



Interim Results Presentation

for the 6 months ended 31 March 2021

2021

- **Business Overview** *Slide 3 – Chris Schutte*
- **Operational Overview** *Slide 8 – Michael Schmitz, Frans van Heerden, Gary Arnold*
- **Industry Matters** *Slide 30 – Gary Arnold*
- **Financial Overview** *Slide 33 – Daan Ferreira*
- **Prospects** *Slide 44 – Chris Schutte*
- **Additional Information** *Slide 47*



Chris Schutte
Chief Executive Officer



**BUSINESS
OVERVIEW**

SALIENT POINTS

- **Feed input costs increased** over the period on record high maize and soya prices, driven by the rally in global coarse grain markets
- **Poultry selling prices** increased for the period under review, but not sufficient to recoup higher feed prices
- **High levels of poultry imports** continued, notwithstanding the higher import duty on frozen cuts
- **Poultry production efficiencies** on farm further improved, with less broiler feed required to achieve the targeted body weight
- **Non-feed cost** increases were contained to below inflation, however on-going costs incurred on COVID-19 measures and municipal disruptions in Standerton

KEY FINANCIAL INDICATORS

- Revenue @ R7.5 billion
- Profit before interest and tax @ R345 million
- Profit for the period @ R229 million
- Headline earnings per share @ 597 cents
- Interim dividend for the period @ 300 cps



DIVISIONAL OVERVIEW

Feed



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

Poultry



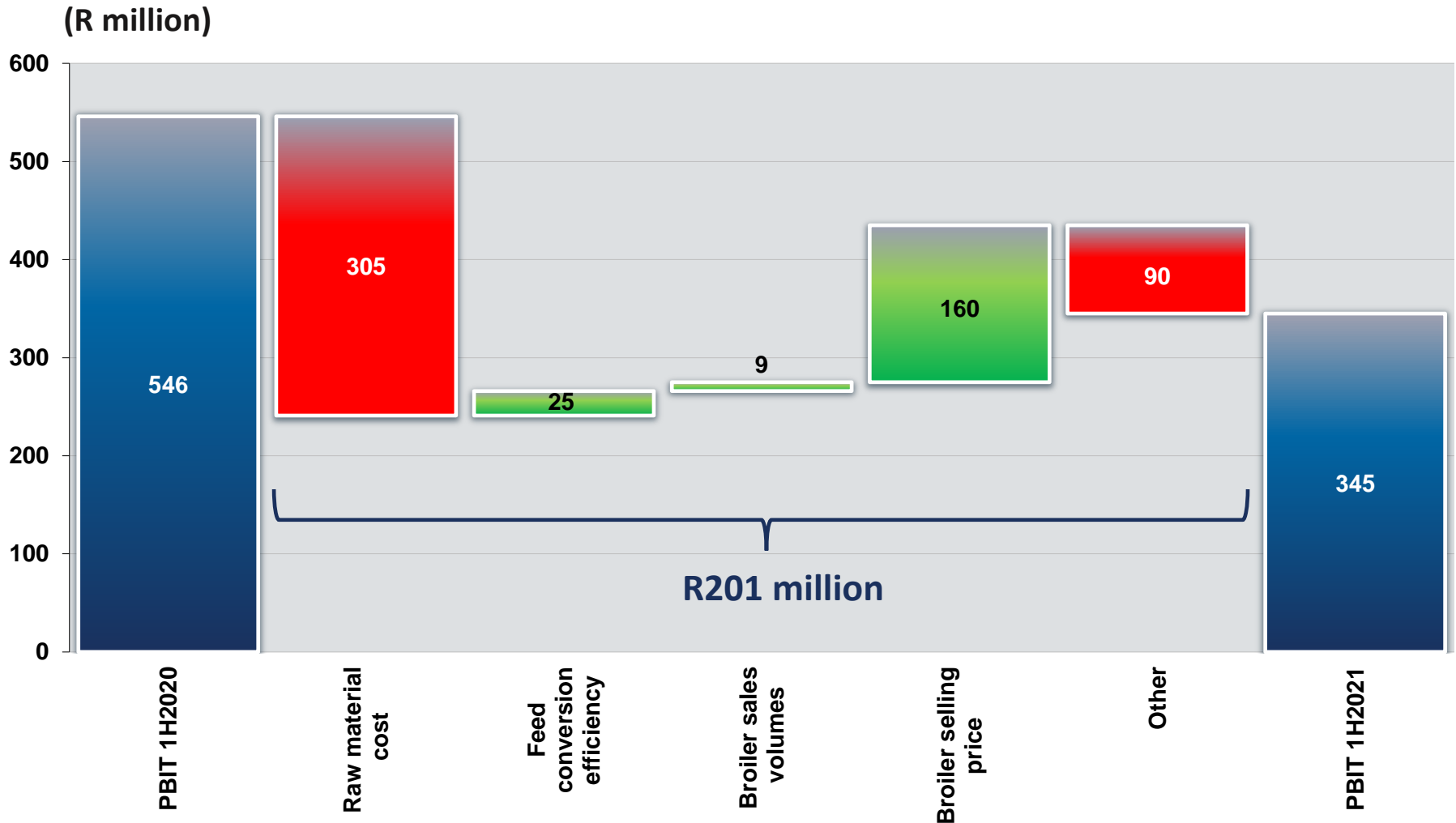
- Feeding cost increased
- Bird performance improvement
- Broiler sales realisations up
- Broiler sales volumes increased
- Non-feed costs below inflation

Other Africa – Feed & Poultry

- Improved performance from Zambian poultry



PBIT MOVEMENT – 1H2021 vs. 1H2020





Michael Schmitz

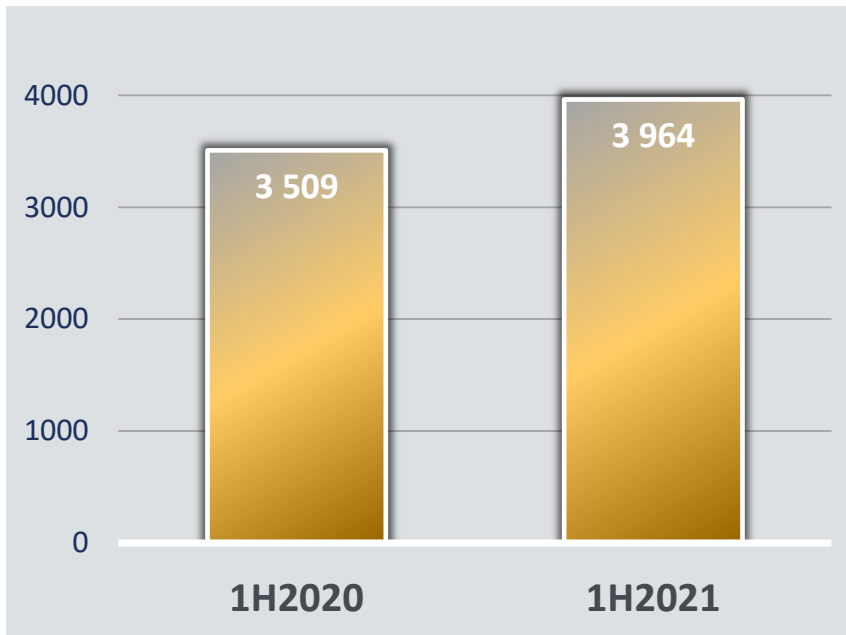
MD: Feed



**FEED
DIVISION**

FEED DIVISION

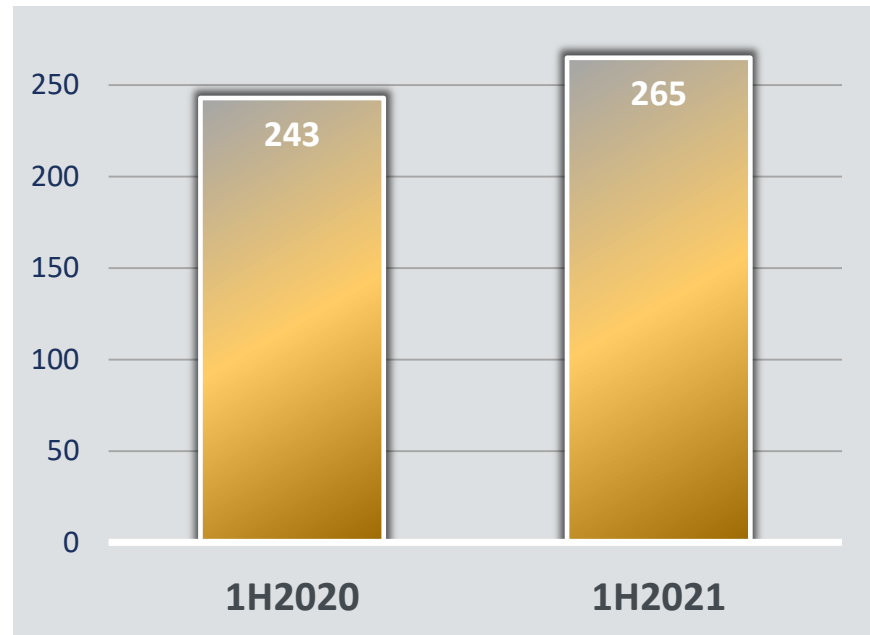
Revenue - R million



Revenue up 12.9%

- Raw material costs up
- Average selling prices up 16.3%
- Sales volumes down 2.9%

Operating profit - R million



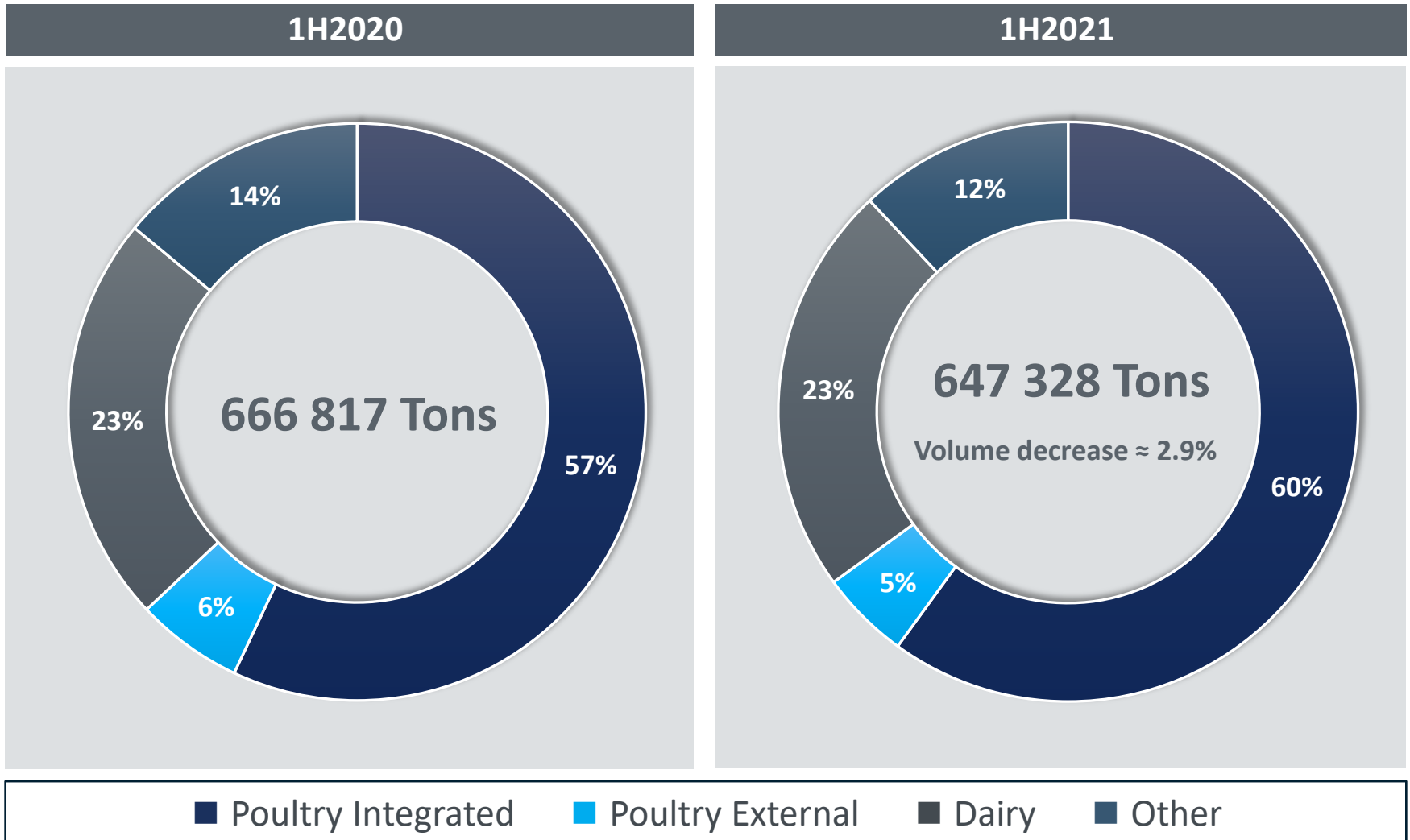
Operating profit up 9.0%

- Net margin 6.7% (1H20: 6.9%)
- Expenses well controlled
- Rand per ton margin up

FEED DIVISION

- **SAFEX yellow maize price increased** for the period under review avg. R3 397 per ton (1H20: R2 703) up R694 per ton y-o-y
- **Soya meal price increased** for the period under review avg. R8 738 per ton (1H20: R6 019) up R2 719 per ton y-o-y
- **Internal feed sales volumes increased** marginally by 1.6% due to an increase in broiler placement numbers
- **External feed sales volumes decreased** by 8.9% predominantly in the ruminant and commercial layer markets
- **Expenses were well controlled** across the division for the period under review
- The **average net margin increased** (on a Rand per ton basis) for the period under review

