

2020 STAYING THE COURSE FROM SEA TO SHORE

SEA HARVEST REVIEWED GROUP FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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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





GROUP OVERVIEW

1

Group snapshot

SOUTH AFRICAN **FISHING**

Sea Harvest
Savour the sea

36 VESSELS

6 PROCESSING OPERATIONS

Species:

Hake | Horse mackerel
Prawn | Anchovy | Pilchard

Employees:

3 200

SEA HARVEST **INTERNATIONAL**

Sea Harvest AUSTRALIA

15 VESSELS

10 SHARK BAY PRAWN FISHERY LICENCES

19 SPANISH MACKEREL LICENCES

Species:

Prawn | Scallop | Crab
Spanish mackerel

Employees:

110

SEA HARVEST **AQUACULTURE**

Viking Aquaculture

9 AQUACULTURE OPERATIONS

Species:

Abalone | Oysters
Mussels | Trout

Employees:

350

CAPE HARVEST **FOOD GROUP**

Ladismith Cheese

14 FACTORY SHOPS

1 PROCESSING OPERATION

Products:

Cheese | Butter
Milk powders

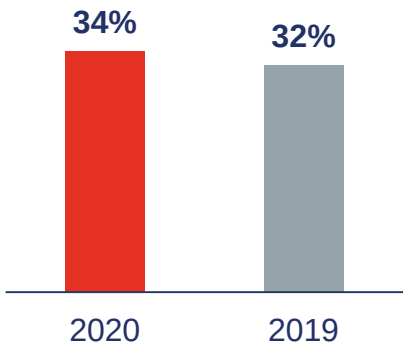
Employees:

550

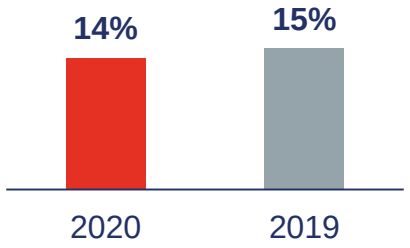
Key metrics

GROUP REVENUE	OPERATING PROFIT	HEADLINE EARNINGS PER SHARE	ORDINARY DIVIDEND PER SHARE
10% ▲	5% ▲	2% ▲	– ▶
TO R4.38 BILLION (2019: R3.97 BILLION)	**TO R629 MILLION** (2019: R600 MILLION)	**TO 150.8 CENTS PER SHARE** (2019: 148.5 CENTS PER SHARE)	**TO 45 CENTS PER SHARE** (2019: 45 CENTS PER SHARE)

