AVI

AVI Limited presentation to shareholders & analysts for the year ended 30 June 2023

GROWING GREAT BRANDS

AGENDA

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

KEY FEATURES

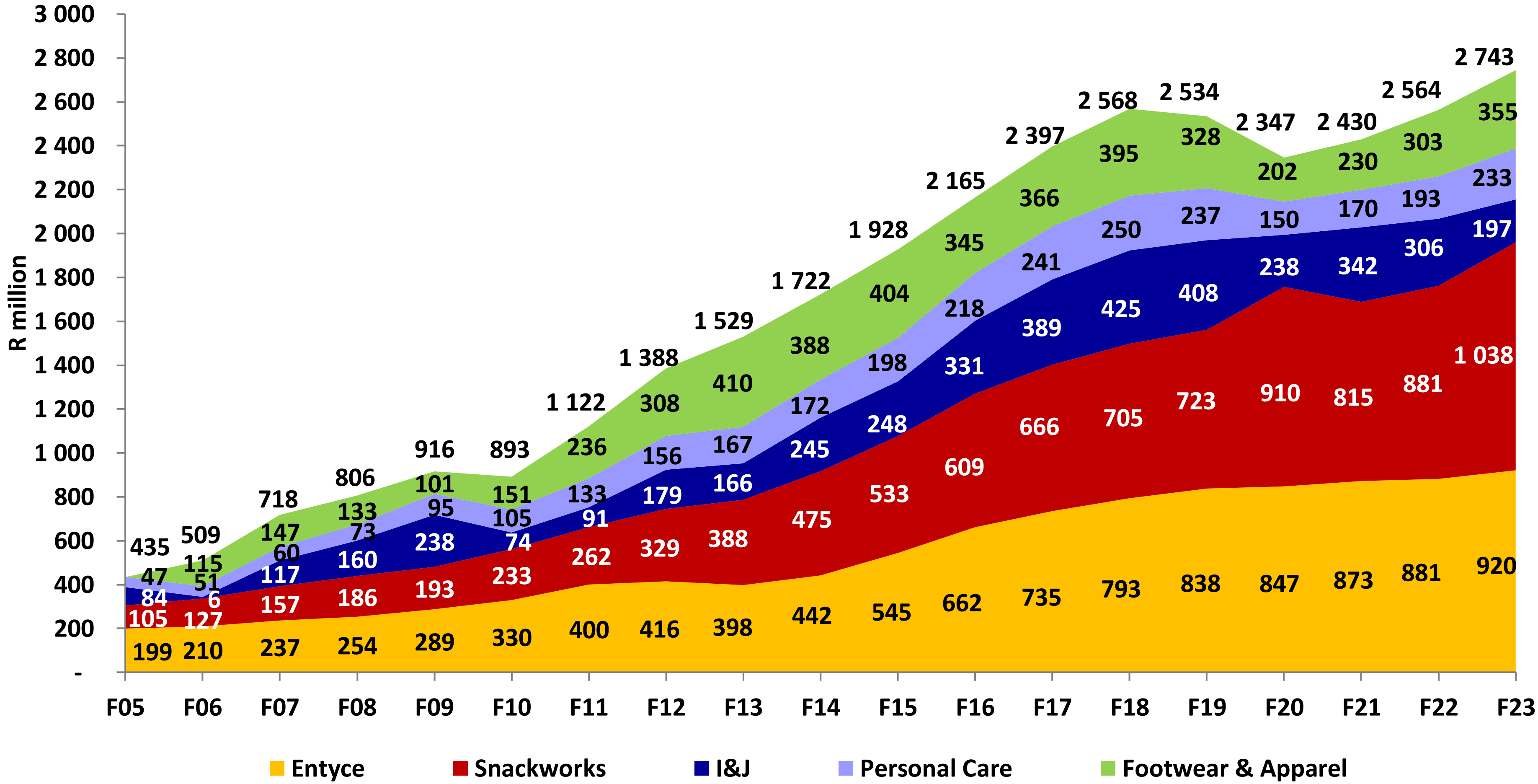
- Challenging macroeconomic environment
- Increased levels of load-shedding disrupted operations
  - Direct operating cost of R58,5 million
  - Significant indirect costs
- I&J's profitability impacted by higher fuel prices, poor catch-rates, load-shedding costs and lockdown affected abalone sales mix in the first semester
- Group revenue increased by 7,8%
- Price increases in all categories to offset the weaker Rand and rising raw material costs

KEY FEATURES

- Stable gross margins despite cost pressures
- Operating profit in the second semester improved by 14,5%
- Operating profit for the year increased by 6,9%
- Operating profit for the year, excluding I&J, increased by 12,7%
- R9,4 million benefit from lower corporate tax rate
- Headline earnings per share up 4,3% to 553,6 cents
- Strong cash generation supported by reduction in working capital through second half
- Final dividend of 310 cents per share, ordinary dividend up 4,3%

RESULTS HISTORY

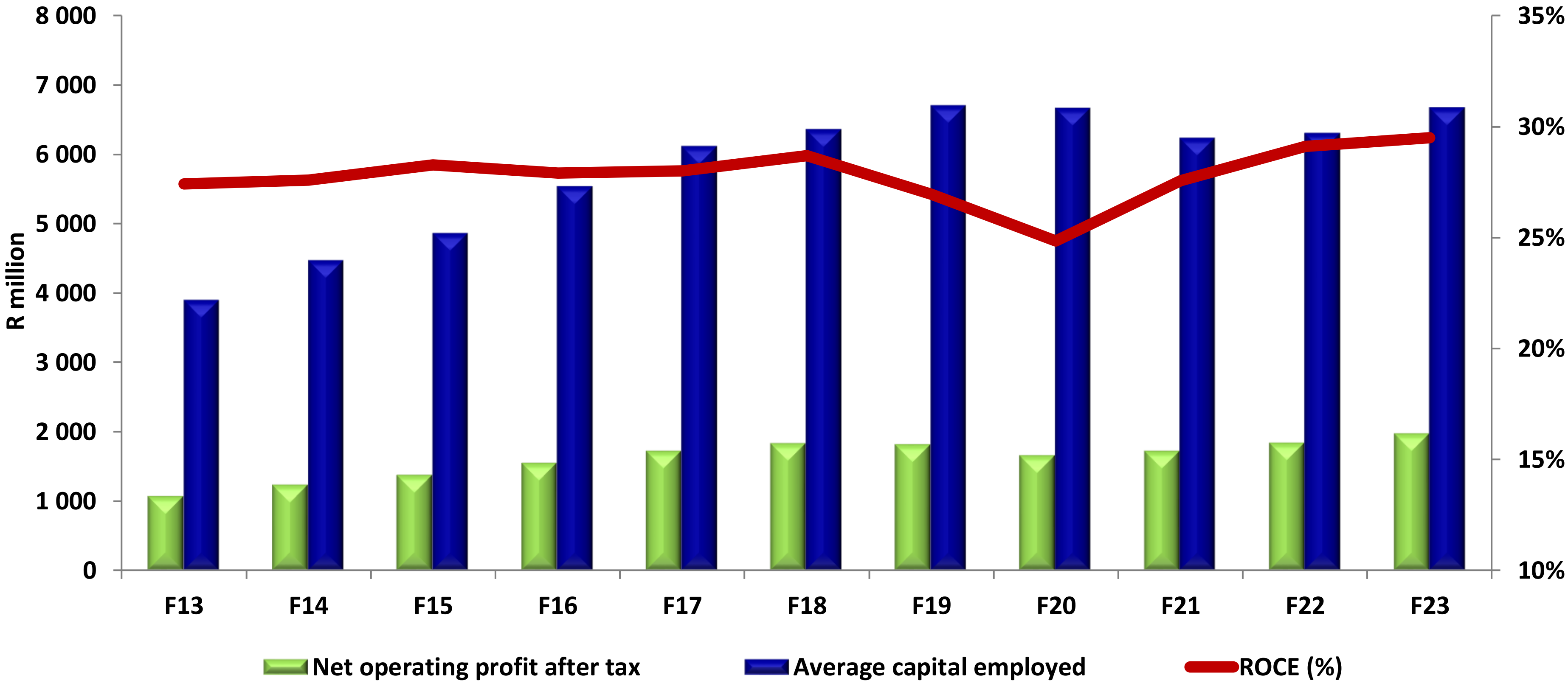
Operating profit history



- Sustained post-COVID-19 recovery despite lower I&J earnings
- Compound annual growth of 10,7% from F05

