ZIMBABWE NEWSPAPERS (1980) LIMITED

TRADING UPDATE

FOR THE THIRD QUARTER ENDING 30 SEPTEMBER 2024

Trading Environment

During the third quarter, liquidity challenges and power shortages arising from the El Niño drought further slowed economic growth, leading to a downward revision of the Gross Domestic Product (GDP) to 2.0%. The devaluation of the Zimbabwe Gold (ZWG) on September 27, 2024, significantly impacted our operations. The cost of foreign currency-driven materials rose which caused a mismatch with revenues generated at lower exchange rates which failed to cover such costs. As a result, the company faced increased operational costs and reduced advertising revenues, leading to lower profitability. On a positive note, the ushering in of Star link is expected to increase competition hence connectivity costs are expected to decrease.

Business Performance

In line with the digitalisation thrust adopted by the Group, there is heightened focus on its implementation to accelerate audience and revenue growth. Consequently, the Group's audiences grew by 39% to 11.7 million across all its media platforms compared to the same period last year. The Digital and Publishing Division (DAP), better known as the newspaper division, led in terms of audience growth to Group totals at 63%, while the Radio Broadcasting Division (RBD) and Zimpapers Television Network (ZTN) were at 33% and 4%, respectively. On a quarterly basis, the group audience grew by 21% compared to the second quarter.

The Group's overall volume performance for the quarter increased by 82% compared to the second quarter. This recovery was mainly from the Commercial Printing Division (CPD), which had an 84% improvement. The growth was due to labels and cartons that recorded growth of 82% and 245%, respectively, compared to the second quarter. Unfortunately, advertising inserts, general jobbing, and books suffered some volume losses, which then weighed down the division's average growth performance for the quarter.

Both DAP and RBD had marginal volume gains of 4% and 7%, respectively. DAP had an 18% advertising growth whilst circulation had a moderate decline of 4%. The improvement in advertising was a result of opportunities from the SADC summit, Heroes, and Defence Forces Day commemorations where various companies ran their advertising campaigns.

All the regional radio stations recorded moderate growth, although the overall RBD volume performance was weighed down by Star FM, which had a 9% volume decline arising from a high second-quarter base.

On year-to-date, the Group's volume performance was 41% better than the same period last year. The recovery was recorded from the CPD and Typocrafters, which had 42% and 13%, respectively. The scope of Typocrafters' product offering has been enhanced to include all scholastic materials, paper merchanting, bookshops, and corporate gifts, among many other lines.

Outlook

The Group's 360-degree media solution, coupled with its diversification strategy, is now in full force. The Group is capitalising on growing opportunities in the commercial printing sector and embracing growth prospects from the new media for its future existence.

The Group continues to focus on monetisation of its digital platforms and further consolidation of its volume and financial performance to secure a better full year against the backdrop of drought-induced economic hardships and currency volatilities. The digitalisation project being undertaken by the Group will transform the local media space to world standards, laying a strong foundation for the company's sustainable growth. Investments in additional printing equipment made during the year are expected to start contributing to Group revenue by next year, as commissioning is scheduled for year-end. Furthermore, the launch of the first full-fledged bookshop with modern facilities at Herald House is planned for this fourth quarter. ZTN will be introducing new captivating programming which is expected to increase its audiences. The Radio division continues to increase its coverage thereby reaching more audiences. Management is confident that these measures will assist the Group in shaping a better future and improving its operational efficiencies.

By order of the Board

P. Deketeke
GROUP CHIEF EXECUTIVE

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