



FY2017 Results and Prospects

1 August 2017

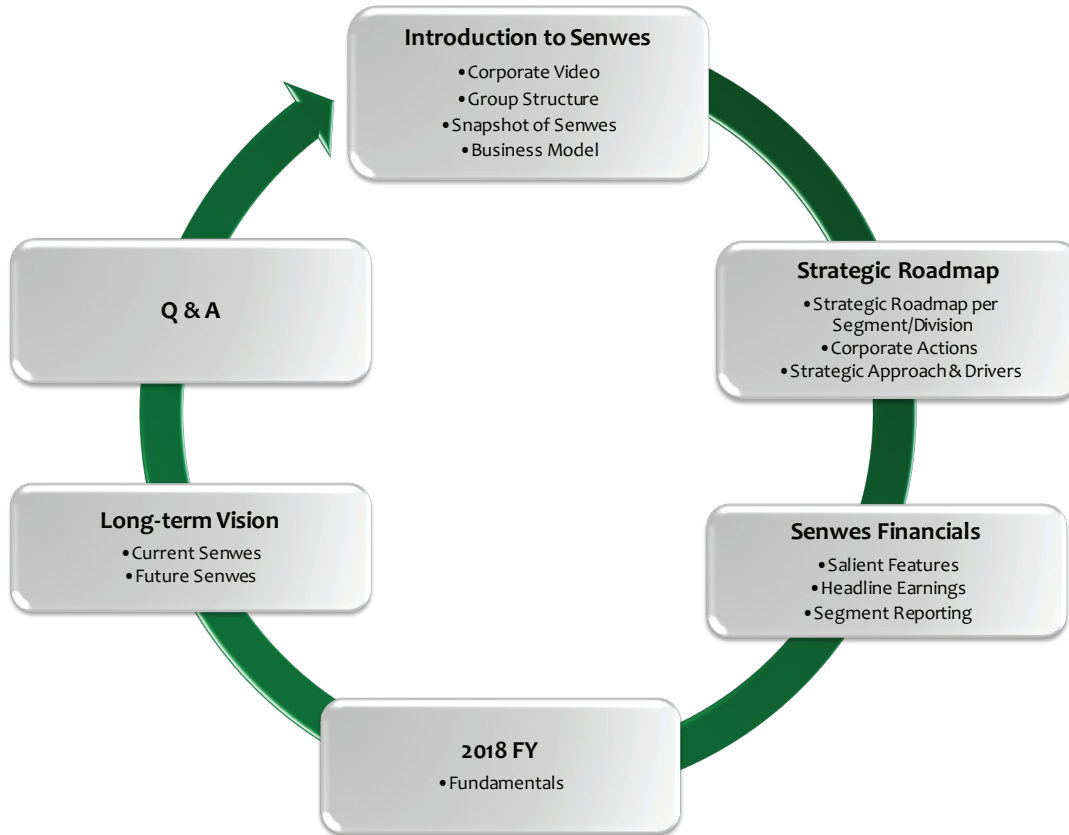
Presented by:
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YOUR VISION, *our passion.*

With 108 years of agricultural experience, Senwes is your one-stop agricultural business and with an integrated business approach, we become part of your business solution. Your vision is our passion.

