AVI

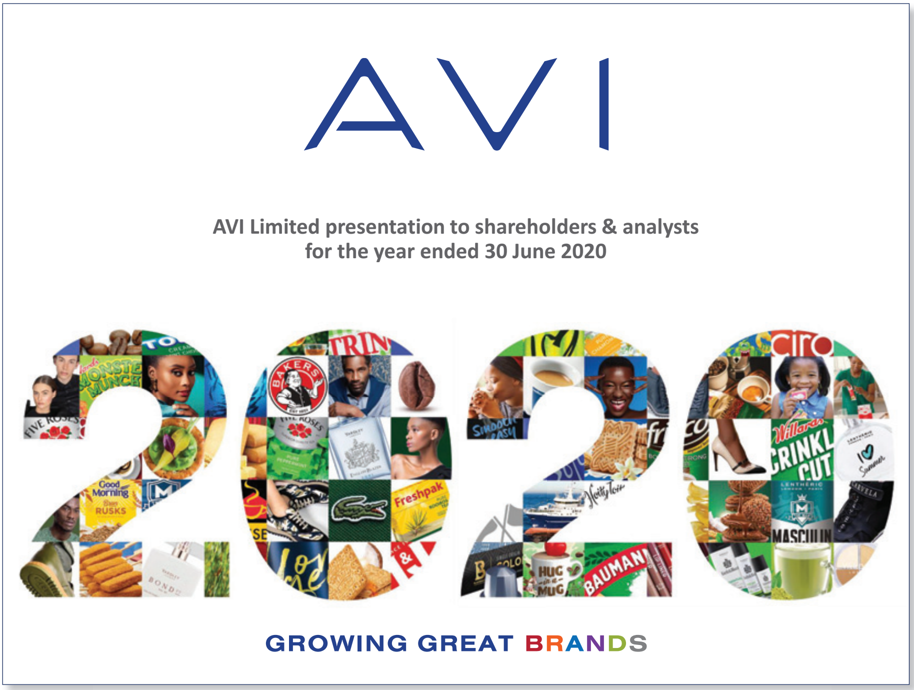
GROWING GREAT BRANDS

RESULTS FOR THE YEAR ENDED 30 JUNE 2020

AVI LIMITED

ISIN: ZAE000049433 Share code: AVI
Registration number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information please visit our website:
www.avi.co.za/investor/results-and-presentations/current-year


AVI
AVI Limited presentation to shareholders & analysts
for the year ended 30 June 2020
GROWING GREAT BRANDS

notes

AGENDA

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

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notes

KEY FEATURES

- The COVID-19 pandemic materially affected the second semester
- Full year revenue growth of 0,4%
- Gross profit margins protected despite volume losses in some businesses
- Selling and administrative cost increases limited to 1,0%
- Operating profit declined by 7,5% due to the impact of the second semester
- Cash generated by operations increased by 13,0% over the prior year
- Investment of R376,6 million in capital projects and essential replacements
- Headline earnings per share down 8,9% to 470,8 cents
- Final dividend of 250 cents per share

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notes

KEY FEATURES

COVID-19 – impact on operations

- Total of 410 positive cases to date
- 18 hospitalisations and 5 deaths, including 2 contractors

Impact of lockdown restrictions on ability to trade in F20:

	27 - 31 March	April	May	June
Tea				
Coffee				
Creamer				
Ciro	Only contract income. Majority of customers closed.			
Biscuits				
Snacks				
I&J fishing				
I&J abalone	Limited demand exacerbated by difficulty in securing air freight			
Personal care	Only aerosol, roll-on, lotions		Ramping up	
Spitz			Ramping up	
Green Cross			Ramping up	

- I&J processing and fishing activity reduced in April, May, June due to build up of positive cases
- Low service levels for some SKUs in June due to raw material shipping delays

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KEY FEATURES

COVID-19 – impact on sales volumes

% Change in sales volumes compared to prior year

	9 months to March	April to June	Full year
Tea	-0,7%	17,7%	4,4%
Coffee	-6,1%	4,3%	-3,1%
Creamer	-1,9%	20,1%	4,4%
Ciro	4,4%	-68,8%	-15,0%
Biscuits	0,5%	20,7%	5,1%
Snacks	1,8%	22,3%	6,7%
I&J hake domestic	9,4%	-8,8%	4,8%
I&J hake export	-3,9%	-27,1%	-12,0%
I&J abalone	-0,8%	-40,8%	-11,1%
Personal care	4,8%	-36,1%	-5,2%
Spitz & Green Cross footwear	-15,0%	-63,3%	-23,2%

- Increased in-home consumption of food and beverage brands
- I&J volumes reduced by operational disruption from COVID-19
- Fashions brands impacted materially by lockdown restrictions

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KEY FEATURES

COVID-19 – impact on revenue

% Revenue compared to corresponding month in the prior year

	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20
Entyce & Snackworks (excl Ciro)	123%	124%	127%	110%	112%	123%
Ciro	84%	12%	29%	41%	47%	49%
I&J	105%	88%	77%	75%	181%	78%
Personal Care (Like-for-like)	88%	55%	70%	80%	91%	83%
Footwear & apparel	69%	0%	50%	73%	77%	88%

- Stockpiling of food and beverages by consumers started in the last week of March
- Food, beverage and personal care consumption expected to normalise as consumers gradually return to normal routines and spending patterns
- Footwear and apparel volumes expected to recover as footfall in malls improves

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KEY FEATURES

COVID-19 – impact on costs

- Additional direct costs of R58 million

Rm	Special employee allowances	Employee transport	Sanitisation and PPE	TOTAL
Cost of sales	19	13	7	39
Selling and administrative expenses	14	2	3	19
Total	33	15	10	58

- Contribution of R10 million to the Solidarity Fund
- Minor impact on stock and debtors provisions
  - Consolidated stock provisions in line with last year
  - Consolidated debtors provisions increased by R4,4 million
- Cash generation remained strong
  - Good cash collections from food and beverage customers
  - Suppliers paid on normal terms
  - Employees paid throughout the lockdown period
- Rent relief of R14,3 million in retail businesses

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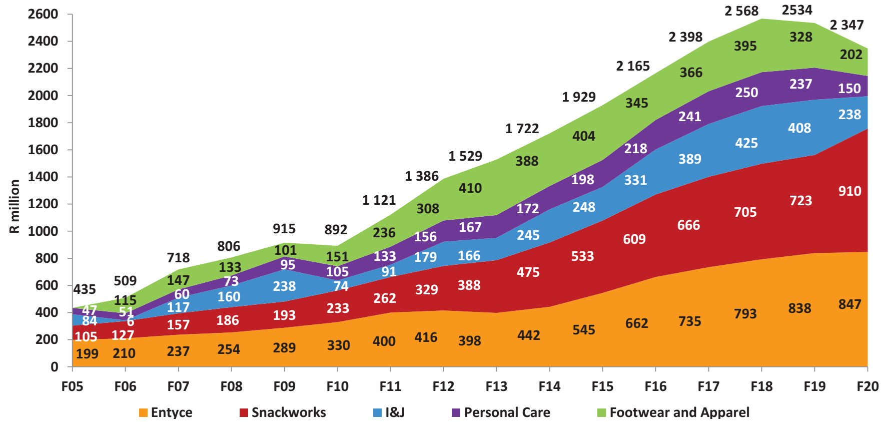
RESULTS HISTORY



- Sustained growth in Entyce and Snackworks
- Constrained environment, and negative impact of COVID-19 on fashion businesses and I&J, resulting in lower profit in F20

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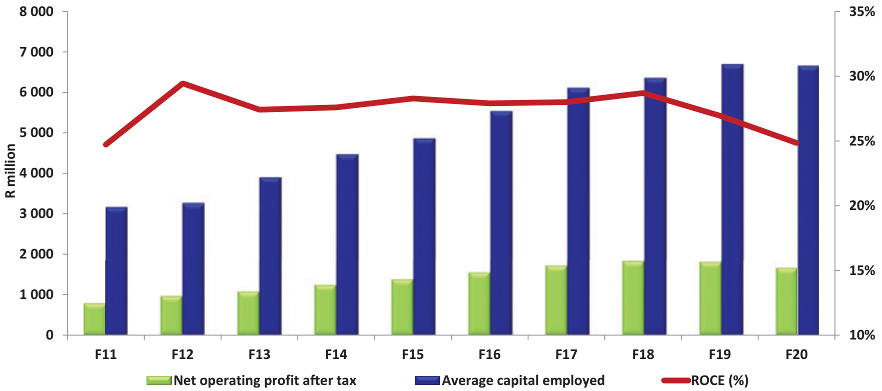
RESULTS HISTORY

Return on capital employed



- High return maintained in tough environment

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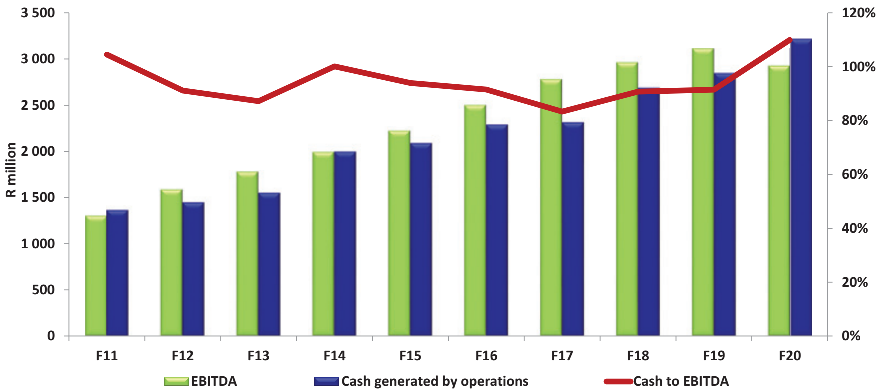
RESULTS HISTORY

Cash conversion



- Sustained strong conversion of earnings into cash
  - Decrease in working capital in F20

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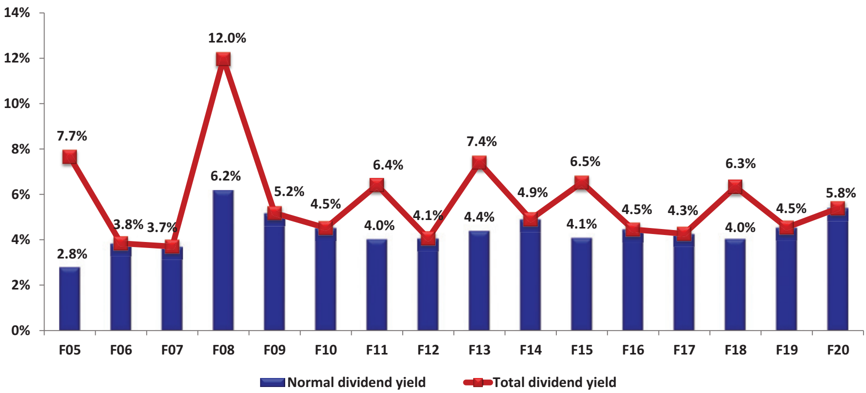
RESULTS HISTORY

Dividend yield



- Based on share price at end of each year (R70,54 at end June 2020)
- Total dividend yield includes payments out of share premium and special dividends
- Excludes share buy-backs

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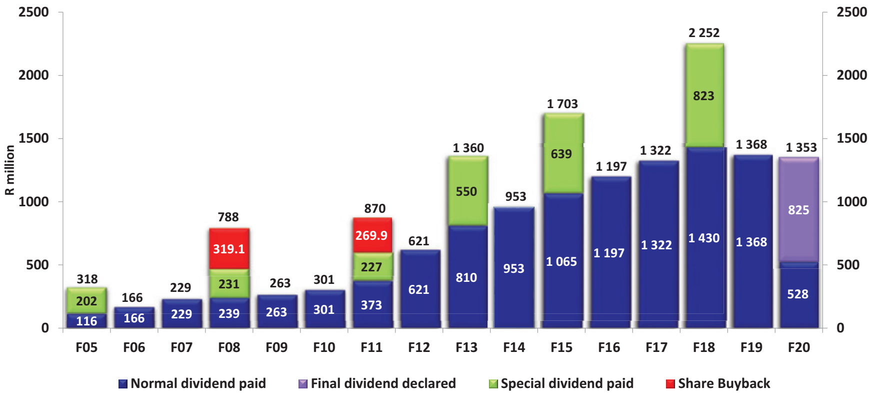
RESULTS HISTORY

