



AVI

PRESENTATION TO ANALYSTS

for the six months ended 31 December 2007

Agenda

- Key features
- Group financial results
- Operational performance
- Prospects



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ENTYCE
BEVERAGES

snackworx



DENNY



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SPITZ

Key features

- Revenue from continuing operations up 10% to R3,6bn
- Sound demand despite cost pressures and resulting price increases
- Alpesca performance impacted by labour costs, lower shrimp prices and lower hake catch
- Operating profit up 12% to R459 million
- Commodity cost pressure on gross margins well managed
- Continuing improvement in I&J's South African operations

Key features (continued)

- HEPS of 92,0c up 11% on prior year of 82,8c
- Interim dividend up 10% to 33 cents per share
- R435 million returned to shareholders



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Key brands by business unit

ENTICE
BEVERAGES

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Chilled &
Frozen Foods

Out of Home

Fashion



Freshpak



Quali



YARDLEY
LENTHERIC
LONDON • PARIS

COTY
PARIS • NEW YORK

SPITZ
CARVELA

Kurt Geiger

LACOSTE

GEOX
BREATHES

GANT
nina roche
JIMMY CHOO

Group financial results



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Group financial results

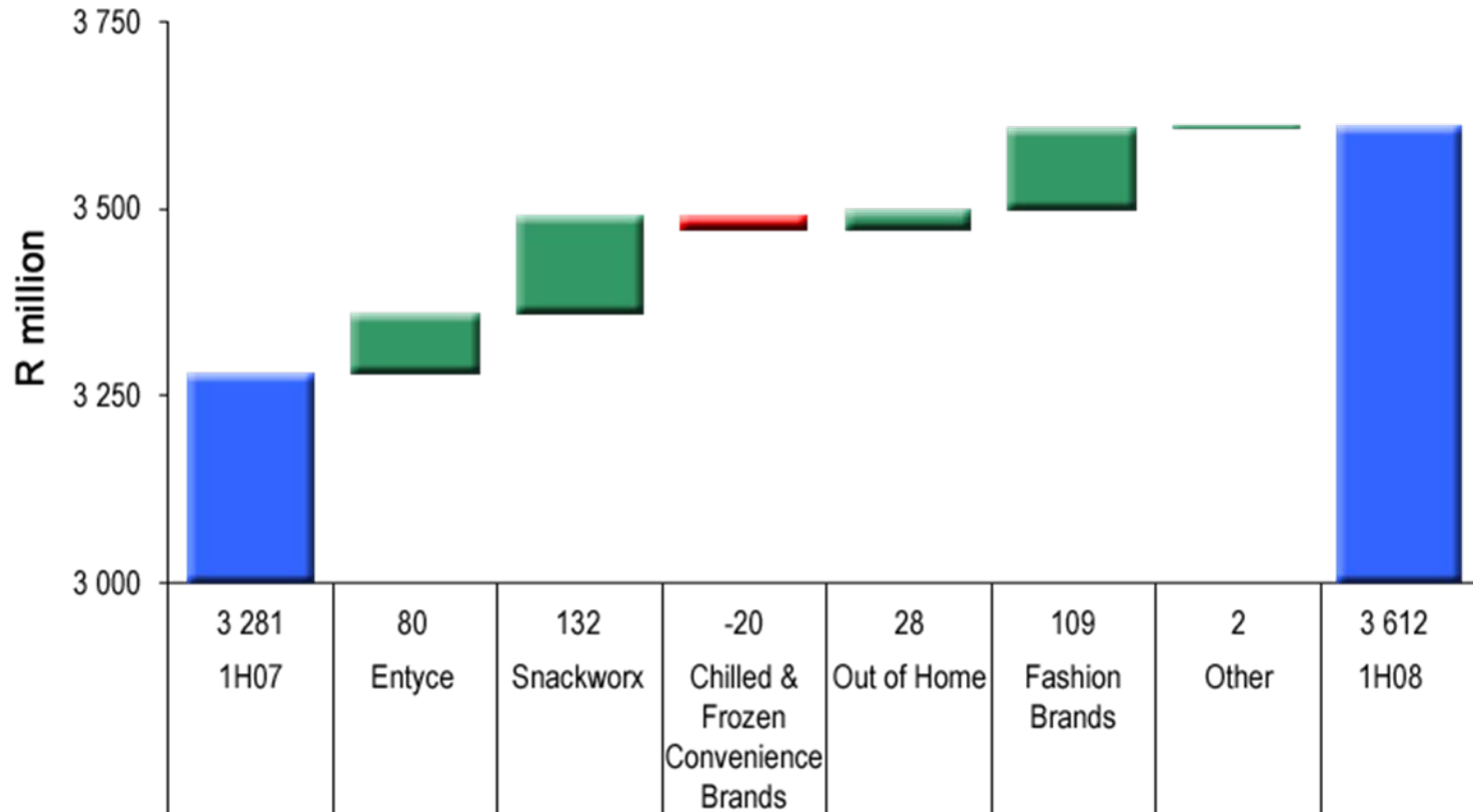
Continuing operations

Income statement	1H08 Rm	1H07 Rm	%Δ
Revenue	3 612,5	3 280,9	10,1
Operating profit	458,8	407,9	12,5
Operating margin %	12,7	12,4	2,4
Net financing cost	(25,7)	(19,4)	(32,5)
Share of JVs and associates	5,5	(10,8)	150,9
HEPS (cps)	92,0	82,8	11,1
Interim dividend (cps)	33,0	30,0	10,0

