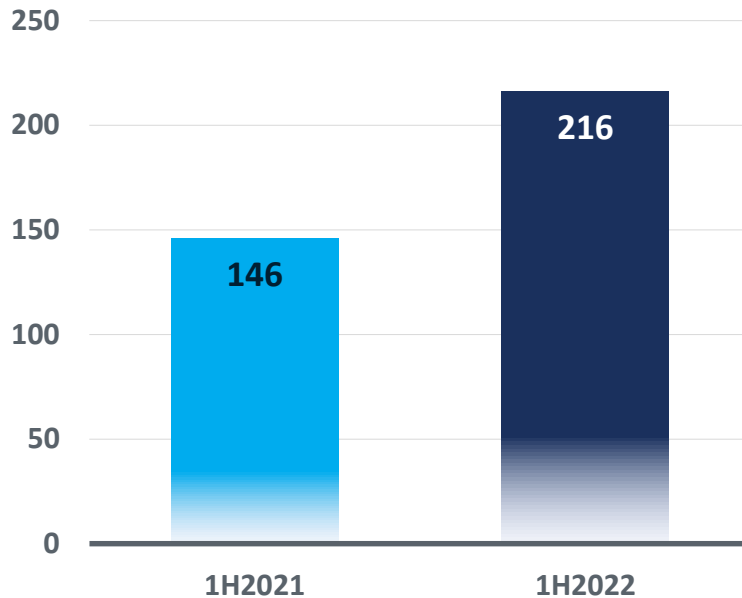
**Key indicators base-lined to 100% in F2011*

OTHER AFRICA



OTHER AFRICA DIVISION

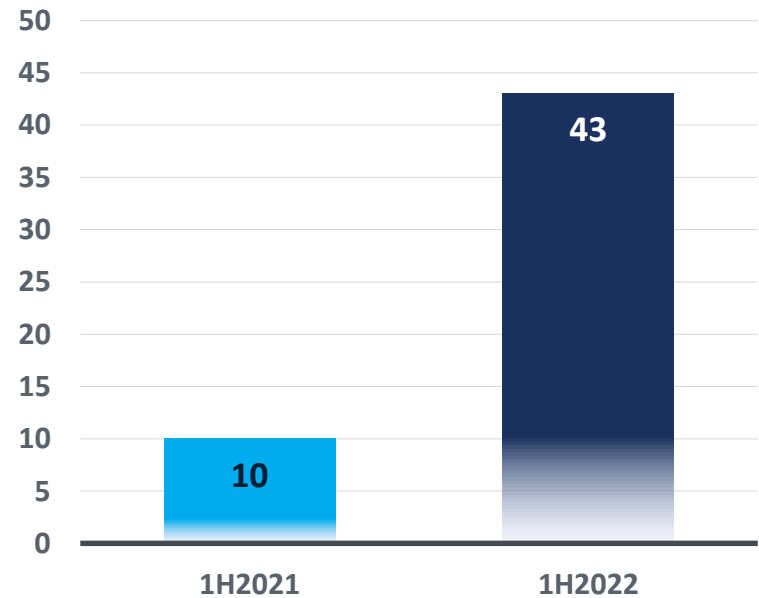
Revenue - R million



Revenue up 47.5%

- Selling prices up
- Sales volumes stable

Operating profit - R million



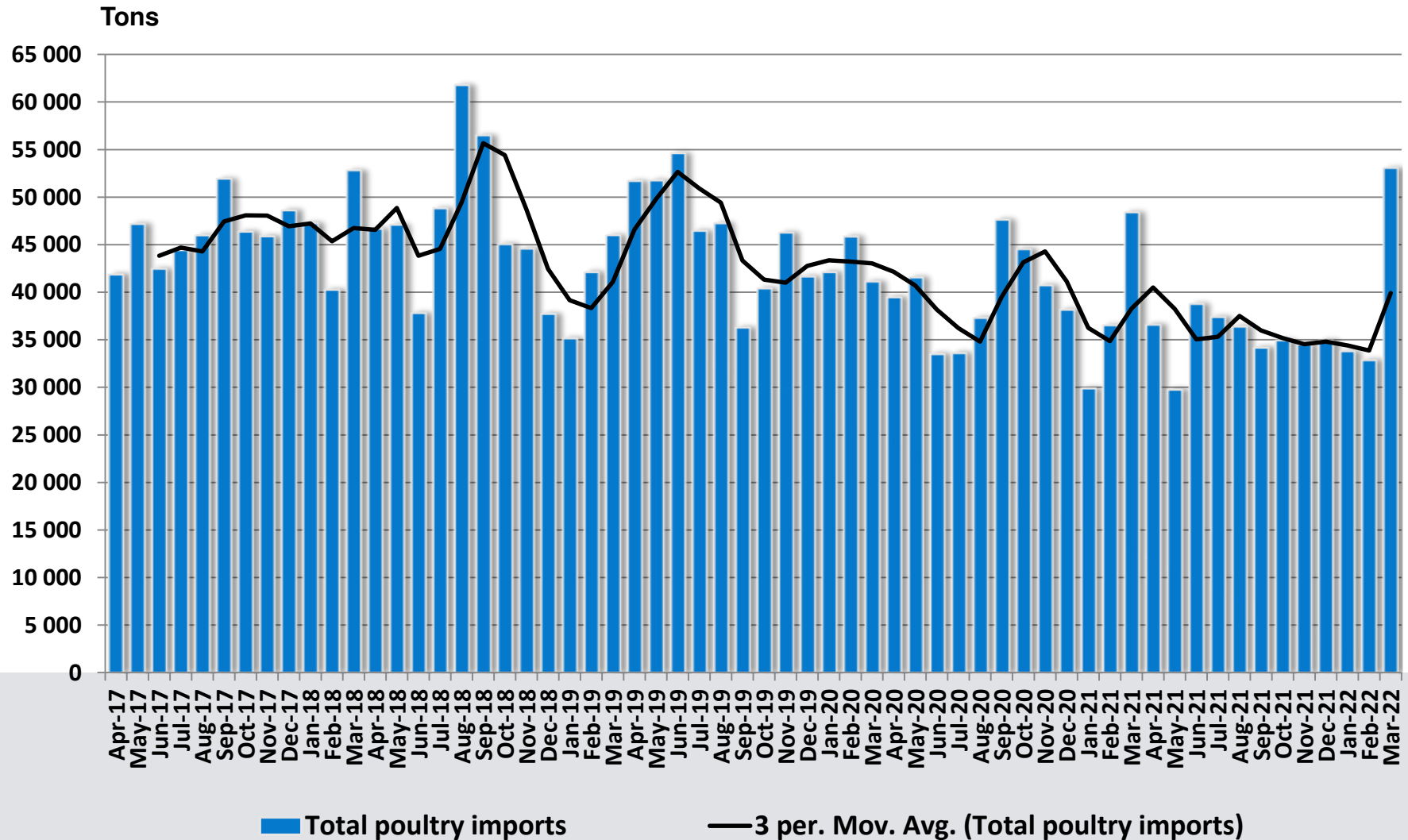
Operating profit up 333%

- Net margin 20.3% (1H2021: 6.9%)
- Zambia continued good performance

INDUSTRY MATTERS



POULTRY IMPORTS



INDUSTRY OVERVIEW

- Based on industry statistics **broiler slaughter numbers** are approximately **21.2 million birds per week**
- **Imports for the period averaged** 37 348 tons per month ($\approx$ 5.9% down on 1H2021 @ 39 705 tons), equalling approximately **24% of total consumption**
- **Highly Pathogenic Avian Influenza continues to pose a threat** to the local industry, and detected amongst wild birds
- **Provisional anti-dumping duties** introduced in December 2021 against Brazil, Ireland, Spain, Poland and Denmark; expire on 14 June 2022
- **The thawing and further processing** of imported poultry meat was investigated under the poultry sector master plan, and subsequently determined that the DOH regulations do allow for this practice (however agreed that traceability is a concern)

