Sea Harvest









UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

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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 and outlook
- Questions









Group overview

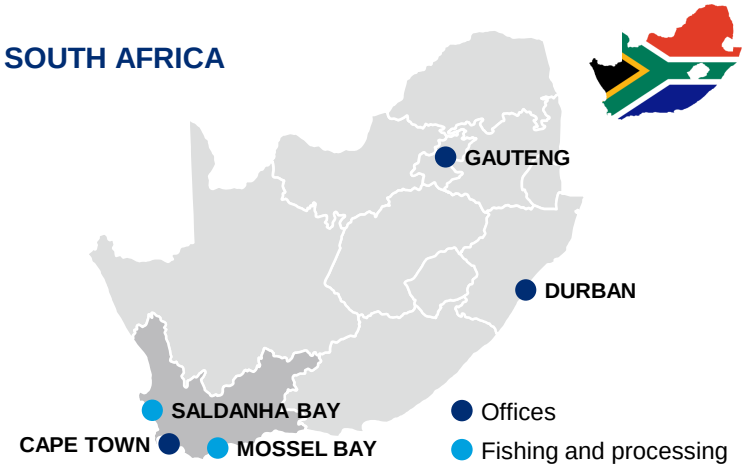
Sea Harvest Group overview

Vision: to be a leading and responsible diversified global fishing and agri business

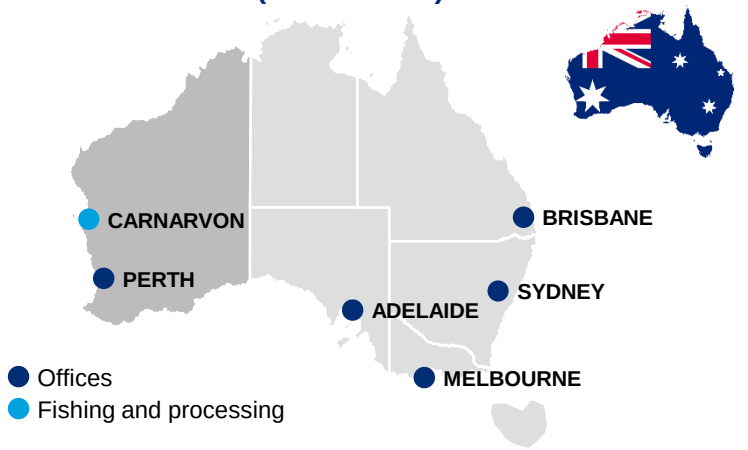
Key indicators	H1 F17
Established	1964
Industry	Fishing, Food, Agri
% of Hake TAC (SA)	25.2% (plus 3% from Vuna)
% of Shark Bay prawn licenses (Aus)	56% (10 of 18)
No. of people employed	~3 000
No. of vessels[1]	29
Factories[2]	3
Fishing and processing operations	Saldanha Bay, Mossel Bay, Carnarvon (Australia)
Number of countries selling Sea Harvest products	22
Local market share[3]	41%

The principal business of the Sea Harvest Group is fishing of Cape Hake and Shark Bay prawns, processing of the catch into frozen and chilled seafood, and the marketing of these products, locally and internationally

SOUTH AFRICA



INTERNATIONAL (AUSTRALIA)



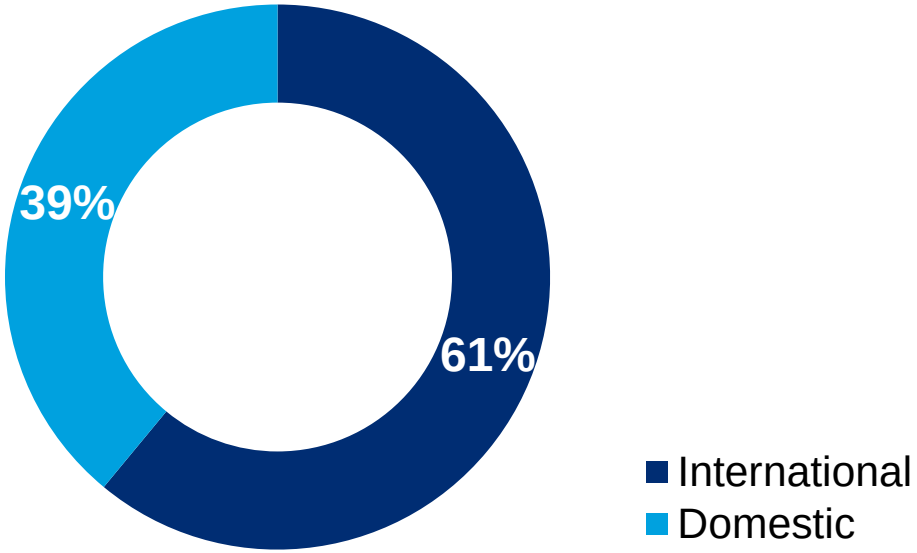
1. Including access to six Vuna vessels
2. Including access to one Vuna factory
3. Frozen fish volume share 12 MM including Woolworths (Nielsen)

Key strengths

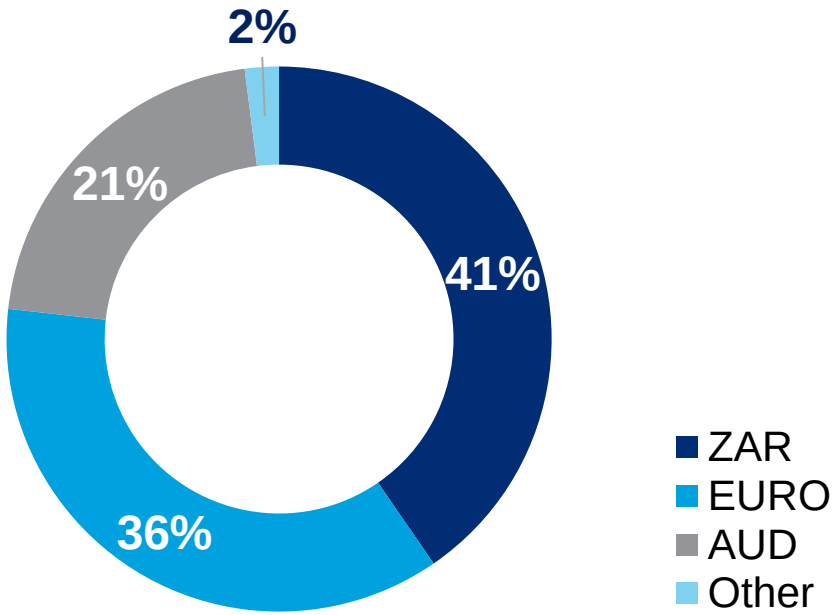
1. Global demand for natural wild-caught seafood from sustainable fisheries leads to premium pricing
2. Market leading brands
3. Broad and innovative range of products that are difficult to substitute
4. Geographically diverse, international customer base leads to strong ZAR hedge
5. Vertically integrated business with well located, world-class facilities
6. An industry with high barriers to entry
7. Strong B-BBEE credentials
8. A good platform for growth in South Africa and Australia