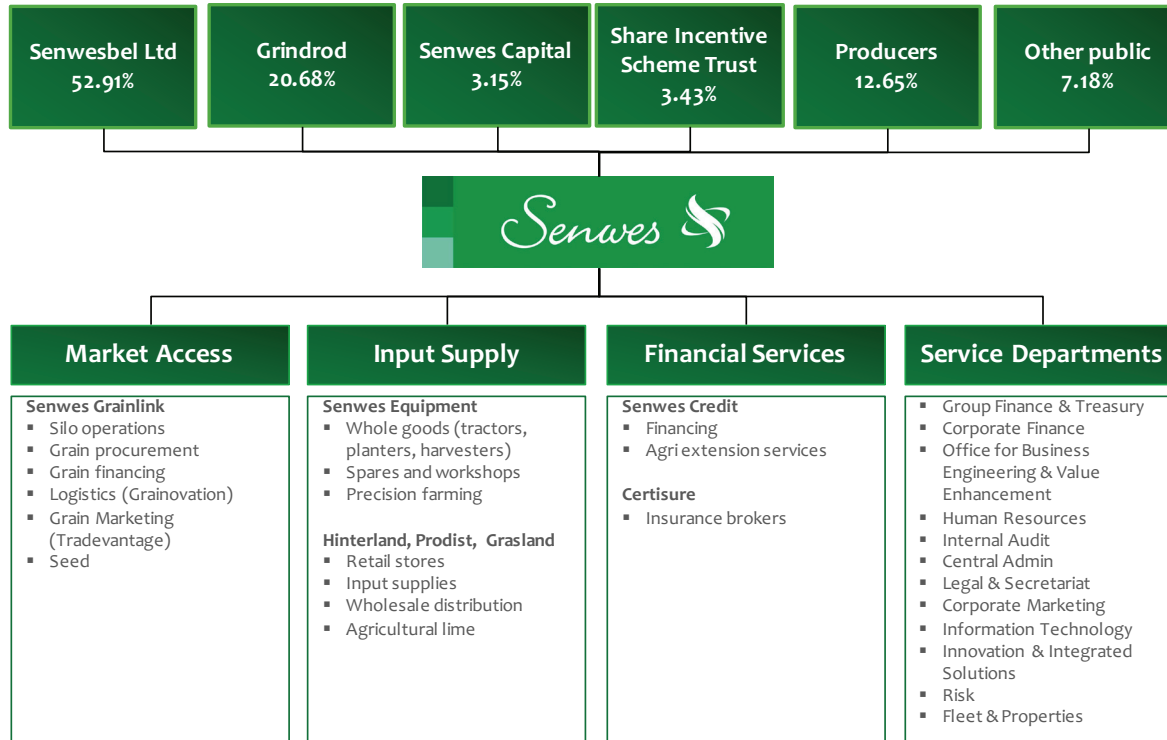


Agenda



Notes

Group Structure



Notes

Updated: 30 April 2017.

Key Facts Snapshot

	30 Apr 2014	30 Apr 2015	30 Apr 2016	30 Apr 2017
Group Workforce *	2 800	2 900	2 997	3 152
Turnover	R 11,5 bn	R 8.8 bn	R 9.2bn	R9.9 bn
Profit after tax	R 251 m	R 247 m	R 156 m	R 167 m
NAV	R 1,6 bn	R 1,8 bn	R 1,9 bn	R 2,0bn
Return on opening equity	15.7%	15.0%	8.6%	8.9%

Notes

* Including subsidiaries and JVs.

- **108 years of history** (co-op converted to company in 1997).
- **Well integrated** agricultural business, operating in the following fields:
 - Market access (silo storage and grain trading).
 - Input supply (agricultural machinery and inputs).
 - Financial services (financing and insurance).
- **Footprint in 8 of SA's 9 provinces:** the Northwest, Free State, Gauteng, Mpumalanga, KZN, Eastern- Northern- and Western Cape.
- **4.8 m tonnes of storage capacity** = just over 25% of SA's total commercial storage capacity.
- Capable of handling approximately **20% of SA's grain and oilseeds** in an average year.