FINANCIAL OVERVIEW



Dries Ferreira
CFO Designate



INCOME STATEMENT

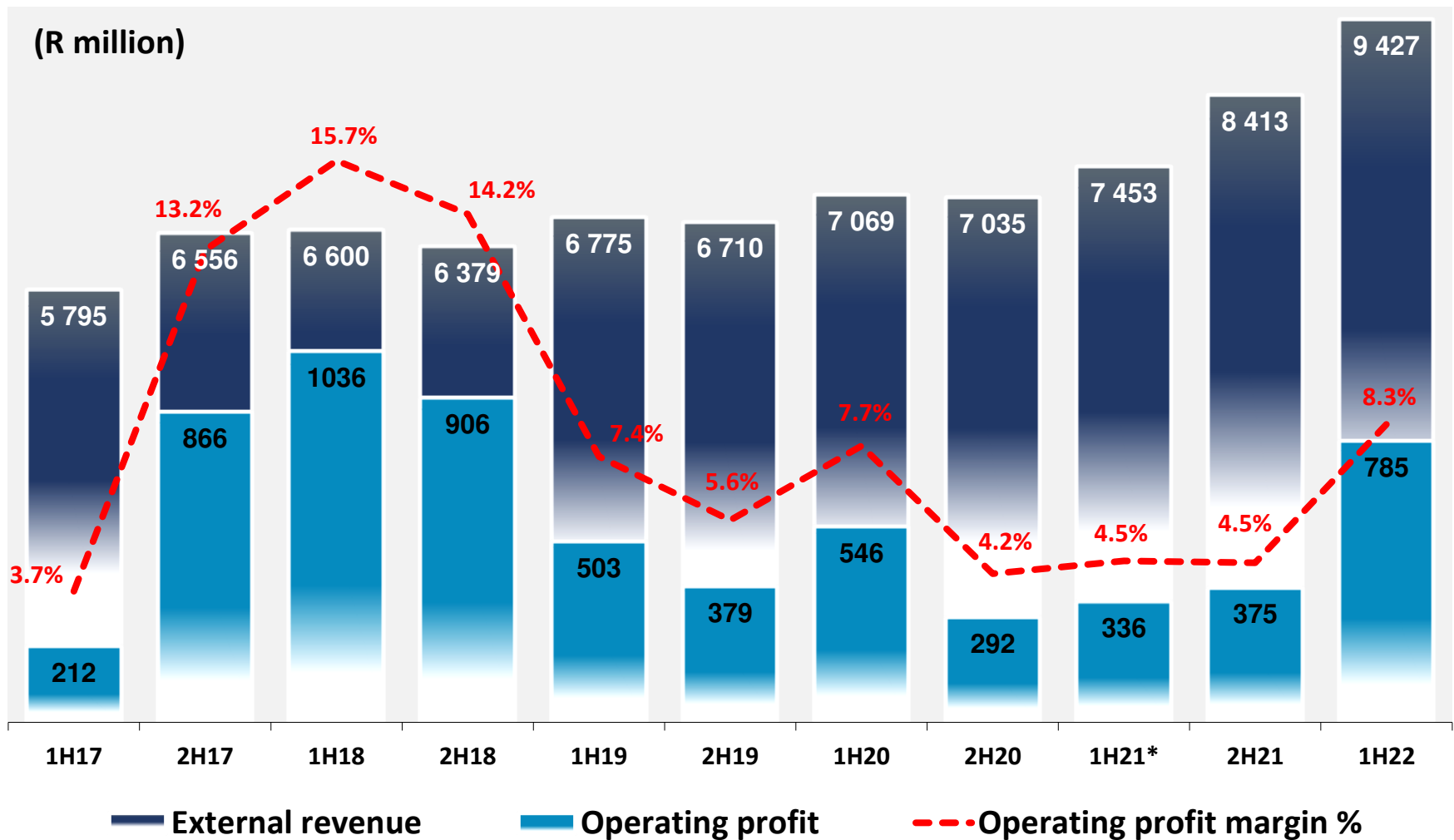


Six months ended 31 March

	2022 R million	2021* R million	% change
Revenue	9 427	7 453	 26%
Operating profit - continuing operations	762	336	 127%
Gain on disposal of interest in National Chicks Swaziland	23	-	
<i>Operating profit margin</i>	<i>8.3%</i>	<i>4.5%</i>	
Net finance costs	(17)	(25)	
Profit before tax	769	311	 148%
Tax	(222)	(88)	
Profit from continuing operations	547	223	 145%
Profit from discontinued operations	15	7	
Profit for the period	562	230	 145%
EPS – Cents	1 456	592	 146%
HEPS – Cents	1 420	597	 138%