RESULTS HISTORY

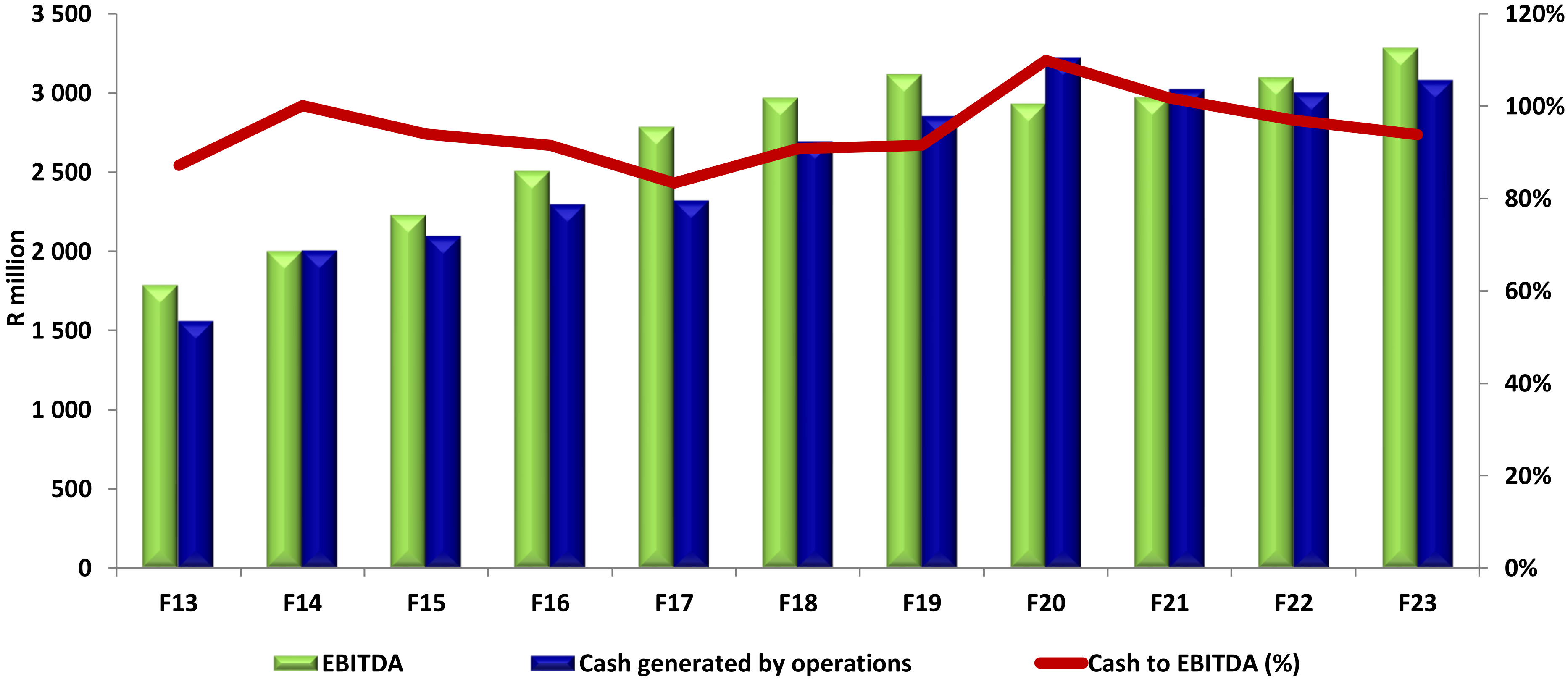
Return on capital employed



- High return maintained in a difficult environment

RESULTS HISTORY

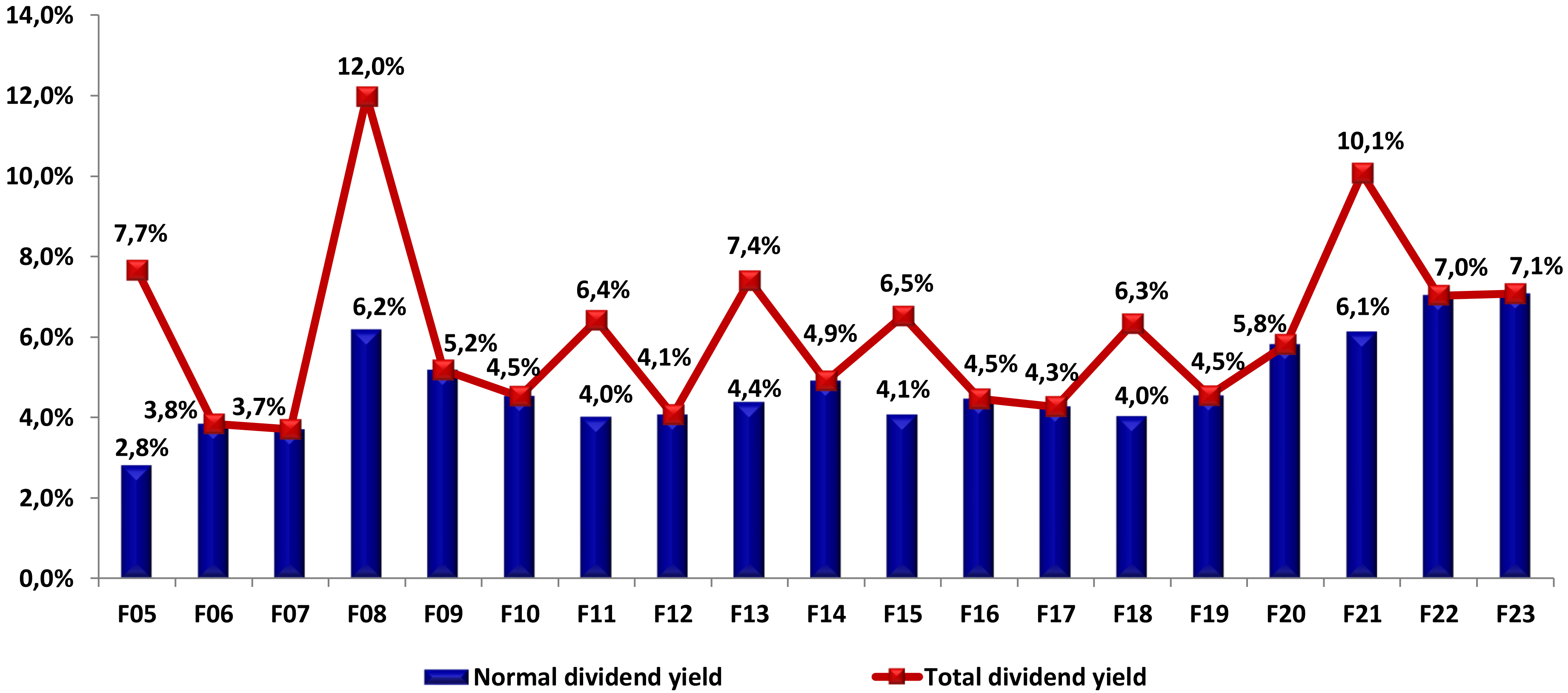
Cash conversion



- Strong cash generation including increased working capital

RESULTS HISTORY

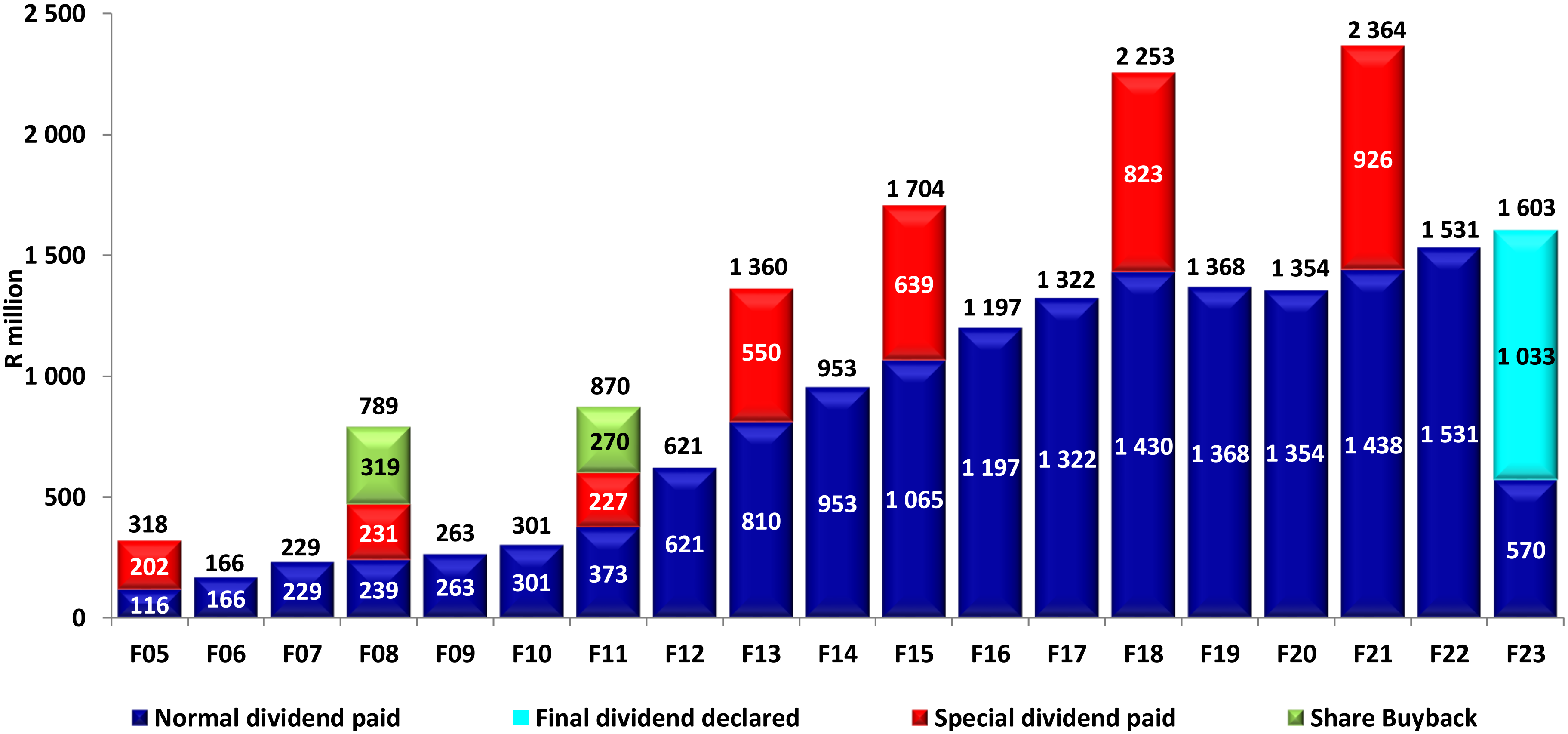
Dividend yield



- Based on share price at end of each year (R68,09 at end June 2023)
- Total dividend yield includes payments out of share premium and special dividends
- Excludes share buy-backs

RESULTS HISTORY

Returns to shareholders



- Effective payout ratio from F05 = 95,2% of headline earnings
- Normal dividend cover reduced from 2,00x in F11 to current 1,15x of diluted headline earnings resulting in 87% payout

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AVI

Group Financial Results

GROWING GREAT BRANDS

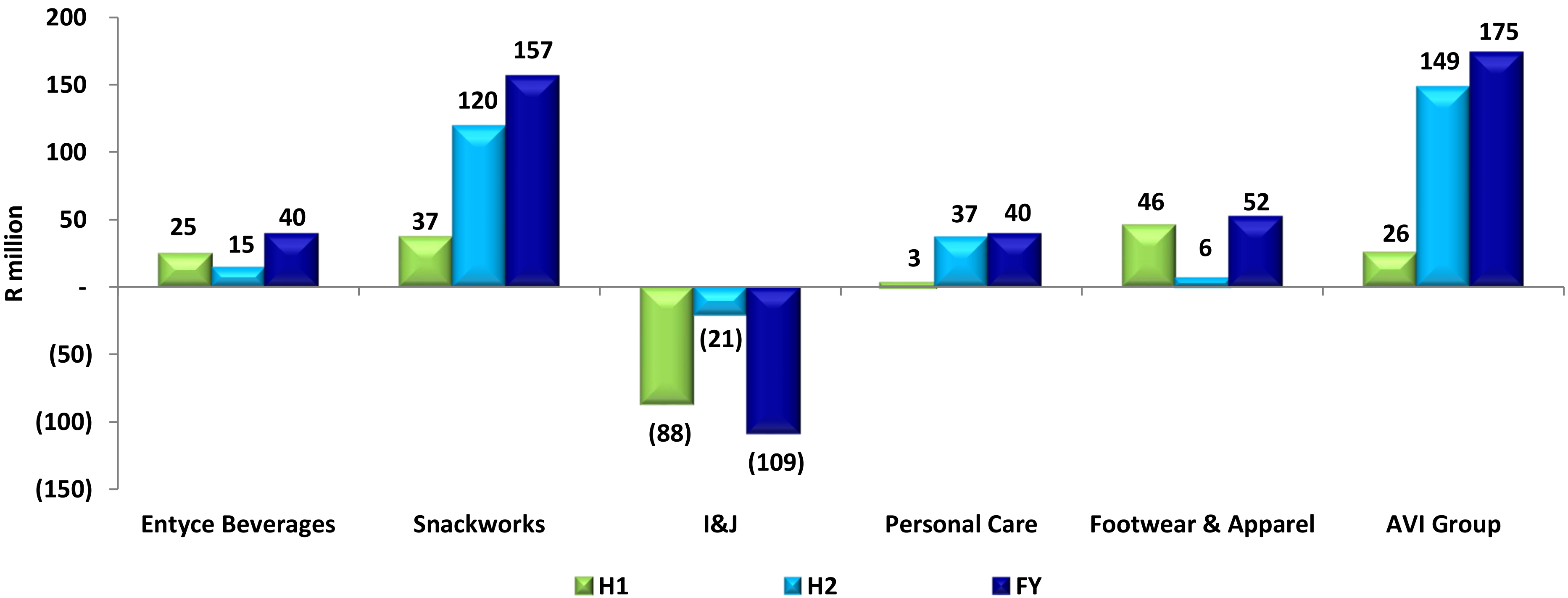
GROUP FINANCIAL RESULTS

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	14 919,6	13 845,3	7,8
Cost of sales	(9 095,1)	(8 506,7)	6,9
Gross profit	5 824,5	5 338,6	9,1
Gross profit margin %	*39,0*	*38,6*	*1,0*
Selling and administrative expenses	(3 109,7)	(2 798,5)	11,1
Operating profit	2 714,8	2 540,1	6,9
Operating profit margin %	*18,2*	*18,3*	*(0,5)*
Net financing cost	(190,9)	(110,9)	72,1
Share of joint ventures	2,1	(0,8)	
Capital items before tax	9,1	(2,2)	
Effective tax rate %	*27,5*	*27,8*	*(1,1)*
Headline earnings	1 830,2	1 752,8	4,4
HEPS (cps)	*553,6*	*530,6*	*4,3*

GROUP FINANCIAL RESULTS

Change in operating profit F23 vs F22



- Strong growth in H2 supported by Snackworks and Personal Care due to increased prices with volume declines lower
- H1 performance in Footwear and Apparel driven by price increases, strong peak season demand, improved stock availability and non-repeat of last year's unrest
- I&J impacted by higher fuel prices, poor catch rates, load-shedding costs and lockdown affected abalone sales mix in H1

GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F23 Rm	F22 Rm	Δ %	F23 Rm	F22 Rm	Δ %	F23 %	F22 %
Food & Beverage brands	**11 999,4**	**11 157,8**	**7,5**	**2 155,4**	**2 068,2**	**4,2**	**18,0**	**18,5**
Entyce Beverages	4 251,6	3 981,6	6,8	920,2	880,6	4,5	21,6	22,1
Snackworks	5 261,2	4 702,4	11,9	1 038,4	881,4	17,8	19,7	18,7
I&J	2 486,6	2 473,8	0,5	196,8	306,2	(35,7)	7,9	12,4
Fashion brands	**2 920,2**	**2 687,5**	**8,7**	**587,9**	**495,9**	**18,6**	**20,1**	**18,5**
Personal Care	1 223,3	1 176,5	4,0	233,1	193,4	20,5	19,1	16,4
Footwear & Apparel	1 696,9	1 511,0	12,3	354,8	302,5	17,3	20,9	20,0
Corporate				**(28,5)**	**(24,0)**			
Group	**14 919,6**	**13 845,3**	**7,8**	**2 714,8**	**2 540,1**	**6,9**	**18,2**	**18,3**

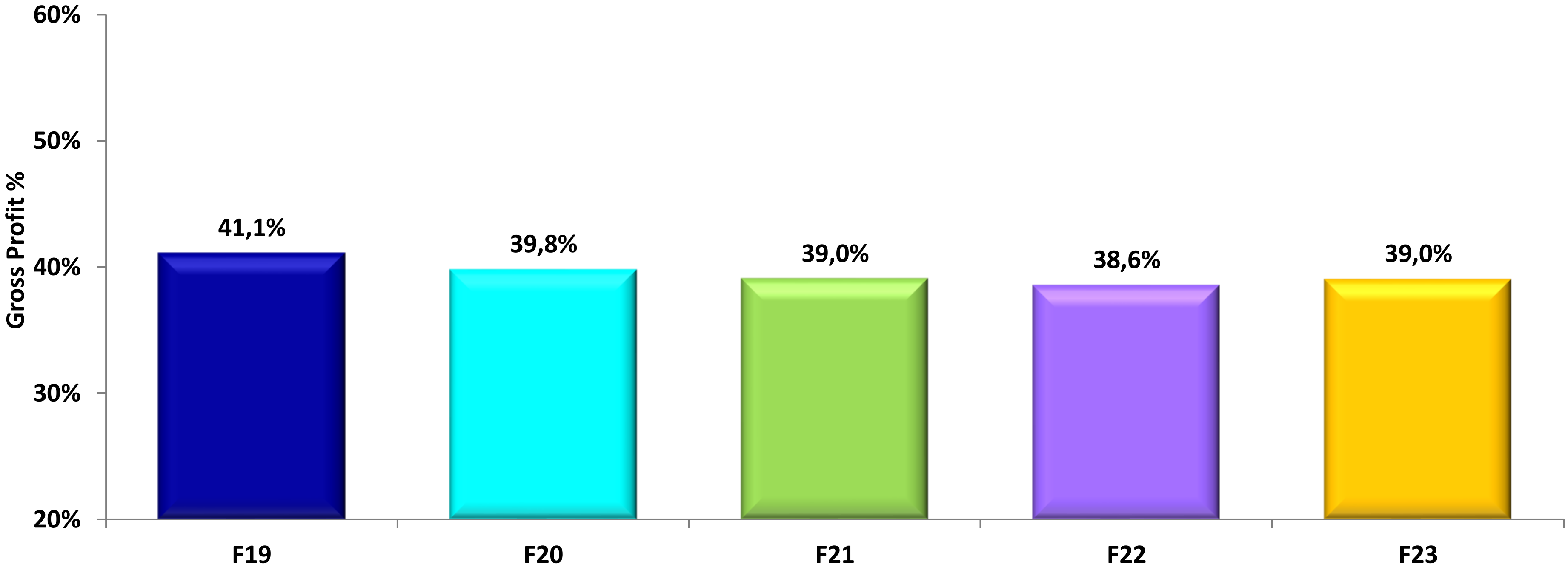
GROUP FINANCIAL RESULTS

Movement in Group revenue

- Price increases across the Group required to recover significant input cost inflation
- I&J selling price increases, supported by weaker Rand, offset by lower fish sales volumes and unfavourable abalone sales mix
- Management of price / volume across portfolio challenged by constrained and competitive environment
    - Business more susceptible to loss of value than volume

