



Financial Results

for the six months up to 31 March 2016



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Introduction



The Group delivered a strong operational performance for the period. This has been brought about by:

- Continued focus on the strategic core business: the production, processing, distribution and retailing of its cold chain food products.
- Aggressive expansion of its retail network.
- Effective cost control throughout the Group.

This combined with a relatively stable exchange rate and the final settlement reached with the Zambian Revenue Authority (ZRA) over the historical disputed Zamanita tax liability, has resulted in a Net Profit After Tax of US\$ 9 million (2015: US\$ 3.4 million Loss).

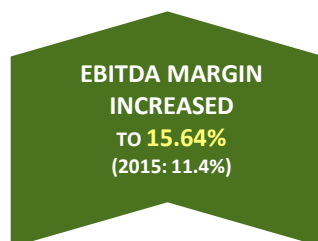
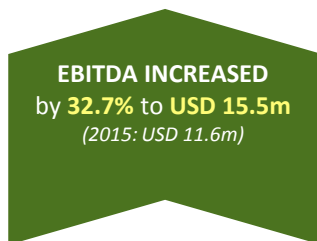
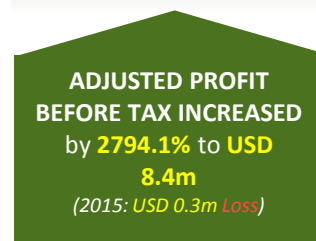
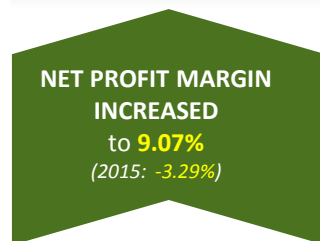
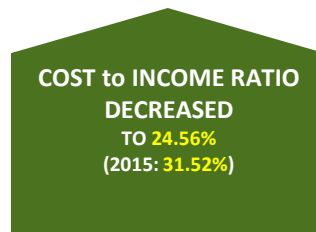
It is pleasing to have achieved the above in spite of a rapid increase in inflation during the period and a national electricity deficit which resulted in load-shedding which in turn negatively impacted production.



Overview



HIGHLIGHTS



OPERATING PROFITS

2016: USD 13.7m

2015: USD 8.0m

72%

PROFIT AFTER TAX

2016: USD 8.96m

2015: USD (3.36)m

367%

EBITDA

2016: USD 15.5m

2015: USD 11.6m

32.7%

ADJUSTED PROFIT BEFORE TAX

2016: USD 8.4m

2015: USD (0.3)m

2794%



2016 interim financials



Abridged Income Statement



	31 March 2016	31 March 2015	
	USD'000	USD'000	% Change
Revenue	98 820	102 138	-3.25%
Cost Of Sales	(57 634)	(57 519)	-0.20%
Gross Profit	41 185	44 619	-7.70%
Other Income	-	-	-
Administrative Expenses	(27 502)	(36 664)	24.99%
Administrative Expenses (excluding depreciation)	(24 274)	(32 198)	24.61%
Depreciation	(3 227)	(4 466)	27.74%
Operating Profit	13 683	7 955	72.01%
Finance Costs	(5 318)	(4 136)	-28.58%
Foreign Exchange Losses	1 375	(7 610)	118.06%
Unrealised	1 299	(2 453)	152.93%
Realised	76	(5 157)	101.48%
Profit/(loss) Before Taxation	9 740	(3 791)	356.90%
Income Tax	(778)	(595)	30.80%
Profit on discontinued operations	-	1 025	
Profit/(loss) After Taxation	8 962	(3 361)	366.65%
Adjusted Profit/(Loss) Before Taxation	8 441	(313)	2794.05%
EBITDA	15 451	11 644	32.69%
Gross Profit Margin	41.68%	43.68%	-4.60%
Cost to Income Ratio	24.56%	31.52%	22.08%
EBITDA Margin	15.64%	11.40%	37.15%
Operating Profit Margin	13.85%	7.79%	77.78%
Net Profit Margin	9.07%	-3.29%	375.60%
Interest Cover by EBITDA	2.91	2.82	3.20%



Abridged Balance Sheet

	31 March 2016	31 March 2015
	<i>USD'000</i>	<i>USD'000</i>
Non-Current Assets	177 637	234 483
Current Assets	71 106	86 434
Total Assets	248 743	320 916
Capital and Reserves	138 854	179 658
Non-Current Liabilities	42 862	57 191
Current Liabilities	67 027	84 068
Total Equity and Liabilities	248 743	320 916
Ratios		
Current Ratio	1.06	1.03
Total Debt/Equity Ratio	57.35%	78.63%



