

Sea Harvest

2021 STAYING THE COURSE FROM SEA TO SHORE

SEA HARVEST UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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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
  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

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

5% ▲

TO R2.1 BILLION
(2020: R2.0 BILLION)

OPERATING PROFIT

26% ▲

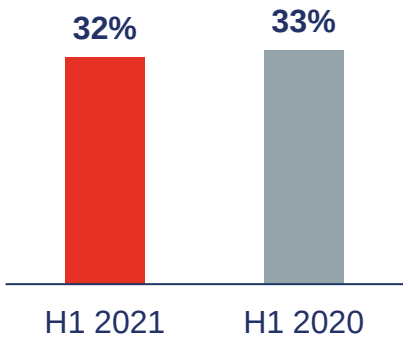
TO R323 MILLION
(2020: R257 MILLION)

EARNINGS PER SHARE

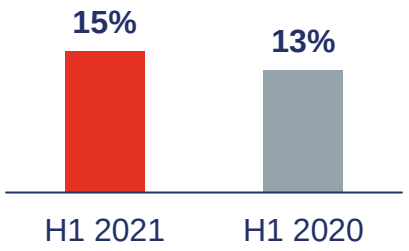
27% ▲

TO 77.7 CENTS PER SHARE
(2020: 61.0 CENTS PER SHARE)

