

Financial Results

for the year ended 30 September 2021



Table Of Contents

Zambeef at a Glance	3
Operating Environment	4
Macro-Economic Highlights	5
Financial Highlights	6
Divisional Analysis	7
Retail Channel Analysis	12
Segmented P&L	13-16
Abridged Financials	17-19
Strategic Objectives	20
Outlook	21



Zambeef at a glance



A robust business model of vertical integration

Cropping

One of the largest row cropping operations in Zambia; Double cropping of irrigated land means Zambeef plants 20,696 ha p.a

Stockfeed

The leading stockfeed producer in Zambia, operating two feed mills, in Lusaka and Mpongwe, with a capacity of 300,000 tons p.a

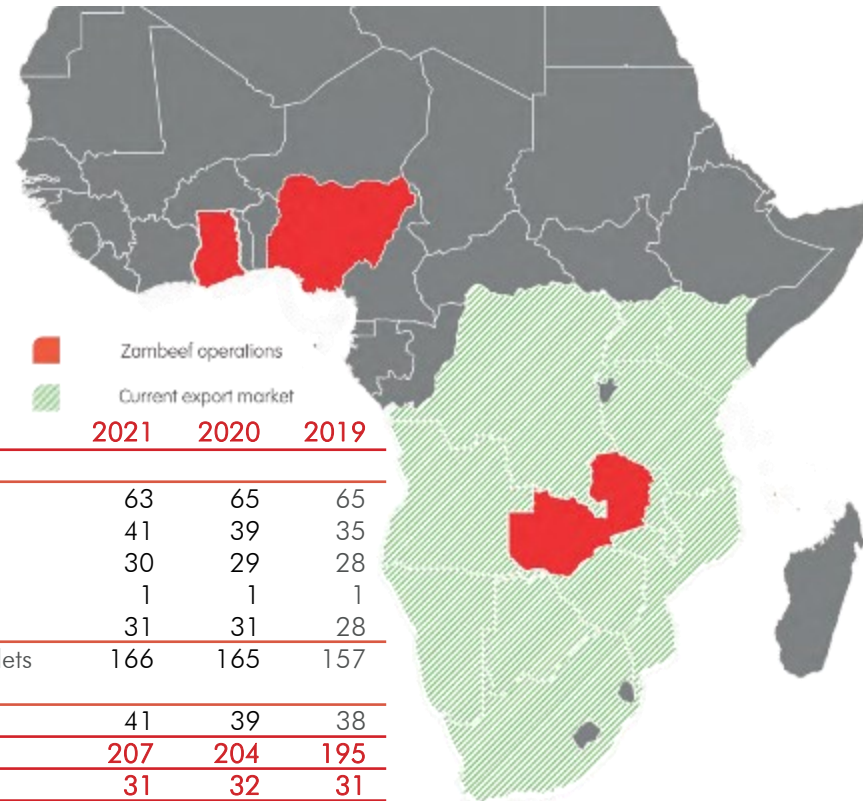
Cold Chain Food Products

The largest processor of beef In Zambia, One of the largest chicken processors producing fresh and frozen products, One of the largest piggeries and pork processing plants In Zambia

Zambeef Brands



Zambeef Network



	2021	2020	2019
Zambia			
Zambeef Outlets	63	65	65
Zambeef Macros	41	39	35
Novatek	30	29	28
Bakery	1	1	1
Zamshu Outlets	31	31	28
Total Zambeef Outlets	166	165	157
Shoprites	41	39	38
Total Zambia	207	204	195
Total West Africa	31	32	31
Total Retail Network	238	236	226

Operating Environment

ECONOMY

ZMW / USD

22%

2021: 20.85

2020: 16.58

Inflation

54%

2021: 21.73%

2020: 14.07%

TBS 364-Day

10%

2021: 24.76%

2020: 27.62%

Crude Oil(\$/Barrel)

31%

2021: 59.92

2020: 45.82

Copper (\$)

48%

2021: 8,688 ton

2020: 5,859 ton

INPUTS

Standard Beef (K)

44%

2021: 35.90 /Kg

2020: 24.92 /Kg

Pork 70kg+ (K)

67%

2021: 50.0 /Kg

2020: 30.0 /Kg

Raw Milk (K)

93%

2021: 9.22/L

2020: 4.79/L

Soya Beans (\$)

32%

2021: 497 /ton

2020: 377 /ton

Maize Bran (K)

42%

2021: 1.7 /Ton

2020: 1.2 /Ton

PRODUCTS

Beef (All)

61%

2021: K44.4 /Kg

2020: K27.6 /Kg

Chicken IQF

27%

2021: K39.9 /Kg

2020: K31.5 /Kg

Hungarian (K)

21%

2021: 40.6 /Kg

2020: 33.7 /Kg

Egg Tray (30)

31%

2021: K48.8

2020: K37.2

Day Old Chicks (K)

66%

2021: 11.1 /LSU

2020: 6.7 /LSU

Macro-Economic Highlights

Elevated Investor Sentiment, FX Recovery and a Debilitating Third Wave



Business Environment

- High inflation and the subsequent erosion of purchasing power from consumers characterized the business environment as average Inflation increased by 6 percentage points during the period



Currency Rally

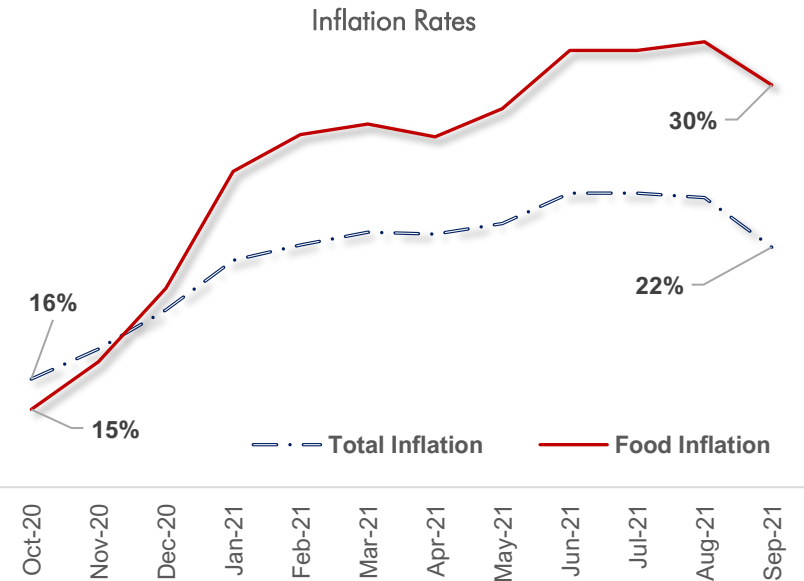
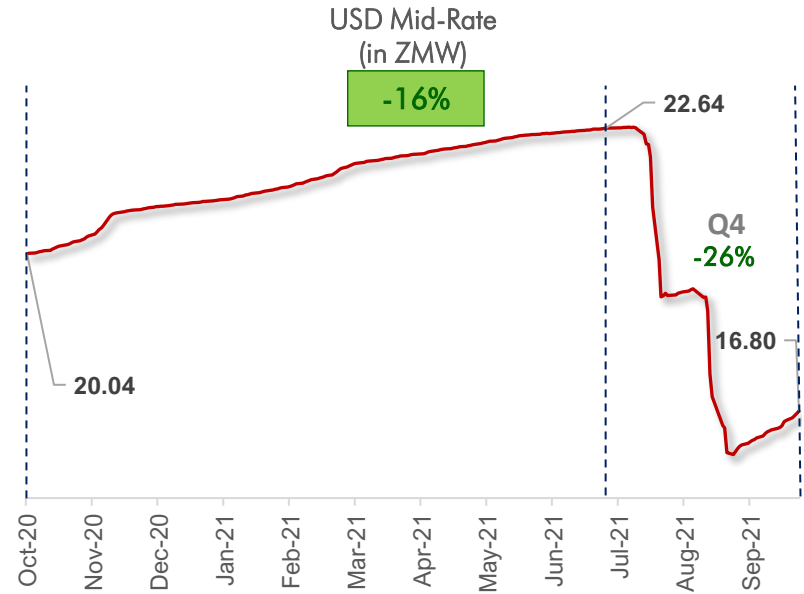
- The Zambian Kwacha appreciated by 16% in during the fiscal year with the a high of 15.90 per USD
- The appreciation of the Kwacha was due to the Increase in foreign participation into Zambian bond market and positive investor sentiments

