

TRUWORTHS

TRADING UPDATE FOR THE 3RD QUARTER ENDED 28/03/2020

The number of trading weeks for the quarter were 12 weeks compared to 13 weeks last year and planned 13 weeks for this year due to the lockdown that commenced on 30/03/2020.

On a Nominal basis and in ZWL terms, sales for the quarter increased by 389,2% compared to the similar period last year. On a comparable 12 week basis, sales increased by 439,9%.

In volume terms, units sold for 12 weeks were 35% lower compared to the 13 week period last year. On a comparable 12 week basis, units sold were 29% lower.

Cash collections from debtors were in line with expectations for January and February. In March we achieved 87,3% of the target due to the lockdown in the last week of our trading month. The last week of the trading month is the biggest week in Debtors Collections.

Trading expenses for the quarter were 348% up on last year and PBT was 443% up on last year.

COVID 19 UPDATE

The country went into lockdown on 30/03/2020 for an initial period of 3 weeks, this was extended to 03/05/2020 and was further extended to 17/05/2020. At the time of publication of this update, a further announcement on what happens after 17/05/2020 had not been made by Government.

TRADING IMPACT OF THE LOCKDOWN

1. There was no trading for the full month of April 2020 and hence no revenues.
2. Debtors collection teams worked from home to collect and a monthly target of 70,8% of expected collections was achieved.
3. Debtors collections on their own without cash sales are inadequate to cover the operating expenses of the business.
4. We have entered into negotiations with landlords on feasible rental payments for the month of April 2020 and rental levels from May 2020 and beyond.
5. There were no merchandise receipts from suppliers in April 2020.

OUTLOOK

1. With the relaxation of the lockdown rules with effect from 03/05/2020 we have managed to open 30% of our store establishment. Traffic volumes in the CBD have been disappointingly low.
2. We expect winter trading volumes to be lower than planned and prior year because of the lockdown.
3. Product Supply for Summer will be disrupted due to supply chain disruptions overseas.
4. Unemployment and reduced formal sector incomes will depress turnovers and debtors collections.
5. Liquidity in the Economy will be constrained until the Reserve Bank and Ministry of Finance packages are implemented.
6. It is very difficult to make any further predictions at this stage on the impact of COVID 19 as the country is still on partial lockdown until 17 May 2020.

By order of the Board

B. M. Chibanda
Company Secretary

14 May 2020