

TRADING UPDATE

for the Quarter ended 30
Sept 2020



Trading Environment

Activity in the construction industry improved following relaxation of the COVID-19 induced lockdown conditions. Annual inflation which had risen to 837.5% in July, declined to 659.4% in September with the exchange rate stabilizing around ZW\$81.44 to the US dollar as at the end of the quarter.

Volume performance

Sales volumes for the quarter under review were 49% above prior year driven by individual housing development projects. This brought up year to date volumes to 12% above prior year. Production was ramped up to replenish stocks in view of the above normal rainfall forecast for the impending quarter. Closing stocks are at acceptable levels for this time of the year.

Financial performance

Revenue for the quarter in hyperinflation accounting terms grew by 24% compared to the same period in the prior year. Year to date revenue increased by 22% compared to the prior year. Revenue and profitability were driven by both volume growth and price adjustments.

Business continuity

The impact of the COVID-19 pandemic was minimal during the quarter under review due to strict operating conditions adopted to minimize transmission of the virus. The relatively low levels of transmission nationally are encouraging for the business. However, operations continue under strict measures to minimize risk of transmission. The business continuity plan is reviewed regularly to ensure effective management of risk emanating from the COVID-19 pandemic.

Solvency

The solvency of the business as at the end of the quarter is satisfactory. Trading stock is at acceptable levels to generate sufficient cash flows for the business in the short term.

Outlook

The opening up of the economy following relaxation of COVID-19 induced lockdown conditions, stability in key economic fundamentals and the renewed optimism in housing development will spur demand for bricks into the future. The Company remains ready to supply quality bricks to infrastructure projects. We anticipate sustainable profitability for the business into the foreseeable future.

By Order of the Board

M Munginga

Company Secretary

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10 November 2020



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