Business Model

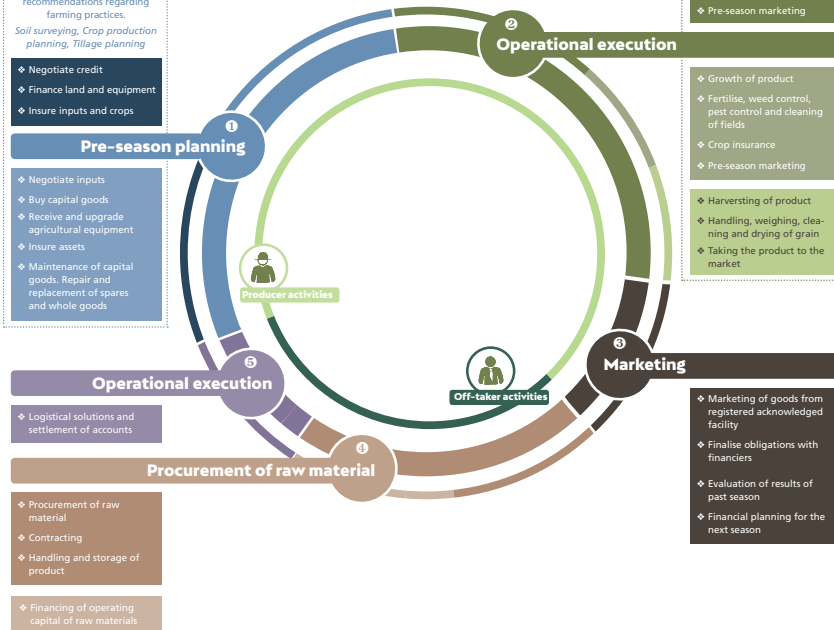
Producer activities: Pre-season planning Operational execution Marketing
Off-taker activities: Procurement of raw material Operational execution

	Senwes Agricultural Services	<ul style="list-style-type: none"> Agronomic services as well as technical and agronomic advice Monitoring of applied advice and composition of crop development reports Evaluation of past season results Financial performance assessment and planning
	Senwes Credit	<ul style="list-style-type: none"> Offers a variety of financing solutions (e.g. season credit, monthly accounts and tailor-made products to meet the client's needs) Activate facilities for continuous purchases Provide structured bridging finance to clients as needed throughout the season Finalisation of production loans and refinancing at the end of the season Financing solutions to off-takers
	Senwes Asset Finance	<ul style="list-style-type: none"> Financing solutions for agri-machinery and implements and bonds over fixed property Evaluation of asset financing solutions
	Senwes Equipment & JD Implemente	<ul style="list-style-type: none"> Supplies new and used whole goods and implements, as well as precision farming equipment and maintenance solutions for existing equipment Precision farming and maintenance solutions (spares and workshops) for equipment used during the planting season Precision farming and maintenance solutions (spares and workshops) Precision farming and maintenance solutions (spares and workshops) for equipment used during the harvesting process
	Senwes Grainlink	<ul style="list-style-type: none"> Marketing of pre-season contracts to producers Grain procurement contracts in order to market crop in advance Receiving, handling and storing of grain as well as quality and moisture management for producers Provides grain marketing solutions and product strategies Receiving, handling and storing of grain as well as quality and moisture management for millers
	Hinterland	<ul style="list-style-type: none"> Bulk orders and purchases from wholesalers and input suppliers pre-season Supplies input products for grain cultivation during the season through their store network Supplies agri-chemicals and fertiliser in order to optimise crop development Provide other rural supplies to the producers and other retail clients throughout the year

◆ Evaluation and recommendations regarding farming practices.
Soil surveying, Crop production planning, Tillage planning

◆ Negotiate credit
 ◆ Finance land and equipment
 ◆ Insure inputs and crops

◆ Negotiate inputs
 ◆ Buy capital goods
 ◆ Receive and upgrade agricultural equipment
 ◆ Insure assets
 ◆ Maintenance of capital goods. Repair and replacement of spares and whole goods



◆ Maintenance of capital goods: Repair and replacement of spares and whole goods

◆ Preparation, tillage and planting of product
 ◆ Pre-season marketing

◆ Growth of product
 ◆ Fertilisers, weed control, pest control and cleaning of fields
 ◆ Crop insurance
 ◆ Pre-season marketing

◆ Harvesting of product
 ◆ Handling, weighing, cleaning and drying of grain
 ◆ Taking the product to the market

◆ Marketing of goods from registered acknowledged facility
 ◆ Finalise obligations with financiers
 ◆ Evaluation of results of past season
 ◆ Financial planning for the next season

