



Annual Results Presentation
for the year ended 30 September 2018

Presented by:

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Chief Executive Officer

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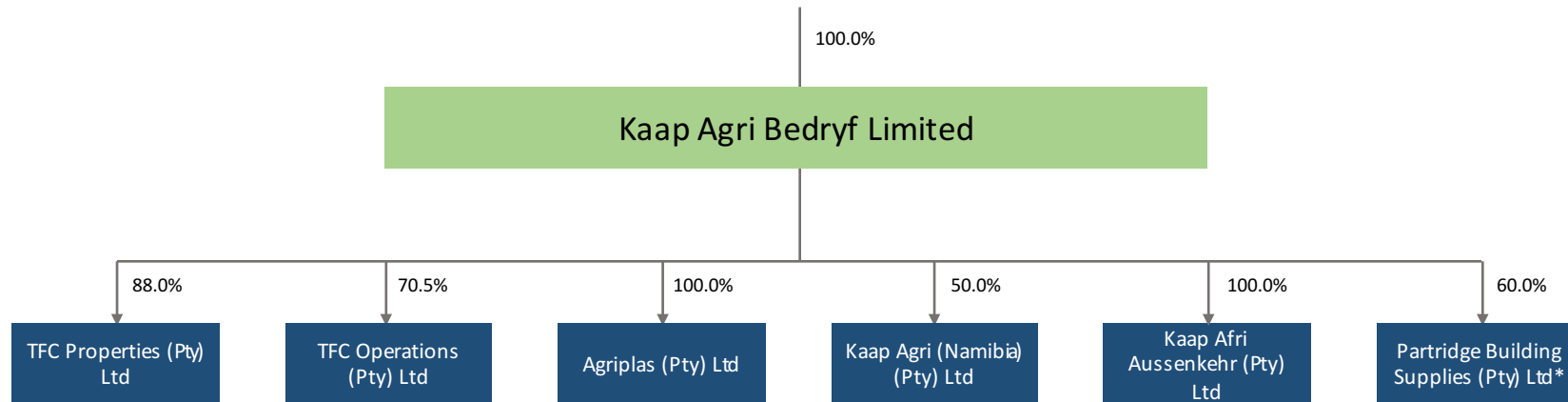
PURPOSE & STRATEGY

All stakeholders must be better off because we exist

Strategic focus areas	Strategic initiative	Key Performance Measure
<ul style="list-style-type: none">• Growth	Agri & Retail upgrades & expansions M&A Footprint expansion (non M&A) Strategic alliances Manufacturing diversification	Minimum 15% growth in RHE
<ul style="list-style-type: none">• Optimisation	Supply chain, Agri & Retail, TFC, Manufacturing, Support services Customer Relationship Management	Minimum 15% ROE
<ul style="list-style-type: none">• Leveraging BBBEE	Competitive advantage Sustainability	For 15 Years
<ul style="list-style-type: none">• Digital transformation	Customer experience digitisation Process digitisation	



GROUP STRUCTURE




*Forge – acquired 1 October 2018



DIVISIONAL STRUCTURE – TRADING BRANDS

TRADE TFC WESGRAAN IRRIGATION MANUFACTURING

 <p>AGRIMARK</p>  <p>PAKMARK</p>  <p>LIQUOR MARK</p>  <p>FORGE AGRI ‘Focused on Farming’</p>  <p>FORGE BUILD ‘Building Materials & Hardware’</p>	 <p>the fuel company</p>  <p>EXPRESSMARK</p>  <p>FEGO Caffè</p>	 <p>WESGRAAN</p>  <p>NEW HOLLAND AGRICULTURE</p>	 <p>agriplas FERTILE WATER MANAGEMENT SOLUTIONS</p>
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 <p>AGRILOG</p>	<p>Support service for the acquisition, distribution and logistics of products for the Kaap Agri Group</p>
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Excludes Corporate Division