GROUP FINANCIAL RESULTS

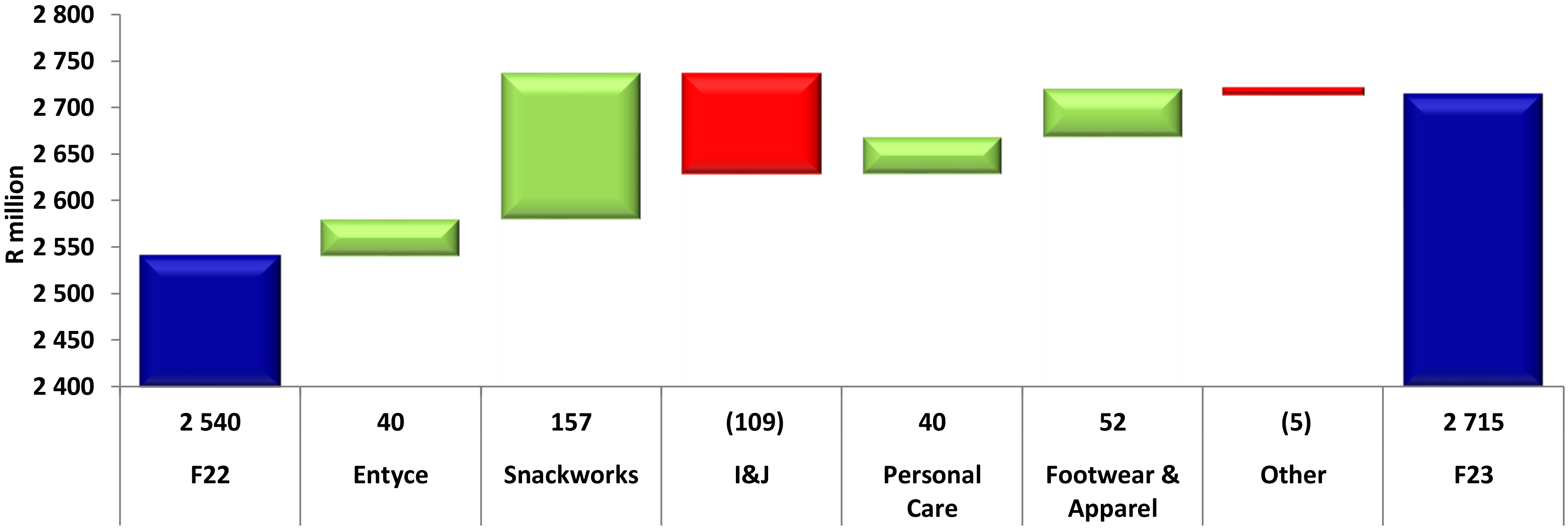
Gross profit margin



- Gross profit margins largely protected in difficult environment
- Decrease relative to historical levels mainly due to lower I&J profit

GROUP FINANCIAL RESULTS

Operating profit 6,9% up



- Entyce: Sustained Ciro recovery and improved performance in coffee partly offset by lower profits in tea and creamer
- Snackworks: Strong biscuit performance supported by higher realised selling prices, partly offset by volume pressure in snacks
- I&J: Weaker fishing performance with cost pressures not fully recovered and unfavourable abalone mix
- Personal Care: Improved aerosol and fragrance performance, and margin growth from acquired Coty trademarks
- Footwear and Apparel: Higher realised selling prices and strong peak season demand supported by improved stock availability

GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

	F23 Rm	F22 Rm	%Δ
Cash generated by operations	3 079,7	2 999,4	2,7
Cash / EBITDA %	*93,6*	*96,9*	*(3,4)*
Working capital to revenue %	*23,7*	*23,5*	0,9
Capital expenditure	(482,2)	(240,8)	
Acquisition of intangibles	(8,0)	(165,3)	
Net debt	1 749,8	1 676,4	4,4
Net debt / capital employed %	*25,5*	*25,9*	*(1,5)*
Return on average capital employed %	*29,5*	*29,1*	*1,4*

- Strong conversion of earnings into cash
- Working capital well managed with increase due to inventory inflation and strong Q4 sales
- Capital investment carefully managed in constrained environment with post-COVID-19 catch-up
- Net debt levels remain within our target range
- Strong ROCE underpinned by earnings growth

GROUP FINANCIAL RESULTS

Dividends

	F23 Rm	F22 Rm	%Δ
Interim dividend – cps	172,0	170,0	1,2
Final dividend - cps	310,0	292,0	6,2
Ordinary dividend – cps	**482,0**	**462,0**	**4,3**
*Dividend yield - %**	*7,1*	*7,0*	
Ordinary dividend cover ratio	1,15	1,15	
Closing share price - cps	6 809	6 572	

* Calculated using the closing share price at 30 June

- Ordinary dividend increase in line with earnings growth
- Attractive yield

ENTYCE BEVERAGES

A DIVISION OF NATIONAL BRANDS LIMITED

FIVE ROSES · Freshpak · frisco · TRINCO · Koffiehuis · HOUSE OF COFFEES · Ellis Brown · BOARDROOM COFFEES · ciro FULL SERVICE BEVERAGE Co. · LAVAZZA TORINO, ITALIA, 1895

Performance

ENTYCE BEVERAGES

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	4 251,6	3 981,6	6,8
Operating profit	920,2	880,6	4,5
Operating profit margin %	21,6	22,1	(2,3)

- Tea profit decline
  - Price increases across both black tea and rooibos to ameliorate inflationary cost pressures
  - Tea revenue constrained by lower volume from higher selling prices and competitor promotions
  - Value brands delivered revenue growth
  - Black tea raw material prices higher due to weaker Rand
  - Gross profit margin remains healthy
  - Load-shedding impact on hot beverage consumption occasions

ENTYCE BEVERAGES

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	4 251,6	3 981,6	6,8
Operating profit	920,2	880,6	4,5
Operating profit margin %	21,6	22,1	(2,3)

- Coffee growth due to sustained Ciro out-of-home recovery and better mixed instant profit
  - Significant selling price increases in response to commodity input cost pressures
  - Demand limited by consumers' ability to digest higher selling prices with volumes in all categories lower
  - Mixed instant further supported by factory restructuring initiatives
  - Improved Ciro demand in hospitality, leisure and corporate
  - Ciro restructuring during COVID-19 supported efficiency with improved profits ahead of pre-COVID-19 levels

ENTYCE BEVERAGES

Income statement

	F23 Rm	F22 Rm	%∆
Revenue	4 251,6	3 981,6	6,8
Operating profit	920,2	880,6	4,5
Operating profit margin %	21,6	22,1	(2,3)

- Creamer profit slightly lower
  - Material selling price increases in response to significantly higher raw material costs
  - Volume pressure due to aggressive competitor pricing with increased promotional activity in H2 to support volumes
  - Balancing volume and value was challenging with gross profit margins reduced by under recovered costs
  - Load-shedding impact on home baking impacting creamer volumes



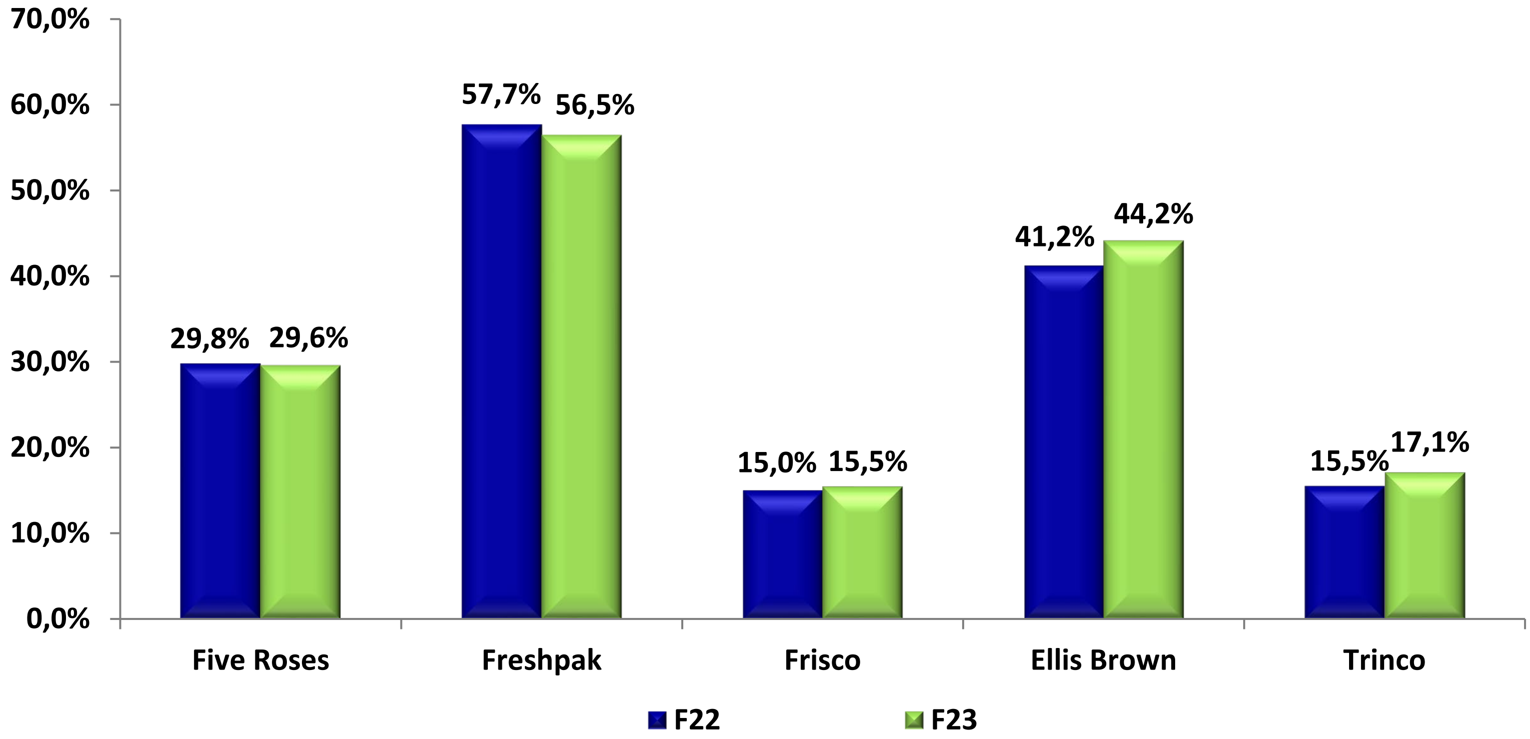
ENTYCE BEVERAGES

Sales volume and selling prices

	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
Tea revenue flat	***(0,0)***	***6,1***	
Volume	*(8,3)*	*(1,9)*	*Declines in both black tea and rooibos volumes with declines slowing in the second semester*
Ave. selling price	*9,0*	*8,2*	*Prices increases in July 2022 on both black tea and rooibos*
Coffee revenue growth	***6,6***	***4,8***	
Volume	*(6,3)*	*(5,5)*	*Declines in premium, affordable and mixed instant*
Ave. selling price	*13,8*	*10,8*	*Significant price increases across all categories to recover impact of rising raw material costs*
Creamer revenue growth	***7,9***	***10,7***	
Volume	*(8,7)*	*(2,5)*	*Volume declines as a result of aggressive competitor pricing*
Ave. selling price	*18,2*	*13,5*	*Price inflation to recover material cost pressure partly offset by increased promotions in H2 to support volumes*

ENTYCE BEVERAGES

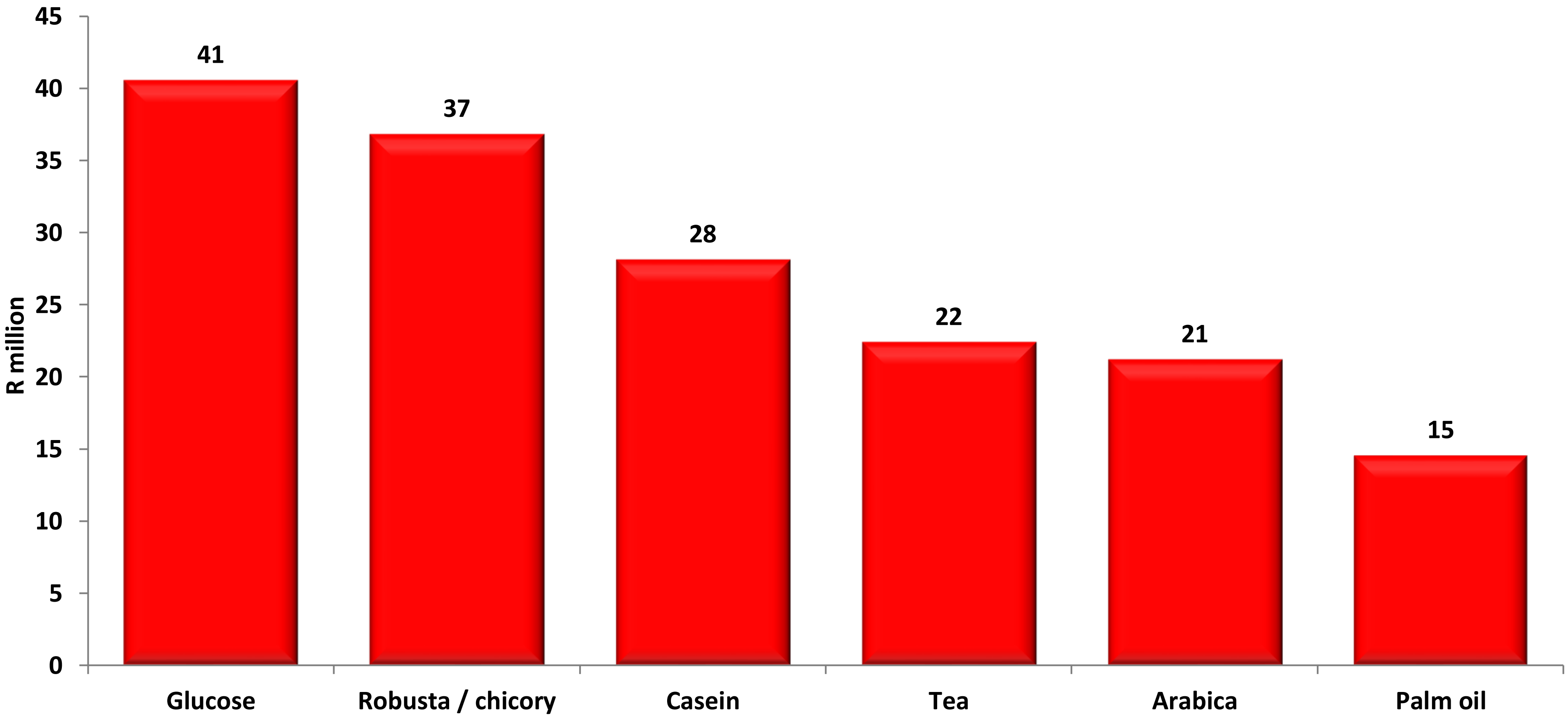
Market shares – 12 months value



- Short term market shares reflect targeted price / volume balance
- Trinco brand well positioned to address consumer need for affordability
- Market share reflects formal retail only

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F23 vs F22):



Impact net of hedging

Snackworks

That's Good Times!

Performance

Snackworks
That's Good Times!

