



GROUP RESULTS PRESENTATION

For the year ended 30 September 2017

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- Overview
- Financial & operational performance
- Strategy update





Disclaimer

Forward-looking statement

This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 27 November 2017. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove to be inaccurate. The company cannot guarantee that any forward looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation.



Perfect. Every time.

Overview

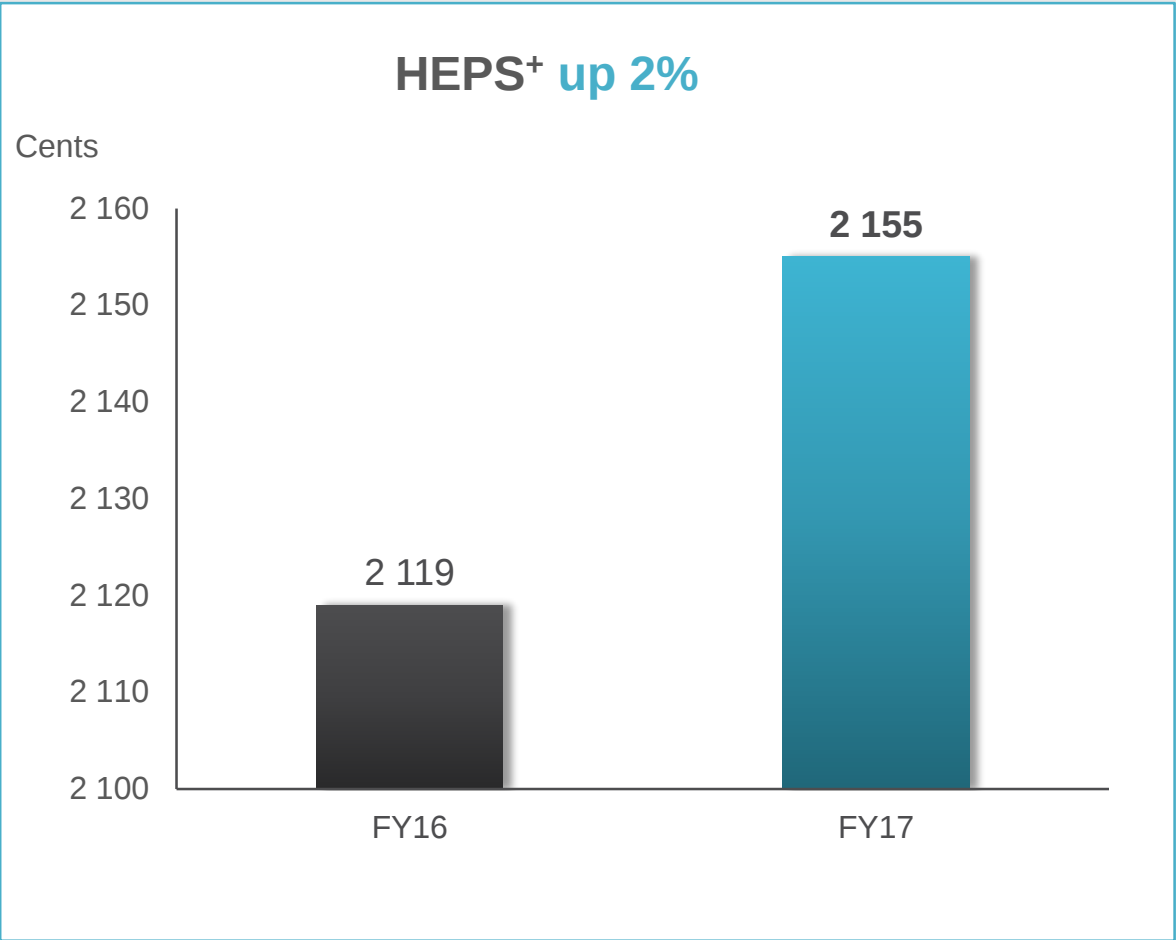
Lawrence Mac Dougall –
Chief Executive Officer



Strong operating performance in FY17

Offset by associates, abnormal items & once-off forex gain in FY16

Group revenue ^{***} up 2% to R31.3 billion
Group operating income ⁺ up 11% to R4.6 billion
Domestic operating margin up 150bps to 15.6%
Group operating margin ⁺ up 110bps to 14.8%
Total dividends of 1 080 cents Up 1%

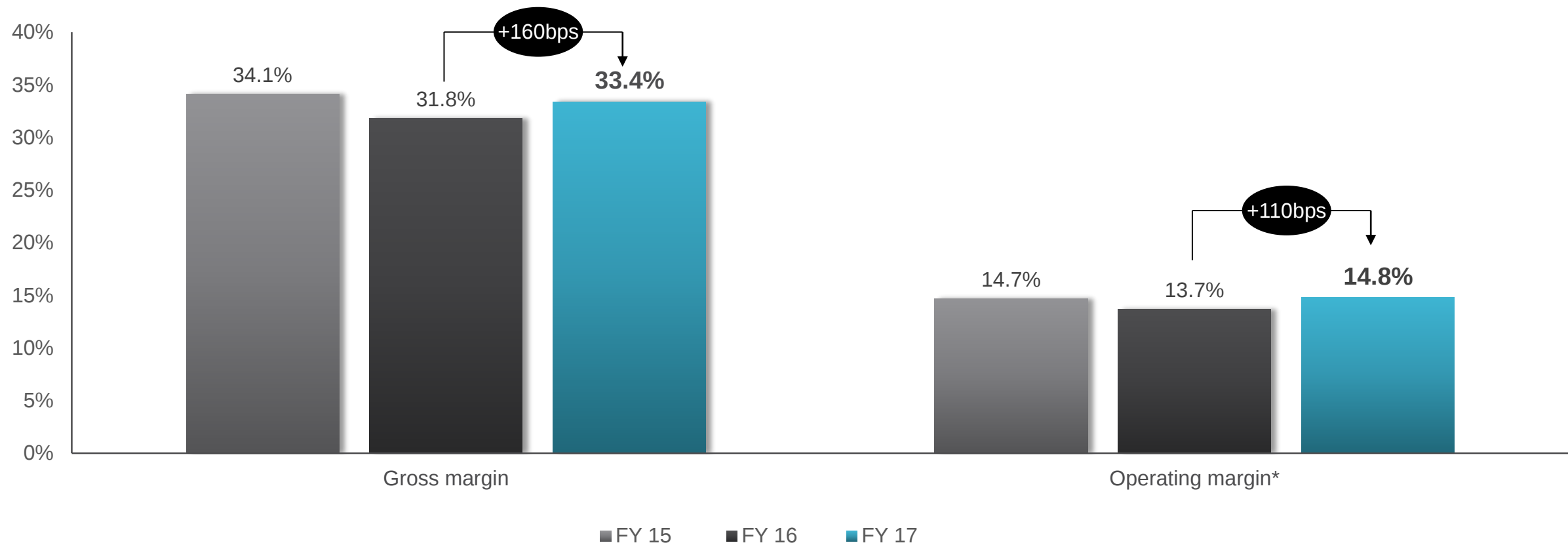


⁺From continuing operations | Group operating income from continuing operations before impairments, abnormal items & IFRS 2 charges ^{**} Turnover restated for early adoption of IFRS 15



