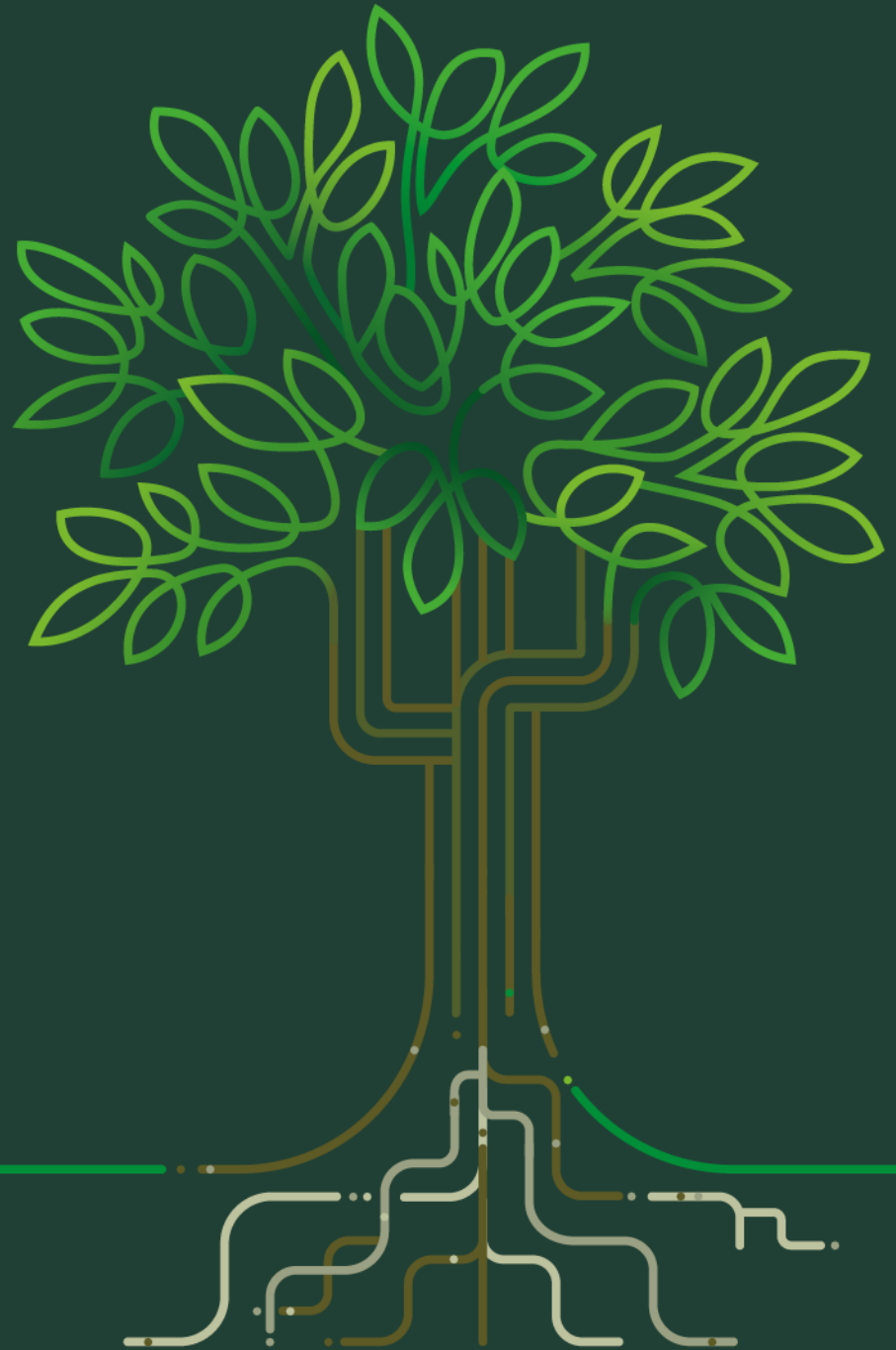




TWK Investments Ltd



Unlock the Stock
16 November 2023



TWK AT A GLANCE

- ▶ TWK Investments Limited is listed on:
 - » the Cape Town Stock Exchange – Code: 4ATWK; and
 - » A2X, its secondary listing





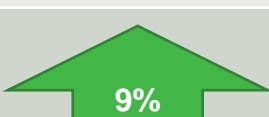
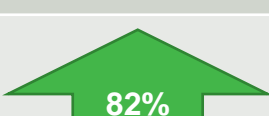
- ▶ TWK is a diversified agricultural group of companies operating in the following segments:

TIMBER	RETAIL & MECHANISATION	FINANCIAL SERVICES	GRAIN
			
<p>TWK supplies timber to local and international customers as well as exports wood chips to international markets</p>	<p>TWK has a network of retail stores that offer customers a comprehensive range of products dedicated to the agricultural sector</p>	<p>TWK provides unique financing and insurance solutions to the agricultural and related industries</p>	<p>TWK provides commodity strategic support and services to farmers as well as manufactures its own branded maize meal and animal feeds</p>

- The Motors segment has been classified as “discontinued operations” and “assets-held-for-sale”

FY2023 AT A GLANCE

FOR THE YEAR ENDED 31 AUGUST 2023
CONTINUED OPERATIONS

Revenue	 5%	R9,7bn
EBITDA	 7%	R621,0m
Profit after tax	 31%	R249,7m
Basic HEPS	 37%	549,5c
NAV per share	 9%	R57,16
Cash from operating activities after working capital	 82%	R673,1m

