

# Interim Results

for the six months to 31 March 2015



**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.

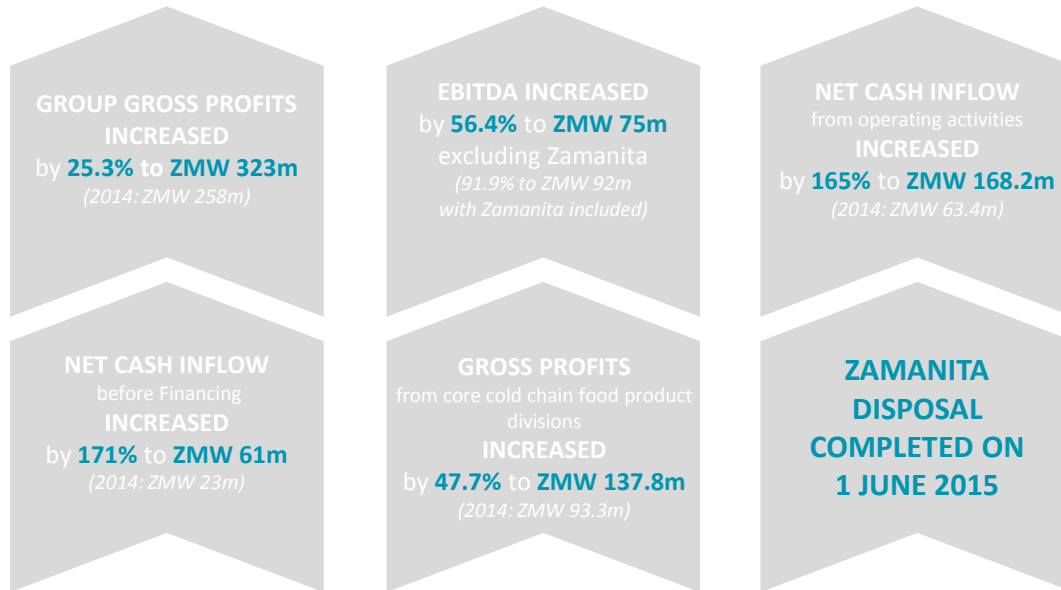
The securities of the Company have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction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

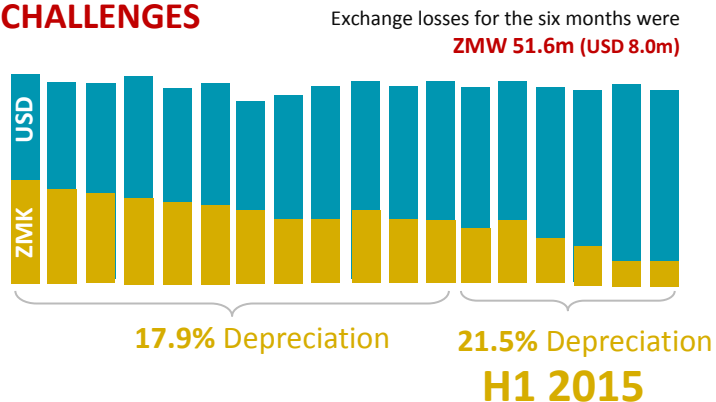
This Document may contain forward-looking statements, including, but not limited to, statements as to the Company's business, results of operations, financial condition, liquidity, performance and prospects and trends and developments in the markets in which the Company operates. Forward-looking statements 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

## HIGHLIGHTS



## CHALLENGES

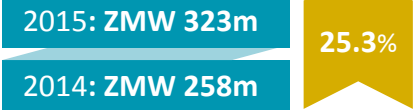


Divisions with inputs in US Dollars were materially impacted by Zambian Kwacha depreciation.



