

**SENS ANNOUNCEMENT**  
(the “Notice” or “Announcement”)

**ISSUER**



**AN ILLOVO SUGAR AFRICA COMPANY**

**ZAMBIA SUGAR PLC [“ZSUG”]**  
[Incorporated in the Republic of Zambia]

Company registration number: 2880  
Share Code: ZSUG  
ISIN: ZM0000000052  
Authorised by: Mwansa Mutimushi – Company Secretary

**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](http://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. Stockbrokers Zambia Limited

**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: 7 June 2019**

### 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 February 2019

#### SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended February 2019	Unaudited 6 months ended February 2018
	K '000	K '000
<b>Revenue</b>	<b>1 218 743</b>	1 064 725
<b>Operating profit</b>	<b>189 699</b>	150 186
Net finance costs	(140 220)	(126 421)
<b>Profit before taxation</b>	<b>49 479</b>	23 765
Taxation	(13 375)	(3 052)
<b>Profit for the period</b>	<b>36 104</b>	20 712
<b>Profit attributable to:</b>		
Shareholders of Zambia Sugar Plc	30 440	17 945
Non-controlling interest	5 664	2 768
	<b>36 104</b>	20 712
<u>Determination of headline earnings</u>		
Profit attributable to shareholders of Zambia Sugar Plc	30 440	17 945
Headline earnings for the period	<b>30 440</b>	17 945
Number of shares in issue ('000)	<b>316,571</b>	316,571
Weighted average number of shares in issue ('000)	<b>316,571</b>	316,571
Basic and diluted earnings per share (ngwee)	<b>9.6</b>	5.7
Headline earnings per share (ngwee)	<b>9.6</b>	5.7

## SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited February 2019</b>	Unaudited February 2018
	<b>K '000</b>	K '000
<b>Assets</b>		
Property, plant and equipment	<b>1 898 736</b>	1 923 561
Intangible asset	<b>67 902</b>	67 902
Growing cane	<b>437 546</b>	399 059
Inventories	<b>572 580</b>	454 725
Trade and other receivables	<b>427 168</b>	449 052
Other current assets	<b>44 882</b>	31 021
Cash and bank balances	<b>151 546</b>	33 994
<b>Total assets</b>	<b>3 600 360</b>	3 359 314
<b>Equity and liabilities</b>		
Equity attributable to shareholders	<b>1 162 848</b>	988 683
Non-controlling interest	-	39 745
Deferred tax liability	<b>131 328</b>	140 235
Long and short-term borrowings	<b>1 547 002</b>	1 609 335
Bank overdraft	<b>184 234</b>	184 863
Current liabilities	<b>574 948</b>	396 453
<b>Total equity and liabilities</b>	<b>3 600 360</b>	3 359 314

## SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited 6 months ended February 2019</b>	Unaudited 6 months ended February 2018
	<b>K '000</b>	K '000
Cash operating profit	<b>104 843</b>	105,943
Working capital movements	<b>(100 073)</b>	(200,848)
Finance costs, taxation and dividends paid	<b>(151 683)</b>	(135 922)
<b>Net cash outflows from operating activities</b>	<b>(146 913)</b>	(230 827)
Net cash outflows from investing activities	<b>(51 396)</b>	(47 300)
<b>Net cash outflows before financing activities</b>	<b>(198 309)</b>	(278 127)
Net cash outflows from financing activities	<b>(8 308)</b>	(28,688)
<b>Decrease in cash and cash equivalents</b>	<b>(206 617)</b>	(306 815)

**SUMMARISED STATEMENT OF CHANGES IN EQUITY**

	<b>Unaudited February 2019 K '000</b>	<b>Unaudited February 2018 K '000</b>
<b>Share capital and share premium</b>		
Balance at beginning and end of the year	<u>247,338</u>	<u>247,338</u>
<b>Non-Distributable Reserves</b>		
Balance at beginning of the year	(9,191)	36,242
Cash flow hedges	<u>(1,633)</u>	<u>(35,940)</u>
Balance at end of the year	<u>(10,824)</u>	<u>302</u>
<b>Retained Earnings</b>		
Balance at beginning of the year	875,741	723,099
Profit for the year	30,440	17,945
Acquisition of non-controlling interest	<u>20,153</u>	<u>-</u>
Balance at end of the year	<u>926,335</u>	<u>741,044</u>
<b>Non-controlling Interest</b>		
Balance at beginning of the year	40,729	36,977
Profit for the year	5,664	2,768
Dividends paid	(2,787)	-
Acquisition of non-controlling interest	<u>(43,606)</u>	<u>-</u>
Balance at end of the year	<u>-</u>	<u>39,745</u>
<b>Total Equity</b>	<u><b>1,162,849</b></u>	<u><b>1,028,428</b></u>

## COMMENTARY FOR THE HALF YEAR PERIOD TO 28 FEBRUARY 2019

### Review

Cane supply and quality have been trending above that of the past three years mainly due to improved bulk water supply and infield irrigation, better aphid and black maize beetle control measures as well as an increased area due to better farming practices and improved field specific nutrition program. This recovery resulted in Sugar production for the 2018/19 farming season ending at 400 000 tons compared to 353 000 tons in the prior season.

The domestic market performance has continued on the positive trajectory largely driven by continued optimisation of route to consumer to enhance market penetration and availability, optimisation of product portfolio to ensure needs of all consumer segments are met.

Despite growth being recorded in Regional market sales, performance continues to be impacted by the surplus world sugar supply which has resulted significant volumes of world market sugar finding its way into the region affecting demand and putting pressure on margins.

Proactive measures taken to reset the cost base through the implementation of a project called Project 400, has had a positive impact on half year earnings.

Total revenue for the 6-month period to 28 February 2019 was K1.219 billion, 14% above the comparative period of K1.065 billion mainly due to improved cane supply and higher sales demand.

Operating profit for the 6-month period was K190 million compared to the K150 million operating profit in the comparative period. This is mainly driven by the higher net revenue, increased production levels and strict cost control measures in place. Finance costs, however, increased from K126 million in the 6 months to February 2018, to K140 million in the reported period, the result of increased Treasury bill auction rates. Headline earnings for the 6-month period ended February 2019 was K30 million, 68% above the comparative period at K18 million.

### Directorate

Mr Norman Mbazima was appointed as a Director of the Company with effect from 26 February 2019.

### Prospects

The outlook for the second half is expected to take a turn with economic uncertainty, increased regulation and the introduction of Sales Tax putting pressure on margins.

Sugar production for the March 2020 season is expected to exceed the March 2019 seasonal and growth is expected to continue in both the domestic and regional export markets although margins on exports will remain under pressure from low global sugar prices

### Dividends

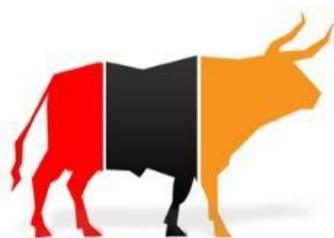
Due to the high debt levels, no interim dividend has been declared.

### By order of the Board

**Mwansa Mulumba Mutimushi**  
Company Secretary

Issued in Lusaka, Zambia on Friday 7<sup>th</sup> June, 2019

Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456  
E | [advisory@sbz.com.zm](mailto:advisory@sbz.com.zm)  
W | [www.sbz.com.zm](http://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 7<sup>th</sup> June 2019