



2016 Results



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HIGHLIGHTS (ZMW)

EBITDA

2016: ZMW 317m  112%
2015: ZMW 150m

Debt-to-EBITDA

2016: 1.7  60%
2015: 4.2

Profit after tax

2016: ZMW 157m  ZMW 212m
2015: ZMW (55)m

Cost/Income Ratio

2016: 25.7%  9%
2015: 28.2%

Gearing

2016: 25.7%  57%
2015: 60.3%

Current ratio

2016: 1.6  60%
2015: 1.0

STRATEGY



IDENTIFYING OUR CORE STRENGTHS

Four best-in-class strategic pillars

- Business built on four best-in-class market leading operations creating a strong integrated group
 - Retail and Distribution
 - Cold Chain Food Production
 - Arable Farming
 - Stockfeed
- Deliver high quality, good value fresh food to the mass market in Zambia and West Africa
- Zambeef enjoys the advantage of an integrated model
- Retail operation driving growth



RETAIL DRIVING GROWTH

- USD124m of sales driven from our network of 171 stores
- Targeting growth of:
 - 10 new macro-stores and 10 Novatek Outlets pa for next 4 years
 - 8 Shoprite stores to be opened in 2017
- Retail floor capacity increase by 7,000 sqm pa
- Focus on larger, more efficient macro format we aim to reduce cost to income ratio and increase margins
 - drive expansion of cold chain food production & stockfeed operations
 - Drive further economies of scale
- Most efficient cold chain distribution network in the region
- 56.7% of Zambeeff's turnover is through the retail network



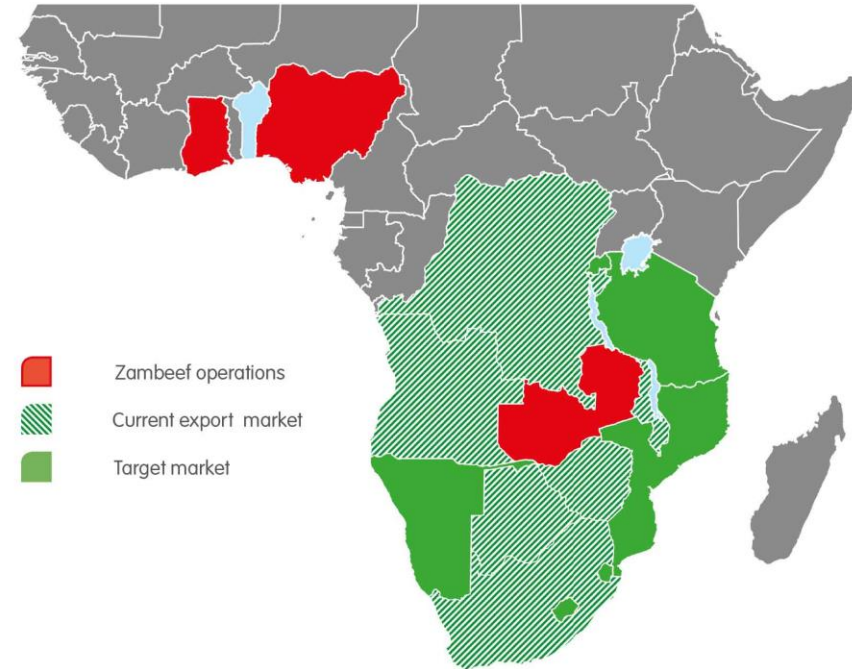
RETAIL DRIVING GROWTH

	2017 (projected) (projected)	2016	2015
Zambia	Zambeef Outlets	83	86
	Zambeef Macros	20	7
	Zamchick Inns	4	6
	Novatek	20	5
	Zamshu Outlets	4	0
		131	109
	Shoprite Butcheries	34	26
		165	130
Nigeria	Shoprite Butcheries	24	14
	Master Meats Outlets	6	6
		30	20
Ghana	Shoprite butcheries	6	4
	TOTAL	201	152

