

PRESENTATION OF RESULTS

FYE 30th SEPTEMBER 2012



ZAMBEEF



Sinazongwe Farm



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2012 Highlights



2012 HIGHLIGHTS



REVENUE



32%

2012: ZMK 1,296 bn

2011: ZMK 983 bn

GROSS PROFIT*



43%

2012: ZMK 480 bn

2011: ZMK 335 bn

GROUP PROFIT*



41%

2012: ZMK 63 bn

2011: ZMK 44 bn

EBITDA*



56%

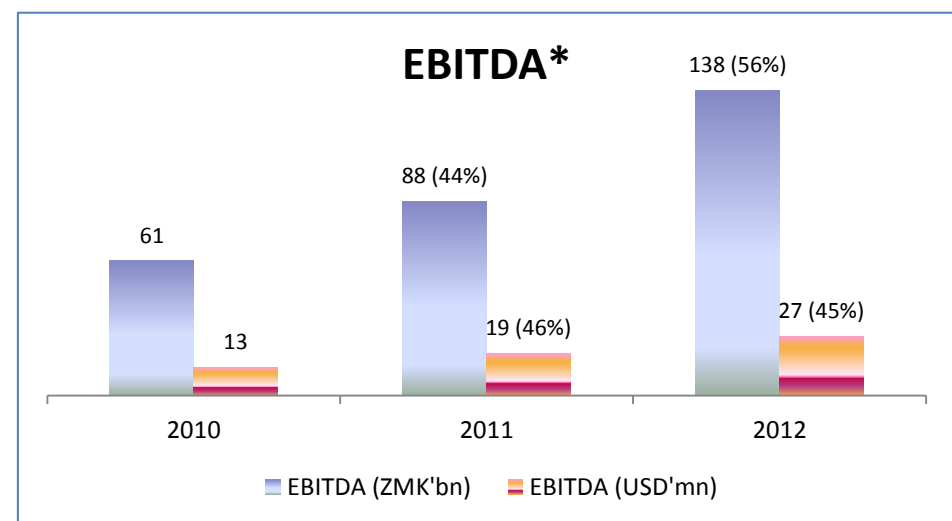
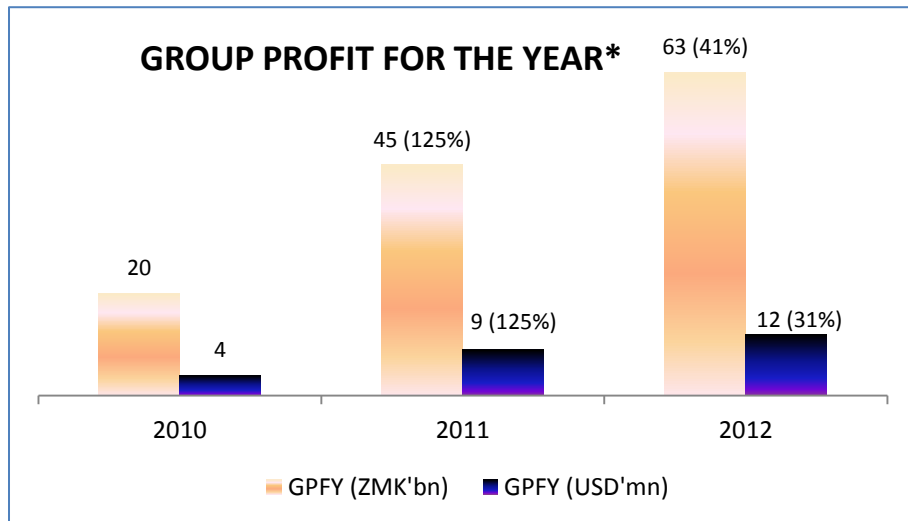
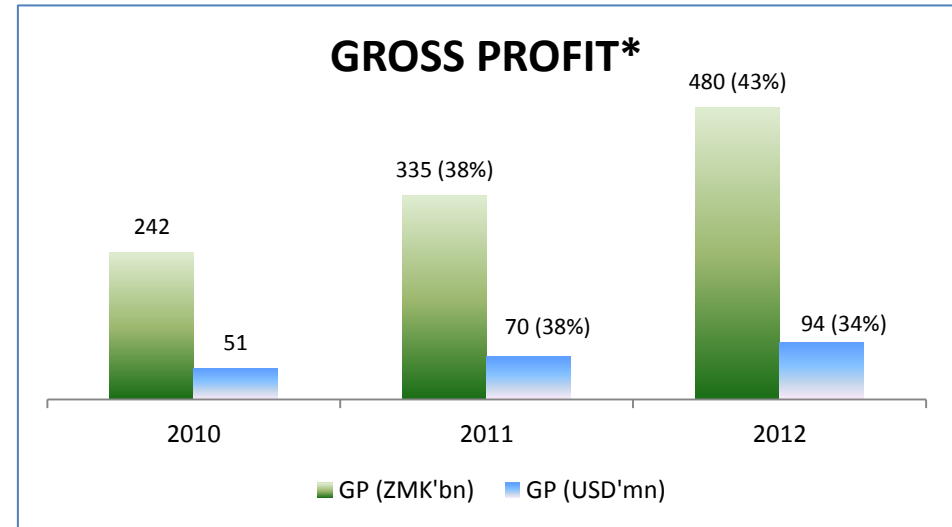
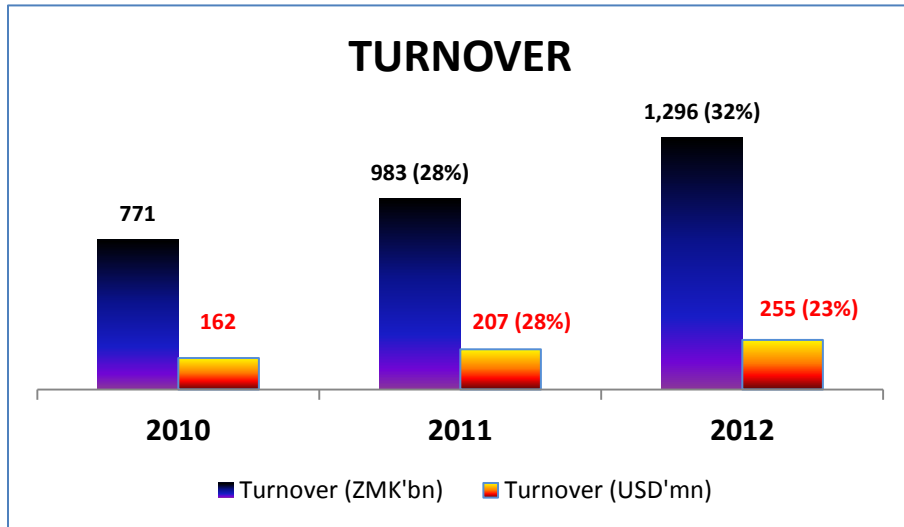
2012: ZMK 138 bn