GEOGRAPHIC REPRESENTATION



✓ **8 Provinces**

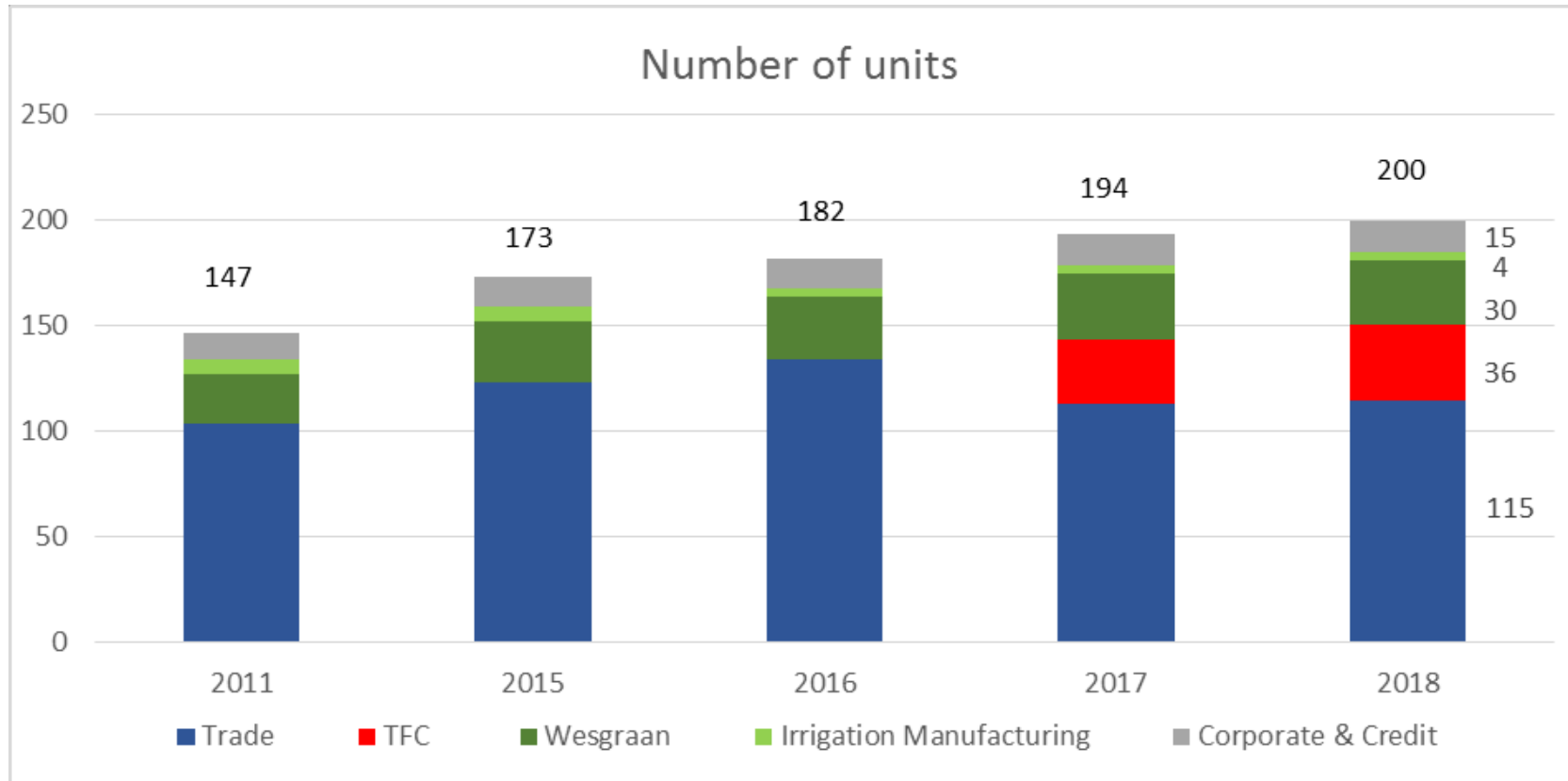
✓ **103 Places**

✓ **SA & Namibia**

✓ **200 Units**



FOOTPRINT OVERVIEW



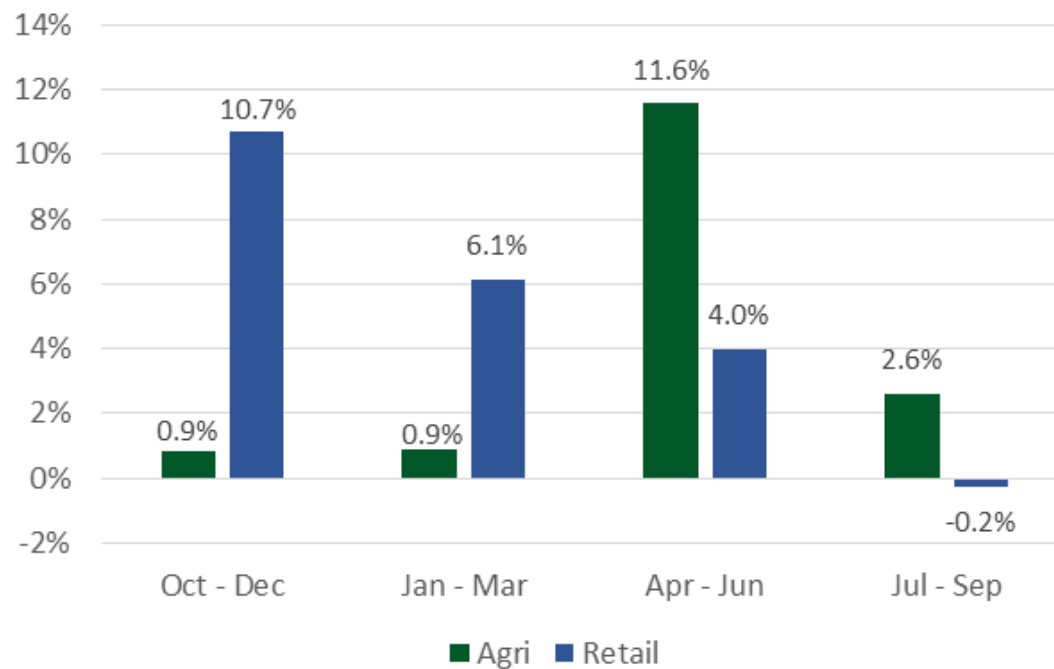
KEY MILESTONES

-  Revenue and earnings growth during a particularly challenging year
-  15.1m transactions (+12.1%)
-  3000+ employees, well positioned for future growth
-  TFC restructure complete (40%+ black owned)
-  TFC liter growth performed well (TFCfuel now > Agri fuel)
-  TFC brand diversification strategy (Total, Engen, Sasol, Caltex, QSR etc)
-  Agri and building material expansion into KZN (1 Oct 2018)
-  Building material (excl. cement) growth of 9.1%
-  JDA supply chain optimization system implementation on track (completion 2019)
-  No wheat debtor default



TRADING ENVIRONMENT

2018 Quarterly Turnover Growth YOY



AGRI AND RETAIL GROWTH IMPACTED BY:

- Retail: difficult Q3 / Q4
- Agri: improved Q3 / Q4
- Economic factors
 - ✓ Low GDP growth (-0.7%)
 - ✓ CPI increasing (5.1%)
 - ✓ Business and consumer confidence (38 points)
 - ✓ Retail sales index (0.7%)
 - ✓ VAT increase
 - ✓ Fuel price increase (average +20.1%)
- Drought impact
- Land reform (EWC) impact



HIGHLIGHTS FOR THE YEAR



Revenue
(R'000)
6,548,793
+8.1%*
LFL +6.9%



Fuel liter growth
239.5m liters
Group 18.4%
TFC 38.5%



EBITDA
(R'000)
477,816
+6.9%



Recurring headline EPS
(cents)
354.10
+0.7%



Total dividend per share
(cents)
116.70
+4.2%








Return on Equity
15.2%
(2017: 16.6%)

*As announced on SENS on 3 August 2017, Kaap Agri has disposed of 50% of its interest in Kaap Agri Namibia ("KAN"), which was previously a wholly-owned subsidiary of Kaap Agri. In terms of International Financial Reporting Standards, Kaap Agri's remaining non-controlling interest in KAN is equity accounted from 1 August 2017, while it was consolidated prior to this date. To allow for a meaningful comparison, certain commentary has been prepared on the basis of the consistent treatment of KAN as an equity investment.

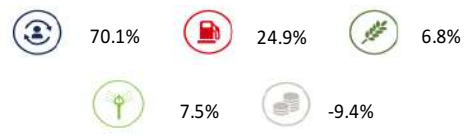
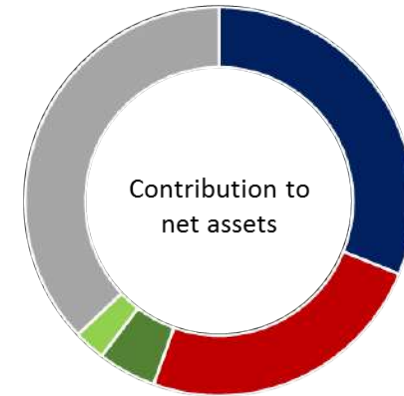
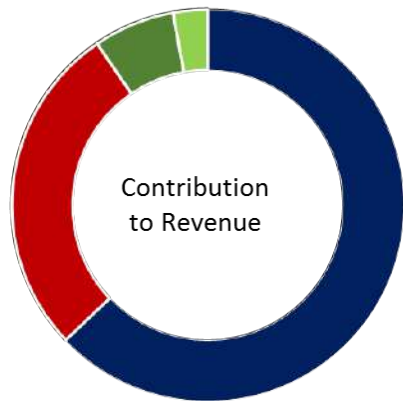


SEGMENTAL REPORT

	 Trade		 TFC		 Wesgraan		 Irrigation manufacturing		 Corporate	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Income	4,134,625	4,120,868	1,385,271	1,802,049	710,239	439,121	180,976	186,755	4,586	-
Profit before tax	221,257	241,947	63,782	85,809	51,922	23,611	25,248	25,952	-29,587	-32,415
Gross assets	1,251,648	1,430,303	340,921	546,449	68,980	97,440	64,016	71,740	1,684,272	1,781,299
Net assets	410,815	541,899	316,501	425,234	43,276	84,802	34,194	45,815	777,195	644,996

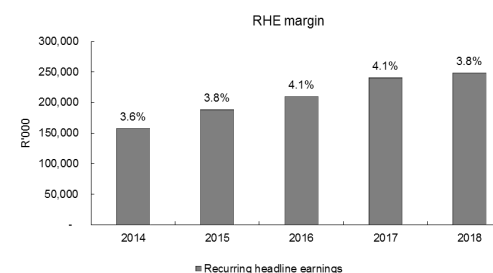
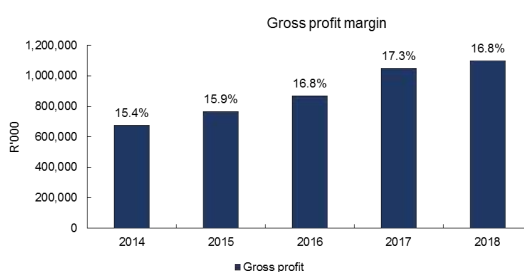
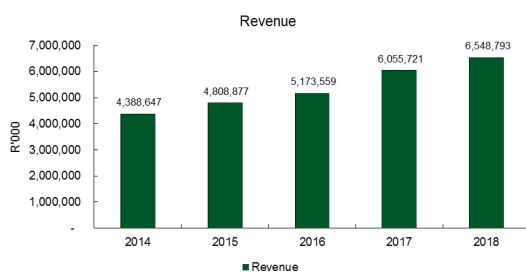


SEGMENTAL REPORT (cont.)



