



TWK INVESTMENTS



ACHIEVING
SUSTAINABLE
GROWTH, TOGETHER.

Presented by Andre Myburgh and Eddie Fivaz

August 2018

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Background and history

- TWK Investments Limited (TWK) is a diversified agriculture and forestry company, headquartered in Piet Retief, Mpumalanga
- On 21 June 1940, the Transvaal Wattle Growers Co-operative Agricultural Company Ltd was registered
- In 1982, the name was changed to the Transvaal Wattle Growers Co-operative Limited (TWK)
- In 1998, the co-operative was converted to a company called TWK Landbou Beperk
- On 1 September 2014 the company was restructured into its current form
- On 12 June 2017, TWK listed on the ZAR X Stock Exchange
- TWK's geographical footprint is Mpumalanga, KwaZulu-Natal, the Eastern and Western Cape as well as Swaziland
- TWK provides jobs to approximately 2,000 employees
- TWK operates businesses in the following industries:

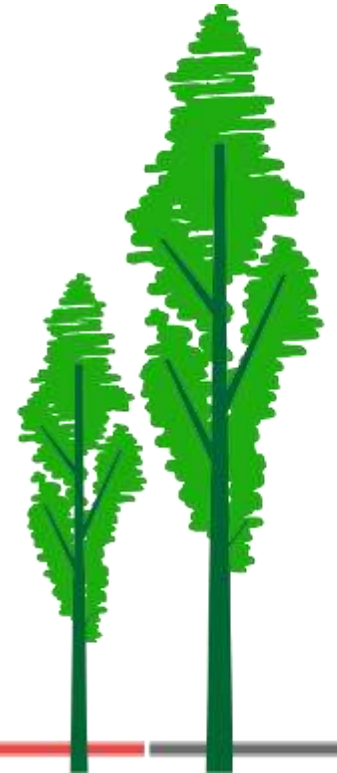
Timber

Retail and Mechanisation

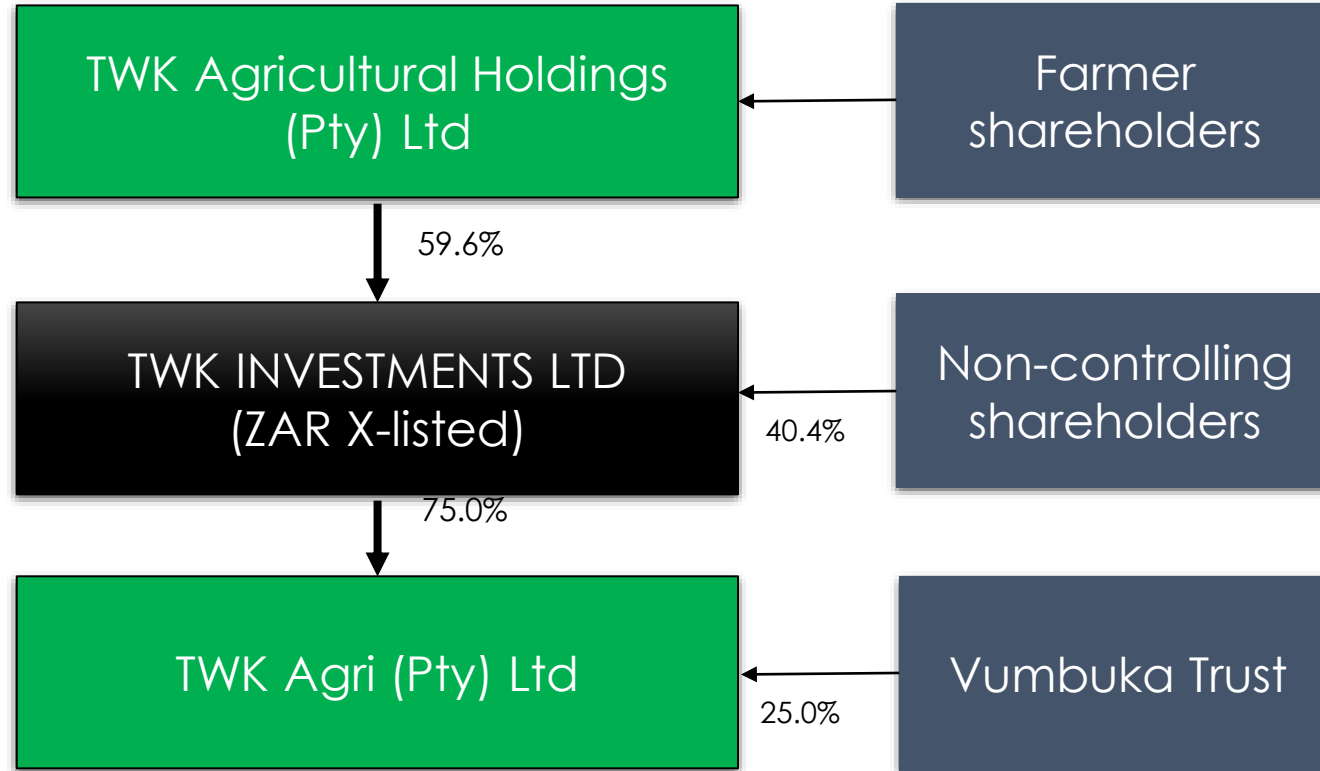
Financial Services

Grain

Vehicles and Tyres



Operational structure



Company statistics

Own plantations

16,000 ha



Timber

1,3 million tons of round timber marketed p.a
(10% market share)



Fertilizer

180,000 tons through
5 Blending plants
(9% market share)



Grain storage

145,000 tons
Through 2 Silos and 1
Bunker



Crop insurance portfolio

Approximately 670 clients
totalling
- 265,000 ha of land
- 825,000 trees



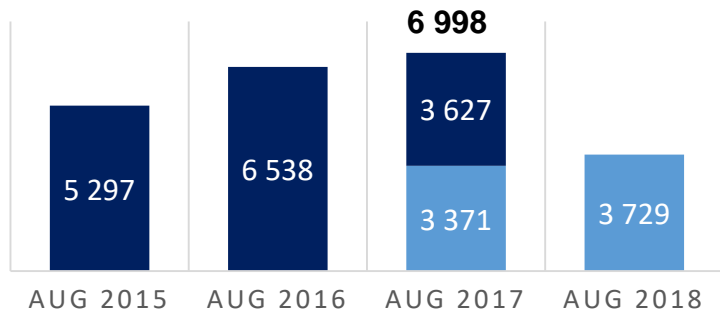
Short-term insurance portfolio

6,800 clients

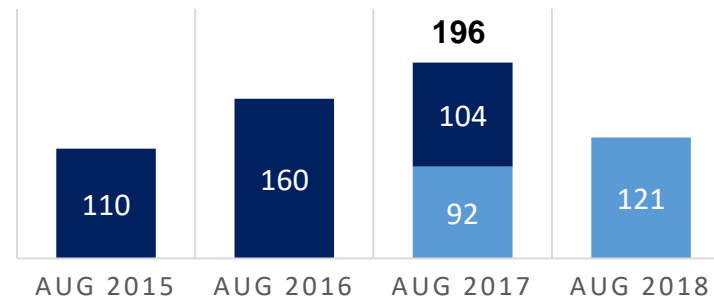


Key financial indicators

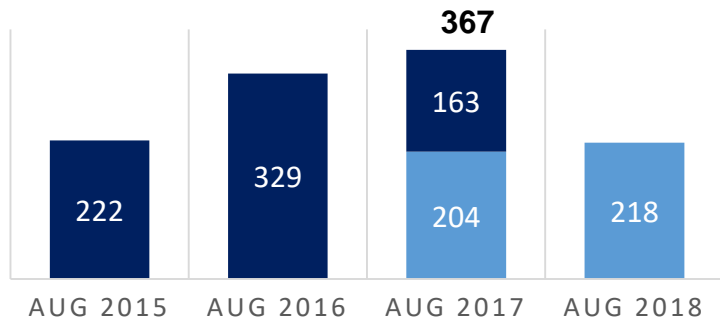
Revenue (R'm)