Returns to shareholders



- Effective payout ratio from F05 = 92,0% of headline earnings

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Group Financial Results

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GROUP FINANCIAL RESULTS

Income statement

	F20 Rm	F19 Rm	%∆
Revenue	13 209,7	13 150,9	0,4
Cost of sales	(7 958,5)	(7 740,2)	2,8
Gross profit	5 251,2	5 410,7	(2,9)
Gross profit margin %	*39,8*	*41,1*	*(3,2)*
Selling and administrative expenses	(2 916,7)	(2 888,2)	1,0
Operating profit	2 334,5	2 522,5	(7,5)
Operating profit margin %	*17,7*	*19,2*	*(7,8)*
Net financing cost	(165,5)	(194,8)	(15,0)
Share of Joint Ventures	17,4	42,2	(58,8)
Capital items before tax	455,9	(127,8)	
Effective tax rate %	*26,3*	*28,4*	
Headline earnings	1 549,7	1 696,2	(8,6)
HEPS (cps)	*470,8*	*516,6*	*(8,9)*

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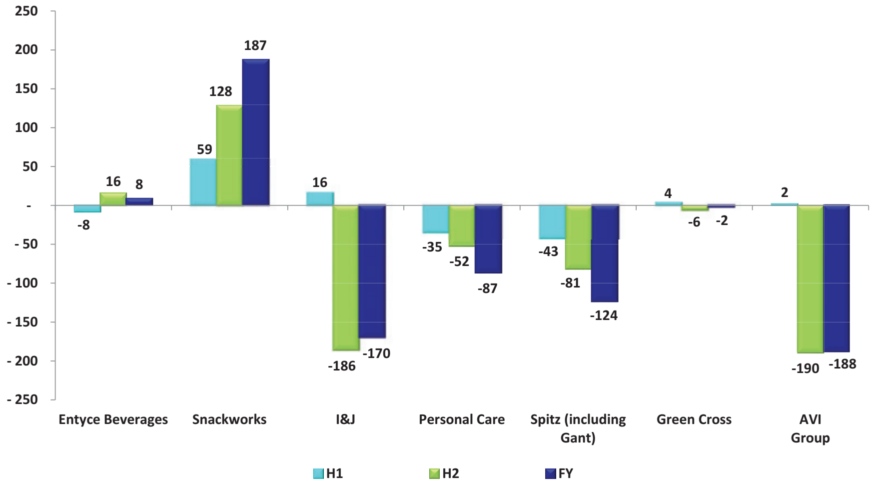
GROUP FINANCIAL RESULTS

Change in operating profit F20 versus F19



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RESULTS for the year ended 30 June 2020

GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F20 Rm	F19 Rm	Δ %	F20 Rm	F19 Rm	Δ %	F20 %	F19 %
Food & Beverage Brands	**10 542,0**	**10 220,7**	**3,1**	**1 994,6**	**1 969,3**	**1,3**	**18,9**	**19,3**
Entyce Beverages	3 849,0	3 822,6	0,7	846,6	838,3	1,0	22,0	21,9
Snackworks	4 365,1	3 890,9	12,2	910,2	723,1	25,9	20,9	18,6
I&J	2 327,9	2 507,2	(7,2)	237,8	407,9	(41,7)	10,2	16,3
Fashion Brands	**2 667,7**	**2 930,2**	**(9,0)**	**352,4**	**565,7**	**(37,7)**	**13,2**	**19,3**
Personal Care *	1 192,7	1 111,4	7,3	150,2	237,2	(36,7)	12,6	21,3
Footwear & Apparel	**1 475,0**	**1 818,8**	**(18,9)**	**202,2**	**328,5**	**(38,4)**	**13,7**	**18,1**
Spitz	1 242,3	1 461,1	(15,0)	228,1	343,6	(33,6)	18,4	23,5
Green Cross	187,2	295,0	(36,5)	(32,0)	(29,6)	(8,1)	(17,1)	(10,0)
Gant	45,5	62,7	(27,4)	6,1	14,5	(57,9)	13,4	23,1
Corporate	**-**	**-**		**(12,5)**	**(12,5)**			
Group	**13 209,7**	**13 150,9**	**0,4**	**2 334,5**	**2 522,5**	**(7,5)**	**17,7**	**19,2**

* Revenue impacted by change in Coty business model

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GROUP FINANCIAL RESULTS

Movement in group revenue

- Price increases in biscuits and snacks
- Tighter management of discounts across the Group
- Lower volumes in fashion businesses, I&J and Ciro due to constrained environment and COVID-19
- Increased demand for biscuits, snacks, tea, coffee and creamer during lockdown

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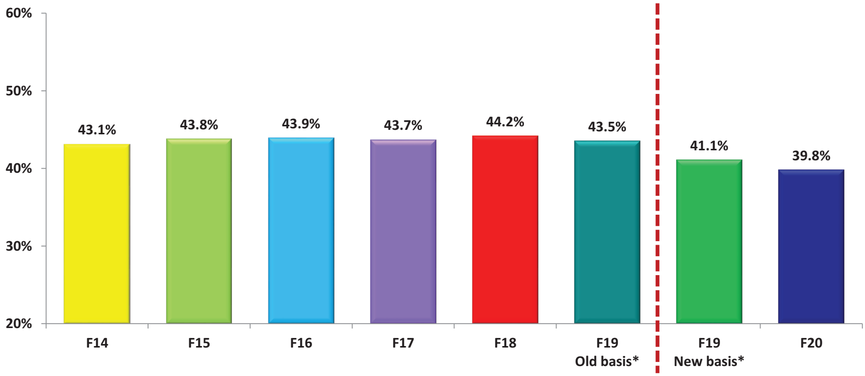
GROUP FINANCIAL RESULTS

Gross profit margin history



* Adoption of new accounting standards in F19 resulting in lower margin

- Gross profit margin largely protected in difficult environment
- Decrease mainly due to low H2 profit at I&J and change in Coty business model

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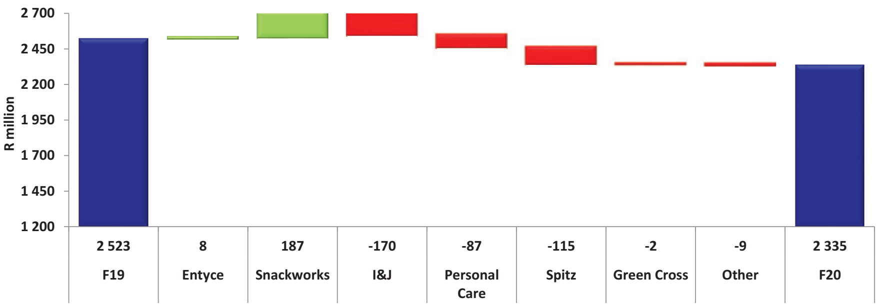
GROUP FINANCIAL RESULTS

Operating profit 7,5% down



- Entyce: Higher sales volumes in tea and creamer; lower tea raw material costs
- Snackworks: Higher sales volumes and improvement in biscuit factory yields
- I&J: COVID-19 impact on H2, including lost sea days
- Personal Care: Lower sales volumes, negatively impacted by COVID-19 lockdown restrictions, and margin pressure due to aggressive competitor discounting
- Spitz: Lost contribution because of COVID-19; constrained consumer environment
- Green Cross: Lost contribution because of COVID-19; constrained consumer environment with aggressive competition, offset by lower restructuring costs

notes

GROUP FINANCIAL RESULTS

Cash flow and gearing

	F20 Rm	F19 Rm	%Δ
Cash generated by operations	3 220,3	2 849,9	13,0
Working capital to revenue %	*23,2*	*25,3*	*(8,3)*
Capital expenditure	(376,6)	(472,6)	(20,3)
Special dividend	-	(822,9)	
Proceeds from disposal of Simplot (after costs)	631,8	-	
Net debt	1 315,3	2 443,5	(46,2)
Net debt / capital employed %	*20,8*	*35,0*	(40,6)
Return on average capital employed %	*24,8*	*26,9*	7,8

- Strong conversion of earnings to cash
- Working capital lower due to lower trade debtors
- Capital expenditure restricted during lockdown
- Material reduction in net debt

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GROUP FINANCIAL RESULTS

Dividends

	F20 Rm	F19 Rm	%Δ
Interim dividend - cps	160	165	(3,0)
Final dividend - cps	250	250	-
Total dividend – cps	410	415	(1,2)
*Dividend yield - %**	*5,8*	*4,5*	
Normal dividend cover ratio	1,14	1,25	
Closing share price – cps	7 054	9 136	

* Calculated using the closing share price at 30 June

- Profit outlook supports final dividend in line with F19
- Attractive yield in low interest rate environment
- Additional returns of capital will be considered when long-term impact of COVID-19 is better understood

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GROUP FINANCIAL RESULTS

Key capital projects spend summary

	F20 Actual Rm	F21 Planned Rm
Rooibos line upgrade	52	-
Biscuit line capacity and process improvements	24	43
Snack line replacements and upgrades	17	4
I&J vessel dry-docks and upgrades	101	48
I&J processing plant replacements and upgrades	21	39
Abalone farm filtration system	7	-
Indigo permanent merchandising	19	14
Retail store additions and refurbishments	19	7
	260	155
Total capital expenditure	377	350

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GROUP FINANCIAL RESULTS

I&J period end fair value adjustments

	F20 Actual Rm	F19 Actual Rm	Var Rm
Fuel hedge unrealised loss / (gain)	9,2	13,4	(4,2)
Opening mark-to-market asset / (liability)	(1,4)	12,0	
Closing mark-to-market asset / (liability)	(10,6)	(1,4)	
Abalone – movement in unrealised profit in stock	34,5	(13,3)	47,8

- Fuel mark-to-market determined by oil price and exchange rate at reporting date
- Abalone fair value determined by market prices and exchange rate at reporting date
- Abalone market prices at reporting date impacted by suppressed market due to COVID-19

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ENTYCE
BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED
Performance and Prospects
2020
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notes

ENTYCE BEVERAGES

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	3 849,0	3 822,6	0,7
Operating profit	846,6	838,3	1,0
Operating profit margin %	*22,0*	*21,9*	*0,5*

- Tea profit growth due to higher volumes and lower raw material prices
  - Black tea volumes increased with extra demand during COVID-19 lockdown
  - Rooibos volumes decreased due to competitor discounting
  - Gross profit margin improvement
    - Rooibos raw material supply materially improved
    - Lower black tea costs largely offset by weaker Rand
  - Well contained selling and administrative costs, despite additional COVID-19 costs
  - Rooibos upgrade project completed, including innovative packaging

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ENTYCE BEVERAGES

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	3 849,0	3 822,6	0,7
Operating profit	846,6	838,3	1,0
Operating profit margin %	*22,0*	*21,9*	*0,5*

- Coffee profit decrease due to sustained competitor activity
  - Lower volumes in all categories, offset by increased demand during COVID-19 lockdown
  - Some relief from lower coffee bean prices, largely offset by weaker Rand
  - Higher selling and administrative costs, including additional COVID-19 costs

notes

ENTYCE BEVERAGES

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	3 849,0	3 822,6	0,7
Operating profit	846,6	838,3	1,0
Operating profit margin %	*22,0*	*21,9*	*0,5*

- Creamer profits sustained at high level
  - Volume growth due to increased demand during COVID-19 lockdown
  - Raw material cost inflation eroded gross profit margin
  - Improved price realisation to partially offset cost inflation
    - Followed competitor’s change in pack size from 800 grams to 750 grams
    - Discounts tightly managed

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notes

RESULTS for the year ended 30 June 2020

ENTYCE BEVERAGES

Sales volume and selling prices

	% Δ F20 vs F19	Comments
Tea revenue growth	***2,5***	
Volume	*4,4*	*Black tea volume growth due to increased demand during COVID-19 lockdown*
Ave. selling price	*(1,8)*	*Increased discounting to support volumes, taking lower raw material costs into account*
Coffee revenue decrease	***(0,8)***	
Volume	*(3,1)*	*Sustained aggressive competitor discounting, offset by increased demand during COVID-19 lockdown*
Ave. selling price	*2,4*	*Lower levels of discounting to offset cost pressures*
Creamer revenue growth	***12,5***	
Volume	*4,4*	*Increased demand during COVID-19 lockdown offset by better availability of competitor product in F20*
Ave. selling price	*7,8*	*Improved price realisation, including lower levels of discounting, to partially offset raw material cost increases*

