



Interim Results Press Release for the six months ended 28 February 2022

TWK REPORTS EXCELLENT SET OF INTERIM RESULTS

- Revenue increased by 30.6% to R4.88 billion (Feb 2021: R3.74 billion)
- Profit after tax increased by 175.5% to R246.65 million (Feb 2021: R89.53 million)
- Earnings per share increased by 127.0% to 565.77 cents (Feb 2021: 249.27 cents)
- NAV per share up by 18.4% to R50.24 (28 Feb 2021: R42.42)
- Cash from operating activities before changes in working capital up 100.4% to R459.7 million (Feb 2021: R229.3 million)

12 April 2022: TWK Investments Limited (TWK or the TWK Group), a diversified agriculture and forestry company that operates through the following segments, namely Timber, Retail and Mechanisation, Financial Services, Grain, Motors and Tyres as well as Renewable Energy, is proud to present a record set of interim results for the six months ended 28 February 2022.

André Myburgh, Managing Director of TWK, commented: *“The diversity of TWK’s income streams provides resilience amidst the economic uncertainty, disruptions in trade networks, infrastructure challenges as well as the ongoing impact of the Covid-19 pandemic. Significant contributors to these excellent results came from an increased demand and sales to key timber markets especially an increase of 223% in woodchip export sales which was supported by the inclusion of the Peak Timber assets in the latter part of the previous financial year.”*

He goes on to say that the results were further strengthened by the increase in retail and mechanisation sales, with increased market share gains and the steep increase in fertiliser product prices due to global shortages.

TWK’s overall results for the first six months are reflective of the quality of the underlying business and the Group’s ability to adapt to an ever-changing environment. The general trading conditions improved, which resulted in an increase of sales and net profit in especially the **Timber** as well as **Retail and Mechanisation segments**. Even though there was a decrease in mining timber sales, the export market of woodchips increases dramatically resulted in an increase of 47% in total timber sales volume.

The growth in Grain Storage volumes was due to strong crop yields which resulted in an increase in more tonnage grain stored contributing to the increase in profitability in the **Grain segment**.

The Production Credit Book grew strongly by 48.8% mainly due to higher grain plantings, higher input costs for farmers as well as increased market penetration. This resulted in an increase in earnings in the **Financial Services segment**.

The **Motors and Tyres segment** reported an increase in revenue of 15.4% mainly as a result of increased vehicle sales and better profit margins as a result of less units available to sell. The solid performance of the dealerships was offset by the poor performance of the tyres business and the filling stations.

Roofspace has signed lease contracts with another eight shopping centres during the period under review, totalling 12 malls at the end of February 2022. The growth from the **Renewable Energy** segment will increase exponentially as more solar projects are developed.

Against a backdrop of international and national instability, revenue increased by 30.6% from R3.84 billion to R4.88 billion. The purposeful effort to gain market share, strategic acquisitions and improvement in TWK's markets resulted in an increase of 111.84% in EBITDA to R428.9 million (Feb 2021: R202.5 million).

Profit after tax increased to R246.7 million which is 175.5% higher than the R89.5 million of the corresponding period. Basic earnings per share increased to 565.77 cents per share, which is 127.0% higher than the corresponding period.

Eddie Fivaz, TWK's Financial Director said: *"The Group's financial position is solid with total assets having increased by 28.9% from R4.91 billion to R6.32 billion. Net cash is lower due to an increase in Trade and Other Receivables (especially production accounts). The Group's gearing was 156.09% at 28 February 2022 which is higher than the corresponding period due the increased on-lending production accounts but still comfortably within the Group's norms. The net asset value per share increased by 18.4% to R50.24 per share at 28 February 2022 compared to R42.42 as at 28 February 2021."*

The overall strong demand of wood chips to some of the largest pulp and paper producers in Japan, China and Spain are expected to be expanded to other European countries as a direct result of the Ukraine and Russia crisis. International pulp is currently trading at high prices which is expected to continue for several months into 2022. The Peak Plantations' operations are in the process of being modernised, which in turn will result in increased profitability and cash generation.

The retail trading conditions are expected to be uncertain given the Ukraine crisis. The agricultural sector could experience margin pressures, with rising fuel and crop input costs, which will negatively impact the Retail and Mechanisation segment. However, these negative cost pressures could be countered by higher grain prices and the strengthening of the Rand against the US Dollar.

The Grain Storage and Grain Marketing divisions will also perform well on the back of good grain yield. The profitability of the Maize Meal division will remain under pressure due to high grain prices.

It is expected that the Financial Services segment will perform better during the second half of the financial year mainly because of better trading conditions, inflation and gaining new clients on the back of the effective syndicate lending agreement with Standard Bank, ABSA and FNB.

The sale of the loss-making fuel sites in the coming months will support profitability of the Motor and Tyres segment.

"Management holds the view that the second half of the year will outperform the corresponding period during 2021 and therefore will substantially outperform the previous year results which ended on 31 August 2021;" concluded Myburgh.

Ends

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Notes to the Editor

TWK Investments Limited (TWK) is a diversified agriculture and forestry company, headquartered in Piet Retief, Mpumalanga. The Group operates over a wide geographical area of Mpumalanga, KwaZulu-Natal, Eastern Cape, Western Cape, Free State, Limpopo and Gauteng. TWK operates through the following segments:

Timber segment

TWK markets and sells round timber and wood chips to various markets both locally and through exports.

Retail and Mechanisation segment

The Retail and Mechanisation segment produces a variety of agricultural products to producers and the general public. TWK operates 29 retail outlets that are strategically positioned in Mpumalanga, KwaZulu-Natal and eSwatini.

Grain segment

The Grain segment specialises in the storage, processing and marketing of grain. TWK produces its own trademark maize and animal feed that is retail, wholesale and locally marketed.

Financial services segment

The Insurance division focus on dynamic and modern insurance products to agricultural producers. The Credit division provides bridging facilities, term lending and asset financing to farmers.

Motors and Tyres segment

TWK owns a couple of vehicle dealerships as well as own Protea Tyres.

Renewable Energy segment

Roofspace Rental Group (Roofspace), registered in South Africa and eSwatini, is an energy savings initiatives company providing solar energy to its corporate clients.