FEED DIVISION – SALES MIX





Gary Arnold
MD: Agriculture

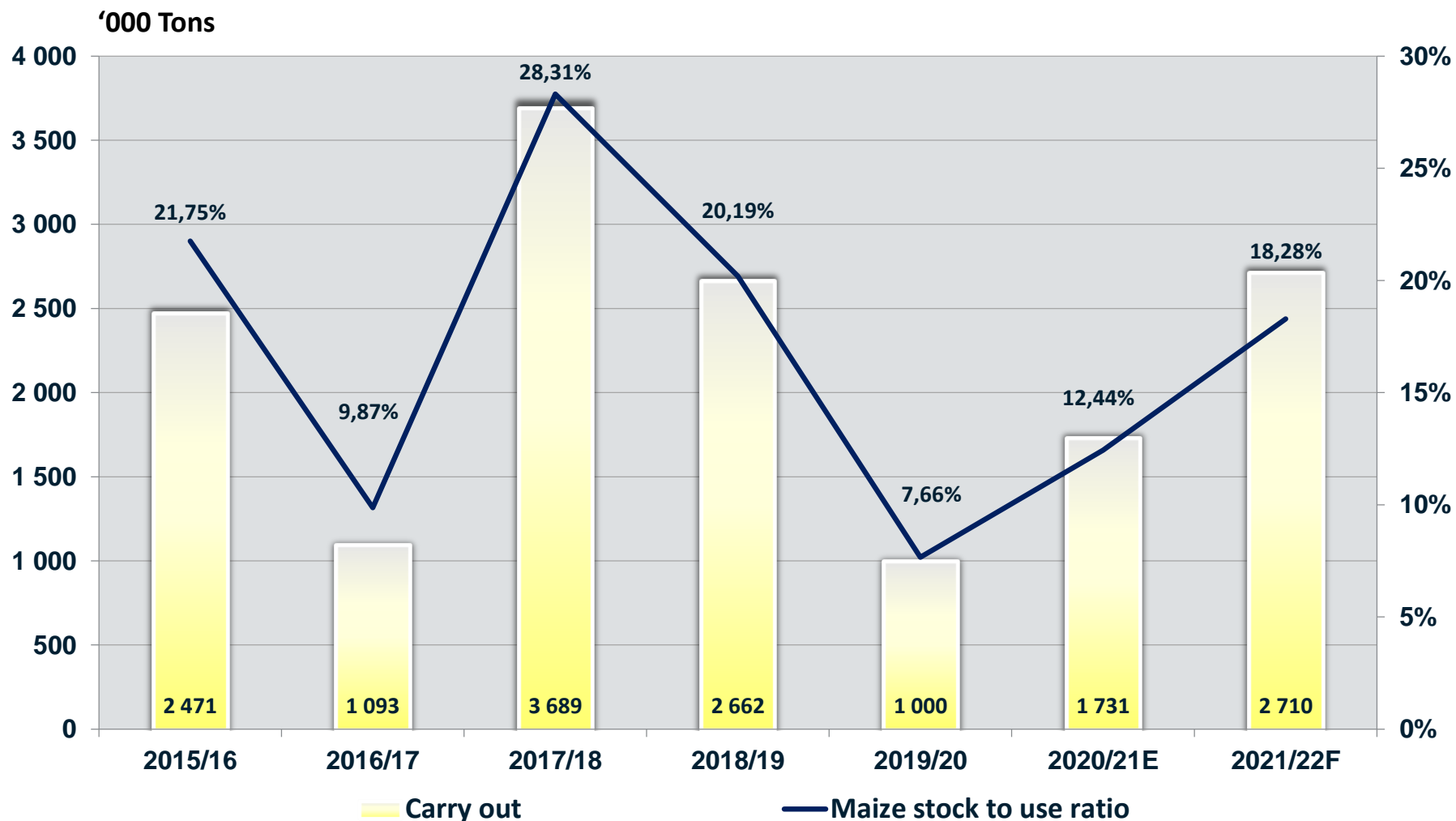


**RAW
MATERIALS**

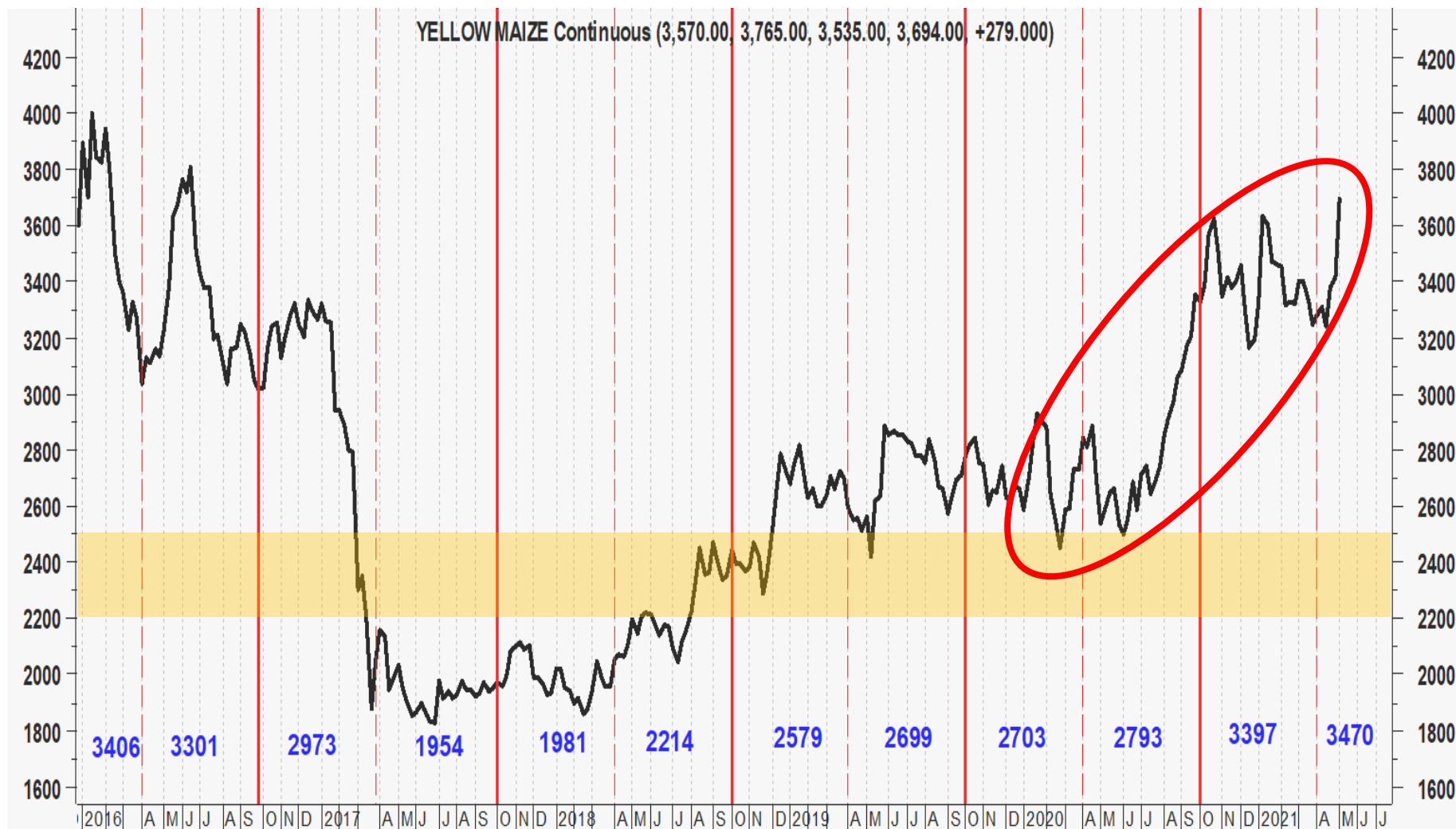
RSA – TOTAL MAIZE SUPPLY & DEMAND

<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	1 731
Crop Estimate	9 955	7 779	16 820	12 510	11 275	15 300	16 570
Retentions	163	309	1 191	495	388	656	763
Sagis Delivery	9 794	7 469	15 629	11 984	10 887	14 644	15 807
<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	15 644	17 538
Domestic Usage Food	4 698	4 808	4 993	5 161	5 378	5 667	5 790
Domestic Usage Feed	5 520	5 004	5 276	5 508	5 699	5 524	5 800
Gristing, withdrawn & released	293	278	313	239	177	170	388
Total Domestic Usage	10 512	10 090	10 583	10 907	11 264	11 362	11 978
Exports & Sundries	848	993	2 451	2 276	1 795	2 551	2 850
<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	1 731	2 710
No of days usage	86	40	127	89	32	56	83
STU	21,75%	9,87%	28.31%	20,19%	7,66%	12,44%	18,28%

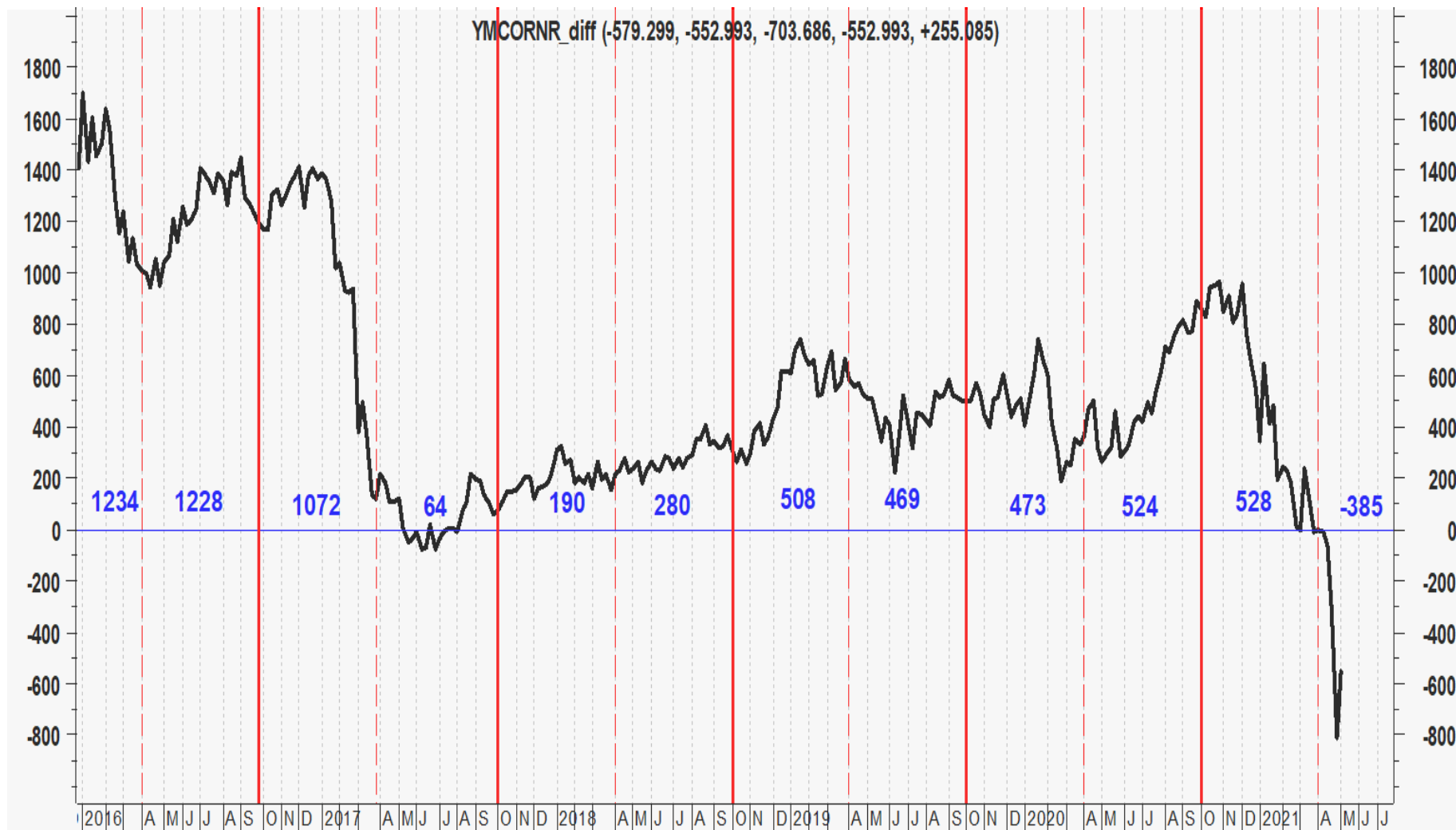
RSA – TOTAL MAIZE SUPPLY & DEMAND



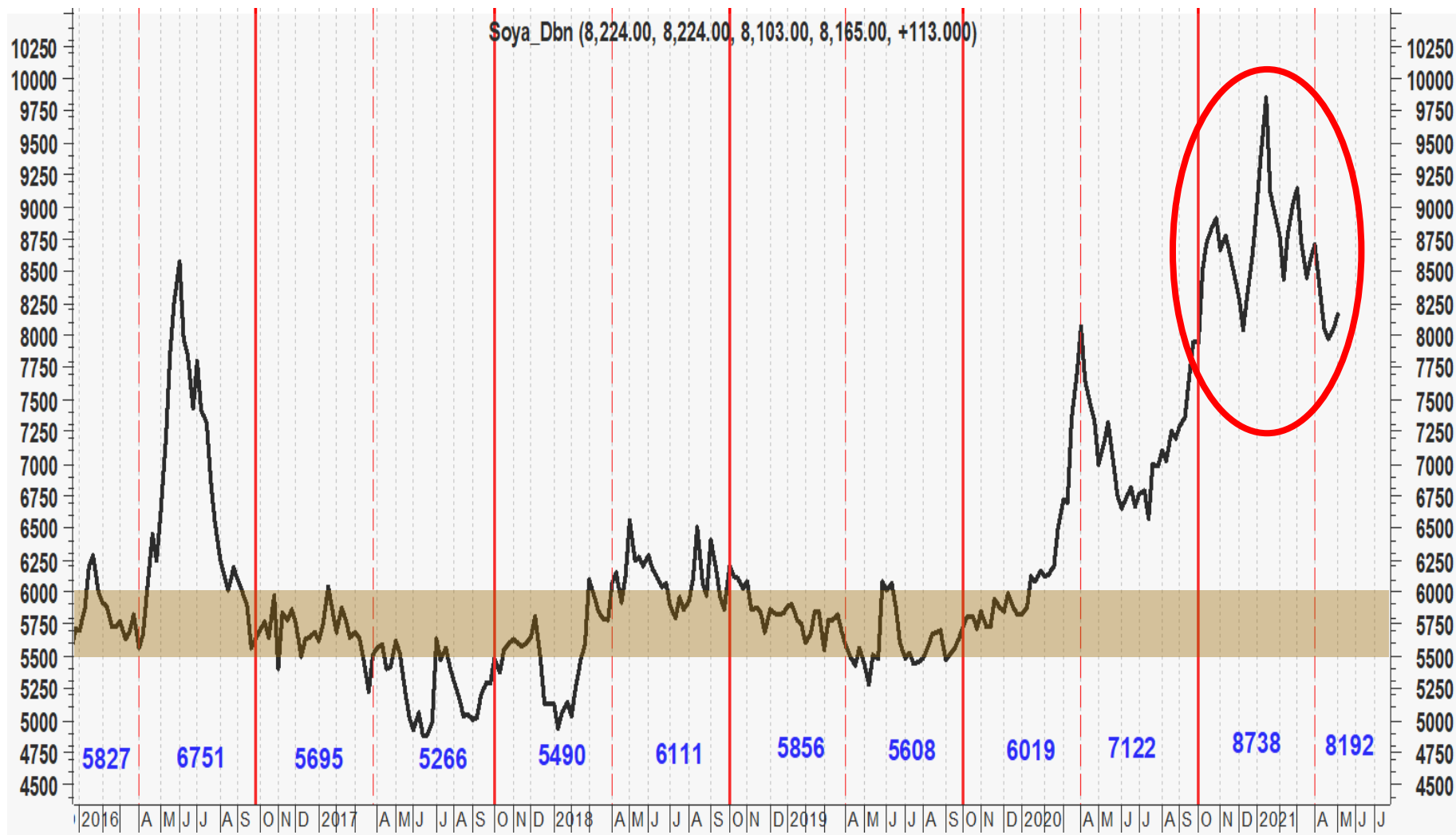
SAFEX YELLOW MAIZE PRICE



SAFEX YM PRICE vs. CBOT IN RAND TERMS



DURBAN SOYA MEAL PRICE





Frans van Heerden

MD: Commercial

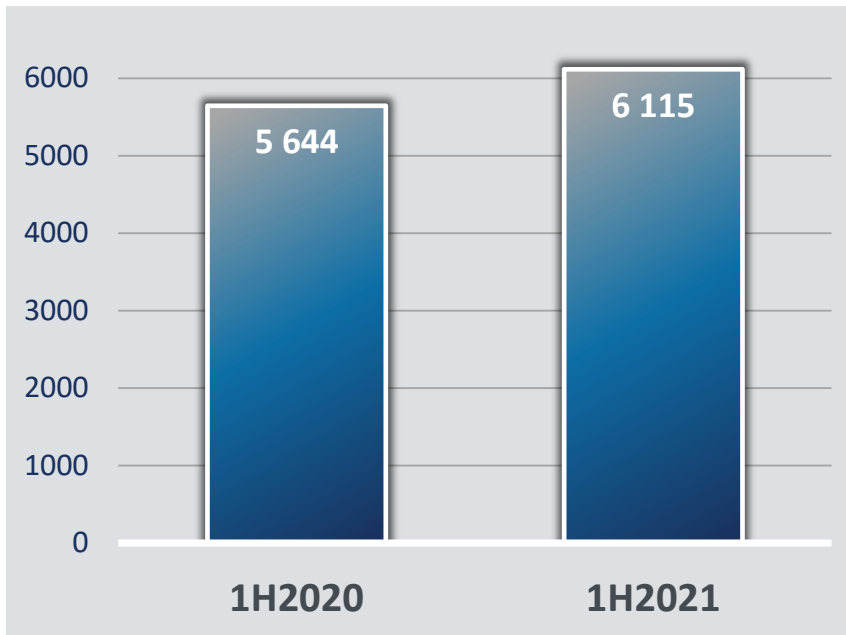


**POULTRY
DIVISION**

COMMERCIAL

POULTRY DIVISION - CONSOLIDATED

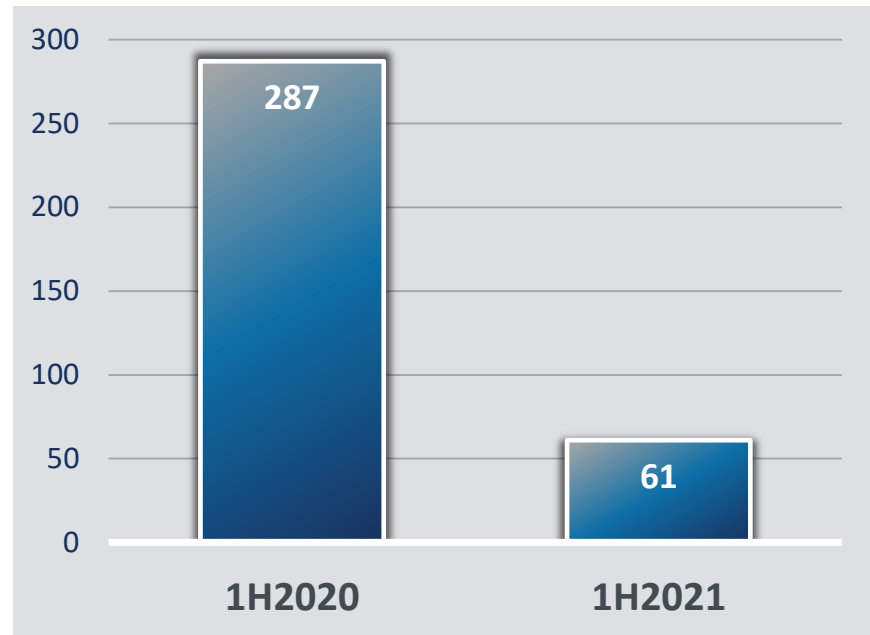
Revenue - R million



Revenue up 8.3%

- Broiler sales volumes up 3.5%
- Broiler sales realisations up 3.1%
- Breeder revenue up 7.8%

