

## **Astral posts plump interim results**

**Dineo Faku**

ASTRAL Foods yesterday posted strong financial results for the six months to March.

The company reported a 158.4 percent increase in operating profit to R550 million compared with the same period last year. The profitability of the feed division rose, boosted by the recent inclusion of the Standerton feed mill.

Astral shares on the JSE advanced by 0.69 percent to close at R182.25 yesterday.

Chief executive Chris Schutte said the first half of the financial year would probably be better than the second half as feed costs had increased because of declining maize crops. He also warned of the negative effect of the African Growth and Opportunity Act (Agoa).

"The South African maize crop currently being harvested is estimated to be the lowest... since 2007, which will negatively impact livestock production costs due to higher feed

prices in the second half of the current reporting period and to the onset of the new maize crop in 2016," he said.

Astral's results reflect the company's improvement as it outperforms its peers and declares an interim dividend of 575 cents, 188 percent higher than the previous period last year.

### **Increased sales**

Headline earnings rose by 164 percent to R387m from R147m in the first six months last year on the back of normalised profit margins in the poultry division and from higher broiler sales volumes.

The 22.4 percent boost in revenue to R5.76 billion was attributed to the increased poultry sales.

Jiten Bechoo, an analyst with Avior Capital Markets, said the results were in line with expectations. "There are no surprises. This is a really good performance," Bechoo said.

Revenue for the poultry division rose by 35.7 percent to R4.5bn compared with R3.32bn in the same period last year, supported by higher broiler volumes, which rose by 19.9 percent. This was primarily due to the inclusion of Tydstroom's broiler volumes into Astral's Western Cape broiler operation.

The average selling price of poultry rose by 12.8 percent and feed prices declined by 2.3 percent compared with the comparable period last year.

"The improved average selling price includes a contribution from product mix with an increase in the fresh participation of 2 percent driven largely by the increase in fresh volumes in the Western Cape through the take on of the Tydstroom volumes," Schutte said.

Turning to its prospects, the firm said that slowing level of growth in the economy and higher unemployment levels would continue to hamper an increase in the per capita consumption of poultry.