

TIGER BRANDS



Tiger Brands Limited

Group Results Presentation

for the six months ended 31 March 2015



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Performance review

Peter Matlare

Chief Executive Officer

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Group half-year results

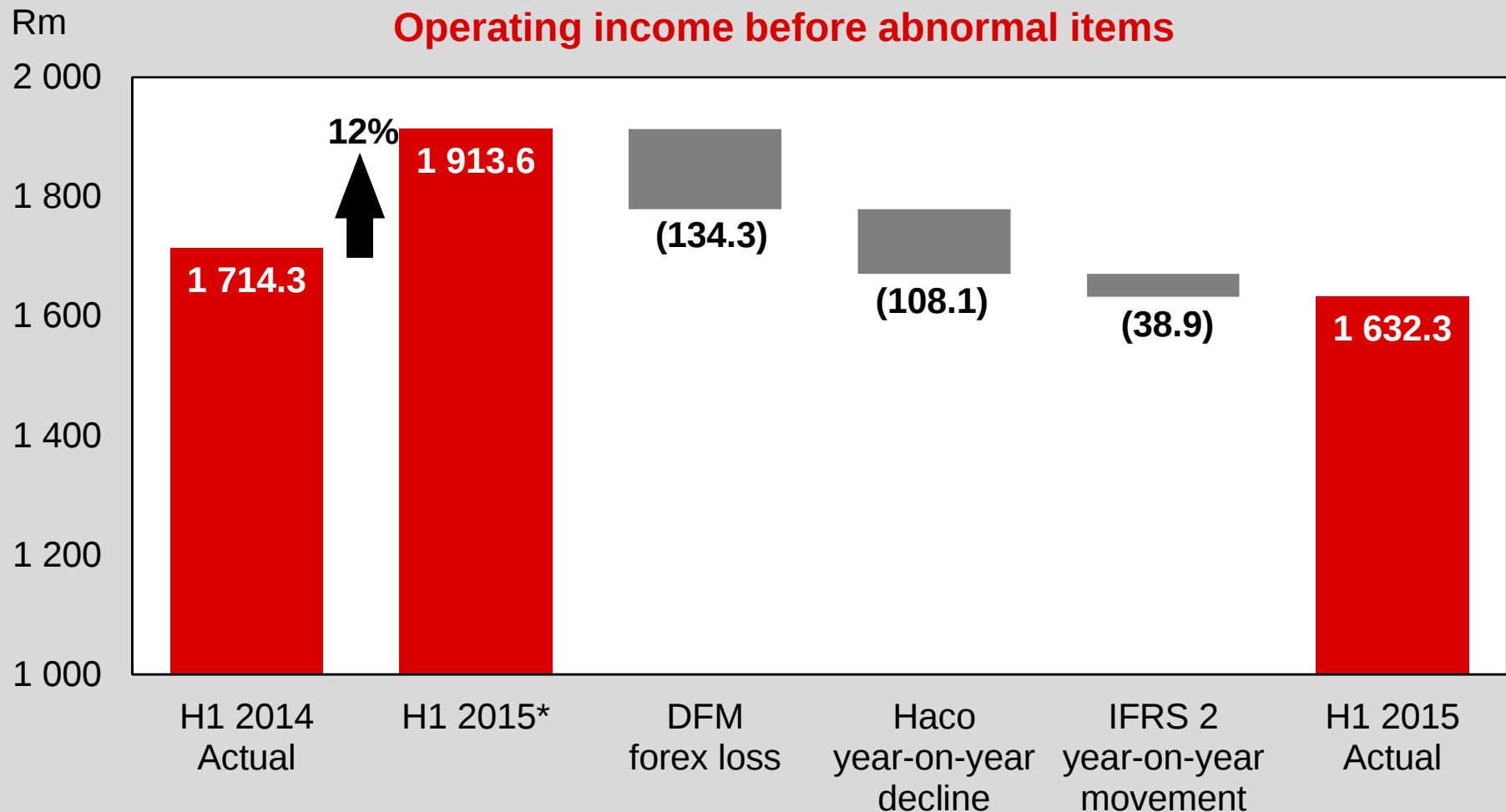
Strong domestic performance offset by Haco & DFM

- › Solid domestic performance in a tough trading environment
- › Pleasing operational progress in DFM, despite Naira devaluation
- › East Africa disappoints
- › Enhanced investment in core brands
- › Good executional progress against strategic enablers



