

# PRESENTATION OF INTERIM RESULTS

for 6 months to 31<sup>st</sup> March 2012



**ZAMBEEF**



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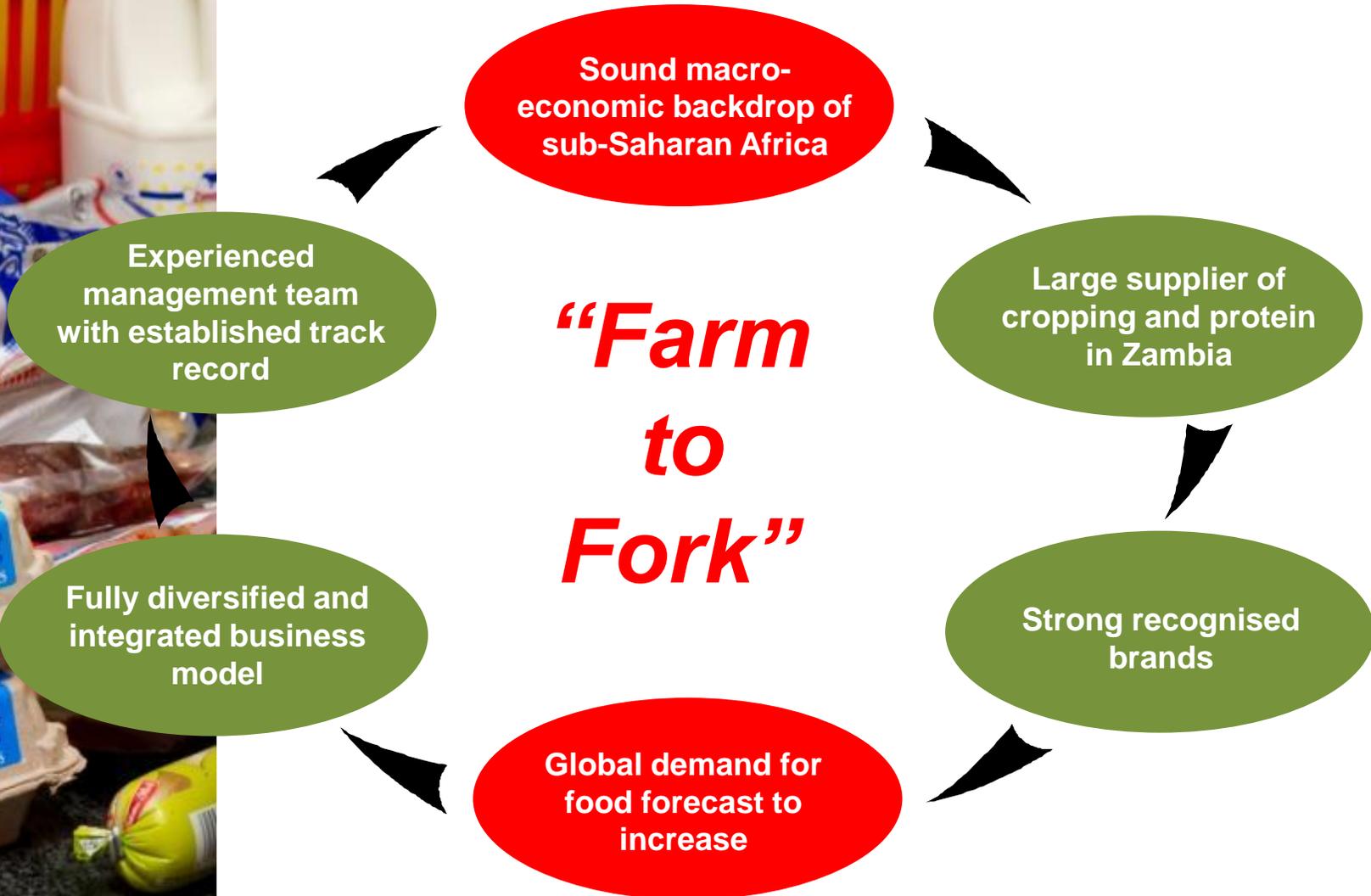
## Zambeef Group Overview





