AVI Limited
Presentation to shareholders
&
analysts

for the six months ended
31 December 2013

GROWING GREAT BRANDS

AGENDA

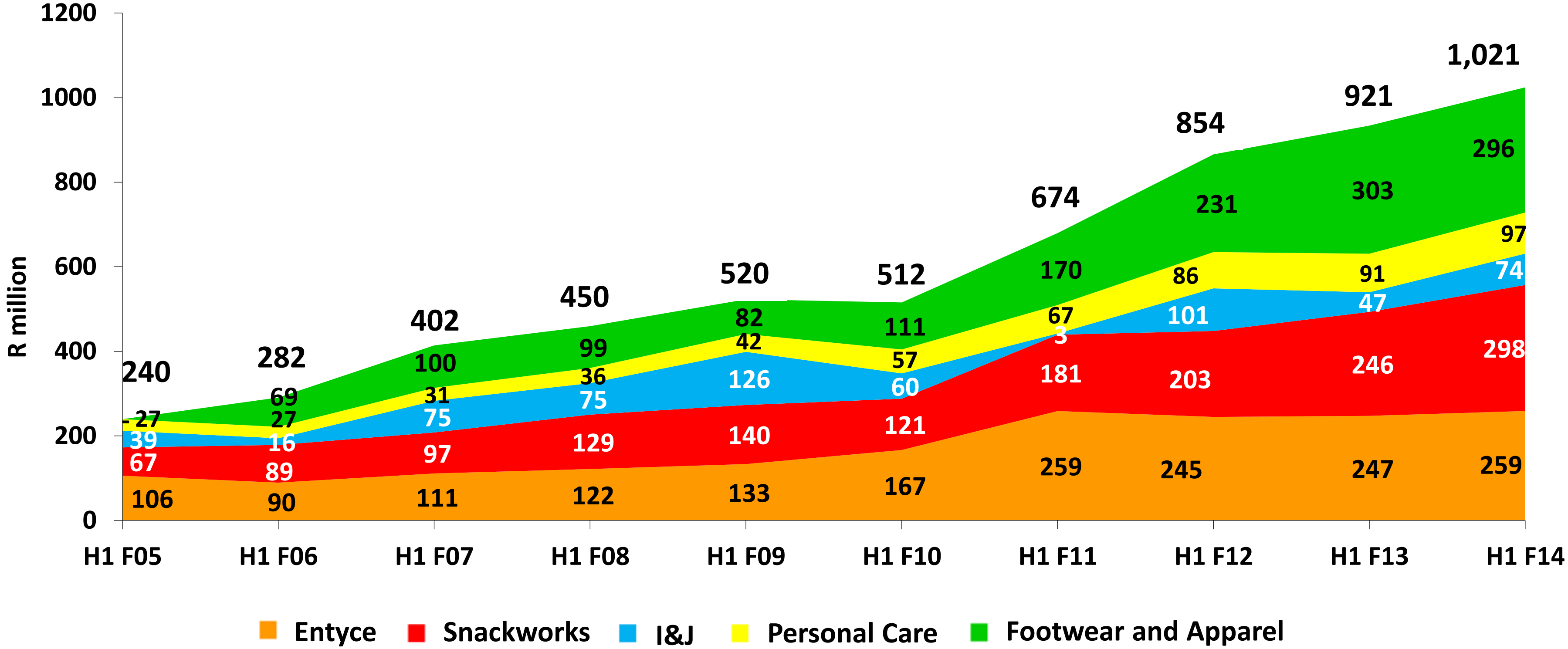
- Key features and results history
- Group financial results
- Performance and prospects
- Questions and answers

KEY FEATURES

- Revenue from continuing operations up 10% to R5,40 billion
- Operating profit from continuing operations up 11% to R1,02 billion
- Headline earnings per share from continuing operations up 10% to 231 cents
- Solid group performance notwithstanding pressure on consumers and rising input costs
- Capital profit of R150 million following revision of Coty license agreement
- Interim dividend up 33% to 120 cents per share in line with reduced dividend cover

RESULTS HISTORY

Operating profit history - continuing operations



- Compound annual growth rate H1 F05 to H1 F14 = 17,5%
- Operating profit margin increased from 10,0% in H1 F05 to 18,9% in H1 F14

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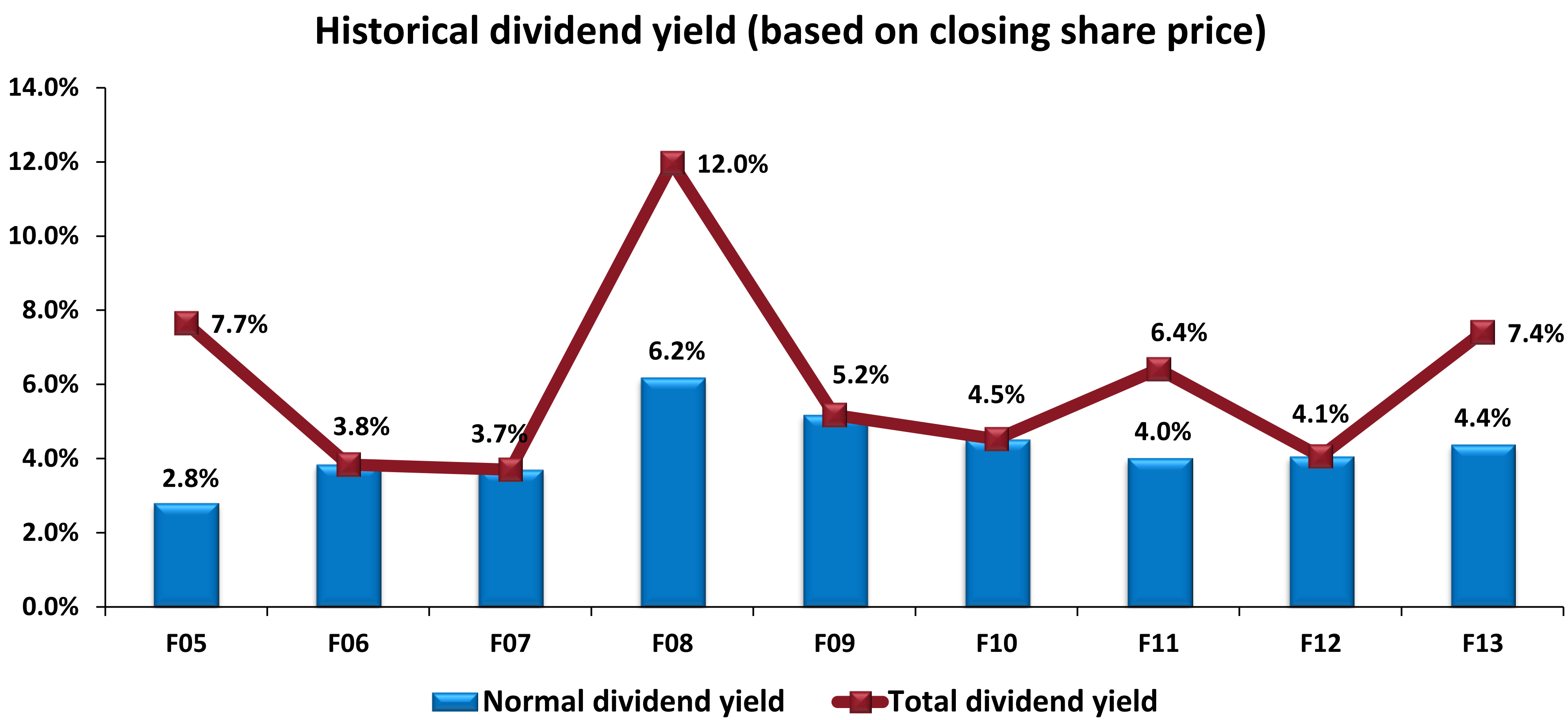
GROWING GREAT BRANDS

RESULTS HISTORY

Dividend yield



- Total dividend yield includes payments out of share premium and special dividends
- F13 dividend yield based on closing share price of R59,45

Group financial results

AVI GROWING GREAT BRANDS

GROUP FINANCIAL RESULTS

Income statement - continuing operations

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	5 400,3	4 891,6	10,4
Gross profit	2 394,2	2 246,6	6,6
Gross profit margin %	44,3	45,9	(3,5)
Operating profit	1 020,7	921,3	10,8
Operating profit margin %	18,9	18,8	0,5
Net financing cost	(30,7)	(24,0)	(27,9)
Share of Joint Venture	11,7	5,4	116,7
Capital items (after tax)	121,4	1,7	
Effective tax rate %	27,0	29,1	
Headline earnings	718,3	640,0	12,2
HEPS (cps)	230,6	210,2	9,7

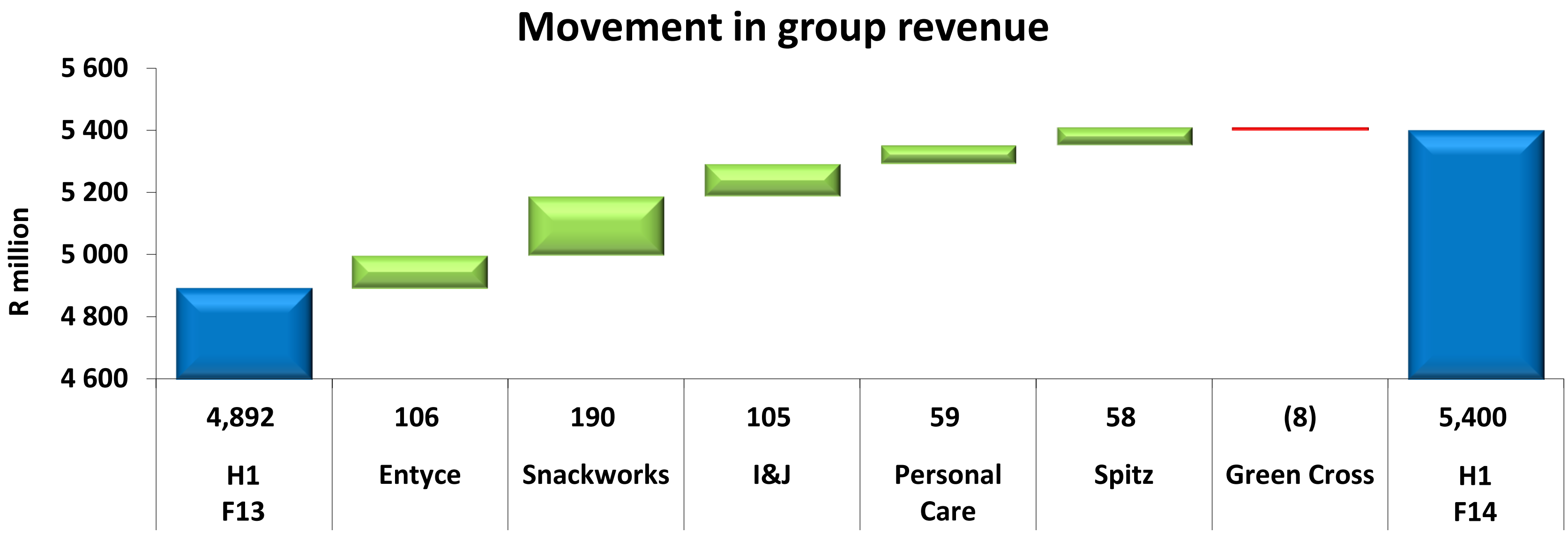
GROUP FINANCIAL RESULTS

Impact of revision to Coty license agreement

	H1 14 Rm
Revenue as reported	**5 400,3**
Less: Sale of opening stock on hand to Coty	(36,1)
Revenue restated to exclude once-off transaction	**5 364,2**
Add: Sales for November/December now on agency basis	55,5
Less: Commission and service fees included in revenue	(30,0)
Revenue on old basis	**5 389,7**
Operating profit as reported:	**1 020,7**
Less: Profit on sale of opening stock on hand to Coty	(1,6)
Operating profit on old basis	**1 019,1**

