Tiger Brands Group
Results presentation

20 November 2020

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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 20 November 2020. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove to be inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation.

AUDITED GROUP RESULTS

for the year ended 30 September 2020

Executive summary

Noel Doyle | CEO

We nourish and nurture more lives every day

TIGER BRANDS

Progress on key H2 deliverables

Execution gains momentum facilitated by focus and speed

Structural realignment

- Clear accountability
- Refresh of key category leadership
- Well positioned for execution

Conclude VAMP disposal

- Concluded with all jobs retained

Plan for Deciduous Fruit

- Sale process initiated
- Non-binding offers received and being evaluated

Rationalisation of tail-end brands in Personal Care

- Sale agreement concluded for 8 brands

Disappointing full year result while H2 performance shows signs of stabilisation despite Covid-19

An already challenging operating environment exacerbated by Covid-19 challenges

Challenging environment

- Value orientated consumer focused on price
- Significant raw material cost push
- Pricing regulations
- Covid-19 impact on supply and demand
- Additional Covid-19 costs

Segmental headwinds

- Margin compression persists in Grains
- Specific headwinds in Rice and Maize
- Demand in high margin segments adversely impacted by Covid-19 restrictions
- Exports impacted by distributor dispute in Nigeria

Positive response to Covid-19 pandemic

- Contributed to security of supply by having products available
- Prioritised employees' health and well-being
- 100% attendance at essential plants during lockdown
- Increased food support to vulnerable communities

AUDITED GROUP RESULTS

for the year ended 30 September 2020

Financial and operational review

Deepa Sita | CFO

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TIGER BRANDS

A disappointing full year result with continued margin compression

Poor first half result offset in part, by an improved underlying performance in the second half

Group revenue up 4% to **R29.8 billion**

Group operating income+** down **18%** to **R2.6bn**

Pricing up **6%** but volumes down **2%**

Group operating margin+** down **240bps** to **8.7%**

Gross margins+ down **180bps** to **30,0%**

HEPS** down to **1 196cps**

+From continuing operations | **Group operating income from continuing operations before impairments & abnormal items

Deleverage at operating income level despite tight operating cost control

Prior year EPS boosted by capital profit from the unbundling of investment in Oceana

Rm	FY20	FY19	% change
Gross profit	**8 959**	9 104	(2%)
Gross margin %	***30.1%***	*31,9%*	*(2%)*
Operating income before impairments and abnormal items	**2 602**	3 170	(18%)
Operating profit margin %	***8.7%***	*11.1%*	*(2%)*
Impairments	**(603)**	(205)	(194%)
Abnormal items	**(90)**	1 967	(105%)
Operating income after impairment and abnormal items	**1 909**	4 932	(61%)
Net finance costs and investment income	**(41)**	23	(278%)
Income from associated companies	**352**	371	(5%)
Profit before taxation	**2 220**	5 326	(58%)
Taxation	**(727)**	(965)	25%
Profit for the period from continuing operations	**1 493**	4 361	(66%)
Discontinued operations			
Loss for the period from discontinued operations	**(453)**	(470)	4%
Profit for the period	**1 040**	3 891	(73%)
Headline earnings per ordinary share (cents)	**940**	1 322	(29%)
Continuing operations	**1 196**	1 556	(23%)
Discontinued operations	**(256)**	(234)	(9%)

Abnormal items adversely impacted profitability

Fair value gain on unbundling of investment in Oceana & sale of residual shares distorts FY19

Rm	**FY20**	FY19
Restructuring & related costs	**(68)**	(32)
Dispute resolution – Nigeria	**(67)**	-
Obsolete assets scrapped	**(8)**	-
Loss on sale of intangible asset	**(1)**	-
Early settlement of lease liability	**11**	-
Profit on disposal of property	**43**	-
Profit on sale of shares in associate investment	**-**	369
Realised fair value gain on unbundling of Oceana	**-**	1 630
	(90)	1 967

Impairments recognised in Export businesses, UAC and Personal Care

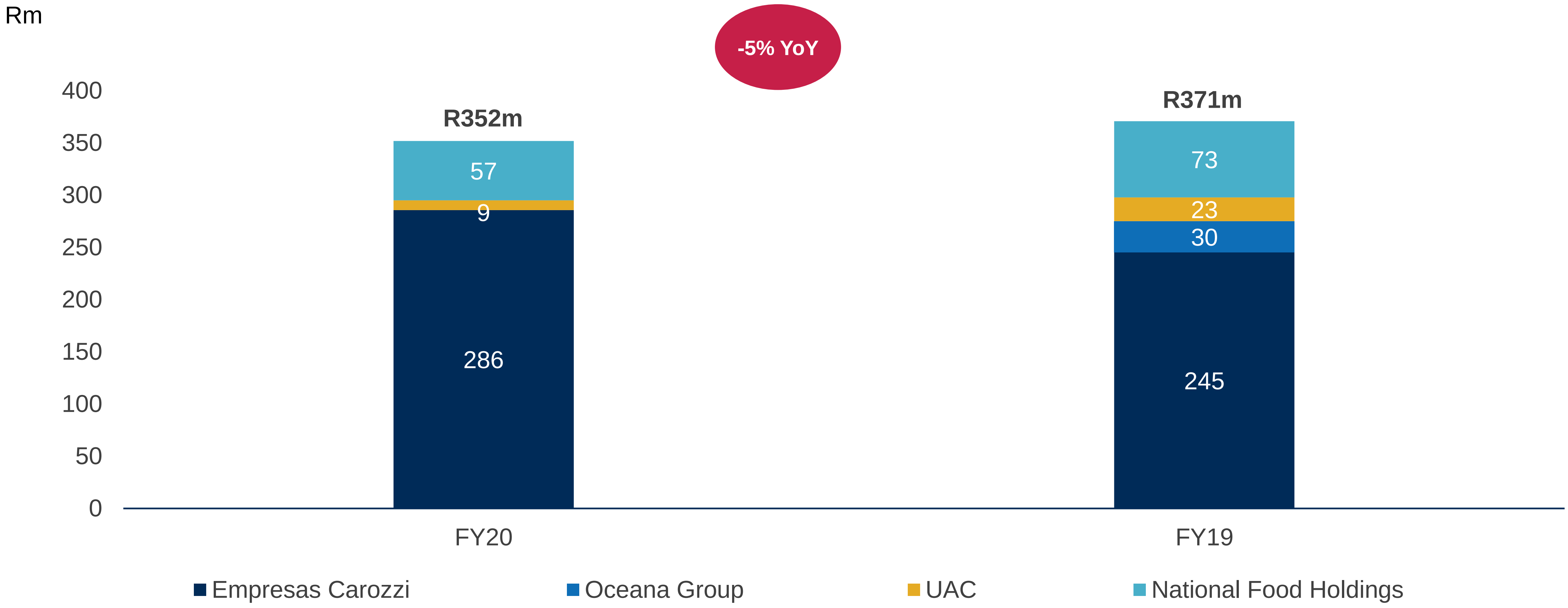
Reflective of challenging outlook exacerbated by Covid-19 led economic headwinds