2011: ZMK 88 bn

- ✓ **Successful integration of Mpongwe farm**
- ✓ **Zamanita upgrade and expansion**
- ✓ **Master Pork upgrade and expansion**
- ✓ **Continued organic growth**

*2012 gross profit, group profit & EBITDA figures exclude Zamanita ZRA tax liability provision of ZMK34bn (CoS) and ZMK15bn (Admin expense)

Historic Financial Performance

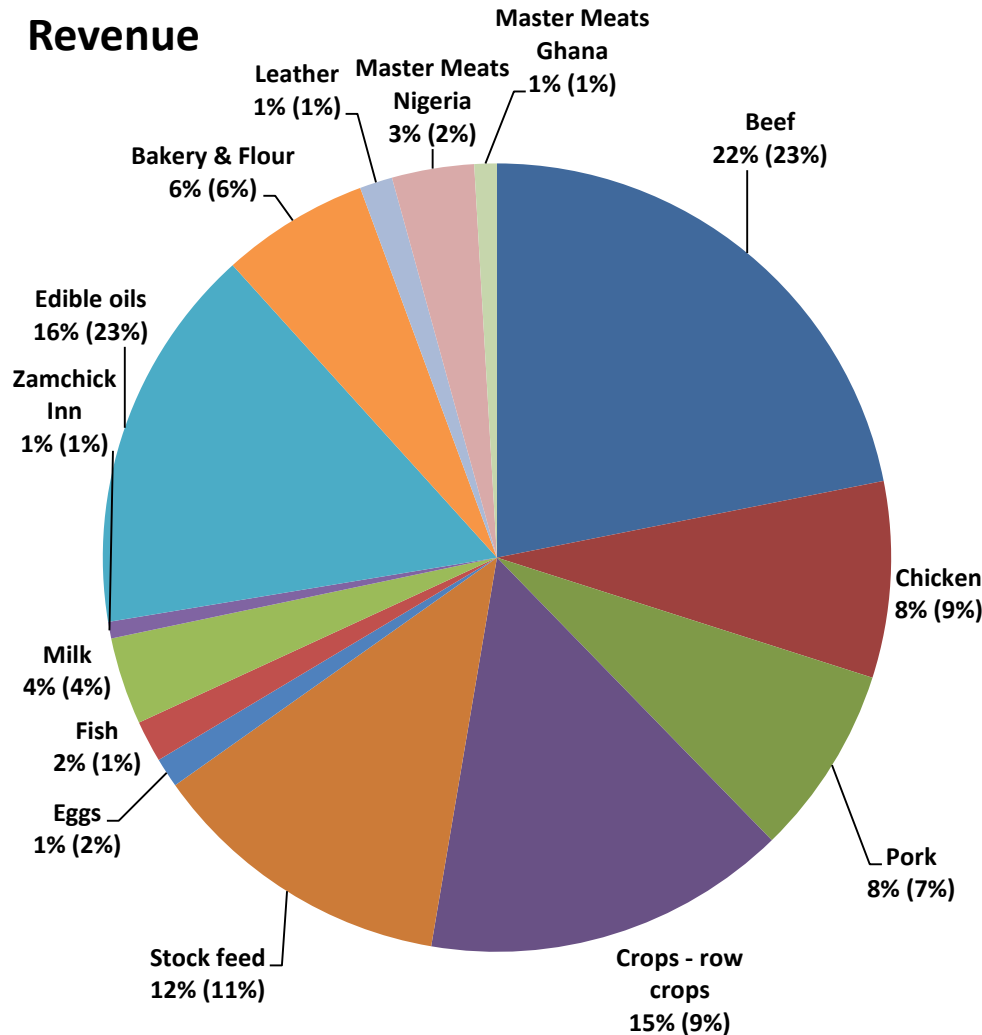


*2012 gross profit, group profit for the year & EBITDA figures exclude Zamanita ZRA tax liability provision of ZMK49bn

