



**PRESENTATION TO ANALYSTS
YEAR ENDED
30th JUNE 2017**

27th September 2017

www.innscorafrica.com

Vision & Mission



VISION - WHAT DO WE ASPIRE TO?

Our **vision** is to **improve the quality of life of the customers** in our chosen target markets and thereby to **create and unlock value for all our stakeholders**. We do this by bringing access to **best value consumer staple and durable goods** at the **lowest relative price**.

MISSION - WHAT DO WE DO?

Innscor Africa Limited is a **focused group of light manufacturing businesses** which produce a number of **Zimbabwe's iconic brands** in the **consumer staple and durable product space**.

We **manufacture consumer staple and durable goods** for the **mass market** through a managed, and where **strategically appropriate, integrated** portfolio of businesses which:

- benefit from being part of our Group
- have the ability of being lowest cost producers
- have the ability or potential to achieve scale
- have the ability to become market leaders

Operating Environment

- Foreign payments remain highest risk area
- Emergence of Avian Influenza
- Local maize production excellent
- Increased local wheat crop expected
- Policies focused on local production and manufacture
- Power and fuel supply stable

An Overview of where we are today



- The Group has **completed its transformation** from its conglomerate format to a **focused set of light manufacturing businesses**
- The result is a **less complex** business for both management and stakeholders to manage and analyse, and **better business performance**
- The new format has allowed us to introduce an **activity based costing** system and also introduce a more formalised approach to allow us to reach our **desired business models**
- The **Bakery operation** has shown **considerable improvement** in the past two years, and this has been a **big driver** of the overall Group's results
- Head Office structures **more efficient** and significant **cost removed**
- Disposal of remaining non-core businesses **completed**

