Delta Corporation LIMITED

TRADING UPDATE FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 MARCH 2019

TRADING ENVIRONMENT

The fiscal and monetary policies implemented between October 2018 and February 2019 have significantly altered the trading environment. Of particular note is the 2% transaction tax, the adoption of the local currency (RTGS$) as the functional currency and the introduction of an exchange rate of the RTGS$ to the USD. The value of the RTGS$ deposits continues to be eroded by the fast depreciating exchange rates and cost push inflation. Resultantly, there has been a severe decline in aggregate demand.

The acute shortage of foreign currency persists despite the introduction of the inter-bank foreign exchange market. The exchange rate needs to be supported by robust and complementary fiscal and monetary policies.

The Board is concerned about the company's ability to access foreign currency in order to meet its external obligations.

VOLUME PERFORMANCE

The Lager beer volume declined by 3% in comparison to prior year for the quarter and is up 31% for the full year. Demand has reduced due to the increase in RTGS$ wholesale and retail prices.

The Sorghum beer volume in Zimbabwe contracted by 2% versus prior year for the quarter and grew by 5% for the full year. Demand for the category remains encouraging despite the cost pressures on imported packaging materials, spares and the repricing of agricultural cereals. Chibuku Super contributed 85% of the total category volume.

National Breweries Plc - Zambia (Natbrew Plc) recorded a volume decline of 24% for the quarter and is flat on prior year for the twelve months. Product demand has reduced following some price increases and down trading to subsistence offerings.

The Sparkling beverages business was virtually closed during the quarter due to non-availability of imported raw materials. Volume declined by 89% compared to prior year for the quarter and decreased by 44% for the full year. Operations have since resumed albeit at a slow pace. There are ongoing collaborative interventions together with The Cola-Cola Company to restore the business to a sustainable footing.

The Group revenue will reflect an increase of 33% for the quarter and 26% for the full year. It is noted that the financials are distorted by the changes in the reporting currency from USD to RTGS$, noting that the Group maintained stable pricing for the nine months and only partially rebased prices in the fourth quarter. The full impact of the introduction of the inter-bank exchange rates on the Group's financial position is still being assessed.

The full year results are expected to be published on 16th May 2019.

CONSOLIDATION OF AFRICAN DISTILLERS LIMITED (AFDIS).

The Group's effective shareholding in Afdis increased to 50.1% hence the entity will be consolidated as a subsidiary. The volume and revenue performance indicates fair growth, noting the distortions in the macro-economic environment.

ACQUISITION OF UNITED NATIONAL BREWERIES (PTY) LIMITED SA

The company announced on 21 December 2018 that it had entered into binding agreements to acquire the 100% stake currently held by Diageo Plc in United National Breweries Proprietary Limited (South Africa), (UNB). UNB is the leading brewer of traditional beer and owns the Chibuku brand in that country. Efforts are underway to finalise the transaction per agreed time frames.

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. There are ongoing discussions amongst the parties that are expected to result in the withdrawal of the notified intention.

By Order of the Board.

A Makamure

Company Secretary

25 April 2019

BRIGHTER TOGETHER