# ZAMBEEF

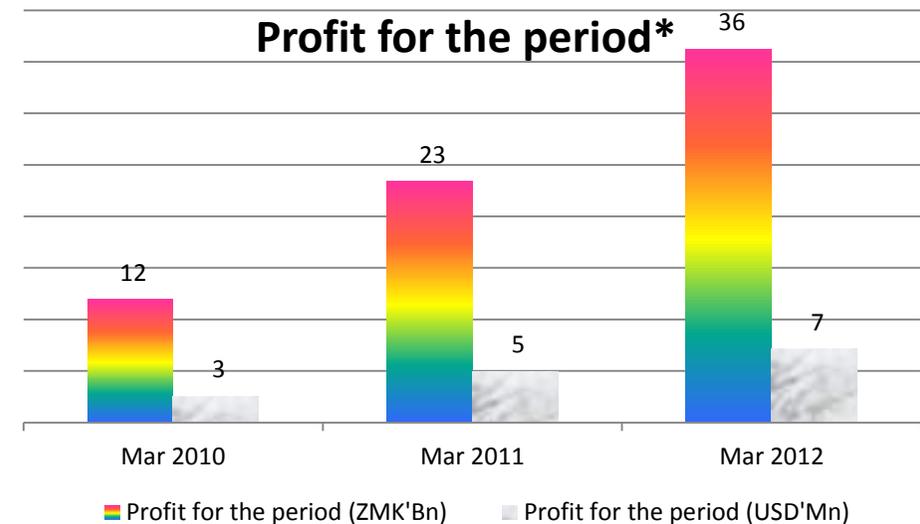
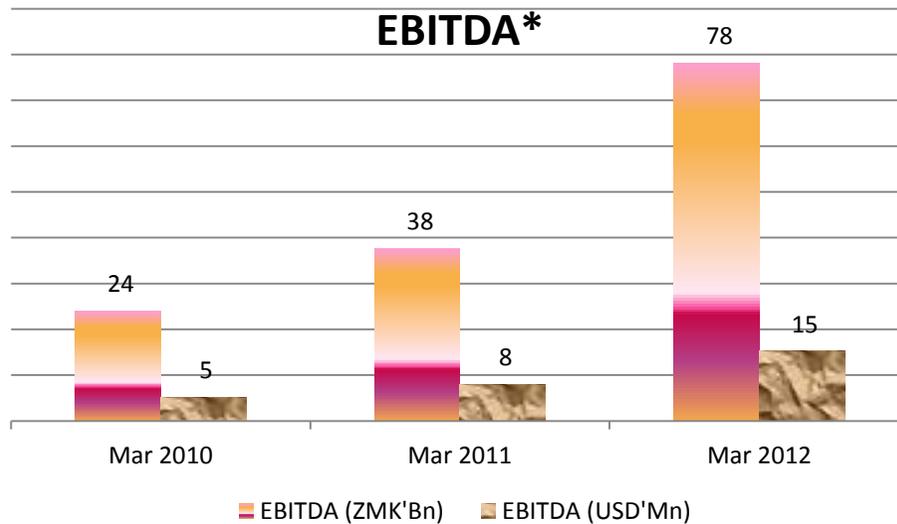
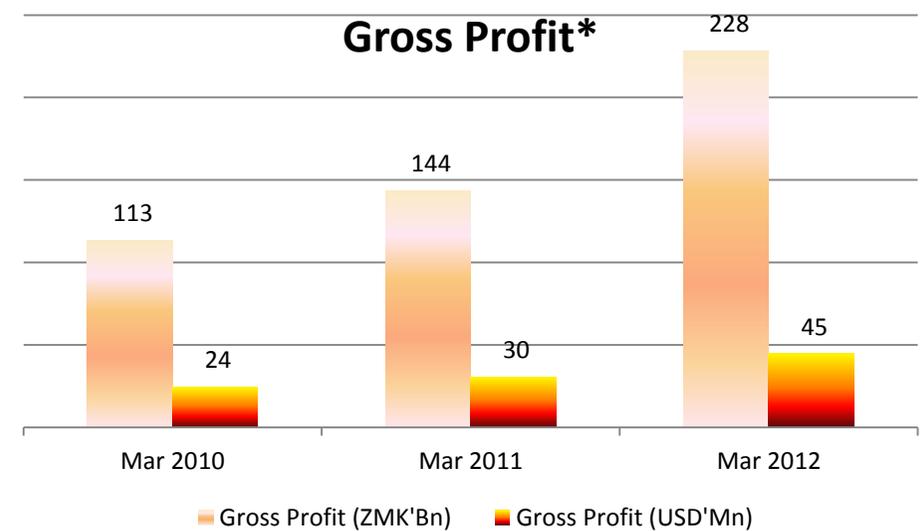
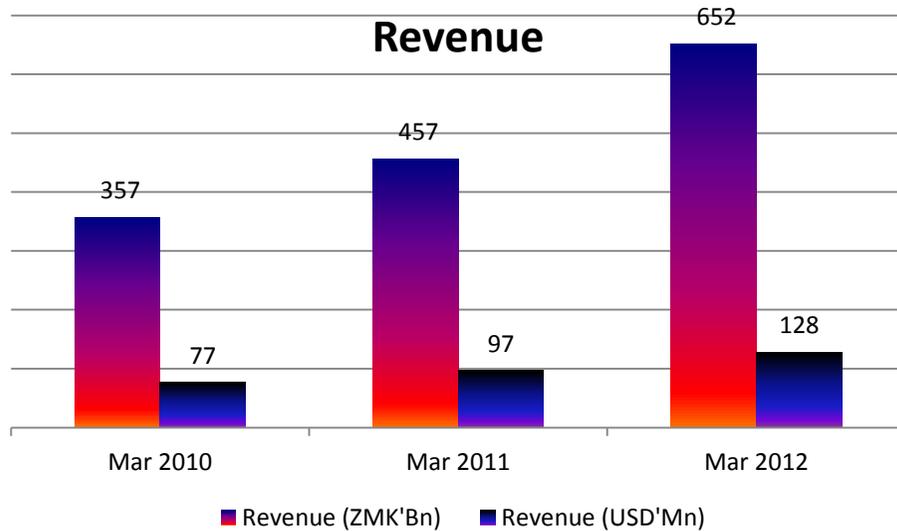
ATTRACTIVE INVESTMENT OPPORTUNITY