Group financial results

Revenue – 10% improvement

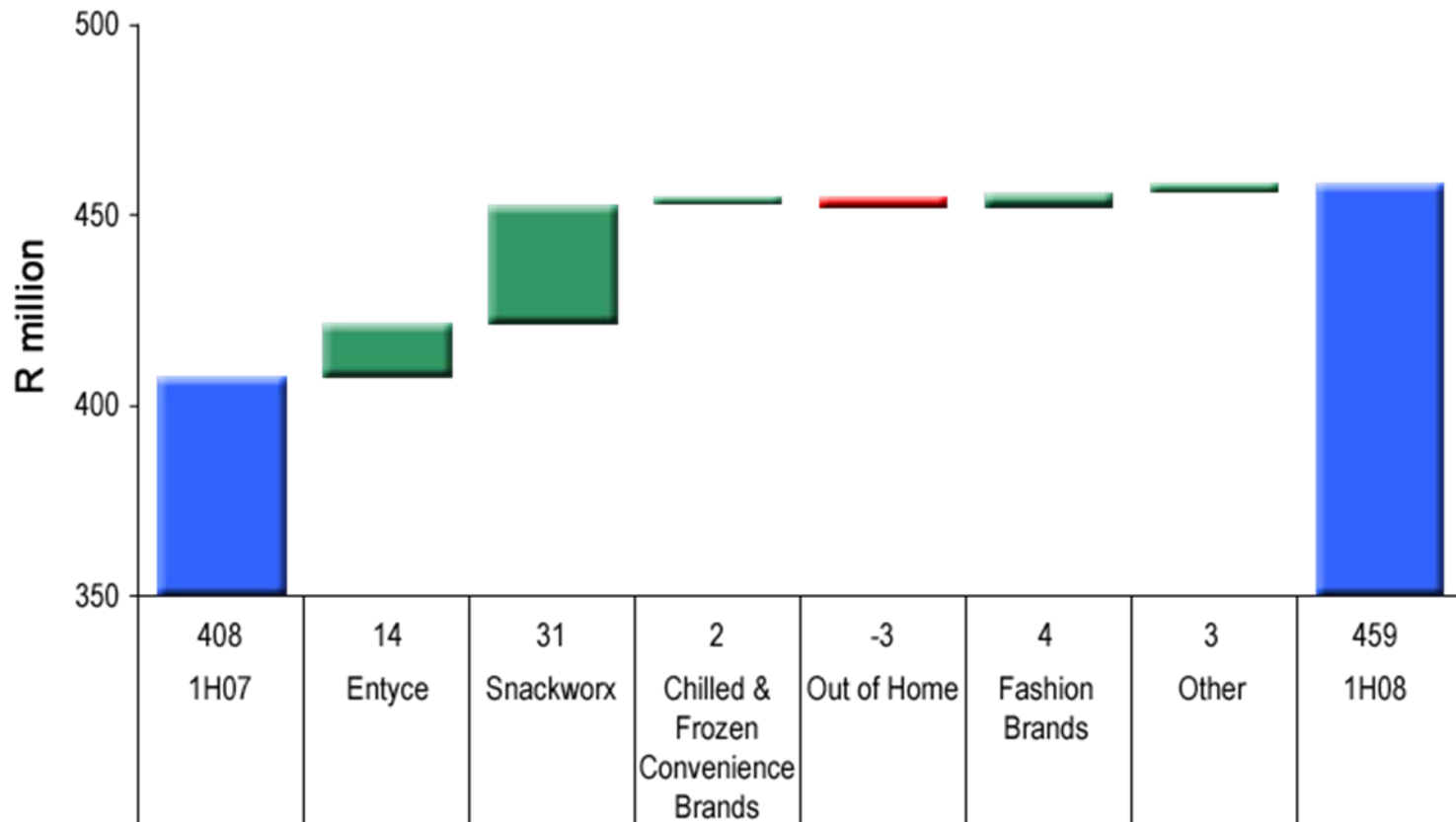
Movement in Group Revenue



Group financial results

Operating profit – 12% improvement

Movement in Group Operating Profit



Group financial results

	1H08 Rm	1H07 Rm	%Δ
Cash generated by operations	598,1	557,5	7,3
Working capital to revenue %	17,6	18,4	
Capital expenditure	118,8	143,6	(17,3)
Depreciation and amortisation	91,7	88,6	3,5
Net debt	635,5	328,1	93,7

Group financial results

- Interest cost increased due to higher interest rates and borrowings
- Improved Simplot operating performance – profit of R5,5 million vs loss of R10,8 million
- Return of capital to shareholders
 - Payment out of share premium – R231 million
 - Share buy-back – R204 million (9,8 million shares)
- Balance sheet capacity to fund acquisitions or further share buy-backs

Operational performance



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Operational performance

Financial results

	1H08 Rm	1H07 Rm	%Δ
Revenue	762,9	682,4	11,8
Operating profit	94,8	80,7	17,4
Operating margin %	12,4	11,8	5,1

Operational performance

1H08 Key features

- Demand sound overall
- Revenue growth from tea volumes and price increases
- Tea volumes up 7% with new variants and packaging rejuvenation
- Commodity prices up, particularly coffee and juice concentrates
- Operating margin improved to 12,4%
- Coffee technology / capacity investment approved – R24 million
- Juice operating loss of R10 million same as last year
 - Gross margin improved by price increases / range rationalisation
 - Benefit offset by very high raw material costs

snackworx
A DIVISION OF NATIONAL BRANDS LIMITED



Operational performance

Financial results

	1H08 Rm	1H07 Rm	%Δ
Revenue	883,7	751,4	17,6
Operating profit	128,6	96,9	32,7
Operating margin %	14,6	12,9	13,2

Operational performance