Revenue and currency diversification

REVENUE

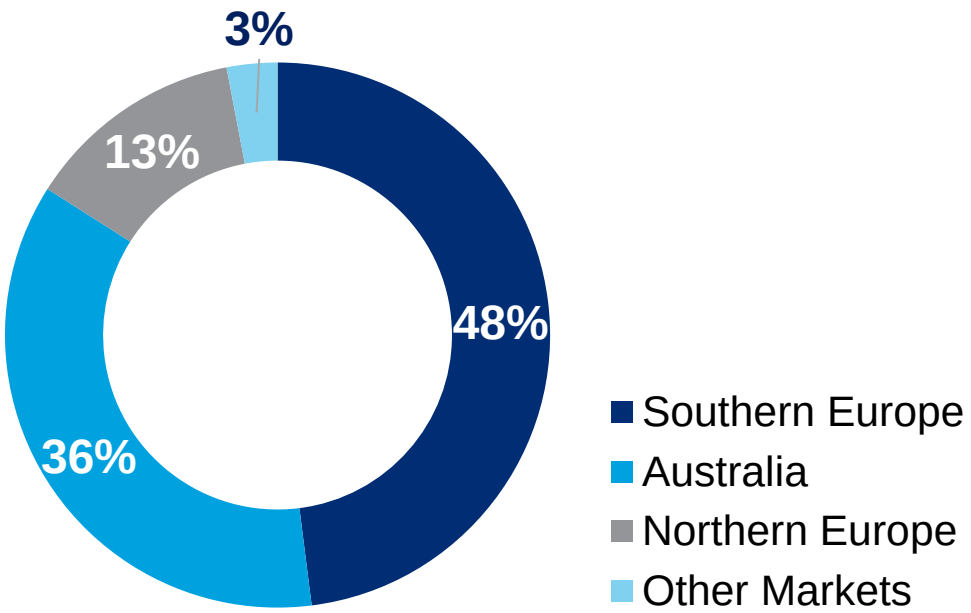


CURRENCY MIX

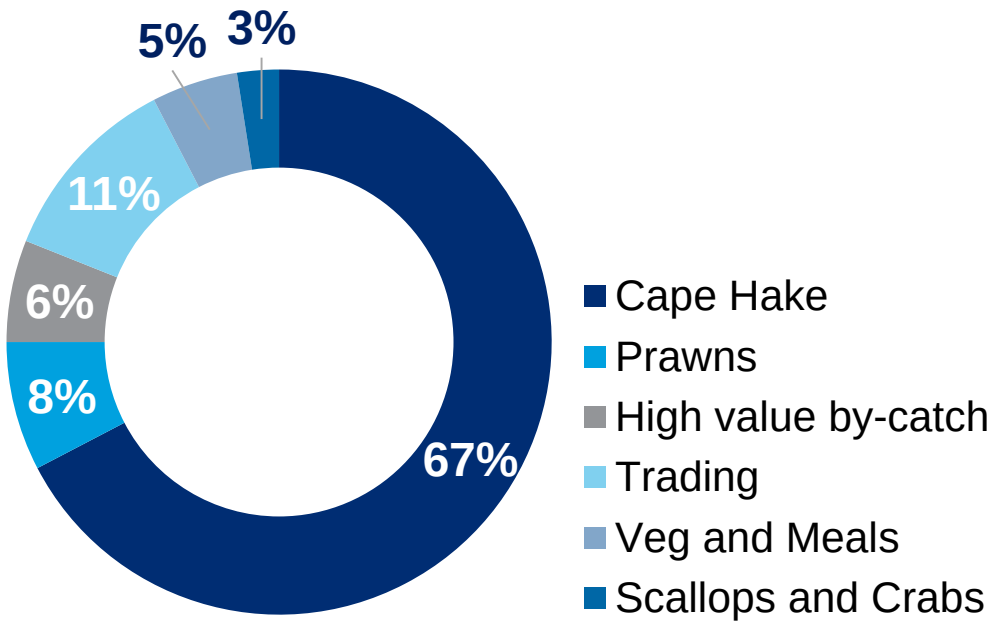


Market and product diversification

INTERNATIONAL REVENUE MIX



PRODUCT REVENUE MIX



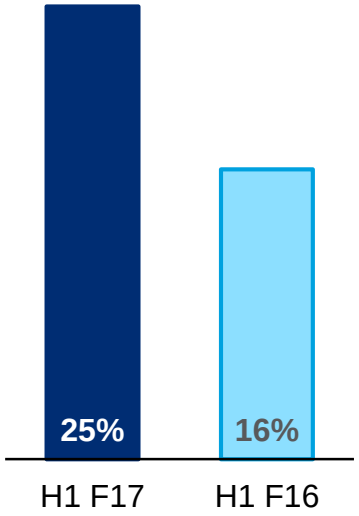
Key financial metrics

REVENUE	EBIT
↑ 25%	↑ 147%
to R1,06bn 2016: R845m	to R206m 2016: R83m
PROFIT AFTER TAX	**HEPS**
↑ 268%	↑ 130%
to R136m 2016: R37m	to 56.6c per share 2016: 24.6c per share

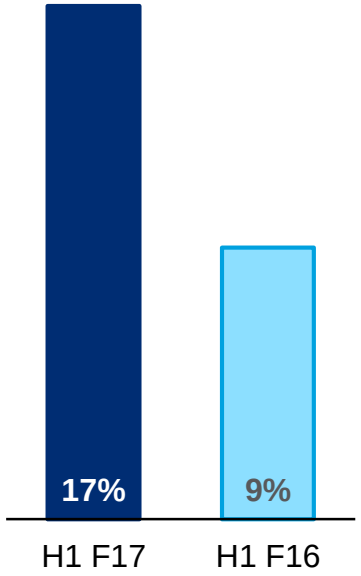
GROSS PROFIT MARGIN



EBITDA MARGIN



OPERATING PROFIT MARGIN



2017 H1 highlights

- Listed successfully on the JSE on 23 Mar 2017, raising R1,329m
- B-BBEE ownership post listing at c.80%
- Catches have remained stable
- Strong markets and firm demand globally
- Positive forex hedges offsetting stronger ZAR
- Fuel price has remained at reasonably low levels
- Operations performing well post investments over the last three years
- Mareterram performance in line with expectations
- Investment approved for the acquisition of the fillet factory freezer trawler, “MV Therney” for $13.5m



2017 H1 challenges

- 5% Cape Hake quota reduction
- Small size mix
- Stronger and volatile Rand
- Weak SA economy
- Hake inshore interdict



