



Dairibord
Holdings
More Than Just Milk

2022 FINANCIAL RESULTS PRESENTATION



MAY 2023

PRESENTATION OUTLINE

- Company Overview
- Trading Environment
- Performance Summary
- Volume & Revenue
- Outlook & Opportunities
- 2023 Q1 Trading Update

OUR FOUNDATION

OUR VISION, MISSION AND VALUES REMAIN RELEVANT

- **Vision:** To be a leading foods and beverages company in Africa, commanding a position of sustainable market leadership driven by strong brands and superior human capital.
- **Mission:** To provide our customers with the best quality foods and beverages for the sustenance of good health.
- **Values:** Innovation, Integrity, Responsibility, Accountability, Fairness, Team work, Zero tolerance to corruption.

Company Overview



DAIRIBORD
70
YEARS



**Endurable
Business,
Endurable
Brands**



OUR HISTORY

October 1952:
Dairy Marketing Board established under the Agricultural Act of 1952. DMB assumed control of milk processing co-operatives in Harare, Bulawayo, Gweru, Kadoma, Mutare and Chipinge.

1952

New Dairy
commissioned
in Harare.

1960

August 1983:
Sterilised milk plant
commissioned
in Chipinge.

1983

Chitungwiza
powder and
butter plant
commissioned.

1993

DMB is
commercialised and
Dairibord Zimbabwe
Limited (DZL)
is born.

1994

Sustainable
growth

Dairibord Holdings
Limited divests
out of Malawi.

2019

Consolidation:
DHL re-organises
Martindale (Pvt) Ltd
and NFB (Pvt) Ltd, its
Zimbabwe operations
into one operating
entity, Dairibord
Zimbabwe (Pvt) Ltd.

2016

DZL acquires
100% of
Martindale
(Pvt) Ltd [Lyons].

2001

January 1998:
Dairibord Malawi
acquired.

1998

September 1997:
DZL is listed on the
Zimbabwe Stock
Exchange becoming
the first state-owned
Company in
Zimbabwe to do so.

1997

BUSINESS IN SUMMARY

PLANTS & DISTRIBUTION

Processing Plants: 4

- Harare x 2
- Chitungwiza
- Chipinge

Distribution:

- 20 national depots (13 run by franchises)
- Regional distributors

Distribution Fleet: 60

HUMAN CAPITAL

Total: 1162

Female 196, Male 966

Permanent: 476

Contract: 686

Independent Vendors:

824

Female 331, Male 493

PRODUCT PORTFOLIO

Liquid Milks

UHT tetra & sachets, Sterilised, Cultured and Flavoured milk

Foods

Yoghurts, Ice creams and Condiments

Beverages

Ready to Drink, Hot Beverages and Cordials.

KEY BUSINESS DRIVERS

The business is driven by 2 key pillars:

1. Brands

- Quality, enduring brands that have been built over many years to become household staples in Zimbabwe and beyond.

2. Superior human capital

- Strong human capital across all functions.
- Skills development is a priority for the business with focus on improving key competencies across the organization.

SUPERBRANDS



The advertisement features a blue background with the text "Zimbabwe's favourite superior brands" in large, bold, blue letters. Below the text, a collection of dairy products is displayed on a white pedestal. The products include a yellow bottle of Quendi, a white bottle of Steri, a brown bottle of Pfuko, a white bottle of Lacto, a yellow box of Lacto, a blue carton of Cascade, and a blue carton of Chimombe. The Dairibord logo is in the top right corner. At the bottom, it says "Trusted, enduring brands for over 70 years." and "dairibord.com".

Zimbabwe's favourite superior brands

Trusted, enduring brands for over 70 years.

dairibord.com

MARKETERS ASSOCIATION OF ZIMBABWE SUPERBRAND AWARDS 2022

- **PFUKO:** Winner - Non- alcoholic brew
 - **LACTO:** Winner – Dairy sour milk
 - **CHIMOMBE:** 1st Runner Up – Dairy sector fresh milk
 - **CASCADE:** 1st Runner Up – Non- alcoholic beverages
 - **STERI:** 2nd Runner Up - Dairy sector fresh milk
 - **QUENCH:** 2nd Runner Up – Non- alcoholic cordials
- *CASCADE BAOBAB:** Best Product Innovation of the Year (MAZ Exceptional Marketing Awards)

DIVERSIFIED PRODUCT PORTFOLIO WITH WIDE MARKET COVERAGE



OUR APPROACH

- **Broadening product portfolio** from predominantly high milk dependent products.
- **Rationalisation** of the business.
- **Continuous improvements** through Research & Development.
- **Investments** in plant and equipment to enhance processing capacity.
- **Investment in milk supply development initiatives** with a team dedicated to increasing milk supply across the small, medium and large- scale farmers.

