

TIGER BRANDS



Group Results Presentation

for the six months ended 31 March 2016



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TIGER BRANDS



Overview



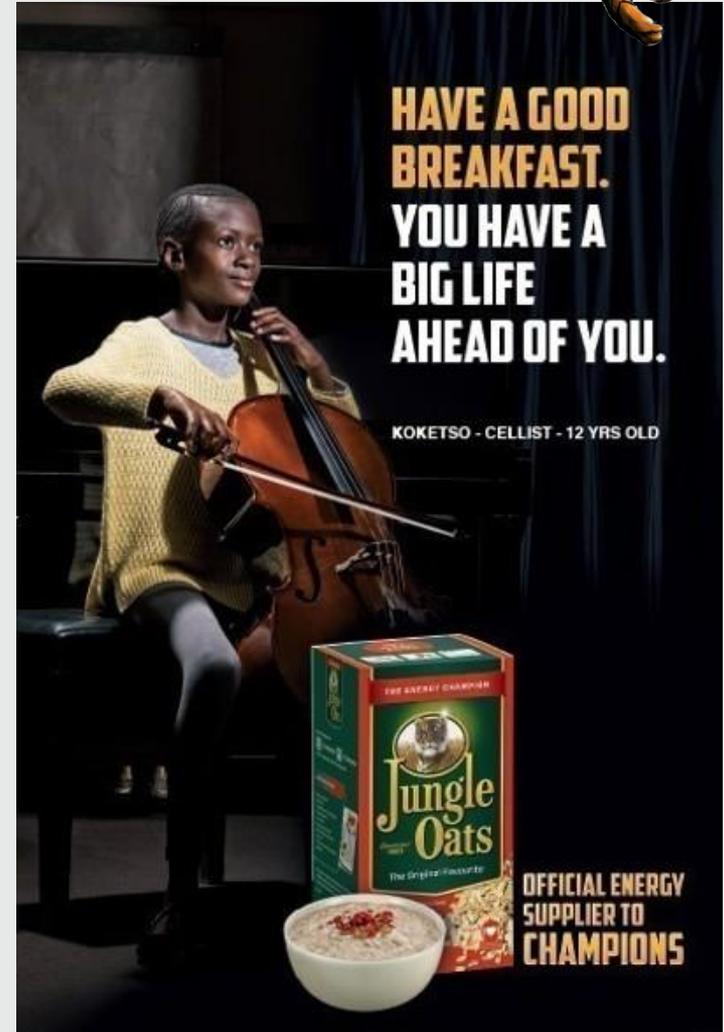
Financial performance



Operational performance



Outlook





Overview

Noel Doyle
Chief Operating Officer

TIGER BRANDS





Disclaimer



Forward-looking statement

This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 24 May 2016. 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.



Defensive portfolio delivers growth



Resilient domestic performance in highly inflationary environment

- Strong turnover growth with positive volume leverage
- Operating margins impacted by foreign exchange and soft commodity headwinds
- Increased marketing investment to support brands
- Continued focus on operational disciplines

