GROWING GREAT BRANDS

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020





AVI LIMITED

ISIN: ZAE000049433 JSE and A2X 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

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AVI Limited presentation to shareholders & analysts
for the six months ended 31 December 2020

GROWING GREAT BRANDS

notes

AGENDA

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

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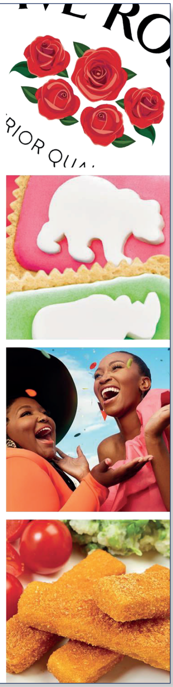
notes

KEY FEATURES

- COVID-19
  - Mixed impact on demand across categories
  - Additional costs of R18 million
- Group revenue declined by 0,1%
- Selling price increases taken to offset higher raw material costs in some categories
- 6,9% decline in selling and administrative costs
- I&J's abalone category materially impacted by COVID-19 related export demand and price pressures
- Operating profit declined by 2,6%
- Net finance charges 48,8% lower
- Headline earnings per share up 1,2% to 297,3 cents
- Cash from operating activities increased by 0,8%
- Interim dividend of 160 cents per share in line with last year
- Special dividend of 280 cents per share



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KEY FEATURES

COVID-19 – impact on revenue

% Revenue compared to corresponding period in the prior year

	Mar – Jun 20	Jul – Sep 20	Oct – Dec 20
Entyce & Snackworks (excl Ciro)	21%	12%	1%
Ciro	(59%)	(47%)	(33%)
I&J	(15%)	12%	(2%)
Personal Care	(12%)	(6%)	(7%)
Footwear and Apparel	(55%)	(18%)	(8%)

- Stockpiling of food and beverages started in the last week of March 2020
- Food and beverage consumption declined over the first semester of F21 as consumers gradually returned to normal routines and spending patterns
- Personal care, footwear and apparel volumes recovered as lockdown restrictions eased and footfall in malls improved

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KEY FEATURES

COVID-19 – impact on costs and provisions

	H1 F20 Rm	H2 F20 Rm	H1 F21 Rm
Cost of sales	-	39	15
Selling and administrative expenses	-	19	3
Total	-	58	18

- H1 F21 includes R3,5 million for special arrangements to pack Choice Assorted
- Costs will decrease in H2
- Minor impact on stock and debtors provision
  - Consolidated stock provision increased by R6,7 million since December 2019
  - Consolidated debtors provisions increased by R5,8 million since December 2019

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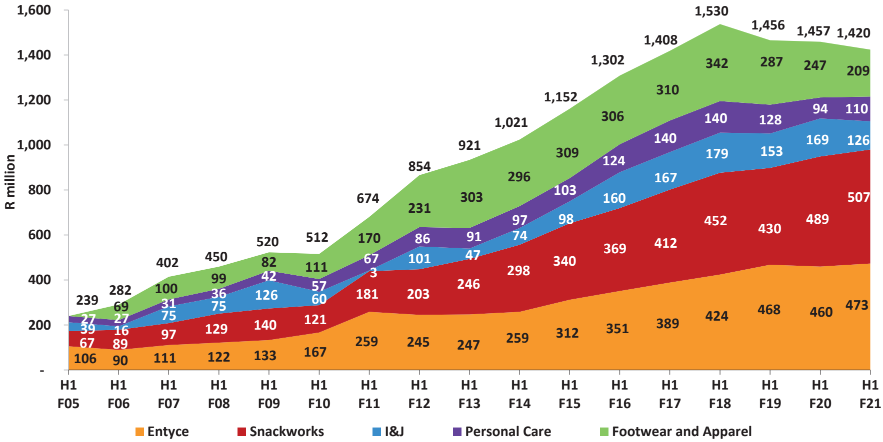
RESULTS HISTORY

Operating profit history



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

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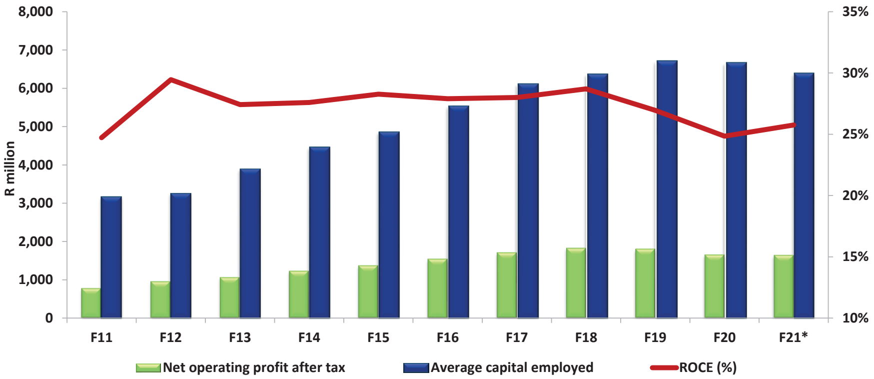
RESULTS HISTORY

Return on capital employed



* F21 represents 12 months to 31 December 2020

- High return maintained in tough environment

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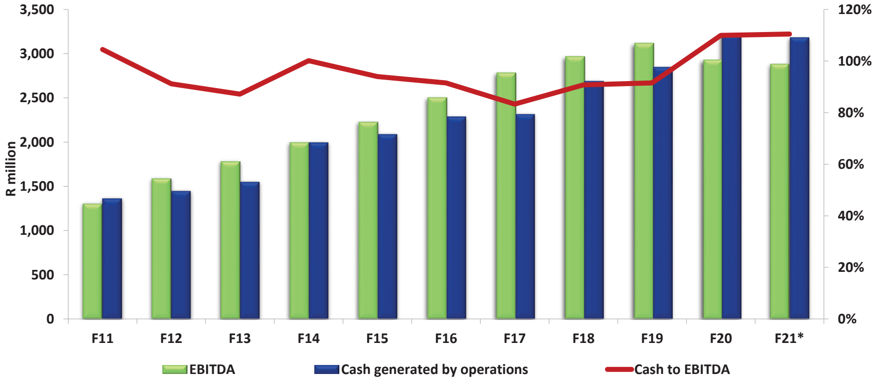
RESULTS for the six months ended 31 December 2020

RESULTS HISTORY

Cash conversion



* F21 represents 12 months to 31 December 2020

- Sustained strong conversion of earnings into cash

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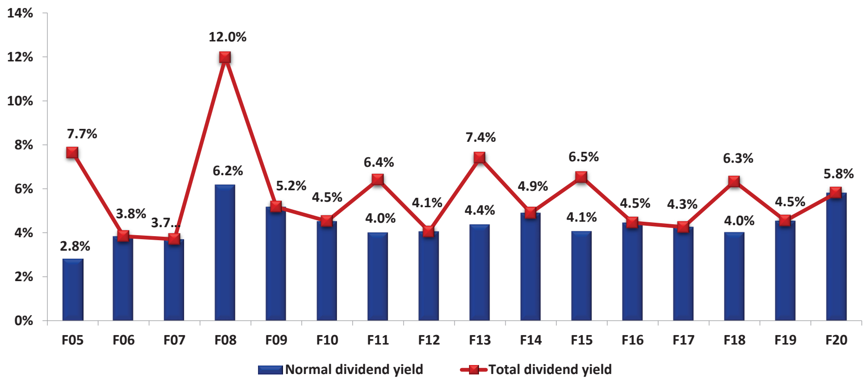
RESULTS HISTORY

Dividend yield (Year end)



- 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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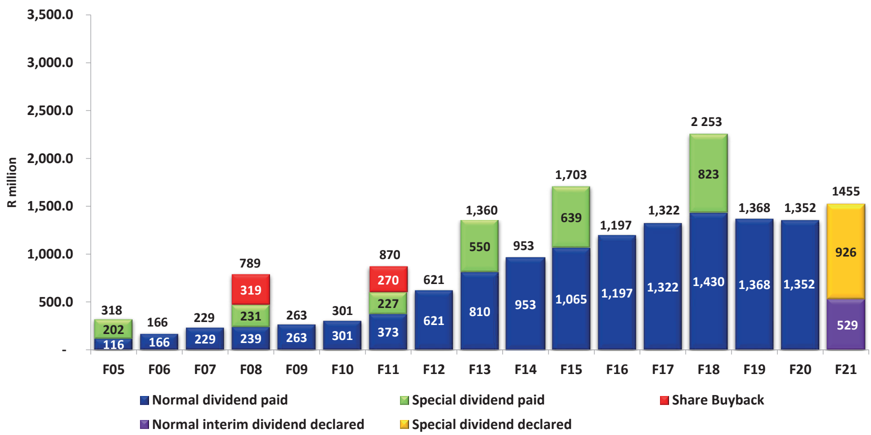
RESULTS for the six months ended 31 December 2020

RESULTS HISTORY

Returns to shareholders



- Effective payout ratio from F05 = 95,2% of headline earnings

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notes

notes

GROUP FINANCIAL RESULTS

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	7 131,2	7 141,7	(0,1)
Cost of Sales	(4 305,6)	(4 174,8)	(3,1)
Gross Profit	2 825,6	2 966,9	(4,8)
Gross Profit margin	*39,6*	*41,5*	*(4,6)*
Selling and administrative expenses	(1 405,9)	(1 509,7)	(6,9)
Operating profit	1 419,7	1 457,2	(2,6)
Operating profit margin	*19,9*	*20,4*	*(2,5)*
Net financing cost	(51,5)	(100,5)	(48,8)
Share of Joint Ventures	2,4	15,7	(84,7)
Capital items before tax	(2,8)	444,8	
Effective tax rate	28,5	*25,7*	*10,9*
Headline earnings	979,9	966,5	1,4
HEPS (cps)	297,3	*293,8*	*1,2*

