

Seeka Kiwifruit Industries Six Months to 30 June 2016 [Unaudited]



Seeka is pleased to present its financial results for the six months ended 30 June 2016.

It has been a successful six months with major activities including;

- the first harvest and sales programmes for Seeka Australia
- significant infrastructure investment in the New Zealand core kiwifruit business
- successful completion of the 2015/16 avocado selling season which delivered record returns to growers
- successfully managing and processing a record New Zealand kiwifruit crop.

Uncertainty with the Hayward (green) selling season has been factored into Seeka's results with significantly lower Hayward tray returns forecasted for orchard operations. The uncertainty is related to the impact of high volumes on Hayward market returns and China access issues.

Earnings per share for the six months of \$0.45 compares favourably against \$0.25 in the pcp. Seeka issued 431,669 shares during the six months; 33,569 under the dividend reinvestment scheme and 398,100 under the Seeka Employee Share Plan.

Seeka invested significantly in its New Zealand kiwifruit business and in orcharding, packing and fruit storage in Australia, including:

- \$14.6m invested in kiwifruit coolstore and packing infrastructure
- \$4.20m in the strategic property of Kiwi360 and Pukenga orchard for future post-harvest development and Seeka's new headquarters
- \$1.52m in the continuing process of introducing plastic bins to Seeka's business
- \$3.20m in other New Zealand plant, property and equipment
- \$1.61m invested in developing Australian orchards and post harvest facilities.

To finance these investments Seeka increased net debt during the period by \$23.90m to \$76.86m while total assets grew to \$214.05m.

Seeka continues to focus on building and delivering shareholder wealth and increasing dividends. The company consolidated Seeka Australia operations into Seeka by establishing professional planning, business systems and management structures. At the same time the company focused on its core kiwifruit business by delivering packing and coolstorage capacity to process a record 32.3m trays (pcp: 27.8m trays class 1 and 2) produced from our own and from our growers' orchards.

Seeka continues to evaluate options to handle increasing kiwifruit volumes and minimise costly investment, and strive for improvements that deliver leading results. The company continues to look for opportunities to innovate, expand or diversify to secure long-term growth and sustainable profitability. This strategy may see the company contemplate and action value accretive acquisitions or expand its geographical boundaries further. Seeka's vision remains to be "New Zealand's Premier Produce Business".

Dividend

An increased dividend of \$0.10 per share has been declared by the Board as a result of the reported financial results (\$0.09 declared in the pcp). The dividend is fully imputed and will be paid 29 September 2016 to those shareholders on the register at 5pm on 22 September 2016. The dividend reinvestment plan will apply.

Outlook

Seeka will provide guidance for the current trading year at its Stakeholder Update to be held 21 October, by which time Seeka expects to have greater certainty over its financial forecasts including trends relating to fruit quality, kiwifruit selling prices, the completion of Australian fruit sales, and any final resolution to the 2015 Oakeside fire insurance claim. The outstanding claim relates to the grower retention payment made last year. The outcome is unknown. The policy is held by Zespri Group Limited (Zespri) for this claim as they take insurance for the New Zealand kiwifruit industry.

For more information contact

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Seeka Kiwifruit Industries

Six Months to 30 June 2016 [Unaudited]

Reporting period for six months to 30 June 2016. The previous reporting period is for the six months to 30 June 2015.

| Financial summary | NZD \$000s | | |
|---|------------|----|-----|
| Revenue from ordinary activities | \$134,243 | up | 39% |
| Profit from ordinary activities before tax attributable to security holders | \$10,389 | up | 94% |
| Profit from ordinary activities after tax attributable to security holders | \$7,121 | up | 92% |
| Net profit attributable to security holders | \$7,121 | up | 92% |
| EBITDA before revaluations and impairments | \$15,844 | up | 39% |

| Earnings per share | 30 June 2016 | 30 June 2015 |
|----------------------------|--------------|--------------|
| Basic earnings per share | \$ 0.45 | \$ 0.25 |
| Diluted earnings per share | \$ 0.43 | \$ 0.24 |
| Asset backing per share | \$ 4.71 | \$ 4.24 |

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 www.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 NZD \$000s | 30 June 2016 |
|------------------------------|-------------------|
| Turnover | 151,258 |
| Value of sales made as agent | (17,015) |
| Revenue | \$ 134,243 |

| EBITDA NZD \$000s | 30 June 2016 |
|---|------------------|
| Net profit before tax | 10,389 |
| Impairment charges and revaluations - investments in associates | 340 |
| Depreciation expense | 3,227 |
| Amortisation of intangibles | 218 |
| Finance expense | 1,670 |
| EBITDA | \$ 15,844 |