TIGER BRANDS

UNAUDITED GROUP RESULTS

For the six months ended 31 March 2019

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Disclaimer

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Forward-looking statement

This document contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 22 May 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.

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Operating environment & performance overview

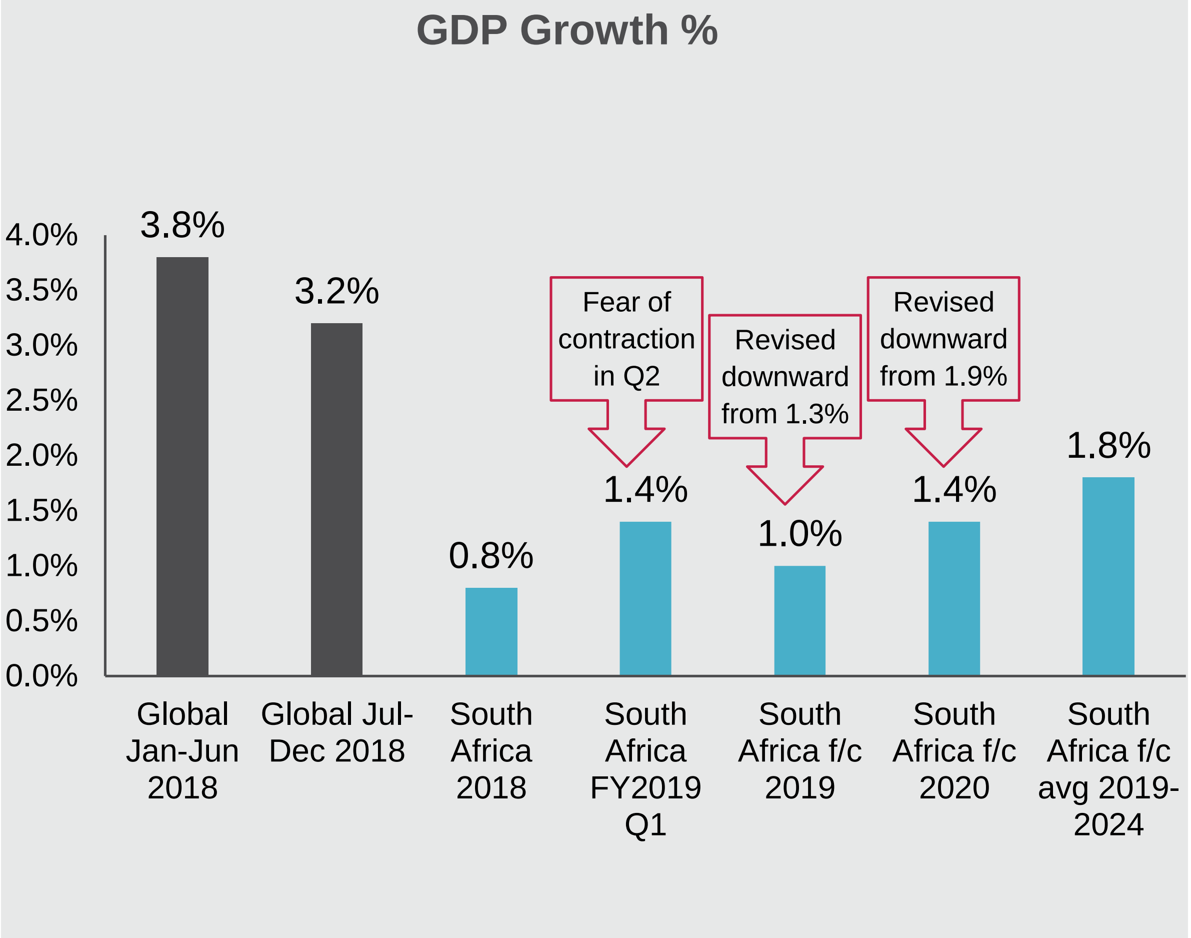
Lawrence Mac Dougall – Chief Executive Officer

Low growth environment to persist

Q1 GDP recovery expected to be short-lived

Landscape

- Concerns of contraction in Q2 2019
- Eskom – destabilising fiscal position
  - Impacting production & costs
  - Significant investment to secure alternative sources
- Exchange rate volatility
- Disposable income impacted by electricity & fuel inflation
  - Offsets low food inflation
- Aggressive cost-saving in corporate sector adversely impacting income generation
  - High unemployment



Source: BER, Economic Prospect Second Quarter 2019, Vol 34 No 2 | Medium-term Economic outlook and risks, forecast for South Africa: 2019-2024

Shoppers are spending less – but also stretching their wallets

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Spending less

R11 650
[-10%]

60
shops per year
[-0.3]

R194
Basket value
[-R15]

Packs per household

-10.5% – 700 packs TY

[-82 packs]

Shopping on promotion more than ever before

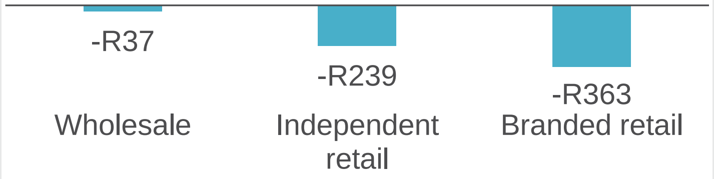
65%
actively compare prices across brands

25%
stock up on premium brands on promotion

70%
trade up to bigger pack on promo if value offered

40%
scout broadsheets for specials

Change in spend per buyer



Spending more on

Bread*
Toilet Tissue
Soya based substitutes
Canned Pilchards
Soap
Personal Care*
Baby*
RTE Cereals*
Ingredients*

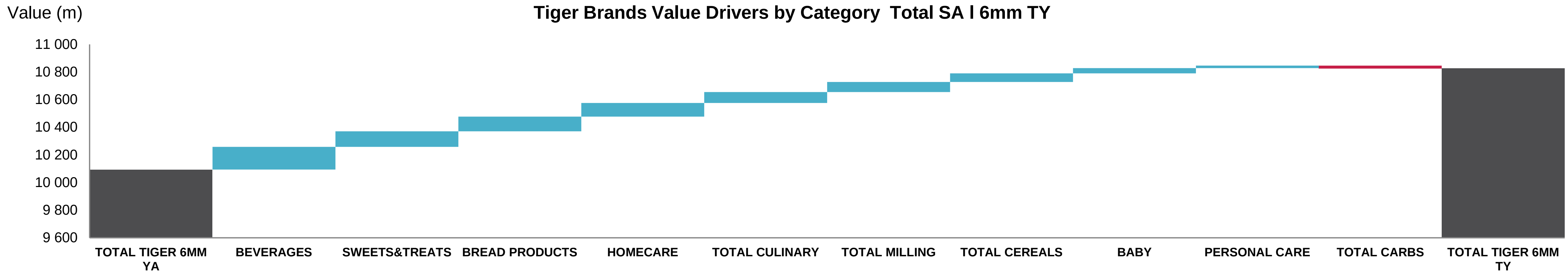
Spending less on

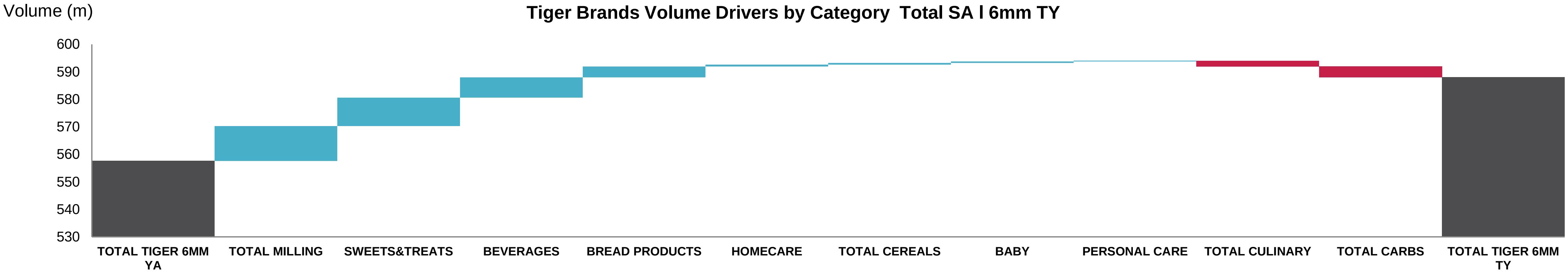
Maize Meal*
Fresh/Frozen Chicken
Chilled Processed Meats*
Flour*
Cooking Oil

