OCEANA GROUP

2013 Annual Results Presentation

Agenda

Group Overview & Results Summary

Financial Review

Operational Review

The Oceana Group

OCEANA GROUP

...is the largest fishing company in Africa and is listed on both the Johannesburg and Namibian stock exchanges...

- Incorporated in **1918**
- Important provider of food security with a significant **protein footprint** in Africa
- **3,706 Employees** of which 3,275 are directly employed
- **Level 2 B-BBEE** contributor, rated 2nd most empowered company in SA (M&G)
- **3m** Lucky Star servings per day in Africa
- **1.4m** estimated servings of horse mackerel per day in Africa
- Trade over **250,000 tons** of product each year

Group overview

OCEANA GROUP

LUCKY STAR
AN OCEANA GROUP COMPANY

4 steel refrigerated seawater vessels in South Africa

3 steel refrigerated seawater vessels in Namibia

8 vessels, wholly owned, co-owned or joint ventures

2 canneries

3 fishmeal plants

BLUE CONTINENT PRODUCTS
AN OCEANA GROUP COMPANY

1 horse mackerel trawler in South Africa

3 horse mackerel trawlers in Namibia

4 hake freezer trawlers

OCEANA LOBSTER
AN OCEANA GROUP COMPANY

CALAMARI FISHING
AN OCEANA GROUP COMPANY

LAMBERTS BAY FOODS
AN OCEANA GROUP COMPANY

9 west coast lobster vessels

1 south coast lobster vessel

2 lobster facilities

5 freezer vessels for squid

1 french fries processing plants

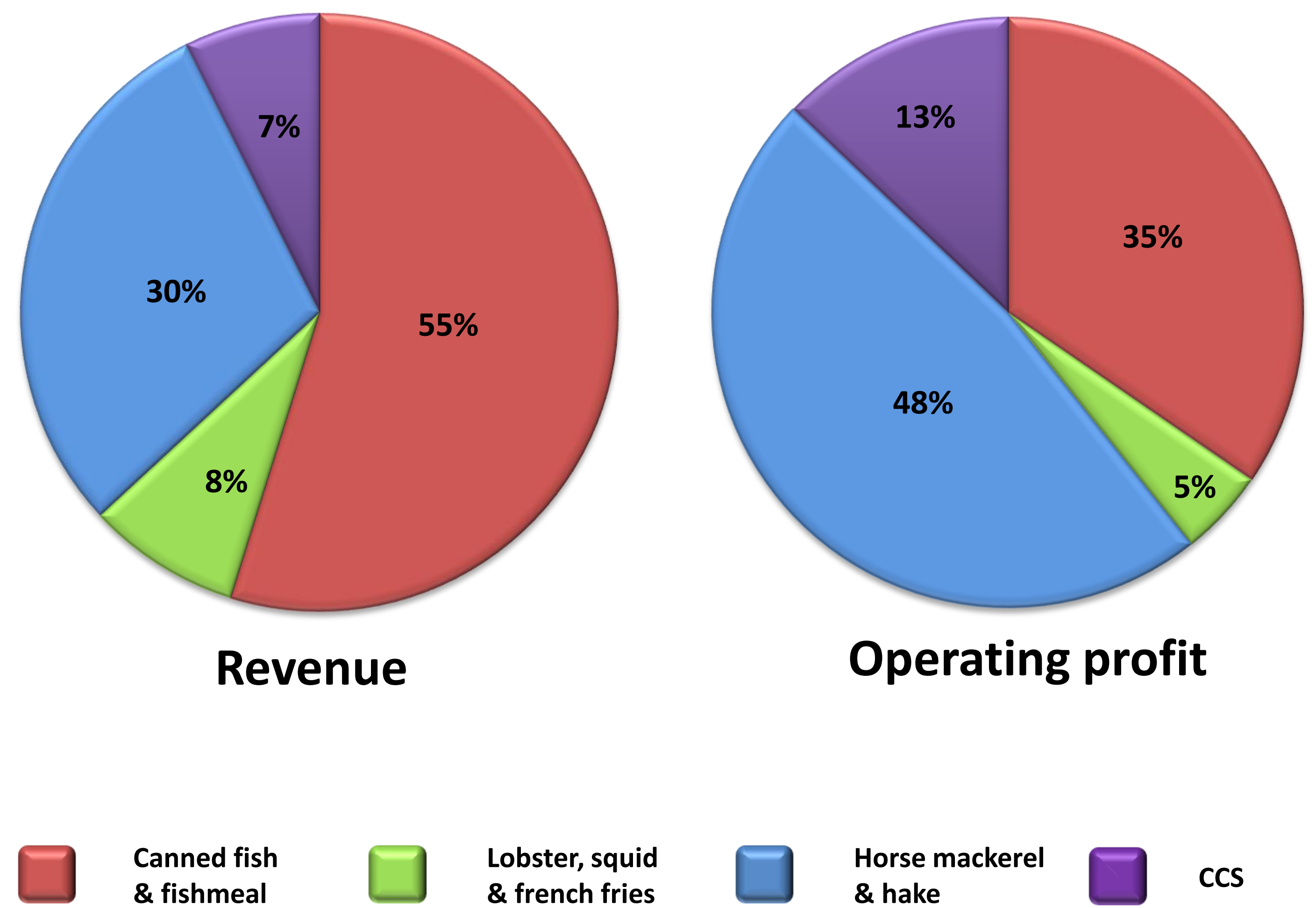
CCS LOGISTICS
AN OCEANA GROUP COMPANY

10 stores in South Africa and Namibia

110 000 pallets for cold storage

Group overview: revenue & profit splits

5 Year average



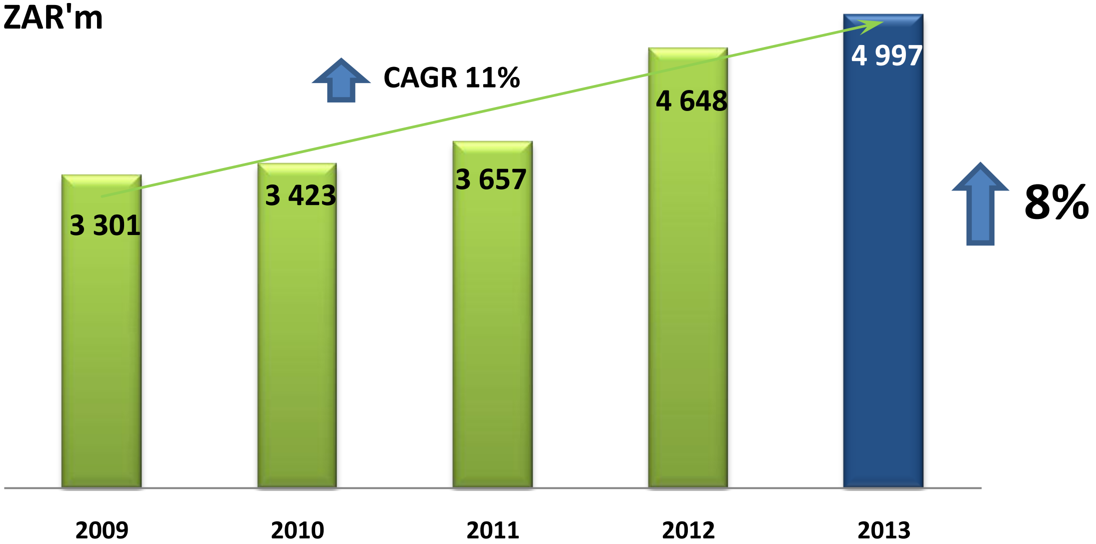
2013 Performance

- **Overall group shows good growth despite tough trading conditions in H2**
- **Significant growth in Horse Mackerel and Hake**
- **Bolstered by solid performances in Lobster and CCS**
- **Offset by profit decline in Canned fish and Fishmeal**
- **Results influenced by:**
  - SA protein consumption decline in H2
  - Destocking of canned fish by major trade customers
  - Industrial fish landings lowest in decades
  - Weaker R/$ exchange rate
  - Impact of share price on accounting results
- **Solid base for good growth into 2014**

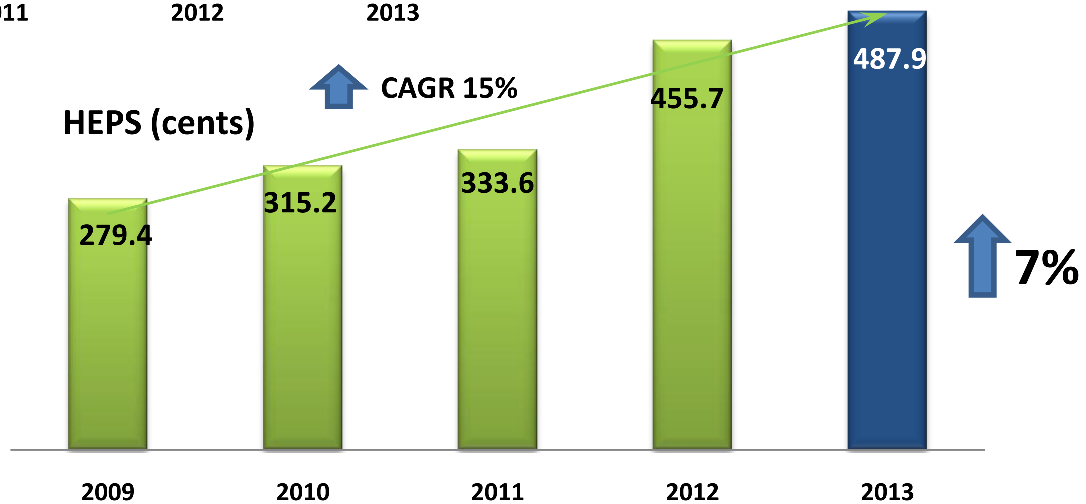
Financials

OCEANA GROUP

Group Revenue
ZAR'm



HEPS (cents)



