

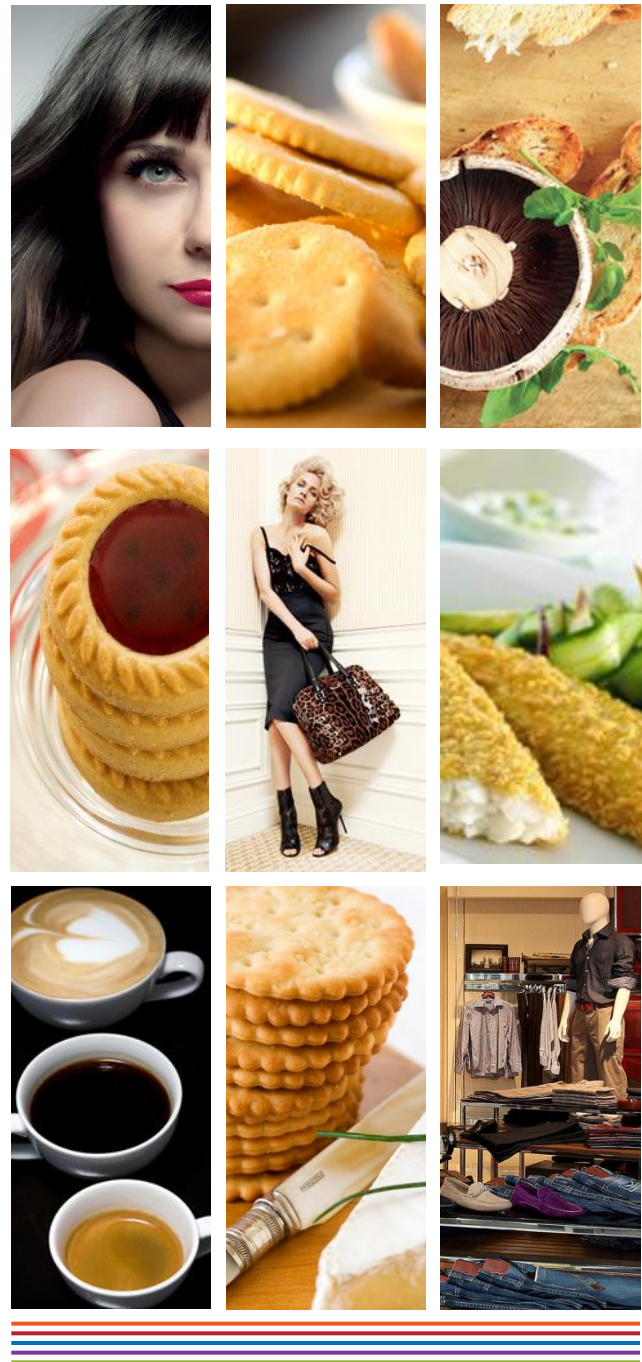


# AVI Limited Presentation to shareholders & analysts

for the six months ended  
31 December 2010



GROWING GREAT BRANDS



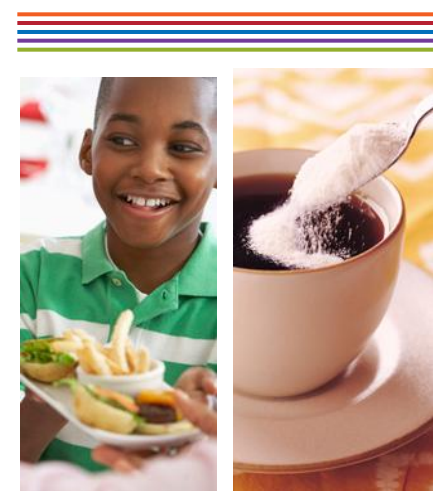
# AGENDA

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



# KEY FEATURES

- Operating profit from continuing operations up by 30% to R695 million;
- Headline earnings per share from continuing operations up 36% to 152 cents;
- Sound brand performances across all categories;
- Operating profit leverage from lower commodity costs, higher volumes and operating efficiencies;
- I&J profit constrained by adverse exchange rate impact on export revenues;
- Cash generated from operations up 28% to R792 million;
- Special payment of R227 million made to shareholders in November 2010;
- Interim dividend up 28% to 50 cents per share.

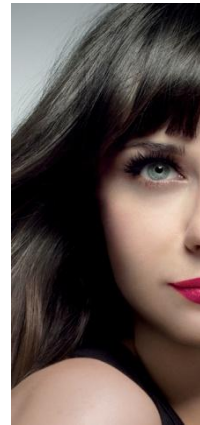




# Group financial results



GROWING GREAT BRANDS



# GROUP FINANCIAL RESULTS

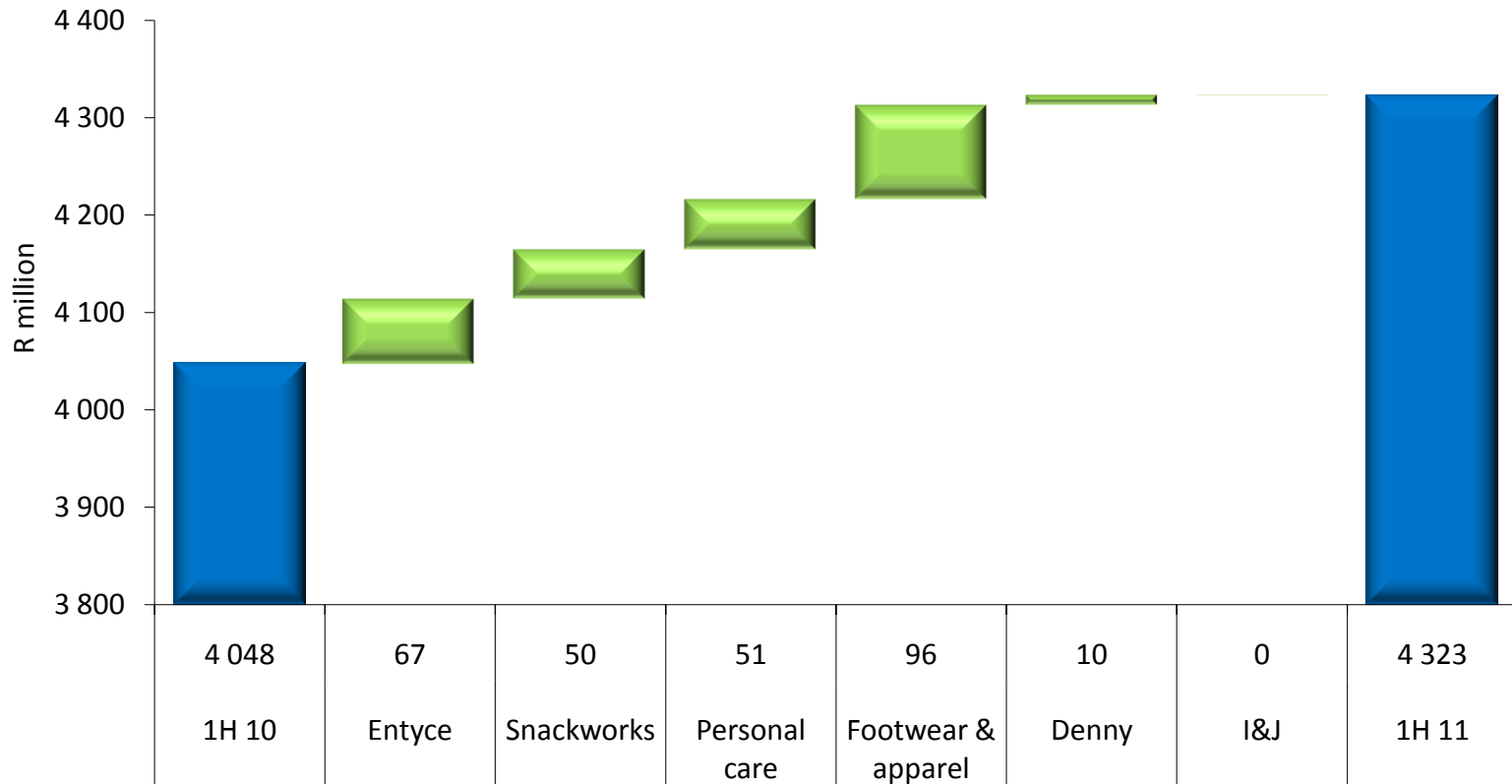
Continuing Operations (excluding Alpesca)