COVID-19 Third Wave

- Between mid-May 2021 and early September, Zambia experienced a vehement wave of COVID-19
- At its height, new cases averaged 2,791 daily and deaths averaged 61 lives lost daily

Sovereign Debt

- BOZ was able to build up international reserves to US\$1.4 billion at the end of May 2021 and added \$1.33 billion In August owing to the IMF SDR program totaling US\$2.9 billion



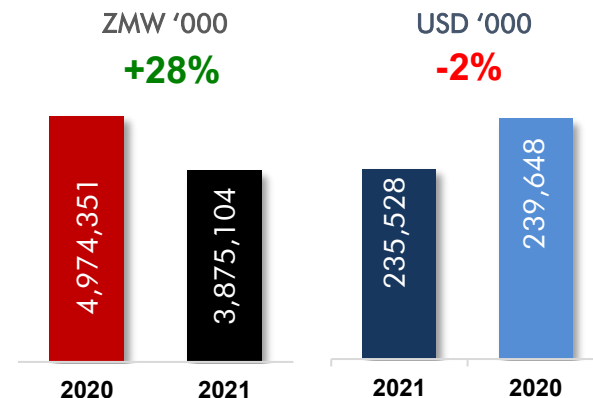
Financial Highlights



Operational Growth Driven by Revenue growth and cost efficiencies

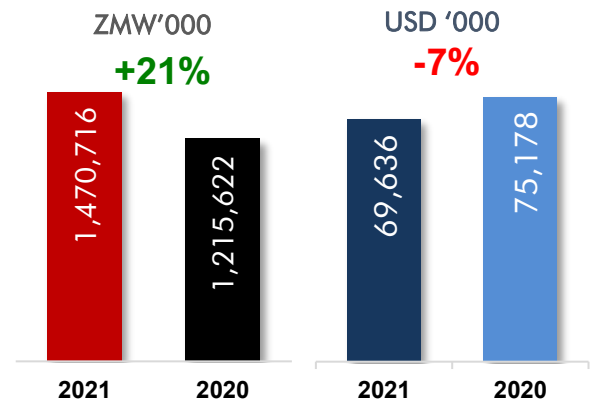
Revenue

- Revenue growth of 28% in Kwacha terms on prior year driven by pricing as demand for products held, despite supply challenges and input cost pressures across most products
- USD revenues declined as growth metrics observed in Kwacha terms were eroded by the depreciation of the local currency



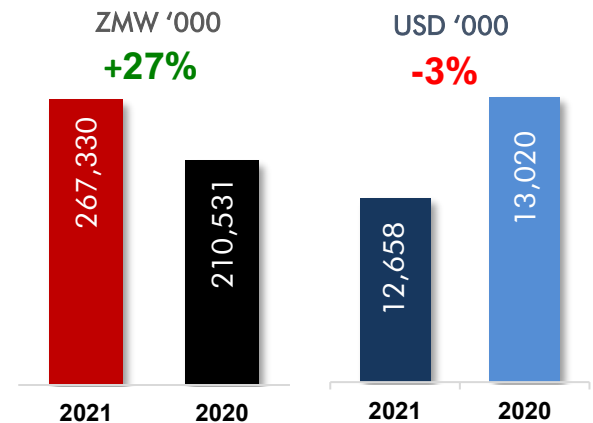
Gross Profit

- Gross Profit margins in the cropping division came under pressure due to the increase in the cost of USD priced inputs
- A high inflationary and supply constrained environment increased cost of sales figures significantly leading to reduced leveraged growth on revenue



Operating Profit

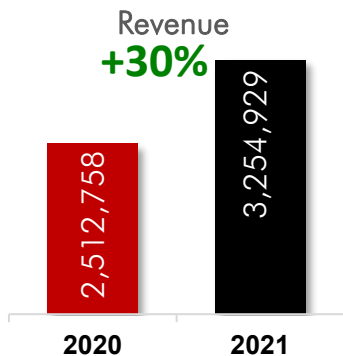
- Operating profit growth of 27% on prior year in kwacha terms owing to efficient management of overhead costs and effective pricing mechanisms
- Decline in USD Gross Profits were mitigated by lower central overheads as well as USD denominated transactions in the Cropping divisions



Divisional Highlights (ZMW'000)



