

## Fuel-hedging strategy sees AVI profit

A 19.2% spike in interim sales from AVI's hake fishing business was tempered at profit level by losses on fuel hedges, as the group's oil hedging strategy means it missed out on a halving of oil prices during its six months through December.

By Nick Hedley 27 Jan 2015



© Alexander Pbdshivalov –  
[123RF.com](http://123RF.com)

AVI uses fuel oil swaps for hedging purposes, so as to manage a portion of its exposure to fluctuations in the oil price on diesel fuels, according to its most recent annual report.

Its I&J fishing subsidiary grew sales 19.2% to R982m, with export revenues benefiting from the weak rand as was the case in its previous financial year.

"I&J's profit growth for the period was tempered by unrealised losses on fuel hedges following the significant decline in oil prices," AVI said.

AVI, which focuses on fast-moving consumer goods and fashion products, said on Friday group-wide sales for the six months to end-December grew 11.1% to R6bn. Its consolidated headline earnings per share for the interim period were expected to rise between 8% and 11% year on year.

Its beverages business, Entyce, and its snacks and biscuits unit, Snackworks, "both performed well in the constrained environment". Spitz, a high-end footwear retailer, "enjoyed continued strong demand for its core brands and achieved record sales in December".

Snackworks, AVI's biggest business by sales, grew revenue 13.1% to R1.83bn. Entyce's sales were up 10.8% at R1.57bn, while the footwear and apparel division grew revenue 11.8% to R1.08bn.

Personal care, AVI's smallest business unit, reported a 5.7% reduction in sales to R541m following the group's Indigo Brands business reviewing trading terms with Coty a year before.

AVI said margins improved year-on-year in the six months ended December.

**Source:** Business Day

For more, visit: <https://www.bizcommunity.com>