Mixed performance of Exports and International

- Haco turnaround and strong deciduous fruit (LAF) performance
- TBCG sale

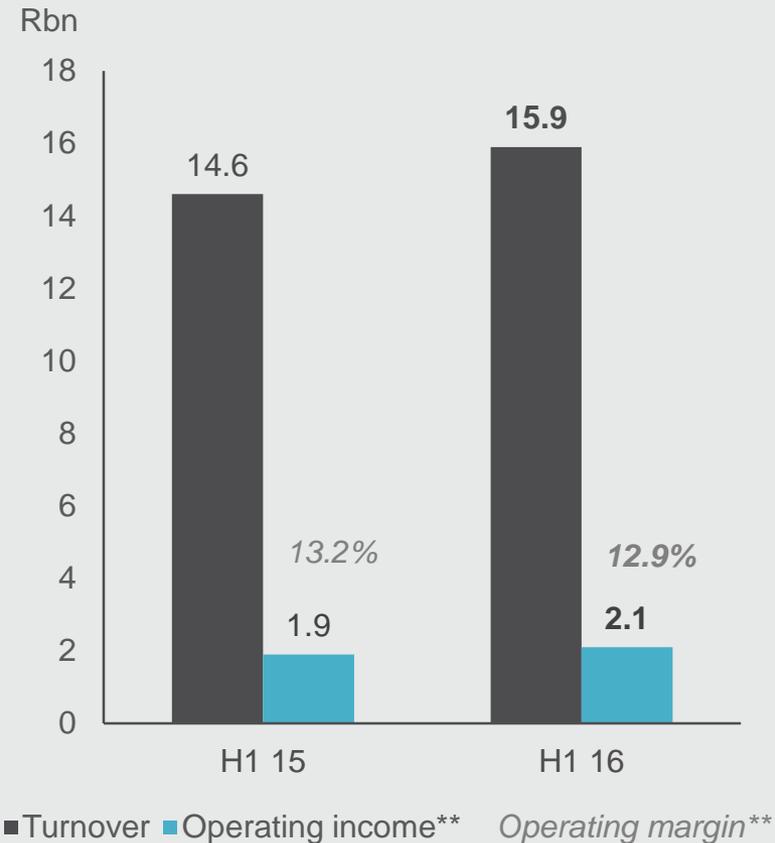


Strong underlying performance*



Overall volume growth of 1%

- Turnover growth of 9%
- Operating income up 7% despite significant inflationary pressures
- Marketing investment ahead of turnover growth
 - up 23% to R502m
- Group operating margins at 12.9%
- On track with cost savings initiatives



* From continuing operations ** Before abnormal items and IFRS 2 charges



Dividend growth in line with EPS

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EPS*

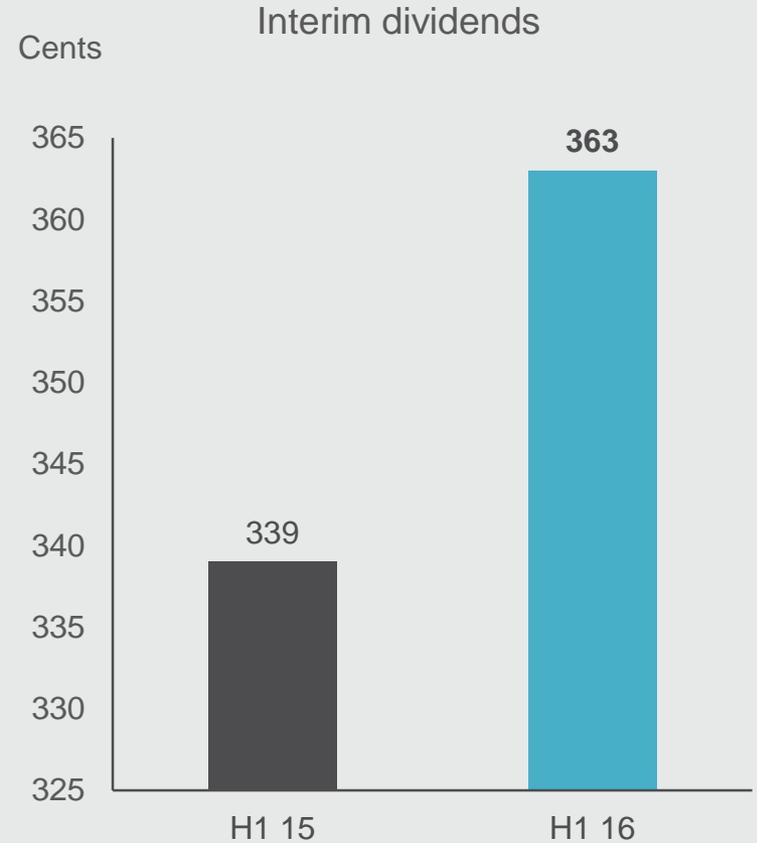
7%
to 1 021 cents

HEPS*

flat
at 978 cents

Interim dividend

7%
to 363 cents



* From continuing operations



Financial performance

Funke Ighodaro
Chief Financial Officer

TIGER BRANDS





Group financial highlights*

Strong underlying performance

Volumes ▲ 1%		
Turnover ▲ 9% to R15.9bn	Operating income** ▲ 7% to R2.1bn	Marketing investment ▲ 23% to R502m
Total gross margin ▼ -0.7% to 32.2%	Total operating margin** ▼ -0.3% to 12.9%	Effective tax rate*** ▼ +4.7% to 30.6%
Share of income from associates ▲ 56% to R371m		
Headline earnings per share 978 cents (flat on prior year)		

* From continuing operations ** Before abnormal items and IFRS 2 charges *** Before abnormal items and associate income