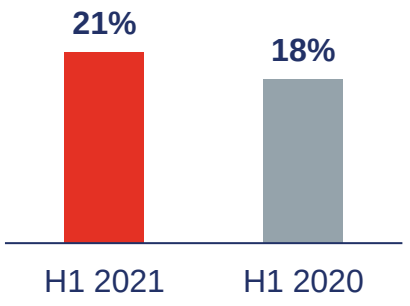
Gross profit margin



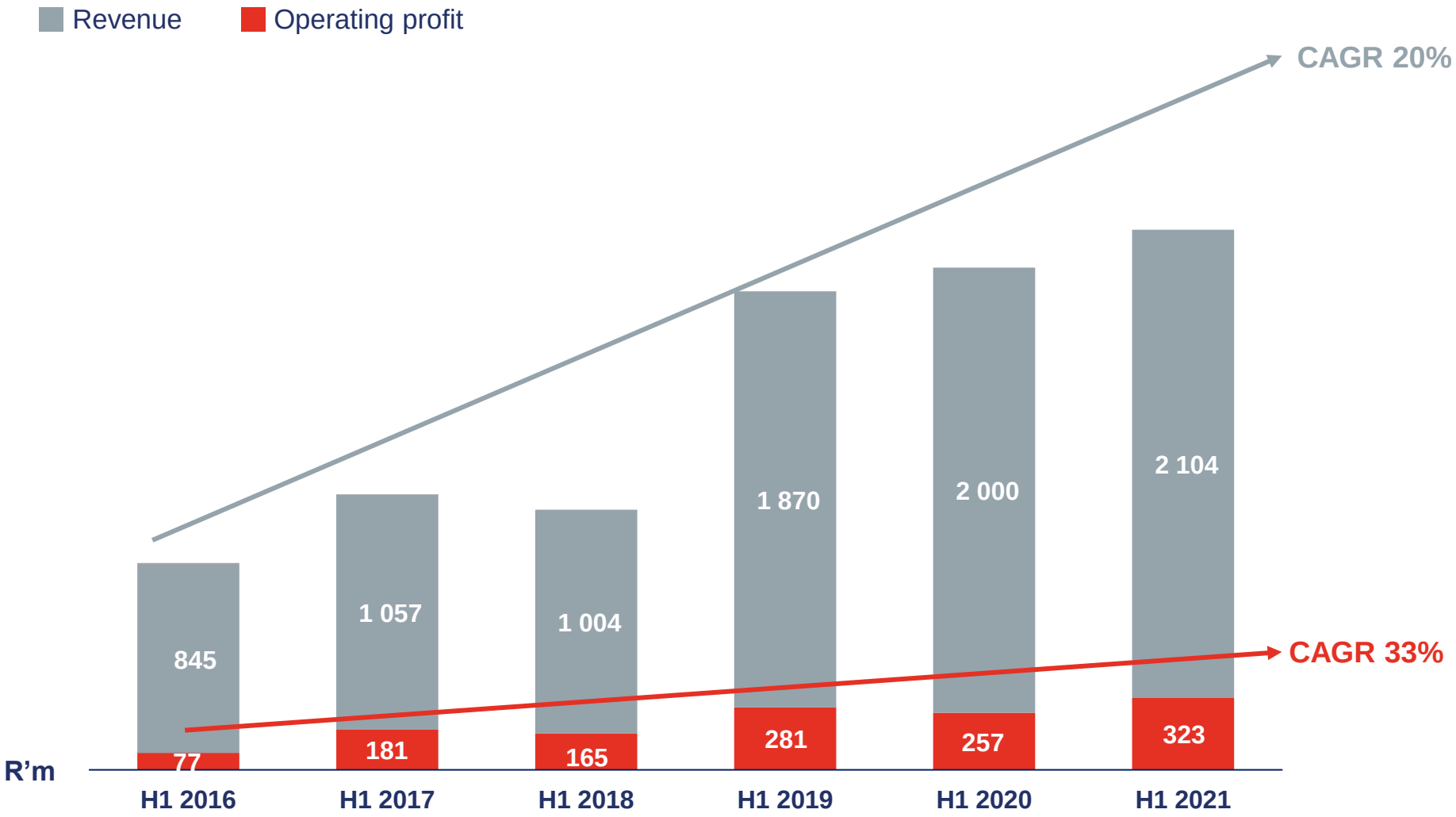
Operating profit margin



EBITDA margin



Revenue and operating profit

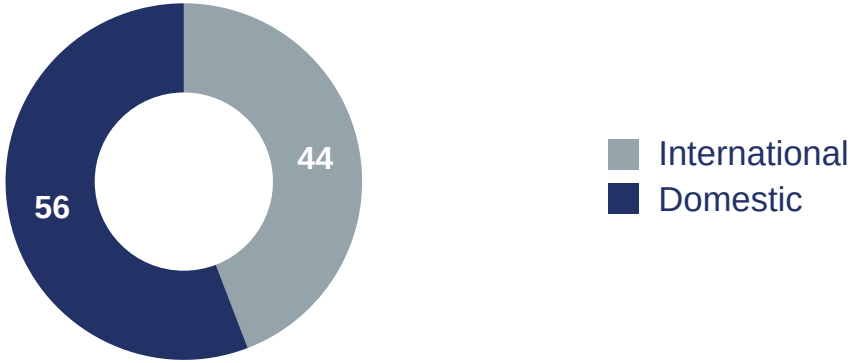




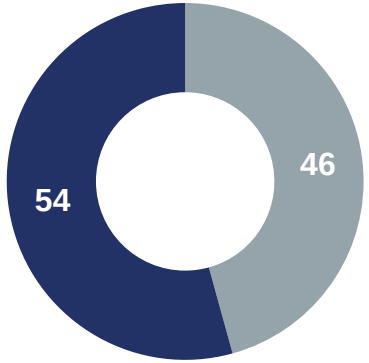
Revenue diversification

INTERNATIONAL	DOMESTIC
2% ▲	8% ▲
TO R929 MILLION (2020: R914 MILLION)	**TO R1.18 BILLION** (2020: R1.09 BILLION)

H1 2021 (%)



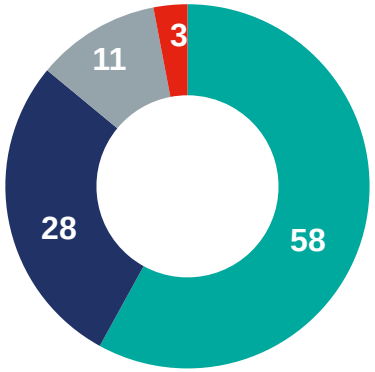
H1 2020 (%)



Currency diversification

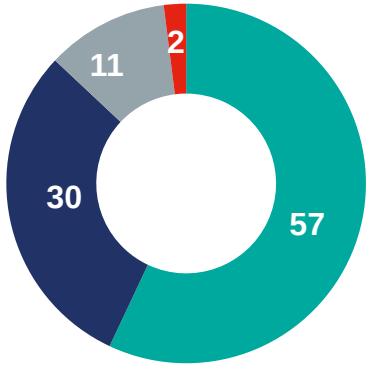
ZAR	EURO	AUD
7% ▲	1% ▼	1% ▲
TO R1.21 BILLION (2020: R1.13 BILLION)	**TO R587 MILLION** (2020: R591 MILLION)	**TO R231 MILLION** (2020: R230 MILLION)

H1 2021 (%)





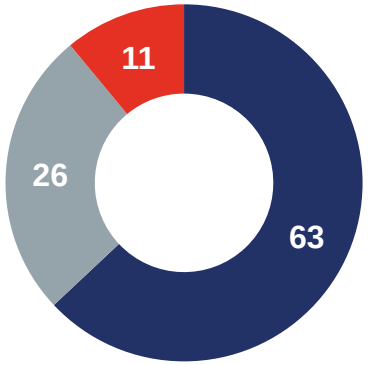
H1 2020 (%)



Market diversification: International mix

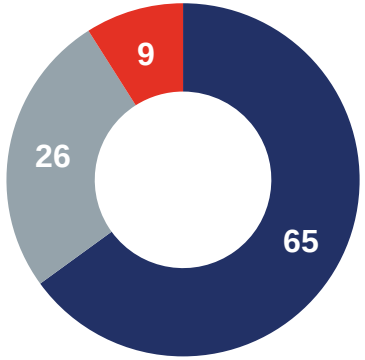
EUROPE	AUSTRALIA	OTHER MARKETS
1% ▼	2% ▲	18% ▲
TO R585 MILLION (2020: R591 MILLION)	**TO R246 MILLION** (2020: R240 MILLION)	**TO R98 MILLION** (2020: R83 MILLION)

H1 2021 (%)



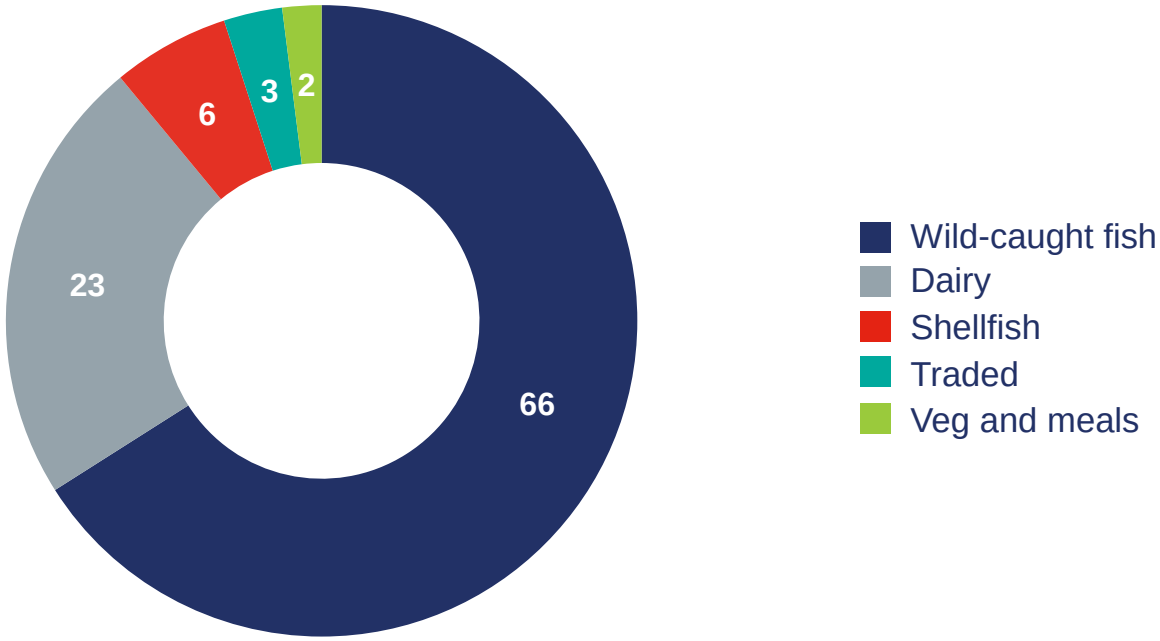


H1 2020 (%)

