

# **STAKEHOLDER MEETING**

## **Delivering our performance commitment**

**October 2019**

# Agenda and welcome

Fred Hutchings - Chairman



## Chairman's introduction

- Six months financial summary
- Dividend
- Aongatete purchase
- Australian kiwifruit orchard project
- Northland kiwifruit orchard sales
- Debt
- Full year guidance

## Chief Executive's update

- Safety
- Divisional overview
- 2019 kiwifruit performance
- Forward focus

## Questions

# Financial summary

Unaudited results to June 2019



**Profit after tax up 28% on 2018 corresponding period, but:**

- Aongatete purchase
- Lower Hayward volumes
- Dry year in Australia

**New NZ IFRS16 Leases standard implemented, impact:**

- EBITDA increase by \$3.28m (pcp +\$2.24m)
- NPAT decrease by \$300k (pcp - \$300k)

## Financials 2018 vs 2019

<b>NZDm</b>	<b>June 2019</b> Unaudited	<b>June 2018</b> Unaudited Restated	<b>FY Dec 2018</b> Audited Restated
Revenue	169.9	145.4	203.7
EBITDA	27.9	25.7	31.0
NPBT	16.5	14.1	8.7
NPAT	11.9	9.3	5.4

# Earnings, debt, and dividend

Unaudited results to June 2019



## Debt peaked at \$148m

- Now reduced with ongoing Northland orchard sales

## \$0.35 EPS

- Impact of share issue

## \$0.12 per share paid 9 October

- Policy to maintain and build dividends

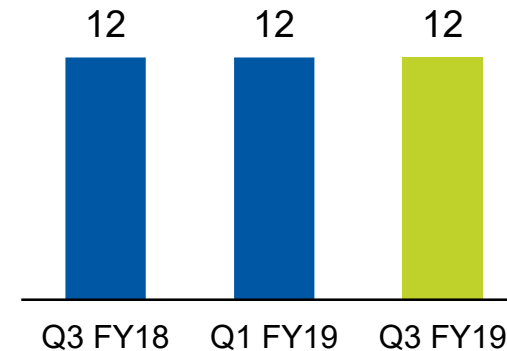
## Dividend reinvestment plan reset with 2% discount

- \$4.77 strike price

## Financials 2018 vs 2019

	June 2019 Unaudited	June 2018 Unaudited Restated	FY Dec 2018 Audited Restated
<b>NZD</b>			
Basic earnings per share (\$)	0.35	0.52	0.34
Net debt (\$m)	148.1	116.0	79.1
Total assets (\$m)	407.4	311.4	296.7
Net tangible assets per share (\$)	4.23	4.82	4.56

## Dividends in cents NZ



# Aongatete purchase

2019 acquisition of Aongatete Coolstores Limited

## **\$14m paid for Aongatete shares plus \$11m of debt**

- Focussed on our core kiwifruit business in our heartland growing area
- Excellent people, assets and innovation
- Strong orcharding focus, delivering excellent service
- Great opportunity to deliver scale gains to Aongatete's operations and their growers
- Value accretive to Seeka shareholders and growers
- Synergies lined up for 2020, mainly in service supply contracts



# Australian sale and leaseback project

Releasing cash to repay debt and accelerate development



## **Sale and leaseback of 105 hectares of kiwifruit orchards**

- Testing the market for a value gain

## **Release cash to repay debt and accelerate development**

- Confidence remains after two tough years
- Sensible to release some of the investment
- Funds to expand the profitable kiwifruit orchards and reduce debt

