ZIMBABWE NEWSPAPERS (1980) LIMITED

TRADING UPDATE FOR THE NINE MONTHS ENDING: 30 SEPTEMBER 2021

It's my pleasure to present the Company's trading update for the nine months to 30 September 2021.

Trading Environment

The operating environment during this period was stable. This followed the slowdown in Covid-19 infections and the subsequent relaxation of the lockdown restrictions. There was also improved availability of foreign exchange whilst the official exchange rate was relatively stable.

Year-on-year inflation continued to decline from 659.4% recorded in the same period last year to 106.6% recorded in June 2021. It further declined to 51.5% by the end of September 2021. The official exchange rate remained relatively stable with a 2.6% depreciation from the June 2021 number to close the month of September at an average of 87.7.

Cost of goods and services continued to increase despite the low inflation rate. This was because a significant number of service providers were tracking the unofficial parallel market rate when pricing their goods and services. Although the RBZ foreign currency auction system continued to allocate funds to winning bids, there were delays in making the final payments to the various suppliers owing to foreign currency liquidity challenges. This had a negative impact on timely payment of goods and services, leading to some delays in the value chain.

Volume Performance

24.7%

The **Digital and Publishing Division (DAP)** recorded a **24.7% volume growth** for the quarter when compared to the same period last year. This growth follows the 20.7% recorded for the second quarter when compared to last year. On year to date basis, the Division was 0.3% favourable to the same period last year following a 25% decline in the first quarter of the year. The Division is on a volume recovery path as both circulation and advertising recovered. Circulation was 14% better when compared to the same period last year whilst advertising recorded a 33% growth in the month of September 2021 when compared to the month of June 2021.

2.7%

The **Radio Broadcasting Division (RBD)** recorded a **2.7% volume increase** for the third quarter when compared to the same period last year. On year to date basis, the RBD was 2.4% above the same period last year. This was a recovery from the 3% decline that was recorded in the first quarter of the year.

54%

The **Commercial Printing Division's (CPD)** volumes for the quarter were **54% better** than the same period last year. This was an improvement from the negative 23% recorded for the second quarter, when compared to last year. On year to date, the Division recorded a 13% favourable volume performance when compared to the same period last year. The improved performance for the quarter was a result of further relaxation of the Covid-19 lockdown restrictions and improved machine reliability following installation of a second commercial printing machine.

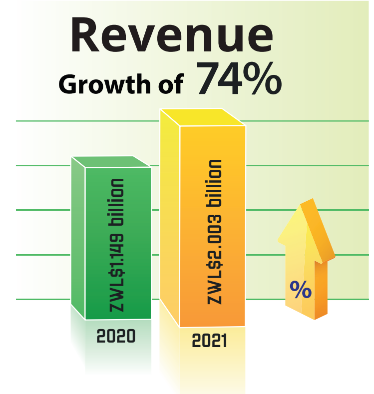
51%

The **Group's Television Network (ZTN)** recorded a **51% volume growth** for the quarter and 102.1% on year to date when compared to same period last year. This was a result of the increase in the station's audiences and brand endorsements.

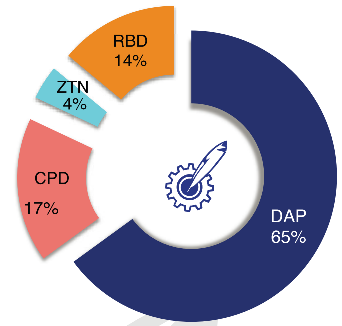
Financial Performance

In hyperinflation terms, **the Group recorded a 74% revenue growth to ZWL$2.003 billion** compared to ZWL$1.149 billion for the same period last year. The DAP Division continued to contribute significantly to the Group's revenues at 65% followed by the CPD that was at 17%. The RBD contributed 14% whilst ZTN contributed 4%. All the divisions recorded some revenue growth in both historical and hyperinflation terms.

Despite the hyperinflation environment, the Group improved its net profit before monetary adjustment margin to 12.2% compared to 10.8% for the same period last year. In line with the improved revenue growth, the Group recorded operating profit before monetary adjustments of ZWL$244.9 million when compared to a profit of ZWL$124,2 million for the same period last year.



GROUP CONTRIBUTIONS



Outlook

The Group's performance continued on an upward trend throughout the quarters and is expected to be sustained in the fourth quarter owing to the relatively improving operating environment. In that regard, the Group's fourth quarter, which is the peak period for the Company's products, is expected to be better than the third quarter. The impact of the Covid-19 pandemic is not expected to be significant as infections are declining. The increase in vaccinations, which have since been extended to school going children above the age of 16, should keep the Covid-19 pandemic under control. However, the possibility of a fourth wave that would have far reaching consequences on the performance of the Company cannot be ruled out.

The Board and Management will continue to look at survival and growth opportunities to ensure the future existence of the company.

By order of the Board

P. Deketeke
GROUP CHIEF EXECUTIVE

Digital & Publishing | Commercial Printing | RADIO | ZTN

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