Source: Nielsen – Basket and Shoppergraphics F'19 Q1 | Inperspective ShopperSense Survey 2018 | * Tiger Brands categories

Market shares improve in value & volume

Driven by Beverages, ST&B, Bread, Home Care & Groceries





Nielsen 6mm as at March 2019 (excludes VAMP)

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Brands prove resilient

Marketing investment maintained at 3.2% of revenue, impacted by phasing

Albany – Feel the Freshness	#1	33%*
Tastic – Perfect. Every time.	#1	27%
Fatti's & Moni's	#1	35%
Koo – Only the best will do	#1	53%
Jungle	#1	74%*
Crosse & Blackwell	#2	34%
Black Cat	#1	32%
All Gold – Tastes real good	#1	54%
Oros	#2	21%
Maynards	#1	47%
Doom	#1	53%
Purity	#1	90%*

askafrika
KASI STAR BRANDS
2019/2020 CATEGORY WINNER

Koo – Only the best will do | Albany | Jungle | All Gold

Source: % = Nielsen 6mm volume share to March 2019 | * Bread unit share | Cooking oats | Homogenised Food

New launches anchored in consumer insights

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Value & premium sectors gaining, 33% of consumers trading up

Health & Wellness	Albany — Best-of-Both Genius	ACE, A TASTE OF MUM'S LOVE — Ace Plus Fiber					
On-the-go	PURITY — Fruit & Yoghurt Pouches						
Value	Tinkies, Flavour the imagination — Tinkies Variety Pack	KOO, Only the best will do — Four can value pack					
Convenience	Golden Cloud — Dombolo, Vetkoek & Bread Premix	TASTIC, Perfect. Every time. — Quick Cooking Rice	PURITY — Instant Baby Maize Porridge				
Speciality / Premium	ACE, A TASTE OF MUM'S LOVE — Phutu Super Maize Meal	Jungle — Crunchalots Strawberry	FATTI'S & MONI'S — Bellissimo Range	Tinkies — Tinkies Half & Half	DOOM — Cockroach powder (sachets)	TASTIC, Perfect. Every time. — Extra Long Grain Aromatic Parboiled Basmati	TASTIC, Perfect. Every time. — Extra Long Grain Sella Basmati

HEPS down 12%

Impacted by VAMP & Oceana

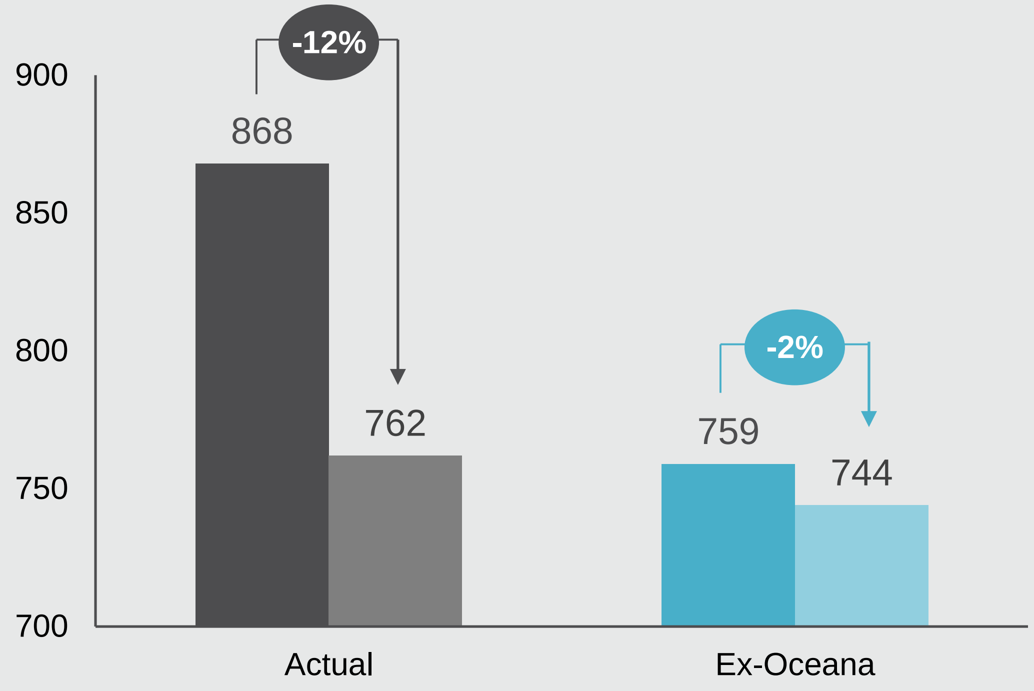
	Ex-VAMP
Group revenue+ down **2%** to **R15.4 billion**	Up 4% to R15.2 billion
Gross margins+ down **200bps** to **31.3%**	Down 140bps to 32.7%
Group operating income+** down **24%** to **R1.5 billion**	Down 9% to R1.8 billion
Group operating margin+** down **290bps** to **10.1%**	Down 170bps to 12.1%

Ordinary dividend of **321 cents**

Special dividend of 306 cents

HEPS+ down 12%

Down 2% excluding Oceana



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

Recovery in domestic volumes & market share, low price inflation impact margins

Deliberate interventions yield results

Positive outcomes

HPC
- Recovers in line with guidance, following a weak pest season last year
- Executed well to recover volumes & margins

Baby
- Recovery in baby food well executed
- Capacity investment supports pouch growth ahead of market

Deciduous Fruit
- Improved offtake agreements
- Consolidaton of facilities driving efficiencies

Deli
- Improved demand drives top line growth
- Cost savings reduce losses

Challenging outcomes

Grains
- Maize – increased competition / differentiation challenging
- Pasta – aggressively priced imports
- Bread – volumes maintained amid deep discounting

Groceries
- Strong revenue & volume growth offset by impact of strike on factory efficiencies

Snacks, Treats & Beverages
- Good volume growth
- Low inflation & efficiencies impacts profitability

VAMP
- Challenges in re-opening
- Launch logistics adversely impacted service levels

Exports
- Impacted by distributor change in Nigeria
- In line with long-term strategy

Financial & operational performance

Noel Doyle
Chief Financial Officer

Operating income impacted by VAMP losses in H1 & gross margin compression ex-VAMP

Associate income impacted by Oceana unbundling decision, EPS boosted by non-recurrence of recall costs & profit from Oceana sale in current year

Continuing operations – Rm	H1 2019	H1 2018	% change
Revenue	**15 402.1**	15 685.2	(2%)
Cost of sales	**(10 579.8)**	(10 467.9)	(1%)
Gross profit	**4 822.3**	5 217.3	(8%)
Sales and distribution expenses	**(2 015.2)**	(1 905.3)	(6%)
Marketing expenses	**(486.9)**	(502.1)	3%
Other operating expenses	**(804.3)**	(811.8)	1%
Operating income before impairments and abnormal items	**1 515.9**	1 998.1	(24%)
Impairments	**(106.0)**	(29.7)	(257%)
Abnormal items	**328.9**	(362.9)	191%
Operating income after impairments and abnormal items	**1 738.8**	1 605.5	8%
Net finance cost & investment income	**(26.1)**	(44.6)	41%
Income from associated companies	**200.0**	341.2	(41%)
Profit before taxation	**1 912.7**	1 902.1	1%
Taxation	**(468.5)**	(492.1)	5%
Profit for the year from continuing operations	**1 444.2**	1 410.0	2%
Profit for the year from discontinued operation	**-**	14.2	-
Profit for the period	**1 444.2**	1 424.2	1%
Headline earnings per share (cents)	***761.9***	*870.4*	(12%)
– Continuing operations	***761.9***	*868.3*	(12%)
– Discontinued operation	**-**	*2.1*	-