# Overview of Group's Business



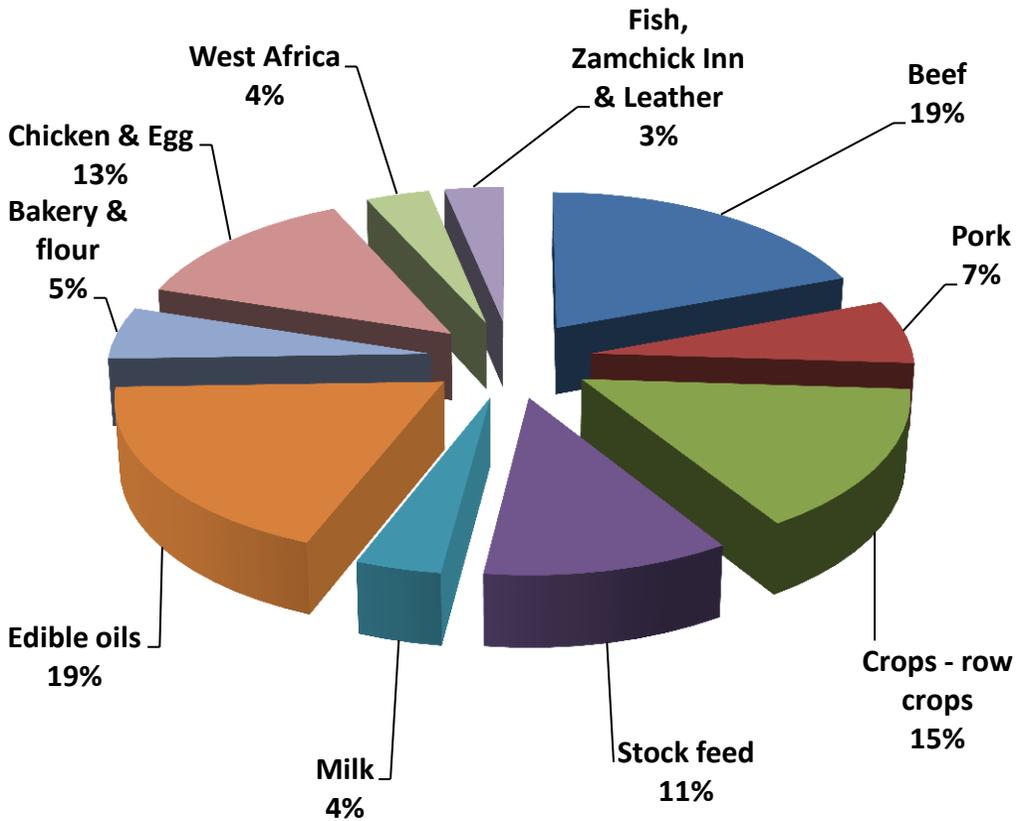
# Historic Financial Performance



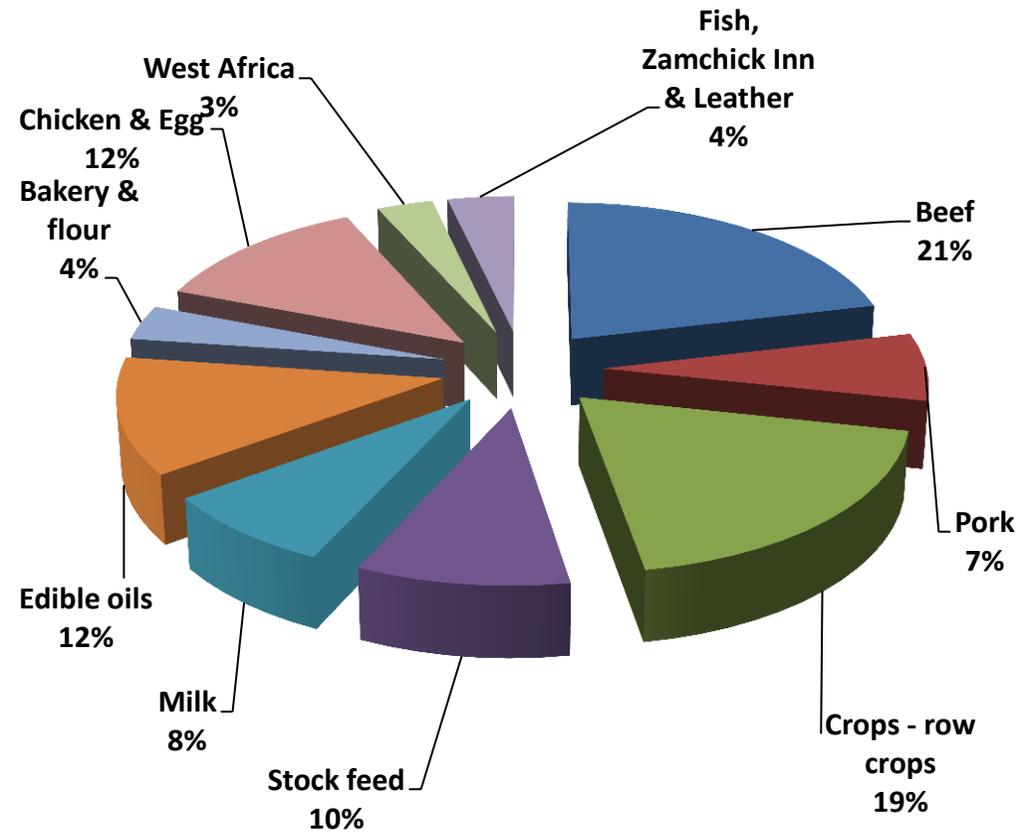
# Segmental Summary



## Revenue (2012)



## Gross Profit (2012)\*



\* Excludes ZRA tax liability



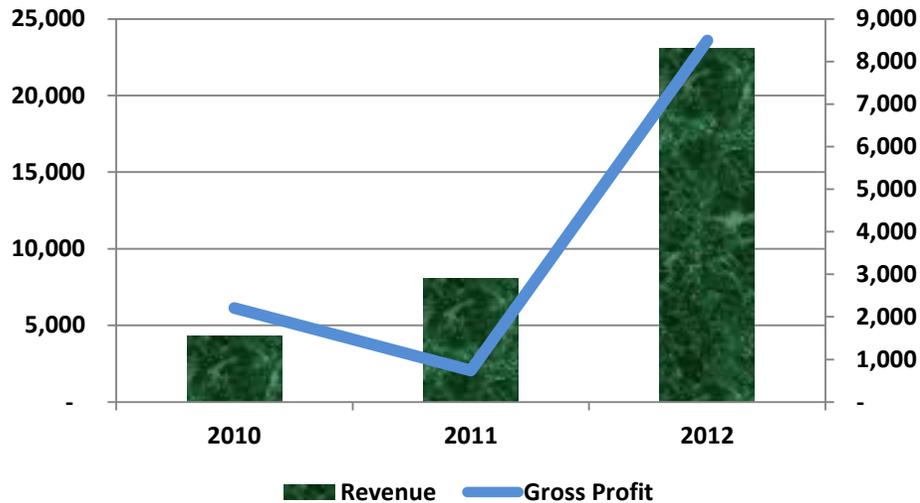
## Divisional Review



## CROPPING

- Contributes 15% of revenue and 19% of gross profitability
- 15,946 Ha planted for summer cropping with majority dedicated to soya beans
- Excellent summer season with high yielding soya crop harvested (over 35,000 MT)
- Successful integration of Mpongwe Farms into cropping division
- High demand for commodities in Zambia and the region