Solid underlying performance

Offset by Haco & DFM



* Excluding DFM forex loss, Haco operating result & IFRS 2 charges



Domestic operations

Solid performance in tough trading environment

- › Turnover growth of 8%
- › Improved market shares with overall volumes up 2%
- › Continued focus on brand health
 - Marketing investment up 15%
- › Effective management of pricing relativities
- › Operating income up 9% driven by operational efficiencies and cost savings



Ongoing positive momentum in SA

Despite consumer pressure

Groceries

- › Effective price, volume, margin management
- › Overall margin up 180bps to 9.2%
- › Operating income up 39%
- › Maintained strong brand equity
- › Improved market shares



	Volume		
	Market Growth	Tiger Growth	Market Share Performance
Peanut butter	▲	▲	▲
Tomato sauce	▲	▲	▲
Mayonnaise	▲	▲	▲
Jams	▲	▲	▲
Total canned jar veg	▲	▲	▲
Total beans	▲	▲	▲
Total tomato products	▲	▲	▲

Source: Nielsen 6 month moving average to March 2015



Ongoing positive momentum in SA

Despite consumer pressure

Grains

- › Margins maintained and operating income up 7% despite competitive environment
- › Marketing investment up 23%
- › Consistent operational excellence
- › Market share gains in most categories
- › Bread margins hold despite volume pressures



Perfect. Every time.





Market shares appreciate

	Volume		
	Market Growth	Tiger Growth	Market Share Performance
Bread	▲	▼	▼
Buns & Rolls	▼	▲	▲
Rice	▲	▲	▲
Pasta	▲	▲	▲
Maize	▲	▲	▲
Flour	▲	▲	▲
Consumer Premixes	▲	▲	▲
Breakfast			
– Ready to eat	▲	▲	▲
– Hot cereals	▲	▲	▲

Source: Nielsen 6 month moving average to March 2015



Ongoing positive momentum in SA

Home & Personal Care

Rebuild and reinvest phase gaining traction

- › Increased investment in innovation supported by 57% increase in marketing investment
- › Volumes up 13% in Home Care; 4% in Personal Care
- › Operating income up 15% to R123m



Overall balance of portfolio performed in line with expectations



Exports & International

Deliver a mixed performance

Exports & International (excluding Haco)

- › Solid top-line growth of 7%
- › Underpinned by strong volumes of 5%

Prior year irregularities impact Haco's first half performance

- › Disciplinary action taken
- › Corrective actions in place to improve H2 performance



DFM - continued operational progress

In difficult macroeconomic environment

Dangote Flour Mills (DFM)

- › Volumes up 16% in highly competitive market
- › Operating loss down 38%, excluding forex loss
- › Gross margin improvement driven by operational efficiencies & gristing model
- › Marketing investment up 70%
- › Strengthened management team
- › Devaluation impact not fully recovered in price

