Unaudited group results and dividend declaration

for the six months ended 31 March 2021

Tiger Brands delivers an improved performance
for the six months ended 31 March 2021

Salient features*

Revenue

increased by 8% to

R16,4 billion

EPS

increased to

755 cents per share

Group operating income**

increased by 16% to

R1,6 billion

HEPS

increased by 21% to

741 cents per share

Group operating margin**

increased to

9,6%

Interim ordinary dividend

320 cents per share

* *From continuing operations.*
** *Before impairments, abnormal items and IFRS 2 charges.*

Tiger Brands is one of Africa's largest listed manufacturers of fast-moving consumer goods (FMCG). Our core business is manufacturing, marketing and distributing everyday branded food to middle-income consumers. Our portfolio also includes leading brands in the home and personal care sectors.

Commentary

Overview

Tiger Brands delivered an improved financial performance for the six months ended 31 March 2021. The performance was supported by strong revenue growth in the first quarter of the financial year, whilst cost saving and efficiency initiatives gained traction across all segments of the portfolio, leading to positive operating leverage for the full six-month period.

As previously reported, Value Added Meat Products (VAMP) has been treated as a discontinued operation, with the comparative information restated accordingly.

Total revenue from continuing operations increased by 8% to R16,4 billion, underpinned by price inflation of 9% and offset slightly by an overall volume decline of 1%. Meaningful volume growth in both Exports and International was offset by volume declines in the Domestic business, primarily attributable to Out of Home, with some volume pressure also within Grains, other than the Oat-based breakfast business (Jungle). The volume declines were partially offset by strong performances in Baby and Home Care, and a solid recovery in Snacks & Treats.

The group was unable to fully recover the high level of agricultural commodity cost push, placing naked margins under pressure. However, this was mostly offset by a steady improvement in manufacturing efficiencies, resulting in the overall gross margin for the group remaining relatively flat at 30,6%. Group operating income (before IFRS 2 charges) increased by 16% to R1,6 billion, with the operating margin improving to 9,6% compared to 8,9% in the corresponding period last year.

Income from associates increased by 12% to R177 million, with Carozzi and UAC Foods reporting improved trading performances. Despite increased volumes and rigid cost control, National Foods' earnings in US dollar terms continue to be affected by the hyper-inflationary environment in Zimbabwe.

Net financing costs for the period amounted to R29 million, benefiting from lower interest rates and lower average net debt levels, due primarily to improved debtor collections. A foreign exchange loss of R56 million resulted from the significant strengthening of the rand against other major currencies, thereby negatively impacting the translation of foreign currency cash balances. In the same period last year, there was a net foreign exchange profit of R84 million.

The abnormal profit of R43 million at the half-year is attributable to the profit on sale of various non-core brands in the Personal Care division.

The effective tax rate before abnormal items and income from associates, reduced from 30,6% to 30,0%.

Earnings per share (EPS) from continuing operations increased by 126% to 755 cents (2020: 333 cents) whilst headline earnings per share (HEPS) from continuing operations increased by 21% to 741 cents (2020: 613 cents).

EPS from total operations increased by 299% to 837 cents (2020: 210 cents) and HEPS from total operations increased by 52% to 741 cents (2020: 489 cents). The higher increase in HEPS from total operations for the six months ended 31 March 2021, relative to the increase of 21% from continuing operations, was primarily due to the losses recorded by VAMP in the prior period.

The relatively higher rates of increase in EPS from both total operations and continuing operations, compared to the equivalent increases in HEPS, are primarily due to the significant impairment charges of R557 million recorded in the same period last year, all of which related to continuing operations.

Segmental operating performance

Domestic revenue increased by 7,1% to R14,6 billion, underpinned by price inflation of 9,6%, less the impact of overall volume declines of 2,5%. With the exception of Out of Home, all

Commentary continued

domestic segments delivered positive revenue growth. Efforts to contain costs and improve production efficiencies resulted in positive operating leverage, with operating income before IFRS 2 charges increasing by 14% to R1,5 billion.

Grains

Revenue increased by 10% to R7,5 billion, reflecting average price inflation of 14%, offset by overall volume declines of 4%. Our ability to pass through some input cost inflation, as well as cost savings across the segment, resulted in operating income increasing by 16% to R619 million and the total operating margin improving to 8,3% from 7,8% in the comparative period. This result was underpinned by the improved performances of the Oat-based breakfast segment (Jungle), Rice and Pasta, which had particularly challenging results in the comparative period last year.

Milling and Baking increased revenue by 6%, influenced by 12% price inflation and an overall volume decline of 6%.

The wheat-to-bread value chain was characterised by exceptionally aggressive price-led promotional activity in the second quarter, especially in formal retail channels, as well as a decline in overall bread consumption and penetration. Maize was adversely impacted by the inability to fully recover underlying raw material inflation as well as an unfavourable product mix. Despite a pleasing recovery in sorghum-based beverages, the breakfast offering performed poorly, impacted by lower volumes and aggressive category pricing. Milling and Baking's operating income declined by 4% to R477 million.