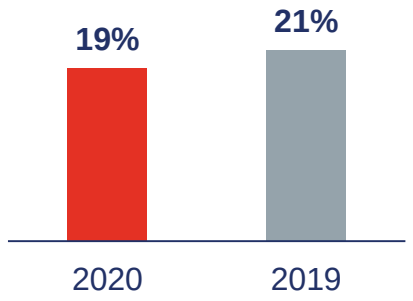
Gross profit margin



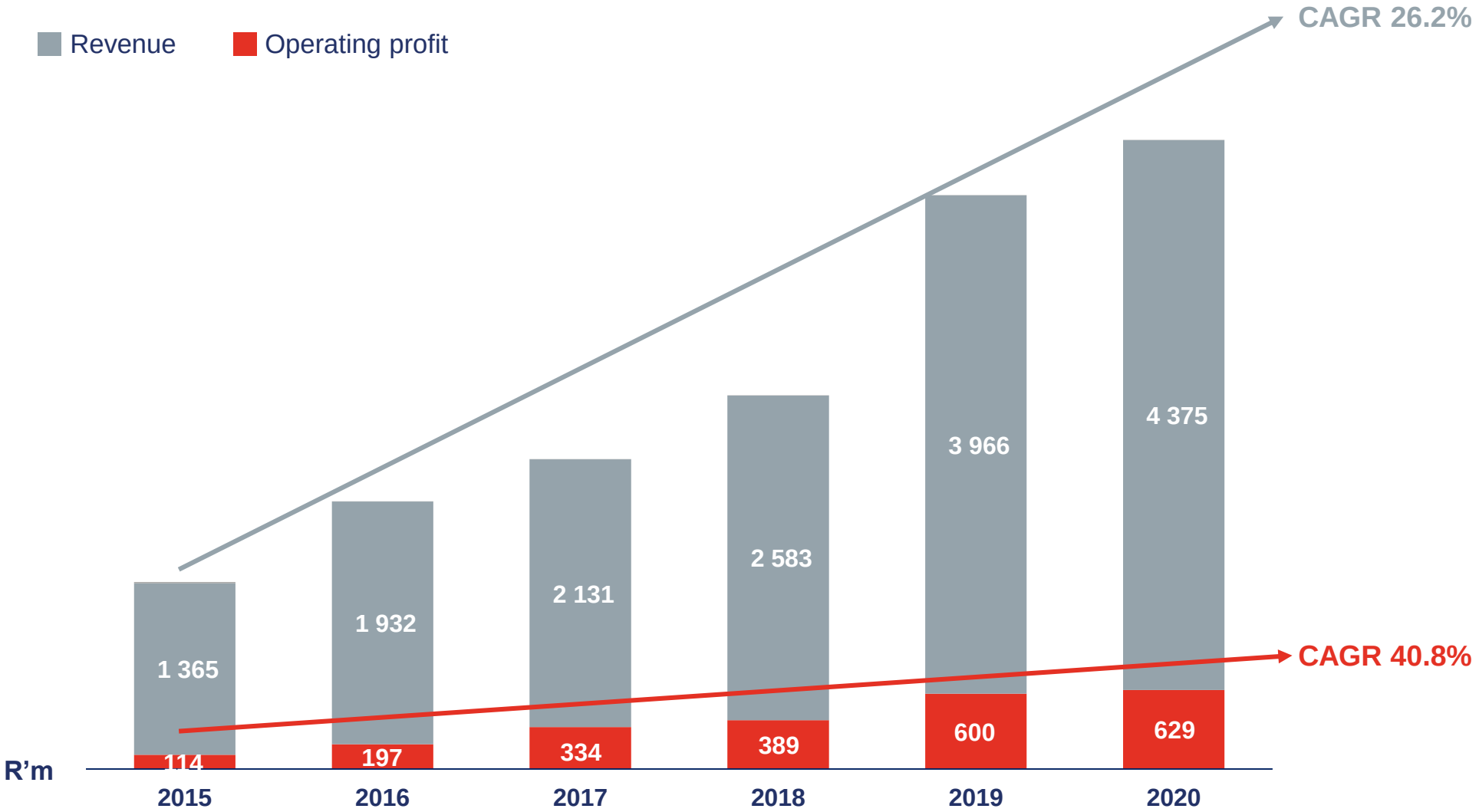
Operating profit margin



EBITDA margin



Revenue and operating profit

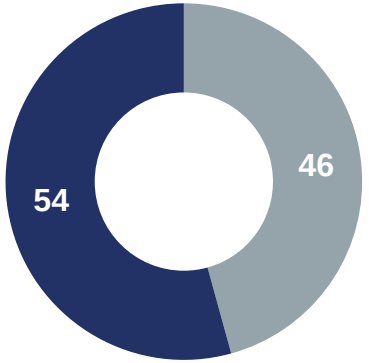


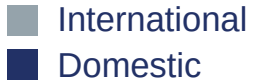


Revenue diversification

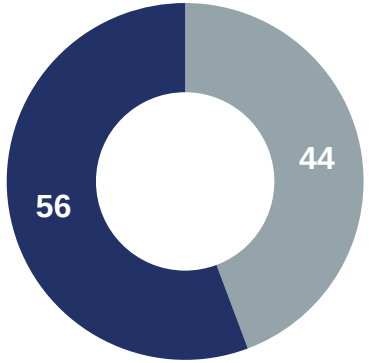
INTERNATIONAL	DOMESTIC
15% ▲	6% ▲
TO R2.0 BILLION (2019: R1.8 BILLION)	**TO R2.3 BILLION** (2019: R2.2 BILLION)

2020 (%)





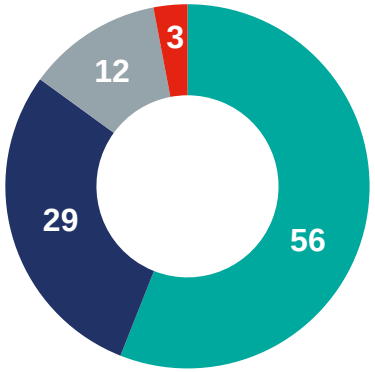
2019 (%)



Currency diversification

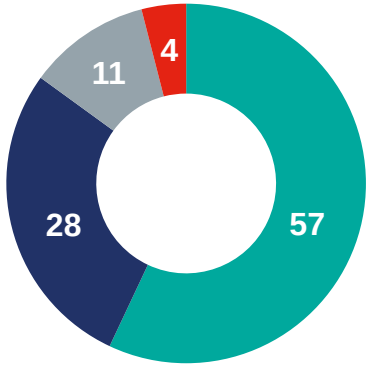
AUD	EURO	ZAR
22% ▲	16% ▲	7% ▲
TO R543 MILLION (2019: R446 MILLION)	**TO R1.27 BILLION** (2019: R1.09 BILLION)	**TO R2.45 BILLION** (2019: R2.28 BILLION)

2020 (%)





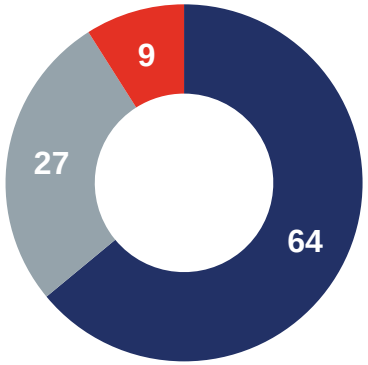
2019 (%)



Market diversification: International mix

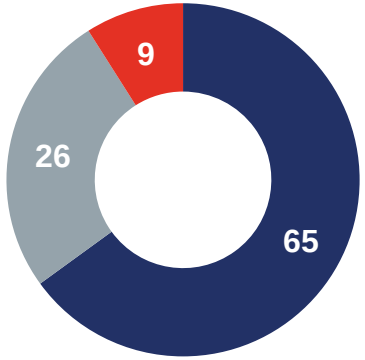
EUROPE	AUSTRALIA	OTHER MARKETS
13% ▲	21% ▲	14% ▲
TO R1.29 BILLION (2019: R1.14 BILLION)	**TO R543 MILLION** (2019: R447 MILLION)	**TO R184 MILLION** (2019: R162 MILLION)

2020 (%)



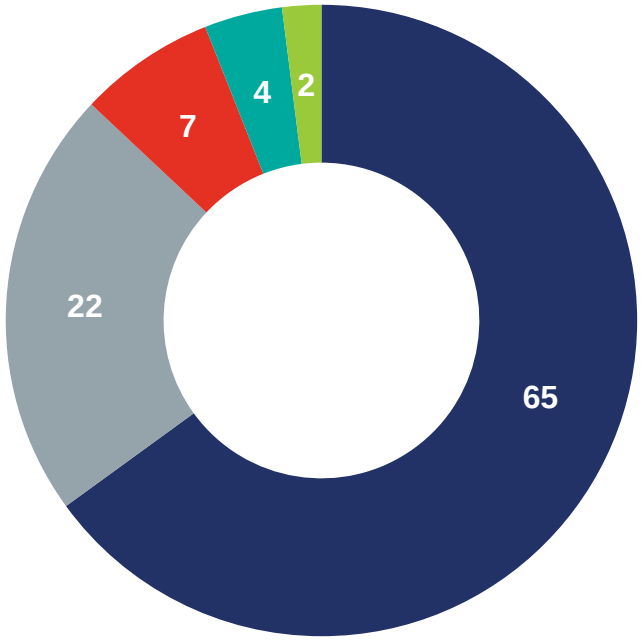


2019 (%)



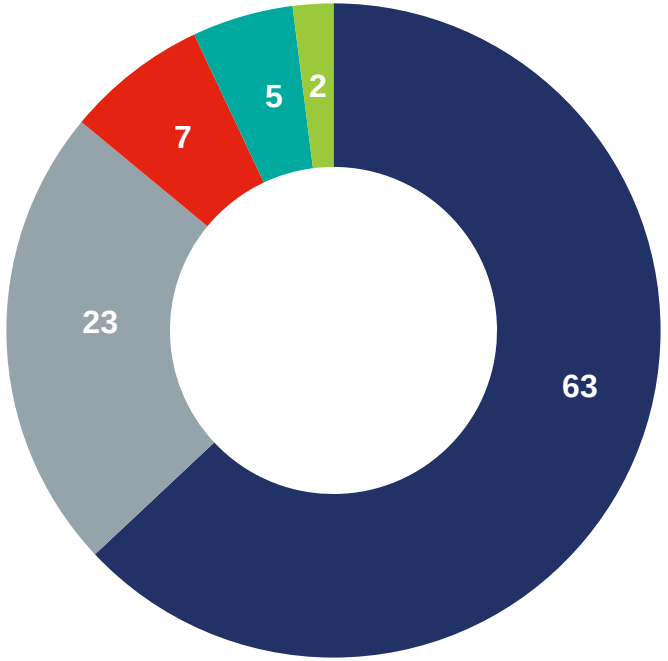
Product diversification: Product revenue mix

