



**Dairibord  
Holdings**  
More Than Just Milk

# TRADING UPDATE

## FOR THE PERIOD ENDED 31 MARCH 2024

**Nutritious Foods and Beverages for  
the Sustenance of Good Health**

### OPERATING ENVIRONMENT

The Group faced a difficult quarter ending 31 March due to a confluence of factors including persistent inflation, currency volatility, limited access to competitive long- term credit facilities, disrupted supply chains and inconsistent supply and high price of utilities.

Uncertainty around policies and the implementation of new tax laws, including a special surtax on sugar and VAT on particular products, along with ongoing disruptions of the formal trade caused by price distortions, adversely affected business performance.

### PERFORMANCE

#### Raw Milk

The business has been aggressively pursuing raw milk growth initiatives which have started to yield impressive results as milk intake grew by a laudable 38% to 9.46 million litres up from the 6.86 million litres in the prior year comparative quarter. This was ahead of the 21% national growth in milk intake by processors for the same period, as Dairibord continues to be the processor with the largest raw milk intake and widest milk intake base in the country. The Group's commitment to its suppliers and farmer support initiatives will ensure a sustainable milk supply for long- term growth.

#### Sales Volume and Revenue

Overall sales volumes increased by 2% anchored by the milks and foods categories. Liquid milks volumes grew by 14% in the quarter compared to prior year, aided by an increase in raw milk intake. The foods category recorded a 7% growth from the prior year comparative quarter. However, the beverages category recorded a 3% decline.

The proportion of volumes sold in United States Dollars increased to 85%, up from the 58% recorded in the same period last year. This was buoyed by a commendable 97% increase in export volumes. In contrast, domestic volumes declined by a marginal 3%. Exports accounted for 9% of total sales volume, up from 4% in the prior period quarter. Despite the operational headwinds in the environment, particularly the adverse impact of the sugar surtax on cost and pricing models, the business still showed resilience by posting growth in sales volume.

Revenue for the quarter was 1% below comparative quarter last year due to a lower price per litre. Owing to successful cost containment efforts, operating costs decreased by 16% which spawned an improvement in the operating profit margins of the business at 10% compared to 6% in the same period last year.

### OUTLOOK

Headwinds persist in the global operating environment as slow economic growth is anticipated worldwide, a result of various challenges including geopolitical tensions and ongoing supply chain disruptions. Poor rainfall due to the El Nino phenomenon poses a big threat to the region, the country and the business.

While the Group expects difficulties in availability of reliable and affordable quality water and electricity to continue, the negative impact of water woes on operations have been mitigated by water reservoirs commissioned at the factory sites. Despite the upcoming quarter being characterized by the customary low weather- induced demand, the Group is geared to exploit opportunities presented by recently completed and ongoing capital investment projects aimed at optimizing efficiencies and boosting capacity. Aggressive cost containment and reduction initiatives will continue and further improve profitability.

**By order of the Board**

**Maurice Karimafumbi**  
**Acting Company Secretary**  
**14 May 2024**