Solid growth despite inflationary pressures in Grains

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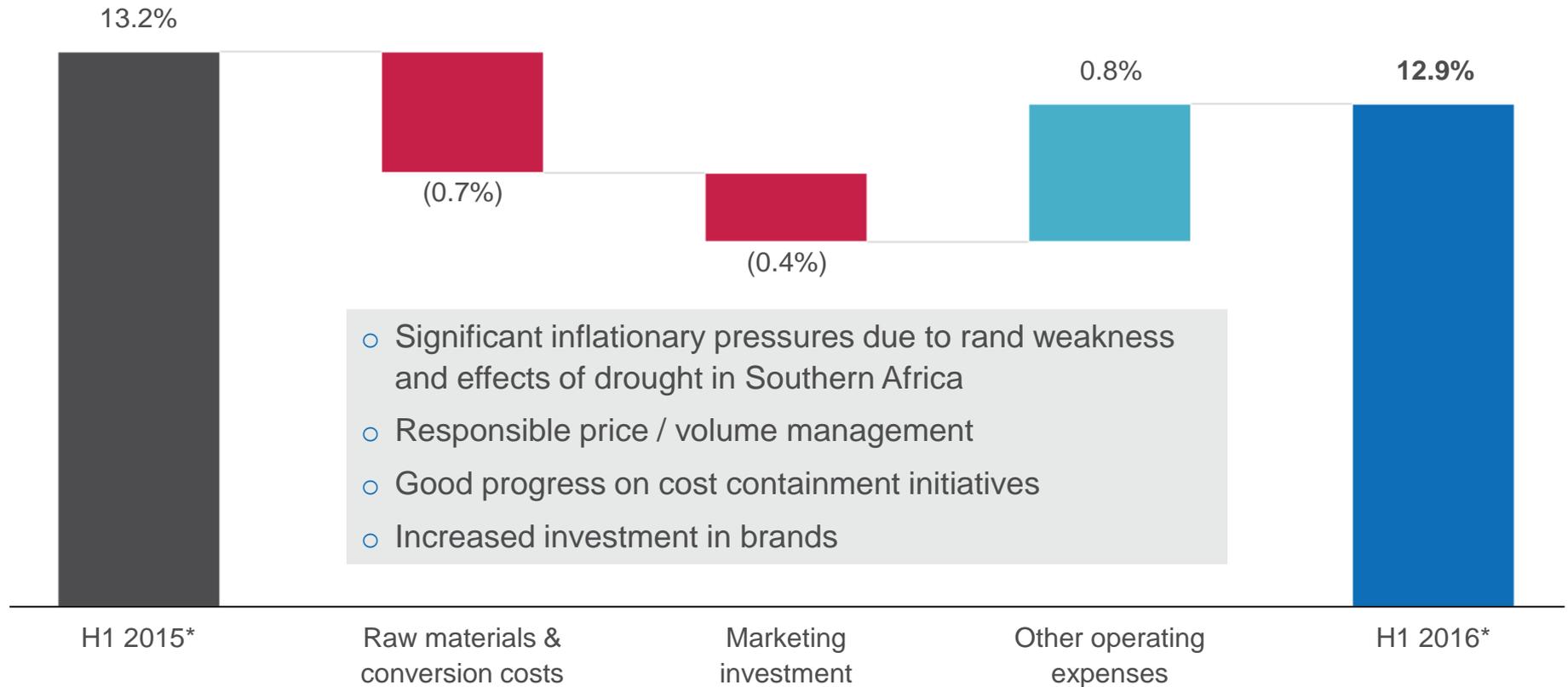
	Grains	Consumer Brands Food	HPCB	Exports & International	Group*
Volume growth	flat	▲ 5%	▲ 5%	▼ 8%	▲ 1%
Turnover growth	R6.2bn ▲ 10%	R5.8bn ▲ 8%	R1.3bn ▲ 13%	R2.6bn ▲ 8%	R15.9bn ▲ 9%
Operating income**	R0.9bn ▼ 1%	R0.6bn ▲ 4%	R0.3bn ▲ 18%	R0.3bn ▲ 34%	R2.1bn ▲ 7%
Operating margin**	14.3%	10.5%	20.7%	11.1%	12.9%

* From continuing operations ** Before abnormal items and IFRS 2 charges



Margin compression reflects investment in growth

Operating margin*



* From continuing operations, before abnormal items and IFRS 2 charges



Income from associates

Associates deliver strong growth

Total income from associates (Rm)

238

299*

267*

Y-Y growth (%)