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GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 F21 Rm	H1 F20 Rm	Δ %	H1 F21 Rm	H1 F20 Rm	Δ %	H1 F21 %	H1 F20 %
Food & Beverage brands	**5 554,5**	**5 391,9**	**3,0**	**1 105,6**	**1 118,0**	**(1,1)**	**19,9**	**20,7**
Entyce Beverages	1 954,9	1 967,8	(0,7)	473,0	459,7	2,9	24,2	23,4
Snackworks	2 364,7	2 242,6	5,4	506,7	489,3	3,6	21,4	21,8
I&J	1 234,9	1 181,5	4,5	125,9	169,0	(25,5)	10,2	14,3
Fashion brands	**1 576,7**	**1 749,8**	**(9,9)**	**318,6**	**340,9**	**(6,5)**	**20,2**	**19,5**
Personal Care	642,1	687,8	(6,6)	109,7	93,5	17,3	17,1	13,6
Footwear and Apparel	934,6	1 062,0	(12,0)	208,9	247,4	(15,6)	22,4	23,3
Corporate	**-**	**-**		**(4,5)**	**(1,7)**			
Group	**7 131,2**	**7 141,7**	**(0,1)**	**1 419,7**	**1 457,2**	**(2,6)**	**19,9**	**20,4**

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notes

GROUP FINANCIAL RESULTS

Movement in group revenue

- Price increases across the Group, supported by tighter management of discounts
- Export sales benefitted from impact of weaker Rand
- Lower volumes in fashion businesses and Ciro out-of-home due to COVID-19
- Demand for snacking and beverage brands normalised from elevated levels through the semester

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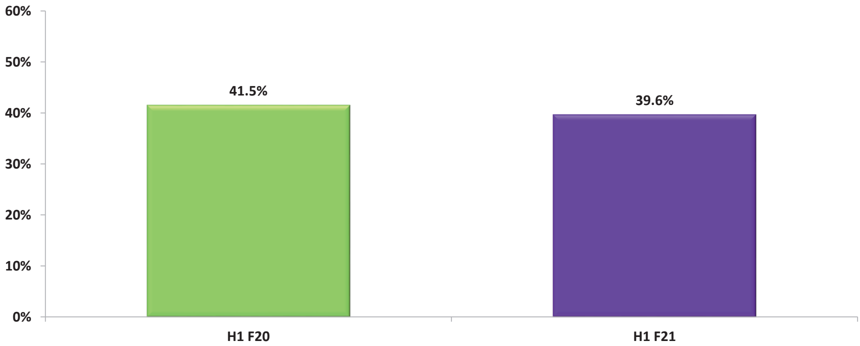
GROUP FINANCIAL RESULTS

Gross profit margin



- Cost pressure from weaker Rand
- Significant drop in abalone selling prices
- Mix changes from COVID-19 – higher demand for affordable products, lower fashion brand volumes
- Selling price increases in H1 and planned for H2 to offset cost pressure

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GROUP FINANCIAL RESULTS

Operating profit 2,6% down

- Entyce: Higher sales volumes in all categories except Ciro and good cost control
- Snackworks: Snacks volume growth and good cost control
- I&J: Decline in abalone category and lower royalties from Simplot
- Personal Care: Price inflation and lower new product launch costs offset by impact of COVID-19
- Footwear and Apparel: Continued impact of COVID-19 and constrained consumer environment on volumes

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notes

GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

* Represents 12 months to 31 December	H1 F21 Rm	H1 F20 Rm	%Δ
Cash generated by operations	1 609,0	1 646,4	(2,3)
*Working capital to revenue % **	*24,0*	*25,8*	*(7,0)*
Capital expenditure	(140,7)	(187,0)	(24,8)
Proceeds from disposal of Simplot (after costs)	-	631,8	
Net debt	1 122,6	1 651,5	(32,0)
Net debt / capital employed %	*17,8*	*25,2*	*(29,1)*
*Return on capital employed % **	*25,8*	*24,8*	*3,6*
Normal dividend (cps)	*160*	*160*	-
Special dividend (cps)	*280*		

- Strong conversion of earnings to cash
- Fashion brands inventory tightly managed following demand disruption from COVID-19
- Capital expenditure carefully managed in constrained environment
- Net debt reduced by cash generated and Simplot proceeds
- Return on capital employed enhanced by lower gearing

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notes

GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

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Net debt / capital employed %	*17,8*	*25,2*	*(29,1)*
*Return on capital employed % **	*25,8*	*24,8*	*3,6*
Normal dividend (cps)	*160*	*160*	-
Special dividend (cps)	*280*		

- Impact of special dividend of 280 cents
  - R926 million returned to shareholders
  - Gearing increase to approximately 30% net debt / capital employed
  - F22 HEPS decrease of approximately 2% at current interest rates
  - Dividend yield for F21 increase from >5% to approximately 9%

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GROUP FINANCIAL RESULTS

Key capital projects spend summary

	H1 F21 Actual Rm	H2 F21 Planned Rm	F21 Total Planned Rm
Tea packaging line replacements and upgrades	1	6	7
Biscuit line capacity and process improvements	18	30	48
I&J vessel dry-docks and upgrades	46	41	87
Coffee and creamer line upgrades	-	14	14
I&J processing plant replacements and upgrades	8	34	42
Retail store relocations and refurbishments	1	9	10
	74	134	208
Total capital expenditure	141	259	400

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notes


ENTYCE
BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED
Performance and Prospects
2021
GROWING GREAT BRANDS

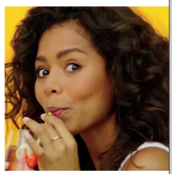
notes

ENTYCE BEVERAGES

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	1 954,9	1 967,8	(0,7)
Operating profit	473,0	459,7	2,9
Operating profit margin %	24,2	23,4	3,4

- Tea profit growth due to higher volumes, lower rooibos raw material prices and good cost control
  - Rooibos volume growth due to lower selling prices
  - Affordable black tea volume growth due to COVID-19 demand in first quarter
  - Premium black tea volumes negatively impacted by competitor activity
  - Gross profit margin improvement
    - Lower rooibos raw material input costs
    - Benefit from rooibos factory upgrade
    - Offset by black tea cost pressure from weaker Rand; price increases implemented
  - Lower selling and administrative costs



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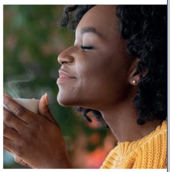
notes

ENTYCE BEVERAGES

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	1 954,9	1 967,8	(0,7)
Operating profit	473,0	459,7	2,9
Operating profit margin %	24,2	23,4	3,4

- Coffee profit decrease due to severe impact of COVID-19 on Ciro out-of-home coffee business
  - Lower Ciro volumes to hospitality, leisure and corporate customers
  - Growth in mixed instant and premium coffee volumes
  - Selling price increases to offset pressure from weaker Rand
  - Lower selling and administrative costs



Ellis Brown So Much

HOUSE OF COFFEES

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notes

ENTYCE BEVERAGES

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	1 954,9	1 967,8	(0,7)
Operating profit	473,0	459,7	2,9
Operating profit margin %	24,2	23,4	3,4

- Creamer profit increase due to higher volumes and good cost control
  - Volume growth due to COVID-19 related demand in first quarter
  - Gross Profit margin pressure due to higher raw material costs and weaker Rand
  - Selling price increases implemented to recover cost pressure
  - Selling and administrative expenses in line with last year

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notes

ENTYCE BEVERAGES

Sales volume and selling prices

	% Δ H1 F21 vs H1 F20	Comments
Tea revenue growth	***2,4***	
Volume	*0,8*	*Rooibos volume growth supported by lower raw material prices; affordable black tea volume growth due to COVID-19*
Ave. selling price	*1,6*	*Black tea price increase to recover weaker Rand; offset by lower rooibos pricing in line with cheaper raw materials*
Coffee revenue decline	***(13,8)***	
Volume	*(9,4)*	*Declines in Ciro due to COVID-19 partly offset by growth in mixed instant and premium coffee*
Ave. selling price	*(4,8)*	*Mix change with decrease in Ciro and growth in mixed instant; price increases to recover impact of weaker Rand*
Creamer revenue growth	***12,5***	
Volume	*4,2*	*Increased COVID-19 related demand in first quarter*
Ave. selling price	*8,0*	*Price inflation to recover cost pressure*

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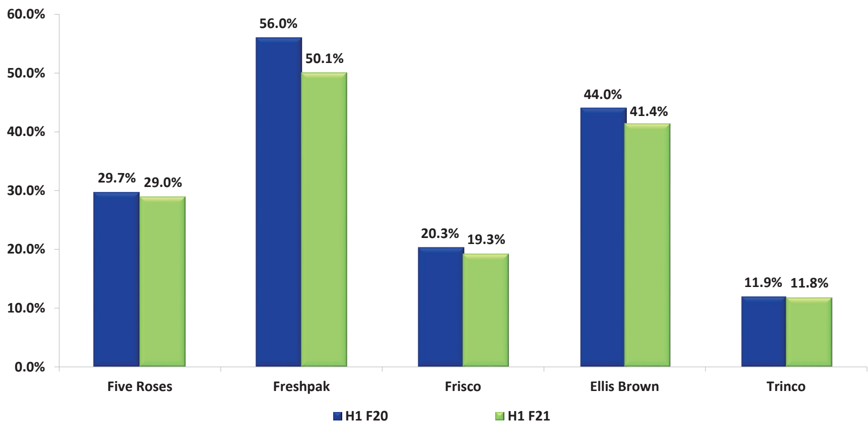
ENTYCE BEVERAGES

Market shares – 12 months value



- Volume growth acceptable
- Short term market shares reflect targeted price / volume balance in volatile market

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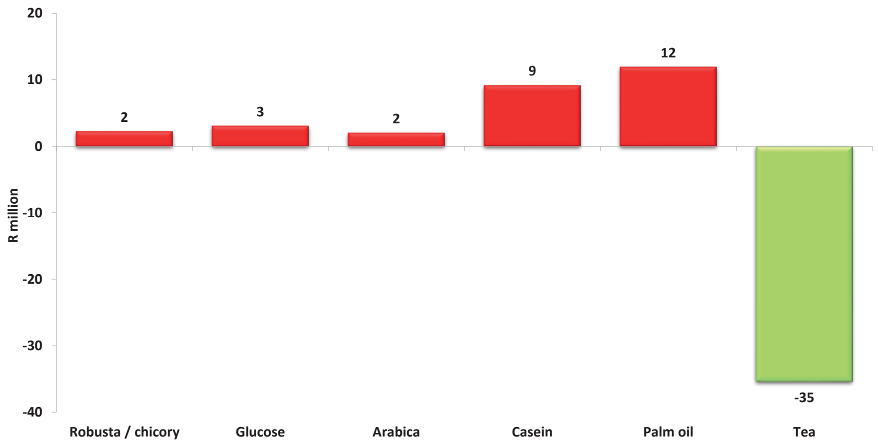
notes

Raw material costs

Cost impact of raw materials and commodities consumed in the period (H1 F21 vs H1 F20):



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notes


Snackworks
That's Good Times!
Performance and Prospects
2021
GROWING GREAT BRANDS

notes

Snackworks
That's Good Times!

