

Results Presentation

for the year ended 30th September 2024



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Feeding a growing region



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 22,356 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

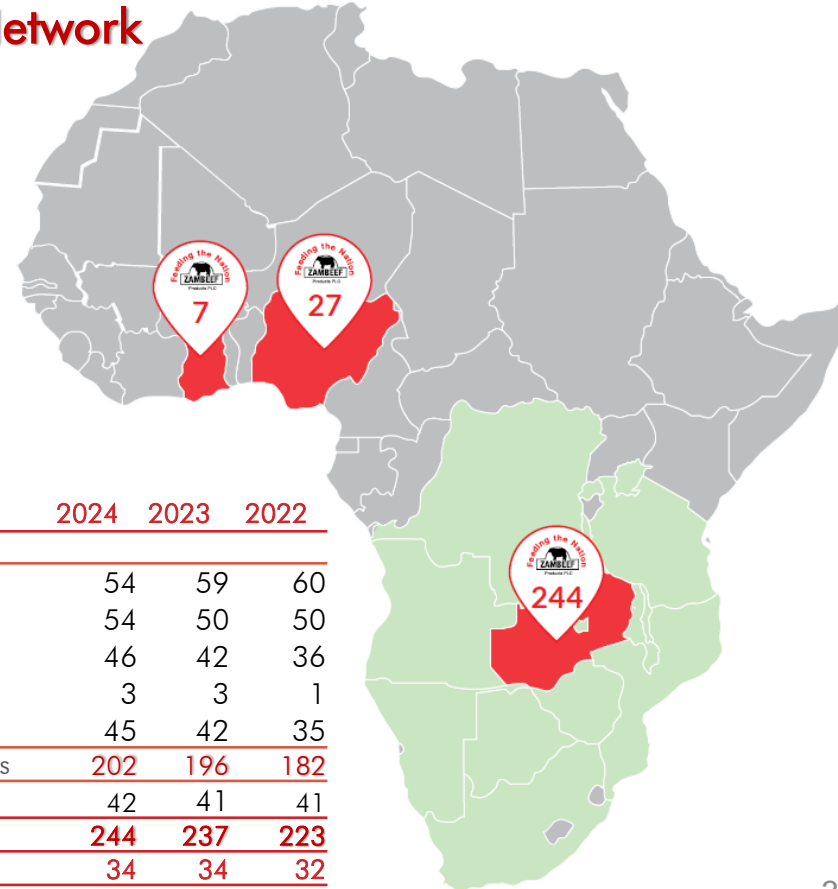
Cold Chain Food Products

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

Zambeef Brands



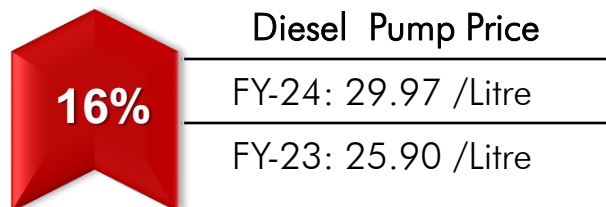
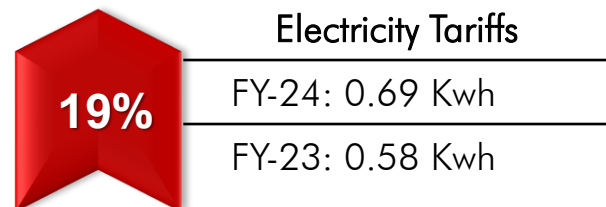
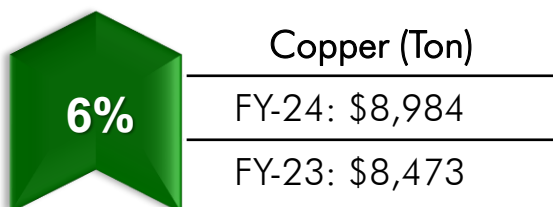
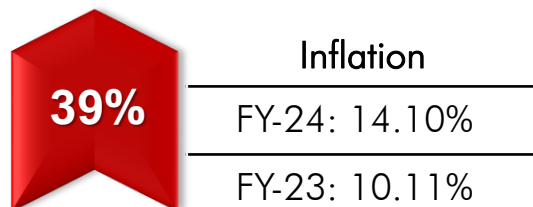
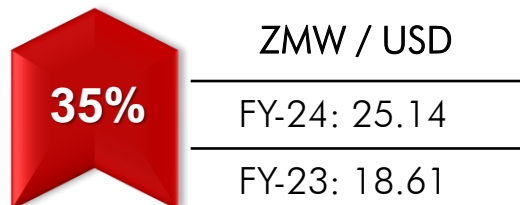
Zambeef Network



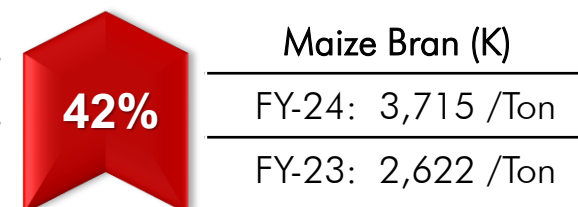
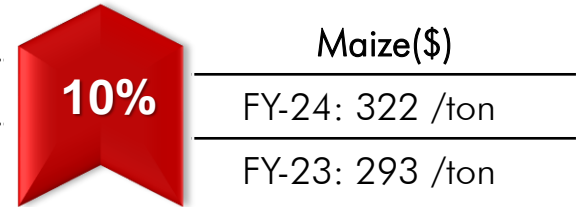
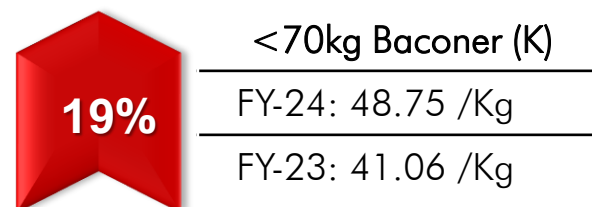
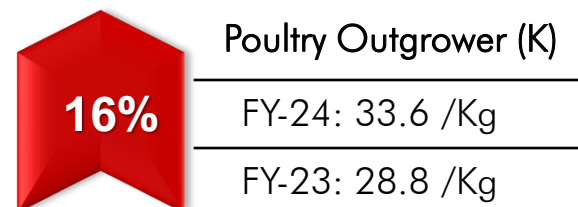
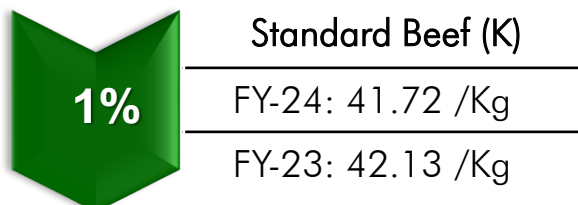
	2024	2023	2022
<u>Zambia</u>			
Zambeef Outlets	54	59	60
Zambeef Macros	54	50	50
Novatek	46	42	36
Bakery	3	3	1
Zamshu Outlets	45	42	35
Total Zambeef Outlets	202	196	182
Shoprites	42	41	41
Total Zambia	244	237	223
Total West Africa	34	34	32
Total Retail Network	278	271	255