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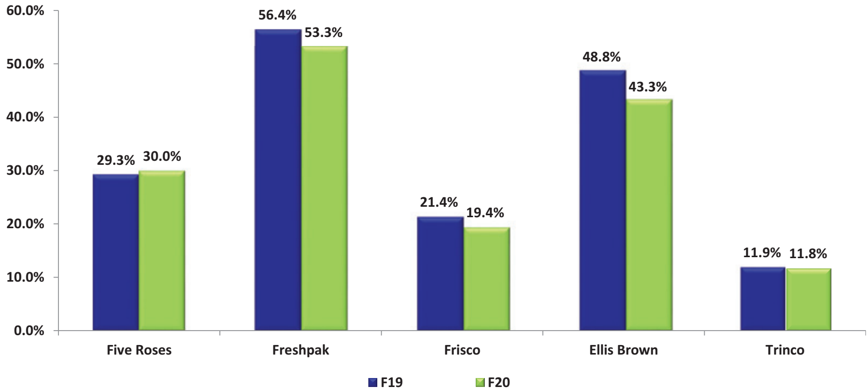
ENTYCE BEVERAGES

Market shares – 12 months value



- Balanced price / volume in constrained environment

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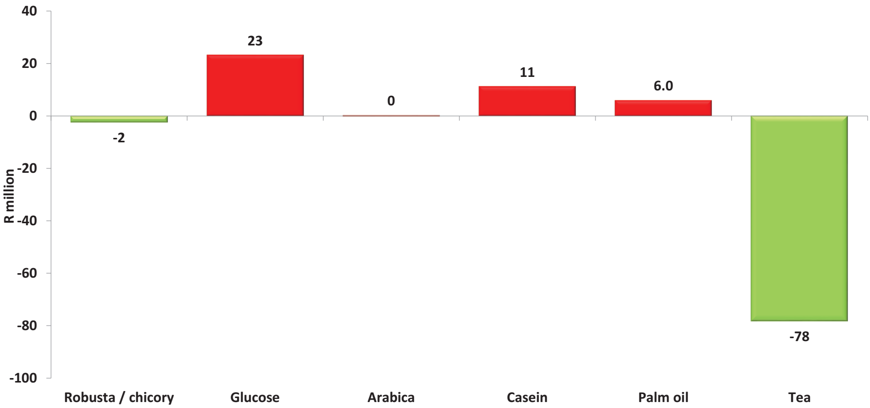
notes

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F20 vs F19):



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Snackworks
That's Good Times!
Performance and Prospects
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notes

Snackworks

That's Good Times!

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	4 365,1	3 890,9	12,2
Operating profit	910,2	723,1	25,9
Operating profit margin %	*20,9*	*18,6*	*12,4*

- Growth in biscuit profit due to higher sales volumes and improved factory performance
  - Strong demand for key KVIs during COVID-19 lockdown
  - Annual price increase in response to cost pressures supported by lower levels of discounting
  - Improved factory performance, particularly Isando

notes

Snackworks
That's Good Times!

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	4 365,1	3 890,9	12,2
Operating profit	910,2	723,1	25,9
Operating profit margin %	*20,9*	*18,6*	*12,4*

- Strong snacks performance
  - Volume growth due to increased demand during COVID-19 lockdown
  - Annual price increase in response to cost pressures supported by lower levels of discounting
  - Continued investment to improve capacity and quality

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Snackworks

That's Good Times!

Sales volume and selling prices

	% Δ F20 vs F19	Comments
Biscuits revenue growth	*12,3*	
Volume growth	*5,1*	*Volume growth due to increased demand during COVID-19 lockdown*
Ave. selling prices	*6,9*	*Annual price increase in response to cost pressure supported by lower discounting*
Snacks revenue growth	*11,7*	
Volume growth	*6,7*	*Volume growth due to increased demand during COVID-19 lockdown*
Ave. selling prices	*4,7*	*Annual price increase in response to cost pressure supported by lower discounting*

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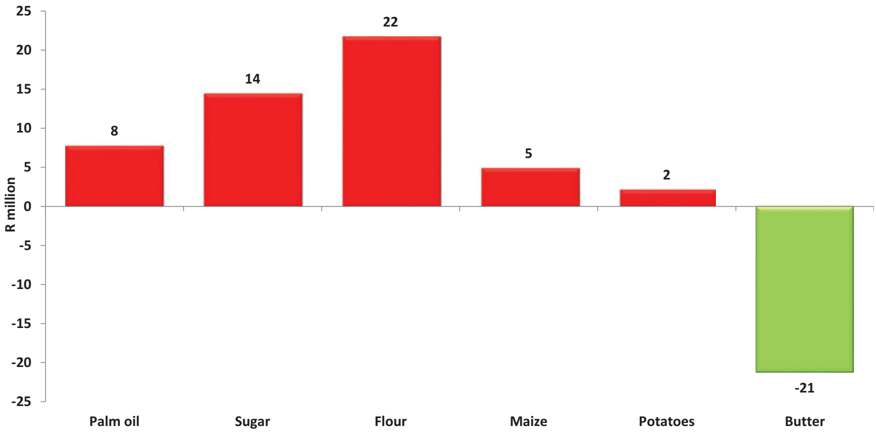
Snackworks
That's Good Times!

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F20 vs F19):



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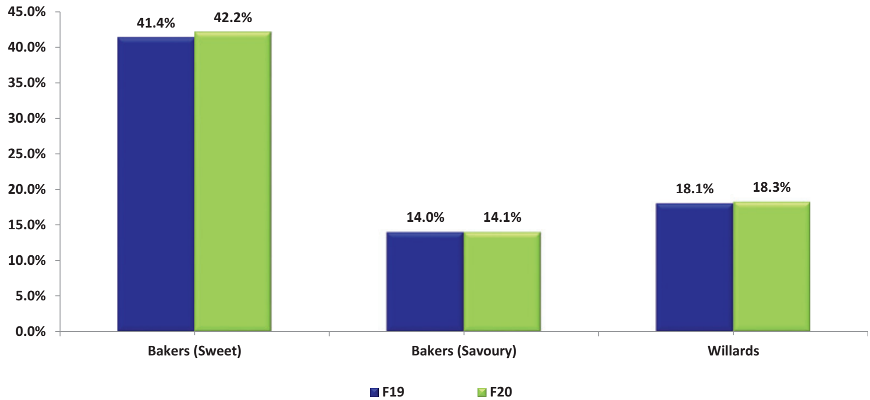
Snackworks

Market shares – 12 months value



- Balanced price / volume in constrained environment

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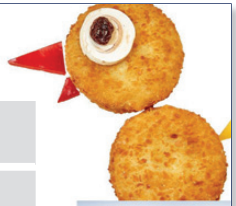
Income statement



	F20 Rm	F19 Rm	%Δ
Revenue	2 327,9	2 507,2	(7,2)
Operating profit	237,8	407,9	(41,7)
Operating profit margin %	*10,2*	*16,3*	*(37,4)*

- Weak H2 result
  - Adverse impact of COVID-19 pandemic
    - Restricted processing volumes, and concomitant reduction in wet vessel activity, resulting in low cost recoveries
    - Low abalone demand / market prices exacerbated by limited air freight availability, resulting in unfavourable stock fair value adjustment
    - Port congestion delaying some export sales into F21
  - Lost fishing days on freezer vessels for repairs and maintenance

- Strong demand for hake retail formats in domestic and export markets
- Fishing catch rates in line with prior year
- Capital expenditure for vessel dry docks

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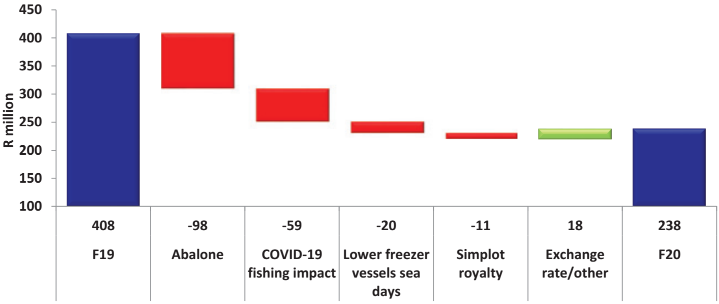
Operating profit



- Abalone decrease due to lower sales volumes and selling prices resulting from Hong Kong protests and COVID-19
- COVID-19 disruption to fishing operations in Qtr4 resulted in lower volumes caught and processed, port congestion and additional costs
- Lost sea days on the freezer vessels due to unscheduled repairs
- Simplot royalty lower due to disposal in H1
- Forex gains of R86 million offset by cost increases

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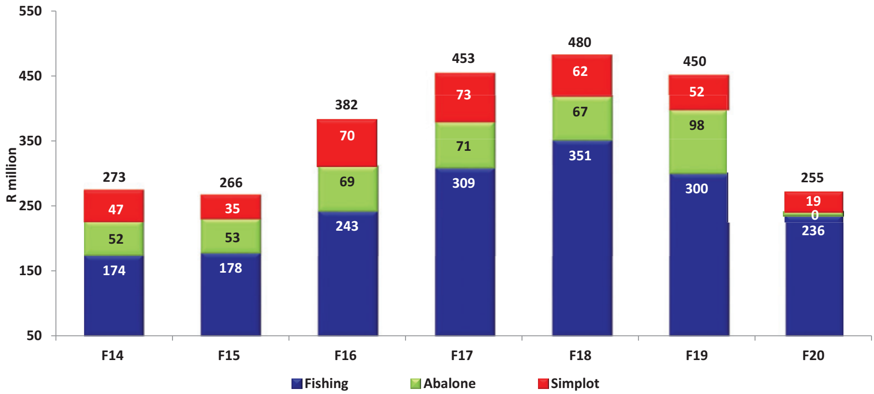
Profit history



- Abalone contribution decrease due to lower export sales volumes and prices, as well as unfavourable fair value adjustment of the live abalone stock;
- Simplot performance impacted by sale of I&J's interest in November 2019

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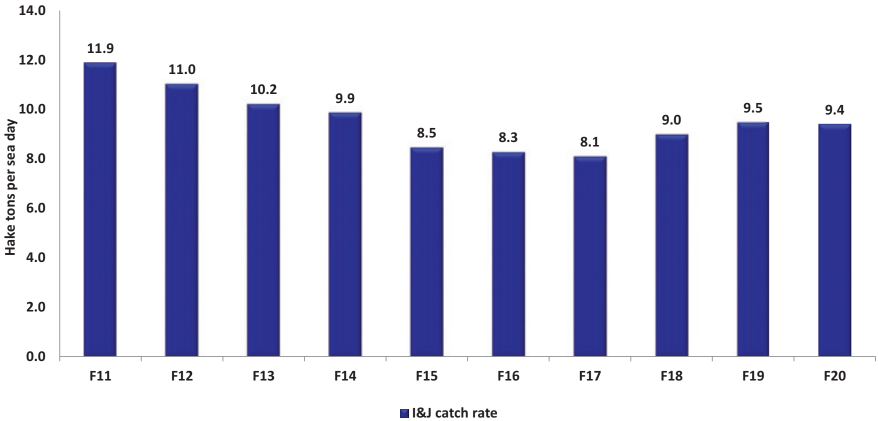
Fishing performance



- Decline mainly due to change in fleet utilisation – reduction in freezer vessel fishing days

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Sales volume and selling prices (Hake)

	% Δ F20 vs F19	Comments
I&J Domestic revenue growth	***4,6***	
Volume	*4,8*	*Improved retail performance due to increased demand during COVID-19 lockdown*
Ave. selling prices	*(0,1)*	*Change in sales mix, offset by price increases taken to mitigate cost pressure*
I&J Export revenue decrease	***(7,7)***	
Volume	*(12,0)*	*Freezer vessel outages, and port congestion delaying shipments to F21*
Ave. selling prices	*4,9*	*Rand exchange rate higher than last year, offset by pressure on prices for out-of-home product formats*

