

# Analyst Briefing Pack

## Annual results presentation

Year ended 31 December 2020 - Audited

# Agenda

- 1** 2020 highlights
- 2** Financials
- 3** Capital management
- 4** Operating segments performance
- 5** Contact

# 2020 Highlights

# Focus on achieving excellence

1

## **Delivered excellent performance for stakeholders despite Covid-19 disruption**

Commitment and leadership got the job done

2

## **Generated record profits**

\$251.5m Revenue | \$42.9m EBITDA | \$15.2m NPAT | \$0.52 EPS | \$0.22 dividend per share

3

## **Revitalised New Zealand retail services**

Revenue up 77% to \$21.8m

4

## **Growing the Australian business**

Developing 63 hectares of new kiwifruit orchards | Nashi profitable and trialling new varieties | First sales of Ricó pears

5

## **Realised gains from sale and leaseback of three Australian kiwifruit orchards**

Banked NZD\$28.2m | Realised NZD\$6.2m gain

6

## **Repaid \$38.9m of net bank debt in 2020**

Net debt down 33% | Progressed strategy to sell orchard assets following Australian and Northland acquisitions | Debt on plan

7

## **Transitioning to a more sustainable business**

Climate change assessment | Measuring carbon footprint and setting targets

# Financials

# Group financial performance

## **\$251.5m revenue**

Up 6% on 2019

## **\$42.9m EBITDA**

Up 24% on 2019

## **\$16.3m Net profit before tax**

Up 65% on 2019

– Guidance range \$15m ~ \$17m

## **\$15.2m Net profit after tax**

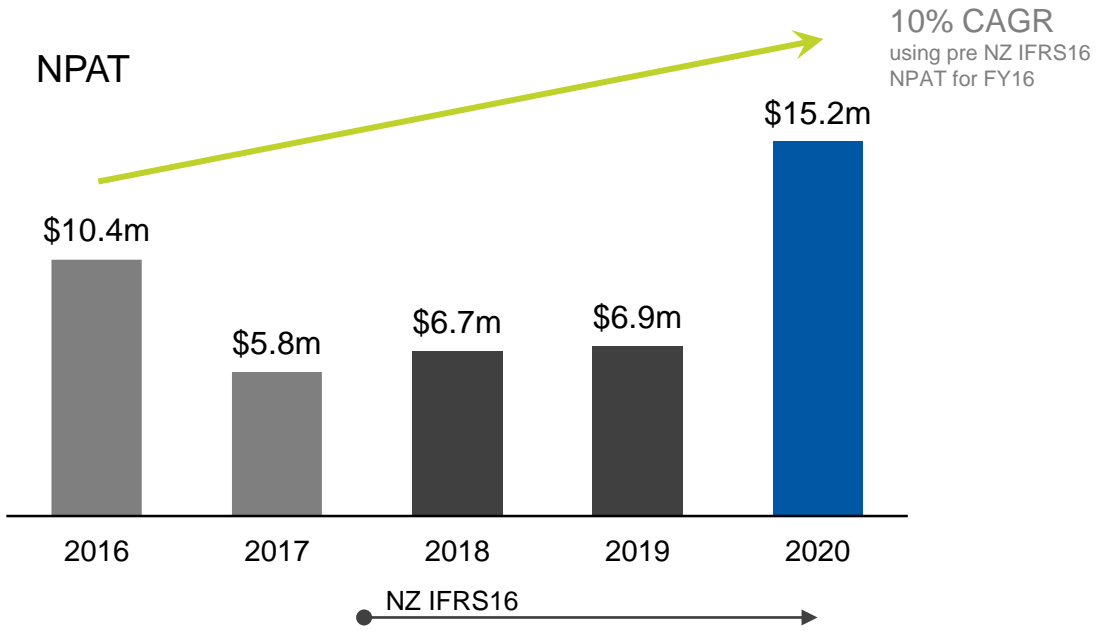
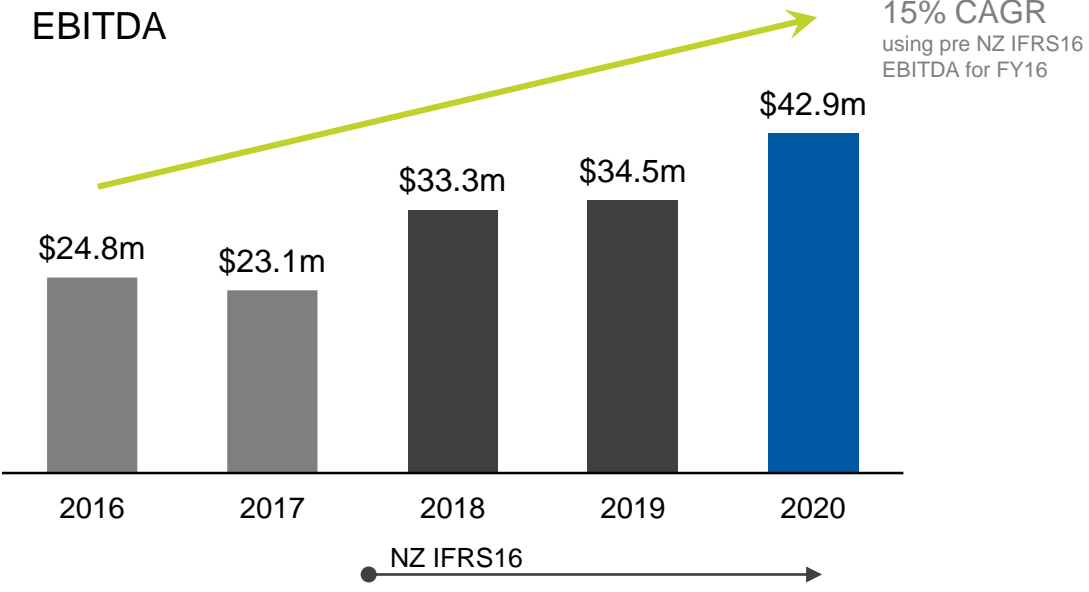
Up 120% on 2019