Income Statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	2 364,7	2 242,6	5,4
Operating profit	506,7	489,3	3,6
Operating profit margin %	21,4	21,8	(1,8)

- Growth in biscuit profit due to improved price realisation and good cost control
  - Strong COVID-19 related demand in first quarter
  - Offset by lower demand in second quarter
    - Customer inventory levels high
    - Return to normal spending patterns
  - Higher realised selling prices from April 2020 increases and lower discounts
  - Gross profit margin decrease due to raw material cost pressure and change in sales mix
  - Lower selling and administrative expenses

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notes

Snackworks
That's Good Times!

Income Statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	2 364,7	2 242,6	5,4
Operating profit	506,7	489,3	3,6
Operating profit margin %	21,4	21,8	(1,8)

- Strong snacks performance
  - Volume growth due to COVID-19 related demand in first quarter
  - Flat volumes in second quarter due to return to normal spending patterns offset by growth from new products
  - Lower gross profit margin due to raw material cost pressure and change in mix
  - Higher realised selling prices from April 2020 increases and lower discounts
  - Lower selling and administrative expenses

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notes

Snackworks
That's Good Times!

Sales volume and selling prices

	% Δ H1 F21 vs H1 F20	Comments
Biscuits revenue growth	***5,1***	
Volume	*(0,2)*	*Strong COVID-19 related demand offset by declines in second quarter*
Ave. selling prices	*5,4*	*Annual price increase in April 2020 and control of discounts*
Snacks revenue growth	***6,6***	
Volume	*5,4*	*Strong COVID-19 related demand in the first quarter supported by volumes from new products*
Ave. selling prices	*1,2*	*Annual price increase in April 2020 and control of discounts*

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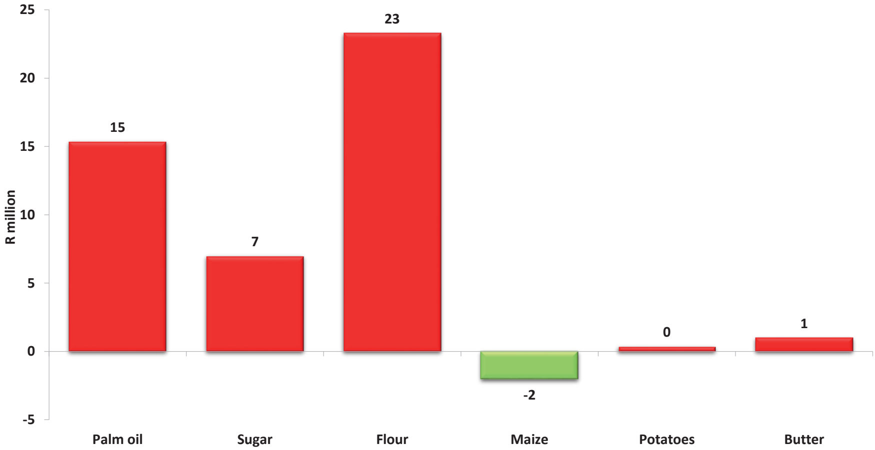
notes

Snackworks
That's Good Times!

Raw material costs

Cost impact of raw materials and commodities consumed in the period (H1 F21 vs H1 F20):



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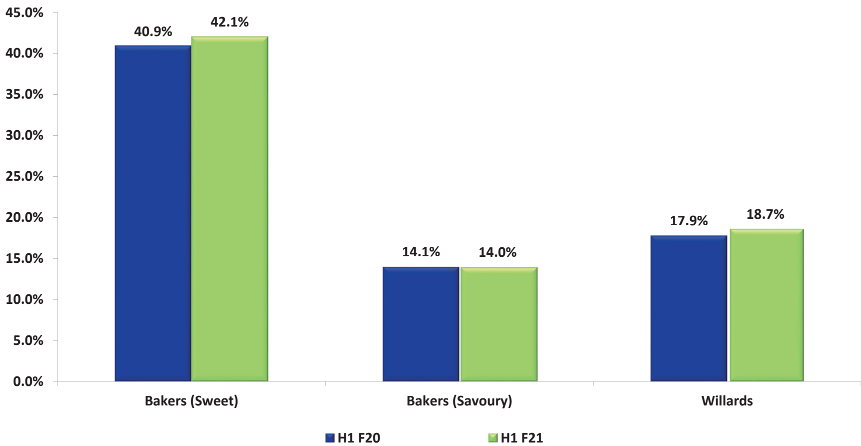
notes

Snackworks
That's Good Times!

Market shares – 12 months value



- Balanced price / volume in constrained environment

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notes


SINCE 1910
I&J
Performance and Prospects
2021
Celebrating
110 YEARS
WILD CAUGHT
FISH FINGERS
Cape HAKE
LIFEGUARD
GROWING GREAT BRANDS

notes

I&J

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	1 234,9	1 181,5	4,5
Operating profit	125,9	169,0	(25,5)
Operating profit margin %	10,2	14,3	(28,7)

- Revenue growth of 4,5% benefitting materially from weaker Rand on exports
- Profit decline largely due to losses from abalone operation and lower royalties from Simplot (disposed November 2019)
- Fishing performance in line with last year
  - Higher catch rates largely offset by lower sea days
  - Demand and selling prices holding up in challenging environment
  - Currency and fuel benefit offset by cost inflation
- Abalone losses
  - Low selling prices to secure volumes in key markets impacted by COVID-19
  - Further reduction in fair value of live abalone due to lower selling prices
  - Increased air freight costs due to freight restrictions
  - Savings from restructuring at Danger Point abalone farm

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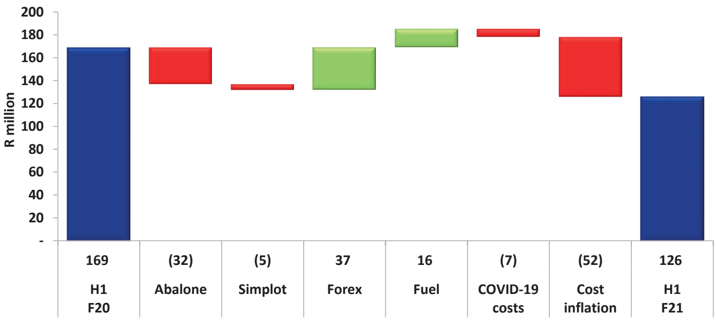
notes

Operating profit



- Abalone decrease due to lower sales volumes and selling prices resulting from COVID-19 impact in key markets
- Simplot royalty lower due to disposal in H1 F20
- Forex and fuel gains offset by COVID-19 costs and cost inflation

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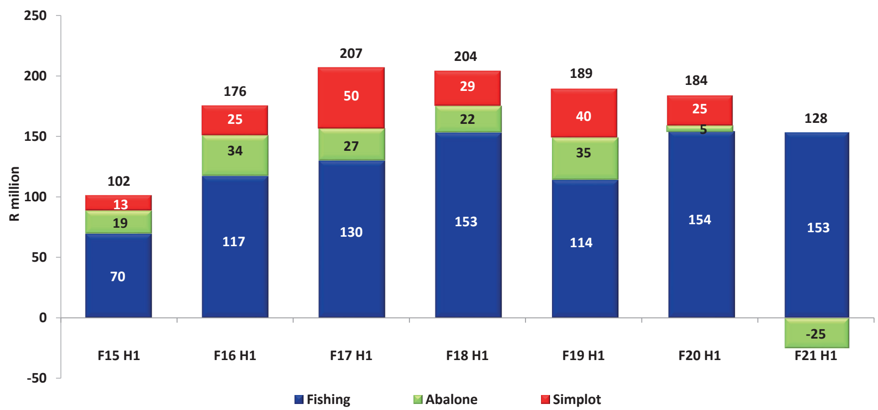
notes

Profit history



- Abalone losses due to impact of COVID-19 in key markets
- Simplot disposal in November 2019

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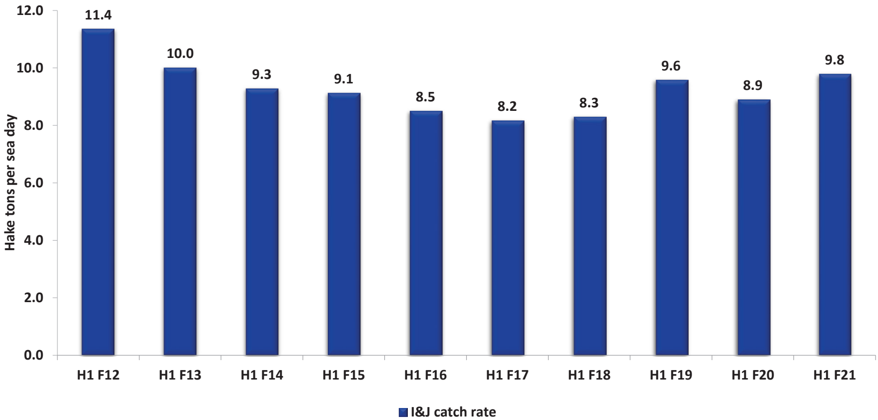
Fishing performance