<b>Income statement</b>	<b>1H11 Rm</b>	<b>1H10 Rm</b>	<b>%Δ</b>
Revenue	4 323,1	4 048,0	6,8
Gross profit	1 936,3	1 645,4	17,7
Gross profit margin %	44,8	40,6	10,2
Operating profit	695,2	534,7	30,0
Operating profit margin %	16,1	13,2	21,8
Net financing cost	28,2	52,4	(46,2)
Share of JVs and associates	14,6	21,0	(30,5)
HEPS (cps)	152,3	112,3	35,6
Interim dividend (cps)	50	39	28,2

# GROUP FINANCIAL RESULTS

Continuing operations – revenue 6,8% up

### Movement in group revenue



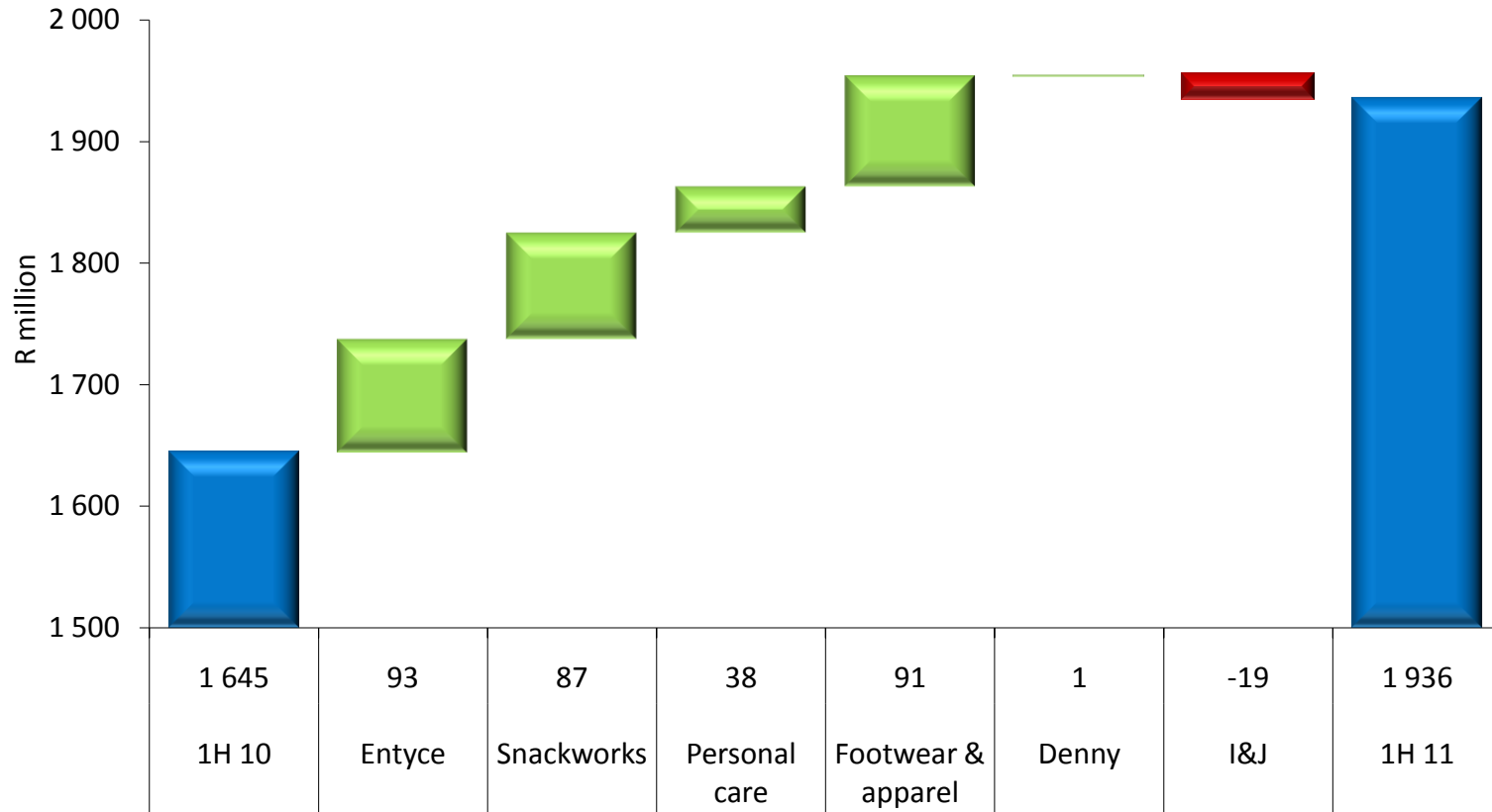
■ Strong volume growth in footwear, personal care, creamer, coffee and snacks

