



AMATHEON AGRI

Growing value.

# Annual Overview 2017



# Annual Overview 2017









# Table of Contents

CEO Statement .....1  
Amatheon Agri at a Glance .....4  
Farming .....5  
Trading .....17  
Food .....21  
People .....25

# CEO Statement

2017 was a challenging year operationally, but a major milestone with regards to the overall stability and prosperity of the Group. Our major investors showed their continued support through the successful restructuring of our EUR 125 million bond. This provides greater flexibility and enables the Group to raise additional equity for further expansion and engage multilateral banks to eventually refinance the bond completely. This was a major display of confidence in the ongoing developments of our business.

Major governmental decisions in Zambia, such as the non-issue of export licenses and the consequential fall in maize price, had a significant negative impact on our gross margin. In addition, the dams did not fill adequately due to below expectation rainfalls. This situation prompted us to focus on higher-value crops and horticulture. We warmly welcomed a new leadership team to our meat operations, with the management of working capital, finalisation of the integration and a cost optimisation program being its primary concerns.

In Uganda, with the decentralised farm hubs now fully implemented, we focused on trialling high-value export products that will address the rapidly growing “superfood” trends in Western markets. This included chia and mung beans, which were grown alongside new varieties of rice that performed well and will be the base for accelerated plantings.

For Zimbabwe, 2017 was a momentous year with a change in presidency after a 37-year rule. Amatheon has already established its networks and benefits from a rich pipeline of opportunities within the country, and is eager to engage the more open and investor-friendly policies seen thus far.

Our triple bottom line of social, environmental and financial sustainability remains central to our Group ethos and operations. In March, we were proud to form a new partnership with USAID Feed the Future Partnering for Innovation, which saw significant expansion of our Outgrower Programme in Zambia. This is our largest outgrower partnership to date, and enables us to replicate our successful model of training and trading with small-scale farmers in a new district. By the end of the year, around 13,000 farmers were in our network, with a strong focus on promoting higher-value products.

Without doubt, the Group's limited cash resources limited the realisation of our business plans. Similar to the previous year, overhead costs were reduced on all fronts, leading to more efficient operations. While there is still work to be done, the team remains committed and our bases are firmly established. We were pleased to welcome the Presidents of Zambia and Ghana to visit our Zambian operations in June, with strong sentiments from the Ghanaian leader that our Group is an exemplary model of agricultural investment and one that needs to be replicated.

In closing, I would like to thank the entire Amatheon community of team members and stakeholders for sharing the vision, continuing to support, and playing key roles in our future success.



Carl Heinrich Bruhn



1. Farming



2. Trading



3. Food



4. Sustainability



5. Scalability



# Amatheon Agri at a Glance

Amatheon Agri is an agri-business and food company, headquartered in Berlin and operating in sub-Saharan Africa. Focusing on farming, trading and food processing, the Group integrates its activities along the agricultural value chain. As a triple-bottom line group, it acts as an anchor-investor in rural areas to uplift neighbouring communities economically, socially and environmentally. Its combination of international expertise with local Africa know-how, and a long-term vision with a sustainable approach, makes it set to become a leading player in the African agri-sector.

Founded in 2011, Amatheon established its subsidiaries in Zambia in 2012, Uganda in 2013, and Zimbabwe in 2014. During this short timeframe, Amatheon has validated its business model and demonstrated its ability to build large, replicable, scalable platforms – in both farming and food processing. Investments in infrastructure accompanies operational excellence and with over USD 100 million invested in its operations so far, Amatheon believes that the key to unlocking sub-Saharan Africa's vast agricultural potential is combining world-class farming techniques, partnerships with smallholder farmers, and vertical value chain integration.

# Farming





ZAMBIA  
UGANDA  
ZIMBABWE



# Zambia

## Farming

Zambia's 2016/2017 agricultural season was characterized by below expectation rainfall and a significant drop in maize prices, which negatively impacted on the revenues generated. Due to the limited water captured in the dams, the area of wheat planted decreased by 45% compared to the budget, resulting in a large discrepancy between planned and actual.

However, this challenging situation drove Amatheon to introduce its horticulture project to try making up for the revenue shortfall. Potato yields exceeded expectations and will be grown in larger quantities in the next season. This was the first time that Amatheon was active in the potato market and the company did not yet have a contract partner. While there were teething issues related to cleaning, storage and the perishability of the crop, the exercise confirmed the viability of continuing and upscaling potatoes, thus creating a higher gross margin per hectare.

All farmers across the country felt the impact of maize export permits not being issued in a timely manner, resulting in maize prices 40-50% lower than the previous season as Zambian companies still held large stocks when the new harvest arrived. By the time permits began being issued again in June, other countries in the region already had bumper harvests. This situation was strong evidence to support Amatheon's diversification strategy for the future.

