

TRADING UPDATE FOR THE FIRST QUARTER TO 31 JULY 2020

**Presentation by Chief Executive Officer:
P. Gowero**

AGENDA

1. TRADING REVIEW

2. FINANCIALS

3. DISCUSSION/QUESTIONS



**TRADING REVIEW FOR
THE FIRST QUARTER
TO
30 JUNE 2020**



TRADING ENVIRONMENT

1. Pervasive impacts of COVID-19 Pandemic:

- ✓ Lockdowns and restrictions on economic and social activities.
- ✓ Closure of on-premise consumption channels.
- ✓ Low disposable incomes particularly for self employed and informal sectors.
- ✓ Ban on alcohol sales in South Africa.

2. Worsening economic factors:

- ✓ Unstable exchange rate (both official and parallel rates).
- ✓ High inflation and distorted market prices.
- ✓ Disruptions to payment systems. Limitations of mobile digital payments platforms.
- ✓ Frequent price adjustments - negatively impacts volume.

3. Other factors:

- ✓ Drought induced cereals shortages – imports of maize and sorghum grain.
- ✓ Pressure on health delivery system.



VOLUME PERFORMANCE SUMMARY

Category	Actual Volume 000hl	% Change on Prior Year
1. BEVERAGES (HLS 000)	F21	F20
Lager Beer		
1.1 Clear Beer	178	(18)
Sorghum Beer		
1.2 Sorghum Beer – Zimbabwe	425	(51)
1.3 Sorghum Beer – Zambia	259	17
1.4 Sorghum Beer - South Africa	65	(87)
Soft Drinks		
1.5 Sparkling Beverages	92	35
1.6 Alternative Beverages	5	(82)
Wines and Spirits		
1.7 African Distillers	19	8
Total excluding Associates	1 043	(46)
Associates		
1.8 Schweppes Zimbabwe Limited	117	(33)
Total Beverages inc Associates	1 160	(45)
2. MALT TONNAGE	2 632	(35)