GROWING REGIONAL DEMAND

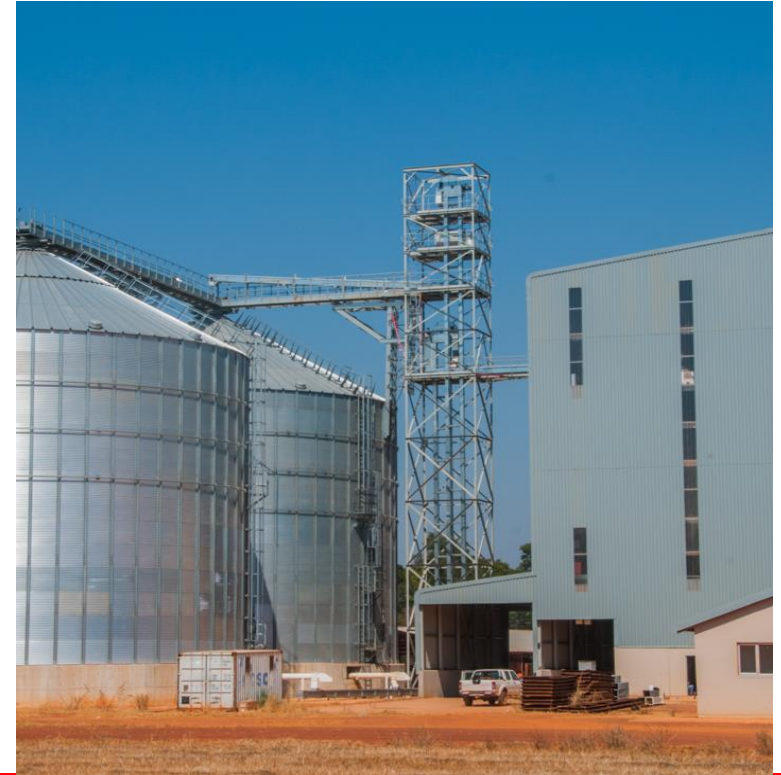
- **Zambian Population growth** one of the highest in the world, estimated at around **2.94% per annum***
- **Zambian rate of urbanisation** one of the highest in the region, estimated at around **3.96% per annum***
- Zambeef **increasing market share** with around 7,000m² of additional retail floor space planned to be rolled out each year for next 4 years;
- Zambeef expanding formal and informal **sales into the region** with increased exports into SADC/COMESA with a population of over 400million people as apposed to 16m in Zambia;
- **Formal exports** totalled **USD8.6m** with informal exports believed to be similar.

* *CIA World Factbook*



MANAGING THE BALANCE SHEET

- Focus on cash conversion
- Growth of business to be driven by its retail operations;
- Targeted Capex in Cold Chain Food Production divisions to sustain growth with higher return hurdles and clear managerial responsibility of delivering anticipated RoCE;
- Return to dividend paying in 2017;
- Return Zambeef over a three year period to a dividend policy of 30% of profit after tax;
- Prudent access to loan facilities to support investment while maintaining strict liquidity ratios and continuing to improve gearing and debt servicing ratios.





2016 FINANCIALS

ABRIDGED INCOME STATEMENT

	30 September 2016	30 September 2015	
	ZMW'000	ZMW'000	% Change
Revenue	2 376 148	1 554 872	52.82%
Cost Of Sales	(1 500 202)	(888 159)	-68.91%
Gross Profit	875 946	666 713	31.38%
Other Income	1 694	708	139.27%
Administrative Expenses	(690 047)	(505 343)	-36.55%
Administrative Expenses (excluding depreciation)	(612 263)	(438 293)	-39.69%
Depreciation	(77 784)	(67 050)	-16.01%
Operating Profit	187 593	162 078	15.74%
Finance Costs	(111 346)	(55 295)	-101.37%
Foreign Exchange (Gains/Losses)	58 345	(142 358)	140.98%
Unrealised	28 626	(46 873)	161.07%
Realised	29 719	(95 485)	131.12%
Profit/(loss) Before Taxation	134 592	(35 575)	478.33%
Income Tax	(10 798)	(4 661)	131.67%
Profit/(Loss) from discontinued operations	33 592	(14 377)	
Profit/(Loss) After Taxation	157 386	(54 613)	388.18%
Adjusted Profit/(Loss) After Taxation	95 168	6 637	837.92%
EBITDA	316 555	149 501	111.74%



