GROUP RESULTS PRESENTATION

2019

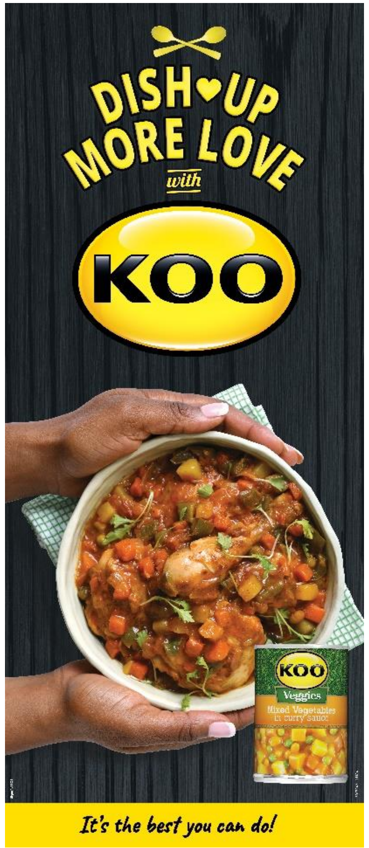
We nourish and nurture more lives every day

For the year ended 30 September 2019

TIGER BRANDS

Index


DISH UP MORE LOVE
with
KOO
It's the best you can do!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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 22 November 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.

Overview


2019

Lawrence Mac Dougall

Chief Executive Officer





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TIGER BRANDS

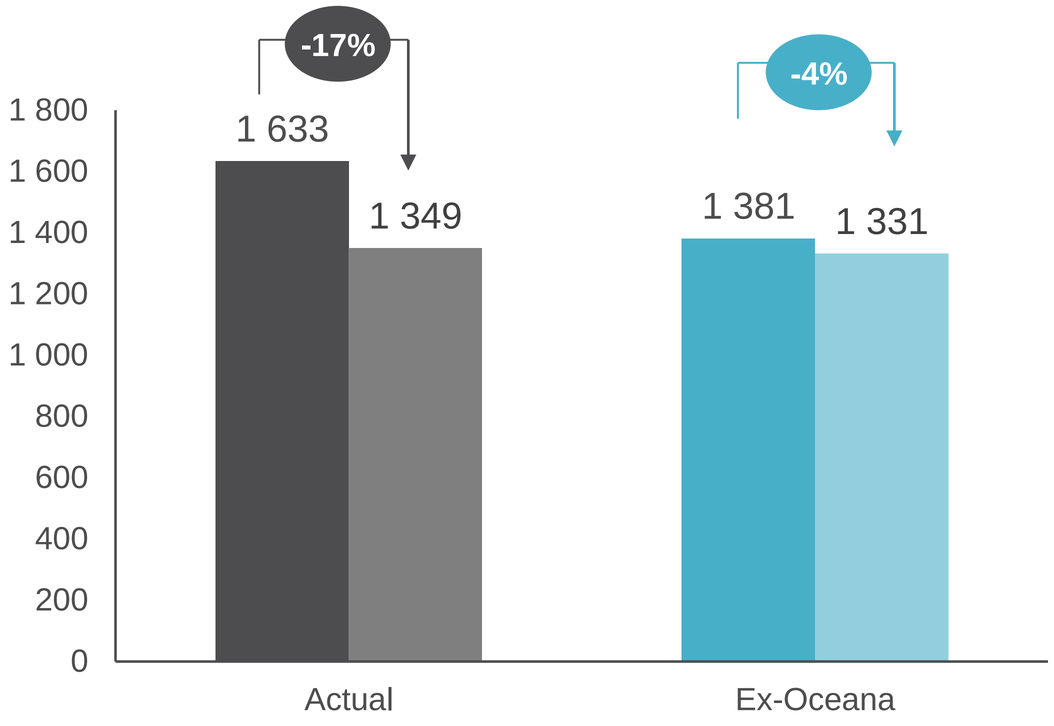
Our operating environment

Weak macro backdrop	> Low GDP growth – social unrest, lack of municipal service delivery > Consumer spending muted, high unemployment, negative real wage growth, increase of the cost of basic services & utilities
Customer landscape evolving	> More consumers shopping on promotion, SKU rationalisation & lower inventory levels > Continued focus on driving Private label participation > Growth opportunities outside Modern Trade impacted by social unrest
Evidence of global consumer dynamics	> Increase in e-commerce, use of digital & social media for engagement, shopping > Emerging opportunities in convenience, health & wellness, snackification & on-the-go > Growth of smaller pack sizes and bigger, better value-add offers
Input volatility	> Electricity outages / excessive price hikes for utilities including fuel, water, electricity > Commodity and exchange rate volatility > Impact of climate change on weather and rainfall patterns on crop yields & water availability

Challenging trading environment constrains volumes & impacts margins

	Ex-VAMP
Group revenue+ up 3% to R29.2 billion	Up 5% to R28.6 billion
Gross margins+ down 230bps to 30.3%	Down 180bps to 31.9%
Group operating income+** down 20% to R2.7 billion	Down 11% to R3.2 billion
Group operating margin+** down 270bps to 9.2%	Down 200bps to 11.3%
Total dividends of 1 061 cents	

