Unaudited group results

and dividend declaration for the six months ended 31 March 2022

Tiger Brands delivers a subdued performance for the six months ended 31 March 2022 in an increasingly tough trading environment

SALIENT FEATURES*

REVENUE
increased by
2% to
R16,8 billion

GROUP OPERATING INCOME**
decreased by **5%** to
R1,5 billion

GROUP OPERATING MARGIN**
declined to 8,9%
from 9,6%

EPS
declined **3%** to
733 cents per share

HEPS
declined **2%** to
729 cents per share

INTERIM DIVIDEND
unchanged at
320 cents per share

SHARE BUY-BACK PROGRAMME COMMENCED

VENTURE CAPITAL FUND MAKES INAUGURAL INVESTMENT IN LINE WITH HEALTH AND NUTRITION STRATEGY

* *From continuing operations.*
** *Before impairments and non-operational items.*

COMMENTARY

OVERVIEW

Tiger Brands' performance for the six months ended 31 March 2022 was impacted by a particularly poor first quarter, driven by significant volume declines in Bakeries and a protracted strike at Snacks & Treats. The poor performance of these businesses was compounded by challenges relating to the procurement of certain key raw materials and ingredients, as well as packaging availability and the inability to effect sufficient price increases to offset unexpected cost push. The group's improved top line and profitability in the second quarter were insufficient to negate the poor start to the year.

Total revenue from continuing operations increased by 2% to R16,8 billion, driven by price inflation of 3% and partially offset by overall volume declines of 1%. Volume growth in Exports and International was offset by volume declines in the Domestic business, primarily attributable to Milling and Baking, Snacks & Treats as well as Home and Personal Care. The volume declines were somewhat offset by a strong volume recovery in Out of Home and good performances in Rice, Beverages and Groceries.

Although cost-saving initiatives and supply chain efficiencies have been accelerated and are delivering ahead of plan, these were not enough to counter the high level of input cost inflation, resulting in gross margin compression to 29,2% from 30,6% in the corresponding period last year. Group operating income (before impairments and non-operational items) decreased by 5% to R1,5 billion. Operating income for the current period includes insurance proceeds of R17 million in respect of last year's product recall and R144 million in respect of the civil unrest which occurred in July 2021.

Income from associates increased by 3% to R182 million, with Carozzi and National Foods delivering improved revenue performances which were assisted by rigid control of costs.

Net financing costs for the period amounted to R34 million compared to R29 million last year. A net foreign exchange gain of R5 million resulted from the translation of foreign currency cash balances at a weaker average exchange rate. In the same period last year, there was a net foreign exchange loss of R56 million due to the strengthening of the rand against major currencies.

The group's effective tax rate before non-operational items and income from associates decreased to 29,6% from 30,0%, largely due to adjustments in the current period in respect of special investment allowances claimed previously on qualifying capital projects.

Earnings per share (EPS) from continuing operations decreased by 3% to 733 cents (2021: 755 cents) while headline earnings per share (HEPS) from continuing operations decreased by 2% to 729 cents (2021: 741 cents).

EPS from total operations decreased by 12% to 733 cents (2021: 837 cents) and HEPS from total operations decreased by 2% to 729 cents (2021: 741 cents). The significantly higher decrease in EPS from total operations for the six months ended 31 March 2022, relative to HEPS, is due to the inclusion in the prior period of capital profits and foreign currency translation releases, amounting to R135 million, in respect of discontinued operations.

SEGMENTAL OPERATING PERFORMANCE

Domestic revenue increased by 2% to R14,8 billion, underpinned by price inflation of 3%, less the impact of an overall volume decline of 1%. Domestic revenue was adversely impacted by Grains with the primary drivers being Bakeries, which experienced significant volume losses following the implementation of price increases intended to recover category cost push, and Rice, where prices deflated in line with lower international rice prices. Consumer Brands recorded an increase in revenue of 6%, notwithstanding a 12% decline in Snacks & Treats. Weak category demand adversely impacted Home Care's top line performance. Overall, domestic operating income declined by 14% to R1,3 billion.

Grains

Revenue decreased by 1,5% to R7,4 billion, reflecting average price inflation of 1,5%, offset by overall volume declines of 3%. Efforts to recover input cost inflation across Milling and Baking were negated by price deflation in Rice. The Grains portfolio recorded a 32% reduction in operating income to R423 million, caused primarily by significant volume losses in Wheat Milling and Baking.