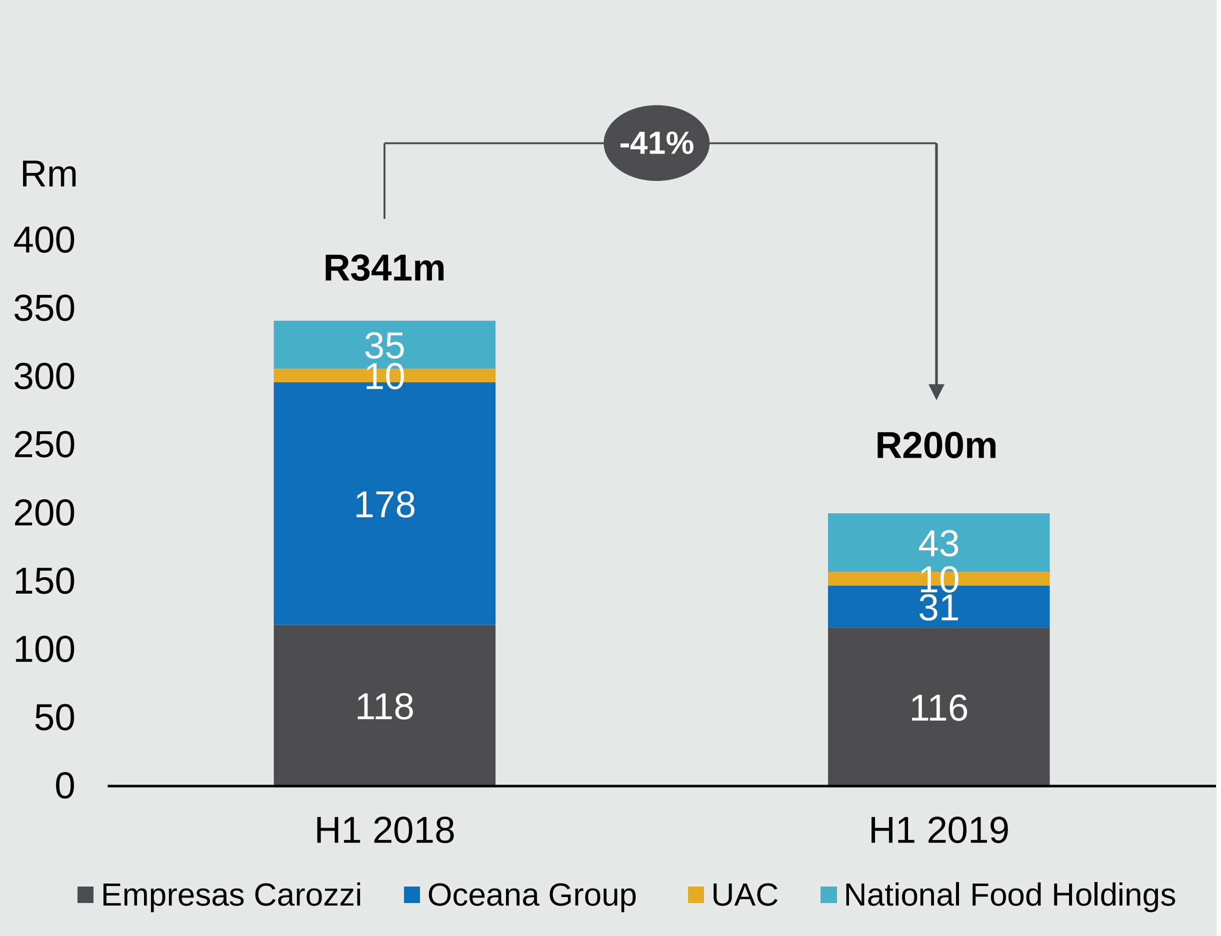
Abnormal profits boosted by sale of Oceana shares to Brimstone

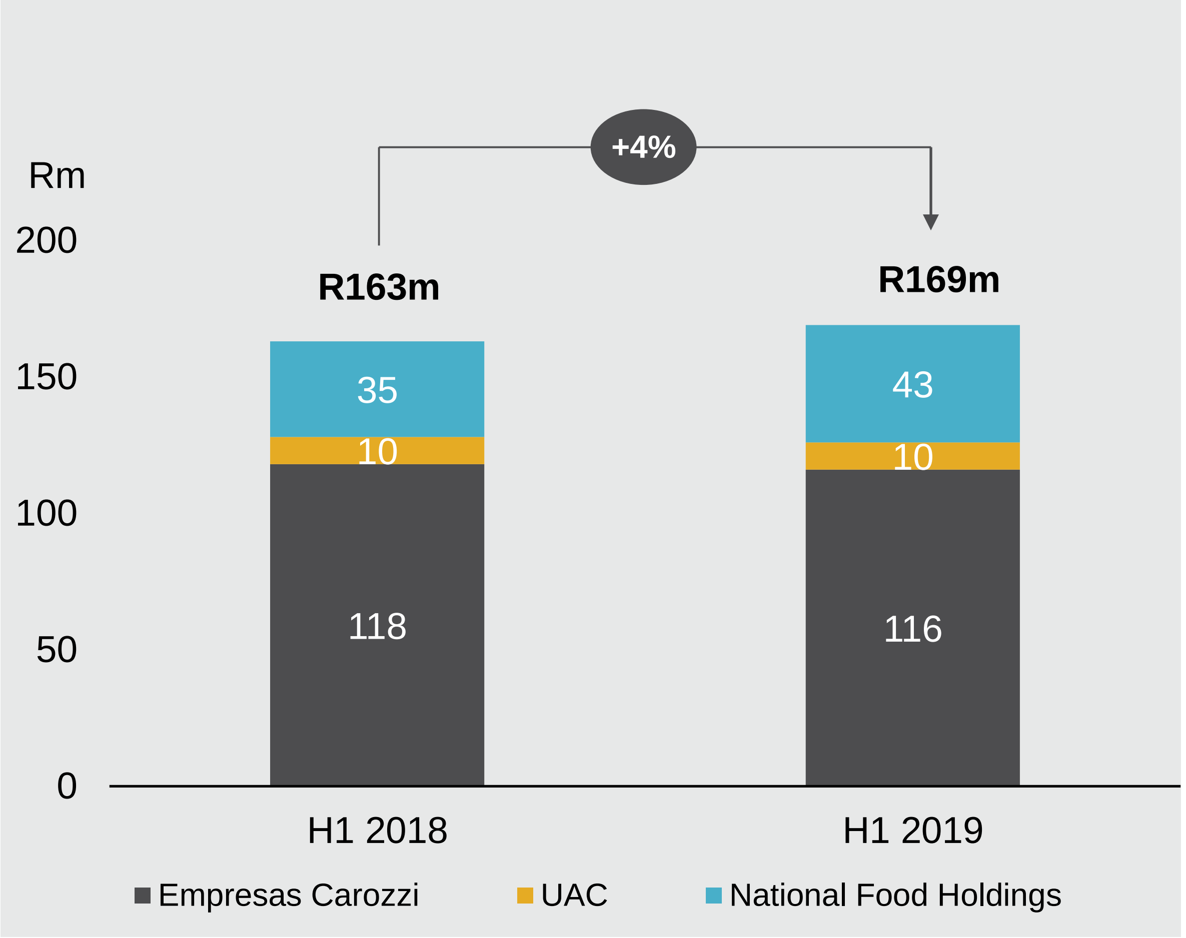
As well as R100m insurance proceeds related to VAMP

Rm	H1 2019	H1 2018
Profit on sale of shares in associate investment	**282**	-
Proceeds from VAMP recall insurance claim	**100**	50
VAMP recall cost provision	**(25)**	(415)
Restructuring & related costs	**(28)**	-
Profit on disposal of property	**-**	2
Total abnormal items	**329**	(363)

Income from associates impacted by accounting treatment of Oceana

Carozzi's strong underlying trading performance offset by forex losses linked to Argentinian business



