



TRADING UPDATE FOR THE QUARTER ENDED 31 MARCH 2021

OPERATING ENVIRONMENT

The first quarter of the financial year started with a one-month long Level IV lockdown due to increased COVID-19 infections. However, this lockdown had minimal impact on operations as the Group was classified as an essential service provider on the roads, housing and mining infrastructure projects.

The macro environment was generally stable. This was largely attributable to the improved supply of foreign currency on the auction market and a well managed fiscal policy. Year-on-year inflation closed the quarter at 240.50% versus 676.39% in March 2020 and peak of 837.50% in July 2020.

BUSINESS PERFORMANCE

Inflation adjusted turnover was ahead of comparable period by 63%. This was on the back of a strong order book which comprised of roads, housing and mining infrastructure.

Despite liquidity challenges in the market, profitability in the quarter was maintained at prior period levels of 15%.

The financial position remained strong and sufficiently liquid with current and gearing ratios of 1.26 (2020:1.15) and 5% (2020:8%), respectively. Notwithstanding the obtaining liquidity constraints, the debtors book generally performed satisfactorily in the period.

Capital expenditure incurred in the quarter amounted to ZWL25,127,358 (2020: ZWL83,604,694) while borrowings at 31 March 2021 amounted to ZWL104,979,601 (December 2020: ZWL129,697,140).

The Group retained its Safety, Health, Environment and Quality Management systems certifications following an audit conducted in March 2021.

OUTLOOK

The Government of Zimbabwe has committed to an aggressive rollout of roads, water, agriculture, housing, and energy infrastructure, in which markets the Group is a significant player. Furthermore, the organisation is one of the five leading companies contracted to rehabilitate the Harare Beitbridge highway. Global commodity prices have remained firm post the lockdown period and will likely spur expansion in the Group's key resource markets.

The Group's order book comprising of roads, housing and mining infrastructure has grown significantly since the beginning of the year and is poised to result in increased performance in the current year. The speed of execution of the order book will largely depend on the continued stability of the macro economic environment and government policies being consistent.

However, the business will remain focused on its value preservation strategy that is anchored on optimum operational efficiencies.

By Order of the Board

P. Mutiti
Company Secretary

14 May 2021