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Summary

- Earnings growth shows benefit of diversified portfolio
- Revenue growth in all four business units
- Profitability impacted primarily by volumes
- Share price has significant impact on income statement
- Financial position remains strong
- Working capital impacted in the short term
- Retained dividend cover

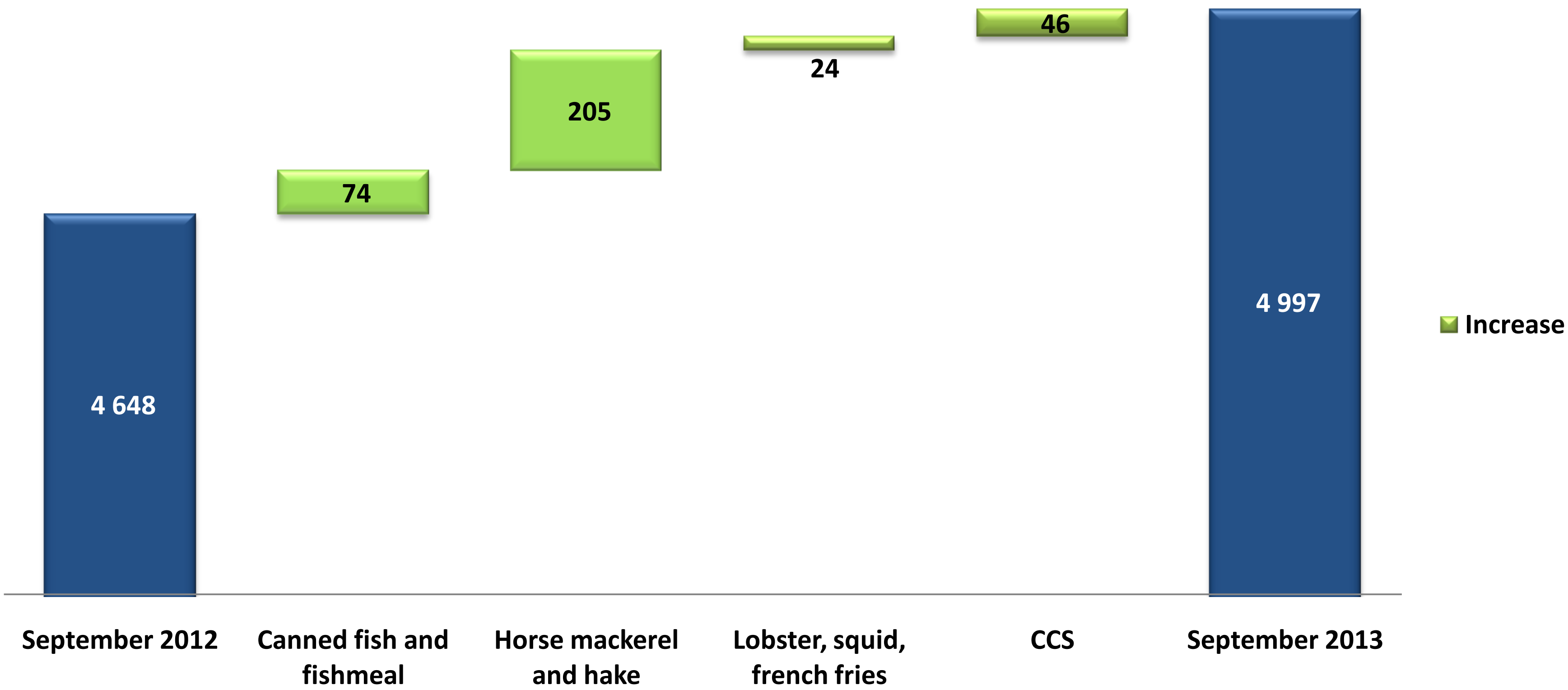


Financial review

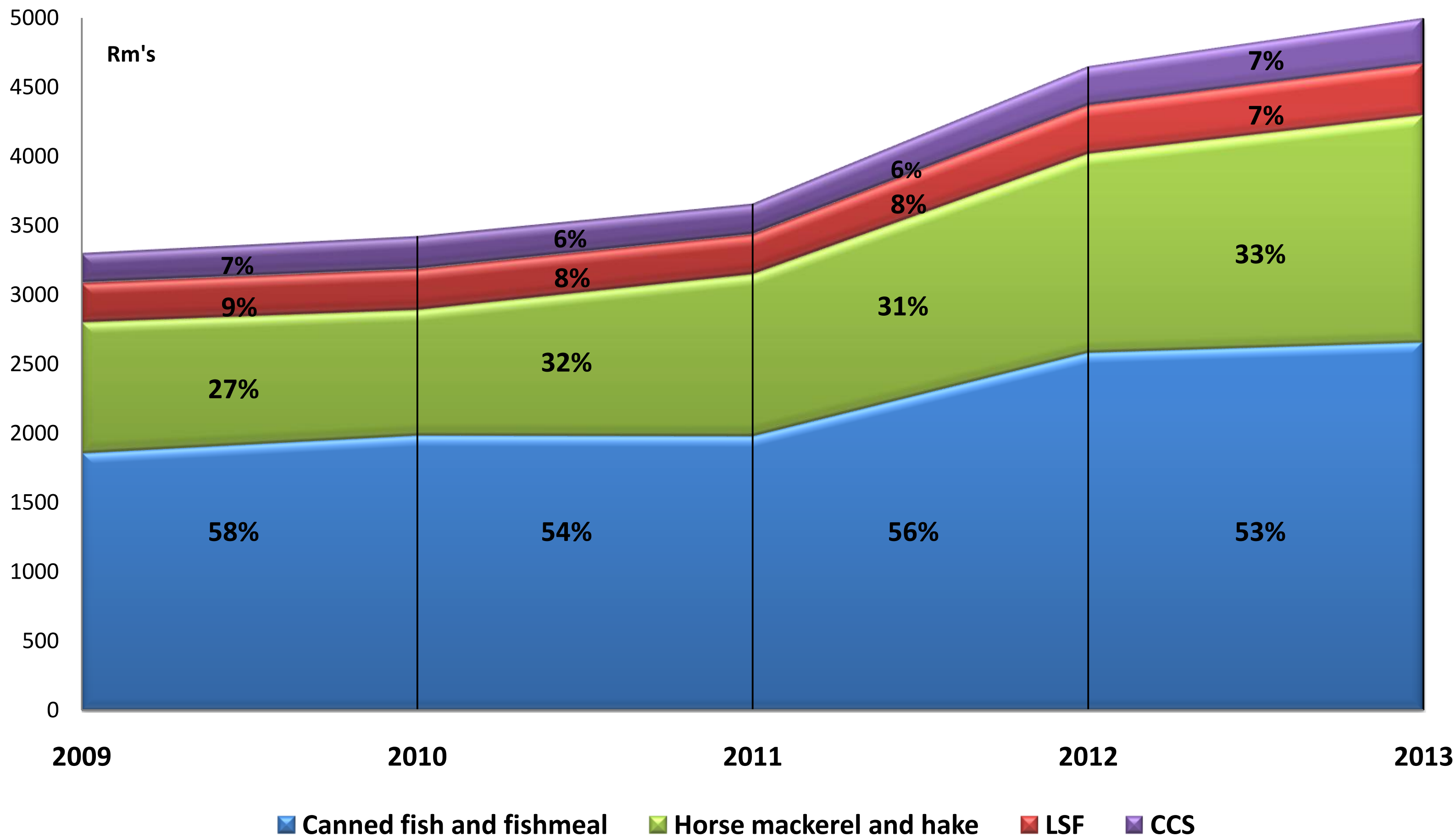
Group income statement	2013 R'000	2012 R'000	%
Revenue	4 997 354	4 647 951	8%
Gross profit	1 948 132	1 772 186	10%
GP margin	39.0%	38.1%	2%
Operating profit	748 679	711 025	5%
Operating profit margin	15.0%	15.3%	-2%
Net financing costs	(10 282)	(3 108)	
Headline earnings	489 325	456 158	7%
HEPS (cents)	**488**	**456**	**7%**

