



# BORDER TIMBERS LIMITED

## TRADING UPDATE

### 3 MONTHS TO 30 SEPTEMBER 2020

#### Economic Environment

The economic environment has been fairly stabilising since the introduction of the foreign currency auction system and this has seen some improvements in the macro-economic fundamentals.

Generally, global economies experienced the devastating effects of COVID-19 pandemic which resulted in lockdown measures which affected both our local and export markets. The measures that were implemented by governments in the Southern Africa regional export market, affected the business's supply chain, reduction in aggregate demand and logistical bottlenecks. There has been an improvement in the inflationary pressure in the economy with the annual inflation rate dropping.

#### Volume Performance and Profitability

	INFLATION ADJUSTED				HISTORICAL			
	Unaudited 3 months to 30-Sep-20	Unaudited 3 months to 30-Sep-19	Unaudited 12 months to 30-Jun-20	Unaudited 12 months to 30-Jun-19	Unaudited 3 months to 30-Sep-20	Unaudited 3 months to 30-Sep-19	Unaudited 12 months to 30-Jun-20	Unaudited 12 months to 30-Jun-19
<b>Production Volume (m<sup>3</sup>)</b>								
Poles -Transmission	2,130	2,621	11,300	12,647	2,130	2,621	11,300	12,647
-Sleepers	-	-	-	449	-	-	-	449
Lumber	11,539	15,365	51,017	55,800	11,539	15,365	51,017	55,800
<b>Total</b>	<b>13,668</b>	<b>17,986</b>	<b>62,317</b>	<b>68,896</b>	<b>13,668</b>	<b>17,986</b>	<b>62,317</b>	<b>68,896</b>
<b>Sales Volume (m<sup>3</sup>)</b>								
Poles -Transmission	2,775	3,750	11,300	14,551	2,775	3,750	11,300	14,551
-Sleepers	-	-	-	454	-	-	-	454
Lumber	13,933	15,223	50,108	57,595	13,933	15,223	50,108	57,595
<b>Total</b>	<b>16,707</b>	<b>18,973</b>	<b>61,408</b>	<b>72,600</b>	<b>16,707</b>	<b>18,973</b>	<b>61,408</b>	<b>72,600</b>
<b>Financial Performance (ZWL 000')</b>								
Revenue	313,144	371,869	822,663	556,748	294,690	48,970	288,040	38,419
Net Profit/(loss) before tax	70,495	(88,510)	(69,922)	(136,337)	68,578	(11,655)	(64,704)	(12,917)

#### Year to Date Performance

Lumber production is lower compared to prior year due to disruptions in production and logistical bottlenecks that were caused by COVID-19 lockdown restrictions. Demand for Lumber remains very high both in the local market and the export market, hence significant positive movement is expected as the economies return to normalcy.

Treated poles reflect a decline in production and sales volume compared to prior year, this was because of lower demand during Q1 of FY21 and the adverse effect of the Covid-19.

#### Update on ICSID claim and Judicial Management

No finalization has yet been reached from ongoing discussions with the other party to the claim. Discussions with Government will follow. Accordingly, the Company will remain under judicial management for the foreseeable future.



## Outlook

The COVID-19 pandemic is not expected to have a material adverse effect on Zimbabwe and other countries in the region in the foreseeable future. Though it remains uncertain as to when pandemic will go away, the lockdown restrictions are being eased and the local and regional economies are already showing signs of recovery.

The company continues to be guided by the pronouncements from the World Health Organization and the Ministry of Health and Child Care for measures that protect our staff and stakeholders.

## Commendation

Management continue to do an excellent job in difficult circumstances.

PETER LEWIS BAILEY  
JUDICIAL MANAGER  
30 SEPTEMBER 2020