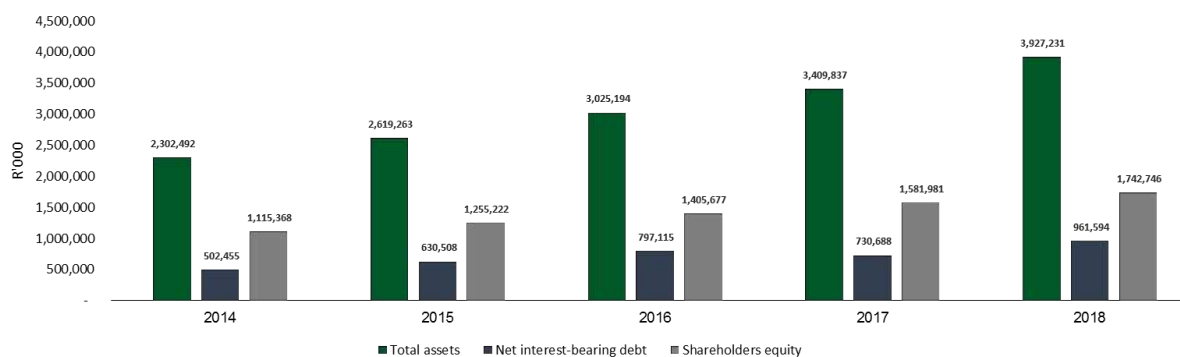
FINANCIAL PERFORMANCE – INCOME STATEMENT

R'000	2014	2015	2016	2017	2018
Revenue	4,388,647	4,808,877	5,173,559	6,055,721	6,548,793
Gross profit	675,689	766,582	868,777	1,050,243	1,102,313
<i>Gross profit margin</i>	15.4%	15.9%	16.8%	17.3%	16.8%
Profit after tax	158,213	189,194	210,422	241,125	248,957
Recurring headline earnings	157,858	182,722	210,304	247,669	251,983
Return on equity	15.0%	15.4%	15.8%	16.6%	15.2%
Recurring headline earnings per share (cents)	224.03	259.32	298.46	351.91	354.10
Dividend per share (cents)	65.00	82.00	94.50	112.00	116.70



FINANCIAL PERFORMANCE – BALANCE SHEET

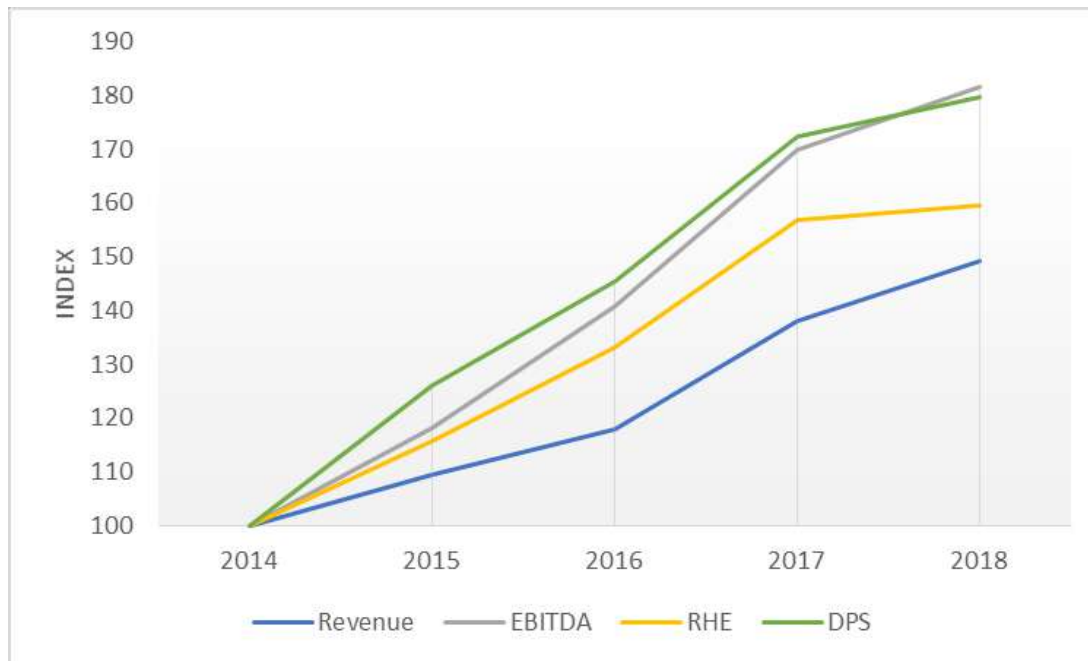
R'000	2014	2015	2016	2017	2018
Total assets	2,302,492	2,619,263	3,025,194	3,409,837	3,927,231
Non-current assets	540,761	663,072	802,807	1,076,812	1,304,896
Current assets	1,761,731	1,956,191	2,222,387	2,333,025	2,622,335
Liabilities and loans	1,187,124	1,364,041	1,619,517	1,827,856	2,184,485
Net interest-bearing debt	502,455	630,508	797,115	730,688	961,594
Shareholders equity	1,115,368	1,255,222	1,405,677	1,581,981	1,742,746
Net asset value (rand)	15.8	17.8	19.9	22.5	24.8
Debt to equity ¹	46.9%	47.8%	53.7%	51.1%	50.9%
Interest cover (times)	9.0	8.7	8.1	6.9	5.5



1) Calculated as average debt/average equity



FINANCIAL PERFORMANCE – HISTORICAL TRENDS



RHE growing ahead of Revenue growth (diversification & optimization)



EBITDA growing ahead of RHE growth:

