



# Delta Corporation LIMITED

## TRADING UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2019

The Company reports a subdued performance for the first quarter to June 2019.

The fundamental changes in the economy arising from the recent fiscal and monetary policies have significantly affected the business. The availability of foreign currency remains a challenge, disrupting imported supplies into the value chain.

The macro-economic changes have led to a surge in inflation and a fast depreciating exchange rate which have resulted in the erosion of disposable incomes and reduced consumer spending. Our product prices have not yet factored in the full impact of the depreciation of the exchange rate.

The Board notes the Reserve Bank of Zimbabwe policy to ring-fence the legacy foreign liabilities for settlement at the one to one exchange rate. Foreign suppliers remain cautious about Zimbabwe country risk thus compromising the smooth flow of imported materials.

### VOLUME PERFORMANCE

Lager beer volume declined by 57% compared to prior year for the quarter. Demand was subdued on account of affordability issues as market players adopted varied pricing models.

The Sorghum beer volume in Zimbabwe grew by 2% versus prior year for the quarter. Product supply has been consistent despite the difficulties in accessing imported packaging materials and services. There are concerns about the supply of agricultural cereals arising from the drought and the recent changes to the marketing policies.

At National Breweries Plc - Zambia (Natbrew Plc) there are encouraging volume trends in the recent months following the introduction of a returnable pack and an enhanced product formulation.

The Sparkling Beverages volume declined by 79% for the quarter. The business has resumed full production following an extended period of shutdown due to shortages of imported raw materials.

African Distillers (Afdis) are due to report their full year results to 30 June 2019.

The Group revenue which includes Afdis will reflect an increase of 92% for the quarter, noting that the comparative prior year figures were reported in US\$.

### REMINDER ON CAUTIONARY STATEMENT

Shareholders are reminded that the Company is trading under a cautionary issued with respect to the notice received from The Coca-Cola Company (TCCC) advising of an intention to terminate the Bottler's Agreements with the Group entities (Notified Intention). This followed the merger of AB InBev and SABMiller Plc in October 2016 and the subsequent agreement in principle reached between TCCC and AB InBev to explore options to restructure the bottling operations in a number of countries. The ongoing discussions amongst the parties are slower than anticipated in light of the significant changes to the macro-economic factors in Zimbabwe.

By Order of the Board.

  
A Makamure

Company Secretary

24 July 2019



**BRIGHTER  
TOGETHER**