

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

Stockbrokers Zambia Limited

[Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456
Website: www.sbz.com.zm

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: 03 November 2023

FULL YEAR RESULTS

In accordance with the requirements of the Securities Act No. 41 of 2016, Zambia Sugar Plc announces its results for the 12 month period ended 31st August 2023

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Company	
	Audited 12 months ended August 2023	Audited 12 months ended August 2022	Audited 12 months ended August 2023	Audited 12 months ended August 2022
	K '000	K '000	K '000	K '000
Revenue	5 827 704	5 111 776	5 827 704	5 111 776
Operating profit	1 248 171	1 242 498	1 174 504	1 101 182
Dividend Income	-	-	78 972	86 342
Exchange movements on leases	(12 658)	11 174	(12 658)	11 174
Net finance costs	(39 658)	(74 196)	(52 452)	(80 717)
Profit before taxation	1 195 855	1 179 476	1 188 366	1 117 981
Taxation	(260 223)	(174 328)	(247 083)	(157 008)
Profit for the period	935 632	1 005 148	941 283	960 973
Profit attributable to:				
Shareholders of Zambia Sugar Plc	935 632	1 005 148	941 283	960 973
	935 632	1 005 148	941 283	960 973
<u>Determination of headline earnings</u>				
Profit attributable to shareholders of Zambia Sugar Plc	935 632	1 005 148	941 283	960 973
Headline earnings for the period	935 632	1 005 148	941 283	960 973
Number of shares in issue ('000)	316 571	316 571	316 571	316 571
Weighted average number of shares in issue ('000)	316 571	316 571	316 571	316 571
Basic and diluted earnings per share (ngwee)	295.6	317.5	297.3	303.6
Dividend per share (ngwee)	349.0	94.4		
- Final proposed	349.0	94.4		

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

	Group		Company	
	Audited 12 months ended August 2023	Audited 12 months ended August 2022	Audited 12 months ended August 2023	Audited 12 months ended August 2022
	K '000	K '000	K '000	K '000
Revenue				
Sugar production	4 426 316	3 531 450	4 426 316	3 531 450
Cane growing	1 401 388	1 580 326	1 401 388	1 580 326
	5 827 704	5 111 776	5 827 704	5 111 776
Operating profit				
Sugar production	1 199 038	783 556	1 199 043	783 572
Cane growing	49 133	458 942	(24 539)	317 610
	1 248 171	1 242 498	1 174 504	1 101 182

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	August 2023	August 2022	August 2023	August 2022
	K '000	K '000	K '000	K '000
Share capital and share premium				
Balance at beginning and end of the year	247 338	247 338	247 338	247 338
Non-Distributable Reserves				
Balance at beginning of the year	40	40	40	40
Balance at end of the year	40	40	40	40
Dividend Reserve				
Dividends declared	298 843	267 503	298 843	267 503
Dividends paid	(298 843)	(267 503)	(298 843)	(267 503)
Balance at end of the year	-	-	-	-
Retained Earnings				
Balance at beginning of the year	3 068 081	2 330 436	2 785 068	2 091 598
Profit for the year	935 632	1 005 148	941 283	960 973
Dividend reserve movement	(298 843)	(267 503)	(298 843)	(267 503)
Balance at end of the year	3 704 870	3 068 081	3 427 508	2 785 068
Total Equity	3 952 248	3 315 459	3 674 886	3 032 446

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group		Company	
	August 2023	August 2022	August 2023	August 2022
	K '000	K '000	K '000	K '000
Assets				
Property, plant and equipment	2 110 201	1 926 526	1 951 383	1 773 809
Intangible asset	67 902	67 902	-	-
ROU Assets	123 498	47 800	123 498	47 800
Investment in subsidiary	-	-	177 163	177 163
Growing cane	595 776	589 538	491 330	492 328
Inventories	1 251 385	1 395 034	1 217 412	1 363 724
Trade and other receivables	562 238	698 811	534 020	662 332
Other current assets	332	1 164	332	1 164
Cash and bank balances	877 924	172 780	876 262	171 965
Total assets	5 589 256	4 899 555	5 371 400	4 690 285
Equity and liabilities				
Equity attributable to shareholders	3 952 248	3 315 459	3 674 886	3 032 446
Lease Liabilities	166 489	73 025	166 489	73 025
Deferred tax liability	266 314	261 441	234 429	230 238
Long and short-term borrowings	0	54 602	0	54 602
Bank overdraft	39 061	97 654	39 061	97 654
Current liabilities	1 165 144	1 097 374	1 256 535	1 202 320
Total equity and liabilities	5 589 256	4 899 555	5 371 400	4 690 285

