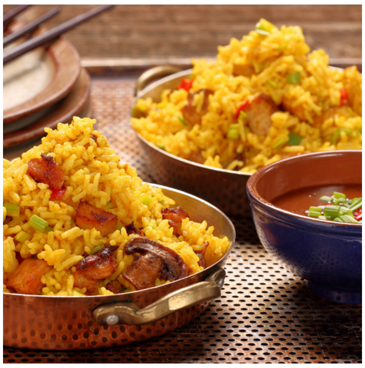
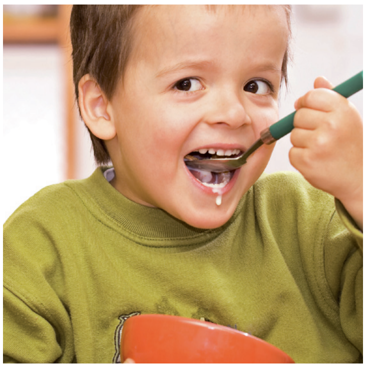
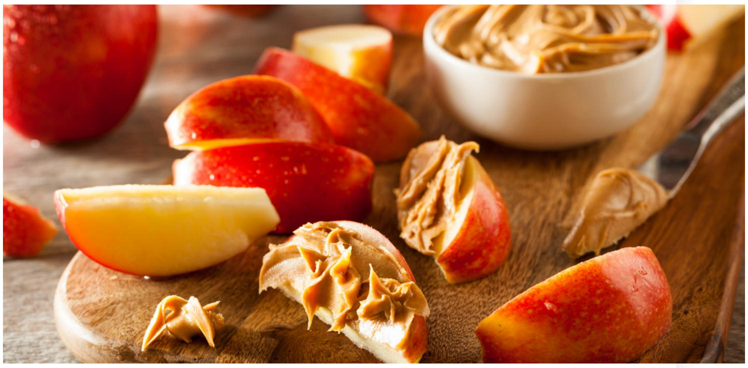
Audited group results and dividend declaration

2019







We nourish and nurture more lives every day

TIGER BRANDS

SALIENT FEATURES*

Tiger Brands' full year results impacted by the unbundling of the company's interest in Oceana Group Limited (Oceana), the challenging operating environment and a slower than anticipated recovery in the Value Added Meat Products (VAMP) business.

Revenue

R29,2 billion 3%

(Excluding VAMP+, R28,6 billion 5%)

Group operating income**

R2,6 billion 20%

(Excluding VAMP+, R3,2 billion 11%)

Group operating margin**

9,0% 260bps

(2018: 11,6%)

EPS

2 364cps 55%

(2018: 1 530cps)

HEPS

1 349cps 17%

(2018: 1 633cps)

Total dividend declared***

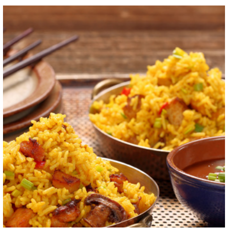
1 061cps

Unbundling of

Oceana **concluded**

Deli Foods

discontinued



* *From continuing operations.*

** *Before impairments and abnormal items.*

*** *Includes special dividend of 306cps declared on 22 May 2019.*

\+ *Refer to Annexure A for the pro forma detail.*

COMMENTARY

Overview

Tiger Brands' results for the year ended 30 September 2019 reflect the difficult trading conditions, characterised by an increasingly challenging consumer environment and input costs rising ahead of price inflation. The overall result was significantly impacted by ongoing margin compression across the Grains portfolio, tough trading conditions in the group's primary export markets and the slower than anticipated recovery of the VAMP business. The unbundling of the company's investment in Oceana also had a significant impact on year-on-year comparisons. Details of the impact of VAMP and the unbundling of Oceana on key financial metrics are detailed overleaf and in Annexure A.

Shareholders are referred to the SENS announcement issued by the company on 8 November 2019 regarding the cessation of operations at Deli Foods in Nigeria. The business has been treated as a discontinued operation in these results, with the comparative information restated accordingly.

Despite the challenging backdrop, total revenue from continuing operations increased by 3%, driven by price inflation of 5% and partially offset by an overall volume decline of 2%. Lower volumes, coupled with the inability to fully recover input costs, placed gross margins under pressure, resulting in group operating income before impairments and abnormal items (operating income) declining by 20% to R2,6 billion (2018: R3,3 billion).

Excluding VAMP*, operating income before impairments and abnormal items decreased by 11% to R3,2 billion compared to the reported decline of 20% to R2,6 billion.

The impairment charge was driven by a R96 million write-down in respect of VAMP's property, plant and equipment and a R212 million goodwill impairment related to Davita, reflecting the challenging outlook in export markets. Abnormal income of R2,0 billion reported in the current period (2018: R422 million loss) largely comprises gains linked to the unbundling of Tiger Brands' stake in Oceana and related share disposals.

Income from associates decreased by 49% to R371 million (2018: R731 million). As previously reported, the company ceased to equity account the earnings of Oceana with effect from 1 December 2018, following the decision in November 2018 to unbundle the company's investment in Oceana. The total income from associates is therefore not comparable with that of the prior year. All associates, including National Foods Zimbabwe (which has been accounted for in line with IAS 29 *Financial Reporting in Hyperinflationary Economies)*, reported an increase in earnings.

Net financing costs of R11 million (2018: R42 million) benefited from lower average debt levels over the past year. In addition, a net foreign exchange gain of R10 million was realised compared to a gain of R21 million in the prior year.

The effective tax rate before abnormal items, impairments and income from associates has increased marginally in comparison with the prior year. The prior year's effective tax rate has been restated to account for the discontinuation of Deli Foods in the current year.

Headline earnings per share (HEPS) from continuing operations declined by 17% to 1 349 cents (2018: 1 633 cents). Earnings per share (EPS) from continuing operations, on the other hand, increased by 55% to 2 364 cents (2018: 1 530 cents) principally due to a capital surplus amounting to R2 billion, arising from capital profits realised and a fair value gain relating to the unbundling of the company's interest in Oceana. This capital surplus had no impact on headline earnings per share as it is excluded for headline earnings purposes.

After adjusting for the impact of VAMP*, the unbundling of Tiger Brands' investment in Oceana, as well as the capital profit arising from the sale of Oceana shares, attributable earnings per share from continuing operations declined by 11% compared to the reported increase of 55%.

** Refer to Annexure A for the pro forma detail.*

COMMENTARY CONTINUED

At a headline earnings level, after adjusting for VAMP and Oceana, headline earnings per share from continuing operations reflect a decline of 8% compared to the reported decline of 17%.

The reconciling items between reported items and adjusted items are set out in the table below and in Annexure A.

Table 1: Adjusted headline earnings from continuing operations

	2019		2018		
	R'million	**HEPS (cents)**	R'million	HEPS (cents)	% change cps
Headline earnings as reported (continuing operations)[1]	**2 234**	**1 349**	2 689	1 633	(17%)
Oceana equity-accounted earnings[1]	**(31)**	**(18)**	(416)	(252)	
Adjusted headline earnings – excluding Oceana[2]	**2 203**	**1 331**	2 273	1 381	(4%)
VAMP – after-tax trading loss[1]	**394**	**238**	181	110	
VAMP – abnormal items after tax[3]	**(54)**	**(33)**	303	184	
Adjusted headline earnings (excluding VAMP and Oceana)[4]	**2 543**	**1 536**	2 757	1 675	(8%)

[1] *This has been extracted from Tiger Brands' audited financial statements for the year ended 30 September 2019 and 30 September 2018.*
[2] *Adjusted headline earnings after adjusting for all Oceana-related transactions for the year.*
[3] *The effects of the VAMP losses have been removed as this had a significant year-on-year impact on normal operations. This has been extracted from Note 3 – Impairments and Note 4 – Abnormal items.*
[4] *Adjusted headline earnings after adjusting for all Oceana and VAMP-related transactions for the year.*

HEPS from total operations decreased by 17% to 1 322 cents (2018: 1 589 cents), while EPS from total operations increased by 60% to 2 333 cents (2018: 1 458 cents).

