

Stakeholder Update

24 October 2018

Agenda

- Chairman's Introduction
- Strategy
- Chief Executive's Update
- Questions

Chairman's Introduction

Fred Hutchings

Health & Safety

To end of September 2018

	2018 YTD	Annual Threshold	2017
Total Recordable Injury Frequency ¹	5.0	<4.6	5.8
Notifiable Injuries	0	0	0
Notifiable Incident	0	0	1
Severity Rate ²	4.08	<3.0	

- No notifiable incidents
 - Hand injury - Main Road
 - Foot injury - Oakside

Building a health & safety culture
Statistics slightly high but comparable to the same time last year

1. Lost time and medical treatment injuries per 200,000 hrs worked
2. Number of days lost/number of lost time injuries

Unaudited six month group financial results

	June 2017 6 months Unaudited	Dec 2017 12 months Audited	June 2018 6 months Unaudited	Variance 6 months Unaudited
Turnover	\$148.9m	\$217.9m	\$154.9m	↑ \$6.0m
Revenue	\$134.0m	\$186.8m	\$145.4m	↑ \$11.4m
EBITDA	\$21.9m	\$23.1m	\$23.5m	↑ \$1.6m
NPBT	\$15.8m	\$9.9m	\$15.1m	↓ \$0.7m
NPAT	\$11.1m	\$5.8m	\$10.4m	↓ \$0.7m

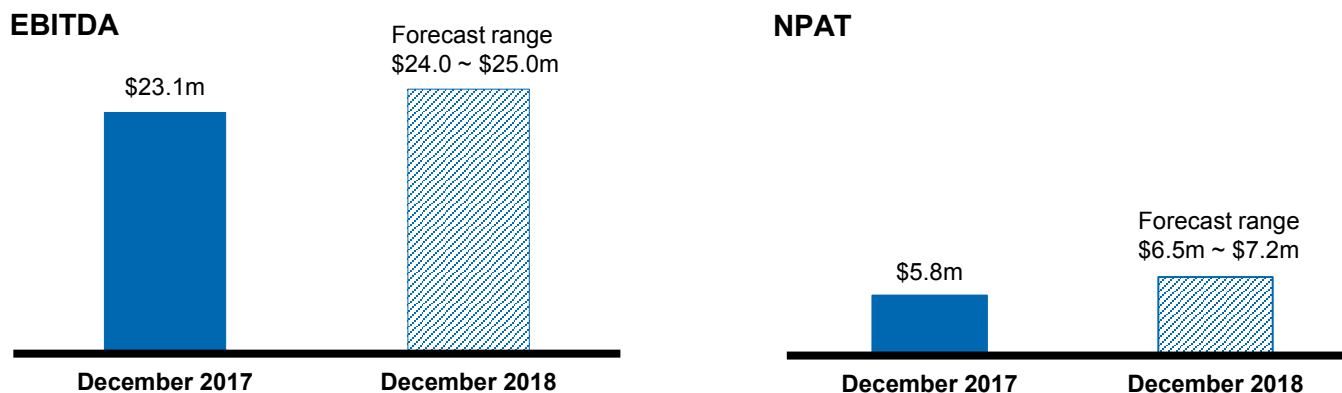
Key points six months to June 2018

- New Zealand kiwifruit volumes up 21% to 31.1m trays
- Record avocado returns \$40.81 on average OGR per tray
- Successful acquisition and integration Northland
- Sale process of Northland orchards underway (five orchards have since conditionally sold for \$15.86m)
- Further impairment and accelerated amortisation of goodwill and supplier contract in the banana business of \$1.5m
- Australian kiwifruit yields down by 13%



Guidance for 2018 full year results

- Full year forecast EBITDA up by between 4% and 8% to between \$24.0m and \$25.0m
- Full year forecast NPAT up between 12% and 24% to between \$6.5m and \$7.2m
- Forecast excludes effect of Northland orchard sales



No change to guidance

Earnings, net debt and net asset backing

	June 2017 6 months Unaudited	Dec 2017 12 months Audited	June 2018 6 months Unaudited
Basic earnings per share	\$0.69	\$0.35 ¹	\$0.61 ²
Net debt	\$94.5m	\$83.1m	\$116.0m
Total assets	\$238.1m	\$222.0m	\$283.7m
Net tangible assets per share	\$6.03	\$5.18	\$6.61

- Net debt \$116m, Total Assets \$283.7m
- Fully imputed dividend of \$0.12 per share paid 21 September 2018

Asset backing of \$6.61 per share, debt high at \$116.0m

1. A prior period deferred tax adjustment of \$1m was expensed in FY17. This had the effect of reducing EPS by \$0.06. Impairments less revaluation gains resulted in a further \$0.03 reduction. Had these not occurred EPS would have been \$0.44.
2. Further impairment and accelerated amortisation of the goodwill and supplier contract of the tropical retail business has reduced EPS by \$0.09. Had this not occurred EPS would be \$0.70.