ABRIDGED BALANCE SHEET

	30 September 2016	30 September 2015
	ZMW'000	ZMW'000
Non-Current Assets	2 099 036	1 989 503
Current Assets	922 024	791 124
Total Assets	3 021 060	2 780 627
Capital and Reserves	2 128 323	1 475 292
Non-Current Liabilities	307 700	516 292
Current Liabilities	585 037	789 043
Total Equity and Liabilities	3 021 060	2 780 627
Ratios		
Current Ratio	1.58	1.00
Total Debt/Equity Ratio	25.66%	60.34%



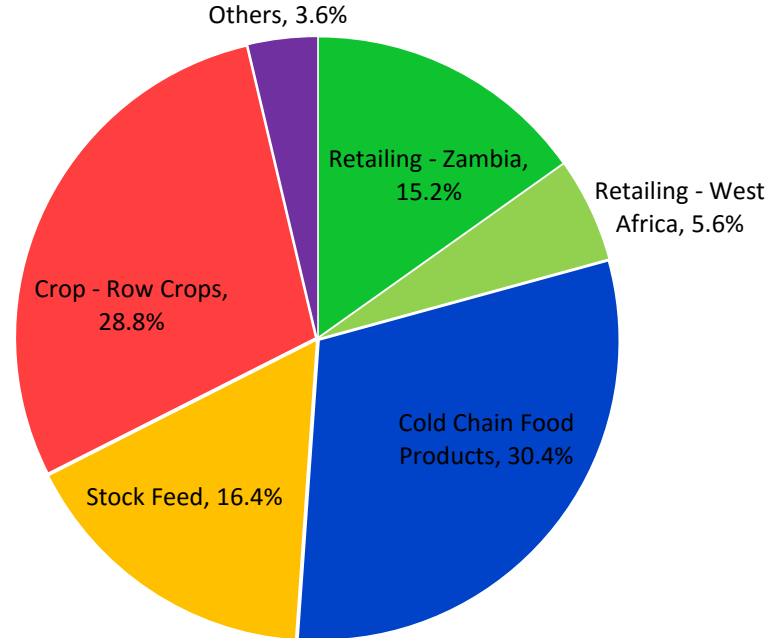
ABRIDGED CASH FLOW

	30 September 2016	30 September 2015
	ZMW'000	ZMW'000
Profit/(Loss) Before Taxation	134 592	(35 575)
EBITDA	316 555	149 501
Movement in Working Capital	(185 407)	114 124
Cash inflow/(outflow) from Operating Activities	131 148	263 625
Cash inflow/(outflow) from/(on) investment activities	266 416	(21 714)
Cash inflow/(outflow) before financing activities	397 564	241 911
Cash inflow/(outflow) from financing	(178 389)	(268 542)
Cash at the beginning of the year	(190 648)	(147 868)
Effects of exchange rate changes	36 280	(16 149)
Cash at the end of the year	64 806	(190 648)



