

BROADENING OUR HORIZONS

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED
30 JUNE 2023

Sea Harvest

Today's presentation team



Felix Ratheb

Chief Executive Officer



Muhammad Brey

Chief Financial Officer

Presentation outline

- Group overview
- Group financial and operating performance
  - Sea Harvest Group
  - Cape Harvest Food Group
  - Sea Harvest Aquaculture
  - South African Fishing
  - Sea Harvest International
- Outlook
- Questions



1

GROUP OVERVIEW

Group snapshot

SOUTH AFRICAN FISHING

Sea Harvest
Savour the sea

37 VESSELS

6 PROCESSING OPERATIONS

SPECIES

HAKE | HORSE MACKEREL
PRAWN | ANCHOVY | PILCHARD

EMPLOYEES

3 200

SEA HARVEST INTERNATIONAL

Sea Harvest
AUSTRALIA

21 VESSELS

25 PRAWN LICENCES

20 SPANISH MACKEREL LICENCES

5 FISH TRAWL LICENCES

SPECIES

PRAWN | SCALLOP | CRAB
SPANISH MACKEREL
FISH TRAWL

EMPLOYEES

170

SEA HARVEST AQUACULTURE

Sea Harvest
AQUACULTURE

5 AQUACULTURE OPERATIONS

SPECIES

ABALONE | OYSTERS

EMPLOYEES

290

CAPE HARVEST FOOD GROUP

Cape Harvest
FOODS

5 PROCESSING OPERATIONS

12 FACTORY SHOPS

CATEGORIES

CHEESE
BUTTER | POWDERS
CONVENIENCE FOODS

EMPLOYEES

1 800

Key metrics

GROUP REVENUE

18%
TO R3.2 BILLION
(2022: R2.7 BILLION)

GROSS PROFIT

15%
TO R777 MILLION
(2022: R677 MILLION)

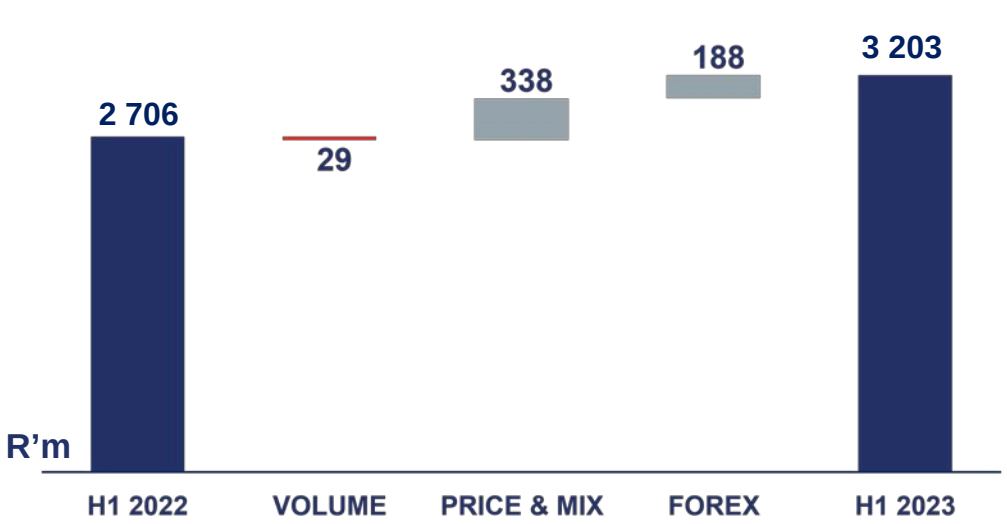
EBIT

23%
TO R352 MILLION
(2022: R287 MILLION)

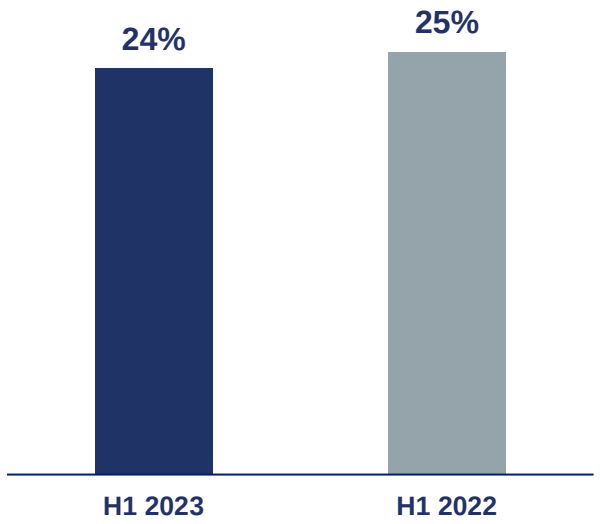
HEPS

19%
TO 77 CENTS PER SHARE
(2022: 65 CENTS PER SHARE)

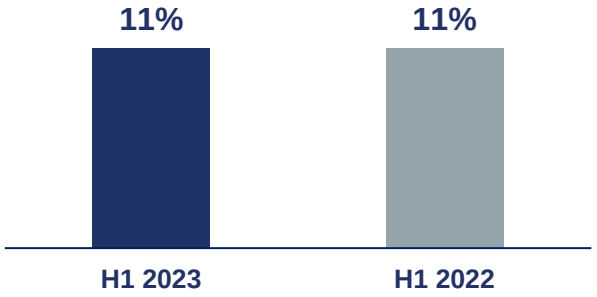
REVENUE



GROSS PROFIT MARGIN



EBIT MARGIN



H1 2023 Challenges

- Significant input cost inflation during the period – cost of sales increased by 20% driven by:
  - Fuel price
  - Milk price
  - Packaging and ingredients
  - Imported raw materials
  - Utilities
- Material supply constraints in the Cape Harvest Foods segment
  - Load shedding-related fire at Ladismith resulting in a one-month disruption
  - Load shedding disruptions
  - Lower countrywide milk flow
- The direct cost of load shedding cost the Group R22 million in H1 2023
- Lower hake volumes as a result of FRAP and challenging fishing conditions due to the erratic weather
- Unable to fully benefit from increasing demand in abalone markets due to size mix
- Higher borrowing levels and average interest rates 47% higher than prior period

