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Obtala Ltd



Business Overview

ESTABLISHED: 2007

LOCATION: Guernsey

LISTING: AIM

TYPE OF COMPANY: For profit

NUMBER OF EMPLOYEES: 201 - 500

ISSUED SHARE CAPITAL:
263,270,664 ordinary shares of £0.01 each¹

BUSINESS AREA:

Agriculture; Food Processing; Forestry; Retail

COMPANY WEBSITE:

www.obtalaresources.com

BUSINESS OVERVIEW

Obtala Ltd (Obtala) is a vertically integrated trading platform with emphasis on sustainable agriculture and forestry through its operations in:

Tanzania, where the company has created an aspiring horticultural farming enterprise for fresh produce, and

Mozambique, where Obtala has developed a substantial portfolio of natural forest timber concessions supplying supply timber for national infrastructure upgrade programmes and domestic consumption.

Obtala's mission is "to become one of East Africa's largest sustainable food and timber producers, consistently delivering world-class product to the global marketplace. To deliver material, positive social impact in East Africa through commercial enterprise, helping to alleviate poverty and enriching the lives of future generations."

Obtala was admitted to the AIM market of the London Stock Exchange in April 2008.

SOCIAL MISSION

The most fundamental positive social impact associated with Obtala's activities is the employment and training opportunities the company creates in the regions in which it operates. The social mission focuses on making the local communities more self-sufficient and strengthening community resilience to changing climate conditions. Obtala aims to address Africa's key challenges including poverty, rural underdevelopment, poor infrastructure and food insecurity.

In Tanzania the company has started working with the Tanzanian Horticultural Association (TAHA) whose mission statement is "to develop and promote the Horticultural Industry in Tanzania to become more profitable, sustainable, and participate more effectively in the development of the country".

In Mozambique, Obtala manages sustainable natural forest concessions in Mozambique, in line with the permitted harvesting volume determined by Government regulations to ensure sustainability of the forest. In fact, Obtala recognises that the forestry activities play an important contribution to the country's economy and serve as a major source of employment and income in rural areas.

WHO BENEFITS?

EMPLOYEES: 440 local staff operating in safe and healthy working conditions are provided with training, education and are engaged to increase environmental awareness.

LOCAL COMMUNITIES: Improved access to employment, education, training and infrastructure and for the communities living in the countries of operations, which are typically quite remote. Many are largely subsistence economies.

LOCAL ECONOMY: Development of local industries by efforts directed towards value-added production. Improved infrastructure via road improvements and power lines.

NATION STATES: Increased support to nation states struggling to provide education, health services and infrastructure. Increased taxation revenue and international exposure through exports of local products.

¹As at 31 December 2017

Commercial and Financial Summary

CORPORATE STRUCTURE

Obtala is financed through equity. There is no debt in the capital structure.

As at 9th December 2016, the 5 largest shareholders (which include Grandinex International Corp, HSBC Global Custody Nominee, Basic Materials Limited, Commerzbank and Barclays Capital Nominees) held 53.39% of the company's shares.

PRICE CHART²



² Source: LSE

³ (Cash+Marketable Securities+Receivables/Current Liabilities)

⁴ LSE (The market capitalisation of companies reflects the London listed element only. These figures are approximate and are updated monthly)

BUSINESS HIGHLIGHTS

2016 saw fresh management, with a new Chairman, CEO and COO, all of whom have taken equity stakes in the company. The company changed strategic focus and cut retail outlets and mining interests to focus on two core areas:

Sustainable Forestry in Mozambique, operating 312,465 hectares.

Sustainable Agriculture in Tanzania, operating 1730 hectares.

The company has recently raised non-dilutive finance against a small percentage of the Forestry income stream, enabling the company to kick start both business lines and remain debt free.

Joint venture export agreements with Basic Materials of Hong Kong opened up international markets to the group for the first time.

Obtala remains focused on a high growth strategy with a deep commitment to sustainability.

Management recognises that global appetite for high quality and high value timber products is buoyant and believes the company is well positioned through its access to significant, environmentally sustainable supplies of desirable timber species.

FINANCIAL INFORMATION

(£m)	31-Dec-14	31-Dec-15	6m 30-Jun-16
Revenue	1.69	3.69	0.26
Profit before tax	-24.13	-10.39	-1.74
EPS - basic	-5.09p	-6.38	-0.83p
Fixed Assets	122.56	122.57	122.78
Shareholders' Funds	93.34	81.68	83.31
Cash Balances	3.27	0.66	0.54
Cash flow from operating activities	0.15	-3.95	-0.11
Quick Ratio ³	0.8	0.4	0.4
PE	-2.33	-1.17	N.A.

FINANCIAL INFORMATION

TICKER: OBT

SHARE PRICE: £ 21.04p (close 31/12/16)

MARKET CAP: £56.93m⁴ (close 31/12/16)

Impact Assessment Matrix

ECONOMIC IMPACT

	MEASUREMENT	REPORTED DATA	
Employment	Number of employees engaged	Performance 2016 420	Target 2017 470
Access to Markets	Number of local farmers engaged to supply products	Performance 2016 15	Target 2017 30
Sustainability across Supply Chain	Number of additional entities engaged to help supply food products directly to the local market	Performance 2016 8	Target 2017 16
	Number of additional entities engaged to help supply food products directly to the international market	Performance 2016 4	Target 2017 8

ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED DATA
Food Safety	International accreditation	GLOBALG.A.P. Certification
Environment	Soil tested quarterly for pH, nutrients and pathogens	Yes
Pollution	Compliance with EU standards on use of chemicals	Yes
Climate	Sustainable management contributing to resilience to changing climate conditions	Yes
Traceability	Systems and procedures ensure traceability over all stages of the production chains. Products can be easily and correctly identified	FSC application in process

SOCIAL IMPACT

	MEASUREMENT	REPORTED DATA
Community	Number of community based projects	Performance 2016 3 Target 2017 5
Education	School Construction	2 classrooms rehabilitated in a local school
Fair Compensation and Benefits	Existence and application of fair compensation policies and social benefits	Yes
Stakeholder Dialogue	Host communities and other relevant stakeholders are consulted and taken into consideration in decision making processes	Yes

GOVERNANCE

	MEASUREMENT	REPORTED DATA
Corporate Governance	Non-Executive Chairman	Yes
	Non-Executive Board Representation	3 Non-Executive Directors
	Anti-bribery policy	Yes
	% of female employed/male employed	45% / 55% in agriculture 2% / 98% in forestry*

* Seeking to redress the balance but these numbers need to be seen in the global context of the forestry industry to which they are not dissimilar.

MUST READ

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