All results and comparatives consistent with NZ IFRS 16 Leases

NZD millions	2020	2019	Growth
Revenue	251.5	236.9	6%
Cost of sales	198.8	189.4	5%
Gross profit	52.7	47.5	11%
EBITDA	42.9	34.5	24%
EBIT	24.3	17.6	39%
Net profit before tax	16.3	9.9	65%
Net profit after tax	15.2	6.9	120%

# Trends in financial performance

## EBITDA and NPAT

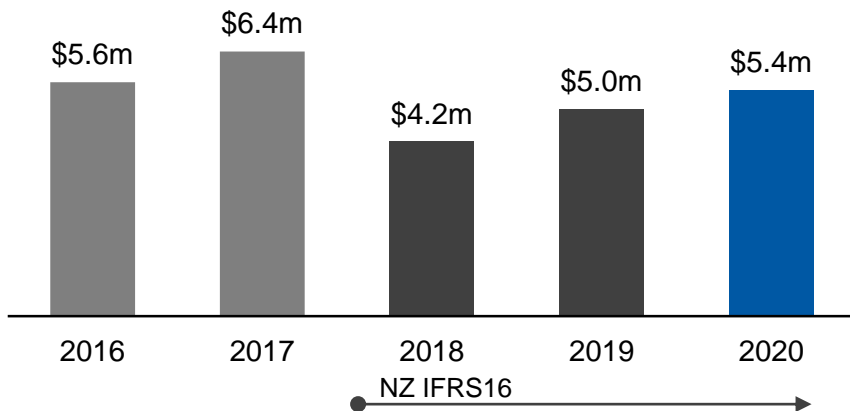


1. FY16 and FY17 EBITDA and NPAT comparatives are prior to the implementation of NZ IFRS16 Leases, FY18 to FY20 comply with NZ IFRS16 Leases.