Rm	FY20	FY19
Personal Care	**(36)**	-
Davita (powdered soft drinks & seasoning)	**(250)**	(212)
Impairment of intangible assets	**(286)**	(212)
Impairment of property, plant & equipment (Deciduous Fruit)	**(199)**	(2)
Impairment reversal	**-**	9
Impairment of associate investment (UAC)	**(118)**	-
Total impairments	**(603)**	(205)

- Impairment in Davita & Personal Care reported in the interim period
- Deteriorating macro-outlook in Nigeria impacts investment in UAC

Income from associates supported by Carozzi and a reasonable trading performance from NFL

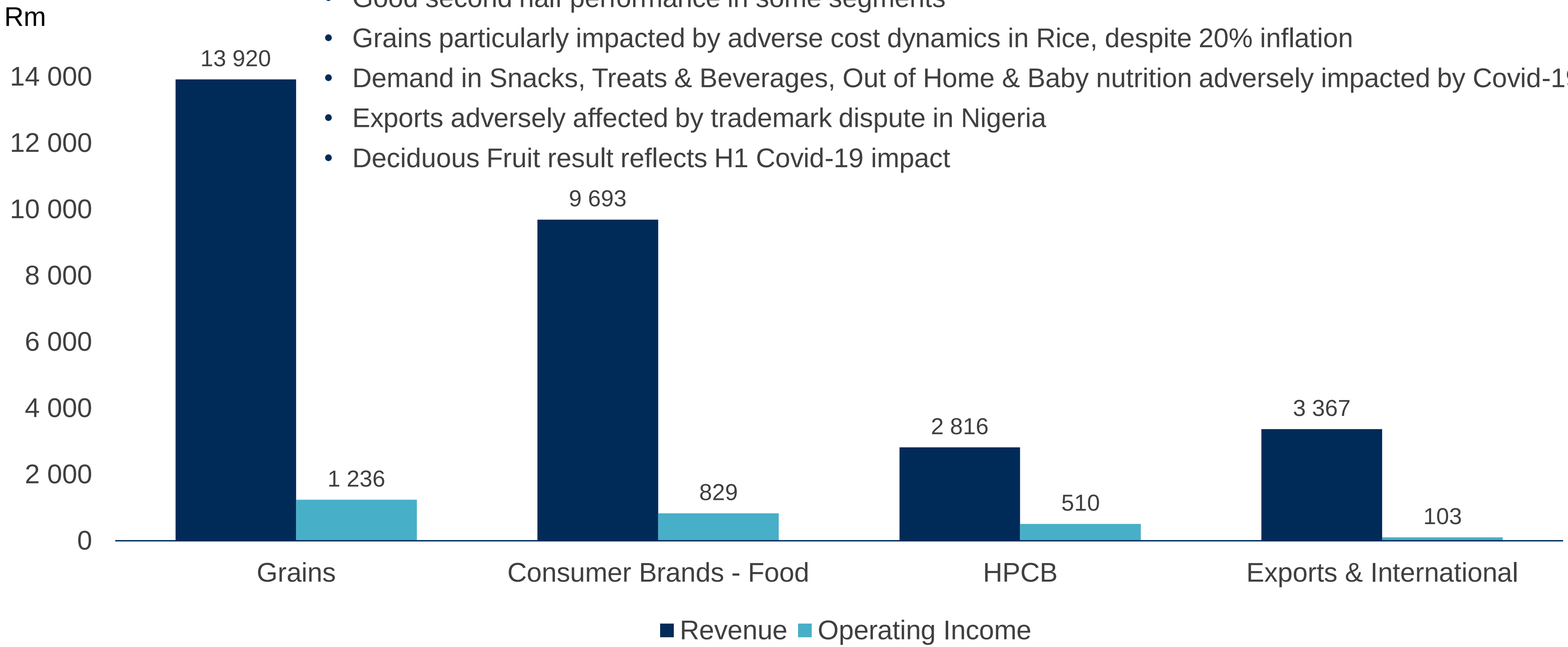
Tough macro aggravated by Covid-19 headwinds in Nigeria impact UAC's result



Covid-19 lockdown measures led to a mixed segmental result

Grains & Groceries supported by at-home consumption while demand in high-margin segments suppressed

- Good second half performance in some segments
- Grains particularly impacted by adverse cost dynamics in Rice, despite 20% inflation
- Demand in Snacks, Treats & Beverages, Out of Home & Baby nutrition adversely impacted by Covid-19
- Exports adversely affected by trademark dispute in Nigeria
- Deciduous Fruit result reflects H1 Covid-19 impact



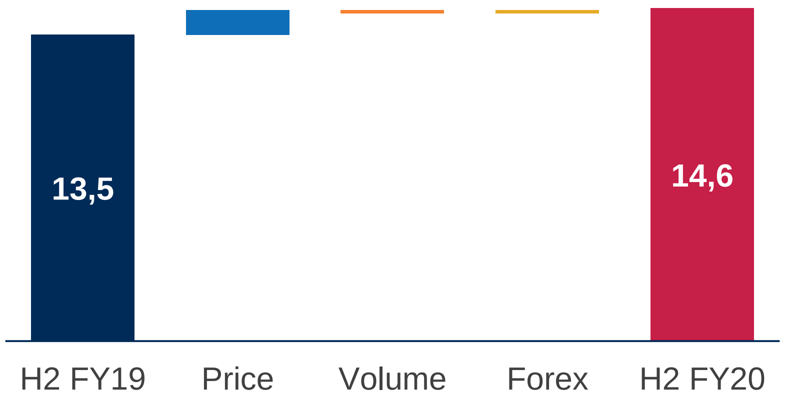
Revenue recovery in H2 supported by improved demand & operational performance

Price inflation reflects constrained environment

H1 revenue drivers (Rm)

	Total	Price/ Mix	Volume	Forex
Grains	**1%**	4%	(3%)	-
Consumer Brands – Food	**6%**	3%	3%	-
HPCB	**4%**	8%	(4%)	-
Domestic operations	**3%**	4%	(1%)	-
Exports & International	**(4%)**	3%	(8%)	1%
Total cont. operations	**-**	4%	(2%)	(2%)

H2 revenue drivers (Rm)



