

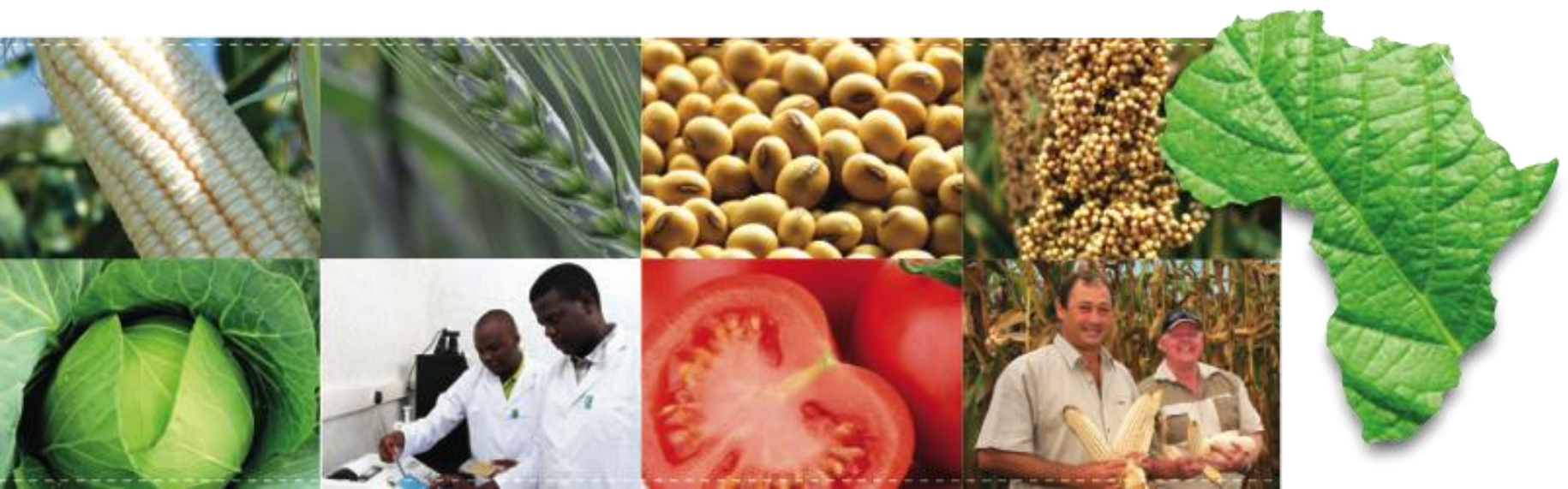


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SEED CO LIMITED

YEAR ENDED 31 MARCH 2016

ANALYST BRIEFING



Seed Co Group Full Year Financial Review By Matorofa John- GFD



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Income Statement For the Year ended March 2016



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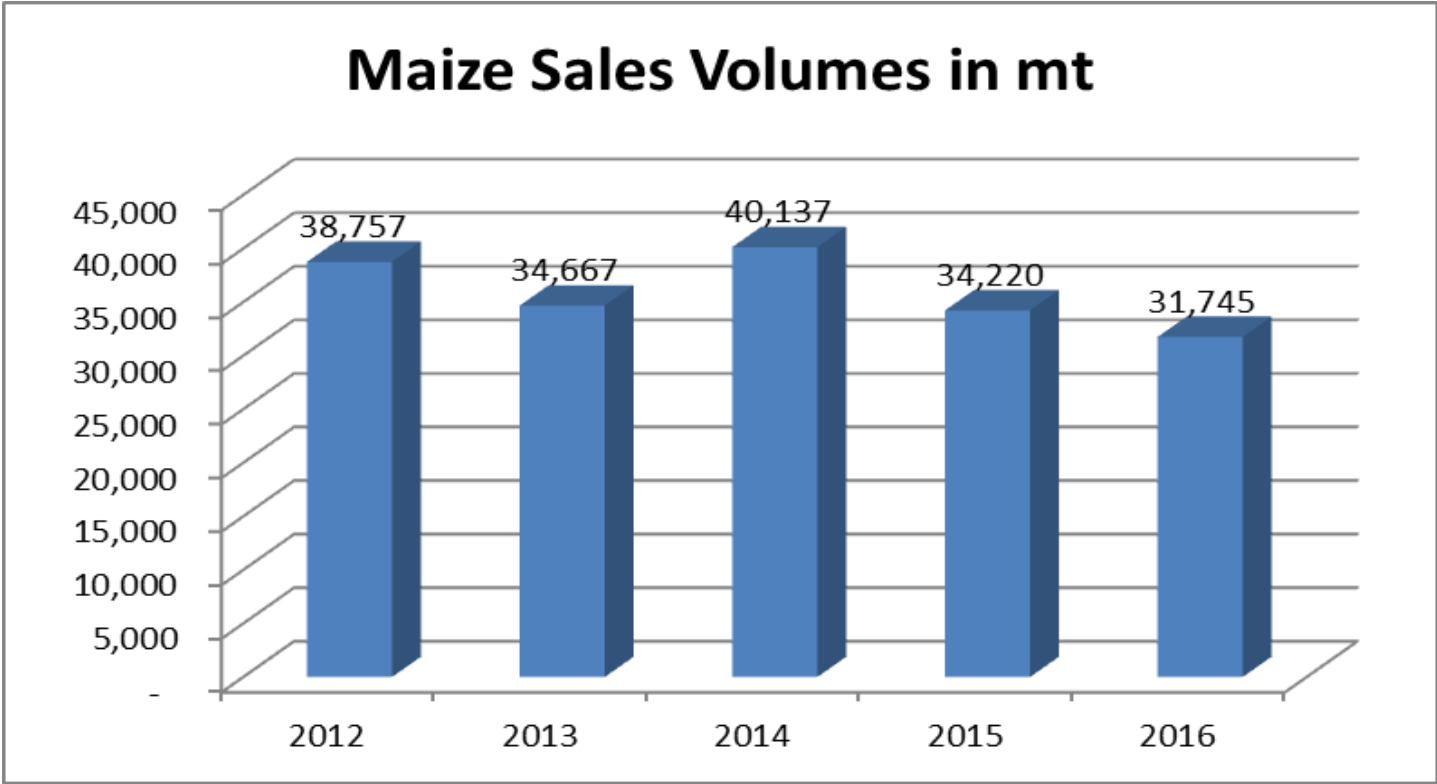
Group Income Statement Review

