



Press Release

VOLUNTARY TRADING UPDATE AND INITIAL TRADING STATEMENT

31 January 2024: Astral Foods Limited (Astral), South Africa's leading integrated poultry producer, released a voluntary trading update ahead of its Annual General Meeting ("AGM") on 1 February 2024. Chris Schutte, CEO of Astral, is pleased to report that: *"Following the devastating set of results for the year ended 30 September 2023, incurring its first loss in its 23-year history, we returned to profitability in the first quarter of the financial year ending 30 September 2024 ("1Q2024"). The previous year-end's results reflected the numerous headwinds faced during that period, which included additional costs related to load shedding, water supply disruptions, record high raw material inputs and Highly Pathogenic Avian Influenza ("HPAI" or "bird flu") decimating the Group's earnings for the 2023-year end. We indicated that the business will focus on normalising its operations, and will exert every effort in rebuilding the Balance Sheet, which good progress is being made."*

Voluntary trading update

For 1Q2024, Astral has made good headway in addressing a number of issues faced by the Group in the prior reporting period. This includes amongst others:

- maintaining emergency backup generator capacity at all its operations;
- lower load shedding stages has allowed the Group to contain diesel expenses below those anticipated. Despite this, a significant diesel cost is still being incurred to operate the Standerton poultry processing plant due to municipal power supply interruptions;
- implementing contingency plans to ensure uninterrupted water supply reducing plant downtime on water infrastructure failures, albeit at a higher cost;
- lower feeding costs were achieved as a result of a normalised broiler age and live weight, resulting in an improved feed conversion rate following the "big bird era", supported by easing local soft commodity input prices;
- normalised poultry sales mix on the back of a consistent bird size through the poultry processing plants, which was adversely affected during the "big bird era", negating the previously high levels of promotional discounting; and
- averting a potential shortage of chicken as a result of bird flu, through a costly programme of importing broiler hatching eggs.

In addition to the above factors, the general trading conditions through 1Q2024 as well as a view on the nearby prospects for the Group are set out below.

The **Feed Division** experienced markedly lower internal feed sales against the comparable period on reduced demand from the Poultry Division, as a result of lower feed requirements for both broilers (on the back of normalising the targeted bird age), and the in-house broiler breeder operations due to breeding stock being culled during the bird flu pandemic last year.

External feed sales into the poultry industry have been limited by the impact of bird flu, particularly in the commercial layer sector.

The lower internal feed volumes will negatively impact the Feed Division's financial performance for the six months ending 31 March 2024 ("1H2024").

Internal feed volumes are projected to normalise during the second half of FY2024 ("2H2024").

Following the significant bird flu impact on Astral's broiler breeding stock, the **Poultry Division** incurred a higher cost-base of production in supplying day-old broiler chicks within the Group.

Protocols for voluntary vaccination against bird flu have been published by Government, and the registration of the necessary vaccines has and is receiving attention by the relevant authorities.

On the back of depressed consumer spending, Astral has aligned broiler slaughter numbers in an effort to adapt to current market conditions and remains committed to recovering input costs.

Schutte stated: *"Astral is dismayed at a poultry import tariff rebate structure recommended by the International Trade Administration Commission (ITAC) against HPAI-related shortages. There is absolutely no shortage of chicken being experienced in the market nor are any expected in the local supply chain with industry production at normalised levels due to numerous contingency plans implemented. This included the importation of fertile broiler hatching eggs at a great cost to the industry."*

Following the low level of earnings achieved in the prior comparative six months ended 31 March 2023, being earnings per share ("EPS") of 162 cents and headline earnings per share ("HEPS") of 163 cents, Astral expects that EPS and HEPS for the six months ending 31 March 2024 could increase by at least 300% to 647 cents and 654 cents, respectively.

"The Group's Poultry Division has posted a marginal level of profitability in 1Q2024 against a loss-making result in the comparative period. The Group's financial position remains sound, with gearing levels trending lower," concluded Schutte.

Ends

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Company background

Astral Foods Limited (Astral), is a leading South African 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