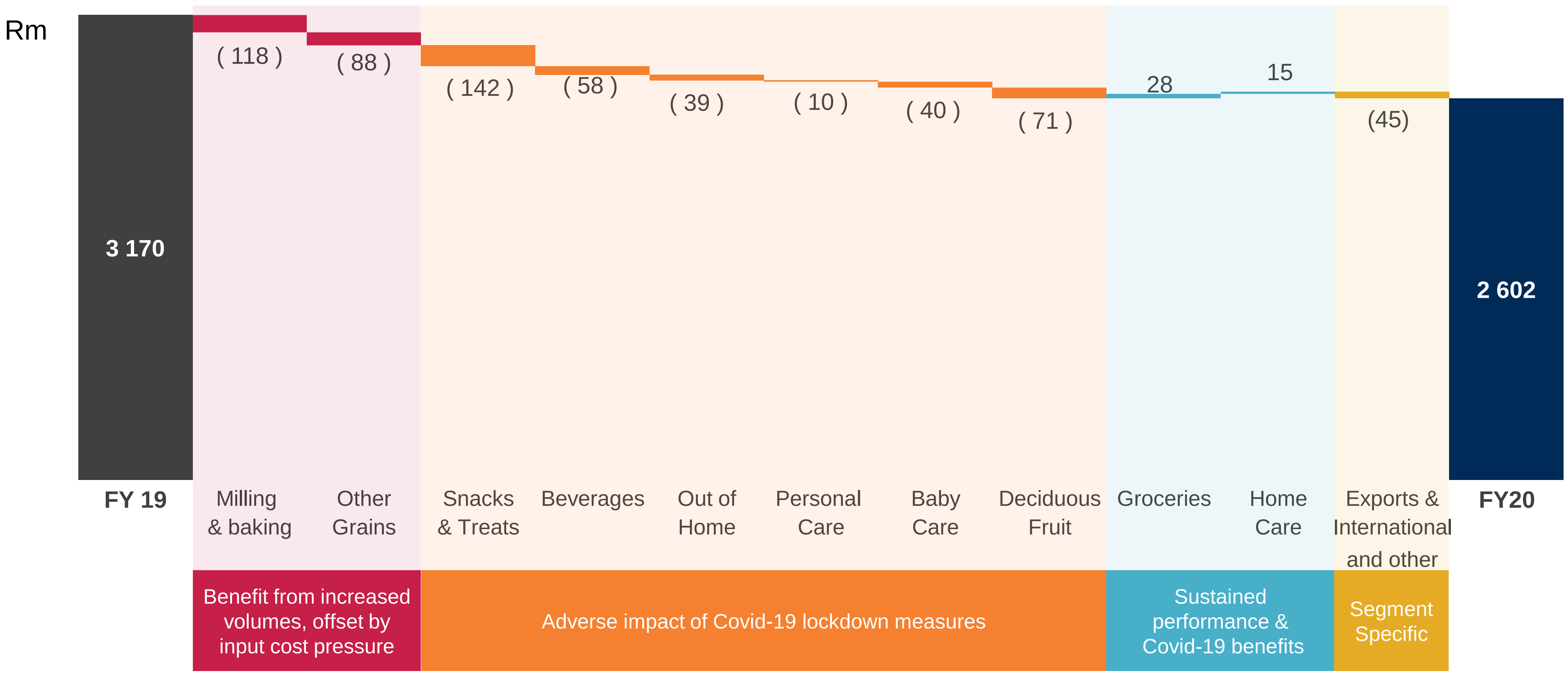
	Total	Price/ Mix	Volume	Forex
Grains	**10%**	12%	(2%)	-
Consumer Brands – Food	**7%**	4%	3%	-
HPCB	**7%**	4%	3%	-
Domestic operations	**8%**	8%	-	-
Exports & International	**11%**	3%	(4%)	12%
Total cont. operations	**9%**	7%	1%	1%

FY revenue drivers (Rm)

	Total	Price/ Mix	Volume	Forex
Grains	**5%**	8%	(3%)	-
Consumer Brands – Food	**3%**	3%	-	-
HPCB	**5%**	6%	(1%)	-
Domestic operations	**4%**	6%	(2%)	-
Exports & International	**4%**	3%	(6%)	7%
Total cont. operations	**4%**	6%	(2%)	-

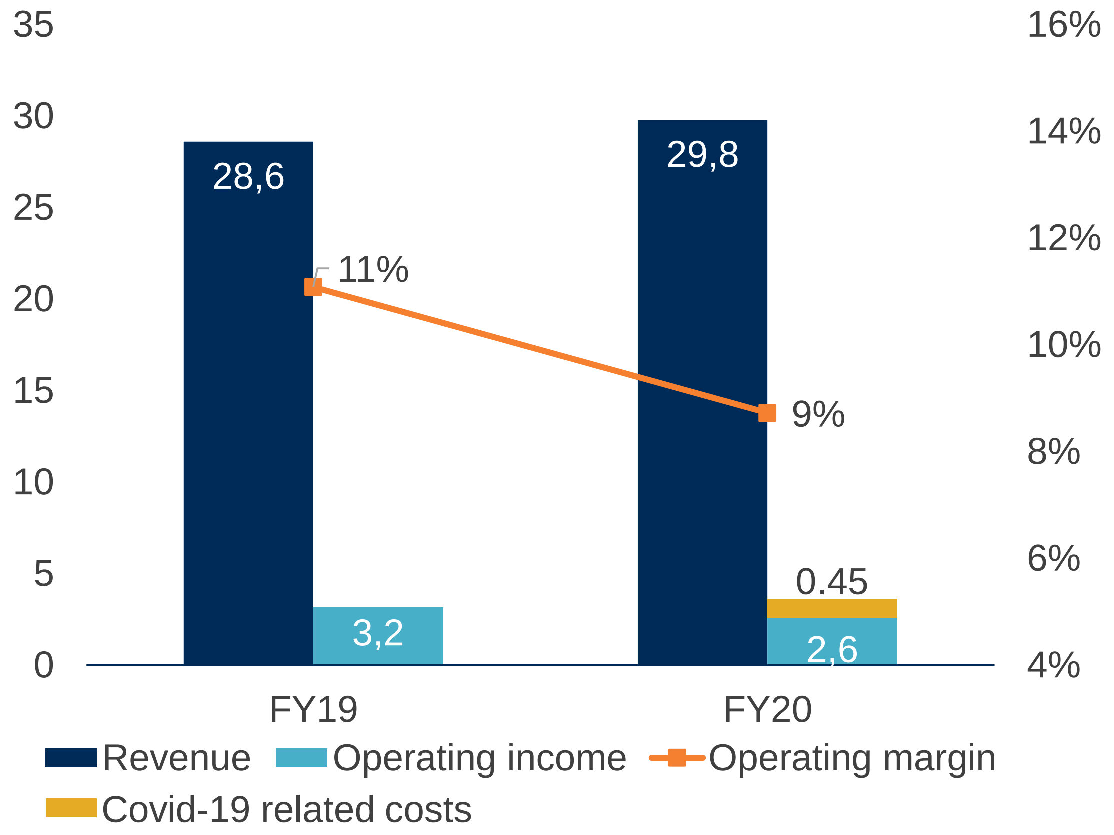
Profitability impacted across most of the portfolio

Cost push ahead of inflation in domestic businesses plus Export challenges result in reduced profits



Headwinds as a result of Covid-19 impacting margin and operating profit

Covid-19 related costs shaved 100bps off the operating margin



- Approximately R450m of direct and indirect Covid-19 related costs incurred during the year
- Relating to additional operating regulations, staff safety, transport initiatives & incentives
- Mandatory factory closures
- Logistics & manufacturing under-recoveries
- Relief support
- Excluding these costs, margin compression would have been **1%** rather than the reported **2%**

Grains

Price increases insufficient to offset raw material cost increases, but select categories had promising H2 recovery