	Full Year March 20 16 USD millions	Full Year March 20 15 USD millions	% age Increase (decrease)
Turnover	95,96	94,67	1%
Gross Profit	50,93	43,59	17%
Operating expenses	36,12	31,25	16%
Finance Income	(2,39)	(2,85)	(16%)
Finance Costs	1,94	3,12	(38%)
P A T	15,42	15,01	3%



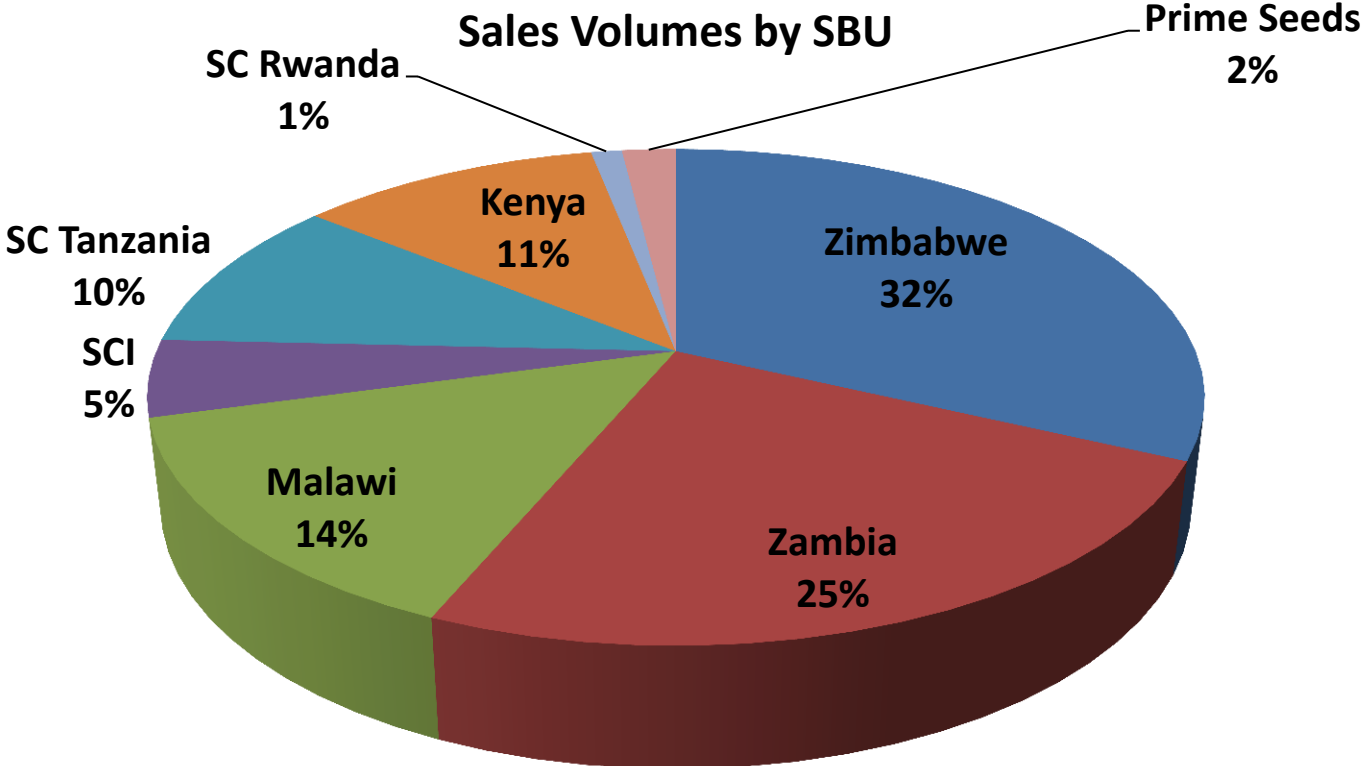
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Group Income Statement Review