In 2017, Amatheon also conducted a one-off trail of regional export to Uganda, and these learnings provide the base for larger consignments in the future.

# Sustainable Development

Amatheon's inclusive business model is best exemplified through its large Outgrower Programme in Zambia, which now supports around 13,000 small-scale farmers. By leveraging its commercial farm as a nucleus, Amatheon trains, supports and trades with smallscale farmers to increase the company's trading volumes and simultaneously achieve social impact.

In 2017, Amatheon formed a significant new partnership with USAID Feed the Future Partnering for Innovation, to expand the Programme into a new district, Chibombo District. This public private partnership will replicate the successful model that Amatheon has developed over the past four years and will support an additional 6,000 farmers with access to inputs, credit, trainings and markets. A key component of this activity is its strong focus on higher-value products such as cow peas, sunflower, soya and groundnuts. Considering the difficulties in accessing high-quality seeds for these products, Amatheon established a large seedbank whereby farmers are loaned seeds to grow and multiply, then repay after harvesting.



*As part of supporting farmers to access finance, Amatheon Agri successfully linked two farmers with a local bank to receive a mechanization loan in form of a tractor, ripper, and disc harrow.*



*As part of the USAID partnership, Amatheon Agri is loaning a sheller to local farmers.*



*Amatheon Agri staff and Farmer Coordinator are trained in the safe usage of farming inputs as part of the Conservation Farming training.*





# Uganda

## Farming

In 2017, Amatheon continued large-scale maize and rice production, complimented its crop portfolio with larger plantings of green gram (alternatively known as mung beans), and introduced a new crop, chia. This increasing focus on higher-value, export products provides the company with an entry into the healthy food and superfood consumer trends seen in Western markets.

Amatheon undertook significant rice trials with new varieties that were difficult to obtain in Uganda. These varieties performed well and will now be the base for larger plantings in the future – especially as milling and processing opportunities are further explored.

During the year, Armyworm decimated farming in the country, however Amatheon was better prepared in terms of management and machinery, and therefore escaped relatively unscathed. This example reinforces the benefits of Amatheon's scientific approach and timely application of crop protection.

Due to significant working capital constraints, there was a reduction in the planted area and thus overall revenues generated. In order to reduce overheads and increase efficiency, there was a reduction of staff which resulted in more streamlined operations.

# Sustainable Development

Since inception, responsible investment and corporate responsibility have been central to Amatheon's strategy and company values. Local communities are integral partners in creating a sustainable business in northern Uganda, and as such, Amatheon is committed to helping improve access to healthcare for its neighbouring communities.

This year, Amatheon continued to support rural healthcare delivery and service provision through its partnership with a local hospital in Nwoya District. During Health Outreach Days, a mobile medical team visits villages to assess and treat medical needs. Activities range between health education, immunization of children, laboratory services, reproductive health and family planning, treatment of common illnesses, Hepatitis B testing and vaccination, maternal healthcare, and nutritional screening – with a strong focus on children.



*Community members lining up to receive vaccinations as part of the Health Service provision from Anaka Hospital, in partnership with Amatheon Agri. The company and the hospital have provided quarterly Health Outreach Days since 2016.*



*Registering the health needs of the individual community members is an important part of the Health Service provision. This guarantees that test results and necessary medicine are provided to the right person and at the same time, helps the hospital staff to determine the general needs of the community for the next visit.*





# Zimbabwe

The year 2017 was an historic one for Zimbabwe, as a new President was sworn in for the first time in 37 years. While it is still early days, more investor-friendly rhetoric is openly being expressed by the new leadership, and Amatheon is eager to use its early-mover advantage.

Since Amatheon's initial farming operations in Zimbabwe in 2014, the company has progressively developed its networks and has created a rich pipeline of projects in the country. A major milestone was signing a Memorandum of Understanding (MOU) with the Agricultural Rural Development Authority (ARDA) last year, which allows for Amatheon to develop up to 10,000 hectares of state land.

While there are currently no active operations in Zimbabwe, the company has thoroughly assessed various integrated projects over the past year. These are related to high-value products, horticulture, processing and export, and could be strategically connected to Amatheon's other operations. Despite challenging conditions, the country's agricultural and human resource potential is immense, and Amatheon is suitably positioned to play an active role in the country's significant new chapter.

# Trading







Due to the significant fall in Zambian maize prices this year, trading activities with small-scale farmers did not scale-up as initially planned - in order to reduce further exposure to risk. However, Amatheon did procure soya beans and cow peas through its network of small-scale farmers, to compliment the trading activities from its commercial harvest.

