

# Tiger Brands' profit jumps on turnover growth

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Tiger Brands reported a 44% jump in interim after tax profit to R1.7bn on 9% growth in turnover to R15.9bn.



The fast moving consumer goods group declared an interim dividend of R3.63 per share, up 7% from the prior year's R3.39. Its biggest division, grains, which contributed 39% of group turnover, grew sales 10% to R6.2bn in the six months to end-March, Tuesday's interim results statement said. By volume, the grains division grew sales 4%.

"The period under review was characterised by significant inflation in raw material inputs and intense competition, which adversely impacted volumes and margins.

"Marketing investment increased by 36% to R173m, driving visibility and brand awareness in an extremely competitive environment," CEO Lawrence MacDougall said in the results statement.

Tiger's next biggest division, consumer brands, which contributed 36% of group turnover, grew sales 8% to R5.8bn. "The aggregate profit growth for the consumer brands food businesses of 4%, was negatively impacted by the under performance of snacks and treats where operating income declined by 12%," MacDougall said.

In its domestic market, Tiger Brands' fastest sales growth was in its home care category whose contribution rose 25% to R570m, followed by beverages where sales grew 17% to R758m. Its beverages brands include Oros, Energade and Rose's.

Total turnover for its exports and international businesses grew 8% to R2.6bn, while operating income increased by 34% to R292m, largely driven by the profit recovery at its Kenyan business Haco.

In East Africa, Tiger Brands grew sales 60% to R514m while West Africa grew 26% to R440m. "Both of the East African businesses, Kenyan-based Haco and Ethiopian-based EATBI, reported strong volume growth during the period. Following

last year's losses, Haco achieved a profit turnaround while EATBI improved its operating performance in a difficult macro-economic environment.

"Deli Foods, which is based in Nigeria, continues to face a tough economic environment, with the constraints on disposable incomes limiting the ability to recover the significant increase in raw material costs due to the devaluation of the naira," MacDougall said.

Regarding its outlook for the second half of its financial year, Tiger Brands said it expected inflationary pressure to worsen as the "the full impact of the rand's depreciation on the group's domestic cost base will be felt".

"The key challenge will be to maintain volume momentum notwithstanding price increases," the results statement said.

*Source: BDpro*

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