Gross margins benefit from commercial pricing philosophy

Further leverage from well controlled costs & supply chain productivity

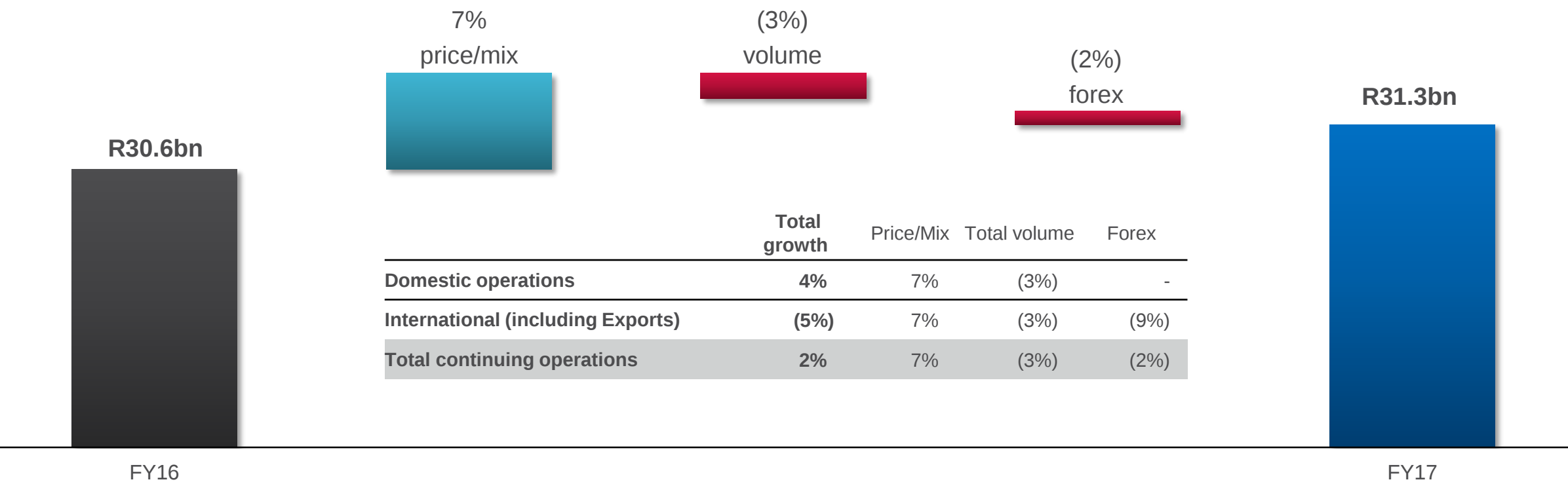


* Group operating margin from continuing operations before IFRS 2 charges, impairments & abnormal items; FY15 & FY16 adjusted to exclude EATBI & HACO



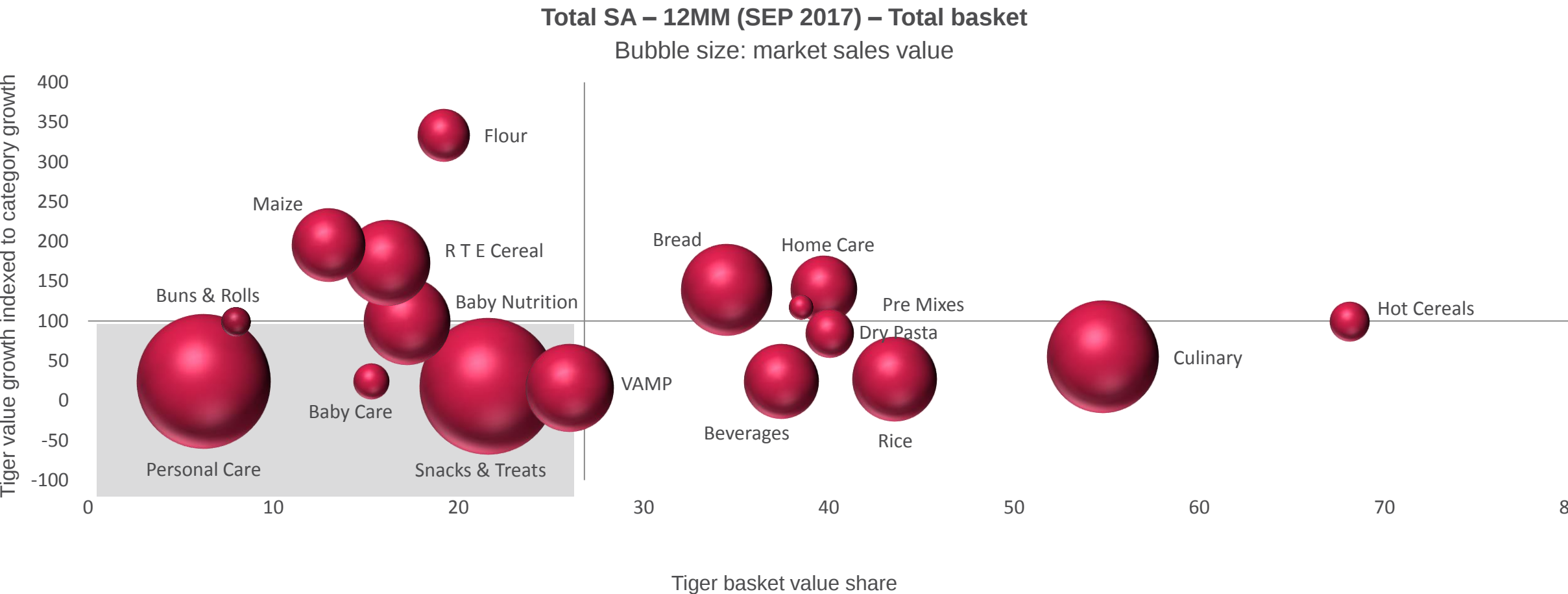
Revenue growth of 2% impacted by low consumer demand

Aggressive competitor pricing in H2 as inflation slowed





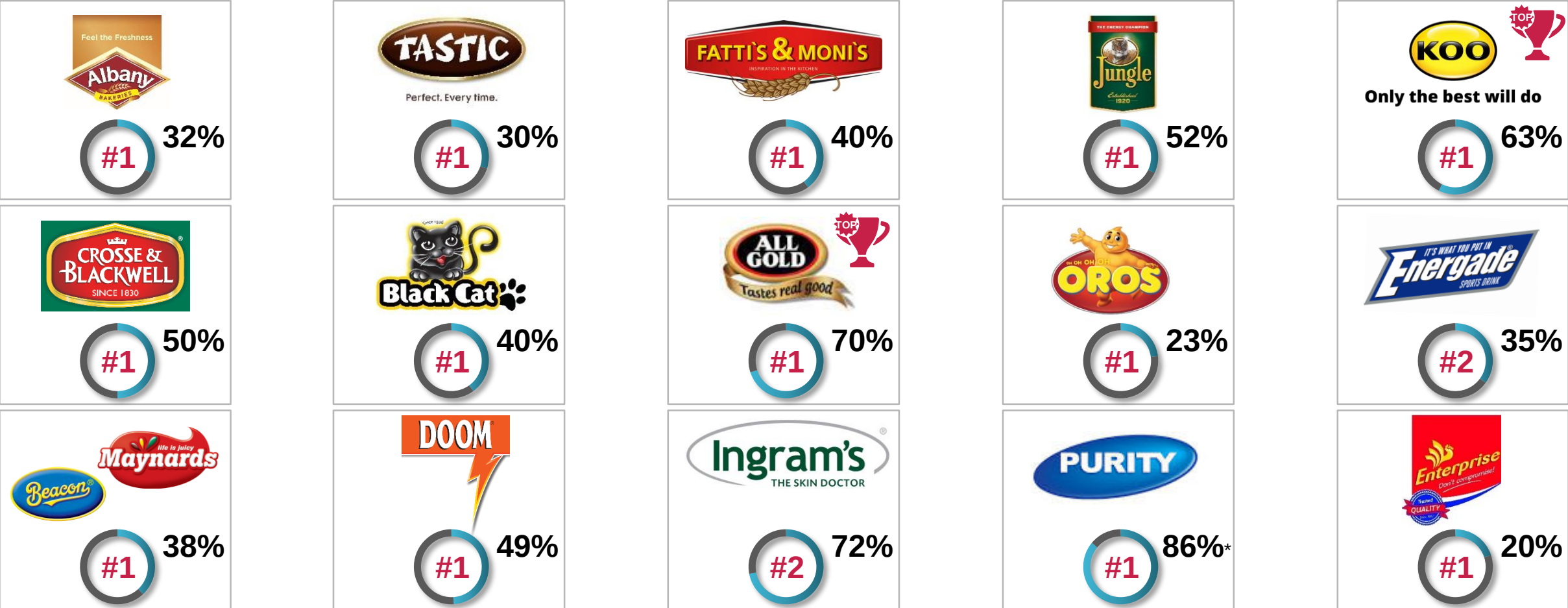
Market share a key focus area going forward





