



FBC Securities (Private) Limited

(Registered Stockbroker) - Member of the Zimbabwe Stock Exchange
You Matter Most

Code	Company	Volume	Value	Change
ZSE	BAT.ZW	4,600	5,346,5000	6,800.0000
ZSE	CAFCA.ZW	0	0.0000	0.0000
ZSE	CBZ.ZW	400	306,0500	0.0000
ZSE	DUTA.ZW	118,700	1,599,3000	0.0000
ZSE	DZL.ZW	600	185,0500	0.0000
ZSE	ECO.ZW	280,800	498,5000	0.0000
ZSE	FBC.ZW	2,000	180,0000	0.0000
ZSE	HIPO.ZW	800	1,200,0000	0.0000
ZSE	IBR.ZW	100,000	1,000,0000	0.0000



HIPPO - EARNINGS FLASH

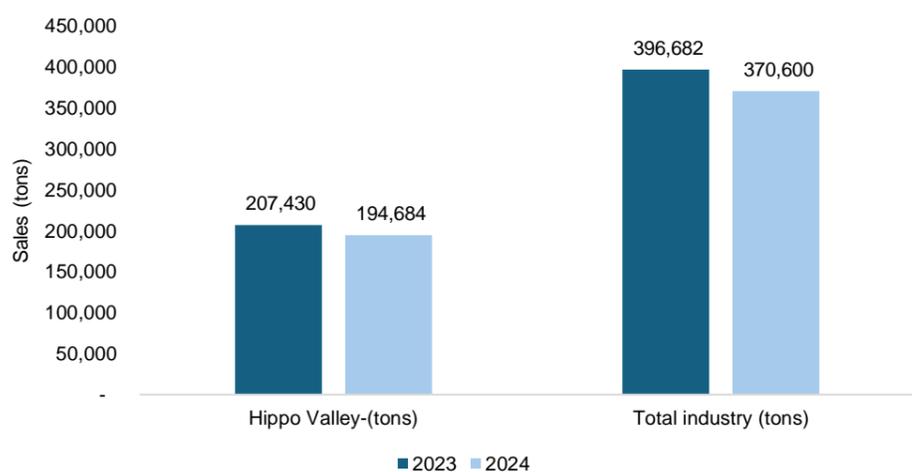
PERFORMANCE OVERVIEW

	FY24	FY23	% Change
Revenue (ZW\$tn)	7.51	4.30	75%
PBT (ZW\$tn)	0.78	0.79	2%
Total Equity (ZW\$tn)	1.84	2.42	24%
EPS (ZW\$ cents)	279,031	274,523	2%

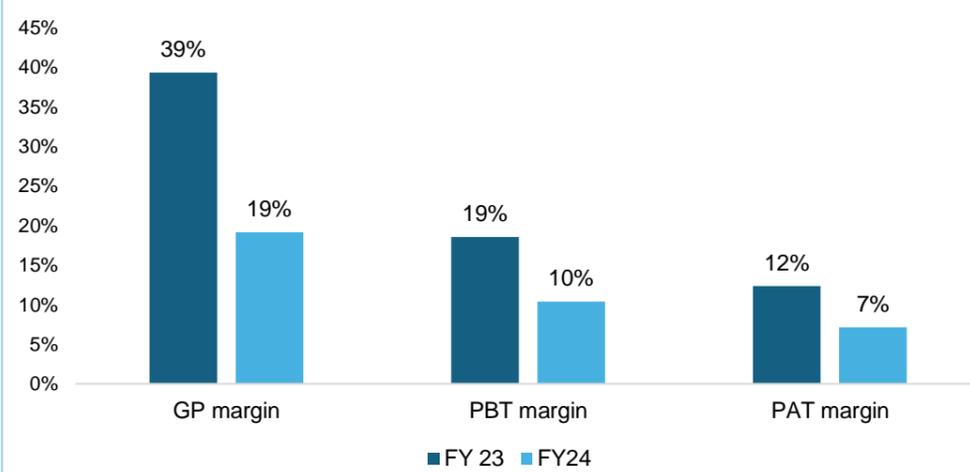
MARKET DATA

Sector	Consumer Staples
Report Date	31 March 2024
Market cap (US\$m)	193.00
P/B (x)	1.23
P/E (x)	4.20
Recommendation	HOLD

Hippo Valley Market Share



Hippo Profitability ratios



OUR THOUGHTS

- Hippo Valley remains a dominant player in the local sugar industry, consistently contributing above 53% of total industry production and sales, which has earned 1% increase following the repeal of Statutory Instrument 80 of 2023 which previously allowed duty-free sugar imports into the country.
- However, the Company was not spared by the adverse weather conditions emanating from a strong El Nino event, albeit with minimum impact because of availability of water supply dams that cover the sugar industry. Unscheduled mill stoppages, combined with the decline in yields, increase in minimum wage, high input costs due to price volatility, new tax measures and global supply chain disturbances, also compounded the challenges that negatively affected Hippo's financial performance.
- Notwithstanding the foregoing, the Company remained resilient against the challenges to record a profit of ZWL535bn. Its business model remains solid to support further growth in profitability and capacity utilization, on the back of a product with sustainable demand.
- Various cane supply growth initiatives are currently underway, such as Pezulu Project in Western Triangle of close to 1000ha. and the Chiredzi River North (1000 ha.) project. Together with the Project Kilimanjalo, a 4000-ha new sugarcane development project, these projects are expected to significantly increase cane supply and maximise the existing sugar milling capacity within the industry.
- In the 2024/2025 season, the Company expects a 4% increase in cane yield, harvesting 945 471 tons and receive 739 329 tons from private farmers. Milling efficiencies are also anticipated to recover on the back of improved cane quality, and after the satisfactory completion of the requisite annual maintenance program.

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