



**BRITISH AMERICAN  
TOBACCO**  
ZIMBABWE

# Trading Update

For The Nine Months Ended 30 September 2019

## Business Environment

During the period under review, the operating environment remained challenging characterised by shortages of foreign currency, devaluation of the local currency, high inflation and persistent power outages. Additionally, the cigarette excise regime was changed from a single specific excise regime to a mixed regime system (specific rate and ad valorem). The aforesaid challenges gave rise to depressed consumer uptake. Resultantly, the Company implemented a pricing strategy aimed at mitigating cost pressures as well as protecting volumes.

## Business Performance

The Company recorded an 18% decline in volumes compared to the same period last year driven by the continued pressure on the consumers' disposable income. The Company's Premium brand, Dunhill, (which constitutes 2% of the total volume), recorded a 92% decline driven by the Company's inability to import the brand, given that excise duty is payable in foreign currency. On the other hand, the Aspirational Premium brands, Newbury and Kingsgate, saw a single-digit decline of 3% compared to same period last year. The Value for Money segment, Everest and Madison, declined by 17% and Low Value for Money brand, Ascot, was 27% down compared to same period last year.

Despite the decline in volume, the Company recorded a growth in Revenue and still remains profitable.

## Publication Of Third Quarter Results

The Institute of Chartered Accountants of Zimbabwe (ICAZ) has issued guidelines on how to implement *International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies* to restate historical financial figures and report inflation adjusted figures. Full year financial figures will, therefore, be restated using the Zimbabwe National Statistics Agency's (ZIMSTAT) Consumer Price Index (CPI) to be compliant with the Accounting Standard.

By Order of Board

**Pauline Kadembo**  
**Company Secretary**  
**4 December 2019**