Segmental operating performance

Domestic revenue increased by 5% to R26 billion in line with price inflation of 5%, with overall volume growth unchanged. Particularly strong performances were delivered by Snacks and Treats, Beverages, Home, Personal Care and Baby (HPCB), offset by disappointing results in Grains and VAMP. Industrial action affecting Groceries in the first half and Bakeries in the second half, as well as load shedding during the year, had an adverse impact on both revenue and costs. These contributed to operating income from domestic operations decreasing by 19% to R2,5 billion (2018: R3,1 billion). Excluding VAMP, operating income from domestic operations, decreased by 9% to R3,0 billion (2018: R3,3 billion).

Grains

Revenue increased by 4% to R13,2 billion, reflecting price inflation of 6%, while overall volumes declined by 2%. Price inflation was insufficient to offset the impact of higher input costs, with operating income declining by 24% to R1,4 billion. The operating margin consequently reduced to 10,9% (2018: 14,8%).

Milling and Baking had a particularly disappointing year, driven predominantly by poor performances in Maize and Baking. Revenue increased by 6%, influenced by 7% price inflation across the segment and an overall volume decline of 1%. Operating income declined by 20% to R1,2 billion. Within Maize, despite good volume growth, operating profit declined significantly as pricing pressures intensified. Bakeries experienced small volume losses, which were compounded by margin compression as the competitive environment did not allow for the full recovery of cost increases.

The Other Grains category had a challenging period with no meaningful recovery in the second half. Revenue declined by 2% to R3,8 billion, driven by 3% price inflation, which was more than offset by the impact of volume declines of 5%. Volume declines were primarily the result of lower volumes in Pasta due to supply challenges in instant noodles and low-priced imports in core pasta segments. Rice also had a disappointing year, being unable to recover cost push due to increased promotional activity in the category. The business was further impacted by supply chain challenges. Jungle benefited from price inflation, despite increased competition from private label in the core oats and ready-to-eat segments of the Breakfast category, achieving a marginal increase in operating income for the year.

The poor volume performance in Pasta and Rice, coupled with the inability to recover cost increases in raw materials and other operating expenses, was the primary reason for operating income declining by 41% to R202 million.

Consumer Brands – Food

Consumer Brands – Food continued to feel the impact of VAMP's performance and this business's slower than anticipated recovery in the market. Although revenue increased by 4% to R10,1 billion, operating income declined to R494 million (2018: R828 million). Excluding VAMP, Consumer Brands – Food delivered a strong top line performance with revenue growth of 9%, underpinned by 3% price inflation and 6% volume growth. The strong revenue growth was not sufficient to counter the effect of cost increases, which resulted in negative operating leverage. Excluding VAMP, operating income declined by 4% to R1,0 billion.

Groceries' sales were ahead of the market with revenue increasing by 7%, supported by volume growth of 4% and 3% price inflation. However, pricing constraints, industrial action in the first quarter and supply chain challenges, adversely impacted profitability, with operating income declining by 25% to R325 million.

COMMENTARY CONTINUED

Revenue in the Snacks and Treats category increased by 9% to R2,3 billion. Sustained volume growth of 5% was achieved through the year and price inflation accelerated to 4% for the year. Growth was recorded across the portfolio, with the relaunch of Beacon and Maynards supported by focused marketing investment as well as successful in-store activations. Operating income increased by 3% to R313 million as improved price realisations were more than offset by higher conversion costs.

The Beverages business continued to perform strongly throughout the year, with revenue increasing by 19% and operating income rising 39% to R296 million. Volume growth of 14% was ahead of category growth, driven primarily by Oros and Energade. The resultant market share gains were supported by focused marketing campaigns throughout the year and new launches performing ahead of expectations. The business continues to benefit from cost-containment initiatives and improved factory efficiencies.

Although there was steady improvement in VAMP's performance since the re-opening of the manufacturing facilities, the second half performance was below expectations. As a result, full year revenue declined 39% to R654 million, while an operating loss of R547 million was incurred. Despite excellent brand health metrics, revenue and margins were impacted by distribution gaps and tactical pricing strategies as well as higher costs of production. Lower volume throughput impacted negatively on factory overhead recoveries.

Home, Personal Care and Baby

The strong performance of HPCB continued through the second half, with overall revenue up 20% to R2,7 billion supported by strong volume growth in Home Care and Baby Care. The volume uplift, as well as favourable product mix in Home Care, led to a 60% increase in operating income to R546 million.

Revenue in Personal Care increased by 4% to R639 million, with 5% price inflation and an overall volume decline of 1%. Lower conversion costs, which benefited from effective continuous improvement initiatives in the factory, as well as reduced promotional spend, led to operating income increasing by 37% to R89 million.

Baby Care delivered a strong performance, with revenue up 23% to R981 million in line with volume growth of 24%. This performance was driven by effective in-store execution, optimal pricing and improved distribution, particularly in pouches, resulting in market share gains across the nutrition portfolio. Operating income increased by 14% to R151 million.

The Home Care category (including Stationery) recovered strongly from last year's disappointing performance, with revenue growth of 29% to R1,1 billion and a 112% improvement in operating income to R306 million. This was due to sustained demand in the pest category, improved product mix and lower factory costs.

Exports and International

Total revenue for the Exports and International businesses declined by 11% to R3,2 billion, while operating income reduced by 34% to R212 million. A poor operating performance from Exports was partially offset by a significant recovery in the Deciduous Fruit business.

Revenue in the Deciduous Fruit (LAF) business declined by 2%. This was primarily due to lower carry-over stocks at the beginning of the year as a result of the effects of the severe drought in the Western Cape in 2018, as well as the postponement of certain export shipments into the first quarter of FY20. The business recorded a significantly reduced operating loss of R8 million (2018: R128 million loss) due to favourable foreign exchange positions as well as the benefits from the operational restructuring that was implemented at the beginning of the year.

In line with the guidance provided earlier in the year, Exports' performance in the second half was adversely impacted by operational issues in Mozambique, while exports to Zimbabwe were affected by ongoing macroeconomic challenges resulting in foreign exchange shortages. Trading in Nigeria was affected by the transition to a new distributor in the first half of the year. Revenue declined by 18% to R1,5 billion, while operating income fell by 84% to R48 million.

In a difficult trading environment, Chococam delivered another good performance. A 3% decline in revenue in local currency terms was a consequence of tactical pricing being implemented to sustain volumes in a challenging macroeconomic environment. Revenue in rand terms increased by 3% to R906 million. Operating income increased by 8% in rand terms to R172 million (2% in local currency), supported by a favourable product mix and sustained tight cost management.