▲ 5%	▼ 14%	▼ 202bps
R13.9bn	R1.2bn	8.9%
Revenue	Operating profit	Operating margin

- Reasonable recovery in H2
  - Baking stabilised; Sorghum challenged by Covid-19
  - Adverse competition dynamics persist in Maize
  - Cost recovery in bread challenged offset by market share gains
    - Evidence of category margin recovery
- Jungle
  - Promotional campaigns & packaging relaunch well-received
  - Increased demand results in positive operating leverage
- Pasta
  - Volumes in H2 benefited from increased at-home consumption
  - Supported by significantly improved factory performance
- Rice
  - Significant fluctuations in raw material costs difficult to pass through
  - Despite inflation of 20%, significant losses in H2

Groceries

Groceries profitability improved on increased volumes and rigid cost control

▲ 9%	▲ 9%	-
R5.6bn	R354m	6.4%
Revenue	Operating profit	Operating margin

- Volume growth driven by spreads and canned vegetables
  - Jam & peanut butter volumes benefiting significantly from at-home consumption
- Profitability benefited from favourable product mix, optimal promotional activity and cost control
  - Packaging supply constraints in the final quarter required careful management
- New leadership with strong supply chain expertise
  - Plant prioritised in terms of operational efficiency improvements
  - Supported by capex projects (FY21 ~R350m)

Snacks & Treats

Demand adversely impacted across all segments during the various lockdown stages

▼ 5%	▼46%	▼ 594bps
R2.1bn	R171m	8%
Revenue	Operating profit	Operating margin

- Lower volumes across sugar and chocolate
- Profitability impacted by closure of facilities during the initial stages of the lockdown
  - Additional Covid-19 related costs
  - Higher logistic costs
- Strong demand recovery in Q4 partially filled due to lack of sprint capacity
- Capex in FY21 prioritised (~R110m)

Beverages

Covid-19 restriction in H2 offsets reasonable H1 growth

▲ 1%	▼ 20%	▼ 387bps
R1.6bn	R238m	15.3%
Revenue	Operating profit	Operating margin

- Impacted by Covid-19 restrictions in H2
- Operating income adversely affected by unfavourable product mix
  - Energade lockdown-linked decline significant
  - Concentrates demand improved, but margin dilutive
  - Higher conversion & distribution costs
- Oros flavour innovations generate highest value growth
  - Launches in 2020 drive category growth
  - Driven by improved distribution
  - Further opportunity being pursued
- Channel specific innovation with Brooke's Crush launch
  - 100% of forecast achieved in 3 months of launch
  - Well-supported by target customer i.e. General Trade

- Priority plant to enhance factory efficiencies in FY21
- Supported by panned capex of ~R200m in FY21

Home, Personal & Baby Care (HPCB)

HPCB performance underpinned by sustained strong performance in Home Care

▲ 5%	▼ 7%	▼ 231bps
R2.8bn	R510m	18.1%
Revenue	Operating profit	Operating margin

- Volume uplift in Home Care driven by increased demand and effective in-store execution
- EBIT affected by trading restrictions in the early stages of the lockdown
- Personal Care reported strong second half
  - Successful Ingram's winter campaign
    - Supported by brand purpose communication
    - Expanded Ingram's range to evolving consumer needs
  - Overall volumes impacted by initial lockdown restrictions
  - Weak first half together with Covid-19 related costs impacted profitability
- Baby affected by adverse demand dynamics during lockdown
  - Profitability affected by overhead under-recoveries and Covid-19 related costs
- Strong innovation launches to benefit FY21

Exports and International

Improved second half performance driven by Chococam & Exports

▲ 4%	▼ 51%	▼ 347bps
R3.4bn	R103m	3.1%
Revenue	Operating profit	Operating margin

- Exports impacted by trademark dispute in Nigeria
  - Subsequently resolved providing positive momentum
- Rebound in Mozambique as new distributor model gains traction
- Chococam overall performance muted
  - Revenue down 7% in local currency
    - Lower volumes
    - Effect of Covid-19
  - Profitability impacted by higher raw material input costs and 5% excise tax introduced earlier in the year
- Deciduous Fruit delivers revenue recovery in second half
  - Profitability impacted by lockdown restrictions in certain export markets in H1
  - Unfavourable forward cover positions
  - Disposal progressed

Solid working capital management in tough trading conditions

▼ 4 days

32

Debtor days

- Strong collections across the portfolio

▼ 4 days

30

Creditor days

- Impacted by demand levels in some categories and factory closures

▼ 11 days

84

Inventory days

- Lower raw materials and finished goods on hand

Full year dividend resumed plus special dividend

Supported by strong balance sheet and cash generation

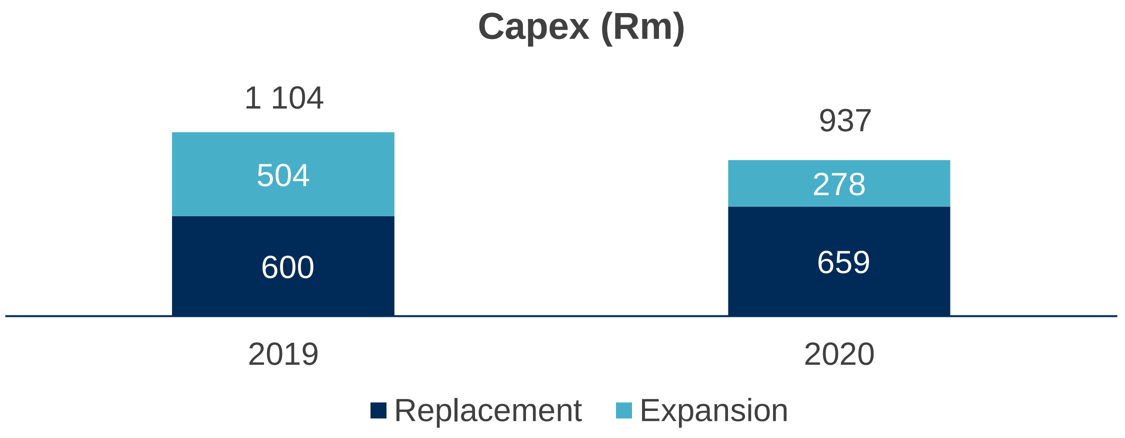
Rm	**FY20**	FY19
Cash generated by operations	**2 953**	3 492
Capital expenditure	**(937)**	(1 104)
Proceeds on disposal of VAMP*	**100**	-
Cash and cash equivalents	**1 780**	1 162