FY2023 AT A GLANCE

- ▶ The year of two halves:
 - » 1H2023 – solid set of results mainly due to outstanding performance by Timber segment
 - » 2H2023 – results impacted by a challenging environment and high levels of cost inflation
- ▶ The diversity of the Group's income streams provided some resilience
- ▶ The decline in the results for the year ended 31 August 2023 was mainly due to:
 - » the severe pressure on profits in the Retail and Mechanisation segment as a result of the financial performances of Constantia Fertiliser; offset by
 - » growth in woodchip exports and local timber sales;
 - » good growth across all the Financial Services' businesses; and
 - » improved results from the Grain business
- ▶ A decision was reached to sell the Motors segment, hence being classified as “discontinued operations” and “assets-held-for-sale”
- ▶ The Group's financial position remains solid with strong cash generated during the year



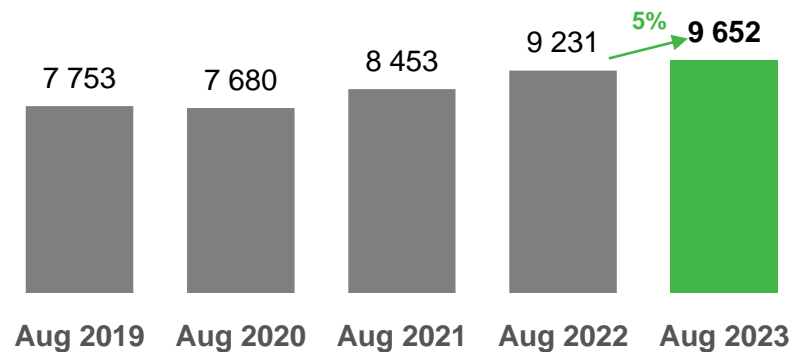
Financial performance

KEY FINANCIAL INDICATORS

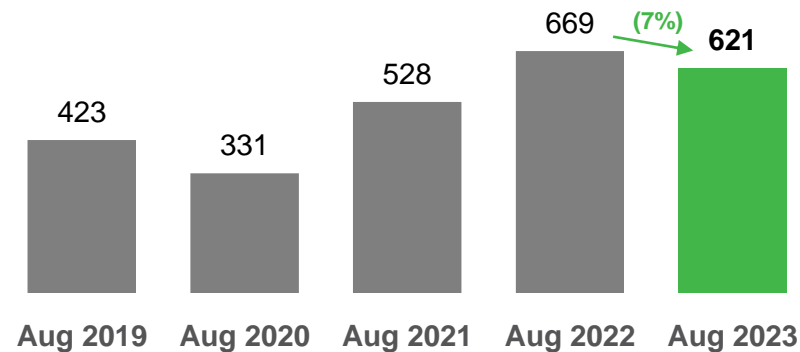
FOR THE YEAR ENDED 31 AUGUST 2023

CONTINUING OPERATIONS

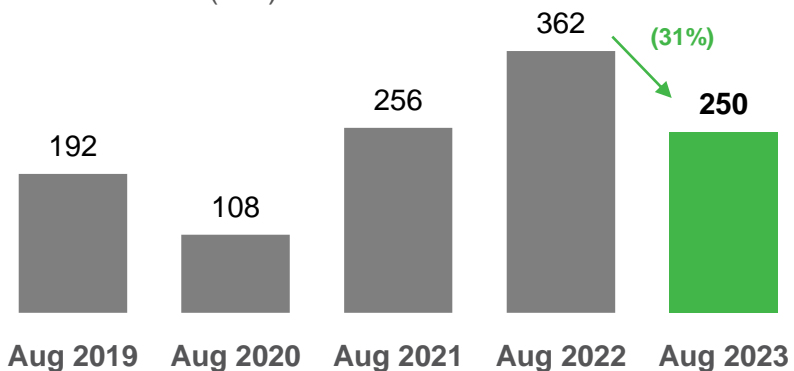
Revenue (Rm)



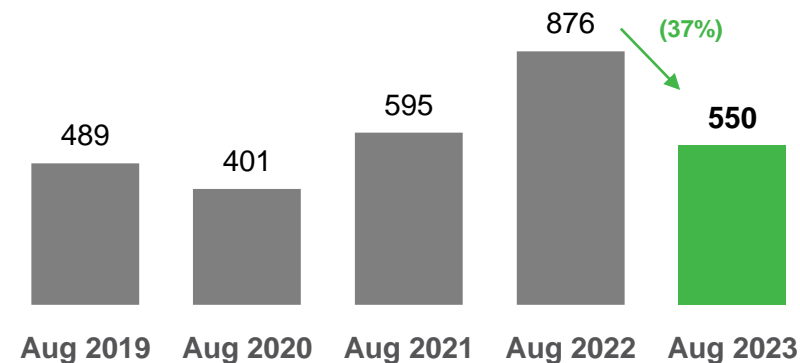
EBITDA (Rm)



Profit after tax (Rm)

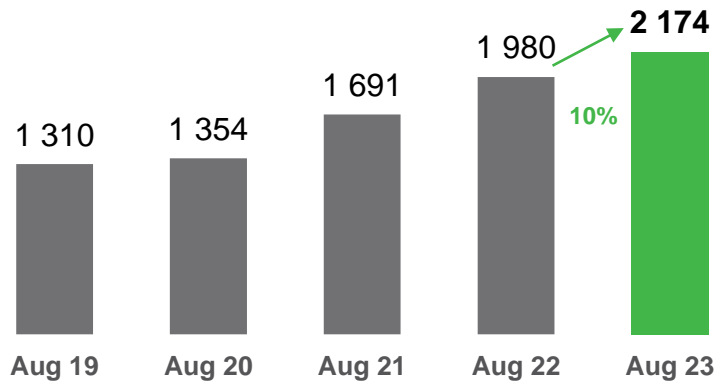


Basic HEPS (cents)

