

Take advantage of opportunities – even when the macro-environment requires a more cautious approach



DANIE MINNAAR
Senwes Chairman

REFLECTIONS BY THE CHAIRMAN

Last year's report was written at the outset of the Covid-19 lockdown period. As I am writing this report, each one of us has gained a year's experience of the impact of this severe pandemic. Although we are all learning and adapting as we go along, we don't know when life will return to normal. We can, however, be certain of the fact that the virus will be with us for the foreseeable future.

It is becoming increasingly difficult to conduct meaningful business in rural areas. Not only is South Africa resisting the disruptive effects brought about by Covid-19, it is also navigating crippling social, political and economic issues of deep concern. From an economic and political perspective, the period under review has been a bruising time for South Africa. Policy uncertainty, such as the land reform issue, poor economic growth, international credit rating downgrades and the financial and operational woes of state-owned enterprises continue to negatively impact the country's fragile economy. Add to this escalating crime levels and rampant corruption as a consequence of state capture and counter-productive cadre deployment, and it becomes clear that the country's challenges are mounting.

However, one of the features which stood out during these recent times of disruption and crisis, has been the collaborative way in which South Africans have come together to

weather the proverbial storms. Communities across the country are coming together in ways never seen before to repair infrastructure and rejuvenate local economies.

During 2020 the global oil price surged dramatically on the back of a slump in prices as low as \$20 a barrel. This boosted grain prices significantly after a four-year period of declining stock levels. At present, the US corn price is double last year's price.

Last year's harvest, along with fair market prices, favoured our customer base. This is reflected in the group's noteworthy decline in outstanding debt. These conditions greatly contributed towards the sector's sterling performance over the past eighteen months.

It is also noteworthy that soybean production in South Africa is increasing to the point where the country is set to reach a level of self-sufficiency soon. With this in mind, Senwes is well positioned to increase its

intake of soybeans while taking heed of the shift in traditional crop composition choices.

Senwes' long-term strategy of consolidation has reached momentum and saw the group attaining a 57,7% share in KLK Landbou during the previous financial year. This financial year saw the consolidation of Senwes with Suidwes Holdings and its operating companies. Through this consolidation we will continue to provide unsurpassed services and unlock value for our shareholders and all our stakeholders. Another exciting development in this regard is the announcement that Senwes Equipment is expanding its product offering by including the newly launched John Deere construction and forestry equipment range.

Agribel Holdings ("Agribel"), Senwes' holding company previously known as Senwesbel, acquired Grindrod's shares in Senwes during March 2021. These shares were in the market for quite some time since Grindrod was in

“ As a diversified agri-business, Senwes continues to serve the sector by providing integrated product and service solutions. ”

the process of exiting non-core investments in terms of its strategy. Agribel now holds 74% of the issued shares in Senwes and is well positioned to consider potential strategic equity opportunities.

As a diversified agri-business, Senwes continues to serve the sector by providing integrated product and service solutions. These services and solutions are not limited to the intake of grain, but include input supply services, financial services, market access, processing, conditioning and market intelligence.

It is my pleasure to welcome Hansie Viljoen, Gert Malherbe and Frans Marx to the Senwes board, joining us from the Suidwes ranks. As we bid farewell to Tom van Rooyen at the annual general meeting in August 2020, I want to extend my sincerest gratitude to him for seven years of service and devotion to always act in the best interest of the group. With this said, I wish to thank my fellow board members for their guidance and the unrestrained contributions of their time and advice.

To the executive management teams across the group, thank you for your efforts and continued focus during the past year. Your contributions are noted. I also applaud each one of our employees who continued to champion service excellence during a very challenging and disruptive year.

We look ahead with a sense of optimism and hope.

I wish to end my report by thanking our Heavenly Father, who holds His hand over Senwes and its stakeholders every day. May we live each day according to His will.



JDM Minnaar

Chairman

1 July 2021

Klerksdorp