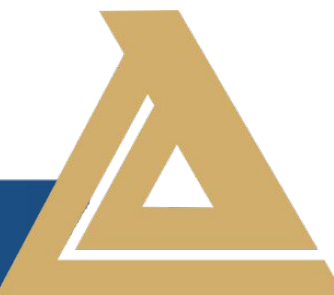


Brighter Together

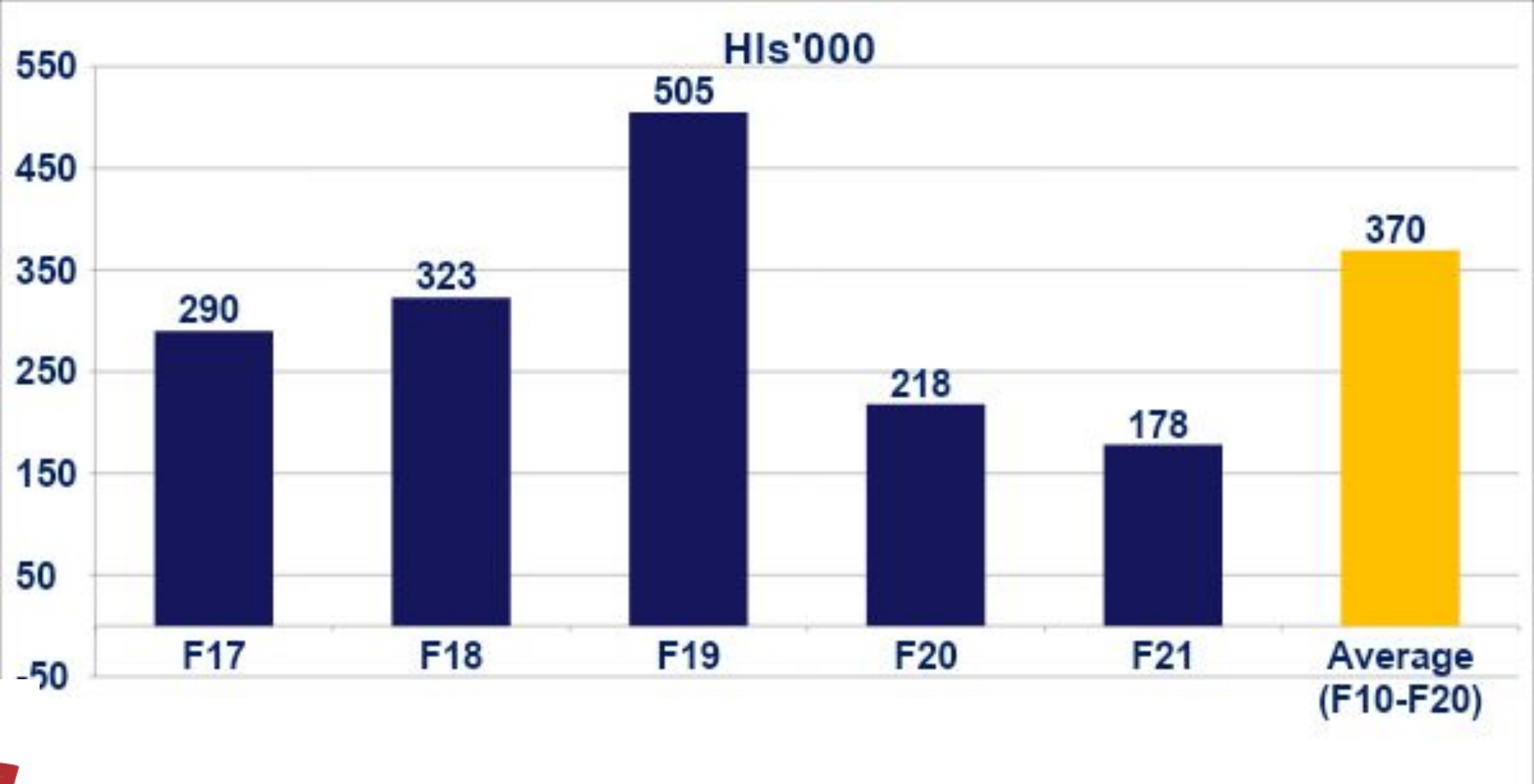


LAGER BEER

- Demand affected by Covid-19 restrictions, but recovery evident since June 2020.
- Reliance on returnable glass particularly the 750ml bottle.
- Currently injecting new glass bottles to improve supply and affordability.
- Barley supply adequate – 2020 contract fully subscribed.