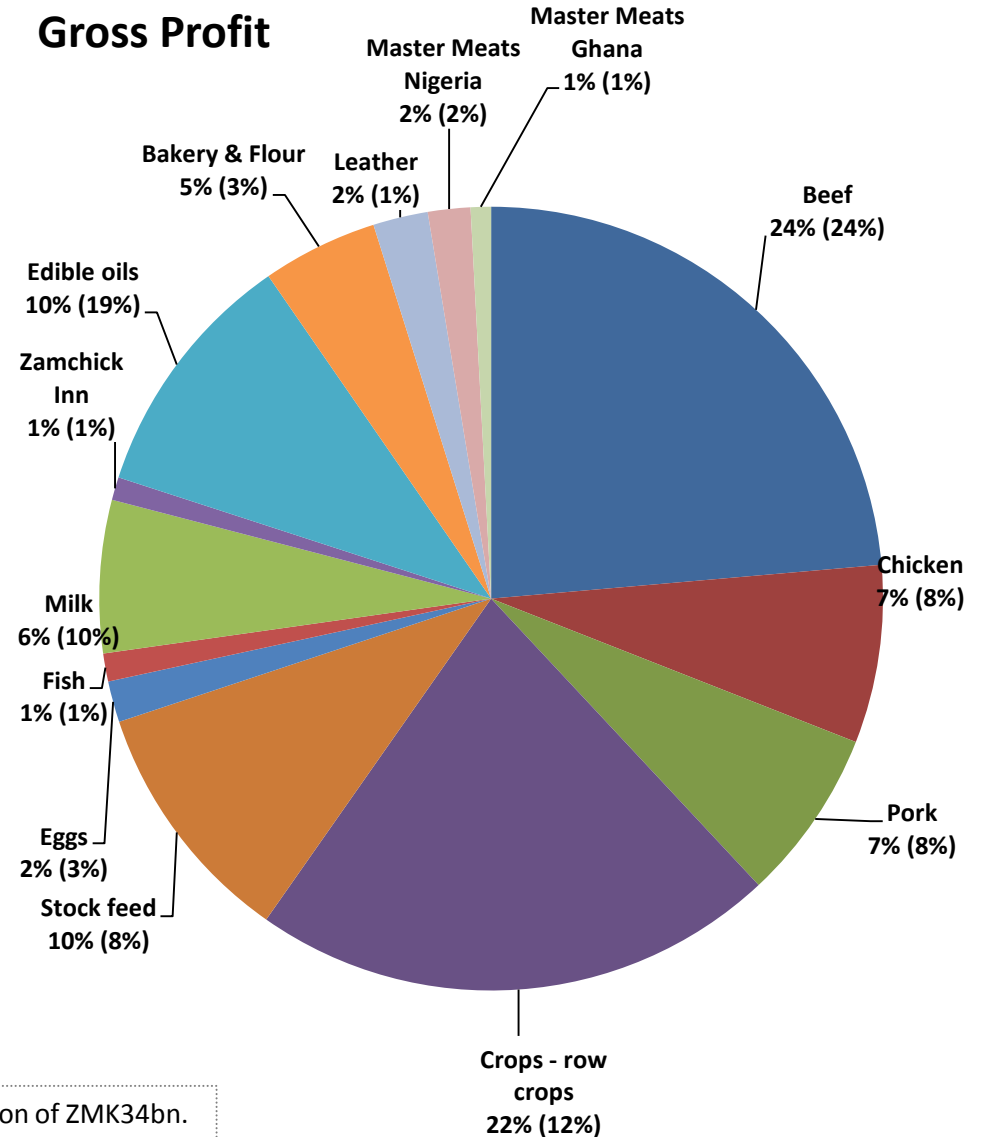
Segmental Summary



Revenue



Gross Profit



2012 gross profit figures exclude Zamanita ZRA tax liability provision of ZMK34bn.

*Numbers bracketed represent 2011 figures

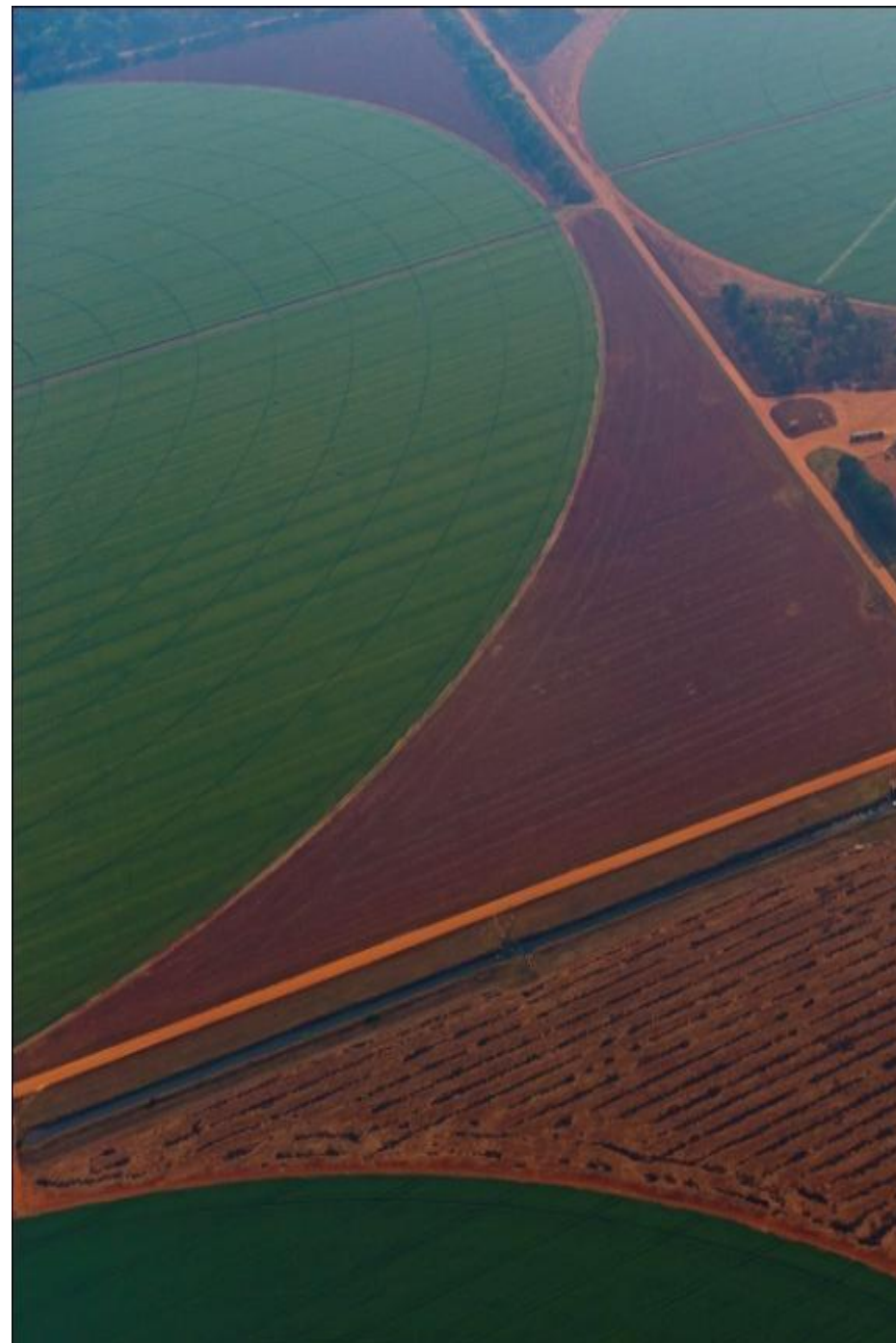
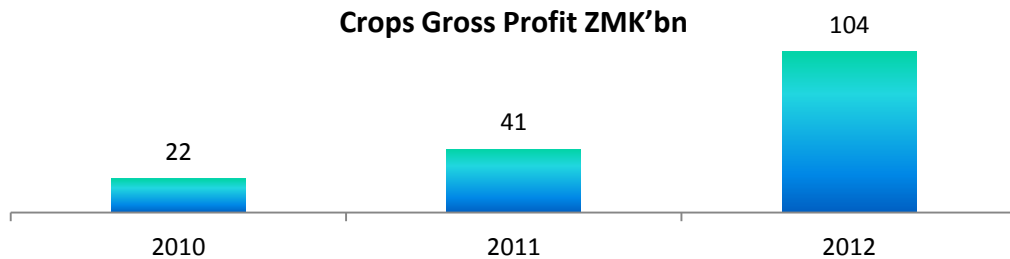
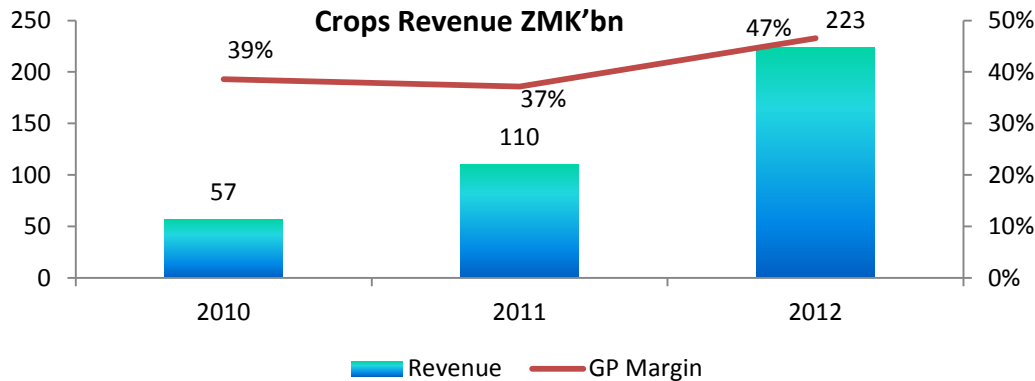


