

Analyst Briefing

Interim Report – 30 June 2017

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Delicious Nutritious Fruit Company

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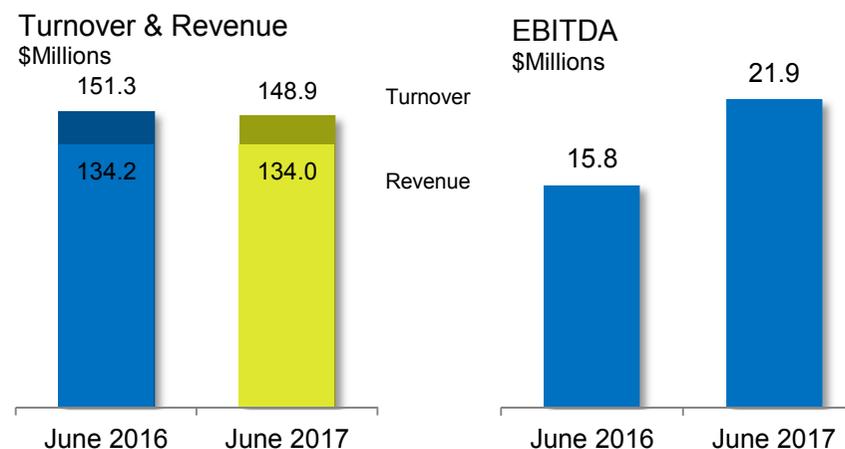


Group financial summary

Unaudited financial results

- \$11.1m NPAT
 - Up 56% on pcp
- \$134.0m revenue – steady
- \$21.9m EBITDA
 - Up 38% on pcp
- 69 cents EPS
 - Up 53% on pcp
- 10 cents dividend – steady
- Outlook NPAT from operational earnings
 - Down by up to 15% on prior year operational earnings

\$Millions	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Turnover ¹	148.9	151.3	229.4
Revenue	134.0	134.2	191.3
EBITDA ²	21.9	15.8	24.8
Net profit before tax	15.8	10.4	13.6
NPAT	11.1	7.1	10.4



1. Turnover is revenue plus the value of fruit sold as an agent.
2. EBITDA is earnings before interest, tax, depreciation, amortisation and revaluations.



Normalised EBITDA

Up 20%

➤ \$21.8m normalised EBITDA

- Up 20% on pcp

\$Millions	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
EBITDA ¹	21.9	15.8	24.8
<i>Add back</i>			
Grower share scheme	-	2.9	2.9
<i>Deduct</i>			
Insurance proceeds	-	-	4.1
Gain on sale of investments	0.1	0.5	0.4
Normalised EBITDA²	21.8	18.2	23.2

1. EBITDA is earnings before interest, tax, depreciation, amortisation and revaluations.

2. Normalised EBITDA removes both extraordinary and short-term gains and losses from Group EBITDA, such as the 3-year grower share scheme.

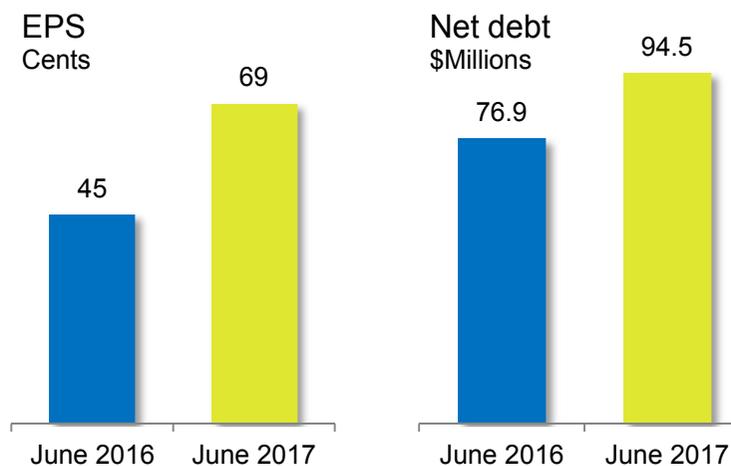


Earnings, net debt and net asset backing

Earnings up 53%

- 69 cents basic earnings per share
 - Up 53% on pcp
- \$94.5m net debt
 - Increase of \$21.7 in the period
 - > See capital expenditure slide