Group revenue: movement

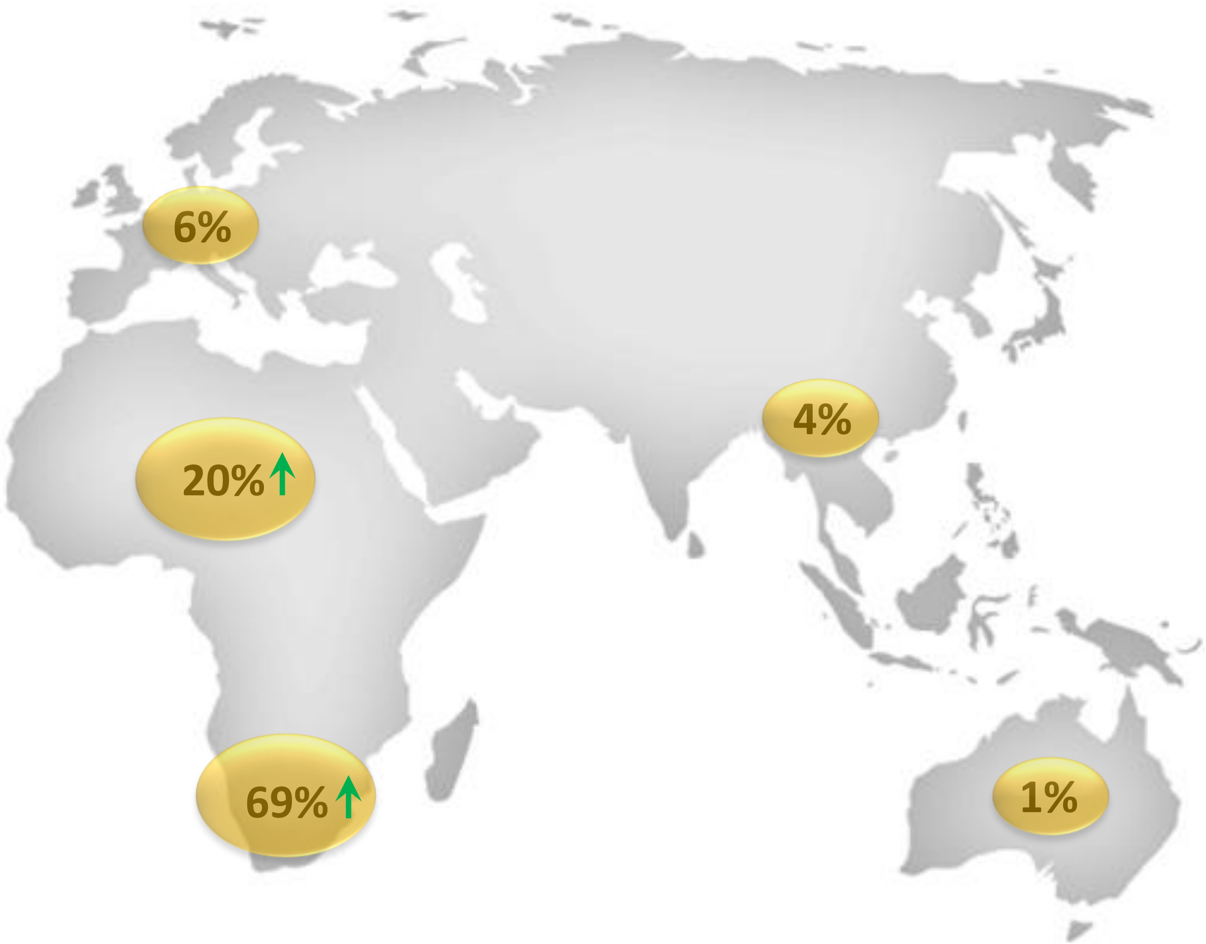
OCEANA GROUP



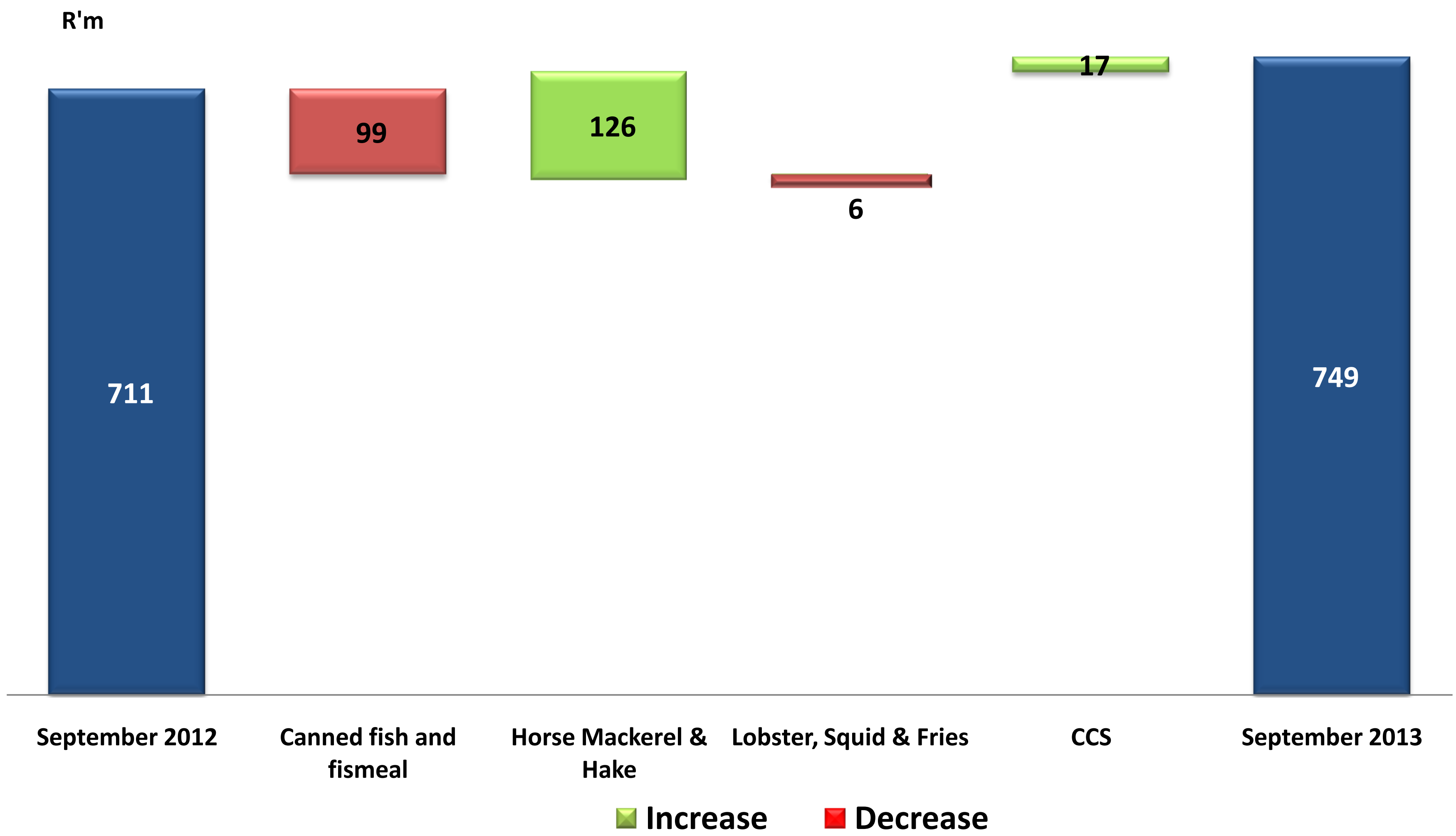
Group revenue: contribution



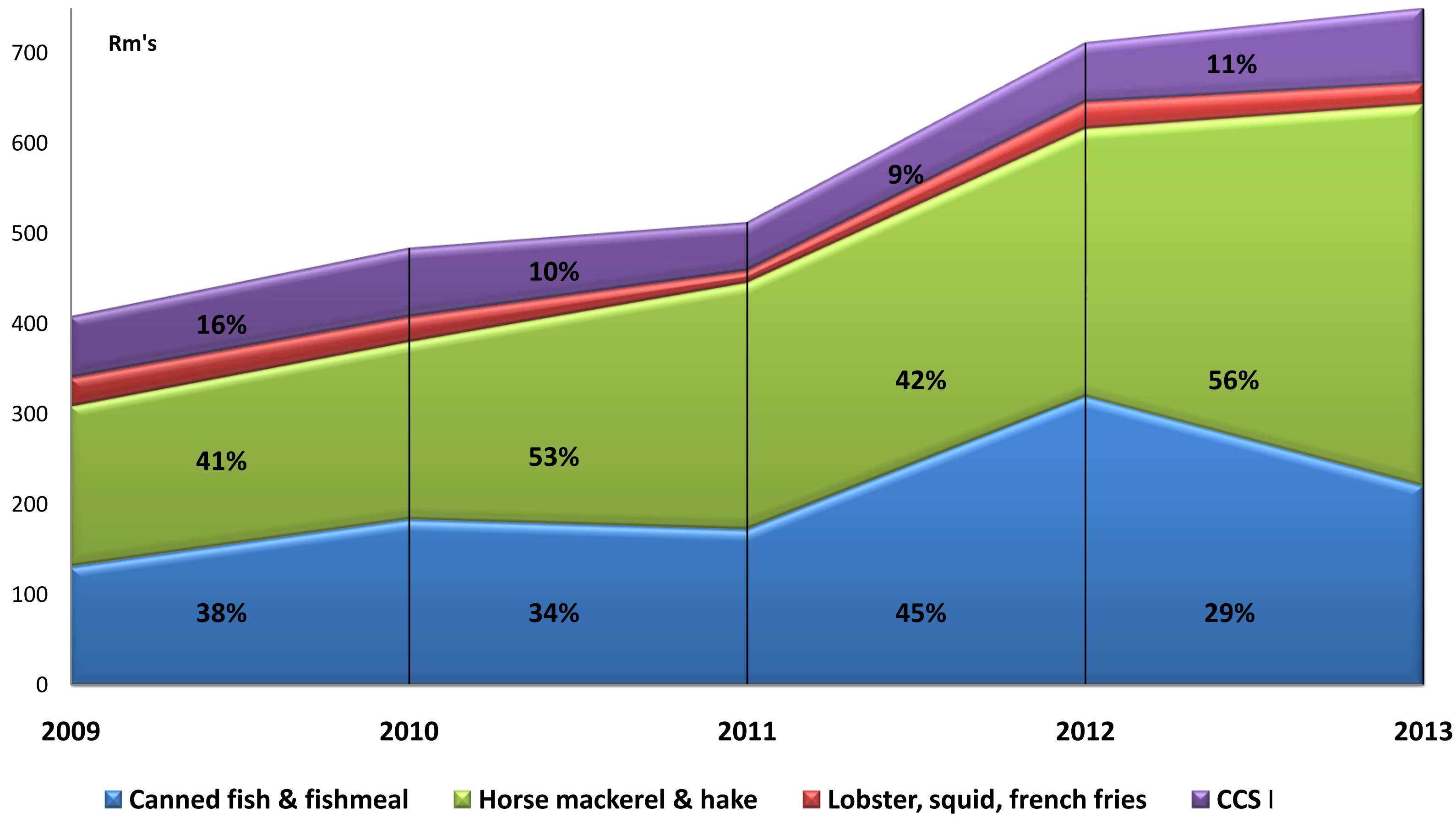
Group revenue: regional



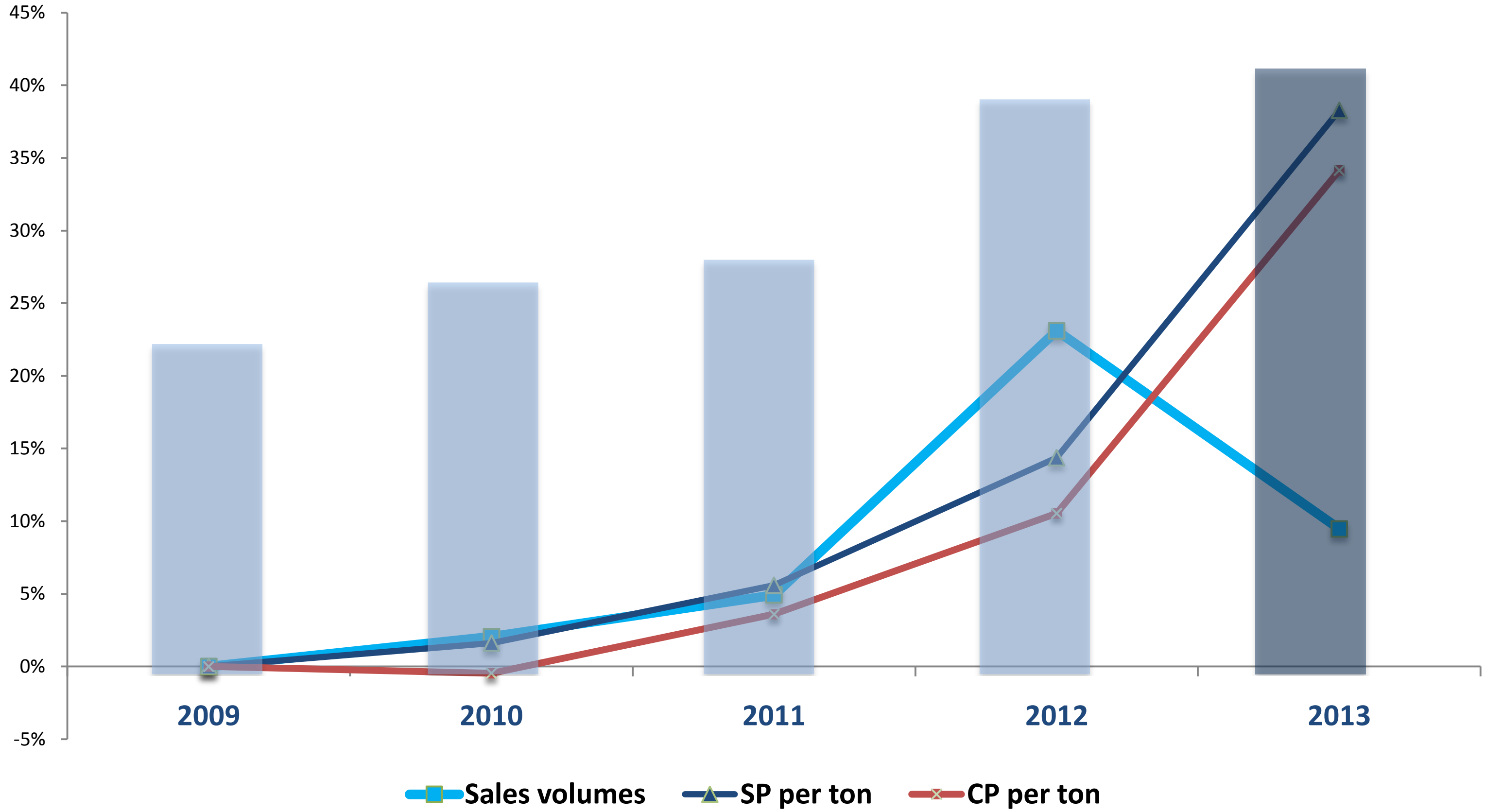
Group operating profit: movement



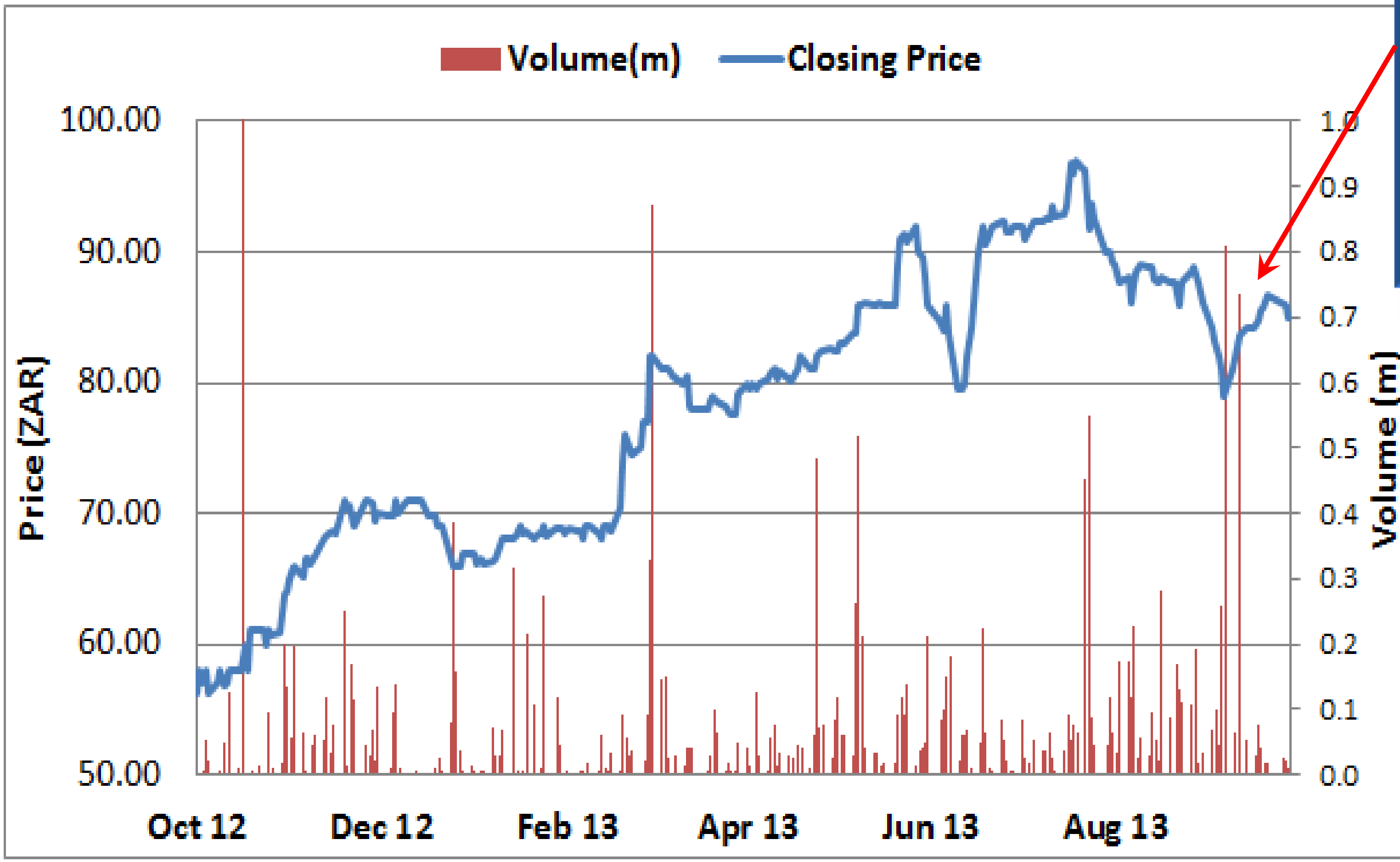
Group operating profit: contribution



Group volume & price analysis



Share price & share costs effect



