



**ZAMBEEF**



# Sinazongwe Farm



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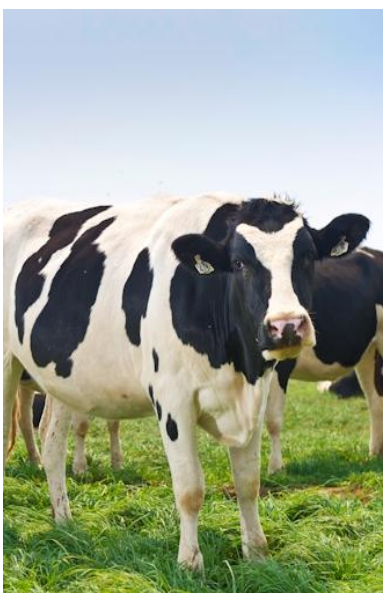
Zambia Overview

Zambeef Group Overview

Divisional Review

2011 Performance

Growth and Development



## Zambia Overview





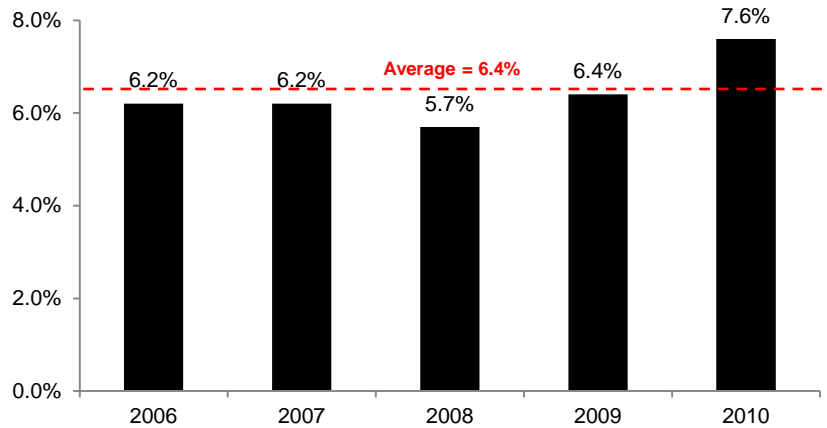
## ATTRACTIVE ZAMBIA AGRICULTURE FUNDAMENTALS

- ✓ Zambia has the potential to expand agricultural production given its considerable resource endowment in terms of land, labour and water
- ✓ Of Zambia's total land area (752,620 km<sup>2</sup>) 58% is classified as having medium to high potential for agricultural production
- ✓ Only a small percentage of Zambia's land is cultivated, giving the sector significant potential for growth
- ✓ Zambia rainfall ranges from 800mm to 1,400mm annually, making it suitable for a broad range of crops and livestock
- ✓ 2 full growing seasons per year
- ✓ Population of Zambia has grown by nearly 10m since 1960, and anticipated one of the fastest growing populations resulting in the country's large increased demand for food
- ✓ Zambian Government and World Bank have been strong drivers for the sector in recent years

# ZAMBIA OVERVIEW

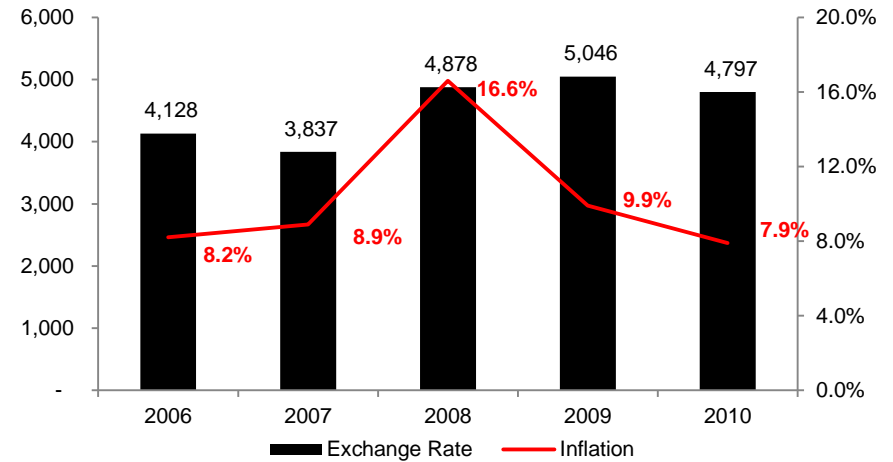


**Strong, Broad-based GDP Growth**



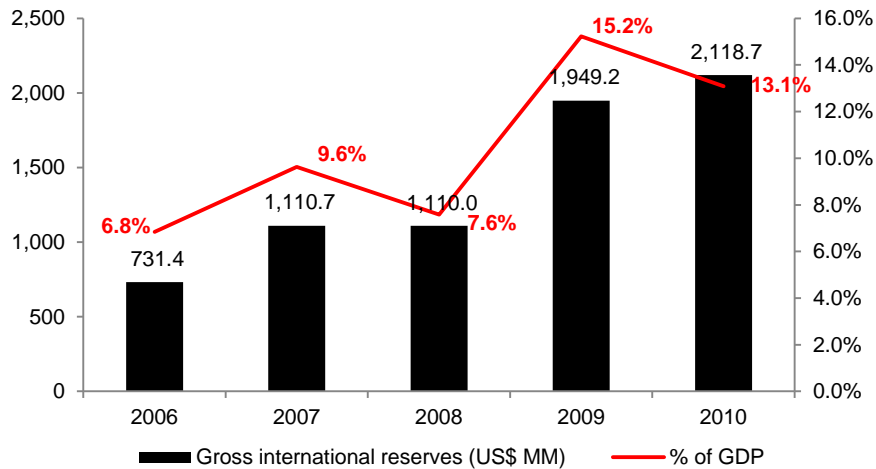
Source: Ministry of Finance and National Planning

**Single Digit Inflation & Relatively Stable Exchange Rate**



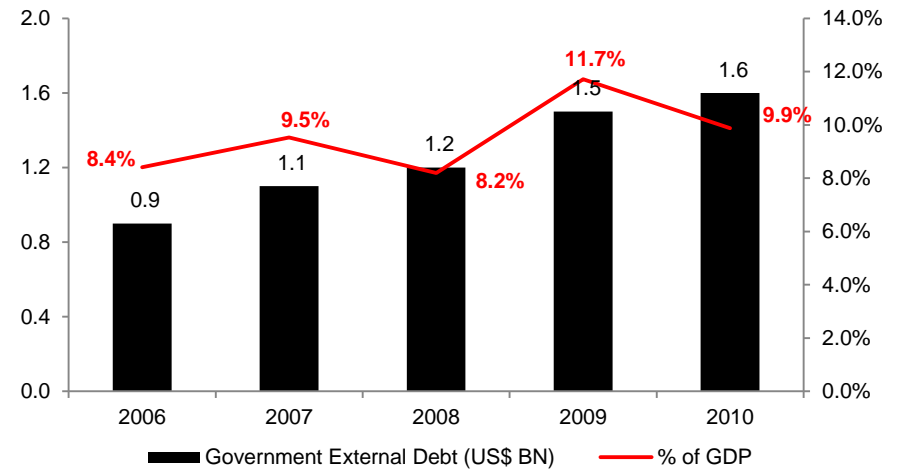
Source: Ministry of Finance and National Planning

