

AVI LIMITED

Registration number 1944/017201/06

Share code: AVI

ISIN: ZAE000049433

("AVI")

TRADING STATEMENT AND UPDATE FOR THE YEAR ENDING 30 JUNE 2020

SECOND SEMESTER PERFORMANCE

The second semester's performance was materially impacted by the COVID-19 pandemic. Significant time and resources were invested to achieve compliance with regulations with particular emphasis on ensuring our employees were safe at work. Despite significant logistical challenges AVI's essential businesses were able to sustain production and supply our retail partners throughout the period.

Entyce and Snackworks benefited from increased demand for many products due to increased consumption during the COVID-19 lockdown period. This was however ameliorated in Entyce with the loss of revenue in the Ciro Beverage Solutions business where many core customers were unable to trade during the lockdown. Manufacturing disruption was not significant and the improved volumes helped to absorb the additional direct costs incurred in responding to the COVID-19 pandemic.

I&J's production was disrupted by the relatively earlier build-up of COVID-19 infections in the Western Cape. Full compliance with COVID-19 isolation and quarantine protocols reduced the number of employees available to work, resulting in reduced processing capacity and a concomitant reduction in fishing activity during the fourth quarter. The loss of production impacted cost recoveries in both the fishing fleet and land based factories. In addition, congestion at the Cape Town port has delayed export shipments, impacting margin recognition in the quarter. The Danger Point Abalone farm was impacted by poor export demand due to COVID-19 lock-downs in key markets, compounded by limited airfreight availability due to flight restrictions.

The footwear and apparel businesses were heavily impacted by the COVID-19 lock-downs, with retail stores closed during the level 5 lockdown from 27 March to 30 April 2020 before re-opening on a phased basis during May. Trading post re-opening has been subdued due to poor shopper footfall at many shopping malls.

The personal care business was restricted to about 50% of normal revenue during the level 5 lockdown. Demand in certain core categories has been poor following the lifting of sales restrictions.

At a Group level the diversified portfolio partially cushioned the myriad impacts of COVID-19. Entyce and Snackworks performed well enough to absorb the direct additional costs related to the COVID-19 pandemic and offset much of the lost contribution from the fashion businesses. I&J's COVID-19 impacted fourth quarter will result in a lower second half profit than last year, and full year operating profit is expected to be between 5% and 10% lower than last year.

Group cash flow from operations remained healthy and debt levels at year-end are expected to be lower than last year, as are finance charges.

CAPITAL GAINS

Attributable earnings for the year will include the capital gain after tax of R373,3 million arising from the disposal by I&J of its interest in a joint venture with Simplot Australia Proprietary Limited in November 2019, as reported in the interim results.

CONSOLIDATED HEADLINE AND ATTRIBUTABLE EARNINGS

The weighted average number of shares in issue during the year is expected to be 0,3% higher than last year due to the issue of new shares in terms of the Group's various share incentive schemes.

We hereby advise shareholders, in accordance with Section 3.4 (b) of the Listings Requirements of the JSE Limited, that:

- Consolidated headline earnings per share for the year ending 30 June 2020 are expected to decrease by between 7% and 12% over the prior year, translating into a decrease from last year's 516,6 cents to a range of between 455 and 481 cents per share; and
- Consolidated earnings per share for the year ending 30 June 2020, including capital gains and losses, are expected to increase by between 16% and 21% over the prior year, translating into an increase from last year's 488,7 cents to a range of between 567 and 591 cents per share.

It is expected that AVI will release its full results for the year ending 30 June 2020 on or about 7 September 2020.

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

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25 June 2020

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The Standard Bank of South Africa Limited