Operating profit - R million



Operating profit down 78.6%

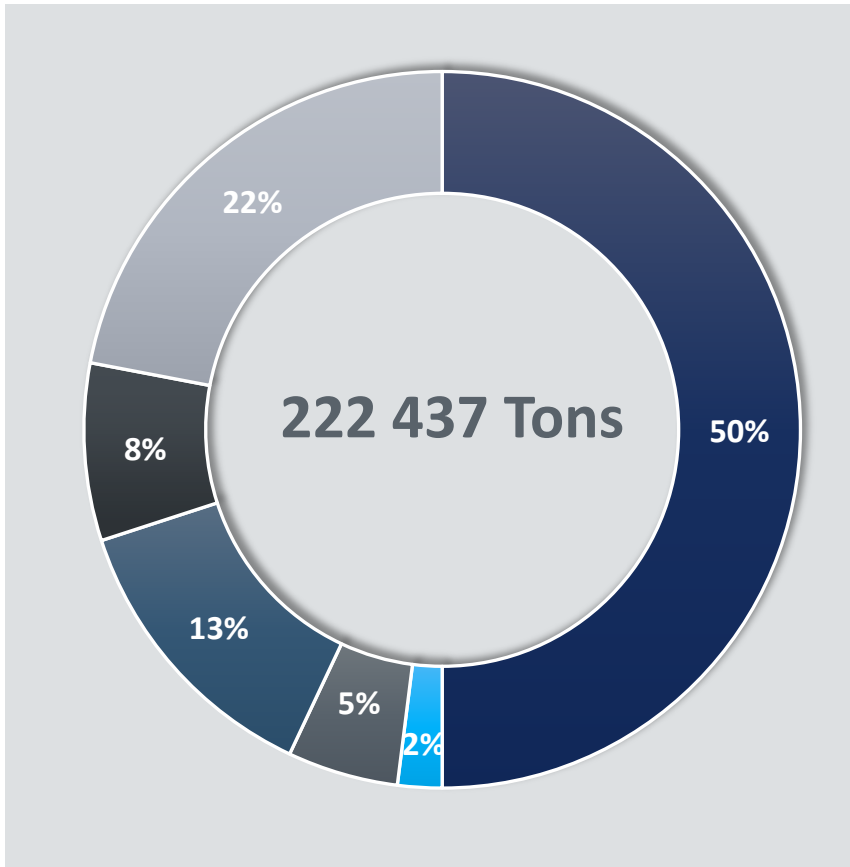
- Net margin 1.0% (1H20: 5.1%)
- Broiler feed price up 17.0%
- Operating expenses well controlled

POULTRY DIVISION - COMMERCIAL

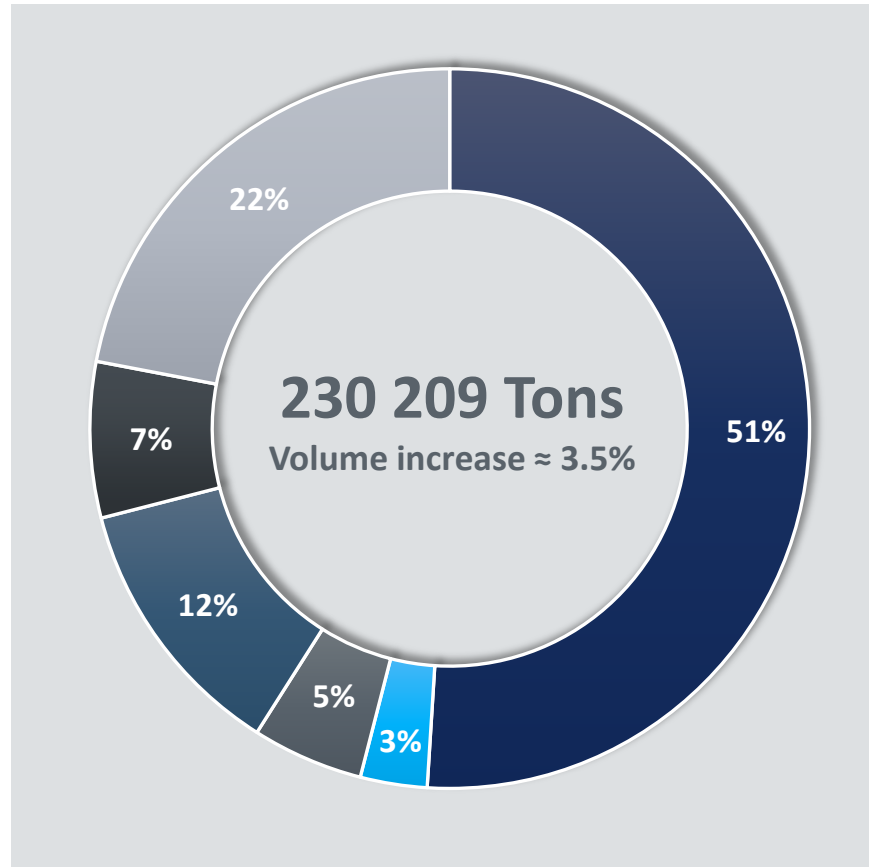
- **Profits decreased** for the period under review on the back of extraordinarily high feed prices which could not be recovered in the broiler selling prices
- **QSR sales have recovered** to 90% of pre COVID-19 levels for the period under review, and these continue to improve
- **Broiler selling prices increased** for the period under review, however substantially lower than the increase in raw material costs and operating expenses, negatively impacting margins
- **Broiler sales volumes increased** on higher bird numbers, with additional volumes slaughtered under the new Festive expansion capacity
- **Overhead expense increases contained to below inflationary levels**, but continue to be negatively impacted by on-going COVID-19 costs, national load shedding and municipal infrastructure challenges in Standerton