Trading Environment

Beverages



TRADING ENVIRONMENT

INFLATION

- Rising inflation as a result of the devaluation of the ZW\$ (243.8% in December 2022).
- Imported inflation - Fuel, freight and imported raw materials.
- Rising cost of labour and utilities.

DEMAND

- Erosion of disposable incomes impacting aggregate demand.

SUPPLY

- Residual impacts of COVID-19 persisted affecting supply chains.
- Negative impact of Russia-Ukraine war on supply chains and commodity prices.

FOREIGN CURRENCY

- USD demand remained firm and in short supply.
- Delays in auction proceeds disbursements.
- Price distortions in the foreign exchange market.

TRADING ENVIRONMENT

Cont'd

FINANCING

- Constrained liquidity.
- High interest rates.
- Long working capital cycles.

POLICIES

- Policy inconsistencies disrupted trade in formal channels.

UTILITIES

- High cost and erratic supply of quality electricity and water disrupting and increasing cost of doing business.

AGRICULTURE OUTPUT







- National Raw milk production grew 14.8% from 79,6 million litres in 2021 to 91,4 million litres in 2022.
- Demand gap for milk persists.
- Continual increase in the price of stock feeds.

2022 Performance Summary







* All ZW\$ numbers are inflation adjusted unless otherwise stated

PERFORMANCE SUMMARY

Raw Milk Utilised	<ul style="list-style-type: none">• 4% above prior year.• The company retained its position as the largest milk processor utilising 34% of the produced milk.	
Sales Volume	<ul style="list-style-type: none">• 3% increase over prior year, driven by growth in beverages and foods.	
Revenue	<ul style="list-style-type: none">• 40% growth in inflation adjusted terms.	
Foreign Currency	<ul style="list-style-type: none">• Foreign currency sales accounted for 58% of volume sold.• Exports volumes grew by 76% compared to prior year.• Domestic forex sales volumes grew by 208% compared to 2021.	  

PERFORMANCE SUMMARY

Cont'd

Material Costs	<ul style="list-style-type: none">Growth in material costs was 46% compared to prior year.	
Overheads	<ul style="list-style-type: none">Overheads grew by 45% against a revenue growth of 40%.	
Interest Bill	<ul style="list-style-type: none">14% growth over prior year.	
Operating Profit Margin	<ul style="list-style-type: none">Up 0.55% to 6%.	

