

23 August 2023
Company announcement

SEEKA SIX MONTHS UNAUDITED INTERIM RESULTS

30 June 2023

Listed New Zealand produce company Seeka, reports its unaudited interim results for the six months ended 30 June 2023.

\$212.7m Revenue - down 14% on six months to June 2022 previous corresponding period (pcp)

\$36.4m EBITDA - down 26% on pcp

\$13.6m NPBT - down 55% on pcp

"Seeka's financial performance was impacted by the large drop in kiwifruit yields in 2023," says chief executive Michael Franks.

"The warm winter of 2022, followed by a wet summer, cyclones Hale and Gabrielle, and autumn hail, all had a major impact on New Zealand's horticultural industry. Growers and fruit handlers across all sectors are contending with a large drop in yields, which is impacting revenues and profitability.

"Despite the smaller crop, Seeka has delivered excellent operational performance. Seeka remains obsessed with quality, and we delivered an excellent harvest service to our supplying growers and quality kiwifruit to the markets. International sales are reported to be strong, and we are anticipating a significant lift in tray returns to growers and Seeka's orchard operations.

"Having made large investments in automation, Seeka now has the capacity to handle more than 50 million trays of kiwifruit with facilities in Northland, the Coromandel, Bay of Plenty and Gisborne regions. Our highly-automated post harvest systems have delivered efficiency gains to Seeka and our supplying growers, and provide the packing power to efficiently manage the harvest process.

"We have created a leaner business and are now focussed on preparing for 2024. Kiwifruit vines like the cold winter conditions we are currently having, and the shift to an El Niño weather pattern is ideal for a rebound in yields in 2024.

"New Zealand's kiwifruit industry has a vibrant outlook, and growers are continuing to invest in new SunGold and RubyRed orchard developments. Our investments in post harvest automation means Seeka is well prepared to handle the upcoming lift in national kiwifruit production as we work to supply the world with premium New Zealand kiwifruit."

Dividend

The Board has determined that no dividend is payable.

Full year operational guidance

Seeka's full year outlook is dynamic. Full year net profit before tax is forecast to be a loss between \$20m and \$25m.

New Zealand dollars (\$ millions)	FY23 Guidance Lower range	FY23 Guidance Upper range	FY22 Audited
Net profit / (loss) before tax	(25)	(20)	7.6

Seeka reminds stakeholders that it operates in a seasonal industry with substantial earnings occurring in the first six months as fruit is harvested in New Zealand and Australia.

Operational performance

The following table outlines Seeka's performance to 30 June.

New Zealand dollars	6 months to June 2023 Unaudited	6 months to June 2022 Unaudited	Change
Total revenue (\$m)	\$ 212.7	\$ 247.3	(14%)
EBITDA before impairments and revaluations (\$m)	\$ 36.4	\$ 49.4	(26%)
EBIT (\$m)	\$ 21.8	\$ 35.4	(38%)
NPBT (\$m)	\$ 13.6	\$ 30.1	(55%)
NPAT (\$m)	\$ 10.5	\$ 21.5	(51%)
Net bank debt (\$m)	\$ 177.0	\$ 161.3	10%
Basic earnings per share	\$0.25	\$0.52	(52%)

This announcement should be read in conjunction with Seeka Limited's June 2023 interim report (unaudited), and December 2022 annual report (audited). Seeka reports can be found on Seeka's website www.seeka.co.nz/reports.

EBITDA

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

New Zealand dollars (\$000s)	6 months to June 2023 Unaudited	6 months to June 2022 Unaudited	Change	12 months to December 2022 Audited
Net profit before tax	13,635	30,065	(55%)	7,593
Interest expense	5,751	3,124		7,204
Lease interest expense	2,408	2,207		4,289
EBIT	21,794	35,396	(38%)	19,086
<i>Impairments and revaluations</i>				
Depreciation expense	7,695	8,794		16,055
Lease depreciation expense	5,250	4,824		9,516
Impairment of property, plant and equipment	547	111		144
Loss on revaluation of property, plant and equipment	959	-		-
Impairment of biological assets	-	-		191
Impairment of intangible assets	-	-		681
Amortisation of intangible assets	180	235		406
EBITDA before impairments and revaluations	36,425	49,360	(26%)	46,079

Reconciliation before and after applying NZ IFRS 16 Leases.

New Zealand dollars (\$000s)	6 months to June 2023 Unaudited	6 months to June 2022 Unaudited	Change	12 months to December 2022 Audited
EBITDA pre NZ IFRS 16	28,340	42,211	(33%)	32,559
Capitalised lease costs (cash cost)	8,085	7,149	13%	13,520
EBITDA after applying NZ IFRS 16	36,425	49,360	(26%)	46,079

ENDS

For more information, visit www.seeka.co.nz or please call:

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