

Astral flags profit plunge as power crisis hits poultry production

By [Nelson Banya](#)

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Astral Foods expects a 90% plunge in mid-year profit, the poultry processor said on Wednesday, 25 January, citing rolling power cuts in South Africa that have hit production and hiked costs.



Chickens are seen at a poultry farm outside Klerksdorp in the North West province, South Africa, File. REUTERS/Siphiwe Sibeko

One of South Africa's largest poultry firms, Astral processes nearly six million chickens per week and accounts for about a quarter of the country's broiler meat production.

The company supplies chicken meat to major fast-food brands in the country, as well as wholesale and retail outlets.

It expects headline earnings per share (HEPS) - the main profit measure in South Africa - to drop to R1.42 (\$0.0828) in the six months to March 2023, from R14.20 during the same period a year earlier.

"The poultry division has experienced severe operational disruptions through 1Q2023 due to Eskom load shedding. This has continued and led to abnormal additional costs as well as substantial production cutbacks of at least 12 million broiler

placements for the 1H2023," Astral Foods said in a trading update.

Ageing coal-fired power stations, corrupt coal procurement deals and criminal sabotage have impacted utility Eskom's capacity to supply adequate electricity to South African businesses and households, which are having to go for as long as 10 hours without power.

Erratic electricity supplies affect poultry ventilation systems, slaughter schedules and chicken processing. Delayed slaughter schedules also lead to additional feeding costs.

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