Share based costs of R152.4m for F'13 (F'12: R75m): 56% increase in share price

Financial position

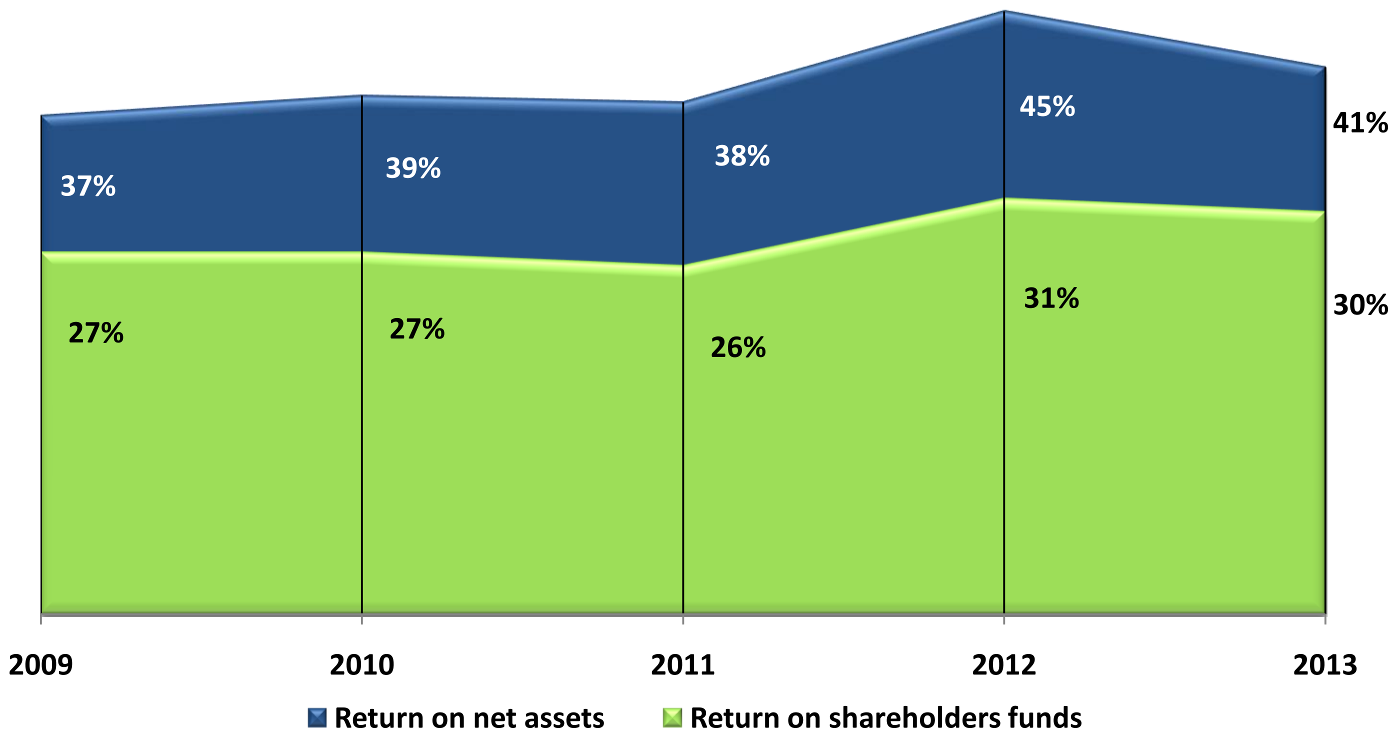
Group financial position

	2013 R'000	2012 R'000
Property, plant and equipment	473 821	435 850
Intangible assets	102 802	88 638
Deferred taxation	30 360	23 187
Investments and loans	118 424	142 940
Current assets	2 046 182	1 601 935
Stock days	127	90
Net cash	-	231 604
Total assets	2 771 589	2 524 154
Shareholders interest	1 789 375	1 633 242
Deferred taxation	39 797	41 843
