



Tiger Brands

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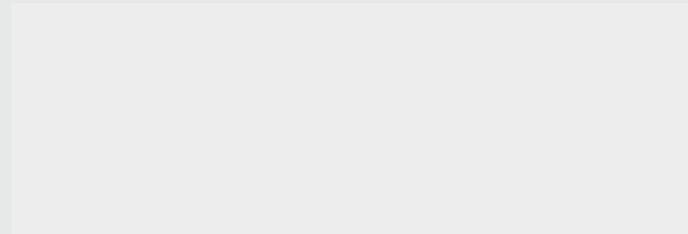




Disclaimer

Forward-looking statement

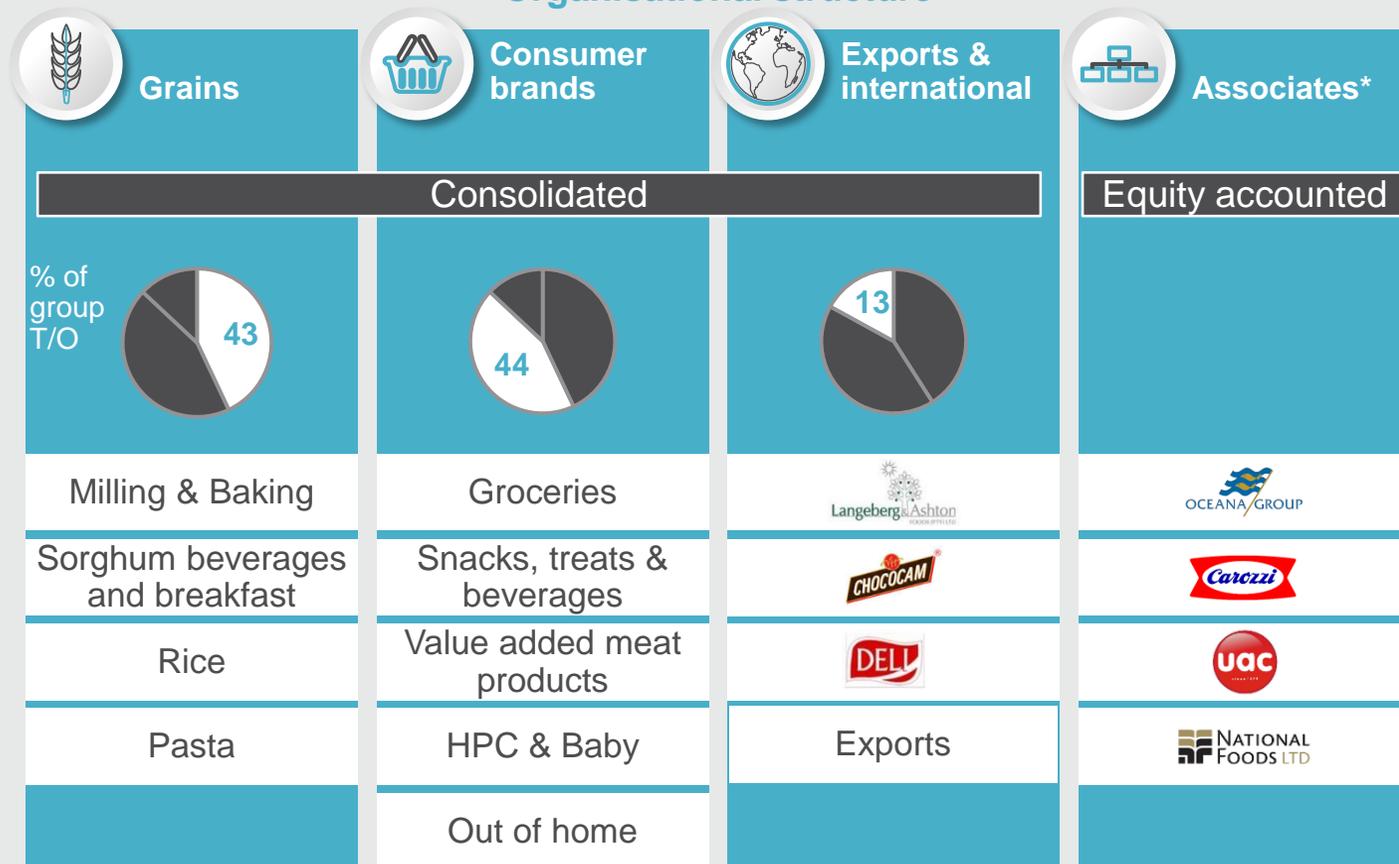
This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 12 March 2019. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions 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.



Tiger at a glance



Organisational structure



FY18

ZARmm

Key operating and financial metrics

Market cap ¹	50 299
Revenue	28 474
Gross profit	9 244
<i>margin %</i>	32.5%
EBIT ²	3 239
<i>margin %</i>	11.7%

Balance sheet strength

Cash generated from operations	3 284
RONA	26.6%
Net cash	590
Net interest cover	59x

Notes: 1. As at 28 Feb 2018 | 2. From continuing operations before impairments, abnormal items & IFRS 2 charges | *Oceana to be unbundled by end April 2019



Performance impacted by VAMP closure & tough trading conditions

Ex-VAMP

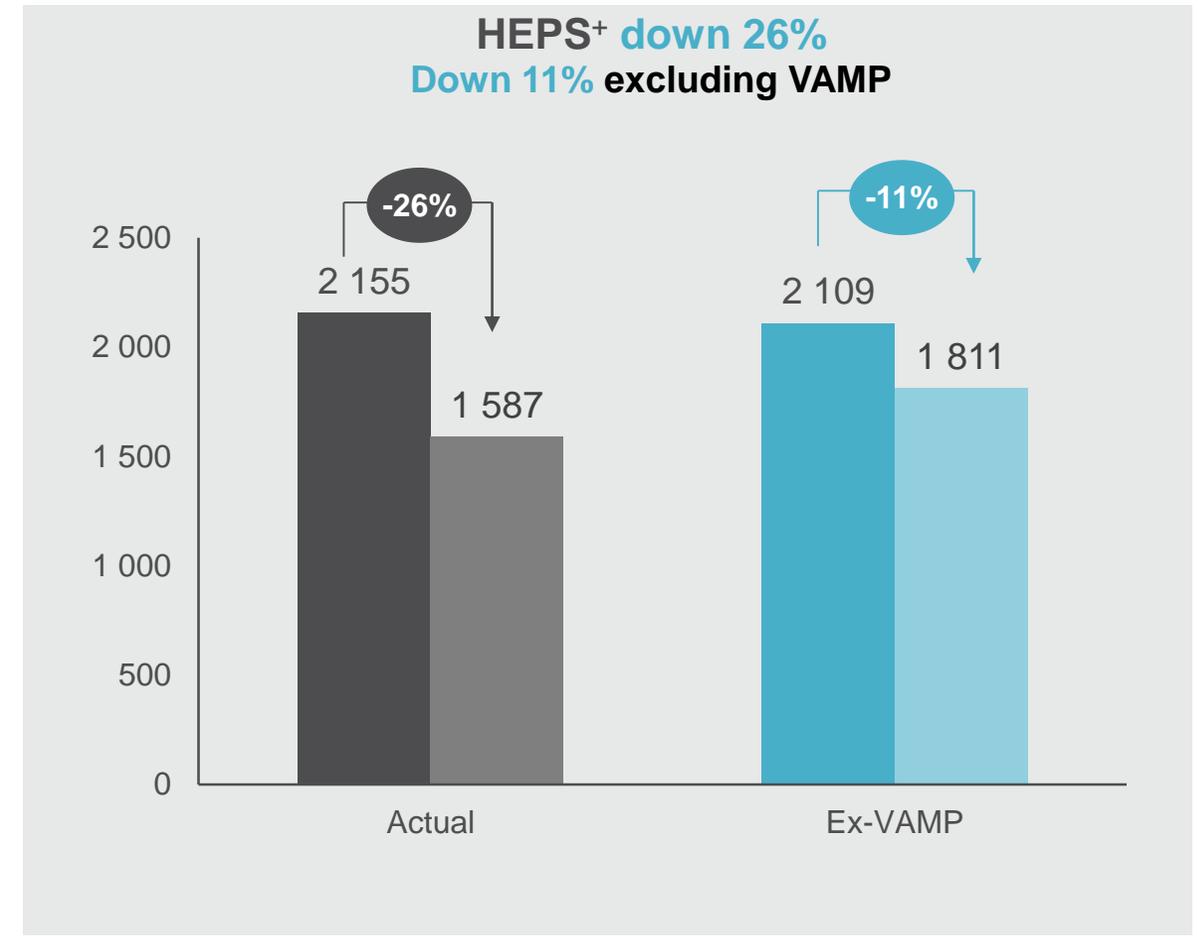
Group revenue⁺ down **9%** to **R28.5 billion** Down **6%** to **R27.4 billion**