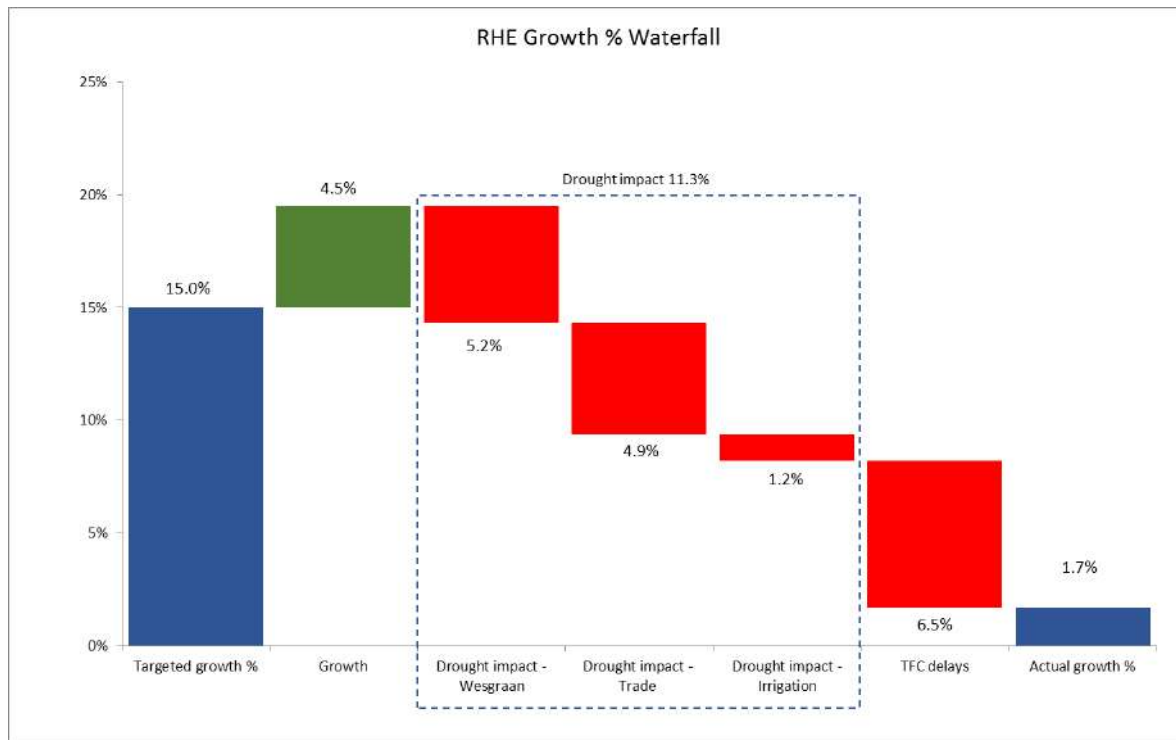
- ✓ impact of depreciation and interest relating to investment activities (growth)



DPS growing ahead of RHE (improved shareholder returns)



FINANCIAL PERFORMANCE – TARGETED RHE GROWTH

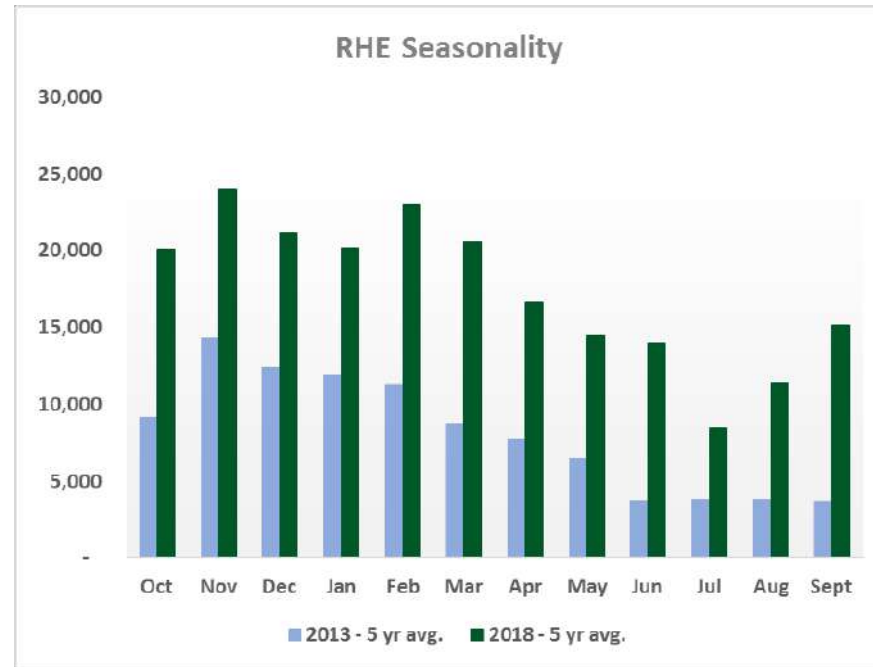
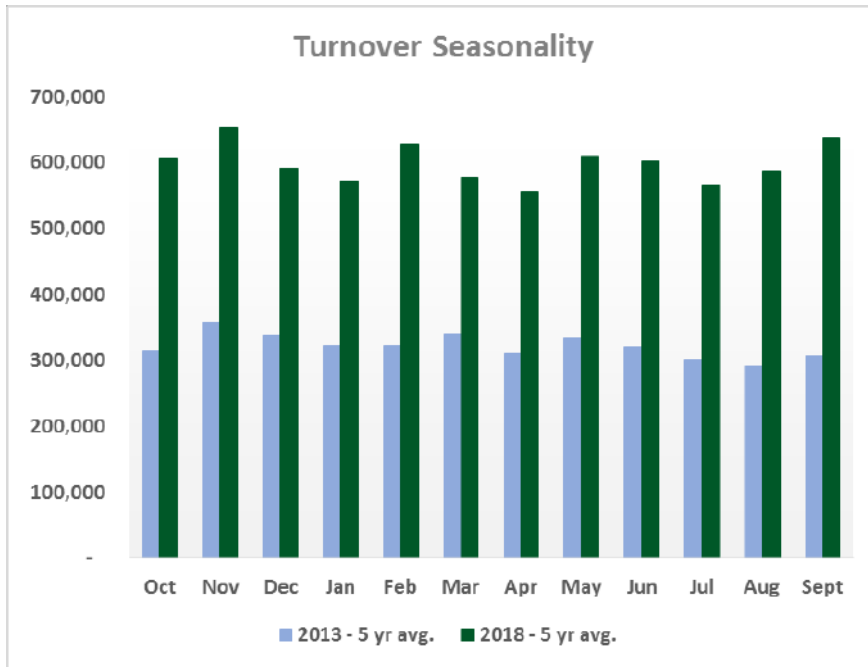