■ Higher selling prices in biscuits and Denny

# GROUP FINANCIAL RESULTS

Continuing operations – gross profit 17,7% up

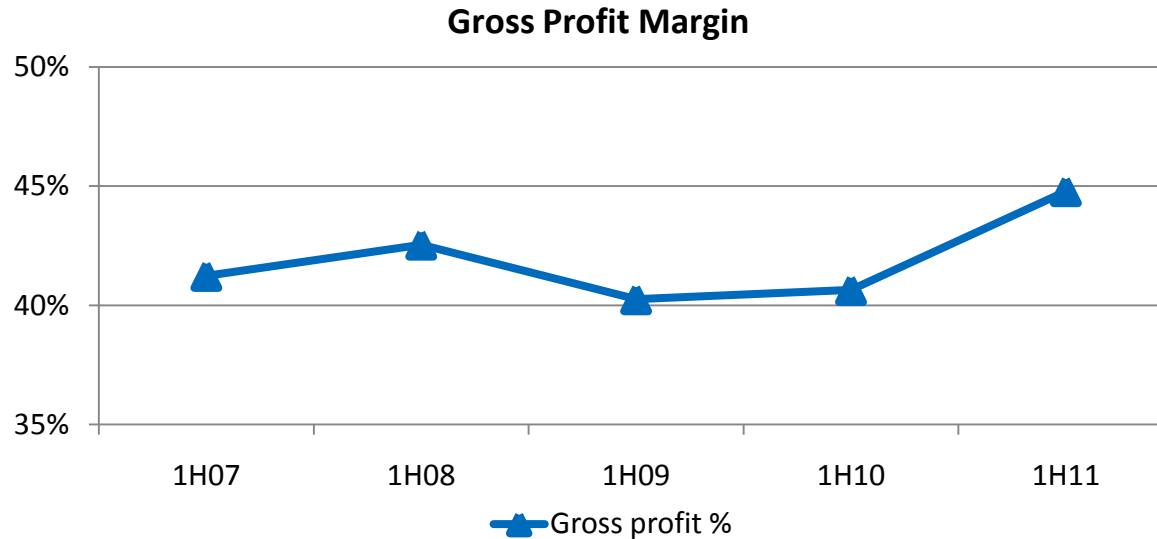
Movement in group gross profit



- Lower commodity costs and stronger rand benefitted all categories except I&J
- Price increases, volume leverage on fixed costs and factory improvement

# GROSS PROFIT MARGIN TREND

Continuing operations – gross profit margin history



- Recovery of margin pressure from high commodity costs and constrained consumer spending
- Sustained Rand strength
- Leverage on factory costs from volume growth
- Margin pressure if current commodity prices sustained for prolonged period



# GROUP FINANCIAL RESULTS

Continuing operations – operating profit 30,0% up

Movement in group operating profit

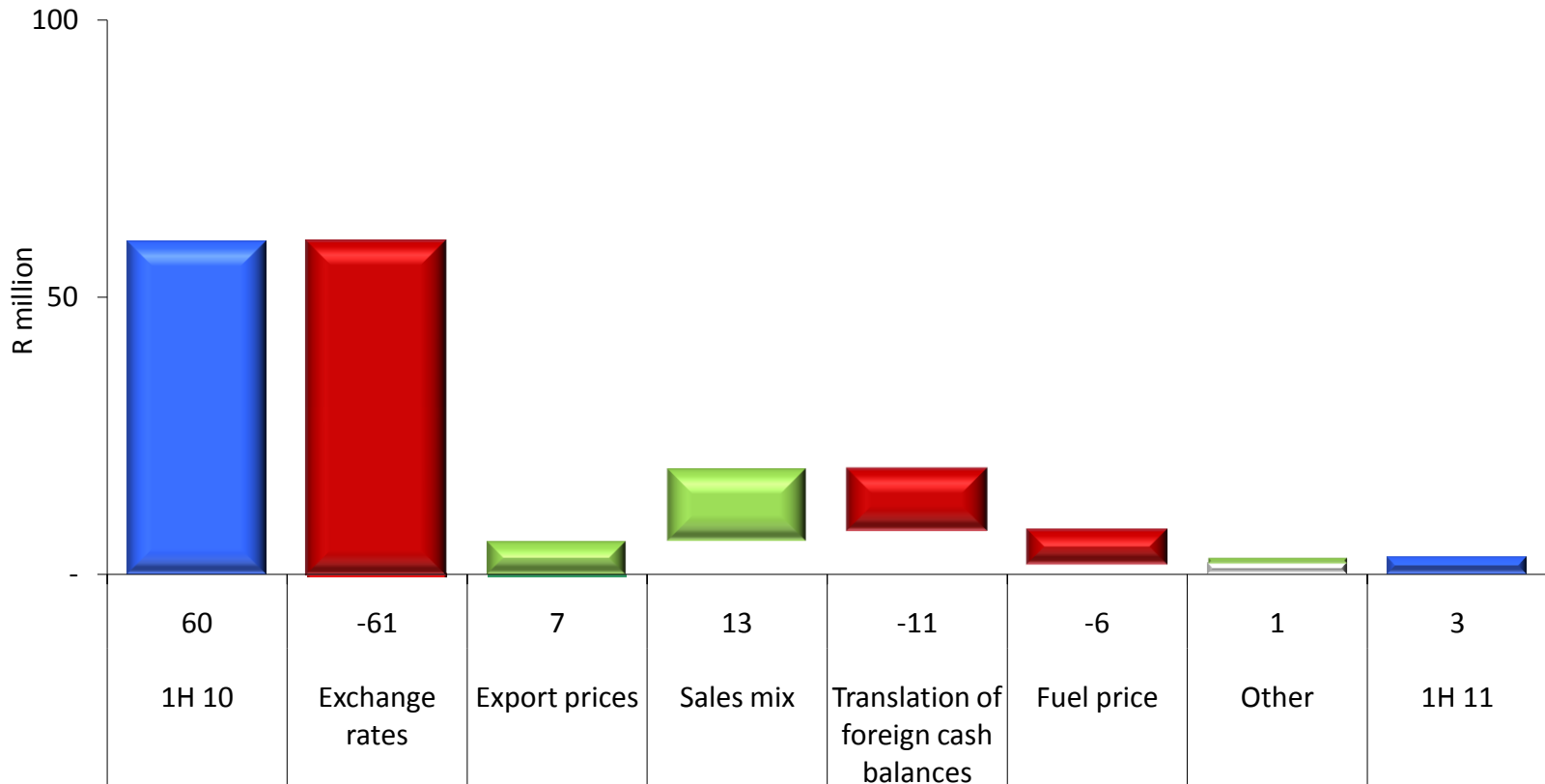


- Strong operating leverage from better gross margins and increased sales volumes
- Selling and administration costs impacted by forex losses in I&J and operations incentives

# GROUP FINANCIAL RESULTS

Continuing operations – change in I&J operating profit (excluding Alpesca)

**Movement in I&J operating profit  
(continuing operations - excluding Alpesca)**



■ Unrealised foreign exchange losses of R17m have reversed with subsequent exchange rate movements

# GROUP FINANCIAL RESULTS

Continuing operations

	<b>1H11</b> <b>Rm</b>	<b>1H10</b> <b>Rm</b>	<b>%Δ</b>
Cash generated by operations	792.0	620,5	27,6
Working capital to revenue %	16,7	17,2	(2,9)
Capital expenditure	152,6	199,1	(23,4)
Depreciation and amortisation	102,1	93,5	9,2
Special payment to shareholders	226.6	-	
Net debt	187,7	479,5	(60,9)

