



ARISTON

HOLDINGS LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number 254B 104/1947)

AHL 1876

TRADING UPDATE FOR THE 1ST QUARTER ENDED 31 DECEMBER 2019

ECONOMIC ENVIRONMENT

The country's macro-economic fundamentals as characterised by incessant power outages, re-emergence of hyperinflation, depreciation of the local currency, high unemployment rates, and low disposable incomes continued to deteriorate during the period under review.

Occurrences of disturbances on farms continue to hamper progress. The Board and management continue to engage the relevant Authorities so as to find a lasting solution to the land issues affecting the Group's assets.

BUSINESS PERFORMANCE

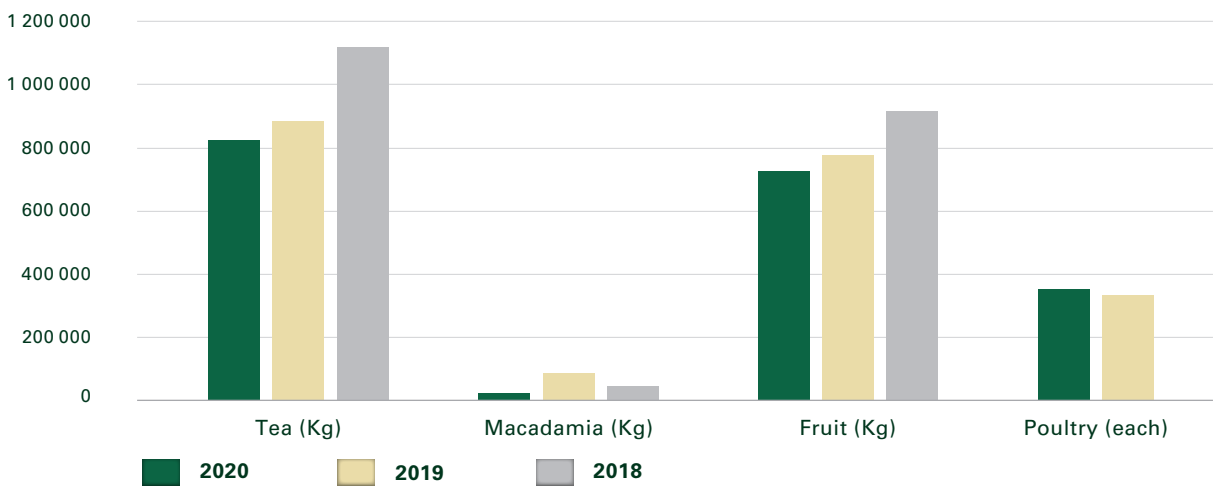
Volume performance and profitability

Traditionally and in line with the Group's business model, very little revenue is generated in the first quarter of the financial year as the period coincides with the growing phase of the majority of the Group's agricultural produce.

The Group's product offering is primarily export oriented. Macadamia, tea and avocado are grown for the export market with a small volume sold locally. With the decline in local demand and uptake, export markets continue to be grown for the other product categories so as to cushion the Group from the local trading environment.

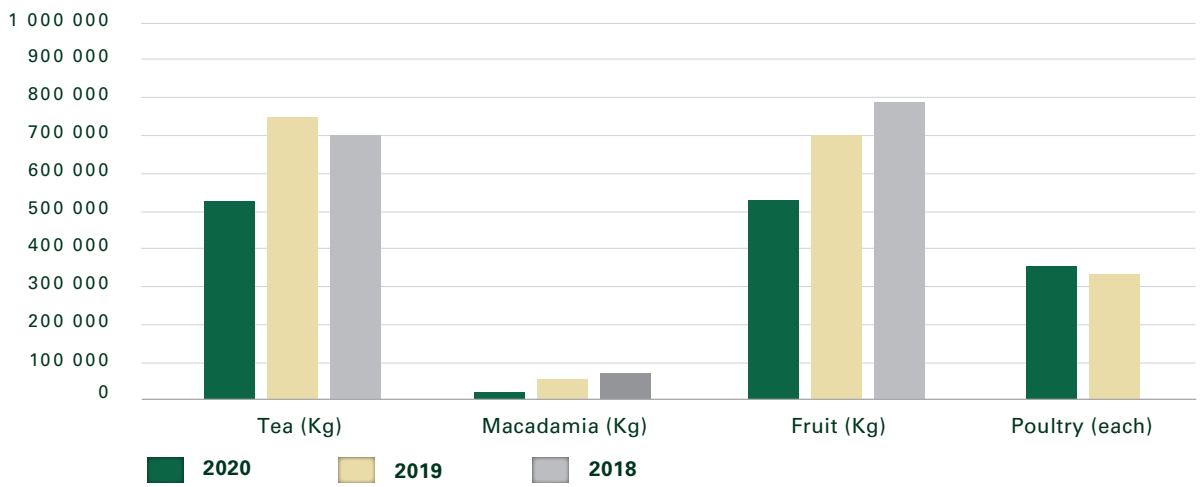
Production and sales volume statistics for the first quarter ended 31 December 2019 are as presented below, together with comparatives for the same period in 2019 and 2018.

1st quarter production volumes



- Tea production volumes for the first quarter are slightly behind prior years as a result of the dry spell experienced in the current year which was compounded by intermittent availability of electricity for irrigation.
- Macadamia harvesting season commences in March and low volumes in the first quarter is indicative of greater macadamia nuts available at maturity. Mature nuts obtain better selling prices.
- The fruit category volumes have increased significantly this year. However, harvesting of the fruit in the first quarter was deliberately delayed this year so as to have less product in stock during the festive period as sales tend to be depressed. The second quarter update will show a clearer picture of the growth in the fruit category.

1st quarter sales volumes



Sales of macadamia, fruit and poultry are in line with prior period. Export tea sales, however, were subdued in the first quarter. The situation improved in January 2020 once the auctions reopened after the festive break.

Financial Performance

The Board and management believe that the Group's financial performance for the year ending 30 September 2020 will be in line with that achieved for year ended 30 September 2019.

OUTLOOK

Volumes of the Group's major crops are expected to be in line with prior year, with the exception of tea which will be approximately 5% lower than prior year due to the dry spell experienced in the first quarter. Indicative prices obtaining in the early season sales, show that the average selling prices on the international markets will be in line with prior year. Two of Group's three tea growing Estates will have new tea processing plants in the current year. This will improve production efficiencies, whilst reducing overhead costs and improving quality. The last new tea processing plant will be paid for and installed by July 2020. The macadamia drying facility installed in 2017 was doubled in capacity in the current period and will be available for use on the current year harvest. This will enable the Group to further improve on its average selling prices for macadamia as its production would be able to be processed in the plant, where the high specifications required by International buyers will be achieved.

The largest constraint remaining for the Group is the incessant power outages which negatively affect the Group's ability to irrigate orchards thus affecting tea leaf availability and quality. The Group is currently evaluating installation of a solar power generation plant at the largest of its tea growing Estates in order to counter the negative effects of power outages.

By Order of the Board


R.A. Chinamo
Company Secretary

18 February 2020

DIRECTORS: Mr. A.C. Jongwe (Chairman), Mr. P.T. Spear* (Chief Executive Officer), Mr. I. Chagonda, Mr. C.P. Conradie, Dr. A.J. Masuka, Mrs.T.C. Mazingi, Mr. J.W. Riekert. * Executive