

Astral Foods rebounds from bird flu outbreak, expects 300% rise in profits

Astral Foods foresees a profitable turnaround in the half-year to 31 March, attributing it to the easing impact of South Africa's bird flu and power issues. The poultry producer expects a 300% surge in Headline Earnings Per Share (HEPS), reaching at least R654 from R163 in the same period last year, as stated in its Wednesday trading update.



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Astral posted a R621m operating loss, the first in its 23 years of existence, in the year ended 30 September.

This was mainly due to costs associated with the outbreak of a high-pathogenic avian influenza (HPAI), a bird flu which spreads rapidly in an infected flock causing a high death rate, as well as diesel costs to provide alternative power amid South Africa's ongoing electricity crisis.

Africa's most advanced economy is struggling to generate adequate electricity from its ageing coal-fired plants, which frequently break down.

The company said while diesel expenses remained, the cost had reduced after the intensity of power cuts eased in the first quarter of the current financial year.

Feeding costs have also come down due to lower commodity prices, Astral said.

It still faces water and electricity supply disruptions, while the importation of broiler-hatching eggs to rebuild its chicken flock, decimated by bird flu, has added costs.

The company said it was "dismayed" by the International Trade Administration Commission of South Africa's decision to lift punitive tariffs on poultry imports, saying there was no shortage of chicken products to justify the move.

South Africa's poultry producers say the move to allow more chicken imports into the country will hurt a sector battling to recover from the avian flu outbreak, an electricity crisis and higher input costs.

ABOUT THE AUTHOR

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