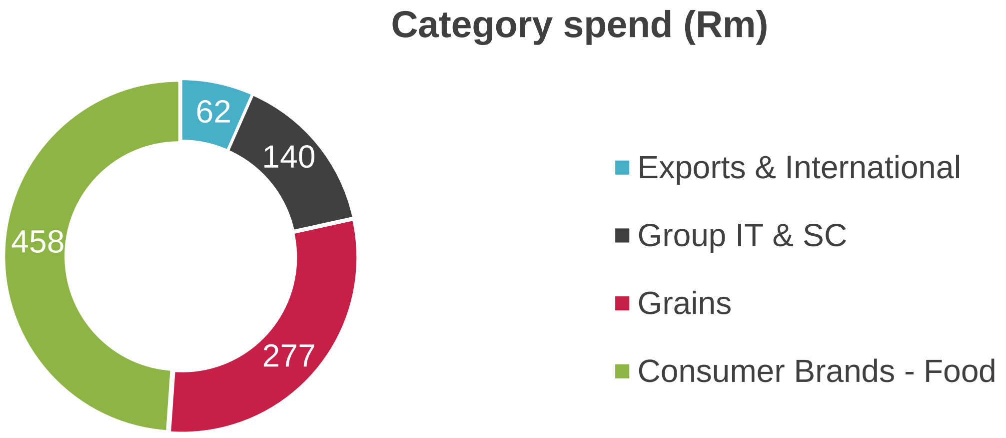
cps	**FY20**	FY19
Interim dividend	**-**	321
Final dividend	**537**	434
Special dividend	**133**	306
Total	**670**	1 061

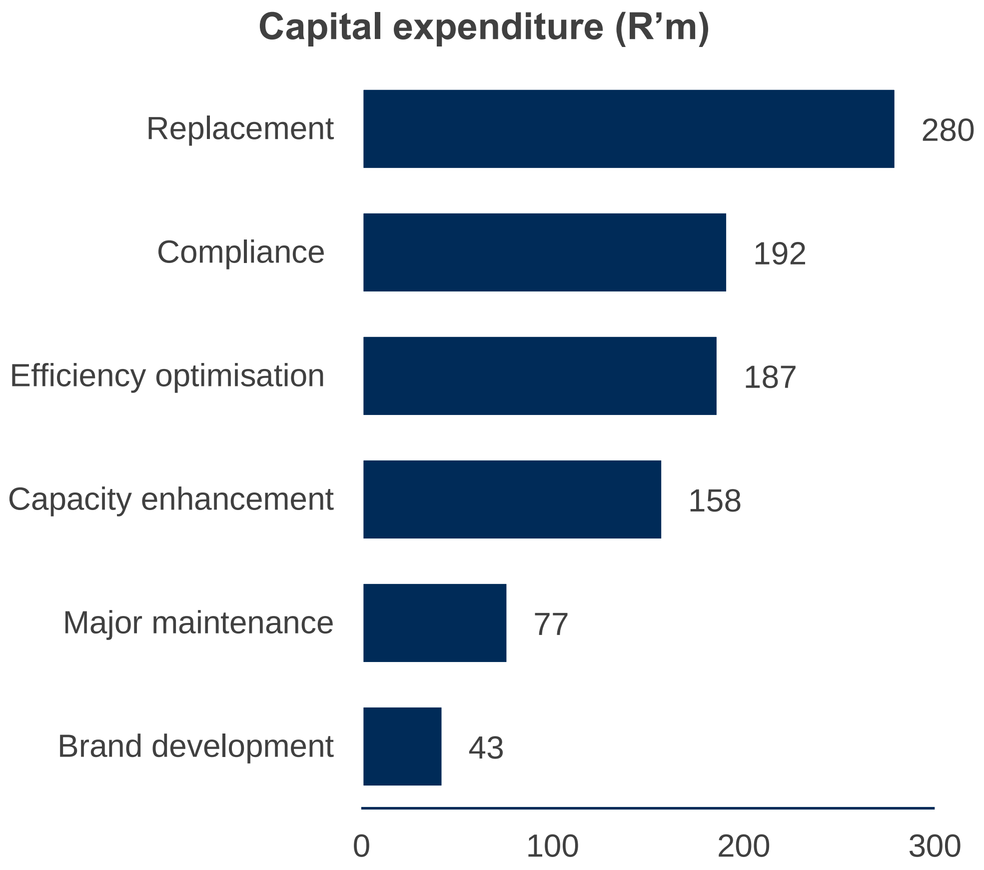
*Disposal of abattoir | received in FY20

Disbursement ~R1 billion focused on replacement

Capex spend on replacement up 10%







Key focus areas

Immediate priorities to ensure sustainable improvements

- **Systematic and continuous cost management**
- **Continued working capital optimisation**
- **Adoption of alternative solutions to actively manage forex exposures**
- **Continuous assessment of category fit**
- **Improved capex approval and execution process**

AUDITED GROUP RESULTS

for the year ended 30 September 2020

Strategic update and outlook

Noel Doyle | CEO

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TIGER BRANDS

The challenging environment & our new normal

TIGER BRANDS

Headwinds are well-known & economic downturn likely to persist

Change in consumer spending habits

- Value for money spending continues
- Substitution away from premium products as incomes remain under pressure
- Sharp increase in e-commerce to continue

Competition

- Increased competition as everyone fights for a bigger piece of the pie
- Shift in retailer strategies
- Change in competition from only “bricks & mortar” to e-commerce

Costs & efficiencies

- No room for inefficiency
- Requires relentless focus on driving out costs

Tiger Brands is at a critical inflection point

Stakeholders are skeptical of our ability to effect the long-awaited turnaround

Ensuring a much-improved performance in FY21 is non-negotiable

- Restore investor confidence
- Secure the time needed for our turnaround strategies to gain traction
- Receive support to pursue longer-term growth

Right management team, strategy & operating model

- Clear priorities with measurable targets
- Dedicated resource for the rest of Africa based outside of SA

Board refresh

Invest in

- IT
- Brands
- Sites
- R&D
- Innovation
- Health & safety

Balancing short-term impact with long-term growth

Dual pronged approach

Stabilise performance
Operational initiatives to improve current portfolio

- Respond to the consumer
- Enhance the supply chain
  - Fix key sites
  - Continued focus on costs & operating efficiencies
    - Review logistics model

Platform for growth
Setting us up for the future

- Organic growth
  - Clear categorisation of growth vs. self-help
  - Businesses under review
- Underpinned by clear consumer trends
  - Exploring various participation options

Immediate focus is to drive an improved performance of the current portfolio

Focused on the consumer and supply chain

Respond to the consumer

- Build clear benefits of current brands
- Innovation and renovation
- Commercially viable private label opportunities
- Increased marketing investment
- Customer and channel opportunities

Enhance the supply chain

- Targeting saving of ~R500 million in FY21
- Deliberate capital expenditure
- Harnessing digital platforms for better decision making

Respond to the consumer

Early signs of execution with plans gaining traction

Respond to the consumer

- Build clear benefits of current brands
- Innovation and renovation
- Commercially viable private label opportunities
- Increased marketing investment
- Customer and channel opportunities

- Reformulated and relaunched Baby Toiletries under Purity
- Expanded Purity into toddler snacking
- Modernised Ingram's and expanded range
- Launched Brooke's Crush brand into the General Trade
- Clear private label guidelines
  - Opportunities across retailers in Grains, Baby, Snacks & Treats, Air Care
- Marketing prioritised behind core brands and growth businesses
- Clear customer segmentation
  - Listed on major e-tailers
  - Plans to increase online appeal

