

Final Results

for the twelve months
to 30 September 2014



ZAMBEEF



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Overview

- A challenging year overall
 - Turnover USD279.5m (2013 : USD300.4m)
 - Adjusted* loss before tax USD0.3m (2013 : Profit USD5.7m)
 - Macro economic and external factors stabilise
- Strong end to the year
 - H1 Adjusted* loss before tax – USD3.1m
 - H2 Adjusted* profit before tax – USD2.8m
- Good performance
 - Chicken, Pork, Egg, Milk & Dairy, Leather, West Africa
 - Retail
- Challenging performance
 - Edible Oils, Stock Feed
- Management

“Although the overall loss for the year is disappointing, it is pleasing to report that the results for the second half show that the business is firmly back on track”

(*adjusted profit/loss before tax excludes unrealised loss of USD3.3m)



An aerial photograph of a coastal agricultural landscape. The foreground is dominated by a deep blue body of water with visible ripples. A narrow strip of land with sparse vegetation and some buildings separates the water from a vast expanse of green agricultural fields. The fields are divided into large, irregular sections by dirt roads and paths. In the background, there are rolling hills and mountains under a clear sky. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text "2014 Financials".

2014 Financials

Abridged Income Statement



	30 September 2014	30 September 2013	% Change
	USD'000	USD'000	
Turnover	279,465	300,388	-7.0%
COS	(185,075)	(196,286)	-5.7%
Gross Profit	94,389	104,102	-9.3%
Other Income	484	97	399.3%
Administrative Expenses	(84,033)	(89,300)	-5.9%
Administrative Expenses (exc depreciation)	(73,579)	(79,835)	-7.8%
Depreciation	(10,454)	(9,465)	10.4%
Operating Profit	10,840	14,899	-27.2%
Finance Costs	(8,605)	(7,699)	11.8%
Foreign Exchange Losses	(5,834)	(2,955)	97.4%
Unrealised	(3,294)	(1,545)	113.2%
Realised	(2,540)	(1,410)	80.1%
Impairment	-	(134)	-100.0%
Profit Before Taxation	(3,598)	4,111	-187.5%
Income Tax	163	(1,091)	-114.9%
Profit After Taxation	(3,435)	3,020	-213.8%
Adjusted Profit/(loss) Before Taxation	(304)	5,656	-105.4%
EBITDA	18,259	22,498	-18.8%
Gross Profit Margin	33.78%	34.66%	-2.5%
Cost to Income Ratio	26.33%	26.58%	0.9%
EBITDA Margin	6.53%	7.49%	-12.8%
Operating Profit Margin	3.88%	4.96%	-21.8%
Net Profit Margin	-1.23%	1.01%	-222.3%
Interest Cover by EBITDA	2.12	2.92	-27.4%
Average exchange rate	5.88	5.31	

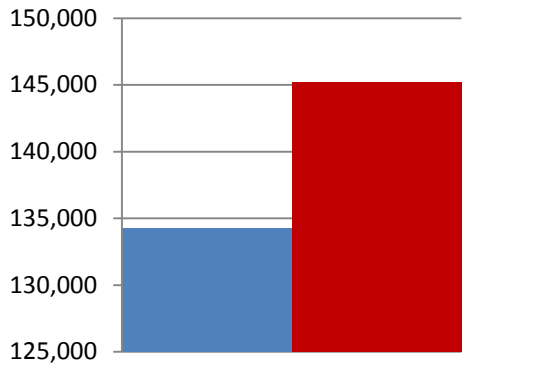
H1 & H2 Income Statement



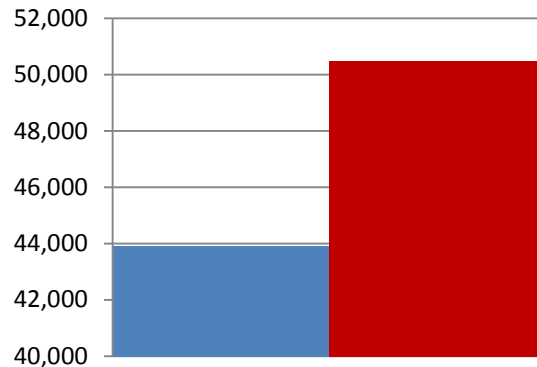
Abridged Income Statement - H1 & H2			
	30 September 2014	Half 2	Half 1
	USD'000	USD'000	USD'000
Turnover	279,465	145,197	134,268
Gross Profit	94,389	50,487	43,903
Other Income	484	484	-
Administrative Expenses	(84,033)	(42,716)	(41,317)
Administrative Expenses (exc depreciation)	(73,579)	(37,273)	(36,306)
Depreciation	(10,454)	(5,443)	(5,011)
Operating Profit	10,840	8,255	2,586
Finance Costs	(8,605)	(4,777)	(3,828)
Foreign Exchange Losses	(5,834)	(817)	(5,017)
Unrealised	(3,294)	(132)	(3,162)
Realised	(2,540)	(685)	(1,855)
Profit/(loss) Before Taxation	(3,598)	2,660	(6,259)
Income Tax	163	411	(248)
Profit/(loss) After Taxation	(3,435)	3,072	(6,507)
Average exchange rate	5.88		

