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## **GB HOLDINGS LTD THIRD QUARTER TRADING UPDATE FOR THE PERIOD ENDING 30 SEPTEMBER 2021**

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### **TRADING ENVIRONMENT**

The delayed disbursement of approved auction bids threatened the relative stability of the exchange rate and general price levels. Further, the enactment of SI 127 of 2021 had the inevitable effect of constrained pricing of output while input costs had a parallel rate base. This anomaly effectively rendered local products uncompetitive against imports thereby negating the fragile recovery since beginning of the year.

The impact of COVID 19 pandemic in the quarter persisted, while the violent riots in South Africa and the subsequent cyber attack all conspired in the disruption of logistical flows of raw materials resulting in reduced consumption of the company's products.

### **PERFORMANCE UPDATE**

The above notwithstanding, volumes for both divisions were 31 % and 48 % ahead of same period prior year for the chemicals and rubber division respectively with both divisions operating profitably. However, margins were under severe pressure due to the strengthening of the rand against the United States dollar which resulted in increased raw materials costs. In addition rapid dollarization in the economy and the consequent basing of local costs on unofficial rates further reduced profitability when compared with same period prior year

### **OUTLOOK**

The expanded vaccination programmes and their acceptance by the general populace brought respite to the economy as the rate of infection declined while at the same time there were significant gains towards achieving herd immunity. This development is expected to result in relaxed lockdown measures which would impact positively on aggregate demand as other key markets of the company which include hospitality and schools open up.

Given the above the company is expected to operate profitably for the rest of the year although at reduced levels when compared with prior year and budget. The Chemicals division is expected to recover from the effect of lockdown measures which shut off its traditional markets. The rubber division is expected to maintain its recovery path and its out turn will depend on improved logistical flow of raw materials following the intermittent disruptions at the raw materials suppliers factories.

A handwritten signature in black ink, appearing to read 'P. Munyanyi', is positioned above the name and title.

**P. MUNYANYI  
FINANCE DIRECTOR**