TIGER BRANDS



# UNAUDITED GROUP RESULTS

AND DIVIDEND DECLARATION
FOR THE SIX MONTHS ENDED
31 MARCH **2023**


## Tiger Brands delivers strong revenue growth for the six months ended 31 March 2023 while higher operating costs dilute earnings

# SALIENT FEATURES

### REVENUE

up **16%** to

**R19,4 billion**

### GROUP OPERATING INCOME*

down **9%** to

**R1,4 billion**

### GROUP OPERATING MARGIN*

down to **7,0%** from **8,9%**

### EARNINGS PER SHARE (EPS)

up **2%** to

**749** cents per share

### HEADLINE EARNINGS PER SHARE (HEPS)

up at **731** cents per share from **729** cents per share

### INTERIM DIVIDEND

unchanged at

**320** cents per share

* *Before impairments and non-operational items.*

## Overview

Despite strong revenue growth, Tiger Brands' performance for the six months ended 31 March 2023 was impacted by a challenging operating environment due to prolonged periods of loadshedding, while high levels of inflation and lower disposable income adversely impacted consumer behaviour in terms of volumes and basket mix. Total earnings were impacted by lower insurance proceeds received relative to the prior year, as well as higher financing costs.

Total revenue increased by 16% to R19,4 billion, driven by price inflation of 17% and overall volume declines of 1%. Volumes held steady in the Domestic Business, driven by a strong volume recovery in Bakeries, Snacks & Treats and Personal Care and good performances in Sorghum Breakfast, Rice, Beverages, and Out of Home. However, volume declines were recorded in flour to retail and wholesale customers, Sorghum Beverages, Groceries and Baby with a marginal decline in Home Care. The firm recovery in Export volumes was offset by a significant decline in Deciduous Fruit volumes.

Although cost saving initiatives and supply chain efficiencies are delivering ahead of plan, these were not enough to counter the high level of input cost inflation, further impacted by the cost of operating in a constrained electricity environment. The total cost of loadshedding amounted to R76 million for the period relative to R12 million in the corresponding period last year, resulting in incremental energy costs of R48 million. As a result, gross margins declined to 27,0% from 29,2% last year. Group operating income (before impairments and non-operational items) decreased by 9% to R1,4 billion. Group operating income in the prior period benefited from insurance proceeds amounting to R161 million related to a product recall and civil unrest that took place in July 2021. In the current period, insurance proceeds amounted to R20 million. Excluding the impact of these proceeds, group operating income declined by 2% and group operating margins decreased to 6,9% from 7,9%.

Income from associates increased by 51% to R275 million, with Carozzi delivering a strong top line performance while National Foods also reported a satisfactory trading performance. Earnings from Carozzi also benefited from favourable currency translation gains.

Net financing costs for the period amounted to R94 million compared to R34 million last year as a result of higher financing costs due to higher average debt levels and higher interest rates. Cash generated from operations was affected by higher working capital investment primarily due to an increase in trade receivables while last year's share buy-back programme impacted opening cash balances. A net foreign exchange loss of R15 million resulted from the strengthening of the rand against other major currencies, negatively impacting the translation of foreign currency balances. In the same period last year, there was a net foreign exchange gain of R5 million.

The group's effective tax rate before non-operational items and income from associates increased slightly from 29,6% last year to 29,7%.

**EPS increased by 2% to 749 cents (2022: 733 cents) while HEPS increased marginally to 731 cents (2022: 729 cents).**

## Segmental operating performance

Domestic revenue increased by 16% to R17,3 billion, driven by price inflation while volumes remained flat. All domestic segments recorded revenue growth underpinned primarily by price. Overall, domestic operating income declined by 9% to R1,2 billion.

### Grains

Within Grains, continued progress in the wheat-to-bread value chain was sustained during the period. However, these gains were more than offset by challenging performances in the balance of the portfolio, exacerbated by the incremental cost of loadshedding amounting to R37 million. Revenue increased by 22% to R9,0 billion, reflecting average price inflation of 22% with volumes remaining flat. Operating income declined by 19% to R343 million.

Revenue in Milling & Baking increased by 23%, influenced by 24% price inflation, driven primarily by wheat, maize and sorghum raw material cost increases, while overall volumes declined by 1%. Bakeries benefited from the successful execution of volume recovery strategies particularly within retail customers. Higher bread volumes benefited the wheat-to-bread value chain with MillBake profitability increasing 16%. The Maize category was adversely impacted by significant raw material costs, compounded by lower by-product prices, lower volumes and higher conversion costs related to loadshedding. Although the Sorghum-based breakfast business benefited positively from the relaunch of the Morvite brand, this was offset by significant volume declines in Sorghum beverages due to continued high levels of inflation in a price-sensitive category. Milling & Baking's total operating income declined by 2% to R268 million.

Period-on-period, revenue in Other Grains increased by 20% to R2,9 billion, comprising price inflation of 16% and volume growth of 4%, while operating income declined to R75 million from R151 million in the corresponding period last year. Despite strong top-line growth, the profitability of Other Grains was adversely impacted by Rice, where despite strong market share growth, operating income declined significantly due to poor price/volume management. This is being rectified through revised levels of promotional activity and pricing which, should result in improved profitability in the second half.

### Consumer Brands

Within Consumer Brands, all segments delivered top line growth with a particularly strong performance from Snacks & Treats as this business recovered from the impact of industrial action in the prior period. Out of Home and Beverages also achieved solid revenue growth, while Groceries and Baby were impacted by lower category demand. Overall revenue in this segment increased by 10%, comprising price inflation of 10% while volumes remained unchanged. Operating income declined by 15% to R555 million, driven by the underperformance of Groceries and Baby.