Marketing investment prioritised in support of power brands

Hold number 1 or number 2 positions



Source: % = Nielsen value share, 12 month moving average to September 2017 | * Homogenised Food

Beyond the numbers



Stakeholder engagement

- **Conducted a baseline survey**
- **Feedback informed engagement strategy**
- **Developed appropriate plan**
 - Appointed relationship owners



Execution discipline entrenched

- **Improved quality**
 - Reduced consumer complaints
- **Safety improves**
 - LTIFR 0.30 vs. 0.36
- **Improved governance**
 - Risk management effective
 - Sound system of internal control
- **Customer service**
 - OSA improves to 97%



Sustainability

- **Group footprint**
 - Steady progress on reducing impact
- **Natural resources**
 - Group strategy developed to respond to current water supply risks
- **Supply chain**
 - Small holder producer programme in partnership with DAFF proving successful
 - 25,000 tons of fresh produce sourced from emerging black farmers

TIGER BRANDS



Financial & operational
performance

Noel Doyle
Chief Financial Officer



Strong operating results with EBIT before IFRS 2 up 11%

Offset by impairments, abnormal items & associates

Continuing operations – Rm

	FY 17	FY 16*	% change
Turnover	31 298	30 588	2%
Cost of sales	(20 856)	(20 870)	-
Gross profit	10 442	9 719	7%
Sales and distribution expenses	(3 596)	(3 465)	4%
Marketing expenses	(771)	(765)	1%
Other operating expenses	(1 440)	(1 296)	11%
Operating income before IFRS 2 charges	4 634	4 192	11%
IFRS 2 charges	(110)	(89)	24%
Operating income before impairments and abnormal items	4 524	4 103	10%
Impairments	(560)	(335)	67%
Abnormal items	(23)	11	
Operating income after impairments and abnormal items	3 941	3 779	4%
Net finance costs	(176)	(291)	(40%)
Net foreign exchange (losses)/profit	(30)	129	
Income from associated companies	533	861	(38%)
Profit before taxation	4 267	4 478	(5%)
Taxation	(1 234)	(1 209)	2%
Profit for the year from continuing operations	3 033	3 269	(7%)
Profit for the year from discontinued operations	105	53	98%
Profit for the period	3 138	3 322	(6%)
Headline earnings per share (cents)	2 161	2 127	2%
– Continuing operations	2 155	2 119	2%
– Discontinued operations	6	8	(25%)

* Restated for early adoption of IFRS 15 as well as discontinued operations



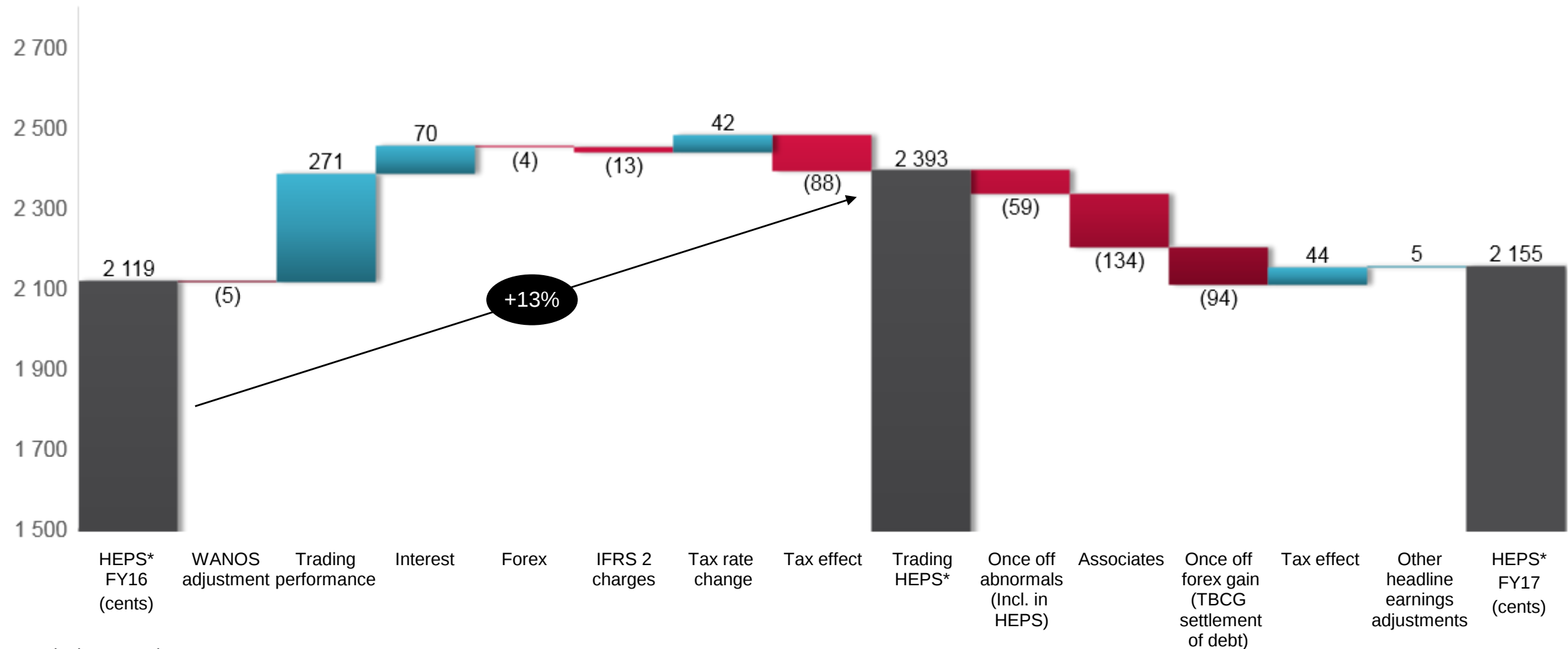
Abnormal items include strategic review & related restructuring costs

Partially offset by profit on sale of property, insurance & warranty claims

Rm	FY17	FY16
Once-off consulting fees	(132)	-
Restructuring provision	(79)	-
Proceeds from insurance claim	86	-
Profit on disposal of property	73	11
Proceeds from warranty claim settlement	28	-
	(23)	11