**Edible oils division gross profit reduced by ZMW 5.4m (USD 0.8m)**

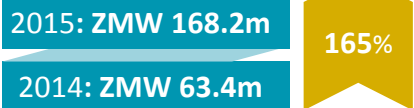
## GROSS PROFIT



## EBITDA including Zamanita



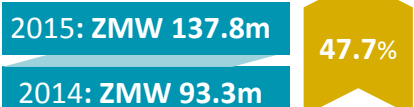
## CASH FLOW FROM OPERATIONS



## FREE CASH



## GP FROM COLD CHAIN MEAT & DAIRY PRODUCTS

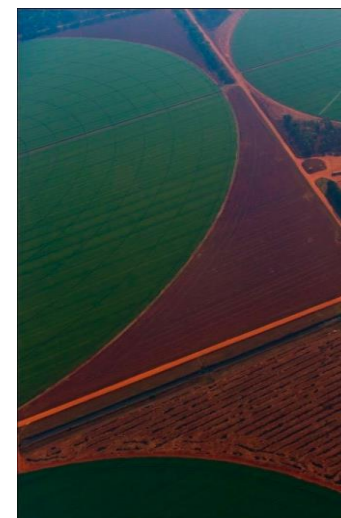


# H1 2015 Financials



# Abridged Income Statement

	31 March 2015	31 March 2014	
	ZMW'000	ZMW'000	% Change
Revenue	844 078	789 496	6.91%
Cost Of Sales	(520 596)	(531 348)	-2.02%
Gross Profit	323 482	258 148	25.31%
Other Income	-	-	0.00%
Administrative Expenses	(261 420)	(242 944)	7.61%
Administrative Expenses (excluding depreciation)	(228 226)	(213 479)	6.91%
Depreciation	(33 194)	(29 465)	12.66%
<b>Operating Profit</b>	<b>62 062</b>	<b>15 204</b>	308.21%
Finance Costs	(30 054)	(22 508)	33.53%
Foreign Exchange Losses	(51 581)	(29 498)	74.86%
Unrealised	(20 347)	(18 591)	9.45%
Realised	(31 234)	(10 907)	186.36%
Impairment	-	-	0.00%
<b>Profit/(loss) Before Taxation</b>	<b>(19 573)</b>	<b>(36 802)</b>	-46.82%
Income Tax	(2 139)	(1 460)	46.51%
<b>Profit/(loss) After Taxation</b>	<b>(21 712)</b>	<b>(38 262)</b>	-43.26%
<b>Adjusted Profit/(Loss) Before Taxation</b>	<b>774</b>	<b>(18 211)</b>	-104.25%
<b>EBITDA</b>	<b>92 317</b>	<b>48 105</b>	91.91%
Gross Profit Margin	38.32%	32.70%	17.21%
Cost to Income Ratio	27.04%	27.04%	0.01%
EBITDA Margin	10.94%	6.09%	79.50%
Operating Profit Margin	7.35%	1.93%	281.81%
Net Profit Margin	-2.57%	-4.85%	-46.92%
Interest Cover by EBITDA	3.07	2.14	43.72%



# Abridged Balance Sheet

	31 March 2015	31 March 2014	30 September 2014
	ZMW'000	ZMW'000	ZMW'000
Non-Current Assets	1 786 757	1 566 716	1 612 530
Current Assets	658 626	649 788	724 428
<b>Total Assets</b>	<b>2 445 383</b>	<b>2 216 504</b>	<b>2 336 958</b>
Capital and Reserves	1 368 993	1 323 716	1 343 338
Non-Current Liabilities	435 794	414 025	397 357
Current Liabilities	640 596	478 763	596 263
<b>Total Equity and Liabilities</b>	<b>2 445 383</b>	<b>2 216 504</b>	<b>2 336 958</b>
<b>Ratios</b>			
Current Ratio	1.03	1.36	1.21
Total Debt/Equity Ratio	61%	51%	56%