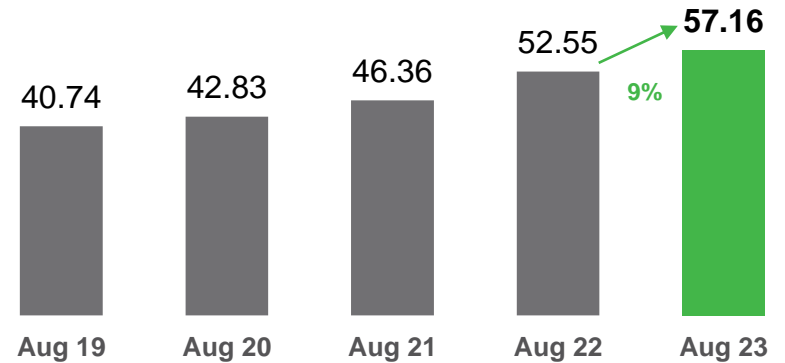


KEY FINANCIAL INDICATORS (CONTINUED)

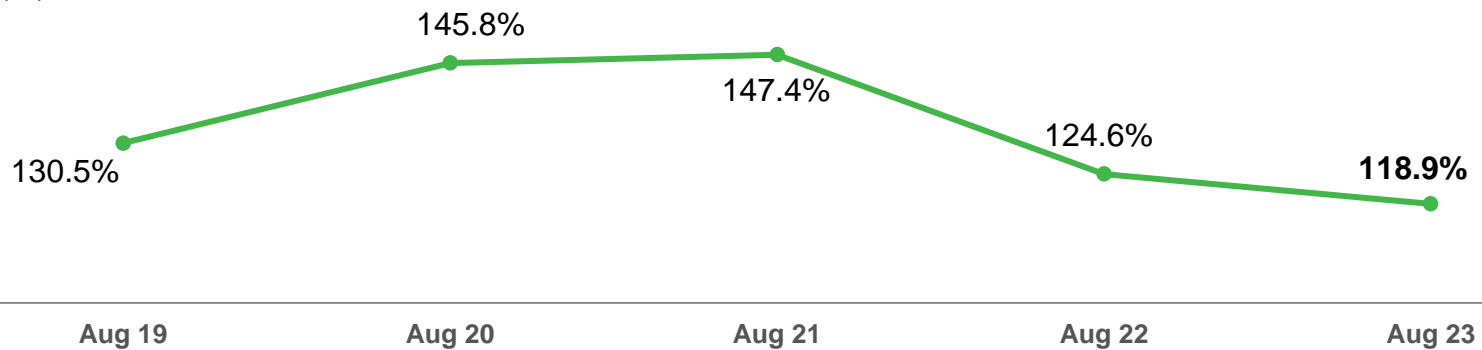
Total equity (Rm)



NAV per share (R)

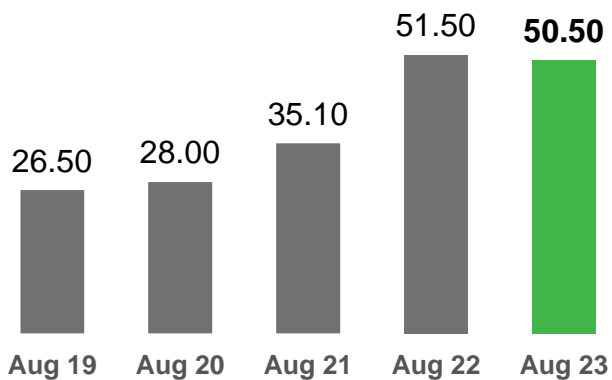


Gearing (%)

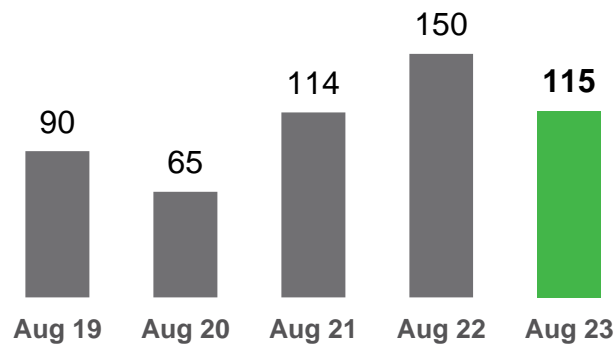


SHARE STATISTICS

Share price per share (R)

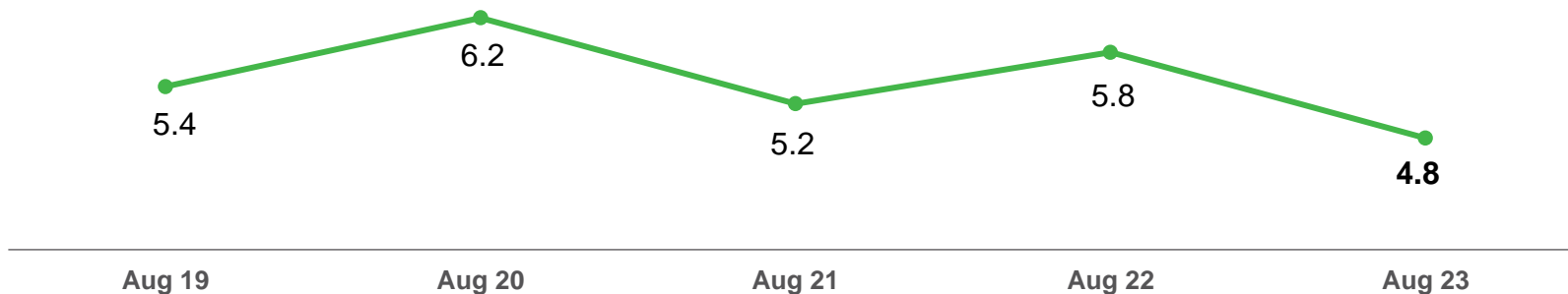


Dividend per share (cents)