Revenue in Milling and Baking decreased by 2%, influenced by 9% price inflation and overall volume declines of 11%. Bakeries experienced significant volume losses in the first quarter as it attempted to recover input cost increases amid intense competitor activity. Volume recovery strategies implemented in the second quarter proved successful across top-end retailers, while the performance in the general trade remained challenging. Bakeries' results were further impacted by illegal work stoppages in October and November and higher fuel costs. Despite reasonable revenue growth, Maize's performance was adversely affected by an unfavourable product mix as well as higher conversion and distribution costs. The Sorghum-based breakfast and beverages business delivered a muted performance, impacted by marginally lower volumes and an adverse product mix. Milling and Baking's total operating income declined by 43% to R272 million.

Other Grains recorded a mixed performance with Rice benefiting from significant volume growth. Although the Oat-based breakfast (Jungle) and Pasta businesses delivered solid revenue growth, this was offset by higher raw material and distribution costs as well as sub-optimal factory performances. Period-on-period revenue for the overall segment was marginally lower at R2,4 billion, largely driven by Rice, where price deflation of 20% was offset by a 16% increase in volumes. Profitability in the Rice segment benefited from the improved volumes, favourable raw material prices and tight control of costs. Jungle's core oats offering was adversely impacted by consumers switching to ready-to-eat cereals. Despite an improvement in overall volumes (including by-product sales) and a favourable product mix, operating income within Jungle was adversely impacted by higher raw material prices and increased distribution costs. Although revenue growth in Pasta was strong, driven by improved volumes and better price realisations, profitability was adversely impacted by increased maintenance costs and under-recoveries in the factory.

Consumer Brands

Within Consumer Brands, all segments, except Snacks & Treats, delivered top line growth with a particularly strong performance from Out of Home as the business recovered in line with post-lockdown demand. Snacks & Treats was affected by supply challenges due to an eight-week labour disruption in November and December, which was compounded by low opening stocks of finished product due to the civil unrest experienced in July 2021. Overall, revenue in this segment increased by 6%, comprising price inflation of 4% and 2% volume growth. Operating income increased by a muted 2% to R654 million, as strong performances in Groceries, Out of Home and Baby were negated by the impact of the supply challenges experienced in Snacks & Treats.

Groceries delivered a strong top line performance, increasing revenue by 11% to R3,4 billion, with price inflation of 7% and volume growth of 4%. This was driven primarily by solid growth in mayonnaise, tomato sauce and chutney, while distribution gains on product innovations also contributed to higher volumes. The improved top line, together with the continued improvements in factory performance and cost-saving initiatives delivering ahead of plan, resulted in operating income increasing by 31% to R291 million and the operating margin expanding to 8,6% from 7,2% in the corresponding period last year.

Supply disruptions due to industrial action at Snacks & Treats in the first quarter resulted in revenue declining by 12% to R1,1 billion and volumes declining by 14%. Operating income decreased by 59% to R56 million as a result of lower volumes, an adverse product mix and under-recoveries in the factory during the strike action. Significant progress has been made in restoring inventory levels. In addition, targeted marketing and customer support plans are being rolled out to stimulate sales while factory optimisation strategies are being pursued to improve efficiency and throughput.

Beverages' revenue increased by 9% to R1,0 billion, driven by volume growth of 10%. This was primarily attributable to concentrates (Oros and Brookes Crush) as well as a resumption in demand for sports drinks (Energade). However, operating income was in line with the comparative period at R175 million, mostly due to the impact of higher raw material costs and packaging inflation.

Revenue growth of 6% to R578 million in the Baby segment was driven primarily by price inflation. Volumes were sustained by the nutrition portfolio, particularly the jar segment, which was supported by increased in-store activity. Volumes were further supported by the well-being segment with Purity gaining share in essentials such as petroleum jelly and aqueous cream. Operating income increased by 16% to R65 million, benefiting from a favourable product mix, optimal promotional activity and tight control of costs.

Home and Personal Care (HPC)

Overall revenue in HPC was marginally up relative to the comparative period at R1,1 billion despite lower volumes in the pesticides segment within Home Care. This, together with significant cost push, resulted in operating income declining by 16% to R212 million.

Personal Care's revenue increased by 3% to R279 million as a result of price inflation of 6% offset by volume declines of 3%. Despite improved revenue, higher than anticipated increases in ingredients, packaging and distribution costs, as well as an adverse product mix, resulted in an increased operating loss of R14 million compared to a loss of R9 million in the same period last year. Plans are in place for an improved performance in the second half, including price increases and a targeted winter campaign for Ingram's products.

Revenue in Home Care declined by 2% to R815 million, driven by 8% lower volumes, offset by price inflation of 6%. This performance was primarily attributable to poor pesticide volumes, which were adversely impacted by weak category demand due to unfavourable weather conditions. Lower volumes, together with increased raw material and conversion costs, resulted in operating income declining by 13% to R226 million for the period.

