

SETTING THE COURSE FOR A NEW REALITY

SEA HARVEST UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Sea Harvest

Legal disclaimer and basis of preparation

For the purposes of this notice, the presentation (the "Presentation") shall mean and include the slides that follow, the oral presentation of the slides by Sea Harvest Group Limited ("Sea Harvest" or the "Company" or the "Group") and/or its advisers, any question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, the Presentation.

By attending the meeting at which the Presentation is made, or by reading the Presentation slides, you will be deemed to have (i) agreed to all of the following restrictions and made the following undertakings and (ii) acknowledged that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the Presentation.

This Presentation is provided to you solely for information purposes and its contents are confidential and may not be reproduced, redistributed, published or passed on to any person, directly or indirectly, in whole or in part, for any purpose. The maintenance of the absolute secrecy of the information contained in the Presentation is of paramount importance to the Company. If this Presentation has been received in error, it must be returned immediately to the Company.

Your obligations as set out in this notice will continue in respect of the information contained in the Presentation until such time as, and then only to the extent that, any such information is made available to the public. The Company may not be making the information contained herein public, except to the extent required by law or regulation. If this is not acceptable to you, you should not receive the information contained in the Presentation.

This Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any action (including registration or licensing) within such jurisdiction for such purpose.

This Presentation does not constitute or form part of, and should not be construed as an advertisement, invitation, solicitation and/or offer to sell, issue, purchase or subscribe for any shares and/or securities in the Company or any of its subsidiaries in any jurisdiction, or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with the Presentation.

The information contained herein has been prepared using information available to the Company at the time of preparation of the Presentation. External or other factors may have impacted on the business of the Company and the content of this Presentation since its preparation. In addition, all relevant information about the Company may not be included in this Presentation. The information in this Presentation has not been independently verified. No representation or warranty, expressed or implied, is made as to the accuracy, completeness or reliability of the information contained herein and no reliance should be placed on such information. Neither the Company nor any of its advisers, connected persons or any other person accepts any liability for any loss howsoever arising, directly or indirectly, from this Presentation or its contents.

This Presentation contains forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements prepared by, followed by or including the words "targets", "believes", "expects", "aims", "intends", "may", "anticipates", "would", "could" or similar expressions or the negative thereof. Forward-looking statements are not statements of fact, but statements by the management of Sea Harvest based on its current estimates, projections, expectations, beliefs and assumptions regarding the Group's future performance. Forward-looking statements, by their nature, involve known and unknown risks, uncertainties, assumptions and other important factors because they relate to events and depend on circumstances that might occur in the future, whether or not outside the control of the Company. Such factors may cause the Company's actual results, performance or achievements to be materially different from future results, performance, developments or achievements expressed or implied by such forward-looking statements. Accordingly, no assurance can be given that any such forward-looking statements will prove to have been correct, and undue reliance should not be placed on such statements. The Company does not undertake to update any forward-looking statements contained in this Presentation and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

Today's presentation team



Felix Ratheb

Chief Executive Officer



Muhammad Brey

Chief Financial Officer

Presentation outline

- Group overview
- Group financial and operating performance
  1. Sea Harvest Group
  2. Cape Harvest Food Group
  3. Sea Harvest Aquaculture
  4. South African Fishing
  5. Sea Harvest International
- Outlook
- Questions



GROUP OVERVIEW



Consistent delivery on strategy since listing

SOUTH AFRICAN **FISHING**

Sea Harvest – Savour the sea

VIKING FISHING

HAKE | HORSE MACKEREL
PRAWN | ANCHOVY | PILCHARD

SEA HARVEST **INTERNATIONAL**

Sea Harvest AUSTRALIA

Mareterram

MG KAILIS GROUP

PRAWN | SCALLOP | CRAB
SPANISH MACKEREL
FISH TRAWL

SEA HARVEST **AQUACULTURE**

Sea Harvest AQUACULTURE

Viking Aquaculture

ABALONE | OYSTERS

CAPE HARVEST **FOOD GROUP**

Cape Harvest FOODS

Ladismith Cheese – THE HEART OF DAIRY GOODNESS

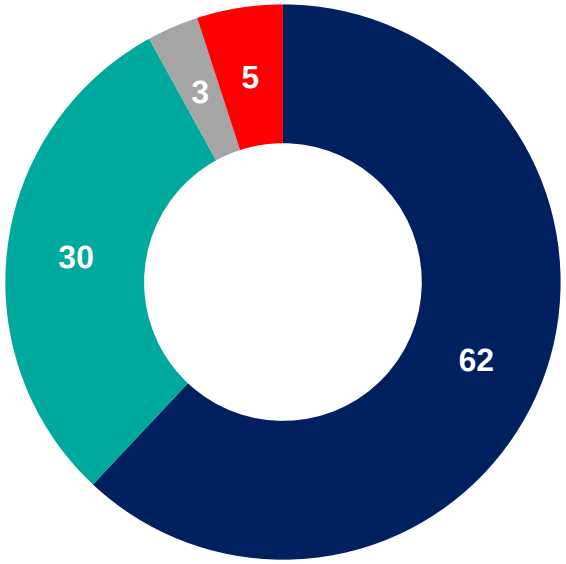
Hooivallei Suiwel Dairy

BM Food Manufacturers (Pty) Ltd

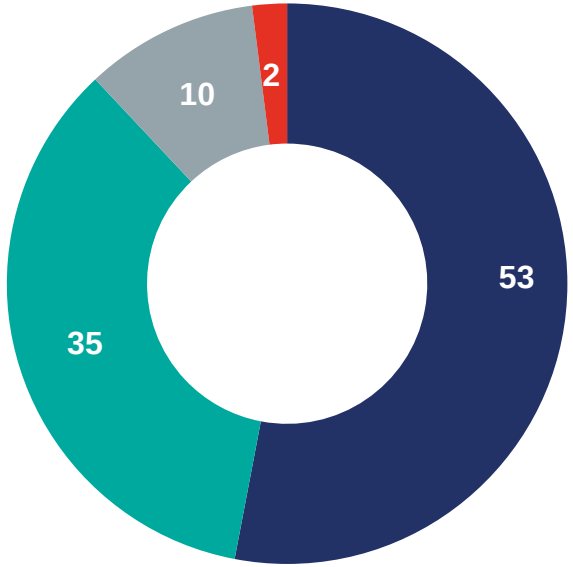
CHEESE
BUTTER | POWDERS
CONVENIENCE FOODS

Group snapshot

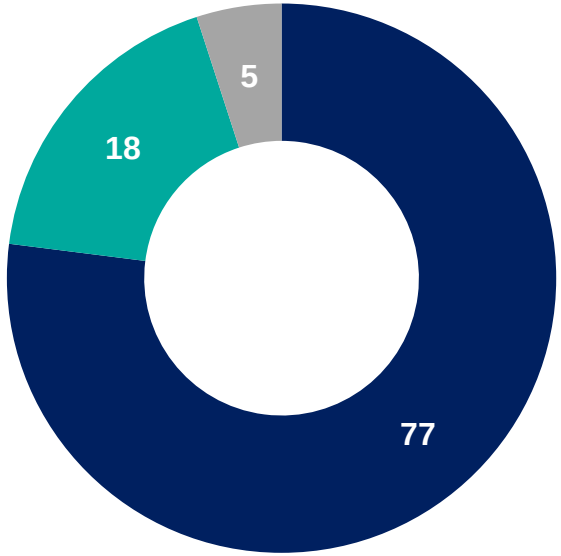
Employees (%)



Revenue (%)



