

Astral Foods sells minority stake in Quantum Foods

Astral Foods (Astral), an integrated poultry producer confirms the disposal, after due consideration of the offer by its full board of directors, of its 9.8% interest (equal to 19,550,855 shares) in Quantum Foods (Quantum), for a total consideration of R141.7m. Effective 5 March 2024, the transaction was executed through a "book over". No regulatory approvals are required by Astral for this transaction.



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Chris Schutte, CEO of Astral, comments: "At the time Astral acquired the 9.8% equity stake in Quantum during June 2020, there were unmitigated risks the Group had to manage. These risks centred around securing the supply of live broilers to Astral's County Fair operation in the Western Cape from Quantum. Quantum supplies Astral with approximately 600,000 broilers per week for further processing, about 35% of County Fair's total slaughter capacity."

The offer price received was R7.25 per share, an approximate 70% premium to the current market value. As the Quantum shares are not sufficiently liquid, Astral accepted the offer for its 9.8% equity stake thus avoiding trading the shares on the open market, which would have taken an extended period of time to realise and possibly impacted the Quantum share price negatively.

The proceeds on the sale at R141.7m exceeds the carry value of Astral's investment of R97.8m as of 30 September 2023.

Schutte concludes: "The unsolicited offer from Country Bird Holdings (CBH) has afforded Astral the opportunity to divest of its passive minority interest in Quantum as it was never intended to be a long-term investment for the Group.

"A five-year term remains on the existing broiler supply agreement and Astral has sufficient time to implement mitigating actions should the supply agreement come under threat at the end of the contractual period. This cash injection contributes positively to rebuilding Astral's balance sheet that was impacted negatively by an array of headwinds in 2023."

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