Exports and International

Total revenue for Exports and International increased by 5% to R1,9 billion. This was primarily driven by an improved performance from the Deciduous Fruit business. Total operating income, however, declined by 25% to R64 million, due to a disappointing performance by the Exports business.

The Exports business grew revenue by 3% following disappointing sales into Nigeria in the first quarter. Operating income declined 43% to R29 million largely as a result of the write-off of slow-moving stock, an adverse product mix and increased distribution costs.

Chococam's revenue increased by 2% to R542 million (unchanged in local currency), comprising 4% volume growth and 3% price inflation, reduced by an unfavourable foreign currency translation movement of 5%. Volumes were driven by optimal pricing strategies and market share gains in chocolate. Operating income increased marginally to R88 million, supported by strong cost control.

Revenue in the Deciduous Fruit business increased 19% to R698 million, benefiting from elevated international fruit prices and improved volumes. Despite an improved top line, the business recorded an increased operating loss of R54 million (2021: R52 million) due to an adverse sales mix and higher freight and packaging costs.

UPDATE ON DECIDUOUS FRUIT

Over the past two years, the company has endeavoured to find a buyer for this business by way of a structured disposal process. This exhaustive process has now been terminated, as interested parties were unable to secure the requisite funding to conclude a structured disposal. Engagements with key stakeholders regarding the future of this business are currently underway, the outcome of which will be communicated to shareholders over the coming months.

VENTURE CAPITAL FUND

During the period, Tiger Brands' Venture Capital Fund made its first investment in Herbivore Earthfoods, a business specialising in the manufacture and sale of plant-based and vegan products. The investment is aligned to Tiger Brands' health and nutrition strategy.

The Venture Capital Fund continues to assess new opportunities, as well as those existing within Tiger Brands' supplier pipeline, for potential investment.

CASH FLOW AND CAPITAL EXPENDITURE

Cash generated from operations declined significantly to R517 million (2021: R1,7 billion). This was driven by a significant investment in working capital, due to increased stockholdings, particularly on raw material purchases, as well as the impact of inflation. This is in line with the strategy to carry higher stock levels as a result of ongoing global supply chain disruptions and constraints. Capital expenditure for the period amounted to R419 million (2021: R381 million), while the cash position was further impacted by the initiation of a general share buy-back programme in terms of which the company repurchased 4 163 926 ordinary shares at a cost of R676 million. The group ended the period in net cash position of R318 million (2021: R1,2 billion).

SHARE BUY-BACK PROGRAMME

Given the company's ungeared balance sheet and in the absence of any significant or imminent corporate activity, the board approved a share buy-back programme to return cash to shareholders over and above ordinary dividends.

The share buy-back is in line with the general authority granted by shareholders at the company's 2022 annual general meeting, to acquire shares from its shareholders (up to a maximum of 5% of its issued shares). To this end, the buy-back programme will not exceed 5% of the company's issued share capital.

In the six months ended 31 March 2022, the company repurchased 4 163 926 shares (~2% of the company's issued share capital) at an average price of R161,76 per share. The repurchased shares have been cancelled from the issued share capital of the company and reverted to authorised status.

CLASS ACTION UPDATE

As previously reported, pre-trial preparations by the parties to get the matter ready for trial are ongoing. Tiger Brands reiterates its commitment 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.

CHANGES IN DIRECTORATE

During the period, the board appointed Mr Frank Braeken and Ms Lucia Swartz as independent non-executive directors of the company with effect from 1 April 2022 and 1 June 2022, respectively.

Based in Dubai, Frank is a Belgian national with an extensive career spanning over 30 years in various sectors. He has deep FMCG and emerging markets experience, having held various senior and executive roles at Unilever in Eastern Europe, Latin America, Africa and Asia. Other previous roles include Executive Chairman of Feronia Inc, Chief Investment Officer of Amatheon Agri Holding and a short stint at Procter & Gamble. Frank has been appointed as a member of the audit and risk and sustainability committees.

As an executive and strategic business partner within international corporate and start-up operations, Lucia has wide-ranging experience in Human Resources leadership. She started her career with Reckitt & Colman before joining BP Southern Africa as Human Resources Officer. Following this, she spent eight years at the Seagram group of companies as Human Resources Director and later joined Sappi Limited as Group Head of Human Resources. She is currently the Vice President, People at AB InBev Africa Zone. Lucia previously served as a non-executive director of Clicks Holdings Limited, Zambian Breweries Plc and SABMiller Namibia (Pty) Ltd. She is currently a non-executive director of Mr Price Group and serves on the boards of subsidiary entities within AB InBev Africa.