**Rising Foreign Currency Reserves**



Source: Ministry of Finance and National Planning, IMF

**Sustainable External Debt**



Source: Ministry of Finance and National Planning, IMF

# Mpongwe Farm







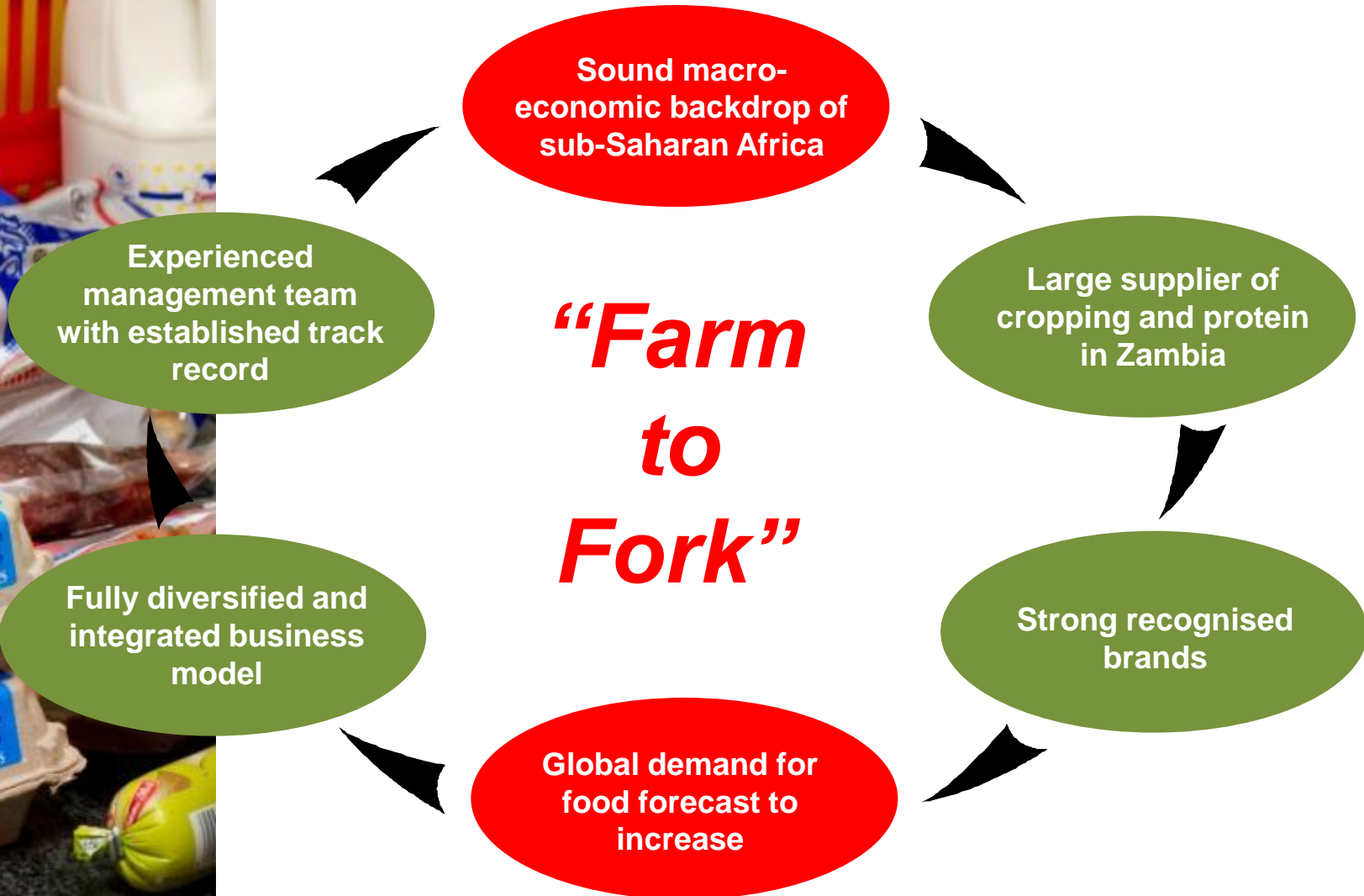