Abridged Cash Flow



	31 March 2016	31 March 2015
	<i>USD'000</i>	<i>USD'000</i>
Profit Before Taxation	9 740	(3 791)
EBITDA	15 451	11 644
Movement in Working Capital	(7 710)	14 392
Cash inflow/(outflow) from Operating Activities	7 741	26 036
Cash inflow/(outflow) from/(on) investment activities	(7 350)	(16 477)
Cash inflow/(outflow) before financing activities	391	9 559
Cash inflow/(outflow) from financing	(11 067)	(16 136)
Cash at the beginning of the year	(15 861)	(23 583)
Effects of exchange rate changes	2 333	5 056
Cash at the end of the year	(24 204)	(25 104)



Divisional Revenue and Gross Profit



	2016	2015				2016	2015					
	Revenue	Revenue		2016	2015	Gross Profit	Gross Profit		2016	2015	2016	2015
Segment	USD'000	USD'000	% Change	% of Group	% of Group	USD'000	USD'000	% Change	% of Group	% of Group	GP %	GP %
Beef	21 970	28 362	-22.54%	19.38%	21.81%	7 866	10 091	-22.05%	19.10%	22.62%	35.80%	35.58%
Chicken	10 408	12 814	-18.77%	9.18%	9.86%	3 185	3 338	-4.58%	7.73%	7.48%	30.60%	26.05%
Pork	9 636	11 439	-15.76%	8.50%	8.80%	1 761	2 225	-20.87%	4.27%	4.99%	18.27%	19.45%
Milk	5 296	7 521	-29.58%	4.67%	5.78%	2 758	3 855	-28.46%	6.70%	8.64%	52.07%	51.26%
Fish	2 138	2 570	-16.79%	1.89%	1.98%	813	910	-10.67%	1.97%	2.04%	38.03%	35.42%
Eggs	1 381	2 386	-42.13%	1.22%	1.84%	553	916	-39.65%	1.34%	2.05%	40.04%	38.40%
Cold Chain Food Products	50 830	65 091	-21.91%	44.85%	50.06%	16 936	21 335	-20.62%	41.12%	47.82%	33.32%	32.78%
Stock Feed	32 086	22 942	39.85%	28.31%	17.65%	9 238	3 957	133.43%	22.43%	8.87%	28.79%	17.25%
Crop-Row Crops	11 401	25 333	-55.00%	10.06%	19.49%	9 310	15 132	-38.47%	22.61%	33.91%	81.66%	59.73%
Master Meats Nigeria	8 008	7 965	0.55%	7.07%	6.13%	1 915	1 968	-2.67%	4.65%	4.41%	23.91%	24.70%
Master Meats Ghana	1 550	1 547	0.20%	1.37%	1.19%	411	360	14.08%	1.00%	0.81%	26.48%	23.26%
West Africa	9 559	9 512	0.49%	8.43%	7.32%	2 326	2 328	-0.08%	5.65%	5.22%	24.33%	24.47%
Mill	4 385	4 736	-7.42%	3.87%	3.64%	1 009	994	1.53%	2.45%	2.23%	23.02%	20.99%
Leather	1 524	2 400	-36.50%	1.34%	1.85%	325	873	-62.77%	0.79%	1.96%	21.32%	36.37%
Edible Oils	3 558	-	0.00%	3.14%	0.00%	2 040	-	0.00%	4.95%	0.00%	57.33%	0.00%
Other	9 467	7 136	0.00%	8.35%	5.49%	3 374	1 867	0.00%	8.19%	4.18%	35.64%	0.00%
	113 341	130 015	-12.82%	100%	100%	41 185	44 619	-7.70%	100%	100%	36.34%	34.32%
Less: Intra/Inter Group Sales	14 521	27 877	-47.91%									
Group Total	98 820	102 138	-3.25%			41 185	44 619	-7.70%			41.68%	43.68%

Divisional Review



Cold Chain Food Products



BEEF

GP: USD 7.9m

22.05%

- Beef volumes increased by 22.5% from 6.4m kg's to 7.8m kg's



CHICKEN AND EGG

GP: USD 3.7m

12.13%

- Chicken slaughter volumes constant at 5.1m
- RCL Foods Ltd exercised put option
- Layer numbers to increase to 285k from 165k
- Zamhatch started supply of DOC's in Sept 2015



MILK AND DAIRY

GP: USD 2.8m

28.46%

- Volumes increased by 8.9% to 6.5m litres
- Exporting into region
- Milk production increasing



PORK

GP: USD 1.8m

20.87%

- Volumes increased by 21% to 4.6m kg's
- Large capacity increase to processing plant