H1 v H2 Key Ratio Charts

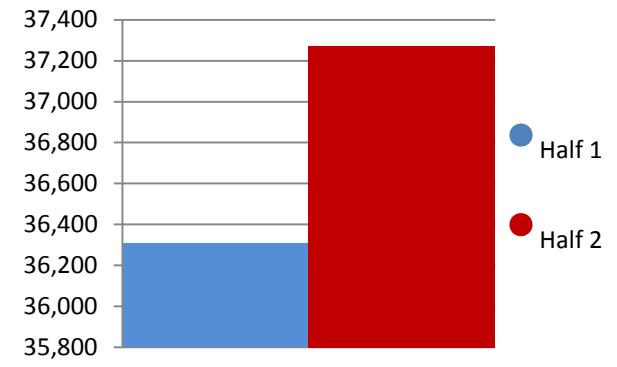
USD'000



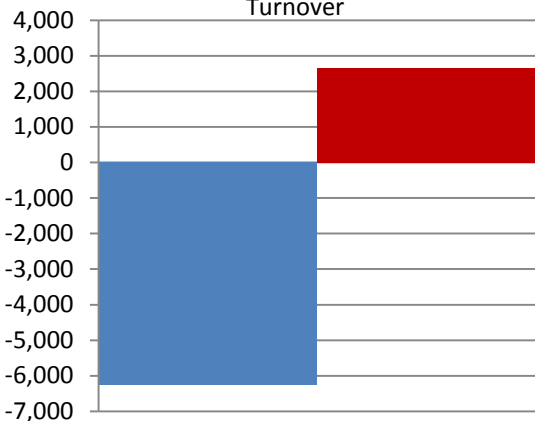
Turnover



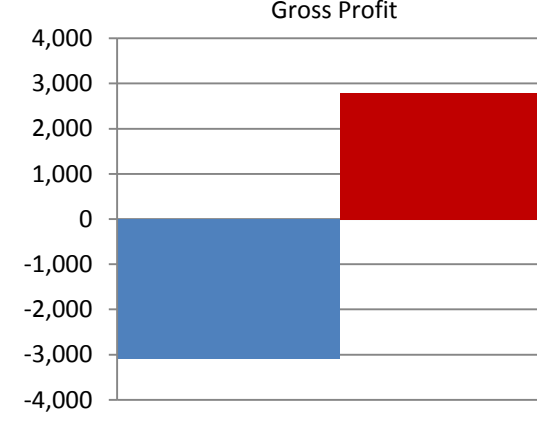
Gross Profit



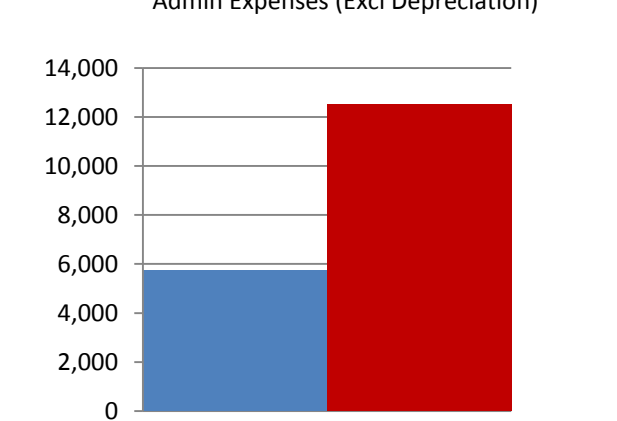
Admin Expenses (Excl Depreciation)