Normalised operating profit (%)*



Sea Harvest
Savour the sea

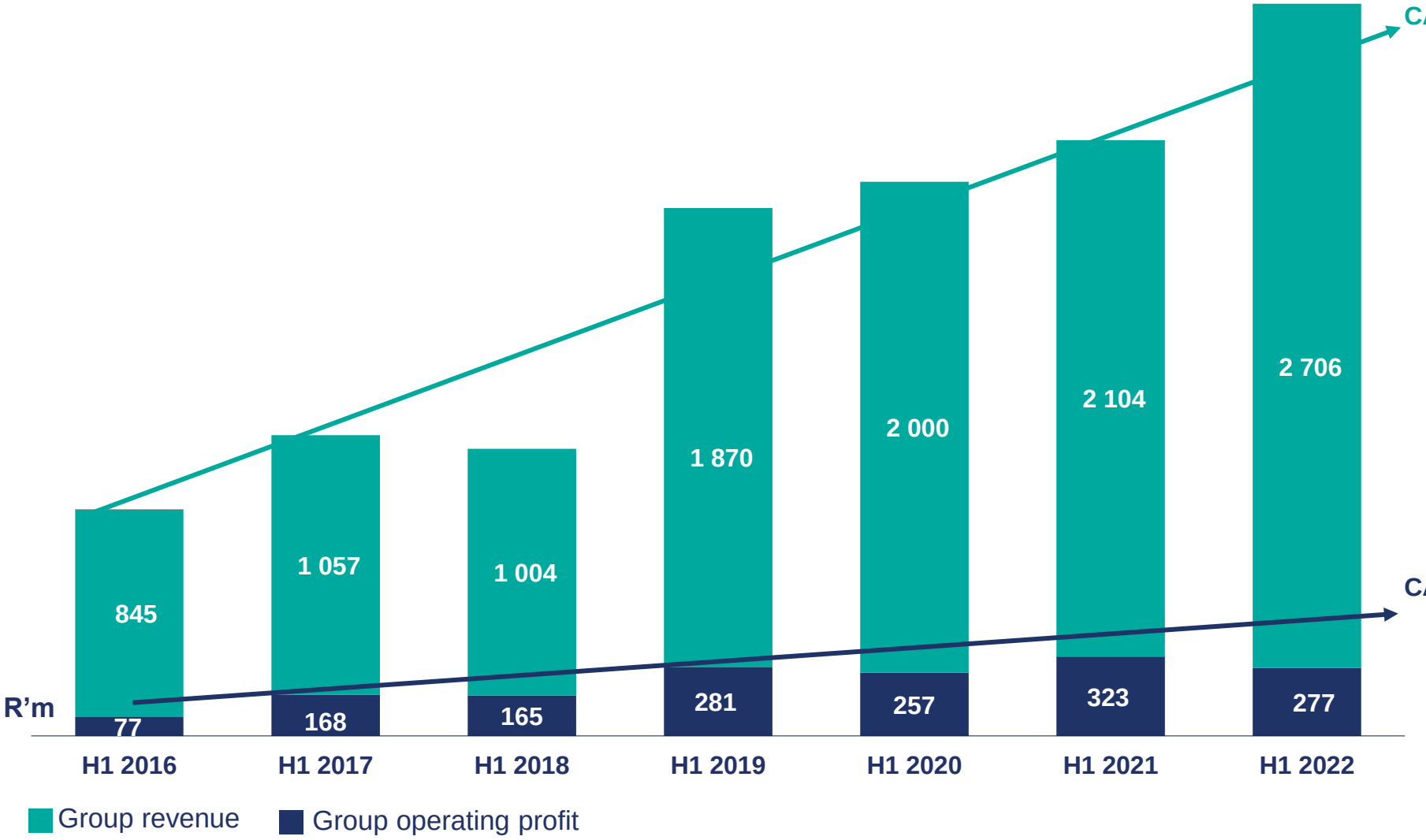
Cape Harvest FOODS

Sea Harvest AUSTRALIA

Sea Harvest AQUACULTURE

** Excluding Sea Harvest Aquaculture*

Revenue and operating profit



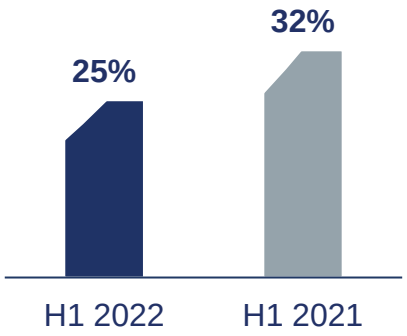


Key metrics

GROUP REVENUE

29% ↑

TO R2.7 BILLION
(2021: R2.1 BILLION)

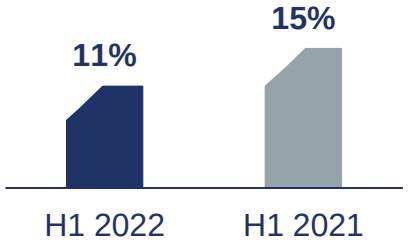


GROSS PROFIT MARGIN

EBIT

10% ↓

TO R287 MILLION
(2021: R318 MILLION)

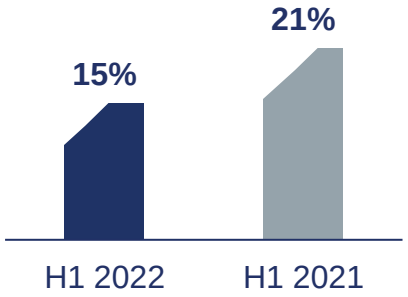


EBIT MARGIN

HEPS

10% ↓

TO 65 CENTS PER SHARE
(2021: 72 CENTS PER SHARE)



EBITDA MARGIN

Revenue diversification

INTERNATIONAL

15%

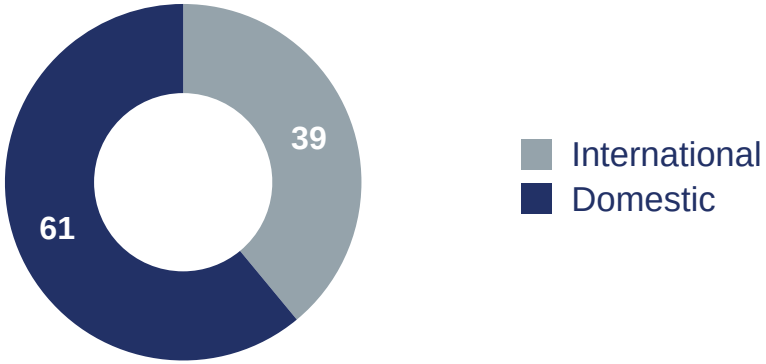
TO R1.07 BILLION
(2021: R929 MILLION)

DOMESTIC

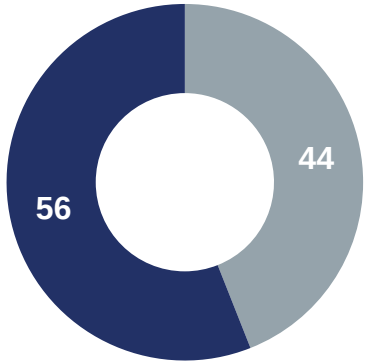
39%

TO R 1.64 BILLION
(2021: R1.17 BILLION)

H1 2022 (%)



H1 2021 (%)



Market diversification: International mix

EUROPE



TO R668 MILLION
(2021: R597 MILLION)

AUSTRALIA



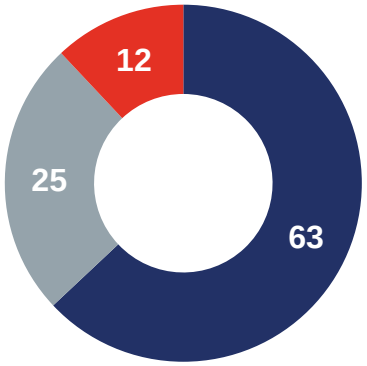
TO R266 MILLION
(2021: R230 MILLION)