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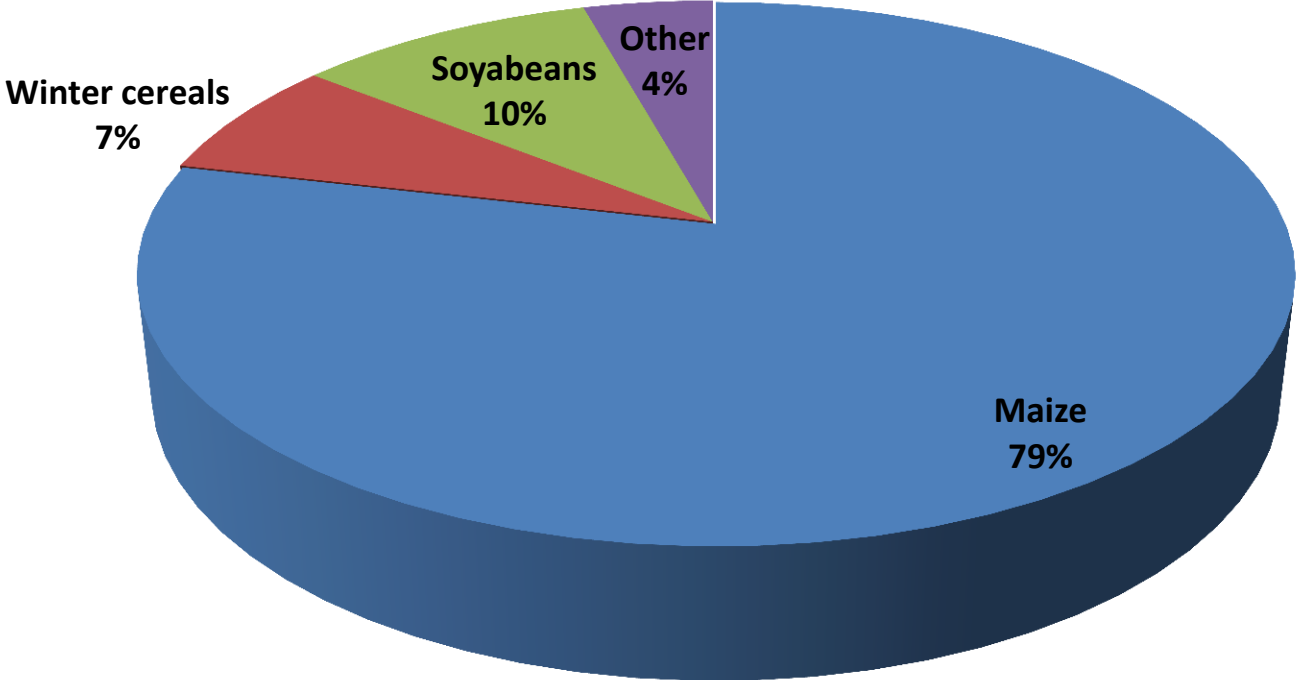
Group Income Statement Review



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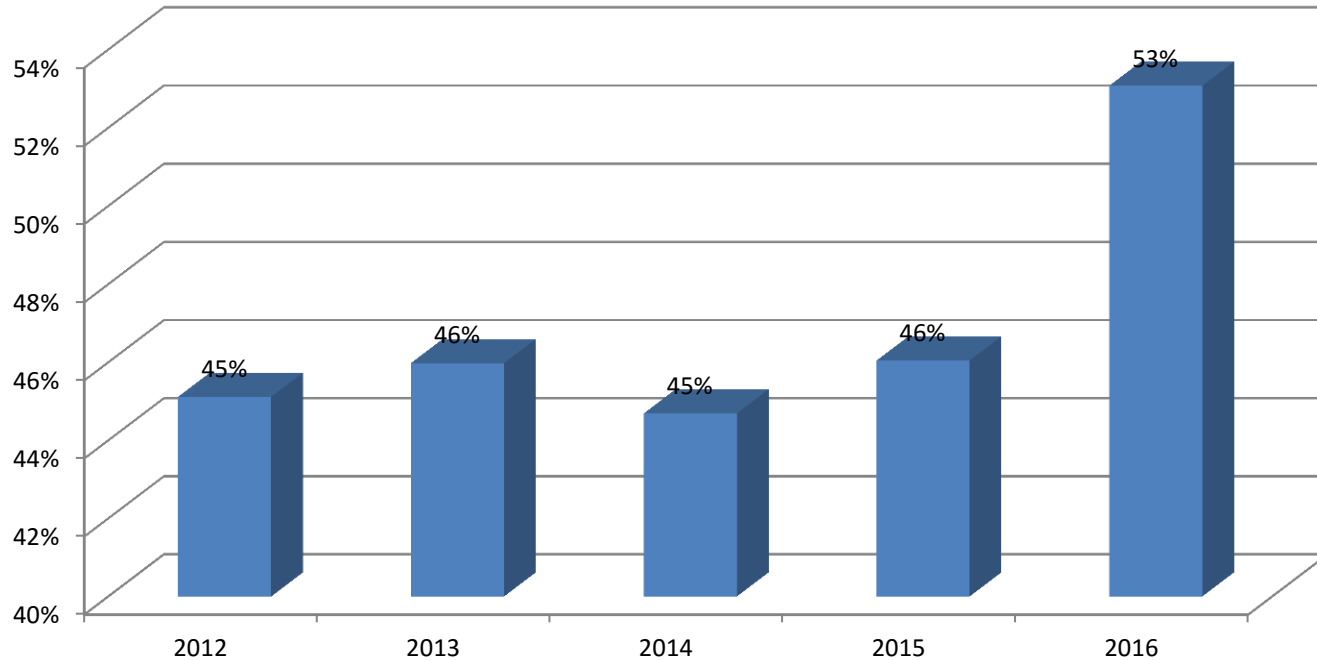
Group Income Statement Review

Sales Volumes by specie



2. Margins

Gross Margin %



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2. Margins

The Gross margins were 7% up due to:

- USD product pricing in some depreciating currencies,
- Reduced unit cost of production due to improved yields
- Improved efficiencies in the value chain



3. Other Income

Down due to:

- Depreciation of currencies
- Reduced non seed disposals.



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4. Overheads

Operating costs were up due to:

- Coming on board of the vegetable business i.e Prime seeds (\$2,6m)
- Increased investment in R & D up 29%
- Sales and Marketing up 21% to grow the new markets



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5.1 Finance Costs

These were 38% lower than same period last year due to:

- ✓ Intensified debt collections
- ✓ Access to cheaper bank facilities



5.2 Finance Income

Finance Income 16% lower

- ✓ Reduced investments of excess funds in short term deposits
- ✓ Reduction in interest rates on short term deposits



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6. Earnings

PAT up 3% to \$15,4m mainly due to improved margins.