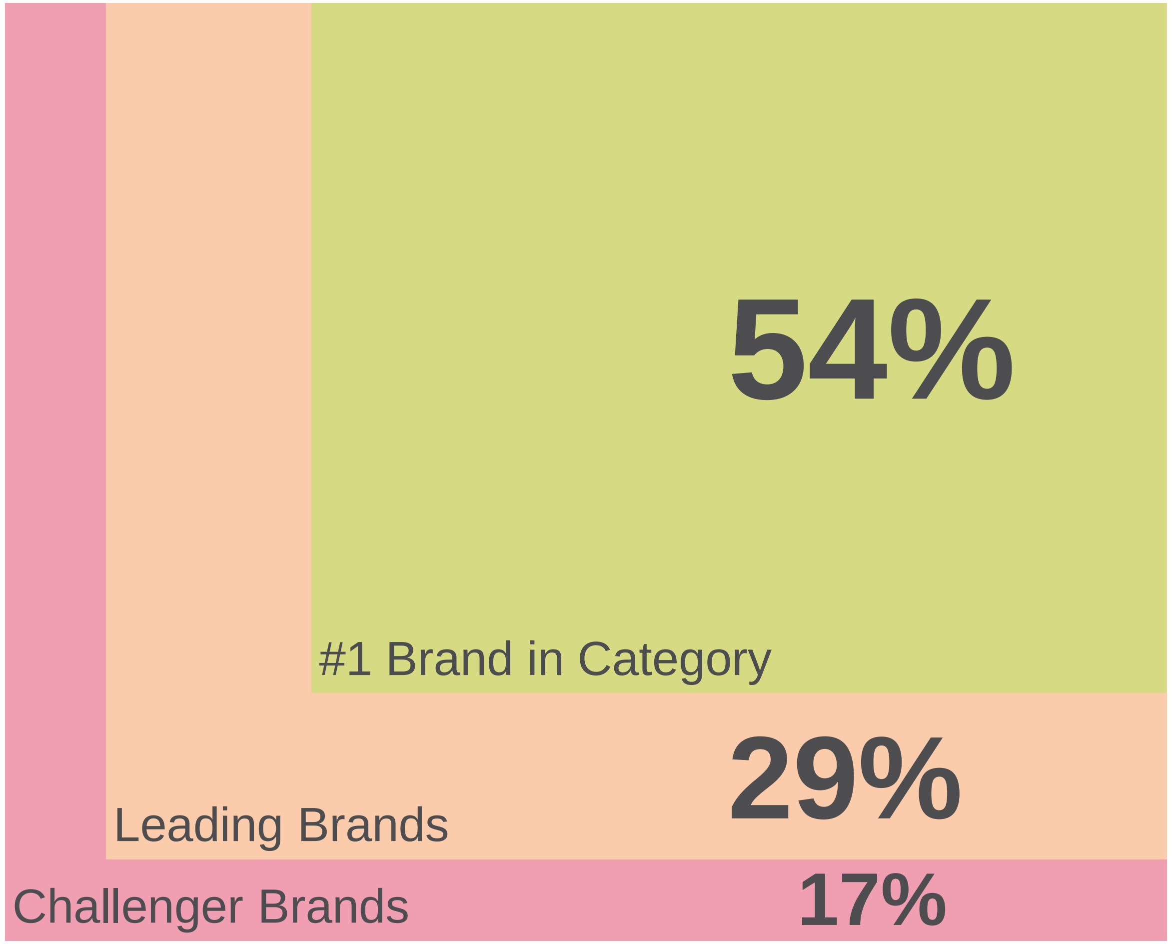
HEPS+ excluding Oceana Down 4%



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

Tiger Brands has strong category positioning

Brands win in the mind of the consumer

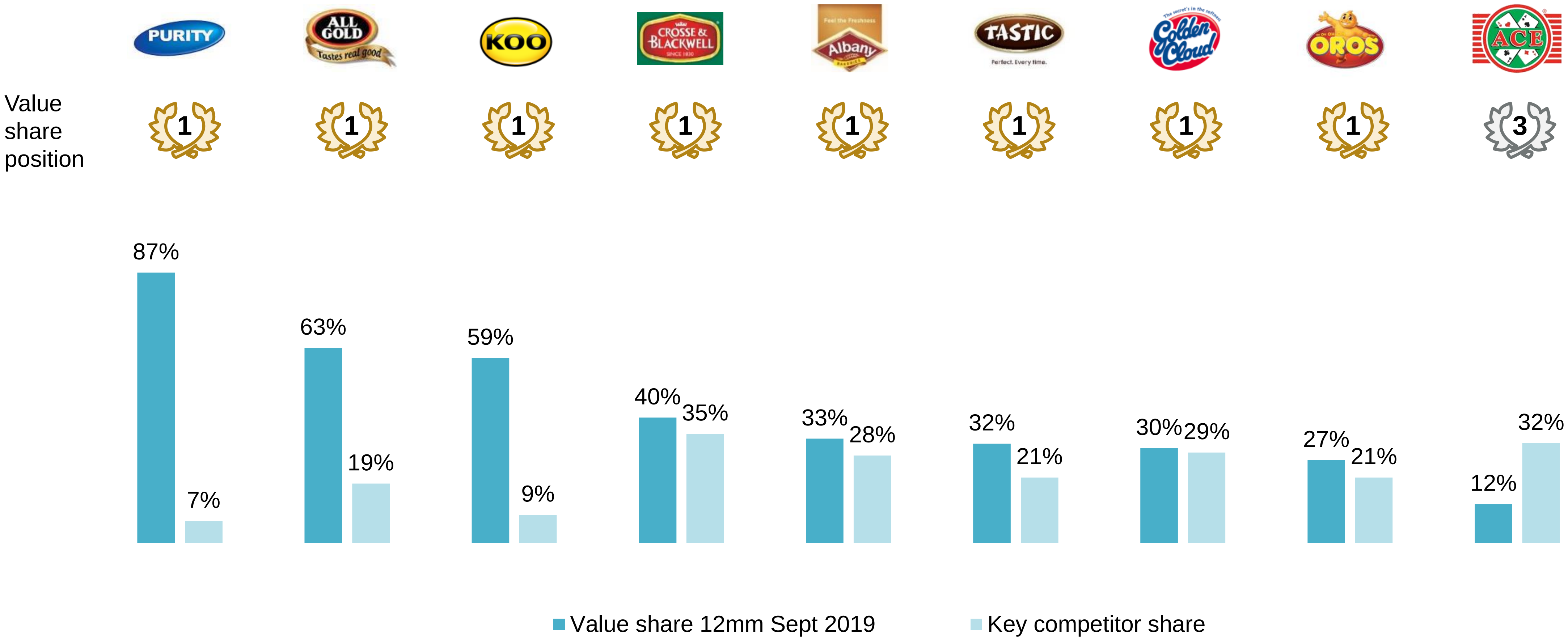


Source: Internal, Brand Health Tracking results

Sunday Times Top Brands 2019

- 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

8 of our Billion Rand Brands are #1 brands in value share



Source: % = Nielsen | ** Purity Homogenised Foods

Our brands remain relevant with our customers

Tiger value share within customer

	12mm
TOTAL SA	**25%**
GT	**33%**
MT	**23%**
Customer 1	25%
Customer 2	27%
Customer 3	28%
Customer 4	23%
Customer 5	31%

Top-end grocer

40.2%

Forward share **40.2%** *vs.* Market share **23.0%**

Joint business plans implemented with key customers

97%

On-shelf availability **97%**

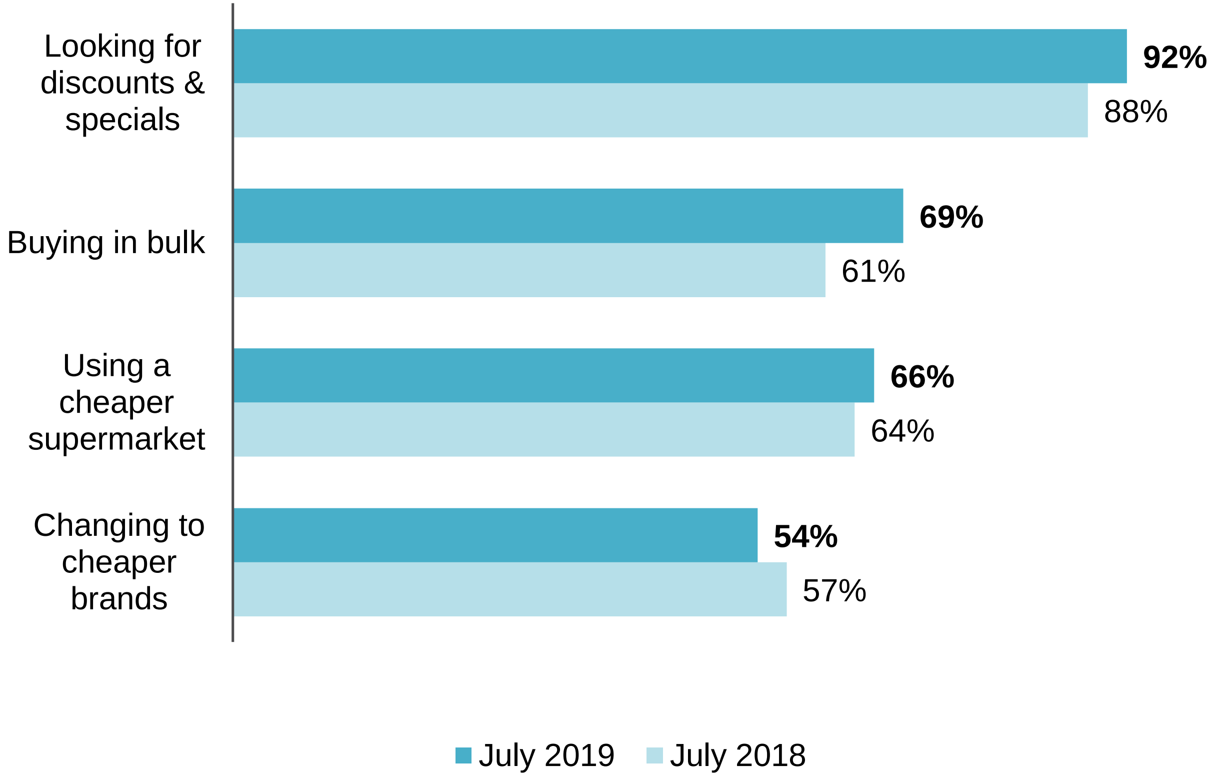
General trade

44.8%

Forward share **44.8%** *vs.* Market share **32.0%**

Source: Nielsen

Shoppers increasingly price sensitive & seeking value offers



Three quarters of consumers buy brands

- Brand choice first criteria
- **75%** Brand loyal
- Repertoire **70%**
  (buy within a set of suitable brands)
- Price driven **33%**

Source: Old Mutual savings & investment report 2019

TIGER BRANDS

Delivering a pipeline of consumer relevant innovation in growing segments

Health & Nutrition


Albany BoB Genius


Ace + Fibre


KOO BBQ and Chilli Wors flavour


KOO Black Beans

Value


Benny Seasoning


Tastic Basmanti Parboiled Rice

Convenience


Purity pouch variants


Purity instant porridge


Tastic Quick Cook parboiled rice

Other


Maynards Sour Jelly Beans


Oros 2L – new flavours


Fattis & Monis 100% Durum Pasta

Contemporising to win against competition & build relevance

Upgrading packaging to meet the needs of today's visually conscious insta-consumers

Beacon gained 16% share off units sold

Old pack → **New pack**

New Pack + **New offering**

Stretching the brand up

Source: Nielsen

Leveraging technology to measure effectiveness & respond to a new shopper journey

Leveraging AI to optimise promos

> Ambition of 100% trade spend optimisation that helps retailers and Tiger Brands grow

> Went live in May with AI, cloud-based system – applying machine learning to over 7 000 promotions

> Internal promotion activity monitoring has increased 160%

Digitally promoting – broadsheets and coupons

Turning ‘price’ into media

Becoming omnichannel with Buysmart

We have built a strong foundation to launch our future growth ambitions

TIGER BRANDS

What's working

> Group strategy execution

- Portfolio optimisation - Oceana, Deli, VAMP
- Capability, culture and values
- Cost management
- Central procurement
- Manufacturing upgrade > R1.1bn Capex
- Innovation pipeline
- Brand health
- Sustainability goals > reduced energy, water, etc.
- Strong working capital management

> Business performance

- Snacks & Treats
- Beverages
- Home Care
- Baby Nutrition
- Breakfast

What's challenging

> Socio political headwinds

> Municipal service delivery and cost of utilities

> Business environment > Low growth/low inflation

> Inorganic growth

> Business performance

- Grains, Groceries & International
- Margin management
- Affordable offerings
- Rising labour costs & unrest