FINANCIAL HIGHLIGHTS

Financial Highlights 31 December 2022

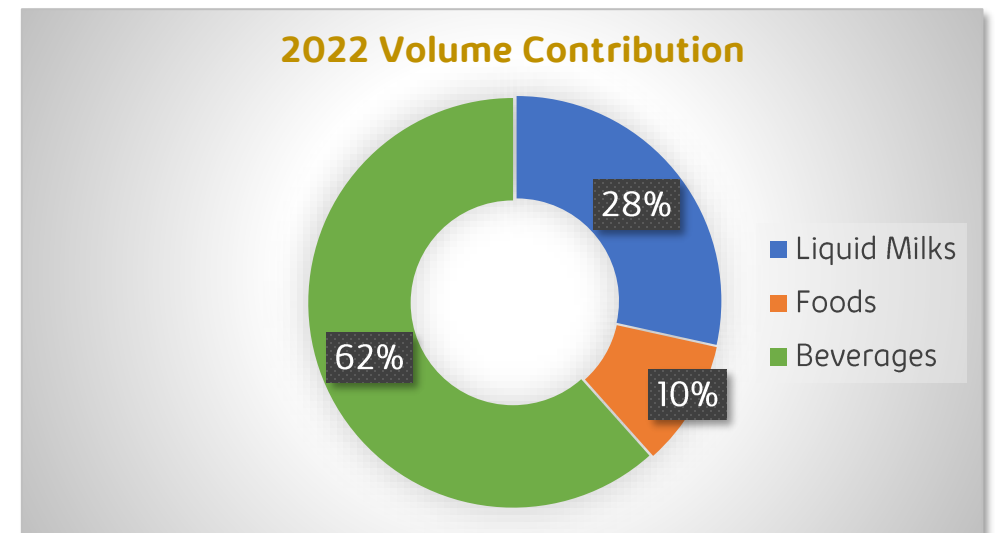
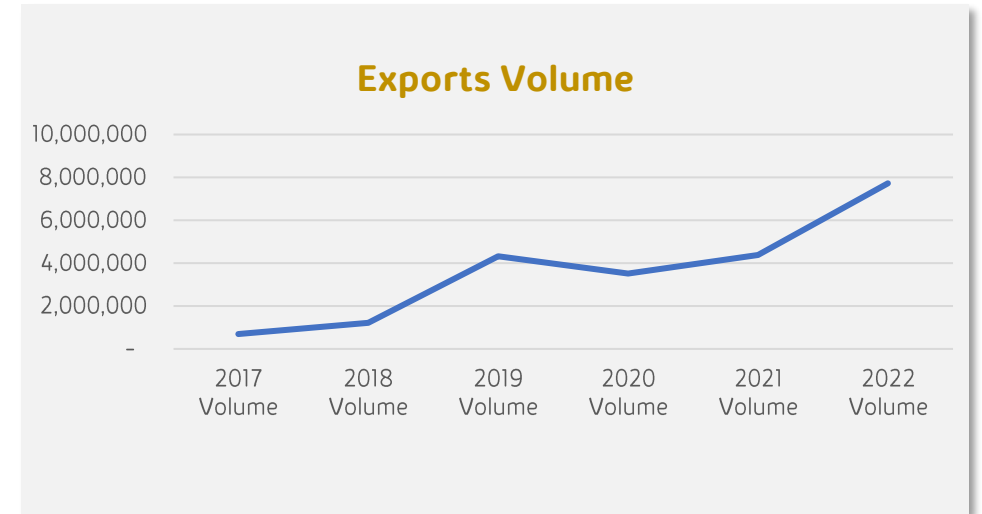
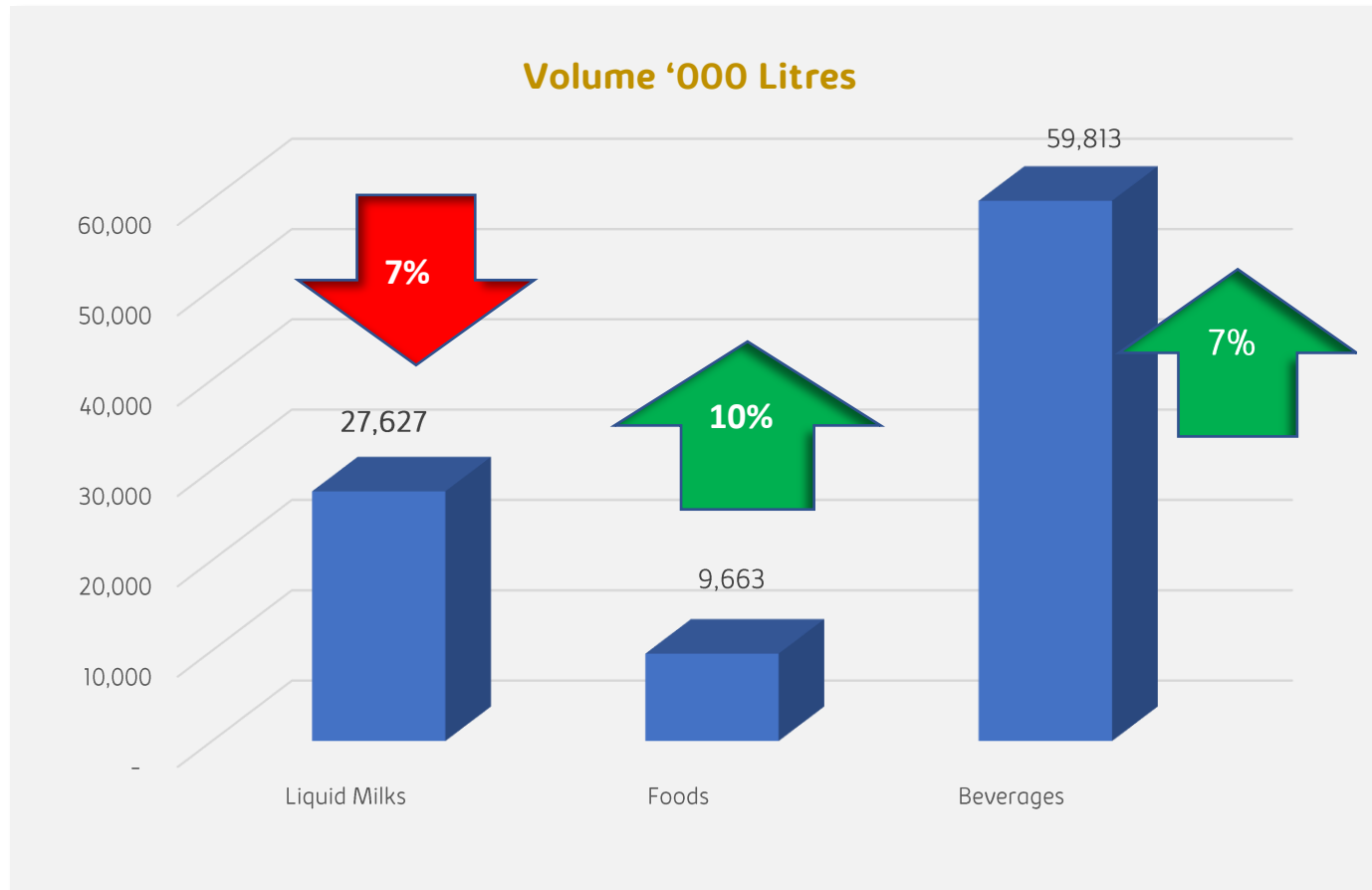
	AUDITED INFLATION ADJUSTED		*UNAUDITED HISTORICAL COST	
	31 Dec 2022 ZWL'000	2022 vs 2021	31 Dec 2022 ZWL'000	2022 vs 2021
Financial				
Revenue	63,377,265	40% ↑	45,631,178	329% ↑
Earnings before interest, tax, depreciation, and amortisation	7,173,606	111% ↑	4,511,420	321% ↑
Operating profit	6,031,423	154% ↑	4,349,981	327% ↑
Profit attributable to owners of the parent	1,754,487	742% ↑	2,015,924	323% ↑
Net Asset value	18,479,605	58% ↑	12,134,183	544% ↑
Basic Earnings per share	4.90	742% ↑	5.63	323% ↑