What has gone well, what has not

Areas that have gone well

- Kiwifruit harvest
- Fruit management
- Maintenance
- Purchase of KeriFresh
- Orchard operations
- Equipment division
- Information systems
- Innovation in Finance
- Grower Entities
- Capacity planning
- Avocados
- People processes, seasonal and RSE management

Areas that have struggled

- Banana business (through the loss of a major customer)
- Seeka Australia and Psa

Strategy

Delivering orchard-to-market excellence

- A growing business exceeding its cost of capital
- Targeted varieties – our kiwifruit foundation with other varieties; avocados, nashi and pears
- Integrated from orchard to market
- Geographically spread – a New Zealand company not bounded by New Zealand
- Living the brand values
- Financially secure, strength to withstand a shock

Chief Executive's Update

Michael Franks

Introduction

- Better performance in New Zealand
 - Volume increases well handled
 - Capacity profile well understood, but requires more investment
 - Satisfying operational results in New Zealand
- Australia and Retail Services had a tough six months and subsequent Psa (later in this presentation)

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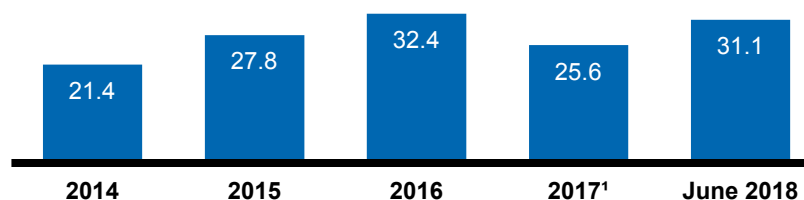
Post-Harvest, six months results

- \$21.5m EBITDA up 26%
 - Rebound in Hayward and increase in SunGold
- 31.1m trays up 21%
- Includes Northland from 30 April
- Packing citrus and berries
- Northland business has performed to expectation
- Laboratory business granted industry testing contract

Millions of trays	June 2017	Dec 2017	June 2018
Hayward (Green)	16.5	16.6	20.1
Zespri SunGold	9.0	9.0	11.0
Total	25.5	25.6	31.1
Percent loaded out ²	63%	100%	52%
Revenue /turnover	\$74.4m	\$96.7m	\$88.6m
EBITDA	\$17.1m	\$22.0m	\$21.5m

New Zealand kiwifruit trays

Millions of class 1 trays



1. Kiwifruit volumes decreased in 2017 by 21% PCP following an industry wide drop in Hayward (Green) yields

2. The percentage of kiwifruit loaded out of Seeka's coolstores and on which it has charged coolstorage fees

Orchard Division, six month results

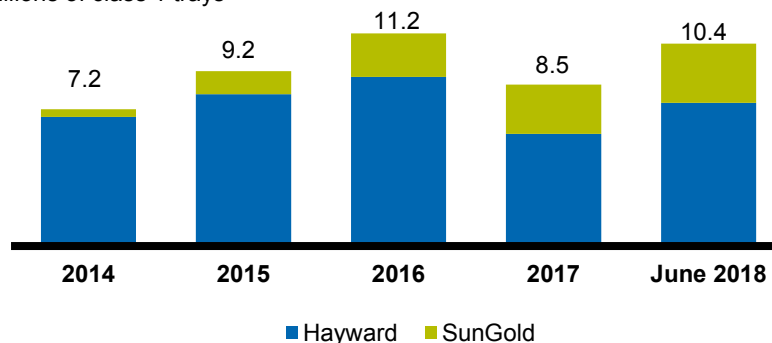
- \$4.3m EBITDA down 26%
 - EBITDA decline in line with expectation
 - Completed long term leases, new leases yet to yield
 - Significant activity underway with New Zealand long term lease developments

- Avocados and kiwiberry good performers

Millions of trays	June 2017	Dec 2017	June 2018
Hayward (Green)	5.9	5.9	7.3
Zespri SunGold	2.6	2.6	3.1
Total	8.5	8.5	10.4
Revenue /turnover	\$36.8m	\$48.6m	\$39.0m
EBITDA	\$5.8m	\$6.4m	\$4.3m

New Zealand kiwifruit grown

Millions of class 1 trays



Retail Services Division, six month results

- \$0.9m EBITDA down 31%
 - Tough banana market and low avocado volumes
- Further impairment and accelerated amortisation of goodwill and supplier contract in the banana business of \$1.5m
- Great Avocado returns to growers
- Delicious Nutritious Food Company continues to grow – EBITDA doubles, poised for further growth

	June 2017	Dec 2017	June 2018
Turnover	\$25.8m	\$54.2m	\$15.8m
Revenue	\$10.9m	\$24.3m	\$6.4m
EBITDA	\$1.3m	\$2.9m	\$0.9m