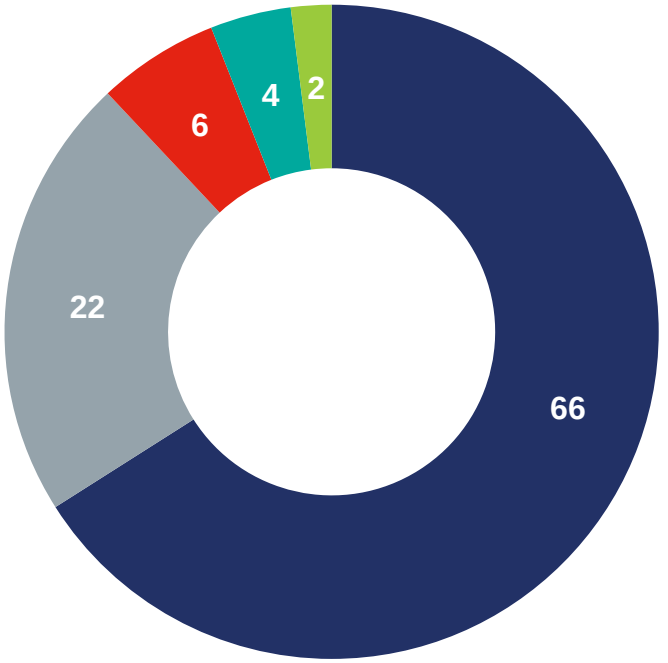


Product diversification: Product revenue mix

H1 2021 (%)



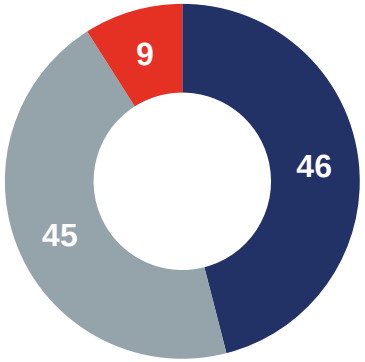
H1 2020 (%)



Channel mix

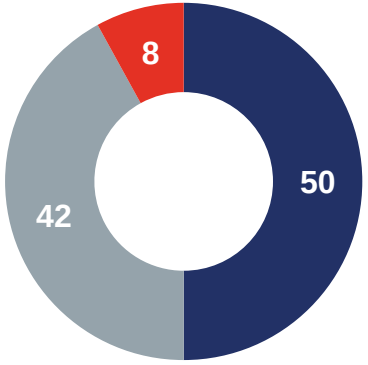
RETAIL	FOODSERVICE	WHOLESALE
3% ▼	13% ▲	14% ▲
TO R966 MILLION (2020: R993 MILLION)	**TO R944 MILLION** (2020: R836 MILLION)	**TO R193 MILLION** (2020: R170 MILLION)

H1 2021 (%)





H1 2020 (%)



Sea Harvest Group COVID-19 impact on costs

Net COVID-19 costs	Prevention R'm	Testing R'm	Total H1 2021 R'm	Total H1 2020 R'm
Cost of sales	7	5	**12**	11
Administration expenses	2	2	**4**	0
	9	**7**	**16**	**11**



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

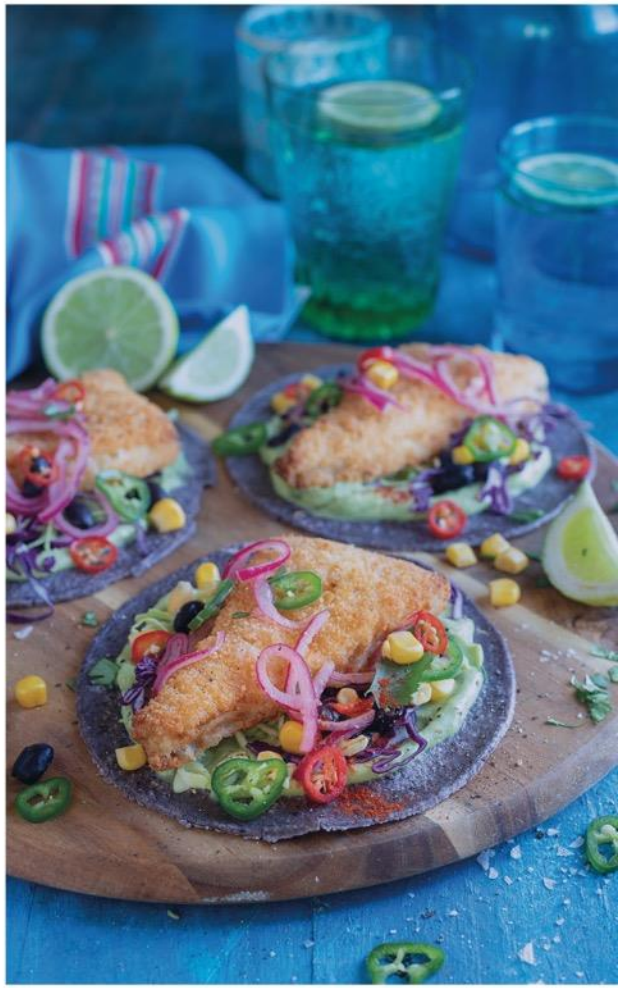
- Regrettably, the Group lost eight employees to COVID-19
- 19% of employees in South Africa have tested positive, with an 88% recovery rate
- Roll-out of vaccination programme began in July 2021
- 30% of employees in South Africa are vaccinated