Gross margins⁺ down **90bps** to **32.5%** Down **50bps** to **33.5%**

Group operating income^{+**} down **28%** to **R3.3 billion** Down **21%** to **R3.6 billion**

Group operating margin^{+**} down **310bps** to **11.7%** Down **260bps** to **13.0%**

Total dividends flat at **1 080 cents** despite lower HEPS



+ From continuing operations | ** Group operating income from continuing operations before impairments, abnormal items & IFRS 2 charges



Balance sheet / capital strength

Sound capital structure

Ability to drive growth

- Ability to invest in the existing business, brands & innovation

Dividend policy

- Change in dividend policy supported by strong balance sheet
- 1.75x cover, based on headline earnings per share

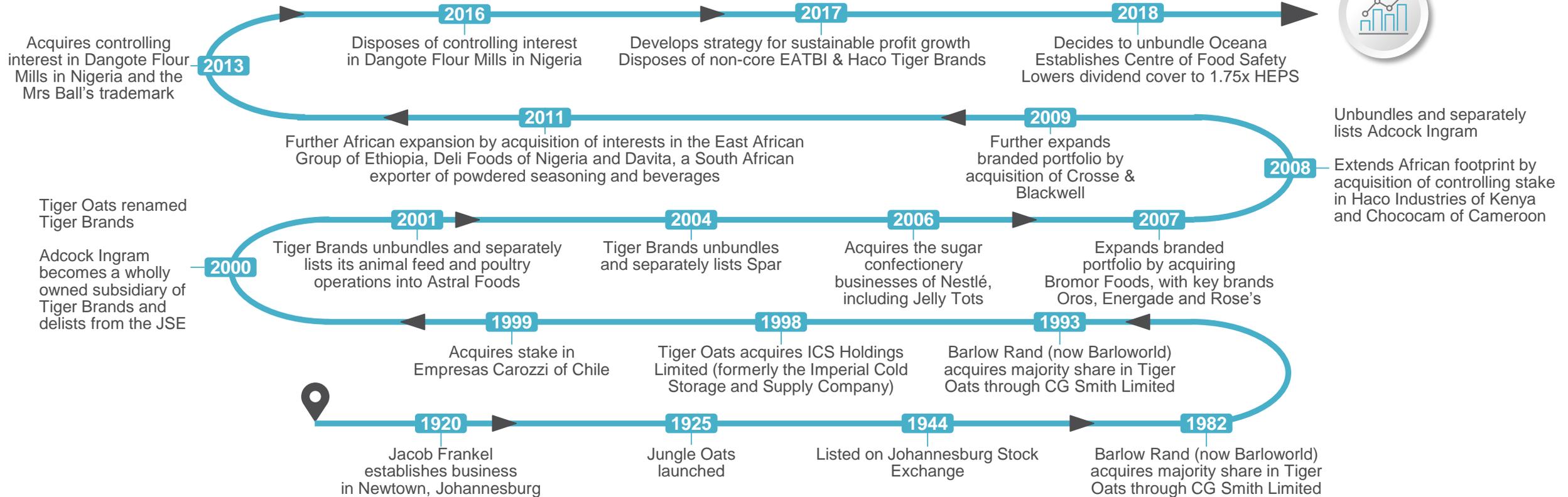
Cash generation

- Tighter working capital management

Defensive characteristics with significant flexibility



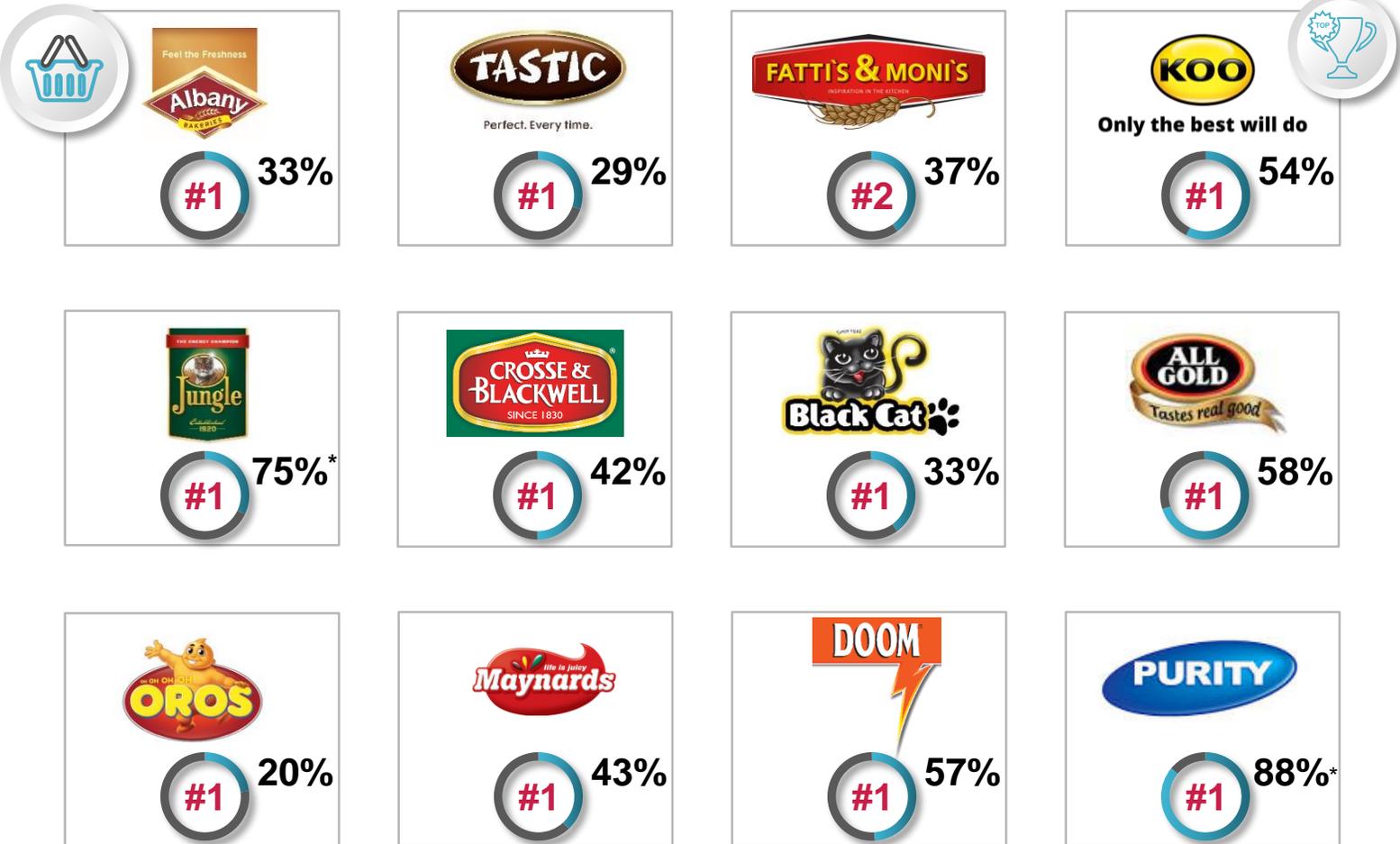
Evolution of Tiger Brands – refocused and repositioned for growth





