WILDLIFE RANCHING IN SOUTH AFRICA
INTRODUCTION

- History, background and context - Norman Adami
- Benefits to the country - Tebogo Mogashoa
- The business of wildlife breeding - Lood Bester
- Opportunities and Challenges in South Africa - Norman Adami
- Specific opportunities between South Africa and USA - Lood Bester & Wiaan van der Linde
- Conclusion, Q & A - Norman Adami
INTRODUCTION – HISTORY, BACKGROUND & CONTEXT

- Circa 180 000 Years indigenous people in harmony with nature
- Begin mid 17 Century greatest destruction of African Wildlife
- Start of National Parks beg 20th Century
- New approach and attitudes mid / late 20th Century
GREAT SOUTH AFRICAN CONSERVATION SUCCESS STORY

- Global Conservation Record

Loss of Wildlife in the Past Century

- Livestock: 2000 has 4.5 times the 1900 population.
- Wildlife: 2000 has half the 1900 population.

GREAT SOUTH AFRICAN CONSERVATION SUCCESS STORY

 ✓ Eastern and Western Africa Conservation Record

(A) Eastern Africa

(B) Western Africa
GREAT SOUTH AFRICAN CONSERVATION SUCCESS STORY

- Southern Africa Conservation Record
INTRODUCTION – HISTORY, BACKGROUND & CONTEXT

GREAT SOUTH AFRICAN CONSERVATION SUCCESS STORY

✓ Today Private Ranches
  ▪ +/- 20m ha’s (50m acres)
  ▪ +/- 10 000 Ranches
  ▪ +/- 12m head of Game

  driven by Owners / individuals that are passionate about wildlife, conservation and outdoors

✓ National Parks
  ▪ +/- 6m head of game
Composition: Wildlife Ranching comprises four main sub-sectors:

- Live Game Sales
- Hunting
- Game Meat production
- Eco Tourism

Industry Size

- Estimates in 2014 > $2b Industry

Made up as follows

- Live game sales: $300m
- Hunting: $1b
- Game meat: $60m
- Eco-Tourism: > $600m
Live Game sales in 2014  +/- $300m

- Auction sales (2014)  +/- $150m
- Annual number of auctions (2014)  +/- 80
- Private game sales (2014)  +/- $150m
INTRODUCTION – HISTORY, BACKGROUND & CONTEXT

AN ECONOMIC SUCCESS STORY

- Within rare species significant differentiation in price

**Exceptional examples:**

- 2015 – Zambian Sable Bull “Mopanie” $1.8m
- 2016 – 25% share in Buffalo Bull “Horizon” $2.9m
INTRODUCTION – HISTORY, BACKGROUND & CONTEXT

OTHER SOCIAL BENEFITS

✓ Transformation of 50m acres of marginal land into productive land use
✓ Conservation of species, natural habitat and eco-systems
✓ Significant impact on rural development and job creation
✓ Huge potential to offer real solution to food security
INTRODUCTION – HISTORY, BACKGROUND & CONTEXT

THE REASONS FOR THE SUCCESS

✓ Government Policy and Support
  ➢ Ownership Laws / Game Theft Act 1991
  ➢ Sustainable use policy

✓ The market economy

✓ Private enterprise / individuals
  ➢ Driven by enlightened self interest
  ➢ Passion for wildlife and nature

Massive investment >$2,5b
BENEFITS OF THE WILDLIFE INDUSTRY TO SOUTH AFRICA

- Economic Contribution
- Transformation of marginal land
- Conservation of game species, natural habitat and eco-system
- Rural development and job creation
- Food security
BENEFITS OF THE WILDLIFE INDUSTRY TO SOUTH AFRICA

ECONOMIC CONTRIBUTION >$2B / ANNUM

- Approximately 10 000 private ranches - investment > $ 2,5 billion
- Value of animals sold ~ $ 300m / annum (auctions + out of hand)
- Overall growth ~20% per annum over past 15 years
- Eco-tourism Industry >$600 million / annum (10%-15% growth p.a.)
- Hunting safaris (local & foreign ) $1b / annum
- Over $75 million / annum in salaries and wages
BENEFITS OF THE WILDLIFE INDUSTRY TO SOUTH AFRICA

TRANSFORMATION OF MARGINAL LAND OF 50 MILLION ACRES OF MARGINAL LAND INTO PRODUCTIVE LAND USE

- Only 17% of South African Agricultural land has high agri-production potential…. 80% marginal

- Average Game Ranch (2008) $28/ha economic output
- Conventional Livestock Farming (2008) $10/ha economic output
- Consistently out-performs conventional farming 3:1

- Approximately 10 000 game ranches in country and growing
**BENEFITS OF THE WILDLIFE INDUSTRY TO SOUTH AFRICA**