Divisional Review



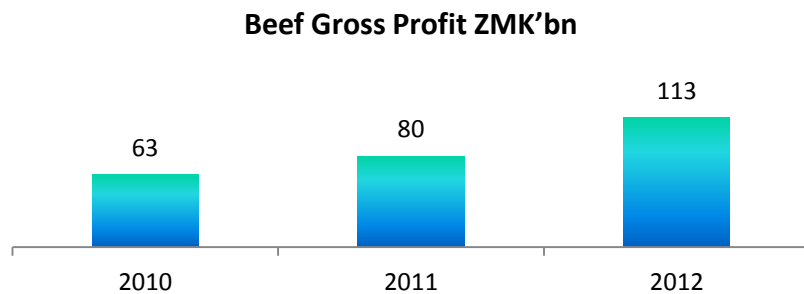
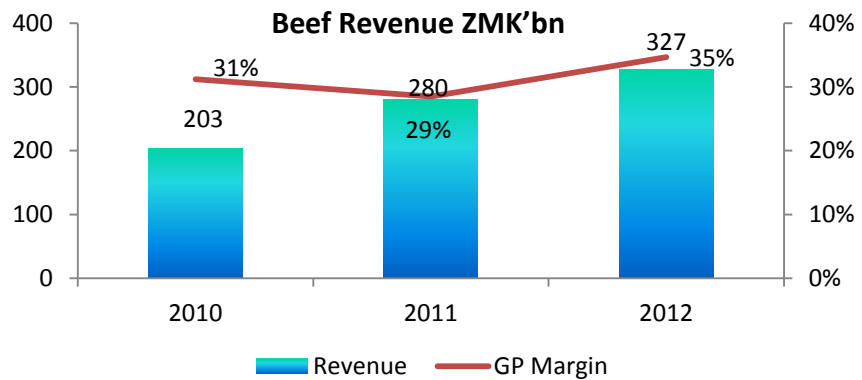
CROPPING

- Turnover increased by 102%, gross profit increased by 154% & margins increased from 37% to 47%
- Accounts for 15% of group turnover and 22% of gross profits
- Cropping's good performance was largely due to Mpongwe farm, which recorded very good yields
- 15,436 Ha planted during summer cropping; harvested 40,137 MT of soya beans and 21,751 MT of maize
- 8,082 Ha planted during winter cropping; harvested 45,308 MT of wheat
- Outlook – very positive, with the successful integration of Mpongwe farm and improving yields



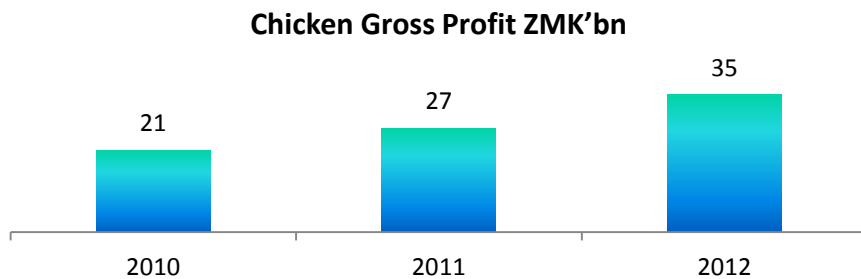
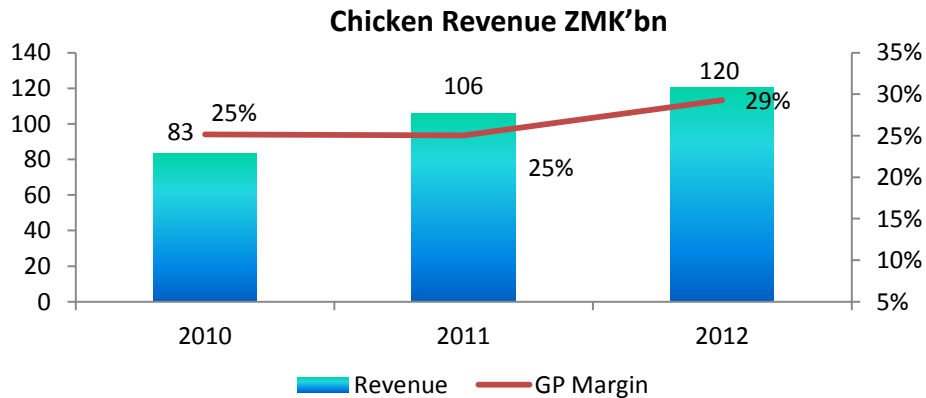
BEEF

