ZIMBABWE NEWSPAPERS (1980) LIMITED

TRADING UPDATE

FOR THE THIRD QUARTER ENDING 30 SEPTEMBER 2023

Trading Environment

The period under review remained relatively challenged by weak domestic demand, liquidity constraints, and exchange rate disparities. However, the interventions by the authorities on maintaining a tight monetary policy stance and exchange rate stability resulted in the average annual inflation for the quarter decreasing to 19.6% compared to 31.7% for the second quarter. The use of foreign currency on local transactions in the economy is reported to have further increased to about 80% during the period under review. The extension on the use of the multicurrency regime to 2030 is expected to promote confidence as businesses can take medium to long term investment decisions. The country is projected to register a 5.3% GDP growth for 2023 riding on Agriculture, Mining and Construction.

Financial Performance

In inflation adjusted terms, the Group's revenue increased by 82% to ZWL$81.1 billion compared to the same period last year. Furthermore, from the second quarter year to date base, revenue grew by 90% compared to 66% for same period last year. Subsequently, bottom line before monetary adjustments turned back to profitability of ZWL$3.3 billion from the second quarter year to date loss of ZWL$2.2 billion. The improved performance was realised from volume and price recoveries following a relative improvement in the demand for some of the Company's products.

Despite the year-to-date revenue growth of 82% when compared to the same period in prior year, gross profit margin for the period under review declined by ten percentage points to 58%. This was caused by high cost of sales that were driven by increases in material prices and the effect of local currency depreciation when compared to major currencies. Resultantly, a net profit margin before monetary adjustments of 5% was recorded when compared to 15% for the same period last year.

The Company's total assets amounted to ZWL$60.1 billion whilst shareholder's funds were ZWL$31.0 billion.

Focus will remain on performance improvement through cost optimisation and value preservation. Debt collection will remain a key priority for the Company to alleviate cash flow pressures.

Outlook

In line with the revised 2023 projected GDP growth and the economic interventions by the Government of Zimbabwe to stabilise the operating environment, the Company is expected to further improve its performance in the last quarter and secure profitability for the year. Appropriate risk mitigation measures have been put in place to secure the future of the company.

The Board and Management will continue to focus at improving the performance of the business by capitalising on all possible growth opportunities.

By order of the Board

P. Deketeke
GROUP CHIEF EXECUTIVE