

# **Analyst Briefing Pack**

## **Unaudited Interim Results**

Six months to 30 June 2022

# Agenda

- 1** Six month highlights
- 2** Balance sheet
- 3** Operating segments performance
- 4** Focus
- 5** Contact

# Six month highlights

# Summary

- 1 Challenging six months for the Group with:**  
Covid-19, labour shortages, inflationary pressure, adverse weather, shipping disruption, late machine commissioning, lower yields and quality  
\$247.3m Revenue | \$49.4m EBITDA | \$30.1m NPBT | \$0.52 EPS
- 2 \$161.2m in interest bearing debt**  
Five bank syndicate in place | Available debt lines \$211.0m
- 3 Total assets \$594.4m, net tangible asset backing per share \$6.07**  
Continuing investment in core business, capacity and automation – KKP, Transcool, Oakside and NZ Fruits
- 4 New Zealand kiwifruit yields well down on pcp**  
Hayward yields down 21.5% and SunGold 10.5%, Ōpōtiki storm a contributing factor.
- 5 No dividend payable at this time**  
No dividend is payable at this time with the dividend to be reconsidered later in the year
- 6 Capacity planning being refreshed**  
Existing program of capital sufficient for 2023
- 7 Sustainability report released**  
2019/2020/2021 carbon footprint independently verified | Targets set for CO<sub>2</sub>e reduction to zero