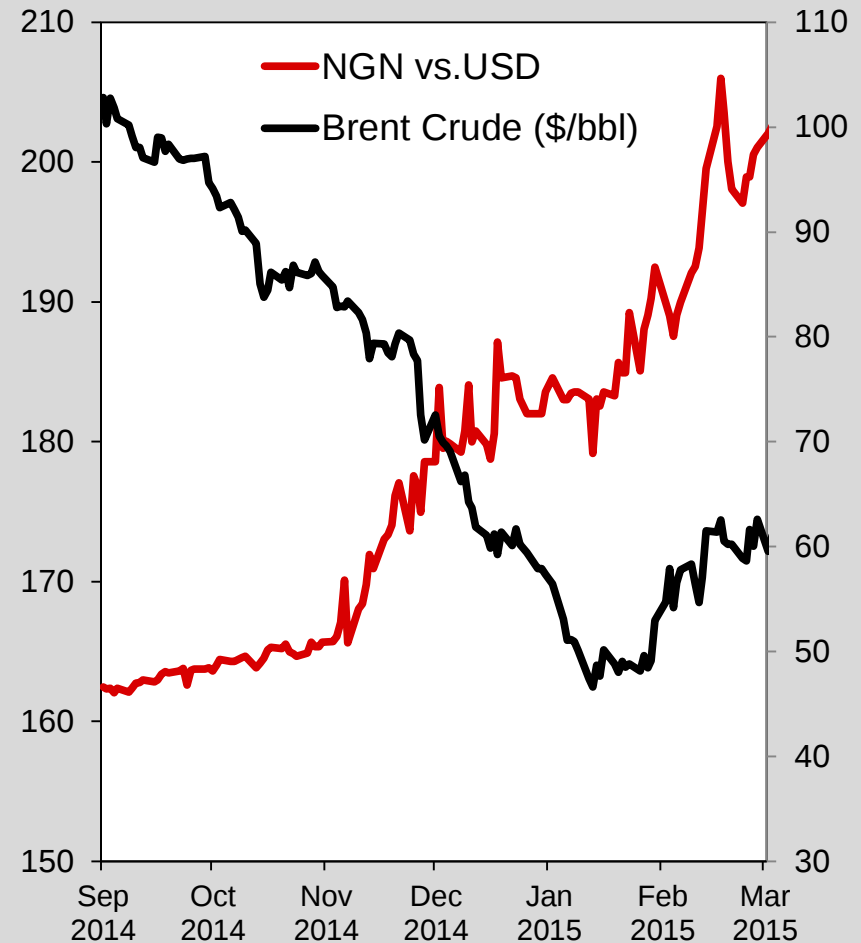


DFM

Impact of Naira devaluation

Impact on DFM

- › 25% increase in wheat costs following closure of preferential forex market
- › Cost push not fully recovered in price increases
- › Forex losses on foreign debt
 - US\$ denominated working capital funding (R134m loss included in EBIT)
 - Rand denominated shareholder loans (R80m loss recognised through FCTR)





DFM

Way forward

› Pursue current strategic initiatives

- Value added product offerings within existing categories
- New category opportunities
- Strategic alliances to enhance volumes and mitigate risk

› Currency devaluation and liquidity remains a risk

› Evaluating opportunities to enhance volumes

› Additional shareholder funding of R350m

› Reassess outlook at year end when financial markets stabilise

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Financial performance

Funke Ighodaro

Chief Financial Officer



Operating income before abnormal items

Strong operating performance impacted by Haco & DFM

Rm	H1 2015	H1 2014	% Change
Turnover	15 907.6	14 926.9	7
Gross Margin	4 946.3	4 607.6	7
Sales and Distribution	(1 849.9)	(1 753.1)	(6)
Marketing	(453.5)	(377.7)	(20)
Other Expenses	(840.5)	(765.6)	(10)
Operating income	1 802.4	1 711.2	5
DFM Foreign Exchange Loss on LC funding	(134.3)	-	-
Operating income before IFRS 2 charge	1 668.1	1 711.2	(3)
IFRS 2 charges	(35.8)	3.1	-
Operating income before abnormal items	1 632.3	1 714.3	(5)



