

# TSL AGM PRESENTATION 25 March 2021

## “Moving Agriculture”



## 1 Operating Environment

- ✓ Level 4 lockdown announced in January 2021 after resurgence of COVID-19 pandemic - general business operations impacted negatively.

## 2 Agricultural Sector

- ✓ Good rainy season (normal to above normal) – increased maize and soya bean yields expected, however, tobacco quality may be impacted.
- ✓ Most dams filling – reduced risk of planting winter wheat crop.
- ✓ Tobacco marketing season to commence on 7 April 2021 (as announced by TIMB).
- ✓ National tobacco volumes expected to be between 5% and 10% up on prior year (190-200mkg).
- ✓ National tobacco prices expected to be firm.
- ✓ Decentralisation of tobacco selling to continue.

## 3 COVID-19 Pandemic

- ✓ Business operations significantly affected and disrupted, particularly in January 2021 by increasing infections and deaths.
- ✓ Supply chains disrupted –delays in receipt of some imported stocks and assets.
- ✓ Group entities continued to operate as essential services at varying degrees.
- ✓ Focus remains on ensuring safety of employees and stakeholders.
- ✓ Precautions implemented in line with WHO guidelines to mitigate risks and minimize disruption emanating from COVID-19.
- ✓ National vaccination program hoped to yield positive results and restore some level of normalcy to trading environment.

## 4 Financial positioning & value preservation

- ✓ Remained focused on executing “Moving Agriculture” strategy.
- ✓ Group revenue mainly from Agro inputs supply, provision of Logistics Services and Real Estate Services to primarily Agriculture Industry in Q1.
- ✓ Group has remained resilient – satisfactory revenue, volume and profit performance in real terms – ahead of prior year.
- ✓ Shareholder value creation and preservation remains key focus.
- ✓ Financial position has been strengthened.
- ✓ Foreign currency generation markedly increased and improving.
- ✓ Gearing remains deliberately low – under 5% with adequate interest cover.
- ✓ Kept minimal foreign currency exposures.
- ✓ Continuing to generate positive cash flows.



## 1 Agricultural Operations

### Tobacco related services

- ✓ Well advanced in preparations for season starting 7 April 2021.
- ✓ Decentralized floors setup in Karoi, Marondera in addition to Harare.
- ✓ Volumes handled expected to be up on last year.
- ✓ Tobacco hessian distribution commenced – volumes up on prior year.
- ✓ Business adequately stocked for season.

### Farming operations

- ✓ Tobacco, Maize and Soya bean crops growing well - Yields expected to be satisfactory.
- ✓ Adequate rainfall - no supplementary irrigation required to date.
- ✓ Improved water supply to improve banana yields into Q2.

### Agricultural trading

- ✓ Volumes across major product lines ahead of last year – improved marketing and agronomy support.
- ✓ Satisfactory Q1 performance - good rainy season.
- ✓ Product availability and competitive pricing - local production and improved foreign exchange rate stability.

## 2 Logistics Operations

### End to End logistics Services

- ✓ Supply chains significantly disrupted (COVID-19 and cyclone at Beira port).
- ✓ Tobacco and General Cargo handling volumes down 17% and 9% respectively on prior year.
- ✓ Inland port volumes below prior year.
- ✓ Freight forwarding and clearing volumes 12% down.
- ✓ Distribution volumes significantly above prior year – new customer business.
- ✓ Forklift volumes 20% below prior year - clients scaled down operations (COVID).
- ✓ Fleet maintenance well advanced for oncoming tobacco season.

### Vehicle Rental

- ✓ Rental days 40% below prior year – constrained foreign and local travel.
- ✓ Budget franchise acquired – Now operating as AvisBudget Zimbabwe

## 3 Real Estate Operations

- ✓ Performance remains satisfactory.
- ✓ Voids contained below 5%.
- ✓ Construction of new world class 10,000 sqm warehouse progressing well – on track for completion and occupation in April 2021.



1

Outlook

- ✓ Onset of Tobacco Marketing Season coupled with approved decentralisation efforts expected to improve volumes through Group tobacco related operations.

2

Prospects

- ✓ **Agro inputs trading** – Continue to invest in building local manufacturing capacity in partnership with international partners – broader range of products. Continue to increase exports into the region.
- ✓ **Tobacco related operations** – Increase contract handling for merchants in decentralised locations.
- ✓ **Farming operations** – Expand hectarages under farming operations.
- ✓ **Logistics operations** – TSL with its partners FINSEC, CBZ and Government have successfully completed the pilot phase of the agricultural commodities exchange. Approval of trading rules by Ministry required for launch in March 2021.
- ✓ **Real estate operations** – Complete projects currently under construction and increase stock of world class warehousing.





# Thank you



## Our Brands