To explore synergies between its Zambian and Ugandan operations and additional regional market opportunities, Amatheon conducted a trial of exporting maize from Lusaka to Kampala. While this was a one-off trial and the results were undermined by significant bureaucracy, these learnings will provide a basis for larger regional consignments in the future.

# Food







2017 was a transformative year for the Real Meat Africa Company as new management was handed the company reigns and full execution of its new marketing and branding strategy began. The new CEO brings extensive knowledge and experience in the meat industry and the retail sector across Africa, and has fast become a key contributor for Amatheon's overall mission in Sub-Saharan Africa. Together with the new Chief Financial Officer, the revamped team was focused on rolling out its strategy of revitalising the brands, growing its market share, and seeking new markets and products.

During the year, Real Meat Africa Company's in-store butchery footprint expanded through additional Pick n Pay supermarket openings – now 18 in total. Looking ahead, proprietary stores are also being prepared as a way to further expand in the retail sector, attract new customers and diversify operations.

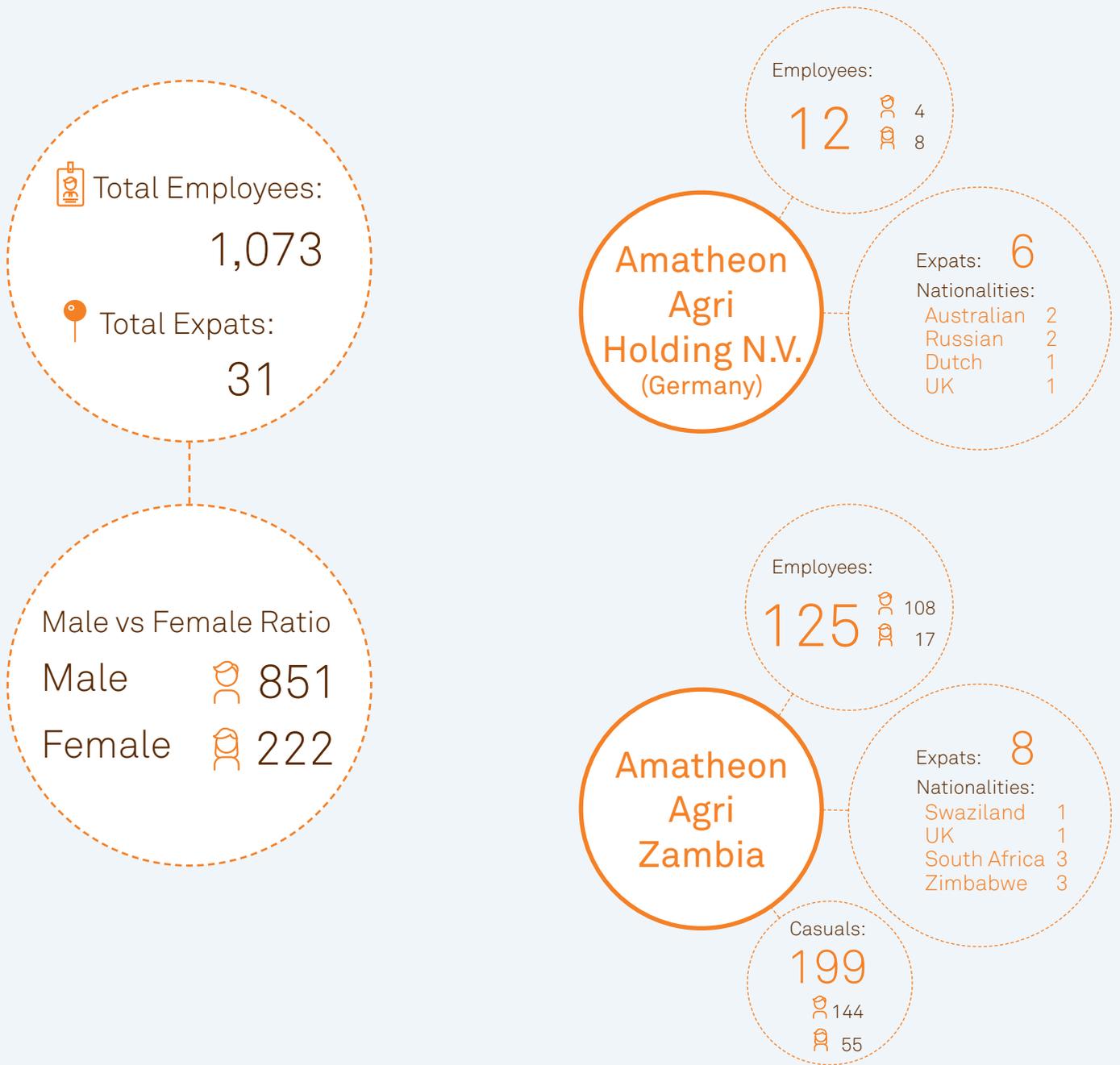
Due to working capital constraints, an expanded product line in select categories did not take place in 2017, though plans remain intact and re-engagement is likely after the transition period is complete.