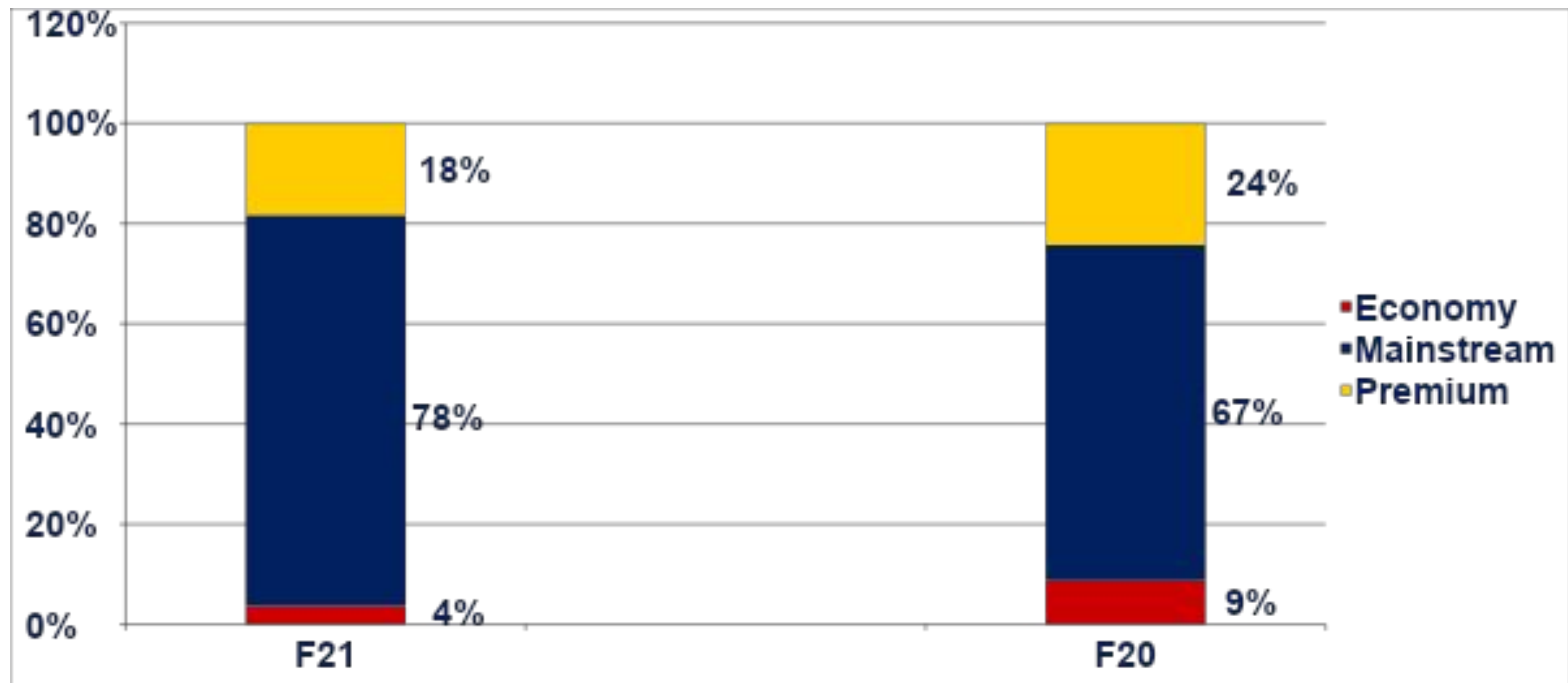


LAGER BEER 5 YEAR VOLUME PERFORMANCE FIRST QUARTER



TRADING REVIEW - LAGER BEER MIX

HLs '000



SORGHUM BEER

Zimbabwe (Down 51%)

- Negative impacts of Covid-19 restrictions.
- Impact of frequent price increases.
- Higher cost of maize; imports, policy changes on GMB pricing arrangements.
- Lower contribution of returnable Scud pack due to restrictions to on-premise consumption.

Zambia (Up 17%)

- Volume recovery – preference of Chibuku Super under Covid-19 conditions.
- Varied enforcement of bans on illegal alcohol forms.
- Focus on competitive pricing.
- Easing of working capital pressure.