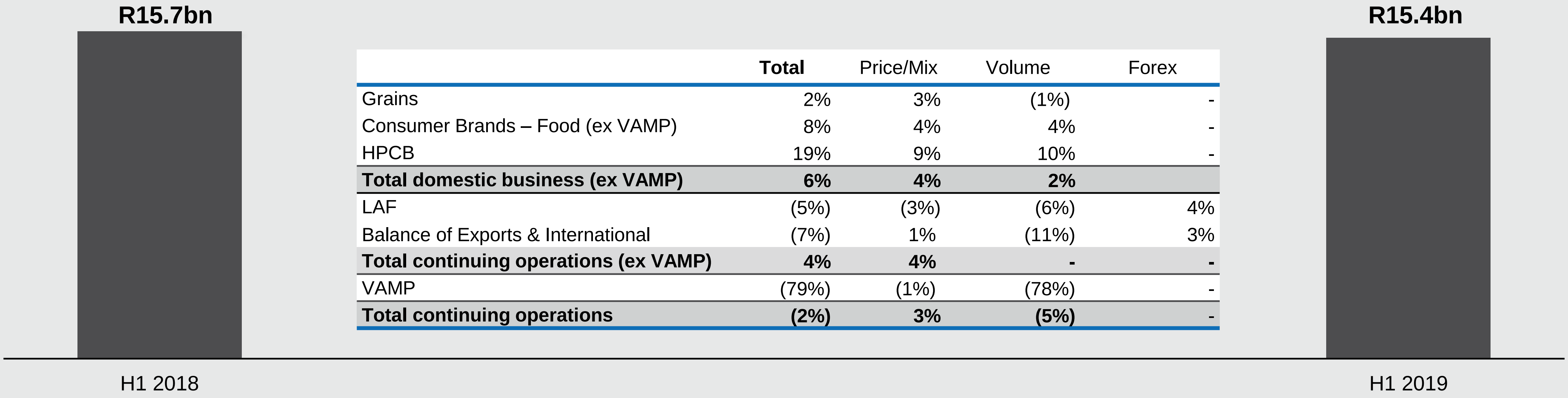


Oceana unbundling decision & VAMP distort comparisons

Headline earnings ex-Oceana down 1%

R'm	H1 2019	H1 2018	% change
Earnings			
Earnings as reported	**1 431**	1 396	3%
Oceana equity accounted earnings	**(31)**	(178)	
Oceana – profit on sale of shares to Brimstone	**(282)**	-	
Adjusted earnings (excl Oceana)	**1 118**	1 218	(8%)
VAMP – after tax trading loss / (profit)	**205**	(9)	
VAMP – (abnormal items after tax) / recall costs	**(48)**	289	
Adjusted earnings (excl VAMP and Oceana)	**1 275**	1 498	(15%)
Headline earnings			
Headline earnings as reported	**1 262**	1 423	(11%)
Oceana equity accounted earnings	**(31)**	(178)	
Oceana – profit on sale of shares to Brimstone	**-**	-	
Adjusted headline earnings (excl Oceana)	**1 231**	1 245	(1%)
VAMP – after tax trading loss / (profit)	**205**	(9)	
VAMP – (abnormal items after tax) / recall costs	**(54)**	263	
Adjusted headline earnings (excl VAMP and Oceana)	**1 382**	1 499	(8%)

Domestic volumes, ex-VAMP, up 2%



	Total	Price/Mix	Volume	Forex
Grains	2%	3%	(1%)	-
Consumer Brands – Food (ex VAMP)	8%	4%	4%	-
HPCB	19%	9%	10%	-
Total domestic business (ex VAMP)	**6%**	**4%**	**2%**	
LAF	(5%)	(3%)	(6%)	4%
Balance of Exports & International	(7%)	1%	(11%)	3%
Total continuing operations (ex VAMP)	**4%**	**4%**	**-**	**-**
VAMP	(79%)	(1%)	(78%)	-
Total continuing operations	**(2%)**	**3%**	**(5%)**	-

HPC delivers a solid recovery, offset by Grains

Positive impact from Deli & Deciduous Fruit interventions

	Grains	Consumer Brands Food (ex VAMP)*	HPC	Domestic business (ex VAMP)	Exports & International	Group (ex VAMP)	VAMP	Group**
Volume	▼1%	▲5%	▲6%	▲2%	▼15%	-	▼78%	▼5%
Revenue	R6.7bn ▲2%	R5.8bn ▲9%	R1.0bn ▲18%	R13.5bn ▲6%	R1.7bn ▼ 11%	R15.2bn ▲4%	R0.2bn ▼ 79%	R15.4bn ▼ 2%
Operating income+	R788mn ▼ 25%	R697mn ▼ 9%	R227mn ▲70%	R1 712mn ▼12%	R138mn ▲62%	R1 850mn ▼ 9%	(R296mn)	R1 554mn ▼ 24%
Operating margin+	▼11.8%	▼ 11.9%	▲23.2%	▼12.6%	▲8.2%	▼ 12.1%	▼ (139.1%)	▼ 10.1%

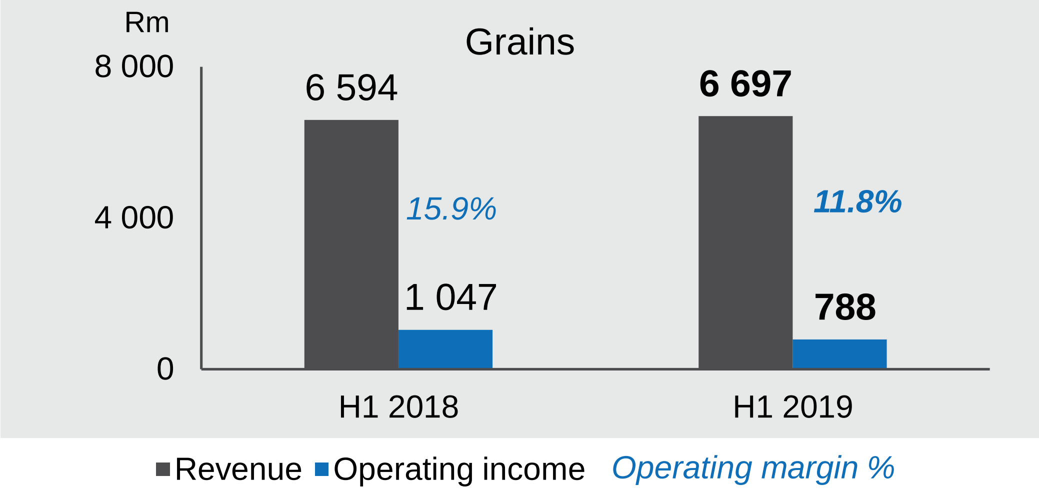
*Includes Baby Care | **From continuing operations | +Before IFRS 2 charges, impairments & abnormal items

Grains

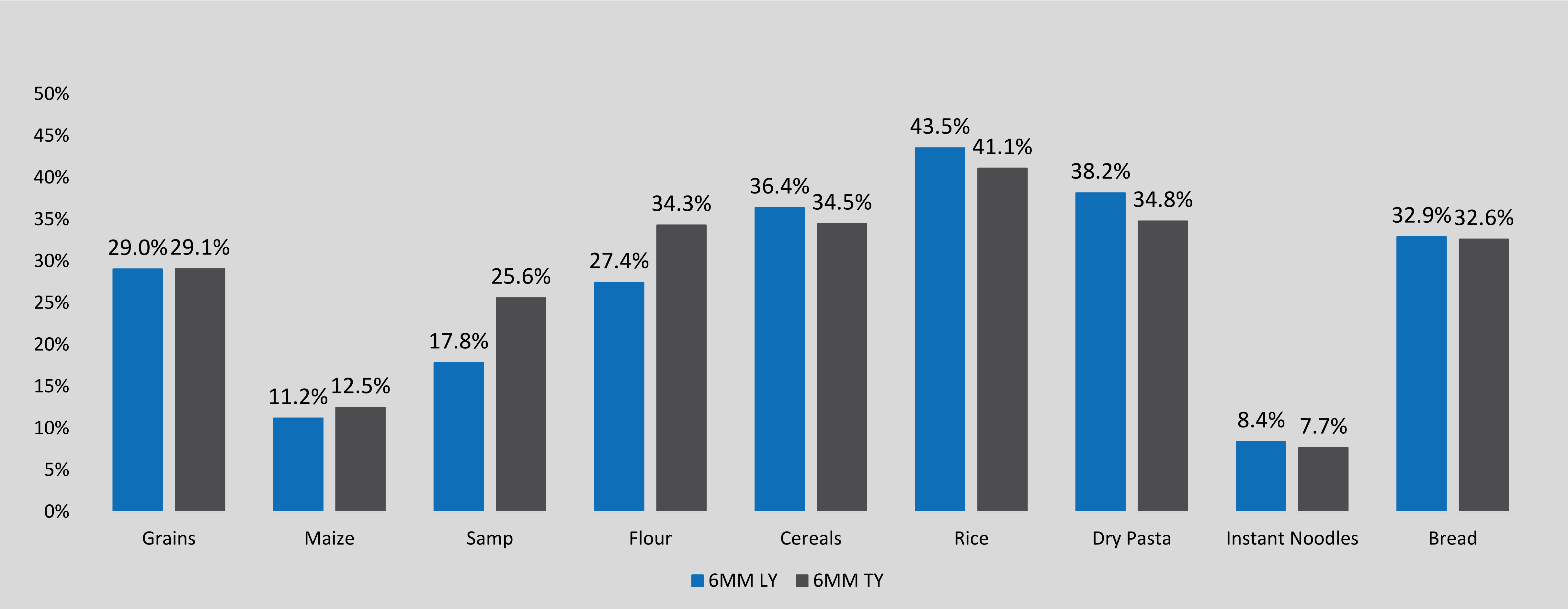
Margin compression reflects competitive pricing environment