OTHER MARKETS



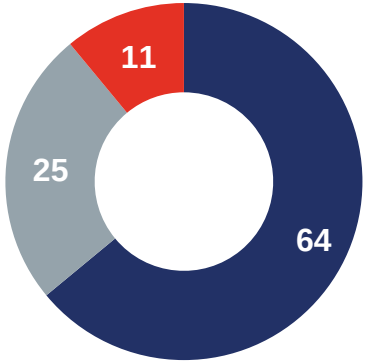
TO R133 MILLION
(2021: R102 MILLION)

H1 2022 (%)



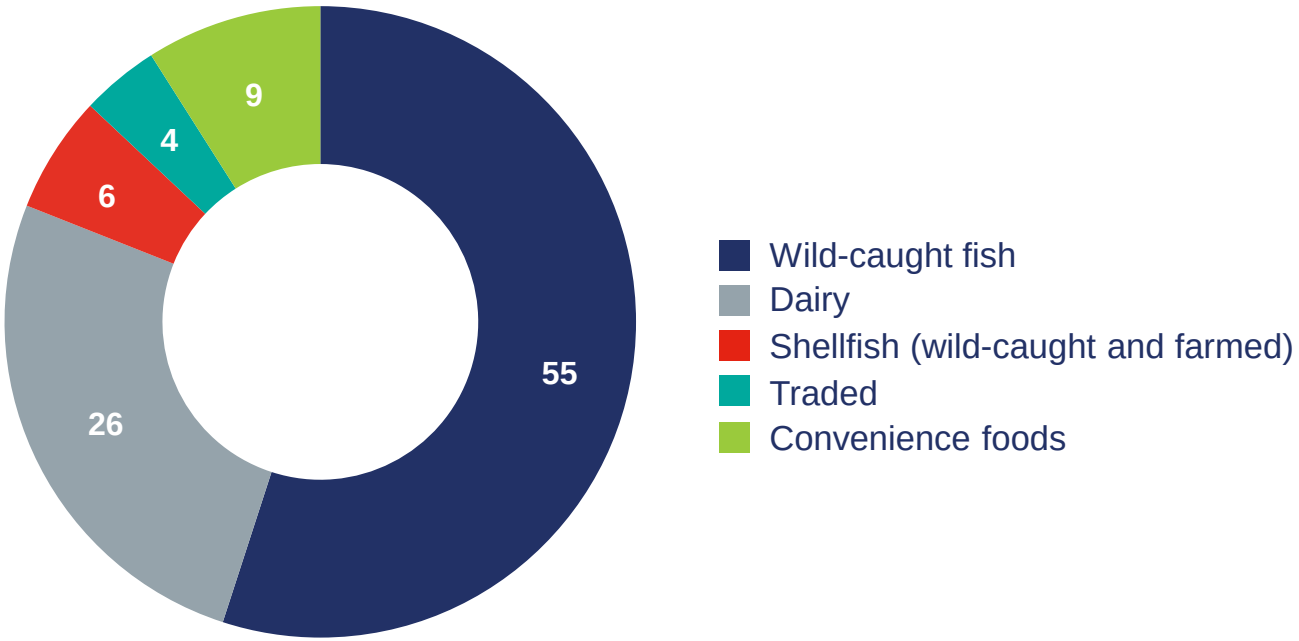


H1 2021 (%)

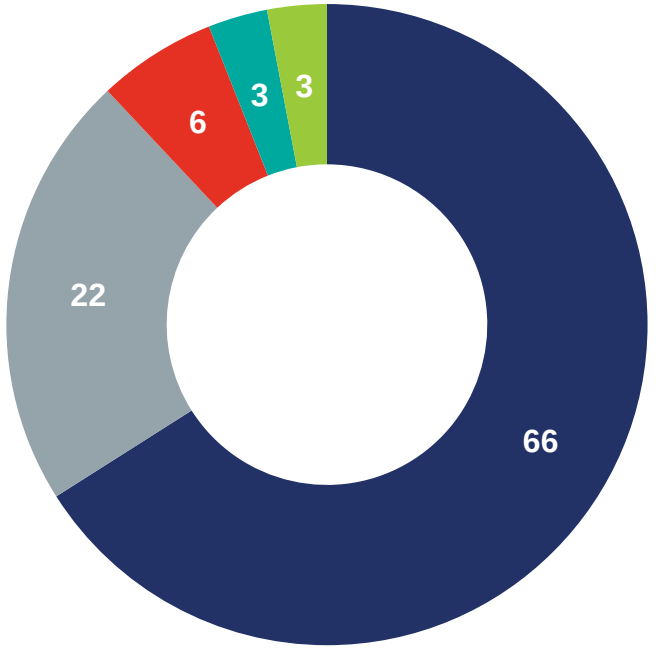


Product diversification: Product revenue mix

H1 2022 (%)



H1 2021 (%)



Channel mix

RETAIL



TO R1.20 BILLION
(2021: R966 MILLION)

FOODSERVICE



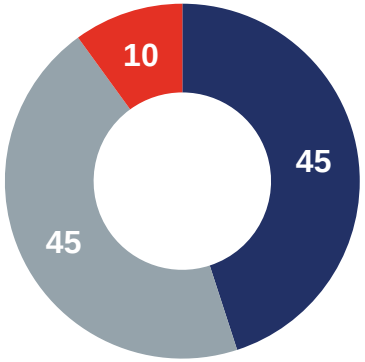
TO R1.23 BILLION
(2021: R944 MILLION)

WHOLESALE



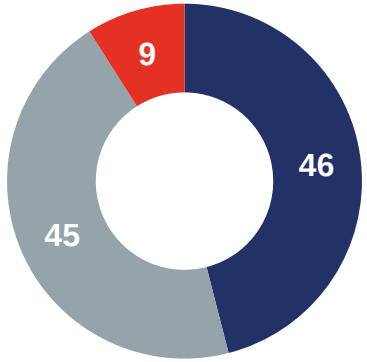
TO R271 MILLION
(2021: R193 MILLION)

H1 2022 (%)





H1 2021 (%)



H1 2022 challenges

- Hake quota losses from the Fishing Rights Allocation Process (FRAP) and a further cut in the Total Allowable Catch (TAC) resulted in 10% lower volumes
  - Had a material impact on the top line and fixed cost recovery
- Input cost pressure, specifically fuel, had a significant impact on cost of sales
- Higher wage demands as a result of higher inflation
- Supply chain disruptions and freight cost increases
- Zero-COVID policy in Hong Kong and China stymieing abalone sector recovery



H1 2022 highlights

- Sea Harvest was one of the top performing companies in all sectors it applied for in FRAP
- Although a disappointing FRAP outcome – as Sea Harvest is one of the most transformed companies in the sector with 95% black ownership, a Level 1 B-BBEE contributor, and rurally based – the result lays a good foundation for certainty and stability for the next 15 years
- Global markets for seafood have been firm, driven by high global inflation and the war in Ukraine, as Russia is one of the largest harvesters of fish
- Completed the acquisition of 100% of MG Kailis' Western Australia-based fishing assets
- Improved performance at Ladismith Cheese, as a result of the new powder plant, the new butter factory, and the additional capacity from the Mooivallei acquisition
- Abalone recovery has been sound, although Sea Harvest Aquaculture has not been able to take full advantage of this recovery due to its reliance on the live market; being a young farm
- Roll-out of vaccination programme began in July 2021 with 92% of employees vaccinated