# GROUP FINANCIAL RESULTS

## Capital projects

	Rm
<b>Major projects approved and in progress</b>	
Entyce – new creamer tower (commissioning H1 F12)	73,8
Entyce - coffee capability and capacity phase 1 (commissioning H1 F12)	11,5
Indigo – new aerosol line (commissioning end FY11)	40,7
Snackworks – pumpable shortening (commissioning H2 F11)	27,8
Snackworks – finished goods handling (commissioning H1 F12)	45,0
Spitz clothing expansion phase 1 (during F11)	17,0
<b>Project evaluations in progress</b>	
Snackworks – affordable biscuit capacity	40,0
Group systems platform review	105,0

# GROUP FINANCIAL RESULTS

Discontinued operation – Alpesca

- Operating results impacted by decline in hake performance and exchange rates
- Better shrimp results
- Cash positive during the period – 1 vessel sold
- Ongoing engagement with potential buyers





# Operating environment

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# OPERATING ENVIRONMENT

## Consumer demand

- Tea: decrease in mid-range brands with aggressive price competition
- Coffee: firm demand and competitor supply problems
- Creamer: strong demand and competitor supply problems
- Biscuits: impact of higher prices
- Snacks: strong growth in corn; potato disrupted by supply problems in 1H 10
- I&J: growth in export of sea frozen fillets; lower local fish market volumes
- Denny: good production and improved distribution
- Indigo: growth in body sprays, fragrances and colour cosmetics
- Spitz: extended Carvela range supported by good performance from Kurt Geiger, Lacoste and Tosoni

Sales volume growth	% Δ 1H11 vs 1H10
Tea	(2,3)
Coffee	14,3
Creamer	22,9
Biscuits	(5,4)
Snacks	9,0
I&J RSA local	(6,8)
I&J RSA Export	5,6
Denny	2,2
Personal care	11,2
Spitz footwear	24,6

# OPERATING ENVIRONMENT

## Selling prices

- Tea: impact of price increase in March 2010
- Creamer: lower tactical discounts
- Biscuits: price increase in August 2010 and lower discounting
- Snacks: lower discounting and mix change
- I&J local: improved sales mix
- I&J export: improved mix and prices offset by exchange rate
- Denny: price increase July 2010
- Indigo: price increases in H2 10
- Spitz: mix change

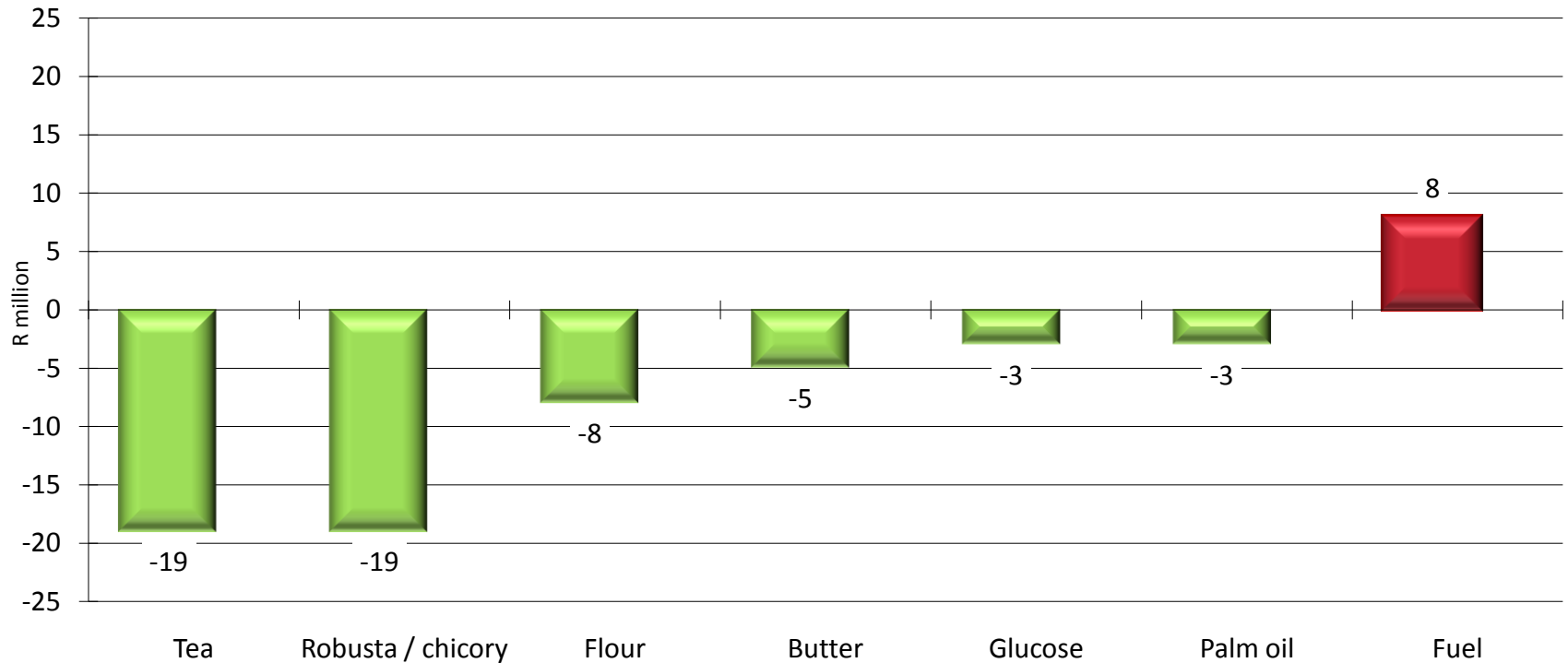
Average realised selling prices by category	% $\Delta$ 1H11 vs 1H10
Tea	2,3
Coffee	(0,8)
Creamer	4,0
Biscuits	7,7
Snacks	3,4
I&J RSA local	7,2
I&J RSA Export	(7,5)
Denny	6,3
Personal care	1,0
Spitz footwear	(2,1)



# OPERATING ENVIRONMENT

## Cost pressures

Cost impact of raw materials and commodities consumed  
in the period (Ave 1H11 vs 1H10)

