**Nikki Catrakilis-Wagner - Investor Relations Director**
Good morning everybody and welcome to Tiger Brands's interim results presentation for the six months ended 31 March 2021. In terms of the agenda this morning, we'll begin with CEO, Noel Doyle, who'll provide an executive summary and an overview of the period under review.

CFO, Deepa Sita will take us through the financial and operational review. And then, Noel will conclude the presentation with the strategic update and outlook. We will then open it up to Q&A.

As is customary, before we begin, I draw your attention to the forward-looking statement. With that I hand over to Noel Doyle. Thanks Noel.

**Noel Doyle – Chief Executive Officer**
Good morning, everybody and thank you for taking the time to listen to our version of the last six months trading, as well as some indications as to how we see the future going forward.

The first piece of information I really want to share with you is the background in terms of the market that we've been operating in for the last 12 months, as well as the last three months and how we see that going forward.

On this slide, which is top-end trade data from IRI, you will see that on a 12-month moving perspective, we've actually seen a major volume crunch in the marketplace. And I guess that won't come as a surprise to most people given what we've been through in the last 12 months.

When you look at the three months, you will see an acceleration of the pressure on margins, although March itself because of what we started to see last year, some of the pressures that came from buy-ins, as a result of higher levels of demand on the supermarket shelves. But essentially what we've definitely seen, if you look at our results, is a tale of two quarters to a degree where we certainly saw a very high level of, or a good level of volume performance in the first three months. And then we've seen a combination, we think of consumer pressure and what we definitely know is pressure from our competitors in terms of them reacting to the share gains that we had over that period(Q1), with incredibly aggressive pricing. So I think it's a combination of reacting to what we've been doing, but also reacting to a very challenging environment.

We've also tried to set out on the slides for you 2021 versus 2019. You'll see even when we strip out the potential Covid impact, you can see the kind of pressure that the overall market is under in terms of volume over the last couple of years.

If we turn to Tiger's performance within that market, again, you will see a good performance in terms of volume on a 12-month moving basis. Over the last three months, particularly in the months of February and March, as we've seen that price-led reaction in the market, you will see quite a lot of pressure on volume. So in this period, competitors responded and you don't fully feel the effect of our response to that which you would see in the six months going forward from the end of March. So this really gives you a sense of what's been happening on volume.

I think what's also interesting on this slide is that we've seen what I'd consider to be merely a dip in the performance of dealer-owned brands in this period. And I think it's a combination of two things. One, empirically, you can see a narrowing of the price gap. So house brands have been driving a higher rate of inflation in most of our categories than the branded offerings. Some of that would be coming from what has happened historically in terms of the depreciation of the rand. So with a stronger rand and some imported house brands, potentially having a more competitive positioning, I think we can expect to see that price gap widen a little bit. Some of it is the well remarked on consumer behaviour in times of strife if you like to go for the tried and trusted brands. So you will see in particular if we look at competitor one that we flagged, they're quite important because when I skip to the next slide, you'll see the extent to which the volume share gains have come at the expense or as a result of price movement.

So moving to the next slide which talks to the same data from a value share perspective, you will see that Tiger generally is in the region of the market inflation in terms of what you've seen on volume and value shares, but you'll see there in the last three months, some competitors being particularly aggressive on price. If you look at the volume share gain, relative to the value share gain, you can see that that's comes out in terms of price.

So we aren't, going to be over reactive in that environment and it has been quite important for us that we are cautious in our response. It is quite clear that for volume growth in this economy, you are going to have to look for share gains, and for share gains the major tool that's in play at the moment in the market, is around pricing.

So it makes the environment quite challenging, particularly when you look at our trading results. So with the performance that we've had, that has been without an ability to fully recover the raw material and ingredient portion of our cost push, you'll see our naked margins have actually come under a bit of pressure. Fortunately, we've had really good performances at the back end of our business, which has helped us maintain the gross margins at previous levels, notwithstanding the high levels of inflation that we've seen.

If you look at the performance from our brands, I'm not going to go through them all, you can see that in the Grains space there's a little bit more pressure as well as in Condiments, which I would really call out. Overall, if you look at the greens and the greys there, we would say that we've got to a reasonable position of stability, but with some work to do in certain of the brands and in certain of the categories.

Looking back, if we consider the March 2020 distortion again, if we looked at our performance this March, from a total market perspective just for the month, isolating last year's March and going all the way back to 2019, we've been showing around 0.6% share gain, against two years ago. So I think a point of relative stability has been reached over the period of time, although as I stress, February and March, we really saw a lot of aggression in terms of price performance and obviously, it's a major battle for volume out there.

The story for me of the six months is really that we're gaining some momentum in a really challenging environment where we've had a lot of price-led promotional activity. And I guess the other challenge that we've had in this environment is with the currency as strong as it's been, it's really put our Deciduous Fruit under pressure. Whereas we would have been hoping to have managed that business close to a break even at these exchange rates, it looks like it's going to make another significant loss in the year.

Across the balance of the portfolio we're quite pleased with the recovery in other Grains, Groceries, Snacks & Treats, Baby, Exports, and even Chococam where they had a challenge with the imposition of excise duty last year. You could say, and it would be true, that certainly in other Grains, it's off a particularly low base, however we've managed to fix the issues that were plaguing us in terms of our market strategy around rice, probably give ourselves a 60% score there. Pasta probably give ourselves an 80% score in terms of having achieved exactly what we plan to do taking that business out of a loss-making position into a profit-making position.

And our international business, whilst we're happy that it is an improved performance outside of Deciduous Fruit, it's not at the level that we we'd like to see. We can see that, particularly in Mozambique, which is a big market for our Davita business (powdered soft drinks and seasoning), our performance hasn't been quite where it should be and we have had the benefit of being able to export into Nigeria in this period. That benefit probably offset by the cost of the strike that we had at Davita which saw us essentially not make any sales in that business in the month of March.