The board welcomes Mr Braeken and Ms Swartz and looks forward to their contributions.

OUTLOOK

The full impact of the global supply chain squeeze and related inflationary pressures is being felt acutely in the level of cost increases being experienced. Procurement positions are being exhausted and the recent weakening of the rand poses an additional headwind.

The company will intensify its efforts to reduce costs and minimise selling price increases through its various cost reduction and efficiency initiatives. Nevertheless, significant price increases across most of the portfolio are inevitable. Inflation in the second half is likely to run into double digits with the full impact of this on consumer demand for our brands a key unknown. Balancing margin and volume will be a key challenge over the next 12 months.

Although it is anticipated that profitability in the Bakeries segment is likely to remain at current levels for the remainder of the year, the company as a whole is well positioned to manage the challenges referred to above and grow period-on-period operating income in the second half.

Any forward-looking information contained in this announcement 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
24 May 2022

Date of release: 25 May 2022

DECLARATION OF INTERIM DIVIDEND

The company has declared an interim ordinary dividend of 320 cents per share for the six months ended 31 March 2022, which is in line with the 2021 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 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 185 655 000 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	Wednesday, 25 May 2022
Last day to trade cum the ordinary dividend	Tuesday, 28 June 2022
Shares commence trading ex the ordinary dividend	Wednesday, 29 June 2022
Record date to determine those shareholders entitled to the ordinary dividend	Friday, 1 July 2022
Payment date in respect of the ordinary dividend	Monday, 4 July 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 June 2022 and Friday, 1 July 2022, both days inclusive.

By order of the board

JK Monaisa
Company Secretary

Bryanston
24 May 2022

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	Notes	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Continuing operations				
Total revenue		**16 758,1**	16 445,0	30 953,9
Revenue		**16 758,1**	16 445,0	31 208,8
Impact of product recall	2			(254,9)
Total cost of sales		**(11 870,3)**	(11 414,1)	(22 143,7)
Cost of sales		**(11 870,3)**	(11 414,1)	(21 750,2)
Impact of product recall	2			(308,3)
Impact of civil unrest	3			(85,2)
Gross profit		**4 887,8**	5 030,9	8 810,2
Sales and distribution expenses		**(2 164,1)**	(2 033,5)	(4 047,8)
Marketing expenses		**(507,0)**	(529,2)	(905,5)
Other operating expenses		**(886,2)**	(910,7)	(1 673,1)
Sundry income	2, 3	**171,7**	–	–
Expected credit loss (raised)/reversed		**(8,8)**	21,3	51,7
Operating income before impairments and non-operational items	4	**1 493,4**	1 578,8	2 235,5
Impairments	5	**–**	–	(154,2)
Operating income after impairments		**1 493,4**	1 578,8	2 081,3
Non-operational items	6	**10,7**	43,2	27,2
Profit including non-operational items		**1 504,1**	1 622,0	2 108,5
Finance costs		**(44,2)**	(33,0)	(57,0)
Finance income		**10,3**	3,6	2,8
Foreign exchange profit/(loss)		**5,1**	(56,3)	(8,7)
Investment income		**11,6**	12,7	17,8
Income from associated companies		**181,7**	177,0	345,9
Loss on disposal of investment in associated company		**–**	–	(10,8)
Profit before taxation		**1 668,6**	1 726,0	2 398,5
Taxation		**(439,3)**	(461,3)	(596,7)
Profit for the period from continuing operations		**1 229,3**	1 264,7	1 801,8
Discontinued operations				
Profit for the period from discontinued operations	8	**–**	135,3	119,8
Profit for the period		**1 229,3**	1 400,0	1 921,6
Attributable to:				
Owners of the parent		**1 214,8**	1 386,3	1 893,1
– Continuing operations		**1 214,8**	1 251,0	1 773,3
– Discontinued operations		**–**	135,3	119,8
Non-controlling interests		**14,5**	13,7	28,5
– Continuing operations		**14,5**	13,7	28,5
		1 229,3	1 400,0	1 921,6