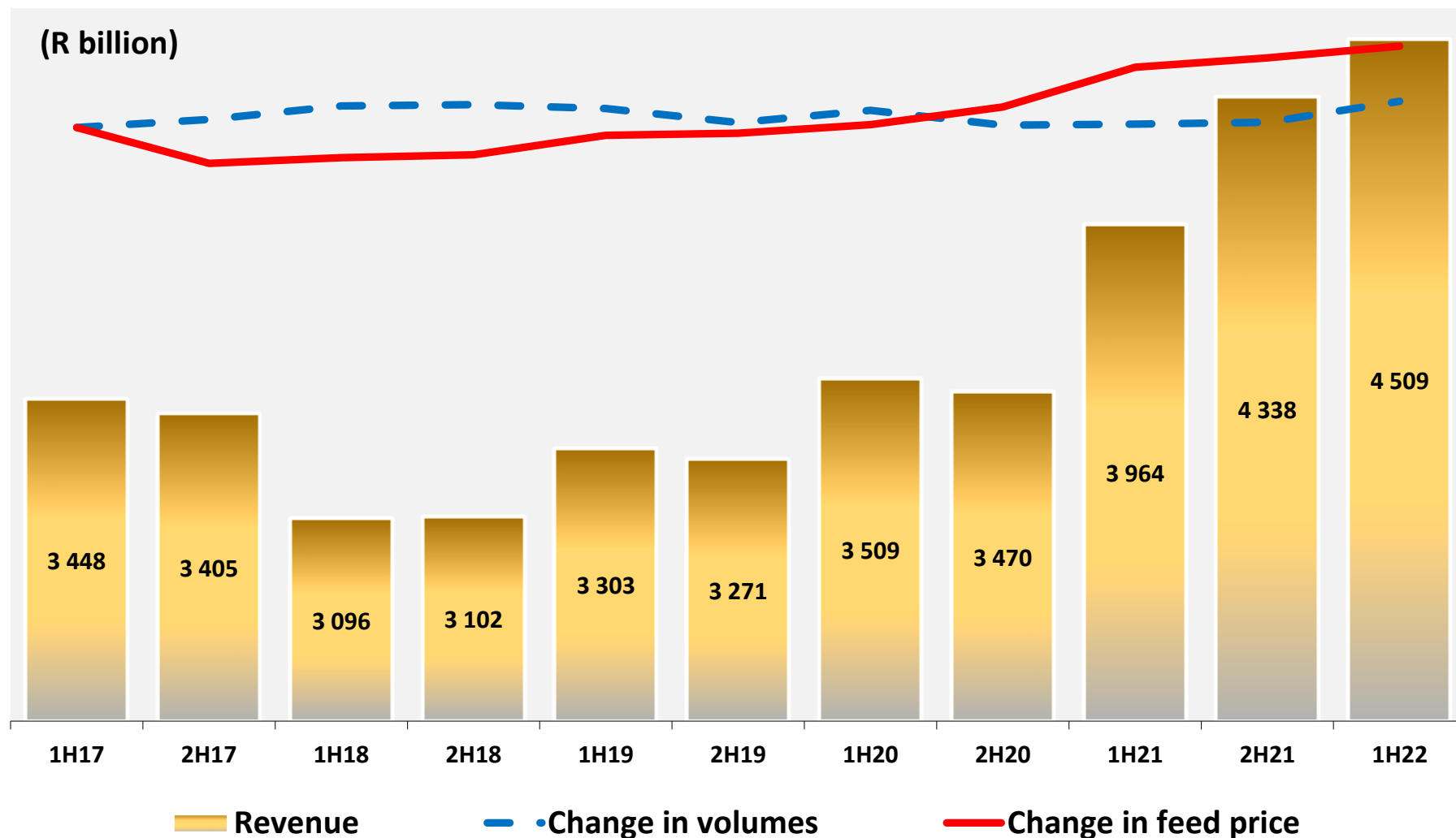
* Restated for discontinued operations

GROUP SIX MONTHLY REVENUE & PROFIT

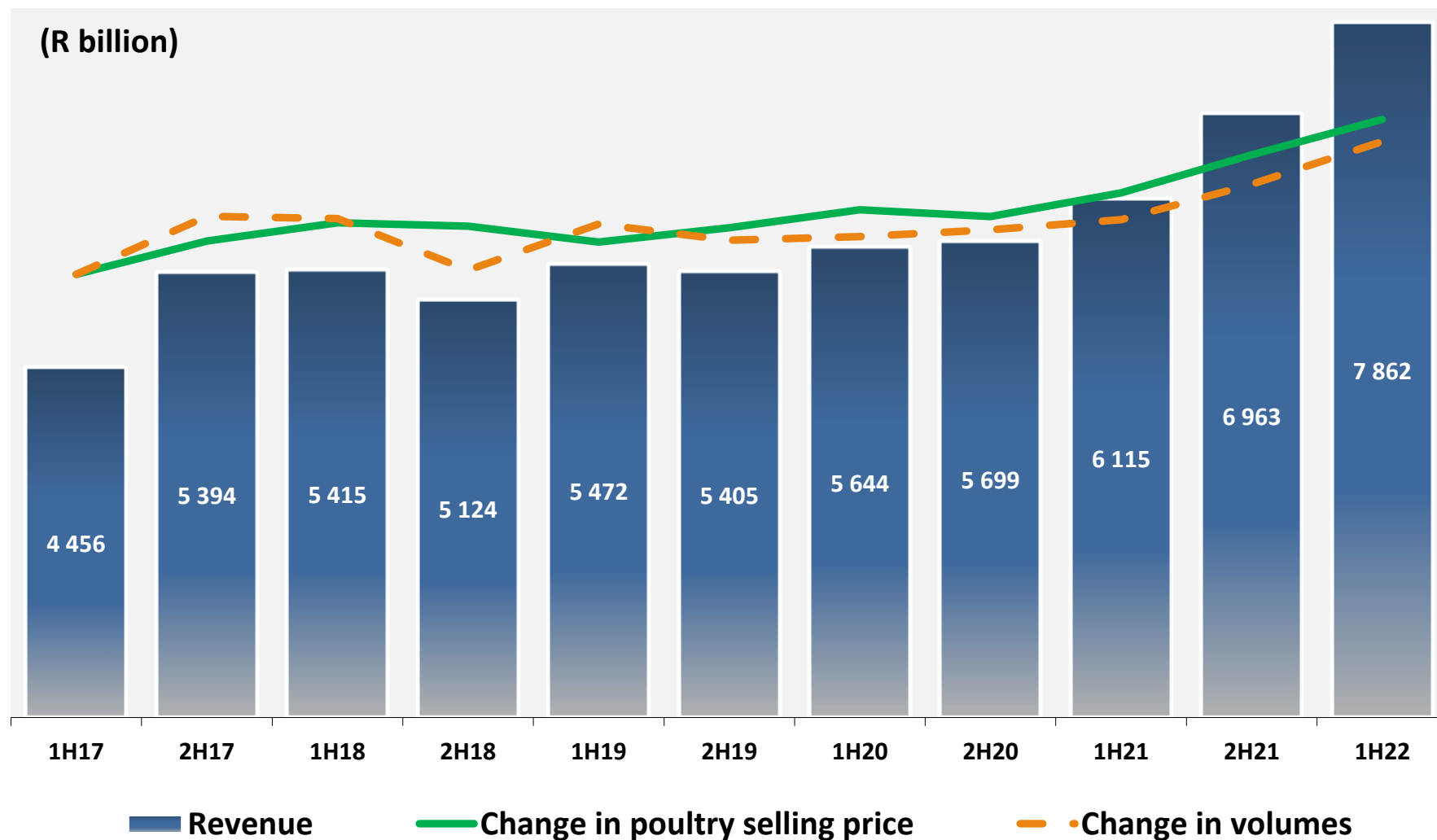


* Restated for discontinued operations

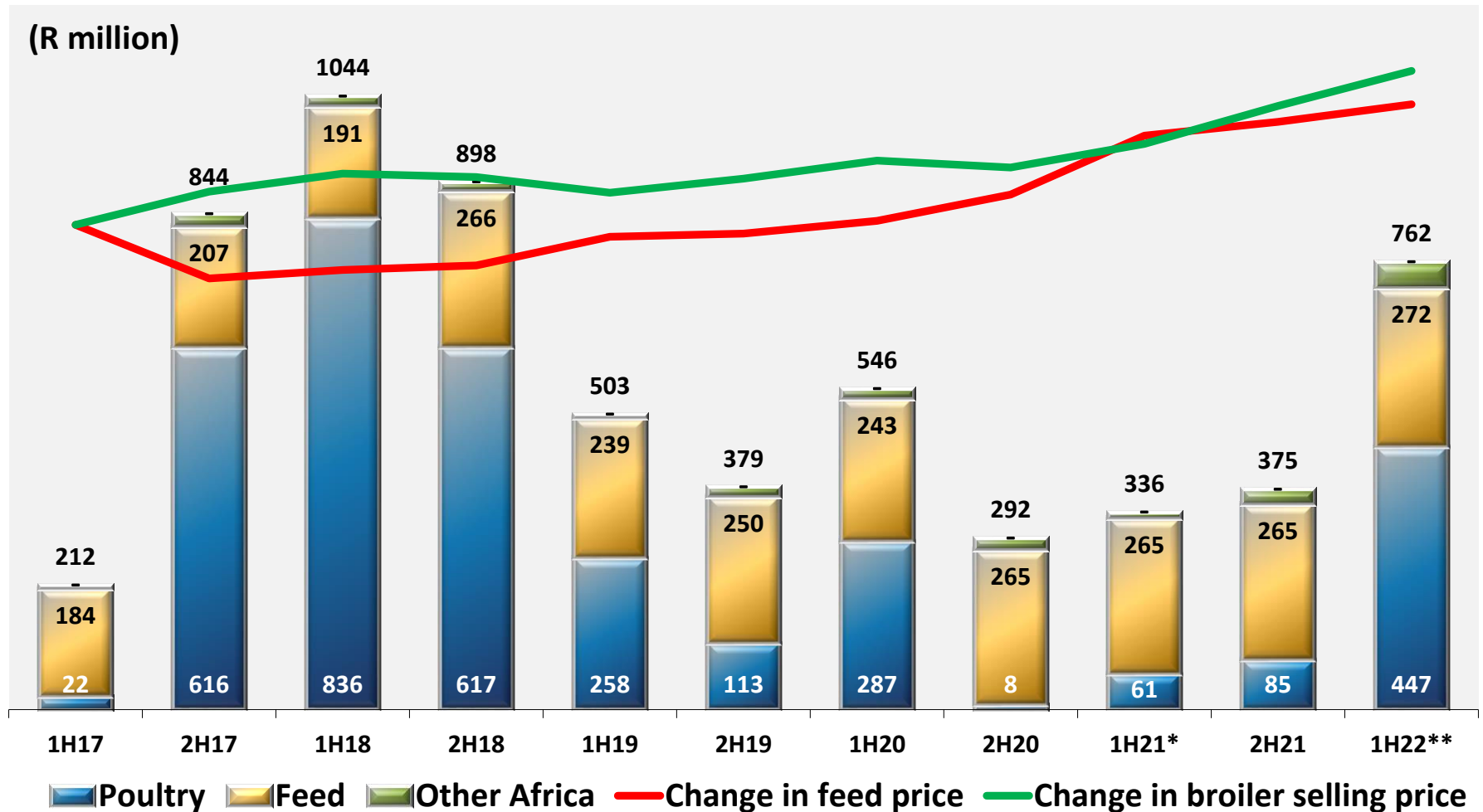
FEED SIX MONTHLY REVENUE



POULTRY SIX MONTHLY REVENUE



GROUP SIX MONTHLY OPERATING PROFIT



* Restated for discontinued operations

** Excludes gain on disposal of controlling interest in subsidiary

BALANCE SHEET



	March 2022 R million	September 2021 R million	% change
Non-current assets (excl. ROU assets)	3 193	3 235	↓ 1%
Non-current assets – ROU assets	356	340	↑ 5%
Net assets held for sale	17	60	↓ 72%
Net working capital	1 290	1 455	↓ 11%
Current assets (excl. cash)	3 664	3 520	
Current liabilities (excl. borrowings & leases)	(2 374)	(2 065)	
Non-current liabilities (excl. borrowings & leases)	(869)	(831)	↑ 5%
Lease liabilities	(387)	(376)	↑ 3%
Net assets	3 599	3 883	↓ 7%
Net surplus cash	(909)	(278)	↑ 227%
Equity	4 508	4 161	
Net Equity	3 599	3 883	

CAPITAL EXPENDITURE



Six months ended 31 March

Depreciation and amortisation

Property, plant & equipment

Right of use assets

Total capex spend

Expansion

Replacement

Outstanding commitments

	2022 R million	2021 R million
	162	213
Property, plant & equipment	108	106
Right of use assets	54	107
	90	121
Expansion	47	27
Replacement	43	94
Outstanding commitments	440	273

WORKING CAPITAL



	March 2022 R million	September 2021 R million	Variance R million
Current assets	3 664	3 520	144
Biological assets	989	976	13
Inventory - Poultry	406	535	(129)
- Feed	426	328	98
- Other Africa	33	58	(25)
Trade receivables	1 642	1 438	204
Advance capex payments	34	26	8
Other receivables	134	159	(25)
Current liabilities	(2 374)	(2 065)	(309)
Trade payables	(1 636)	(1 541)	(95)
Other payables	(738)	(524)	(214)
Net working capital	1 290	1 455	(165)

STATEMENT OF CASH FLOWS



Six months ended 31 March	2022 R million	2021 R million
Cash generated from operating activities	1 077	465
Tax paid	(146)	(51)
Net interest and dividends received	7	10
Proceeds from disposal of assets held-for-sale	45	-
Capital expenditure	(90)	(121)
Lease payments	(70)	(129)
Dividends paid	(154)	(301)
Other cash flow items	(31)	(26)
Movement in cash equivalents	639	(154)
Effect of exchange rate changes	(11)	(6)
Cash included in assets held for sale	-	(6)
Opening balance	281	546
Closing balance	909	380

IN SUMMARY



- **Revenue at R9,4 billion*** up 26.5% (prior year at R7,5 billion)
- **Profit before tax at R785 million*** up 134% on higher volumes and improved margins
- **Capital expenditure of R90 million** (slow) due to timing of projects
- **Cash inflow of R639 million** on the recovery of poultry margins
- **Interim dividend 790 cps** for the period at 1.8x cover