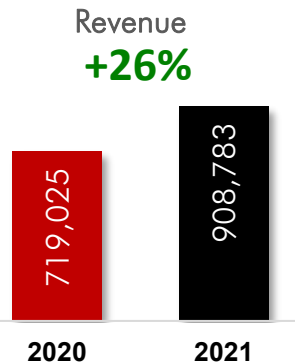
Retail & CCFP



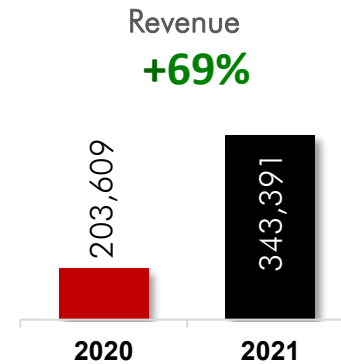
Stockfeed



Cropping

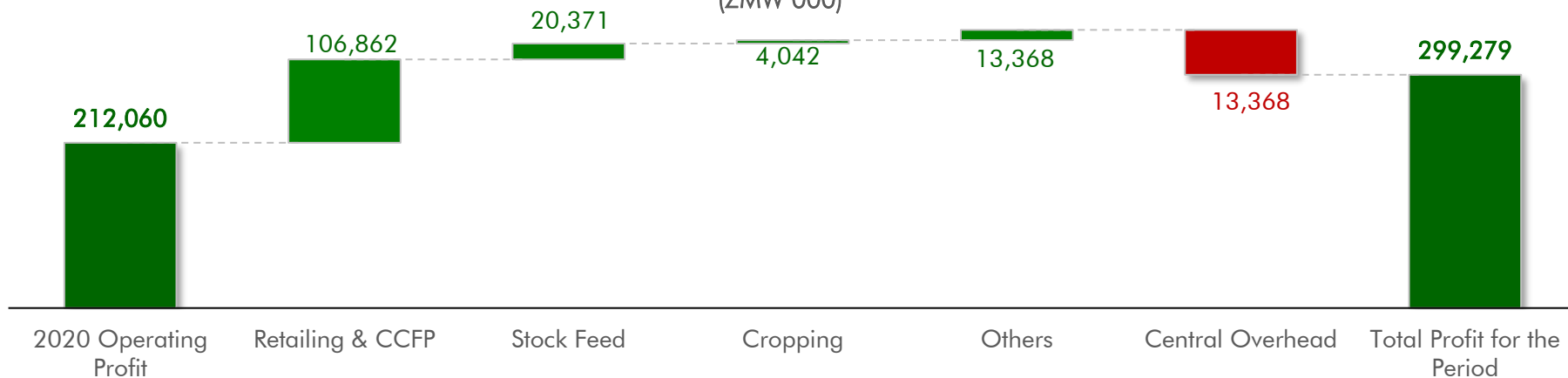


Other Businesses



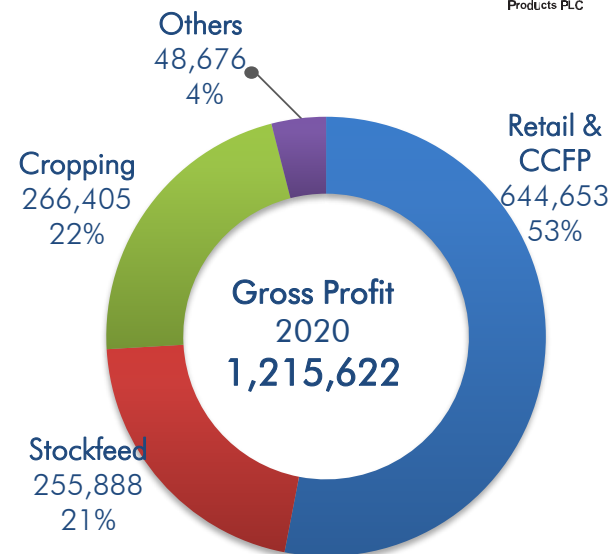
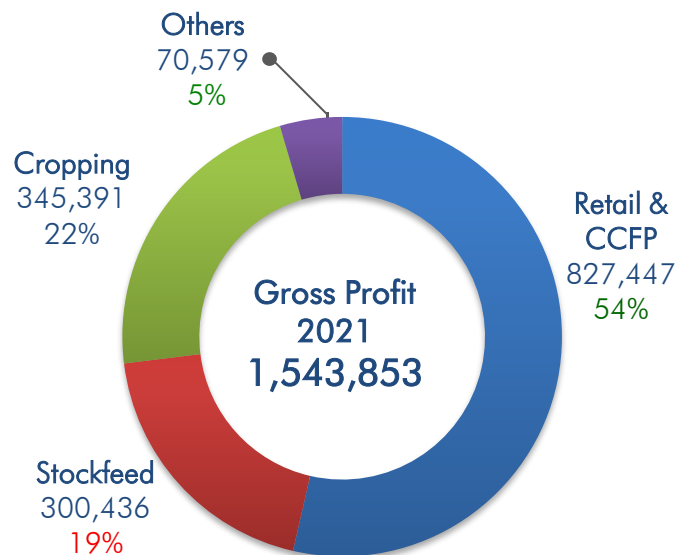
- CCFP performance was underpinned by increased demand given the relative affordability of Chicken and Egg as a source of protein.
- Shortage of day-old chicks slowed the growth of broiler feed while an export ban impacted export sales.
- Cropping Business include Assets held for sale (Chiawa) revenue of K181M (2020:K67M).
- The leather turnaround strategy paid off as the division saw an increase in demand for its shoe products.

Operating Profit Waterfall (ZMW'000)

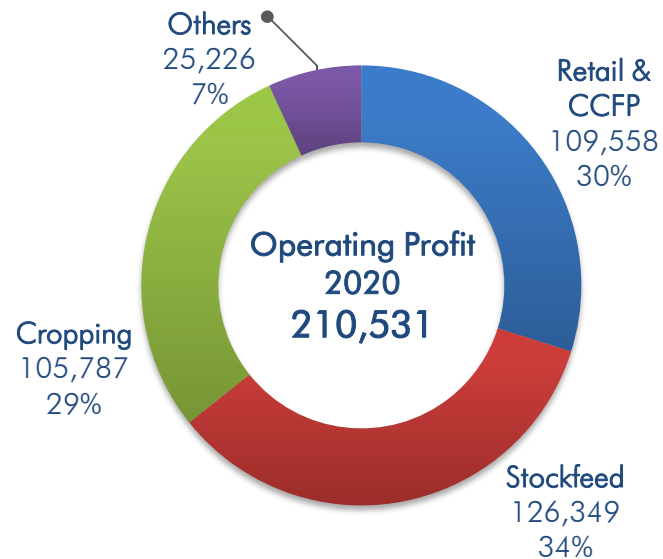
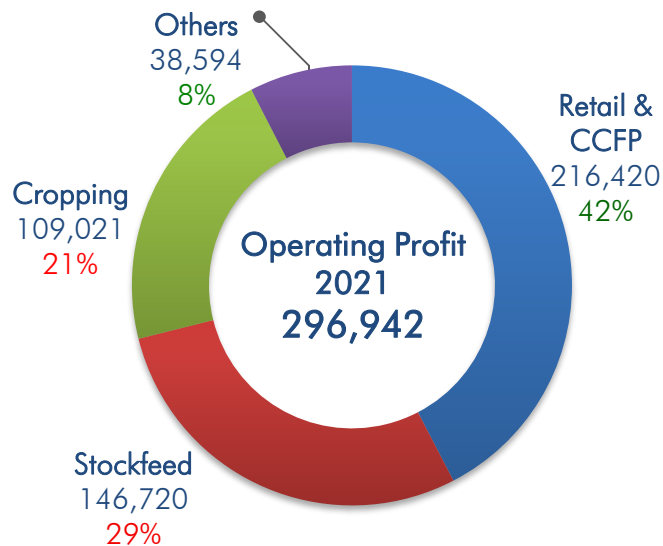


Group Profit Analysis (ZMW'000)

YoY Growth	
Retail & CCFP	28.4%
Stockfeed	17.4%
Cropping	29.6%
Others	45.0%
Total	27.0%