SEGMENTAL SUMMARY % OF GROUP GROSS PROFIT

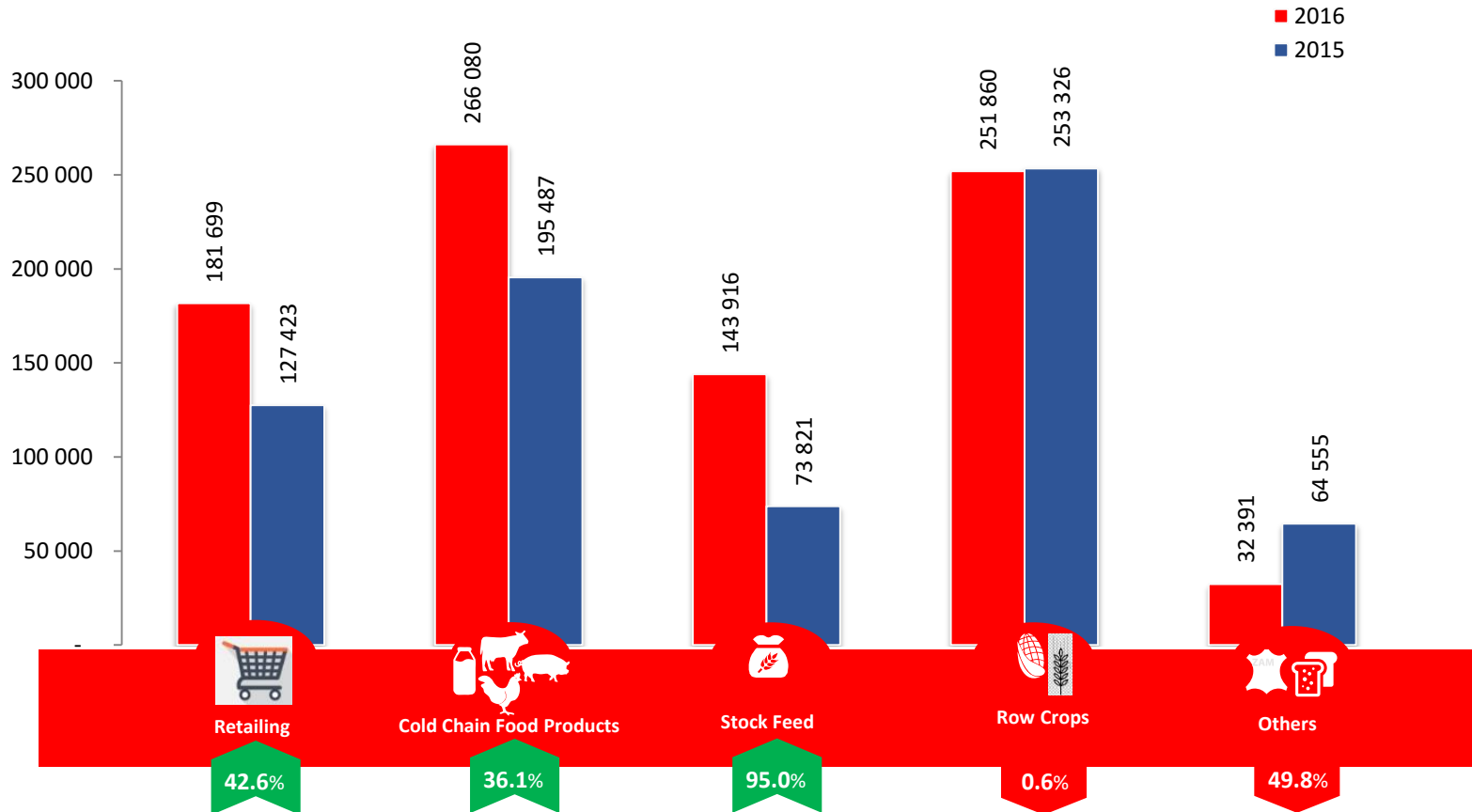
2016



Divisional 2016 & 2015 Gross Profit Summary

(ZMW'000)

GROSS PROFIT (ZMW'000)



RETAILING RESULTS

- **Retail network has significantly grown**
 - Expanded from 154 to 171 stores
- **Volumes grew by around 11%**
- **Gross profit margins increasing from 13.1% to 13.5%**
- **One of the fastest growing retailers in the region**