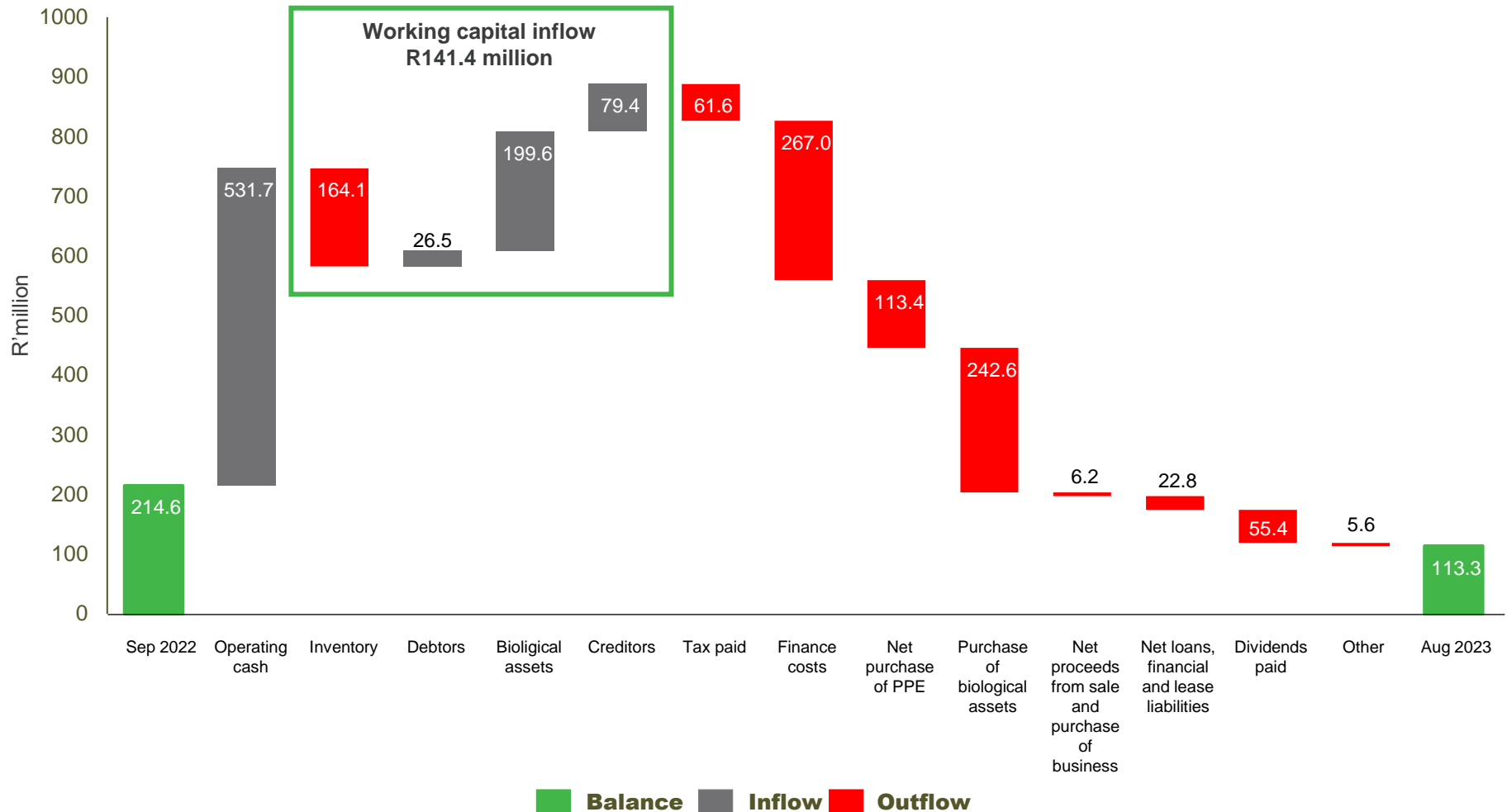


5-YEAR
CAGR
8.9%

Dividend cover on HEPS (times)



CASH FLOW MOVEMENT



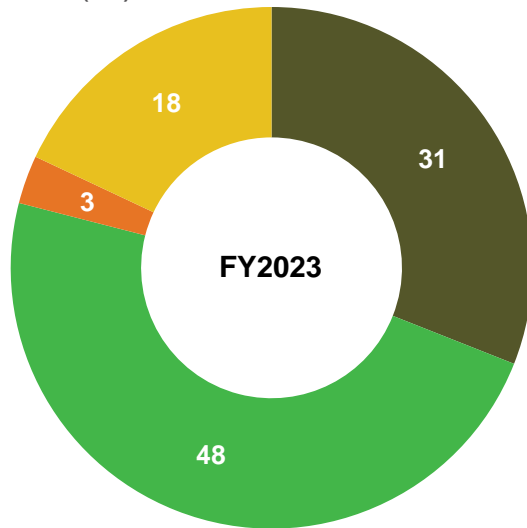
An aerial photograph of a vast, dense forest covering rolling hills. The trees are a mix of dark green and lighter, golden-green, suggesting a mix of species or perhaps the lighting of the scene. Overlaid on the forest are several white, stepped lines that create a path-like pattern across the landscape. In the upper right corner, there is a white rectangular box containing the text 'Segmental review'.