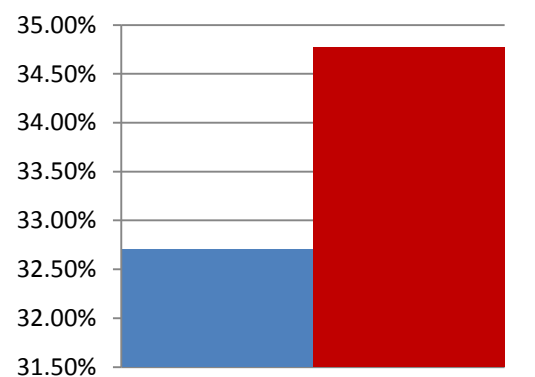
Profit/Loss After Tax



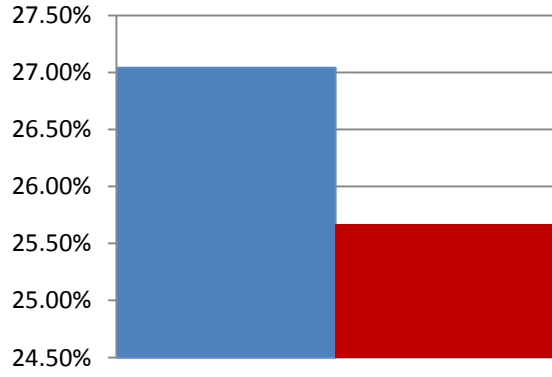
Adjusted Profit/ Loss Before Tax



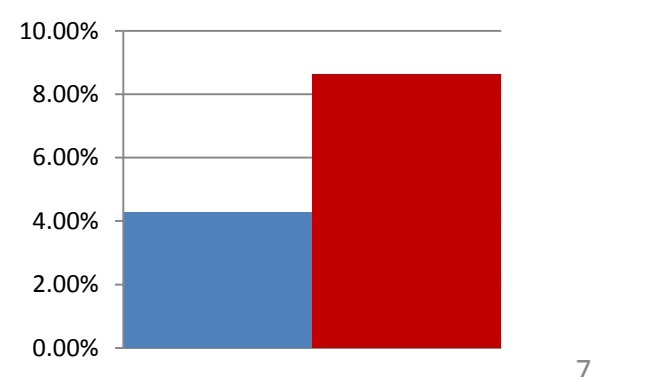
EBITDA



Gross Profit Margin (%)



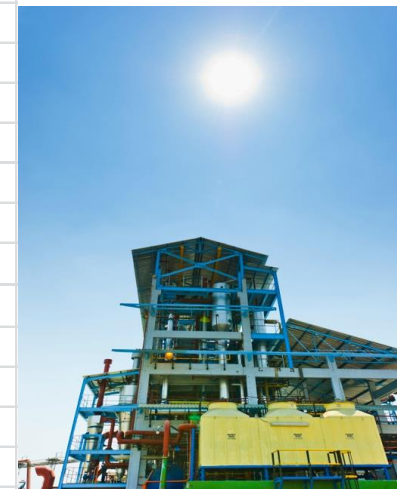
Cost to Income Ratio (%)



EBITDA Margin (%)

Abridged Balance Sheet

	30 September 2014	30 September 2013
	USD'000	USD'000
Non-current assets	257,182	280,285
Current assets	115,538	122,566
TOTAL ASSETS	372,720	402,851
Capital and reserves	214,249	254,348
Non-current liabilities	63,374	68,726
Current liabilities	95,097	79,777
TOTAL EQUITY AND LIABILITIES	372,720	402,851
Ratios		
Current Ratio	1.21	1.54
Total Debt / Equity Ratio	56.3%	45.50%



Abridged Cash Flow

	30 September 2014	30 September 2013
	USD'000	USD'000
Profit before taxation	(3,598)	4 111
EBITDA	18,259	22 498
Movement in working capital	(4,456)	(2,029)
Cash inflow from operating activities	13,803	20,469
Cash (outflow) / inflow (on) / from investing activities	(16,992)	590
Cash (outflow) / inflow before financing activities	(3,189)	21,059
Cash (outflow) on financing activities	(10,069)	(6,377)
(Decrease) / Increase in cash and cash equivalents	(13,258)	14,682
Cash and cash equivalents at beginning of year	(8,311)	(19,324)
Effects of exchange rate changes	(2,014)	(3,669)
Cash and cash equivalents at end of year	(23,583)	(8,311)