Financial & operational performance

2019

Noel Doyle
Chief Financial Officer

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Significant distortions make year-on-year comparisons difficult

Unbundling of Oceana & VAMP's slower than expected recovery impact performance

EPS	2019 EPS (cents)	2018 EPS (Cents)	% change cps
Earnings as reported (continuing operations)	**2 364**	1 530	55%
Adjusted earnings – excluding Oceana	**1 157**	1 275	(9%)
Adjusted earnings (excluding VAMP and Oceana)	**1 408**	1 584	(11%)

HEPS	2019 HEPS (cents)	2018 HEPS (Cents)	% change cps
Earnings as reported (continuing operations)	**1 349**	1 633	(17%)
Adjusted earnings – excluding Oceana	**1 331**	1 381	(4%)
Adjusted earnings (excluding VAMP and Oceana)	**1 536**	1 675	(8%)

Impact of VAMP on operating income before impairments and abnormal items	2019 Rm	2018 Rm	% change
Operating income as reported	2 623	3 289	(20%)
VAMP losses	547	252	
Operating income before impairments excluding VAMP	**3 170**	**3 541**	(11%)

Operating results reflect challenging operating environment offset by good procurement & expense control

Associate income impacted by unbundling of Oceana, EPS boosted by gains on unbundling

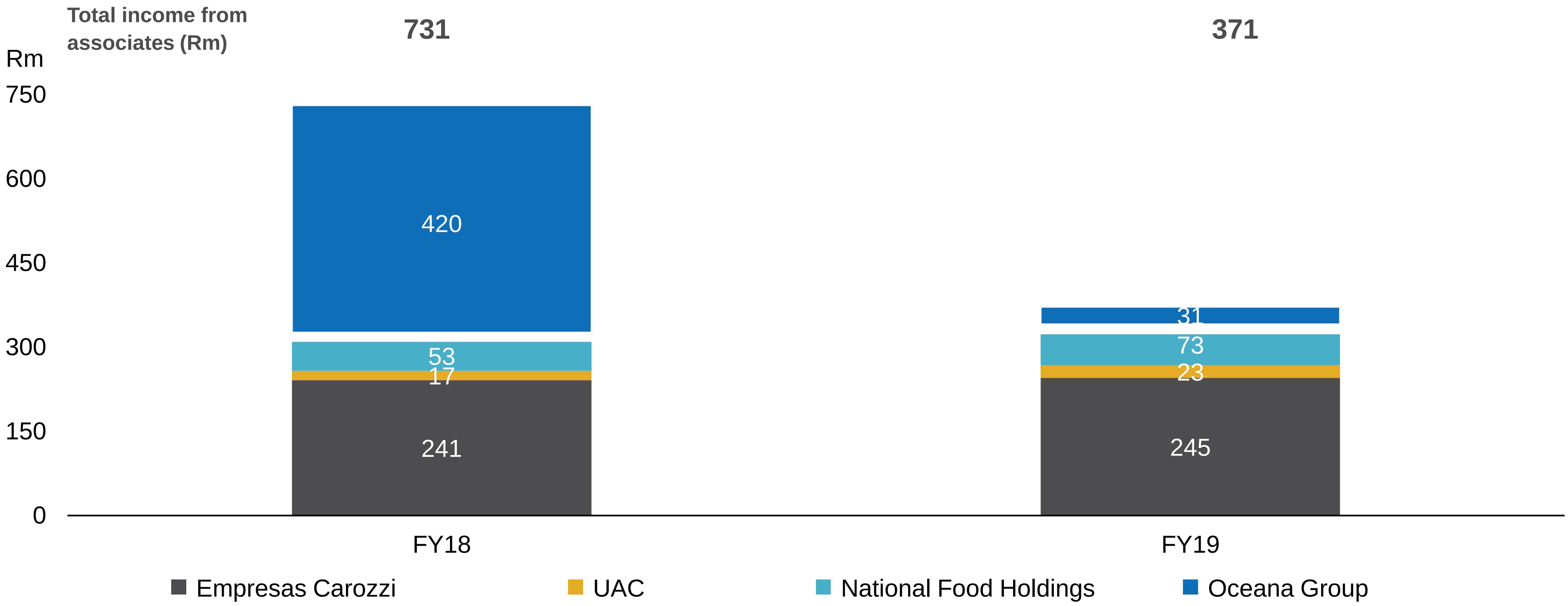
Continuing operations – Rm	2019	2018	% change
Revenue	**29 233**	28 365	3%
Cost of sales	**(20 383)**	(19 107)	(7%)
Gross profit	**8 850**	9 258	(4%)
Sales and distribution expenses	**(3 936)**	(3 664)	(7%)
Marketing expenses	**(860)**	(839)	(3%)
Other operating expenses	**(1 431)**	(1 466)	2%
Operating income before impairments and abnormal items	**2 623**	3 289	(20%)
Impairments	**(307)**	(198)	(55%)
Abnormal items	**2 042**	(422)	584%
Operating income after impairments and abnormal items	**4 358**	2 669	63%
Net finance income/(cost) & investment income	**12**	(19)	163%
Income from associated companies	**371**	731	(49%)
Profit before taxation	**4 741**	3 381	40%
Taxation	**(798)**	(835)	4%
Profit for the year from continuing operations	**3 943**	2 546	55%
Profit for the year from discontinued operations	**(53)**	(115)	54%
Profit for the period	**3 890**	2 431	60%
Headline earnings per share (cents)	***1 322***	*1 589*	*(17%)*
– Continuing operations	***1 349***	*1 633*	*(17%)*
– Discontinued operations	***(26)***	*(44)*	*(41%)*

Impairments recognised in Davita & VAMP reflecting challenging outlook

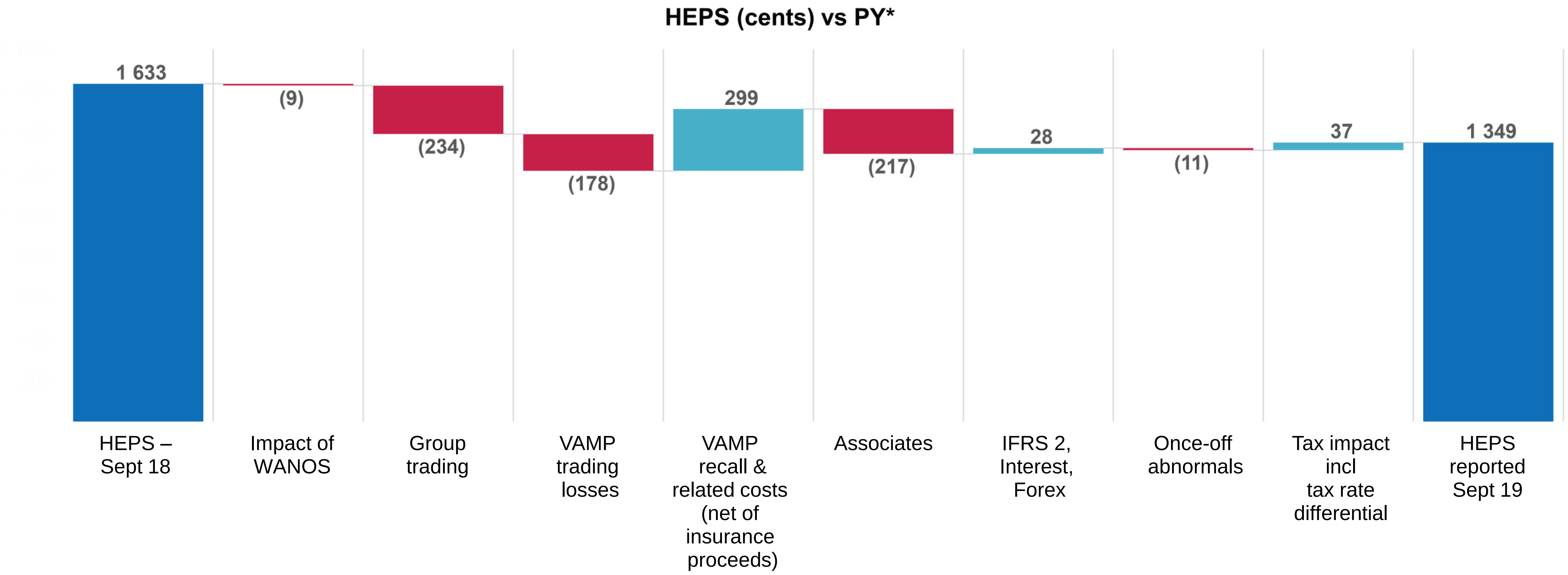
Rm	**2019**	2018
Impairment of intangible assets	**(218)**	(144)
Impairment of property, plant & equipment	**(98)**	(54)
Other	**9**	-
Total impairments	**(307)**	(198)

Income from associates impacted by unbundling of Oceana

Contribution to headline earnings declines to 17% despite earnings growth from remaining associates