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
continued

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Basic earnings per ordinary share (cents)	**733,2**	836,5	1 142,3
– Continuing operations	**733,2**	754,9	1 070,0
– Discontinued operations	**–**	81,6	72,3
Diluted basic earnings per ordinary share (cents)	**722,9**	827,2	1 130,0
– Continuing operations	**722,9**	746,5	1 058,5
– Discontinued operations	**–**	80,7	71,5
Headline earnings per ordinary share (cents)	**728,8**	741,2	1 126,8
– Continuing operations	**728,8**	740,8	1 127,3
– Discontinued operations	**–**	0,4	(0,5)
Diluted headline earnings per ordinary share (cents)	**718,5**	733,1	1 114,8
– Continuing operations	**718,5**	732,7	1 115,3
– Discontinued operations	**–**	0,4	(0,5)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Profit for the period	**1 229,3**	1 400,0	1 921,6
Other comprehensive loss, net of tax	**(77,3)**	(319,5)	(329,3)
Net gain on hedge of net investment in foreign operation[1]	**–**	3,8	(8,7)
Foreign currency translation (FCTR) adjustments[1]	**(56,8)**	(236,1)	(180,2)
Share of associates' other comprehensive loss and FCTR[1]	**(23,5)**	(111,0)	(156,0)
Net gain on cash flow hedges[1]	**37,8**	1,5	5,8
Net (loss)/gain on FVOCI[2] financial assets[1]	**(34,8)**	22,3	20,3
Remeasurement raised in terms of IAS 19R	**–**	–	(30,3)
Tax effect	**–**	–	19,8
Total comprehensive income for the period, net of tax	**1 152,0**	1 080,5	1 592,3
Attributable to:			
Owners of the parent	**1 146,5**	1 075,9	1 584,7
Non-controlling interests	**5,5**	4,6	7,6
	1 152,0	1 080,5	1 592,3

1 *Items that may be subsequently reclassified to profit or loss including the related tax effects, with the exception of a R5,8 million loss (2021: R5,1 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	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Assets			
Non-current assets	**11 382,0**	11 344,6	11 470,3
Property, plant and equipment*	**5 498,0**	5 317,6	5 481,3
Goodwill	**1 177,7**	1 180,0	1 179,9
Intangible assets	**1 721,0**	1 732,5	1 728,7
Investments	**2 954,5**	3 064,2	3 046,8
Deferred taxation asset	**30,8**	50,3	33,6
Current assets	**10 760,5**	11 123,2	11 361,6
Inventories	**6 529,0**	5 990,1	5 904,7
Trade and other receivables	**3 613,3**	3 925,3	3 295,1
Cash and cash equivalents	**618,2**	1 207,8	2 161,8
Assets classified as held for sale	**–**	22,6	–
Total assets	**22 142,5**	22 490,4	22 831,9
Equity and liabilities			
Total equity	**15 326,6**	15 703,4	15 702,4
Issued capital and reserves	**15 174,6**	15 539,9	15 555,0
Non-controlling interests	**152,0**	163,5	147,4
Non-current liabilities	**1 240,7**	1 255,5	1 145,9
Deferred taxation liability	**181,6**	371,5	183,1
Post-retirement medical aid obligation	**422,8**	532,6	563,8
Long-term borrowings**	**636,3**	351,4	399,0
Current liabilities	**5 575,2**	5 528,6	5 983,6
Trade and other payables	**4 870,9**	4 851,6	5 131,5
Employee-related accruals	**415,5**	458,0	527,1
Taxation	**110,8**	35,9	156,7
Short-term borrowings**	**178,0**	183,1	168,3
Liabilities directly associated with assets classified as held for sale	**–**	2,9	–
Total equity and liabilities	**22 142,5**	22 490,4	22 831,9
Net cash**	**318,2**	1 205,7	2 161,8

