

Tiger Brands turnover soars

Tiger Brands saw turnover from continuing operations jump 11% to R31.7bn as group operating income rose 5% to R4.2bn in the year to September, despite what CEO Lawrence MacDougall called "one of the most challenging trading environments we've seen in a long time".



Law rence MacDougall.

Picture: Supplied

MacDougall said on Wednesday the period had been underpinned by unpredictable foreign exchange markets, weak consumer confidence and "abnormal" raw material inflation, that was worsened by drought.

"The year has been unprecedented in terms of volatility in the market," he said.

"Despite this, we achieved a solid set of results from continuing operations."

Headline earnings per share from continuing operations were up 2%. Total headline earnings per share rose 19%, boosted by the disposal in February of Tiger Branded Consumer Goods, formerly Dangote Flour Mills, in Nigeria.

The venture had been a millstone around the company's neck, costing shareholders billions of rand in writedowns.

"There is absolutely no further exposure to Dangote — no impact on continuing operations," chief financial officer Noel

Doyle said on Wednesday.

The company declared a final dividend of 702c per share, up 12% on the previous year.

Domestic operations, which account for the bulk of group income, grew overall volumes by 2% and revenue by 11%.

The international business, which accounted for about 20% of all group operations, grew revenue by 7% on pricing and

forex gains, MacDougall said.

He cited disciplined price and volume management and continued cost savings and investments as key drivers of

performance. Tiger Brands had made R700m in cost savings in procurement activities in the past three years, he said.

Ron Klipin, a Cratos Capital portfolio manager, said on Wednesday he had a cautious outlook for the fast-moving

consumer goods producer.

"Price volatility and high levels of inflation, especially in the grains division, impacted on profits as the company was unable

to pass on costs [to cash-strapped consumers]," he said.

But consumer brands such as beverages, home care, groceries and baby products showed solid results, Klipin said.

The group's ability to balance pricing and volumes in "difficult and competitive markets" had mostly proven to be sound

business practice.

The group's Koo food brand was voted the number one brand in SA.

The group's eight top brands — including Black Cat, Jungle Oats and All Gold — provided annual turnover of more than

R1bn, MacDougall said.

Tiger Brands had announced the resignation of chairman Andre Parker effective February 2017. Khotso Mokhele, a

director of the group since 2007, would succeed him. The group had also appointed Kevin Hedderwick, former CE of

Famous Brands, as an independent nonexecutive director from November.

Klipin said that Tiger Brands needed to become "more nimble in clawing back market share" from competitors such as the

Rhodes Food Group. But it had a strong presence in the informal market, which had good growth potential and the dividend

increase of 12% was a positive signal, he added.

Source: Business Day

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