Financial and Operating Performance





Sea Harvest Group

Sea Harvest Group – income statement

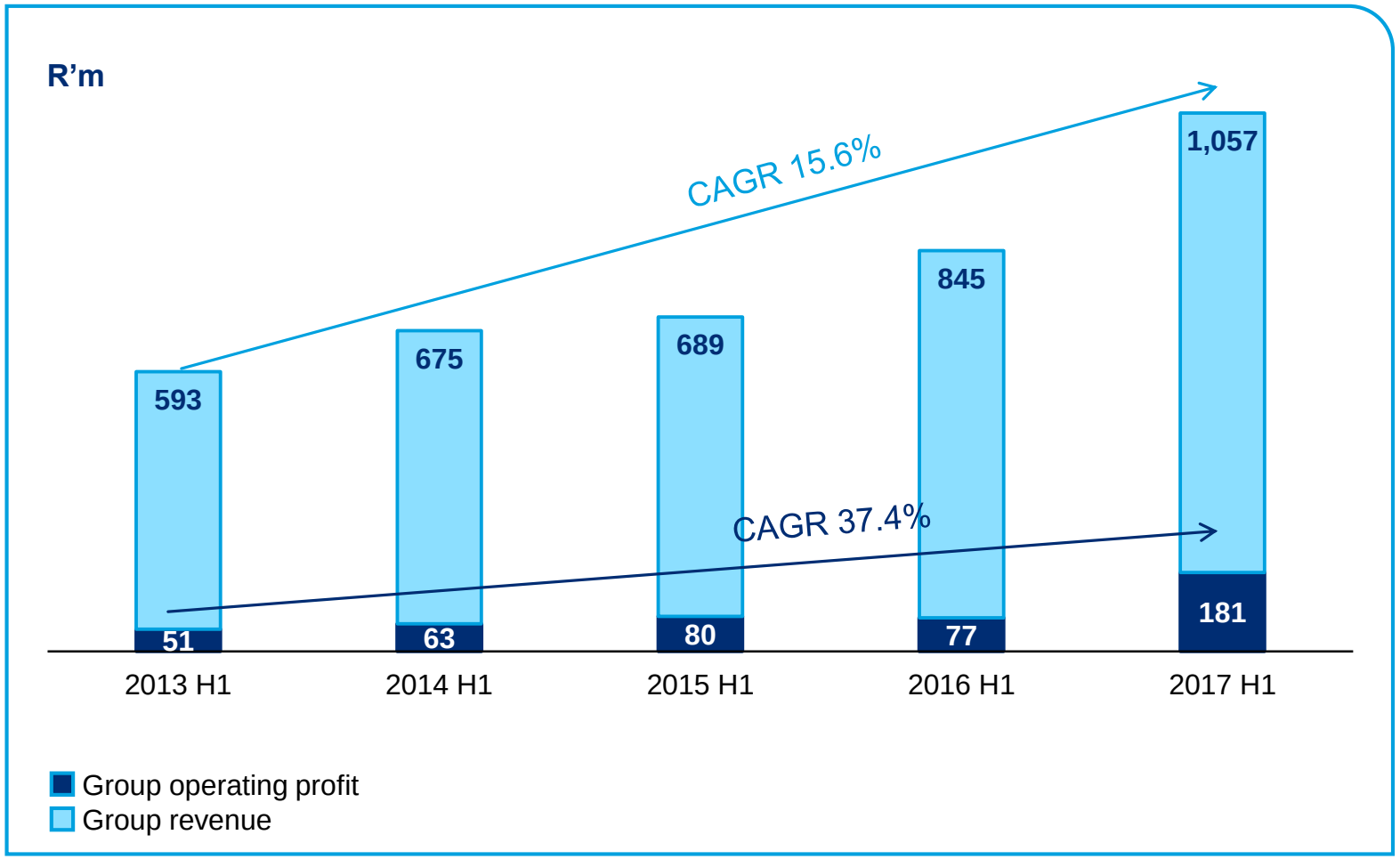
Year-to-date (R'000)	FY17 vs. FY16	H1 F17	H1 F16
Revenue	25%	1 056 961	844 515
Gross profit	**31%**	**353 515**	**270 282**
Gross profit margin		*33%*	*32%*
Net operating expenses	-11%	(172 073)	(192 851)
Operating profit	**134%**	**181 442**	**77 431**
Operating profit margin		*17%*	*9%*
EBIT	147%	205 597	83 253
Net finance costs	-18%	(24 183)	(29 504)
Taxation	171%	(45 526)	(16 806)
Profit after tax	**268%**	**135 888**	**36 943**
Non-controlling interest		4 933	-
Attributable profit		130 955	36 943
EBITDA		**264 419**	**139 183**
EBITDA margin		*25%*	*16%*
Normalised opex margin		18.7%	16.9%
HEPS (cents)		*56.6*	*24.6*
WAN shares in issue ('000)		*195 380*	*141 540*







