



Dairibord
Holdings

More Than Just Milk

AGM Trade Update By
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www.dairibord.com

PRESENTATION OUTLINE



TRADING ENVIRONMENT



MAY 2021 YTD PERFORMANCE



SHORT TERM OUTLOOK

TRADING ENVIRONMENT & IMPACT ON BUSINESS



COVID-19

To date GoZ has made positive efforts in managing the COVID-19 pandemic. The current outbreak impact is unknown. The level 4 lockdown impacted business in Q1, however trading conditions improved after the restrictions were lifted;



INFLATION

All items Y-o-Y inflation in June was at 106.64%, while food and non-alcoholic beverages Y-o-Y inflation has remained below 5% in 2021 in line with the RBZ target. The price of fuel and milk powders increased on the global market with the attendant increase in imported inflation;



FOREX - AUCTION

Foreign currency availability improved over prior year, improving supply of imported inputs. Import requirements were funded 46% from the RBZ Auction, 46% from domestic proceeds (nostro) and the balance from export and interbank markets;

TRADING ENVIRONMENT & IMPACT ON BUSINESS



RAINFALL

Heavy rains in Q1 significantly affected national raw milk production;



COST PUSH

High cost of raw milk, raw and packaging materials, water, electricity, fuel and labor were material contributors to cost push;



FINANCING

The cost of financing was higher than prior year as a result of high borrowings, higher borrowing costs and longer working capital cycles;



DEMAND

Demand was firm across all product categories' however the business was not able to meet demand particularly for milk and milk products due to raw milk supply challenges.

MAY YTD PERFORMANCE HIGHLIGHTS

**Performance to date is better than same period last year
and momentum will sustain to end of June**

Raw Milk Intake	2% decline compared to prior year. The national decline compared to prior year was 4%
Sales Volume	49% increase over prior year <ul style="list-style-type: none"> • Liquid Milks grew 18% constrained by milk supply challenges • Foods 45% • Beverages 78%
Revenue	463% growth on prior year (historical)
Operating Costs	452% growth on to prior year (volume & inflation driven)
Operating Profit Margin	7% compared to 5% in prior year

OUTLOOK

SHORT TERM OUTLOOK



2021 GDP projected to grow with estimates of 3.9% (World Bank), 6%, (IMF), and 7.4% (GoZ). Aggregate demand expected to grow especially H2;



Level 4 lockdown measures instituted on 29 June will result in momentum disruptions to supply (both domestic and imports) and a slow down in demand. Depending on how long the restrictions persist, it is anticipated that growth resurgence will be dented;



Interest rates are not expected to change in the short term;

SHORT TERM **OUTLOOK**



Consistent availability of foreign currency will spur sustained economic growth;



Margins will continue to be under pressure as key cost drivers adjust in line with inflation (domestic and imported).

SHORT TERM **OUTLOOK**

**THE BUSINESS ENVIRONMENT WILL CONTINUE TO BE CHALLENGING
HENCE THE NEED TO FOCUS ON THE FOLLOWING OPPORTUNITIES:-**

Revenue enhancement

Cost containment

Cost reduction

Enhanced availability of raw & packaging material

Sustained collaboration with milk producers to enhance viability & volume growth

Sales volume growth

Sustained employee welfare awareness, especially in the Covid-19 induced environment

TRADING UNDER CAUTIONARY



The company is trading under cautionary as it is still in discussion with a private company, Dendairy.



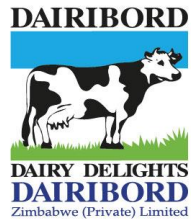
Currently due diligence exercises are being done on both companies.



Shareholders will be updated in due course following the due processes. The embedded compelling business case that can be unlocked through this prospect is undoubted.

CONCLUSION

Business is in a strong position to benefit from supply and demand opportunities



THANK YOU!