

## COMMENTARY

### Trading Environment

The continuing economic shrinkage means that all Zimbabweans are becoming poorer and disposable income is declining steadily. This will inevitably mean reduced income for all businesses and individuals and we expect that we will not be an exception.

In general, the trading environment remains extremely difficult, with competitive pressures in a shrinking market reducing margins. Ever increasing regulation of formal business are increasing the cost of doing business in Zimbabwe while making it easier for informal traders, who are now our largest competitors. Laws preventing formal business from accepting US dollar payments are not applicable to informal traders, which allows them to access markets from which we are precluded.

### Volume performance and profitability

Volumes across almost all product groups have declined for the reasons given above. This has however been partly offset by significant volume increases in solar products and building materials. The former is due to increased market demand and the latter as a result of our increased activity in this market.

Profitability is very difficult to predict, since as stated above, margins are under significant pressure while expenses are rising in real terms with inflation and a reasonably static exchange rate. The situation is however extremely volatile and a sudden devaluation of the Zimbabwe Dollar could change the picture by short term spikes in profit and dips in expenses.

### Outlook

Both the market and the environment remain extremely volatile which means that our business position is almost completely unpredictable. Having said that, we have always been responsive to changing conditions and we will continue to use the environment to our advantage. In particular, we will continue to focus on balance sheet growth and maintenance of our business infrastructure.

## GROUP REVENUES - Historical costs

	GROUP		
	Actual Qtr to Dec 2019 ZWL\$	Prior Qtr to Dec 2018 ZWL\$	Full Year Sept 2019 ZWL\$
Revenue	230 561 567	24 542 783	267 929 193

## SEGMENT REPORTING

Segment information for the reporting periods are as follows:

### Quarter ended December 2019

	Engineering ZWL\$	Retail ZWL\$	Total ZWL\$
Segment Revenue	4 755 017	225 806 550	230 561 567

### Quarter ended December 2018

Segment Revenue	530 557	24 012 226	24 542 783
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### Full year to September 2019

Segment Revenue	5 718 813	262 210 380	267 929 193
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By Order of the Board



M. S. Gurira  
Group Company Secretary

14 February 2020