Groceries delivered a muted top line performance as consumers diverted spend to essential items. Revenue remained largely unchanged at R3,4 billion, with price inflation of 10% being offset by an equal decline in volumes. This was driven by an element of customer overstocking at the start of the period exacerbated by category volume declines across most segments. Despite narrowing brand premiums driven by investment into price to recover volumes, absolute price points are a challenge in this category where private label has made significant inroads.

In addition to the consumer dynamics referred to above, specific raw material shortages related to peanuts, vinegar, tomato paste, and peas resulted in factory under-recoveries. Together with significant raw material and packaging cost increases, the above factors led to operating income declining by 57% to R126 million. Demand is expected to remain muted in the second half and although raw material supply challenges are expected to continue, they are likely to have less of an impact. Product mix will be a primary focus area while distribution gains in innovation are expected to drive growth. Marketing efforts will be sustained to drive consumer demand while supporting brand equity. Cost saving initiatives already in progress will further support a recovery.

Snacks & Treats recorded a meaningful recovery during the period under review following the adverse impact of industrial action on supply last year. Revenue increased by 30% to R1,4 billion comprising 12% price inflation and 18% volume growth. Volumes were supported by innovation as well as seasonal occasions such as Christmas and back-to-school while Easter's performance was lower than expected. Operating income increased by 96% to R109 million as a result of increased throughput.

Beverages' revenue increased by 18% to R1,2 billion, driven by volume growth of 8% and price inflation of 10%. Volumes benefited from optimal pricing of Oros 2L (concentrates) offset partially by sports drinks (Energade) due to aggressive pricing by the market leader in an attempt to recover lost market share. Operating income increased by 12% to R196 million driven by continuous improvement initiatives, improved product mix and revenue management.

Affordability challenges within the Baby category resulted in lower consumer demand across key segments. Basket penetration for the category reduced as consumers opted out of the category into meal and well-being solutions for the whole family. Revenue increased marginally to R585 million with price inflation of 7% offset by volume declines of 6%. Volumes were challenged across the nutrition portfolio, particularly the jar segment, as well as the wellbeing portfolio. Lower volumes and adverse product mix, resulted in operating income declining to R46 million from R65 million in the prior period.

Despite an increasingly competitive environment, Out of Home has benefited from the solid recovery in the hospitality industry as well as increased demand at quick-service restaurants as loadshedding adversely impacted at-home consumption. Revenue grew by 39% to R429 million with volumes increasing by 20%, underpinned by growth across all channels due to strong customer relationships, agile solutions and innovation. Operating income increased 16% to R78 million, benefiting from improved efficiencies in distribution.

### Home and Personal Care (HPC)

Overall, revenue in HPC increased by 16% to R1,3 billion, driven primarily by the Personal Care segment. This, together with enhanced factory performances, resulted in operating income increasing by 21% to R256 million.

Personal Care's revenue increased by 33% to R372 million as a result of price inflation of 13% and volume growth of 20%. Volumes benefited from an improved performance in body care, depilatories and deodorants, supported by strong brand plans and effective in-store execution. Higher volumes as well as enhanced factory efficiencies led to operating income of R15 million compared with a loss of R14 million in the prior period.

Volumes in Home Care declined by 2% driven mainly by lower pesticides volumes at the start of the period. This was partially offset by improved air care (Airoma) and disinfectant (Jeyes) volumes as the portfolio strategy within this segment gains traction. Airoma has solidified its position as the number 2 brand in the air care category. Revenue increased by 11% to R902 million, with lower volumes offset by price inflation of 13%. Despite lower volumes, improved factory efficiencies and conversion costs, supported by the solar power installation, resulted in operating income increasing to R241 million for the period.

### Exports and International

Total revenue for Exports and International increased by 10% to R2,1 billion. This was primarily driven by an improved performance from the Exports business as well as Chococam. In turn, total operating income, increased to R163 million from R64 million in the prior period.

The Exports business grew revenue by 28% to R1,2 billion compared with a disappointing performance in the first half of last year. Robust demand across key markets and product lines supported by solid in-market execution, led to volume growth of 10% while price inflation amounted to 17%. Operating income improved to R76 million from R29 million in the prior period, largely as a result of improved factory performances.

Despite a tough trading environment, including raw material shortages, high material costs, unreliable electricity supply and increased regulation pertaining to imports, Chococam continued to deliver growth. Revenue increased by 26% to R683 million (18% in local currency), comprising 8% volume growth, 11% price inflation, and favourable foreign currency translation movement of 7%. Volumes were driven by optimal pricing strategies and price pack formats. Operating income increased by 16% to R103 million (9% in local currency), supported by strong cost control.

Revenue in the Deciduous Fruit business decreased by 37%, affected by low opening stocks as well as ongoing logistical challenges at the Cape Town harbour. Despite lower volumes, and higher conversion costs due to loadshedding, the business recorded a reduced operating loss of R16 million (2022: loss of R54 million) due to an improved sales mix, and higher international selling prices, particularly in purees.

## Update on Deciduous Fruit

As previously indicated, the sale process for Langeberg and Ashton Foods has been reopened and a due diligence exercise is underway. The business will continue in its current form for another year, while we continue to review all options to ensure ongoing sustainable operations.

## Cash flow and capital expenditure

Cash generated from operations declined to R305 million (2022: R517 million). This was driven by a significant investment in working capital, due to an increase in trade and other receivables largely driven by selling price inflation, as well as increased stock holdings in raw materials, packaging and finished goods. Apart from the impact of inflation, higher stock levels have been maintained as part of our mitigating strategy to manage local and global supply challenges on certain key raw materials, ingredients and packaging as well as to minimise any inbound disruptions due to loadshedding.