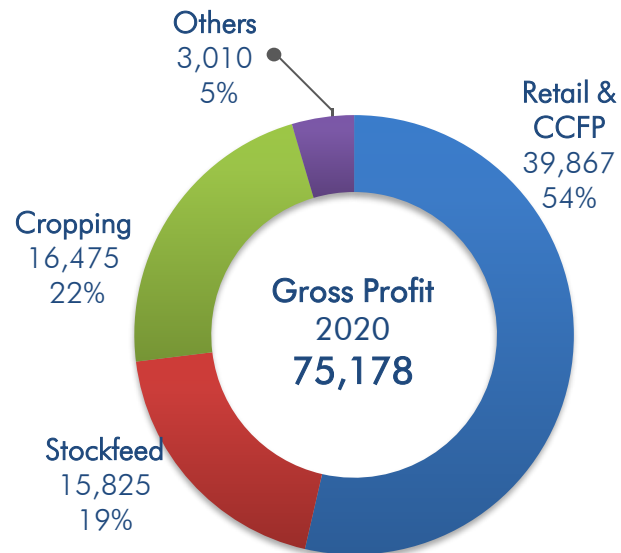
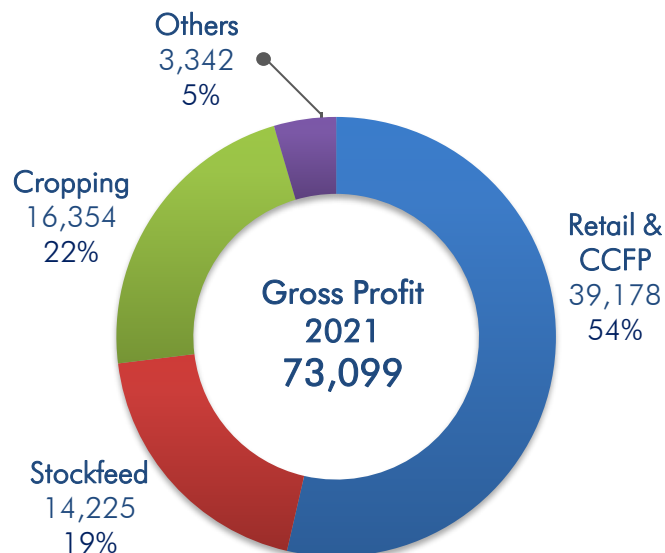
YoY Growth	
Retail & CCFP	97.5%
Stockfeed	16.1%
Cropping	3.1%
Others	53.0%
Total	41.0%



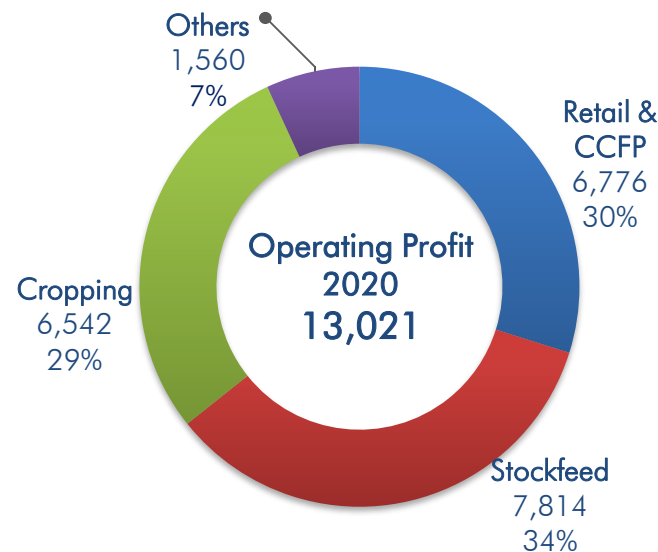
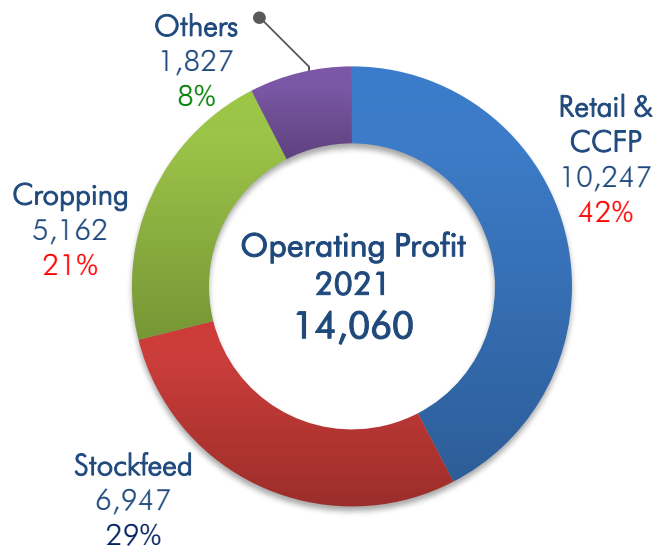
* Numbers above include Assets held for sale (Chiawa Farms)

Group Profit Analysis (USD'000)

YoY Growth	
Retail & CCFP	-1.7%
Stockfeed	-10.1%
Cropping	-0.7%
Others	11.0%
Total	-2.8%