Sea Harvest Group segmental results

	Revenue			Operating profit			Operating profit margin	
		H1 2021 R'm	H1 2020 R'm		H1 2021 R'm	H1 2020 R'm	H1 2021	H1 2020
South African Fishing	2%	**1 320**	1 289	25%	**316**	254	**24%**	20%
Sea Harvest Australia	2%	**231**	226	238%	**5**	2	**2%**	1%
Sea Harvest Aquaculture	146%	**36**	15	5%	**(37)**	(39)	**n/a**	n/a
Cape Harvest Food Group	10%	**516**	470	(4%)	**39**	40	**7.5%**	8.5%
Group	**5%**	**2 104**	**2 000**	**26%**	**323**	**257**	**15%**	**13%**

H1 2021 Challenges

- COVID-19 continues to create volatility on both the supply and demand sides of the business:
  - disruptions to global freight and logistics
  - high rate of infections impacting operations
  - key management out of business for prolonged periods
  - the on/off global lockdowns are disruptive
  - markets softening with less stimulus from governments
  - travel bans impacting ability to engage customers
- Absorbed above-inflation cost increases as a result of disruptions and COVID-19 costs
  - spent R16 million on COVID-19 related costs
- Softening of commodity markets
- Difficult trading conditions continue in the Aquaculture segment due to COVID-19



H1 2021 Highlights

- Good fishing conditions and improved vessel utilization
- Factory throughput increased, yielding dividends from the Marel investment
- Gradual reopening of HORECA/foodservice markets in Europe
- Stable export and local retail markets
- Benefitted from foreign exchange and fuel hedges
- Sea Harvest Australia continues its strong trajectory
- Commenced COVID-19 vaccination programme on-site
- Retained Level 1 B-BBEE contributor status
- Completed the acquisition of 100% of Mooivallei on 2 August 2021



Mooivallei acquisition

- Based in Bonnievale in the Western Cape
- Cheese and butter producer
- Classic bolt-on for Ladismith Cheese

Rationale

- Additional raw material supply and production capacity
- Access to industry skills and expertise
- Strong asset base, including working capital

Key indicators

- 40% increase in cheesemaking capacity
- Immediate 15% increase in raw material supply

Transaction closed 2 August 2021





GROUP FINANCIAL AND OPERATING PERFORMANCE

UNAUDITED INTERIM RESULTS for the six months ended 30 June **2021**



SEA HARVEST GROUP

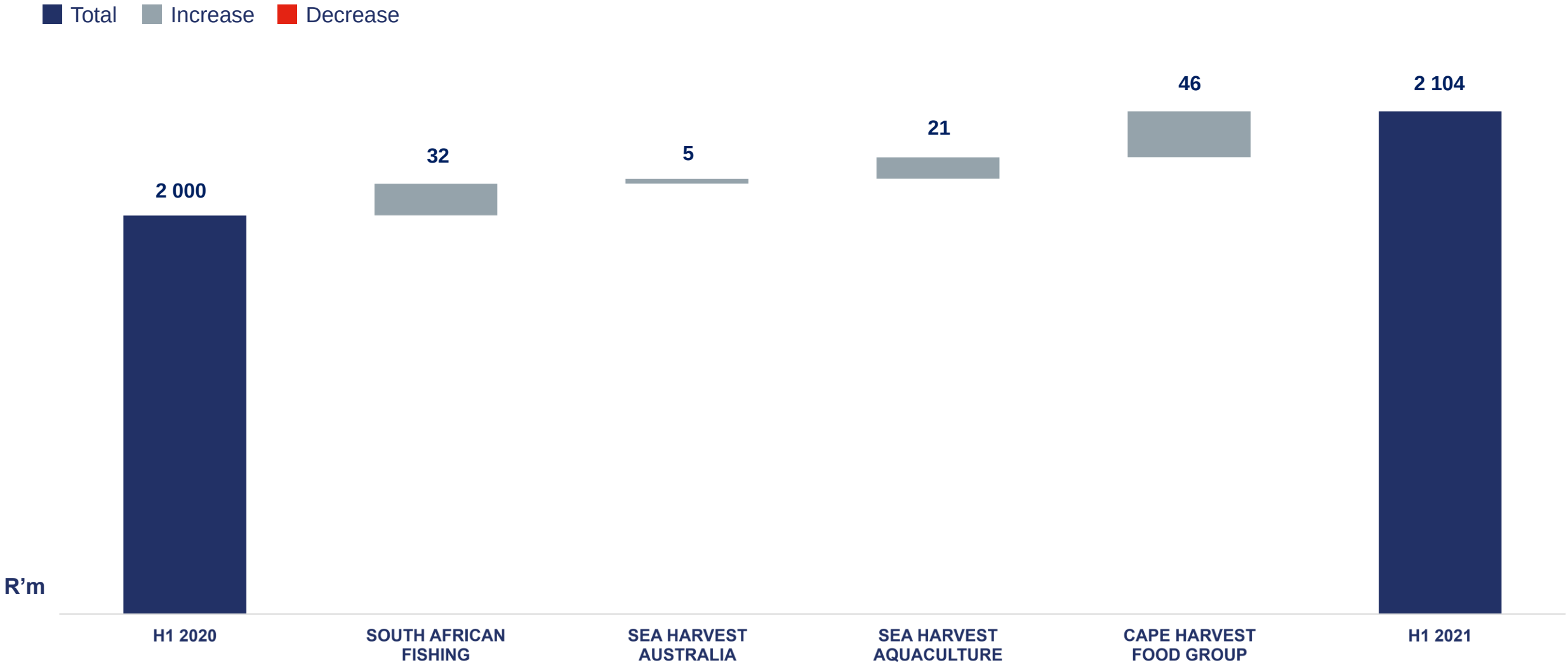
UNAUDITED INTERIM RESULTS for the six months ended 30 June **2021**