Other liabilities	772 441	849 069
Net overdrafts	169 976	-
Total equity and liabilities	2 771 589	2 524 154

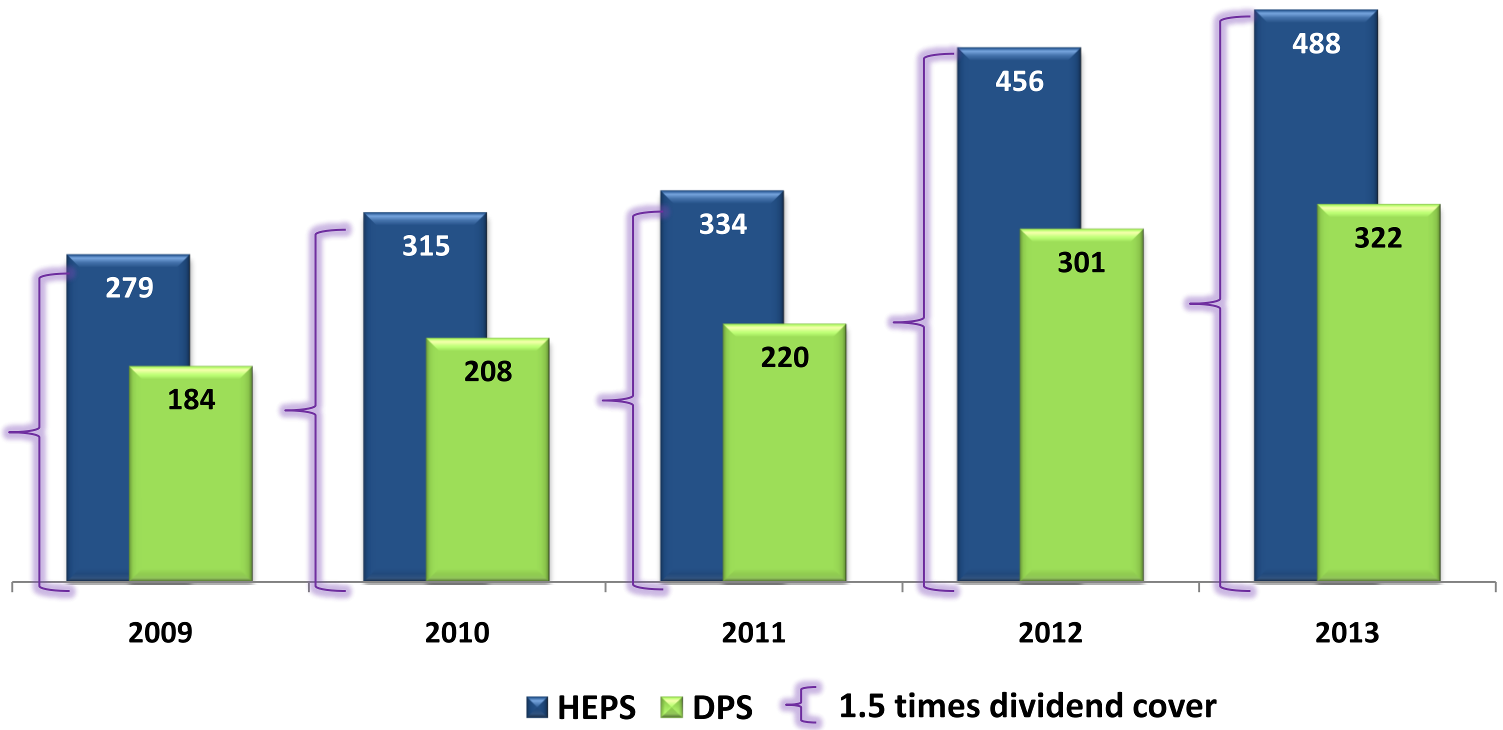
R500 m increase in inventory of canned fish

R400 m movement in cash balances

Return on equity and net assets



Headline earnings and dividends



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OCEANA GROUP

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&
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Review