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notes


indigo brands
YARDLEY LONDON
LENTHÉRIC LONDON • PARIS
COTY PARIS • NEW YORK
RIMMEL LONDON
adidas
nailene.
Sally Hansen
Performance and Prospects
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indigo brands

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	1 192,7	1 111,4	7,3
Operating profit	150,2	237,2	(36,7)
Operating profit margin %	*12,6*	*21,3*	*(40,8)*

- Higher revenue due to change in Coty business model
  - Lower gross profit and operating profit margins
- Owned brand revenue decline
  - Sales volumes negatively impacted by COVID-19 lockdown restrictions (cosmetics and fragrance), and lower demand during COVID-19 lockdown
  - Growth in lotions and roll-ons from new product launches in H1
- Gross profit margin pressure
  - Change in sales mix
  - Cost increases not fully recovered in constrained and competitive market
- Selling and administrative costs tightly managed

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notes

indigo brands

Sales volume and selling prices

	% Δ F20 vs F19 *	Comments
Personal Care revenue decrease*	*(7,5)*	
Volume	*(5,2)*	*COVID-19 lockdown restrictions (cosmetics and fragrance) and lower demand during COVID-19 lockdown, partly offset by growth from new product launches in lotions and roll-ons*
Ave. selling price	*(2,4)*	*Lower realised prices due to change in sales mix; selling prices constrained by aggressive competitor discounting*

* Like-for-like comparison excluding Coty

- Body spray market share increased slightly from 31,6% to 32,1%

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SPITZ

SPITZ CARVELA KURT GEIGER LACOSTE GANT nina roche TOSONI

Performance and Prospects

GROWING GREAT BRANDS

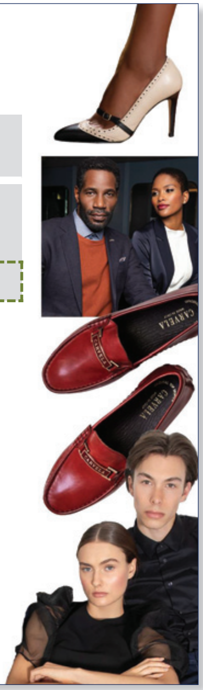
notes

SPITZ

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	1 242,3	1 461,1	(15,0)
Operating profit	228,1	343,6	(33,6)
Operating profit margin %	*18,4*	*23,5*	*(21,7)*

- Footwear and clothing volumes declined
  - Lower demand in constrained environment
  - COVID-19 store closures from 27 March to 30 April, phased opening in May
- Gross profit margin pressure from weaker Rand exchange rate
  - Limited price increase in H2 to ameliorate cost pressure
- Selling and administrative costs pulled back, rent concessions of R10,9 million
- Buying plan adjusted to manage stock levels
- Trading space - opened 3 stores and closed 2
- H2 capital expenditure deferred to F21



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notes

SPITZ

Sales volume and selling prices

	% Δ F20 vs F19	Comments
Spitz & KG Footwear revenue decrease	***(14,8)***	
Sales volume	*(14,9)*	*Constrained consumer environment; COVID-19 lockdown*
Ave. selling price	*0,1*	*Inflation in non core lines and price increase in H2*
KG Clothing revenue growth	***(17,2)***	*COVID-19 lockdown*

AVI | GROWING GREAT BRANDS

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GREEN CROSS
Performance and Prospects
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GROWING GREAT BRANDS

notes

Green Cross

Income statement

	F20 Rm	F19 Rm	%Δ
Revenue	187,2	295,0	(36,5)
Operating profit	(32,0)	(29,6)	(8,1)
Operating profit margin %	*(17,1)*	*(10,0)*	*(71,0)*

- Revenue decline of 36,5%
  - Aggressive discounting across the comfort footwear category
  - COVID-19 store closures from 27 March to 30 April, and phased opening
  - Loss of sales due to store conversion to new GX & Co multi-brand format
- Improved gross profit margin
- Costs tightly managed, savings following restructuring in F19
- 8 stores refurbished

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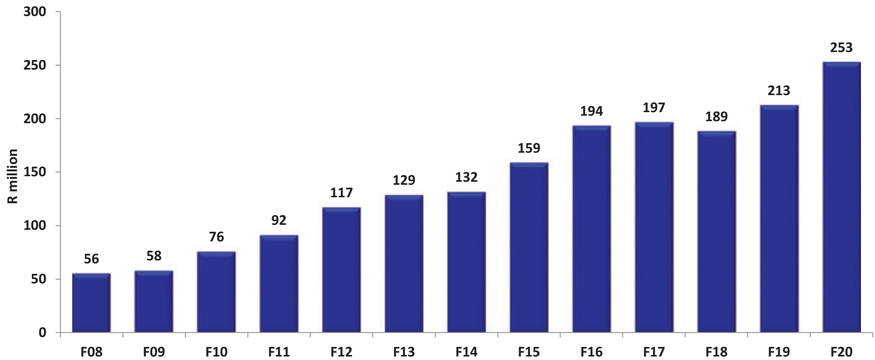
AVI
International
Performance and Prospects
2020
GROWING GREAT BRANDS

notes

AVI INTERNATIONAL

Operating profit history



- Revenue growth across most markets and product categories
- Increased demand during COVID-19 lockdown in several markets
- Limited impact of cross-border transport delays from COVID-19 regulations
- Good cost control

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notes

AVI GROUP

Prospects for F21

- Protect Entyce and Snackworks profits in a tough environment
  - ❑ Demand to stabilise as consumers return to normal spending patterns
  - ❑ Ciro sales volumes should recover gradually as customers re-open
  - ❑ Careful price / volume management
  - ❑ Raw material prices and exchange rates secured support consistent gross profit margins in H1 if demand is reasonable
  - ❑ Potential for continued aggressive discounting by competitors
  - ❑ Weaker Rand may constrain imports
  - ❑ Creamer volumes may be lower if competitor sustains service levels
  - ❑ Steady building of branded positions in export markets
  - ❑ Packaging refresh to improve on shelf display
  - ❑ Continued project activity to improve efficiency and capacity
  - ❑ Volume risk from load shedding mitigated with back-up power

AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F21 continued

- Target F21 improvement in Indigo profit
  - ❑ Demand expected to recover as consumers return to normal workplaces
  - ❑ Focus on achieving price points necessary to protect gross profit margin
  - ❑ Leverage product launches and marketing investment
  - ❑ Potential for continued aggressive discounting by competitors
  - ❑ Ongoing review of structure and fixed costs
  - ❑ Improve performance of Coty ranges

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notes

AVI GROUP

Prospects for F21 continued

- I&J H2 performance expected to be materially better than H2 F20
  - Limited COVID-19 impact anticipated
  - Processing throughput normalised
  - Exchange rates secured are at higher rates than F20
  - Fuel hedges secured are at lower prices than F20
  - Quota for CY20 unchanged at 39 616 tons
  - Export and local retail demand stable, food service recovering
  - Ongoing focus on cost reduction
  - Fishing result depends materially on vessel availability, catch rates and size mix
  - Abalone result depends on recovery in market demand, risk of further write-down of stock value
  - Sustained capex / maintenance to sustain fleet availability
  - Long term fishing rights application process extended to end of 2021

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notes

AVI GROUP

Prospects for F21 continued

- Spitz
  - Demand expected to improve as consumers return to malls
  - Increased promotional activity to manage COVID-19 stock build
  - Exchange rates secured together with increased core stock levels will protect gross profit margin for H1
  - Margin pressure in H2 at current exchange rates
  - Ongoing focus on cost reduction
  - Limited capital expenditure for store refurbishments
  - Continued focus on brand and design via Italian office

- Green Cross
  - Increased promotional activity to manage stock build-up
  - Right-size store footprint to match smaller brand opportunity
  - Leverage further synergies from integration into Spitz business

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notes

AVI GROUP

Investor proposition

- Continue adapting to changing macro environment
  - ❑ Ongoing review and simplification of business model
- Group initiatives keep focus on margin management, procurement, cost savings and efficiency
- Manage our unique brand portfolio to its long term potential
- Target real earnings growth in constrained environment
- High dividend yield – maintain normal dividend payout ratio of 80%
- Sustain high return on capital employed
  - ❑ Effective capital projects
  - ❑ Leverage domestic manufacturing capability to grow export markets
  - ❑ Return excess cash to shareholders efficiently
- Replicate our category market leadership in selected regional markets
- Acquisition of high quality brand opportunities if available

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notes

AVI

Questions

GROWING GREAT BRANDS

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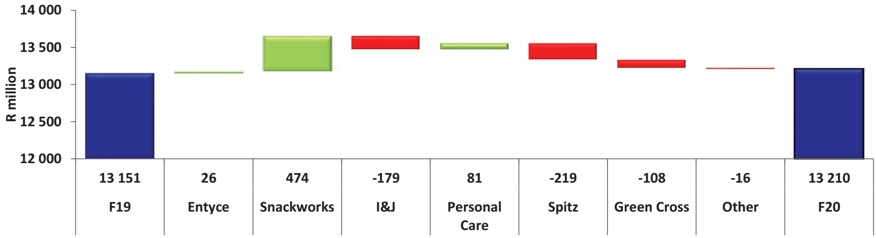
INFORMATION SLIDES

Revenue 0,4% up



- Entyce: Volume growth in black tea and creamer partly offset by declines in rooibos tea and coffee (including Ciro out-of-home)
- Snackworks: Volume growth in biscuits and snacks (impact of COVID-19 on consumer spending) and price increases in response to accumulated cost pressure
- I&J: Lower volumes due to reduced processing capacity, freezer vessel outages and export shipment delays, partly offset by higher Rand exchange rate on exports
- Personal Care: Change in Coty business model partly offset by a decline in owned brands due to COVID-19 and category pressure in constrained / competitive environment
- Spitz: Sales volume decline due to COVID-19 lockdown and constrained consumer environment
- Green Cross: Sales volume decline due to COVID-19 lockdown and constrained consumer environment

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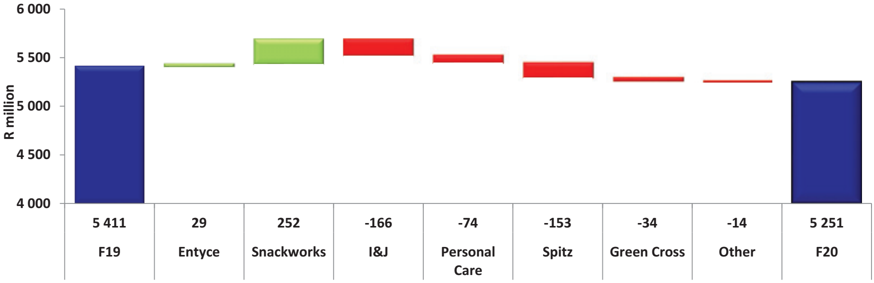
notes

INFORMATION SLIDES

Gross profit 2,9% down



- Entyce: Revenue growth and favorable tea raw material costs, offset by decrease in coffee
- Snackworks: Volume growth and improved factory performance partly offset by raw material cost pressure
- I&J: Low throughput / cost recoveries in H2, and lower abalone demand / prices
- Personal Care: Impact of COVID-19 on volumes and margin pressure from competitor activity
- Spitz: Lower volumes because of COVID-19 and constrained consumer environment
- Green Cross: Lower volumes because of COVID-19 and constrained consumer environment

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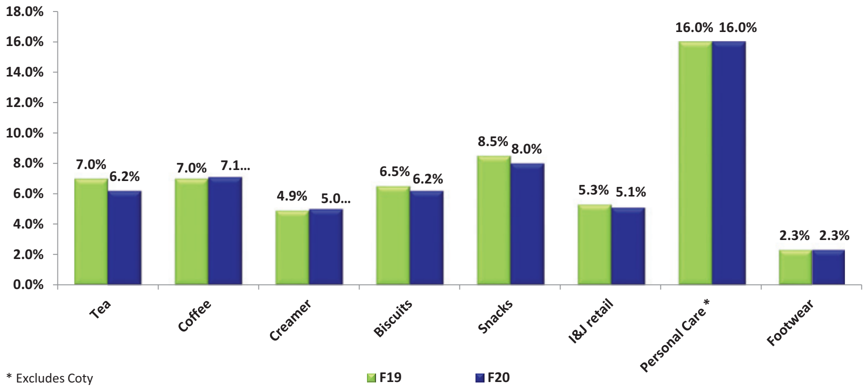
INFORMATION SLIDES