** excludes discontinued operations and includes the gain on the disposal of the interest in subsidiary*

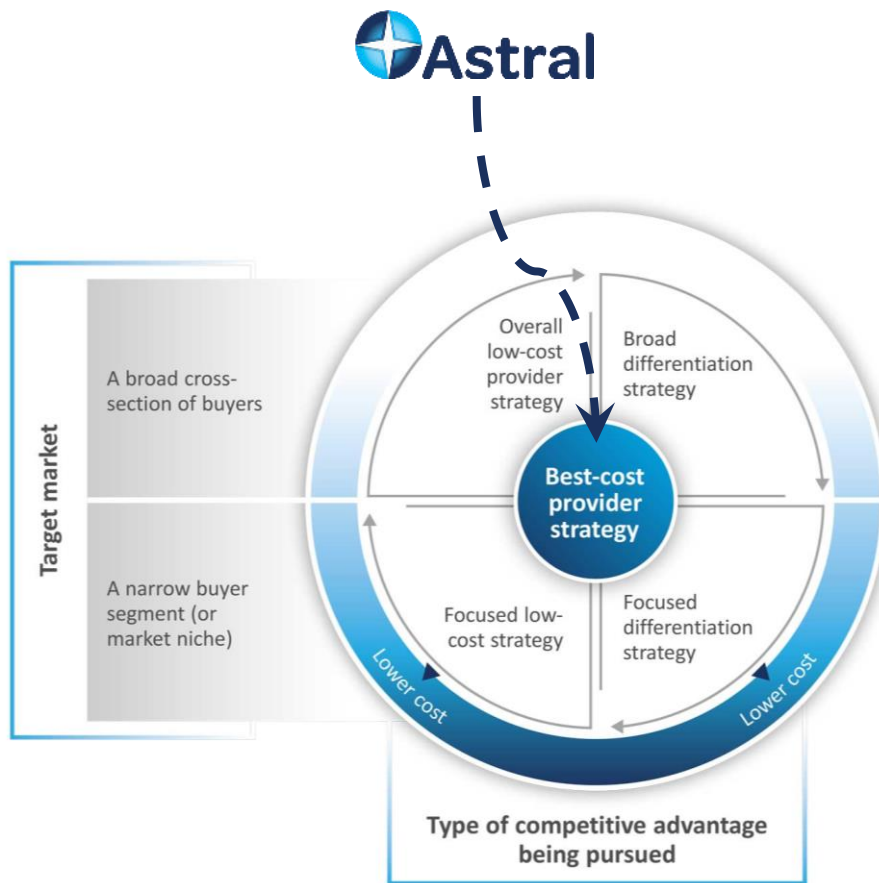
STRATEGIC MATTERS



Chris Schutte
Chief Executive Officer



CONFIRMED STRATEGY



Declared Strategy:

To remain a pure poultry company

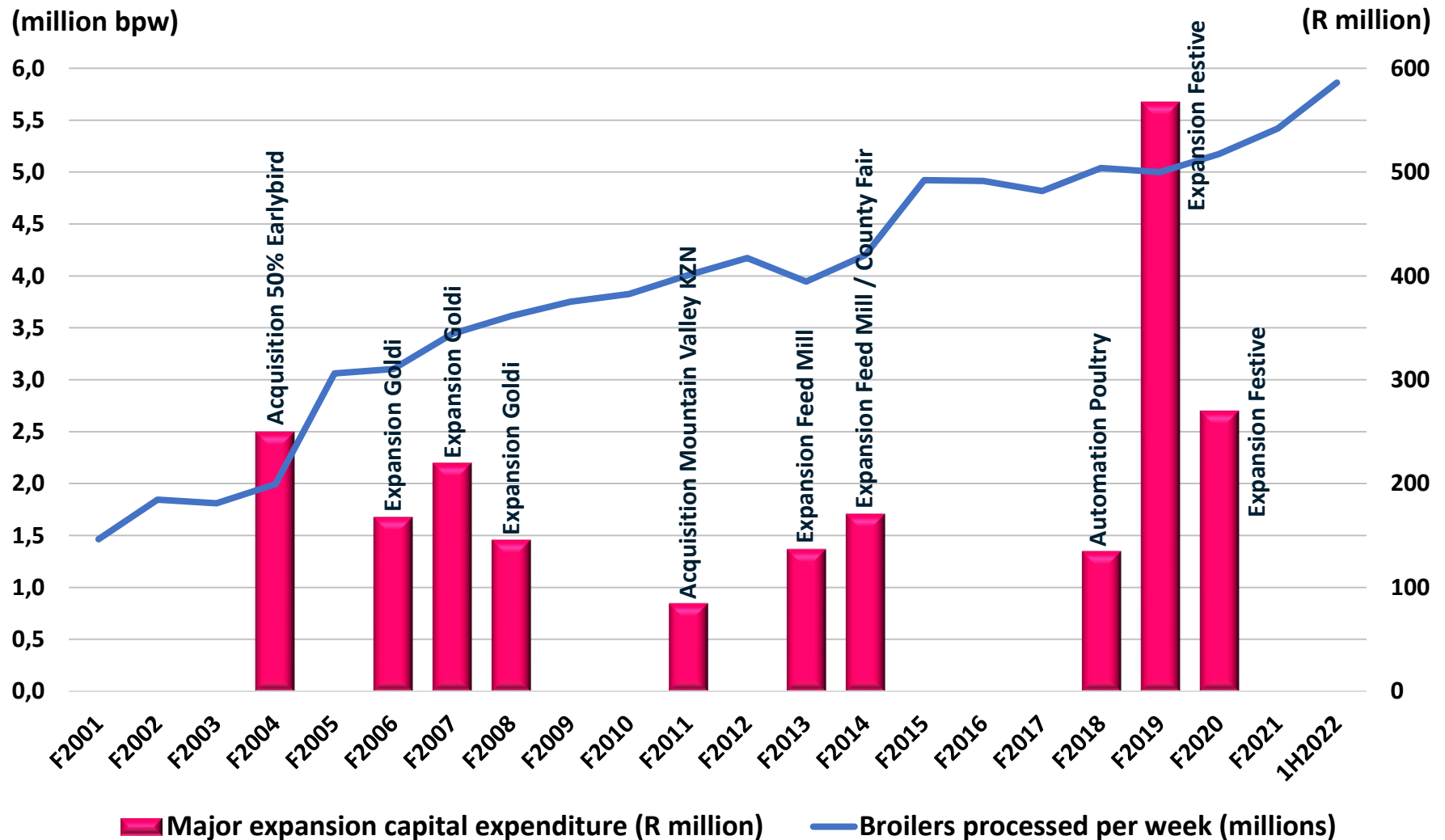
Defined Strategy:

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

Confirmed:

At the Astral Foods Board strategic planning session in March 2022

POULTRY VOLUME GROWTH



STRATEGIC UPDATE

- Astral's capex investment programme in new capacity, has **continuously created new job opportunities** - directly and indirectly through the integrated value chain
- Based on poultry production forecasts Astral **will be at full capacity by April 2023** (6,2 million bpw)
- **A number of efficiency and expansion projects** are under consideration to further increase capacity throughout the integration
- **Economy of scale benefits** through the integrated value chain will be derived from further organic growth
- **Astral has a best-cost provider strategy** where efficient production is the source of maintaining low costs, and **brand strength** creates unique value
- Confirmed at a **strategic workshop held in March 2022** that Astral will remain a focussed best cost integrated poultry producer (proven track record)

ESG



- **Environmental, Social, and Governance (ESG)** - Stakeholders are increasingly applying this factor as part of their investment criteria
- Under sustainability; Astral is proud to report that volume growth over the past 15 years has resulted in **no requirement to retrench any staff or shed jobs** during the Covid-19 related lockdown
- According to Integrated Reporting and Assurance Services (IRAS), **Astral's ESG score is currently at 66.18%**
- Astral will be engaging a service provider to analyse **Astral's ESG status and disclosure and identify gaps**
- Astral will make use of this information to **set future improvement targets**

PROSPECTS



Chris Schutte
Chief Executive Officer



OUTLOOK



- **Record high unemployment levels** have been reported for South Africa, and it is surmised that some support is gained from the informal economy and social grants
- **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
- **Poor municipal service delivery, water supply disruptions and national load shedding** continue to negatively impact Astral's operations
- **Product category opportunities** are available for Astral, with improved utilisation of the available capacity commissioned in the Festive processing plant
- **Poultry sales volume growth** on the rollout of phase 2 of the Festive expansion project, adding an additional 400 000 birds processed per week by April 2023
- **Poultry supply and demand** is currently fairly well balanced, which could support the recovery of higher input costs



