










2019

OUR HARVEST FROM SEA TO SHORE

SEA HARVEST REVIEWED GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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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
  - South African Fishing
  - Sea Harvest Aquaculture
  - Cape Harvest Food Group
  - Sea Harvest International
- Outlook
- Questions



1° GROUP OVERVIEW



Group snapshot

1°

SOUTH AFRICAN FISHING

34 VESSELS

6 PROCESSING OPERATIONS

SPECIES: Hake | Horse Mackerel
Prawn | Anchovy
Pilchard | Tuna

Sea Harvest
Savour the sea

EMPLOYEES: **3 200**

SEA HARVEST AQUACULTURE

9 AQUACULTURE OPERATIONS

SPECIES: Abalone | Oysters
Mussels | Trout

Viking Aquaculture

EMPLOYEES: **350**

CAPE HARVEST FOODS

11 FACTORY SHOPS

1 PROCESSING OPERATION

PRODUCTS: Cheese | Butter
Milk powders

Ladismith Cheese

EMPLOYEES: **500**

SEA HARVEST INTERNATIONAL

12 VESSELS

LICENCES:
10 SHARK BAY PRAWN FISHERY
2 SPANISH MACKEREL

SPECIES: Prawn | Scallop | Crab
Spanish Mackerel

Sea Harvest
AUSTRALIA

EMPLOYEES: **110**

Key metrics

GROUP REVENUE

54%

TO R3.966 BILLION
(2018: R2.583 BILLION)

OPERATING PROFIT

54%

TO R599 MILLION
(2018: R389 MILLION)

HEADLINE EARNINGS

48%

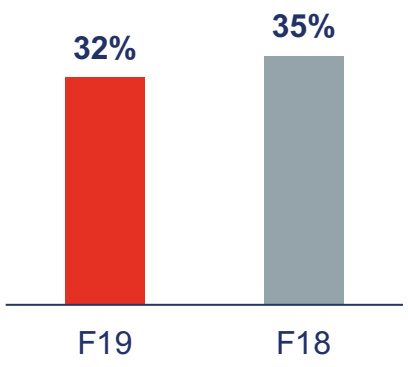
TO R410 MILLION
(2018: R278 MILLION)