Brand loyalty remains strong

Marketing investment increases by 10% to 3% of revenue (2017: 2.5%)



Sunday Times
Grand Brand Prix 2018

KOO	Grand Prix #1 Tinned foods
OROS	#1 Fruit based drinks
ALL GOLD	#1 Condiments & sauces
CROSSE & BLACKWELL	#2 Condiments & sauces
TASTIC	#1 Essential foods
Albany	#2 Essential foods

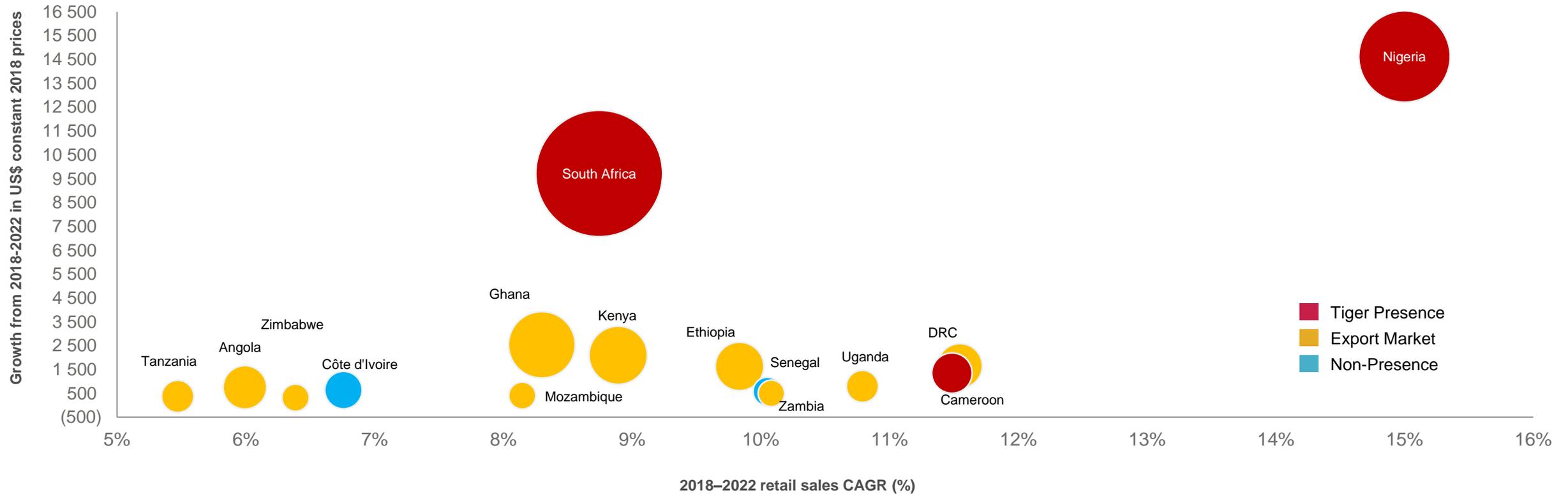
Source: % = Nielsen 12mm volume share to September 2018 | * Cooking oats | Homogenised Food



Tiger services SSA's largest consumer markets

SSA packaged food & soft drinks market (Total market size: \$84bn RSV)

Bubble size represents size of the market 2018



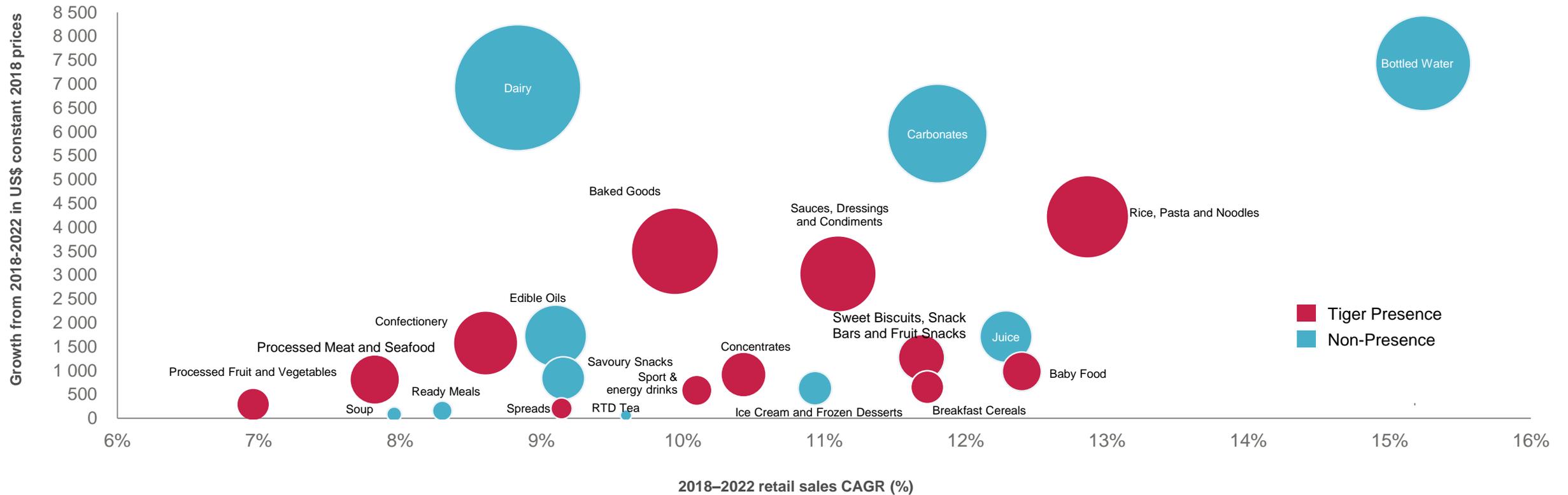
Source: Euromonitor data
 Top 15 categories of packaged food & soft drinks by market size | All SSA countries | RSV – Retail Sales Value