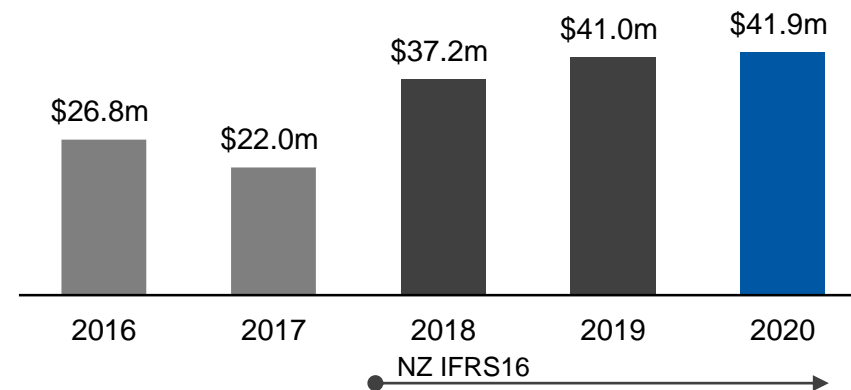
# Trends in operating segment performance

EBITDA – reported under NZ IFRS16 FY18 to FY20

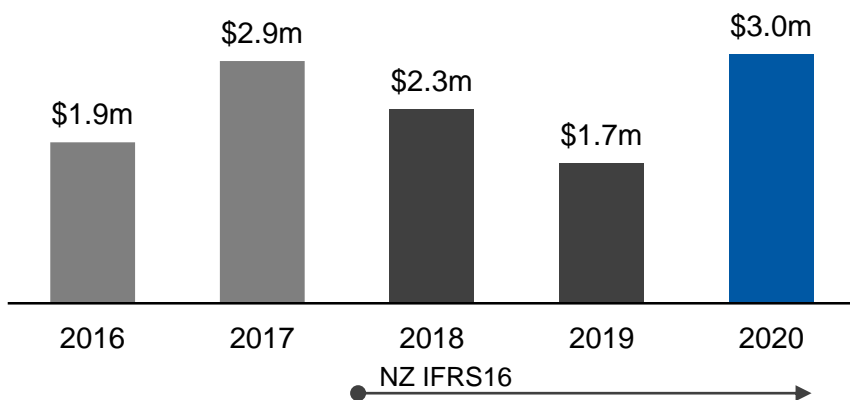
Orcharding  
\$63m assets



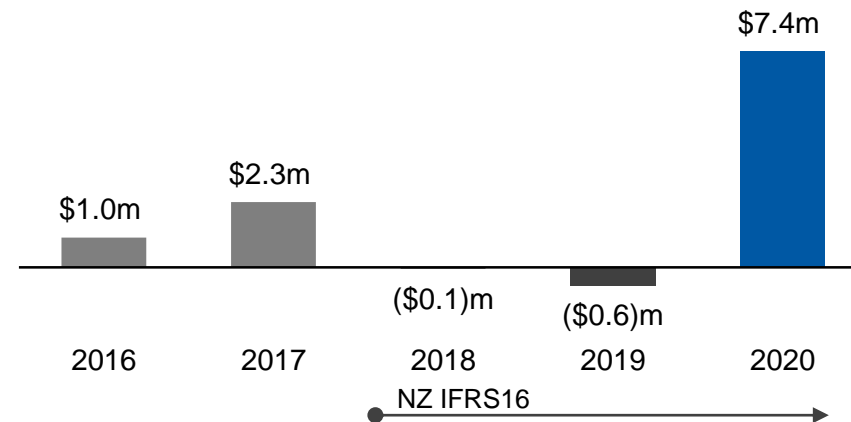
Post harvest  
\$233m assets



Retail services  
\$12m assets



Australia  
\$47m assets



1. FY16 and FY17 EBITDA comparatives are prior to the implementation of NZ IFRS16 Leases, FY18 to FY20 comply with NZ IFRS16 Leases.



A blue-tinted photograph of a forklift operator in a white shirt and dark pants, sitting on a forklift and moving a wooden pallet. The pallet is heavily loaded with several large, rectangular metal components, likely engine parts, stacked on top of each other. The background is a dark, textured wall. The text "Capital management" is overlaid in white in the center of the image.

