

Analyst Briefing Pack

Interim results presentation

Six months to 30 June 2020 - Unaudited

Agenda

- 1** H1 FY20 highlights
- 2** Capital management
- 3** Operating segments performance

H1 FY20 Highlights

FY20 Six Month Highlights

Focus on achieving excellence

- 1 Successfully completed 2020 kiwifruit harvest in Level 4 lockdown**
 - 33.4m trays from our New Zealand growers
 - 600k trays from Seeka's Australian orchards
- 2 \$18.4m NPAT, up 54.9%**
 - Reflecting the effect of tax deductibility on buildings on deferred tax
- 3 \$30.4m EBITDA, up 9.1%**
 - After incurring an estimated \$5.3m impact from Covid-19
 - Includes a \$2.5m gain on sale of orchard assets
- 4 \$129.3m closing net debt, down \$18.8m**
 - \$15.3m received from orchard sales
- 5 AU\$26.5m conditional sale and lease back of Australian kiwifruit orchards**
 - Debt to be further reduced, lease secures supply to Seeka, additional water also leased
- 6 Revitalised performance from Seeka Australia and NZ retail service**



Covid-19 update – Seeka completes successful harvests

Early planning and action delivered timely harvests

Seeka was an essential business in NZ and Australia

- Safety paramount
- Fruit harvested under level 4 lockdown
- Successfully picked and packed NZ and Australia crops

Proactive safety steps

- Rehoused RSE workers
- Screens, temporary cafeterias, packhouse bubbles, cleaning
- Remote work

Severe labour shortage

- More than 800 people short
- Collaborated with other industries to source people
- Access to labour remains a significant challenge

Estimated \$5.3m impact on the business

- Direct cost of Covid-19 measures, lost volumes and margins
- No wage subsidy received, displaced and vulnerable workers supported by \$27,800
- Seeka paid \$12.2m in direct salary and wages, and \$3.0m to picking contractors during the lockdown period



Group financial performance

\$178.7m revenue

Up 5% on H1 FY19

\$30.4m EBITDA

Up 9% on H1 FY19 (pcp: \$27.9m)

- Includes \$5.3m impact of Covid-19
- Includes \$2.5m gain on orchard sales

\$18.4m Net profit after tax

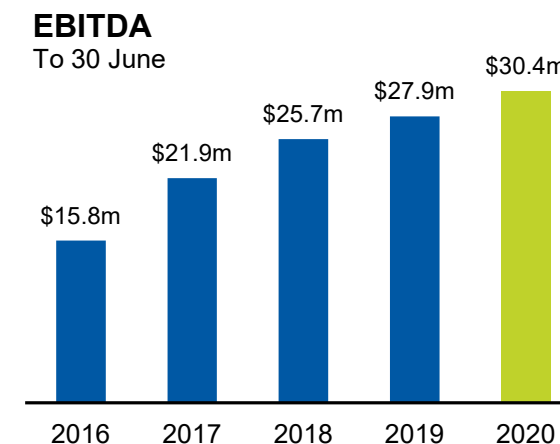
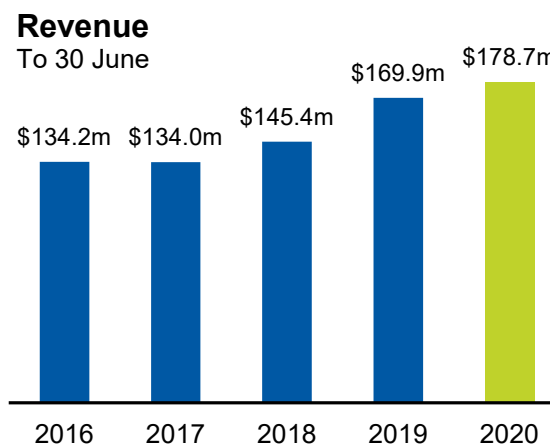
Up 55% on H1 FY19 (pcp: \$11.9m)

- Includes \$5.6m one-off deferred tax gain

Seeka operates a seasonal business

- H1 is the main operating period for our core kiwifruit business

\$ Millions	H1 FY20 Unaudited	H1FY19 Unaudited	Growth	FY19 Audited
Revenue	178.7	169.9	5%	236.9
Cost of sales	124.5	118.9	5%	190.1
Change fair value biological assets	16.5	16.5	-	(0.7)
Gross profit	37.7	34.5	9%	47.5
EBITDA	30.4	27.9	9%	34.5
EBIT	21.4	20.3	5%	17.6
Net profit after tax	18.4	11.9	55%	6.9