- Wheat-to-bread volumes hold up in the face of sustained price-led competition
  - Margins decline somewhat
- Maize most significant period-on-period decline
  - Driven by less favourable procurement position vs. last year
  - Adverse pricing dynamics
- Sorghum-based offerings reflect challenges in broader breakfast cereals market

- Other Grains impacted by Jungle, rice and pasta
  - Pasta impacted by significantly cheaper imports
  - Margin recovery in Rice proving difficult



Overall volume share maintained in tough environment



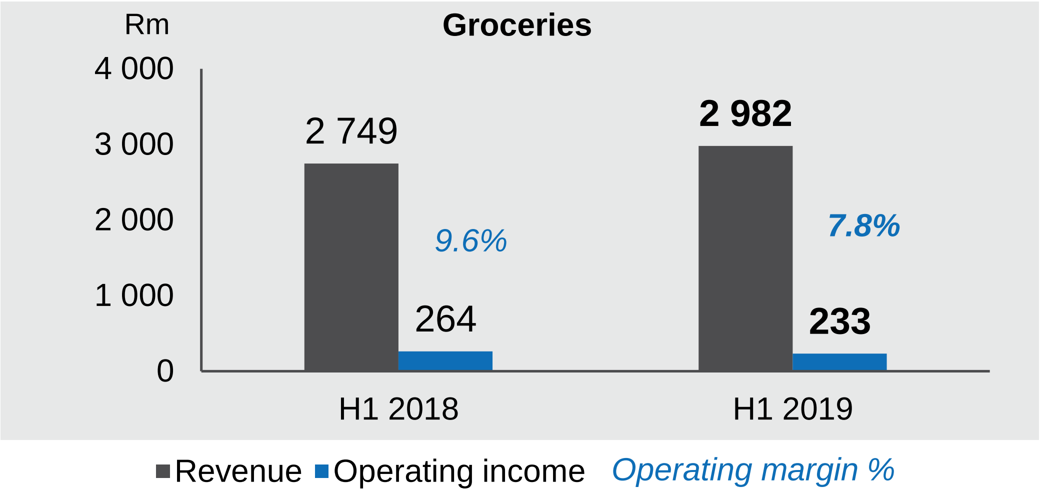
Source: Nielsen 6mm volume share as at March 2019

Consumer Brands – Food

Groceries delivers solid top line recovery

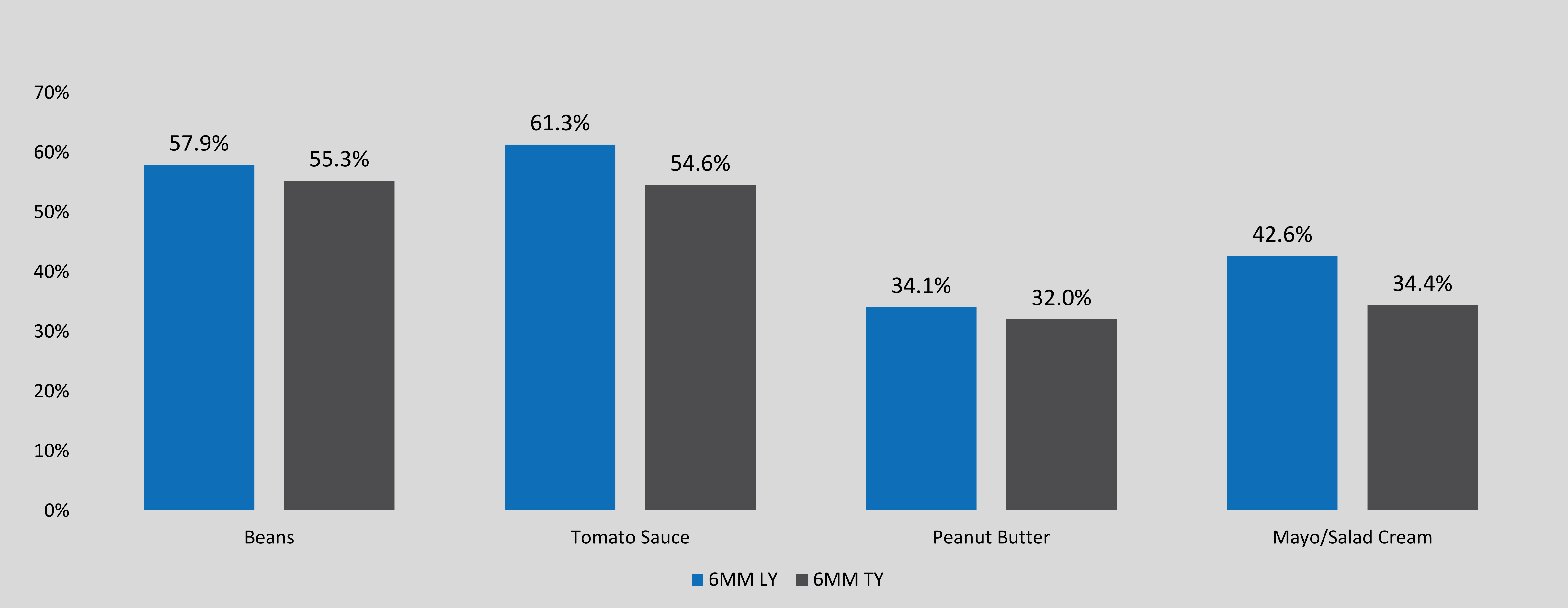
- Revenue up 8%
  - Inflation of 5%
  - Volume growth of 3%
    - Strong volume growth in condiments & ingredients
    - Double digit growth in the independent trade
- Industrial action negatively impacts mix, absolute revenue & factory efficiencies
  - Results in margin compression

- Targeting cost savings across the value chain
  - Procurement opportunities & continuous improvement projects
- Focus on product mix to drive margin enhancement



Supply constraints impacted availability in key Q1

Particularly in tomato sauce & mayonnaise

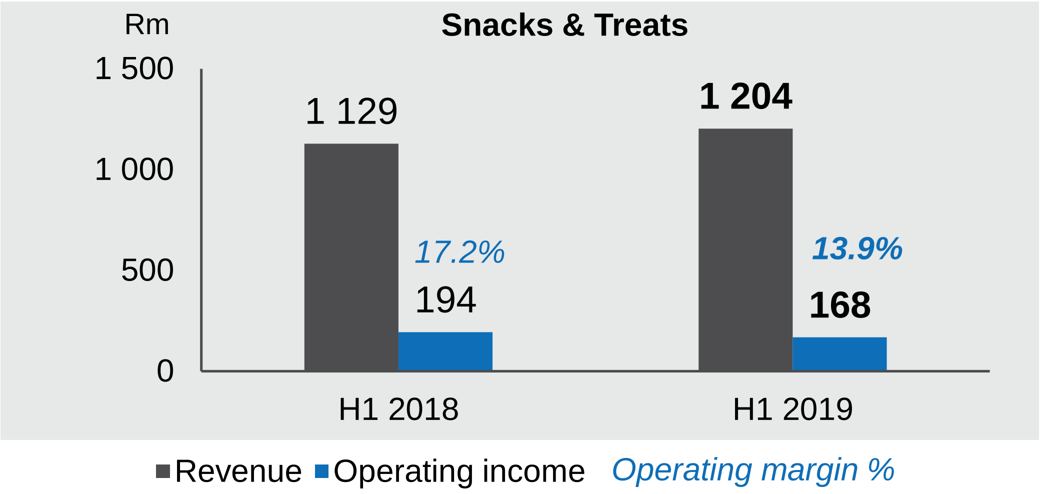


Source: Nielsen 6mm volume share as at March 2019

Snacks, Treats & Beverages

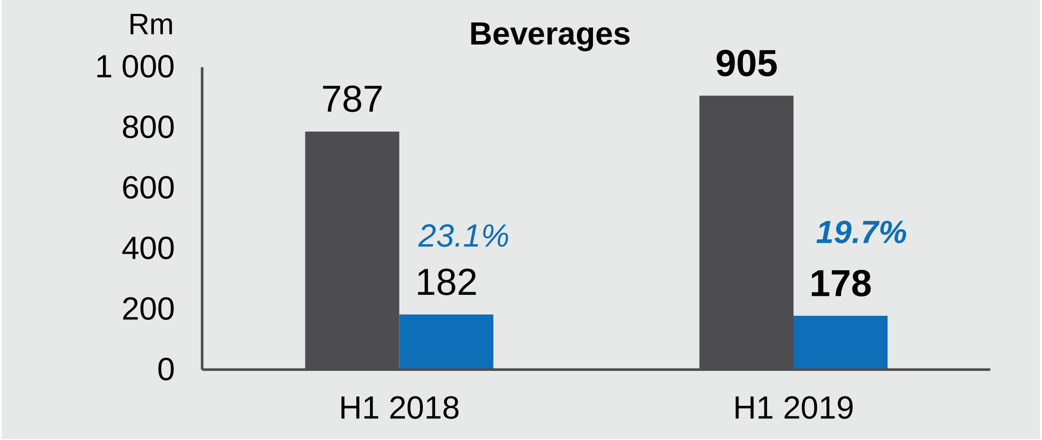
S&T – strong top line growth & share gains diluted by competitive pricing & supply chain challenges

