Final Results Press Release

ASTRAL POSTS A STELLAR SET OF RESULTS REFLECTING A REMARKABLE TURNAROUND

- Revenue increased by 6% to R20.5 billion
- Operating profit increased by 281% to R1 125 million
- Headline earnings per share increased by 245% to 1 920 cents
- Debt of R1.0 billion cleared
- Final dividend per share declared for the year is 520 cents

18 November 2024: **Astral Foods Limited** (Astral), an integrated poultry producer, Astral reported significantly improved results for the year ended 30 September 2024. Chris Schutte, CEO of Astral, stated: *“Following an eventful 40 years in the poultry industry, and 16 years at the helm of Astral, I hereby report on my 32nd and last set of financial results. The successful execution of our “Re-set, Re-focus and Re-start” campaign (Project 3R) during the year under review, resulted in the Group returning to profitability after the worst year in Astral’s history.”*

Revenue reported for the year ended 30 September 2024 was R20.5 billion, an increase of 6.4% compared to the prior year at R19.3 billion. The Poultry Division contributed 82.6% (2023: 81.5%) and the Feed Division 17.4% (2023: 18.5%) to total external revenue. The increase in revenue was primarily attributable to the recovery by the Poultry Division from a loss-making position to a profit for 2024.

An operating profit of R1 125 million was reported compared to an operating loss of R621 million in the previous year, an increase of 281.2%, mainly as a result of the absence of loadshedding and bird flu related costs during the year. The operating margin increased from a loss of 3.2% (2023) to a profit of 5.5%.

Revenue for the **Feed Division** decreased by 15.2% to R9.8 billion (2023: R11.6 billion), mainly driven by lower feed selling prices on the back of a decrease in raw material costs and lower internal feed sale volumes. SAFEX yellow maize prices decreased to an average of R3 988 per ton (2023: R 4 205 per ton) for the year under review, down by R217 per ton year-on-year. Soya meal prices also decreased to an average of R9 820 per ton (2023: R11 721 per ton), down R1 901 per ton year-on-year.

Feed sales volumes decreased by 11.0%, as the internal requirement for broiler feed decreased by 19.5% (187 133 tons), due to higher feed consumption in the comparable period as a result of the slaughter backlog of older and heavier birds caused by loadshedding. External feed sales volumes increased by 4.7% (24 503 tons), mainly driven by higher demand from the pig and sheep feed sectors, as well as growth in sales volumes at Tiger Animal Feeds in Zambia.

The operating profit for this division decreased by 28.3% to R545 million (2023: R759 million), as a result of lower internal sales volumes. The operating profit margin decreased from 6.5% to 5.5% as a result of lower sales revenue driven by lower raw material costs and feed selling prices. The Rand per ton operating margin decreased due to lower internal sales volumes, where in the prior year higher sales volumes had the impact of diluting fixed overheads resulting in an improved margin at that time.

Revenue for the **Poultry Division** increased by 7.7% to R17.1 billion (2023: R15.8 billion), driven by an increase in broiler sales volumes and an improvement in broiler sales realisations over the comparable period. During 2023, the demand for Astral's poultry products slowed on a change in the product basket, given the impact of loadshedding disrupting the poultry processing operations and subsequent sales mix at the time. However, this improved in 2024 as the product basket normalised.

Broiler slaughter numbers increased by 10.5% over the comparable period, where a lower quantity of birds, but with a significantly heavier live weight, were processed following the impact of loadshedding. Sales volumes increased by 4.6% (representing 21 449 tons) for the year, positively impacted by an increase in fresh and QSR sales volumes. Frozen poultry finished good stock levels at 30 September 2024 were lower than at the end of the prior year.

Broiler sales realisations improved by 5.2% due to an improved sales mix and an effort to recover inflationary costs. Broiler net margins for the year recovered to a very thin 1.3%. This represents an improvement over the comparable period where a negative margin was reported due to the impact of loadshedding and bird flu costs (2023: -9.7%). Margin pressure was felt during the second half of the reporting period due to lower poultry pricing levels on slow demand during the winter months, and subdued consumer spending.

Operating profit for the Poultry Division increased by 142% to R580 million (2023: loss of R1 380 million). The operating profit margin increased to 3.4% (2023: -8.7%). Non-feed costs in the division reduced year-on-year, positively impacted by the reduced cost of loadshedding at R151 million (R410 million lower than the prior year) and costs relating to water supply interruptions at R14 million (R17 million lower than 2023). The profitability benefitted from an insurance recovery relating to the 2023 HPAI claim of R198 million in the broiler breeding operations.

Broiler performances improved significantly following the normalisation of bird age and live weight in June 2023, as the backlog in the slaughter programme following the loadshedding crisis was cleared, with efficiencies for the twelve months ended 30 September 2024 surpassing historical performances. Together with lower feed prices on better raw material input costs over the comparable period, broiler live cost improved for the year under review. Broiler feed prices decreased by 2.1% over the year, with feed cost remaining the key driver of profitability, representing approximately 65% of the live cost of a broiler.

"The Group reported a R1 095 million net cash inflow, clearing the entire debt balance accumulated during 2023. This enabled the Board to declare a final dividend per share of 520 cents;" commented Dries Ferreira, Astral's CFO.

Astral is cautiously optimistic about the macroeconomic environment, which shows early signs of recovery. Astral is well positioned to benefit from any improvement in the consumer environment. Infrastructure failures across South Africa remain a great concern, however Astral remains dedicated to mitigating these risks to safeguard the ongoing viability of our business.

Schutte concluded: *"Leading Astral has been a privilege, and I am grateful to leave the Company in a healthy financial position creating a platform for future growth. I am confident that our well-established and highly experienced Executive Management Team, recognised as the best in the industry, will continue to drive Astral's success. I would like to congratulate Gary Arnold on his appointment as my successor, and wish him and the Management Team all the best."*

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Company background

Astral Foods Limited (Astral), an integrated poultry producer, with key activities in the manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated parent breeding and broiler production operations, abattoirs as well as the sales and distribution of various key poultry brands. The brands in the Astral stable include:

- County Fair
- Festive
- Goldi
- Mountain Valley
- Ross Poultry Breeders
- National Chicks
- Meadow Feeds
- Tiger Animal Feeds
- Tiger Chicks
- Central Analytical Laboratories