# Capital management

# Balance sheet

Capital employed 31 December

**\$8.5m decrease in capital employed in 2020**

**\$23.3m decrease in assets held for sale**

- Northland and Australian kiwifruit orchard sales

**\$24.6m increase in PP&E**

- Northland post harvest capacity build

NZD millions	2020	2019	Growth
Current assets - excludes cash			
Trade and other receivables	24.5	28.3	( 13%)
Biological assets - crop	19.9	18.6	
Assets held for sale	3.8	27.1	
Inventories and water rights	6.3	6.3	
	54.5	80.3	( 32%)
Current liabilities – excludes bank debt and leases			
Trade and other payables	(31.0)	(22.9)	35%
Tax	(7.0)	(1.7)	
	(37.9)	(24.6)	54%
<b>Net working capital</b>	<b>16.6</b>	<b>55.7</b>	<b>( 70%)</b>
Non current assets			
Property, plant and equipment (PP&E)	245.0	220.4	
Right of use lease assets	50.8	44.7	
Intangibles and other	19.9	20.0	
	315.7	285.1	11%
<b>Capital employed</b>	<b>332.3</b>	<b>340.8</b>	<b>( 2%)</b>

# Balance sheet

## Net bank debt 31 December

### \$77.9 net bank debt at December 2020

- \$38.9m decrease on December 2019 (33% reduction)
- Planned disposal of Northland and Australian kiwifruit orchards

### Debt levels tracking to plan

### \$3.8m of orchard assets held for sale

### Crown settles kiwifruit class action

- Related to the Psa outbreak
- Amount Seeka will receive is unknown
- \$40m total settlement, includes legal and funding costs
- Seeka the largest of more than 200 claimants

NZD millions	2020	2019	Growth
Non current liabilities - excludes debt			
Lease liabilities – current and term	(64.4)	(50.5)	28%
Deferred tax	(13.1)	(17.8)	
Derivatives	(0.7)	(0.8)	
	(78.2)	(69.0)	13%
Cash	(5.2)	(2.8)	
Borrowings	83.0	119.6	( 31%)
Net bank debt	77.9	116.8	( 33%)
<b>Total equity</b>	<b>176.3</b>	<b>155.0</b>	<b>14%</b>
<b>Total borrowings</b>	<b>77.9</b>	<b>116.8</b>	
<b>Net bank debt excluding assets held for sale <sup>1</sup></b>	<b>74.0</b>	<b>84.7</b>	
EBITDA multiple	1.72x	2.45x	

# Earnings per share and dividends

**52 cents earnings per share <sup>1</sup>**

**22 cents per share dividend paid or declared in the financial year**

**\$5.20 net tangible assets per share – up 14%**

**12 cents per share dividend declared**

- To be paid 30 March 2021 – record date 5 March 2021
- Dividend reinvestment plan with 2% discount
- Fully imputed

## Earnings and net tangible assets per share

	2020	2019
Net profit (\$m)	\$ 15.2 m	\$ 6.9 m
Weighted shares on issue <sup>1</sup> (m)	29.4 m	29.4 m
Earnings per share <sup>1</sup> (\$)	\$ 0.52	\$ 0.23
Net tangible assets (\$m)	\$167 m	\$146 m
Shares at year end (m)	32.2 m	32.1 m
Net tangible assets per share (\$)	\$ 5.20	\$ 4.55

# Operating segment performance

# Orchard operations

Growing kiwifruit, avocado and kiwiberry for New Zealand orchard owners

## Record orchard revenue of \$75.7m – up 5% on 2019

Revenue growth from lift in kiwifruit returns

## Investing in new long-term leases

Developing orchards on long-term leased land

- Securing supply through long-term arrangements with landowners
- \$1m invested in 40 hectare Hayward Wai-o-kaha Orchard with East Cape Raukokore hapū and PGF
- 7-hectare SunGold orchard with Tauranga Ngāti Pūkenga commencing 2021

## Financial performance - Orchard operations

NZD millions	2020	2019	Growth
Revenue	75.7	72.4	5%
EBITDA	5.4	5.0	9%
EBIT	3.5	3.7	(5%)
Segment assets	63.4	54.2	17%
EBITDA pre NZ IFRS 16	3.2	3.6	(13%)
Assets pre NZ IFRS 16	50.9	41.3	23%
<b>Crop grown</b> - class 1 trays (millions)			
Total kiwifruit trays grown - all varieties	13.0	11.4	14%
Hayward trays (millions)	7.7	7.1	8%
<i>Hayward yields - average per hectare</i>	10,200	9,800	4%
SunGold trays (millions)	5.0	3.9	28%
<i>SunGold yields - average per hectare</i>	14,000	13,300	5%
Other trays	0.3	0.4	

