

# Annual Shareholder Meeting

27 April 2018

# Agenda

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1. Directors and proxies
2. Chairman's introduction
3. Chief executive's report
4. Resolutions
5. General business

# Directors

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- Cecilia Tarrant
- John Burke
- Marty Brick
- Mel Diaz
- Ratahi Cross
- Ashley Waugh – Audit Committee Chairman
- Fred Hutchings - Chairman

The Board is actively engaged in the governance, strategy and direction of Seeka

# Proxies

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Proxies received by the company are as follows

Chairman	280,783
Fred Hutchings	234,457
Te Horipo Karaitiana	1,267,410
Ella Van Eden	19,405
New Zealand Shareholders Association	80,206
<b>Total</b>	<b>1,882,261</b>

# Chairman's introduction

Fred Hutchings

# Foreign ownership

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## Farmind to transfer 6.55% of the shares in Seeka

- Seeka is currently an overseas person under the Overseas Investment Act with more than 25% of our shares owned by overseas persons
- There is potential for this to have a negative effect on Seeka given the nature of our business
- Farmind Corporation of Japan has advised they will undertake an off-market trade of approximately 6.55% of the shares in Seeka to New Zealand persons this evening
- This will result in Seeka:
  - No longer being considered an overseas person under the Overseas Investment Act
  - Being able to waive the Overseas Investment Act approval condition of the Northland deal
  - Being able to complete phase one settlement of the Northland deal on April 30 as scheduled

# Foreign ownership continued

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## Regular public announcements

- Seeka will monitor the company's foreign ownership percentage as best able and advise the market each 6 months
- Additionally Seeka will put overseas investors on notice through a public announcement of the implications of making an investment in Seeka (particularly without OIO approval) and inviting any foreign investor to contact Seeka in advance of investing

## Performance features of 2017

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- Lower kiwifruit volumes by 21%, Hayward down by 33%
- Improvement focus
  - Avocado earnings
  - Australia earnings
  - Cost control – maintenance
  - Procurement

