UNAUDITED INTERIM RESULTS

FOR THE PERIOD ENDED 30 JUNE 2018





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Today’s presentation team



FELIX RATHEB

Chief Executive Officer



JOHN PAUL DE FREITAS

Chief Financial Officer



MUHAMMAD BREY

Chief Investment Officer

Presentation outline

- Group overview
- Group financial and operating performance
  - › Sea Harvest Group
  - › SA operations
  - › International operations: Mareterram
- Strategy
- Outlook
- Questions









Group overview

Group snapshot

Sea Harvest

VIKING FISHING

SELECTA

ESTABLISHED 1964

40 VESSELS

7 FISHING/PROCESSING OPERATIONS

3 200 EMPLOYEES

SPECIES CAPE HAKE, HORSE MACKEREL, TUNA, PRAWN, ANCHOVY, PILCHARDS

Viking Aquaculture

ESTABLISHED 2006

5 VESSELS

8 AQUACULTURE OPERATIONS

380 EMPLOYEES

SPECIES ABALONE, OYSTERS, MUSSELS, TROUT

Mareterram

ESTABLISHED 1962

11 VESSELS

56% OF SHARK BAY PRAWN LICENCES

110 EMPLOYEES

SPECIES PRAWN, SCALLOP, CRAB, SPANISH MACKEREL

Cape Harvest FOODS

ESTABLISHED 2012

2 AGENCIES

Findus

Quorn

10 FACTORY FISH SHOPS

50 EMPLOYEES

Ladismith

Viking Fishing and aquaculture acquisition

Purchase consideration (incl. contingent compensation)	884 673
Sea Harvest portion of purchase consideration	763 406
Debt funding	715 000
Viking PAT for 2017	192 138
Estimated Sea Harvest portion of PAT	157 553
Post tax interest charge (Debt funding of R715m)	(48 134)
Estimated SH portion of PAT (post interest charge)	**109 416**
2018 SHG WANOS (diluted)	240 018
New shares issued (R250m at R13 per share)	19 231
Total shares in issue post Viking	**259 249**