**CONSERVATION OF GAME SPECIES, NATURAL HABITAT AND ECO SYSTEM**

8 Species where wildlife ranching played a critical role in saving them from extinction

<table>
<thead>
<tr>
<th>Species</th>
<th>Total Approx 1950</th>
<th>National Parks 2015</th>
<th>On Private Ranches 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Rhino</td>
<td>30</td>
<td>12000</td>
<td>5000</td>
</tr>
<tr>
<td>Black Rhino</td>
<td>30</td>
<td>1500</td>
<td>450</td>
</tr>
<tr>
<td>Blesbok</td>
<td>2000</td>
<td>25000</td>
<td>&gt;225000</td>
</tr>
<tr>
<td>Bontebok</td>
<td>19</td>
<td>1000</td>
<td>&gt;7000</td>
</tr>
<tr>
<td>Sable Antelope</td>
<td>450</td>
<td>&lt;500</td>
<td>&gt;25000</td>
</tr>
<tr>
<td>Roan Antelope</td>
<td>150</td>
<td>&lt;200</td>
<td>&gt;6000</td>
</tr>
<tr>
<td>Cape Mountain Zebra</td>
<td>&lt;80</td>
<td>1925</td>
<td>865</td>
</tr>
<tr>
<td>Black Wildebeest</td>
<td>&lt;500</td>
<td>1800</td>
<td>&gt;15700</td>
</tr>
</tbody>
</table>
BENEFITS OF THE WILDLIFE INDUSTRY TO SOUTH AFRICA

RURAL DEVELOPMENT AND JOB CREATION

- Current number of employees in private ranches sector > 150 000
- Remuneration generally 3 to 4 higher than conventional agriculture
- Employment levels higher with 3 times more staff per game ranch than per stock farm

Potential – 30 million acres overgrazed and degraded communal land \(\rightarrow\) sustainable income
BENEFITS OF THE WILDLIFE INDUSTRY TO SOUTH AFRICA

FOOD SECURITY

✓ HUGE POTENTIAL TO OFFER REAL SOLUTION TO FOOD SECURITY

- During winter (April – September) game meat provides > 20% of all red meat in South Africa
- Current Game Meat production = 150 000 tons (no export)
- WRSA recent ISO 9001, 14 – 001 and 22 - 000 accreditation allows export to international markets
- Potential for export substantial – natural / organic
- Secondary Industries
- Harvesting, Processing, Logistics and Merchandising
- Game better adapted to marginal conditions
WILDLIFE BREEDING IS A BUSINESS LIKE ANY OTHER AND HAS TO BE MANAGED ACCORDINGLY
HOW DO YOU ENTER THE WILDLIFE BREEDING INDUSTRY

THE DO’S AND DON'TS

✓ Step 1
  ➢ The Landscape

✓ Step 2
  ➢ The Infrastructure

✓ Step 3
  ➢ The Process of Buying

✓ Step 4
  ➢ Return on Investment

✓ Step 5
  ➢ Breed and Sell
STEP 1

THE LANDSCAPE

- The Players

- Mindset of Sharing

- Auctions

- Direct sales
STEP 2

THE INFRASTRUCTURE

- Land – to Own or Joint Venture
- Management
- Breeding Camps
- Feld management
- Fencing
- Feeding
STEP 3
THE PROCESS OF BUYING

- Budget
- Species
- Quality
- Business plan
- Prices
- Genetics
STEP 4

RETURN ON INVESTMENT

- Risk Platform
- Hedge yourself
- Sable Antelope
- Buffalo
## Sable Antelope

<table>
<thead>
<tr>
<th>INITIAL INVESTMENT</th>
<th>NR</th>
<th>PRICE PER ANIMAL (ZAR)</th>
<th>TOTAL INVESTMENT (ZAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breeding bull</td>
<td>1</td>
<td>750 000</td>
<td>750 000</td>
</tr>
<tr>
<td>Cows</td>
<td>24</td>
<td>350 000</td>
<td>8 400 000</td>
</tr>
<tr>
<td><strong>Total investment</strong></td>
<td><strong>25</strong></td>
<td><strong>9 150 000</strong></td>
<td><strong>9 150 000</strong></td>
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</tbody>
</table>
## Sable Antelope

<table>
<thead>
<tr>
<th>Sables: Assumptions (Base Case)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Calving %</td>
<td>90%</td>
</tr>
<tr>
<td>Heifer calves</td>
<td>50%</td>
</tr>
<tr>
<td>Heifer calf sales</td>
<td>60%</td>
</tr>
<tr>
<td>Bull calf sales (hunting bulls)</td>
<td>100%</td>
</tr>
<tr>
<td>% Mortalities</td>
<td>1%</td>
</tr>
<tr>
<td>Reduction in base price annually</td>
<td>10%</td>
</tr>
<tr>
<td>Heifer price @ 12 mths (20% discount)</td>
<td>291,667</td>
</tr>
<tr>
<td>Bull calf price @ 12 mths (hunting)</td>
<td>20,000</td>
</tr>
<tr>
<td>Breeding bull price (3 years)</td>
<td>750,000</td>
</tr>
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# Sable Antelope