Kiwifruit numbers

To Week 42

	SunGold	Hayward	Hayward Organic
Fruit loss - YTD			
Industry	1.34%	1.43%	0.94%
Seeka	0.77%	2.00%	0.99%
Forecasted returns			
Seeka – per tray	\$10.39	\$5.65	\$8.25
Seeka – per hectare	\$135,535	\$66,480	\$69,236
Industry – per tray	\$10.28	\$5.47	\$8.67
Industry – per hectare	\$138,973	\$64,455	\$69,663

Low fruit loss
Excellent SunGold fruit loss
SunGold financial returns excellent

Seeka Australia, six month results

- Tough year in Australia
 - Pear market soft
 - Lower kiwifruit yields
- \$2.7m EBITDA down 21%
- 61 hectares of kiwifruit in development including 10 hectare organic orchard
- New exciting Hybrid pears
- Fundamental confidence remains
- Excellent operational people
- At year end, EBITDA likely to break even

Class 1 and 2	June 2017 (kg)	Dec 2017 (kg)	June 2018 (kg)
Kiwifruit	2,990,826 (826,195 trays)	2,981,834 (823,711 trays)	2,593,550 (720,431 trays)
Nashi	1,172,163	1,200,786	1,623,199
Packham	854,000	853,600	1,153,994
Corella	423,788	553,592	453,443
Other pears	83,421	83,421	258,382
Plums	25,605	40,150	-
Revenue /turnover	\$11.8m	\$16.5m	\$11.8m
EBITDA	\$3.4m	\$2.3m	\$2.7m

Seeka Australia Psa

- Detected and notified on 2 October
- Confirmed on 16 October
- 93 hectares of mature Hayward not expected to be impacted by Psa
- 61 hectares of orchards in development
 - 47 hectares rootstock
 - 14 hectares grafted
 - Comprehensive monitoring programme underway
 - Seeka's NZ experience expected to minimise impact
 - Alternate varieties being tested
 - Grafted Hayward onto Bruno rootstock
 - Australian climate expected to help mitigate Psa

Delicious Nutritious Food Company

- Packing kiwiberry – new machine
- Excellent performance in kiwiberry
 - 84,875 trays (increase of 29%)
- Good sales in Kiwi Crush
 - Sales increased by 20%
- New deal signed with major customer for bulk sales (2018/2019)
- Early improvements delivered
- Marketing now the target



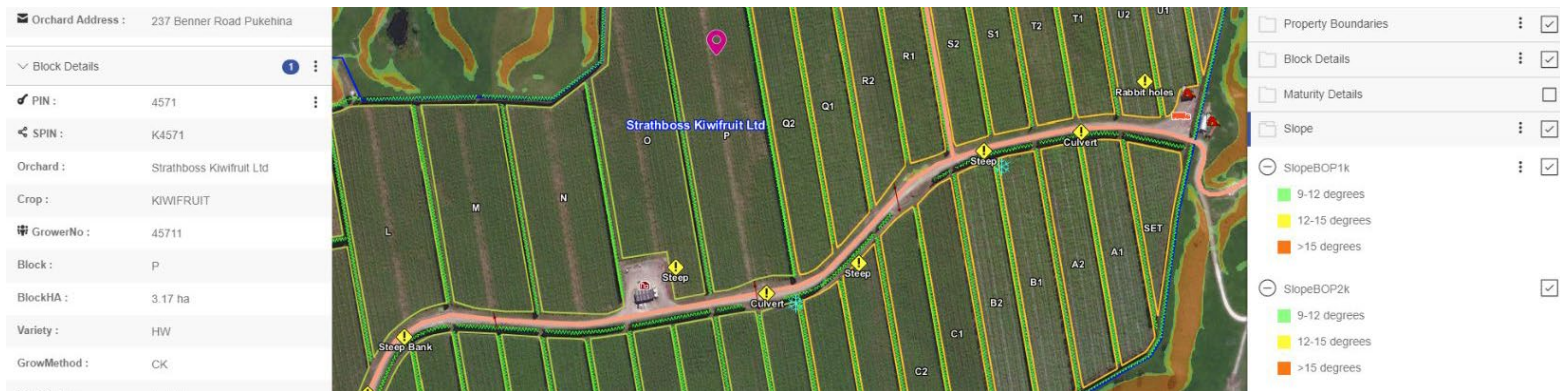
VLS - Independent Lab

- Now a service provider to Zespri, 24 hours a day, 7 days a week in the season
- Processed 10,700 samples for Zespri
- Excellent effort
- Great first year performance with some opportunities for improvement
- Delivered the financial results



Information Systems

- Kerikeri integration
- New HRIS in development
- New mapping software - Safety
- Financial consolidation tool
- New Seeka App - Growers
- Kofax ordering system



Seeka Maps

Summary

➤ Mixed first six months

- Good improvement in financial results in spite of some unexpected issues
- Excellent capacity planning
- Excellent operations in New Zealand, across the business
- Good innovation

But

- Banana business
- Australia

Questions

