

# Seeka Limited

Investor presentation – April 2019

# Our Business

## Delivering orchard-to-market excellence



### In Australia

- Grow, process and market
  - Kiwifruit
  - Nashi pears
  - European pears

Largest grower of  
kiwifruit in New Zealand  
and Australia

Australia's largest  
nashi grower

### In New Zealand

- Grow, process and market<sup>1</sup>
  - Kiwifruit<sup>2</sup>
  - Avocado
  - Kiwiberry
- Develop, lease and manage orchards
- Manufacture
  - Kiwi Crush, avocado oil
- Import, ripen and supply
  - Bananas, tropical fruit
- Wholesale
  - Seasonal produce



1. Seeka also processes citrus and berries  
2. NZ kiwifruit is predominantly marketed by Zespri

# Seeka's key investment attributes

## 1 A premium produce company

- Major varieties Kiwifruit, Avocados, Nashi and European Pears

## 2 An investment entry point to New Zealand kiwifruit and avocados

- Geographical reach
- Integrated service from orchard to retail
- Major supplier of NZ kiwifruit to Zespri

## 3 Significant orchard and produce business in Australia (including kiwifruit)

## 4 Capital already invested to increase supply and fruit handling capacity

## 5 Positioned for further growth

# Highlights

Financial year ending 31 December 2018 - audited

## Financial

- \$203.7m total revenue
- \$26.2m EBITDA
- \$7.4m profit after tax
- \$0.37 earnings per share

## New Zealand Kiwifruit volumes up

- 31.4m trays of New Zealand kiwifruit harvested and packed – up 23% on pcp

## Growth

- Acquired T&G Horticulture's post harvest business and kiwifruit orchards for \$42.1m<sup>1</sup> in 2018
- Developing Australian orchards
- Investing in New Zealand post-harvest infrastructure
- Purchase of Aongatete Coolstores Limited in 2019 for \$25m

## Recapitalised

- Fully-subscribed rights issue raised \$47.9m in 2018
- Sell down of Northland NZ orchards releasing cash and securing supply
- Disciplined approach to debt – asset review
- Dividend maintained

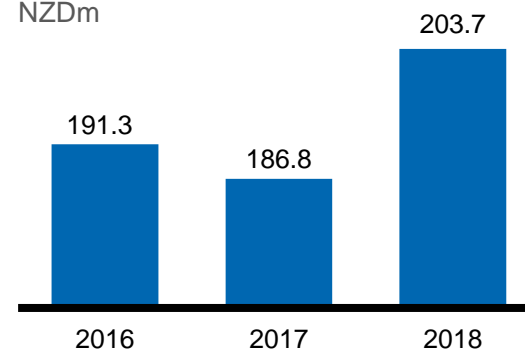
1. Yet to settle \$9.8m of the purchase

# Financial summary

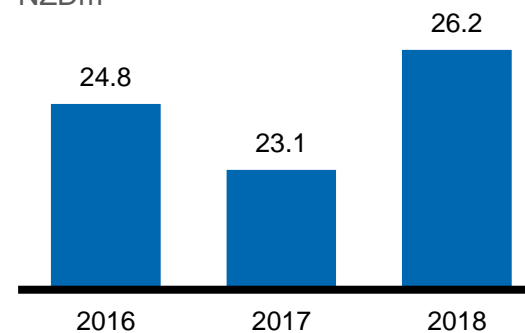
## Audited financial results FY18

NZDm	FY17	FY18	Change
Revenue	186.8	203.7	↑ 9%
EBITDA <sup>1</sup>	23.1	26.2	↑ 13%
Net profit after tax	5.8	7.4	↑ 27%

Revenue  
NZDm



EBITDA  
NZDm



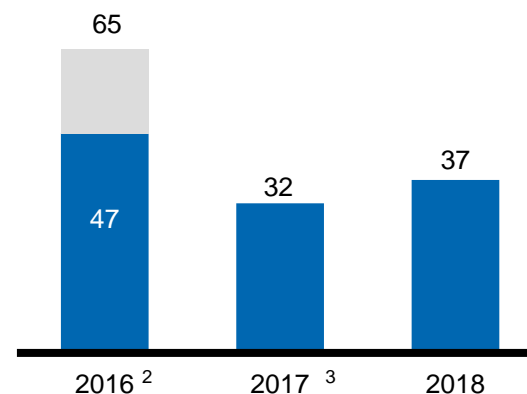
1. EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations.