Cash flow and capital expenditure

Cash generated from operations increased by 6% to R3,5 billion. This improvement was largely the result of a reduction in working capital requirements of R91 million compared to an increased investment in working capital of R573 million in the prior year. The level of capital expenditure for the year accelerated to R1,1 billion (2018: R720 million) with investments across the group's portfolio including various projects to deliver efficiency improvements and increase capacity. The group ended the year in a net cash position of R1,2 billion compared with a net cash position of R669 million in the previous year.

Final dividend

A gross final cash dividend of 434 cents per share has been declared for the year ended 30 September 2019. This, together with the interim ordinary dividend of 321 cents per share, brings the total ordinary dividend for the year to 755 cents, in line with Tiger Brands' dividend policy of 1,75x cover based on headline earnings per share.

In addition, a special dividend of 306 cents per share was declared for the six months to 31 March 2019 as a result of the once-off proceeds received from the disposal of Oceana shares to Brimstone.

The special dividend, together with the total ordinary dividend for the year, brings the total distribution for the year to 1 061 cents per share (2018: 1 080 cents).

Shareholders are referred to the accompanying dividend announcement for further details.

Changes in directorate

Yunus Suleman resigned as an independent non-executive director on 22 November 2018, after serving on the board and on various sub-committees since July 2015.

On 1 March 2019, Cora Fernandez was appointed as an independent non-executive director, bringing significant financial and investment experience gained in various leadership roles.

Donald Wilson was appointed as an independent non-executive director on 1 June 2019, bringing significant financial experience accumulated over many years while working for listed entities with global operations.

On 1 July 2019, Monwabisi Fandeso joined the board as an independent non-executive director. He has extensive industry experience in strategy, governance, leadership, mergers and acquisitions and fast-moving consumer goods.

After year end, the board was further strengthened with the appointment of Mahlape Sello as an independent non-executive director on 1 October 2019, bringing extensive legal and commercial expertise to the board.

Class action update

On 8 August 2019, Tiger Brands filed its plea in response to the listeriosis class action summons received on 16 April 2019.

Tiger Brands will continue to conduct its defence in a responsible manner while remaining committed to the matter being resolved as soon as possible.

Outlook

Significant progress has been made in terms of optimising the portfolio, with firm decisions having been made in respect of VAMP and Deli Foods. With respect to the potential disposal of VAMP, the formal due diligence process is under way and further updates will be given as key milestones are reached. The ongoing work to optimise Tiger Brands' portfolio will ensure that the group is appropriately positioned for growth.

It is expected that the significant macroeconomic challenges facing the country are likely to persist for the foreseeable future. In the context of structural unemployment, ongoing challenges relating to state-owned enterprises and increased competitive pressure, the operating environment is likely to remain subdued. To this end, we will prioritise investment in the group's key brands while delivering product innovations to meet changing consumer needs. In addition, Tiger Brands will leverage the strength of its brands by evaluating opportunities to stretch its brands within and across existing and new product categories.

In terms of Tiger Brands' Africa growth strategy, the company is looking to deliver organic growth by driving category growth through targeted brand investments, developing superior routes to market and investing in enabling capabilities.

To protect margins in a constrained consumer environment, the company has placed heightened focus on driving productivity and securing cost efficiencies across the value chain.

By order of the board

KDK Mokhele
Chairman

LC Mac Dougall
Chief Executive Officer

Bryanston

21 November 2019

Date of release: 22 November 2019

COMMENTARY CONTINUED

Declaration of final dividend

The board has approved and declared a final gross cash dividend of 434 cents per ordinary share in respect of the year ended 30 September 2019.

The dividend will be subject to the dividends tax introduced with effect from 1 April 2012.

In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves
- The local dividends tax rate is 20% (twenty percent) effective 22 February 2017
- The net local dividend amount is 434 cents per ordinary share for shareholders exempt from the dividends tax
- The net local dividend amount is 347,2 cents per ordinary share for shareholders liable to pay the dividends tax
- Tiger Brands has 189 818 926 ordinary shares in issue (which includes 10 326 758 treasury shares)
- Tiger Brands Limited's income tax reference number is 9325/110/71/7.

Shareholders are advised of the following dates in respect of the final dividend:

Declaration date	Friday, 22 November 2019
Last day to trade cum the final dividend	Tuesday, 7 January 2020
Shares commence trading ex the final dividend	Wednesday, 8 January 2020
Record date to determine those shareholders entitled to the final dividend	Friday, 10 January 2020
Payment date in respect of the final dividend	Monday, 13 January 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 January 2020 and Friday, 10 January 2020, both days inclusive.

By order of the board

JK Monaisa

Company secretary

Bryanston

21 November 2019

CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	Notes	Audited year ended 30 September 2019	Audited year ended 30 September 2018*
Continuing operations			
Revenue		**29 232,7**	28 364,7
Cost of sales		**(20 382,4)**	(19 106,8)
Gross profit		**8 850,3**	9 257,9
Sales and distribution expenses		**(3 935,9)**	(3 664,4)
Marketing expenses		**(860,0)**	(839,2)
Other operating expenses		**(1 431,1)**	(1 465,0)
Operating income before impairments and abnormal items	2	**2 623,3**	3 289,3
Impairments	3	**(307,1)**	(197,8)
Abnormal items	4	**2 042,0**	(422,1)
Operating income after impairments and abnormal items		**4 358,2**	2 669,4
Net finance costs and investment income	5	**11,7**	(18,6)
Income from associated companies		**371,2**	730,7
Profit before taxation		**4 741,1**	3 381,5
Taxation	6	**(797,8)**	(835,3)
Profit for the year from continuing operations		**3 943,3**	2 546,2
Discontinued operations			
Loss for the year from discontinued operations	7	**(52,5)**	(114,9)
Profit for the year		**3 890,8**	2 431,3
Attributable to:			
Owners of the parent		**3 863,3**	2 401,1
– Continuing operations		**3 915,8**	2 519,3
– Discontinued operations		**(52,5)**	(118,2)
Non-controlling interests		**27,5**	30,2
– Continuing operations		**27,5**	26,9
– Discontinued operations		**–**	3,3
		3 890,8	2 431,3
Basic earnings per ordinary share (cents)		**2 332,6**	1 457,7
– Continuing operations		**2 364,3**	1 529,5
– Discontinued operations		**(31,7)**	(71,8)
Diluted basic earnings per ordinary share (cents)		**2 325,3**	1 451,2
– Continuing operations		**2 356,9**	1 522,6
– Discontinued operations		**(31,6)**	(71,4)

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 7.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'million	**Audited year ended 30 September 2019**	Audited year ended 30 September 2018
Profit for the year	**3 890,8**	2 431,3
Other comprehensive loss, net of tax	**(397,6)**	(108,5)
Net gain/(loss) on hedge of net investment in foreign operation[1]	**5,5**	(7,9)
Foreign currency translation (FCTR) adjustments[1]	**(23,7)**	24,0
Share of associates other comprehensive losses and FCTR[1]	**(389,0)**	(171,1)
Net gain on cash flow hedges[1]	**3,9**	26,5
Net (loss)/gain on available-for-sale financial assets/FVOCI* financial asset[1]	**(21,6)**	8,6
Remeasurement raised in terms of IAS 19R[2]	**54,6**	20,9
Tax effect	**(27,3)**	(9,5)
Total comprehensive income for the year, net of tax	**3 493,2**	2 322,8
Attributable to:		
Owners of the parent	**3 465,9**	2 283,9
Non-controlling interests	**27,3**	38,9
	3 493,2	2 322,8

