

Acquisitive Rhodes escapes drought woes

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Acquisitive food producer Rhodes appears to have survived the drought better than its larger rivals, reporting both turnover and profit growth for the first half of its financial year.



Rhodes Food Group CEO, Bruce Henderson. Image credit: *Business Day*

Rhodes said on Tuesday that revenue grew 8.2% to R2.2bn from R2bn in the matching period. Aftertax profit grew 14.6% to R125m.

This contrasts with Pioneer Foods - whose R36bn market capitalisation makes it six times larger than Rhodes - which on Monday reported 2% revenue growth but a 56% plunge in aftertax profit, mainly due to sharply higher cereal prices caused by last year's drought. The first half of Rhodes's 2017 financial year ended on 2 April while its 2016 interim period ended on 27 March.

"The group's performance is subject to seasonal trends based on the seasonality of fruit crops which are processed annually from November to April and June to August. Due to the seasonal nature of fruit production working capital is actively managed over an annual cycle," it said.

Rhodes said its domestic fresh food sales grew 27.8% and its long life food sales grew 12.3%. But its export sales suffered a 20.7% decline due to the rand appreciating 11% against its basket of trading currencies.



Pioneer Foods first-half adjusted headline earnings drop 47% to R470m

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The group's acquisitions of [Pakco for R197m](#) and [Ma Baker for R193m](#) came too late in the reporting period to bolster its revenue, the company said.

Rhodes invested R233m in completing its meat production plant upgrade, increasing production capacity at the fruit juice, fruit products, vegetable and pie facilities, and the completion of the flexible packaging and baby foods factory at Groot Drakenstein.

Source: BDpro

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