



**For Immediate Release**

**28 March 2013**

**Zambeef Products plc**  
("Zambeef" or the "Group")

### **Pre Close Trading Update and Board Change**

Zambeef (AIM: ZAM), the fully integrated agri-business with operations in Zambia, Nigeria and Ghana, is pleased to provide an update on trading ahead of its half yearly results to be announced during the week commencing 10 June 2013.

#### **Overview**

The Company is pleased to confirm that it expects turnover and pre-tax profits for the six months period ended 31 March 2013 (excluding the sale of 49% of Zamchick Limited, details of which were announced on 4 February 2013) to be in line with management expectations.

Driven by continued growth in the Zambian economy and the expansion in the Group's production facilities, carried out during the previous financial year, trading conditions over the first six months of the financial year have remained strong. Demand for most product lines continues to increase, with particularly strong performances from cropping and stock feed.

Whilst supply issues on the protein segments have been addressed, the Group has experienced minor performance constraints in the chicken, pork and mill and bakery divisions. The chicken division suffered a temporary reduction in margins through a national over production in the last quarter of 2012. This has now reversed, and national production is expected to match demand going forward. In addition, a three-month ban on importation of raw materials in 2012 led to the pork division incurring additional storage costs and consequently a temporary erosion of margins. With this ban now lifted, the Group expects to report improved margins in the pork division in the second half of the current financial year. The 2013 national budget removed value added tax ("VAT") on wheat and wheat products with effect from January 2013. This led to reduced demand in the first three months of the current period as a result of expectations of reduced pricing from this date. Demand for flour is expected to be strong in the second half of the financial year and Zambeef welcomes the removal of VAT on wheat and wheat products.

The cropping division continues to perform well with Mpongwe Farm being the leading contributor to turnover and profitability. The stock feed division also continues to do well with year-on-year growth. The commencement of edible oil seed crushing at Zamanita from the end of September 2012 has resulted in substantial growth in turnover together with increasing gross margins during the period following an initial slow ramp up period. Zamanita expects to reach near capacity utilisation before year-end and is on track for its targets for the purchase of soya beans to ensure the plant will continue to run close to capacity for the next financial year. Production levels are also improving in the dairy, leading to increasing margins for the milk division. With the recent construction of two new layer houses, production in the egg division is also expected to significantly increase. The West African operations have shown improvement in both turnover and margin.

The local currency, the Kwacha, underwent a rebasing where the new currency (ZMW) is equivalent to 1,000 units of the old currency (ZMK). The currency has also weakened during the period.

### **Zambia Revenue Authority (“ZRA”)**

Further to previous announcements in relation to the tax demand made by the ZRA in respect of Zamanita, Zambeef made its final written submission to the Revenue Appeals Tribunal within the requisite ten-week period following the conclusion of the hearing. In turn, the ZRA submitted its defence on 25 March 2013, to which Zambeef now has ten working days to submit a response. A decision is not expected until towards the end of the current financial year.

As announced previously, a full provision amounting to ZMW49 million (approximately US\$9.7 million) was made in the accounts for the year ended 30 September 2012.

Further developments will be provided, as appropriate, in due course.

### **Zamchick Limited**

On 4 February 2013, the Group announced a joint venture with Rainbow Chickens, South Africa’s pre-eminent processor and marketer of chicken, whereby the Group would sell 49% of its shareholding in Zamchick Limited to Rainbow Chickens for a total sum of US\$14.25 million, subject to certain conditions being met. The joint venture is designed to leverage Rainbow’s track record of technical expertise in the chicken broiler business to grow this area of the Group’s operations, with a key focus on the processing of value added and processed chicken products, where Rainbow has demonstrated significant capabilities in the South African market. The Group has concluded most of the conditions precedent (“CP”) for this transaction, with one of the key outstanding CP being obtaining formal clearance from the Consumer Competition Protection Commission, which is expected shortly.

