

TRADING UPDATE - 9 MONTHS TO SEPTEMBER 2024

TRADING ENVIRONMENT

- The period under review was impacted by economic headwinds, including liquidity constraints and macro/micro economic pressures.
- The new currency initially achieved exchange rate stability, but its limited availability hindered significant transactions. As the new currency increased in the market, exchange rate volatility also increased, making local currency transactions challenging.
- The exchange rate volatility prompted a 43% devaluation, to stabilize exchange rates and address market disparities between the official and the alternative rate. The impact of this adjustment on businesses is anticipated to unfold in the final quarter of the trading year.
- Government's prioritisation of road infrastructure rehabilitation projects led to a shift in focus away from water and sanitation initiatives, thereby impacting the group's potential revenue streams.
- Countrywide power outages impacted factory efficiencies despite solar and generator backup.
- The confluence of these issues affected overall group performance.

BUSINESS PERFORMANCE

- Sales volumes for the period under review of 4,800 tons represents a modest decline of 4% compared to the same period last year.
- Revenue totaled USD14,522 million, representing a 10% decrease from the prior year's revenue of USD16,163 million, aligning with the drop in sales volumes.
- Overall, the Group experienced a decline in profitability levels for the period compared to the prior period.
- Production volumes declined by 5% compared to the previous period, enabling the fulfillment of backorders and replenishment of fast-moving inventory.
- The period saw stable raw material availability, supporting business continuity.

OUTLOOK

- The impending rainy season is expected to catalyze a surge in project completions, benefiting our Q4 performance.
- The installation of new equipment in the last quarter to augment certain product ranges will improve product availability and increase volumes in the last quarter.
- Electricity supply remains a concern for business operations.
- However, the solar project was successfully commissioned during this quarter and will help mitigate the power outages impact.
- The factory remains capacitated to convert all orders in time.



G Sebborn

15 November 2024