Capital expenditure for the period amounted to R448 million (2022: R419 million). Additional projects amounting to R812 million have been approved during the period, bringing total capex for the year to R1,3 billion.

Year-on-year cash balances reflect the impact of the general share buy-back programme amounting to R1,5 billion, completed in the second half of last year. The group ended the period in a net debt position of R1,7 billion (2022: net cash position of R318 million).

## Class Action update

As previously reported, pre-trial preparations by the parties to get the matter ready for trial are ongoing. As part of the overall endeavour to expedite resolution of the matter, Tiger Brands' legal team and Richard Spoor have recently reached agreement to jointly approach the National Institute for Communicable Diseases (NICD) for access to their records, which are vital to a determination of the action. The approach has been made and we are awaiting the NICD's response.

## Venture Capital Fund

Last year, Tiger Brands' newly established Venture Capital Fund made its first investment in Herbivore Earthfoods (Herbivore), a company with the goal of making healthy, plant-based foods more accessible and affordable in South Africa. In addition, it had developed a compelling pipeline of opportunities within health and nutrition and snackification. The pipeline has yielded a further tangible opportunity in a South African female-founded snack bar and functional beverage company in line with the snackification mandate.

## Changes in directorate

The Board appointed Mr Sam Sithole as non-executive director of the company with effect from 1 April 2023.

A Chartered Accountant (CA)(SA) and (CA)(Z), Mr Sithole co-founded Value Capital Partners (VCP) in October 2016. Prior to this, he held several leadership positions at Brait including the role of executive director: Capital & Treasury and a member of the investment team. Mr Sithole was a partner at Deloitte, where he departed the firm as Group Leader for the Financial Services Audit Practice in the Johannesburg office.

He is currently non-executive director and chairman of Sun International Limited. He also serves as an alternate director of Metair Investments Limited and Adcorp Holdings Limited.

Mr Sithole has been appointed as a member of the nominations, remuneration and investment committees with effect from 1 June 2023. The Board welcomes Mr Sithole and looks forward to his contribution.

VCP is a shareholder of Tiger Brands with a current holding of 3,47% of ordinary shares in issue.

## Outlook

With consumer confidence continuing to decline, stubbornly high levels of food inflation and a significant increase in interest rates, consumers are becoming more value conscious and price elasticities are rising. In addition, although a significant reduction in certain internationally priced commodities is anticipated, this is currently being offset by rand weakness, while operating costs are expected to rise significantly as a consequence of higher levels of loadshedding during the winter season.

In a low to no growth environment, our efforts will prioritise efficiency improvements and cost reduction initiatives in order to meet the consumers' need for affordability. In addition, we will continue to focus on enhancing our penetration and performance in the general trade while sustaining the positive share gains in modern trade.

Improving the performance of the Groceries, Bakeries and Rice segments will be prioritised in the short term. Nevertheless, should current operating conditions persist, maintaining full year operating income in line with last year will be challenging.

Despite the immediate headwinds, we will continue to balance short-term impact with long-term growth without compromising the future sustainability of the business. To this end, we will continue to invest in our facilities, our brands, our innovation and digital capabilities as well as our people.

Any forward-looking information has not been reviewed or reported on by the group's auditors.

**By order of the Board**

| | |
|---|---|
| **GJ Fraser-Moleketi** | **NP Doyle** |
| *Chairman* | *Chief executive officer* |

Bryanston
29 May 2023

Date of release: 30 May 2023

## Declaration of interim dividend

The Company has declared an ordinary dividend of 320 cents per share for the six-months ended 31 March 2023, which is in line with the interim dividend declared last year. In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements, the following additional information is disclosed:

- The ordinary dividend has been declared out of income reserves
- The local Dividends Tax rate is 20% (twenty percent) effective 22 February 2017
- The gross total dividend amount of 320,00000 cents per ordinary share will be paid to shareholders who are exempt from the Dividends Tax
- The net total dividend amount of 256,00000 cents per ordinary share will be paid to shareholders who are liable for the Dividends Tax
- Tiger Brands has 180 327 980 ordinary shares in issue (which includes 10 326 758 treasury shares)
- Tiger Brands Limited's income tax reference number is 9325/110/71/7.

Shareholders are advised of the following dates in respect of the interim ordinary dividend:

| | |
|---|---|
| Declaration date | Tuesday, 30 May 2023 |
| Last day to trade cum the ordinary dividend | Tuesday, 4 July 2023 |
| Shares commence trading ex the ordinary dividend | Wednesday, 5 July 2023 |
| Record date to determine those shareholders entitled to the ordinary dividend | Friday, 7 July 2023 |
| Payment date in respect of the ordinary dividend | Monday, 10 July 2023 |

Share certificates may not be dematerialised or re-materialised between Wednesday, 5 July 2023 and Friday, 7 July 2023, both days inclusive.