GROUP FINANCIAL RESULTS

Continuing operations – revenue 10,4% up

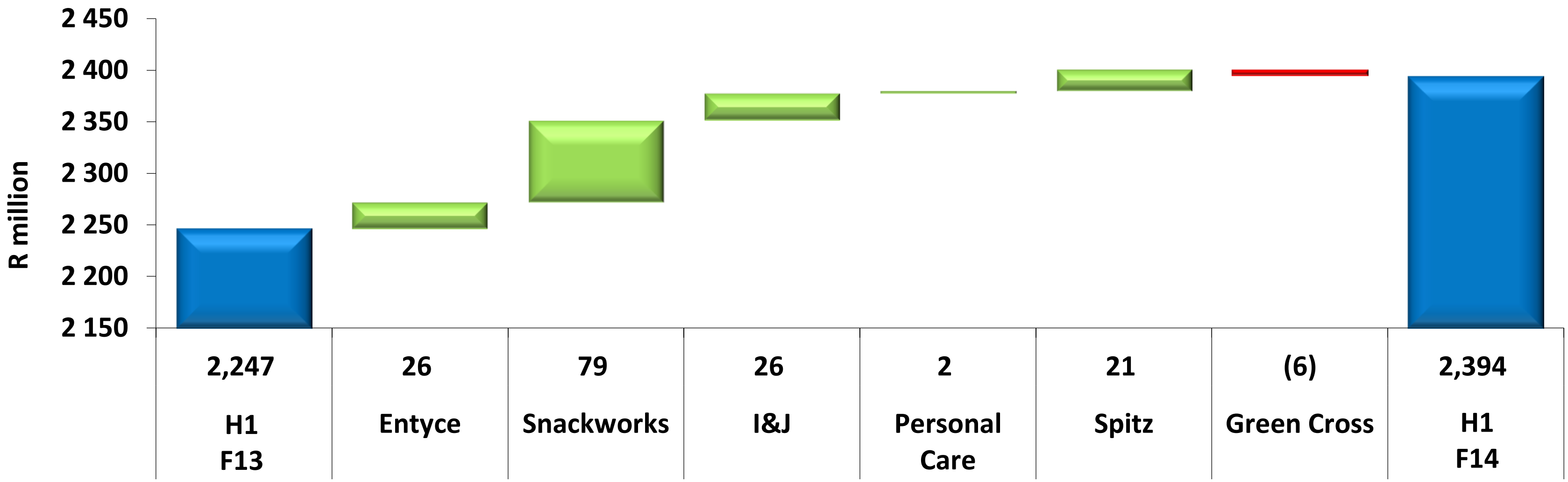


- Entyce: price increases in tea and coffee; volume growth in tea and creamer
- Snackworks: higher biscuit sales volumes and better prices
- I&J: weaker Rand, higher prices and increased export sales volumes
- Personal Care: volume growth, price increases and sale of Coty stock on hand
- Spitz: higher selling prices; clothing volume growth
- Green Cross: lower wholesale and tender volumes

GROUP FINANCIAL RESULTS

Continuing operations – gross profit 6,6% up

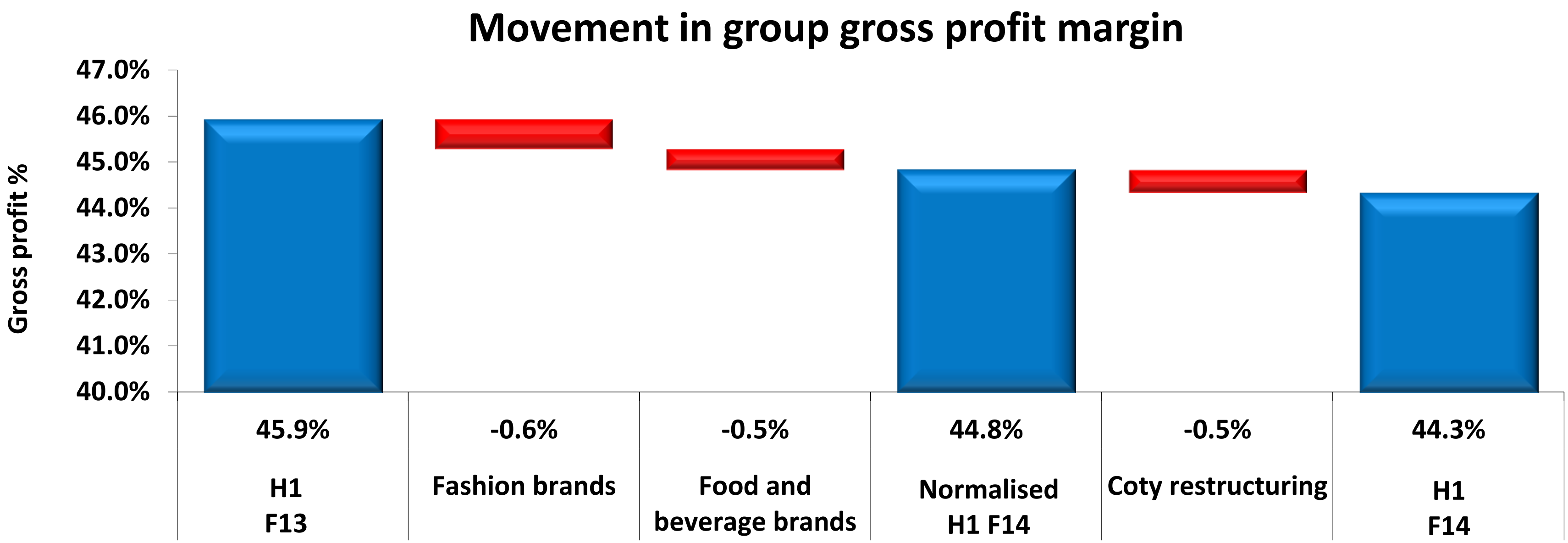
Movement in group gross profit



- Entyce: revenue growth offset by higher raw material costs, mostly weaker Rand
- Snackworks: gross profit margin maintained on higher revenue
- I&J: weaker Rand and higher volumes offset by increased operating costs
- Personal Care: gross margin impacted by revision to Coty arrangement (+ R18m on comparable basis)
- Spitz: price increases offset by lower volume and weaker Rand
- Green Cross: lower wholesale and tender volumes; weaker Rand

GROUP FINANCIAL RESULTS

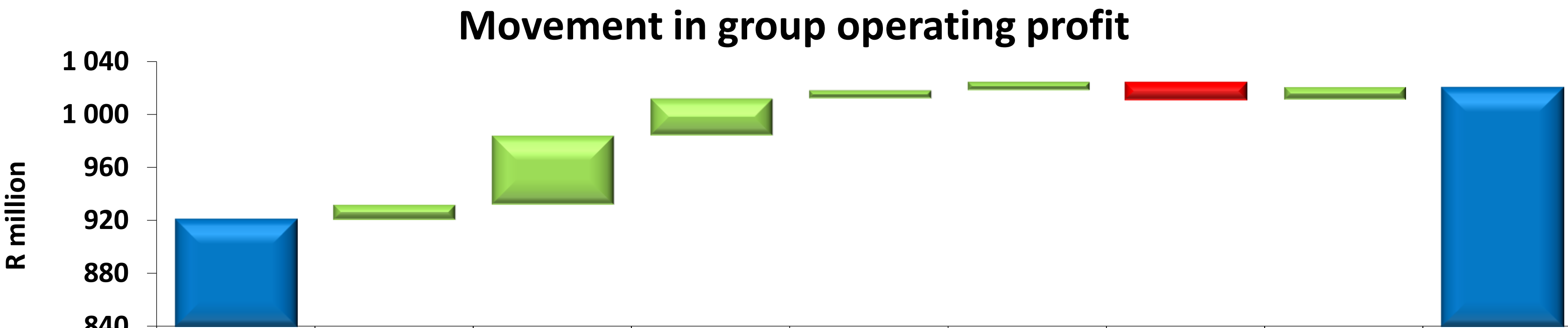
Continuing operations – gross profit margin



- Pressure from the weaker Rand in a constrained consumer environment
- I&J benefit from weaker Rand reduced by higher operations costs and below plan volumes due to unusually bad weather
- Coty restructuring positive at operating profit level

GROUP FINANCIAL RESULTS

Continuing operations – operating profit 10,8% up



921	11	52	28	6	6	(13)	10	1,021
H1 F13	Entyce	Snackworks	I&J	Personal Care	Spitz	Green Cross	Other	H1 F14

- Selling and administrative costs well managed
- Spitz impacted by cost of new stores
- Green Cross includes new senior staff to support growth plans
- Operating profit margin up from 18,8% to 18,9%

GROUP FINANCIAL RESULTS

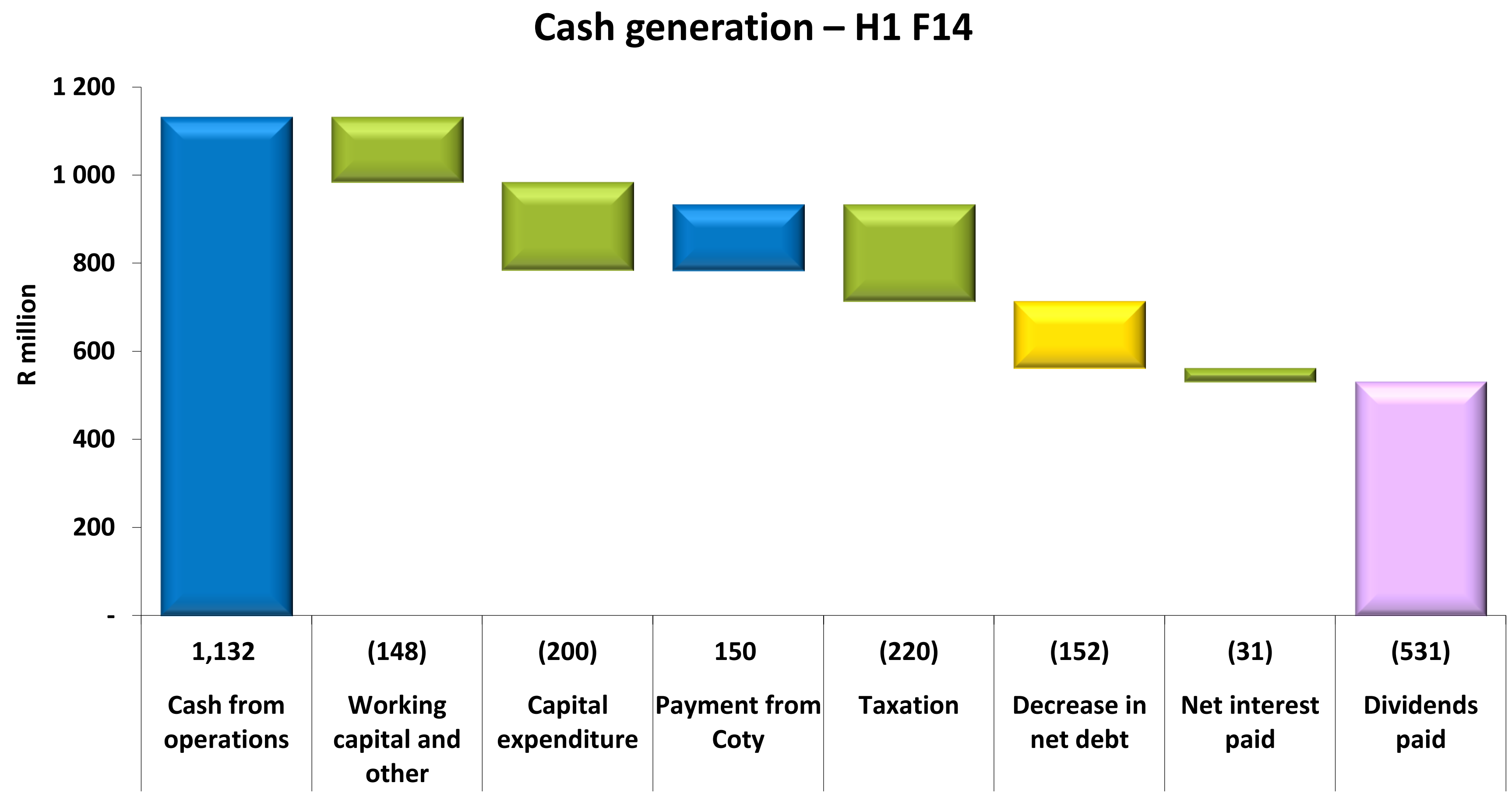
Continuing operations

	H1 14 Rm	H1 13 Rm	%Δ
Cash generated by operations	941,7	762,3	23,5
Working capital to revenue **%**	20,8	19,7	5,6
Capital expenditure	199,9	309,9	(35,5)
Depreciation and amortisation	138,8	128,3	8,2
Net debt	522,6	782,2	
Net debt / capital employed %	11,5	19,3	

- Temporary build in some raw materials to secure favourable prices
- Capex bias to H2