# Abridged Cash Flow

	31 March 2015	31 March 2014	30 September 2014
	ZMW'000	ZMW'000	ZMW'000
Profit Before Taxation	(19 573)	(36 802)	(21 159)
EBITDA	92 317	48 105	107 365
Movement in Working Capital	75 858	15 305	(25 809)
Cash inflow/(outflow) from Operating Activities	168 175	63 410	81 556
Cash inflow/(outflow) from/(on) investment activities	(107 162)	(40 903)	(99 920)
<b>Cash inflow/(outflow) before financing activities</b>	<b>61 013</b>	<b>22 507</b>	<b>(18 364)</b>
Cash inflow/(outflow) from financing	(97 828)	(77 921)	(59 212)
Cash at the beginning of the year	(147 868)	(44 216)	(44 216)
Effects of exchange rate changes	(6 607)	(13 919)	(26 076)
Cash at the end of the year	(191 289)	(113 549)	(147 868)



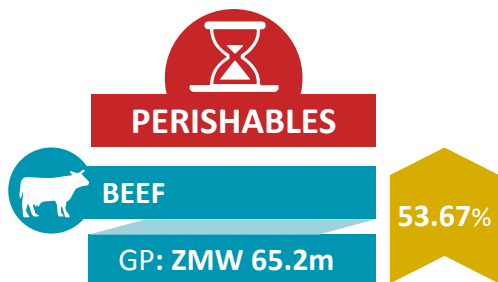
# Divisional Revenue and Gross Profit



	2015	2014				2015	2014					
	Revenue	Revenue		2015	2014	Gross Profit	Gross Profit		2015	2014	2015	2014
Segment	ZMW'000	ZMW'000	% Change	% of Group	% of Group	ZMW'000	ZMW'000	% Change	% of Group	% of Group	GP %	GP %
<b>Crop-Row Crops</b>	163 654	159 412	2.66%	15.98%	16.79%	97 750	76 303	28.11%	30.22%	29.56%	59.73%	47.87%
<b>Beef</b>	183 219	169 610	8.02%	17.89%	17.86%	65 189	42 421	53.67%	20.15%	16.43%	35.58%	25.01%
<b>Stock Feed</b>	188 880	155 194	21.71%	18.44%	16.34%	31 241	27 578	13.28%	9.66%	10.68%	16.54%	17.77%
<b>Edible Oils</b>	143 595	180 193	-20.31%	14.02%	18.97%	29 566	34 942	-15.38%	9.14%	13.54%	20.59%	19.39%
<b>Milk</b>	48 584	37 608	29.18%	4.74%	3.96%	24 904	18 937	31.51%	7.70%	7.34%	51.26%	50.35%
<b>Chicken</b>	82 778	73 569	12.52%	8.08%	7.75%	21 565	17 294	24.69%	6.67%	6.70%	26.05%	23.51%
<b>Pork</b>	73 894	49 256	50.02%	7.22%	5.19%	14 372	6 364	125.85%	4.44%	2.47%	19.45%	12.92%
<b>Master Meats Nigeria</b>	51 452	40 377	27.43%	5.02%	4.25%	12 711	11 462	10.90%	3.93%	4.44%	24.70%	28.39%
<b>Mill</b>	30 594	38 410	-20.35%	2.99%	4.04%	6 422	7 724	-16.86%	1.99%	2.99%	20.99%	20.11%
<b>Eggs</b>	15 413	15 463	-0.33%	1.50%	1.63%	5 918	5 420	9.20%	1.83%	2.10%	38.40%	35.05%
<b>Fish</b>	16 599	9 376	77.03%	1.62%	0.99%	5 880	2 880	104.12%	1.82%	1.12%	35.42%	30.72%
<b>Leather</b>	15 505	12 318	25.88%	1.51%	1.30%	5 639	4 288	31.52%	1.74%	1.66%	36.37%	34.81%
<b>Master Meats Ghana</b>	9 995	8 923	12.01%	0.98%	0.94%	2 325	2 535	-8.28%	0.72%	0.98%	23.26%	28.40%
	<b>1 024 162</b>	<b>949 710</b>	<b>7.84%</b>	<b>100%</b>	<b>100%</b>	<b>323 482</b>	<b>258 148</b>	<b>25.31%</b>	<b>100%</b>	<b>100%</b>	<b>31.59%</b>	<b>27.18%</b>
<b>Less: Intra/Inter Group Sales</b>	180 084	160 214	12.40%									
<b>Group Total</b>	<b>844 078</b>	<b>789 496</b>	<b>6.91%</b>			<b>323 482</b>	<b>258 148</b>	<b>25.31%</b>			<b>38.32%</b>	<b>32.70%</b>