Operating Environment

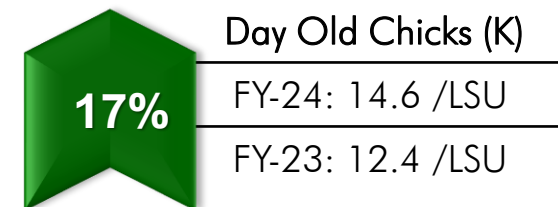
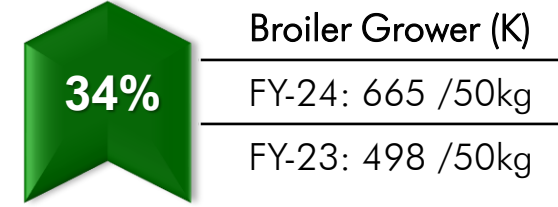
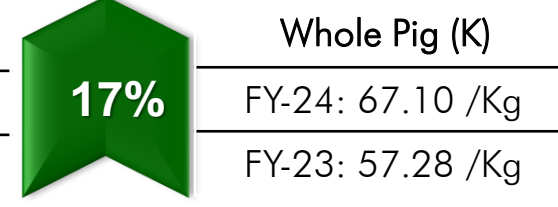
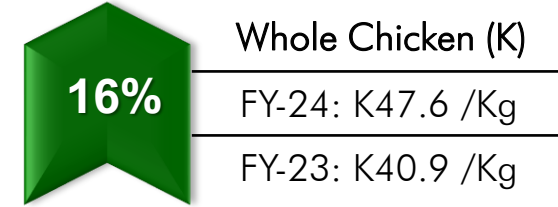
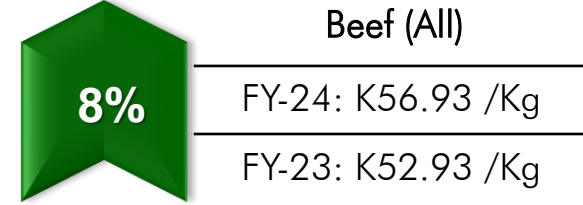
ECONOMY



INPUTS

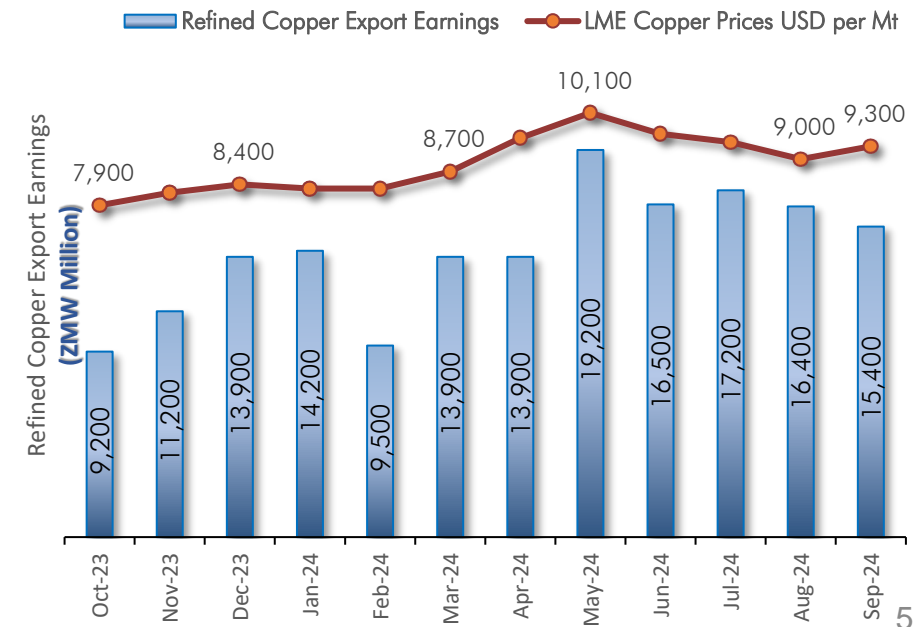
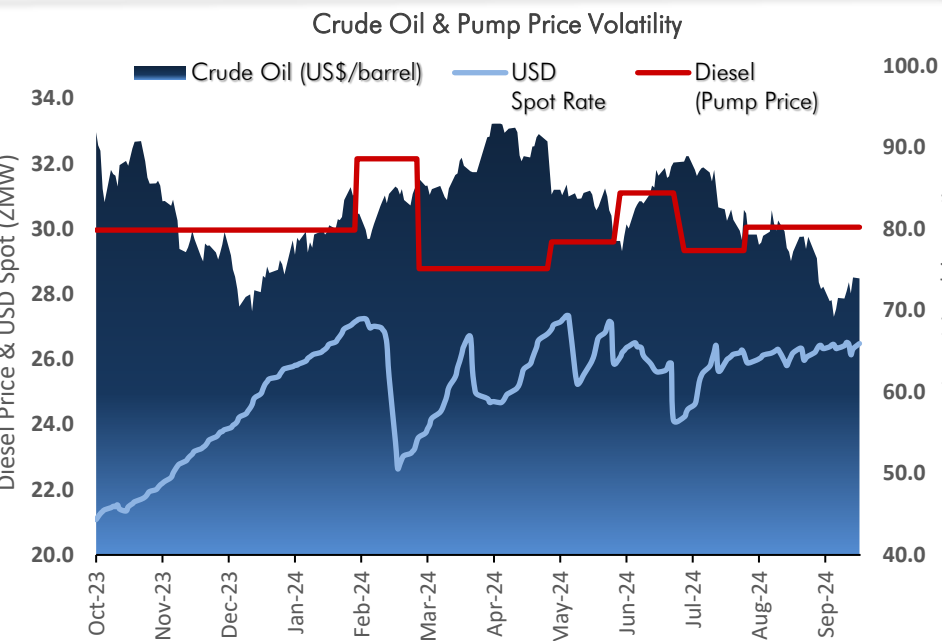
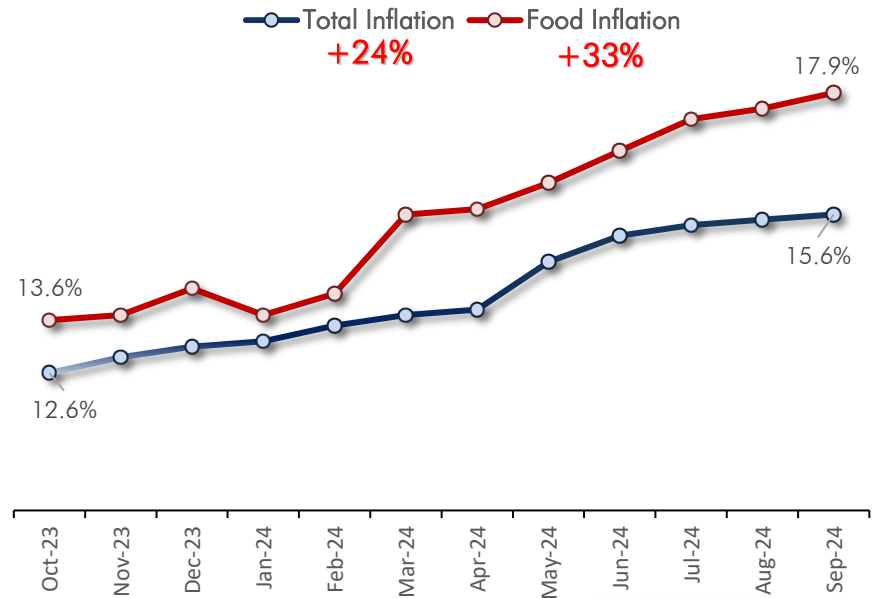
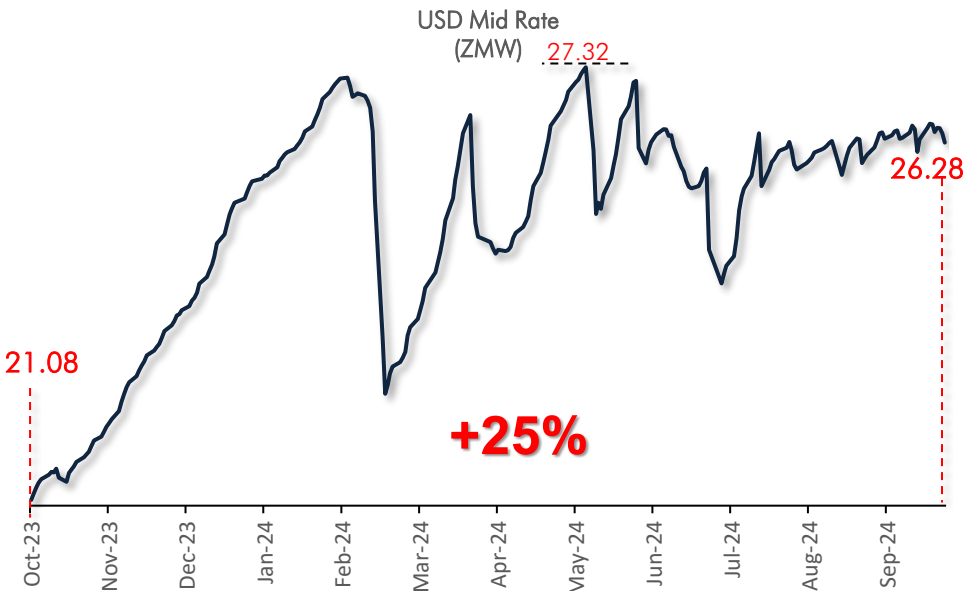