DIVIDENDS PER SHARE

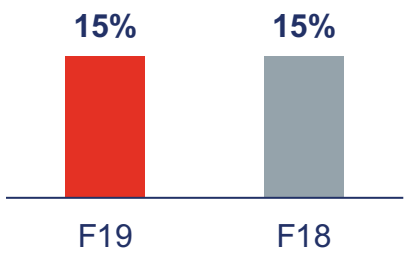
25%

TO 50 CENTS PER SHARE
(2018: 40 CENTS PER SHARE

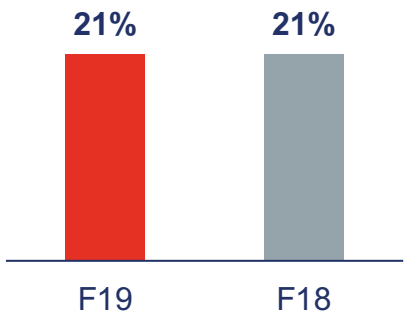
Gross profit margin



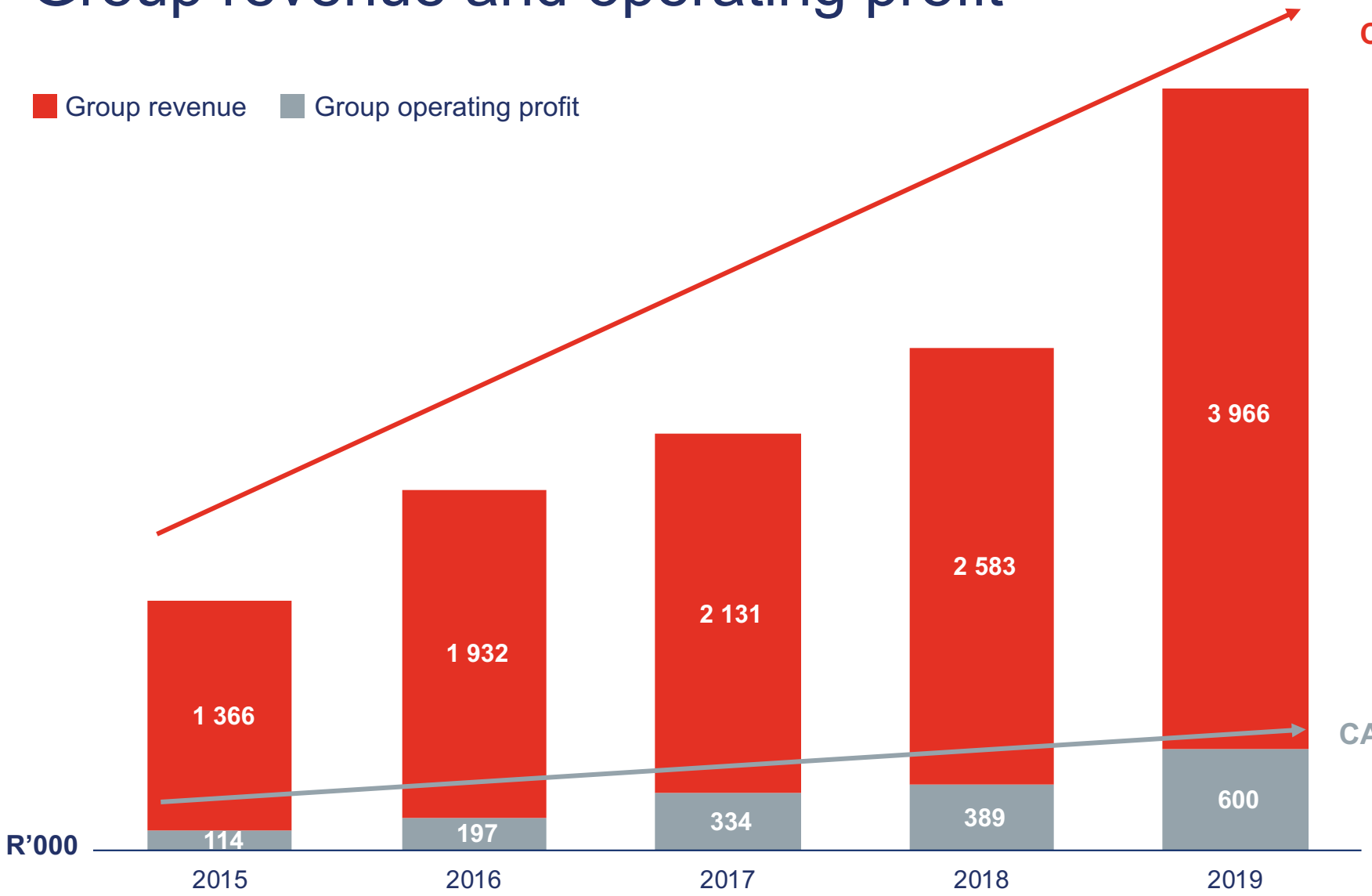
Operating profit margin



EBITDA margin



Group revenue and operating profit





Revenue mix

1°

INTERNATIONAL

17%

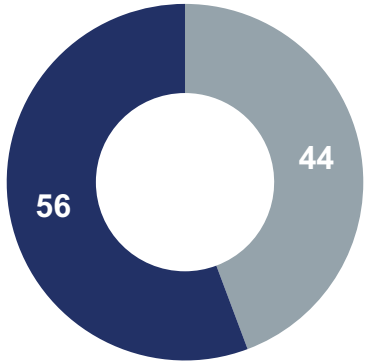
TO R1.757 BILLION
(2018: R1.499 BILLION)

DOMESTIC

104%

TO R2.210 BILLION
(2018: R1.085 BILLION)

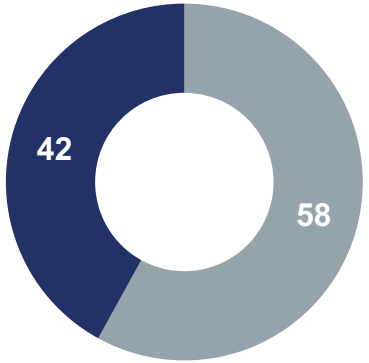
F2019 (%)



REVENUE

International
Domestic

F2018 (%)



Currency diversification

1°

ZAR

102%

TO R2.280 BILLION
(2018: R1.129 BILLION)

EURO

24%

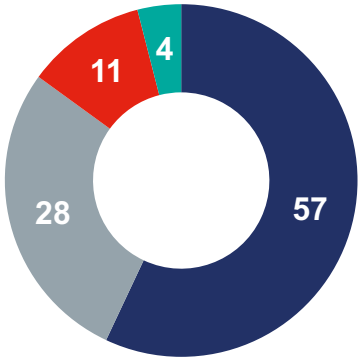
TO R1.097 BILLION
(2018: R885 MILLION)

AUD

–

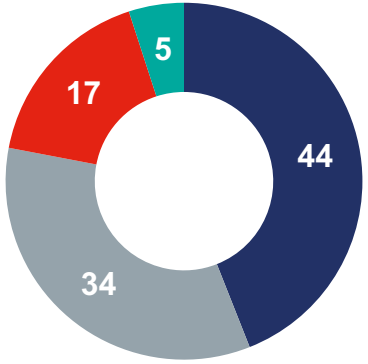
TO R446 MILLION
(2018: R446 MILLION)

F2019 (%)





F2018 (%)



Market diversification: International mix

1°

EUROPE

25%

TO R1.147 BILLION
(2018: R916 MILLION)

AUSTRALIA

3%

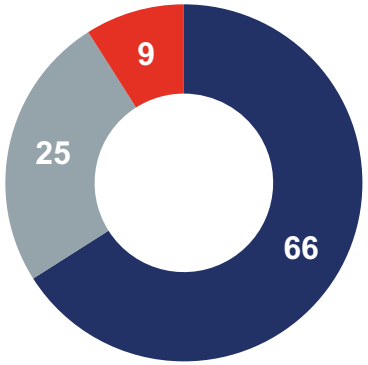
TO R447 MILLION
(2018: R434 MILLION)