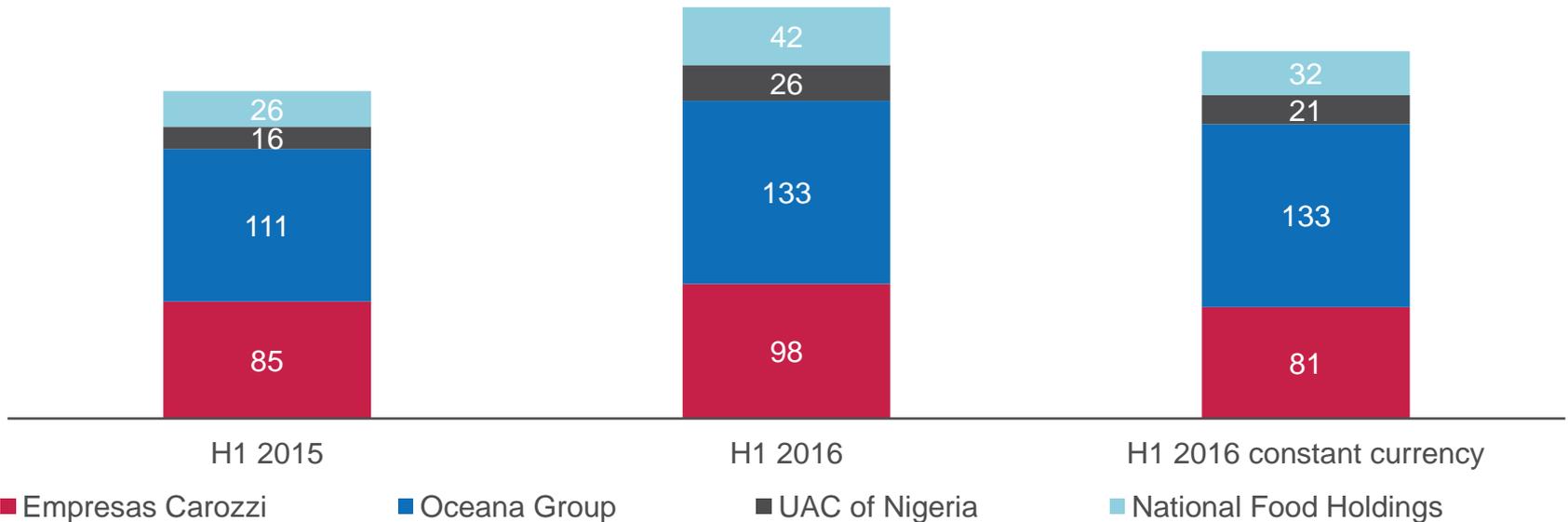
(11%)

26%

Contribution (%)**

16%

19%



* Excludes capital profits of R72m in Carozzi ** As a % of net profit after tax from continuing operations



Cash flow statement

Disciplined working capital management and debt reduction post TBCG exit

Rm	31 Mar 2016	30 Sept 2015	31 Mar 2015
Cash operating profit	2 344	4 396	2 164
Working capital	(483)	(811)	(744)
Finance costs net of dividends received	16	(71)	(39)
Taxation paid	(601)	(1 159)	(606)
Cash available from operations	1 276	2 355	775
Dividends paid	(1 025)	(1 643)	(1 047)
Capital expenditure	(257)	(882)	(363)
Disposal of TBCG debt	1 142	-	-
Oceana rights issue	-	(525)	-
Other including effects of exchange rate	(44)	396	152
Cash flow for the period	1 092	(299)	(483)
Opening balance – net debt	(3 788)	(3 489)	(3 489)
Closing balance – net debt	(2 696)	(3 788)	(3 972)