## Zambeef Group Overview



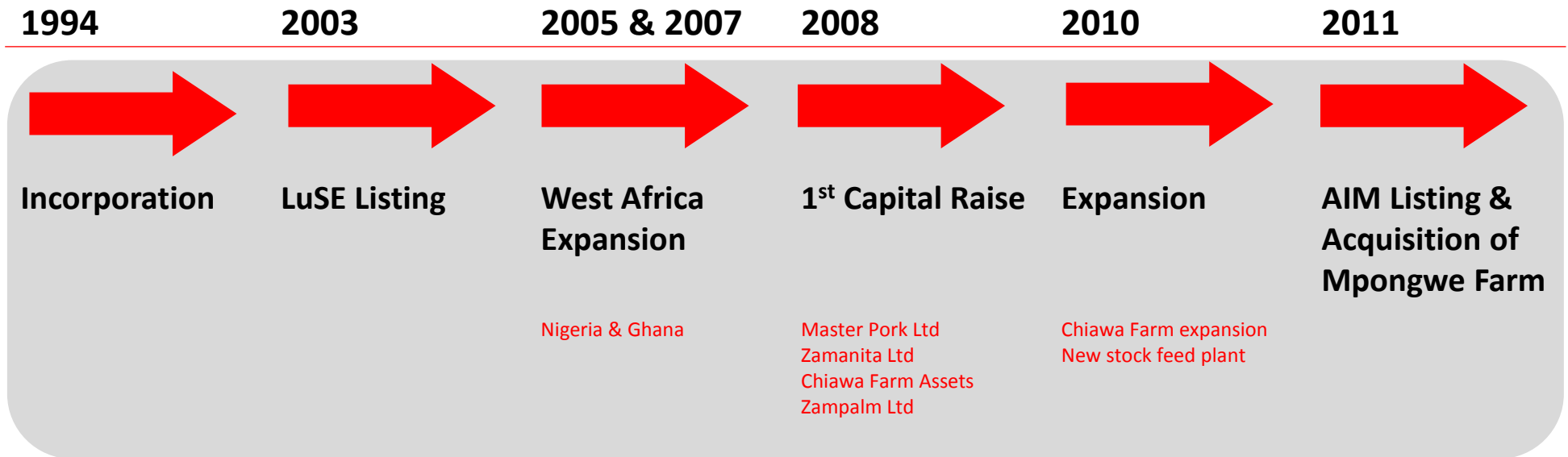


# ZAMBEEF

ATTRACTIVE INVESTMENT OPPORTUNITY



# Zambeef History

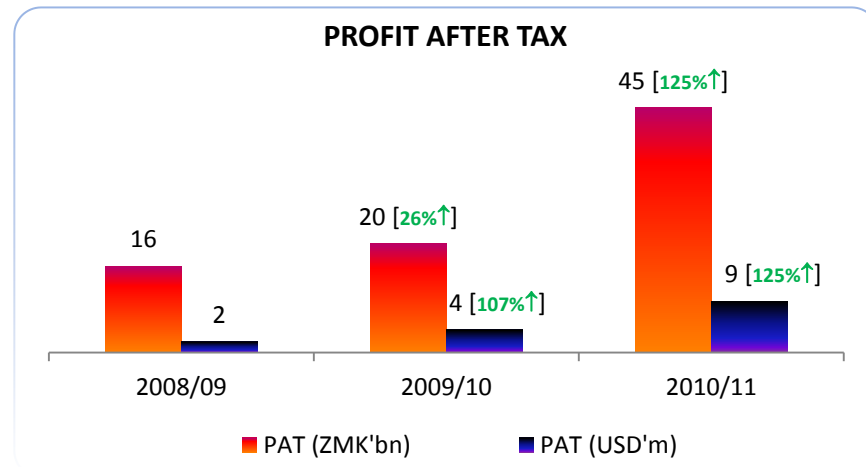
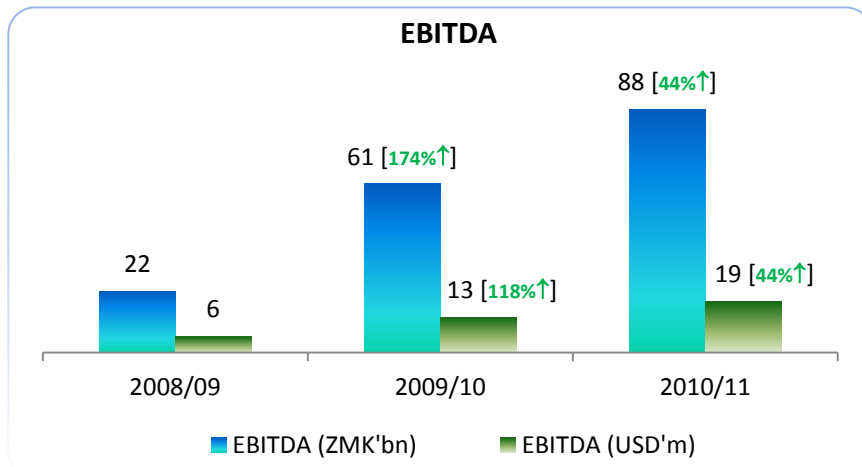
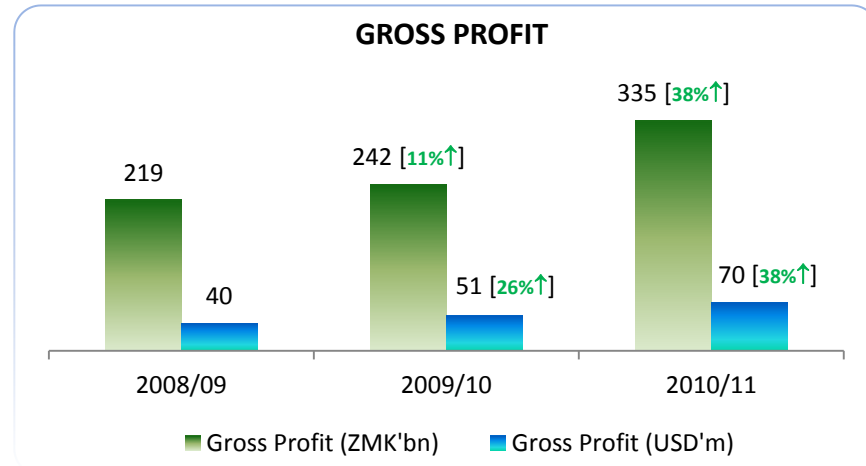
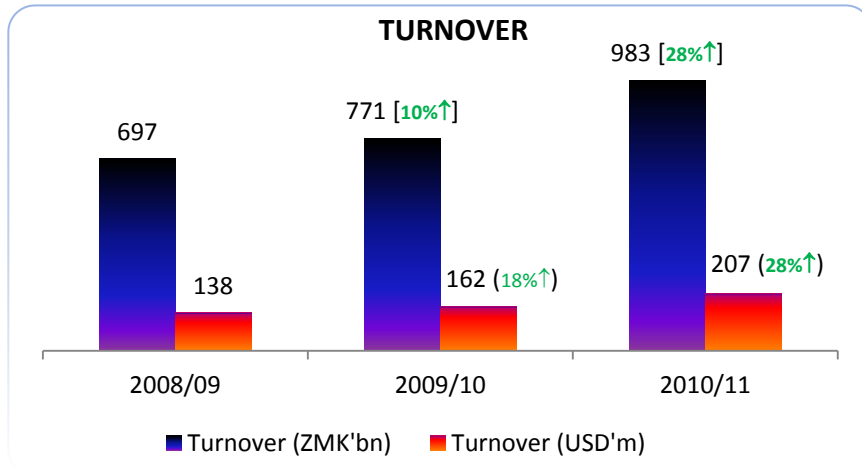