Group revenue and operating profit

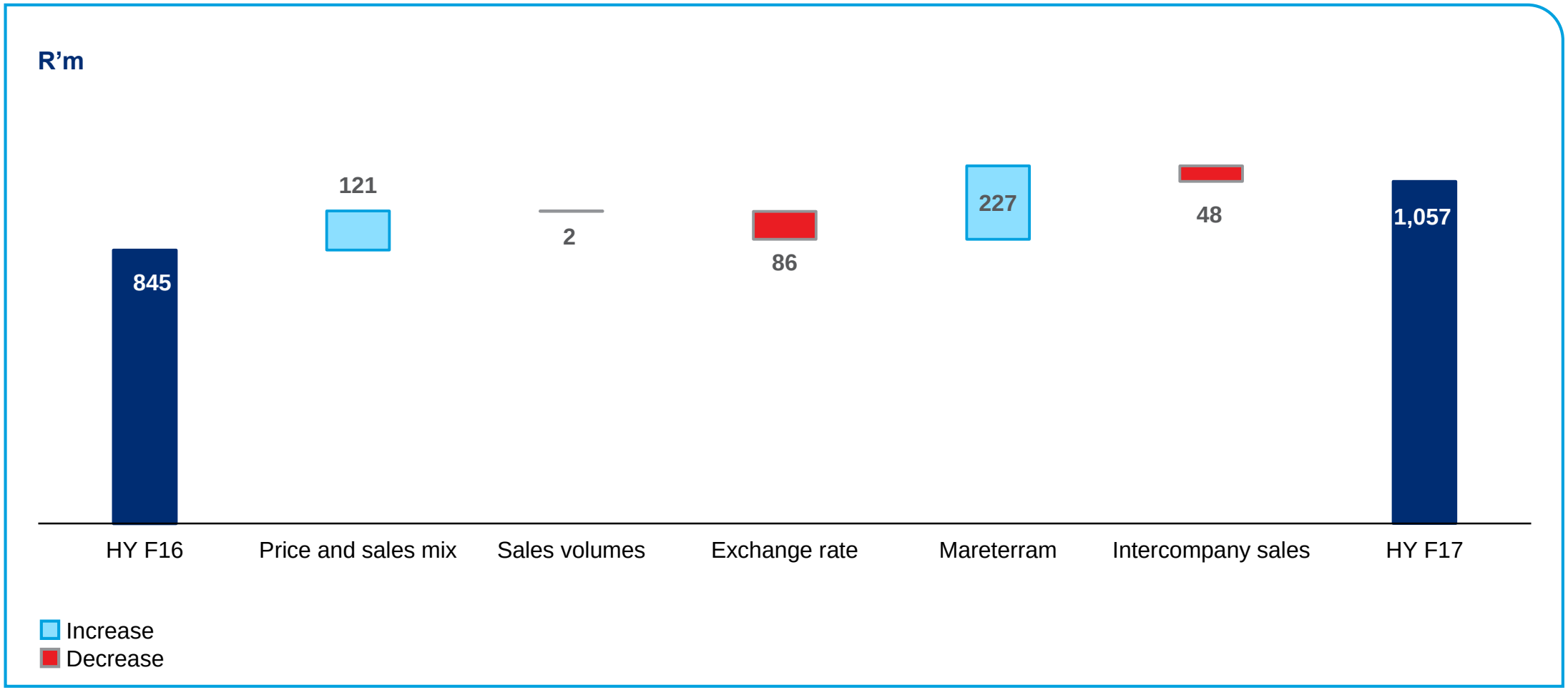




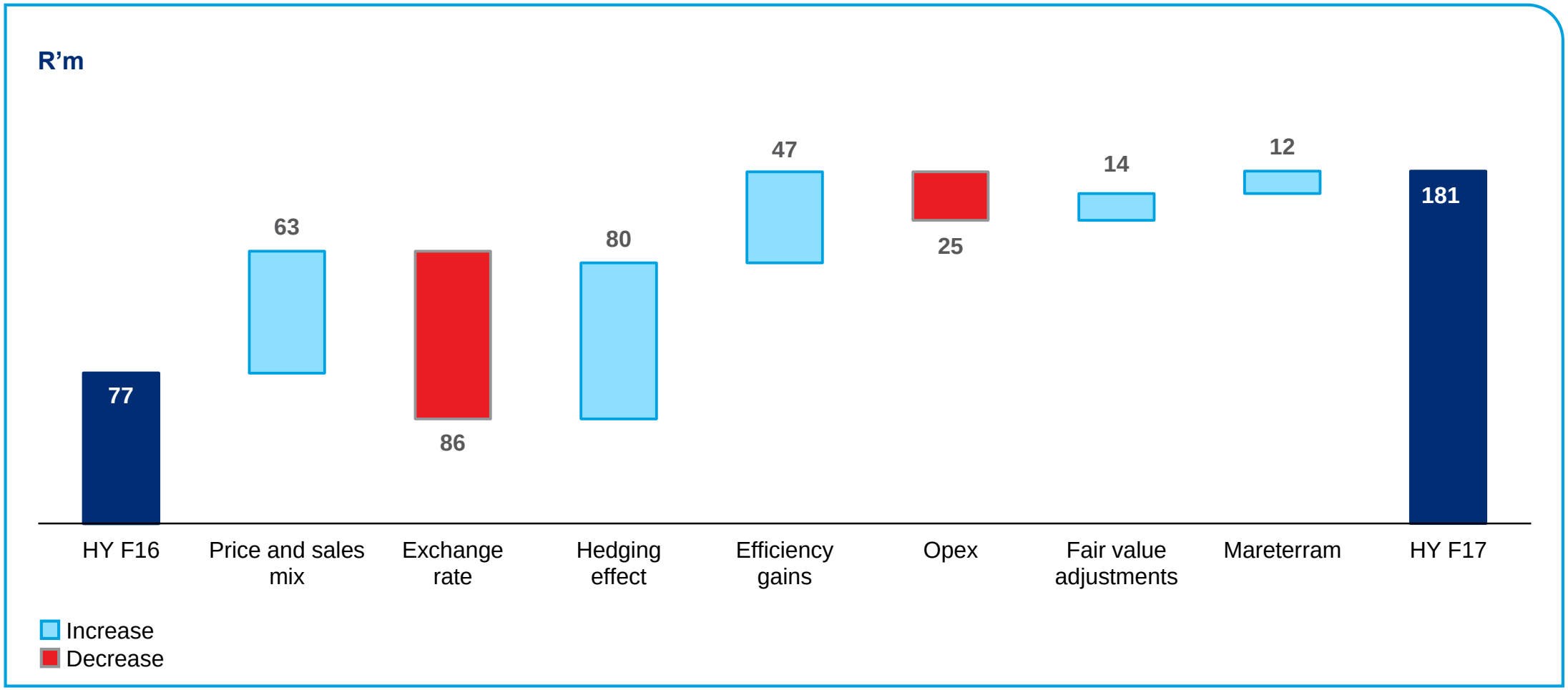




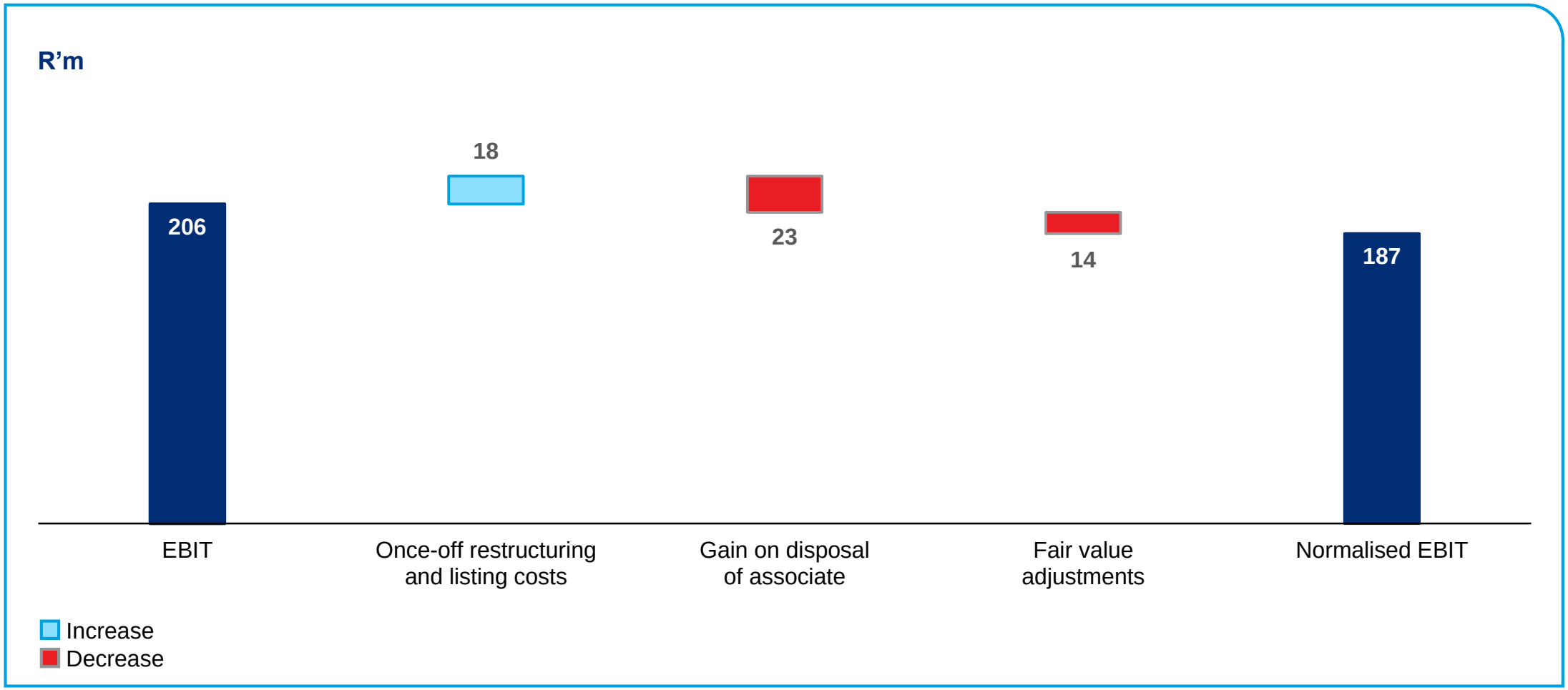
Sea Harvest Group revenue waterfall



Sea Harvest Group operating profit waterfall



Sea Harvest Group normalised EBIT



Sea Harvest Group - Balance sheet

Balance sheet movements largely as a result of the listing on the JSE on 23 March 2017 and consolidation of Mareterram from 1 July 2016

Assets (R'000)	June 2017	June 2016
Property, plant and equipment	531 180	449 522
Intangible assets and goodwill	469 743	84 441
Investments	-	68 495
Available-for-sale investments	25 264	25 264
Other non-current assets	134 767	4 357
Current assets	1 028 171	578 140
	2 189 125	1 210 219

- Mareterram property, plant and equipment of R106m
- Mareterram fishing licenses of R289m and goodwill of R106m
- Investment in Desert Diamond

Other non-current assets includes:
- Loan to related party of R70m
