

# Final Results

for the twelve months  
to 30 September 2014



**ZAMBEEF**



# Disclaimer



THIS DOCUMENT ("DOCUMENT") IS STRICTLY CONFIDENTIAL AND IS BEING PROVIDED TO YOU SOLELY FOR YOUR GENERAL BACKGROUND INFORMATION. THE DISTRIBUTION OF THIS DOCUMENT MAY BE RESTRICTED BY LAW. ACCORDINGLY, THIS DOCUMENT MAY NOT BE DISTRIBUTED IN ANY JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE TO SUCH JURISDICTION. IN PARTICULAR, YOU MAY NOT DISTRIBUTE, FORWARD, REPRODUCE, TRANSMIT OR OTHERWISE MAKE AVAILABLE THIS DOCUMENT OR DISCLOSE ANY INFORMATION CONTAINED IN IT OR CONVEYED DURING ANY ACCOMPANYING ORAL PRESENTATION (THE "INFORMATION") , IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN, OR IN ANY OTHER JURISDICTION WHERE TO DO SO WOULD BE UNLAWFUL. FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF APPLICABLE SECURITIES LAWS. PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES ARE REQUIRED BY THE COMPANY TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. NEITHER ZAMBEEF PRODUCTS PLC ("THE COMPANY") NOR ITS DIRECTORS, OFFICERS, EMPLOYEES, RESPECTIVE AFFILIATES, SUBSIDIARIES, AGENTS OR ADVISERS ACCEPT ANY LIABILITY TO ANY PERSON IN RELATION TO THE DISTRIBUTION OR POSSESSION OF THIS DOCUMENT IN OR FROM ANY JURISDICTION.

The Document and the Information have been prepared by or on behalf of, and are the sole responsibility of, the Company. The Information is being provided to you during an oral presentation (the "Presentation") and is not a complete record of that discussion. The Information does not purport to be full or complete and does not constitute investment advice. No representation or warranty, express or implied, is given by or on behalf of the Company, its affiliates, agents or advisers or any other person as to, and no reliance may be placed for any purposes whatsoever on, the adequacy, accuracy, completeness, fairness or reasonableness of the Information. None of the Information has been independently verified by the Company, its affiliates, agents or advisers or any other person, and no liability or responsibility whatsoever is accepted by any of them for any loss howsoever arising, directly or indirectly, from any use of the Information or otherwise arising in connection therewith. The Company, its affiliates, agents and advisers do not undertake and are not under any duty to update this Document or to correct any inaccuracies in the Information which may become apparent, or to provide you with any additional information.

The sole purpose of this Document and the Presentation is to provide background information to assist you in obtaining a general understanding of the business of the Company. Neither this Document nor the Presentation constitute an offer to sell, or a solicitation of an offer to buy or subscribe for, securities of the Company in any jurisdiction. Neither this Document nor the Presentation are intended to provide the basis of any investment decision, financing or any other evaluation and are not to be considered as a recommendation by the Company, its affiliates, agents or advisers that any recipient of this Document purchase or subscribe for any securities in the Company. Each recipient of this Document contemplating any investment in the Company is required to make and will be deemed to have made its own independent investigation and appraisal of the business, results of operations, financial condition, liquidity, performance and prospects of the Company and the merits and risks of an investment in the securities of the Company. The delivery of this Document at any time does not imply that the information in it is correct as of any time after its date, or that there has been no change in the business, results of operations, financial condition, liquidity, performance and prospects of the Company since that date and no obligations is accepted to update any such information after the date of the Document. No person affiliated with the Company, their directors, officers, employees, respective affiliates, agents or advisers has been authorised to give any information or to make any representation not contained in this Document and, if given or made, such information or representation must not be relied upon.

The securities of the Company have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This Document and the Presentation have not been approved by an authorised person pursuant to Section 21 of the Financial Services and Markets ACT 2000 and accordingly, in the United Kingdom, this Document and the Presentation are directed solely at persons having professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotions Order"), to persons who are high net worth companies, unincorporated associations or high value trusts as specified in Article 49(2) of the Financial Promotion Order or to any other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). This Document and the Presentation must not be acted on and relied upon by any other person. Any investment or investment activity to which this communication relates to is available to relevant persons and will be engaged in only with relevant persons. In addition to the foregoing restrictions, this Document and the Presentation are made and directed only at persons falling within the meaning of "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000 (as amended).