PRODUCTS



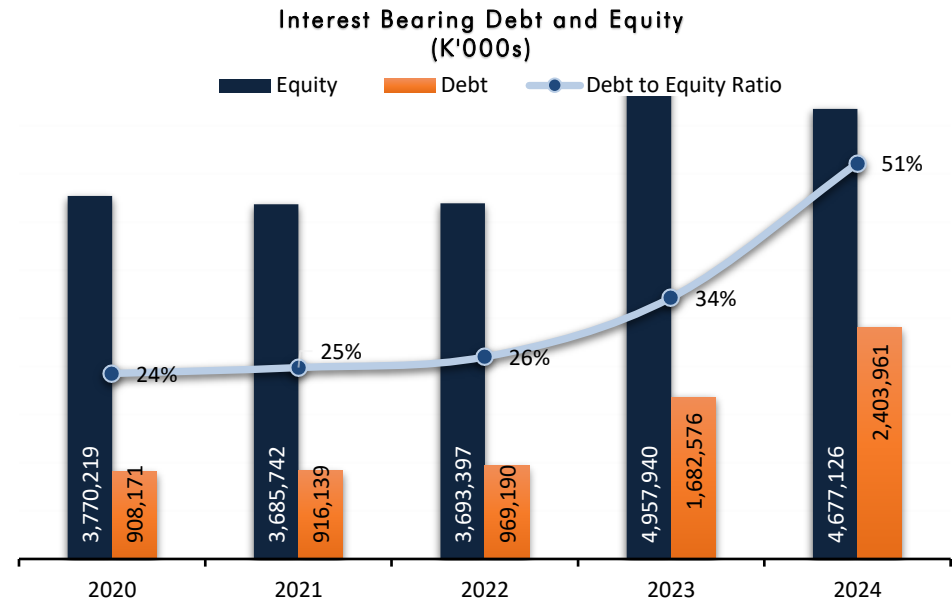
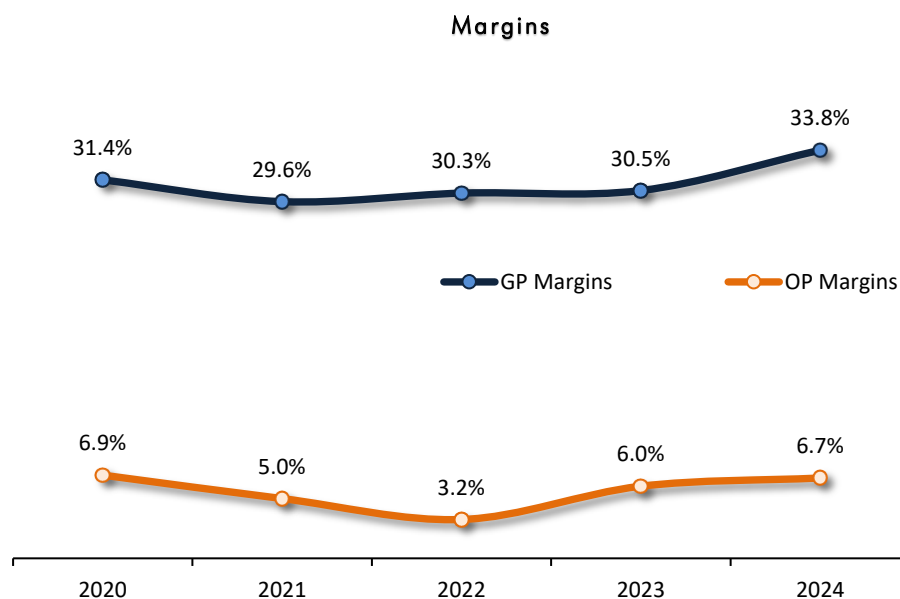
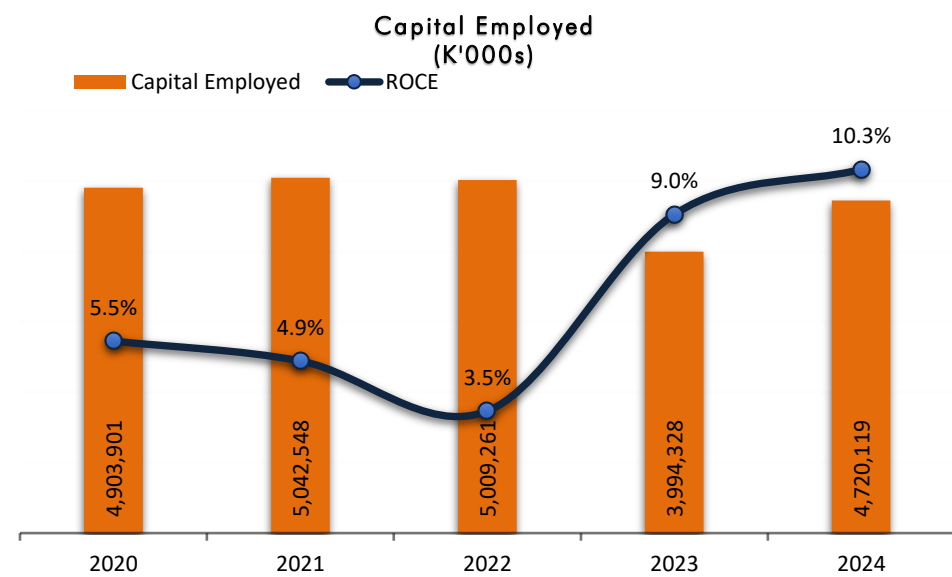
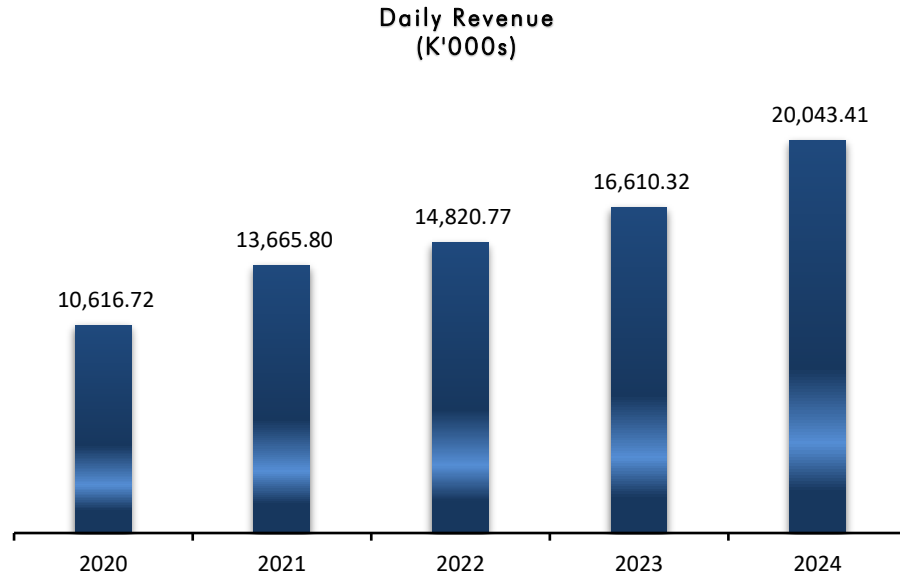
Macro-Economic Highlights

Currency depreciation, Rapid Inflation and Load shedding woes



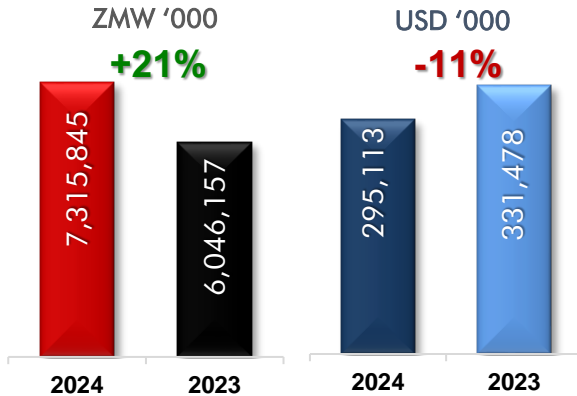
Key Measures of Performance

Slow Growth amid expansionary efforts



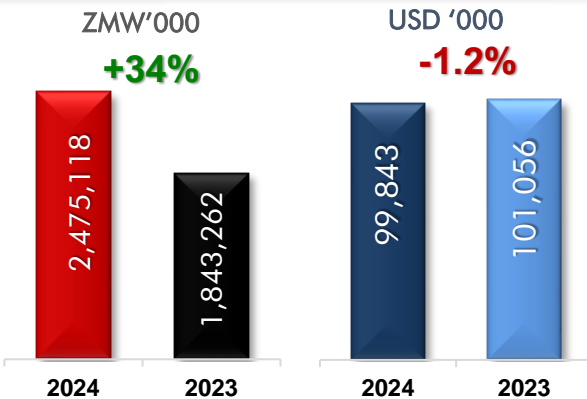
Financial Highlights

Resilience during macro-economic headwinds



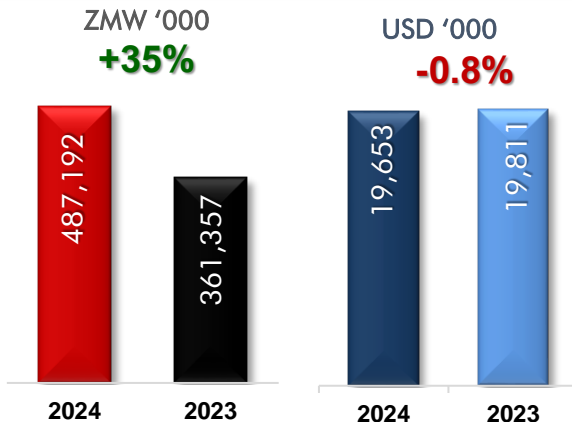
Revenue

- Revenue growth on the previous corresponding period was driven by volume growth as demand for products held.
- (FY - 2024 USD Average – 24.79, FY - 2023 USD Average – 18.23)



Gross Profit

- Effective cost optimization allowed for increased gross profit levels and margins.
- Elevated agricultural inputs increased cost of sales figures.
- USD equivalents were subdued due to the depreciation of the local currency.

