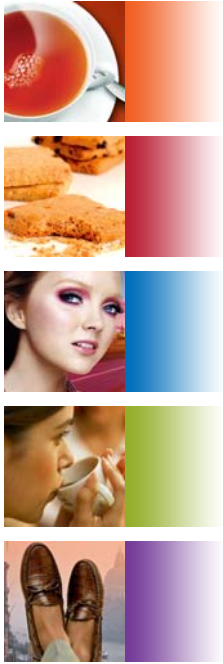


## AVI Limited Presentation to analysts

for the six months ended  
31 December 2009



**AVI** GROWING GREAT BRANDS

## Agenda

- Key features
- Group financial results
- Operating environment
- Initiatives and prospects
- Questions and answers



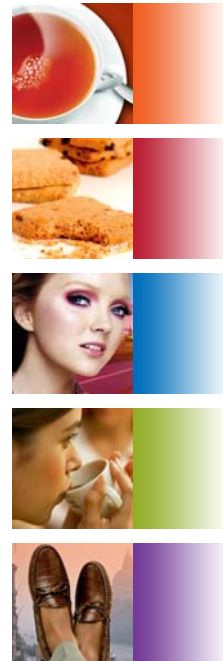
**AVI** GROWING GREAT BRANDS

### Key features

- Solid performance in difficult conditions
- Stable domestic selling prices
- Commodity costs in line with prior period in aggregate
- Operating profit maintained despite lower I&J contribution
- Net finance costs down 24%
- HEPS from continuing operations up 9%
- Continuing strong cash generation
- Interim dividend up 8% to 39 cents per share



