



Presentation to Analysts Year End 30 June 2019



26 September 2019

Environmental & Trading Context



- Market sentiment generally positive in the early part of the financial year
- Early October 2018 saw a number of fiscal and economic reforms
- The economic challenges facing the country continued to escalate during the course of the year
- Availability of foreign currency continued to be highly constrained
- Inflation remained rampant
- Shortages of fuel and other key consumables
- Electricity shortages affected operations toward the latter part of the year under review

Environmental & Trading Context



- Lower agricultural output from the 2018/19 summer crop; 2019 winter wheat crop also expected to be lower
- Large parts of the country devastated by cyclone Idai
- The local currency was officially added to the basket of currencies allowed for use in February 2019
- The currency lost considerable value against major currencies from its inception to year-end
- The multi-currency system that had been in use in Zimbabwe was abandoned at the end of June 2019
- Parallel to the end of the multi-currency system, overnight lending rates increased

Operational Highlights in F2019



- Solid volumes in almost all operations
- Bakery division experienced a challenging year
- Automation of two lines in our Bakery operations completed
- 45 new bread delivery vehicles acquired
- Concluded investment into two new product categories at National Foods
- Re-stocking at Irvine's completed and a return to full production achieved
- Additional pig unit came into production at Colcom, increasing raw material supply by 25%

Operational Highlights in F2019



- Growth in the beef category continued at AMP, and an exciting new wholesale concept will shortly be launched
- The Profeeds retail network commenced a complete overhaul and began the production of fish feed
- Probrands entered the condiments category and good volume growth recorded in the rice and sugar down-packing units
- Volume growth and profitability achieved at Prodairy on the back of strong market impact
- Steep capability and capacity growth continues at Natpak
- Exceptional volume growth achieved in Probottlers

Functional and Presentation Currency Change



- The **pervasive impact** of the **technicalities** brought about by the **reintroduction** of the **local currency** and **abandonment** of the **multi-currency** system has caused **difficulties** with **financial reporting**
- **Financial Statements** for the **2018/2019 periods** must be **used with caution** and have **limited usefulness**
- As with all **companies in Zimbabwe**, the Group received a **qualification** on its annual financial statements as **local statutory requirements** were **at variance** with **IFRS**
- The Group **changed** its **functional and presentation currency** to **Zimbabwe Dollars** following promulgation of SI 33/2019

Functional and Presentation Currency Change



- In an attempt to more fairly present its Statement of Financial Position at the date of the currency change; the Group uplifted the net book value of its property, plant and equipment, long-term biological assets, investments and foreign monetary assets to local currency at a rate of USD 1 = ZWL 4
- The above methodology resulted in the creation of a “Change in Functional Currency Reserve” of ZWL 399.4m; this was carried out through reserves
- Foreign monetary assets and liabilities at 30 June 2019 are held at appropriate rates of exchange in line with IAS 21 and any exchange differences arising between the date of change in functional currency and year-end being adjusted through the Income Statement
- Significant devaluation in the local currency has occurred since the rebasing of exercise undertaken in February 2019