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	5 261,2	4 702,4	11,9
Operating profit	1 038,4	881,4	17,8
Operating profit margin %	19,7	18,7	5,3

- Increase in biscuit profit supported by top-line growth
  - Selling price increases to recover material input cost pressures and protect margins
  - Volumes down but supported by lower priced formats, festive season demand for Bakers Choice Assorted and rusk innovation
  - Improved factory performance at both Isando and Westmead
  - Selling and administrative costs well managed but impacted by fuel prices and non-repeat of insurance proceeds last year

Snackworks
That's Good Times!

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	5 261,2	4 702,4	11,9
Operating profit	1 038,4	881,4	17,8
Operating profit margin %	19,7	18,7	5,3

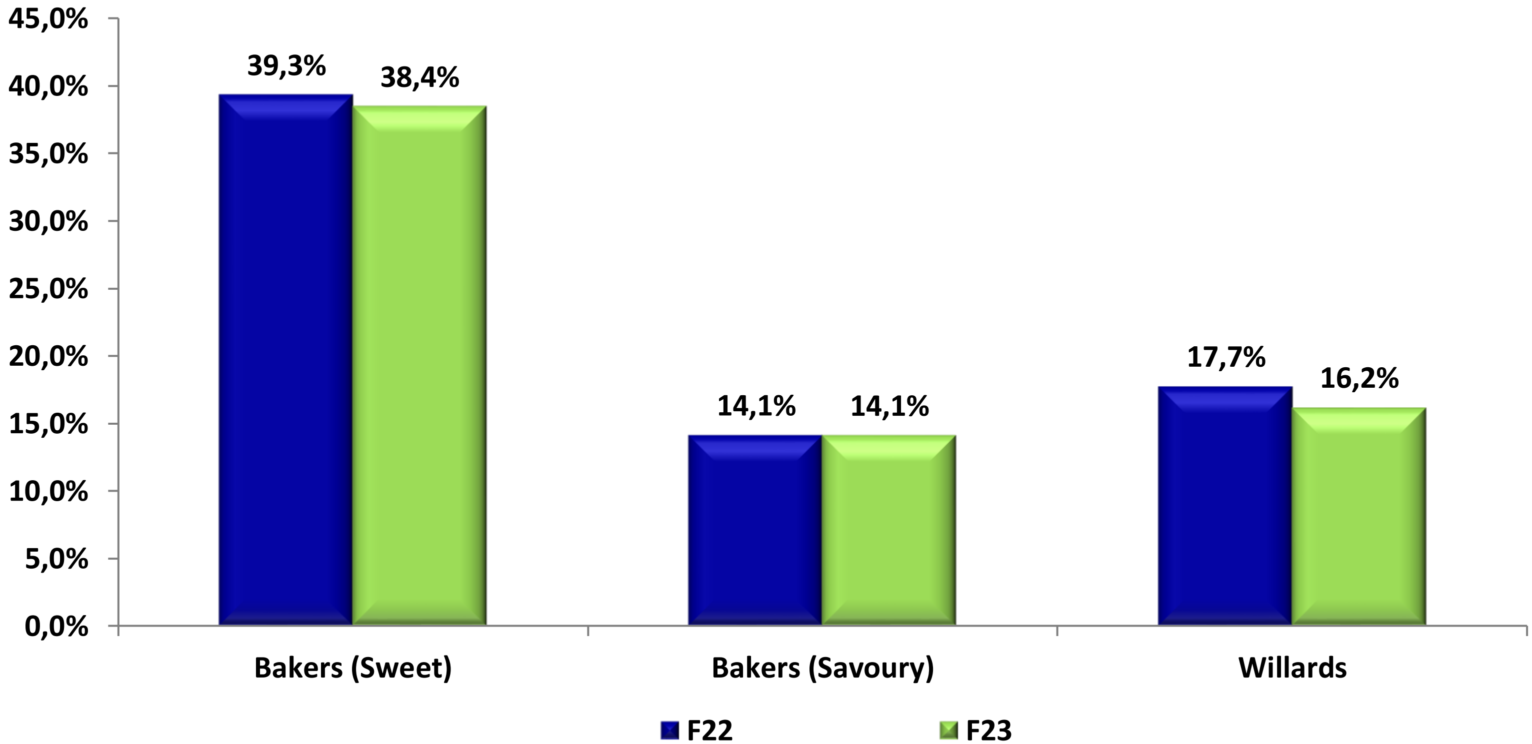
- Decline in snacks profit
  - Volumes impacted by price increases required to protect margins and aggressive competitor pricing
  - Potato volumes further impacted by transition to smaller pack size to align with competitors
  - Gross profit margin lower with cost pressures not fully recovered
  - Distribution costs higher due to fuel price increases

Snackworks
That's Good Times!

Sales volume and selling prices

	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
Biscuits revenue growth	***14,3***	***16,4***	
Volume	*(1,1)*	*(0,7)*	*Increased pricing and constrained consumers partly offset by demand for lower priced formats, strong festive season and rusk innovation*
Ave. selling prices	*15,5*	*17,2*	*Price increases in March 2022, September 2022 and April 2023*
Snacks revenue growth	***4,8***	***(0,3)***	
Volume	*(9,8)*	*(14,3)*	*Volumes impacted by aggressive competitor activity and selling price inflation as well as pack size transition in potato*
Ave. selling prices	*16,2*	*16,3*	*Price increases in March 2022, September 2022 and April 2023*

Market shares – 12 months value

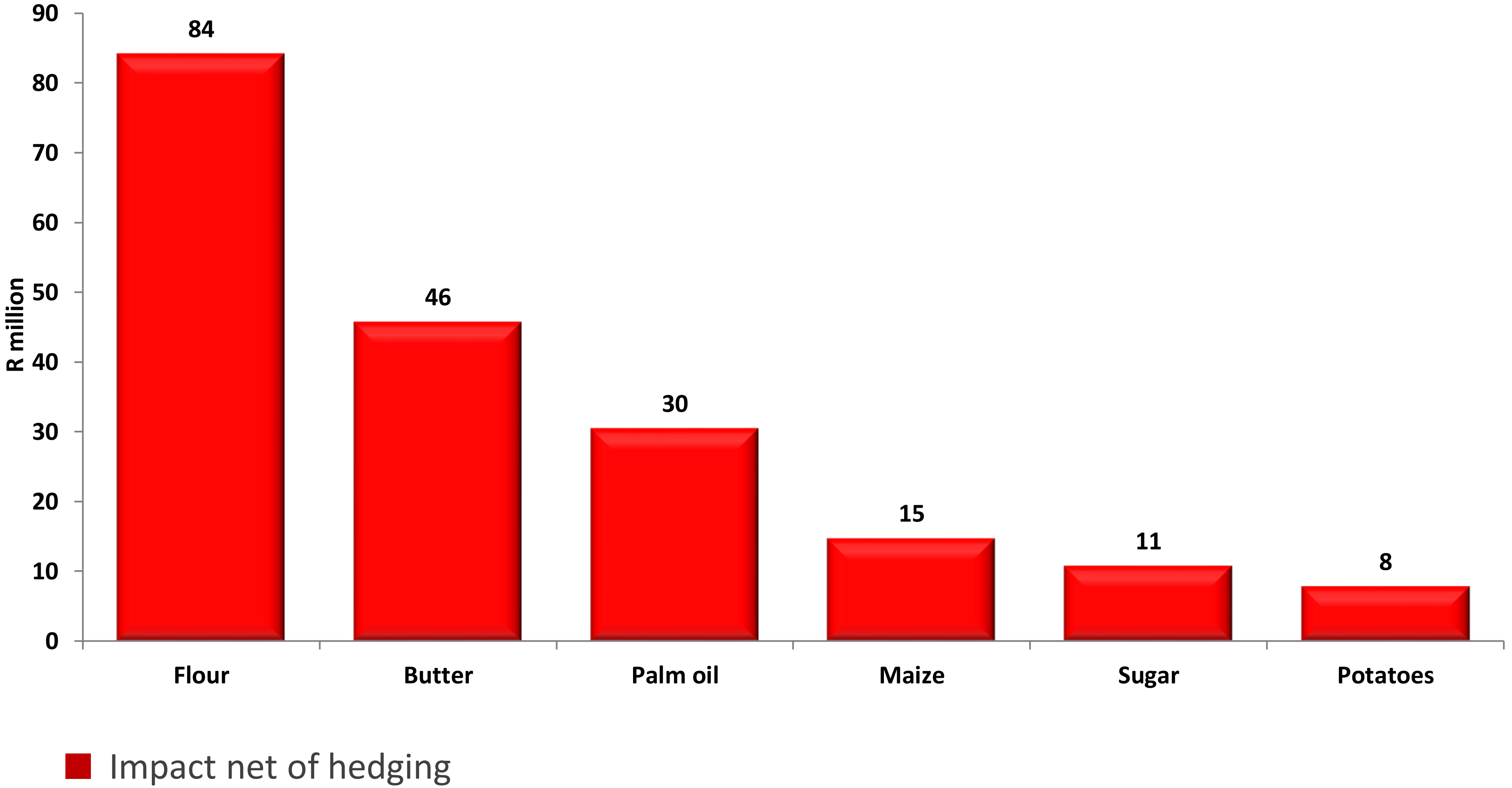


- Balanced price / volume
- Market share reflects formal retail only
- Sound demand for affordable formats in wholesale channel

Snackworks That's Good Times!

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F23 vs F22):



Performance

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	2 486,6	2 473,8	0,5
Operating profit	196,8	306,2	(35,7)
Operating profit margin %	7,9	12,4	(36,3)

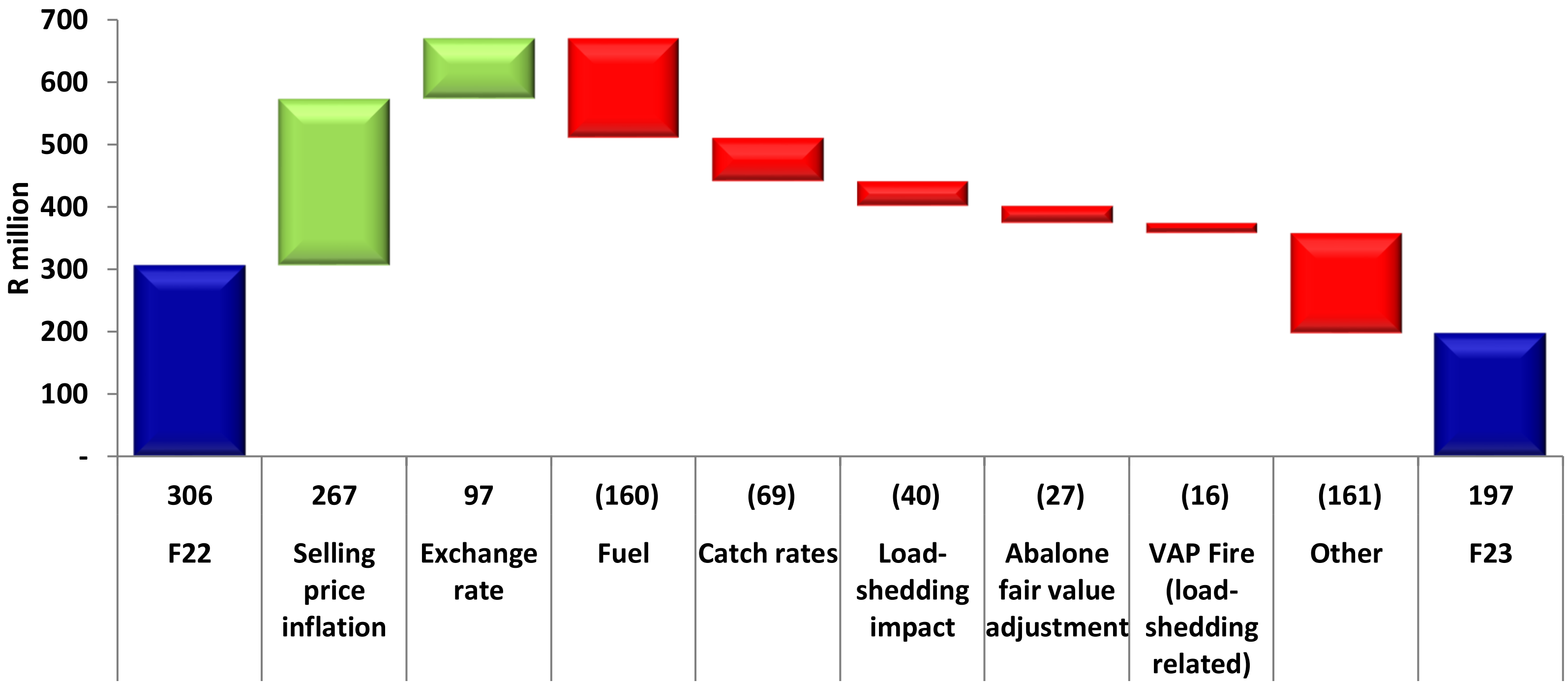
- Challenging year with lower fishing profitability, despite weaker Rand
  - Higher diesel costs not fully recovered despite material price increases
  - Lower catch rates
  - Significant price increases and competition impacted demand in domestic and export markets
  - Fishing sales volumes affected by lower quota, value-added product availability and load-shedding
  - Significant operational disruptions from load-shedding, including fire at processing plant in April 2023 with insurance proceeds not recognised

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	2 486,6	2 473,8	0,5
Operating profit	196,8	306,2	(35,7)
Operating profit margin %	7,9	12,4	(36,3)