As I said earlier, a tale of two quarters. Really good volume and reasonable levels of recovery in the first quarter, as the sort of almost, I hate to say it, post-Covid because we facing up to a third wave, but after certainly the first and second wave impact and all of the government interventions financially started to wear out. What we did talk about in November, December and potentially demand coming crashing down, unfortunately, that does seem to be a phenomenon in the marketplace. So it's been really important for us to deliver against what we've committed in terms of our savings and our efficiencies.

Our operational efficiencies in our factories, our productivity is up over 6% on where it was a year ago, if you look across Tiger with some pretty spectacular gains in efficiencies in some of our individual plants. Where the combination of the business teams and some people that we've hired into the centres of excellence have really moved the needle. We haven't really felt the full impact of that, because there is a little bit of a lag impact once you get the machinery working well then there's a whole lot that needs to follow behind that in terms of how you schedule work, how you manage overtime, etc. So we still believe we've got some road to go and we have one or two plants where we still not at the level that we would like to be.

We're really happy with the finance team and how they've managed the working capital. We invested heavily in this period in preparing for the third wave in terms of our stock, in terms of raw materials and finished goods. Knowing that we would have that pressure we really asked the team to pull out all the stops in terms of collecting cash at year end and our debtors performance was particularly pleasing. Just to be very clear, there was no window dressing around that balance sheet and no quid pro quo, you pay us early we'll pay you or you can pay us later. In that number it's a genuine result of really good management.

We have managed the pre-emptive steps that we put in place with regards to COVID, particularly the process where we tested everybody, including ourselves here at a head office, when people came back from leave post shutdown & post leave we made sure that we carried out rigorous testing before people went onto site. As a consequence of that we detected between 4% and 5% or over 400 to 450 people were identified as being Covid positive but completely asymptomatic. We think that that process in particular, together with all of our disciplines, meant that the second wave impact on our business in terms of disruption to supply and in terms of shutdowns, which we had in the previous six months, we really had very little disruption. So that also helped us in a challenging period.

Where there's still work to do and an important work in the context of a market where if you want to grow without innovation you're actually going to be doing it in a costly fashion because it is going to be ultimately a price-led share growth. We have been quite successful in eliminating a lot of insignificant innovation projects that were taking a lot of time and resource and weren't moving the needle.

Where we still have work to do however is having tidied up that pipeline, I can't sit with you today and say we've got enough meaningful, significant innovation opportunities that we can take to market over the next six to 12 months. That's a piece of work that is getting a lot of focus.

The private label opportunities have been slower than I anticipated. I think one, because of our perspective that we aren't going to do very short-term business in that space and two, again, to be totally frank, it's almost counter culture. So you find as you push some opportunities through to individual teams, their first response is kind of leave it with us, we're going to fill this capacity with our own brand. There's a, if you like, almost an unwillingness to confront some of the market realities. That's a cultural issue that, again we're making progress on and expect to see when I talk to you in November that we've overcome some of those issues.

In our export markets, we haven't been helped by the Covid environment, but we can't hide behind that. If we're going to be successful, it isn't just about doing what I think we've done over the last couple of years, which is put in place, a reasonable set of distributors in our markets. But the management of those distributors is not something that you can do by email or by Teams meeting. Getting people actually working for Tiger Brands, measuring, monitoring and feeding back to the teams here is quite important. It's taken longer to find the right people, but we have found for both the Mozambique and the Nigerian markets, people that we're going to have on the ground in that market, and I think that will set us up really well particularly for good performance in the next year.

You will have seen in the SENS announcement that the Deciduous Fruit transaction, we haven't as yet completed one. We're highlighting that we probably still have quite a road to go, but we are in negotiations around Deciduous Fruit. The level of losses anticipated this year with the rand sitting where it is, obviously adds even more intensity to those discussions, but clearly with those results doesn't make it easier to put together a deal that works. I guess we have been successful in managing the exit of Enterprise where the losses were even more significant. So we believe that there is certainly an opportunity for us to conclude a transaction here albeit with a long, long road to go.

I think the big thing for us at Tiger now is we've managed to stop shooting ourselves in the foot. We are getting very good, sustained momentum in terms of the internal issues that we had in terms of our efficiencies and cost-savings programmes, which Deepa will talk to you about. What we really need now is you know, I've used that analogy before, now we can stop looking under the hood, close the hood, get into the driving seat and start looking out through the windscreen.

That sounds very easy, but for an organisation that's been a bit battered and bruised it's quite a shift to get people to start embracing growth rather than firefighting, to start to get people to actually talk about consumers, talk about customers, talk about new markets, talk about opportunities. Even when they talk about those opportunities, it's been even harder. It's one of the reasons that we're struggling a little bit to spend the kind of capex that we anticipated, because we have to create a culture where it's okay to fail, where people are prepared to take some calculated risks and to be courageous in terms of not just talking about the opportunities, but when it comes to committing money, capex, & marketing investment behind it, that people are actually prepared to sign their names and say, I'm going to make this happen.

I will guess as a CEO, as a leader, it is one of the hardest challenges to overcome because of the intangible nature of it. So the things that we've got done so far, to be quite frank, not quite as easy as doing with a blindfold on, but they're very obvious and they're almost mechanistic as long as you prioritise and you've got the right people behind it, you know you're going to be successful.

The next phase of what we have to do, to bring the organisation back to where we want it, is really about creating an environment where people aren't afraid to fail and where we are prepared to try things. It's very clear, if you look at the business we have, the brand positions and the brand shares have been largely stabilised, the people that have joined us, the people that we've retained, we've got a lot of the raw material for us to do that.

So with that, I'm going to hand over to Deepa to take you through what you really came to hear about which is the numbers, I'm sure.

**Chief Financial Officer - Deepa Sita**
Thank you very much Noel. Good morning everybody.

So before we get into the numbers, I'd like to take the opportunity to provide an update on the momentum achieved to date, as well as highlight some of the areas that require further effort and as Noel was indicating to some of them earlier.