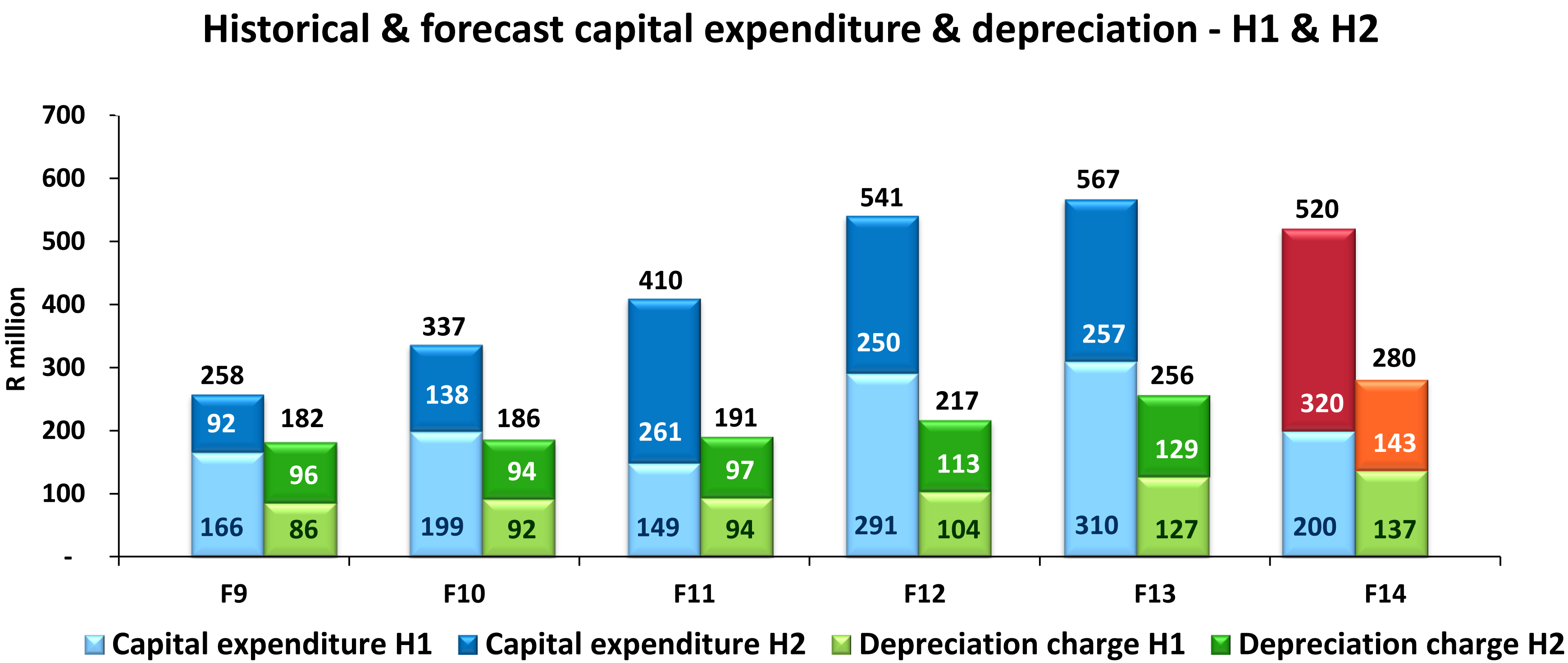
GROUP FINANCIAL RESULTS

Cash flows



GROUP FINANCIAL RESULTS

Capital expenditure & depreciation history



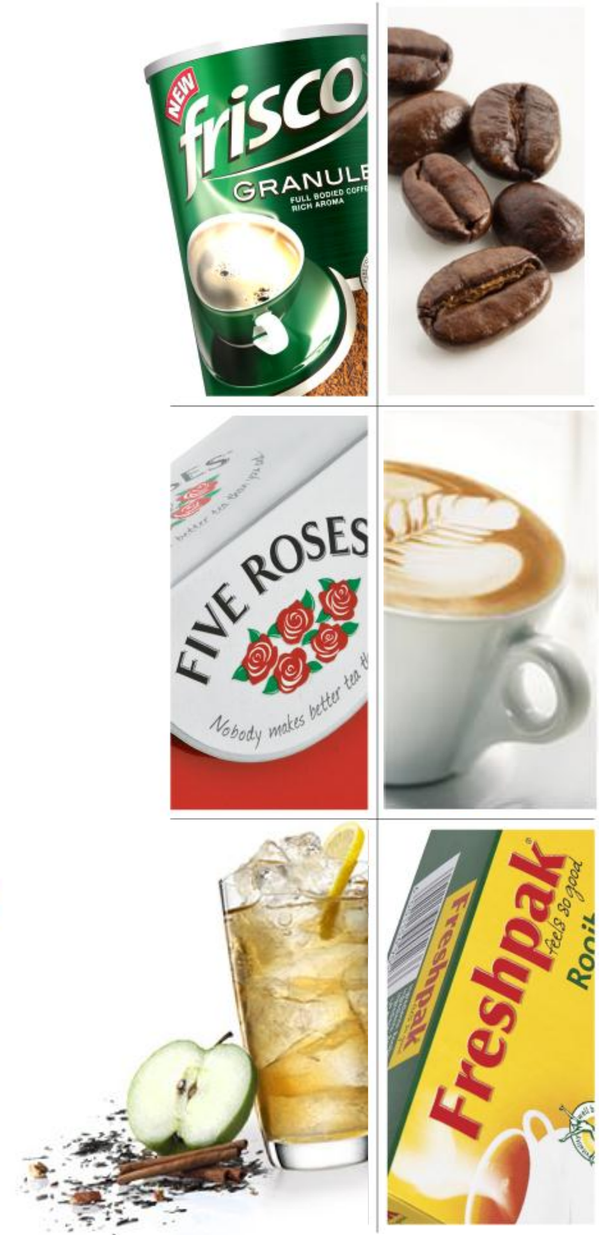
- Ongoing investment in manufacturing capability and capacity
- Higher spend in H2
- Includes first tranche of new I&J vessel (R30m)

GROUP FINANCIAL RESULTS

Capital projects spend summary – F14 cash flow forecast

	Rm
Coffee process improvement	24
Coffee packaging line upgrades	21
Tea packaging line replacement and upgrade	16
Biscuit process improvement	46
Snacks process improvement	14
Redhill distribution centre expansion	25
I&J vessel drydocks and upgrades	34
I&J new wet vessel	30
Spitz store additions and refurbishments	30
Kurt Geiger store additions and refurbishments	14
Green Cross Epping facility upgrade and expansion	25
	279

ENTYCE BEVERAGES



Performance and prospects

FIVE ROSES
Freshpak
frisco
house of coffees
ciro
TRINCO
Koffiehuis
Ellis Brown
Make it better!

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GROWING GREAT BRANDS

ENTYCE BEVERAGES

Income statement - continuing operations

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*1 416,1*	*1 310,0*	*8,1*
Operating profit	*258,9*	*247,4*	*4,6*
Operating profit margin %	*18,3*	*18,9*	*(3,2)*

- Continued strong performance from Tea
  - Leading market position and strong margins maintained
  - Margin pressure from high rooibos and black tea prices
- Sound Creamer performance constrained by competitor pressure
  - Good volume growth supported by increased capacity
  - Selling prices constrained by competitor activity

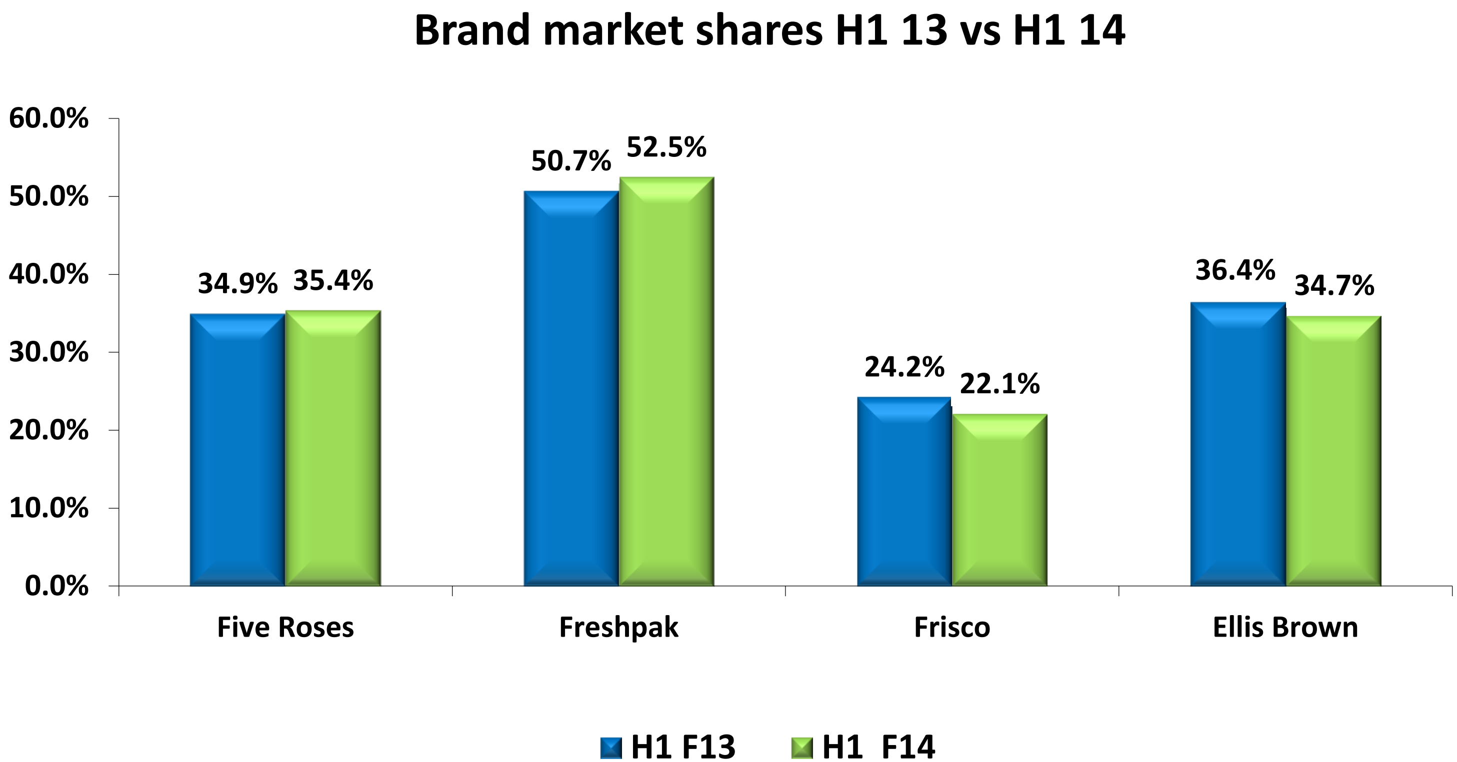
Income statement - continuing operations

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*1 416,1*	*1 310,0*	*8,1*
Operating profit	*258,9*	*247,4*	*4,6*
Operating profit margin %	*18,3*	*18,9*	*(3,2)*

- Coffee pressure from lower consumer demand and increased competition
  - Healthy profit margins maintained
  - Margin pressure from weaker Rand
  - Lower Frisco volumes with ongoing aggressive competition
  - Continued investment in manufacturing capability

	% Δ H1 14 vs H1 13	Comments
Tea revenue growth	***13,6***	
Volume	*4,1*	*Key brands performed well, especially Freshpak*
Ave. selling price	*9,1*	*Increases over last 12 months in response to raw material increases*
Coffee revenue growth	***2,6***	
Volume	*(1,6)*	*Pressure on affordable SKU's with rising price points and sustained competition*
Ave. selling price	*4,3*	*Limited price increases in constrained environment*
Creamer revenue growth	***4,9***	
Volume	*5,8*	*Good category growth offset by competitor activity*
Ave. selling price	*(0,8)*	*Tactical discounting supported by benign raw material cost increases*