EPS was 6,58 cents vs 6,92cents in prior year



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Statement Of Financial Position As at 31 March 2016



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1. Current Assets Breakdown

	March 2016	March'2015	% age of Prior Year
Current assets	US\$	US\$	
Inventories	28,994,693	20,482,833	142%
Biological assets	632,082	817,961	77%
Trade and other receivables	44,899,375	50,386,863	89%
Seed grower advances	6,436,574	6,024,147	107%
Cash and cash equivalents	19,515,297	20,255,496	96%
Total	100,478,021	97,967,300	103%

1.1 Inventories

Inventories up due to increased production and lower sales volumes



1.2 Trade Debtors

Various Governments owing \$14m

- Zambia \$4m,
- Malawi \$5,5m,
- Bots \$3,2 and
- TZ \$1,3m) to be settled by Sept



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1.3 Held to maturity investments

- Up due to additional TBs received at beginning of year from Zim Gvt.

2 Borrowings and trade Payables

- Up due to funding of increased seed production, (44000 mt vs. >20000 mt last year)



Seed Co Group Operations Review by Morgan Nzwere : GCEO



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General environment

- Tough operating environment
 - Depressed commodity prices
 - Widening trade deficits and reducing liquidity
 - Currency depreciation in all markets
 - Zambian Kwacha from 6 to 11
 - Malawi kwacha from 427 to 731
 - Tanzanian shilling from 1780 to 2190
 - Kenyan shilling from 92 to 102
 - The effects of depreciation partially shared with consumers



General Environment contd

Tough environment....

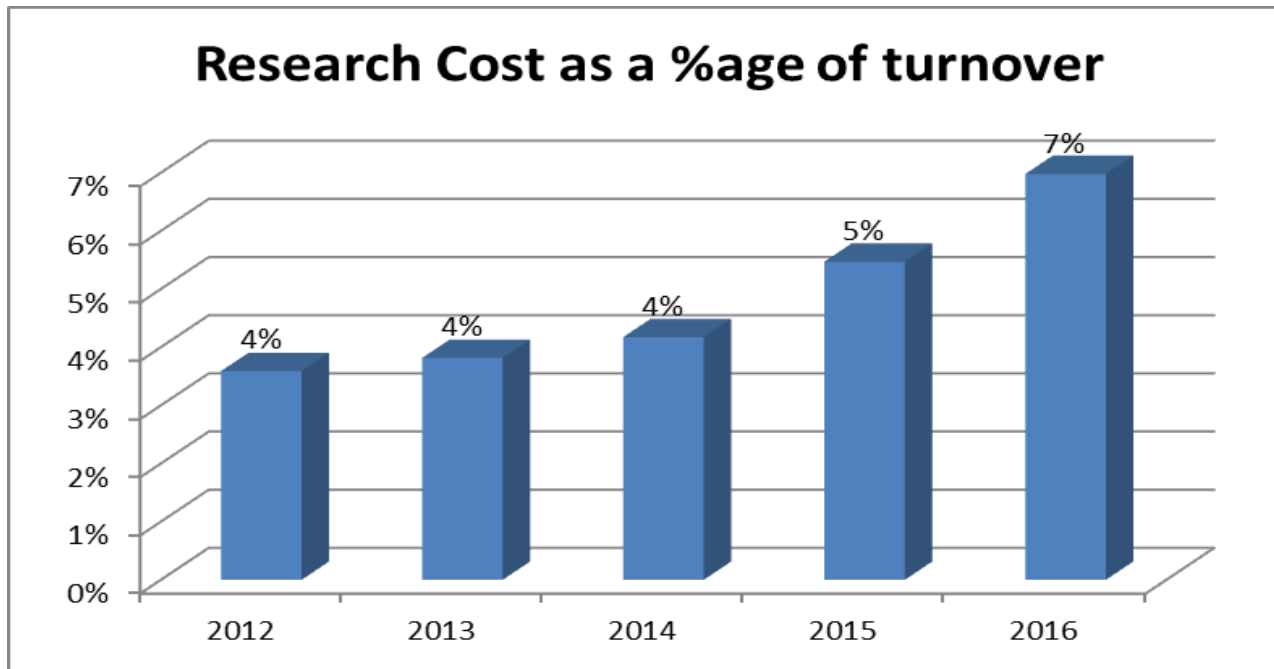
- Reduction of Govt Input Programmes in all markets
 - Zim down by 68%
 - Malawi down by 13%
 - Zambia down by 37%
- El Nino induced weather patterns
 - Worst conditions for last 35yrs in some markets
 - Delayed planting rains
 - Whole region facing food deficit



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Research contd

- Investment in RD up 29% to \$6,7m in addition to RD Capex of \$2,2m



Research contd

- Molecular lab now operational
- Research complement beefed
- New research facility in Potchefstroom to look at temperate varieties
- Research activities commencing in Tamale, Ghana



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Research

- 2 soyabean varieties registered
 - SC Signal
 - SC Saxon)
- 2 maize varieties released in Uganda
 - SC637
 - SC719
- SC301 released in Kenya



Production

- Adequate production in all markets
- Productivity being improved through GTI system
- Unit costs being driven down through improved yields
- Adequate carryover stocks

