

Country Bird FY dil HEPS down 61% to 24.93c

Poultry producer Country Bird Holdings (CBH) on Tuesday, 11 September 2012, posted a 61% drop in its diluted headline earnings per share to 24.93 cents in the year ended June, from the same period a year ago.

Revenue was up 9% to R3bn but operating profit declined by 32% to 149.5m, negatively impacted by high levels of imports, significant increases in raw material input costs and the nine-week strike at Supreme Poultry's Botshabelo plant.

Higher average levels of working capital, resulting from increases in raw material input prices and a buildup in finished poultry product in the second half of the year, resulted in increased finance costs.

A capital distribution of 2.33 cents per share for the period was declared.

"The poultry industry continues to face the challenge of increasing feed prices and high levels of dumping and imports," said CEO Jeff Wright. "Awareness of the impact surrounding the issue of dumping and illegal imports is higher than it has ever been and the industry is actively engaging with government and the relevant authorities for relief."

Subsequent to the year-end, Country Bird said it had normalised its frozen poultry stock holding and as a result generated positive cash flow, which would result in lower average borrowings for the period.

The group has effectively hedged its raw materials positions until March 2013, which should give rise to improved margins in the Zambian, Botswana and South African feed milling operations. Wright said the company continued to focus on the quick service restaurant market and expanding its factory shop footprint.

Sales volumes in these sectors rose by 44% in the period under review.