MG KAILIS ACQUISITION

MG Kailis acquisition

- Successfully acquired the Western Australia-based fishing and related businesses of MG Kailis effective 23 May 2022 for AUD68m (R765 million)
- Includes vessels, licences (in perpetuity), and fishing rights for high-value prawns in the Exmouth region and high-value trawled fish in the Pilbara region of Western Australia
- Funded from available cash and facilities
  - AUD30 million in Australia
  - R450 million from South Africa
- Market-leading, vertically integrated seafood business with over 50 years' experience in the seafood industry in Australia
- Doubles the size of the Australian business and complements the Group's existing operations in Australia from a fishing, trading, engineering and sales perspective, providing further security of supply and diversification of product
- Provides management depth



GROUP FINANCIAL AND OPERATING PERFORMANCE

1

SEA HARVEST GROUP

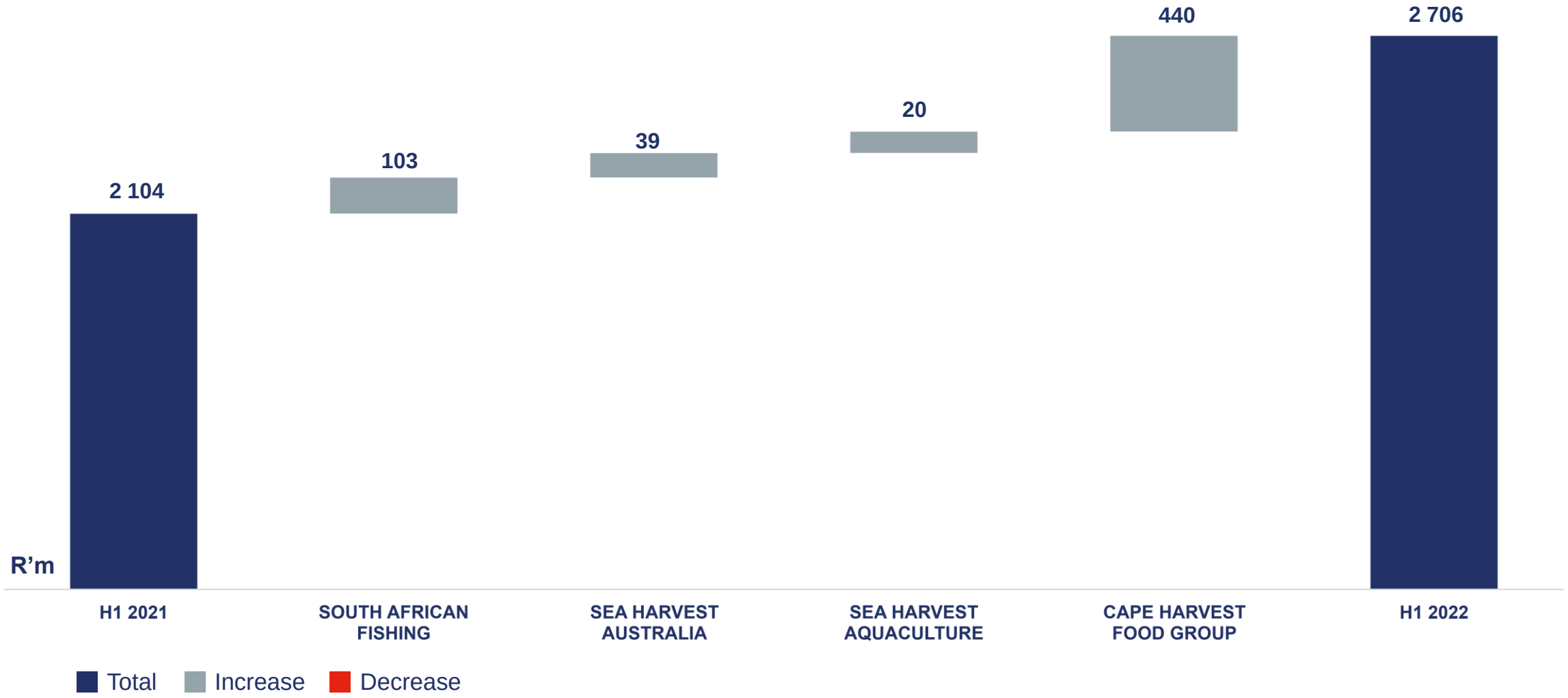


Sea Harvest Group income statement

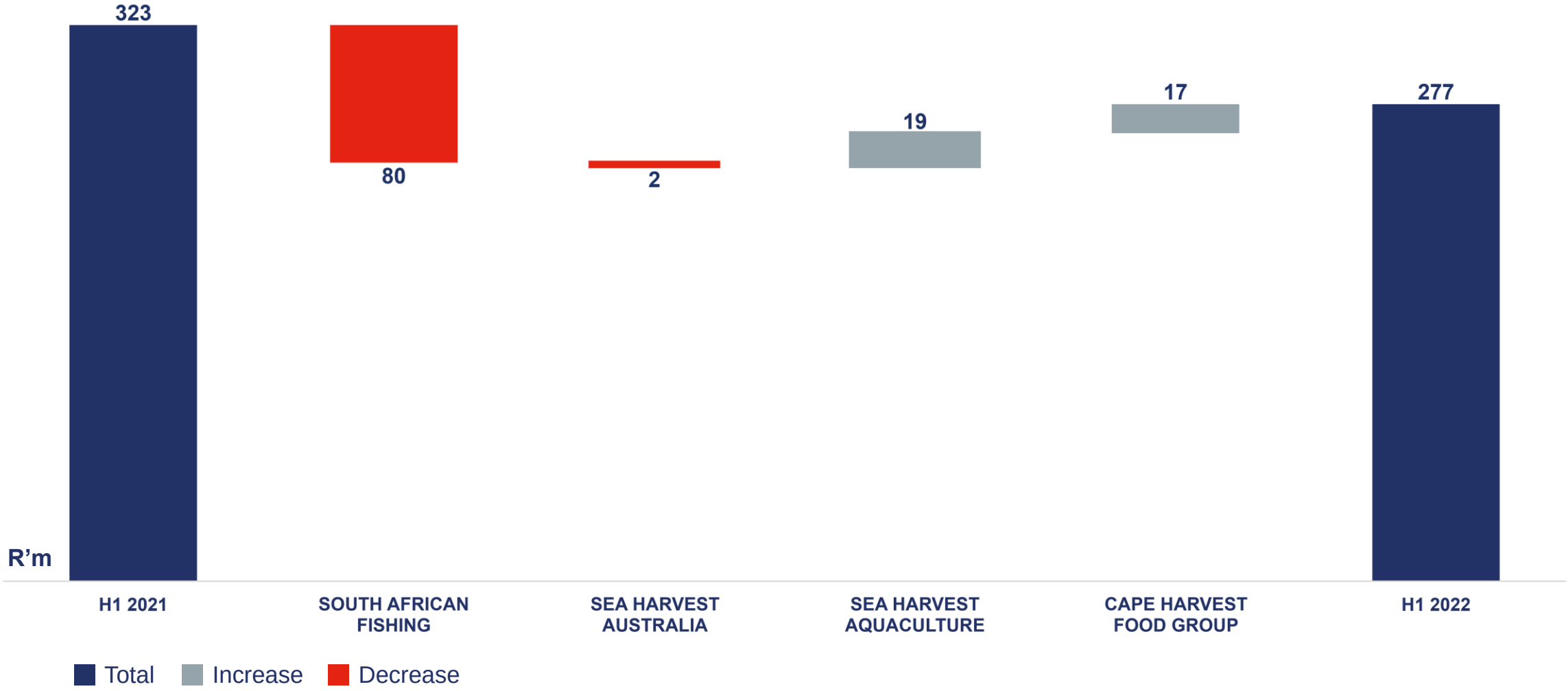
		H1 2022 R'm	H1 2021 R'm
Revenue	29%	2 706	2 104
Cost of sales	42%	(2 029)	(1 427)
Gross profit	0%	**677**	**677**
Gross profit margin		*25%*	*32%*
Other operating income	25%	119	95
Net operating expenses	16%	(518)	(448)
Operating profit	-14%	**277**	**323**
Operating profit margin		*10%*	*15%*
Profit before finance costs and tax (EBIT)	-10%	**287**	**318**
EBIT margin		*11%*	*15%*
Net finance costs	79%	(52)	(29)
Taxation	-39%	(54)	(90)
Profit after tax	-10%	**180**	**199**
Non-controlling interest	-65%	(7)	(19)
Profit attributable to Sea Harvest shareholders	-14%	187	218
EBITDA	-5%	**416**	**436**
EBITDA margin		*15%*	*21%*



