

## Pioneer Foods expects first-half HEPS to drop up to 49%

Pioneer Foods Group expects adjusted headline earnings per share (HEPS) in the six months to March to fall by up to 49% from a year ago.



Image via Pioneer Foods

In an updated trading update on Thursday, the food producer blamed the drought, which inflated grain prices, compounded by a weaker rand. The raisin crop shortfall, higher juice concentrate costs, volatile currencies and weak consumer demand in Africa hurt the company's international business.

Operating profit, before items of a capital nature, would decrease by between 40% and 45% from R1.23bn a year ago.

But the owner of White Star, among other brands, expected a better performance in the second half of the financial year because of the substantial increase in the maize harvest, which has led to a material drop in raw material costs.

SA is likely to harvest 14.53-million tonnes in 2017, the second biggest harvest since the 1981-82 season.

The country's wheat import tariff has been revised down to R1,190.20/ton in March, from R1,591.40/ton following the rise in international wheat prices.

Pioneer Foods share price was down slightly to R164.01 in early trade, giving it a market value of R38.2bn.

Source: *BDpro*

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