



# TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2020

Zimflow Holdings Limited issues the following trading update for the first quarter ended 31 March 2020.

## Business Overview

The Group delivered an encouraging first quarter (Q1) performance despite the challenges that have experienced in our operating environment. The first quarter of 2020 saw improved volume performance across all our units except for Mealiebrand. As a result, revenue was 896% ahead of the same period last year, in historical terms.

## Operations

Barzem had a good start to the beginning of the year. Q1 equipment volumes were ahead of prior year with 8 units sold compared to none last year. Parts sales improved by 24% from last year. Service hours however remained at the same levels as Q1 last year. Powermec's performance continued to improve with generator units sold being 118% ahead of prior year. Aftersales business saw growth in parts by 86%, service hours sold jumped 192% to 2,105 hours. The improved responsiveness to power outages by our Powermec division unlocked our elevated status as the Authorised Perkins dealer in Zimbabwe.

Tractor sales at Farmec remained at the same levels as the prior year whilst implements volume grew by 100% to 40 units sold compared to the same period last year. Aftersales performances were 22% down from the previous year with service hours sold down 19% to 2,090 hours. We have been working closely with our principals to provide a complete range of lower horsepower tractors to boost sales volumes and we are confident that this product development will excite local tobacco farmers.

The realignment of the CT Bolts business produced improved results in the Q1. Volumes were 34% ahead of the comparative period. Mild steel bolts improved by 39% and high tensile steel bolts grew by 43% during the period under review.

Dry land farmers, the primary customers for Mealie Brand, were affected by drought in the earlier part of the season, and more notably by the COVID-19 pandemic that delayed the opening of the tobacco selling season which has had an impact on Mealiebrand's volumes. Furthermore, the export business experienced a 64% drop compared to prior year as a result of measures taken by regional governments to manage the spread of the novel coronavirus (COVID-19). Overall implements volumes have been 54% behind the previous year whilst spares volumes were 47% behind the same period last year.

## Impact of Covid-19

Business and communities have been affected by the pandemic globally and a business we will continue to support industry, the essential services, agriculture and mining, and people to the best we can. We are dedicated to the safety of our customers and employees and therefore we are following social distancing measures and other measures as required by guidance from health authorities.

## Outlook

The second quarter is going to be materially affected by the COVID pandemic. We have taken steps to reduce costs and preserve capital. Other than at Mealie Brand demand for our products remains stable.

By Order of the Board

M Chinorwadza  
Company Secretary  
15 May 2020