starafricacorporation limited



TRADING UPDATE

FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

ECONOMIC ENVIRONMENT

The trading environment was characterised by increasing inflationary pressures largely caused by the devaluation of the local currency and shortages of foreign currency. Significant improvements were noted in the reduction of the lead time between the date of currency allocation and disbursement on the RBZ Auction Trading System, as the central bank moved to clear the backlog that had accumulated in the months prior to the quarter under review. This enabled industry to accelerate plans to re-tool and purchase critical raw materials from offshore suppliers, although the foreign currency allocations were lower than industry requirements.

In early December 2021, Government announced the detection of the Omicron strain of the Coronavirus, which precipitated the advent of the Covid-19 fourth wave in Zimbabwe. Contrary to the strict national lockdown measures Government had implemented in the face of rising cases in the past, the authorities acceded to calls that had been made by business to allow industry to continue operating.

BUSINESS PERFORMANCE

The quarter under review was characterised by the traditional festive season increase in consumer demand, which Goldstar Sugars benefitted from, resulting in a 27% increase in granulated sugar sales volume, compared with the same period in prior year. This performance was enabled by an 18% improvement in production, thanks to the on-going plant refurbishment programme. Consumer demand is expected to remain stable for the remainder of the year, albeit not to the same level as that experienced during the quarter under review.

The increased production of refined sugar and introduction of new product lines at Country Choice Foods (CCF) resulted in sales volumes growing by 2%. Significant effort is being made towards reducing the cost base of this business unit, coupled with broadening the product range. Regional exports are also being pursued.

OUTLOOK

Government's efforts in fighting inflation through a restrictive monetary policy and its focus on fiscal sustainability are expected to continue steering the economy from inflationary headwinds. Industry is also expected to benefit from Government programs meant to develop and strengthen value chains in the economy as enshrined in the National Development Strategy 1. The threat of the Covid-19 pandemic on business continuity is expected to be greatly reduced into the future as vaccination efforts continue, which will lead to minimal economic disruption. The Company will continue focusing on refurbishing critical items of plant and machinery, new products development and the opening of new markets for its sugar specialties.

By Order of the Board

A.J. Musemburi
Company Secretary
10 February 2022



Directors: R. J. Mbire (PhD) (Acting Chairman), *R Nyabadza (Eng) (Chief Executive), R. Magundani, C. Matorera, G.T. Nyamayi, M. Sibanda, *A. J. Musemburi, *F. M. Myambuki - (*Executive)