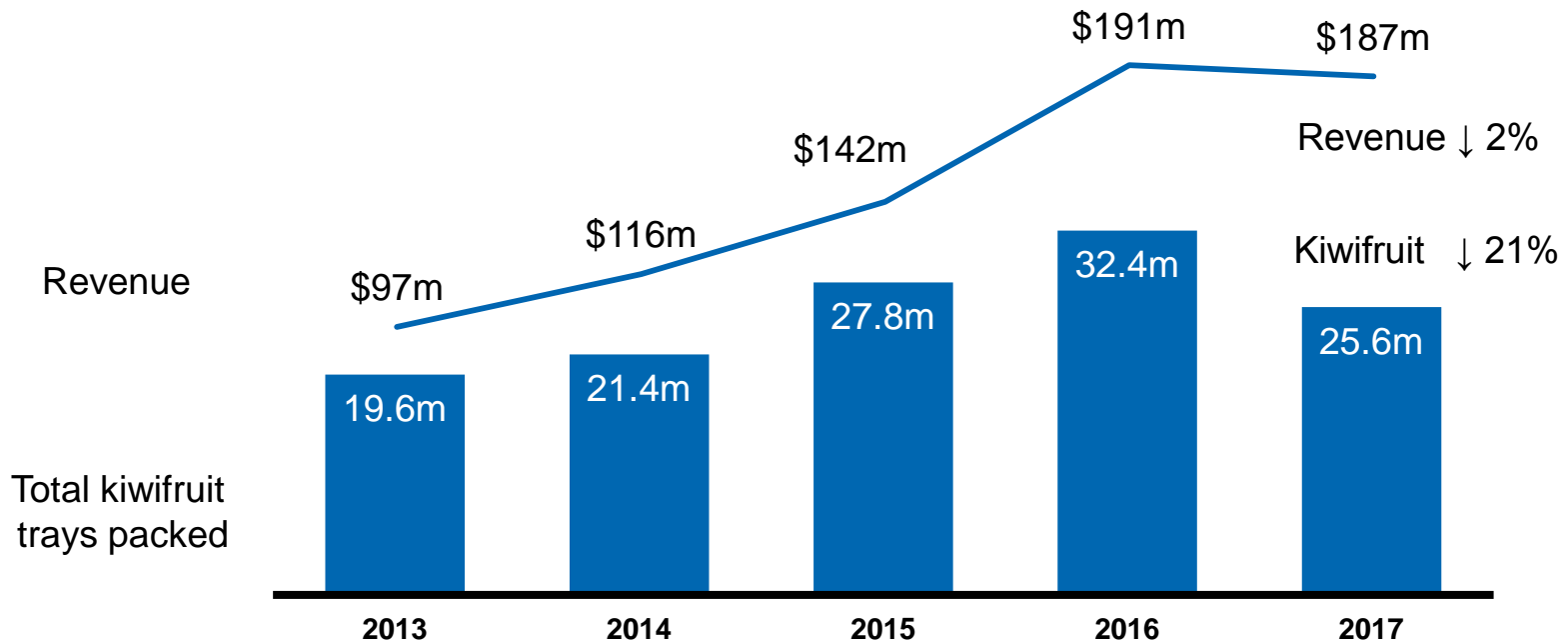
But

- Deferred tax correction
- Banana business goodwill impairment

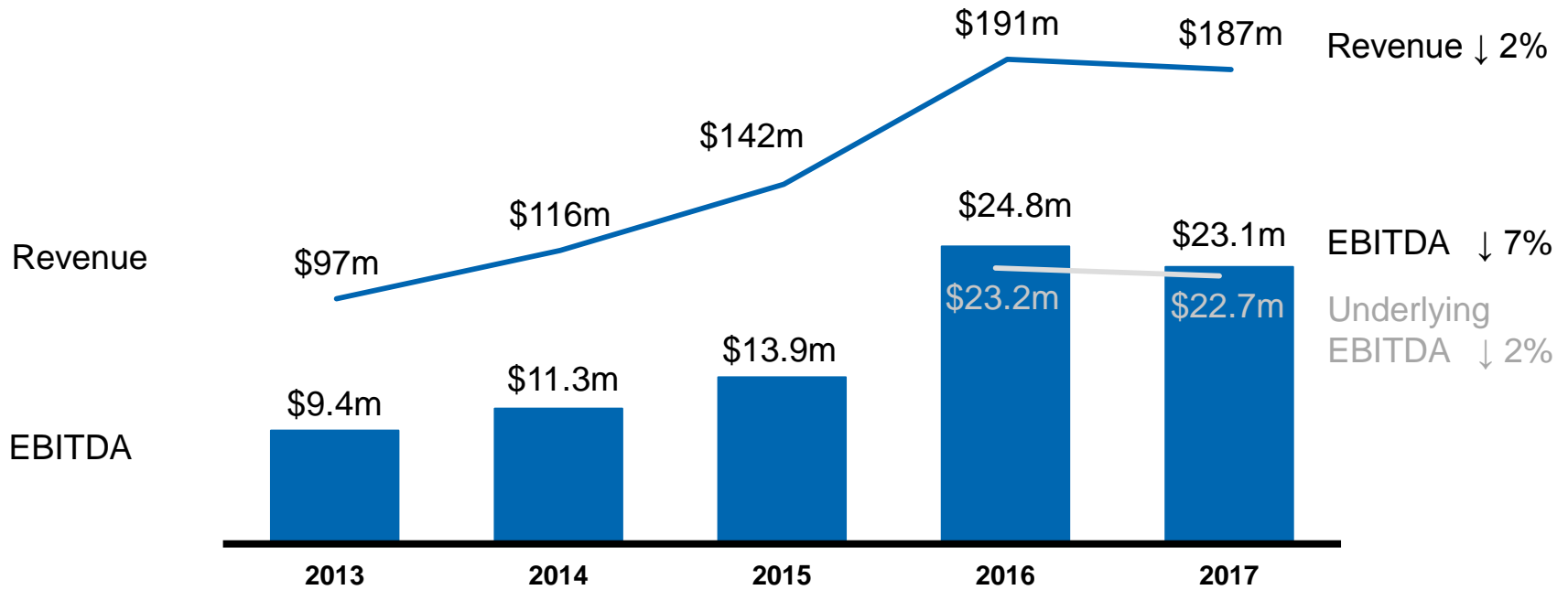


## Revenue and packed kiwifruit volumes

Lower kiwifruit volumes across the industry, total kiwifruit down by 21% on the previous year and Hayward (Green) down by 33%



