

SEED CO LIMITED

Half Year ended September
2013

Analyst Briefing



The African Seed Company





The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Financial Review

By

Matorofa John- GFD

SEED CO LIMITED

**Income Statement
For the Half Year ended
September 2013**



The African Seed Company





The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

TURNOVER

Revenue



30%



September 2013

USD17m

vs

September 2012

USD13m





The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

TURNOVER



Winter Cereals

(Wheat)



34%

3509mt vs 2617mt



Maize



17%

4685mt vs 3989mt



The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Operating Expenses

Up 29% from \$13m to \$16,8m

-Impairment of \$3,1 deposit
with a bank

-Doubtful debts provision in Zim
\$0,9m



The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Finance Charges  **18%**



September 2013

USD3.9m vs

September 2012

USD3.3m





The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Half Year Loss \$12,8m vs \$8,9m

Due to :

- \$3m Impairment
- \$0,9m Doubtful debts provision

SEED CO LIMITED

Statement Of Financial Position
As at
30 September 2013



The African Seed Company





The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Current assets

	Sept. 2013 US \$ M	March 2013 US\$ M
Inventories	65,0	43,6
Accounts receivable	44,2	63,9
Grower Advances & Prepayments	8,6	4,2
Cash Resources	1,8	4,6
Total	119,6	116,5



The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Inventories



49%



September 2013

USD65m vs USD43.6m

March 2013



Seed Intake - Maize 16500mt
-Soya 9400mt



The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Accounts Receivable



31%



September 2013

USD65m vs

March 2013

USD44m



Zim Gvt paid \$4,6m and Zambia Gvt \$4m paid
Just after Cut off



The African Seed Company

UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDING 30 SEPTEMBER 2013

Borrowings



51%



September 2013

Short term USD65m vs USD45m

March 2013

Long term USD4m vs USD2m



Short term Zim Borrowings up 30% to \$33m -
weighted average rate 10,27%



The African Seed Company

SEED CO LIMITED HALF YEAR 2014 OPERATIONS REVIEW





The African Seed Company

.....Environmental review

Zimbabwe

- New Finance Minister giving strong emphasis on Agriculture
 - Early Government input activity
 - Pro-agric policies
- Liquidity still a serious issue
- Funding costs still high
- Payment issues
- Maize harvest estimated downwards to 0.8m mt from initial projected 1.2m mt – leading to increased demand for seed



The African Seed Company

..... Environmental review

Zambia

- Exchange controls tightened
- Low tax regime – being taxed at 10%
- Inputs scheme continuing
- Kwacha stable



The African Seed Company

.....Environmental review

Malawi

- Corruption issues be-devilling the economy
- Exchange rate depreciation and inflation
- Renewed Renamo activities may affect trade routes
- Food insecurity pushing prize of maize up
- Seed Input program continuing
- Legumes demand on the up
- Prices agreed in \$US



The African Seed Company

.....Environmental review

- East Africa
 - Recent terror activities in Kenya not expected to affect agric
 - Somali pirate activities driving prices of real estate up in East Africa



Research and Development.....

- New products released
 - 5 new maize hybrids
 - 4 soya varieties
 - Cob rot tolerant variety for Zambia
- SC719 and SC 643 pending release in Tz
- SC719 and SC529 performing well in trials in Ghana and Nigeria
- MLND still a big threat in East Africa
- Looking for strong technical partner for Quton



The African Seed Company

Tech lab nearing completion...





The African Seed Company

GMO cotton continues to be CAREFULLY monitored in Malawi....



