





Consolidated Tobacco Processors

Zimbabwe FCV 2020/21 Crop Report 1

1.0 Climate Outlook

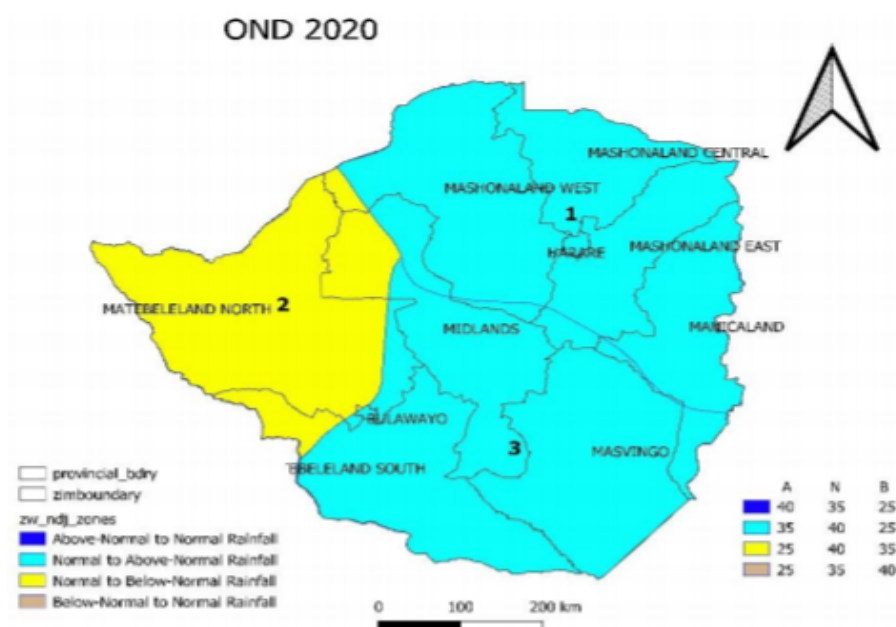
Current weather forecasts are varied and non-conclusive. However, according to the Meteorological Services Department rainfall is expected to be normal between October and December 2020 and above normal thereafter until March 2021.

Potentially Zimbabwe could have higher than average rainfall in the coming 2020-2021 cropping season, with a global climate agency predicting greater chances of a La Nina – which is normally associated with wetter conditions.

During the 2019-2020 cropping season low seasonal rainfall totals were observed in most tobacco growing areas primarily as a result of delayed and erratic rains that resulted in reduced area planted and poor establishment of the tobacco crops.

In general, October rains have been erratic for all rain-fed tobacco crops hence crop establishment has been difficult in most early planted dry land crops. We expect more effective rains to be experienced from November into December 2020 hence. At this stage it is practical for tobacco farmers without irrigation facilities to plant their crops during this period.

Seasonal Rainfall outlook for October-November-December 2020



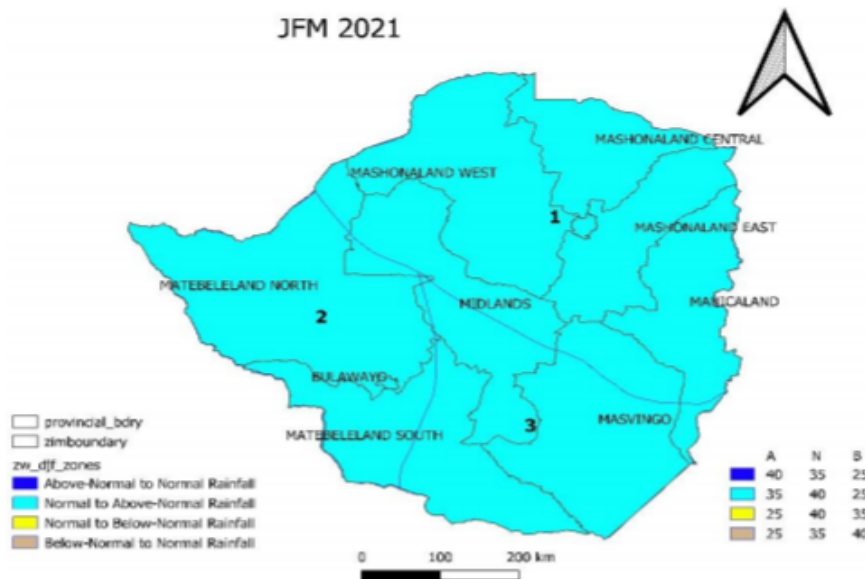
Source: Meteorological Services Department (2020).