So just in terms of the highlights, while naked margin remains under pressure with the group not being able to necessarily fully recover the cost push pressures that we're seeing both on raw material and packaging, we were largely able to offset many of the cost push pressures through cost saving initiatives, as well as supply chain efficiencies, which resulted in us being able to maintain gross margins at 30.6%.

Our continuous improvement and cost management projects are on track and we're pretty confident that we'll be able to achieve the target for the year. As Noel indicated earlier, working capital remains well managed with debtors in particular being well controlled at the half year. The IT rollout and automation journey is gaining traction with significant focus now being placed on embedding and enhancing the IT operating model.

In terms of areas where we need to focus and particularly place some effort going forward, as Noel indicated, despite a concerted effort the capex disbursements at R381 million remains behind the expectation at half year.

While we certainly will place increased focus in terms of trying to close the gap, we do believe that the year end will end behind the originally planned spend. The significant inflation pass through due to the soft commodity cost push places great pressure on our naked margin and resulting in naked margin compression, as well as resulting in some volume pressure.

So if we then move on to the next slide and get into the actual results you'll note from the slide that the group delivered an improved performance for the six months ended 31 March 2021. This was largely supported by strong revenue growth in the first quarter as Noel indicated. The revenue growth was underpinned by price inflation of 9% and marginally offset by volume decline of 1%. Meaningful volume growth was seen both in the Exports as well as the international businesses. However, this was offset by volume declines in the domestic business overall.

As noted on the previous slide, while naked margins remained under pressure, a steady improvement in the manufacturing efficiencies resulted in overall gross margin for the group remaining flat at the 30.6% mark. We're pleased to advise that the cost saving and efficiency initiatives gain traction across all the segments, in turn leading to positive operating leverage.

The effective tax rate before abnormal items and income from associates reduced from 30.6% to an amount of 30%. In terms of the income from associates, you'll note that we’ve seen an increase of 12%. And this was largely driven by the increased volume performance in Carozzi, as well as the improved volume and price and product mix coming through from our UAC earnings. Despite increased volume and rigid control in the national foods business, the business was affected by the hyperinflationary environment which we've seen in Zimbabwe.

Moving on to the earnings per share, you'll note that we've seen an increase of 126% to an amount of 755 cents. This was up from the 333 cents in the prior year. Headline earnings per share from continuing operations increased by 21% to 741 cents, up from 613 cents in 2019. The relatively higher rate of increasing EPS compared to the equivalent increases in HEPS is primarily driven by the significant impairments that we had to recognise in the prior year amounting to R557 million. An ordinary interim dividend of R3.20 per share has been declared and is in line with the group's dividend policy of 1.75 cover based on HEPS. I remind you that no interim dividend was declared in the prior year relating to the uncertainty given the Covid environment at the time.

If we move on to the next slide, what we'll note here is the abnormal profit of R43 million is attributable to the profit on sale of various non-core brands in our Personal Care division. Net financing costs were well controlled for the period benefiting from the lower interest rates as well as lower average net debt for the year, due primarily as a result of the improved debtors collection as I indicated previously.

We did see a forex loss of R56 million in comparison to the prior year gain of R84 million. This loss primarily due to the significant strengthening of the rand against all major currencies, which have impacted our foreign monetary assets.

Income from investments are R13 million relate to dividends received from our investments in Spar and Oceana through the BEE entities. Discontinued operations include the profit on sale of Deli Foods Property, the profit on sale of the Enterprise trademark as well as the release of the deli FCTR balance into the income statement, which is in line with IAS21.

Moving on to the next slide, as indicated previously, our cost saving initiatives are backed and tracked and monitored with clear levels of accountability and these have certainly seen the benefit come through in operating leverage. The business continues to focus on identifying a sustainable pipeline of cost saving and value creation opportunities, while embedding a cost saving culture across the broader organisation.

Moving on to the performance at a category level. If we start with Grains, so you'll note Grains revenue increased by 10% to an amount to R7.5 billion, reflecting an average price inflation of 14% offset by the volume decline of 4%.

Our ability to pass through some of the input cost inflation, as well as the cost savings across the segments, resulted in operating income increasing by 16% to R619 million. These results were underpinned by improved performances in Jungle, rice and pasta, which had particularly challenging results in the comparative period.

I'd also just like to take a moment to just identify the fact that, in order to bring the external reporting, the segmental reporting, in line with management reporting, the Baby category results have been disclosed now under Consumer Brands segment. You'll recall that these were previously reflected under Home, Personal Care and Baby in the previous reporting periods. The change has no financial impact on the group, but the prior year results have been restated to reflect the change in the numbers that you see in front of you.

Within the Consumer Brands, muted top line performances in Groceries and Beverages were bolstered by increased demand in Snacks & Treats, as well as Baby. Out of Home continues to feel the effects of post lock down demand dynamics. Overall revenue in the segment increased by 4% comprising of price inflation at 6% offset by volume reduction of 2%.

The price increases and significantly improved factory performances were the primary reasons for the operating income increasing by 19% to an amount of R640 million. In terms of the whole Personal Care division, overall revenue increased by 6% to an amount of R1.1 billion and this was largely due to the sustained performance that we noted in the Home Care category.

As Noel mentioned, Exports and International, total revenue for that category increased by 19% to an amount of R1.8 billion. This was largely driven by improved performances from our exports of powdered soft drinks as well as seasoning and, a solid performance from our business in Cameroon.

Operating income increased by 58% to R85 million, albeit after accounting for an operating loss in the Deciduous Fruit business.

Moving into each of the categories into a bit more detail starting with the Grains business. What you'll note is that Milling and Baking increased revenue by 6% and this was influenced by 12% price inflation, as well as an overall volume decline of 6%. The operating income declined by 4% to an amount of R477 million. The wheat to bread value chain was characterised by exceptionally aggressive price led promotional activity in the second quarter, especially in the formal retail channels, as well as the decline in overall bread consumption and penetration.