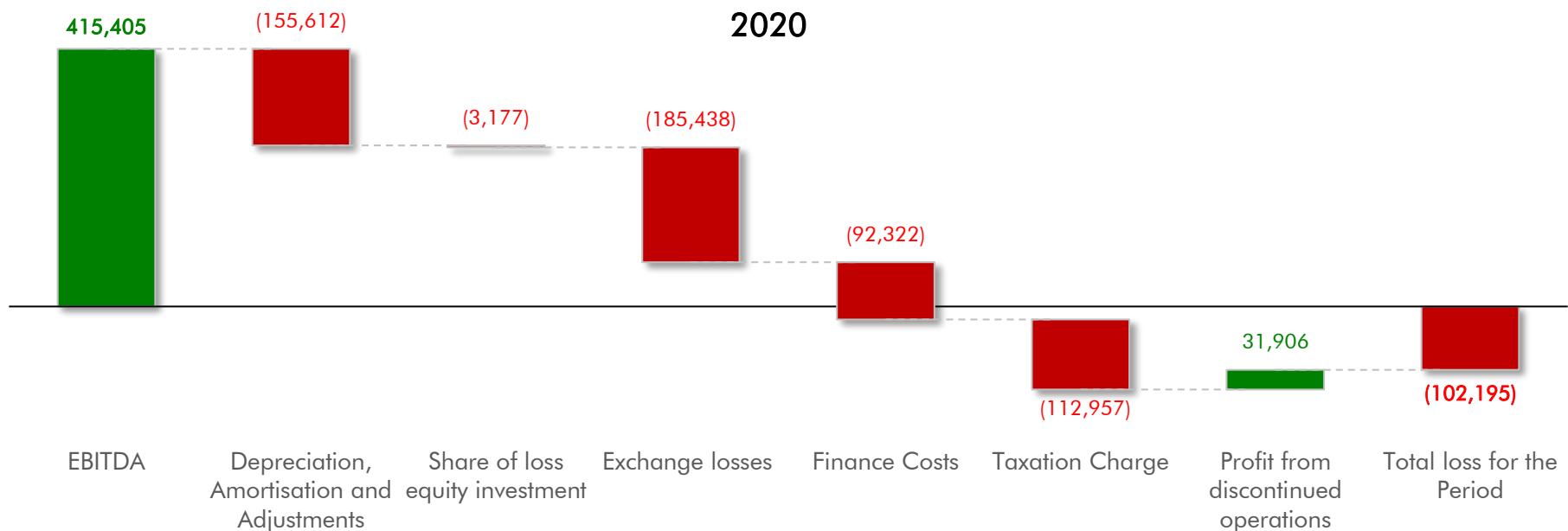
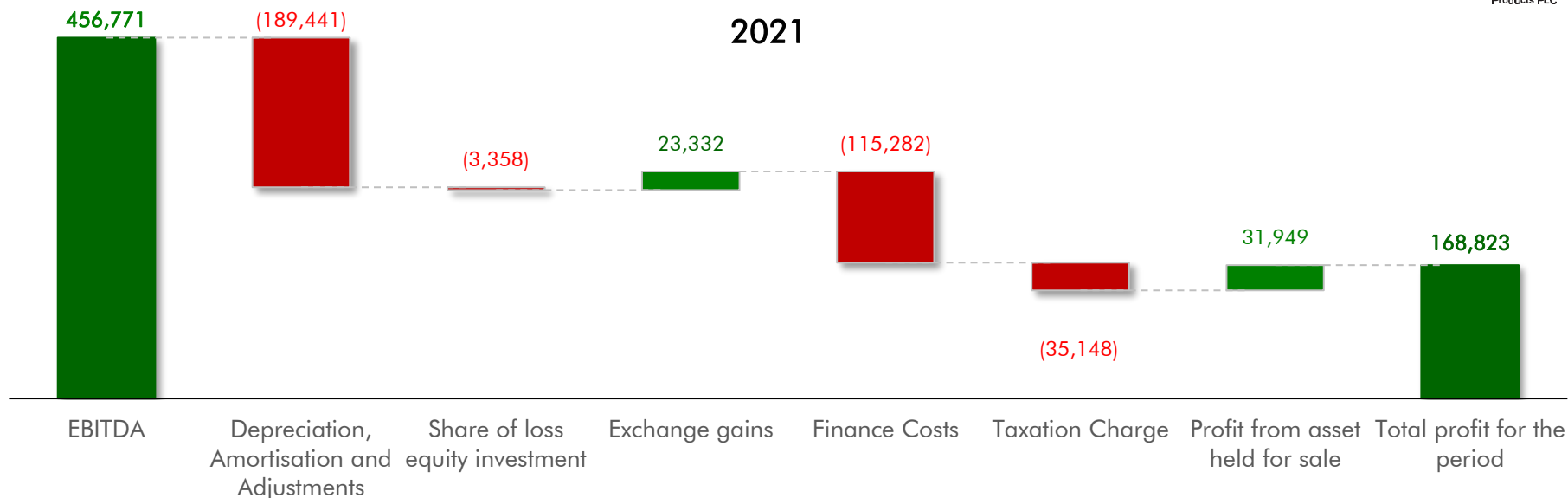


YoY Growth	
Retail & CCFP	51.2%
Stockfeed	-11.1%
Cropping	-21.1%
Others	17.1%
Total	8.0%



* Numbers above include Assets held for sale (Chiawa Farms)

Headline Earnings Waterfall (ZMW'000)



Financial Overview – P&L

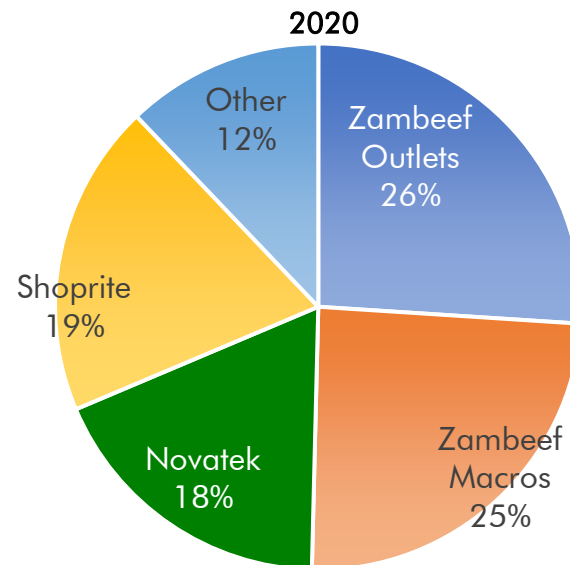
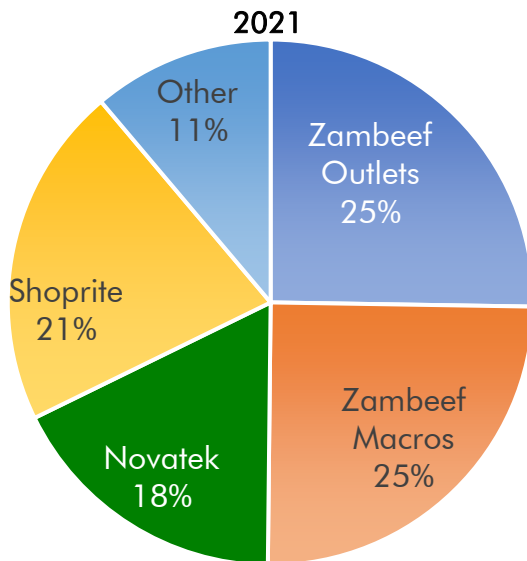
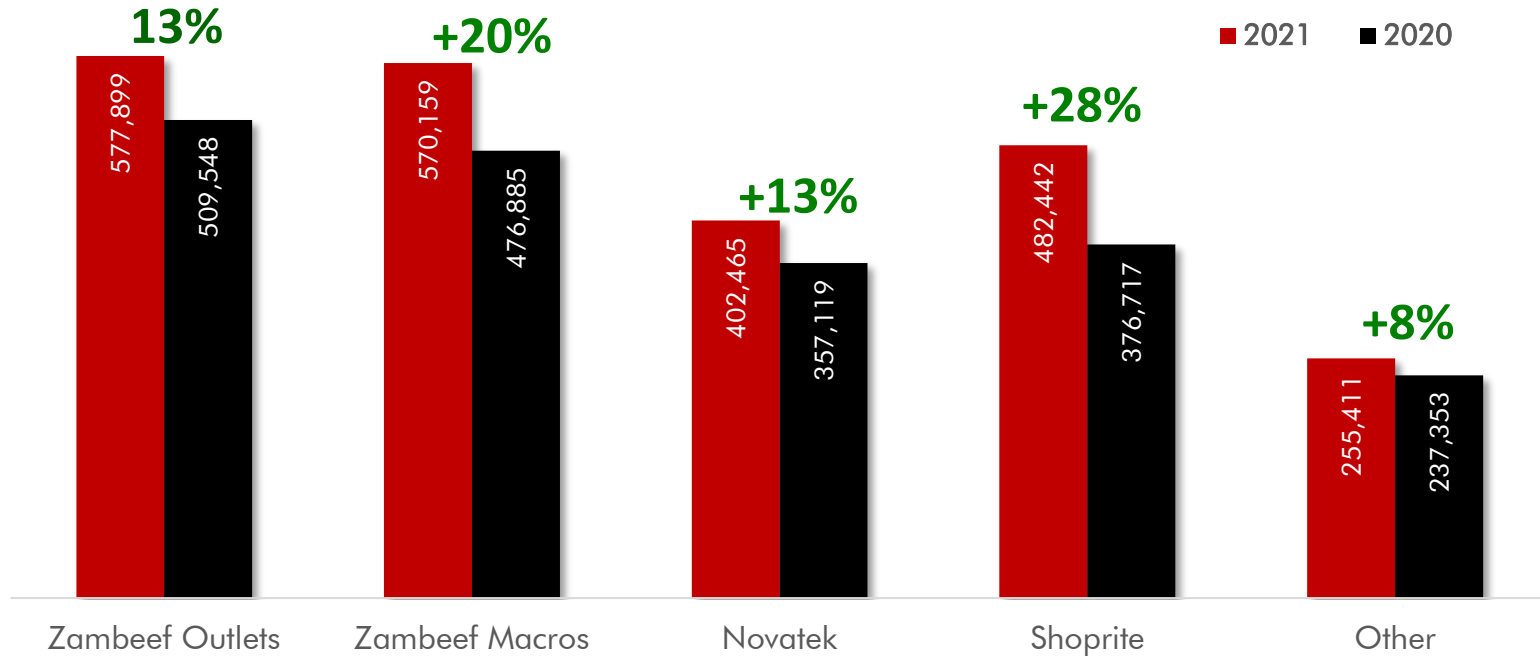