* *Right-of-use assets are included within property, plant and equipment.*

** *The lease liabilities have been included in the long and short-term borrowings respectively. The lease liabilities have been excluded from the net cash as these are non-cash in nature. Also included in long-term borrowings is R300 million relating to the drawdown on the revolving credit facility.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Cash operating profit	**2 088,2**	2 017,0	3 845,0
Working capital changes	**(1 571,5)**	(334,7)	109,8
Cash generated from operations	**516,7**	1 682,3	3 954,8
Finance income and income from investments received	**22,0**	16,3	30,6
Finance costs paid	**(44,2)**	(33,5)	(68,4)
Dividends received from associated companies	**222,8**	–	115,4
Taxation paid	**(476,6)**	(469,5)	(735,4)
Cash available from operations	**240,7**	1 195,6	3 297,0
Dividends paid	**(859,0)**	(1 139,2)	(1 684,3)
Net cash (outflow)/inflow from operating activities	**(618,3)**	56,4	1 612,7
Purchase of property, plant and equipment	**(419,1)**	(381,0)	(1 013,7)
Funds held in escrow	**(41,8)**	(122,7)	(196,1)
Purchase of investment	**(5,4)**	–	–
Loans advanced	**–**	–	(26,0)
Proceeds on disposal of investment	**1,9**	0,3	0,3
Cash on disposal of division	**–**	153,0	153,0
Proceeds on disposal of intangible assets	**–**	56,0	56,0
Proceeds on disposal of property, plant and equipment	**–**	30,8	30,8
Proceeds on disposal of investment in associated company	**–**	–	139,9
Cash outflow from investing activities	**(464,4)**	(263,6)	(855,8)
Net cash (outflow)/inflow before financing activities	**(1 082,7)**	(207,2)	756,9
Black Managers Trust (BMT) shares exercised	**1,8**	1,1	3,5
Shares exercised relating to equity-settled scheme	**(1,0)**	(17,9)	(17,9)
Repayment of lease liabilities	**(104,6)**	(98,7)	(216,7)
Long-term borrowings raised	**300,0**	–	–
Short-term borrowings repaid	**–**	(14,1)	(14,2)
Repurchase of shares	**(675,7)**	–	–
Net cash outflow from financing activities	**(479,5)**	(129,6)	(245,3)
Net (decrease)/increase in cash and cash equivalents	**(1 562,2)**	(336,8)	511,6
Effect of exchange rate changes on cash and cash equivalents	**18,6**	(233,3)	(129,3)
Cash and cash equivalents at the beginning of the period	**2 161,8**	1 779,5	1 779,5
Cash and cash equivalents at the end of the period	**618,2**	1 209,4	2 161,8
Cash resources	**618,2**	1 207,8	2 161,8
Short-term borrowings regarded as cash and cash equivalents	**–**	(2,1)	–
Discontinued operations	**–**	3,7	–
	618,2	1 209,4	2 161,8

OTHER SALIENT FEATURES

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Capital commitments	**1 191,0**	1 325,2	1 783,6
– Contracted	**635,7**	567,4	277,0
– Approved	**555,3**	757,8	1 506,6
Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities.			
Capital expenditure	**419,1**	381,0	1 013,7
– Replacement	**267,9**	295,9	762,2
– Expansion	**151,2**	85,1	251,5
Replacement capital expenditure in line with approved capex plan.			
Guarantees			
– Guarantees (in issue)	**23,1**	20,1	23,4

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'million	Share capital and premium	Non-distributable reserves
Balance at 1 October 2020	142,0	3 173,4
Profit for the period	–	–
Other comprehensive loss	–	(310,4)
Total comprehensive (loss)/income	–	(310,4)
Transfers between reserves	–	177,0
Share-based payment[1]	–	–
Dividends on ordinary shares (net of dividend on treasury shares)	–	–
Balance at 31 March 2021	142,0	3 040,0
Profit for the period	–	–
Other comprehensive income/(loss)	–	12,7
Total comprehensive income/(loss)	–	12,7
Disposal of subsidiary	–	41,7
Transfers between reserves	–	–
Share-based payment[1]	–	–
Dividends on ordinary shares (net of dividend on treasury shares)	–	–
Sale of empowerment shares[2]	–	–
Balance at 30 September 2021	142,0	3 094,4
Profit for the period	–	–
Other comprehensive loss	–	(68,3)
Total comprehensive (loss)/income	–	(68,3)
Transfers between reserves	–	(41,1)
Share buy-back transaction[3]	(123,4)	–
Share-based payment[1]	–	–
Dividends on ordinary shares (net of dividend on treasury shares)	–	–
Sale of empowerment shares[2]	–	–
Balance at 31 March 2022	18,6	2 985,0

1 *Included in the movement of the share-based payment are options of R1,0 million (2021: R17,9 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).*

3 *During the six-month period ended 31 March 2022, the group embarked on a share buy-back programme, in which 4 163 926 of the Tiger Brands shares were repurchased at an average price of R161,76 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

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
13 825,1	(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**	–	**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)	662,9	**15 547,3**	163,5	**15 710,8**
506,8	–	–	**506,8**	14,8	**521,6**
(10,7)	–	–	**2,0**	(11,8)	**(9,8)**
496,1	–	–	**508,8**	3,0	**511,8**
–	–	–	**41,7**	–	**41,7**
(41,7)	–	(7,4)	**(49,1)**	–	**(49,1)**
–	–	44,0	**44,0**	–	**44,0**
(544,0)	–	–	**(544,0)**	(19,1)	**(563,1)**
–	6,3	–	**6,3**	–	**6,3**
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)**	(9,0)	**(77,3)**
1 214,8	–	–	**1 146,5**	5,5	**1 152,0**
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**
13 658,1	(2 191,0)	703,9	**15 174,6**	152,0	**15 326,6**

