

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

DISPOSAL OF I&J HOLDINGS PROPRIETARY LIMITED'S ("I&J") 40% EFFECTIVE INTEREST IN THE SIMPLOT SEAFOOD SNACKS AND MEALS JOINT VENTURE ("SIMPLOT JV") TO SIMPLOT AUSTRALIA PROPRIETARY LIMITED AND RELATED ENTITIES ("SIMPLOT AUSTRALIA")

Shareholders are advised that AVI and I&J have entered into an agreement in terms of which Simplot Australia will acquire I&J's 40% effective interest in the Simplot JV and the rights to certain intellectual property assets ("IP Assets") utilised by the JV, for an aggregate cash consideration of AUD62 million ("the Transaction").

The Simplot JV is a leading manufacturer and supplier of seafood, snacks and meals in the retail and foodservice categories in Australia and New Zealand.

The Transaction is not a categorised transaction in terms of the Listings Requirements of the JSE Limited.

The rationale for the Transaction is:

- to exit a business arrangement over which AVI has limited managerial control and in which its ability to effect significant strategic change is restricted; and
- to reduce AVI and I&J's exposure to categories with low growth potential and whose future return on capital prospects do not meet AVI's expectations.

Australia and New Zealand remain important markets for I&J which it will service through an ongoing supply agreement and close working relationship with Simplot Australia.

The purchase consideration has been converted to R633 million, which represents a multiple of 17.4× the Simplot JV's total contribution to I&J's 2019 attributable earnings of R36,3 million.

The Transaction will result in a capital gain, after tax, of approximately R370 million being recognised in AVI's results for the six months ended 31 December 2019. This estimate includes the reclassification of the cumulative foreign currency translation reserve from equity to profit on disposal, as required by International Accounting Standard 21.

Further details relating to the Transaction will be communicated at the Group's half-year results presentation to be held on or about 9 March 2020.

Illovo
7 November 2019

Sponsor
The Standard Bank of South
Africa Limited