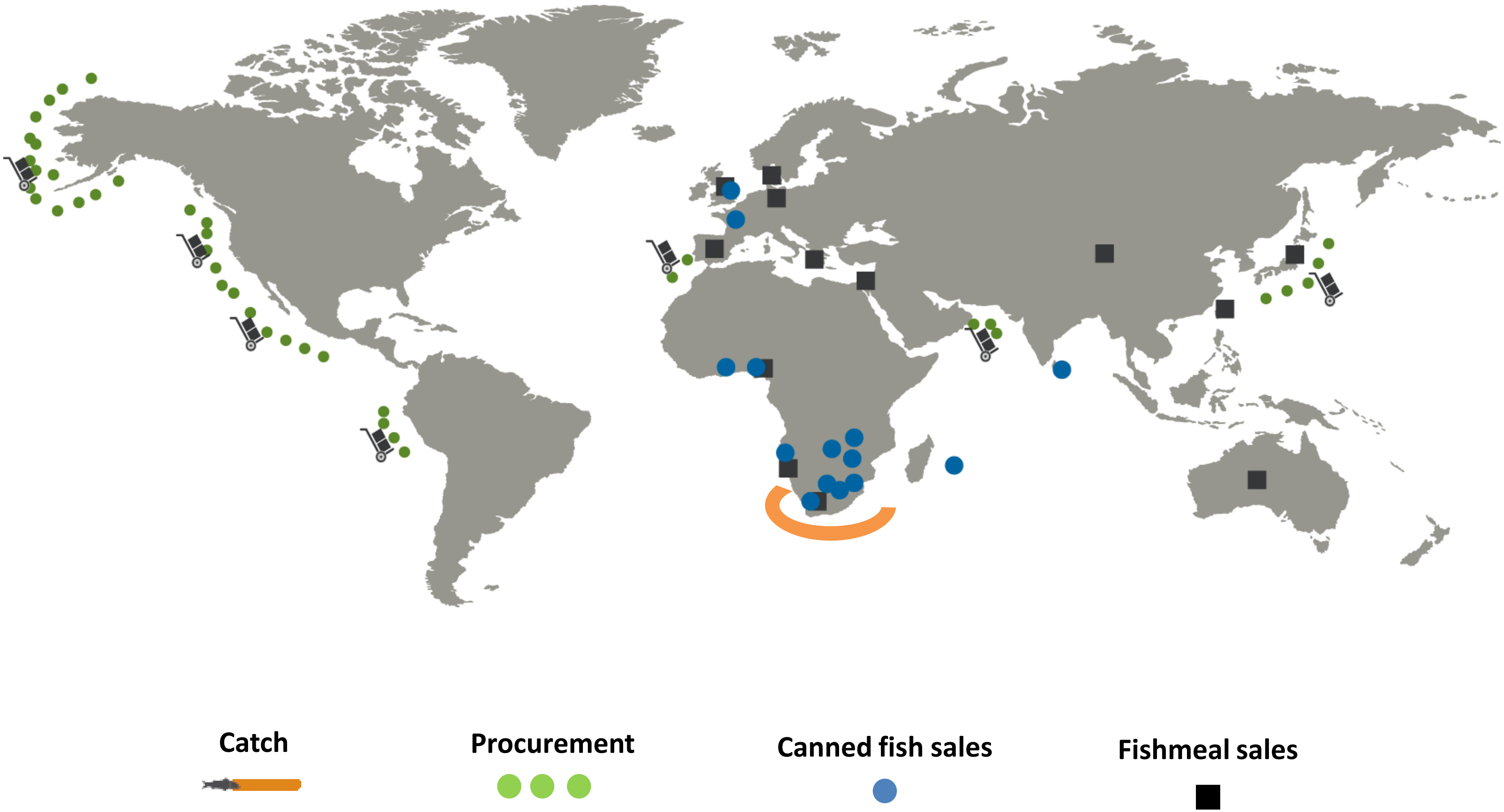
**Operational
Review**

Operational review:

Canned fish and fishmeal

OCEANA GROUP

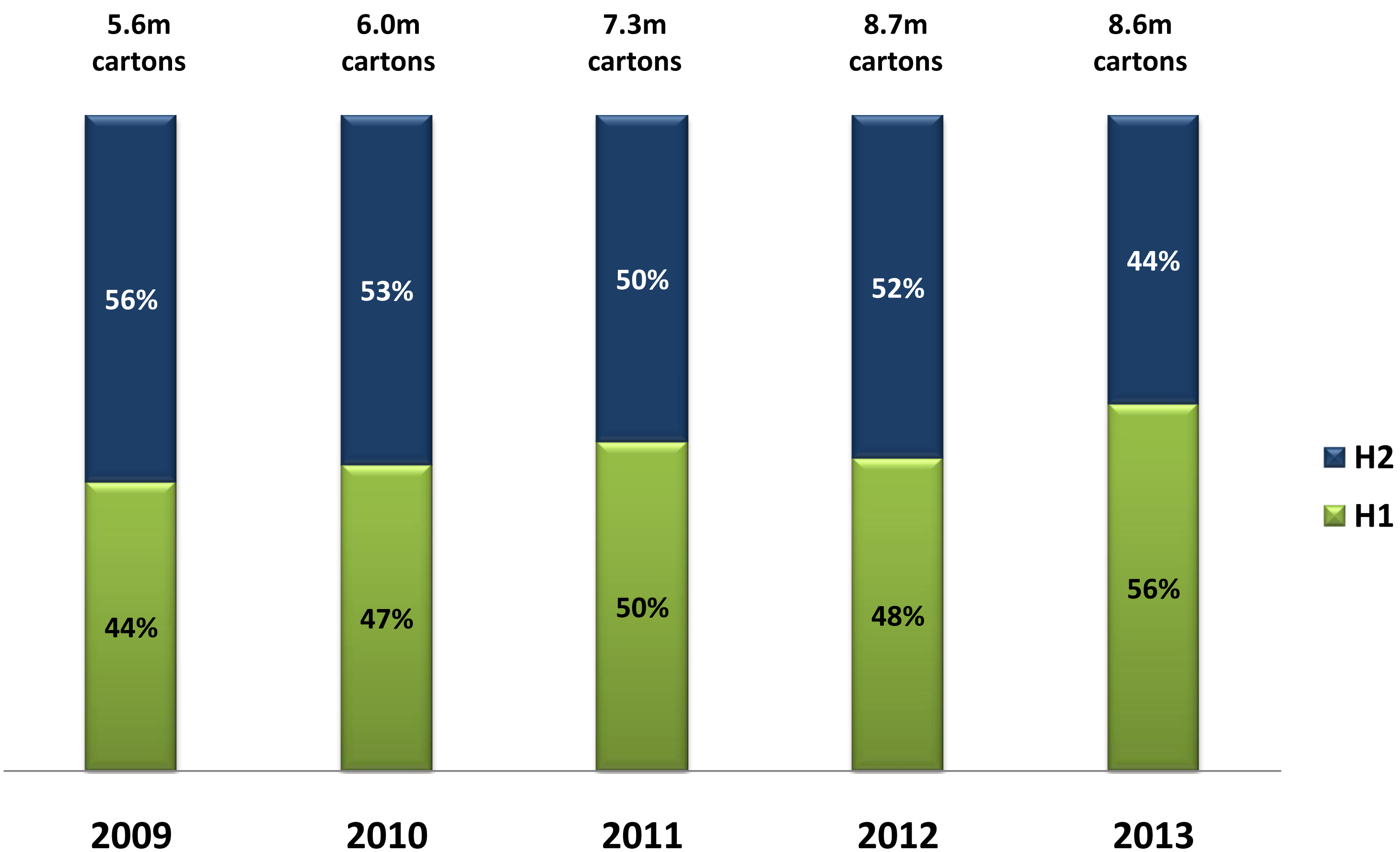
Canned fish and fishmeal: overview



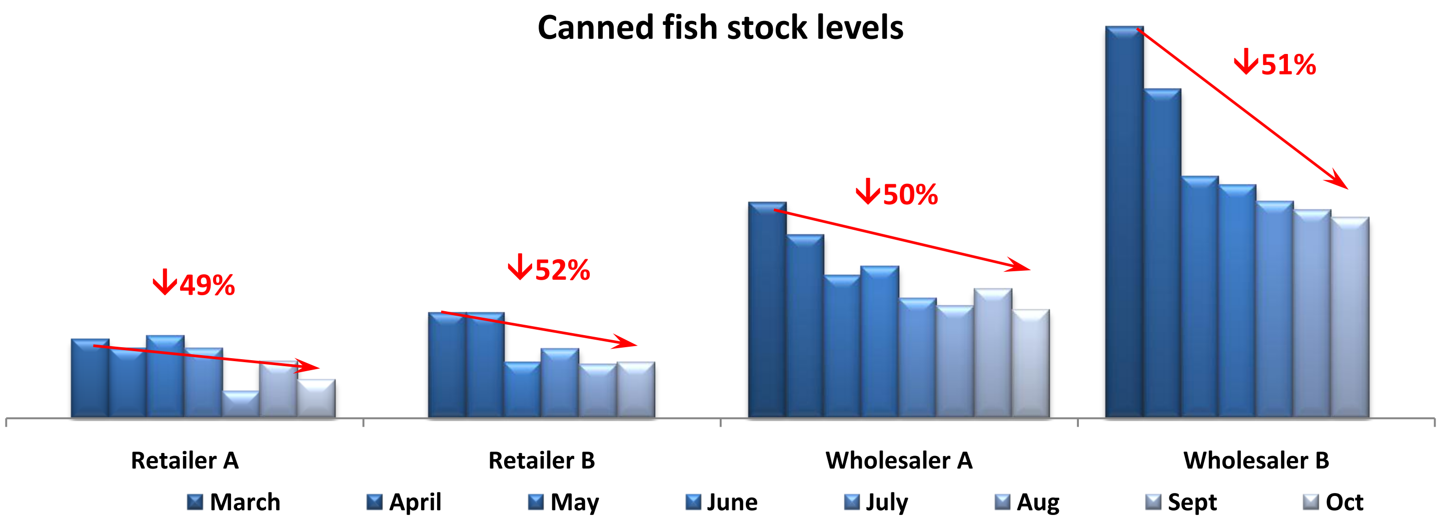
Canned fish: performance

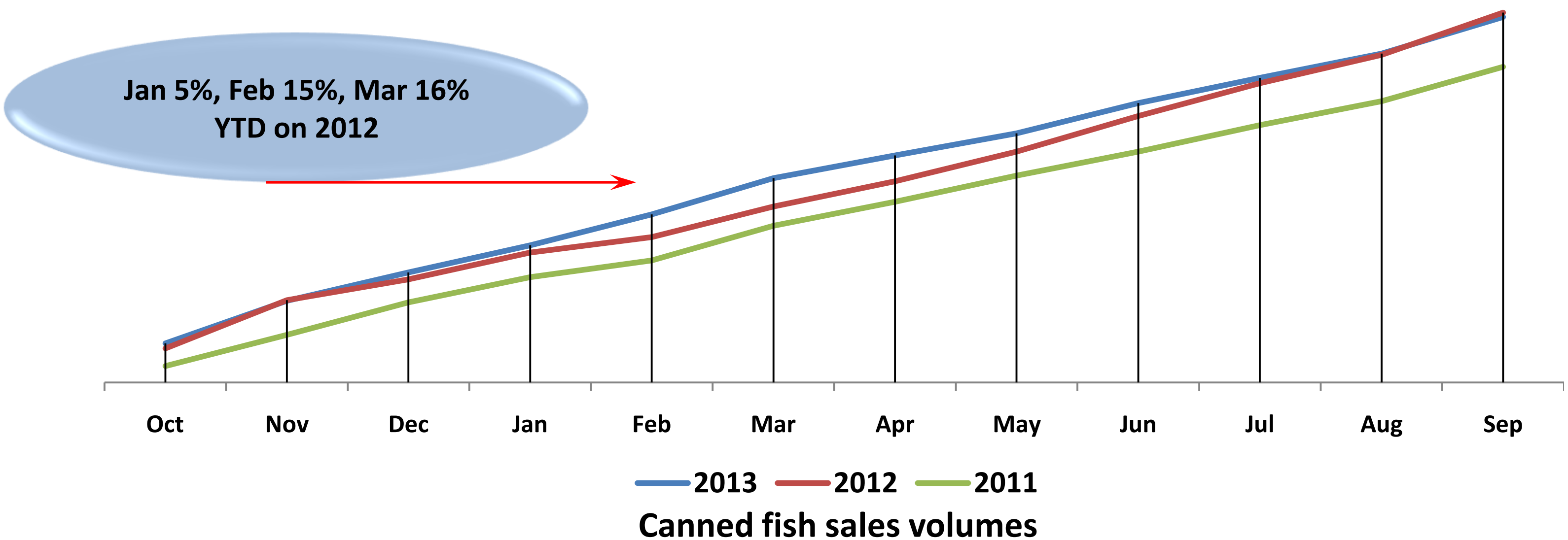
- **Sales volumes:**
  - YOY volume decline of 1.2% - Growth of 16% in H1 offset in H2 by destocking at major customers and reduction in protein consumption patterns by consumers

Canned fish: sales volumes



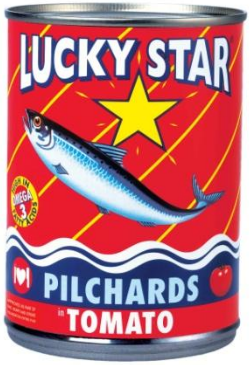
Canned fish: trade destocking





Canned fish: retail protein volumes

Nielsen Retail Scanning Basket		Volume Growth		
	Unit Share	12MM	6MM	3MM
⊟ Protein	**39.0%**	**0.4%**	**-0.2%**	**2.3%**
Red Meat	11.9%	6.2%	8.5%	9.2%
IQF Chicken	6.5%	-1.9%	-4.3%	0.5%
Chilled Processed Meat	5.9%	-3.9%	-4.9%	-3.1%
Baked Beans	5.2%	5.7%	7.6%	4.4%
Whole Chicken	3.2%	-6.7%	-8.1%	-4.2%
Lucky Star Pilchards	3.0%	**4.1%**	**-2.8%**	**-6.4%**
All Other Pilchards	1.2%	**-12.4%**	**-12.4%**	**-5.9%**
Canned Meat	1.1%	-5.9%	-2.8%	-6.1%
Frozen Fish	1.1%	1.7%	0.2%	-0.2%
⊞ Other	**33.7%**	**2.7%**	**1.8%**	**0.4%**
⊞ Carbs	**27.3%**	**-0.8%**	**-1.3%**	**-1.5%**
Grand Total	**100%**	**0.9%**	**0.2%**	**0.3%**



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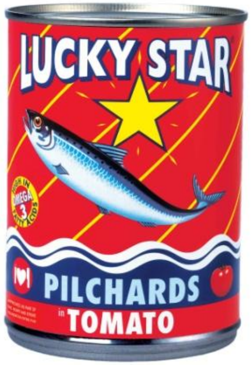
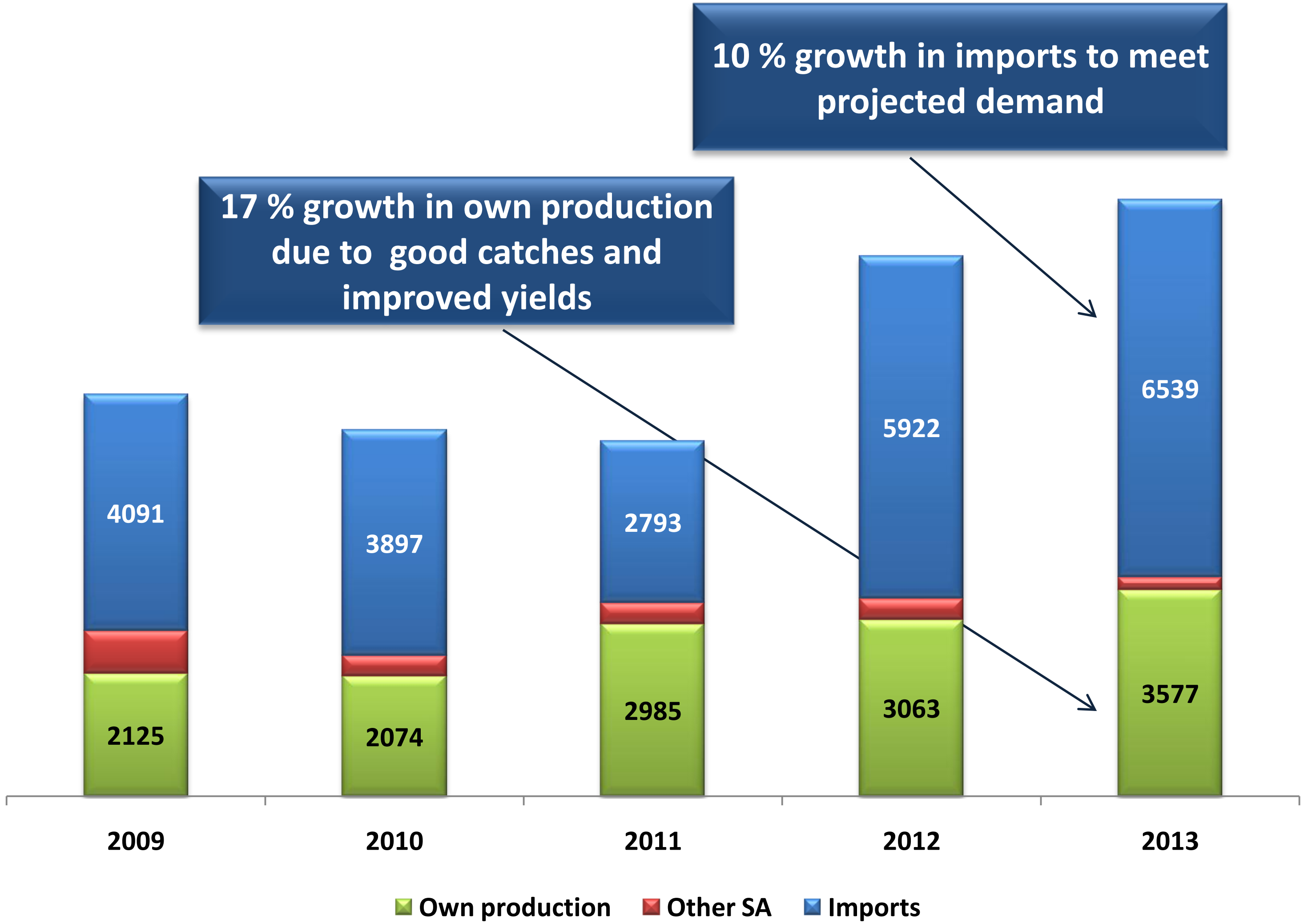
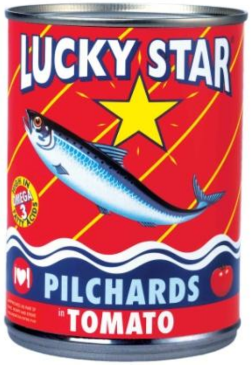
- **Supply**
  - Improved catch levels and production yields in 2013
  - Quota
    - SA – 13,508 owned, 16,215 contracted (TAC 90,000t)
    - Namibia – 7,975 owned, 4,149 contracted (TAC 25,000t)
  - Further 60% sourced from 14 canneries. Increase of 10% in imported volumes to meet projected demand