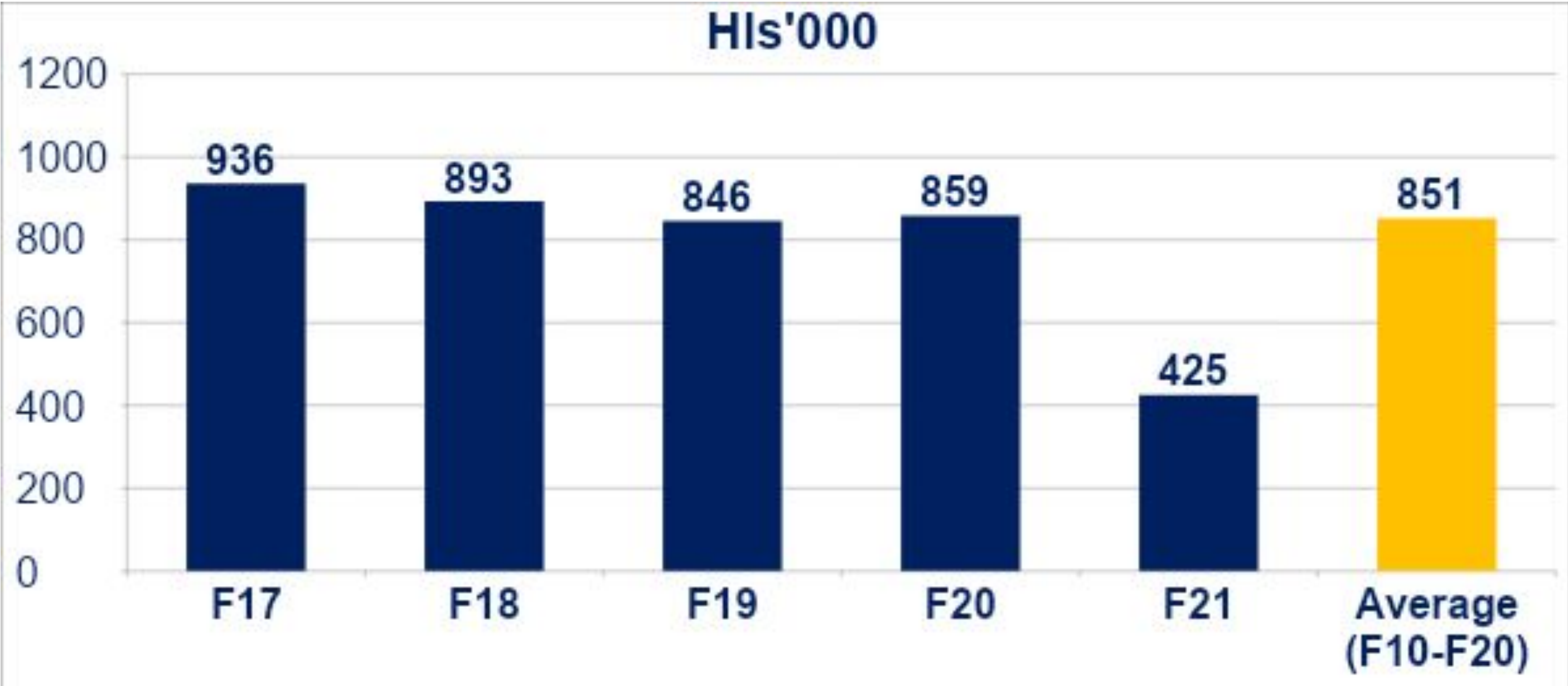
South Africa (Down 87%)

- Impact of ban on alcohol. Limited trading in June 2020.