Other Grains recorded a significant recovery, driven primarily by Rice and Pasta, whilst Jungle achieved a pleasing performance.

Period-on-period revenue for the overall segment increased by 21% to R2,4 billion, largely driven by price inflation in Rice of 28%. Jungle's performance was premised on the continued growth of its core oats offering, which benefited from increased in-home consumption. Higher volumes and lower conversion costs contributed to the improvement. Revenue growth in Rice was underpinned by price inflation and strong volume growth in the first quarter. This, together with an improved mix, resulted in a margin recovery relative to the comparative period. Although revenue growth in Pasta was modest, a marked improvement in factory performance, including a significant reduction in material usage variances, resulted in positive operating leverage.

Consumer Brands

In order to bring external segmental reporting in line with management reporting, the Baby category results have been disclosed under the Consumer Brands segment, whereas previously these results were reflected under Home, Personal Care and Baby. This change has no financial impact on the group results and better reflects how management reviews financial information in order to allocate resources and assess performance. Prior year segmental numbers have been restated to reflect this change.

Within Consumer Brands, muted top line performances in Groceries and Beverages were bolstered by increased demand in Snacks & Treats and Baby. Out of Home continued to feel the effects of post-lockdown demand dynamics. Overall revenue in this segment increased by 4%, comprising price inflation of 6% and a 2% reduction in volumes. Price increases and significantly improved factory performances were the primary reasons for operating income increasing by 19% to R640 million.

Groceries' sales were negatively impacted by a competitive trading environment and poor seasonal demand. Price inflation of 6% was partly offset by a 4% reduction in volumes. Despite this, significantly improved factory performance and the delivery of cost-saving plans ahead of target delivered improved profitability, with operating income increasing by 31% to R222 million.

Snacks & Treats increased revenue by 10% to R1,2 billion, driven by a recovery in demand, which translated to a 3% increase in volumes, particularly in chocolate, as well as price inflation of 7%. Operating income increased by 32% to R136 million as a result of optimal promotional activity and improved factory efficiencies which benefited from increased volumes.

Commentary continued

Beverages' revenue was in line with the comparative period at R948 million, whilst operating income increased by 5% to R175 million, mostly due to distribution efficiencies.

Volumes across the Baby Care segment recovered well, with revenue increasing by 14% to R544 million. This was driven equally by pricing and volume growth during the period. Operating income increased by 21% to R56 million, benefiting from a favourable product mix and tight cost control.

Home and Personal Care (HPC)

Overall revenue in HPC increased by 6% to R1,1 billion due to the sustained strong performance from Home Care.

Personal Care's performance was impacted by low opening stocks and a slow recovery due to Covid-related production shutdowns. Consequently, revenue of R271 million was relatively unchanged compared to the same period last year, with a 2% increase in volumes offset by lower average price realisations. Increased costs and factory under-recoveries resulted in an operating loss of R9 million for the period.

Revenue in Home Care increased by 8%, driven by 3% price inflation and 5% increase in volumes. The strong first half volume performance was due to a favourable pest season as well as increased demand for hygiene solutions (Jeyes). The increased volumes resulted in improved operating efficiencies which led to operating income increasing by 15% period-on-period.

Exports and International

Total revenue for Exports and International increased by 18% to R1,8 billion. This was driven by an improved performance from exports of powdered soft drinks and seasoning and a solid performance from our business in Cameroon. Operating income increased by 58% to R85 million, albeit after accounting for an operating loss in the Deciduous Fruit business.

The Exports business grew revenue by 27%. This growth was supported by strong double-digit volume growth, primarily due to the resumption of trade into Nigeria, and 12% price inflation.

Operating income of R51 million reflects a significant improvement relative to the same period last year, despite regrettable industrial action at our Davita factory (powdered soft drinks and seasoning) which significantly impacted the second quarter. This was resolved during the month of April.

Chococam's revenue increased 14% to R532 million (3% in local currency), primarily due to favourable exchange rate movements, improved distribution to neighbouring countries and successful trade and consumer activations in the chocolate spread segment. Operating income increased by 20% in rand terms. Apart from the exchange rate benefit, the improvement in operating income was assisted by a 5% increase in volumes. In addition, the corresponding period last year included the absorption of an excise tax on gross sales which amounted to R14 million.

The Deciduous Fruit business was negatively impacted by soft post-Covid-19 demand in Asia, the inability to take price increases in hard currency and ongoing restrictions in Cape Town's harbour. The business recorded revenue of R586 million for the period under review and an operating loss of R52 million.

Update on Deciduous Fruit

As previously reported, Tiger Brands has been pursuing a formal process for the potential disposal of the Deciduous Fruit business. As a consequence of this process, the company is in very early stages of negotiations. A successful conclusion to these negotiations is far from certain. In the event that there is no successful conclusion, the company will evaluate alternative options for the Deciduous Fruit business.