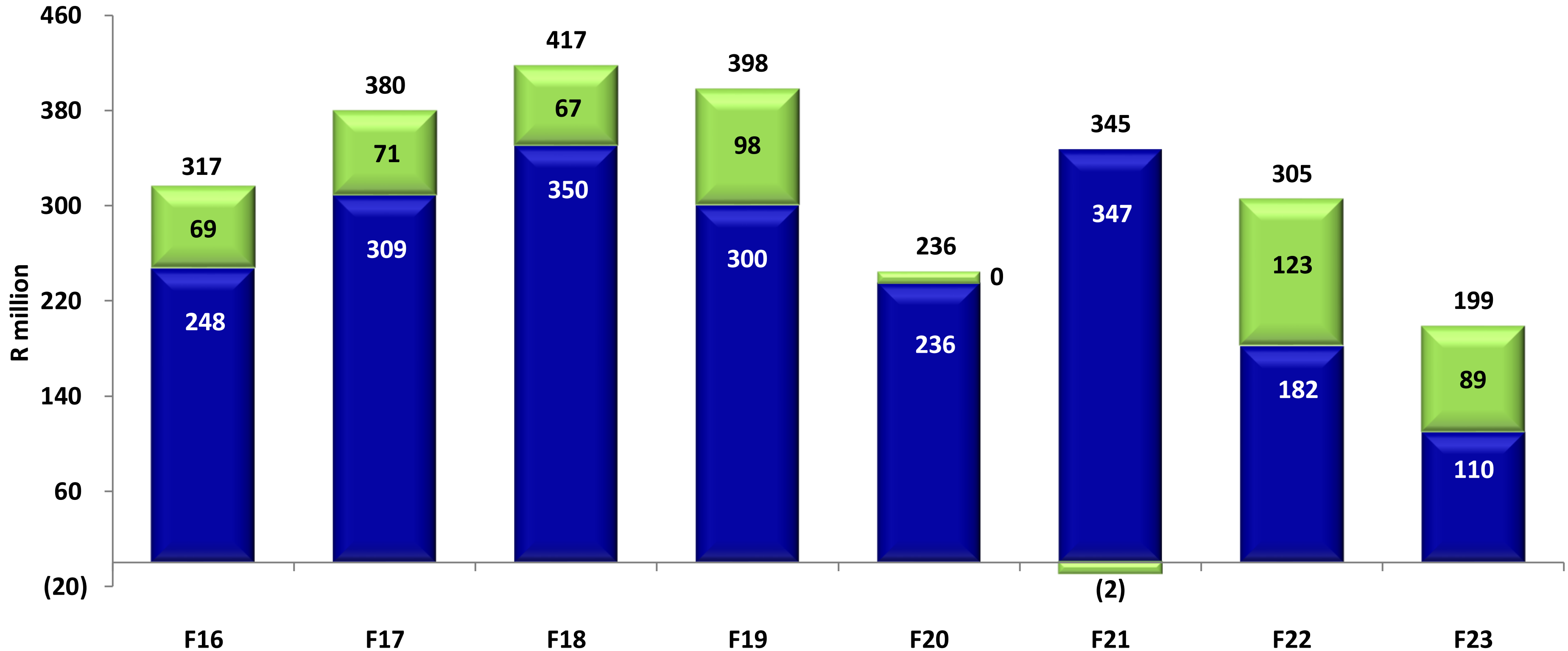
- Lower profits from abalone
  - Unfavourable sales mix impacted by lockdown in China and Hong Kong with improvement following lifting of COVID-19 restrictions in H2
  - Unfavourable biological asset fair value adjustment compared to last year
  - Load-shedding mitigated through generators at material cost

Operating profit



- Selling price increases and weaker Rand more than offset by significant cost inflation
- Margins significantly eroded by higher fuel costs
- Fishing costs negatively impacted by lower catch rates and operating deleverage due to lower volumes
- Abalone decline due to unfavourable sales mix and fair value adjustment
- Load-shedding – operational disruptions and higher energy costs

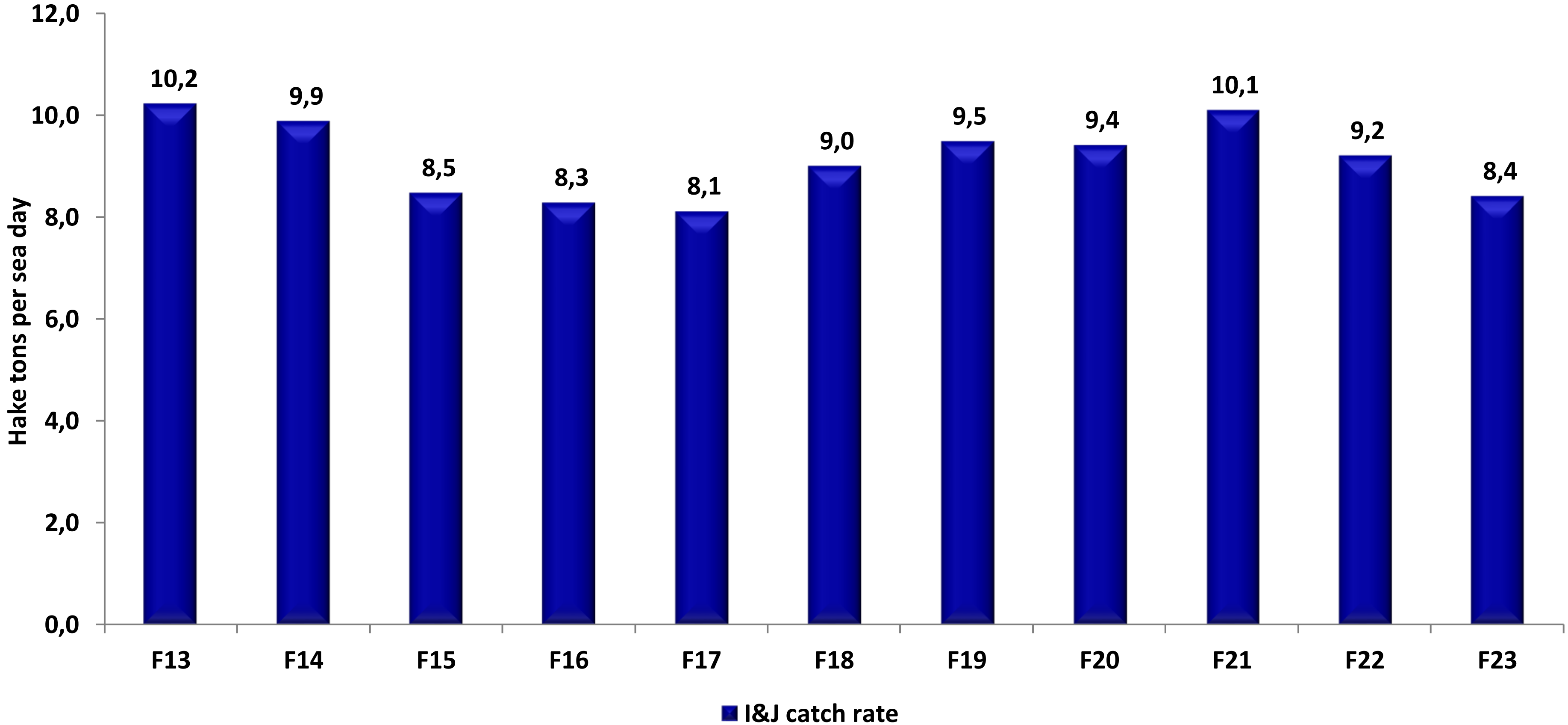
Profit history



* F16 – F20 restated to exclude Simplot

- Fishing performance impacted by high fuel costs and lower catch rates
- Abalone supported by improved H2 demand from China and Hong Kong with lockdown restrictions lifted

Fishing performance



- Decline due to poorer wet and freezer vessel catch rates

Sales volume and selling prices (Hake)

	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
I&J Domestic revenue decline	***(13,2)***	***(12,5)***	
Volume	*(28,9)*	*(23,7)*	*Competitor activity, constrained demand, reduced value-added product availability (including impact of fire) and significantly lower whole fish volumes (Quota related)*
Ave. selling prices	*22,2*	*14,7*	*Significant price increases taken to mitigate cost pressure*
I&J Export revenue growth	***12,1***	***12,9***	
Volume	*(4,3)*	*(8,4)*	*Demand constrained by price increases and pricing of competing species as well as product availability (including impact of fire), partly offset by prioritisation of export markets*
Ave. selling prices	*17,2*	*23,3*	*Price increases taken to mitigate cost pressure and weaker Rand*

indigo brands

YARDLEY LONDON · LENTHÉRIC LONDON · PARIS · eXcla·ma'tion · RIMMEL LONDON · adidas · nailene · Sally Hansen

Performance

indigo brands

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	1 223,3	1 176,5	4,0
Operating profit	233,1	193,4	20,5
Operating profit margin %	19,1	16,4	16,5

- Indigo profit growth supported by trademarks acquired
  - Revenue growth from aerosol, fragrance and roll-on offset by reduced manufacturing revenue due to trademarks acquired from Coty
  - Costs from rationalising certain non-critical product lines
  - Margin expansion supported by acquisition of Exclamation and Gravity brands from Coty
  - Increased marketing support of key brands
- Non-renewal of Coty distributor agreement on 1 July 2023
  - R50,0 million contribution in F23, including sell-in to support transition
  - Focus on cost structures to ameliorate impact



Sales volume and selling prices

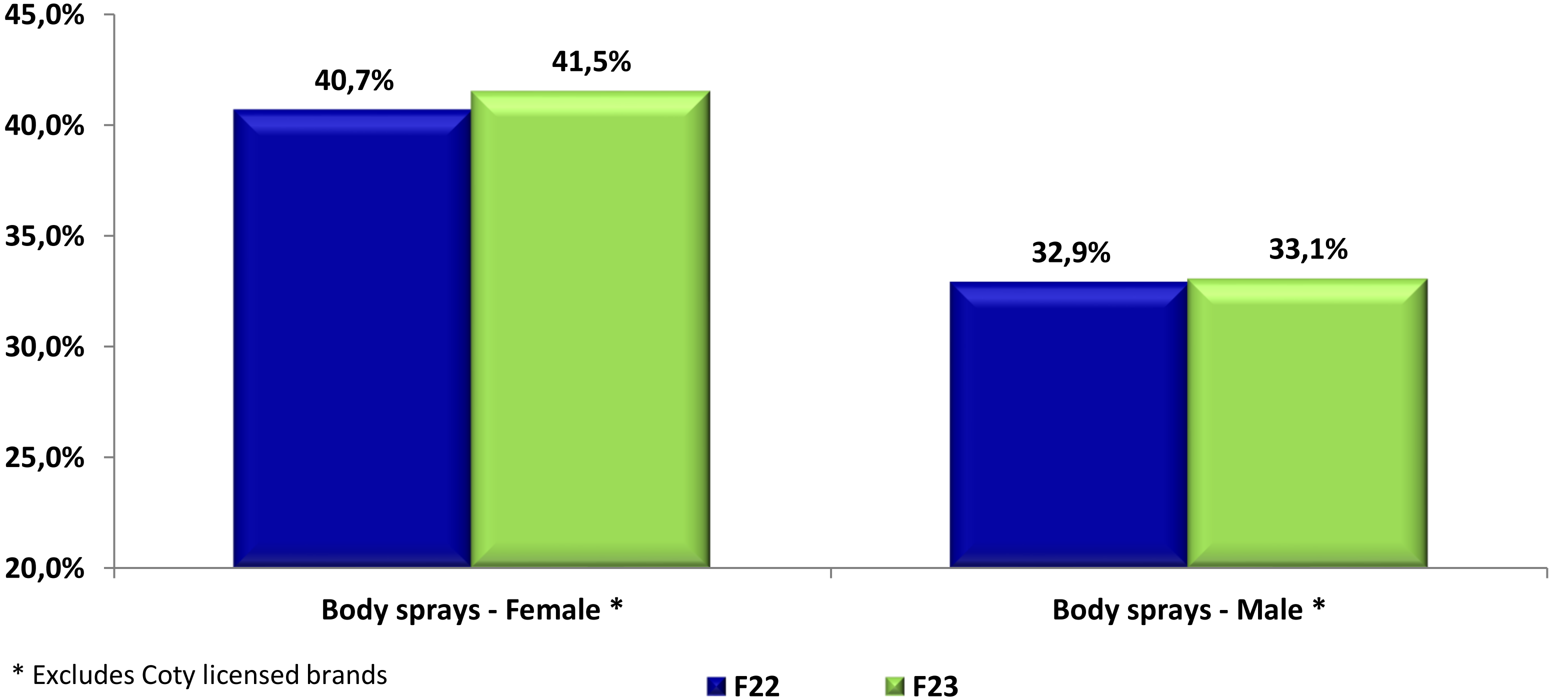
	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
Personal Care revenue growth*	***21,4***	***27,4***	
Volume**	*10,3*	*12,6*	*Coty acquired trademarks, aerosol, fragrance and roll-on growth offset by declines in colour and lotions*
Ave. selling price	*10,1*	*13,1*	*Price increases in response to cost pressure*

* Excludes Coty licensed brands

** Like-for-like volume decline, excluding the impact of Coty acquired trademarks, is 2,5% (H2 0,7% higher)

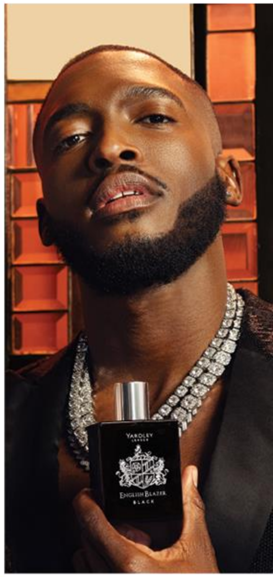
indigo brands

Market shares – 12 months value



* Excludes Coty licensed brands

- Balanced price / volume in competitive environment
- Good performance from both Yardley and Lentheric in female and male portfolios
- Comparative market share restated to recognise Exclamation and Gravity brands acquired from Coty on like-for-like basis



FOOTWEAR AND APPAREL

SPITZ KURT GEIGER GANT GREEN CROSS GX&Co

Performance

FOOTWEAR AND APPAREL

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	1 696,9	1 511,0	12,3
Operating profit	354,8	302,5	17,3
Operating profit margin %	20,9	20,0	4,5

- Strong operating profit growth from higher selling prices and improved footwear volumes through peak season
  - Volume performance supported by stock availability, non-recurrence of prior year unrest and strong December
  - Ongoing benefit from brand innovation and marketing support
  - Lower volumes in H2 following price increases but still good profit growth achieved in the half
  - Load-shedding impact partly mitigated, but lost trading hours increased with footfall down at higher stages
  - Margins and cost focus ensured operating profit margin growth notwithstanding non-repeat of prior year insurance recoveries



FOOTWEAR AND APPAREL

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F23 Rm	F22 Rm	Δ %	F23 Rm	F22 Rm	Δ %	F23 %	F22 %
Footwear & Apparel	**1 696,9**	**1 511,0**	**12,3**	**354,8**	**302,5**	**17,3**	**20,9**	**20,0**
Spitz, Kurt Geiger and Gant	1 538,1	1 359,8	13,1	344,6	300,3	14,8	22,4	22,1
Green Cross	158,8	151,2	5,0	10,2	2,2		6,4	1,5

- Strong Spitz and Gant performance driven by better trading density and healthy profitability
- Higher Green Cross profit with improved trading density from ongoing review of retail footprint
- Like-for-like Green Cross retail revenue improved 13,5% supported by price increases, partly offset by volume declines