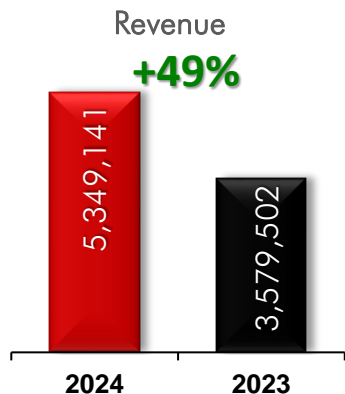


Operating Profit

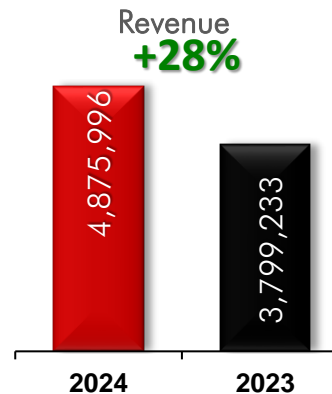
- Elevated administrative and distribution expenses were managed to only inflationary levels and marked an effective milestone in cost management.
- Supplementary energy costs to cover load shedding deficits had a significant impact on operating profit.

Divisional Highlights (ZMW'000)

Retailing and Food Production

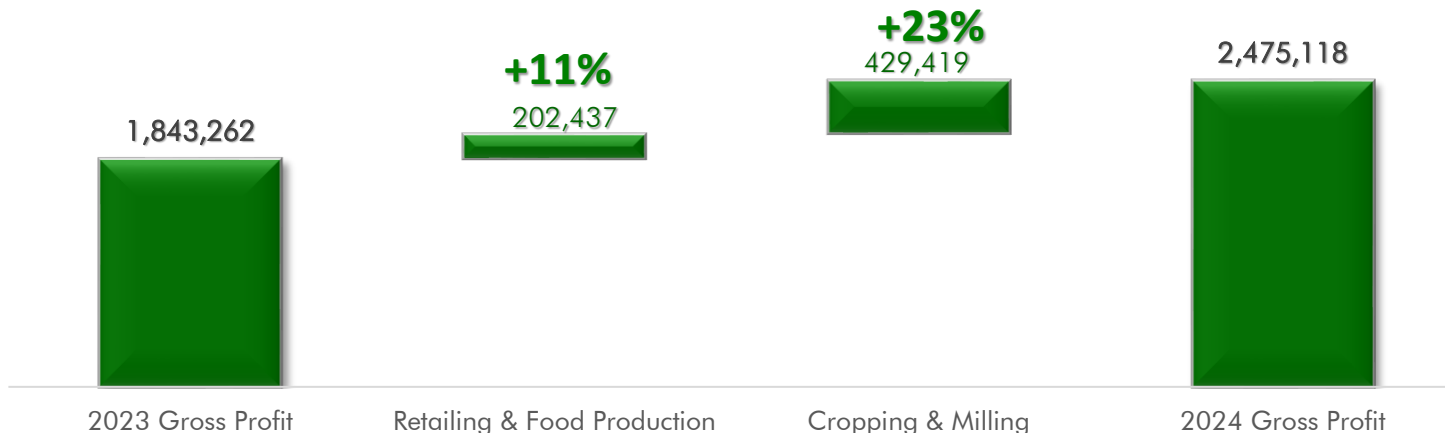


Cropping & Milling



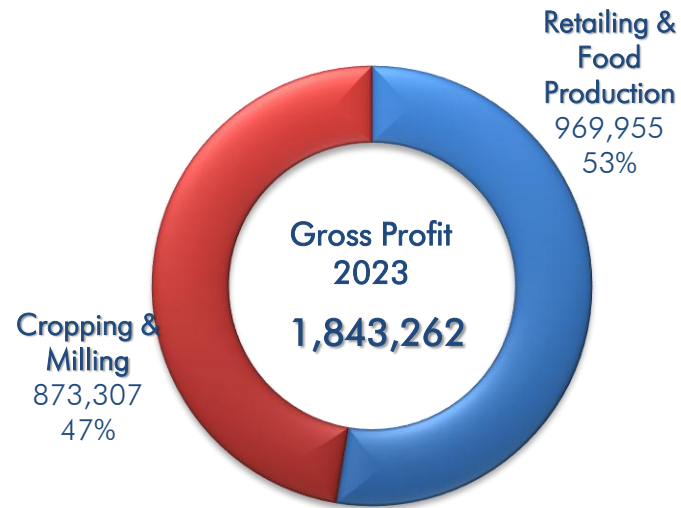
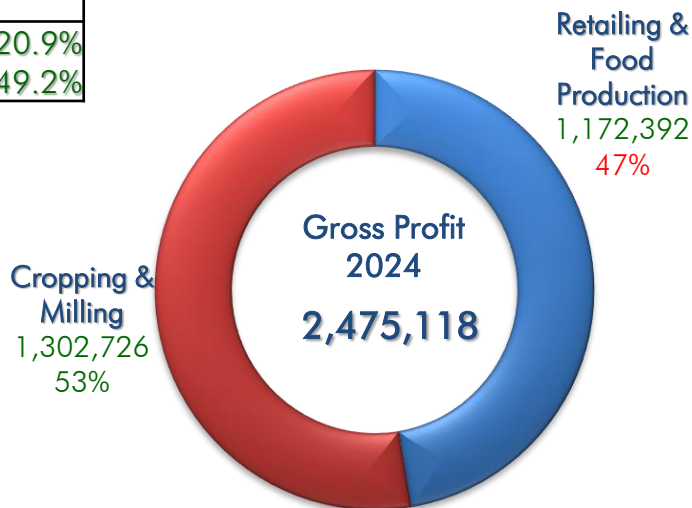
- We experienced notable sales volume growth across all protein categories.
- The outbreak of the anthrax virus in the first quarter resulted in animal movement restrictions and diminished consumer confidence.
- The Cropping segment delivered a commendable operating profit performance.
- The Stockfeed segment also experienced increased volume demand, supported by the newly installed pelleting capacity.

