

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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First issued on: 07 December 2023



Zambeef Products PLC

("Zambeef" or the "Group")

INCORPORATED IN THE REPUBLIC OF ZAMBIA | COMPANY REGISTRATION NUMBER: 31824

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FULL YEAR 2023 FINANCIAL RESULTS

In accordance with the requirements of the Securities and Exchange Act No. 41 of 2016, Zambeef Products PLC announces its results for the year ended 30 September 2023.

STATEMENT OF COMPREHENSIVE INCOME	Group		Company		ABRIDGED STATEMENT OF FINANCIAL POSITION	Group		Company	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22		30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Audited	Audited	Audited	Audited		Audited	Audited	Audited	Audited
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s		ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Revenue	6,046,157	5,394,761	3,384,408	3,361,428	ASSETS				
Change in fair value of biological assets	643,198	349,462	568,975	338,052	Property, plant and equipment	4,818,533	3,167,000	3,595,380	2,181,612
Cost of sales	(4,846,092)	(4,111,037)	(3,046,883)	(2,826,242)	Biological assets	408,398	320,696	355,755	269,653
Gross profit	1,843,263	1,633,186	906,500	873,238	Inventories	1,656,487	1,441,912	1,104,477	977,667
Administrative expenses	(1,336,488)	(1,236,762)	(741,469)	(658,635)	Trade and other receivables	332,703	289,300	1,277,442	786,517
Distribution Expenses	(96,287)	(65,596)	(1,302)	(67,118)	Assets held for disposal	157,640	170,091	157,640	170,091
Net impairment losses on financial assets	(2,713)	(17,869)	(1,768)	(7,876)	Cash and cash equivalents	271,222	223,972	209,854	136,149
Impairment of goodwill	-	(141,786)	-	(141,786)	Other Assets	59,385	61,980	138,390	140,985
Other income/(expenses)	(46,419)	2,491	(18,064)	17,325	Total Assets	7,704,368	5,674,951	6,838,938	4,662,674
Operating profit	361,357	173,664	143,897	15,148	Equity	4,677,127	3,693,397	4,138,333	3,268,010
Share of loss equity accounted investment	(2,595)	(3,503)	(2,595)	(3,503)	Long-Term Interest-bearing liabilities	687,679	426,222	687,679	426,222
Finance Income	-	3,541	-	3,534	Long-Term leases	15,622	12,597	7,403	5,354
Finance costs	(155,088)	(118,538)	(123,921)	(91,009)	Short-Term Interest-bearing liabilities	972,827	525,325	783,148	337,669
Profit/(loss) before taxation	203,673	55,164	17,381	(75,830)	Short-Term leases	6,448	5,046	6,288	4,878
Taxation charge	(72,851)	(63,283)	(15,704)	(27,799)	Trade and other payables	834,190	649,573	886,026	367,814
Profit/(loss) for the period from continued operations	130,822	(8,119)	1,677	(103,629)	Other liabilities	510,475	362,791	330,061	252,727
Profit from discontinued operations	(10,604)	39,697	(10,604)	39,697	Total Equity and Liabilities	7,704,368	5,674,951	6,838,938	4,662,674
Total profit/(loss) for the period	120,218	31,578	(8,927)	(63,932)					
Group profit/(loss) attributable to:					ABRIDGED GROUP STATEMENT OF CASH FLOW				
Owners of Zambeef Products PLC	118,612	29,152	(8,927)	(63,932)					
Non-controlling interests	1,606	2,426	-	-					
	120,218	31,578	(8,927)	(63,932)					
Total comprehensive income for the period									
Equity holders of the parent	990,425	4,970	870,323	(72,819)					
Non-controlling interest	(6,696)	2,685	-	-					
	983,729	7,655	870,323	(72,819)					
Earnings per share	Ngwee	Ngwee	Ngwee	Ngwee					
Continued operations	42.99	(3.51)	0.56	(34.46)					
Discontinued operations	(3.53)	13.21	(3.53)	13.21					
Total basic earnings per share	39.46	9.70	(2.97)	(21.25)					

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 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		-	-	-	-	-	118,612	118,612	1,606	120,218
Revaluation surplus		-	-	-	-	1,003,412	-	1,003,412	-	1,003,412
Transfer of excess depreciation		-	-	-	-	(53,928)	53,928	-	-	-
Deferred income tax		-	-	-	-	(98,516)	-	(98,516)	-	(98,516)
Actuarial remeasurement losses		-	-	-	-	-	(768)	(768)	-	(768)
Translation losses on foreign operations		-	-	-	(32,315)	-	-	(32,315)	(8,302)	(40,617)
Total comprehensive income for the year		-	-	-	(32,315)	850,968	171,772	990,425	(6,696)	983,729
At year ended 30 September 2023		3,006	1,125,012	1,000	660,390	1,964,087	930,262	4,683,757	(6,630)	4,677,127

