



GROWING GREAT BRANDS
RESULTS FOR YEAR ENDED 30 JUNE 2021

A LOT CAN HAPPEN IN A WEEKEND



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

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AVI Limited presentation to shareholders & analysts
for the year ended 30 June 2021



GROWING GREAT BRANDS

notes

RESULTS for the year ended 30 June 2021

AGENDA

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



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notes

KEY FEATURES

- Group revenue increased by 0,5%
- Operating profit increased by 3,2%
- Selling and administrative costs declined by 5,4%
- COVID-19:
 - Mixed impact on demand
 - Additional costs of R24 million
- Selling price increases taken to offset higher raw material costs in most categories
- Improved second semester from I&J
- Net finance charges 40% lower
- Headline earnings per share up 6,2% to 499,9 cents
- Sustained strong cash generation
- Final dividend of 275 cents per share, ordinary dividends up 6,1%
- Special dividend of 280 cents per share brings total dividends for the year to 715 cents

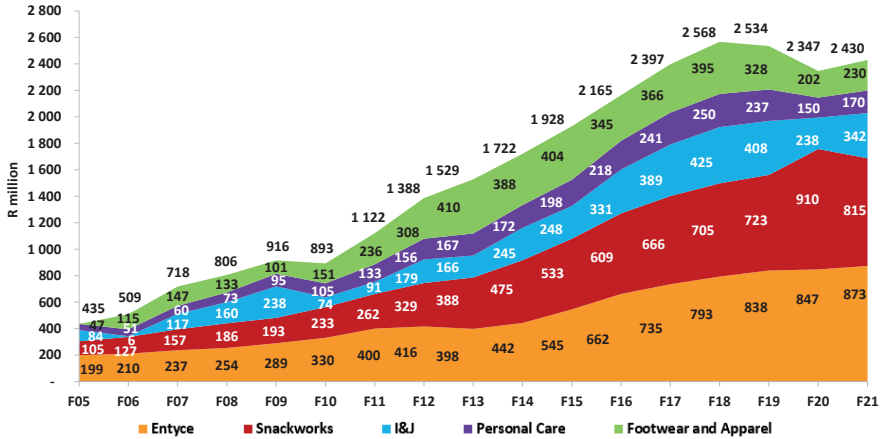
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notes

RESULTS HISTORY

Operating profit history



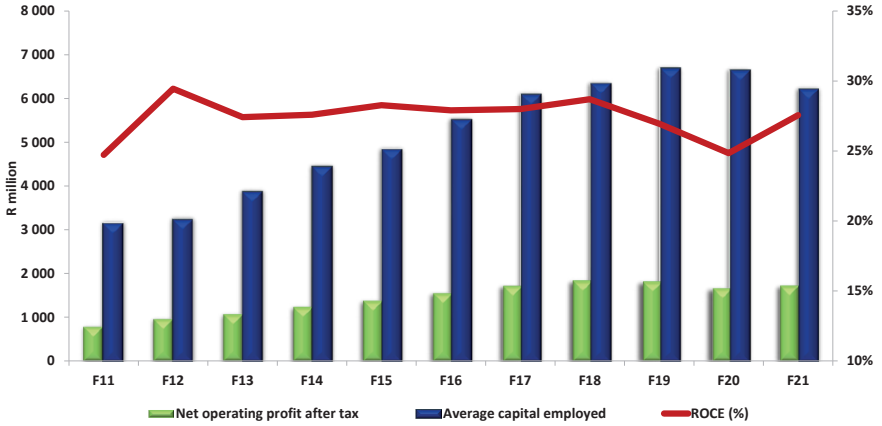
- F21 growth on F20 base impacted by COVID-19
- Ongoing pressure from constrained environment
- Entyce and Snackworks extend track record of growth in challenging circumstances



notes

RESULTS HISTORY

Return on capital employed



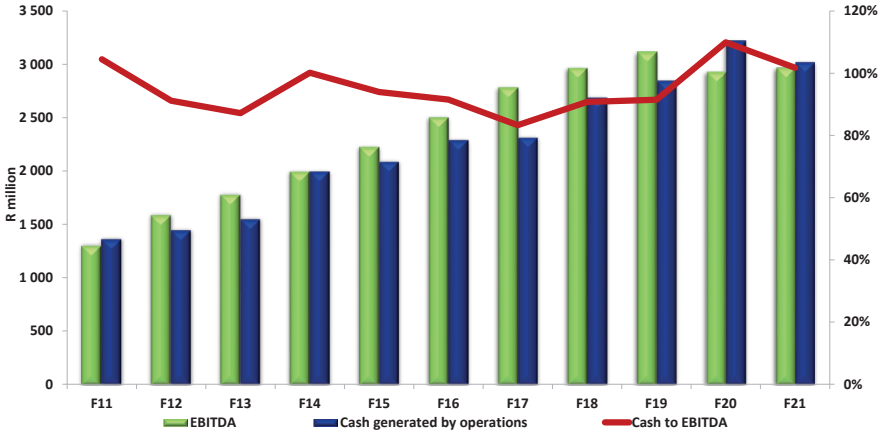
■ High return maintained in tough environment

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notes

RESULTS HISTORY

Cash conversion



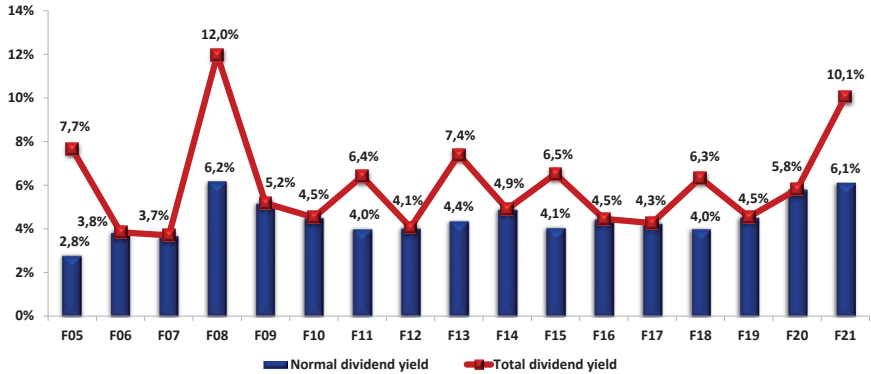
■ Sustained strong conversion of earnings to cash

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RESULTS HISTORY

Dividend yield



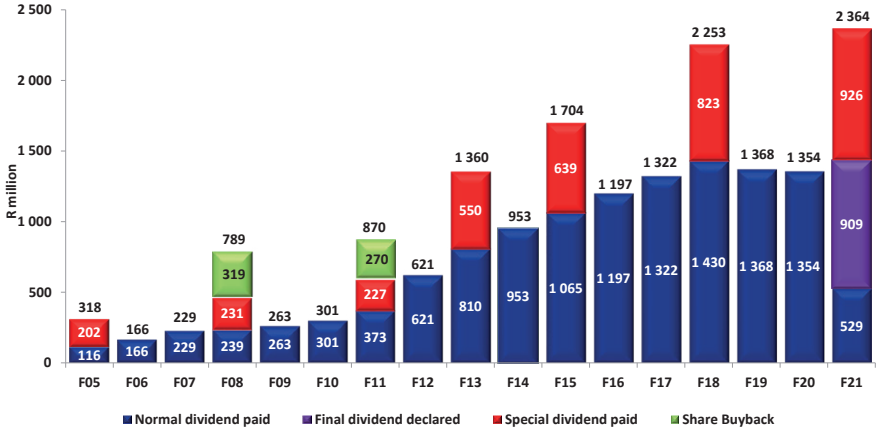
- Based on share price at end of each year (R71,05 at end June 2021)
- Total dividend yield includes payments out of share premium and special dividends
- Special dividend of 280 cents per share paid in April 2021
- Excludes share buy-backs



notes

RESULTS HISTORY

Returns to shareholders



■ Effective pay out ratio from F05 = 96,7% of headline earnings

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Group Financial Results



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notes

GROUP FINANCIAL RESULTS

Income statement

	F21 Rm	F20 Rm	%Δ
Revenue	13 269,2	13 209,7	0,5
Cost of Sales	(8 101,2)	(7 958,5)	1,8
Gross Profit	5 168,0	5 251,2	(1,6)
<i>Gross Profit margin %</i>	<i>39,0</i>	<i>39,8</i>	<i>(2,0)</i>
Selling and administrative expenses	(2 758,7)	(2 916,7)	(5,4)
Operating profit	2 409,3	2 334,5	3,2
<i>Operating profit margin %</i>	<i>18,2</i>	<i>17,7</i>	<i>2,7</i>
Net finance costs	(99,3)	(165,5)	(40,0)
Share of Joint Ventures	3,6	17,4	(79,3)
Capital items before tax	(4,2)	455,9	
<i>Effective tax rate %</i>	<i>28,7</i>	<i>26,3</i>	<i>9,3</i>
Headline earnings	1 648,8	1 549,7	6,4
<i>HEPS (cps)</i>	<i>499,9</i>	<i>470,8</i>	<i>6,2</i>



notes

GROUP FINANCIAL RESULTS

COVID-19 – impact on revenue

% Change in revenue compared to corresponding period in prior year

	H1	H2
Entyce & Snackworks (excl. Ciro)	6%	(8%)
Ciro	(40%)	22%
I&J	5%	20%
Personal Care	(7%)	1%
Footwear and Apparel	(12%)	29%

- Food and beverage consumption normalised from the high demand seen in the initial lockdown period that commenced on 26 March 2020 and continued into H1 F21
- Personal care, footwear and apparel volumes recovered as lockdown restrictions eased and footfall in malls improved; trading restrictions from level 5 lockdown in H2 F20 not repeated
- I&J had less operational disruption from COVID-19, and better fishing vessel availability
- Ciro recovery is gradual, in line with opening up of hospitality, leisure and tourism sectors