- Revenue up 7%
- Volumes up 5%
  - Driven by chocolate & snacking
  - Innovation underpins growth in key sugar brands
- Price increases insufficient to offset raw material cost push



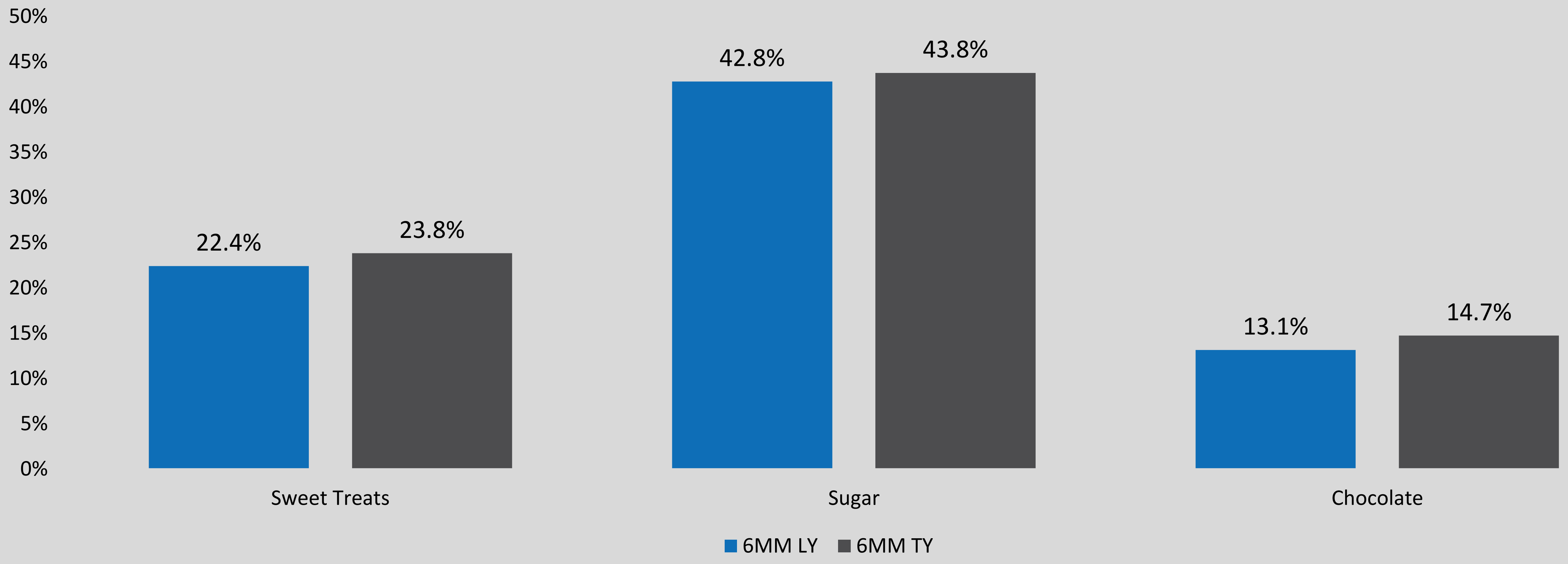
Beverages – sustains strong revenue growth

- Volume growth of 12%
- Strong performance from Oros
  - Offset by supply constraints in Energade
- Operating income down 2%
  - Unfavourable sales mix
- Price increases insufficient to recover y/y cost push



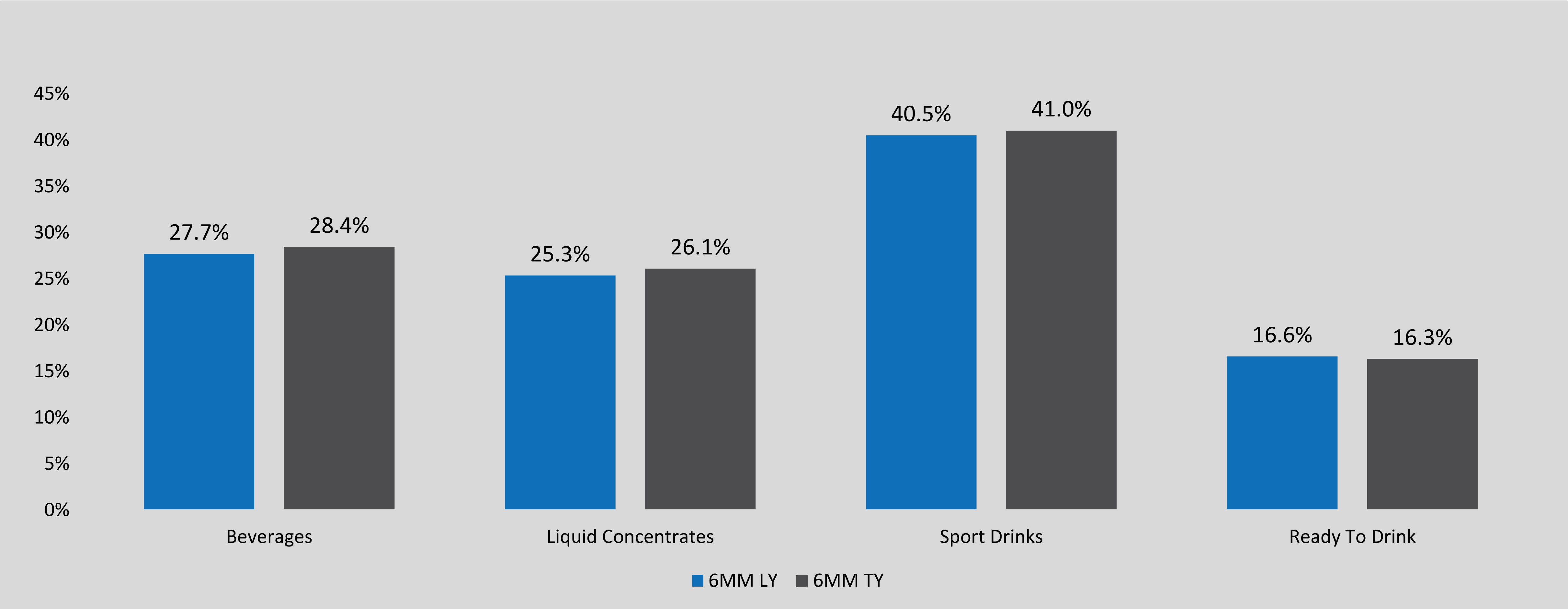
Volume share gains in Snacks & Treats

New variants drive chocolate gains



Source: Nielsen 6mm volume share as at March 2019

Market share growth across all segments



Source: Nielsen 6mm volume share as at March 2019

VAMP

Delays in re-opening & managing increased complexity impacted service levels

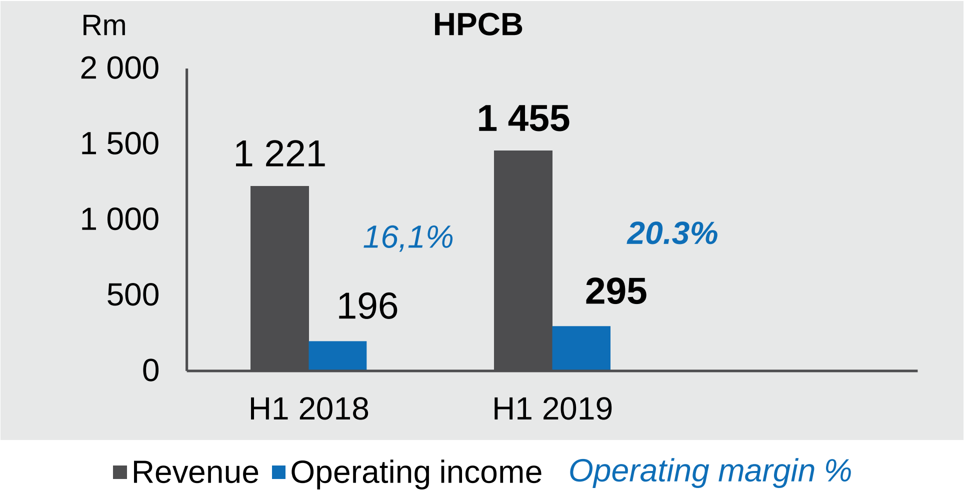
- Elected to not participate in deli segment due to regulatory risk
- Private label contract not fully restored
- Positive release protocol initially impacted service levels