	Tradevantage	Conclusion of contracts for delivery of raw material to millers
	Grasland Ondernemings	<ul style="list-style-type: none"> Negotiates agricultural lime prices and volumes with off-takers of lime independent of a third party Supplies agricultural lime and gypsum products to producers as an input product for the production of the season
	Certisure & Univision	<ul style="list-style-type: none"> Credit life insurance, asset insurance, wealth, retirement and succession planning Asset insurance for clients wishing to insure their assets Crop insurance broker (hail and multi-peril insurance) Evaluation of insurance portfolio
	Molemi Sele	Value addition to credit life insurance (underwriting and re-insurance)
	Grainovation	<ul style="list-style-type: none"> Logistical solutions and farm-loading Logistical solutions
	ESC	<ul style="list-style-type: none"> A platform for the management and trading of silo certificates for producer A platform for the management and trading of silo certificates for off-taker
	Hedge Fund	Provides hedging and potential market opportunities for the group

Strategic Roadmap – Input Supply

Wholesale, Retail and Lime

Key Operations

	Drivers [^]		Turnover FY 2017 R'm
Fuel*	77	million litres diesel sold	1,050
Fertiliser	167	'000 tonnes sold	873
Maize seed	239,357	25kg bags sold	706
Chemicals (Pesticides)**	2,5	million litres	197
Retail shops	63	outlets	771
Retail sales from stores			1,195
Wholesale (Prodist)**	1,887	active delivery points	394
	2	wholesale DCs	
Lime (Grasland)	209	'000 tonnes sold	32
	218	'000 tonnes produced	
	4	lime mines	

[^] Drivers are 5-year averages, unless otherwise stated.

* Includes sale of petrol and paraffin, but diesel is however the biggest driver.

** Drivers' values are as at end of FY 2017.

Hinterland Financials

	2017	2016
Turnover (R'm)	4,493	4,345
GP (%)	9.4%	8.4%
ROCE (%)	7.5%	5.9%

Hinterland market share

(per major input, at national level)

	2017	2016
Fertiliser	23%	25%
Fuel	17%	16%
Maize seed	28%	32%



Wholesale, Retail and Lime Strategy

Completed

- Merger: Senwes Village and Afgri Town & Country – 2013.
- Prodlist sold 25% stake to LRB (Mica, DIY and House of Paints) – 2014.
- Hinterland acquisition of Farm Cities – 2016.
- Margin enhancement projects – 2016.

In Process

- Capex on retail network – Agri Hub.
- Expansion – irrigation and fuel.
- Prodlist: outsource of warehouse to Imperial.

What Next?

- Upscale: National consolidation.
- Pesticides: restructuring of the market.
- Wholesale: Partnerships.
- Lime: High quality lime?

Notes

Strategic Roadmap – Input Supply

Agricultural Mechanisation

Key Operations

	Drivers^		Turnover FY 2017 R'm
New whole goods			
Senwes Equipment	45,630	kW sold	572
	352	units sold	
JDI	27	outlets	339
	10,564	kW sold	
	138	units sold	
	6	JD agencies	
Used whole goods			172
Parts & Spares	27	outlets	308
Workshops	18	workshops	47
Precision farming			26

^ Drivers are 5-year averages, unless otherwise stated / indicated.

Senwes Equipment Financials

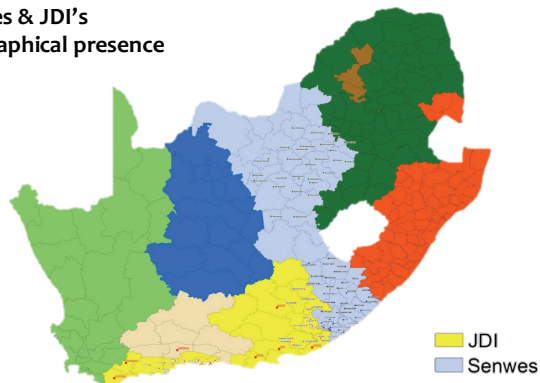
	2017	2016
Turnover (R'm)	1,124	1,188
GP (%)	17.3%	13.8%
ROCE (%)	19.9%	14.4%
Market share	27.0%	27.8%

JDI Financials

	2017	2015
Turnover (R'm)	339	255
GP (%)	11.5%	14.3%
ROCE (%)	3.5%	31.1%
Market share	27.5%	26.3%

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Senwes & JDI's geographical presence



Mechanisation Strategy

Completed

- Acquisition of JDI – western and eastern Cape – 2011.
- Acquisition of a part of the Andrag business – 2016.
- JCB acquisition – 2016.
- Redesign of marketing model – 2016.