# Group financial performance

Interim results – six months to June 2022, unaudited

## \$247.3m revenue

Up 10% on pcp

## \$49.4m EBITDA

Up 5% on pcp

## \$30.1m Net profit before tax

Down 2% on pcp

## \$21.5m Net profit after tax

Up 4% on pcp

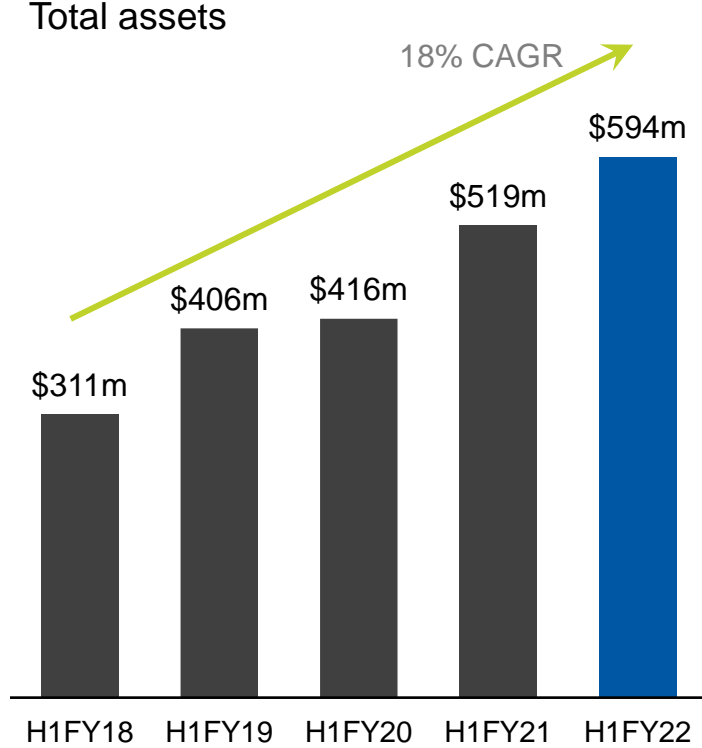
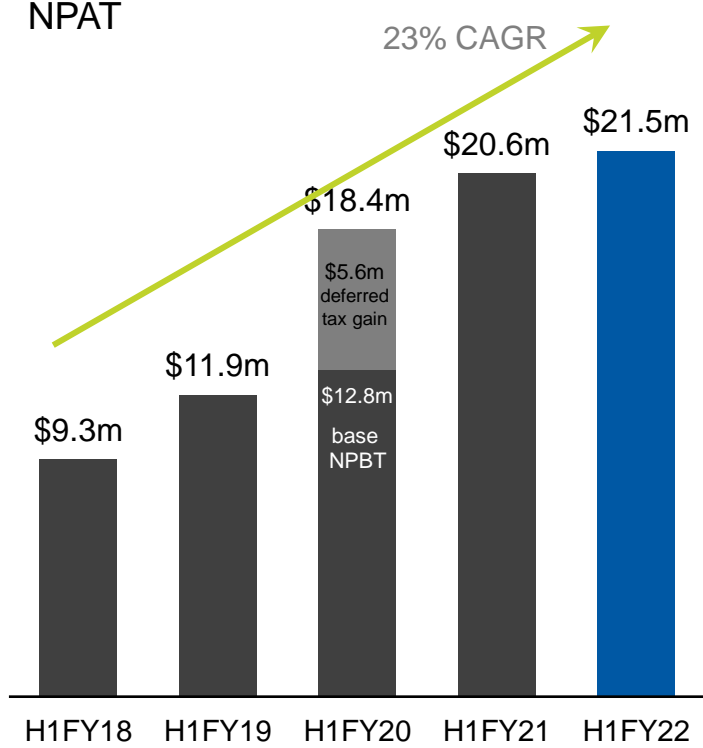
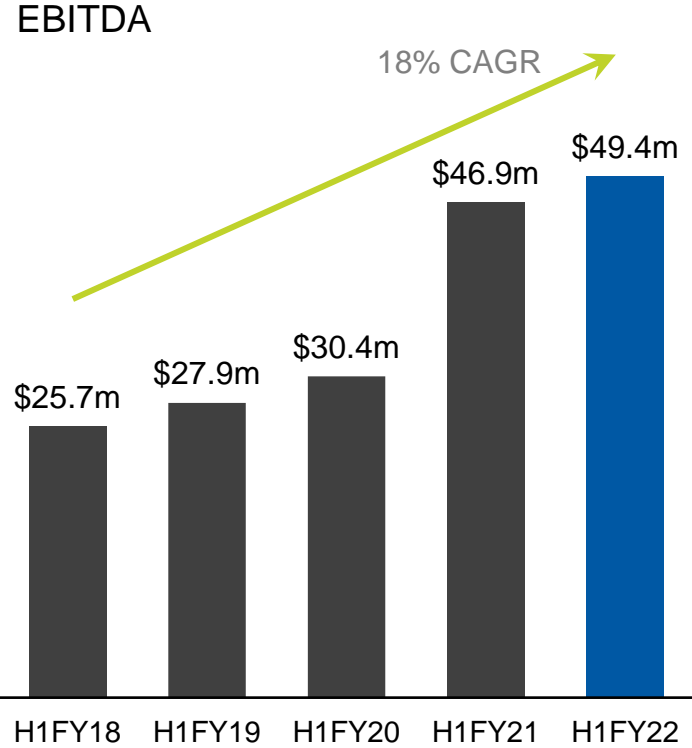
\$ millions	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
Revenue	247.3	224.5	10%	309.6
Cost of sales	169.1	146.1	16%	236.3
Change in fair value of biological assets - crop	(16.2)	(18.2)		-
Gross profit	62.0	60.1	3%	73.2
EBITDA	49.4	46.9	5%	56.8
EBIT	35.4	34.7	2%	32.2
Net profit before tax	30.1	30.8	(2%)	23.5
Net profit after tax	21.5	20.6	4%	14.9