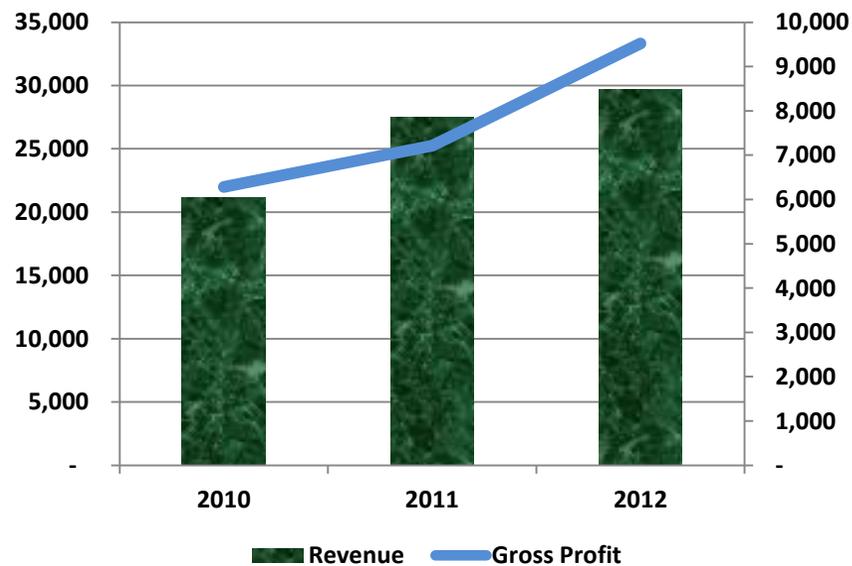
Crops (USD'000s)



## BEEF

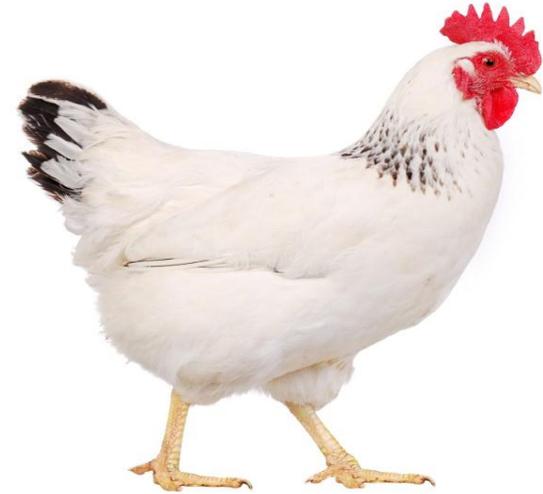
- Contributes 19% of revenue and 21% of gross profitability
- Overall demand outstripped supply, especially traditional beef
- Supply constraints being addressed with adequate stock holding

Beef (USD'000s)

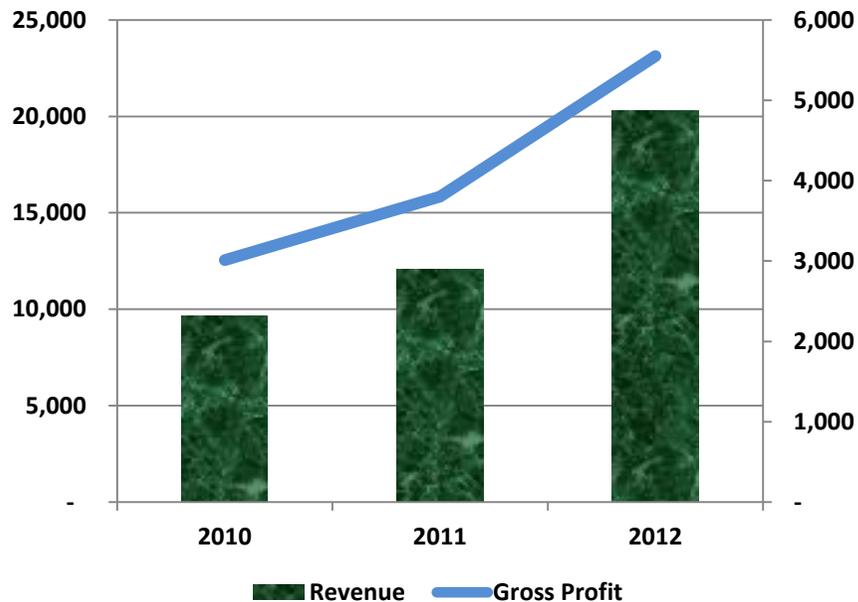


## CHICKEN & EGG

- Contributes 13% of revenue and 12% of gross profitability
- Strong demand, continuing to outstrip supply
- Situation improving through extra production, better yields and new chicken houses
- Demand from other retail chains to stock Zambeef products



Chicken & Egg (USD'000s)