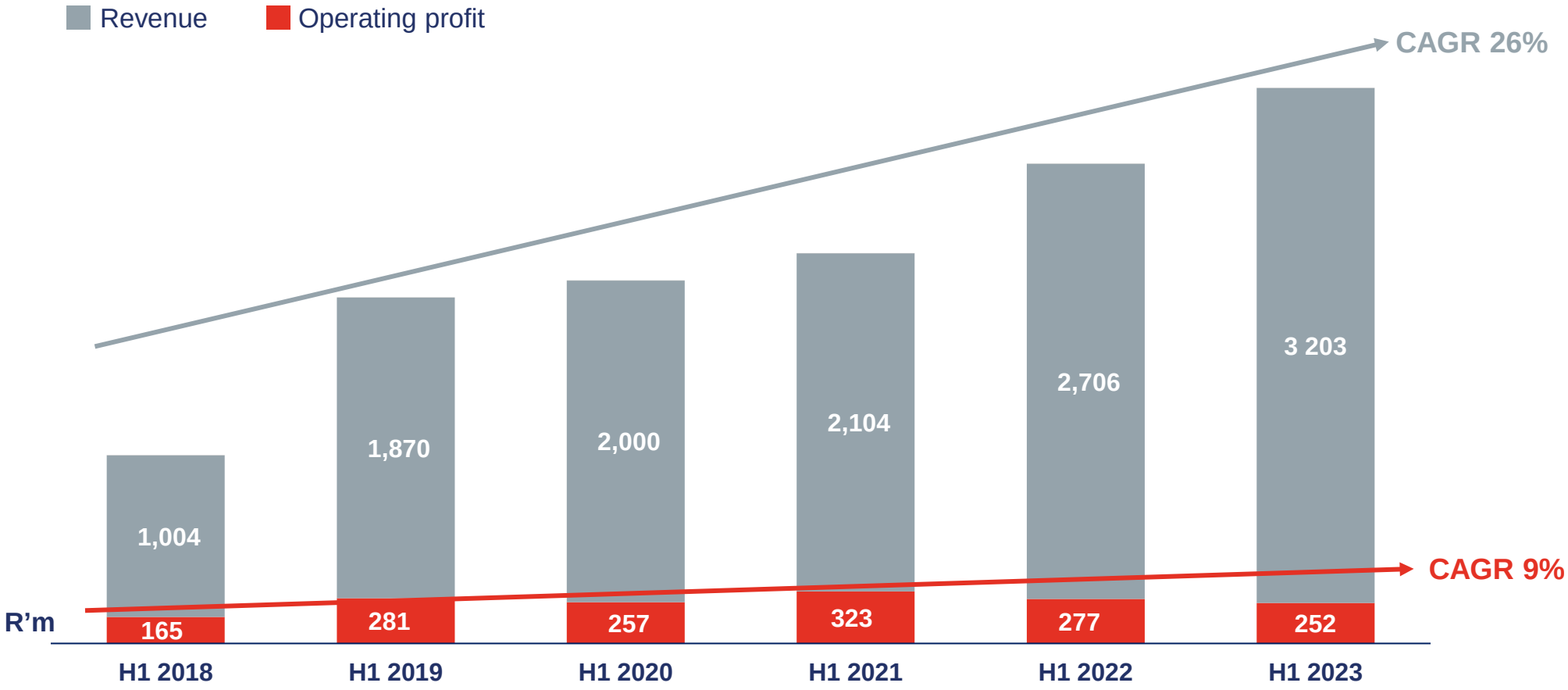


H1 2023 Highlights

- Demand remained strong in all markets and channels, both locally and internationally, resulting in higher selling prices in all businesses
- Weaker exchange rate against all major trading currencies
- Group revenue increased 18%, mitigating the significant cost inflation and continued load shedding
- Asian markets recovering
- Abalone business turned profitable
- Australian business performed well, despite having to absorb MG Kailis fixed expenses for six months
- International freight rates have decreased
- Increased shareholding in Viking Aquaculture from 54% to 82%, gain of R93 million
- Retained Level 1 B-BBEE contributor status



Revenue and operating profit





Revenue diversification: Geographic

DOMESTIC
7%
TO R1.75 BILLION
(2022: R1.64 BILLION)

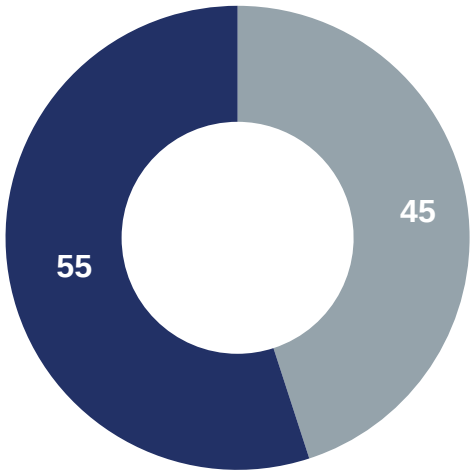
INTERNATIONAL
36%
TO R1.46 BILLION
(2022: R1.07 BILLION)

EUROPE
8 %
TO R719 MILLION
(2022: R668 MILLION)

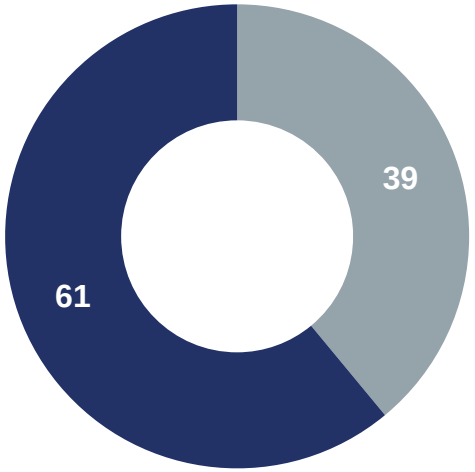
AUSTRALIA
94%
TO R516 MILLION
(2022: R266 MILLION)

OTHER MARKETS
65%
TO R220 MILLION
(2022: R133 MILLION)

H1 2023 (%)

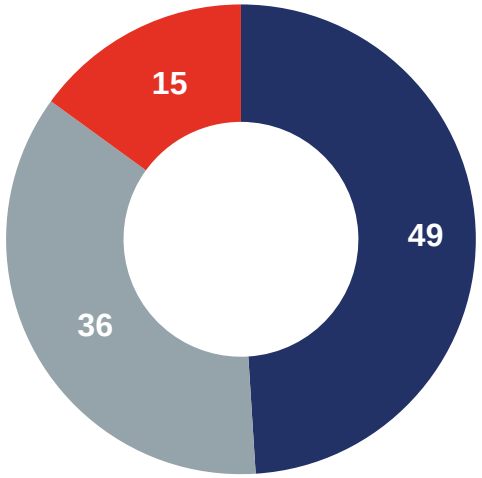


H1 2022 (%)

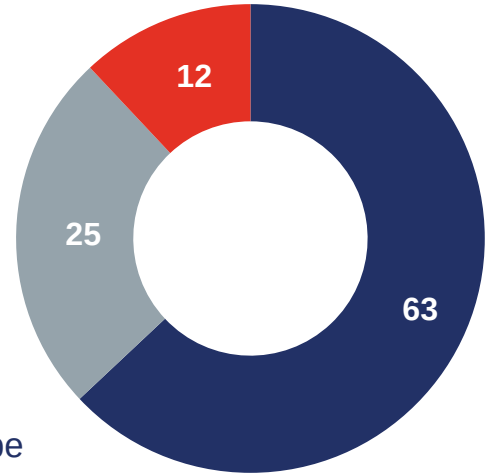


International
Domestic

H1 2023 (%)