Balance sheet

Net debt at June 30 2020

\$129.4m net debt at H1 FY20, down \$18.8m on pcp

- Cash flow from operations and orchard sales
- Limited capital expenditure Northland packhouse
- \$21.14m of advances to Seeka Growers
 - Largely repaid in July 2020
- Debt programmed to reduce in 2020 with the conditional Australian sale

\$ Millions	H1 FY20 Unaudited	H1 FY19 Unaudited	Growth	FY19 Audited
Cash and tax receivable	3.6	4.0	(9%)	2.8
Trade, other receivables & inventory	101.5	89.2	14%	33.7
Biological assets - crop	2.3	1.6	45%	19.5
Assets classified as held for sale	19.5	37.5	(48%)	27.1
Total current assets	126.9	132.3	(4%)	83.1
Property, plant and equipment	226.1	220.0	3%	220.4
Intangibles	18.6	23.0	(19%)	18.7
Right-of-use lease	43.2	27.4	57%	44.7
Other	1.6	3.2	(51%)	1.3
Total non-current assets	289.4	273.6	6%	285.1
Total assets	416.3	405.9	3%	368.2
Current tax liability	-	-		1.7
Trade and other payables	43.3	42.0	3%	22.9
Current lease liabilities	5.6	4.0	42%	5.2
Interest bearing liabilities	34.8	65.4	(47%)	21.9
Total current liabilities	83.7	111.4	(25%)	51.7
Interest bearing liabilities	96.4	85.0	13%	97.8
Right-of-use lease liabilities	43.7	27.8	57%	45.3
Derivative financial instruments	1.1	1.0	13%	0.8
Deferred tax liabilities	17.8	21.7	(18%)	17.8
Total non current liabilities	159.0	135.6	17%	161.6
Total liabilities	242.7	246.9	(2%)	213.3
Net assets	173.6	158.9	9%	154.9

Conditional sale of Australian kiwifruit orchards

With long-term leaseback to Seeka

Three Australian kiwifruit orchards conditionally sold

- AU\$26.5m sale price
- Realise gain on sale
- Repay debt and fund new kiwifruit orchard developments

Long term leaseback to Seeka

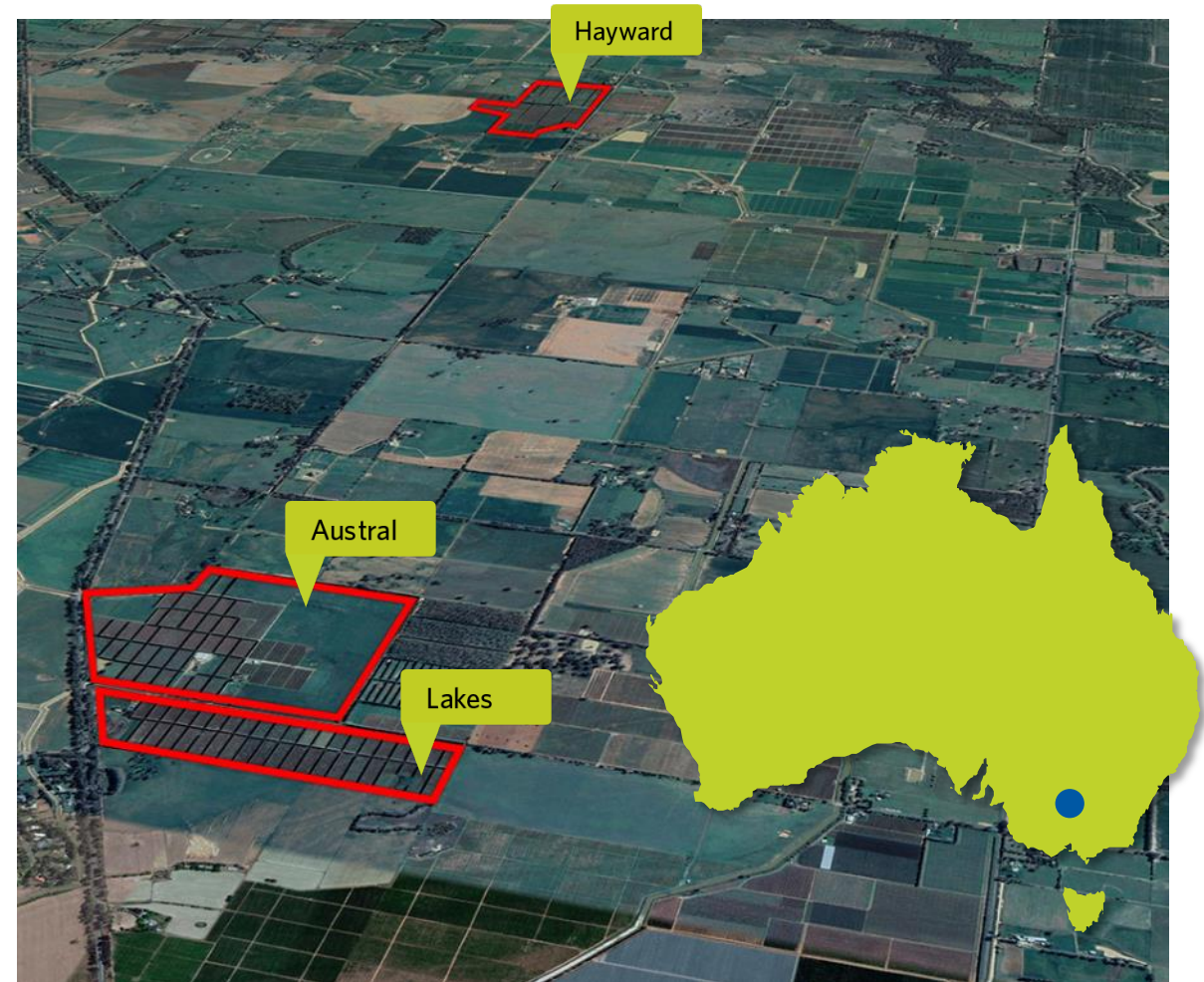
- Initial term of 10 years, plus a 10 year renewal and two further terms of 5 years
- Secured supply for Seeka