# Earnings, net debt, net asset backing and dividends

## 37c Earnings per share

NZD	FY17	FY18
Earnings per share <sup>1</sup>	32 c	37 c
Net debt (NZDm)	83.1	79.1
Total assets (NZDm)	222.0	269.8
Net tangible assets per share	\$ 5.18	\$ 4.96
Full Year dividends	\$0.22	\$0.24

**Earnings per share**  
Cents



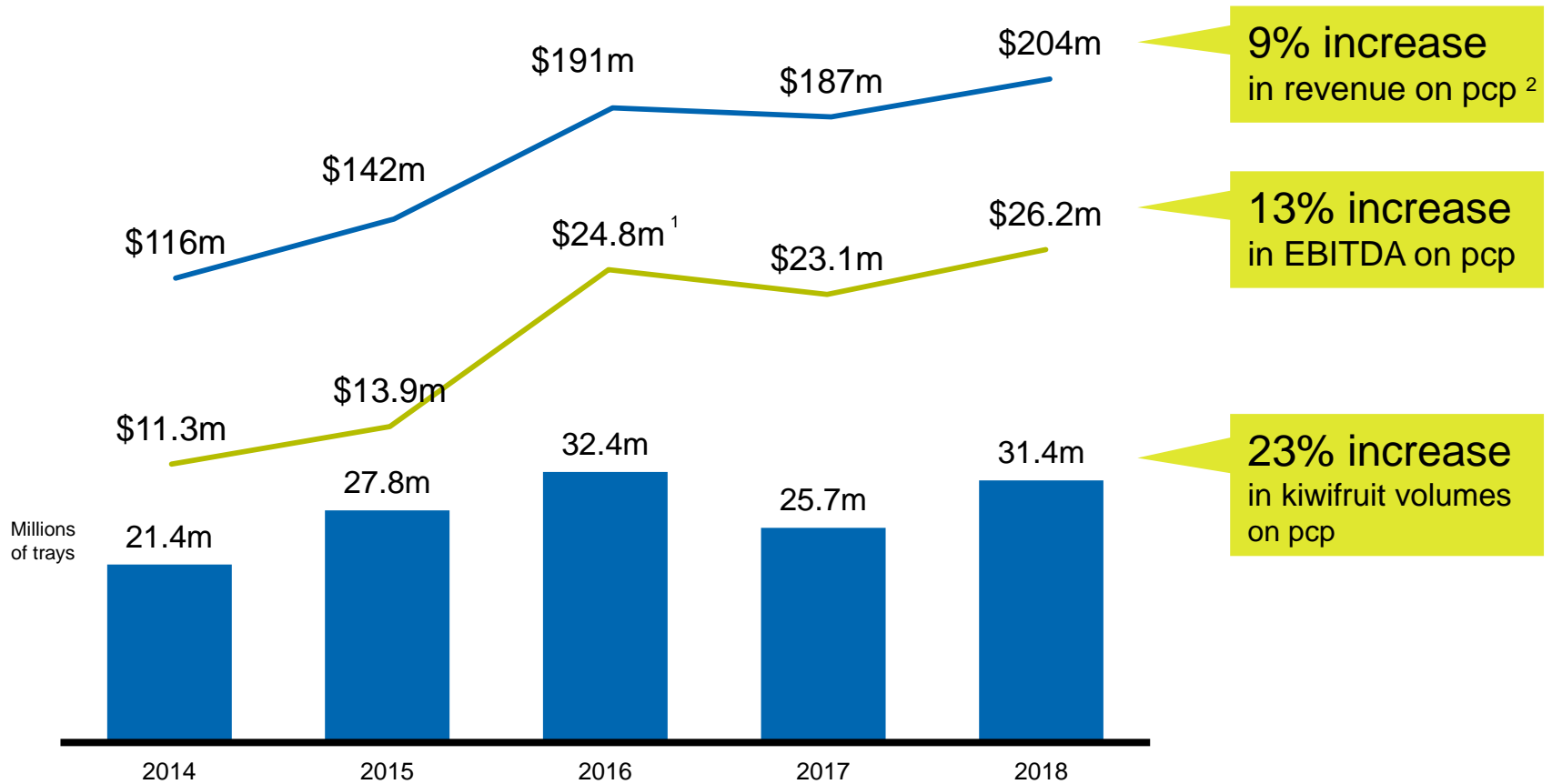
2. 2016 Normalised EPS excludes \$4.1m (\$3.1m after tax) of insurance proceeds which reduces EPS to \$0.47.