This Document may contain forward-looking statements, including, but not limited to, statements as to the Company's business, results of operations, financial condition, liquidity, performance and prospects and trends and developments in the markets in which the Company operates. Forward-looking statements include all statements other than statements of historical fact and in some cases may be identified by terms such as "targets", "believes", "expects", "anticipates", "estimates", "aims", "intends", "will", "may", "would", "could" or, in each case, their negative or comparable terms. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors, which may be beyond the control of the Company, its affiliates, agents and advisers, could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements in this Document reflect the Company's view with respect to future events as at the date hereof and are subject to known and unknown risks, uncertainties and assumptions relating to the Company's operations, results of operations, financial condition, growth, strategy, liquidity and the markets in which the Company operates. No assurances can be given that the forward-looking statements in this Document will be realised. Forward-looking statements are not guarantees of future performance. The Company, its affiliates, agents and advisers undertake no obligation and do not intend to update any forward-looking statements in this presentation to reflect events or circumstances after the date of this presentation.

# Overview

- A challenging year overall
  - Turnover ZMW1643.3m (2013 : ZMW1595.1m)
  - Adjusted\* loss before tax ZMW1.8m (2013 : Profit ZMW30m)
  - Macro economic and external factors stabilise
- Strong end to the year
  - H1 Adjusted\* loss before tax – ZMW18.2m
  - H2 Adjusted\* profit before tax – ZMW16.4m
- 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 ZMW19.4m)



An aerial photograph of a coastal agricultural landscape. The foreground is dominated by deep blue 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 box is overlaid on the left side of the image, containing the text "2014 Financials".

# 2014 Financials

# Abridged Income Statement



	30 September 2014 ZMW'000	30 September 2013 ZMW'000	% Change
Turnover	1 643 253	1 595 062	3.0%
COS	(1 088 243)	(1 042 281)	4.4%
Gross Profit	555 010	552 781	0.4%
Other Income	2 848	514	454.1%
Administrative Expenses	(494 116)	(474 179)	4.2%
Administrative Expenses (Excl. depreciation)	(432 646)	(423 915)	2.1%
Depreciation	(61 470)	(50 264)	22.3%
<b>Operating Profit</b>	<b>63 742</b>	<b>79 116</b>	-19.4%
Finance Costs	(50 599)	(40 884)	23.8%
Foreign Exchange Losses	(34 302)	(15 689)	118.6%
Unrealised	(19 369)	(8 204)	136.1%
Realised	(14 933)	(7 485)	99.5%
Impairment	-	(714)	-100.0%
<b>Profit/(loss) Before Taxation</b>	<b>(21 159)</b>	<b>21 829</b>	-196.9%
Income Tax	959	(5 794)	-116.6%
<b>Profit/(loss) After Taxation</b>	<b>(20 200)</b>	<b>16 035</b>	-226.0%
<b>Adjusted Profit/(Loss) Before Taxation</b>	<b>(1 790)</b>	<b>30 033</b>	-106.0%
<b>EBITDA</b>	<b>107 365</b>	<b>119 474</b>	-10.1%
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%