	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Earnings per share (cents)	69	45	65
Net debt (\$m)	94.5	76.9	72.8
Net asset backing per share	\$ 5.49	\$ 4.71	\$ 4.88



Operating cash flow

➤ \$1.1m operating cash flow

- \$2.2m down on pcp
- Lower New Zealand Hayward kiwifruit volumes

\$Millions	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Operating cash flow	1.1	3.3	21.3
<i>Add back</i>			
Insurance proceeds ¹	-	-	3.6
Normalised cash flow	1.1	3.3	17.7

1. Seeka and its growers suffered extraordinary fruit loss as a result of the Oakside fire. The associated financial loss was subject to an insurance claim that was resolved in 2016. In order to protect Seeka's growers from the claim's impact on income and cash flow, and to maintain goodwill, Seeka paid them \$4.04m ahead of the insurance outcome. This was expensed in 2015, with the claim payment of \$3.63m recorded as income in 2016.



Outlook

Guidance remains

- Anticipating lower operational earnings by up to 15%
- Lower New Zealand Hayward kiwifruit volumes
 - Lower yields across the industry
 - Total post harvest kiwifruit volumes down 21%
- Accelerated coolstore loadouts
 - Brings revenue forward to first six months
- Guidance remains in place

\$Millions	2016
2016 full year audited financial result	
Net profit after tax (NPAT)	10.4
Less insurance settlement for grower fruit loss payment	2.6
Net profit from operational earnings (NPAT)	7.8

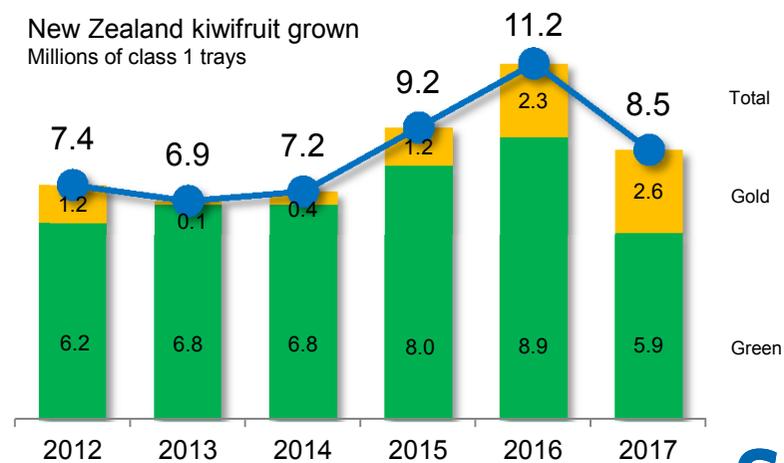
\$Millions	2017
2017 operational earnings guidance	
Net profit from operational earnings 15% reduction on 2016 NPAT	6.6



New Zealand orchard operations

- Industry-wide drop in Hayward kiwifruit yields (30% down)
- Improving Gold volumes on long term leased orchards
- Gold fruit returns remain high
 - Forecast \$9.21 per tray / \$120k per hectare
- Green fruit tray returns forecast to increase on lower volumes
 - Forecast \$6.06 per tray (pcp: \$4.26)
 - Offset by lower yields
 - > \$53,250 per hectare (pcp : \$54,100)
- \$5.8m EBITDA, up 5%

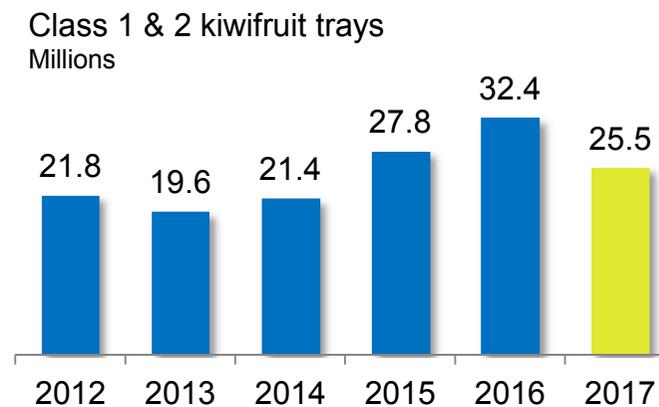
	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Millions of trays			
Green cultivars (Hayward)	5.9	8.9	8.9
Gold cultivars	2.6	2.3	2.3
Total	8.5	11.2	11.2
Turnover / Revenue (\$m)	36.8	37.7	47.9
EBITDA (\$m)	5.8	5.5	5.6