	2021 ZMW'000	2020 ZMW'000	%Δ	2021 USD'000	2020 USD'000	%Δ
Revenue	4,974,351	3,875,104	28.4%	235,528	239,648	-1.7%
Cost of Sales	(3,503,635)	(2,659,482)	31.7%	(165,892)	(164,470)	0.9%
Gross profit	1,470,716	1,215,622	21.0%	69,636	75,178	-7.4%
Administrative Expenses	(1,150,658)	(945,198)	21.7%	(54,482)	(58,454)	-6.8%
Distribution Costs	(66,848)	(66,770)	0.1%	(3,165)	(4,126)	-23.3%
Other Income	14,120	6,877	105.3%	669	425	57.4%
EBITDA	456,771	415,405	10.0%	21,627	25,689	-15.8%
Operating profit	267,330	210,531	27.0%	12,658	13,020	-2.8%
Share of loss equity accounted Investment	(3,358)	(3,177)	5.7%	(159)	(197)	-19.3%
Profit from assets held for sale	31,949	-	100.0%	1,513	-	100.0%
Exchange losses on translating foreign currency transactions and balances	23,332	(137,705)	-116.9%	1,105	(8,516)	-113.0%
Finance costs	(115,282)	(92,322)	24.9%	(5,458)	(5,709)	-4.4%
Profit/(loss) before taxation	203,971	(22,673)	-999.6%	9,659	(1,402)	-788.9%
Taxation charge	(35,148)	(112,957)	-68.9%	(1,664)	(6,986)	-76.2%
Group profit/(loss) from continued operations	168,823	(135,630)	-224.5%	7,995	(8,388)	-195.3%
Profit/(loss) from discontinued operations	-	33,435	-100.0%	-	2,068	-100.0%
Total (loss)/profit for the period	168,823	(102,195)	-265.2%	7,995	(6,320)	-226.5%

<i>Gross Profit Margin</i>	<i>29.60%</i>	<i>31.40%</i>	<i>-180 bps</i>
<i>Cost to Income Ratio</i>	<i>24.20%</i>	<i>25.90%</i>	<i>-175 bps</i>
<i>EBITDA Margin</i>	<i>9.20%</i>	<i>10.70%</i>	<i>-154 bps</i>
<i>Operating Profit Margin</i>	<i>5.40%</i>	<i>5.40%</i>	<i>-6 bps</i>



Retailing Revenue Channel Analysis-Zambia (ZMW'000)



Retail & Cold Chain Food Products P&L

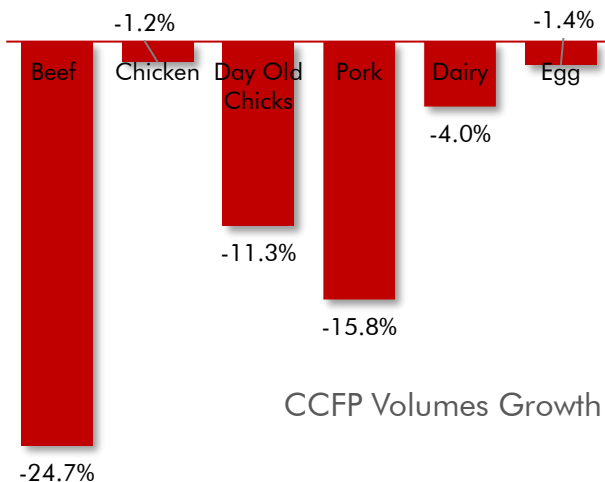
	2021 ZMW'000	2020 ZMW'000		2021 USD'000	2020 USD'000	
Retail & CCFP	3,254,929	2,512,758	29.5%	154,116	155,396	-0.8%
Gross Profit	827,447	644,653	28.4%	39,178	39,867	-1.7%
Overheads	(611,027)	(535,095)	-14.2%	(28,931)	(33,092)	12.6%
Operating Profit	216,420	109,558	97.5%	10,247	6,776	51.2%
GP %	25.4%	25.7%	-24 bps			
Operating Profit %	6.6%	4.4%	228 bps			
Cost to Income	18.8%	21.3%	-253 bps			

Highlights

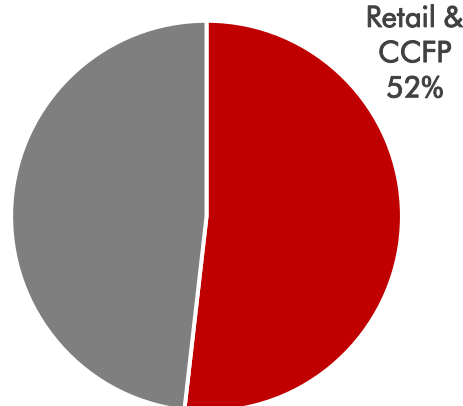
- Favourable prices across protein categories resulted in increased revenue for the CCFP despite supply related volumes challenges

Challenges

- Consumers disposable income was constrained during the period, driven by high inflation levels
- Margins came under pressure as higher input costs could not be fully passed on to consumers in some cases
- Chicken and Hatch volumes declined driven by supply challenges
- High feed prices eroded margins from all three poultry businesses as rearing costs rose significantly
- Pig supply remains constrained due to rearing costs
- Beef volumes came under pressure due to pricing and entrant of new players