Summarised Group Statement of Comprehensive Income

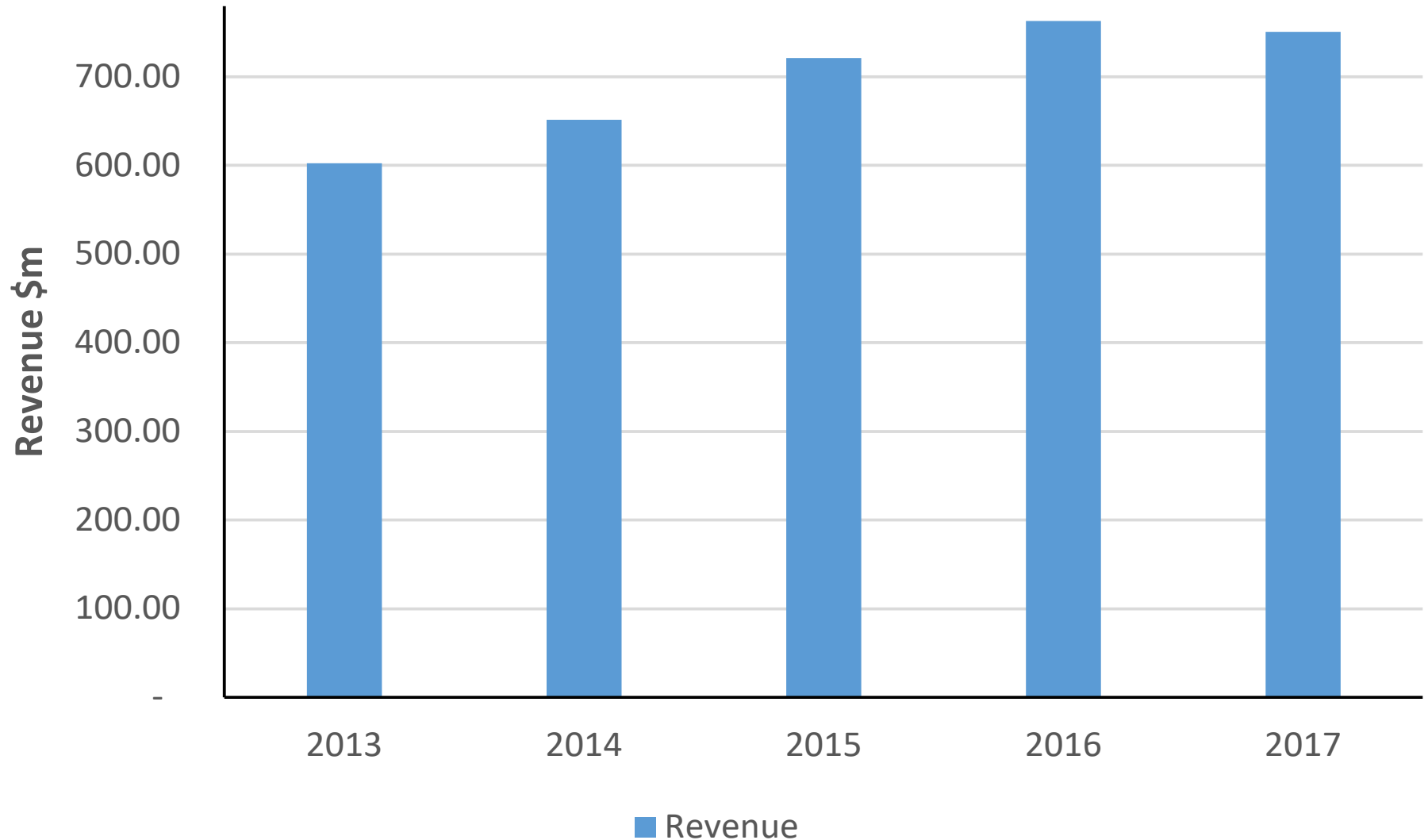


| | ACTUAL FY2017 audited USD millions | PRIOR YEAR FY2016 audited USD millions | Actual vs. FY2016 % |
|---|---|---|--|
| Continuing Operations | | | |
| Revenue | 580.30 | 586.91 | -1% |
| Gross Margin | 211.67 | 212.55 | 0% |
| Operating Expenses | (146.15) | (157.24) | 7% |
| EBITDA | 65.52 | 55.32 | 18% |
| Financial (loss)/income | (9.91) | 1.13 | -976% |
| Depreciation and amortisation | (15.29) | (17.68) | 14% |
| Fair Value Adjustments | (0.32) | 0.31 | -203% |
| Profit before interest and tax | 40.00 | 39.08 | 2% |
| Net interest | (4.59) | (4.84) | 5% |
| Equity Accounted Earnings | 6.22 | 4.76 | 31% |
| Profit before tax | 41.63 | 39.00 | 7% |
| Taxation | (7.94) | (8.52) | 7% |
| Profit for the period | 33.69 | 30.48 | 11% |
| Discontinuing operations | | | |
| PAT from discontinuing operations | 0.98 | (3.67) | 127% |
| Profit for the year from continuing and discontinuing operations | 34.67 | 26.81 | 29% |
| EPS - US Cents (continuing) | 4.43 | 3.20 | 38% |
| HEPS - US Cents (continuing) | 4.74 | 3.40 | 39% |
| Final Cash DPS Declared - US cents | 0.90 | 0.60 | 50% |

Revenue by Sector

| | ACTUAL FY2017 audited | PRIOR YEAR FY2016 audited | Growth % | |
|-----------------------------|--------------------------------------|--|---------------------|---|
| Mill - Bake | 490,568,328 | 529,655,491 | -7% |  |
| Protein | 173,710,258 | 162,408,577 | 7% |  |
| FMCG | 38,653,581 | 30,239,416 | 28% |  |
| Other | 47,885,974 | 40,683,667 | 18% |  |
| Amalgamated Revenue | 750,818,141 | 762,987,151 | -2% |  |
| Consolidated Revenue | 580,303,226 | 586,910,708 | -1% |  |