## **Lower debt will enable Seeka to pursue growth strategy**

Company will advise on any transaction



# Net debt reduced since 30 June

Debt down as Northland orchards sell and settle



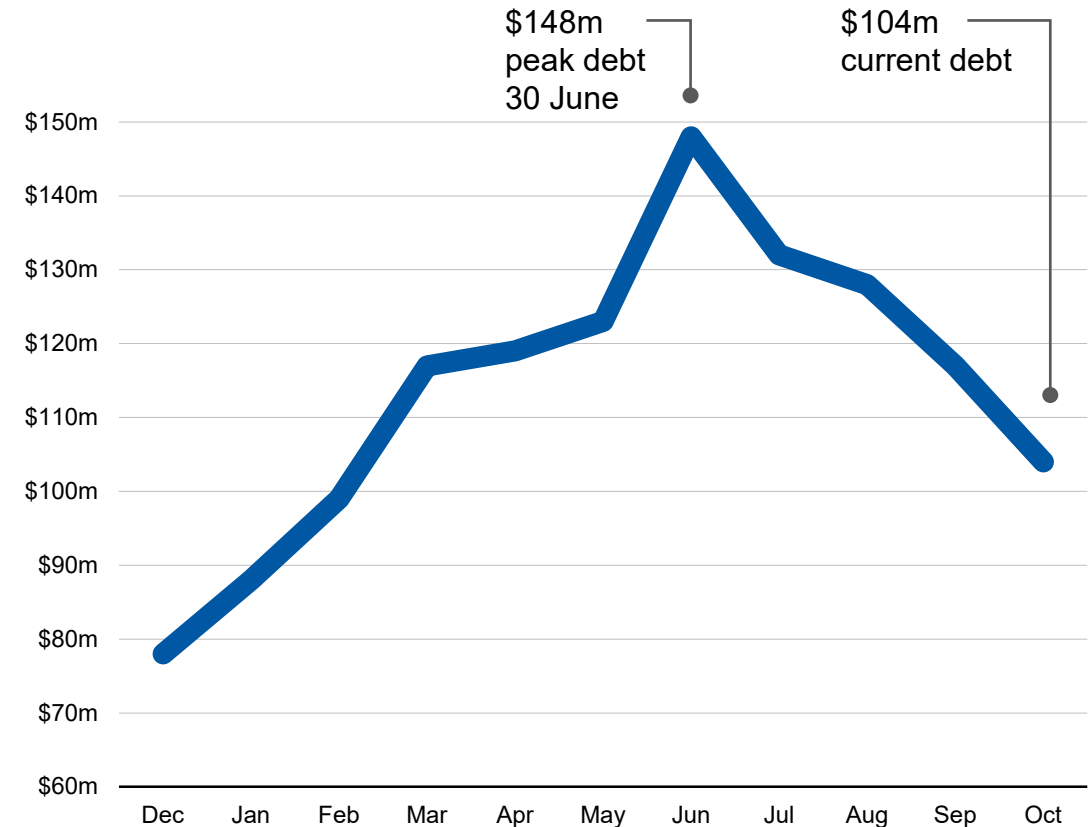
## Northland orchard sales

- \$7.0m prior to 31 December 2018, \$600k gain
- \$34.15m sold and settled since 1 January, \$3.0m gain
- Includes \$15.5m sale and leaseback to Boosters PLPP, covered by *IFRS16 Leases*
- \$5.05m of additional sales made with settlement due on title, expected this year
- \$9.5m of orchards to sell, process active and continuing

## Debt substantially reduced from \$148m at 30 June to \$103.6m on 18 October

- After dividend payment

## Net debt



# Full year guidance maintained

December 2019 outlook



## Forecasting full year EBITDA between \$32.5m and \$33.5m

- Lower earnings in Australia
- Lower Hayward yields and volumes in New Zealand
- Includes Aongatete
  
- Northland sale process continuing and may provide upside

## Financials 2018 vs 2019

<b>NZD</b>	<b>FY19</b> Guidance Lower range	<b>FY19</b> Guidance Upper range	<b>FY18</b> Full year actuals restated
EBITDA (\$m)	32.5	33.5	31.0
Increase over FY18	+ 5%	+ 8%	



# CHIEF EXECUTIVE'S UPDATE MICHAEL FRANKS

# Health and safety

To end of September 2019



## Full safety focus

- Two serious harm injuries
  - Aongatete finger injury
  - Oakside forklift incident
- RSE incidents
- Kiwistart a high risk period

## Focus on

- Machine guarding
- Traffic management
- Lone worker / Seeka App
- Fatigue

	2019 YTD	2018	Annual threshold
Total recordable injury frequency	4.9	4.5	< 4.5
Notifiable injuries	2	0	0
Notifiable incidents	0	1	0
Severity rate	7.3	4.5	< 4.5

# Group financial results

Unaudited results to June 2019



## Busy period

- Share issues to growers and employees
- Aongatete purchase and integration
- Northland orchard sales continue
- Oakside machine 2 refurbishment
- Oakside coolstores construction
- Kerikeri packhouse completed and commissioned
- Kerikeri new machine installed and commissioned
- Australia orchard development
- Australia kiwifruit orchard sale project
- SeekaFresh relaunched, revitalised
- Seeka App
- Business consolidation

## Numerous highlights this financial year

- Significant debt reduction
- \$103.6m total debt, at 18 October 2019
  - Post dividend payment
- ***And throughout these developments, our growers, contractors, suppliers and staff have combined to deliver low fruit loss and exceptional returns to our grower suppliers – kiwifruit and avocado***