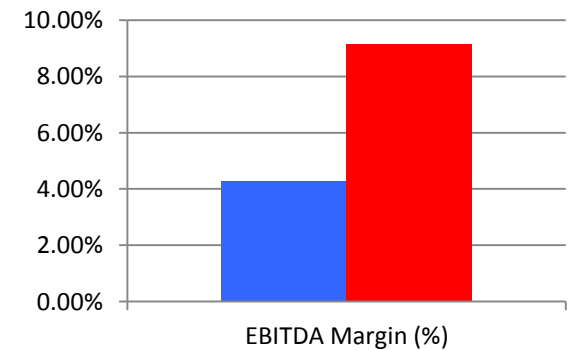
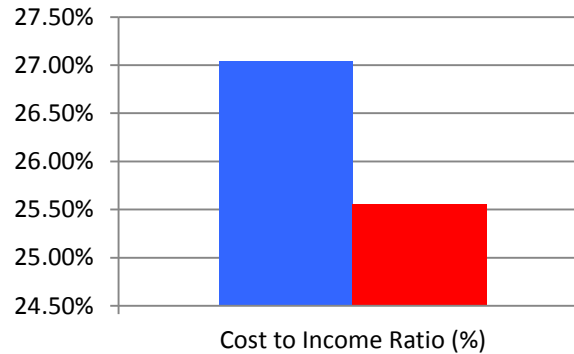
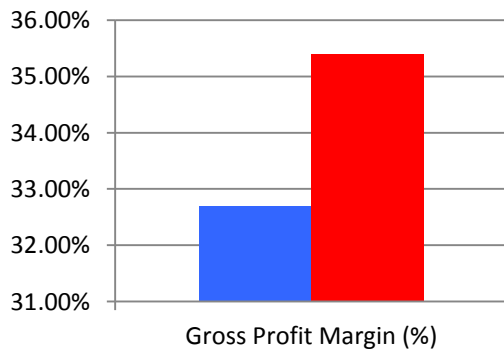
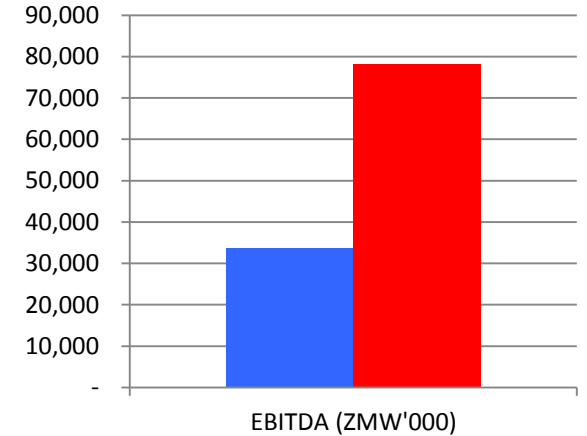
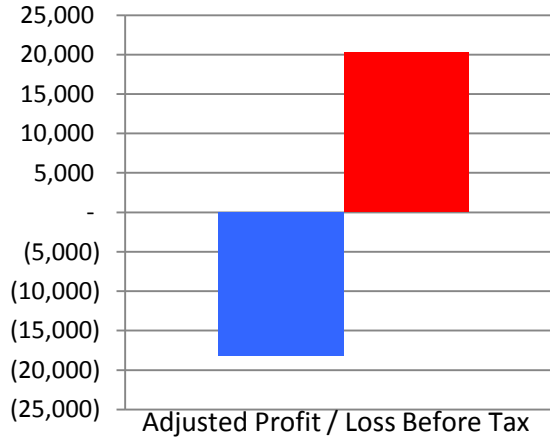
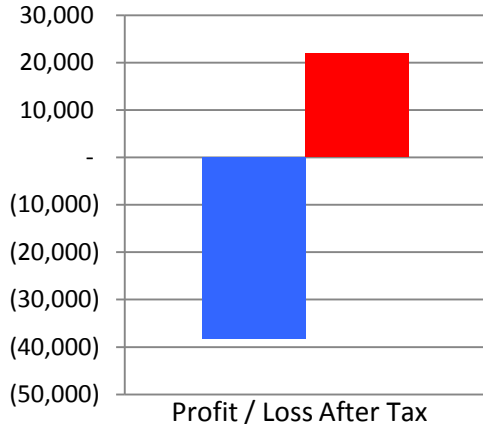
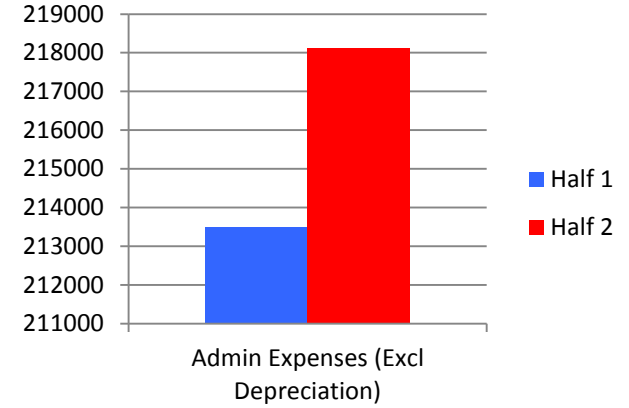
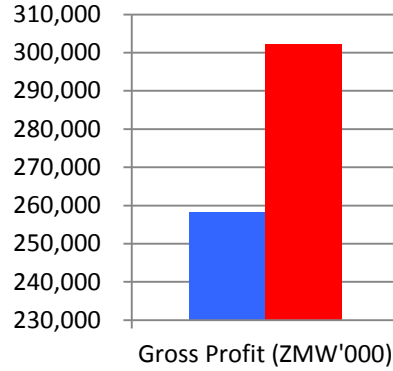
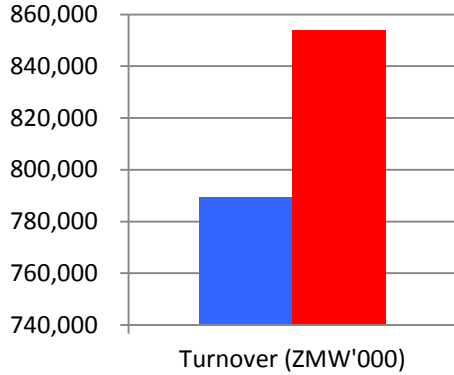
# H1 & H2 Income Statement



