



AFRICAN DISTILLERS LIMITED

TRADING UPDATE

FOR THREE MONTHS TO 30 SEPTEMBER 2020

TRADING ENVIRONMENT

There was a general improvement in the trading environment characterised by a stability in exchange rates and prices of goods and services. The ability of customers to settle in foreign currency and the foreign currency auction system have brought the well needed relief to the industry and the economy at large. The Company was able to meet all its demand and satisfy the market requirements owing to the improved foreign currency supply. COVID-19 pandemic negatively impacted the economy in the quarter under review as restrictions and prohibitions on travel and social gatherings affected overall demand.

VOLUME PERFORMANCE

The Company registered a volume growth of 28% for the quarter over last year same period. Spirits and Ready-To-Drink (RTD) volumes grew 43% and 24% respectively and wines declined by 38% over the last prior year quarter comparative.

FINANCIAL PERFORMANCE

The revenue for the first quarter at ZWL456million increased by 15% in inflation adjusted terms, whilst in historic terms it grew ahead of inflation to 884% compared to the same period in prior year. In addition to the growth in volume, a favourable sales mix which favoured higher valued sprits largely contributed to the good revenue performance.

IMPACT OF CORONAVIRUS (COVID-19)

The extent of impact of COVID -19 on the Company's business performance will depend on many factors including the duration and spread of the outbreak, impact

on customers, suppliers, employees, fiscus and Government interventions all of which are uncertain making it difficult to fully estimate the full impact of COVID -19 pandemic. The Company will continue to put measures to mitigate the spread of COVID-19 in place in line with the Government and WHO protocols whilst ensuring business continuity.

OUTLOOK

The performance of the economy is largely dependent on the consistency of monetary and fiscal measures put in place by the authorities however management will continue to focus on protection of market share, innovation and cost management to enhance shareholder value.

By Order of the Board.

L Mutamuko

Company Secretary

Date: 6 November 2020



P Gwero (Chairman), *C Gombera (Managing Director), S W Klopper, C Malunga, R H M Maunsell, *M Ndachena, R Pieters, N Samuriwo, M Valela
*Executive Directors

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www.africandistillers.co.zw