Cash flow and capital expenditure

Cash generated from operations increased by 15% to R1,7 billion (2020: R1,5 billion). This was driven by the significant improvement in cash operating profit, which was partially offset by an increased investment in working capital from R13 million in the corresponding period last year to R335 million in the period under review. The increase in working capital was primarily influenced by the decision to carry higher stock levels in anticipation of supply chain disruptions from a potential third wave of Covid-19 infections.

Commentary continued

Capital expenditure amounted to R381 million. The group ended the period in a net cash position of R1,2 billion (2020: R1,1 billion) after accounting for a dividend payment of R1,1 billion during the period under review.

Class Action update

As previously reported, Tiger Brands awaits the allocation of a hearing date by the Supreme Court of Appeal (SCA) regarding the request by the company for third parties to provide epidemiological information required for the Class Action lawsuit. With agreement from all parties, our insurers' legal team has approached the Registrar of the SCA for an expedited hearing date. We are now awaiting the allocation of a hearing date.

Tiger Brands is committed to abiding by the legal process to ensure that a resolution of the matter is reached in the shortest possible time in the interest of all parties, particularly the victims of Listeriosis.

Covid-19

Tiger Brands continues to implement Covid-19-related health and safety protocols. These include the frequent screening of employees as well as the use of Antigen test kits across our sites.

Antigen testing was implemented in the case of employees returning to work after extended periods of absence, such as the Christmas holidays. Regrettably, 21 colleagues have passed on as a result of contracting Covid-19 since the start of the pandemic. These are tragic losses and our heartfelt condolences go out to their families, friends and colleagues. To date, we have had a total of 1 922 positive cases out of a total number of 19 712 tests conducted. There are eight active cases as at 15 May 2021, with one admitted to hospital. Our recovery rate to date has been 98%.

The company is actively engaging with Government, through the offices of Business Unity South Africa, to ensure that our employees receive vaccinations in accordance with the Government roll-out programme, as soon as practically possible.

Although there were no major disruptions to business continuity during the period, some businesses were impacted by inbound supply disruptions. As a precautionary measure, contingency plans have been put in place, including a stock build programme for critical and essential products, to mitigate the potential disruption to our internal and external supply chains in the event of a third wave.

Preventative costs, including personal protective equipment, private transport, testing and cleaning costs directly attributable to Covid-19, amounted to R47 million for the six months to 31 March 2021.

Outlook

In the second quarter, there was a decline in overall consumer demand across many of our categories. This reflects the dire impact of Covid-19 on the economy and on livelihoods. In an environment such as this, where growth comes from share gains, there is likely to be inevitable pressure on pricing and margins.

To this end, the ongoing cost-saving initiatives and successes achieved to date in extracting further supply chain efficiencies will be intensified, whilst initiatives to grow the top line will be prioritised.

Whilst we are confident that operating income will show improvement in the second six months, relative to both the second half of 2020 as well as the second half of 2019, the environment remains one of the most challenging experienced in recent years.

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

NP Doyle
Chief Executive Officer

Bryanston
19 May 2021

Date of release: 20 May 2021

Commentary continued

Declaration of interim ordinary dividend

The board has approved and declared an interim ordinary dividend for the six months ended 31 March 2021.

No interim dividend was declared in respect of the 2020 half-year results. Given the uncertainty at the time related to the Covid-19 lockdown measures, a decision was taken by the board to defer the matter for reconsideration to the end of the financial 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 189 818 926 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	Thursday, 20 May 2021
Last day to trade cum the interim ordinary dividend	Tuesday, 29 June 2021
Shares commence trading ex the interim ordinary dividend	Wednesday, 30 June 2021
Record date to determine those shareholders entitled to the interim ordinary dividend	Friday, 2 July 2021
Payment date in respect of the interim ordinary dividend	Monday, 5 July 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 June 2021 and Friday, 2 July 2021, both days inclusive.

By order of the board

JK Monaisa
Company Secretary

Bryanston
19 May 2021

Interim condensed consolidated income statement

R'million	Notes	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
Continuing operations				
Revenue		**16 445,0**	15 184,2	29 796,1
Cost of sales		**(11 414,1)**	(10 491,9)	(20 837,4)
Gross profit		**5 030,9**	4 692,3	8 958,7
Sales and distribution expenses		**(2 033,5)**	(2 007,4)	(3 899,2)
Marketing expenses		**(529,2)**	(508,0)	(821,2)
Other operating expenses		**(910,7)**	(865,2)	(1 518,5)
Expected credit loss		**21,3**	21,9	(118,2)
Operating income before impairments and abnormal items	2	**1 578,8**	1 333,6	2 601,6
Impairments	3	**–**	(557,2)	(602,9)
Abnormal items	4	**43,2**	(18,6)	(90,2)
Operating income after impairments and abnormal items		**1 622,0**	757,8	1 908,5
Finance costs		**(33,0)**	(93,3)	(110,8)
Finance income		**3,6**	13,4	14,2
Foreign exchange (loss)/profit		**(56,3)**	83,5	40,1
Income from investments		**12,7**	11,7	15,4
Income from associated companies		**177,0**	158,0	352,4
Profit before taxation		**1 726,0**	931,1	2 219,8
Taxation		**(461,3)**	(366,7)	(726,7)
Profit for the period from continuing operations		**1 264,7**	564,4	1 493,1
Discontinued operations				
Profit/(loss) for the period from discontinued operations	6	**135,3**	(204,8)	(453,2)
Profit for the period		**1 400,0**	359,6	1 039,9
Attributable to:				
Owners of the parent		**1 386,3**	347,4	1 014,3
– Continuing operations		**1 251,0**	552,2	1 467,5
– Discontinued operations		**135,3**	(204,8)	(453,2)
Non-controlling interests		**13,7**	12,2	25,6
– Continuing operations		**13,7**	12,2	25,6
		1 400,0	359,6	1 039,9

