



KWA JUSTICE FOODS (PTY) LTD

SOUTH AFRICA

COMPANY PROFILE & PROJECTIONS - 2017

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Paul E Williams



COMPANY HISTORY - ESTABLISHED 1950

Kwa Justice Livestock was established in the early 1950's by the local Moolla family in a little town called Stanger, Kwa Dukuza, situated on the green fields of the Kwa Zulu Natal north coast iLembe region. This venture proved highly successful due to the superb standards of sheep, goat, cattle, and chickens available at the local farm. Customer satisfaction and really good quality livestock and great service are the foundational principles that govern Kwa Justice Livestock to this day. Proudly in the livestock trade for 66 years and counting! Kwa Justice Foods (Pty Ltd) is a subsidiary thereof.

OUR GOALS AND VISION

Ours is an integrated vision encompassing all key components in the meat industry, maintaining an efficient and highly productive network is key to producing premium meat products consistently.

Kwa Justice Foods (Pty Ltd) procures only the finest quality livestock, ingredients and environmentally friendly, raw materials and products during the meat processing operations.

We ensure high standards of quality in every area of our vast operations, from our free range livestock feedlots to the final packaged premium products delivered to you!

We bring a wealth of experience and valuable hands-on skills in the livestock business arena and are very well placed to spear head this agri-project with great efficiency.

Our allegiance to producing superb quality products and service excellence to the local and global market is of paramount importance to all of us here at Kwa Justice Foods (Pty Ltd).

OUR COMMITMENT

Providing well managed fully compliant, industry leading abattoir and meat processing facilities and superb services to all emerging livestock farmers, commercial farmers, meat wholesalers, national food chain stores and supermarkets and the ever expanding food industry locally and internationally is a key focus area of the business.

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OUR COMMITMENT

Adhering to all relevant national and international health codes and food handling practices, embracing all necessary traditional and religious animal slaughter ethics and practices is observed at our fully compliant facilities.

We are establishing a platform that strategically positions us not only to satisfy the local demand but to subsequently explore the international export trade.

Being located in close proximity to the Dube Tradeport, the port of Richards Bay and the port of Durban affords us a number of proven, effective logistical expansion options.

Kwa Justice Foods (Pty) Ltd is a black owned business that is BEE compliant and is committed to supporting local, rural and emerging black farmers and black owned, local businesses in Kwa Zulu Natal. We are a proudly South African company!

KJF - SERVICE PROFILE

Our facility is rated as a high through-put, red meat, accredited facility that has the capability of efficiently processing large numbers of livestock. Our custom designed environmentally friendly facilities boasts some of the most advanced design elements and is fully compliant with the red meat regulations of South Africa. Adhering to these standards which form part of the meat safety act (40 of 2000) certifies us to export our quality premium products internationally as we are EU compliant and Sanah halaal certified. Kwa Justice Foods Pty Ltd produces a variety of great tasting, superior meat products that are completely free of all artificial food colourants, flavor enhancers, bulking agents, and genetically modified components. Our premium product range is flavoured by a vast array of all natural ingredients, herbs and spices, etc.

KJF - LIVESTOCK PROFILE

Kwa Justice Livestock supplies only fine quality, natural, grass and grain fed, free range animals that are totally free of any cancer causing hormones and are pesticide and chemical free.

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EXECUTIVE SUMMARY

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Based on a completed feasibility study in 2010 which focused on decisions taken regarding site selections, supply and demand of the local and international red meat market studies, operational models and shared research analysis on local livestock populations and producer trends including emerging black farmers and relevant stakeholders in KZN, the very necessary need for a modern high through-put red meat abattoir became vividly evident.

This business plan has been developed to represent the well placed intentions of Kwa Justice Foods (Pty) Ltd to establish an accredited eco- friendly, modern, high through-put, red meat abattoir and meat processing facility in the ILembe Region of Kwa Zulu Natal.

Since the two closest, red meat, rural abattoirs are based in Thornville, approximately 135 kilometers away from Stanger, and Eshowe, approximately 85 kilometers north of Stanger, the need for a regional abattoir came very highly recommended. These two rural, low through-put abattoirs are currently operating at near full capacity and further highlight the growing demand for a high through-put, modern, environmentally friendly, red meat abattoir in the ILembe region.

Given the ever increasing local and national consumer demand, the ever increasing national and regional population expansion and a myriad of other valid supporting variables, establishing an Agri-project of this kind in Kwa Dukuza is long overdue and most welcome!