Segmental review

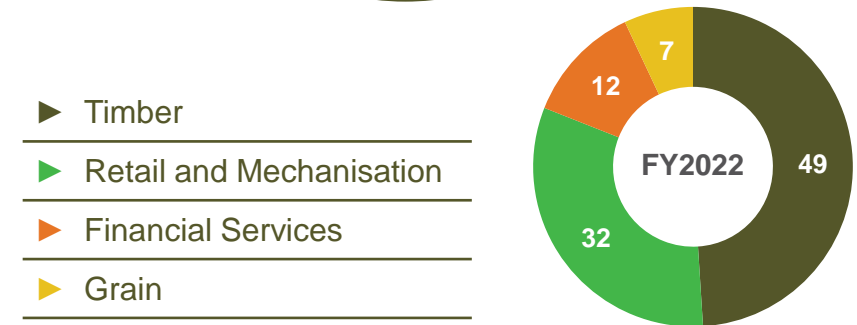
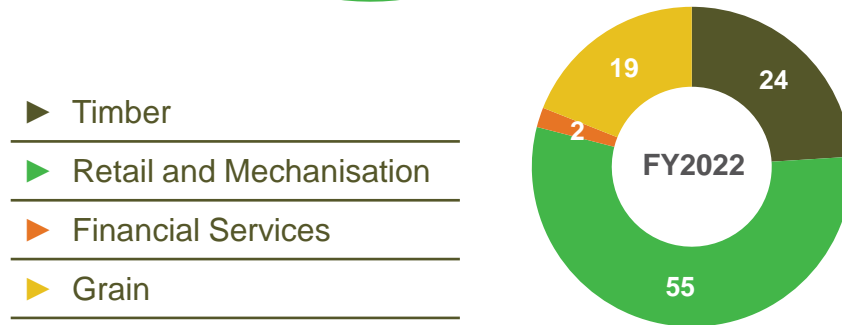
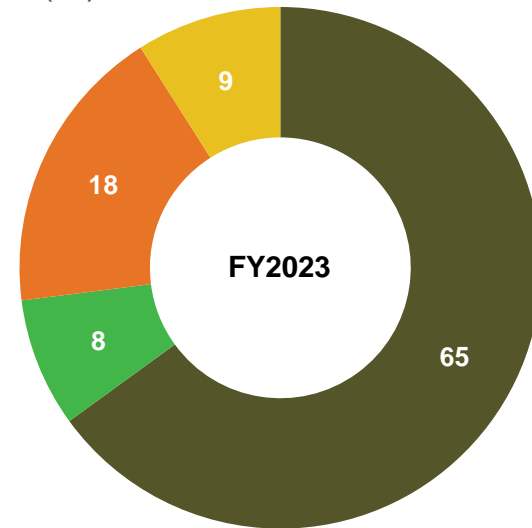
SEGMENT ANALYSIS

EXCLUDING CORPORATE COSTS
CONTINUED OPERATIONS

Revenue (%)

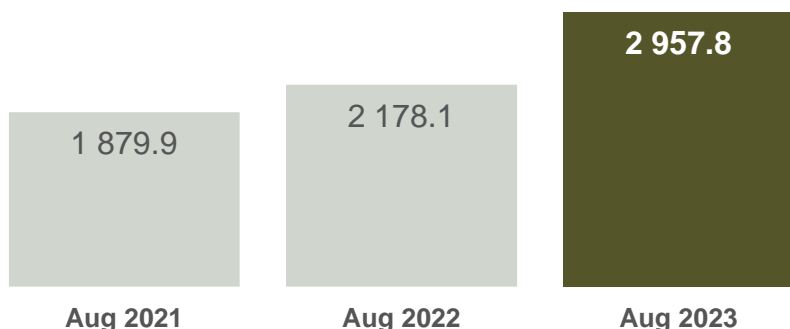


EBITDA (%)

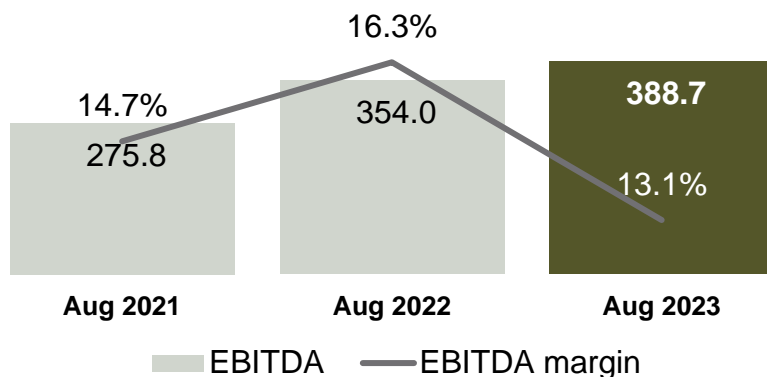


TIMBER

Revenue (Rm)



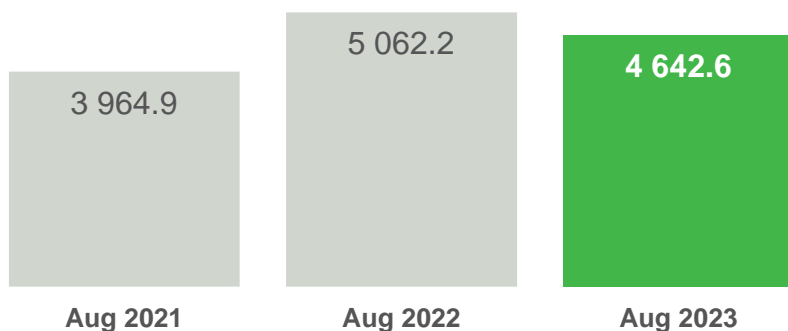
EBITDA (Rm)