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation. Refer to note 6.

Interim condensed consolidated income statement continued

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
Basic earnings per ordinary share (cents)	**836,5**	209,7	612,2
– Continuing operations	**754,9**	333,3	885,7
– Discontinued operations	**81,6**	(123,6)	(273,5)
Diluted basic earnings per ordinary share (cents)	**827,2**	208,4	607,5
– Continuing operations	**746,5**	331,3	879,0
– Discontinued operations	**80,7**	(122,9)	(271,5)
Headline earnings per ordinary share (cents)	**741,2**	489,1	940,3
– Continuing operations	**740,8**	612,7	1 196,1
– Discontinued operations	**0,4**	(123,6)	(255,8)
Diluted headline earnings per ordinary share (cents)	**733,1**	486,1	933,2
– Continuing operations	**732,7**	609,0	1 187,1
– Discontinued operations	**0,4**	(122,9)	(253,9)

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation. Refer to note 6.

Interim condensed consolidated statement of comprehensive income

R'million	Unaudited six months ended 31 March 2021	Unaudited six months ended 31 March 2020	Audited year ended 30 September 2020
Profit for the period	**1 400,0**	359,6	1 039,9
Other comprehensive (loss)/income, net of tax	**(319,5)**	74,5	111,1
Net gain on hedge of net investment in foreign operation[1]	**3,8**	30,9	28,7
Foreign currency translation (FCTR) adjustments[1]	**(236,1)**	64,2	56,3
Share of associates' other comprehensive (loss)/income and FCTR[1]	**(111,0)**	66,7	46,2
Net gain/(loss) on cash flow hedges[1]	**1,5**	(17,3)	(18,7)
Net gain/(loss) on FVOCI[2] financial assets[1]	**22,3**	(70,0)	(46,0)
Remeasurement raised in terms of IAS 19R	**–**	–	58,6
Tax effect	**–**	–	(14,0)
Total comprehensive income for the period, net of tax	**1 080,5**	434,1	1 151,0
Attributable to:			
Owners of the parent	**1 075,9**	401,0	1 104,8
Non-controlling interests	**4,6**	33,1	46,2
	1 080,5	434,1	1 151,0

[1] *Items that may be subsequently reclassified to profit or loss including the related tax effects, with the exception of R5,1 million loss (2020: R2,9 million loss) relating to the share of associates' other comprehensive income and fair value gains/(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 2021	Restated unaudited six months ended 31 March 2020~	Restated audited year ended 30 September 2020~
Assets				
Non-current assets		**11 344,6**	11 089,0	10 880,1
Property, plant and equipment		**5 317,6**	5 230,2	5 059,4
Goodwill		**1 180,0**	1 198,2	1 198,0
Intangible assets		**1 732,5**	1 750,3	1 745,5
Investments		**3 064,2**	2 807,4	2 854,8
Deferred taxation asset		**50,3**	102,9	22,4
Current assets		**11 123,2**	10 745,4	10 617,9
Inventories		**5 990,1**	5 339,1	5 324,9
Trade and other receivables		**3 925,3**	4 016,5	3 503,0
Cash and cash equivalents		**1 207,8**	1 389,8	1 790,0
Assets classified as held-for-sale	6	**22,6**	15,9	419,2
Total assets		**22 490,4**	21 850,3	21 917,2
Equity and liabilities				
Total equity		**15 703,4**	15 080,8	15 787,4
Issued capital and reserves		**15 539,9**	14 884,8	15 628,1
Non-controlling interests		**163,5**	196,0	159,3
Non-current liabilities		**1 255,5**	1 314,4	1 074,6
Deferred taxation liability		**371,5**	477,0	359,5
Post-retirement medical aid obligation		**532,6**	592,4	517,9
Long-term borrowings*		**351,4**	245,0	197,2
Current liabilities		**5 528,6**	5 428,8	4 751,3
Trade and other payables		**4 851,6**	4 468,0	4 092,8
Employee-related accruals		**458,0**	441,3	453,9
Taxation		**35,9**	6,6	63,6
Short-term borrowings*		**183,1**	512,9	141,0
Liabilities directly associated with assets classified as held-for-sale	6	**2,9**	26,3	303,9
Total equity and liabilities		**22 490,4**	21 850,3	21 917,2
Net cash		**(1 205,7)**	(978,4)	(1 788,0)