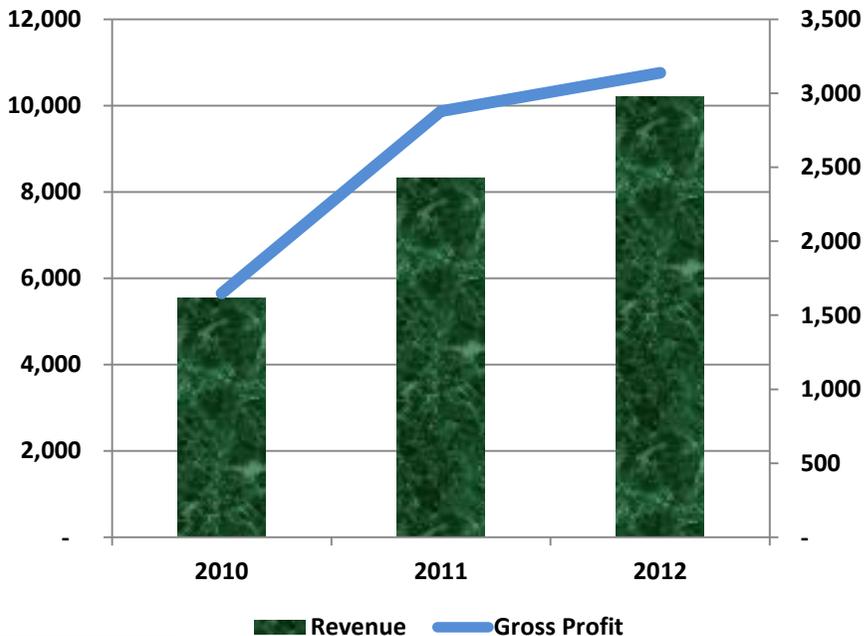


# PORK

- Contributes 7% of revenue and 7% of gross profitability
- Strong demand, continuing to outstrip supply
- Situation improving through higher prices offered to pig producers and new pig abattoir
- Completed new processing facilities
- Opportunities to supply other retail chains and export



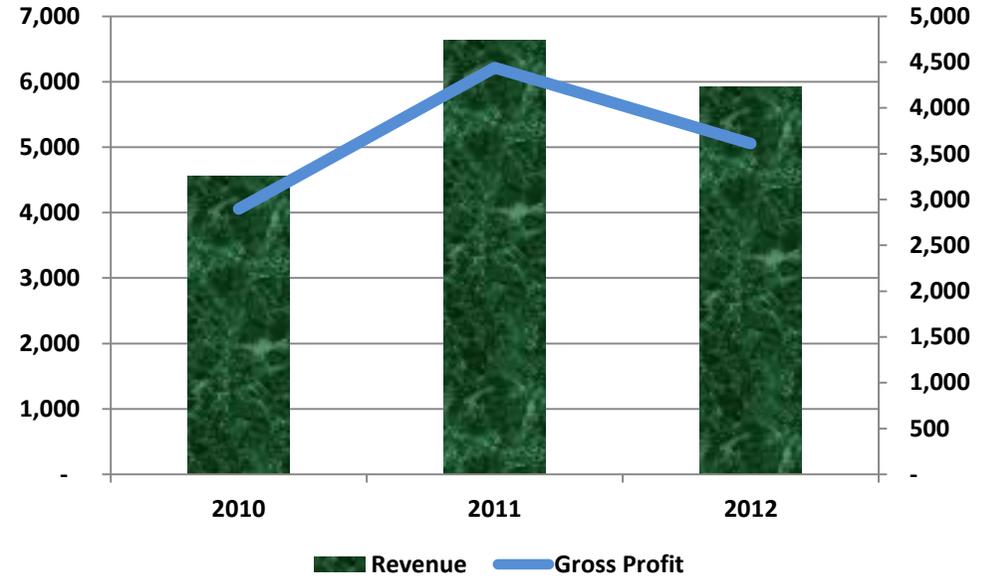
Pork (USD'000s)



## MILK & MILK PROCESSING

- Contributes 4% of revenue and 8% of gross profitability
- Demand continues to be strong and outstripping supply
- Situation being addressed through importation of 180 in-calf heifers and construction of new processing plant

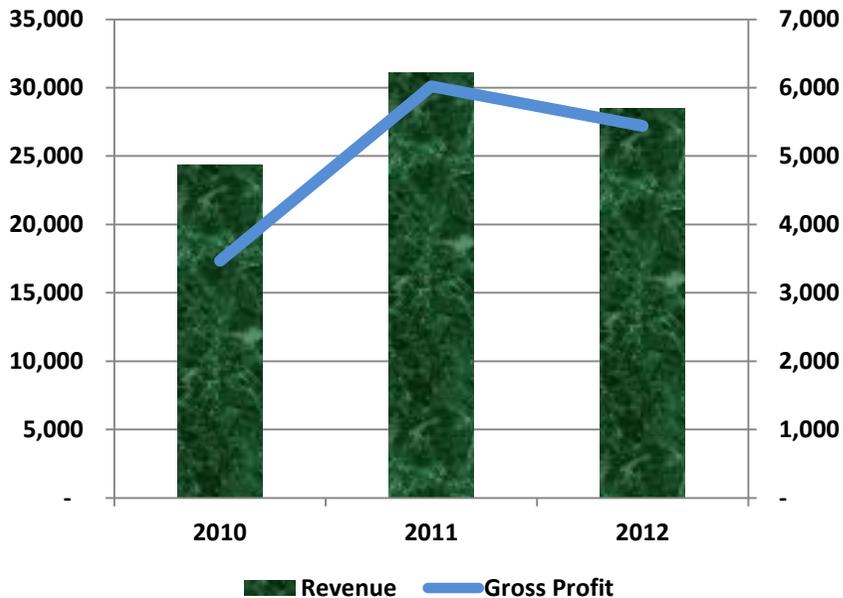
Milk (USD'000s)