Sea Harvest Group income statement

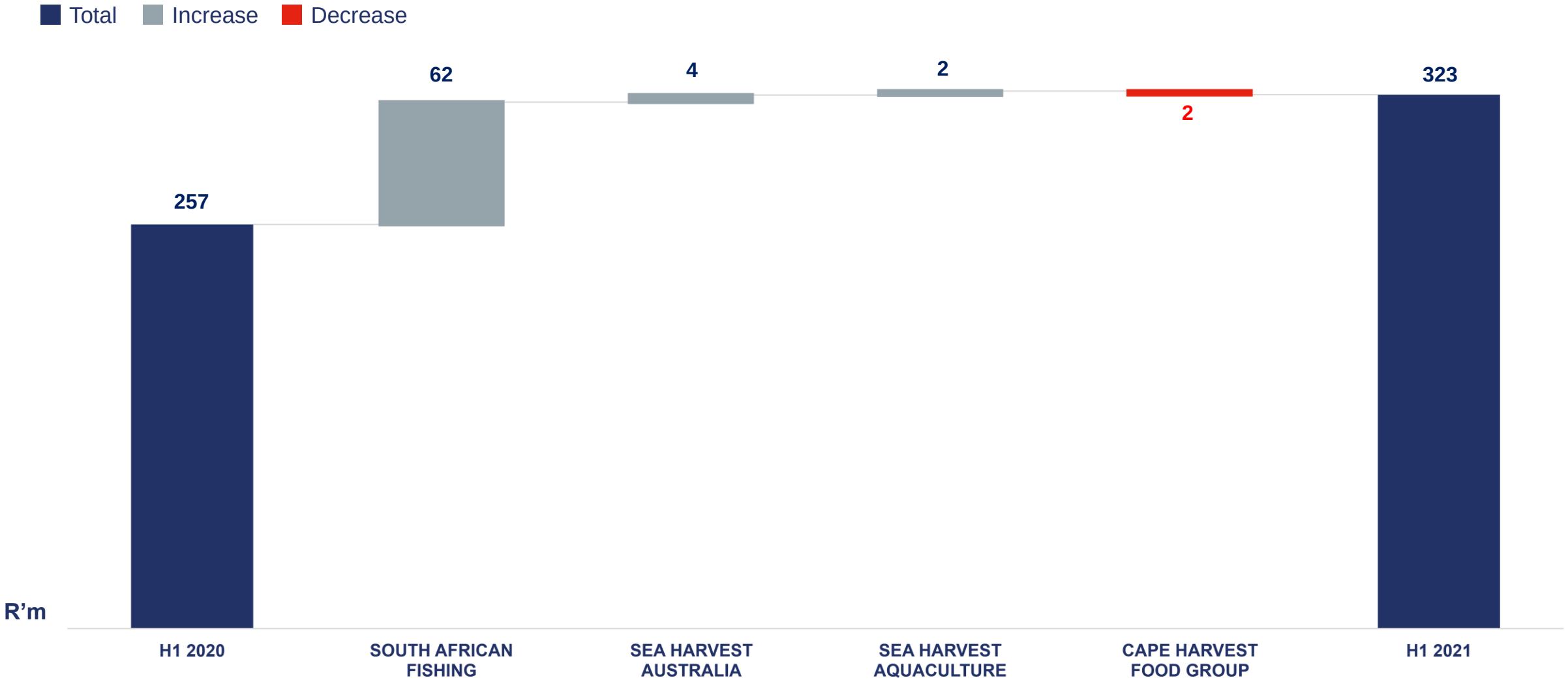
R'000		H1 2021	H1 2020
Revenue	5%	2 103 926	1 999 648
Gross profit	**2%**	**676 515**	**665 636**
Gross profit margin		*32%*	*33%*
Other operating income	537%	95 315	(21 833)
S&D, marketing and other operating expenses	16%	(448 401)	(386 811)
Operating profit	**26%**	**323 429**	**256 992**
Operating profit margin		*15%*	*13%*
Fair value (losses)/gains	146%	(4 393)	9 466
Profit before finance costs and tax (EBIT)	**19%**	**318 303**	**266 499**
Net finance costs	(39%)	(29 351)	(48 481)
Taxation	42%	(89 616)	(63 240)
Profit after tax	**29%**	**199 336**	**154 778**
Non-controlling interest	32%	(18 841)	(14 247)
Profit attributable to Sea Harvest shareholders	29%	218 177	169 025
EBITDA	**19%**	**435 762**	**367 702**
EBITDA margin		*21%*	*18%*



Sea Harvest Group revenue waterfall



Sea Harvest Group operating profit waterfall



Sea Harvest Group HEPS

Reconciliation of headline earnings		H1 2021 R'm	H1 2020 R'm
Profit for the period attributable to shareholders of the parent	29%	218	169
Adjustment for capital items post tax		(16)	1
Headline earnings	**19%**	**202**	**170**
Weighted average number of outstanding shares (WANOS) ('m)	1%	281	279
HEPS (cents)	18%	72.1	61.0



Sea Harvest Group operating profit-C and HEPS-C

		H1 2021 R'm	H1 2020 R'm
Operating profit	26%	323	257
Net COVID-19 expenses		16	11
Operating profit-C	**26%**	**339**	**268**
Operating profit-C margin		*16%*	*13%*
Headline earnings	19%	202	170
Net COVID-19 expenses (post tax)		11	8
Headline earnings-C	20%	213	178
HEPS-C (cents)	**19%**	**76.1**	**63.9**



Sea Harvest Group balance sheet

Assets	H1 2021 R'm	H2 2020 R'm
Property, plant and equipment	2 033	1 993
Right-of-use assets	123	132
Biological assets	68	67
Intangible assets	701	733
Goodwill	857	862
Other non-current assets	299	276
Current assets	1 865	1 730
	5 945	**5 794**

BAU Capex +R108m,
Project Capex +R54m,
Depreciation -R103m,
Translation of Sea Harvest Australia PP&E -R10m