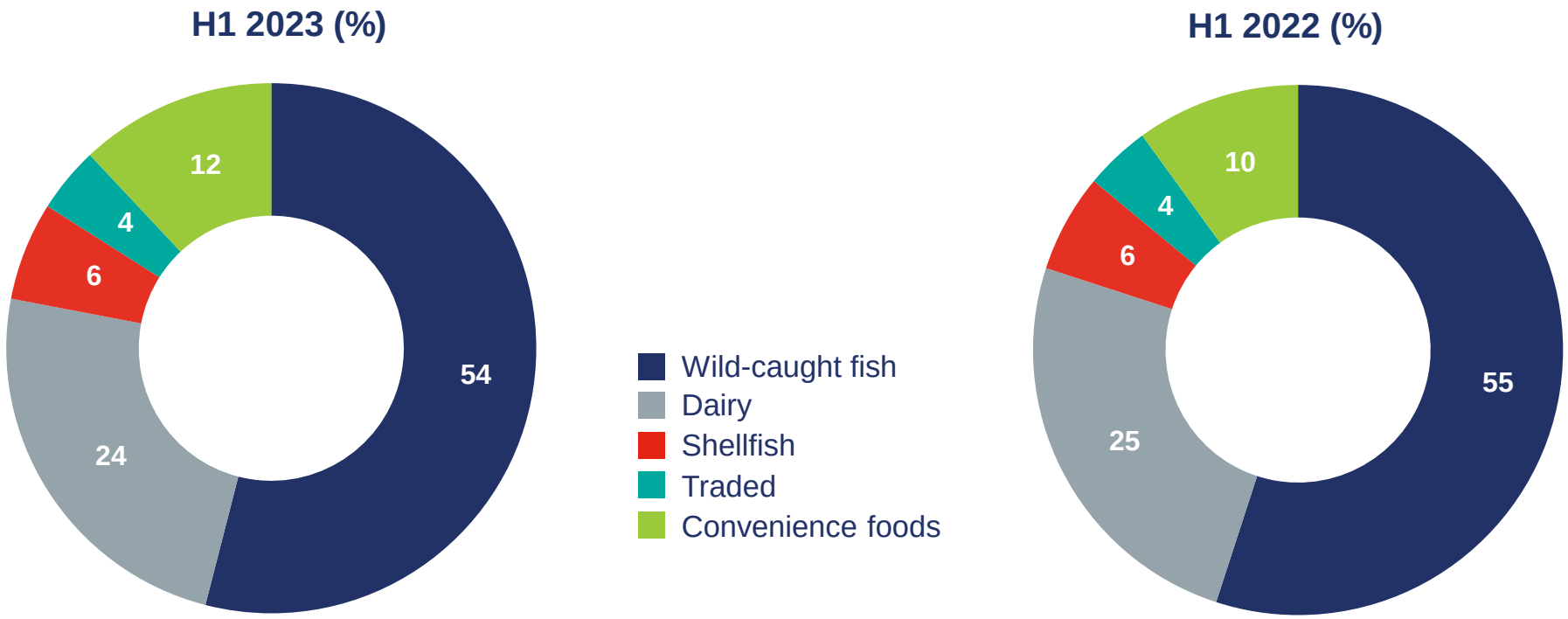


H1 2022 (%)



Europe
Australia
Other markets

Revenue diversification: Product mix



Revenue diversification: Channel mix

RETAIL

3%
TO R1.24 BILLION
(2022: R1.27 BILLION)

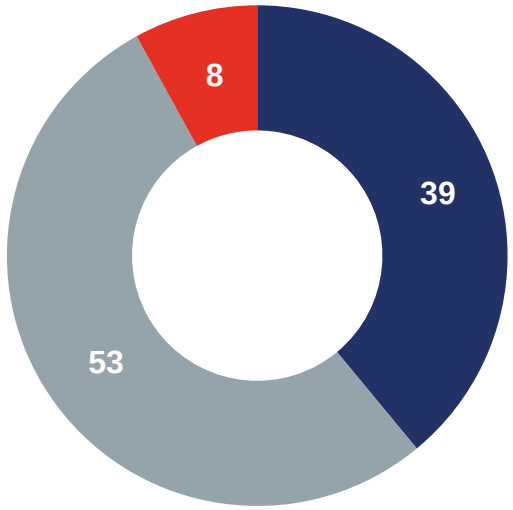
FOODSERVICE

45%
TO R1.69 BILLION
(2022: R1.17 BILLION)

WHOLESALE

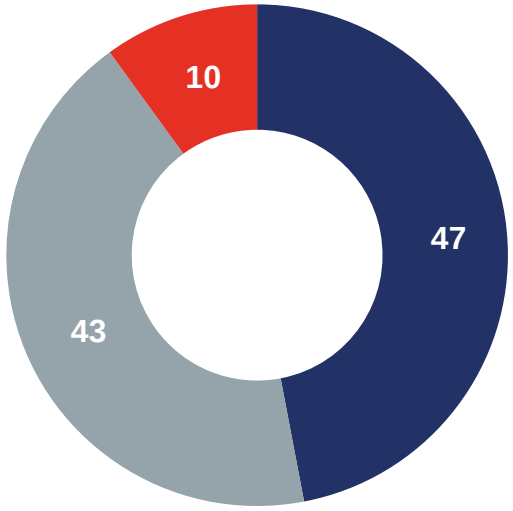
4%
TO R272 MILLION
(2022: R261 MILLION)

H1 2023 (%)



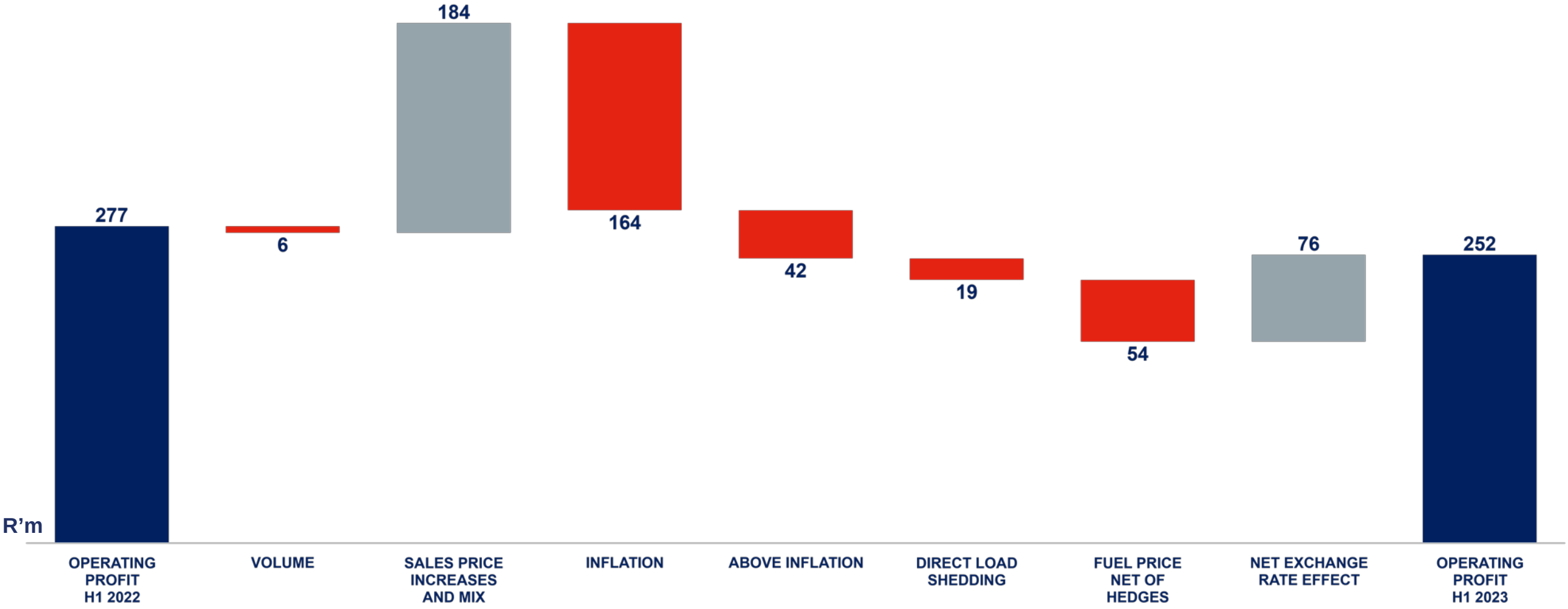
Retail
Foodservice
Wholesale

H1 2022 (%)



