

AVI LIMITED

Registration number 1944/017201/06

Share code: AVI

ISIN: ZAE000049433

("AVI" or "the Company" or "the Group")

TRADING STATEMENT AND UPDATE FOR THE YEAR ENDED 30 JUNE 2022

A tough macro environment for our consumers, the July riots, substantial challenges in supply chains globally and domestically, the operational disruptions caused by load-shedding, and material input cost inflation in the second semester underscored a difficult financial year for the Group. Group revenue increased by 4.3% and was supported by a combination of improved sales volumes in key categories and price increases to ameliorate significant cost pressures.

Apart from I&J, revenue growth was achieved in all categories with demand in Snackworks and Entyce generally resilient despite the price increases needed to protect gross margins. Personal care revenue was 17.7% higher in the second semester versus the prior year, supported by easing lockdown restrictions, albeit still well below pre-COVID levels. Second Semester revenue in the footwear and apparel brands grew 14.0% with an improved sales mix, despite lower volumes and supply chain constraints, and the benefit of the ongoing improvement in like for like sales in the Green Cross brand. I&J's revenue for the year declined, with lower fish volumes, and the impact of a stronger Rand on export revenues, partially offset by a sustained post COVID recovery in the abalone category, with improved pricing and demand in key Asian markets.

Gross profit margins for the year were largely protected by hedging disciplines and price increases. Input cost pressures were acute in both the Entyce and Snackworks businesses and selling price increases were managed effectively but did not fully recover the impact of higher input costs, lowering gross margins marginally for the full year. Selling and administration costs for the year increased by 1.5% with the insurance proceeds recognised in the first semester supported by tight cost management across the group.

In line with the guidance provided in March 2022, I&J's profitability in the second semester was negatively affected by the impact of the stronger Rand exchange rate on export sales, and a substantially higher fuel cost for the fishing fleet.

Net finance costs for the year were higher than last year in line with higher average debt levels and interest rates. This was offset by the benefit of the lower effective tax rate of 27% applied to the Group's deferred tax assets and liabilities.

CAPITAL GAINS

There were no material capital items in the current financial year.

I&J BLACK STAFF SHARE SCHEME

The original I&J Black Staff scheme matured in December 2021 and was replaced by an updated scheme. An amount of R103.3 million was paid to I&J Black employees on termination of the scheme.

CONSOLIDATED HEADLINE AND ATTRIBUTABLE EARNINGS

The weighted average number of shares in issue is expected to be 0,1% 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 ended 30 June 2022 are expected to increase by between 5,0% and 7,0% over the prior year, translating into an increase from last year's 499,9 cents to a range of between 524,8 cents and 534,8 cents per share; and
- Consolidated earnings per share for the year ended 30 June 2022, including capital gains and losses, are expected to increase by between 5,0% and 7,0% over the prior year, translating into an increase from last year's 498,9 cents to a range of between 523,9 cents and 533,9 cents per share.

It is expected that AVI will release its full results for the year ended 30 June 2022 on or about 5 September 2022.

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

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27 July 2022

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The Standard Bank of South Africa Limited