



# Trading Update for the Second Quarter and Half Year to 31 March 2020



ART Holdings Limited today issues the following Trading Update for the Second Quarter and Half Year to 31 March 2020. The half year financial results are expected to be published by 30 May 2020.

## TRADING ENVIRONMENT

The operating environment continued to be challenging throughout the period and was characterized by power shortages, hyper-inflation and the rapid depreciation of the local currency. Production and supply chain disruptions persisted and were worsened by the measures taken in response to the COVID-19 pandemic.

## VOLUME PERFORMANCE

The Group's overall volumes for the half year grew by 10% compared to prior year with growth being driven by automotive and industrial batteries. Export volumes for the period increased by 5%.

The improved power supply in the second quarter and the furnace extraction system upgrade enabled the batteries business segment to increase product availability. Volumes were also boosted by increased industrial standby batteries for the energy sector.

Pen sales volumes increased by 11% for the period compared to prior year. Volumes were driven by aggressive selling effort during the back to school period.

Timber half year sales volumes increased by 27% compared to the same period last year. Trading partnerships improved product availability and range.

The Paper business segment was affected by power shortages and the erratic supply of raw materials. Volumes for the half year decreased by 33% compared to the same period last year. The Group increased imports of waste paper from Botswana and South Africa during the period in order to sustain tissue production as local waste paper volumes continued to decline.

Softex tissue volumes were affected by raw material shortages and decreased by 27% compared to the same period last year. Hygiene volumes for the half year increased by 490% as distribution of detergents was extended to all major retailers following the successful launch of the dishwashing liquid.

## FINANCIAL PERFORMANCE

Group revenues for the second quarter grew by 58% in inflation adjusted terms (970% historical) on the back of volume increases and replacement pricing. The revenue for the half year increased by 97% (inflation adjusted) and 921% (historical). Export revenue for the half year grew by 206% (historical). Revenue growth performance remains distorted by the continued existence of multiple exchange rates.

All business units remained profitable and delivered satisfactory results.

## IMPACT OF COVID-19

The global spread of COVID-19 has significant implications for the Group and its operating environment. The situation remains highly dynamic and with infections expected to increase in the country and the region, there is a risk of continued interruptions to production and associated supply chains along with a potential impact on demand.

Measures taken globally to mitigate transmissions in line with the advice and directives of the World Health Organisation have been supported and implemented by the Group as the safety and welfare of our employees and our communities are a top priority. The Group has a responsibility to continue providing products to the market as a manufacturer and exporter of essential goods.

There is a high degree of uncertainty regarding the impact that the pandemic will have on the Group's financial performance in the 2020 financial year. The Board remains focused on finding solutions to mitigate the impact and ensure business continuity.

## OUTLOOK

The Group remained resilient against significant challenges and delivered positive results in the first half of the year. The COVID-19 pandemic is expected to have a major impact on global economic activities and will further worsen the difficult Zimbabwean economic situation. The Board remains hopeful that the improved financial position of the Group together with the mitigation measures implemented to minimize the transmission of the virus will enable the Group to continue on its recovery trajectory.

**A Chingwecha**  
**GROUP COMPANY SECRETARY**  
14 May 2020