2020 (%)





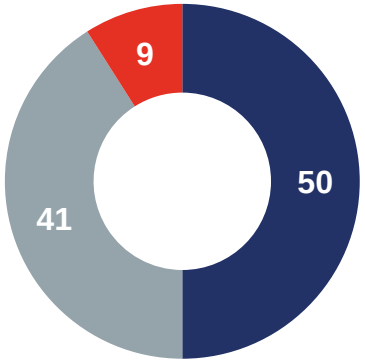
2019 (%)



Channel mix

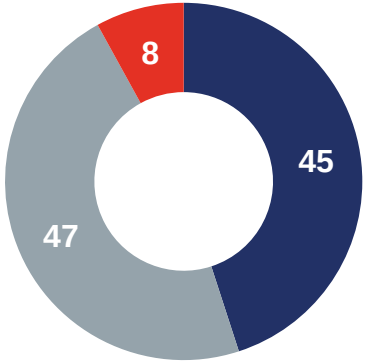
RETAIL	FOODSERVICE	WHOLESALE
22% ▲	2% ▼	18% ▲
TO R2.19 BILLION (2019: R1.80 BILLION)	**TO R1.81 BILLION** (2019: R1.85 BILLION)	**TO R372 MILLION** (2019: R315 MILLION)

2020 (%)





2019 (%)



Sea Harvest Group COVID-19 impact on costs

	Prevention R'm	Testing R'm	Total R'm
Cost of sales	18	6	**24**
Administration expenses	12	3	**15**
	30	**9**	**39**



Strategy:

1. Prevention: Screening, PPE, staff transport, compliance and care kits
2. Testing: Antigen and antibody tests and quarantine
3. Minimise disruption: Supply chain, market access and lockdowns
4. Communication

- Regrettably, lost Viking Founder, Nico Bacon and five employees to COVID-19
- Seeking to accredit our sites and vaccinate workforce

Sea Harvest Group segmental results

	Revenue			Operating profit			Operating profit margin	
		2020 R'm	2019 R'm		2020 R'm	2019 R'm	2020	2019
South African Fishing	12%	**2 758**	2 470	8%	**570**	527	**21%**	21%
Sea Harvest Australia	24%	**543**	438	443%	**38**	7	**7%**	2%
Sea Harvest Aquaculture	(23%)	**53**	69	(143%)	**(73)**	(30)	**n/a**	n/a
Cape Harvest Food Group	3%	**1 021**	990	(2%)	**94**	96	**9%**	10%
Group	**10%**	**4 375**	**3 967**	**5%**	**629**	**600**	**14%**	**15%**

2020 Challenges

- During one of the worst pandemics facing the world, the priority of the Group is to:
  - ensure the health and safety of employees
  - protect jobs and hence livelihoods
  - support our employees and communities
- Market disruption with foodservice/HORECA markets under pressure globally
- Supply-side interruptions affecting throughputs and productivity
- Spent R39.2 million on COVID-19-related costs
- Resulted in pressure on operating margins
- Difficult trading conditions in the Aquaculture segment due to COVID-19 resulted in a significant loss
- Hedge losses due to significant movement in the currency and fuel price, resulted in a swing of R112 million year on year
- FRAP delay created uncertainty



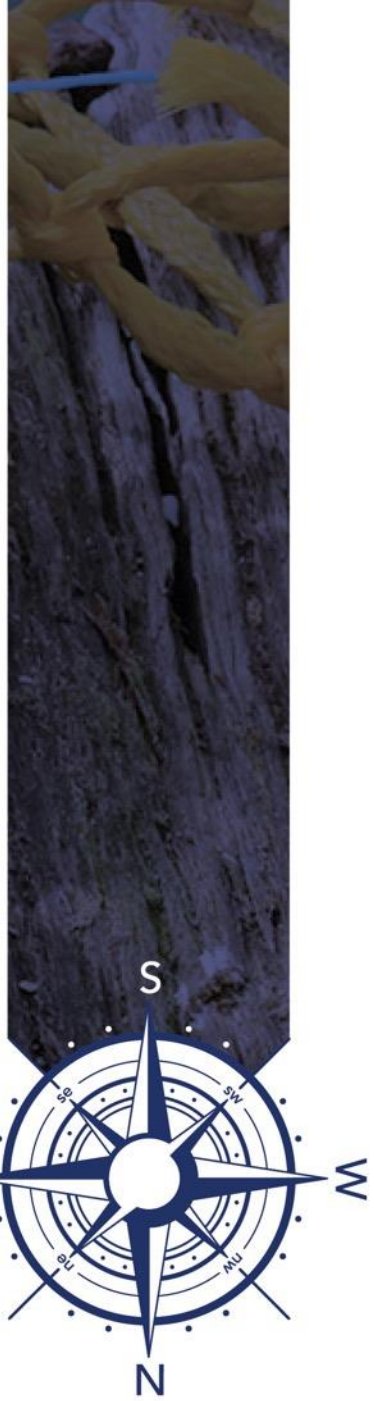
2020 Highlights

- The Group delivered a solid set of results despite the challenges of COVID-19
- Diverted significantly more volume to retail markets where demand increased
- Fishing resources have been stable on all species
- Benefitted from weaker rand, lower fuel price and lower interest rates
- Turnaround of the Australian segment
- Retention of Level 1 B-BBEE contributor status
- Strong industry and government collaboration
- Sea Harvest Fish Fingers voted Product of the Year 2020, in the Quick Meals category
- South African Hake and Australian Prawn Fisheries successfully renewed their MSC accreditation for a further five years to February 2026
- 2020 winner of the Fledgling/Alt-X category in the CGISA | JSE Integrated Reporting Awards



