

## TRADING UPDATE – FIRST QUARTER 2025

### TRADING ENVIRONMENT

- The first quarter started positively. The stability experienced at the end of 2024, which resulted in a positive trajectory for the business, continued into the new year.
- Despite a promising start to the quarter, the environment remains constrained by liquidity issues, low economic activity and increasing power disruptions.
- The tight monetary policy measures currently in place have resulted in the scarcity of the local currency with the resulting slowing in Government projects. Whilst the exchange rate and inflation have been brought under control, the availability of ZWG remains limited, thereby negatively impacting potential revenue streams.
- The increase in the foreign currency surrender requirement from 25% to 30% for exports has not only eroded the competitiveness of our exports but has also negatively impacted overall market positioning and exporting viability.
- Revenue for the first quarter was primarily received in USD, with USD payments dominating transactions throughout the period.
- In the current quarter, the formal market, particularly the retail sector, made appeals for a reduction in the cost of doing business and the removal of informal sector advantages.
- The proposals will potentially reduce smuggled products, which are disrupting value chains and forcing manufacturers to adapt to the presence of such products.

### BUSINESS PERFORMANCE

- Despite the prevailing liquidity issues, the quarterly sales volumes grew by 11% over prior period.
- Revenue grew by 3% to USD4,263 million (ZWG 114,078 million) against USD4,123 million (ZWG 110,331 million) achieved in the prior period without any export contribution recorded in the current quarter.
- Production volumes also increased by 11% against the previous period, as the business cleared supply backlogs and replenished stocks for high-demand products.
- The raw material supply remained consistent throughout the quarter.
- Overall, the business traded profitably in the quarter under review

### OUTLOOK

- As the rainy season comes to an end, we anticipate a strong increase in demand for piping, with major projects across all sectors set to commence.
- Export revenue is expected in the second quarter, with a growing volume of export enquiries being received.
- Favorable rainfall has significantly improved water levels at Kariba, which should enhance electricity generation and improve operational efficiencies.
- Raw material prices are projected to remain stable throughout the year, with no foreseeable challenges.
- The factory remains well-equipped to process and fulfil all orders promptly to meet our customers' needs.



**G Sebborn**  
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