**By order of the Board**
**JK Monaisa**
*Company secretary*

Bryanston
29 May 2023

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| R'million | Notes | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|---|
| **Total revenue** | | **19 380,6** | 16 758,1 | 34 028,9 |
| Revenue | | **19 380,6** | 16 758,1 | 34 030,6 |
| Impact of product recall | 2 | **–** | – | (1,7) |
| **Total cost of sales** | | **(14 139,1)** | (11 870,3) | (23 713,1) |
| Cost of sales | | **(14 139,1)** | (11 870,3) | (23 708,2) |
| Impact of product recall | 2 | **–** | – | (4,9) |
| **Gross profit** | | **5 241,5** | 4 887,8 | 10 315,8 |
| Sales and distribution expenses | | **(2 426,6)** | (2 164,1) | (4 350,3) |
| Marketing expenses | | **(540,7)** | (507,0) | (906,9) |
| Other operating expenses | | **(958,8)** | (886,2) | (1 834,2) |
| Sundry income | 2,3 | **32,2** | 171,7 | 218,8 |
| Expected credit loss reversed/(raised) | | **8,7** | (8,8) | (12,5) |
| **Operating income before impairments and non-operational items** | 4 | **1 356,3** | 1 493,4 | 3 430,7 |
| Impairments and fair value losses | 5 | **–** | – | (15,9) |
| **Operating income after impairments** | | **1 356,3** | 1 493,4 | 3 414,8 |
| Non-operational items | 6 | **33,0** | 10,7 | 28,3 |
| **Profit including non-operational items** | | **1 389,3** | 1 504,1 | 3 443,1 |
| Finance costs | | **(115,0)** | (44,2) | (89,1) |
| Finance income | | **21,2** | 10,3 | 14,2 |
| Foreign exchange (loss)/profit | | **(14,8)** | 5,1 | 45,7 |
| Investment income | | **12,4** | 11,6 | 22,7 |
| Income from associated companies | | **274,7** | 181,7 | 478,0 |
| **Profit before taxation** | | **1 567,8** | 1 668,6 | 3 914,6 |
| Taxation | | **(379,0)** | (439,3) | (1 019,5) |
| **Profit for the year** | | **1 188,8** | 1 229,3 | 2 895,1 |
| **Attributable to:** | | | | |
| **Owners of the parent** | | **1 170,7** | 1 214,8 | 2 864,5 |
| **Non-controlling interests** | | **18,1** | 14,5 | 30,6 |
| | | **1 188,8** | 1 229,3 | 2 895,1 |
| **Weighted average number of shares in issue** | | **156 374 568** | 165 676 335 | 162 552 439 |
| **Basic earnings per ordinary share (cents)** | | **748,7** | 733,2 | 1 762,2 |
| **Diluted basic earnings per ordinary share (cents)** | | **735,3** | 722,9 | 1 737,7 |
| **Headline earnings per ordinary share (cents)** | | **731,0** | 728,8 | 1 702,4 |
| **Diluted headline earnings per ordinary share (cents)** | | **718,0** | 718,5 | 1 678,7 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| **Profit for the period** | **1 188,8** | 1 229,3 | 2 895,1 |
| **Other comprehensive income/(loss), net of tax** | **851,4** | (77,3) | (92,8) |
| Foreign currency translation reserve (FCTR) adjustments[1] | **77,5** | (56,8) | 14,8 |
| Share of associates other comprehensive gain/(loss) and FCTR[1] | **708,7** | (23,5) | (90,8) |
| Net gain/(loss) on cash flow hedges[1] | **5,9** | 37,8 | (18,8) |
| Net gain/(loss) on FVOCI[2] financial assets | **59,3** | (34,8) | (55,4) |
| Remeasurement raised in terms of IAS 19R | **–** | – | 63,0 |
| Tax effect | **–** | – | (5,6) |
| Total comprehensive income for the period, net of tax | **2 040,2** | 1 152,0 | 2 802,3 |
| **Attributable to:** | | | |
| Owners of the parent | **2 005,3** | 1 146,5 | 2 774,0 |
| Non-controlling interests | **34,9** | 5,5 | 28,3 |
| | **2 040,2** | 1 152,0 | 2 802,3 |

[1] *Items that may be subsequently reclassified to profit or loss including the related tax effects, with the exception of R3,1 million loss (2022: R5,8 million loss) relating to the share of associates' other comprehensive loss, and fair value losses on equity instruments measured at FVOCI.*

[2] *FVOCI – fair value through other comprehensive income.*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| R'million | Notes | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **12 650,1** | 11 382,0 | 11 616,3 |
| Property, plant and equipment* | | **5 720,1** | 5 498,0 | 5 695,4 |
| Goodwill | 5 | **1 184,0** | 1 177,7 | 1 179,4 |
| Intangible assets | 5 | **1 723,1** | 1 721,0 | 1 719,8 |
| Investments | | **3 980,1** | 2 954,5 | 2 987,4 |
| Investments in associated companies | | **3 377,2** | 2 341,3 | 2 421,2 |
| Other investments | | **552,1** | 568,9 | 515,8 |
| Loans | | **50,8** | 44,3 | 50,4 |
| Deferred taxation asset | | **42,8** | 30,8 | 34,3 |
| **Current assets** | | **13 250,4** | 10 760,5 | 12 402,5 |
| Inventories | | **7 614,9** | 6 529,0 | 7 331,0 |
| Trade and other receivables | | **4 977,6** | 3 613,3 | 3 955,6 |
| Cash and cash equivalents | | **657,9** | 618,2 | 1 115,9 |
| **TOTAL ASSETS** | | **25 900,5** | 22 142,5 | 24 018,8 |
| **EQUITY AND LIABILITIES** | | | | |
| **Total equity** | | **16 635,3** | 15 326,6 | 15 692,8 |
| Issued capital and reserves | | **16 458,6** | 15 174,6 | 15 550,5 |
| Non-controlling interests | | **176,7** | 152,0 | 142,3 |
| **Non-current liabilities** | | **1 814,9** | 1 240,7 | 890,1 |
| Deferred taxation liability | | **246,4** | 181,6 | 240,7 |
| Post-retirement medical aid obligation | | **303,6** | 422,8 | 322,9 |
| Long-term borrowings[1]** | | **1 264,9** | 636,3 | 326,5 |
| **Current liabilities** | | **7 450,3** | 5 575,2 | 7 435,9 |
| Trade and other payables | | **5 530,4** | 4 870,9 | 5 677,7 |
| Employee-related accruals | | **352,8** | 415,5 | 464,4 |
| Taxation | | **46,2** | 110,8 | 126,6 |
| Short-term borrowings[2]** | | **1 520,9** | 178,0 | 1 167,2 |
| **TOTAL EQUITY AND LIABILITIES** | | **25 900,5** | 22 142,5 | 24 018,8 |
| Net (debt)/cash** | | **(1 664,3)** | 318,2 | 143,1 |