*Adjusted Operating Profit excludes revaluation gains on investment properties

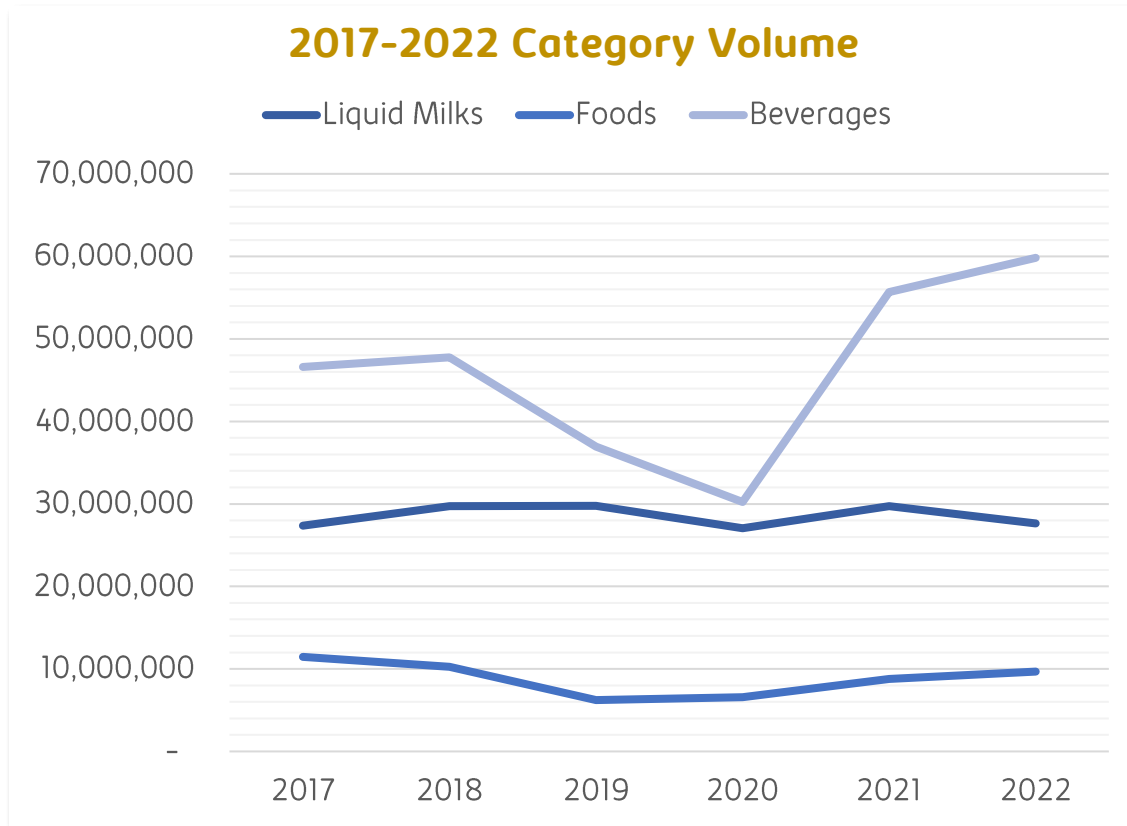
Volume & Revenue



PORTFOLIO PERFORMANCE – VOLUME



GROWTH TREND BY CATEGORY



- **Beverages:** Sales volumes grew by 7% compared to prior year, driven by Fun 'n Fresh, Pfuko Flavoured Maheu and Cascade.
- **Liquid Milks:** Category volume declined 7% compared to prior year, mainly attributed to decrease in production on Steri Milk, Lacto and milk diversion to higher margin foods.
- **Foods:** 10% year-on-year volume growth driven by salad cream, yoghurt and tomato sauce.