HEPS growth impacted by associates & once-off forex gain in FY16



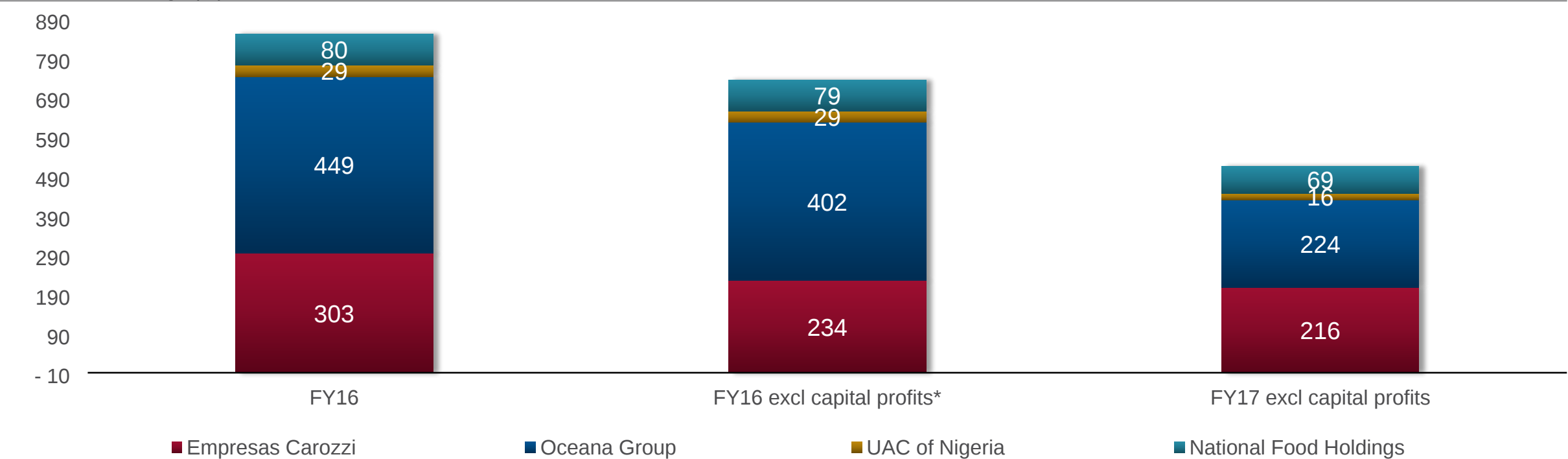
* From continuing operations



Income from associates down 38%

Associates decline driven by once-off items in FY16 & tough trading conditions

Total income from associates (Rm)	861	744	525
Y-Y growth (%)	43%	23%	(29%)
Contribution to headline earnings (%)	25%	22%	15%



* Excludes capital profits of R69m in Carozzi, R47m in Oceana & R1m in National Foods Holdings



Domestic business delivers operating income growth of 15%

Exports & International improved performance offset by Deciduous Fruit

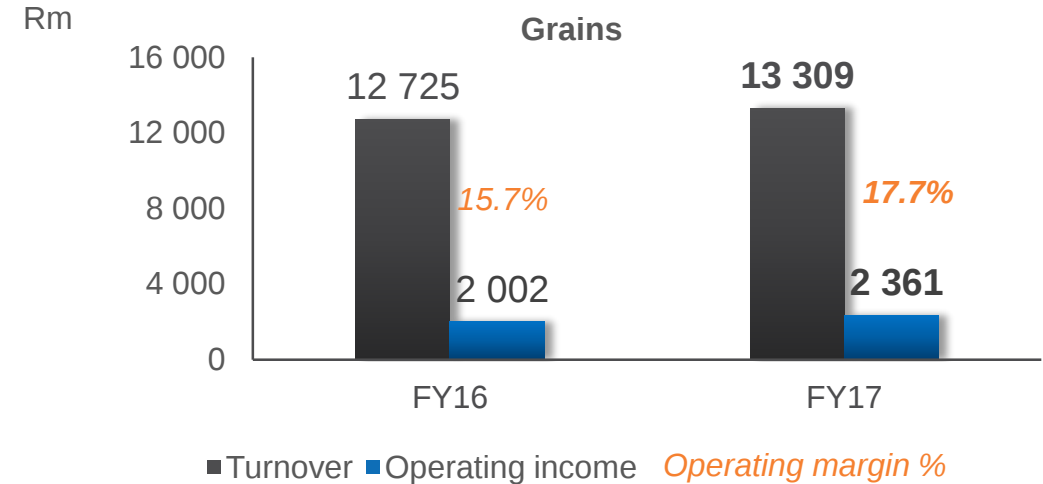
	Grains	Consumer Brands Food	HPCB	Exports & International	Group*
Volume	▲ 1%	▼ 9%	▲ 2%	▼ 3%	▼ 3%
Turnover	R13.3bn ▲ 5%	R11.1bn ▲ 1%	R2.7bn ▲ 9%	R4.2bn ▼ 5%	R31.3bn ▲ 2%
Operating income**	R2.4bn ▲ 18%	R1.3bn ▲ 7%	R0.6bn ▲ 17%	R0.4bn ▼ 20%	R4.6bn ▲ 11%
Operating margin**	▲ 17.7%	▲ 11.5%	▲ 23.5%	▼ 9.5%	▲ 14.8%

* From continuing operations ** Before IFRS 2 charges, impairments & abnormal items

Grains

Operating income up 18% to R2.4 billion

- Milling & baking delivers strong EBIT growth
 - Strong wheat-to-bread value chain performance – H2 slows
 - Well-managed procurement positions
 - Strong performance from sorghum & maize-based breakfast offerings
- Other Grains driven by breakfast and rice
 - Significant EBIT growth in Jungle driven by improved mix
 - Rice delivers exceptional performance on volume growth, favourable mix & procurement position
 - Pasta volumes impacted by price increases

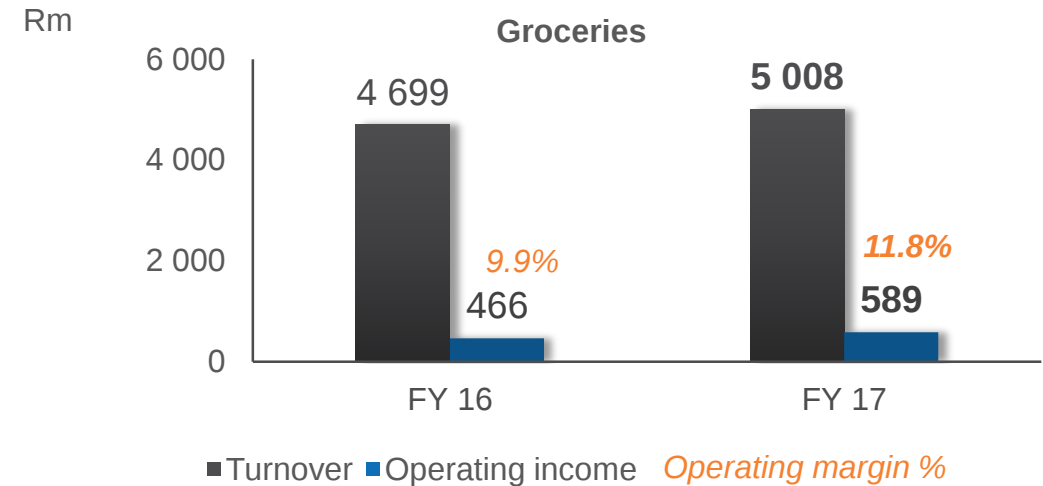




Consumer Brands – Food

Groceries – key driver of growth

- Second consecutive year of significant improvement
- Operating income up 26% to R589 million
- Operating margin expands by 190bps to 11.8%
- Driven by improved pricing & productivity initiatives
- Key focus for FY18
 - Improve market share off corrected margin platform