OTHER MARKETS

9%

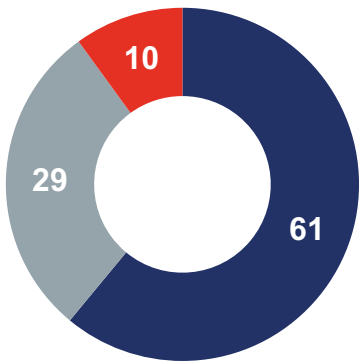
TO R162 MILLION
(2018: R149 MILLION)

F2019 (%)





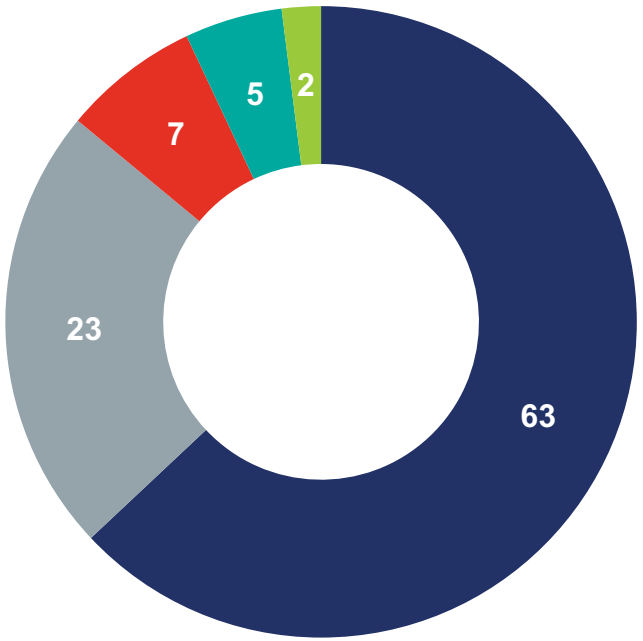
F2018 (%)

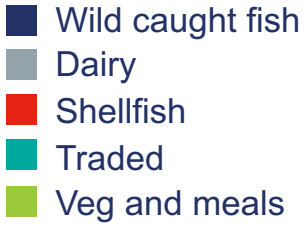


Product diversification: Product revenue mix

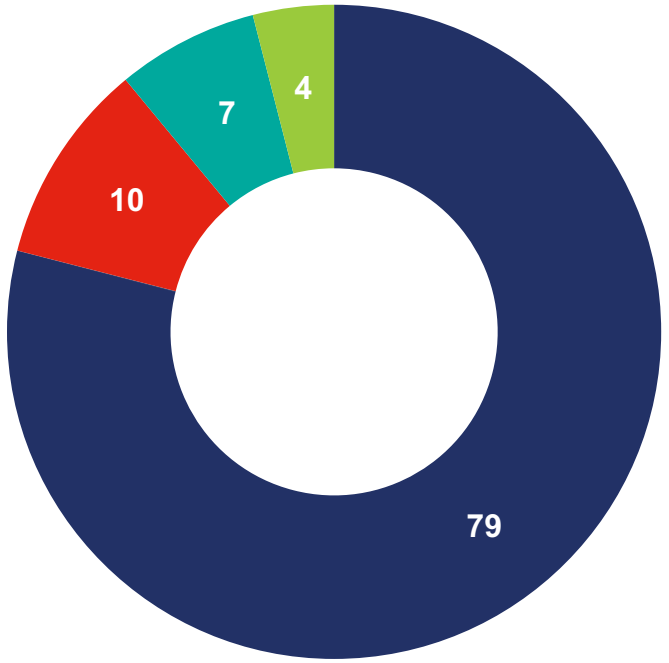
1°

F2019 (%)





F2018 (%)

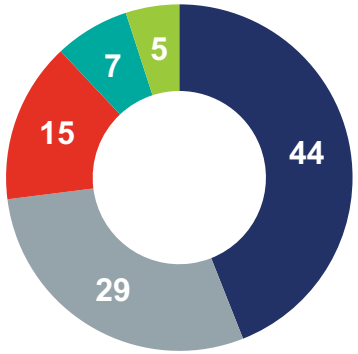


Channel mix

1°

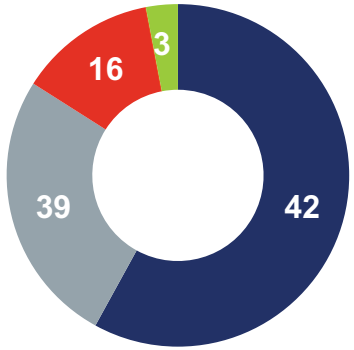
INTERNATIONAL	FOODSERVICE	RETAIL	FOOD PRODUCERS	WHOLESALE
17%	74%	76%	n/a	124%
TO R1.757 BILLION (2018: R1.499 BILLION)	TO R1.170 BILLION (2018: R674 MILLION)	TO R577 MILLION (2018: R328 MILLION)	TO R279 MILLION (2018: NIL)	TO R184 MILLION (2018: R82 MILLION)

F2019 (%)





F2018 (%)