* *Right-of-use assets are included within property, plant and equipment amounting to R411,9 million (2022: R465,2 million).*

** *The lease liabilities have been included in the long and short-term borrowings, respectively. The lease liabilities have been excluded from net (debt)/cash as these are non-cash in nature. Total lease liabilities amount to R463,6 million (2022: R514,3 million).*

1 *Includes the utilisation of the revolving credit facility amounting to R1,0 billion (2022: R300,0 million).*

2 *Includes the utilisation of borrowing facilities with the group's banking partners amounting to R1,3 billion (2022: Rnil).*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| Cash operating profit | **1 999,7** | 2 088,2 | 4 271,0 |
| Working capital changes | **(1 695,1)** | (1 571,5) | (1 630,2) |
| **Cash generated from operations** | **304,6** | 516,7 | 2 640,8 |
| Finance income and income from investments received | **33,6** | 22,0 | 44,7 |
| Finance costs paid | **(107,4)** | (44,2) | (105,8) |
| Dividends received from associated companies and subsidiaries | **27,4** | 222,8 | 372,0 |
| Taxation paid | **(462,2)** | (476,6) | (961,5) |
| **Cash (utilised in)/available from operations** | **(204,0)** | 240,7 | 1 990,2 |
| Dividends paid | **(1 049,0)** | (859,0) | (1 386,4) |
| **Net cash (outflow)/inflow from operating activities** | **(1 253,0)** | (618,3) | 603,8 |
| Purchase of property, plant and equipment | **(448,4)** | (419,1) | (961,0) |
| Funds held in escrow | **22,7** | (41,8) | (46,2) |
| Proceeds from disposal of property, plant, equipment and vehicles | **19,7** | – | 3,1 |
| Insurance proceeds on property, plant and equipment received relating to civil unrest | **–** | – | 28,3 |
| Proceeds on disposal of investment | **–** | 1,9 | 2,4 |
| Purchase of investment | **–** | (5,4) | (5,4) |
| Loans advanced | **–** | – | (19,0) |
| **Cash outflow from investing activities** | **(406,0)** | (464,4) | (997,8) |
| **Net cash outflow before financing activities** | **(1 659,0)** | (1 082,7) | (394,0) |
| Black Managers Trust (BMT) shares exercised | **1,9** | 1,8 | 5,0 |
| Shares exercised relating to equity-settled scheme | **(37,7)** | (1,0) | (1,0) |
| Repayment of principal portion of lease liabilities | **(99,4)** | (104,6) | (178,6) |
| Short-term borrowings raised | **1 222,2** | – | 972,8 |
| Short-term borrowings repaid | **(880,0)** | – | – |
| Long-term borrowings raised | **1 000,0** | 300,0 | – |
| Repurchase of shares | **–** | (675,7) | (1 453,1) |
| **Net cash inflow/(outflow) from financing activities** | **1 207,0** | (479,5) | (654,9) |
| **Net decrease in cash and cash equivalents** | **(452,0)** | (1 562,2) | (1 048,9) |
| Effect of exchange rate changes on cash and cash equivalents | **8,6** | 18,6 | 90,7 |
| Reclassification of cash and cash equivalents to other receivables[1] | **(14,6)** | – | (87,7) |
| Cash and cash equivalents at the beginning of the period | **1 115,9** | 2 161,8 | 2 161,8 |
| **Cash and cash equivalents at the end of the period** | **657,9** | 618,2 | 1 115,9 |
| Cash resources | **613,0** | 618,2 | 1 072,3 |
| Cash relating to venture capital initiatives[2] | **44,9** | – | 43,6 |
| | **657,9** | 618,2 | 1 115,9 |

[1] *During the year ended September 2022, a garnishee order was served against the Chococam subsidiary resulting in several of Chococam's bank accounts being blocked with an additional account being blocked in the current year. The amounts seized were reclassified to other receivables and not disclosed as cash and cash equivalents on the basis that the cash is not readily available.*

[2] *In June 2021, the Tiger Brands Venture Capital Fund was launched with the aim of driving growth for Tiger Brands by investing in innovative businesses based in sub-Saharan Africa which offer healthier eating options in line with emerging consumer trends in health and nutrition, snackification and economical food options. Included in the group's cash balance is R44,9 million (2022: Rnil) held specifically for venture capital initiatives.*