# Kiwifruit numbers

Harvest 2019



## Low fruit loss

- Excellent SunGold fruit loss

To week 42	Seeka	Industry
SunGold	1.08%	1.36%
Hayward	0.95%	0.85%
Hayward organic	1.08%	0.77%

## Orchard gate returns to growers

- SunGold financial returns excellent
- Exceptional returns to our growers
  - Amongst the industry's highest
- Further increases in harvest 2019 OGRs

2019 forecast	OGR per tray		OGR per hectare	
	Seeka	Industry	Seeka	Industry
SunGold	\$11.48	\$11.15	\$ 155k	\$ 152k
Hayward	\$ 6.67	\$ 6.26	\$ 68k	\$ 63k
Hayward organic	\$ 9.73	\$ 9.31	\$ 63k	\$ 61k

# Post harvest, New Zealand

Unaudited results to June 2019



## \$29.8m EBITDA

- Hayward volume well down on expectation
  - Industry-wide, lower yields
- EBITDA 28% up on the prior period

## Invested in capacity

- Refurbished Oakside 2 machine, and building new pre-coolers and coolstores
- Kerikeri packhouse and machine

## Post harvest capacity balanced with production for the next two years

- Strategic consideration for next year

Production (millions of trays)	June 2019	June 2018	Dec 2018
Hayward	17.4	20.1	19.2
SunGold	14.6	11.0	10.8
Class 2 and other	1.5	-	1.4
<b>Total trays</b>	<b>33.5</b>	<b>31.1</b>	<b>31.4</b>
Financials (\$m)	Unaudited	Unaudited restated	Audited restated
Revenue	105.3	88.6	123.8
EBITDA	29.8	23.2	35.9
Capex	24.6	5.2	30.1

# Orcharding, New Zealand

Unaudited results to June 2019



## \$4.2m EBITDA

- 6.7% down on prior period
- Impact of dry summer on Hayward and kiwiberry yields
- Lower contribution from long-term leases
- Investing in new long-term leases
- New volumes from Aongatete acquisition

<b>Production (millions of trays)</b>	<b>June 2019</b>	<b>June 2018</b>	<b>FY Dec 2018</b>
Hayward	7.1	7.3	7.6
SunGold	3.9	3.1	3.1
Class 2 and other	0.4 <sup>1</sup>	-	-
<b>Total trays</b>	<b>11.4</b>	<b>10.4</b>	<b>10.7</b>
<b>Financials (\$m)</b>	<b>Unaudited</b>	<b>Unaudited restated</b>	<b>Audited restated</b>
Revenue	48.3	39.0	52.8
EBITDA	4.2	4.5	3.9

. 1. First season of Seeka-grown ENZA Red and ENZA Gold

# Retail services, New Zealand

Unaudited results to June 2019



## \$0.8m EBITDA

- 29% down on the prior period
- Avocado and kiwiberry volumes down
- Strategic review and revamp

## Retail services revitalised in second half

- Trading profitably
- Strengthened team, renewed focus
- Exciting relationships delivering exceptional returns to our grower suppliers for their domestic fruit

Financials (\$m)	June 2019 Unaudited	June 2018 Unaudited restated	FY Dec 2018 Audited restated
Turnover	15.7	15.8	39.9
Revenue	4.8	6.4	11.5
EBITDA	0.8	1.1	2.0



# Seeka Australia

Unaudited results to June 2019



## (\$0.2m) EBITDA

- Reduced volumes from a hot, dry summer
- Underperforming green nashi programme
- Crops being reset to match market demand

## Invested in growth

- Orchards in development
- Testing new varieties
- Investing in water

## Investigating sale and leaseback of kiwifruit orchards

- 105 hectares of established orchards on 3 properties
- Advertised 20 August, expressions of interest closed 16 September
- Repay debt
- Accelerate development

Financials (\$m)	June 2019 Unaudited	June 2018 Unaudited restated	FY Dec 2018 Audited restated
Revenue	11.4	11.8	14.9
EBITDA	(0.2)	2.7	(0.1)



# Work programme



## **Complete the Australian kiwifruit orchard sale and leaseback project**

- Debt reduction
- Accelerate development

## **Complete Northland kiwifruit orchard sales, with term supply**

- Substantially completed with Booster transaction, with long-term supply

## **Kerikeri phase 2 coolstore build**

- Old packhouse demolished and earthworks underway

## **Continuing focus on consolidating the company**

- Senior management team reset

## **Evaluating further growth opportunities**

# Thank you



To all our stakeholders, our shareholders, growers, staff, contractors and suppliers for combining to deliver exceptional performance through 2019

# QUESTIONS



[seeka.co.nz](https://seeka.co.nz)