TARGETED 15% GROWTH IMPACTED BY:

- Drought
 - ✓ Wesgraan: -5.2%
 - ✓ Trade: -4.9%
 - ✓ Irrigation: -1.2%
- Regulatory delays
 - TFC: -6.5%
- Remaining business grew by 4.5%



FINANCIAL PERFORMANCE - SEASONALITY



- Turnover:
 - ✓ 51% H1 & 49% H2 (2018 - 5 yr avg.)
 - ✓ 50% H1 & 50% H2 (2013 - 5 yr avg.)

- RHE:
 - ✓ 62% H1 & 38% H2 (2018 - 5 yr avg.)
 - ✓ 65% H1 & 35% H2 (2013 - 5 yr avg.)



SEGMENTAL REVIEW – TRADE DIVISION (AGRI)

Strategy:

- ✓ Grow Agri @ inflation +5%
- ✓ Footprint expansion in water intensive Agri areas (incl. agencies / JV's)
- ✓ Extension of loyalty programs



2018 Review:

- ✓ Agri revenue growth despite drought impact
- ✓ Sustained margins
- ✓ Strong growth in Limpopo and Eastern Cape



2019 Growth Drivers:

- ✓ Forge Agri (KZN)
- ✓ Further market share growth in Limpopo and Eastern Cape
- ✓ Drought recovery
- ✓ Produces recommending replacement and renewal programs



SEGMENTAL REVIEW – TRADE DIVISION (RETAIL)

Strategy:

- ✓ Growth Retail > growth Agri
- ✓ Building material growth
- ✓ Accelerate retail product PUSH strategy
- ✓ Centralised DC optimisation



2018 Review:

- ✓ Cash sales growth > 15%
- ✓ Hardware growth > 10%
- ✓ 4 significant retail format upgrades completed
- ✓ Building material industry contraction
- ✓ Increased DC throughput



2019 Growth Drivers:

- ✓ Forge Build (KZN)
- ✓ Range expansion and rollout
- ✓ Procurement & logistics improvements
- ✓ Space, labour and stock optimisation



SEGMENTAL REVIEW – TFC DIVISION

Strategy:

- ✓ Rapid growth of network (largely M&A), multi-brand strategy to continue
- ✓ Collaboration with oil majors to become retailer of choice
- ✓ Quick service restaurant (QSR) and convenience store (CS) growth
- ✓ BBBEE leveraging: TFC > 40% black owned

2018 Review:

- ✓ Finalisation of BEE partner transaction (asset for share)
- ✓ Licence transfers from Kaap Agri to TFC, 29 complete 4 o/s
- ✓ 5 new and managed sites
- ✓ 5 upgrade / expansion projects
- ✓ Volume growth 38.5%
- ✓ Delays in license issuing improving

2019 Growth Drivers:

- 7 pipeline sites + investigations
- Grow QSR brands
- Cost efficiencies (centralised support services)



SEGMENTAL REVIEW – WESGRAAN DIVISION

Strategy:

- ✓ Maintain market share of wheat stored
- ✓ Optimization of storage facilities
- ✓ New Holland market share growth in Western Cape
- ✓ Expand whole goods product offering (complementary brands)

2018 Review:

- ✓ Negative drought impact, lowest wheat intake since 2005.
- ✓ 40 000 tons storage capacity added in Swartland heartland

2019 Growth Drivers:

- ✓ Wheat storage +85% YOY and +23% vs prior 5 yr average
- ✓ 40%+ Increased wheat seed sales
- ✓ Increased storage capacity = Increased storage income



SEGMENTAL REVIEW – IRRIGATION MANUFACTURING DIVISION

Strategy:

- ✓ Expand markets (including exports)
- ✓ Improve market penetration
- ✓ Strategic alliances

2018 Review:

- ✓ Western Cape turnover down –11.9%
- ✓ Limpopo, Mpumalanga turnover up +29.0%
- ✓ Manufacturing efficiency improvements