Marketing expenditure



* Excludes Coty

- Total expenditure for F20 of R752,7 million compared to R755,9 million in F19
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

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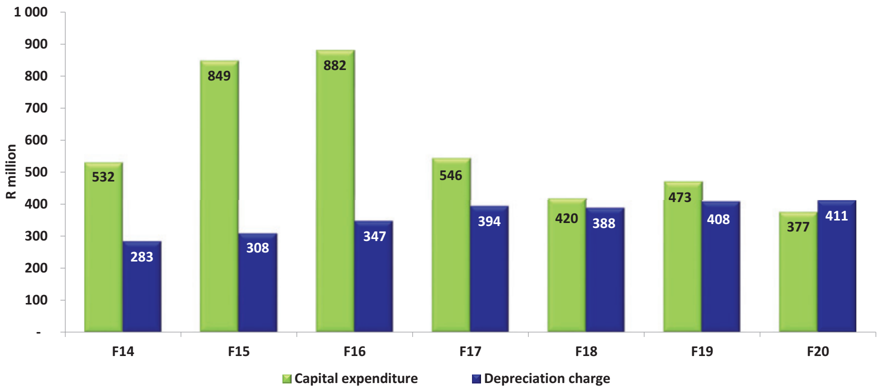
notes

INFORMATION SLIDES

Capital expenditure and depreciation (excluding depreciation on right-of-use assets)



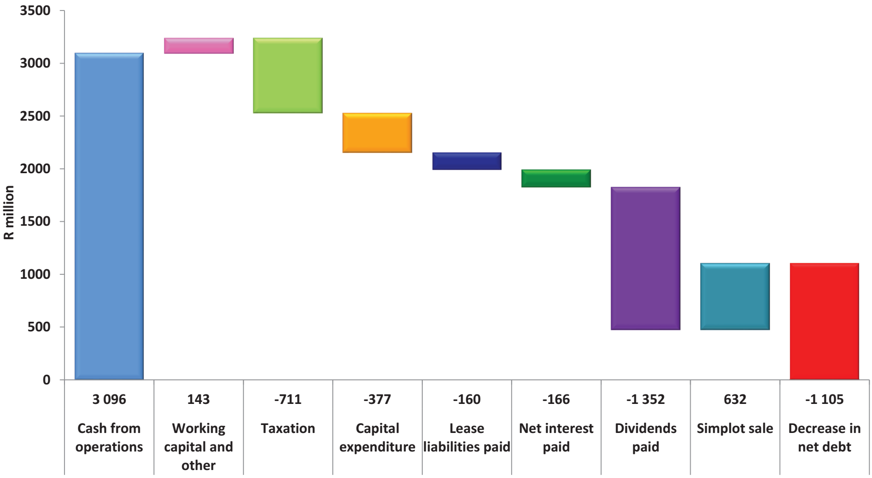
- Continued investment in manufacturing capacity, efficiency and retail stores
- Expenditure in respect of new I&J vessels caused spikes in F15 and F16

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Cash flows



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notes

RESULTS for the year ended 30 June 2020

INFORMATION SLIDES

Foreign exchange hedges

	September 2020 to December 2020	January 2021 to June 2021	July 2021 to December 2021
	% Cover	% Cover	% Cover
USD imports	64%	11%	0%
EUR imports	36%	16%	0%
EUR exports	68%	60%	8%

- Consistent hedging philosophy provides stability to manage gross margins
- Recent Rand weakness will impact import costs in F21 H2 if sustained
- I&J export cover at higher rates than F20

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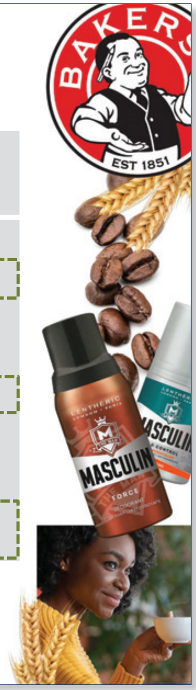
notes

INFORMATION SLIDES

Entyce, Snackworks and Indigo – Non RSA sales

	F20 Rm	F19 Rm	%Δ
International Revenue	1 133,9	1 044,1	8,6
% of Grocery and Personal Care brands	*12,1*	*11,8*	*2,5*
International Operating Profit	252,9	212,9	18,8
% of Grocery and Personal Care brands	*13,3*	*11,8*	*12,7*
International Operating Profit Margin	22,3	20,4	9,3
Grocery and Personal Care brands Operating Margin	*20,3*	*20,4*	*(0,5)*



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INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY14	CY15	CY16	CY17	CY18	CY19	CY20
South African Total Allowable Catch (TAC)	155 308	147 500	147 500	140 126	133 120	146 430	146 430
% change in TAC	(0,5)	(5,0)	-	(5,0)	(5,0)	10,0	0,0
I&J	43 471	41 223	41 245	37 901	36 013	39 616	39 616
%	28,0	27,9	28,0	27,1	27,1	27,1	27,1

- 2020 quota remains unchanged

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notes

INFORMATION SLIDES

Impact of change in Coty business model on Personal Care

	F20 Reported Rm	F20 Old basis Rm
Revenue	1 192,7	992,4
Operating profit	150,2	145,1
Operating profit margin %	*12,6*	*14,6*

- Coty agreement renewed for 3 years
- Full revenue and cost of sales on Coty product in Indigo income statement
- Increased operating profit, but lower profit margin
- Working capital of approximately R75 million on Indigo balance sheet

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notes

INFORMATION SLIDES

Trading space and trading density

Spitz	F20	F19
Number of stores	74	74
Turnover (Rm)	1 065,1	1 250,8
Average m^2	19 489	19 484
Trading Density (R /m^2)	54 650	64 198
Closing m^2	19 384	19 363

Like-for-like metrics*	F20	F19
Number of stores	72	72
Turnover (Rm)	1 041,3	1 218,7
Average & closing m^2	18 898	18 816
Trading Density (R/m^2)	55 101	64 767

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

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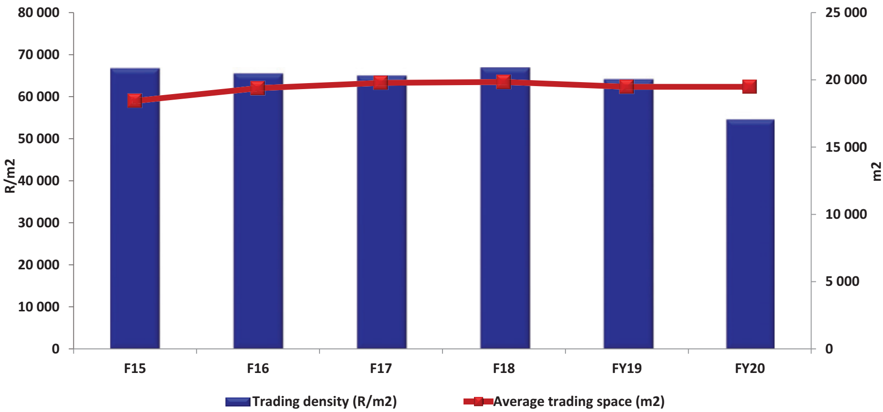
INFORMATION SLIDES

Trading density – Spitz stores



- Opened 1 new Spitz store and closed 1

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notes

INFORMATION SLIDES

Trading space and trading density

Kurt Geiger	F20	F19
Number of stores	34	33
Turnover (Rm)	175,1	210,3
Average m^2	4 259	4 186
Trading Density (R /m^2)	41 116	50 237
Closing m^2	4 289	4 191

Like-for-like metrics*	F20	F19
Number of stores	32	32
Turnover (Rm)	176,9	213,4
Average & closing m^2	4 284	4 279
Trading Density (R/m^2)	41 308	49 876

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

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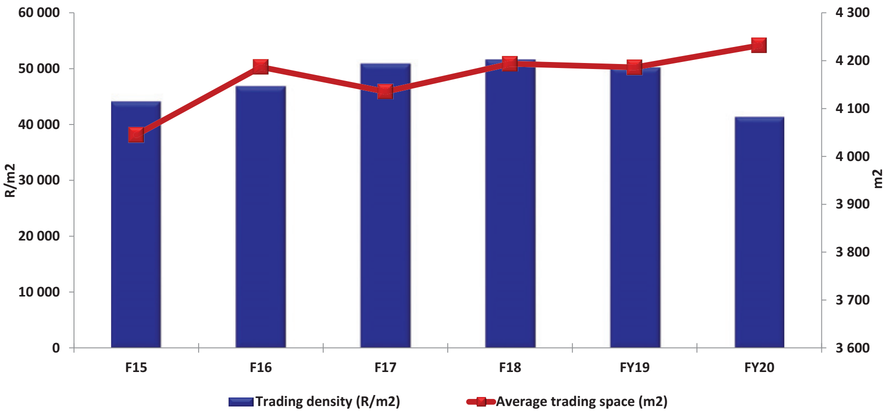
INFORMATION SLIDES

Trading density – Kurt Geiger stores



- Opened 2 Kurt Geiger stores and closed 1

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notes

INFORMATION SLIDES

Trading space and trading density

Green Cross	F20	F19
Number of stores #	37	41
Turnover (Rm)	140,9	224,9
Average m^2	4 825	5 340
Trading Density (R /m^2)	29 202	42 110
Closing m^2	4 471	4 936

Like-for-like metrics*	F20	F19
Number of stores #	36	36
Turnover (Rm)	131,2	200,3
Average & closing m^2	4 367	4 367
Trading Density (R/m^2)	30 040	45 864

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

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notes

INFORMATION SLIDES

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
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
June 2014	70	17,813	32	3,880	31	3,517
December 2014	72	18,342	33	3,978	30	3,423
June 2015	74	19,144	29	3,677	30	3,529
December 2015	75	19,376	33	4,156	34	4,097
June 2016	76	19,726	34	4,266	38	4,697
December 2016	75	19,544	33	4,087	39	4,896
June 2017	77	20,037	33	4,115	42	5,218
December 2017	77	20,243	33	4,194	45	5,536
June 2018	75	19,460	33	4,194	45	5,536
December 2018	76	19,745	33	4,194	44	5,410
June 2019	74	19,363	33	4,191	41	4,936
December 2019	75	19,645	34	4,289	41	4,896
June 2020	74	19,384	34	4,289	37	4,471

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AVI

GROWING GREAT BRANDS

SENS DOCUMENT FOR THE YEAR ENDED 30 JUNE 2020

AVI LIMITED

ISIN: ZAE000049433 Share code: AVI
Registration number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information please visit our website:
www.avi.co.za/investor/results-and-presentations/current-year

AVI

key features

- The COVID-19 pandemic materially affected the second semester
- Full year revenue growth of 0,4%
- Gross profit margins protected despite volume losses in some businesses
- Selling and administrative cost increases limited to 1,0%
- Operating profit declined by 7,5% due to the impact of the second semester
- Cash generated by operations increased by 13,0% over the prior year
- Investment of R376,6 million in capital projects and essential replacements
- Headline earnings per share down 8,9% to 470,8 cents
- Final dividend of 250 cents per share

Note: AVI adopted the new accounting standards listed below with effect from 1 July 2018. Consequently both the current and prior year information presented in this report is prepared in accordance with the new standards:

- IFRS 15 – *Revenue from Contracts with Customers;*
- IFRS 16 – *Leases;*
- IFRS 9 – *Financial Instruments.*

results commentary

GROUP OVERVIEW

AVI's unique brand portfolio underpinned a credible result in the context of a weak economy and the severe restrictions imposed on businesses and consumers in the fourth quarter by South Africa's COVID-19 lockdown regulations. While the food and beverage businesses were classified as essential services and continued to operate, the footwear and apparel businesses ceased trading on 27 March and only commenced reopening stores during May. In addition, Indigo had to suspend some of its operations that were classified as non-essential services and the Ciro coffee business was severely impacted by low demand from hospitality, leisure and corporate customers.

