



# Dairibord Holdings

*More Than Just Milk*

**Dairibord Holdings Limited AGM Trade Update**

**By**

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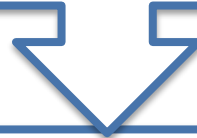


# Presentation Outline



**Dairibord**  
**Holdings**  
*More Than Just Milk*

**Macro-Economic Overview**



**April 2018 YTD Performance**



**Outlook**

# Macro-Economic Environment



- Demand remains firm largely driven by mining, agriculture and improved consumer confidence. Ministry of Finance maintaining 4.5% GDP growth forecast for 2018.
- Foreign currency constraints worsened despite onset of tobacco selling season.
- Inflationary pressure continuing as suppliers incorporate forex premiums in their pricing.
- March 2018 y-o-y inflation at 2.68% (2017: 0.21%) while food and non-alcoholic inflation was higher at 4.54% (2017: 1.21%).
- Competition increased in the foods and beverages space – this will increase pricing pressure against high input costs

## April 2018 YTD Performance Drivers

- Demand remained firm across all categories
- Foreign currency induced supply constraints negatively impacted product supply. Consequently, potential demand was not fully met.
- Potential exports revenue affected by product supply, price competitiveness and credit quality limitations for export customers

# April 2018 YTD Performance Overview



- Overall year to date performance ahead of 2017
- Group raw milk intake 8% above 2017 reflecting positive impact of milk supply strategy
- Revenue growth – 15%
- Volume growth – 8%
- Average selling prices 7% up benefiting from adjustments made in Q4 2017
- Significant increase in prices of raw and packaging materials putting pressure on margins

# OUTLOOK

# H1 Outlook



Demand is expected to remain firm supported by increase in disposable incomes

Foreign currency constraints will continue to impact supply of inputs

Inflationary pressure to continue due to the following:

- Increase in input prices driven by foreign currency challenges
- Significant wage pressures

The country is currently in election season, therefore ability to align demand and supply will remain constrained

# H1 2018 Projection



H1 2018 is projected to be better than H1 2017

Focus will be on sustaining the current momentum on the following:

- Volume growth
  
- Exports
  
- Milk intake
  
- Cost containment



**Thank You**