Sea Harvest Group operating profit waterfall

Savour the sea





2

GROUP FINANCIAL AND OPERATING PERFORMANCE



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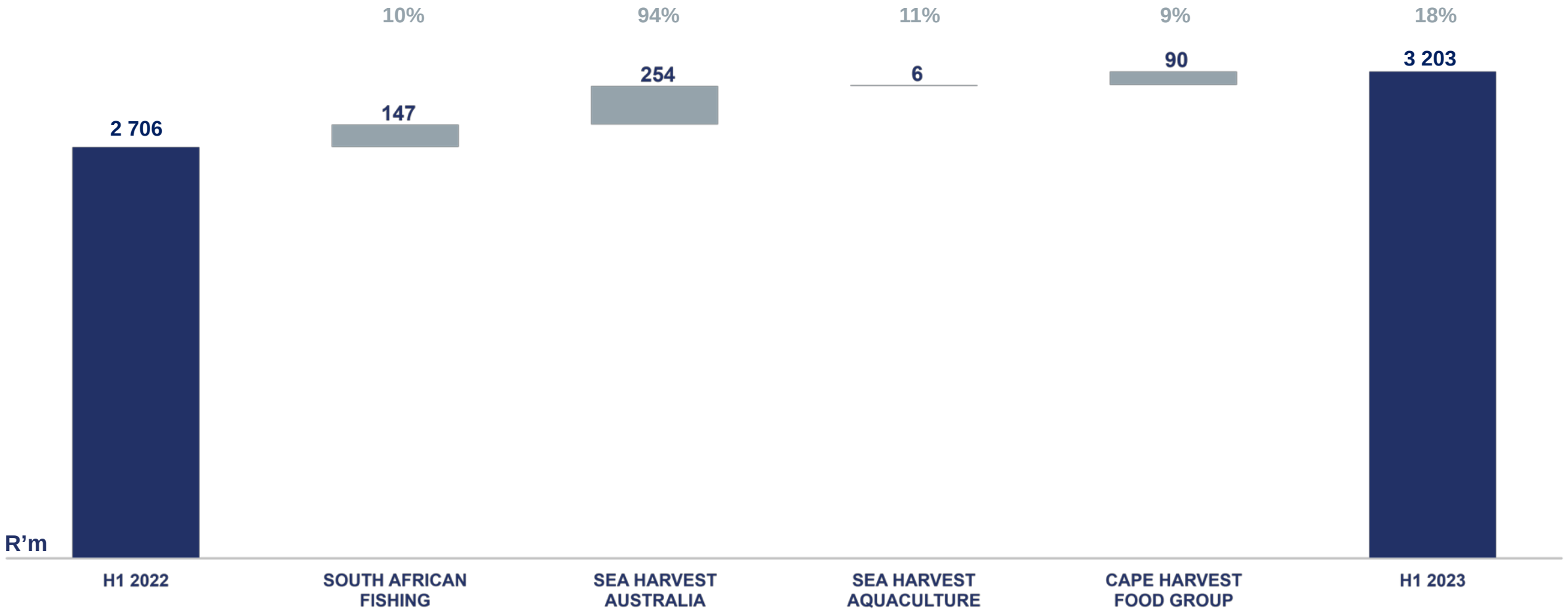
SEA HARVEST GROUP

Sea Harvest Group income statement

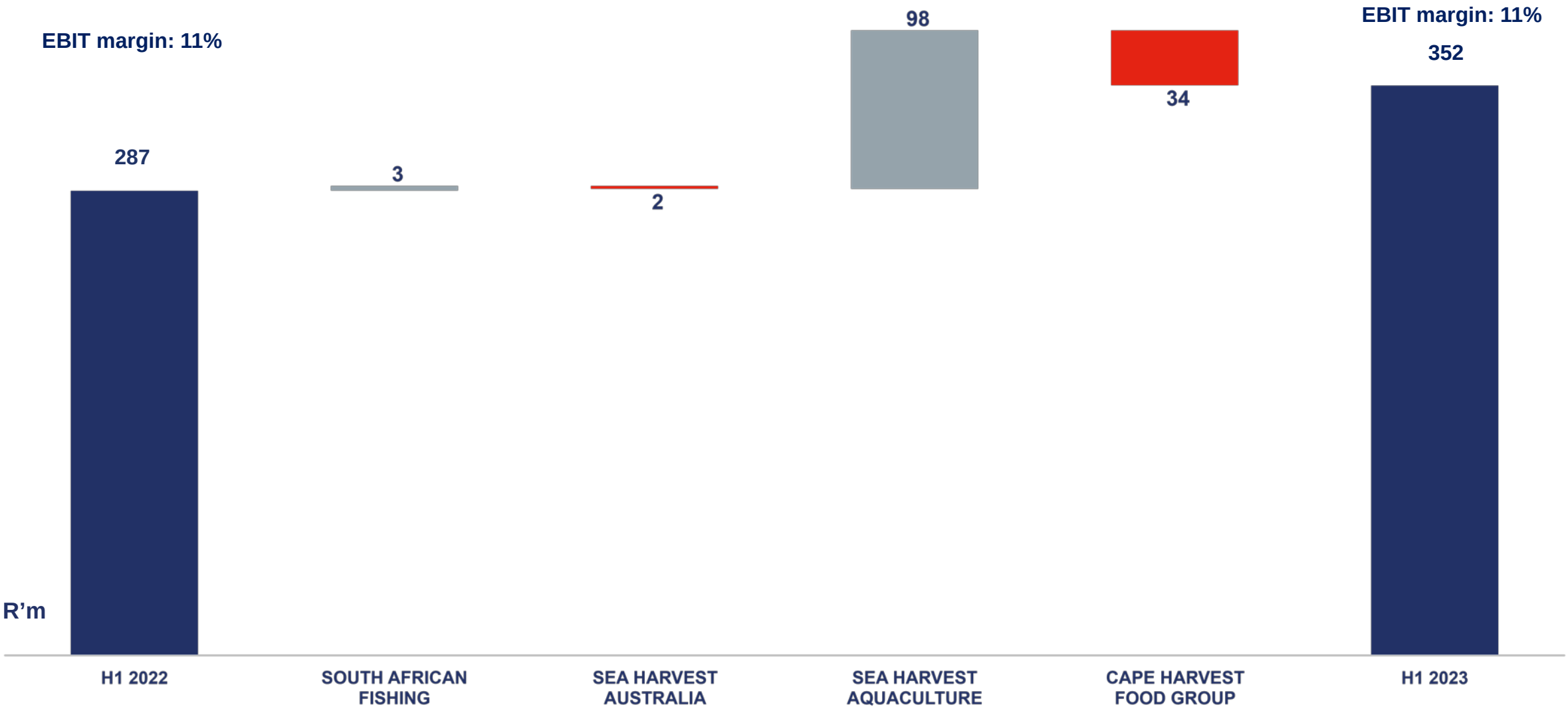
Year-to-date (R'm)	VAR TO H1 2022	H1 2023	H1 2022
Revenue	18%	3 203	2 706
Cost of sales	20%	2 426	2 029
Gross profit	**15%**	**777**	**677**
Gross profit margin		*24%*	*25%*
Other operating income	-48%	62	119
Net operating expenses	13%	(587)	(518)
Operating profit	**-9%**	**252**	**277**
Operating profit margin		*8%*	*10%*
Fair value, associates, impairments & gain on purchased loans		100	10
Profit before finance costs and tax (EBIT)	23%	352	287
EBIT margin		*11%*	*11%*
Net finance costs	98%	(104)	(52)
Taxation	-11%	(48)	(54)
Profit after tax	11%	200	180
Non-controlling interest	94%	(13)	(7)
Profit attributable to Sea Harvest shareholders	14%	213	187
EBITDA	20%	500	416
EBITDA margin		16%	15%