## EDIBLE OILS

- Contributes 19% of revenue and 12% of gross profitability (*excluding ZRA tax liability*)
- Expansion and upgrade of crushing and SE plant, almost complete
- Increase crushing capacity from 50,000 MT p.a. to 100,000 p.a.
- Sourced c. 90,000 MT of soya beans in 2012 c.f. 36,000 MT in 2011
- ZRA tax liability currently under Revenue Appeals Tribunal process

Edible Oils (USD'000s)\*



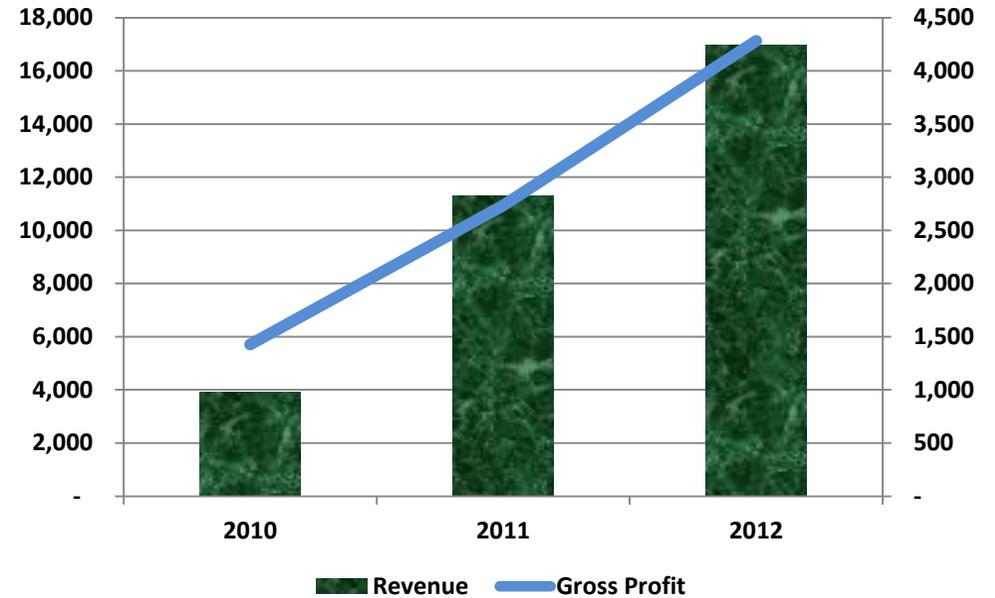
\* Excludes ZRA tax liability



## STOCK FEED

- Contributes 11% of revenue and 10% of gross profitability
- Operations nearing capacity
- Consideration being given to expanding production facilities
- Demand continues to be strong in Zambia and the region

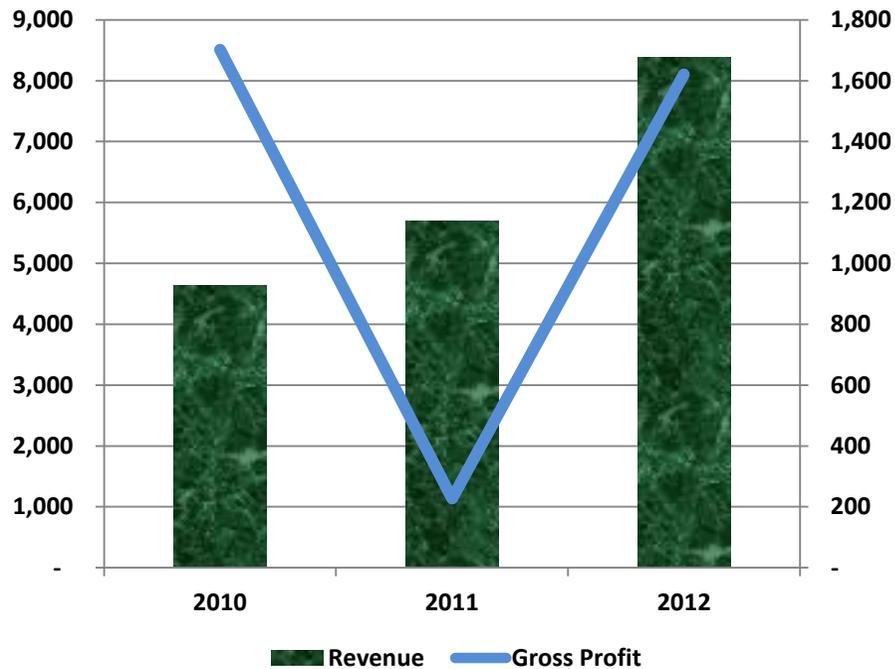
## Stock feed (USD'000s)



## MILL & BAKERY

- Contributes 5% of revenue and 4% of gross profitability
- Strong demand with expansion of milling capacity