* *Lease liabilities have been included in the long and short-term borrowings respectively. The lease liabilities have been excluded from the net cash/(debt) as these are non-cash in nature.*

~ *Restated as the group reclassified customer rebates as part of continuous improvements in terms of IFRS 15. Refer to note 7.*

Interim condensed consolidated statement of cash flows

R'million	Unaudited six months ended 31 March 2021	Unaudited six months ended 31 March 2020	Audited year ended 30 September 2020
Cash operating profit	**2 017,0**	1 479,2	3 005,7
Working capital changes	**(334,7)**	(12,5)	(52,5)
Cash generated from operations	**1 682,3**	1 466,7	2 953,2
Finance income and income from investments received	**16,3**	11,7	27,4
Finance costs paid	**(33,5)**	(57,1)	(116,0)
Dividends received from associate companies	**–**	–	105,5
Taxation paid	**(469,5)**	(415,9)	(620,3)
Cash available from operations	**1 195,6**	1 005,4	2 349,8
Dividends paid	**(1 139,2)**	(739,3)	(740,6)
Net cash inflow from operating activities	**56,4**	266,1	1 609,2
Purchase of property, plant and equipment	**(381,0)**	(478,7)	(937,1)
Cash on disposal of division (refer to note 6)	**153,0**	–	100,0
Proceeds on disposal of intangible assets	**56,0**	–	0,3
Proceeds from disposal of property, plant and equipment	**30,8**	50,3	49,8
Proceeds on sale of investment	**0,3**	–	–
Funds held in escrow	**(122,7)**	–	–
Proceeds on disposal of shares on held-for-sale investment	**–**	10,1	9,9
Loans advanced	**–**	–	(20,0)
Net cash outflow from investing activities	**(263,6)**	(418,3)	(797,1)
Net cash (outflow)/inflow before financing activities	**(207,2)**	(152,2)	812,1
Black Managers Trust (BMT) shares exercised	**1,1**	1,8	3,9
Shares exercised relating to equity-settled scheme	**(17,9)**	(6,1)	(9,1)
Repayment of lease liabilities	**(98,7)**	(96,5)	(136,6)
Short-term borrowings (repaid)/raised	**(14,1)**	94,1	(104,0)
Net cash outflow from financing activities	**(129,6)**	(6,7)	(245,8)
Net (decrease)/increase in cash and cash equivalents	**(336,8)**	(158,9)	566,3
Effect of exchange rate changes on cash and cash equivalents	**(233,3)**	141,3	51,5
Cash and cash equivalents at the beginning of the period	**1 779,5**	1 161,7	1 161,7
Cash and cash equivalents at the end of the period	**1 209,4**	1 144,1	1 779,5
Cash resources	**1 207,8**	1 389,8	1 790,0
Short-term borrowings regarded as cash and cash equivalents	**(2,1)**	(205,6)	(2,0)
Discontinued operations	**3,7**	(40,1)	(8,5)
	1 209,4	1 144,1	1 779,5

Other salient features

R'million	Unaudited six months ended 31 March 2021	Unaudited six months ended 31 March 2020	Audited year ended 30 September 2020
Capital commitments	**1 325,2**	1 163,1	1 532,0
– Contracted	**567,4**	583,5	162,7
– Approved	**757,8**	579,6	1 369,3
Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities.			
Capital expenditure	**381,0**	478,7	937,1
– Replacement	**295,9**	392,8	658,8
– Expansion	**85,1**	85,9	278,3
Replacement capital expenditure in line with approved capex plan.			
Guarantees			
– Guarantees (unutilised)	**20,1**	20,2	20,1

Interim condensed consolidated statement of changes in equity

R'million	Share capital and premium	Non-distributable reserves
Balance at 1 October 2019	142,0	2 886,9
Profit for the period	–	–
Other comprehensive income	–	53,6
Total comprehensive income	–	53,6
Transfers between reserves	–	154,5
Change in reserve due to adoption of IFRS 16[1]	–	–
Share-based payment[2]	–	–
Dividends on ordinary shares (net of dividend on treasury shares)	–	–
Sale of empowerment shares[3]	–	–
Balance at 31 March 2020	142,0	3 095,0
Profit for the period	–	–
Other comprehensive (loss)/income	–	(5,3)
Total comprehensive (loss)/income	–	(5,3)
Transfers between reserves	–	83,7
Share-based payment[2]	–	–
Dividends on ordinary shares (net of dividend on treasury shares)	–	–
Sale of empowerment shares[3]	–	–
Balance at 30 September 2020	142,0	3 173,4
Profit for the period	–	–
Other comprehensive loss[4]	–	(310,4)
Total comprehensive (loss)/income	–	(310,4)
Transfers between reserves	–	177,0
Share-based payment[2]	–	–
Dividends on ordinary shares (net of dividend on treasury shares)	–	–
Sale of empowerment shares[3]	–	–
Balance at 31 March 2021	142,0	3 040,0