1H08 Key features

- Strong consumer demand, particularly for biscuits
- Revenue growth mainly from
 - Biscuit volumes up 8%
 - Price increases in response to high commodity costs
- Operating margin improved to 14,6%
- Promotional expenditure for new product launches weighted to second half of year

Chilled and
Frozen
Convenience
Brands





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Operational performance

Financial results

	1H08 Rm	1H07 Rm	%Δ
Revenue	1 060,3	1 080,5	(1,9)
Operating profit	83,3	81,2	2,6
Operating margin %	7,9	7,5	5,3



Operational performance

1H08 Key features – Seafood products

Fishing resource	Revenue			Operating profit	
	1H08 Rm	1H07 Rm	%Δ	1H08 Rm	1H07 Rm
South Africa	646,3	638,4	1,2	68,8	33,0
Argentina	219,7	270,7	(18,8)	(2,7)	35,3
Other	51,6	43,0	20,0	5,7	6,6
Total	917,6	952,1	(3,6)	71,8	74,9



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Operational performance

1H08 Key features

- Strong improvement in I&J SA operations despite lower quota
 - Prices 16% higher on average – price increase, mix and currency
 - Improved operational efficiency
 - Stable catch rates
 - Vessel fleet reduction
 - Ongoing optimisation of processing operations
- Denny performance improved on firm prices and higher production (operating profit R11,5 million vs R6,2 million 1H07)



Operational performance

1H08 Key features (continued)

- Argentina
 - Weak shrimp prices
 - Labour costs – increases in excess of agreement and ongoing high absenteeism
 - Poor hake catches in November and December
 - No improvement in currency or fiscal regime despite undertakings
- Simplot JV performance improving off low base

Out of Home



Operational performance



Financial results

	1H08 Rm	1H07 Rm	%Δ
Revenue	201,6	173,9	15,9
Operating profit	27,0	30,5	(11,5)
Operating margin %	13,4	17,5	(23,4)