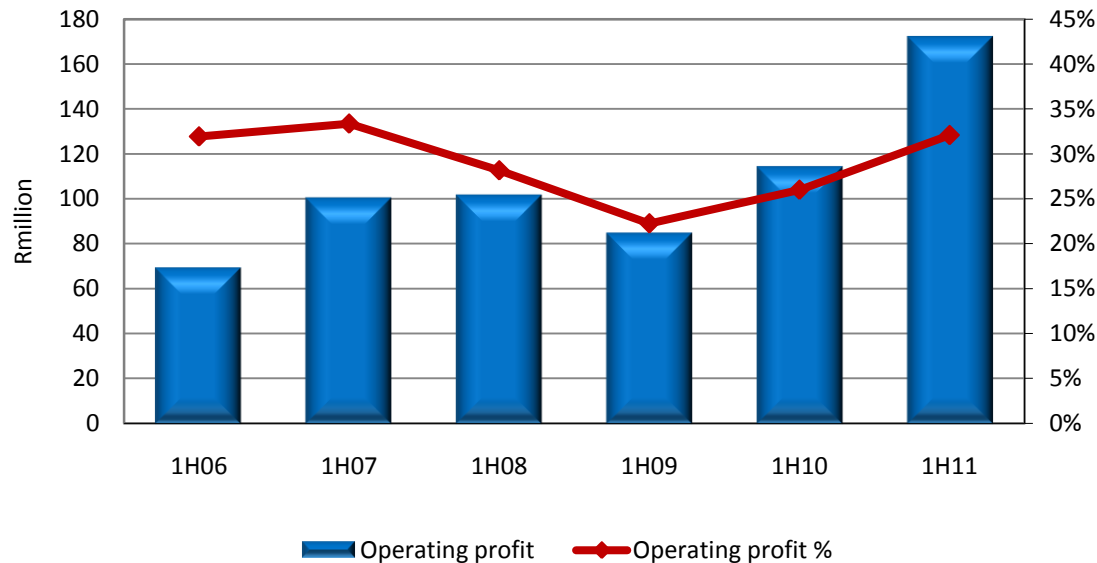


■ Includes impact of better exchange rates

# OPERATING ENVIRONMENT

Spitz

- Record revenue of R185 million in December
- Footwear volume growth of 24,6% and stronger Rand
- Gross profit margin up from 55,5% to 61,9% - sales mix and exchange rate
- Operating profit up from R114,1 million to R171,7 million
- Operating profit margin up from 26,0% to 32,1%



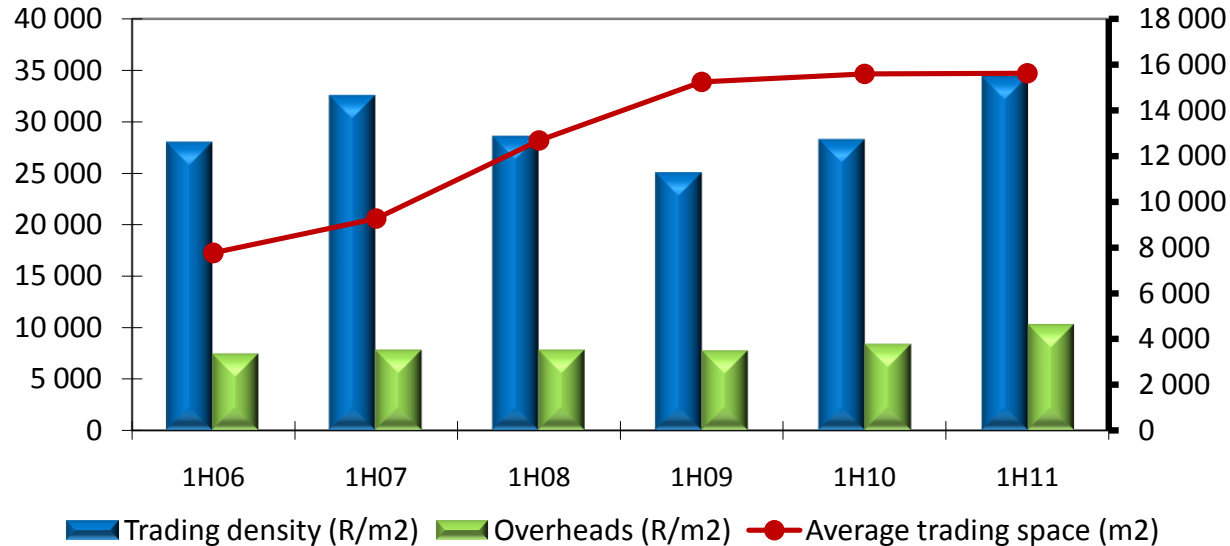
# OPERATING ENVIRONMENT

## Spitz (continued) – trading space and trading density

	1H11	1H10
<b>Spitz</b>		
Number of Stores	57	59
Turnover (Rm)	525.5	432.5
Average m2	15 029	15 300
<b>Trading Density (R/m2)</b>	<b>34 969</b>	<b>28 269</b>
Closing m2	15 124	15 303

	1H11	1H10
<b>Kurt Geiger</b>		
Number of Stores	7	3
Turnover (Rm)	9.5	6.4
Average m2	600	376
<b>Trading Density (R/m2)</b>	<b>15 902</b>	<b>16 984</b>
Closing m2	1 047	376