INTERIM CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Revenue			
Domestic operations	**14 836,1**	14 607,0	27 620,6
Grains	**7 350,8**	7 463,5	14 589,5
Milling and Baking[1]	**4 945,9**	5 051,4	10 118,7
Other Grains[2]	**2 404,9**	2 412,1	4 470,8
Consumer Brands	**6 390,7**	6 041,8	11 080,4
Groceries	**3 400,8**	3 075,6	5 532,6
Snacks & Treats	**1 069,1**	1 218,5	2 297,7
Beverages	**1 033,3**	948,0	1 656,1
Baby	**577,8**	543,5	1 096,7
Out of Home	**309,7**	256,2	497,3
Home and Personal Care (HPC)	**1 094,6**	1 101,7	1 950,7
Personal Care	**279,3**	271,3	643,3
Home Care	**815,3**	830,4	1 307,4
Exports and International	**1 922,0**	1 838,0	3 588,2
Exports[3]	**954,4**	930,2	1 795,5
International operation			
– Central Africa (Chococam)	**542,2**	531,5	1 010,2
Deciduous Fruit (LAF)	**697,8**	585,7	1 210,6
Other intergroup sales	**(272,4)**	(209,4)	(428,1)
Total revenue from continuing operations – before the product recall	**16 758,1**	16 445,0	31 208,8
Impact of product recall (refer note 2)	**–**	–	(254,9)
Total revenue from continuing operations	**16 758,1**	16 445,0	30 953,9
Discontinued operation – Value Added Meat Products	**–**	92,4	119,9
Total revenue	**16 758,1**	16 537,4	31 073,8

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 are Mozambique at 41% (2021: 42%); Zambia at 6% (2021: 11%); Zimbabwe at 10% (2021: 9%); and Nigeria at 2% (2021: 5%).*

INTERIM CONDENSED CONSOLIDATED SEGMENTAL INFORMATION continued

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Operating income before impairments and non-operational items			
Domestic operations	**1 283,7**	1 489,4	2 915,0
Grains	**422,9**	619,2	1 369,4
Milling and Baking[1]	**272,2**	477,0	1 016,0
Other Grains[2]	**150,7**	142,2	353,4
Consumer Brands	**653,8**	639,7	1 131,1
Groceries	**290,8**	221,9	396,5
Snacks & Treats	**55,6**	135,5	233,8
Beverages	**175,1**	175,0	260,5
Baby	**65,1**	55,9	143,0
Out of Home	**67,2**	51,4	97,3
Home and Personal Care (HPC)	**212,2**	251,5	432,6
Personal Care	**(14,2)**	(9,4)	46,9
Home Care	**226,4**	260,9	385,7
Other[3]	**(5,2)**	(21,0)	(18,1)
Exports and International	**63,5**	85,1	96,2
Exports	**29,2**	51,2	71,3
International operation – Central Africa (Chococam)	**88,4**	85,5	172,3
Deciduous Fruit (LAF)	**(54,1)**	(51,6)	(147,4)
Total operating income from continuing operations before the following items	**1 347,2**	1 574,5	3 011,2
Impact of product recall (refer note 2)	**17,4**	–	(646,8)
Impact of the civil unrest (refer note 3)	**143,8**	–	(85,2)
Restructuring and related costs	**(6,5)**	–	(2,4)
IFRS 2 charges	**(8,5)**	4,3	(41,3)
Total operating income from continuing operations	**1 493,4**	1 578,8	2 235,5
Discontinued operation – Value Added Meat Products	**–**	(7,8)	19,1
Discontinued operation – West Africa (Deli Foods)	**–**	0,7	–
Total operating income	**1 493,4**	1 571,7	2 254,6

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.*

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 2022 have been prepared in accordance with the International Financial Reporting Standard, (IAS 34) *Interim Financial Reporting*, 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 2021. A 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.

2. IMPACT OF PRODUCT RECALL

During the second half of the 2021 financial year, a product recall was initiated on selected canned vegetable products within the Groceries business over safety concerns linked to defective cans. The details of the recall are disclosed in the 2021 financial statements. Insurance proceeds of R17,4 million (net of Value Added Tax) have been received to date.

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

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Revenue impact			254,9
Cost of sales impact			308,3
Associated costs included in sales and distribution expenses			68,7
Associated costs included in marketing expenses			10,0
Associated costs included in other operating expenses			4,9
Insurance proceeds received included in sundry income	(17,4)		
Total cost of product recall	(17,4)	–	646,8

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 and loss to property, plant and equipment. The unrest also resulted in lost sales across the business up to 31 August 2021. During the current year, the group has received initial insurance claims relating to the civil unrest from the South African Special Risks Insurance Association (SASRIA). In total, R154,5 million (net of Value Added Tax) has been received to date, of which R10,7 million relates to insurance proceeds on fixed assets written off following the civil unrest. The remaining insurance proceeds which relate to stock write-offs, repairs to damaged property, plant and equipment, cleaning and security costs, have been accounted for as sundry income.