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GROUP FINANCIAL RESULTS

COVID-19 – impact on costs and provisions

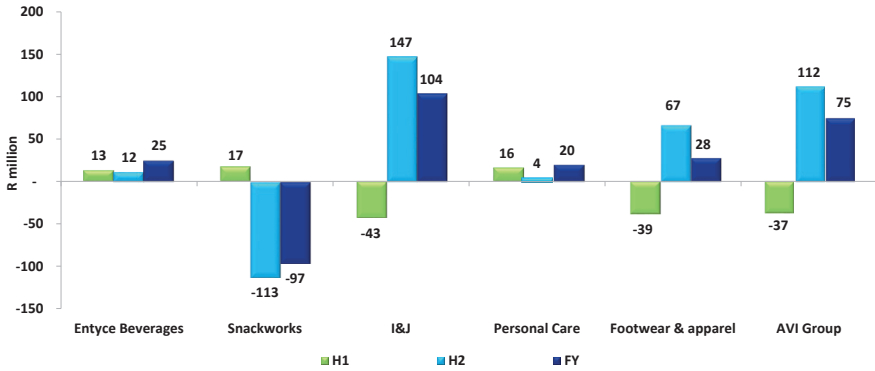
	F21 Rm	F20 Rm
Cost of sales	18	39
Selling and administrative expenses	6	19
Total	24	58

- F20 includes special employee allowances and transport costs paid during the initial lockdown
- No material disruption to operations in F21
- No material impact on stock and debtors provisions
- F22 costs forecast in line with F21

notes

GROUP FINANCIAL RESULTS

Change in operating profit F21 vs F20



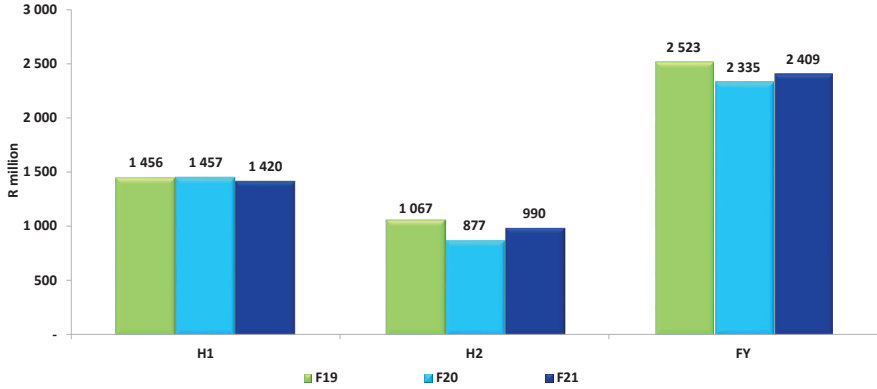
- Demand / volumes in H2 F21 less impacted by COVID-19
- I&J H2 improvement from better fishing performance and abalone improvement
- Snackworks H2 volume decline exacerbated by margin pressure from higher raw material costs

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GROUP FINANCIAL RESULTS

Group operating profit – three year view



- Fashion brands and Ciro still below F19 profit levels
- Constrained economic environment exacerbated by COVID-19

notes

GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F21 Rm	F20 Rm	Δ%	F21 Rm	F20 Rm	Δ%	F21 %	F20 %
Food & Beverage brands	10 650,3	10 542,0	1,0	2 029,0	1 994,6	1,7	19,1	18,9
Entyce Beverages	3 777,1	3 849,0	(1,9)	872,8	846,6	3,1	23,1	22,0
Snackworks	4 267,8	4 365,1	(2,2)	814,6	910,2	(10,5)	19,1	20,9
I&J	2 605,4	2 327,9	11,9	341,6	237,8	43,7	13,1	10,2
Fashion brands	2 618,9	2 667,7	(1,8)	400,8	352,4	13,7	15,3	13,2
Personal Care	1 152,9	1 192,7	(3,3)	170,4	150,2	13,4	14,8	12,6
Footwear & Apparel	1 466,0	1 475,0	(0,6)	230,4	202,2	13,9	15,7	13,7
Corporate	-	-		(20,5)	(12,5)			
Group	13 269,2	13 209,7	0,5	2 409,3	2 334,5	3,2	18,2	17,7

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notes

GROUP FINANCIAL RESULTS

Movement in group revenue



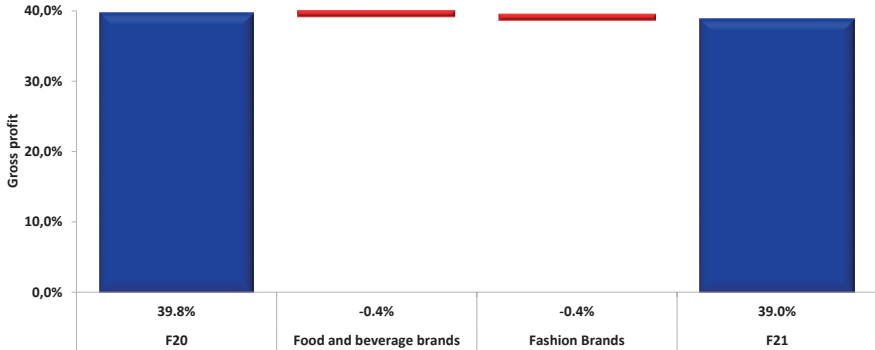
- Price increases across the Group, supported by tighter management of discounts
- Export sales in I&J benefitted from impact of weaker Rand
- Lower volumes in most categories due to constrained environment and impact of COVID-19
- Careful management of price vs volume

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GROUP FINANCIAL RESULTS

Gross profit margin history



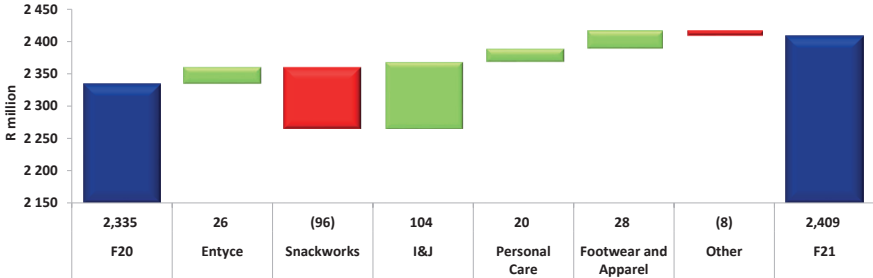
- Cost pressures not fully recovered by price increases
- Weaker Rand and higher raw material costs
- Lower fixed cost recovery due to lower volumes

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notes

GROUP FINANCIAL RESULTS

Operating profit 3,2% up



- Entyce: Margins well maintained and good cost control
- Snackworks: Non-recurrence of the prior year COVID-19 lockdown consumption partly offset by good cost control
- I&J: Improved fishing result in H2 and favourable impact of weaker Rand on exports
- Personal Care: Margins well maintained and lower selling and administrative costs
- Footwear and Apparel: Improved H2 with non-recurrence of temporary store closures in F20 during hard lockdown

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notes

GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

	F21 Rm	F20 Rm	%Δ
Cash generated by operations	3 021,0	3 220,3	(6,2)
Cash / EBITDA %	101,8	109,9	(7,4)
Working capital to revenue %	23,1	23,2	(0,5)
Capital expenditure	(315,7)	(376,6)	(16,2)
Proceeds from disposal of Simplot	-	631,8	
Special dividend	(925,7)	-	
Net debt	1 724,6	1 315,3	31,1
Net debt / capital employed %	28,1	20,8	35,5
Return on average capital employed %	27,6	24,8	10,9

- Strong conversion of earnings to cash
- Working capital well managed in context of COVID-19 challenges
- Capital expenditure carefully managed in constrained environment
- Higher net debt following the special dividend in April 2021
- ROCE improved with growth in earnings and lower average capital employed

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notes

GROUP FINANCIAL RESULTS

Dividends

	F21 Rm	F20 Rm	%Δ
Interim dividend – cps	160,0	160,0	-
Final dividend - cps	275,0	250,0	10,0
Ordinary dividend – cps	435,0	410,0	6,1
<i>Dividend yield - % *</i>	<i>6,1</i>	<i>5,8</i>	
Special dividend – cps	280,0	-	
Total dividend - cps	715,0	410,0	74,4
<i>Total dividend yield - %*</i>	<i>10,1</i>	<i>5,8</i>	
Ordinary dividend cover ratio	1,15	1,14	
Closing share price - cps	7 105	7 054	

*Calculated using the closing share price at 30 June

- Ordinary dividend growth in line with earnings growth
- Special dividend paid in April 2021
- Attractive yield in low interest environment

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notes

GROUP FINANCIAL RESULTS

Key restructuring projects

	F21 Net Savings Rm	Annualised Net Savings Rm
Ciro	5,3	25
Abalone	5,8	10
Footwear and Apparel	-	15
	11,1	50

- **Ciro:** match resources to lower volumes; simplify business
- **Abalone:** improve efficiency of farm; relocate processing to achieve single site
- **Footwear and apparel:**
 - Full integration of Green Cross business – savings in Wholesale department and Logistics
 - Revised store staffing model
 - Underperforming stores closed



notes

GROUP FINANCIAL RESULTS

Key capital projects spend summary

	F21 Actual Rm	F22 Planned Rm
Tea packaging line replacements and upgrades	6	7
Biscuit line upgrades	27	42
I&J vessel dry-docks and upgrades	91	75
Coffee and creamer line upgrades	2	81
I&J processing plant replacements and upgrades	23	57
Retail store relocations and refurbishments	10	25
	159	287
Total capital expenditure	316	400

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notes

ENTYCE

BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED



Performance and Prospects



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notes



Income statement

	F21 Rm	F20 Rm	%Δ
Revenue	3 777,1	3 849,0	(1,9)
Operating profit	872,8	846,6	3,1
<i>Operating profit margin %</i>	<i>23,1</i>	<i>22,0</i>	<i>5,1</i>

- Tea profit growth due to lower rooibos raw material prices and good cost control
 - Rooibos volume growth due to lower selling prices
 - Additional demand for black tea in H2 F20 from COVID-19 not repeated
 - Continued shift to affordable brands
 - 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



Income statement

	F21 Rm	F20 Rm	%Δ
Revenue	3 777,1	3 849,0	(1,9)
Operating profit	872,8	846,6	3,1
<i>Operating profit margin %</i>	<i>23,1</i>	<i>22,0</i>	<i>5,1</i>

- Coffee profit in line with last year notwithstanding severe impact of COVID-19 on Ciro out-of-home coffee business
 - Lower Ciro volumes to hospitality, leisure and corporate customers
 - Continued pressure on mixed instant coffee; resilient volumes in premium and affordable coffee
 - Price increases to offset cost pressure from the weaker Rand and higher production costs
 - Lower selling and administrative costs, including savings from restructuring at Ciro