The Group's essential businesses implemented the protocols required to keep staff safe and comply with the government's lockdown regulations effectively, and together with exceptional commitment from our manufacturing and field marketing employees, this ensured continuity of operations and minimised lost production and sales volumes. The main operational disruption was at I&J, where the relatively early build-up of COVID-19 infections in the Western Cape resulted in reduced processing capacity and a concomitant reduction in fishing activity during the fourth quarter, as well as delayed export shipments in June.

Group revenue was 0,4% higher than last year, with the increase largely attributable to strong demand for Entyce and Snackworks' brands during the fourth quarter, stemming from changes in consumer spending patterns during lockdown as well as the inclusion of key products in food hampers. This additional demand was sufficient to offset the COVID-19 related declines in the fashion brands, Ciro and I&J, as well as a generally constrained environment prior to the onset of the COVID-19 pandemic.

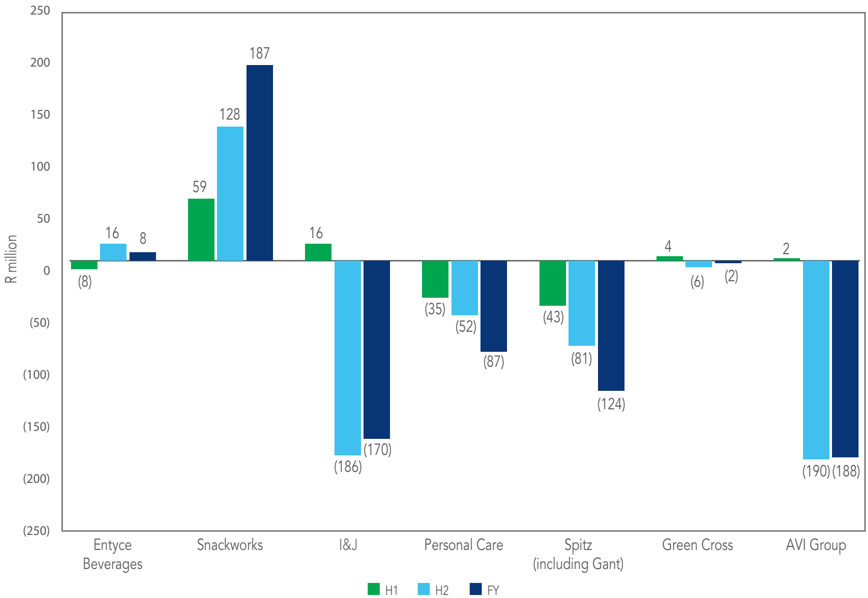
Gross profit margins were well protected reflecting lower raw material cost inflation and good cost control. The impact of a weaker Rand was ameliorated by currency hedge positions, low underlying raw material prices in foreign currencies and higher realised selling prices due to tight management of discounts and selected price increases to deal with specific cost pressures. Direct additional costs of R58 million were incurred in responding to the COVID-19 pandemic. The consolidated gross profit decreased by 2,9%, largely reflecting a weak second semester result at I&J, where the impact of reduced fish volumes due to the pandemic was compounded by low demand and lower selling prices for abalone.

Selling and administrative costs were tightly managed to reduce the impact of the lost contribution in some of our businesses and increased by only 1,0%. Rent relief of R14,3 million has been recognised in the retail businesses while other variable costs were pulled back as much as possible in the fourth quarter.

GROUP OVERVIEW continued

Operating profit was 7,5% lower due mainly to the lower gross profit. A comparison of year-on-year operating profit by semester is shown in the chart below:

Change in operating profit F20 versus F19 – H1, H2 and full year (R'mil)



Headline earnings declined by 8,6% from R1,70 billion to R1,55 billion due to the decrease in operating profit and lower joint venture earnings, partly offset by lower finance costs in line with lower interest rates and decreasing debt levels. Headline earnings per share decreased 8,9% from 516,6 cents to 470,8 cents with a 0,3% increase in the weighted average number of shares in issue due to the vesting of employee share options.

During the first semester, I&J sold its interest in a joint venture with Simplot, realising proceeds after transaction costs of R631,8 million and a capital gain, after tax, of R373,7 million. This resulted in a 21,1% increase in basic earnings per share for the year.

GROUP OVERVIEW continued

Cash generated by operations increased by 13,0% to R3,22 billion. Cash invested in working capital decreased by R124,2 million due mainly to improved debtor collections with last year's collections impacted by the year-end falling on a weekend, which resulted in delayed payments from some customers. Capital expenditure amounted to R376,6 million, reflecting continued investment to sustain and improve our businesses. Other material cash flows during the period were the receipt of R631,8 million, net of costs, for I&J's interest in the Simplot joint venture; ordinary dividends paid of R1,35 billion; and taxation of R711,3 million. Net debt at the end of June 2020 was R1,31 billion compared to R2,44 billion at the end of June 2019.

DIVIDEND

Overall cash generation remains healthy and the businesses that were most under pressure from the COVID-19 pandemic are expected to recover as lockdown restrictions are lifted. Accordingly, AVI has declared a final dividend of 250 cents per share, bringing the full year dividend to 410 cents per share.

SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2020 Rm	2019 Rm	% change	**2020 Rm**	2019 Rm	% change
Food & Beverage brands	**10 542,0**	10 220,7	3,1	**1 994,6**	1 969,3	1,3
Entyce Beverages	**3 849,0**	3 822,6	0,7	**846,6**	838,3	1,0
Snackworks	**4 365,1**	3 890,9	12,2	**910,2**	723,1	25,9
I&J	**2 327,9**	2 507,2	(7,2)	**237,8**	407,9	(41,7)
Fashion brands	**2 667,7**	2 930,2	(9,0)	**352,4**	565,7	(37,7)
Personal Care	**1 192,7**	1 111,4	7,3	**150,2**	237,2	(36,7)
Spitz (including Gant)	**1 287,8**	1 523,8	(15,5)	**234,2**	358,1	(34,6)
Green Cross	**187,2**	295,0	(36,5)	**(32,0)**	(29,6)	(8,1)
Corporate	**–**	–		**(12,5)**	(12,5)	
Group	**13 209,7**	13 150,9	0,4	**2 334,5**	2 522,5	(7,5)

Entyce Beverages

Revenue increased 0,7% to R3,85 billion while operating profit increased 1,0% to R846,6 million, with the operating profit margin at 22,0% compared to 21,9% in the prior year.

Tea revenue grew by 2,5% due mainly to a 4,4% increase in sales volumes arising from increased demand during the lockdown period, partly offset by lower rooibos selling prices as raw material prices declined from record levels. The Trinco brand performed particularly well, with high demand due to inclusion in food hampers. The gross profit margin improved with lower black tea and rooibos input costs ameliorating the pressure from a weaker Rand. Operating profit benefited from volume leverage and showed healthy growth over last year, with an improvement in the operating profit margin.

Coffee revenue was 9,1% lower than last year due mainly to lower sales in the Ciro Out of Home coffee business, which was severely impacted by most of its hospitality, leisure and corporate customers not operating during the lockdown. Ongoing pressure on mixed instant and speciality coffee due to aggressive competitor activity was partly offset by increased demand during the lockdown period. Gross profit was lower than last year due to lower volumes and pressure on gross margin from competitor discounting, resulting in lower operating profit than last year. The operating profit margin decreased but remains healthy for our combined coffee business.

Creamer benefited from a significant increase in demand in the second semester, including during the lockdown period where it was favoured for inclusion in food hampers. Entyce was able to meet this demand by using spare manufacturing capacity and sales volumes increased by 4,4% over last year's record performance. The gross profit margin was lower than last year due to pressure from raw material prices, however, the increase in volumes, supported by the benefit of well controlled selling and administrative costs, resulted in higher operating profit, with the operating profit margin slightly lower than last year.

Snackworks

Revenue of R4,37 billion was 12,2% higher than last year while operating profit rose 25,9%, from R723,1 million to R910,2 million. The operating profit margin improved from 18,6% to 20,9%.

Biscuits revenue grew by 12,3% due to a 5,1% increase in sales volumes and higher selling prices, resulting from price increases in response to rising cost pressures, as well as lower levels of discounting. Sales volumes benefited from strong demand during the COVID-19 lockdown period. Gross profit margin improved due to volume leverage and better manufacturing performance, supporting strong growth in operating profit and an increase in the operating profit margin.

Snacks revenue increased by 11,7% due to 6,7% growth in sales volumes and higher selling prices, resulting from price increases in response to rising cost pressures, as well as lower levels of discounting. As with biscuits, sales volumes benefited from strong demand during the COVID-19 lockdown period. Gross profit margin was in line with last year, with higher raw material costs offsetting the benefit of higher volumes. Higher gross profit from increased volumes converted to strong growth in operating profit and an increase in the operating profit margin.

I&J

Revenue of R2,33 billion was 7,2% lower than last year while operating profit decreased from R407,9 million to R237,8 million. The operating profit margin decreased from 16,3% to 10,2%.

The COVID-19 pandemic had a significant impact on the second semester result, as full compliance with isolation and quarantine protocols reduced the number of employees available to work, resulting in reduced processing activity and a concomitant reduction in fishing activity during the fourth quarter. The loss of production impacted cost recoveries in both the fishing fleet and the land based factories. In addition, congestion at the Cape Town port delayed export shipments, reducing margin recognition in the quarter. The Danger Point abalone farm was impacted by poor export demand and low selling prices due to COVID-19 lock-downs in key markets, compounded by limited airfreight availability due to flight restrictions. The combined impact of these factors was a material decrease in gross profit and gross profit margin, which was exacerbated by lost sea days as a result of repairs and maintenance on the freezer vessels.

Selling and administrative costs were only slightly higher than last year, however, the decrease in gross profit resulted in a material decline in operating profit and the operating profit margin for the year.

SEGMENTAL REVIEW continued

Personal Care

Indigo's revenue of R1,19 billion was 7,3% higher than last year due to a change in the Coty business model following the renewal of terms in June 2019. Indigo now operates as a licensed distributor rather than an agent and accordingly reports the full purchase cost of, and revenue from, Coty products with effect from 1 July 2019. On a like-for-like basis, revenue was 10,7% lower than last year, mainly due to lost revenue in the fourth quarter with cosmetics and fragrance sales suspended during the level 5 lockdown, and demand generally soft during the lockdown period with most consumers staying at home.

The gross profit margin decreased due to changes in the sales mix, ongoing competitor discounting in aerosols and pressure from the weaker Rand. Together with lower sales volumes, this resulted in a decrease in operating profit from R237,2 million to R150,2 million. The operating profit margin decreased from 21,3% to 12,6%.

Spitz (including Gant)

The Spitz business saw revenue decline by 15,5% due largely to lower footwear demand prior to the COVID-19 lockdown, including lower December sales than last year, followed by a significant loss of revenue during the lockdown, with all the retail stores closed during the level 5 lockdown from 27 March to 30 April 2020, before reopening on a phased basis during May. Trading post re-opening was subdued due to weak economic conditions and poor shopper footfall at many shopping malls.

The gross profit margin was similar to last year, however, the loss of contribution as a result of lower sales volumes was significant and only partially offset by reductions in selling and administrative costs. Rent relief of R11,6 million has been recognised.

Operating profit decreased from R358,1 million to R234,2 million, and the operating profit margin decreased from 23,5% to 18,2%.

Green Cross

Green Cross revenue decreased by 36,5% largely due to lower sales volumes. Sales volumes were impacted by soft demand and wide-spread discounting in the mid-price comfort footwear segment in the period prior to lockdown, followed by a significant loss of revenue during the lockdown, with all the retail stores closed during the level 5 lockdown from 27 March to 30 April 2020, before re-opening on a phased basis during May. Trading post re-opening was subdued due to weak economic conditions and poor shopper footfall at many shopping malls.

The gross profit margin was higher than last year, following the conversion to a full import model, and fixed costs have decreased with the integration into the Spitz management structure. However, these improvements were not enough to offset the impact of lower sales volumes, resulting in an operating loss of R32,0 million for the year.