1 *Retained earnings adjustment resulting from the modified retrospective approach relating to IFRS 16.*

2 *Included in the movement of the share-based payment are options exercised amounting to R17,9 million (2020: R6,0 million).*

3 *Relates to the exercising of options vested post the December 2014 lock-in period in terms of the Black Managers Participation Right Scheme (BMT).*

4 *Following the closure of Deli Foods Nigeria Limited (Deli Foods), the foreign currency translation reserve has been released to the income statement. This is in line with IAS 21, which requires the cumulative amount of the exchange differences recognised in other comprehensive income and accumulated in the separate component of equity, to be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal of the foreign operation is recognised. The gain recognised in the income statement amounted to R92,7 million.*

Interim condensed consolidated statement of changes in equity continued

	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
	13 784,9	(2 201,6)	632,2	**15 244,4**	163,1	**15 407,5**
	347,4	–	–	**347,4**	12,2	**359,6**
	–	–	–	**53,6**	20,9	**74,5**
	347,4	–	–	**401,0**	33,1	**434,1**
	(150,8)	–	(3,7)	**–**	–	**–**
	(43,4)	–	–	**(43,4)**	–	**(43,4)**
	–	–	20,8	**20,8**	–	**20,8**
	(739,1)	–	–	**(739,1)**	(0,2)	**(739,3)**
	–	1,1	–	**1,1**	–	**1,1**
	13 199,0	(2 200,5)	649,3	**14 884,8**	196,0	**15 080,8**
	666,9	–	–	**666,9**	13,4	**680,3**
	42,2	–	–	**36,9**	(0,3)	**36,6**
	709,1	–	–	**703,8**	13,1	**716,9**
	(82,3)	–	(1,4)	**–**	–	**–**
	–	–	39,5	**39,5**	–	**39,5**
	(0,7)	–	–	**(0,7)**	(49,8)	**(50,5)**
	–	0,7	–	**0,7**	–	**0,7**
	13 825,1	(2 199,8)	687,4	**15 628,1**	159,3	**15 787,4**
	1 386,3	–	–	**1 386,3**	13,7	**1 400,0**
	–	–	–	**(310,4)**	(9,1)	**(319,5)**
	1 386,3	–	–	**1 075,9**	4,6	**1 080,5**
	(169,6)	–	(7,4)	**–**	–	**–**
	–	–	(24,5)	**(24,5)**	–	**(24,5)**
	(1 139,6)	–	–	**(1 139,6)**	(0,4)	**(1 140,0)**
	–	–	–	**–**	–	**–**
	13 902,2	(2 199,8)	655,5	**15 539,9**	163,5	**15 703,4**

Interim condensed consolidated segmental information

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
Revenue			
Domestic operations	**14 607,0**	13 632,9	26 428,7
Grains	**7 463,5**	6 776,6	13 920,4
Milling and Baking[1]	**5 051,4**	4 783,2	9 955,2
Other Grains[2]	**2 412,1**	1 993,4	3 965,2
Consumer Brands	**6 041,8**	5 820,0	10 667,9
Groceries	**3 075,6**	3 014,0	5 545,8
Snacks & Treats	**1 218,5**	1 105,3	2 140,9
Beverages	**948,0**	944,8	1 560,1
Out of Home	**256,2**	280,7	446,0
Baby[3]	**543,5**	475,2	975,1
Home and Personal Care (HPC)	**1 101,7**	1 036,3	1 840,4
Personal Care	**271,3**	269,7	661,3
Home Care	**830,4**	766,6	1 179,1
Exports and International	**1 838,0**	1 551,3	3 367,4
Exports	**930,2**	733,1	1 539,7
International operation			
– Central Africa (Chococam)	**531,5**	468,3	942,3
Deciduous Fruit (LAF)	**585,7**	575,8	1 283,0
Other intergroup sales	**(209,4)**	(225,9)	(397,6)
Continuing operations	**16 445,0**	15 184,2	29 796,1
Discontinued operation – West Africa (Deli Foods)	**–**	9,8	9,8
Discontinued operation – Value Added Meat Products	**92,4**	524,7	1 178,4
Total revenue	**16 537,4**	15 718,7	30 984,3

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

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation. Refer to note 6.

1 *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*

2 *Comprises rice, pasta and oat-based breakfast cereals.*

3 *In order to bring external segmental reporting in line with internal reporting, Baby Care has been reclassified into the Consumer Brands segment, from Home, Personal and Baby Care previously. This change does not have a financial impact on the group and better reflects how management reviews financial information in order to allocate resources and assess performance. Prior year segmental numbers have been restated to reflect this change.*