In Process

- Eastern Cape expansion (new partnerships).
- Market share drive.
- Credit and product solutions.

What Next?

- New markets?

Notes

Strategic Roadmap – Financial Services

Financial Services

Key Operations

		Drivers [^]	Income FY 2017 R'm
Credit Division			309
	2,592	Book size (R'm)	
	514	'000 ha financed	
Asset Finance			6
	558	Book size (R'm)	

Insurance division			62
Asset Insurance*	4,720	number of policies	
	181	Gross premium (R'm)	
Credit Life Insurance*	2,747	number of participants	
	24	Gross premium (R'm)	
Branches	19	insurance branches	

[^] Drivers are 5-year averages, unless otherwise stated.

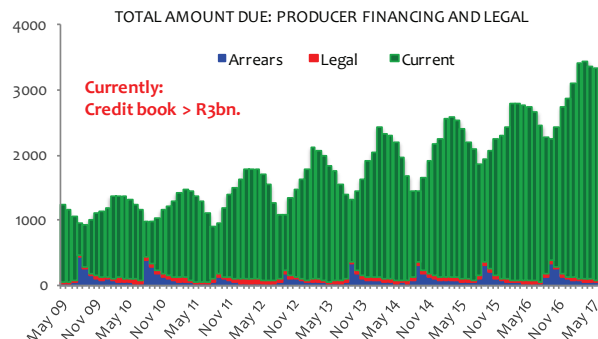
* As at the end of FY 2017.

Financial Services' Financials

	2017	2016
Income (R'm)	309	230
Average Credit Margin	2.97%	3.00%
ROCE (%)		
Senwes Credit	8.6%	6.3%
Certisure	35.7%	43.3%
Market share (Senwes Credit)	41.9%	43.9%

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Senwes Credit Book



Financial Services Strategy

Completed

- Partnership with Wesbank – 2011.
- Consolidation with NWK-insurance (Certisure) – 2012.
- Credit expansion in new areas – 2015.
- Cell Captive (CLI) – 2015.
- Swiss Re multi-peril – 2016.

In Process

- Integration with other BUs.
- Margin and risk repricing.

What Next?

- Agri Advice.
- Cell Captive – corporate infrastructure assets.
- New Credit model.

Notes

Segment Reporting

Market Access

- **Senwes Grainlink's** results were impacted by exceptionally low volumes brought about by the drought.
- **Tradavantage** was unable to achieve its volume targets. Moreover financial objectives were under pressure and could not be realised due to specific market conditions. Exceptional risk exposure and negative cash flows also had to be dealt with.

Input Supply and Equipment

- **Senwes Equipment** delivered good results, despite a shrinking market and consumers' cash flow problems. Used whole goods saw an exceptional year, due to abnormal price increases in of new goods and tight consumer cash flows.
- **Hinterland** experienced a challenging planting season, due to late rainfall and the fact that producers used inputs which they purchased (but due to no n-planting, given the drought) did not use during the previous season.
- **Prodist** maintained good growth in a challenging environment.
- **Grasland** saw lower sales volumes as the drought forced producers to postpone lime applications.

Financial Services

- Despite the drought, **Senwes Credit** delivered its best results ever, without attracting any additional risk.
- The insurance business, **Certisure**, managed to increase the income from its asset insurance portfolio during FY2017, despite the pressure experienced by producers over the same period.