Operational performance

1H08 Key features

- Highly competitive environment
- Higher costs not fully recovered
- Coffee volumes maintained
- Strong volume growth in other beverages
- Wimpy contract retained through long term agreement

Fashion Brands



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S P I T Z





Operational performance – Fashion Brands

Financial results

	1H08 Rm	1H07 Rm	%Δ
Revenue	693,3	584,0	18,7
Operating profit	134,7	131,0	2,8
Operating margin %	19,4	22,4	(13,4)

Operational performance – Fashion Brands

Financial results

	Revenue			Operating profit		
	1H08 Rm	1H07 Rm	%Δ	1H08 Rm	1H07 Rm	%Δ
Personal Care	325,3	283,4	14,8	35,8	30,7	16,6
Footwear & Apparel	368,0	300,6	22,4	98,9	100,3	(1,4)
Total	693,3	584,0	18,7	134,7	131,0	2,8

Operational performance – Personal Care



1H08 Key features

- Revenue growth of 14,8%
 - Strong body spray volume growth
 - Record market shares in female body sprays
 - Sound performance in make-up, fragrances and skin care
- Operating profit increased by 16,6%
 - Volume leverage
 - Constrained by impact of weaker Rand on imports



Operational performance – Footwear & Apparel

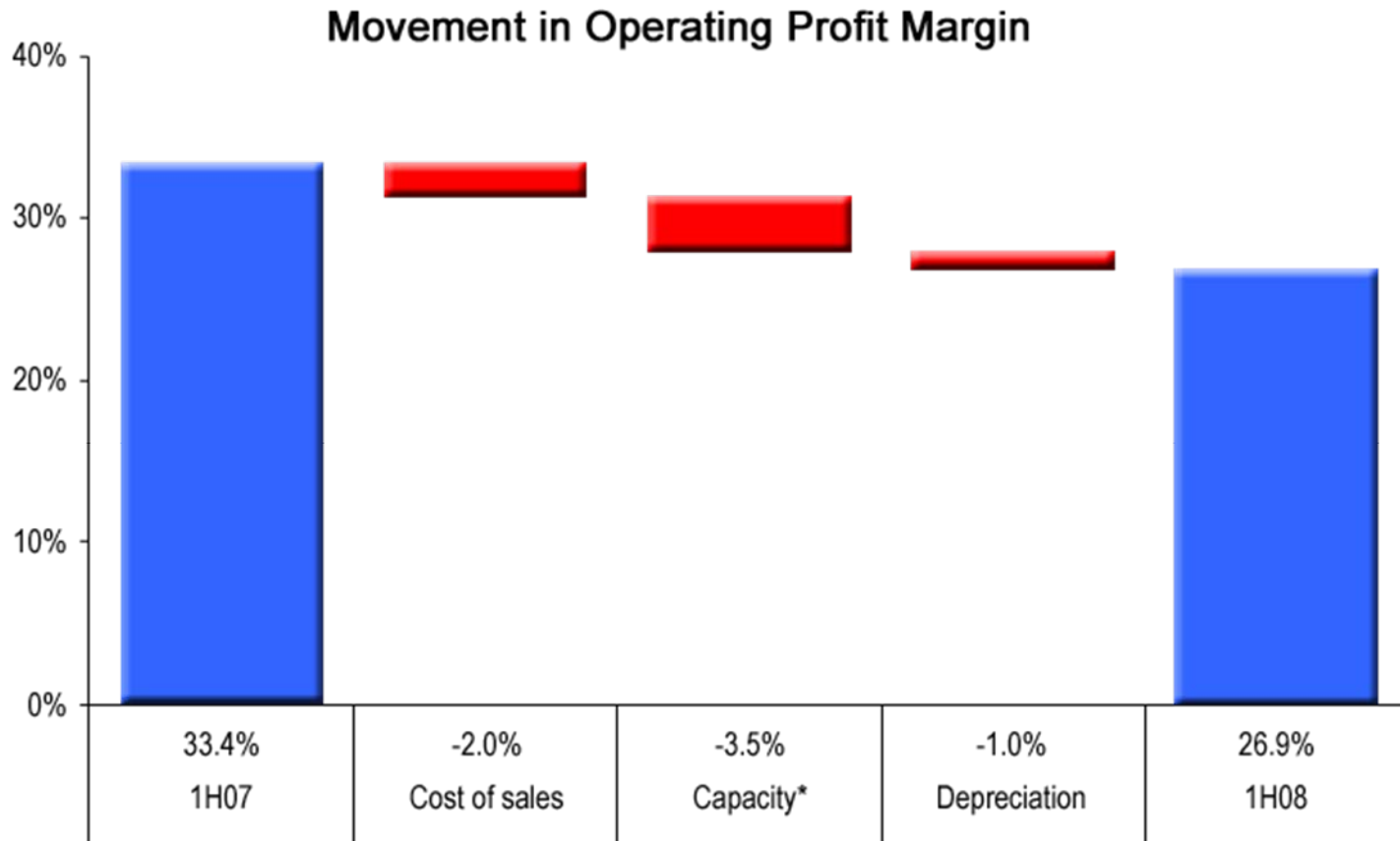
1H08 Key features

- Revenue growth of 22.4%
 - 7% higher volumes in existing stores
 - Balance from new stores (15 doors)
- Operating margin impacted by
 - Currency
 - Investment phase (capex, people, marketing)
- Footwear retail space average 13 773m² (prior 9 836m²)



Operational performance – Footwear & Apparel

1H08 Key features



* investment in people, systems, distribution and marketing to sustain superior margins in a bigger business

Prospects



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Prospects – Entyce

- Demand prospects remain sound
- Material price pressure on commodities – tea, coffee, palm oil
- Price increases implemented in current quarter
- Brand and packaging plans well developed for H2
- Coffee capacity / technology project commissioned in H2
- Juice focus remains on short term recovery plan

Prospects - Snackworx

- Demand prospects remain sound
- Capacity expansion
 - New high speed biscuit line commissioned March 08
 - Further projects being evaluated
- Severe commodity cost pressures – selling price increases February 08 to maintain gross margin
- High product activity plans for H2
 - Premium biscuit product lines
 - Brand rejuvenation and new packaging



Prospects – Chilled and Frozen



- Seafood prices expected to remain firm
- Export revenue benefit from weaker Rand
- Exciting rejuvenation and innovation pipeline in SA
- Sound SA hake resource performance
