



TIGER BRANDS YEAR-END RESULTS PRESENTATION

19 November 2021

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100
YEARS
SINCE 1921

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Forward-looking statement

This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 19 November 2021. 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.

AUDITED GROUP RESULTS

for the year ended 30 September 2021



We nourish and nurture more lives every day

Executive summary

Noel Doyle | CEO



Current trading environment requires a consumer-focused approach, optimal supply chain and relentless cost containment



CHALLENGING MACRO ENVIRONMENT

- Demand impacted by further Covid-19 waves and subsequent lockdowns
- Renewal of SRD grant amongst low-income households did little to improve consumer confidence
- Post Covid-19 global supply chain squeeze

Well-known headwinds required management focus



SPECIFIC HEADWINDS

- Product recall
- Civil unrest in July
- Rest of Africa underperformance relative to our expectations
 - Compounded by factory under-recoveries due to strike action

Despite challenges, steady progress achieved against strategic priorities aimed at improving performance & capitalising on growth



MEET THE NEEDS OF THE CONSUMER

- Value orientated innovations landed in Q4
- Brand Health mostly maintained or improved on Billion Rand Brands
- Consumer complaints down 25%
- Collaboration of price/volume improvement = overall basket volume share growth with marginal gross margin expansion



IGNITE OUR PEOPLE

- Employee engagement score of 70 vs. global benchmark of 74
- Rest of Africa resourcing ramped up & critical gaps closed
- Expanded Covid-19 measures including voluntary workplace vaccination clinics



BUILD A GROWTH PIPELINE

- Revenue growth management implemented successfully in Groceries, Snacks & Treats, Beverages
- Positive momentum in General Trade
- UAC disposal opens Nigeria to rest of portfolio
- Venture Capital Fund progressing well
- Focus on key trends



OPTIMISE OUR SUPPLY CHAIN

- OEE's up 7%
- BBBEE Level 3
- Implementation of MECP in all plants
- LTIFR improves by 10%
- Identified cost savings & efficiencies in logistics flowing into FY22



BE OBSESSED ABOUT COST SAVINGS AND EFFICIENCIES

- Cost savings of R498m achieved
- Significant improvement MUV's across our portfolio = R77 million

Our Billion Rand Brands continue to rank highly on all metrics; making them relevant and resilient

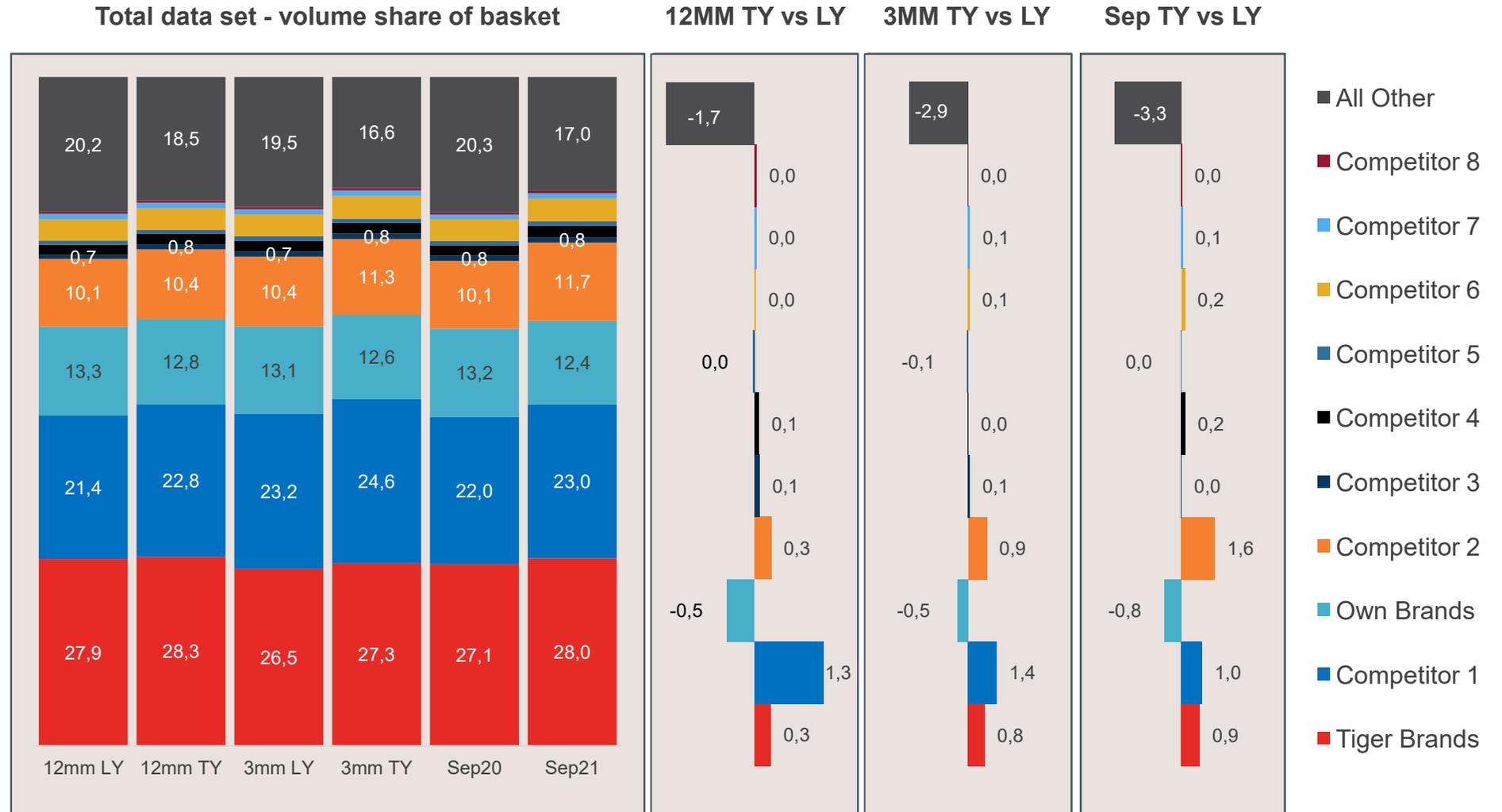
BRAND	EQUITY RANK	VOLUME SHARE	VOLUME RANK	VALUE SHARE	VALUE RANK
	#1	25,7%	#2	29,7%	#1
	#1	32,3%	#1	33,3%	#1
	#3	24,1%	#2	24,1%	#2
	#2	11,2%	#2	11,9%	#2
	#2	38,1%	#1	44,0%	#1
	#1	61,7%	#1	65,9%	#1
	#1	53,9%	#1	60,8%	#1
	#1	37,4%	#2	38,7%	#2
	#3	14,8%	#3	10,5%	#3
	#1	25,3%	#1	42,4%	#1
	#1	87,5%	#1	87,6%	#1

Source: Kantar BHT Brand Power Scores H2 2021; IRI Share Data FY Sept 2021.