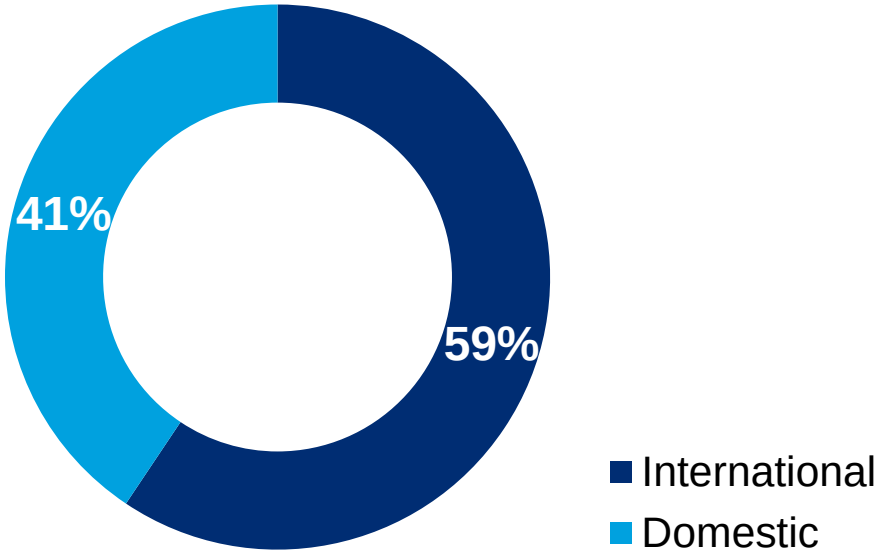
Effective date: 2 July 2018



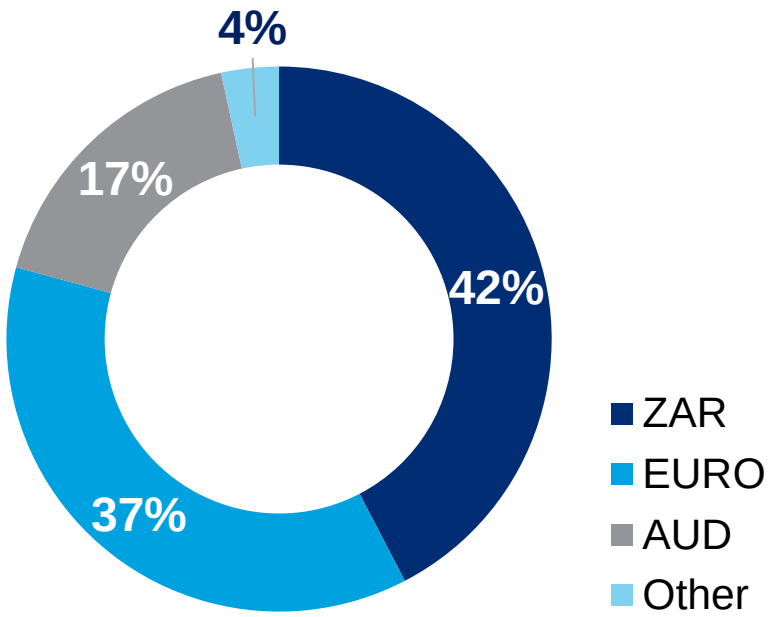


Revenue and currency diversification

REVENUE

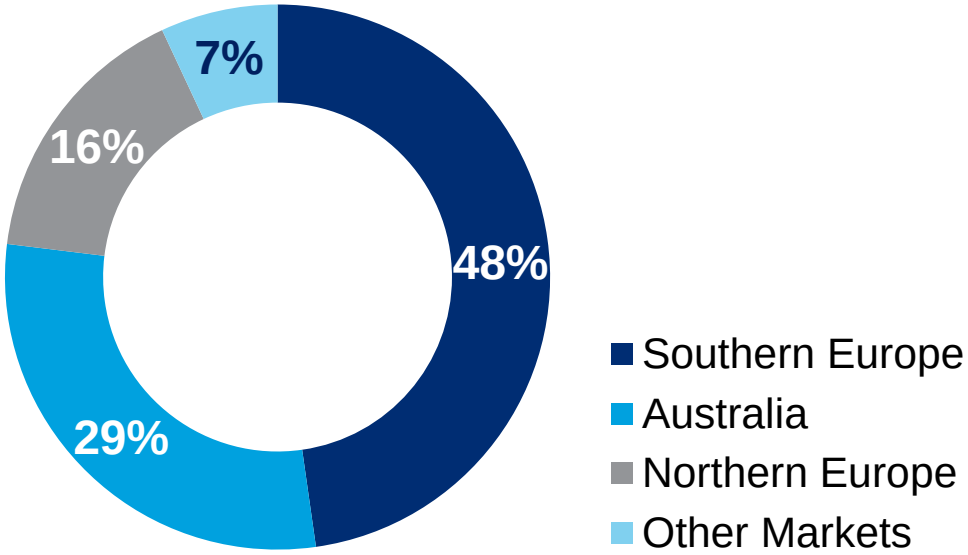


CURRENCY MIX

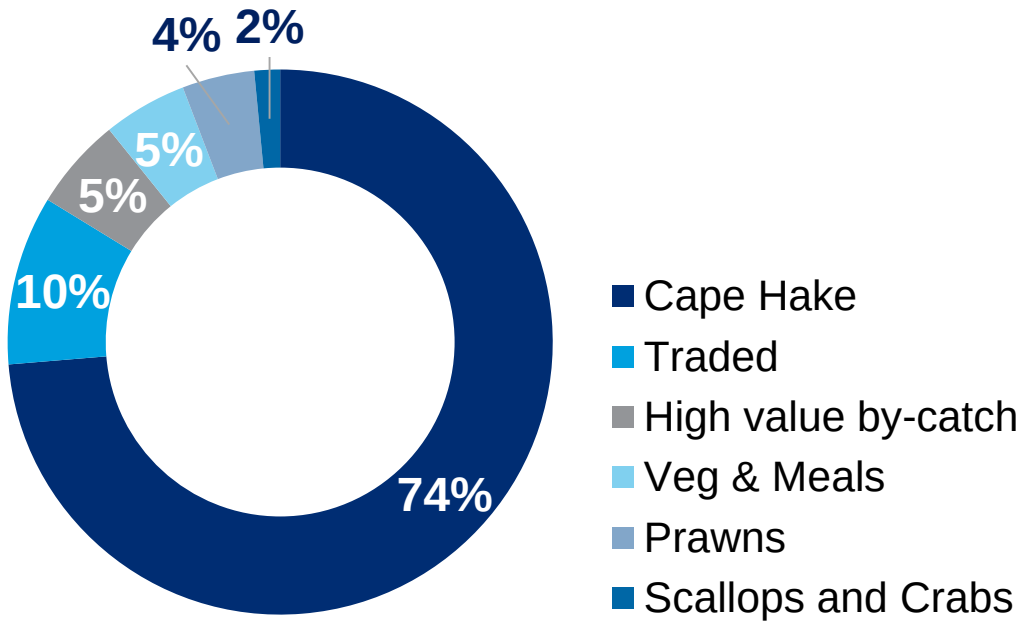


Market and product diversification

INTERNATIONAL REVENUE MIX



PRODUCT REVENUE MIX



2018 highlights

- Successful acquisition of Viking Fishing and 51% of Viking Aquaculture
- Achieved Level 1 on B-BBEE DTI scorecard
- Catches have started to tick-up
- Demand for high value wild caught seafood remains strong
- Weaker Rand
- Conversion of Harvest Mzansi on time and within budget
- Factory optimisation project on track for delivery in quarter 4
- Acquisition of 100% of Ladismith announced



2018 challenges

- Cape Hake TAC reduced by a further 5%
- Tough domestic retail trading environment
- Fuel price trending upwards
- Loss of domestic retail volume share
- Transaction costs relating to Viking acquisition
- 2017 one-off benefits and WANOS effect impacting EPS and HEPS
- Delayed start to prawn season in Australia and lower catch rates
- Integration of acquisitions



