



Final Results Press Release for the year ended 31 August 2024

TWK's PERFORMANCE AFFECTED BY EXTERNAL CIRCUMSTANCES

- Revenue from continued operations increased by 7.1% to R8.5 billion
- Earnings before interest, tax, depreciation and amortisation (EBITDA) from continued operations marginally decreased by 0.9% to R589.4 million
- Headline earnings per share decreased by 3.9% to 674.17 cents
- Net asset value per share increased by 8.3% to R58.56
- Return on equity increased to 6.9% from 4.5% (2023)

18 November 2024: TWK Investments Limited (TWK or the Group), a diversified agriculture and forestry company that operates through the following segments, namely Timber, Retail and Mechanisation, Financial Services and Grain, reported final results for the year ended 31 August 2024. André Myburgh, CEO of TWK, commented: *"This has been an unusual and challenging year for TWK Investments. Our results reflect the challenging trading environment that persisted throughout the year under review. Despite the devastating impact on the Timber segment of the fire at a neighbouring facility at the start of the financial year, the prolonged financial strain on consumers due to high interest rates and unemployment, and farmers being negatively affected by El Niño hampering the other segments' results, the Group continued to execute its stated strategy."*

The Group reported an increase in revenue of 7.08% to R8.52 billion (Aug 2023: R7.96 billion) and a slight decrease of 0.9% in EBITDA to R589.4 million (Aug 2023: R594.8 million) from continuing operations for the year ended 31 August 2024. The impact on earnings were primarily due to challenges faced by the Timber segment during the first half of the year, which was significantly impacted by the fire at the NCT Woodchip Mill, located adjacent to our facility in Richards Bay, on 30 September 2023. Although the Timber segment achieved commendable results in the second half, the inability to generate revenue for five months had a lasting negative impact in the current year.

The **Timber segment's** revenue increased by 2.37% from R2.92 billion (August 2023) to R2.99 billion. EBITDA declined by 14.15% from R402.29 million (August 2023) to R345.38 million, as did the EBITDA margin, which dropped from 13.77% (August 2023) to 11.55%.

Total sales volumes fell by 40.3% to 917 819 tonnes (August 2023: 1 536 948 tonnes) largely due to the Richards Bay fire, plantation fires affecting two major customers, and significant declines in both the industrial and mining timber markets. TWK was also unable to meet the demand from timber exchanges with national markets and significant South African timber producers. Additional sales losses resulted from large fires in the KwaZulu-Natal province, which decimated plantations.

Revenue for the **Retail and Mechanisation segment** decreased by 3.04% from R2.99 billion (August 2023) to R2.90 billion as the segment continued to be impacted by lower sales volumes across the retail and mechanisation operations, marginally offset by an increase of 4.47% in sales volumes from Constantia Fertiliser. EBITDA increased by 304.66% to R39.04 million from R9.65 million (August 2023), with the EBITDA margin increasing to 1.35% from 0.32% (August 2023). The main reason for this was the poor trading performance of the businesses within the segment.

The **Financial Services segment's** revenue increased by 4.09% from R272.73 million in August 2023 to R283.89 million, with EBITDA increasing by 22.79% to R132.93 million from R108.26 million (August 2023). The total crop insurance premium increased by 0.6%, resulting in a 0,5% rise in commission received. Despite macroeconomic challenges, new client acquisitions contributed to a 0.5% increase in insured clients. However, this was offset by a 2.1% decline in insured hectares and a 6.6% reduction in the insured tree area. Medical insurance commission revenue rose significantly by 18%, driven primarily by a 21% increase in members from August 2023 to August 2024. The Production Credit Book decreased by 12.9% during the period under review, peaking at R798.8 million (peak 2023 financial year: R916.7 million). Net interest income decreased by 0.5% due to the decrease in the Production Book.

The **Grain segment's** revenue and EBITDA increased by 35.22% from R1.76 billion (August 2023) to R2.38 billion and 17.38% from R55.84 million (August 2023) to R65.55 million, respectively. The stronger results were mainly attributable to the Grain Storage and Grain Marketing operations performances, offset by losses made in the industrial mill businesses due to the high white maize price that persevered during the year under review.

Headline earnings per share decreased by 3.89% to 674.17 cents from 701.43 cents (August 2023).

The Group's financial position came under strain this year, but despite this, the net asset value per share increased by 8.3% to R58.56 from R54.05 (August 2023). In addition, TWK reduced its gearing from 129.79% (August 2023) to 112.43% at year end.

Myburgh concluded: *"We remain cautiously optimistic about the 2025 financial year. Although positive sentiment has given us renewed optimism, the cyclicity of our business remains a risk. We continue to be committed to achieving sustainable growth for our stakeholders through gaining market share and increasing profitability.*

The focus remains on improving our liquidity and cash flow, and where possible, cost-saving measures to ensure that all our operations are effective and efficient. We will continue to make the tough decisions necessary to protect and enhance our business' resilience and sustainability, looking beyond our current situation to the future we wish to create."

Ends

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Notes to the Editor

TWK Investments Limited (TWK) is a diversified agriculture and forestry company. 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

At the end of August 2024, TWK's retail outlets totalled 31 (August 2023: 31), situated in KwaZulu-Natal (13), Mpumalanga (13), Eastern Cape (three), Limpopo (one) and eSwatini (one). Six of these branches include a New Holland Mechanisation agency and three branches include a Husqvarna agency. TWK also owns five fertiliser blending facilities located in Mpumalanga, KwaZulu-Natal, and the Western Cape.

Financial services segment

The Insurance division focus on dynamic and modern insurance products to agricultural producers. The Credit division provides production facilities, term lending and asset financing to farmers.

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.