

SEA HARVEST GROUP LIMITED UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019



“SOUTH AFRICA’S MOST EMPOWERED FISHING AND FOOD COMPANY LISTED ON THE JSE”*

*According to a special report on the most empowered companies on the JSE published in the Business Report by Independent Media, in partnership with Empowerdex and Intellidex (2018).

REVENUE ▲ 86%
TO R1.9 BN (2018: R1.0BN)

GROSS PROFIT ▲ 66%
TO R611M (2018: R368M)

HEADLINE EARNINGS ▲ 52%
TO R169M (2018: R111M)

HEADLINE EARNINGS PER SHARE ▲ 32%
TO 61.1 CENTS PER SHARE (2018: 46.4 CENTS PER SHARE)



OUR INVESTMENT CASE

LEVEL 1 B-BBEE CONTRIBUTOR & c. 83% BLACK-OWNED

*Rated as the “most empowered company on JSE within Fishing and Food sectors.”

STRONG TRACK RECORD OF FINANCIAL PERFORMANCE

with five-year revenue CAGR of 28% and profit after tax CAGR of 43%.

Geographically diverse customer base providing a

STRONG RAND HEDGE with sales in hard currency within developed markets.

ATTRACTIVE INDUSTRY DYNAMICS with global demand for premium, wild caught, MSC certified seafood exceeding supply.

SEA HARVEST FISHING

SPECIES: HAKE, HORSE MACKEREL, PRAWN, ANCHOVY, PILCHARD, TUNA

35 VESSELS

6 PROCESSING OPERATIONS

3 200 EMPLOYEES



SEA HARVEST AQUACULTURE

SPECIES: ABALONE, OYSTERS, MUSSELS, TROUT

11 AQUACULTURE OPERATIONS

340 EMPLOYEES



CAPE HARVEST FOODS

PRODUCTS: CHEESE, BUTTER, MILK POWDERS

11 FACTORY SHOPS

1 PROCESSING OPERATION

470 EMPLOYEES



SEA HARVEST INTERNATIONAL

SPECIES: PRAWNS, SCALLOP, CRAB, SPANISH MACKEREL

12 VESSELS

10 SHARK BAY PRAWN FISHERY LICENSES

2 SPANISH MACKEREL LICENSES

110 EMPLOYEES



AUSTRALIA

COMMENTARY

The Sea Harvest Group has delivered a pleasing set of results with **headline earnings** for the period ended 30 June 2019 increasing 52% to R169 million (2018: R111 million). **Headline earnings per share** increased 32% to 61.1 cents per share (2018: 46.4 cents per share) and **earnings per share** increased 28% to 61.1 cents per share (2018: 47.7 cents per share), after a 15% increase in the weighted average number of shares in issue during the period.

Group revenue for the period increased 86% to R1.87 billion (2018: R1.0 billion), benefiting from the acquisition of Viking Fishing, Viking Aquaculture and Ladismith Cheese.

Gross profit for the period increased 66% to R611 million (2018: R368 million) and the gross profit margin contracted to 32.6% (2018: 36.6%) as a result of the inclusion of Ladismith Cheese. The gross profit margin of the **South African Fishing** operation expanded marginally to 36.3% (2018: 36.1%).

The Group delivered **operating profit before net finance costs and taxation** of R281 million for the period, 69% higher than last year (2018: R166 million), with an operating profit margin of 15.0%.

Profit after tax increased 44% to R161 million (2018: R111 million), benefiting from the 69% increase in operating profit before net finance costs and taxation, offset by higher net finance costs as a result of increased borrowings to fund expansion.

The Group generated R385 million (2018: R125 million) of net cash from its operations, utilised R693 million (2018: R130 million) in investing activities and utilised a net R274 million (2018: R18 million) in financing activities during the period, ending the period with R111 million (2018: R321 million) of cash on hand.

In accordance with the Group’s dividend policy, no **interim dividend** is declared or proposed for the six months ended 30 June 2019.

Sea Harvest Group is c. 83% black-owned and is proud to have retained a **Level 1 B-BBEE contributor status**, with an improved score of 104.44 (previously 100.37). Driving transformation within Sea Harvest, and the fishing industry more broadly, is central to Sea Harvest’s existence. The Group invests significant resources in skills development, employment equity, supplier and enterprise development initiatives, as well as initiatives focused on job creation, the youth and rural development.

Sea Harvest has continued to deliver on its investment strategy of growing earnings through a combination of organic and acquisitive measures, including:

- On 2 January 2019, Sea Harvest concluded the acquisition of 100% of the issued share capital of Ladismith Cheese, further diversifying the Group’s earnings.
- On 8 May 2019, Sea Harvest concluded the acquisition of the remaining 43.7% interest in Sea Harvest Australia (formerly Mareterram) not already owned by the Group, strengthening Sea Harvest’s presence in Australia and providing a beachhead for growth in the region.
- The integration of Viking Fishing into the Group is well progressed, with the alignment of Viking’s ERP and inventory management systems on track for implementation in the third quarter of 2019.
- Good progress has been made in addressing the teething issues experienced with the Marel fresh fish processing installation in Saldanha Bay.
- The construction of a third powder plant at Ladismith Cheese has commenced, with the plant expected to be operational during the first half of 2020.
- Work has commenced on the expansion of the Diamond Coast Aquaculture abalone facility in the Northern Cape and approval has been received for the completion of wind turbines at the Buffeljags abalone farm.
- Water usage leases for sea trout farming in Saldanha Bay have been awarded, supporting growth of the operation to commercial scale.

Executive directors: F Ratheb (Chief Executive Officer), JP de Freitas (Chief Financial Officer), Mo Brey (Chief Investment Officer)
Non-Executive Directors: FJ Robertson (Chairperson), BM Rapiya (Lead Independent Director), MI Khan, WA Hanekom, T Moodley, K Lagler, K Zama
Registered office: 1st Floor, Block C, Boulevard, Office Park, Searle Street, Woodstock, South Africa, 7925
Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196
Sponsor: The Standard Bank of South Africa Limited

<https://senspdf.jse.co.za/documents/2019/jse/isse/shge/SHGHY19.pdf>

Company secretary: Nana Aston
JSE share code: SHG
ISIN: ZAE000240198

Sea Harvest Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2008/001066/06)
“Sea Harvest” or “the Company” or “the Group”

Sea Harvest Group Limited’s full announcement containing the interim results for the six months ended 30 June 2019 has been released on SENS and is available for viewing at www.seaharvest.co.za. The directors of the Company take full responsibility for the preparation of this announcement. This announcement has not been audited.

This announcement is a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors or shareholders should be based on a consideration of the full announcement released on SENS or available at www.seaharvest.co.za. Copies of the full announcement may be requested by emailing nanaa@seaharvest.co.za or by phoning +27 21 468 7900. Copies of this announcement are also available for inspection at the Company’s registered office at no charge on weekdays from 9:00 to 16:00.