FISH

GP: USD 0.8m

10.67%

- Volumes decreased by 18% to 0.9m kg's
- Expansion of own fish farming operations



Farming



CROPPING

GP: USD 9.3m

38.47%

- 15,183 Ha planted – predominantly soya, maize and maize silage
- Record soya crop



PALM

- 2,773 hectares planted
- First Fresh Fruit Bunches expected 2016



Stock Feed



STOCK FEED

GP: USD 9.2m

133.4%

- Increased market share
- Volumes increased by 13% to 72,700 tons



West Africa



NIGERIA

GP: USD 1.9m

2.67%

- 4 new Shoprite stores opened in H1



GHANA

GP: USD 0.4m

14.08%

- Strong performance despite challenging environment



OTHER



ZAMLEATHER

GP: USD 0.3m

62.77%

- Only operational tannery in Zambia
- International leather prices down



MILL

GP: USD 1.0m

1.53%

- Reduced volumes at higher margin



EDIBLE OILS

GP: USD 2.0m

%

- 4% commission on oil sales through retail network
- Reversal of Zamanita tax provision



Divisional 2016 & 2015 Gross Profit (USD'000)

GROSS PROFIT (USD'000)

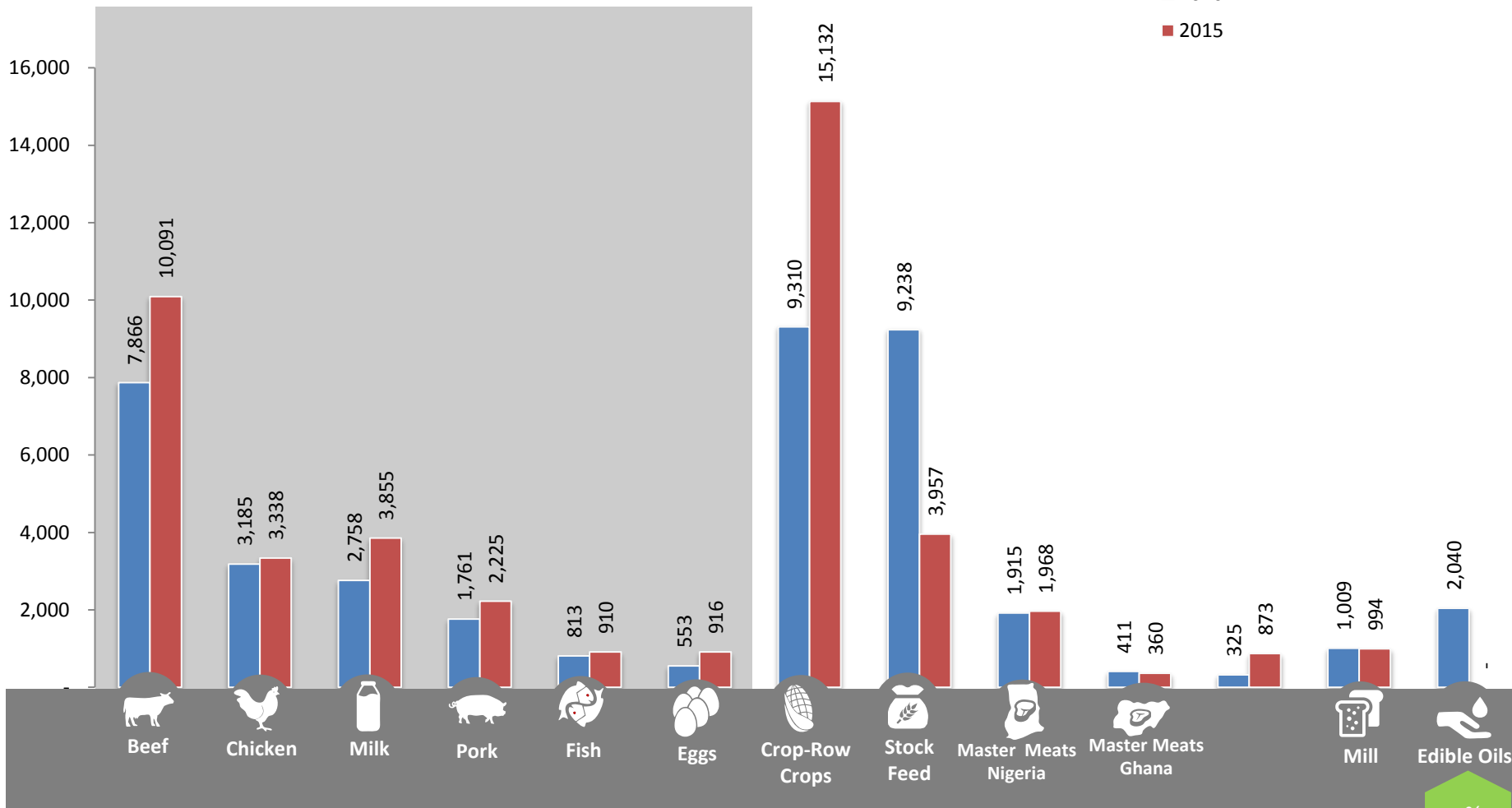
Cold Chain Food Products

■ 2016: 16 936

■ 2015: 21 335

■ 2016

■ 2015



Segmental Summary



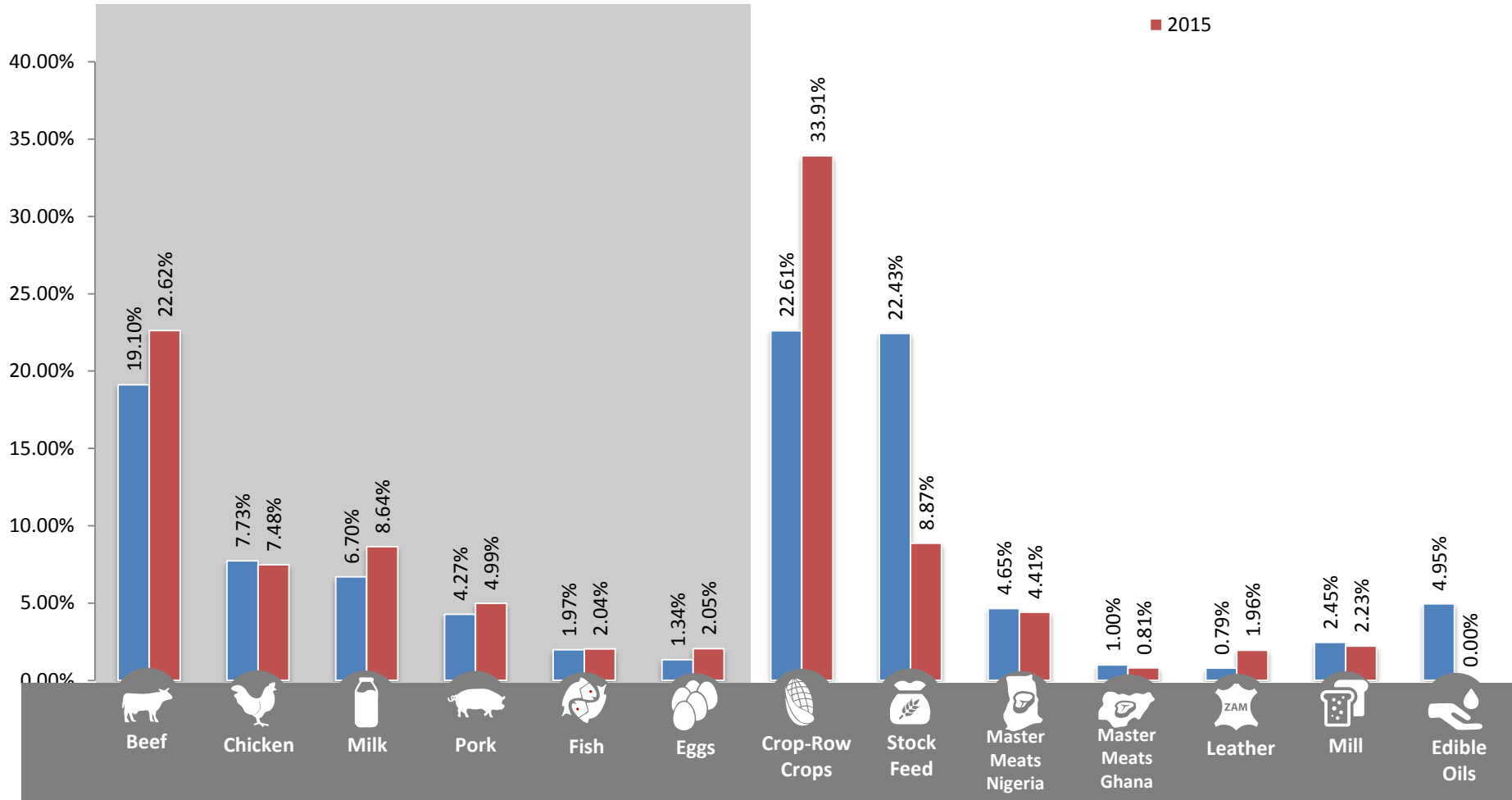