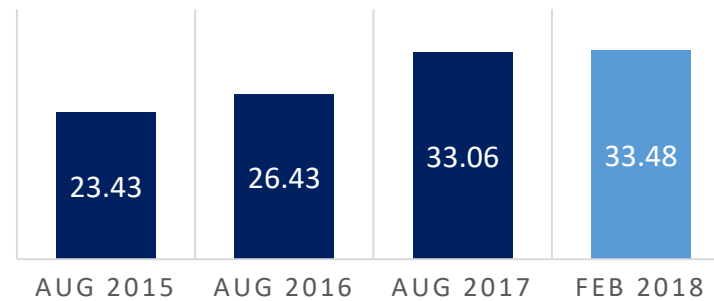
Profit before tax (R'm)



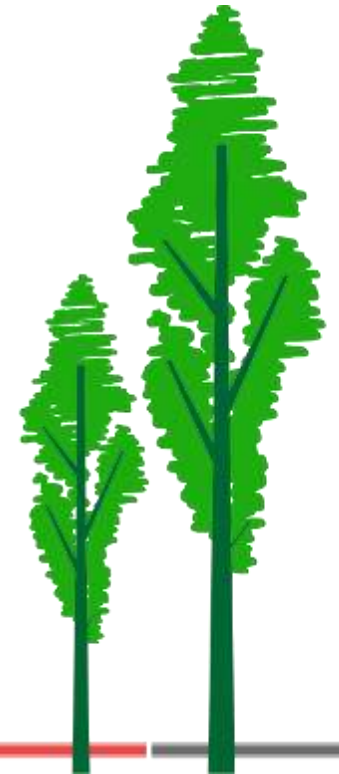
Basic EPS (cents)



NAV per share (Rand)

