AGENDA

- Company Overview
  - Executive Profiles
  - Highlights
  - Salient Features
  - Production Dashboard

- Market Overview

- Strategic Response

- Financial Overview

- Prospects
Management Team

Rebecca M. L. Katowa  
BA, MBA, DipM, MCIM, FZIM  
**Managing Director**  
Responsible to the Zambia Sugar board and shareholders for the delivery of the company’s strategic goals and objectives, providing leadership across the business functions.

Henry K. Mambwe  
BSc, FCCA, FZICA  
**Finance Director**  
Responsible for financial, performance analysis (operational and financial), internal and external financial reporting, treasury and corporate finance functions, business development and information technology.

Chembe Kabandama  
MBA, B.Eng, CIMA  
**Marketing Director**  
Responsible for sales and marketing operations in respect of domestic and export markets and new market opportunities.

Graham Rolfe  
BSc - Eng, Pr - Eng, GCC, MDP  
**Operations Director**  
Responsible for operations in respect of agriculture and factory operational functions and well as safety, health, environment and quality (SHEQ).

Beatrice M. Mutambo  
BBA, MBA  
**Human Resources Director**  
Responsible for human resources policies, staffing and talent management, human resource development and training, industrial relations, retirement funding, compensation and benefits, human resource administration and payrolls, employee welfare and medical services.

Stuart S. Forbes  
BTech Mgt, ABP  
**Supply Chain Manager**  
Responsible for procurement, inventory, inbound and outbound logistics and warehousing.
Financial Results For The Year Ended 31 March 2017

Management Team

Godfrey Mpundu  
BEng (Chem), ALChemE  
Factory Manager  
Responsible for manufacturing operations.

Anthony H. Domleo  
BCom, NDA  
Agriculture Manager  
Responsible for agricultural operations and smallholder development.

Japhet Banda  
Mcom (cum laude) Rhodes, PDEM Rhodes, DJourn  
Communication and Corporate Affairs Manager  
Responsible for Advocacy, Stakeholder Management and Corporate Communications

Mwansa M. Mutimushi  
LLB, AHCZ, ASCZ, LLM MedArb  
Company Secretary and Legal Counsel  
Responsible for all statutory and regulatory company secretarial functions, governance, and overseeing the legal, secretarial, compliance, sustainability and corporate citizenship functions.
Highlights

- Nakambala Refinery commissioned by H.E. President Edgar Lungu on 6th July 2016
- Manyonyo smallholder scheme delivers first cane on 14th July 2016
- 100% acquisition of Illovo shares by ABF
  - Alignment of financial year to ABF
## Salient Features – Twelve months to March 2017

### Financial
- ✔ Operating profit increases by 25%
- ✗ Finance costs up by 112%
- ✗ Headline earnings per share down 183%
- ✔ Return on net assets up 0.7%
- ✗ Gearing up 3.1%
- ✔ Cost saving initiatives deliver up to K133m

### Markets
- ✗ Domestic sales volumes down by 17%
- ✔ Regional market volumes up by 33%
- ✔ Sales to low priced bulk EU market down by 74%
- ✗ Decline in regional market pricing

### Physicals
- ✗ Sugar production: 359,275 tons - down 6%
- ✗ Own cane production: 1.64m tons - down 3%
- ✔ Factory sugar recoveries from 84.9% to 82.6%
- ✔ Improvement in lost time availability from 8.3% to 7.6%

### Risk & Safety
- ✔ Lost time injury frequency rate (LTIFR) down to 0.04 from 0.08 in March 2016
- ✔ 2.8 million hours injury-free man hours in industrial operations
- ✔ 9.8 million hours lost time incident-free in agriculture operations
New refinery operational for the first full season but drought conditions reduce sugar production

<table>
<thead>
<tr>
<th></th>
<th>2014/15 Actual</th>
<th>2015/16 Actual</th>
<th>2016/17 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own Cane (tons)</td>
<td>1 964 633</td>
<td>1 694 227</td>
<td>1 638 547</td>
</tr>
<tr>
<td>Yield – Own Cane (tons/hectare)</td>
<td>118.3</td>
<td>102.4</td>
<td>100.5</td>
</tr>
<tr>
<td>Sucrose Content – Own Cane (%)</td>
<td>14.6</td>
<td>14.3</td>
<td>14.4</td>
</tr>
<tr>
<td>Total Cane Crushed</td>
<td>3 417 172</td>
<td>3 101 726</td>
<td>3 006 939</td>
</tr>
<tr>
<td>Crush Rate (tons cane per hour)</td>
<td>628</td>
<td>673</td>
<td>658</td>
</tr>
<tr>
<td>Household Sugar Made (tons)</td>
<td>193 724</td>
<td>156 260</td>
<td>138 189</td>
</tr>
<tr>
<td>Brown Sugar Made (tons)</td>
<td>187 053</td>
<td>179 890</td>
<td>154 877</td>
</tr>
<tr>
<td>Refined Sugar Made (tons)</td>
<td>43 247</td>
<td>44 283</td>
<td>65 210</td>
</tr>
<tr>
<td>Total Sugar Production (tons)</td>
<td>424 024</td>
<td>380 433</td>
<td>359 275</td>
</tr>
</tbody>
</table>
Overview