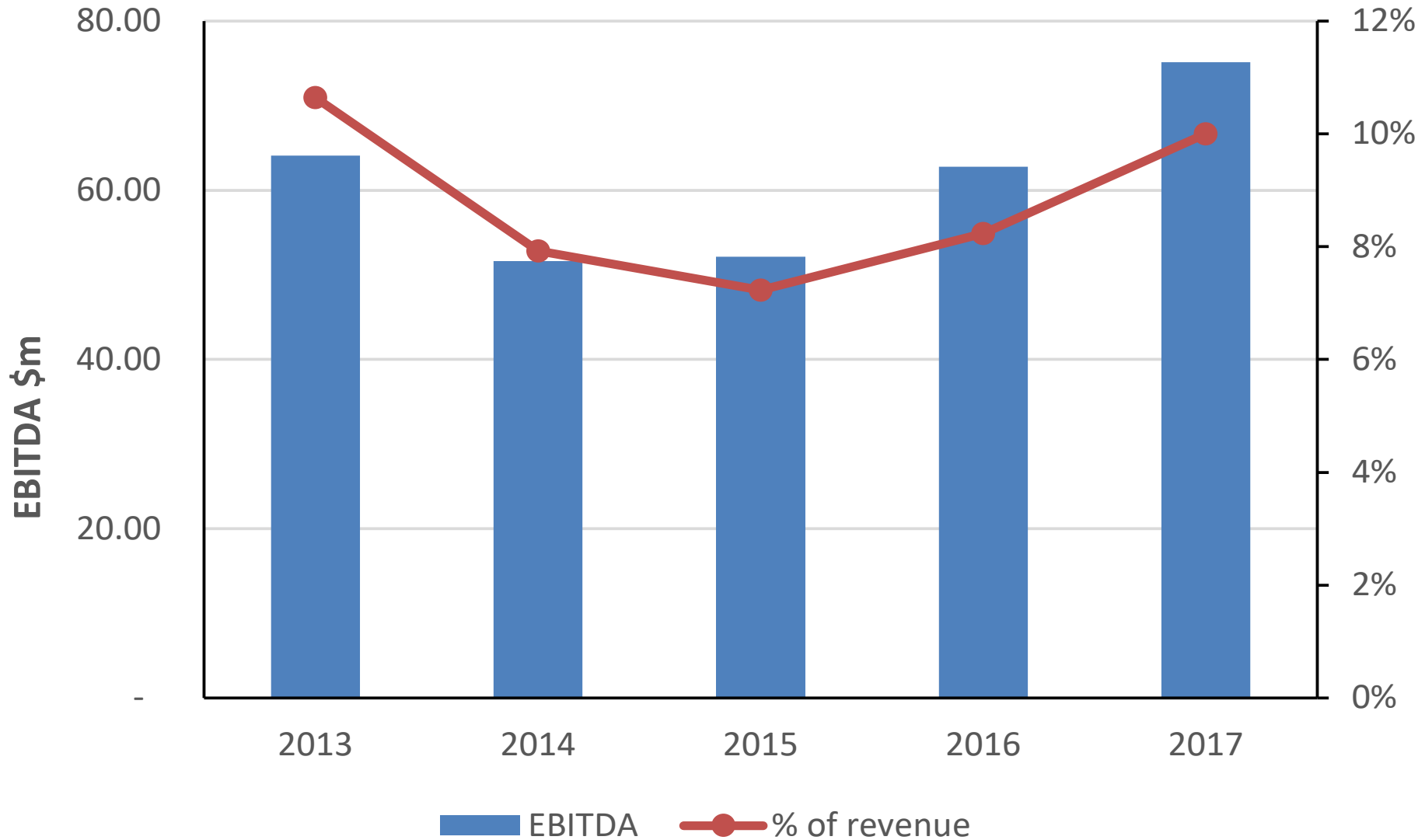
Amalgamated Group Revenue









EBITDA by Sector

| | ACTUAL FY2017 audited USD | PRIOR YEAR FY2016 audited USD | Growth % | |
|----------------------------|--|--|---------------------|---|
| Mill - Bake | 45,841,856 | 40,013,919 | 15% |  |
| Protein | 16,842,884 | 18,020,009 | -7% |  |
| FMCG | 2,633,615 | 1,221,550 | 116% |  |
| Other | 9,775,374 | 3,311,914 | 195% |  |
| Amalgamated EBITDA | 75,093,729 | 62,567,392 | 20% |  |
| Consolidated EBITDA | 65,518,624 | 55,318,051 | 18% |  |

