

# **Analyst Briefing Pack**

## **Unaudited Interim Results**

Six months to 30 June 2023

# Agenda

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

# Six month highlights

# Summary – Weathered the storm

- 1 Challenging six months as adverse weather impacted kiwifruit yields; warm winter, wet summer, frost, cyclones, flooding, hail**  
\$212.7m Revenue | \$36.4m EBITDA | \$13.6m NPBT | \$0.25 EPS | Seeka's Hayward yields down 30% and SunGold down 22%
- 2 Delivered excellent operational performance**  
Innovative improvements incorporated in processes | New automation commissioned | Low fruit loss | Quality produce to markets
- 3 \$582.7m total assets, \$6.01 net tangible asset backing per share**  
Investment in core business, capacity and automation
- 4 \$182.2m bank debt**  
Bank debt reduction remains a focus | Full banking syndicate support | Short term covenant waivers in place
- 5 \$201m Sustainability Linked Loan**  
Aiming to achieve targets on decarbonisation, solar panel installation and worker safety | Interest discounts and penalties applied based on performance
- 6 Cost management and focussed capital expenditure**  
Innovative captive insurance company structure implemented | Capacity and systems in place to manage forecast volumes
- 7 Outlook improved**  
Favourable weather pattern | Positive winter chill | Planning for resurgence in volumes | Success in retail services | Developments in Australia

# Group financial performance

Interim results – six months to June 2023, unaudited

## \$212.7m Revenue

Down 14% on pcp

## \$48.4m Gross profit

Down 22% on pcp

## \$36.4m EBITDA

Down 26% on pcp

## \$13.6m Net profit before tax

Down 55% on pcp

\$ millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Revenue	212.7	247.3	( 14%)	348.4
Cost of sales	147.9	169.1	( 13%)	280.1
Change in fair value of biological assets - crop	(16.3)	(16.2)		-
Gross profit	48.5	62.0	( 22%)	68.3
EBITDA	36.4	49.4	( 26%)	46.1
EBIT	21.8	35.4	( 38%)	19.1
Net profit before tax	13.6	30.1	( 55%)	7.6
Net profit after tax	10.5	21.5	( 51%)	6.5