Key statistics

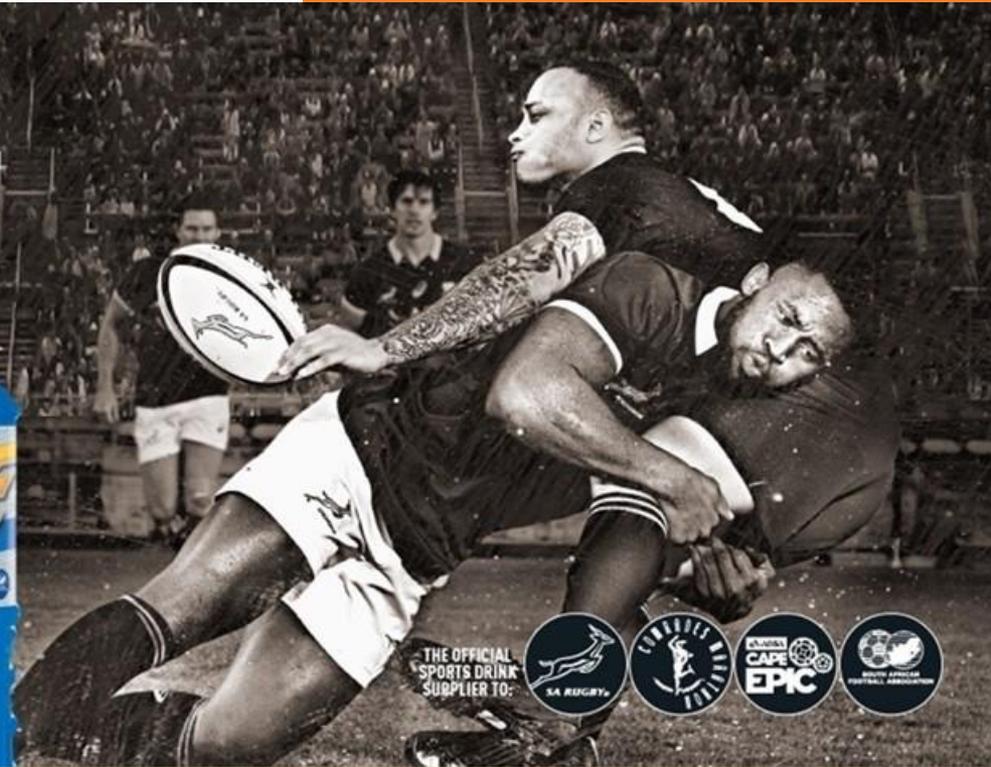


Improved balance sheet position

	31 Mar 2016	30 Sept 2015	31 Mar 2015
Net (debt) / cash (Rm)	(2 696)	(3 788)	(3 972)
Net debt / equity (%)	18	28	28
RONA	30	26	24
<u>Financial ratios restated for impact of TBCG exit</u>			
Net interest cover (times)	14	17	18
Operating margin* after IFRS 2 charges (%)	12.6	14.0	12.9
Effective tax rate (%)**	30.6	25.6	25.9
Working capital per R1 of turnover	23	23	23
Net working capital days	100	102	103
Stock days	90	90	86
Debtor days	41	39	43
Creditor days	32	27	25

* Before abnormal items ** Before abnormal items and associate income

IT'S WHAT YOU PUT IN.



THE OFFICIAL
SPORTS DRINK
SUPPLIER TO:



Operating performance

Noel Doyle

Chief Operating Officer

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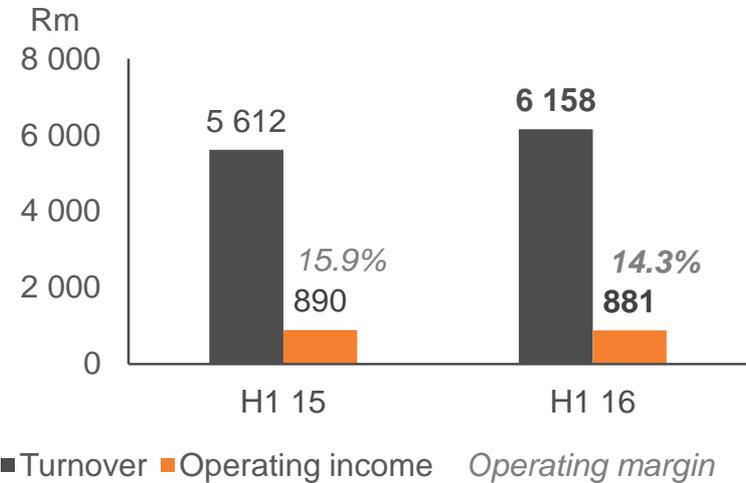




Grains

Overall volumes maintained despite unprecedented inflation

- Responsible price / volume management
- Volumes unchanged despite decline in Maize & Sorghum
- Earnings maintained in Millbake wheat value chain
- Strong growth from other Grains
 - Revenue up 11%
 - Operating income up 11%
- Marketing investment up 36% to drive visibility & brand awareness