Key Highlights



\$1 285.54M

REVENUE

▲ 104%

\$258.02M

OPERATING PROFIT

▲ 234%

24.92%

OPEX TO REVENUE

▼ 0.60%

55.39%

OPEX TO MARGIN

▼ 12.23%

31.19 cents

HEADLINE EARNINGS

PER SHARE

▲ 412%

10.39 cents

DIVIDEND

PER SHARE

▲ 381%

Key Highlights

\$399.42M

CHANGE IN FUNCTIONAL
CURRENCY RESERVE

5.69%

NET GEARING

▼ 2.66%

\$39.48M

CASH GENERATED

Over 10,000

EMPLOYEES

\$1.455B

MARKET CAPITALISATION

Summary Group Statement of Comprehensive Income



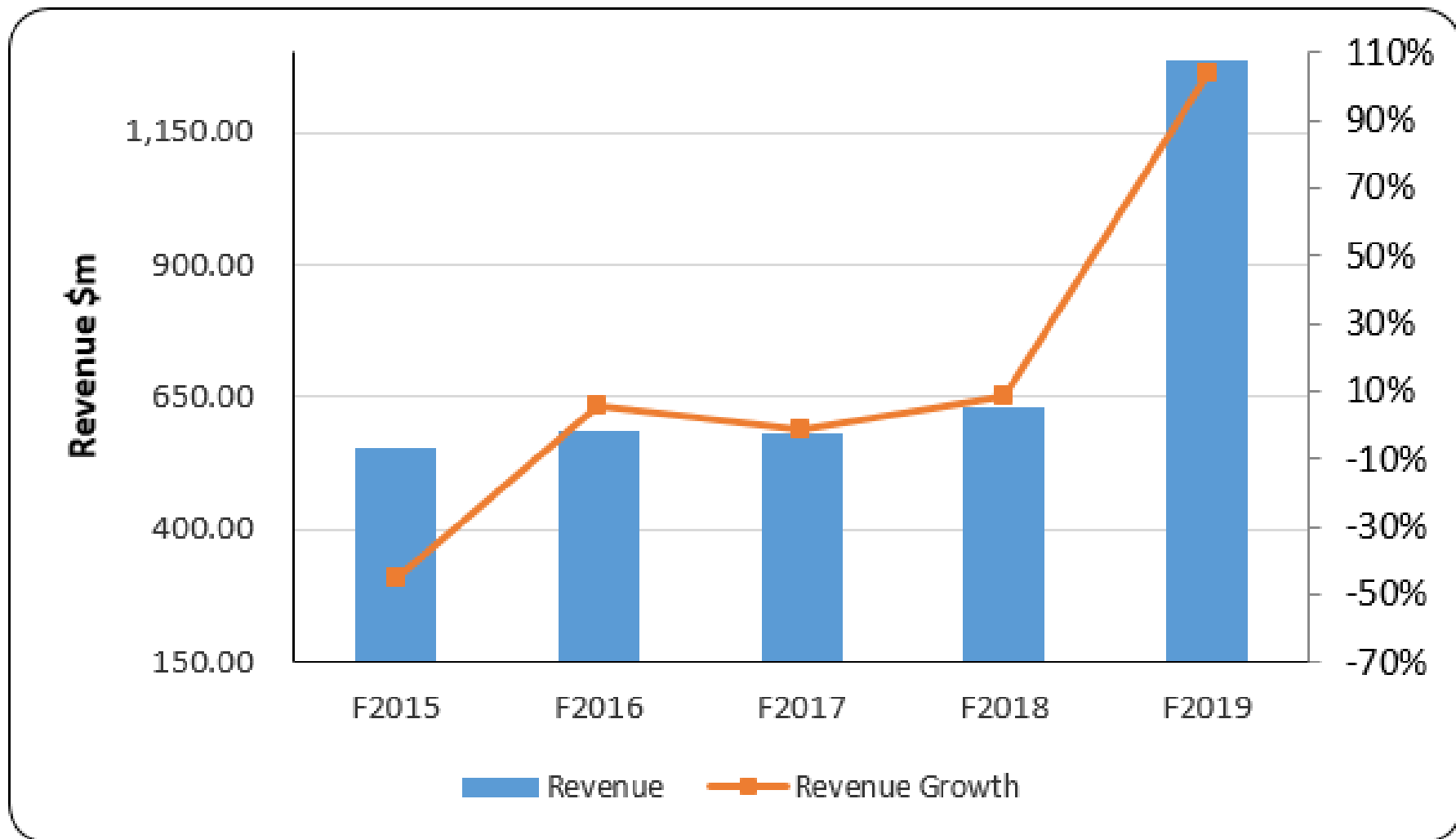
	F2019 actual audited ZWL (M)	F2018 actual audited ZWL (M)	F2019 vs. F2018 %
Revenue	1,285.54	631.28	104%
Gross Profit	571.29	235.39	143%
As a % of Revenue	44.44%	37.29%	7%
Operating Expenses	(320.38)	(161.12)	-99%
As a % of GP	56.08%	68.45%	12%
As a % of Revenue	24.92%	25.52%	1%
EBITDA	258.02	77.16	234%
As a % of Revenue	20.07%	12.22%	8%
Profit before tax	296.14	62.87	371%
As a % of Revenue	23.04%	9.96%	13%
Profit after tax	238.84	48.72	390%
As a % of Revenue	18.58%	7.72%	11%
Profit Attributable to Shareholders	176.79	32.88	438%
EPS - US Cents (continuing)	31.69	5.99	429%
HEPS - US Cents (continuing)	31.19	6.09	412%
Total Cash DPS - US cents	10.39	2.16	381%

