

Premier Group's profits jump despite load shedding

By [Tannur Anders](#)

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Consumers goods company Premier Group on Tuesday, 6 June, [posted a jump in annual profits](#), saying it managed to pass on the costs of the country's worst rolling blackouts, but a possible increase in load shedding could leave it struggling to meet customer demand.



Source: Premier Group

For the year ended 31 March, the maker of Blue Ribbon bread and Snowflake flour, which [listed on the local bourse](#) in March, posted a near 40% rise in profit.

Load shedding impact on flour milling production

It also said it had spent around R32m, on diesel generators, which Premier Group CEO Kobus Gertenbach told *Reuters* was on top of many years of investment.

"Our general ability in terms of being able to run generators to operate bakeries is actually not cost prohibitive in relation to the category, so the amount of cost that it adds is a couple of cents a loaf and you can pretty much quite easily recover it in the market," he added.

He said, however, around 10% of total flour milling production was lost during the period because of the power cuts.

Competitor Tiger Brands, the touchstone of the fast-moving consumer goods industry, said last week in its six months interim results that power cuts cost it R37m in the grains sector alone.



Tiger Brands says load shedding set to squeeze income

Promit Mukherjee 30 May 2023



South African businesses and households are being left without power for up to 10 hours daily. "In my view, level eight would start to impact our ability to continue to produce enough product to service our market," Gertenbach added.

Eskom so far has not gone beyond Stage 6 power cuts, which require 6,000 megawatts to be shed from the national grid, but has said it may have to move to Stage 8, which would require up to 8,000 megawatts to be shed, translating to 16 hours of outages in a 32-hour cycle.

Since listing in March, Premier Group has lost over 12% of its value. It last traded at 5,251 cents per share, down over 4.5% to the day.

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