FOOTWEAR AND APPAREL

Sales volume and selling prices

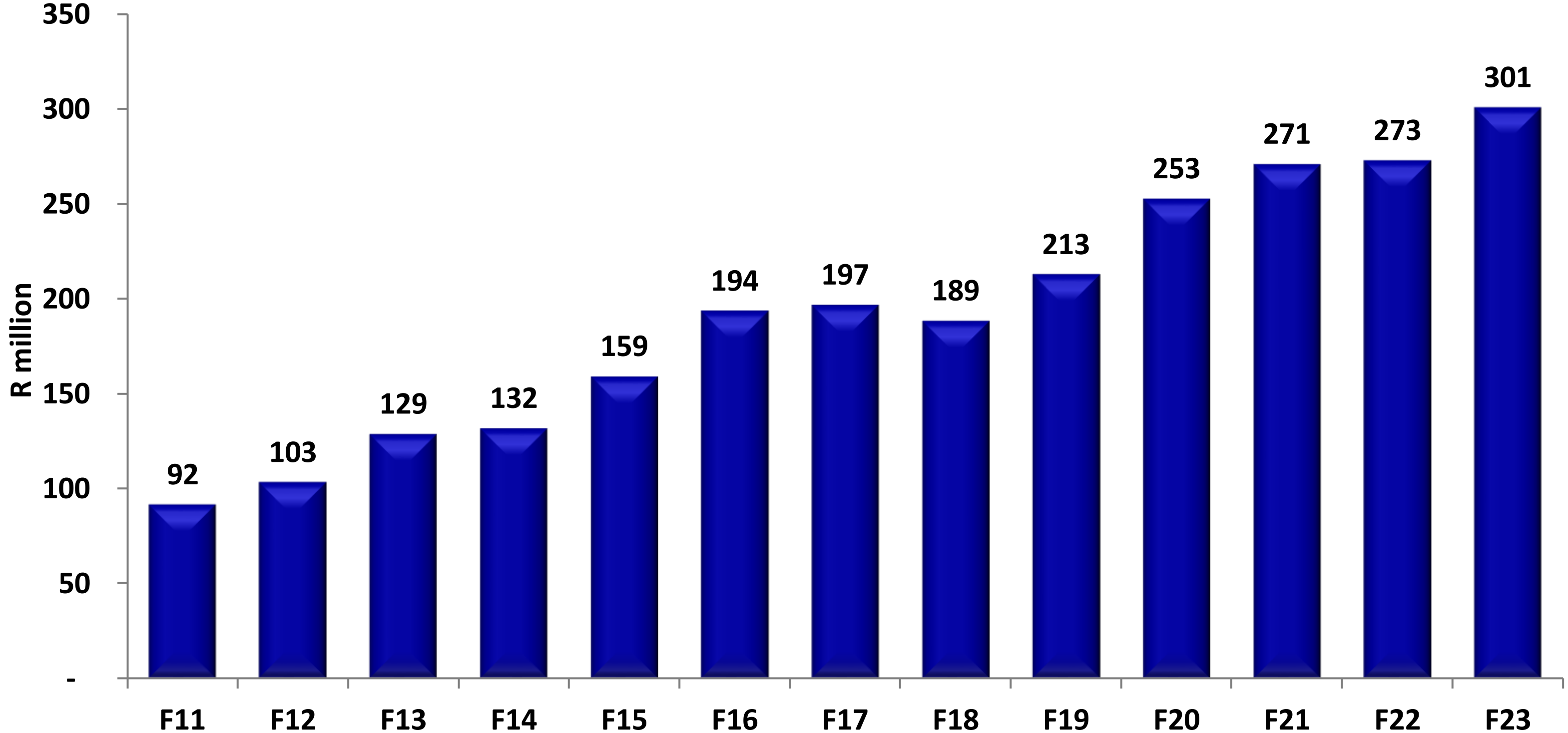
	% Δ F23 vs F22	Comments
Spitz and Kurt Geiger Footwear revenue growth	***14,9***	
Volume	*2,5*	*Volume growth due to improved stock availability and non-repeat of last year's July unrest*
Ave. selling price	*12,1*	*Price increases to protect gross margins*
Green Cross Footwear revenue growth	***4,3***	
Volume	*(9,8)*	*Closure of underperforming stores (like-for-like retail volume down 1,5%), pressure from higher prices and stock availability challenges due to change in supplier and impact of China's lockdown*
Ave. selling price	*15,7*	*Price increases to offset input cost inflation*
KG Clothing revenue decline	***(3,6)***	*Volume declines partly offset by price increases aligned with brand premiumisation strategy*

AVI International

Performance

AVI INTERNATIONAL

Operating profit history



- Profit growth from main subsidiary markets, partly offset by declines in distributor markets
- Price increases in line with domestic businesses in response to cost pressure
- Zambia positively impacted by the appreciation of the Kwacha
- Costs well managed despite substantially higher distribution

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non RSA sales

	F23 Rm	F22 Rm	%Δ
International Revenue	1 275,7	1 219,7	4,6
% of Grocery and Personal Care brands	11,9	12,4	(4,0)
International Operating Profit	300,9	273,0	10,2
% of Grocery and Personal Care brands	13,7	14,0	(2,1)
	%	%	
International Operating Profit Margin	23,6	22,4	5,4
Grocery and Personal Care brands Operating Margin	20,4	19,8	3,0

AVI

F24 Prospects

GROWING GREAT BRANDS

AVI GROUP

Prospects for F24

- Impact of load-shedding across the business to persist
  - Back-up power solutions at all sites and key retail outlets
    - New generator installation at I&J's value-added plant will provide additional capacity during load-shedding alleviating disruptions
    - Capability to weather higher stages of load-shedding but at significant cost
    - Recent experience of lower levels of load reduction but sustainability uncertain
  - Continued investment in back-up capability with maintenance and running costs expected to remain high
  - Engagement with suppliers around mitigations / contingencies in place to persist
- Growing water risk at operating sites – investment in water storage capacity and treatment
  - Storage capacity at present sufficient across most sites
  - Risk around deterioration of municipal water quality being reviewed

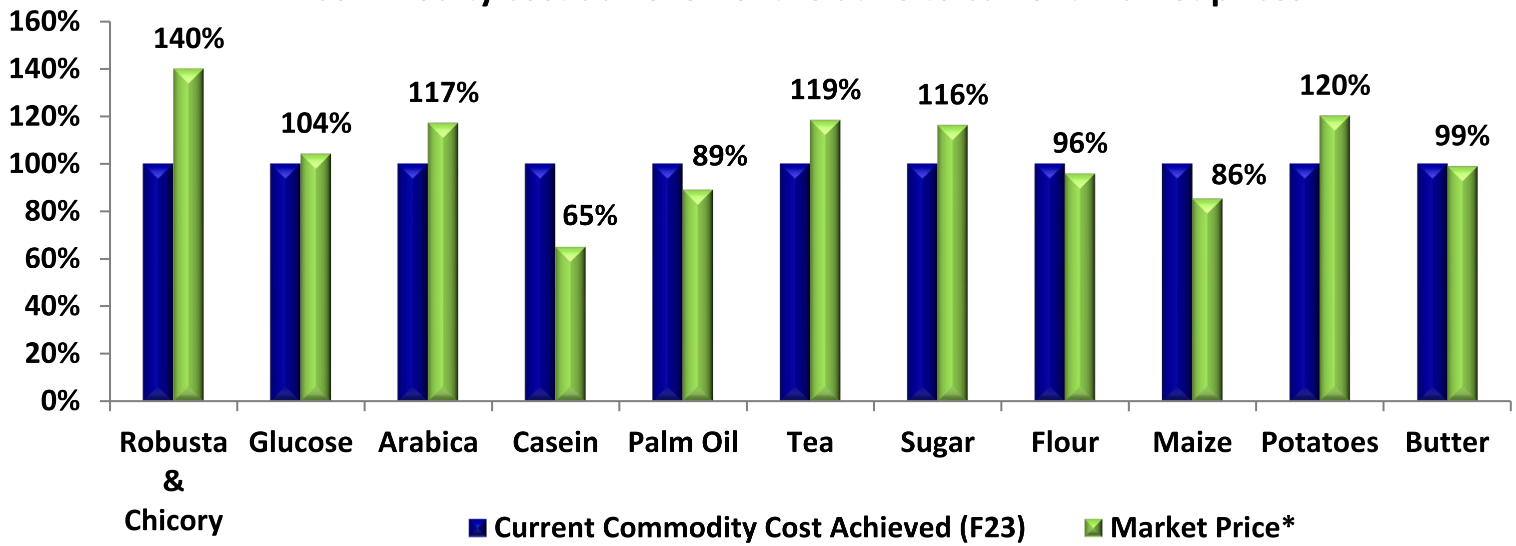


AVI GROUP

Prospects for F24

- Protect Entyce and Snackworks margins in tough macro environment
  - Demand pressure from constrained consumers exacerbated by high prices
  - Continued price / volume management essential to protect long-term profitability given demand risks
  - Selling price inflation abating but still remains higher than historical levels with further increases expected in some categories if Rand weakness persists

Commodity cost achievement relative to current market prices



* Market prices as at 11 August 2023 and translated at USDZAR 18,95

AVI GROUP

Prospects for F24

- Protect Entyce and Snackworks margins in tough macro environment
  - Volatility in commodity and foreign exchange markets will continue to be managed in a disciplined way to protect margins
  - Raw material and exchange rate secured provide some certainty for H1
  - Innovation to support constrained demand
  - Capital project activity will continue to be carefully evaluated in context of environment to protect capability and efficiency
  - Steady building of brand positions in export markets
  - Ongoing focus on cost savings and structure

- Non-renewal of Coty contract impacting Indigo profits
  - Continued focus on beauty and fragrance category volumes
  - Careful price and volume management
  - Manage brands to ameliorate impact of Coty loss
  - Review of cost structures and business model to right-size business and protect long-term capital returns

AVI GROUP

Prospects for F24

- I&J performance dependent on exchange rates, catch rates and fuel prices
  - New BBBEE shareholder ensures continued 25% direct shareholding
    - Economic cost of structure aligned to previous minority arrangement
    - Initial non-cash cost recognition expected in H1 F24
  - Finalisation of FRAP appeals process in August
  - Exchange rates hedged at better rates than achieved in F23
  - Focus on fishing effectiveness and fuel saving initiatives
  - New back-up power solution at value-added plant will improve product availability

- Abalone performance dependent on sustained pricing, sales mix, demand in key markets
  - Lifting of restrictions in China provides opportunity for H1 if current demand is sustained
  - Ongoing effort to optimise and diversify market risk

SUSTAINABLY WILD CAUGHT

AVI GROUP

Prospects for F24

- Footwear and Apparel
  - Risk of cost / margin pressure if Rand weakness persists although large portion of H1 exposure is hedged
  - Continued development of owned brands
  - Ongoing focus on cost control and improving operating metrics
    - Retail densities
    - Staff costs
    - New locations being evaluated

AVI GROUP

Prospects for F24

- Capital investment projects to improve capability, product quality and customer service levels

	Approved & Planned Projects Rm
Tea production and packaging equipment	18
Creamer capacity increase – packaging automation	44
Biscuit line capacity and process improvements	54
Snack line replacements and upgrades	30
I&J vessel dry-docks and upgrades	80
I&J processing plant replacements and upgrades	40
Retail store additions, relocations and refurbishments	37
	303
Total capital expenditure	462


AVI GROUP

Investor proposition

- Ongoing simplification of business model to accommodate a challenging macro environment
- Focus on scalable and relevant innovation for constrained consumers
- Group initiatives – margin management, procurement, cost savings and production efficiencies
- Manage our unique brand portfolio to its long-term potential
- Maintain high dividend yield
- Sustain high return on capital employed
  - Effective capital projects
  - Leverage domestic manufacturing capability and capacity to grow export markets
  - Return excess cash to shareholders efficiently
- Replicate our category market leadership in selected regional markets
- Ongoing review of acquisition of high-quality brand opportunities

AVI

Questions

GROWING GREAT BRANDS

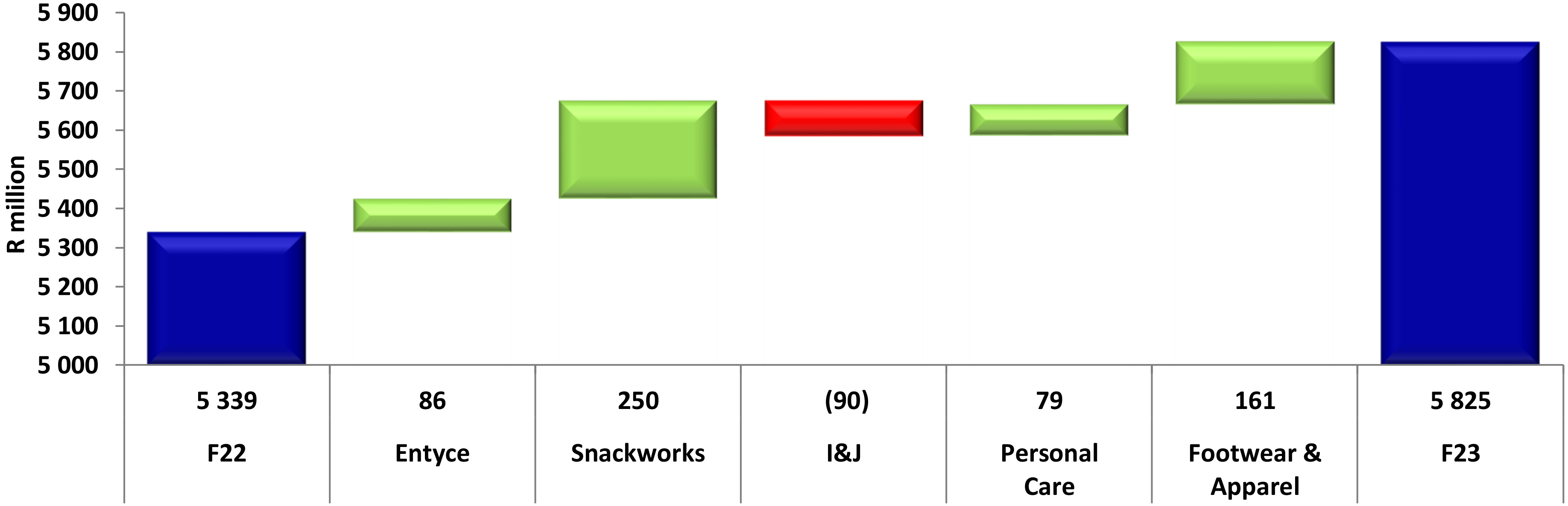
INFORMATION SLIDES

Revenue 7,8% up

- Entyce: Growth in all categories with tea flat on prior year
- Snackworks: Growth in biscuits and snacks from selling price inflation in response to cost pressure partly offset by lower volume
- I&J: Price increases and benefit of weaker Rand offset by lower fishing sales volumes and unfavourable abalone mix
- Personal Care: Price increases partly offset by reduced manufacturing revenue due to acquisition of Exclamation and Gravity trademarks from Coty
- Footwear and Apparel: Higher selling prices with footwear volumes in line with last year

