PRESS RELEASE

A record yield and drought cycle in one financial year

Two totally contrasting agricultural cycles in one financial year were once again the characteristic of the highly volatile environment in which agricultural companies have to conduct business, according to Mr Francois Strydom, Chief Executive of the Senwes Group.

The 2014/2015 profit after tax of R247 million reflects a decrease of 2% from the R251 million of the previous financial year. Normalised headline earnings per share increased by 76% after a return of the company’s operating results to its potential during the past year. The higher operational performance in 2015 made up for the once-off profit from the business combination of the Afgri and Senwes retail businesses in 2014 financial year to a large extent.

The largest crop in 33 years countered the low grain carry-over stock levels from the 2014 financial year and the market access channel increased its operating results before tax by 147% to R210 million. The good volumes resulted in an initial good performance by the input channel, despite the relative low grain prices. An exceptional drought was experienced throughout the summer crop area of South Africa since January 2015, which put spending in respect of capital goods and input products under pressure during the second half of the financial year. Despite this the operating results of the input channel increased by 11% from R80 million to R89 million. The financial services channel followed the same trend and operating profit after interest but before tax increased by 4% from R80 million to R99 million.

“Despite the volatility of agriculture, Senwes is maintaining its strategy of consolidation through partnerships, reorganisation and specialisation. The number of joint controlled investments is bearing fruit and the critical mass is providing optimisation and integration opportunities as well as a larger platform for growth”, said Francois.

Dividends
The Board of Directors declared a final dividend of 26 cent per share (2014 - 22 cents) for the financial year ended 30 April 2015, subject to the approval of the shareholders at the annual general meeting.

Key Financial Ratios:

- A 76% growth in headline earnings per share, from 99 cents per share last year
- Diluted headline earnings per share increased by 73% to 163 cents, from 94 cents last year
- Earnings per share are 0.4% lower than the previous year
- Return on opening equity of 15%
- An increase in net asset value of 96 cents per share
- Dividend yield of 4.7% on opening market price, which represents a total dividend of 50 cents per share for the year under review.
Total shareholders return (capital growth + dividends) of R226 million was generated for the shareholders for the year under review.

**Future Prospects and Challenges**

The effects of the severe drought conditions in the latter part of the 2015 financial year will most probably reflect in the group's performance for the 2016 financial year. Downward pressure is likely to be experienced in respect of grain handling and storage income due to decreased volumes which, in turn, are expected to be lower than the previous year. However, the higher carry-over stock levels should help to mitigate some of that risk.

The typical primary producer will probably not be as profitable from a net farming income base and this will have an impact on his capital goods spending capacity. This could lead to negative pressure being brought to bear on our mechanisation business unit. The overall conditions will also influence the debtor book collections towards the end of August 2015.

**Embargo: 1 July 2015.**

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For further particulars refer to Annexure A (newspaper advert)