This Agri-project will bring with it sustainable economic development into the region, up to 90 employment opportunities, much needed slaughter and process facilities for emerging black livestock farmers in the iLembe region and the greater Kwa Zulu Natal province and many added benefits to our people and our very deserving community.



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SOUTH AFRICA

MARKET ANALYSIS

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SOUTH AFRICAN RED MEAT MARKET

Red meat consumption in South Africa has expanded rapidly over the recent decades. This is attributed mainly to rapid urbanization, a strong increase in the nation's population, an influx into the country of political and economic refugees, an increase in earnings, economic growth, culinary exposure and many more contributing factors.

While continued growth in red meat consumption is projected in the coming decades, slower economic growth will result in moderate, steady consumption growth relative to the past years. The South African economy is expected to grow at an approximate rate of about two percent in the next three years. As already mentioned, economic growth is the main overall driver for the increased demand in red meat.


South Africa consumes upwards of 875,000 tons of beef per annum, and while local production is increasing year on year, we still have a current deficit of 50,000 tons. As a result, local production needs to be complimented by imports of between 25,000 and 45,000 tons of beef, mainly from neighboring countries Botswana and Namibia. South Africa's major international trading partners of red meat imports include Brazil, Germany, United Kingdom and the Netherlands.

Boneless frozen beef is the most prominent product being imported by South Africa, representing 64% of all imported beef products. Boneless frozen products is followed by fresh or chilled carcasses representing 12% and bone-in beef representing the 8% balance.

However, South Africa maintains relatively high import tariffs for meat products for countries outside the Southern Africa Development Community (SADC) and the European Union. South Africa upholds a free trade agreement with SADC countries and the European Union.

Over the past two decades, steady economic growth and increased average household income in South Africa resulted in the rapid expansion of red meat consumption. During the period between 2003 and 2014 red meat consumption in South Africa increased by a whopping 32% and thereby making available a wide range of opportunities for South African red meat producers to start profiting from. Following consultations with agricultural economists and academics, the Red Meat Produce's Organization (RPO) forecasts that there will be an increase of between 12% and 15% in the national red meat price by the end of this year.

The overall view and informed opinions of all relevant authorities, economists, academics and the like actively engaged in the red meat industry agree, that strong



growth in consumption across the board is guaranteed in the South African market for the foreseeable future. With a national population of 52.98 million recorded in 2013 and 55.90 million recorded in 2016, there is no room for doubt that the red meat industry has every reason to look forward to a healthy and very tasty future!

SOUTH AFRICAN CONSUMER TRENDS

Although property, jewelry, fashion and cars represent obvious signs of wealth, there is another less apparent indicator of the country's growing affluence...the food consumers are putting on their plates.


Over the past two decades economic growth and personal income has pushed large numbers of consumers towards protein filled diets and convenience as thereby skyrocketing levels of meat consumption nationally. Last year alone, South Africans spent almost R46 billion rand on meat products representing around 26% of total expenditure on food.

Class mobility, defined as the movement of consumers towards higher income groups, has been a key feature of the South African consumer landscape for many recent years. From the year 2004 to the year 2014 the share of South African adults that classified as poor, declined by more than 80%, accompanied by an increase in the share of adult population classified within the middle class consumer groups. Currently, the middle class represent about 70 percent of the South African population and 55 percent of total income earnings.



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In the past five years the percentage of the population that earned less than R5000 per month decreased from 56% to 40%, while the percentage of the population that earned more than R5000 per month increased from 44 percent to 60 percent. With the growth in disposable income, South Africa's fondness for meat is reflected by its buying behavior. In 1994, the average person ate a total of 41kg of meat a year; while 20 years later the average South African is eating 65 kg of meat a year- an increase of about 60 percent over the period. In 2000, South Africans were eating 22.4kg of red meat per person. Fourteen years later, this amount had increased to 26.6kg, which represent an increase of 19% over the period.

RED MEAT EXPORT MARKET

Since South Africa regained its 'Foot and Mouth Disease' (FMD)-FREE status from the World Organization for Animal Health in February 2014, red meat exports began increasing gradually to date. It is estimated that RSA is exporting approximately 5000 tons of red meat per month to a combined number of 40 countries globally. These destination include China, India, the United Emirates and various others across the African continent. Exports to the Middle East, Asia, the Far East and other countries in Africa present themselves as profitable, viable, long term, trading opportunities.



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