As mentioned above the first month of the 2020/21 production season has exhibited erratic rainfall in space and time despite indications of normal to above normal rains from the Meteorological department in the picture above. High temperatures coupled with dry spells experienced in this early growing season have delayed the transplanting and establishment of dry land crops. However, on a positive note, this early season dryness has had marginal crop casualties as most early planted crops are dependent on irrigation.

In general, the forecast is that Zimbabwe will receive normal rains with a bias towards above normal throughout the 2020/21 season according to the Meteorology department of Zimbabwe which is encouraging for the tobacco growers.

Seasonal rainfall outlook for October-November-December 2021



Source: Meteorological Services Department (2020).

All regions in Zimbabwe in 2021 are expected to receive normal to above normal rainfall between January and March hence we expect a good tobacco growing season.

2.0 Agronomic Outlook

The predominant dry spells in October have permitted timely land preparation between June and September. Seed beds were prepared and maintained under irrigation hence they were not affected by rains. Prevailing high temperatures have enhanced easy hardening of seed beds and better crop establishment for early planted irrigated and dry land crops.



Due to the predominant dry spells in October, gap filling for the few crop casualties is currently in progress in most early planted irrigated and dry land commercial crops.

The August dry spells on a positive note have rejuvenated and firmed the establishment of seed beds and early planted crops.

Disease and pest incidence have been insignificant hence a good crop stand has been experienced across all planted tobacco crops and seed beds.

2.1 Irrigated Crops

Utilisation of irrigation facilities for both dry land and irrigated crops has been encouraged for all contract growers and stakeholders.

Albeit dwindling water reservoirs and high temperatures the commercial sector is well underway, which is partially typical for October. Currently the water availabilities are low; growers have been faced with an early challenge but majority managing the water situation on the ground and maintaining water supply to ensure plant survival.

With the expectation of normal rains in the coming days, we anticipate a good growing season and ultimately good yields.



Early planted commercial irrigated crop



2.2 Dry land Crops.

Approximately 20% of the commercial dry land crops have been planted under irrigation while less than 3% of small-scale dry land crops have also been planted.



Water planted small scale dry land crop

3.0 National Crop size.

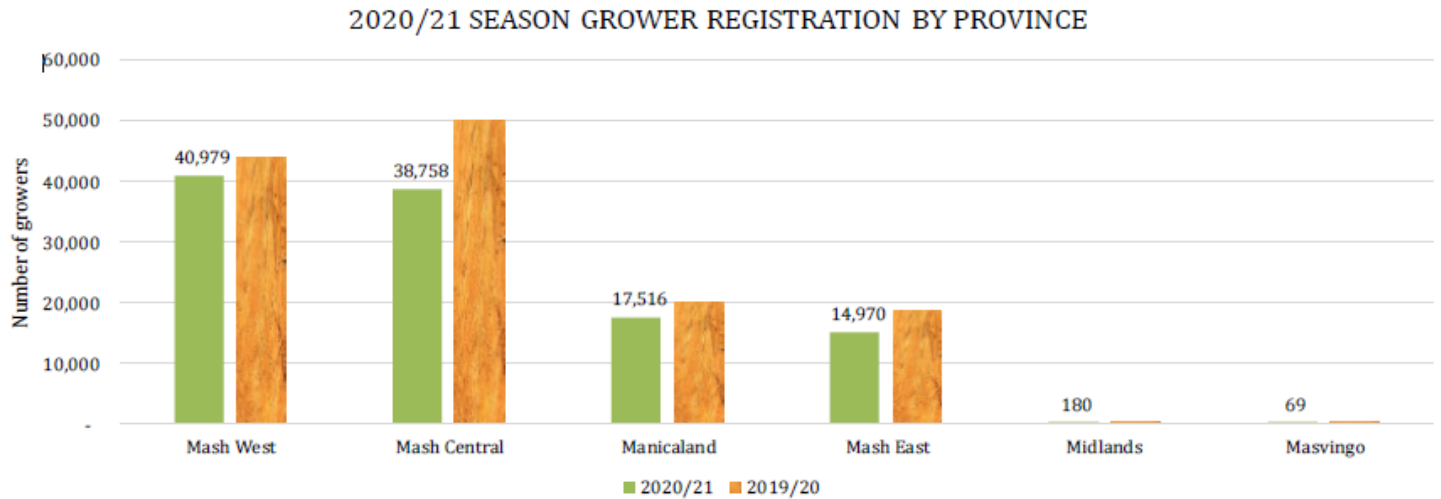
3.1 Seed Sales.

