



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

Trading Update for the nine months ended 30 September 2019

Economic landscape

The third quarter has remained challenging for business as foreign currency shortages persisted resulting in an increase in excess of 100% in the official exchange rates from the position at half year. This resulted in further deterioration in supplies of electricity and fuel, which had ripple effects on industry and commerce at large. Sharp and persistent increases in prices of goods and services were also observed, depleting disposable incomes available to the average household. The stress of these conditions could also be seen in the increase in the number of labour actions being observed across a multitude of industries.

The financial services industry has not been spared from these crippling conditions. However, the Group has remained steady despite these conditions, as is reflected in the financial performance summary below.

Financial performance

The Group closed the nine-month period recording a 154% growth in revenues, which closed at ZW\$45m, compared to ZW\$18m recorded in the nine months ended 30 September 2018. Total revenue performance was further boosted by net investment income, resulting in a 262% growth in total revenues, which closed at ZW\$129m compared to ZW\$35m in the comparative period. This continues the trend reflected in the results to 30 June 2019. All companies in the Group recorded above 50% growth on the topline. The Malawi business and balance sheet growth in Fidelity Life Assurance of Zimbabwe continue to be key drivers of the Group's revenue performance.

Profit before tax increased 276% from ZW\$3.9m at 30 September 2018, to ZW\$14.8m at 30 September 2019. This is despite total expenses continuing to be weighed down by re-estimation of project completion costs for Southview water works given weakening of the local currency. The increase in this provision is, to some extent, offset by increases in value of assets held to hedge this risk, thus enabling the Group to still record growth in profits.

These results have been presented on a historical cost basis. The Group will present inflation adjusted financial results in the financial statements for the twelve months ending 31 December 2019, to ensure compliance with International Accounting Standard (IAS) 29, Financial Reporting in Hyperinflationary Economies.

Outlook

2020 increasingly looks to be another difficult year. However, the organisation will move to adapt and implement strategic initiatives to create and protect value for our key stakeholders; clients, shareholders and our employees.

The Group however expects to maintain the stable performance recorded so far through to the end of the current year.

By order of the board
C. Matongo
Company Secretary
13 December 2019

