

TIGER BRANDS



TIGER BRANDS INTERIM RESULTS PRESENTATION

25 May 2022

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Forward-looking statement

This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 25 May 2022. 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.

UNAUDITED GROUP RESULTS

for the six months ended 31 March 2022

TIGER BRANDS



We nourish and nurture more lives every day

Executive summary of performance

Noel Doyle | CEO



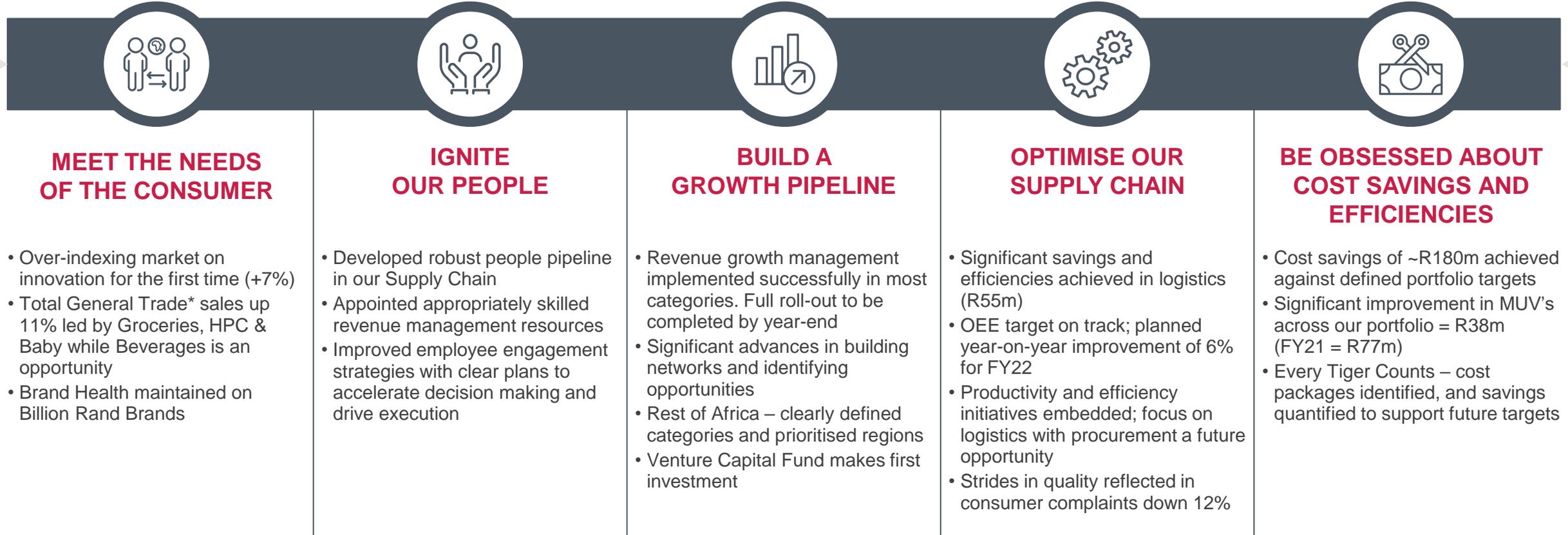
First half performance is a tale of two quarters and two businesses, Snacks & Treats and Bakeries



- Revenue and EBIT significantly impacted by volume losses in Bakeries and supply challenges in Snack & Treats
- Excluding these businesses, core portfolio proves resilient particularly in Q2
- Addressed capital allocation with the commencement of the share buyback programme
- Portfolio optimisation ongoing with key stakeholder engagements underway regarding Deciduous Fruit
- Focus has been sustained in delivering long-term value and driving strategic initiatives



Despite challenging operational environment momentum sustained on strategic priorities aimed at improving long-term performance



CREATE A SUSTAINABLE BUSINESS

Health & Nutrition

→ Herbivore Earthfoods

Enhanced Livelihoods

→ BBBEE level 2 achieved

Environmental Stewardship

→ 2 plastic recycling projects

* This is a specific project targeting the informal market focused on spazas, superettes, table-tops, hawkers and forecourts.

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Financial review

Deepa Sita
CFO



Improved Q2 performance falls short of negating poor start



HIGHLIGHTS

- Successful revenue management across segments
- Productivity and efficiency initiatives embedded with logistics a focus area
 - Logistics savings of R55m for the period
 - OEE & effective cost control of R187m ahead of plan and on track for the year
- Capital structure optimisation in progress
 - Share repurchase programme commenced



HEADWINDS

- Global supplier and logistics constraints
 - Impacted both cost and availability
- Unanticipated cost push and timing of price increases result in gross margin compression
- Working Capital investment
 - Impact of inflation plus conscious decision to increase raw material stock levels
- Category headwinds
 - Bakeries
 - Snacks & Treats
- Import/export delays due to port bottlenecks



Top line performance impacted by supply disruption at S&T while operating income includes insurance proceeds

Pricing ▲ 3%

Revenue

Volumes ▼ 1%

Revenue ▲ 2% to
R16,8bn

Gross profit ▼ 3% to
R4,9bn

Operating income** ▼ 5% at
R1,5bn

Total gross margin ▼ 140bps to
29,2%

Total operating margin ▼ 70bps at
8,9%

Effective tax rate ▼ 40bps to
29,6%

Income from associates ▲ 3% to **R182m**

EPS ▼ 3% to
733 cps

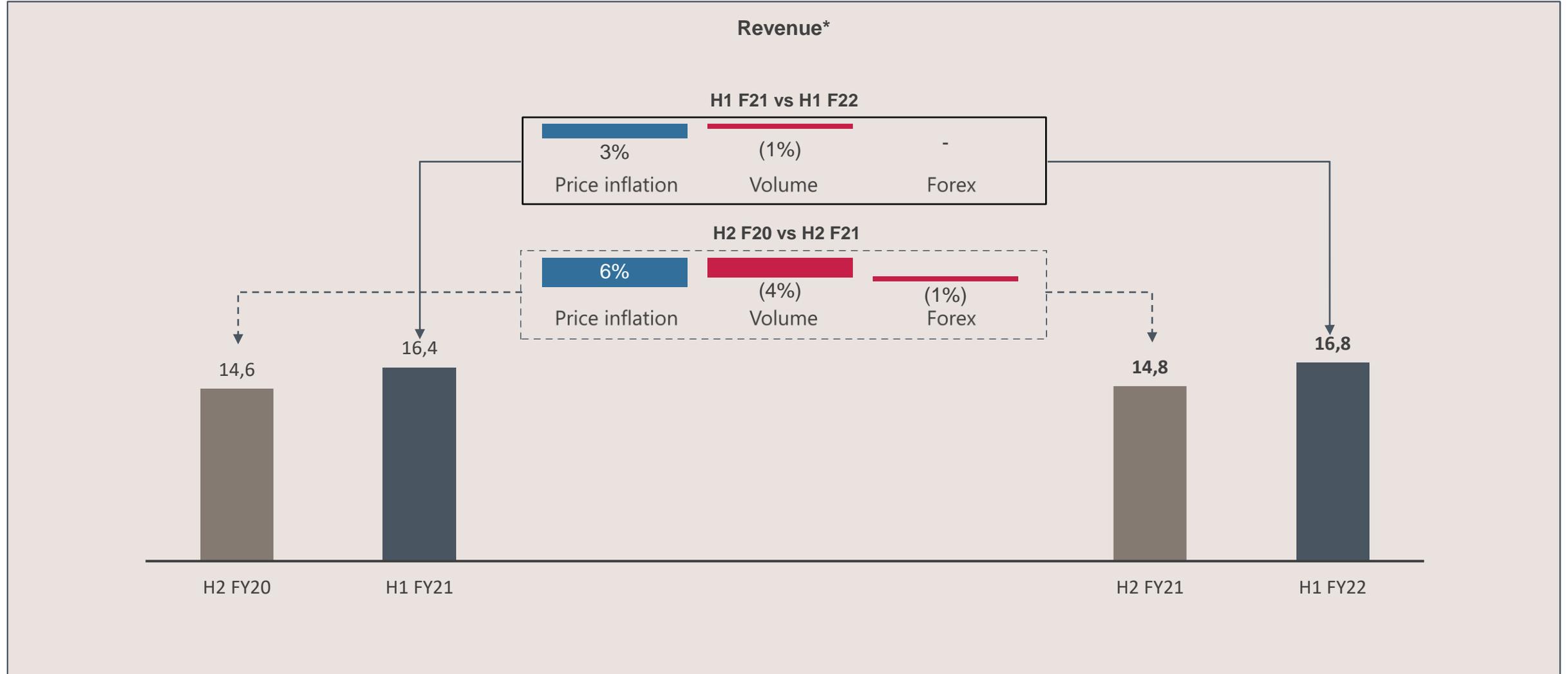
HEPS ▼ 2% to
729 cps

Interim DPS
320 cps

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



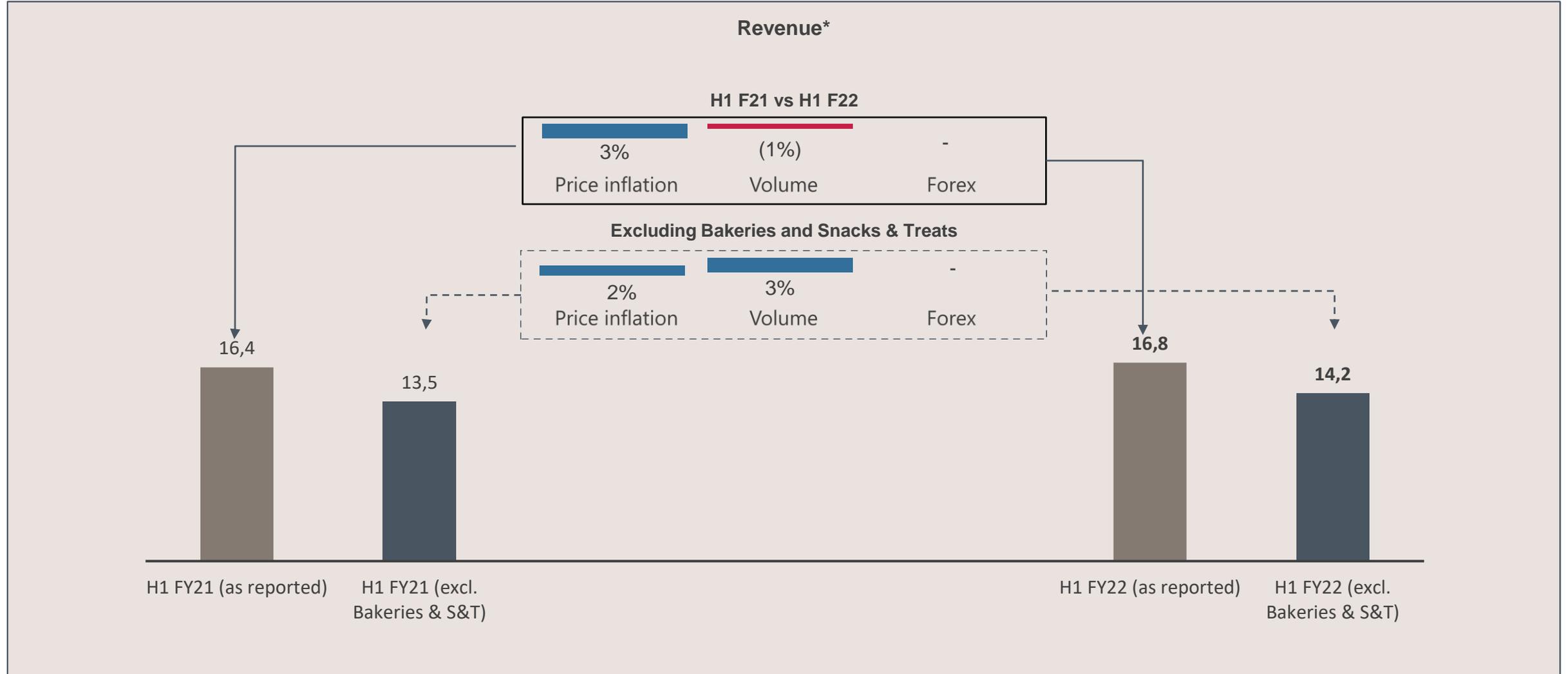
Volume declines show sequential signs of slowing as revenue management initiatives gain traction



