

Sugar tax and rising feed costs send RCL Foods profits tumbling

By [Tannur Anders](#)

4 Sep 2023

RCL Foods reported a 46% decline in its profit for the year, as it faced challenges from the increased sugar tax and higher feed costs. The company said its sugar business was also hit by lower sales volumes and prices, while its poultry segment suffered from increased competition, load shedding and input costs.



RCL Foods offices. Source: Rainbow Chicken

The company reported a headline earnings per share from continuing operations - the main profit measure in the country - of 60.6 cents for the year ended 30 June, down from 111.5 cents a year earlier.

Its Vector Logistics segment was disclosed as a discontinued operation for the end of the 2023 financial year, therefore profits from continuing operations are a more precise measure for the year.



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Tannur Anders and Anait Miridzhanian 5 Jul 2023



Like other industry participants, the maker of Ouma rusks and Rainbow chicken has had to bear the burden of a special sugar levy imposed by the South African Sugar Association to cover a shortfall after two industry players failed to oblige with business recuse proceedings.

RCL Foods said in July that the net impact of the special levies had amounted to R234m (pre-tax) for the company.

Adding to the pressures of doing business has been the worst rolling blackouts on record, forcing many industry players to dish out hundreds of millions of rand to keep operations afloat.

The company resolved not to declare a final dividend.

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