# Divisional Review



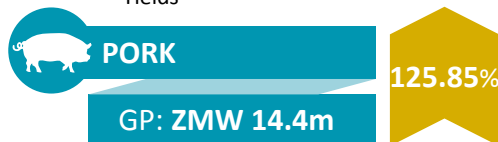
- Commercial cattle supply stable
- Traditional cattle supply pressure



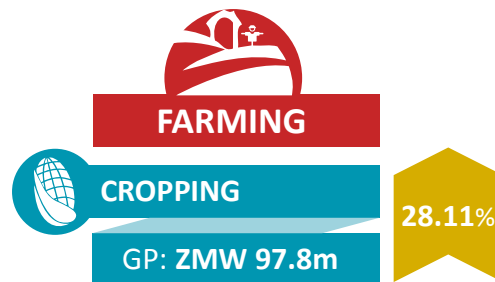
- Volume growth
- Zamchick JV with Rainbow
- Expansion of value added range
- Individually Quick Frozen Portions (IQF)
- Zamhatch JV targeting supply of DOC's in 2015



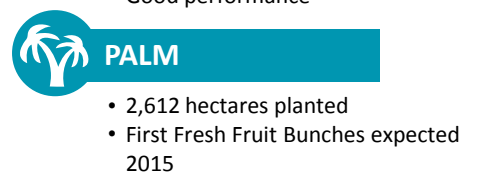
- Processing capacity
- Product range
- Dairy capacity
- Yields



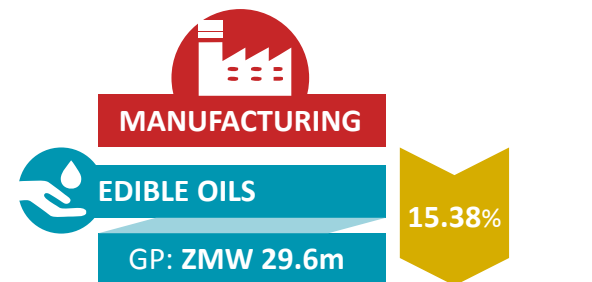
- Significant increase in pig volumes
- Completion of upgrades to processing plant



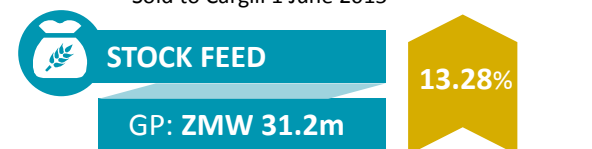
- 16,104 Ha planted – predominantly soya and maize
- Good performance



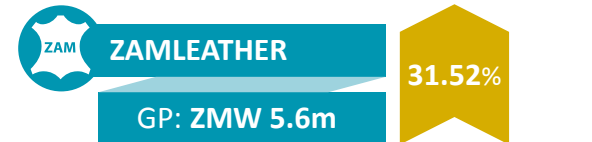
- 2,612 hectares planted
- First Fresh Fruit Bunches expected 2015



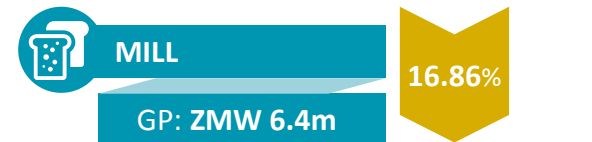
- Crushed 34,050 M.T.
- Challenges – Exchange Rate; increased imports
- Sold to Cargill 1 June 2015



- Increased market share
- Increased feed volumes by 19.8% y-o-y
- Second and third pelleting lines commissioned to increase pelleting capacity