## Seeka operates a seasonal business

– H1 is main operating period for core kiwifruit business

# Trends in financial performance

EBITDA, NPAT and Total assets

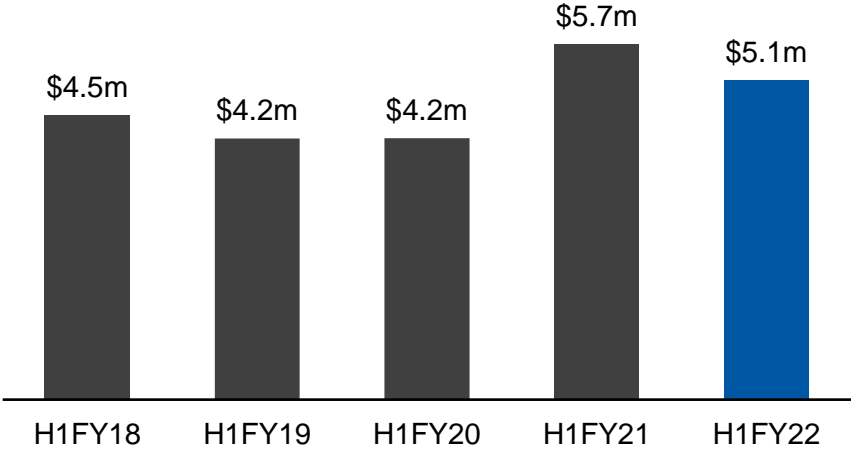


H1FY20 NPAT included a one-off \$5.6m tax benefit from a change in tax deductibility of depreciation on buildings. All results and comparatives consistent with NZ IFRS 16 Leases.

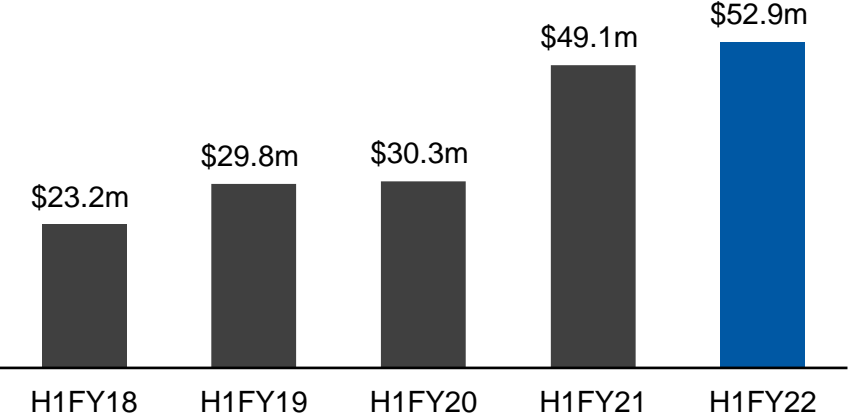
# Trends in operating segment performance

