



**Dairibord
Holdings**
More Than Just Milk

TRADING UPDATE

FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

OPERATING ENVIRONMENT

The period under review was marked by a constrained liquidity environment. Inflationary pressures were mitigated as the official exchange rate remained stable, resulting in relatively consistent consumer prices during the quarter. However, the liberalisation of the exchange rate towards the end of the quarter triggered severe disruptions in trading activities, impacting pricing models and giving rise to exchange losses for the business.

Persistent supply chain disruptions and intermittent access to critical utilities such as water and electricity resulted in increased operational costs, and compromised production continuity.

BUSINESS PERFORMANCE

Raw Milk

The Group's raw milk intake experienced substantial growth, reaching a volume of 11.8 million litres in the quarter under review. This represents a 44% increase from the 8.2 million litres recorded in the previous year's corresponding period. The growth rate exceeds the national average milk intake increase of 16.7% among processors during the same period, with Dairibord accounting for 36.7% of the national raw milk production.

For the nine-month period ending 30 September 2024, raw milk intake reached 31.8 million litres, reflecting a 42% increase from the 22.4 million litres recorded in the corresponding period of the previous year. Dairibord's milk intake constituted 36.8% of national raw milk production during the cumulative nine-month period.

Sales Volume and Revenue

Notwithstanding the sustained operational challenges, including currency volatility, exchange rate disparities, and implications of sugar tax on cost and pricing structures, the business demonstrated resilience by achieving growth in sales volume.

- Overall sales volume experienced a 29% growth, anchored by the Milks and Foods product categories. Liquid Milks volume recorded a 32% year-on-year growth during the quarter, attributed to an increase in raw milk intake. Concurrently, the Foods category demonstrated a significant 81% increase, while Beverages recorded a 22% growth compared to the previous year. Cumulative sales volume for the nine-month period exhibited an 11% increase compared to the corresponding period last year. Beverages accounted for 60% of the total volume, followed by Liquid Milks at 31% and Foods at 9%.
- Revenue for the quarter exceeded the corresponding period of the previous year by 37%, primarily driven by a surge in sales volume. Cumulative revenue grew by 22% to US\$91.6m, due to a combination of volume growth and product mix.
- The percentage of total volume sold in United States Dollars decreased from 93% to 74% in the quarter compared to the same period last year. However, for the cumulative nine-month period, volume sold in United States Dollars increased from 74% to 81%.
- Exports constituted 5% of the total Q3 sales volume, compared to 11% in the prior period quarter. Domestic demand remains high and largely unmet, resulting in the Group channeling relatively higher volumes onto the local market during the quarter under review. Cumulatively, export volume contribution has remained constant at 8% of the total volume sold during the nine-month period, consistent with the prior year. However, in absolute terms, export volume has grown by 13% from 5.8 million in the prior comparative cumulative period, to 6.6 million litres.

OUTLOOK

The business will continue with its growth agenda focusing on:

- The enhancement of processing capabilities through capital investment initiatives aimed at growing market penetration and sales volume;
- commitment to research and development to augment our product offerings and grow a robust and diversified product portfolio;
- a deliberate focus on exports growth;
- cost management; and
- staff development.

By order of the Board

Maurice Karimafumbi
Company Secretary
13 November 2024