- Improvement due to higher wet vessel catch rates

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notes

Sales volume and selling prices (Hake)

	% Δ H1 F21 vs H1 F20	Comments
I&J Domestic revenue decrease	***(5,3)***	
Volume	*(10,6)*	*Lower demand across retail and food service; increased allocation to export*
Ave. selling prices	*5,9*	*Price increases taken to mitigate cost pressure*
I&J Export revenue growth	***6,3***	
Volume	*1,2*	*Higher retail volumes offset by lower food service*
Ave. selling prices	*5,0*	*Impact of weaker Rand offset by pressure in some markets*

- I&J market share decreased from 54,2% to 49,3% due to targeted value realisation in volatile market

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notes

notes

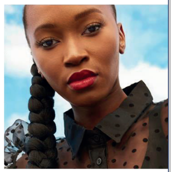
RESULTS for the six months ended 31 December 2020

indigo brands

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	642,1	687,8	(6,6)
Operating profit	109,7	93,5	17,3
Operating profit margin %	17,1	13,6	25,7

- Negative impact of COVID-19 on sales volumes, particularly in colour cosmetics and fragrances
  - Some recovery in sales volumes from low base in H2 F20
  - Sound demand for fragranced body sprays
- Selling price increases to offset cost pressure from the weaker Rand
- Lower selling and administrative expenses
  - Lower trade spend after launch investment in the prior year
  - Good cost control



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notes

indigo brands

Sales volume and selling prices

	% Δ H1 F21 vs H1 F20	Comments
Personal Care revenue decrease	***(10,4)***	
Volume	*(14,4)*	*Impacted of COVID-19, particularly cosmetics and fragrance; recovering from H2 F20 levels*
Ave. selling price	*4,7*	*Price increases in response to cost pressure*

- Body spray market share remained flat at 38%

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notes

FOOTWEAR AND APPAREL

SPITZ KURT GEIGER GANT GREEN CROSS GX

Performance and Prospects

GROWING GREAT BRANDS

notes

FOOTWEAR AND APPAREL

Income statement

	H1 F21 Rm	H1 F20 Rm	%Δ
Revenue	934,6	1 062,0	(12,0)
Operating profit	208,9	247,4	(15,6)
Operating profit margin %	22,4	23,3	(3,9)

- Footwear and clothing volumes declined
  - Underperforming stores closed – 8 Green Cross, 2 Spitz and 1 Kurt Geiger
  - Lower demand in constrained environment
  - Lower customer footfall due to COVID-19 lockdown restrictions
  - Partial recovery from H2 F20
- Gross profit margin pressure from weaker Rand
  - Price increases in H2 F20 to ameliorate cost pressure
- Lower selling and administrative costs
  - Restructuring of stores and back office
  - Completion of Green Cross integration into Spitz
  - Lower store running costs in line with store closures
  - Ongoing improvement in rent costs

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notes

FOOTWEAR AND APPAREL

Business Unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 F21 Rm	H1 F20 Rm	Δ %	H1 F21 Rm	H1 F20 Rm	Δ %	H1 F21 %	H1 F20 %
Footwear & Apparel	**934,6**	**1 062,0**	**(12,0)**	**208,9**	**247,4**	**(15,6)**	**22,4**	**23,3**
Spitz and Kurt Geiger	827,7	913,4	(9,4)	224,0	253,6	(11,7)	27,1	27,8
Green Cross	81,6	120,4	(32,2)	(18,9)	(11,8)	(60,2)	(23,2)	(9,8)
Gant	25,3	28,2	(10,3)	3,8	5,6	(32,1)	15,0	19,9

- Spitz performance credible in tough environment
  - December 2020 revenue 97% of December 2019
- Green Cross volume loss higher than Spitz / Kurt Geiger
  - Retail trading densities impacted more during COVID-19
  - 12 store closures since December 2019
- Gant impacted by drop in tourism

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notes

FOOTWEAR AND APPAREL

Sales volume and selling prices

	% Δ H1 F21 vs H1 F20	Comments
Spitz and Kurt Geiger Footwear revenue decrease	***(8,4)***	
Volume	*(10,3)*	*Volume decline due to COVID-19 lockdown restrictions as well as constrained consumer environment*
Ave. selling price	*2,2*	*Inflation on non-core lines and price increase in H2 F20*
Green Cross Footwear revenue decrease	***(34,4)***	
Volume	*(24,8)*	*Volume decline due to store closures, COVID-19 lockdown restrictions and constrained consumer environment*
Ave. selling price	*(12,8)*	*Change in sales mix – lower retail sales while wholesale volumes maintained*
KG Clothing revenue decrease	***(14,9)***	*Negative impact of COVID-19 lockdown*

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notes

RESULTS for the six months ended 31 December 2020

AVI International

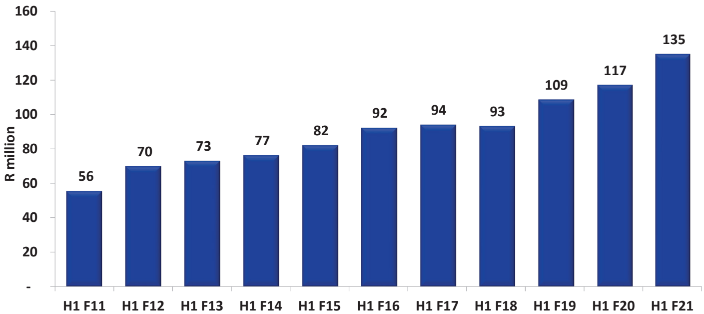
Performance and Prospects

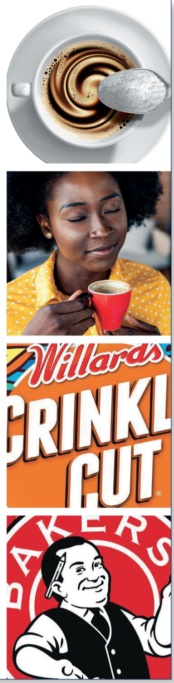
GROWING GREAT BRANDS

notes

AVI INTERNATIONAL

Operating profit history





- Profit growth across all key export markets except Zambia
  - Sound demand with volume growth in most categories
  - Zambia negatively impacted by devaluation of Kwacha
  - RSA price increases passed on
  - Good cost control

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notes

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non RSA sales

	H1 F21 Rm	H1 F20 Rm	%Δ
International Revenue	607,2	572,7	6,0
% of Grocery and Personal Care brands	12,2	11,7	4,7
International Operating Profit	135,2	117,3	15,2
% of Grocery and Personal Care brands	12,4	11,3	10,3
	%	%	
International Operating Profit Margin	22,3	20,5	8,7
Grocery and Personal Care brands Operating Margin	22,0	21,3	3,1

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notes

AVI GROUP

Prospects for H2

- Protect Entyce and Snackworks profits in a tough environment
  - Unlikely to annualise levels of demand from COVID-19 in Q4 F20
  - Price increases in biscuits and snacks to offset cost pressures
  - Careful price / volume management to defend market shares while protecting long-term profitability
  - Ciro volume recovery expected to be gradual
  - Potential for continued aggressive discounting by competitors
  - Ongoing focus on cost savings and structure
  - Steady building of branded positions in export markets
  - Continued project activity to improve efficiency and capacity
  - Volume risk from load shedding mitigated with back-up power

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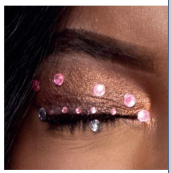
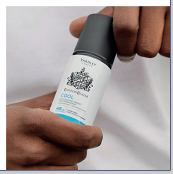
notes

AVI GROUP

Prospects for H2 continued

- Target improvement in Indigo profit
  - Unlikely to repeat the demand disruption from COVID-19 seen in Q4 F20
  - Focus on discounts and trade promotions to improve price realisation
  - Product launches and packaging refresh focused on core brands
  - Potential for continued aggressive discounting by competitors
  - Ongoing review of structure and fixed costs





notes

AVI GROUP

Prospects for H2 continued

- I&J H2 fishing performance expected to be materially better than H2 F20
  - Limited COVID-19 impact anticipated
  - Processing throughput normalized
  - Exchange rates secured are at higher rates than F20
  - Fuel hedges secured are at lower prices than F20
  - Export and local retail demand stable, food service recovering
  - Ongoing focus on cost reduction
  - Sustained capex / maintenance to sustain fleet availability
  - Long term fishing rights application process not expected to impact results in H2
- I&J abalone result depends on recovery in market prices, risk of further write-down of live abalone fair value

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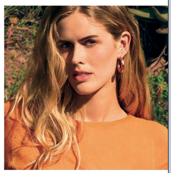
notes

AVI GROUP

Prospects for H2 continued

- Footwear and Apparel
  - Unlikely to repeat the demand disruption from COVID-19 seen in Q4 F20
  - Demand pressure from constrained environment
  - Further Green Cross store closures to match retail space to brand opportunity
  - Target additional rent reductions on renewals
  - Ongoing focus on cost reduction
  - Limited capital expenditure for store refurbishments
  - Continued focus on growing Carvela Weekend range



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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

AVI | GROWING GREAT BRANDS

notes

AVI

Questions

GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Revenue 0,1% down

- Entyce: Decline due to Ciro, offset by growth in all other categories
- Snackworks: Selling price inflation in response to cost pressure and snacks volume growth
- I&J: Higher Rand exchange rate on exports and price increases in local market
- Personal Care: Lower volumes due to the negative impact of COVID-19 on demand
- Footwear and Apparel: Lower volumes due to the negative impact of COVID-19 on demand, constrained environment and store closures

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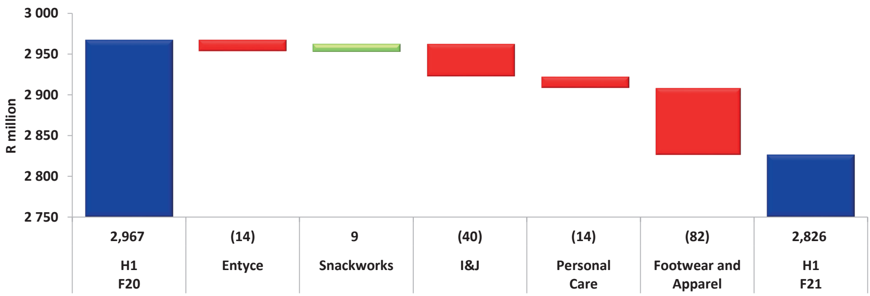
notes

