

KAAP AGRI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2011/113185/06)
ISIN: ZAE000244711
Share code: KAL
("KaaP Agri" or "the Company")



VOLUNTARY TRADING UPDATE FOR THE SIX MONTHS ENDED 31 MARCH 2019

Despite the lingering pressures from the recent drought and the general subdued performance of the retail sector, Kaap Agri increased revenue for the six-month period ended 31 March 2019, by 28.7% to approximately R4.390 billion, up from R3.411 billion in the previous comparable financial period, with like-for-like comparable store sales growth of 10.7%. The growth in the value of business transacted was driven by a 21.9% increase in the number of transactions. Product inflation, excluding the impact of fuel inflation, is estimated at -0.5%. Gross profit has not grown in relation to revenue growth due to sales mix changes, fuel price increases and margin pressure.

Agricultural conditions in the Western Cape have improved, but the sluggish recovery has led to slower than expected growth in the Country Region Agrimarks and Pakmarks. The subdued retail sector had the largest influence on the Urban Region Agrimarks. Whilst drought conditions have persisted in the Northern Cape, Inland operations have benefitted from market share gains. Wesgraan has performed well off the back of a more favourable wheat position, however the full impact of the recovery is weighted to the second half of the financial year. Mechanisation experienced a favourable uptick in the period under review. Revenue from the newly acquired Forge business is included from 1 October 2018.

Excluding the impact of Forge, non-agri retail sales have performed well, growing at 3.9% on the previous comparable period and with the exception of water storage categories coming off a large base last year as well as constrained cement sales, non-agri retail sales have delivered growth of 13.4%. Fuel retail expansion continues, taking into account the improvement of timing in respect of regulatory processes, with the outlook in this space being positive and existing and acquired sites performing well.

Group fuel volumes increased by 9.2%, of which The Fuel Company ("TFC") owned and managed sites have grown fuel volumes by 9.5%, with additional TFC site acquisitions at various stages of conclusion. Growth in fuel site convenience and quick service restaurant retail operations has exceeded fuel volume growth.

Although both agri and non-agri retail sales have shown signs of improvement, the outlook for the remainder of the year remains dependant on normalised weather patterns and improved consumer confidence. The recovery in Wesgraan, store upgrades and expansions, as well as the revenue from new TFC sites will contribute more significantly during the next 6 months. The business remains committed to its medium-term strategic plans and continues to explore Agri, Retail and Manufacturing expansion opportunities.

The above financial information is the responsibility of the directors and has not been reviewed or reported on by the Company's external auditors.

15 April 2019
Paarl

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