GROUP FINANCIAL AND OPERATING PERFORMANCE





REVIEWED GROUP FINANCIAL RESULTS for the year ended 31 December **2020**



SEA HARVEST GROUP

REVIEWED GROUP FINANCIAL RESULTS for the year ended 31 December **2020**

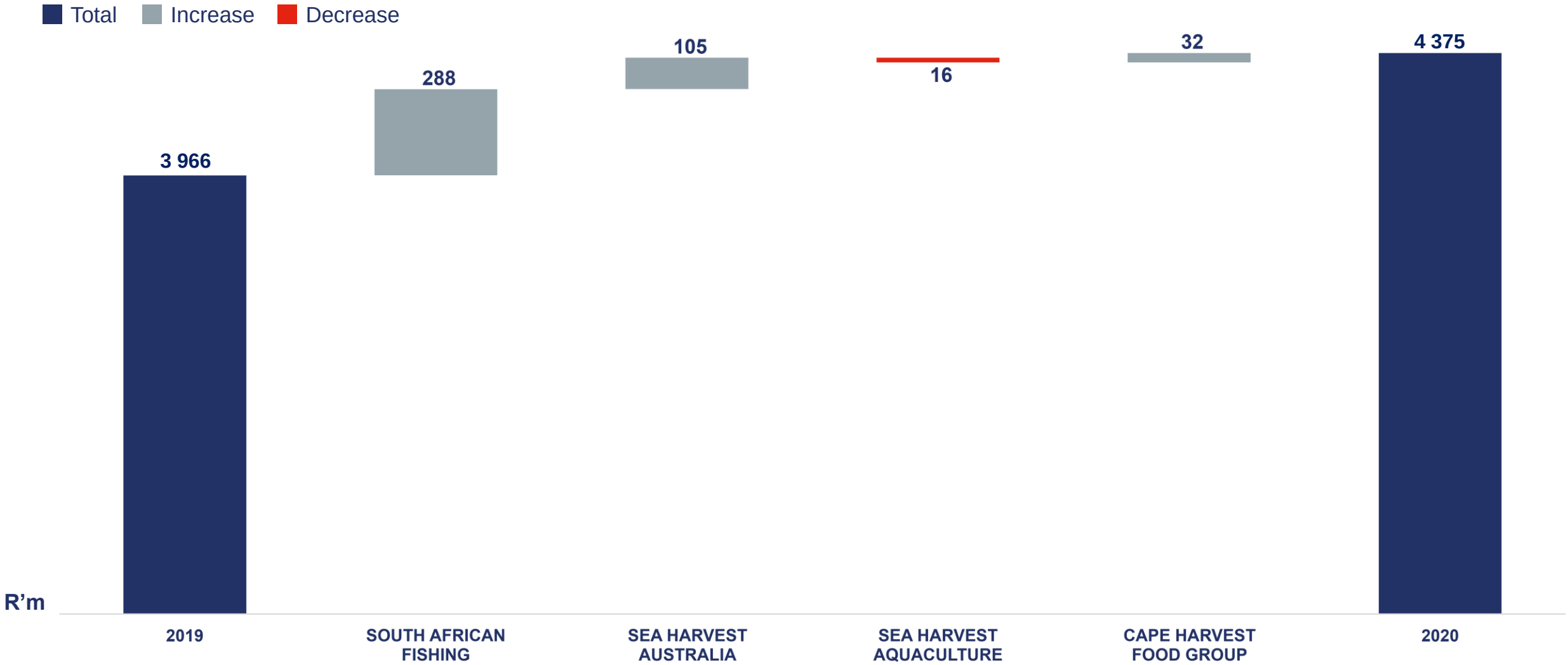
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Sea Harvest Group income statement

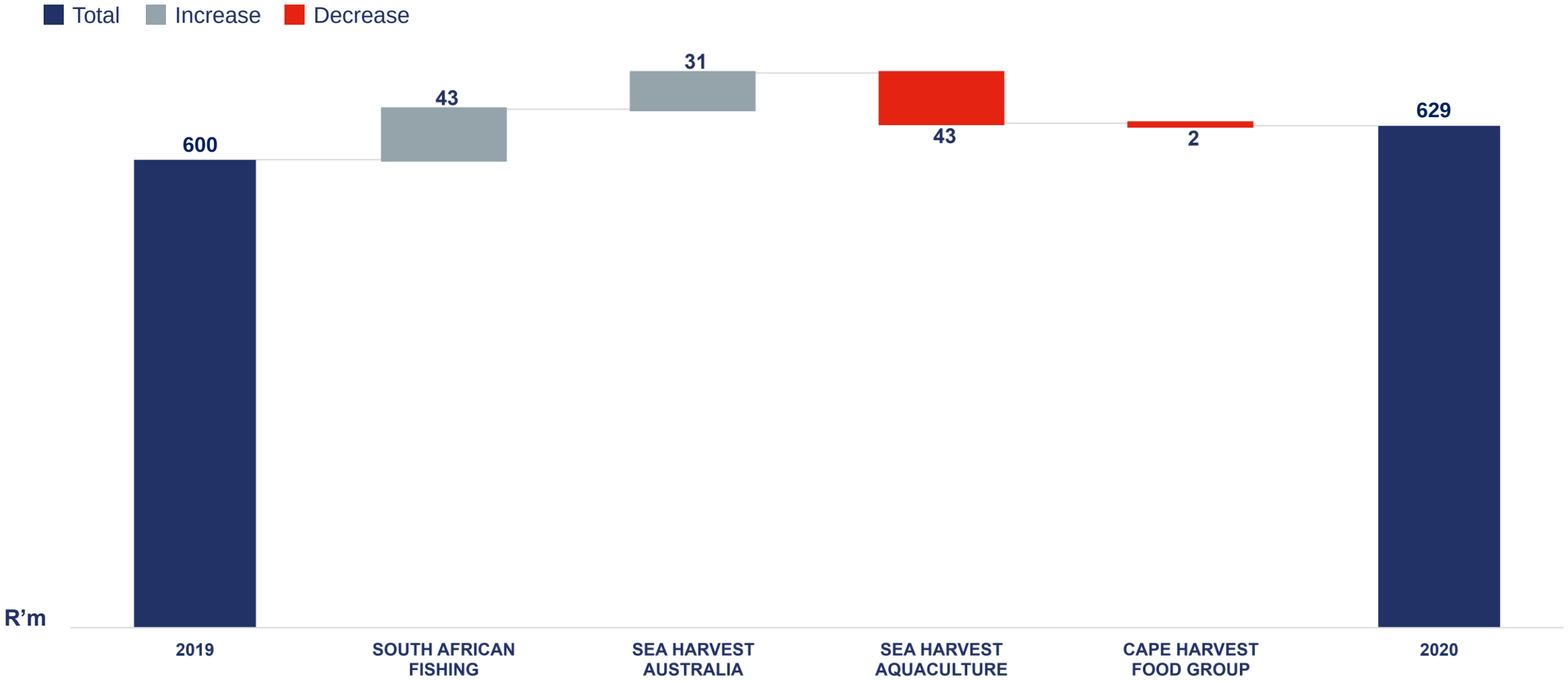
		2020 R'm	2019 R'm
Revenue	10%	4 375	3 966
Gross profit	**17%**	**1 481**	**1 271**
Gross profit margin		*34%*	*32%*
Net operating expenses	27%	(852)	(671)
Operating profit	**5%**	**629**	**600**
Operating profit margin		*14%*	*15%*
Profit before finance costs and tax (EBIT)	**(1%)**	**625**	**635**
Net finance costs	(28%)	(72)	(101)
Taxation	12%	(156)	(139)
Profit after tax	**(1%)**	**398**	**396**
Non-controlling interest	94%	(33)	(17)
Profit attributable to Sea Harvest shareholders	5%	431	412
EBITDA	**3%**	**845**	**818**
EBITDA margin		*19%*	*21%*