Maize was adversely impacted by the inability to fully recover underlying raw material inflation, as well as an unfavorable product mix. Despite the pleasing recovery in the sorghum-based beverages, the breakfast offering performed poorly impacted by lower volumes and aggressive category pricing.

Other grains recorded significant recovery driven primarily by the rice and pasta divisions, while Jungle achieved a pleasing performance as well. The overall other grain segment increased revenue by 21% to an amount of R2.4 billion. Revenue growth in rice was underpinned by price inflation, as well as strong volume growth in the first quarter. This together with an improved product mix, resulted in a margin recovery relative to the comparative year. Jungle's performance was premised on continued growth of its core oats offering, which benefited from increased in-home consumption. The higher volumes and lower conversion costs contributed to the overall improvement as well. Although revenue growth in pasta was modest, a marked improvement in factory performance as well as a significant reduction in material usage variances resulted in the positive operating leverage that we noted in that particular category.

If we move to the next slide, looking at groceries, you'll note that the grocery sales were negatively impacted by competitive trading environment as well as poor seasonal demand. With that being said, however, we noted volume growth ending ahead of market with market share growth in beans, peanut butter, jam as well as spreads. Price inflation for the category was at 6% and this was partly offset by 4% reduction in volumes. As Noel indicated in his opening remarks, the sunflower oil market saw unprecedented cost increases, which added to the overall cost push pressures that we've noted. Despite this, however, the improved performance in the factories as well as delivering on cost saving initiatives ahead of the target for the year to date, contributed towards the improved profitability that we saw in the particular category, with operating income increasing by 31% to an amount of R222 million.

The category saw the launch also of KOO Pilchards in quarter two which has been well received by both the trade as well as consumers. While the launch was being supported by strong in store and market activation, the momentum has been temporarily interrupted as a result of the global fish shortage that we've noted.

Moving on to the Snacks & Treats category. This category increased revenue by 10% to R1.2 billion and was largely driven by a recovery in the demand. It translated to a 3% increase in volume, which was as a result of improved mix with higher chocolate volumes coming through. The category also realised price inflation amounting to 7% for the particular area. Operating income increased by 32% to R136 million as a result of optimal promotional activity as well as improved factory efficiencies which has benefited from increased volumes. This however, was partially offset by the impact of Covid-related absenteeism that we saw in the beginning of quarter two, resulting in some lost production. Also, just in line with our strategic objective of responding to consumer and enhancing our value proposition, we're pleased to advise that we optimised packsize architecture in the Beacon eggs category and this was able to achieve affordable price points overall.

Moving on to the Beverages category. Beverages revenue ended flat on the prior year and an amount of R948 million, while operating income increased by 5% to R175 million and this was mainly driven by efficiencies coming through in distribution. The Back to School occasion and Easter festivities contributed towards the overall performance with increased consumption across the core brands. Market share gains were driven by momentum in liquid concentrates, which benefited from both the core offerings as well as innovation in that particular area. Quality and supply chain challenges negatively impacted sales on ready-to-drink lines in H1.

Looking at the Baby category, we saw volumes across the Baby segment recover well, driven predominantly by strong performances in cereals, pouches as well as the medicinals. However, this was partially offset by jars performance as well as toiletries, which were particularly hard hit by lower service levels in the area. Revenue increased by 14% to an amount of R544 million and this was driven equally by both pricing as well as volume growth during the period. Operating income increased by 21% to R56 million benefiting from favorable product mix as well as tight cost control. Purity Junior saw the launch of three SKUs in quarter two and this also has been well received by both consumers and the trade.

Moving on to Home and Personal Care. With Home Care in particular, revenue increased by 8% driven by 3% price inflation as well as 5% increase in volume. The strong volume performance was driven by a good start to the pest season, as well as an increased demand in hygiene solutions which were driven by Jeyes. The factory saw improved operating efficiencies as well as in all other categories as a result of increased volumes, in turn delivering year-on-year growth of 15% on the operating income line.

Moving to Personal Care, performance was impacted by low opening stock as well as poor service levels in H1. Consequently, revenue of R271 million remained flat on the prior year with 2% increase coming through in volume, offset by lower average price realisations in the period. The revenue performance was further impacted by weak consumer demand in the particular area, which is offset in part by successful Ingram's campaign launched a year ago. Increased costs and factory under recoveries resulted in an operating loss for this particular area of R9 million for the period.

Moving on to Exports and International. As we indicated previously, export business grew by 27%, largely as a result of the strong double digit growth coming through in terms of our resumption of trade in Nigeria, as well as 12% price inflation. Operating income of R51 million reflects a significant year-on year-improvement, despite the regrettable industrial action that we noted in our Davita factory, which impacted a portion of the second quarter. This matter was resolved in the month of April. Lower demand as well as customer credit challenges do pose a risk to export performance in the short term.

In terms of our Chococam performance, the revenue increased by 14% to R532 million. However, in terms of local currency, the revenue actually increased by 3%. So you'll note the revenue certainly saw the benefit come through in terms of favourable exchange rate movements, improved distribution to neighbouring countries, as well as successful trade and customer activations in the chocolate spread segment as noted in Noel's opening remarks. Operating income increased by 20% in rand terms, and apart from the exchange rate benefit, the improvement in operating income was further assisted by 5% increase in volumes. In addition, I just remind you of the excise duty impact that we experienced in the prior year which affected the growth sales by an amount of R14 million in the prior year.

In terms of our Deciduous Fruit business, that business was negatively impacted by soft post-Covid-19 demand in Asia, our inability to take price increases, as well as the ongoing restrictions experienced at the Cape Town harbour. The business recorded a revenue of R586 million for the period as well as an operating loss of R52 million in the particular space.

Moving on to just some focus in terms of the balance sheet. As Noel indicated despite, tough trading conditions and barring some deliberate decisions, the business delivered a strong working capital performance. While we saw inventory balances increase, this was as a direct consequence as decision taken to build stock in anticipation of  supply chain disruptions from a potential third wave of Covid-19. Creditors days were then impacted in turn, as a result of high amounts of inputs coming through as well as the timing of certain purchases. As previously indicated, creditors remain a focus area for us and we are starting to see some good traction come through in this regard. Debtors collection remained well controlled as noted.