* *FVOCI – Fair value through other comprehensive income.*

[1] *Items that may be subsequently reclassified to profit or loss including the related tax effects, with the exception of R24,3 million loss (2018: R24,3 million gain) relating to the share of associates' other comprehensive income, and fair value gains/(losses) on equity instruments measured at FVOCI*

[2] *Comprises a net actuarial gain of R48,6 million (2018: R24,5 million) and unrecognised gain due to asset ceiling of R6,0 million (2018: R3,6 million loss).*

CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

R'million	Audited year ended 30 September 2019	Audited year ended 30 September 2018*
Revenue		
Domestic operations	**25 987,9**	24 706,5
Grains	**13 225,9**	12 753,5
Milling and Baking[1]	**9 436,7**	8 889,2
Other Grains[2]	**3 789,2**	3 864,3
Consumer Brands – Food	**10 091,8**	9 727,4
Groceries	**5 100,4**	4 747,5
Snacks and Treats	**2 249,4**	2 060,6
Beverages	**1 546,9**	1 294,7
Value Added Meat Products	**653,8**	1 065,5
Out of Home	**541,3**	559,1
Home, Personal Care and Baby (HPCB)	**2 670,2**	2 225,6
Personal Care	**639,3**	615,5
Baby Care	**980,8**	795,9
Home Care	**1 050,1**	814,2
Exports and International	**3 244,8**	3 658,2
Exports	**1 491,6**	1 820,4
International operations – Central Africa (Chococam)	**906,2**	881,7
Deciduous Fruit (LAF)	**1 281,7**	1 303,9
Other intergroup sales	**(434,7)**	(347,8)
Continuing operations	**29 232,7**	28 364,7
Discontinued operations – East Africa	**–**	42,9
Discontinued operations – West Africa	**151,0**	109,2
Total revenue	**29 383,7**	28 516,8

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 7.*

[1] *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*

[2] *Comprises rice, pasta and oat-based breakfast cereals.*

CONDENSED CONSOLIDATED SEGMENTAL INFORMATION
CONTINUED

R'million	Audited year ended 30 September 2019	Audited year ended 30 September 2018*
Operating income before impairments and abnormal items[1]		
Domestic operations	**2 472,1**	3 050,8
Grains	**1 441,8**	1 886,0
Milling and Baking[2]	**1 240,0**	1 544,2
Other Grains[3]	**201,8**	341,8
Consumer Brands – Food	**493,5**	827,9
Groceries	**325,3**	432,4
Snacks and Treats	**312,7**	304,8
Beverages	**296,2**	212,5
Value Added Meat Products	**(547,0)**	(252,0)
Out of Home	**106,3**	130,2
Home, Personal Care and Baby (HPCB)	**545,6**	341,4
Personal Care	**88,6**	64,7
Baby Care	**150,8**	132,5
Home Care	**306,2**	144,2
Other[4]	**(8,8)**	(4,5)
Exports and International	**212,1**	320,4
Exports	**47,8**	289,7
International operations – Central Africa (Chococam)	**172,0**	159,0
Deciduous Fruit (LAF)	**(7,7)**	(128,3)
Total operating income before IFRS 2 charges	**2 684,2**	3 371,2
IFRS 2 charges	**(60,9)**	(81,9)
Total operating income after IFRS 2 charges	**2 623,3**	3 289,3
Discontinued operations – East Africa	**–**	11,0
Discontinued operations – West Africa	**(17,1)**	(50,5)
Total operating income	**2 606,2**	3 249,8

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 7.*

[1] *Operating income is stated after amortisation of intangible assets.*

[2] *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*

[3] *Comprises rice, pasta and oat-based breakfast cereals.*

[4] *Includes the corporate office and management expenses relating to International operations.*

All segments operate on an arm's length basis in relation to inter-segment pricing.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'million	**Audited year ended 30 September 2019**	Audited year ended 30 September 2018
Assets		
Non-current assets	**10 943,6**	13 165,4
Property, plant and equipment	**4 976,4**	4 599,2
Goodwill	**1 477,4**	1 695,4
Intangible assets	**1 744,4**	1 751,8
Investments	**2 731,7**	5 102,2
Deferred taxation asset	**13,7**	16,8
Current assets	**11 213,4**	10 763,0
Inventories	**5 501,7**	5 064,0
Trade and other receivables	**3 987,8**	4 117,9
Cash and cash equivalents	**1 723,9**	1 581,1
Assets classified as held for sale	**23,5**	–
Total assets	**22 180,5**	23 928,4
Equity and liabilities		
Total equity	**15 407,5**	17 465,2
Issued capital and reserves	**15 244,4**	17 302,0
Non-controlling interests	**163,1**	163,2
Non-current liabilities	**998,6**	1 062,2
Deferred taxation liability	**415,8**	370,4
Provision for post-retirement medical aid	**582,8**	617,5
Long-term borrowings	**–**	74,3
Current liabilities	**5 625,2**	5 401,0
Trade and other payables	**4 504,6**	3 841,5
Provisions	**548,2**	523,2
Taxation	**53,4**	119,4
Short-term borrowings	**519,0**	916,9
Liabilities directly associated with assets classified as held for sale	**149,2**	–
Total equity and liabilities	**22 180,5**	23 928,4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'million	Share capital and premium	Non-distributable reserves
Balance at 1 October 2017	148,5	3 040,0
Profit for the year	–	–
Other comprehensive (loss)/income for the year	–	(132,3)
Total comprehensive income	–	(132,3)
Disposal of subsidiary	–	(13,2)
Transfers between reserves	–	538,1
Share-based payment[1]	–	–
Dividends on ordinary shares	–	–
Total dividends	–	–
Less: Dividends on empowerment shares	–	–
Sale of shares by empowerment entity[2]	–	–
Repurchase of Tiger Brands shares[3]	(6,5)	–
Balance at 30 September 2018	142,0	3 432,6
Profit for the year	**–**	**–**
Other comprehensive (loss)/income for the year	**–**	**(436,6)**
Total comprehensive income	**–**	**(436,6)**
Transfers between reserves	**–**	**79,2**
Share-based payment[1]	**–**	**–**
Allocated shares on unbundling of Oceana[4]	**–**	**–**
Dividends on ordinary shares	**–**	**–**
Total dividends	**–**	**–**
Less: Dividend in specie[5]	**–**	**–**
Less: Dividends on empowerment shares	**–**	**–**
Disposal of investment in associate[6]	**–**	**(188,3)**
Sale of empowerment shares[2]	**–**	**–**
Balance at 30 September 2019	**142,0**	**2 886,9**

Notes

[1] Included in the movement of the share-based payment are options exercised amounting to R32,9 million (2018: R46,5 million).

[2] Relates to the exercising of options vested post the December 2014 lock-in period in terms of the Black Managers Participation Right Scheme (BMT). In the current year, R3,4 million (2018: R10,7 million) related to BMT I and nil to Brimstone SPV (2018: R13,4 million).

[3] Tiger Brands Limited repurchased 2 250 942 of its own shares from BMT II and Brimstone SPV.

[4] Relates to the value of Oceana shares allocated to the BEE entities on the unbundling of Oceana.

[5] Relates to the non-cash dividend declared to the shareholders of Tiger Brands as part of the unbundling of Oceana.

[6] Relates to release of the previously equity-accounted FCTR on Oceana.