Interim condensed consolidated segmental information continued

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
Operating income before impairments and abnormal items[4]			
Domestic operations	**1 489,4**	1 304,0	2 564,4
Grains	**619,2**	531,8	1 235,7
Milling and Baking[1]	**477,0**	497,1	1 121,6
Other Grains[2]	**142,2**	34,7	114,1
Consumer Brands	**639,7**	538,4	940,5
Groceries	**221,9**	169,8	353,7
Snacks & Treats	**135,5**	102,6	170,5
Beverages	**175,0**	167,1	238,4
Out of Home	**51,4**	52,8	67,0
Baby[3]	**55,9**	46,1	110,9
Home and Personal Care (HPC)	**251,5**	237,0	399,5
Personal Care	**(9,4)**	10,5	78,8
Home Care	**260,9**	226,5	320,7
Other[5]	**(21,0)**	(3,2)	(11,3)
Exports and International	**85,1**	53,9	103,3
Exports	**51,2**	3,6	32,8
International operation			
– Central Africa (Chococam)	**85,5**	71,0	148,7
Deciduous Fruit (LAF)	**(51,6)**	(20,7)	(78,2)
Total operating income before IFRS 2 charges	**1 574,5**	1 357,9	2 667,7
IFRS 2 charges	**4,3**	(24,3)	(66,1)
Total operating income after IFRS 2 charges	**1 578,8**	1 333,6	2 601,6
Discontinued operation – West Africa (Deli Foods)	**0,7**	(7,6)	(13,5)
Discontinued operation – Value Added Meat Products	**(7,8)**	(255,7)	(489,6)
Total operating income	**1 571,7**	1 070,3	2 098,5

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

\# *Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation. Refer to note 6.*

1 *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*

2 *Comprises rice, pasta and oat-based breakfast cereals.*

3 *In order to bring external segmental reporting in line with internal reporting, Baby Care has been reclassified into the Consumer Brands segment, from Home, Personal and Baby Care previously. This change does not have a financial impact on the group and better reflects how management reviews financial information in order to allocate resources and assess performance. Prior year segmental numbers have been restated to reflect this change.*

4 *Operating income is stated after amortisation of intangible assets.*

5 *Includes the corporate office and management expenses relating to international investments.*

Notes

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 condensed consolidated interim results for the six months ended 31 March 2021 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 2020. The majority of the group's financial instruments measured at fair value in terms of IFRS 13, are noted as level 1 hierarchy, which are valued based on quoted market prices.

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
2. Operating income before impairments and abnormal items			
Depreciation (included in cost of sales and other operating expenses)	**(418,5)**	(351,9)	(741,2)
Amortisation	**(4,6)**	(4,6)	(9,3)
IFRS 2 (included in other operating expenses)			
– Equity settled	**6,5**	(26,8)	(69,4)
– Cash settled	**(2,2)**	2,5	3,3

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation. Refer to note 6.

3. Impairment

Goodwill and indefinite useful life intangible assets are tested for impairment annually (as at 30 September) and when circumstances indicate that 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 disclosed in the consolidated financial statements for the year ended 30 September 2020 have been revised given the current market outlook.

The impact of Covid-19-related economic challenges as far as could be estimated, in the short and medium term, have been factored into the cash flow forecasts.

Based on management's assessments, no impairments have been recorded at 31 March 2021.

Notes continued

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
3. Impairment continued			
Impairment of intangible assets	–	(286,0)	(286,0)
Impairment of property, plant and equipment	–	(196,5)	(199,2)
Impairment of associate investment	–	(74,7)	(117,7)
	–	(557,2)	(602,9)
4. Abnormal items			
Profit/(loss) on disposal of intangible asset	**43,0**	(0,6)	(0,6)
Restructuring and related costs	–	–	(68,2)
Profit on disposal of property	**0,2**	43,0	43,0
Early settlement of lease liability	–	10,7	10,7
Loss on disposal of shares in held-for-sale investment	–	(0,3)	(0,1)
Davita legal settlement	–	(71,4)	(66,6)
Obsolete assets scrapped	–	–	(8,4)
	43,2	(18,6)	(90,2)
5. Reconciliation between profit for the period and headline earnings			
Continuing operations			
Profit for the year attributable to owners of the parent	**1 251,0**	552,2	1 467,5
(Profit)/loss on disposal of intangible asset	**(33,3)**	0,6	0,6
Loss/(profit) on disposal of property, plant, equipment and vehicles	**10,2**	(39,2)	(32,4)
Impairment of intangible assets	–	286,0	286,0
Impairment of property, plant and equipment	–	141,5	143,4
Impairment of associate investment	–	74,7	117,7
Loss on disposal of shares in held-for-sale investment	–	0,3	0,1
Headline earnings adjustment – associates		–	
– Profit on disposal of property, plant and equipment	–	(1,0)	(1,1)
Headline earnings for the period	**1 227,9**	1 015,1	1 981,8
Tax effect of headline earnings	**(9,7)**	47,8	(51,2)
Discontinued operations			
Profit/(loss) for the year attributable to owners of the parent	**135,3**	(204,8)	(453,2)
Impairment of property, plant and equipment	–	–	59,9
Profit on disposal of plant, equipment and vehicles	**(25,9)**	–	(30,6)
Profit on disposal of intangible asset	**(16,0)**	–	–
Release of foreign currency translation reserve on closure of foreign subsidiary	**(92,7)**	–	–
Headline earnings for the period	**0,7**	(204,8)	(423,9)

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation. Refer to note 6.