New Zealand post harvest operations

- 25.5m trays handled
 - Down 21%
- \$17.1m EBITDA
 - Up from \$13.8m
- \$144m in assets
 - Up \$36m
- Accelerated loadout
 - Moves earning forward to first 6 months at the expense of the second 6 months

	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Millions of trays [class 1 & 2]			
Green cultivars packed	16.2	23.7	25.0
Gold cultivars packed	9.0	7.6	7.4
Green cultivars UFI storage	0.3	1.0	-
Total trays	25.5	32.3	32.4
Percent loaded ¹	64%	50%	100%
Turnover / Revenue (\$m)	74.4	78.0	110.8
EBITDA (\$m)	17.1	13.8	26.8



New Zealand retail services

- \$1.3m EBITDA
 - Up 160%
- Strong avocado market
 - But anticipate lower volumes in second half
- Competitive banana market

\$Millions	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Turnover	25.8	22.1	53.7
Revenue	10.9	5.1	16.8
EBITDA	1.3	0.5	1.9

Seeka Australia

➤ \$3.4m EBITDA

- Up 127% on pcp

➤ Improved kiwifruit harvest

- 2,991 tonnes kiwifruit
- 1,172 tonnes nashi
- 1,361 tonnes pears

➤ \$1.5m invested in growth

- Complete new packing machine
- Orchard developments

\$Millions	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Turnover	11.8	13.3	16.4
EBITDA	3.4	1.5	1.0

Class 1 and 2	30 June 2017		31 December 2016	
	Kilograms	Trays	Kilograms	Trays
Kiwifruit	2,990,826	826,195	2,374,720	656,000
Nashi	1,172,163		1,523,000	
Corella	423,788		623,784	
Packham	854,000		996,300	
Other pears	83,421		169,454	
Plums	25,605		31,500	
Apricots ¹	-		43,682	
Cherries ¹	-		16,074	

1. Harvested in second half of the year.



Delicious Nutritious Food Company

Seeka's new food business handling 3 high-value products

- Kiwi Crush
 - Turning non-export grade kiwifruit into high-value functional foods
- Avocado oil
 - Manufacturing for export
- Kiwiberry
 - New high-speed packline
- New manufacturing centre commissioned at Seeka's KCG facility in Te Puke