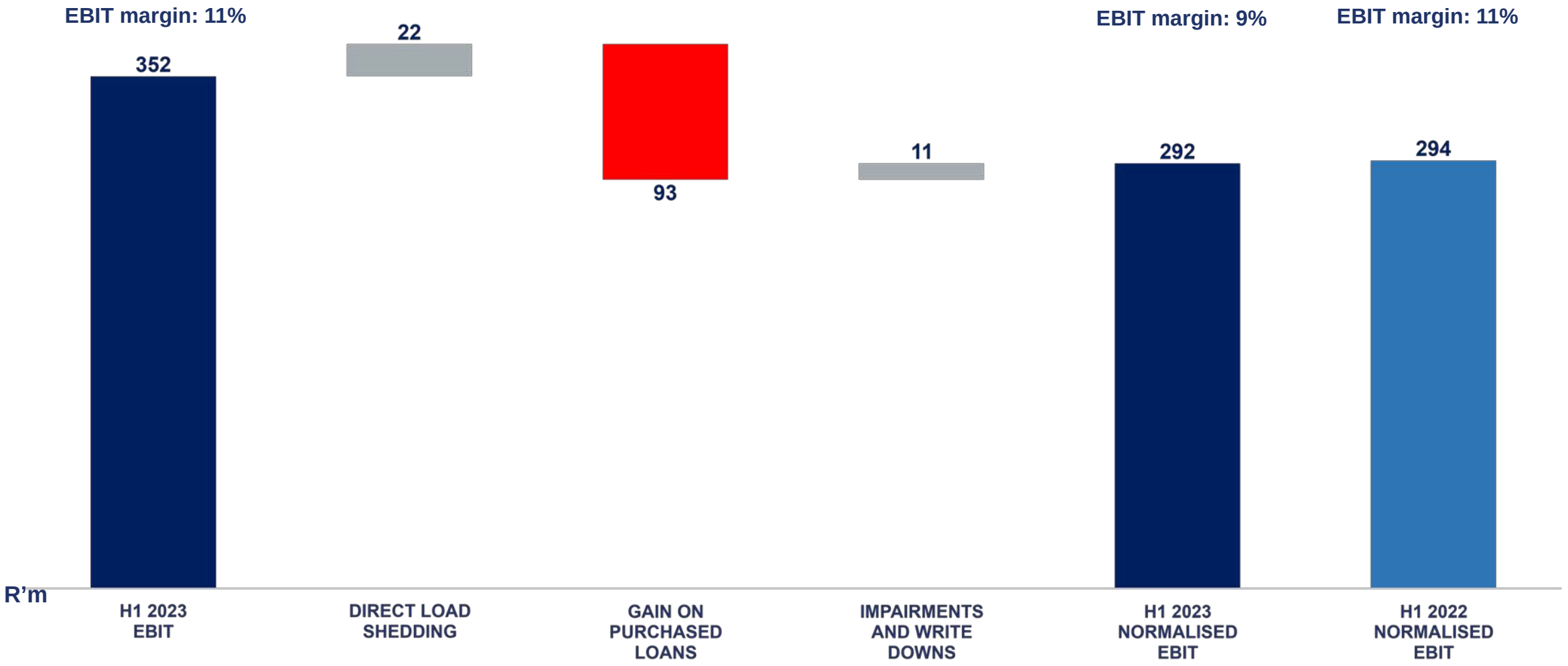
Sea Harvest Group revenue waterfall



Sea Harvest Group EBIT waterfall



Sea Harvest Group normalised EBIT



Sea Harvest Group HEPS

Reconciliation of headline earnings		H1 2023 R'm	H1 2022 R'm
Profit for the period attributable to shareholders of the parent	14%	213	187
Loss/(profit) on disposal of PPE		0	(1)
Insurance proceeds		(4)	(6)
Impairment of assets		4	0
Total NCI and tax effects of adjustments		0	2
Headline earnings	17%	**213**	**182**
Weighted average number of outstanding shares (WANOS) ('m)		276	280
HEPS (cents)	19%	**77**	**65**



Sea Harvest Group balance sheet

Assets	H1 2023 R'm	H2 2022 R'm
Property, plant and equipment	2 540	2 341
Right-of-use assets	216	194
Biological assets	76	87
Intangible assets	1 520	1 422
Goodwill	1 039	1 018
Other non-current assets	299	290
Current assets	2 410	2 286
	8 100	**7 638**

BAU Capex +R174m,
Project Capex +R138m,
Depreciation -R127m,
Translation of Sea Harvest Australia +R29m

Translation of
Sea Harvest Australia +R21m

Translation of
Sea Harvest Australia +R103m,
Amortisation of
SA fishing licenses -R4m

Inventory +R51m,
Receivables +R193m,
Financial assets -R39m,
Cash -R124m

Sea Harvest Group balance sheet

Equity and liabilities	H1 2023 R'm	H2 2022 R'm
Stated capital	1 696	1 706
Reserves	1 548	1 479
Non-controlling interests	45	52
Non-current liabilities	3 444	3 235
Current liabilities	1 367	1 166
	8 100	**7 638**

Shares repurchased

Retained earnings +R102m (Profit +R213m less dividend -R111m), Foreign currency translation reserve +R96m, Hedge reserves -R121m

Reduction of minorities in Aquaculture and BM Foods Group

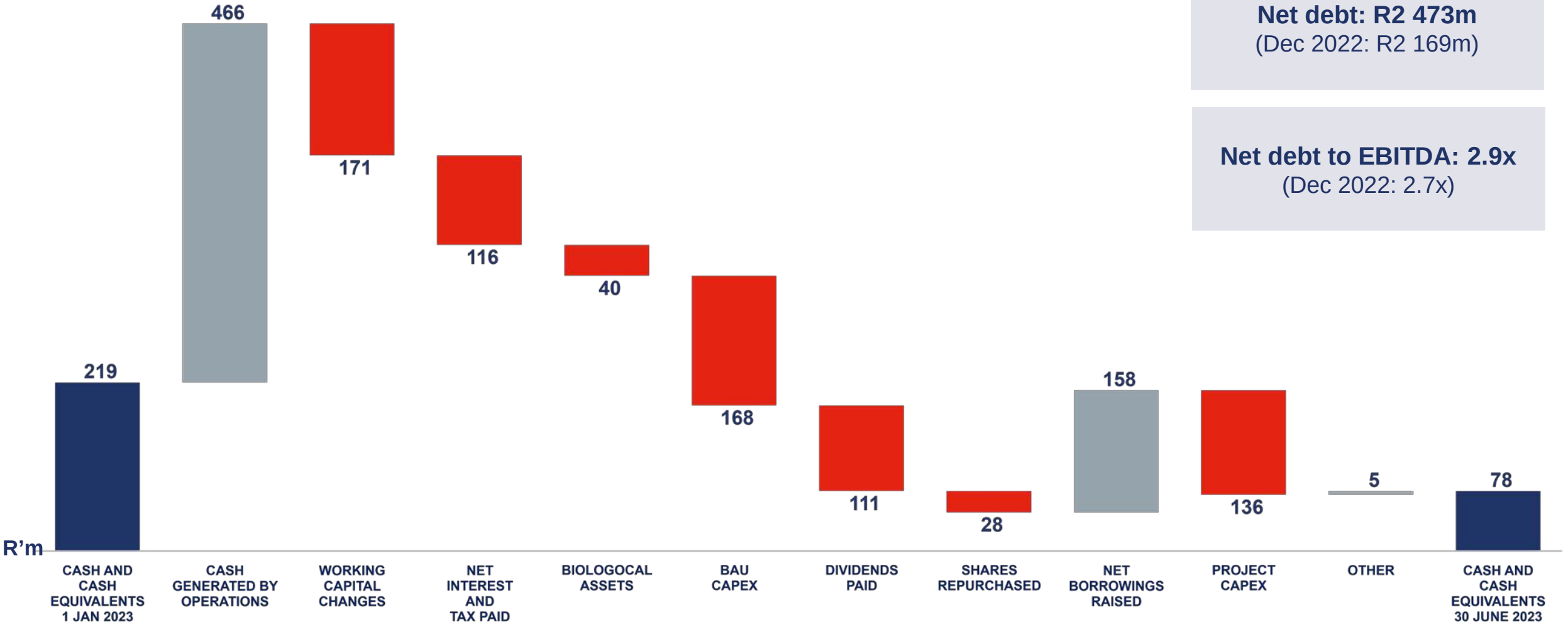
LT borrowings +R113m, Other financial liabilities +R71m,

ST borrowings +R52m, Other financial liabilities +R68m, Payables +R41m,

Sea Harvest Group cash flow waterfall

Net debt: R2 473m
(Dec 2022: R2 169m)

Net debt to EBITDA: 2.9x
(Dec 2022: 2.7x)