	30 September 2014 ZMW'000	Half 2 ZMW'000	Half 1 ZMW'000
Turnover	1 643 253	853 757	789 496
Gross Profit	555 010	296 862	258 148
Other Income	2 848	2 848	-
Administrative Expenses	- 494 116	- 251 172	- 242 944
Administrative Expenses (exc depreciation)	- 432 646	- 219 167	- 213 479
Depreciation	- 61 470	- 32 005	- 29 465
<b>Operating Profit</b>	63 742	48 538	15 204
Finance Costs	- 50 599	- 28 091	- 22 508
Foreign Exchange Losses	- 34 302	- 4 804	- 29 498
Unrealised	- 19 369	- 778	- 18 591
Realised	- 14 933	- 4 026	- 10 907
<b>Profit/(loss) Before Taxation</b>	- 21 159	15 643	36 802
Income Tax	959	2 419	1 460
<b>Profit/(loss) After Taxation</b>	- 20 200	18 062	38 262
<b>Adjusted Profit/(Loss) Before Taxation</b>	- 1 790	16 421	18 211
<b>EBITDA</b>	107 365	73 603	33 762
Gross Profit Margin	33.78%	34.77%	32.70%
Cost to Income Ratio	26.33%	25.67%	27.04%
EBITDA Margin	6.53%	8.62%	4.28%
Operating Profit Margin	3.88%	5.69%	1.93%
Net Profit Margin	-1.23%	2.12%	-4.85%
Interest Cover by EBITDA	2.12	2.62	1.50

# H1 v H2 Key Ratio Charts

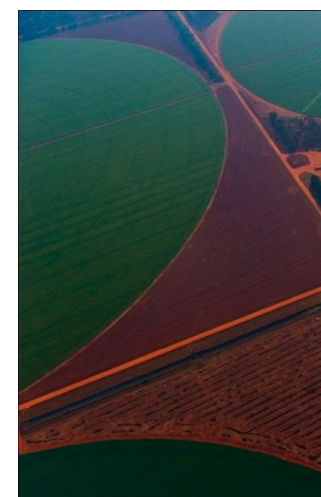
ZMK '000



# Abridged Balance Sheet



	30 September 2014 ZMW'000	30 September 2013 ZMW'000
Non-current assets	1 612 530	1 491 115
Current assets	724 428	652 052
<b>TOTAL ASSETS</b>	<b>2 336 958</b>	<b>2 143 167</b>
Capital and reserves	1 343 338	1 353 130
Non-current liabilities	397 357	365 621
Current liabilities	596 263	424 416
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 336 958</b>	<b>2 143 167</b>
<b>Ratios</b>		
Current Ratio	1.21	1.54
Total Debt / Equity Ratio	56.30%	45.50%





# Abridged Cash Flow

	30 September 2014 ZMW'000	30 September 2013 ZMW'000
Profit before taxation	- 21 159	21 829
EBITDA	107 365	119 474
Movement in working capital	- 25 809	- 10 767
Cash inflow from operating activities	<b>81 556</b>	<b>108 707</b>
Cash (outflow) / inflow (on) / from investing activities	- 99 920	3 132
Cash (outflow) / inflow before financing activities	- <b>18 364</b>	<b>111 839</b>
Cash (outflow) on financing activities	- 59 212	- 33 862
(Decrease) / Increase in cash and cash equivalents	- <b>77 576</b>	<b>77 977</b>
Cash and cash equivalents at beginning of year	- 44 216	- 98 553
Effects of exchange rate changes	- 26 076	- 23 640
Cash and cash equivalents at end of year	- <b>147 868</b>	- <b>44 216</b>



# Divisional Revenue and Gross Profit



Segment	2014	2013	Movement	2014	2013	Movement
	Revenue ZMW'000	Revenue ZMW'000		Gross Profit ZMW'000	Gross Profit ZMW'000	
Beef	345 778	323 897	6.8%	107 210	104 254	2.8%
Stock Feed	339 268	264 208	28.4%	54 690	59 049	-7.4%
Edible Oils	316 688	370 445	-14.5%	65 131	101 965	-36.1%
Crop-Row Crops	303 617	415 101	-26.9%	155 295	154 655	0.4%
Chicken	141 603	135 070	4.8%	31 238	26 973	15.8%
Pork	123 096	115 485	6.6%	19 646	13 050	50.5%
Master Meats Nigeria	96 725	69 277	39.6%	23 382	15 511	50.7%
Milk	82 386	61 402	34.2%	42 042	26 346	59.6%
Mill & Bakery	71 741	78 798	-9.0%	15 051	15 939	-5.6%
Eggs	32 318	24 630	31.2%	12 003	8 957	34.0%
Leather	29 303	22 085	32.7%	11 581	6 892	68.0%
Fish	21 437	23 512	-8.8%	7 511	8 878	-15.4%
Master Meats Ghana	19 502	16 141	20.8%	5 314	4 567	16.4%
Zamchick Inn	10 653	12 018	-11.4%	4 916	5 745	-14.4%
	1 934 115	1 932 069	0.1%	555 010	552 781	0.4%
Less: intra/inter Group sales	290 862	337 007				
Revenue per Income Statement	1 643 253	1 595 062	3.0%			