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notes



Income statement

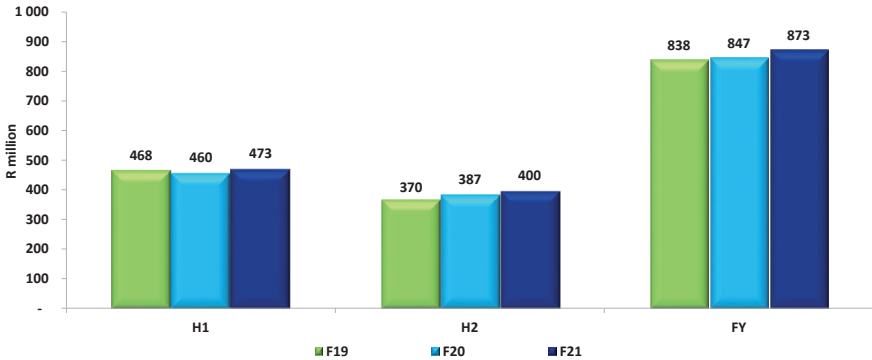
	F21 Rm	F20 Rm	%Δ
Revenue	3 777,1	3 849,0	(1,9)
Operating profit	872,8	846,6	3,1
<i>Operating profit margin %</i>	<i>23,1</i>	<i>22,0</i>	<i>5,1</i>

- Creamer profit decline from F20 record level
 - Additional demand from COVID-19 lockdown in H2 F20 not repeated
 - Selling prices implemented did not fully recover raw material cost pressure
 - Lower selling and administrative costs



notes

Business unit operating profit – three year view



- Profit growth vs F20 and F19 in constrained environment
 - Price inflation and lower discounts offset cost and volume pressures
 - Lower rooibos raw material costs
 - Good cost control to offset margin pressure

notes



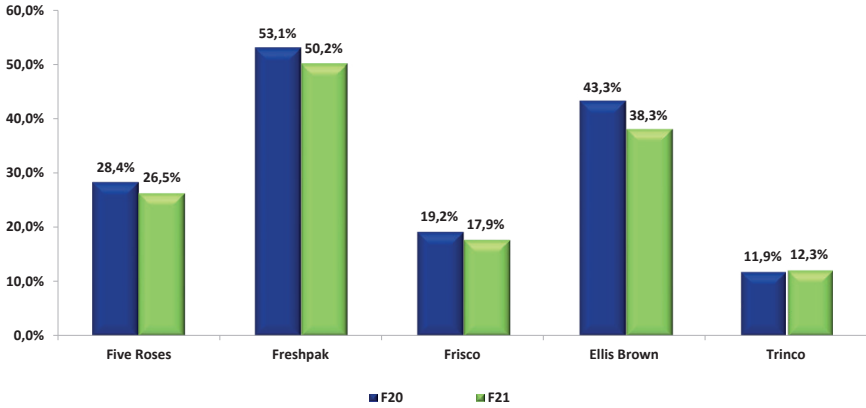
Sales volume and selling prices

	% Δ F21 vs F20	Comments
Tea revenue decline	(1,5)	
Volume	(4,4)	Lower black tea volumes due to non-repeat of additional demand in H2 F20 from COVID-19 lockdown and aggressive competitor pricing; partly offset by rooibos volume growth
Average selling price	3,1	Black tea price increase to recover weaker Rand; offset by lower pricing in rooibos in line with lower raw material cost
Coffee revenue decline	(7,6)	
Volume	(10,5)	Declines in Giro due to severe impact of COVID-19 on customers; lower mixed instant volumes due to continued heavy discounting by competitors
Average selling price	3,3	Price increases to recover impact of weaker Rand
Creamer revenue growth	4,6	
Volume	(4,7)	Non-repeat of additional demand in H2 F20 from COVID-19 lockdown and aggressive competitor pricing
Average selling price	9,8	Price inflation to recover rising input costs



notes

Market shares – 12 months value



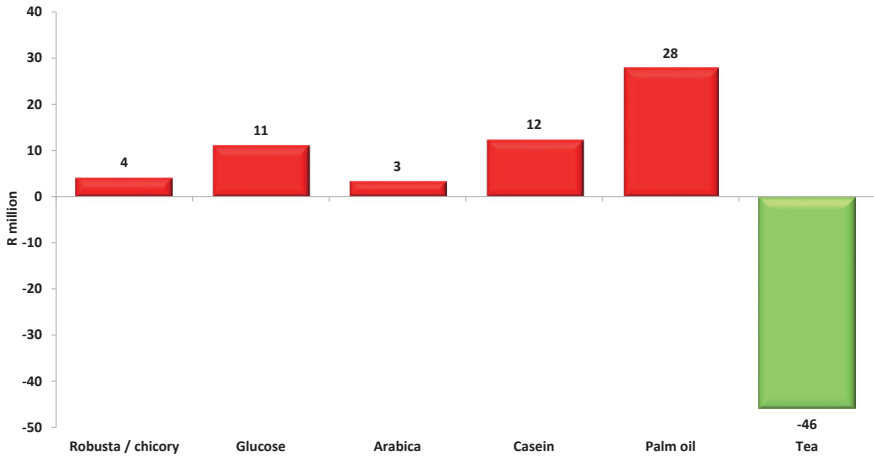
Short term market shares reflect targeted price / volume balance in a volatile market

notes



Raw material costs

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



notes

Snackworks

That's Good Times!



Performance and Prospects



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notes

Income statement

	F21 Rm	F20 Rm	%Δ
Revenue	4 267,8	4 365,1	(2,2)
Operating profit	814,6	910,2	(10,5)
<i>Operating profit margin %</i>	<i>19,1</i>	<i>20,9</i>	<i>(8,5)</i>

- Biscuit profit decline due to lower volumes and input cost inflation
 - Record demand from COVID-19 lockdown in H2 F20 not repeated
 - Annual price increase in response to cost pressures supported by lower levels of discounting
 - Good overall factory performance
 - Lower selling and administrative expenses



notes

Income statement

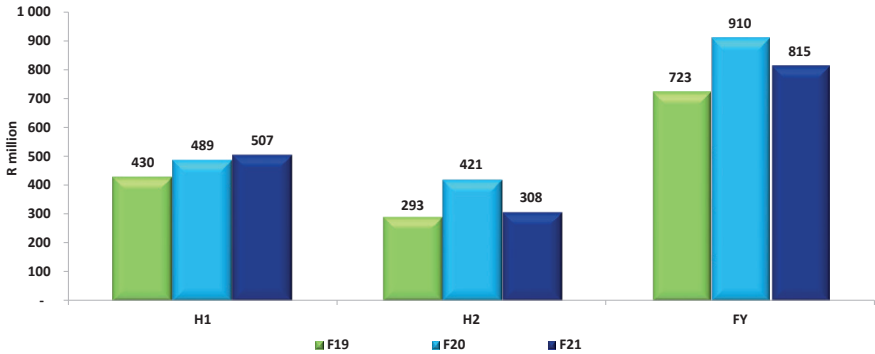
	F21 Rm	F20 Rm	%Δ
Revenue	4 267,8	4 365,1	(2,2)
Operating profit	814,6	910,2	(10,5)
<i>Operating profit margin %</i>	<i>19,1</i>	<i>20,9</i>	<i>(8,5)</i>

- Snacks profit decline due to lower volumes and input cost inflation
 - Record demand from COVID-19 lockdown in H2 F20 not repeated
 - Annual price increase in response to cost pressures supported by lower levels of discounting
 - Good overall factory performance
 - Lower selling and administrative expenses



notes

Business unit operating profit – three year view



- H1 volume growth from continuation of additional lockdown demand in H2 F20
- H2 volume decline with record demand from COVID-19 lockdown in H2 F20 not repeated
- Sound growth on F19 profit

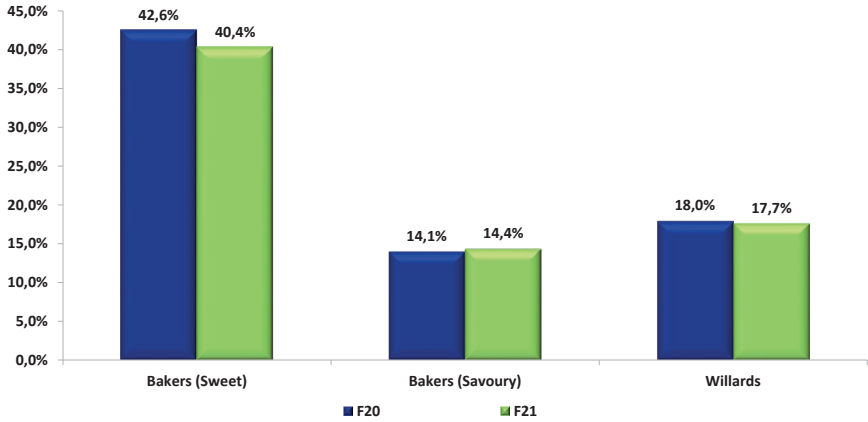
notes

Sales volume and selling prices

	% Δ F21 vs F20	Comments
Biscuits revenue decline	(3,2)	
Volume	(9,0)	Non-repeat of additional demand in H2 F20 from COVID-19 lockdown
Average selling price	6,4	Annual price increase and lower levels of discounting
Snacks revenue growth	0,7	
Volume	(3,3)	Non-repeat of additional demand in H2 F20 from COVID-19 lockdown
Average selling price	4,2	Annual price increase and lower levels of discounting

notes

Market shares – 12 months value

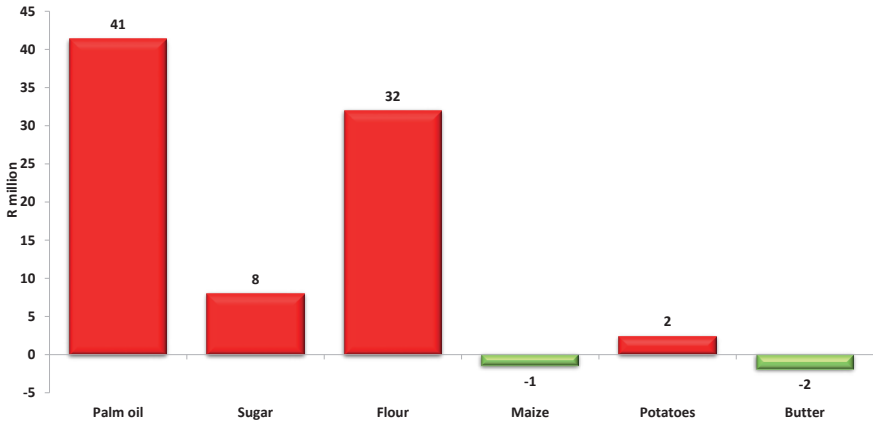


■ Balanced price / volume in constrained environment

notes

Raw material costs

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



notes



Performance and Prospects



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notes



Income statement

	F21 Rm	F20 Rm	%Δ
Revenue	2 605,4	2 327,9	11,9
Operating profit	341,6	237,8	43,7
<i>Operating profit margin %</i>	<i>13,1</i>	<i>10,2</i>	<i>28,4</i>

