

SA food producer Libstar's annual earnings fall

By [Nqobile Dlodla](#)

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South African food producer Libstar on Thursday, 16 March reported an 11.8% fall in full-year earnings as price rises failed to offset higher costs.



Source: Libstar

Consumer goods producers have lifted prices to cope with surging costs for raw materials, energy and packaging after Russia's invasion of Ukraine compounded pandemic-related supply chain logjams. But they face a challenge in how much they can raise prices without sacrificing sales as increasingly cost-conscious consumers trade down.

Normalised headline earnings per share from continuing operations fell to 65.3 cents from 74 cents a year earlier.

Price hikes helped the maker of Denny Mushrooms and Lancewood dairy products deliver revenue growth of 10.7% at R11.7bn in the year ended 31 December. Sales volumes rose 3% while pricing and mix changes contributed 7.7% to sales growth.

Products sold to the food service, industrial and contract manufacturing industries contributed strongly to revenue.



SA food producers expect muted demand from struggling shoppers

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Cost of load shedding

Libstar's year-on-year gross profit margin declined to 20.7% from 22.2% reflecting higher costs in its main export-facing divisions and cost inflation in the rest of the portfolio.

Additionally, unprecedented levels of load shedding added R39m in direct operating costs, of which 70% related to three divisions: Lancewood, Denny Mushrooms and Finlar Fine Foods.

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