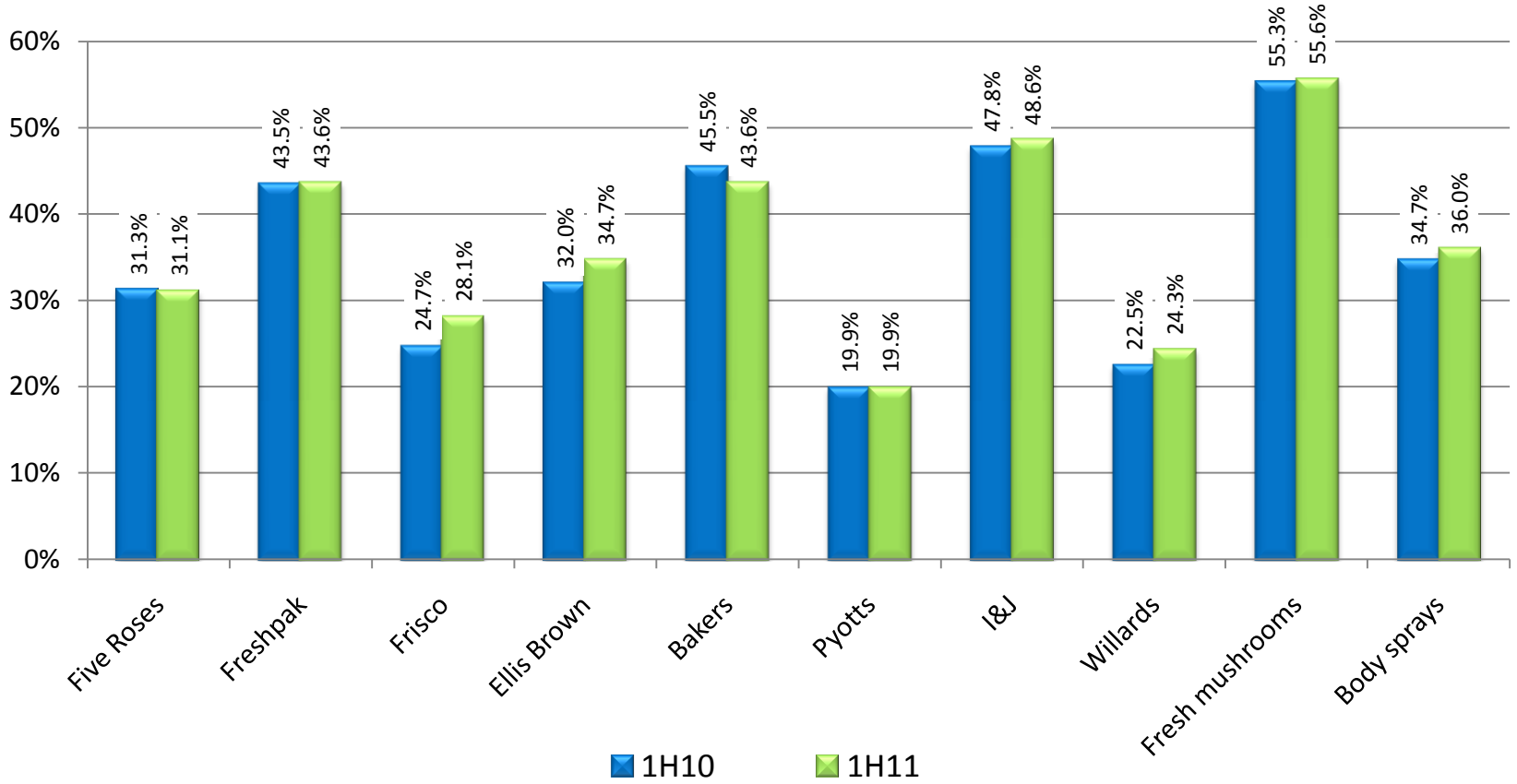
Spitz trading space and trading density



# OPERATING ENVIRONMENT

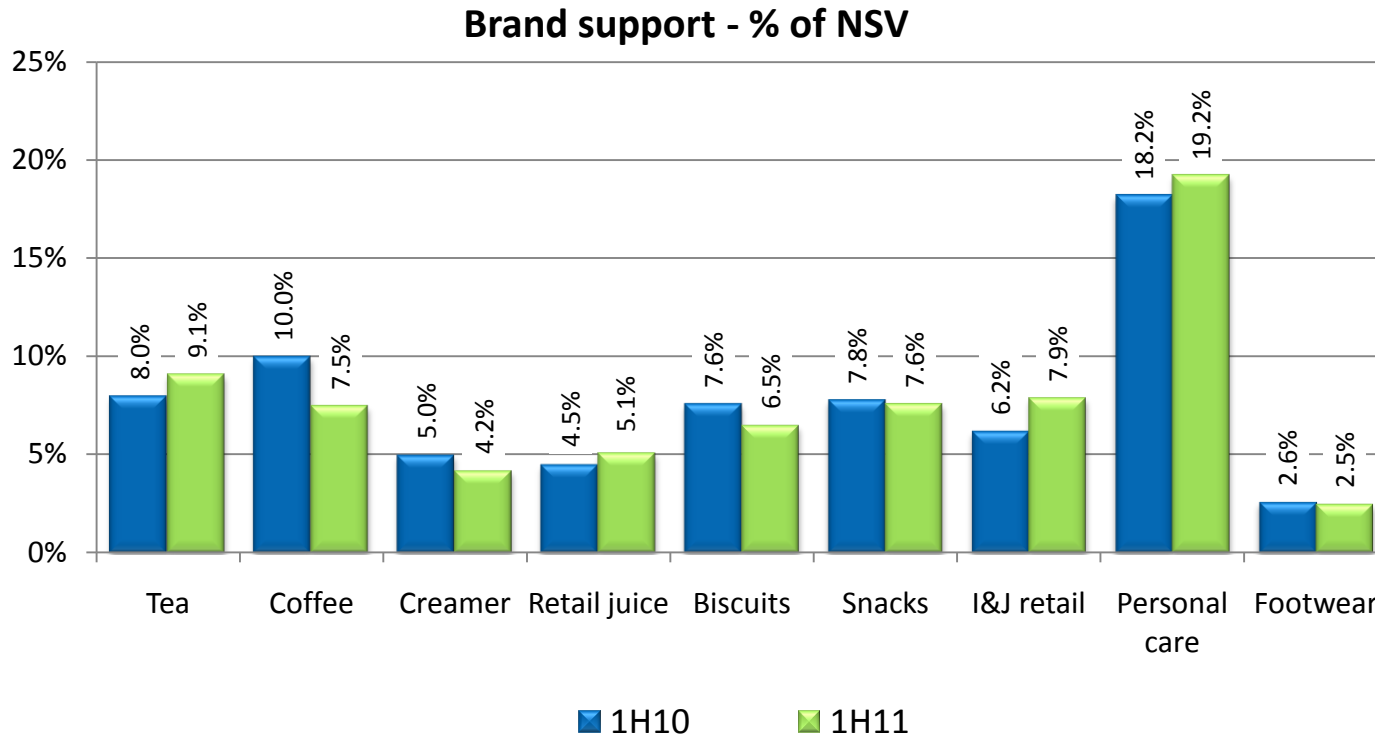
## Market shares

Market shares 1H10 vs 1H11



# OPERATING ENVIRONMENT

## Marketing expenditure



- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs
- Total expenditure for 1H11 was R301m compared to R284m in 1H10
- Lower H1 spend in Biscuits will be caught up in H2



# Business unit performance and prospects

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# ENTYCE

BEVERAGES

Performance and prospects



Freshpak



Quali



TRINCO



# AVI

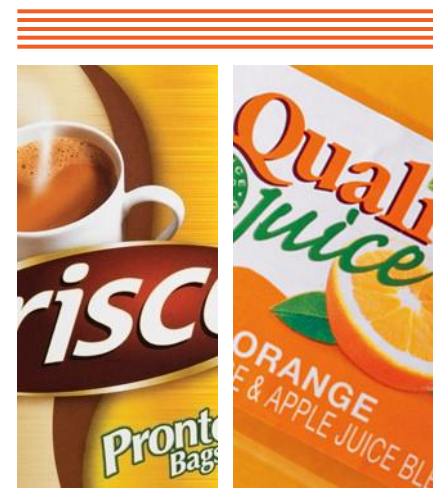
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## Performance and prospects

### ■ Performance in H1

- ❑ Strong Five Roses performance
- ❑ Aggressive price competition impacted mostly Trinco
- ❑ Effective tactical pricing on Freshpak to recover share
- ❑ Launch of new Classics variants and Functionals rooibos range
- ❑ Good Frisco promotion and production; benefitted from competitor supply problems
- ❑ Strong performance in affordable brewed coffee
- ❑ Ellis Brown creamer discounts reduced and extra contract manufacture volumes; competitor supply problems
- ❑ Sustained profit in juice business
- ❑ Better commodity prices and exchange rates
- ❑ Good focus on factory performance and procurement
- ❑ Progress with major capex projects – creamer and coffee

