

SENS ANNOUNCEMENT
(“the notice” or “the announcement”)

THE ISSUER



Zambeef Products Plc.

Incorporated in the Republic of Zambia

Company Registration Number: 31824 Share

code: ZAMBEEF

ISIN: ZM0000000201

THE SPONSORING BROKER



AUTUS SECURITIES LIMITED

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APPROVALS

The captioned Notice or Announcement has been approved by:

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

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

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ISSUED: 30 JUNE 2023



Zambeef Products PLC
 ("Zambeef" or the "Group")
 [INCORPORATED IN THE REPUBLIC OF ZAMBIA]
 COMPANY REGISTRATION NUMBER: 31824
 SHARE CODE: ZAMBEEF
 ISIN: ZM0000000201

In accordance with the requirements of the Securities and Exchange Act No. 41 of 2016, Zambeef Products PLC announces its results for the half-year ended 31 March 2023.

	Group		Company	
	31-Mar-23 Unaudited <i>ZMW'000s</i>	31-Mar-22 Unaudited <i>ZMW'000s</i>	31-Mar-23 Unaudited <i>ZMW'000s</i>	31-Mar-22 Unaudited <i>ZMW'000s</i>
Revenue	2,784,261	2,568,680	1,451,147	1,476,352
Change in fair value of biological assets	484,630	381,567	449,568	362,779
Cost of sales	(2,394,019)	(2,096,854)	(1,508,974)	(1,370,157)
Gross profit	874,872	853,393	391,741	468,974
Administrative expenses	(658,098)	(597,097)	(337,572)	(350,032)
Distribution Expenses	(68,801)	(29,850)	(4)	(7,618)
Net impairment losses on financial assets	(449)		(1,468)	-
Other (expenses)/ income	(47,950)	3,961	(46,446)	3,844
Operating profit	99,574	230,407	6,251	115,168
Share of loss equity accounted investment	(1,415)	(1,287)	(1,415)	(1,287)
Finance income	-	113	-	5,898
Finance costs	(54,087)	(58,413)	(38,809)	(44,185)
Profit before taxation	44,072	170,820	(33,973)	75,594
Taxation charge	(14,405)	(33,587)	11,743	(16,979)
Group profit for the period from continued operations	29,667	137,233	(22,230)	58,615
Profit from discontinued operations	(10,654)	10,330	(10,654)	10,330
Total profit for the period	19,013	147,563	(32,884)	68,945
Group profit attributable to:				
Owners of Zambeef Products PLC	18,069	146,754	(32,884)	68,945
Non-controlling interests	944	809	-	-
	19,013	147,563	(32,884)	68,945
Total comprehensive income for the period				
Equity holders of the parent	3,363	121,786	3,363	121,786
Non-controlling interest	140	-2,379	140	-2,379
	3,503	119,407	3,503	119,407
Earnings/loss per share	Ngwee	Ngwee	Ngwee	Ngwee
Continued operations	9.56	45.66	(7.40)	19.50
Discontinued operations	(3.54)	3.44	(3.54)	3.44
Total basic earnings per share	6.02	49.09	(10.94)	22.94

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Unaudited	Unaudited	Unaudited	Unaudited
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
ASSETS				
Goodwill	25,015	166,801	-	-
Property, plant and equipment	3,421,765	3,092,010	2,354,249	2,160,362
Biological assets	734,997	718,383	689,851	666,856
Inventories	1,126,685	972,887	725,391	562,895
Trade and other receivables	427,446	190,793	927,988	679,561
Assets held for disposal	160,285	167,577	160,285	167,577
Cash and cash equivalents	168,661	226,654	62,632	87,044
Other Assets	35,550	56,480	139,570	284,988
Total Assets	6,100,404	5,591,585	5,059,966	4,609,283
Equity	3,696,900	3,961,394	3,236,682	3,481,167
Long-Term Interest-bearing liabilities	401,778	146,667	401,778	146,667
Long-Term leases	13,992	3,797	6,789	899
Short-Term Interest-bearing liabilities	1,019,210	661,882	825,558	497,173
Short-Term leases	6,340	6,012	4,601	4,635
Trade and other payables	709,365	680,895	433,741	410,178
Deferred income tax	197,333	94,229	114,649	66,515
Other equity and liabilities	55,486	36,709	36,168	2,049
Total Equity and Liabilities	6,100,405	5,591,585	5,059,966	4,609,283

ABRIDGED GROUP STATEMENT OF CASH FLOW

	Group		Company	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Unaudited	Unaudited	Unaudited	Unaudited
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Net cash (outflow)/inflow on/from operating activities	(161,947)	252,859	(307,182)	150,719
Net cash (outflow) on investing activities	(330,840)	(62,247)	(200,978)	(37,357)
Net cash inflow/(outflow) from financing activities	104,355	(97,944)	107,599	(91,131)
Effects of exchange gains on balances held	48	-	(30)	95
Cash and cash equivalents at start of the year	(127,708)	(288,665)	(27,876)	(193,224)
Cash and cash equivalents at the beginning of the period	(516,092)	(195,997)	(428,467)	(170,898)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 31 MARCH 2023

