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MEATY MATTER: Tiger Brands is seeing a loss in earnings as a recall bites.

Tiger Brands earnings hit by listeria outbreak

TIGER Brands reported a 16% drop in half-year earnings yesterday, weighed down by R365m in costs due to a recall of cold meat products in response to a listeria outbreak.

The country's biggest food producer suspended production at its Polokwane, Germiston, Pretoria and Clayville sites in March. The four sites produced polony and other cold meats that were linked to the listeria outbreak that has killed 200 people since early 2017.

CEO Lawrence MacDougall said the recall "impacted our headline earnings quite significantly".

Headline earnings per share for the six months ended March dropped to 868c from 1036c a year earlier.

Recall and related costs to date amounted to R365m net of initial insurance claims. These costs excluded ongoing trading losses, the company said.

The facilities were likely to stay closed for a large part of the second half of the year as it completes remedial work and awaits guidance from the Department of Health.

Tiger Brands faces a combined class action lawsuit filed in March by Rich-

ard Spoor, a human rights advocate, on behalf of families affected by the listeria outbreak.

MacDougall said the group did not yet have details on the amount claimed.

"The application for certification of the classes is in progress, while our legal representatives are in discussion to explore further collaboration," he said.

Tiger Brands, which makes bread, breakfast cereals and energy drinks, is battling intense competition, pressure on pricing from consumers chasing value and deflation of 2.7%, which hit group revenue by 4% to R15.7bn.

The closure of the cold meat facilities weighed on the business, with revenue falling by 9% and operating income plunging by 78% to R13m.

Profit before tax from continuing operations decreased by 18% to R1.9bn.

"The outlook for the year remains challenging, with intense competitor activity in the domestic market and no meaningful recovery expected in international markets," Tiger Brands said.

The company has declared an unchanged interim dividend of 378c a share. - Reuters