

## Summarised financial results

of the audited financial results for the year ended  
28 February 2019

**+24.1%**

(year-on-year)

Revenue

2019: R7 896 million  
2018: R6 361 million

**+2.8%**

(year-on-year)

Operating profit

2019: R360 million  
2018: R350 million  
(Figures normalised for PFG share sales)

**+11.0%**

(year-on-year)

Core headline  
earnings

2019: R161 million  
2018: R145 million

**-3.7%**

Net asset value  
per share

2019: R24.50  
2018: R25.43

**-27.0%**

Core headline  
earnings  
per share

2019: R1.35  
2018: R1.85

**-27.2%**

Dividend  
per share

2019: R0.40  
2018: R0.55

## Introduction

Overberg Agri Ltd and Acorn Agri (Pty) Ltd amalgamated on 2 May 2018 into one combined entity, Acorn Agri & Food Ltd. After the implementation of this transaction and a share split, the issued number of shares increased from 7 796 111 to 137 302 770. For the 2019 financial year, Acorn Agri & Food disclosed consolidated financial statements containing the entities related to Overberg Agri for the full financial year and the entities previously owned by Acorn Agri for 10 months from 2 May 2018.

## Operational performance

The Agri Inputs & Services and Agri Inputs: Fuel focus areas produced a solid performance, while the Fresh Fruit, Food Processing and Health Foods focus areas' performance was underwhelming. Overberg Agri and Moov Fuel are performing well and P&B Lime Works and Bredasdorp Abattoir expanded production capacity during the financial year. Grassroots Group and Montagu Dried Fruit & Nuts are in the process of changing their strategic focus. ACG Fruit and Boltfast are in the process of restructuring and/or turnaround.

## Financial results

### Income Statement

Revenue from continuing operations increased by 24.1% to R7.89 billion (2018: R6.36 billion). Revenue growth comprised 12.9% organic growth, largely due to solid results from the Agri Inputs & Services and Agri Inputs: Fuel segments, and 11.2% growth due to the added revenue of the Acorn Agri-related entities.

Gross profit from continuing operations increased by 24.0% to R943 million (2018: R760 million). The gross profit margin was maintained at 11.9% despite significant cost pressures from, inter alia, fuel costs and municipal services.

Operating profit from continuing operations decreased by 4.8% to R375 million (2018: R394 million). If the effects of the profit on sale of Pioneer shares in 2018 and 2019 are excluded, the operating profit increased by 2.4% to R360 million (2018: R350 million).

Core headline earnings increased by 11.0% to R161 million (2018: R145 million). Core headline earnings per share (HEPS) decreased by 27.0% to 135 cents (2018: 185 cents). This was largely due to the depressed performance of the Fresh Fruit and Food Processing segments and the issue of additional shares due to the amalgamation during the year.

The Group is of the view that core headline earnings and core headline earnings per share provide a fair reflection of the performance of the Group by eliminating the impact of unusual, non-recurring income and/or expenditure.

### Financial Position

The amalgamation transaction had a significant positive influence on the Group's statement of financial position. Intangible assets increased to R702 million (2018: R208 million) and biological assets increased to R435 million (2018: R3 million). Equity attributable to equity holders of the partner increased to R3.13 billion (2018: R1.98 billion).

Net working capital increased to R1.60 billion (2018: R1.26 billion) and net interest-bearing debt increased to R1.94 billion (2018: R1.13 billion). The net interest-bearing debt-to-equity ratio increased to 0.6 (2018: 0.5).

### Cash Flow

A negative net cash flow from operating activities of R46.1 million was generated (2018: R117 million), which can largely be attributed to an increase in the net working capital and finance costs.

The Group continued to invest in its future growth by incurring capital expenditure of R247 million while proceeds from the sale of property, plant and equipment were R64 million. The Group had cash balances of R245 million at year-end.

### Dividend

A gross dividend of 40 cents per share (2018: 55 cents) has been declared based on a dividend cover of 3.37 of core HEPS of R1.35 (2018: 3.37). Shareholders can elect to receive the dividend in capitalisation shares in lieu of a cash dividend.

### Outlook

After creating a solid foundation for Acorn Agri & Food post amalgamation, we are excited about the new financial year, which will be the first full year for all the group companies in Acorn Agri & Food.