4

CAPE HARVEST FOOD GROUP

Cape Harvest Food Group key metrics

REVENUE

9%
TO R1.05 BILLION
(2022: R956 MILLION)

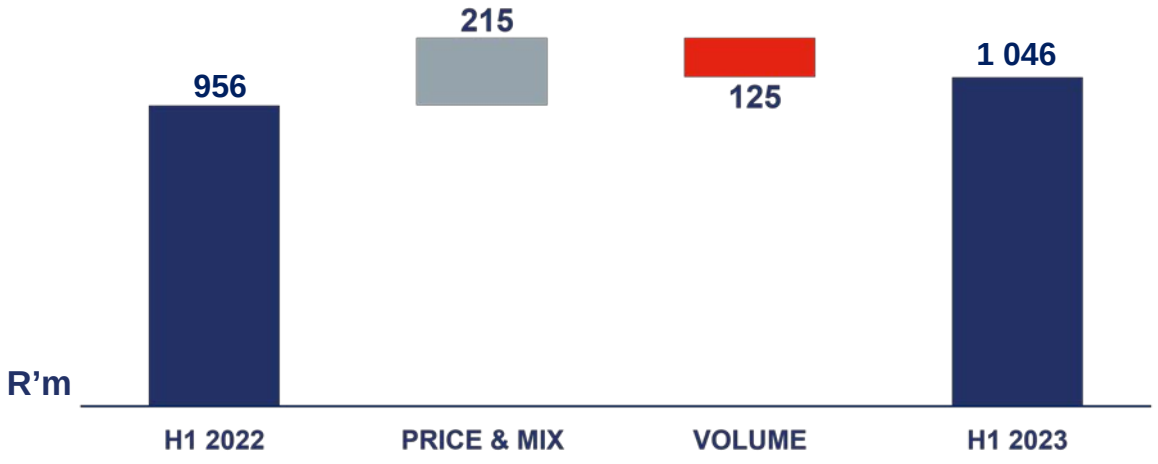
GROSS PROFIT

23%
TO R125 MILLION
(2022: R162 MILLION)

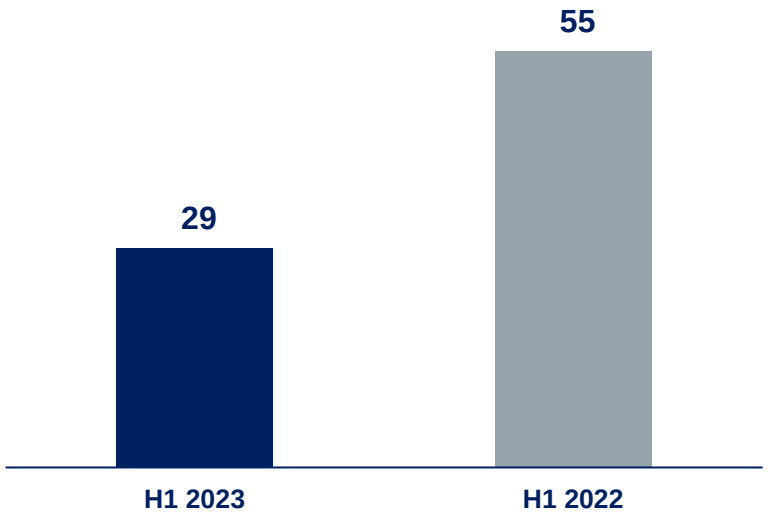
OPERATING PROFIT

48%
TO R29 MILLION
(2022: R55 MILLION)

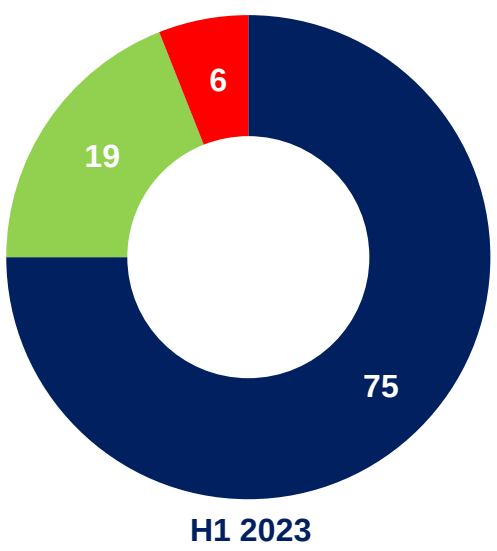
REVENUE



OPERATING PROFIT

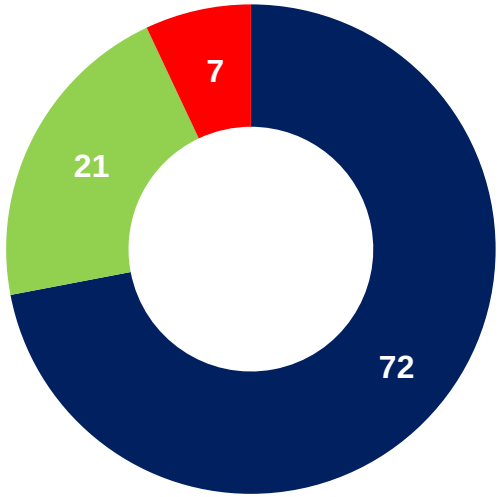


Revenue analysis

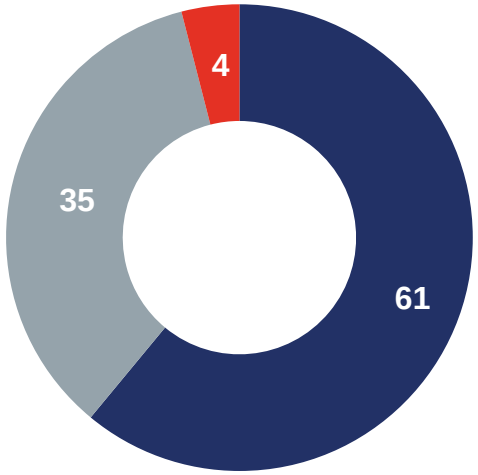


H1 2023

Dairy
Convenience
Factory shops and other

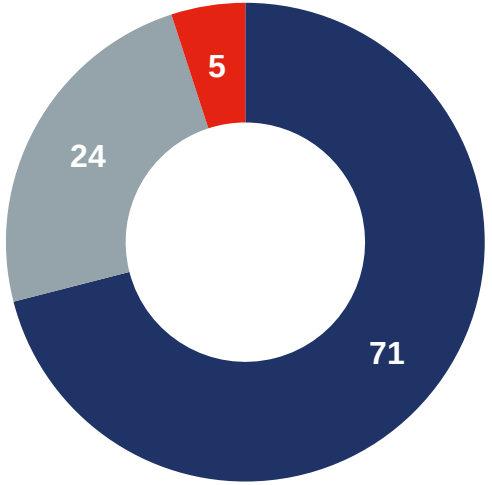


H1 2022



H1 2023

Retail
Foodservice
Wholesale



H1 2022

Cape Harvest Food Group
H1 2023 challenges and highlights

RETAIL

6%
TO R640 MILLION
(2022: R682 MILLION)

FOODSERVICE

62%
TO R368 MILLION
(2022: R227 MILLION)

WHOLESALE

17%
TO R38 MILLION
(2022: R46 MILLION)

Challenges

- Significant inflation
  - Milk price, coal price, imported raw materials, utilities
- Material supply constraints
  - Lower countrywide milk flow
  - R15 million cost of load shedding
  - Load shedding-related fire
- Price increases affected volumes
- Constrained consumer

Highlights

- Higher selling prices across all categories
- Mooivallei factory upgrade completed
- BM Foods Group consolidating loss-making operations
- Exploring renewable energy solutions