- Brand health remains strong
- Marketing efforts focused on product safety & building confidence with consumer
- Social media coverage positive
    - Consumer acceptance tracking well
- Month-on-month improvements in market share
    - On shelf-availability & sales
- Most supply issues resolved

Home, Personal & Baby Care (HPCB)

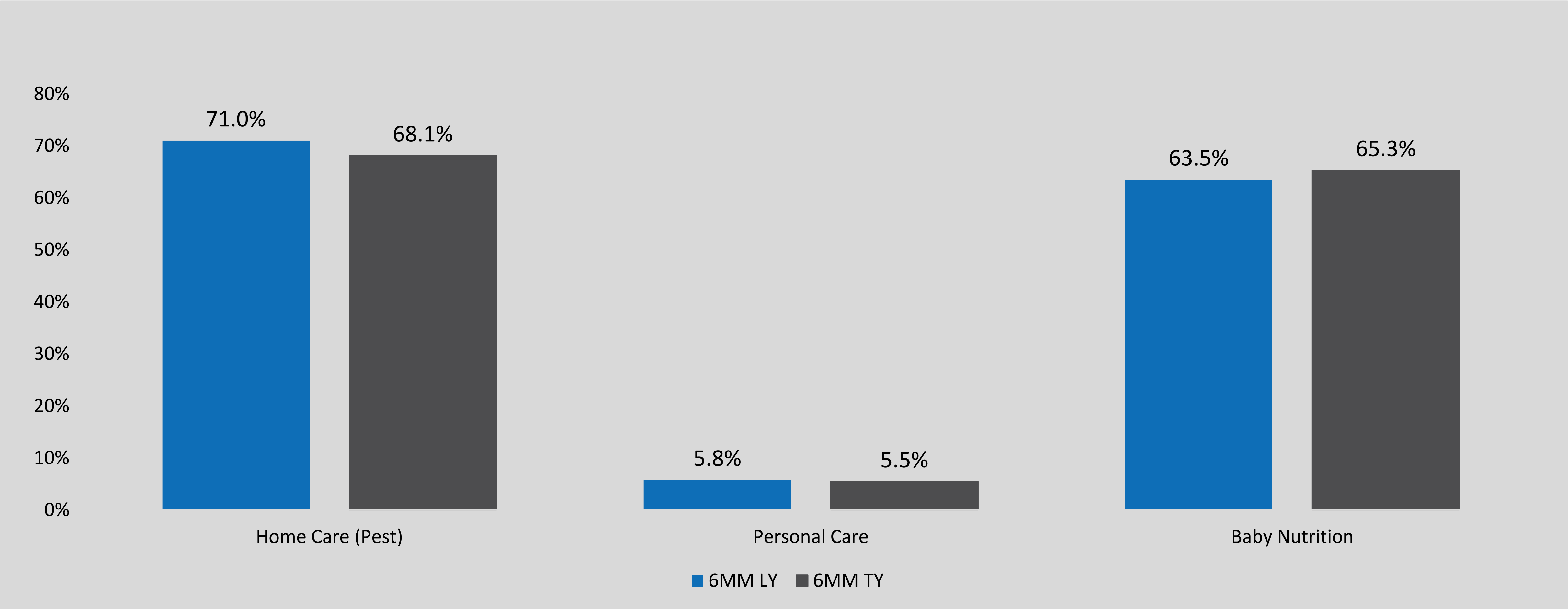
Delivers a strong performance

- Home Care
  - Recovers from poor pest season last year
    - Pesticides volumes increase by 15%
  - Operating income up 96%
- Personal Care
  - Challenging category dynamics persist
  - Margin recovery supported by operational efficiencies & price increases
- Baby Care
  - Nutrition drives performance
  - Recovery in jarred baby food drives significant volume growth
  - Pouches continue to grow ahead of market
    - Strong in-store execution & flavour innovations
  - Operating income impacted by conversion costs



Pest impacted by selling price inflation

Strong volume share gains in Baby nutrition

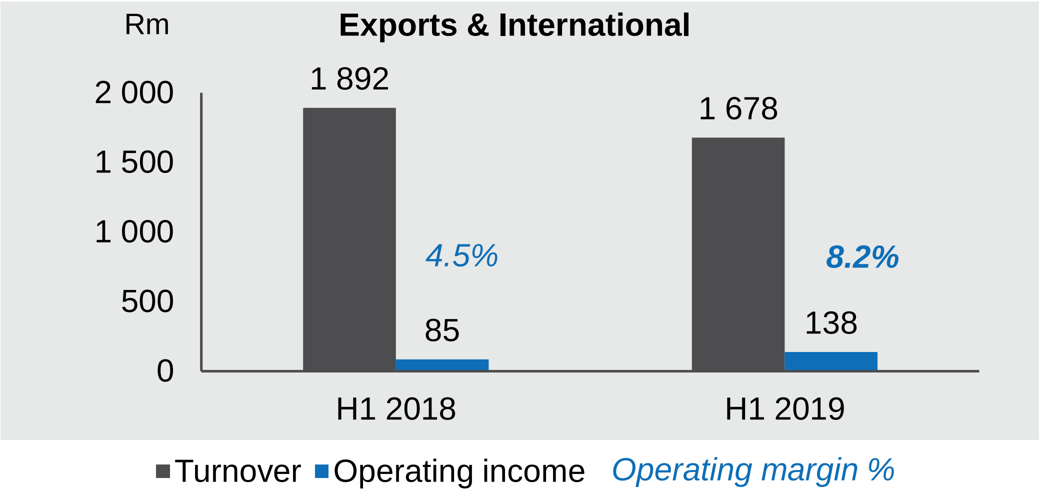


Source: Nielsen 6mm volume share as at March 2019 | Baby nutrition includes homogenised segment & cereals

Exports & International

Deciduous Fruit & Deli Foods respond to interventions

- Exports impacted by change in Nigerian distributor
  - New distributor finalised
  - First orders shipped in April 2019
- Mozambique remains extremely challenging
- Chococam
  - Benefits from rand weakness on conversion
  - Volumes adversely impacted by lower Export volumes
  - Sound cost management results in improved profitability
- Deli Foods
  - Interventions yield positive results
    - Positive revenue growth
- Deciduous Fruit (LAF)
  - Benefits from restructuring
  - Operating loss declines to R12 million



Outlook

Operating environment remains tough

Environment

- Full year EPS boosted by Oceana unbundling
- Continued cost push in conversion & distribution
- Consumer environment unlikely to improve
- Low selling price inflation remains a challenge
- Volume growth needs to be balanced with margin expansion

Counter strategies

- Focus on reducing costs & improving efficiencies
- Improve on shelf availability & service levels
- Working closely with our customers to optimize consumer trends
- Improve VAMP's performance

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Conclusion

Lawrence Mac Dougall

Strategy execution gaining momentum

What's working

- Naked margins holding
  - Driven by centralised procurement
- Centres of Excellence provide increased capability/visibility
- Significant growth in General Trade channel
  - Volume growth of 13.7%*
- Working capital improvements
- Oceana unbundling successfully concluded
  - Good progress with the review of other associates

What's challenging

- Constrained consumer increasingly price sensitive
  - Low inflation & low volume environment
- Conversion costs rising ahead of inflation
  - Driven by wages, fuel & electricity
- Service levels – unpredictable demand peaks
- Operating model refined & capability gaps filled
  - More effort needed to ensure effective ways of working
- Africa strategy – difficult trading environment