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

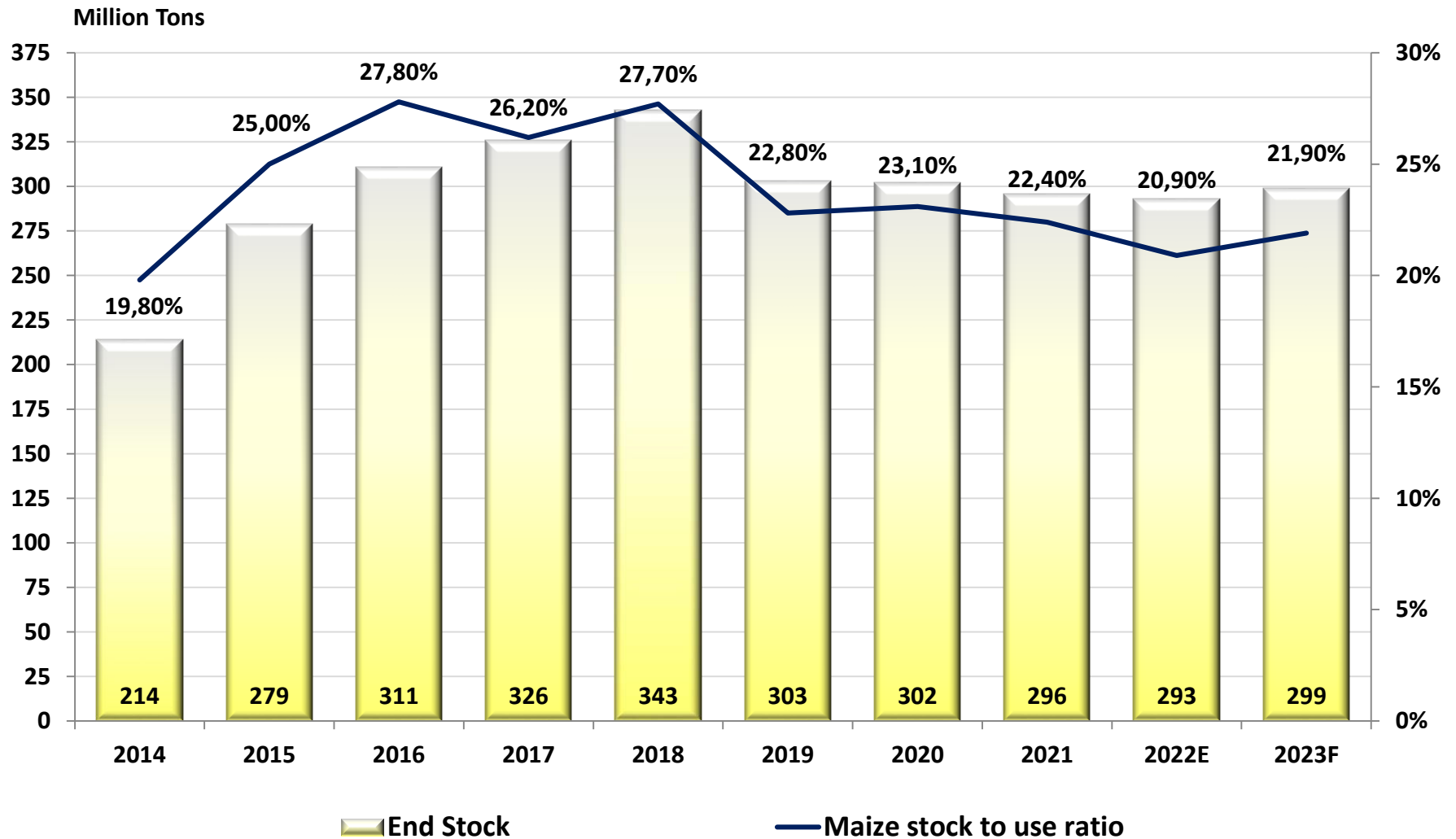
Confirmed March 2022

THANK YOU

ADDITIONAL INFORMATION



WORLD CORN ENDING STOCKS



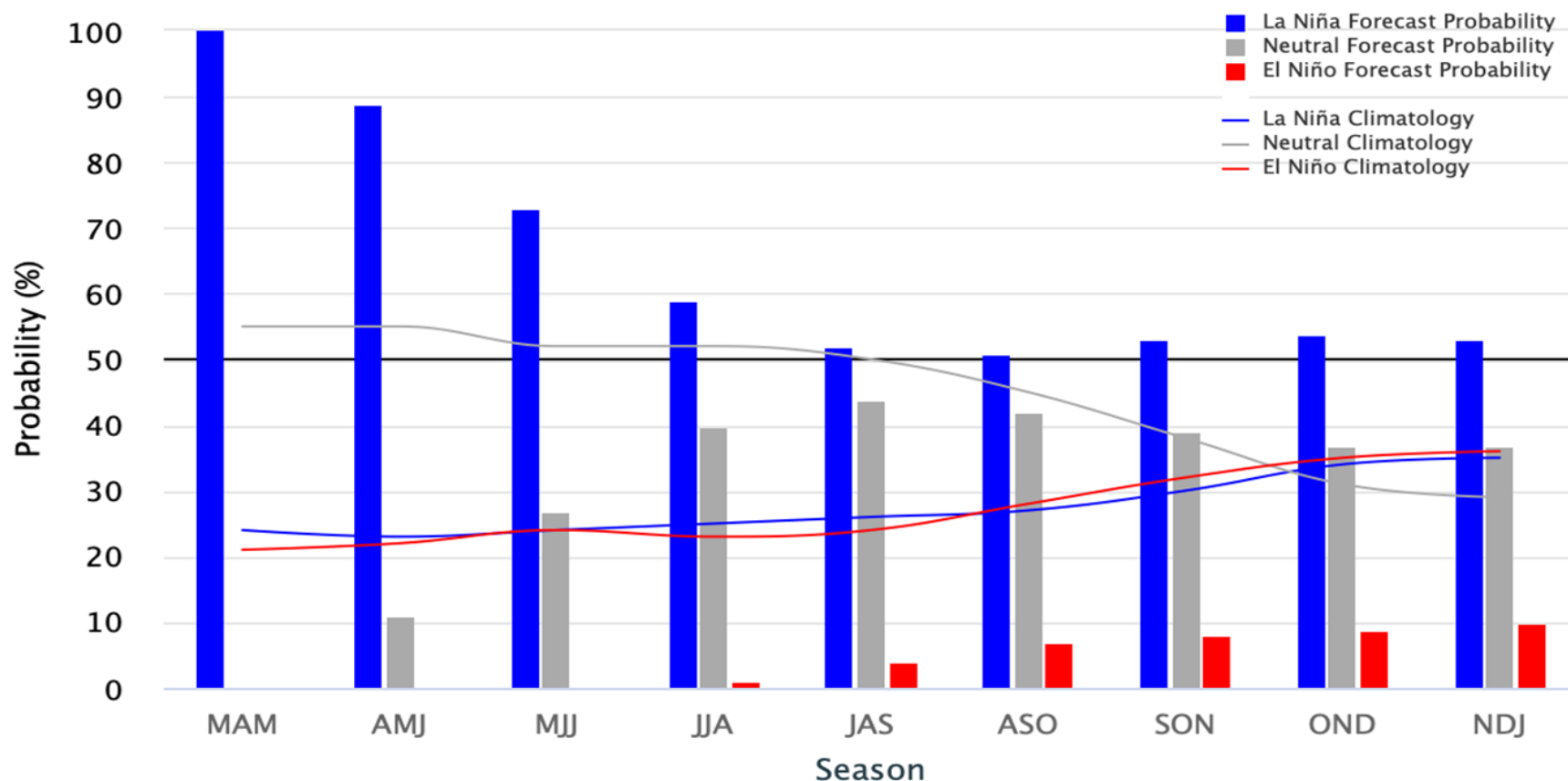
EL NIÑO OSCILLATION



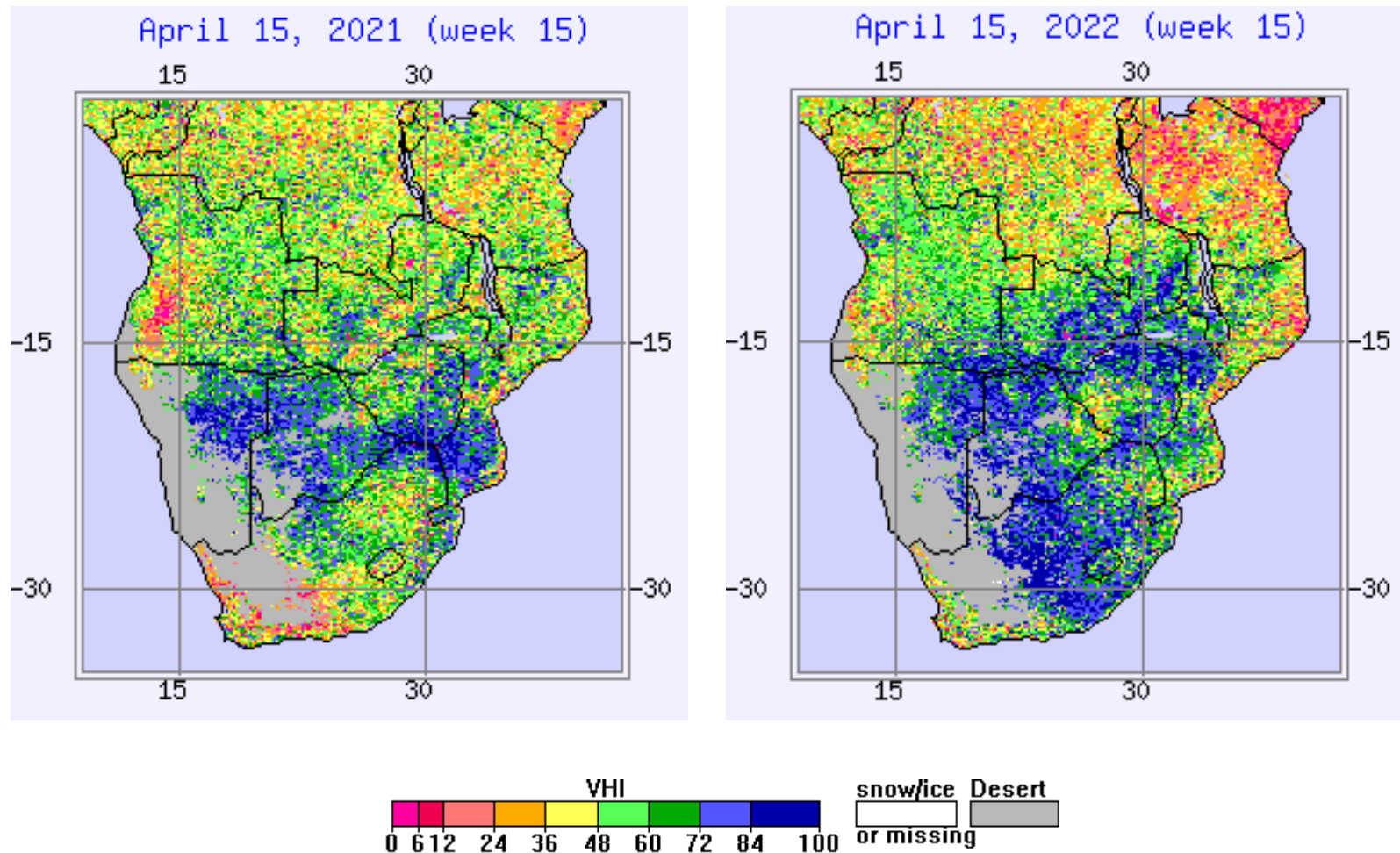
Early-April 2022 CPC/IRI Official Probabilistic ENSO Forecasts