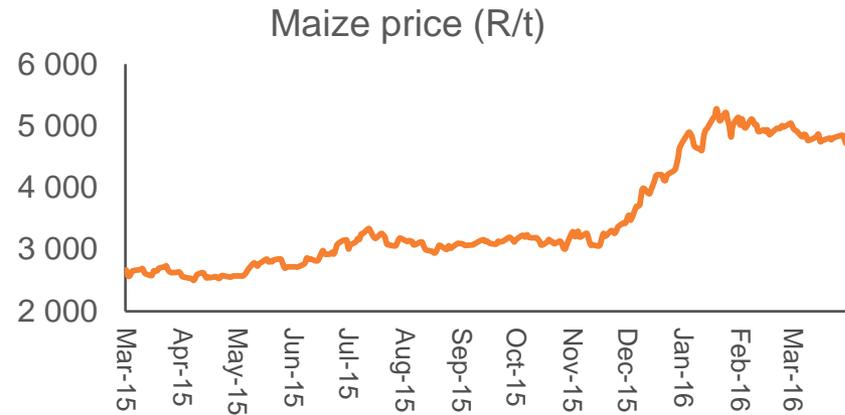
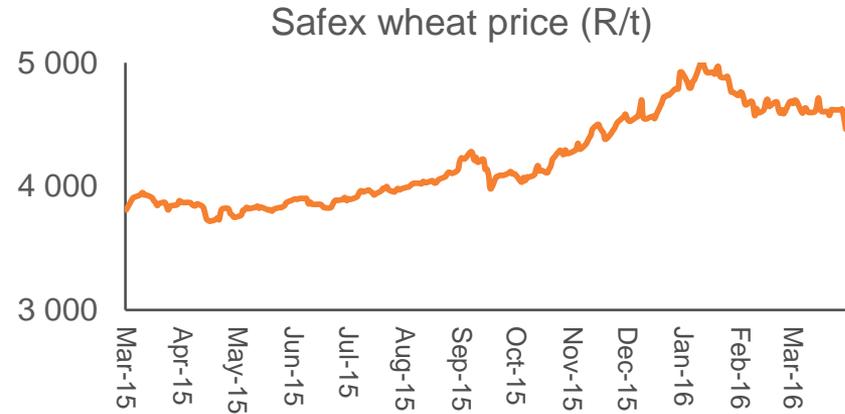




Grains

Soft commodity prices impacted by weak rand and effects of drought

	Mar 2016	Mar 2015	% Change
US wheat price (USD)	207	250	(17%)
Exchange rate (R/USD)	15.45	12.07	28%
US wheat price (ZAR)	3 198	3 018	6%
Duty	1 224	461	166%
Safex	4 620	3 876	19%



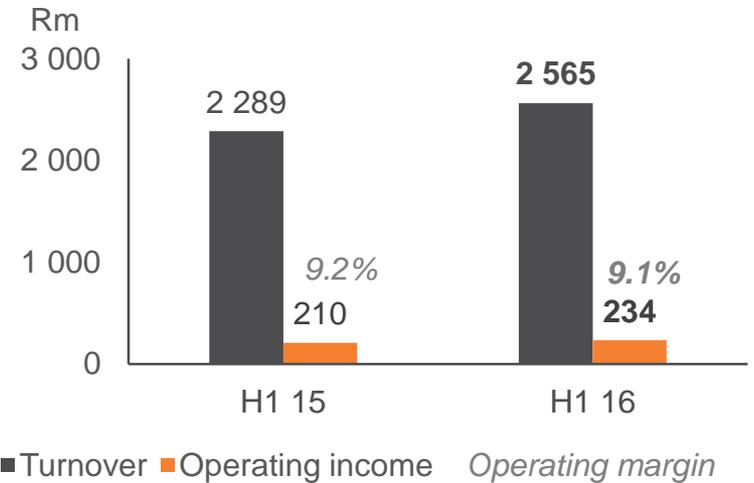


Groceries



Consolidates recovery

- Turnover up 12%
 - Driven by solid volume growth
 - Prudent pricing in a competitive environment
- Operating income up 12%
- Marketing investment up 12%
- Further price increases in H2 likely to negatively impact volumes





Snacks, Treats & Beverages

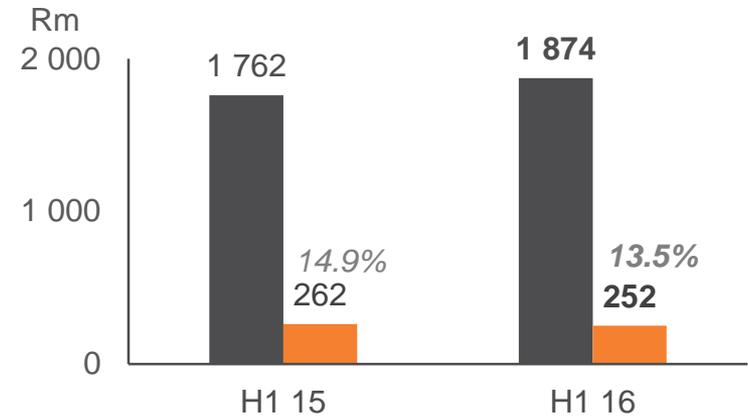


Beverages deliver strong growth

- Revenue up 17%
 - Strong volume growth
 - Oros
 - Energade
 - Ready-to-drink Rose's led by new innovation iced tea
 - Underpinned by brand strength