Category definitions: Koo = beans; Purity = homogenised, Golden Cloud = Flour, Benny = Stock and Jungle Oats = Hot Cereals (BH = All cereals)

Volume share gains in the long-term supported by optimal pricing and more effective promotional activity achieved without margin sacrifice in aggregate

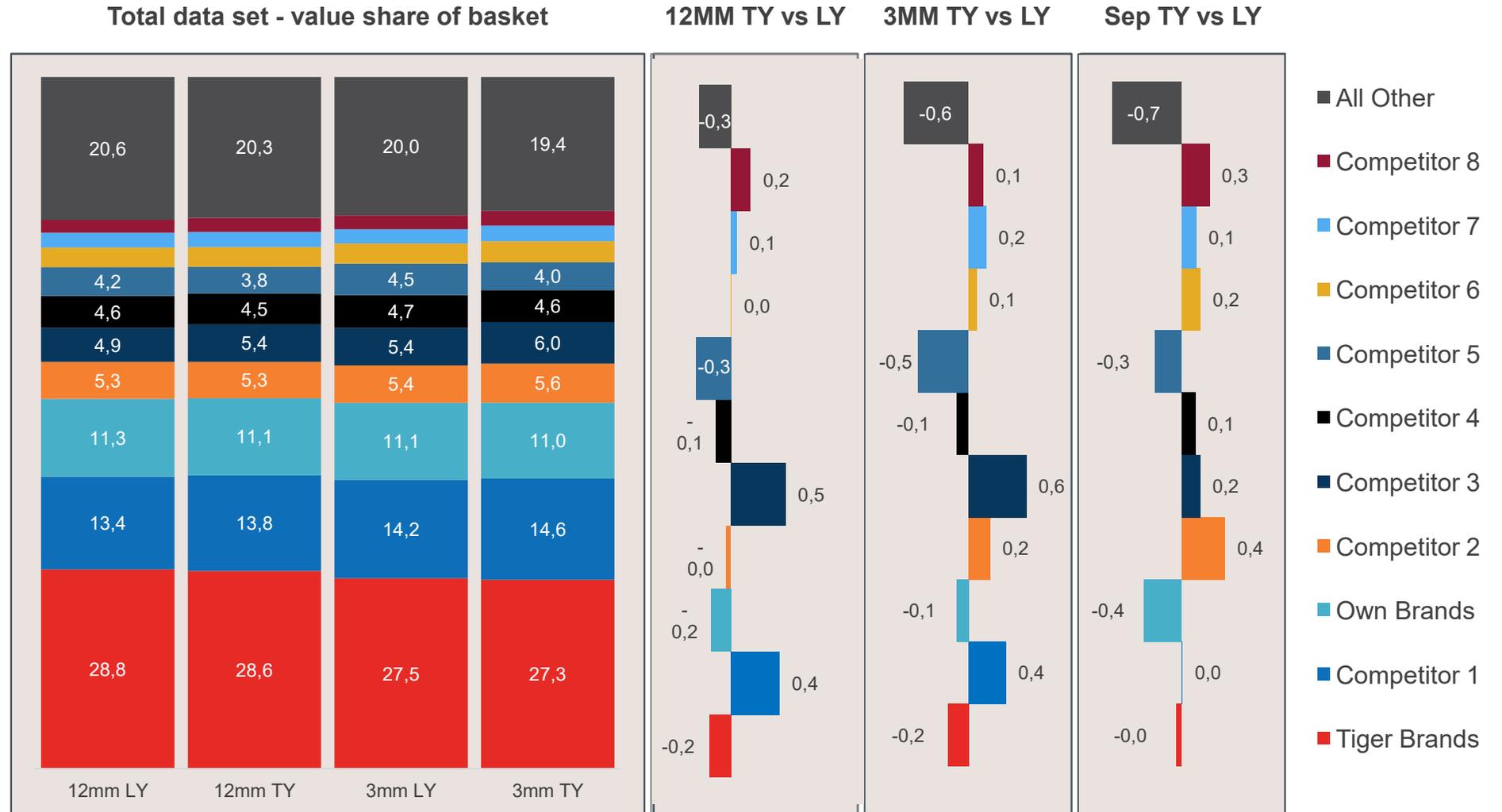
- Own Brands' volume share losses are driven mainly through their Flour and Bread portfolio
- Tiger has gained volume share of Bread, and Rice



Source: IRI

Value share loss despite volume share gains represents attempts to price more effectively for market conditions while efficiency gains make it possible

- Own Brands lose in the long term
- Competitor deflation continues in Rice and Flour
- Snacks & Treats impacted by aggressive promotional activity in Chocolate slabs



Source: IRI

Accelerating strategic execution while some initiatives are of a long-term nature



Priority	Progress					
1. Meet the needs of the consumer	<ul style="list-style-type: none"> ● Enable digital and direct marketing eco-system ● Health & Nutrition is used as a narrative and growth pillar ● Look for commercially viable opportunities to manufacture DOB products, to our benefit 					
2. Optimise our supply chain	<ul style="list-style-type: none"> ● Improved health, safety, risk, environment and security of our staff and assets ● Inculcating a world class quality approach ● Operational excellence through MECP ● Providing customer service and logistics excellence through a world class logistics network ● Creating an execution mindset and a great place to work 					
3. Be obsessed about cost savings and efficiencies	<ul style="list-style-type: none"> ● Drive a culture of cost savings across our organisation and deliver budgeted cost savings targets ● SKU rationalisation is used as a key lever to reduce complexity and improve efficiencies within our business units ● Value solutions as a growth and efficiency pillar 					
4. Build a growth pipeline	<ul style="list-style-type: none"> ● Customer – good delivery on most KPI's with hard discounters the challenge ● Marketing & Innovation – landed innovation on track but improvement required in prioritization & commercialization ● Rest of Africa – trading and operational risks remain across the portfolio 					
5. Ignite our people	<ul style="list-style-type: none"> ● Enable a work environment that liberates people to focus on the consumer, the future and our purpose ● Lead to inspire consumer obsession, innovation, execution excellence and an environment where, failing fast and forward is embraced ● Create an agile, risk-embracing growth mindset 					

AUDITED GROUP RESULTS

for the year ended 30 September 2021



We nourish and nurture more lives every day

Financial and operational review

Deepa Sita | CFO



Despite slower revenue growth in H2; momentum maintained in cost saving initiatives and efficiencies



HIGHLIGHTS

- Despite significant cost push, solid naked margin management in H2 across most categories
 - Procurement & MUV savings
- OEE & effective cost control of R498m enhanced operating margin
- Strong Cash Generation
 - Good working capital trends



HEADWINDS

- Limited volume growth
- Supply chain challenges
- Category headwinds
 - Bakeries
 - Exports (particularly LAF)

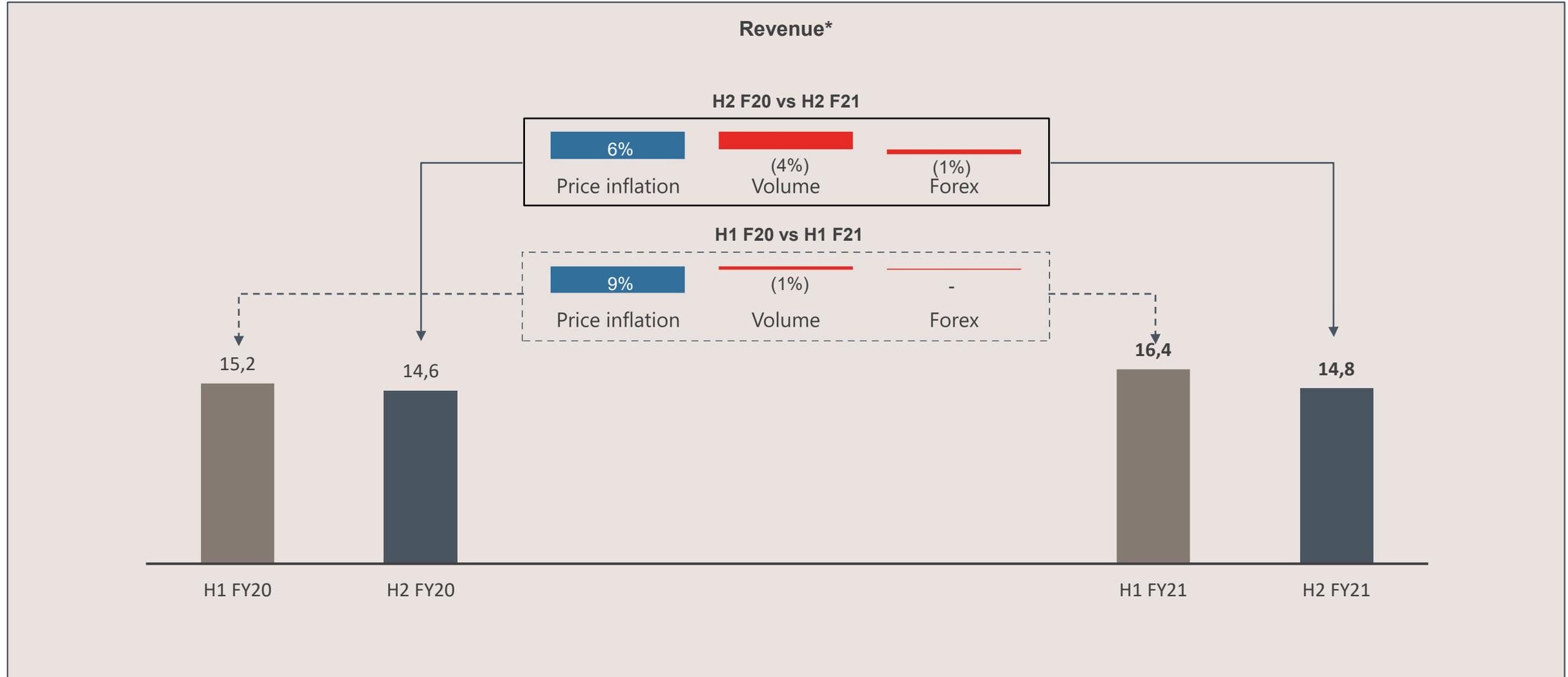
Improved top-line performance driven by price inflation across the portfolio