- Ban re-imposed from 16 July 2020.



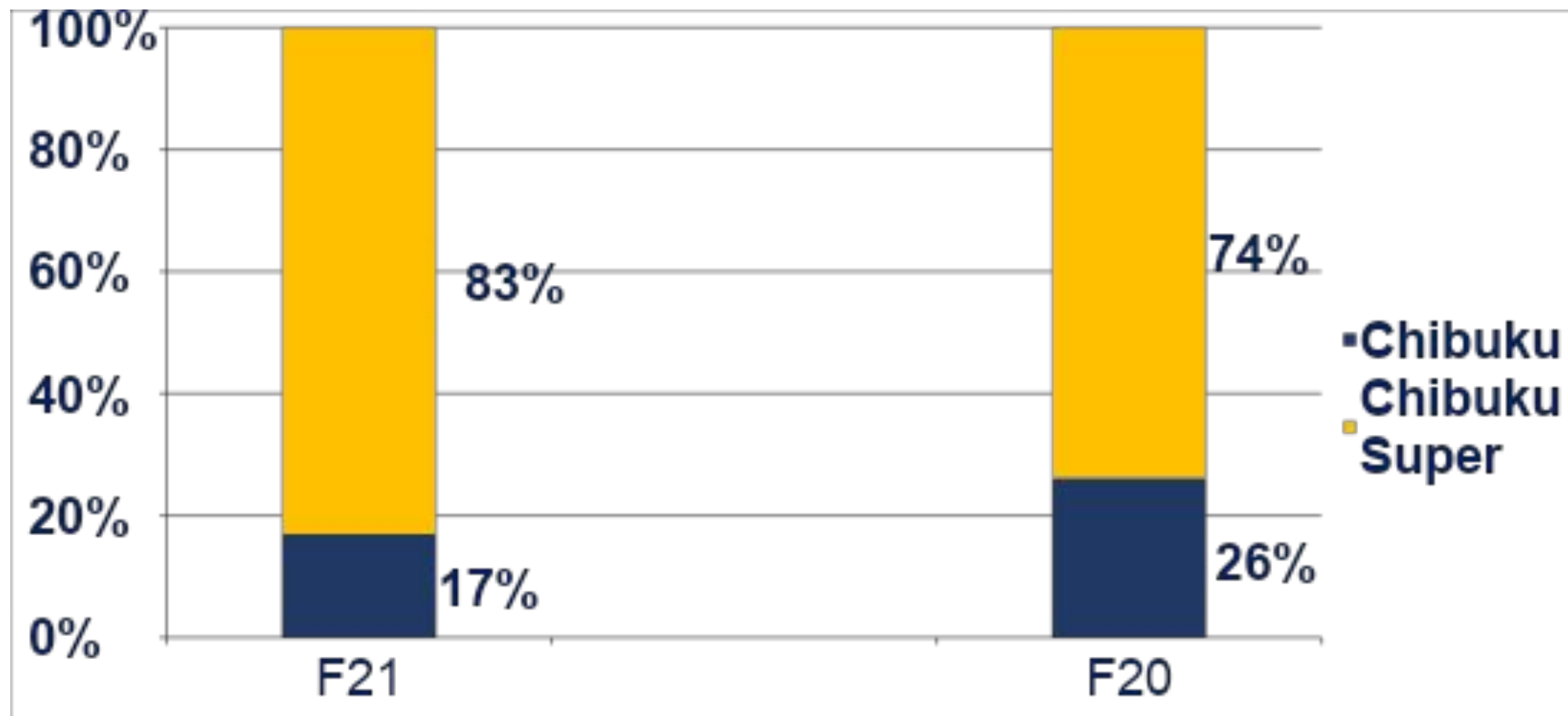
SORGHUM ZIMBABWE BEER 5 YEAR VOLUME PERFORMANCE