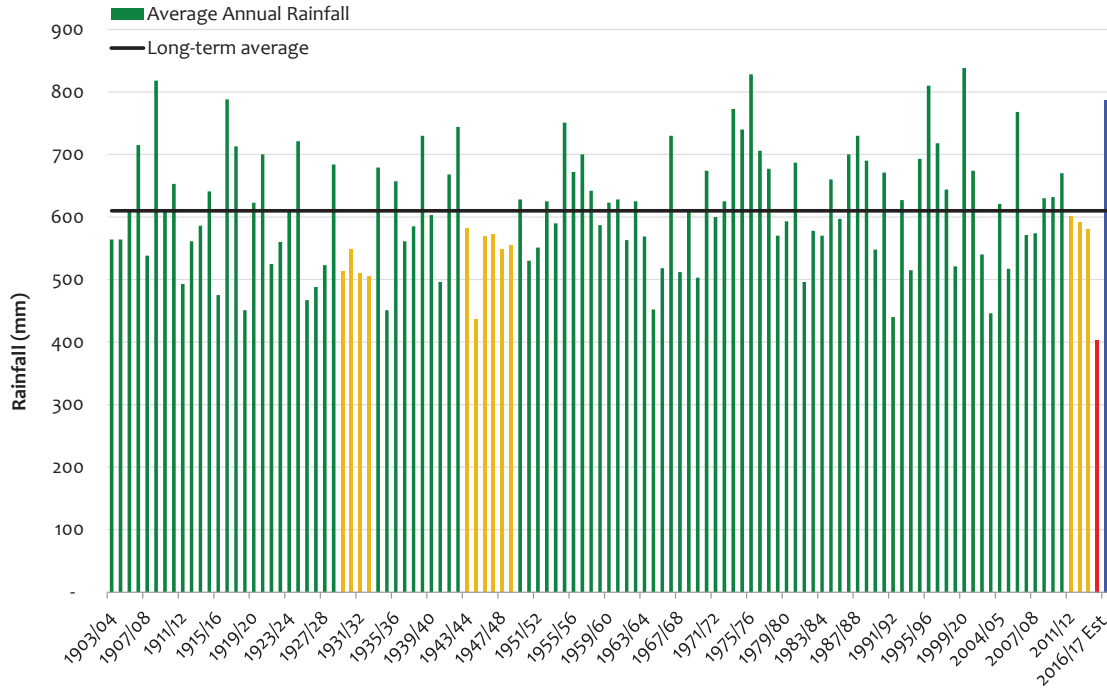
	FY 2017 30 Apr '17	FY 2016 30 Apr '16
Market Access (PBT)	85	174
Input Supply (PBT)	43	5
Financial Services (PBT)	147	74
Corporate	(46)	(40)
PBT	229	213
Tax	(62)	(57)
PAT (continuing & discontinued)	167	156
PAT (discontinued)	-	(19)
PAT (continuing)	167	137

Notes

Fundamentals

[National Rainfall]