Pricing ▲ 7%	Revenue*	Volumes ▼ 2%
Revenue* ▲ 5% to R31,0bn	Gross profit ▼ 2% to R8,8bn	Operating income** ▼ 10% at R2,2bn
Total gross margin ▼ 160bps to 28,5%	Total operating margin ▼ 110bps at 7,2%	Effective tax rate ▼ 190bps to 29,1%
Income from associates ▼ 2% to R346m		
EPS ▲ 21% to 1 070cps	HEPS ▼ 6% to 1 127 cps	Final DPS 506 cps

* Excluding the product recall and civil unrest | From continuing operations | **Group operating income from continuing operations before impairments and non-operational items

Price inflation across all segments boosts revenue growth, despite slower H2



* Excluding the product recall and civil unrest

Civil unrest & product recall impact revenue, cost of sales & expenses



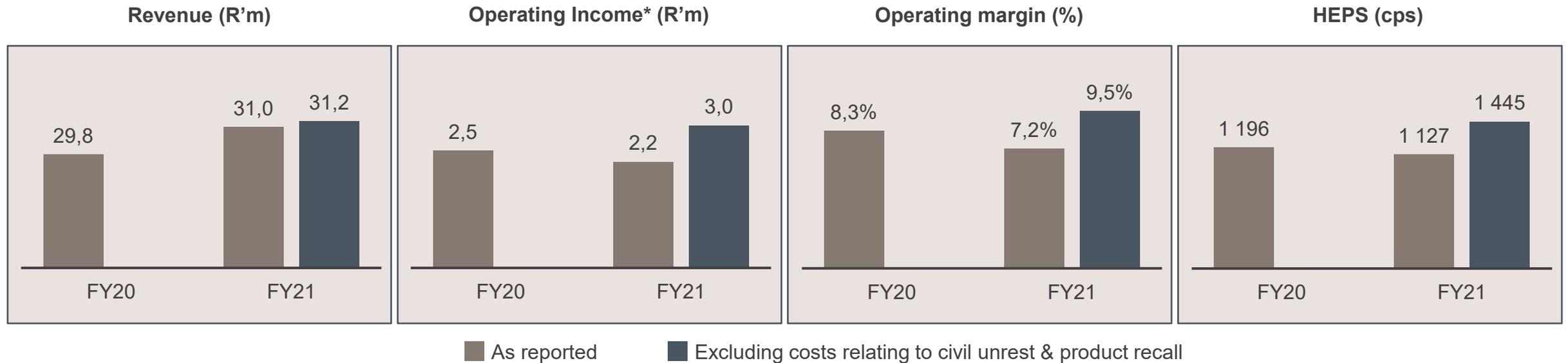
Rm	FY21
Total revenue	30 954
Revenue	31 209
Impact of product recall	(255)
Total Cost of Sales	(22 144)
Cost of Sales	(21 750)
Impact of product recall	(308)
Impact of civil unrest	(85)
Gross profit	8 810
Sales, marketing and distribution expenses	(4 953)
Other operating expenses	(1 621)
Operating income before impairments and non-operational items	2 236
Impairments	(154)
Operating income after impairments	2 081
Non-operational items	27
Profit including non-operational items	2 109

- Total impact of the product recall amounted to **R647m** accounted for as follows:

Revenue	255
Cost of sales	308
Sales and distribution expenses	69
Marketing expenses	10
Other operating expenses	5

- Cost of civil unrest amounted to **R85m**; accounted for through Cost of Sales
- Rand strength leads to year-on-year forex swing; negatively impacting foreign currency cash balances

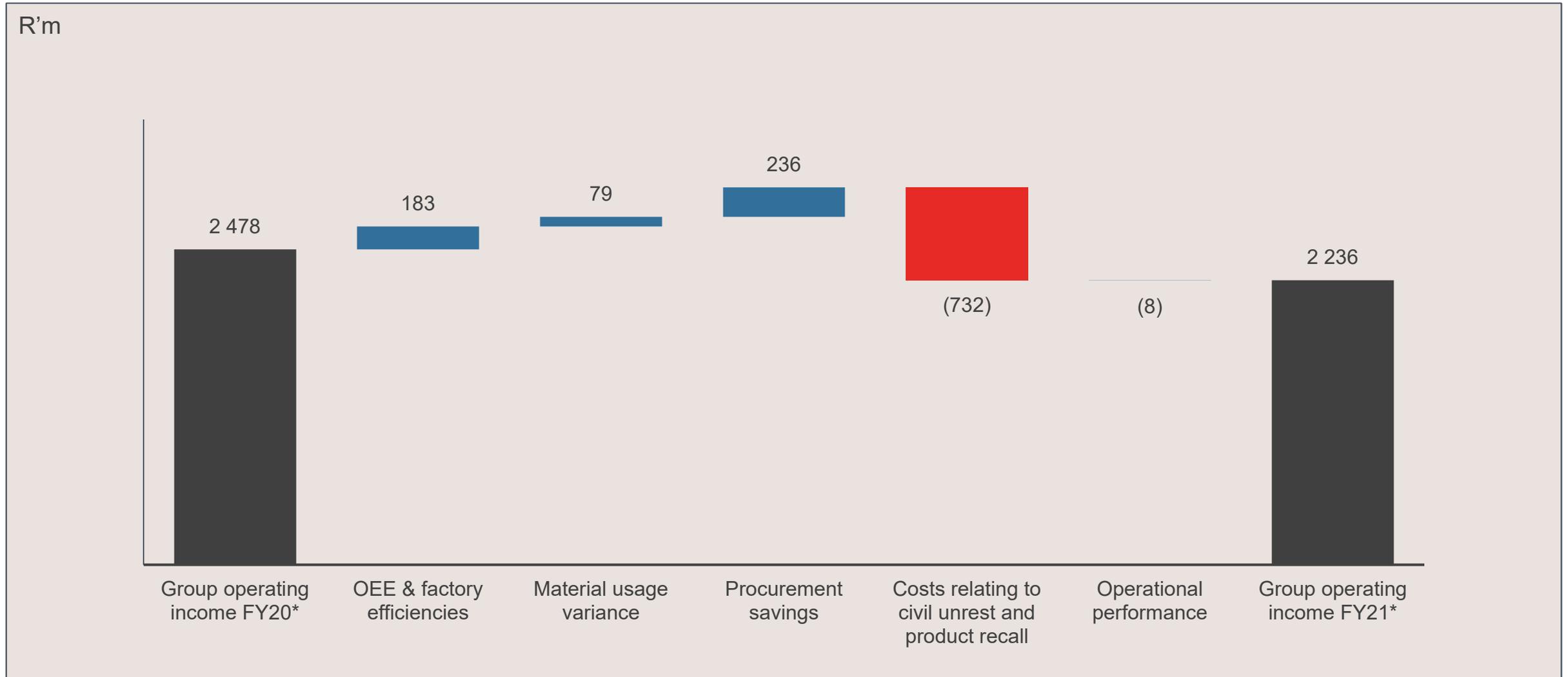
Performance impacted by costs relating to civil unrest & product recall