Financial and Operating Performance



Sea Harvest Group

Sea Harvest Group – income statement

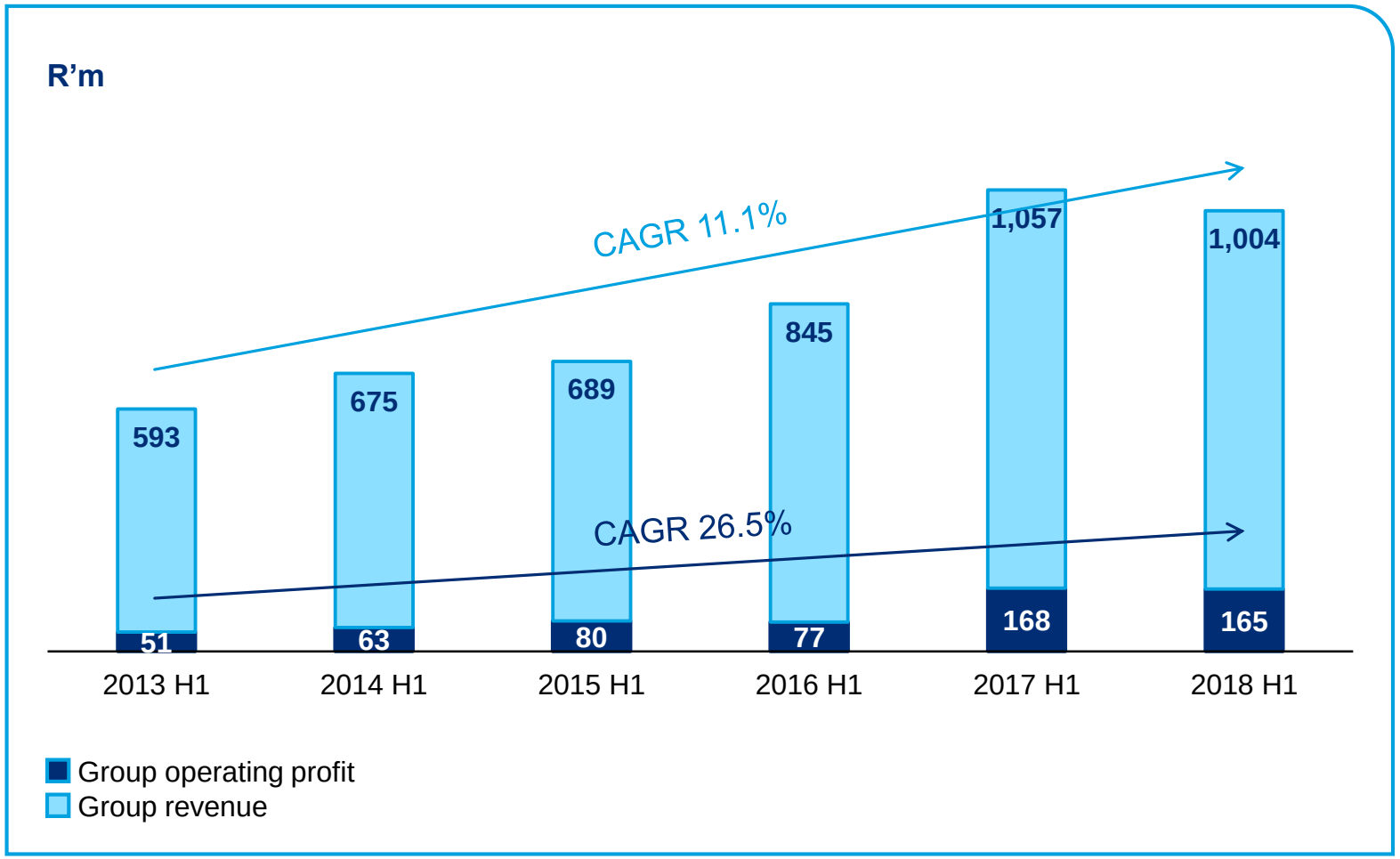
Year-to-date (R'000)		H1 F18	H1F17
Revenue	-5%	1 004 288	1 056 961
Gross profit	**4%**	**367 646**	**353 515**
Gross profit margin		*37%*	*33%*
Net Operating expenses	9%	(202 619)	(185 800)
Operating profit	**-2%**	**165 027**	**167 715**
Operating profit margin		*16%*	*16%*
Profit before finance costs and tax	-19%	166 281	205 597
Net finance costs	-70%	(7 228)	(24 183)
Taxation	5%	(47 832)	(45 526)
Profit after tax	**-18%**	**111 221**	**135 888**
Non-controlling interest		(3 188)	4 933
Profit attributable to Sea Harvest shareholders		114 410	130 955