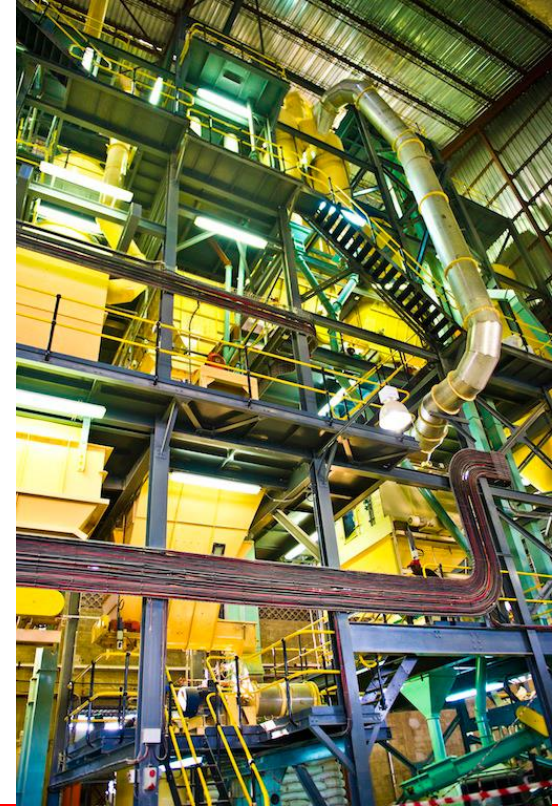
COLD CHAIN FOOD PRODUCTION

- One of the largest meat processors in the region
- Focused on value addition, branding and retailing
- Significant volume increases:
 - Beef, pork, chicken and fish + 8%
 - Dairy products + 19%
 - Eggs + 2.2%
- Margins increased with Gross Profit percentage increasing from 22.9% to 23.5%



STOCKFEED (NOVATEK) RESULTS

- The market leader in Stockfeed in Zambia with volumes increasing 15.3% to 150,280t (2015: 130,280t)
- Operating at full capacity in second half of the year
- New stockfeed plant to come on line in February 2017
 - increasing capacity from 14,000t to 25,000t per month
- Growth to be driven by retailing expansion selling day old chicks with stockfeed
- Margins increased from 18.1% to 20.6%



CROPPING

- One of the largest row cropping operations in Africa
- 7,971 hectares under irrigation and planted twice a year with a further 8,623 hectares of rain fed cropping making a total of 24,564 hectares planted per annum
- 113,617t of grain harvested during the year up from 107,985 in 2015 as well as 27,334t of silage produced
- Most of farming income in US Dollars and financial results negatively impacted by appreciating of ZMW during the year while opposite effect in 2015
- World class farming assets



NON-FINANCIAL HIGHLIGHTS

- Raising of USD65m of capital from CDC
- Zamhatch/Zam Chick become 100% owned
- Retail Expansion
- World-class operations
 - Novatek ISO9000 compliant
 - Zamleather ISO20345 certification for mining boots;
 - FSSC 22000 on-going for pork, dairy and beef operations
 - Highest international standards for biosecurity





SUSTAINABILITY THROUGH INCLUSIVE GROWTH

SUSTAINABILITY

Zambeef Products takes a **'triple bottom line'** approach to its sustainability and is committed to ensuring a positive social, economic and environmental impact.

Zambeef continues to invest in;

- Education
- Social amenities: water, electricity etc.
- Poverty eradication
- Sports
- Traditional ceremonies

+ Social Impact



+ Environmental Impact



+ Economic Impact

ECONOMIC CONTRIBUTION

- US\$8.6 million of **exports** income generated for the nation
- More than US\$150 million **investment** in the last six years
- One of the largest employers in Zambia with over 6,000 staff **employed** with total emoluments of ZMW307m (USD28.3m)
- ZMW144m (US\$13.3 million) of **tax, duty and pension payments** made to the Zambian government in FY 2016;
- **Efficient link** of **small scale farmers** to the market:



As a working mother, Priscilla Mwinga understands the importance of how a successful working relationship with Zambeef sustains a healthy and comfortable lifestyle. With Zambeef's support, she has managed to see all four children through school with one going on to college.





OUTLOOK

OUTLOOK

- **Driving sustainable revenue growth through:**
 - Expansion of retail network
 - Increasing capacity throughout operations
 - Increasing exports into SADC/COMESA region
- **De risking the business through:**
 - Reduced gearing and dollar debt
 - E&S/Food safety strategy
 - Sustainability and economic impact
- **Investing to enhance margins and improve economies of scale**
- **Improve cash conversion through:**
 - Strong working capital control
 - Tight control on capex and managerial responsibility for delivering anticipated RoCE
 - Disposal of non core assets



DIVIDEND POLICY

Payment of a sustainable progressive dividend

- There continues to be exciting growth opportunities and the Company will invest to capture this growth
- At the same time the Board's intention is to manage the business in a way that allows the payment of a sustainable progressive dividend
- Dividend payments to resume in 2017
- The intention is to return the business to paying 30% of PAT over a three year period provided key liquidity and debt servicing ratios are met