Well positioned in large, attractive categories

Fastest growing SSA categories (Total market size: \$84bn RSV)

Bubble size represents size of the market 2018



Source: Euromonitor data
 Top 15 categories of packaged food & soft drinks by market size | All SSA countries | RSV – Retail Sales Value



Portfolio growth & strategy

Focus on the core to achieve full potential



Focus on the core

- Target consumer – middle-income
- Core category – food supported by relevant adjacencies
- Africa strategy approved – builds on what we have & complements strategy in SA



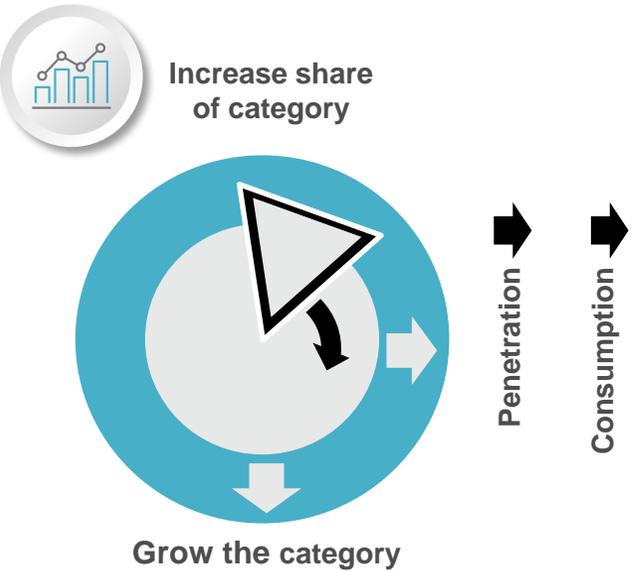
How to win

- Improve management of price, volume & margin, optimise pack sizes & formats, rationalise SKUs
- Enhance 'big idea' innovation
- Expand into new geographic & consumer segment adjacencies
- Raise marketing investment
- Reduce set of master & standalone brands, disproportionately investing behind power brands
- Fuel for growth via cost management



Strategic growth drivers

Grow the category & increase share



Growth drivers		Penetration	Consumption
1	Availability & fair share • Modern trade • General trade	✓	
2	Price	✓	✓
3	Pack size / format	✓	✓
4	Unmet need states & trends	✓	✓
5	Brand trends	✓	✓

Adopt a hybrid model of Master and standalone brands

Master Brands	<ul style="list-style-type: none"> ○ Singular, market-leading brands ○ Easily extended to other categories/segments/adjacencies
Stand-alone brand	<ul style="list-style-type: none"> ○ Serves a specific consumer need

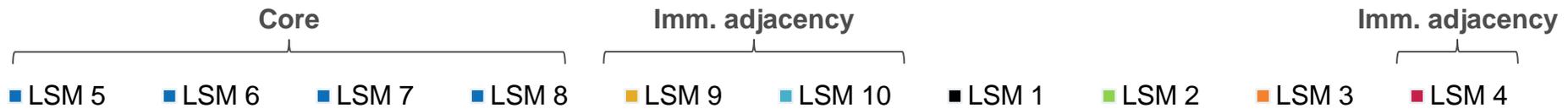
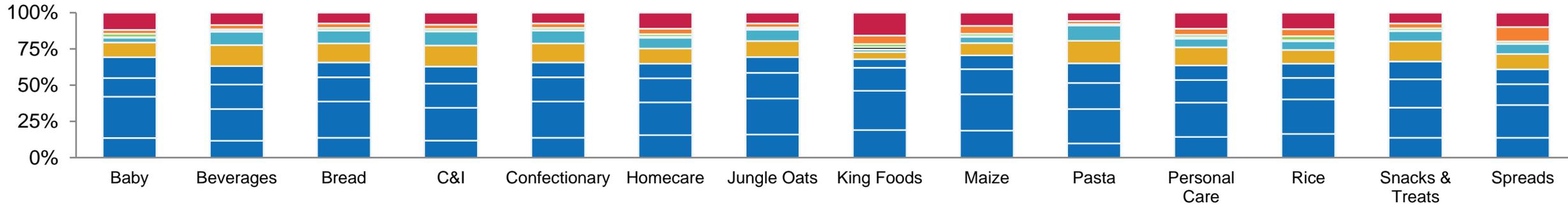
When focused, money spent is more impactful

Source: Global Advisors



Core consumer

Middle-income consumer accounts for 70% of Tiger's sales



Core represents a growing proportion of the South African market

Similar baskets

Greater brand loyalty

Similar shopping destinations

Similar use of media

Source: Company reports, Global Advisors



Consumer strategy

Focus on consumers



Focus on the consumer

- Maintaining the number 1 or 2 position in our categories
- Investing in marketing support and innovation to drive growth
- Continually evaluating new or adjacent category opportunities
- Keeping abreast of key consumer trends
- Continually striving to encourage healthier eating by our consumers
- In prevailing economic conditions, providing greater value for money through a portfolio strategy based on affordability
- Growth in Africa driven by a focused strategy & excellent execution

Consumers in South Africa spend 10% of their annual total spend on Tiger Products

Source: Basket Study Q1 2017



Supply chain transformation



Fuelling growth

- Manufacturing optimisation
- Logistics & customer service
- Reducing supply chain waste



Unlock cash

- Inventory reduction
- Creditor terms



Dynamic supply chain

- Procurement operations centre
- Customer service excellence
- Standardised, simplified processes

1. *Higher gross margins*

2. *Unlock capacity to support growth*

3. *Implement a standardised organisational blueprint*



Environmental sustainability focus areas



Site & facilities

To ensure that existing & future buildings will adhere to the principles of green building standards wherever possible



Water

To be leaders of water stewardship through

1. Self-sufficiency
2. Water quality
3. Promotion of water conservation



Energy, emissions & transportation

To limit dependency on non-renewable energy resources



Waste

To decrease the volume of organic and inorganic waste produced on site

To divert from landfill wherever possible



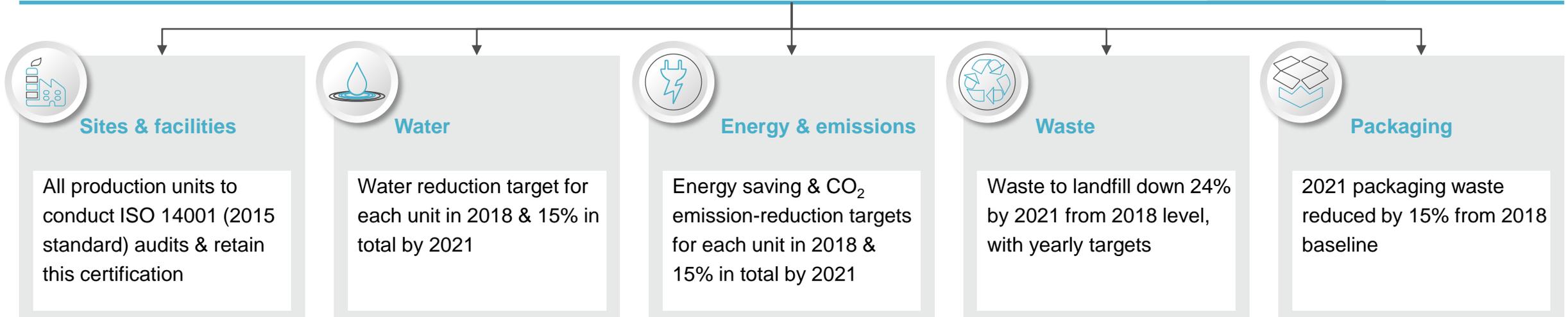
Procurement & products

To prioritise the usage of products which are environmentally & socially responsible



Environmental sustainability performance

Measure	FY18 Intensity / ton	FY17 Intensity / ton
Energy (kWh)	132.61	128.19
Water (kl)	1.67	2.12
Packaging (tons)	0.28	0.31
Waste (tons)	0.02	0.005
Carbon emissions (CO ₂ e)	0.23	0.24
Production outputs (tons)	2 378 278	2 395 809



Note: Waste impacted by VAMP product recall & incineration of products due to Listeria outbreak | Lower production volumes affect intensity measures.