Notes continued

6. Analysis of loss from discontinued operations

Loss for the period from discontinued operations (attributable to owners of the company)

The results of the held-for-sale VAMP business have been included in the profit for the year as set out below and comparatives restated accordingly. Deli Foods closure process has been concluded.

On 17 August 2020, the company announced that it has entered into two separate sale-of-business agreements (SBAs) for the disposal of its VAMP business as going concerns. The two SBAs comprised an agreement with Molare Proprietary Limited for a total cash contribution of R100 million paid on 30 September 2020. The second comprised an agreement with Silver Blade Abattoir Proprietary Limited for a cash contribution of R153 million paid on 2 November 2020. A profit of R42,5 million (pre-tax) had resulted from the conclusion of the first SBA and a profit of R20,5 million (pre-tax) had resulted from the conclusion of the second SBA.

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
Revenue	**92,4**	534,5	1 188,2
Expenses	**(99,5)**	(797,8)	(1 691,3)
Operating loss before impairments and abnormal items	**(7,1)**	(263,3)	(503,1)
Impairments	**–**	–	(83,2)
Abnormal items	**142,2**	(2,6)	(9,2)
Operating income/(loss) after impairments and abnormal items	**135,1**	(265,9)	(595,5)
Net finance costs	**(0,5)**	(11,8)	(13,5)
Profit/(loss) before taxation	**134,6**	(277,7)	(609,0)
Taxation	**0,7**	72,9	155,8
Profit/(loss) for the period from discontinued operations	**135,3**	(204,8)	(453,2)
Attributable to non-controlling interest	**–**	–	–
Attributable to owners of parent	**135,3**	(204,8)	(453,2)
Cash flows from discontinued operations			
Net cash outflows from operating activities	**(87,7)**	(212,5)	(150,0)
Net cash inflows from investing activities	**110,8**	325,8	296,4
Net cash outflows from financing activities	**(11,0)**	(109,7)	(110,7)
Net cash inflows from financing activities	**12,1**	3,6	35,7

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation.

Notes continued

R'million	Unaudited six months ended 31 March 2021	Restated unaudited six months ended 31 March 2020#	Audited year ended 30 September 2020
6. Analysis of loss from discontinued operations continued			
Assets and liabilities held-for-sale			
Non-current assets	**22,6**	15,9	182,1
Current assets	**–**	–	237,1
Non-current liabilities	**–**	(17,3)	(27,5)
Current liabilities	**(2,9)**	(9,0)	(276,4)
Net asset value	**19,7**	(10,4)	115,3

Restated as required by IFRS 5 in relation to the treatment of Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited (Domestic operations – Consumer Brands) as a discontinued operation.

7. Restatement of customer rebates

As part of the company's continued IFRS 15 *Revenue from Contracts with Customers'* compliance assessment it was noted that the company has historically incorrectly presented certain rebate payable balances to customers as part of the 'Trade and other payables' balance as opposed to offsetting these against the 'Trade and other receivables' line as required by the accounting standard. This error has been corrected in the current year with rebate liability balances of R509,1 million relating to March 2020 six months ended and R416,8 million relating to the 2020 financial year being reclassified from the 'Trade and other payables' line to the 'Trade and other receivables' line. This affects the statement of financial position:

	March 2020			September 2020		
R'million	Previously reported	Effect of change	Restated	Previously reported	Effect of change	Restated
Trade and other receivables	4 525,6	(509,1)	4 016,5	3 919,8	(416,8)	3 503,0
Trade and other payables	4 977,1	(509,1)	4 468,0	4 509,6	(416,8)	4 092,8

Notes continued

8. National Foods Holdings Limited

As disclosed in the 30 September 2020 financial statements, the equity-accounted results of National Foods Holdings Limited (NFH), included in these results have been prepared in accordance with the provisions of IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29), with key accounting principles and judgements applied by the group.

The results and net asset value of NFH have been translated into the group's presentation currency at the closing exchange rate, in accordance with hyperinflationary provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

9. Subsequent events

Subsequent to 31 March 2021, a packaging failure was identified at one of our divisions, in respect of packaging material purchased after 31 March 2021. The contract with the relevant supplier allows provision for a claim to be made to recover the significant damages sustained. The matter is currently under investigation, with the net potential exposure still to be quantified. The affected stock of finished product is in storage and marked for destruction. Management does not anticipate any disruption in market supply.

There are no other material events that occurred during the period subsequent to 31 March 2021 and prior to these financial results being authorised for issue.

Corporate information

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, MJ Bowman, I Burton, CH Fernandez, GA Klintworth, M Makanjee, TE Mashilwane, M Sello, OM Weber, DG Wilson

Executive directors
NP Doyle (Chief Executive Officer), DS Sita (Chief Financial Officer)

Company Secretary
JK Monaisa

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Auditors
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Principal banker
Nedbank Limited

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
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THE OAK TREE GROUP

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