# OTHER SALIENT FEATURES

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| **Capital commitments** | **1 260,0** | 1 191,0 | 1 615,2 |
| – Contracted | **486,4** | 635,7 | 403,2 |
| – Approved | **773,6** | 555,3 | 1 212,0 |
| Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities. | | | |
| **Capital expenditure** | **448,4** | 419,1 | 961,0 |
| – Replacement | **142,6** | 267,9 | 439,8 |
| – Expansion | **305,8** | 151,2 | 521,2 |
| Replacement capital expenditure in line with approved capex plan. | | | |
| **Guarantees** | | | |
| – Guarantees (unutilised) | **24,0** | 23,1 | 35,3 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| R'million | Share capital and premium |
|---|---|
| **Balance at 1 October 2021** | 142,0 |
| Profit for the period | – |
| Other comprehensive loss | – |
| Total comprehensive (loss)/income | – |
| Transfers between reserves | – |
| Share buy-back transaction[3] | (123,4) |
| Share-based payments[1] | – |
| Dividends on ordinary shares (net of dividend on treasury shares) | – |
| Sale of empowerment shares[2] | – |
| **Balance at 31 March 2022** | 18,6 |
| Profit for the period | – |
| Other comprehensive (loss)/income | – |
| Total comprehensive (loss)/income | – |
| Transfers between reserves | – |
| Share buy-back transaction[3] | (0,6) |
| Share-based payments[1] | – |
| Dividends on ordinary shares (net of dividend on treasury shares) | – |
| Sale of empowerment shares[2] | – |
| **Balance at 30 September 2022** | 18,0 |
| Profit for the period | – |
| Other comprehensive income | – |
| Total comprehensive income | – |
| Transfers between reserves | – |
| Share-based payments[1] | – |
| Dividends on ordinary shares (net of dividend on treasury shares) | – |
| Sale of empowerment shares[2] | – |
| **Balance at 31 March 2023** | 18,0 |

[1] *Included in the movement of the share-based payment are options of R33,9 million (2022: R1,0 million) exercised.*
[2] *Relates to the exercising of options vested post the December 2014 lock-in period in terms of the Black Managers Participation Right Scheme (BMT). In the current year, R3,2 million (2022: R2,5 million) related to BMT I.*
[3] *During the prior year, the group embarked on a share buy-back programme, in which 9 490 946 of the listed Tiger Brands shares were repurchased at an average price of R152,62 per share. The shares were issued at an original par value of R0,1 per share.*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

| Non-distributable reserves | Accumulated profits | Shares held by subsidiary and empowerment entities | Share-based payment reserve | Total attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| 3 094,4 | 13 812,6 | (2 193,5) | 699,5 | **15 555,0** | 147,4 | **15 702,4** |
| – | 1 214,8 | – | – | **1 214,8** | 14,5 | **1 229,3** |
| (68,3) | – | – | – | **(68,3)** | (9,0) | **(77,3)** |
| (68,3) | 1 214,8 | – | – | **1 146,5** | 5,5 | **1 152,0** |
| (41,1) | 41,1 | – | – | **–** | – | **–** |
| – | (552,3) | | – | **(675,7)** | – | **(675,7)** |
| – | – | – | 4,4 | **4,4** | – | **4,4** |
| – | (858,1) | – | – | **(858,1)** | (0,9) | **(859,0)** |
| – | – | 2,5 | – | **2,5** | – | **2,5** |
| 2 985,0 | 13 658,1 | (2 191,0) | 703,9 | **15 174,6** | 152,0 | **15 326,6** |
| – | 1 649,7 | – | – | **1 649,7** | 16,1 | **1 665,8** |
| (68,4) | 46,2 | – | – | **(22,2)** | 6,7 | **(15,5)** |
| (68,4) | 1 695,9 | – | – | **1 627,5** | 22,8 | **1 650,3** |
| 147,1 | (147,6) | – | 0,5 | **–** | – | **–** |
| – | (776,8) | – | – | **(777,4)** | – | **(777,4)** |
| – | – | – | 48,2 | **48,2** | – | **48,2** |
| – | (526,1) | – | – | **(526,1)** | (32,5) | **(558,6)** |
| – | – | 3,7 | – | **3,7** | – | **3,7** |
| 3 063,7 | 13 903,5 | (2 187,3) | 752,6 | **15 550,5** | 142,3 | **15 692,8** |
| – | 1 170,7 | – | – | **1 170,7** | 18,1 | **1 188,8** |
| 834,6 | – | – | – | **834,6** | 16,8 | **851,4** |
| 834,6 | 1 170,7 | – | – | **2 005,3** | 34,9 | **2 040,2** |
| 247,3 | (251,2) | – | 3,9 | **–** | – | **–** |
| – | – | – | (51,9) | **(51,9)** | – | **(51,9)** |
| – | (1 048,5) | – | – | **(1 048,5)** | (0,5) | **(1 049,0)** |
| – | – | 3,2 | – | **3,2** | – | **3,2** |
| 4 145,6 | 13 774,5 | (2 184,1) | 704,6 | **16 458,6** | 176,7 | **16 635,3** |

# INTERIM CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| **REVENUE** | | | |
| **Domestic operations** | **17 269,4** | 14 836,1 | 29 769,5 |
| **Grains** | **8 958,9** | 7 350,8 | 15 495,6 |
| Milling and Baking[1] | **6 068,4** | 4 945,9 | 10 642,2 |
| Other Grains[2] | **2 890,5** | 2 404,9 | 4 853,4 |
| **Consumer Brands** | **7 036,9** | 6 390,7 | 12 415,2 |
| Groceries | **3 413,6** | 3 400,8 | 6 376,9 |
| Snacks & Treats | **1 388,6** | 1 069,1 | 2 391,8 |
| Beverages | **1 220,5** | 1 033,3 | 1 841,5 |
| Baby | **585,3** | 577,8 | 1 135,9 |
| Out of Home | **428,9** | 309,7 | 669,1 |
| **Home and Personal Care (HPC)** | **1 273,6** | 1 094,6 | 1 858,7 |
| Personal Care | **371,8** | 279,3 | 671,8 |
| Home Care | **901,8** | 815,3 | 1 186,9 |
| **Exports and International** | **2 111,2** | 1 922,0 | 4 261,1 |
| Exports[3] | **1 217,1** | 954,4 | 2 039,9 |
| International operation | | | |
| – Central Africa (Chococam) | **682,5** | 542,2 | 1 109,9 |
| Deciduous Fruit (LAF) | **439,3** | 697,8 | 1 598,3 |
| Other intergroup sales | **(227,7)** | (272,4) | (487,0) |
| **Total revenue from operations – before the product recall** | **19 380,6** | 16 758,1 | 34 030,6 |
| Impact of product recall (refer note 2) | **–** | – | (1,7) |
| **Total revenue** | **19 380,6** | 16 758,1 | 34 028,9 |