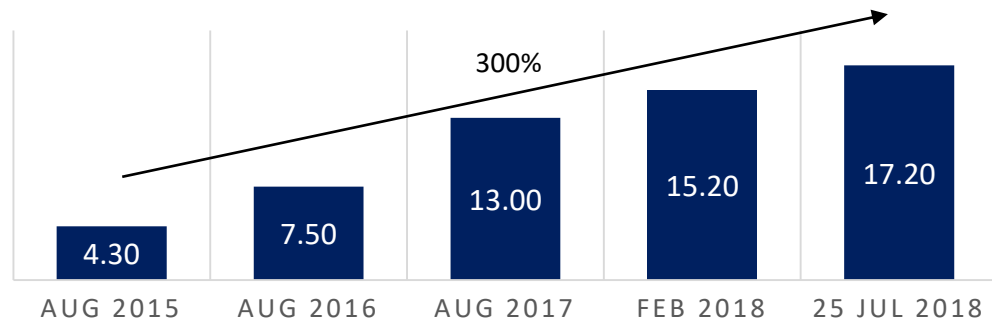


Interim results to Feb 2018

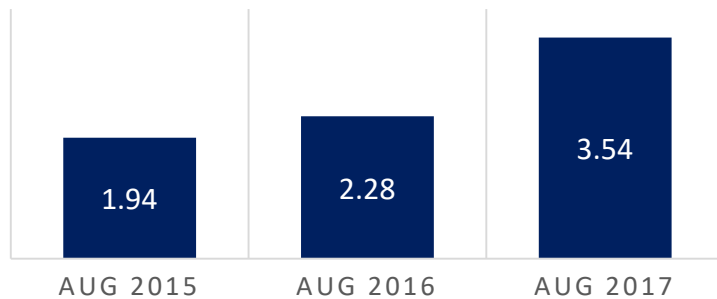


Share statistics

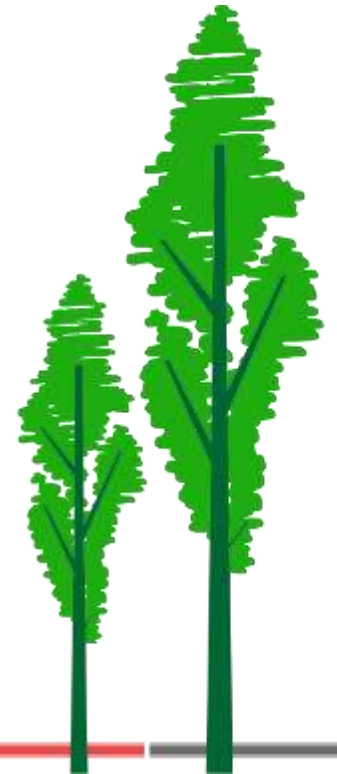
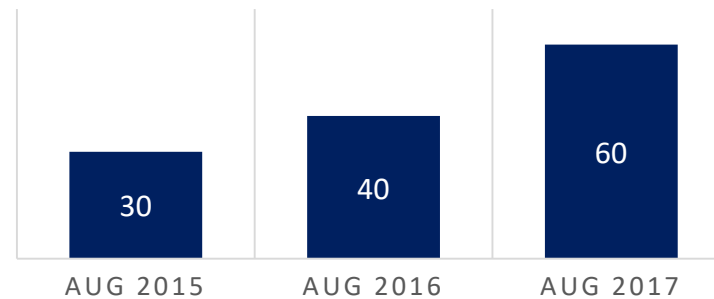
Share price (Rand)



PE ratio (times)

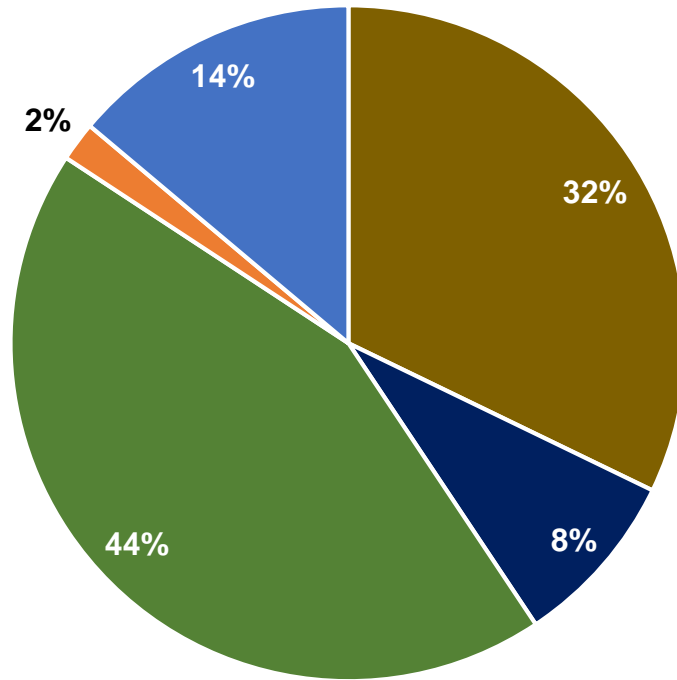


Dividend per share (cents)