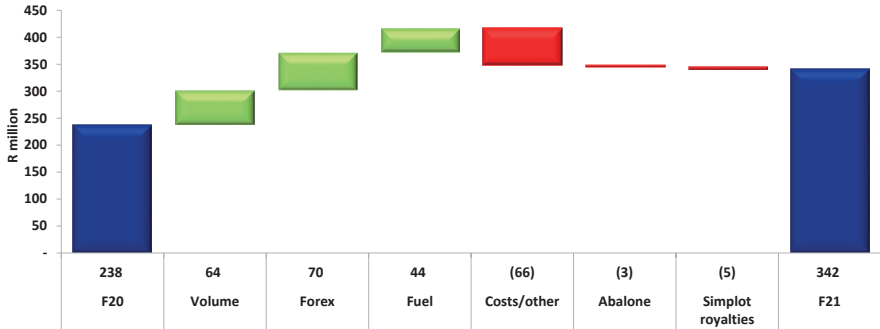
- Revenue growth of 11,9% from higher hake volumes and weaker Rand
- Improved fishing performance; COVID-19 disruption and vessel outages experienced in H2 F20 not repeated
- Lower fuel costs partially offset by increased repairs and maintenance
- Abalone
 - Improved demand and prices in H2
 - Favourable movement in abalone fair value adjustment in H2
 - Savings from restructuring at Danger Point abalone farm



notes



Operating profit



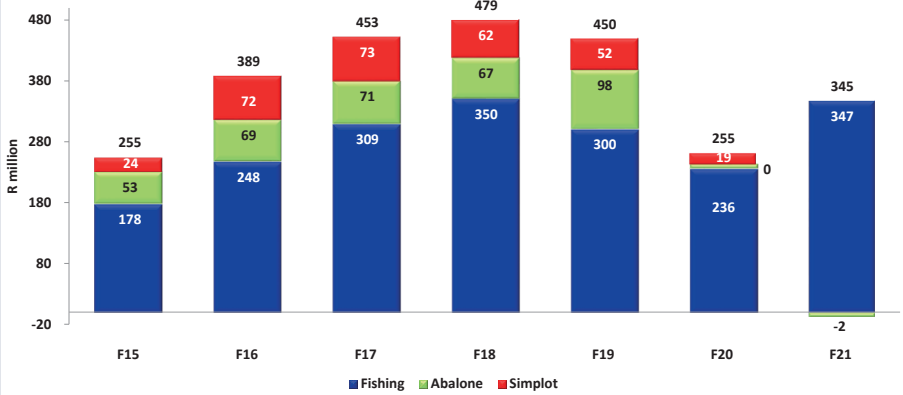
- Export hake volumes 13,4% up due to improved H2 fishing
- Benefit of weaker Rand on export revenue
- Lower fuel costs includes movement in unrealised profit
- Cost increase includes additional fleet maintenance costs
- Abalone improvement in H2 offset weak first semester

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Profit history



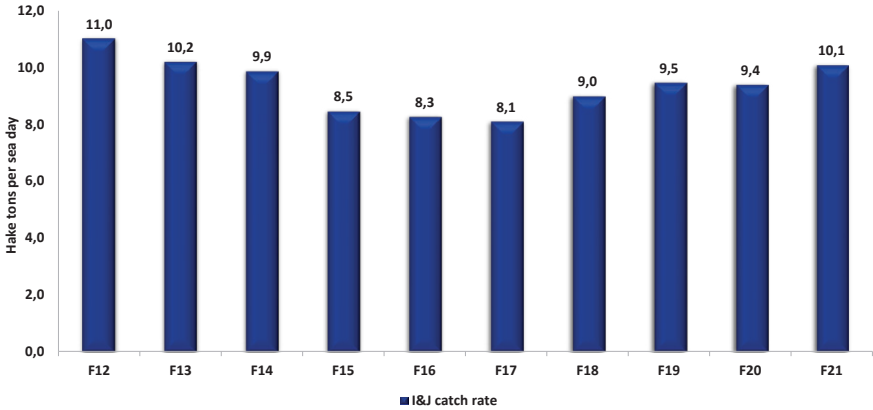
- F21 fishing performance better than F19, after weak second semester in F20
- Abalone heavily impacted by weak export market in F20 and F21; improvement in second semester of F21 positive for F22
- Simplot sold in November 2019



notes



Fishing performance



■ Improvement due to higher wet vessel catch rates and increased freezer vessel availability



notes



Sales volume and selling prices (Hake)

	% Δ F21 vs F20	Comments
I&J Domestic revenue decrease	(2,8)	
Volume	(5,9)	Normalisation of demand; aggressive competitor discounting; increased allocation to export
Average selling prices	3,3	Price increases taken to mitigate cost pressure
I&J Export revenue growth	18,7	
Volume	13,4	Higher freezer fleet volumes and improvement in retail demand
Average selling prices	4,7	Mainly impact of weaker Rand; prices largely maintained

■ I&J market share decreased from 52,7% to 47,1% due to targeted value realisation in volatile market



notes



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COTY
PARIS · NEW YORK

RIMMEL
LONDON



nailene.

Sally Hansen
BY SALON

Performance and Prospects



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indigo brands

Income statement

	F21 Rm	F20 Rm	%Δ
Revenue	1 152,9	1 192,7	(3,3)
Operating profit	170,4	150,2	13,5
<i>Operating profit margin %</i>	<i>14,8</i>	<i>12,6</i>	<i>17,4</i>

- Volume decrease
 - Normalisation of shopping behaviour during H1
 - Change in consumption because of COVID-19, particularly colour cosmetics
 - Partly offset by the non-repeat of the temporary closure of the beauty channel during the COVID-19 hard lockdown in H2 F20
- 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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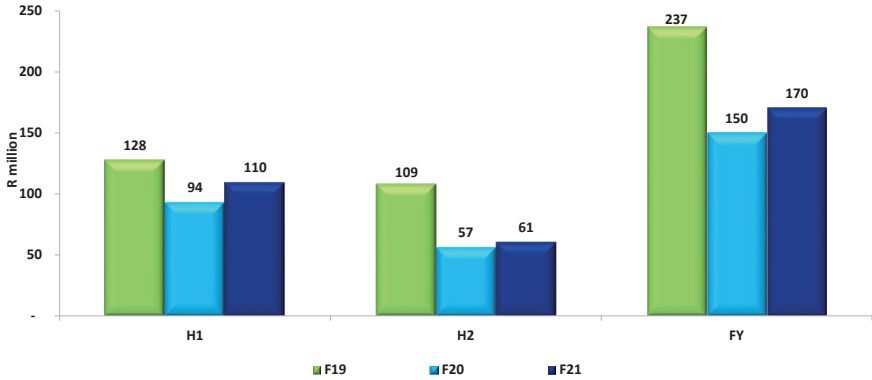


notes



indigo brands

Business unit operating profit – three year view



■ Pressure from constrained and competitive environment, in addition to impact of COVID-19 on consumer consumption

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notes



indigo brands

Sales volume and selling prices

	% Δ F21 vs F20	Comments
Personal Care revenue decrease	<i>(3,8)</i>	
Volume	<i>(10,6)</i>	<i>COVID-19 impact: soft H1 F21 with normalisation of shopping behaviour; lower consumption of colour cosmetics; partly offset by non-repeat of temporary closure of beauty channel in H2 F20</i>
Average selling price	<i>7,6</i>	<i>Price increases in response to cost pressure</i>

* Excludes Coty

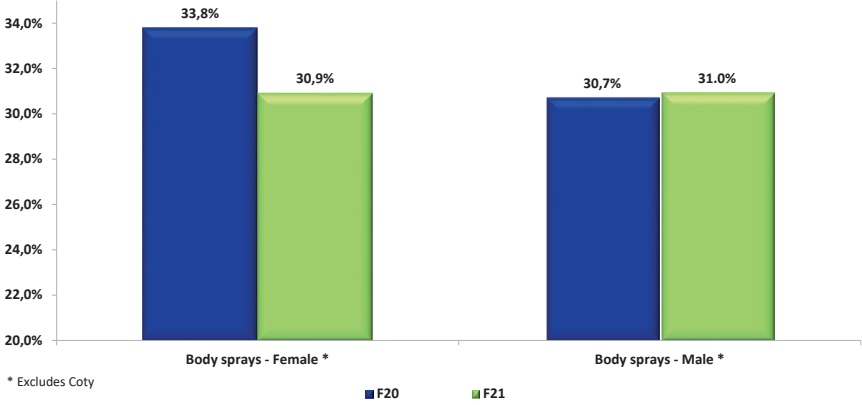


notes



indigo brands

Market share



- Aggressive discounting in female body sprays
- Good performance from Yardley and Lenthéric male brands

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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

	F21 Rm	F20 Rm	%Δ
Revenue	1 466,0	1 475,0	(0,6)
Operating profit	230,4	202,2	13,9
<i>Operating profit margin %</i>	<i>15,7</i>	<i>13,7</i>	<i>14,7</i>

- Footwear and clothing volume declines
 - Underperforming stores closed – 15 Green Cross, 3 Spitz, 1 Kurt Geiger
 - Soft H1 demand with consumer footfall still recovering; recovery in H2 with store closures in F20 not repeated
 - Lower demand in constrained environment
- Gross profit margin pressure from weaker Rand and higher input costs
 - Price increases in H2 F21 to ameliorate cost pressure
- Lower selling and administrative costs
 - Lower store running costs in line with store closures
 - Ongoing improvement in rent costs
 - Completion of Green Cross integration into Spitz

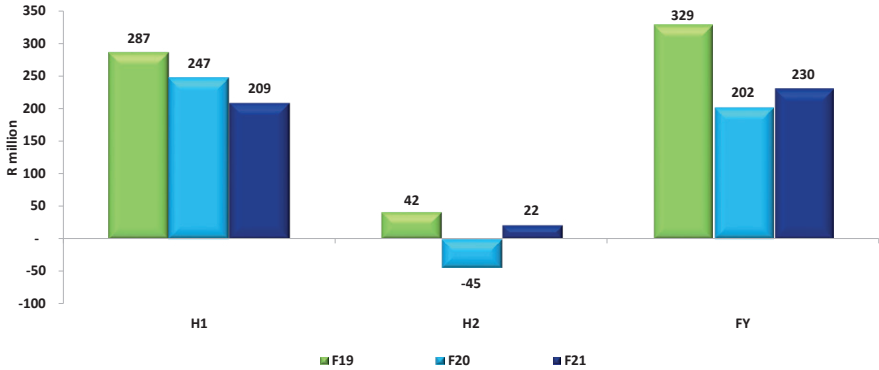
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notes

