



ZIMBABWE NEWSPAPERS  
(1980) LIMITED

## SPECIAL TRADING UPDATE FOR THE FIRST QUARTER ENDING 31 MARCH 2020.

### Trading Environment

The operating environment continues to be challenging driven by mainly severe inflationary pressures, liquidity constraints, high interest rates, high transactional costs, foreign currency and energy shortages and above all the Covid-19 pandemic that globally seriously continues to affect the movement of people, goods and services. Consumer disposable incomes remained depressed owing to the low industrial capacity utilisation and the inability of employers in general to keep up with the inflationary pressures on wage adjustments on the background of cost increases of basic goods and services.

Cost of doing business remained high as a number of service providers were reviewing their selling prices in line with the unstable exchange rate developments as well as the inflationary pressures.

### Volume Performance

Whilst the Commercial Printing Division recorded volume growth, the Newspapers and Radio Broadcasting Divisions recorded volume declines. The Newspapers Division suffered a 22% volume decline whilst the Radio Broadcasting Division declined by 5%.

The Commercial Printing Division recorded a 31% volume growth mainly driven by strong demand on labels. However, cartons and inserts into our newspapers recorded a 54% and 76% volume decline respectively owing to low demand and challenges in securing foreign currency to procure raw materials. Traffic on the Company's digital platforms increased as people accessed information online as their primary source during the lockdown period.

### Update on the effects of Covid-19

The Company's priority during the lockdown period was to ensure safety of its employees and its survival. To that effect, a number of measures that ensure the attainment of this priority were put in place.

The impact of the Covid-19 pandemic on the business has been severe particularly for the lockdown period to 30 April 2020. During the first two weeks of the lockdown, volumes across all the Divisions declined. Both advertising and copy sales for the Newspapers Division declined by 60% and 40% respectively. Due to the lockdown that restricted people movement, street sales were heavily affected whilst the retail channel remained resilient. Neither the Commercial Printing nor the Radio Broadcasting Divisions were spared as their volumes tumbled by 4% and 15% respectively. However, following the easing of the lockdown, the Company has started to recover its lost volumes across all the divisions.

In contrast to the performance by the traditional products, the online television project ZTN, has shown resilience and recorded a 6% volume growth when compared to target as people were spending more time on good television programming content during this lockdown period.

In our view, we expect that the Covid-19 impact will be mitigated following the easing of the lockdown and the anticipated continued relaxation of the lockdown. We however do not expect the authorities to completely restore free movement of people in particular for a long time to come.

A number of operational challenges were faced during the first two weeks of the lockdown and this included tight cash flows as some customers failed to meet the credit terms, additional cost increases to meet cost of personal protective equipment for staff and other market related increases induced by shortages, supply chain logistical challenges due to restrictions on cross border and the inevitable disruption of the routine business operations expected of such blanket lockdown.

### Statement on Business Continuity Plan

The Company is committed to providing its customers with reliable products and services of the highest standard. Due to the unforeseen disruptions stated above, the Company has put in place clear recovery strategies that will ensure viability and remain a going concern for the foreseeable future.

The Company will ride on its diversification strategy as some investments were made into Strategic Business Units (SBUs) that have shown resilience to the current operating environment challenges posed by, among others, the pandemic. The growing opportunities in the electronic media sector and the commercial printing units will be harnessed for the good of the Company. The strategic investments in television and the exercise book printing business have started to compensate for the lost print revenues. The Company will continue to aggressively drive its digital strategy to further recover lost print revenues. In line with the diversification strategy, the Company will continue to look at opportunities in the digital media and technology related solutions.

### Statement on Solvency Position

The Company remains a going concern and solvent as supported by a strong balance sheet that will allow the Company to meet its future survival needs. The Company will also use its institutional strategies on managing relationships with its stakeholders to ensure appropriate support when needed. Clear plans for both short and long term financial needs have been put in place as the Company comes out of the Covid-19 depressed performance.

### Outlook

The Company's financial performance for the year is expected to be lower than prior year owing to the effects of the Covid-19 pandemic and the associated general operating environment challenges. The Board and management remain committed to ensure the survival of the Company as a number of strategic initiatives have been rolled out. These initiatives include the diversification strategy focusing on innovation to improve our product offering. The launch of ZTN as a full-fledged national television broadcasting channel, digitalisation strategy, product improvements and launch of new products are some of the specific strategies that will be implemented as the Company stamps its authority in the media landscape in pursuit of its vision to become a fully integrated media Company.

Chairman

T.A.G Sithole

Market leaders in Publishing, Broadcasting, Digital, Printing & Packaging

Digital & Publishing

Commercial Printing

RADIO

BoldAds

ZTN  
Get the picture