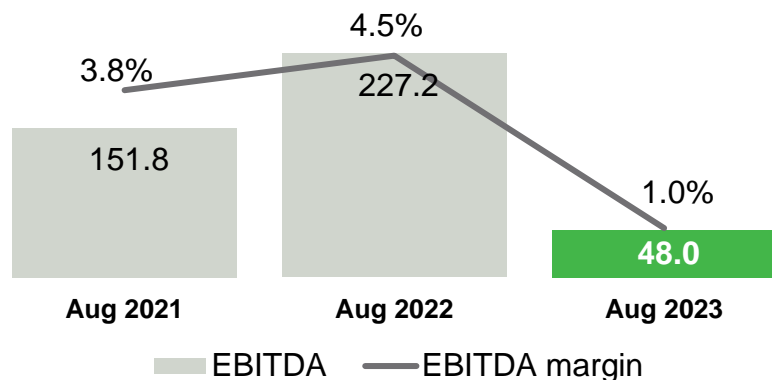
- ▶ Revenue and EBITDA increased by 35,8% and 9,8%, respectively, primarily due to:
 - » growth in wood chip exports; and
 - » local timber sales
- ▶ 684,711 tonnes of woodchip were exported compared to 634,664 tonnes in the prior year, representing a 7,9% increase
- ▶ Total sales volumes have improved by 5,3% to 1,536,948 tonnes due to the increase in international and local demand for woodchips
- ▶ Influencing factors:
 - » No woodchips exported to China and certain European countries in 2H2023
 - » Weak Rand supported export revenue and margins
 - » Sales to the mining sector under pressure due to industry
 - » Transportation costs (high diesel price) eroded EBITDA margin – Timber operations far from harbours
 - » Peak Timber contributed positively to results
 - » Subsequent to FY2023 – fire at NCT facility Richards Bay – stockpiles of TWK not materially impacted

RETAIL AND MECHANISATION

Revenue (Rm)



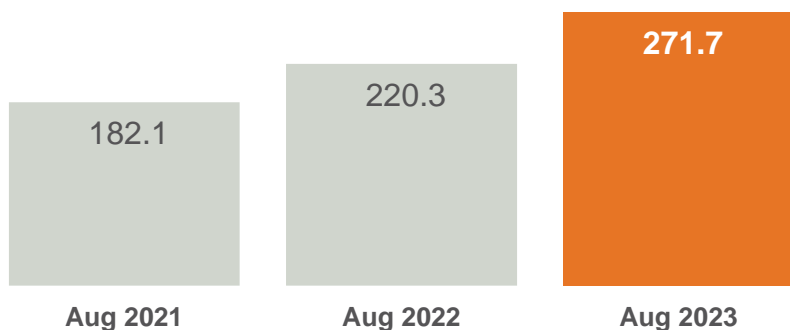
EBITDA (Rm)



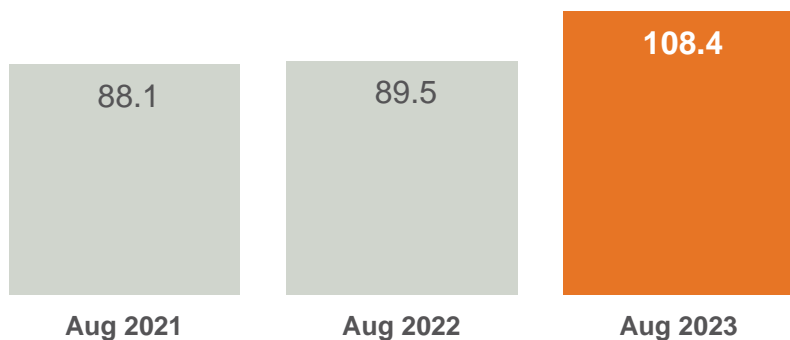
- ▶ Revenue and EBITDA decreased by 8,3% and 78,9%, respectively
- ▶ This segment's results came under severe pressure mainly as a result of Constantia Fertiliser's and Mechanisation division's performances
- ▶ Fertiliser sales declined by 10,7% to 186,501 tonnes (Aug 2022: 208,955 tonnes), due to
 - » lower sales volumes as farmers postponed buying fertiliser due to high selling prices; and
 - » lower fertiliser application rates as farmers planted less 2H
- ▶ Mechanisation sales, through the New Holland agencies, decreased by 5,9%
 - » sold 209 units (Aug 2022: 222 units)
- ▶ Rudamans acquisition encountered challenges resulting in significant restructuring costs – negatively impacting profitability – rebranded TWK Retail effective 1 September
- ▶ Influencing factors:
 - » Challenging fertiliser trading conditions
 - » Retail outlets impacted by consumer constraints
 - » Mechanisation sales influenced by financial health of the farmers, especially sugar cane farmers

FINANCIAL SERVICES

Revenue (Rm)



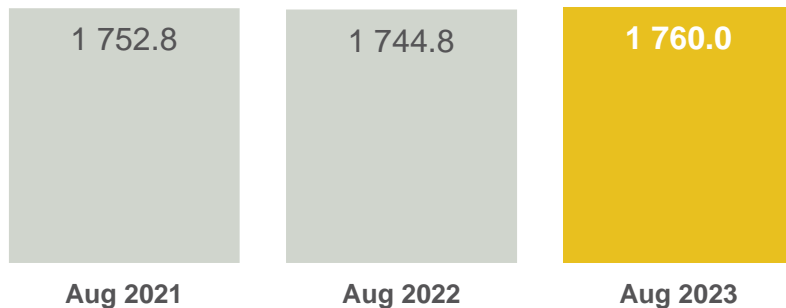
EBITDA (Rm)