- 2022 total volumes were the highest in last 6 years.

VOLUME CONTRIBUTION BY CHANNEL

CHANNEL	CONTRIBUTION 2022	CONTRIBUTION 2021
Retail	15%	18%
Wholesale	26%	25%
Franchises	14%	14%
General Trade	25%	23%
Sales Shop	3%	9%
Other	17%	11%

The business regularly reviews its RTM strategies to balance:

- A diverse channel mix;
- Cash / near cash channels;
- Forex generating channels;
- Nationwide distribution and
- Exports

for working capital and margin optimisation.

58% of volume sold in US\$ across channels (2021: 22%)

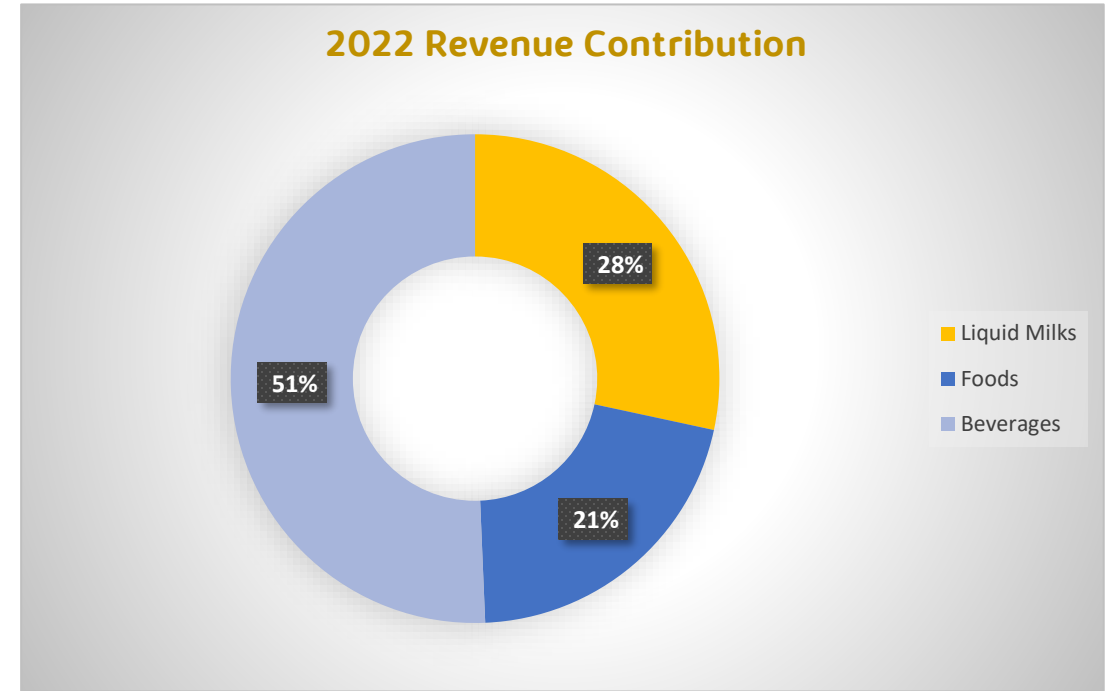
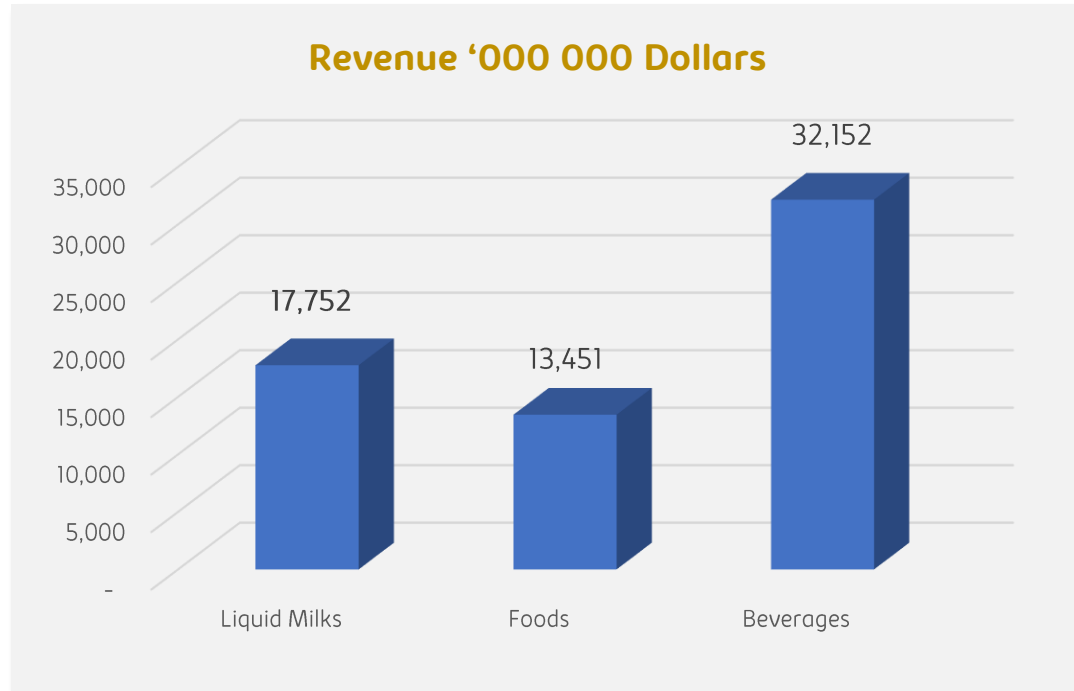
MARKET SHARE TREND ANALYSIS