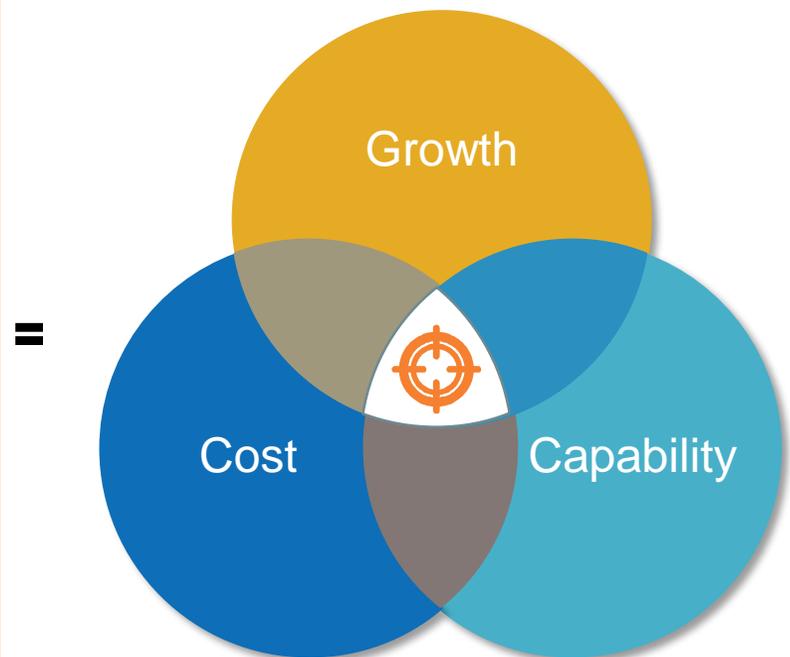
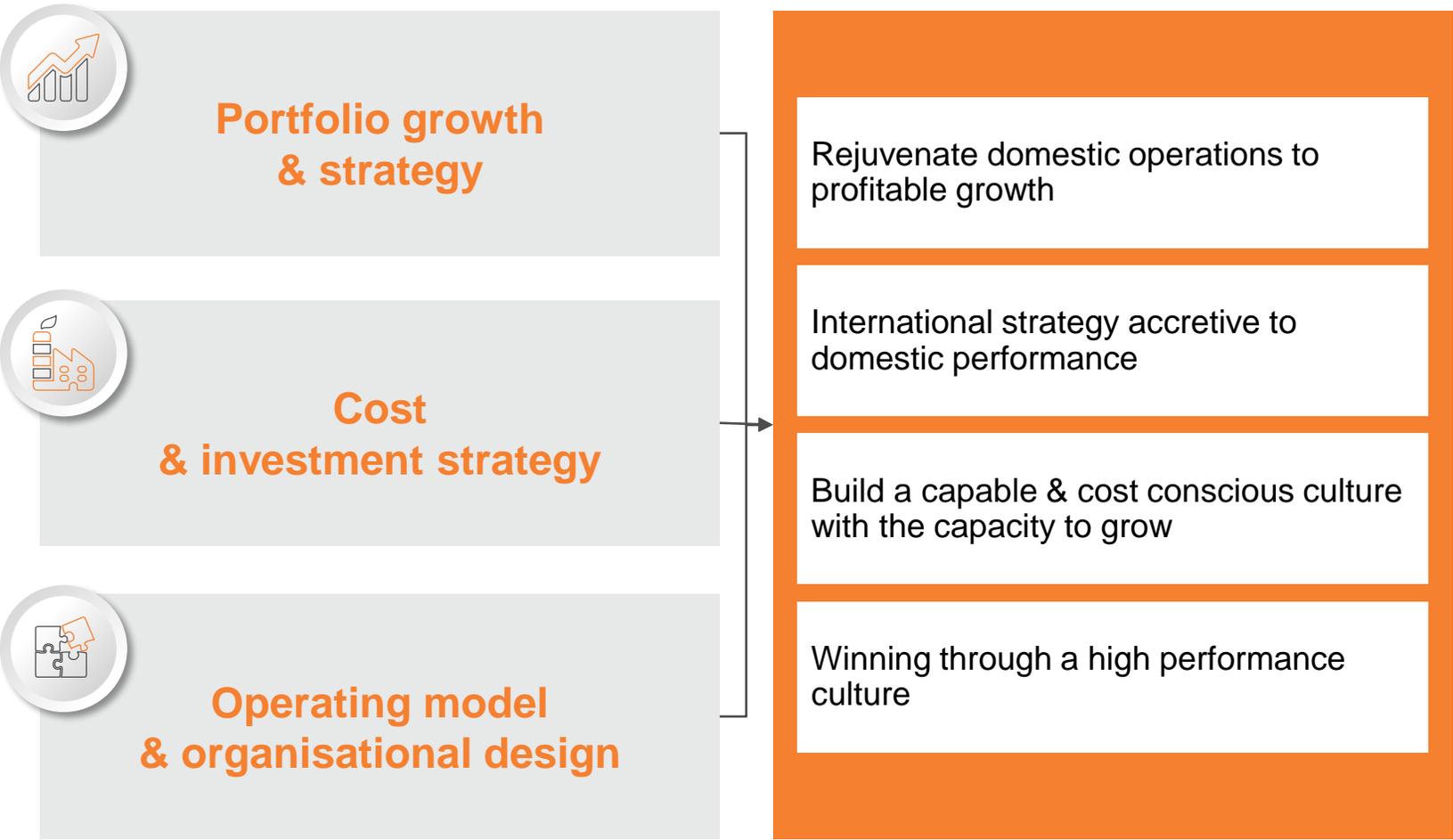
Strategic vision





Main objectives of strategic review

Developing a strategy for sustainable profitable growth





Our strategy is sound and remains relevant

Purpose: We nourish and nurture more lives everyday



Drive growth

- Clear strategies to win in each category, channel & customer



Be efficient

- Efficiency in all we do, cost effective & an advantaged integrated supply chain



Great people

- A great place to work
- Winning culture
- Agile
- Consumer-obsessed



Sustainable future

- Sustainable planet, communities and company

Focused execution



Progress in FY18

Purpose: We nourish and nurture more lives everyday



Drive growth

- Consumer insights, media & strategic pricing capabilities in place; innovation operating model resourced
- Improved availability & optimal pricing strategies in key categories
- Distorted marketing investment to key brands & focused working spend
- Innovation ahead of budget & tracking upward
- Improved customer relationships