## EBITDA

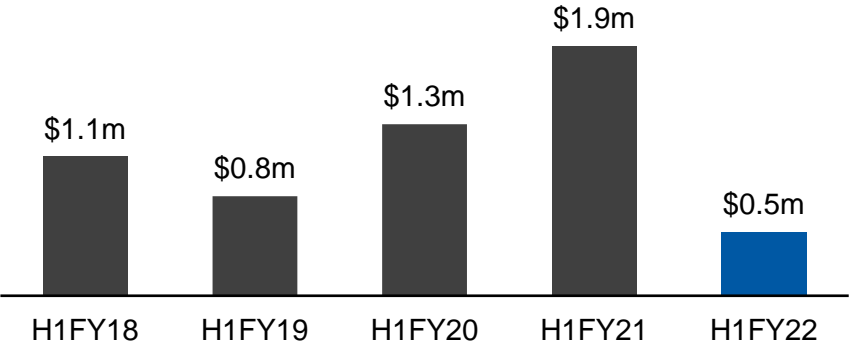
Orcharding



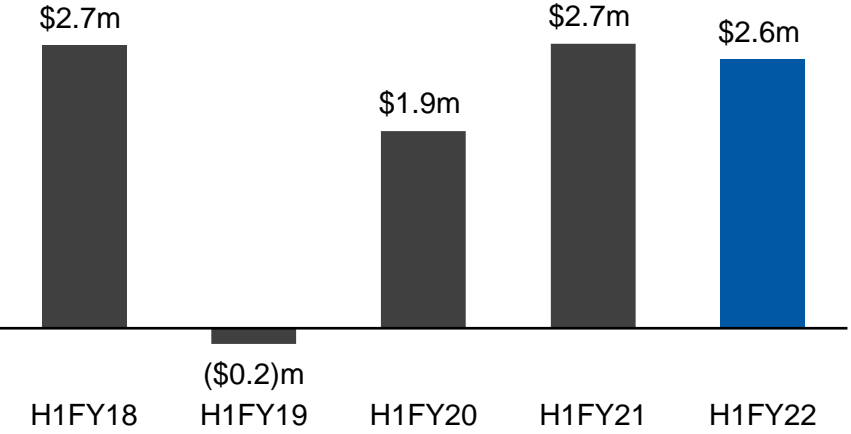
Post harvest



SeekaFresh retail services



Australia





# Balance sheet





# Balance sheet

## Capital employed at 30 June

**\$76.3m increase in capital employed on H1FY21**

**\$54.5m increase in PP&E**

- Orangewood and NZ Fruits acquisitions
- Automation and capacity investments – KKP
- Coolstore innovation and capacity - Transcool

**\$4.7m increase in investments**

- Continuing long term lease orchard developments

\$ millions	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
Current assets - excludes cash				
Trade and other receivables	106.8	101.1	6%	30.7
Biological assets - crop	2.2	1.7	32%	18.4
Assets held for sale	4.8	3.8	24%	1.9
Inventories and water rights	18.0	21.4	( 16%)	7.3
	131.7	128.1	3%	58.3
Current liabilities - excludes debt				
Trade and other payables	(52.2)	(61.7)	( 15%)	(33.0)
Tax	(8.2)	(5.6)	(46%)	(7.5)
	(60.4)	(67.3)	( 10%)	(40.5)
<b>Net working capital</b>	<b>71.3</b>	<b>60.7</b>	<b>17%</b>	<b>17.8</b>
Non current assets				
Property, plant and equipment	358.6	304.2	18%	327.8
Lease assets	54.5	52.8	3%	49.9
Intangibles	31.0	28.0	11%	27.1
Investments and receivables	10.7	4.2	156%	6.8
	454.9	389.1	17%	411.6
<b>Capital employed</b>	<b>526.2</b>	<b>449.9</b>	<b>17%</b>	<b>429.4</b>

Values may not sum due to rounding.

# Balance sheet

## Net bank debt at 30 June

### \$161.3m net bank debt at June 2022

- \$33.4m increase on June 2021
- \$16.5m of debt and cash for Orangewood and NZ Fruits investments
- \$20.0m upgrade at KKP and Transcool

### Syndicated five-bank funding

- \$211m debt line

### \$4.8m of orchard assets held for sale

\$ millions	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
Non current liabilities - excludes debt				
Lease liabilities (current and non current )	(68.1)	(66.7)	2%	(63.4)
Deferred tax	(21.2)	(21.6)	(2%)	(18.4)
Derivatives	-	(0.4)		(0.5)
	(89.3)	(88.7)	1%	(82.3)
Cash	(7.8)	(1.7)		(12.4)
Borrowings	169.0	129.5	30%	113.0
Net bank debt	161.3	127.8	26%	100.6
<b>Total equity</b>	<b>275.6</b>	<b>233.3</b>	18%	<b>246.5</b>
<b>Total borrowings</b>	<b>161.3</b>	<b>127.8</b>	26%	<b>100.6</b>
<b>Net bank debt excluding assets held for sale</b>	<b>156.5</b>	<b>124.0</b>	26%	<b>98.7</b>
<b>EBITDA multiple</b>	3.17x	2.64x		1.74x
<b>EBITDA multiple pre NZ IFRS 16 Leases</b>	3.71x	3.03x		2.24x

# Earnings per share and dividends

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

### No dividend is payable at this time

The Board has determined that no dividend is payable at this time with the dividend to be reconsidered later in the year.