So in conclusion, I'd like to just take a moment to cover some of the key deliverables that I spoke to at our last results presentation. You'll recall, we called out five particular areas in terms of focus being cost management, improvement in working capital, looking at more flexible alternative solutions when it comes to forex exposures and commodity hedging, continuous improvement and portfolio review in terms of category fit, as well as improved capex approvals and execution processes.

So you'll note in the slide in front of you, we're tracking well in terms of the first two being systematic cost management as well as improved working capital as we've already spoken to. However, some effort and work still needs to go through in the last three areas. We are however pleased to advise that we are starting a pilot in one of the categories in terms of more flexible forex hedging, as well as commodity hedging and that has received approval from the Audit Committee Chairman to proceed.

Also, work is in progress to look at more flexible opportunities in some of the other categories as well. In terms of the category fit. Noel's already given us an update in terms of the LAF disposal evaluation process in terms of alternative options and we'll also spend some time with our ongoing review in terms of the UAC investment. Accelerated submission of delayed business cases coming through in terms of capex will also be another focus area and also I'd like to just call out as indicated, we do anticipate an underspend in terms of the capex for the year. An early indication at this point in time amounts to about a billion rand spend expected compared to the R1.5 billion that we called at the beginning of the year. So on that note, I'd like to hand over to Noel to do the closing.

**Noel Doyle**
Thank you, Deepa. So in closing, I first of all, probably one unscripted comment before we get to the final slide that I'll talk to, is really just to say that we are very aware as a management team that these results, while cosmetically they look quite strong, that there is a base effect. I think it's quite important that if you go back and you look back two years, that the shortfall that we've got relative to the performance of a couple of years ago, there are really a couple of big drivers behind that shortfall. So you have a significant decline in the Bakery contribution to operating profits and the Exports business, most of which comes out of Deciduous Fruit.

So, again, trying to see through last year's base to the previous year, what makes us feel quite confident going forward is that the business can whether a very tough consumer environment reasonably well across the vast bulk of our portfolio. It is really Exports, Bakeries, and to a lesser extent, I could call out the Snacks & Treats business that relative to 2019 are pulling us down.

This last slide that I'm presenting – I changed the heading of this slide last night after quite an engaging and intense board meeting. One of my NEDs reminded me more than five times in the meeting that the honeymoon is over, boy. So I thought in that director's honour I would change the heading because we're very conscious that the honeymoon is over. For us as a management team, it's actually been tough, but it's actually been a fun year. We really enjoyed the last year and starting to see the fruits of our labour.

However, we're really, really conscious of the fact that it has been to an extent, a honeymoon period and Covid in some ways may have covered up for a multitude of sins. So we're quite clear about what we've got to do going forward. There are still, despite the work that Deepa has spoken about around costs and efficiencies, there are still several of our categories where we have yet to fully come to grips with what happens between the premium that we command on the shelf and the operating profit that we generate when we benchmark ourselves to the extent that we're able to do that against publicly available information of competitors. So there's still an intense piece of work in progress around examining every line of the income statement in some of our categories.

We really would like to conclude a Deciduous Fruit transaction, not just for the benefit of our shareholders, but I think this is a business that's been under certainly a psychological cosh for a number of years. For our suppliers and our employees, it hasn't been the the easiest environment to work in. They've done a phenomenal job in a really challenging environment, particularly with Covid in this business, but we would like to bring certainty for everybody to the future of this business.

I've outlined the market decline challenges that we're dealing with, the volume pressure in the total market. So it's quite clear that unless you want to see your margin slide backwards because volume growth, unless you innovate, is going to come from pricing, we really have to refocus and over index on innovation to reduce that dependency on the price lever and in our core business to avoid automatically swinging straight to the pricing lever, we also have to work harder on ensuring that our consumers have a reinforced message as to why our product is so much better than our competitors. Clearly, in terms of the precision with which we communicate and the channels we use, we have to accelerate getting up to speed with the digital environment.

I think, as I said earlier, that we can look forward to good growth in F22 out of our Rest of Africa portfolio in the Exports business, because we will certainly have that foundation very well laid and set by the end of the year, notwithstanding the current challenges that we see with the economic environment, particularly in Mozambique.

Today, we are announcing that we are effectively launching a VC fund. We are, it's fair to say, Johnny-come-lately to this space, but we're going to catch up fast and we believe this will give us early access to some potential growth opportunities. We've worked quite hard with some of our non executives who have experience in this space and we believe that it is something that we're not necessarily going to see the benefit of it in the next year or two, but it's something that's essential for us to do. We have to find those high growth, high potential businesses, get involved with them, but get involved in a way where the massive Tiger doesn't end up smothering the initiative and entrepreneurial zeal of those businesses.

Then to do all of the things we need to do in pursuing the growth agenda, it's really that work that we have to do around making sure that we bring people into the organisation and that we encourage those who are here to have courage. That's quite a challenge, because ultimately, the only time we'll really convince people that it's OK to fail is when somebody does actually put themselves out there and fail and people can see that they haven't been punished or penalised unfairly as a consequence of that. That courageousness will refer to organic and inorganic growth.

And hopefully we can start to use our balance sheet in terms of the capital expenditure that Deepa has spoken about, but in a cautious, careful and considered fashion to drive growth going forward. I just want to re-emphasize that you aren't going to see us spend that balance sheet like drunken sailors going forward.

Thank you very much.

**Nikki Catrakilis-Wagner**
Thank you Noel, thank you Deepa. We'll now move to questions and answers. Are there any questions on the call?

**[Moderator]**

At the moment, we have no questions from the conference call.

**Nikki Catrakilis-Wagner**
OK, there quite a few questions that have come through on the chat, so I'll try and group these as best I can.