Accumulated profits	Shares held by subsidiary and empowerment entities	Share-based payment reserve	Total attributable to owners of the parent	Non-controlling interests	Total equity
15 544,5	(2 489,2)	560,0	16 803,8	257,4	17 061,2
2 401,1	–	–	2 401,1	30,2	2 431,3
15,1	–	–	(117,2)	8,7	(108,5)
2 416,2	–	–	2 283,9	38,9	2 322,8
–	–	–	(13,2)	(94,5)	(107,7)
(550,3)	–	12,2	–	–	–
–	–	39,2	39,2	–	39,2
(1 829,3)	–	–	(1 829,3)	(19,7)	(1 849,0)
(1 990,2)	–	–	(1 990,2)	(19,7)	(2 009,9)
160,9	–	–	160,9	–	160,9
–	24,1	–	24,1	(18,9)	5,2
–	–	–	(6,5)	–	(6,5)
15 581,1	(2 465,1)	611,4	17 302,0	163,2	17 465,2
3 863,3	**–**	**–**	**3 863,3**	**27,5**	**3 890,8**
39,2	**–**	**–**	**(397,4)**	**(0,2)**	**(397,6)**
3 902,5	**–**	**–**	**3 465,9**	**27,3**	**3 493,2**
(74,6)	**–**	**(4,6)**	**–**	**–**	**–**
–	**–**	**25,4**	**25,4**	**–**	**25,4**
–	**260,1**	**–**	**260,1**	**–**	**260,1**
(5 624,1)	**–**	**–**	**(5 624,1)**	**(27,4)**	**(5 651,5)**
(2 439,1)	**–**	**–**	**(2 439,1)**	**(27,4)**	**(2 466,5)**
(3 369,2)	**–**	**–**	**(3 369,2)**	**–**	**(3 369,2)**
184,2	**–**	**–**	**184,2**	**–**	**184,2**
–	**–**	**–**	**(188,3)**	**–**	**(188,3)**
–	**3,4**	**–**	**3,4**	**–**	**3,4**
13 784,9	**(2 201,6)**	**632,2**	**15 244,4**	**163,1**	**15 407,5**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'million	Audited year ended 30 September 2019	Audited year ended 30 September 2018
Cash operating profit	3 401,5	3 857,4
Working capital changes	90,7	(573,2)
Cash generated from operations	3 492,2	3 284,2
Net finance costs	(21,2)	(79,0)
Dividends received	282,4	178,5
Taxation paid	(852,0)	(780,6)
Cash available from operations	2 901,4	2 603,1
Dividends paid	(2 284,5)	(1 854,5)
Net cash inflow from operating activities	616,9	748,6
Purchase of property, plant and equipment	(1 103,5)	(719,6)
Net cash on disposal of subsidiary	307,7	103,4
Proceeds on sale of associate investment	757,9	–
Proceeds from disposal of property, plant, equipment and intangible assets	2,4	5,6
Proceeds on insurance claims	–	11,7
Purchase of trademark	2,3	–
Net cash outflow from investing activities	(33,2)	(598,9)
Net cash inflow before financing activities	583,7	149,7
Repurchase of Tiger Brands shares	–	(6,5)
Black Managers Trust (BMT) shares exercised	15,5	17,9
Shares exercised relating to equity-settled scheme	(33,0)	(46,6)
Long-term borrowings (repaid)/raised	(2,7)	86,3
Short-term borrowings repaid	(79,8)	(52,9)
Net cash outflow from financing activities	(100,0)	(1,8)
Net increase in cash and cash equivalents	483,7	147,9
Effect of exchange rate changes on cash and cash equivalents	8,8	35,0
Cash and cash equivalents at the beginning of the year	669,2	486,3
Cash and cash equivalents at the end of the year	1 161,7	669,2
Cash resources	1 723,9	1 581,1
Short-term borrowings regarded as cash and cash equivalents	(518,5)	(911,9)
Discontinued operation	(43,7)	–
	1 161,7	669,2

OTHER SALIENT FEATURES

R'million	**Audited year ended 30 September 2019**	Audited year ended 30 September 2018
Capital commitments	**995,6**	1 876,4
– Contracted	**84,8**	96,5
– Approved	**910,8**	1 779,9
Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities. Additional capital commitments of R559,8 million are expected to be approved in FY20.		
Capital expenditure	**1 103,5**	719,6
– Replacement	**600,3**	496,3
– Expansion	**503,2**	223,3
Guarantees		
– Guarantees (unutilised)	**21,0**	30,0
Inventory-related items		
Inventories carried at net realisable value	**47,0**	37,6
Inventories written down and recognised in cost of sales as an expense	**179,8**	132,7

NOTES

1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The preparation of these results has been supervised by N Doyle, chief financial officer of Tiger Brands Limited.

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements from which the summary financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except as disclosed in note 11.

Ernst & Young Inc., Tiger Brands Limited's independent auditors, have audited the consolidated financial statements of Tiger Brands Limited from which the condensed consolidated financial results have been derived. The auditors have expressed an unmodified audit opinion on the consolidated annual financial statements. Any reference to future financial performance included in this announcement has not been audited or reported on by the group's external auditors. The auditors' audit report does not necessarily report on all the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the auditors' audit report together with the accompanying financial information from the issuer's registered office.

R'million	**Audited year ended 30 September 2019**	Audited year ended 30 September 2018*
2. OPERATING INCOME BEFORE IMPAIRMENTS AND ABNORMAL ITEMS		
Depreciation (included in cost of sales and other operating expenses)	**(621,6)**	(576,1)
Amortisation	**(9,2)**	(9,8)
IFRS 2 (included in other operating expenses)		
– Equity settled	**(58,4)**	(85,8)
– Cash settled	**(2,5)**	3,9

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 7.*

3. IMPAIRMENTS

Goodwill and indefinite useful life intangible assets are tested for impairment annually (as at 30 September) and when circumstances that indicate the carrying value may be impaired. The group's impairment tests for goodwill and intangible assets with indefinite useful lives are based on the value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash-generating units was a discount rate of between 13,5% and 17,6% (2018: 12,5% and 17,9%) and a terminal growth rate 5,5% (2018: 1% to 5,5%). During the current period, goodwill relating to VAMP (R6,0 million) and Davita (R212,0 million) was impaired. Property, plant and equipment of R96,0 million was impaired in VAMP.

Davita is included in the Exports and International cash-generating unit. The impairment arose as a result of the consistent risks associated with key export markets, with lower sales projected for Nigeria and Mozambique, as well as lower sales forecast for the powdered seasoning brand, Benny. A five-year discounted cash flow model was used with the post-tax discount rate utilised for the purposes of impairment testing of 17,6% (2018: 17,9%). A +1%/-1% change in the post-tax discount rate would result in an approximately +/-R140,0 million change in the valuation. There is currently an ongoing legal dispute with a Nigerian distributor. The sales value in Nigeria in FY19 was R55,4 million.

Included in the Consumer Brands segment is the impairment of VAMP's property, plant and equipment which was evaluated and an impairment of R96,0 million was recorded. The impairment was due to the declining profits in the VAMP business during the current period. The five-year discounted cash flow model was compared to the valuation report (fair value less costs to sell) which resulted in a higher value and in terms of IAS 36, with the higher value being used in the impairment testing.

