

Trading update for the first quarter ended 31 March 2021



Zimplow Holdings Limited issues the following trading update for the first quarter ended 31 March 2021

GROUP SUMMARY AND TRADING ENVIRONMENT

The Group has had a very positive start to the year with the first quarter operating performance ahead of prior year. The Group experienced wholegoods volumes growth across all business units except at Powermec.

The environmental stability, mostly driven by currency reforms, infrastructure development projects and the prospects of a bumper harvest following a 2020/21 good rainfall season has supported capital expenditure. However, general equipment utilisation capacity in the first two months of the quarter was effected by lockdowns following a second wave of Covid-19 infections after the festive period.

The Group took advantage of the encouraging trading conditions to reduce the impact of Covid-19 on the supply chains by securing liquidity and therefore ramp up inventories in preparation of the year ahead.

OPERATIONS

Barzem

Volumes at Barzem were 13% ahead of prior year with the product mix largely skewed towards earth moving equipment for the infrastructure development sector, unlike in the prior year where 50% of the units came from CAT gensets and lift trucks. Overall aftersales performance, driven by a 34% growth in parts sales, has been ahead of prior year despite workshop volumes losing hours to Covid-19 lockdowns.

Farmec

Tractor volumes doubled and implements were 76% ahead of prior year. Aftersales performance was 38% ahead of prior year. The unit continues to focus on capital allocation and working capital management to ensure that it meets the customers' farm equipment needs upon order.

CT Bolts

CT Bolts has continued to develop new relationships and markets. For the quarter, volumes across the range grew by 24% compared to same period last year.

Mealiebrand

The positive rainfall season provided a platform for volumes growth. Local implements were 39% ahead of prior year. Spares uptake improved this quarter with 86% and 68% growth against prior year in the local and export markets respectively. We are closely engaging the supply chain following the general increase in steel prices experienced in the last 6 months.

Powermec

Powermec was significantly affected by reduced activity as a result of Covid-19 lockdowns. Volumes slowed down by 33% on average at both the wholegoods and aftersales. The unit looks forward to improved performance following the easing of lockdown restrictions.

OUTLOOK & PROSPECTS

Whilst the Group continues to put effort in Covid-19 prevention protocols, the uncertainty and risks brought by the pandemic requires constant review of business models in terms of levels of working capital elements, costs containment and capacity improvement projects. At present, the Group is stable and of a sound going concern.

The increased uptake of the Covid-19 vaccination, as we navigate the pandemic, provides better prospects for the Group in 2021.

By Order of the Board



Charles Chaibva
Group Company Secretary
30 April 2021