3. In 2017 a \$1m prior period deferred tax adjustment was expensed. Impairments less revaluation gains resulted in a further \$0.3m reduction.

1. In accordance with IAS, 2017 EPS was restated from the previously reported result due to December 2018 rights issue

# Higher kiwifruit volumes

Hayward green up 23%    SunGold up 24%

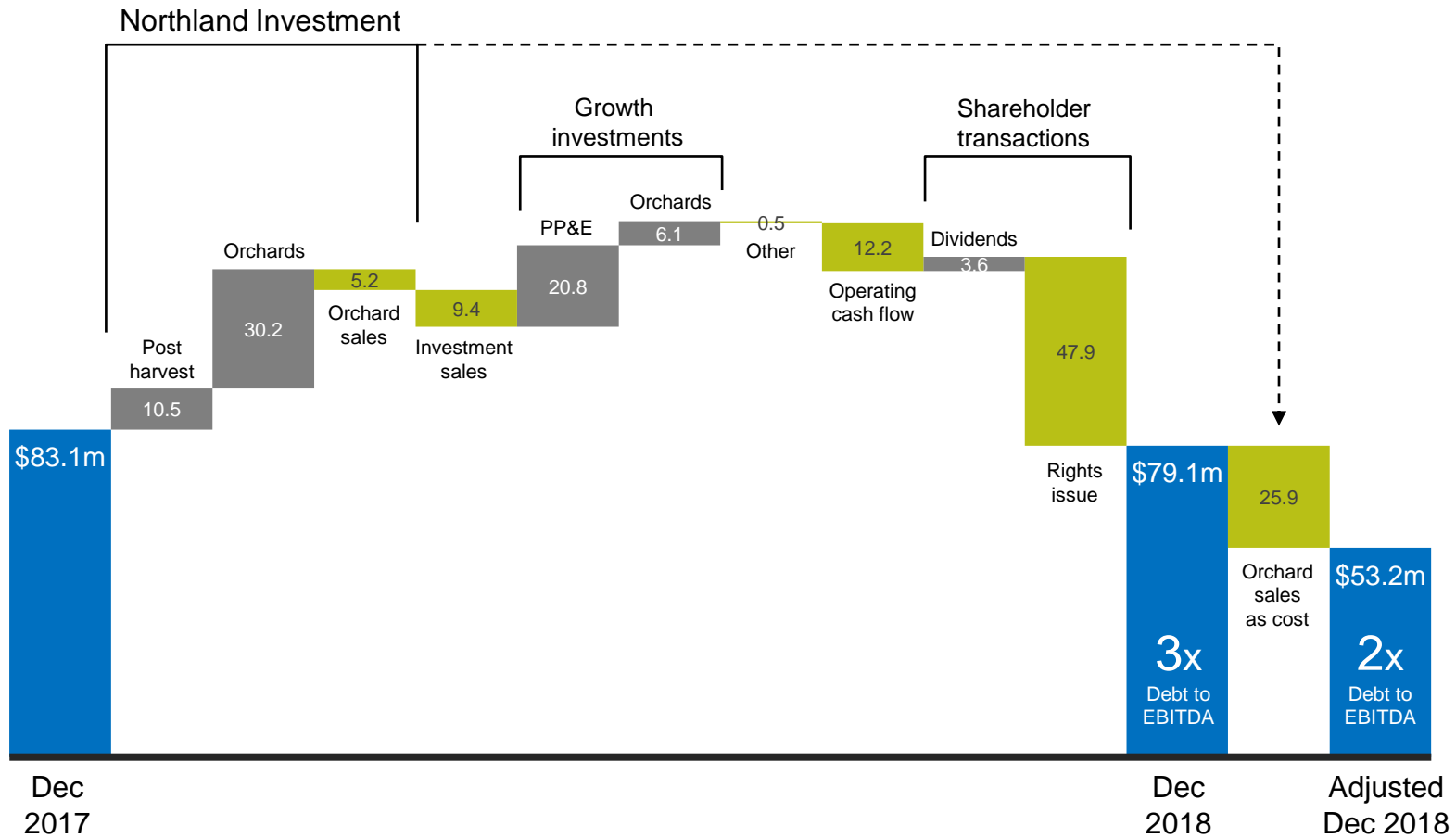


1. Includes insurance proceeds of \$3.6m

2. Pcp is previous corresponding period to 31 December 2017

# Disciplined approach to debt

Seeka target: Between 1.5 and 2.5 times EBITDA



Cash flow 2018, NZDm





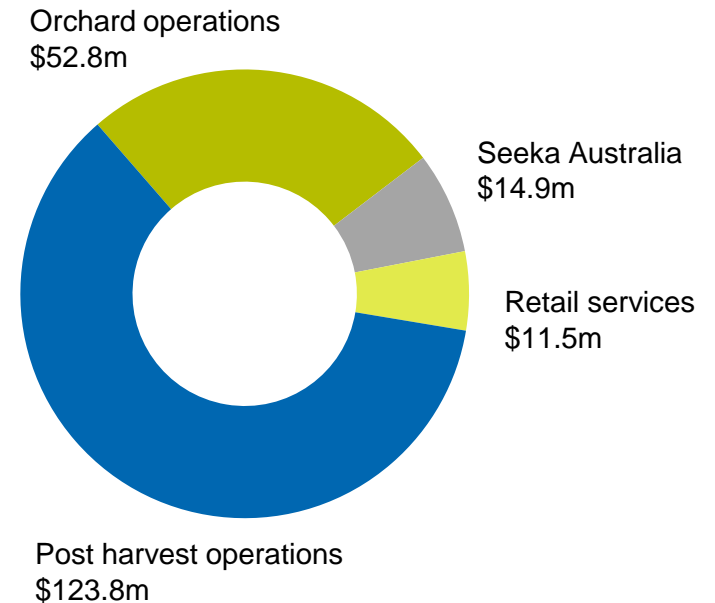
# Company Overview



# Four operating segments capture the value chain

- **Orchard operations, New Zealand**  
Growing kiwifruit, avocado and kiwiberry
- **Post harvest operations, New Zealand**  
Picking, packing and coolstoring fruit
- **Retail services, New Zealand**  
Marketing local and imported produce in NZ, exports to Australia and around the world, manufactures functional foods
- **Seeka Australia**  
Owns orchards and post harvest facilities

Revenue by operating segment FY2018<sup>1</sup>



# Segment performance summary

Revenue ( NZDm )	FY16A	FY17A	FY18A
Post harvest operations	110.8	96.7	123.8
