

Pioneer Food's revenue up 10% to R18bn

Pioneer Food's revenue for the 11 months to August increased by 10% to R18bn, the company said in a voluntary trading update on Monday (16 September).



The group said the weak consumer environment continued to affect volume growth, limiting it to an average of 3% across the group's basket. Pioneer Foods enters into a closed period until the publication of the annual results for the year to September. These results are due to be released on 25 November.

Pioneer said that at an industry level, wheat consumption for the nine months to July was down by 1.2% and maize slightly up by 0.7%. The weakening of the rand against the dollar had reversed underlying dollar-based maize and wheat deflation, especially during the latter part of the year.

"Sasko sales volumes in wheat and bread products remained soft compared with last year while maize, rice and pasta reflected gains. The Thailand rice pledging scheme was still affecting international rice prices," Pioneer said.

It said the performance at Bokomo Foods provided solid volume growth during the period with a significant increase in vine-fruit volumes, adding that breakfast cereal volumes were only marginally up indicating the difficult market conditions. "Moir's biscuits sustained double-digit volume growth ahead of the market," it said.

"The Ceres Beverage business sustained the excellent performance of the first half, regaining lost market share profitably. Cost control and enhanced manufacturing efficiencies bodes well for profitability," Pioneer said.

It said that while feed volumes in Quantum Foods were stable, price increases offset higher raw material costs.

"Unprecedented price and volume pressure in the broiler industry continued while measures to contain operating cost increases and improve efficiencies could not compensate for these increases," it said.

Pioneer says the sales prices in the egg business increased over the past two months as supply and demand dynamics improved and margins strengthened.

It says the Zambia and Uganda businesses continued to increase their contribution to overall performance.