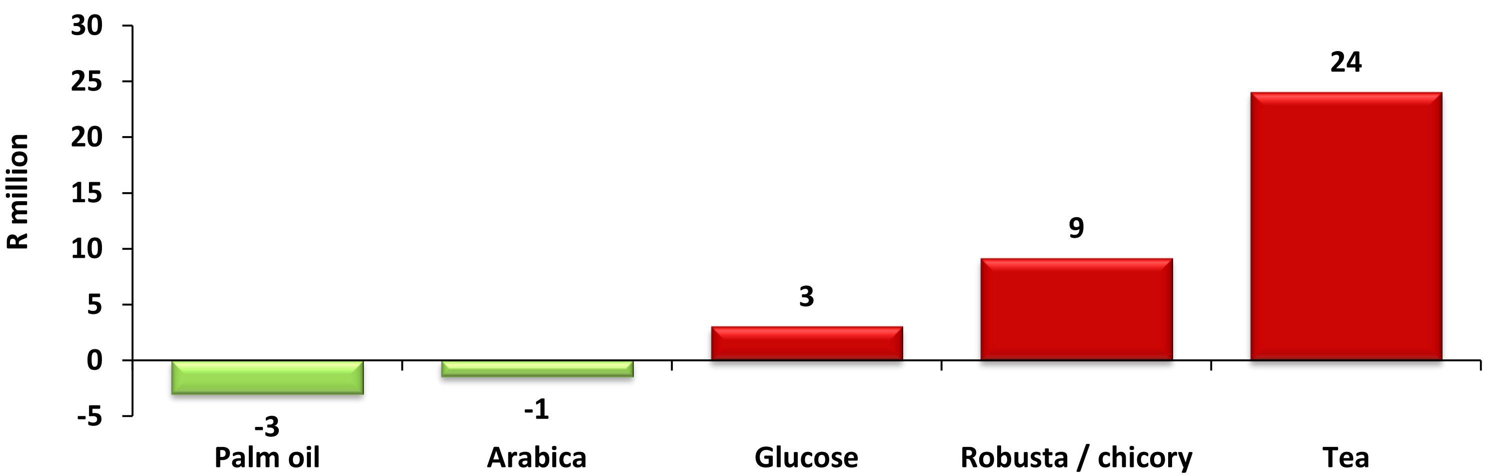
Market Share



ENTYCE BEVERAGES

Costs

- Cost impact of raw materials and commodities consumed in the period (H1 14 vs H1 13):



- Weaker Rand impacted on all imported / parity priced inputs
- Palm oil and coffee USD prices lower; black tea USD prices flat
- Rooibos tea prices higher
- Higher distribution cost (fuel) and field marketing cost (new stores)

ENTYCE BEVERAGES

Prospects for H2

- Constrained consumer spending
- Raw material pressure – weaker Rand
- Selling price decisions to defend F15 profit margins
- Maintain strong Tea position – Five Roses and Freshpak
- Focus on mixed instant coffee market share - Frisco granules
- Creamer volume leverage and margin improvement
- Improving coffee factory performance
- Tea factory site upgrade evaluation
- Export growth through AVI International

Snackworks

Performance and prospects

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Snackworks

Income statement

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*1 614,0*	*1 424,4*	*13,3*
Operating profit	*297,9*	*245,9*	*21,1*
Operating profit margin %	*18,5*	*17,3*	*6,9*

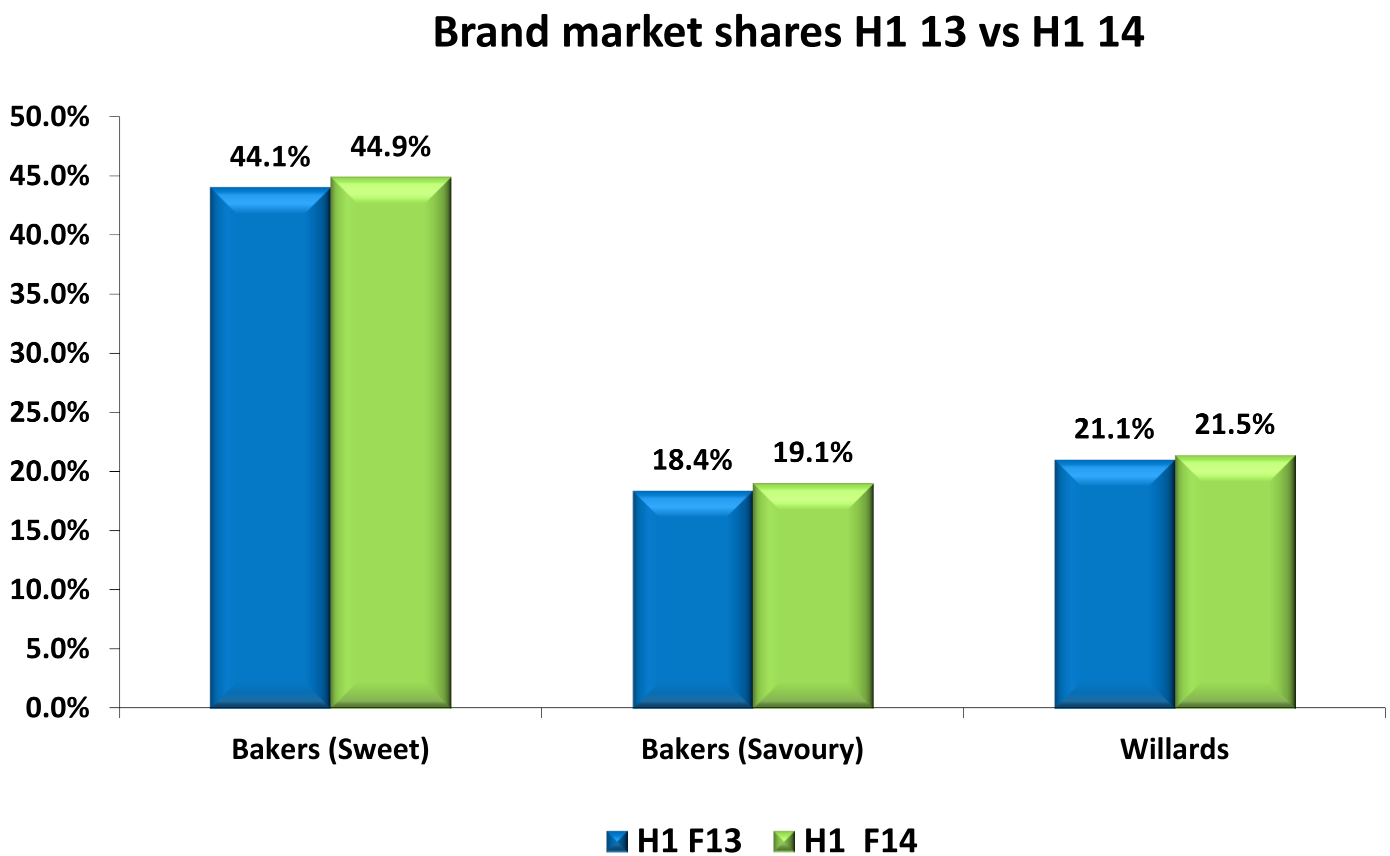
- Sustained strong Biscuits performance
  - Effective pricing / promotion to drive volumes
  - Factory performance – capacity, quality, efficiency
  - New flavour variants
- Improving Snacks margin
  - Better average prices
  - Good corn product performance
  - Potato supply disruption

Snackworks

Sales volume and selling prices

	% Δ H1 14 vs H1 13	Comments
Biscuits revenue growth	***14,1***	
Volume growth	*10,4*	*Effective pricing / promotional activity and category growth*
Ave. selling prices	*3,3*	*Limited raw material pressure in this period; sales mix*
Snacks revenue growth	***10,8***	
Volume growth	*4,7*	*Category growth; corn market share*
Ave. selling prices	*5,8*	*Improved category pricing*

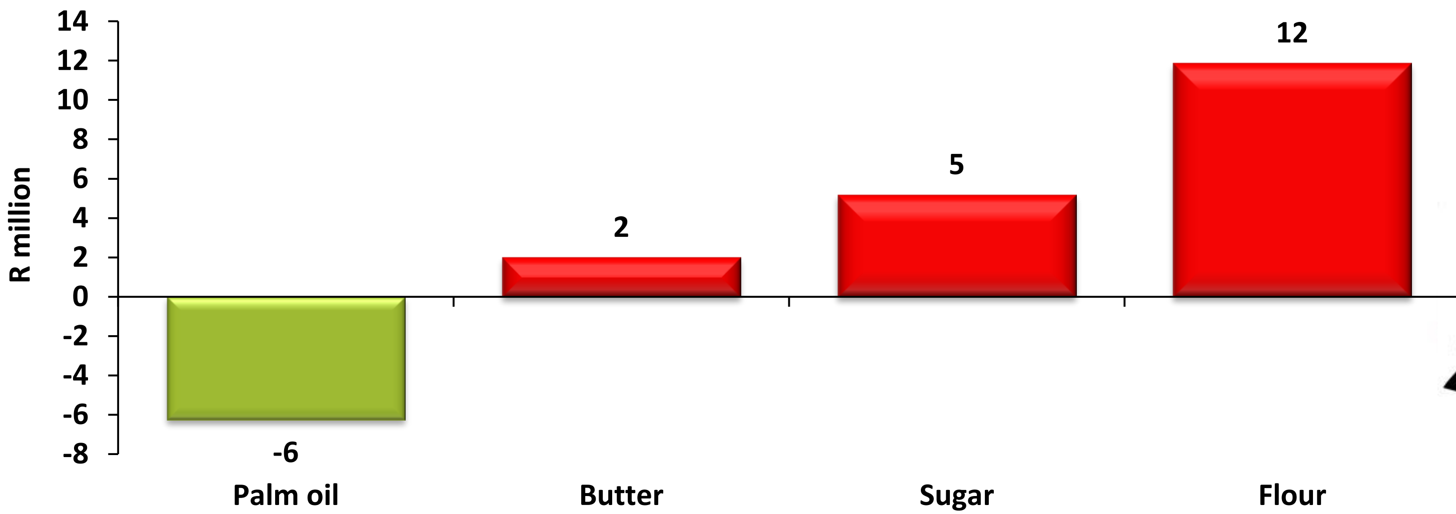
Snackworks
Market Share



Snackworks

Costs

- Cost impact of raw materials and commodities consumed in the period (H1 14 vs H1 13):



- Weaker Rand impacted on all imported / parity priced inputs
- Good overall factory performances
- Higher distribution cost (fuel) and field marketing cost (new stores)

Snackworks

Prospects for H2

- Constrained consumer spending
- Raw material pressure – weaker Rand
- Selling price decisions to defend F15 profit margins
- Sustain biscuit volume momentum
- Increased NPD and associated marketing
- Ongoing focus on manufacturing yields / efficiency
- Snacks factory investment – flavour application and packing
- Capex projects at biscuit factories – Westmead sugar handling
- Export growth through AVI International

Performance and prospects

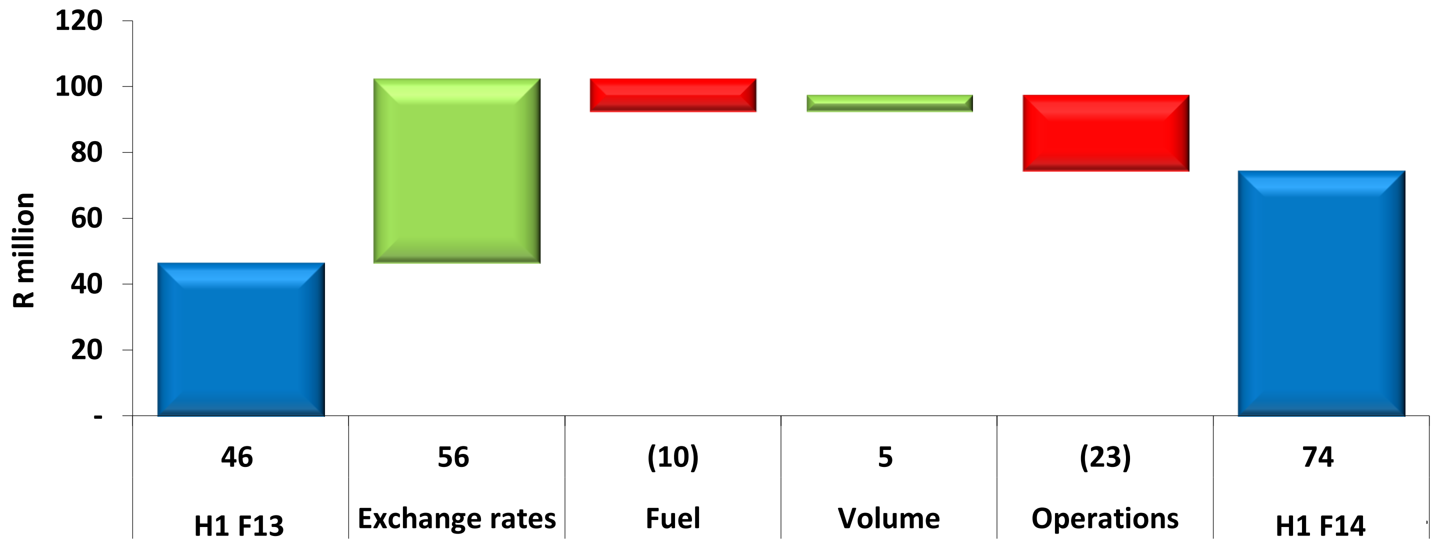
Income statement

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*824,5*	*719,7*	*14,6*
Operating profit	*74,3*	*46,5*	*59,8*
Operating profit margin %	*9,0*	*6,5*	*38,5*

