



## THIRD QUARTER TRADING UPDATE FOR THE PERIOD ENDED 30 SEPTEMBER 2021.

### OPERATING ENVIRONMENT

The prospects of the local construction industry appear positive. Ongoing COVID-19 related costs and inefficiencies continue to affect global supply chains periodically, while the real cost push effects of transitioning out of a hyper-inflationary environment required continual evaluation and adjustment of the Company's business models. Volume growth, balanced with competitive pricing, operating cost control, and working capital management remain key focus areas for our management teams.

The company has put in place necessary procurement structures to ensure a continuous supply of critical raw materials, that should translate to uninterrupted production for the final quarter of the year.

We continue to support the Government vaccination program through employee awareness and other corporate social responsibility initiatives.

### PERFORMANCE UPDATE

The company delivered pleasing volume growth over the comparative period, supported by ongoing projects participation and enhancement initiatives.

#### Growth over similar period last year (unaudited)

	<b>Inflation Adjusted</b>	<b>Historical Cost</b>
Revenue	40%	188%
Sales volumes	13%	13%
Exports sales	3%	3%
Production tonnage	12%	12%
Profit before taxation	72%	147%

Cumulative nine-month aggregate volume growth remains steady at 13% over the comparative period.

Fibre Cement building products contributed 79% of the sales volume for 2021, a 7% increase compared to the same period last year while Fibre Cement pipes contributed 2% of the year-to-date sales volume for the same period.

Concrete roofing tiles contributed 19% of total sales volumes representing a 6% increase compared to last year.

Turnall's exports slowed due to regional lockdowns, consequent logistics disruptions as well as higher local market demand which outweighed our production capacities. The company continues to expand its footprint in the SADC region.



## THIRD QUARTER TRADING UPDATE FOR THE PERIOD ENDED 30 SEPTEMBER 2021.

### OUTLOOK

There are good prospects for growth in the construction industry particularly at local authorities' level and national Government projects. The company is optimistic that the business will post better results in 2021 despite the many challenges prevailing in the economic environment. This will be achieved through volume growth, cost containment and further realignment of business processes.

The inflationary environment is expected to continue up to year end. The use of multicurrency also presents many pricing challenges, and these will impact on profit margins and cashflows.

### INNOVATION AND NEW PRODUCT DEVELOPMENT

Innovation in products and services with an objective to offer continuous improvement in convenience and customer satisfaction through a rich product mix in roofing such as Slates, Ecotiles and Pantiles is a priority. The company is investing in a new model plant that will improve the product variation and automate production processes. The migration from Fibre cement pipes to Glass Re-enforced Pipe (GRP) manufacturing is at an advanced stage.

The financial status of the company remains healthy. The impact of the COVID-19 pandemic has not created any serious issues from a solvency or liquidity perspective.

By Order of the Board



Z. Bikwa  
Acting Company Secretary

26 November 2021