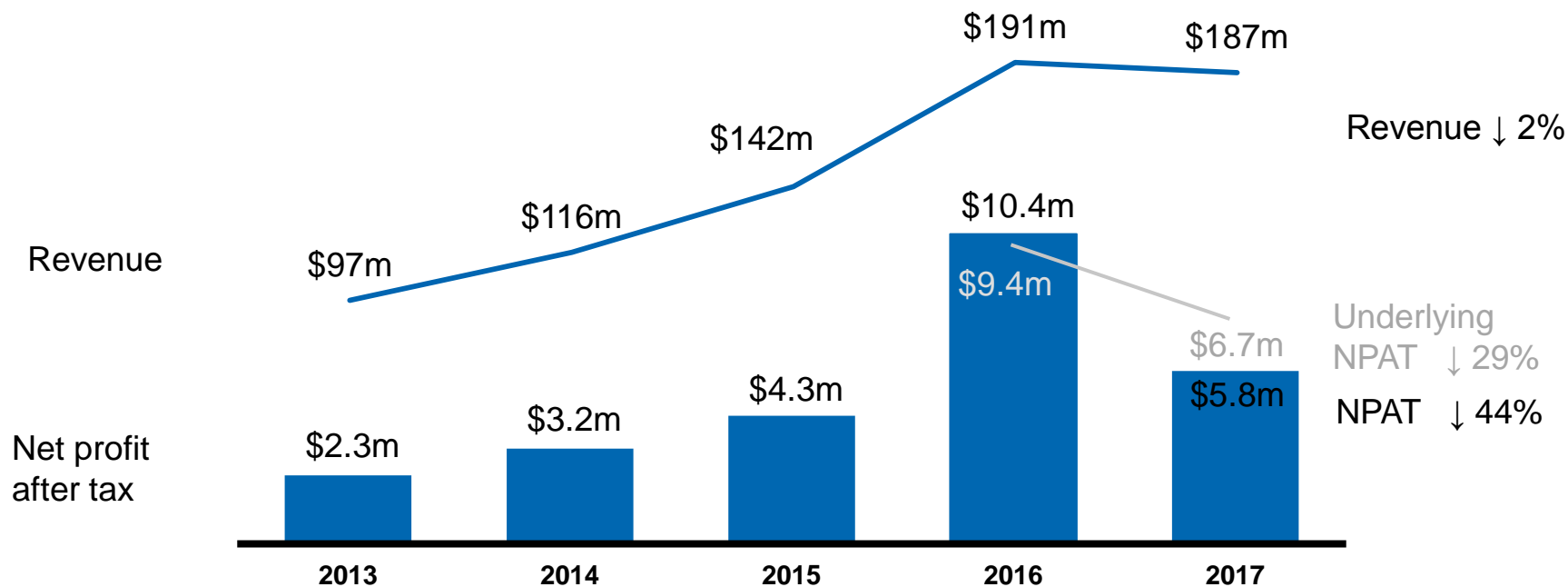
# Revenue and EBITDA



2016 underlying EBITDA = \$23.2m. \$2.9m grower incentive scheme, (\$4.1m) insurance proceeds and (\$0.4m) early termination of long term lease orchards  
 2017 underlying EBITDA = \$22.7m. (\$0.1m) insurance proceeds, (\$0.3m) early termination of long term lease orchards



# Revenue and NPAT



2016 underlying NPAT = \$9.4m. \$2.1m grower incentive scheme, (\$3.1m) insurance proceeds and (\$0.3m) early termination of long term lease orchards, \$0.5m impairment of PP&E and investments and shares, (\$0.3m) gain on revaluation of land and buildings