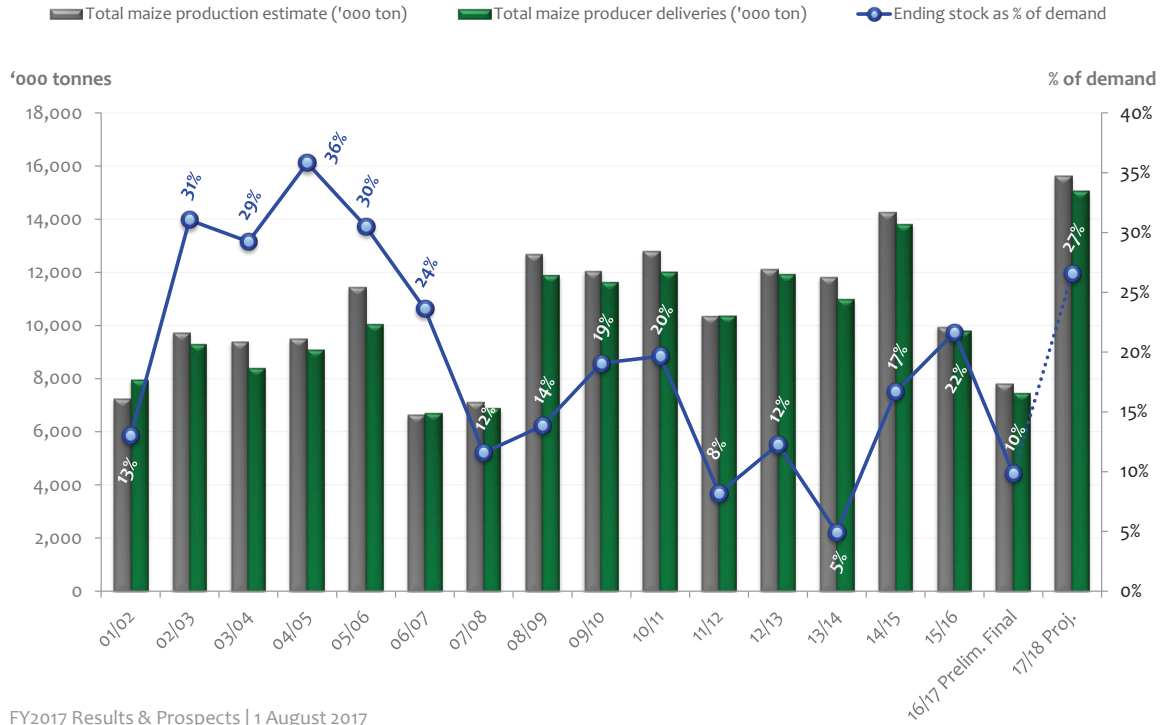
Notes



Fundamentals

[National Producer Deliveries and Maize Stock Levels]

Notes

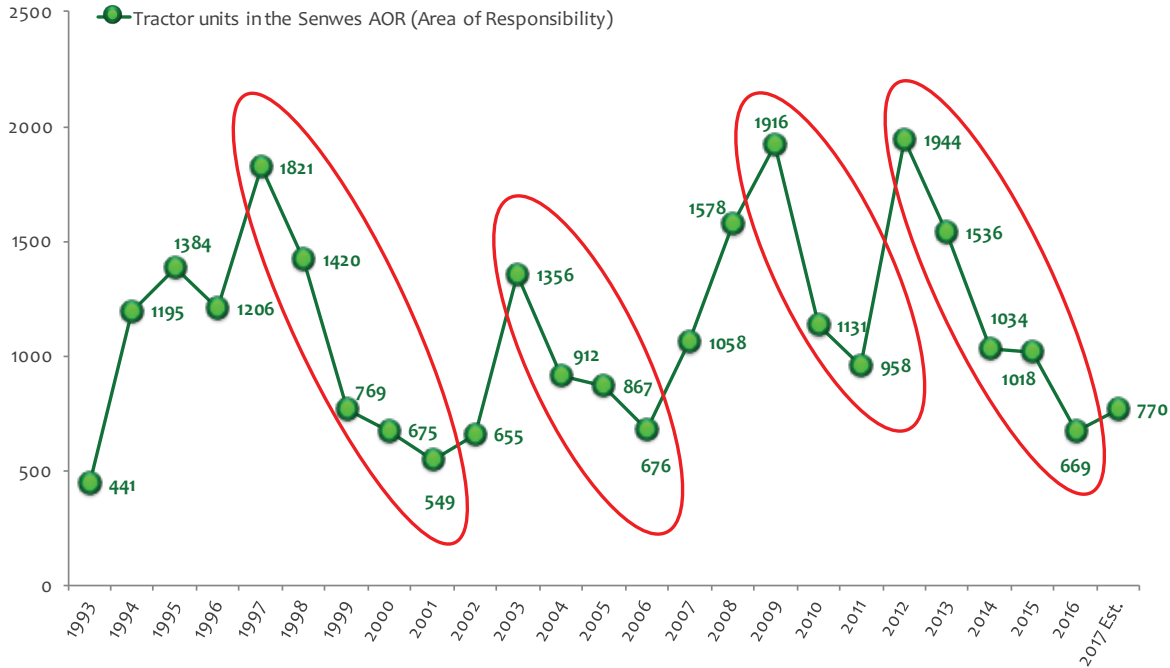


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Fundamentals

[Tractor units in the Senwes AOR]