Gross Profit Waterfall (ZMW'000)

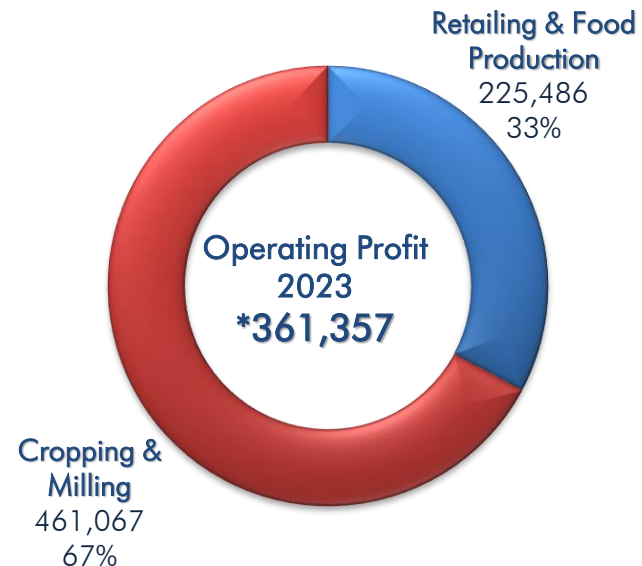
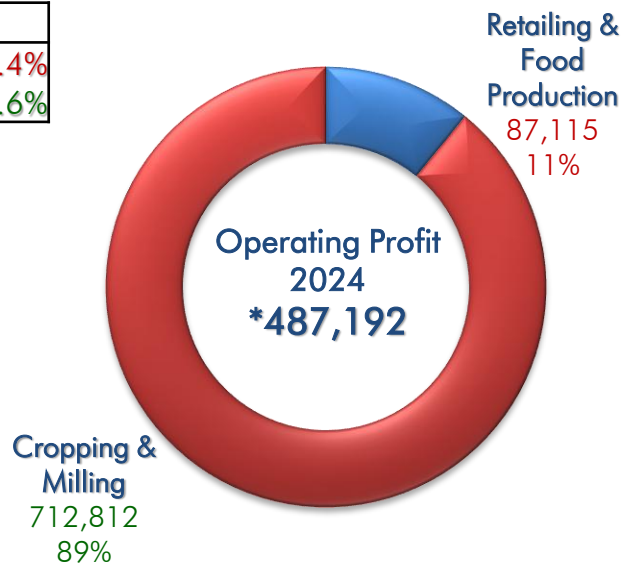


Group Profit Analysis (ZMW'000)

GP Growth	
Retailing & Food Production	20.9%
Cropping & Milling	49.2%



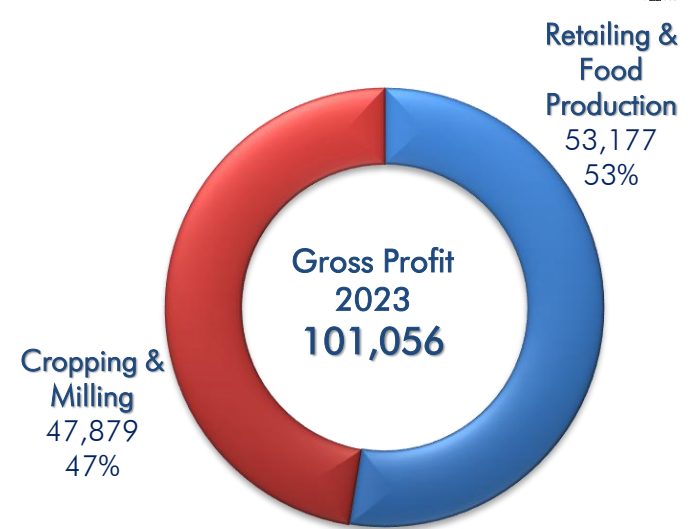
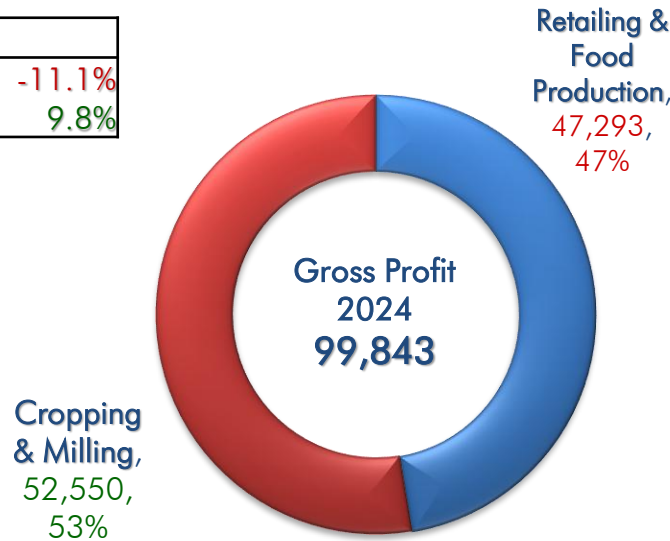
OP Growth	
Retailing & Food Production	-61.4%
Cropping & Milling	54.6%



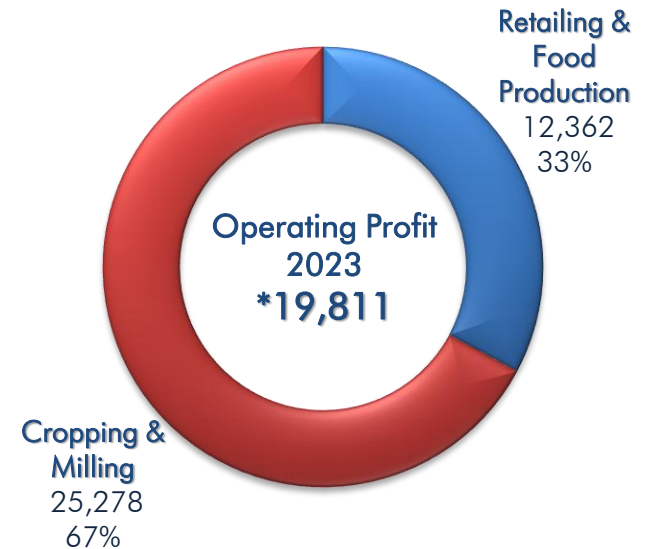
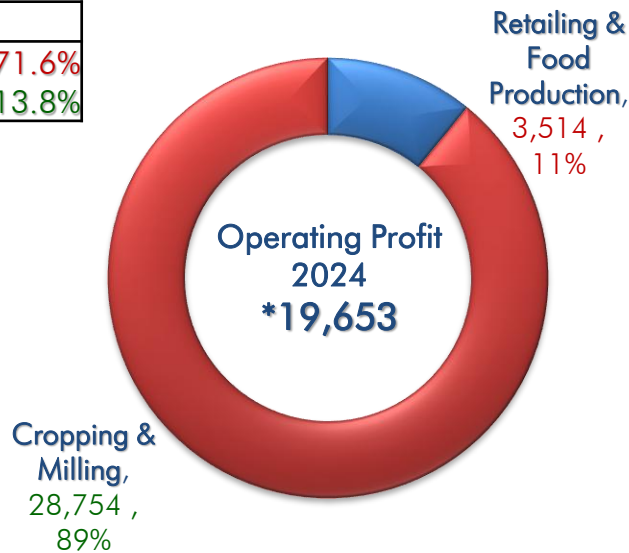
* Operating profit is the total after Central Overhead and FX loss deductions