### **Francis Grogan, Chief Executive Officer of Zambeef, commented:**

*“We continue to see Zambeef grow at a significant rate. We are delighted with the commencement of oil seed crushing at Zamanita as this is one of the key drivers of growth.*

*Mpongwe Farm continues to exceed expectations and this, together with the increase in production facilities across the Group ensures Zambeef is well positioned to meet the challenge of increasing demand for food in the region.*

*Our joint venture with Rainbow Chickens of South Africa is extremely exciting as it allows the Group to utilise the experience of one of the largest chicken producers in sub-Saharan Africa and invest in the future with proceeds from the part disposal of our investment in the broiler division.*

*In order to further improve group-wide team working and more effective communication, the Company has taken the decision to formally expand the Management Committee (MANCO) set up last year into a Senior Management Committee, consisting of currently 18 senior managers and business unit heads. This committee will meet monthly and review and/or discuss operational performance and key strategic decisions. Further changes to the terms of reference and composition of the new Senior Management Committee will not, in future, be reported to the market.*

*We will continue to make targeted investment in infrastructure and facilities whilst satisfying consumer demand, increasing turnover and maintaining margins, and striving to improve our cash generation. I look forward to updating the market with our interim results in June 2013."*

### **Senior Management Changes**

Zambeef announces that Sushmit N Maitra, Finance Director of the Company, has given notice that he will not be renewing his employment contract expiring on 31 March 2013. However, he has committed to stay with the Company until 15 June 2013 in order to carry out a smooth transition and handover to his successor to ensure that there is minimal impact on the business from an operational perspective.

Craig Harris will be appointed as Chief Financial Officer (CFO) and Mr. Maitra's successor with effect from 15 June 2013. Currently Chief Administration Officer (CAO) of Zambeef, Mr. Harris began his career at accountancy firm, Fisher Hoffman Stride in 1989, before joining Deloitte & Touche in Johannesburg in 1992, where he was employed in the audit division and computer audit for over three years. He subsequently worked for Liberty Life as Financial Systems Risk Manager before joining Zambeef as CFO on 1 August 1996. He played a key role in the growth of Zambeef up until his return to South Africa in 2004. Immediately prior to rejoining Zambeef in March 2012, Mr. Harris served as the finance director of Cube Integrated Brand Campaigns, a broad based Black Economic Empowerment advertising agency in South Africa.

#### **Dr. Jacob Mwanza, Chairman of Zambeef, commented:**

*"We are sorry to see Sushmit leave the business, and wish him well in his future endeavours. He has made a valuable contribution to the Group, not least during the AIM admission process in 2011. I am delighted to welcome Craig as the CFO. His prior knowledge of Zambeef's operations and his recent position as CAO leave him very well placed to pick up the reins as CFO and assist in driving our continuing growth and expansion."*

Craig Harris (aged 45)

Current Directorship(s)

None

Past Directorship(s)

Cube Integrated Brand Campaigns (Pty) Ltd

There is no further information to be disclosed under Schedule 2, paragraph (g) of the AIM Rules for Companies.

For further information, please contact:

#### **Zambeef Products plc**

Francis Grogan, Chief Executive Officer

Carl Irwin, Director Strategy & Development

Tel: +260 (0) 9 7799 9001

Tel: +260 (0) 9 7799 9002

#### **Strand Hanson Limited**

Angela Hallett

James Spinney

Tel: +44 (0) 20 7409 3494

#### **Panmure Gordon Ltd**

Callum Stewart

Hannah Woodley

Tel: +44 (0) 20 7886 2500

**Buchanan**

Mark Edwards  
Sophie McNulty  
Louise Hadcocks

Tel: +44 (0) 20 7466 5000

**Notes to Editors**

The Zambeef Group is one of the largest integrated agri-businesses in Zambia, involved in the primary production, processing, distribution and retailing of beef, chicken, pork, milk, eggs, dairy products, flour, bread, edible oils and stock feed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana. The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 8,350 hectares of irrigated and approximately 8,650 hectares of rain-fed, arable, developed land available for planting each year.

The Group has approximately 5,500 employees.

Further information can be found on [www.zambeefplc.com](http://www.zambeefplc.com)

This publication is in line with standard practice for London Stock Exchange AIM listed Companies.

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