INFORMATION SLIDES

Gross profit 4,8% down



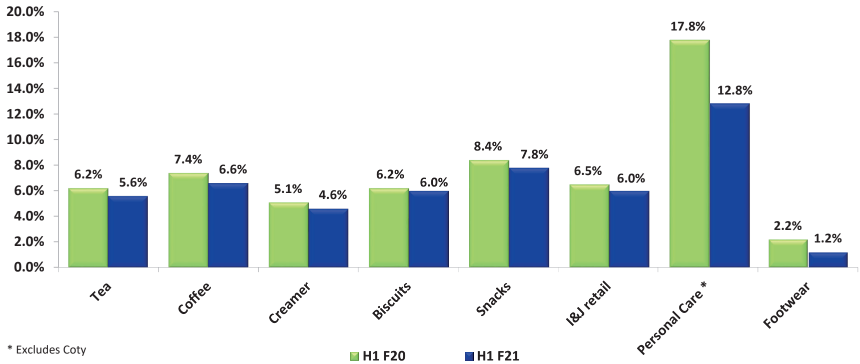
- Entyce: Decline in Ciro offset by growth in all other categories
- Snackworks: Price increases and snacks volume growth offset by cost pressure from weaker Rand
- I&J: Losses from abalone operation
- Personal Care: Negative impact of COVID-19 on sales volumes
- Footwear and Apparel: Lower volumes because of COVID-19, constrained environment and store closures

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Marketing expenditure



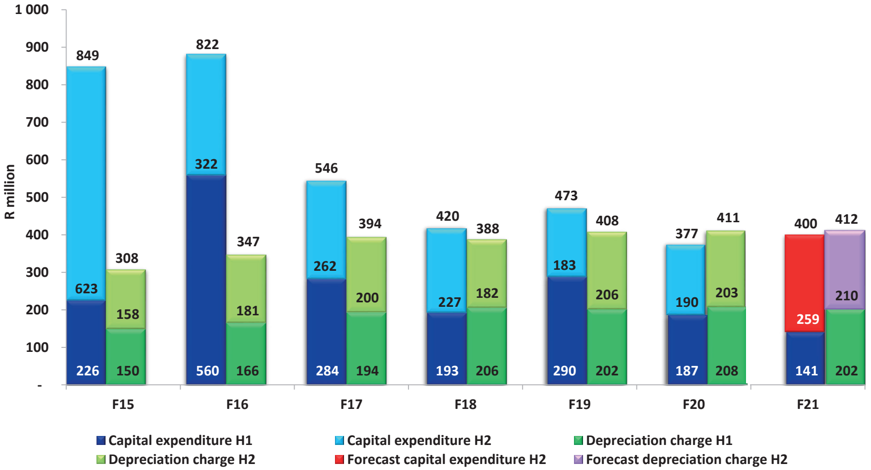
- Total expenditure for H1 F21 of R359,1 million compared to R405,2 million in H1 F20
  - Deferred activity that was not effective in COVID-19 environment
  - R15 million launch activity in Indigo in F20 not repeated
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

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



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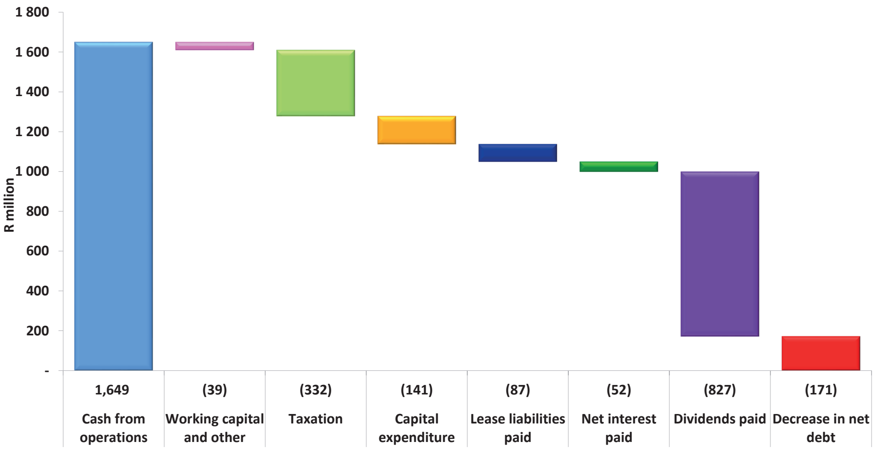
notes

INFORMATION SLIDES

Cash flows



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notes

INFORMATION SLIDES

Foreign exchange hedges

	February 2021 to June 2021	July 2021 to December 2021	January 2022 to June 2022
	% Cover	% Cover	% Cover
USD imports	74%	46%	1%
EUR imports	67%	28%	0%
EUR exports	85%	46%	2%

- Consistent hedging philosophy provides stability to manage gross profit margins

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notes

INFORMATION SLIDES

I&J period end fair value adjustments

	H1 F21 Actual Rm	H1 F20 Actual Rm	Δ Rm
Fuel hedge unrealised loss / (gain)	(10,2)	1,2	(11,4)
Opening mark-to-market asset / (liability)	(10,6)	(1,4)	
Closing mark-to-market asset / (liability)	(0,4)	(2,6)	
Abalone – decrease in unrealised profit in stock	11,3	24,3	(13,0)

- 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 fair value at reporting date impacted by suppressed market due to COVID-19 and stronger Rand at period end

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notes

INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY15	CY16	CY17	CY18	CY19	CY20	CY21
South African Total Allowable Catch (TAC)	147 500	147 500	140 216	133 120	146 430	146 430	139 109
% change in TAC	(5,0)	-	(5,0)	(5,0)	10,0	0,0	(5,0)
I&J	41 223	41 245	37 901	36 013	39 517	39 517	37 543
%	27,9	28,0	27,1	27,1	27,0	27,0	27,0

- 5% reduction in TAC for 2021

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notes

INFORMATION SLIDES

Trading space and trading density

Spitz	H1 F21	H1 F20
Number of stores	72	75
Turnover (Rm)	725,7	789,6
Average m^2	19 130	19 551
Trading Density (R/m^2)	37 938	40 388
Closing m^2	18 865	19 645

Like-for-like metrics*	H1 F21	H1 F20
Number of stores	71	71
Turnover (Rm)	717,5	770,9
Average and closing m^2	18 583	18 583
Trading Density (R/m^2)	38 612	41 482

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

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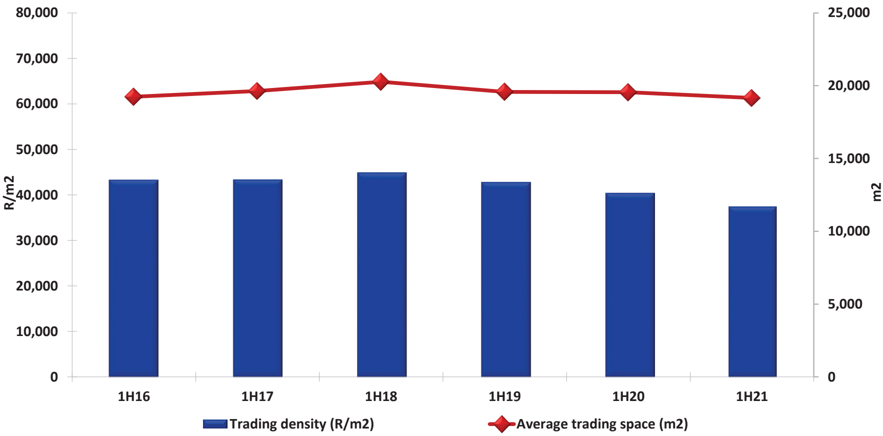
notes

INFORMATION SLIDES

Trading density – Spitz stores



- Closed 2 Spitz stores in the semester

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notes

INFORMATION SLIDES

Trading space and trading density

Kurt Geiger	H1 F21	H1 F20
Number of stores	33	34
Turnover (Rm)	101,0	122,1
Average m^2	4 224	4 230
Trading Density (R/m^2)	23 907	28 854
Closing m^2	4 178	4 289

Like-for-like metrics*	H1 F21	H1 F20
Number of stores	31	31
Turnover (Rm)	97,1	116,4
Average and closing m^2	3 948	3 948
Trading Density (R/m^2)	24 595	29 479

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

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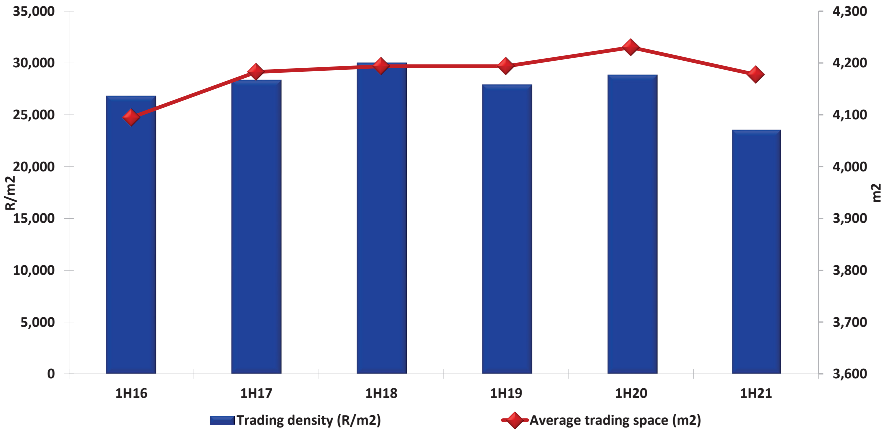
notes