We'll start with Vic Sharma from RMB Morgan Stanley. You've written a bit of an essay here, so just bear with me. Thanks for the opportunity to ask questions. The results are testament to cost cutting initiatives and efficiency gains at TBS. The volume growth still remains a challenge. What are the steps management is taking to shape the top line growth to be volume positive? And when can we expect to see any evidence of that?

I think Noel did cover it in his concluding slide that obviously, you can't save yourself into prosperity, although that will be a key focus area for Tiger Brands going forward. We do need to drive the top line. Noel, if you want to give it a little bit more color.

**Noel Doyle**
I think, you know, the market data that I've showed shows that we have actually gained share in a declining market. So we have been outperforming the market, albeit marginally. That is a change in momentum for Tiger. The more recent numbers, which we have been very transparent about, is really just the fact that we've seen incredibly aggressive price-led competition. And we're going to be careful not to overreact to that or to underreact to that. With our brands, I can get as much volume as we decide to put into the factories. I'll just destroy margin and potentially category profitability into perpetuity. It is something that we have to be cautious on. But I would just highlight the fact that we have managed to grow share in particularly challenging markets. And our biggest volume pressures have really come out of the Grains business and out of some of the lower margin businesses in grains.

So we're working hard on innovation. We're working very hard on being more innovative in how we capture more volume. But there is a macroeconomic environment that, if I stood there and said we certainly are going to have a growth spurt, I would just be being unrealistic.

**Nikki Catrakilis-Wagner**
OK, thanks Noel. Milling and Baking business has seen lowest operating margin in a while. What is the problem in wheat to bread value chain? Does the problem still remain discounting from competitors? How is the competition behaving now in the wake of cost pressures? Are there any price increases being taken?

**Noel Doyle**
So the Milling and Baking story is also very much the story of the two quarters and even the whole second half of last year. So in the last six months of the last calendar year, there seem to be quite a bit of stability. We had a sense that maybe we've reached the bottom. Certainly from January on, may be compounded by the impact of the lockdown and the delayed return to school.

We've just seen incredibly aggressive pricing. We've lost a significant amount of share in the top end trade as a result of that. And what we continue to see in that space is that, even where we respond to that, we see competitors who just go straight back to the retailers and undercut further. Our brand can carry comfortably one rand a loaf premium, which is quite significant relative to our competitors and in the category. We've held that brand premium quite well over the last four years. We took a price increase in the first quarter of last year. The first quarter held onto the price increase and the volume well for the first quarter. And we just saw the competitive set, become incredibly, incredibly price aggressive. So at the moment, it does seem like it's a race towards the bottom in that category.

Certainly we're not seeing any signs of of heavy discounting, particularly in the top end bottoming out anytime soon. It looks as if one specific competitor has decided that the easiest way to get volume and share is through a simple transaction with the top end retail segment rather than the hard work that it is growing share in the bottom end of the market.

We are happy with our performance. We're happy with most of our internal metrics in that business, but we do need to watch that price premium carefully. And we are at 30% plus share. But that doesn't allow us to ignore what's happening in the market. So it is disappointing and it's the biggest single drag on our earnings relative to where we were two years ago, as I indicated. Very, very challenging space at the moment.

**Nikki Catrakilis-Wagner**
Vic had one more question on operating income, but there's a related question around bread. A good result. Why do you think bread consumption was down, especially when rice and maize prices have been so high?

**Noel Doyle**
There's a couple of things. I think it's still all about the relativities and how many rands people have in their pockets, but also the back to school. You know, there's a significant drop off in bread volume because of the sandwich occasion. So the schools going back later was definitely an impact, but I think it's just relative choice. We can also see that there's an element of down trading into B-brand breads. So if you look at the flour consumption, relative to the packaged bread market, where you reading the top four bread manufacturers, there is a slight disconnect there. So there's home baking and then there's obviously supply to the smaller, more independent bakeries. So there's definitely a changing consumer attitude and in the back to school. I think it's a combination of all of those.

**Nikki Catrakilis-Wagner**
Is it structural or do you expect a recovery in those patterns?

**Noel Doyle**
I think until you see a recovery in consumer well-being, it's going to continue. Unless you get another range of massive price spikes in the alternatives in terms of that level of volume demand. It's definitely the lowest that it's been for many, many, many years.

**Nikki Catrakilis-Wagner**
OK, and just Grains again. Tinashe Kambadza of Afrifocus. You mentioned your ability to pass through some input cost inflation. Can you please quantify how much you were able to pass through? Was it 75, 85 per cent? And is this level sustainable given the high commodity prices over the short, medium term? We may see some relief from commodity prices, but we can elaborate on that.

**Noel Doyle**
I think that the latter point is true. I think the big shock increases, if you like, have been absorbed by the market. If you look at the trend and here one has to take the currency out of the equation because a significant weakening of the currency will change the dynamics. But if you look at maize and wheat pricing in particular, and even sort of global rice pricing, I think there may be some relief coming. In fact, I think you're going to see a swing in inflation dynamics within our portfolio with significantly lower inflation in Grains going forward, and particularly as a result of what we're seeing with oil prices, we're starting to see heavy packaging cost increases and some of the commodities that we buy in the balance of the Consumer Brands business.

If you look at sunflower oil following the palm oil trend, we're going to see some more pressure on inflation there. If we look at the amount of price increases that we've been able to pass through or the level of price increase, you're seeing naked margin compression of anything up to two percent in some of the Grains categories relative to the prior year.

**Nikki Catrakilis-Wagner**
Anthony Geard, Investec. Such refreshing frankness, thanks and well done. Regarding H2 operating income guidance versus FY 19 base, what is the precise benchmark please, for FY19?

**Noel Doyle**
Well, the benchmark would be the same categories for the same period of time in terms of our operating income. Last year wasn't great, But if those of you followed us for a while, you will recall that the second half of the previous year was also not a spectacular performance. That's why we think that we can deliver growth on both periods.