**From a beef company to an integrated agri-business**

# Overview of Group's Business



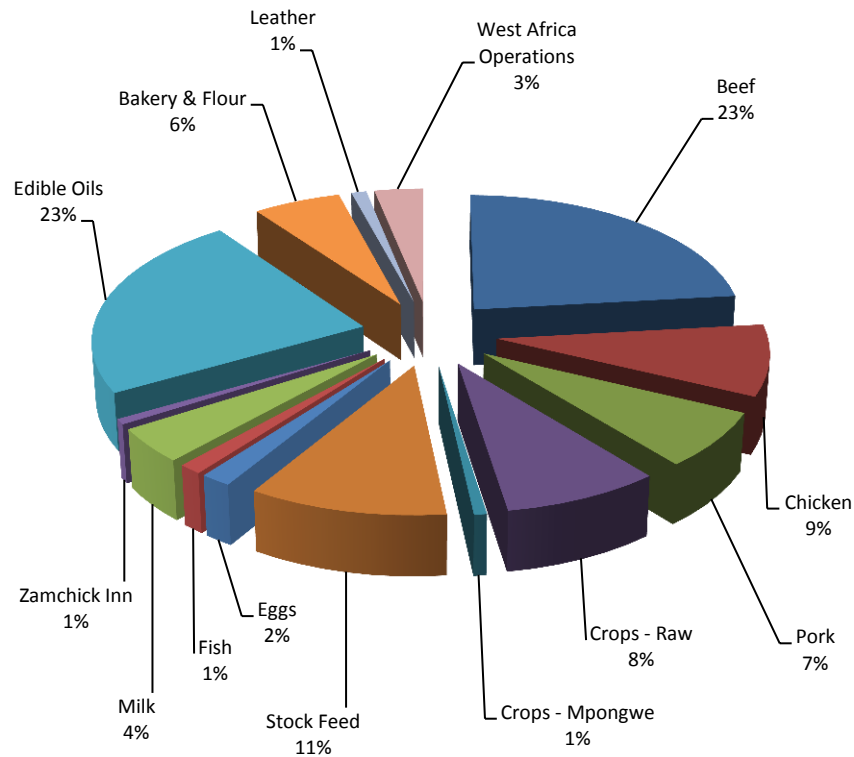
# Historic Financial Performance



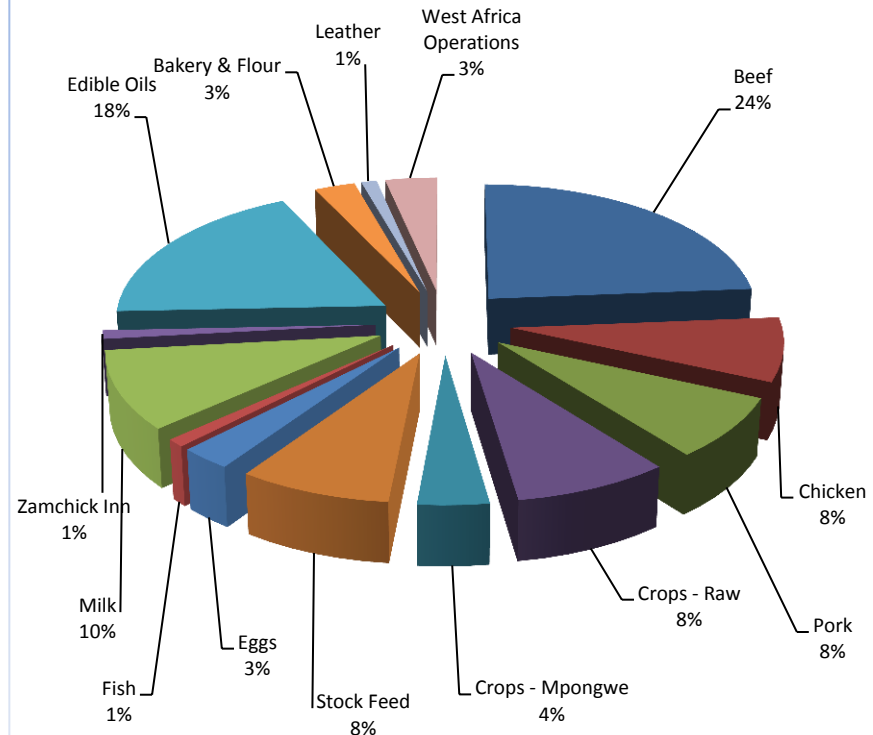
# Segmental Summary



**TURNOVER**



**GROSS PROFIT**



## Kabulonga Retail Outlet





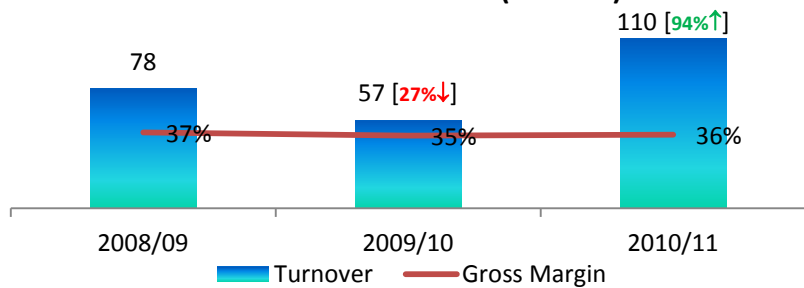
## Divisional Review



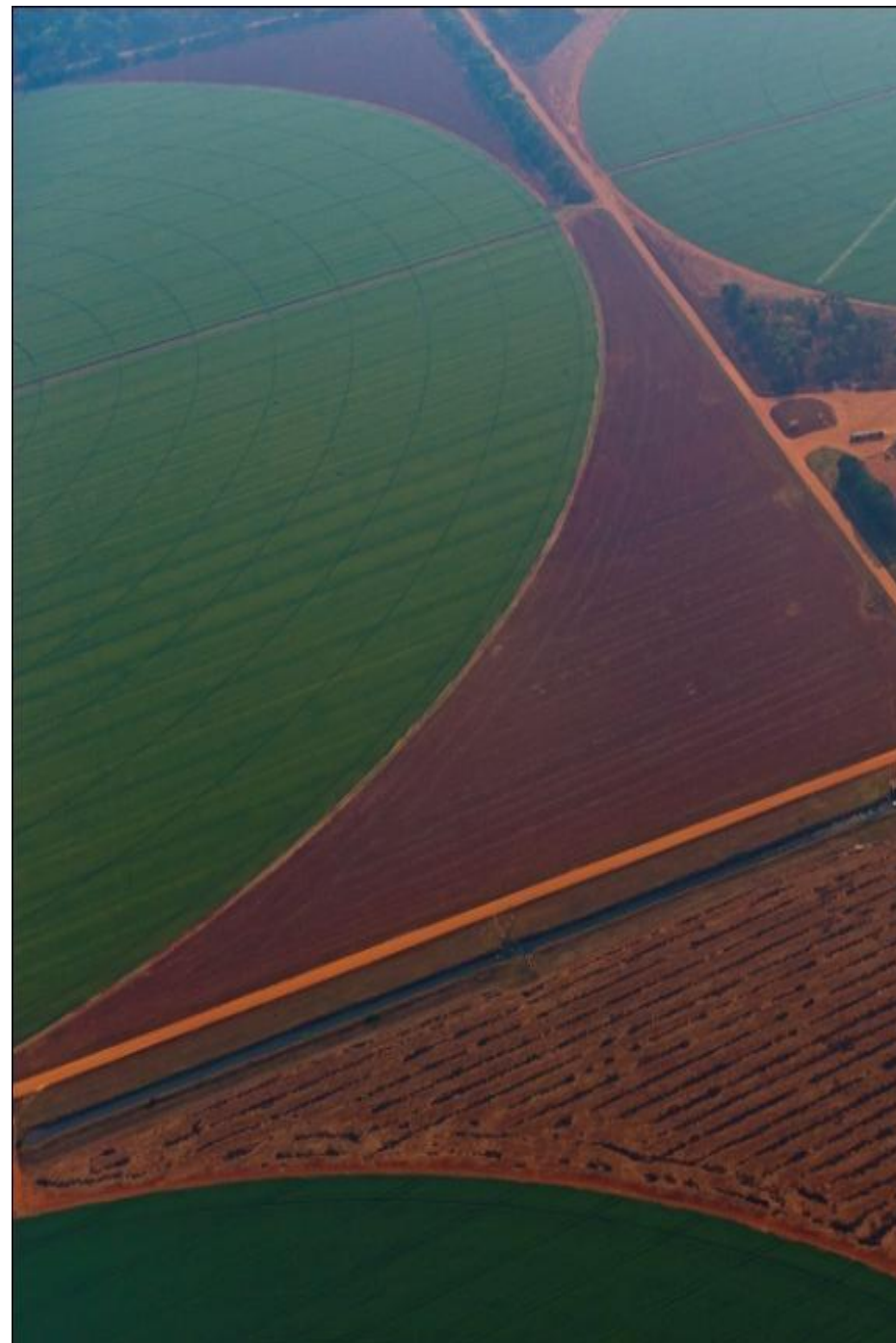
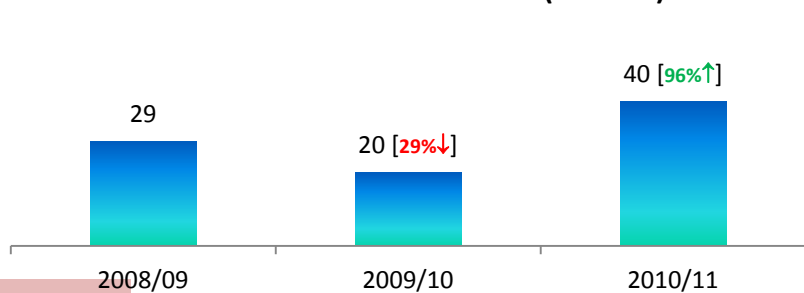
# CROPPING

- One of the largest irrigated row cropping operations in Zambia
- 8,000 Ha irrigated and 9,000 Ha rain fed, arable, developed land available for planting each year
- Double cropping opportunity on irrigated crop
- Growing mostly wheat, maize and soya beans
- Crop production focussed on soya beans during summer cropping and wheat during winter cropping, capacity to produce 40,000 MT of soya beans and 45,000 MT of wheat p.a.
- Current silo storage capacity of over 60,000 tons
- Provision of raw materials input for further value adding processing