Income statement

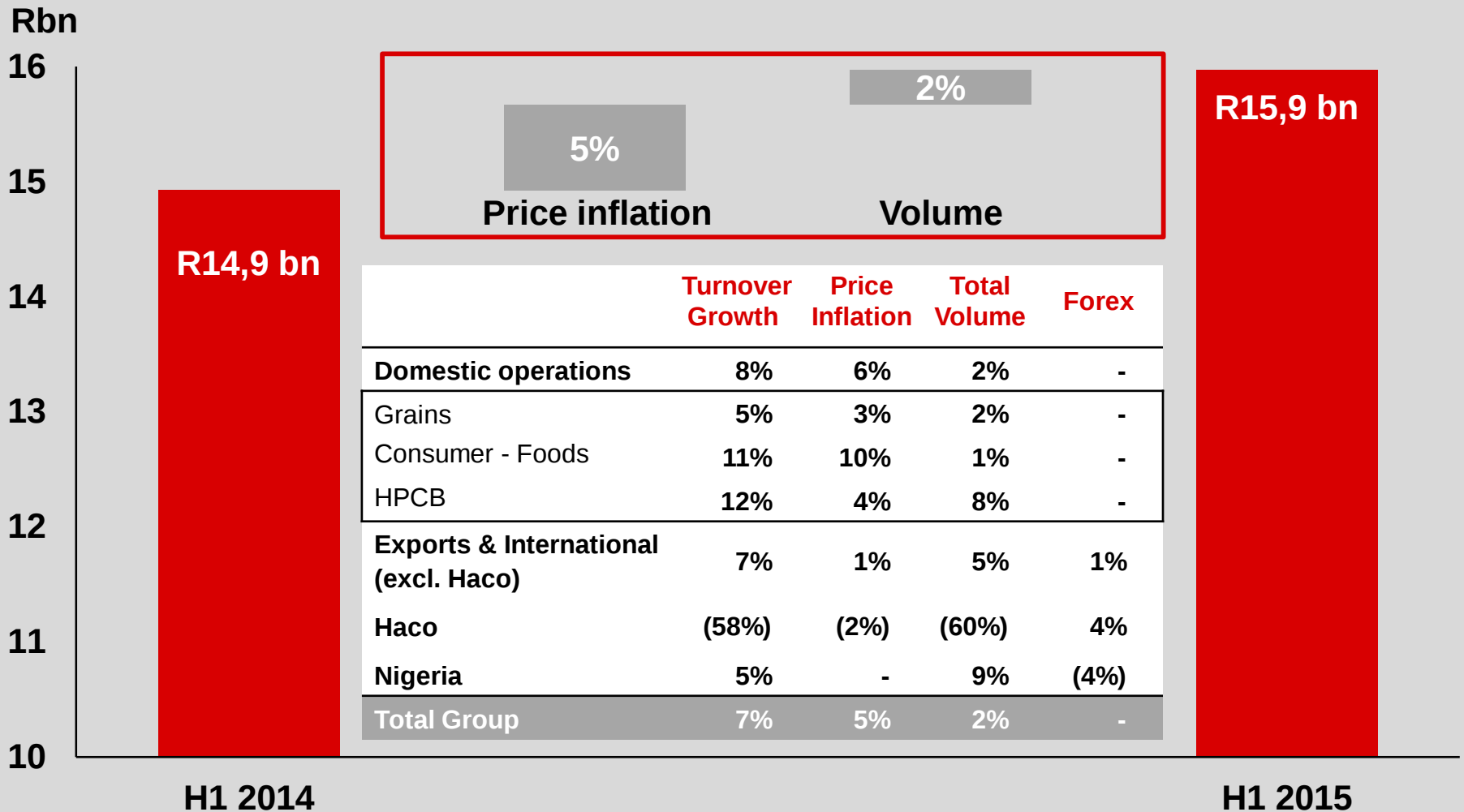
Prior year impairment impact

Rm	H1 2015	H1 2014	% Change
Operating income before abnormal items	1 632.3	1 714.3	(5)
Abnormal items	(41.4)	(835.7)	95
Operating income after abnormal items	1 590.9	878.6	81
Net finance costs	(189.7)	(206.3)	8
Investment income	0.4	1.2	(67)
Income from associated companies	237.5	265.9	(11)
Profit before taxation	1 639.1	939.4	74
Taxation	(449.6)	(412.4)	(9)
Profit for the period from continuing operations	1 189.5	527.0	126
Non-controlling interest	149.9	75.0	100
Profit attributable to owners	1 339.4	602.0	122



Group turnover

Organic growth of 7%





Operating income before IFRS 2

Rm	Operating income before IFRS2			Operating margins %	
	H1 2015	H1 2014	% Change	H1 2015	H1 2014
Domestic Operations	1 697.2	1 557.2	9	14.0	13.9
Grains	889.6	832.1	7	15.9	15.6
Milling and Baking	735.8	689.0	7	18.7	17.8
Other Grains	153.8	143.1	7	9.2	9.7
Consumer - Foods	584.7	514.7	14	10.9	10.7
Groceries	210.0	151.2	39	9.2	7.4
Snacks & Treats	166.8	175.2	(5)	15.0	17.1
Beverages	95.5	84.0	14	14.7	13.6
VAMP	69.6	62.3	12	6.5	6.6
Out of Home	42.8	42.0	2	19.6	20.3
HPCB	230.9	224.6	3	19.9	21.7
Personal Care	75.2	65.1	16	25.1	24.9
Babycare	102.0	110.5	(8)	25.1	29.2
Homecare (incl. Stationery)	53.7	49.0	10	11.8	12.4
Corporate charges	(8.0)	(14.2)			



Operating income before IFRS 2

Rm	Operating income before IFRS2			Operating margins %	
	H1 2015	H1 2014	% Change	H1 2015	H1 2014
Total International	105.2	154.0	(32)	2.8	4.1
Exports and International	233.8	335.0	(30)	10.4	14.8
Exports	217.3	198.4	10	9.6	8.8
International	(20.6)	105.7	(119)	(2.0)	11.8
LAF	37.1	30.9	20	5.8	4.5
Nigeria*	(128.6)	(181.0)	(29)	(8.4)	(12.4)
Total Group*	1 802.4	1 711.2	5	11.3	11.5