Revenue Contribution



	2021 ZMW'000	2020 ZMW'000		2021 USD'000	2020 USD'000	
Revenue	1,747,742	1,331,965	31.2%	82,753	82,373	0.5%
Gross Profit	300,436	255,888	17.4%	14,225	15,825	-10.1%
Overheads	(153,716)	(129,539)	18.7%	(7,278)	(8,011)	-9.1%
Operating Profit	146,720	126,349	16.1%	6,947	7,814	-11.1%
GP %	17.2%	19.2%	-203 bps			
Operating Profit %	8.4%	9.5%	-110 bps			
Cost to Income	8.8%	9.7%	-94 bps			
Volumes	214,566	217,923	-1.5%			

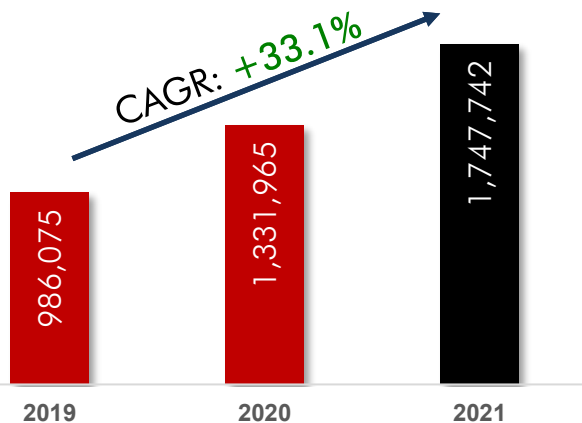
Highlights

- Revenue growth driven by pricing
- Feed plant operating efficiently. Pelletting capacity remains a bottleneck

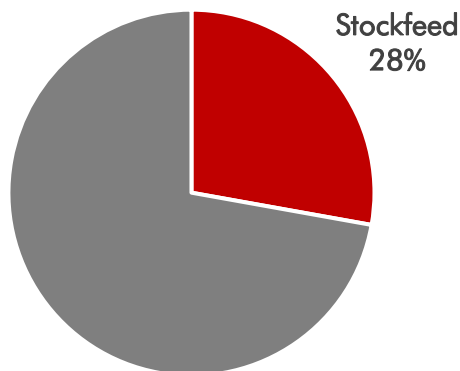
Challenges

- Increased raw material costs, specifically soya, impacted pricing and therefore volumes
- Sales volumes were flat on prior year mainly due to declines on key volume categories
- The temporal export ban during the period impacted export sales
- Shortage of DOC impacted volumes in Broiler feed

Revenue
ZMW'000



Revenue Contribution

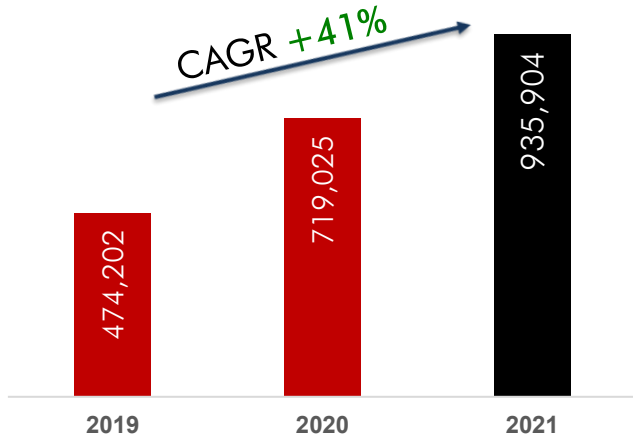


	2021 ZMW'000	2020 ZMW'000		2021 USD'000	2020 USD'000	
Revenue	935,904	719,025	30.2%	44,314	44,467	-0.3%
Gross Profit	345,391	302,977	14.0%	16,354	18,736	-12.7%
Overheads	(234,033)	(195,661)	-19.6%	(11,081)	(12,100)	-8.4%
Operating Profit	111,358	105,787	3.8%	5,273	6,637	-20.5%
GP %	36.9%	40.9%	-399 bps			
Operating Profit %	11.9%	14.9%	-303 bps			
Cost to Income	25.3%	24.7%	60 bps			

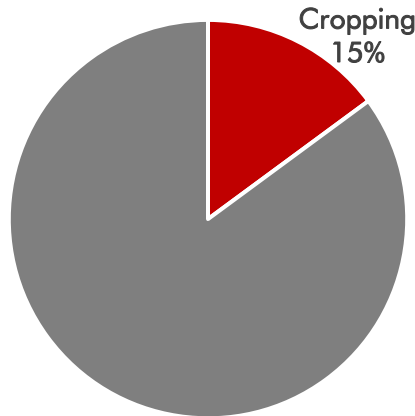
Highlights

- ❑ Zambia experienced a good rainfall season
- ❑ Cropping revenue increased on the back of improved wheat yields and favourable Wheat prices
- ❑ The depreciation of the Kwacha also positively impacted Cropping Revenues in Kwacha terms

Revenue
In ZMW'000



Revenue Contribution



Challenges

- ❑ Increased dollar denominated input costs due to the depreciation of the kwacha.
- ❑ Overheads increased in Kwacha terms due to the depreciation of the currency



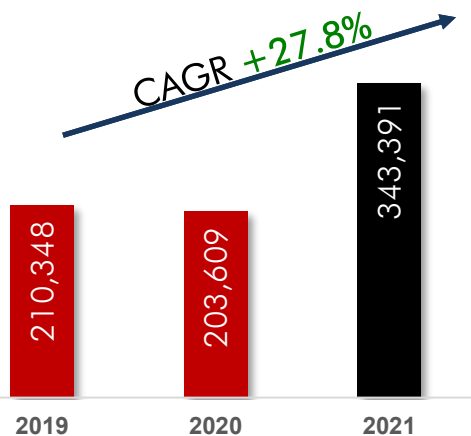
Other divisions P&L

	2021 ZMW'000	2020 ZMW'000		2021 USD'000	2020 USD'000	
Revenue	343,391	203,609	68.7%	16,259	12,592	29.1%
Gross Profit	70,579	48,676	45.0%	3,342	3,010	11.0%
Overheads	(31,985)	(23,450)	36.4%	(1,514)	(1,450)	4.4%
Operating Profit	38,594	25,226	53.0%	1,827	1,560	17.1%
GP %	20.6%	23.9%	-336 bps			
Operating Profit %	11.2%	12.4%	-116 bps			
Cost to Income	9.3%	11.5%	-221 bps			

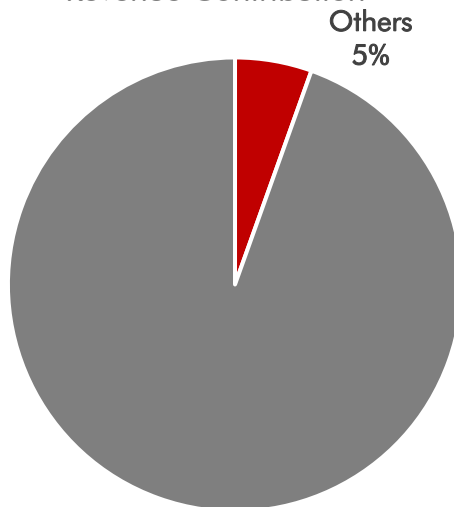
Highlights

- ❑ Shoe sales grew by 47% to 102,704 pairs compared to the 70,055 pairs sold last year in the Zamshu division, supported by the easing of corona virus restrictions
- ❑ Zamleather Margins Increased as the division sold more higher-grade leather and value-added shoes.
- ❑ Flour sales volumes for the year increased 92% due to new sales channels and product offering