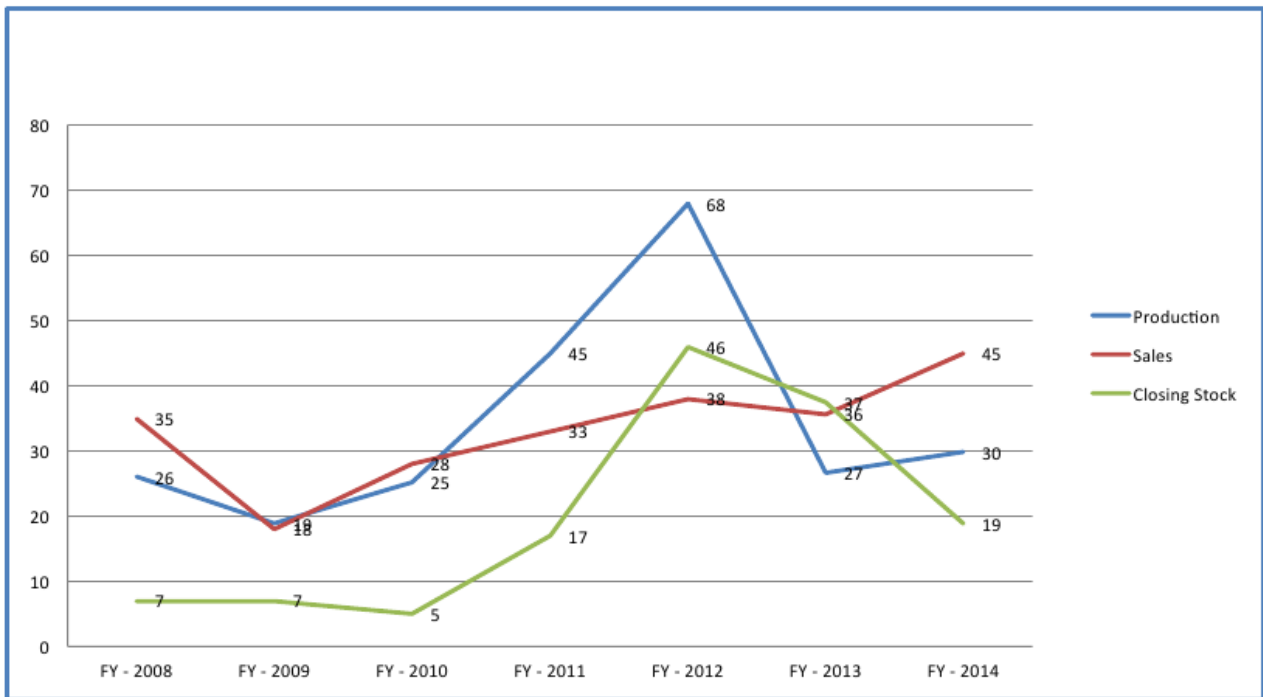


The African Seed Company

Product.....

- We continue to manage inventories aligning them to sales
- Forecasting inventories to come down from 37000mt in prior year to 19000mt at end of current year.

Inventory trends.....