Revenue by Segment



	F2019 actual audited ZWL (M)	F2018 actual audited ZWL (M)	F2019 vs. F2018 %
Mill-Bake	730.15	392.02	86%
Protein	391.07	181.67	115%
Other Light Manufacturing	213.31	74.97	185%
Head Office Services	8.00	5.16	55%
Adjustments	(57.00)	(22.54)	-153%
Consolidated Revenue	1,285.54	631.28	104%
Associates Revenue	296.83	187.46	58%
Amalgamated Revenue	1,582.37	818.74	93%

Consolidated Group Revenue

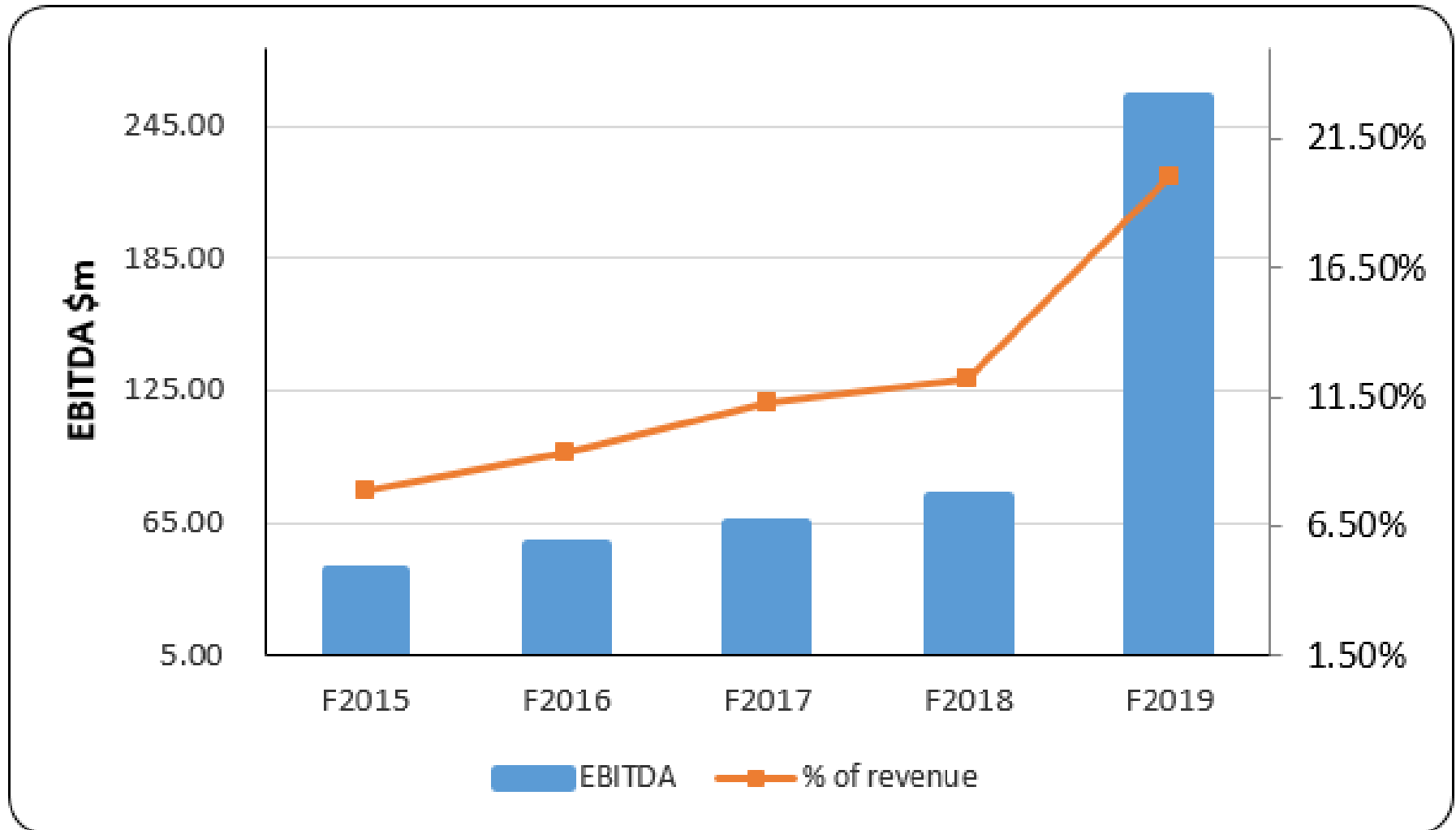


EBITDA by Segment



	F2019 actual audited ZWL (M)	F2018 actual audited ZWL (M)	F2019 vs. F2018 %
Mill-Bake	133.41	38.42	247%
Protein	85.27	20.21	322%
Other Light Manufacturing	44.31	12.56	253%
Head Office Services	(4.97)	5.97	-183%
Consolidated EBITDA	258.02	77.16	234%