F2019 highlights

1°

- HEPS growth of 33% to 149 cents per share and normalised HEPS growth of 41% to 133 cents per share
- Retention of B-BBEE Level 1 contributor status, with improved score of 104.44 (previously 100.37)
- Acquisition of 100% of Ladismith Cheese, effective 2 January 2019
- Acquisition of remaining 43.7% of shares in Sea Harvest Australia not already owned by the Group, effective 8 May 2019
- Improved performance from the Marel fresh fish processing facility in Saldanha Bay during the second half of the year
- Improved margins in the SA Fishing operation, benefiting from synergies relating to the Viking Fishing acquisition
- Seamless integration of Ladismith Cheese, with good performance in the first year post acquisition
- Extension of FRAP to 1 January 2022
- Expansion of abalone farm in Kleinzee commenced



F2019 challenges

1°

- Tough domestic retail environment with local retail volumes under pressure
- Lower abalone sales due to extended red tide event and geopolitical factors affecting markets in Hong Kong and China
- Lower sea trout sales due to higher than expected mortalities
- Recovery in prawn volumes, but still tracking below long term average



FINANCIAL AND OPERATING PERFORMANCE



2° SEA HARVEST GROUP



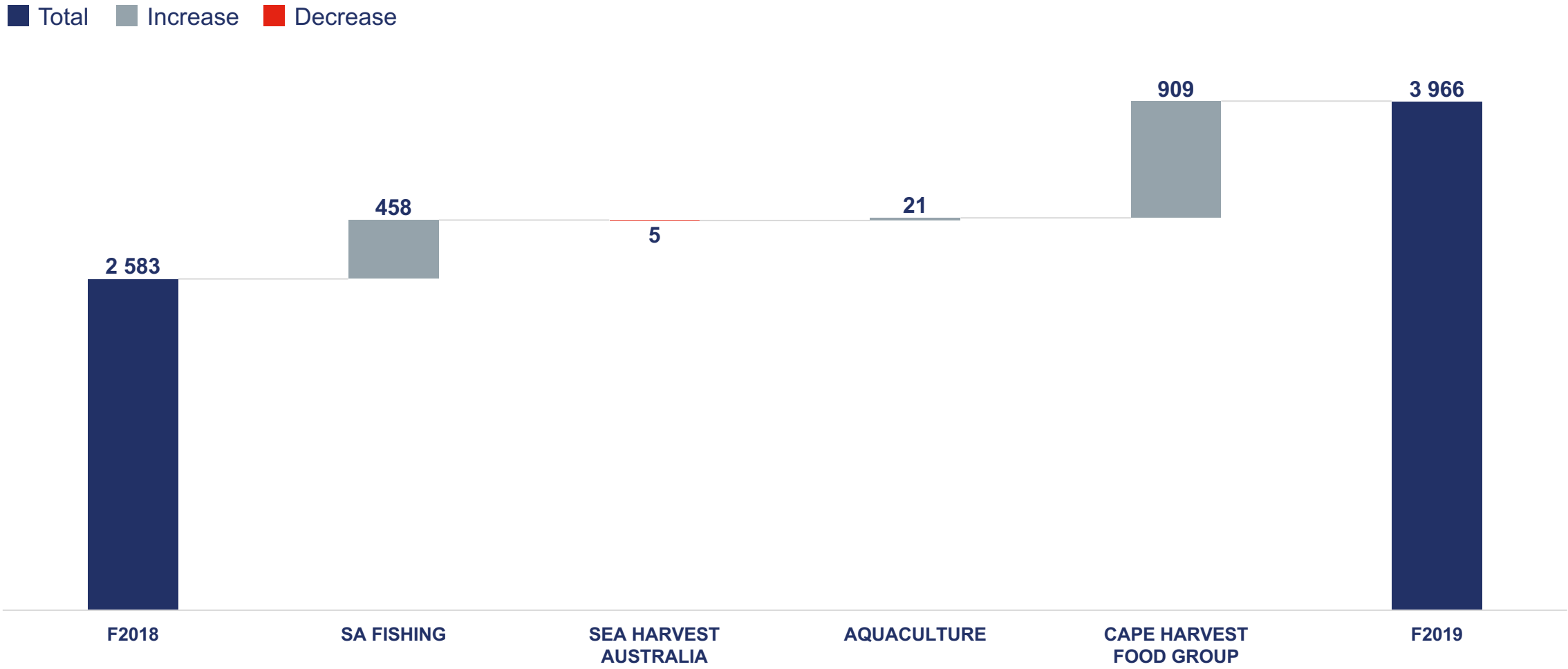
Sea Harvest Group income statement

Year to date (R'000)		2019	2018
Revenue	54%	3 966 452	2 583 341
Gross profit	**40%**	**1 270 815**	**908 244**
Gross profit margin		*32%*	*35%*
Net operating expenses	29%	(671 235)	(519 625)
Operating profit	**54%**	**599 580**	**388 619**
Operating profit margin		*15%*	*15%*
Profit before finance costs and tax (EBIT)	45%	634 698	438 009
Net finance costs	128%	(100 506)	(44 005)
Taxation	37%	(138 679)	(100 871)
Profit after tax	**35%**	**395 513**	**293 133**
Non-controlling interest		(16 965)	11 924
Profit attributable to Sea Harvest shareholders		412 478	281 209
EBITDA		818 182	554 759
EBITDA margin		*21%*	*21%*