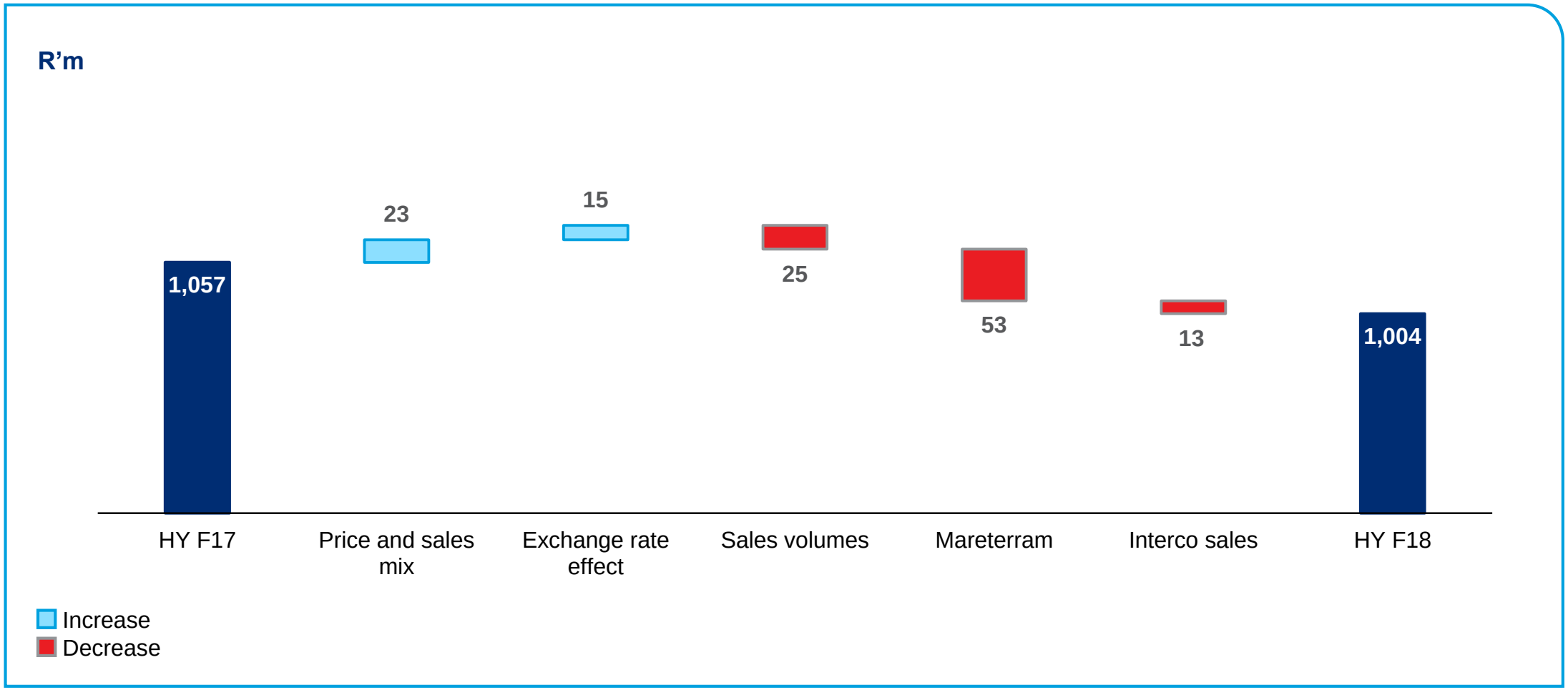
Group revenue and operating profit



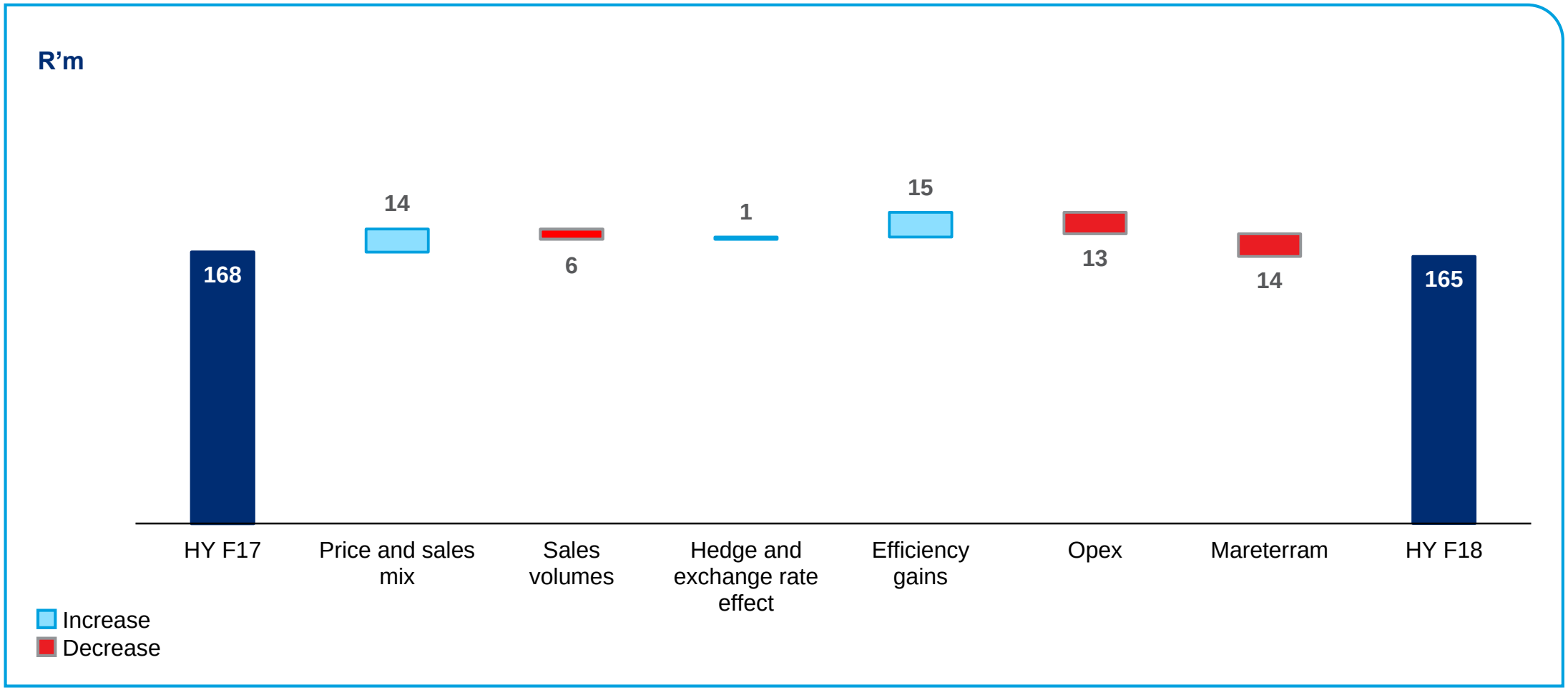




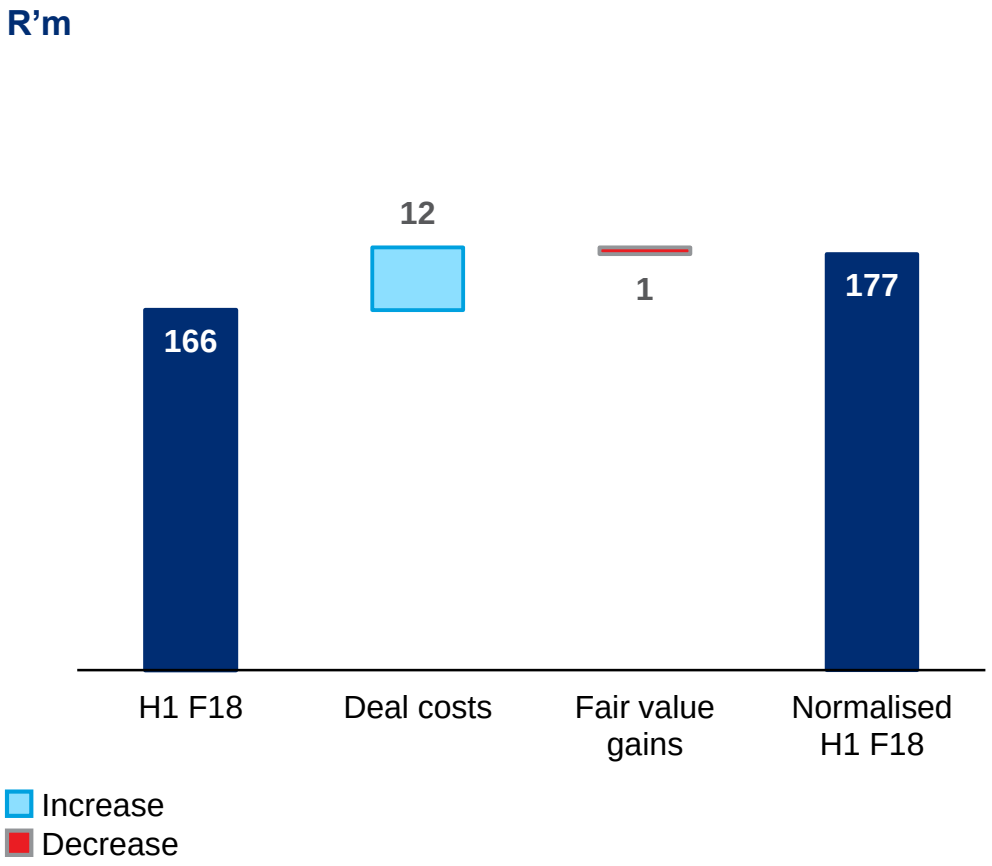
Sea Harvest Group revenue waterfall

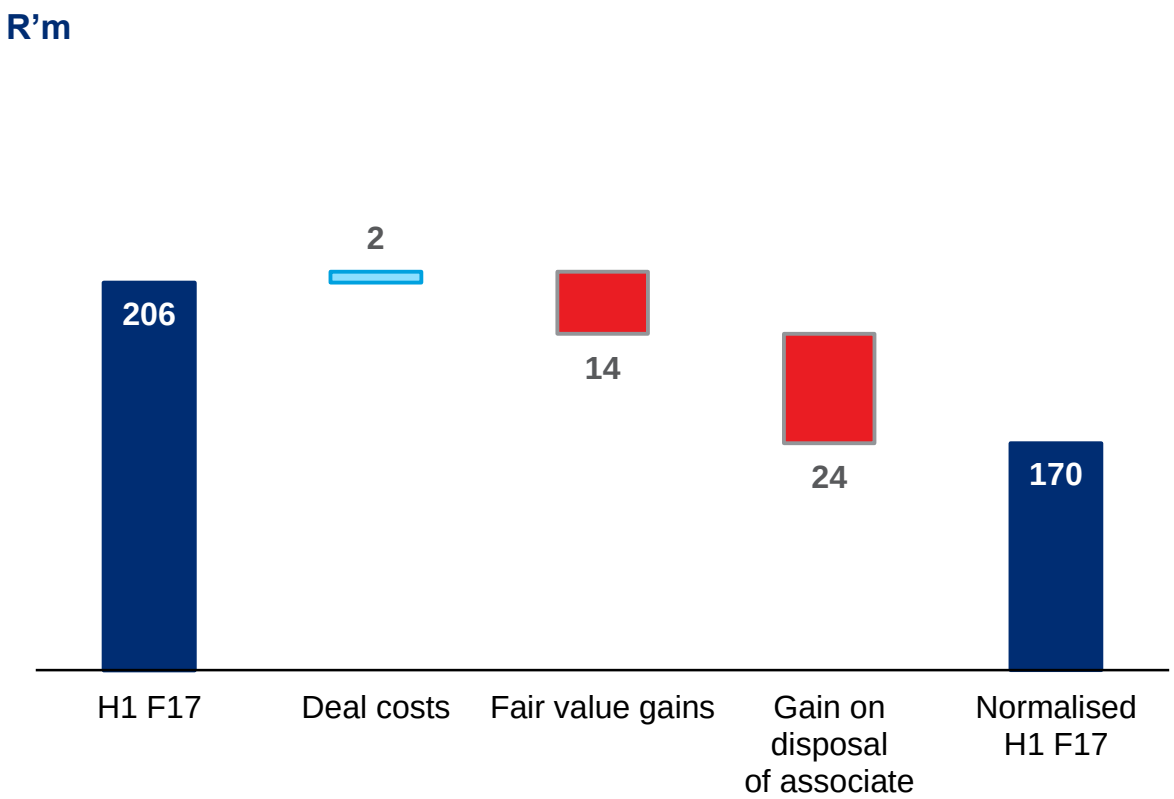


Sea Harvest Group operating profit waterfall



Sea Harvest Group normalised EBIT





Sea Harvest Group – EPS and HEPS

Reconciliation of Headline earnings R'm	H1 2018	H1 2017
Profit for the period attributable to shareholders of the parent	114 410	130 955
Adjustment for capital items post tax	(3 085)	(20 291)
Headline earnings	**111 325**	**110 664**
WANOS ('000)	240 018	195 380
EPS (cents)	47.7	67.0
HEPS (cents)	46.4	56.6





Sea Harvest Group - Balance sheet

Assets (R'000)	June 2018	Dec 2017
Property, plant and equipment	866 908	808 192
Intangible assets and goodwill	637 446	574 025
Investments	25 264	25 264
Other non-current assets	99 792	99 516
Current assets	1 132 471	1 061 522
	2 761 881	**2 568 519**