POULTRY DIVISION – SALES MIX

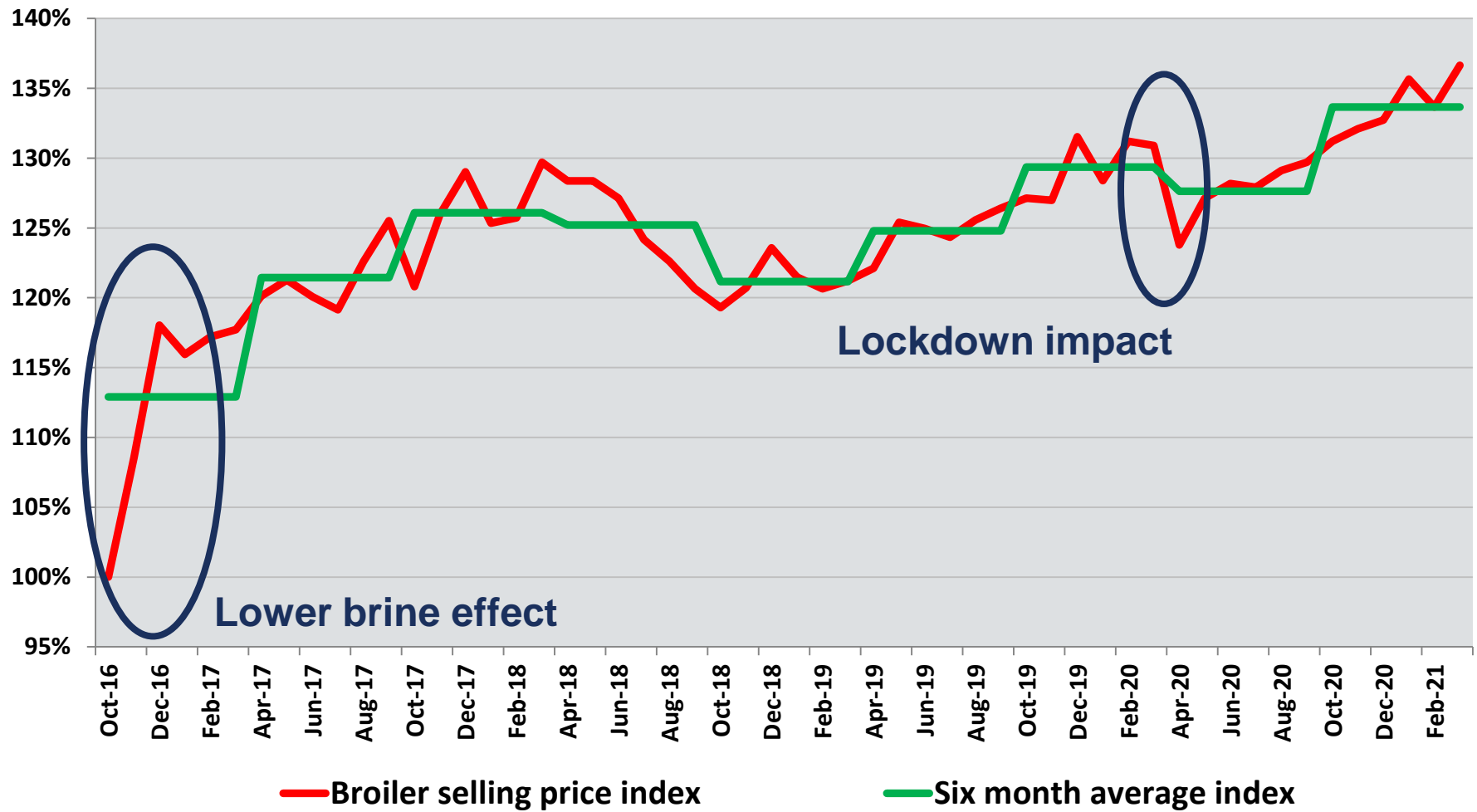
1H2020



1H2021

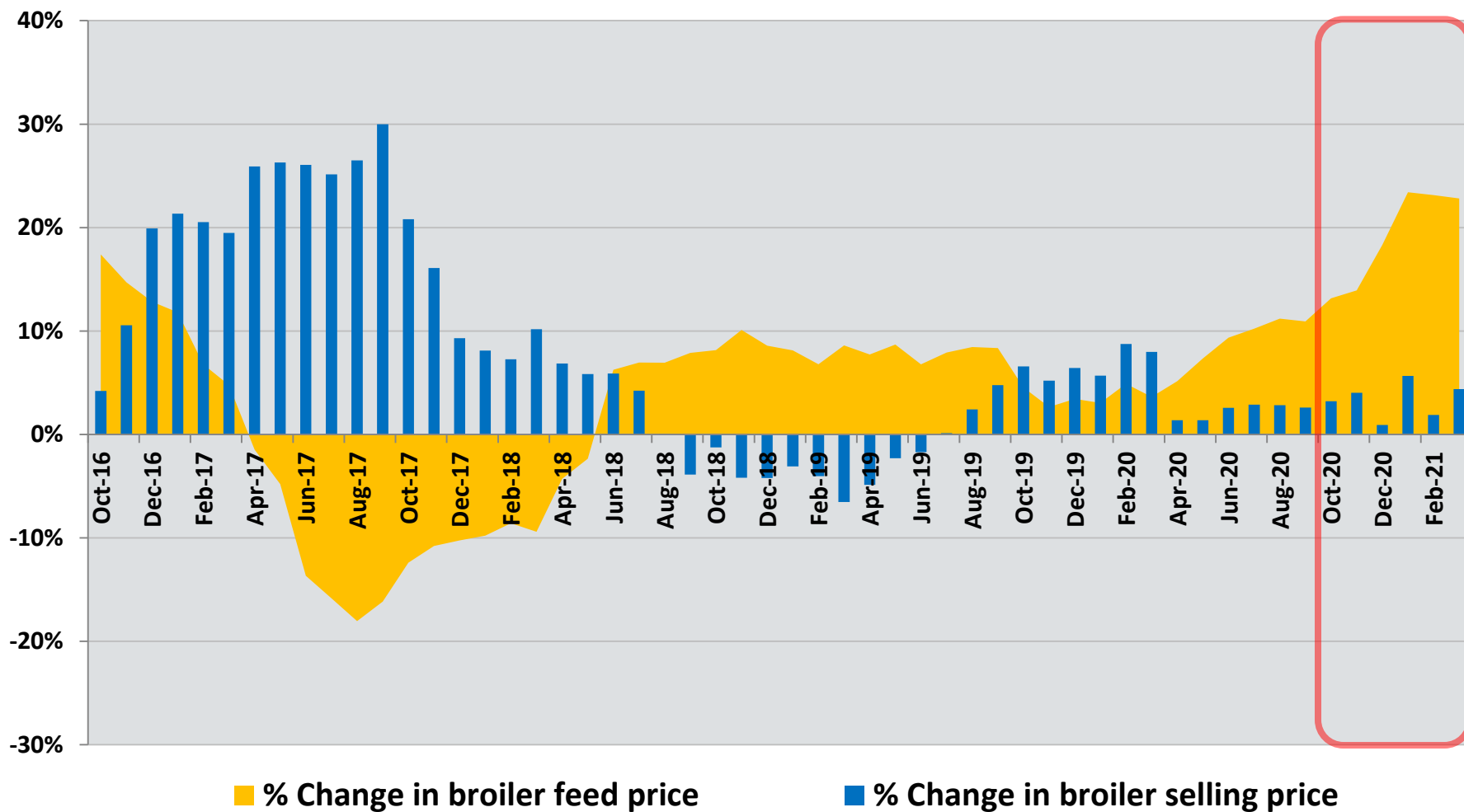


BROILER SELLING PRICE



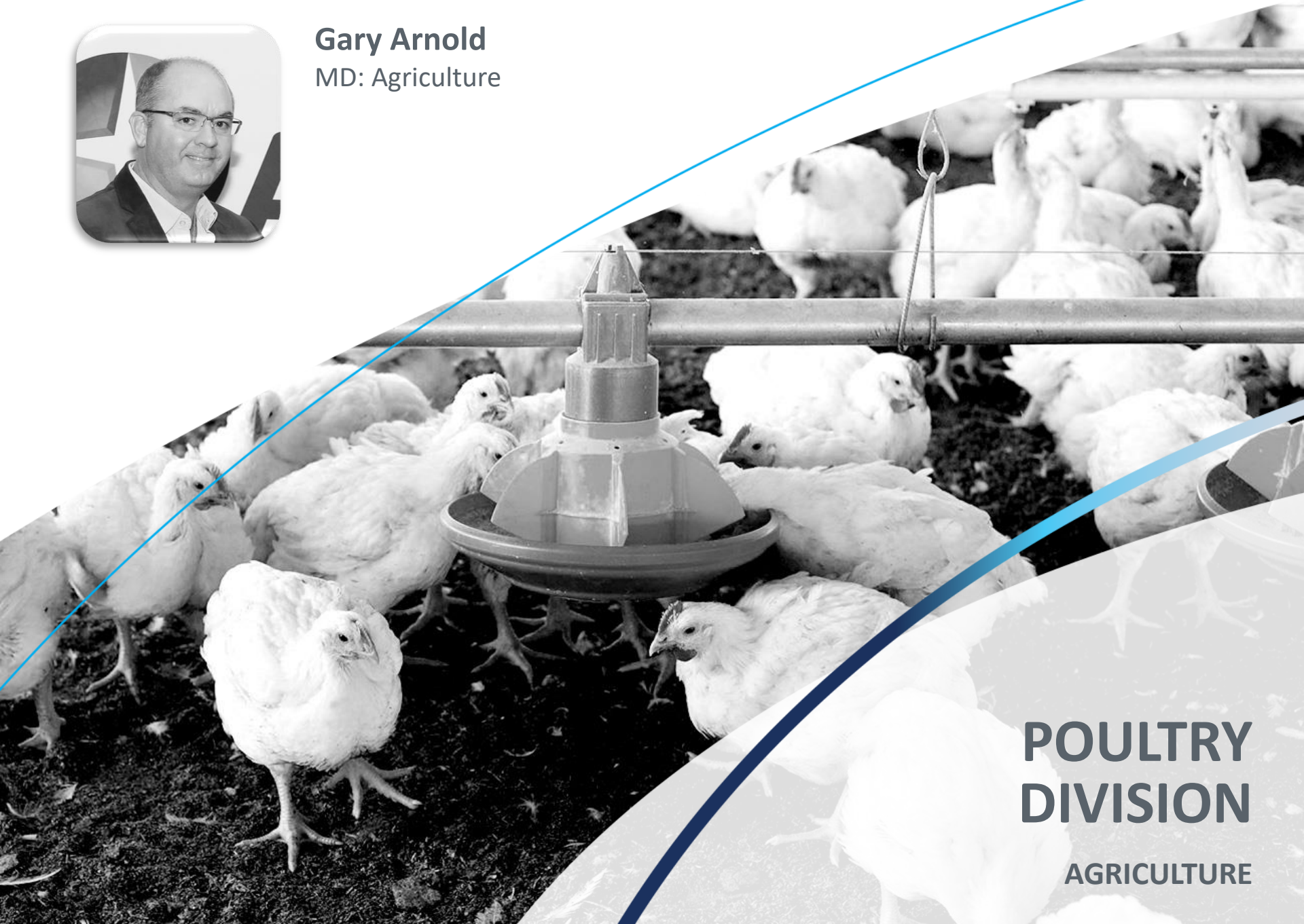


BROILER SELLING PRICE vs. FEED PRICE





Gary Arnold
MD: Agriculture



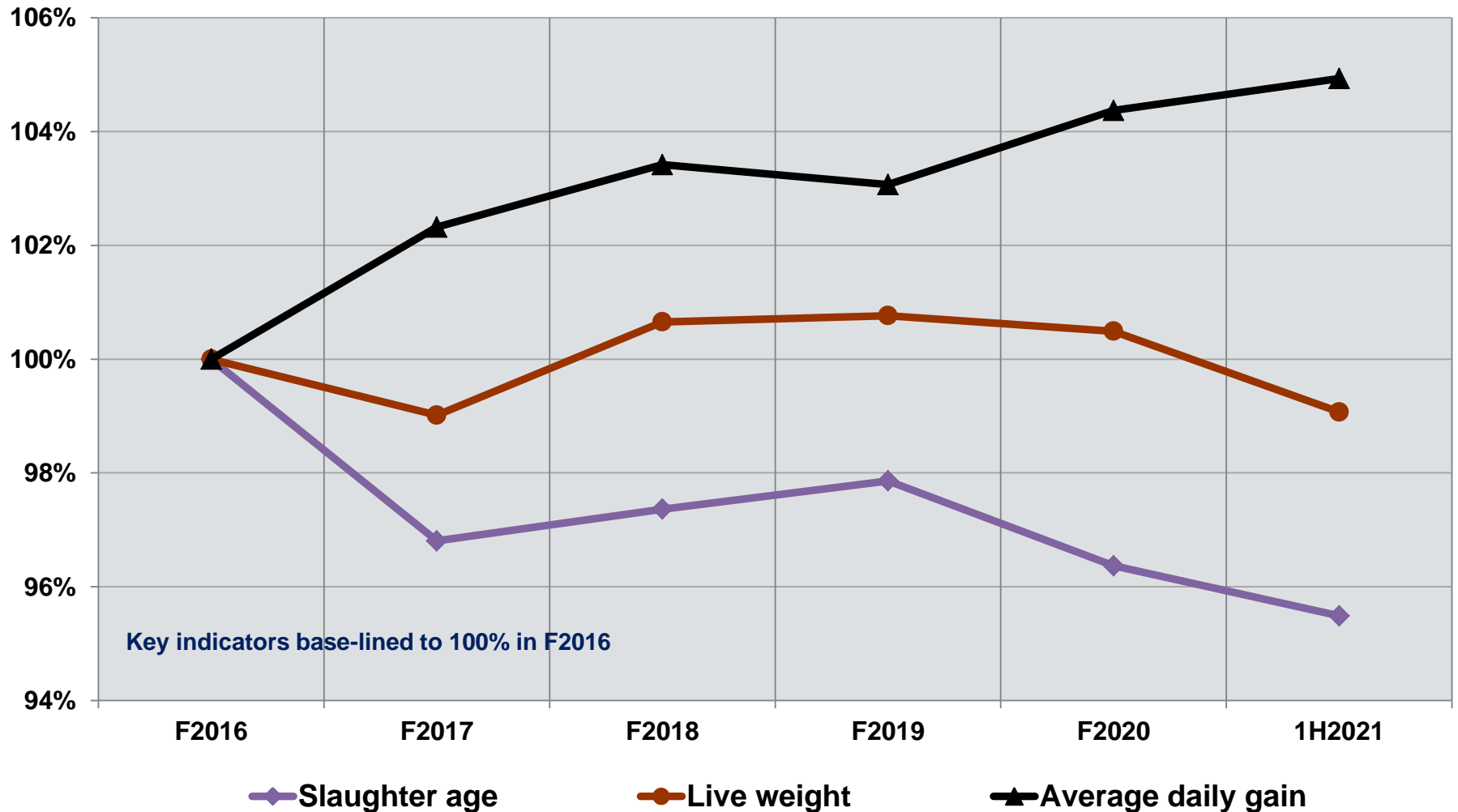
POULTRY DIVISION

AGRICULTURE

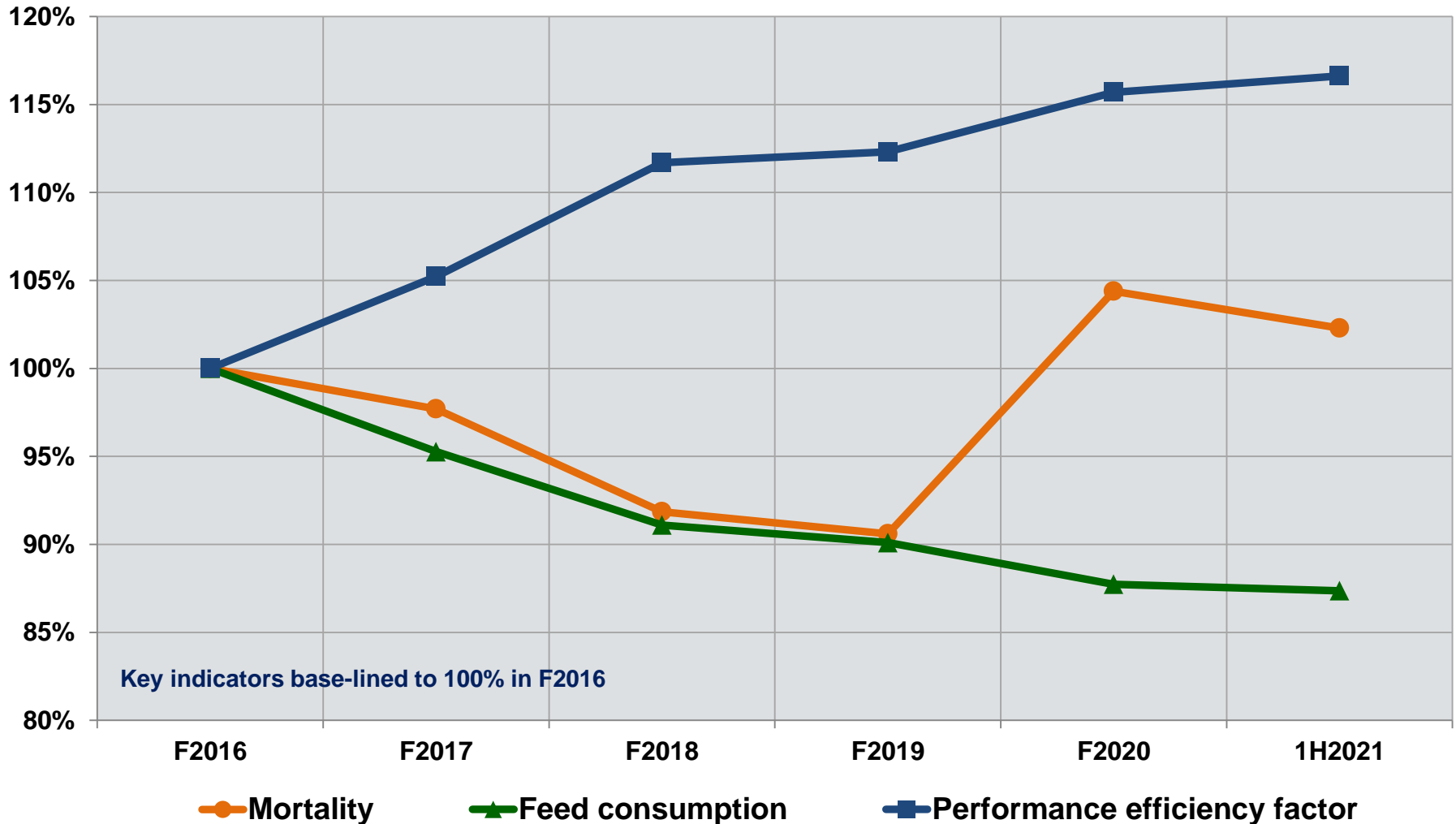
POULTRY DIVISION - AGRICULTURE

- **Parent stock sales were higher** for the period under review, as demand for the Ross broiler genetics continued to increase market share for the breed
- **Feed input costs increased** adversely affecting the live bird production cost, however feeding programmes adjusted offsetting the cost increases (negligible)
- **Further improvement in broiler production efficiencies**, assisted broiler live cost through an improved feed conversion rate
- **Non-feed costs increased marginally**, as a component of the live bird production cost assisted by good cost control and increased volumes diluting fixed overheads
- **Bird flu outbreaks reported** in commercial poultry with the first incident confirmed in early April 2021, this remains a major industry threat