ENSO state based on NINO3.4 SST Anomaly

Neutral ENSO: -0.5°C to 0.5°C



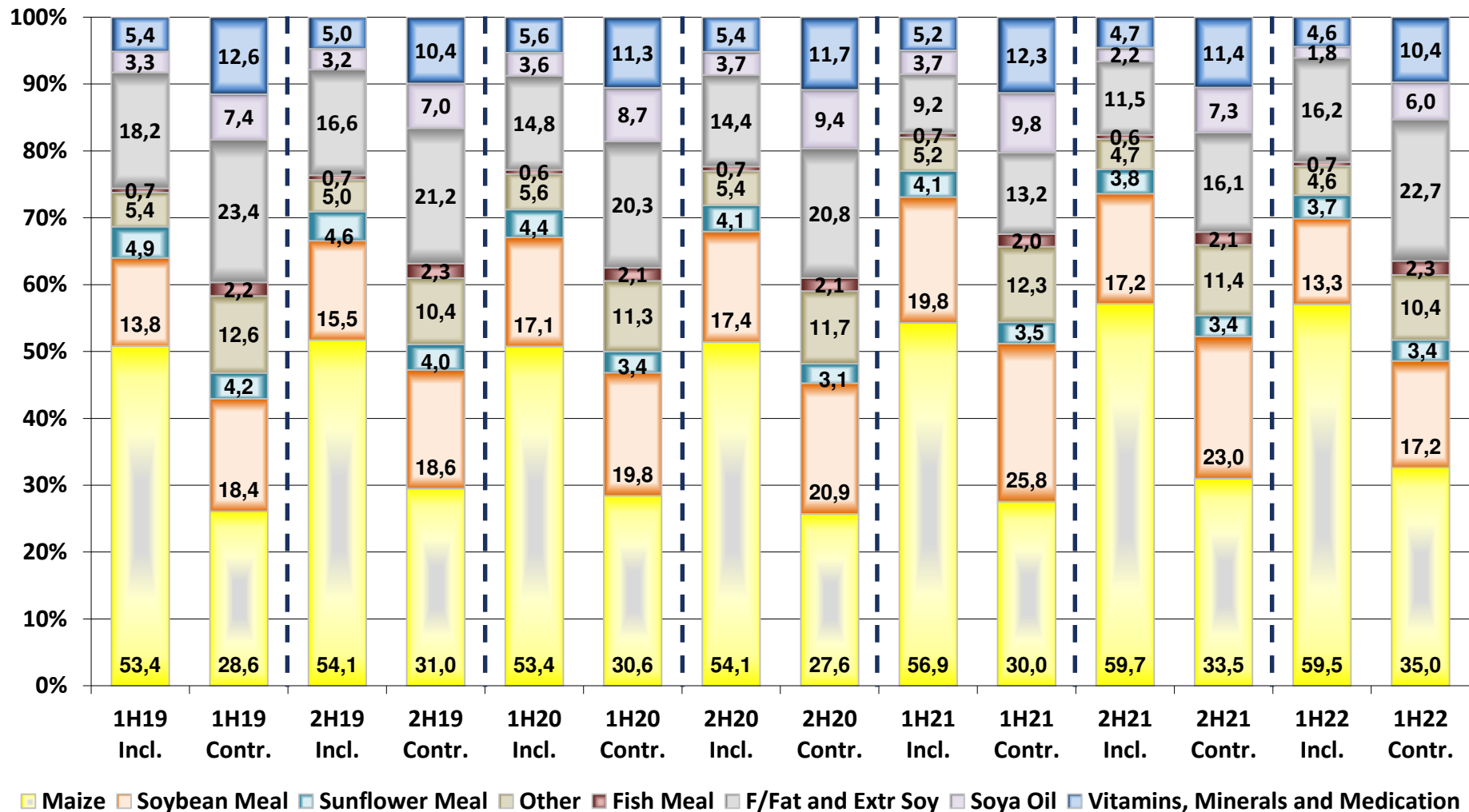
VEGETATIVE HEALTH INDEX



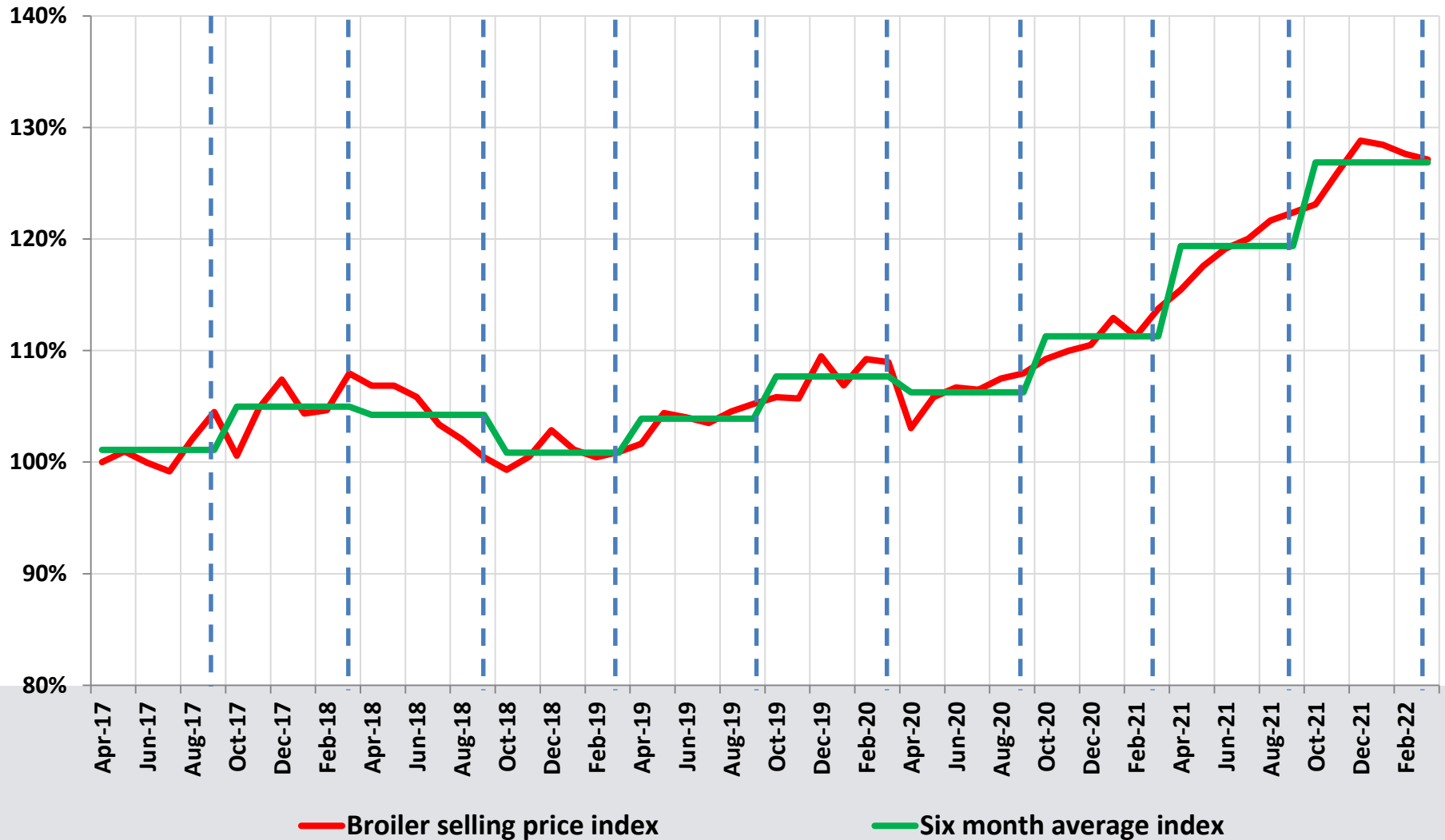
BROILER FEED INGREDIENT CONTRIBUTION



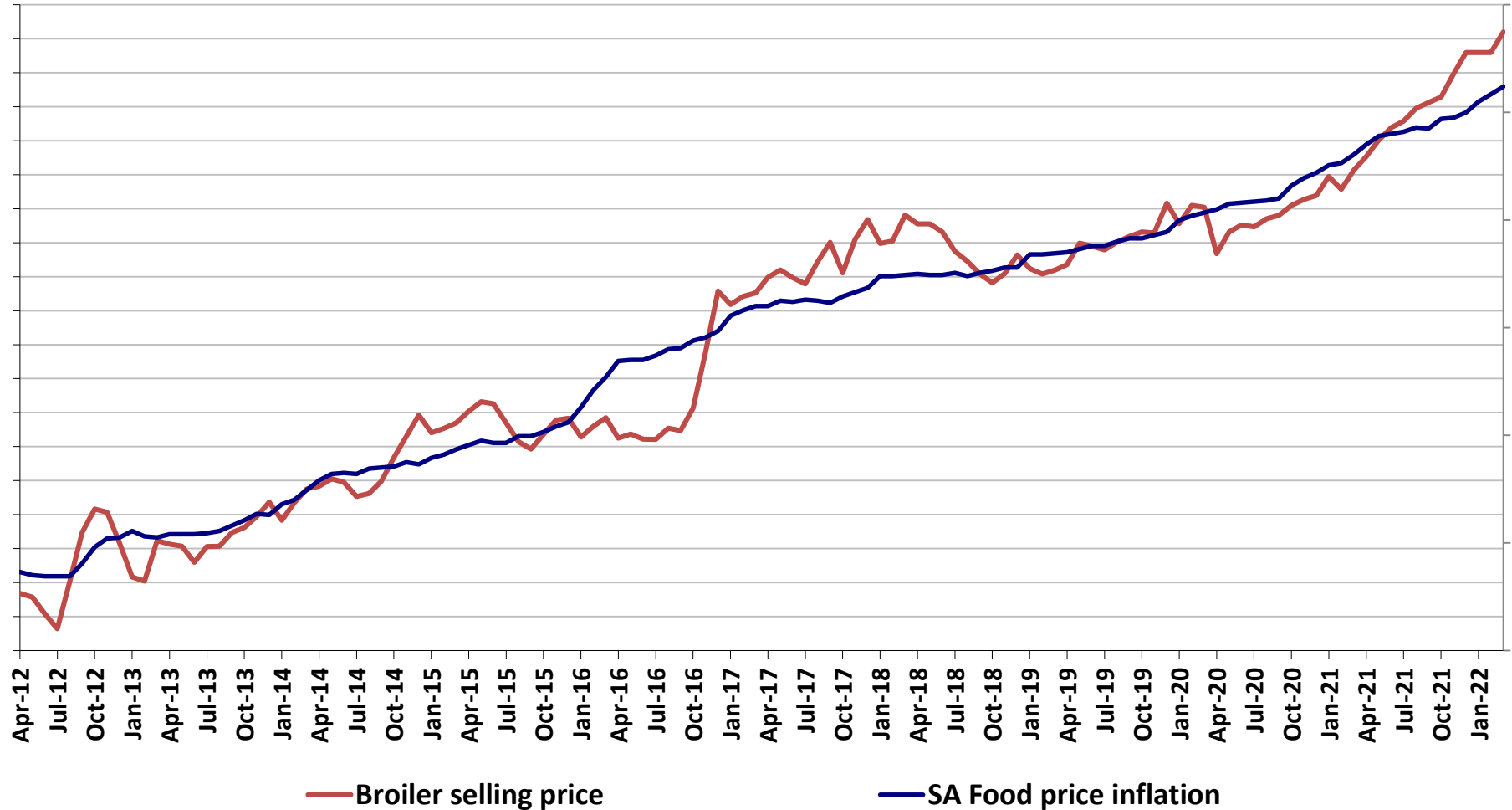
Inclusion & Cost Contribution



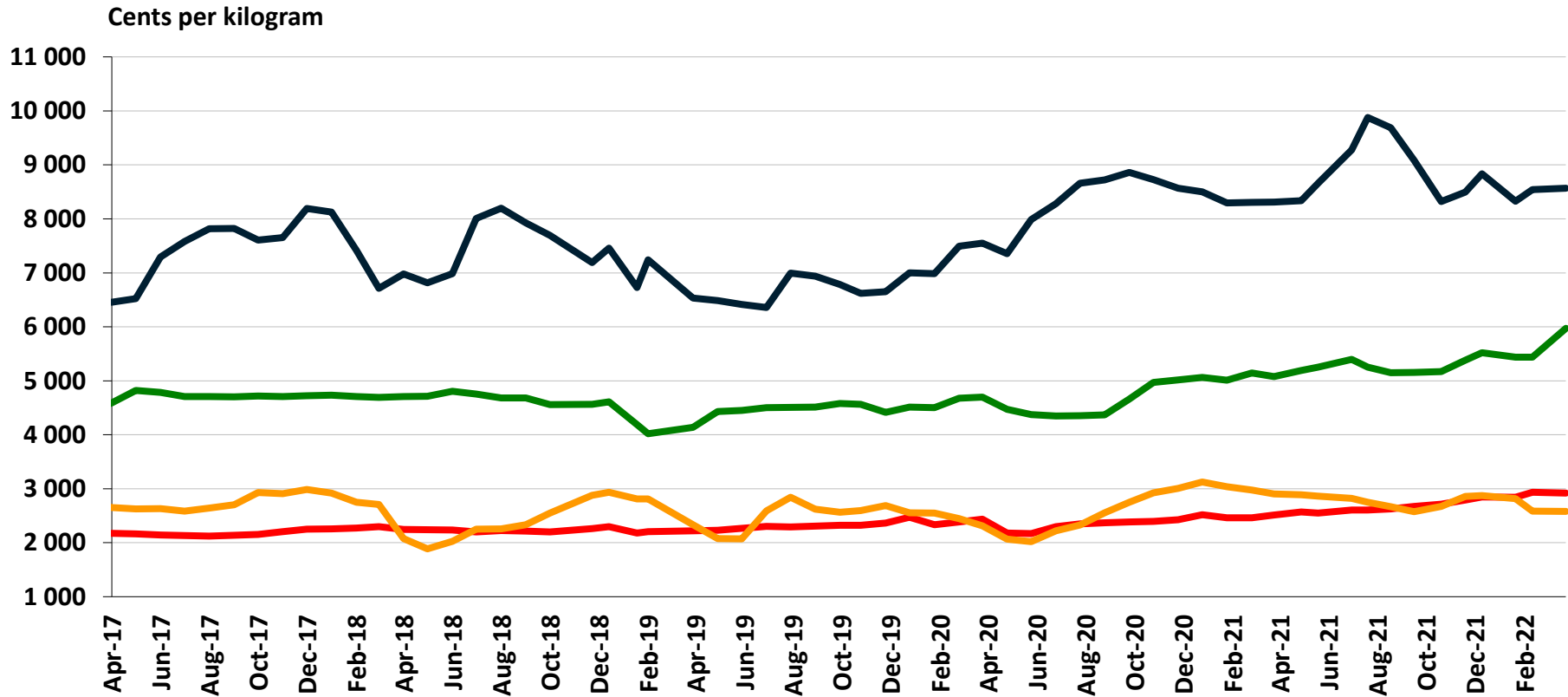
BROILER SELLING PRICE



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

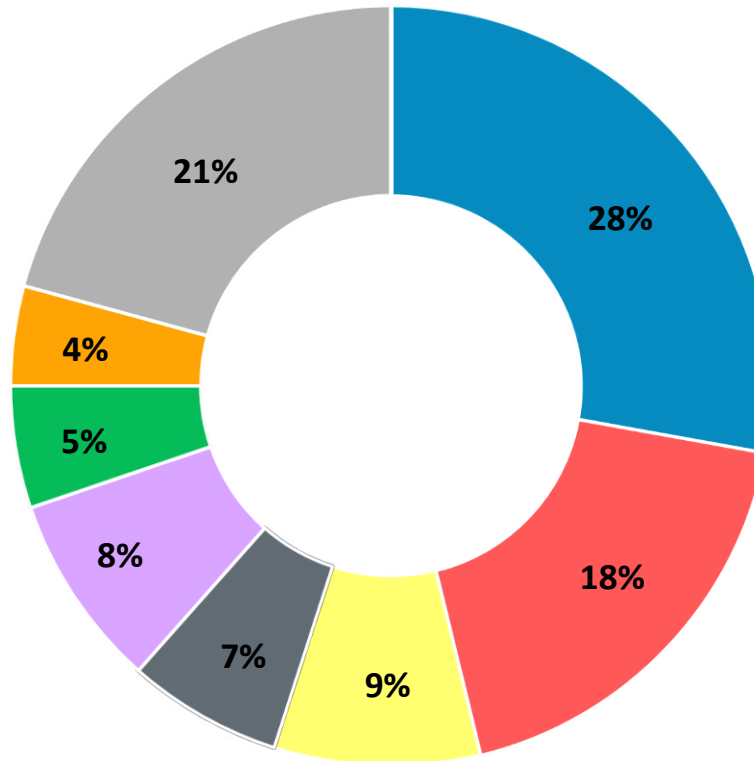
38,9 kg

5,6 kg

16,9 kg

2,8 kg

RSA POULTRY MARKET SHARE

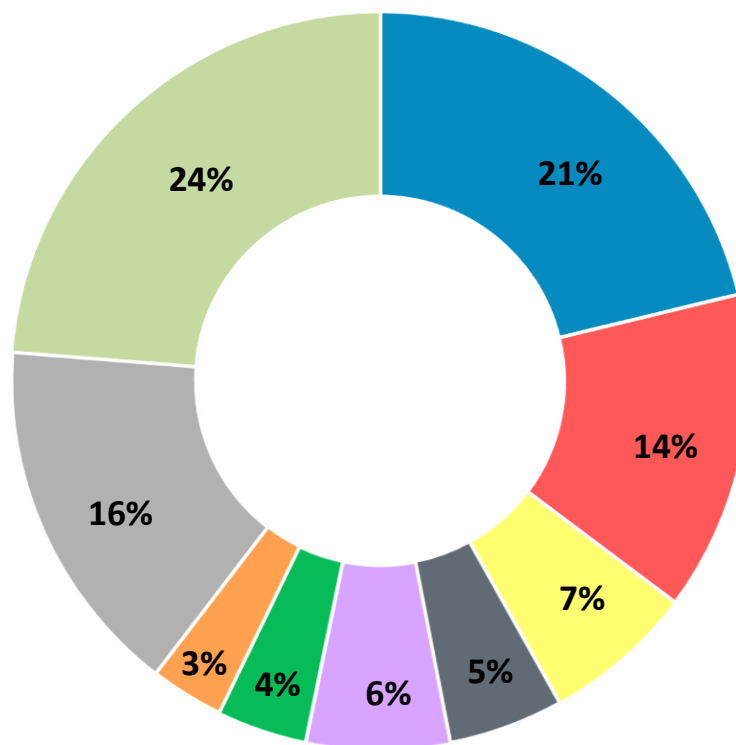


■ Astral ■ RCL ■ Country Bird ■ Daybreak ■ Sovereign ■ Grainfields ■ Chubby Chick ■ Other

Local broiler production ≈ 21.2 million birds per week (1H2022)

RSA POULTRY MARKET SHARE