CATEGORY	PRODUCT LINE	2022	2021
LIQUID MILKS	UHT Milk	21%	30%
	Steri Milk	55%	88%
	Cultured Milk	25%	25%
BEVERAGES	Pfuko	69%	68%
	Cascade	43%	53%
	Quench	13%	15%
FOODS	Yoghurts	45%	41%
	Ice creams	50%	45%
	Tomato Sauce	60%	57%
	Salad Cream	52%	26%

- Officially available information relates only to the modern trade (retail).
- 85% of Dairibord markets served are not reflected in the retail market shares.

Market shares
as at 31 December
Source: Retail Statistics

PORTFOLIO PERFORMANCE - REVENUE



- Revenue of ZW\$ 63.3 billion.
- 40% increase on the comparative period.
- Moderate volume growth and price adjustments to protect margins were the main drivers of revenue growth.

Financials



ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	AUDITED INFLATION ADJUSTED			UNAUDITED HISTORICAL COST		
	2022 ZW\$'000	2021 ZW\$'000	% Change	2022 ZW\$'000	2021 ZW\$'000	% Change
Revenue	63,377,265	45,278,040	40%	45,631,178	10,635,419	329%
Cost of sales	(51,155,822)	(34,929,254)	46%	(33,058,355)	(7,909,413)	318%
Gross profit	12,221,443	10,348,786	18%	12,572,823	2,726,006	361%
Non-manufacturing overheads	(11,214,184)	(7,757,648)	45%	(8,222,842)	(1,706,868)	382%
Monetary (loss)/ gain	5,024,164	(216,939)	-2416%	-	-	
Operating profit/(loss)	6,031,423	2,374,199	154%	4,349,981	1,019,138	327%
Net finance costs	(1,695,841)	(1,483,429)	14%	(1,596,813)	(340,663)	369%
Profit/ (loss) before tax	4,335,582	890,770	387%	2,753,168	678,475	306%
Income tax expense	(2,581,095)	(682,399)	278%	(737,244)	(202,141)	265%
Profit for the year	1,754,487	208,371	742%	2,015,924	476,334	323%