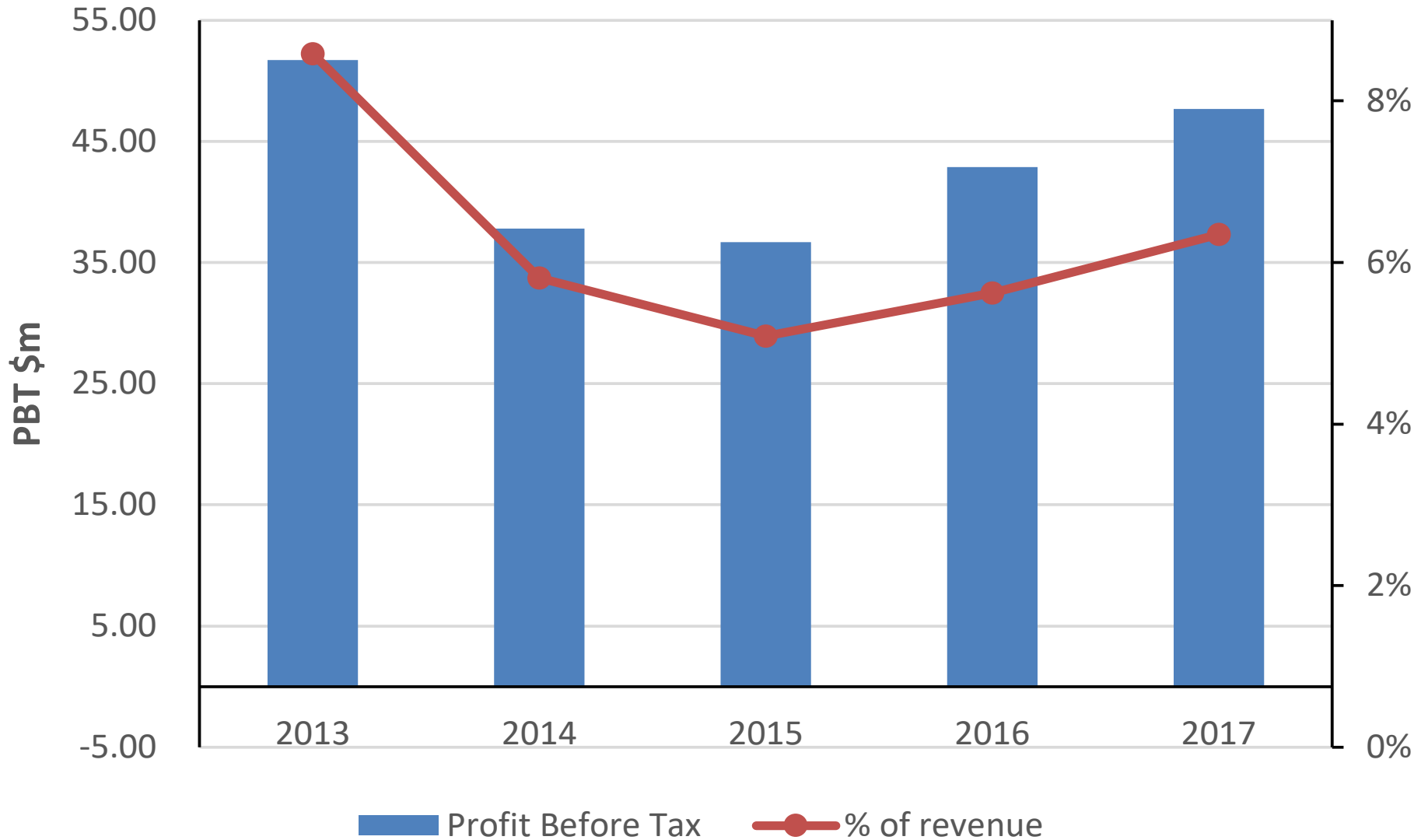
Amalgamated Group EBITDA



PBT by Sector

| | ACTUAL FY2017 audited USD | PRIOR YEAR FY2016 audited USD | Growth % | |
|-------------------------|--|--|---------------------|---|
| Mill - Bake | 33,426,979 | 27,273,464 | 23% |  |
| Protein | 3,012,568 | 13,510,664 | -78% |  |
| FMCG | 1,332,383 | (328,277) | 506% |  |
| Other | 9,900,163 | 2,206,727 | 349% |  |
| Amalgamated PBT | 47,672,093 | 42,662,578 | 12% |  |
| Consolidated PBT | 41,628,800 | 39,001,068 | 7% |  |

