

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: 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

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: 24 May 2018

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 2018

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended February 2018	Unaudited 6 months ended February 2017
	K '000	K '000
Revenue	1 064 725	1 315 555
Operating profit	150 186	343 706
Net finance costs	(126 421)	(244 682)
Profit before taxation	23 765	99 024
Taxation	(3 052)	(6 037)
Profit for the period	20 712	92 988
Profit attributable to:		
Shareholders of Zambia Sugar Plc	18 077	89 067
Non-controlling interest	2 636	4 065
	20 712	93 132
Determination of headline earnings		
Profit attributable to shareholders of Zambia Sugar Plc	18 077	89 067
Headline earnings for the period	18 077	89 067
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)	5.7	28.1
Headline earnings per share (ngwee)	5.7	28.1
Dividend per share (ngwee)	-	-
- First interim paid	-	-
- Second interim declared	-	-
- Final proposed	-	-

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

	Unaudited 6 months ended February 2018	Unaudited 6 months ended February 2017
	K '000	K '000
Revenue		
Sugar production	859 628	1 053 627
Cane growing	205 097	261 928
	1 064 725	1 315 555
Operating profit		
Sugar production	105 725	305 595
Cane growing	44 461	38 111
	150 186	343 706

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited February 2018	Unaudited February 2017
	K '000	K '000
Assets		
Property, plant and equipment	1 922 482	1 960 097
Intangible asset	67 902	67 902
Growing cane	399 059	437 464
Inventories	454 725	491 969
Trade and other receivables	483 783	653 661
Other current assets	31 021	52 678
Cash and bank balances	33 994	35 487
Total assets	3 392 966	3 699 259
Equity and liabilities		
Equity attributable to shareholders	970 177	994 938
Non-controlling interest	36 102	37 051
Deferred tax liability	140 236	135 478
Long and short-term borrowings	1 609 334	1 745 278
Bank overdraft	184 863	210 927
Current liabilities	452 254	575 587
Total equity and liabilities	3 392 966	3 699 259

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended February 2018	Unaudited 6 months ended February 2017
	K '000	K '000
Cash operating profit	105 943	314,386
Working capital movements	(200 848)	(113,556)
Finance costs, taxation and dividends paid	(135 922)	(261 918)
Net cash outflows from operating activities	(230 827)	(61 088)
Net cash (outflows)/inflow from investing activities	(47 300)	66 882
Net cash (outflows)/inflows before financing activities	(278 127)	5 794
Net cash outflows from financing activities	(28 688)	(56,583)
Decrease in cash and cash equivalents	(306 815)	(50 789)

LUSAKA STOCK EXCHANGE SPONSORING BROKER



STOCKBROKERS ZAMBIA LIMITED

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

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HALF YEAR RESULTS

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended February 2018

Group	Share capital and premium K'000	Capital redemption reserve K'000	Hedging reserve K'000	Retained earnings K'000	Attributable to shareholders of Zambia Sugar Plc K'000	Non-controlling interest K'000	Total K'000
Balance at 28 February 2017	247 338	40	28 475	719 085	994 938	37 051	1 031 989
Total comprehensive income for the year	-	-	7 727	(14 624)	(6 897)	(2 980)	(9 877)
Profit for the year as reported in the 2017 financial statements	-	-	-	(14 624)	(14 624)	(2 980)	(17 604)
Cash flow hedges	-	-	7 727	-	7 727	-	7 727
Dividends paid	-	-	-	-	-	-	-
Balance at 25 August 2017	247 338	40	36 202	704 461	988 041	34 071	1 022 112
Total comprehensive income for the year	-	-	(35 940)	18 077	(17 863)	6 512	(11 351)
Profit for the year	-	-	-	18 077	18 077	6 512	24 589
Cash flow hedges	-	-	(35 940)	-	(35 940)	-	(35 940)
Dividends paid	-	-	-	-	-	(4 481)	(4 481)
Balance at 28 February 2018	247 338	40	262	722 537	970 177	36 102	1 006 279

COMMENTARY FOR THE HALF YEAR PERIOD TO 28 FEBRUARY 2018

Review

The results reported relate to the period 1 September 2017 to 28 February 2018 compared to 1 September 2016 to 28 February 2017. The six month period September to February is being reported for the first time due to the change in the company's year-end to August,

The company's financial performance in the half year under review was negatively impacted by the effects of changing weather patterns that increased the incidence of pests and disease as well as dampened ideal growing conditions resulting in lower cane yields that were available for crushing. Prior season inconsistent power supply also contributed to the overall lower sugar produced.

Sugar trading was also severely impacted by the surplus world sugar supply. The increased supply has seen significant volumes of world market sugar finding its way into the company's primary regional markets, affecting demand and putting pressure on margins. The domestic market has not been spared with increased availability of smuggled sugar imports.

However, these negative effects were tempered by management's proactive actions to implement strict cost control measures. Further, the company benefited from lower financing costs following the reduction in the Bank of Zambia monetary policy rate.

Total revenue for the 6 month period to 28 February 2018 was K1.064 billion, K250 million below the comparative period mainly due to lower regional sales demand and increased smuggled sugar imports which continued putting substantial pressure on domestic sales.

Operating profit for the 6 month period was K150 million compared to the K343 million operating profit in the comparative period. This is mainly driven by the lower net revenue and production levels, mitigated in part by strict cost control measures in place.

Finance costs reduced from K245 million in the 6 months to February 2017, to K126 million in the reported period, the result of a decline in treasury bill auction rates and Bank of Zambia monetary policy rates.

Headline earnings for the 6 month period ended February 2018 decreased to K18.1 million from K89.1 million reported for the 6 months to 28 February 2017.

Directorate

Ms Faith Mukutu was appointed as a Director of the Company with effect from 20 February 2018.

Prospects

The outlook for the second half is expected to take a positive turn reflective of measures management has taken to protect market share, coupled with the continued focus on its cost reduction and optimisation programs with focus on maximising production, lowering the cost base and reducing debt levels within the business.

Dividends

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

By order of the Board

Mwansa Mulumba Mutimushi
Company Secretary
10 May 2018