	R'million	Audited year ended 30 September 2019	Audited year ended 30 September 2018*
3.	**IMPAIRMENTS continued**		
	Impairment of intangible assets	**(218,0)**	(144,3)
	Impairment of property, plant and equipment	**(97,8)**	(53,5)
	Reversal of impairment of property, plant and equipment	**8,7**	–
		(307,1)	(197,8)
4.	**ABNORMAL ITEMS**		
	Realised fair value gain on unbundling of Oceana	**1 630,4**	–
	Profit on sale of shares in associate investment	**368,8**	–
	Proceeds from insurance claim	**99,9**	63,5
	Restructuring and related costs	**(32,1)**	(57,9)
	Costs associated with Enterprise recall	**(25,0)**	(430,0)
	Profit on disposal of property	**–**	2,3
		2 042,0	(422,1)
5.	**NET FINANCE COSTS AND INVESTMENT INCOME**		
	Net interest paid	**(10,6)**	(41,8)
	Net foreign exchange profit	**9,6**	20,7
	Investment income	**12,7**	2,5
	Net financing costs	**11,7**	(18,6)

6. TAXATION

Tax rate reconciliation

The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:	%	%
Taxation for the year as a percentage of income before taxation	**16,8**	24,7
Impairment of goodwill and intangibles	**(1,3)**	(1,2)
Oceana unbundling	**11,2**	–
Dividend income	**0,1**	–
Expenses and provisions not allowed for taxation	**(0,7)**	(0,7)
Additional investment allowances	**0,3**	0,2
Prior year adjustments	**0,3**	0,1
Withholding taxes	**(0,6)**	(0,7)
Income from associates	**2,2**	6,1
Effect of differing rates of foreign taxes	**(0,4)**	(0,3)
Other sundry adjustments	**0,1**	(0,2)
Rate of South African company taxation	**28,0**	28,0

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 7.*

NOTES CONTINUED

R'million	**Audited year ended 30 September 2019**	Audited year ended 30 September 2018*
7. ANALYSIS OF LOSS FROM DISCONTINUED OPERATIONS		
A detailed review of the Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) was conducted in the context of Tiger Brands' long-term growth strategy and core competencies. Deli Foods is currently loss-making and thus no longer meets the wider strategic plan of the company. Its inability to hold market share and compete with global brands resulted in a negative payback. Taking into account these factors, it was decided that Deli Foods would be reflected as held for sale at 30 September 2019 and suitable buyers for the business are being explored. Further, included in the assets held for sale is the remaining investment in Oceana which is in the process of being sold.		
Loss for the year from discontinued operations (attributable to owners of the company)		
Revenue	**151,0**	152,1
Expenses	**(168,1)**	(191,6)
Operating loss before impairments and abnormal items	**(17,1)**	(39,5)
Impairments**	**(8,8)**	(63,8)
Abnormal items	**(6,9)**	7,5
Operating loss after impairments and abnormal items	**(32,8)**	(95,8)
Finance costs	**(19,7)**	(13,5)
Loss before taxation	**(52,5)**	(109,3)
Taxation	**–**	(5,6)
Loss for the year from discontinued operation	**(52,5)**	(114,9)
Attributable to non-controlling interest	**–**	(3,3)
Attributable to owners of parent	**(52,5)**	(118,2)
Cash flows from discontinued operation		
Net cash outflows from operating activities	**(58,0)**	(126,0)
Net cash inflows from investing activities	**22,2**	44,6
Net cash inflow/(outflow) from financing activities	**16,8**	(70,0)
Net cash outflows	**(19,0)**	(151,4)
Assets classified as held for sale		
Property, plant and equipment	**8,7**	–
Investments	**10,4**	–
Inventory	**3,2**	–
Cash and cash equivalents	**1,2**	–
	23,5	–
Liabilities directly associated with the assets classified as held for sale		
Short-term borrowings	**(130,3)**	–
Trade payables	**(18,9)**	–
	(149,2)	–
Net carrying value of Deli Foods and Oceana	**(125,7)**	–

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation.*

** *Subsequent to the reclassification to held for sale in terms of IFRS 5, property, plant and equipment was remeasured at fair value less costs to sell per IFRS 5.*

R'million	**Audited year ended 30 September 2019**	Audited year ended 30 September 2018*
8. RECONCILIATION BETWEEN PROFIT FOR THE YEAR AND HEADLINE EARNINGS		
Continuing operations		
Profit attributable to shareholders of the parent	**3 915,8**	2 519,3
Impairment of intangible assets	**218,0**	144,3
Impairment of property, plant and equipment	**97,8**	53,5
Reversal of impairment of property, plant and equipment	**(8,7)**	–
Profit on sale of shares in associate investment	**(368,8)**	–
Realised fair value gain on unbundling of Oceana	**(1 630,4)**	–
Loss on disposal of plant, equipment and vehicles	**–**	0,4
Proceeds from insurance claims	**–**	(10,5)
Profit on disposal of property	**–**	(2,3)
Headline earnings adjustment – associates		
– Impairment of property, plant and equipment	**6,3**	–
– Profit on disposal non-current assets	**(0,4)**	(1,7)
– Profit on disposal of business	**–**	(3,9)
Headline earnings for the year from continuing operations	**2 229,6**	2 699,1
Tax effect of headline earnings from continuing operations	**4,1**	(9,7)
Attributable to non-controlling interest	**–**	–
Discontinued operation		
Loss attributable to shareholders of the parent	**(52,5)**	(118,2)
Adjusted for:		
Impairment of property, plant and equipment	**8,8**	49,8
Impairment of other assets	**–**	3,4
Profit on disposal of subsidiary	**–**	(7,5)
Headline earnings for the year from discontinued operations	**(43,7)**	(72,5)
Weighted average number of shares in issue	**165 622 916**	164 714 348
Headline earnings per ordinary share (cents)	**1 322,3**	1 588,8
– Continuing operations	**1 348,7**	1 632,8
– Discontinued operations	**(26,4)**	(44,0)
Diluted headline earnings per ordinary share (cents)	**1 318,1**	1 581,7
– Continuing operations	**1 344,4**	1 625,5
– Discontinued operations	**(26,3)**	(43,8)

** Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Food) (International operations – West Africa) as a discontinued operation. Refer to note 7.*

NOTES CONTINUED

9. UNBUNDLING OF OCEANA

As a consequence of the decision taken to unbundle the company's investment in Oceana, the company ceased to equity account the earnings of Oceana with effect from 1 December 2018. From this date, the investment has been accounted for as a held-for-sale asset on the balance sheet. The Brimstone sale was concluded on 20 March 2019. The total sale consideration amounted to R581,4 million, giving rise to a capital profit of R281,9 million and a release of R26,4 million on FCTR. On 3 April 2019, the board formally approved the unbundling of the remaining 49 104 774 shares that the company held in Oceana (equating to approximately 36,2% of the issued share capital of Oceana) (the unbundled shares) by way of a distribution in specie in terms of the company's memorandum of incorporation. This was concluded on 29 April 2019. The dividend in specie gives rise to a realised fair value gain in terms of IFRS 5 of R1 630,4 million. This gain has no impact on HEPS and it has been excluded for headline earnings purposes. Further, Tiger Brands group received 2 671 457 Oceana shares in respect of the 10 326 758 treasury shares in Tiger Brands held by its wholly owned subsidiary, Tiger Consumer Brands Limited. These shares are being sold into the market at a market-related price. This sale has given rise to an abnormal capital profit of R86,9 million. The capital profit has no impact on HEPS and it has been excluded for headline earnings purposes. The impact of the unbundling on the empowerment entities in the Tiger Brands group has been appropriately accounted for.