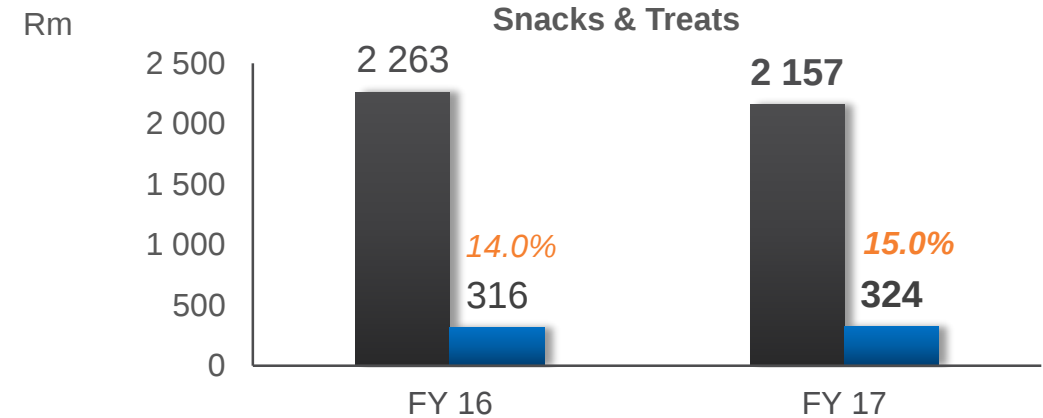




Snacks, Treats & Beverages

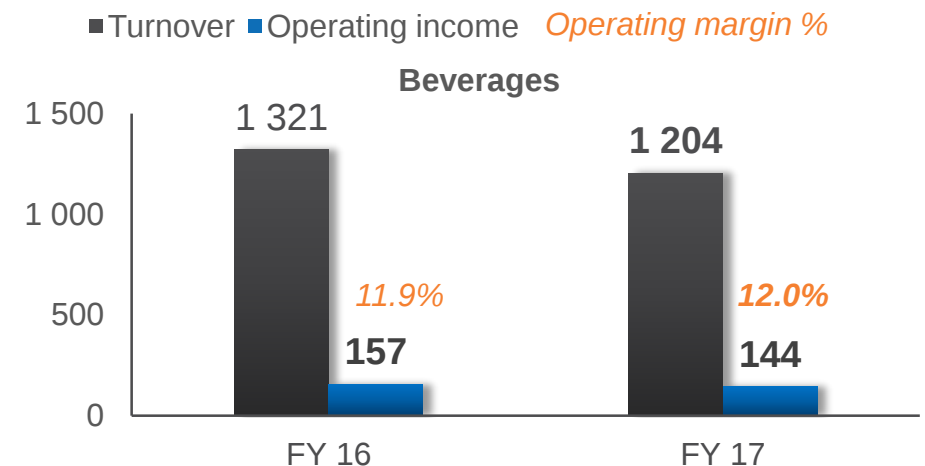
S&T – gross margin improvement offsets revenue decline

- Volumes impacted by industrial action & SKU rationalisation
- Margin improvement despite volume declines
- Operating income up 2% to R324 million
 - Well received by consumers & trade
- Focus on volume recovery in year ahead



Beverages – improved performance in H2

- Insufficient to offset H1 disruptions
- Revenue declines by 9%
- Operating income down by 8%

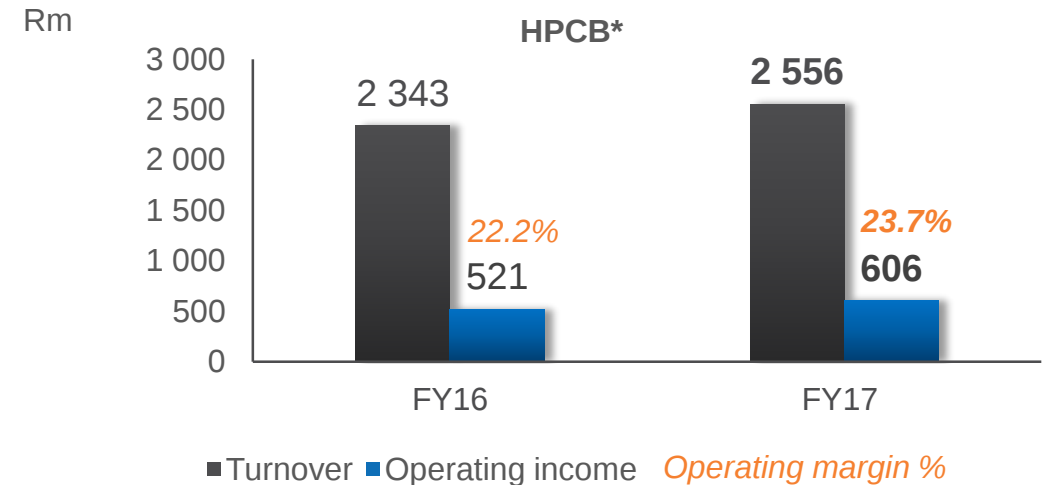




Home, Personal & Baby Care (HPCB)*

Third consecutive year of growth underpinned by strong Home Care performance

- Home Care
 - 23% revenue growth
 - Operating income up 48%
 - Sustained demand in pest category
 - Underpinned by in-store execution & optimal pricing
 - Innovation – Doom auto & Peaceful Sleep family range
- Personal Care
 - Challenging category dynamics due to highly discretionary nature
 - Outlook encouraging on successful launch of Ingram's lotions
- Baby Care
 - 3% increase in revenue
 - Continued pressure in jarred baby food volumes
 - Good volume & market share growth in pouches
 - Operating income impacted by unfavourable mix change



* Excludes stationery

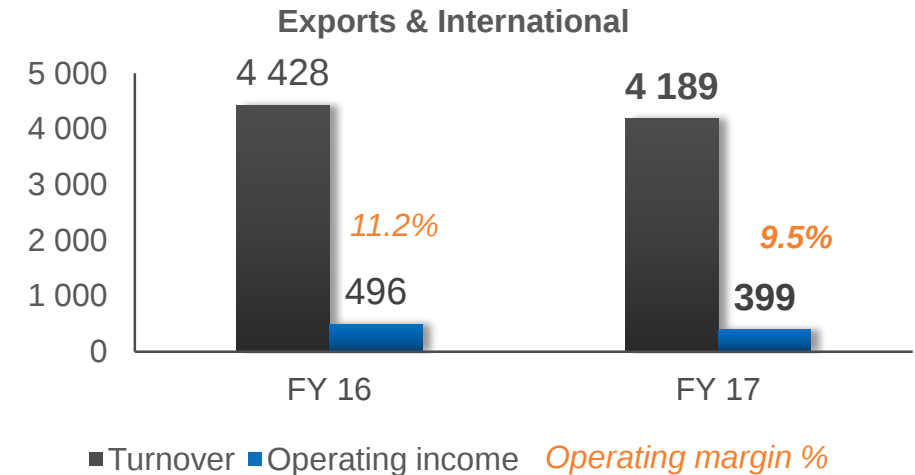


Exports & International

Deciduous Fruit major contributor to underperformance

- Chococam
 - Operating income up 9% in constant currency terms
 - 9% volume growth from innovation
- Exports benefit from normalized sales into Mozambique
 - Operating income up 10%
- Deli Foods
 - Impacted by lower consumer demand
 - Significant input cost inflation
- Deciduous Fruit (LAF)
 - Adversely affected by rand strength, international pricing pressure & unfavourable customer mix

Rm





Cash from operations up 43% to R6.1 billion

Driven by working capital improvement of R668 million

Rm	FY 17	FY16
Cash operating profit	5 388	4 837
Working capital changes	668	(604)
Cash generated from operations	6 056	4 233
Capital expenditure	919	945
Net cash / (debt)	431	(2 028)
Total dividend (cents)	1 080	1 065



Strength of balance sheet provides agility

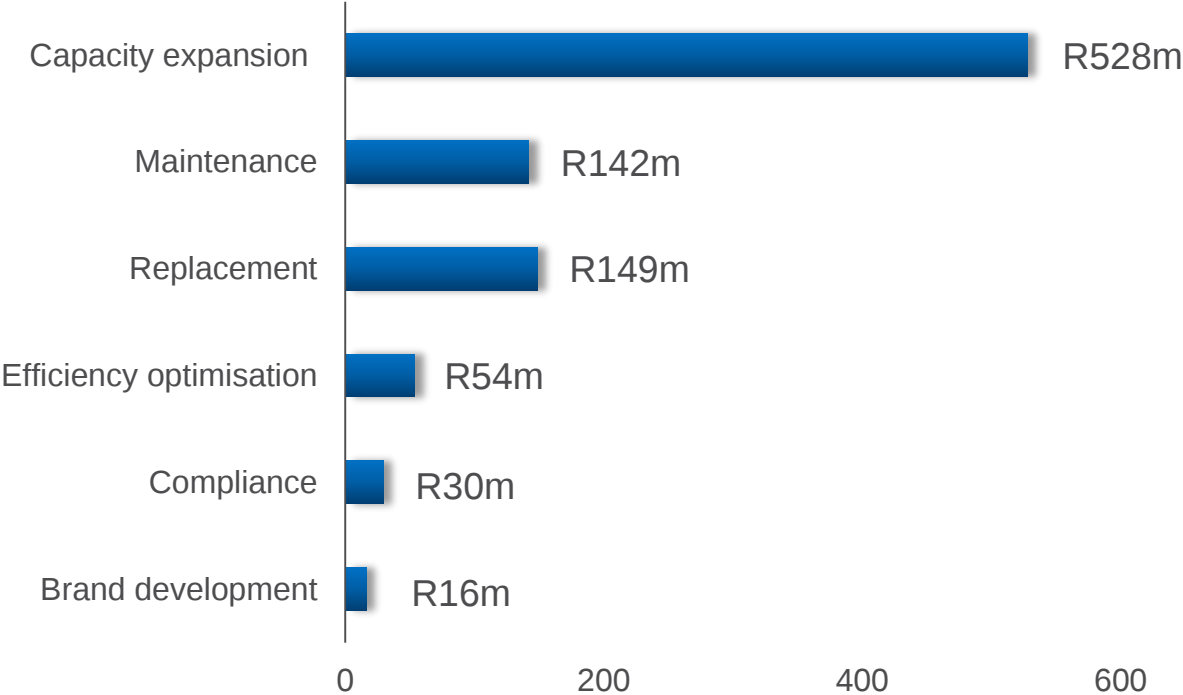
	FY 17	FY 16
Cash generated from operations (Rm)	6 056	4 233
Net cash / (debt) (Rm)	431	(2 028)
Net (cash) debt / equity (%)	(3)	13
Net debt / EBITDA*	N/A	0.4x
RONA (%)*	35	31
Net interest cover*	25x	14x
Working capital per R1 of turnover	21.8	23.6