Revenue in Snacks & Treats unchanged

- Category under pressure
- Supply issues in Gums & Jellies impact service levels
- Sugar category impacted by increased competition



■ Turnover ■ Operating income Operating margin



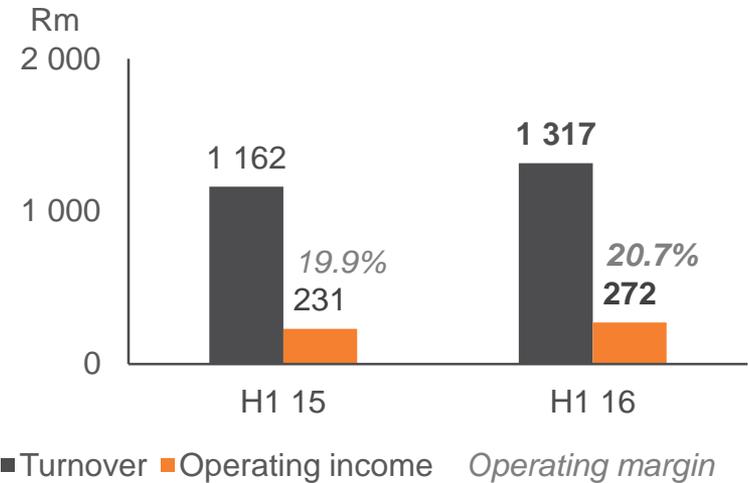


Home, Personal & Baby Care (HPCB)



Home Care and Baby deliver strong growth in operating income

- Strong performance underpinned by Home Care*
 - Revenue up 27% largely driven by Pest
- Baby delivers satisfactory performance driven by strong in-store presence
 - Increased share of fast growing pouch segment
- Personal Care impacted by increased competitor activity
 - Largely price led



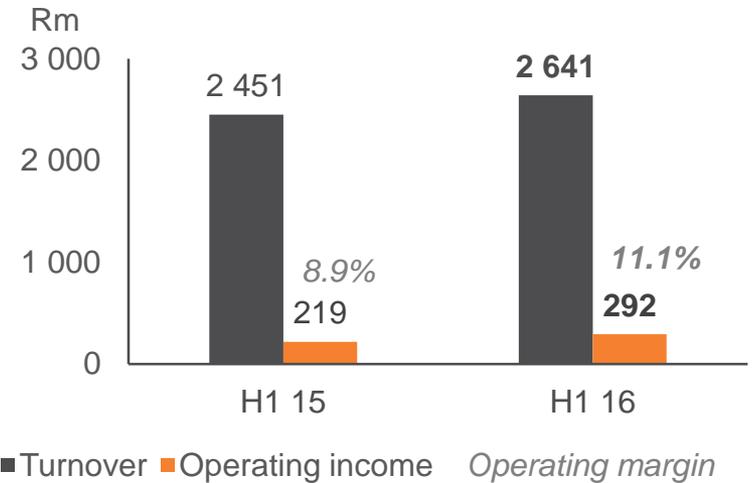
* Excluding Stationery



Exports and International

Strong revenue and operating income growth

- Mixed underlying performance
- Chococam sustains strong performance
 - Revenue up 26%
 - Operating income up 33% driven by innovation & increased market penetration
- East Africa operations recover
- Deli Foods impacted by inability to recover cost push following effective Naira devaluation
- LAF strong performance driven by weak rand & product mix
- Exports impacted by local currency devaluation & forex availability in key markets
 - Delayed sales into Mozambique following appointment of new distributor in Nov 2015





Outlook

Noel Doyle

Chief Operating Officer

TIGER BRANDS





Outlook

Operating environment remains challenging

- Full impact of rand depreciation in second half will result in further inflationary pressures