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Company	
	Audited 12 months ended August 2023	Audited 12 months ended August 2022	Audited 12 months ended August 2023	Audited 12 months ended August 2022
	K '000	K '000	K '000	K '000
Cash operating profit	1 465 098	1 303 661	1 381 967	1 176 330
Working capital movements	306 014	(300 396)	287 180	(283 554)
Finance costs, taxation and dividends paid	(319 385)	(275 982)	(316 368)	(271 744)
Net cash outflows from operating activities	1 451 727	727 283	1 352 779	621 032
Net cash outflows from investing activities	(307 672)	(178 811)	(209 571)	(71 124)
Net cash outflows before financing activities	1 144 055	548 472	1 143 208	549 908
Net cash outflows from financing activities	(380 318)	(649 065)	(380 318)	(649 065)
Increase/(Decrease) in cash and cash equivalents	763 737	(100 593)	762 890	(99 157)
Cash and Bank Balances				
Opening bank and cash balance	75 126	175 719	74 311	173 468
Closing bank and cash balance	838 863	75 126	837 201	74 311
Movement	763 737	(100 593)	762 890	(99 157)

LUSAKA STOCK EXCHANGE SPONSORING BROKER

STOCKBROKERS ZAMBIA LIMITED

[MEMBER OF THE LUSE AND REGULATED BY THE SECURITIES AND EXCHANGE COMMISSION OF ZAMBIA]

 T: +260-211-232456
 W: www.sbz.com.zm

COMMENTARY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

Financial Performance Review

Total revenue for the year ended 31 August 2023 grew by 14% to K5.827 billion largely driven by a 12% improvement in the weighted average selling price for domestic and export sales. Sales to the export market increased by 28% driven by strong regional demand, good logistics management and availability of stocks following the slowdown in domestic demand. Compared to the previous year, domestic sales volume was negatively impacted by the influx of illegal imports, and low disposable income for rural households. The Company responded by implementing promotions and intense advertising campaign and managed to recover some of the lost market share.

Operating profit for the year was K1.248 billion compared to K1.243 billion in the previous year. The improvement in performance is due to improved price realisation and cost management despite significant increases in key input costs (fertilisers, chemicals, electricity, employee costs, packaging and fuel). Overall, costs increased by 10% which was in line with inflation.

Finance costs for the year ended 31 August 2023 decreased by K35 million to K40 million improving interest cover from 16.7 to 31.5 times. The business closed with a positive cash position after paying the outstanding long-term debt of K42 million.

Profit after-tax for the year ended 31 August 2023 decreased by K70 million to K935 million due to a 3% increase in effective tax rate.

Headline earnings for the year ended 31 August 2023 decreased to K935 million from K1 005 million for the previous year. Earnings per share decreased by 7% from 317.5 ngwee per share to 295.6 ngwee per share.

Dividend

The Board has recommended a total dividend of 349 ngwee per share (2022 - 94.44 ngwee) to be considered for approval by shareholders at the Annual General Meeting scheduled for 28 November 2023. The total dividend will amount to K1 104 million.

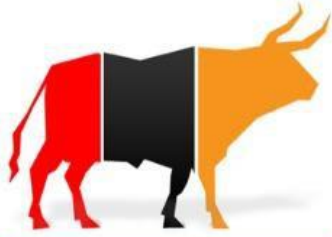
This consists of a base dividend of 191 ngwee and a special dividend of 158 ngwee. The company has a dividend policy of distributing up to 50% of free cash flow and this maximum figure amounting to 191 ngwee is recommended and forms the base dividend. Recognising the strength of the balance sheet following 3 years of earnings above K1 billion and the repayment of all long-term debt, the directors have also recommended a once off special dividend of 158 ngwee per share.

By order of the Board

Harriet Kapekele – Katongo
Company Secretary

Issued in Lusaka, Zambia on 03 November 2023

Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456

E | advisory@sbz.com.zm

W | www.sbz.com.zm

Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

First Issued on 03 November 2023