INFORMATION SLIDES

Trading density – Kurt Geiger stores



- Closed 1 Kurt Geiger store in the semester

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notes

INFORMATION SLIDES

Trading space and trading density

Green Cross	H1 F21	H1 F20
Number of stores #	29	41
Turnover (Rm)	50,2	90,5
Average m²	3 851	4 901
Trading Density (R/m²)	13 548	18 473
Closing m²	3 482	4 896

Like-for-like metrics*	H1 F21	H1 F20
Number of stores	29	29
Turnover (Rm)	49,4	72,1
Average and closing m²	3 482	3 482
Trading Density (R/m²)	14 185	20 708

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
December 2020	72	18,865	33	4,178	29	3,482

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notes

notes

AVI

GROWING GREAT BRANDS

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

AVI LIMITED

ISIN: ZAE000049433 JSE and A2X 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

key features

COVID-19
- Mixed impact on demand across categories
- Additional costs of R18 million

Group revenue declined by 0,1%

Selling price increases taken to offset higher raw material costs in some categories

6,9% decline in selling and administrative costs

I&J's abalone category materially impacted by COVID-19 related export demand and price pressures

Operating profit declined by 2,6%

Net finance charges 48,8% lower

Headline earnings per share up 1,2% to 297,3 cents

Cash from operating activities increased by 0,8%

Interim dividend of 160 cents per share in line with last year

Special dividend of 280 cents per share

results commentary

GROUP OVERVIEW

The COVID-19 pandemic and the related lockdown regulations continued to have a material impact on our businesses in the first semester. Demand for our snacking and beverage brands normalised from the peaks during the hard lockdown period as consumers returned to more normal spending patterns, while sales of fragrance and beauty products improved. Our retail brands' sales recovered as shoppers increasingly returned to malls and high streets through the period. Ongoing efforts to keep staff safe and comply with lockdown regulations ensured continuity of operations and minimised losses of production and sales. Additional direct costs of R18 million were incurred in responding to the COVID-19 pandemic.

Group revenue for the semester decreased by 0,1% over the same period in the prior year. Growth in the food and beverage categories was partially offset by the continued impact of COVID-19 on sales volumes in the fashion businesses and the Ciro out-of-home coffee solutions business. Revenue in the fashion businesses was 90% of that achieved in the first semester of last year. I&J's abalone business continues to be impacted by lower demand, price pressure and logistical constraints in accessing the Chinese and Hong Kong markets.

The consolidated gross profit decreased by 4,8% due mainly to cost pressures from the weaker Rand and the performance of I&J's abalone business. The decrease was mitigated by currency and raw material hedge positions and selling price increases, as well as effective management of selling and administrative costs, which decreased by 6,9% compared to the first semester of the prior financial year. Operating profit for the semester declined by 2,6%.

Net finance costs were materially lower than last year in line with lower debt levels and interest rates, resulting in growth in headline earnings for the semester of 1,4%. Headline earnings per share increased by 1,2% from 293,8 cents to 297,3 cents with a 0,2% increase in the weighted average number of shares in issue due to the vesting of employee share options.

During the first semester of the previous financial year I&J sold its interest in the Simplot joint venture in Australia, realising proceeds after transaction costs of R631,8 million and a capital gain, after tax, of R373,7 million. As there were no material capital items in the first half of the current financial year, attributable earnings decreased by 27,5%.

Cash generated by operations decreased by 2,3%, however interest and taxation paid were both lower than last year, resulting in a 0,8% increase in cash available from operating activities. Other material cash flows during the period were capital expenditure of R140,7 million and normal dividends paid of R826,5 million. Net debt at the end of December 2020 was R1,12 billion compared to R1,65 billion at the end of December 2019.

DIVIDEND

Overall cash generation remains healthy and debt levels have dropped below our targeted gearing range. Consequently the Board has declared an interim normal dividend of 160 cents per share as well as a special dividend of 280 cents per share. The special dividend will result in an additional R926 million being paid to shareholders in April 2021.

SEGMENTAL REVIEW

Six months ended 31 December

	Segmental revenue			Segmental operating profit		
	2020 Rm	2019 Rm	% change	**2020 Rm**	2019 Rm	% change
Food & Beverage brands	**5 554,5**	5 391,9	3,0	**1 105,6**	1 118,0	(1,1)
Entyce Beverages	**1 954,9**	1 967,8	(0,7)	**473,0**	459,7	2,9
Snackworks	**2 364,7**	2 242,6	5,4	**506,7**	489,3	3,6
I&J	**1 234,9**	1 181,5	4,5	**125,9**	169,0	(25,5)
Fashion brands	**1 576,7**	1 749,8	(9,9)	**318,6**	340,9	(6,5)
Personal Care	**642,1**	687,8	(6,6)	**109,7**	93,5	17,3
Footwear and Apparel	**934,6**	1 062,0	(12,0)	**208,9**	247,4	(15,6)
Corporate	**–**	–		**(4,5)**	(1,7)	
Group	**7 131,2**	7 141,7	(0,1)	**1 419,7**	1 457,2	(2,6)

Entyce Beverages

Revenue decreased by 0,7% to R1,95 billion while operating profit increased by 2,9% to R473,0 million, with the operating profit margin at 24,2% compared to 23,4% in the prior year.

Tea revenue grew by 2,4% due mainly to growth in rooibos and affordable black tea volumes, as well as selling price increases on black tea to ameliorate pressure from the weaker Rand. Rooibos selling prices decreased in recognition of lower raw material prices. The gross profit margin improved and selling and administrative costs decreased, resulting in good growth in operating profit and an improvement in the operating profit margin.

Coffee revenue was 13,8% lower than last year due mainly to lower sales in the Ciro out-of-home coffee business which was severely impacted by lower demand from hospitality, leisure and corporate customers due to COVID-19. This was partially offset by growth in mixed instant and premium coffee sales volumes as well as selling price increases to offset pressure from the weaker Rand and higher production costs. The gross profit margin was slightly lower than last year due to the volume pressure in Ciro, however, this was partially offset by lower selling and administrative costs, including savings from restructuring at Ciro. Operating profit and profit margin decreased due to the significant drop in Ciro's result, notwithstanding improved results from mixed instant, affordable brewed and premium coffee.

Creamer revenue grew 12,5% due to a 4,2% increase in sales volumes and selling price increases to offset higher raw material costs, including pressure from the weaker Rand. The gross profit margin decreased due to cost pressure before the selling price increases were implemented, however selling and administrative costs were contained to a level in line with last year, supporting sound growth in operating profit with the operating profit margin slightly lower than last year.

Snackworks

Revenue of R2,36 billion was 5,4% higher than last year while operating profit rose 3,6%, from R489,3 million to R506,7 million. The operating profit margin decreased slightly, from 21,8% to 21,4%.

Biscuits revenue grew by 5,1% due mainly to higher selling prices, with sales volumes slightly lower than last year. Higher selling prices reflect increases taken in April 2020, as well as tighter control of discounting. The gross profit margin decreased due to raw material cost pressure and a change in sales mix, while selling and administrative costs decreased, supporting growth in operating profit with a slightly lower operating profit margin.

Snacks revenue increased by 6,6% due mainly to a 5,4% increase in sales volumes and higher selling prices stemming from the increases implemented in April 2020. The gross profit margin was lower than last year, impacted by an increase in demand for big bag formats relative to small bags, however lower selling and administrative costs supported growth in operating profit, with a slightly lower operating profit margin.

I&J

Revenue of R1,23 billion was 4,5% higher than last year while operating profit decreased from R169,0 million to R125,9 million. The operating profit margin decreased from 14,3% to 10,2%.

The decrease is materially due to losses in the abalone operation, together with lower royalties from Simplot following the disposal in November 2019. The Danger Point abalone farm was impacted by poor export demand and low selling prices due to COVID-19 lockdowns in key markets, compounded by increased airfreight costs due to flight restrictions. An initial restructuring exercise at the farm has been completed and further cost cuts are expected in the second semester.

The overall result from fishing was in line with last year, with minimal operational disruption from COVID-19 and higher catch rates offsetting an increase in lost sea days for repairs and maintenance. Customer demand and selling prices held up reasonably well in the challenging environment, and I&J was able to offset lower food service orders with increased retail sales. The adverse impact of lower export prices in some markets and cost inflation was largely offset by a weaker Rand and lower fuel prices.

Personal Care

Indigo's revenue of R642,1 million was 6,6% lower than last year largely due to the impact of COVID-19 on sales volumes, particularly colour cosmetics and fragrances. However, volumes recovered steadily from the low base in the second half of last year with overall revenue in December 2020 at 97% of December 2019. Demand for aerosols improved in the second quarter and together with selling price increases to offset cost pressure from the weaker Rand, helped to ameliorate lower sales volumes in other categories and protect the gross profit margin. Selling and administrative costs were almost 15% lower than last year due to lower new product launch costs and other cost savings, which resulted in an improvement in operating profit from R93,5 million to R109,7 million, and an increase in the operating profit margin from 13,6% to 17,1%.

Footwear and Apparel (including Spitz, Green Cross and Gant)

Revenue decreased by 12,0% to R934,6 million due mainly to a 13,7% decrease in footwear sales volumes. While revenue has partially recovered with consumers returning to malls and high streets, the environment remains constrained and a number of under-performing Green Cross stores were closed. The gross profit margin was well protected, with a slight decrease due to the weaker Rand. Selling and administrative costs were significantly lower due to cost cutting, completion of the Green Cross integration into Spitz and lower store costs in line with closures over the last twelve months, which partially offset the impact of lower gross profit. Operating profit decreased from R247,4 million to R208,9 million and the operating profit margin decreased from 23,3% to 22,4%.

OUTLOOK

South Africa's second wave of COVID-19 infections commenced late in the semester and while it continues to have a material impact on Ciro's sales, it did not result in material disruption to our operations. The impact of COVID-19 on second semester sales to date is limited but the potential for it to disrupt our operations and consumer demand persists. The long term economic damage wrought by the pandemic will exacerbate an already constrained trading environment, and many of our categories face the prospect of low, or even negative, growth rates in the absence of stimulus in the short-term.