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
4. OPERATING INCOME BEFORE IMPAIRMENTS AND NON-OPERATIONAL ITEMS			
Operating income has been determined after charging			
Depreciation (included in cost of sales and other operating expenses)	**419,7**	418,5	799,0
Amortisation	**3,7**	4,6	8,6
IFRS 2 (included in other operating expenses)			
– Equity settled	**5,4**	6,5	37,5
– Cash settled	**3,1**	2,2	3,8

5. IMPAIRMENTS

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 were disclosed in the annual consolidated financial statements for the year ended 30 September 2021. In the previous financial period, property, plant and equipment in the Deciduous Fruit business (LAF) was fully impaired by R139,1 million.

The impact of Covid-19-related economic challenges, as well as the ongoing Ukraine/Russia conflict as far as could be estimated, in the short and medium term, have been factored into the cash flows forecasts.

Based on management's assumptions, no impairments have been recorded at 31 March 2022.

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Impairment of property, plant and equipment	**–**	–	(154,2)

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
6. NON-OPERATIONAL ITEMS			
Insurance proceeds on civil unrest	**10,7**	–	–
Profit on disposal of intangible asset	**–**	43,0	43,0
Civil unrest asset write-offs	**–**	–	(15,8)
Profit on disposal of property	**–**	0,2	–
	10,7	43,2	27,2
7. RECONCILIATION BETWEEN PROFIT FOR THE PERIOD AND HEADLINE EARNINGS			
Continuing operations			
Profit for the period attributable to owners of the parent	**1 214,8**	1 251,0	1 773,3
Impairment of property, plant and equipment	**–**	–	111,1
Civil unrest asset write-offs	**–**	–	11,3
Loss on disposal of investment in associated company	**–**	–	10,8
Profit on disposal of intangible assets	**–**	(33,3)	(35,3)
Profit/(loss) on disposal of property, plant, equipment and vehicles	**0,4**	10,2	(1,4)
Insurance proceeds on property, plant and equipment	**(7,8)**	–	–
Headline earnings adjustment – associates			
– Profit on disposal of investment	**–**	–	(1,4)
Headline earnings for the period	**1 207,4**	1 227,9	1 868,4
Tax effect of headline earnings	**2,9**	(9,7)	(39,3)
Discontinued operations			
Profit for the period attributable to owners of the parent	**–**	135,3	119,8
Profit on disposal of plant, equipment and vehicles	**–**	(25,9)	(7,5)
Profit on disposal of intangible asset	**–**	(16,0)	(20,5)
Release of foreign currency translation reserve on closure of foreign subsidiary	**–**	(92,7)	(92,7)
Headline earnings for the period	**–**	0,7	(0,9)

8. ANALYSIS OF LOSS FROM DISCONTINUED OPERATIONS

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

The comparative periods reflect the results of the discontinued operations Deli Foods Nigeria Limited (Deli Foods) and Value Added Meat Products (VAMP), a division of Tiger Consumer Brands Limited. These are stated below.

R'million	Unaudited six months ended 31 March 2022	Unaudited six months ended 31 March 2021	Audited year ended 30 September 2021
Revenue	–	92,4	119,9
Expenses	–	(99,5)	(100,8)
Operating (loss)/profit before impairments and non-operational items	–	(7,1)	19,1
Non-operational items	–	142,2	122,0
Operating profit after impairments and non-operational items	–	135,1	141,1
Finance costs	–	(0,5)	(0,5)
Profit before taxation	–	134,6	140,6
Taxation	–	0,7	(20,8)
Profit for the period from discontinued operations	–	135,3	119,8
Attributable to non-controlling interest	–	–	–
Attributable to owners of the parent	–	135,3	119,8
Cash flows from discontinued operations			
Net cash outflows from operating activities	–	(87,7)	(5,9)
Net cash inflows from investing activities	–	110,8	21,9
Net cash outflows from financing activities	–	(11,0)	(6,7)
Net cash inflows	–	12,1	9,3

9. SUBSEQUENT EVENTS

There are no material events that occurred during the period subsequent to 31 March 2022 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

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GJ Fraser-Moleketi (chairman), MO Ajukwu, FNJ Braeken, CH Fernandez, GA Klintworth, 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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