### Group financial results



### Group financial results

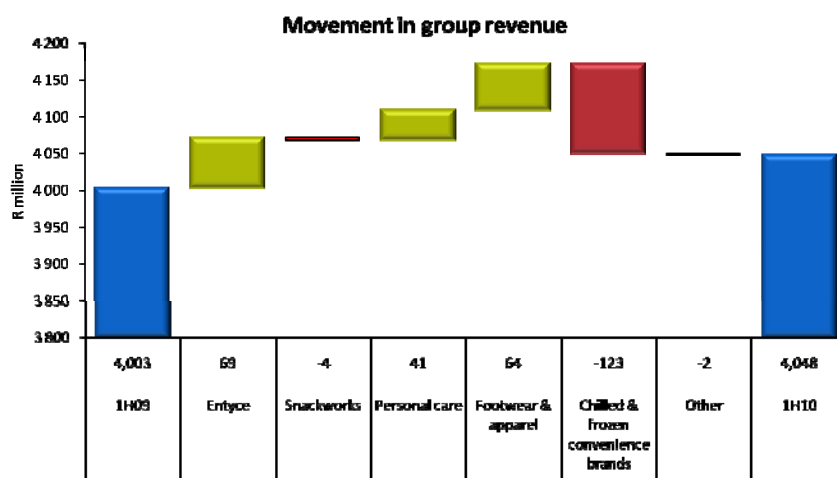
Continuing operations

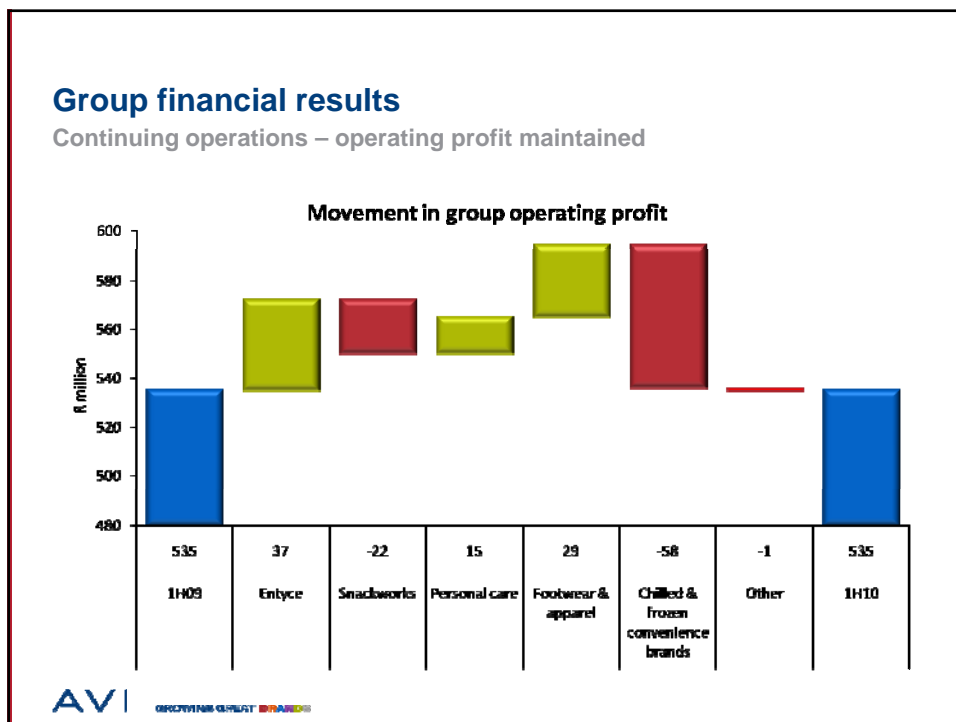
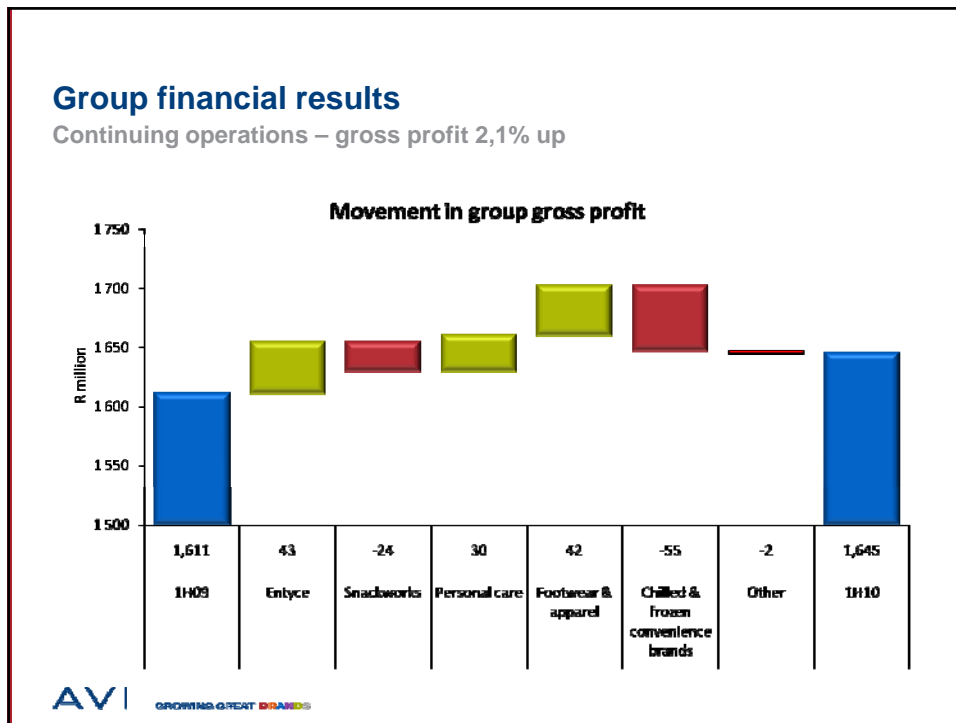
Income statement	1H10 Rm	1H09 Rm	%Δ
Revenue	4 048,0	4 002,8	1,1
Gross profit	1 645,4	1 611,5	2,1
Gross margin %	40,6	40,3	0,7
Operating profit	534,7	534,6	-
Operating margin %	13,2	13,4	(1,5)
Net financing cost	52,4	69,3	(24,4)
Share of joint ventures	21,0	7,5	180,0
HEPS (cps)	112,3	103,2	8,8
Interim dividend (cps)	39	36	8,3
Capital items	(0,3)	54,1	