FIRST QUARTER



TRADING REVIEW - SORGHUM BEER (ZIMBABABWE) MIX

HLs '000

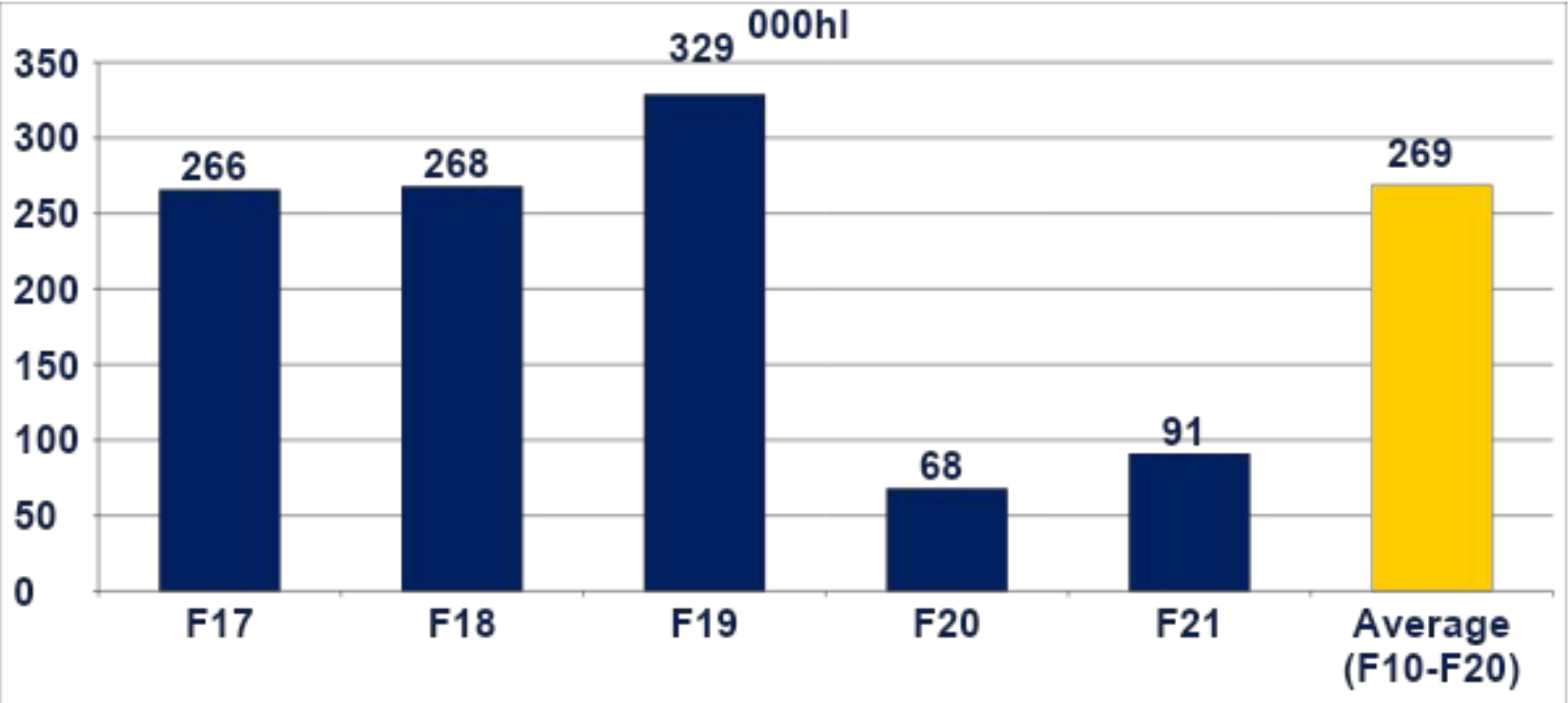


SPARKLING BEVERAGES

- Negative impacts of low social and economic activity due to Covid-19 restrictions.
- Promising recovery of both volume and market share.
- Consistent product supply – better access to forex for key imports.
- Increase in one-way (PET) packs through the Supermarket channel.
- Focus on the without sugar offerings.

