



Dairibord

Holdings

More Than Just Milk

AGM Trade Update
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Presentation Outline



Trading Environment

May 2019 YTD Performance

Outlook

Trading Environment

- The operating environment is worse than anticipated at beginning of year
- Inflation continues to rise impacting consumer purchasing power and aggregate demand
- Y-o-Y Inflation ended April at 76% while food and non-alcoholic beverages inflation was higher at 93% (Source: Zimstats)
- The introduction of the interbank foreign currency market was a welcome development but its full potential to drive economic growth is still to be realised
- Supply of water and electricity is worsening affecting operations and costs

May 2019 YTD Performance Summary



Overall performance is not spared by headwinds in the operating environment

Raw milk intake is ahead of prior year enabling import substitution. Share of national milk production remains high at 39%





Volume growth was trending positively but sustainability going forward is threatened by erratic supply of inputs

The exports strategy is bearing fruit recording growth above prior year

Margins continue to be squeezed by increasing costs vs. limited ability to adjust selling prices

May 2019 YTD Performance Highlights



Raw milk intake	21%		
Volumes sold	8%		
Selling price/L (RTGS\$)	95%		[USD Equivalent/L: 62c; 52% down]
Revenue Growth	125%		
Operating profit margin	6% vs. 0% for 2018		
Foreign liabilities	Loans: US\$1.1 million; Trade payables: US\$0.8 million Total: US\$1.9 million (December 2018: US\$3.99 million)		
Foreign currency revenue	US\$2.1 million vs. US\$0.5 million for 2018		

Disposal of Dairibord Malawi



Sale and purchase agreement at an advanced stage

Disposal process anticipated to be finalised by end of H1 2019

Disposal will not have negative impact on 2019 results

OUTLOOK & STRATEGY

“Preserving value in a volatile environment”

H1 2019 Outlook & Projections



The operating environment will remain challenging with strong headwinds anticipated

H1 projections

Milk intake growth: 20%

Sales volume growth: 6%

Foreign currency revenue: US\$2.6 million up from US\$0.6 million for H1 2018

Currently, the business is in a stable condition

Projections for the full year are difficult given the volatility in the market

Strategies to Preserve Value

Strategic Pillar	Initiatives
Milk intake Growth	<ul style="list-style-type: none">• Focus on retaining and growing the milk supply base• Company will continue to support milk growth initiatives
Foreign currency	Focus on foreign currency generation
Working capital management	<ul style="list-style-type: none">• Prepaying for imports to minimise exchange losses• Working on reducing foreign currency exposure• Prioritising cash and near cash distribution channels
Utilities	Actively exploring solar power for Chitungwiza and Chipinge Factory

Strategy Cont'

Strategic Pillar	Initiatives
Investments	Business has adequate processing capacity and focus is on sweating existing assets
Properties	Existing asset portfolio is for value preservation
Human capital	Investing in retaining critical human resources

DAIRIBORD
Chimombe

DAIRIBORD
fun 'n
fresh

Yu-mmy
Yoghurt

DAIRIBORD
STERI
Long Life MILK

DAIRIBORD
NUTRIplus

LYONS
Peanut
Butter

DAIRIBORD
Super
Milk

LYONS
QUENCH

LYONS MAID
The Cream Of Ice Creams

DAIRIBORD
LACTO
Thick & Creamy

DAIRIBORD
Aqualite
all natural water

NOVELTY

DAIRIBORD
PFUKO
ye Mahen

LYONS
Quick Brew

DAIRIBORD
a real dairy ice cream

CASCADE

RabRoy

DAIRIBORD
Devine

THANK YOU

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Chimombe

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