SUMMARY

- This year Zambeeff has delivered strong growth and **record profits** in a very volatile and challenging macro environment
- Our **business models is robust** with volumes having increasing by around 11% and margins being maintained. We believed steady growth will continue
- There are still **operational gains and efficiencies to be captured** and the team is focused to deliver these
- The capital injection received from CDC has materially **de-risked the balance sheet**. The residual debt structure is better matched to our underlying ZMW and \$ cashflows. Nevertheless we will continue to focus on further debt reduction and mitigating operational risk

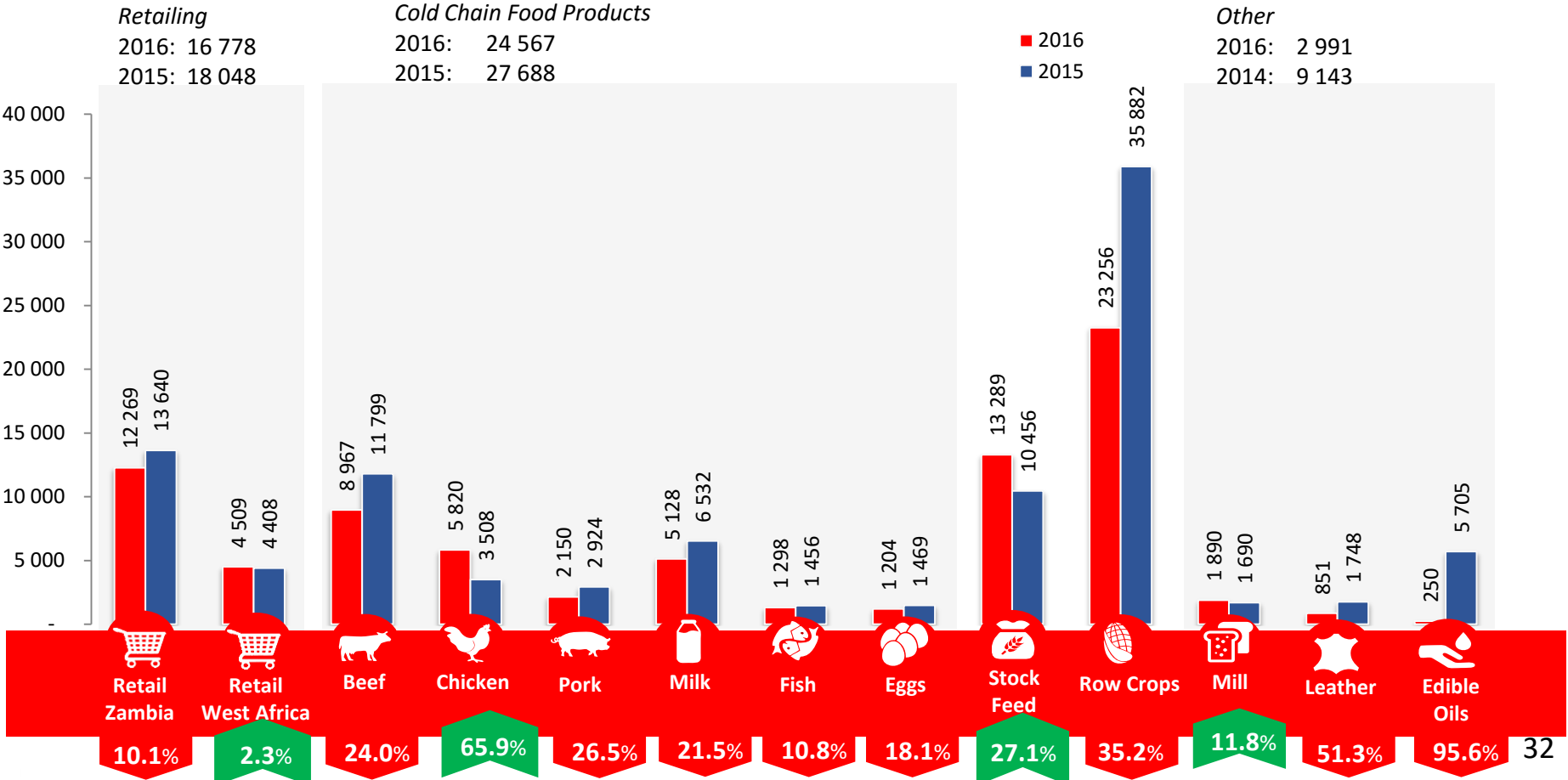




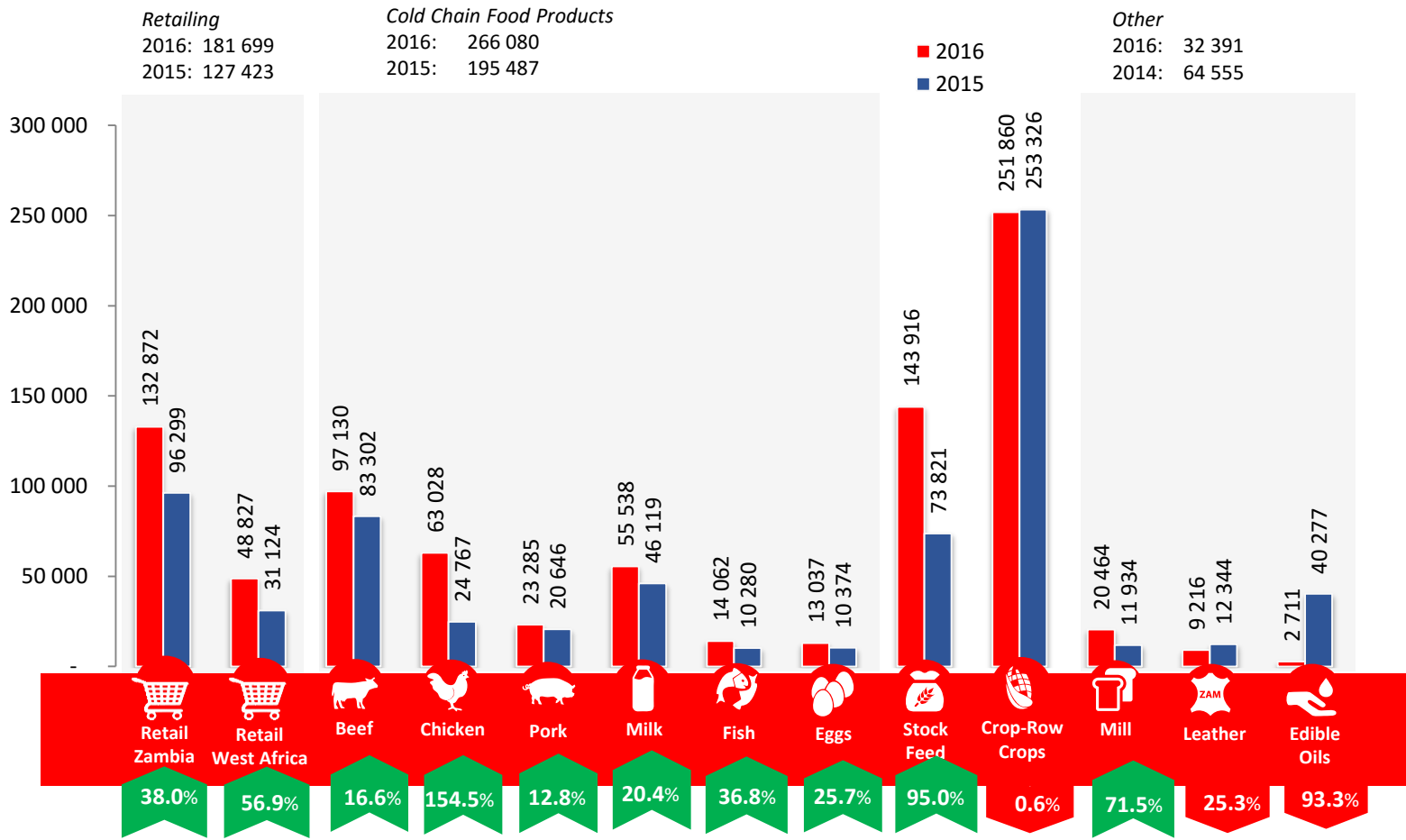
THANK YOU



APPENDIX: DETAILED DIVISIONAL 2016 & 2015 GROSS PROFIT (USD'000)



DIVISIONAL 2016 & 2015 GROSS PROFIT (ZMW'000)