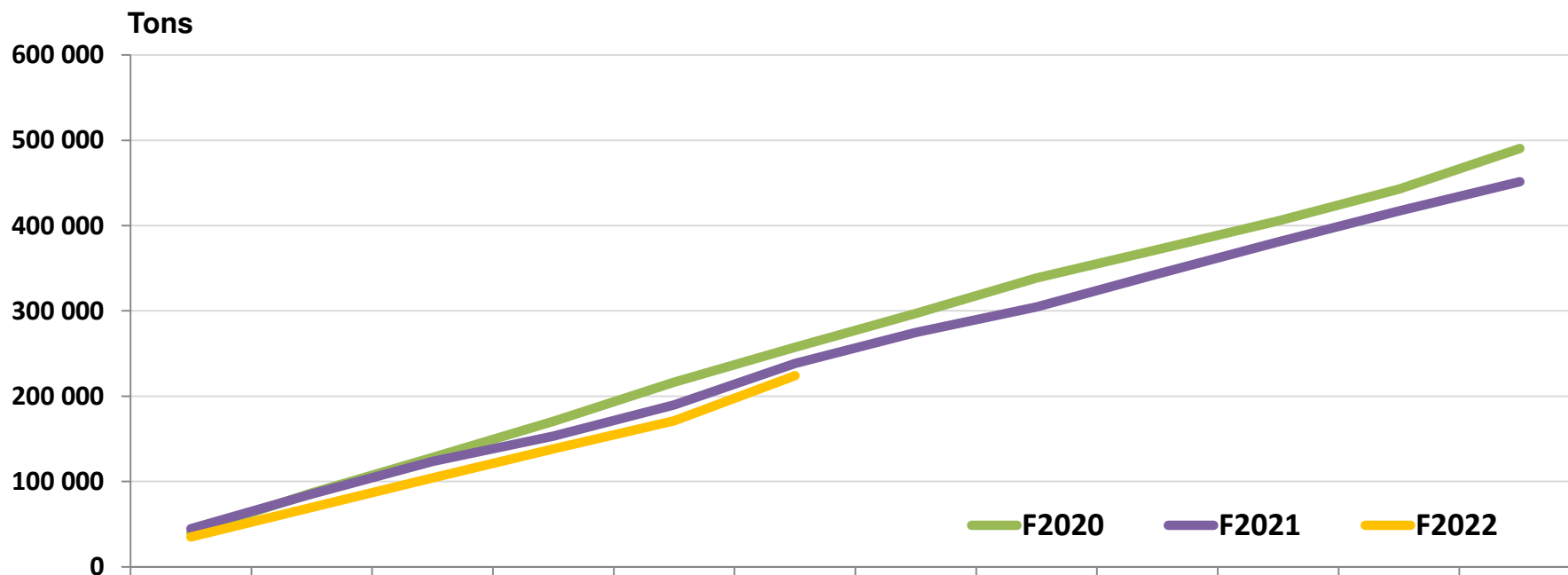
INCLUDING TOTAL POULTRY IMPORTS



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

Avg. poultry imports ≈ 6.6 million birds per week (6 months ending March 2022)

TOTAL POULTRY IMPORTS



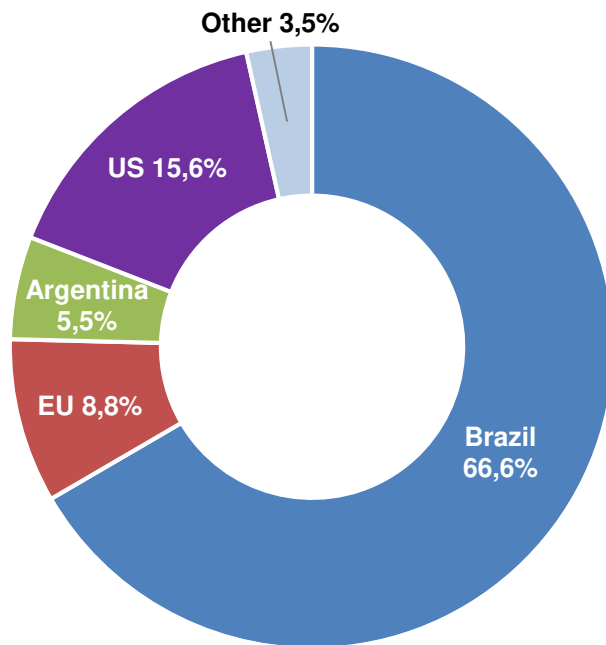
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F2020	40 409	86 676	128 331	170 449	216 314	257 443	296 901	338 461	371 969	405 599	442 892	490 501
F2021	44 514	85 247	123 398	153 294	189 826	238 230	274 805	304 583	343 344	380 748	417 132	451 324
F2022	34 965	69 465	104 383	138 181	171 050	224 088						
F2021	44 514	40 733	38 151	29 896	36 532	48 404	36 575	29 778	38 761	37 404	36 384	34 192
F2022	34 965	34 500	34 918	33 798	32 869	53 038						
% Var	-21.5	-15.3	-8.5	13.1	-10.0	9.6						