* Restated in terms of IFRS 5 for the treatment of EATBI & Haco as discontinued operations

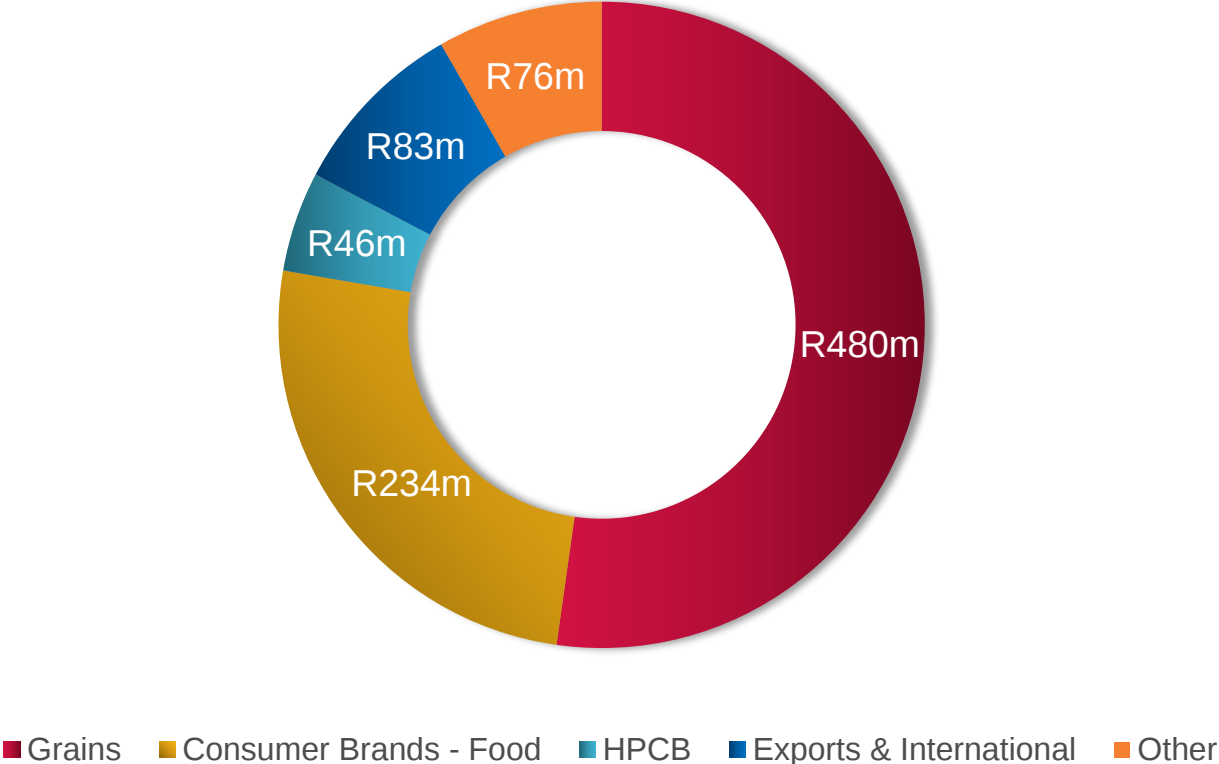


Capex of R919 million disbursed

Prudent & diligent approach to capex approvals



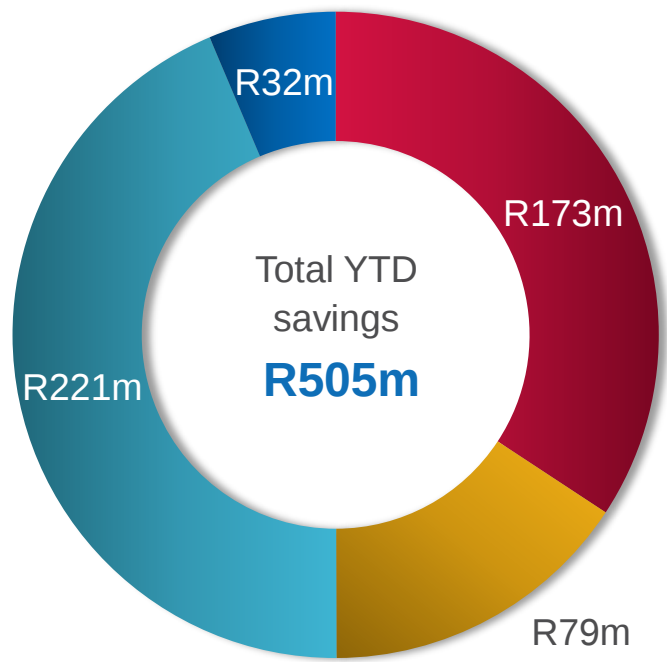
Capex of R919 million



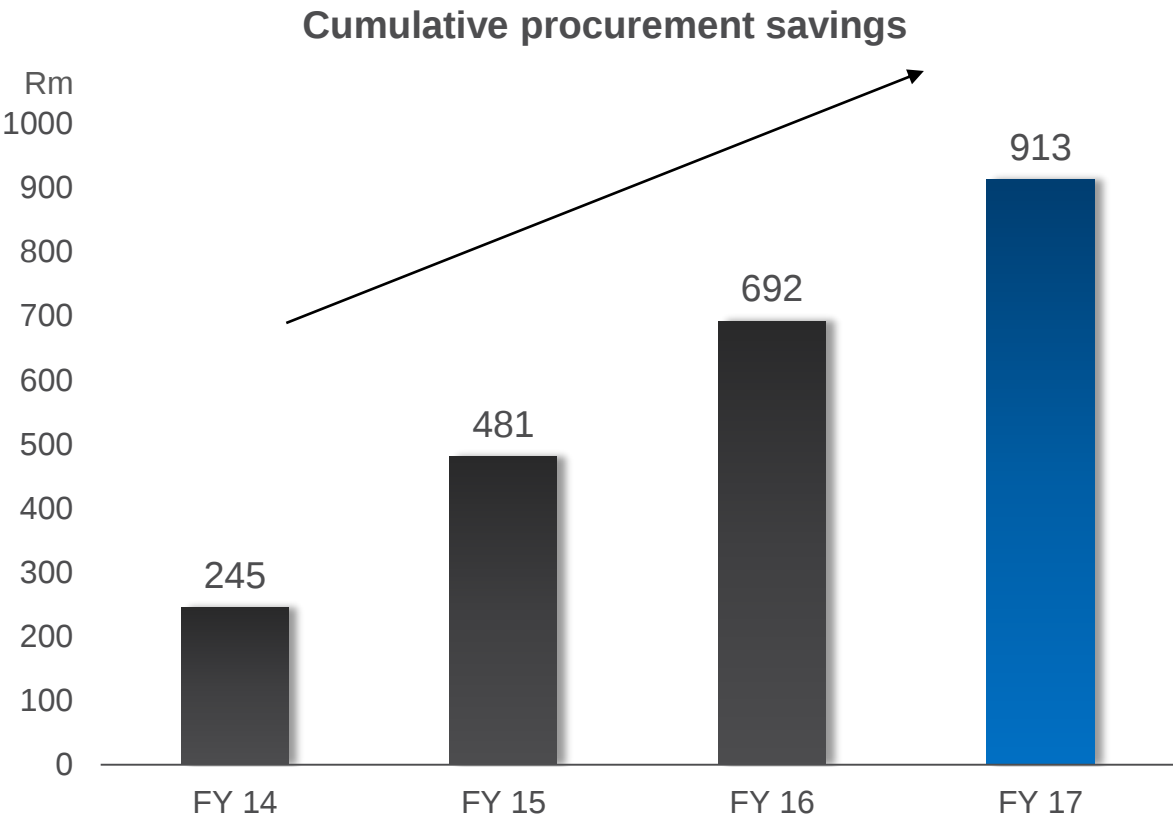


Continuous improvement programme delivers in line with commitments

Underpinned by procurement savings



- Manufacturing efficiencies
- Logistics savings
- Procurement savings
- Financial Shared Services Centre