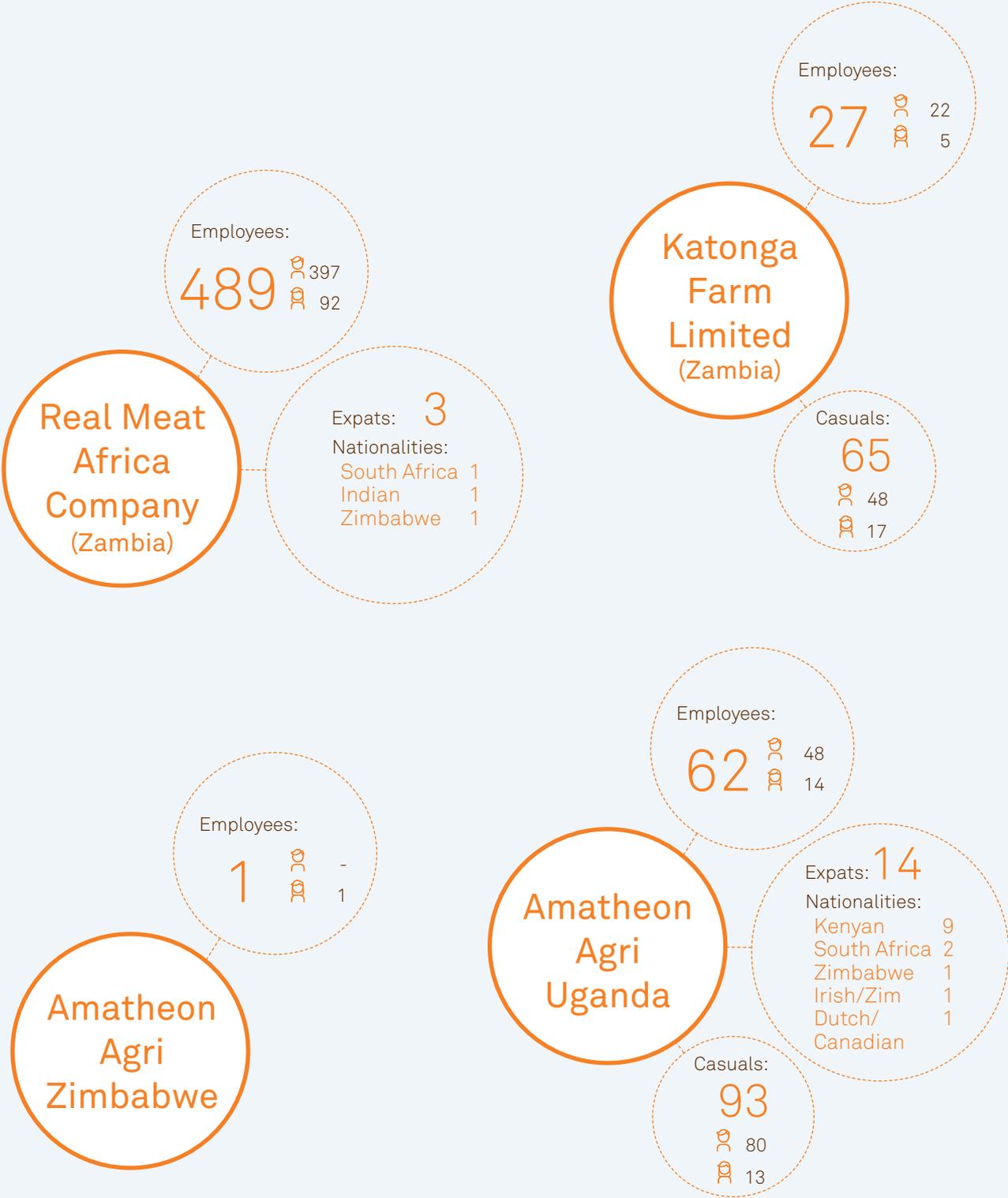
# People





# Breakdown of staff by company, location, status and nationality by December 2017:





**Photo Credits:**

Thorsten Futh  
Garreth Bentley  
Will Boase

**Design:**

86design  
[www.86design.co.za](http://www.86design.co.za)

**For further information  
please contact:**

Amatheon Agri Holding N.V.

Friedrichstraße 95  
10117 Berlin  
GERMANY

[info @ amatheon-agri.com](mailto:info@amatheon-agri.com)  
+49 (0) 30 530009023



**AMATHEON AGRI**

Growing value.