- Drop in sugar production due to drought conditions and associated power interruptions which restricted irrigation.
- Drop in domestic sales volumes, driven mainly by declining disposable income levels due to challenging consumer market conditions. Also, competitive pressure arising from illegal sugar imports.
- The business benefitted from improvements to the sales mix with sugar being redirected from EU into regional markets.
- Increase in operating profit has been offset by an increase in finance costs due to the new refinery funding and the high interest rate environment.
Macroeconomic environment deteriorated since prior year

World sugar prices have exhibited a significant decline over recent months
- Prices have been depressed by weak Brazilian Real, and reasonably low oil price
- High levels of global stocks will take some time to clear

Economic fundamentals support an increase in the world price in the medium term
- Continued demand growth of 2% p.a.
- Various mill closures occurring and expected due to high debt levels
- Construction of new capacity is not viable at current price levels without significant subsidies

World sugar price still hovering at low levels

Euro significantly weaker than prior year
Significant weakening of key local exchange rates

Significant weakening of local currencies impacted results in various areas:

- Increase in costs from foreign currency-based purchases
- Positive increase in export proceeds
- Creates local economic challenges and increases local inflation

Zambian Kwacha stabilises during 2016/17
Strategic Response

Development of key markets

- Reduce bulk exports to EU
- Wider region provides valuable alternatives
- Target higher-margin segments
- New refinery positions Zambia Sugar as supplier of choice

Cost reduction

- Continue to ensure global cost competitiveness
- Major cost reset project now implemented a key enabler
Regional Markets Are Valuable Alternative to EU

Prices within regional markets expected to remain above world levels despite increasing levels of competition amongst regional producers

- High logistics costs across Africa provide ongoing advantage to local producers versus world supply
- Preferential access within Customs Areas and Trade Blocs of operation provide benefit where trade protection is effective

EU prices significantly weaker than prior year

<table>
<thead>
<tr>
<th>Month</th>
<th>Price €/ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-14</td>
<td>560</td>
</tr>
<tr>
<td>Jun-14</td>
<td>520</td>
</tr>
<tr>
<td>Sep-14</td>
<td>480</td>
</tr>
<tr>
<td>Dec-14</td>
<td>440</td>
</tr>
<tr>
<td>Mar-15</td>
<td>400</td>
</tr>
<tr>
<td>Jun-15</td>
<td>440</td>
</tr>
<tr>
<td>Sep-15</td>
<td>480</td>
</tr>
<tr>
<td>Dec-15</td>
<td>520</td>
</tr>
<tr>
<td>Mar-16</td>
<td>560</td>
</tr>
</tbody>
</table>

Regional Markets with Preferential Access

- Country with Illovo production
- Countries which share at least one Customs Area or Trade Bloc with Illovo’s production countries

Customs Area & Trade Blocs included:
- COMESA (Common Market for Eastern and Southern Africa)
- EAC (East African Community)
- SADC (Southern African Development Community)
- SACU (Southern African Customs Union)
Resetting the cost base

**Strong cost focus continues to ensure acceptable margins even during troughs of the sugar price cycle**

- Our operation to remain competitive on a global basis, although Brazil’s competitiveness has improved due to weak Brazilian Real.

- Our major cost reset initiative, Project 400, continues to be implemented across the business. Our goal is to increase our resilience against operational and economic “shocks”.