- Turnover increased by 17%; gross profit increased by 42% and margins increased from 29% to 35%
- Accounts for 22% of group turnover and 24% of gross profits
- Demand continued to outstrip supply
- To mitigate this, Zambeef has:
 - Introduced a minimum guaranteed floor price to suppliers
 - Initiated programmes to help & educate small scale farmers in remote rural areas
- Outlook – stable, as the beef supply shortage will continue



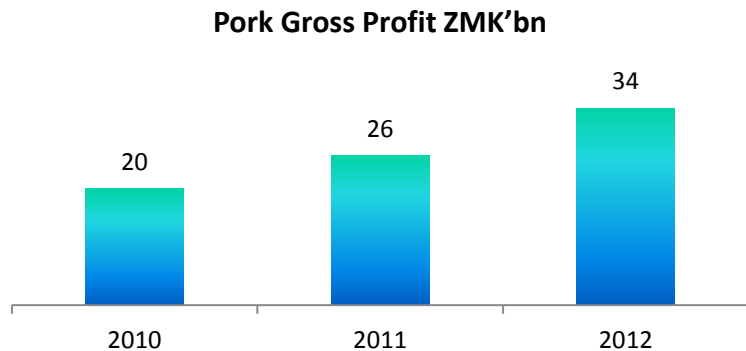
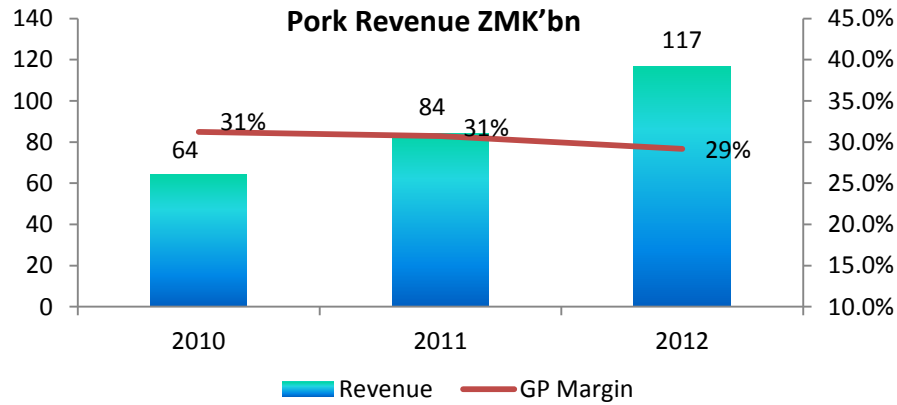
CHICKEN

- Turnover increased by 13%; gross profit increased by 33% and margins increased from 25% to 29%
- Accounts for 8% of group turnover and 7% of gross profits
- Demand continued to outstrip supply
- To mitigate this, Zambeef has built and stocked an additional 20 broiler houses
- Outlook – positive, as demand continues to be strong and the additional broiler houses should increase supply



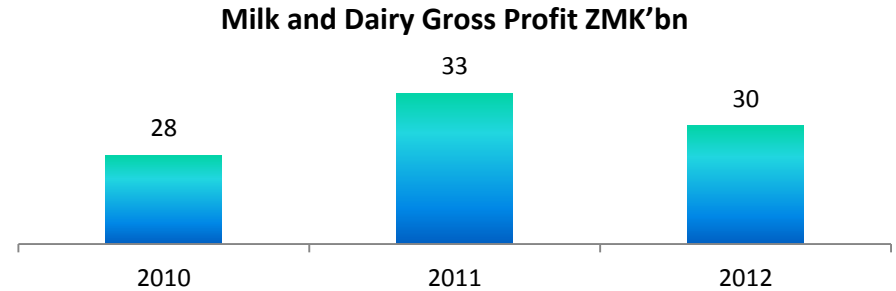
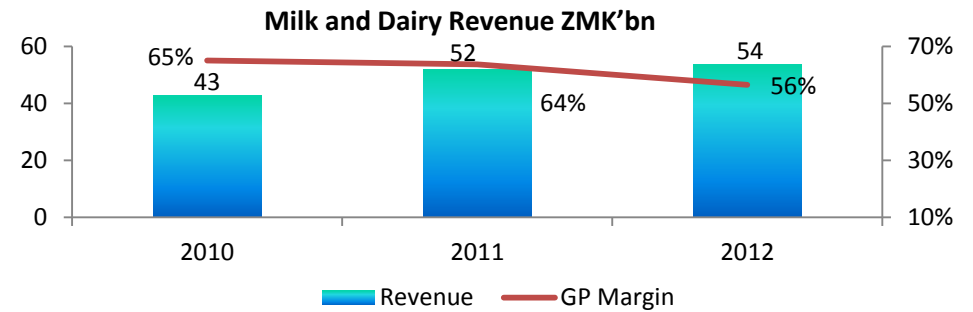
PORK

- Turnover increased by 38%; gross profit increased by 31% and margins decreased from 31% to 29%
- Accounts for 8% of group turnover and 7% of gross profits
- During the year, Master Pork built a new abattoir in Chingola & successfully commissioned the Hirsch-Pro 400 automated processing plant
- Outlook – very positive