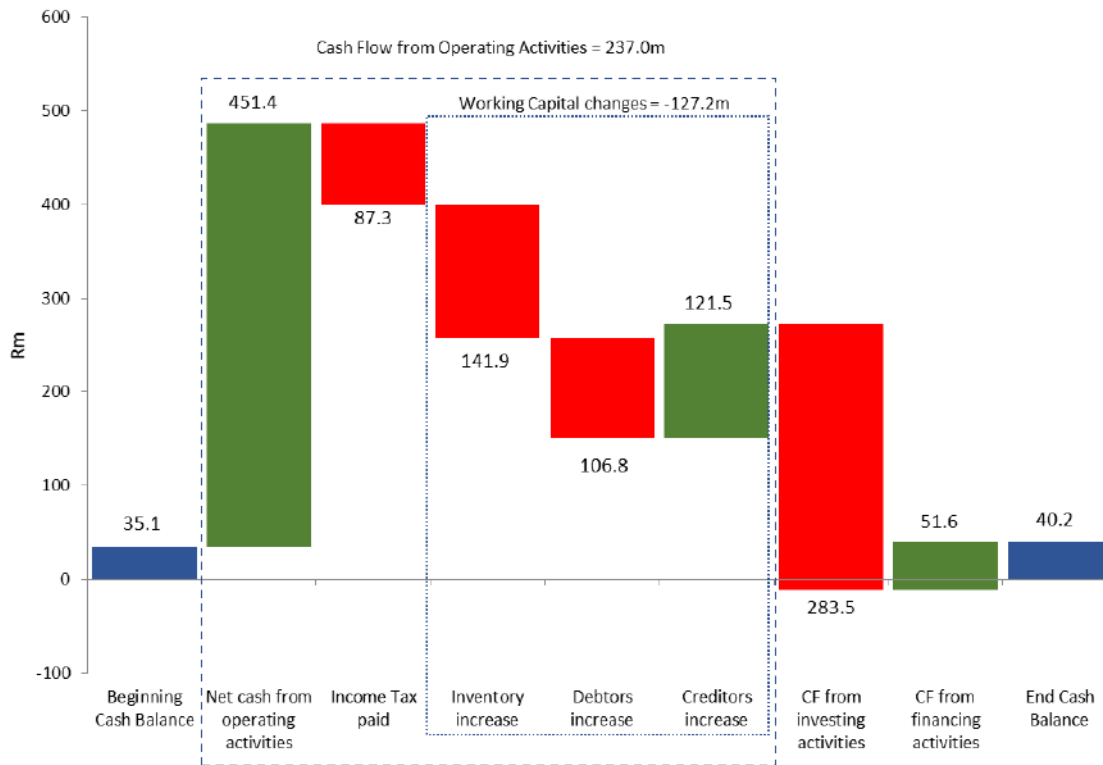
2019 Growth Drivers:

- ✓ Capital projects & expansions
- ✓ Manufacturing efficiencies
- ✓ Product range diversification
- ✓ Non-irrigation Agri related product opportunities