FOOTWEAR AND APPAREL

Business unit operating profit – three year view



- H1 F21 demand soft with shopper footfall recovering
- H2 F21 improvement due to non-repeat of temporary store closures
- Lower demand in constrained environment exacerbated by COVID-19

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FOOTWEAR AND APPAREL

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F21 Rm	F20 Rm	Δ %	F21 Rm	F20 Rm	Δ %	F21 %	F20 %
Footwear & Apparel	1 466,0	1 475,0	(0,6)	230,4	202,2	13,9	15,7	13,7
Spitz and Kurt Geiger	1 256,9	1 242,3	1,2	241,5	228,1	5,9	19,2	18,4
Green Cross	157,2	187,2	(16,0)	(23,4)	(32,0)	26,9	(13,0)	(17,1)
Gant	51,9	45,5	14,0	12,3	6,1	101,6	23,7	13,1

- Spitz trading density and profitability credible in tough environment
- Green Cross transitioning to smaller footprint comprising the best stores
- Gant recovered well from impact of COVID-19 in F20

AVI | GROWING GREAT BRANDS

notes

FOOTWEAR AND APPAREL

Sales volume and selling prices

	% Δ F21 vs F20	Comments
Spitz & Kurt Geiger Footwear revenue growth	1,1	
Volume	(4,7)	H1 decline with gradual recovery of shopper footfall compounded by constrained consumer environment; partially offset by recovery in H2 with store closures not repeated
Average selling price	6,1	Inflation on non-core lines and price increase in H2
Green Cross Footwear revenue decrease	(18,8)	
Volume	(15,7)	Volume decline due to closure of under performing stores on rent renewal, compounded by soft H1 demand and constrained consumer environment
Average selling price	(3,7)	Change in sales mix – lower retail sales offset by wholesale growth
KG Clothing revenue growth	2,5	Growth off a low prior year base

AVI | GROWING GREAT BRANDS

notes

AVI International

Performance and Prospects

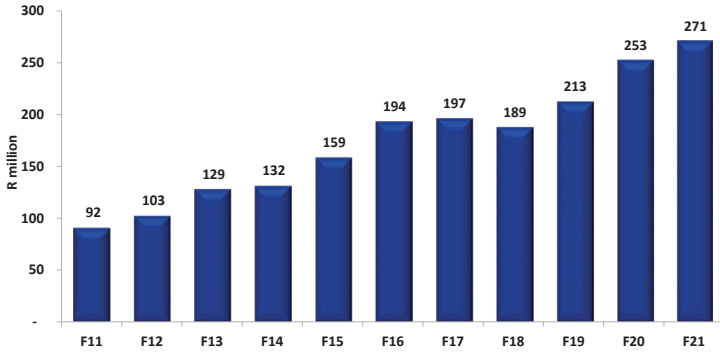


GROWING GREAT BRANDS

notes

AVI INTERNATIONAL

Operating profit history



- Profit growth in key distributor markets
- Sound demand with volume growth in most categories
- Good cost control
- Price increase in response to cost pressure supported by lower levels of discounting

AVI | GROWING GREAT BRANDS



notes

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non RSA sales

	F21 Rm	F20 Rm	%Δ
International Revenue	1 185,4	1 133,9	4,5
<i>% of Grocery and Personal Care brands</i>	12,9	12,1	6,9
International Operating Profit	271,1	252,9	7,2
<i>% of Grocery and Personal Care brands</i>	14,6	13,3	10,0
	%	%	
International Operating Profit Margin	22,9	22,3	2,6
<i>Grocery and Personal Care brands Operating Margin</i>	20,2	20,3	(0,4)



AVI GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F22

- Protect Entyce and Snackworks profits in a tough environment
 - Target volume growth off normalised base
 - Limited impact on operations from civil unrest in July 2021
 - Majority of lost sales from civil unrest should be recovered in first quarter
 - Price increases in all categories except rooibos to offset cost pressures
 - Careful price / volume management to defend market shares while protecting long-term profitability
 - Ciro volume expected to continue gradual recovery
 - Potential for continued aggressive discounting by competitors
 - Ongoing focus on cost savings and structure, benefits from Ciro restructuring
 - 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

AVI | GROWING GREAT BRANDS



notes

AVI GROUP

Prospects for F22 (continued)

- Target improvement in Indigo profit
 - Pursue volume growth off F21 base
 - Product launches and packaging refresh focused on core brands
 - Prospect of improved category pricing dynamics
 - Focus on price increases and discount management to protect margins
 - Ongoing review of structure and fixed costs
 - Coty license agreement up for review / renewal



AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F22 (continued)

- I&J result dependent on fishing performance
 - ❑ Focus on vessel availability with concomitant increase in capex and maintenance costs
 - ❑ Exchange rates support sound profitability
 - ❑ Export and local demand and prices stable
 - ❑ Ongoing focus on cost management
 - ❑ Long term fishing rights application process not expected to impact H1

- I&J abalone return to profitability
 - ❑ Improving prices and better sales mix
 - ❑ Savings from restructuring



AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F22 (continued)

■ Footwear and Apparel

- Demand pressure from constrained environment
- Effective marketing to support seasonal opportunity in December
- Complete right sizing of Green Cross store footprint
- Target additional rent reductions on renewals
- Savings from F21 restructuring activity
- Limited capital expenditure for store refurbishments
- Continued focus on growing Carvela Weekend range



AVI | GROWING GREAT BRANDS

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
- Maintain high dividend yield
- 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

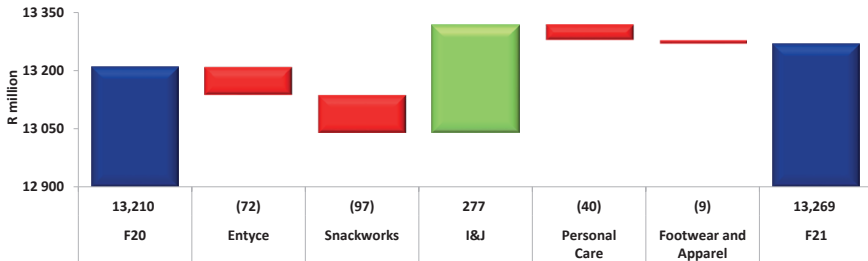


GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Revenue 0,5% up



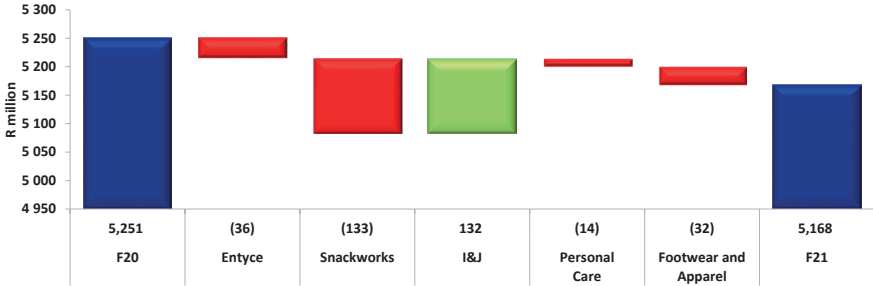
- Entyce: Lower volumes due to non-repeat of additional demand for black tea in H2 F20 from COVID-19; lower rooibos prices supported by drop in raw material prices
- Snackworks: Lower volumes largely due to the non-repeat of additional demand in H2 F20 from COVID-19, partially offset by price increases
- I&J: Increase in hake volumes and benefit of the weaker Rand on export sales
- Personal Care: Lower volumes due to the negative impact of COVID-19, offset by price increases
- Footwear and Apparel: Lower volumes due to the negative impact of COVID-19 on demand, store closures and constrained environment

AVI GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Gross profit 1,6% down



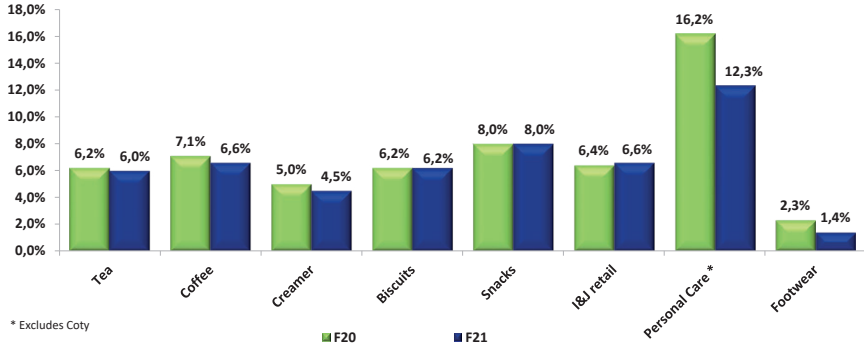
- Entyce: Lower volumes
- Snackworks: Lower volumes and margin pressure with higher commodity input costs not fully recovered
- I&J: Revenue growth supported by lower fuel costs
- Personal Care: Lower volumes ameliorated by tight cost control
- Footwear and Apparel: Lower volumes and pressure on margins from weaker Rand

AVI GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Marketing expenditure



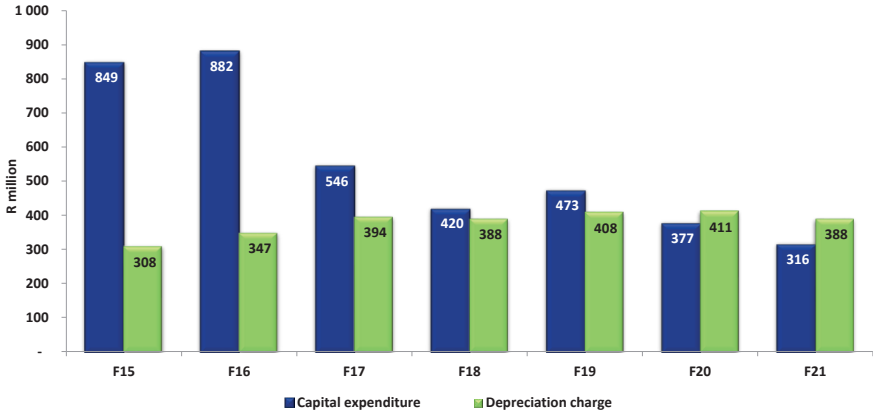
- Total expenditure for F21 of R677,9 million compared to R752,7 million in F20
 - R15 million launch activity in Indigo in F20 not repeated
 - Tightly managed against return on investment across the group
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