- Stock write-offs relating to civil unrest and product recall accounted for through Cost of Sales
- Refund related to the recall accounted for as a reduction in revenue
- Other recall related costs accounted for through relevant expense function in the income statement
- Excludes insurance proceeds which are still in progress

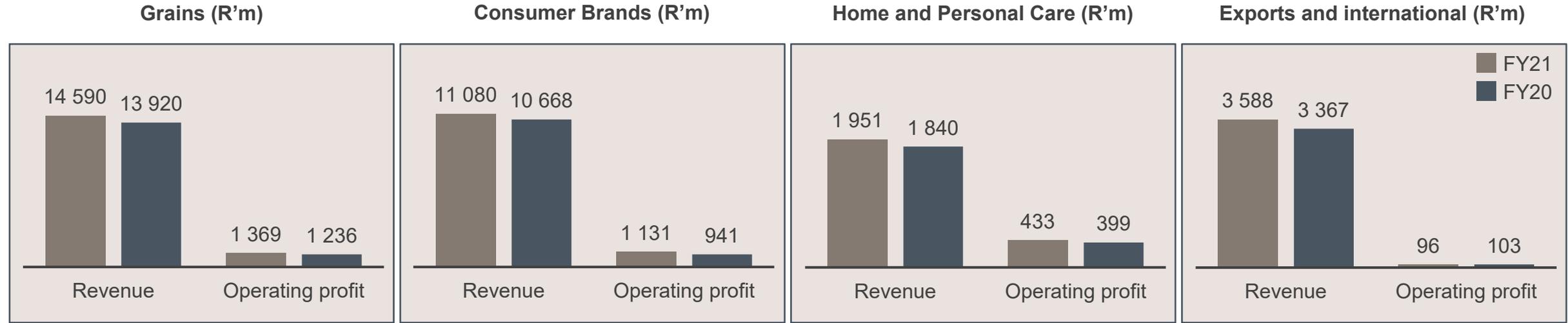
*Group operating income from continuing operations before impairments and non-operational items

Clear accountability matrix drives consistent cost management in line with guidance



*Group operating income from continuing operations before impairments and non-operational items

Recovery across the portfolio while Milling & Baking and Exports face headwinds



- Volumes muted by challenging market conditions
- Rice and Pasta recover in line with guidance; Bakeries impacted by continued adverse competitive dynamics
- Cost savings in Groceries benefited margins, Baby continues to show market share gains
- Exports impacted by slower demand, and higher input costs

Grains

▲ 5%

R14,6bn

Revenue

▲ 11%

R1,4bn

Operating profit

▲ 50 bps

9,4%

Operating margin

100
YEARS
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- Adverse bread category dynamics persist
 - Market pricing not reflective of cost push
- Albany holding premium
- Maize recovers in H2 to end year positively
- Successful innovations launched in Q4
 - Albany Xtra value loaf; Tinkies Mini packs; Golden Cloud Carrot Cake Mix
- Rice recovers off low base
 - Driven by higher selling prices and sound cost management
 - Speedy return to normal operations following civil unrest
- Overall pleasing performance from Jungle; growth in core oats continued
- Pleasing performance from Pasta with market share gains;
 - Driven by favourable consumer behaviour together with strong in-store execution

Looking ahead

- Plan to lead innovation and continue to build our brand purpose
- Supported by realising further manufacturing and supply chain efficiencies
- Pressure in bakeries to persist
 - Focus on volume share recovery

Groceries*

▲ -%

R5,5bn

Revenue

▲ 12%

R397m

Operating profit

▲ 80 bps

7,2%

Operating margin

100
YEARS
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- Result achieved despite
 - Increasingly competitive trading environment
 - Low seasonal demand, particularly over Easter
 - Supply challenges in aftermath of recall
- Expense management discipline and consistent factory performance ahead of plan
 - Resulting in significantly improved operating profit
- Some successful renovations
 - All Gold Tomato Sauce “kid-friendly” bottle
 - Mrs Balls value bottle
- Canned vegetable recall concluded
 - Claim under the contract with the supplier is still being assessed
 - Brand damage minimal evidenced by challenges to meet demand post recall

Looking ahead

- Defend leading market positions through marketing and innovation
- Further benefits from improved factory performance
- Replenishment of stock levels
- Improve service levels

*Numbers exclude the impact of the canned vegetable product recall

Snacks & Treats

▲ 7%

R2,3bn

Revenue

▲ 37%

R234m

Operating profit

▲ 220 bps

10,2%

Operating margin



- Revenue growth underpinned by 8% price increases; 1% lower volumes
- Volume performance negatively impacted by
 - Inability to meet demand albeit lower as a result of adjusted lockdown measures on impulse purchases
 - Covid-19-related absenteeism as well as civil unrest
- Significant margin improvement due to:
 - Higher realisations and
 - Ongoing cost improvement initiatives

Looking ahead

- Priority site to improve service levels
- Focus on continuous improvement aided by investment, and a review in supply solutions
- Adverse impact of current industrial action

Beverages

▲ 6%

R1,7bn

Revenue

▲ 9%

R261m

Operating profit

▲ 40 bps

15,7%

Operating margin

100
YEARS
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Looking ahead

- Demand recovers post-lockdown for ready-to-drink segment
- Liquid concentrates shows continued momentum
 - Benefitting from core offering (Oros) & innovation (Rose's Cordials)
- Operating profit increase driven by
 - Favourable product mix
 - Improved factory efficiencies
 - Sound cost management

- Identified as a high growth category
- Expand presence with strong innovation pipeline
- Continued focus on cost savings and OEE improvements

Baby

▲ 12%

R1,1bn

Revenue

▲ 29%

R143m

Operating profit

▲ 160 bps

13,0%

Operating margin

100
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- Delivered an overall strong recovery
- Volume growth driven by demand recovery across most segments
 - Nutrition recovers from adverse demand dynamics during lockdown
- Price realisations in line with volume growth
- Operating income benefited from positive operating leverage
 - Favourable product mix, waste reduction and lower distribution costs

Looking ahead

- Consolidation of Purity as master-brand
- Focus on sustaining favourable product mix; supported by clear strategies per segment
- Continuous improvement in factory efficiencies and site logistics
- Drive toddler snacking

Home and Personal Care (HPC)

▲ 6%
R2,0bn
Revenue

▲ 8%
R433m
Operating profit

▲ 50 bps
22,2%
Operating margin



- Sustained strong performance in Home Care offset by volatile demand in Personal Care
- Home Care performance underpinned by a strong summer campaign
 - Effective in-store execution and innovation
 - Improved efficiencies, better material usage variances, tight cost control
- Personal Care performance impacted by volatile category demand
 - Compounded by retailers prioritising essential categories during civil unrest

Looking ahead

- Drive capex to achieve continuous improvement
- Optimal pricing to maintain margins
- Successfully drive innovations
 - Summer – pest;
 - Winter – body care

Exports and International

▲ 7%

R3,6bn

Revenue

▼ 7%

R96m

Operating profit

▼ 40 bps

2,7%

Operating margin

100
YEARS
SINCE 1921

BENNY ... Taste beyond compare

For
Meat, Stew, Rice,
Vegetable & Soup

- Challenges in H2 create margin pressure
- Revenue growth largely driven by strong performance in the first half
 - Increased losses in Deciduous Fruit adversely impacted profit for the year
- Subdued demand in key export markets negatively impacts Deciduous Fruit
 - Rand strength and higher shipping costs result in increased losses
- Exports H2 performance negatively affected by
 - Low levels of demand compounded by pack size & pricing misalignment to market expectations
 - Border congestion impacting sales into Mozambique
 - Industrial action in Q3 resulted in under-recoveries
- Despite significant external headwinds, Chococam exceeds R1bn in revenue
 - Underpinned by successful innovation, optimal pricing and improved distribution
 - Assisted by improved efficiencies and lower conversion costs

Looking ahead

- Optimise sales and country mix, while staying focused supply chain efficiencies
- Deliver innovation opportunities