bpw*	6,2	6,1	6,2	6,0	5,8	9,4						

TOTAL POULTRY IMPORTS

COUNTRY OF ORIGIN

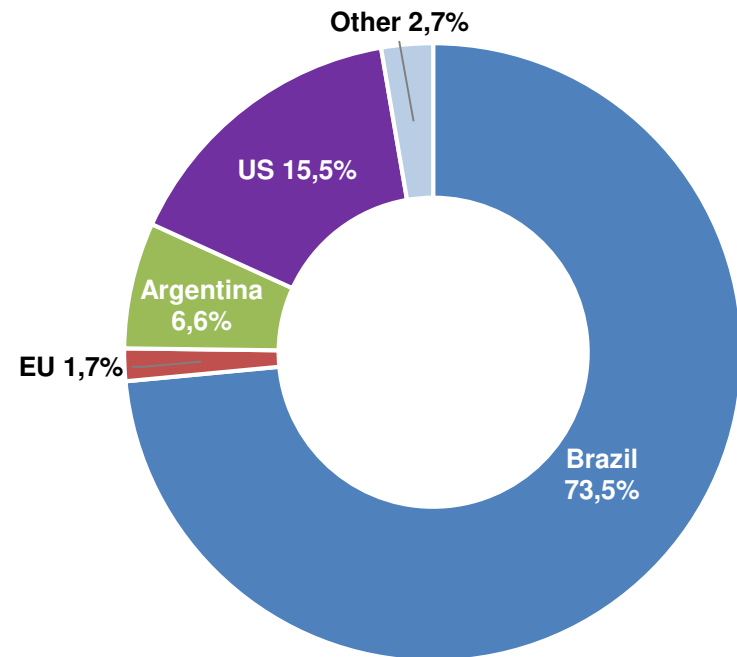


■ 2021



432 307 Tons

■ 2022 March **YTD**



119 706 Tons

TOTAL POULTRY IMPORTS

COUNTRY OF ORIGIN



Country (tons)	2020	2021	2022 YTD
Brazil	270 100	287 880	88 026
United States	79 492	67 308	18 521
Poland	4 321	-	-
Argentina	29 530	23 715	7 939
Ireland	35 128	852	-
Denmark	16 562	100	-
Spain	28 000	37 077	2 061
Thailand	4 035	4 576	360
Canada	6 276	6 462	1 280
Chile	2 272	1 484	312
Australia	2 732	2 243	1 155
Germany	192	42	-
United Kingdom	341	-	-
Netherlands	6 040	22	-
Uruguay	293	77	-
Belgium	28	25	-
France	3	28	27
Switzerland	-	24	-
Swaziland	-	132	-
Other	218	107	-

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