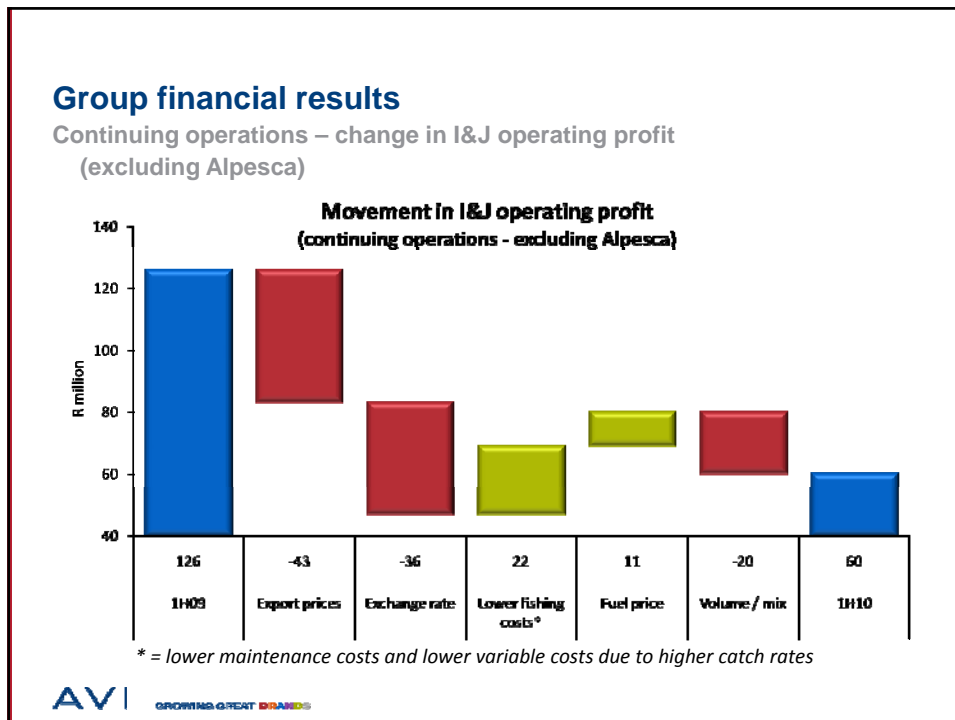


### Group financial results

Continuing operations – revenue 1,1% up







### Group financial results

Continuing operations

	1H10 Rm	1H09 Rm	%Δ
Cash generated by operations	620,5	617,8	0,4
Working capital to revenue %	17,2	16,9	1,8
Capital expenditure*	199,1	165,7	20,2
Depreciation and amortisation	93,5	87,0	7,5
Net debt	479,5	568,3	(15,6)

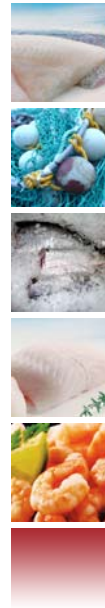
\* Indigo acquired adjacent property for R88,5m in 1H10; I&J spent R35m on an additional fishing vessel in 1H09.

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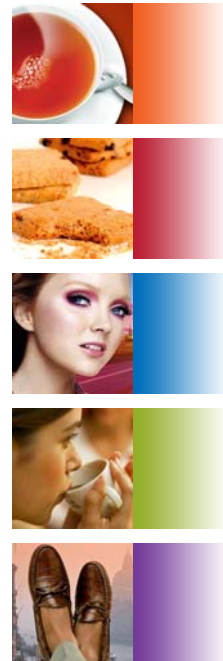
## Group financial results

Discontinued operation – Alpesca

- One shrimp vessel sold at book value during the period
- New quota regulations will be positive for Alpesca
- Operating loss of R8,9m compared to profit of R20,8m in prior period due mainly to lower hake profits resulting from lower selling prices