* Excluding the impact of the product recall and civil unrest



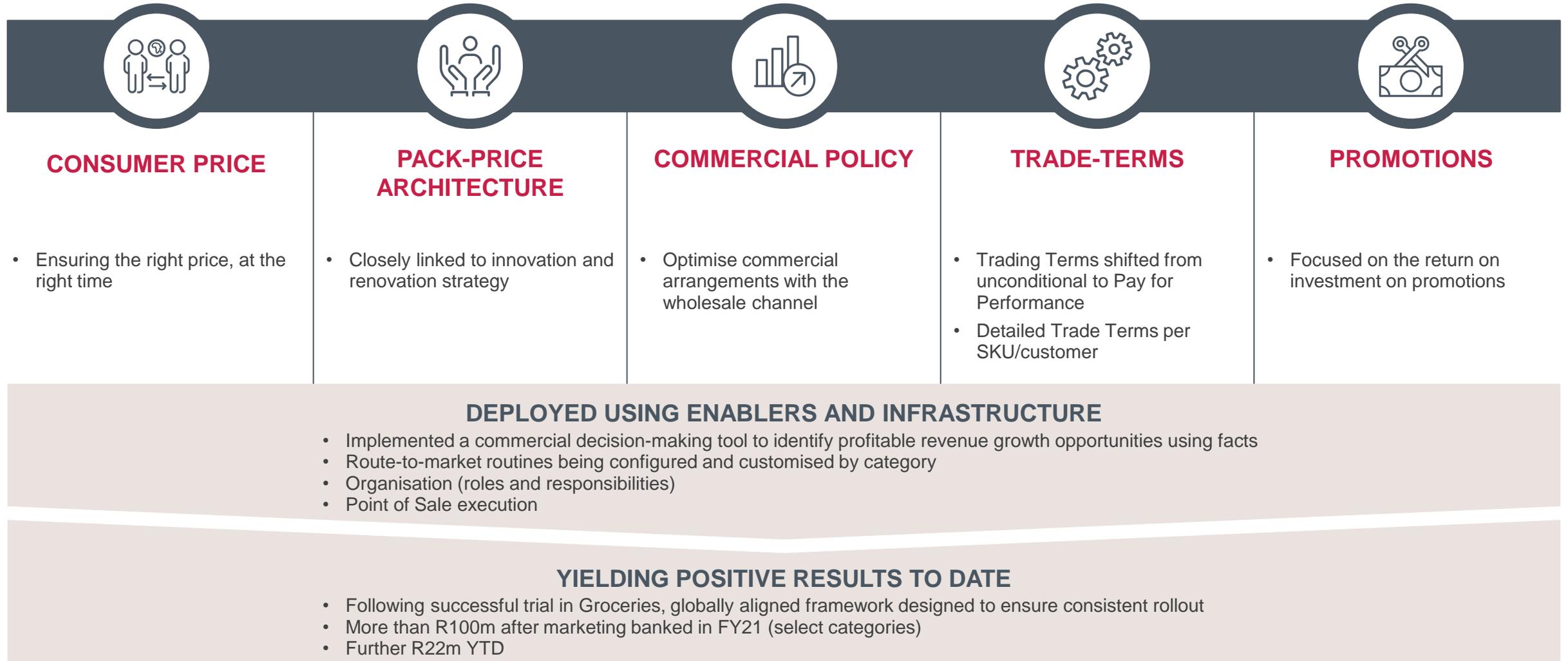
Excluding the adverse impact of Bakeries & Snacks & Treats, balance of portfolio shows promising signs of growth



* Excluding the impact of the product recall and civil unrest



Revenue management goals aligned with our corporate strategy to stabilise and grow



Gross profit impacted by higher input costs and timing of price increases



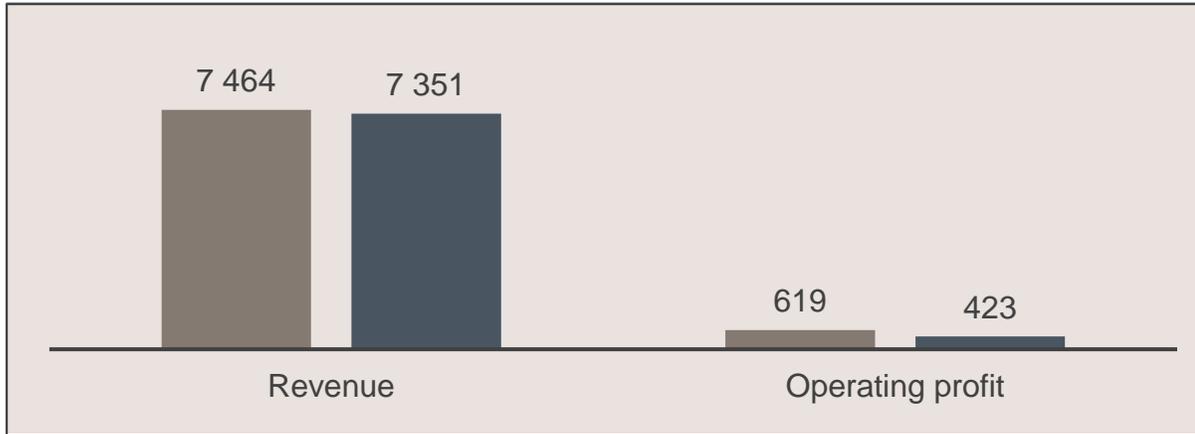
Rm	H1 FY22	H1 FY21
Total revenue	16 758	16 445
Cost of Sales	(11 870)	(11 414)
Gross profit	4 888	5 031
<i>Gross profit %</i>	<i>29%</i>	<i>31%</i>
Sales, marketing and distribution expenses	(2 671)	(2 563)
Other operating expenses	(896)	(889)
Operating income	1 321	1 579
<i>Operating income %</i>	<i>8%</i>	<i>10%</i>
Sundry income	172	-
Operating income before non-operational items	1 493	1 579
<i>Operating income before non-operational items %</i>	<i>9%</i>	<i>10%</i>
Non-operational items	11	43
Profit including non-operational items	1 504	1 622
Net finance costs	(29)	(86)
Investment income	12	13
Income from associated companies	182	177
Profit before taxation	1 669	1 726
Taxation	(439)	(461)
Profit for the year	1 229	1 265

- Insurance proceeds amounting to **R161m** included in Sundry income
- Marketing investment double revenue growth as we continue to support our brands
- Net foreign exchange gain of **R5m** included in Net finance costs (R56m loss in the prior period) due to translation of foreign currency cash balance at weaker average exchange rate
- Improved associate performances

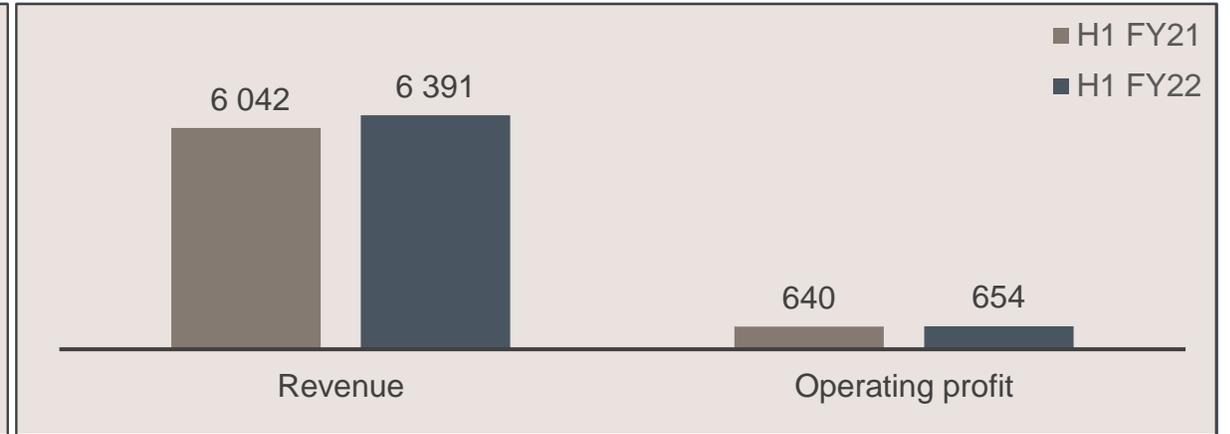
Solid Consumer Brands performance muted by Grains and Exports and International



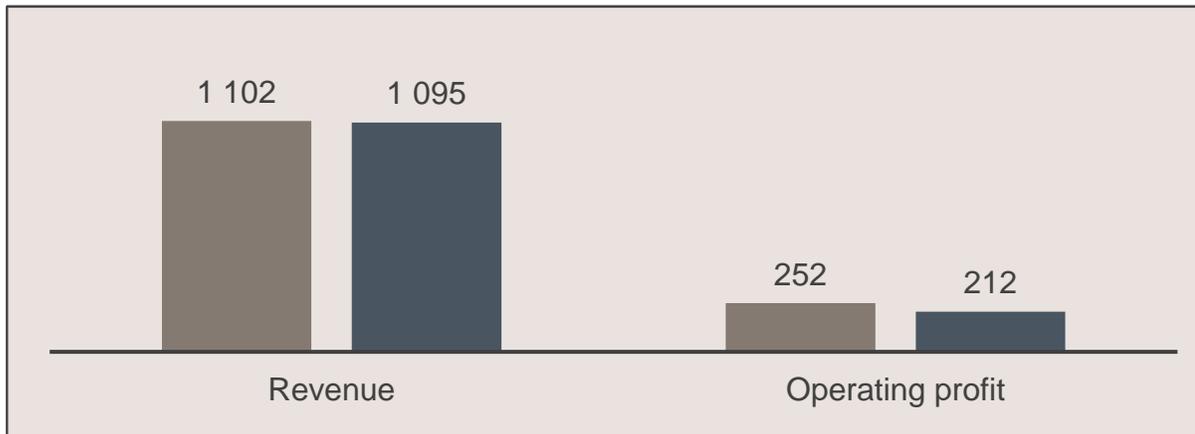
Grains (R'm)



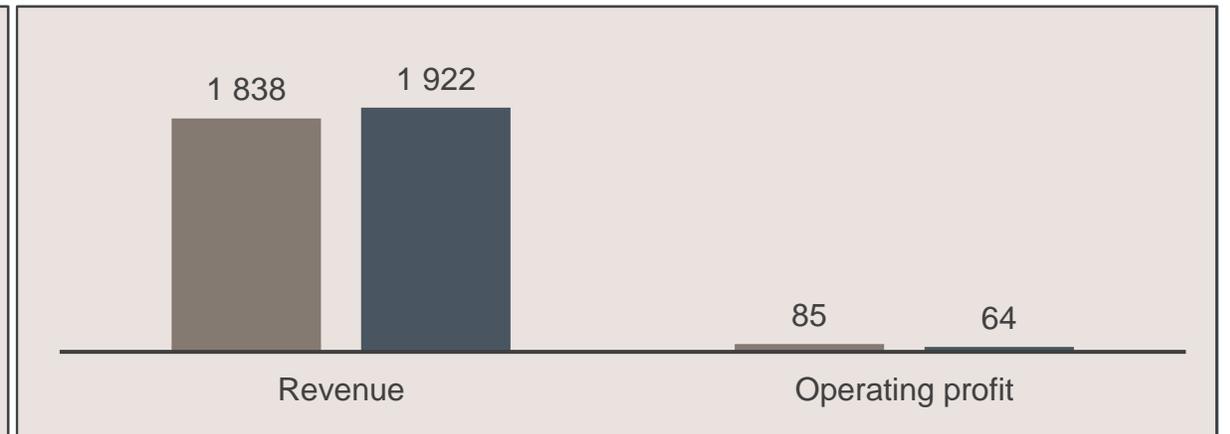
Consumer Brands (R'm)



Home and Personal Care (R'm)

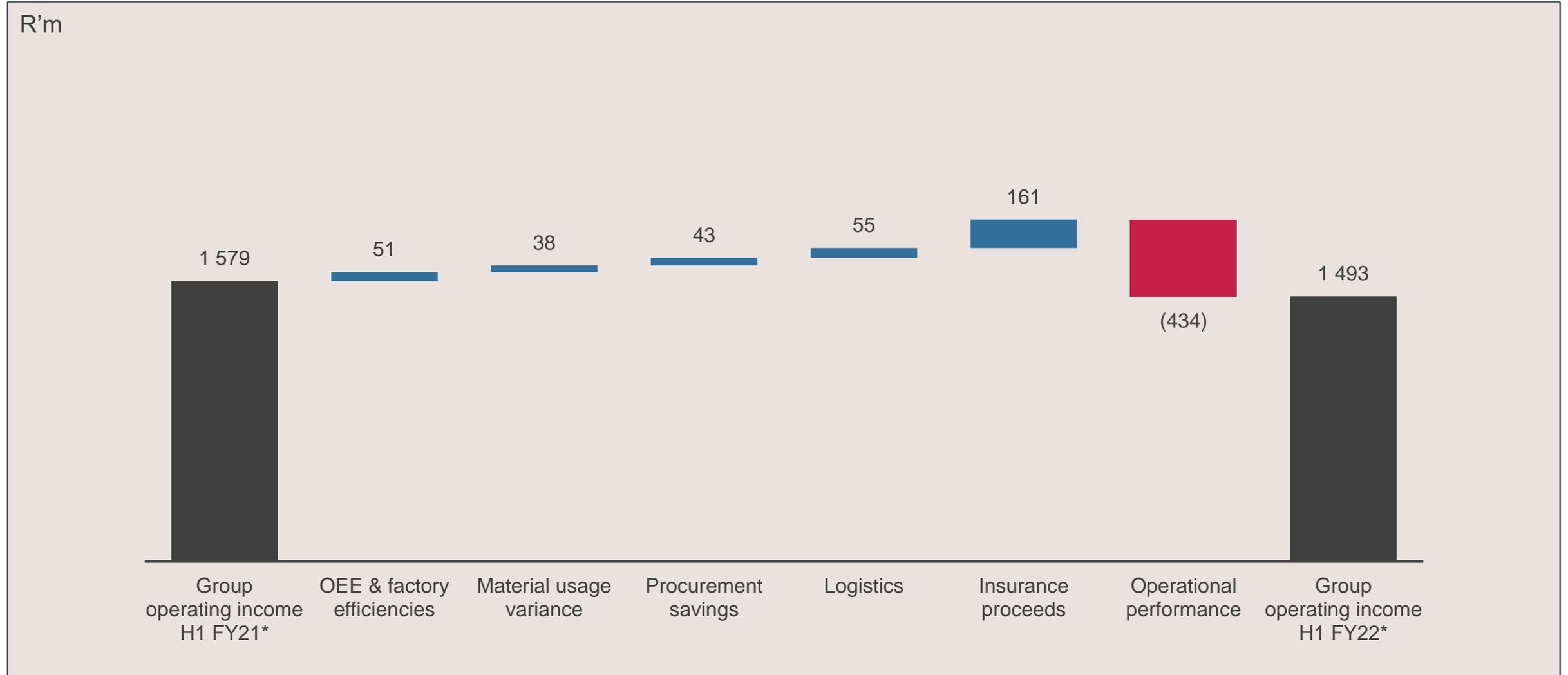


Exports and international (R'm)