*All segments operate on an arm's-length basis in relation to inter-segment pricing.*

[1] *Comprises maize milling, wheat milling and baking and sorghum-based products.*
[2] *Comprises rice, pasta and oat-based breakfast cereals.*
[3] *The key markets contributing to Exports revenue is Mozambique at 37% (2022: 41%); Zambia at 11% (2022: 6%); Zimbabwe at 10% (2022: 10%); and Nigeria at 3% (2022: 2%).*

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| **OPERATING INCOME BEFORE IMPAIRMENTS AND NON-OPERATIONAL ITEMS** | | | |
| **Domestic operations** | **1 162,3** | 1 283,7 | 2 955,0 |
| **Grains** | **342,5** | 422,9 | 1 272,1 |
| Milling and Baking[1] | **267,7** | 272,2 | 803,0 |
| Other Grains[2] | **74,8** | 150,7 | 469,1 |
| **Consumer Brands** | **554,7** | 653,8 | 1 412,8 |
| Groceries | **126,4** | 290,8 | 597,4 |
| Snacks & Treats | **108,7** | 55,6 | 262,9 |
| Beverages | **196,2** | 175,1 | 268,9 |
| Baby | **45,7** | 65,1 | 147,2 |
| Out of Home | **77,7** | 67,2 | 136,4 |
| **Home and Personal Care (HPC)** | **255,8** | 212,2 | 307,7 |
| Personal Care | **14,6** | (14,2) | 16,1 |
| Home Care | **241,2** | 226,4 | 291,6 |
| Other[3] | **9,3** | (5,2) | (37,6) |
| **Exports and International** | **163,2** | 63,5 | 350,4 |
| Exports | **76,4** | 29,2 | 143,3 |
| International operation | | | |
| – Central Africa (Chococam) | **102,6** | 88,4 | 181,3 |
| Deciduous Fruit (LAF) | **(15,8)** | (54,1) | 25,8 |
| **Total from operations before the following items** | **1 325,5** | 1 347,2 | 3 305,4 |
| Impact of the civil unrest (refer note 3) | **20,0** | 143,8 | 137,5 |
| Impact of product recall (refer note 2) | **–** | 17,4 | 35,8 |
| IFRS 2 charges | **10,8** | (8,5) | (55,8) |
| Restructuring and related costs | **–** | (6,5) | 7,8 |
| **Total operating Income** | **1 356,3** | 1 493,4 | 3 430,7 |

*All segments operate on an arm's-length basis in relation to inter-segment pricing.*

1 *Comprises maize milling, wheat milling and baking and sorghum-based products.*
2 *Comprises rice, pasta and oat-based breakfast cereals.*
3 *Includes the corporate office and management expenses relating to international investments.*

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The preparation of these results has been supervised by Deepa Sita, chief financial officer of Tiger Brands Limited. The directors take full responsibility for the preparation of these condensed consolidated interim results.

The condensed consolidated interim results for the six months ended 31 March 2023 have been prepared in accordance with the International Financial Reporting Standard, *(IAS 34) Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act No 71 of 2008 and the Listings Requirements of the JSE Limited. These statements have not been audited or reviewed by the group's auditors.

The accounting policies adopted in the preparation of the condensed consolidated interim results are consistent with those applied in preparation of the group's annual consolidated financial statements for the year ended 30 September 2022. There have been no assets held for sale or discontinued operations during the period.

The going concern basis has been used in preparing these condensed consolidated interim results as the directors have a reasonable expectation that the group will continue as a going concern for the foreseeable future. The condensed consolidated interim results have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value or at amortised cost.

## 2. IMPACT OF PRODUCT RECALL

Last year, a product recall was initiated on certain Baby Powder products as a precautionary measure. Trace levels of asbestos were detected in test samples from a batch of pharmaceutical-grade talc powder used as raw material in the production of finished powder products. The defective raw material was identified in August 2022. The decision was made, in the best interest of consumers, to recall all Baby Talc Powder products from store shelves and from consumers. Approximately 281,9 thousand units are estimated to be destroyed, of which 68,5 thousand units are estimated to be recalled from the trade.

The total impact of the recall has been accounted for on the income statement as follows:

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| Revenue impact | – | – | 1,7 |
| Cost of sales impact | – | – | 4,9 |
| Associated costs included in sales and distribution expenses | – | – | 6,8 |
| Associated costs included in marketing expenses | – | – | 3,0 |
| Insurance proceeds received included in sundry income | – | (17,4) | – |
| **Total cost of product recall** | – | (17,4) | 16,4 |

## 3. IMPACT OF CIVIL UNREST

The July 2021 civil unrest in KwaZulu-Natal (KZN) particularly impacted the Rice and Snacks & Treats businesses. This resulted in inventory write-offs across the two businesses, as well as physical damage to and loss of property, plant and equipment. The unrest also resulted in lost sales across the business up to 31 August 2021. During the current year, R20,0 million (net of Value Added Tax) was received from the group's insurers relating to the Snacks & Treats business. During the year ended September 2022, the group received insurance claims relating to the civil unrest from the South African Special Risks Insurance Association (SASRIA). In total, R161 million (net of Value Added Tax) was received, of which R28,3 million relates to insurance proceeds on the fixed assets written off following the civil unrest. The remaining insurance proceeds of R137,5 million which relate to stock write-offs, repairs to damaged property, plant and equipment, cleaning and security costs, have been accounted for as sundry income.