- Deferred tax asset of R50m

Movement in current assets:
- Higher levels of inventory in SA
- Mareterram current assets of R211m
- Cash on hand of R316m

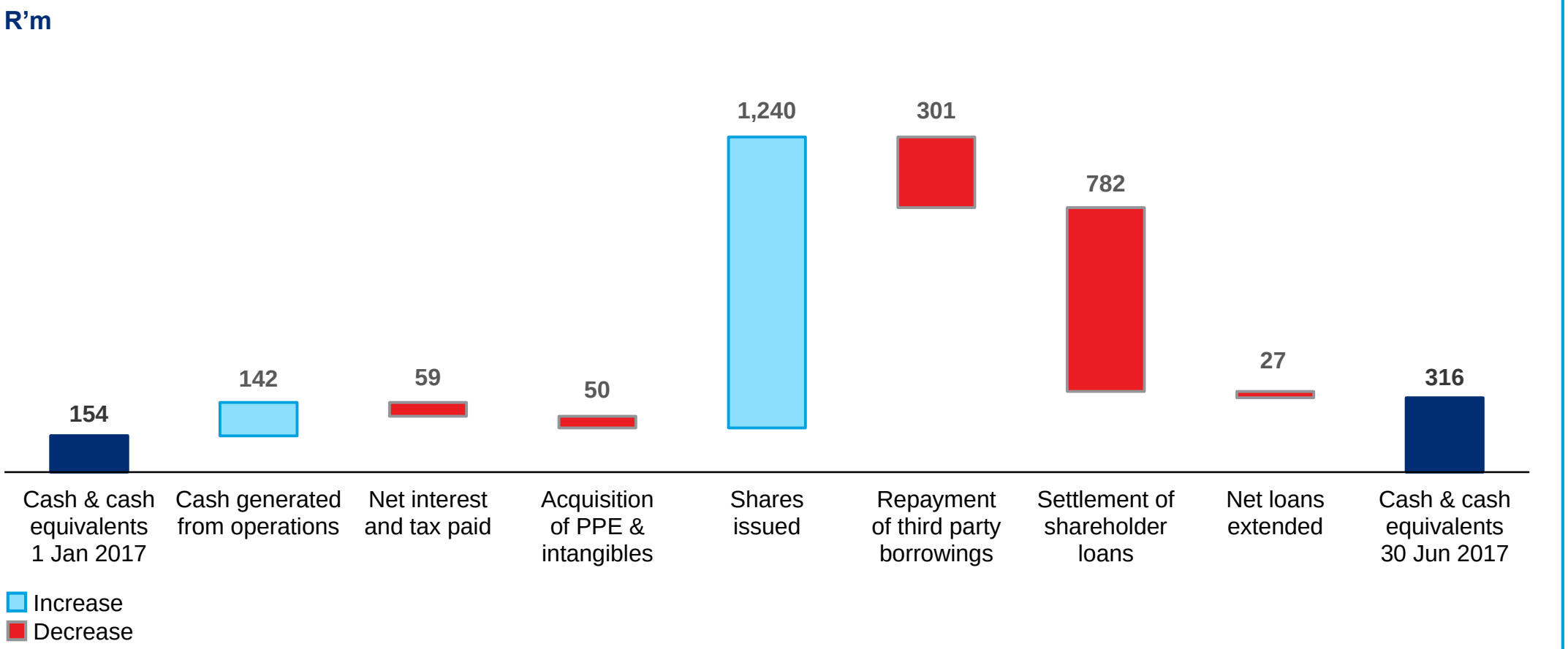
Sea Harvest Group - Balance sheet

Balance sheet movements largely as a result of the listing on the JSE on 23 March 2017 and consolidation of Mareterram from 1 July 2016

Equity and liabilities (R'000)	June 2017	June 2016
Stated capital	1 295 771	849
Reserves	(19 284)	40 510
Preference share capital	-	168 409
NCI (incl treasury shares)	138 636	4 428
Non-current liabilities	345 405	598 632
Current liabilities	428 597	397 391
	2 189 125	1 210 219

- Capital raise of R1,329m at listing
- Redemption of all preference shares and accrued dividends and settlement of all shareholder loans at listing
- 44% minority shareholding in Mareterram
- Mareterram liabilities of R182m
- Total deferred tax liabilities of R123m
- Mareterram current liabilities of R148m - peak of working capital cycle

