

SIX-YEAR FINANCIAL REVIEW

Summarised results for the year	Variance 2013 vs 2012	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Revenue	10,7%	7 996 461	7 223 863	6 542 321	@6 161 483	+5 475 800	5 718 306
Revenue Danone Clover		–	–	–	–	–	682 677
Revenue excluding Danone Clover	10,7%	7 996 461	7 223 863	6 542 321	6 161 483	5 475 800	5 035 629
Operating profit	5,4%	391 388	371 232	319 019	**558 970	*664 338	297 227
Net financing cost							
Current and long-term liabilities	(1 366,7%)	(26 385)	(1 855)	(16 081)	(41 228)	(103 501)	(90 716)
Debt portion of preference share capital	7,7%	(20 346)	(22 007)	(21 359)	(22 290)	(32 248)	(30 417)
Profit/(loss) before tax from continuing operations	(0,8%)	344 657	347 370	281 579	495 452	528 589	176 094
Taxes	23,9%	(104 798)	(137 654)	(97 534)	(191 662)	(29 239)	(50 472)
Profit after tax from discontinued operations	–	–	–	–	32 123	39 560	–
Non-controlling interest	72,7%	(1 233)	(4 426)	(4 446)	(5 094)	(11 740)	(5 698)
Profit attributable to equity holders of the parent	16,2%	238 626	205 290	179 599	**330 820	*527 170	119 924
Headline earnings attributable to equity holders of the parent	3,4%	214 894	207 800	175 177	19 000	(104 300)	116 300
Normalised earnings	Variance 2013 vs 2012	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Operating profit	5,4%	391 388	371 232	319 019	558 970	664 338	297 227
Adjusted for exceptional items:							
(Profit)/loss on sale and scrapping of property plant and equipment		(11 680)	(878)	(7 277)	940	(3 830)	(5 057)
Gain on fair valuing of existing investment in joint venture due to acquiring control		(16 747)	–	–	–	–	–
Profit on the sale of Boksburg factory		–	–	–	(50 818)	–	–
Profit on deconsolidation of Danone Clover		–	–	–	–	(637 518)	–
Profit on sale of Danone Clover		–	–	–	(337 682)	–	–
Retrenchment costs		17 184	3 629	6 628	84 900	17 200	10 300
Option fee paid to HCI on capital restructuring		–	–	–	11 400	–	–
Legal and professional services costs associated with the listing		49	–	8 499	–	–	–
Legal and professional services costs associated with the capital restructuring		–	–	–	5 300	–	–
SAR bonuses paid to Executives on capital restructuring		–	–	–	37 100	–	–
Other restructuring cost		18 517	5 944	1 780	10 700	8 400	1 100
Normalised operating profit	4,9%	398 711	379 927	328 649	320 810	48 590	303 570
Net financing cost		(46 731)	(23 862)	(37 440)	(63 518)	(135 749)	(121 133)
Tax expense							
Total tax expense		(104 798)	(137 654)	(97 534)	(191 662)	(29 239)	(50 472)
Other non-recurring tax adjustments		–	18 254	–	–	–	–
STC paid on capital restructuring		–	–	–	52 200	–	–
Taxation adjustment on exceptional items		(8 453)	(2 745)	(1 845)	69 765	33 206	(2 518)
Non-controlling interest		(1 233)	(4 426)	(4 446)	(5 094)	(11 740)	(5 698)
Normalised profit attributable to equity holders of the parent	3,5%	237 497	229 493	187 384	182 501	(94 932)	123 749

@ During the first six months of the prior year raw milk sales to Danone Clover, an associated company at the time, were set off against cost of sales. To facilitate comparability to the current year that period's sales are now shown as revenue and the cost of sales and revenue figures were regrouped accordingly. It has no effect on profits.

+ Following the sale of the Group's interest in Danone Clover, the Group's share of Danone Clover's income was classified as income from discontinued operations. The 2009 comparative figures were restated accordingly.

* Includes R637,5 million (R599,5 million after tax) profit on deconsolidation of Danone Clover.