Sea Harvest Group revenue waterfall



Sea Harvest Group operating profit waterfall



Sea Harvest Group HEPS

Reconciliation of headline earnings		H1 2022 R'm	H1 2021 R'm
Profit attributable to Sea Harvest shareholders	-14%	187	218
Adjustment for capital items post tax		(4)	(16)
Headline earnings	-10%	**182**	**202**
Weighted average number of outstanding shares (WANOS)		280	281
HEPS (cents)	-10%	65	72



Sea Harvest Group normalised operating profit and normalised HEPS

		H1 2022 R'm	H1 2021 R'm
Operating profit	-14%	277	323
Insurance proceeds		(6)	(17)
Acquisition-related costs		15	–
Net COVID expenses		4	16
Normalised operating profit	-10%	**290**	**322**
Normalised operating profit margin		*11%*	*15%*
Headline earnings	-10%	182	202
Acquisition-related costs (post-tax)		11	–
Net COVID expenses (post-tax)		3	11
Normalised headline earnings	-8%	196	213
Normalised HEPS (cents)	-8%	**70**	**76**



Sea Harvest Group balance sheet

Assets	H1 2022 R'm	H2 2021 R'm	
Property, plant and equipment	2 303	2 193	●
Right-of-use assets	166	114	
Biological assets	83	68	
Intangible assets	1 285	769	●
Goodwill	1 081	865	●
Other non-current assets	329	295	
Current assets	2 433	2 534	●
	7 680	**6 838**	



BAU Capex +R96m,
Expansion Capex +R21m,
MGK acquisition +R117m,
Depreciation -R113m



MGK acquisition +R218m



MGK acquisition +R535m,
Translation of Sea Harvest
Australia intangibles -R17m



Inventory +R135m
(MGK acquisition +R76m),
Receivables +R179m
(MGK acquisition +R56m),
Financial assets +R50m,
Cash -R456m

Sea Harvest Group balance sheet

Equity and liabilities	H1 2022 R'm	H2 2021 R'm
Stated capital	1 791	1 832
Reserves	1 363	1 280
Non-controlling interests	49	57
Non-current liabilities	3 386	2 590
Current liabilities	1 091	1 079
	7 680	**6 838**



Retained earnings +R18m
(Profit +R187m
less dividend -R169m),
Foreign currency translation
reserve -R20m,
Hedge reserves +R69m



LT borrowings +R576m,
Deferred tax +R181m
(MGK acquisition +R160m)



Minorities in Aquaculture and
BM Foods

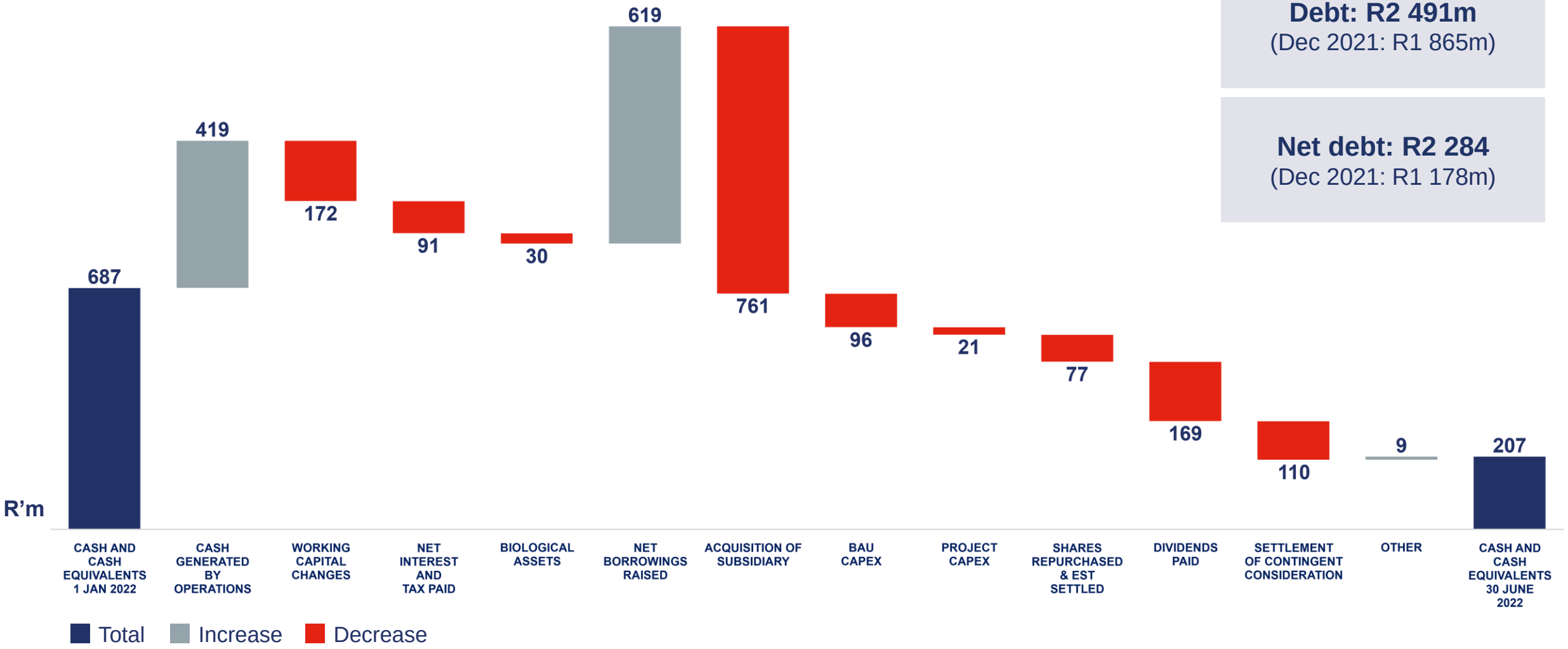


ST borrowings +R51m,
Payables +R91m
(MGK acquisition +R75m),
Share-based payment
liability -R36m,
Contingent consideration -R110m

Sea Harvest Group cash flow waterfall

Debt: R2 491m
(Dec 2021: R1 865m)

Net debt: R2 284
(Dec 2021: R1 178m)



Sea Harvest Group key financial ratios

		H1 2022	H2 2021
Net debt-to-EBITDA[1]	(x)	2.3	1.2
ROCE[1/3]	(%)	14	18
Net working capital as a % of revenue[1]	(%)	20	19
Cash flow conversion[2]	(%)	53	54

- The Group increased its gearing levels to fund the MG Kailis acquisition
- Target gearing of between 1.2x and 1.5x net debt to EBITDA



1. Ratios calculated on a rolling 12-month basis; annualised for MG Kailis

2. (Operating cash flow +/- changes in NWC - BAU capex - tax paid)/EBITDA

3. Calculated using interest-bearing debt

2



CAPE HARVEST FOOD GROUP

Cape Harvest Food Group key metrics

REVENUE

85%

TO R956 MILLION
(2021: R516 MILLION)