Consolidated Group EBITDA

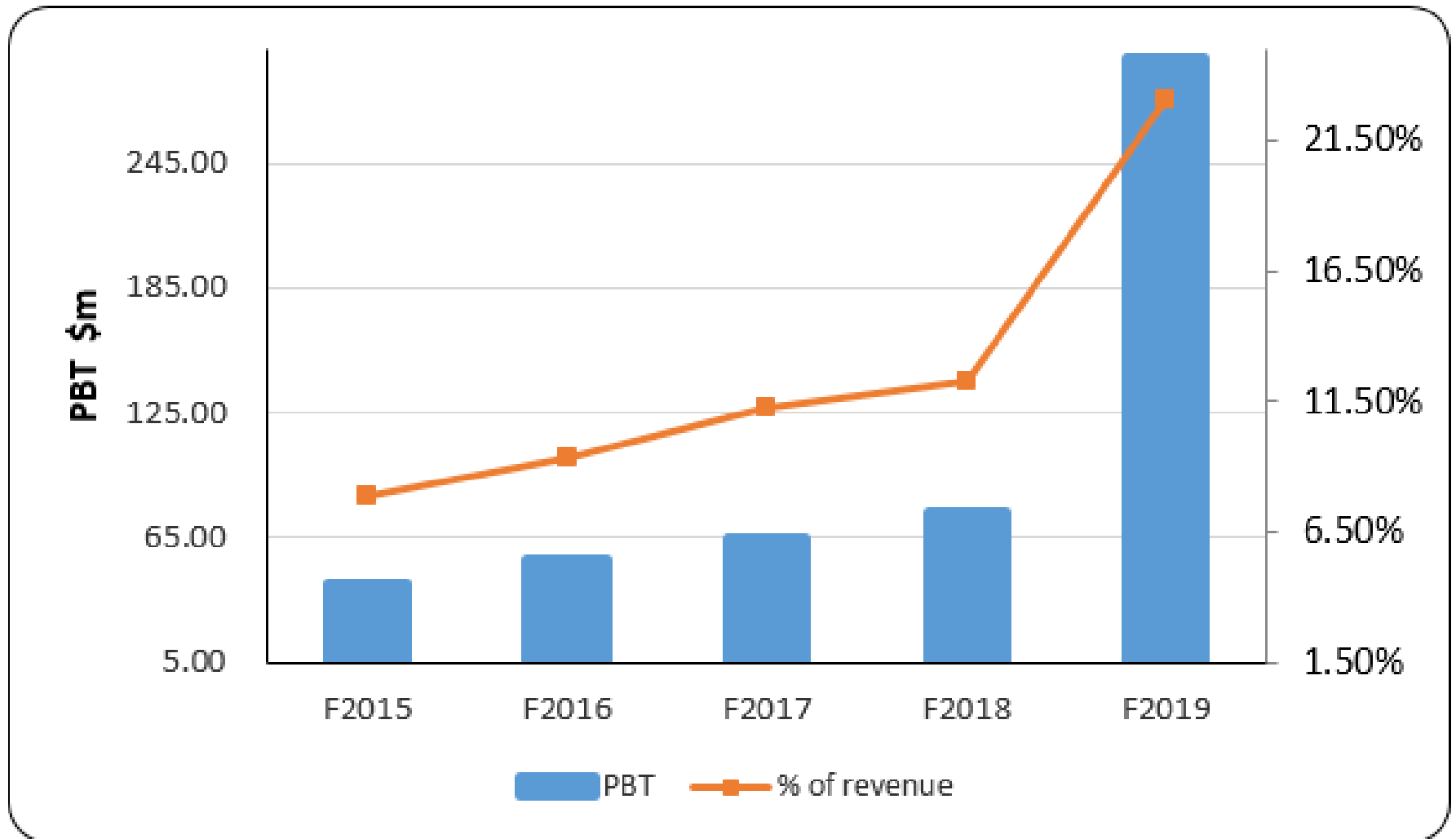


PBT by Segment



	F2019 actual audited ZWL (M)	F2018 actual audited ZWL (M)	F2019 vs. F2018 %
Mill-Bake	139.34	35.20	296%
Protein	61.90	12.97	377%
Other Light Manufacturing	41.14	11.69	252%
Head Office Services	53.74	3.37	1492%
Adjustments	0.03	(0.36)	108%
Consolidated Profit Before Tax	296.14	62.87	371%

Consolidated Group PBT



Summarised Group Statement of Financial Position



	30 JUNE 2019	30 JUNE 2018
	ZWL	ZWL
	millions	millions
Non-current assets	961.60	282.49
Net assets classified as held for sale	-	3.40
Net working capital	273.90	95.06
Current assets (excluding cash)	580.98	218.74
Current liabilities (excluding borrowings)	(307.08)	(123.68)
Deferred tax liabilities	(133.74)	(29.94)
Net assets	1,101.76	351.01
Liabilities directly associated with the assets classified as held for sale	-	0.17
Net borrowing	62.68	29.30
Total borrowings	208.79	89.80
Cash and cash equivalents	(146.11)	(60.50)
Equity	1,039.08	321.54
Total equity and borrowings	1,101.76	351.01
Net Gearing Ratio	5.69%	8.35%
PAT ROIC	29.70%	13.81%
PAT ROE	35.11%	16.05%
PAT ROA	21.19%	9.39%