Muted outlook as headwinds grow

Macro uncertainty & increased volatility to persist

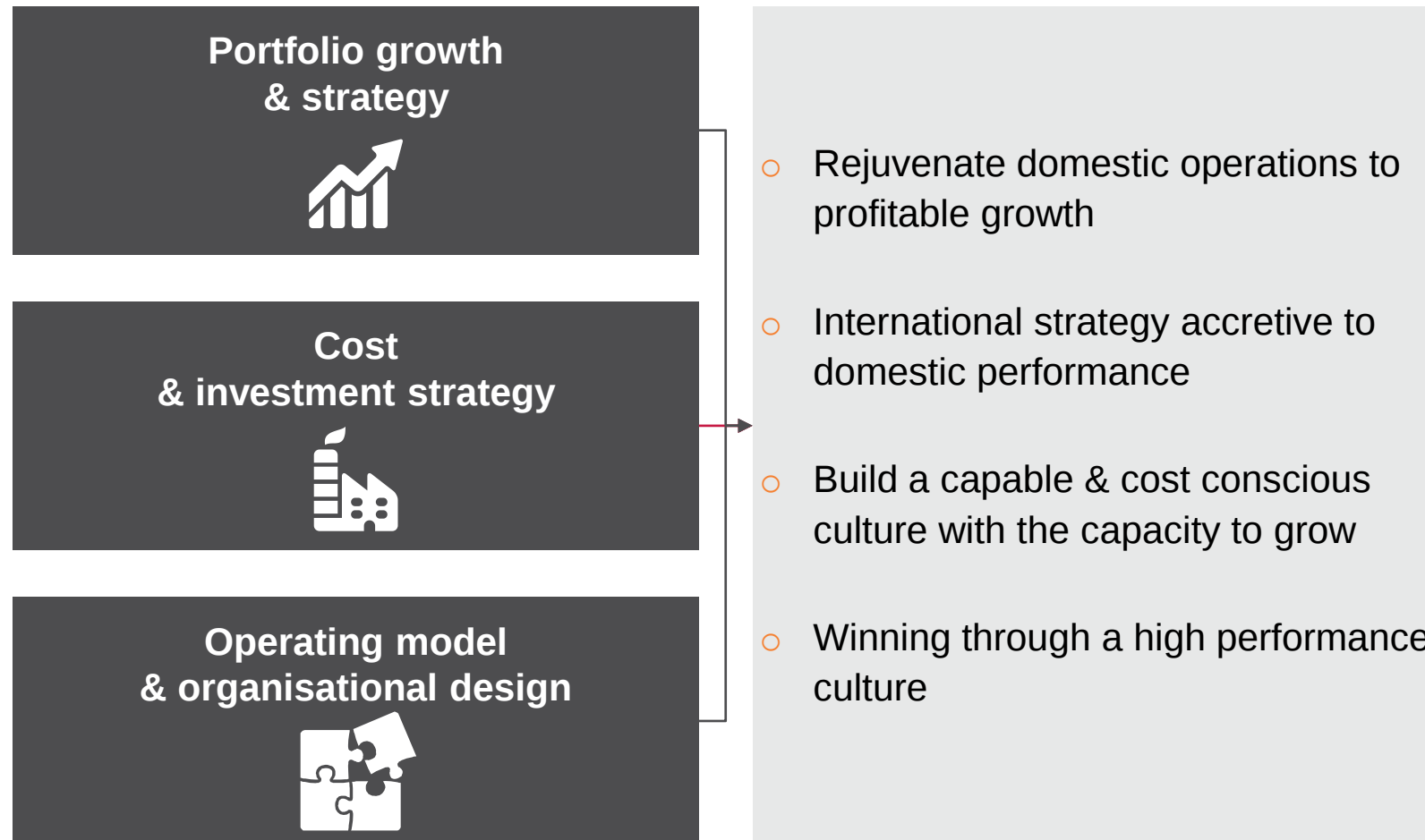




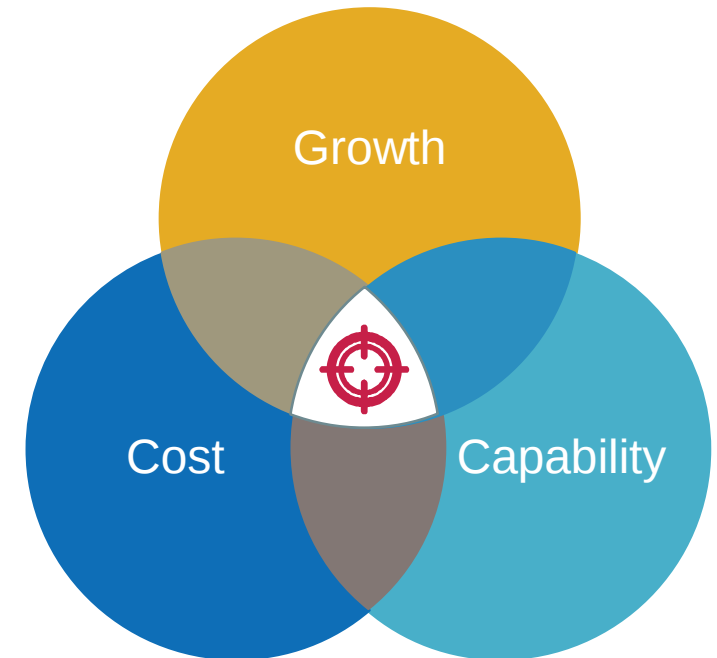
Strategic review
Lawrence Mac Dougall

Main objectives of strategic review

Developing a strategy for sustainable profitable growth

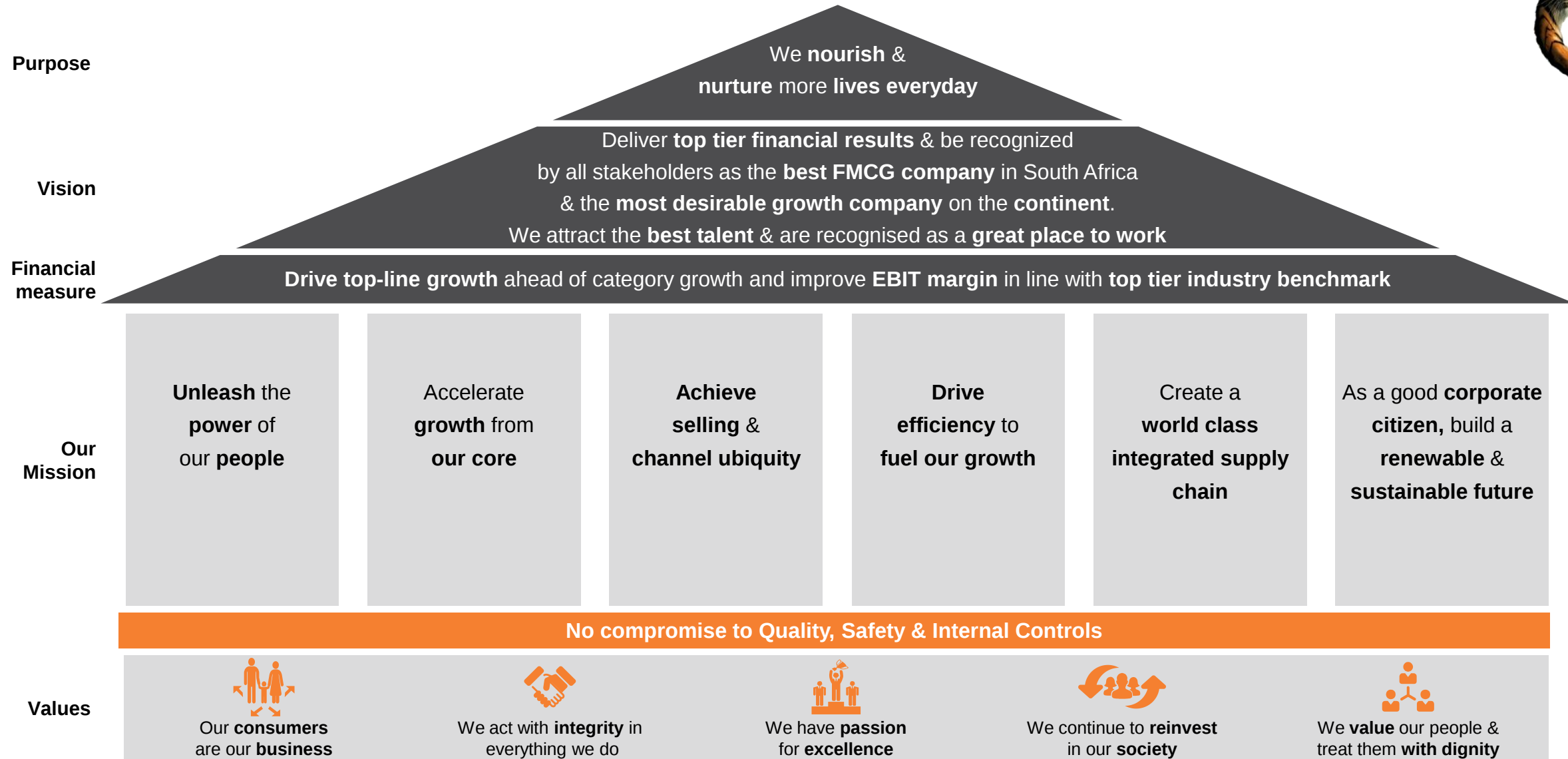


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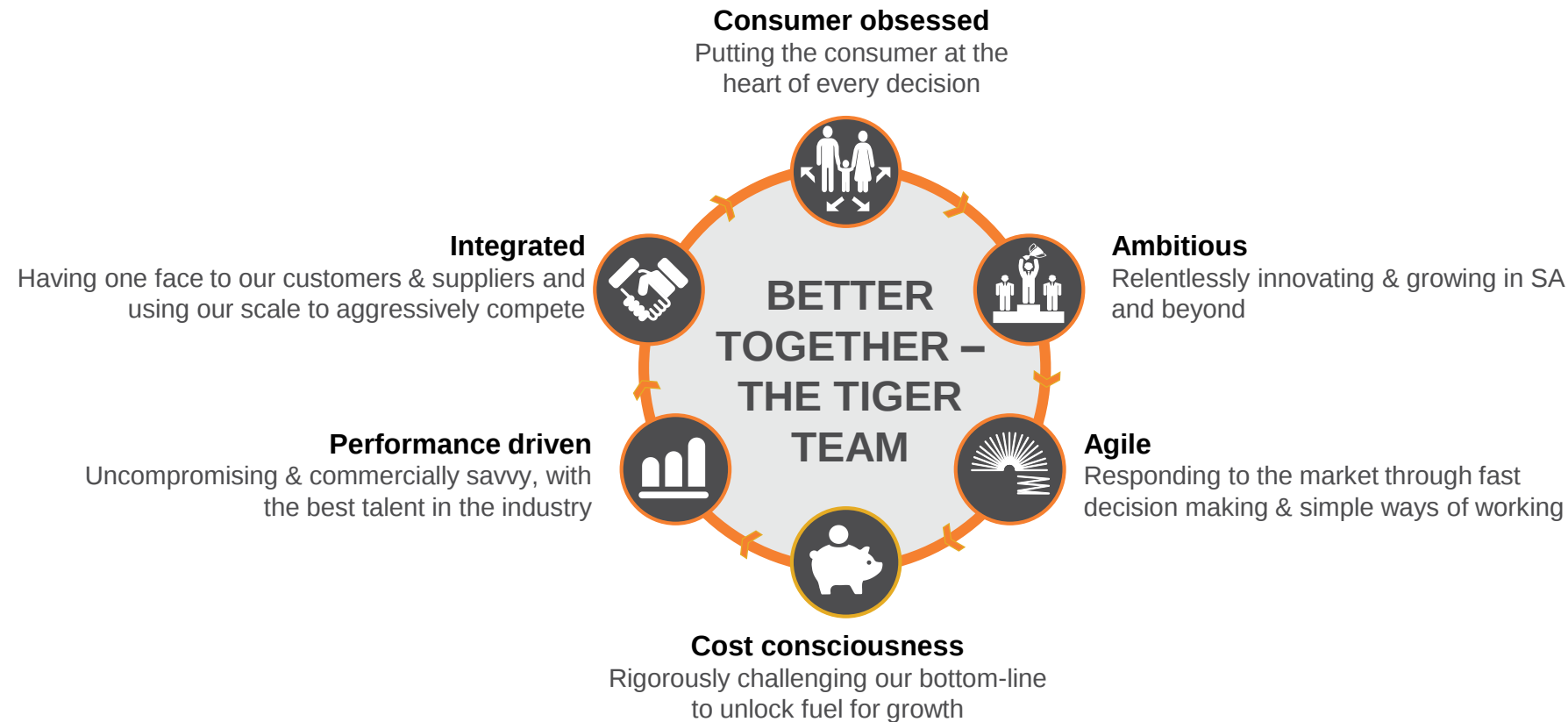
Holistic approach to sustainable growth





Operating model & organisational design

Focus on the consumer, re-ignite innovation and leverage our scale as one Tiger Team



The operating model vision is subject to consultation in terms of the Labour Relations Act

Results in the context of strategy



FY17 - generating fuel for growth

- Prioritised support of power brands
- Pricing philosophy embedded & margin correction achieved
- Centralised procurement hub delivering results
- Embedded ZBB philosophy driven by cost conscious culture
- Significant progress in improving working capital cycle



FY18 - creating a growth mindset

- Deliberate growth strategy embedded in 2018 plans – “achieve our true potential”
- Increased marketing investment
- Capability gaps identified & being filled
- New operating model implemented & integrated supply chain active
- Improved communication/change management
- Good progress against our ambition to be “a great place to work”
- Further working capital improvements



Focus areas FY18

Profitable volume recovery & market share growth

Achieve selling & channel ubiquity	Winning with consumers Focused brand support Re-energized innovation	Winning with customers On-shelf availability Joint business planning	-
Accelerate growth from our core	Geographic expansion of power brands Renewed M&A activity		
Drive efficiency to fuel our growth	Maintain focus on driving a cost conscious culture		
Create a world class integrated supply chain	Improved supply chain efficiency		



Q&A