

ZAMBIA SUGAR PLC 2024 INTERIM UPDATE

Zambia Sugar PLC (“Zamsugar” or the “Company”) is the country’s largest sugar producer. Zamsugar’s operations at a high-level can be split into sugar cane growing and sugar production.

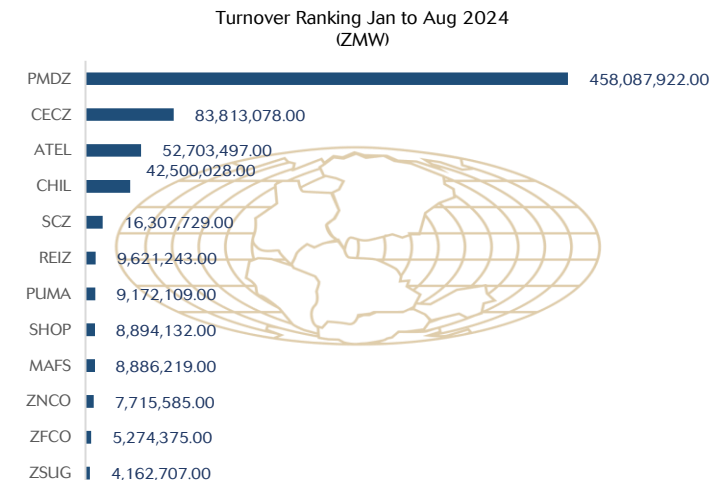
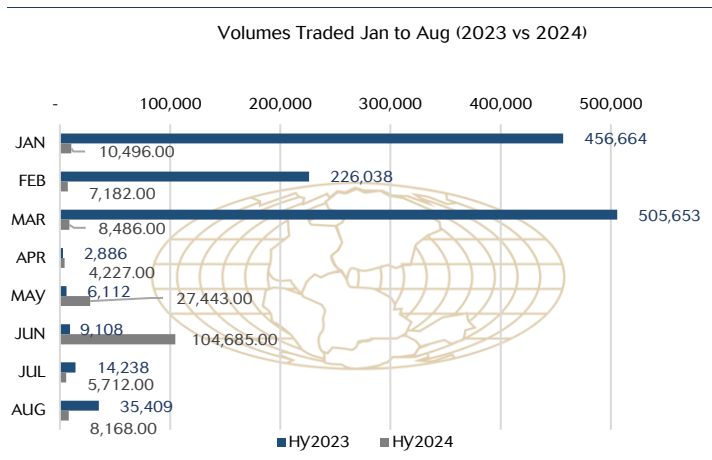
The Company’s sustained increase in revenue, active debt reduction strategy and consistent dividend policy, make for an attractive investment. Investor demand for the Zamsugar stock (the “Stock”) is reflected in its market activity, as it is among the most liquid stocks on the Lusaka Securities Exchange (“LuSE”).

SHAREHOLDING STRUCTURE

Shareholder Name	Percentage
Ilovo Group Holdings	75.00%
National Pension Scheme Authority	9.73%
Standard Chartered Zambia Securities Nominees Ltd	5.34%
Others	9.93%

MARKET INFORMATION AND PERFORMANCE

LuSE Ticker – 01.11. 2024	ZSUG
LuSE Price, in ZMW (Current)	35.00
LuSE Price, in USD	1.30
Issued Shares	316,571,385
LuSE Market Cap, in ZMW [Fully Diluted]	11,079,998,475.00
LuSE Market Cap, in USD [Fully Diluted]	412,816,635.00
52-Week High, in ZMW	18.00
52-Week Low, in ZMW	37.51
Forex USD to ZMW [1.11.2024]	26.84



HALF-YEAR 2024 (“HY2024”) FINANCIAL RESULTS AND RATIOS

Zamsugar’s cane supply increase from 1.2 Million Tonnes (“MT”) in Half-year 2023 (“HY2023”) to 1.3 MT in HY2024, of which 50% was sourced from the Company’s out-grower scheme. During 2024, domestic sales increased 33%, attributable to:

- A reduction in illegal sugar imports. This was due to the shortage of sugar in the region;
- Zambia’s expanding manufacturing industry coupled with the depreciating exchange rate has resulted in a larger market for local products. Expansion of local beverages and food products such as cereals and biscuits has driven up local sugar demand; and
- The ongoing drought has resulted in higher demand for molasses, a livestock feed additive.

Thus, the Company recorded a 39% increase in revenue to ZMW3.3 billion from ZMW2.3 billion in HY2023. Furthermore, the increase in the price of sugar in export markets and the weakening ZMW/USD exchange rate, bolstered revenue. Consequently, profit after tax increased from ZMW510 million in HY2023 to ZMW1.09 billion in HY2024, resulting in an earnings per share rise of 113%, from 161.4 ngwee to 343.5 ngwee per share.

Zamsugar’s balance sheet improved in HY2024, the key driver being increases in property, plant and equipment, due to increases in investments in logistics, factory improvements and irrigation. Whilst inventories reduced by over ZMW125 million due to the high local demand.

Production metric (tonnes)	HY2023	HY2024	% Change
Sugar production	148,976.00	170,067.00	14%
Refined sugar production	34,801.00	54,152.00	56%
Domestic sales	110,021.00	145,997.00	33%
Export sales	49,825.00	43,041.00	-14%

Financials (ZMW’000)	HY2023	HY2024	% Change
Revenue	2,345,205.00	3,261,844.00	39%
Operating Profit	1,342,838.00	655,635.00	39%
Profit After Tax	1,087,552.00	510,910.00	113%

Key Metrics	HY2023	HY2024
EPS (ZMW)	1.61	3.44
ROE	0.15	0.28
ROA	0.10	0.19
Debt to Equity	0.42	0.46

2024 OPERATIONAL UPDATES

Zamsugar highlighted that load shedding would be a strain, which resulted in power supply reducing by 50%. ZESCO Limited had a provision for imported electricity that would be charged in USD at cost, increasing operational costs significantly. The Company confirmed they will be accessing the Southern African Power Pool system by the end of 2024, to mitigate the impacts of loadshedding. Zamsugar is also embarking on the following projects:

- Falling film evaporator which evaporates water from cane juice to produce concentrated juice. The project to be located at Nakambala estate, will cost USD 11 million. The estimated internal rate of return (“IRR”) is 32.3% , with a 3.8-year payback period; and,
- SSID Irrigation system which incorporates sub-surface systems to reduce reliance on electricity and utilizes drip irrigation will be implemented over seven years. The total area to be converted will be 2,339 ha which will result in higher yields of 30tc/ha. The project will cost US\$20 million and has an anticipated IRR of 30% to 40%.