

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



ZAMBIA SUGAR PLC ["ZSUG"]
[Incorporated in the Republic of Zambia]

Company registration number: 2880
Share Code: ZSUG
ISIN: ZM0000000052
Authorised by: Harriet Kapekele-Katongo

SPONSOR



Stockbrokers Zambia Limited
[Member of the Lusaka Securities Exchange]
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Zambia Sugar Plc

DISCLAIMER AND RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 16 May 2023

HALF YEAR RESULTS

In accordance with the requirements of the Securities Act No. 41 of 2016, Zambia Sugar Plc announces its results for the 6 month period ended 28 February 2023

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 28 February 2023	Audited 6 months ended 28 February 2022
	K '000	K '000
Revenue	2 345 205	2 241 371
Operating profit	655 635	644 192
Net finance costs	(30 170)	(29 046)
Profit before taxation	625 465	615 146
Taxation	(114 555)	(175 604)
Profit for the period	510 910	439 542
Profit attributable to Shareholders of Zambia Sugar Plc	510 910	439 542
Determination of headline earnings		
Profit attributable to shareholders of Zambia Sugar Plc	510 910	439 542
Headline earnings for the period	510 910	439 542
Number of shares in issue ('000)	316 571	316 571
Weighted average number of shares in issue ('000)	316 571	316 571
Basic and diluted earnings per share (ngwee)	161.4	138.8
Headline earnings per share (ngwee)	161.4	138.8

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 28 February 2023	Audited 6 months ended 28 February 2022
	K '000	K '000
Share capital and share premium		
Balance at beginning and end of the year	247 338	247 338
Non-Distributable Reserves		
Balance at beginning of the year	40	40
Balance at end of the year	40	40
Retained Earnings		
Balance at beginning of the year	2 759 450	2 066 042
Profit for the year	510 910	439 542
Balance at end of the year	3 270 360	2 505 585
Total Equity	3 517 738	2 752 963

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended 28 February 2023	Audited 6 months ended 28 February 2022
	K '000	K '000
Assets		
Property, plant and equipment	2 005 155	1 909 382
Intangible asset	67 902	67 902
Growing cane	883 484	888 009
Inventories	1 287 662	826 124
Trade and other receivables	408 606	422 596
Other current assets	320 480	297 233
Cash and bank balances	27 291	16 400
	5 000 580	4 427 646
Equity and liabilities		
Equity attributable to shareholders	3 517 738	2 752 963
Deferred tax liability	274 273	305 950
Long and short-term borrowings	57 243	50 372
Bank overdraft	437 721	425 330
Current liabilities	713 605	893 031
Total equity and liabilities	5 000 580	4 427 646

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 28 February 2023	Audited 6 months ended 28 February 2022
	K '000	K '000
Cash operating profit	435 573	326 267
Working capital movements	(393 437)	(80 731)
Finance costs, taxation and dividends paid	(444 512)	(393 287)
Net cash inflows/outflows from operating activities	(402 376)	(147 751)
Net cash outflows from investing activities	(83 180)	(81 331)
Net cash inflows/outflows before financing activities	(485 556)	(229 082)
Net cash outflows from financing activities	0	(355 567)
Decrease in cash and cash equivalents	(485 556)	(584 649)
Cash and Bank Balances		
Opening bank and cash balance	75 126	175 719
Closing bank and cash balance	(410 430)	(408 930)

LUSAKA STOCK EXCHANGE SPONSORING BROKER



STOCKBROKERS ZAMBIA LIMITED

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COMMENTARY FOR THE HALF-YEAR PERIOD TO 28 FEBRUARY 2023

Financial Performance Review

Total revenue for the six-month period to 28 February 2023 grew by 5% to K2.35 billion largely driven by strong domestic and export sales performance. Improvement in export proceeds was attributable to the depreciation of the Kwacha during the period December 2022 to February 2023. Sales to the export market increased by 16% due to the availability of stocks following the slowdown in domestic demand. Compared to the same period the previous year, domestic sales volume was negatively impacted by the influx of illegal imports. The Company responded by implementing promotions and other non-price tactical measures and recovered some of the lost market share in the later part of the period under review.

Operating profit for the six-month period was K655 million compared to K644 million for the comparative period the previous year. The 2% increase in operating profit is mainly driven by improved price realisation and cost management despite significant increases in the cost of key inputs (fertilisers, chemicals, electricity, employee costs, packaging and fuel). Overall, costs increased by 11%.

Finance costs increased by 4% from the previous year from K29 million in the 6 months to February 2022 to K30 million in the period under review because of higher facility utilisation to cover off-crop costs. In line with recent trends, gearing improved from 15% to 13% as at 28 February 2023.

Headline earnings for the six-month period ended 28 February 2023 increased to K510 million from K439 million for the 6 months to 29 February 2022. Earnings per share grew by 16% from 138.8 ngwee per share to 161.4 ngwee per share.

Business Performance

Cane supply for the period under review increased 18% compared to the previous period due to an improvement in cane yields for the estate and out-growers. The upside in yields is mainly attributable to better climatic conditions experienced during the summer growing months and availability of power for irrigation. Total cane supplied for the 2022/23 season was 3.359 million tons compared to 3.158 million tons in the 2021/22 season.

The increase in cane supply resulted in a corresponding 11% increase in sugar production for the six-month period which was 15,200 tons higher than the comparative period last year. For the 2022/23 season 400,431 tons of sugar was produced compared to 390,206 tons in the 2021/22 season.

Domestic market sales were under pressure from illegal imports but recovered strongly towards the end of the period following the institution of promotions and other non-price interventions. Sales in the regional export market increased due to better stock availability and strong demand.

Prospects

The Company expects to face challenges in the second half of the year due to economic uncertainties in the local economy, fluctuations in exchange rates and rising costs of commodities all of which will put pressure on sales and costs.

Higher sugar production is expected for the 2023/24 season following good rainfall received and improved performance from the factory as a result of works undertaken during off-crop to improve plant reliability.

Domestic sales are forecast to continue to grow in the coming months while the strong demand in the regional export market is expected to persist.

Dividend

No interim dividend has been declared for the half-year period as the Board has prioritised financing operational requirements.

By order of the Board

Harriet Kapekele - Katongo
Company Secretary

Issued in Lusaka, Zambia on 16 May 2023

Lusaka Securities Exchange Sponsoring Broker



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First Issued on 16 May 2023