

AVI profit rises marginally on price hikes

AVI Ltd posted half-year earnings growth of 0.6% on Monday, 6 March as the South African food producer and fashion retailer lifted prices to put a lid on rising input costs, but said consumer demand was constrained by the high cost of living.



Source: [Ftxabay](#)

Consumer goods producers globally have lifted prices to cope with surging costs for almost all 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.

In addition, crippling load shedding added direct costs of R22m in the reporting period, the maker of Five Roses tea and Bakers biscuits said.

Headline earnings per share for the six-months ended 31 December inched up to 318.9 cents, while operating profit rose by 1.7%. Group revenue increased by 7.2%, driven by price increases in its tea and coffee, snacks and fashion businesses.

AVI said quickening inflation, higher interest rates and unemployment continued to constrain consumer spending, with sales lower in some categories and exacerbated by intense competition from rivals.

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