Tobacco seed sales are seen by most players in the industry as a good predictor of the crop size. Tobacco seed sales for the 2020/21 cropping season have increased by 27% to 935,803 kgs covering 155 967 hectares.

| | | As at 15/09/19 | Hectares | As at 11/09/20 | Hectares |
|------|---------------------|----------------|----------------|----------------|----------------|
| ZTSA | Flue Cured | 133,600 | 22,267 | 119,025 | 19,838 |
| TRB | Flue Cured | 603,743 | 100,624 | 816,778 | 136,130 |
| | Total FC (g) | 737,343 | 122,891 | 935,803 | 155,967 |



3.2 Grower Registration.



The number of registered growers has decreased from 132,987 in the 2019/20 season to 112,472 in the current 2020/21 season at the same time.

This denotes a 15% decline, but we still expect a reasonably good crop size due to the increased seed sales in the current season.

Growers are also still in the process of registering for the forthcoming coming season. The delays in registering have been caused by travel restrictions due to the Covid 19 pandemic.

3.3 Area Planted.

| Province | Area Planted (ha) 2019/2020 | | Total | Area Planted (ha) 2020/2021 | | Total | Variance |
|---------------|-----------------------------|---------|---------------|-----------------------------|---------|---------------|-----------|
| | Irrigated | Dryland | | Irrigated | Dryland | | |
| Mash East | 3,324 | | 3,324 | 4,192 | 202 | 4,394 | 32 |
| Mash West | 3,054 | | 3,054 | 4,360 | | 4,360 | 43 |
| Mash Central | 3,791 | | 3,791 | 2,313 | 370 | 2,683 | -29 |
| Manicaland | 1,608 | | 1,608 | 1,360 | 1,265 | 2,625 | 63 |
| Totals | 11,777 | | 11,777 | | | 14,062 | 19 |

The area planted has increased particularly for irrigated crops in the current cropping season. The total area planted has increased by 19%, indicating the likelihood of an improved in crop size the 2020/21 season.



4.0 CTP Agronomic Outlook

CTP has timeously contracted farmers and distributed inputs for the 2020/21 season in traditional growing areas in order to meet its volume and quality requirements.

Thus far all CTP contract growers' seedbeds have been in very good condition with no signs of disease or pest infestation reported. Considering lower than usual water availability in some areas these CTP growers are managing their usage and all planted crops seen in the field have good potential. Certain growers that have managed to plant an early water-planted crop are pleased with the progress, whilst remaining growers are prepared to plant as soon as adequate rains fall.

There is increasing pressure on growers from various contracting companies to sign new contracts. This is warranting grower choice. At CTP the long-term sustainable policy remains in place – grower/s training, labour practices and Child Labour awareness and education in this regard is top priority for the company. To ensure a fair grower return the emphasis and commitment on tobacco agronomy practices has been of utmost priority for CTP agronomy department.

Ongoing early soil and water samples have/are being collected from all areas in order to determine fertility and nutrient levels. This and other field tests will be used to adjust, if necessary, fertilizer inputs in an effort to only provide what is necessary, improve yields and grower viability.

5.0 Economic Outlook

In a trading update on day 108, the Tobacco Industry and Marketing Board said earnings were US\$458.5 million from 183.3 million kilograms sold and sales were 11.36 percent lower than last year's, which stood at US\$517.2 million. Largely volume related.

Tobacco contractors are now required to support at least a minimum of US\$500.00 per half a hectare and US\$4000.00 per hectare for small scale and large-scale growers respectively. This is in line with The Tobacco Industry and Marketing Board (TIMB) safeguarding the integrity of the contract system and to protect the viability of tobacco growing.

Fuel and electricity supplies have been reliable this cropping season hence routine irrigation cycles among commercial growers have been consistent.



6.0 Summary

Weather forecasts for the 2020 / 21 tobacco growing season are pointing towards normal to above normal rainfall in tobacco growing areas and most growers are prepared to plant as soon as adequate planting rains fall.

The 2020/21 growing season has seen 27% increase in seed sales compared to the previous season. There has also been an increase in the area planted of 14,062 hectares compared to 12,225 hectares at the same time in the previous season.

The number of registered growers has reduced by 15% but there is optimism of a good marketing season and crop size. .CTP has managed to fulfill its agronomic objectives through provision of inputs and technical support to contracted growers, the company is on track to meet volume and quality targets.

As of early November considering the above CTP' initial estimate for 2020/2021 crop size is 210-220 million kgs.

DISCLAIMER: The information provided in this document is merely intended for the use as an indicative opinion on the growing and market conditions of the 2020 / 21 tobacco growing season and statistics relating to the 2020 / 21 Zimbabwean tobacco growing season. All descriptions and advice relating to the growing season are subjective and should not be used other than for an insight from a Consolidated Tobacco Processors perspective. Consolidated Tobacco Processors and its employees accept no legal liability relating to the opinions and representations expressed in this document.