

TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 DECEMBER 2019

The Group is pleased to present its trading update for the first quarter ended 31 December 2019, Q1.

TRADING ENVIRONMENT

For the first quarter ended 31 December 2019, the macroeconomic environment continued to be operationally challenging. This was characterised by subdued consumer demand as a result of prolonged power outages, the continued depreciation of the Zimbabwe Dollar, a re-emergence of hyperinflation, the subsequent erosion of disposable incomes and high unemployment rates. The subdued conditions were compounded by the relatively poor rains received during the quarter, with expectations of normal to below normal rainfall for the 2019 / 2020 farming season.

OVERVIEW OF THE GROUP'S OPERATIONS AND PERFORMANCE

The Group's focus remained on strengthening the Group's capital structure and preparing the Group for further growth. On 31 January 2020, Crest Poultry Group exited judicial management. The Board continues to work with the Judicial Manager on ensuring that Victoria Foods also exits judicial management before the financial year ending 30 September 2020.

During the period, Farm & City ('FCC') extended its operations by opening two branches, one in Harare and the second one in Bulawayo.

The erratic grid power supply and escalating fuel costs significantly impacted running costs. In order to mitigate the effect of the energy crisis, FCC continues to deploy solar equipment and hybrid batteries across its retail network to mitigate the challenge.

Glenara cropped 450 hectares of maize and 250 hectares of soya beans during the season, up from 450 hectares in prior year.

Sales volumes during the period declined by 17% relative to the prior year largely due to the impact of erosion of disposable incomes. The Group is pleased with the market acceptance of the Agrifoods stockfeeds range.

Victoria Foods resumed mealie-meal production in Gweru during the quarter and is assisting in enhancing food security in the central and southern parts of the country.

Volume performance in the other key categories reflected consumers down-trading to more affordable commodities.

OUTLOOK

The Group will focus on ensuring consistent raw material supply pipelines are maintained despite poor liquidity obtaining in the market and continued currency devaluation, which will continue to be closely managed.

The Group's focus on consolidating recovery efforts whilst preserving shareholders' capital amidst rising cost-push inflationary pressures and continued pricing distortions will be continued.

UPDATE ON COMPANY LISTING SUSPENSION

The Company has maintained efforts to engage the Zimbabwe Stock Exchange (ZSE) to resolve the outstanding issues pertaining to the suspension placed on trading the Company's shares. Your Board is hopeful that the same will be resolved in due course.

P. Hare
COMPANY SECRETARY
BY ORDER OF THE BOARD
28 February 2019

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