

MEIKLES

— L I M I T E D —

TRADING UPDATE FOR THE FOURTH QUARTER AND FULL YEAR TO 31 MARCH 2020

COVID-19 IMPACT

The Group has repaid all bank borrowings other than limited ZWL bank borrowings restricted to the export sectors of the Group. All these borrowings are offset by greater sums on deposit in banks, both US\$ and ZWL, the Group as a whole being cash positive. Cash flows are also positive, with the result that the Group foresees no difficulties in funding its development plans and its working capital requirements. The Group is able to continue paying dividends to its shareholders.

Both Tanganda and TM Supermarkets continue to trade with a positive variance relative to sales and profit targets set prior to the advent of COVID-19. Tanganda is progressing on the installation of solar power. The lockdown has caused some delay, but 72 percent of the project consisting of 5.4 Megawatts ("MW") will be completed within the next six months. The balance of 2.15 MW will be completed thereafter.

The Victoria Falls Hotel closed at the outbreak of the virus and its date of reopening is uncertain. However, the hotel has financial resources of its own to survive a prolonged period of closure on care and maintenance. The renovation project has been placed on hold. The Cape Grace Hotel in Cape Town has also been closed and is on care and maintenance, but in financial terms it has similar financial resources as the Victoria Falls Hotel.

Overall, the Group believes that it will progress in a satisfactory position of financial strength and profitability in the foreseeable future, within targets of performance established before the advent of COVID-19. The lockdown has caused certain commercial difficulties, but management have an appropriate response to the challenges.

The Group is well equipped on materials required for the safety of both employees and customers.

The Group along with the Meikles Foundation continues to assist the community in its fight against the ravages of the coronavirus.

SEGMENTS PERFORMANCE

Supermarkets

Sales volume retreated by 10% and 21% for the quarter and full year respectively, compared to the same period last year. Fourth quarter sales volume was enhanced by bulk buying of supplies by consumers after Covid-19 was declared a state of national disaster on 14 March 2020.

Agriculture

The volume of Macadamia and Avocado export sales for the full year grew by 129% and 39% respectively compared to the same period last year. This growth in production as well as sales has more than offset a decline in tea production for the quarter of 10% and 18% for the full financial year. Sales of tea in the local market and in packeted form have declined but not to the extent of the overall decline in market volumes.

Hospitality

Room occupancy retreated by 20.79 and 9.66 percentage points for the quarter and full year respectively against the comparative period for the operation in Victoria Falls. Room occupancy for the fourth quarter was adversely impacted by the outbreak of COVID-19. Meikles Hotel disposal took effect on 1 March 2020. Room occupancy at Meikles Hotel was 1.96 percentage ahead of the first two months of the same quarter last year. Occupancy for eleven months to 29 February 2020 declined by 8.60 percentage points compared to the same period last year.

GROUP FINANCIAL PERFORMANCE

Group financial performance for the quarter and for the full year to 31 March 2020 is anticipated to be well in excess of the half year period ended 30 September 2019.

By Order of the Board



T. Mpofu
Company Secretary
15 May 2020

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