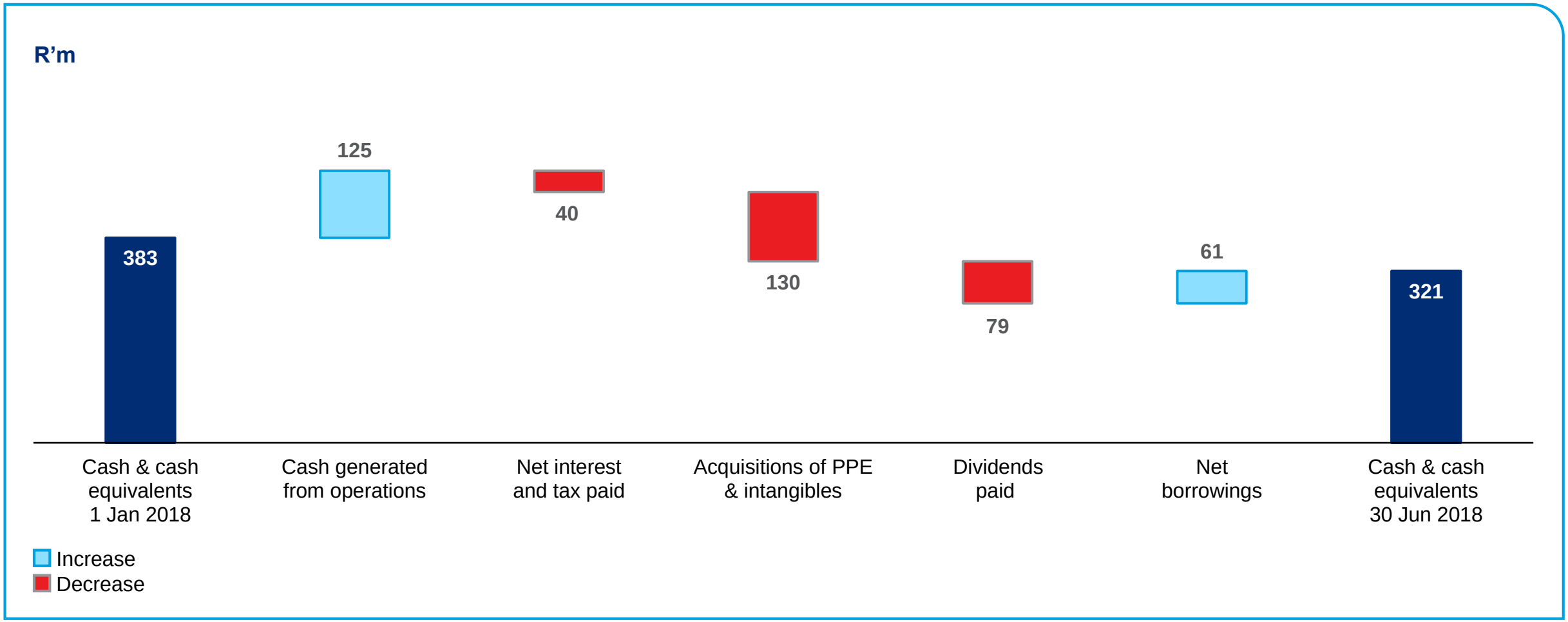
- Mzansi +R44m, Factory upgrade +R31m
- Spanish Mackerel licenses +R36m, FCTR movements +R27m
- Inventory +R81m, Receivables +R91m, Financial asset - R39m, Cash – R62m
- Includes cash of R321m

Sea Harvest Group - Balance sheet

Equity and liabilities (R'000)	June 2018	Dec 2017
Stated capital	1 291 993	1 294 875
Reserves	133 273	102 791
NCI (incl treasury shares)	170 718	168 313
Non-current liabilities	673 515	637 691
Current liabilities	492 382	364 849
	2 761 881	**2 568 519**

- Retained earnings +R36m
- 44% minority shareholding in Mareterram
- LT borrowings +R32m
- Trade Payables +R95m, ST portion of borrowings +R48m

Sea Harvest Group cash flow waterfall



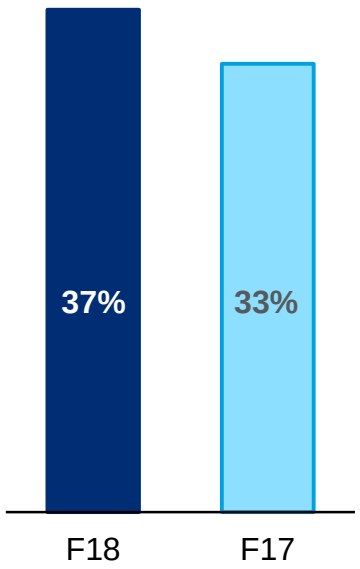


South African Operations

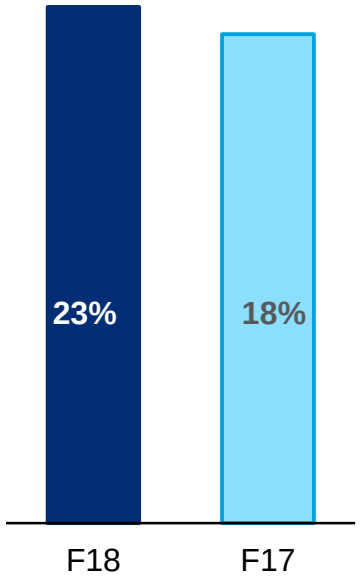
Key features – SA Operations

REVENUE	GROSS PROFIT
↑ 2%	↑ 12%
to R891m 2017: R878m	to R327m 2017: R291m
OPERATING PROFIT	**EBITDA**
↑ 6%	↓ 17%
to R165m 2017: R156m	to R207m 2017: R248m