## Operating environment



### Operating environment

#### Consumer demand

- Tea, biscuits and creamer volumes supported by tactical pricing introduced in H2 F2009
- Snacks volumes impacted by low service levels in fourth quarter caused by short supply of potatoes
- Improved Denny production volume supported effective sales and promotion activity
- I&J volumes down due to lower quota
- Indigo still achieved growth off a high base
- Spitz's core brands performed well, supported by re-introduction of Tosoni

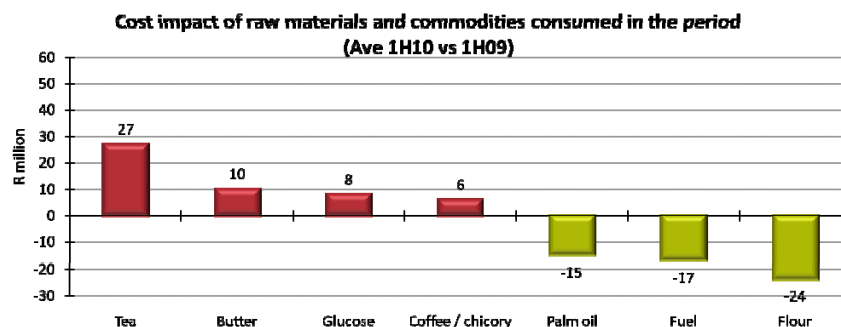
Sales volume growth	% Δ vs 1H09
Tea	8,6
Biscuits	2,5
Snacks	(3,0)
Creamer	12,4
Coffee	0,7
Denny	9,7
I&J South Africa	(5,1)
Personal care	2,3
Spitz footwear	9,4



### Operating environment

#### Cost pressures

- Commodity input costs



- Impact of commodity prices neutral overall
- Labour cost increases 9,5% - 10,0%



### Operating environment

#### Selling prices

- Limited price increases in first semester
- Higher tea prices reflect rising black tea cost prices
- Tactical pricing on tea, biscuits, snacks and creamer to support volumes
- Lower commodity costs in biscuits and snacks partially offset profit impact of lower selling prices
- I&J - lower export prices and stronger Rand

Average realised selling prices by category	% Δ vs 1H09
Tea	9,8
Biscuits	(1,5)
Snacks	(1,7)
Creamer	(8,1)
Coffee	15,8
Denny	1,5
I&J South Africa	(10,4)
Personal Care	8,5
Footwear	5,4

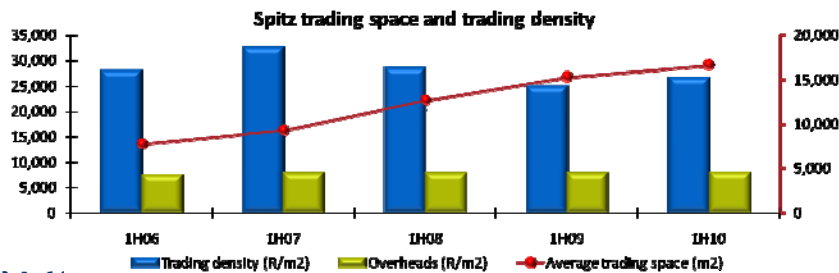
*Shows cumulative impact of price increases taken during 1H09, 2H09 and 1H10*



### Operating environment

#### A & D Spitz

- Increased volumes and price increases during FY09 resulted in better trading density
- Stable operating cost base resulted in profit leverage
- Gross margin up from 53,1% to 55,5%; operating profit margin up from 22,3% to 26,0%
- Operating profit for H1 of R114 m = FY09 full year profit