INFORMATION SLIDES

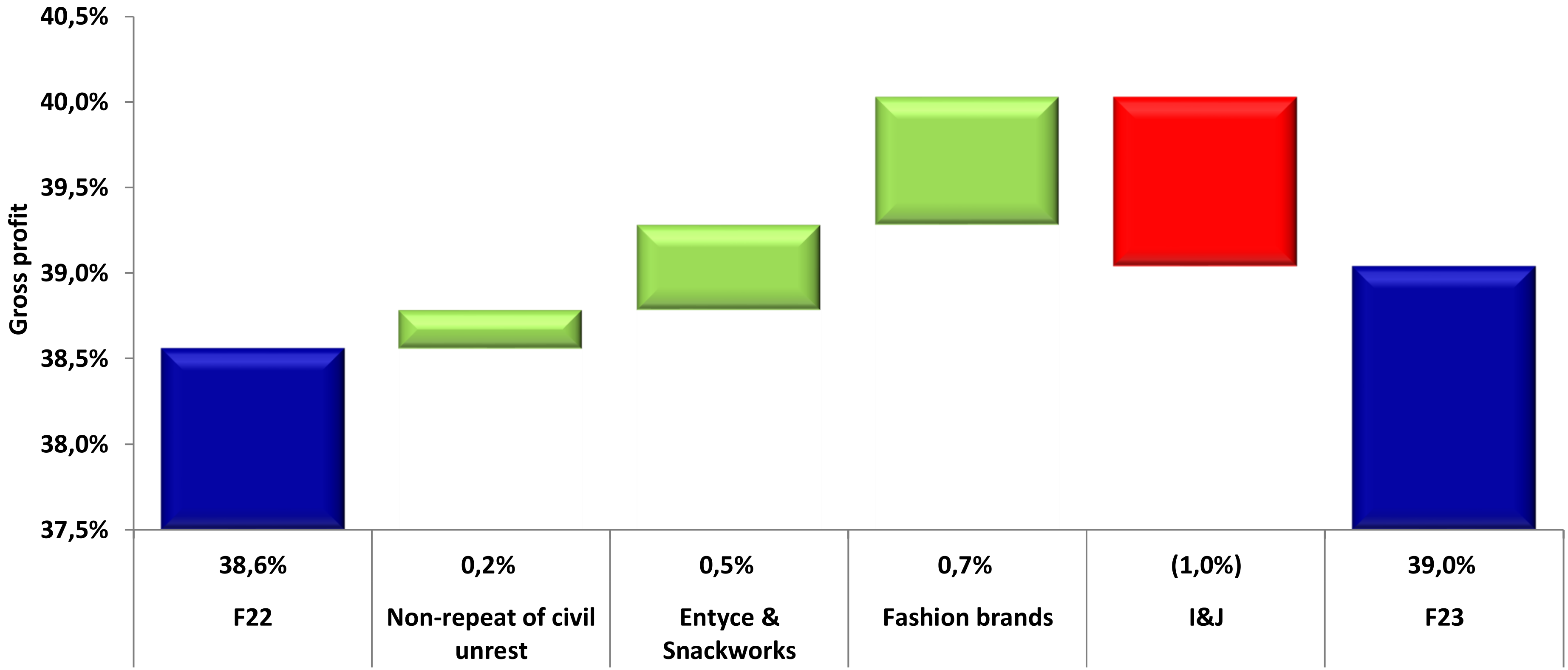
Gross profit 9,1% up



- Entyce: Revenue growth partly offset by margin pressure with higher commodity input costs not fully recovered in a competitive and constrained environment
- Snackworks: Price increases and non-repeat of last year's raw material write-offs partly offset by margin pressure in snacks where higher costs were not fully recovered
- I&J: Weaker fishing performance, materially higher fuel prices and lower abalone margins due to unfavourable mix
- Personal Care: Price increases supported by margin growth from acquired trademarks offset by product rationalisation costs
- Footwear and Apparel: Higher realised prices and the the non-repeat of write-off costs related to July 2021 unrest with volumes in line with last year

INFORMATION SLIDES

Gross profit margin



- Non-recurrence of stock write-off costs of R31,6 million associated with July 2021 unrest
- Snackworks improved but Entyce constrained by competitor activity which limited cost recoveries
- Fashion brands benefit from retail price increases as well as Coty trademarks acquired
- I&J impacted by materially higher diesel costs for fishing fleet and unfavourable abalone sales mix

INFORMATION SLIDES

Civil unrest – direct costs incurred and insurance proceeds recognised

	Reported			Adjusted		
	F23 Actual Rm	F22 Actual Rm	Δ Actual %	F22 civil unrest impact Rm	F22 Adjusted Rm	Δ Like-for-like %
Revenue	14 919,6	13 845,3	7,8	-	13 845,3	7,8
Cost of sales	(9 095,1)	(8 506,7)	6,9	(31,6)	(8 475,1)	7,3
Gross profit	**5 824,5**	**5 338,6**	**9,1**	**(31,6)**	**5 370,2**	**8,5**
Selling and administrative expenses	(3 109,7)	(2 798,5)	11,1	62,1	(2 860,6)	8,7
Operating profit before capital items	**2 714,8**	**2 540,1**	**6,9**	**30,5**	**2 509,6**	**8,2**
Net finance costs and JV earnings	(188,8)	(111,7)	69,0	-	(111,7)	69,0
Capital items	9,1	(2,2)		1,1	(3,3)	
Profit before taxation	**2 535,1**	**2 426,2**	**4,5**	**31,6**	**2 394,6**	**5,9**
Taxation	(698,2)	(675,0)	3,4	(8,9)	(666,1)	4,8
Net impact on profit for the period	**1 836,9**	**1 751,2**	**4,9**	**22,7**	**1 728,5**	**6,3**

INFORMATION SLIDES

Impact of non-renewal of Coty distributor agreement

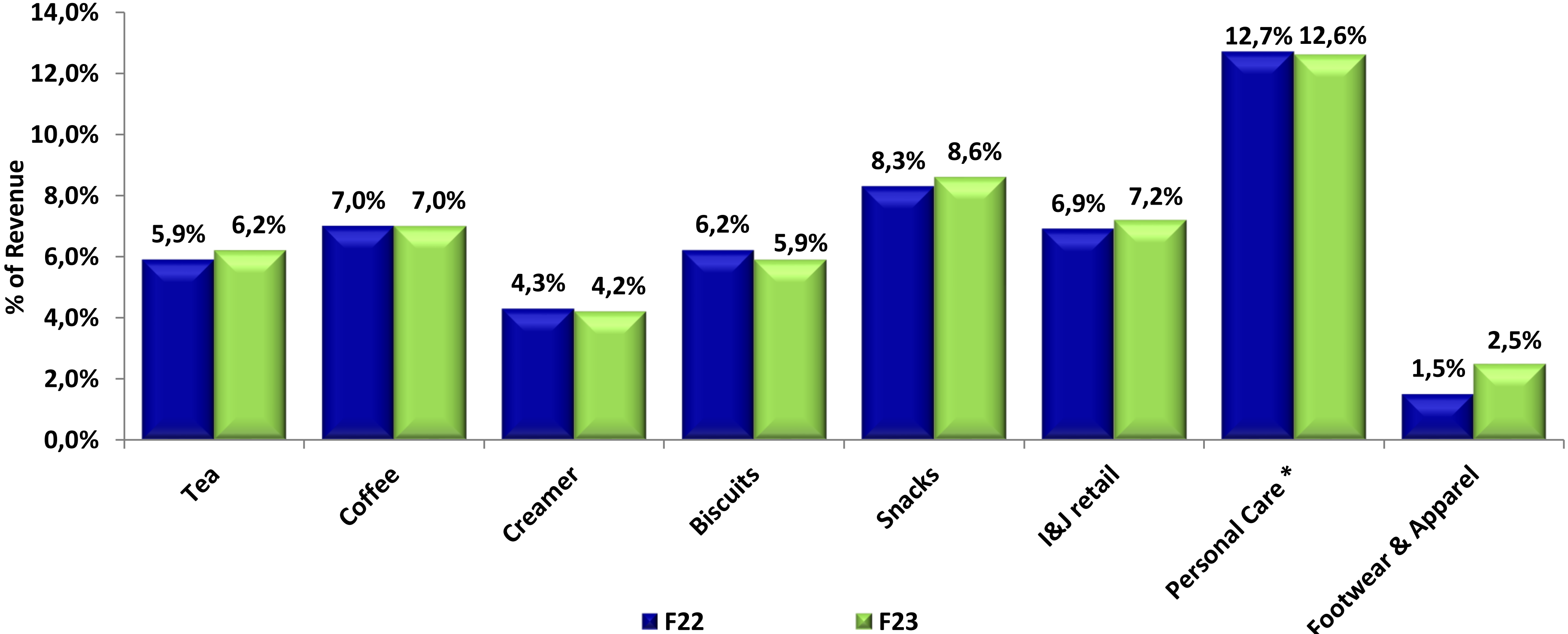
	Personal Care		
Operating performance	**F23 Reported Rm**	**F23 Coty contribution Rm**	**F23 excluding Coty Rm**
Revenue	1 223,3	209,8	1 013,5
Operating profit	233,1	50,0	183,1
Operating profit margin	*19,1*	*23,8*	*18,1*

Working capital*	**F23 Rm**
	86,3
Inventory	33,5
Trade receivables	61,6
Trade payables	(8,8)

* Represents working capital balances at 30 June 2023 related to Coty activity. As part of the close-out of the agreement, Coty will acquire all inventory. Trade receivables and payables will be settled in line with normal trade terms.

INFORMATION SLIDES

Marketing expenditure

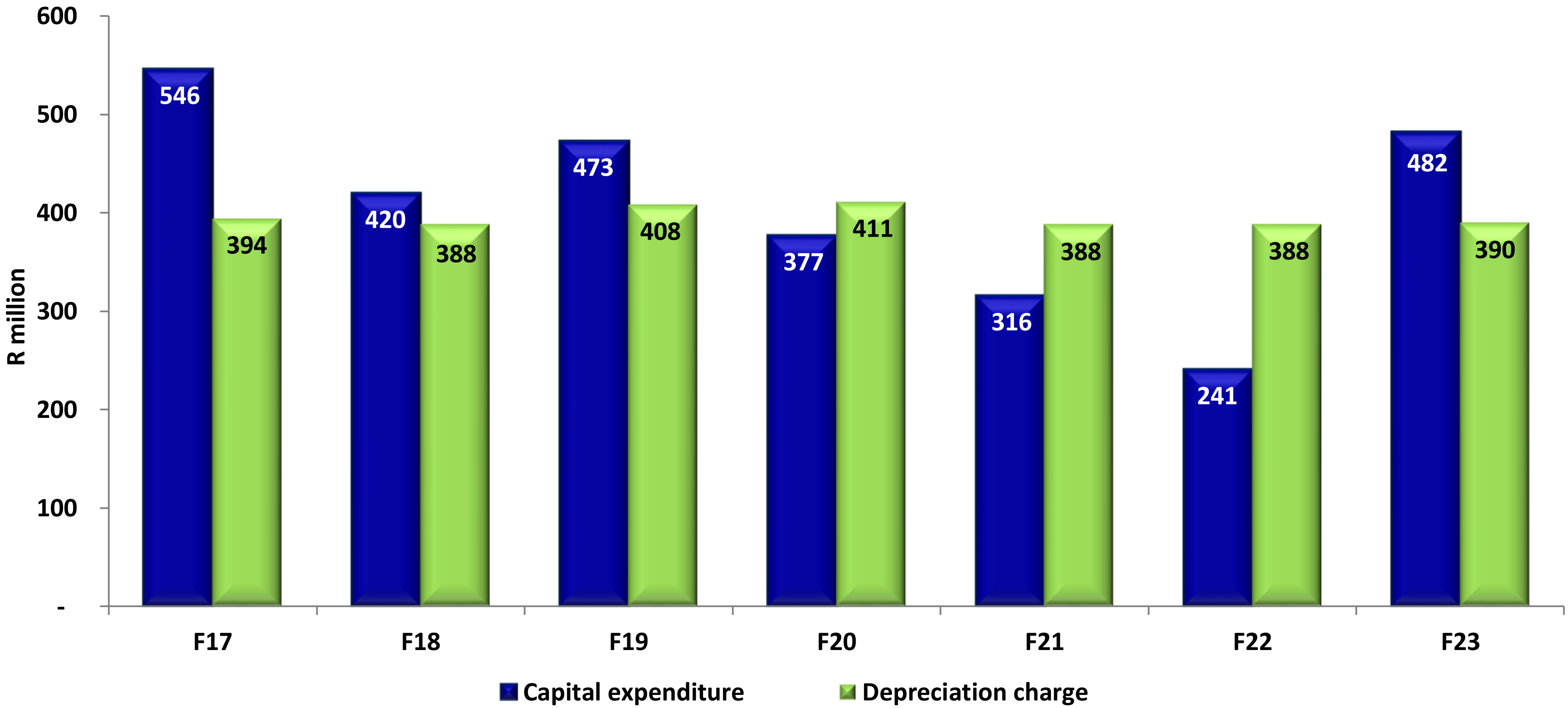


* Excludes Coty

- Total expenditure for F23 of R820,7 million compared to R732,3 million in F22
  - Increase in footwear spend in support of key retail brands
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

INFORMATION SLIDES

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



- Continued investment in manufacturing capacity, efficiency and retail stores with element of post-COVID-19 catch up in F23
- Capital investment carefully considered in constrained and challenging environment