GROSS PROFIT

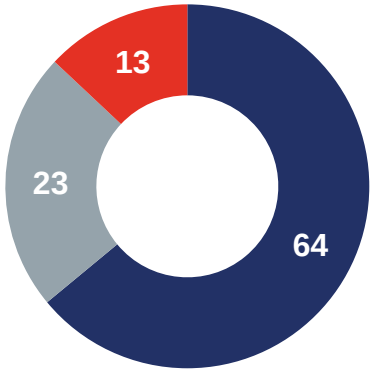
68%

TO R162 MILLION
(2021: R96 MILLION)

OPERATING PROFIT

44%

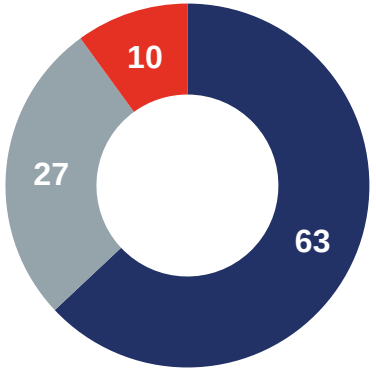
TO R55 MILLION
(2021: R39 MILLION)



H1 2022

Revenue (%)

- Retail
- Foodservice
- Wholesale



H1 2021

Operating profit margin



Cape Harvest Food Group H1 2022 highlights and challenges

Cape Harvest FOODS

RETAIL

87%

TO R609 MILLION
(2021: R325 MILLION)

FOODSERVICE

59%

TO R222 MILLION
(2021: R140 MILLION)

WHOLESALE

145%

TO R125 MILLION
(2021: R51 MILLION)



- H1 2022 includes Mooivallei and BM Foods, which were effective H2 2021
- Positive impact from the new powder plant, new butter factory, and additional capacity at Mooivallei
- Tough local economic environment
- Significant input cost pressures

3

SEA HARVEST AQUACULTURE



Sea Harvest Aquaculture key metrics

Sea Harvest AQUACULTURE

REVENUE

55%

TO R56 MILLION
(2021: R36 MILLION)

GROSS PROFIT

362%

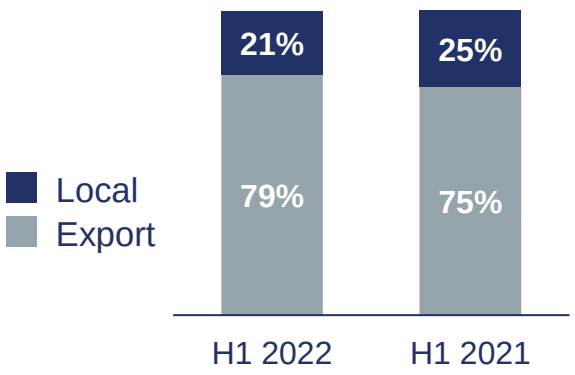
TO R24 MILLION
(2021: R5 MILLION)

OPERATING LOSS

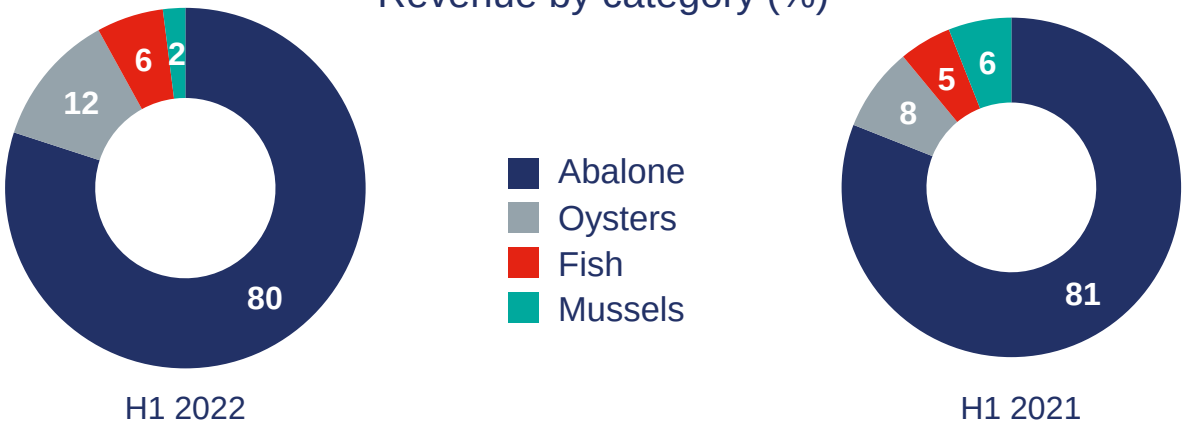
51%

TO -R18 MILLION
(2021: -R37 MILLION)

Revenue mix



Revenue by category (%)



Revenue excludes intersegmental revenue of R1.1m (H1 2021: R3.7m)

Sea Harvest Aquaculture H1 2022 highlights and challenges

AQUACULTURE

- Positive signs in markets for larger abalone sizes in the dried and canned formats
- Sea Harvest Aquaculture farms are in their growth phase, resulting in smaller sizes
- The implication is mainly live abalone sales at lower prices
- Continuing zero-COVID policy and associated lockdowns in China and Hong Kong
- Very high freight cost on live abalone as limited flight options from South Africa
- Operating loss halved to R18 million
- Farms are well stocked



4

SOUTH AFRICAN FISHING



South African Fishing key metrics

Sea Harvest
Savour the sea

REVENUE

8%

TO R1.42 BILLION
(2021: R1.32 BILLION)

GROSS PROFIT

20%

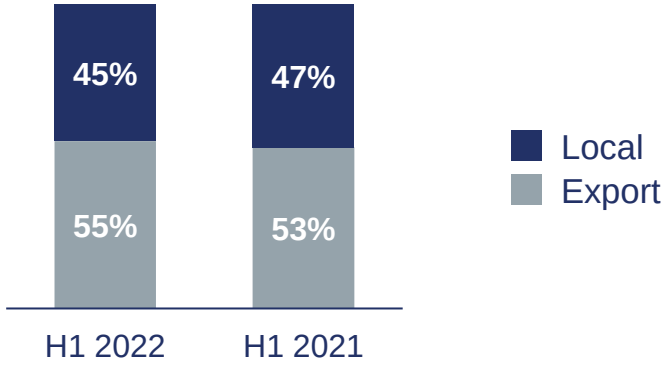
TO R423 MILLION
(2021: R529 MILLION)

OPERATING PROFIT

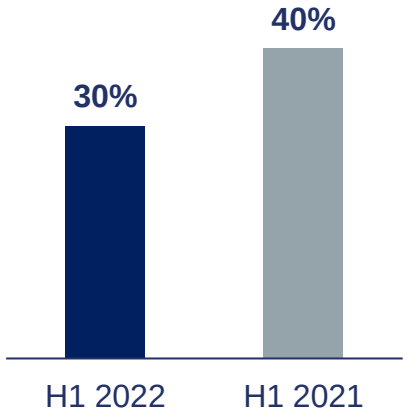
25%

TO R236 MILLION
(2021: R316 MILLION)

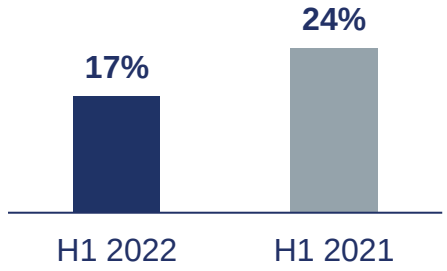
Revenue mix



Gross profit margin



Operating profit margin



Revenue excludes intersegmental revenue of R109.3m (H1 2021: R106.2m)

South African Fishing revenue growth and channel mix

Savour the sea

EXPORT



TO R836 MILLION
(2021: R754 MILLION)