Enhance the supply chain

Clear prioritisation & targets with improved tracking & monitoring

Enhance the supply chain

- Targeting saving of ~R500 million in FY21
- Deliberate capital expenditure
- Harnessing digital platforms for better decision making

- Clear prioritisation of plants
- Frequent tracking and monitoring
- Focus on
  - Better Overall Equipment Effectiveness (OEE) – ~5% improvement at 6 key sites
  - Material usage variance – savings ~R75m
  - Procurement of direct materials – savings ~R400m
- Capex of ~R1.5 billion prioritising Groceries, Beverages and Snacks & Treats
- IT investment of ~R200m

Growth beyond turnaround

TIGER BRANDS

As we stabilise the core, focus will shift to growth

Growth pipeline

ORGANIC

Distort to Grow
Prioritise marketing investment, R&D resource & Exco focus

- Baked Goods
- Baby
- Breakfast
- Snacks and Treats
- Beverages
- Home Care
- Rest of Africa

Focus on profitability
Prioritise supply chain & procurement efforts to improve profitability

- Rice
- Pasta
- Groceries
- Sorghum Beverages
- Sorghum breakfast

Exit / Review

- Deciduous Fruit
- Maize
- Personal Care

INORGANIC

M&A | **JV** | **VC** | **Licensing**

- Value
- H&N
- Snacks
- Niche brands
- Channel Expansion

Immediate priority is to address commercial pressures

TIGER BRANDS

Supported by strategic commitments to ESG

Health & nutrition

- Key commercial driver
- Updated nutritional standards against global guidelines
- Introduced clear and simple health claims

Enhanced livelihoods

- Supports our supply chain initiatives
- Supplier and farmer development programmes
- Preferential procurement policies
- Dipuno Enterprise and Supplier Development Fund

Environmental stewardship

- Supports plant efficiency
- Optimise energy and water consumption
- Reduce the negative impacts of packaging
- Minimise waste, effluent and emissions

Drivers of an improved performance in FY21

TIGER BRANDS

Clear signs of momentum evident

Groundwork complete

- Business and functions organised and staffed to compete
- Focused teams (right leaders, right people, right place, right directive)
- Focus on cost / efficiency
- Narrowed project pipeline
- Priorities clear at every level

The year ahead – Our centennial year

- Signs of recovery in Rice, Pasta, Maize
- Cost focused projects in Groceries, S&T and Beverages
- Good momentum in Exports and Rest of Africa
- Disposal process for Deciduous Fruit progressing
- Category focus shifting to growth as efficiency gains traction