# Post harvest operations

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

## Post harvest revenue of \$140.1m

Kiwifruit volumes down 2.4m trays due to drought

- Impact \$5m

## Costs increase

- Covid-19 protocols
- Higher labour costs, labour shortage
- Combined financial impact estimated at \$5.3m

## Post harvest capacity forecast sufficient to handle 2021 and 2022 volumes

### Financial performance - Post harvest operations

NZD millions	2020	2019	Growth
Revenue	140.1	140.1	-
EBITDA	41.9	41.0	2%
EBIT	29.8	29.4	1%
Segment assets	232.7	222.9	4%
EBITDA pre NZ IFRS 16	35.9	35.1	2%
Assets pre NZ IFRS 16	210.9	197.1	7%
<b>Crop – class 1 trays packed (millions)</b>			
Hayward	15.7	17.4	( 10%)
SunGold class 1	16.1	14.4	12%
Other fruit - includes class 2	1.6	1.6	
Total packed – class 1 and 2	33.4	33.5	

# Retail services operations

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

**Retail services revenue of \$21.8m – up 77% on 2019**

**EBITDA of \$3.0m – up 80% on 2019**

**Business revitalised**

Vibrant leadership and great customer relations

**Business continues to grow**

## Financial performance - Retail services operations

NZD millions	2020	2019	Growth
Revenue	21.8	12.3	77%
EBITDA	3.0	1.7	80%
EBIT	2.2	1.1	94%
Segment assets	12.4	11.2	10%
EBITDA pre NZ IFRS 16	2.2	1.3	77%
Assets pre NZ IFRS 16	8.0	7.3	9%



# Australian operations

Growing, packing and retailing kiwifruit and other Australian produce on owned and leased orchards

## Revenue of \$13.1m – up 13% on 2019

Hot, dry growing conditions impact yields

- Kiwifruit business remains profitable
- Improved returns from nashi and European pears
- Sold first crop of Ricó pears

## \$7.4m EBITDA

- \$1.2m operational – up from \$0.6m loss in 2019
- \$6.2m from gain on sale and leaseback of 3 kiwifruit orchards

## Developing new orchards

- 63 hectares of kiwifruit
- 17 hectares of Ricó pears (6 hectares already producing)
- Trialling new nashi varieties

## Financial performance - Australia operations

NZD millions	2020	2019	Growth
Revenue	13.1	11.6	13%
EBITDA	7.4	(0.6)	
EBIT	6.3	(2.1)	
Segment assets	47.2	52.2	( 9%)
EBITDA pre NZ IFRS 16	14.0	(0.7)	
Assets pre NZ IFRS 16	39.3	52.1	( 25%)
<b>Crop – grown, packed and sold</b>			
Kiwifruit (tonnes)	2,153	1,797	20%
Nashi (tonnes)	747	928	( 20%)
Pears (tonnes)	1,340	1,358	( 1%)
Other fruit (tonnes)	118	89	33%
Total tonnes grown, packed and sold	4,358	4,172	4%

# Contact

For more information see [www.seeka.co.nz](http://www.seeka.co.nz) or please call

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The background of the slide is a blue-tinted image of a highly detailed dragon sculpture. The dragon is depicted with its mouth wide open, showing its tongue and teeth. The sculpture is covered in intricate carvings of scales, patterns, and other decorative elements. The overall style is reminiscent of traditional East Asian art.

# Appendix

# EBITDA

EBITDA before revaluations and impairments is considered by Seeka's Board to be a key measure of performance and reflection of cash flow generation.

NZD ( \$000s )	2020	2019
<b>Net profit before tax</b>	<b>16,278</b>	<b>9,863</b>
Interest expense	4,163	4,930
Lease interest expense	3,877	2,764
<b>EBIT</b>	<b>24,318</b>	<b>17,557</b>
<i>Impairment charges and revaluations</i>		
Loss on revaluation of land and buildings	( 32)	60
Impairment of property, plant and equipment	30	395
Impairment of intangible assets	102	-
Depreciation expense	11,653	10,870
Lease depreciation expense	6,671	5,372
Amortisation of intangible assets	204	265
<b>EBITDA before impairments and revaluations</b>	<b>42,946</b>	<b>34,519</b>



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