Sea Harvest Group revenue waterfall

2°



Sea Harvest Group HEPS and DPS

Reconciliation of headline earnings (R'm)	2019	2018
Profit for the period attributable to shareholders of the parent	412 478	281 209
Adjustment for capital items post tax	(2 061)	(3 310)
Headline earnings	**410 417**	**277 899**
WANOS ('000)	276 366	249 202
HEPS (cents)	149	112
Dividends declared	147 147	109 146
Number of ordinary shares in issue	294 294	272 865
Total dividend per share (cents)	50	40
- Ordinary dividend per share (cents)	45	40
- Special dividend per share (cents)	5	-



Sea Harvest Group 2019 Normalised HEPS

2°

Year to date (R'000)		2019	2018
Headline earnings		410 417	277 899
Fair value gains		(44 386)	(43 430)
Normalised Headline earnings	56%	**366 031**	**234 469**
Normalised HEPS	41%	**133**	**94**



Sea Harvest Group balance sheet

Assets (R'm)	2019	2018
Property, plant and equipment	1 881 734	1 604 800
Right-of-use assets	136 695	–
Biological assets	61 448	107 646
Intangible assets	639 795	616 163
Goodwill	849 615	621 549
Other non-current assets	279 614	309 142
Current assets	1 728 800	1 696 630
	5 516 253	**4 848 284**

- Ladismith take-on: +R189m, BAU Capex +R152m, Project Capex +R91m, Depreciation -R158m
- IFRS 16: Leases standard adoption
- R78m reclassified to current assets
- Ladismith take-on brand +R46m, amortisation of SA fishing licences -R8m, translation of Sea Harvest Australia intangible -R14m
- Ladismith take-on: +R231m
- Ladismith take-on inventory +R186m, receivables +R90m, tax assets +R124m, current portion of biological asset +R78m, cash -R544m

Sea Harvest Group balance sheet

2°

Equity and liabilities (R'm)	2019	2018	
Stated capital	1 810 506	1 538 761	●
Reserves	626 768	275 904	●
NCI (including treasury shares)	76 500	254 662	●
Non-current liabilities	2 086 705	2 128 831	●
Current liabilities	915 774	650 126	●
	5 516 253	**4 848 284**	

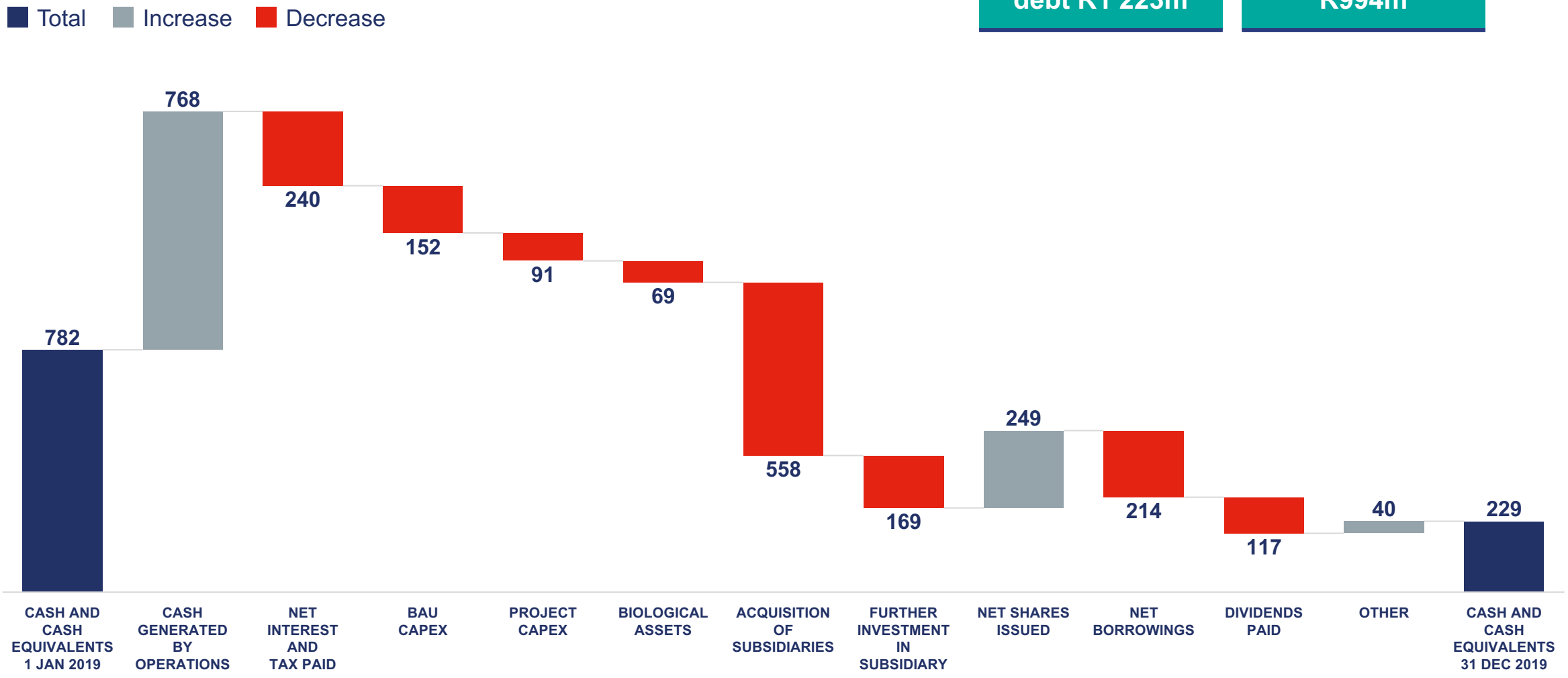
- Brimstone VCP +R300m, shares repurchased -R28m
- Retained earnings +R286m
- Elimination of minorities in Sea Harvest Australia
- LT borrowings -R249m, IFRS 16: Leases +R146m, deferred tax +R104m, contingent consideration -R31m
- Ladismith take-on payables +R101m, ST borrowings +R111m