2017 underlying NPAT = \$6.7m. (\$0.3m) insurance proceeds and early termination of long term lease orchards, \$0.1m impairment of PP&E, \$2.0m impairment of goodwill, (\$1.0m) gain on revaluation of land and buildings

## Financial summary

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	2017	2016
Revenue	\$186.8m	\$191.3m
EBITDA	\$23.1m	\$24.8m
NPBT	\$9.9m	\$13.6m
NPAT	\$5.8m	\$10.4m
Total assets	\$222.0m	\$197.3m

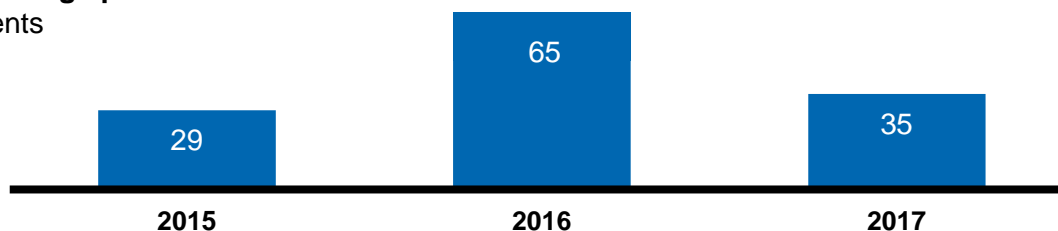
- 2016 NPBT benefitted from \$3.6m insurance
- 2017 NPBT impacted by \$2m impairment

# Earnings, net debt and net asset backing

## 35 cents Earnings Per Share

	2017	2016	
Earnings per share (cents)	35 (44 <sup>1</sup> )	65 (47 <sup>2</sup> )	(excludes extraordinary items)
Net asset backing per share (\$)	5.63	4.89	
EBITDA (\$m)	23.1	24.8	
Net debt (\$m)	83.1	72.8	
Net bank debt/ EBITDA	3.6 x	2.9 x	
Long term debt/ EBITDA	3.2 x	2.8 x	
Total equity (\$m)	98.6	85.3	
Total assets (\$m)	222.0	197.3	
Equity ratio to total assets	44%	43%	

### Earnings per share Cents



1. A prior period deferred tax adjustment of \$1m was expensed in 2017. This had the effect of reducing EPS by \$0.09 per share and would have resulted in \$0.44 EPS
2. 2016 Normalised EPS excludes receipt of \$3.6m insurance proceeds

# Safety always



	2018 Target	2017 Actuals
Total recordable injury frequency rate <sup>1</sup>	Less than 4.6	5.8
Notifiable incidents	0	0
Notifiable event	0	1
Medical treatment	-	53
Severity rate <sup>2</sup>	Less than 3	2.91

1. Total recordable injury frequency rate (TRIFR) = (number of recordable lost time injuries) x 200,000/ (number of employee hours worked)
2. Severity rate = (number of lost time injuries)/ (number of days lost)

# Strategy

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- New Zealand kiwifruit remains our core business and primary focus
- Orchard-to-market excellence in other key varieties of avocados, nashi, european pears
- Geographical spread diversifies risk: Australia, Northland, other regions
- Acquisitions to add value
- A long term perspective
- Financial freedom of action

# Chief Executive's report

Michael Franks



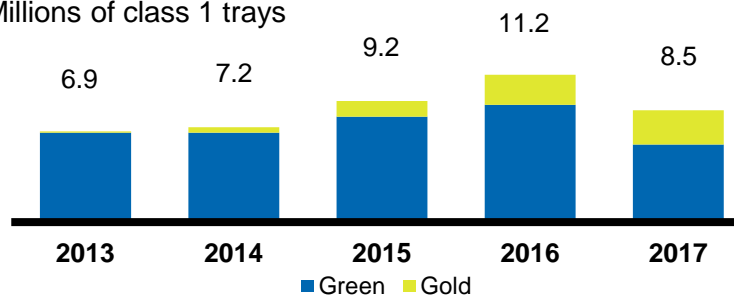
# Orchard division, New Zealand

- \$6.4m EBITDA
  - Up 13% on PCP
- Kiwifruit volumes down (industry wide)
- Excellent orchard gate returns for Gold
  - \$9.79 per tray<sup>1</sup>