Sea Harvest Group revenue waterfall



Sea Harvest Group operating profit waterfall



Sea Harvest Group HEPS and DPS

Reconciliation of headline earnings		2020 R'm	2019 R'm
Profit for the period attributable to shareholders of the parent	4%	431	412
Adjustment for capital items post tax		(10)	(2)
Headline earnings	**3%**	**421**	**410**
Weighted average number of outstanding shares (WANOS) ('m)	1%	279	276
HEPS (cents)	2%	151	149
Dividends declared		132	147
Number of ordinary shares in issue ('m)		294	294
Total dividend per share		**45**	**50**
Ordinary dividend per share (cents)		45	45
Special dividend per share (cents)		–	5



Sea Harvest Group operating profit-C and normalised HEPS-C

		2020 R'm	2019 R'm
Operating profit	5%	629	600
Net COVID-19 expenses		39	–
Operating profit-C	**11%**	**668**	**600**
Operating profit-C margin		*15%*	*15%*
Headline earnings	3%	421	410
Net COVID-19 expenses (post tax)		28	–
Fair value gains *		–	(39)
Normalised headline earnings-C	21%	449	371
Normalised HEPS-C (cents)	**20%**	**160.9**	**134.3**



** Fair value gains relating to the non-achievement of the Viking Aquaculture earn-out in 2019*

Sea Harvest Group balance sheet

Assets	2020 R'm	2019 R'm
Property, plant and equipment	1 993	1 882
Right-of-use assets	132	137
Biological assets	67	61
Intangible assets	733	640
Goodwill	862	850
Other non-current assets	276	218
Current assets	1 730	1 729
	5 794	**5 516**

BAU capex +R213m,
Project capex +R73m,
Depreciation -R192m,
Translation of Sea Harvest Australia PP&E +R23m

Aquaculture biological assets

Amortisation of SA Fishing licences -R9m,
New Spanish mackerel licences +R32m,
Translation of Sea Harvest Australia intangible assets +R70m

Translation of Sea Harvest Australia goodwill +R13m

Loans to related parties +R48m

Inventories +R32m,
Translation of Sea Harvest Australia inventory +R17m,
Biological assets +R15m,
Financial assets -R98m,
Cash +R37m

Sea Harvest Group balance sheet

Equity and liabilities	2020 R'm	2019 R'm
Stated capital	1 809	1 811
Reserves	945	627
Non-controlling interests	40	77
Non-current liabilities	2 147	2 087
Current liabilities	853	916
	5 794	**5 516**

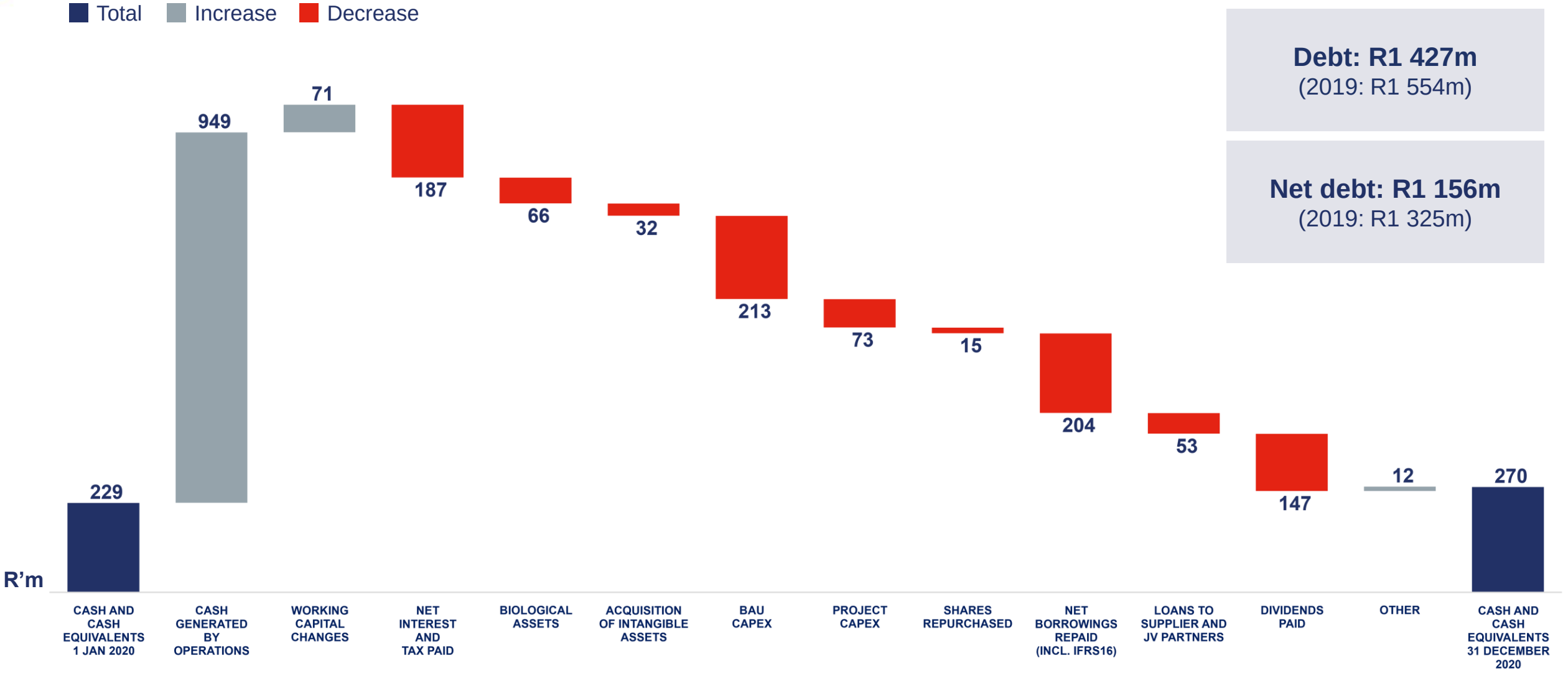
Retained earnings +R285m,
Foreign currency translation reserve +R69m,
Hedge reserves -R56m