** Includes R337,7 million (R227,1 million after tax) profit on sale of Danone Clover.

	Variance 2013 vs 2012	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Dividends							
Equity dividends – ordinary shares	(22,0%)	41 912	53 734	58 720	–	1 000	619
Equity dividends – preference shares		–	–	–	370 030	28 984	17 757
Preference dividends recognised as interest	(7,7%)	20 346	22 007	21 359	22 290	32 248	30 417
Earnings and dividends per share							
		Cents	Cents	Cents	Sent	Cents	Cents
Equity dividends per ordinary share	(22,0%)	23,4	30,0	38,2	–	1,3	0,8
Equity dividends per preference share		–	–	–	–	33,5	20,5
Special dividend on the buy-back of the equity rights of preference shares per preference share		–	–	–	413,7	–	–
Preference dividend recognised as interest per preference share	(7,7%)	22,7	24,6	23,9	24,9	37,3	35,2
Earnings per ordinary share	16,1%	133,1	114,6	116,7	**214,0	***22,3	***5,2
Diluted earnings per ordinary shares	15,3%	123,8	107,4	108,9	**214,0	***22,3	***5,2
Headline earnings per ordinary share	3,4%	119,9	116,0	113,8	**33,1	*** (82,2)	***150,2
Diluted headline earnings per ordinary share	2,6%	111,5	108,7	106,2	**33,1	*** (82,2)	***150,2
Normalised earnings/(loss) per share, calculated by dividing the normalised profit/(loss) by the weighted average number of ordinary shares net of treasury shares	3,4%	132,5	128,1	121,8	*118,1	*(120,6)	*159,9
Summarised statement of financial position							
		R'000	R'000	R'000	R'000	R'000	R'000
Non-current assets		1 964 519	1 526 306	1 361 355	1 202 482	1 823 620	1 361 292
Deferred taxation asset		7 449	492	3 262	18 840	110 449	104 764
Current assets		2 462 299	2 336 745	2 180 874	1 710 880	1 651 408	1 908 140
Total assets		4 434 267	3 863 543	3 545 491	2 932 202	3 585 477	3 374 196
Shareholders' funds		2 113 116	1 894 244	1 742 362	1 048 358	1 440 122	938 621
Non-controlling interest		2 309	1 796	9 443	28 108	40 886	48 308
Non-current portion of interest-bearing borrowings		666 640	21 686	432 833	592 504	761 425	657 001
Non-current portion of provisions		61 222	61 637	62 522	50 457	60 464	62 883
Non-current portion of trade and other payables		9 267	6 904	13 357	6 320	–	–
Deferred taxation liability		137 312	116 950	32 015	6 363	6 292	28 577
Current portion of interest-bearing borrowings		172 646	421 376	173 828	66 947	234 809	517 581
Current liabilities		1 271 755	1 338 950	1 079 131	1 133 145	1 041 479	1 121 225
Total equity and liabilities		4 434 267	3 863 543	3 545 491	2 932 202	3 585 477	3 374 196
Net assets							
Replacement value of property, plant and machinery ^(a)		2 115 425	1 896 040	1 751 805	1 076 466	1 481 008	986 929
		6 106 300	5 746 800	5 445 700	5 112 800	4 927 000	4 521 600

* The earnings/(loss) per share from continuing operations adjusted for exceptional items for years 2008 to 2010 are presented for illustrative purposes only to indicate what the earnings per share would have been if ordinary shareholders had been entitled to all equity earnings and if the 2 for 1 share split (4 November 2010) is taken into consideration.

** Earnings per share for the 2010 financial year has been recalculated to account for the 2 for 1 share split.

*** Earnings per share has not been adjusted for the 2 for 1 share split as at 4 November 2010.

A list of all definitions used in the above calculation is set out on page 175.