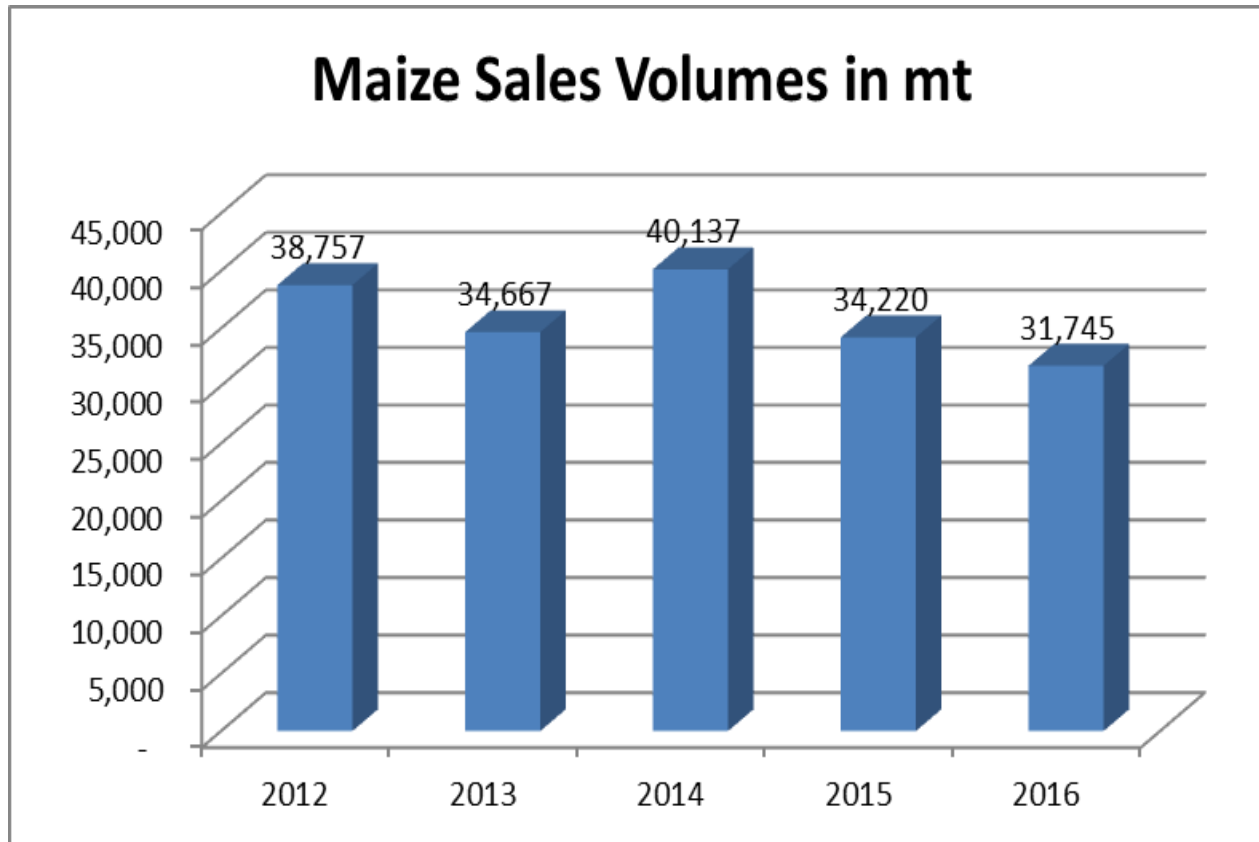


Processing

- Power challenges in Zambia and Zimbabwe during processing period
 - night shifts to meet deadlines
 - Supplies augmented with diesel generators (increasing the cost of processing)
- Processing capacity adequate in all markets



Sales & Marketing



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Sales & Marketing

- Total sales volume down 16% on prior year
- Tough exogenous factors



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Development files

- West Africa
 - Some progress being made in addressing production challenges
 - Breeding activities continuing
- Ethiopia
 - License still an issue
- Pakistan and India
 - Some promising varieties identified



Development files contd

- DRC
 - Extension work continuing
 - Poor performance by the mines slowing down progress
 - Market being destabilized by kwacha movement in Zambia



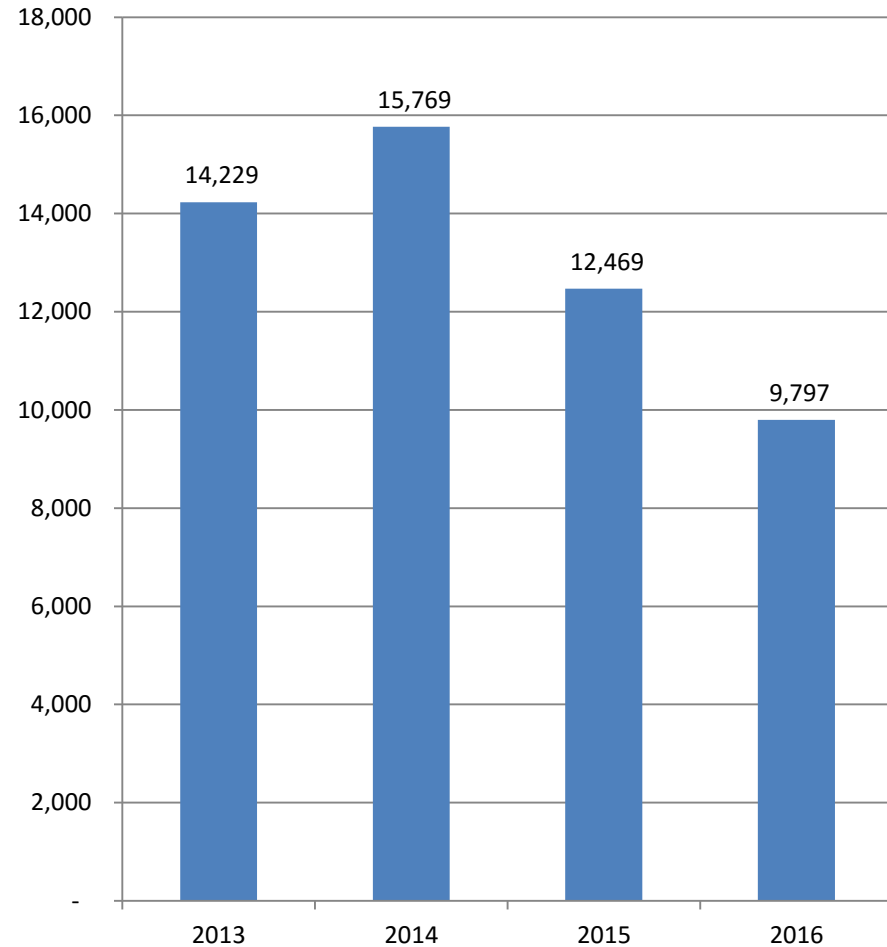
SBU Updates



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- a) Tight Liquidity in the market
- b) El Nino induced drought conditions
- c) Government Input Programme reduced by 68%
- d) Market share maintained
- e) Turnover down 15%
- f) Gross margins up 2%
- g) PAT down 26%