Reduction of minorities in Aquaculture as a result of losses

LT borrowings +R41m,
Translation of Sea Harvest Australia LT borrowings +R17m,
Deferred tax +R30m,
Contingent consideration +R9m,
Financial liabilities -R20m

ST borrowings -R188m,
Translation of Sea Harvest Australia current liabilities +R28m,
Trade and other payables +R98m

Sea Harvest Group cash flow waterfall



Debt: R1 427m
(2019: R1 554m)

Net debt: R1 156m
(2019: R1 325m)

Sea Harvest Group key financial ratios

		2020	2019
Net debt-to-EBITDA	(x)	1.4	1.6
ROCE	(%)	17	17
Net working capital as a % of revenue	(%)	16	19
Cash flow conversion*	(%)	82	61



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



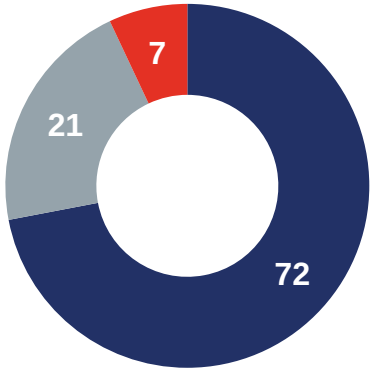
CAPE HARVEST FOOD GROUP

3



Cape Harvest Food Group key metrics

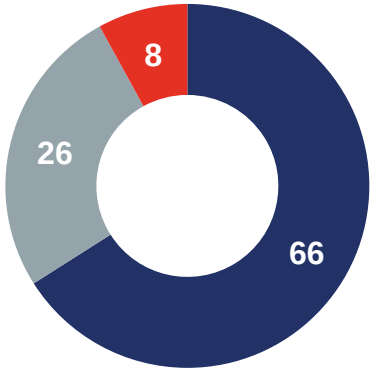
REVENUE	GROSS PROFIT	OPERATING PROFIT	OPERATING PROFIT-C
3% ▲	3% ▲	2% ▼	– ▶
TO R1.021 BILLION (2019: R990 MILLION)	**TO R199 MILLION** (2019: R193 MILLION)	**TO R94 MILLION** (2019: R96 MILLION)	**TO R96 MILLION** (2019: R96 MILLION)



2020

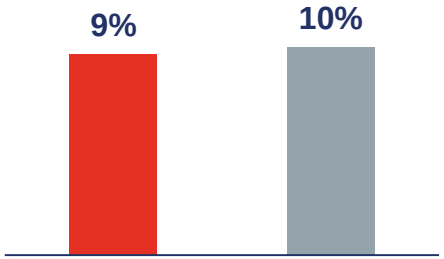
Revenue (%)

- Retail
- Foodservice
- Wholesale



2019

Operating profit margin



Cape Harvest Food Group 2020 highlights and challenges

RETAIL	FOODSERVICE	WHOLESALE
12% ▲	16% ▼	7% ▼
TO R731 MILLION (2019: R653 MILLION)	**TO R215 MILLION** (2019: R256 MILLION)	**TO R75 MILLION** (2019: R81 MILLION)

- Pleasing set of results despite COVID-19 challenges
- Firm demand in local retail markets, supporting selling prices
- Slowdown in local foodservice markets supplying out-of-home markets
- Wholesale market remained stable
- Affected by load shedding and production downtime
- Strategic capex projects delayed due to lockdowns and COVID-19 restrictions





SEA HARVEST AQUACULTURE

Viking Aquaculture

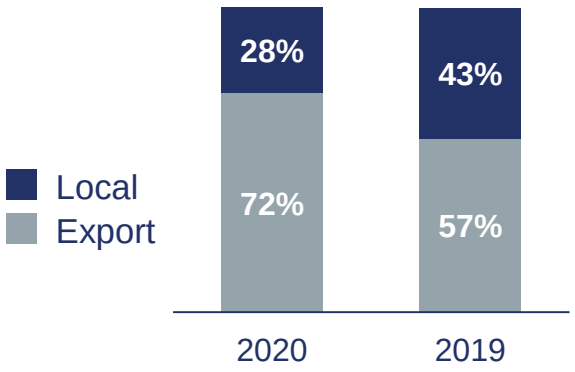
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REVIEWED GROUP FINANCIAL RESULTS for the year ended 31 December **2020**