10. NATIONAL FOODS HOLDINGS LIMITED (NFH)

Accounting for investment in associate

The group has a 37,4% investment in National Foods Holdings Limited (NFH), an associate company incorporated in Zimbabwe and which operates throughout Zimbabwe.

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29), applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

Tiger Brands concurs with this classification, supported by the following factors:

> The significant deterioration of the interbank real time gross settlement (RTGS) dollar and Zimbabwe dollar (ZWL$) exchange rates, the official currencies adopted in Zimbabwe during the period.

> The rapid increase in year-on-year Zimbabwe inflation rates, from 21% in October 2018, as published by the Reserve Bank of Zimbabwe (RBZ), to a calculated 290% in September 2019 based on the RBZ published CPI index.

The equity-accounted results of NFH included in these results have therefore been prepared in accordance with IAS 29, with the following key accounting principles and judgements applied by the group:

> Hyperinflation accounting requires transactions and balances of each reporting period presented to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the loss of purchasing power during the period. The group has elected to use the Zimbabwe Consumer Price Index (CPI) as the measuring unit (or general price index) to restate amounts as CPI provides an observable indication of the change in the price of goods and services.

> The carrying amounts of non-monetary assets and liabilities carried at historical costs are restated to reflect the change in the general price index.

> All items recognised in the statement of comprehensive income at historical costs are restated by applying the change in the general price index from the dates when these items were initially earned or incurred.

> Gains or losses on the resulting net monetary position are recognised in the statement of comprehensive income and included in our share of associate's income.

> Impairment losses are recorded in the statement of comprehensive income if the remeasured value of assets exceeds the estimated recoverable amount and included in our share of associate's income.

> The application of IAS 29 on a retrospective basis within the statement of comprehensive income of NFH has resulted in the recognition of both a gain on the net monetary position and an impairment loss on the revalued assets in the current and prior periods.

As the group's presentation currency is not that of a hyperinflationary economy, the comparative information of the group's financial results relating to NFH is not restated. Any difference between our share of NFH adjusted equity balance after applying IAS 29 and the balance previously recorded by the group as at 30 September 2019 is recognised in other comprehensive income as part of foreign currency translations for the current period.

10. NATIONAL FOODS HOLDINGS LIMITED (NFH) continued

Exchange rates applied in translating the results of investment in associate

During the current and prior period under review, the following changes to the functional and presentation currencies of NFH occurred:

- Since the adoption of multiple currencies by the Zimbabwean government in 2009, entities in Zimbabwe were operating in a multi-currency regime. As a result, prior to 1 October 2018, the US dollar was designated as the functional and presentation currency of NFH.
- On 1 October 2018, following the directive issued by the RBZ, the RTGS dollar was adopted as the functional and presentation currency of NFH. The application of the change in functional currency was applied prospectively. As disclosed in the accounting policies, judgement was applied in the estimation and application of exchange rates used when translating the results of NFH for the 2019 financial year. Inputs considered in this estimate include the official inflation rate and the premium at which Old Mutual shares trade on the Zimbabwe Stock Exchange versus on the JSE.
- On 24 June 2019, the RBZ introduced statutory instrument 142 of 2019 resulting in the renaming of the RTGS dollar to the Zimbabwe dollar (ZWL$), and the ZWL$ being the only form of legal tender in the country. The ZWL$ was therefore adopted as the functional and presentation currency of NFH prospectively from this date. In line with the judgements applied during the 2019 financial year, management assessed that the official interbank closing exchange rate of 1,00 ZWL$ to the South African rand and this was therefore used when translating the result of NFH.

The results and net asset value of NFH have been translated into the group's presentation currency at the closing exchange rate, in accordance with hyperinflationary provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates.

11. ADOPTION OF IFRS 9

IFRS 9 replaces IAS 39 and addresses the classification, measurement and derecognition of financial assets and liabilities. IFRS 9 introduces new rules for hedge accounting and a new impairment model for financial assets. The group has adopted IFRS 9 and applied the new rules using a modified retrospective approach from 1 October 2018. Comparatives for 2018 have not been restated.

Classification and measurement

Given the nature of the entity's financial instruments, the adoption of IFRS 9 did not have a significant impact on the classification and measurement as detailed in the table below.

	IFRS 9	IAS 39
Other investments	FVOCI without recycling	Available for sale
Trade and other receivables	Amortised cost	Loans and receivables
Loans	Amortised cost	Loans and receivables
Cash and cash equivalents	Amortised cost	Loans and receivables
Derivatives	FVTPL*	FVTPL*
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost

There have been no significant changes in the measurement of the above instruments.

** FVTPL – Fair value through profit or loss.*

Impairment

In terms of IFRS 9, the group has applied the expected credit loss (ECL) model rather than the incurred loss model. The calculation of ECLs incorporates forward-looking variables which include potential risks in the current economic environment, historic trends and management judgement. The group did not present an adjustment to opening retained earnings and its impairment losses/reversals determined in accordance with IFRS 9 separately in the statement of profit or loss as the amounts are not material. The reason why the impact was not material was due to the fact that a large percentage of the receivables book is covered by credit insurance and therefore there is limited credit risk even when considering forward-looking variables which include potential risks in the current economic environment, historic trend and expert management judgement. In terms of intercompany amounts and investments, the group evaluates potential impairments based on the net asset value of the subsidiary company and it's liquidity.

NOTES CONTINUED

12. IFRS 16 LEASES

IFRS 16 introduces significant changes to lease accounting as it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. IFRS 16 will be effective for the group for the financial year commencing 1 October 2019.

IFRS 16 will impact most significantly the group's leases relating to property, plant and equipment and vehicles. The group has elected to apply IFRS 16 using the modified retrospective approach. As prescribed by IFRS 16, lease liabilities are measured at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application. The group has elected to measure right-of-use assets on transition date at their carrying amounts as if IFRS 16 had applied since the lease commencement dates, discounted using the incremental borrowing rate at the date of initial application. Right-of-use assets relating to new leases are measured at the amount of initial measurement of the lease liability plus initial direct costs. As part of the modified retrospective transition approach. The group has elected to apply the practical expedient which allows a single discount rate to be applied to a portfolio of leases with reasonably similar characteristics.

As an accounting policy election, the group will apply the following recognition exemptions, which allow for certain lease payments to be expensed over the lease term as opposed to recognising a right-of-use asset and related lease liability on the lease commenced date.

› Short-term leases – these are leases with a lease term of 12 months or less; and
› Leases of low value assets – these are leases where the underlying asset is of low value.

The group's assessment determined that the right-of-use asset and lease liability to be recognised on adoption of the standard are estimated to an amount to R400,7 million and R463,4 million respectively.

The net impact on profit or loss is not expected to be material. Rental expense currently disclosed as part of operating expenditure will be replaced with depreciation and finance costs.

13. VAMP BUSINESS

Some indicative offers were received in respect of the sale of the VAMP business and a formal due diligence process has commenced. As such, the determination of whether the VAMP business should be disclosed and measured as held for sale in terms of IFRS 5 as at 30 September 2019 is a significant judgement area. In applying this judgement, specific consideration was given to whether it is highly probable that the sale will be completed within one year from 30 September 2019. Given the early stages of the due diligence process and the uncertainties inherent in the VAMP business and the general South Africa economy, it was determined that this threshold was not met and therefore IFRS 5 was not applied at 30 September 2019.