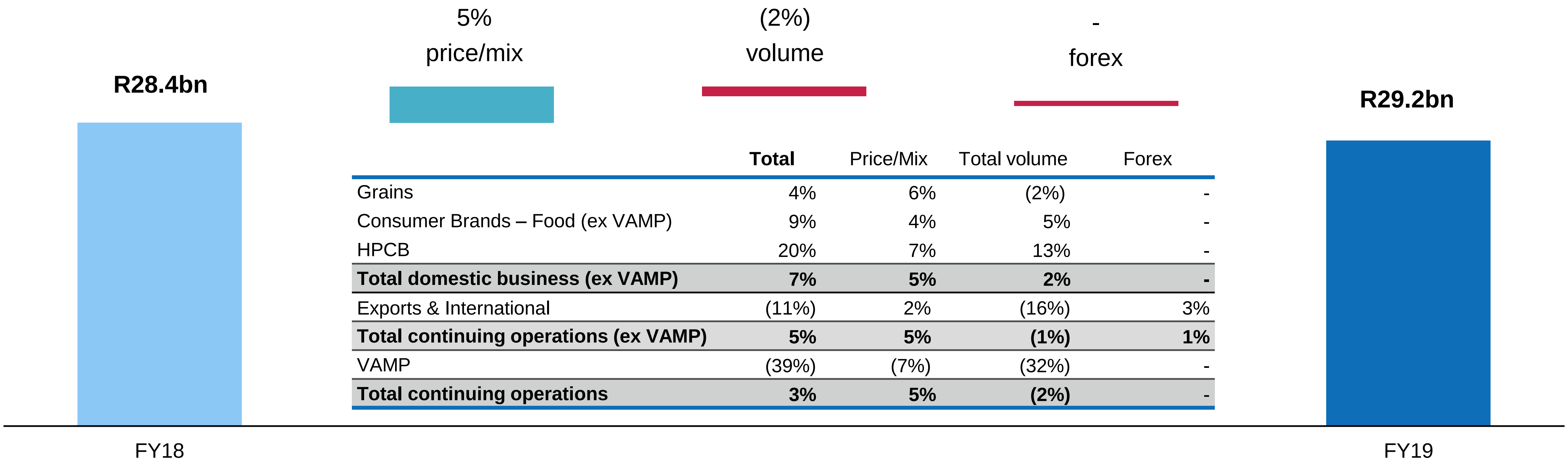
HEPS impacted by VAMP, Grains & associates



* From continuing operations

Inflation increased progressively throughout the year albeit at the cost of volumes

Strong performance from Domestic Business (ex-VAMP)



	Total	Price/Mix	Total volume	Forex
Grains	4%	6%	(2%)	-
Consumer Brands – Food (ex VAMP)	9%	4%	5%	-
HPCB	20%	7%	13%	-
Total domestic business (ex VAMP)	**7%**	**5%**	**2%**	**-**
Exports & International	(11%)	2%	(16%)	3%
Total continuing operations (ex VAMP)	**5%**	**5%**	**(1%)**	**1%**
VAMP	(39%)	(7%)	(32%)	-
Total continuing operations	**3%**	**5%**	**(2%)**	-

Beverages, Home & Baby Care post strong performances

Exports deliver a disappointing year – evidence of recovery

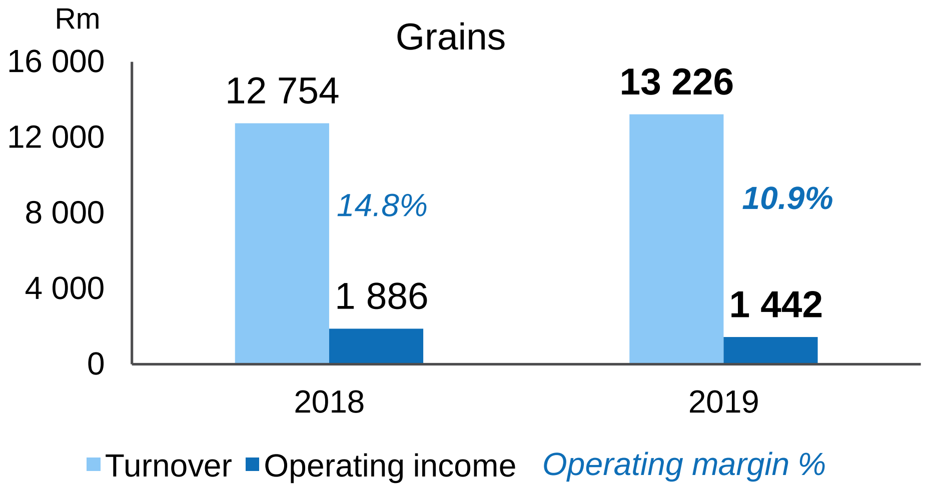
	Grains	Consumer Brands Food (ex VAMP)	HPCB	Exports & International	Group (ex VAMP)	VAMP	Group*
Volume	▼ 2%	▲ 5%	▲ 13%	▼ 16%	▼ 1%	▼ 32%	▼ 2%
Revenue	R13.2bn ▲ 4%	R9.4bn ▲ 9%	R2.7bn ▲ 20%	R3.2bn ▼ 11%	R28.6bn ▲ 5%	R0.7bn ▼ 39%	R29.2bn ▲ 3%
Operating income**	R1.4bn ▼ 24%	R1.0bn ▼ 4%	R0.5bn ▲ 60%	R0.2bn ▼ 34%	R3.2bn ▼ 11%	(R0.5bn) ▼ 117%	R2.7bn ▼ 20%
Operating margin**	▼ 10.9%	▼ 11.0%	▲ 20.4%	▼ 6.5%	▼ 11.3%	▼ (83.7%)	▼ 9.2%

* From continuing operations ** Before IFRS 2 charges, impairments & abnormal items

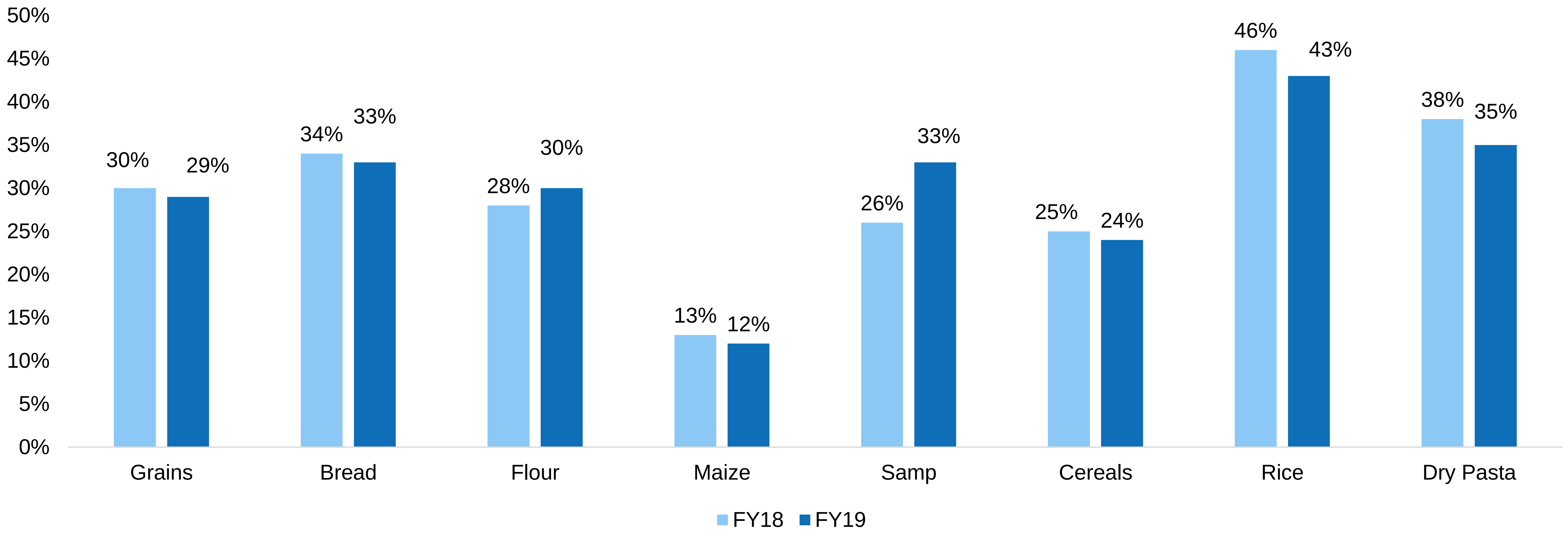
Grains

Margin compression across the portfolio

- Milling & baking impacted by operating income declines in Maize & Bakeries
  - Maize category increasingly fragmented with limited differentiation
  - Inflation in wheat-to-bread value chain insufficient
    - Further impacted by industrial action
    - Unfavourable regional & channel mix
- Poor performance from pasta & rice
  - Persistent aggressive promotional activity in rice
  - Pasta impacted by imports & supply challenges
- Jungle benefits from price inflation
    - Crunchalots sustain performance while Jungle Plus performs on relaunch



