ZIMBABWE NEWSPAPERS
(1980) LIMITED

TRADING UPDATE
FOR THE FIRST QUARTER ENDING 31 MARCH 2024

Trading Environment

The first quarter of the year witnessed the unfolding of the impact of the El-Nino phenomenon where most crops that relied on natural rainfall were a complete write off. Resultantly, the combined effect of El-Nino weather pattern and lower commodity prices affected the GDP estimate for the year which was revised downwards from 5.5% recorded in 2023 to 3.5% projected for 2024. Inflationary pressures continued to affect the economy as the annual blended inflation rate increased to 55.3% compared to 40.8% for the same period last year. The average month on month inflation for the quarter grew by 44% to 5.6% when compared to last quarter of 2023.
The quarter witnessed a significant depreciation of the official exchange rate from 6,192.40 on the 2nd of January 2024 to 22,055.47 on the 28th March 2024. In line with the currency depreciation, the Total Consumption Poverty Line (TCPL) as published by Zimbabwe National Statistics Agency (ZIMSTAT) depreciated to 916,225.50 by end of the quarter under review.

Business Performance

The foundation for any media business is audience generation and the Group is focusing on this pillar. Resultantly, the Group's audiences grew by 20% to 9.5 million, across all platforms compared to same period last year. This growth in audience was confirmed by the ZAMPS Q1 survey results that showed most of the Company's brands leading in their respective segments.

The Group's overall volume performance increased by 184% when compared to the same period in the prior year. The significant growth came from the recovery by the Commercial Printing Division that had a 188% growth following the increase in demand for its low-cost products. The Commercial Printing Division has been consolidated to create a bigger and more efficient printing hub that will provide printing services to the Group and the open market at large. This reorganisation is expected to give a new impetus to the business.

The Broadcasting division recorded an overall 2% volume growth driven by the 53% jump by the Zimpapers Television Network (ZTN) channel that has won the hearts of many in the market. In the radio broadcasting sector, Star FM is the go-to urban radio station. In Manicaland, Diamond FM is the preferred choice while Capitalk FM was reported as gaining momentum in Harare according to ZAMPS.

The Group's flagship newspapers continue to dominate the market as evidenced by the ZAMPS Q1 survey results where the Herald and the Sunday Mail were confirmed as the leading daily and weekly newspapers in the market respectively.

Several action plans were put in place to improve performance of the Group including the creation of the expanded and more efficient Print-Hub and the increased product offering under Typocrafters that is now focusing on all scholastic materials, paper merchanting, bookshops and corporate gifts amongst many other lines. Furthermore, management is putting additional measures in place to ensure the future existence of the business by focusing on new media and spin off benefits of its 360-degree solution in the media landscape.
Operational performance of the Group is expected to improve in the second quarter in line with the performance optimisation measures being put in place by management and the general cyclical nature of its operations.

Outlook

After the end of the quarter, the Reserve Bank of Zimbabwe introduced a new currency called Zimbabwe Gold (ZiG) to replace the Zimbabwe dollar. The new currency that is linked to gold and other valuable mineral assets is expected to bring currency stability as several measures have been put in place to support it. The Group is focusing on monetisation of its digital platforms and further consolidation of its volume and financial performance to secure a better second quarter of the year. In line with the strategy on strengthening the Print-Hub, additional printing equipment is being procured to support growth of the brand.

By order of the Board

P. Deketeke
GROUP CHIEF EXECUTIVE