25 August 2017

Seeka Limited
Six Months to 30 June 2017 [Unaudited]

SELECT EXCELLENCE

REVIEW OF OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Revenue for the six months ended June 2017 totalled $134.01m (2016: $134.24m).

Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) totalled $21.93m (2016: $15.84m); up 38%. EBITDA from Seeka Australia totalled $3.41m (2016: $1.52m); up 124%.

Profits are up in the first six months reflecting a strong lift in earnings in Australia and a lift in earnings from Seeka's avocado business and seasonal timing differences.

Consolidated profit after tax for the six months totalled $11.09m (2016: $7.12m); up 56%.

Cash flow from operations totalled $1.13m (2016: $3.31m); down largely due to the decrease of Hayward (green) kiwifruit yields in the current year.

Cash invested in property plant and equipment totalled $13.22m (2016: $24.84m); down on the pcp. Major capital expenditure items included packing plant at Peninsula and Main Road, and the completion of coolstores at Main Road and Transcool.

Seeka's New Zealand coolstore infrastructure is now largely in balance with 2018 expected crop volumes. The next large project under consideration is replacement of the KKP packing machine in 2019.

Net debt at 30 June (bank loans less bank deposits) totalled $94.55m (2016: $76.87m); an increase of $17.68m. Advances of $7.5m were repaid from Seeka Growers to Seeka in July 2017.

HIGHLIGHTS

- Profit after tax of $11.09m (2016: $7.12m), an increase of 56%.
- Significant improvement in earnings from Seeka Australia with earnings before interest and tax of NZD$3.00m (2016: $1.23m), up 144%.
- Successful completion to the New Zealand avocado selling season with Seeka handling 487,095 export trays (2016: 225,656 export trays) delivering $24.85 per tray to growers (2016: $26.86).
- Successful and safe harvest seasons for all crops across Australia and New Zealand including kiwifruit, avocados, nashi, plums, pears and cherries.
- Installation of a new $5.8m Compac Spectrim packing machine at Main Road Katikati that offers automated grading with relocation of the existing machine to the Peninsula packhouse to handle increases in Coromandel-grown crop.
- Completion of the coolstore and pre-cooling capacity upgrades at Main Road, Katikati and at KKP and Transcool, Te Puke costing in excess of $9.2m.
- Initiation of Seeka's Australian orchard plan that will result in Seeka developing at least 40 hectares of new kiwifruit orchard at Shepparton over the next five years.

DIVIDEND ANNOUNCEMENT

A dividend of $0.10 per share has been declared by the Board. The dividend is fully imputed and will be paid on the 22 September 2017 to those shareholders on the register at 5pm on 15 September 2017. The dividend reinvestment plan will apply to the distribution.

OUTLOOK

Seeka is anticipating lower operational earnings for the full financial year in 2017 reflecting a significantly lower Hayward (green) kiwifruit crop across New Zealand. Seeka's New Zealand kiwifruit volumes were 21% lower than the previous corresponding period.

Operational earnings are anticipated to be lower by up to 15% and this guidance remains in place. Seeka will advise the market should there be a significant change in guidance and will confirm guidance at the stakeholder meeting to be held on Wednesday 18 October 2017.

FOR MORE INFORMATION CONTACT

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Reporting period for six months to 30 June 2017. The previous reporting period is for the six months to 30 June 2016.

Financial summary	NZD $000s		
Revenue from ordinary activities	$ 134,012	steady	
Profit from ordinary activities before tax attributable to security holders	$ 15,832	up	52%
Net profit attributable to security holders	$ 11,093	up	56%
EBITDA before revaluations, impairments	$ 21,927	up	38%

Earnings per share	30 June 2017	30 June 2016
Basic earnings per share	$ 0.69	$ 0.45
Diluted earnings per share	$ 0.64	$ 0.43
Asset backing per share	$ 5.49	$ 4.71

Notes and tables

1. This announcement should be read in conjunction with the attached half year report (unaudited). A copy of the half year report can also be found on Seeka's website Seeka.co.nz.
2. EBITDA is considered by the board to be a key measure of performance and a reflection of cash flow generation.
3. The Board considers turnover a useful measure of the Group's operating activity as it represents the total transactional value of goods and services provided to external customers during the period. As such turnover includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent, and is considered the vendor by the purchasing party. This includes all produce sales both local and export.

Revenue 30 June 2017	NZD $000s
Turnover	148,900
Value of sales made as agent	(14,888)
Revenue	**$ 134,012**

EBITDA 30 June 2017	NZD $000s
Net profit before tax	**15,832**
Depreciation expense	3,940
Amortisation of intangibles	222
Impairment of assets	29
Finance expense	1,904
EBITDA	**$ 21,927**