Volume declines & pricing pressures impact market shares



Source: Nielsen 12mm value share as at September 2019

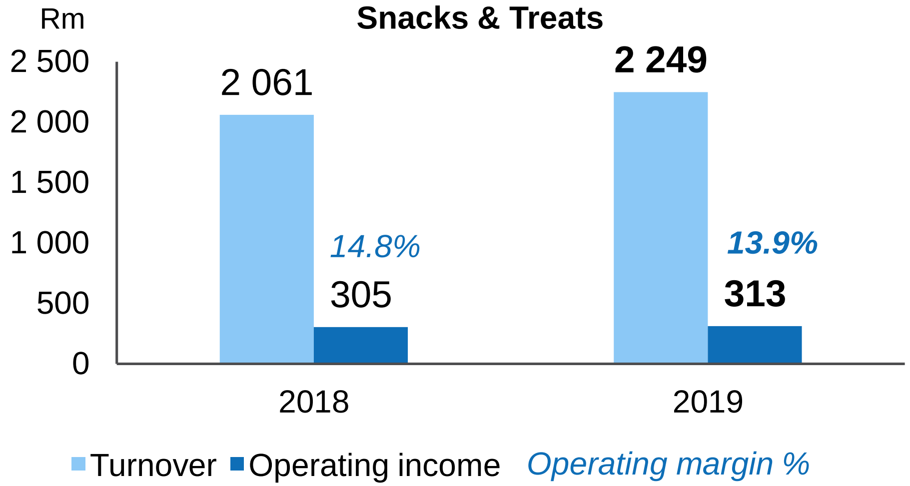
Snacks, Treats & Beverages

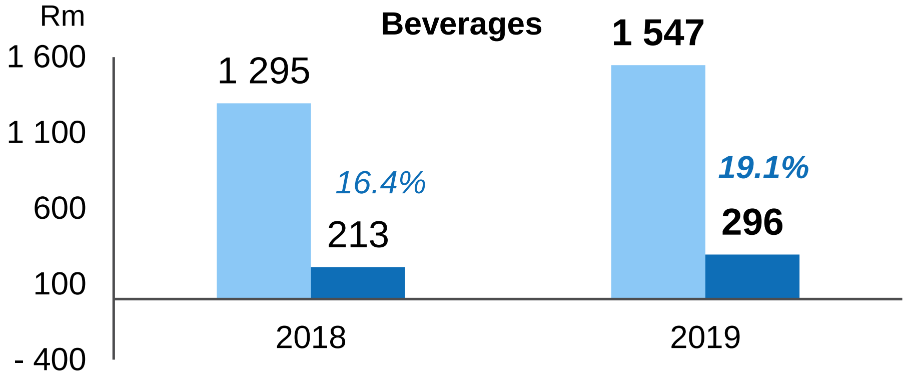
S&T – delivers strong revenue growth

- 5% volume growth; 4% price inflation
- Re-launch of Beacon & Maynards well supported
  - Pricing expertise drive profit recovery in Smoothies
- Conversion cost increases prompt review of future capex profile

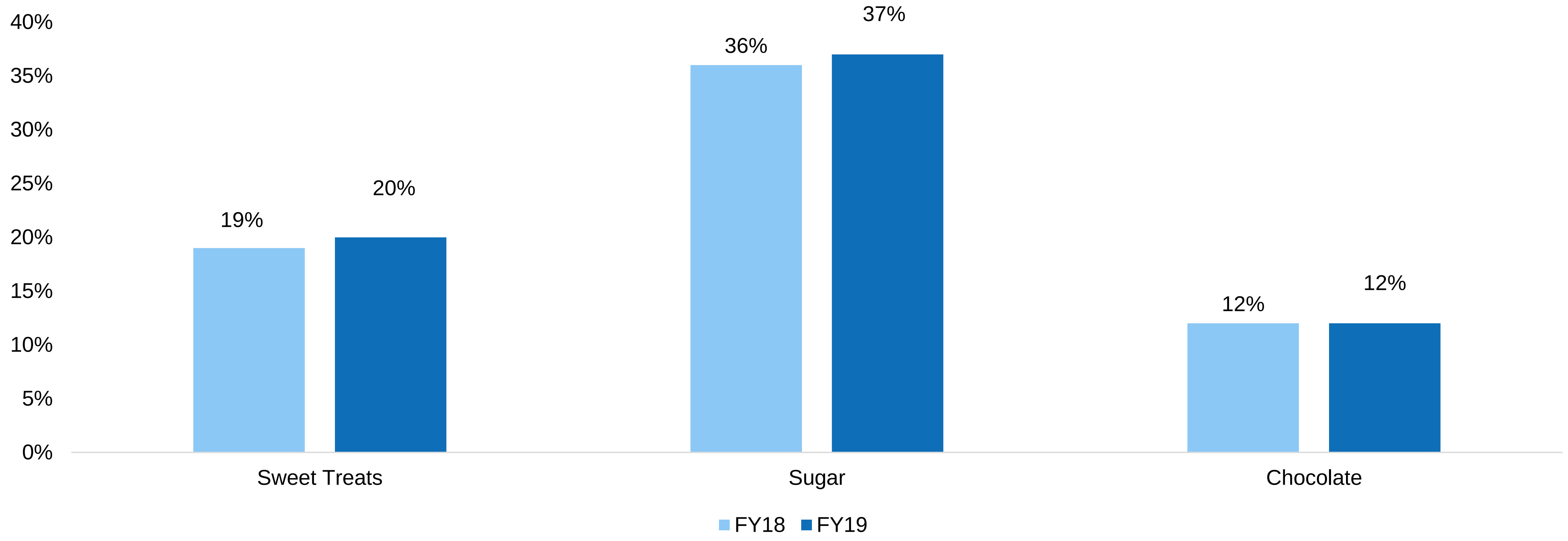
Beverages – sustains strong performance

- Driven by volume growth of 14%
- Operating income up 39%
- Brands supported by sustained marketing campaigns
- Benefits from supply chain investment



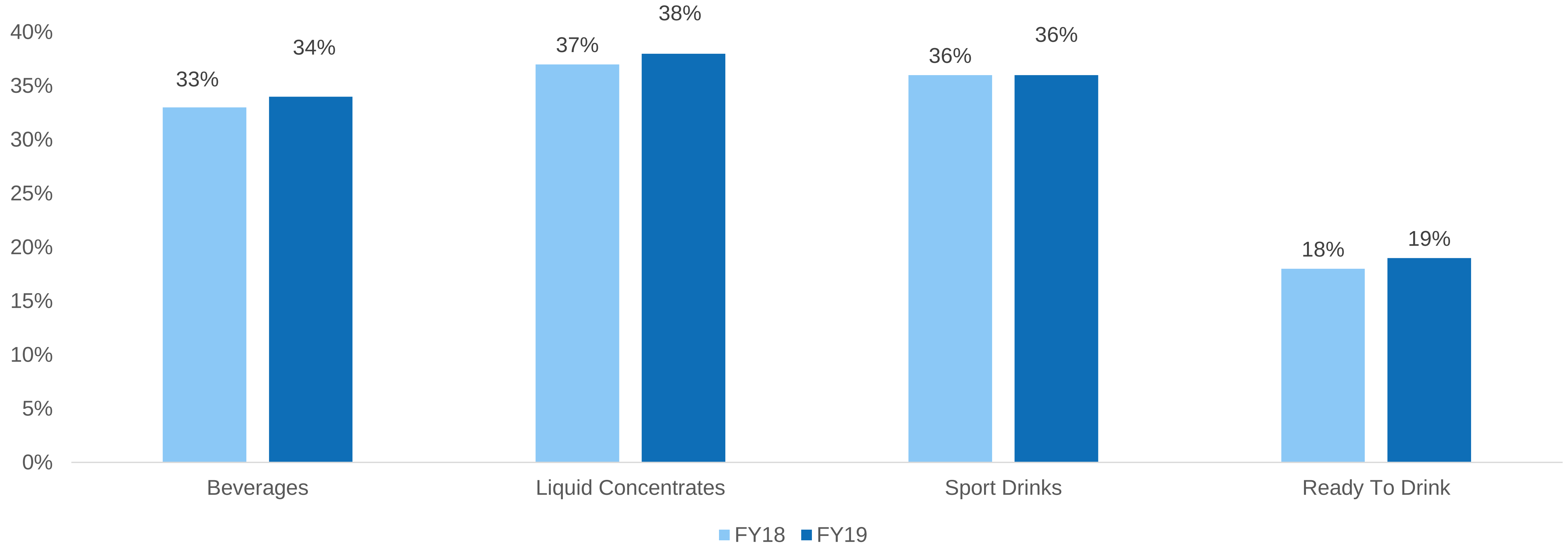


Strong marketing campaigns & in-store activations drive share gains in Snacks & Treats



