Tiger Brands

3010 William Nicol Drive, Bryanston Tel: +27(11) 840-4000 Fax: +27(11) 514-0084

PO Box 78056, Sandton 2146, Republic of South Africa

TIGER BRANDS INTERIM RESULTS, 20 MAY 2015

TIGER BRANDS REPORTS STRONG UNDERLYING PERFORMANCE FOR THE SIX MONTHS HIGHLIGHTS.

- Total group turnover up 7% to R15.9 billion
- Earnings per share from continuing operations up 121% to 832 cents
- HEPS from continuing operations of 853 cents in line with last year
- Dividend of 339 cents per share

Tiger Brands reported a solid underlying performance for the six months ended 31 March 2015. Peter Matlare, CEO of Tiger Brands said: "Operating profit from the domestic businesses grew by 9%, despite a heightened level of market competition and significantly higher levels of marketing investment. The improvement in the domestic operating margin demonstrates the resilience and power of our core brands in challenging times and market shares overall appreciated over the period," he added.

Total group turnover increased by 7% to R15.9 billion, while operating profit before IFRS 2 charges declined by 3% to R1.7billion. This was after accounting for a foreign exchange loss of R134million in Dangote Flour Mills (DFM) relating to the Naira devaluation.

Earnings per share from continuing operations for the current period increased by 121% to 832 cents while headline earnings per share from continuing operations of 853 cents was in line with the comparative figure last year of 855 cents.

The group declared an interim dividend of 339c per share.

Operating profit for the **Grains** division as a whole increased by 7% to R890 million.

"Particularly pleasing is the double digit growth in operating income achieved by Maize, Pasta and Rice. During the period, the Jungle Ultra brand was launched, aimed at the fast growing energy segment of the breakfast market," Matlare added.

Groceries showed good progress reporting a 39% increase in operating profit to R210 million, with the overall operating margin improving by 180 basis points to 9.2%.

Operating income for the **Home and Personal Care** divisions increased by 15% in aggregate to R123million, supported by a 57% increase in marketing investment

The export businesses in the division, including Davita, TBI Exports and Chococam, recorded solid top-line growth over the period, underpinned by strong volumes.

DFM achieved turnover growth of 12% (18% in local currency), with good volume growth recorded in Flour and Pasta due to competitive pricing and enhanced product quality. DFM's operating loss before the effects of the currency devaluation improved by 38% to R110million. The short-term macro-economic environment in Nigeria deteriorated during the period under review following the sharp drop in crude oil prices. This resulted in volatility in the country's financial markets and a 25% devaluation of the Naira against the US dollar. This has significantly affected the performance of the group's Nigerian businesses, in particular Dangote Flour Mills ("DFM"), the underlying trading performance of the DFM businesses continues to reflect an encouraging positive trend.

"The group's key strategic thrusts are focussed on long term profitable growth and the sustainability of its market leading brands through increased brand support and product innovation" said Matlare.

Expansion into new and existing categories, both in South Africa and the balance of the continent, remains a key focus.

"Although Nigeria remains highly competitive and challenging, the Nigerian market offers an attractive source of growth," said Matlare. "The group is pursuing a number of opportunities which could enhance the future operating income of DFM, impacting positively on the outlook for the business."

"Looking ahead, we will remain focused on further strengthening our brands in our core South African markets while positioning the international businesses for growth" he concluded. "The group is well-positioned in terms of its strategies and depth of management to execute effectively against its plans. We will continue to invest in innovation, customer engagement and brand development with continued focus on cost savings and efficiencies."

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For further information, please contact:
Investor Relations
Nikki Catrakalis Wagner
T: +27 11 840 4841
M: +27 83 309 6720
E: nikki.wagner@tigerbrands.com

NOTE TO EDITORS:

Tiger Brands is the largest manufacturer of branded food products in sub-Saharan Africa. It participates in a broad range of categories spanning food, home and personal care products. In South Africa, it holds leading market shares across most of the categories in which it operates and, over the years, has grown through the development of its leading brands, as well as through acquisitions.

In recent years, the group has expanded its footprint into the rest of the African continent, primarily through acquisitions, as well as through the export of its South African brands into new markets.
Tiger Brands prides itself on being a world-class manufacturer and marketer. The continuous renovation and innovation of its brands and the successful extension of these brands into adjacent categories and new markets underpin its success. The group's brand strategy is supported by investment in marketing, as well as consumer and shopper research, which is used to obtain comprehensive consumer insights into the relevant categories and markets in which Tiger Brands operates.

The key divisions, holding leading brands, are

- Grains – milling, baking, breakfast, rice and pasta
- Consumer – groceries,, perishables, snacks, treats and beverages
- Home, Personal Care and Baby
- Exports and International

Tiger Brands employs around 16 800 employees.