



ZIMBABWE NEWSPAPERS
(1980) LIMITED

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TRADING UPDATE FOR THE THREE MONTHS ENDING: 31 MARCH 2021

I am pleased to present the Group's trading update for the three months to 31 March 2021.

Trading Environment

The quarter to 31 March 2021 witnessed a slowdown of the Covid-19 infections and subsequent relaxation of the lockdown restrictions. Some stability on exchange rate and inflation developments were achieved for the period under review. Year on year inflation was at 240.6% compared to 626.4% for the same period last year whilst exchange rate remained at around 84 to the United States Dollar.

Volume Performance

Volumes for the Commercial Printing Division (CPD) remained flat when compared to the same period last year whilst both the Radio Broadcasting and Digital & Publishing Divisions' volumes declined by 3% and 25% respectively. The volume decline was a result of the Covid-19 impact, mainly on the first two months of the quarter as the economy was largely on lockdown. It is encouraging to note that, DAP is on a recovery trajectory following a 19% growth on advertising volume recorded in March 2021 when compared to January 2021. The newly licensed television station, ZTN, recorded a 5% volume growth when compared to the same period last year.

Financial Performance

In hyperinflation terms, the Group recorded a 50% revenue growth to ZWL\$427.0 million compared to ZWL\$283.9 million for same period last year. Of the 50% growth, 80% was recorded from the Digital and Publishing Division whilst 17% and 5% were recorded from the Radio Broadcasting Division and ZTN respectively. Although ZTN recorded a 5% increase to Group revenue growth, this was 181% increase when compared to same period last year. The Commercial Printing Division was the only unit that recorded revenue decline as it was affected by suppressed selling prices on its products. In line with the improved revenue growth, the Group recorded operating profit before monetary adjustments of ZWL\$51.3 million when compared to a loss of ZWL\$2.9 million for the same period last year.

In historical terms, the Group's revenue increased to ZWL\$416.4 million compared to ZWL\$68.7 million for last year. The Group's digitalisation strategy continues to bear fruit as digital revenue is now 8.0% of the Group's total revenue driven by ZTN and the recently launched e-papers. To that effect, net profit before tax increased to ZWL\$50.2 million when compared to ZWL\$26.0 million for last year.

Outlook

The Group's performance for the second quarter is expected to be better than the first quarter as the operating environment is expected to continue improving. However, the possible impact of a third wave could have detrimental effect on the overall performance of the Group. The Board and Management will continue to look at survival and growth opportunities to ensure the future existence of the Group.

By order of the Board

P. Deketeke
GROUP CHIEF EXECUTIVE

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