Divisional Revenue and Gross Profit



Revenue and Gross Profit Summary						
	2014	2013		2014	2013	
	Revenue	Revenue		Gross Profit	Gross Profit	
Segment	USD'000	USD'000	Movement	USD'000	USD'000	Movement
Beef	58 806	60 998	-3.6%	18 233	19 633	-7.1%
Stock Feed	57 699	49 757	16.0%	9 301	11 120	-16.4%
Edible Oils	53 859	69 764	-22.8%	11 077	19 202	-42.3%
Crop-Row Crops	51 635	78 173	-33.9%	26 411	29 125	-9.3%
Chicken	24 082	25 437	-5.3%	5 313	5 080	4.6%
Pork	20 935	21 749	-3.7%	3 341	2 458	35.9%
Master Meats Nigeria	16 450	13 047	26.1%	3 977	2 921	36.1%
Milk	14 011	11 563	21.2%	7 150	4 962	44.1%
Mill & Bakery	12 201	14 840	-17.8%	2 560	3 002	-14.7%
Eggs	5 496	4 638	18.5%	2 041	1 687	21.0%
Leather	4 983	4 159	19.8%	1 970	1 298	51.7%
Fish	3 646	4 428	-17.7%	1 277	1 672	-23.6%
Master Meats Ghana	3 317	3 040	9.1%	904	860	5.1%
Zamchick Inn	1 812	2 263	-19.9%	836	1 082	-22.7%
	328 931	363 856	-9.6%	94 389	104 102	-9.3%
Less: intra/inter Group sales	49 466	63 468				
Revenue per Income Statement	279 465	300 388	-7.0%			
Average rate	5.88					

Divisional Review

Perishables

- **Beef**
GP: USD18.2m, down 7.1%
 - Excellent performance in H2
 - Commercial cattle supply stable
 - Traditional cattle supply pressure
- **Chicken and Egg**
GP: USD7.4m, up 8.7%
 - Volume growth
 - Zamchick JV with Rainbow
 - Expansion of value added range
 - Individually Quick Frozen Portions (IQF)
 - Zamhatch JV targeting supply of DOC's in 2015
 - Excellent performance in H2
- **Milk and Dairy**
GP: USD7.2m, up 44.1%
 - Processing capacity increased
 - Product range increased
 - Dairy capacity increased
 - Yields increased
- **Pork**
GP: USD3.3m, up 35.9%
 - African Swine Fever in H1
 - H2 contributed 67.61% of GP

Farming

- **Cropping**
GP: USD26.4m, down 9.3%
 - 23,515 hectares planted
 - Soya bean prices down, wheat prices up
 - Excellent yields
- **Palm**
 - 2,132 hectares planted
 - First FFB expected 2015

Manufacturing

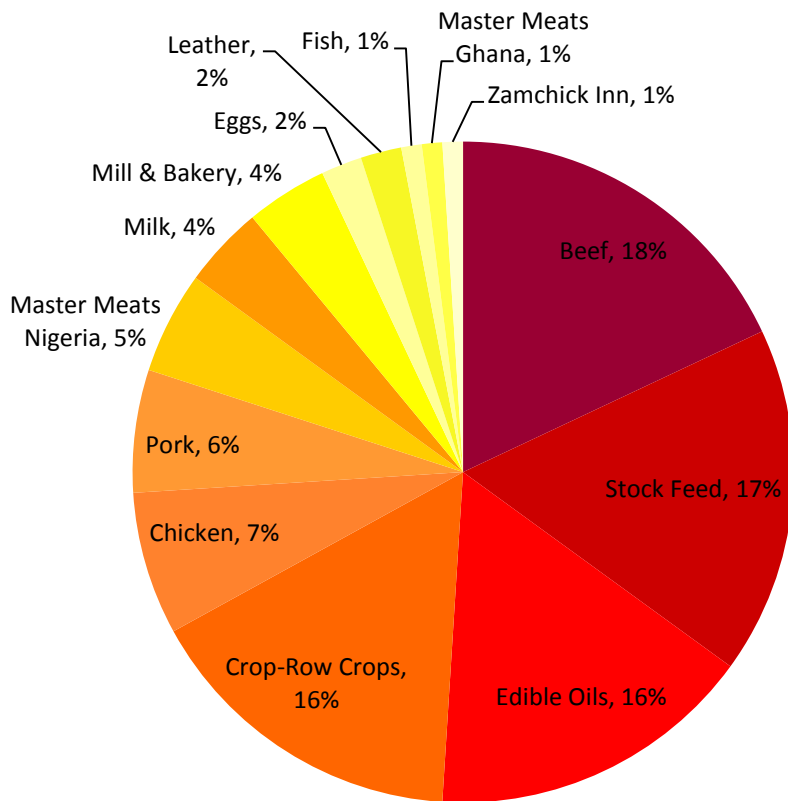
- **Edible Oils**
GP: USD11.1m, down 42.3%
 - 58,747 M.T. crushed (86,495 M.T. in 2013)
 - Expensive soya beans purchased
 - Low soya meal and oil prices
- **Stock Feed**
GP: USD9.3m, down 16.4%
Revenue: USD57.7m, up 16%
 - Increased market share
 - Increased capacity
 - Second pelleting line commissioned
- **Zamleather**
GP: USD2.0m, up 51.7%
 - Only operational tannery in Zambia
 - Increased volumes
 - Demand for leather and shoes high
- **Mill and Bakery**
GP: USD2.6m, down 14.7%
 - Bakery closed
 - Reduced flour prices