Source: Nielsen 12mm value share as at September 2019

Oros & Energade drive market share gains in Beverages



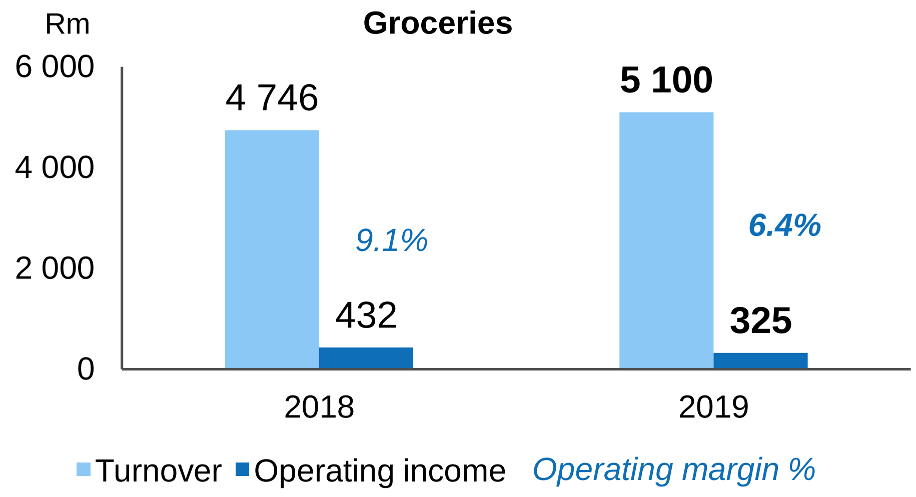
Source: Nielsen 12mm value share as at September 2019

Consumer Brands – Food

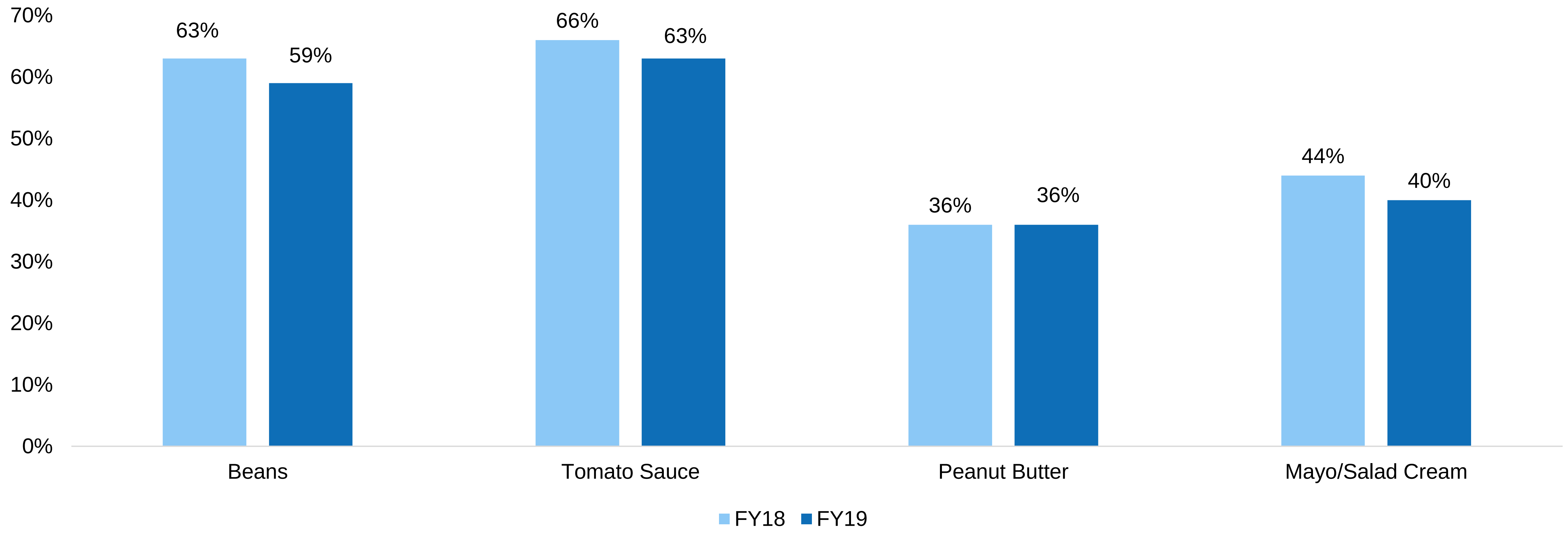
Groceries – strong top line

- Revenue up 7%
  - 4% volume growth & 3% price
  - Volume accelerated in H2 to recover market share at the expense of margin
  - Solid growth in General Trade
- Profitability impacted by costs rising ahead of pricing inflation
  - Canned vegetables recovery offset by Condiments & Spreads

- Deliver key factory capex projects
- Drive on-shelf availability & visibility through JBP
- Achieve optimal mix
- Execute planned marketing & shopper activity
- Market share recovery in key segments underway



Focus on availability & visibility to regain lost share

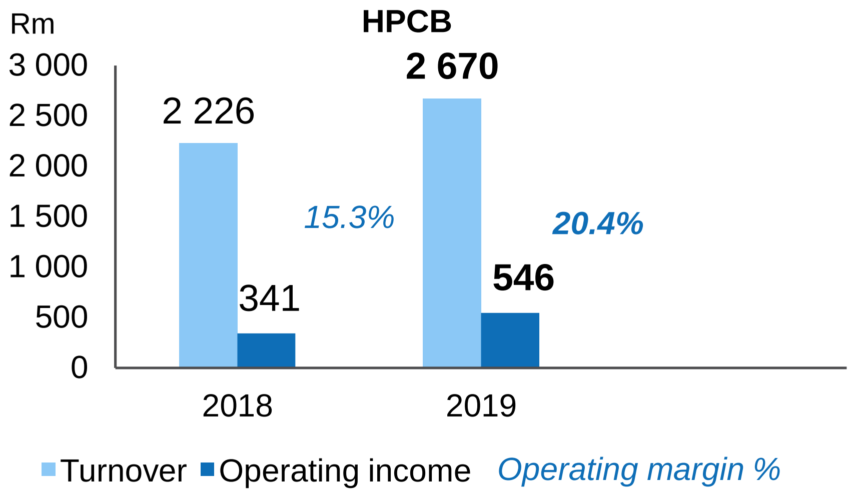


Source: Nielsen 12mm value share as at September 2019

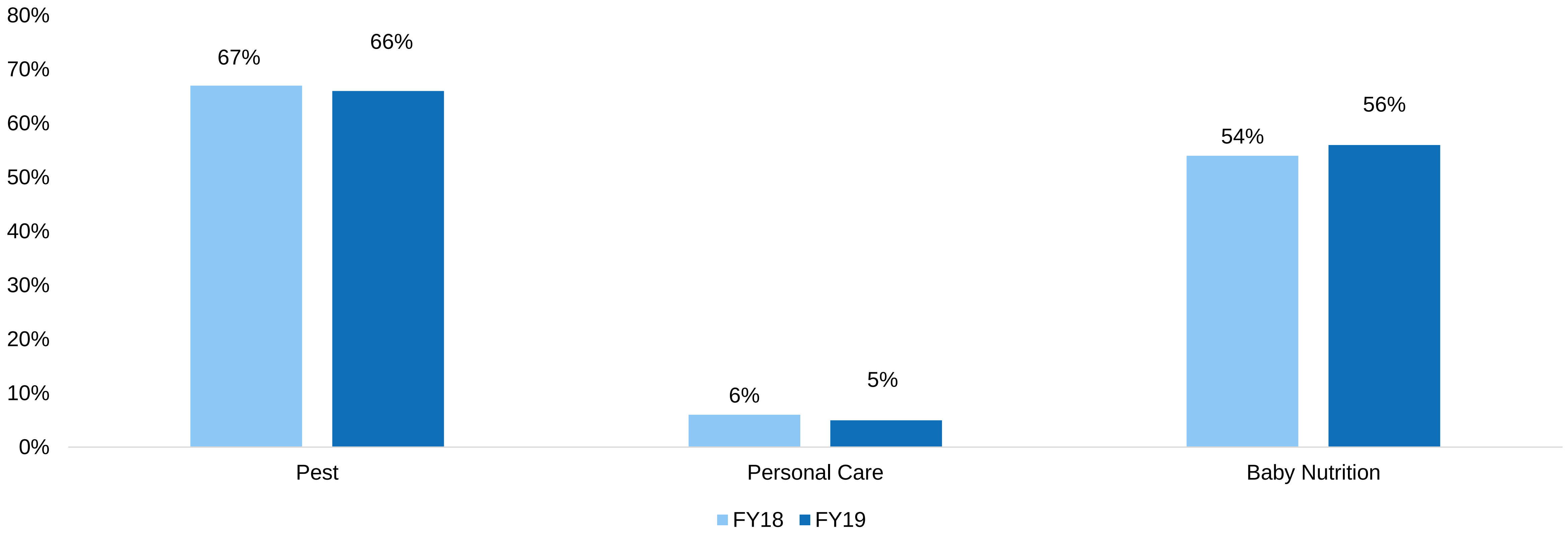
Home, Personal & Baby Care (HPCB)