Millions of trays	2017	2016
Hayward (Green)	5.9	8.9
Zespri SunGold	2.6	2.3
Total	8.5	11.2
Turnover/ revenue (\$m)	48.6	47.9
EBITDA (\$m)	6.4	5.6

## New Zealand kiwifruit grown

Millions of class 1 trays



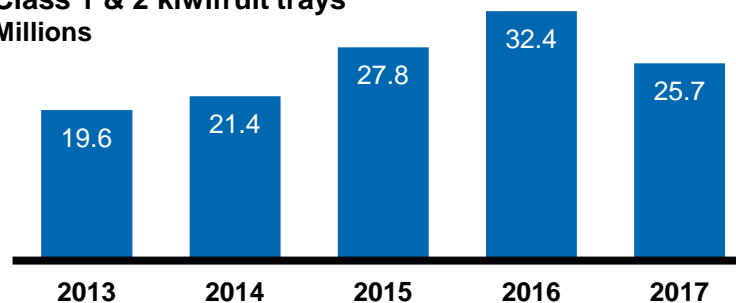
1. Figure based on Seeka's February forecast

## Post-harvest division, New Zealand

- \$22m EBITDA
  - Down 18% on PCP
- 25.7m trays processed
  - Down 21%
- Exceptionally low fruit loss
  - 1.18% Hayward
  - 0.42% for Hayward organic
  - 0.73% for Zespri SunGold

Millions of trays	2017	2016
Hayward (Green)	16.7	25.0
Zespri SunGold	9.0	7.4
Total	25.7	32.4
Turnover/ revenue (\$m)	96.7	110.8
EBITDA (\$m)	22.0	26.8

**Class 1 & 2 kiwifruit trays**  
Millions



# Post-harvest division continued

## Post-harvest division in action



## Retail Services division, New Zealand

- \$2.9m EBITDA
  - Up 50% on PCP
- Strong avocado market returns \$24.85 per tray
- Delicious Nutritious Food Company EBITDA \$0.29m
- \$2.03m banana goodwill impairment

	2017 (\$m)	2016 (\$m)
Turnover	54.2	53.7
Revenue	24.3	16.8
EBITDA	2.9	1.9



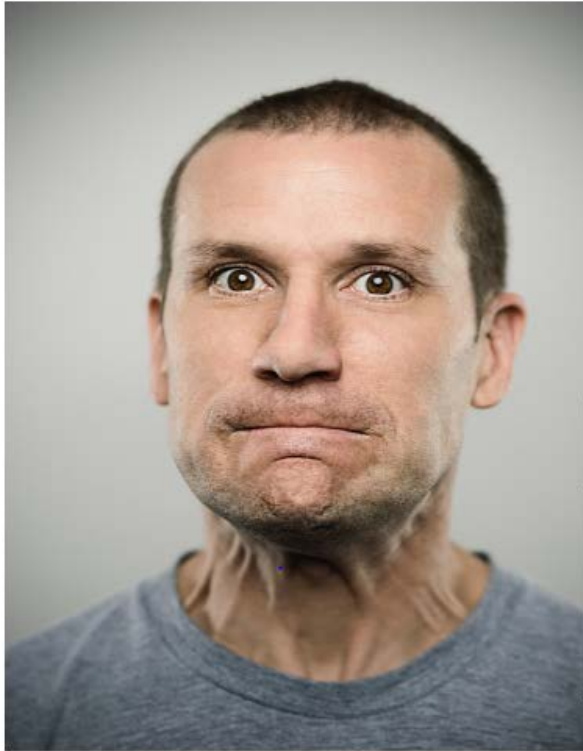
# Advance screening

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# Advance screening

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Let's get Auckland  
unblocked.