# Divisional Review

## Perishables

- **Beef**  
GP: ZMW107.2m, up 2.8%
  - Excellent performance in H2
  - Commercial cattle supply stable
  - Traditional cattle supply pressure
- **Chicken and Egg**  
GP: ZMW43.2m, up 20.3%
  - 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: ZMW42.0m, up 59.6%
  - Processing capacity increased
  - Product range increased
  - Dairy capacity increased
  - Yields increased
- **Pork**  
GP: ZMW19.6m, up 50.5%
  - African Swine Fever in H1
  - H2 contributed 67.61% of GP

## Farming

- **Cropping**  
GP: ZMW155.3m, up 0.4%
  - 23,515 hectares planted
  - Soya bean prices down, wheat prices up
  - Excellent yields
- **Palm**
  - 2,132 hectares planted
  - First FFB expected 2015

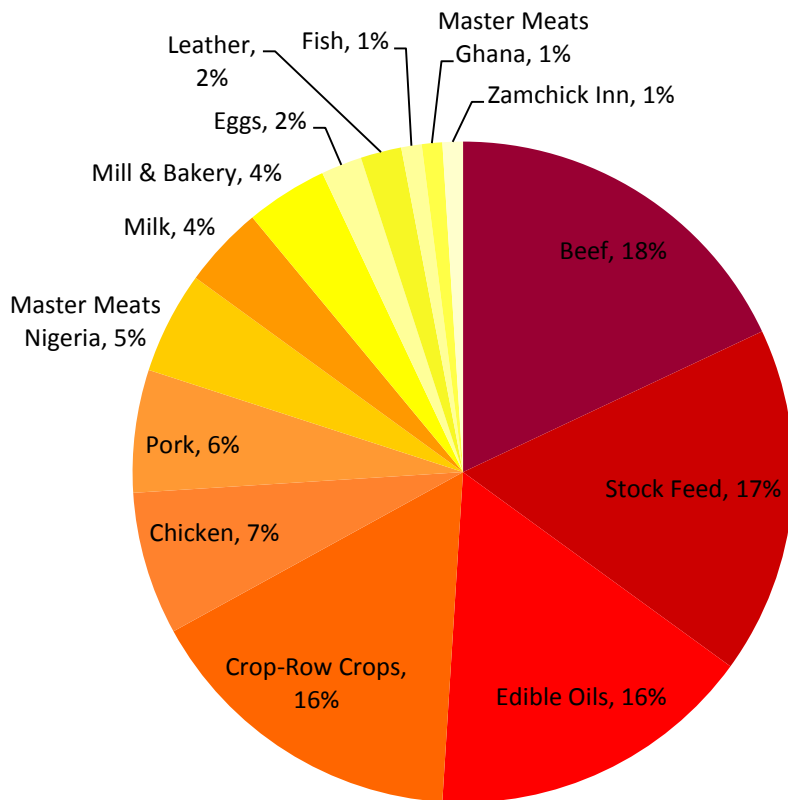
## Manufacturing

- **Edible Oils**  
GP: ZMW65.1m, down 36.1%
  - 58,747 M.T. crushed (86,495 M.T. in 2013)
  - Expensive soya beans purchased
  - Low soya meal and oil prices
- **Stock Feed**  
GP: ZMW54.7m, down 7.4%  
Revenue: USD57.7m, up 16%
  - Increased market share
  - Increased capacity
  - Second pelleting line commissioned
- **Zamleather**  
GP: ZMW11.6m, up 68.0%
  - Only operational tannery in Zambia
  - Increased volumes
  - Demand for leather and shoes high
- **Mill and Bakery**  
GP: ZMW15.1m, down 5.6%
  - Bakery closed
  - Reduced flour prices