## Return on Investment

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Base Case (10% Price reduction)</th>
<th>No price reduction</th>
<th>5% breeding bull production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales less operating cost (10 years)</td>
<td>24 471 593</td>
<td>42 504 666</td>
<td>58 056 106</td>
</tr>
<tr>
<td>NPV (ZAR)</td>
<td>10 228 910</td>
<td>15 479 365</td>
<td>19 095 522</td>
</tr>
<tr>
<td>IRR</td>
<td>21%</td>
<td>31%</td>
<td>36%</td>
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<td>1</td>
<td>800 000</td>
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<tr>
<td>Cows</td>
<td>19</td>
<td>400 000</td>
<td>7 600 000</td>
</tr>
<tr>
<td>Total investment</td>
<td>20</td>
<td></td>
<td>8 400 000</td>
</tr>
<tr>
<td>Buffalo: Assumptions (Base Case)</td>
<td></td>
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<td></td>
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<tr>
<td>----------------------------------------------</td>
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<td></td>
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<tr>
<td>Calving %</td>
<td>75%</td>
<td></td>
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<td>Total sales less operating cost (10 years)</td>
<td>15 721 416</td>
<td>27 123 615</td>
<td>34 318 061</td>
</tr>
<tr>
<td>NPV (ZAR)</td>
<td>6 833 657</td>
<td>10 222 663</td>
<td>12 562 596</td>
</tr>
<tr>
<td>IRR</td>
<td>13%</td>
<td>23%</td>
<td>28%</td>
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STEP 5

BREED AND SELL

- Sales
- Timing
- Brand building
- Data integrity
- Improve your herd
CHALLENGES AND OPPORTUNITIES

CHALLENGES

- Emerging misperceptions driven by certain stakeholders
  - Genetic engineering
  - Domestication
  - Undermines food security
  - Super profits

- Inappropriate government regulation and lack of capacity
- Veterinary laws
- Poaching
- Bio-security
- Lack of professionalism
- Need for research, education and communication
CHALLENGES AND OPPORTUNITIES

OPPORTUNITIES

✓ Industry well placed to meet needs of country
  ➢ Job Creation
  ➢ Economic Growth
  ➢ Rural Development
  ➢ Transformation / Land Reform
  ➢ Food Security

✓ South Africa enjoys unique comparative advantage
  ➢ Rich biodiversity
  ➢ Private ownership of top genetics
  ➢ Available marginal land
  ➢ Wildlife infrastructure
  ➢ Veterinary and scientific expertise
  ➢ Country infrastructure
CHALLENGES AND OPPORTUNITIES

OPPORTUNITIES

✓ Underlying demand dynamics
  ➢ Attractive economics
  ➢ Ability to use marginal land productively
  ➢ Climatic uncertainty encourages agricultural diversification
  ➢ Businessmen looking for alternative investments
  ➢ Portfolio effect
  ➢ Lifestyle

Growing middle class in the world seeking wildlife experiences, services and products

✓ Underlying supply dynamics
  ➢ Scarcity of rare African species
  ➢ Scarcity of magnificent specimens
  ➢ Time

✓ Future opportunities substantial in all four main sub-sectors
  ➢ Plays to our strength
  ➢ Important growth engine for the South African economy
  ➢ Legalised trade in rhino horn
SPECIFIC OPPORTUNITIES USA / SA

- Investment into the US
  - Partial investment in breeding herds e.g. Sable, Buffalo
  - JV in going concern
  - Full investment / Buy out

- Investment into South Africa
  - Breeding Stock
  - Hunting
  - Eco Tourism
  - Game meat
SPECIFIC OPPORTUNITIES USA / SA

- Exports into the US
  - Rhino
  - Other African species

- Innovative hunting package sales

- Share best practices and ideas between EWA and WRSA members
90% of the remaining world population of Rhino in South Africa

330 Private ranches with Rhinos (6m acres and reducing)

Private ranches hold an estimated 5000 of total SA white rhino population 17,000, approx. 30% of total population

Private ranches hold an estimated 450 of total SA black rhino population 1,900, approx. 24%

Approx. 20% of all Rhino poached occurred on Private ranches - (financial loss $20m)
RHINO POACHING IN SOUTH AFRICA

Numbers per annum

0 13 24 13 83 122 333 448 668 1004 1215 1175
WHY LEGALISE THE TRADE IN RHINO HORN?

- Despite well funded anti-poaching operations poaching has become progressively worse.

- Would significantly reduce poaching. When poached, rhino die, harvesting horn won’t harm them.

- Would enable the government to free up substantial funds for other conservation priorities.

- Would have a real value and pay for their own security.

- Would create economic growth, jobs, and local community upliftment.

- Loss of life, poachers and rangers, will be avoided.
AN URGENT CALL FOR LEGAL TRADE IN RHINO HORN

If Rhinos are to *survive* they need to be more valuable *alive* than dead.

With *legal* trade, the rhino will become one of the most

*protected* and *valuable* animal in Africa
“My family and I have invested in the South African wildlife industry for the past 3 years.

We have been honoured to commit to a legacy of wildlife conservation, while at the same time trading animals in a well regulated and highly professional environment.

The potential of the wildlife and its related positive spin offs to local communities and conservation, places it in a highly desirable bracket.

We can safely advise that this extension of our family’s ranching activities from South Texas has been a rewarding experience for us.”

Dino Chouest - Texas and Louisiana Rancher, preeminent businessman in the US oil and gas industry - 2016
THANK YOU

QUESTIONS?