



Final Results Press Release for the year ended 31 August 2021

TWK DELIVERS A BEST ON RECORD SET OF RESULTS, DESPITE THE ONGOING PANDEMIC AND ITS IMPACTS

- Revenue from continued operations increased by 15.3% to R8.9 billion
- Operating profit from continued operations increased by 66.8% to R491.0 million
- Headline earnings per share increased by 25.8% to 505 cents
- Net asset value per share up by 8.2% to R46.36
- Total dividend per share up 75% to 114 cents

25 November 2021: 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 and Motors and Tyres, reported a best on record set of results for the year ended 31 August 2021 in terms of profitability, despite the ongoing pandemic and its impacts. André Myburgh, CEO of TWK, commented: *“The results underline the effectiveness and importance of our diversified business model and the robust nature of our strategy.”*

Revenue from continued operations increased by 15.3% from R7.7 billion (2020) to R8.9 billion due to the increased demand in TWK’s key timber markets, excellent trading conditions, increased fertiliser volumes sold and the acquisition of the Sunshine Seedlings and Peak Timber businesses, which supported both profit and growth. However, due to challenging market conditions in the Filling Station division, the results in the Motor and Tyres segment remained disappointing.

The Group returned to the pre-COVID profit growth curve as lockdowns eased, global economic activity resumed and an increase in timber volume sales. Profitability was also supported by business combinations during the year. The Group reported operating profit from continued operations of R491 million, which was a substantial 66.8% increase on the prior year’s figure of R294 million. The Group results were negatively affected by the impairments of R16 million on goodwill and R20 million on assets held for sale. The Group earnings before interest, depreciation and amortisation (EBITDA) was R528 million, which was also a substantial increase on the prior year of R331 million, and also an increase of 25% when compared to the pre-COVID EBITDA of 2019.

The improvement in market conditions and resultant substantial recovery of operating profitability translated to a profit before tax for the period of R352 million compared to R159 million for the 2020 financial year and R279 million for the pre-COVID 2019 year.

While trading conditions improved which supported revenue and trading profit, cash generation also improved, albeit offset by repayment of loans and investments in new operations to stimulate sustainable growth. The debt-to-equity ratio increased to 147.4% (2020: 145.8%) due to the acquisition of the Peak Timbers business. TWK’s focus on working capital and liquidity management has resulted in strong cash generation from operations at R623 million and cash at year-end of R236 million.

Eddie Fivaz, TWK’s Chief Financial Officer said: *“The company declared a total dividend to shareholders of 114 cents per share, an increase of 75.4% on the previous year’s 65 cents per share. Our financial position remains strong with good cash flow. Net asset value per share increased by 8.2% from R42.83 as at 31 August 2020 to R46.36 as at 31 August 2021. Return on equity increased from 7.8% to 16.4%.”*

The **Timber segment** reported revenue of R1.88 billion, an increase of 2.25% from R1.84 billion for the previous financial year primarily due to the better performance delivered by mining timber products and timber sales from own plantations. In addition, the inclusion of the acquisitions concluded during the year also positively contributed to the strong set of results. As a result of the above, EBITDA increased by 119.67% from R125.57 million in August 2020 to R275.83 million. The EBITDA margin increased from 6.83% (2020) to 14.67%. During the year, TWK increased its interest in the mine timber sawmill, BedRock, by 10% to 100% as at 31 August 2021.

Revenue for the **Retail and Mechanisation segment** increased by 17.66% from R3.37 billion (August 2020) to R3.96 billion as this segment reported one of its best results on record and exceeded its expectations. Excellent trading conditions were experienced throughout all the major operating divisions and increased fertilizer volumes sold have contributed to the increase of 151.20% in EBITDA to R156.15 million from R62.16 million (August 2020), with the EBITDA margin increasing to 3.93% from 1.84% (August 2020).

The **Financial Services segment** reported an increase in revenue of 4.91% from R173.54 million in August 2020 to R182.06 million, with EBITDA increasing by 124.90% to R88.12 million from R39.18 million (August 2020). The Insurance Division reported a 23% growth in short-term insurance premiums, mainly due to new business generated during the year under review. On 31 August 2021, the Credit Division reported growth of 48.87%, mainly due to higher grain plantings, higher input costs for farmers as well as increased market penetration.

The **Grain segment's** revenue for the year ended 31 August 2021 is higher than the prior year, increasing by 33.65% from R1 311.50 million (August 2020) to R1 752.82 million. EBITDA decreased by 6.01% from R49.92 million (August 2020) to R46.92 million, resulting in the EBITDA margin decreasing to 2.68% (August 2020: 3.81%)

The **Motors and Tyres segment** reported a revenue increase of 8.27% to R1 060.65 million (August 2020: R979.63 million), mainly as a result of increased tyre sales and increased vehicle sales due to the inclusion of a new dealership branch for the year under review. As a result of challenging market conditions, especially in the Filling Station division, EBITDA decreased by 25.83% from R32.18 million (August 2020) to R23.87 million, with the EBITDA margin weakening from 3.28% (August 2020) to 2.25%.

The **Renewable Energy segment** represented by Roofspace Rental Group (Roofspace), an energy savings initiatives company, reported revenue and EBITDA of R3.41 million and R0.67 million, respectively, resulting in an EBITDA margin of 19.74%.

"We've proven our resilience to succeed in the 'new normal' and we will continue to do so as we work to accelerate our growth journey. One of the key focus areas for TWK is to create sustainable shareholder value and the Board has therefore resolved to delist from ZARX and list on the innovative Cape Town Stock Exchange on 30 September 2021 with a planned secondary listing on A2X on or about 30 November 2021. Macroeconomic conditions in most of the segments in which we operate are likely to improve in 2022 and we are likely to continue with our growth story;" concluded Fivaz.

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 that endeavours to reduce the electricity supply risk to its corporate clients by providing solar energy.