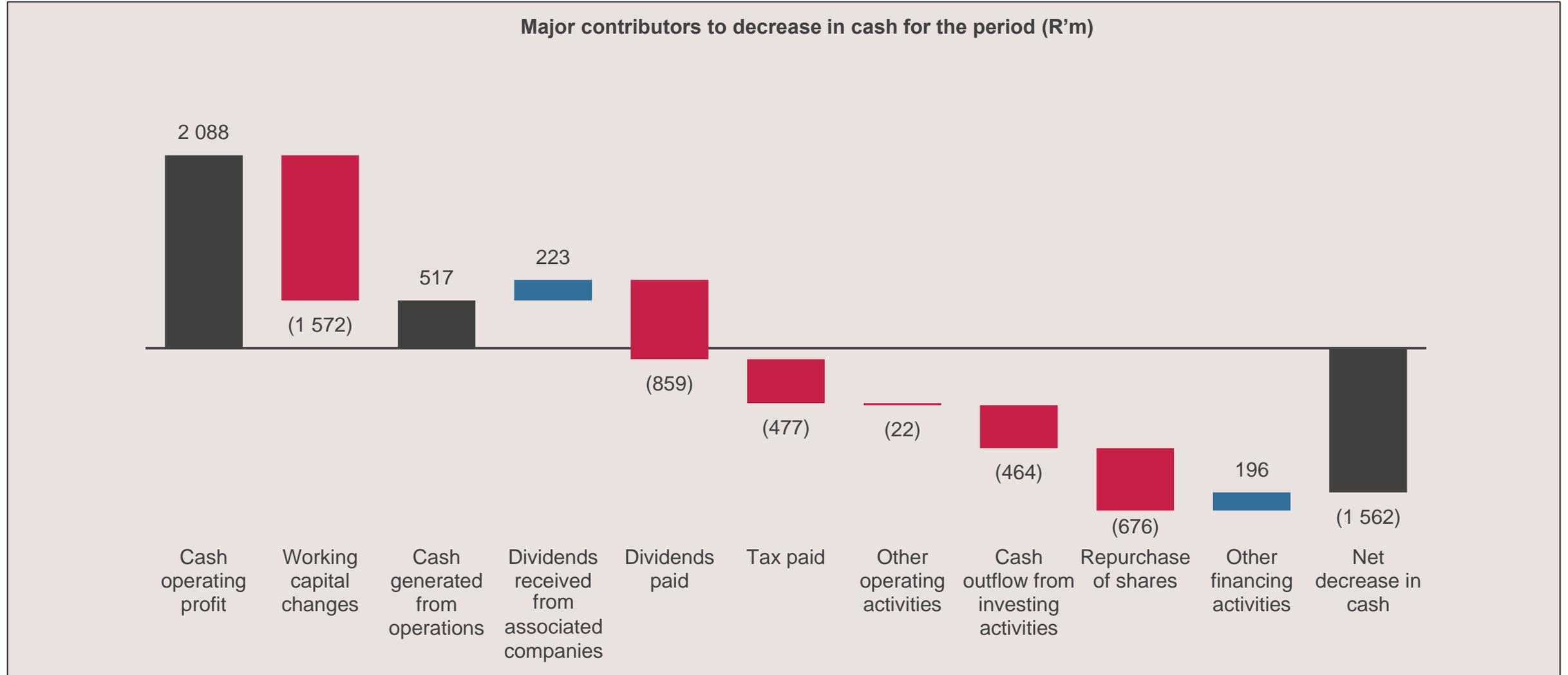


Consistent cost management discipline delivers in line with guidance while trading reflects impact of industrial action at S&T and adverse category dynamics in others



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

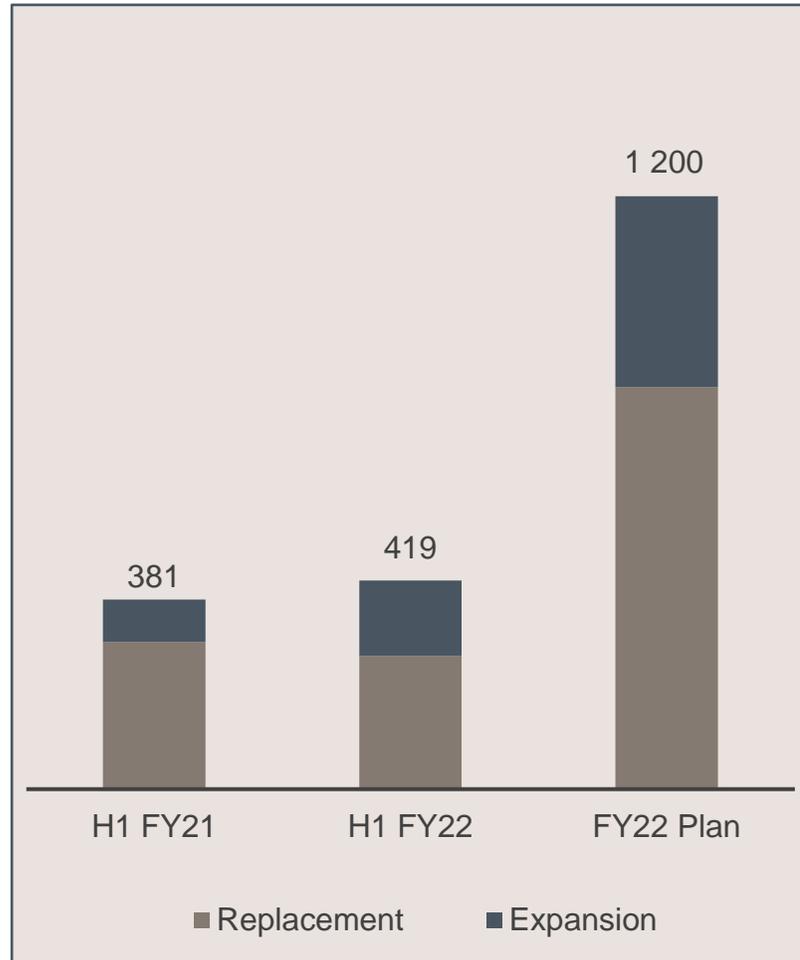
Net cash reflects deliberate investment in raw materials, input cost inflation & commencement of share buy-back programme



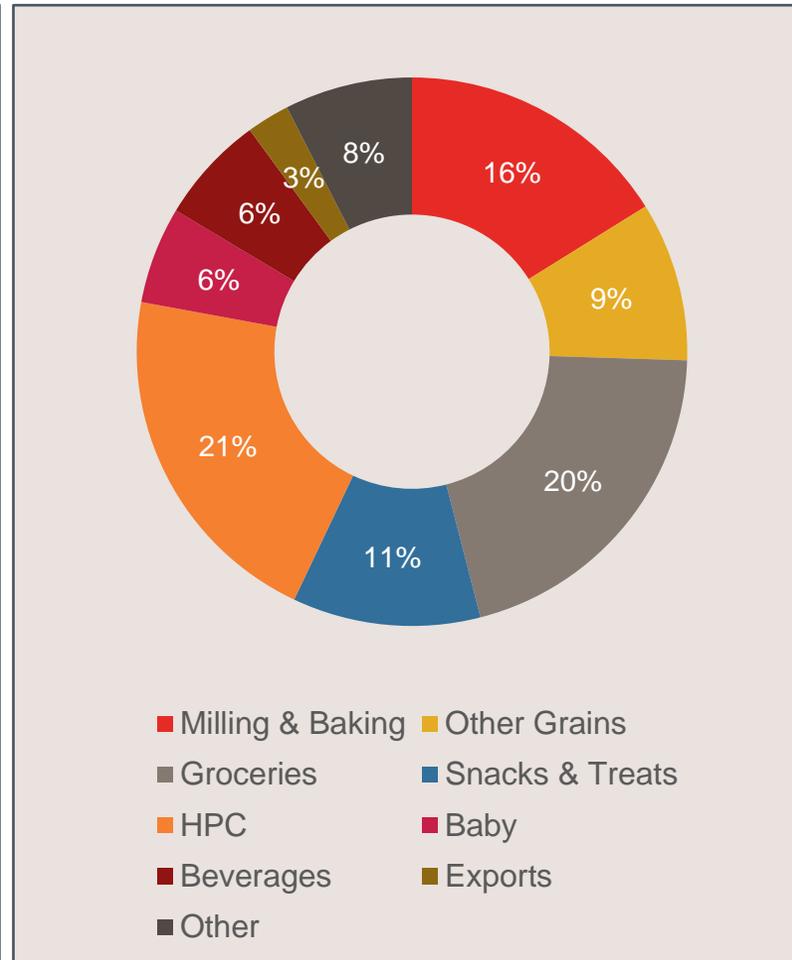


Capex increases by 10% to R419 million focused on automation, efficiency & brand development; full year capex guidance slightly lower at R1,2 billion

Capex spend by category (R'm)



Capex spend by Segment



Capex plan

- Total Capex spend expected to be ~R1,2bn for FY22
- Emphasis remains on replacement and automation
- Larger projects include:
 - Potential relocation of Peanut Butter plant
 - Improvement of Aerosol lines in HPC segment
- IT investment
 - 50 projects initiated
 - 14 completed and in operation; further 7 in testing phase
 - 15 initiated and expected to be completed in H2
 - 14 are multi-year projects; will continue into FY23



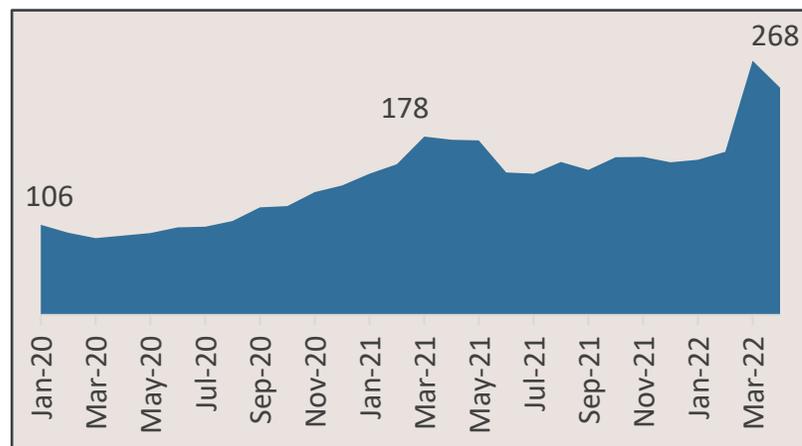
Full impact of supply disruptions on commodities buffered by procurement positions; inflationary impact goes beyond raw materials to other ingredients, packaging and distribution

% change in commodity prices over 6- and 12-months

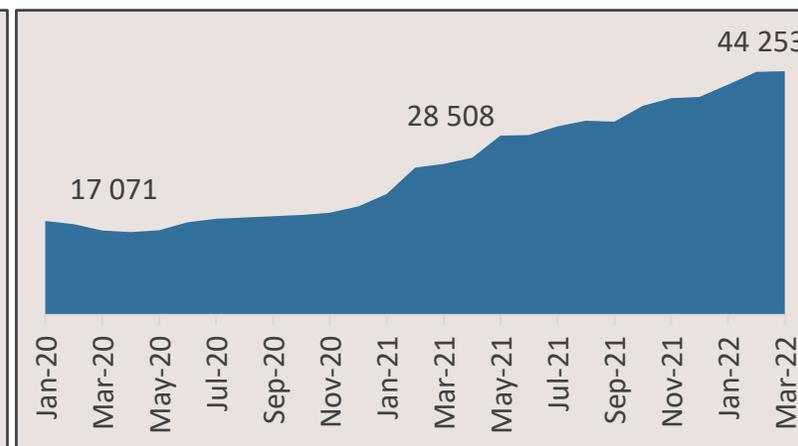


- Significant impact of supply disruptions on commodities
- Further impacted by higher fertilizer costs
- Combined annual spend of >R5bn on Maize & Wheat

Sunflower Oil cost inflation (rebased to 100)



Tin cost inflation (\$/tonne)



Mitigating strategies:

- Focus on securing supply
- Broadening sources of supply
- Increased frequency of price increases
- Close engagement with customers
- Enhanced measures to contain conversion costs and operational efficiencies

Source: Sunoil, EU, FOB, N.W. Eur Ports (\$/tonne)

Looking ahead: Fine balancing act between volumes and margins



Current headwinds likely to persist for the rest of the year

- Input costs likely to remain elevated for longer
- Availability and supply of key inputs as well as recent rand weakness additional headwinds
- Bakeries profitability expected to be sustained at current levels as volume recovery strategy takes hold



However, we remain focused on finding mitigating strategies to offset these

- Revenue management strategies embedded and gaining momentum
- Category specific initiatives to recover cost push
- Recovery of Snacks & Treats to bolster second half performance
- Innovation rate running ahead of competitors
- Progressive improvement in Exports
- Resolution on Deciduous Fruit