Strong operating recovery with capex investment starting to pay dividends

- Home Care
  - Revenue up 33%
  - Volume growth of 13% driven by sustained pest demand
  - Profitability benefits from product mix & lower factory costs
- Personal Care
  - Top line benefits from pricing inflation
  - Margin recovery supported by continuous improvement initiatives
- Baby Care
  - Growth driven by nutrition & medicines across all customers
    - 49% growth in General Trade
    - Nutrition volume performance driven by jars, pouches & cereals
    - Pouches achieving 75% market share
  - Supported by increased activity, point-of-sale execution & improved distribution



Baby driven by pouches with 75% share of the market

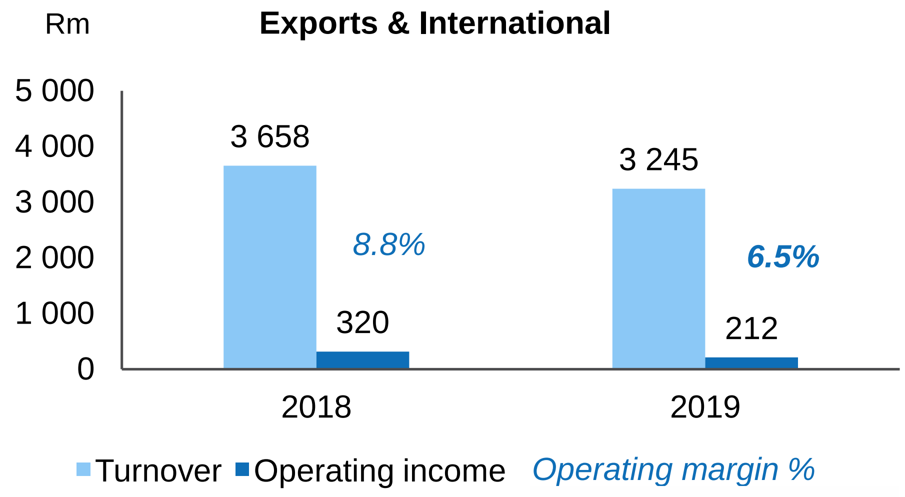


Source: Nielsen Value share as at September 2019

Exports & International – closure of Deli Foods

Disappointing Exports performance offset partially by recovery in Deciduous Fruit

- Exports H2 performance in line with cautious guidance
  - Mozambique & Zimbabwe impacted by ongoing macro challenges
    - Mozambique showing signs of improvement
  - Trading in Nigeria impacted by new distributor transition
- Chococam
  - Another good year despite social & economic headwinds
  - Volumes sustained through tactical pricing
  - 8% operating income growth
    - Sustained cost management
- Deciduous Fruit (LAF)
  - Prior year loss reversed due to
    - Planned operational restructuring
    - Favourable forex positions



Value Added Meat Products – formal due diligence underway

Despite positive consumer support & brand health, operational performance below expectations

Positives

- Well-received by consumers
- Excellent brand health
  - Enterprise holds strongest brand health metric in category
- Strong customer support on re-entry

Challenges

- Delayed re-opening
- Non-participation in high risk deli segment
- Private label customer participation spread across several suppliers
  - Previously 100%
- Revenue impacted by distribution gaps & tactical pricing
- Price-led response from competitors
- Costs of extending quality protocols beyond statutory requirements significant
- Teething problems in supply chain efficiencies on re-opening improved but not fully resolved

EXIT Decision to exit category

- In line with strategic review, board approves commencement to exit category
- Due diligence underway
- Process does not impact commitment to class action

Cash generation benefits from good working capital management at year end

Efficiency gains as capex accelerates

	2019	2018
Cash generated from operations (Rm)	**3 492**	3 284
Capex (Rm)	**1 104**	720
Net cash (Rm)	**1 205**	590
RONA (%)	**21.6**	26.6
Working capital per R1 of turnover	**21.4**	21.6

Ordinary dividend in line with dividend policy of 1.75x cover

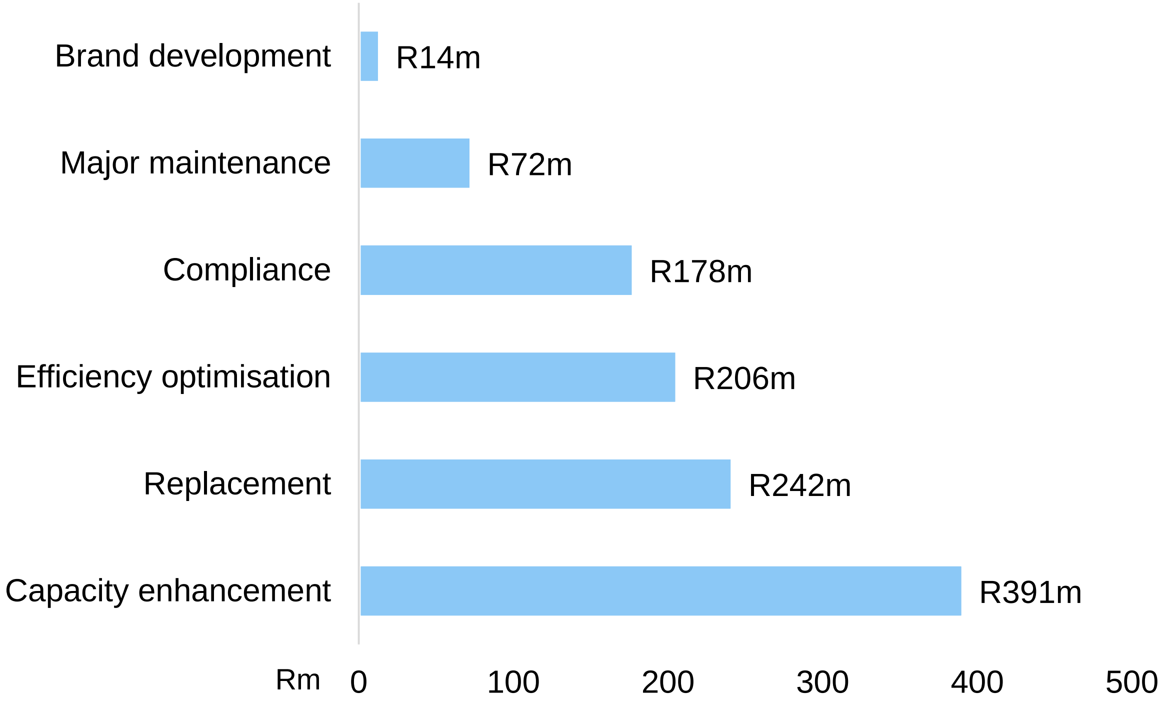
Tiger Brands shareholders' total distribution up 7% in FY19

	cps
Interim dividend	**321**
Special dividend	**306**
Final dividend	**434**
Total dividend from Tiger Brands	**1 061**
Dividend from Oceana*	**94**
Total distribution to Tiger Brands shareholders	**1 155**
FY18 ordinary dividend	**1 080**

*Unbundling ratio: 0.2586927

Capex accelerates to R1.1 billion

Drives efficiencies & supports cost control

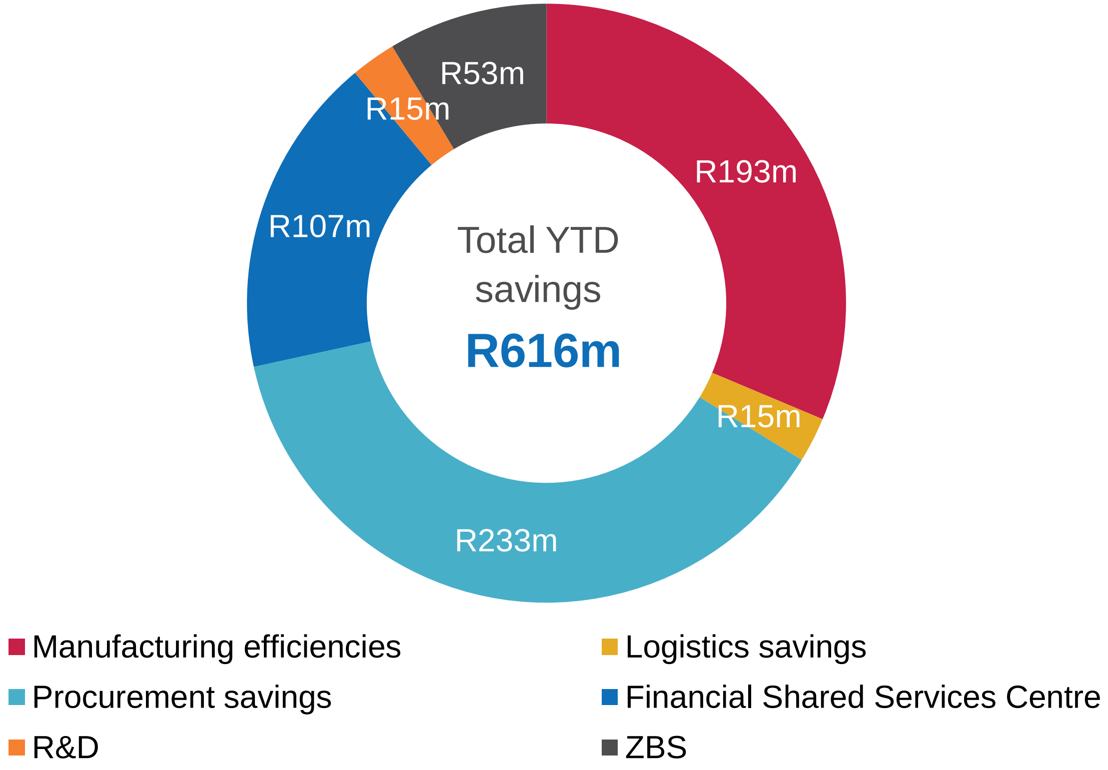


Focused efficiency improvements & increased capacity

- > New oat mill - Jungle capacity expansion
- > 2L Oros line
- > Baby Pouch innovation
- > Automation of Jolly Jus lines
- > Consolidation of LAF