Secured additional water rights

- Part of the agreement

Awaiting approval of the Australian Foreign Investment Review Board

- Expected by 29 August 2020



Improved financial performances

Delivering performance from Seeka's orchard-to-market services

Australian turnaround

\$1.89m EBITDA Seeka Australia

- Turnaround from pcp loss of \$151k

Profitable kiwifruit business

- Despite hot dry summer impacting volumes

Green nashi sales return to profitability

- Seeka balanced supply to demand

Developments to add new revenue streams

- 70 hectares of new kiwifruit orchards in development
- 17 hectares of Ricó club pears ready for harvest 2021

Retail services turnaround

\$1.31m EBITDA New Zealand retail services

- Significant lift from pcp of \$760k
- Achieved in spite of lockdown

New customers driving demand

- Attracting more quality supply from grower community



Seeka's sustainability culture delivers first win

Seeka worm farm delivers commercial-sized waste-recovery

Board Sustainability Committee created

- To work with management as it gains momentum in its "Growing Futures" initiative

Sustainability action points

- Calculating Seeka's carbon footprint
- Waste audits and packaging review
- Coolstore power consumption and load shedding
- Advancing paperless systems
- Biodegradable options, plastic recycling
- Hybrid vehicles

Worm farm recycling waste an early win

- Input waste fruit, leaves and dust from post harvest
- Recovering vermicompost organic fertiliser
- Circular regenerative horticulture
- Catalytic bioreactor to be installed



Earnings per share and dividends

57 cents earnings per share

- Earnings impacted by lower Hayward yields
- \$5.3m cost of Covid-19
 - 16.5 cents per share

Board cancelled April dividend due to Covid-19

Dividend reinstated for September 2020

- 10 cents per share fully imputed
- Record date 4 September, payment 30 September
- DRP applies with 2% discount

\$5.13 net tangible assets per share

- Up 14% on H1 FY19

\$ Millions	H1 FY20 Unaudited	H1FY19 Unaudited	Growth	FY19 Audited
Net profit (\$m)	18.4	11.9	55%	6.9
Shares on issue (m)	32.1	32.1		32.1
Earnings per share	\$ 0.57	\$ 0.39	46%	\$ 0.22
Net tangible assets ¹ (\$m)	164.7	144.5	14%	146.0
Net tangible assets per share	\$ 5.13	\$ 4.50	14%	\$ 4.55

1. Net tangible assets is the Group's net assets less goodwill, divided by the total shares on issue at the end of the period.