**CROPPING - TURNOVER (ZMK'bn)**



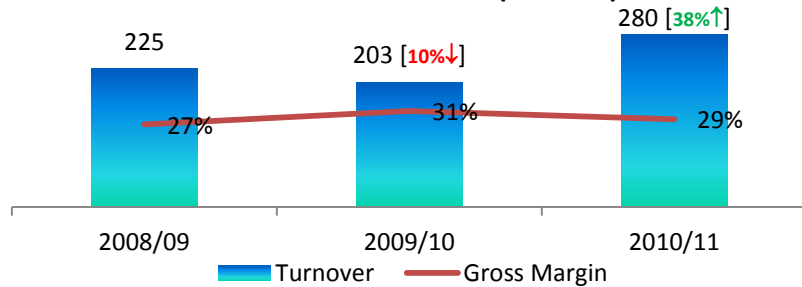
**CROPPING - GROSS PROFIT (ZMK'bn)**



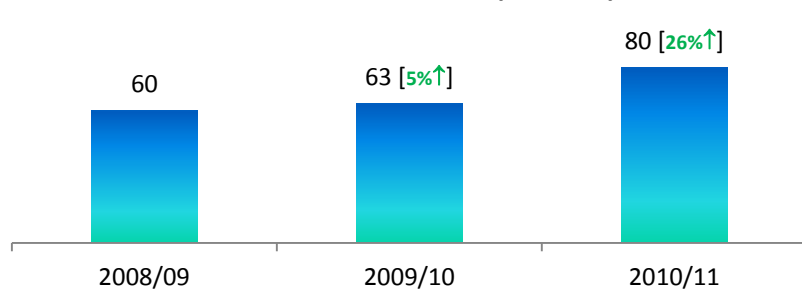
# BEEF

- One of the largest suppliers of beef in Zambia, slaughtering over 43,000 cattle p.a.
- One of the largest feedlotter of quality beef in Zambia, feedlotting over 14,000 grain fed cattle p.a.
- 8 abattoirs and 3 feedlots located throughout Zambia

**BEEF - TURNOVER (ZMK'bn)**



**BEEF - GROSS PROFIT (ZMK'bn)**

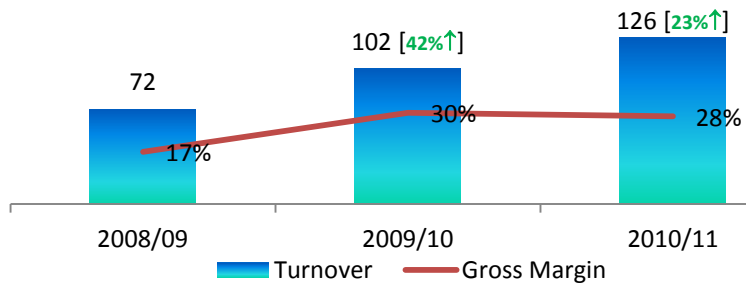


# CHICKEN & EGG

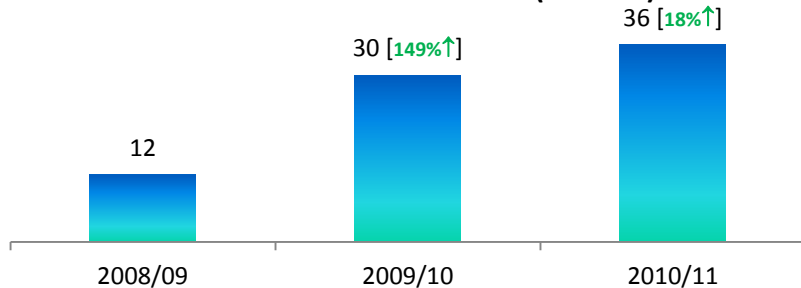
- One of the largest chicken and egg producers in Zambia
- Processing 4 million chickens p.a.
- Producing 30 million eggs p.a.
- Further investment in new chicken houses planned for 2012



POULTRY - TURNOVER (ZMK'bn)

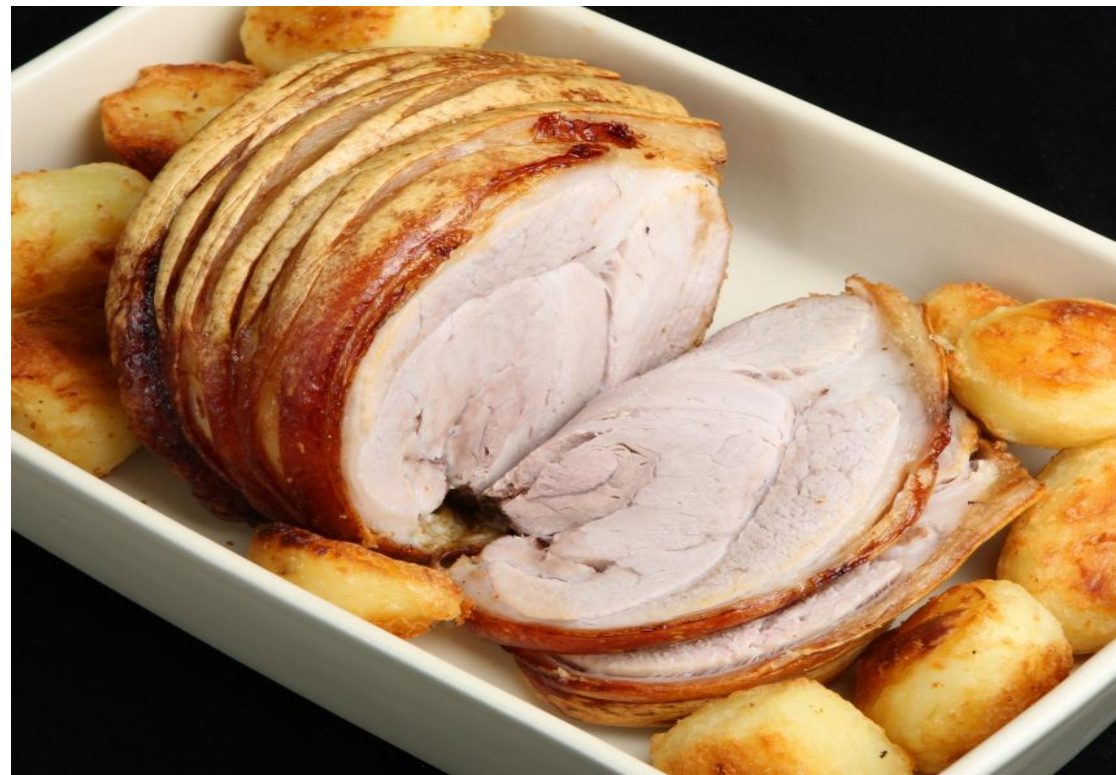


POULTRY - GROSS PROFIT (ZMK'bn)

