INVESTMENT PROPOSAL

Kachema Meat Supplies Ltd

Zambia

Overview

Kachema Meat Supplies Ltd was established in 1999 in Zambia. The core business is adding value to locally sourced meats through efficient production, processing, warehousing, distribution and retailing. The company is selling meat and meat products throughout Zambia. It has established presence along the major routes to the North-West and Eastern Province. Kachema currently runs 14 retail outlets that only sell Kachema products. All outlets are rented, but furnished with Kachema equipment. The company also supplies local butcheries, retail supermarket chains and large Canteen operators in the mining sector. The companies investment is estimated at USD 5 million comprising premises, machinery, equipment, trucks, IT and work capital. Current annual turnover is around USD 8 million.

The product

The company produces and sells diverse types of carcass meats. It also process and retail cuts and cold meats made of beef, goat, sheep, pork, chicken and fish. All of Kachema meat is produced by its own facilities where it applies the highest organic and health standards to ensure quality "choice" meat is served to customers. The choice grade of meat is the most preferred in Zambia and provides good value due to the lucrative prices.

The market

The demand for meat is on the rise as the population of urban areas increase. Consumption of white meat (i.e. Pork, fish and chicken) has also increased. It is estimated that Zambia produces over 60,000 tonnes of beef per annum. Beef is the most preferred and consumed meat in Zambia followed by chicken. The production of goat and sheep has great prospects due to increasing demand from the Middle East countries and locally.

The company seeks to target households, workplace canteens, restaurants and lodges, hotels and supermarket chains by supplying processed meat products that are conveniently processed, packaged and reliably supplied to households and food providers. Some of the customers the company is currently supplying meat include:

- Households through it 14 retail outlets
- Other local butcheries
- Supermarket chains (i.e. Spar, Jumbo, Shoprite, Pick and Pay and Choppies)
- Restaurants
- Convenient stores and grocers

In addition to the above primary customers the company will seek to develop export markets in DR Congo and expand its retail outlets across the country. The company is closer to the largest market in

Key facts

Name of Organization	Kachema Meat Supplies Ltd
Country of operations	Zambia
Headquarters	Makeni, Chilanga district in Lusaka Province
Website	www.kachema.com
Year operational	1999
Sector	Agriculture(Agri-processing)
Legal structure	Limited private Company
Number of employees	100
Revenues	USD 8 million

Proposed investment structure

Proposed investment amount	USD 3,500,000
Type of investment	Equity
Type of investor needed	Medium/Long term active investor
Use of proceeds	• Procurement and installation of meat processing • Equipment and Machinery • A Pork products production line

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Zambia, Lusaka that presents a viable primary market for the company's products. Through other retail outlets, the company will have access to Eastern province (1,961,000), North Western Province (902,631) and Copperbelt Province (2,542,132). The total population of Zambia is estimated at 16,887,000 and has a per capita beef consumption of 2.4 to 4.0 kg.

The competition

Kachema is currently ranked third in the meat supplies industry. The major competitors include Zambeef Plc, Amatheon group of companies, Quick Save, Kembe. The key competitor to the company is Zambeef due to its large-scale operations and livestock production. The company also has the largest distribution network in Zambia. Kachema's competitiveness is aimed at developing new under serviced areas and ensuring outlets are closer to households and customers.

A major factor contributing to the fast growth of the company is the integrated nature of Kachema in the value chain. The chain comprises beef feedlots, abattoirs, meat processing, cold storage facilities and distribution to customers and our own stores, by our own fleet of trucks. The target primary market has a combined population of 8,524,953, beef consumption has been growing at 3.5% whilst other meat products have grown at 5%-7% per annum.

Management & Advisors

Kachema Management is under a board of four directors.

- **A.de Kwaasteniet, Chief Executive Officer, -** is an experienced entrepreneur with requisite skill in livestock agriculture, food processing and marketing. He is responsible for the day-to-day affairs of the company and oversees the strategic direction of the company. He has been instrumental to the fast growth of the company, entry in new markets and development of products and outlets across the country**.**
- **Farm Manager, –** the Farm Manager is a qualified agriculturist with a degree in General Agriculture and has specialized in livestock management and animal health. He brings over 25 years of experiences and has worked for leading farms and ranches in Zambia. He has the requisite skill is livestock production, animal health management, animal feed production and standard methods of rearing various livestock including cattle, goats, sheep, fish and poultry.
- **Production Manager –** the production Manager is qualified in Production Management and is trained in value chain management. The Manager previous worked as a production specialist, supply chain manager and as Production Manager in the last 15 years.
- **Marketing and distribution Manager –** The Marketing and distribution manager brings over 20 years' experience in sales and marketing. With a degree in Marketing and sales distribution. She is highly knowledgeable of the local markets and the regional markets that the company plans to penetrate.
- **Finance Manager –** he is a qualified chartered accountant with requisite experience in tax, corporate finance and sound financial management. Over the last 20 years, he has gained great insights in the financial aspects of the food processing industry helping the company realise growth by applying sound management of financial resources and improving the net worth of the company**.**

Investment Proposal

The proposed investment is estimated at USD 3.5 million (ZMW 35 million) to fund the procurement and installation of meat processing Equipment and Machinery. The company also plan to open a pork products production line. As a result, the investors will begin to realise returns on the investment during the second years of the up-scaled operations. This is justified by the turnover which will increase from the current USD 8 million to USD 12 million per annum and increase in market share from between 5%-10% to 20%. The average ROI is estimated at 18% over the next five years. The payback period for the investment is estimated at 3.5 years.

Social Impact

The Company currently employs 100 people and an estimated 10,000 indirect jobs have been created through transporters and retailers. With the expansion of operations the company expects to employ 100 extra employees in its production and distribution units.

Financial details

Company's financials are available upon request.

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