Tiger Brands reports rise in earnings

Diversified industrial group Tiger Brands today, 23 November, reported diluted headline earnings per share rose to 1,545 cents for the year ended September from 1,371 cents a year ago.

A final ordinary dividend of 510 cents per share was declared, which together with the interim dividend of 281 cents per share brought the total dividend to 791 cents per share, compared with 746 cents a year ago.

Revenue was up 6% to R20.479 billion and operating income increased by 7.6% to R3.2 billion.

Excluding the impact of acquisitions, operating income grew by 4% to R3.1 billion and the operating margin improved by 10 basis points to 15.7%.

Income from associates increased by 5.4% to R265.4 million and comprised the group's share of earnings from Empresas Carozzi (Carozzi), Oceana Group (Oceana) and UAC Foods (acquired in May 2011).

These companies collectively contributed a sizeable 10.3% to the Group's after tax profit in 2011.

Profit before tax increased by 19.1% to R3.6 billion, including a R91.4 million once-off abnormal credit related to the take-on gain arising from the recognition of National Foods Holdings as an associate company, as well as the employer share of pension fund surpluses amounting to R44.3 million.

The group has held its 25.7% shareholding in National Foods, a Zimbabwean milling and consumer goods business, for many years but has not previously recognised its share of earnings from the company due to the hyperinflationary economic climate in Zimbabwe.

Subsequent to the financial year-end, the group has increased its shareholding in National Foods by 11.7% to 37.4%.

Net profit for the year attributable to ordinary shareholders increased by 18% to R2.6 billion. It generated R3.6 billion cash from operations during the year.

Looking ahead, the group said trading conditions are expected to remain difficult during 2012, with unemployment and limited disposable incomes continuing to negatively affect consumer spending.

Food price inflation is likely to persist, driven by increases in global soft commodity prices, packaging, transport and energy costs, as well as rising wage demands.

The volatility of foreign currency exchange rates is expected to add to these challenges.

"We are confident, however, that the inherent strength and continued relevance of the Group's well balanced portfolio of brands, will provide acceptable growth in the 2012 financial year.

"In line with our strategy, we will continue to selectively seek value enhancing opportunities to expand our geographic footprint," it concluded.