5

SEA HARVEST AQUACULTURE

Sea Harvest Aquaculture key metrics

REVENUE

11%

TO R62 MILLION
(2022: R56 MILLION)

OPERATING LOSS

11%

TO -R16 MILLION
(2022: -R18 MILLION)

EBIT

519%

TO R79 MILLION
(2022: -R19 MILLION)

REVENUE



REVENUE BY CATEGORY (%)



Revenue excludes intersegmental revenue of R0m (H1 2022: R1.1m)

Sea Harvest Aquaculture H1 2023 challenges and highlights

Challenges

- Unable to fully benefit from increasing demand in abalone markets due to size mix
- Farms are in their growth phase, resulting in smaller sizes
- R5 million cost of load shedding
- Strategic review of oysters

Highlights

- Good growth rates
- Asian markets recovering
- Higher USD selling prices
- Weaker rand to the USD, 50% hedged
- Declining export freight rates
- Abalone business turned profitable and delivered R6 million EBIT in H1 2023
- Increased shareholding from 54% to 82% and booked R93 million gain





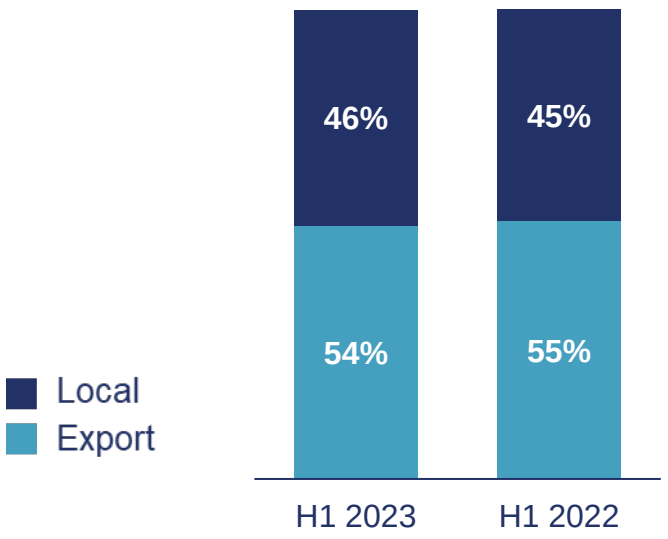
6 SOUTH AFRICAN FISHING

South African Fishing key metrics

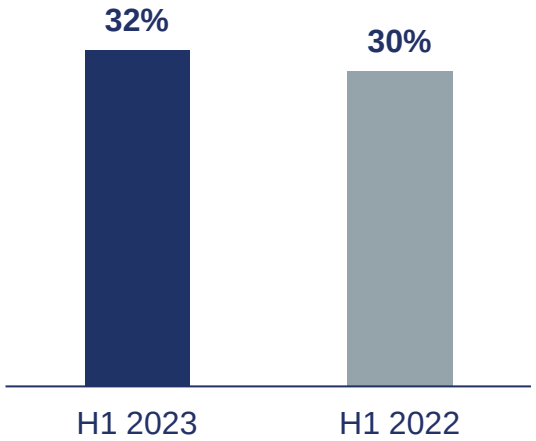
Sea Harvest
Savour the sea

REVENUE	COST OF SALES	GROSS PROFIT	OPERATING PROFIT
10%	6%	20%	1%
TO R1.57 BILLION (2022: R1.42 BILLION)	TO R1.06 BILLION (2022: R1.0 BILLION)	TO R508 MILLION (2022: R423 MILLION)	TO R238 MILLION (2022: R236 MILLION)

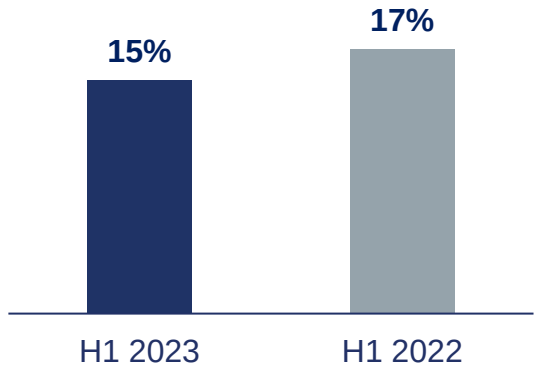
REVENUE MIX



GROSS PROFIT MARGIN



OPERATING PROFIT MARGIN



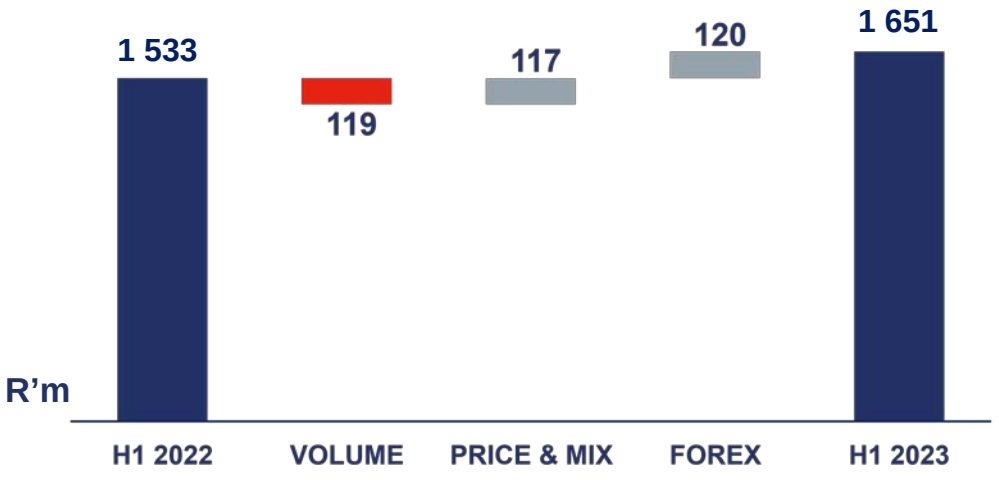
Revenue excludes intersegmental revenue of R80.7m (H1 2022: R109.3m)

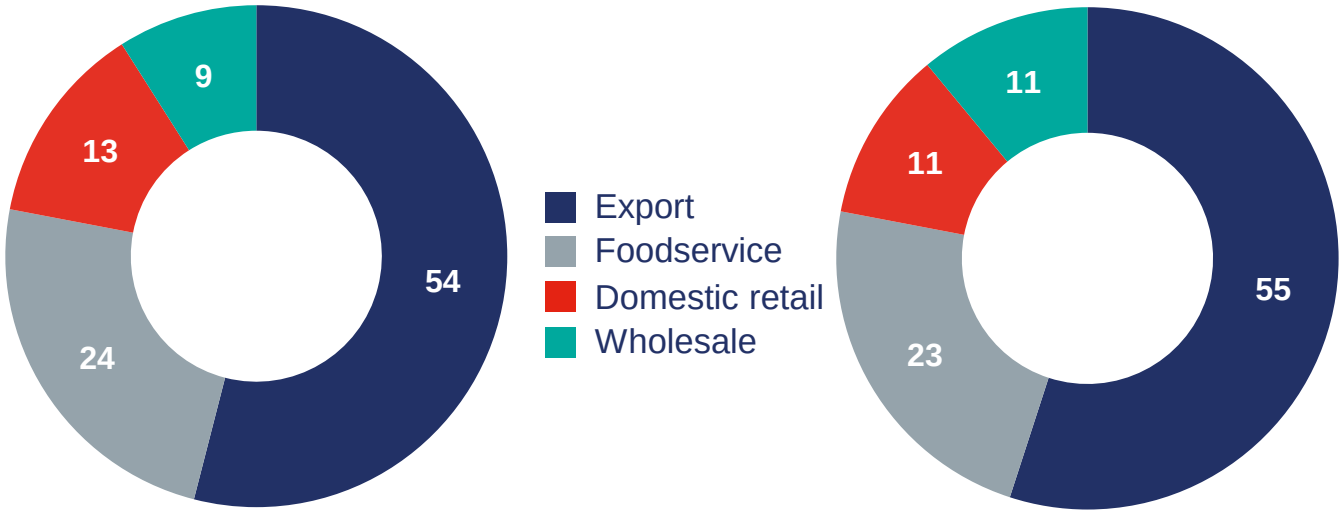
South African Fishing revenue growth and channel mix