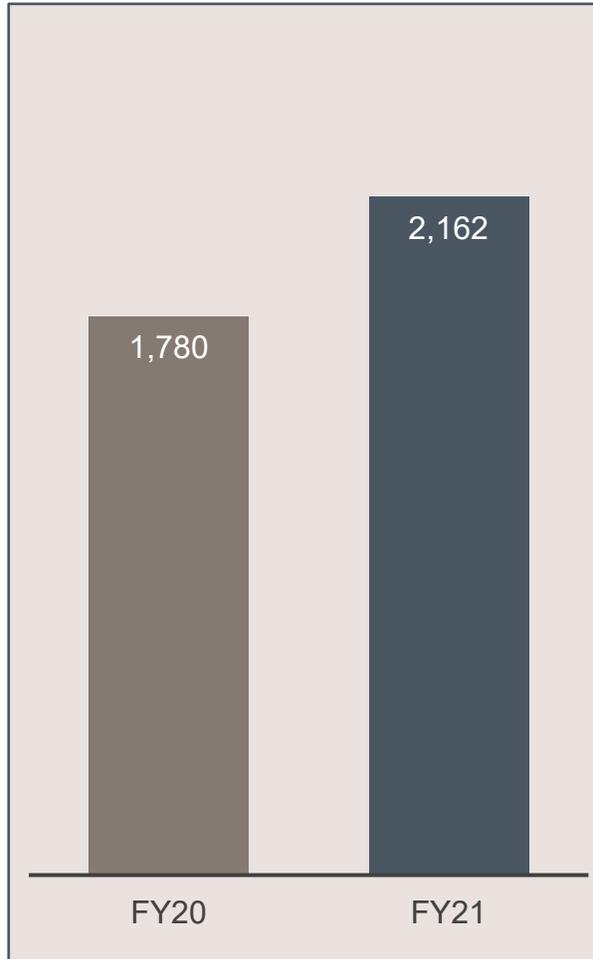
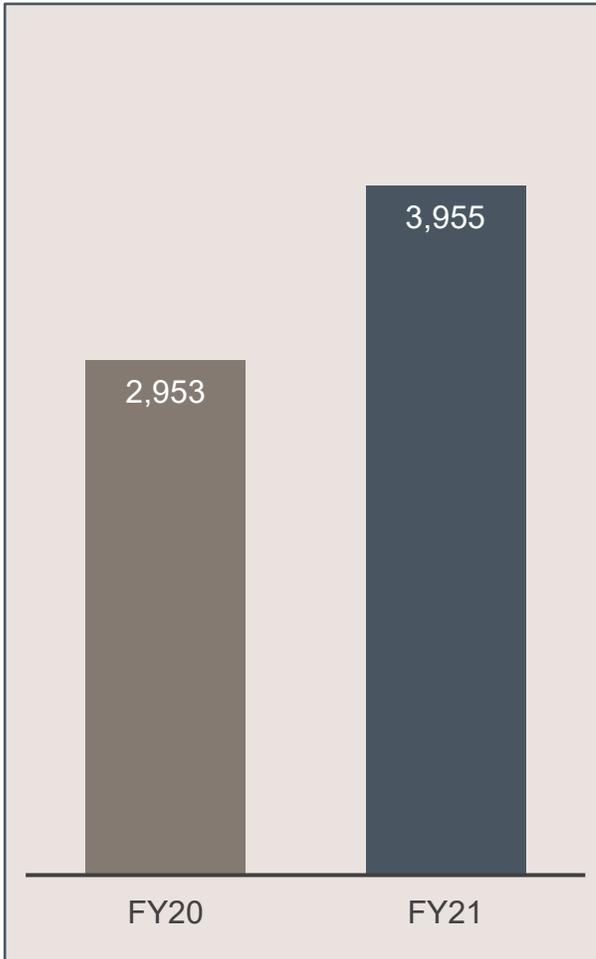
Improved working capital dynamics and higher earnings resulted in strong cash generation

Cash generated from operations (R'm)

▲ 34%

Cash and cash equivalents (R'm)

▲ 21%

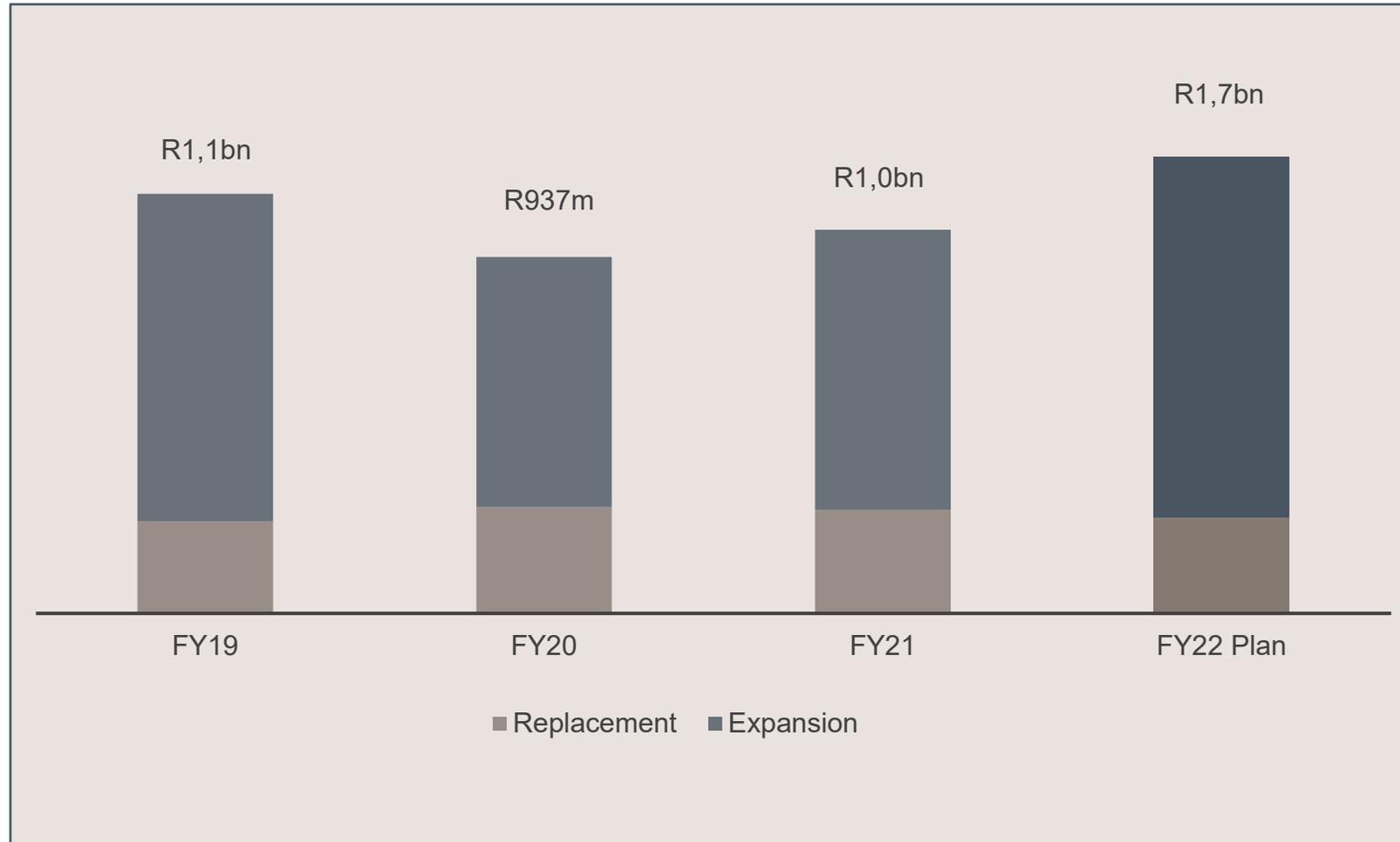


Rm	FY21	FY20
Net cash (R'm)	2 162	1 780
RONA	19,3%	21,1%
Return on equity (ROE)	12,7%	9,0%
Return on invested capital (ROIC)	12,1%	11,2%
WACC rate	12,2%	12,8%
Working capital per R1	20,3	21,4
Net working capital	93,7	85,7
Debtor days	29,1	31,9
Creditor days	30,2	29,9
Stock days	94,8	83,7