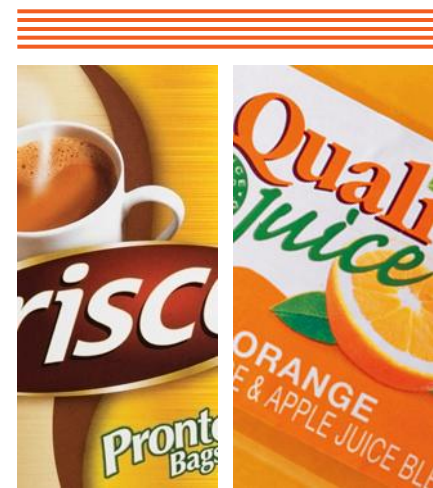




## Performance and prospects

### ■ Prospects for H2

- ❑ Consumer demand expected to be fair
- ❑ H1 coffee and creamer volume windfall due to competitor supply problems unlikely to be repeated
- ❑ Commodity and foreign exchange secured for most of H2 – raw materials higher than H1
- ❑ Black tea raw material cost uncertain
- ❑ Pressure on coffee margins due to higher coffee bean prices
- ❑ Ongoing improvement in factory performance



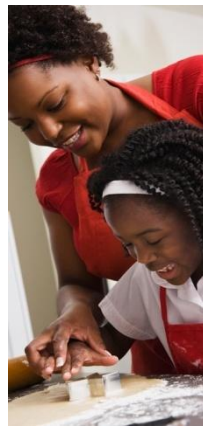
# Snackworks

Performance and prospects



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### ■ Performance in H1

- ❑ Decline in total biscuit category
- ❑ First biscuit selling price increases after tactical reductions in H2 FY09 – impact on volume
- ❑ Good performance on key lines – Blue Label Marie, Tennis, Eet Sum Mor, Red Label Lemon Creams
- ❑ Strong growth in corn snacks
- ❑ Potato snacks not disrupted by supply shortage as in H1 FY10
- ❑ Better commodity prices and exchange rates
- ❑ Improvement in factory performance – yields and service levels
- ❑ Low marketing costs – higher spend planned for H2



### ■ Prospects for H2

- ❑ Competitive landscape shifting
- ❑ Higher marketing spend to support brands
- ❑ Commodity and foreign exchange secured for most of H2 – raw materials higher than H1
- ❑ Development of affordable offerings – pack sizes
- ❑ Ongoing focus on manufacturing yields / efficiency
- ❑ Commissioning of pumpable shortening project



# Chilled and frozen convenience brands

Performance and prospects



GROWING GREAT BRANDS



# CHILLED & FROZEN CONVENIENCE BRANDS

## Performance and prospects

### ■ Performance in H1

#### □ I&J

- Sustained good performance of hake resource
- Sound operational performance
- Improved sales mix and better export selling prices
- Aggressive domestic market price competition
- Material adverse impact of exchange rate on H1 – realised and unrealised losses

#### □ Denny

- Improved production; wider distribution; lower raw material prices
- Pressure on canned mushrooms from cheap imports



# CHILLED & FROZEN CONVENIENCE BRANDS

Performance and prospects

## ■ Prospects in H2

### □ I&J

- Higher hake volumes from quota increase
- “Annualising” against poor H2 in prior year
- Ongoing cost initiatives – fixed and variable
- Ongoing recovery in Northern Hemisphere white fish quotas
- Approximately 40% of H2 export sales un-hedged
- Contribution from new Operations and Commercial Directors

### □ Denny

- Leverage improved production with wider distribution footprint



# Fashion brands

Performance and prospects



indigo brands

YARDLEY

LENTHÉRIC  
LONDON · PARIS

COTY  
PARIS · NEW YORK

RIMMEL  
LONDON



nailene.

Sally Hansen  
USA MIL EXPT

SPITZ

CARVELA

KURT GEIGER

Tosoni



GEOX  
BREATHES

J.Renee'

GANT®

nina roche

JIMMY CHOO

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# FASHION BRANDS – PERSONAL CARE

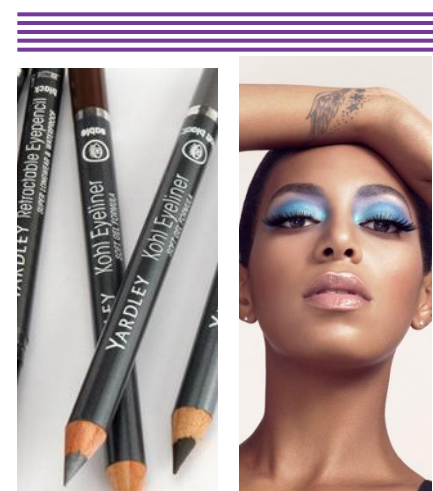
Performance and prospects

## ■ Performance in H1

- ❑ Good volume growth – body sprays, cosmetics, fragrances
- ❑ Strong brand performance – Yardley, Lenthéric and Coty
- ❑ Improved gross margin
- ❑ Investment in personal care – people and marketing

## ■ Prospects in H2

- ❑ Strong product development and launch program
- ❑ Moderate selling price increases
- ❑ Commission new high speed fully automated aerosol line



# FASHION BRANDS – FOOTWEAR & APPAREL

## Performance and prospects

### ■ Performance in H1

- ❑ High volume growth in core brands – Carvela, Kurt Geiger, Lacoste, Tosoni
- ❑ Margin improvement from better sales mix and exchange rates
- ❑ Kurt Geiger clothing expansion
- ❑ Inventory well managed

### ■ Prospects in H2

- ❑ Volume growth
- ❑ Incremental growth in Spitz doors – 2 to 4 new stores
- ❑ Kurt Geiger clothing rollout – 7 new doors (conversions of existing Spitz space)
- ❑ Imports - foreign exchange cover in place





# Group initiatives and prospects

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# AVI GROUP

## F11 focus areas

- Organic profit growth
  - Top line growth
    - Volumes / market share
    - Innovation - new formats and products
    - Improved Field Marketing performance
    - Regional focus
  - Margin expansion
    - Factory performance
    - Pricing and discount discipline
    - Procurement
    - Distribution
    - Fixed cost control
  - Capital investment – capacity and technology
- Portfolio housekeeping to leverage management focus
- Acquisitions



# AVI GROUP

## Prospects

- Moderate improvement in consumer spending in H2
- Commodities and foreign exchange secured for most of second half – commodities on average higher than H1
- H2 profit growth likely to be lower than H1
- “Annualising” performance against a strong second half in prior year (except I&J)
- I&J expected to be better than H2 last year