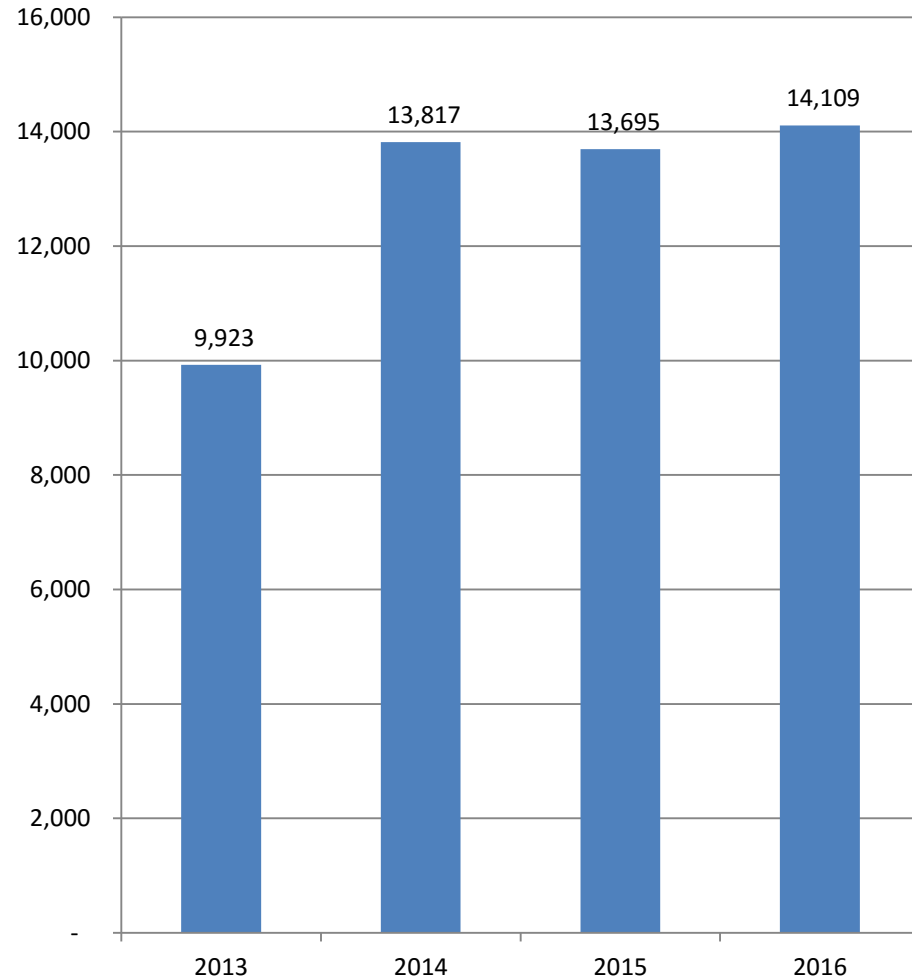
Zimbabwe maize sales volumes



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Zambia maize sales volumes

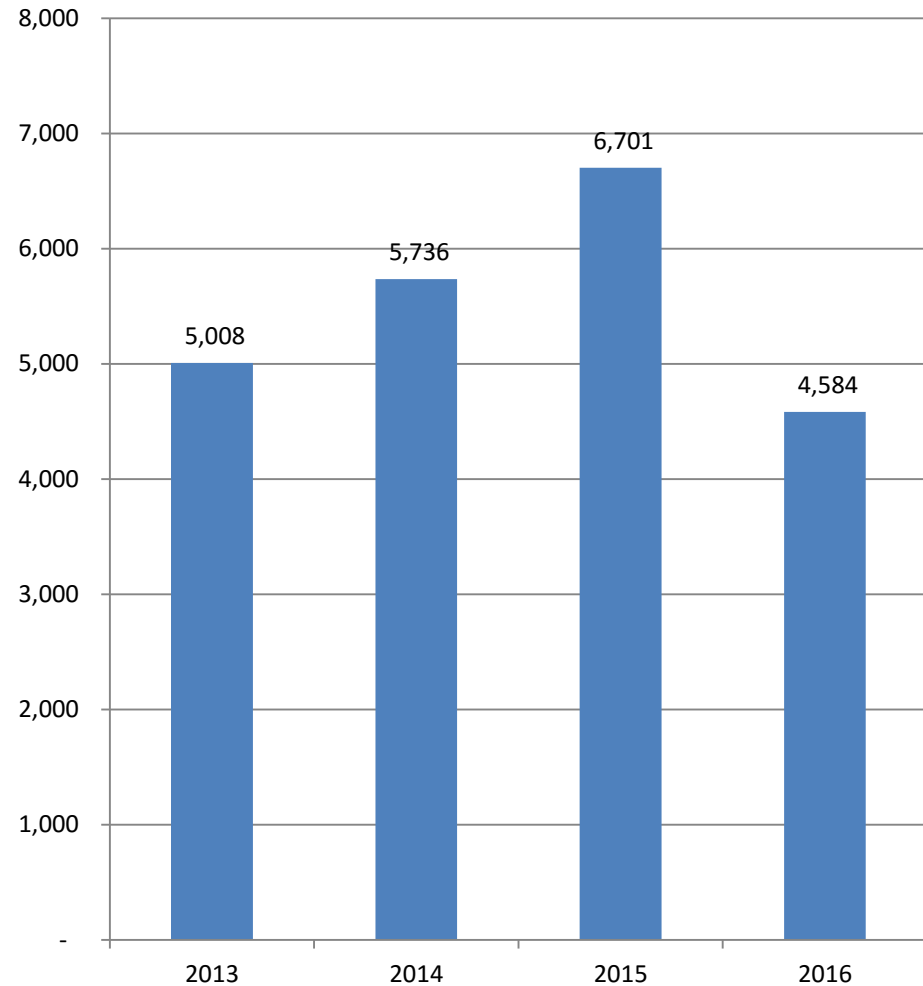
- a) Turnover 2% lower than prior year in USD.
- b) Kwacha moved from 6 to around 11
- c) El Nino induced drought conditions
- d) Government Input Programme reduced by 37%
- e) Gross margins up 4%
- f) PAT up 24%