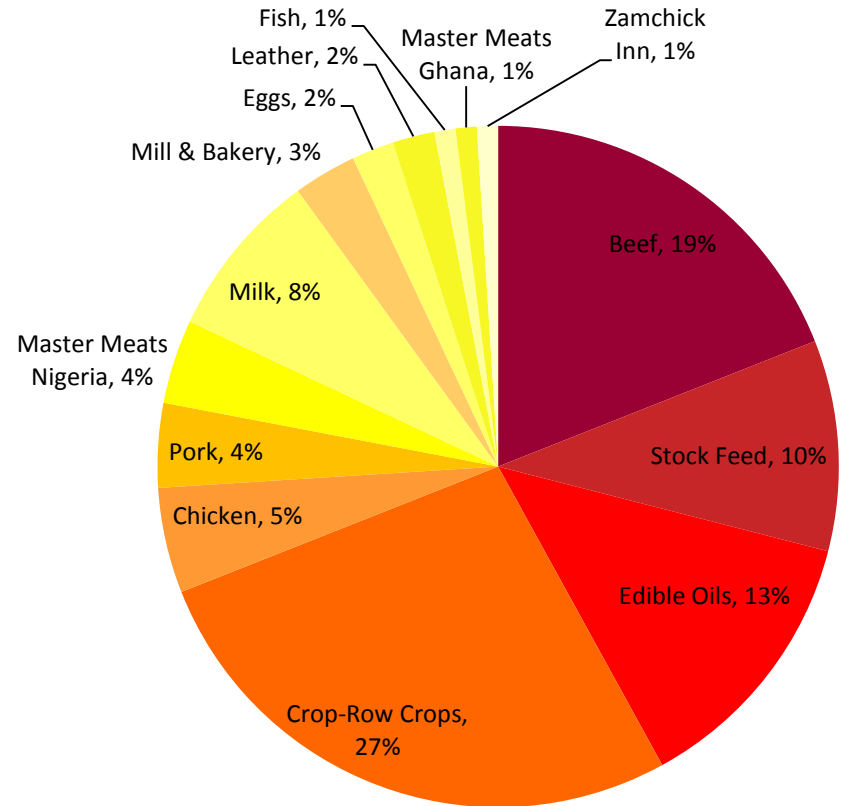


# Segmental Summary

**Revenue**



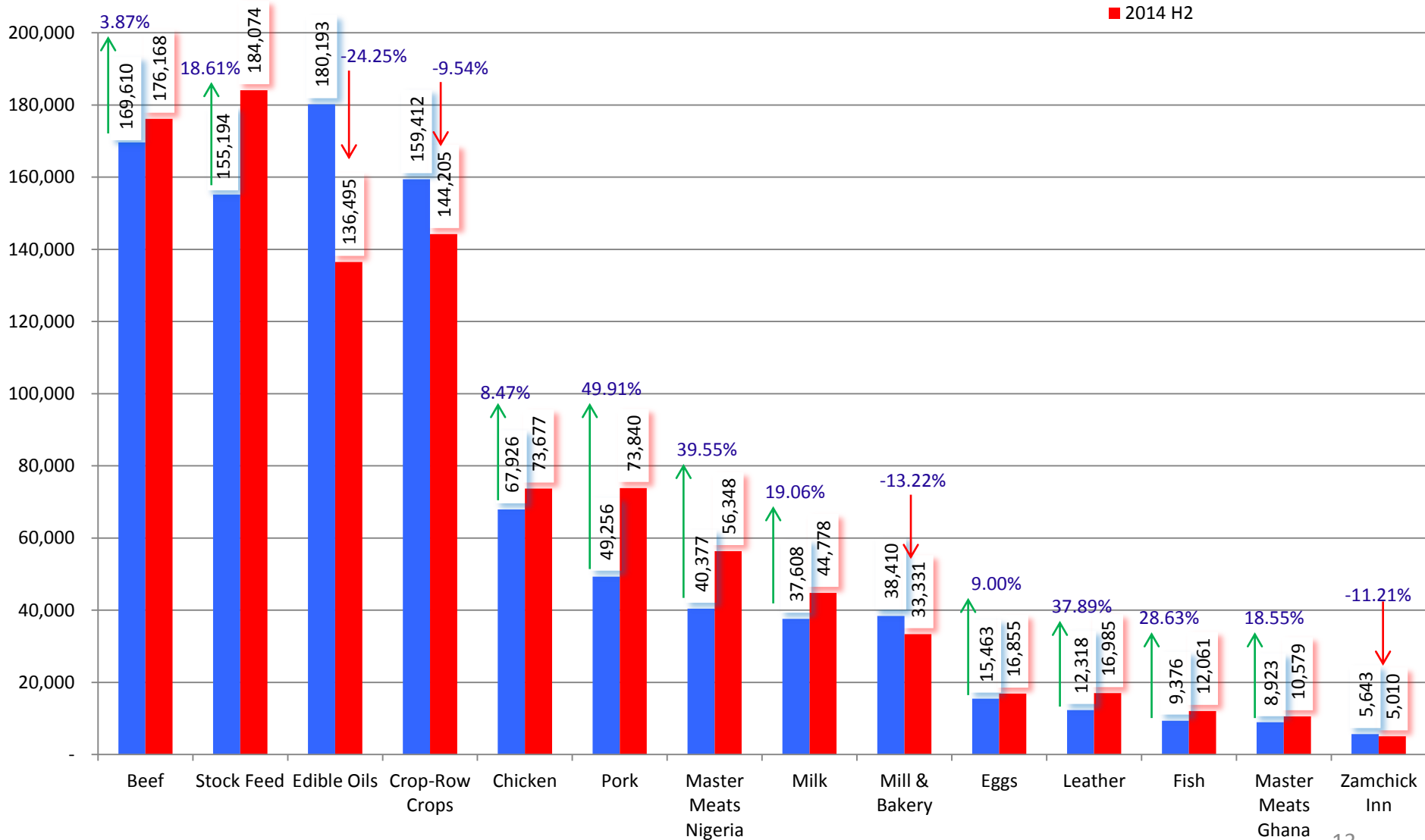