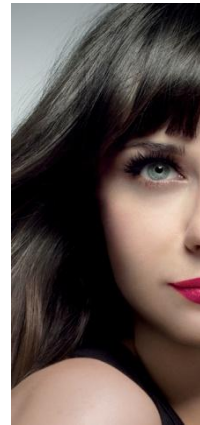


# Questions and answers

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Thank you

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# Business unit information



GROWING GREAT BRANDS





# BUSINESS UNIT FINANCIAL RESULTS

Continuing operations

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	1H11 Rm	1H10 Rm	Δ %	1H11 Rm	1H10 Rm	Δ %	1H11 Rm	1H10 Rm
<b>Food &amp; Beverage Brands</b>	<b>3 289,1</b>	<b>3 161,5</b>	<b>4,0</b>	<b>463,3</b>	<b>370,7</b>	<b>25,0</b>	<b>14,1</b>	<b>11,7</b>
Entyce	1 246,4	1 179,5	5,7	258,8	166,7	55,2	20,8	14,1
Snackworks	1 185,6	1 135,2	4,4	180,5	121,3	48,8	15,2	10,7
Chilled & Frozen Convenience Brands	857,1	846,8	1,2	24,0	82,7	(71,0)	2,8	9,8
<b>Fashion Brands</b>	<b>1 030,7</b>	<b>882,9</b>	<b>16,7</b>	<b>237,4</b>	<b>167,8</b>	<b>41,5</b>	<b>23,0</b>	<b>19,0</b>
Personal Care	470,3	418,9	12,3	67,3	56,6	19,0	14,3	13,5
Footwear & Apparel	560,4	464,0	20,8	170,1	111,2	53,0	30,3	24,0
<b>Corporate</b>	<b>3,3</b>	<b>3,6</b>		<b>(5,5)</b>	<b>(3,8)</b>			
<b>Group</b>	<b>4 323,1</b>	<b>4 048,0</b>	<b>6,8</b>	<b>695,2</b>	<b>534,7</b>	<b>30,0</b>	<b>16,1</b>	<b>13,2</b>

# CHILLED & FROZEN CONVENIENCE BRANDS

## Analysis of financial results

	Revenue		Operating Profit	
	1H11 Rm	1H10 Rm	1H11 Rm	1H10 Rm
I&J – continuing operations	669,5	669,6	3,1	59,8
Denny	187,6	177,2	20,9	22,9
<b>Continuing operations</b>	<b>857,1</b>	<b>846,8</b>	<b>24,0</b>	<b>82,7</b>
Alpesca	227,2	191,8	(9,5)	(8,9)
<b>Total operations</b>	<b>1 084,3</b>	<b>1 038,6</b>	<b>14,5</b>	<b>73,8</b>

# CHILLED & FROZEN CONVENIENCE BRANDS

Quota– seafood products

Hake Quota (tons)	CY11	CY10
South Africa Total Allowable Catch (TAC)	131 847	119 861
<b>I&amp;J</b>	<b>36 906</b>	<b>33 550</b>
%	28,0	28,0
Argentina TAC*	290 000	290 000
<b>Alpesca**</b>	<b>20 880</b>	<b>20 880</b>
%	7,2	7,2

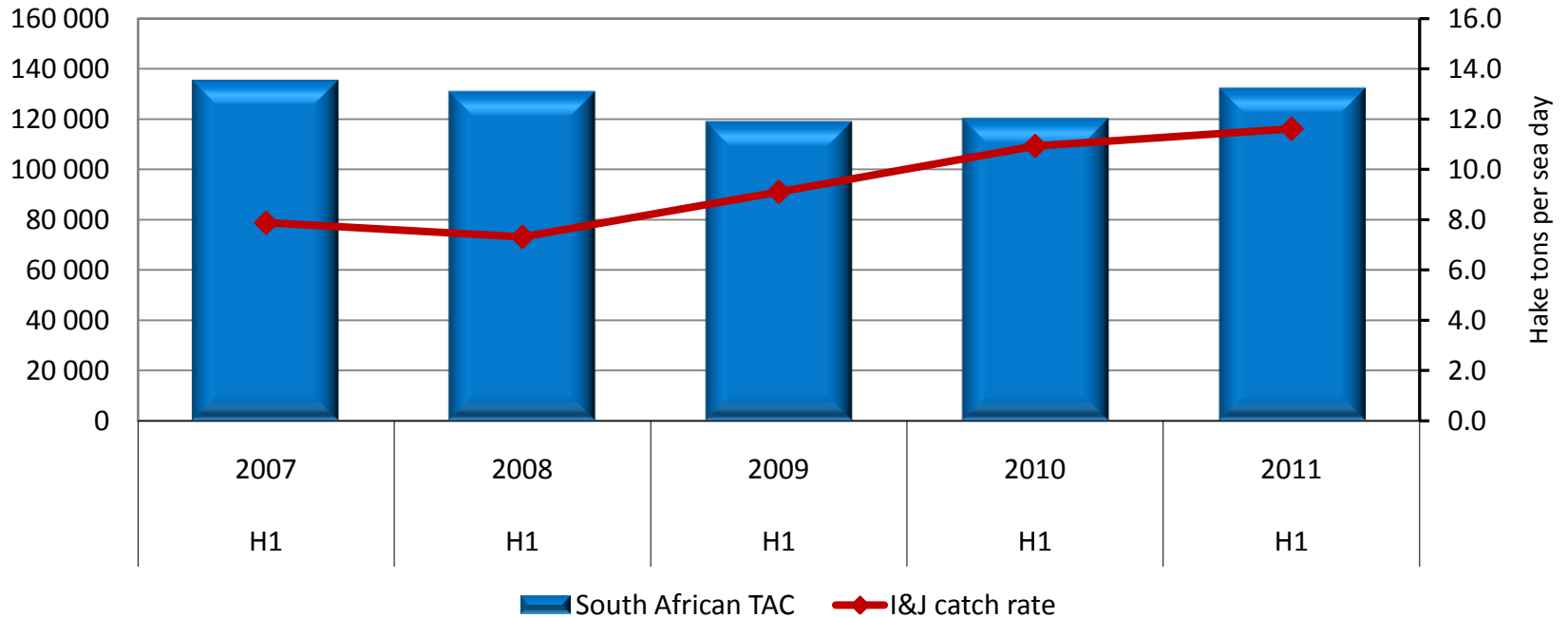
\* *The Argentine TAC for the first 6 months has been left unchanged (i.e. confirmed TAC of 145 000 to Jun and quota of 10 440 tons for Alpesca). The full year TAC and quota are expected to be announced after the government elections later in the year.*

\*\* *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.*

# CHILLED & FROZEN CONVENIENCE BRANDS

I&J – Hake TAC and catch rates

South African hake TAC and I&J catch rates (hake tons per sea day)



# EXPORTS INTO AFRICA

Entyce and Snackworks

	1H11 Rm	1H10 Rm	% Δ
Revenue	223,3	214,9	3,9
Operating profit	45,7	38,5	18,7
Operating Margin %	20,4	17,9	14,0

# SIR JUICE

## Historical information

	July – Oct 2010 Rm	Jul – Dec 2009 Rm	Full Year 2010
Revenue	34,5	50,6	102,5
Operating profit	2,1	3,6	7,1

■ Sold with effect from November 2010