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Malawi maize sales volumes

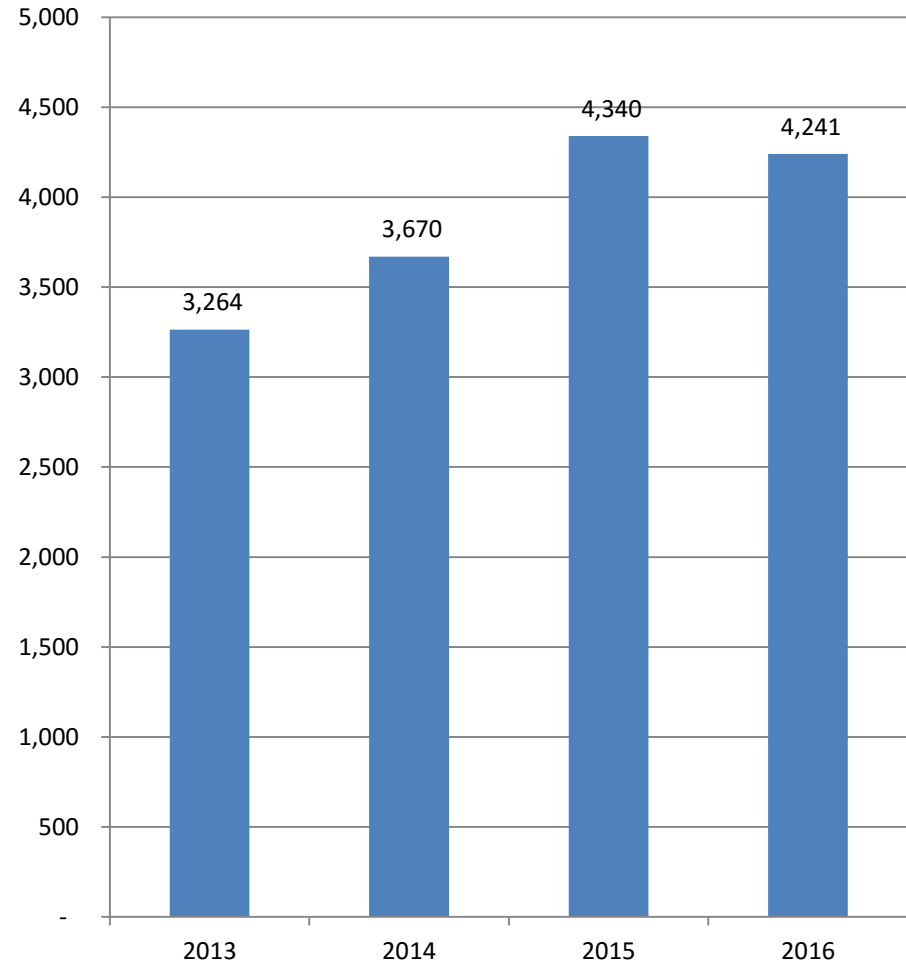
- a) Turnover 17% lower than prior year in USD.
- b) The kwacha moved from 427 to around 731
- c) El Nino induced drought conditions
- d) Government Input Programme reduced by 13% following on from fallout with donors support
- e) Gross margins 10% below average due to kwacha fixed selling price in the subsidy
- f) High finance charges on kwacha borrowings



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- a) Turnover 17% lower than prior year in USD.
- b) The shilling crushed from 92 to around 102
- c) El Nino induced drought conditions/ delayed rains
- d) Market share up to to 15%
- e) Significant presence established in the highlands
- f) Gross margins up 12 %
- g) PAT up 72%
- h) Highlands processing facility under construction