OUTLOOK

Subsequent to the financial year end on 30 June, COVID-19 infection rates appear to have peaked in many parts of South Africa and there is an expectation that infection rates will continue to decline and economic activity will recover. I&J's operations have recovered to normal capacity and thus far we have not had material disruptions at our other manufacturing sites, although the risk remains that an increase in infections could result in periods of constrained production. Retail sales should improve as shopping mall footfall improves, however, demand in Entyce and Snackworks is likely to stabilise as consumers return to normal spending patterns and it is unlikely that we will annualise the levels of demand seen during the fourth quarter of the 2020 financial year. Overlaying all of this is the expectation that the economic damage wrought by the pandemic will result in a severely constrained trading environment, and that many of our categories will continue to have low, or even negative, growth rates.

Notwithstanding this, AVI's businesses are expected to remain resilient and cash generative in the next financial year, underpinned by:

- strong brands, supported by relevant innovation, that remains appealing to many consumers;
- partial protection against a weaker Rand from foreign currency and raw material hedge positions;
- reduced import competition due to the weaker Rand.

Achieving growth in our different brands is dependent on acceptable demand and sales volumes. We will continue to react quickly to market changes as we pursue the most appropriate balance of price, sales volumes and profit margins in each category. This will be supported by ongoing focus on factory efficiency, procurement opportunities and fixed overhead levels. Capital projects that underpin our manufacturing capacity, product quality and service levels will continue to be supported.

AVI International, supported by our South African manufacturing capabilities, remains focused on steadily building our brands' shares in export markets while sustaining strong profit margins.

The retail businesses will focus on reducing excess stock levels with increased promotional activity through the year, which will result in lower gross profit margins.

I&J's prospects are materially dependent on fishing performance, exchange rates and an improvement in abalone markets. The business is targeting a material improvement in the second half of the financial year which, if achieved, will be a key component of an improved group result. The hake long-term rights application process, planned to be completed by the end of 2021, is not expected to impact on operations in the financial year ahead.

The Board remains confident that AVI is well positioned to compete effectively; prudently manage fixed and variable costs; and, recognising the challenging environment, be alert for appropriate acquisition opportunities both domestically and regionally.

The above outlook statements have not been reviewed or reported on by AVI's auditors.

Gavin Tipper
Chairman

Simon Crutchley
CEO

7 September 2020

summarised consolidated balance sheet

	Audited at 30 June 2020 Rm	2019 Rm
Assets		
Non-current assets		
Property, plant and equipment	**3 361,7**	3 430,1
Right-of-use assets	**310,8**	317,5
Intangible assets and goodwill	**799,3**	817,0
Investments and other long-term assets	**35,1**	377,0
Deferred taxation	**41,5**	46,7
	4 548,4	4 988,3
Current assets		
Inventories and biological assets	**2 491,9**	2 501,5
Trade and other receivables including derivatives	**1 886,0**	2 072,4
Cash and cash equivalents	**842,4**	233,1
	5 220,3	4 807,0
Total assets	**9 768,7**	9 795,3
Equity and liabilities		
Capital and reserves		
Total equity	**5 018,4**	4 539,13
Non-current liabilities		
Cash-settled share-based payment liability	**41,4**	39,7
Lease liabilities	**230,0**	251,0
Employee benefit liabilities	**378,4**	378,0
Deferred taxation	**433,8**	428,9
	1 083,6	1 097,6
Current liabilities		
Current borrowings including short-term portion of lease liabilities	**1 927,7**	2 425,6
Trade and other payables including derivatives	**1 712,2**	1 698,0
Current tax liabilities	**26,8**	34,8
	3 666,7	4 158,4
Total equity and liabilities	**9 768,7**	9 795,3
Movement in net debt		
Opening balance	**2 034,6**	1 269,8
Short-term funding (repaid)/raised	**(498,9)**	655,1
(Increase)/decrease in cash and cash equivalents	**(605,7)**	104,7
Translation of cash equivalents of foreign subsidiaries	**(3,6)**	5,0
Net debt excluding IFRS 16 lease liability movements	**926,4**	2 034,6
IFRS 16 lease liabilities	**388,9**	408,9
Net debt*	**1 315,3**	2 443,5

** Comprises current borrowings plus long-term lease liabilities, less cash and cash equivalents.*

summarised consolidated statement of comprehensive income

	Audited year ended 30 June 2020 Rm	2019 Rm	% change
Revenue	**13 209,7**	13 150,9	0,4
Cost of sales	**(7 958,5)**	(7 740,2)	2,8
Gross profit	**5 251,2**	5 410,7	(2,9)
Selling and administrative expenses	**(2 916,7)**	(2 888,2)	1,0
Operating profit before capital items	**2 334,5**	2 522,5	(7,5)
Interest received	**9,8**	6,0	63,3
Finance costs	**(175,3)**	(200,8)	(12,7)
Share of equity accounted earnings of joint ventures	**17,4**	42,2	(58,8)
Capital items	**455,9**	(127,8)	
Profit before taxation	**2 642,3**	2 242,1	17,8
Taxation	**(695,0)**	(637,6)	9,0
Profit for the period	**1 947,3**	1 604,5	21,4
Profit attributable to:			
Owners of AVI	**1 947,3**	1 604,5	21,4
Other comprehensive income/(loss), net of tax	**25,7**	(16,4)	
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences	**13,2**	(27,6)	
Cash flow hedging reserve	**(2,8)**	(4,5)	
Taxation on items that are or may be subsequently reclassified to profit or loss	**0,8**	1,3	
Items that will never be reclassified to profit or loss			
Actuarial gain recognised	**20,2**	20,0	
Taxation on items that will never be reclassified to profit or loss	**(5,7)**	(5,6)	
Total comprehensive income for the period	**1 973,0**	1 588,1	24,2
Total comprehensive income attributable to:			
Owners of AVI	**1 973,0**	1 588,1	24,2
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**594,5**	592,4	0,4
Earnings per share			
Basic earnings per share (cents)#	**591,6**	488,7	21,1
Diluted basic earnings per share (cents)##	**589,8**	486,7	21,2
Headline earnings per share (cents)#	**470,8**	516,6	(8,9)
Diluted headline earnings per share (cents)##	**469,3**	514,6	(8,8)

Basic earnings and headline earnings per share are calculated on a weighted average of 329 140 892 (30 June 2019: 328 315 207) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 330 184 802 (30 June 2019: 329 641 365) ordinary shares in issue.

summarised consolidated statement of cash flows

	Audited year ended 30 June		
	2020 Rm	2019 Rm	% change
Operating activities			
Cash generated by operations	**3 220,3**	2 849,9	13,0
Interest paid	**(175,3)**	(200,8)	(12,7)
Taxation paid	**(711,3)**	(604,0)	17,8
Net cash available from operating activities	**2 333,7**	2 045,1	14,1
Investing activities			
Interest received	**9,8**	6,0	63,3
Property, plant and equipment acquired	**(376,6)**	(472,6)	(20,3)
Additions to intangible assets	**(7,0)**	(16,7)	(58,1)
Proceeds from disposals of property, plant and equipment	**23,1**	22,0	5,0
Proceeds from the disposal of interest in Simplot joint venture (note 8)	**631,8**	–	
Other cash flows from investments	**7,4**	18,4	(59,8)
Net cash generated by/(utilised in) investing activities	**288,5**	(442,9)	(165,1)
Financing activities			
Proceeds from shareholder funding	**8,0**	28,0	(71,4)
Short-term funding (repaid)/raised	**(498,9)**	655,1	(176,2)
Lease liabilities repaid	**(159,6)**	(166,7)	(4,3)
Payment to I&J BBBEE shareholders	**(13,7)**	(1,0)	1 270,0
Ordinary dividends paid	**(1 352,3)**	(1 399,4)	(3,4)
Special dividend paid	**–**	(822,9)	(100,0)
Net cash utilised in financing activities	**(2 016,5)**	(1 706,9)	18,1
Increase/(decrease) in cash and cash equivalents	**605,7**	(104,7)	(678,5)
Cash and cash equivalents at beginning of period	**233,1**	342,8	
	838,8	238,1	
Translation of cash equivalents of foreign subsidiaries	**3,6**	(5,0)	(172,0)
Cash and cash equivalents at end of period	**842,4**	233,1	

summarised consolidated statements of changes in equity

	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	I&J BBBEE shareholders Rm	Total equity Rm
Year ended 30 June 2020						
Balance at 1 July 2019	280,3	(458,2)	573,7	4 250,1	(106,6)	4 539,3
Profit for the period	–	–	–	1 947,3	–	1 947,3
Other comprehensive gain						
Foreign currency translation differences	–	–	13,2	–	–	13,2
Actuarial gain recognised, net of tax	–	–	14,5	–	–	14,5
Cash flow hedging reserve, net of tax	–	–	(2,0)	–	–	(2,0)
Total other comprehensive gain	–	–	25,7	–	–	25,7
Total comprehensive income for the period	–	–	25,7	1 947,3	–	1 973,0
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	44,7	–	–	44,7
Deferred taxation on Group share scheme recharge	–	–	(1,2)	–	–	(1,2)
Dividends paid	–	–	–	(1 352,3)	–	(1 352,3)
Own ordinary shares sold by AVI Share Trusts	–	8,0	–	–	–	8,0
Delisting and cancellation of treasury shares (note 7)	(0,9)	299,3	(298,4)	–	–	0,0
Reclassification of foreign currency translation reserve relating to Simplot joint venture (note 8) and other entities in the process of being deregistered	–	–	(193,1)	–	–	(193,1)
Total contributions by and distributions to owners	(0,9)	307,3	(448,0)	(1 352,3)	–	(1 493,9)
Balance at 30 June 2020	**279,4**	**(150,9)**	**151,4**	**4 845,1**	**(106,6)**	**5 018,4**
Year ended 30 June 2019						
Balance at 1 July 2018	280,3	(486,5)	534,1	4 925,1	(106,6)	5 146,4
Impact of changes in accounting policies*	–	–	–	(56,9)	–	(56,9)
Balance at 1 July 2018 (restated)	280,3	(486,5)	534,1	4 868,2	(106,6)	5 089,5
Profit for the period	–	–	–	1 604,5	–	1 604,5
Other comprehensive loss						
Foreign currency translation differences	–	–	(27,6)	–	–	(27,6)
Actuarial gain recognised, net of tax	–	–	14,4	–	–	14,4
Cash flow hedging reserve, net of tax	–	–	(3,2)	–	–	(3,2)
Total other comprehensive loss	–	–	(16,4)	–	–	(16,4)
Total comprehensive income for the period	–	–	(16,4)	1 604,5	–	1 588,1
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	41,5	–	–	41,5
Deferred taxation on Group share scheme recharge	–	–	14,5	–	–	14,5
Dividends paid	–	–	–	(2 222,3)	–	(2 222,3)
Own ordinary shares sold by AVI Share Trusts	–	28,3	–	(0,3)	–	28,0
Total contributions by and distributions to owners	–	28,3	56,0	(2 222,6)	–	(2 138,3)
Balance at 30 June 2019	**280,3**	**(458,2)**	**573,7**	**4 250,1**	**(106,6)**	**4 539,3**

** Impact of changes in accounting policies following the adoption of IFRS 15, IFRS 16 and IFRS 9 on 1 July 2018.*

notes to the summarised consolidated financial statements

For the year ended 30 June 2020

AVI Limited ("AVI" or the "Company") is a South African registered company. These summarised consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures.

1. Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 *Interim Financial Reportin*g.

The accounting policies used in the preparation of the summarised consolidated financial statements were derived from and are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summarised consolidated financial statements are prepared in millions of South African Rands ("Rm") on the historical cost basis, except for derivative financial instruments, biological assets and liabilities for cash settled share-based payment arrangements, which are measured at fair value.

The Group has adopted the following new or amended accounting standards in the preparation of these results, which became effective for the Group from 1 July 2019:

COVID-19-Related Rent Concessions – amendments to IFRS 16 *Leases*

The Group, which early adopted IFRS 16 on 1 July 2018, has adopted the amendments to IFRS 16 which provide optional relief to lessees from applying the IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, lessees can elect to treat these rent concessions as if they were not lease modifications, and instead as variable lease payments.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Applying the practical expedient has resulted in total concessions of R14,3 million being recognised as a credit to selling and administrative expenses on the statement of comprehensive income, and a reduction of lease liabilities repaid on the statement of cash flows.

notes to the summarised consolidated financial statements continued

1. Basis of preparation continued

IFRIC 23 *Uncertainty over Income Tax treatments*

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied where there is uncertainty over income tax treatments. The interpretation applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. In adopting the interpretation, the Group has considered and applied the requirements of IFRIC 23 and concluded that there are no material items for disclosure.