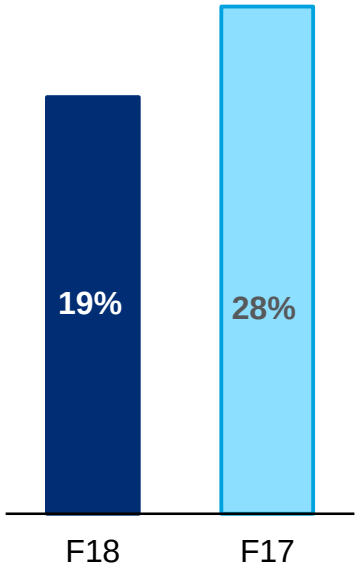
GROSS PROFIT MARGIN



OPERATING PROFIT MARGIN

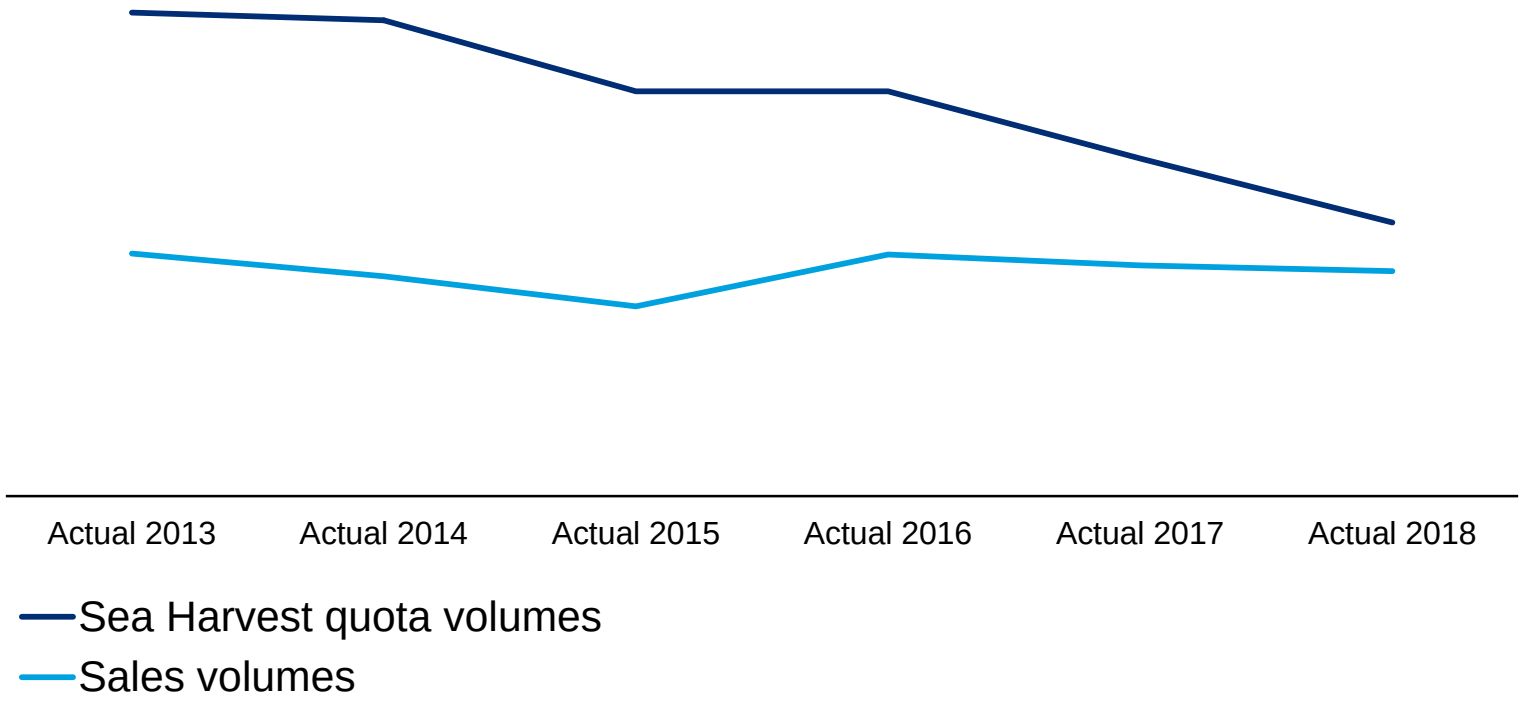


EBITDA MARGIN

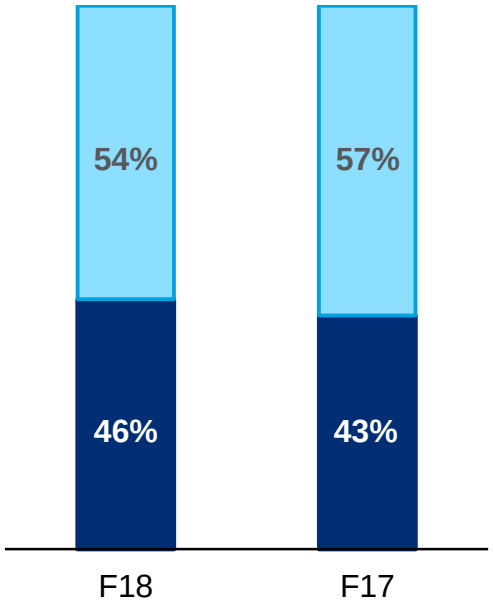


Sea Harvest volumes mix

IMPACT OF GLOBAL SOURCING



SALES VOLUME



Notes: 1. 2017 volumes YTD annualised

Pricing mix

Channel	%
Export market	
Volume growth	+3%
Average selling prices	0%
FX effect	+3%
Constant currency selling price	-3%
Revenue growth	+3%
Local market	
Volume growth	-7%
Average selling prices	+6%
Revenue growth	-1%
Market Share (12mm)[1]	38%



1. Frozen fish volume share 12 month MM including Woolworths (Nielsen)

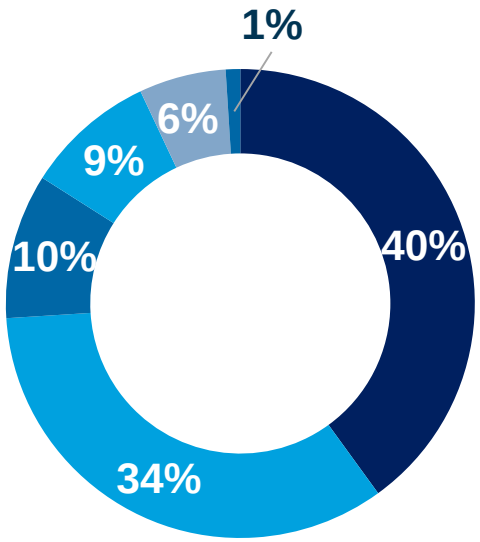


International operations: Mareterram

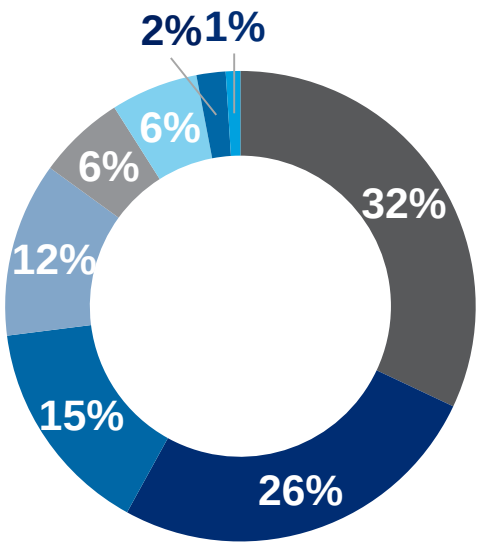
Key metrics

REVENUE	GROSS PROFIT
↓ 19%	↓ 30%
to AUD 18.4m 2017: AUD 22.8m	to AUD 4.1m 2017: AUD 6.4m
EBIT	**PROFIT AFTER TAX**
↓ to AUD -0.1m	↓ to AUD -0.5m
2017: AUD 1.3m	2017: AUD 1.2m