Momentum gained in Q2 sustained

- April and May profitability ahead of prior year
- Price increases successfully landed in most segments driving improved revenue growth
- Solid volumes from Beverages, Out of Home and Exports & International
- Signs of improved profitability in select segments, while others continue to be impacted by specific category dynamics
- Cost saving and revenue management initiatives remain on track

UNAUDITED GROUP RESULTS

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TIGER BRANDS



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Grains

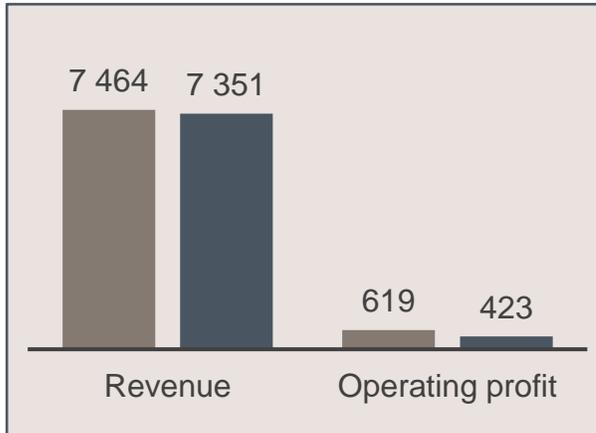
Yokesh Maharaj
Chief Growth Officer



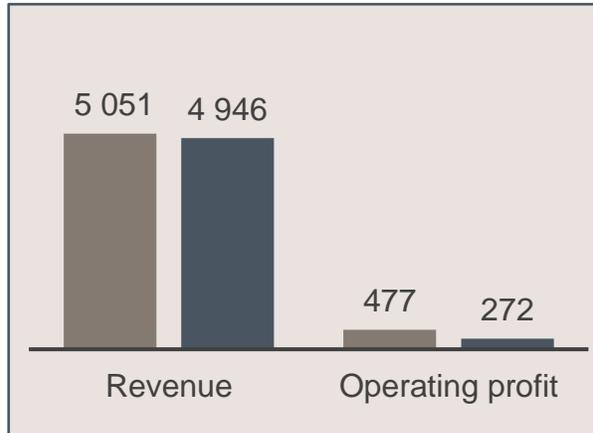


Grains adversely impacted by Bakeries while Other Grains deliver profit growth

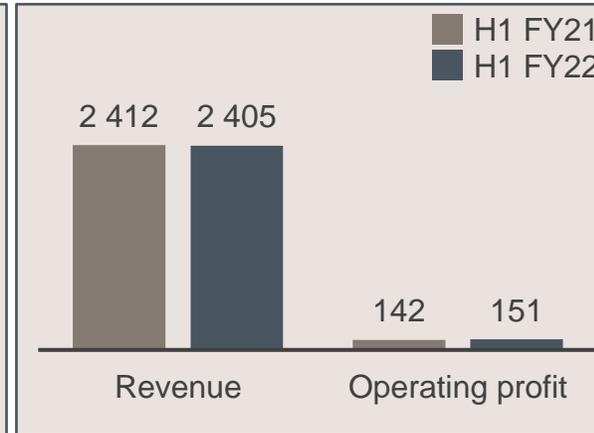
Grains (R'm)



Milling & baking (R'm)

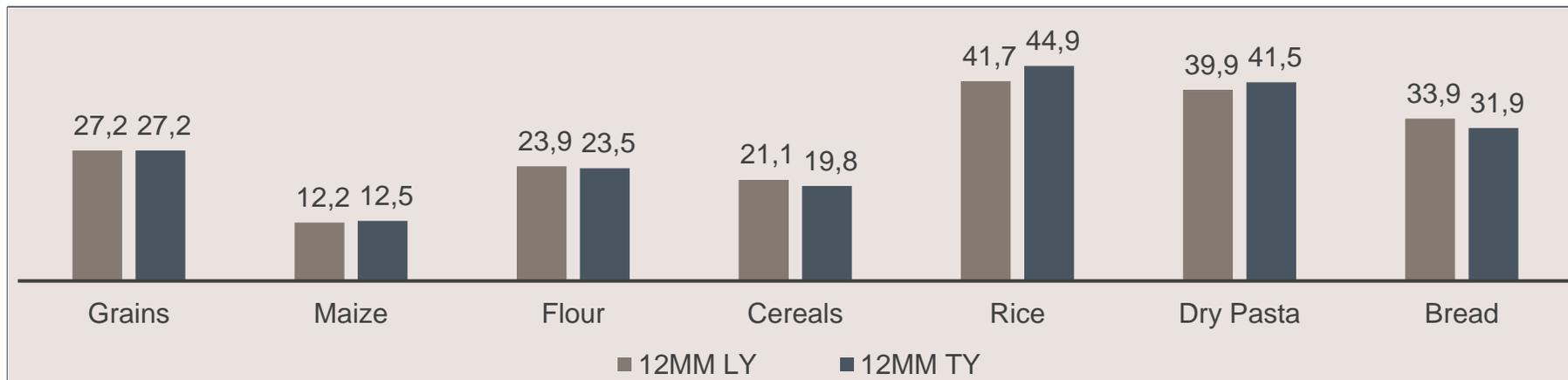


Other Grains (R'm)



- Grains revenue reflects price inflation offset by overall volume declines
- Recovery of input cost inflation across Milling & Baking
- Operating income impacted by significant volume losses in Wheat Milling and Baking

Value shares

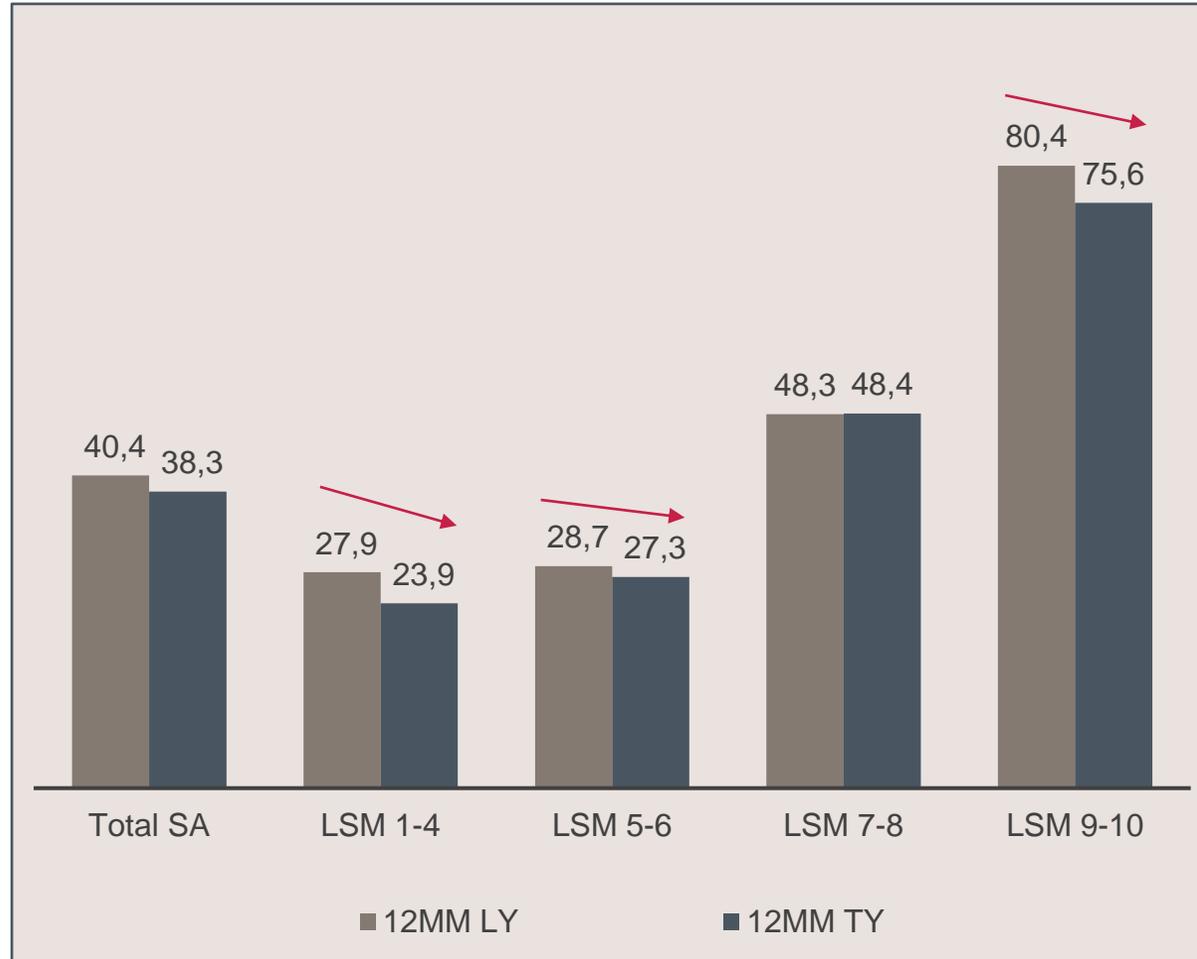


Source: iRI

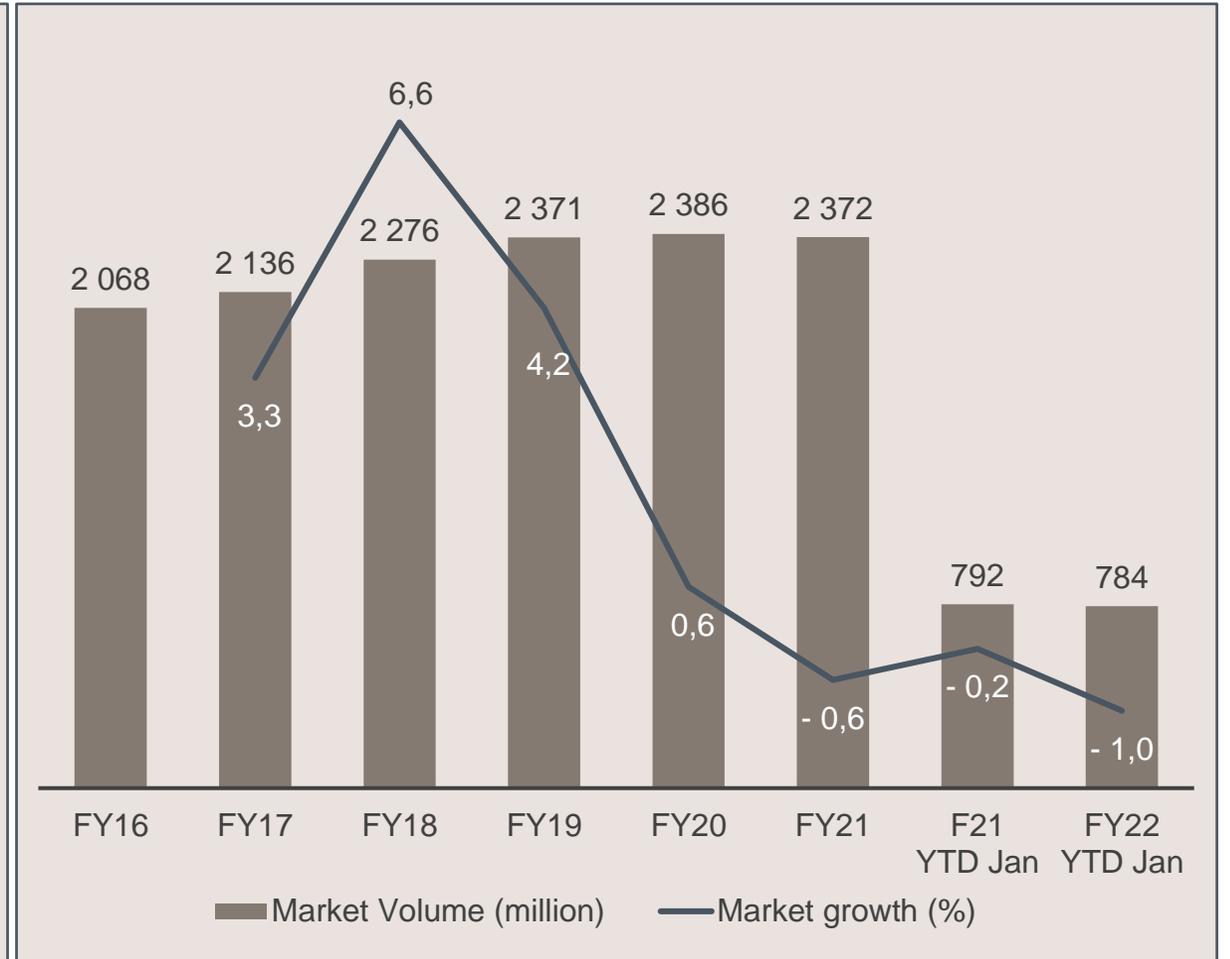


Bread category has seen limited growth over last three years & consumption has declined by 5% across regions and consumers

Annual bread unit consumption per consumer



Market volume and growth



Source: Nielsen Homepanel

Milling and Baking

▼ 2%

R4,9bn

Revenue

▼ 43%

R272m

Operating profit

▼ 390 bps

5,5%

Operating margin



Looking ahead

- Adverse bread category dynamics persist
 - Market pricing strategies not reflective of environment
 - Strategy to implement price increases amidst intense competitor activity significantly impacted volumes
 - Illegal strike action and higher fuel costs further impacted results
 - Volume recovery strategies implemented in Q2 successful in top-end; General Trade more challenging
 - Addressed through in-store promotions and activations
 - Revenue growth in Maize offset by unfavourable product mix
 - Sorghum adversely impacted by poor factory performance, subsequently remedied
- Focus on supporting innovations in wheat category
 - Increased brand support in Maize
 - Focus on secondary lines
 - Increased consumer activity to drive demand
 - Improved in-store visibility and presence with a focus on wholesale