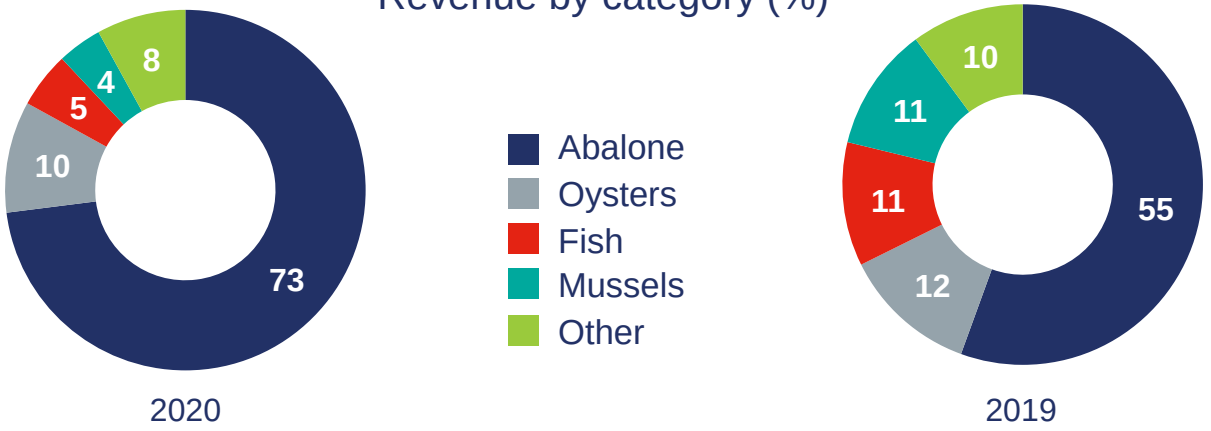
Sea Harvest Aquaculture key metrics

REVENUE	FAIR VALUE GAINS	OPERATING LOSS	GROWTH IN BIOMASS
23% ▼	94% ▼	R43m ▲	15% ▲
TO R53 MILLION (2019: R69 MILLION)	**TO R2.6 MILLION** (2019: R45 MILLION)	**TO -R73 MILLION** (2019: -R30 MILLION)	**TO R160 MILLION** (2019: R139 MILLION)

Revenue mix



Revenue by category (%)



Revenue: Net of inter-segment revenue of R2.5m (2019: R8m)

Sea Harvest Aquaculture 2020 highlights and challenges

- Severely impacted by COVID-19
- Abalone sales impacted by:
  - freight availability on international airlines
  - curfews related to lockdowns, resulting in the marked slowdown in local and international foodservice markets
  - reduced demand resulting in significant decrease in price
- Good growth in abalone, with abalone tonnage increasing 25% from 458 tons to 572 tons
- Alternate product formats (canned, frozen and dried) were formulated and launched in 2020 and new markets were accessed
- Oysters and mussels sold almost exclusively into the local foodservice market, with sales coming to a virtual standstill due to the lockdowns





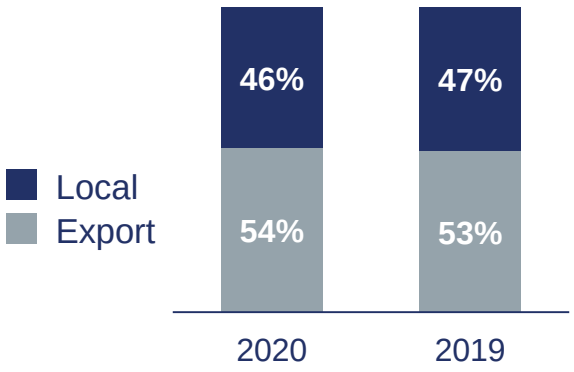
SOUTH AFRICAN FISHING

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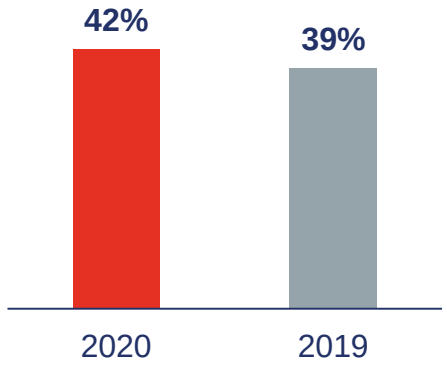
South African Fishing key metrics

REVENUE	GROSS PROFIT	OPERATING PROFIT	OPERATING PROFIT-C
12% ▲	22% ▲	8% ▲	15% ▲
TO R2.76 BILLION (2019: R2.47 BILLION)	**TO R1.16 BILLION** (2019: R953 MILLION)	**TO R570 MILLION** (2019: R527 MILLION)	**TO R606 MILLION** (2019: R527 MILLION)

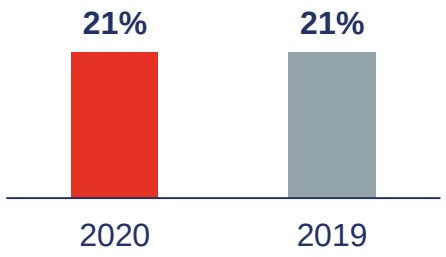
Revenue mix



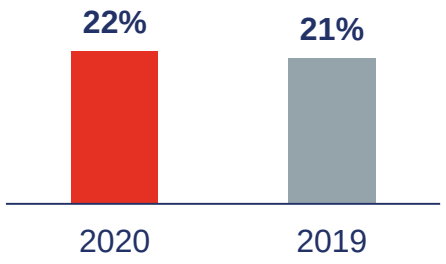
Gross profit margin



Operating profit margin



Operating profit margin-C



Revenue: net of inter-segment revenue of R218.4m (2019: R176m)

South African Fishing revenue growth and channel mix

EXPORT	FOODSERVICE	DOMESTIC RETAIL	WHOLESALE
15% ▲	2% ▼	36% ▲	25% ▲
TO R1.62 BILLION (2019: R1.41 BILLION)	**TO R798 MILLION** (2019: R810 MILLION)	**TO R377 MILLION** (2019: R277 MILLION)	**TO R185 MILLION** (2019: R148 MILLION)



Revenue includes inter-segment revenue of R218.4m (2019: R176m)

South African Fishing 2020 highlights and challenges

- Solid set of results despite COVID-19 challenges
- Factory throughput affected by COVID-19
- Slowdown in local and international foodservice markets supplying HORECA and out-of-home markets
- Firm demand in local and international retail markets
- Benefited from weaker rand and lower fuel prices, limited by hedging
- Significant costs to mitigate against COVID-19
- FRAP 2021 has kicked off and is expected to be completed by 31 December 2021
- Strong industry and government collaboration
- South African Hake Fishery successfully renewed its MSC accreditation for a further five years to February 2026
- Sea Harvest Fish Fingers voted Product of the Year 2020, in the Quick Meals category





SEA HARVEST INTERNATIONAL

6

Sea Harvest International key metrics

REVENUE	GROSS PROFIT	OPERATING PROFIT	OPERATING PROFIT MARGIN
24% ▲	15% ▲	443% ▲	To 7% ▲
TO R543 MILLION (2019: R438 MILLION)	**TO R118 MILLION** (2019: R103 MILLION)	**TO R38 MILLION** (2019: R7 MILLION)	(2019: 2%)

Revenue split by category (%)



Revenue channel (%)



Sea Harvest International 2020 highlights and challenges

RETAIL	FOODSERVICE	EXPORT
75% ▲	13% ▲	7% ▲
TO R137 MILLION (2019: R79 MILLION)	**TO R372 MILLION** (2019: R328 MILLION)	**TO R33 MILLION** (2019: R31 MILLION)