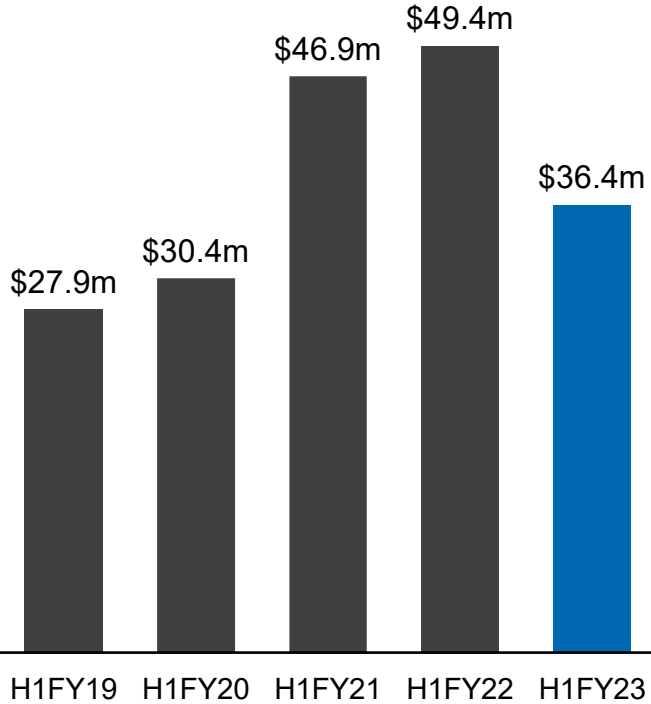
## Seeka operates a seasonal business

– H1 is main operating period for core kiwifruit business

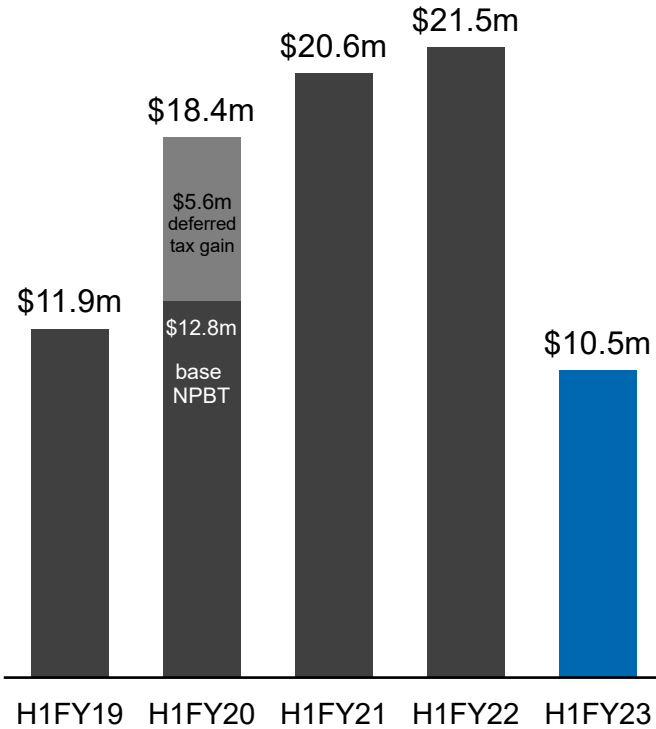
# Trends in financial performance

## EBITDA, NPAT and Total Assets

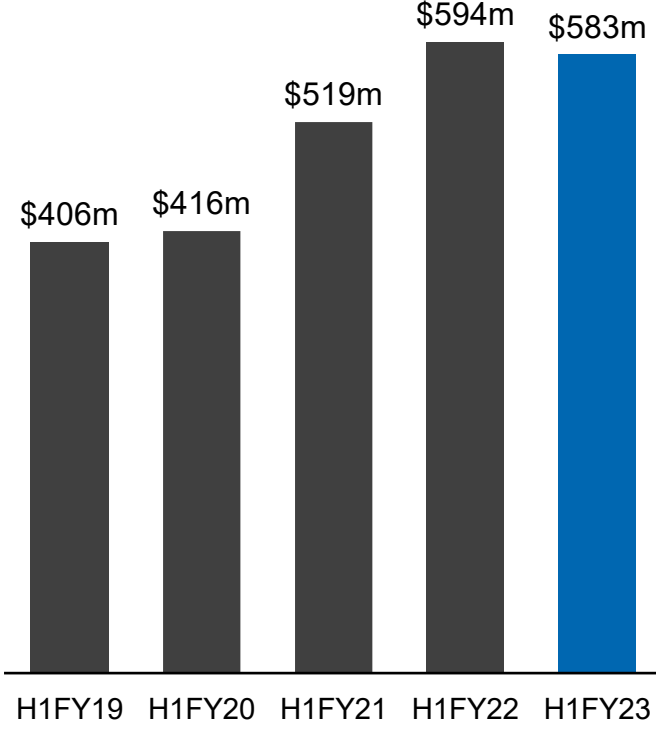
EBITDA



NPAT



Total Assets

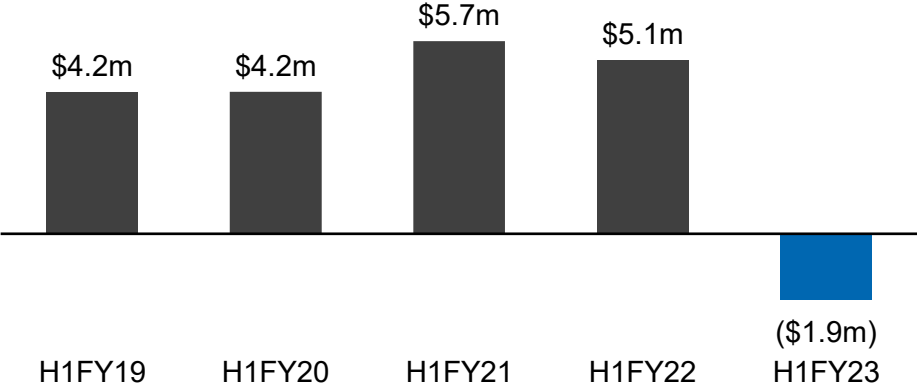


H1FY20 NPAT included a one-off \$5.6m tax benefit from a change in tax deductibility of depreciation on buildings. All results and comparatives consistent with NZ IFRS 16 Leases.

