

## Pioneer Foods earnings up 5% to 426c

Pioneer Food Group on Monday, 26 November 2012, reported a 5% rise in adjusted headline earnings per share in the year ended September 2012 to 426 cents compared with same period a year ago.

The adjusted figures exclude the impact of the black economic empowerment deal.

Including the BEE transaction, headline earnings declined by 17% to R606 million.

Group revenue increased by 10% to R18.6 billion, with volumes declining by some 5% and selling prices increasing by 15% on average from a year earlier period.

Operating profit before items of a capital nature, adjusted for the impact of the phase one and phase two B-BBEE transactions, declined by 6% to R1.162 billion.

Operating profit margin, after these adjustments, consequently declined from 7.3% to 6.2%. The company declared a final dividend of 70 cents per share, up 75% from last year.

Managing director Andre Hanekom said the past year continued to be challenged by muted consumer spend in bread, maize, wheaten products and fruit juices in particular, as price adjustments affected affordability.

Sasko's performance improved compared to the previous year, but fell short of financial targets. Operating profit improved by 8% to R948 million. The operating profit margin contracted from 9.7% to 9.5%.

In the rice category demand continued to benefit from comparatively expensive maize meal pricing as well as the re-introduction of cheaper Indian rice imports.

Volumes remained flat in this environment with Spekko being a premium branded product.

Pioneer said pasta sales volumes were improving in a lower price point environment driven by lower priced imported products.

The Agri Business underperformed, with a net operating loss of R49 million.

Both the broiler and egg industries were negatively impacted by the inability to recover record high raw material prices in a market characterised by oversupply in final product.

Feeds volumes were stable with price increases largely recovering the higher raw material cost.

Bokomo Foods' operating profit improved 18% to R264 million, driven by strong growth in retail sales with improved price realisation. This was further boosted with increased export sales into Africa.

Ceres Beverages operating profit declined 35% to R88 million, driven by "exceptional" increases in raw material input costs.

Looking ahead, the company said it remains affected by the constrained consumer environment and pressure on disposable income.

Raw material pricing is volatile and indications are that prices could weaken in the months ahead as supply picks up.

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