New standards and interpretations in issue not yet effective

Standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Group and management has concluded that they are not applicable to the business of the Group and will therefore have no impact on future financial statements.

2. Segmental results

	Year ended 30 June		
	2020 Rm	2019 Rm	% change
Segmental revenue			
Food & Beverage brands	**10 542,0**	10 220,7	3,1
Entyce Beverages	**3 849,0**	3 822,6	0,7
Snackworks	**4 365,1**	3 890,9	12,2
I&J	**2 327,9**	2 507,2	(7,2)
Fashion brands	**2 667,7**	2 930,2	(9,0)
Personal Care*	**1 192,7**	1 111,4	7,3
Spitz (including Gant)	**1 287,8**	1 523,8	(15,5)
Green Cross	**187,2**	295,0	(36,5)
Group	**13 209,7**	13 150,9	0,4
Segmental operating profit before capital items			
Food & Beverage brands	**1 994,6**	1 969,3	1,3
Entyce Beverages	**846,6**	838,3	1,0
Snackworks	**910,2**	723,1	25,9
I&J	**237,8**	407,9	(41,7)
Fashion brands	**352,4**	565,7	(37,7)
Personal Care	**150,2**	237,2	(36,7)
Spitz (including Gant)	**234,2**	358,1	(34,6)
Green Cross	**(32,0)**	(29,6)	(8,1)
Corporate and consolidation	**(12,5)**	(12,5)	0,0
Group	**2 334,5**	2 522,5	(7,5)

** From July 2019 Indigo is responsible for the full revenue and cost of sales in respect of Coty products. Prior to this, only commission on sales was included in revenue.*

3. Revenue

Disaggregation of revenue from contracts with customers ("revenue") into categories that depict the nature, amount, timing and uncertainty of revenue.

The following table sets out revenue by geographical market:

	For the year ended 30 June 2020 Audited					
	Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
Geographical market						
South Africa	**3 357,2**	**3 838,1**	**913,5**	**1 077,6**	**1 463,2**	**10 649,6**
Other African countries	**484,2**	**511,4**	**49,7**	**114,9**	**11,8**	**1 172,0**
Rest of the world	**7,6**	**15,6**	**1 364,7**	**0,2**	**–**	**1 388,1**
Total revenue	**3 849,0**	**4 365,1**	**2 327,9**	**1 192,7**	**1 475,0**	**13 209,7**

	For the year ended 30 June 2019 Audited					
	Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
Geographical market						
South Africa	3 347,2	3 447,9	860,1	985,7	1 804,1	10 445,0
Other African countries	467,9	432,1	31,6	125,3	14,7	1 071,6
Rest of the world	7,5	10,9	1 615,5	0,4	–	1 634,3
Total revenue	3 822,6	3 890,9	2 507,2	1 111,4	1 818,8	13 150,9

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2019: less than 2%) of total revenue compromises income arising from service agreements, rental agreements and trademark licence agreements.

4. Determination of headline earnings

	Audited year ended 30 June 2020 Rm	2019 Rm	% change
Profit for the year attributable to owners of AVI	**1 947,3**	1 604,5	21,4
Total capital items after taxation	**(397,6)**	91,7	(533,6)
Gain on disposal of interest in Simplot joint venture (note 8)	**(433,1)**	–	
Gain on reclassification of the cumulative foreign currency translation reserve from equity to profit for entities in the process of being deregistered	**(30,1)**	–	
Net (gain)/loss on disposal of property, plant and equipment	**(11,2)**	0,1	(11 300,0)
Impairment of property, plant and equipment	**18,4**	26,1	(29,5)
Impairment of Green Cross trademark*	**–**	99,7	(100,0)
Net loss on disposal and impairment of other intangible assets	**0,1**	1,9	(94,7)
Taxation attributable to capital items	**58,3**	(36,1)	(261,5)
Headline earnings	**1 549,7**	1 696,2	(8,6)
Headline earnings per ordinary share (cents)	**470,8**	516,6	(8,9)
Diluted headline earnings per ordinary share (cents)	**469,3**	514,6	(8,8)

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	**329 140 892**	328 315 207	0,3
Weighted average diluted number of ordinary shares	**330 184 803**	329 641 365	0,2

* *The Green Cross trademark of R399,7 million was recognised on acquisition of the business on 1 March 2012. As part of the annual review of the carrying amounts of trademarks with indefinite useful lives for the year ended 30 June 2019, the remaining carrying amount of the Green Cross trademark of R99,7 million was impaired, taking into account the extended period it will take to return the business to acceptable profitability.*

5. Cash generated by operations

	Audited year ended 30 June 2020 Rm	2019 Rm	% change
Cash generated by operations before working capital changes	**3 096,1**	3 116,7	(0,7)
Change in working capital	**124,2**	(266,8)	(146,6)
Cash generated by operations	**3 220,3**	2 849,9	13,0

6. Commitments

	Audited year ended 30 June 2020 Rm	2019 Rm
Capital expenditure commitments for property, plant and equipment	**145,4**	167,3
Contracted for	**90,4**	153,4
Authorised but not contracted for	**55,0**	13,9

It is anticipated that this expenditure will be financed by cash resources, cash generated from operating activities and existing borrowing facilities. Other contractual commitments have been entered into in the normal course of business.

7. Repurchase and cancellation of treasury shares

The Company's wholly owned subsidiary, AVI Investment Services Proprietary Limited ("AVI Investment Services"), held 17 234 352 ordinary shares in the Company, which were acquired in the market pursuant to a share buy-back exercise in 2007.

On 19 August 2019, AVI Investment Services effected a distribution in specie of these shares to the Company, in its capacity as the holding company of AVI Investment Services. The subsequent delisting and cancellation of the 17 234 352 ordinary shares, as approved by the JSE Limited, was effected on 29 August 2019.

The shares cancelled represented 4,89% of the issued share capital of the Company immediately prior to the cancellation.

The delisting and cancellation of shares has resulted in a R299,3 million reduction in the treasury shares balance, of which R0,9 million has been allocated against share capital and the balance to share buy-back reserve, with no impact on earnings or earnings per share

8. Disposal of interest in Simplot joint venture

On 4 November 2019, the Company and its subsidiary, I&J Holdings Proprietary Limited ("I&J"), entered into an agreement in terms of which Simplot Australia Proprietary Limited and related entities ("Simplot Australia") acquired I&J's 40% effective interest in the Simplot Seafood Snacks and Meals Joint Venture ("Simplot JV") and the rights to certain internally generated intellectual property assets ("IP Assets") utilised by the Simplot JV, for an aggregate cash consideration of AUD62 million.

The net purchase consideration after transaction costs was R631,8 million and has resulted in a capital gain of R433,1 million before tax, and R373,7 million after tax, comprising:

	Net capital gain Rm
• Sale of interest in Simplot JV and IP assets	210,7
• Reclassification of the cumulative foreign currency translation reserve from equity to profit on disposal, as required by IAS 21.	163,0
	373,7

IP Assets were internally generated and therefore were not recognised as intangible assets.

9. Fair value classification and measurement

The Group measures derivative foreign exchange contracts, fuel swaps and biological assets at fair value.

The fair value of foreign exchange contracts and fuel swaps is determined using a forward pricing model with reference to quotes from financial institutions. Significant inputs into the Level 2 fair value measurement include yield curves as well as market interest rates and foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts based on the nature or maturity period of the financial instruments.

Biological assets comprise abalone which is farmed by I&J. The fair value of these assets is disclosed as Level 3 per the fair value hierarchy, with the fair value determined using a combination of the market comparison and cost technique as prescribed by IAS 41.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy for the year ended 30 June 2020.

Further information about the assumptions made in measuring fair values is included in the consolidated financial statements available on the Company's website www.avi.co.za.

10. Post-reporting date events

No significant events that meet the requirements of IAS 10 have occurred since the reporting date.

11. Dividend declaration

Notice is hereby given that a gross final ordinary dividend No 95 of 250 cents per share for the year ended 30 June 2020 has been declared payable to shareholders of ordinary shares. The dividend has been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently a net final dividend of 200 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 335 837 451 ordinary shares. AVI's tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 13 October 2020
First trading day ex dividend on the JSE	Wednesday, 14 October 2020
Record date	Friday, 16 October 2020
Payment date	Monday, 19 October 2020

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 14 October 2020, and Friday, 16 October 2020, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 19 October 2020.

notes to the summarised consolidated financial statements continued

12. Reports of the independent auditor and annual financial statements

The summarised consolidated financial statements for the year ended 30 June 2020 have been audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which these summarised consolidated financial statements were derived. The auditor's report on the summarised consolidated financial statements does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements which are available for inspection at the Company's registered office. The annual consolidated financial statements and auditor's report are also available on the Company's website www.avi.co.za.

13. Preparer of financial statements

These summarised financial statements have been prepared under the supervision of Owen Cressey CA(SA), the AVI Group Chief Financial Officer.

14. Annual report

The annual report for the year ended 30 June 2020 will be posted to shareholders on or about Tuesday, 6 October 2020. The annual report will include the notice of the annual general meeting of shareholders to be convened on Thursday, 5 November 2020.

administration and principal subsidiaries

ADMINISTRATION

Company registration
AVI Limited ("AVI")
Reg no: 1944/017201/06
Share code: AVI
ISIN: ZAE000049433

Company Secretary
Sureya Scheepers

Business address and registered office
2 Harries Road
Illovo
Johannesburg 2196
South Africa

Postal address
PO Box 1897
Saxonwold 2132
South Africa

Telephone: +27 (0)11 502 1300
Telefax: +27 (0)11 502 1301
E-mail: info@avi.co.za
Website: www.avi.co.za

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of South Africa Limited

Commercial bankers
Standard Bank
Nedbank

Transfer secretaries
Computershare Investor Services Proprietary Limited

Business address
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

Postal address
Private bag X9000
Saxonwold 2132
South Africa
Telephone: +27 (0)11 370 5000
Telefax: +27 (0)11 370 5271

PRINCIPAL SUBSIDIARIES

Food & Beverage brands
National Brands Limited
Reg no: 1948/029389/06
(incorporating Entyce Beverages and Snackworks)

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

Managing director
Gaynor Poretti
Telephone: +27 (0)11 707 7200
Telefax: +27 (0)11 707 7799

I&J
Irvin & Johnson Holding Company Proprietary Limited
Reg no: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

Managing director
Jonty Jankovich
Telephone: +27 (0)21 440 7800
Telefax: +27 (0)21 440 7270

Fashion brands
Personal Care
Indigo Brands Proprietary Limited
Reg no: 2003/009934/07

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

Managing director
Roger Coppin
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

Footwear & Apparel
A&D Spitz Proprietary Limited
Reg no: 1999/025520/07

Green Cross Manufacturers Proprietary Limited
Reg no: 1994/008549/07

29 Eaton Avenue
Bryanston
2021

PO Box 782916
Sandton
2145

Acting managing director
Simon Crutchley
Telephone: +27 (0)21 707 7300
Telefax: +27 (0)11 707 7763

directors

Executive

Simon Crutchley
(Chief Executive Officer)

Owen Cressey
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper[1]
(Chairman)

James Hersov[5]

Adriaan Nühn[1, 2, 4, 7]

Mike Bosman[2]

Abe Thebyane[1]

Alexandra Muller[2, 3, 6]

[1] *Member of the Remuneration, Nomination and Appointments Committee.*

[2] *Member of the Audit and Risk Committee.*

[3] *Member of the Social and Ethics Committee.*

[4] *Dutch.*

[5] *Resigned from the Audit and Risk Committee on 7 November 2019.*

[6] *Appointed to the Board and Audit and Risk Committee on 1 July 2019. Appointed to the Social and Ethics Committee on 1 August 2019.*

[7] *Appointed to the Audit and Risk Committee on 21 January 2020.*

Bastion

AVI

GROWING GREAT BRANDS

WWW.AVI.CO.ZA