Tiger Brands earnings jump on strong second half

By Nqobile Dludla

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Tiger Brands reported a 51% jump in full-year earnings on Friday, 2 December, as SA's largest food producer benefited from a strong second-half recovery and price hikes.

Source: Reuters/James Oatway

Consumer goods makers around the world are raising prices to offset soaring energy, commodity, labour and transport costs, with Russia's invasion of Ukraine exacerbating inflationary pressures already building during the pandemic recovery.

Tiger Brands has been hit the most by the inflation in food, which is a major business for the company.

The company said its first half was impacted by a lag in recovering "unprecedented and unanticipated" levels of cost inflation. This was compounded by certain supply constraints as a consequence of global and local challenges and industrial action in snacks & treats and bakeries.

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It recovered in the second half even as cost and supply challenges remained, reflecting "the effective implementation of category-specific margin recovery initiatives, as well as the execution of category-specific initiatives," the company said.

As a result, the maker of Jungle Oats and Tastic rice said headline earnings per share rose to 1,702 cents in the year ended 30 September, up from 1,127 cents a year earlier.

Total revenue rose by 10% to R34bn, driven by a price inflation of 11%. Overall volume declined 1%.

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