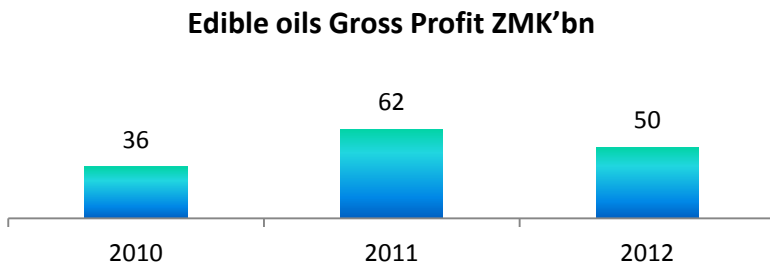
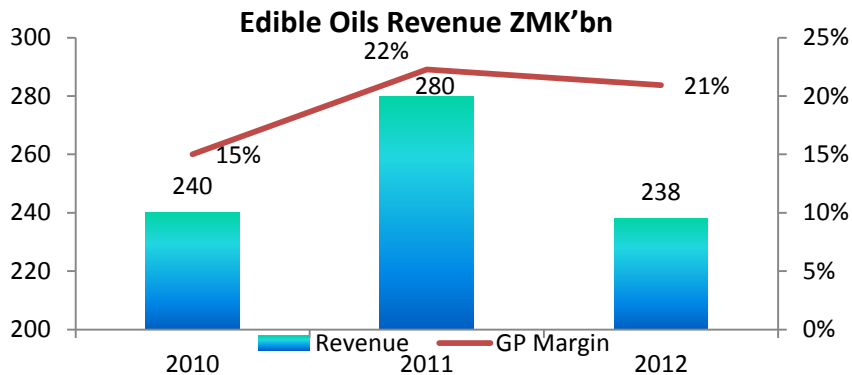
MILK & DAIRY

- Turnover increased by 3%; gross profit decreased by 8% and margins decreased from 64% to 56%
- Accounts for 4% of group turnover and 6% of gross profits
- Demand continues to outstrip supply, and we are currently not fulfilling as much as 50% of this demand
- To mitigate this, Zambeef will focus on: improving the health, productivity & nutrition of the dairy herd to improve yields; 180 in-calf & young heifers purchased from RSA last year will start producing milk towards end of 2013; more heifers from existing herd will also come into production & our long term aim is to increase the in-milk herd to 1,000 over the next 24 months
- Outlook - stable



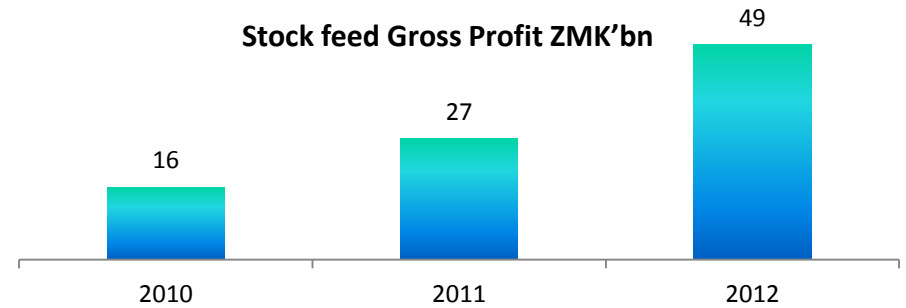
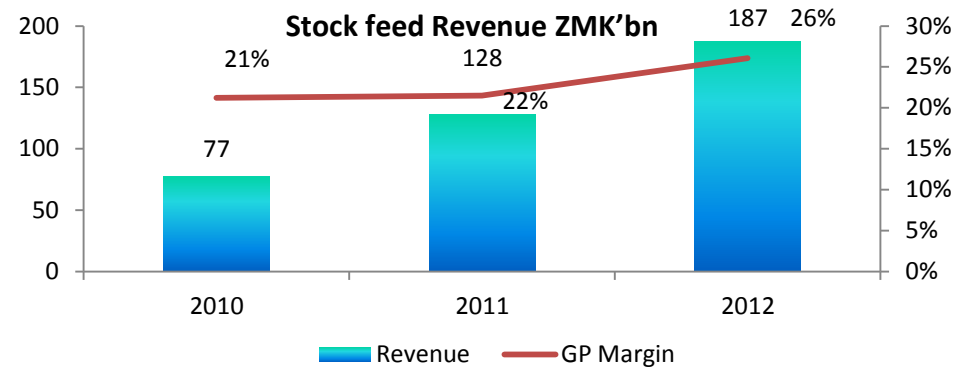
EDIBLE OILS

- Transitional year - soya crushing & SE Plant shut down for 10 months to carry out major upgrade & expansion
- Turnover decreased by 15%; gross profit decreased by 20% and margins decreased from 22% to 21% (excluding the Zamanita ZRA tax liability)
- Accounts for 16% of group turnover and 10% of gross profits
- Zamanita only crushed 10,000 MT of soya beans this FY and had to import edible oils (low margin)
- Outlook – very positive, with the upgrade & expansion now fully completed, and which increases crushing capacity to 100,000 MT p.a. The group has secured in excess of 80,000 MT of soya beans



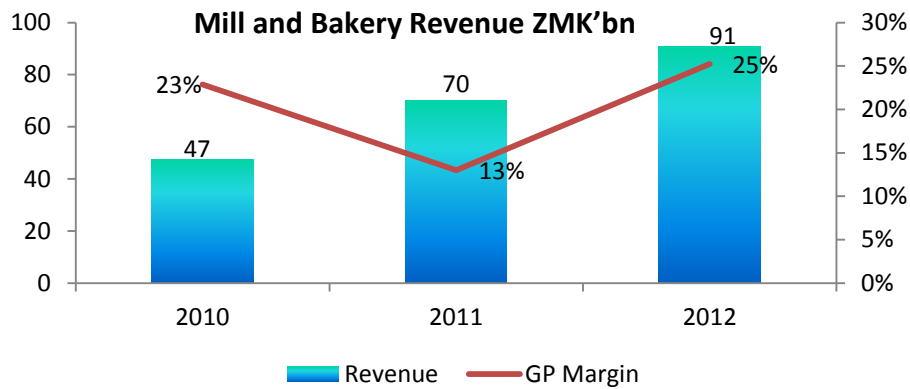
STOCK FEED

- Turnover increased by 47%; gross profit increased by 78% and margins increased from 22% to 26%
- Accounts for 12% of group turnover and 10% of gross profits
- Currently running at full capacity and still unable to meet demand
- Focus for 2012/2013:
 - Revamped mixer being assembled to relieve pressure on pelleting lines
 - 3rd pelleting line at an advanced stage & will come into production in 9-12 months time
- Outlook – very positive, with increased soya secured by the Group and Zamanita upgrade & expansion now complete