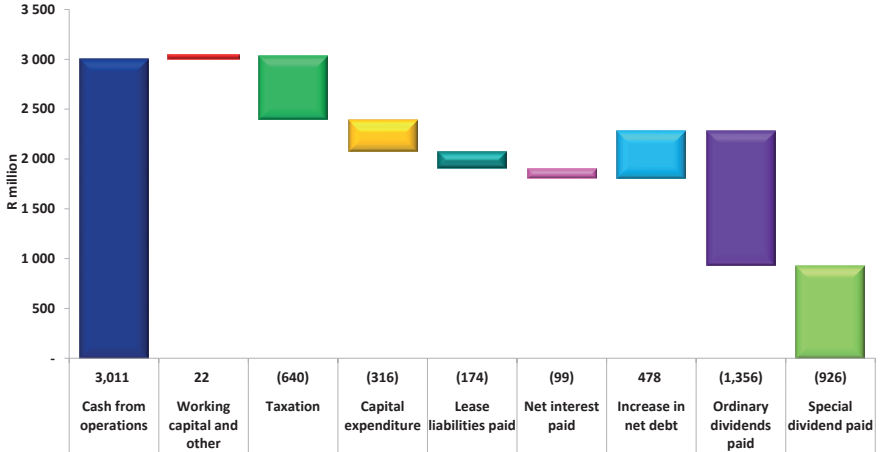
Capital expenditure and depreciation (excluding depreciation on right-of-use assets)



■ Continued investment in manufacturing capacity, efficiency and retail stores

INFORMATION SLIDES

Cash flows



notes

INFORMATION SLIDES

Foreign exchange hedges

	September 2021 to December 2021	January 2022 to June 2022
	% Cover	% Cover
USD imports	79%	54%
EUR imports	67%	67%
EUR exports	53%	38%

- Consistent hedging philosophy provides stability to manage gross profit margins



notes

INFORMATION SLIDES

I&J period end fair value adjustments

	F21 Actual Rm	F20 Actual Rm	Δ Rm
Fuel hedge unrealised (gain) / loss	(15,6)	9,2	(24,8)
Opening mark-to-market (liability) / asset	(10,6)	(1,4)	
Closing mark-to-market asset / (liability)	5,0	(10,6)	
Abalone – (increase) / decrease in unrealised profit in stock	(7,1)	34,5	(41,6)

- 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

notes

INFORMATION SLIDES

I&J fishing quota

	CY15	CY16	CY17	CY18	CY19	CY20	CY21
Quota (tons)							
South African							
Total Allowable Catch (TAC)	147 500	147 500	140 216	133 120	146 430	146 430	139 119
% 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

notes

INFORMATION SLIDES

Trading space and trading density

Spitz	F21	F20
Number of stores	72	74
Turnover (Rm)	1 079,4	1 065,1
Average m ²	19 034	19 489
Trading Density (R /m ²)	56 711	54 650
Closing m ²	18 956	19 384

Like-for-like metrics*	F21	F20
Number of stores	70	70
Turnover (Rm)	1 061,3	1 032,4
Average and closing m ²	18 414	18 414
Trading Density (R /m ²)	57 637	56 068

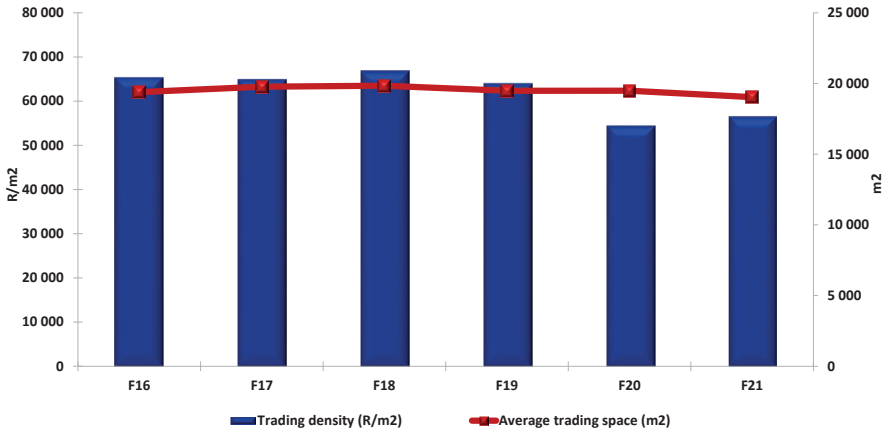
* Based on stores trading for the entire current and prior periods



notes

INFORMATION SLIDES

Trading density – Spitz stores



■ Closed 3 Spitz stores and opened 1 new store

AVI GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Trading space and trading density

Kurt Geiger	F21	F20
Number of stores	34	34
Turnover (Rm)	174,3	175,1
Average m ²	4 219	4 259
Trading Density (R /m ²)	41 321	41 116
Closing m ²	4 287	4 289

Like-for-like metrics*	F21	F20
Number of stores	31	31
Turnover (Rm)	167,6	166,4
Average and closing m ²	3 948	3 948
Trading Density (R /m ²)	42 457	42 152

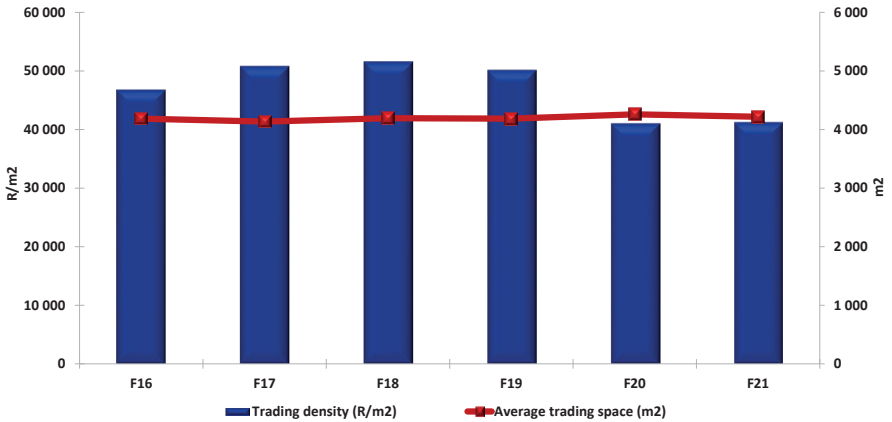
* Based on stores trading for the entire current and prior periods



notes

INFORMATION SLIDES

Trading density – Kurt Geiger stores



■ Closed one Kurt Geiger store and opened 1 new store

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Trading space and trading density

Green Cross	F21	F20
Number of stores #	22	37
Turnover (Rm)	103,5	140,9
Average m ²	3 450	4 825
Trading Density (R /m ²)	30 000	29 202
Closing m ²	2 745	4 471

Like-for-like metrics*	F21	F20
Number of stores	22	22
Turnover (Rm)	88,4	96,1
Average and closing m ²	2 745	2 745
Trading Density (R /m ²)	32 208	34 994

including value stores

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

AVI | GROWING GREAT BRANDS

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 m ²	# of stores	Closing m ²	# of stores	Closing m ²
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
June 2021	72	18,956	34	4,287	22	2,745



notes



GROWING GREAT BRANDS

notes



GROWING GREAT BRANDS

RESULTS FOR YEAR ENDED 30 JUNE 2021

A LOT CAN HAPPEN IN A WEEKEND



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

- Group revenue increased by 0,5%
- Operating profit increased by 3,2%
- Selling and administrative costs declined by 5,4%
- COVID-19:
 - Mixed impact on demand
 - Additional costs of R24 million
- Selling price increases taken to offset higher raw material costs in most categories
- Improved second semester from I&J
- Net finance charges 40% lower
- Headline earnings per share up 6,2% to 499,9 cents
- Sustained strong cash generation
- Final dividend of 275 cents per share, ordinary dividends up 6,1%
- Special dividend of 280 cents per share brings total dividends for the year to 715 cents



YARDLEY
LONDON

CONQUEST

results commentary

GROUP OVERVIEW

The COVID-19 pandemic and the related lockdown regulations continued to have a material impact on our businesses. 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. The strong demand for Entyce and Snackworks' brands seen during the fourth quarter of last year was not repeated, however this was partially offset by improved sales from the fashion brands which were materially impacted by the severe lockdown restrictions over the same period last year. Ongoing efforts to keep staff safe and comply with lockdown regulations ensured continuity of operations and minimised losses of production and sales. Direct costs of R24 million were incurred in responding to the pandemic.

Group revenue increased by 0,5% due mainly to higher sales volumes at I&J and higher selling prices generally, offset by volume declines in most of our businesses. Higher selling prices reflect price increases in response to rising raw material costs, tighter management of discounts and the benefits of the weaker Rand on I&J's export revenue. Lower volumes were due to the normalisation of demand in the food and beverage categories, and the continued impact of COVID-19 on sales volumes in the fashion businesses and the Ciro out-of-home coffee solutions business. I&J had strong growth in both fishing and abalone volumes in the second semester, with improved fishing vessel availability and an improvement in abalone demand and prices.

The consolidated gross profit decreased by 1,6% due mainly to the deleveraging impact of lower volumes, exacerbated by cost pressures from the weaker Rand not fully recovered through price increases. Selling and administrative costs decreased by 5,4% due to strong cost control supported by restructuring activity in several parts of the group. Operating profit for the year increased by 3,2% and the operating profit margin increased from 17,7% to 18,2%.

Net finance costs were materially lower than last year in line with lower interest rates and lower debt levels for most of the year, resulting in growth in headline earnings of 6,4%. Headline earnings per share increased by 6,2% from 470,8 cents to 499,9 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 current financial year, attributable earnings decreased by 15,5%.

Cash generated by operations decreased by 6,2% due to lower adjustments for non-cash items in operating profit, mainly incentive provisions and fair value adjustments to I&J's abalone stock, as well as a smaller decrease in working capital than last year. Interest and taxation paid were both lower than last year, resulting in a 3,2% decrease in cash from operating activities. Other material cash flows during the period were capital expenditure of R315,7 million, ordinary dividends paid of R1,36 billion and the special dividend of R925,7 million, paid in April 2021. Net debt at the end of June 2021 was R1,72 billion compared to R1,32 billion at the end of June 2020.