Group

ZMW' 000	Issued share capital	Share premium	Preference Share Capital	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Minority interest	Total equity
At start of year	3,006	1,125,012	1,000	692,705	1,113,119	758,489	3,693,331	66	3,693,397
Profit for the year	-	-	-	-	-	18,069	18,069	944	19,013
Other comprehensive income:									
Transfer of excess depreciation	-	-	-	-	(32,072)	32,072	-	-	-
Actuarial remeasurement losses	-	-	-	-	-	485	485	-	485
Deferred income tax	-	-	-	-	3,809	-	3,809	-	3,809
Translation losses on foreign operations	-	-	-	(19,000)	-	-	(19,000)	(804)	(19,804)
Total comprehensive (loss)/income for the year	-	-	-	(19,000)	(28,263)	50,626	3,363	140	3,503
At 6 months ended 31 March 2023	3,006	1,125,012	1,000	673,705	1,084,856	809,115	3,696,694	206	3,696,900

Company

ZMW' 000	Issued share capital	Share premium	Preference Share Capital	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total equity
At start of year	3,006	1,125,012	1,000	687,048	712,279	739,665	3,268,010
Profit for the year	-	-	-	-	-	(32,884)	(32,884)
Other comprehensive income:							
Transfer of excess depreciation	-	-	-	-	(16,177)	16,177	-
Actuarial remeasurement losses	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	(60)	1,616	1,556
Translation losses on foreign operations	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(16,237)	(15,091)	(31,328)
At 6 months ended 31 March 2023	3,006	1,125,012	1,000	687,048	696,042	724,574	3,236,682

Performance Overview

- The half year period ended 31 March 2023 was characterised by a difficult trading environment due to constricted consumer spending amidst a tight monetary policy. This was further exacerbated by a rise in the cost of key inputs and commodities, particularly fuel, agriculture inputs and grain which in turn increased production costs to our livestock and cropping divisions.
- The local currency experienced a steady depreciation against the US Dollar with a sharp depreciation in March 2023. The key drivers for the depreciation were the increased demand for the USD, uncertainty over the debt restructuring and a sustained rise in global interest rates affecting participation of offshore investors in local bond auctions. The ZMW/USD exchange rate opened at K15.75 and ended at K21.31 (35% increase) which resulted in exchange losses of ZMW58 million in the first half of the year.
- Inflation saw a significant reduction in the period closing at 9.6% compared to 13.1% in the previous year.
- Despite the challenges noted above, Zambeef products remained top of mind of consumers and demand remained relatively strong with most product categories posting volume growth. Moderate pricing of our products and escalation in input costs put pressure on margins.

Outlook

- The long-term stability of the economy is dependent on the successful negotiation of the debt restructuring by the government. We anticipate the copper price, which is a major foreign exchange earner for the country, to stabilise at current levels owing to a growing increase in global demand particularly from China. The newly introduced legislation of partial withdrawal of retirement benefits from the National Pension Scheme Authority Pre-retirement benefits law is expected to inject much needed liquidity in the economy which will drive economic growth.
- Zambeef remains well positioned to capitalise on the opportunities ahead and remains agile in the face of an otherwise difficult operating environment.

Key Financial Highlights

- Our revenue was ZMW2.78 billion and we achieved a gross profit of ZMW874.9 million, respectively 8.4% and 2.4% above prior year respectively.
- The Group delivered a half year operating profit of ZMW 99.6 million, representing a decline of 56.8% compared to ZMW 230.4 million in prior year. Performance against prior year was impacted by exceptionally higher price of grain in prior year from which the Cropping division benefited.
- The Group's profitability was further impacted by escalation in cost of sales against prior year that could not be fully passed on to the consumer through price. Compared to prior year, the cost of maize purchased increased by ZMW80 million, the cost of soya by ZMW25 million and the company saw a sharp increase in agriculture inputs, by approximately ZMW67 million.
- Arising from the Groups USD100m expansion strategy, net free cashflows were impacted by the capital expenditure spend of ZMW 566 million and working capital funding increase of ZMW 8.8 million primarily due to increased input costs.
- Finance costs reduced by 7.4% despite an elevated net debt position owing to a reduction in exposure to foreign denominated debt. The actions previously taken by the group allowed for ease of forecasting as well as reduction of currency risk.

Strategic Focus

- Our strategic focus remains to optimise our existing asset utilisation and maximise returns. We remain committed to our strategy of focussing on our core businesses, in which we strive to be the best in class. The continued investment in key strategic assets and divestiture of non-core assets will enable us increase cash generation and profitability and therefore continue to deliver shareholder value.

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About Zambeef Products PLC

Zambeef Products plc is the largest integrated cold chain food products and agribusiness company in Zambia and one of the largest in the region, involved in the primary production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, fish, flour and stockfeed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana.

It has 236 retail outlets throughout Zambia and West Africa.

The Company is one of the largest suppliers of beef in Zambia. Five beef abattoirs and three feedlots are located throughout Zambia, with a capacity to slaughter 230,000 cattle a year. It is also one of the largest chicken producers in Zambia, with a capacity of 8.8m broilers and 22.4 million-day-old chicks a year. It has the largest pig abattoir and pork processing plants in Zambia, with a capacity to slaughter 75,000 pigs a year, while its dairy has a capacity of 120,000 litres per day.

The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 7,787 hectares of row crops under irrigation, which are planted twice a year, and a further 8,694 hectares of rainfed/dry-land crops available for planting each year.

By Order of the Board

Mwansa M Mutimushi
COMPANY SECRETARY

LUSAKA, ZAMBIA 30 JUNE 2023

SPONSORING BROKER



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Autus Securities Limited is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.

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