- Only operational tannery in Zambia
- Increased volumes
- Demand for leather and shoes high

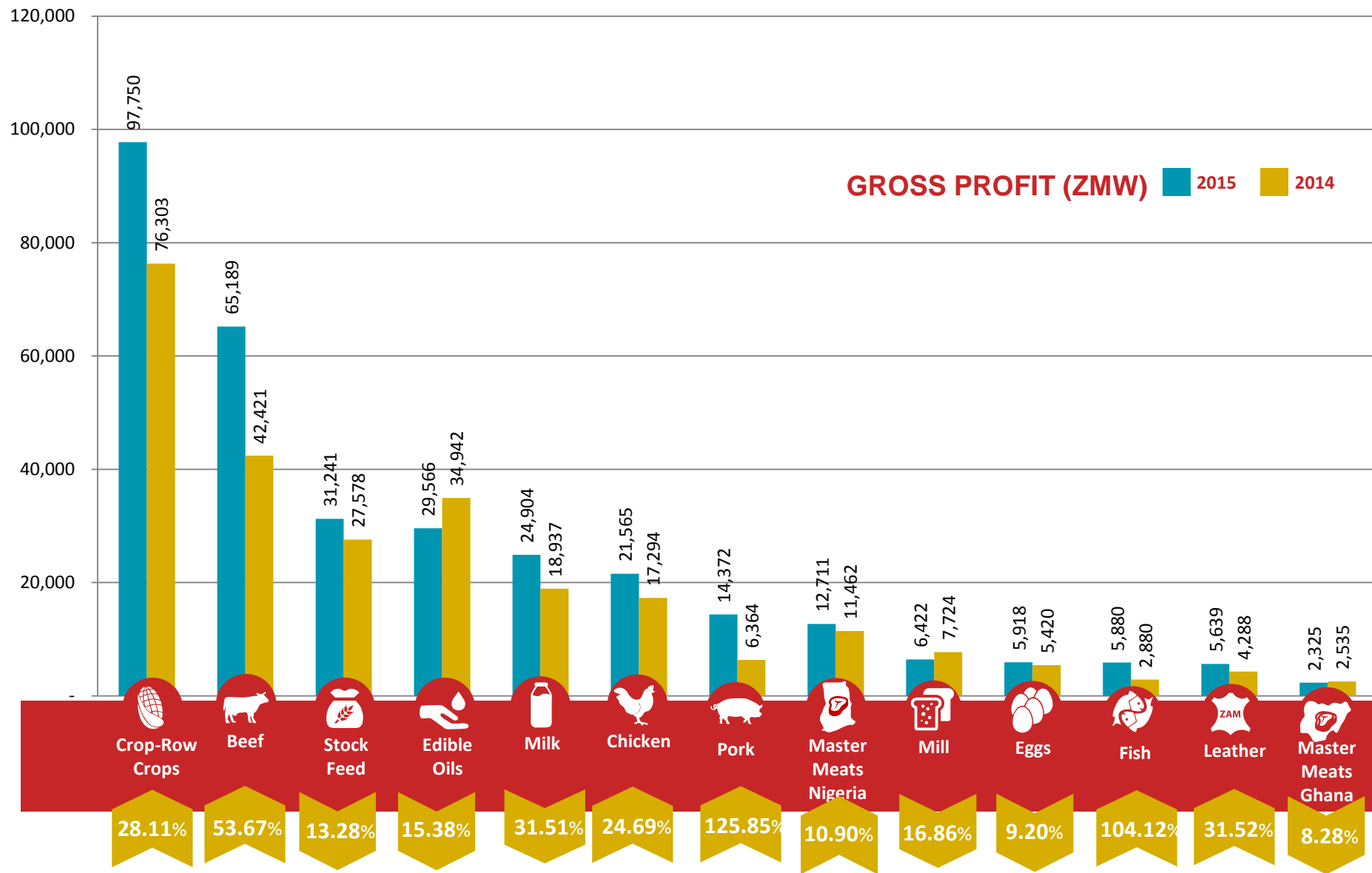


- Bakery closed
- Reduced flour prices

# Segmental Summary



# Divisional 2015 & 2014 Gross Profit (ZMW'000)

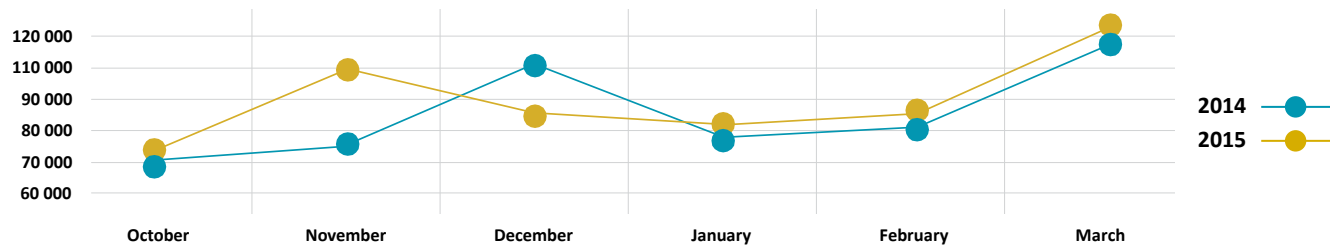


# Retail

## CORE COLD CHAIN FOOD PRODUCT REVENUE



6.3% to **ZMW 471m**  
(2014: 443m)



# Outlook



**Trading continuing trend set in H2 2014 and H1 2015**



## **Focus on Strategic Priorities:**

- Retailing of cold chain meat and dairy products
- Unlocking value and capital gains within the group and reducing debt / gearing
- Developing the business into a regional food supplier



**Chicken Breeder Farm, Hatchery and new Stock Feed Plant at Mpongwe Farm**



**West African expansion**



# APPENDICES



# The Zambeef Platform in Africa



**Operating in some of the fastest growing parts of the world**



## Zambia

- One of the fastest growing economies in Sub-Saharan Africa (“SSA”).
- GDP growth averaging >6.5% over last five years and forecast to grow at c.6% over next three years.
- Rapidly expanding consumer base, driven by an emerging middle class and high levels of urbanisation.
- Current population of c.13.6 million.
- One of the world’s fastest growing populations, expected to reach 16 million by 2017.
- GDP per capita has increased from \$1,110 (2009) to \$1,487 (2013) & expected to be >\$2,000 by 2017.

## Nigeria

- Largest economy in Africa and ranked 26th in the world in terms of GDP.