Albany remains most loved bread brand in SA with leading brand power score



HIGHLIGHTS

- Market share gains in white bread category
- Cost saving initiatives tracking ahead of budget
- Key bakery management vacancies filled
- Opportunities in medium-term to improve profitability independently of category dynamics



HEADWINDS

- Quality advantage decreased as competitors catch up
- Market share declines in brown bread category, where price dynamics are particularly challenging
- Cost push and ability to implement significant price increases as commodity positions run out
- Profitability to stabilise at current lower levels in the near-term

Arrest volume declines and accelerate cost efficiencies



IMMEDIATE PRIORITIES

- Continued focus on quality – sustain internal systems, capabilities and routines
- Focused volume recovery in General Trade – capitalise on white spaces, defend and grow in strongholds, grow share in new regions
- Leverage brand strength through revitalised and targeted marketing campaign
- Improve focus & profitability by discontinuing poor performing SKU's
- Capture supply chain efficiencies through depot & route optimisation, fleet management & cost improvements
- New bakery leadership embedded and gaining traction

Other Grains



- %
R2,4bn
Revenue

▲ 6%
R151m
Operating profit

▲ 40 bps
6,3%
Operating margin



Looking ahead

- Rice benefited from significant category volume and market share growth
 - Driven by 20% price deflation across the category; 16% volume growth
 - Profitability further benefited from tight cost control and efficiencies of scale
- Pleasing volume performance from Jungle as consumers switch to ready-to-eat offering
 - Favourable product mix and improved volumes adversely impacted by higher raw material costs and higher distribution costs
- Strong revenue growth in Pasta driven by improved volumes and realisations
 - Negatively impacted by higher maintenance costs and factory under-recoveries

- Continued focus on cost savings and efficiencies
- Various customer and shopper campaigns in the pipeline to drive volume growth
- Factory refurbishment underway at Pasta

UNAUDITED GROUP RESULTS

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TIGER BRANDS



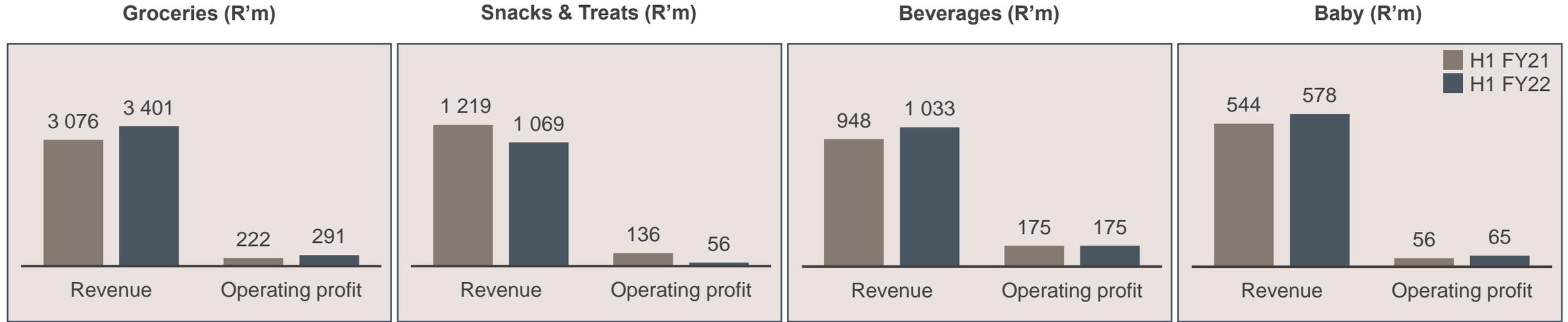
We nourish and nurture more lives every day

Consumer Brands

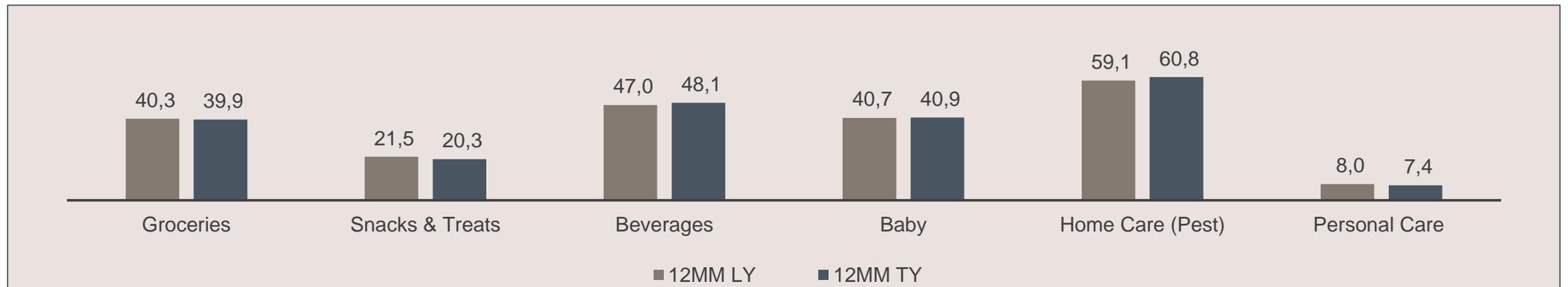
Thushen Govender
Chief Growth Officer



Pleasing performances from most segments negated by industrial action at Snacks & Treats



Value shares



Source: iRI

Groceries

▲ 11%

R3,4bn

Revenue

▲ 31%

R291m

Operating profit

▲ 140 bps

8,6%

Operating margin



- Top-line driven by combination of price (7%) and volume (4%)
 - Solid growth in mayonnaise, tomato sauce and chutney
- Category volume contraction reverses in the short term (3mm) but inflation outlook is expected to negate this
- Revenue management principles embedded with further room to deliver value via price point and promo management
- Strategic initiatives to reduce the manufacturing footprint aid cost push mitigation to some extent
- Recently commercialised innovation offerings gain traction
- Brand health scores high on KOO, All Gold, Black Cat, Mrs Balls and Crosse & Blackwell
- Leadership bench strength demonstrated across all functions

Looking ahead

- Material cost inflation on ingredients and packaging likely to continue
- Mitigating strategies to address supply chain constraints
- Product tiering and engineering to drive consumer value propositions

Renewed focus on innovation aimed at consumer value propositions



EVERYDAY	AFFORDABLE FLAVOUR	FLAVOUR TWISTS	HEALTH AND NUTRITION
Everyday versatility	Affordable flavour enhancement	Affordable on-table variety	Daily health / Health plus
Regular daily usage, indulgent quality and versatile on-table usage	Preparation of regular daily family meals with classic flavours underpinned by affordability	Authentic flavours and tastes that reflect trends in convenient and affordable packs	Healthier alternative to regular mayo



Snacks & Treats



▼ 12%

R1,1bn

Revenue

▼ 59%

R56m

Operating profit

▼ 590 bps

5,2%

Operating margin



Looking ahead

- Strike action and low opening stocks impact volumes
 - Volume decline of 14%
- Promotional activity managed in line with stock availability
- Supply chain audit completed with maintenance and capital investment areas identified
 - Factory performance ahead of expectations in Q2
- Operating profit performance impacted by
 - Lower volumes
 - Inability to fully participate in Easter
 - Service levels remain challenged as key lines prioritised
 - Under recoveries due to strike action; somewhat offset by management ability to pull back on certain expenses
- Leadership team recruitment, work in progress

- Progress made in restoring inventory levels
- Focus on targeted marketing and support plans to stimulate sales
- Continued factory optimisation strategies
- Innovation and quality enhancement projects via strategic partnerships

Beverages

▲ 9%

R1,0bn

Revenue

-%

R175m

Operating profit

▼ 160 bps

16,9%

Operating margin



- Oros and Energade continue to remain the largest contributors
- Innovation and pack price architecture strategies deliver
- Portfolio strategy to drive RTD contribution impacted by availability of closures
- Volume growth of 10% driven by
 - Investment behind promotional activity to drive share gains
 - Resumption in demand for sports drinks
- Operating profit in line with last year
 - Increased promotional support
 - Significant cost push
 - Raw material availability
- New leadership team in place

Looking ahead

- Optimisation of shift structures to reflect seasonal nature of business
- Drive innovation execution
- Cold availability rollout
- Focus on combo deals throughout winter to mitigate volume regression
- Relentless focus on efficiencies and continuous improvement to mitigate cost push

Baby

▲ 6%

R578m

Revenue

▲ 17%

R65m

Operating profit

▲ 100 bps

11,3%

Operating margin



- Top line performance driven predominantly by price inflation; particularly in nutrition segment
- Strategic focus on toiletries delivers topline however significant cost push negates profitability
- Volumes sustained across segments
 - Jars supported by increased in-store activity and customer support
 - Share gains in petroleum jelly and aqueous cream
- Operating income benefited from favourable product mix
 - Enhanced by optimal promotional activity and tight cost control

Looking ahead

- Continued brand investment
- Reinvigorate the Jar proposition with taste improvement and natural ingredients
- Drive meal occasion communication on Jars and Pouches to educate on relevance of each format
- Continued focus on toiletries share gain

Home and Personal Care (HPC)

▼ 1%

R1,1bn

Revenue

▼ 16%

R212m

Operating profit

▼ 340 bps

19,4%

Operating margin



- Increased market share despite overall segment impacted by lower demand
 - Resulting in poor demand for insecticides
 - Compounded by significant increases in raw material and conversion costs
- Home Care performance negatively impacted by higher than usual rainfall levels
 - Price inflation (6%) offset by lower volumes (-3%)
 - Abnormal increases in ingredients, packaging and distribution costs resulted in increased operating loss relative to last year
- Personal Care performance impacted by lower overall category demand
 - Continued improvement in factory performance (OEE's and MUVs) despite headwinds

Looking ahead

- Price management to protect margin
- Continued focus on factory efficiencies
- Successfully deliver on innovation and renovation projects
- Portfolio Health: Continued focus on Personal Care and the balance of Home Care portfolio to reduce dependency on the pesticide business

Exports and International

▲ 5%

R1,9bn

Revenue

▼ 25%

R64m

Operating profit

▼ 130 bps

3,3%

Operating margin



Looking ahead

- Top line growth driven by improved Deciduous Fruit performance
- Increased demand and elevated international fruit prices benefit Deciduous Fruit
 - However, offset by adverse sales mix and higher freight and packaging costs
- Exports performance negatively affected by
 - Disappointing start to the year in terms of sales into Nigeria; Q2 delivers recovery
 - Adverse product mix and increased distribution costs
- Despite increased cost pressure, Chococam continues to outperform
 - Supported by optimal pricing strategies and market share gains in chocolate
 - Maintained strong cost control
- Recover volumes through in-market activity and promotions
- Enhance stock levels with improved distribution agreements
- Increase production efficiencies
- Deliver innovation opportunities

UNAUDITED GROUP RESULTS

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Strategic update

Noel Doyle
CEO



Core portfolio turnaround gaining traction and focus on strategic objectives allows for long-term sustainable performance



**It appears that stabilisation of the core is taking much longer than anticipated;
major exogenous headwinds clouding progress**

Confident in refreshed strategy; starting to bear fruits

- Management capability to navigate short-term headwinds while focusing on the future
- Bakeries to show first signs of recovery in FY23 after stabilisation initiatives in the current year
- Continue to invest in innovation, marketing, people and IT
- Relentless focus on costs, productivity and other operating efficiencies
- Significant progress in expanding our network and market intelligence in building a pipeline of compelling & value-enhancing targets and opportunities particularly in Rest of Africa
 - Inaugural VC Fund investment indicative of positioning for the future
- Addressed capital allocation through the share buyback programme

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Q&A



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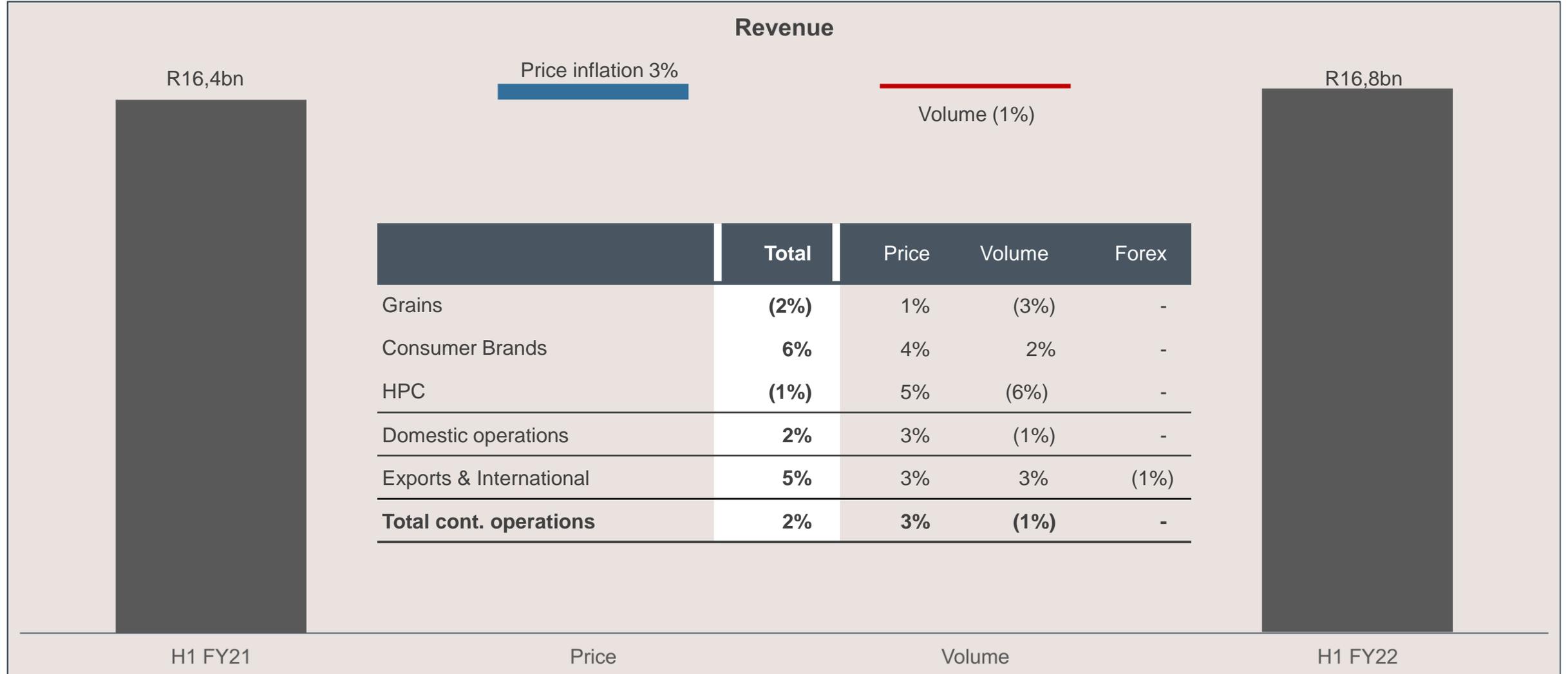


