ZIMBABWE NEWSPAPERS (1980) LIMITED

Market leader in Publishing, Broadcasting, Printing and Packaging

TRADING UPDATE FOR THE FIRST QUARTER ENDING 31 MARCH 2025

Trading Environment

During the first quarter of 2025, the tight monetary policy resulted in relative stability in inflation and exchange rates. The local currency exhibited moderate depreciation, weakening by 3.75% year to date against the United States Dollar to close March 2025 at the rate of ZWG26.77 to the Dollar. This marginal depreciation against the United States Dollar was markedly slower than the 256% decline recorded in the corresponding period the previous year, reflecting improved exchange rate stability. Consequently, inflation eased, with the annual inflation rate declining to 29.5% in March 2025 from 42.7% in January 2025. Month-on-month inflation rates for both the ZWG and USD fell to below 1% by March 31, 2025.

Despite the relative inflation and exchange rates stability, the operating environment was also characterised by liquidity constraints and inconsistent utility services. These macroeconomic factors led to increased operational costs and a decline in volumes, ultimately negatively impacting profitability. Despite these challenges, the company remains optimistic about the future and is committed to implementing digital transformation strategies aimed at delivering sustained long-term value to its stakeholders.

Business Performance

In line with the digitalisation thrust adopted by the Company, there is heightened focus on its implementation to accelerate audience and revenue growth. This resulted in the Company's audience growth of 19% from 9.5 million to 11.3 million across all its media platforms compared to the same period last year. The Digital and Publishing Division led in terms of audience at 54%, while the Radio Broadcasting Division (RBD) and Zimpapers Television Network (ZTN) accounted for 40% and 6%, respectively. On a quarterly basis, the Company's audience grew by 8% compared to the fourth quarter 2024.

The Commercial Printing Division registered 28% volume decline when compared to prior year. The Division's performance was impacted negatively by aging printing equipment and stocking challenges. However, in the short-term, plans are underway to assist the division with strategic stocks and the long-term solution will involve recapitalising the division by procuring state-of-art equipment.

The Digital and Publishing Division recorded a 10% volume reduction when compared to same period last year, with advertising and circulation declining by 8% and 10% respectively. This decline was attributed to customers migration to digital platforms and the loss of the manufacturing and retail sector advertisers due to economic challenges. The business is currently introducing new revenue streams as mitigatory strategy.

The Broadcasting Division recorded a 20% volume decline, primarily due to reduced advertising spend. However, the situation is expected to improve as from the second quarter as most of the business's regular customers will be committing their campaigns on approved budgets.

As a result, the Company recorded a turnover of ZWG150 million and net loss before tax margin of 20% compared to the 8% net loss margin recorded in the same period last year. The performance was weighed down by the Television Division, which is currently being rationalised.

Outlook

Despite global economic uncertainties characterised by trade disputes, fiscal policy adjustments, and continued monetary policy tightening by the local Central Bank, the Company remains optimistic about the future. It is steadfast in its commitment to implementing digital transformation strategies aimed at delivering sustained long-term value to its stakeholders. To enhance shareholder value, the Company is concentrating on volume recovery through diversified revenue generation initiatives and ongoing cost optimisation.

By order of the Board

William Chikoto
ACTING CHIEF EXECUTIVE OFFICER

Digital & Publishing | Commercial Printing | RADIO | BoldAds | ZTN