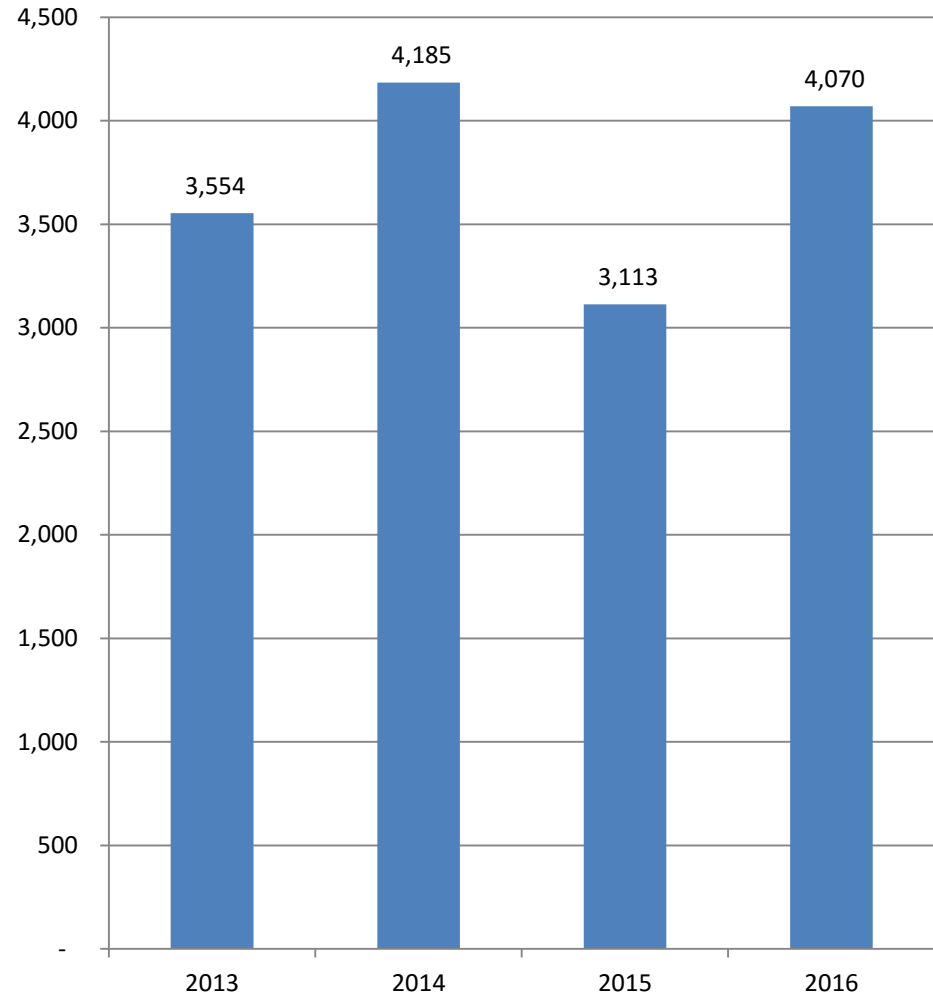
Kenya maize sales volumes



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Tanzania sales maize volumes

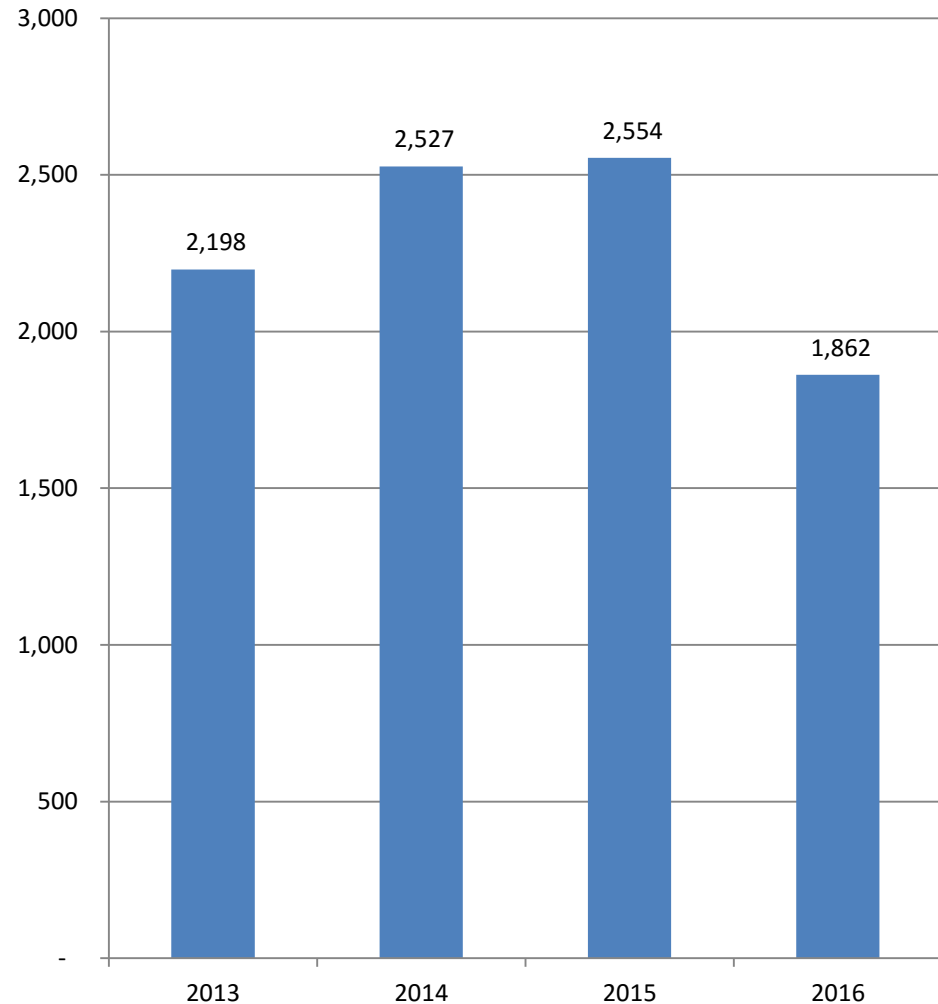
- a) Turnover 36% higher than prior year in USD.
- b) The shilling moved from 1780 to around 2190
- c) Market share increased
- d) Emphasis is on increasing market coverage and footprint
- e) Overheads 16% lower than prior year
- f) Gross margins up 16 %
- g) PAT up by \$2m



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CCU maize sales volumes

- a) Turnover 8 % lower than prior year in
- b) El Nino induced drought conditions/ delayed rains
- c) Market share around 60%
- d) Increased distribution network
- e) Gross margins up 11 %



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Prime Seeds

- The new business achieved \$5,3m Turnover in its first year
- GP 29%
- Rightsizing costs and legacy bad debts resulted in a loss in the first year
- Business now adequately resourced



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SBU Updates Contd

- Quton
 - 40% associate
 - Zim govt input programme of 5000mt
 - Structured finance arranged
 - Program to run for three years
 - Tz and Malawi still struggling
 - Technology and skills transfer from Mahyco in progress



Outlook

- Tough economic environment expected to continue
- Increased input programs to address regional food deficit
- Dry weather conditions to sway demand towards our very early maturing varieties
- East Africa to continue on impressive growth projectile
- Highland varieties to increase share
- The vegetable business expected to gather traction



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QUESTIONS???



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