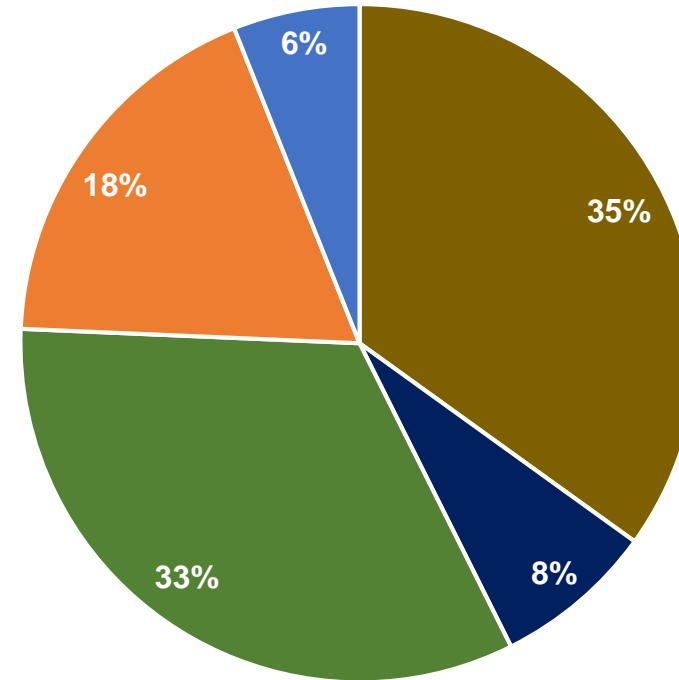


Segmental analysis (excl. corporate costs)

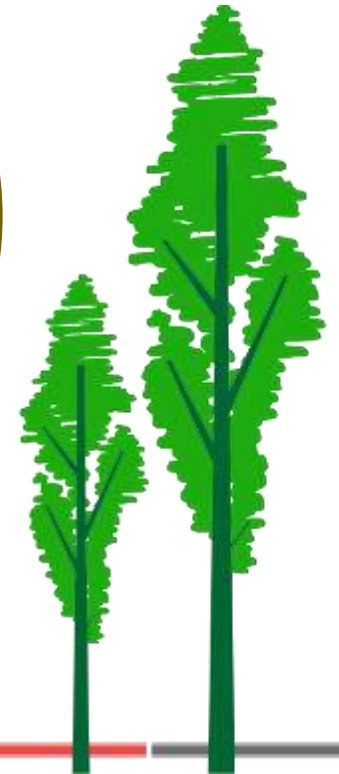
Revenue



Operating profit

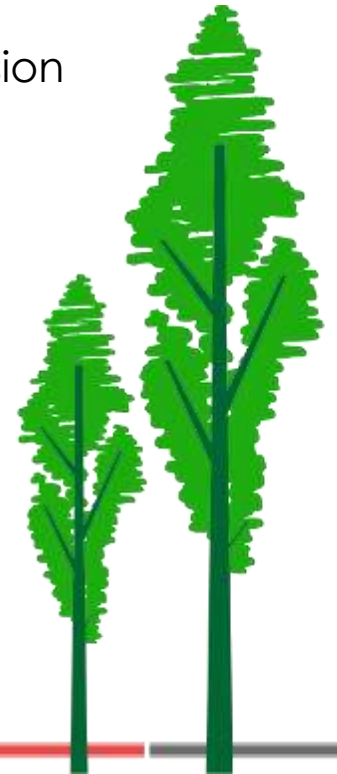


- Timber
- Grain
- Trade and Mechanisation
- Financial Services
- Motors and Tyres



Outlook and strategy

- TWK delivered a strong set of results for the six months ended 28 February 2018
- The outlook for the remainder of the financial year ending 31 August 2018 is positive as operational efficiencies through effective cost management and optimal inventory levels have been maintained
- The Balance Sheet of TWK is healthy with sufficient working capital and undrawn financing facilities to fund operating activities
- The Group's strategy is to increase revenue through ongoing product innovation and expansion
- Further investment in the value chain of timber-related products and securing timber supply
- Forming strategic alliances and improved logistic efficiencies
- Expansion through merger and acquisitions to capitalise on competence and buying power
- Develop credit products addressing customer specific needs
- Enhance insurance portfolio and product offering through unique product development
- Increase investment in fuel industry