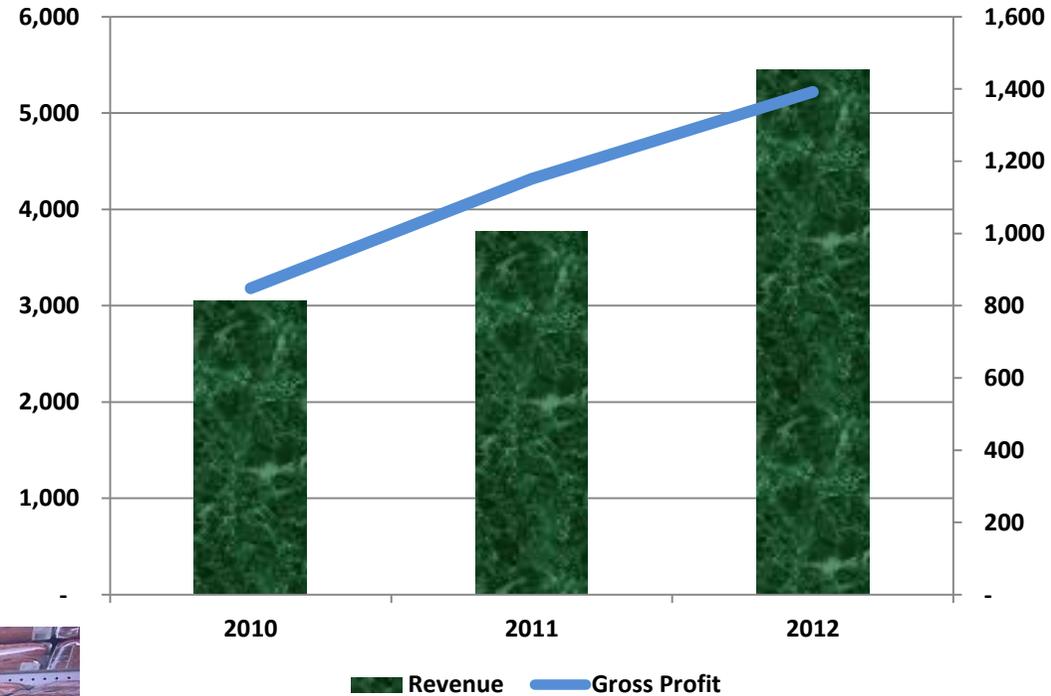
Bakery & Flour (USD'000s)



## WEST AFRICA

- Contributes 4% of revenue and 3% of gross profitability
- Continued expansion with 2 new Shoprite stores opened
- 2 additional Shoprite stores expected to open before year end

W Africa (USD'000s)

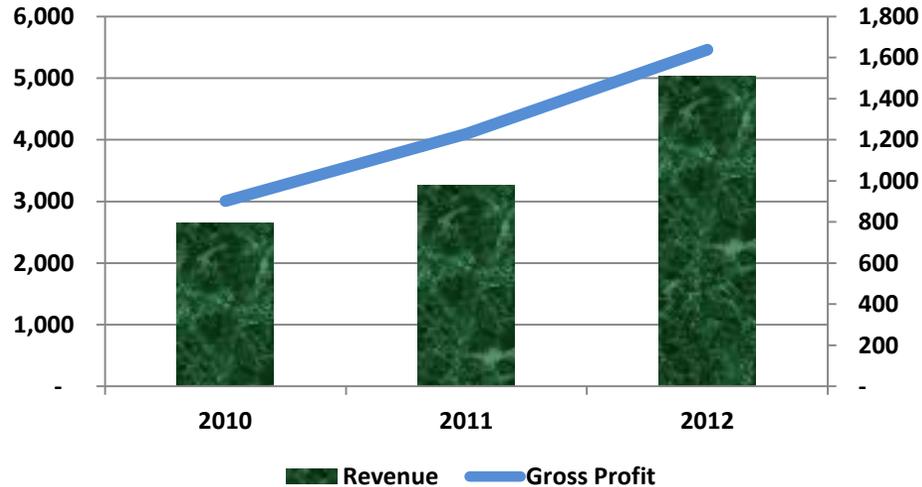


## FISH, ZAMCHICK INN & LEATHER

- Contributes 3% of revenue and 4% of gross profitability
- Strong demand for fish
- Improvement in quality of product and service resulting in improved performance of Zamchick Inn
- Increased exports for leather and higher demand for shoes resulting in improved performance of division



### Fish, Zamchick Inn & Leather (USD'000s)





## Interim 2012 Performance



# Abridged Income Statement



USD Millions	ACTUAL 1st HALF Y/E 2012 <i>excl Zamanita Provision</i>	ACTUAL 1st HALF Y/E 2012 <i>incl Zamanita Provision</i>	ACTUAL 1st HALF Y/E 2011	ACTUAL Y/E 2011	% CHANGE TO ACTUAL % <i>excl Zamanita Provision</i>	% CHANGE TO ACTUAL % <i>incl Zamanita Provision</i>
Revenue	127.6	127.6	96.7	206.8	31.9%	31.9%
Gross profit	44.7	38.0	30.4	70.5	46.8%	25.0%
Other income	0.2	0.2	0.1	0.2	179.8%	179.8%
Administrative expenses	(31.9)	(34.9)	(24.9)	(55.9)	(28.2%)	(40.1%)
<b>Operating profit</b>	<b>13.0</b>	<b>3.3</b>	<b>5.6</b>	<b>14.8</b>	<b>131.0%</b>	<b>(41.0%)</b>
Finance costs	(2.9)	(2.9)	(1.5)	(3.9)	(90.2%)	(90.2%)
Exchange differences	(2.0)	(2.0)	1.2	(0.3)	(266.7%)	(266.7%)
<b>Profit before Taxation</b>	<b>8.1</b>	<b>(1.6)</b>	<b>5.3</b>	<b>10.6</b>	<b>51.0%</b>	<b>(130.4%)</b>
Taxation charge	(1.0)	(1.0)	(0.3)	(1.2)	(176.6%)	(176.6%)
<b>Profit/(loss) for the period</b>	<b>7.1</b>	<b>(2.6)</b>	<b>5.0</b>	<b>9.4</b>	<b>42.2%</b>	<b>(151.9%)</b>
Weighted Average EPS (cents)	2.86	(1.04)	3.13	5.10	(8.7%)	(133.3%)
EBITDA	15.3	5.6	8.0	18.6	91.2%	(30.0%)
Gross profit margin	35%	30%	31%	34%		
<b>Cost to income ratio</b>	<b>25%</b>	<b>27%</b>	<b>26%</b>	<b>27%</b>		
EBITDA margin	12%	4%	8%	9%		
<b>Operating profit margin</b>	<b>10%</b>	<b>3%</b>	<b>6%</b>	<b>7%</b>		
Net profit margin	6%	(2%)	5%	5%		
<b>Interest cover by PBIT</b>	<b>3.8</b>	<b>0.4</b>	<b>4.5</b>	<b>3.7</b>		
Interest cover by EBITDA	5.3	2.0	5.3	4.8		