Group Profit Analysis (USD'000)

GP Growth	
Retailing & Food Production	-11.1%
Cropping & Milling	9.8%



OP Growth	
Retailing & Food Production	-71.6%
Cropping & Milling	13.8%



* Operating profit is the total after Central Overheads and FX loss deductions

Financial Overview – Income Statement

	2024	2023		2024	2023	
	ZMW'000	ZMW'000	%Δ	USD'000	USD'000	%Δ
Revenue	7,315,845	6,046,157	21.0%	295,113	331,478	-11.0%
Change in fair value of biological assets	1,005,832	643,197	56.4%	40,574	35,263	15.1%
Cost of Sales	(5,846,559)	(4,846,092)	20.6%	(235,844)	(265,685)	-11.2%
Gross profit	2,475,118	1,843,262	34.3%	99,843	101,056	-1.2%
Administrative expenses	(1,682,765)	(1,336,486)	25.9%	(67,881)	(73,272)	-7.4%
Distribution expenses	(208,395)	(96,287)	116.4%	(8,406)	(5,279)	59.2%
Impairment of investment in associate	(34,370)	-	-	(1,386)	-	-
Net impairment losses on financial assets	(1,264)	(2,713)	-53.4%	(51)	(149)	-65.7%
Other income/(expenses)	(61,132)	(46,419)	31.7%	(2,466)	(2,545)	-3.1%
Operating profit	487,192	361,357	34.8%	19,653	19,811	-0.8%
Share of loss from equity investment	-	(2,595)	-100.0%	-	(142)	-100.0%
Net Finance costs and income	(294,531)	(155,089)	89.9%	(11,881)	(8,503)	39.7%
Profit/(loss) before taxation	192,661	203,673	-5.4%	7,772	11,166	-30.4%
Taxation charge	(12,565)	(72,851)	-82.8%	(407)	(3,994)	-89.8%
(Loss)/profit from continuing operations	180,096	130,822	37.7%	7,365	7,172	2.7%
Profit from discontinued operations after tax	-	(10,604)	-100.0%	-	(581)	-100.0%
Total profit for the period	180,096	120,218	49.8%	7,368	6,591	11.8%

Gross Profit Margin	33.8%	30.5%	335 bps
Cost to Income Ratio	25.9%	23.7%	215 bps
Operating Profit Margin	6.7%	6.0%	68 bps



Divisional Review - Retailing & Food Production

	2024 ZMW'000	2023 ZMW'000		2024 USD'000	2023 USD'000	
Revenue	5,349,141	3,579,502	49.4%	215,778	196,245	10.0%
Gross Profit	1,172,392	969,955	20.9%	47,293	53,177	-11.1%
Overheads	(1,085,277)	(744,469)	45.8%	(43,779)	(40,815)	7.3%
Operating Profit	87,115	225,486	-61.4%	3,514	12,362	-71.6%
GP %	21.9%	27.1%	-519 bps			
Operating Profit %	1.6%	6.3%	-468 bps			
Cost to Income	20.3%	20.8%	-51 bps			

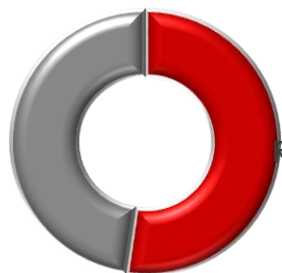
Highlights

- Volume growth across all protein categories except pork, despite operating within a competitive and financially constrained environment.
- Effective pricing strategies, new sales channel development, and operational efficiency improvements led to elevated increase in gross profit.

Challenges

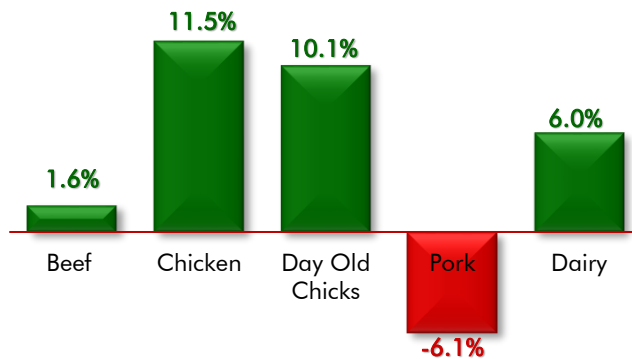
- The outbreak of the anthrax virus in the first quarter resulted in animal movement restrictions and diminished consumer confidence in beef.
- Rising input costs, particularly increased feeding costs, exerted pressure on profitability.
- Elevated energy expenses drove overheads up significantly.

Revenue Contribution



Retailing & Food
Production
52%

YoY Volumes growth



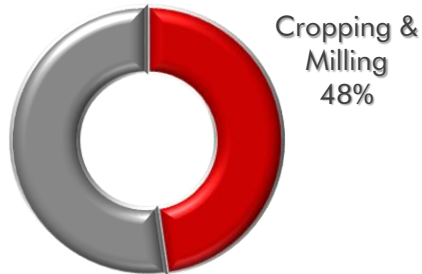
Divisional Review - Cropping & Milling

	2024 ZMW'000	2023 ZMW'000		2024 USD'000	2023 USD'000	
Revenue	4,875,996	3,799,233	28.3%	196,692	208,291	-5.6%
Gross Profit	1,302,726	873,307	49.2%	52,550	47,879	9.8%
Overheads	(589,914)	(412,240)	43.1%	(23,796)	(22,601)	5.3%
Operating Profit	712,812	461,067	54.6%	28,754	25,278	13.8%
GP %	26.7%	23.0%	373 bps			
Operating Profit %	14.6%	12.1%	248 bps			
Cost to Income	12.1%	10.9%	124 bps			

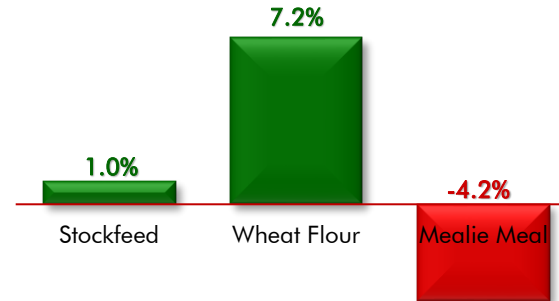
Highlights

- High grain prices for the Summer Crop helped enhance the segments financial position.
- The efficiencies in input application helped negate the impact of lower yields.