AUDITED GROUP RESULTS

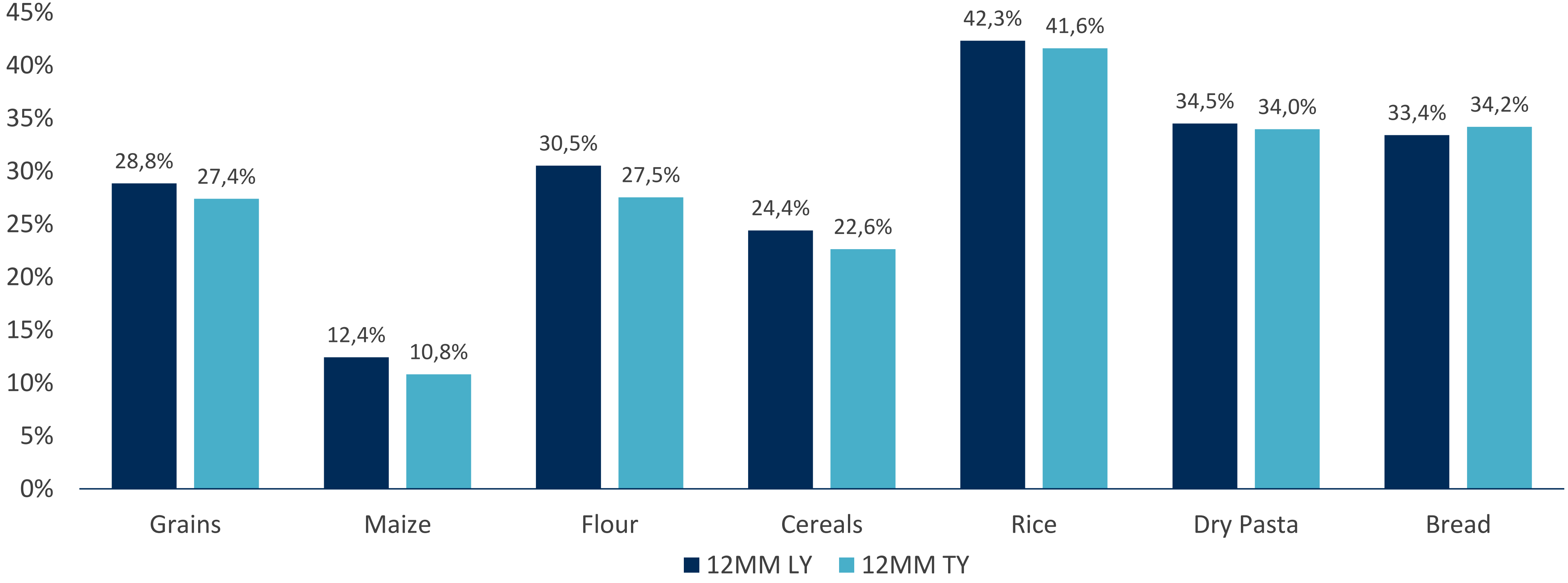
for the year ended 30 September 2020

Appendix

We nourish and nurture more lives every day

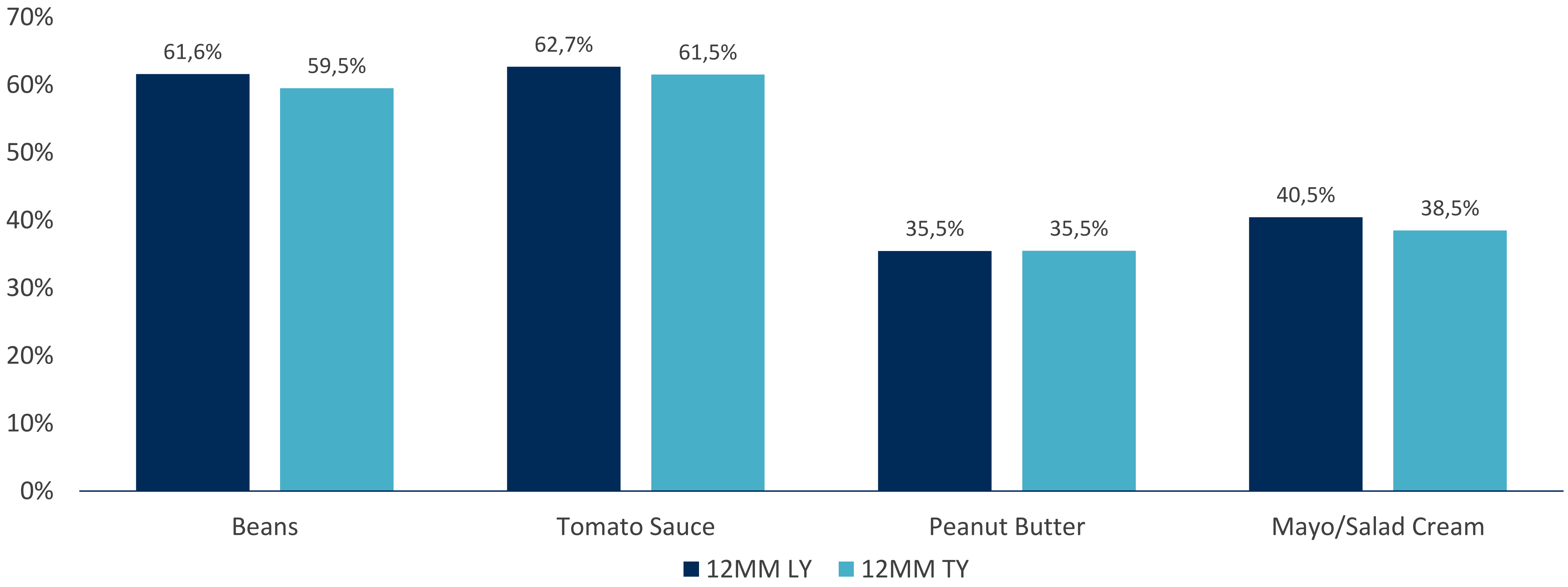
TIGER BRANDS

Value share losses experienced across most of Grains, except in bread



Source: Nielsen 12mm value share as at September 2020

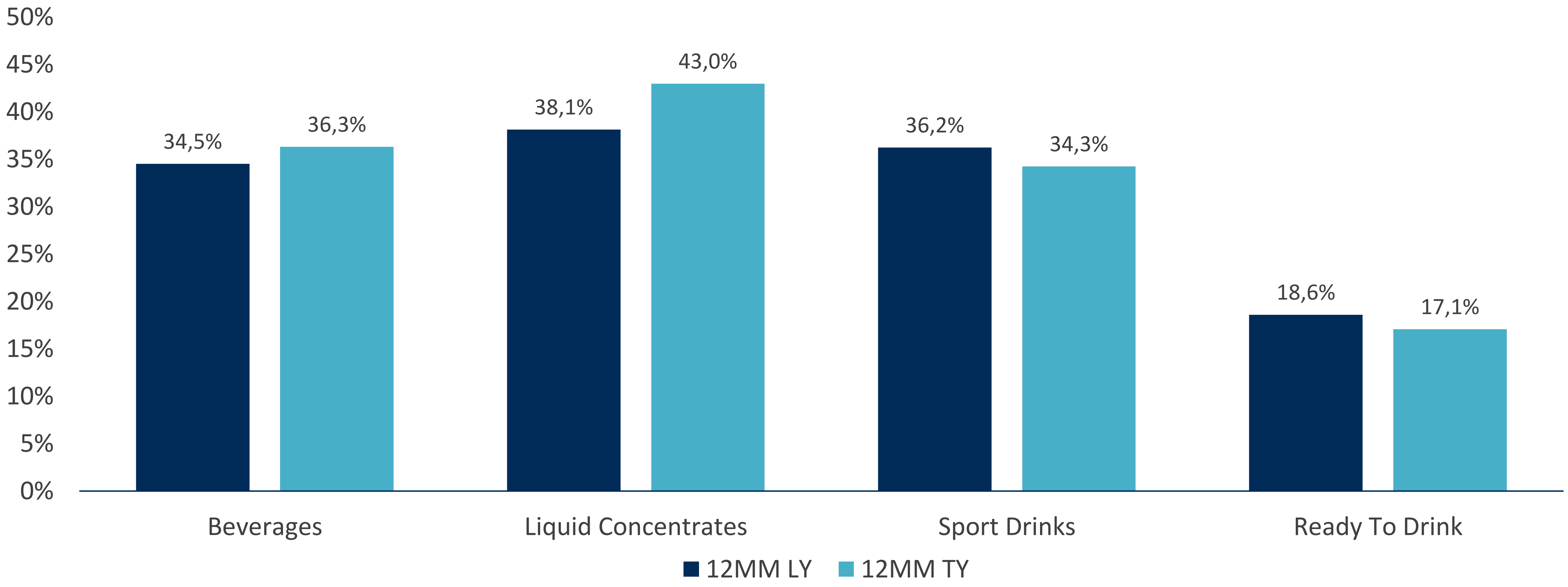
Aggressive pricing pressure from competitors has resulted in share losses except for peanut butter



Source: Nielsen 12mm value share as at September 2020

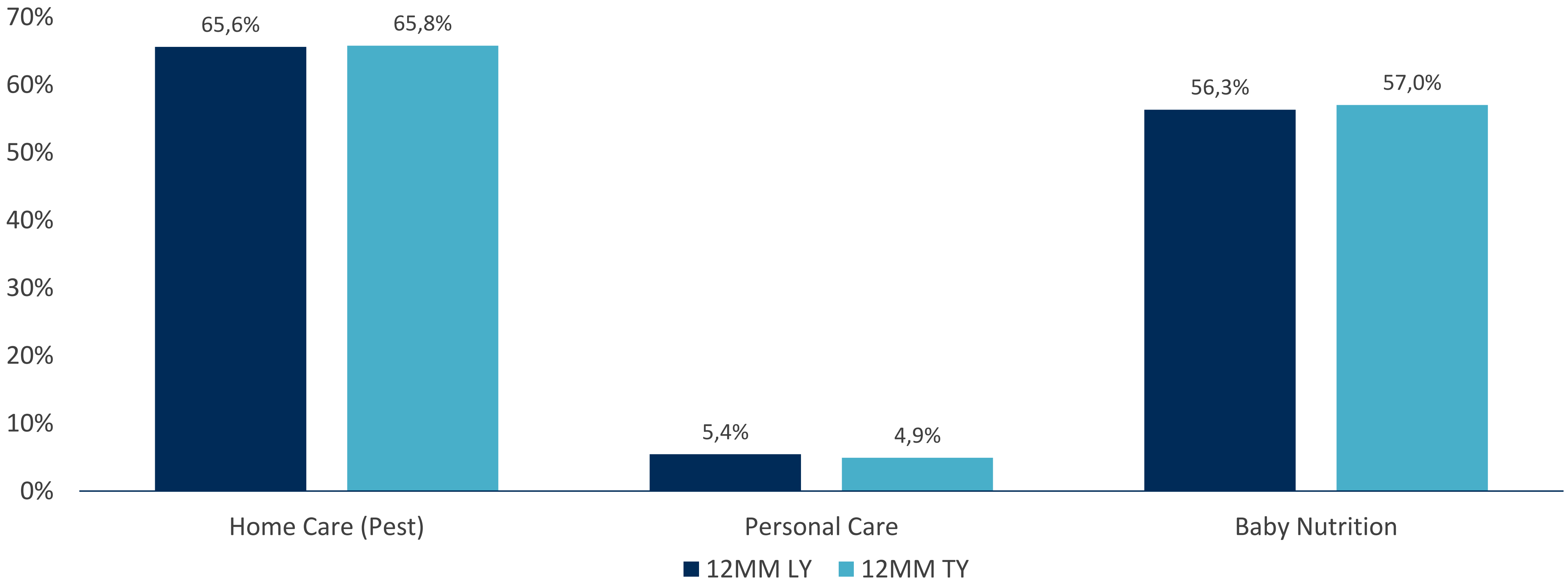
Liquid concentrates continue to gain momentum and drive beverage growth

