



# Pioneer Food forecasts earnings growth, despite challenges

Fast-moving consumer goods company Pioneer Food Group expects to deliver credible full-year results, despite the effects of the drought, which have already put a squeeze on the company's interim earnings. For the year to end-September, Pioneer will report an increase in headline earnings per share of between 30% and 40%, from headline earnings per share of 665c in the previous year.

By [Colleen Goko](#) 26 Oct 2016



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The company said revenue would increase between 9% and 11%, and between 11% and 13% excluding discontinued operations Pepsi, biscuits and Maitland Vinegar.

"The business had to contend with the severe impact of the drought on maize and other crops, exponential increase in the wheat import duty, rand volatility and resultant cost push in a weak consumer environment," Pioneer said.

The group said export revenue into the rest of Africa had come under pressure as those currencies lost value to the rand, which resulted in the deterioration of consumer spending power. Pioneer has joint venture investments in Nigeria, Botswana and Namibia.

"The combined strength of the group's brand portfolio and a sustained focus on cost management and extraction of efficiencies, assisted in mitigating the full effect of the aforementioned vagaries," the company said.

Pioneer Foods is valued at about R38.7bn. In the past year, its share price has declined 18%.

Competitors AVI and Tiger Brands have seen an increase in share price in the same period, of 4% and 12.6%, respectively.

**Source:** Business Day

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