BROILER PRODUCTION PERFORMANCE

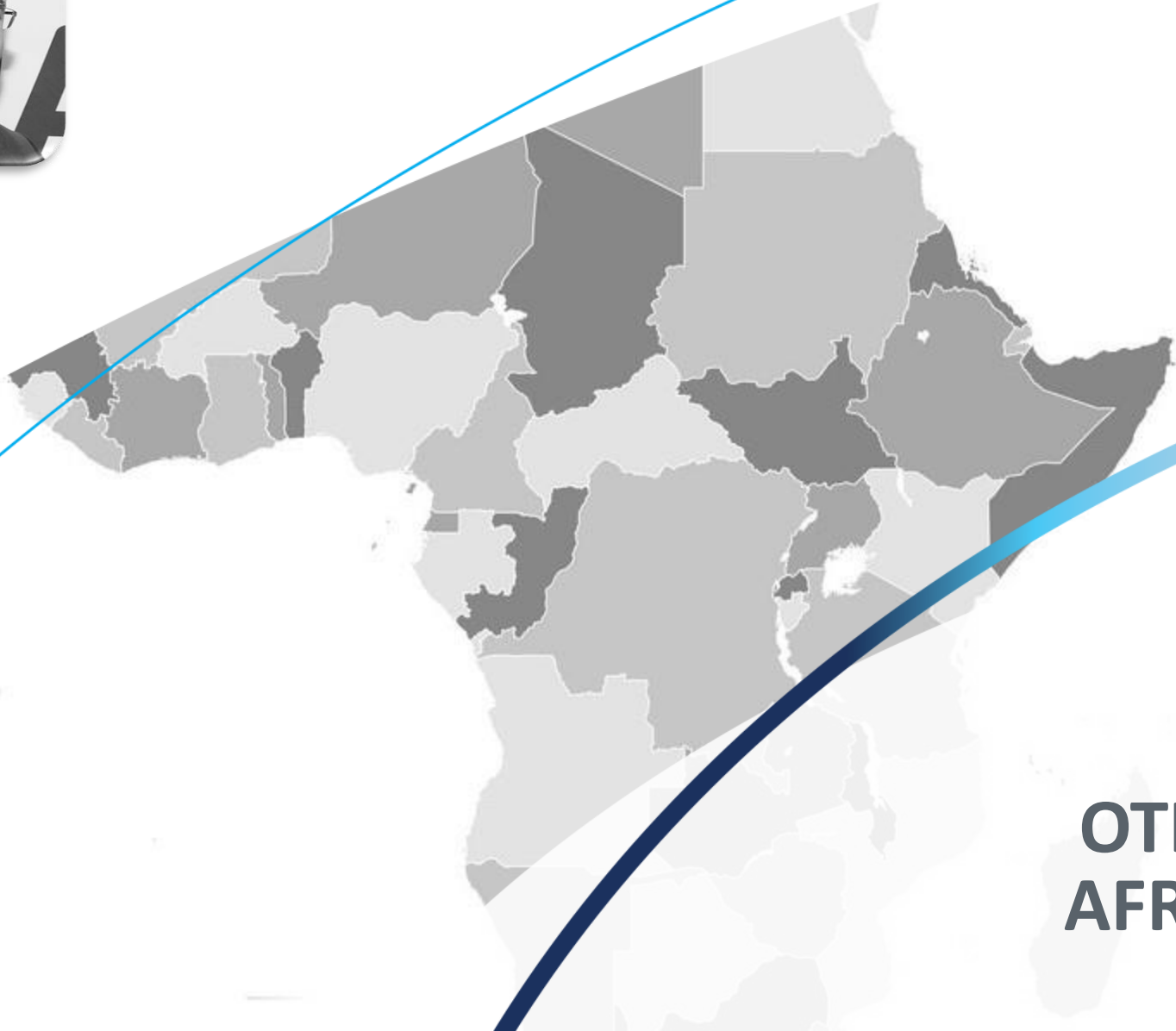


BROILER PRODUCTION PERFORMANCE





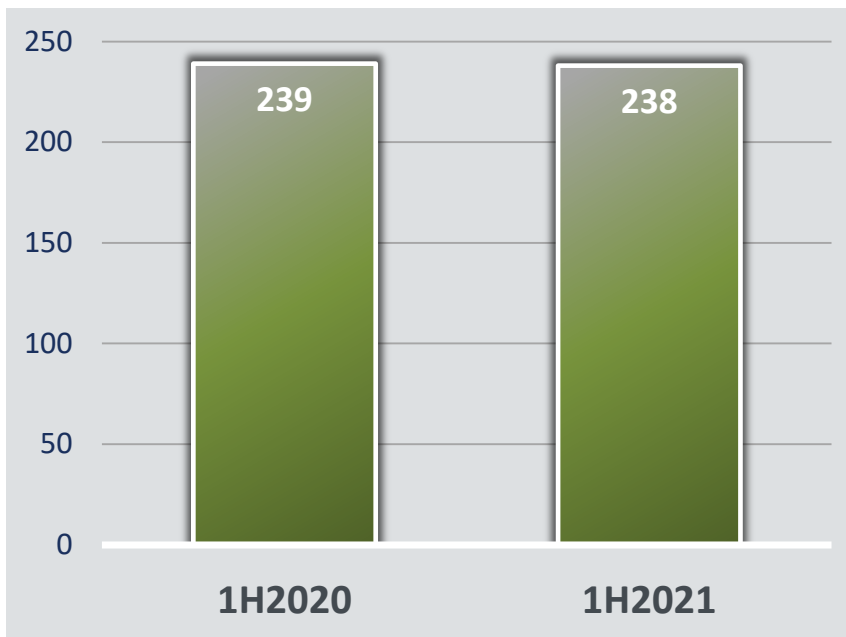
Gary Arnold
MD: Agriculture



**OTHER
AFRICA**

OTHER AFRICA DIVISION

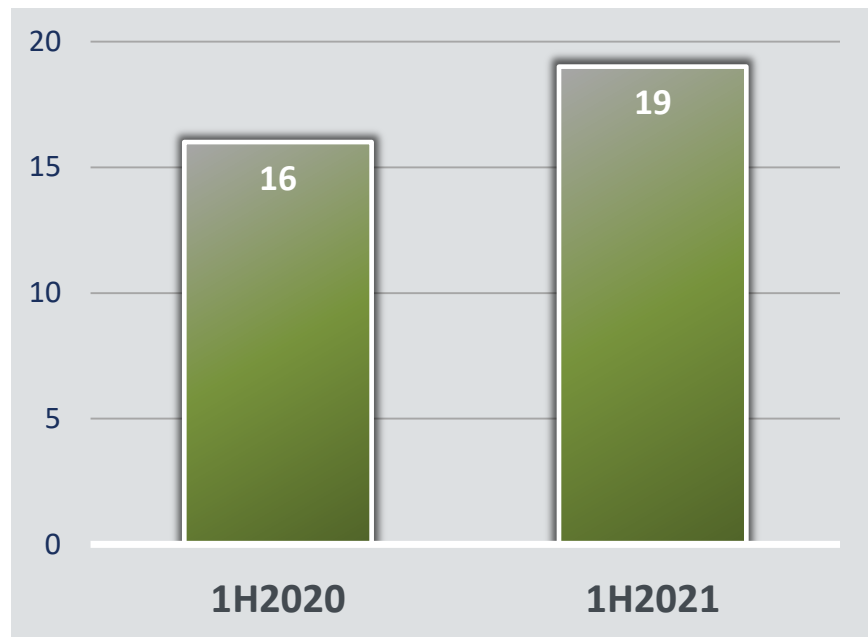
Revenue - R million



Revenue down 0.3%

- Raw material costs up
- Average selling prices down
- Sales volumes up

Operating profit - R million



Operating profit up 19.9%

- Net margin 7.9% (1H20: 6.6%)
- Zambian poultry good turnaround
- Exchange rate impact



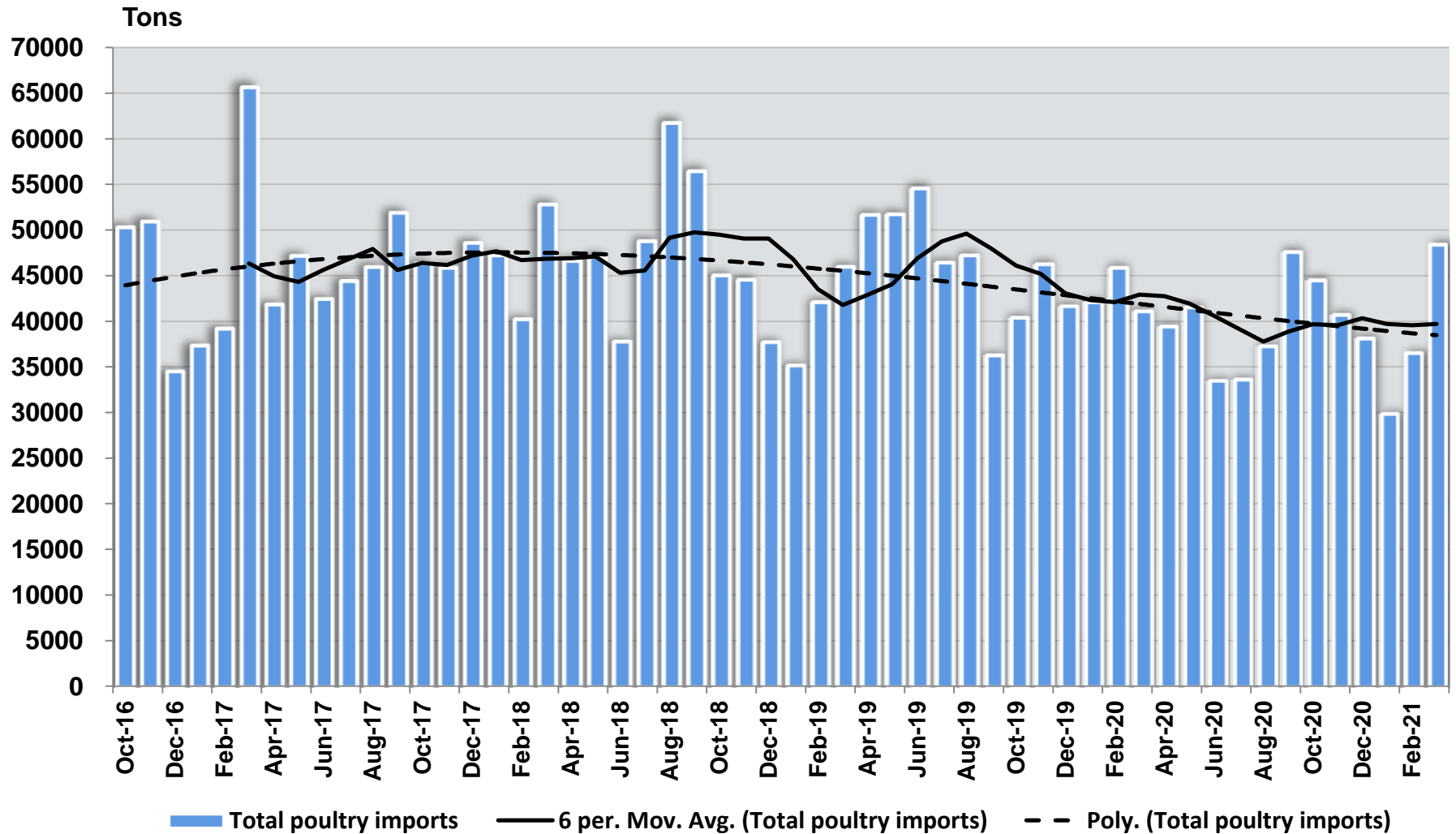
Gary Arnold
MD: Agriculture

an African Chicken Every Day!



**INDUSTRY
MATTERS**

POULTRY IMPORTS



INDUSTRY OVERVIEW

- Based on industry statistics **broiler slaughter numbers** are approximately **20.6 million birds per week**
- **Imports for the period averaged** 39 705 tons per month (\approx 7.5% down on 1H20 @ 42 907 tons), equalling approximately **26% of total consumption**
- **Highly Pathogenic Avian Influenza poses a major threat** to the local industry with outbreaks experienced in commercial poultry in Gauteng, Free State, North West, Mpumalanga and the Western Cape from April 2021
- **Anti-dumping application** against Brazil, Ireland, Spain, Poland and Denmark; ITAC have concluded its first round of consultations and the process is expected to be finalised towards the end of this year or during the first quarter of 2022
- A Western Cape based poultry producer **entered business rescue in February 2021**










Daan Ferreira
Chief Financial Officer

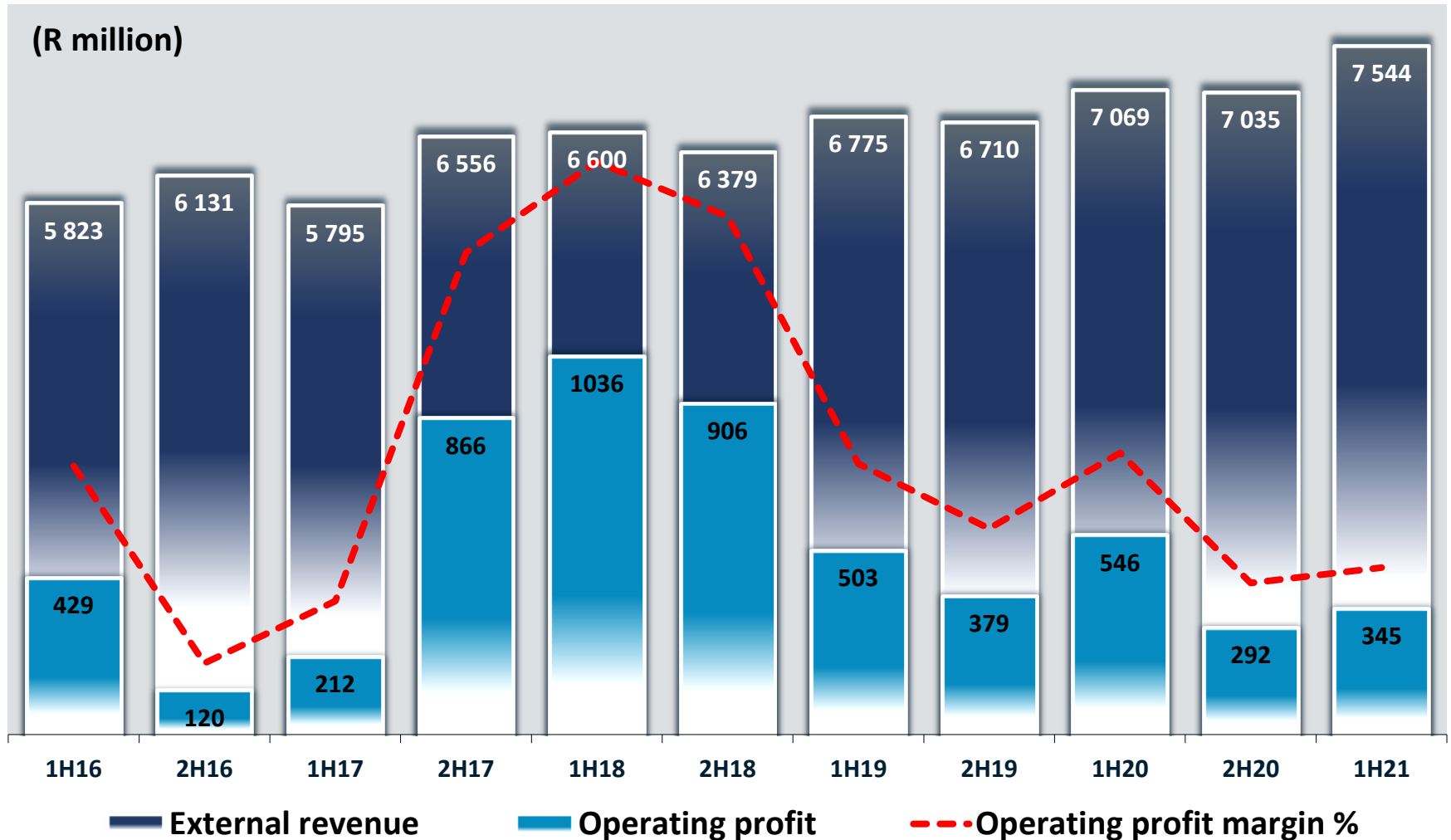


FINANCIAL OVERVIEW

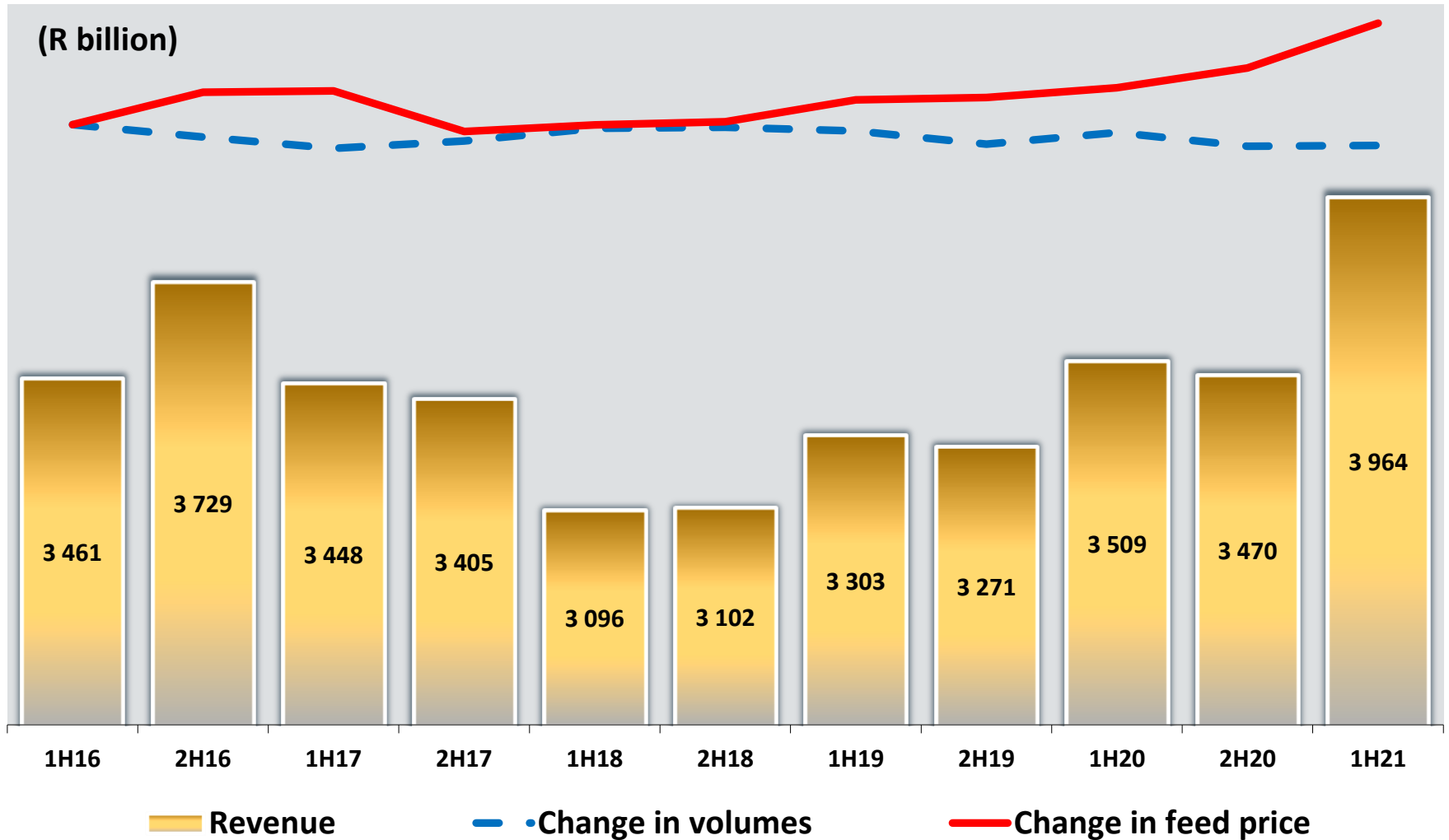
INCOME STATEMENT

Six months ended 31 March	2021 R million	2020 R million	% change
Revenue	7 544	7 069	 7%
Operating profit	345	546	 37%
<i>Operating profit margin</i>	4.6%	7.7%	
Net finance (cost) / income	(25)	(27)	
Profit before tax	319	519	 38%
Tax	(90)	(148)	
Profit for the period	229	371	 38%
Headline earnings	230	369	 38%
EPS – Cents	592	951	 38%
HEPS – Cents	597	951	 37%

