

Libstar earnings rise on lower tax expenses

By [Ngobile Dlodla](#)

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South African food producer Libstar, whose brands include Denny Mushrooms and Lancewood dairy, said on 16 March that its full-year earnings rose by 18.8%, due to lower interest and income tax expenses.



Source: Supplied

Normalised headline earnings per share, the main profit measure in South Africa, from continuing operations rose to 80.4 cents for the year ended 31 December, from 67.7 cents a year ago.

Income tax expense fell to R53m from R106m, while interest incurred on interest-bearing banking facilities and right-of-use liabilities declined by 10%.

Group revenue increased by 7.1% to R10bn, with volumes up 0.5%. Price increases and changes in sales mix contributed 6.6% to the group sales growth.



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Gross profit margin though declined to 23% from 24.4%, mainly due to lower export margins and rapidly rising costs of critical raw materials and packaging amid volatility in local and international supply chains.

"The immediate impact of these cost increases was exacerbated, as there is a timing lag between the increases and their recovery through selling price increases," the company said.



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Consumer goods companies worldwide are grappling with the surge in commodity, energy, transport and labour costs. Libstar is particularly exposed due to its reliance on food, where inflation is high.

Group normalised earnings before interest, tax, depreciation and amortization increased by 2.4%. Libstar declared a final dividend of 25 cents per share.

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