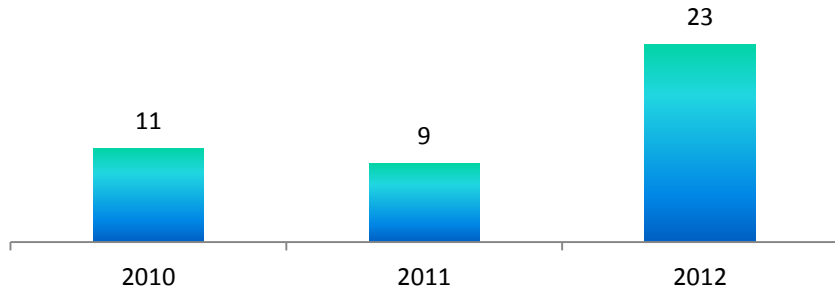


MILL & BAKERY

- Turnover increased by 29%; gross profit increased by 151% and margins increasing from 13% to 25%
- Accounts for 6% of group turnover and 5% of gross profits
- Most of the profitability came from the wheat milling division, with demand for flour being high
- Bakery margins under pressure due to intense competition & higher raw materials & transport costs
- Outlook – positive (mill) & stable (bakery)

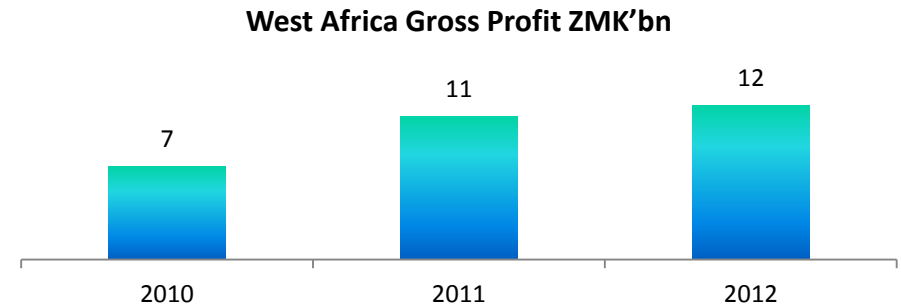
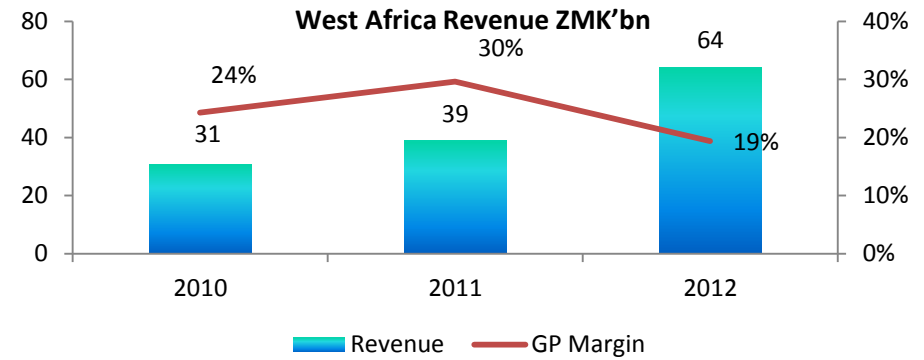


Mill and Bakery Gross Profit ZMK'bn



WEST AFRICA

- Turnover increased by 65%; gross profit increased by 8% and margins decreased from 30% to 19%
- Accounts for 4% of group turnover and 3% of gross profits
- We continue to roll-out our West Africa expansion plans, on the back of Shoprite's expansion in the region
- Currently 5 Shoprite stores in Nigeria & 2 in Ghana
- Shoprite's plan is to open another 4 stores within the next 24 months
- Outlook – positive, as soon as Shoprite achieves a critical mass of additional stores in West Africa





2012 Performance



Abridged Income Statement



K Millions	ACTUAL	ACTUAL	ACTUAL	% CHANGE	% CHANGE
	Y/E 2012 <i>incl Zamanita Provision</i>	Y/E 2012 <i>excl Zamanita Provision</i>	Y/E 2011	TO ACTUAL %	TO ACTUAL %
Turnover	1,296,339	1,296,339	983,138	31.86%	31.86%
Gross Profit	445,816	479,778	334,947	33.10%	43.24%
Other Income	3,506	3,506	1,147	205.67%	205.67%
Administrative expense	(388,067)	(372,879)	(265,857)	(45.97%)	(40.26%)
<i>Admin expense excl Depreciation</i>	(345,942)	(330,754)	(234,561)	(47.48%)	(41.01%)
<i>Depreciation</i>	(42,125)	(42,125)	(31,296)	(34.60%)	(34.60%)
Operating Profit	61,255	110,405	70,237	(12.79%)	57.19%
Interest Costs	(26,810)	(26,810)	(18,319)	(46.35%)	(46.35%)
Realised foreign exchange gains/(losses)	(4,953)	(4,953)	2,492	(298.76%)	(298.76%)
Unrealised foreign exchange gains/(losses)	(13,934)	(13,934)	(4,054)	(243.71%)	(243.71%)
Profit before Taxation	15,558	64,708	50,356	(69.10%)	28.50%
Income Tax expense	(2,895)	(2,895)	(1,514)	(91.22%)	(91.22%)
Deferred Tax	766	766	(4,302)	117.81%	117.81%
Profit after Taxation	13,429	62,579	44,540	(69.85%)	40.50%
Weighted Average EPS (Kwacha)	58.81	257.01	242.60	(75.76%)	5.94%
EBITDA	88,554	137,704	88,420	0.15%	55.74%
Gross Profit Margin	34.39%	37.01%	34.07%	0.32%	2.94%
Cost to Income Ratio	26.69%	25.51%	23.86%	(2.83%)	(1.66%)
EBITDA Margin	6.83%	10.62%	8.99%	(2.16%)	1.63%
Operating Profit Margin	4.73%	8.52%	7.14%	(2.42%)	1.37%
Net Profit Margin	1.04%	4.83%	4.53%	(3.49%)	0.30%
Interest Cover by PBIT	1.58	3.41	3.75		
Interest Cover by EBITDA	3.30	5.14	4.83		