**Nikki Catrakilis-Wagner**
Irina Schulenburg from Foord Asset Management. Well done on good cost control, pegged costs adjusted for volumes looked like they grew around 4% year-on-year. How do you see H2 versus H1 given recent currency strength? Can you talk about the VC Fund? Where did the idea originate? How much capital is going into it? Where are the opportunities targeted, both geographic and category?

**Noel Doyle**
OK, I'll take that. So on the VC fund, it is certainly something we picked up as a global trend in our environmental scans as part of our strategic planning process. We also see one of our competitors has a similar concept. So that's really where it's come from. It's been reinforced as a good idea to do by some of our more recent board members who have seen it work very successfully in companies that they've worked for.
Geographically, it will be predominantly focused on South Africa, but not exclusively so. We really going to look specifically in the areas in which we operate or in technology that is linked to the areas where we operate. The initial allocation is not significant. It's less than R100 million that we are going to commit to this. The real challenge for us is less about the money. I don't think finance is an absolute constraint at this stage. It's really having the capability to identify the right opportunities. In that respect, we will have a dedicated resource. It's not going to be somebody's part time job. It is something where we're going to invest in that.

Sorry Nikki,  the first part of the question?

**Nikki Catrakilis-Wagner**
How do you see H2 versus costs?

**Noel Doyle**
Look, I think overall for Tiger going forward to July, we should be able to maintain the same rate of increase. Post July, a lot of our wage settlements kick in on the 1st of July. We had a high level of engagement and understanding in talking with our union partners and engagement, from a top to top level, good quality engagement at site level. So we were able to settle wages at levels between two and a half and four percent, with one exception, Davita, where we ended up unfortunately

having to face down industrial action. I think the wage negotiating season that's upon us now is going to be a lot more challenging than it was last year. I would call that out as a specific area of potential challenge for us and disruption.

Then I think  what will determine where we go is what happens with the currency. You know, I think the currency has cushioned us to a large extent over the last few months from some of the underlying commodity cost increases. If the currency starts to slip again, then you will see inflation increase.

**Nikki Catrakilis-Wagner**
OK, thanks Noel. We'll move to some finance questions, Deepa. Could you highlight what cost should fall out of the base in H2 this year versus H2 last year from Covid?

**Deepa Sita**
Thank you, Nikki. I think what's important to note is that last year's Covid cost was not necessarily only just, you know, PPE related, etc. What we did incur is significant amount of factory shutdowns as a result of lockdown trading restrictions, etc. So we'll certainly see the benefit, obviously barring, further lock down restrictions coming through from the third wave of Covid. We continue to budget or forecast accordingly for protective gear, potential staff transportation, etc., proactive management, you know, antigen testing, etc. So we have continued to forecast for that into H2. Provided that we don't have any shutdown of factories, etc. and lost production, that would be a significant variance year-on-year.

**Nikki Catrakilis-Wagner**
OK, are you considering a special dividend to fix the lazy balance sheet or at least a higher payout ratio?

What we've always said is that we would like to keep some powder dry in terms of opportunities that might be presented to us. We have in the past paid a special dividend on the disposal of assets, but we wouldn't want to create an expectation that that will continue going forward. Obviously, if we don't, if we are not able to build a pipeline of growth, we will look to return cash to shareholders.

Deepa, I don’t know if you want to talk more around the dividend policy.

**Deepa Sita**
Sure, so we have a dividend policy of 1.75 cover. You know, we did call out last year when we declared a special dividend in relation to the disposal that we certainly don't want to set a precedent. It's too early to call. In fact, not actually allowed for us to make that decision. Now, we would have to look at our year end results and then make a proposal to the board for approval. With that being said, we will continue to apply the dividend policy and then also look at the balance sheet going concern, liquidity, etc. at that point in time. Also, Nikki, as usual, it's certainly subject to us looking at capex required investments or other investments that would warrant us investing cash elsewhere other than in a special dividend.

**Nikki Catrakilis-Wagner**
OK, on the capex investments, a question from Nick Webster, HSBC. On the capex investments and reticence to commit that you mentioned, could you help us understand how those decisions are being taken? Are they not being driven at the EXCO level where you personally have identified

areas you would like to expand in? Or is it all decentralised to divisional managers that are not confident enough to exploit potential opportunities?

**Deepa Sita**
So I'll take a stab at it and then we'll ask, maybe Noel would like to weigh in. Ultimately, it is a combination of the two. What we're finding is we are driving at an EXCO level in terms of encouraging business cases to be submitted on a timely basis. We are seeing some delays coming through in business cases as a result of, I think Noel spoke about it, in terms of leadership taking some time in terms of being able to commit to numbers to be included in those business cases, in terms of what we would calculate return on said investment.

With that being said, there are few large capex investments that are still work in progress. Once we start seeing those come through, for example, in the bakery areas, you'll see an escalation in the spend.

The one thing I do want to just call out is, I mentioned disbursements of R381 million at H1. What's important to note, what's already been contracted, though, is approximately R570 million. So, there is those disbursements you can expect to come through in H2 with the drive of accelerating and trying to close the gap on business cases that have been delayed. So a mixture of the two. Certainly pressure coming through from myself, from Noel, the supply chain officer, etc, to category leaders to be able to put those numbers together, put some commitment and skin in the game in terms of committing what those returns are going to look like, as well as the category leaders driving and backing themselves, like Noel says, not being afraid to fail on calculated estimates, etc. So, Noel, I don't know if there's anything you'd like to add.

**Noel Doyle**
I think it's a valid question that you have asked Nick and it is a combination of both. It would be quite irresponsible of us if we didn’t look to the respective management team – and those are the people who really understand the market. So if we respect their judgment and they don't have confidence, it would be irresponsible to force our opinions on the shareholders. Or in some cases, it may well be that we look at the management team and we're saying we need to find the right people to drive growth in a category where we believe there's growth. To invest without having all of that in place or having a plan to have that in place wouldn't be responsible. So your comments are very fair. It is a combination of both.