* Nielsen RMS March 2019 volume growth 6mm

Strategy execution is gaining momentum

Challenged by low inflation & growth

Growth drivers	Key measure	Progress
Availability & fair share	○ Market share ○ Availability ○ Weighted distribution	○ Share gains in Baby Food, Bread, ST&B & Milling offset by Groceries & Personal Care ○ Maintaining market share in bread at a cost ○ Supply constraints in some categories impacting on-shelf availability
Price	○ Price vs. competitors ○ Price point / value and affordability	○ Clear price strategies in key categories & premiums maintained ○ Low inflation environment a challenge to margins ○ Increased competitive intensity driving “always-on” promotions
Pack / Size format	○ Pack format & sizes	○ Pack formats & sizes in pipeline ○ Pricing differentiation needs attention
Unmet need states & trends	○ Innovation rate (10% of revenue by 2022)	○ New launches in Jungle, Tinkies, Albany, Doom, & Ace ○ Medium term pipeline developed to focus on emerging consumer trends ○ Big idea innovations – confectionary & beverages RTM
Brand strength	○ MI 4.5% of revenue by 2022 ○ Disproportionate investment ○ Brand equity	○ Absolute MI impacted by phasing ○ Purity leads the way in Master brand execution ○ Brand strength holding in key categories

Building a winning culture gaining momentum

Greater focus on costs & efficiencies in current environment

Be efficient

- Centralised procurement delivering naked margin benefit
- Capex balanced behind growth & efficiency
- Warehouse network consolidation on track
- 631 learners enrolled at 36 sites in shop floor development program
- Consumer complaints down by 30%

Great people

- Increased focus on talent & leadership development & succession
- Winning culture development
- RTM capability & structure re-aligned
- Centres of Excellence capability adding value

Sustainable future

- Deliberate focus on Enterprise and Supplier Development
  - Sourcing wheat, maize, oats, beans and peanuts from black farmers
- Continued community investment through the Tiger Brands Foundation
  - 63,000 learners a day
  - 65 million meals
- Improved energy and water efficiency, and lower carbon footprint YTD

Our competitive advantages

Great people & strong brands supported by a winning culture

- Resilient brands with strong market shares
  - Sustainable premiums
- Brands resonate strongly across all income groups
  - Delivering strong growth across all channels
  - Far-reaching distribution
- Able to attract world-class talent
- Africa still a growth opportunity
  - Strategy implementation underway
- Strong balance sheet

- Embedding operating model & culture development
- Focus on consumer centricity
- Implement cost savings without impacting capability
- Enhance supply chain efficiencies to improve margins

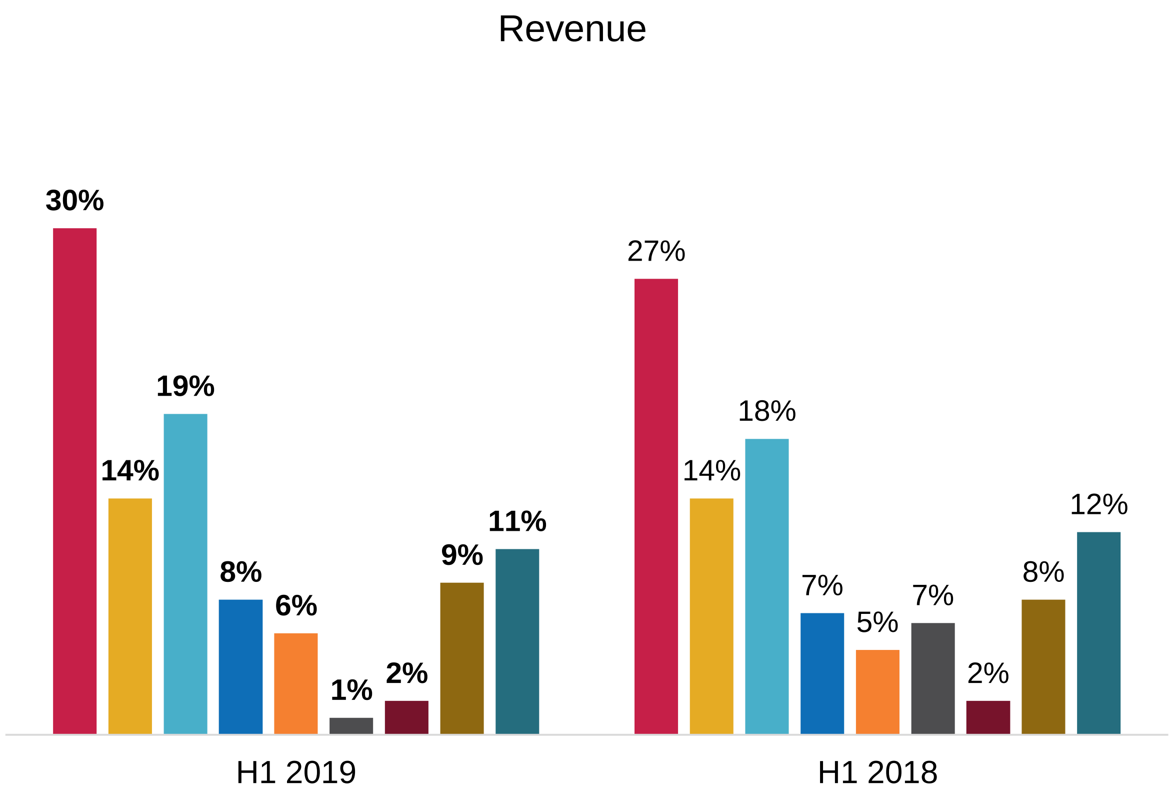

6%
ORANGE
JUICE
BROOKES
OH OH OH OH
OROS
ORIGINAL
ORANGE SQUASH
TARTRAZINE FREE

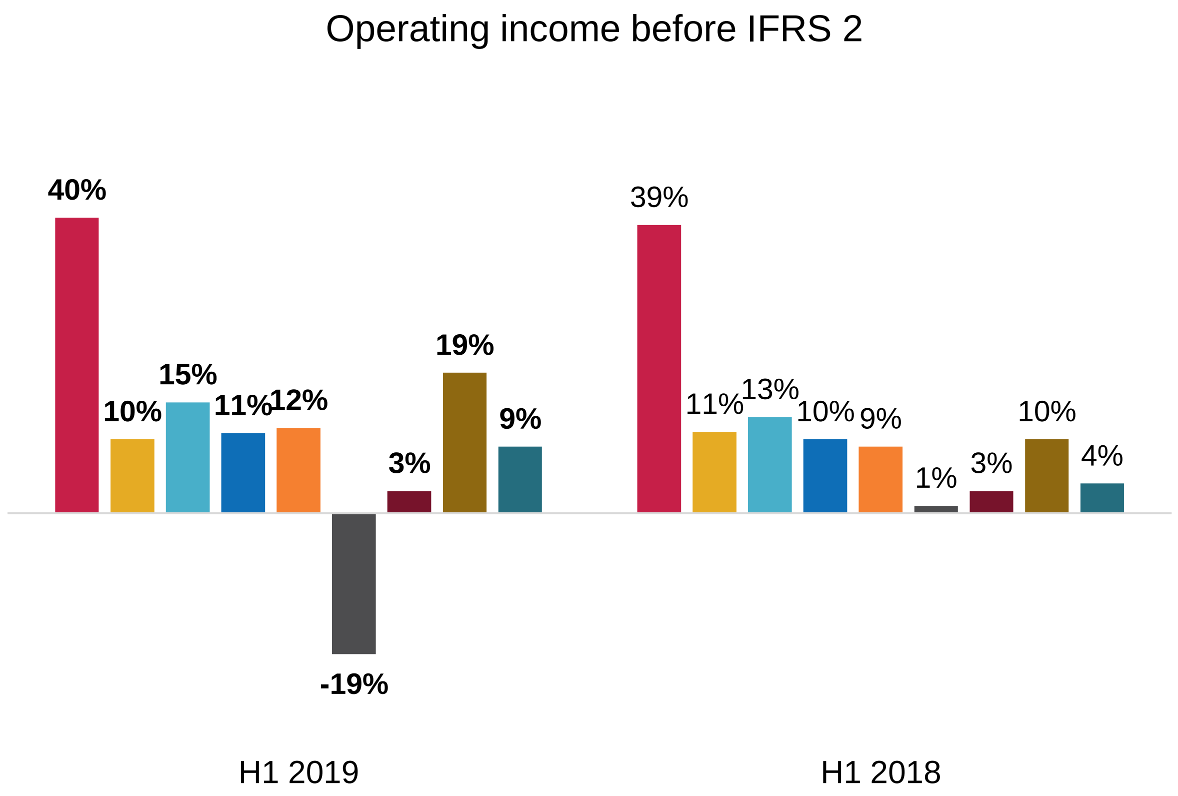
Q&A

Additional information

	H1 2019	H1 2018
Working capital per rand of turnover	**21.8**	21.3
Net working capital days	**99.3**	88.6
Stock days	**95.3**	79.0
Debtor days	**37.4**	46.8
Creditor days	**33.4**	37.2
Effective tax rate	**30.6%**	30.5%

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