DIVIDEND

Overall cash generation remains healthy and debt levels are within our targeted gearing range. The board has declared a final ordinary dividend of 275 cents per share, resulting in a full year ordinary dividend of 435 cents, which is 6,1% higher than last year, and in line with the growth in headline earnings.

In addition, a special dividend of 280 cents per share was paid to shareholders in April 2021.

SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2021 Rm	2020 Rm	% change	2021 Rm	2020 Rm	% change
Food & Beverage brands	10 650,3	10 542,0	1,0	2 029,0	1 994,6	1,7
Entyce Beverages	3 777,1	3 849,0	(1,9)	872,8	846,6	3,1
Snackworks	4 267,8	4 365,1	(2,2)	814,6	910,2	(10,5)
I&J	2 605,4	2 327,9	11,9	341,6	237,8	43,7
Fashion brands	2 618,9	2 667,7	(1,8)	400,8	352,4	13,7
Personal Care	1 152,9	1 192,7	(3,3)	170,4	150,2	13,4
Footwear & Apparel	1 466,0	1 475,0	(0,6)	230,4	202,2	13,9
Corporate				(20,5)	(12,5)	
Group	13 269,2	13 209,7	0,5	2 409,3	2 334,5	3,2

Entyce Beverages

Revenue decreased by 1,9% to R3,78 billion while operating profit increased 3,1% to R872,8 million, with the operating profit margin at 23,1% compared to 22,0% in the prior year.

Tea revenue decreased by 1,5% due mainly to lower rooibos revenue and lower black tea volumes, with the strong demand related to the lockdown in the fourth quarter of last year not repeated, partially offset by selling price increases on black tea to ameliorate pressure from the weaker Rand. Rooibos revenue was lower than last year as selling prices were reduced in response to lower raw material costs, however volume growth offset most of the impact of the lower 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.

SEGMENTAL REVIEW continued

Entyce Beverages continued

Coffee revenue was 7,6% lower than last year due mainly to lower sales in the Ciro out-of-home coffee business which was severely impacted by reduced demand from hospitality, leisure and corporate customers due to COVID-19, with slow recovery during the year. Revenue for the rest of the coffee portfolio was slightly lower than last year with continued pressure on mixed instant volumes from aggressive competitor activity, largely offset by price increases on premium, affordable and mixed instant coffee to offset cost pressure from the weaker Rand, and higher production costs. Gross profit was lower than last year due to the volume pressure in Ciro, with the gross profit margin slightly lower than last year. This was offset by lower selling and administrative costs, including savings from restructuring at Ciro. Operating profit was in line with last year, notwithstanding a significant drop in Ciro's result, due to increased profit from the rest of the portfolio.

Creamer revenue grew 4,6% due to selling price increases to offset higher raw material costs, partially offset by lower sales volumes in the second semester with the strong demand related to the lockdown in the fourth quarter of last year not repeated. The gross profit margin decreased due to cost pressure not recovered in the year, however lower selling and administrative costs supported a good result, albeit a decline from the record performance last year.

Snackworks

Revenue of R4,27 billion was 2,2% lower than last year while operating profit decreased 10,5%, from R910,2 million to R814,6 million. The operating profit margin decreased from 20,9% to 19,1%.

Biscuit revenue decreased by 3,2% due mainly to lower sales volumes with the strong demand related to the lockdown in the fourth quarter of last year not repeated, partially offset by higher selling prices from price increases in April 2020 and April 2021, as well as tighter control of discounts. The gross profit margin decreased due to raw material cost pressure and a change in sales mix, while selling and administrative costs decreased, ameliorating the decline in operating profit and operating profit margin from last year's record level.

Snacks revenue increased by 0,7% due mainly to higher selling prices from price increases in April 2020 and April 2021, as well as tighter control of discounts. The gross profit margin was lower than last year, impacted by higher raw material costs that were not fully recovered in the year and an increase in demand for big bag formats relative to small bags. Selling and administrative costs were lower than last year which ameliorated the impact of the lower gross profit, however operating profit and operating profit margin both declined from last year's high base.

SEGMENTAL REVIEW continued

I&J

Revenue of R2,61 billion was 11,9% higher than last year while operating profit increased from R237,8 million to R341,6 million. The operating profit margin increased from 10,2% to 13,1%.

The increase was materially due to a significant improvement in the second semester fishing performance, with the COVID-19 disruptions and vessel outages experienced last year not repeated. Abalone profit improved in the second semester due to improving demand and prices in the key Hong Kong market, supported by cost savings, with the business ending the full year with a small loss compared to last year's break even result.

Revenue growth reflects higher sales volumes, price increases in the domestic market and the benefit of the weaker Rand on exports. The gross profit margin improved with volume leverage and lower fuel costs partly offset by higher fleet maintenance costs. Selling and administrative costs were well contained, supporting the strong growth in operating profit.

Personal Care

Indigo's revenue of R1,15 billion was 3,3% lower than last year due largely to the impact of COVID-19 on sales volumes, particularly colour cosmetics, partially offset by price increases in the first half of the year in response to the weaker Rand. Volumes recovered from the low base in the second half of last year and showed good growth in the fourth quarter compared to last year when lock down regulations restricted part of the portfolio, but remain below pre-COVID levels.

The gross profit margin was well protected and selling and administrative costs were almost 10% lower than last year due to lower new product launch costs and other cost savings, which resulted in an improvement in operating profit from R150,2 million to R170,4 million, and an increase in the operating profit margin from 12,6% to 14,8%.

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

Revenue decreased by 0,6% to R1,47 billion due mainly to a 7,6% decrease in footwear sales volumes, offset by price increases. Consumers are returning to malls and high streets, and volumes in the second semester were higher than last year due to good growth in the fourth quarter compared to last year when lock down regulations required stores to close from 26 March 2020 to 30 April 2020, before opening up on a phased basis during May 2020. The environment remains constrained and a number of under-performing Green Cross stores were closed during the year.

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 due to closures, resulting in an increase in operating profit from R202,2 million to R230,4 million, with the operating profit margin increasing from 13,7% to 15,7%.

OUTLOOK

COVID-19 remains a risk to the safety of our staff, the efficiency of our operations and the health of the trading environment. It continues to have a material impact on demand for Ciro's out of home coffee solutions business, and some of Indigo's personal care categories, however the impact of the third wave on operations has not been significant, and we hope to sustain operations without material disruption in the year ahead. 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.

The civil unrest in July had limited impact on the Group's physical operations, and the majority of direct losses are expected to be recovered from SASRIA in time. Food and beverage sales lost in July should largely be made up in August and September as our customers re-open and replenish stores.

Demand in Entyce and Snackworks has normalised as consumers return to normal spending patterns under lighter lockdown regulations and, absent unusual demand impacts driven by COVID-19, sales volumes in the next year will be a function of consumer demand, competitor activity and our management of selling prices in the context of higher input costs. In personal care, demand is expected to remain weak for as long as large numbers of people work from home. Ciro's recovery is expected to be gradual with high dependency on travel, tourism and corporate offices. The retail brands, with their premium price points, are likely to remain constrained by the pressures on consumer spending, and will remain dependent on strong sales in the December holiday season to deliver a good full year result.

I&J's prospects for the twelve months to June 2022 are materially dependent on fishing performance, and sustaining the recent improvement in abalone demand and selling prices. Foreign currency hedges are not as favourable as last year, but will support sound profitability nevertheless. Fishing capacity remains tight with an ever more demanding maintenance regime to support the older vessels in our fleet, and the business urgently needs certainty on future fishing rights to support investment in replacement vessels. The hake long-term rights application process, planned to be completed by the end of 2021, should not impact operations in the first semester.

Prices for many of the key raw materials used by AVI's businesses have risen over the last year. Our consistent hedging practices for both currency and commodity prices will provide some protection for the first semester of the new financial year, but it is likely that further selling price increases in some categories will be necessary to protect gross profit margins. This may have a negative impact on demand in those categories.

OUTLOOK continued

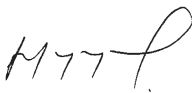
Achieving profit growth across our diverse portfolio requires reasonable demand in a constrained macro environment. We continue to react quickly to market changes as we pursue the best balance of price, sales volumes and profit margin in each category, and this is underpinned by relevant innovation and 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. Restructuring in the abalone, retail and Ciro businesses during the last year will yield meaningful savings and help to sustain profit margins in the year ahead.

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 focussed on steadily building our brands' shares in export markets whilst sustaining strong profit margins.

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

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



Gavin Tipper
Chairman



Simon Crutchley
CEO

6 September 2021

summarised consolidated balance sheet

	Audited at 30 June	
	2021 Rm	2020 Rm
Assets		
Non-current assets		
Property, plant and equipment	3 265,8	3 361,7
Right-of-use assets	251,7	310,8
Intangible assets and goodwill	789,8	799,3
Investments and other long-term assets	32,0	35,1
Deferred taxation	43,3	41,5
	4 382,6	4 548,4
Current assets		
Inventories and biological assets	2 474,2	2 491,9
Trade and other receivables including derivatives	1 795,4	1 886,0
Cash and cash equivalents	194,1	842,4
	4 463,7	5 220,3
Total assets	8 846,3	9 768,7
Equity and liabilities		
Capital and reserves		
Total equity	4 401,9	5 018,4
Non-current liabilities		
Cash-settled share-based payment liability	41,6	41,4
Lease liabilities	165,8	230,0
Employee benefit liabilities	320,1	378,4
Deferred taxation	426,8	433,8
	954,3	1 083,6
Current liabilities		
Current borrowings including short-term portion of lease liabilities	1 752,9	1 927,7
Trade and other payables including derivatives	1 688,9	1 712,2
Current tax liabilities	48,3	26,8
	3 490,1	3 666,7
Total equity and liabilities	8 846,3	9 768,7
Movement in net debt		
Opening balance	926,4	2 034,6
Short-term funding repaid	(159,7)	(498,9)
Decrease/(increase) in cash and cash equivalents	637,9	(605,7)
Translation of cash equivalents of foreign subsidiaries	10,4	(3,6)
Net debt excluding IFRS 16 lease liability movements	1 415,0	926,4
IFRS 16 lease liabilities	309,6	388,9
Net debt*	1 724,6	1 315,3

