



ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2023

**BUOYED
BY WHAT WE DO BEST.**

**ANCHORED
BY OUR PURPOSE
AND VALUES.**



REVENUE

6%

TO R6.2 BILLION
(2022: R5.9 BILLION)

EARNINGS BEFORE INTEREST AND TAX (EBIT)

15%

TO R577 MILLION
(2022: R500 MILLION)

HEADLINE EARNINGS PER SHARE (HEPS)

5%

TO 100 CENTS PER SHARE
(2022: 105 cents per share)

DIVIDEND PER SHARE

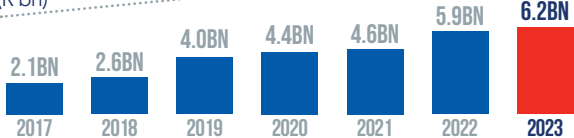
40

CENTS PER SHARE
(2022: 38 cents per share)

REVENUE

CAGR 19.5%

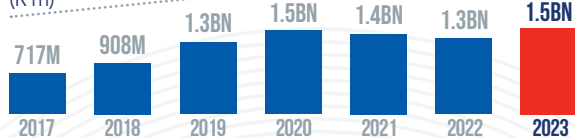
(R'bn)



GROSS PROFIT

CAGR 13.2%

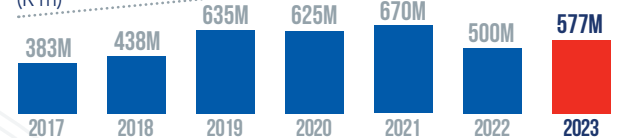
(R'm)



EBIT

CAGR 7.1%

(R'm)



OUR INVESTMENT CASE

RESILIENT AND DEFENSIVE

in a tough environment

LEVEL 1 B-BBEE CONTRIBUTOR C.95% BLACK-OWNED

B-BBEE score of 100.9

STRONG TRACK RECORD OF FINANCIAL PERFORMANCE

Six-year revenue CAGR of 19.5% and EBIT CAGR of 7.1%

Geographically diverse customer base providing a

STRONG RAND HEDGE

with c.43% of sales in hard currency within developed markets

ATTRACTIVE INDUSTRY DYNAMICS

with global demand for premium, wild-caught, MSC-certified seafood exceeding supply, while global aquaculture and global dairy are growing sectors

STRONG ESG CREDENTIALS

South African hake and Australian prawn fisheries MSC certified

CERTIFIED SUSTAINABLE SEAFOOD MSC www.msc.org



SOUTH AFRICAN FISHING

Savour the sea

36 VESSELS

6 PROCESSING OPERATIONS

SPECIES

HAKE | HORSE MACKEREL | PRAWN ANCHOVY | PILCHARD

EMPLOYEES

3 300

SEA HARVEST INTERNATIONAL

21 VESSELS

25 PRAWN LICENCES

20 SPANISH MACKEREL LICENCES

5 FISH TRAWL LICENCES

SPECIES

PRAWN | SCALLOP | CRAB
SPANISH MACKEREL | FISH TRAWL

EMPLOYEES

150

SEA HARVEST AQUACULTURE

3 AQUACULTURE OPERATIONS

SPECIES

ABALONE

EMPLOYEES

270

CAPE HARVEST FOOD GROUP

2 PROCESSING OPERATIONS

9 FACTORY SHOPS

CATEGORIES

CHEESE | BUTTER | POWDERS
CONVENIENCE FOODS

EMPLOYEES

720

COMMENTARY

The **Sea Harvest Group** delivered a resilient operating performance for the financial year ended 31 December 2023, delivering EBIT of R577 million (2022: R500 million, up 15%) and HEPS of 100 cents (2022: 105 cents, down 5%).

The Group's performance benefited from strong demand across all markets and channels and improved pricing while its 43% hard currency exposure allowed it to benefit from the weaker rand. Performance, however, was constrained by lower volumes as a result of difficult fishing conditions, above-inflation cost increases, load shedding, and prawn prices under severe pressure globally. The primary driver of softer earnings was a further 47% increase in average interest rates.

The **South African Fishing** division increased revenue by 10% to R3.03 billion (2022: R2.74 billion), benefiting from firm demand in all markets and channels, improved pricing, and the weaker rand, offset by difficult fishing conditions resulting in 7% lower sales volumes. Cost of sales increased by 4% and operating expenses increased by 6%, resulting in segment operating profit increasing by 12% to R391 million (2022: R349 million) while maintaining the operating margin at 13%. The conclusion of FRAP appeals gives the Group certainty for the next 15 years. The Harvest Cap Nord joined the freezer fleet at the beginning of 2024, adding much needed capacity to the hake fleet.

Revenue in the **Aquaculture** division increased by 15% to R136 million (2022: R118 million) benefiting from improved pricing and a higher-value product mix offset by lower volumes as a result of the sale of the oyster business, effective 1 September 2023. The segment reduced its operating loss by 39% to R24 million (2022: R40 million) and, after accounting for fair value adjustments on biological assets and the R93 million gain on purchased loans, recorded EBIT of R84 million (2022: EBIT loss of R37 million).

Cape Harvest Foods: Revenue decreased by 8% to R1.9 billion (2022: R2.07 billion) as a result of the deconsolidation of BM Foods for the second half of 2023. Milk flow reduced as a result of environmental challenges and load shedding, resulting in lower sales volumes. The lower sales volumes were tempered by a 12% improvement in pricing across all markets and channels, complemented by a higher value product mix.