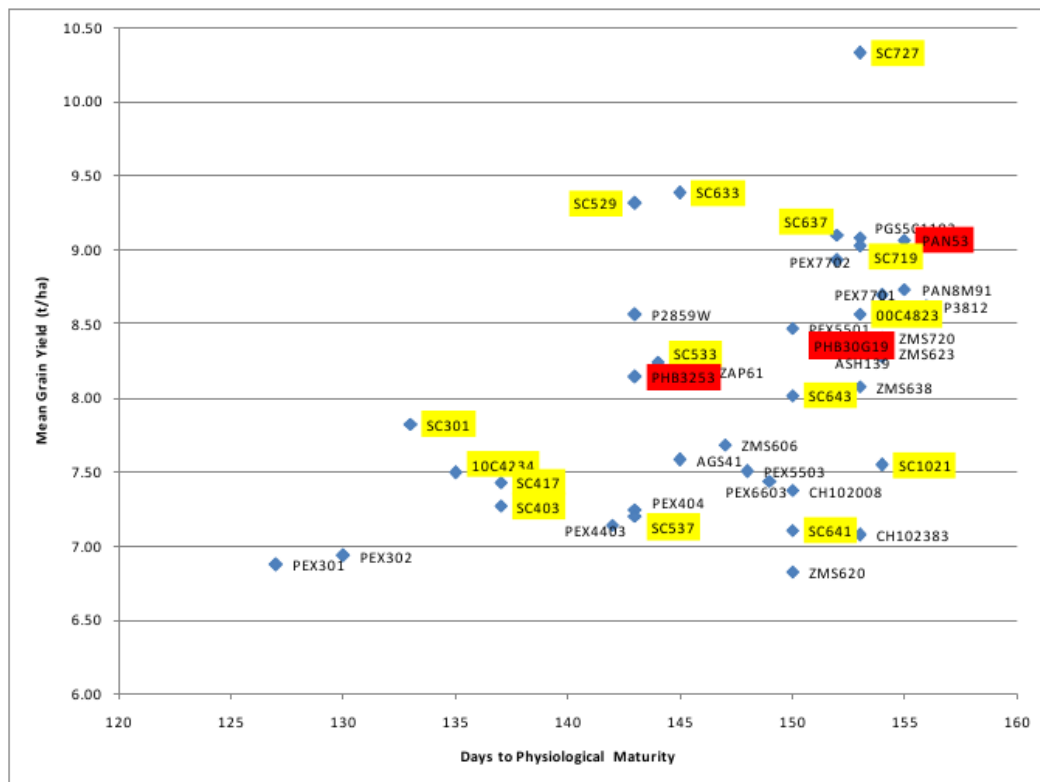
The African Seed Company

Quality.....

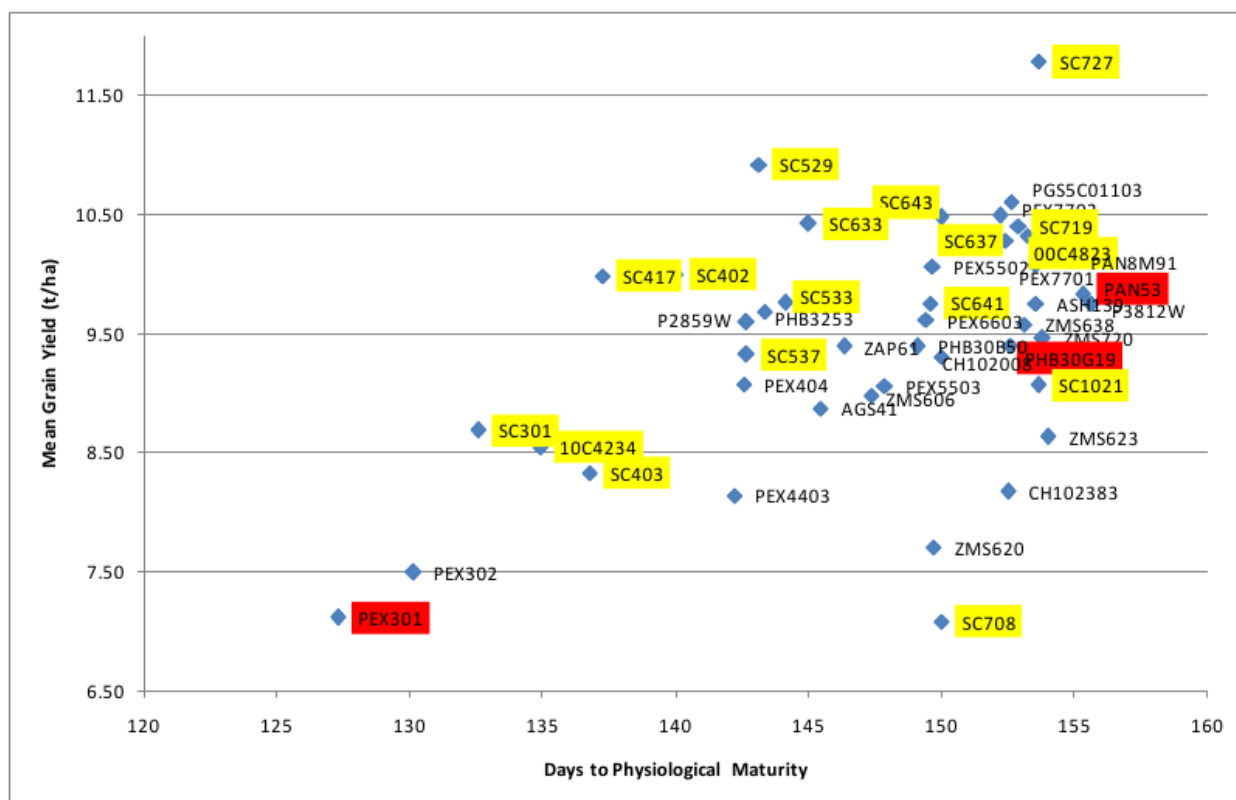
- Raising quality bar
 - New lab treater in Zim
 - New incubators
 - Walk in germinators
 - 100% p&g tests