Total capex spend in line with guidance; focus on replacement and automation



Capex spend by category



Capex plan

- Total Capex spend expected to be ~R1,7bn for FY22
- Emphasis remains on replacement and automation
- Larger projects include:
 - Relocation of Peanut Butter plant
 - Improvement of Aerosol lines in HPC segment
- IT investment
 - 46 projects initiated during FY21
 - 20 completed
 - Remaining 26 are multi-year projects, with 15 in test phase



FOCUSED AND PRO-ACTIVE MANAGEMENT

- Significant cost push
- Labour unrest
- Bread category remains challenging
- Post Covid supply chain squeeze

Drivers for FY22 improvement



Reasonable revenue growth expectations at the core driven by

- Volume growth underpinned by planned innovation launches
- Exports improved products and country mix



Significant improvements in factory performances (R480m)

- Grains, Consumer Brands and Davita driven by lower conversion costs and strong CI measures
- Offset somewhat by raw material costs push and higher packaging costs



Conclusion of way forward for LAF

AUDITED GROUP RESULTS

for the year ended 30 September 2021



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Strategic update and outlook

Noel Doyle | CEO



Our strategic priorities remain; progress achieved this year will be the platform for short-term improvement & long-term growth



MEET THE NEEDS OF THE CONSUMER

- Continue to deliver value for consumers
- Innovations centered around value, health & nutrition and snacking trends
- Revenue management practices embedded across categories



OPTIMISE OUR SUPPLY CHAIN

- Embed processes & practices that have driven improved efficiencies
- OEE & MUV improvements to be sustained in line with FY21
- Target factories incl. Snacks & Treats, Sorghum-based products & Davita



BE OBSESSED ABOUT COST SAVINGS AND EFFICIENCIES

- Cost saving initiatives gain momentum
- Expect a further R480m in cost savings in FY22



BUILD A GROWTH PIPELINE

- Speed up innovation route to market
- Venture Capital Fund – progressing first offer of financing
- Step up pursuit of local & international value-accretive targets



IGNITE OUR PEOPLE

- Stability in resourcing
- Aligned internally on desired culture
- Drive a growth mindset

