

Tiger Brands



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Press statement

Volume growth, responsible pricing, cost containment & increased brand investment helps Tiger Brands increase profitability

Johannesburg-In spite of the sustained difficult operating environment, Tiger Brands, the manufacturer of leading consumer branded products, is pleased to note that results for the half-year to March 2016 were encouraging, says Group CEO Lawrence Mac Dougall.

The Group sustained overall market share, citing its commitment to delivering on its cost saving initiatives and increased marketing investment to support its brands as components of its approach. The resilience of this 95-year old organisation has been underpinned by the strength of its brands, the talent and experience of its teams and the defensiveness of its portfolio.

Noel Doyle, who has been acting CEO prior to Mac Dougall's arrival, says "We expect the macro-economic outlook, both for the domestic market where Tiger Brands derives a significant portion of its revenue as well as in a number of other African markets, to continue to pose immense challenges and further pressure on consumers."

Key variables in the dynamic macro-economic picture include food inflation rising faster than other items in the CPI basket, the prolonged drought exacerbating pressures on the local food supply market and currency depreciation which impacts production input costs. These are still expected to manifest fully in the second half.

Tiger Brands' position has been to reflect on the over-all impact of prevailing economic conditions and to find ways to mitigate impact on consumers, including the absorption of input costs in the production process, driving operational efficiencies and compressing margins, as mechanisms to reduce the passing on of costs.

TIGER BRANDS LIMITED Registration No. 1944/017881/06

Directors

Non Executive: A C Parker (Chairman), B L Sibiyi (Deputy Chairman), M O Ajukwu, S L Botha, M J Bowman, M P Nyama, M Makanjee, K D K Mokhele, R D Nisbet, Y G H Suleman

Executive: L C Mac Dougall (**Chief Executive Officer**); O Ighodaro (Chief Financial Officer), N P Doyle; C F H Vaux

Company Secretary: T Naidoo

“Tiger Brands will continue to refine and augment its basic formula of investing and building on the success of its brands, focusing on attracting and retaining top talent, strengthening governance processes, and remaining in touch with consumers to ensure the continued delivery of sustainable growth.” Doyle says marketing spend will continue to receive close attention going into the second half of the year. “Tiger Brands spent in excess of R500 million on our marketing operations to further strengthen the position of our brands in the first half,” says Doyle.

Our brands are our bread and “jam” and we will employ both growth-focused and defensive strategies to ensure that we retain market share in line with our long-term goals, adds Doyle. Group turnover rose by 9 percent to R15.9 billion while group operating profit rose by 7 percent to R2.1 billion. Headline earnings per share remain unchanged at 978 cents for the first six months. An interim dividend of 363 cents was declared.

Tiger Brands contributes 5 percent of its dividends to the Tiger Brands Foundation whose mandate is to alleviate undernourishment in schools through its in-school breakfast feeding programme. The Foundation, which celebrated its 30th million breakfast served at the end of December 2015, supports 60 000 children per day across all nine provinces in South Africa.

“The company has delivered solid results for the first half of our year, and being mindful of the challenging macro-economic environment, we are cautious about the outlook for the second half. In this tough business environment, we need to take a balanced and considered approach to delivering value for all our stakeholders, including our consumers, who face significant pressures associated with food inflation driven by higher commodity prices,” concludes Mac Dougall.

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Notes to Editor

Tiger Brands is a leading African manufacturer of branded food, home and personal care products. In South Africa, it has leading market shares across a broad range of categories and, over the years, has grown through acquisitions and by developing its brands.

In addition to its core South African business, the group also has operations in West, East and Central Africa and has built a sizeable exports business for its products throughout Africa.

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 extensive 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, home, personal and baby care, perishables, snacks, treats and beverages*
- International – Chile, Cameroon, Nigeria, Ethiopia, Kenya, Zimbabwe*
- Exports - Langeberg & Ashton Foods and Davita Trading*

In addition to operations under its control, Tiger Brands holds meaningful minority shareholding interest in several associate companies:

- JSE-listed fishing company Oceana Group Limited (42,1%)*
- Chile-based FMCG company Empresas Carozzi (24,4%)*
- Nigeria-based FMCG company UAC Foods Limited (49,0%)*
- Zimbabwe-listed FMCG company National Foods Holdings Limited (37,4%).*

Tiger Brands employees approximately 20591 employees across Africa. This does not include seasonal and casual