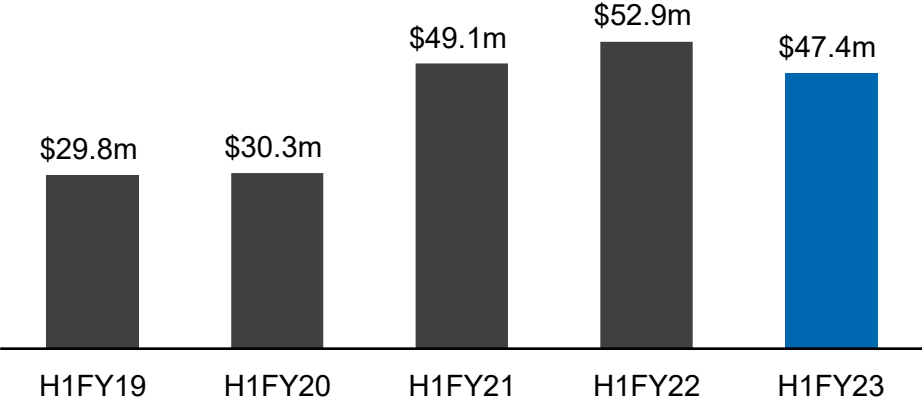
# Trends in operating segment performance

## EBITDA

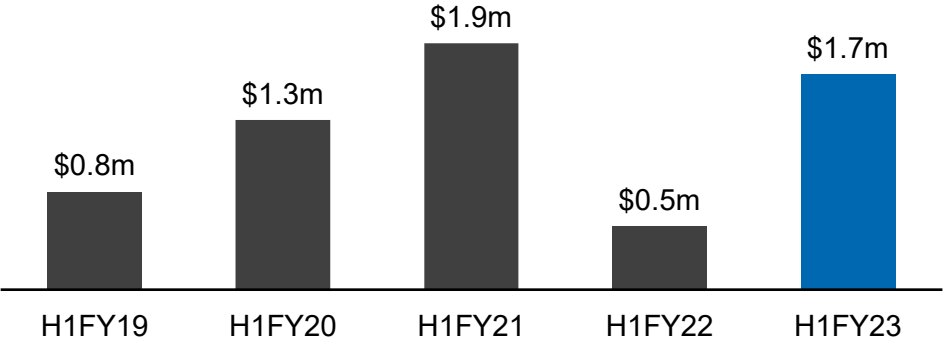
### Orcharding



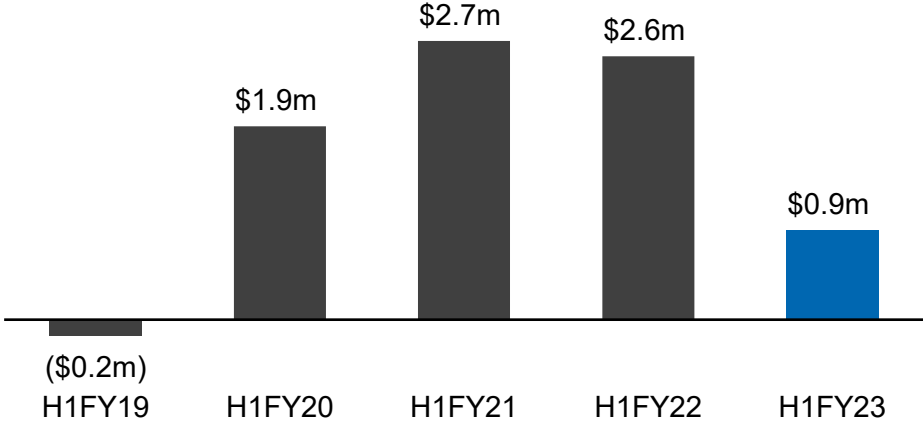
### Post harvest



### SeekaFresh retail services



### Australia



# Balance sheet





# Balance sheet

Capital employed at 30 June

**\$14.3m increase in capital employed on H1FY22**

**\$6.0m increase in PPE since H1 FY22**

- Automation and capacity investments
- Coolstore innovation and capacity

\$ millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Current assets - excludes cash				
Trade and other receivables	94.3	106.8	( 12%)	33.1
Biological assets - crop	2.1	2.2	( 5%)	18.4
Assets held for sale	3.1	4.8	( 35%)	6.3
Inventories and water rights	14.7	18.0	( 18%)	12.0
	114.2	131.7	( 13%)	69.9
Current liabilities - excludes debt				
Trade and other payables	( 35.2)	( 52.2)	( 33%)	( 32.8)
Tax	( 1.9)	( 8.2)	(77%)	( 0.3)
	( 37.1)	( 60.4)	( 39%)	( 33.1)
<b>Net working capital</b>	<b>77.1</b>	<b>71.3</b>	<b>8%</b>	<b>36.8</b>
Non current assets				
Property, plant and equipment	364.6	358.6	2%	375.8
Lease assets	55.0	54.5	1%	55.8
Intangibles	26.8	31.0	( 14%)	26.9
Investments and receivables	17.0	10.7	59%	15.9
	463.4	454.9	2%	474.4
<b>Capital employed</b>	<b>540.5</b>	<b>526.2</b>	<b>3%</b>	<b>511.2</b>