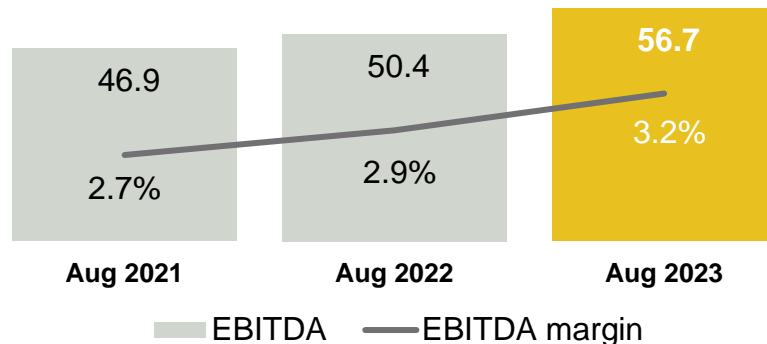
- ▶ Revenue and EBITDA increased by 23,3% and 21,2%, respectively
- ▶ The Insurance Division reported:
 - » a 7,3% growth in short-term insurance premiums, resulting in a 15,5% increase in commission income;
 - » a 3,2% increase in total crop insurance premium;
 - » the investment in EUM performed well; and
 - » the Medical Insurance Portfolio continued to show remarkable revenue growth
 - commission revenue grew by 23,7% as a result of a 24,2% increase in members
- ▶ The Credit Division reported a decrease in net interest of 16,5%, mainly as a result of a decrease of 58,4% on Production Accounts placed on Bridging Facilities
 - » Favourable conditions experienced by farmers re 2022/2023 crops, leading to early settlement
 - » Production Credit Book grew by 13%, peaking at R916,7 million during the year under review

GRAIN

Revenue (Rm)



EBITDA (Rm)



- ▶ Revenue and EBITDA increased by 0,9% and 12,6%, respectively mainly due to:
 - » a solid performance by the Grain Marketing business; as well as
 - » the increase in maize product and animal feed selling prices
- ▶ The Grain Storage business received 11% less grain than the prior year as a result of lower grain yields in the Mpumalanga region
- ▶ The Grain Marketing business continued to report a solid set of results due to marketing in a wider offset area and appointing a new grain trader at the start of the financial year
- ▶ The SA Grain Mill business, supplying white maize meal to food retailers, was negatively impacted by high grain prices and consumer inflationary pressure – consumer demand for maize is stable
- ▶ Arrow Feeds, based in eSwatini, reported an increase of 20% and 1,6% in revenue and volumes sold, respectively

The background is a photograph of a forest with tall, thin trees and a path. A white graphic of a winding path is overlaid on the image, starting from the bottom left and moving towards the top right. A white rectangular box is positioned in the upper right quadrant, containing the text "Outlook and strategy".

Outlook and strategy

OUTLOOK

- ▶ Macroeconomic and trading conditions to remain challenging
- ▶ The Timber business is expecting margin pressure for FY2024 due to international pulp price declines and high global pulp stock levels
- ▶ The Retail and Mechanisation segment is also expecting a tough 1H2024 on the back of high price inflation, diesel prices and interest rates
 - » Constantia Fertiliser will continue to focus on efficient procurement and raw material management
- ▶ The Financial Services business continues to grow its footprint
- ▶ The outlook for the Grain segment is subdued as an El Niño weather pattern is predicted – lower rainfall equals smaller crops
- ▶ Our diversified revenue streams with good cash generation allows for a robust strategy
- ▶ Our extensive footprint, infrastructure, market share and expertise enable us to maintain and expand existing businesses, complemented by acquisitions with a focus on the agricultural value-chain

VALUES

A

ACCOUNTABILITY

G

GROW TRUST

R

RESILIENCE

I

INNOVATION

STRATEGY

Stakeholders

Supplier of choice

Market of choice

A G R I

Achieve sustainable growth with our customers and communities

Financial performance

Investment of choice

A G R I

Through the creation of shared values, our entrepreneurial spirit, commercial expertise, focused innovation, technology enablement and ongoing process optimisation, we continue to deliver strong and sustainable growth

Process excellence

Supplier of choice

Market of choice

A G R I

Manage and optimise process excellence and organisational effectiveness

People and transformation

Employer of choice

A G R I

Ensure that talented people and intelligent technology are the building blocks of our future success



André Myburgh
Managing Director



Eddie Fivaz
Financial Director

Thank you

www.twkagri.com

For any further Investor Relations questions please contact:

Keyter Rech Investor Solutions

Marlize Keyter

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+27 (0)87 351 3810



Annexure

TIMBER

- ▶ We provide multiple processed and unprocessed timber products, while cultivating 37 400 hectares of forestry plantations in South Africa and eSwatini
- ▶ The Timber segment's assets and activities include:
 - » Forestry plantations
 - » Woodchip export facility, Richards Bay
 - » Lumber and mining timber sawmills
 - » Timber and vegetable seedling nurseries
 - » BedRock Mining Timber
 - » Timber marketing
 - » Treated timber plant
 - » Charcoal production
 - » Untreated timber products
 - » Logistics

- ▶ TWK owns and operates a world-class woodchip production and export facility in Richards Bay, with the capability of producing and exporting 900 000 tonnes of woodchips per annum
- ▶ Sunshine Seedlings produces over:
 - » 50 million vegetable seedlings
 - » 10 million forestry clones
 - » 7 million forestry seedlings
 - » 4 million essential oil seedlings

