

Ah-Vest profit down slightly

Food group Ah-Vest (AHL), formerly All Joy Foods, on Tuesday, 15 November, reported diluted headline earnings per share of 2.27 cents for the six months ended September compared to a loss of 2.40 cents per share for the former comparable half-year.

Sales revenue increased by 22% to R52 million, which the group said could be attributed to, but not limited to, the growth in the All Joy and Veri Peri brands market share.

"The Veri Peri production line and Tomato Sauce production line has been producing the required volume competitively and demand for both these product categories have been significantly higher in the period under review.

"The increased volumes in this reporting period under review has supported the improvement in gross profits by around 18%," Ah-Vest said.

It added that the company had controlled and managed operating expenses, however electricity, boiler fuel transport and staff costs were higher, which was an industry norm.

"This led to an overall increase in operating costs of around 18%. The company is contemplating and reviewing alternatives to deal with these increasing costs going forward."

EBITDA increased by 66% as demonstrated above, which the group said showed the sound fundamental growth in the business whilst profit before taxation increased by over 90% compared to the prior six month period.

"The company took a strategic decision to increase its finished goods inventories, to ensure that it does not lose sales in the festive period and with the 22% increase in sales, the trade accounts receivable has increased significantly, which has strained the cash-flow. However, strong relationships built over two decades with the company's suppliers has assisted the company with its growth in the short term. Plans are in place to address the company's growth requirements in terms of additional funding," Ah-Vest said.

Looking ahead, the group said Veri Peri, the group's hot sauce brand had achieved FDA approval and the company would ship its first consignment into New York City later this year.

"Veri Peri is a uniquely African brand and the company intends targeting the export market with the brand. The Rand has depreciated to the Dollar and whilst this puts pressure on the costs of the raw material that is imported, this represents a maximum of 15% of volumes. The Rand also has a secondary impact, through the increase in prices on certain packaging material. However, it also presents an opportunity because 'buying local' is expected to improve production volumes.

"The next six months is the company's favoured period of the year as more sauces are consumed in the summer and the festive period. The company has launched a range of products packaged, for convenient 'out of home' use in 'single serving sachets' suitable for braais, picnics and camping.

"The company will target new users and the emerging market with the 50g single serving sachet and expect

to continue to delight its customers by recognising local tastes. The company is optimistic about the continued growth prospects for the future, in line with its budgeted sales and profits," the group stated.

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