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	AUDITED INFLATION ADJUSTED			UNAUDITED HISTORICAL COST		
	2022 ZW\$'000	2021 ZW\$'000	% Change	2022 ZW\$'000	2021 ZW\$'000	% Change
Assets						
Non-current assets						
Property, plant and equipment	18,454,264	11,561,422	60%	12,704,596	1,709,835	643%
Investment property	775,000	339,585	128%	775,000	98,786	685%
Others	235,920	194,560	21%	168,202	39,878	322%
	19,465,184	12,095,567	61%	13,647,798	1,848,499	638%
Current assets						
Inventories	8,664,516	5,303,287	63%	6,978,445	1,246,042	460%
Trade and other receivables	5,992,502	2,849,533	110%	5,940,066	803,278	639%
Cash and cash equivalents	1,832,252	689,096	166%	1,832,252	200,458	814%
	16,489,270	8,841,916	86%	14,750,763	2,249,778	556%
Total assets	35,954,453	20,937,483	72%	28,398,561	4,098,277	593%
Equity and liabilities						
Total equity	18,479,605	11,662,785	58%	12,134,183	1,883,858	544%
Non-current liabilities						
Interest - bearing borrowings	1,270,266	902,934	41%	1,270,266	262,664	384%
Other liabilities	-	220,980	-100%	-	64,284	-100%
Deferred tax liability	2,863,466	2,679,295	7%	1,652,996	295,812	459%
	4,133,732	3,803,209	9%	2,923,262	622,760	369%
Current liabilities						
Trade and other payables	11,385,818	3,927,738	190%	11,385,818	1,142,580	897%
Interest - bearing borrowings	1,955,299	1,543,751	27%	1,955,298	449,079	335%
	13,341,117	5,471,489	144%	13,341,116	1,591,659	738%
Total liabilities	17,474,849	9,274,698	88%	16,264,378	2,214,419	634%
Total equity and liabilities	35,954,453	20,937,483	72%	28,398,561	4,098,277	593%

INTEREST BEARING BORROWINGS

	INFLATION ADJUSTED		UNAUDITED HISTORICAL	
	Dec-22	Dec-21	Dec-22	Dec-21
Borrowings (ZWS\$'000)	1,060,032	2,446,685	1,060,032	711,743
Average cost of ZWS\$ borrowing	110%	40%	110%	40%
Borrowings (US\$'000)	2,988	727	2,988	727
Average cost of US\$ borrowing	11%	8%	11%	8%
Gearing ratio	18%	21%	26%	38%

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	AUDITED INFLATION ADJUSTED			UNAUDITED HISTORICAL COST		
	2022 ZW\$'000	2021 ZW\$'000	% Chang	2022 ZW\$'000	2021 ZW\$'000	% Chang
Operating activities:						
Profit before tax	4,335,582	890,770	387%	2,753,167	678,475	306%
None cash items	(2,678,840)	2,871,958	-193%	978,390	379,130	158%
Working capital movement	944,043	85,928	999%	(711,550)	(345,994)	106%
	2,600,785	3,848,656	-32%	3,020,007	711,611	324%
Income tax paid	(594,090)	(980,276)	-39%	(471,837)	(231,990)	103%
Net cashflows generated from/ (used in) operating activities	2,006,695	2,868,380	-30%	2,548,170	479,621	431%
Investing activities:						
Additions to PPE and intangibles	(1,812,112)	(1,059,012)	71%	(1,548,099)	(279,843)	453%
Other	(1,126)	59,006	-102%	(11,163)	(22,434)	-50%
Net cashflows used in investing activities	(1,813,238)	(1,000,006)	81%	(1,559,262)	(302,277)	416%
Net cashflows after investing activities	193,457	1,868,374	-90%	988,908	177,344	458%
Financing activities:						
Movement in borrowings	1,531,411	845,901	81%	1,526,019	134,413	1035%
Interest paid	(1,718,316)	(1,441,256)	19%	(860,544)	(327,082)	163%
Dividend paid	(12)	(363,626)	-100%	(12)	(79,439)	-100%
Net cashflows (used in)/ generated from financing activities	(186,917)	(958,981)	-81%	665,463	(272,108)	-345%
Net increase/(decrease)	6,540	909,393	-99%	1,654,371	(94,764)	-1846%
Effects of exchange rate and inflation	1,457,528	(1,677,674)	-187%	70,777	(3,809)	-1958%
Cash and cash equivalents - opening	368,184	1,136,465	-68%	107,104	205,677	-48%
Cash and cash equivalents- closing	1,832,252	368,184	398%	1,832,252	107,104	1611%

DIVIDEND DECLARATION

The Board of Directors of Dairibord Holdings Limited declared a final dividend of ZW\$ 1.00 per share amounting to ZW\$ 358,000,858.00 in respect of the financial year ended 31 December 2022, payable on or about 31 May 2023.