We are anticipating positive conditions for the Agri Inputs & Services and Agri Inputs: Fuel focus areas, the restructuring of the Fresh Fruit focus area and a continuation of the challenging conditions for the Food Processing and Health Foods focus areas due to the subdued economy with continued pressure on consumer spend.

### Events after the reporting period

The closing date of the Grassroots Bear division transaction, which was previously communicated to the shareholders, occurred on 31 May 2019 and the first portion of the consideration was received by Grassroots Group. In accordance with the Amalgamation Agreement between Acorn Agri (Pty) Ltd and Overberg Agri Ltd, Acorn Agri & Food Ltd issued 4 622 577 shares to Acorn Agri shareholders, as at the amalgamation closing date, as consideration shares on 14 June 2019.

### Appreciation

On behalf of the board, I thank all our stakeholders, including our employees, shareholders, partners, customers and suppliers, for their continued support and trust in the Group. We look forward to continue building value and growing the future.

**Cobus Visser**  
Chairperson

**André Uys**  
Chief Executive Officer

# Independant auditor's report on the summarised consolidated financial statements

## Opinion

The summarised consolidated financial statements of Acorn Agri & Food Limited, set out herein, which comprise the summarised consolidated statement of financial position as at 28 February 2019, the summarised consolidated income statement and summarised consolidated statement of cash flows for the year then ended are derived from the audited consolidated financial statements of Acorn Agri & Food Limited for the year ended 28 February 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis of preparation as described in the notes and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

## Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, is therefore not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

## The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 June 2019.

## Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the basis of preparation as described in the notes and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

## Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

Director: A Stemmet

Registered Auditor

Stellenbosch

21 June 2019

## SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2019

	GROUP	
	2019 Rm	2018 Rm
<b>ASSETS</b>		
Non-current assets	3 297	2 148
Current assets		
Biological assets	214	–
Inventory	627	466
Trade and other receivables	1 484	1 226
Cash and cash equivalents	245	179
Other current assets	208	118
Non-current assets held-for-sale and assets of disposal groups	581	–
<b>Total assets</b>	<b>6 656</b>	<b>4 137</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>3 523</b>	<b>2 164</b>
Non-current liabilities	951	452
Current liabilities		
Borrowings and instalment sale agreements	1 477	1 093
Other current liabilities	586	428
Liabilities of disposal groups	119	–
<b>Total equity and liabilities</b>	<b>6 656</b>	<b>4 137</b>
Number of issued shares ('000)*	138 374	77 961
Treasury shares held by subsidiaries ('000)	10 598	–
Net asset value per share, excluding treasury shares (Rand)	24.50	25.43

## SUMMARISED CONSOLIDATED INCOME STATEMENT

For the year ended 28 February 2019

Revenue	7 896	6 361
Change in fair value of biological assets	60	–
Cost of sales	(7 013)	(5 601)
Gross profit	943	760
Operating profit	375	394
Net finance costs	(144)	(103)
(Loss)/profit from equity accounted investments	(5)	(12)
Profit before taxation	226	279
Taxation	(61)	(91)
<b>Profit for the year from continuing operations</b>	<b>165</b>	<b>188</b>
(Loss)/profit from discontinued operations	(22)	2
Profit for the year	143	190
<b>Core headline earnings</b>	<b>161</b>	<b>145</b>

## SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 28 February 2019

Cash flows from/(utilised in) operating activities	(47)	118
Working capital changes	(302)	(79)
Other	255	197
Cash flows from/(utilised in) investing activities	(208)	(68)
Acquisition of property, plant and equipment	(247)	(194)
Other	39	126
Cash flows from/(utilised in) financing activities	281	26
Dividends paid	(43)	(44)
Other	324	70
Net cash increase/(decrease) for the year	26	76
Net cash, cash equivalents and overdrafts at beginning of the year	178	102
Net cash, cash equivalents and overdrafts at the end of the year	204	178

\* Issued shares for the previous year have been adjusted, by multiplying the number of shares by 10, to be comparable to the issued shares on 28 February 2019. On 2 May 2018, nine additional shares were allotted to each shareholder, as capitalisation shares, in respect of every one share held by that shareholder.