- Material benefit from weaker Rand
- Higher catch and sales volumes due to:
  - Improved wet fishing fleet availability
  - Higher freezer vessel catch rates
- Higher operating costs:
  - Higher fuel prices and general cost pressure
  - Unusually bad weather - lower wet vessel catch rates and inconsistent supply of wet fish for processing
  - Timing and cost of freezer vessel planned maintenance
- Limited increases in domestic and export market pricing

Income statement

Movement in I&J operating profit

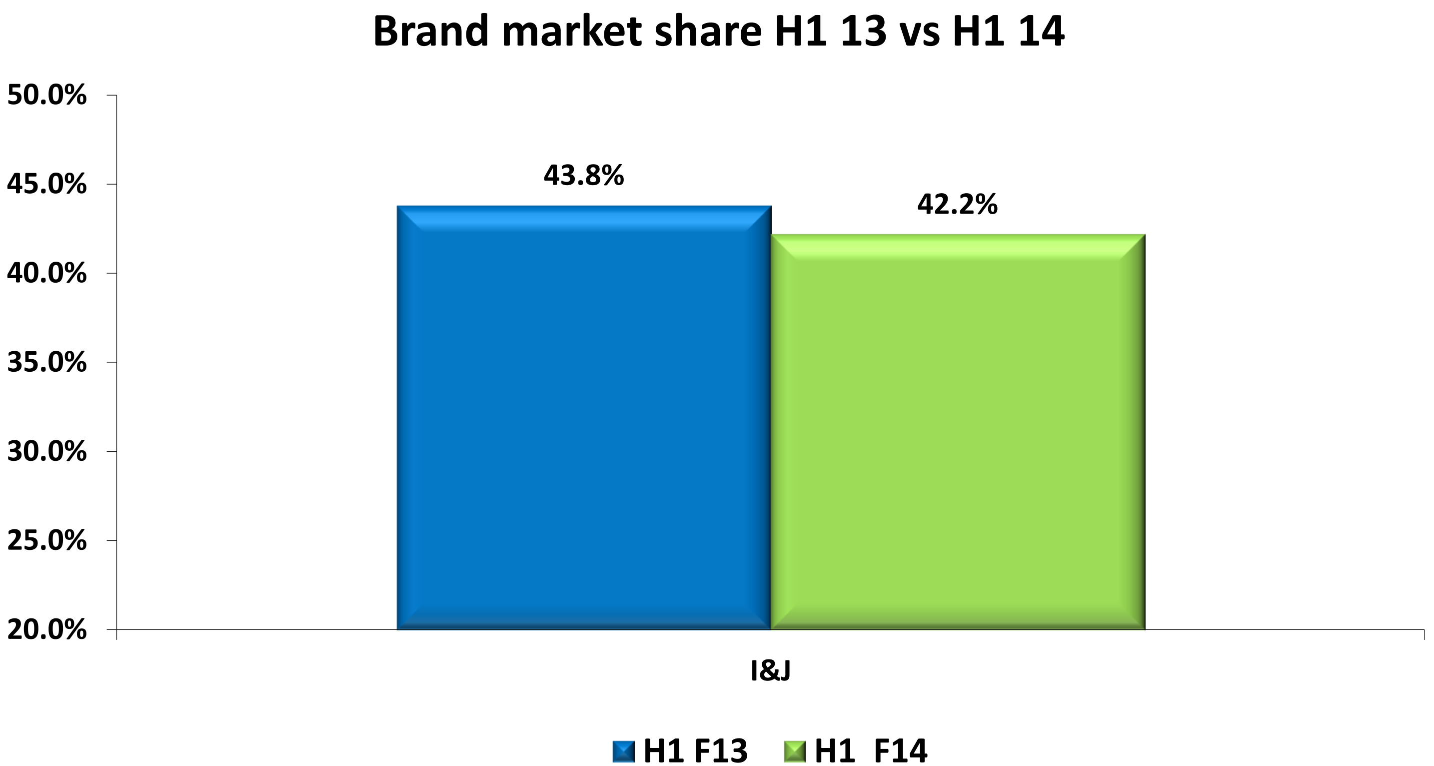


- Operations cost impact includes
  - Weather impact - approximately R8m (lower catch rates and processing inefficiency)
  - Timing and cost of freezer vessel planned maintenance - R10m
  - Marel benefits partially achieved – R6m

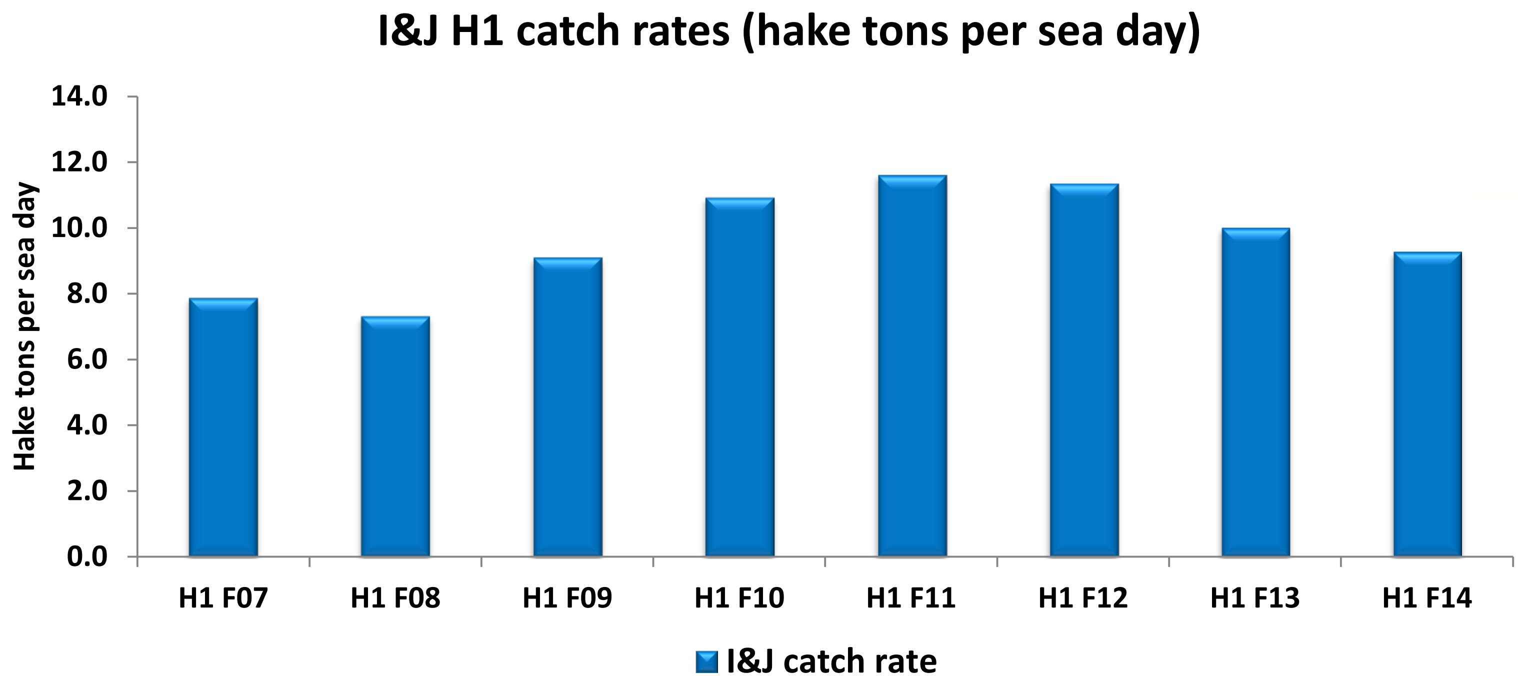
Sales volume and selling prices

	% Δ H1 14 vs H1 13	Comments
I&J Domestic revenue growth	***4,0***	
Volume	*1,8*	*Increased retail volumes*
Ave. selling prices	*2,1*	*Increases constrained by aggressive competition*
I&J Export revenue growth	***21,7***	
Volume	*8,1*	*Increased catch volume from improved freezer vessel catch rates and wet fleet availability*
Ave. selling prices	*12,6*	*Mostly attributable to exchange rate; small increases in foreign prices*

Market Share



Fishing Performance



- Catch rates still healthy but lower than last few years
  - Freezer fleet higher than last year
  - Wet fleet impacted by weather conditions
- Continued focus with technology upgrades

Prospects for H2

- Increasing benefit from weaker Rand – better rates secured
- Higher hake catch volumes
- Export markets to remain constrained
- Better operations performance
  - Lower cost fuel blend
  - Increased benefit from Marel project at Woodstock
- MSC re-certification in progress
- Ordered new wet vessel for delivery in F16 – cost approximately R150 million
- Evaluating third freezer vessel options

FASHION BRANDS

Performance and prospects

indigo brands

YARDLEY LENTHÉRIC LONDON • PARIS COTY PARIS · NEW YORK RIMMEL LONDON

nailene. Sally Hansen #1 U.S.A. NAIL EXPERT adidas

AVI GROWING GREAT BRANDS

indigo brands

PERSONAL CARE

Income Statement

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*574,4*	***515,8***	*11,4*
Operating profit	*97,2*	***91,1***	*6,7*
Operating margin %	*16,9*	***17,7***	*(4,5)*

- Category constrained and competitive
- Good Yardley cosmetics performance
- Growth in body spray volumes notwithstanding increased competition
- New trading terms with Coty from 1 November 2013
- Improving overhead cost management
- Continued growth in exports into Africa

PERSONAL CARE

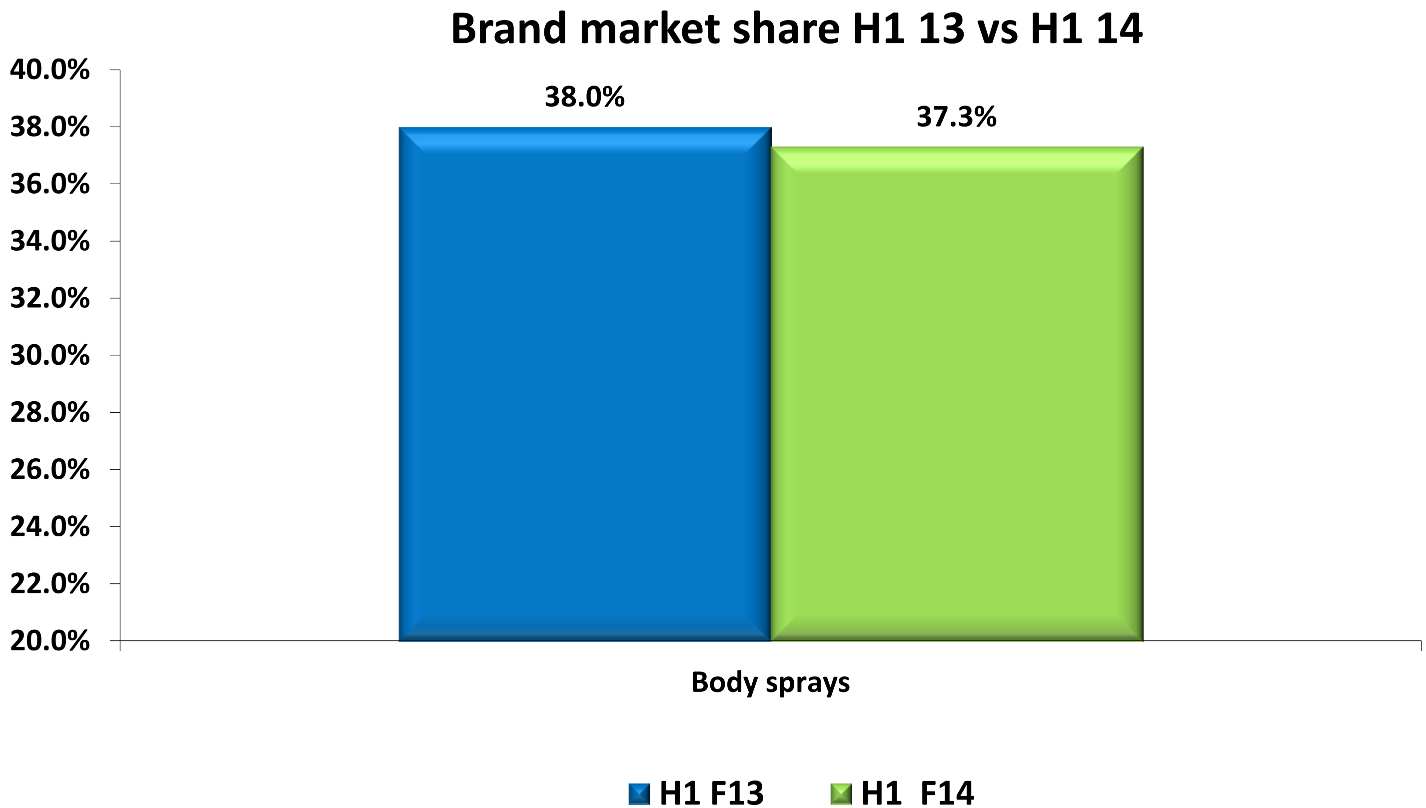
Sales volume and Selling price

	% Δ H1 14 vs H1 13	Comments
Personal Care revenue growth*	***8,5***	
Volume growth	*4,0*	*Increase in body sprays and cosmetics*
Ave. selling price	*4,3*	*Increases in F13 and mix*