FY20 full year guidance

Seeka updates May 2020 guidance

Forecasting full-year net profit before tax between \$9m and \$12m

Guidance updated despite

- \$5.3m impact of Covid-19 from higher costs and lost sales
- Lower Hayward kiwifruit volumes in NZ and Australia from dry summer
- Includes expected and realised gain on sales

	FY20 Guidance Lower range	FY20 Guidance Upper range	FY19 Full year Actuals
\$ Millions			
Net profit before tax	9.0	12.0	9.9
<i>Change on FY19</i>	(9%)	+ 22%	

Operating segment performance

Orchard operations

Growing kiwifruit, avocado and kiwiberry for New Zealand orchard owners

\$47.4m revenue – in line with H1 FY19

- Second year of low Hayward yields from dry summer
- SunGold volumes and yields up as orchards enter full production, with growth set to continue

\$78.9m of assets

Investing in new orchards on long term leased land

- 44 hectares of kiwifruit
- 20 hectares of Hass and Gem avocados
- Long-term partnerships with land owners
- Generate new income streams from 2021

	H1 FY20	H1FY19	FY19
\$ Millions	Unaudited	Unaudited	Audited
Revenue	47.4	48.3	72.4
EBITDA	4.2	4.2	5.0
EBIT	3.3	3.6	3.7
Segment assets	78.9	61.5	54.2

Crop grown - class 1 trays	H1 FY20	H1FY19	Growth
Total kiwifruit - all varieties (m)	13.0	11.4	13%
Hayward (m)	7.6	7.1	6%
Trays per hectare	10,200	9,800	
SunGold (m)	5.1	3.9	26%
Trays per hectare	14,000	13,390	
Other trays (m)	0.3	0.4	

Post harvest operations

Packing, coolstoring and shipping kiwifruit, avocado and kiwiberry for New Zealand orchard owners

\$108.1m revenue – in line with H1 FY19

- Rise in SunGold volumes
- Offset by dry summer's impact on Hayward yields and volumes experienced across the industry

\$5.3m EBITDA impact of Covid-19

- Direct costs and productivity constraints

Assets developed to handle 2021 volumes

- Capacity to handle SunGold volume growth from new plantings, and normalisation of Hayward yields

	H1 FY20	H1FY19	FY19
\$ Millions	Unaudited	Unaudited	Audited
Revenue	108.1	105.3	140.1
EBITDA	30.3	29.8	41.0
EBIT	24.2	24.9	29.4
Segment assets	244.7	228.9	222.9

Kiwifruit packed - trays (m)	H1 FY20	H1FY19	Growth
Total kiwifruit - all varieties	33.4	33.5	
Hayward - class 1	15.7	17.4	(10%)
SunGold - class 1	16.1	14.5	11%
Other varieties and class 2	1.6	1.5	

Retail services operations

Marketing fruit from post harvest operations, retail and ripening imported fruit, and Kiwi Crush production

\$9.7m revenue – up 100% on H1 FY19

- High volumes of NZ avocado direct to Australian retail
- Improved kiwiberry volumes and returns
- Wholesale markets in NZ and Australia impacted by Covid-19 lockdowns

\$1.3m EBITDA – up 73% on H1 FY19

Business revitalised

- Significant trading turnaround
- Improved service delivery from Christchurch site

	H1 FY20	H1FY19	FY19
\$ Millions	Unaudited	Unaudited	Audited
Revenue	9.7	4.8	8.6
EBITDA	1.3	0.8	1.7
EBIT	0.9	0.4	1.1
Segment assets	18.2	15.8	11.2



Australian operations

Growing, packing and retailing kiwifruit, nashi pears, and European pears on owned orchards

\$13.3m revenue – up 17% on H1 FY20

- Business reset returns Australian operations to profit
- Hot, dry growing conditions impact kiwifruit yields

Planted pear areas balanced to market opportunities

- Investing in new Club pear varieties – Ricó and Lanya
- Establishing other new categories

Kiwifruit orchards conditionally sold

- Subject to approval of Australian Foreign Investment Review Board
- 199 hectares total land area
- Includes term supply commitment
- Access to additional water

	H1 FY20	H1FY19	FY19
\$ Millions	Unaudited	Unaudited	Audited
Revenue	13.3	11.4	11.6
EBITDA	1.9	(0.2)	(0.6)
EBIT	1.4	(0.7)	(2.1)
Segment assets	55.5	48.8	52.2

Crop packed - tonnes	H1 FY20	H1FY19	Growth
Total fruit - all produce	4,380	4,190	5%
Kiwifruit	2,153	1,806	19%
Nashi	791	988	(20%)
Corella	165	284	(42%)
Packham	878	984	(11%)
Other pears and fruit	393	128	207%

Contact

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