# Balance sheet

## Net bank debt at 30 June

### \$177.0m net bank debt at June 2023

- \$15.7m increase on June 2022
- Automation and capacity investments

### New Sustainability-Linked Loan

- Reduce greenhouse gas emissions
- Increase solar generation
- Continue to improve health and safety

### \$201m facility from banking syndicate

- Covenant waivers for 2023 and reset for 2024
- Full support of banking syndicate
- Dividends planned to recommence when covenant thresholds met

### \$3.1m of orchard assets held for sale

\$ millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Non current liabilities - excludes debt				
Lease liabilities (current and non current)	( 69.2)	( 68.1)	(2%)	( 70.1)
Deferred tax	( 21.6)	( 21.2)	(2%)	( 22.8)
	( 90.8)	( 89.3)	(2%)	( 92.9)
Cash	( 5.2)	( 7.8)	33%	( 3.6)
Borrowings	182.2	169.0	8%	150.9
<b>Net bank debt</b>	<b>177.0</b>	<b>161.3</b>	<b>10%</b>	<b>147.4</b>
<b>Total equity</b>	<b>272.6</b>	<b>275.6</b>	<b>(1%)</b>	<b>270.9</b>
<b>Net bank debt</b>	<b>177.0</b>	<b>161.3</b>	<b>10%</b>	<b>147.4</b>
<b>Net bank debt excluding assets held for sale</b>	<b>173.9</b>	<b>156.5</b>	<b>11%</b>	<b>141.1</b>
EBITDA multiple	4.77x	3.17x		3.06x
EBITDA multiple pre NZ IFRS 16 Leases	6.14x	3.71x		4.33x

# Earnings per share and dividends

**25 cents earnings per share**

**\$6.01 net tangible assets per share – down 1%**

**Nil dividend**

	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Net profit	\$ 10.5 m	\$ 21.5 m	( 51%)	\$ 6.5 m
Weighted shares on issue	41.6 m	41.0 m		41.3 m
Earnings per share	\$ 0.25	\$ 0.52	( 52%)	\$ 0.16
Net tangible assets	\$ 252.4 m	\$ 254.8 m	(1%)	\$ 250.8 m
Shares at period end	42.0 m	42.0 m		42.0 m
Net tangible assets per share	\$ 6.01	\$ 6.07	(1%)	\$ 5.97

# FY23 full year operational guidance

Seeka provide 2023 guidance

**Forecasting full-year net loss before tax between (\$20m) and (\$25m)**

	FY23 Guidance Lower range	FY23 Guidance Upper range	FY22 Full year Actuals
\$ millions			
Net profit / (loss) before tax	(25m)	(20m)	7.6m

# Operating segment performance

# Orchard operations

Growing kiwifruit, avocado and kiwiberry for New Zealand orchard owners

**\$39.9m Revenue – down 13% on pcp**

**(\$1.9m) EBITDA**

**Yields reduced due to significant adverse weather events**

- SunGold down 22%
- Hayward down 30%
- Hayward yields at 10 year low

**Picking innovations created operational improvements**

**\$19m invested in developing orchards for future growth**

**Continued partnerships with Iwi and regional investments**

\$ millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Revenue	39.9	45.7	( 13%)	80.5
EBITDA	( 1.9)	5.1	( 138%)	4.6
EBIT	( 3.1)	3.7	( 183%)	2.2
Segment assets	75.9	98.1	( 23%)	84.9
EBITDA pre NZ IFRS 16	( 3.3)	3.8	( 189%)	1.4
<b>Crop grown - class 1 trays (millions)</b>				
Total kiwifruit trays grown	11.2	17.1	( 34%)	
SunGold trays (millions)	6.2	8.9	( 30%)	
SunGold yields - average per hectare	9,333	11,998	( 22%)	
Hayward trays (millions)	5.0	8.1	( 38%)	
Hayward yields - average per hectare	6,750	9,653	( 30%)	

