

Geopolitical tensions, adverse weather and forex fluctuations affect Kakuzi trading results

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24/03... Adverse weather conditions and foreign currency fluctuations, coupled with Geopolitical tensions in the Middle East, occasioned a difficult trading environment for listed superfoods producer [Kakuzi Plc \(NSE: KUKZ\)](#) last year, leading to a pre-tax loss of Ksh 167 million, the firm has announced.

In its 2024 financial-year trading results released today, the Kakuzi Board has recommended a first and final dividend of Ksh 8 per share while confirming that the arrival quality into European markets for its flagship avocado product has been negatively impacted by the effective closure of the traditional Red Sea shipping routes.

Further, the Company disclosed that the strengthening of the Kenya Shilling during the year resulted in the Company incurring additional foreign exchange losses of Ksh 197 million against its US Dollar holdings, compared to foreign exchange gains of Ksh 118 million in 2023.

Speaking at the release of the results, Kakuzi Plc Managing Director Mr Chris Flowers said the only alternative shipping route from Kilindini, around the Cape of Good Hope in South Africa, adds a further two weeks to the shipping times, which significantly continues to impact the quality of fruits arriving in Europe.

He said Kakuzi's 2024 avocado profits decreased to Ksh 361 million, down from Ksh 1.37 billion posted in the previous years. He added that the adverse weather experienced last year also led to a reduction in avocado yields, with total exports closing at 2,222,244 cartons, down from 3,074,105 cartons exported the previous year.

The pre-tax profit for Kakuzi macadamia divisional operations moved to a profit of Ksh 69 Million in 2024, up from a Ksh 354 Million loss posted the previous year. The firm's Forestry and Livestock division profits also maintained an upward trend, further validating the firm's ongoing diversification strategy. The forestry unit profits soared to Ksh 288 Million, up from Ksh 149 Million posted the previous year, while Livestock unit profits reached Ksh 31 Million, recovering from a loss of Ksh 13 Million realised in 2023.

"The results reflect a number of challenges, including the excessive rainfall experienced in early 2024, which caused waterlogging, hampering fruit production. Consequently, fruit volumes for both Hass and Pinkerton avocados decreased by 23% and 19%, respectively," He said.

He added that "the Kenya Shilling also strengthened by 15% against the Euro, which averaged Ksh 140 during the avocado export season, resulting in lower Shilling revenues compared to the previous year when the Euro averaged Ksh 162."

This year, Kakuzi, Mr Flowers said, has activated mitigation strategies to reduce the impact of logistical challenges by adapting to the longer delivery lead times. “Whilst we hope that the geopolitical tension in the Middle East will ease, we must plan to continue with the rerouted logistics in 2025, and Kakuzi is doing all it can to focus on delivering quality products to the Company’s customers,” he said.

On his part, Kakuzi PLC Chairman Mr Nicholas Ng’ang’a noted that: “To reduce our dependency on European markets, it is essential for both public and private stakeholders in Kenya’s avocado sector to explore high-value new markets. While China and India hold potential, their current demand is still relatively low compared to Europe’s. As the largest consumer of avocados globally, the North American region must be considered a future target for Kenya’s exports.”

He added, “In 2024, the USA consumed 1.3 million metric tonnes of avocados, compared to 0.9 million metric tonnes in Europe, with over 80% of its avocados sourced from Mexico. The North American market presents a significant opportunity for Kenya.”

He stressed that Kakuzi will continue using Agricultural Technology (AgTech) solutions to maximise yields. The firm, Mr Ng’ang’a said, is observing with interest the rapid technological changes, with many international agricultural sectors now embracing Artificial Intelligence (AI) and the use of autonomous agricultural vehicles, such as drones, which are contributing to efficient agricultural production.

Ends

About Kakuzi PLC

Kakuzi PLC is a listed Kenyan superfoods producer on the Nairobi and London Stock Exchange, engaging in cultivating, processing and marketing avocados, blueberries, macadamia, tea, livestock and commercial forestry. At Kakuzi, we continuously strive to build a sustainable agricultural portfolio that can mitigate weather risks to which the sector has historically been subjected. Our development plans are in full swing, with significant additional areas of avocado and macadamia planted and initial trials for blueberry development running well. We operate in two separate locations in Kenya; our main operation and Head Offices are based in Makuyu, Murang’a County. The Kakuzi (Kaboswa) Tea Estate is situated in Nandi Hills, Nandi County. www.kakuzi.co.ke