AVI Limited
(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI
ISIN: ZAE000049433
("AVI" or "the Group")

VOLUNTARY TRADING UPDATE AND STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Comparisons to prior year results in the commentary are made on a like-for-like basis, before taking reclassifications in terms of the new revenue and lease accounting standards, which were adopted with effect from 1 July 2018, into account.

Group revenue was 1,2% higher than the prior year. The trading environment was difficult throughout the financial year with weak consumer spending limiting sales volumes in many of our categories, exacerbated in some categories by competitor discounting which we were unwilling to match. Selling prices were increased in categories where specific cost pressures arose but, in general, selling prices were maintained through the year. December's sales volumes were lower than last year including in Spitz which was unable to match the prior December's record sales volumes.

Gross profit margins were well protected reflecting generally low raw material cost inflation and benefiting from selling price increases where necessary. Lower sales volumes resulted in pressure on operating profit despite ongoing efforts to reduce selling and administrative costs across all business units.

Operating profit for the full year was lower than last year. Both creamer and biscuits achieved strong year on year profit growth in the second semester and this, supported by an improved result from I&J partially ameliorated the first semester's decline in operating profit.

Group operating profit was impacted by restructuring costs at Green Cross (R27m) and an unrealised mark-to-market loss on I&J's fuel hedges of R13,4 million compared to an unrealised gain of R15,6 million in the prior year.

Finance costs were higher than last year in line with higher debt levels.

The impact of the new revenue and lease accounting standards, adopted with effect from 1 July 2018, on headline earnings for the year was negligible.

A total impairment of R87,0 million after tax has been made against Green Cross' property, plant and equipment and trademark values to recognise expected realisable values following the restructuring completed in the second semester, as well as the period it will take to return the business to acceptable levels of profitability. The impairment will be recorded as a non-cash capital item.

The weighted average number of shares in issue during the year was 0,5% higher than last year due to the issue of new shares in terms of the Group's various share incentive schemes, including the black staff empowerment share scheme.

The following disclosure is made in accordance with Section 3.4 (b) of the Listings Requirements of the JSE Limited:

- Consolidated headline earnings per share for the year ended 30 June 2019 are expected to decrease by between 4% and 6% over the prior year, translating into a decrease from last year's 543,1 cents to a range of between 511 and 521 cents per share; and

- Consolidated earnings per share for the year ended 30 June 2019, including capital gains and losses, are expected to decrease by between 4% and 6% over the prior year, translating into a decrease from last year's 513,1 cents to a range of between 482 and 493 cents per share.

It is expected that AVI will release its results for the year ended 30 June 2019 on or about 9 September 2019.

The information above has not been reviewed and reported on by the Group's auditors.

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24 July 2019

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