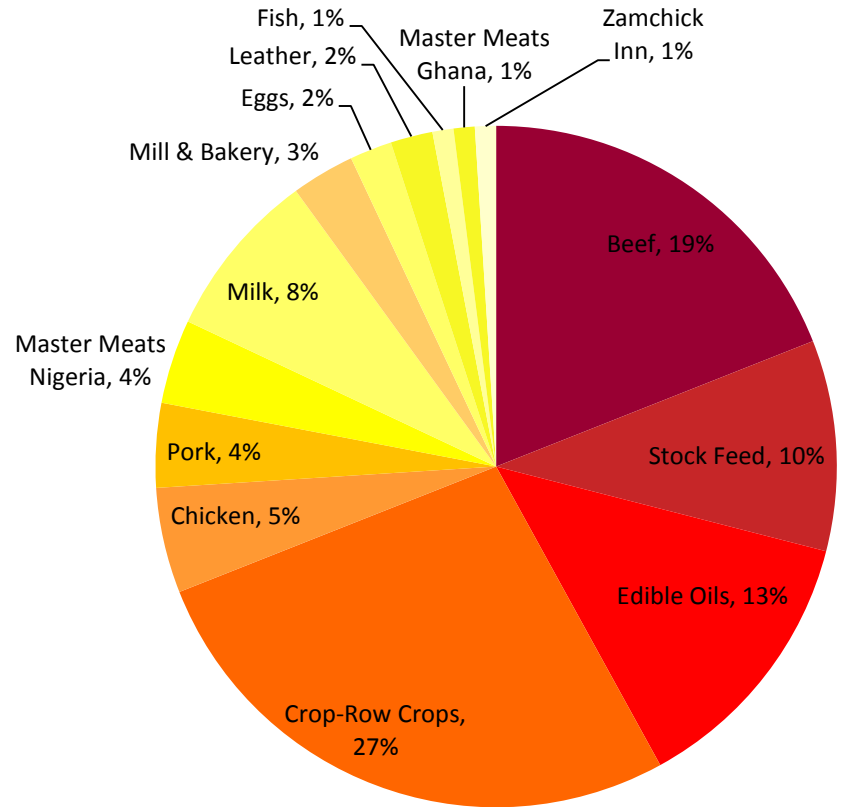
Segmental Summary



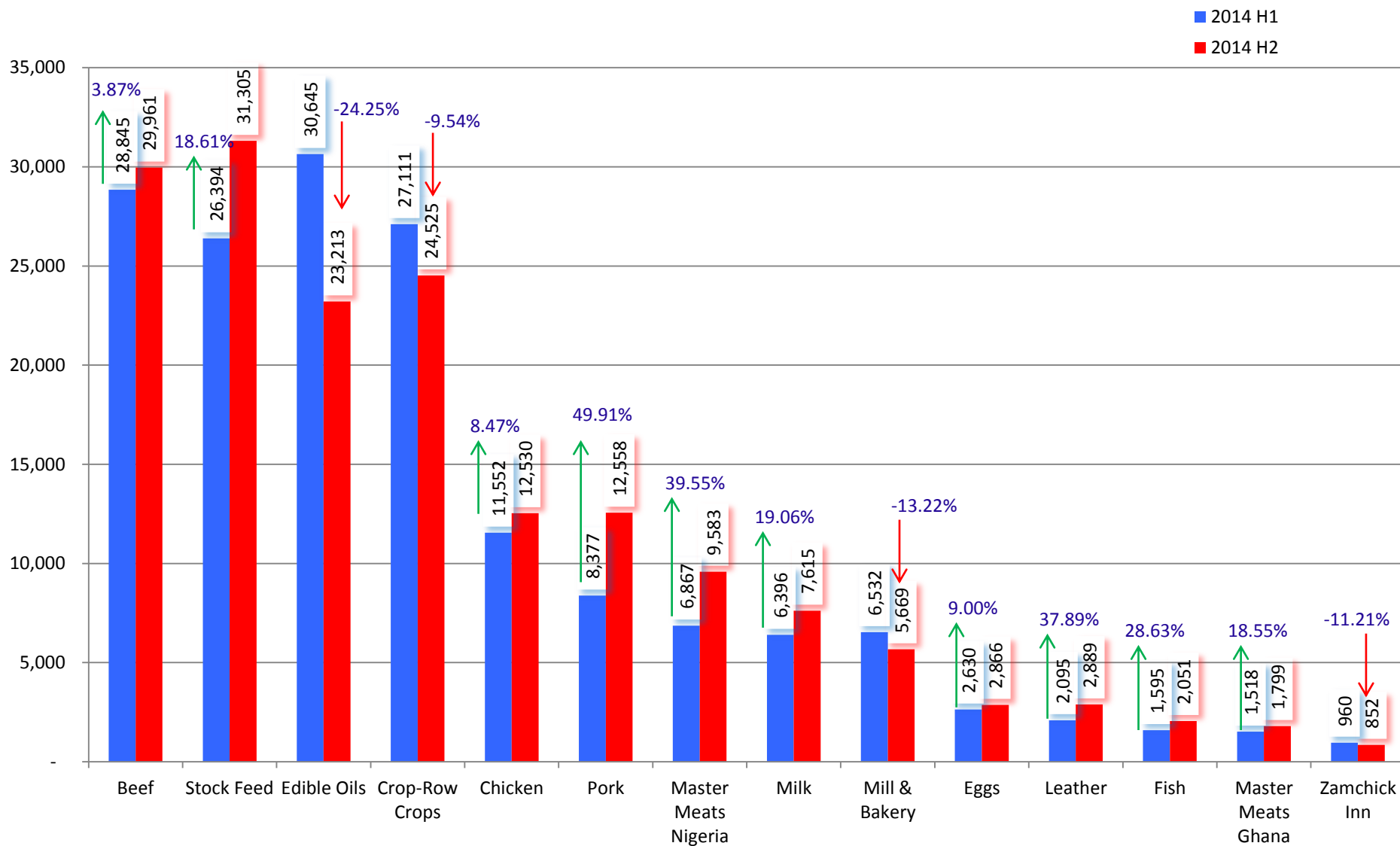
Revenue



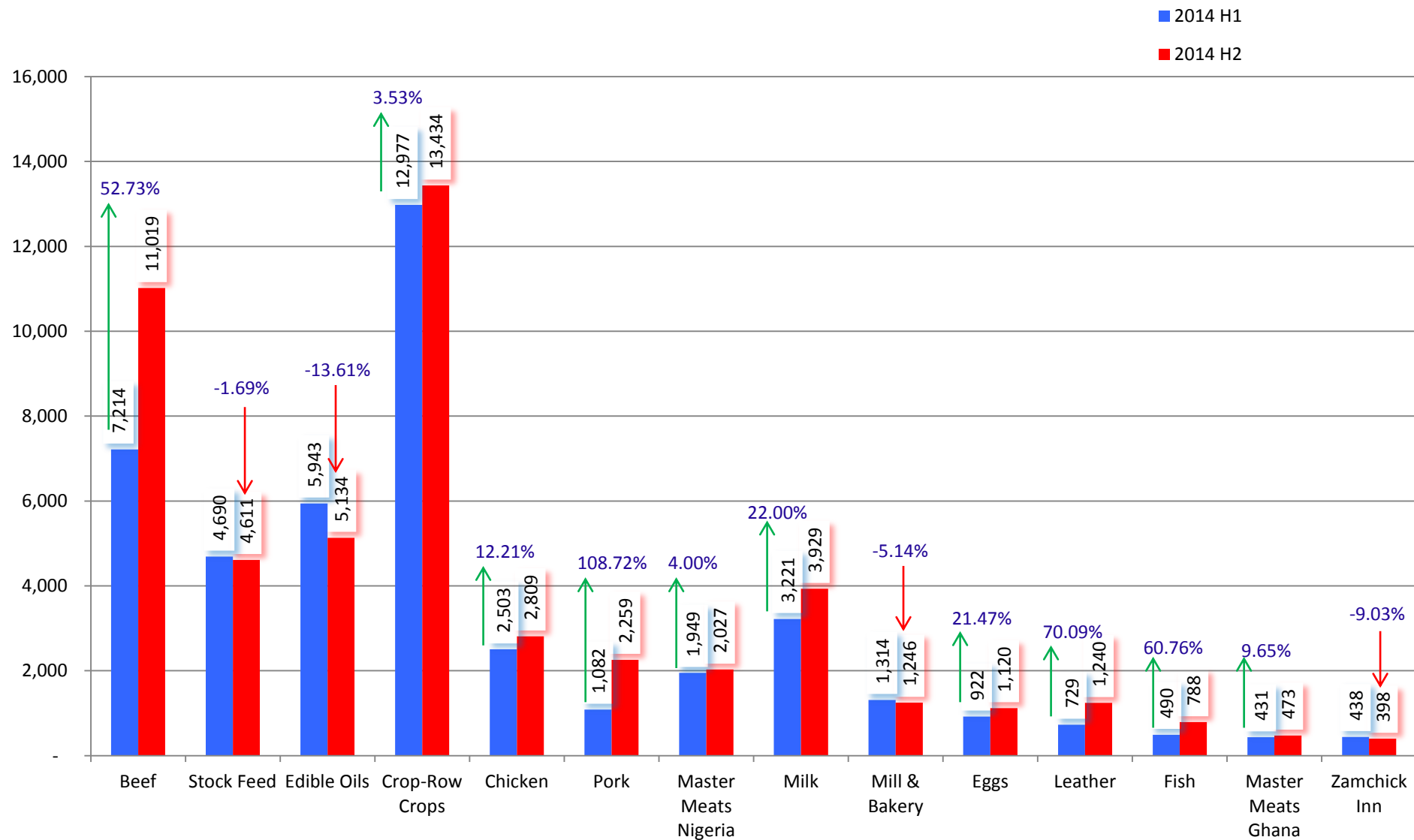
Gross Profit



Divisional H1 & H2 Revenue (USD'000)



Divisional H1 & H2 Gross Profit (USD'000)

