



**TRADING ENVIRONMENT**

The quarter from 1 April 2021 to 30 June 2021 was marked by an increase in trading volumes for the Group, as COVID-19 restrictions were relaxed. Foreign currency, although still inadequate for the Group's operations as a whole, was more available through the auction system and was supplemented by additional amounts sourced from customers. The foreign currency limitations and delays in disbursements continued to have the effect of creating imbalances within the supply and customer delivery chain. Overall results were subject to the effects of hyperinflation, as well as lower margins due to increased competition.

**PERFORMANCE**

The revenue for the third quarter under review was 37% ahead of prior year quarter in inflation adjusted terms and 234% in historical terms. The cumulative revenue in inflation adjusted terms for the nine month period was 26% ahead of prior year period and 336% above the same period in historical terms. This was due to growth in sales volumes and adjustment of selling prices to reflect the economic trends. The availability of raw materials remained challenging. The Group units traded profitably in the period under review.

Net working capital is positive. The Group had a cash holding of ZWL528 million at the end of the third quarter and this is being used to reinvest in raw materials and settlement of trade payables.

**PRINTING AND CONVERTING SEGMENT**

Hunyani Paper and Packaging: Volumes were 38% up for the quarter and 23% ahead for the nine months compared to the prior year period. Volumes in the commercial sector grew by 63% on prior year nine month period led by improved demand and ongoing customer recovery. The tobacco sector was 4% below the prior year nine month period due to the lower tobacco crop last year and the delayed start to packing this year. The year to date decline in the export market was 19% due to COVID-19 impacts in regional markets.

**PLASTICS AND METALS SEGMENT**

**Mega Pak**

Volumes increased by 60% in the quarter and by 59% for the nine months due to increased demand across all areas of the business. The improved volumes continued in the beverage manufacturing sector, which contributed to increased preforms volumes. Large injection moulding also continued to perform well. Exports into the region remained subdued as regional economies were affected by the pandemic.

**CarnaudMetalbox**

Volumes grew by 69% and 23% for the quarter and the nine months respectively, compared to the previous financial periods. Cumulative metal volumes were up 7% with food can and crowns leading the recovery despite a shortage of tinplate. Plastics performance was mixed, with higher HDPE bottle volumes 52% ahead of the previous year being off-set by a decline in injection closure volumes, which were 8% below the prior period.

**CAPITAL EXPENDITURE**

Capital expenditure of ZWL128 million relates mainly to projects carried forward from the previous financial year. Various projects remain under consideration subject to availability of foreign exchange.

**FORESTRY**

**Estates**

We continue to engage with the relevant Authorities to regain effective control over our Estates. It remains our intention to rehabilitate them for timber and agricultural purposes in line with Government's declared thrust in this direction. Progress has been made at Maganga estate where our eviction notice was implemented, with families concerned being resettled in another part of the estate.

**DIRECTORATE**

Mr P Gowero and Mr P Crause resigned from the Board at the end of June 2021. Ms Hanneri Nesor was appointed a Director by Nampak South Africa to replace Mr Crause. In addition Mr Matts Valela, who was Mr Gowero's alternate on the Board, has been appointed in his place. There were no other changes.

**COVID-19**

The Government on 29 June 2021, re-imposed the national lockdown and has since elevated it to level 4. The Group, having been declared an essential packaging industry, was permitted to operate, albeit under tighter restrictions. The staff were assisted with transport and strict COVID-19 disciplines observed across the workplace. Staff morale has remained positive. The resurgence of COVID-19 infections brings many uncertainties that make it difficult to estimate the full financial impact of the pandemic on the Group's financial results.

**SOFTX DISPOSAL**

An agreement was reached with ART Holdings Limited for purchase of the entire shareholding of our 50% share in Softex Tissue Products (Private) Limited. The investment, which was marked as a "for sale" asset at the interim reporting, was not material to our business operations. Payments for the sale have commenced and various regulatory aspects concerning the sale are in progress.

**OUTLOOK**

The fourth quarter performance is likely to be impacted as a result of the recent disturbances in South Africa, which may affect our supply chain logistics and also by the bottlenecks in the global supply chain. The outlook is premised on continued access to the current levels of foreign exchange through the auction system.

**By Order of the Board**

J. P. Van Gend  
**Group Managing Director**

68 Birmingham Road  
Southerton, Harare

13 August 2021



**DIRECTORS:** K. C. Katsande (Chairman), J. P. Van Gend\* (Group Managing Director), F. Dzingirai\* (Group Finance Director), H. Nesor, M. Valela, A. H. Howie, K. J. Langley, Q. Swart. \*Executive Directors