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Appendix



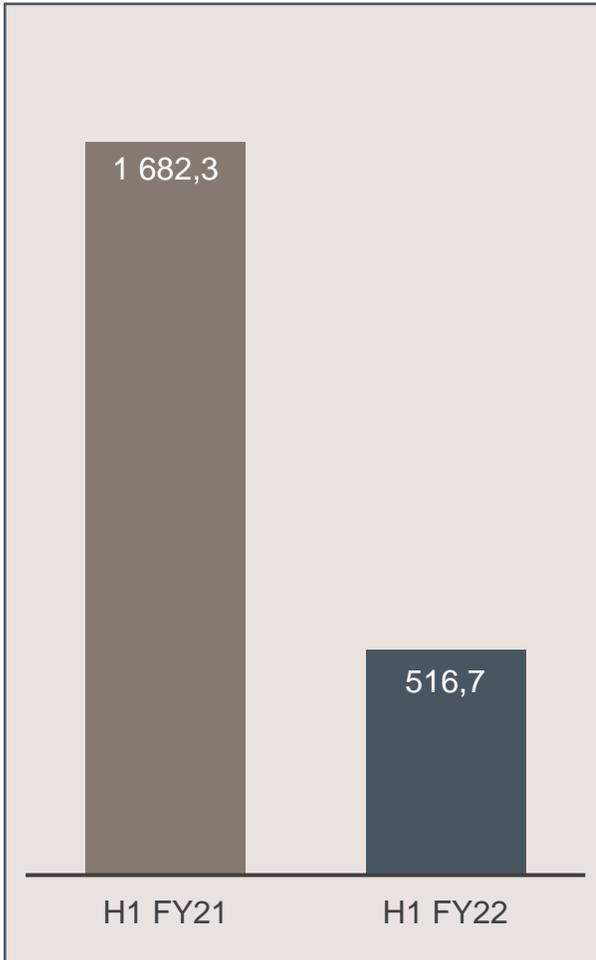
Price inflation across all segments boosts revenue growth



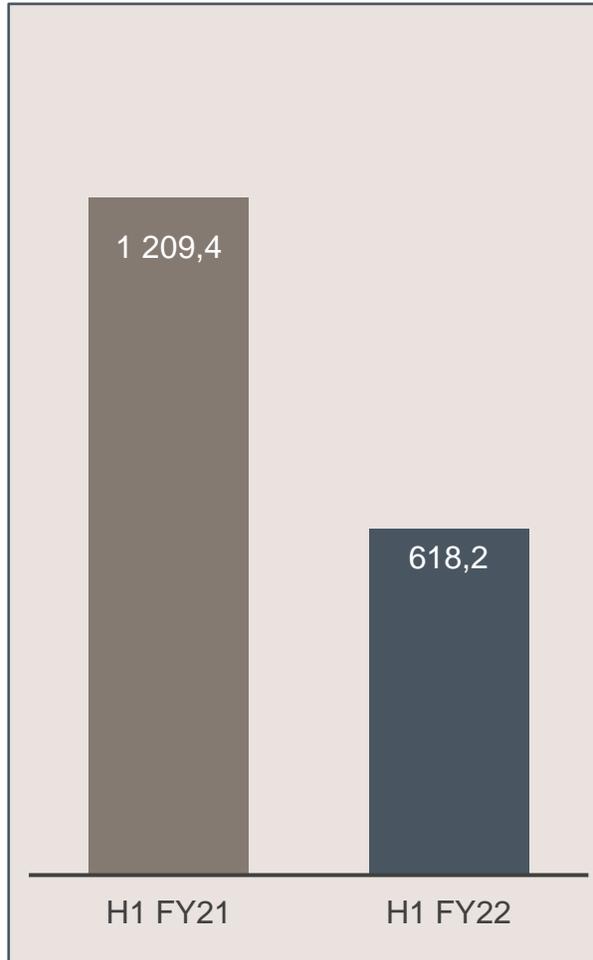
Summary of ratios



Cash generated from operations (R'm)
▼ 69%



Cash and cash equivalents (R'm)
▼ 49%



Rm	H1 FY22	H1 FY21
Net cash (R'm)	318	1 206
RONA	14,5%	21,2%
Return on equity (ROE)	15,7%	17,5%
Return on invested capital (ROIC)	13,5%	16,2%
WACC rate	13,0%	12,2%
Working capital per R1	21,5%	21,8%
Net working capital	106.6	93.8
Debtor days	29.6	27.7
Creditor days	33.9	29.0
Stock days	110.9	95.1

Income from associate companies

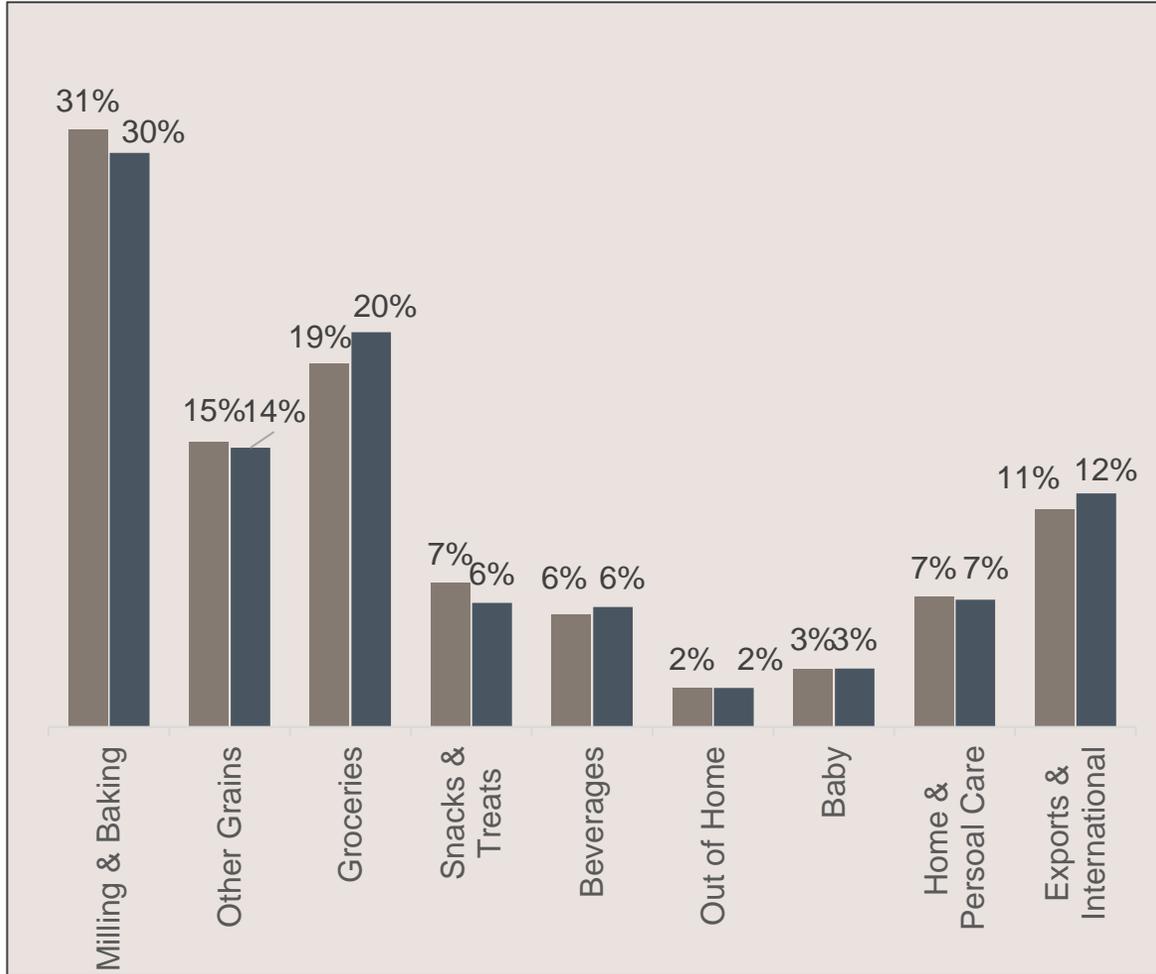


Rm	H1 FY22	H1 FY21
Carozzi	147,6	141,1
National Foods Holdings Ltd	34,1	19,8
UAC Foods	-	16,1
Total	181,7	177,0

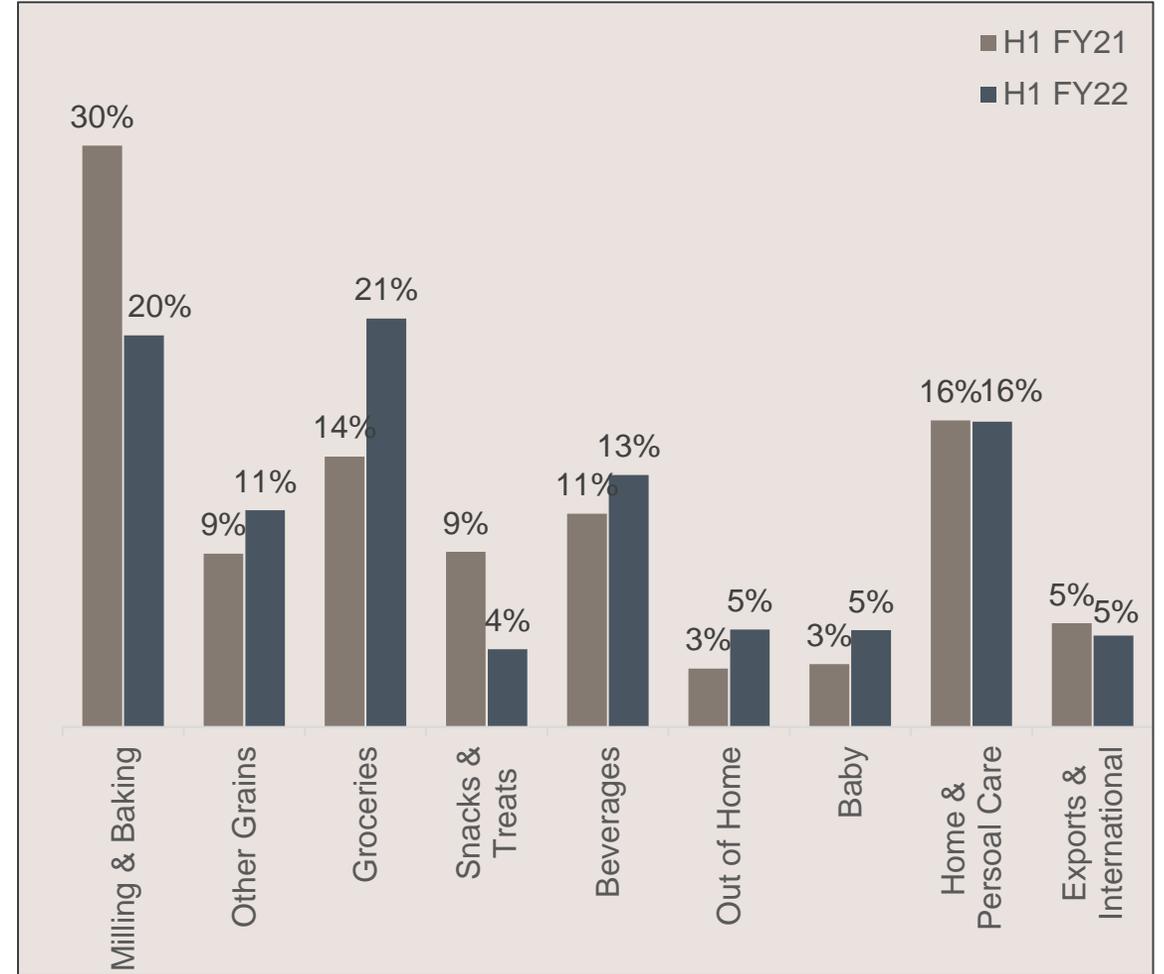


Segmental contribution to Revenue and Operating Income*

Revenue



Operating Income *



* Operating Income before impairments and non-operational items



Billion Rand Brands sustain market leadership in a tough trading environment

BRAND	EQUITY RANK	VOLUME SHARE	VOLUME RANK	VALUE SHARE	VALUE RANK
	#1	35,5%	#2	37,5%	#1
	#1	28,8%	#1	30,2%	#1
	#3	22,0%	#2	22,3%	#2
	#2	9,4%	#2	10,2%	#2
	#2	38,6%	#1	43,4%	#1
	#1	65,9%	#1	69,0%	#1
	#1	56,8%	#1	62,6%	#1
	#1	36,8%	#2	38,2%	#2
	#3	13,0%	#3	9,9%	#3
	#1	42,2%	#1	44,0%	#1
	#1	84,9%	#1	85,7%	#1