## \$6.07 net tangible assets per share – up 12%

	H1 FY22	H1 FY21		FY21
\$ millions	Unaudited	Unaudited	Growth	Audited
Net profit (\$m)	\$ 21.5 m	\$ 20.6 m	4%	\$ 14.9 m
Weighted shares on issue (m)	41.0 m	31.8 m		34.8 m
Earnings per share	\$ 0.52	\$ 0.65	(20%)	\$ 0.43
Net tangible assets	254.8 m	214.7 m	19%	229.3 m
Shares at period end	42.0 m	39.4 m		40.2 m
Net tangible assets per share	\$ 6.07	\$ 5.44	12%	\$ 5.71

1. As required by NZ IAS 33, 421,835 shares held by Seeka Trustee Limited for the Grower Loyalty and Employee Share Schemes are excluded from EPS calculations. If included, the weighted average EPS would be \$0.52 (FY21: \$0.42).

# FY22 full year operational guidance

Seeka provide 2022 guidance

**Forecasting full-year net profit before tax between \$9.0m and \$11.0m**

**No change to forecast**

	FY22 Guidance Lower range	FY22 Guidance Upper range	FY21 Full year Actuals
\$ millions			
Net profit before tax	9.0m	11.0m	23.5m

The background of the slide is a photograph of an avocado orchard during harvest. The scene is dimly lit, with a strong blue color cast. In the foreground, a wooden crate is filled with ripe avocados. In the background, a person is visible on a ladder, and a tractor is parked nearby.

# Operating segment performance

# Orchard operations

Growing kiwifruit, avocado and kiwiberry for New Zealand orchard owners

**\$45.7m – down 15% on pcp**

**\$5.1m EBITDA – down 10% on pcp**

## Increase in crop volumes

- Reflect acquisition volumes from Orangewood and OPAC
- Yields down on PCP
- Excellent kiwiberry performance
- 142 hectares of orchards in development
  - 46 SunGold
  - 91 Hayward
  - 5 Red

\$ millions	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
Revenue	45.7	53.7	( 15%)	77.1
EBITDA	5.1	5.7	( 10%)	5.2
EBIT	3.7	4.7	( 20%)	3.0
Segment assets	98.1	92.8	6%	73.7
EBITDA pre NZ IFRS 16	3.8	4.5	( 16%)	2.4
<b>Crop grown - class 1 trays (millions)</b>				
<b>Total kiwifruit trays grown</b>	<b>17.1</b>	<b>14.4</b>	<b>18%</b>	
SunGold class 1 trays (millions)	8.9	5.5	61%	
Hayward & other class 1 trays (millions)	8.2	8.9	(8%)	
<b>Avocado grown (tonnes) <sup>1</sup></b>	<b>1,610</b>	<b>1,394</b>	<b>15%</b>	
<b>Kiwiberry grown (tonnes)</b>	<b>116</b>	<b>140</b>	<b>( 17%)</b>	

1. Avocado volumes are for crop harvested in the 2021/22 season (pcp: 2020/21 season).

# Post harvest operations

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

**Record post harvest revenue of \$178.5m – up 23% on pcp**

**\$52.9m EBITDA – up 8% on pcp**

**Late Gisborne maturity, then rain**

– Compressed capacity

**Delay in KKP machine arrival and commissioning**

- 6 April became 6 June

**Inflationary pressure and extreme shortage of labour**

- At one stage over 1,100 people short through Covid-19 and labour shortages

\$ millions	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
Revenue	178.5	145.2	23%	195.9
EBITDA	52.9	49.1	8%	61.6
EBIT	43.7	40.8	7%	44.6
Segment assets	388.6	337.9	15%	316.1
EBITDA pre NZ IFRS 16	48.9	46.2	6%	55.3
<b>Trays packed (millions)</b>				
<b>Total trays packed</b>	<b>43.3</b>	<b>40.7</b>	<b>6%</b>	
SunGold (class 1)	26.3	19.4	35%	
Hayward (class 1)	14.3	18.8	(24%)	
Other fruit - includes class 2	2.8	2.5	10%	
<b>Avocado (thousands of trays)<sup>1</sup></b>	<b>267</b>	<b>262</b>	<b>2%</b>	
<b>Kiwiberry (thousands of trays)</b>	<b>78</b>	<b>88</b>	<b>(11%)</b>	