Amalgamated Group PBT



Summarised Group Statement of Financial Position



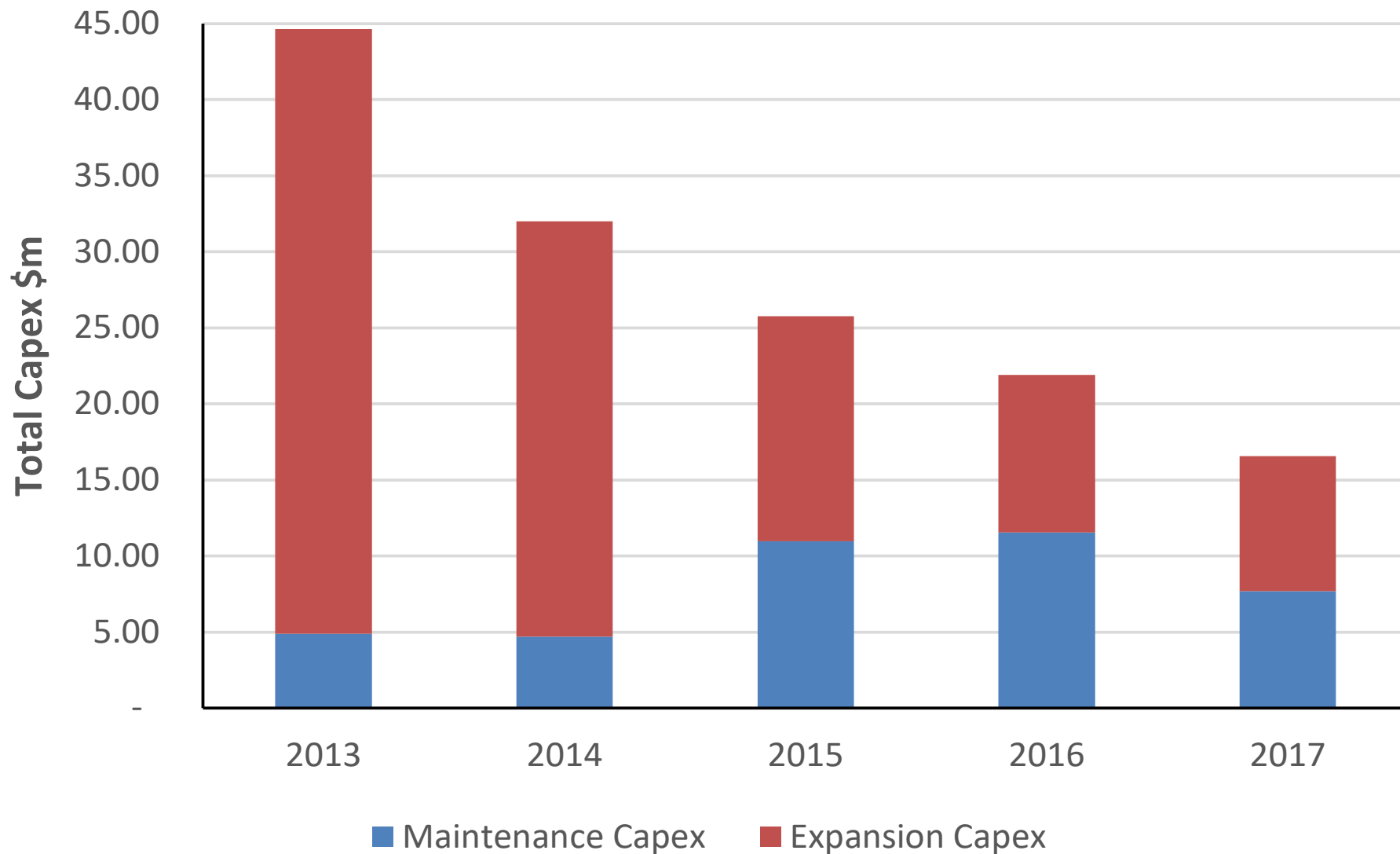
| | 30 JUNE 2017 USD millions | 30 JUNE 2016 USD millions |
|---|--|--|
| Non-current assets | 250.83 | 253.07 |
| Net working capital | 114.46 | 74.37 |
| Current assets (excluding cash) | 191.83 | 162.69 |
| Current liabilities (excluding borrowings) | (77.37) | (88.32) |
| Deferred tax liabilities | (28.20) | (26.46) |
| Net assets | 337.09 | 300.98 |
| Net borrowing | 51.64 | 36.70 |
| Total borrowings | 81.89 | 62.44 |
| Cash and cash equivalents | (30.25) | (25.74) |
| Equity | 285.45 | 264.28 |
| Total equity and borrowings | 337.09 | 300.98 |
| Net Gearing Ratio (continuing and discontinuing ops) | 15% | 12% |
| PAT ROIC | 9% | 10% |
| PAT ROE (average shareholders' funds) | 13% | 11% |
| PAT ROA (average total assets) | 8% | 6% |