Sea Harvest Group cash flow waterfall



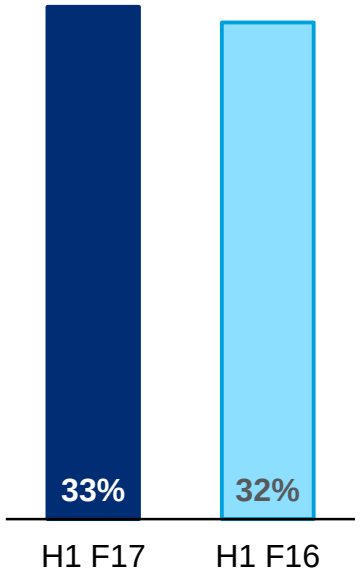


South African operations

Key features – SA Operations

REVENUE	GROSS PROFIT
↑ 4%	↑ 8%
to R878m 2016: R845m	to R291m 2016: R270m
OPERATING PROFIT GROWTH	**PROFIT AFTER TAX**
↑ 120%	↑ 238%
to R170m 2016: R77m	to R125m 2016: R37m

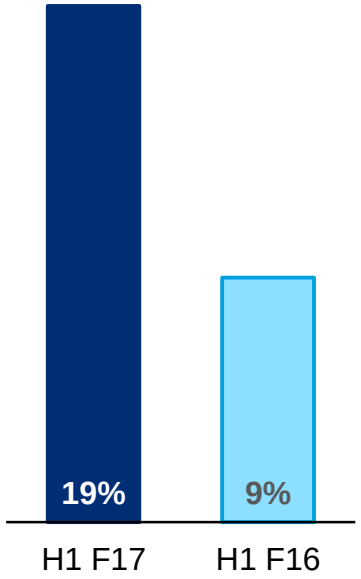
GROSS PROFIT MARGIN



EBITDA MARGIN

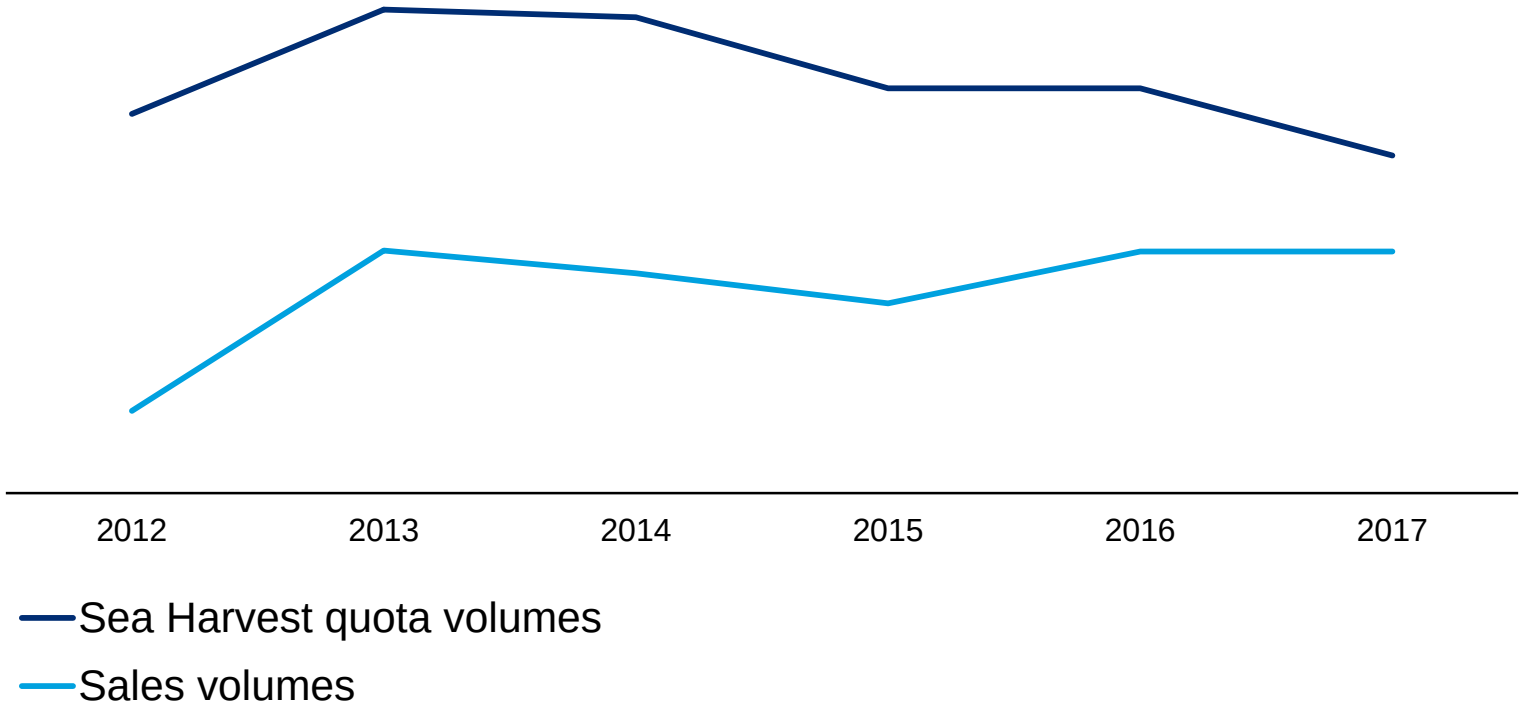


OPERATING PROFIT MARGIN

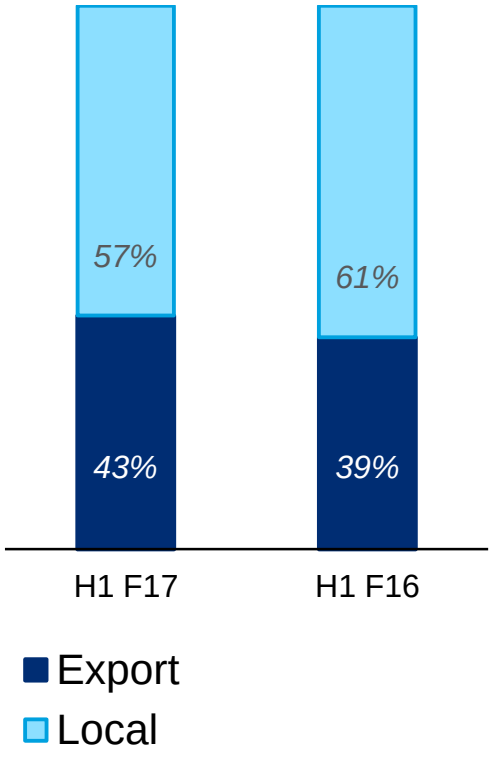


Sea Harvest volumes mix

IMPACT OF GLOBAL SOURCING



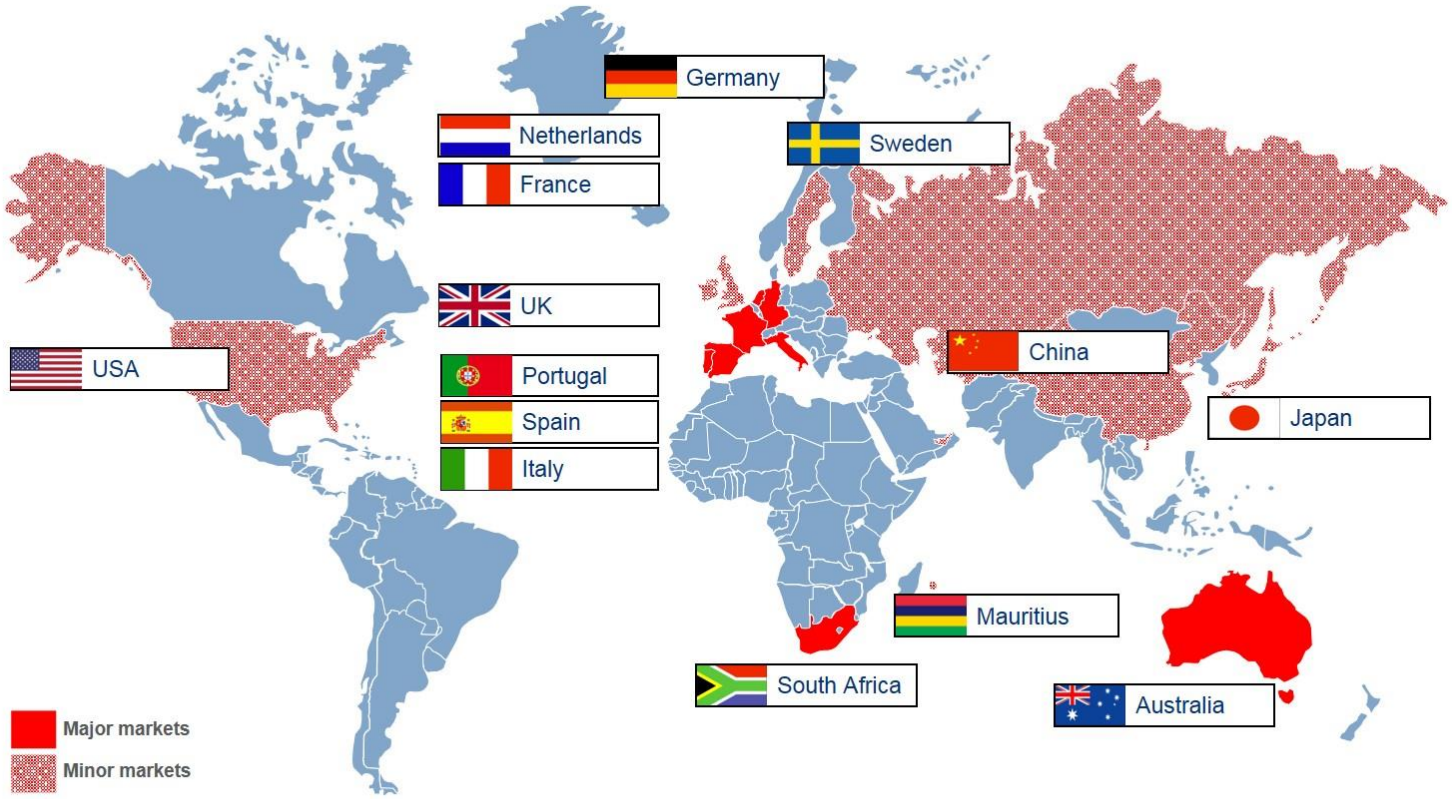
SALES VOLUME



Notes: 1. 2017 volumes YTD annualised

Pricing mix

Channel	%
Local market	
Volume growth	-7%
Average selling prices	+14%
Revenue growth	+6%
Market share (12mm)[1]	41%
Export market	
Volume growth	+11%
Average selling prices	-8%
FX effect	-16%
Constant currency selling price	+8%
Revenue growth	+3%



Note: Percentages rounded up to nearest 100 basis points
Source: Company information

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



International operations: Mareterram

Mareterram overview