Summary of performance for period ended 31 March 2012

# Abridged Balance Sheet



	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	<i>excl Zamanita Provision</i>	<i>incl Zamanita Provision</i>		
USD Millions	P/E 31.03.12	P/E 31.03.12	P/E 31.03.11	Y/E 30.09.11
Non Current Assets	171.3	171.3	116.8	170.4
Current Assets	84.3	85.4	56.3	74.8
<b>TOTAL ASSETS</b>	<b>255.6</b>	<b>256.7</b>	<b>173.1</b>	<b>245.2</b>
Capital and Reserves	147.1	137.8	101.7	155.1
Non-Current Liabilities	43.0	43.0	31.7	39.3
Current Liabilities	65.5	75.9	39.7	50.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>255.6</b>	<b>256.7</b>	<b>173.1</b>	<b>245.2</b>
<b>Ratios</b>				
Current Ratio	1.3	1.1	1.4	1.5
Total Debt / Equity Ratio	62.71%	66.96%	50.19%	41.16%

# Abridged Cash Flow



	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	<i>excl Zamanita Provision</i>	<i>incl Zamanita Provision</i>		
USD Millions	P/E 31.03.12	P/E 31.03.12	P/E 31.03.11	Y/E 30.09.11
Profit Before Taxation	8.1	(1.6)	5.3	10.6
EBITDA	15.3	5.7	8.0	18.6
Movement in Working Capital	(21.1)	(11.5)	(4.0)	(13.7)
<b>Cash inflow/(outflow) from Operating activities</b>	<b>(5.8)</b>	<b>(5.8)</b>	4.0	4.9
Purchase of PPE	(15.3)	(15.3)	(7.0)	(67.7)
<b>Cash inflow/(outflow) from/(on) investment activities</b>	<b>(15.3)</b>	<b>(15.3)</b>	(7.0)	(67.7)
<b>Cash inflow/(outflow) before Finance activities</b>	<b>(21.1)</b>	<b>(21.1)</b>	<b>(3.0)</b>	<b>(62.8)</b>
Cash inflow/(outflow) from financing	20.9	20.9	(1.1)	54.9
<b>Cash at beginning of year</b>	<b>(15.0)</b>	<b>(15.0)</b>	<b>(6.4)</b>	<b>(6.4)</b>
Effects of exchange rate changes	(4.9)	(4.9)	0.7	(0.6)
<b>Cash at end of year</b>	<b>(20.1)</b>	<b>(20.1)</b>	<b>(9.8)</b>	<b>(14.9)</b>

# Segmental Summary



Segment	2011	2012	Movement	% of Group (2012)	2011	2012	Movement	% of Group (2012)
	Revenue	Revenue			Gross Profit	Gross Profit		
	USD '000s	USD '000s			USD '000s	USD '000s		
Crops - row crops	8,036	23,067	187%	15%	741	8,495	1047%	19%
Beef	27,473	29,704	8%	19%	7,214	9,522	32%	21%
Chicken & Egg	12,088	20,292	68%	13%	3,802	5,549	46%	12%
Pork	8,322	10,196	23%	7%	2,879	3,138	9%	7%
Milk & Dairy	6,633	5,919	-11%	4%	4,440	3,612	-19%	8%
Edible oils	31,113	28,483	-8%	19%	6,019	5,440	-10%	12%
Stock feed	11,287	16,965	50%	11%	2,733	4,283	57%	10%
Bakery & flour	5,695	8,386	47%	5%	228	1,620	612%	4%
West Africa	3,770	5,452	45%	4%	1,151	1,392	21%	3%
Fish, Zamchick Inn, Leather	3,254	5,032	55%	3%	1,229	1,638	33%	4%

Edible oils excludes ZRA tax liability



## Growth and Development

# Key Goals

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- 1) Grow top line revenue at a compounded organic growth rate of at least 15% per year.
- 2) Improve Group gross margins to at least 35%.
- 3) Maintain a cost/income ratio of maximum 25%.
- 4) Grow bottom line profits at a compounded organic growth rate of at least 15% per year.
- 5) Grow EPS at a minimum of 15% per annum.
- 6) Maintain a suitable and well structured debt profile:
  - Maintain debt/equity (gearing) ratio at between 30% - 50%.
  - Achieve an interest cover ratio by EBITDA of at least 5 times.
  - Maintain a Debt Service Coverage Ratio of at least 2 times.
  - Maintain a net debt/EBITDA ratio of less than 3.5 times.

# Growth Prospects

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- **MEAT & DAIRY**

- Expansion of processing capacity at Master Pork, dairy plant, poultry division (layers, broilers & chicken abattoir), etc, to gear up for increased demand, driven by continued growth of the Zambian economy.

- **ZAMANITA**

- Upgrade & expansion of Zamanita plant to increase crushing capacity & improve production efficiencies.

- **RETAILING**

- Continued focus on the retailing operations of the Group, including refurbishment of existing retail outlets, rollout of new retail outlets & new wholesale centres.

- **GROWTH IN WEST AFRICA**

- Continued rollout of the Group's West Africa expansion plans to gear up on capacity resulting from the expansion of the Shoprite footprint in Nigeria & Ghana.



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