CASH FLOW PERFORMANCE

2018 Cash Flow Waterfall



Strong cash generation from operating activities



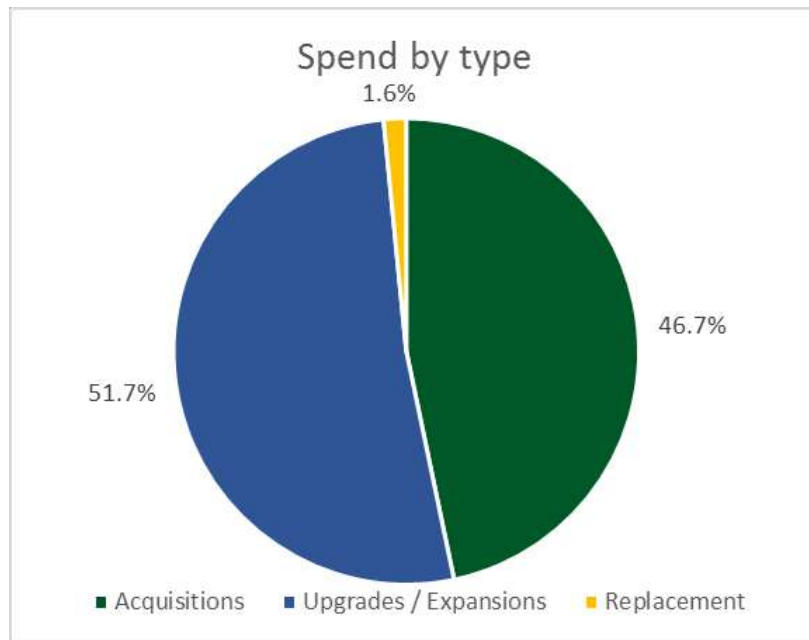
Good working capital management



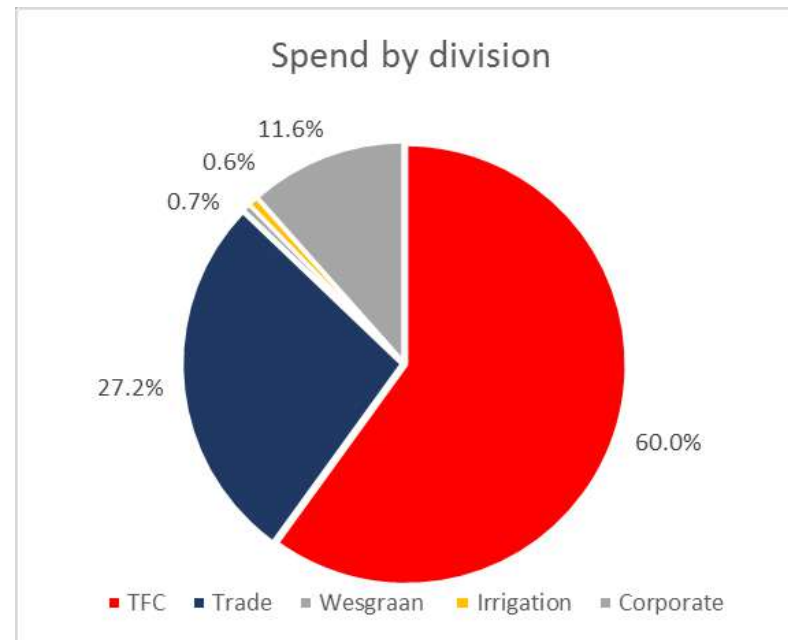
Continued investment



CAPITAL EXPENDITURE



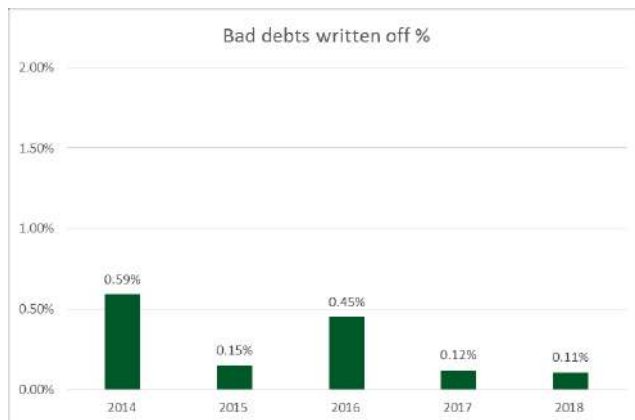
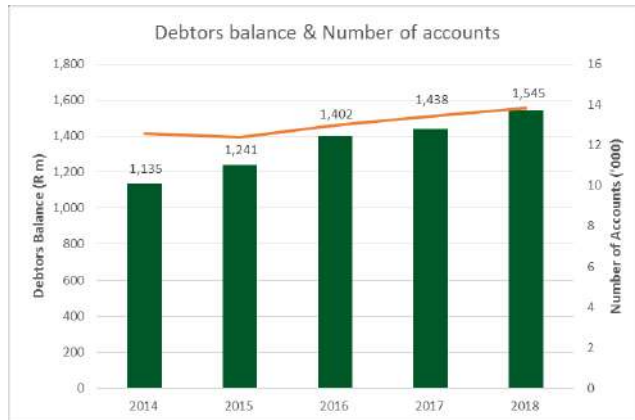
- 2018 Acquisitions (TFC)
- 2019 Capex R213M expected, excl. M&A



- TFC largest share
- 2019 similar trend expected




TRADE DEBTORS




 **Debtors balance growing at 5 yr CAGR of 8.0%**

 **13,838 accounts (3,341 seasonal and 10,497 monthly)**

 **Enabler to revenue growth**

 **Bad debts written off = 0.11% of total debtors:**

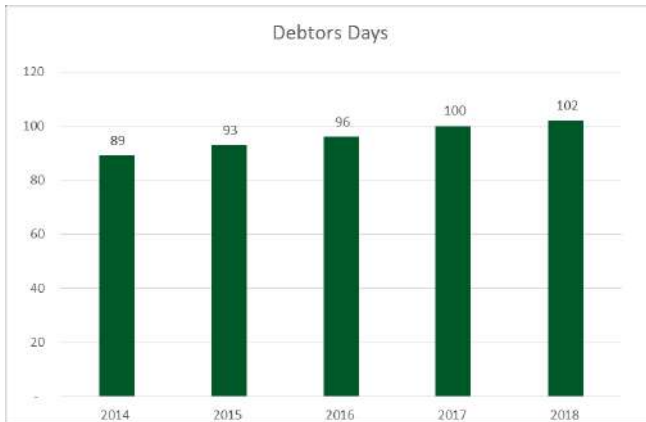
- ✓ 5 yr average: 0.27%
- ✓ 10 yr average: 0.38%

 **Debtors book:**

- ✓ Healthy book
- ✓ Well secured by various categories



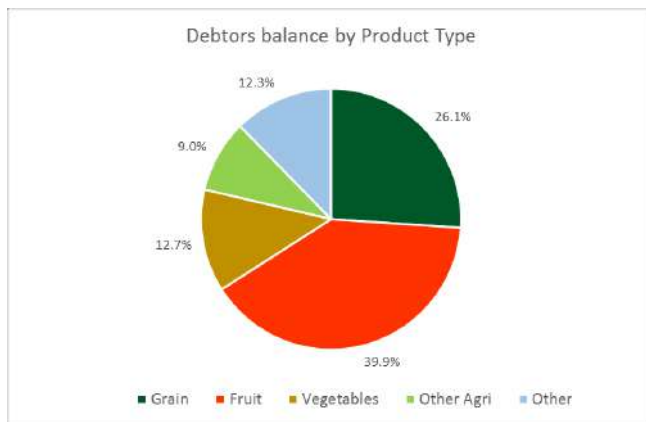
TRADE DEBTORS (cont.)



Days increasing slightly due to more seasonal credit as well as drought related carry over



Debtors book turns 3.6 times per year



Product and geographic diversity reduces risk



Other includes monthly accounts not assigned to a product



CONCLUSION

2018:

- ✓ Tough year negatively impacted by drought, weak retail environment, fuel license regulatory delays
- ✓ Strong revenue growth and positive RHE growth
- ✓ Good LFL revenue growth 6.9%
- ✓ Significant increase in number of transactions 12.1%
- ✓ Expenditure well managed

2019:

- ✓ Drought conditions have eased (expected benefit in Wesgraan, Trade and Manufacturing)
- ✓ Wheat harvest improvement
- ✓ TFC fuel license approval accelerated
- ✓ Footprint growth in TFC division
- ✓ Forge Agri & Forge Building Material acquisition (KZN)
- ✓ Trade footprint expansion opportunities being investigated
- ✓ On track to meet 2020 strategic medium term plan targets (minimum 15% CAGR growth in RHE at a minimum 15% ROE)



THANK YOU

KAAP  AGRI