Orchard operations	47.9	48.6	52.8
Retail services	16.8	24.3	11.5
Seeka Australia	15.2	16.5	14.9
Other	0.6	0.7	0.7
<b>Total</b>	<b>191.3</b>	<b>186.8</b>	<b>203.7</b>

EBIDTA ( NZDm )	FY16A	FY17A	FY18A
Post harvest operations	26.8	22.0	32.1
Orchard operations	5.6	6.4	3.4
Retail services	1.9	2.9	1.6
Seeka Australia	1.0	2.3	(0.1)
Other	(10.6)	(10.4)	(10.8)
<b>Total</b>	<b>24.8</b>	<b>23.1</b>	<b>26.2</b>

## New Zealand orchard supply arrangements

Producing hectares harvest 2018<sup>1</sup>

	Kiwifruit	Avocado	Kiwiberry	Total
Contract supply	1,696	317	10	2,023
Managed	436	43	2	481
Orchard lease	393	7	4	404
Long term lease	46	25	-	71
<b>Total</b>	<b>2,571</b>	<b>392</b>	<b>16</b>	<b>2,979</b>

## Seeka Australia owned orchards and land

Hectares, FY18 (all fruit)

Production	205
In development	83
Undeveloped land	278
<b>Total</b>	<b>566</b>

1. Kiwifruit harvest runs March to June, avocado August to February, and kiwiberry February to March

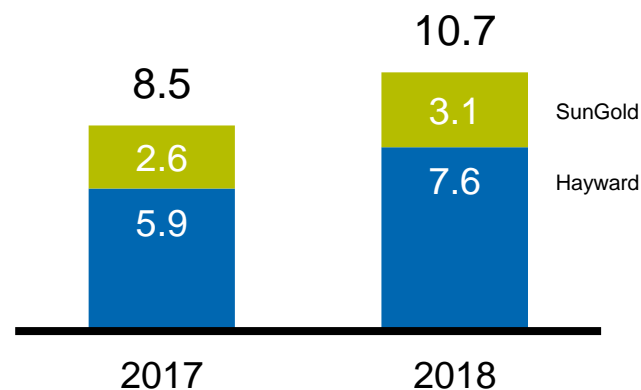
# Orchard operations

## Growing 36% of kiwifruit supplied to post harvest

- \$3.4m EBITDA
  - Down 46% on pcp
  - End of long term orchard leases
  - Recovery in Hayward yields
  - SunGold progressing to full production
  - Investing in new long term leases
  