## 4. OPERATING INCOME BEFORE IMPAIRMENTS AND NON-OPERATIONAL ITEMS

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| **Operating income has been determined after charging/(crediting)** | | | |
| Depreciation (included in cost of sales and other operating expenses) | **462,5** | 419,7 | 852,7 |
| Amortisation | **4,1** | 3,7 | 8,1 |
| IFRS 2 (included in other operating expenses) | | | |
| – Equity settled | **(14,2)** | 5,4 | 54,1 |
| – Cash settled | **3,4** | 3,1 | 1,7 |

## 5. IMPAIRMENTS

Goodwill and indefinite useful life intangible assets are tested for impairment annually (as at 30 September) and when circumstances that indicate the carrying value may be impaired. The group's impairment tests for goodwill and intangible assets with indefinite useful lives are based on the value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash-generating units are disclosed in the annual consolidated financial statements for the year ended 30 September 2022. Property, plant and equipment in the Deciduous Fruit business (LAF) was impaired by R3,5 million in the prior year due to the downturn in the LAF business, which is predominantly an export business. In the prior year an impairment in Davita (which is included in the Exports and International cash-generating unit) of R9,0 million was also recognised on specific plant and equipment.

Based on management's assumptions, no impairments have been recorded at 31 March 2023.

| R'million | Unaudited six months ended 31 March 2023 | Unaudited six months ended 31 March 2022 | Audited year ended 30 September 2022 |
|---|---|---|---|
| Impairment of property, plant and equipment | **–** | – | (12,9) |
| Fair value loss on unlisted investment | **–** | – | (3,0) |
| | **–** | – | (15,9) |

## 6. NON-OPERATIONAL ITEMS

| | | | |
|---|---|---|---|
| Proceeds on disposal of property, plant, equipment and vehicles | **33,0** | – | – |
| Insurance proceeds on civil unrest | **–** | 10,7 | 28,3 |
| | **33,0** | 10,7 | 28,3 |

## 7. RECONCILIATION BETWEEN PROFIT FOR THE PERIOD AND HEADLINE EARNINGS

| | | | |
|---|---|---|---|
| **Total operations** | | | |
| Profit for the year attributable to owners of the parent | **1 170,7** | 1 214,8 | 2 864,5 |
| (Profit)/loss on disposal of property, plant, equipment and vehicles | **(27,6)** | 0,4 | 2,7 |
| Insurance proceeds on property, plant and equipment | **–** | (7,8) | (20,4) |
| Impairment of property, plant and equipment | **–** | – | 9,3 |
| Headline earnings adjustment – associates | | | |
| Profit on disposal of investment | **–** | – | (88,5) |
| Profit on disposal of property, plant and equipment | **–** | – | (0,3) |
| **Headline earnings for the period** | **1 143,1** | 1 207,4 | 2 767,3 |
| Tax effect of headline earnings | **4,8** | 2,9 | 15,6 |

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

**Fair value hierarchy**

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2023, the group held the following financial instruments measured at fair value:

| | Unaudited six months ended 31 March 2023 | | | | Unaudited six months ended 31 March 2022 | | | | Audited year ended 30 September 2022 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (R'million) | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** | | | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | | | |
| Other investments | **312,3** | **0,3** | **11,7** | **324,3** | 279,8 | 0,3 | 10,3 | 290,4 | 253,5 | 0,3 | 11,7 | 265,5 |
| Derivatives | **–** | **–** | **–** | **–** | – | 47,5 | – | 47,5 | – | 16,5 | – | 16,5 |
| **Liabilities** | | | | | | | | | | | | |
| Derivatives | **–** | **(29,5)** | **–** | **(29,5)** | – | – | – | – | – | (19,8) | – | (19,8) |

## 9. SUBSEQUENT EVENTS

There are no material events that occurred during the period subsequent to 31 March 2023 and prior to these financial results being authorised for issue.

# ADMINISTRATION

## TIGER BRANDS LIMITED
(Tiger Brands or the company)
(Incorporated in the Republic of South Africa)
Share code: TBS
ISIN: ZAE000071080

## INDEPENDENT NON-EXECUTIVE DIRECTORS
GJ Fraser-Moleketi (chairman), MO Ajukwu, FNJ Braeken, CH Fernandez, GA Klintworth, TE Mashilwane, M Sello, S Sithole (appointed 1 April 2023), OM Weber, DG Wilson

## EXECUTIVE DIRECTORS
NP Doyle (chief executive officer)
DS Sita (chief financial officer)

## COMPANY SECRETARY
JK Monaisa

## REGISTERED OFFICE
3010 William Nicol Drive
Bryanston
Sandton

## POSTAL ADDRESS
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Telephone: +27 11 840 4000

## AUDITORS
Deloitte & Touche

## PRINCIPAL BANKER
Rand Merchant Bank

## SPONSOR
JP Morgan Equities South Africa (Pty) Limited

## SOUTH AFRICAN SHARE TRANSFER SECRETARIES
Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
Private Bag X9000
Saxonwold, 2132

## AMERICAN DEPOSITORY RECEIPT (ADR) FACILITY
ADR Administrator
The Bank of New York Mellon

## INVESTOR RELATIONS
Nikki Catrakilis-Wagner
Erene Kairuz
Telephone: +27 11 840 4000

## WEBSITE ADDRESS
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