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TRADING UPDATE AS AT 31 MARCH 2020 GB HOLDINGS LTD

Trading Environment

The first quarter was marked by shortages of foreign currency while a hyperinflationary trend continued unabated from the prior year exerting pressure on local input costs and pricing modules.

Volumes in the first quarter were 38 % up on prior year same period due to improved activity at the rubber division dominated by carried over orders as at 31 December 2019 prior year end. The Chemicals Division volumes were 36 % lower when compared with same period prior year due to depressed downstream aggregate demand attributed to reduced disposable income.

The company remodeled its business in response to the macro- economic policy pronouncements with emphasis on delivering a commensurate value proposition to its customers and at the same time mitigate against the exchange rate risk. Due to the continuous process enhancements and strategic alliances as well as regional economic dynamics which have the effect of evening the playing field, the Rubber Division continues to improve its comparative position against regional manufacturers.

Effects of Covid - 19 Pandemic and Lockdown

The company's operating divisions were deemed essential under the COVID 19 government directive as it continued its operations in line with the Statutory Instrument guidelines.

In particular the Chemicals division's personal and institutional hygiene market segment recorded increased activity in the manufacturing of hand sanitizers and disinfectants. However the temporary decline in the tourism and travel industry will dent the laundry chemicals business although the dent is expected to be partially offset by increased demand of personal hygiene chemicals.

The rubber division supplies the mining sector which has been identified by government as key to the post COVID -19 economic recovery plan. However its successful contribution to the recovery plan will depend on the extent the stimulus packages will unlock foreign currency and enhance a timeous flow of raw materials.

Given the latent opportunities post the COVID 19 epidemic the company expects its current solvency position to improve and operate as a Going Concern for the rest of the year 2020.

PATRICK MUNYANYI
FINANCE DIRECTOR