

## **TIGER BRANDS LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1944/017881/06)

Share code: TBS

ISIN: ZAE000071080

("Tiger Brands" or the "Company")

## **TIGER BRANDS UNAUDITED GROUP RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 MARCH 2024**

**Tiger Brands delivers a muted first half performance amid a leadership transition and the initiation of turnaround efforts in difficult trading conditions**

### **Salient Features**

- Revenue decreased by 1% to R19.2 billion
- Group operating income\*\* decreased by 3% to R1.3 billion
- Income from associates increased 44% to R396 million
- Profit on sale of non-core brand amounts to R128 million
- EPS from total operations increased by 19% to 892 cents per share
- HEPS from total operations increased by 11% to 808 cents per share
- Interim dividend up 9% to 350 cents per share

\*\*Before impairments, fair value losses and non-operational items

### **Strategic update**

Since Tjaart Kruger's appointment as CEO on 1 November 2023, the group has now finalised the appointment of the new leadership team. Thushen Govender assumed the role of CFO on 1 January 2024 followed by the appointment of Managing Directors from within the organisation for each of the six business units on 1 February 2024. The new leadership team has hit the ground running, driving forward key strategic priorities aimed at revitalising the group, stimulating growth and, enhancing profitability sustainably. It is anticipated that the effect of key initiatives will start to reflect in the short term.

### **Operating performance**

#### **Overview**

Tiger Brands' results for the 6 months ended 31 March 2024 reflect the tough trading environment with negative volume growth across retail and wholesale channels while, trading ahead of the Easter period was generally slower than expected, particularly in the wholesale channel. Consumers remain constrained and continue to rationalise spend, prioritising value offerings and staple categories, which adversely impacts absolute volumes and basket mix.

Furthermore, the performance during the first half was impacted by our focus shifting towards restructuring and implementing the new operating model. This transition was effectively executed, with the new management teams now fully operational.

Total revenue from continuing operations regressed by 1% to R19.2 billion relative to the same period last year, driven by price inflation of 8%, offset by a reduction in volumes of 9%. In divisions such as Bakeries, the loss in volume was a deliberate strategy to reduce the reliance on sub-optimal promotional activity and improve price realisations. Volume growth in Exports was offset by declines in the Domestic Business.

Conversion-cost efficiencies as well as reduced loadshedding helped mitigate gross margin compression. Group operating income decreased 3% to R1.3 billion while operating margin was relatively flat at 6.9%. The profit on sale of a non-core brand within Personal Care (Status trademark) of R128 million increased profit, including non-operational items, by 4% to R1.5 billion.

Income from associates increased by 44% to R396 million, driven largely by strong operational performances from Carozzi as well as National Foods.

Net financing costs for the period amounted to R163 million compared to R94 million in the same period last year. The increase is in line with higher average debt levels as well as higher interest rates. Plans are in place to optimise working capital and thereby minimise operating cash requirements.

The group's effective tax rate, prior to fair value losses, non-operational items, and income from associates, improved from 29.7% to 29% compared to the previous year. This is largely due to investment allowances received on qualifying major capital projects.

EPS from continuing operations increased by 10% to 827 cents (2023: 749 cents). HEPS from continuing operations was marginally up at 743 cents (2023: 731 cents). The variation in EPS when compared to HEPS is due to the inclusion of the profit on sale of the Status trademark in EPS, which is excluded from HEPS.

EPS from total operations increased by 19% to 892 cents (2023: 749 cents) due to the accounting of insurance proceeds related to previously written-off and obsolete stock within the Value-Added Meats business. This business has been disposed of and disclosed as a discontinued operation. HEPS from total operations increased by 11% to 808 cents (2023: 731 cents).

### Declaration of interim dividend

The Company declared an interim ordinary dividend of 350 cents per share for the six months ended 31 March 2024, in line with the Company's dividend policy of 1.75x cover based on HEPS and in line with the higher headline earnings per share. This resulted in a 9% increase relative to the prior year interim dividend.

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 final dividend amount of 350.00000 cents per ordinary share will be paid to shareholders who are exempt from the dividends tax

- The net final dividend amount of 280.0000 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 10 899 112 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 final ordinary dividend:

Declaration date	Monday, 27 May 2024
Last day to trade cum the ordinary dividend	Tuesday, 2 July 2024
Shares commence trading ex the ordinary dividend	Wednesday, 3 July 2024
Record date to determine those shareholders entitled to the ordinary dividend	Friday, 5 July 2024
Payment date in respect of the ordinary dividend	Monday, 8 July 2024

Share certificates may not be dematerialised or re-materialised between Wednesday, 3 July 2024 and Friday, 5 July 2024, both days inclusive.

## Outlook

The operating landscape is likely to remain challenging. Preliminary macroeconomic indicators suggest heightened strain among South African consumers. While there has been a nominal uptick in employment, wage growth has notably decelerated, particularly amid a surge in inflation, disproportionately impacting low-income consumers. Forecasts indicate restrained wage growth, with any potential relief from interest rate adjustments to be marginal and gradual. Given the high levels of consumer indebtedness and limited prospects for substantial labour market improvements within a subdued economic backdrop, it is anticipated consumers will continue to face significant hurdles.

The next reporting cycle will mark the first 6-month period under new leadership with the first green shoots of our turnaround efforts expected to emerge. We are confident in the immediate measures taken to streamline our operating model, coupled with clear targets for further simplification and enhancement. Moreover, our robust portfolio of market-leading brands positions the group for improved performance in the short-term.

Looking ahead, our focused strategy will enable strategic investments in brands, activities and segments poised to deliver superior and sustainable long-term returns.

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

**By order of the Board**

GJ Fraser-Moleketi

Chairman

Bryanston

24 May 2024

Date of release: 27 May 2024

TN Kruger

Chief Executive Officer

This short-form announcement is the responsibility of the Directors of the Company and has not been reviewed or audited by the group's auditors. The information disclosed is only a summary of the full announcement and does not contain full or complete details.

Any investment decisions should be based on the consideration of Tiger Brands 2024 interim results announcement ("Results"). The Results were released on SENS on 27 May 2024 and are available on the Company's website [www.tigerbrands.com](http://www.tigerbrands.com) and via the JSE cloudlink:

<https://senspdf.jse.co.za/documents/2024/jse/isse/tiih/TigerHY24.pdf>.

Registered office: 3010 Winnie Mandela Drive, Bryanston, 2021

Independent non-executive directors: GJ Fraser-Moleketi (Chairman), MO Ajukwu, FNJ Braeken, GA Klintworth, TE Mashilwane, M Sello, LA Swartz, OM Weber, DG Wilson

Non-executive directors: S Sithole

Executive directors: TN Kruger (Chief Executive Officer), TA Govender (Chief Financial Officer)

Company secretary: JK Monaisa

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