

RCL Foods delivers higher half-year profit on unit performance

By [Ngobile Dlodla](#)

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South African food producer RCL Foods reported on Monday, 28 February, a 21.6% increase in half-year profit, boosted by strong performances from all its businesses.



Source: [RCL Foods](#)

RCL, which makes Selati sugar, Ouma rusks and Rainbow Chickens brands, reported headline earnings per share (Heps) of 72.7 cents for the six months ended December, up from 59.7 cents last year.

Underlying HEPS, which excludes one-offs and accounting adjustments, rose by 3.1%. The company declared an interim dividend of 15 cents per share.



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Revenue rose 9.2% to R17.1bn largely due to improved volumes and prices in chicken, improved pricing in groceries and higher Vector Logistics revenue. Earnings before interest, tax, depreciations and amortisation improved by R162.7m to R1.3bn.

RCL said its food division, which comprises groceries, baking and sugar business units, had a resilient underlying performance, with demand across most categories remaining relatively strong despite the implementation of selective price increases to offset growing commodity cost pressure.

Surge in commodities, energy, transport and labour costs

Consumer goods companies are grappling with a surge in commodities, energy, transport and labour costs. RCL is particularly exposed because of its reliance on food - where inflation is especially high.

Supported by strong marketing campaigns, its Simply Chicken and Rainbow brands within the chicken business continued to achieve double-digit volume growth in the chilled processed meats category.

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