

'Exceptional' new product sales boost Clover

By [Colleen Goko](#)

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Clover Industries (CLR) on Wednesday reported a surge in full-year operating profit as consumers took a liking to its new offerings of yoghurts and custard...



Clover CE Johann Vorster.
Photographer: Arnold Pronto

Image source: [BDive](#)

Clover began producing yoghurts and custard in January 2015 following the expiry of the restraint of trade with Danone and the acquisition of the Dairybelle yoghurt and UHT businesses.

The company said sales in the new products had been "exceptional" and that "current yoghurt production capacity is being expanded to meet the unanticipated market demand".

In the year ended June 2015, Clover reported an 80.3% rise in operating profit to R509.1m, while headline earnings per share increased by 69% to 173.6c compared with the year-earlier period.

Revenue jumped by 8.6% to R9.3bn and a final dividend of 33.4c per share was declared.

Clover said it implemented some selling price adjustments in the year under review.

"The resulting increase in prices and profitability nonetheless resulted in volume and market share losses in some product categories as anticipated".

It said low inventory levels at the start of the year, following the raw milk shortage experienced during the winter of 2014, contributed to volume and market share losses in cheese and hindered the strong volume growth achieved in UHT sales during the year.

"A continuing weak volume performance in the beverages segment reflects the reduction in consumers' discretionary spend evidenced by overall market contraction in the fruit juices category," the company said.

Looking ahead, Clover said it would focus on growing its brands and overall brand basket, including maintaining existing market shares as far as possible.

"New products will either be developed by Clover's in-house product innovation and technology department or in co-ordination with joint venture-like partnerships.

"As part of Clover's growth strategy the company continuously monitors potential mergers and acquisitions and joint venture opportunities with the view to unlock potential synergies in its supply chain, provided that it meets internal hurdle rates," the company said.

Source: BDpro

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