Get moving. Get comfortable. Naturally.

# Seeka Australia

## Integrated orchard-to-market

- \$2.3m EBITDA
  - Up 119% on PCP
- Kiwifruit harvest yields up
- Nashi volumes down
- 63 hectares in development

	2017	2016
Kiwifruit (tonnes)	2,982	2,375
Nashi pears (tonnes)	1,201	1,523
Packham pears (tonnes)	854	996
Other (tonnes)	727	884
Revenue (\$m)	16.5	15.2
EBITDA (\$m)	2.3	1.0



# Orchard-to-market excellence

Seeka is a fresh produce business with operations in Australia and New Zealand



## In Australia:

### ➤ Grows, processes and markets

- Kiwifruit
- Nashi pears
- European pears
- Stone fruit
- Kiwifruit pollen

Largest grower of  
kiwifruit in New Zealand  
and Australia

Australia's largest  
nashi grower

## In New Zealand:

### ➤ Grows, processes and markets

- Kiwifruit
- Avocado
- Kiwiberry
- Kiwifruit pollen

### ➤ Develops, leases and manages orchards

### ➤ Manufactures

- Kiwi Crush, avocado oil

### ➤ Imports, ripens and supplies

- Bananas, tropical fruit

### ➤ Wholesales

- Seasonal produce





# Inspirational people

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## The statistics

293

permanent employees

44%

female

male

56%

2,800

fixed term employees

## Pay equity

99%

of Seeka roles are paid  
market benchmark

95%

female

male

102%

Focus on understanding differences and address through remuneration review process  
Senior Managers individually done by external survey

## Inspirational people continued

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- Cadets
  - Five currently in year 1-3
- University scholarship
  - One from the cadet programme
- Rishpreet Singh – trainee orchard manager
  - Young Grower of the Year finalist
- Leadership programme
  - Eight members
- Operational integration of Delicious Nutritious Food Company
- Focus on sustainability
  - Review vehicles for energy efficiency
  - Solar energy at Seeka360

## Northland acquisition

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- Seeka has agreed to purchase the Kerikeri packhouse facility and related kiwifruit orchards.
- Seeka will also purchase approximately 253,000 Zespri shares
- T&G will continue to own the varieties known as ENZAGOLD and ENZARED with Seeka granted a Master License in New Zealand.
- All people directly employed by the acquired business will be offered employment on terms no less favourable than prior to the acquisition
- Staff will transfer as each component of the business is acquired

## Northland acquisition continued

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- Seeka will provide Post Harvest services to T&G for citrus and other services as required. T&G will also provide services to Seeka as required
- Purchase consideration is 100% cash with banking support in place



## Post-harvest

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Purchase price approximately \$8.6m

- 6 Hectare site at 153 Waipapa Road, extensive packhouse, coolstore, fruit handling facility
- Some deferred maintenance, some operational efficiencies available with investment
- Packhouse will operate nearly all year handling kiwifruit, avocados and citrus
- Part year earnings in 2018 due to mid season acquisition
- Settlement due on 30 April and employees transfer from 1 May
- Normal expected annual EBITDA range \$1.8m to \$2.2m

# Orchards

Purchase price approximately \$31.6m

- 6 Orchards of approximately 120.4 hectares, with 77.85 canopy ha in kiwifruit

Orchards/ha included in the sale	Address	Kiwifruit						Citrus		Bare Horticultural land	Total Land
		Rootstock	Enza Gold	Zespri G3	Red	Summer	Hayward	Mandarin	Lemon		
Gold Crest	244 Kapiro Road			2.39							2.39 ha
Gold Valley	1500 State Highway 10			3.85							3.85 ha
Kapiro	41 Orchard Road		14.06		5.56		9.00	12.62			41.24 ha
Kerifruit Farm	2624 State Highway 10		17.99	6.37					15.47		39.83 ha
Purerua	159 Kapiro Road	4.61	6.72						-	14.49	25.82 ha
Whites	93 Kapiro Road		7.30								7.30 ha
		4.61	46.07	12.61	5.56	-	9.00	12.62	15.47	14.49	120.43 ha