AUDITED GROUP RESULTS

for the year ended 30 September 2021



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Q&A



AUDITED GROUP RESULTS

for the year ended 30 September 2021

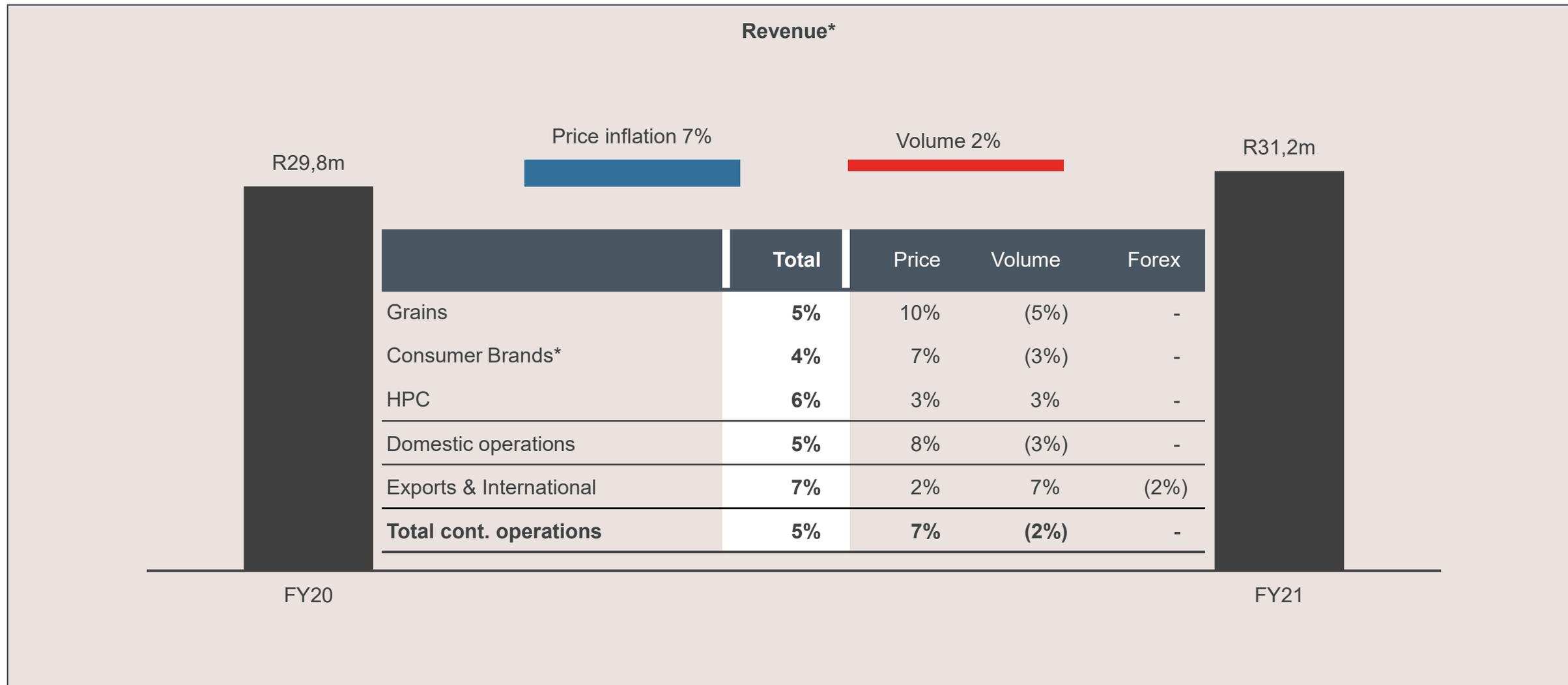


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Appendix

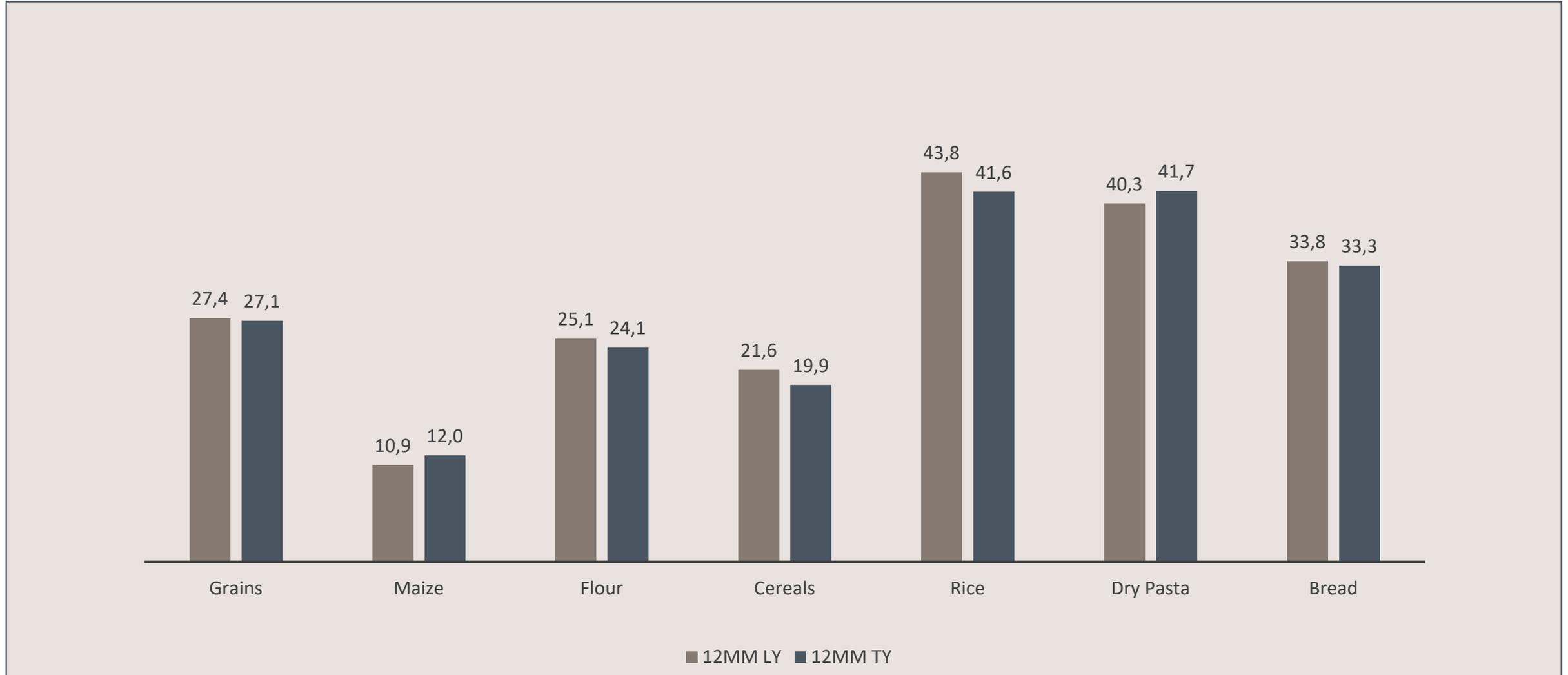


Price inflation across all segments boost revenue growth, despite slower revenue growth in H2



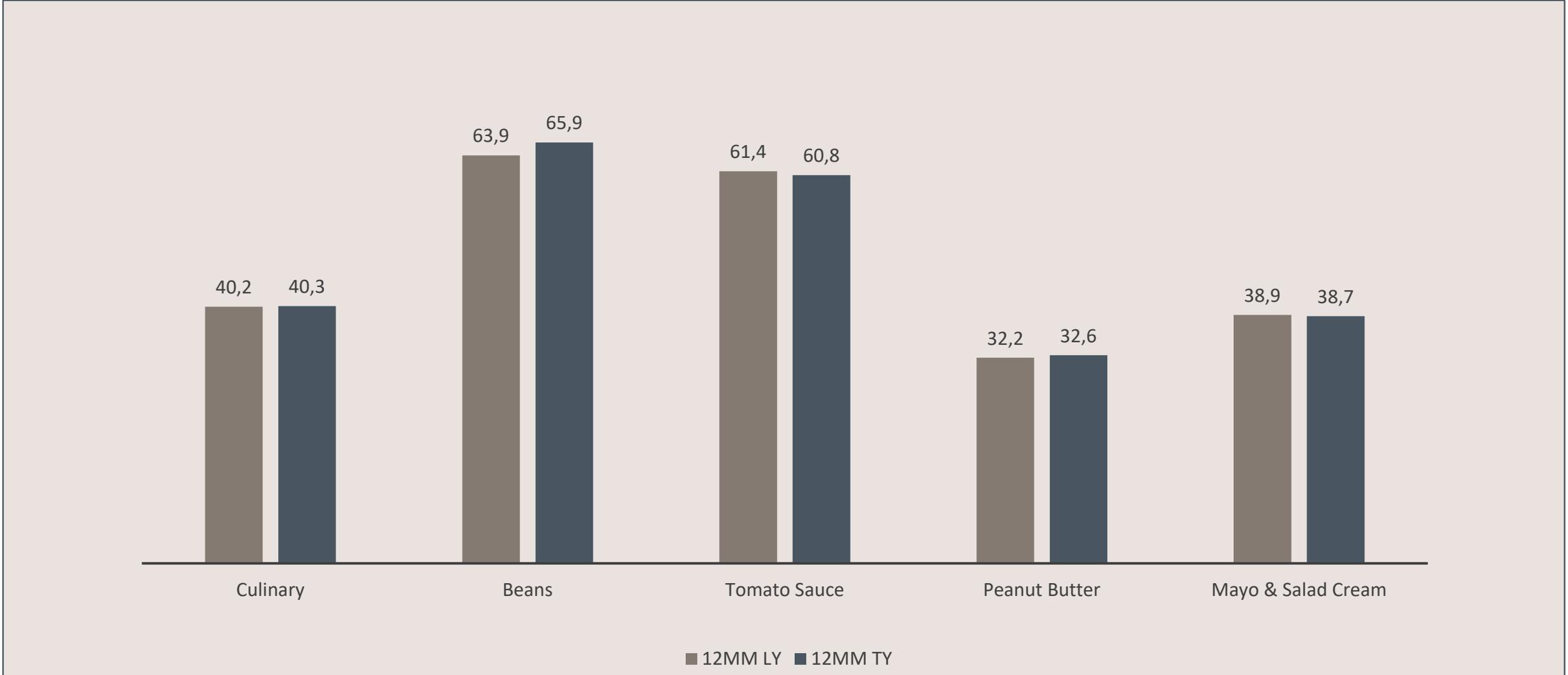
* Excluding the product recall and civil unrest

Grains value share stable; gains in Pasta and Maize offset by Flour and Rice while Bread holds its own



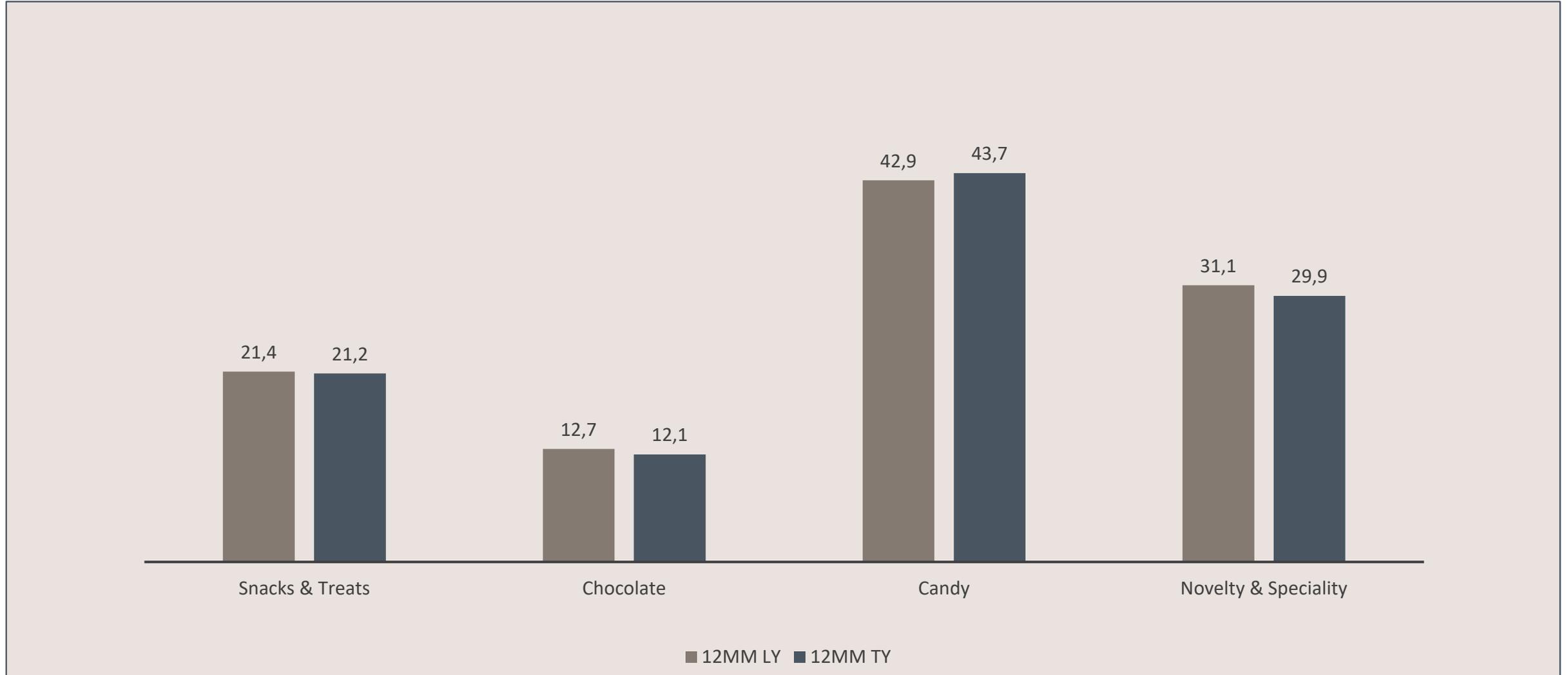
Source: IRI Tiger value share F21 September 2021 performance