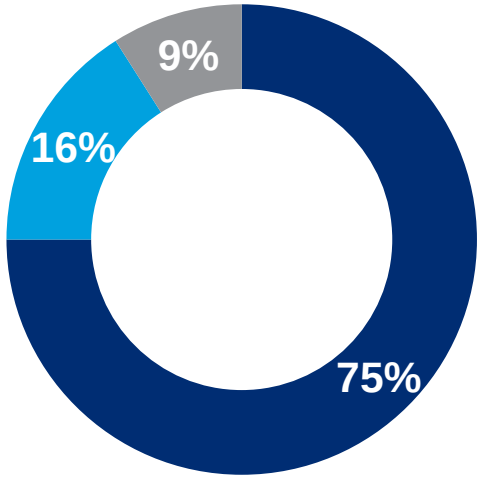
CATCH VOLUMES BY PRODUCT



REVENUE BY CATCH CATEGORY



CHANNEL MIX



Key highlights and challenges

- Prawn volumes in H1 2018 impacted by delayed start to fishing season
- Delayed start has seen improved average prawn size
- Restructure complete with appointment of CEO and highly experienced General Manager of the Trading Division
- Sales agreements with major domestic retailers in place
- Two Spanish Mackerel packages have been successful integrated into the Fisheries Division
- Initial indications are that prawn volumes for the year will be down





Strategy

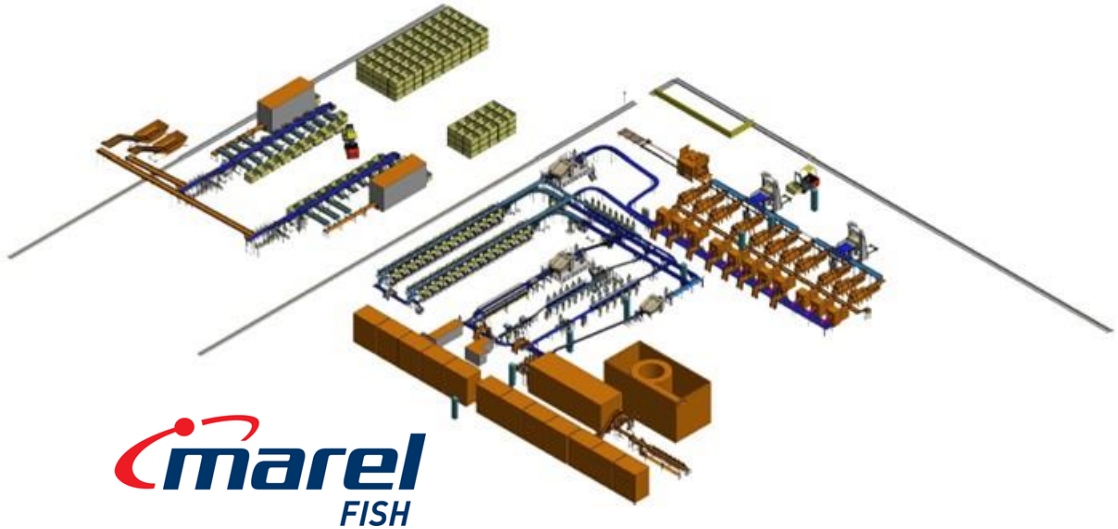
Sea Harvest Group strategy

ORGANIC GROWTH

Completion of conversion of Harvest Mzansi to Hake factory freezer trawler (R250m)

Installation of Marel Factory Solution on track for delivery in quarter 4 (R100m)





Sea Harvest Group strategy

ACQUISITIVE GROWTH



- Acquisition of Viking Fishing Group
- 51% of the shares in Viking Aquaculture

- Announced acquisition of Ladismith

Ladismith Overview

Key indicators	
Established	1999
Location	Ladismith, Western Cape
Industry	Value added dairy processing company
Products	Cheese, butter and milk powders
Revenue YE 31 January 2018	R681m
EBITDA	R100m
EBITDA Margin	15%
Profit after tax YE 31 January 2018	R58m
No. of people employed	350
Purchase consideration	R527m
Channels	Retail, Foodservice and Wholesale









Vendor Consideration Placing

Viking Debt	**715**
Ladismith Debt	527
Total Debt post acquisitions	1 242
Black ownership pre-acquisitions	80%
Black ownership post acquisitions	75%
Vendor consideration placing with Brimstone at R14 per share (subject to SHG shareholder approval)	R300m
Total debt reduced to:	R942m
Black ownership increased to:	79%



Outlook

Outlook

Markets	Consistent export demand; sluggish South African economy
Pricing	International pricing remains firm
Forex	Rand weaker in H2 compared to H1 Hedges more favourable in H2
Fuel	Fuel price trending upward 50% hedged for the remainder of 2018
Abnormal costs	Further deal costs to be absorbed Restructuring cost related the Factory optimisation project
Capex	Factory optimisation project
Mareterram	Shark Bay prawn catch rates under pressure
Aquisitions	Integration of Viking Group Completion of Ladismith in Q4
Dividend	Intention to declare annual dividend, no interim at this stage




Thank You
Sea Harvest