Thank you for your attendance and participation



Andre Myburgh
Chief Executive Officer



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Chief Financial Officer

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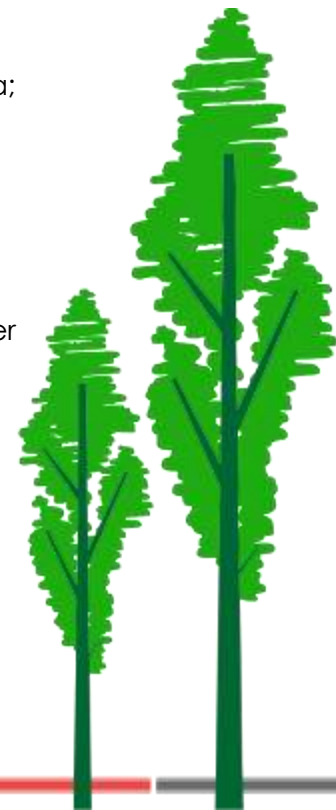
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TWK Timber



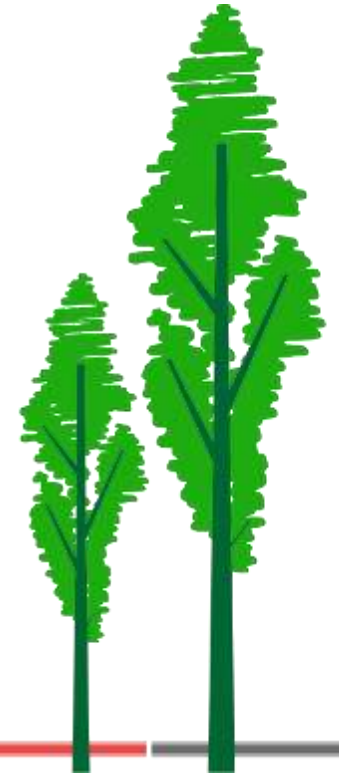
- The TWK Timber division plays a leading role in the TWK Group and operates in timber related industries
- The division provides access for private timber farmers into the national and international timber markets
- Through the timber marketing division, the company buys raw timber and standing plantations and market a wide range of timber products into
- The national and international value adding markets which includes, mining timber, building, fencing and transmission poles, pulpwood, saw logs and charcoal wood
- TWK owns and operates several timber processing facilities:
 - Two lumber sawmills: one in Swaziland (SAWCO Mining Timber (Pty) Ltd) and one in South Africa (Lydenburg Sawmill (Pty) Ltd);
 - Four mining support sawmills: three in South Africa (BedRock Mining Support (Pty) Ltd) and one in Swaziland;
 - A hardwood chipping plant and wood export facility in Richards Bay that produces wood chips to be exported to mainly Japan, China and India;
 - A pole treating plant (Sawco Treated Timber Products (STTP)) in Swaziland;
 - Charcoal manufacturing.
 - A forestry seedling nursery
- TWK owns and operates plantations (total planted area of approximately 16,000 ha) in South Africa and Swaziland. The TWK supplier shareholders own approximately 110 000 ha timber plantations
- TWK markets approximately 1.3 million tons of round timber annually to various markets which represents 10% of the South African total round timber market. Of these markets almost 1 million ton is marketed to TWK's own production facilities, of which 800 000 tons is allocated to TWK's export chipping plant in Richards Bay.
- This represents 33% of the South African wood chipping export market.
- Wood products produced for export, via Richards Bay (wood chipping plant) is shipped to China, Japan and India with strong trade relationships established over a period of 47 years. The export to these clients is dollar-based income and represents approximately \$75 million of revenue per annum. There is a specific certainty in terms of the volume exported based on an agreement.