Analysis of Net Working Capital



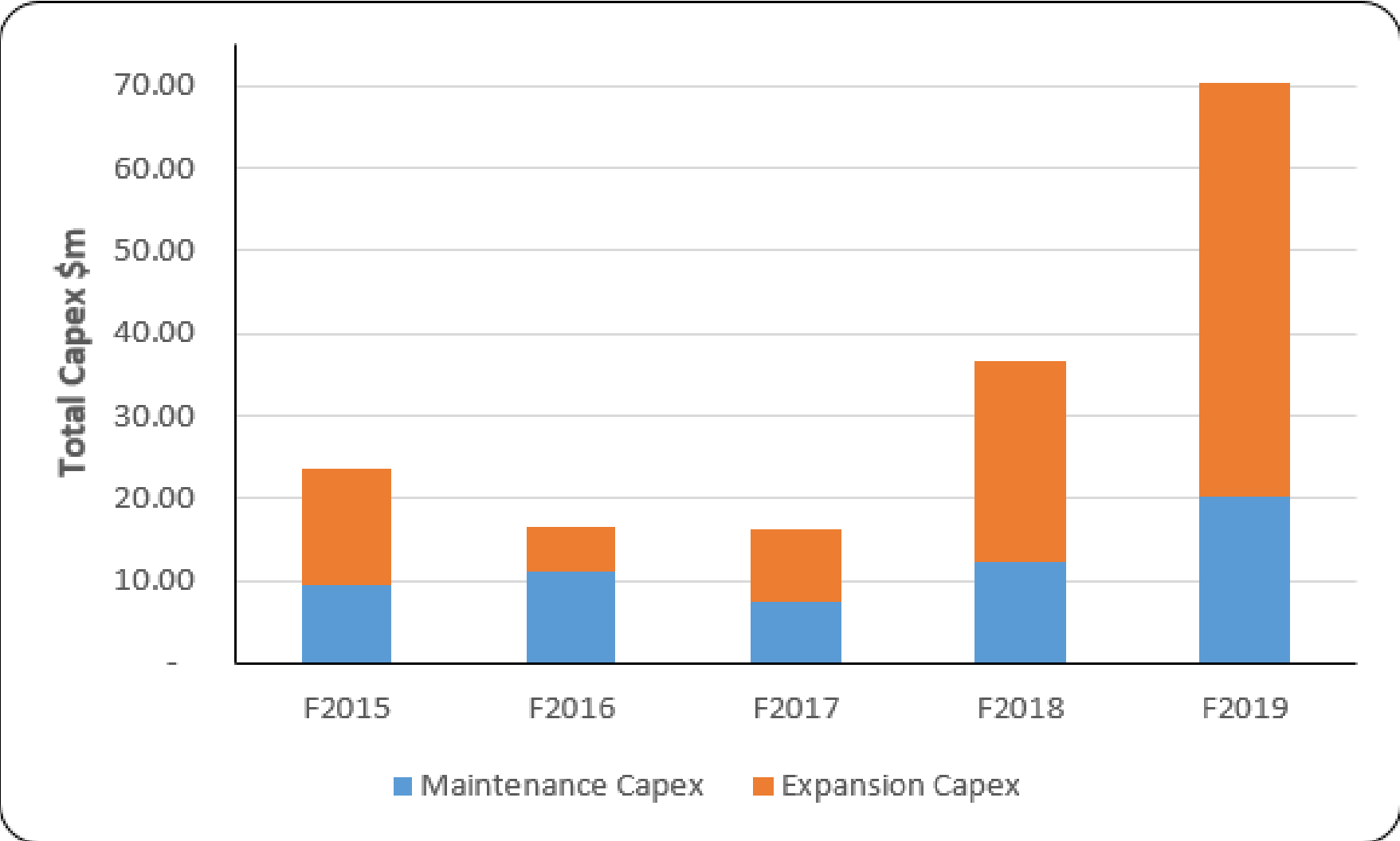
	30 JUNE 2019 ZWL millions	30 JUNE 2018 ZWL millions	GROWTH ZWL millions
Current Assets	580.98	218.74	(362.24)
Biological assets	42.68	12.51	(30.17)
Inventory	231.60	90.44	(141.16)
Trade & other receivables	306.70	115.79	(190.91)
- Trade debtors	108.82	58.83	(49.99)
- Prepayments and other receivables	150.22	38.87	(111.35)
- Other receivables	47.67	18.09	(29.58)
Current Liabilities	(307.08)	(123.68)	183.40
Trade & other payables	(304.04)	(121.16)	182.88
Provisions	(3.04)	(2.52)	0.52
Net Current Working Capital	273.90	95.06	(178.84)
Gross Borrowings	208.79	89.80	(118.99)