* Excluding DFM forex loss



Cash Flow

Working capital impacted by stock procurement positions

Rm	H12015	H12014	Change (%)
Cash operating profit	2 158.8	2 149.8	-
Working capital	(744.7)	(427.4)	(74)
Cash generated from operations	1 414.1	1 722.4	(18)
Finance cost net of dividends received	(38.7)	(91.3)	58
Tax paid	(605.7)	(487.7)	(24)
Cash available from operations	769.7	1 143.4	(33)
Dividends paid	(1 046.7)	(907.8)	(15)
Capital expenditure	(363.3)	(481.8)	25
BMT shares exercised	215.3	-	-
Disposal of Agrosacks	-	430.2	-
Other Items	17.9	4.5	(298)
	(407.1)	188.5	(316)
Exchange rate translation	(75.4)	(48.2)	56
Opening balance – Net Debt	(3 489.5)	(4 470.1)	22
Closing balance – Net Debt	(3 972.0)	(4 329.8)	8



Group Balance Sheet

Rm	31 March 2015	30 Sept 2014
Assets		
Property, plant & equipment	5 679.7	5 867.6
Goodwill & intangible assets	4 443.3	4 526.7
Investments	3 447.7	3 422.5
Current Assets	10 500.2	9 568.0
	24 070.9	23 384.8
Equity and Liabilities		
Ordinary Shareholders Equity	13 578.9	13 177.4
Non-controlling Interests	566.4	769.8
Net Debt	3 972.0	3 489.2
Non-current Liabilities	642.1	598.6
Current Liabilities	5 311.5	5 349.8
	24 070.9	23 384.8