Vision: To be a safe, market-led diversified agribusiness delivering sustainable, high quality food products with the highest TSR in the Agri sector

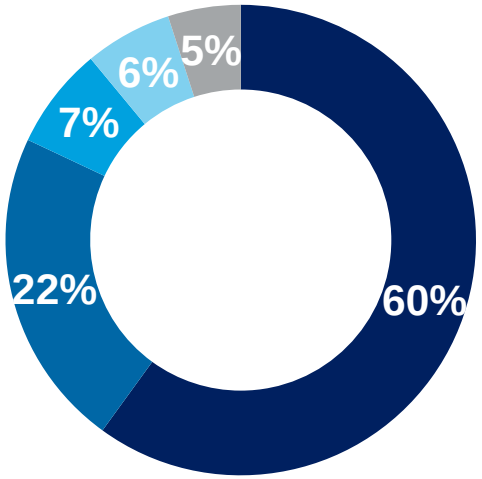
Overview of Mareterram	
Listed	ASX, January 2016 (Nor-West was founded in 1952 and CMG Foodservice in 1964)
Market cap[1]	A$39.8m
Sea Harvest shareholding	56%
Locations	Head office in Perth, fishing ops in Carnarvon, WA, sales offices in Sydney, Adelaide, Melbourne and Brisbane
Leasehold	Slipway, engineering, cold store, workshops, fuel infrastructure
Vessels	11 factory freezers
Employees	110
Quota	10 of 18 (55.6%) Shark Bay Prawn Managed Fishery Licenses
Products	Fishing: prawns (tiger and king), scallops, crab, by-catch Trading: prawns, crab, hake, potato, convenience foods
Brands	Mareterram, Nor-West Seafoods, Cape Haddie, High Seas and Sea Harvest
Sustainability	MSC certification

1. At 30 June 2017 closing share price of A$0.285 and 139,535,198 shares in issue

Key metrics

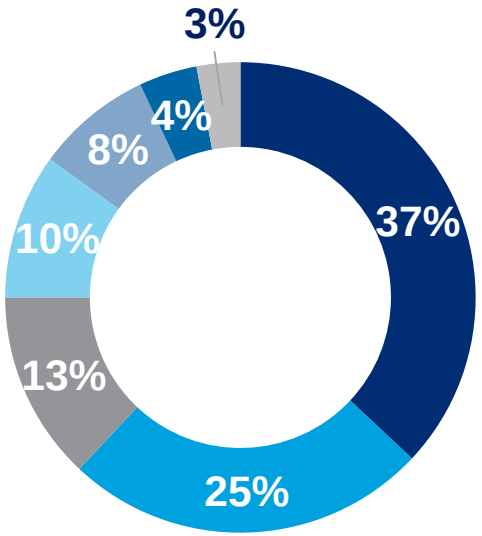
REVENUE	GROSS PROFIT
↑ 42%	↑ 101%
to AUD 23m 2016: AUD 16m	to AUD 6.4m 2016: AUD 3.2m
EBIT	**PROFIT AFTER TAX**
↑ to AUD 1.3m	↑ to AUD 1.2m
2016: AUD -2.9m	2016: AUD -2.9m

