



YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

The Zimbabwe Stock Exchange (ZSE) has authorised the issue of a Trading update for Quarter 3 Interim Financial Reporting in lieu of compliance with rule 35 (5) of the ZSE Rules (statutory instrument 134 of 2019)

Zimplow Holdings Limited issues the following trading update for the third quarter ended 30 September 2019.

Volume performance

The positive performance at Mealie Brand and Powermec spurred the group's overall performance counterbalancing the downward adjustment in demand for products in other business units in line with economic activity. The Group's diversified portfolio showed resilience despite the drought and prevailing economic challenges.

At Mealie Brand, total implement volumes were 13% ahead of prior year for the nine months year to date. The export implements sales grew by 307% helping to ameliorate the drop in local demand of implements which was 63% down to the comparative period.

Demand for our Perkins engine driven generators also grew by 85% compared to prior year same period under review. Service hours sold went up 28% against prior year, as Perkins engine powered generators became the primary source of power for our customers.

Farmec performance adjusted to the general economic climate as tractor sales volume declined 45% for the nine months compared to the same period last year. The 2018/19 drought and the poor tobacco price yield impacted Farmec's after sales support as parts pieces sold dropped by 31% whilst service hours were 24% down for the nine month year to date.

Despite the volumes for the nine months to date at Barzem trailing behind prior year, the posture of the business has improved significantly. Earth moving equipment volumes were 58% down against prior year albeit showing signs of recovery to year end. Service hours are also 24% down against prior year same period under review.

At CT Bolts, the growth in high tensile steel bolts by 86% somewhat offsetting the 57% drop in demand of mild steel bolts resulted in the business fending off the general decline in fasteners demand. The business unit's focus remains on increasing market share with a customer centric value proposition.

The general focus on niche opportunities and the balance sheet management resulted in the solid performance recorded by the group. In particular, Mealie Brand export performance and Powermec's generator sales have sustained the Group's bottom line.

In light of the performance by the group, the board proposed an interim dividend of 3.14 cents per share payable in respect of all qualifying ordinary shares of the Company to be paid out of the profits for the current financial year. A separate notice was published on the 28th of November 2019.

Despite the challenging environment, the Group is on course to meet its targets for the full year ending 31 December 2019.

Delay in publication of Quarter 3 results

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

By Order of the Board

M Chinorwadza
Company Secretary
6 December 2019