- GDP growth averaging >6% over last three years and expected to average >6.5% over next three years.
- GDP per capita doubled from \$1,400 (2000) to \$2,800 (2012).
- Africa’s most populous country – population increased from 120 million (2000) to 160 million (2010).
- Rapidly expanding consumer base, fuelled by an emerging middle class and high levels of urbanisation.

## Ghana

- One of the fastest growing economies in SSA.
- West Africa’s 2nd largest economy after Nigeria and Africa’s 12th largest economy.
- GDP growth averaging >6% over the past 5 years and expected to grow at c.6% over next three years.
- Population of 25 million.
- Increasing GDP per capita from \$2,900 (2010) to \$3,400 (2013).

# Why Invest In Africa?



	TODAY	FUTURE
<b>GDP Growth</b>	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 period, with GDP growth projected to rise to 5.5% in 2016
<b>Population</b>	1 billion people in 2010	Estimated to increase to 1.4 billion in 2025 and 1.9 billion in 2050
<b>Urbanisation</b>	One third of the African population currently lives in cities	In the next 30 years, expected to increase to half of the continent's population
<b>Working Age Population</b>	In 2010, 34% of Africans were aged between 25 and 59. This represents 34% of the population or 353 million people	By 2050 this number is expected to reach 892 million people, representing 45% of the population
<b>Middle Class</b> (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)