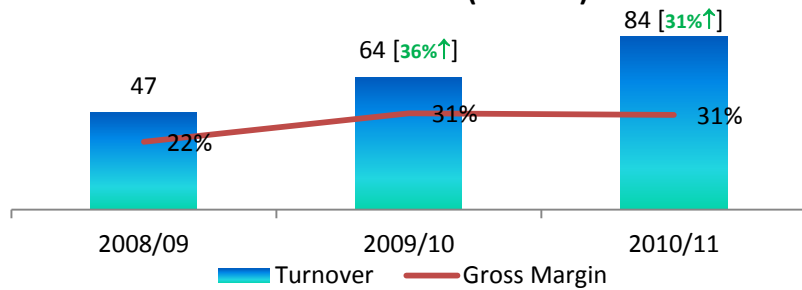


# PORK

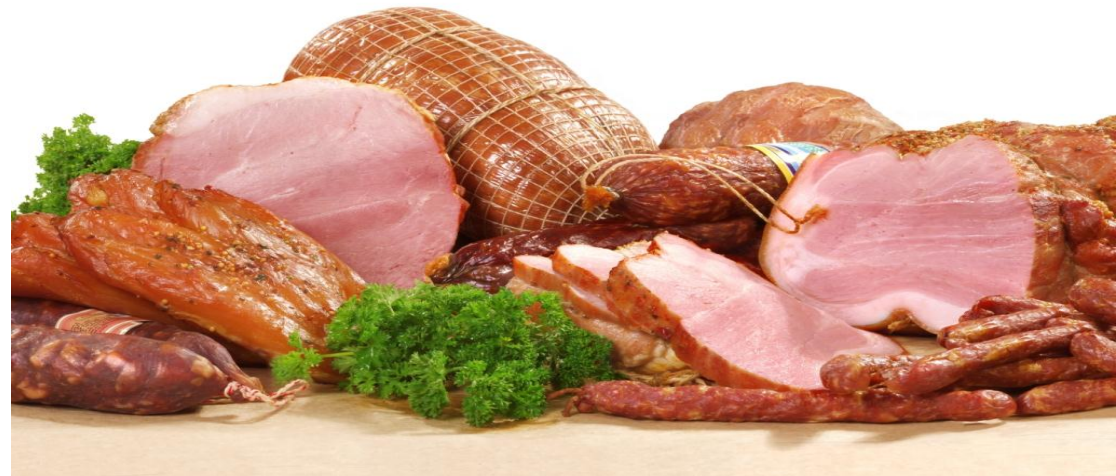
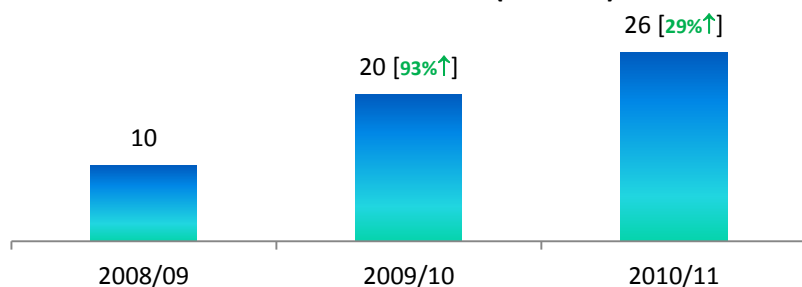
- One of the largest piggeries, pig abattoir and pork processing plant in Zambia
- Processing over 42,000 pigs p.a.
- Piggery producing over 6,000 pigs p.a.
- Produces full range of cooked, smoked and processed meat products
- Installing new Hirschpro 400 processing plant, plus further investment in piggery and second abattoir planned in 2012



**PORK - TURNOVER (ZMK'bn)**



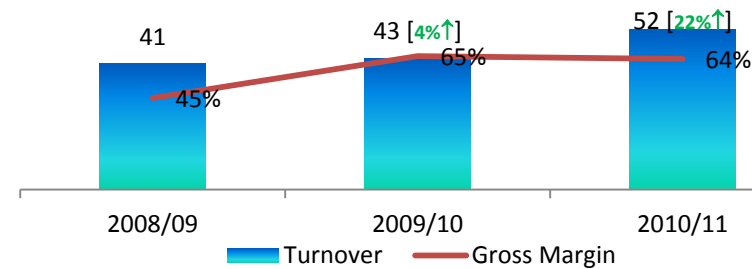
**PORK - GROSS PROFIT (ZMK'bn)**



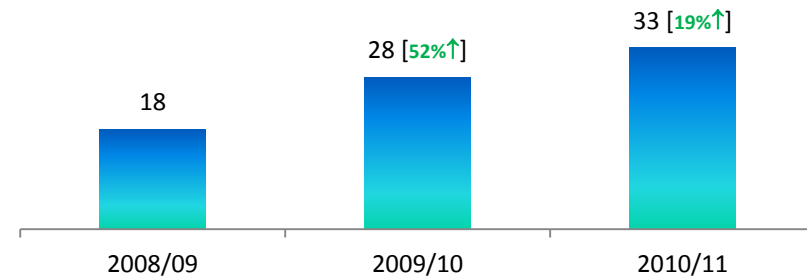
# MILK & MILK PROCESSING

- Dairy farm with over 1,900 dairy cattle, with 700 currently lactating, and producing an average of 5.8 million litres of milk p.a.
- Milk pasteurised and homogenised in milk processing plant
- Further value added in producing yoghurt, drinking yoghurt, cheese, butter and milk based juices
- Consistent performance with dairy division being highest gross margin performer
- Further investment planned in 2012 to increase processing capacity

### DAIRY - TURNOVER (ZMK'bn)



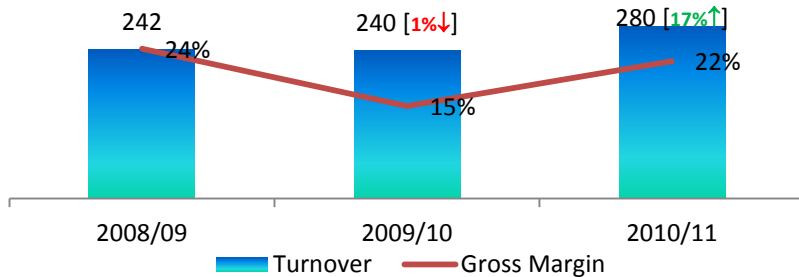
### DAIRY - GROSS PROFIT (ZMK'bn)



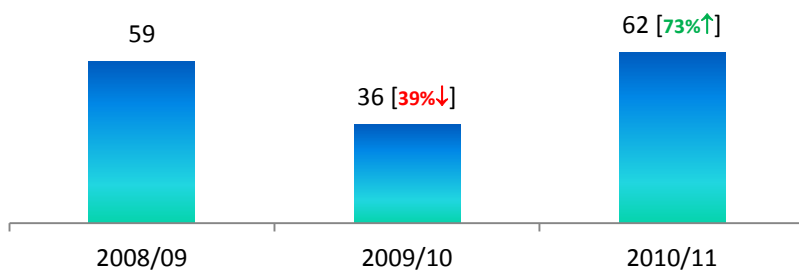
## EDIBLE OILS

- One of the largest edible oil and soya cake producers in Zambia
- Adds value to the soya beans from the Zambeef farms
- Current capacity to crush 60,000 tons of oil seeds p.a.
- Upgrade and expansion of plant planned during 2011/2012, to increase crushing capacity to 100,000 tons p.a. and improve production efficiencies

EDIBLE OILS - TURNOVER (ZMK'bn)



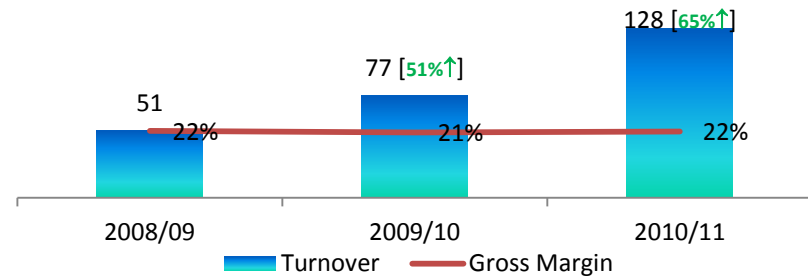
EDIBLE OILS - GROSS PROFIT (ZMK'bn)