Revenue Contribution



YoY Volumes growth



Challenges

- Escalating costs of vital inputs and commodities, such as fuel, imported inputs, and grain, resulted in increased production costs.



Abridged Balance Sheet

	2024 ZMW'000s	2023 ZMW'000s	2024 USD '000s	2023 USD '000s
Non – current assets	5,746,252	5,001,277	216,514	237,930
Current assets	3,066,246	2,703,091	115,533	128,596
Total assets	8,812,498	7,704,368	332,047	366,526
Capital and reserves	4,957,940	4,677,126	186,810	222,509
Non – current liabilities	1,026,133	1,006,949	38,664	47,904
Current liabilities	2,828,425	2,020,293	106,573	96,113
Total equity and liabilities	8,812,498	7,704,368	332,047	366,526
Current Ratio	1.08	1.34	1.08	1.34
Total Debt/Equity (Gearing ratio)	48.49%	35.97%	48.49%	35.97%
Total Debt	2,403,961	1,682,576	90,579	80,046



Debt Analysis

	2024 ZMW'000	2023 ZMW'000	%
Borrowings	2,382,033	1,660,506	43.45%
Obligations under finance lease	21,928	22,070	-0.64%
Cash & Cash Equivalents	334,415	271,222	23.30%
Net Debt	2,069,546	1,411,354	46.64%

Highlights

- ❑ The increase in debt reflects the seasonal working capital requirements for farming inputs.
- ❑ Additional debt is inline with the \$100 million expansion initiative

	2024 USD'000	2023 USD'000	%
Borrowings	89,753	78,996	13.62%
Obligations under finance lease	826	1,050	-21.33%
Cash & Cash Equivalents	12,600	12,903	-2.35%
Net Debt	77,979	67,143	16.14%



Strategic and Operational Highlights

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

- We are on course with our **US\$100 million** expansion plan that will double our Mpongwe Farms crop production while adding associated value and capacity to the company's stock feed, meat processing and retailing operations.
- The expansion of the Mpongwe Farm row cropping capacity is advancing commendably, with the inaugural 7,168 Metric Tonnes of Wheat crop harvested in the financial year under review.
- The wheat mill was commissioned during the year under review and is operating in line with expectations.
- Expansions of the hatchery and broiler houses were commissioned during the year to elevate Zamhatch and Zamchick productivity..

Expansionary activities



Divestiture of non-core assets to free up resources

- Chiawa farm and other non-core assets remain on the market.

Strengthen our strategic partnerships

- We refreshed our long-standing relationships.
- Timeous improvement in genetics supply in the breeder farm resulting in production benefits with added long-term strategic synergies.

Develop a human capital strategy that aligns with business objectives

- We are currently exploring MOU's with learning institutions to ensure a pipeline of effectively trained and skilled potential staff.

Enhancement of shareholder value

- Cost optimization initiatives have been implemented across the group.

Operating Environment | Outlook



Indicators	2020	2021	2022	2023	2024	*2025
GDP Growth % <small>Source: Bank of Zambia</small>	-2.8	4.6	5.2	4.3	2.3 ↓	3.7
MPC % <small>Source: Bank of Zambia</small>	8	8.5	9	11	13.5 ↑	14
Inflation % <small>Source: ZamStats</small>	15.70%	22.08%	15.1%	10.9%	15.6% ↑	12%
ZMW per \$ <small>Source: Bank of Zambia</small>	20	21.1	17.2	20.23	26.3 ↑	30

*Zambeef Projections

Economic Growth	<ul style="list-style-type: none"> Sustained tightening of monetary policy in advanced economies, adverse effects of climate change, and the impact of the prolonged Russia-Ukraine war are largely responsible for the subdued economic growth. The build-up in geopolitical tensions, including the protracted Russia-Ukraine war and the recent Israel-Hamas war, further tightening in global financial conditions as inflation remains elevated, and weather-related shocks are the key upside risks to the inflation outlook. Post-economic policy restructuring, we anticipate growth from 2025 to depend on local production and manufacturing which means higher incentives for local industries to grow.
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Inflation	<ul style="list-style-type: none"> Inflation is projected to remain above the target band throughout the forecast horizon despite moderating in 2025 and 2026. The aforementioned factors remain key upside risks to the inflation outlook, exacerbated by extended hours of electricity load management, as well as continued geopolitical conflicts and tight global financial conditions. Higher food (mostly maize and its products) and retail fuel prices as well as the depreciation of the Kwacha against the US dollar have been the major drivers of these inflationary pressures. Assuming rainfall resumption, we anticipate the 2025 season to yield greater harvests of grain leading to the stability of grain prices and refilling of reserves. This will stabilize inflation levels. The effects of tightening global financial conditions, working through the exchange rate and expectations channels are expected to have a continuous effect on the local currency hence despite growth, inflation will remain significantly above the target band.
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Exchange Rate	<ul style="list-style-type: none"> Fiscal deficits, Low foreign exchange reserves as local stimulants combined with global debt standings and inter dependence on the US dollar give indicators of worsening volatility and depreciation of the currency.
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Reserves	<ul style="list-style-type: none"> Gross International Reserves stood at US\$3.9 billion indicating 4.3 months of import cover at end June 2024 up from 3.9 months of import cover at end-March 2024.
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Threats

- Extended load shedding exacerbating supplementary power costs
- Further fuel price volatility owing to the depreciation of the currency
- Increase in Interest rates to control inflation leading to higher finance costs
- Foreign exchange shortages and Foreign exchange reserves depletion
- Supply chain disruptions leading to delayed delivery of capex equipment.
- Floods post drought as rainfall will be absorbed in the ground at a slower rate
- Elevated animal disease risk due to drought effects
- Reduction in the purchasing power of population owing to economic constraints

Opportunities

- Continued peace which allows for economic recovery
- Stable increase in economically active population locally and regionally (thriving informal sector)
- Further copper price increase as demand for copper is elevated
- Local manufacturing stimulated as demand for import substitutes increases
- Lower cost of equity on capital projects leading to expansionary activity in the business environment
- High precipitation leading to the end of load shedding
- Increased demand for Zambeef products