

# Trading Update



African Distillers Limited

For the Third Quarter ended 31 December 2021

# RE FRESH ES



## OPERATING ENVIRONMENT

The trading environment for the quarter under review was stable and the relaxation of COVID-19 lockdown restrictions resulted in increased economic activity. Consumers spend was further improved by increased activity in the key sectors of the economy such as agriculture, mining and infrastructure projects. The country however experienced a fourth wave of COVID-19 towards the tail end of the quarter which resulted in some disruptions to business operations as it led to higher employee absenteeism during periods of high infections.

Foreign currency generated from trade continues to benefit the economy as it makes it easier to fund external supplies of raw materials and capital equipment.

## VOLUME PERFORMANCE

The Company registered a volume growth of 32% for the quarter and 48% for the nine months compared to the same prior year period. Wines volume grew by 67% mainly driven by 4th Street due to improved availability and affordability following the local production project which was commissioned in the quarter under review. Spirits and Ready to drink ("RTD") volumes grew 17% and 41% respectively. The growth in these categories was curtailed by supply constraints caused by glass pack shortages in the region.

## FINANCIAL PERFORMANCE

Revenue grew by 57% for the quarter and 52% for the nine months in inflation adjusted terms over last year, whilst in historic terms grew by 148% and 159% for the quarter and nine months respectively. This is as a result of volume growth emanating from firm demand over the festive season. The Company continues to leverage on foreign currency generated from trade to ensure continuous supply of imported inputs and to contain supply chain costs.

## IMPACT OF CORONAVIRUS (COVID-19)

The country is still experiencing high numbers of COVID-19 infections, and the full impact of the pandemic remains uncertain. The Company continues to implement COVID-19 mitigatory measures in order to ensure business continuity. The health and safety of employees and stakeholders remains of paramount importance during the COVID-19 pandemic.

## OUTLOOK

The Company will continue to benefit from the growth in key sectors of the economy despite the high inflation, depreciating exchange rate and the COVID-19 effects. Management will continue to focus on strategies that grow market share and consequently enhance shareholder value.

By Order of the Board.

L Mutamuko  
Company Secretary  
25 January 2022

