



# AFRICAN SUN

L I M I T E D

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

## TRADING UPDATE FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

### TRADING ENVIRONMENT

International tourism showed signs of rebounding in the third quarter (Q3), as some destinations started easing travel restrictions owing to advanced vaccination rollouts in many parts of the world. According to the United Nations World Tourism Organisation (UNWTO) World Tourism Barometer, an estimated 54 million tourists crossed international borders in July 2021, the strongest recovery since April 2020.

The local tourism industry received a welcome boost from further easing of lockdown restrictions to "Adjusted Alert Level 2" in August 2021. This enabled the Group to achieve progressive improvements in occupancy rates, closing the months of August, September and October at 23%, 41% and 53%, respectively.

The recent announcement that South Africa, the regional tourism hub, and Zimbabwe had been removed from the United Kingdom's immigration red list, has led to an observable increase in travel activity in key source markets around the world. The company's operations are anticipated to remain steady for the remainder of the year, as bookings improve.

For the real estate segment, property sales continue to be subdued due to lack of mortgage finance and other factors as are rentals, with the Central Business District (CBD) office sector worst affected. However, the retail and industrial property rental segments of the market are showing resilience with steady demand

### FINANCIAL PERFORMANCE

The Q3 business performance reflects an encouraging improvement compared to the same period last year (SPLY). For the three months ended 30 September 2021, occupancy increased by 13 percentage points to 27% compared to the SPLY. In the same period, inflation adjusted revenue increased by 89% to ZWL722 million largely driven by occupancy growth and the consolidation of our subsidiary Dawn Properties Limited ("Dawn") which contributed 8% to the total revenue. Hospitality revenue increased by 74% to ZWL666 million from SPLY.

In year to date (YTD) terms, occupancy for the nine months ended 30 September 2021 was 25%, an increase of 6 percentage points compared to SPLY. Inflation adjusted revenue for the nine months was up 39% at ZWL2,027 billion against ZWL1,463 billion achieved SPLY. Included

in the nine months revenue is ZWL144 million (7%) from Dawn. YTD hotel segment revenue closed at ZWL1,883 billion which was 29% above SPLY. Compared to SPLY inflation adjusted Earnings Before Interest Tax Depreciation and Amortization (EBITDA) improved by 152% from a loss position of ZWL570.64 million to ZWL303.11 million, mainly due to cost containment initiatives and an improving top line.

The Group's liquidity position remained sound, closing Q3 with cash and cash equivalents of ZWL927 million with two undrawn facilities amounting to ZWL324 million.

### OUTLOOK

While the trading environment remains fluid and difficult to forecast due to Covid-19 related uncertainties, we remain confident that the business sustainability initiatives we have put in place will continue to preserve our cash position and to contain costs.

In the medium term, we anticipate that the domestic market will continue to drive business recovery in the hospitality segment, while volumes from the foreign market are expected to remain subdued.

In the property segment of the business, we anticipate sales for residential stands at Marlborough Sunset Views (MSV) will ramp up over the remainder of the year freeing up cashflow, while property sales elsewhere and CBD rentals are expected to remain subdued.

### DIRECTORATE

On 17 October 2021, the then Board Chairman, Mr. Alex Makamure and non-executive director, Ms. Nyaradzo Maphosa retired from the Board, having served the Board for nine years. The Board of Directors takes this opportunity to express gratitude to Alex and Nyaradzo for their many years of service to the Company and wishes them every success in the future.

Effective 20 October 2021, the Board appointed Dr. Emmanuel Anesu Fundira as its Chairman. The Board wishes Dr. Fundira a successful tenure.

**V.T. Musimbe**  
Company Secretary

**15 November 2021**

**Directors:** E. A. Fundira (Chairman), E. T. Shangwa (Managing Director)\*, B. H. Dirorimwe (Finance Director)\*, G. Chikomo, C. Chikosi, B. Childs, L.M. Mhishi, T. M. Ngwenya, P. Saungweme. \*Executive

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