2023 Outlook & Opportunities



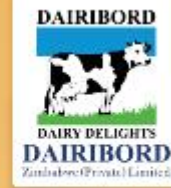
OUTLOOK

- Robust foreign currency receipts notably diaspora remittances.
- Local currency remains under pressure.
- Imported US\$ inflation with rise in cost of critical raw materials.
- Erratic supply and increase in cost of utilities.
- Profit margins to remain suppressed due to cost push.
- Erosion of disposable incomes impacting aggregate demand driven by inflationary pressures.
- High interest rates and short- term tenures on borrowings.
- Upcoming general election.

OPPORTUNITIES

OPPORTUNITY	INITIATIVE
Raw milk supply	Supporting farmers through milk supply development initiatives.
Volume growth	Volume growth driven by: <ul style="list-style-type: none">• 2022/2023 expansion projects for Steri milk, Pfuko maheu, UHT milk, Yogurts and Lacto.• Continuous investments in capacity to meet market demand.• Innovations, line extensions and introduction of new products especially in beverages and foods categories.• New geographies.
Market share growth	<ul style="list-style-type: none">• Invest in brand building.• Brand differentiation.

Cascade Baobab



CASCADE

Indigenous ingenuity

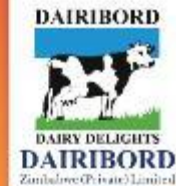


Cascade Baobab received the Best National New Product/ Innovation of the Year 2022 award at the MAZ Exceptional Marketing Awards.

Enjoy the rich, indigenous taste of Cascade Baobab. Get yours today!

Fun n Fresh Peach Apricot



NEW



**FRESH NEW
FLAVOUR**

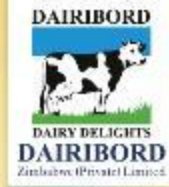


*Now available in store.
Grab yours today.*

  dairibord.com

Cartonised Lacto

**NEW
PACKS**



DAIRIBORD
LACTO

**Thicker &
Creamier**

Also now
available
in 500ml
and 1 litre
cartons.



Closure
for safety &
convenience

Do not
shake,
just pour!

Get yours today!

dairibord.com

Nutriplus

**NOW
BACK**



DAIRIBORD
NUTRIplus

**FORTIFIED DAIRY
FRUIT BLEND**

with **Added**
minerals and
vitamins



Now available in convenient,
long life 1 litre and 250ml packs.
Grab yours today!

dairibord.com

OPPORTUNITIES

Cont'd

OPPORTUNITY	INITIATIVE
Value preservation	<ul style="list-style-type: none"> • Effective pricing models and route- to- market strategies for optimum USD generation. • Prioritising cash and near cash generating channels.
Cost reduction	<ul style="list-style-type: none"> • Materials <ul style="list-style-type: none"> • Optimize value chains. • Focus on overhead cost reduction <ul style="list-style-type: none"> • Labour, Utilities, Logistics Costs and R&M. • Automation of processes.
<ul style="list-style-type: none"> • Sustainability • Environmental, Social and Governance 	<ul style="list-style-type: none"> • Invest in Solar Energy Projects. • Increase recycling of Water, Solid Waste. • Increase efficiencies (Electricity, Coal and Water). • Focus on CSR projects <ul style="list-style-type: none"> • Old age and orphan support • Small Scale Farmer development • Educational assistance

2023 Q1 Trade Update



Q1 2023 TRADING UPDATE

PERFORMANCE

Raw Milk

- Milk processed at 6.9 million litres was 7% ahead of same quarter last year.
- Accounted for 33% of the milk received by processors.
- This growth was directly translated into growth of our milks segment.

Sales Volume and Revenue

- Sales volumes for Q1 were 14% above the same period last year, supported by capital investments to enhance capacity to meet market demand.
- Foods contracted by 8%, Milks grew by 7% and Beverages grew by 20%.

- Volumes sold in US\$ increased by 68% to 15.3 m litres and accounted for 58% of the total sales up from 39% contribution in the same quarter last year.
- In historical terms, revenue grew 534% with operating costs increasing by 524%.
- Operating profit margin improved by 2 percentage points to 6% up from 4% achieved in the same quarter last year.



Dairibord
Holdings
More Than Just Milk

THANK YOU

