



**ZIMBABWE NEWSPAPERS
(1980) LIMITED**

Market leader in Publishing, Broadcasting, Digital, Printing & Packaging

TRADING UPDATE

FOR THE NINE MONTHS ENDING: 30 SEPTEMBER 2020

I am pleased to present the Company's trading update for the nine months to 30 September 2020.

Trading Environment

The economy remained weighed down by the impact of Covid-19 as recovery took long to come by. In compliance with Covid-19 lockdown measures, people movements were restricted although some gradual relaxation were allowed during the period under review. The first half of the year to June 2020 was characterised by economic volatility whilst the three months to September 2020 recorded some stability following the improvements in foreign currency availability on the auction system. Subsequently the exchange rate, inflation and prices of goods and services stabilised.

Volume Performance

Volumes for the Commercial Printing Division grew by 26% and 10% when compared to Q2 and same period last year respectively as the Division capitalised on being designated a critical service provider during the lockdown period. Positive volume growth of 7% and 11% was also recorded by the Radio Broadcasting Division and the newly established online television station, ZTN, respectively. Although the Group's Newspaper Division suffered the most from the effects of the Covid-19 pandemic, there was a 15% advertising volume recovery whilst circulation volume remained depressed, being 33% adverse to the same period last year.

Financial Performance

Despite the adverse effects of the Covid-19 pandemic and the general economic volatility, the Group's financial performance recovered in the third quarter of the year compared to the second quarter. The recovery was premised on volume and price recovery during the third quarter. To that end, revenue for the quarter was ZWL\$366.7 million compared to ZWL\$164.7 million recorded for the second quarter. The 123% increase in revenue when compared to the second quarter was a result of the relaxation of the lockdown regulations. Subsequently, the Group recorded a net profit before interest and tax and monetary adjustment of ZWL\$96.5 million compared to ZWL\$7.6 million for the second quarter.

Owing to the challenging operating environment that was exacerbated by the Covid-19 pandemic, the Group's revenues for the nine months to September at ZWL\$758 million (historical ZWL\$509 million) was 26% adverse to the ZWL\$1,027 million (historical ZWL\$66 million) recorded for the same period last year.

In line with the company's digitalisation strategy, digital revenue continued to grow and now contributing 4.1% of the Group's total revenue. The Company is taking various initiatives to strengthen its digital strategy.

Subsequently, for the nine months period under review, the Group recorded Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) of ZWL\$192.5 million (historical ZWL\$117.7 million) compared to ZWL\$193.1 (historical ZWL\$13.6 million) for the same period last year. Owing to a monetary loss of ZWL\$96 million recorded during the period under review, the Group had an operating loss before tax of ZWL\$14.9 million (historical profit of ZWL\$82 million) compared to a profit of ZWL\$186.6 million (historical ZWL\$13.8 million) for the same period last year.

Outlook

The Company's performance for the fourth quarter of the year is expected to be in line with the recovery recorded during the third quarter. To that end, the company is expected to remain profitable at year end. Volume recovery will remain a topical issue for the Company as the economy is expected to continue improving driven by the improved foreign exchange availability and the economic stability that has already been registered in quarter three. Furthermore, focus will also be on foreign currency generation, digitalisation strategy and new projects as the Company diversifies to broaden its revenue base, whilst also focusing on maintaining the business viability of existing product offering.

By order of the Board

P. Deketeke

GROUP CHIEF EXECUTIVE

16th November 2020