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

summarised consolidated statement of comprehensive income

	Audited year ended 30 June		
	2021 Rm	2020 Rm	% change
Revenue	13 269,2	13 209,7	0,5
Cost of sales	(8 101,2)	(7 958,5)	1,8
Gross profit	5 168,0	5 251,2	(1,6)
Selling and administrative expenses	(2 758,7)	(2 916,7)	(5,4)
Operating profit before capital items	2 409,3	2 334,5	3,2
Interest received	21,9	9,8	123,5
Finance costs	(121,2)	(175,3)	(30,9)
Share of equity-accounted earnings of joint ventures	3,6	17,4	(79,3)
Capital items	(4,2)	455,9	(100,9)
Profit before taxation	2 309,4	2 642,3	(12,6)
Taxation	(663,7)	(695,0)	(4,5)
Profit for the year	1 645,7	1 947,3	(15,5)
Profit attributable to:			
Owners of AVI	1 645,7	1 947,3	(15,5)
Other comprehensive (loss)/income, net of tax	(27,2)	25,7	
<i>Items that are or may be subsequently reclassified to profit or loss</i>			
Foreign currency translation differences	(28,0)	13,2	
Cash flow hedging reserve	1,7	(2,8)	
Taxation on items that are or may be subsequently reclassified to profit or loss	(0,5)	0,8	
<i>Items that will never be reclassified to profit or loss</i>			
Actuarial (loss)/gain recognised	(0,5)	20,2	
Taxation on items that will never be reclassified to profit or loss	0,1	(5,7)	
Total comprehensive income for the year	1 618,5	1 973,0	(18,0)
Total comprehensive income attributable to:			
Owners of AVI	1 618,5	1 973,0	(18,0)
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	559,1	594,5	(6,0)
Earnings per share			
Basic earnings per share (cents)*	498,9	591,6	(15,7)
Diluted basic earnings per share (cents)**	497,4	589,8	(15,7)
Headline earnings per share (cents)*	499,9	470,8	6,2
Diluted headline earnings per share (cents)**	498,4	469,3	6,2

* Basic earnings and headline earnings per share are calculated on a weighted average of 329 850 528 (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 330 845 156 (30 June 2020: 330 184 802) ordinary shares in issue.

RESULTS for the year ended 30 June 2021

summarised consolidated statement of cash flows

	Audited year ended 30 June		
	2021 Rm	2020 Rm	% change
Operating activities			
Cash generated by operations	3 021,0	3 220,3	(6,2)
Interest paid	(121,2)	(175,3)	(30,9)
Taxation paid	(640,4)	(711,3)	(10,0)
Net cash available from operating activities	2 259,4	2 333,7	(3,2)
Investing activities			
Interest received	21,9	9,8	123,5
Property, plant and equipment acquired	(315,7)	(376,6)	(16,2)
Additions to intangible assets	(8,5)	(7,0)	21,4
Proceeds from disposals of property, plant and equipment	17,6	23,1	(23,8)
Proceeds from the disposal of interest in Simplot joint venture (note 9)	–	631,8	(100,0)
Other cash flows from investments	4,3	7,4	(41,9)
Net cash (utilised in)/generated by investing activities	(280,4)	288,5	(197,2)
Financing activities			
Proceeds from shareholder funding	–	8,0	(100,0)
Short-term funding repaid	(159,7)	(498,9)	(68,0)
Lease liabilities repaid	(174,0)	(159,6)	9,0
Payment to I&J BBBEE shareholders	(2,0)	(13,7)	(85,4)
Ordinary dividends paid	(1 355,5)	(1 352,3)	0,2
Special dividend paid	(925,7)	–	
Net cash utilised in financing activities	(2 616,9)	(2 016,5)	29,8
(Decrease)/increase in cash and cash equivalents	(637,9)	605,7	(205,3)
Cash and cash equivalents at beginning of year	842,4	233,1	
	204,5	838,8	
Translation of cash equivalents of foreign subsidiaries	(10,4)	3,6	
Cash and cash equivalents at end of year	194,1	842,4	

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 2021						
Balance at 1 July 2020	279,4	(150,9)	151,4	4 845,1	(106,6)	5 018,4
Profit for the year	-	-	-	1 645,7	-	1 645,7
Other comprehensive loss						
Foreign currency translation differences	-	-	(28,0)	-	-	(28,0)
Actuarial losses recognised, net of tax	-	-	(0,4)	-	-	(0,4)
Cash flow hedging reserve, net of tax	-	-	1,2	-	-	1,2
Total other comprehensive loss	-	-	(27,2)	-	-	(27,2)
Total comprehensive income for the year	-	-	(27,2)	1 645,7	-	1 618,5
Transactions with owners, recorded directly in equity						
Share-based payments	-	-	43,1	-	-	43,1
Deferred taxation on Group share scheme recharge	-	-	3,1	-	-	3,1
Dividends paid	-	-	-	(2 281,2)	-	(2 281,2)
Total contributions by and distributions to owners	-	-	46,2	(2 281,2)	-	(2 235,0)
Balance at 30 June 2021	279,4	(150,9)	170,4	4 209,6	(106,6)	4 401,9
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 gain						
Foreign currency translation differences	-	-	13,2	-	-	13,2
Actuarial gains 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 year	-	-	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

RESULTS for the year ended 30 June 2021

notes to the summarised consolidated financial statements

For the year ended 30 June 2021

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 Reporting*.

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 amendments to accounting standards, including any consequential amendments to other standards, in the preparation of these consolidated financial statements, 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.

notes to the summarised consolidated financial statements continued

1. Basis of preparation continued

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 year have been minor.

All business units have been able to operate throughout the year, 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. Demand for food and beverage products normalised, in particular, the high demand experienced in the initial lockdown period in the fourth quarter of last year was not repeated.

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 summarised consolidated financial statements. Inventory and debtor provisions have been reviewed, without any material movements in income statement adjustments compared to last year.

3. Segmental results

	Year ended 30 June		
	2021 Rm	2020 Rm	% change
Segmental revenue			
Food & Beverage brands	10 650,3	10 542,0	1,0
Entyce Beverages	3 777,1	3 849,0	(1,9)
Snackworks	4 267,8	4 365,1	(2,2)
I&J	2 605,4	2 327,9	11,9
Fashion brands	2 618,9	2 667,7	(1,8)
Personal Care	1 152,9	1 192,7	(3,3)
Footwear & Apparel	1 466,0	1 475,0	(0,6)
Group	13 269,2	13 209,7	0,5
Segmental operating profit			
Food & Beverage brands	2 029,0	1 994,6	1,7
Entyce Beverages	872,8	846,6	3,1
Snackworks	814,6	910,2	(10,5)
I&J	341,6	237,8	43,7
Fashion brands	400,8	352,4	13,7
Personal Care	170,4	150,2	13,4
Footwear & Apparel	230,4	202,2	13,9
Corporate	(20,5)	(12,5)	
Group	2 409,3	2 334,5	3,2

RESULTS for the year ended 30 June 2021

notes to the summarised consolidated financial statements continued

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:

	Audited year ended 30 June 2021					
	Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
Geographical market						
South Africa	3 262,3	3 688,9	893,4	1 061,1	1 450,8	10 356,5
Other African countries	503,8	548,5	48,3	91,8	15,2	1 207,6
Rest of the world	11,0	30,4	1 663,7	–	–	1 705,1
Total revenue	3 777,1	4 267,8	2 605,4	1 152,9	1 466,0	13 269,2

	Audited year ended 30 June 2020					
	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

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

notes to the summarised consolidated financial statements continued

5. Determination of headline earnings

	Audited year ended 30 June		
	2021 Rm	2020 Rm	% change
Profit for the year attributable to owners of AVI	1 645,7	1 947,3	(15,5)
Total capital items after taxation	3,1	(397,6)	(100,8)
Gain on disposal of interest in Simplot joint venture (note 8)	–	(433,1)	(100,0)
Gain on reclassification of the cumulative foreign currency translation reserve from equity to profit for entities in the process of being deregistered	–	(30,1)	(100,0)
Net gain on disposal of property, plant and equipment	(4,2)	(11,2)	(62,5)
Impairment of property, plant and equipment	8,4	18,4	(54,3)
Net loss on disposal and impairment of intangible assets	–	0,1	(100,0)
Taxation attributable to capital items	(1,1)	58,3	(101,9)
Headline earnings	1 648,8	1 549,7	6,4
Headline earnings per ordinary share (cents)	499,9	470,8	6,2
Diluted headline earnings per ordinary share (cents)	498,4	469,3	6,2

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	329 850 528	329 140 892	0,2
Weighted average diluted number of ordinary shares	330 845 156	330 184 802	0,2

6. Cash generated by operations

	Audited year ended 30 June		
	2021 Rm	2020 Rm	% change
Cash generated by operations before working capital changes	3 011,4	3 096,1	(2,7)
Change in working capital	9,6	124,2	(92,3)
Cash generated by operations	3 021,0	3 220,3	(6,2)

notes to the summarised consolidated financial statements continued

7. Commitments

	Audited year ended 30 June	
	2021 Rm	2020 Rm
Capital expenditure commitments for property, plant and equipment	112,7	145,4
Contracted for	81,2	90,4
Authorised but not contracted for	31,5	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. 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. Post the cancellation, the issued share capital of the Company was 335 430 838 ordinary shares.

The delisting and cancellation of these 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 2020 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.

notes to the summarised consolidated financial statements continued

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 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 2021.

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.

11. Post-reporting date events

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

12. Dividend declaration

Notice is hereby given that a gross final ordinary dividend No 98 of 275 cents per share for the year ended 30 June 2021 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 220 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 dividend are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 19 October 2021
First trading day ex dividend on the JSE	Wednesday, 20 October 2021
Record date	Friday, 22 October 2021
Payment date	Monday, 25 October 2021

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 20 October 2021, and Friday, 22 October 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, 25 October 2021.

notes to the summarised consolidated financial statements continued

13. Reports of the independent auditor and annual financial statements

The summarised consolidated financial statements for the year ended 30 June 2021 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.

14. 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.

15. Annual report

The annual report for the year ended 30 June 2021 will be posted to shareholders on or about Tuesday, 5 October 2021. The financial statements will include the notice of the annual general meeting of shareholders to be convened on Thursday, 4 November 2021.

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
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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

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 Crutchley³
(Chief Executive Officer)

Owen Cressey³
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper¹
(Chairman)

James Hersov

Adriaan Nühn^{1, 2, 4, 6}

Mike Bosman²

Abe Thebyane¹

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, 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.

AVI

GROWING GREAT BRANDS

WWW.AVI.CO.ZA