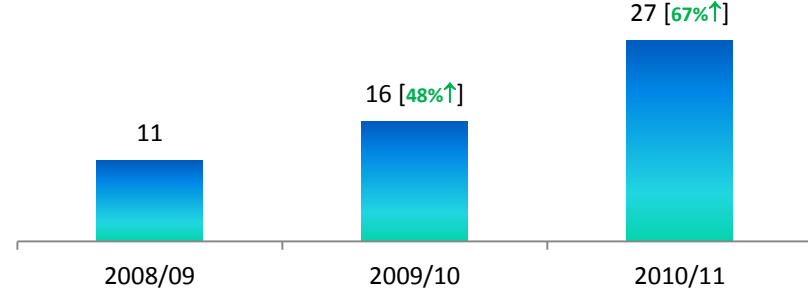
# STOCK FEED

- New stock feed plant commissioned in 2010
- Operating at close to full capacity (7,000 tons p.m.)
- Adds value to the protein by-product from the Zamanita crushing plant
- Supplying all Zambef internal requirements (33%) and 3rd parties in Zambia and the region (67%)

### STOCKFEED - TURNOVER (ZMK'bn)



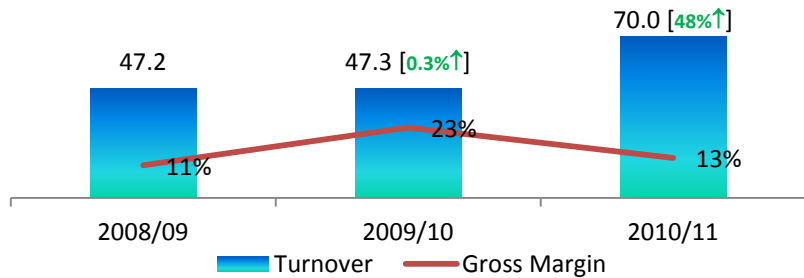
### STOCKFEED - GROSS PROFIT (ZMK'bn)



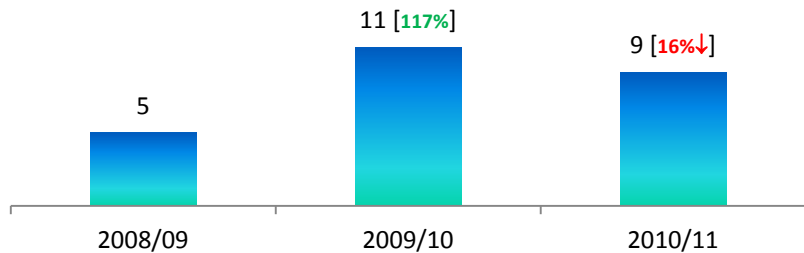
## MILL & BAKERY

- Wheat mill and bakery commissioned in 2007
- Currently milling 24,000 tons of wheat p.a. and baking 9 million loaves p.a.
- Adds value to the wheat from the Zambeef farms

MILL & BAKERY - TURNOVER (ZMK'bn)



MILL & BAKERY - GROSS PROFIT (ZMK'bn)



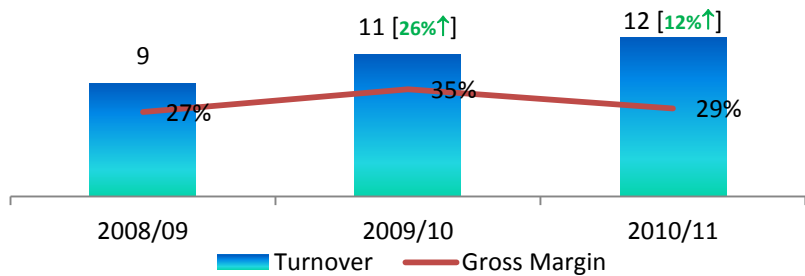


# LEATHER & SHOES

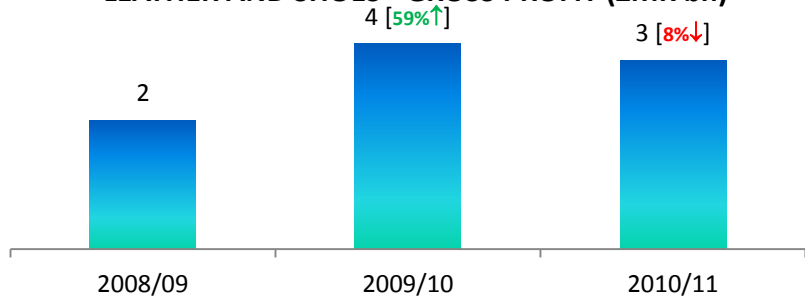
- Tannery and shoe plant to add further value to the by-product of the beef abattoir division (cattle hides)
- Currently processing 63,000 hides p.a.
- Producing wet blue leather, finished leather, industrial footwear and protective leather clothing



LEATHER AND SHOES - TURNOVER (ZMK'bn)



LEATHER AND SHOES - GROSS PROFIT (ZMK'bn)



# PALM

- First commercial palm plantation in Zambia
- Pilot phase commenced in 2008
- Scope to increase plantation size
- Aim to provide Zamanita with locally produced raw material feed stock (crude palm oil)





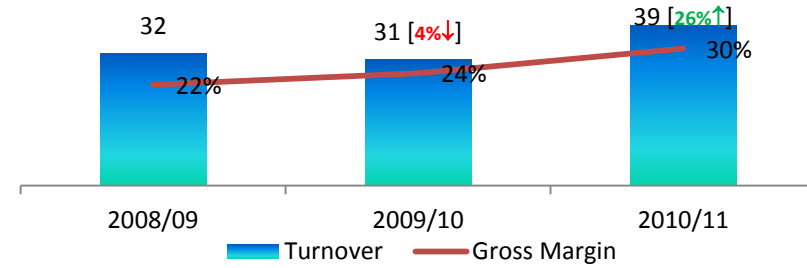
## RETAIL OUTLETS

- All food products of Zambeef retailed to end consumer through extensive retail channel, including 45% of edible oils output
- High growth of consumer demand
- Focus on upgrading and refurbishing existing stores
- Focus on wholesale operations to attract informal and commercial sector
- 89 retail outlets, 2 wholesale centres, 7 fast food outlets and 20 Shoprite butcheries

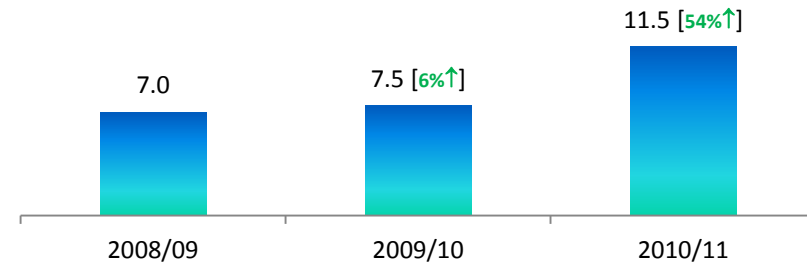
# WEST AFRICA

- Exciting opportunity for the Zambeef Group
- Partnership with Shoprite
- Large expansion plans for Shoprite
- Setup of infrastructure in Nigeria to support Shoprite expansion
- Currently 5 Shoprite and 4 self operated stores

WEST AFRICA - TURNOVER (ZMK'bn)



WEST AFRICA - GROSS PROFIT (ZMK'bn)