Summarised Group Statement of Cash Flows



	30 JUNE 2019 actual USD millions	30 JUNE 2018 actual USD millions
EBITDA	258.02	77.16
Operating profit before working capital changes	266.56	79.60
Working capital changes	(227.08)	15.71
Cash generated from operating activities	39.48	95.31
Net interest paid	(10.17)	(6.80)
Tax paid	(21.30)	(8.17)
Capital expenditure	(70.26)	(36.57)
	(62.25)	43.77
Dividends paid	(34.24)	(17.51)
Other investing activities	8.45	(10.09)
Net cash (outflow)/in-flow before financing	(88.04)	16.17
Financing activities	115.29	14.08
Effects of currency translation on cash and cash equivalents - foreign operations	58.36	-
Net increase in cash and cash equivalents	85.61	30.25
Cash and cash equivalents at the beginning of the year	60.50	30.25
Cash and cash equivalents at the end of the year	146.11	60.50

Group Capital Expenditure



Assessment



- Generally positive results achieved across the entire platform
- Excellent volume performance across all entities
- Business categories and functions becoming clearer
- Opex to margin and opex to revenue continued to improved
- Continued efficiency achieved at profit level
- Cash flow and significant borrowings deployed to working capital
- Gearing well below desired levels

Assessment

SALIENT FEATURES INCOME STATEMENT CONTINUING OPERATIONS	ACTUAL F2015 (ZWL M)	% CHANGE	ACTUAL F2016 (ZWL M)	CHANGE	ACTUAL F2017 (ZWL M)	% CHANGE	ACTUAL F2018 (ZWL M)	% CHANGE	ACTUAL F2019 (ZWL M)
Revenue	554.29	6%	586.91	-1%	580.30	9%	631.28	104%	1,285.54
Gross Profit	196.65	7%	210.92	0%	210.02	12%	235.39	143%	571.29
- As a percentage of Revenue %	35.48%		35.94%		36.19%		37.29%		44.44%
Gross Margin	198.72	8%	213.80	0%	213.23	12%	238.28	143%	578.41
- As a percentage of Revenue %	35.85%		36.43%		36.74%		37.75%		44.99%
Operating Expenses	155.17	-1%	157.24	6%	147.71	-9%	161.12	-99%	320.38
- As a percentage of Revenue (%)	27.99%		26.79%		25.45%		25.52%		24.92%
- As a percentage of GP (%)	78.91%		74.55%		70.33%		68.45%		56.08%
(EBITDA)	43.55	27%	55.32	18%	65.52	18%	77.16	234%	258.02
- As a percentage of Revenue (%)	7.86%		9.43		11.29%		12.22%		20.07%
Profit Before Tax	31.18	25%	39.00	7%	41.63	51%	62.87	371%	296.14
- As a percentage of Revenue (%)	5.62%		6.65%		7.17%		9.96%		23.04%
Profit After Tax	23.14	32%	30.48	11%	33.69	45%	48.72	390%	238.84
- As a percentage of Revenue (%)	4.17%		5.19%		5.81%		7.72%		18.58%
Attributable Profit	8.60	101%	17.32	38%	23.92	37%	32.88	438%	176.79
HEPS (c)	1.64	107%	3.40	39%	4.74	28%	6.09	412%	31.19

Looking Ahead



- Business models adapting to a local currency environment
- Material reduction in volumes immediately after year-end; some recovery in the latter part of the first quarter
- Management teams focused on adapting their strategies and models to take account of prevailing conditions
- Focus being deployed to achieving more suitable levels of gearing
- Strategies being implemented to increase our investment in agricultural production
- Continued automation and additional capability and capacity driving sustainable efficiencies and growth



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