Segmental Revenue and Gross Profit (USD'000)

Segment	2016 Revenue USD '000	2015 Revenue USD '000	% change	2016 Gross Profit USD '000	2015 Gross Profit USD '000	% change
Retailing - Zambia	104 481	119 443	-12.5%	12 269	13 640	-10.1%
Master Meats Nigeria	16 881	15 448	9.3%	3 640	3 759	-3.2%
Master Meats Ghana	3 113	2 958	5.2%	869	650	33.6%
Retail - West Africa	19 994	18 407	8.6%	4 508	4 408	2.3%
Total Retailing	124 475	137 849	-9.7%	16 778	18 049	-7.0%
Beef	39 400	50 519	-22.0%	8 967	11 802	-24.0%
Chicken	26 321	23 829	10.5%	5 820	3 508	65.9%
Pork	19 717	22 654	-13.0%	2 150	2 924	-26.5%
Milk	11 591	14 291	-18.9%	5 128	6 532	-21.5%
Fish	4 448	5 150	-13.6%	1 298	1 456	-10.8%
Eggs	3 294	4 094	-19.5%	1 204	1 469	-18.1%
Cold Chain Food Products	104 771	120 537	-13.1%	24 567	27 691	-11.3%
Stock Feed	64 410	57 771	11.5%	13 289	10 456	27.1%
Crop-Row Crops	38 171	56 250	-32.1%	23 256	35 882	-35.2%
Mill	8 231	7 981	3.1%	1 890	1 690	11.8%
Leather	3 051	4 563	-33.1%	851	1 749	-51.3%
Edible Oils	8 476	30 995	-72.7%	250	5 705	-95.6%
Others	19 758	43 538	-54.6%	2 991	9 143	-67.3%
Total	351 585	415 946	-15.5%	80 881	101 221	-20.1%
Less: Intra/Inter Group Sales	-132 181	(159 811)	-17.3%			0.0%
Less: Discontinued operations		(35 898)	-100.0%		(6 785)	-100.0%
Group Total	219 404	220 237	-0.4%	80 881	94 436	-14.4%

Segmental Revenue and Gross Profit (ZMW'000)

Segment	2016 Revenue ZMW '000	2015 Revenue ZMW '000	% change	2016 Gross Profit ZMW '000	2015 Gross Profit ZMW '000	% change
Retailing - Zambia	1 131 524	843 269	34.2%	132 872	96 299	38.0%
Master Meats Nigeria	182 825	109 064	67.6%	39 421	26 536	48.6%
Master Meats Ghana	33 710	20 887	61.4%	9 406	4 588	105.0%
Retailing - West Africa	216 535	129 951	66.6%	48 827	31 124	56.9%
Total Retailing	1 348 059	973 220	38.5%	181 699	127 423	42.6%
Beef	426 731	356 652	19.6%	97 130	83 301	16.6%
Chicken	285 056	168 235	69.4%	63 028	24 767	154.5%
Pork	213 535	159 939	33.5%	23 285	20 646	12.8%
Milk	125 526	100 896	24.4%	55 538	46 119	20.4%
Fish	48 172	36 362	32.5%	14 062	10 280	36.8%
Eggs	35 673	28 902	23.4%	13 037	10 374	25.7%
Cold Chain Food Production	1 134 693	850 986	33.3%	266 080	195 486	36.1%
Stock Feed	697 563	407 863	71.0%	143 916	73 821	95.0%
Crop-Row Crops	413 391	397 125	4.1%	251 860	253 326	-0.6%
Mill	89 137	56 348	58.2%	20 464	11 934	71.5%
Leather	33 037	32 213	2.6%	9 216	12 345	-25.3%
Edible Oils	91 790	218 828	-58.1%	2 711	40 277	-93.3%
Others	213 964	307 389	-30.4%	32 391	64 556	-49.8%
Total	3 807 670	2 936 583	29.7%	875 946	714 612	22.6%
Less: Intra/Inter Group Sales	(1 431 522)	(1 128 268)	26.9%	-	-	0.0%
Less: Discontinued operations		(253 443)	-100.0%		(47 900)	-100.0%
Group Total	2 376 148	1 554 872	52.8%	875 946	666 712	31.4%



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