* Like-for-like comparison adjusted for impact of Coty restructuring

PERSONAL CARE

Market Share



PERSONAL CARE

Prospects for H2

- Constrained consumer spending
- Raw material pressure – weaker Rand
- Selling price decisions to defend F15 profit margins
- Continue body spray volume recovery
- Focus on wholesale channel
- Export growth through AVI International
- Capital project evaluation – distribution centre upgrade

FOOTWEAR & APPAREL

Performance and prospects

SPITZ GREEN CROSS

CARVELA Tosoni LACOSTE

KURT GEIGER GANT J.Renee'

AVI

GROWING GREAT BRANDS

SPITZ

Income statement

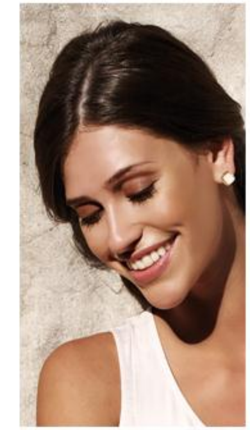
Spitz and Kurt Geiger	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*782,2*	*727,5*	*7,5*
Operating profit	*258,9*	*254,1*	*1,9*
Operating margin%	*33,1*	*34,9*	*(5,2)*

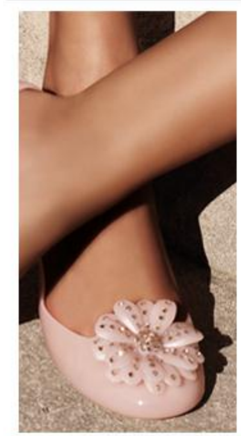
- Revenue growth impacted by:
  - Higher selling prices with footwear volume 4,6% lower
  - Clothing revenue up 25,6% - Kurt Geiger
- Gross profit margin decrease from 62,4% to 60,3%
  - Exchange rate pressure absorbed on core footwear ranges
  - Kurt Geiger GP margin impact reduced with weaker Rand offset by favourable product mix
- Trading space increased: 3 new Kurt Geiger stores and 3 new Spitz stores
- Improved like-for-like trading densities

SPITZ

Sales volume and selling prices

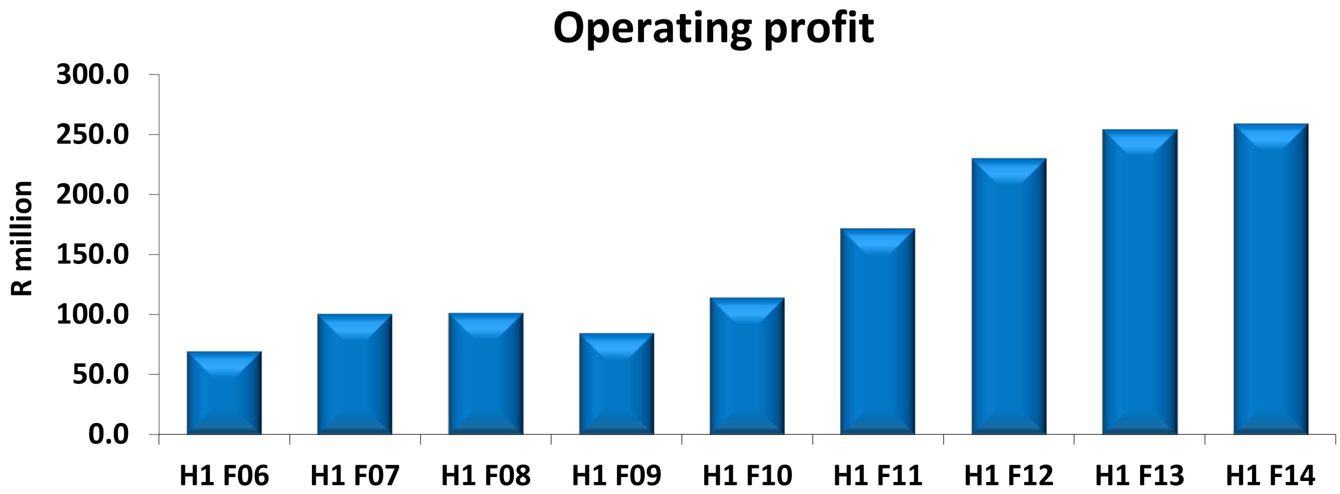
	% Δ H1 14 vs H1 13	Comments
Spitz & KG Footwear revenue growth	***5,3***	
Volume growth	*(4,6)*	*Lower demand in constrained consumer environment*
Ave. selling price	*10,4*	*Price increases, including core Carvela range increase in April 2013*
KG Clothing revenue growth	***25,6***	*New stores and improved trading density*

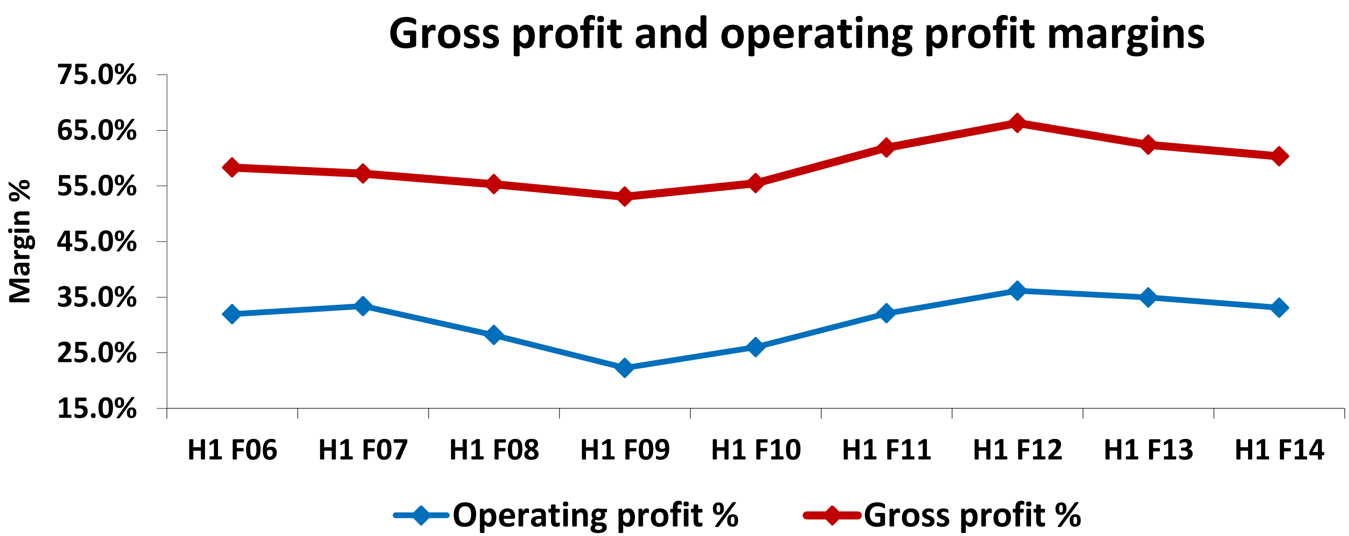




SPITZ

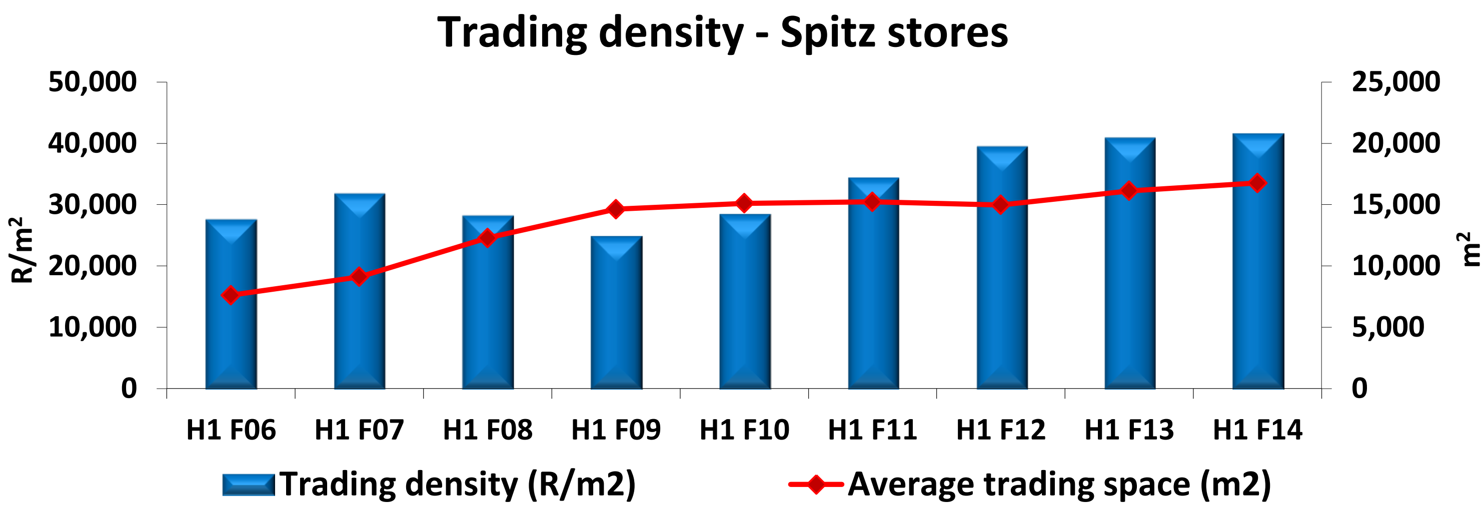
Spitz and Kurt Geiger

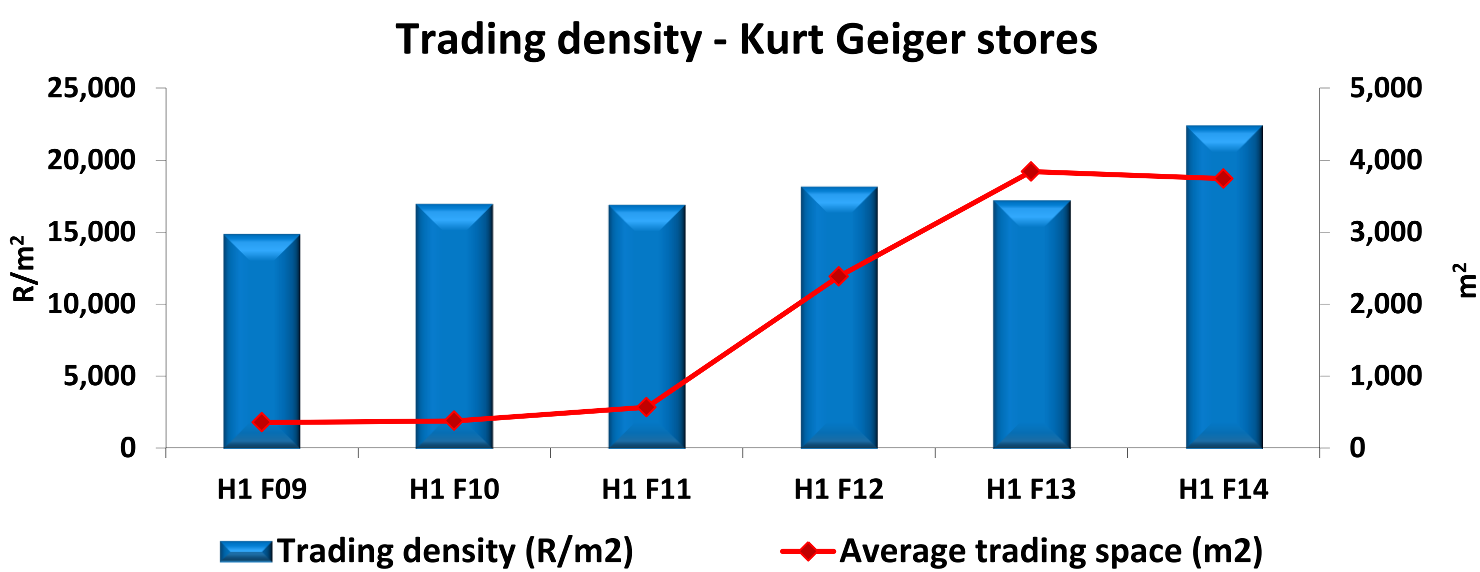




SPITZ

Spitz and Kurt Geiger





SPITZ

Prospects for H2

- Constrained consumer spending
- Cost of sales pressure – weaker Rand
- Further price increase on core Carvela ranges to offset exchange rate pressure
- Price decision impact on volumes
- Continued space growth if right locations are available
- Focus on Spitz ranging and retail execution
- Continue developing owned brands – Carvela and Kurt Geiger
- Focus on improving Kurt Geiger trading density

