

FY2023: AN IMPRESSIVE FINANCIAL YEAR

Chilanga Cement PLC ("Chilanga" or the "Company"), formerly Lafarge Zambia manufactures and sells cement and aggregate products for the local building and construction industry in Zambia and for international export. It was founded in 1945 and got listed on the Lusaka Securities Exchange ("LuSE") on 22 May 1995 making it the first listed company on LuSE.

Chilanga expanded its domestic market share and achieved a 13% increase in turnover, reaching ZMW 2.02 billion in 2023 (up from ZMW 1.78 billion in 2022). This growth was propelled by higher sales volumes and strategic pricing adjustments to offset rising input costs, particularly for fuel and transportation. Nevertheless, production costs escalated by 12%, driven by significant increases in fuel expenses, production materials, and transportation. Additionally, the sharp rise in the cost of local supplies and services outpaced inflation. Although the operational optimization initiative began delivering expected benefits, substantial hikes in material and transportation costs partially offset these gains.

FY 2023 Financial Performance

	2022	2023	Change
	ZMW'000	ZMW'000	%
Revenue	1,783,838	2,023,952	▲13.46
Cost of Sales	826,631	929,360	▲12.43
Gross Margin	957,207	1,094,592	▲14.35
Operating Profit	436,804	644,359	▲47.52
PBT	434,174	639,722	▲47.34
Income Tax (expense)	104,969	192,282	▲83.18
Profit	329,205	447,441	▲35.92
EPS (ZMW)	1.65	2.24	▲35.76

Source: Pangaea Data & Chilanga 2023 Annual Report

The cement producer recorded a 13% revenue growth and a 47% increase in Profit Before Tax. Operating costs, although contained, were high due to continued operation at high input costs such as fuel and transportation. Opportunities continue to be pursued to reduce the cost base and improve efficiencies to optimize cash flow and cash resources.

Operating profit increased by 48%, and there was a 36% growth in profit after tax. The growth is driven by employees' efforts throughout the year, including structural cost savings and various marketing strategies to serve both the domestic and foreign markets. While competition in the Zambian cement industry remained very high, the Company increased its earnings per share to ZMW2.24 (2022: ZMW1.65), representing a 36% increase compared to 2022. The balance sheet remains strong with net cash resources of ZMW601 million at year-end with no external debt.

Overall, the financial data for Chilanga from 2022 to 2023 shows strong growth and improved profitability across multiple key metrics:

- Revenue growth of 13.46%
- Gross margin improvement of 14.35%
- Significant increases in operating profit (47.52%) and PBT (47.34%)
- Substantial rise in net profit by 35.92%
- Increased EPS by 35.76%

Stock Performance:

The Chilanga Cement Stock (the "Stock" or "CHIL") had remained flat during the first quarter of 2024, and was priced at ZMW13.80 except between 23-30 January 2024 when it was trading at ZMW13.70. Currently, the Stock is trading at a ZMW16.50. Chilanga's currently the ninth most valuable stock on the LuSE with a market capitalization of ZMW 3.3 billion, which is about 3.27% of the LuSE equity market. In 2023, the Stock's outright performance ranged between ZMW13.38 to ZMW14.38, oscillating in-between gains and losses of about ZMW0.42 to ZMW1.00 throughout the year.

The Stock was the 7th most-traded stock on the LuSE with 607 trades in 2023, accounting for 3.34% of the 18,157 trades on the LuSE during the year. The Stock averaged 51 trades per month, or 2 trades per business day, with a high of 72 recorded in September due to an Interim Dividend Announcement. With over ZMW40.2 million in turnover, the Stock accounted for 0.92% of the ZMW4.4 billion total LuSE Turnover. By this metric, it was the second-most traded stock on the LuSE.

LuSE Ticker

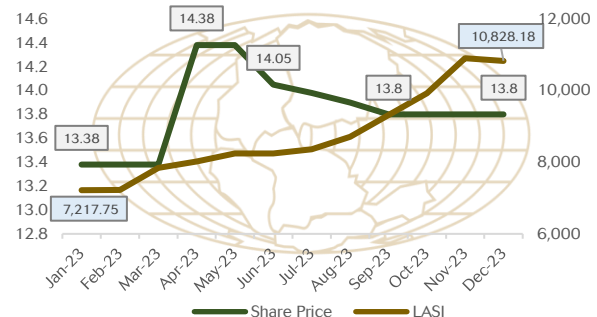
	CHIL
LuSE Price, in ZMW [31.12.24]	16.50
LuSE Price in USD	0.642
Issued shares	200,040,457
LuSE Market Cap, ZMW [Fully Diluted]	3,300,667,540.50
LuSE Market Cap, USD [Fully Diluted]	128,430,643.60
52 Week Low, ZMW	13.39
52 Week High, ZMW	16.5
Chief Executive officer	JIANPING CHAI
Exchange Rate USD to ZMW [31.12.22]	25.7

	31-Jan-23	31-Dec-23	Change
LuSE Ticker	CHIL	CHIL	
LuSE Price, In ZMW	13.38	13.80	▲3.14%
LuSE Price in USD	0.7	0.52	▼25.71%
Issued shares	200,040,457	200,040,457	-
LuSE Market Cap, ZMW	2,676,541,315	2,760,558,307	▲3.14%
LuSE Market Cap, USD	140,648,519	107,456,532	▼23.60%
Price to Earnings	8.1	5.97	▼26.30%
FOREX Rate ZMW/USD	19.03	25.69	▲34.99%

NB: The reduction in dollar market cap is primarily driven by exchange rate depreciation. Holding the exchange rate from the 31st of January 2023 constant, the market cap was USD145,063,494.80 by the end of 2023.

The Stock registered a **5.97 Price-to-Earnings Ratio**, the Stock is relatively fair valued. The P/e ratio means that the Stock is trading at 5.97X its intrinsic (or Book) value

CHIL Share Price Movement (Jan-23 to Dec-23)



Source: LuSE Data

- The Board announced that the Company recorded zero injuries when it came to health and safety, which was driven by its "zero-by-choice" commitment.
- The Board also announced the retirement of Mr. Mark O' Donnell as a member of the Board, with effect from 28 March 2024.
- Mr. O'Donnell served as Non-Executive Director of Chilanga since his appointment in 2008.
- The Board further announced the final dividend of ZMW 1.50 (One Kwacha Fifty Ngwee) per share for the financial year ended 31 December 2023 which was approved by the shareholders

	2022	2023	% CHANGE
Dividends, ZMW	1.35	2.50	▲85.19
Earnings Per Share, ZMW	1.65	2.24	▲35.76
Fy Closing Prices, ZMW	13.38	13.80	▲3.14
Dividend Yield	10%	18%	▲79.55

Source: Pangaea Data & Chilanga Annual reports

The Company appears to be on a solid growth trajectory with effective cost management and operational efficiency contributing to its enhanced financial performance.