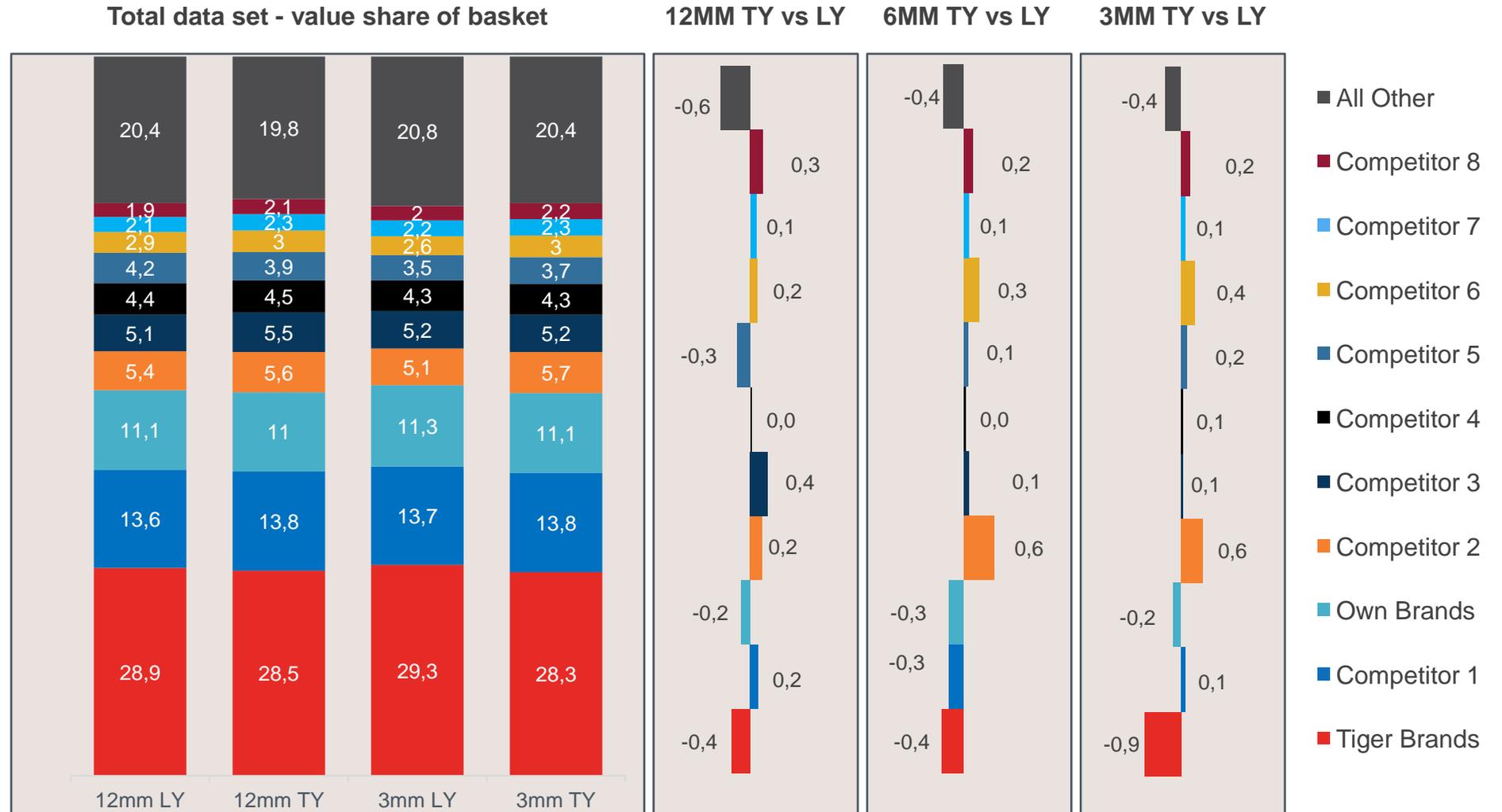
Source: Kantar BHT Brand Power Scores H1 2022; IRI Share Data FY Mar 2022.

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



Value growth driven by Groceries, Cereals and Beverages offset by Milling & Baking, Snacks & Treats and Home Care

- Mix changes drive value share losses in the short-term
- Own Brands continue to lose in the long term

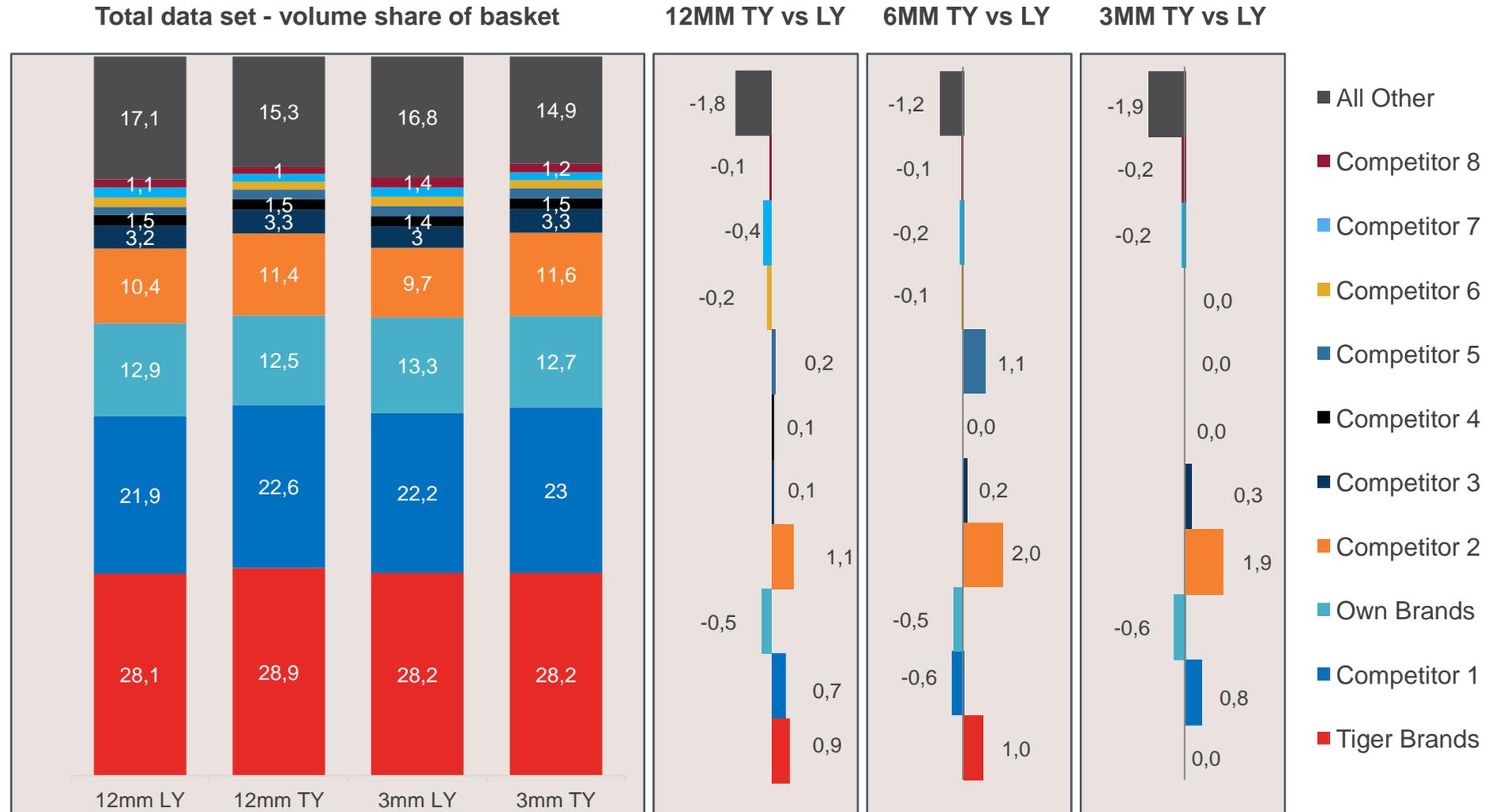


Source: IRI



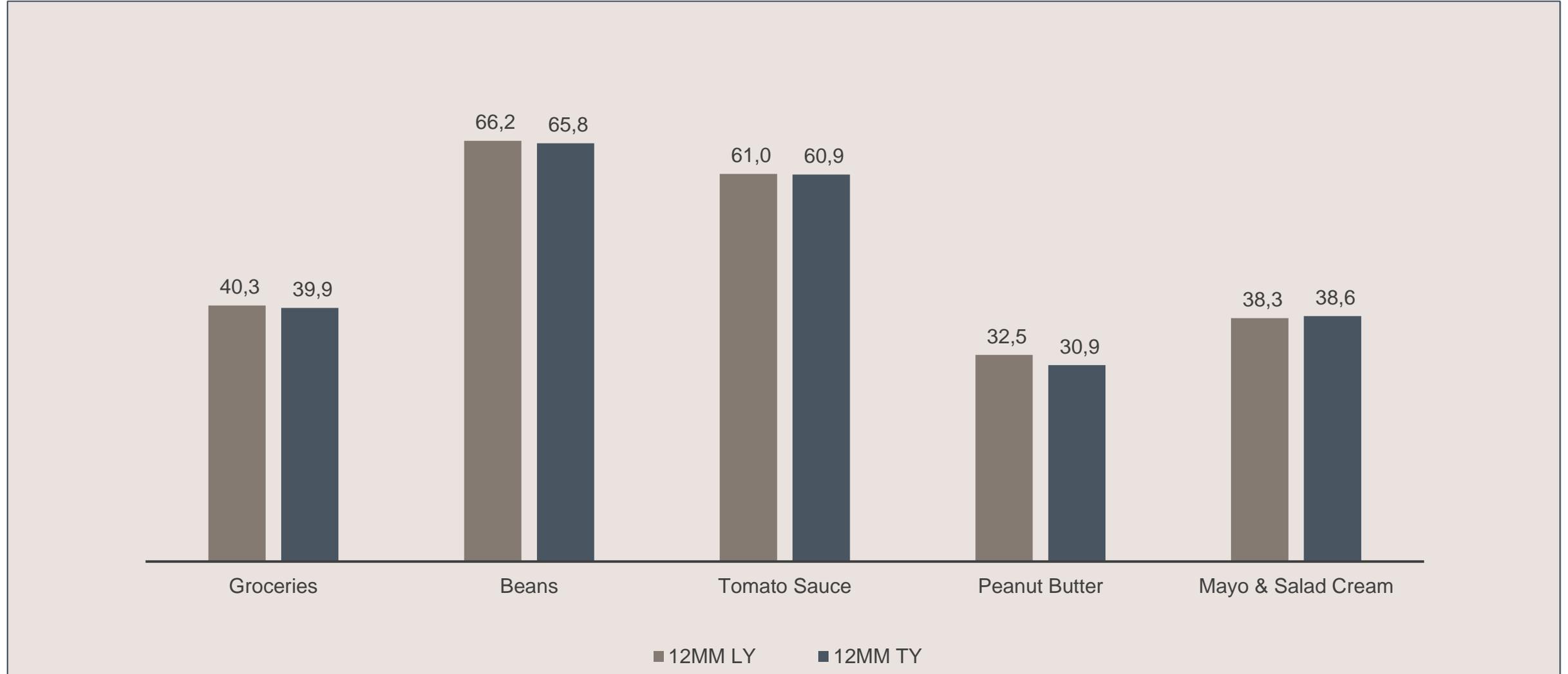
Volume share gains in the long-term driven by Rice, Condiments and Beverages

- Own Brands' volume share losses are driven mainly through Rice and Novelty and Speciality chocolate
- Tiger volume share gains offset by Bread, Chocolate and Maize
- Losses in Chocolate over the Easter period impacted by prolonged strike action in Snacks & Treats