GREEN CROSS

Income Statement

	H1 14 Rm	H1 13 Rm	%Δ
Revenue	*163,1*	*171,0*	*(4,6)*
Operating profit	*34,3*	*47,6*	*(27,9)*
Operating profit %	*21,0*	*27,8*	*(24,5)*

- Wholesale performance impacted by lower demand and non-recurring tender business
- Retail revenue growth with no new stores opened
- Gross profit margin decreased from 53,5% to 52,6%
  - Exchange rate pressure partly absorbed
  - Good factory performance
- Investment to support long term growth ambition

GREEN CROSS

Prospects for H2

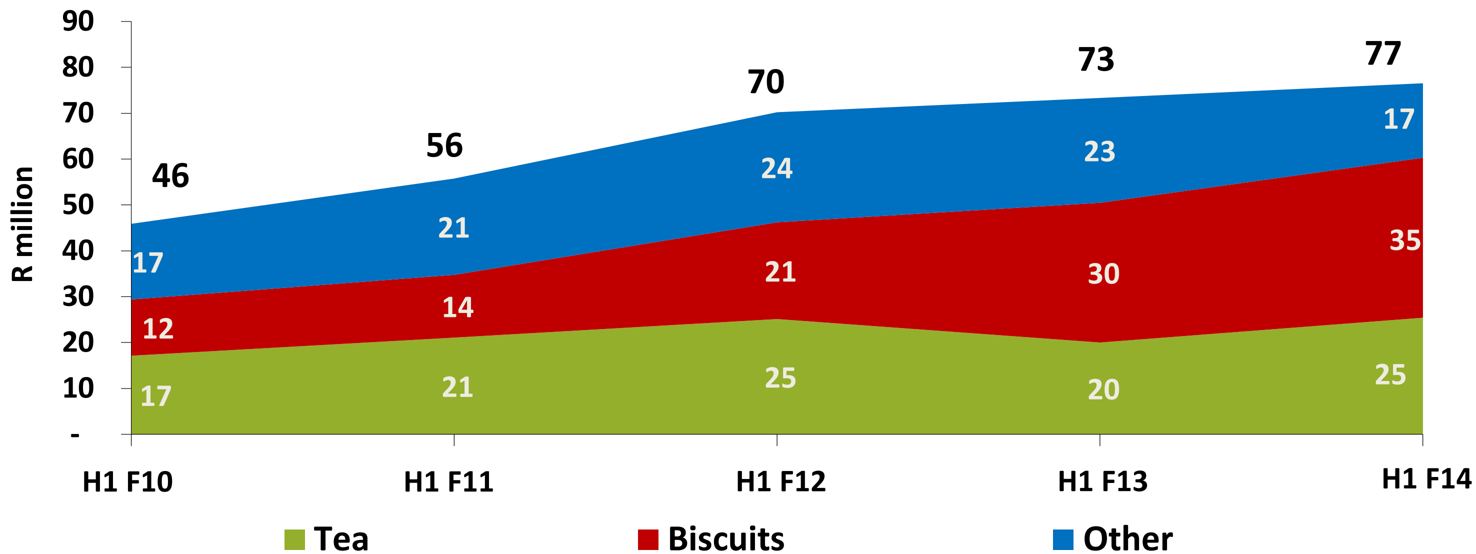
- Traction with brand growth opportunities
  - Revised product selection and ranging
  - New retail store design roll-out – 3 doors
- Supply chain focus – procurement, manufacturing, distribution
- Wholesale focus – footprint, service levels

AVI INTERNATIONAL

Bakers · Provita · Willards · I&J · Ellis Brown
Freshpak · Five Roses · Frisco · house of coffees
Lenthéric London · Paris · Coty Paris · New York · adidas · Yardley London

AVI INTERNATIONAL

Operating profit history



- Growth in core brands
- Increased market seeding – Mozambique, Angola
- Changed Mozambique agent
- Higher cost of business in Namibia – leverage with growth
- Effective leveraging of RSA manufacturing base

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Sales outside of RSA

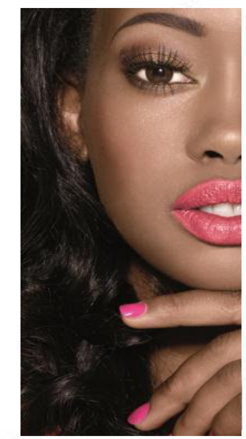
	H1 14 Rm	H1 13 Rm	%Δ
International Revenue	*385,5*	*336,1*	*14,7*
% of Grocery and Personal Care brands	*10,7*	*10,3*	
International Operating Profit	*76,5*	*73,3*	*4,4*
% of Grocery and Personal Care brands	*11,7*	*12,5*	
International Operating Margin	*19,8*	*21,8*	*(9,2)*
Grocery and Personal Care brands Operating Margin	*18,1*	*18,0*	*0,6*

AVI GROUP

Prospects for H2

- Improved I&J performance
  - Higher exchange rates secured
  - Better catch rates if sustained
  - Improved operations performance

- Leverage strong brand portfolio to sustain growth in challenging environment
  - Manage selling prices to secure F15 margins
  - Constrained consumer demand to persist
  - Margin / demand pressure from weaker Rand / commodity costs
  - Brand development opportunities
  - Accelerate exports with AVI International
  - Continued project activity to improve manufacturing base



Questions and answers

AVI

GROWING GREAT BRANDS

Information slides

GROWING GREAT BRANDS

BUSINESS UNIT FINANCIAL RESULTS

Continuing operations

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 14 Rm	H1 13 Rm	Δ %	H1 14 Rm	H1 13 Rm	Δ %	H1 14 Rm	H1 13 Rm
Food & Beverage Brands	**3 854,6**	**3 454,1**	**11,6**	**631,1**	**539,8**	**16,9**	**16,4**	**15,6**
Entyce	1 416,1	1 310,0	8,1	258,9	247,4	4,6	18,3	18,9
Snackworks	1 614,0	1 424,4	13,3	297,9	245,9	21,1	18,5	17,3
I&J	824,5	719,7	14,6	74,3	46,5	59,8	9,0	6,5
Fashion Brands	**1 540,6**	**1 431,7**	**7,6**	**393,2**	**394,1**	**(0,2)**	**25,5**	**27,5**
Personal Care	574,4	515,8	11,4	97,2	91,1	6,7	16,9	17,7
Footwear & Apparel	966,2	915,9	5,5	296,0	303,0	(2,3)	30,6	33,1
Corporate	**5,1**	**5,8**		**(3,6)**	**(12,6)**			
Group	**5 400,3**	**4 891,6**	**10,4**	**1 020,7**	**921,3**	**10,8**	**18,9**	**18,8**

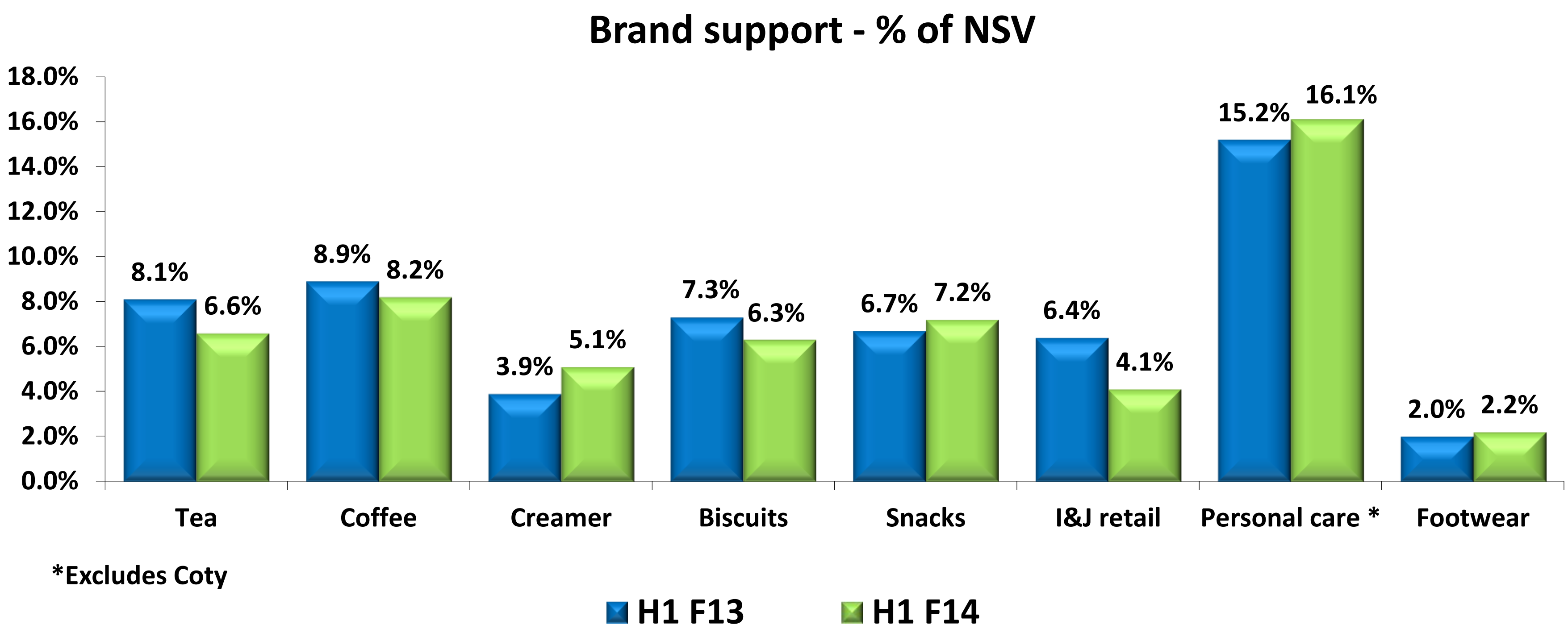
FOOTWEAR & APPAREL FINANCIAL RESULTS

Income statement

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 14 Rm	H1 13 Rm	Δ %	H1 14 Rm	H1 13 Rm	Δ %	H1 14 Rm	H1 13 Rm
Footwear & Apparel	**966,2**	**915,9**	**5,5**	**296,0**	**303,0**	**(2,3)**	**30,6**	**33,1**
Spitz	782,2	727,5	7,5	258,9	254,1	1,9	33,1	34,9
Green Cross	163,1	171,0	(4,6)	34,3	47,6	(27,9)	21,0	27,8
Other	20,9	17,4	20,1	2,8	1,3	115,4	13,4	7,5