Demand in Entyce and Snackworks has normalised as consumers return to normal spending under lighter lockdown regulations and it is unlikely that we will annualise the levels of demand seen during the fourth quarter of the 2020 financial year. In personal care, cosmetics and fragrance demand is expected to remain weak for as long as large numbers of people work from home, however demand in the fourth quarter should be significantly better than last year when the initial lockdown restricted production and sales. Similarly, our retail brands should enjoy improved demand in the fourth quarter, although this will be tempered by the closure of under-performing Green Cross doors and the constrained environment.

Prices for many of the key raw materials used by AVI's businesses rose during the first semester, partly due to a weaker Rand exchange rate. Our consistent hedging practice will provide some protection for the second semester but it may be necessary to increase selling prices in certain categories where cost pressures continue to erode gross profit margins. This may have a negative impact on demand in those categories.

Achieving profit growth across our diverse portfolio remains dependent on reasonable demand in a constrained macro environment. We continue to react quickly to market changes as we pursue the best balance of price, sales volumes and profit margin in each category, and this is underpinned by relevant innovation and a fastidious focus on product quality to ensure our brands offer value to our customers. Our long established focus on factory efficiency, procurement savings and fixed cost reductions will continue. Capital projects that underpin our manufacturing capabilities, product quality and customer 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. We continue to target double digit growth in the region.

I&J's prospects for the second semester are materially dependent on fishing performance and an improvement in abalone demand and selling prices. The majority of foreign currency sales are hedged at better exchange rates than last year. The business is targeting a material improvement in fishing vessel availability following the unplanned outages experienced in the second half of last year which will support an improved sales mix and improved profitability. The hake long-term rights application process, planned to be completed by the end of 2021, is not expected to impact operations in the second semester.

The Board remains confident that AVI is well equipped to adapt to a challenging economic environment and compete effectively with its unique brand portfolio. Acquisition opportunities with the potential to meet the Board's criteria will continue to be evaluated.

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

Gavin Tipper
Chairman

Simon Crutchley
CEO

8 March 2021

condensed consolidated balance sheet

	Unaudited at 31 December		Audited at 30 June
	2020 Rm	2019 Rm	2020 Rm
Assets			
Non-current assets			
Property, plant and equipment	**3 293,4**	3 402,5	3 361,7
Right-of-use assets	**289,4**	297,1	310,8
Intangible assets and goodwill	**791,9**	805,7	799,3
Investments and other long-term assets	**37,1**	27,8	35,1
Deferred taxation	**44,2**	30,9	41,5
	4 456,0	4 564,0	4 548,4
Current assets			
Inventories and biological assets	**2 476,7**	2 469,8	2 491,9
Trade and other receivables including derivatives	**1 678,5**	1 979,7	1 886,0
Cash and cash equivalents	**1 033,9**	282,4	842,4
	5 189,1	4 731,9	5 220,3
Total assets	**9 645,1**	9 295,9	9 768,7
Equity and liabilities			
Capital and reserves			
Total equity	**5 173,5**	4 911,3	5 018,4
Non-current liabilities			
Cash-settled share-based payment liability	**41,4**	39,6	41,4
Lease liabilities	**206,8**	226,7	230,0
Employee benefit liabilities	**317,8**	386,3	378,4
Deferred taxation	**452,9**	459,8	433,8
	1 018,9	1 112,4	1 083,6
Current liabilities			
Current borrowings including short-term portion of lease liabilities	**1 950,0**	1 706,9	1 927,7
Trade and other payables including derivatives	**1 438,6**	1 437,7	1 712,2
Current tax liabilities	**64,1**	127,6	26,8
	3 452,7	3 272,2	3 666,7
Total equity and liabilities	**9 645,1**	9 295,9	9 768,7
Movement in net debt			
Opening balance	**926,4**	2 034,6	2 034,6
Short-term funding raised/(repaid)	**29,0**	(715,7)	(498,9)
Increase in cash and cash equivalents	**(200,0)**	(50,6)	(605,7)
Translation of cash equivalents of foreign subsidiaries	**8,5**	1,3	(3,6)
Net debt excluding IFRS 16 lease liabilities	**763,9**	1 269,6	926,4
IFRS 16 lease liabilities	**358,7**	381,9	388,9
Net debt*	**1 122,6**	1 651,5	1 315,3

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

condensed consolidated statement of comprehensive income

	Unaudited six months ended 31 December			Audited year ended 30 June
	2020 Rm	2019 Rm	% change	2020 Rm
Revenue	**7 131,2**	7 141,7	(0,1)	13 209,7
Cost of sales	**(4 305,6)**	(4 174,8)	3,1	(7 958,5)
Gross profit	**2 825,6**	2 966,9	(4,8)	5 251,2
Selling and administrative expenses	**(1 405,9)**	(1 509,7)	(6,9)	(2 916,7)
Operating profit before capital items	**1 419,7**	1 457,2	(2,6)	2 334,5
Interest received	**13,4**	2,7	396,3	9,8
Finance costs	**(64,9)**	(103,2)	(37,1)	(175,3)
Share of equity-accounted earnings of joint ventures	**2,4**	15,7	(84,7)	17,4
Capital items	**(2,8)**	444,8	(100,6)	455,9
Profit before taxation	**1 367,8**	1 817,2	(24,7)	2 642,3
Taxation	**(390,0)**	(467,9)	(16,6)	(695,0)
Profit for the period	**977,8**	1 349,3	(27,5)	1 947,3
Profit attributable to:				
Owners of AVI	**977,8**	1 349,3	(27,5)	1 947,3
Other comprehensive (loss)/income, net of tax	**(19,3)**	(11,5)		25,7
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	**(21,6)**	5,0		13,2
Cash flow hedging reserve	**3,2**	(22,9)		(2,8)
Taxation on items that are or may be subsequently reclassified to profit or loss	**(0,9)**	6,4		0,8
Items that will never be reclassified to profit or loss				
Actuarial gain recognised	**–**	–		20,2
Taxation on items that will never be reclassified to profit or loss	**–**	–		(5,7)
Total comprehensive income for the period	**958,5**	1 337,8	(28,4)	1 973,0
Total comprehensive income attributable to:				
Owners of AVI	**958,5**	1 337,8	(28,4)	1 973,0
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**291,6**	302,1	(3,5)	594,5
Earnings per share				
Basic earnings per share (cents)#	**296,6**	410,2	(27,7)	591,6
Diluted basic earnings per share (cents)##	**295,4**	409,1	(27,8)	589,8
Headline earnings per share (cents)#	**297,3**	293,8	1,2	470,8
Diluted headline earnings per share (cents)##	**296,1**	293,0	1,1	469,3

Basic earnings and headline earnings per share are calculated on a weighted average of 329 631 916 (31 December 2019: 328 919 400 and 30 June 2020: 329 140 892) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 330 988 033 (31 December 2019: 329 861 725 and 30 June 2020: 330 184 802) ordinary shares in issue.

condensed consolidated statement of cash flows

	Unaudited six months ended 31 December			Audited year ended 30 June
	2020 Rm	2019 Rm	% change	2020 Rm
Operating activities				
Cash generated by operations	**1 609,0**	1 646,4	(2,3)	3 220,3
Interest paid	**(64,9)**	(103,2)	(37,1)	(175,3)
Taxation paid	**(332,1)**	(341,3)	(2,7)	(711,3)
Net cash available from operating activities	**1 212,0**	1 201,9	0,8	2 333,7
Investing activities				
Interest received	**13,4**	2,7	396,3	9,8
Property, plant and equipment acquired	**(140,7)**	(187,0)	(24,8)	(376,6)
Additions to intangible assets	**(4,0)**	(1,9)	110,5	(7,0)
Proceeds from disposals of property, plant and equipment	**4,7**	17,2	(72,7)	23,1
Proceeds from disposal of interest in Simplot joint venture (note 9)	**–**	631,8	(100,0)	631,8
Other cash flows from investments	**–**	13,2	(100,0)	7,4
Net cash (utilised in)/generated by investing activities	**(126,6)**	476,0	(126,6)	288,5
Financing activities				
Proceeds from shareholder funding	**–**	1,4	(100,0)	8,0
Short-term funding raised/(repaid)	**29,0**	(715,7)	(104,1)	(498,9)
Lease liabilities repaid	**(86,9)**	(87,5)	(0,7)	(159,6)
Payment to I&J BBBEE shareholders	**(1,0)**	(1,0)	0,0	(13,7)
Dividends paid	**(826,5)**	(824,5)	0,2	(1 352,3)
Net cash utilised in financing activities	**(885,4)**	(1 627,3)	(45,6)	(2 016,5)
Increase in cash and cash equivalents	**200,0**	50,6	295,3	605,7
Cash and cash equivalents at beginning of period	**842,4**	233,1		233,1
	1 042,4	283,7		838,8
Translation of cash equivalents of foreign subsidiaries	**(8,5)**	(1,3)	553,8	3,6
Cash and cash equivalents at end of period	**1 033,9**	282,4		842,4