Be efficient

- Integrated supply chain implemented
- Total continuous improvement savings of R707 million
- Good progress on shop-floor development
- First wave of shared services (HR + finance) implemented
- IT roadmap & capability in place; IT investment prioritised



Great people

- Safety
 - LTIFR at 0.27 from 0.30
- New operating model implemented
- Savings in line with budget
- New capabilities appointed
- Critical vacancies in management filled
- Group-wide talent review process conducted



Sustainable future

- Launched Centre for Food Safety
 - Partnership with Stellenbosch University
- Enterprise and Supplier Development (ESD) Office operational
- Community investment
 - 77 000 meals per day
 - 558 participants in workplace experience programme
 - 143 retained as employees

Focused execution



Progress on key growth drivers



Growth drivers	Key measure	Progress	
Availability and fair share	<ul style="list-style-type: none"> ○ Market share ○ Availability ○ Weighted distribution 	<ul style="list-style-type: none"> ○ Some wins but overall market shares challenged ○ On shelf availability up 30bps to 97% ○ Weighted distribution improved in flour, maize & bread 	●
Price	<ul style="list-style-type: none"> ○ Price vs. competitors ○ Price point / value and affordability 	<ul style="list-style-type: none"> ○ Capability created & resourced ○ Elasticity insights used to develop price ladders/points in key segments ○ Challenges in “getting the price” due to competition 	●
Pack / Size format	<ul style="list-style-type: none"> ○ Pack format ○ Pack sizes ○ SKU rationalisation 	<ul style="list-style-type: none"> ○ Pack formats & sizes in pipeline ○ New packs in Benny, Jungle, Morvite ○ Oros RTD launched successfully 	●
Unmet need states & trends	<ul style="list-style-type: none"> ○ Robust innovation pipeline ○ Innovation rate (10% of revenue by 2022) 	<ul style="list-style-type: none"> ○ Innovation 5.3% of revenue ○ Structure & capability resourced ○ Medium term pipeline developed 	●
Brand strength	<ul style="list-style-type: none"> ○ MI 4.5% of revenue by 2022 ○ Disproportionate investment ○ Brand equity 	<ul style="list-style-type: none"> ○ MI up to 3% of revenue ○ Brands characterised into Master & Standalone – migration plans underway ○ Brand equity holding ○ Optimised advertising spend 	●



Challenges

Purpose: We nourish and nurture more lives everyday



Drive growth

- Managing volume, margin & market share
- Meaningful innovation
- Growth of private label
- Listeria crisis



Be efficient

- Drive supply chain efficiency & unlock cash



Great people

- Embed operating model
- Enhance speed of execution
- Drive One Tiger culture



Sustainable future

- Employee safety & security
- Climate change
- Adequate pipeline of critical skills
- Increased regulation
- Policy on land expropriation
- BBBEE compliance

Focused execution



Priorities

Purpose: We nourish and nurture more lives everyday



Drive growth

- Availability & fair share
- Optimal pricing strategy
- Optimal pack sizes / format
- Meet consumer needs & trends
- Disproportionate investment in key brands
- Africa strategy approved



Be efficient

- Agile & dynamic supply chain
- Continuous improvement savings
- Significant IT investment
- Further improve group quality, safety & security standards
- Prudent & diligent approach to capex approvals



Great people

- Talent: embed standardized framework with targeted strategies
- Leadership: develop executive succession plan
- Great place to work: transformation, review rewards strategy



Sustainable future

- BBBEE: level 4 by FY22
- Enterprise supplier development: increase procurement opportunities
- Socio-economic development: align with national priorities
- Sustainability: ethical sourcing & human rights policies approved; meet improvement targets for energy, water, waste, packaging

Focused execution



Measure of success

Key performance indicators	2022 target disclosed	FY18	FY17	FY16	Progress
Net sales (R billion)	Category growth +1-2%	28.5	31.3	30.6	
Gross margin (%)	+150-180bps	32.5	33.4	31.8	
Marketing investment (% of net sales)	+100-160bps	3.0	2.5	2.5	
Operating margin (before IFRS 2 changes) (%)	+100-160bps	11.7	14.8	13.7	
Return on average net assets (%)	>35%	26.6	35.3	30.4	

Partially met

Not met



Africa strategy

Building on what we have

Purpose: We nourish and nurture more lives everyday



Drive growth

- Categories & brands
- Drive sustainable volume growth
- Invest in key brands
- Innovate to meet consumer needs



Be efficient

- Best partners in-country
- Agreed standards, processes & measures
- Optimise value chain
- Local manufacture or packaging



Great people

- Africa national graduate programme
- Sharpen & refocus customer capability
- Africa-based trade marketing team
- Consumer conscious



Focused execution



Strategic decisions in line with guidance



Oceana to be unbundled

- Tied to strategy
 - Review of associates
 - Fit with Tiger Brands core
- Approximate implementation date of April 2019
- Details of unbundling to be published shortly before implementation



Our 2019 business priorities

Drive GROWTH

Clear strategies to win in each category, channel and customer

BE Efficient

Efficiency in all we do, cost effective and an Advantaged Integrated Supply Chain

Great PEOPLE

A great place to work with distinctive capabilities and a winning mindset

Sustainable FUTURE

Sustainable planet, community and company

We nourish and nurture more lives everyday

TIGER BRANDS

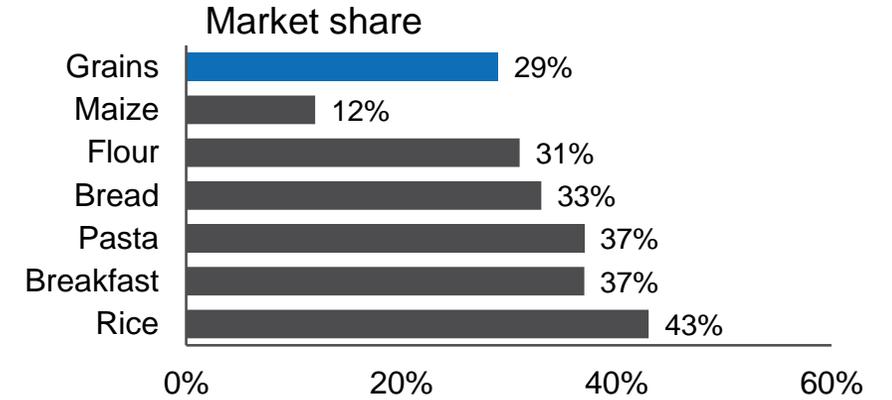
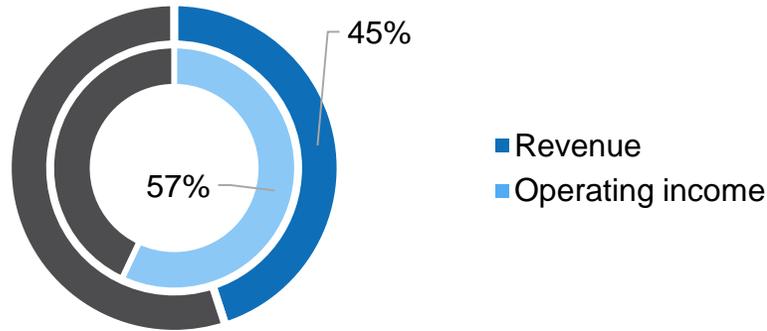