Benefitting from core offering & innovations



Source: Nielsen 12mm value share as at September 2020

Market shares maintained across all baby categories

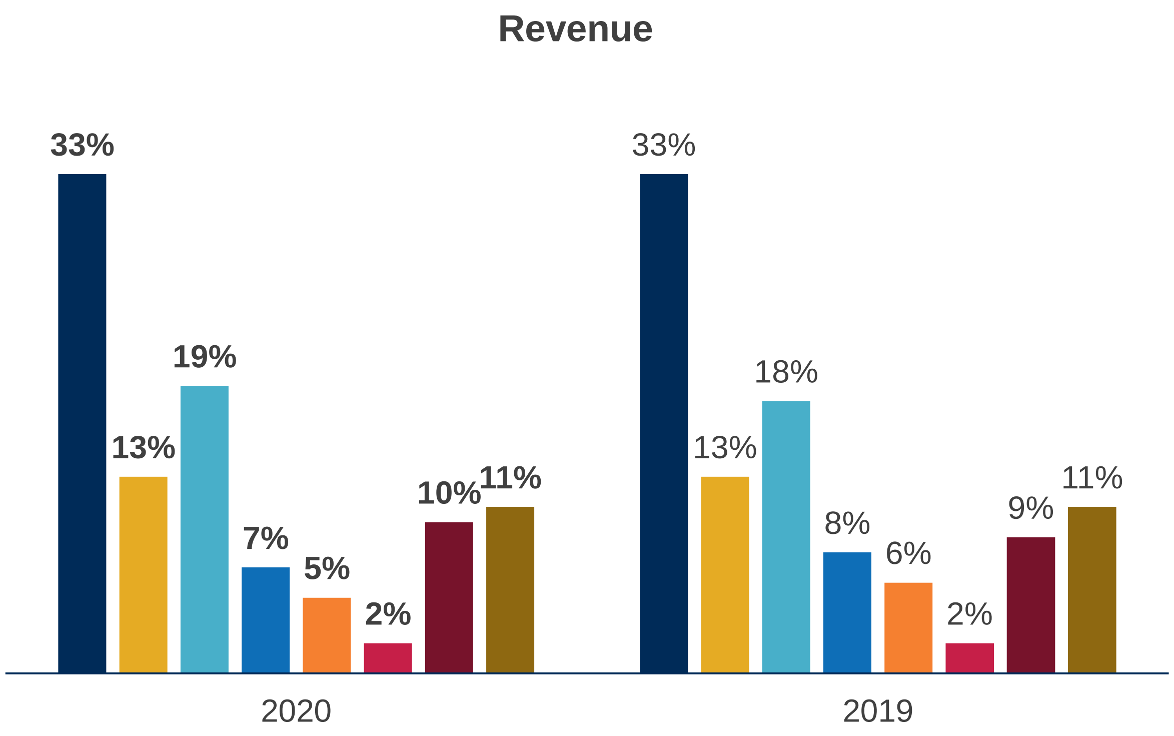


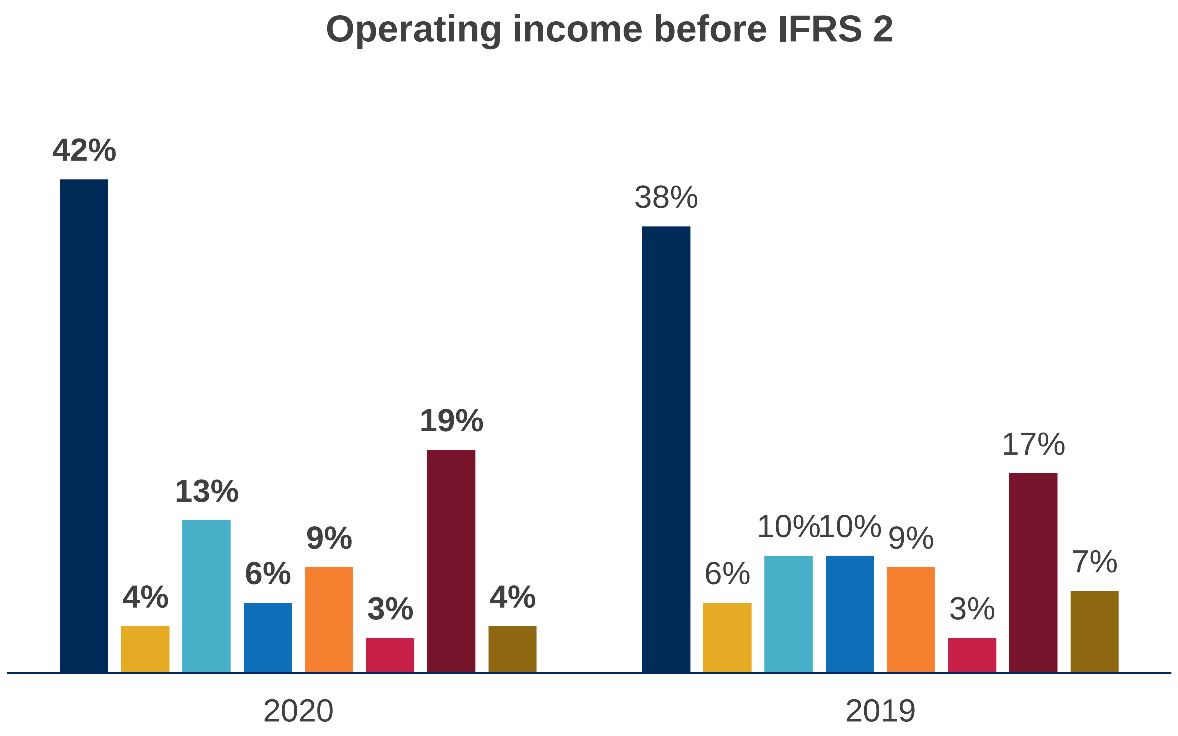
Source: Nielsen 12mm value share as at September 2020 | Baby nutrition includes homogenised segment & cereals

Additional information

Rm	**FY20**	FY19
Working capital per rand of turnover	**21.1**	21.4
Net working capital days	**85.7**	96.0
Stock days	**83.7**	94.8
Debtor days	**31.9**	35.6
Creditor days	**(29.9)**	(34.4)
Effective tax rate	**31.0%**	29.5%

Contribution to revenue and operating income





■ Milling and Baking ■ Other Grains ■ Groceries
■ Snacks & Treats ■ Beverages ■ Out of Home
■ Home, Personal Care and Baby (HPCB) ■ Exports and International