BIZCOMMUNITY

Tiger Brands eyeing deal to invest in nutrition business

By Nqobile Dludla

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South Africa's largest food producer Tiger Brands is close to clinching a deal with a business that is closely aligned to its health and nutrition strategy, it said on Friday, as it reported a decline of 6% in annual earnings.

Source: Reuters/Siphiwe Sibeko

Tiger Brands, like many of its peers, is tapping into emerging consumer trends and is plugging holes in its portfolio by diversifying into health, nutrition and plant-based meat products.

The possible investment would be done by its recently launched venture capital fund, which it said had received over 500 expressions of interest and is expected to provide inorganic growth opportunities over the medium and long term.

It is in the final stages of making an offer for a business, while a further nine opportunities are being assessed, it said without giving further details.

"In terms of the investment that we're currently looking at, it is in the food industry. It is a product that we are not necessarily currently trading in," chief financial officer Deepa Sita told investors.

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Melvi Todd 11 Nov 2021

Soaring prices of raw materials

Tiger Brands, like its consumer goods peers, is faced with soaring prices of raw materials such as energy, grains and packaging, as well as higher transport costs as economies recover from the pandemic.

The maker of popular brands such as Jungle Oats, Albany bread and Tastic rice said headline earnings per share from continuing operations for the year ended 30 September fell 6% to 1,127 cents from a year ago, hit by one-off costs from a recall of canned vegetables and civil unrest in July.

Millions of Koo and Hugo's canned veg products recalled
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Its shares fell almost 1.7% after the results.

Its total revenue, excluding the product recall and unrest, increased by 5% to R31.2bn on increased selling prices. Margins declined due to agricultural commodity inflation which was not completely passed on to customers, it said.

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