Translation of Sea Harvest Australia -R5m

Loans to supplier parties +R11m,
Financial assets +R14m

Aquaculture biological assets

Inventories +R118m,
Receivables +R79m,
Financial assets +R124m,
Cash -R188m

Translation of Sea Harvest Australia intangible assets -R30m

Sea Harvest Group balance sheet

Equity and liabilities	H1 2021 R'm	H1 2020 R'm
Stated capital	1 773	1 809
Reserves	1 093	945
Non-controlling interests	20	40
Non-current liabilities	2 115	2 147
Current liabilities	943	853
	5 945	**5 794**

Shares repurchased

Retained earnings +R86m (Profit +R218m less dividend -R133m),

Foreign currency translation reserve -R35m,

Hedge reserves +R89m

Reduction of minorities in Aquaculture as a result of losses

LT borrowings +R73m,

Translation of Sea Harvest Australia LT borrowings -R12m,

Deferred tax +R46m,

Contingent consideration -R100m,

Share-based payment liability -R32m

ST borrowings -R74m,

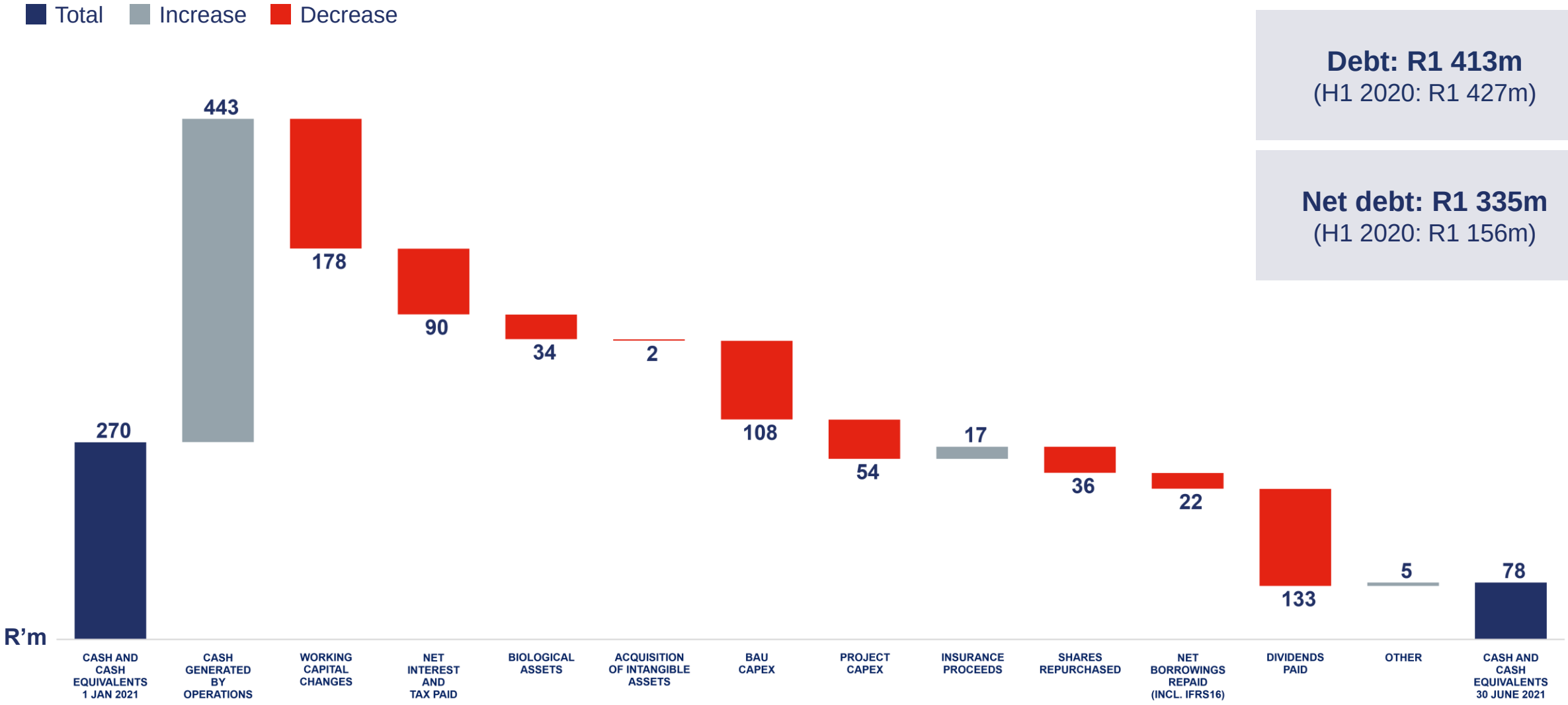
Payables +R22m,

Financial liability -R14m,

Contingent consideration +R105m,

Share-based payment liability +R33m

Sea Harvest Group cash flow waterfall



Debt: R1 413m
(H1 2020: R1 427m)

Net debt: R1 335m
(H1 2020: R1 156m)

Sea Harvest Group key financial ratios

		H1 2021	H1 2020
Net debt-to-EBITDA	(x)	1.5	1.9
ROCE	(%)	16	16
Net working capital as a % of revenue	(%)	19	20
Cash flow conversion*	(%)	66	37



Ratios calculated on a rolling 12-month basis

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



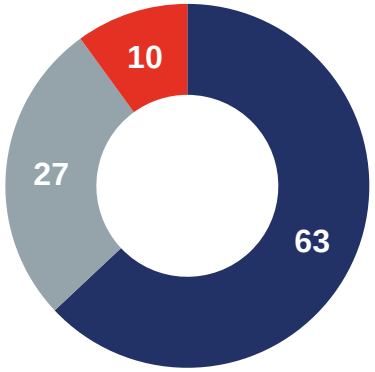
CAPE HARVEST FOOD GROUP

2



Cape Harvest Food Group key metrics

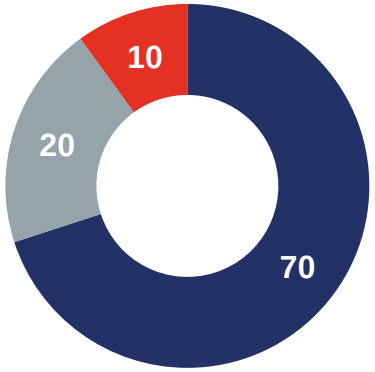
REVENUE	GROSS PROFIT	OPERATING PROFIT
10% ▲	5% ▲	4% ▼
TO R516 MILLION (2020: R470 MILLION)	**TO R96 MILLION** (2020: R92 MILLION)	**TO R39 MILLION** (2020: R40 MILLION)