FOODSERVICE



TO R418 MILLION
(2021: R379 MILLION)

DOMESTIC RETAIL



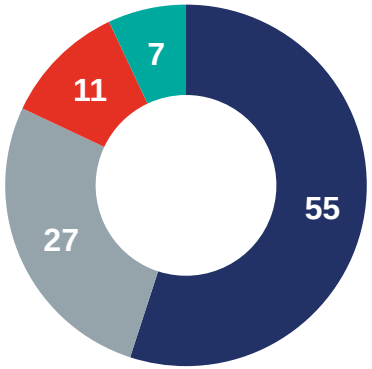
TO R172 MILLION
(2021: R189 MILLION)

WHOLESALE



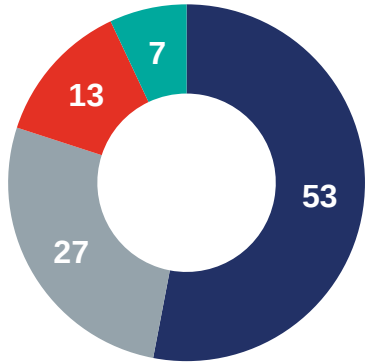
TO R107 MILLION
(2021: R104 MILLION)

H1 2022 (%)



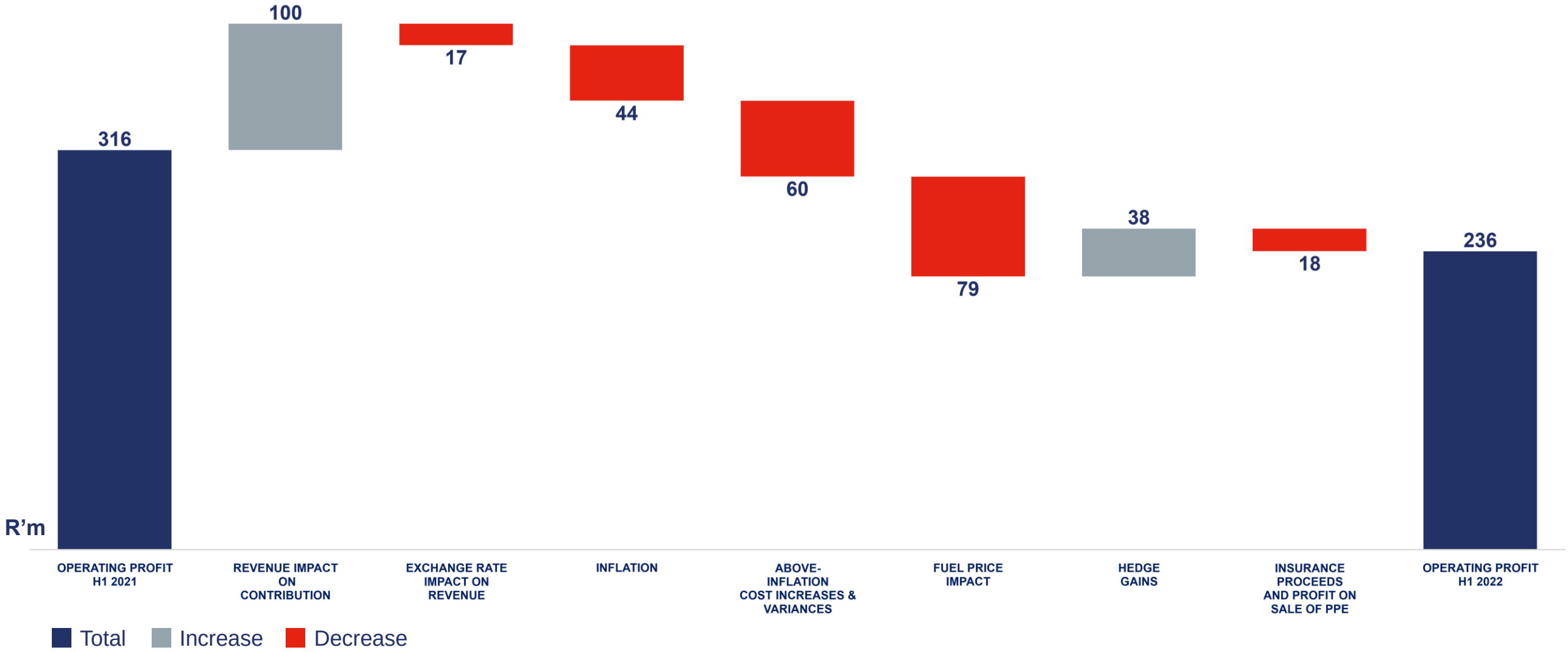


H1 2021 (%)



Revenue includes intersegmental revenue of R109.3m (H1 2021: R106.2m)

South African Fishing operating profit bridge



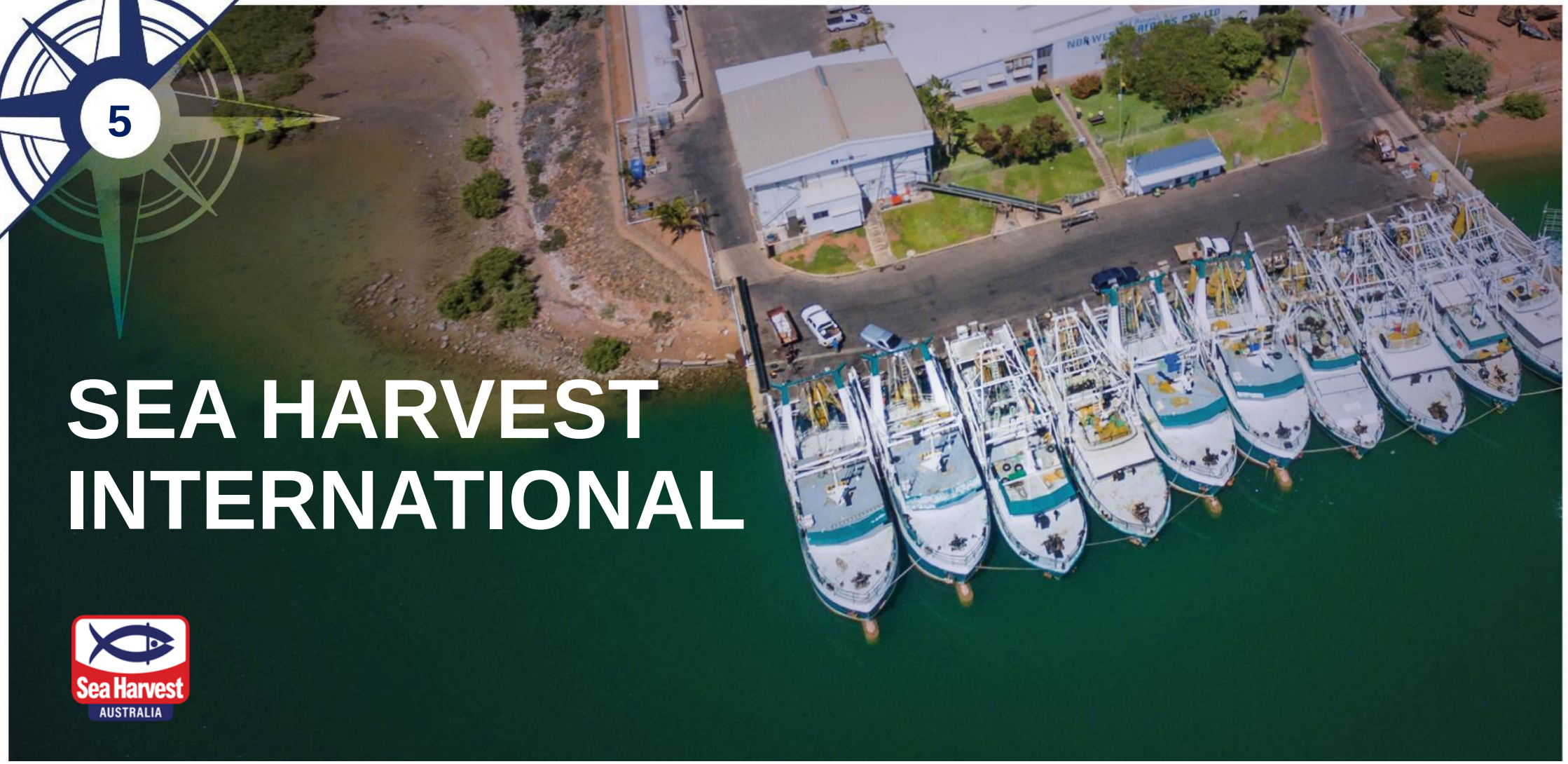
South African Fishing H1 2022 highlights and challenges