**Gross Profit**



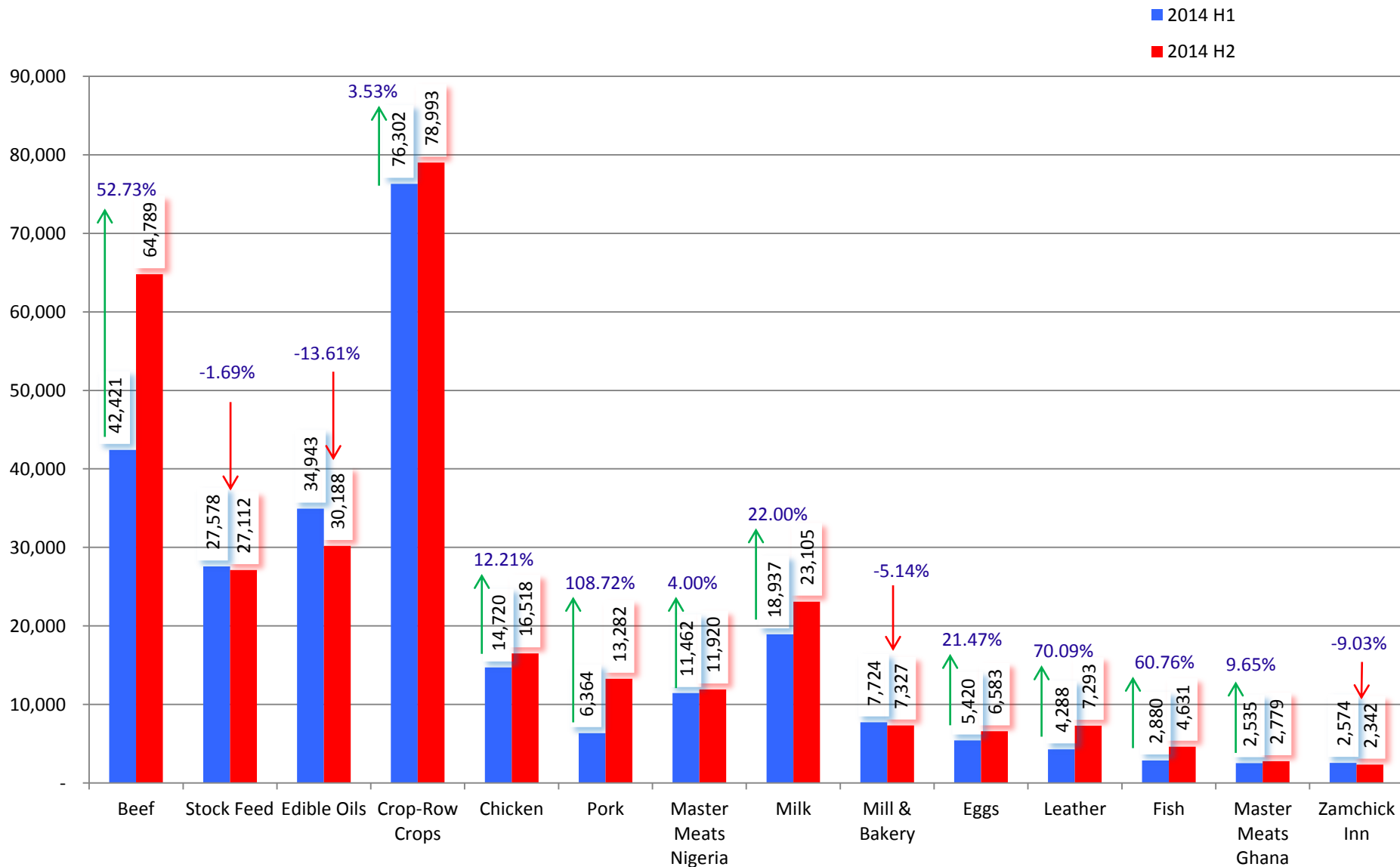
# Divisional H1 & H2 Revenue (ZMW'000)