Abridged Balance Sheet



	ACTUAL	ACTUAL	ACTUAL
	<i>incl Zamanita Provision</i>	<i>excl Zamanita Provision</i>	
ZMK'Ms	Y/E 2012	Y/E 2012	Y/E 2011
Non Current Assets	925 661	925 661	817 702
Current Assets	690 829	685 395	359 365
TOTAL ASSETS	1 616 490	1 611 056	1 177 067
Capital and Reserves	752 020	801 170	744 593
Non-Current Liabilities	374 229	374 229	188 494
Current Liabilities	490 241	435 657	243 980
TOTAL EQUITY AND LIABILITIES	1 616 490	1 611 056	1 177 067
Ratios			
Current Ratio	1.4	1.6	1.5
Total Debt / Equity Ratio	86.96%	81.63%	41.19%

Abridged Cash Flow



ZMK'Ms	ACTUAL	ACTUAL	ACTUAL
	<i>incl Zamanita Provision</i> Y/E 2012	<i>excl Zamanita Provision</i> Y/E 2012	Y/E 2011
Profit Before Taxation	15 558	64 708	50 356
EBITDA	88 554	137 704	88 420
Movement in Working Capital	(248 493)	(297 643)	(65 840)
Cash inflow/(outflow) from Operating activities	(159 939)	(159 939)	22 580
Purchase of PPE	(131 365)	(131 365)	(87 129)
Purchase of Mpongwe	-	-	(234 774)
Cash inflow/(outflow) from/(on) investment activities	(131 365)	(131 365)	(321 903)
Cash inflow/(outflow) before Finance activities	(291 304)	(291 304)	(299 323)
Cash inflow/(outflow) from financing	289 272	289 272	263 035
Cash at beginning of year	(71 781)	(71 781)	(30 627)
Effects of exchange rate changes	(24 739)	(24 739)	(4 866)
Cash at end of year	(98 552)	(98 552)	(71 781)

Segmental Summary



Segment	Revenue			Gross Profit			GP Margin	
	2011	2012	Change	2011	2012	Change	2011	2012
	ZMK'Bs	ZMK'Bs	%	ZMK'Bs	ZMK'Bs	%		
Beef	280	327	17%	80	113	42%	29%	35%
Chicken	106	120	13%	27	35	33%	25%	29%
Pork	84	117	38%	26	34	31%	31%	29%
Crops - row crops	110	223	102%	41	104	154%	37%	47%
Crops - palm	0	0	0%	(1)	0	100%	0%	0%
Stock feed	128	187	47%	27	49	78%	22%	26%
Eggs	20	18	-9%	9	8	-13%	47%	45%
Fish	15	26	69%	3	6	66%	22%	22%
Milk	52	54	3%	33	30	-8%	64%	56%
Zamchick Inn	8	10	22%	4	5	26%	43%	45%
Edible oils	280	238	-15%	62	50	-20%	22%	21%
Mill & Bakery	70	91	29%	9	23	151%	13%	25%
Leather	12	20	67%	3	11	215%	29%	54%
West Africa	39	64	65%	12	12	8%	30%	19%
Total	1 204	1 495		335	480			
Less: intra/inter group sales	-221	-199						
	983	1 296						

2012 edible oils gross profit figures exclude Zamanita ZRA tax liability provision of K34 billion.

Mpongwe Farm





Summary/Outlook

Summary/Outlook



- ❖ Integrated business model provides strong foundations for growth:
 - ✓ Underpins margin capture and value-add
 - ✓ Secures supply chain
 - ✓ Reduces risk and earnings volatility

- ❖ Large capital investments now complete:
 - ✓ Mpongwe farm successfully integrated with crop production ahead of budget
 - ✓ Upgrade and expansion programme at Zamanita has significantly increased crushing capacity
 - ✓ Expect return to positive net cash generation over next 12 months
 - ✓ Will enable Zambeef to start paying meaningful dividends from 2014

- ❖ Targeted re-investment will continue to drive organic growth via:
 - ✓ Increased production and efficiencies in stock feed, dairy and milk processing divisions
 - ✓ Additional retail and wholesale outlets

- ❖ Zambeef is well placed to achieve its long-term ambition to become one of the largest food producers in the region

- **Board looks forward to the future with confidence.**

Key Financial Goals



- 1) Grow top line revenue at a growth rate of at least 15% per year: 2012 = 32%
- 2) Improve Group gross margins to at least 35%: 2012 = 37%
- 3) Maintain a cost/income ratio of maximum 25%: 2012 = 25.5%
- 4) Grow bottom line profits at a growth rate of at least 15% per year: 2012 = 41%
- 5) Generate net positive cash by FYE 2013
- 6) Grow EPS at a minimum of 15% per annum: 2012 = 6%
- 7) Maintain a suitable and well structured debt profile:
 - Maintain debt/equity (gearing) ratio at between 30% - 50%: 2012 = 82%
 - Achieve an interest cover ratio by EBITDA of at least 5 times: 2012 = 5.1x
 - Maintain a Debt Service Coverage Ratio of at least 2 times: 2012 = 2.4x
 - Maintain a net debt/EBITDA ratio of less than 3.5 times: 2012 = 4.8x

2012 figures exclude Zamanita ZRA tax liability provision of ZMK49bn.

Zamanita: New Soya Crushing & SE Plant





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