- SA quota cut of 3% in 2008
- Ongoing restructure and efficiency improvements at SA operations
- Improved results from Simplot JV



Prospects – Chilled and Frozen



Alpesca

- Quota reduced by 30% in 2 years
- Investment case too dependant on exogenous factors
 - Hake catch rates
 - Volatile shrimp prices and catches
 - Ongoing wage pressures – 25% expectation May 08
 - Fiscal regime (industry incentives and export taxes)
 - Argentinean Peso / US Dollar exchange rate
- Decision on future of this investment to be made in H2

Prospects – Out of Home



- Slowing consumer spend impacting OOH demand
- Defend market leadership
 - Vending
 - New beverage categories
- Growth in Sir Juice volumes and profit in H2

Prospects – Fashion Brands



- Personal Care
 - Demand expected to benefit from down trading
 - Sustain market share gains with strong innovation pipeline
 - Opportunity from increased toiletry capacity
 - Ongoing focus on operating leverage

Prospects – Fashion Brands

- Footwear & Apparel
 - Short term demand environment less clear than food and beverage brands
 - Materially weaker currency impacts gross margins / price points
 - Targeting like-for-like growth and greater market share
 - Planned investment to continue
 - Store roll-out – 16 new doors by December 08
 - Refurbishments completed June 09
 - SAP go-live July 08
 - Increased fixed cost base to support medium term growth

Prospects – AVI

- Alpesca
 - Operating model and investment concerns
 - Decision to be made in H2
- Real Beverage (retail)
 - Improvement initiatives to continue through H2
 - Raw material price and supply risks
- Simplot JV
 - Anticipate continued improvement through H2
 - Next review with JV partners in April 08

Prospects – AVI

- Margin
 - Sound currency and commodity hedges for H2
 - Active cost and efficiency management
- Capital expenditure profile to support capacity and technology requirements
- Load shedding impact limited based on experience to date
- Increasing brand rejuvenation activity in H2

Prospects – AVI

- Inflationary pressures for consumers are material
 - Impact of higher price points on demand
 - Shrinking disposable income
 - Rising commodities may require further increases
- Consumer demand prospects remain reasonable for AVI
 - Well established defensive characteristics of food and beverage brands
 - Less certainty on short term demand for premium footwear and apparel brands
 - Market share opportunities
- Demand in January and February 08 satisfactory

Questions and answers



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