

COMPANIES

Poultry boost for Astral margins

Volume increases, lower input costs and increased poultry sales have resulted in the operating profit of local poultry producer, Astral Foods, increasing by 158% to R550 million for the year ended 31 March 2015.

Most of the company's profits came from the poultry division, where revenue increased by 22% to R5,7 billion as a result of a supply agreement with egg and chicken producer, Quantum Foods, Astral Foods' CEO, Chris Schutte, told *Farmer's Weekly*.

The feed division helped to increase margins as its revenue jumped by 16% to R2,96 billion, according to Schutte.

Astral Foods bought a feed mill in Standerton in September last year to accommodate agreements with agricultural services and processing company, Afgri, which ended in June 2014, he said.

Operating profit for the feed division improved from R157 million last year to R186 million. However, Schutte

warned that higher maize prices as a result of the domestic drought would bring margins under pressure.

"There's nothing you can do if there is no rain. We'll continue running our poultry farms as efficiently as we can. We'll be investing, quite aggressively, in all areas of [our] business where we can have some improvements," he said.

Asked what his thoughts were on the negotiations between South Africa and its US counterparts on the African Growth

and Opportunity Act (Agoa), Schutte said they were in a deadlock.

South Africa had tabled a quota of 50 000t/year for US poultry imports, but the Americans wanted 120 000t/year, according to him.

"That's too aggressive. We don't want to agree to that. I guess we will have to further negotiate with them on that, but I can tell you that we won't succumb to their tactics," he said.

The 120 000t of US poultry imports were equivalent to 11% of the local industry,

according to Schutte. "If we agree to that, we'll have to shed jobs and close plants. We don't think that's fair play. The spirit of Agoa is to assist Africa and not to do damage."

In a move that could be seen as punishing South Africa for imposing anti-dumping duties on US poultry imports, the Americans have proposed, among other things, an amendment that would renew South Africa's participation in Agoa for three years instead of 10 years. — *Luyolo Mkentane*