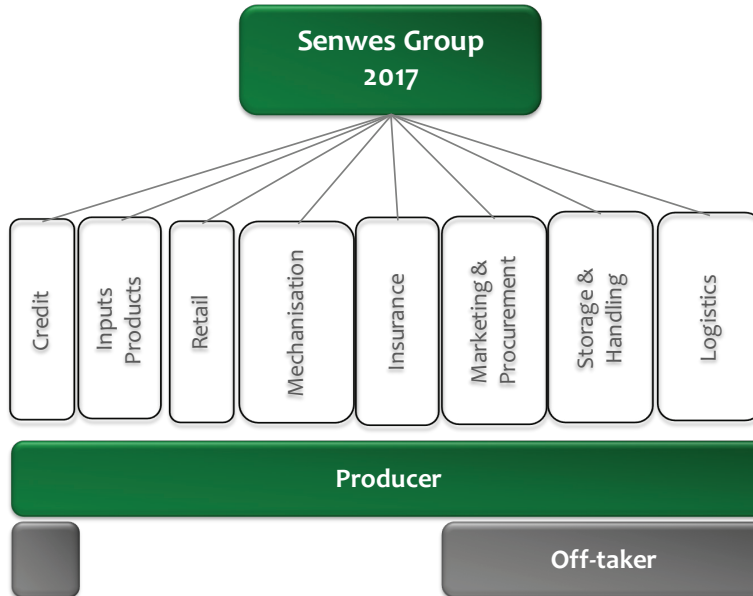
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Long-term Vision

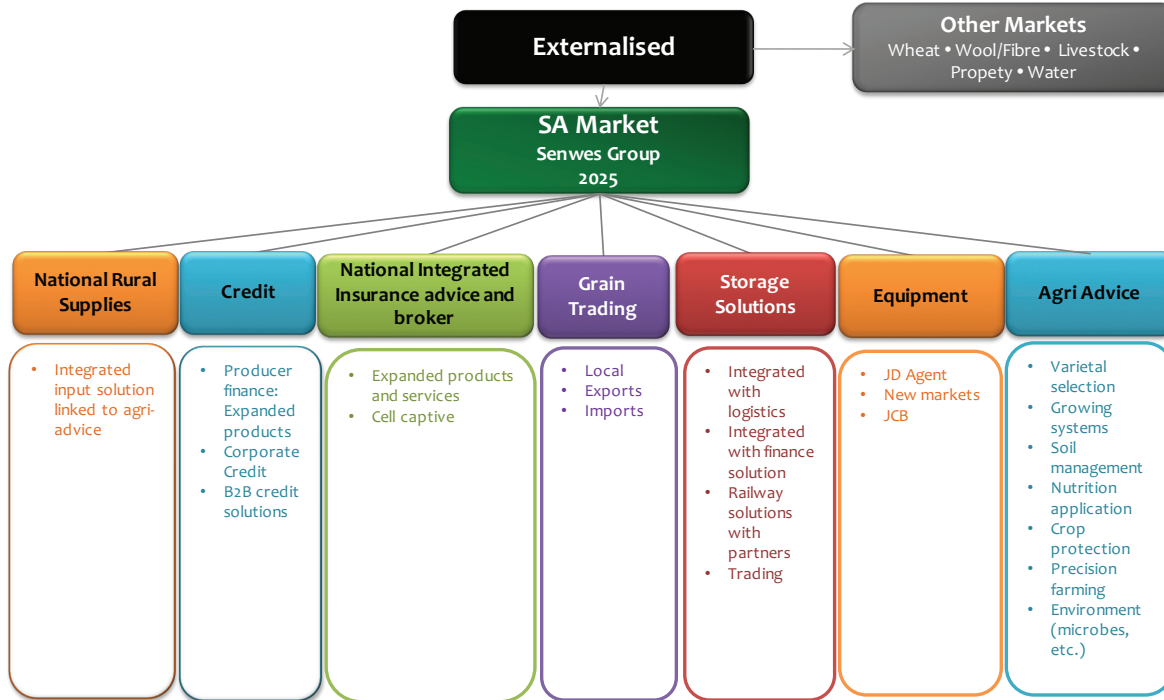
[Current Senwes] **Notes**



Long-term Vision

[Future Senwes]

Notes



To view the *corporate video*
scan this QR code:



YOUR VISION, *our passion.*



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