Segmental overview

Grains



Revenue R12.8bn* | Operating income R1.9bn*



Milling & Baking	Other grains
Bread	Pasta
Milling	Breakfast
Flour	Rice
Maize	
Sorghum**	

1 brands

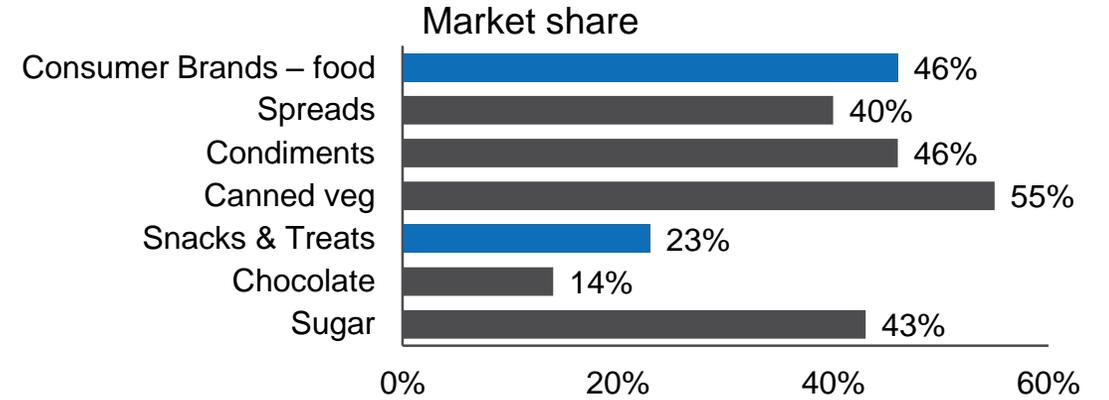
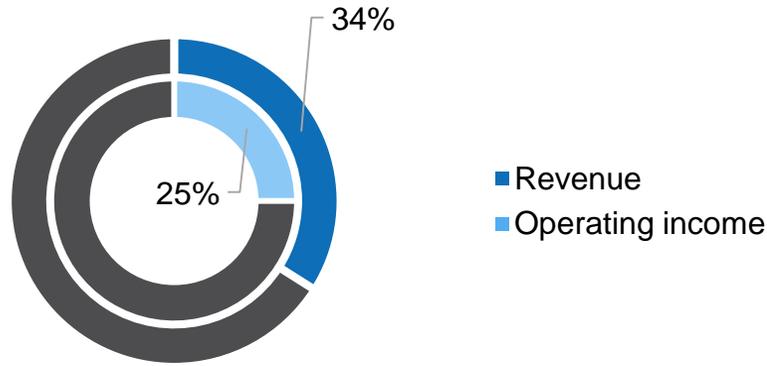
2 brand

* From continuing operations ** Includes breakfast & beverages | Market share: Nielsen volume share 12 month moving as at September 2018



Consumer brands – food

Revenue R9.7bn* | Operating income R828m*



Groceries	Snacks & treats	Beverages	Value Added Meat Products (VAMP)
Ingredients	Sugar	Concentrates	Ready-to-cook
Condiments	Chocolate	Sports drinks	Ready-to-eat
Spreads		Ready-to-drink	Canned
			Processed meat

1 brands

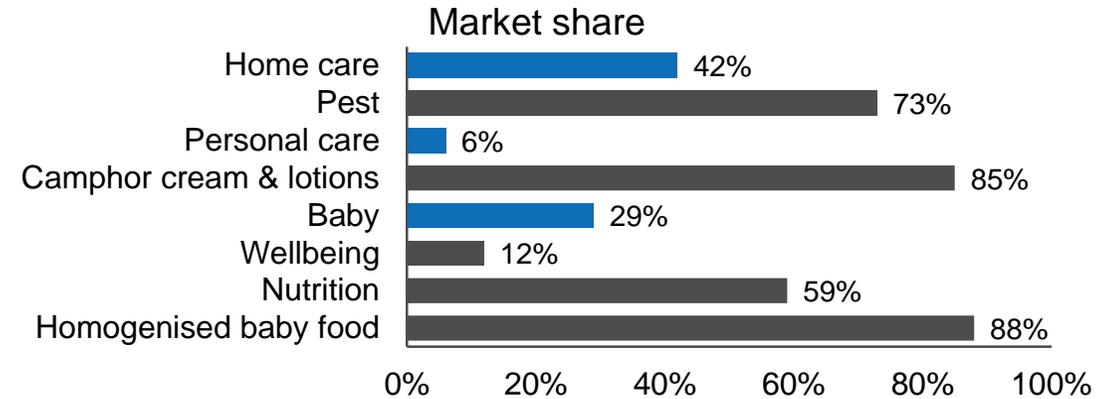
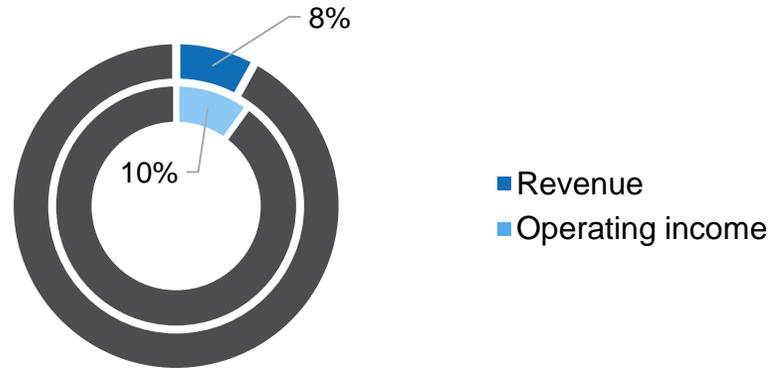
2 brand

* From continuing operations | Market share: Nielsen volume share 12 month moving as at September 2018



Home, Personal Care & Baby (HPCB)

Revenue R2.2bn* | Operating income R341m*



Home care	Personal care	Baby
Sanitary cleaners Insecticides	Camphor cream & lotions Hair care	Nutrition Baby wellbeing

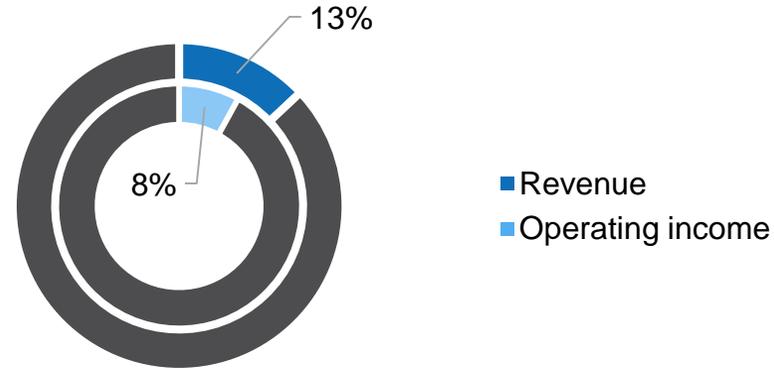
1 brands

* From continuing operations | Market share: Nielsen volume share 12 month moving as at September 2018