# Palm Plantation





## 2011 Performance



# Abridged Income Statement



	ACTUAL	ACTUAL	% CHANGE TO ACTUAL
ZMK'Ms	Y/E 2011	Y/E 2010	
Turnover	983,138	770,528	28%
Gross Profit	334,947	242,144	38%
Other Income	1,147	290	296%
Administrative expense	(265,857)	(208,673)	27%
<b>Operating Profit</b>	<b>70,237</b>	<b>33,761</b>	<b>108%</b>
Interest Costs	(18,319)	(10,236)	(79%)
Foreign exchange gains/(losses)	(1,562)	(7,991)	80%
<b>Profit before Taxation</b>	<b>50,356</b>	<b>15,534</b>	<b>224%</b>
Income Tax credit/ (expense)	(5,816)	4,286	(236%)
<b>Profit after Taxation</b>	<b>44,540</b>	<b>19,820</b>	<b>125%</b>
Weighted Average EPS (Kwacha)	242.60	124.69	95%
EBITDA	88,420	61,329	44%
Gross Profit Margin	34.07%	31.43%	3%
<b>Net Profit Margin</b>	<b>4.53%</b>	<b>2.57%</b>	<b>2%</b>

Summary of performance for Year ended 30 September 2011

# Abridged Balance Sheet



	ACTUAL	ACTUAL
ZMK'Ms	Y/E 2011	Y/E 2010
Non Current Assets	817,702	530,362
Current Assets	359,365	248,908
<b>TOTAL ASSETS</b>	<b>1,177,067</b>	<b>779,270</b>
Capital and Reserves	744,593	456,425
Non-Current Liabilities	188,494	144,794
Current Liabilities	243,980	178,051
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,177,067</b>	<b>779,270</b>
<b>Ratios</b>		
<b>Current Ratio</b>	1.5	1.4
<b>Total Debt / Equity Ratio</b>	41.19%	48.30%



# Abridged Cash Flow



	<b>ACTUAL</b>	<b>ACTUAL</b>
<b>ZMK'Ms</b>	<b>Y/E 2011</b>	<b>Y/E 2010</b>
Profit Before Taxation	50,356	15,534
EBITDA	88,420	61,329
Movement in Working Capital	<b>(65,840)</b>	7,176
<b>Cash inflow from operating activities</b>	<b>22,580</b>	<b>68,505</b>
Purchase of PPE	<b>(88,688)</b>	<b>(89,665)</b>
Purchase of Mpongwe	<b>(234,774)</b>	-
Proceeds from disposal of assets	<b>1,559</b>	<b>1,016</b>
<b>Cash outflow from investment activities</b>	<b>(321,903)</b>	<b>(88,649)</b>
<b>Cash outflow before finance activities</b>	<b>(299,323)</b>	<b>(20,144)</b>
Proceeds from issue of shares	<b>246,399</b>	-
Servicing of funders	<b>12,406</b>	<b>97,806</b>
Cash inflow from financing activities	258,805	97,806
(Decrease)/increase in cash and cash equivalents	<b>(40,518)</b>	77,662
<b>Cash at beginning of year</b>	<b>(51,874)</b>	<b>(121,184)</b>
Effects of exchange rate changes	<b>(4,866)</b>	<b>(8,352)</b>
<b>Cash at end of period</b>	<b>(97,258)</b>	<b>(51,874)</b>

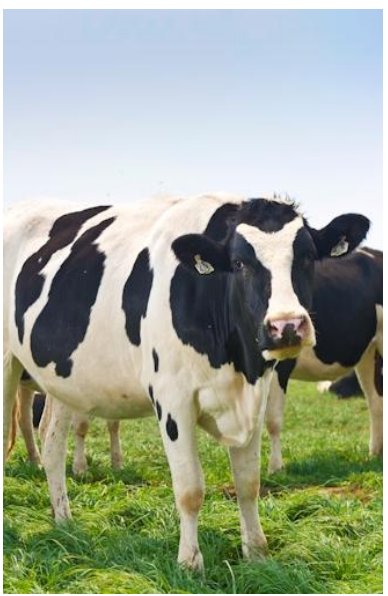
# Segmental Summary



Segment	Turnover			Gross Profit			Gross Profit Margins	
	2011 ZMK'Ms	2010 ZMK'Ms	Change %	2011 ZMK'Ms	2010 ZMK'Ms	Change %	2011	2010
Beef	279,898	202,895	38%	79,796	63,320	26%	29%	31%
Chicken	106,108	83,382	27%	26,571	20,978	27%	25%	25%
Pork	84,169	64,288	31%	25,848	20,084	29%	31%	31%
Crops-Row crops	102,107	56,996	79%	28,132	21,997	28%	28%	39%
Crops-Mpongwe	8,293	-	100%	12,876	-	100%	155%	
Crops-Palm	-	-	-	(1,452)	(1,822)	-		
Stock feed	127,808	77,333	65%	27,493	16,414	67%	22%	21%
Eggs	19,973	18,951	5%	9,355	9,365	0%	47%	49%
Fish	15,113	8,992	68%	3,345	2,300	45%	22%	26%
Milk	51,892	42,572	22%	33,011	27,665	19%	64%	65%
Zamchick Inn	8,327	8,547	-3%	3,600	3,758	-4%	43%	44%
Edible oils	279,643	239,946	17%	62,317	36,048	73%	22%	15%
Bakery and flour	69,987	47,276	48%	9,104	10,817	-16%	13%	23%
Leather/shoe	12,047	10,749	12%	3,443	3,739	-8%	29%	35%
Master Meats Nigeria	24,741	18,896	31%	6,969	3,812	83%	28%	20%
Master Meats Ghana	14,109	11,889	19%	4,539	3,669	24%	32%	31%
<b>Total</b>	<b>1,204,215</b>	<b>892,712</b>	<b>35%</b>	<b>334,947</b>	<b>242,144</b>	<b>38%</b>	<b>28%</b>	<b>27%</b>
Less: Intra Group Sales	(221,077)	(122,184)		-	-			
<b>Group Total</b>	<b>983,138</b>	<b>770,528</b>	<b>28%</b>	<b>334,947</b>	<b>242,144</b>	<b>38%</b>	<b>34%</b>	<b>31%</b>

# Dairy Plant





## Growth and Development



# Growth Prospects

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- **ZAMANITA**

- Upgrade and expansion of the Zamanita plant to increase crushing capacity and improve efficiencies; upgrade completion in 2012

- **FARMING**

- Acquisition of Mpongwe Farm to increase supply of soya beans for Zamanita
- Further expansion and upgrade of Mpongwe Farm

- **GROWTH IN WEST AFRICA**

- Continued rollout of the Group's West Africa expansion plans.
- Expansion into primary production and processing facilities, with continued development of the Group's leased land, which is being developed to house a feedlot, abattoir, processing plant and cold room facilities.
- Expansion of Shoprite footprint in Nigeria and Ghana through with the planned opening of 5 new stores, totalling 18,000m<sup>2</sup>, over the next 2 years.

- **RETAILING**

- Continued focus on the retailing operations of the Group including refurbishment of existing retail outlets, rollout of new retail outlets, new wholesale centres, and expansion of Zamchick Inn footprint.

# Zamanita Oil Plant



# Notes

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**ZAMBEEF**

Private Bag 17, Woodlands  
Plot 4970, Manda Road  
Industrial Area, Lusaka, Zambia

Tel: +260 211 369 000

Fax: +260 211 369 050

[www.zambeefplc.com](http://www.zambeefplc.com)