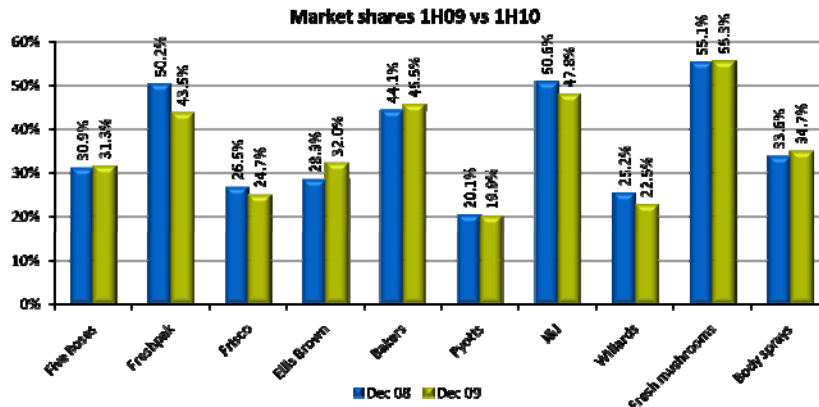




### Operating environment

#### Market share

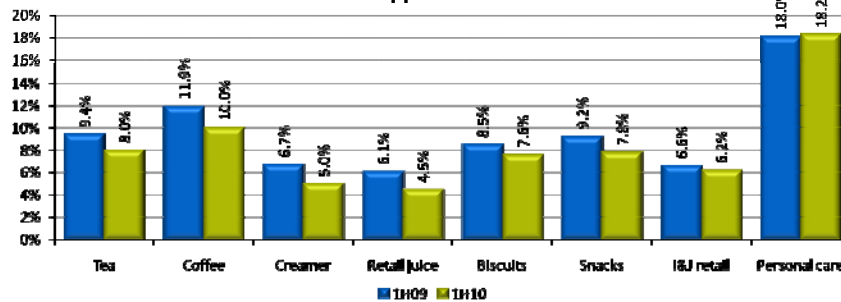
- Average value share for six month periods



### Operating environment

#### Marketing expenditure

**Brand support - % of NSV**



- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs
- Total expenditure for H1 F2010 was R284m compared to R293m in H1 F2009
- Lower spend due to reduced media costs



## Initiatives and prospects



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## Initiatives and prospects



**ENTYCE** BEVERAGES

**Five Roses** **Freshpak** **TRISCO** **house of coffees** **Café Bonito**

**Quah** **ciro** **TRINCO** **Koffiehuis** **Green**

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## Initiatives and prospects

### Entyce

- H1 F2010
  - Tactical pricing to support tea and creamer volumes
  - Ellis Brown volumes and market share recovered
  - Coffee prices and volumes maintained
  - New Five Roses packaging launched successfully
  - Cost savings from improved procurement focus
- H2 F2010
  - Challenge of higher black tea costs
  - Focus on Rooibos volumes and market share
  - Evaluation of creamer capacity expansion
  - Ongoing focus on wider distribution
  - New packaging in premium coffee



## Initiatives and prospects

### Snackworks



## Initiatives and prospects

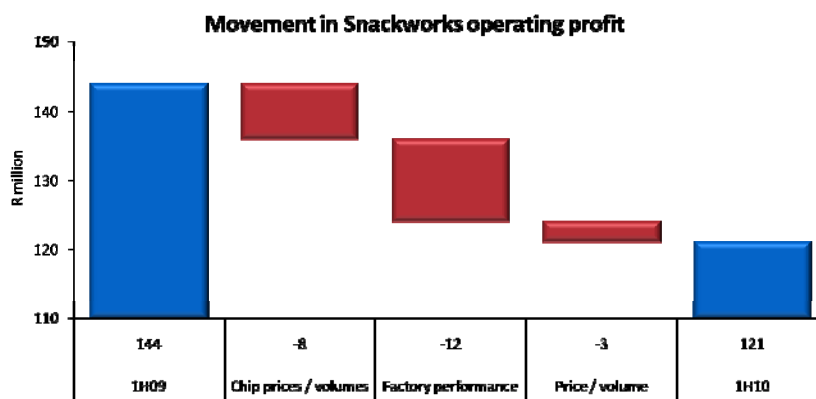
### Snackworks

- H1 F2010
  - Supported demand with price adjustments in H2 F2009 and tactical pricing during the current period
  - Reduced manufacturing yields and service levels due to focus on product quality on shelf
  - Lower marketing spend with consumer focus on value
  - Potato chip segment affected by low selling prices and poor potato availability
  
- H2 F2010
  - Improved factory performance and service levels
  - Potato cold storage under construction
  - Finalise evaluation of new affordable biscuit line