Revenue
ZMW'000



Revenue Contribution



Challenges

- ❑ Cost pressures in Milling arising from the increase in price of wheat in kwacha terms following the depreciation of the currency.
- ❑ Export markets in Leather affected by Coronavirus restrictions



Abridged Balance Sheet

	FY 21	FY 20	FY 19	FY 21	FY 20	FY 19
	ZMW'000s	ZMW'000s	ZMW'000s	USD '000s	USD '000s	USD '000s
Non – current assets	3,331,337	3,484,684	3,077,526	199,004	173,023	233,146
Current assets	2,170,917	1,710,524	1,446,032	129,683	84,932	109,547
Total assets	5,502,254	5,195,208	4,523,558	328,687	257,955	342,693
Capital and reserves	3,841,987	3,770,219	3,240,828	229,510	187,200	245,517
Non – current liabilities	299,307	291,309	272,896	17,906	14,464	20,674
Current liabilities	1,360,512	1,133,680	1,009,834	81,271	56,291	76,502
Total equity and liabilities	5,502,254	5,195,208	4,523,558	328,687	257,955	342,693
Current Ratio	1.60	1.51	1.43	1.60	1.51	1.43
Net Debt/Equity (Gearing ratio)	18.60%	21.14%	27.30%	18.60%	21.14%	27.30%



Debt Analysis for September 2021

	FY-21 ZMW'000	HY-21 ZMW'000	FY-20 ZMW'000	Vs HY-21	Vs FY-20
Interest bearing liabilities	406,264	483,392	517,117	-15.96%	-21.44%
Obligations under finance lease	19,671	26,688	43,009	-26.29%	-54.26%
Cash & Cash Equivalents	(201,539)	(83,678)	(111,136)	140.85%	81.34%
Bank overdraft	490,204	576,693	348,045	-15.00%	40.85%
Net Debt	714,600	1,003,095	797,035	-28.76%	-10.34%

	FY-21 USD'000	HY-21 USD'000	FY-20 USD'000	Vs HY-21	Vs FY-20
Term Debt	24,269	24,002	28,633	1.11%	-15.24%
Obligations under finance lease	1,175	1,325	2,381	-11.32%	-50.66%
Cash & Cash Equivalents	(12,039)	(4,155)	(6,154)	189.77%	95.64%
Bank overdraft	29,283	28,634	19,272	2.27%	51.95%
Net Debt	42,688	49,806	44,133	-14.29%	-3.27%

Highlights

- ❑ The increase at half-year reflects the seasonal working capital requirements for farming inputs.
- ❑ USD to ZMW debt now stands at 15%:85% compared to 80%:20% at the end of the previous financial year.
- ❑ Debt reorganisation will ensure predictability of interest and principal repayments and mitigate foreign exchange risk



Abridged Cashflow Statement

	FY 21	FY 20	FY 19	FY 21	FY 20	FY 19
	ZMW'000s	ZMW'000s	ZMW'000s	USD '000s	USD '000s	USD '000s
Profit/(Loss) before taxation	203,971	(22,673)	38,653	9,658	(1,402)	3,138
EBITDA, Fair value adjustments and Forex	456,771	415,405	224,904	21,627	25,689	18,255
Net cash inflow/(outflow) from/on operating activities	283,489	312,765	(255,710)	13,422	19,342	(20,755)
Movement in working capital	(173,282)	(104,640)	(30,806)	18,417	18,417	(2,500)
Net cash outflow on investing activities	(116,578)	81,052	(102,049)	(5,520)	5,012	(8,283)
Net cash outflow before financing	166,911	393,817	(132,855)	7,902	24,354	(10,783)
Net Cash outflow from financing activities	(218,787)	(411,599)	(59,540)	(10,358)	(25,454)	(4,833)
Decrease in cash and cash equivalents	(51,876)	(17,782)	(192,395)	(2,456)	(1,100)	(15,616)
Effects of exchange gains on balances held	120	55,300	53,713	(3,025)	10,127	5,916
Cash and cash equivalents at the beginning of the period	(236,909)	(274,425)	(135,743)	(11,763)	(20,790)	(11,090)
Cash and cash equivalents at the end of the period	(288,665)	(236,909)	(274,425)	(17,244)	(11,763)	(20,790)



Strategic Objectives

During the year, Our board embarked on five year strategic refresh process for the Group. The strategy developed will position the Group to tackle the challenges ahead while capitalising on opportunities presented

The following pillars will underpin the strategy

Focus and strengthen our core business by investing in capacity and grow market share

Develop a human capital strategy that aligns with business objectives

Divestiture of non-core assets to free up resources

Strengthen our strategic partnerships



Indicators	2018	2019	2020	2021	2022	2023
GDP Growth %	3.7	2.0	-4.2	2.4% ↑	3.0	6.4
MPC %	9.75	11.5	8	8.5 ↑	7.5	7.5
Inflation %	7.9%	10.8%	15.7%	22.6% ↑	15.5%	11.9%
ZMW per \$	10.45	15	20.0	16.5 ↓	15.6	15

Economic Growth	<ul style="list-style-type: none"> The Zambian economy is expected to grow by 1% in 2021 and 2% in 2022. Agricultural output, increased copper production and electricity generation will be main growth drivers of growth Global economic growth is projected at 6.0% and 4.4% percent in 2021 and 2022, respectively from a preliminary contraction of 3.3% in 2020
Inflation	<ul style="list-style-type: none"> Zambia's annual inflation number for the month of September 2021 came in at 22.1%, the lowest since February 2021 The Kwacha's role in fueling inflationary pressures has taken a back seat with supply constraint related food production being the main driver We anticipate reduced consumer prices on imported goods owing to the appreciation of the currency
Exchange Rate	<ul style="list-style-type: none"> The Kwacha is expected to continue the path of steady depreciation with news around debt management and a potential IMF deal expected to trigger some appreciation in Q1 2022 calendar year
Reserves	<ul style="list-style-type: none"> Gross International Reserves stood at US\$2.9 billion (5.5 months of import cover) at the end of August 2021 Reserves increased in August 2021 by \$1.33 owing to government access of the SDR IMF program
MPC	<ul style="list-style-type: none"> MPR was increased by 50bps at 9.0% in November to manage inflation and ease pressure on Kwacha.

Threats

- Fourth wave of COVID-19 following the announcement of a new Omicron virus
- Removal of Subsidies will result in fuel and electricity tariff increments
- Government inability to execute debt restructuring
- Increased load shedding could impact crop yields and plant efficiencies

Opportunities

- Significant appreciation of the ZMW owing to Improved investor sentiment owing to the change in government
- Improved operating environment
- Reduced inflation
- Further reduction in load shedding following forecasted good rainy season
- Further copper price increase as demand for copper is elevated
- Local manufacturing stimulated as demand for import substitutes increases
- Weather conditions to improve crop yields for the 2021/22 farming season