- Settlement on 30 June or when title is transferred following subdivision of three orchards Kapiro, Kerifruit Farm and Whites. Seeka has a long term lease in place in the interim on these orchards

## Orchards continued

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Purchase price approximately \$31.6m

- Purchase price is on a crop off basis with 2018 fruit revenue attributable to T&G
- Excellent locations and orchards with irrigation scheme shares included
- Orchard leasing and management business also acquired; Seeka to integrate with its own orchard operations
- Seeka has tendered for 20 hectares of license in the recent Zespri SunGold tender round
- Normal expected annual EBITDA range \$2.8m to \$3.2m, subject to assumptions

# Questions

Fred Hutchings



# Resolutions

Fred Hutchings

ALL VOTES TO BE BY POLL

# Resolution 1

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## Annual Report and Accounts

- To adopt the Annual Report of the Company and the Financial Statements for the year ended 31 December 2017 together with the Auditor's Report thereon.

# Resolution 2

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## Directors

- ▶ Director elections
  - 2 directors standing for re-election
  - Board supports the candidates for re-election

## Resolution 2a

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2a. To re-elect Peter Ratahi Cross as a Director.

*Ratahi Cross to address the meeting*

*3 minutes to address the meeting*

## Resolution 2b

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2b. To re-elect Ashley Waugh as a Director.

*Ashley Waugh to address the meeting*

*3 minutes to address the meeting*

## Resolution 3

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### Directors' Remuneration

That the pool of funds available for the remuneration of directors be increased by an amount of \$50,000 per annum, from a maximum of \$400,000 per annum to \$450,000 in each financial year payable to all directors taken together, effective 1 January 2018.

*Directors and Associated Persons of a Director are not entitled to vote on Resolution 3*

# Resolution 3 – Explanatory notes

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## Remuneration policy

- Review remuneration every 2 years
  - Last increased 2015 (no review 2017)
- Seek independent professional advice
  - Provided by PwC
- Fees at mid point relative to the market
  - Survey of 113 New Zealand organisations
  - Benchmarked against 18 similar-sized NZX businesses

## Resolution 3 – Explanatory notes

### Remuneration proposal

- Considered
  - Business performance
  - Complexity and scale
  - Regulatory obligations
- Propose \$50,000 increase in director pool
  - To \$450,000
- To apply from 1 January 2018

Dollars	2017 Actuals	2018 Proposal
Annual pool	400,000	450,000
Individual allocations		
Chairman	90,000	100,000
Chair Audit and Risk	60,000	67,500
Directors	50,000	56,500
Total allocation	400,000	450,000



# PwC Peer Group Extract

## Appendix 1 – Peer Group – Market capitalisation

Organisation name	*Full market cap (\$m)	Annual revenue (\$m)
Augusta Capital	92	23
AWF Madison Group	72	256
Barramundi	91	6
Burger Fuel	56	22
EROAD	187	33
Evolve Education	143	152
Fliway	55	85
Foley Family Wine	79	38
Livestock Improvement Corporation	68	204
Marlin Global	102	20
Methven	72	100
Metro Performance Glass	171	244
Orion Health Group	177	199
Rakon	48	95
Serko Limited	128	14
South Port New Zealand	157	37
Steel & Tube	180	511
Trilogy	167	104
<b>Seeka</b>	<b>95</b>	<b>200</b>

\* Market capitalisation data sourced from Capital IQ, as at 1 December 2017, revenue from the latest annual reports.

# Resolution 4

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## Appointment and Remuneration of Auditors

To record the re-appointment of PwC (PricewaterhouseCoopers) as auditor of the Company and to authorise the Directors to fix the remuneration of the auditor for the coming year.

# General business

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# My thanks

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- › Directors
  - For diligent attention to the company
- › Management and staff
  - For an excellent year
- › Growers and contractors
  - For ongoing support
- › Customers and consumers
  - For buying our produce
- › Shareholders
  - For continuing interest in the company