CATCH VOLUMES BY PRODUCT



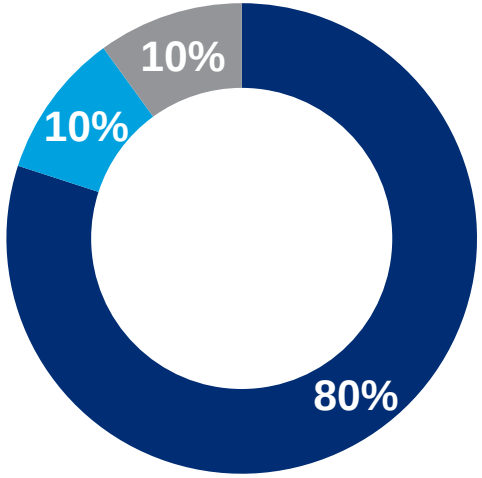
- King prawn
- Tiger prawn
- Scallop
- By-catch
- Crab

REVENUE BY CATEGORY



- Prawns
- Other
- Scallop
- By-catch
- Cape Hake
- Potato
- Crab

CHANNEL MIX



- Foodservice
- Retail
- Export

Key highlights

2017 H1 prawn catches in line with 2016 H1
Favourable pricing as a result of white spot disease
Migrated Sea Harvest retail business
30 June 2017 is the peak of working capital cycle
Presented with the industry's highest award for safety by WA Seafood Industry Awards
11th vessel acquired in Nov 2016 and currently being refitted with existing vessel rebuild programme
ERP system successfully implemented
Year-end to be aligned with Sea Harvest – 31 December 2017
NAV underpin





Strategy and outlook

Sea Harvest Group strategy

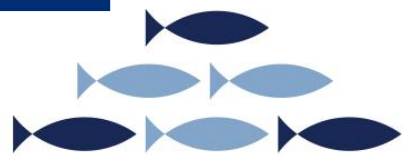
Vision: to be a leading and responsible diversified global fishing and agri business

ORGANIC GROWTH



VOLUME GROWTH	Global sourcing offsetting quota reduction of 5%
	Investments in land based operations yield positive results, gain of R47m over 2016 H1
MARGIN OPTIMISATION	Acquisition of MV Therney factory freezer trawler
	Increased SA operations export allocation from 39% to 43%

ACQUISITIVE GROWTH



FISHING	Pipeline of opportunities under consideration
AQUACULTURE	
AGRI	



New vessel – “MV Therney”

Details	
Name	MV Therney
Built	1992, Norway
Yard	Sterkoder
Length (m)	64
Beam (m)	13
Crew	68
Main engine type & HP	Watsila Vasa 3298HP
Seller	HB Grandi
Price	$13.5m
Total spend	R250m
Delivery	Reykjavik, Iceland - 15 Nov 2017
Start fishing	April / May 2018
Products	Export fillets and fishmeal
Markets	EU, USA and Australia

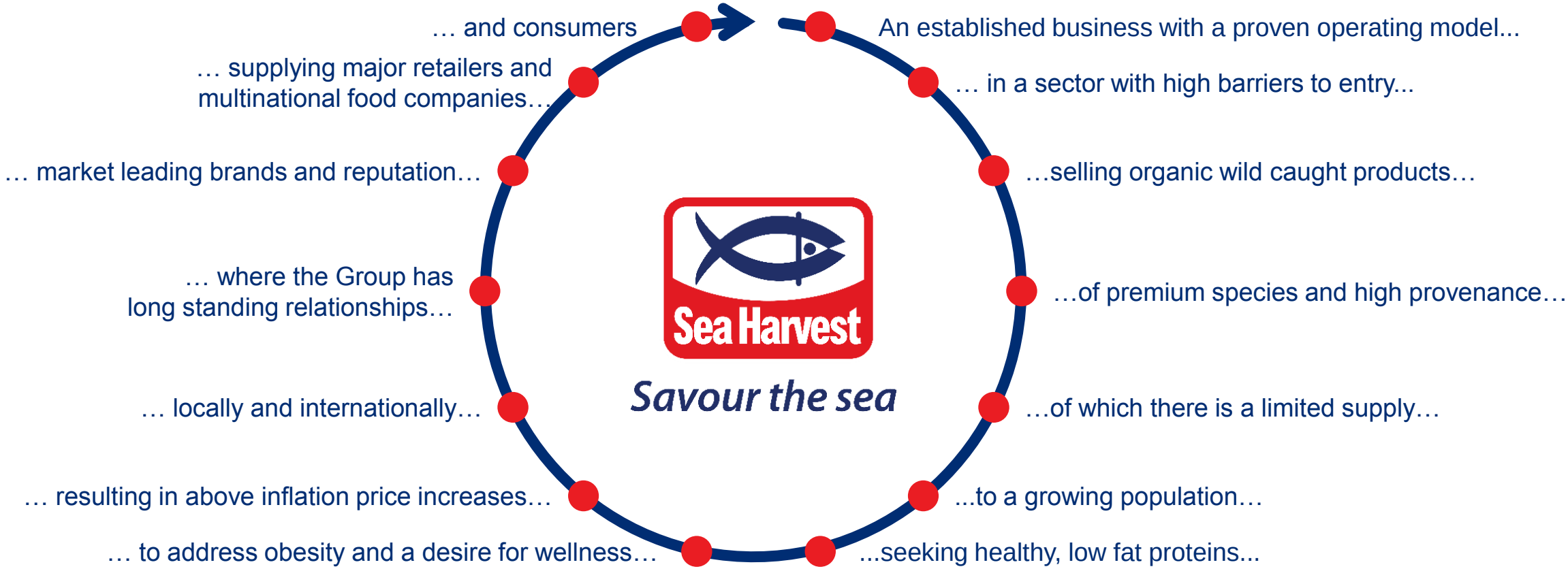


Outlook

Markets	Consistent demand
Pricing	Remains firm
Forex	Better H2 compared to H1 50% hedged for the remainder of 2017
Fuel	50% hedged for the remainder of 2017
Capex	Invested in MV Therney Mareterram rebuild programme underway and within budget
Dividend	Intention to declare annual dividend, no interim at this stage
Acquisition pipeline	Healthy SA and Australian pipeline, supported by cash on hand and facilities
Mareterram	Platform for growth Seasonal



In conclusion the Sea Harvest Group offers a strong and defensive proposition for investors with good growth prospects




Sea Harvest
Thank You



Questions