- 10.7m trays kiwifruit grown (37.9m kilograms)<sup>1</sup>
  
- 0.0390m trays avocado (0.21m kilograms)

NZDm	2017	2018
Turnover / revenue	\$ 48.6	\$ 52.8
EBITDA	\$ 6.4	\$ 3.4
<i>Millions of trays<sup>1</sup></i>		
Hayward (green)	5.9	7.6
SunGold	2.6	3.1
Total	8.5	10.7

NZ kiwifruit grown  
Millions of class 1 trays



### Growing kiwifruit, avocado and kiwiberry

- Operate over 220 orchards via management, lease and long term lease contracts

1. Kiwifruit volumes exclude crop from T&G acquisition orchards, acquired crop off.

# Post harvest operations

Generating 61% of Group revenue

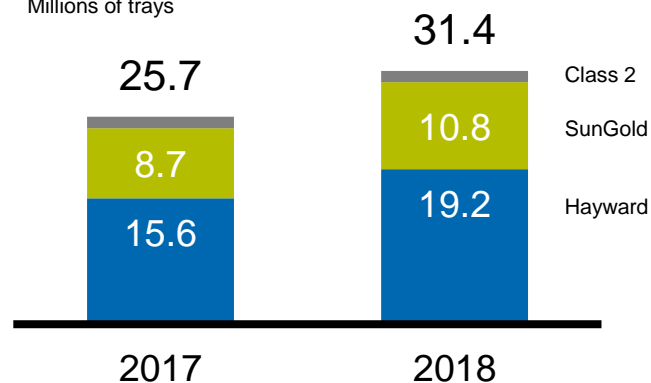
- \$32.1m EBITDA
  - Up 46% on FY17
- 31.4m kiwifruit trays processed
  - Up 23%
- Coolstorage fruit loss
  - SunGold - 0.78%
  - SunGold organic - 0.17%
  - Hayward - 3.73%
  - Hayward organic - 1.09%
- T&G Kerikeri post harvest facility
  - Acquired and integrated April 2018

Processing service to harvest, pack, coolstore and supply kiwifruit, avocado and kiwiberry

- Processes fruit from over 700 orchards including Seeka's managed orchards and independent growers

NZDm	2017	2018
Turnover / revenue	\$ 96.7	\$ 123.8
EBITDA	\$ 22.0	\$ 32.1
<i>Millions of trays</i>		
Hayward (green) class1	15.6	19.2
SunGold class 1	8.7	10.8
Class 2 and other	1.4	1.4
Total	25.7	31.4

NZ kiwifruit processed  
Millions of trays



# Retail services operations

## Capturing value from fruit retailing and processing

- \$1.6m EBITDA
  - Down 44% on FY17
- Tropical business performed below FY17
- Avocado sales performed well in a challenging year
  - New phytosanitary protocols agreed with Australia
  - China market opened FY18
- Delicious Nutritious Food Company increased earnings to \$0.46m
  - Up 58% on FY17

NZDm	2017	2018
Turnover	\$ 54.2	\$ 39.9
Revenue	\$ 24.3	\$ 11.5
EBITDA	\$ 2.9	\$ 1.6

Markets produce from Group operations plus imports and processes tropical fruits

- Sell avocados under Seeka brand
- Market New Zealand kiwifruit in Australasia and work under collaborative marketing agreement with Zespri to market kiwifruit in Asia
- Import and ripen bananas and other tropical fruits
- Operate a wholesale fruit and vegetable market
- Delicious Nutritious Food Company manufacture and market Kiwi Crush products, avocado oil and packing and distributing kiwiberry

# Australian operations

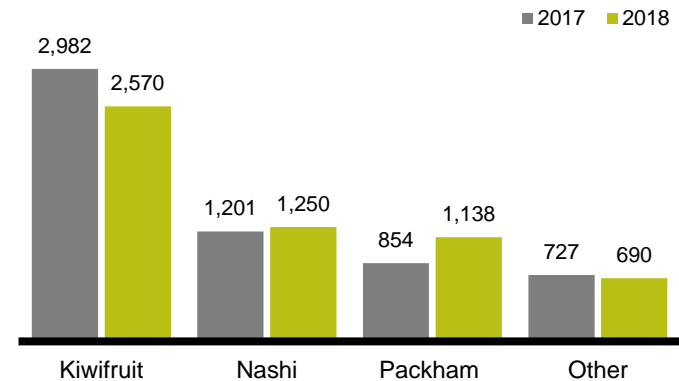
## Integrated from orchard to market

- \$(0.1)m EBITDA
  - Down 103% on FY17
  - Challenging growing season
  - Australian management restructured
  