Segment performance was impacted by significant input cost pressure, including a double digit increase in the milk price. The segment incurred R27 million (2022: R16 million) in mitigating the effects of load shedding during the year, while the load shedding-related fire caused a two-month disruption to operations and affected not only volumes but also margin as a result of the production of a lower margin product mix. This resulted in the segment delivering R81 million (2022: R118 million) in operating profit in 2023.

Sea Harvest Australia: The segment, which includes MG Kailis from 23 May 2022, was severely impacted by a significant reduction in prawn prices. Prawn prices reduced on a global basis, the result of higher inventories driven by tightening economic conditions and the slow opening of the Chinese market, compounded by an oversupply of wild prawns into the Australian market caused by exceptional catches of banana prawn in the Northern Prawn Fishery. This resulted in lower prawn sales volumes and significantly lower prawn pricing in the Australian operation. The segment benefited from good traded product sales, good catches in Pilbara Fish Trawl, the full-year effect of MG Kailis, and a weaker rand, resulting in revenue increasing by 22% to R1.140 billion (2022: R938 million). The sharp decrease in prawn sales, the additional fixed expenses in relation to MG Kailis for the full year, and elevated selling and distribution costs as a result of disruptions in the cold storage market in Australia resulted in operating profit of R15 million (2022: R45 million) in 2023.

The Group minimised production losses arising from the higher levels of **load shedding** during 2023 at a cost of R46 million (2022: R25 million) for the year.

Group **EBIT** increased by 15% to R577 million (2022: R500 million) with the Group EBIT margin maintained at 9%.

Net finance costs increased by 79% to R223 million (2022: R124 million) as a result of higher average borrowing levels and average interest rates 47% higher than the prior year.

Driven by the higher finance costs, **profit after tax attributable to shareholders of Sea Harvest** for the year decreased by 9% to R282 million (2022: R311 million) and headline earnings decreased by 6% to R275 million (2022: R293 million).

Basic earnings per share (EPS) decreased by 8% to 102 cents (2022: 111 cents) and **basic HEPS** decreased by 5% to 100 cents (2022: 105 cents).

The Group has declared a full and final cash ordinary **dividend** of 40 cents (2022: 38 cents) per share in respect of the year ended 31 December 2023.

Outlook: In the **South African Fishing** segment the additional freezer trawler will be welcomed to take advantage of the 5% increase in the Total Allowable Catch (TAC). Demand internationally and locally remains firm. With a sole focus on abalone, the **Aquaculture** segment is expected to benefit from larger sized abalone driving an enhanced mix. **Ladismith** is completing its first solar PV installation, while the addition of a roller dryer powder plant will add further product diversification to the basket. With softer prawn pricing and excess 2023 volumes expected to spill over to 2024, the **Australian** segment is focused on managing costs and inventories by diversifying product, market and channel mix. The recovery in international prawn demand will be key to improving pricing in the year ahead.

On 22 January 2024, the Group announced that it had, through wholly-owned subsidiaries, entered into agreements with Terrasan Group Limited (**Terrasan**) to acquire 100% of Terrasan's pelagic fish business (**Saldanha**) and 63.07% of Terrasan's abalone (**Aquinion**) business for an initial purchase consideration of R965 million and two performance-based contingent consideration payments. The transaction diversifies Sea Harvest into pelagic fishing and rounds out the Group's exposure to all material wild-caught fisheries, while the abalone business doubles in size. The transaction furthermore represents investments in vertically integrated profitable businesses, with high barriers to entry, good margins, and sound cash generation in hard currency. The transaction creates a stronger merged business, increases black ownership in the fishing and abalone industries, and broadens Sea Harvest's shareholder base. The transaction is subject to conditions normal for a transaction of this nature, including regulatory and shareholder approvals.

6 March 2024

Executive directors: F Ratheb (Chief Executive Officer), M Brey (Chief Financial Officer)
Non-executive directors: FJ Robertson (Chairperson), BM Rapiya (Lead Independent Director), MI Khan, WA Hanekom, T Moodley, KA Lagler, CK Zama
Registered office: 1st Floor, Block C, Boulevard Office Park, Searle Street, Woodstock, 7925, South Africa
Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa
Company Secretary: S Gounden

Sea Harvest Group Limited's results for the year ended 31 December 2023 have been released on SENS and are available for viewing at www.seaharvestgroup.co.za. The directors of the Group take full responsibility for the preparation of this announcement. This announcement has not been audited by the Group's external auditors. The Group's auditors, Ernst & Young, have reviewed the full announcement and expressed an unmodified conclusion.

This announcement is a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors or shareholders should be based on a consideration of the full announcement released on SENS or available at www.seaharvestgroup.co.za. Copies of the full announcement may be requested by emailing AntheaA@seaharvest.co.za or by phoning +27 22 701 4100 or may be requested in person, at the Group's registered office or the office of the sponsor, at no charge, during office hours.

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Reg no: 2008/001066/06
JSE share code: SHG
ISIN: ZAE000240198

Sea Harvest Group Limited
"Sea Harvest" or "the Company" or "the Group"
Sponsor: The Standard Bank of South Africa Limited