Sea Harvest Group cash flow waterfall

Interest-bearing debt R1 223m

Net debt R994m

2°



3° SOUTH AFRICAN FISHING OPERATIONS



South African Fishing Operations key metrics

3°

REVENUE

24%

TO R2.644 BILLION
(2018: R2.136 BILLION)

GROSS PROFIT

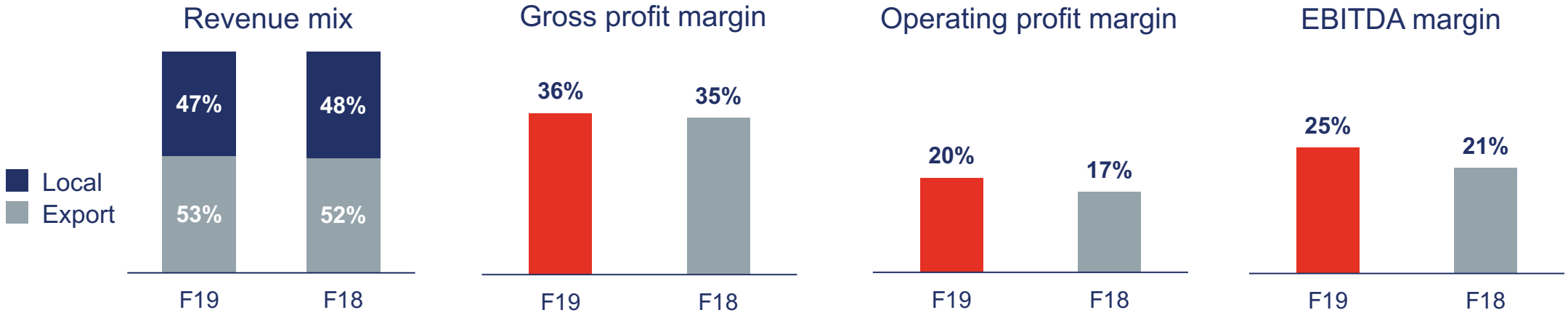
28%

TO R953 MILLION
(2018: R745 MILLION)

OPERATING PROFIT

45%

TO R527 MILLION
(2018: R362 MILLION)



South African Fishing Operations revenue growth and channel mix

3°

EXPORT

26%

TO R1.409 BILLION
(2018: R1.117 BILLION)

FOODSERVICE

32%

TO R810 MILLION
(2018: R614 MILLION)

RETAIL

14%

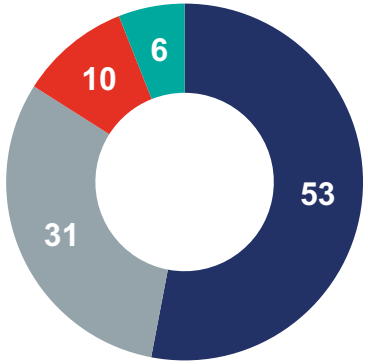
TO R277 MILLION
(2018: R322 MILLION)

WHOLESALE

80%

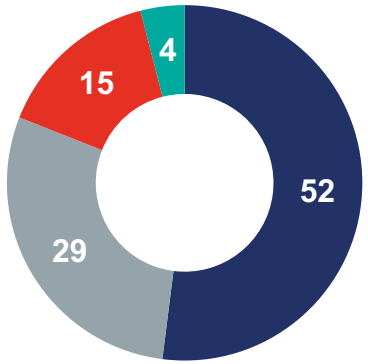
TO R148 MILLION
(2018: R82 MILLION)

F2019 (%)





F2018 (%)



South African Fishing Operations F2019 highlights and challenges

- Fishing division performing well
- TAC increase of 10% as a result of hake biomass exceeding maximum sustainable yield
- Catch rates have improved compared to last year
- International markets firm with continued strong demand for wild caught, MSC-certified seafood
- Foodservice and wholesale markets stable
- Local retail prices up but volumes under pressure
- Viking Fishing performing ahead of expectation, with earn-out achieved



4° SEA HARVEST AQUACULTURE



Sea Harvest Aquaculture key metrics

REVENUE

36%

TO R77.4 MILLION
(2018: R56.7 MILLION)