H1 2021

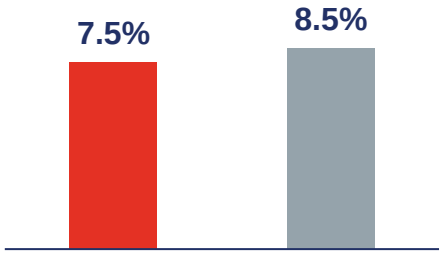
Revenue (%)

- Retail
- Foodservice
- Wholesale



H1 2020

Operating profit margin



Cape Harvest Food Group H1 2021 highlights and challenges

RETAIL	FOODSERVICE	WHOLESALE
1% ▼	46% ▲	11% ▲
TO R325 MILLION (2020: R328 MILLION)	**TO R140 MILLION** (2020: R96 MILLION)	**TO R51 MILLION** (2020: R46 MILLION)

- Good volume and price increases, offset by product mix
- Foodservice and wholesale markets seeing good recovery
- Increased cost associated with recently installed additional capacity
- Acquired Mooivallei on 2 August 2021, bringing 40% additional cheese capacity
- Opened three additional fish shops





SEA HARVEST AQUACULTURE

Viking Aquaculture

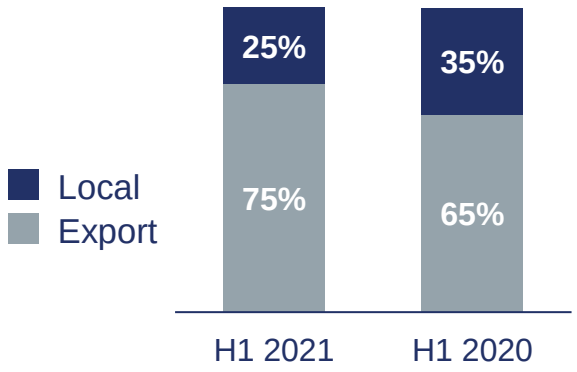
UNAUDITED INTERIM RESULTS for the six months ended 30 June **2021**

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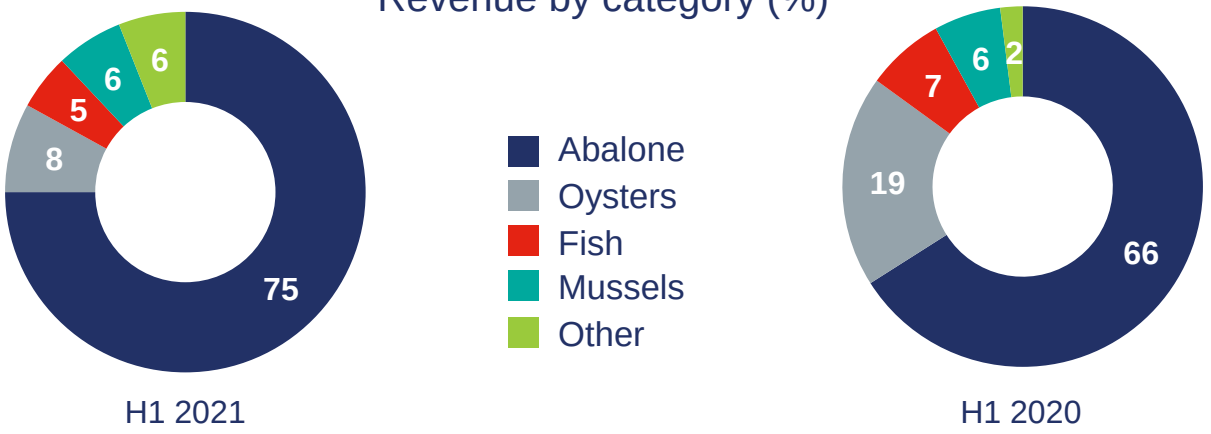
Sea Harvest Aquaculture key metrics

REVENUE	GROSS PROFIT	OPERATING LOSS
146% ▲	392% ▲	5% ▼
TO R36 MILLION (2020: R15 MILLION)	**TO R5 MILLION** (2020: R1 MILLION)	**TO -R37 MILLION** (2020: -R39 MILLION)

Revenue mix



Revenue by category (%)



Revenue excludes intersegmental revenue of R3.7m (H1 2020: R1.4m)

Sea Harvest Aquaculture H1 2021 highlights and challenges

- Continues to be severely impacted by the effects of COVID-19
- Revenue up 146% as a result of additional formats and diversified markets, offset by softer pricing and the exchange rate strengthening over the period
- Abalone sales impacted by:
  - freight availability and associated inflated freight costs on international airlines
  - Delta variant leading to lockdowns, resulting in volatility in international foodservice markets
  - slow pace of roll-out of vaccines in the Far East
- Likewise, oysters and mussels continue to be severely affected by COVID-19





SOUTH AFRICAN FISHING

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UNAUDITED INTERIM RESULTS for the six months ended 30 June **2021**

South African Fishing key metrics

REVENUE

2% ▲

TO R1.32 BILLION
(2020: R1.29 BILLION)