- Psa-V detected October 2018 on 4.5 hectares of developing orchards
  - Containment strategy
  - \$500k impact
  - Revised variety development plan
  - Delays full production by 12+ months
  
- Investing in new orchards
  - 83 hectares in development
  - 40% increase in productive land

NZDm	2017	2018
Turnover / revenue	\$ 16.5	\$ 14.9
EBITDA	\$ 2.3	\$(0.1)

### Australian-grown fruit

Tonnes



The largest grower and supplier of Australian kiwifruit and nashi pears

- Nine large orchards, packs, markets and grow kiwifruit and nashi, as well as European pears, apricots, plums and cherries



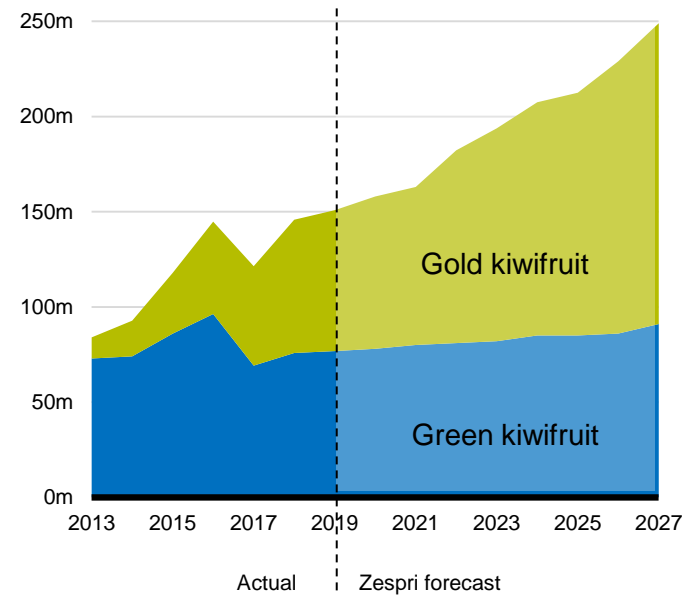
# Industry Outlook



# The supply of kiwifruit is growing

- New Zealand kiwifruit volumes growing strongly and forecast to continue
  - Strong global consumer demand
  - Growth includes using plant variety right protected fruit such as SunGold (gold) which commands premium pricing and a better market mix over green kiwifruit
  - NZ kiwifruit export value in 2017 \$2.1b, forecast to grow to \$4.5b in 2025<sup>1</sup>
  - Seeka had 20% market share in 2018
  - Seeka benefits from higher volumes
  - \$100m invested in the last 5 years to handle increasing volumes

**New Zealand kiwifruit exports**  
Millions of class 1 trays<sup>2</sup>



1. Zespri Annual Review 2017/18, 2013 - 2017 data, p17; 2025 target, p3

2. Zespri 5 Year Outlook, November 2017. Note in 2018, Zespri completed the first of its 5-year plan to sell 750 hectares of licences per year

# Avocados are an emerging fruit for Seeka

Seeka is capturing value in new markets



- Export value of NZ avocados growing strongly
  - Nearly doubled in the last 5 years over the pcp<sup>1</sup>
  - Seeka had 10% market share of avocado handling and marketing in 2017/18
  - Seeka exports mainly to the high-returning markets, including Australia, South Korea and China
  - Seeka positioned to benefit from larger avocado volumes with three packhouses capable of handling avocados

# Seeka's Australian operations

Invested to grow volumes and margins



- Poised for volume and profit growth over 5 years
- Developing orchards with more profitable crop type and varieties
  - 53 hectares of kiwifruit and 30 hectares of pears in development – includes new variety hybrid pears
- 2,655 mega litres of high and low reliability water shares
- Upgraded onsite packing and coolstore facilities to handle growth

# Latest announcements

## Updated EBITDA guidance

- FY2019 to a range of between \$36.5m to \$37.5m, from the previous guidance of between \$27.5m and \$28.5m. The increase is the result of:
  - Northland Orchard sales process \$4.2m
  - Effect of accounting standard changes \$5.6m

## Seeka continues its heartland growth story

- Purchase of Aongatete Coolstores Limited for \$25m will add EBITDA between \$3.5m and \$4.5m when fully integrated

Analyst Briefing Pack and Credit Swiss Analysis available for more information

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