GROSS PROFIT

–

TO R28.8 MILLION
(2018: R28.9 MILLION)

FAIR VALUE GAINS

12%

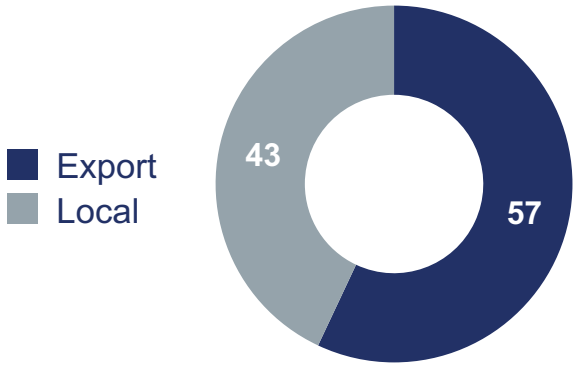
TO R45 MILLION
(2018: R51 MILLION)

EBIT

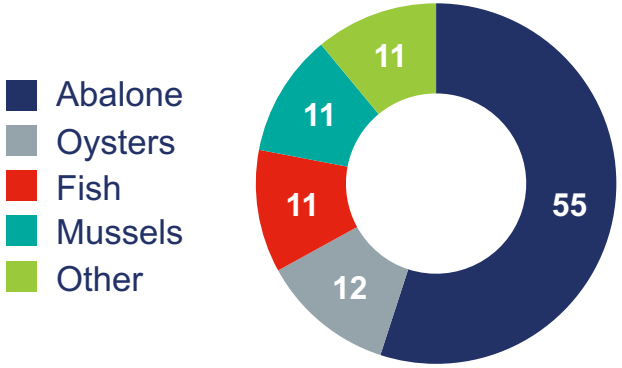
70%

TO R16 MILLION
(2018: R55 MILLION)

F2019 Revenue (%)

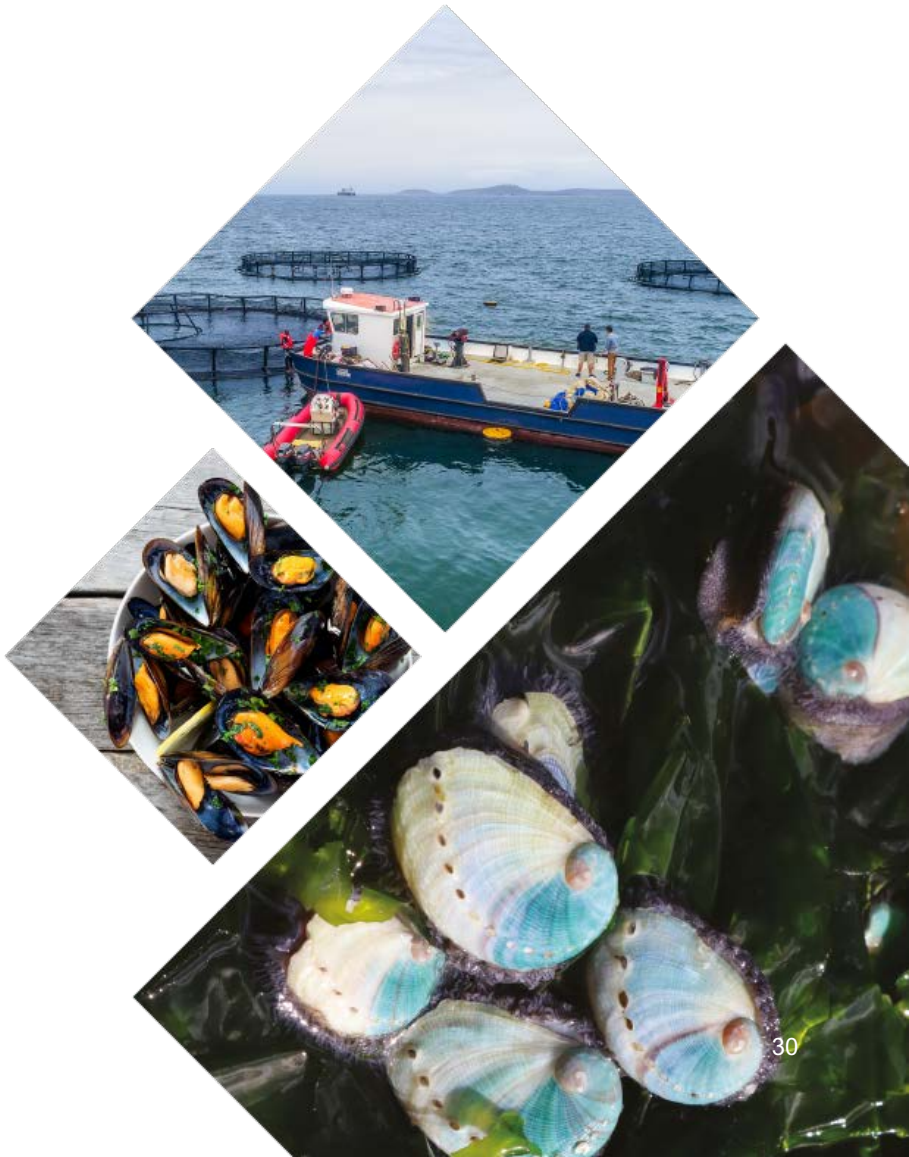


Revenue by category (%)