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Outlook

Peter Matlare

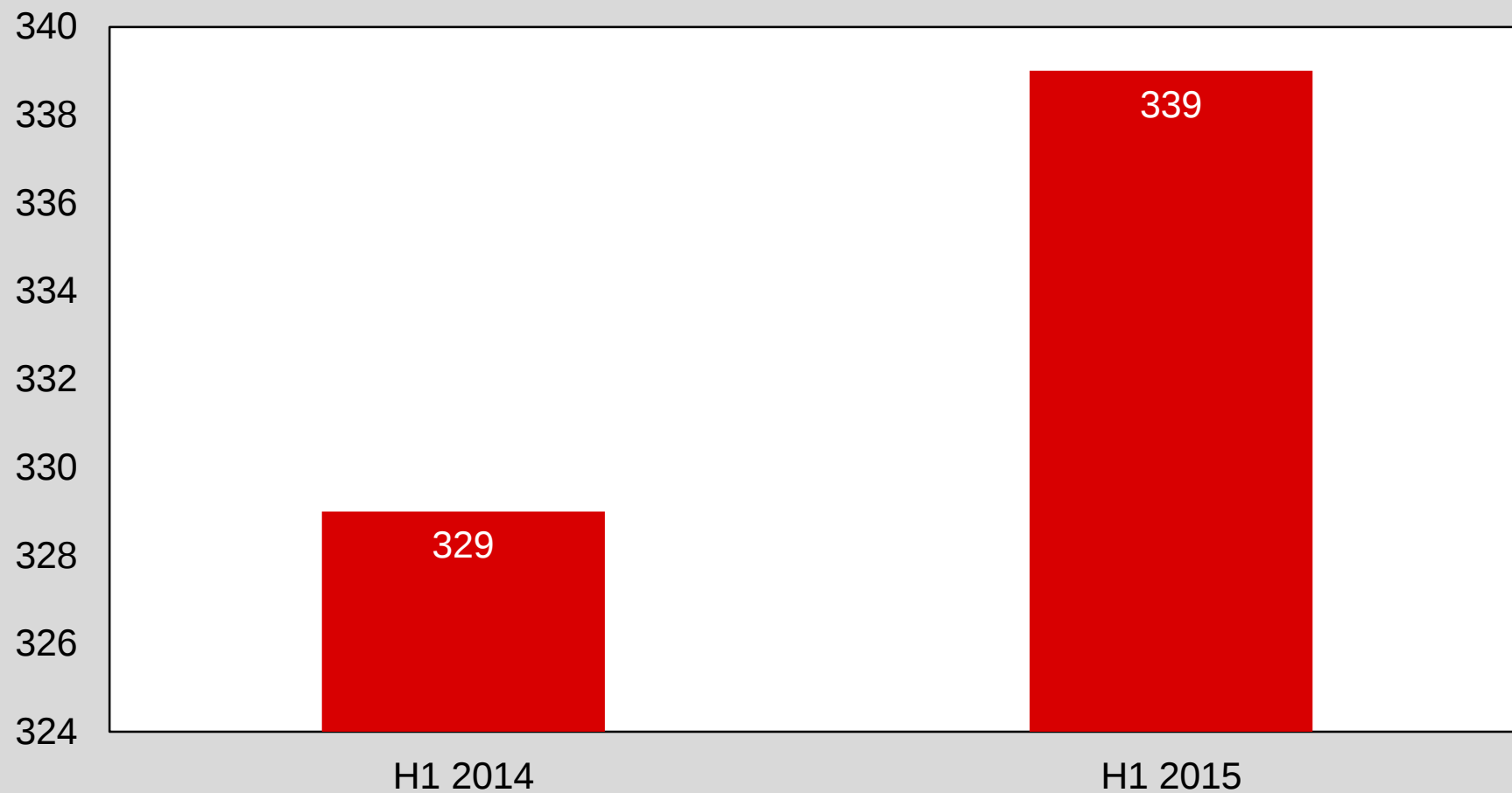
Chief Executive Officer

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Dividend up 3%

Dividend (cps)





Outlook

Well positioned

- › Focused on driving long-term growth
- › Continued focus on brands and operational efficiencies
- › Depth of management in place to drive execution
- › Intense competition in South Africa
 - Continue to defend market shares responsibly
- › Nigeria remains tough
 - Fair value of assets to be reassessed at the end of the year
 - Highly competitive market conditions
 - Unpredictable external shocks and further currency devaluation risk
 - Strategic alliances to mitigate risks and enhance volumes

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Questions & Answers

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Appendix



Cost saving initiatives

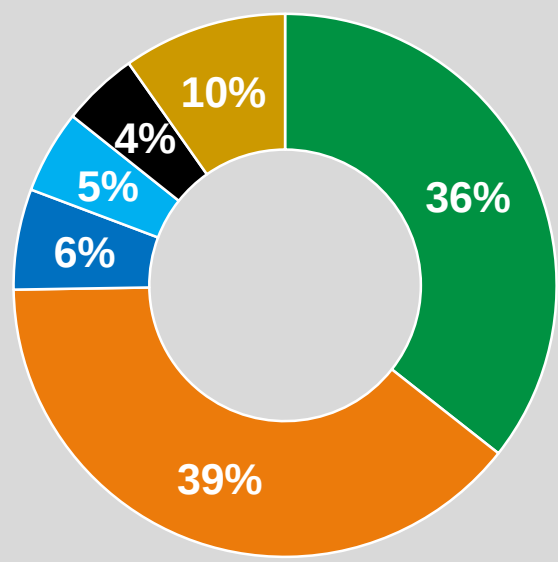
Annualised target of R500 million

Initiative	Status	Saving
Centralised procurement	In place	R250 million p.a.
Consolidation of manufacturing architecture	HPC factory consolidation complete March 2016	R150 – R200 million p.a.
Finance shared service centre	Completion end December 2015	R50 million