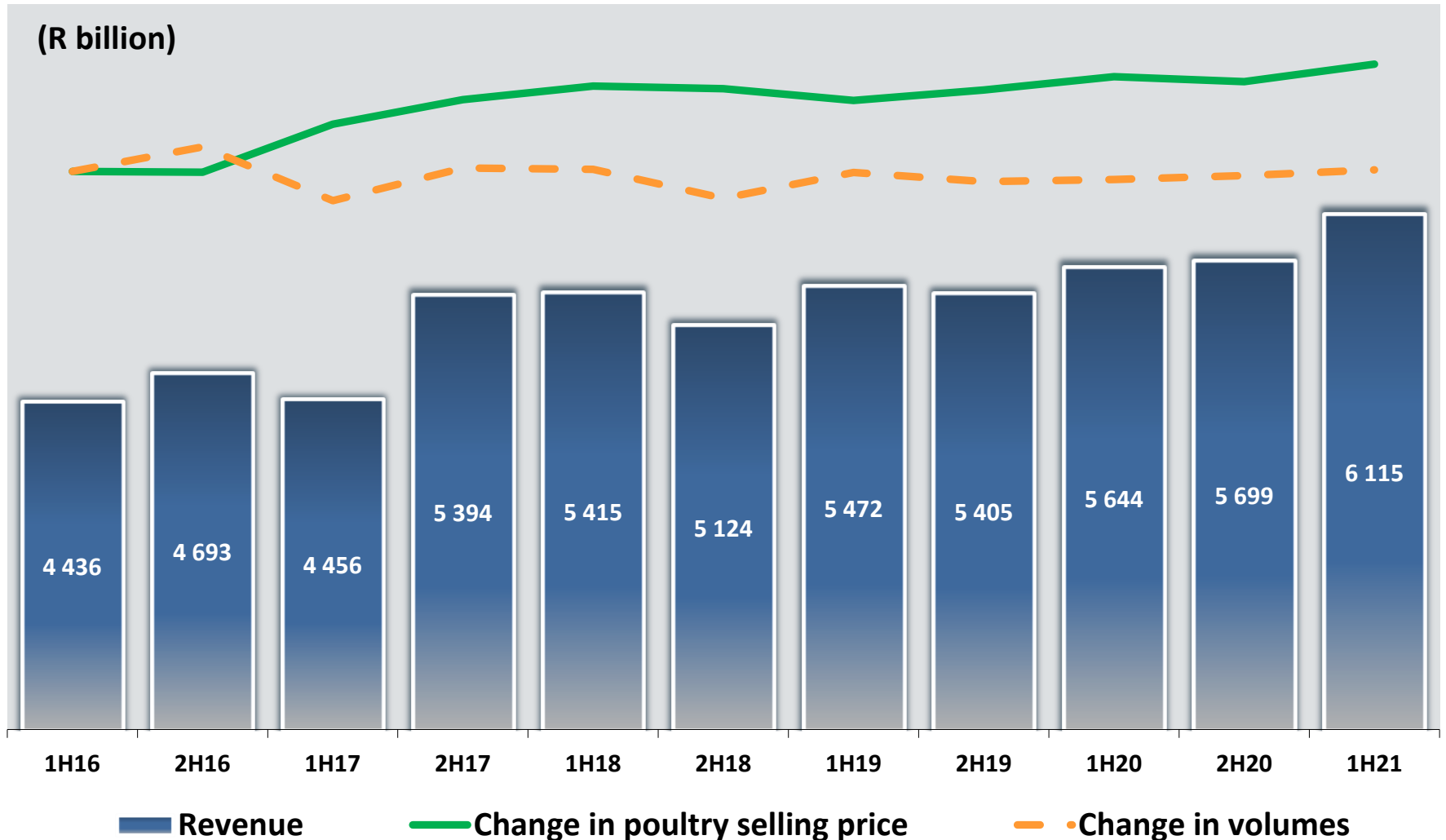
GROUP SIX MONTH REVENUE & PROFIT



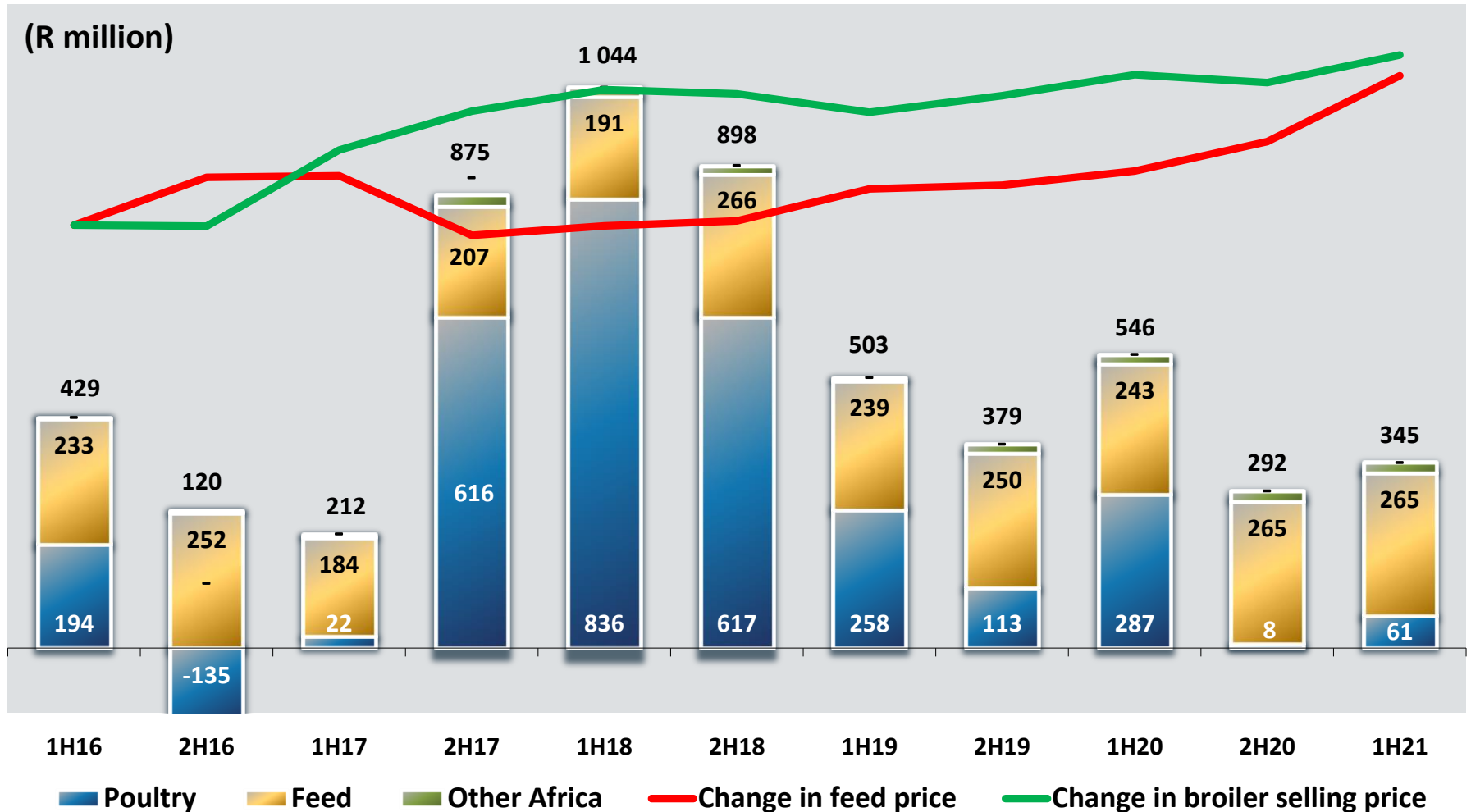
FEED SIX MONTHLY REVENUE











POULTRY SIX MONTHLY REVENUE



GROUP SIX MONTHLY OPERATING PROFIT



BALANCE SHEET

	March 2021 R million	September 2020 R million	% change
Non-current assets (excl. ROU assets)	3 267	3 259	
Non-current assets – ROU assets	451	537	
Net working capital	1 210	1 132	
Current assets (excl. cash)	3 351	2 961	
Current liabilities (excl. borrowings & leases)	(2 141)	(1 829)	
Non-current liabilities (excl. borrowings & leases)	(812)	(780)	
Lease liabilities	(488)	(572)	
Net assets	3 628	3 576	
Net (surplus cash)	(386)	(546)	
Equity	4 014	4 122	
Total	3 628	3 576	

CAPITAL EXPENDITURE

Six months ended 31 March	2021 R million	2020 R million
Depreciation and amortisation	213	197
Property, plant & equipment	106	91
Right of use assets	107	106
Total capex spend	121	311
Festive expansion (including advance payments)	8	249
Other capex	113	62
Outstanding commitments	273	342

WORKING CAPITAL

	March 2021 R million	September 2020 R million	Variance R million
Current assets	3 351	2 961	390
Biological assets	863	851	12
Inventory - Poultry	604	497	107
- Feed	415	317	98
- Other Africa	35	47	(12)
Trade receivables	1 262	1 138	124
Advance capex payments	14	23	(9)
Other receivables	158	88	70
Current liabilities	(2 141)	(1 829)	(312)
Trade payables	(1 692)	(1 467)	(225)
Other payables	(449)	(362)	(87)
Net working capital	1 210	1 132	78

STATEMENT OF CASH FLOWS

For the six months ended 31 March	2021 R million	2020 R million
Cash operating profit	481	715
Working capital movement	(16)	(116)
	465	599
Tax paid	(51)	(71)
Finance income / Dividend received	10	17
Capital expenditure	(121)	(311)
	303	234
Finance expense	(3)	(3)
Dividends paid	(301)	(166)
Treasury shares – forfeitable share plan	(23)	(24)
Lease payments	(129)	(122)
Movement in cash equivalents	(153)	(81)
Effect of exchange rate changes	(7)	(4)
Opening balance	546	555
Closing balance	386	470

IN SUMMARY

- **Profit after tax at R230 million** down 38% on prior period (R371 million)
- **Net cash outflow of R154 million** in a challenging period
- **Capital expenditure of R121 million** for the period (1H20: R311 million)
- **Interim dividend 300 cps** for the period at 2x cover
- **Surplus funds (R386 million) at end March** sufficient to cover the dividend payment



Chris Schutte
Chief Executive Officer



PROSPECTS

OUTLOOK

- **Unprecedented unemployment rate** following the hard lockdown, and the resultant financial impact on businesses and discretionary disposable income
- **Very high local maize prices not seen since 2016**, notwithstanding the expected good maize crop for 2021 estimated at 16.6 million tons, which is at a high since the 2017 harvest
- **Sharp increases in global coarse grain prices** on South American and US weather concerns, tight US ending stocks and high demand (China), has led to a rally on SAFEX maize resulting in continued high feed prices
- **Highly Pathogenic Avian Influenza** poses a significant threat to the South African Poultry Industry, with early outbreaks experienced from April 2021
- It is still unclear if **higher import tariffs on frozen bone-in portions** announced last year in March 2020, will discourage unfair trade (dumping)
- **Production efficiency, product mix and volume growth opportunities** following final commissioning of the Festive expansion project adding significant flexibility
- Astral to **maintain a resilient balance sheet**



THANK
YOU



GREAT SOUTH AFRICAN CHICKEN FARM DAY

SERVING SUGGESTION



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.

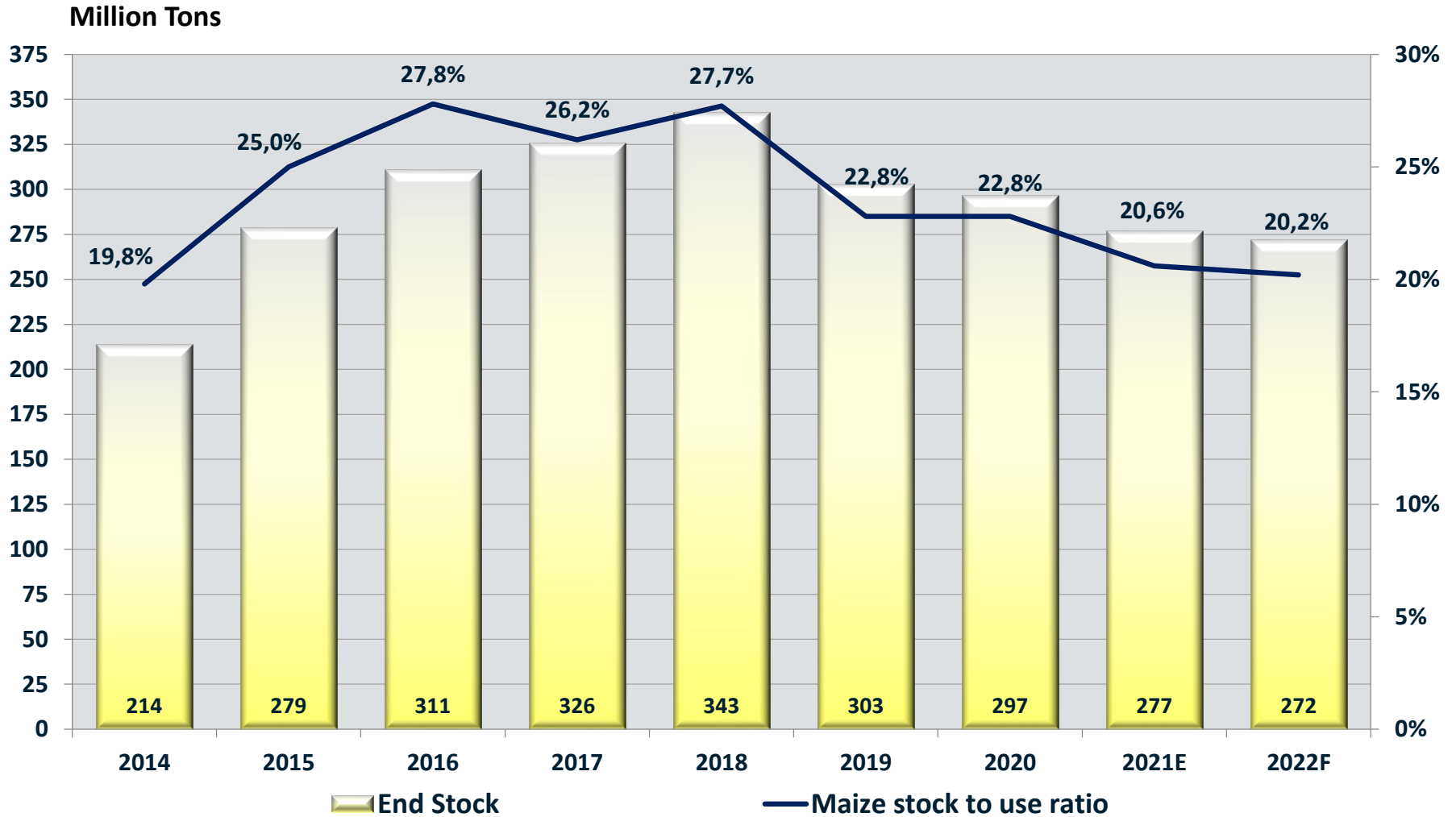
ALLERGENS: NONE, MAY CONTAIN EGG AND/OR SOYA AND/OR WHEAT, GLUTEN AND/OR COW'S MILK. ALLERGEN CONTROL PROGRAM IN PLACE.