## Initiatives and prospects

### Snackworks – lower operating profit



## Initiatives and prospects

### Chilled and frozen convenience brands














## Initiatives and prospects

### Chilled & frozen convenience brands

- H1 F2010
  - Excellent fishing performance offset by market conditions / currency
  - Denny production improvements supported effective selling and promotion activity
- H2 F2010
  - New restructuring initiatives at I&J
  - Export markets still constrained, impacting demand and prices
  - High exposure to R / €
  - Development of stronger export selling capabilities
  - Quota for calendar year 2010 up by 1%
  - Alpesca status - crisis procedure initiated



## Initiatives and prospects

### Fashion brands

indigo cosmetics

YARDLEY
LEATHERIG  
LONDON - PARIS
COTY
RIMMEL
adidas

nailene.
Softlips  
Paris

### SPITZ

CARVELA
KURT GEIGER
Tosoni
LACOSTE
SHOOL
J.Renee'

GANT
nina roche
JIMMY CHOO

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## Initiatives and prospects

### Fashion brands – Personal care

- H1 2010
  - Sustained volume growth
  - Benefit from selling price increases in H2 F2009
  - Acquired adjoining distribution facility to secure continuity of existing site
- H2 2010
  - Ongoing drive to improve operating profit margin
  - Growth opportunities in under-represented personal care and beauty segments
  - Investment in manufacturing capabilities and capacity
  - Better management of wholesale and food retailer channels
  - World Cup volume benefit

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### Initiatives and prospects

#### Fashion brands – Footwear & apparel

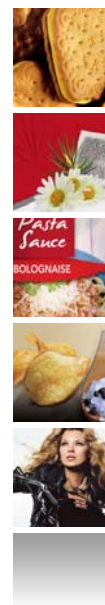
- H1 F2010
  - Strong performance from key brands – Carvela, Kurt Geiger, Lacoste
  - Increased marketing support for owned brands
  - Tosoni brand re-introduced
  - Stable store base with limited refurbishments
  - Strong December sales despite limited credit
- H2 F2010
  - Gross margin benefit from stronger Rand
  - Maintain higher marketing investment in core brands
  - Increase utilisation of store space
  - New stores under review for F2011



### Initiatives and prospects

#### AVI Group


- AVI Field Marketing
  - Transition completed successfully – costs higher initially
  - Focus on optimisation and efficiency
- Distribution
  - Strategic alliances to reduce costs and deepen penetration
- Manufacturing performance
  - Performing below benchmarks in some categories
  - Opportunity to improve yields, cost efficiency and service levels
  - Investment in capabilities and capacity




## Initiatives and prospects

AVI Group

- Medium term focus
  - Continue to leverage common activities across the group
  - Portfolio housekeeping to leverage management focus
  - Acquisitions






## Initiatives and prospects

AVI Group

- Lower net finance costs
- Consumers likely to remain cautious
- Opportunity for margin recovery in some categories with strong Rand
- I&J results dependant on exogenous factors – fishing conditions, export markets, exchange rate



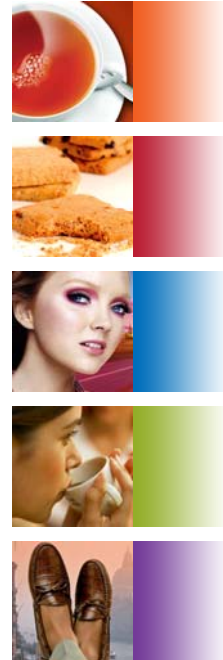




## Questions and answers

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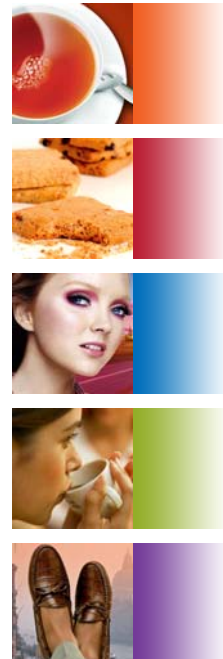


## Thank you

[www.avi.co.za](http://www.avi.co.za)

AVI

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## Business unit information