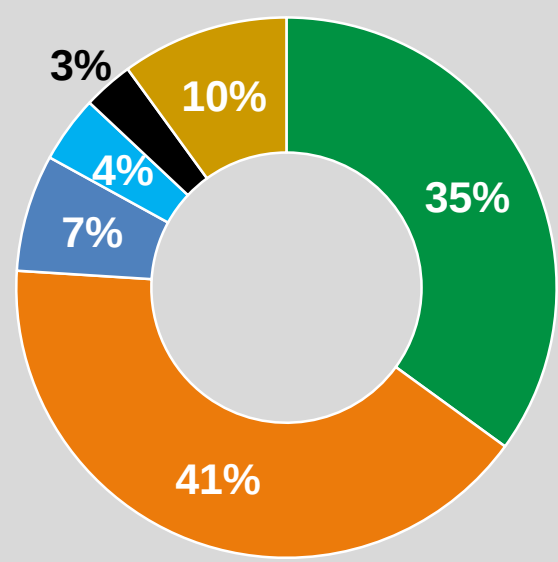


Contribution to turnover

H12014



H12015

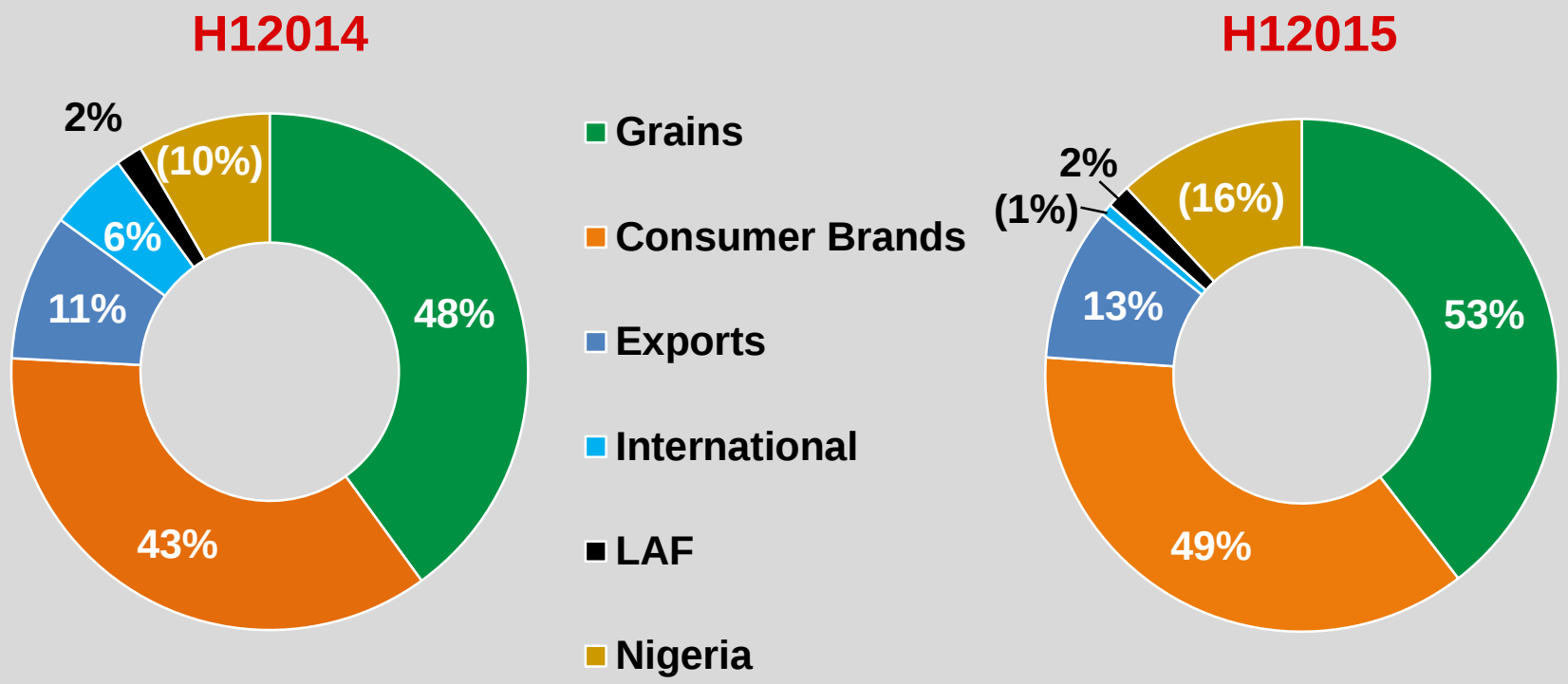


- Grains
- Consumer Brands
- Exports
- International
- LAF
- Nigeria





Contribution to operating income before IFRS 2 & other operating charges





Key Statistics

	H1 2015	Sept 2014
Net (Debt)/Cash (R'm)	3 972.0	3 489.2
Net Debt/Equity (%)	28.1	25.0
Net Debt/EBITDA (%)	0.9	0.8
Working capital per R1 (cents)	24.5	22.1
Net interest cover (times)	8.6	9.0
Effective tax rate (before abnormal items & associates) (%)	31.4	28.1
RONA (%)	23.8	24.6
Net working capital days	104	88
Stock days	83	69
Debtor days	45	43
Creditor days	24	24



Disclaimer

Forward-looking statements

This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 19 May 2015. 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.

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