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

ADDITIONAL INFORMATION

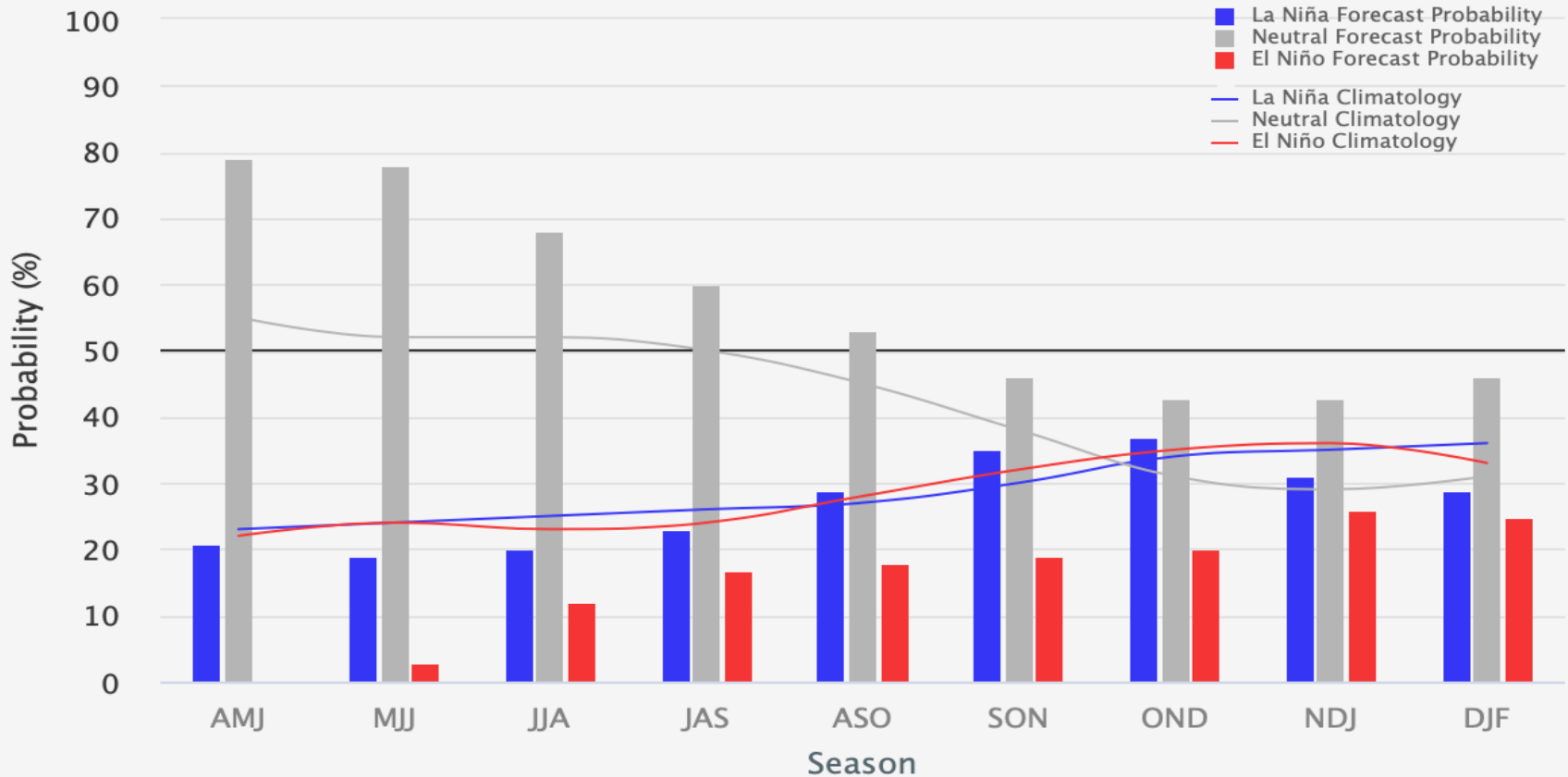
WORLD CORN ENDING STOCKS



EL NIÑO SOUTHERN OSCILLATION

Mid-April 2021 IRI/CPC Model-Based Probabilistic ENSO Forecasts

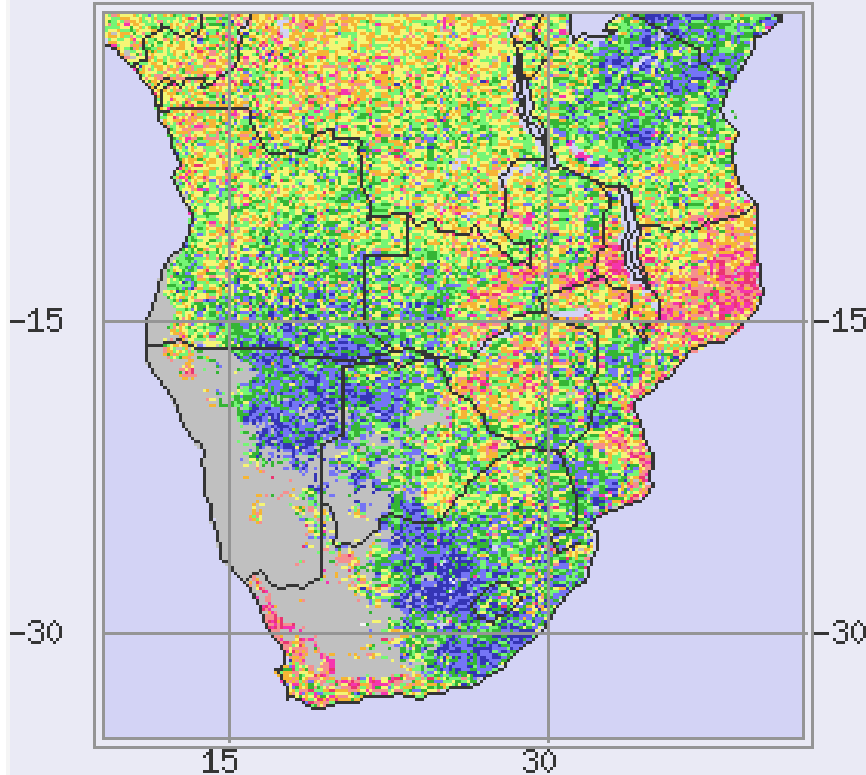
ENSO state based on NINO3.4 SST Anomaly
Neutral ENSO: -0.5 °C to 0.5 °C



VEGETATIVE HEALTH INDEX

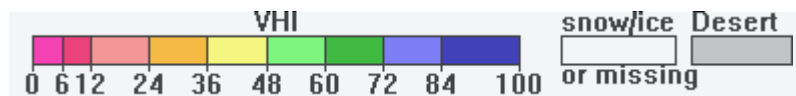
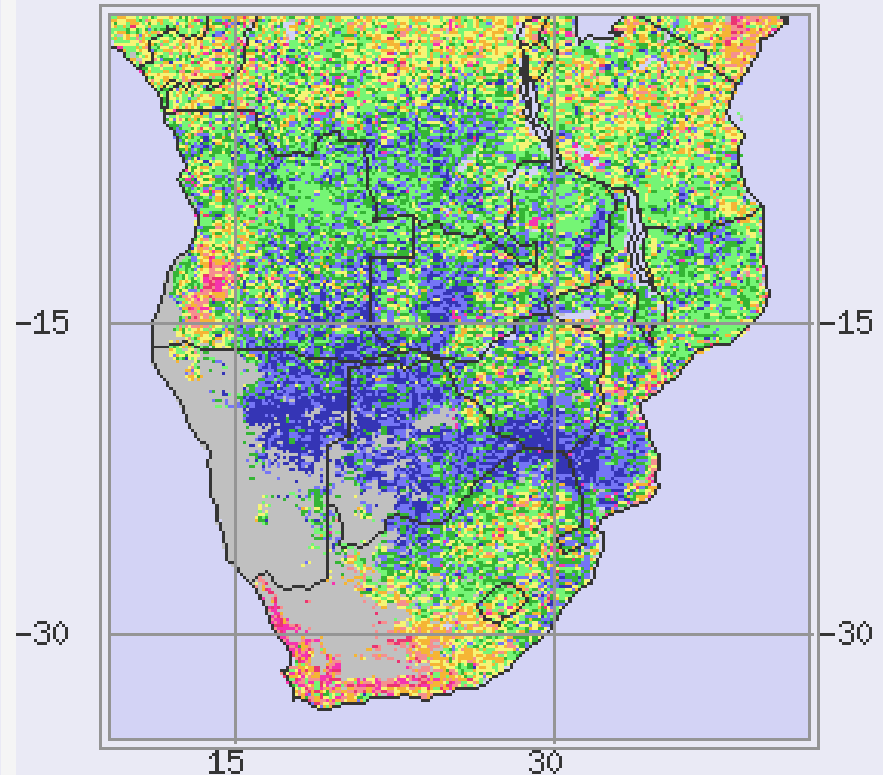
April 21, 2020 (week 16)

15 30



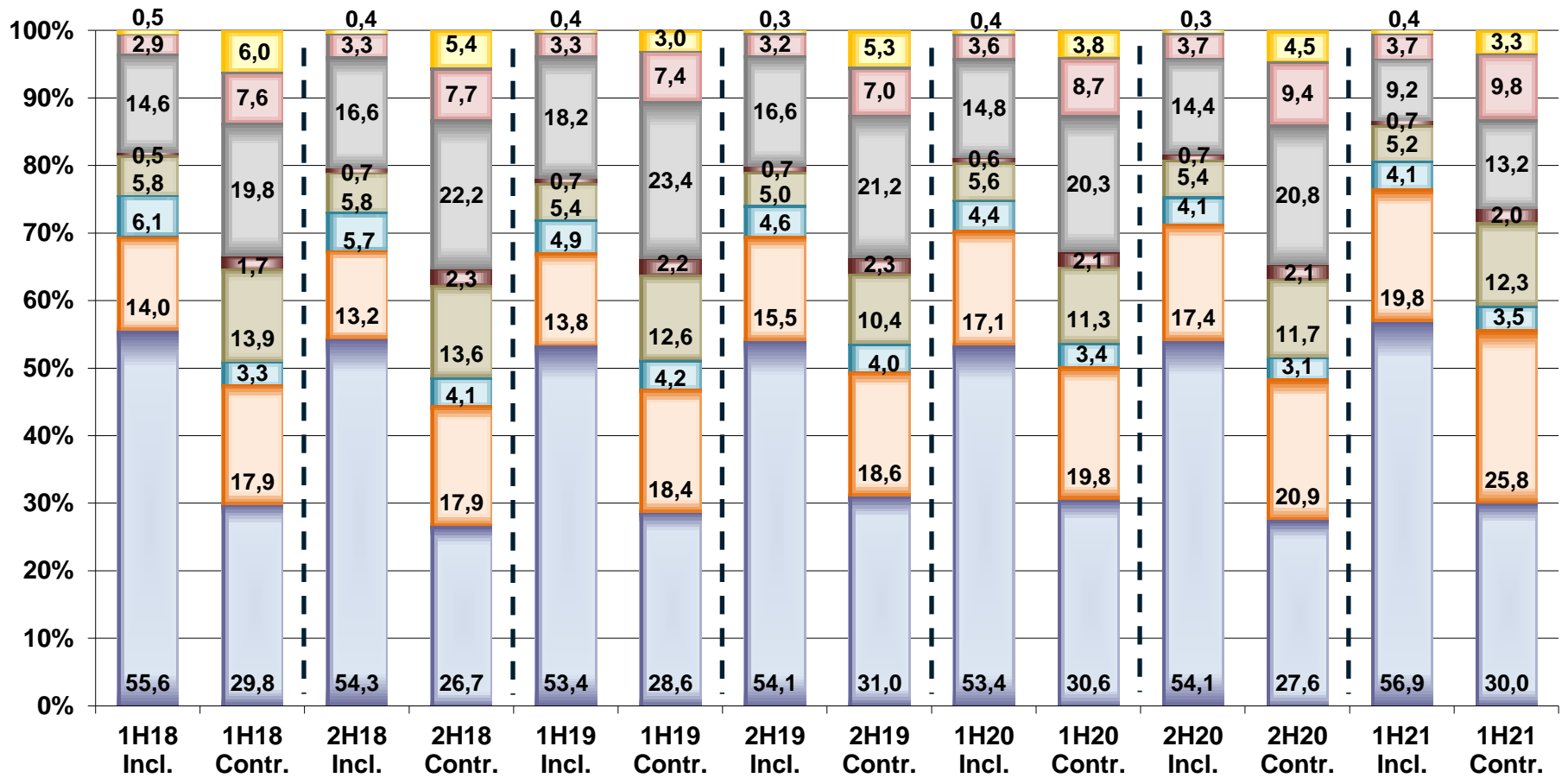
April 22, 2021 (week 16)