TWK Grain



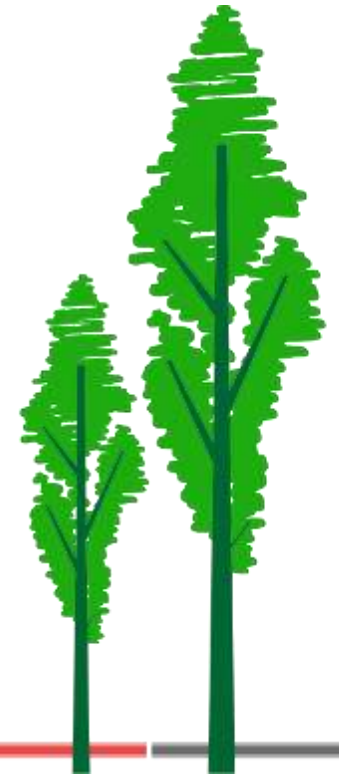
- The Grain division specialises in storing, processing and marketing of grain, and furthermore produce our own branded maize meal and animal feeds marketed at retail, wholesale and farm level.
- The TWK grain marketing team is responsible for the procurement and marketing of grain and also assists farmers to manage their price risk through hedging on the Safex-markets. The division secures stock for consumers of grains and oil seeds.
- TWK has two SAFEX registered silos with a total storage capacity of 105 000 tons and a SAFEX registered bunker with a storage capacity 40 000 tons. These storage facilities provide safe handling and storage of maize and soybeans.
- The division processes grain through its maize meal and animal feeds mills located in South Africa and Swaziland (with a production capacity for maize meal of 5 000 ton and for animal feed 6 500 ton per month).
- TWK markets these products to consumers through established brands. Maize products produced is Super, Special, Braai pap, Samp and Chop. The animal feed mills produce feed for ruminants (dairy, cattle and sheep), calves, pigs and poultry.
- The grain marketing division markets 92 000 tons yellow maize, 100 000 tons white maize and 40 000 tons soybeans on behalf of the farmers. The division also provides grain logistic services to farmers and end-users.
- The footprint of the TWK Grain division is located in a traditionally high rainfall and grain yield area.



TWK Trade



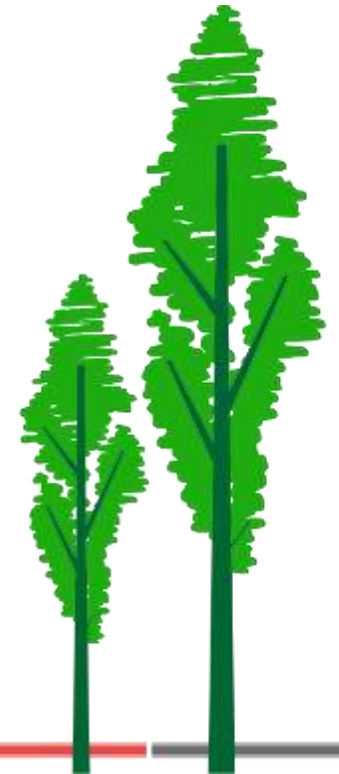
- Retail and Mechanisation (the Trade Division) supplies a large variety of agricultural related products to producers and the general public.
- TWK operates 27 trade branches that are strategically positioned in Mpumalanga, KwaZulu-Natal and Swaziland (TWK Swaziland (Pty) Ltd). These branches primarily provide agricultural products consisting of fertiliser, seed, fuel, building material, animal feeds, fencing material, hardware, irrigation, veterinary medicines and many other related products.
- Through the Mechanisation business, we also supply farmers in the Bethal, Ermelo and Piet Retief areas with a range of tractors, agricultural machinery, spares and workshop services.
- TWK with its subsidiaries (Constantia Kunsmis Pty (Ltd)) and associate Henleo 1080 (Pty) Ltd, operates 5 fertiliser blending plants situated in KwaZulu-Natal (Umlaas Road and Richards Bay), Mpumalanga (Secunda), Eastern Cape (Port Elizabeth) and Western Cape (Wellington). The TWK Group produce 180 000 tons of fertiliser per year and represents approximately 9% of the South African fertiliser market.
- The fertiliser business is based on a low cost model and production capacity is limited to an optimal volume from a strategic prospect. Gromor (Pty) Ltd the organic fertiliser production company produces 30 000 tons of organic fertiliser each year which represent 35% of the South African organic fertiliser market.
- The clients of the trade division also consist of maize, soybean, plantation, dairy and cattle farmers spread over a wide geographical are especially KwaZulu-Natal, Mpumalanga, Eastern Cape and Western Cape.