Total timber sales volumes
1,536,948 tonnes
for FY2023

RETAIL AND MECHANISATION

- ▶ The Retail and Mechanisation segment comprises:
 - » 32 retail outlets;
 - » 5 Constantia fertiliser depots situated in KZN, Mpumalanga, North West, Eastern Cape and eSwatini; as well as
 - » 5 Constantia fertiliser blending facilities located in KZN, Mpumalanga and Western Cape
- ▶ The average fertiliser sales over the past 2 years was about 250 000 tonnes per annum
 - » approximately 10% of the market
- ▶ Mechanisation sales, which include tractors, construction vehicles and agricultural capital equipment, are done through the New Holland agencies in KZN and Mpumalanga



FINANCIAL SERVICES

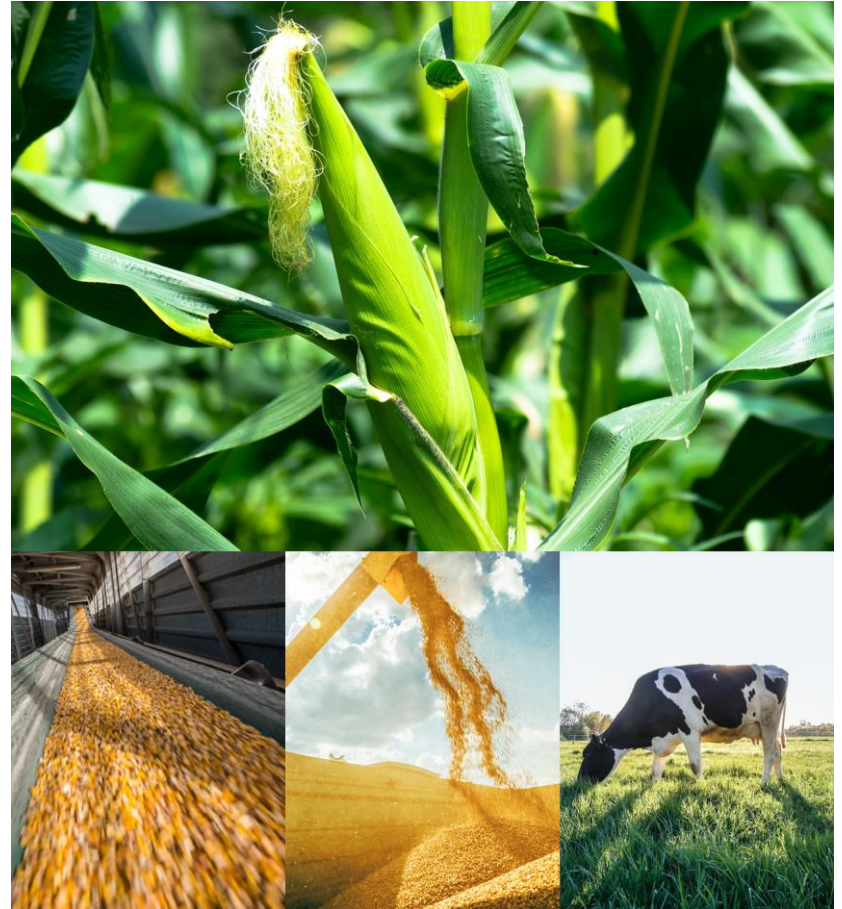
- ▶ The Financial Services segment provides unique financing and insurance solutions to the agricultural and related industries and consists of two main divisions:
- ▶ The Insurance Division:
 - » insurance brokerage
 - » crop insurance brokerage
 - » agriculture insurance
 - » plantation insurance
 - » liability insurance
 - » transit cover
 - » medical aid and gap cover
 - » life insurance
 - » wills and testaments
 - » funeral administration
 - » fiduciary services
 - » other specialised insurance products

- ▶ The Credit Division:
 - » seasonal credit facilities
 - » monthly accounts
 - » forestry loans
 - » asset finance

Production Credit Book
R917,5 million
(FY2022: R808,6 million)

GRAIN

- ▶ The Grain segment has three divisions namely:
 - » Grain Silos
 - » Grain Marketing (incl. branded maize meal products)
 - » Animal feeds – Arrow
- ▶ Grain Silos: Responsible for the safe storage and drying of grain from farmers in our HACCP and SAFEX-registered silos
- ▶ Grain Marketing: Responsible for on-selling the grain at the best possible market prices – SAFEX trading
 - » We manufacture our own branded maize meal products which are supplied to retail outlets
- ▶ Animal feeds: We manufacture our own animal feeds and supply it to retail, wholesale and farm level



MAJOR BUSINESS RISKS

	Major business risk	How we mitigate the risk
1	Political and economic risk	Active monitoring and regular formal and informal engagement with government, local communities and business partners
2	Availability and allocation of capital	Implementation of strategic actions to increase the appetite of equity investors to invest in TWK and good relationships with large commercial banks
3	Third-party infrastructure	Optimise the logistical chains, improve turnaround time and invest in backup energy solutions at critical business operations
4	Information technology	Technical precautions such as data recovery and continuity plans are regularly updated and measures are in place to ensure information confidentiality and integrity
5	Competition	TWK endorses a healthy competitive environment, which drives improvements such as cost reductions and quality improvements. A loyalty programme is in place at its retail outlets
6	Reputational risk	Internal compliance department's commitment to ensure good ethical behaviour. Training and compliance programme for relevant employees and Directors. Engagement with stakeholders
7	Weather and climate	Diversified business model and wide geographical area in which we operate. TWK's plantations are located in the high rainfall areas of South Africa and eSwatini
8	Volatile commodity prices	The Group uses derivative instruments to manage and hedge exposure to grain price risk
9	Fires	Effective fire management plans and processes as well as detection technology. Planting of different species less prone to burning in strategic areas
10	Credit risk	Regularly analyses customers' creditworthiness and set credit limits on a centralised basis