- The South African Fishing segment had a challenging six months
  - 10% volume reduction from FRAP and a cut in the Hake TAC impacted revenue
  - Stronger rand against major trading currencies
  - Material input cost inflation, including fuel, freight, ingredients and packaging
- Operating profit declined by 25% with the operating profit margin diluting from 24% to 17%
- International markets have been strong, driven by higher demand and inflation
- FRAP finalisation brings long-term stability to the business



5

SEA HARVEST INTERNATIONAL



Sea Harvest International key metrics

REVENUE

17%

TO $24 MILLION
(2021: $21 MILLION)

GROSS PROFIT

34%

TO $6.3 MILLION
(2021: $4.7 MILLION)

EBIT

18%

TO $0.5 MILLION
(2021: $0.6 MILLION)

NORMALISED EBIT

179%

TO $1.5 MILLION
(2021: $0.6 MILLION)

Revenue split by category (%)



H1 2022 H1 2021

Revenue channel (%)



H1 2022 H1 2021

Sea Harvest International H1 2022 highlights and challenges

RETAIL	FOODSERVICE	EXPORT
27% ↓	33% ↑	24% ↓
TO $2.45 MILLION (2021: $3.37 MILLION)	**TO $20.8 MILLION** (2021: $15.7 MILLION)	**TO $1.09 MILLION** (2021: $1.43 MILLION)

- Revenue growth driven by firm pricing and one month of MG Kailis
- Incurred AUD1.1 million in MG Kailis acquisition-related costs in H1 2022
- Retail and export markets impacted by the later start to the Shark Bay prawn season
- MG Kailis predominantly export and foodservice focused
- Demand has been firm, driven by relaxation of lockdowns and higher levels of inflation



OUTLOOK



H2 outlook…

- South African Fishing has to contend with 10% volume reduction and a stronger rand
- Above-inflation cost increases, including significantly higher fuel prices and elevated wage demands
- Export markets are firm, and the focus will be to leverage price to partially recover costs
- Well hedged for H2 2022 across foreign currency and fuel
- Aquaculture is reliant on abalone size mix, relaxation of the zero-COVID policy in the Far East, and increased international flights
- Ladismith Cheese is weighted towards a stronger H2, with higher milk flow
- Australia is also weighted towards a stronger H2, with a more diversified wild-caught product mix
- Integration of acquisitions will be a key focus area



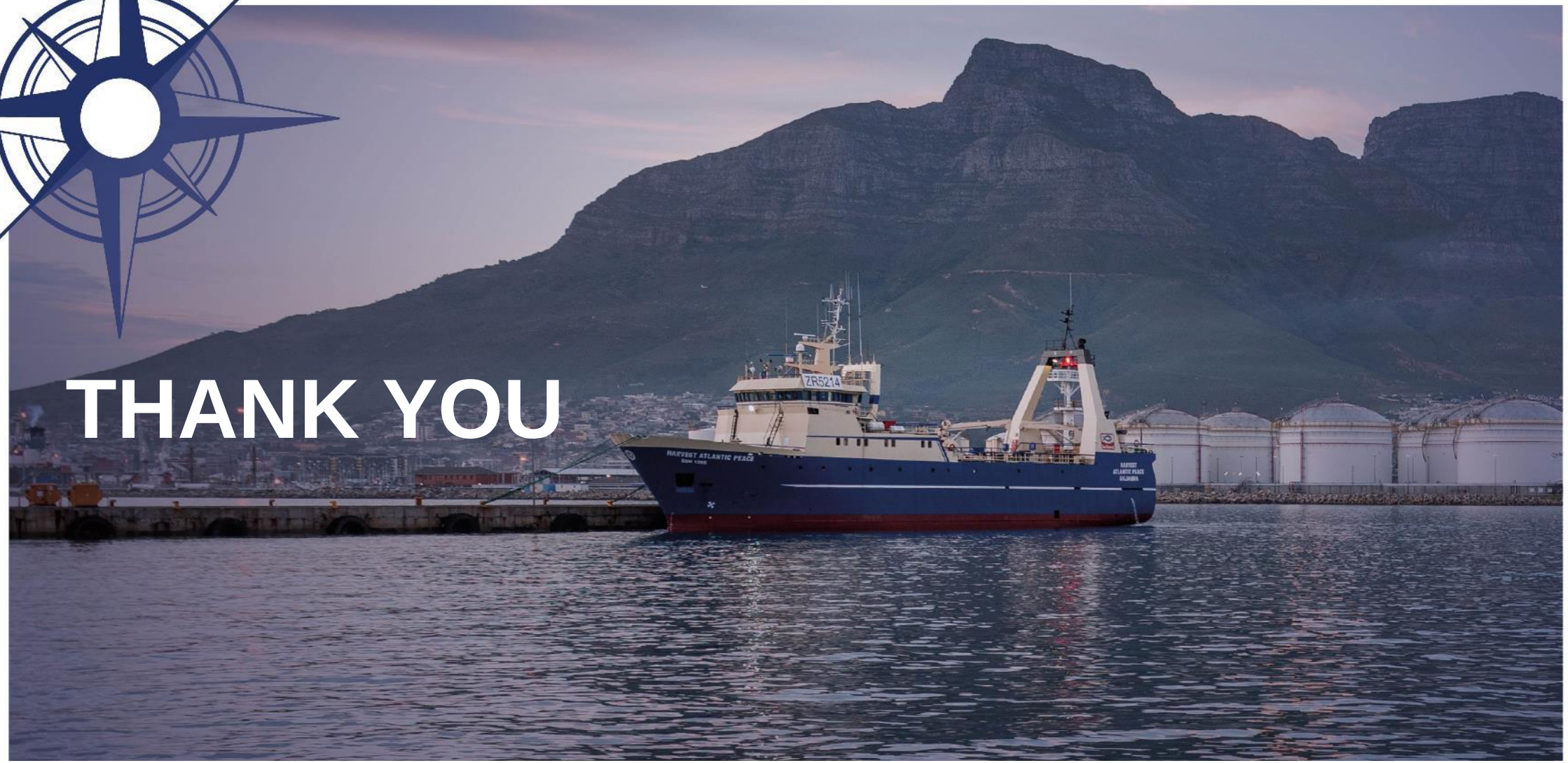
Looking ahead…

- Sea Harvest is strongly positioned to continue to deliver on the growth strategy it has pursued since listing
- Finalisation of FRAP is a significant positive development
  - Lays a good foundation for stability and long-term certainty to the Group's core operations; and
  - Introduces greater funding flexibility to the Group, which is key given the reliance on debt funding to date
- A strong pipeline of opportunities has been identified locally and offshore in both fishing and aquaculture segments
- The Group will need to create balance sheet capacity if it is to take advantage of such opportunities in the near term





QUESTIONS



THANK YOU