



## TRADING UPDATE FOR THE THREE MONTHS ENDED 31st MARCH 2021.

### OPERATING ENVIRONMENT:

The first quarter coincided with the onset of another lockdown as the country fights the effects of the coronavirus pandemic. The measures instituted, disrupted the supply chain, route to market access and trading hours. The economy remained depressed owing to constrained demand and liquidity challenges. Electricity, fuel and labor costs also remained high and were significant cost drivers over the period. Annual inflation for March 2021 stood at 240.6%, showing a significant drop from 348.6% in the 4th quarter ending December 2020.

The good rains in the 2020/2021 agricultural season improved the general outlook and economic prospects for 2021.

The Group has put necessary procurement structures to ensure a continuous supply of critical raw materials, that will translate to uninterrupted production for the coming quarter. Covid-19 mitigation remains a key focus for both the Government and Turnall. We continue to support the Government vaccination program through employee awareness and other corporate social responsibility initiatives.

### PERFORMANCE UPDATE:

Group sales volumes marginally increased by 1% over the same period last year despite the two months lock down in the period under review. Building products, Concrete and AC Pipes contributed 51%, 48% and 1% of the volumes, respectively. Building products have declined by 21% compared to last year same period whilst concrete products increased by 43% for the period under review. Capacity utilization improved to 60% compared to 57% same period regardless of the effects of covid-19.

Turnall's exports slowed, largely as a result of regional lockdowns and consequent logistics disruptions. The Group is focusing on satisfying local demand and will resume exports once the situation improves in the regional market.

### OUTLOOK

Turnall looks forward to the roll out of vaccination programs to give hope of a turnaround in the pandemic and improve overall economic performance, driven by the good agricultural season, continued stability in the exchange rate, stable inflation and improvement in the efficiency of the supply chain.

The Group projects a better Q2 performance than Q1, anchored on a continued volume growth trajectory and cost containment. Volumes are expected to grow further in the 3rd and 4th quarter on the back of production efficiencies, aggressive sales strategy leveraging on a remodeled route to market.

The business has adequate strategies in place to sustain continuity in the foreseeable future and protecting value in an operating environment that is improving and stabilizing but challenging.

### TRADING UNDER CAUTIONERY

On 15th January 2021, Turnall advised shareholders that it had been notified by its largest shareholder, National Social Security Authority (NSSA), of its intention to dispose its 32.5% shareholding in the business as part of its investment consolidation strategy.

When successfully concluded this transaction could have material effect on the share price. Turnall understands that NSSA has now conducted a tender process for parties who expressed an interest in acquiring its shareholding and that a further announcement will be made in due course.

Accordingly, shareholders are advised to continue exercising caution when dealing in the company's shares.

By Order of the Board



**B. P. Nyajeka**  
Chairman

18th May 2021



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