



Delta Corporation LIMITED

TRADING UPDATE FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

TRADING ENVIRONMENT

The Company today issues a trading update for the second quarter and half year to 30 September 2019.

Zimbabwe shifted from the multi-currency trading and reverted to the Zimbabwe Dollar as the sole trading currency at the end of June 2019. The policy changes have led to a surge in inflation and a fast depreciating exchange rate. Consumer spending remains low as incomes have lagged the escalation in prices of goods and services. The Southern Africa region has been adversely impacted by shortages of potable water, electricity and fuel.

The Company has had to implement modest but frequent price increases in response to the inflationary pressures whilst taking into account the affordability issues affecting consumers.

There are still challenges in sourcing imported raw materials and services due to the mixed performance of the interbank market and difficulties in accessing materials as foreign suppliers remain jittery on account of overdue payables.

VOLUME PERFORMANCE

Lager beer volume declined 40% for the quarter and 48% for the six months compared to the same period last year. The pricing of this category has been moderated to maintain affordability given the prevailing economic challenges.

The Sorghum beer volume in Zimbabwe declined 29% for the quarter and 15% for the six months. The prices of the major inputs; maize, sorghum and packaging materials rose ahead of disposable incomes. This has led to sharper price increases which have resulted in some consumers switching from the category.

At Natbrew Zambia, the volume was 13% down for the quarter compared to last year which is partly due to higher pricing on the back of a steep increase in maize prices and the depreciation of the Kwacha. Consumer acceptance of the recently launched returnable pack has been encouraging. Product supply is constrained by capacity and power supply disruptions.

The Sparkling beverages volume declined 36% for the quarter and 56% for the six months. Volume has recovered in the last quarter on the back of improved product supply and moderated retail pricing. Raw material supply remains a challenge as the category has a high import content.

African Distillers (Afdis) recorded a soft volume outturn due to limitations in accessing and the high cost of foreign currency. The entity continues to launch products with a lower foreign currency content.

The beverages volume at Schweppes Holdings declined by 33% for the half year due to falling consumer demand arising from the pass through effects of cost push inflation. There are challenges in accessing imported raw materials.

BRIGHTER TOGETHER

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 parties are finalising the renewal of the Bottlers Agreement for a three-year term to September 2022.

DELAY IN PUBLICATION OF HALF YEAR RESULTS

The publication of the half year interim report has been deferred pending clarifications and guidelines from the Public Accountants and Auditors Board (PAAB) on the implementation of International Accounting Standard (IAS) 29: Financial Reporting in hyperinflationary economies.

DIVIDEND NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Board of Directors has declared an Interim Dividend, Number 125, of RTGS 6,75 cents per share payable in respect of all the qualifying ordinary shares of the Company to be paid out of the profits for the current financial year. This will be payable to shareholders registered at the close of business on 22 November 2019. The dividend will be paid by direct transfers or other approved forms of payment as per the following timetable.

ACTION	DATE
Announcement Date	6 November 2019
Last Date to Trade – cum dividend	19 November 2019
Share Trade Ex Dividend	20 November 2019
Last Record Date (LDR)	22 November 2019
Payment Date	4 December 2019
Dividend Per Share (RTGS\$)	6,75 cents
Dividend Amount (RTGS\$)	\$86 111 000

By Order of the Board.

A Makamure
Company Secretary
6 November 2019



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