Number of shares in issue	2013	2012	2011	2010	2009	2008
Number of ordinary shares in issue at year-end	181 218 149	179 111 867	179 111 867	123 849 962	88 485 311	88 485 311
Weighted average number of ordinary shares net of treasury shares	179 267 674	179 111 867	153 882 447	154 595 442	78 711 534	77 411 046
Weighted average number of ordinary shares for calculation of diluted earnings	192 750 186	191 127 152	164 890 519	154 595 442	78 711 534	77 411 046
Number of preference shares in issue at year-end	–	89 442 022	89 442 022	89 442 022	86 492 589	86 492 589
Weighted average number of preference shares net of treasury shares	–	89 442 022	89 442 022	87 516 207	85 442 022	85 517 022
Cash flow	R'000	R'000	R'000	R'000	R'000	R'000
Cash flow from/(used in) operating activities	235 963	417 910	256 927	347 077	79 696	(113 494)
Cash (used in)/from investment activities	(516 092)	(256 150)	(253 323)	1 005 113	(186 391)	(213 069)
Net cash (outflow)/inflow before financing activities	(280 129)	161 760	3 604	1 352 190	(106 695)	(326 563)
Cash flow from/(used in) operating activities per share (cents)	131,6	233,3	167,0	224,5	101,3	(146,6)
Ratios and returns	%	%	%	%	%	%
Operating profit to revenue	4,9	5,1	4,9	**9,1	*12,1	5,2
Normalised operating profit	5,0	5,3	5,0	5,2	0,9	5,3
Return on net assets	13,8	14,9	15,0	**27,1	*27,7	15,3
Return on net assets excluding exceptional items	14,0	15,2	15,4	15,5	2,0	15,6
Return on equity holders' funds	11,9	11,3	12,9	**26,6	*44,3	13,6
Return on equity holders' funds excluding exceptional items	11,9	12,6	13,7	15,1	(8,0)	14,0
Gearing percentage	5,7	(14,2)	(12,4)	21,4	48,8	67,9
Effective tax rate	30,4	39,6	34,6	38,7	5,5	28,7
	Times	Times	Times	Times	Times	Times
Net asset turn	6,2	6,8	8,3	6,9	6,5	11,4
Current ratio	1,7	1,3	1,7	1,4	1,3	1,2
Employees statistics	Number	Number	Number	Number	Number	Number
Average number of employees	6 533	6 555	6 353	6 362	6 579	6 662
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue per employee	1 224,0	1 102	1 030	968	832	858
Operating profit per employee	59,9	57	50	88	101	45
Normalised operating profit	61,0	58	52	50	7	46
Net assets per employee	307,0	278	223	201	188	138

@ Replacement value of property, plant and machinery is determined by an external valuator.

The number of ordinary shares have been adjusted for the 2 for 1 share split (4 November 2010).

* Includes R637,5 million (R599,5 million after tax) profit on deconsolidation of Danone Clover.

** Includes R337,7 million (R227,1 million after tax) profit on sale of associate Danone Clover.

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Product focus

Tropika

TROIKA'S STRATEGIC VISION IS TO:

- GROW MARKET SHARE IN REGIONS OF WEAK MARKET SHARES (EASTERN AND WESTERN CAPE).
- LEVERAGE THE BRAND INTO NEW PRODUCT CATEGORIES FOR THE SAME TARGET MARKET (NEW FLAVOURS AND PACK SIZES).
- STRETCH THE BRAND INTO NEW CONSUMER MARKETS (LINE EXTENSIONS UNDER THE TROIKA UMBRELLA).



From a turnover of R450 million in 2006/07, Tropika has now achieved a turnover of almost R1 billion. After nearly 30 years in the South African market, Tropika is still the market leader in the Dairy Fruit Mixes category and the best-selling fruit juice beverage in South Africa in terms of volume and value.

Since its launch in 1984 the product has grown to a staggering 92,7 million litres for 2012/13.

- Tropika appeals to consumers from 16 to 49 years of age, LSM 5-10 and all demographics.
- Sales volume has increased by 56% locally in the last 5 years!
- Tropika is the brand with the largest advertising spend in its category.
- Consistently at the forefront of beverage innovation with new product concepts, line extensions and new flavours.
- Large distribution footprint encompassing Top End, Forecourts, Wholesale, FSI, Bottom End and Agents, Nigeria, Botswana and Namibia.