1. Avocado volumes packed since 1 January from the 2021/22 season (pcp: 2020/21 season).



# SeekaFresh retail services operations

Supply, export and sales of avocado, kiwiberry and class 2 kiwifruit, import fruit, and Kiwi Crush production

## \$8.5m Revenue

- Soft 2021/22 avocado market and returns

## \$0.5m EBITDA

## Business continues to innovate

- New customers
- Increasing local market volumes
- Building strong customer relationships

	H1 FY22	H1 FY21		FY21
\$ millions	Unaudited	Unaudited	Growth	Audited
Revenue	8.5	11.5	(26%)	21.6
EBITDA	0.5	1.9	(74%)	2.3
EBIT	0.0	1.4	(99%)	1.4
Segment assets	23.6	19.2	23%	11.7

# Australian operations

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

**\$14.40m Revenue – up 4% on pcp**

Ongoing labour and market disruption from Covid-19

**\$2.58m EBITDA**

Excellent result in difficult circumstances

**\$1.17m EBIT after lease costs**

NZD millions	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
Revenue	14.40	13.86	4%	13.87
EBITDA	2.58	2.73	(6%)	1.64
EBIT	1.64	1.89	(13%)	(0.00)
EBIT after lease costs	1.17	1.39	16%	(1.06)
EBITDA pre NZ IFRS 16	1.53	1.73	-	(0.19)
Kiwifruit (tonnes)	1,765	2,115	( 17%)	
Nashi (tonnes)	1,036	873	19%	
Pears (tonnes)	1,997	1,861	7%	
Other fruit (tonnes)	131	121	8%	
Total tonnes grown, packed and sold	4,929	4,970	(1%)	

# Focus

# Forward focus

**The company has operated profitably through a challenging six months, and continued to deliver service**

- Covid-19
- Weather
- Shipping
- Labour
- Harvest Dynamics
- Quality

**Focussed on operations and setting for a better 2023**

- Secured increase in RSEs
- Investing in RSE accommodation
- Revising the forward capacity plan
- 2023 capacity is balanced with existing configuration and capital projects

# Contact

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

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# Appendix

# EBITDA

## Reconciliation before and after applying NZ IFRS 16

NZD (\$000s)	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
<b>EBITDA pre NZ IFRS 16</b>	<b>42,211</b>	<b>40,928</b>	3%	<b>44,087</b>
Capitalised lease costs (cash cost)	7,149	5,966	20%	12,703
<b>EBITDA after applying NZ IFRS 16</b>	<b>49,360</b>	<b>46,894</b>	5%	<b>56,790</b>

## EBITDA before revaluations and impairments is considered by Seeka's Board to be a key measure of performance

NZD (\$000s)	H1 FY22 Unaudited	H1 FY21 Unaudited	Growth	FY21 Audited
<b>Net profit before tax</b>	<b>30,065</b>	<b>30,761</b>	(2%)	<b>23,488</b>
Interest expense	3,124	1,664		4,082
Lease interest expense	2,207	2,275		4,610
<b>EBIT</b>	<b>35,396</b>	<b>34,700</b>	2%	<b>32,180</b>
<i>Impairments and revaluations</i>				
Impairment of PPE	111	1,136		1,188
Depreciation expense	8,794	7,056		15,185
Lease depreciation expense	4,824	3,911		7,943
Amortisation of intangible assets	235	91		294
<b>EBITDA before impairments and revaluations</b>	<b>49,360</b>	<b>46,894</b>	5%	<b>56,790</b>





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