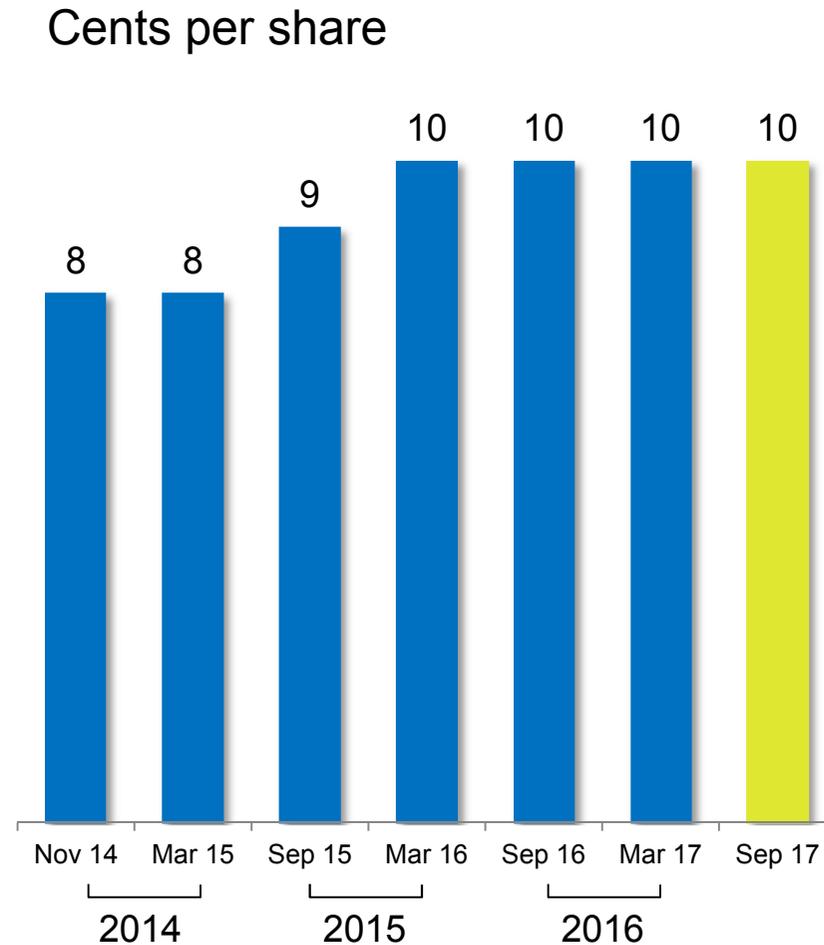
DELICIOUS
NUTRITIOUS
FOOD COMPANY



Dividend announcement

10 cents per share to be paid 22 September 2017

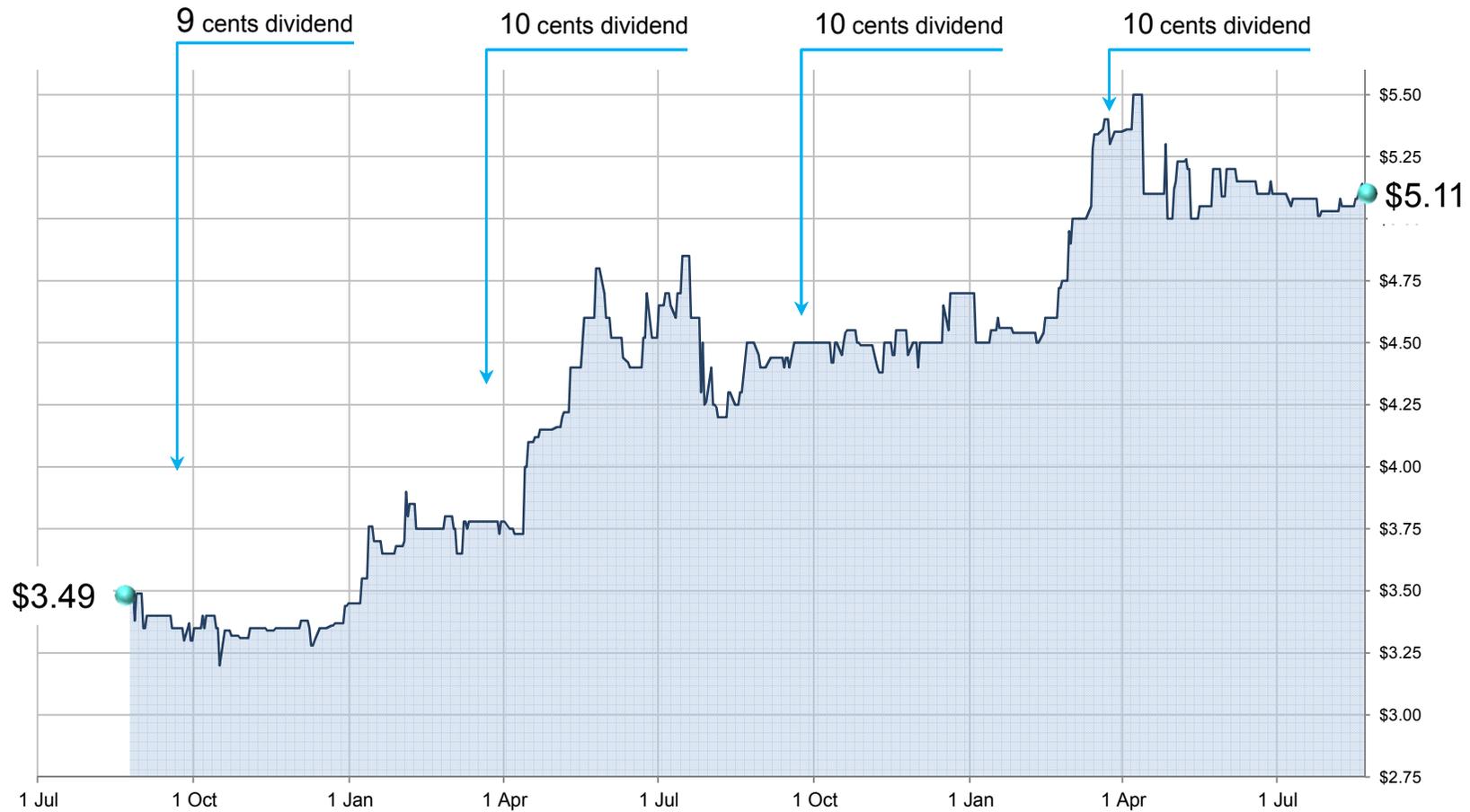
- 10 cents per share
 - Fully imputed
 - Payment date
 - > 22 September
 - Record date
 - > 15 September
- Dividend reinvestment plan applies



