

Share Price

2.40_{ZMK}

2024-03-14

5.93_{GBX}

2024-03-14

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Zambeef Interim results for the Half Year Ended 31 March 2022 (AIM)

June 15th, 2022

Zambeef (AIM: ZAM), the fully integrated cold chain foods and retail business with operations in Zambia, Niger and Ghana, today announces its results for the half-year ended 31 March 2022.

PERFORMANCE OVERVIEW

The period saw relative macroeconomic stability with the kwacha appreciating relative to the US Dollar and inflation on a steady downward trajectory. However, input costs to our livestock division increased as a result of increasing commodity prices and fuel costs. Together with a tight monetary policy, this resulted in constrained consumer spending which affected the demand for our products.

However, the Group posted results that were ahead of market expectations (with this improved performance being notified in the Company's Trading Update announcement of 27 April 2022), driven by good performance in our cropping and stockfeed division and continued focus on cost control. Market share gains and increased Layer feed prices in our stock feed business resulted in increased profitability and sustained margins.

Zambeef's chain of 237 retail outlets, both own-brand and within Shoprite supermarkets, remain at the heart of the business, with demand from consumers driving supply.

KEY FINANCIAL HIGHLIGHTS

Revenue measured in at ZMW2.6 billion (USD148.1 million) with a gross profit of ZMW853.4 million (USD49.2 million), a growth of 19% and 15% when compared to the previous corresponding period in kwacha terms as well as 45% and 40% in USD terms respectively.

The Group's topline performance was due to performance in Cropping and Stockfeed. Higher grain prices, stockfeed market share gains and good farming interventions enabled the business to post profitability. Cost pressures stemming from covid related global supply chain disruptions, fuel costs and subdued demand on our protein products resulted in margin erosion.

Management continued the cost optimisation agenda through streamlining administrative costs while the continued direct cost control measures helped deliver strong operating profit leverage.

The Group combined strength as a diversified and vertically integrated business with strong brands, supportive partners and an experienced management team continues to be a major factor on the sustained profitability of the Group.

Commenting on these results, Mr Michael Mundashi said:

"The Group faced margin pressure arising from a rise in input costs such as Soya and energy across our value chains. However, our diversified portfolio of brands and vertically integrated businesses ensured the impact is balanced across the divisions, thereby enabling the overall growth in Group profitability.

The Board believes the key to sustainable growth lies in remaining committed to its strategic priorities, while mitigating the effects of dynamic economic and climate cycles. As such, the focus remains to invest in growth and optimisation opportunities and invest in our core businesses and the divestiture of non-core businesses. The vertical and horizontal integrated business structure remains essential to sustained profitability growth and balancing economic and climatic cyclicity.

“We anticipate macro-economic stability for Zambia to continue over the medium term supported by improved investor sentiment, elevated copper prices and the possibility of an International Monetary Fund supported debt management program. The kwacha is expected to remain relatively stable supported by increased mining output.

The copper price, which is a major foreign exchange earner for the country, is expected to continue holding as the global economy continues to recover from the Covid-19 related shocks. The inflation rate is expected to continue on the downward trajectory, although the outcome of the Russo-Ukrainian tensions will lead to further rises in global food and energy prices which still pose a risk of higher inflation locally. The world at large and Zambia in particular, have acclimatised to living with the Covid-19 pandemic. Therefore, we expect Covid-19 related shocks to the business and the economy to remain minimal.”

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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, eggs, 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 and egg 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 7,787 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.

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Zambeef Products Plc

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Retail & Distribution
Cold Chain Food
Products
Cropping
Stock Feed
Other

Investors

AIM Rule 26
AIM Chart
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