GROSS PROFIT

- ▶

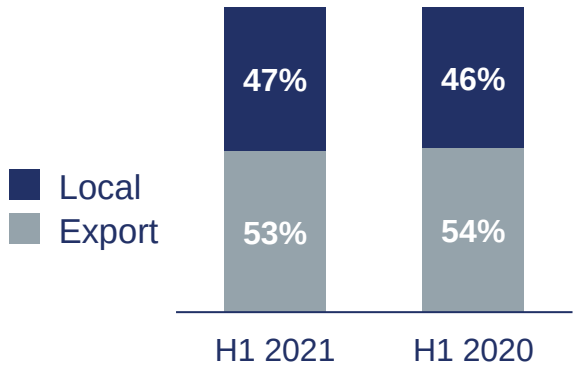
TO R529 MILLION
(2020: R529 MILLION)

OPERATING PROFIT

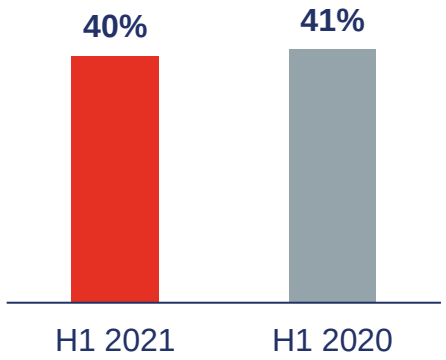
25% ▲

TO R316 MILLION
(2020: R254 MILLION)

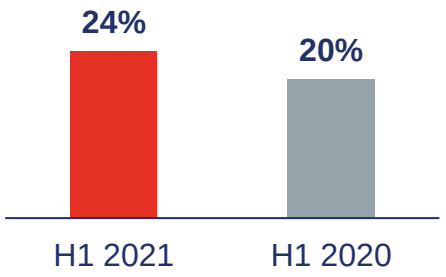
Revenue mix



Gross profit margin



Operating profit margin

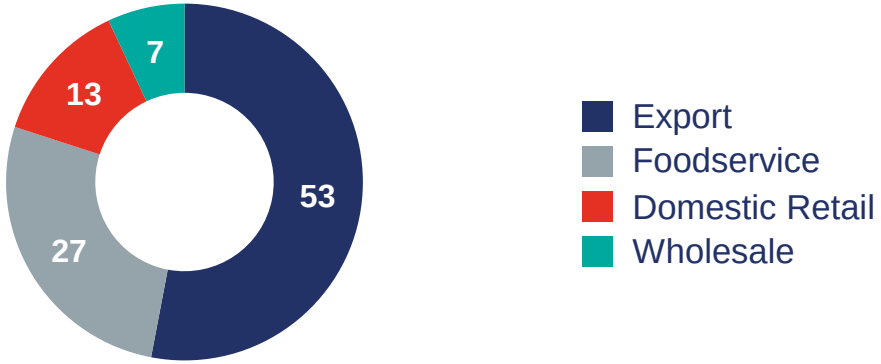


Revenue excludes intersegmental revenue of R106.2m (H1 2020: R79.6m)

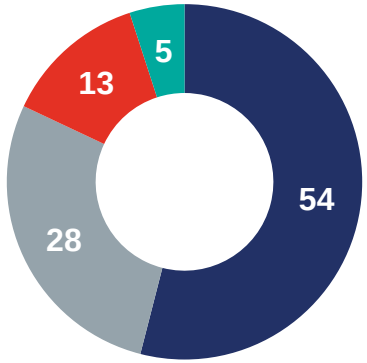
South African Fishing revenue growth and channel mix

EXPORT	DOMESTIC RETAIL	FOODSERVICE	WHOLESALE
3% ▲	4% ▲	- ▶	41% ▲
TO R754 MILLION (2020: R734 MILLION)	**TO R189 MILLION** (2020: R183 MILLION)	**TO R379 MILLION** (2020: R378 MILLION)	**TO R104 MILLION** (2020: R73 MILLION)

H1 2021 (%)



H1 2020 (%)



Revenue includes intersegmental revenue of R106.2m (H1 2020: R79.6m)

South African Fishing H1 2021 highlights and challenges

- Solid set of results despite the 5% reduction in TAC and 5% strengthening in the ZAR
- Good fishing conditions, improved vessel utilization and strong factory throughput
- Gradual reopening of HORECA/foodservice markets in Europe
- Stable export and local retail markets
- Absorbed above-inflation cost increases as a result of disruptions and COVID-19 costs
- Benefited from foreign exchange and fuel hedges
- Good management of COVID-19





SEA HARVEST INTERNATIONAL

UNAUDITED INTERIM RESULTS for the six months ended 30 June **2021**

Sea Harvest International key metrics

REVENUE	GROSS PROFIT	OPERATING PROFIT
2% ▲	22% ▲	238% ▲
TO R231 MILLION (2020: R226 MILLION)	**TO R51 MILLION** (2020: R42 MILLION)	**TO R5 MILLION** (2020: R2 MILLION)

Revenue split by category (%)



H1 2021 H1 2020

Revenue channel (%)



H1 2021 H1 2020

Sea Harvest International H1 2021 highlights and challenges

RETAIL	FOODSERVICE	EXPORT
39% ▼	18% ▲	14% ▲
TO R38 MILLION (2020: R62 MILLION)	**TO R177 MILLION** (2020: R150 MILLION)	**TO R16 MILLION** (2020: R14 MILLION)

- Revenue growth and gross margin expansion driven by a higher proportion of wild-caught products
- Further recovery in foodservice markets
- Exports remained stable
- Loss of R5m of COVID-19 relief that was available in H1 2020





OUTLOOK

Looking to H2 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 normalise
- Ramp-up of HORECA/foodservice markets is expected to occur over an extended period
- Majority of H2 2021 foreign sales hedged at better exchange rates than both 2020 and H1 2021
- Supply chain disruptions expected to continue with knock-on effect on costs
- Sea Harvest Australia and Cape Harvest Foods are expected to have a stronger H2 2021
- Aquaculture segment dependent on international flights, and is not expected to recover in H2 2021
- In the process of reviewing non-core aquaculture operations
- Continued focus on COVID-19 protocols, including testing and vaccinations, with the goal of reaching immunity as soon as possible
- FRAP 2021 expected to be completed by 31 December 2021



QUESTIONS





THANK YOU