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
Loss for the year		-	-	-	-	-	(8,927)	(8,927)
Revaluation surplus		-	-	-	-	977,426	-	977,426
Transfer of excess depreciation		-	-	-	-	(30,155)	30,155	-
Deferred income tax		-	-	-	-	(97,751)	-	(97,751)
Actuarial remeasurement losses		-	-	-	-	-	(425)	(425)
Total comprehensive income for the year		-	-	-	-	849,520	20,803	870,323
At year ended 30 September 2023		3,006	1,125,012	1,000	687,048	1,561,799	760,468	4,138,333

Performance Overview

- The Zambian economy grappled with significant challenges, creating a difficult operational and economic environment. Longer than planned sovereign debt restructuring, subdued mining production of copper, and the devastating impact of climate change; affecting crop yields and rainfall patterns, were primary drivers of this adversity. High energy prices and currency depreciation further impacted and worsened the operating conditions.
- The local currency experienced notable volatility against the US Dollar, with fluctuations of up to 35%. This fluctuation was primarily driven by heightened demand for the USD, uncertainties surrounding debt restructuring, and a sustained increase in global interest rates, which affected offshore investor participation in local bond auctions. The ZMW/USD exchange rate commenced at K15.9 and concluded at K21.31, representing a 35% surge. Inflation, a critical economic indicator, concluded the financial year at 12%, as opposed to the previous year's 9.9%. This was attributed to the depreciation of the currency, along with escalating food and energy prices, despite the persistent implementation of a stringent monetary policy by the central bank.
- However, despite a tough operating environment, demand for the Groups products grew, bolstered by a customer focused approach to pricing. The Group's management team, through a concerted effort, prioritized both revenue maximisation, volume growth and cost management, thereby, positioning the group on the path to actualise its strategic goals.

Outlook

- Looking ahead, The Group's robust brand presence will continue to be a cornerstone in maintaining customer loyalty. Additionally, the vertically integrated business model places the business in a favourable position, ensuring a reliable supply chain and a strong market for its products. We anticipate a stabilisation in the economic environment once the process of debt restructuring concludes and there is an upswing in Copper production. With these factors in mind, the Group is poised to leverage the opportunities arising from a positive economic outlook, strategically investing for the future in anticipation of an upturn in consumer spending.
- The Groups commitment to consolidating its balance sheet through the disposal of low-returning assets and the expansion of capacity remains a central focus. These measures are geared towards enhancing shareholder value, a goal we remain dedicated to achieving. By fortifying its financial foundation and strengthening operational capabilities, The Group is poised for sustained growth and prosperity in the years ahead.

Key Financial Highlights

- The Group achieved a revenue of ZMW 6.0 billion (USD 331.5 million), along with a gross profit of ZMW 1.8 billion (USD 101.0 million). This represents a year-on-year increase of 12.1% and 12.9% in kwacha terms, and 5.6% and 6.3% in US dollar terms, respectively. The Group's performance was achieved on the back of strong volumes performance in Stock feed and Cold Chain Food Products.
- Additionally, the Group delivered an operating profit of ZMW 361.4 million (USD 19.8 million), a significant increase of 108.1% in kwacha terms (96.0% in US dollar terms) compared to the prior year's ZMW 173.7 million (USD 10.1 million). Although prior year was impacted by a one-off impairment cost of ZMW 141.8 million, this growth underscores the effectiveness of the Groups commercial strategy and the successful execution of key cropping project.
- Finance costs increased by 31% which can be attributed to the extended utilisation of the overdraft and term loan facilities to supplement business growth and financing escalating working capital requirements.
- Lower Soya yields and prices negatively impacted the results in the Cropping segment.
- Management continued to optimize top-line growth through effective revenue management while upholding stringent cost control measures, positioning the Group on the trajectory to actualize its short to medium-term strategy.
- The Group remains dedicated to fortifying its brand equity and providing customers with high quality products. With its diversified and vertically integrated business model, robust brands, and effective management, the Group is well-equipped to seize future opportunities and navigate potential threats

Strategic Focus

The Board maintains its unwavering commitment to realizing the Group's strategic objectives, even in the face of seasonal market dynamics and economic fluctuations. The five-year strategy focus areas;

- Strengthen our core business by investing in capacity and grow market share
- Crafting a tailored human capital strategy to meet the organizational needs.
- Enhancing strategic partnerships to bolster our competitive edge and market position.
- Divestiture of non-core assets.
- Enhancement of shareholder value.

For further information, please visit www.zambeefplc.com or contact:

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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 is one of the largest piggeries, pig abattoirs 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 7,265 hectares of row crops under irrigation, which is planted twice a year, and a further 7,924 hectares of rainfed/dry-land crops available for planting each year.

By Order of the Board

Mwansa M Mutimushi
COMPANY SECRETARY

Issued: 07 December 2023

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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.

07 December 2023