TWK Financial Services



- The Financial Services Division offers value-adding financial products and services to the agricultural and related industries. The financial service segment acts as a bank to the farmers and therefore the business model is an on-lending model whereas TWK borrow funds from The Land Bank, Standard Bank and other financial institutions and on-lend to producers for agri-related productions.
- TWK Credit support the producer by offering a broad range of financial products to the agricultural and related industries with specific focus on the needs of the farmer. Credit facilities available, inter alia, includes i) Production Loans, ii) Current Accounts, iii) Deferred payment accounts, iv) Term and Forestry Loans and v) Asset Finance.
- Before accepting new and existing customers TWK uses firm accessing procedures, according to the approved credit policy, to assess the customer's credit quality and defines credit limits by customer. Security is held by TWK for loans granted and in addition third party Credit Guarantee insurance cover is purchased on a portion of the debtor's book to compensate for possible non-payments. TWK Credit embraces sustainable development practices in the financing process by integrating social and environmental risk management principles into its credit decision making process.
- After a comprehensive assessment and depending on the level of risk for the specific client, the following security is considered: mortgage bonds, notarial bonds on equipment and implements and/or livestock, session on insurance policies, third-party sureties, cession on debtors, cession on shares held in TWK, cession on milk cheque, cession on the harvest, general warranties and Bank Guarantees. Credit or permanent life insurance is compulsory if the applicant falls within the legislation as stipulated by the Credit Act.
- TWK has no significant concentration of credit risk due to its wide geographical spread of customers and also diversified customer base. The debtors' book consist of a wide variety of different farming and related industries (diversified customer base) and therefore TWK does not have a concentration risk with regards to one specific segment and therefore the yearly amounts written off as noncollectable is less than 0.5%.
- TWK Insurance Brokers, offers an innovative and unique range of products and services to the public. Our product offering includes, inter alia, Short-term Insurance, Crop Insurance, Life Insurance, Credit Life Insurance, Financial Wealth Planning and Corporate Insurance.
- Our tailor-made products are innovative and unique and caters for our clients' specific needs with service points in Mpumalanga, KwaZulu-Natal, Western Cape, Eastern Cape, Free State and Gauteng.
- The insurers include Santam, OM Insure and Agriseker for crop insurance, Hollard, Santam, Old Mutual Insure and Bryte for short-term insurance and Sanlam, PPS, Discovery, Momentum and Allan Gray for life insurance.
- The crop insurance consist of approximately 670 clients with a total of 265 000 hectares insured and also 825 000 fruit trees insured. The short-term insurance portfolio consist of approximately 6 800 clients and is serviced by 24 professional qualified TWK brokers.



TWK Vehicles and Tyres



- TWK operates in the motor industry through its wholly-owned subsidiary TWK Motors (Pty) Ltd. This division operates the Toyota dealerships in Piet Retief and Standerton, a Hino dealership in Piet Retief and a Total service station in Piet Retief. Related businesses that are operated include Europe car rental, spares, convenience store, 4x4 accessories and panel beating through its 67% investment in Silo Autobody (Pty) Ltd in Ermelo.
- TWK Motors holds a 60% share in Lions River Farmers Exchange (Pty) Ltd that operates Total service stations in Carolina, Elukwatini and an additional fuel station in Piet Retief (Welgekozen).
- TWK Motors holds an 80% share in Rothmans Motors (Pty) Ltd an Isuzu dealership in Ermelo.
- TWK operates in the tyre industry through its 60% shareholding in Protea Versoolwerke Ermelo (Pty) Ltd. Protea is a leading supplier of tyres and tyre services. Protea owns a tyre retreading plant in Ermelo, and a 59% stake in another retreading plant in Kimberley through its subsidiary Protea Tyres Kimberley (Pty) Ltd. These plants distribute to a large network of retailers and end-users across Mpumalanga, Kwazulu-Natal, Limpopo and Northern Cape. Protea also operates tyre retailers and wholesale depots in Ermelo, Vryheid, Piet Retief, Middelburg, Komatipoort and Gauteng.