**Nikki Catrakilis-Wagner**
OK, what are the big changes underway from an IT perspective. This is from Jiten Bechoo at Avior and what benefits will these bring?

**Deepa Sita**
OK, I'll take that. Thanks for that question Jiten. As we indicated at the end of last financial year, we have identified a significant amount of capex allocation for the IT space, focusing on digitisation, automation, etc. We've got the split actually two-fold. The one is addressing our infrastructure from an IT perspective. We’re putting in a significant investment in terms of the upgrade of our Oracle system end-to-end solution, but also a significant amount of IT-related capex going into business projects, automation at plant level, etc. We spoke about the need to accelerate the spend. Tiger historically has lagged in this space, resulting in quite a technical debt

that we find ourselves. We're quite keen to ensure that we close the gap between the IT & OT space and make sure all the investment that we were putting into the business will certainly drive efficiencies, etc, going through at a plant level.

Also, we've invested money in terms of IT security, addressing risks like cyber security, etc. and you'll see some spend come through in that area with the team working out a strategic process going forward to ensure that we do protect the IT space, the OT space within Tiger Brands. Investment in this space will also actually allow, particularly as we continue to invest in our plants with more, later versions of plant kits, etc, the IT OT security will also allow for remote working, remote remediation, troubleshooting, etc. A lot of the investment that's going through will certainly see good return coming back through efficiencies, etc, coming through at a plant level with the automation journey.

**Nikki Catrakilis-Wagner**
Shaun Bruyns from Mazi Asset Management has got two questions. Having now had to look at all divisions, are there any further exits anticipated, for example, maize?

**Noel Doyle**
So, Shaun, nothing in the short term. Maize is a category that isn't a great fit, but extracting maize from an integrated site in an integrated business is quite a challenge. We've had a few conversations around it. It isn't an easy transaction to conclude, given how embedded it is in the whole milling infrastructure. So that's certainly one of our underperforming assets in the portfolio. A value destructive exit is quite difficult to construct.

**Nikki Catrakilis-Wagner**
And then his second question is around baking capacity. There were a few questions around this. Are we back into a scenario with too much baking capacity has come on stream in the past five to 10 years. And would you expect mothballing or closures? How much capacity do you think is being utilised?

**Noel Doyle**
So the latest estimates that we've got, and it is an estimate, would be that capacity utilisation for the industry now is sitting at around 66% and our capacity utilisation is in the high 70s. It does talk to the rate at which the competitors have invested in capacity expansion over the last couple of years. So I think we are in an environment where mothballing would become an option. I know thatcertain new capacity that's coming on stream is coming on stream as a result of the rationalisation of some of the smaller bakeries of some of our competitors. So the new capacity may not necessarily add to the industry overcapacity. To follow on from that, one of the reasons that that we certainly underspending is that we had certain pretty concrete plans in respect of adding capacity ourselves, clearly going to take another careful look at that as we see how things pan out with the current capacity utilisation in the industry.

**Nikki Catrakilis-Wagner**
Thank you Noel. Just two more questions and then we'll wrap it up. Your slide number five shows a worrisome deterioration in sector level volumes in the last three months. Has this continued into the early part of H2? How does this shape your thinking about H2 volumes?

**Noel Doyle**
It has continued into April. Not at the same level as March, more in line with probably the six month moving average. It really shapes our focus on finding alternative ways to get volume growth without kind of going down the rabbit hole of price decreases, the need for us to use our balance sheet effectively to find opportunities to create value through either investing in adjacencies or making some acquisitions. Those obviously take some time. And the focus on reinforcing with our consumers why we're worth what they pay for, for the products that we sell. We really do anticipate that the market volume crunch is not going to lift any time soon.

**Nikki Catrakilis-Wagner**
The operating income guidance for H2 is clear. Are you confident on cost savings intensifying and is it safe to say that margins on a year-on-year basis should also improve H2 over H220 over H219?

**Deepa Sita**

Thanks for that question, Nikki. So, I'll take the the question on costs. Like I said, we're pretty confident in terms of achieving the targets that we called out at the back end of last year. Our target for cost saving, both from a continuous improvement point of view as well as just proper diligence from indirect spend amounts to about R500 million in terms of savings. Based on the performance that we're seeing come through in factory performance efficiencies, as well as just the launch of overall cost saving culture within the organisation, we're pretty confident to achieve that number for the year.

Like I said earlier on, the key now though, is to develop a sustainable pipeline going forward into FY 22 and beyond and to keep the ideas flowing. We're confident that we'llsee the improvement in terms of a year-on-year perspective. In terms of the margin question, I think, you know, that's got a quite a difficult one because I think it's going to be dependent on, whether or not we continue to see further cost push pressures coming through in both raw material and packaging and then our ability to be able to pass that through in terms of selling price increases. With that being said, we think the market will be quite tough. So, we'll end up absorbing if there is cost coming through, further costs outside of our forecast. We're certainly relying, as we have in H1, we're relying for a continued improvement to come through in factory performances and efficiencies and cost savings to benefit and thereby trying to protect and at least try and retain flat margins overall. So it is going to be dependent on the market.

Noel, I don't know if there's anything you'd like to add.

**Nikki Catrakilis-Wagner**

OK, there are quite a few questions around the VC fund. A media release is being planned, but in summary, it will be launched in June of 2021 and it aims to give food and beverage startups the much needed capital that they require and also accelerate Tiger Brands' involvement in emerging and existing consumer trends such as health and nutrition, plant-based foods, convenience and snacking. So, as I said, there will be a media release and I'm happy to field any questions around that going forward.

I think that brings us to the end of the presentation. Thank you for your participation. We will be in touch in terms of management access, post the results. Investor relations will be participating in the Avior summit in the early part of June, as well as the JSE SA Tomorrow conference for a day at each. So we will be available to take questions. Thank you again for your time and again, investor relations is available if I've missed any of your questions, but I think we did a pretty good job of addressing everything.

Thank you and goodbye.

[Ends]