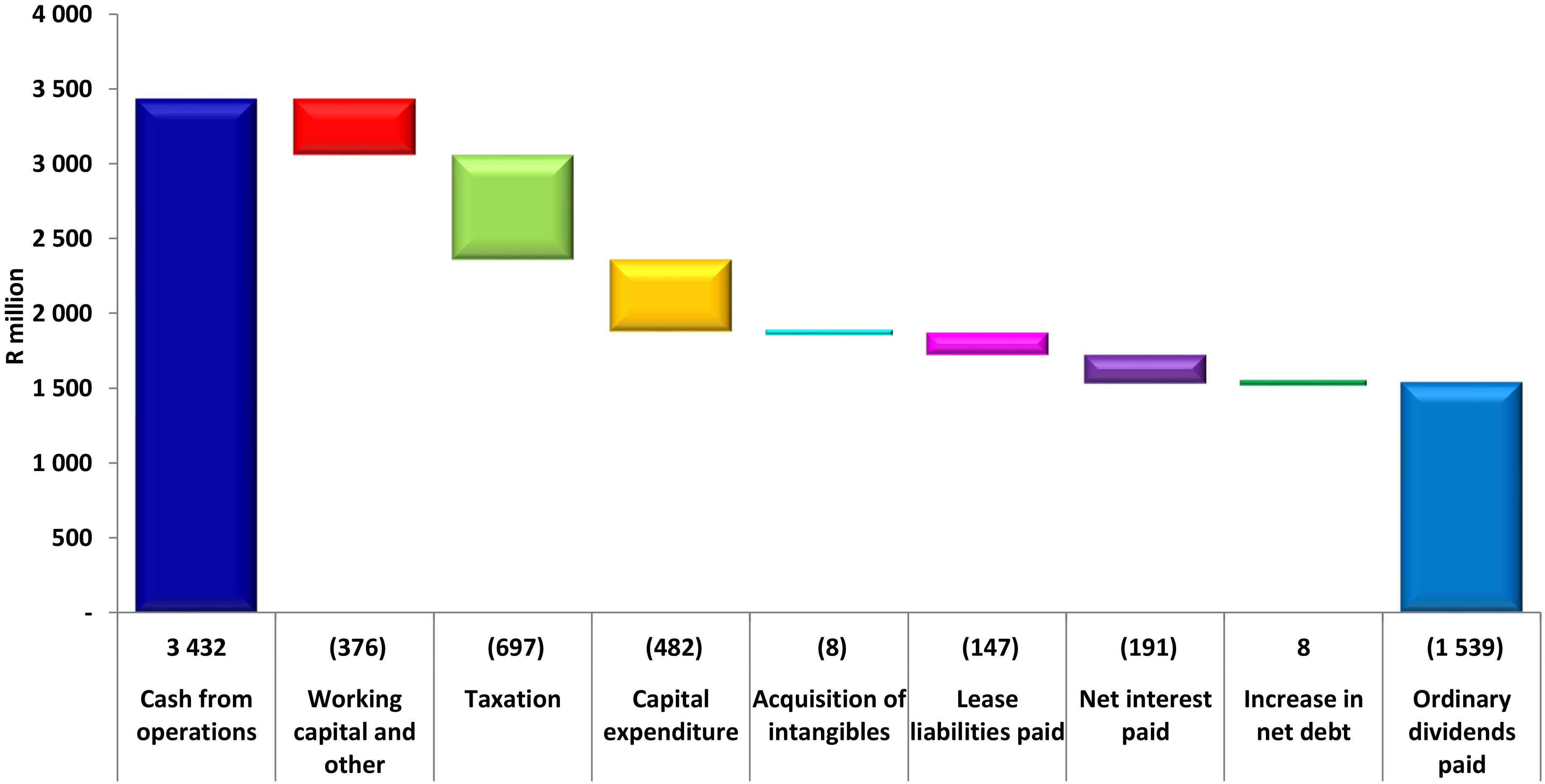
INFORMATION SLIDES

Capital expenditure

	H1 F23 Actual Rm	Full Year F23 Actual Rm
Tea packaging line replacements and upgrades	7	22
Creamer capacity increase	12	23
Biscuit line upgrades and improvements	17	52
Snacks fryer essential replacement	10	11
I&J processing plant and storage facility upgrades	23	55
I&J vessel dry-docks and upgrades	44	77
Retail store relocations, refurbishments and back-up power	46	58
	159	298
Total capital expenditure	246	482

INFORMATION SLIDES

Cash flows



INFORMATION SLIDES

Foreign exchange hedges

	September 2023 to December 2023	January 2024 to June 2024	July 2024 to December 2024
	% Cover	% Cover	% Cover
USD imports	80%	13%	0%
EUR imports	63%	18%	0%
USD exports	75%	58%	29%
EUR exports	74%	58%	28%

- Consistent hedging philosophy provides stability to manage gross profit margins

INFORMATION SLIDES

I&J period end fair value adjustments

	F23 Actual Rm	F22 Actual Rm	Δ Rm
Fuel hedge unrealised loss	12,6	5,2	7,4
Opening mark-to-market (liability) / asset	(0,2)	5,0	
Closing mark-to-market (liability)	(12,8)	(0,2)	
Abalone – decrease / (increase) in unrealised profit in stock	3,2	(24,0)	27,2

- 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 biomass mix, closing USD exchange rate and sustained selling prices

INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY17	CY18	CY19	CY20	CY21	CY22	CY23
South African Total Allowable Catch (TAC)	140 216	133 120	146 430	146 430	139 119	132 163	138 772
% change in TAC	(5,0)	(5,0)	10,0	-	(5,0)	(5,0)	5,0
I&J	37 901	36 013	39 517	39 517	37 543	34 143	35 850
%	27,1	27,1	27,0	27,0	27,0	25,8	25,8

- 5,0% increase in TAC for 2023

INFORMATION SLIDES

Trading space and trading density

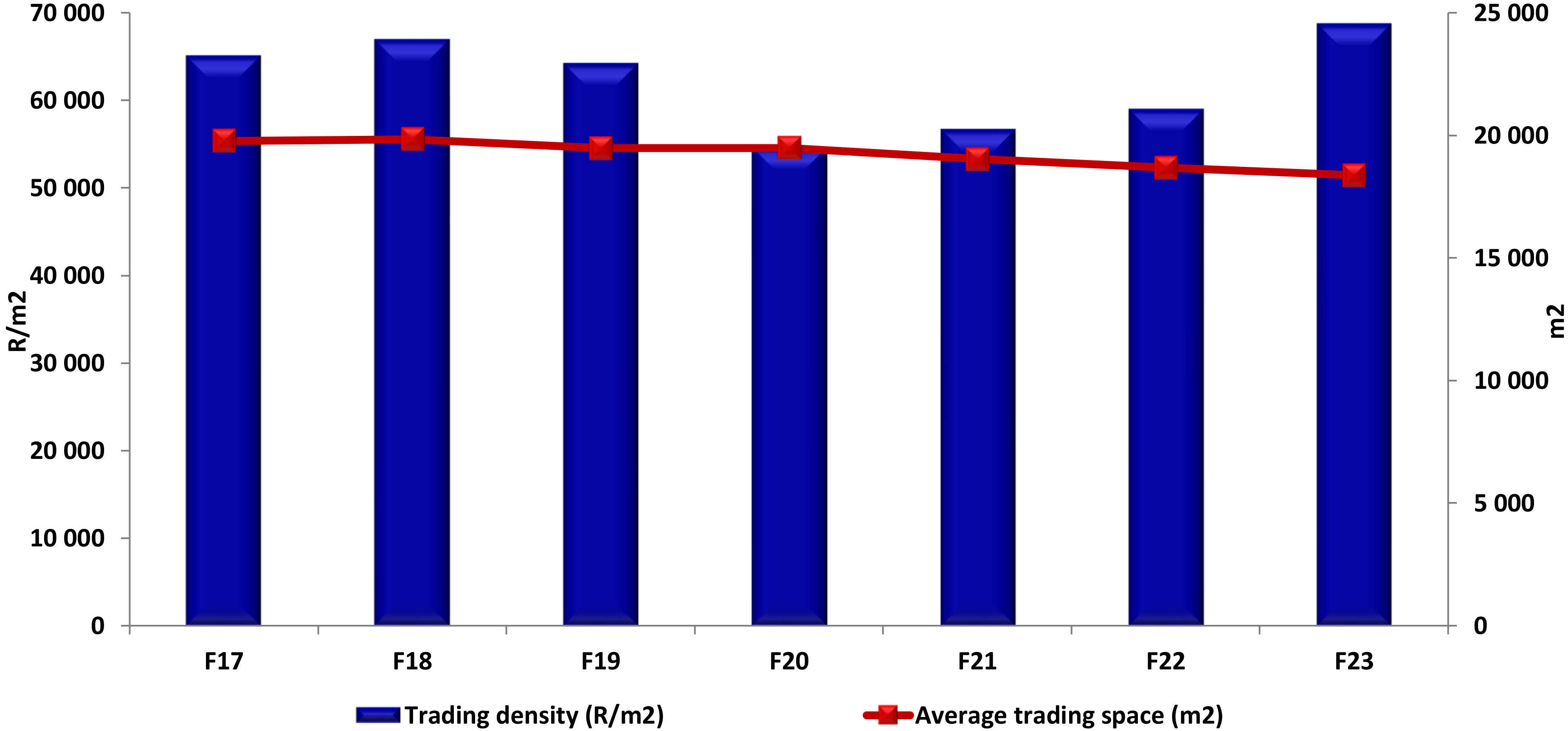
Spitz	F23	F22
Number of stores	69	69
Turnover (Rm)	1 262,1	1 102,4
Average m^2	18 313	18 681
Trading Density (R/m^2)	68 919	59 013
Closing m^2	18 250	18 394

Like-for-like metrics*	F23	F22
Number of stores	68	68
Turnover (Rm)	1 255,6	1 084,2
Average and closing m^2	18 018	18 018
Trading Density (R/m^2)	69 684	60 174

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

INFORMATION SLIDES

Trading density – Spitz stores



- No stores opened or closed during the year with 2 stores relocated

INFORMATION SLIDES

Trading space and trading density

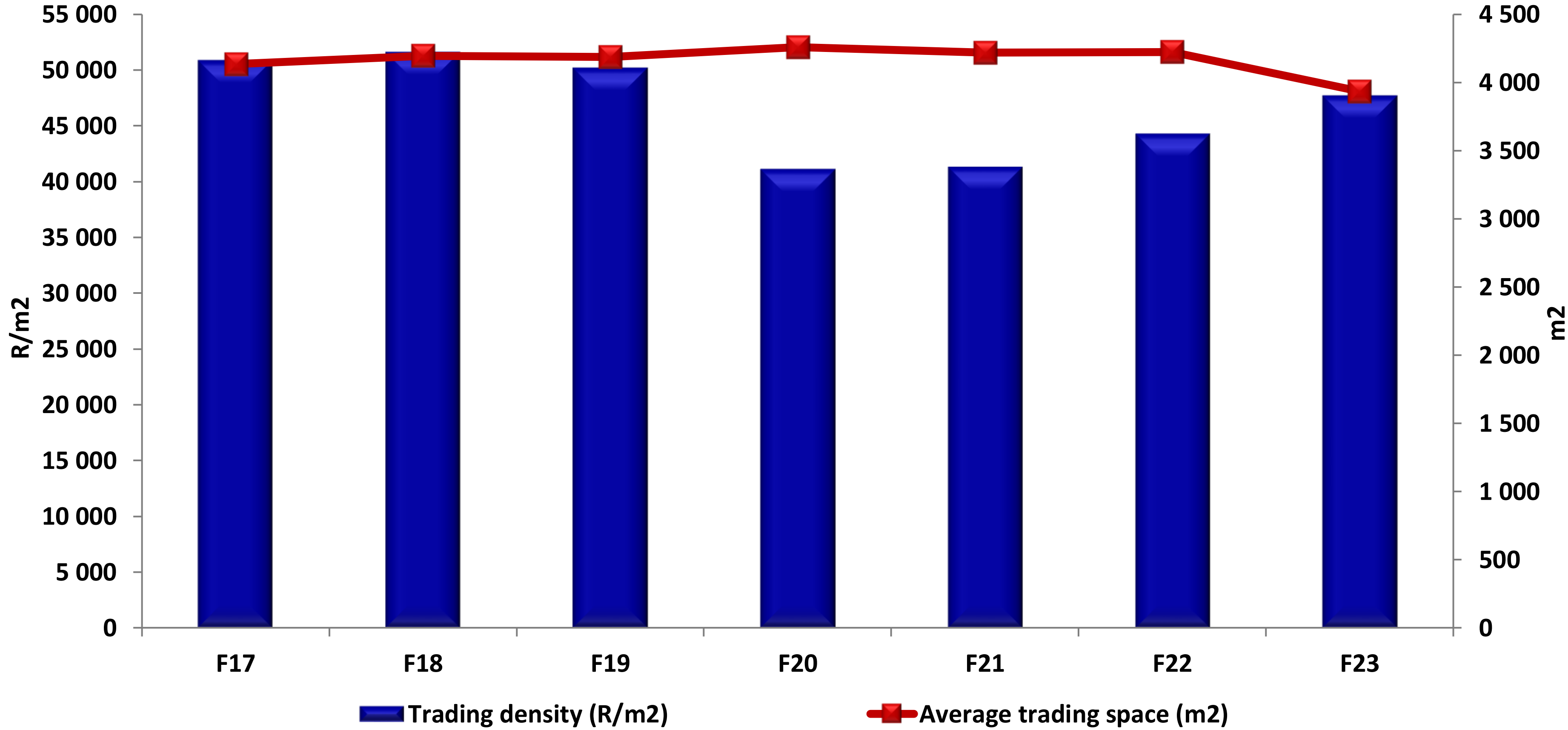
Kurt Geiger	F23	F22
Number of stores	31	31
Turnover (Rm)	187,8	187,0
Average m²	3 909	4 222
Trading Density (R/m²)	48 047	44 295
Closing m²	3 883	3 934

Like-for-like metrics*	F23	F22
Number of stores	31	31
Turnover (Rm)	187,8	177,2
Average and closing m²	3 909	3 909
Trading Density (R/m²)	48 047	45 344

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

INFORMATION SLIDES

Trading density – Kurt Geiger stores



- 1 Store relocation in the year

INFORMATION SLIDES

Trading space and trading density

Green Cross	F23	F22
Number of stores #	15	18
Turnover (Rm)	103,5	102,7
Average m²	2 141	2 494
Trading Density (R/m²)	48 325	41 196
Closing m²	1 999	2 326

Like-for-like metrics*	F23	F22
Number of stores #	15	15
Turnover (Rm)	97,3	85,5
Average and closing m²	1 999	1 999
Trading Density (R/m²)	48 694	42 769

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

- Closed 3 Green Cross stores during the year

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
June 2021	72	18 956	34	4 287	22	2 745
December 2021	72	18 941	34	4 287	18	2 326
June 2022	69	18 394	31	3 934	18	2 326
December 2022	69	18 358	31	3 934	16	2 119
June 2023	69	18 250	31	3 883	15	1 999