Sea Harvest
Savour the sea

EXPORT	FOODSERVICE	DOMESTIC RETAIL	WHOLESALE
7%	13%	23%	15%
TO R897 MILLION (2022: R836 MILLION)	TO R394 MILLION (2022: R349 MILLION)	TO R211 MILLION (2022: R172 MILLION)	TO R149 MILLION (2022: R175 MILLION)

REVENUE





Revenue includes intersegmental revenue of R80.7m (H1 2022: R109.3m)

South African Fishing H1 2023 challenges and highlights

Savour the sea

Challenges

- Lower hake volumes as a result of FRAP and challenging fishing conditions due to the erratic weather
- Significant inflation
  - Fuel price up 16%
  - Lower level of fuel hedges
  - Packaging and ingredients up 15%
  - Utilities

Highlights

- Despite the lower hake catch volumes, revenue was up 10%
- Firm demand in all markets and channels
- 8% benefit from a weaker rand
- Higher selling prices in all channels
- Strong focus on costs resulted in a 6% increase in cost of sales and a 3% increase in opex
- Export freight rates decreasing
- Achieved 15% operating margin





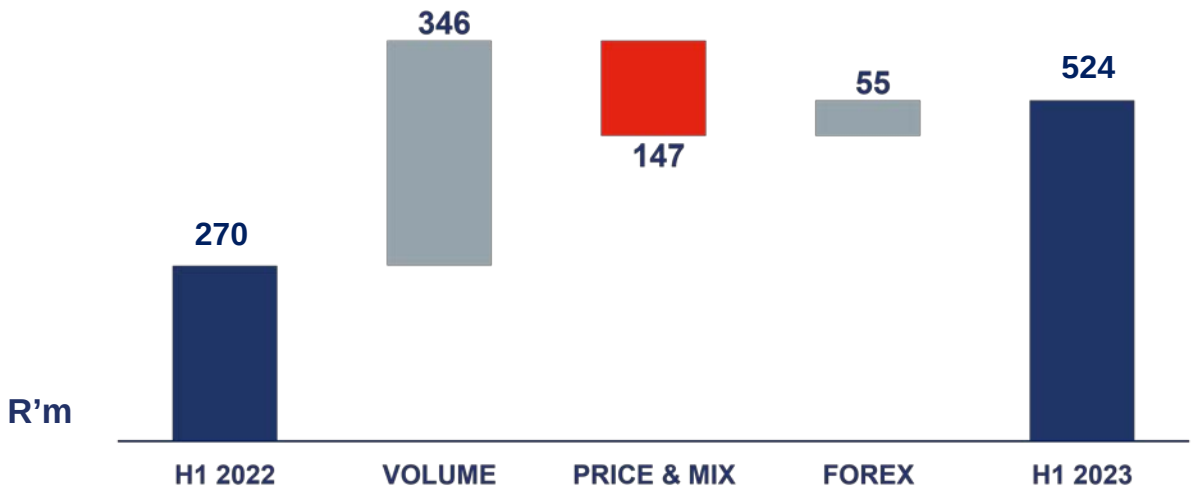
7

SEA HARVEST INTERNATIONAL

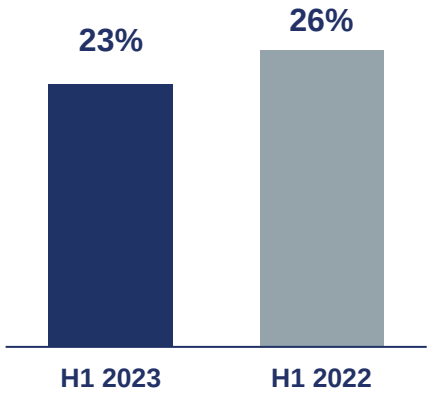
Sea Harvest International key metrics

REVENUE	GROSS PROFIT	EBIT	EBITDA
94%	**76%**	**TO R2.0 MILLION**	**TO R23 MILLION**
TO R524 MILLION	**TO R122 MILLION**	(2022: R3.6 MILLION)	(2022: R18 MILLION)
(2022: R270 MILLION)	(2022: R69 MILLION)		

REVENUE



GROSS PROFIT MARGIN



Sea Harvest International channel mix

RETAIL

63%

TO AUD0.9 MILLION
(2022: AUD2.4 MILLION)

FOODSERVICE

89%

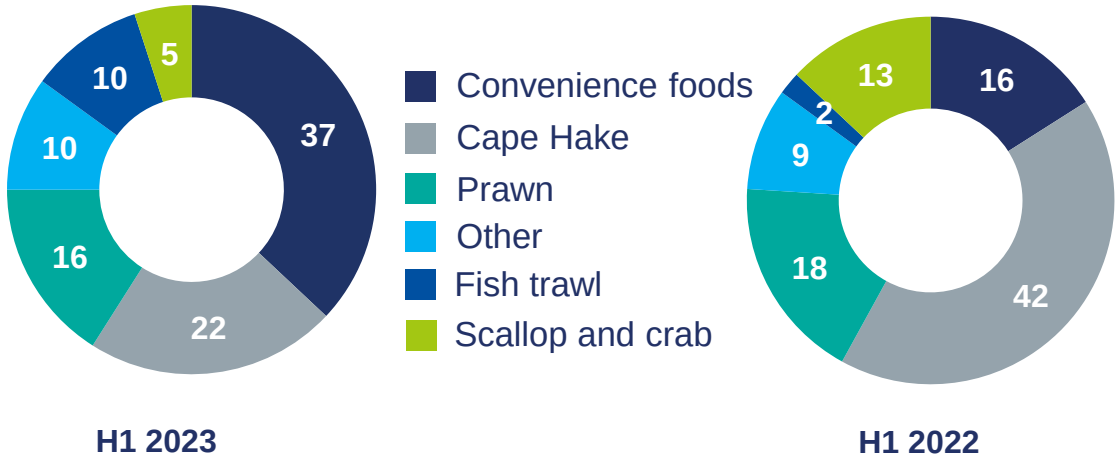
TO AUD39 MILLION
(2022: AUD21 MILLION)

EXPORT

97%

TO AUD2.1 MILLION
(2022: AUD1.1 MILLION)

REVENUE SPLIT BY CATEGORY (%)





Sea Harvest International H1 2023 challenges and highlights

Challenges

- Softer prawn markets driven by excess supply
- Elevated selling and distribution costs
- Higher levels of debt and an 86% increase in average interest rates
- Constrained consumer

Highlights

- MG Kailis effective 23 May 2022, contributed AUD10.9 million or 26% to the top line
- Revenue from existing operations was up 54%, driven by firm demand
- Consolidated engineering into Fremantle
  - Skills availability and cost savings
- Integration is going well
- Profitable, despite having to absorb MG Kailis fixed expenses – with revenue shaped to H2





8 OUTLOOK

Tailwinds

- Strong demand for high-value proteins both locally and internationally
- Global markets remain firm for sustainable seafood
- Weaker rand
- Higher proportion of hake TAC to catch in H2
- H2 is generally stronger for Australia and Ladismith



Headwinds

- Load shedding cost (direct and indirect)
- Erratic fishing continues into Q3
- Oversupply of prawns resulting in softer pricing
- Constrained consumer resulting in reduced volumes as a result of increasing prices
- Input cost pressures continue to be a concern





QUESTIONS


THANK YOU

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