# Post harvest operations

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

**\$151.1m Revenue – down 15% on pcp**

**\$47.4m EBITDA – down 10% on pcp**

**Kiwifruit volumes down – well under capacity**

- SunGold down 26%
- Hayward down 36%

**KKP machine successfully commissioned**

**Oakside and Transcool capacity upgrades completed**

**Automation integrated and successfully utilised**

**Operating margins achieved**

**Continued focus on quality**

\$ millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Revenue	151.1	178.5	( 15%)	233.8
EBITDA	47.4	52.9	( 10%)	59.0
EBIT	37.0	43.7	( 15%)	41.2
Segment assets	397.8	388.6	2%	360.4
EBITDA pre NZ IFRS 16	42.9	48.9	( 12%)	52.8
<b>Trays packed (millions)</b>				
SunGold	19.9	26.7	( 26%)	
Hayward and other varieties	9.9	15.3	( 36%)	
Total class 1	29.8	42.0	(29%)	
Class 2	1.9	1.1	62%	
Total packed	31.7	43.1	( 27%)	

# SeekaFresh retail services operations

Marketing Class 2 kiwifruit and avocado, packing kiwiberry, selling imported fruit, and Kiwi Crush production

**\$9.8m Revenue – up 15% on pcp**

**\$1.7m EBITDA – up 240% on pcp**

**Business rebuilding after Covid-19 disruptions**

**Margins achieved**

**Targeted profitable tropical fruit lines**

**Continued success expected**

\$ millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Revenue	9.8	8.5	15%	19.1
EBITDA	1.7	0.5	240%	0.8
EBIT	1.2	0.0	100%	( 0.8)
Segment assets	15.2	23.6	( 36%)	11.5
EBITDA pre NZ IFRS 16	1.3	0.1	1200%	( 0.1)



# Australian operations

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

**\$11.6m Revenue – down 19% on pcp**

**\$0.9m EBITDA – down 65%**

**Australia similarly affected by adverse weather events**

- Flooding in Shepparton
- Hail events

**Continued developments in Jujube variety**

**\$10m invested in developing orchards for future growth – Kiwifruit, Nashi pears, Jujube**

NZD millions	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
Revenue	11.6	14.4	( 19%)	14.0
EBITDA	0.9	2.6	( 65%)	1.0
EBIT	( 0.5)	1.6	( 131%)	( 1.1)
Segment assets	54.1	53.1	2%	54.5
EBITDA pre NZ IFRS 16	( 0.2)	1.5	( 113%)	( 1.1)

# Forward focus

# Forward focus

## **Delivering operational excellence**

- Improved processes to ensure inventory continues to perform well onshore and in the markets
- Innovations leading to continuing harvest successes

## **Active cost management**

- Leaner business will deliver \$3m in cost savings per annum
- Captive insurance company structure implemented – set to save \$1m+ annually on insurance costs
- Capital spending managed to remain within annual depreciation

## **Focus on bank debt reduction**

- \$201m Sustainability-Linked Loan facility, with two covenants waived for 2023, and covenants reset for 2024
- Continuing support from banking syndicate

## **Automation investments set to deliver capacity and performance gains**

- Capacity to handle 50 million trays of kiwifruit

## **Invested in quality accommodation for RSE workers from the Pacific and Malaysia**

- Complements local workforce to manage orchard and post harvest workload

## **Winter conditions and El Niño weather pattern support a rebound in kiwifruit yields in 2024**

- Stark contrast to 2023 growing season

# Contact

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

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# 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)	H1 FY23 Unaudited	H1 FY22 Unaudited	Change	FY22 Audited
<b>Net profit before tax</b>	<b>13,635</b>	<b>30,065</b>	( 55%)	<b>7,593</b>
Interest expense	5,751	3,124		7,204
Lease interest expense	2,408	2,207		4,289
<b>EBIT</b>	<b>21,794</b>	<b>35,396</b>	( 38%)	<b>19,086</b>
<i>Impairments</i>				
Impairment of PPE	547	111		144
Impairment of biological assets	-	-		191
Impairment of intangible assets	-	-		681
Loss on revaluation of PPE	959	-		-
Depreciation expense	7,695	8,794		16,055
Lease depreciation expense	5,250	4,824		9,516
Amortisation of intangible assets	180	235		406
<b>EBITDA before impairments and revaluations</b>	<b>36,425</b>	<b>49,360</b>	( 26%)	<b>46,079</b>



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