INFORMATION SLIDE

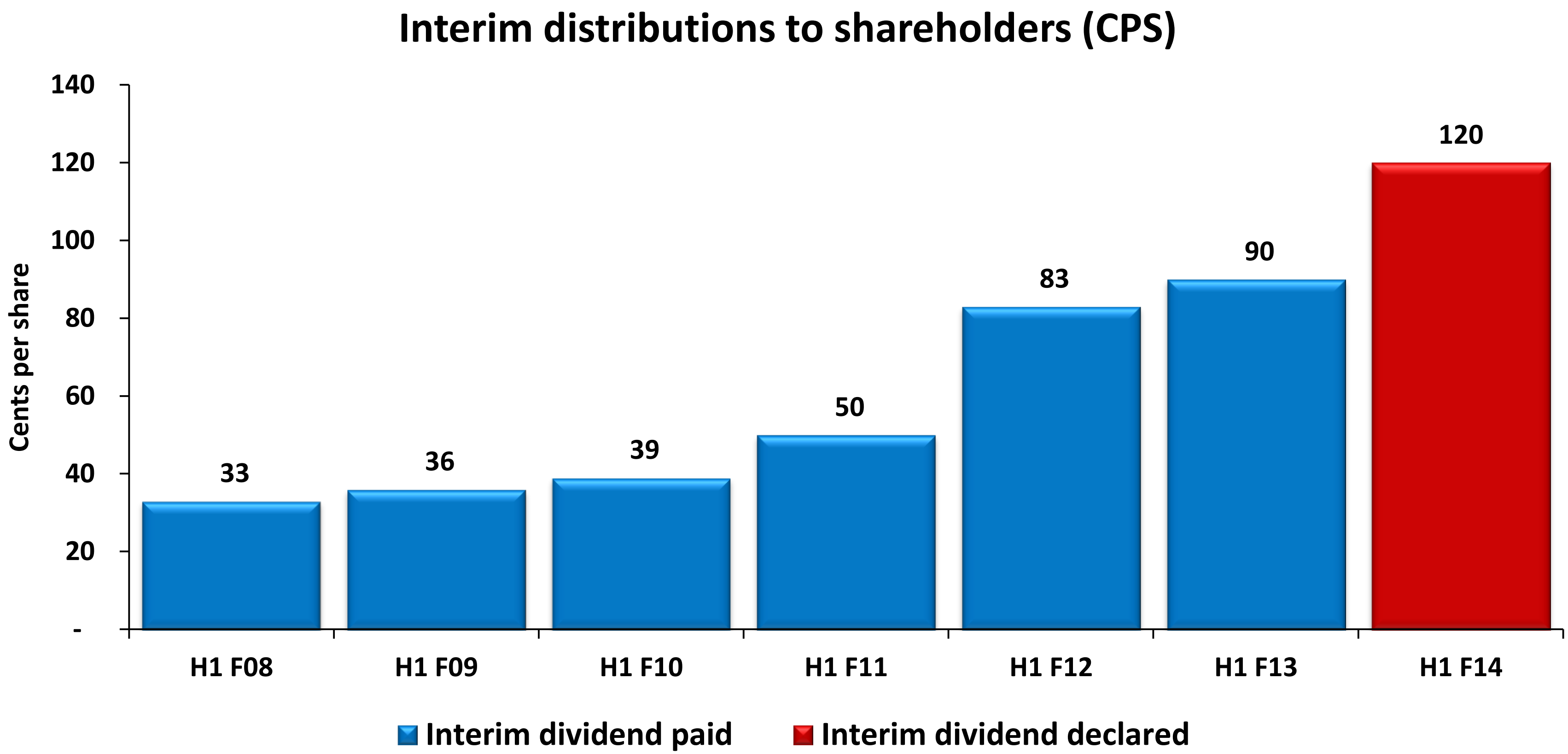
Marketing Expenditure



- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs
- Total expenditure for H1 F14 was R306m compared to R302m in H1 F13

INFORMATION SLIDE

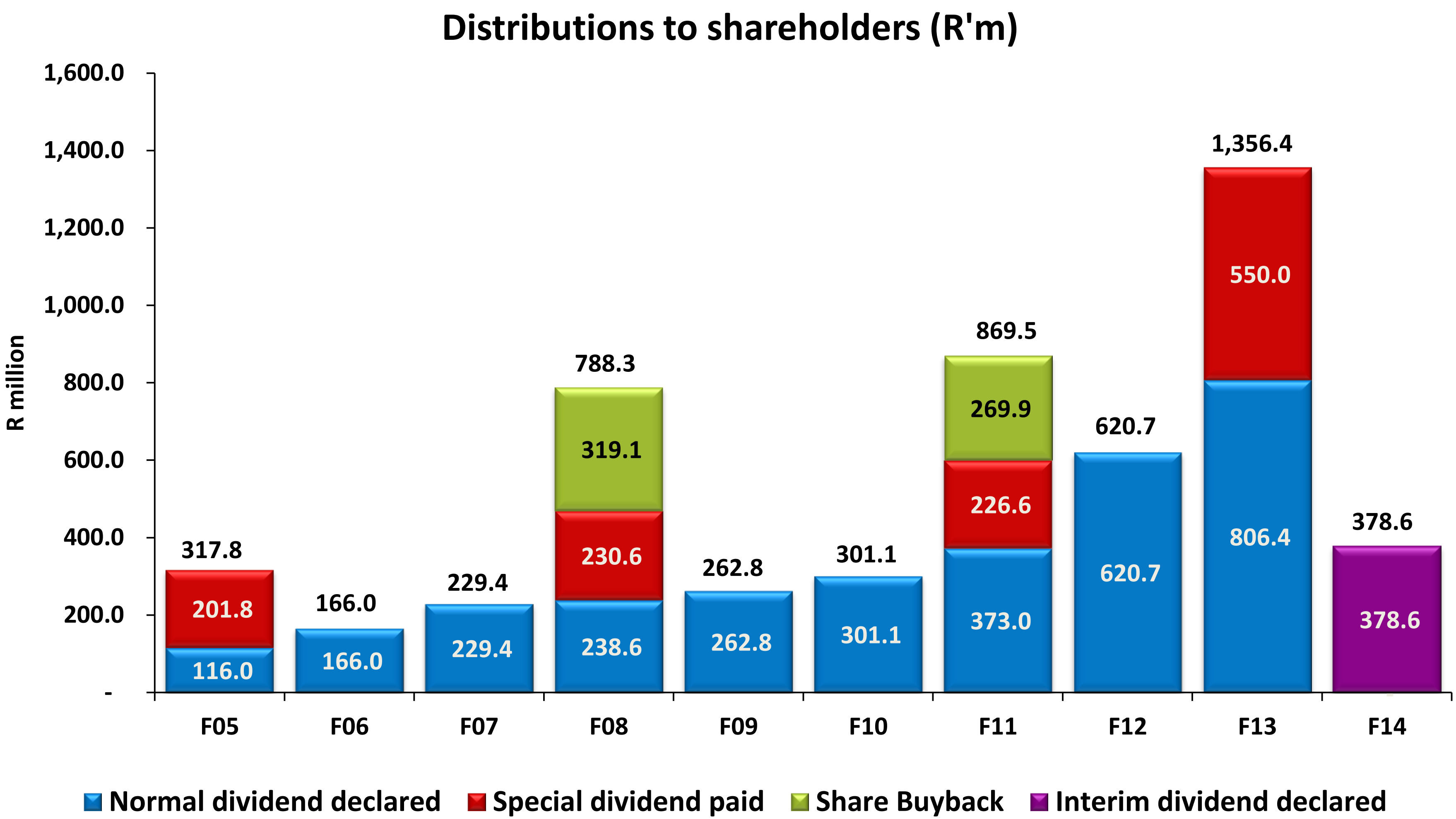
Returns to shareholders



- Annual dividend cover ratio reduced from 1,5 to 1,25 in H2 F13
- Ongoing practice of returning surplus cash to shareholders

INFORMATION SLIDE

Return to shareholders



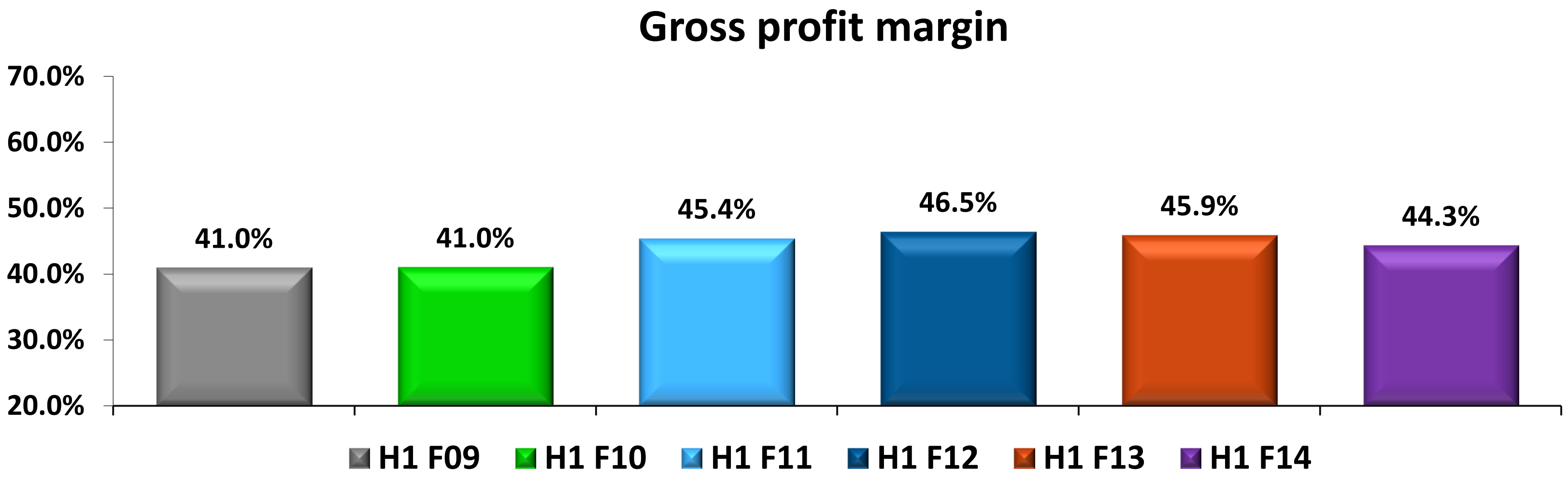
INFORMATION SLIDE

I&J Quota– seafood products

Hake Quota (tons)	CY09	CY10	CY11	CY12	CY13	CY14
South African Total Allowable Catch (TAC)	118 578	119 861	131 847	144 742	156 088	155 308
% change in TAC	(9,1)	1,1	10,0	9,8	7,8	(0,5)
I&J	33 199	33 550	36 906	40 515	43 689	43 471
%	28,0	28,0	28,0	28,0	28,0	28,0

INFORMATION SLIDE

Continuing operations – gross profit margin history



INFORMATION SLIDE

Trading space and trading density

Spitz	H1 14	H1 13
Number of stores	67	64
Turnover (Rm)	698,4	661,4
Average m^2	16 766	16 128
Trading Density (R /m^2)	41 653	41 010
Closing m^2	17 156	16 586

Like-for-like metrics*	H1 14	H1 13
Number of stores	60	60
Turnover (Rm)	645,8	639,8
Average & closing m^2	15 554	15 554
Trading Density (R/m^2)	41 519	41 134

* Based on stores trading for the entire current and prior periods.

INFORMATION SLIDE

Trading space and trading density

Kurt Geiger	H1 14	H1 13
Number of stores	32	31
Turnover (Rm)	83,8	66,1
Average m^2	3 742	3 840
Trading Density (R /m^2)	22 400	17 208
Closing m^2	3 960	4 113

Like-for-like metrics*	H1 14	H1 13
Number of stores	24	24
Turnover (Rm)	70,3	59,7
Average & closing m^2	3 027	3 027
Trading Density (R/m^2)	23 218	19 722

* Based on stores trading for the entire current and prior periods.

INFORMATION SLIDE

Trading space and trading density

Green Cross	H1 14	H1 13
Number of stores	30	30
Turnover (Rm)	97,5	100,3
Average m^2	3 382	3 382
Trading Density (R /m^2)	28 834	29 663
Closing m^2	3 382	3 225

Like-for-like metrics*	H1 14	H1 13
Number of stores	30	30
Turnover (Rm)	97,5	100,3
Average & closing m^2	3 382	3 382
Trading Density (R/m^2)	28 834	29 663

* Based on stores trading for the entire current and prior periods.

INFORMATION SLIDE

Closing number of stores and trading space at the end of each period

Period End	Spitz		Kurt Geiger		Green Cross	
	# of stores	Closing m²	# of stores	Closing m²	# of stores	Closing m²
June 2005	26	7,571	-	-		
December 2005	29	8,232	1	128		
June 2006	31	8,730	1	128		
December 2006	35	10,397	1	128		
June 2007	38	10,397	1	128		
December 2007	46	12,974	3	346		
June 2008	51	14,095	3	346		
December 2008	57	15,448	3	346		
June 2009	56	15,595	3	346		
December 2009	56	15,220	3	346		
June 2010	56	15,012	3	346		
December 2010	57	15,124	7	1,047		
June 2011	57	14,991	15	1,910		
December 2011	59	15,240	22	2,922	29	3,304
June 2012	61	15,662	26	3,507	30	3,382
December 2012	64	16,586	31	4,113	30	3,382
June 2013	64	16,586	30	3,751	30	3,382
December 2013	67	17,156	32	3,960	30	3,382