Exports & International

Revenue R3.8bn* | Operating income R270m*



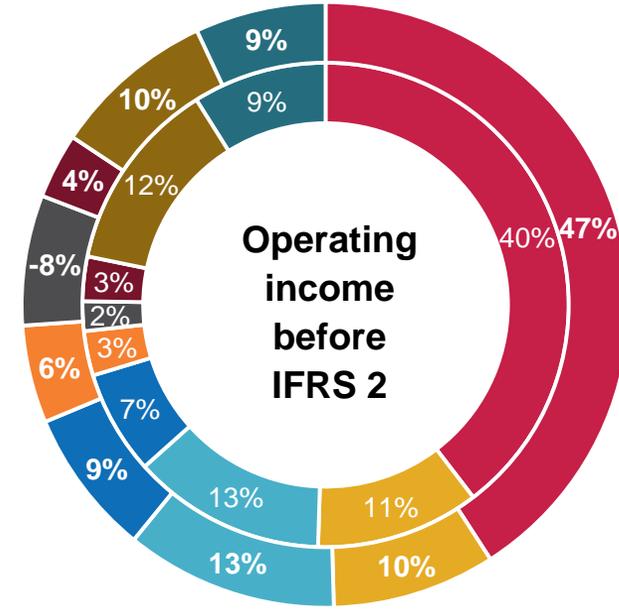
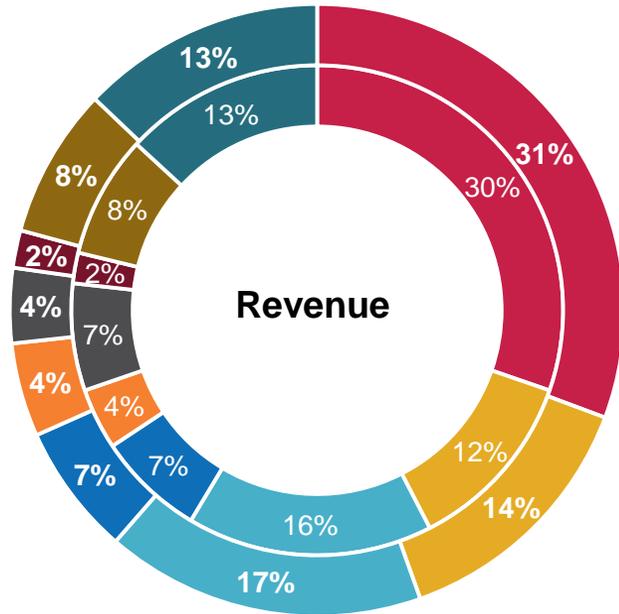
Exports	International
Davita	Chococam
Jolly Jus	Deli
Benny	
Other Tiger Brands products	

* From continuing operations



Contribution to revenue & operating income

2018 - outside
2017 - inside



- Milling and Baking
- Snacks & Treats
- Out of Home

- Other Grains
- Beverages
- Home, Personal Care and Baby (HPCB)

- Groceries
- Value Added Meat Products
- Exports and International

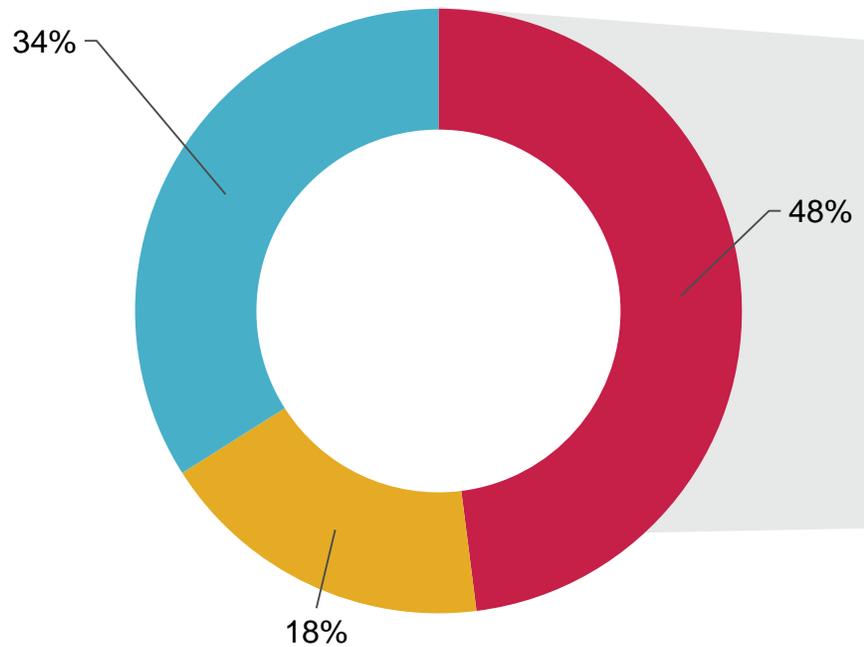


Appendices



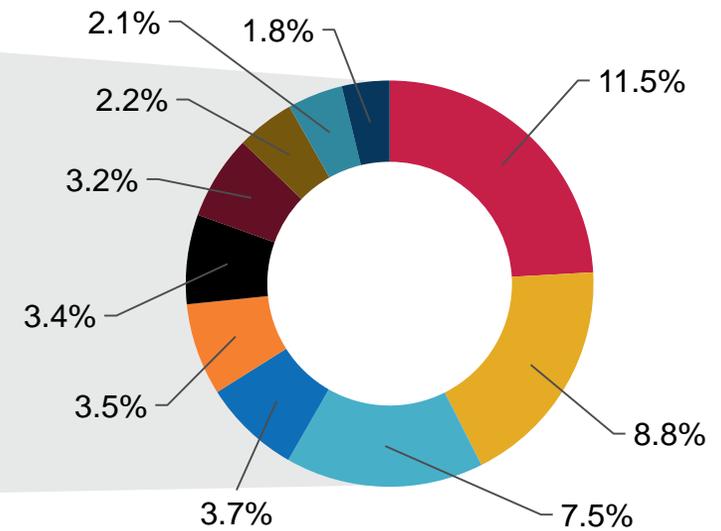
Top 10 shareholders as at December 2018

Issued share capital 189 818 926

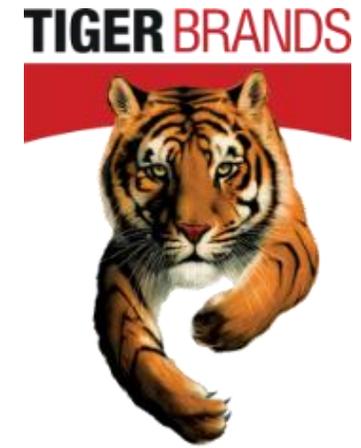


■ Top 10 ■ 15 - 25 ■ Other

Top 10 institutional investors



■ PIC ■ Colonial First State ■ Janus Henderson Investors
 ■ BlackRock ■ Coronation ■ Sprucegrove
 ■ The Vanguard Group ■ Somerset Capital ■ Sanlam
 ■ State Street Global



Tiger Brands

Nikki Catrakilis-Wagner
Group Investor Relations Director
investorrelations@tigerbrands.com
T: +27 11 840 4841