- Negative impact on volumes and margins

- Disciplined price / volume management

- Focus on costs

MATINAL
Milk Au Lait
Chocolate Drink - Boisson Chocolatée

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MES DÉFIS
AU QUOTIDIEN**

L'énergie au quotidien

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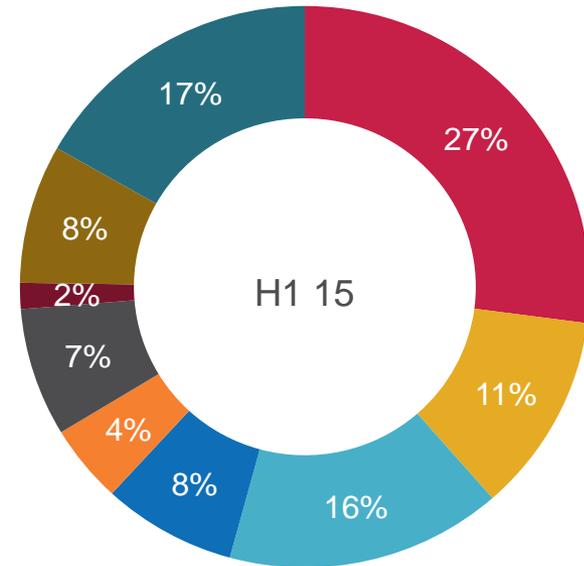
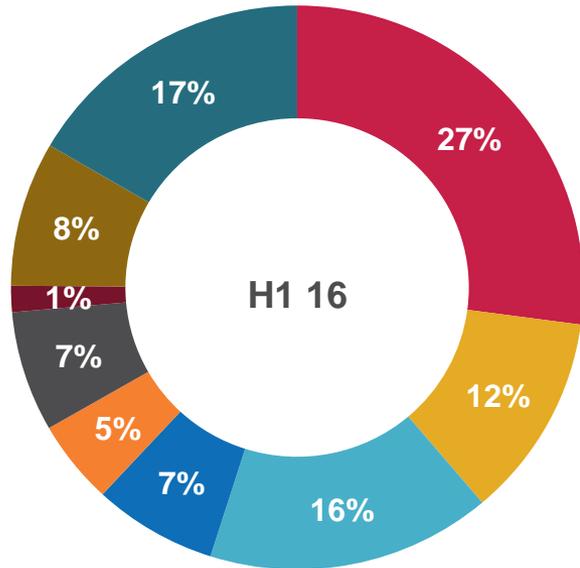
Appendices

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Contribution to turnover*



- Milling and baking
- Snacks and treats
- Out of home

- Other grains
- Beverages
- HPCB

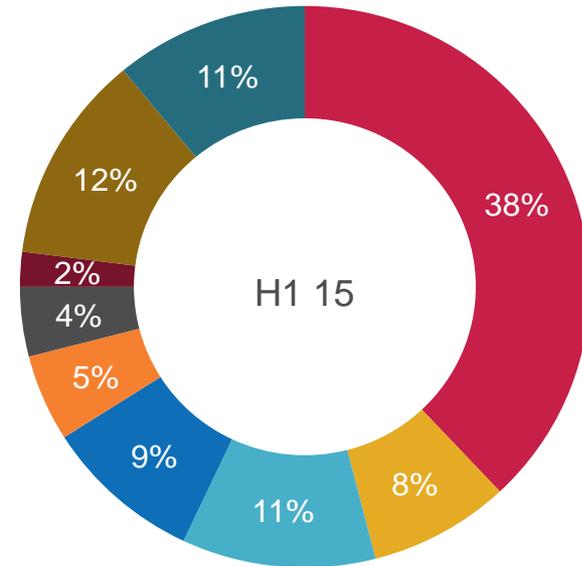
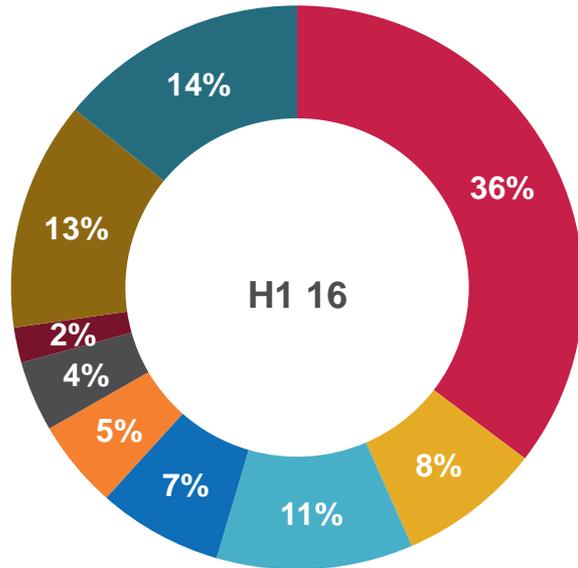
- Groceries
- Value added meat products
- Exports and international

* From continuing operations



Contribution to operating income*

Before IFRS 2 charges



- Milling and baking
- Snacks and treats
- Out of home

- Other grains
- Beverages
- HPCB

- Groceries
- Value added meat products
- Exports and international

* From continuing operations, before abnormal items



Income from associates



Carozzi includes R72m of capital profits

Rm	H1 2016	H1 2015	% Change
Carozzi	170	85	100%
Oceana	133	111	20%
UAC Foods	26	16	63%
National Food Holdings	42	26	62%
Total	371	238	56%



Investor Relations

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