■ 2014 H1

■ 2014 H2



# Divisional H1 & H2 Gross Profit (ZMW'000)



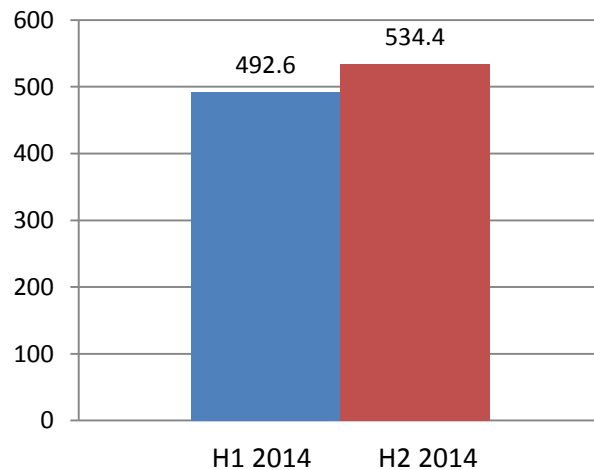
# Retail



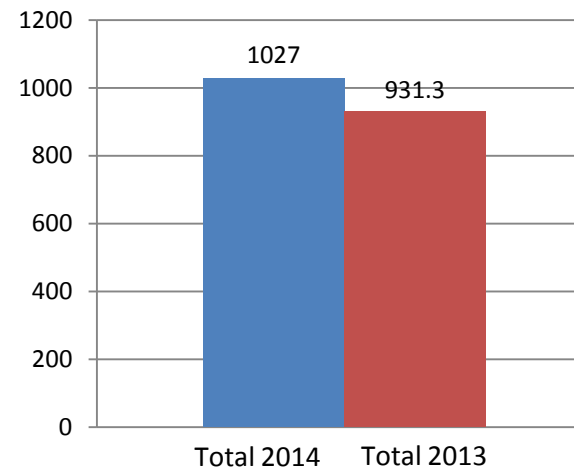
- Revenue from core cold chain food products – beef, chicken, pork, dairy, eggs, were up by 13.4% in H2
- 98 Zambef Stores- 92 in Zambia, 6 in Nigeria
- 7 new shoprite stores in 2014 (total 37, 22 Zambia, 11 Nigeria, 4 Ghana), 5 planned for 2015

	H1 2014	H2 2014	% Change	Total 2014	Total 2013	% Change
	ZMW'm	ZMW'm		ZMW'm	ZMW'm	
<b>Revenue</b>	492.6	534.4	8.50%	1027	931.3	10.3%

**Revenue (ZMW'million)**



**Turnover (ZMW'million)**



# 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



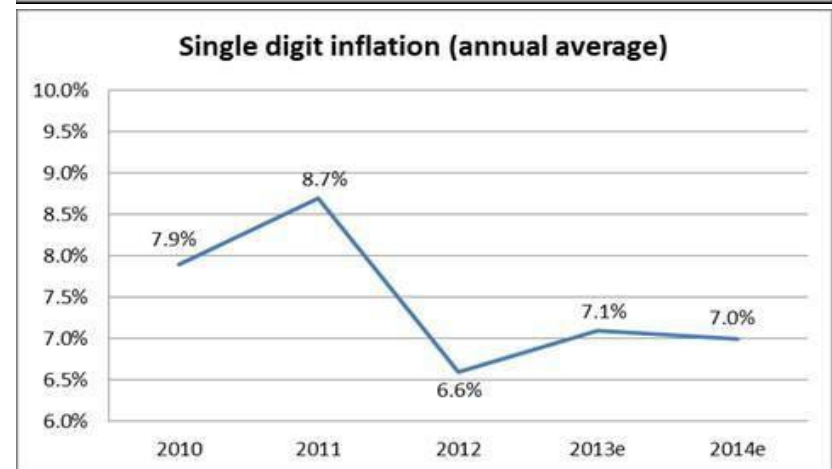
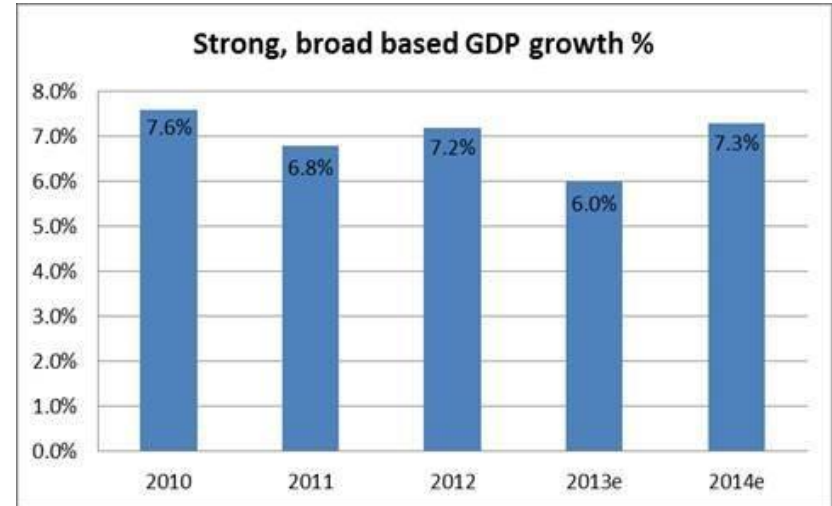


# APPENDICES



# 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 9<sup>th</sup> 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



**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)