14. SUBSEQUENT EVENTS

Subsequent to 30 September 2019, no acceptable offers were made for Deli Foods and it was announced that the business would be closed down.

With the exception of the closure of Deli Foods, there are no other material subsequent events that occurred during the period subsequent to 30 September 2019.

ANNEXURE A

BASIS OF PREPARATION

Non-IFRS measures, such as adjusted revenue from continuing operations, and adjusted operating income from continuing operations before impairments and abnormal items as well as adjusted earnings from continuing operations are considered to be pro forma financial information as per the JSE Listings Requirements. The pro forma financial information is the responsibility of the group's board of directors and is presented for illustrative purposes only. Due to its nature the pro forma financial information may not fairly present the company's results of operations.

The pro forma financial information is based on the condensed consolidated income statement for the year ended 30 September 2019. The pro forma financial information has been prepared to illustrate the impact of the company's unbundling of Oceana as well as VAMP's performance on the condensed consolidated income statement for the year ended 30 September 2019. The pro forma financial information is presented in accordance with the JSE Listings Requirements. The JSE Listings Requirements require that pro forma financial information be compiled in terms of the JSE Listings Requirements, the SAICA Guide on Pro forma Financial Information and any relevant guidance issued by the IRBA.

Ernst & Young Inc.'s independent reporting accountants' assurance report on the pro forma financial information for the year ended 30 September 2019, as presented in Annexure A of the audited group results and dividend declaration for 2019, is available for inspection at the company's registered office. The independent reporting accountants' assurance report on the pro forma financial information for the year ended 30 September 2019 does not necessarily report on all the information contained in the audited group results and dividend declaration for 2019. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the independent reporting accountants' engagement, they should obtain a copy of the independent reporting accountants' assurance report together with the accompanying pro forma financial information for the year ended 30 September 2019 from the issuer's registered office.

Table 1: Adjusted revenue from continuing operations

	2019 R'million	2018 R'million	% change cps
Revenue[1]	**29 233**	28 365	3%
VAMP revenue for the period[1]	**(654)**	(1 066)	
Revenue excluding VAMP[2]	**28 579**	27 299	5%

[1] *This has been extracted from Tiger Brands' audited financial statements for the year ended 30 September 2019 and 30 September 2018.*
[2] *Revenue from continuing operations excluding VAMP, the performance of which distorts the group's performance as this had a significant year-on-year impact on normal operations.*

Table 2: Adjusted operating income from continuing operations before impairments and abnormal items

	2019 R'million	2018 R'million	% change
Operating income before impairments and abnormal items[1]	**2 623**	3 289	(20%)
VAMP losses[1]	**547**	252	
Adjusted operating income before impairments and abnormal items[2]	**3 170**	3 541	(11%)

[1] *This has been extracted from Tiger Brands' audited financial statements for the year ended 30 September 2019 and 30 September 2018.*
[2] *Total adjusted operating income after adjusting for the VAMP operating losses which had a significant year-on-year impact on normal operations.*

Table 3: Adjusted earnings from continuing operations

	2019		2018		
	R'million	EPS (cents)	R'million	EPS (cents)	% change cps
Earnings as reported (continuing operations)[1]	**3 916**	**2 364**	2 519	1 530	55%
Oceana equity-accounted earnings[1]	**(31)**	**(18)**	(420)	(255)	
Oceana – profit on sale of associate investment[2]	**(340)**	**(205)**	–	–	
Oceana – realised fair value gain on unbundling[2]	**(1 630)**	**(984)**	–	–	
Adjusted earnings – excluding Oceana[3]	**1 915**	**1 157**	2 099	1 275	(9%)
VAMP – after-tax trading loss[1]	**394**	**238**	181	110	
VAMP – impairments and abnormal items after tax[2]	**21**	**13**	328	199	
Adjusted earnings (excluding VAMP and Oceana)[4]	**2 330**	**1 408**	2 608	1 584	(11%)

[1] *This has been extracted from Tiger Brands' audited financial statements for the year ended 30 September 2019 and 30 September 2018.*
[2] *The effects of the Oceana unbundling as well as the VAMP losses have been removed as these had a significant year-on-year impact on normal operations. Items have been extracted from Note 3 – Impairments and Note 4 – Abnormal Items.*
[3] *Adjusted earnings after adjusting for transactions related to the unbundling of the company's interest in Oceana for the year.*
[4] *Adjusted earnings after adjusting for transactions related to the unbundling of the company's interest in Oceana and VAMP-related transactions for the year.*

NOTES

TIGER BRANDS LIMITED

Registration number: 1944/017881/06
Incorporated in the Republic of South Africa
Share code: TBS ISIN: ZAE000071080

INDEPENDENT NON-EXECUTIVE DIRECTORS

KDK Mokhele (chairman), MO Ajukwu, MJ Bowman,
MP Fandeso (appointed July 2019), CH Fernandez (appointed March 2019),
GA Klintworth, M Makanjee, TE Mashilwane, MP Nyama,
M Sello (appointed October 2019), DG Wilson (appointed June 2019)

EXECUTIVE DIRECTORS

LC Mac Dougall (chief executive officer)
NP Doyle (chief financial officer)

COMPANY SECRETARY

JK Monaisa

INVESTOR RELATIONS

N Catrakilis-Wagner (011) 840 4841

POSTAL ADDRESS

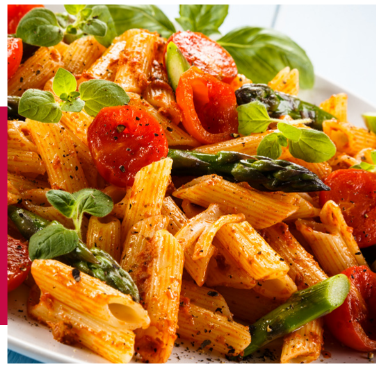
PO Box 78056, Sandton, 2146, South Africa
Telephone (011) 840 4000

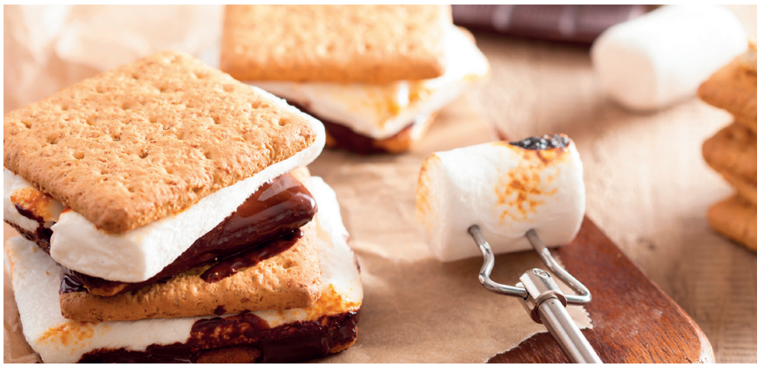
SPONSOR

JP Morgan Equities South Africa (Pty) Limited
1 Fricker Road, Corner Hurlingham Road, Illovo, 2196

SHARE REGISTRARS

Computershare Investor Services (Pty) Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown 2107, South Africa
Telephone (011) 370 5000





Head office: South Africa

Physical address

Tiger Brands Limited
3010 William Nicol Drive
Bryanston

Postal address

PO Box 78056
Sandton, 2146
South Africa

www.tigerbrands.com