15 30



BROILER FEED

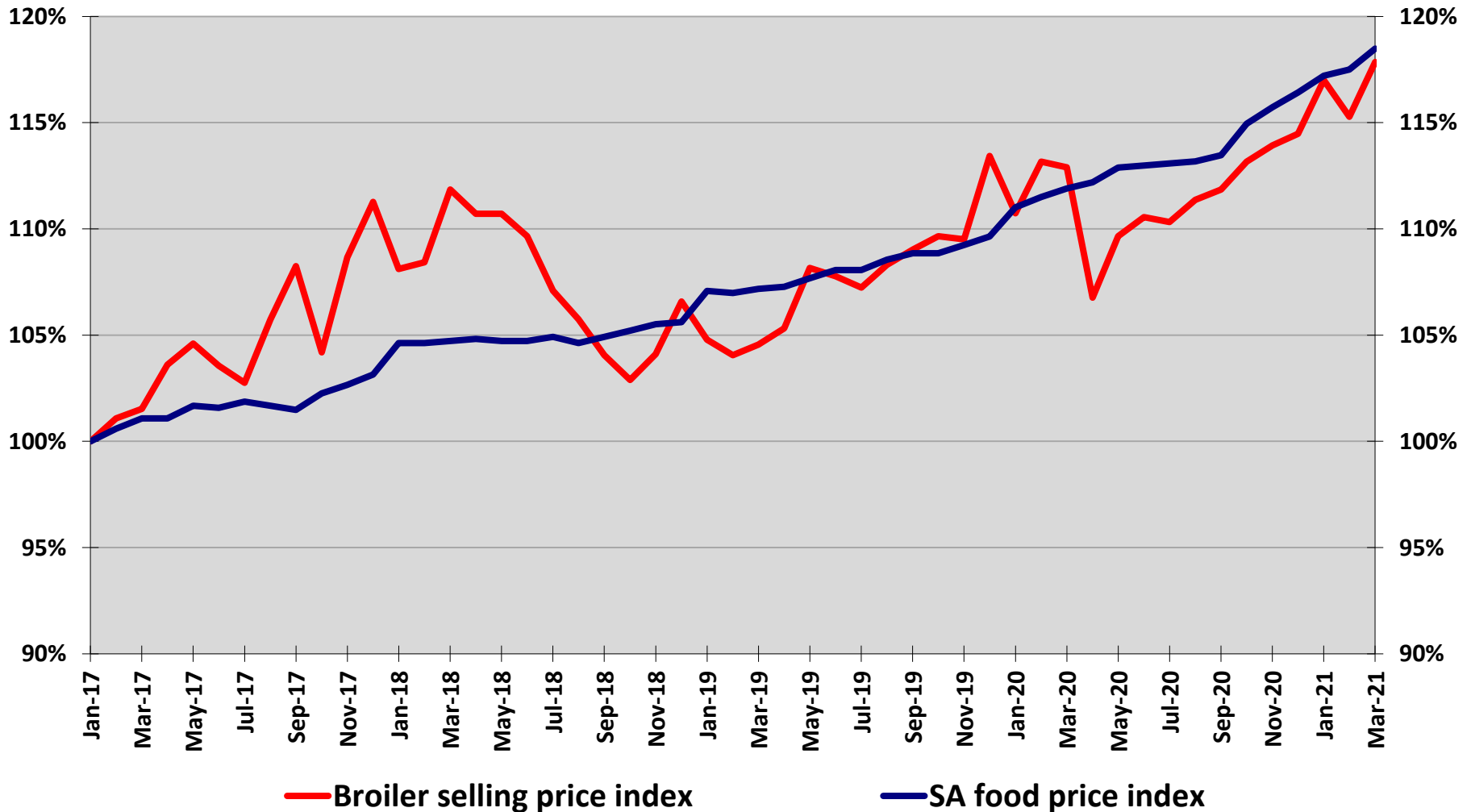
Inclusion & Cost Contribution



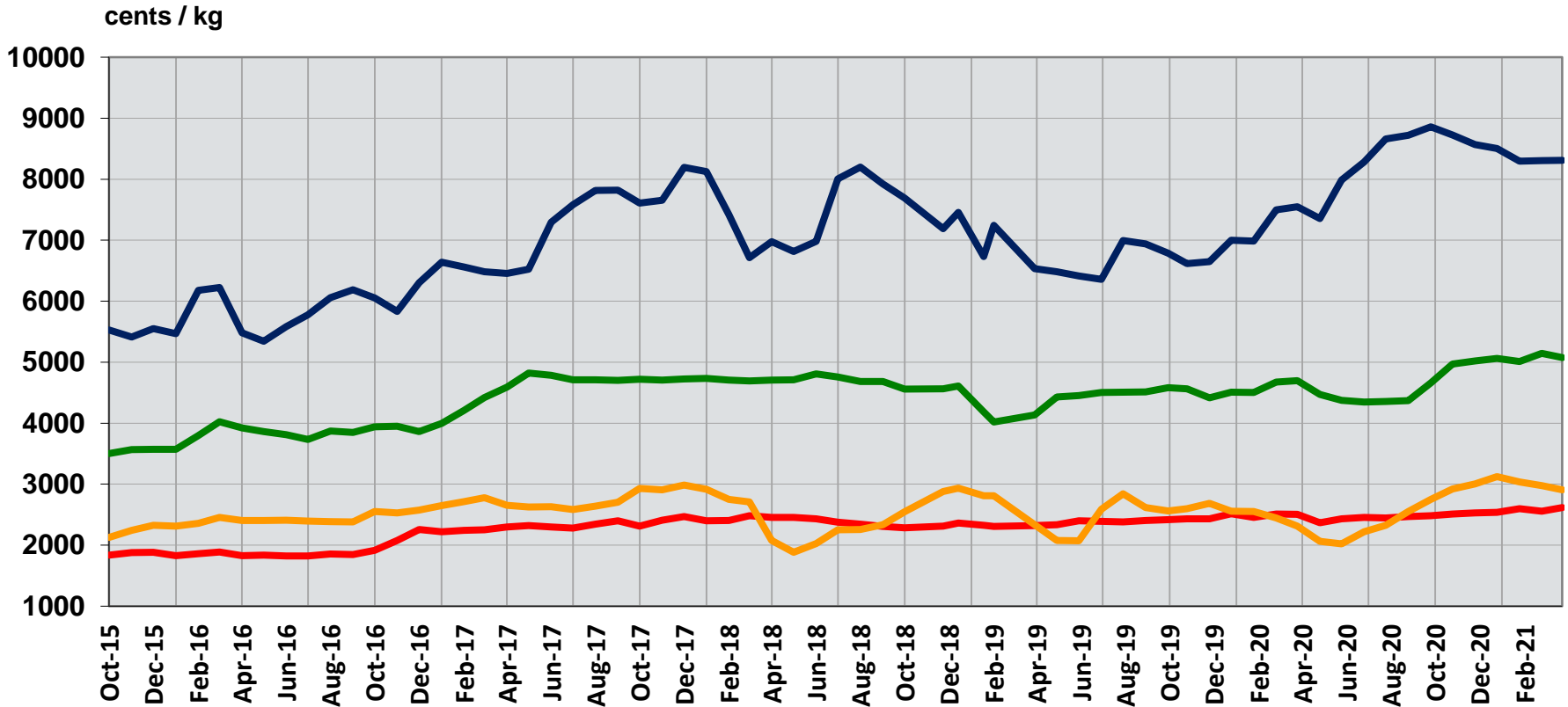
■ Maize ■ Soybean Meal ■ Sunflower Meal ■ Other ■ Fish Meal ■ F/Fat and Extr Soy ■ Soya Oil ■ Vitamins, Minerals and Medication.



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

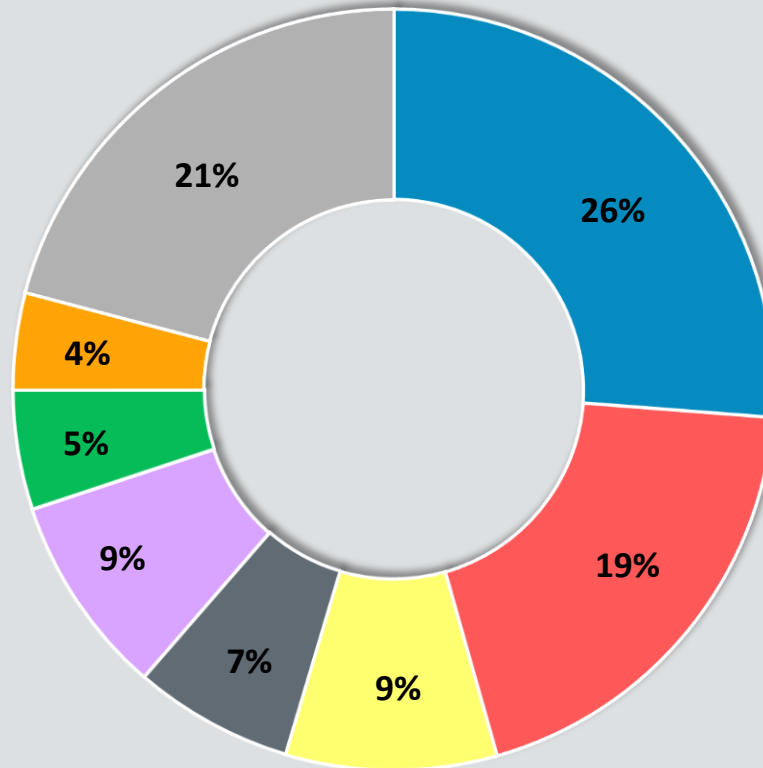
38,9 kg

5,2 kg

16,8 kg

2,9 kg

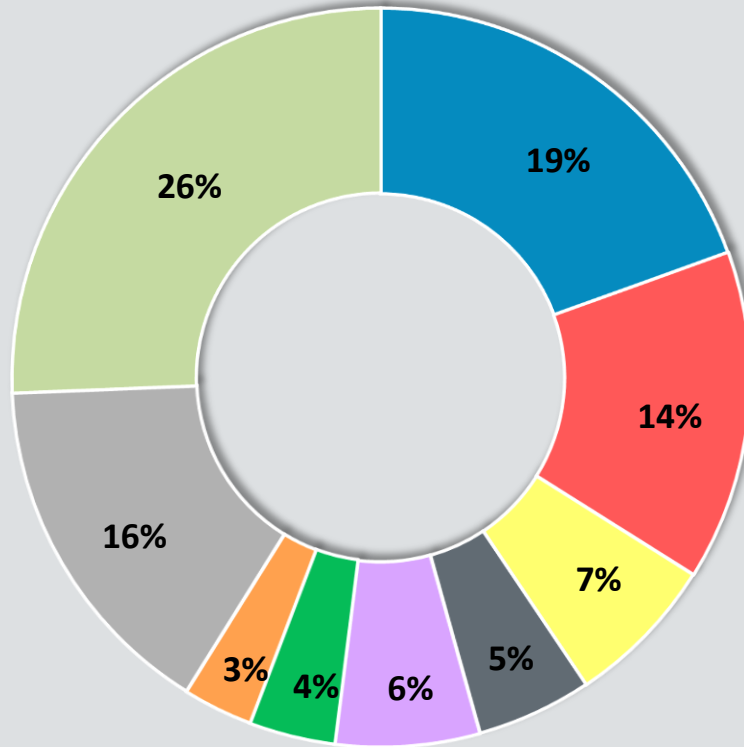
RSA MARKET SHARE



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

Local broiler production ≈ 20.6 million birds per week

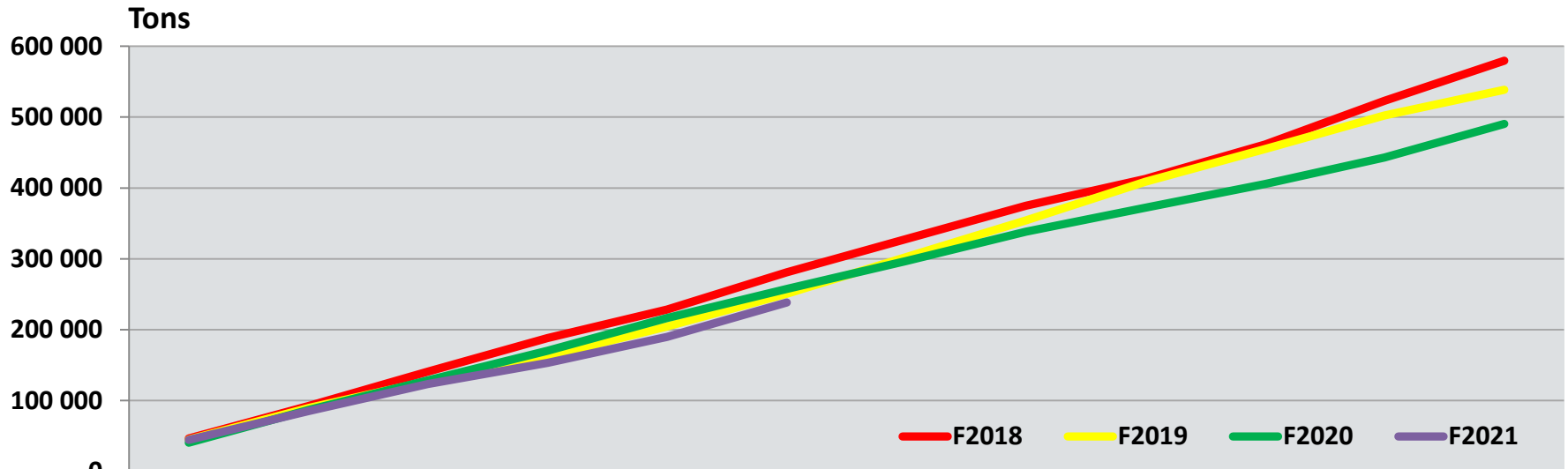
RSA MARKET SHARE (INCLUDING IMPORTS)



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

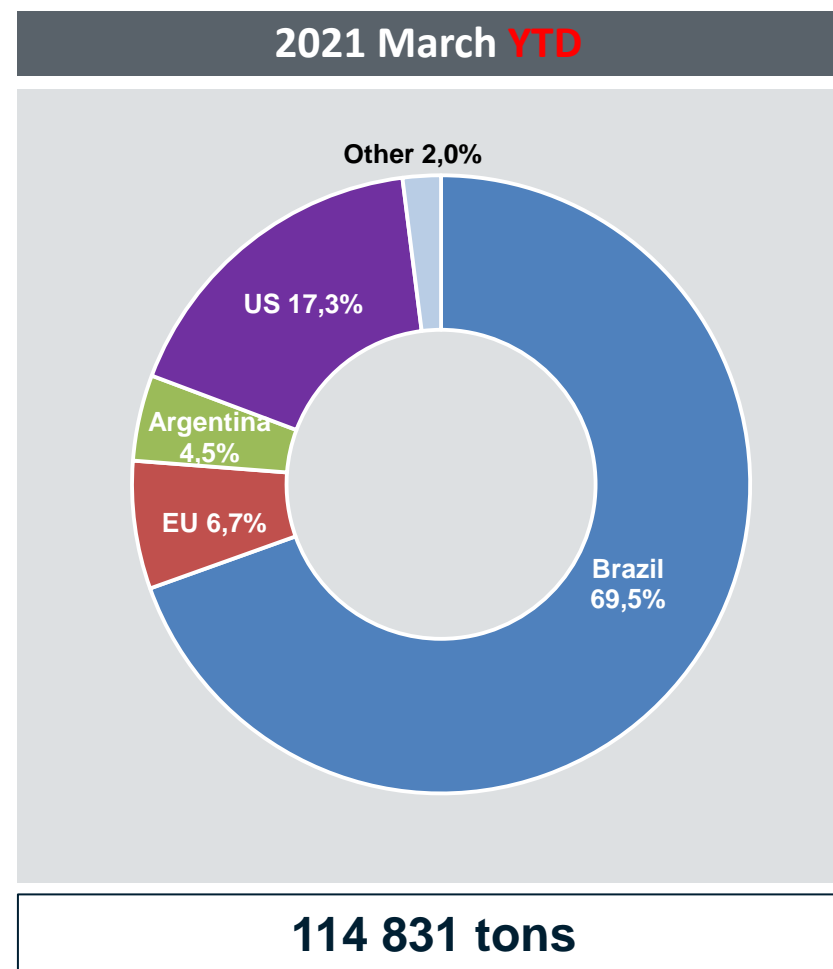
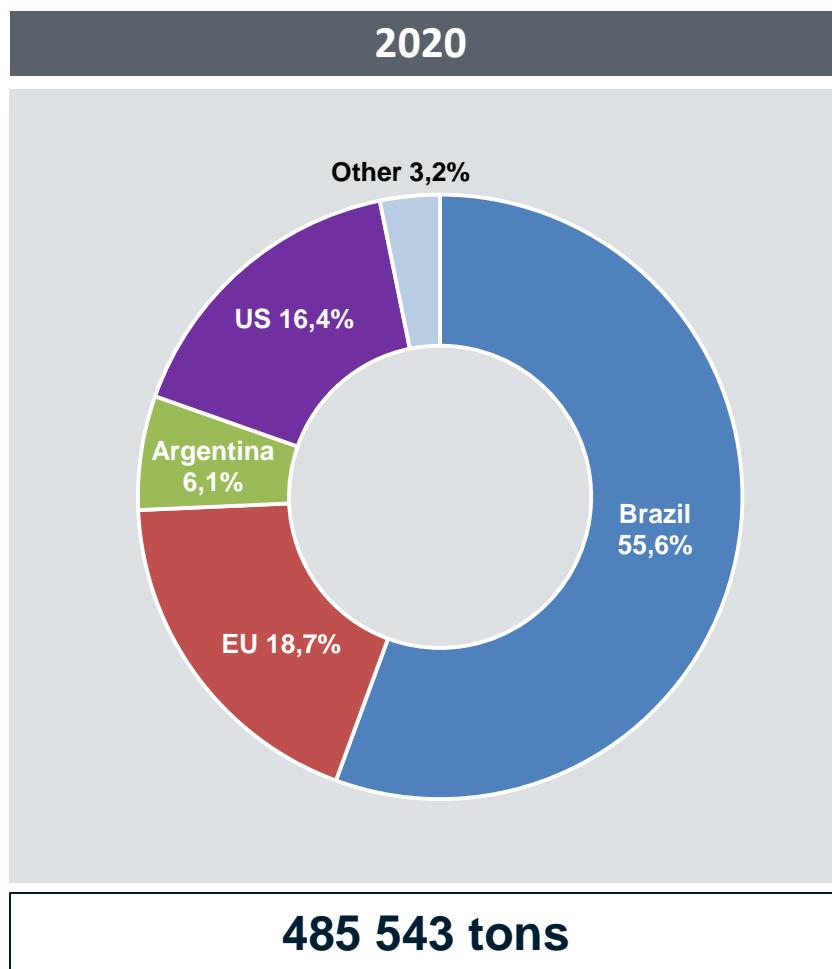
Avg. poultry imports ≈ 7.1 million birds per week (6 months ending March 2021)

TOTAL POULTRY IMPORTS



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
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
F2021	44 514	85 247	123 398	153 294	189 826	238 230						
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
F2021	44 514	40 733	38 151	29 896	36 532	48 404						
% Var	10,2	-12,0	-8,4	-29,0	-20,3	17,7						
bpw*	8.0	7.3	6.8	5.4	6.5	8.7						

TOTAL IMPORTS – COUNTRY OF ORIGIN



TOTAL IMPORTS – COUNTRY OF ORIGIN

Country (tons)	2019	2020	2021 YTD
Brazil	268 869	270 100	79 940
United States	89 598	79 492	19 816
Poland	50 419	4 321	-
Argentina	37 939	29 530	5 160
Ireland	31 221	35 128	852
Denmark	23 325	16 562	50
Spain	18 824	28 000	6 673
Thailand	8 728	4 035	498
Canada	6 658	6 276	1 458
Chile	2 341	2 272	192
Australia	780	2 732	-
Germany	326	192	42
United Kingdom	224	341	-
Netherlands	101	6 040	22
Uruguay	52	293	52
Belgium	52	28	-
France	30	3	-
Switzerland	23	-	-
Swaziland	23	-	-
Other	27	218	78

CONTACT DETAILS



Chris Schutte
Chief Executive Officer

Tel : +27 (0) 12 667 5468
Fax : +27 (0) 86 504 2002
email: Chris.Schutte@astralfoods.com



www.astralfoods.com

Daan Ferreira
Chief Financial Officer

Tel : +27 (0) 12 667 5468
Fax : +27 (0) 86 504 1602
email: Daan.Ferreira@astralfoods.com