**% OF GROUP
GROSS PROFIT**

Cold Chain Food Products

■ 2016: 41.12% ■ 2015: 47.82%


■ 2016

■ 2015

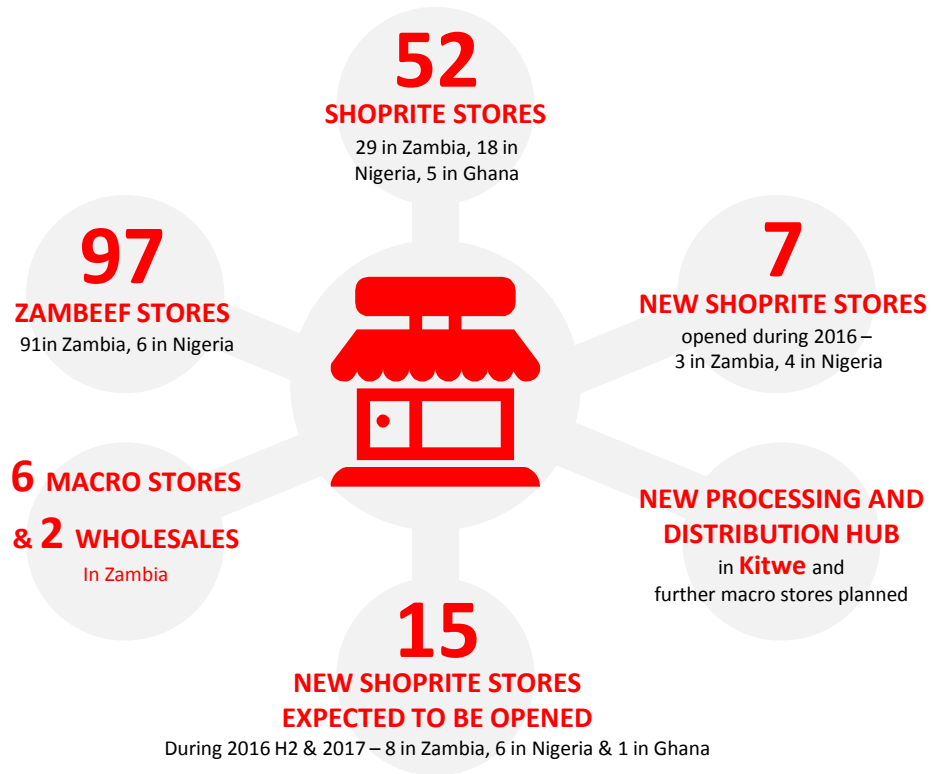




**CORE COLD CHAIN
FOOD PRODUCT
REVENUE**

	
Beef	Chicken
	
Milk	Pork
	
Eggs	Fish

29.7% to ZMW 611m
(2015: 471m)







Strong operating performance of 2015 continued



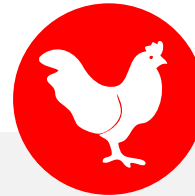
Focus on Strategic Priorities:

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

Continued rollout of Zambeef Macro Outlets and retailing footprint in Zambia and West Africa



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

Breeder farm and hatchery commenced production in September 2015

New Stock feed plant due to commence operation in September 2016



West African Expansion

4 new Shoprite stores due to open in H2 of 2016 Financial Year



APPENDICES



The Zambef 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”) in recent years.
- GDP growth averaging >6.5% over last five years and forecast to grow at c.5% over next three years.
- Current population of c.15.5 million.
- One of the world’s fastest growing populations, expected to reach 16 million by 2016.
- GDP per capita is expected to be \$ 1,093 at the end of 2016.

Nigeria

- Largest economy in Africa and ranked 23rd in the world in terms of GDP.
- GDP growth averaging >6% over last three years and expected to average >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 in recent years.
- GDP growth averaging >6% over the past 5 years and expected to grow at c.6% over next three years.
- Population of 26 million.

Why Invest In Africa?



	TODAY	FUTURE
GDP Growth	Currently 4.2% for 2015	Strengthening external demand is expected to support growth over the forecast period, with GDP growth projected to rise to 4.6% in 2016
Population	1.1 billion people in 2015	Estimated to increase to 1.4 billion in 2025 and 2.5 billion in 2050
Urbanisation	One third of the African population currently lives in cities	By 2035, expected to increase to 56% of the continent's population
Working Age Population	In 2015, 54% of Sub Saharan Africans were aged between 15 and 64. This represents 525 million people	By 2035, the number of Sub Saharan Africans reaching working age will exceed the rest of the world combined

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