condensed consolidated statement 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
Six months ended 31 December 2020						
Balance at 1 July 2020	279,4	(150,9)	151,4	4 845,1	(106,6)	5 018,4
Profit for the period	–	–	–	977,8	–	977,8
Other comprehensive loss						
Foreign currency translation differences	–	–	(21,6)	–	–	(21,6)
Cash flow hedging reserve, net of tax	–	–	2,3	–	–	2,3
Total other comprehensive loss	–	–	(19,3)	–	–	(19,3)
Total comprehensive income for the period	–	–	(19,3)	977,8	–	958,5
Transactions with owners, recorded directly in equity						
Share based payments	–	–	17,5	–	–	17,5
Deferred taxation on Group share scheme recharge	–	–	5,6	–	–	5,6
Dividends paid	–	–	–	(826,5)	–	(826,5)
Total contributions by and distributions to owners	–	–	23,1	(826,5)	–	(803,4)
Balance at 31 December 2020	279,4	(150,9)	155,2	4 996,4	(106,6)	5 173,5
Six months ended 31 December 2019						
Balance at 1 July 2019	280,3	(458,2)	573,7	4 250,1	(106,6)	4 539,3
Profit for the period	–	–	–	1 349,3	–	1 349,3
Other comprehensive loss						
Foreign currency translation differences	–	–	5,0	–	–	5,0
Cash flow hedging reserve, net of tax	–	–	(16,5)	–	–	(16,5)
Total other comprehensive loss	–	–	(11,5)	–	–	(11,5)
Total comprehensive income for the period	–	–	(11,5)	1 349,3	–	1 337,8
Transactions with owners, recorded directly in equity						
Share based payments	–	–	22,4	–	–	22,4
Deferred taxation on Group share scheme recharge	–	–	(2,1)	–	–	(2,1)
Dividends paid	–	–	–	(824,5)	–	(824,5)
Own ordinary shares sold by AVI Share Trusts	–	1,4	–	–	–	1,4
Delisting and cancellation of treasury shares (note 8)	(0,9)	299,3	(298,4)	–	–	–
Reclassification of Simplot joint venture foreign currency translation reserve (note 9)	–	–	(163,0)	–	–	(163,0)
Total contributions by and distributions to owners	(0,9)	300,7	(441,1)	(824,5)	–	(965,8)
Balance at 31 December 2019	279,4	(157,5)	121,1	4 774,9	(106,6)	4 911,3
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 year	–	–	–	1 947,3	–	1 947,3
Other comprehensive income						
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 income	–	–	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 8)	(0,9)	299,3	(298,4)	–	–	–
Reclassification of foreign currency translation reserve relating to Simplot joint venture (note 9) 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

supplementary notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

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

1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited (the "JSE") and the Companies Act of South Africa. These condensed consolidated interim financial statements have not been reviewed or audited by the auditors.

The condensed consolidated interim 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 accounting policies used in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in preparing the interim financial statements for the six months ended 31 December 2019 and the annual financial statements for the year ended 30 June 2020.

The Group has adopted the following amendments to accounting standards, including any consequential amendments to other standards, in the preparation of these interim results, all of which became effective to the Group from 1 July 2020:

- Amendments to IAS 1 and IAS 8 – *Definition of Material*
- Amendments to IFRS 3 – *Definition of a Business*

Amendments to IAS 1 and IAS 8 – *Definition of Material*

Amendments were issued by the IASB to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. The amendments clarify that materiality will depend on the nature or magnitude of information, or both.

The application of the amendments to IAS 1 and IAS 8 has not impacted the presentation and disclosure of the Group's results.

Amendments to IFRS 3 – *Definition of a Business*

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The application of the amendments to IFRS 3 has not impacted the presentation and disclosure of the Group's results.

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. Impact of COVID-19

Protocols are in place across the business to mitigate against the impact of COVID-19, and operational disruptions during the semester have been minor.

All business units have been able to operate throughout the semester, with some recovery in the fashion businesses following the significant decline in sales as a result of the COVID-19 lockdown restrictions during the second semester of the previous financial year.

The Group remains cash generative, with sufficient borrowing facilities to manage disruptions to operational cash flows and to continue to support its business units.

The Group has taken into account the JSE COVID-19 related guidance notes, as well as the related educational documents prepared by SAICA regarding the impact of COVID-19 on the application of IFRS, in the preparation of these condensed consolidated interim financial statements. Inventory and debtor provisions have been reviewed, without any material movements in income statement adjustments compared to last year.

3. Segmental results

	Unaudited six months ended 31 December			Audited year ended 30 June
	2020 Rm	2019 Rm	% change	2020 Rm
Segmental revenue				
Food & Beverage brands	**5 554,5**	5 391,9	3,0	10 542,0
Entyce Beverages	**1 954,9**	1 967,8	(0,7)	3 849,0
Snackworks	**2 364,7**	2 242,6	5,4	4 365,1
I&J	**1 234,9**	1 181,5	4,5	2 327,9
Fashion brands	**1 576,7**	1 749,8	(9,9)	2 667,7
Personal Care	**642,1**	687,8	(6,6)	1 192,7
Footwear and Apparel	**934,6**	1 062,0	(12,0)	1 475,0
Group	**7 131,2**	7 141,7	(0,1)	13 209,7
Segmental operating profit before capital items				
Food & Beverage brands	**1 105,6**	1 118,0	(1,1)	1 994,6
Entyce Beverages	**473,0**	459,7	2,9	846,6
Snackworks	**506,7**	489,3	3,6	910,2
I&J	**125,9**	169,0	(25,5)	237,8
Fashion brands	**318,6**	340,9	(6,5)	352,4
Personal Care	**109,7**	93,5	17,3	150,2
Footwear and Apparel	**208,9**	247,4	(15,6)	202,2
Corporate and consolidation	**(4,5)**	(1,7)		(12,5)
Group	**1 419,7**	1 457,2	(2,6)	2 334,5

4. 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:

Geographical market	Unaudited six months ended 31 December 2020 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear and Apparel Rm	Total Rm
South Africa	**1 683,0**	**2 079,8**	**427,9**	**591,6**	**925,5**	**5 707,8**
Other African countries	**264,6**	**272,1**	**24,0**	**50,5**	**9,1**	**620,3**
Rest of the world	**7,3**	**12,8**	**783,0**	**–**	**–**	**803,1**
Total revenue	**1 954,9**	**2 364,7**	**1 234,9**	**642,1**	**934,6**	**7 131,2**

Geographical market	Unaudited six months ended 31 December 2019 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear and Apparel Rm	Total Rm
South Africa	1 721,1	1 981,1	462,3	623,3	1 055,2	5 843,0
Other African countries	241,0	254,4	11,0	64,4	6,8	577,6
Rest of the world	5,7	7,1	708,2	0,1	–	721,1
Total revenue	1 967,8	2 242,6	1 181,5	687,8	1 062,0	7 141,7

Geographical market	Audited for the year ended 30 June 2020 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear and Apparel Rm	Total Rm
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

The majority of revenue comprises revenue from the sale of goods. Less than 2% (31 December 2019 and 30 June 2020: less than 2%) of total revenue comprises income arising from services, rental agreements and trademark licence agreements.

5. Determination of headline earnings

	Unaudited six months ended 31 December 2020 Rm	2019 Rm	% change	Audited year ended 30 June 2020 Rm
Profit for the year attributable to owners of AVI	**977,8**	1 349,3	(27,5)	1 947,3
Total capital items after taxation	**2,1**	(382,8)		(397,6)
Gain on disposal of interest in Simplot joint venture (note 8)	**–**	(433,1)		(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 on disposal of property, plant and equipment	**(0,2)**	(11,7)		(11,2)
Impairment of property, plant and equipment	**3,0**	–		18,4
Net loss on disposal and impairment of intangible assets	**–**	–		0,1
Taxation attributable to capital items	**(0,7)**	62,0		58,3
Headline earnings	**979,9**	966,5	1,4	1 549,7
Headline earnings per ordinary share (cents)	**297,3**	293,8	1,2	470,8
Diluted headline earnings per ordinary share (cents)	**296,1**	293,0	1,1	469,3

	Number of shares	Number of shares	% change	Number of shares
Weighted average number of ordinary shares	**329 631 916**	328 919 400	0,2	329 140 892
Weighted average diluted number of ordinary shares	**330 988 033**	329 861 725	0,3	330 184 802

6. Cash generated by operations

	Unaudited six months ended 31 December 2020 Rm	2019 Rm	% change	Audited year ended 30 June 2020 Rm
Cash generated by operations before working capital changes	**1 648,8**	1 753,0	(5,9)	3 096,1
Change in working capital	**(39,8)**	(106,6)	(62,7)	124,2
Cash generated by operations	**1 609,0**	1 646,4	(2,3)	3 220,3

7. Commitments

	Unaudited six months ended 31 December 2020 Rm	2019 Rm	Audited year ended 30 June 2020 Rm
Capital expenditure commitments for property, plant and equipment	**129,9**	149,8	145,4
Contracted for	**83,1**	107,7	90,4
Authorised but not contracted for	**46,8**	42,1	55,0

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.

8. Delisting 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. Post the cancellation, the issued share capital of the Company was 335 430 838 ordinary shares.

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

9. 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 resulted in a capital gain of R433,1 million before tax, and R373,7 million after tax, comprising:

	Net capital gain 2019 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.

10. 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 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 techniques, as prescribed by IAS 41.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the six months ended 31 December 2020.

11. Post-reporting date events

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

12. Dividend declaration

Notice is hereby given that a gross interim normal dividend No 96 of 160 cents per share for the six months ended 31 December 2020 and a gross special dividend No 97 of 280 cents per share has been declared payable to shareholders of ordinary shares. Both dividends have been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently a net interim normal dividend of 128 cents per share and a net special dividend of 224 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 336 504 469 ordinary shares. AVI's tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividends are as follows:

Finalisation date	Tuesday, 6 April 2021
Last day to trade cum dividend on the JSE	Tuesday, 13 April 2021
First trading day ex dividend on the JSE	Wednesday, 14 April 2021
Record date	Friday, 16 April 2021
Payment date	Monday, 19 April 2021

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 14 April 2021, and Friday, 16 April 2021, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Following the discontinuation of cheque payments by most South African banks, AVI will no longer issue cheques and all future payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to Computershare Investor Services Proprietary Limited are reminded to contact Computershare on 0861 100 950 with their bank account details into which the dividends can be paid electronically. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 19 April 2021.

13. Preparation of financial statements

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

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 and 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)11 707 7300
Telefax: +27 (0)11 707 7763

directors

Executive

Simon Crutchley[3]
(Chief Executive Officer)

Owen Cressey[3]
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper[1]
(Chairman)

James Hersov

Adriaan Nühn[1, 2, 4, 6]

Mike Bosman[2]

Abe Thebyane[1]

Alexandra Muller[2, 3, 5]

Busisiwe Silwanyana[2,7]

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

[6] *Resigned from the Board, the Remuneration, Nomination and Appointments Committee and the Audit and Risk Committee on 5 November 2020*

[7] *Appointed to the Board and Audit and Risk Committee on 22 February 2021*

Bastion

AVI

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WWW.AVI.CO.ZA