



## TRADING UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2022

### TRADING ENVIRONMENT

The first quarter of 2022 saw local inflationary pressures and exchange rate volatility combined with heightened uncertainty in the operating environment. The current conflict between Russia and Ukraine resulted in, amongst other things, fuel price increases which had a ripple effect on all major input costs. It also had an adverse impact on the supply chain logistics.

### PERFORMANCE UPDATE

The Group's turnover and operating profitability grew by 100% and 236% respectively. Sales volumes for the quarter declined by 29% compared to same period last year. The sales mix favoured more of the high margin and low tonnage products.

The performance in the current quarter was affected by liquidity challenges and low disposable incomes which resulted in a weak demand for the Group's products. A business decision was made to stock up on all major product lines in anticipation of an increased uptake in the Group's products in the ensuing months.

The Group continued to engage suppliers for better terms and prices, pursued its cost containment initiatives and restructured the business in line with its strategy.

### OUTLOOK

Despite the challenges experienced in the first quarter of the year, Turnall remains focused on its strategies of innovation, profit optimization, production of quality products and superior customer service.

The business is planning to resume production of fibre-cement products at the Harare plant in the 3rd quarter of 2022 after the refurbishment of the plant. This will reduce the cost of transporting product from Bulawayo and further improve customer service in the Central, Northern and Eastern regions.

The war in Ukraine and sanctions on Russian suppliers are impacting on the cost and availability of some raw materials but nonetheless the Board is confident that the Group will continue to build on the considerable progress of the last two years.

By Order of the Board

B. P. Nyajeka

Board Chairperson

24 June 2022



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