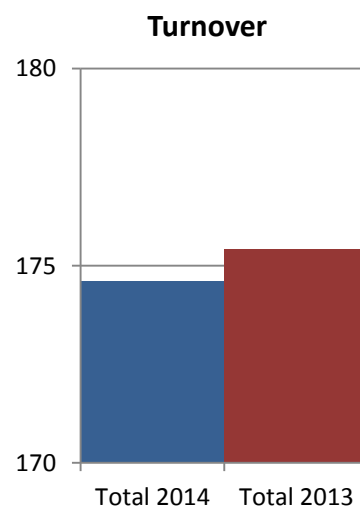
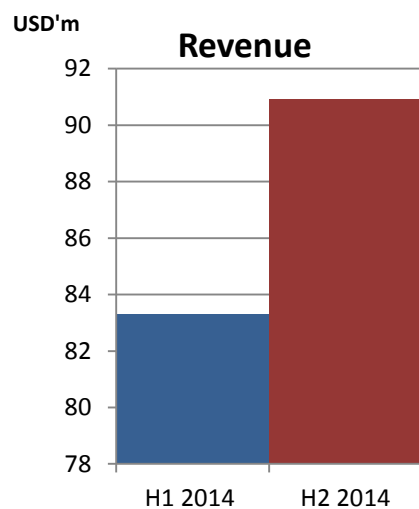


Retail



- Revenue from core cold chain food products – beef, chicken, pork, dairy, eggs, were up by 13.4% in H2
- 98 Zambeef Stores- 92 in Zambia, 6 in Nigeria
- 7 new shoprite stores in 2014 (total 37, 22 Zambia, 11 Nigeria, 4 Ghana), 5 planned for 2015

	H1 2014	H2 2014	% Change	Total 2014	Total 2013	% Change
	USD'm	USD'm		USD'm	USD'm	
Revenue	83.8	90.9	8.50%	174.7	175.4	-0.40%