Sea Harvest Aquaculture F2019 highlights and challenges

- Performance impacted by low abalone sales due to:
  - China and Hong Kong geopolitical issues
  - Extended red tide event at the beginning of the year
  - Increased competition in the smaller size category
- Higher than expected sea trout mortalities
- Abalone farms have reached their design capacity in terms of biomass
- Expansion of the abalone farm at Kleinzee has commenced





5° CAPE HARVEST FOOD GROUP

Cape Harvest Food Group key metrics

5°

REVENUE

R906 MILLION

TO R990 MILLION
(2018: R81 MILLION)

GROSS PROFIT

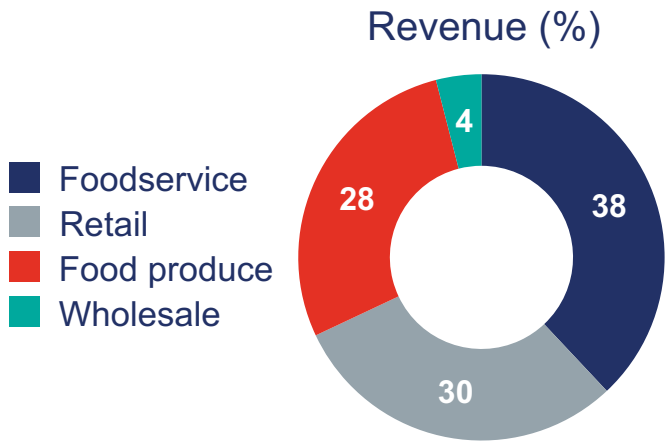
R166 MILLION

TO R193 MILLION
(2018: R27 MILLION)

OPERATING PROFIT

R89 MILLION

TO R96 MILLION
(2018: R7.4 MILLION)



Cape Harvest Food Group F2019 highlights and challenges

- Integration into the group has been seamless
- Good performance in a very tough local environment, with volume growth across all categories



6° SEA HARVEST INTERNATIONAL



Sea Harvest International key metrics

PRAWN CATCH

11%

TO 599 TONS
(2018: 540 TONS)

REVENUE

1%

TO R438 MILLION
(2018: R443 MILLION)

GROSS PROFIT

1%

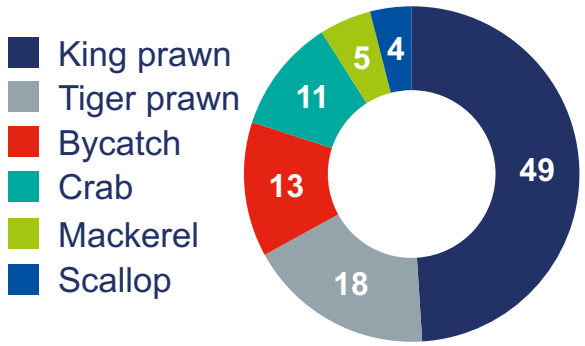
TO R103.1 MILLION
(2018: R103.7 MILLION)

NORMALISED OPERATING PROFIT

2%

TO R15.9 MILLION
(2018: R16.3 MILLION)

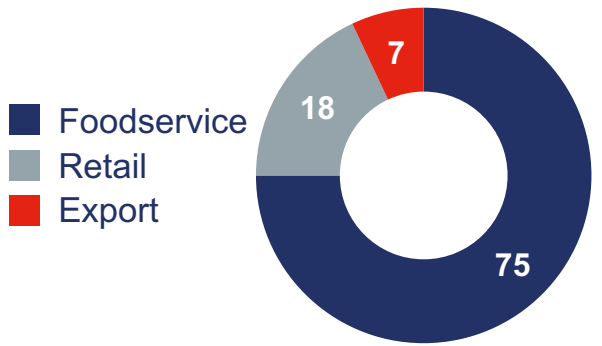
Catch split (%)



Revenue split by category (%)



Revenue channel (%)



Sea Harvest International F2019 highlights and challenges

- Completed take-over of 43.6% minority shareholders on 8 May 2019
  - Name change to Sea Harvest Australia
- 11% increase Shark Bay prawn catch volumes
- Sales revenue impacted by potato shortage due to drought in Europe
- Normalised EBIT was R15.9m compared to R16.3m in 2018
- Working with key stakeholders to ensure the fishery is managed to optimise the maximum economic yield by starting the season later to allow biomass to grow



7° OUTLOOK



Tailwinds

7°

- Hake biomass above MSY with stable TAC outlook
- Strong demand in international markets for high value, wild caught, MSC-certified seafood
- Rand weaker, with favourable hedges
- Later start to prawn season in Shark Bay

Headwinds

- Continued tough domestic retail environment
- Aquaculture performance will be significantly affected by Coronavirus and continued geo-political issued in Hong Kong
- Sea trout operation in Saldanha to be strategically evaluated
- Prawn prices may be impacted by over-supply due to Coronavirus



QUESTIONS



THANK YOU