Financial Results For The Year Ended 31 March 2017
Key Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th>2015/16</th>
<th>2016/17</th>
<th>YOY Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>K ‘million</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,015</td>
<td>2,479</td>
<td>23%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>327</td>
<td>411</td>
<td>25%</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>222</td>
<td>470</td>
<td>-112%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>105</td>
<td>-59</td>
<td>-156%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>86</td>
<td>-60</td>
<td>-170%</td>
</tr>
<tr>
<td>Headline earnings</td>
<td>80</td>
<td>-66</td>
<td>-183%</td>
</tr>
</tbody>
</table>

**Analysis**

<table>
<thead>
<tr>
<th></th>
<th>2015/16</th>
<th>2016/17</th>
<th>YOY Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin (%)</td>
<td>16.2%</td>
<td>16.6%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Interest cover (times)</td>
<td>1.5</td>
<td>0.9</td>
<td>-0.6</td>
</tr>
<tr>
<td>Effective tax rate (%)</td>
<td>18.9%</td>
<td>-1.4%</td>
<td>-20.3%</td>
</tr>
<tr>
<td>EPS (ngwee)</td>
<td>25.3</td>
<td>-21.04</td>
<td>-183%</td>
</tr>
<tr>
<td><strong>HEPS (ngwee)</strong></td>
<td>25.3</td>
<td>-21.04</td>
<td>-183%</td>
</tr>
<tr>
<td>EBITDA (K'm)</td>
<td>229</td>
<td>571</td>
<td>149%</td>
</tr>
<tr>
<td>Return On Net Assets (%)</td>
<td>14.0%</td>
<td>14.7%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Debt : Equity</td>
<td>166.2</td>
<td>190.3</td>
<td>24.1%</td>
</tr>
<tr>
<td>Gearing (%)</td>
<td>62.4%</td>
<td>65.6%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Financial Results For The Year Ended 31 March 2017
**Finance Cost Analysis**

**Rate change:**
- Increase in Treasury Bill interest rates (91 & 182 day T-Bill)
- Increase in short term facility lending rates

**Borrowings utilisation:**
- Final draw-down of new refinery loan.
- Increase in short-term facilities and utilisation on increased working capital requirements

<table>
<thead>
<tr>
<th></th>
<th>Actual 2015/16</th>
<th>Rate Change</th>
<th>Borrowings Utilisation</th>
<th>Actual 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>K’ million</td>
<td>222</td>
<td>154</td>
<td>94</td>
<td>470</td>
</tr>
</tbody>
</table>

Financial Results For The Year Ended 31 March 2017
## Net Debt Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net debt</td>
<td>(927)</td>
<td>(1,686)</td>
</tr>
<tr>
<td>Operating cash flows</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash operating profit</td>
<td>229</td>
<td>592</td>
</tr>
<tr>
<td>Working capital</td>
<td>(44)</td>
<td>(79)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(30)</td>
<td>(28)</td>
</tr>
<tr>
<td>Receivables</td>
<td>(122)</td>
<td>(82)</td>
</tr>
<tr>
<td>Payables</td>
<td>108</td>
<td>31</td>
</tr>
<tr>
<td>Net financing costs &amp; dividend income</td>
<td>(199)</td>
<td>(470)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(10)</td>
<td>(7)</td>
</tr>
<tr>
<td>Shareholder distributions</td>
<td>(51)</td>
<td>(4)</td>
</tr>
<tr>
<td>Investment cash flows</td>
<td>(684)</td>
<td>(300)</td>
</tr>
<tr>
<td>Expansion/opportunity capital</td>
<td>(592)</td>
<td>(218)</td>
</tr>
<tr>
<td>Replacement capital</td>
<td>(46)</td>
<td>(36)</td>
</tr>
<tr>
<td>Other movements</td>
<td>(46)</td>
<td>(46)</td>
</tr>
<tr>
<td>Closing net debt</td>
<td>(1,686)</td>
<td>(1,954)</td>
</tr>
</tbody>
</table>

### Net Debt Balances (K' million)

- Mar 2016: 1,686
- Mar 2017: 1,955

**Gearing:**
- Mar 2016: 62.4%
- Mar 2017: 65.6%

**Free Cash Flow:**

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(K75m)</td>
<td>(K51m)</td>
</tr>
</tbody>
</table>

**Impact of high interest rate environment in Zambia**

**Final spend on Nakambala refinery (commissioned in May 2016)**
Difficult market conditions are expected to continue but higher production levels in the year ahead

- Increased production levels are expected in the coming year due to above average rainfall experienced during December 2016 through to March 2017.

- Difficult market conditions are expected to continue in the short-term consequent to the legacy of weak economic fundamentals from prior years.

Progress on underlying strategic imperatives is expected to continue

- Reasonable growth is expected in the domestic market

- Further progress in shifting export sales away from the EU to the region is expected; realisations in these markets will continue to be influenced by exchange rate movements

- Zambian refinery expansion and product alignment project to begin to achieve business case
End

Q&A