Outlook

- Trading continuing trend set in H22014
- Focus on Strategic Priorities
 - Retailing of cold chain meat and dairy products
 - Where appropriate, forging strategic alliances and partnerships with industry players
 - Unlocking value and capital gains from within the group and reduce debt / gearing
 - Developing the business into a regional food supplier

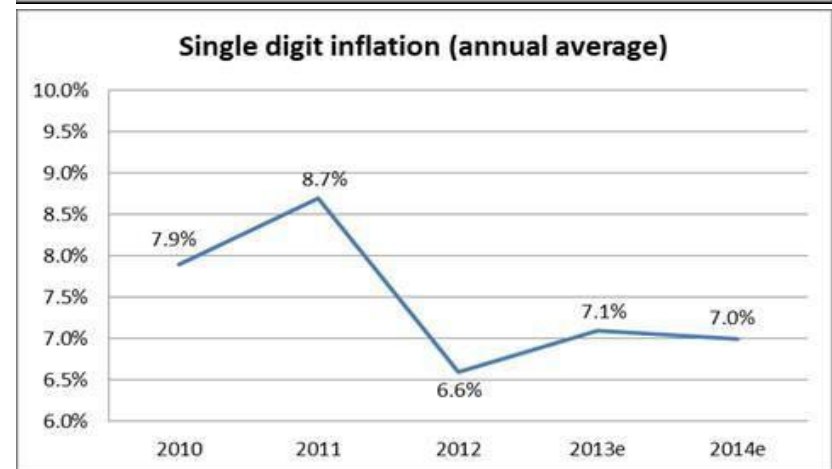
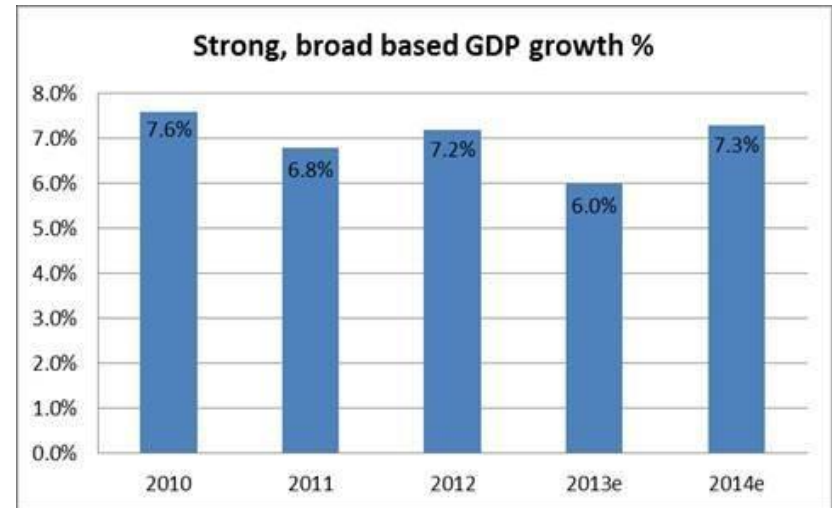


APPENDICES



Attractive Zambia Fundamentals

- One of the fastest growing economies in SAA; with GDP growth averaging more than 6.5% over the last 5 years
- Ranked 9th in IMF's forecast of the world's fastest growing global economies
- Consumer sector growing at an average of >14%
- GDP per capita has increased from USD1,110 (2009) to USD 1,487 (2013); & expected to be over USD2,000 by 2017
- Current population of c.14.2m; population growth rate of 2.5% forecast between 2012-2016, population expected to increase to over 16m by 2017
- Attractive demographic profile - youth population as a % of total working population is c.90%
- Urbanisation expected to grow by >30% between 2010 –20
- World Economic Forum named Zambia as the number seven most competitive economy in Africa



Why Invest In Africa?



	Today	Future
GDP Growth	Increased to 4.7% in 2013 supported by robust domestic demand, notably investment growth	Strengthening external demand is expected to support growth over the forecast horizon, with GDP growth projected to rise to 5.5% in 2016
Population	1 billion people in 2010	Estimated to increase to 1.4 billion in 2025 and 1.9 billion in 2050
Urbanisation	One third of the African population currently lives in cities	In the next 30 years, the expected to increase to half of the continent's population
Working Age Population	In 2010, 34 per cent of Africans were aged between 25 and 59. This represent 34% of the population or 353 million people	By 2050 this number is expected to reach 892 million people, representing 45% of the population
Middle Class (Those spending between US\$2 – US\$20 a day)	313 million in 2010	1.1 billion in 2060



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