Spreads and Beans show gains; Condiments impacted by price-led competition



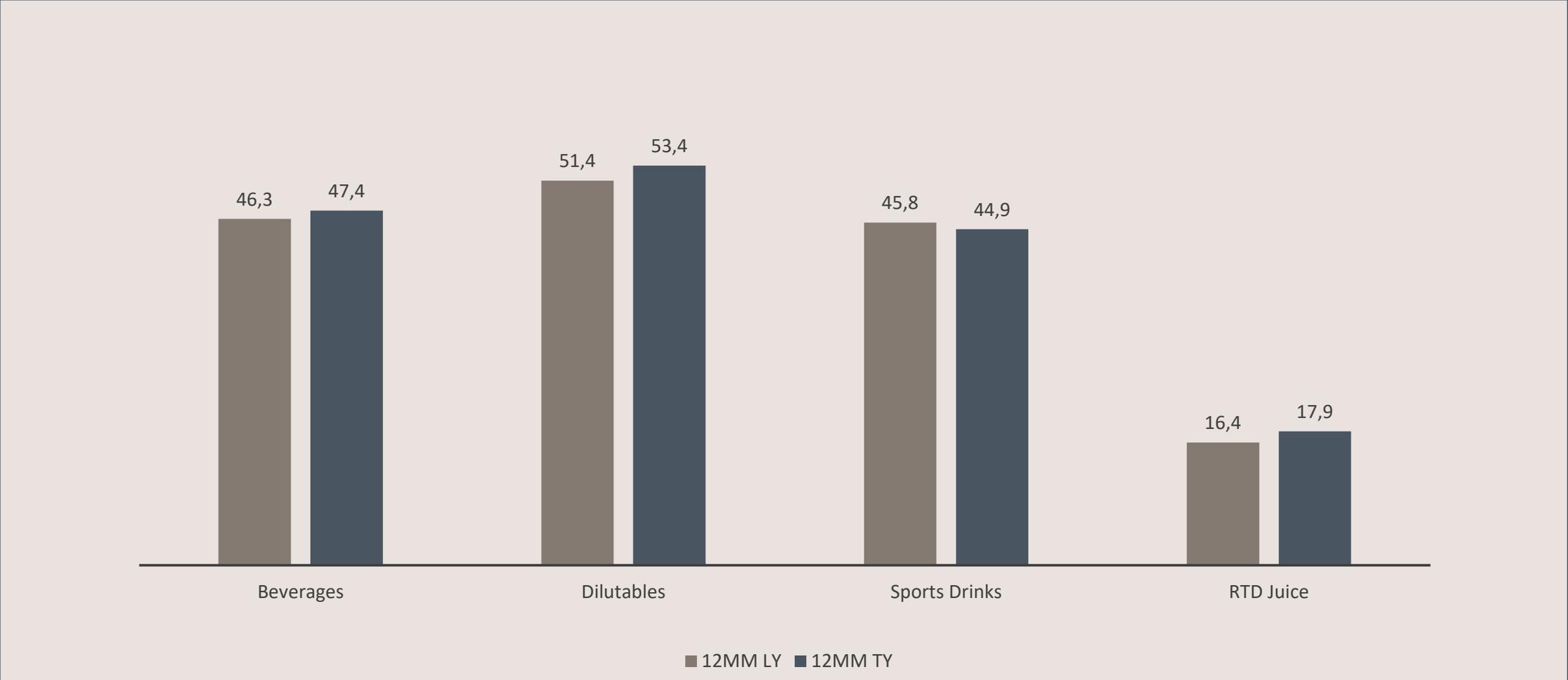
Source: IRI Tiger value share F21 September 2021 performance

Candy gains driven by Maynards; competitive behaviour in chocolate resulted in some share losses



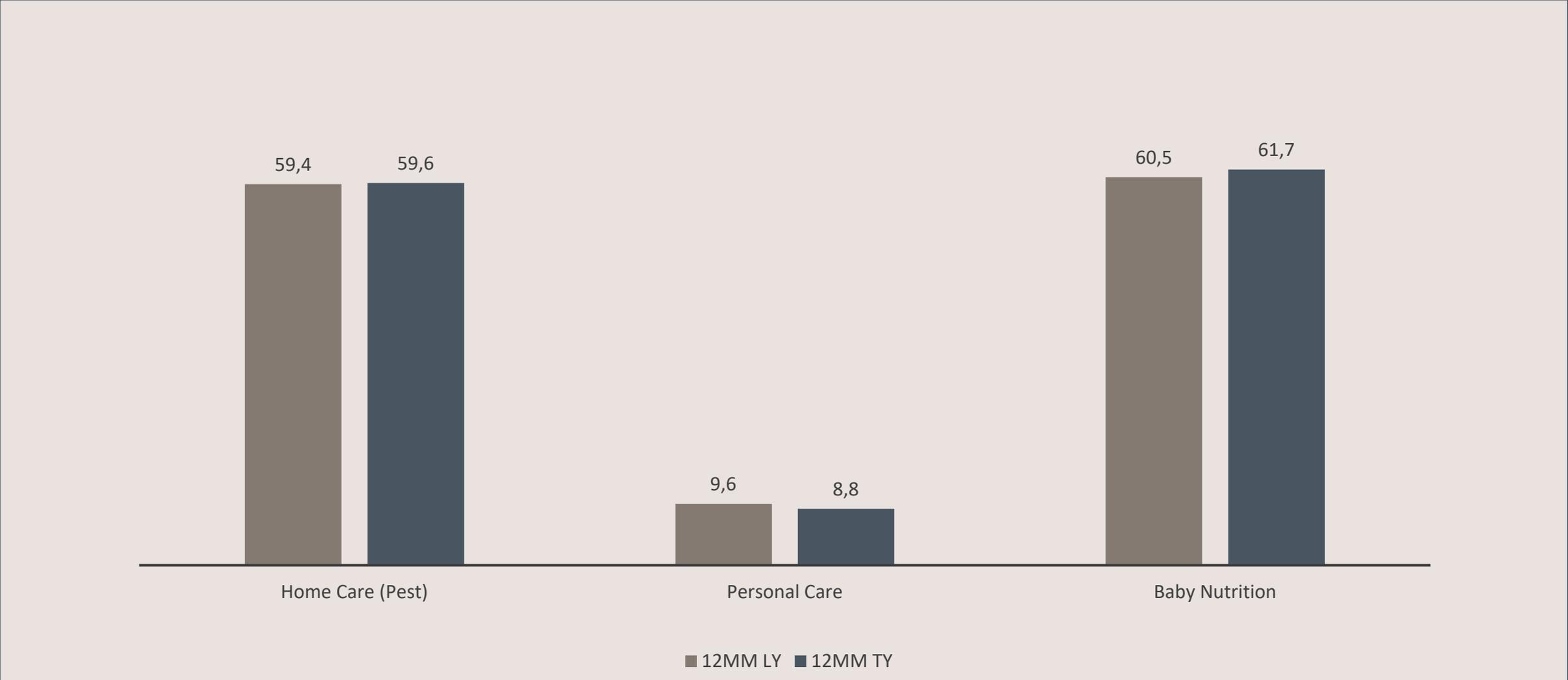
Source: IRI Tiger value share F21 September 2021 performance

Overall Beverages share growth driven by continued momentum in liquid concentrates, with RTD juices also gaining share



Source: IRI Tiger value share F21 September 2021 performance

Baby reflective of improved demand & innovation; Personal Care impacted by volatile demand



Source: IRI Tiger value share F21 September 2021 performance

Contribution to revenue and operating income



- Milling & Baking
- Snacks & Treats
- Baby
- Other grains
- Beverages
- Home & Personal Care (HPC)
- Groceries
- Out of Home
- Exports & International