Products out-yielding competition

ART 2012-13 Low Potential 9 sites.....



ART 2012-13 Hi Potential 20 site.....





The African Seed Company

Processing Capacity.....

- New seed processing plant in Tanzania installed
- Malawi factory operational by April 2014



The African Seed Company

Malawi project progressing.....





The African Seed Company

Early sales encouraging....

Early sales very encouraging

- A substantial tender received from Zim govt
 - 15% deposit
 - 10% on completion of delivery
 - Balance in three equal instalments
 - Open market volumes – waiting for the rain



Early sales encouraging....

- Another substantial tender in Zambia from govt
 - Additional order anticipated
- In Malawi inputs program launched on 25 October 2013 targeting 1.5m households
 - Huge excitement in the market – many outlets ran out of stocks on 1st day of launch and restocking in progress



Early sales encouraging....

- In Tanzania Input program targeting 930000 families
 - Voucher programme in Tz to include hybrids
- Cotton seed
 - Quton awarded tender to supply seed to Malawi Cotton Ginners Association (0 in F13)
 - In Zim sales affected by ginners sitting on high carryover stocks



The African Seed Company

Early sales encouraging....

- In DRC interesting tenders received from Govt and mines for the first time
- In Botswana a govt tender for this year's seed requirements awarded entirely to Seed
- In Rwanda an early tender for maize and soya received received
- Winter cereals up 34% on prior year but coming of low base
- All outlets fully stocked



The African Seed Company

...Penetrating the rural areas in Malawi





The African Seed Company

.....kicking a storm in Tanzania





The African Seed Company

.....kicking a storm in Tanzania





The African Seed Company

.....kicking a storm in Tanzania





The African Seed Company

Containers- extending reach in Zambia





The African Seed Company

Containers – extending reach in Zambia





.....Proliferation

- West Africa
 - Nigeria development in collaboration with SARO continuing
 - Up-scaling production
- DRC
 - Using Katanga as entry point
 - Our SC719 and SC637 very popular
 - Orders from mines
 - Beefing up operation



The African Seed Company

.....Proliferation

- Ethiopia
 - Grower recruitment continuing
 - Approached Govt for land for own production
- East Africa
 - Widening product basket – highland varieties in Feb 2014
 - Widening distribution channel
 - New depots opened in Tz and Kenya
 - Intensified Grower training & recruitment



The African Seed Company

.....Internationalization

- EGM approved deal with Limagrain
- Technology benefits
 - Joint research activities
 - Germplasm exchange
 - Technology Transfer
 - field trials and nurseries,
 - molecular markers analysis,
 - phenotyping,
 - pathology and quality tests,



.....Internationalization

–Technology Transfer contd

- dihaploids
- computing/IT facilities for Research,
- breeders training,
- seed production expertise
- maintenance of varieties,
- equipment and staff deployment



.....Internationalization

- Financial benefits
 - Balance Sheet strengthened
 - expunging of expensive debt
 - construction of Malawi factory , warehousing and offices
 - farm for own production
 - W.Africa and Ethiopia



The African Seed Company

.....Outlook

- Volumes expected to increase
- Margins expected to improve
- Stocks expected to unwind
- Earnings expected to improve
- Liquidity constraints to remain in Zimbabwe



The African Seed Company

QUESTIONS???