- Revenue growth driven by significantly higher volumes from South Africa
- 2020 prawn catches 6% higher than 2019, with a higher proportion of high value tiger prawns
- Firm demand in retail, although at lower prices
- Foodservice markets proved resilient due to fish and chips shops
- Exports remained stable
- Savings from delisting and restructuring
- The business acquired 3 Spanish Mackerel vessels and 6 additional licences, giving it access to 56% of the Western Australian Mackerel Fishery





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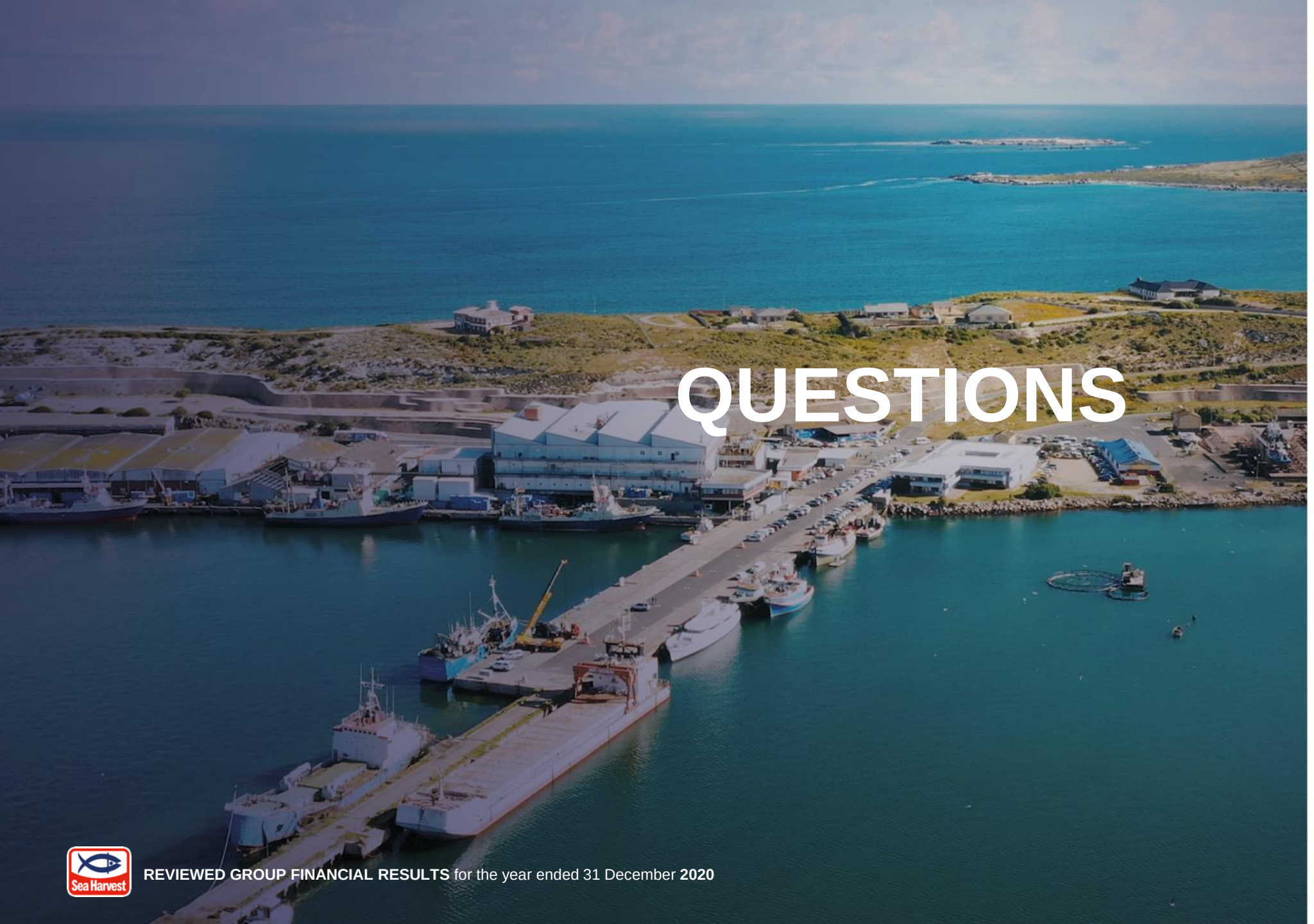
OUTLOOK

Looking to 2021…

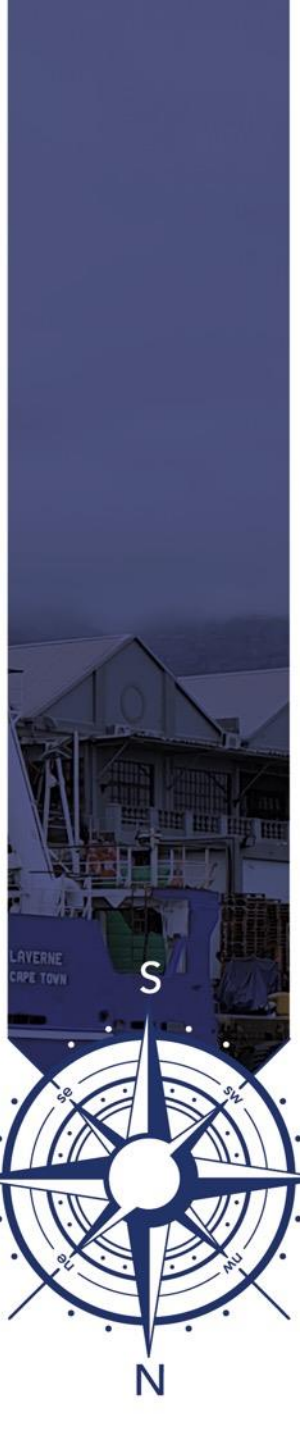
- Situation fluid, as various markets re-establish lockdowns or open up
- Efficacy of vaccines and roll-out speed will determine how markets recover
- Retail markets are expected to continue to be firm
- Ramp-up of foodservice markets is expected to occur over an extended period
- Continued focus on COVID-19 protocols, including testing and vaccinations
- Well hedged for 2021 across foreign currency and fuel
- Aquaculture dependent on international flights, and is not expected to recover in H1
- FRAP 2021 expected to be completed by 31 December 2021



QUESTIONS




THANK YOU
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