### Business unit financial results

Continuing operations

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	1H10 Rm	1H09 Rm	% Δ	1H10 Rm	1H09 Rm	% Δ	1H10 %	1H09 %
<b>Food &amp; Beverage Brands</b>	<b>3 161,5</b>	<b>3 219,5</b>	<b>(1,8)</b>	<b>370,7</b>	<b>413,7</b>	<b>(10,4)</b>	<b>11,7</b>	<b>12,8</b>
Entyce	1 179,5	1 110,3	6,2	166,7	129,3	28,9	14,1	11,6
Snackworks	1 135,2	1 139,6	(0,4)	121,3	143,9	(15,7)	10,7	12,6
Chilled & Frozen Convenience Brands	846,8	969,6	(12,7)	82,7	140,5	(41,1)	9,8	14,5
<b>Fashion Brands</b>	<b>882,8</b>	<b>777,9</b>	<b>13,5</b>	<b>167,8</b>	<b>124,1</b>	<b>35,2</b>	<b>19,0</b>	<b>16,0</b>
Personal Care	418,9	377,8	10,9	56,6	42,1	34,4	13,5	11,1
Footwear & Apparel	464,0	400,1	16,0	111,2	82,0	35,6	24,0	20,5
<b>Corporate</b>	<b>3,6</b>	<b>5,4</b>		<b>(3,8)</b>	<b>(3,2)</b>			
<b>Group</b>	<b>4 048,0</b>	<b>4 002,8</b>	<b>1,1</b>	<b>534,7</b>	<b>534,6</b>	<b>-</b>	<b>13,2</b>	<b>13,4</b>



### Chilled & frozen convenience brands

Analysis of financial results – seafood products

	Revenue		Operating Profit	
	1H10 Rm	1H09 Rm	1H10 Rm	1H09 Rm
<b>Fishing Resource</b>				
South Africa	669,6	808,1	59,8	125,7
Argentina	191,8	275,7	(8,9)	20,8
<b>Total</b>	<b>861,4</b>	<b>1 083,8</b>	<b>50,9</b>	<b>146,5</b>



### Exports into Africa – Entyce and Snackworks

	1H10	1H09	% Δ
Revenue	214,9	206,2	4,2
Operating profit	38,5	35,6	8,1
Operating Margin %	17,9	17,3	3,5



## Out of Home

Analysis of financial results

	Revenue			Operating Profit		
	1H10 Rm	1H09 Rm	Full Year 09 Rm	1H10 Rm	1H09 Rm	Full Year 09 Rm
Catering wholesalers*	20,0	21,5	42,2	8,5	8,7	17,6
Ciro - other channels	157,3	147,1	281,2	9,3	13,3	23,1
Sir Juice	50,6	54,3	105,1	3,6	3,4	7,2
<b>ENTYCE</b>	<b>227,9</b>	<b>222,9</b>	<b>428,5</b>	<b>21,4</b>	<b>25,4</b>	<b>47,9</b>
Catering wholesalers*	9,5	11,7	21,2	3,7	4,2	7,9
<b>SNACKWORKS</b>	<b>9,5</b>	<b>11,7</b>	<b>21,2</b>	<b>3,7</b>	<b>4,2</b>	<b>7,9</b>
<b>TOTAL</b>	<b>237,4</b>	<b>234,6</b>	<b>449,7</b>	<b>25,1</b>	<b>29,6</b>	<b>55,8</b>

\* = operating profit estimated on a contribution basis



## Chilled & frozen convenience brands

Quota- seafood products

Hake Quota (tons)	CY10	CY09
South Africa Total Allowable Catch (TAC)	119 861	118 578
<b>I&amp;J</b>	<b>33 550</b>	<b>33 199</b>
%	28,0	28,0
Argentina TAC	290 000	266 000
<b>Alpesca*</b>	<b>20 880</b>	<b>19 875</b>
%	7,2	7,5

\* = in addition Alpesca has the right to make a defined number of voyages into fishing grounds that were previously denied to it. Depending on catch rates these rights could amount to another 4 000 to 5 000 quota tons per annum.