Continuous improvements continue to deliver

Lower impact but still significant as initiatives mature



Drive productivity & efficiencies across value chain

- Deliver distribution savings
- Enhance direct delivery
- Improve materials & indirect savings
- Review brand offering against consumer expectations

Strategic review

2019


Lawrence Mac Dougall





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Outlook remains subdued

Focus on driving growth, productivity & efficiency

Environment

> No signs of consumer recovery

> Competition likely to intensify with a different dynamic

> Pricing inflation constrained

0-24 months

"Addressing the performance and market challenges of today"

> Driving topline growth by leveraging our brands & customer relationships

> Managing volatile trading environment – Private Label, cost of trading

> Aggressively pursue Health & Nutrition

> Managing the cost base to improve margins

> Driving cultural change – building leadership & commercial capability & embedding accountability

> Africa growth

24 months +

"Investing now to build a platform to address future demand and trends"

> Incremental growth & new revenue opportunities

> Consolidation of supply chain

> Accelerating the digital roadmap

> Step up innovation and consumer centricity

> M&A

Q&A

2019

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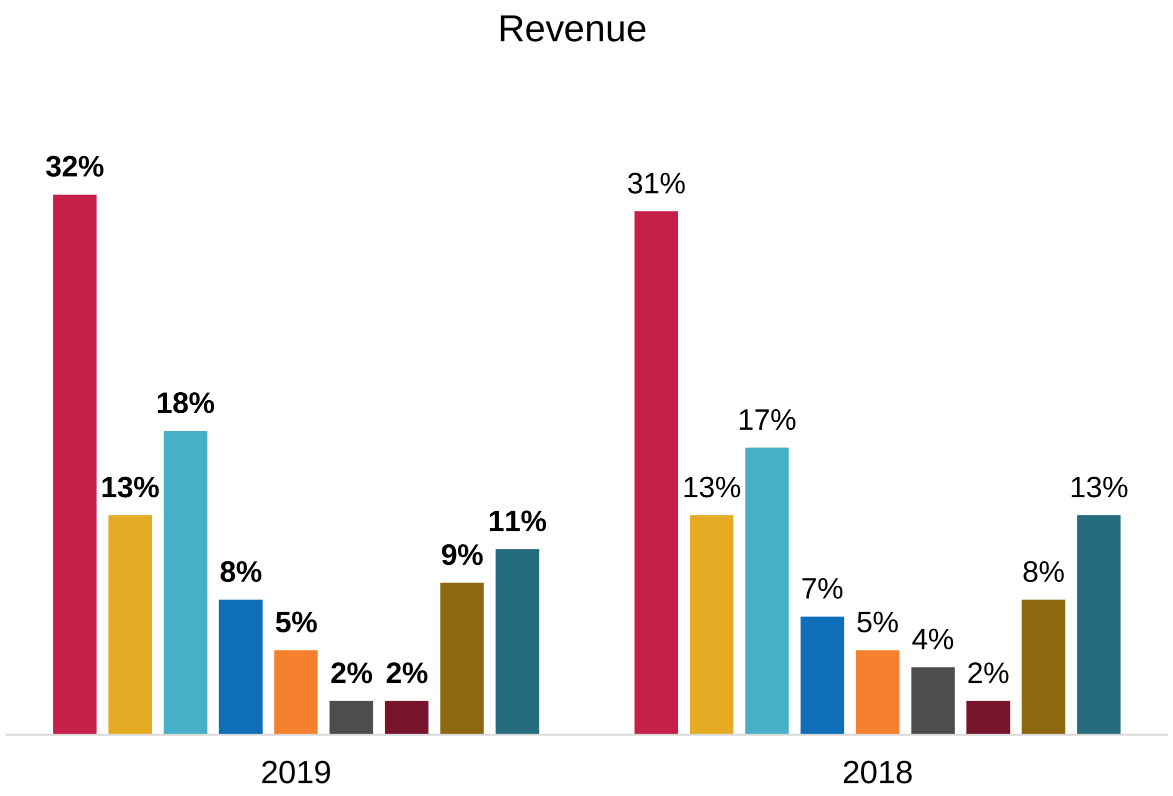
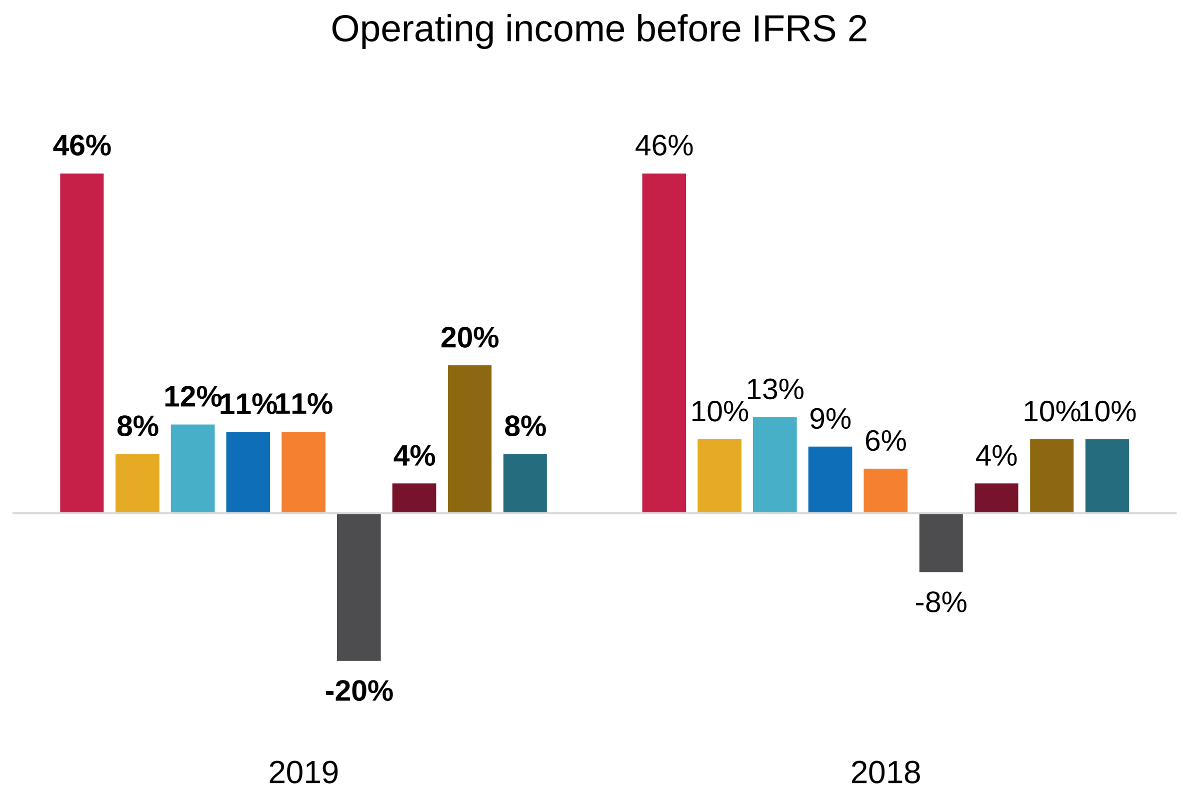
Additional information

Net working capital days	2019	2018
Working capital per rand of turnover	**21.4**	21.6
Net working capital days	**96.0**	**104.0**
Stock days	**94.8**	**96.5**
Debtor days	**35.6**	**41.9**
Creditor days	**34.4**	**34.4**
Effective tax rate	**29.7%**	29.6%*

*Restated for discontinuation of Deli Foods

Contribution to revenue & operating income





- Milling and Baking
- Other Grains
- Groceries
- Snacks & Treats
- Beverages
- Value Added Meat Products
- Out of Home
- Home, Personal Care and Baby (HPCB)
- Exports and International