Source: IRI

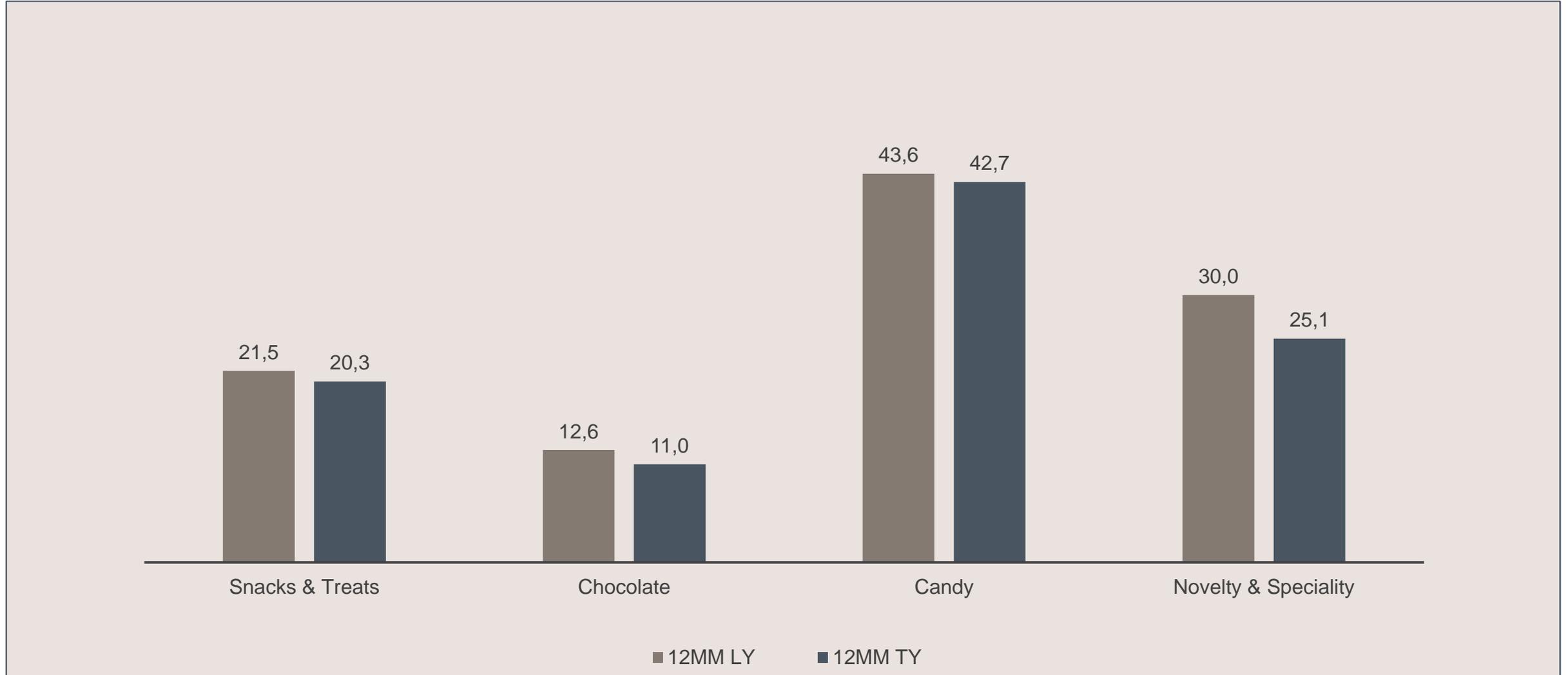
Overall Groceries value share remain relatively stable



Source: IRI Tiger value share H1 F22 March 2022 performance

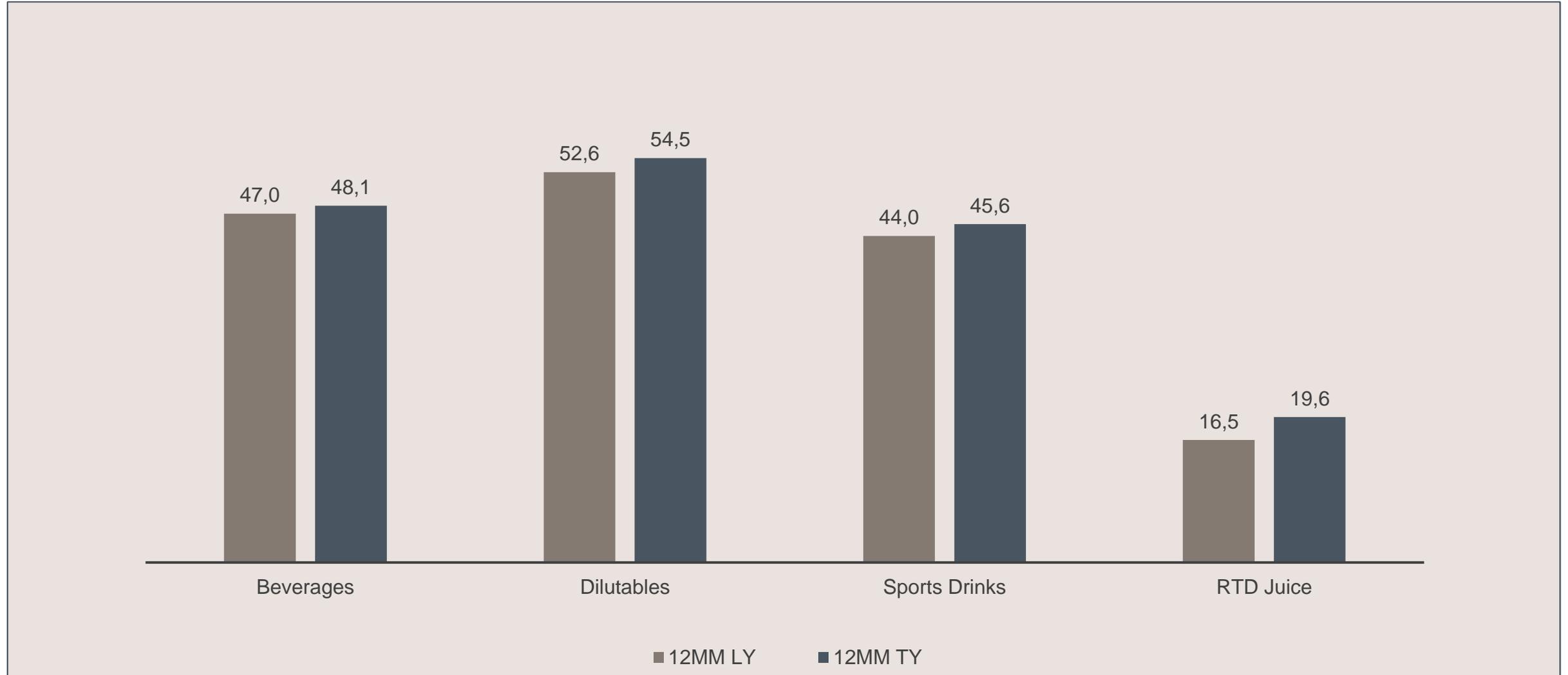


Overall declines driven by supply disruptions due to prolonged strike action and low opening stocks within Snacks & Treats



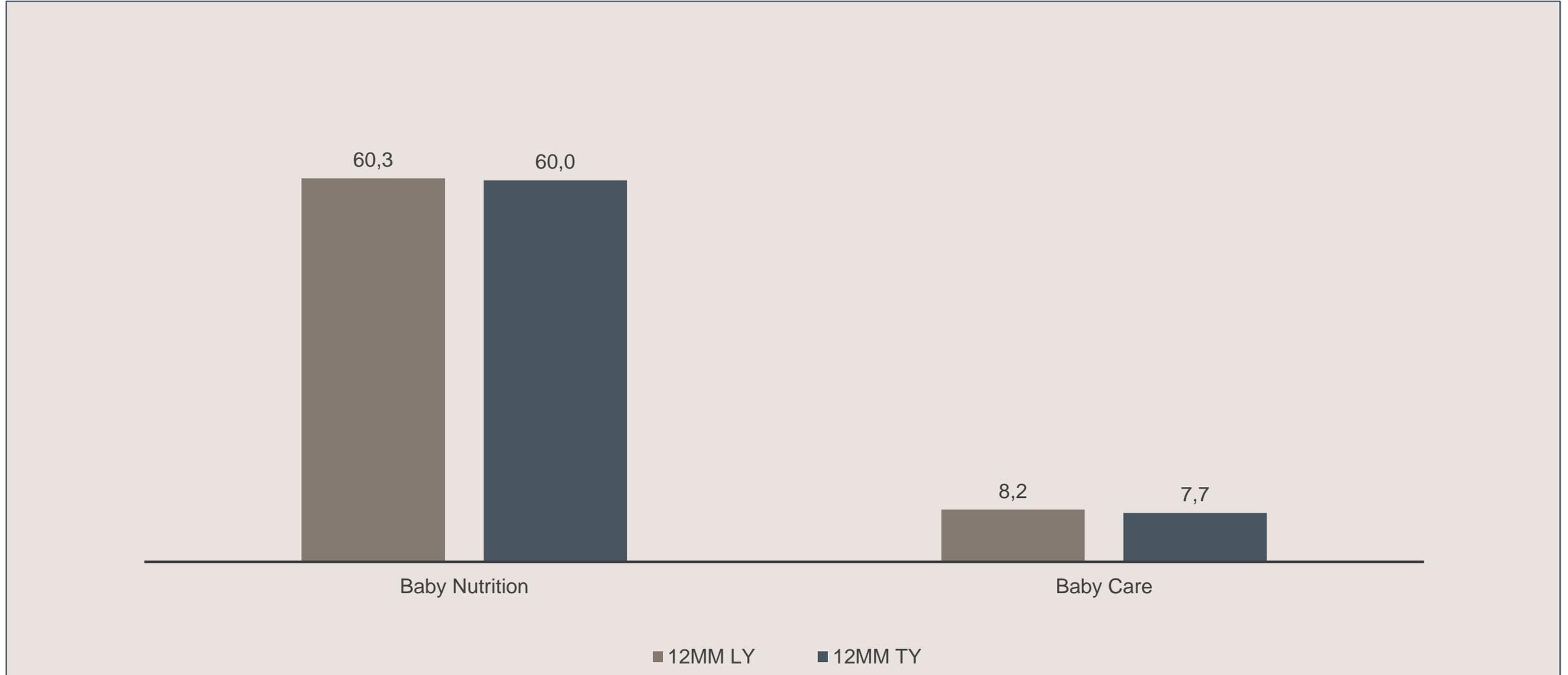
Source: IRI Tiger value share H1 F22 March 2022 performance

Beverages share growth attributable to top brands, including new innovations and pack sizes



Source: IRI Tiger value share F22 March 2022 performance

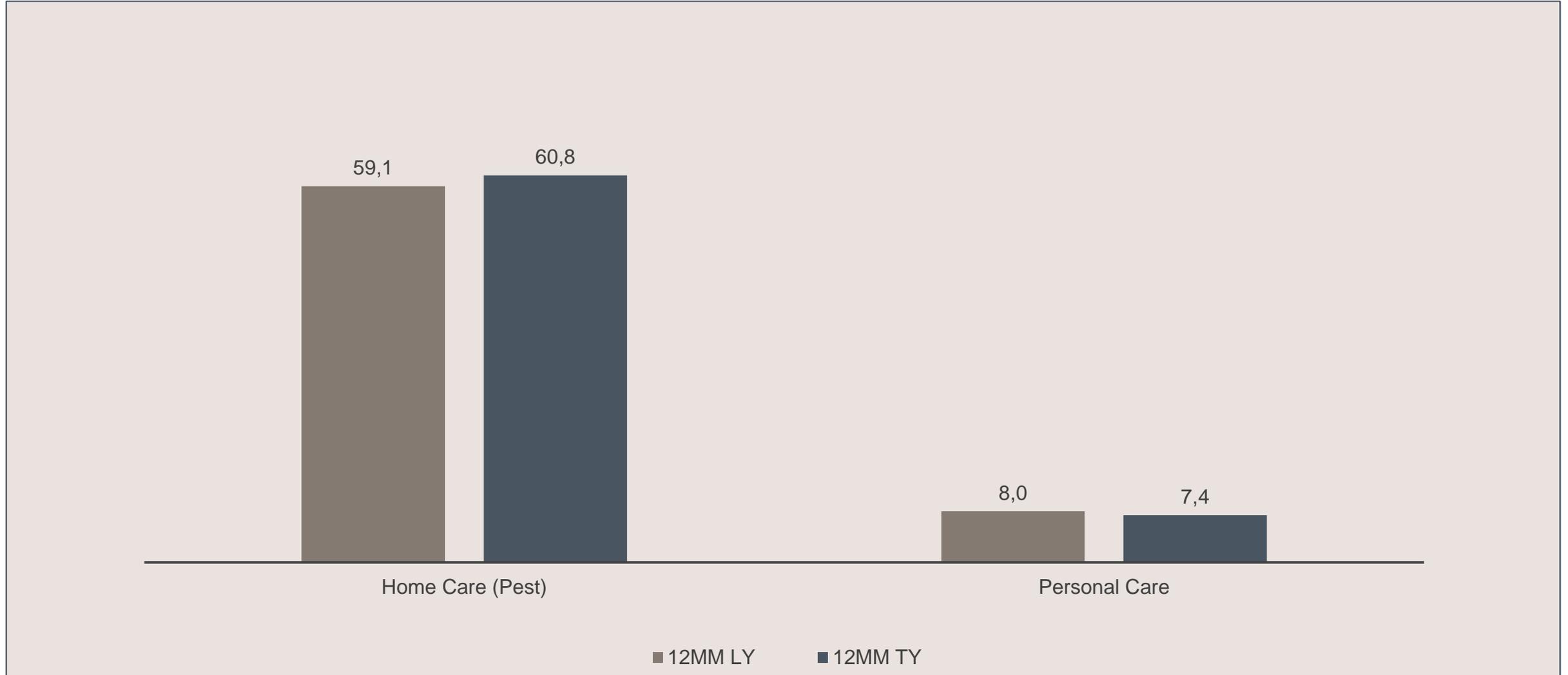
Volumes across segments sustained; jars supported by increased store activity



Source: IRI Tiger value share F22 March 2022 performance



Home Care gains despite adverse category dynamics; Personal Care impacted by lower overall category demand



Source: IRI Tiger value share F22 March 2022 performance