Share price

58% total shareholder return over 2-year period

\$1.62 cents lift in price + 39 cents paid in dividends



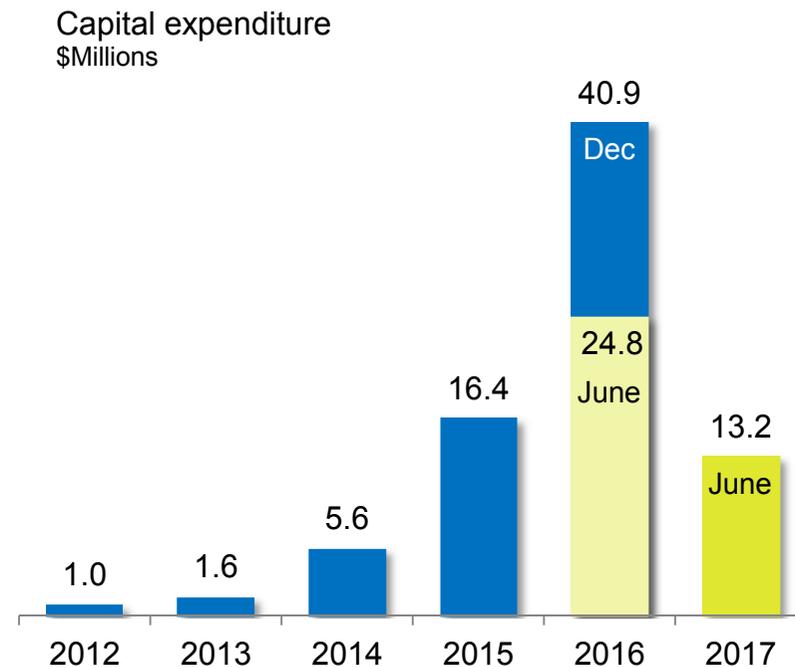
Capital expenditure

\$13.2m invested in infrastructure

Major items include

- \$5.8m coolstores
- \$3.3m Seeka360 complex
- \$1.8m New Zealand plant, property and equipment
 - Includes Kiwi Crush facility at KCG
- \$0.8m plastic bins
- \$1.5m Seeka Australia

\$Millions	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Purchase of property, plant and equipment	13.2	24.8	40.9



Seeka's volume metrics

New Zealand	Green kiwifruit trays	Gold kiwifruit trays	2017 total	2016 total ³	Change
Orcharding ¹	5.9 m	2.6 m	8.5 m	11.2 m	- 2.7 m trays
Post harvest ²	16.5 m	9.0 m	25.5 m	32.4 m	- 6.9 m trays
Australia We grow, handle and market all produce from our Australian orchards			2017 total	2016 total ³	Change
Kiwifruit			2,991 tonnes	2,375 tonnes	+ 616 tonnes
Nashi pears			1,172 tonnes	1,523 tonnes	- 351 tonnes
European pears			1,361 tonnes	1,790 tonnes	- 429 tonnes

New Zealand

Grew

2016 are full year audited results

25.5m trays kiwifruit

Down 24%

Handled

25.5m trays kiwifruit

Down 21%

Australia

Produced

2,991 tonnes kiwifruit
and 2,533 tonnes pears
Diversified income streams



Safety and compliance

Making safety a primary focus delivers results

- Reinforce safety as a feature of normal work practice
 - For employees and contractors
- Helping contractors comply with legislation
 - And achieve best practice

	6 months unaudited		Year end
	June 2017	June 2016	Dec 2016
Notifiable injuries	0	1	1
Lost time injuries	11	11	33
Total recordable injury frequency ¹	2.0	2.0	3.6

1. Lost time and medical treatment injuries per million hours worked.



Stakeholder meeting and update

18 October 2017

EBITDA up ▲

NPAT up ▲

EPS up ▲

Dividend steady

Guidance remains in place

Up to 15% reduction on 2016 operating earnings from lower New Zealand Hayward kiwifruit yields

Stakeholders will be updated on Seeka's performance on 18 October



END