Summarised Group Statement of Cash Flows



| | ACTUAL FY2017 millions | PRIOR YEAR FY2016 millions |
|---|---------------------------------------|---|
| EBITDA | <u>65.52</u> | <u>55.03</u> |
| Operating profit before working capital changes | 63.97 | 79.34 |
| Working capital changes | <u>(47.70)</u> | <u>(26.29)</u> |
| Cash generated from operating activities | 16.27 | 53.05 |
| Net interest paid | (4.97) | (6.11) |
| Tax Paid | (6.56) | (11.55) |
| Capital expenditure | <u>(16.56)</u> | <u>(23.47)</u> |
| | (11.82) | 11.92 |
| Dividends paid | (13.67) | (14.30) |
| Other investing activities | 7.56 | (7.32) |
| Net cash outflow before financing | (17.93) | (9.70) |
| Financing activities | 20.11 | 3.93 |
| Net increase/(decrease) in cash and cash equivalents | 2.18 | (5.77) |
| Cash and cash equivalents at the beginning of the year | <u>28.07</u> | <u>33.84</u> |
| Cash and cash equivalents at the end of the year | 30.25 | 28.07 |

Group Capital Expenditure



Assessment

....Solid Progress, Poised for Growth

| | F2015 ACTUAL (USD M) | % CHANGE | F2016 ACTUAL (USD M) | % CHANGE | F2017 ACTUAL (USD M) |
|----------------------------|----------------------------|-------------|----------------------------|-------------|----------------------------|
| Revenue | 554.29 | 6% | 586.91 | -1% | 580.30 |
| Gross Profit | 196.65 | 7% | 210.42 | 0% | 210.02 |
| % of Revenue | 35.48% | | 35.85% | | 36.19% |
| Operating Expenses | 155.17 | -1% | 157.24 | 7% | 146.15 |
| % of Revenue | 27.99% | | 26.79% | | 25.19% |
| % of GP | 78.91% | | 74.72% | | 69.59% |
| EBITDA | 43.55 | 27% | 55.32 | 18% | 65.52 |
| % of Revenue | 7.86% | | 9.43% | | 11.29% |
| Profit Before Tax | 31.18 | 25% | 39.00 | 7% | 41.63 |
| % of Revenue | 5.62% | | 6.65% | | 7.17% |
| Profit After Tax | 23.14 | 32% | 30.48 | 11% | 33.69 |
| Attributable Profit | 8.60 | 101% | 17.32 | 38% | 23.92 |

Looking Ahead

- Continued focus on imported raw materials
- Migration to local inputs where possible
- Implementation of restocking programme at Irvine's
- Work continues on operating expenditure efficiencies
- Elimination of duplicated functions and processes
- A move to category performance and analysis
- Expansion of existing categories
- Addition of synergistic and adjacent products and businesses locally and regionally

Contact Details:
Tracey Stephens
tracey.stephens@innscorafrica.com
Tel: (0242) 496790/496886
www.innscorafrica.com