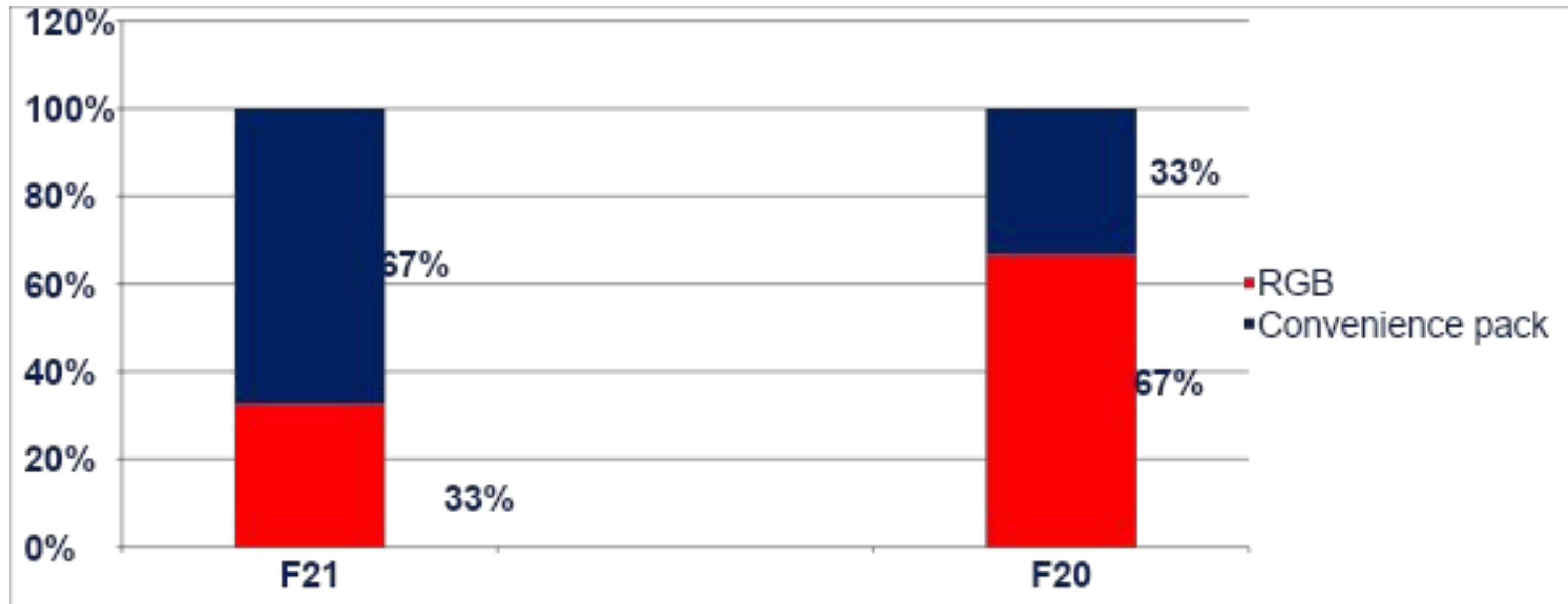


SPARKLING BEVERAGES 5 YEAR VOLUME FIRST QUARTER PERFORMANCE



TRADING REVIEW- SPARKLING BEVERAGES MIX

HLs '000



Brighter Together



AFRICAN DISTILLERS VOLUME PERFORMANCE

Category		
1. BEVERAGES (Litres 000)		
1.1 Spirits	11 754	13
1.2 Wines	729	(35)
1.3 Ciders	6 396	7
Total	18 879	8

- Volume growth despite the Covid-19 restrictions.
- Consistent local production.
- Product innovations.



UPDATE ON ASSOCIATES

1. Schweppes Zimbabwe Limited

- Improved supply of Mazoe Orange crush and Fruittrade brands.
- Current volume performance impacted by affordability and Covid-19 issues.
- Gaps in availability of Minute Maid juice drinks.
- Improved fruit intake for processing divisions.
- Focus on exports.



2. Nampak Zimbabwe

- Entities operated during Covid-19 lockdowns.
- Ongoing efforts to increase exports of plastic packaging into the region.
- Reduced orders from upstream customers on account of lower demand under Covid-19.



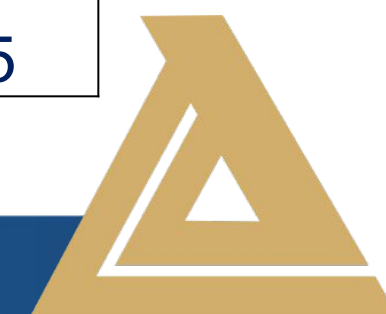
FINANCIAL HIGHLIGHTS

Inflation Adjusted Information		Historical Cost Information
Revenue	Increased by 5% to ZW\$ 3,24 billion	Increased by 765% to ZW\$ 2,77 billion
Operating Income	Increased by 10% to ZW\$ 1,05 billion	Increased by 837% to ZW\$ 896 million



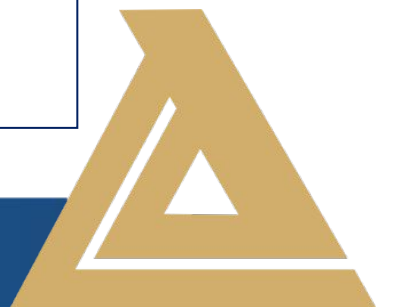
SEGMENT REVENUE

	June 2020		June 2019		
	Revenue ZW\$	Revenue Contri. %	Revenue ZW\$	Revenue Contri. %	% to Prior Year
Lager Beer	993 114	36	104 025	32	855
Sparkling Beverages	254 057	9	28 965	9	777
Sorghum Business	1 219 226	44	161 651	51	654
Wines and Spirits	302 742	11	25 003	8	1 111
Total Reportable Segments	2 769 139	100	319 644	100	766
All other segments	23	-	654	-	(97)
Total Revenue	2 769 162	100	320 298	100	765



OUTLOOK

- Covid-19 impacts to persist for remainder of year and the foreseeable future.
- Re-modelling of outlets / route-to-market to align with new reality of living with Covid-19.
- Anticipating on improvement in forex availability from the auction and trading.
- Focus on expunging legacy debt and funding current operations.



Thank You

