

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



Zambeef Products Plc.

Incorporated in the Republic of Zambia]

Company Registration Number: 31824

SHARE CODE: ZAMBEEF

ISIN: ZM0000000201

BROKER



Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

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AUTHORISATION

Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- Zambeef Products Plc.

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ISSUE DATE: 6 SEPTEMBER 2017



ZAMBEEF PRODUCTS PLC

(“Zambeef” or the “Group”)
INCORPORATED IN THE REPUBLIC OF ZAMBIA
COMPANY REGISTRATION NUMBER: 31824
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Year End Trading Update

Zambeef the fully integrated agribusiness with operations in Zambia, Nigeria and Ghana, provides an update on its expected performance for the year ending 30 September 2017, which fluctuates across divisions. The audited annual results are expected to be announced on or around 15 November 2017.

Whilst it is pleasing to report a good trading performance in the Retailing, Cold Chain Food Products and Stock Feed divisions, it is disappointing to report that largely external factors affecting the Cropping division are likely to have a material adverse impact on Group reported results for the financial year ending 30 September 2017.

Retailing and Cold Chain Food Products Division

Continued management focus on the Retailing and Cold Chain Food Products division and the opening of additional retail macro stores have driven continued strong performance in this division and the Board expects it to deliver results above market expectations for the full year. During FY 2017, we have had a successful roll out with eight new retail macro stores and seven new Shoprite concessions opened during the year (three in Zambia, three in Nigeria and one in Ghana).

Stock Feed Division

Following a challenging H1/2017 performance, the Stock Feed division has performed well during H2/2017 as a result of falling input prices. Accordingly, we are also expecting this division to deliver results above market expectations for the full year. The new stock feed plant in Mpongwe has now also been commissioned in August 2017, which will significantly increase capacity and volumes moving forward.

Cropping Division

Our Cropping division has experienced a number of serious challenges during FY 2017, largely external and outside of management control, which will result in our Cropping division results being materially below market expectations for the full year.

During H1/2017, despite an excellent operational and yield performance of the summer soya crop, where Zambeef harvested a record soya crop of 42,800 M.T., the price of soya beans dropped significantly from USD535/M.T. (March 2016) to USD360/M.T. (March 2017).

Since the publication of the interim results on 7 June 2017, the price of maize has also dropped significantly by more than USD65/M.T. over the last four months. Current levels are around USD160/M.T.

We have now started harvesting the winter wheat crop, and it appears that yields will be well below expectations due to the adverse impact of a fungal disease known as Septoria. This disease has always been present in Zambia and is part of the target of our fungicide spray programme. The strain this year appears to be more virulent and the first pivots harvested suggest Zambeef may have a reduction in the budgeted wheat yield in the region of 20 per cent. however, this cannot be accurately quantified yet due to the early stage of harvesting.

In view of the above, and noting the significance of the Cropping division to the Group, the Group expects reported profits for the year to 30 September 2017 to be materially below current market expectations. At this stage, it is expected that the Group is likely to publish results which range from a net profit before tax of ZMW4.5 million (USD0.5 million) to a net loss before tax of up to ZMW22.5 million (USD2.5 million) for the year to September 2017. In accordance with the LuSE/SEC requirements, we therefore anticipate that the Earnings Per Share (EPS) will reduce by at least 97 per cent. In comparison to the 2016 EPS.

Dr. Jacob Mwanza, Chairman of Zambeef, commented:

“Earlier today, we announced positive news of the disposal of 90 per cent. of Zambeef’s shareholding in Zampalm Limited to the Industrial Development Corporation of Zambia Limited (“IDC”) for a total cash consideration of USD16 million to be paid on completion, with a further performance amount of up to USD2 million dependent on performance milestones over the three years from 2018 to 2020. This disposal is aligned with the Group’s strategy of focusing on its core business of the production and retailing of cold chain meat and dairy products, cropping and stock feed. The proceeds will be used to further pay down the Group’s debt and thus reduce gearing and interest costs.

“Whilst it is pleasing to report a good trading performance in the Retailing, Cold Chain Food Products and Stock Feed divisions, it is disappointing to report that largely external factors affecting the Cropping division are likely to have a material adverse impact on Group reported results for the financial year ending 30 September 2017.”

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Notes to the editors

Information on Zambeef

The Zambeef Group is one of the largest integrated cold chain food producers in Zambia, involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, eggs, dairy products, fish, flour and stock feed. The Group also has large cereal row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 hectares of row crops under irrigation, which are planted twice a year and a further 8,623 hectares of rain-fed/dry-land crops available for planting each year.

Further information can be found on www.zambeefplc.com

Sponsoring Broker:



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