Canned fish: supply analysis(cartons)





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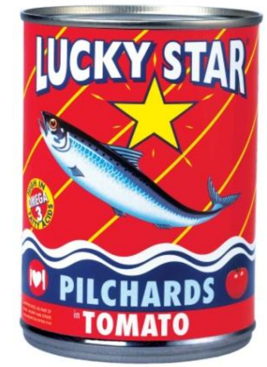
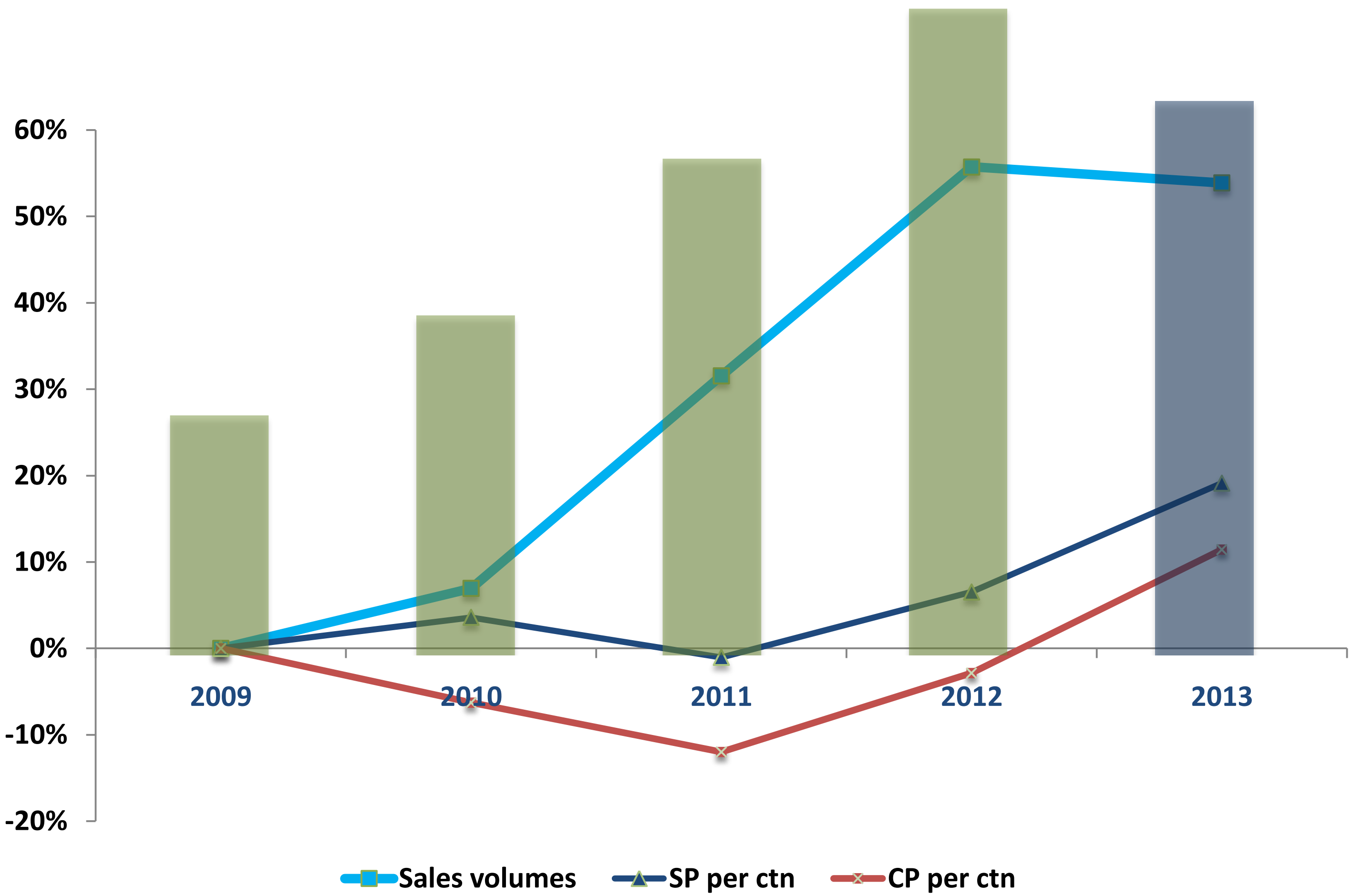
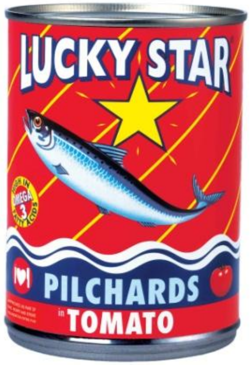


Canned fish: volumes, price and profitability



Comparatives indexed to 2009



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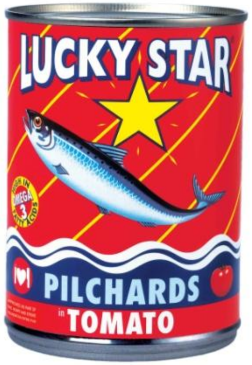
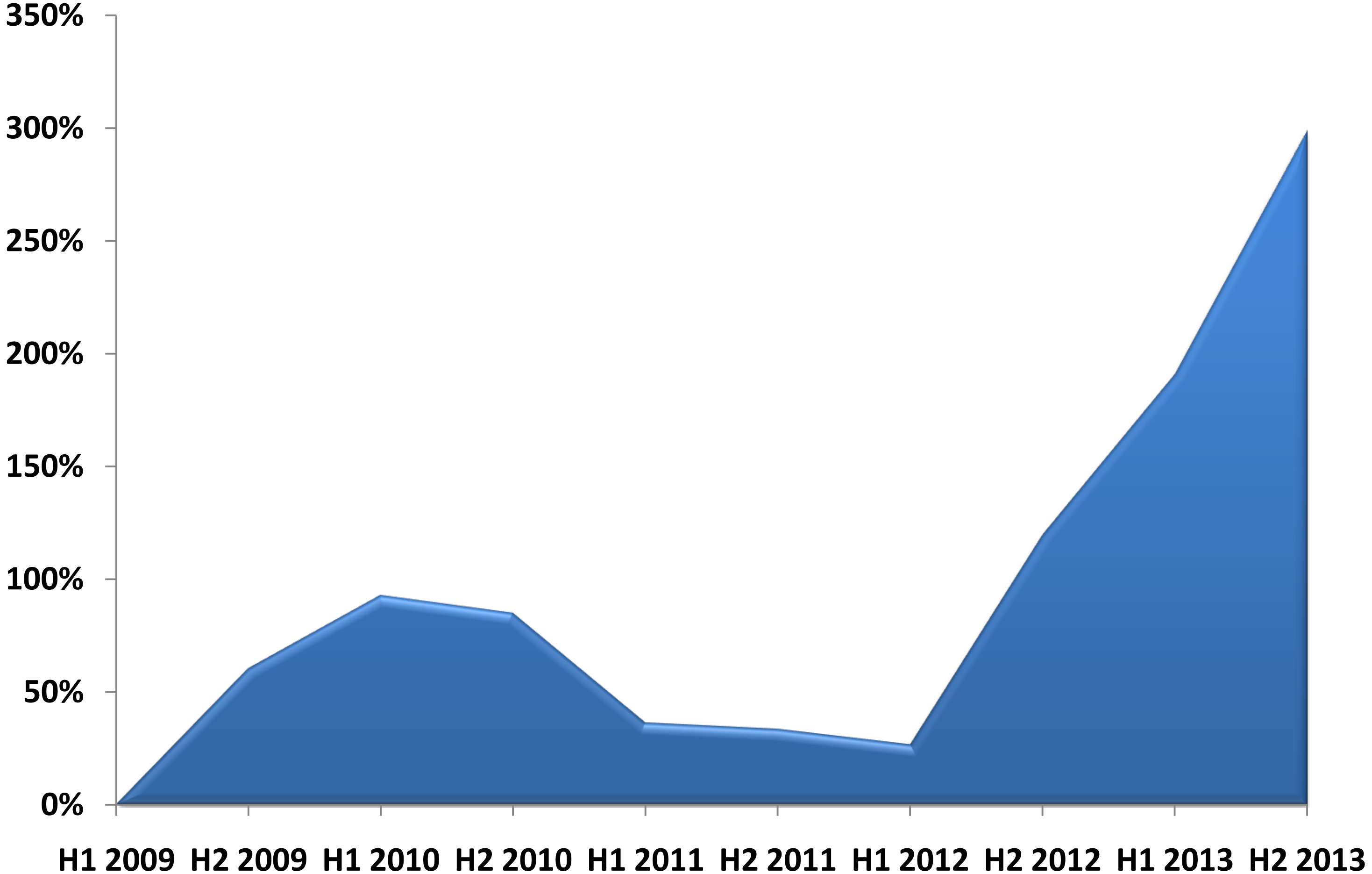
- **Inventory**
  - YOY increase of 82% in cartons held
  - Long lead time in supply chain impacts ability to reduce stock levels in the short term

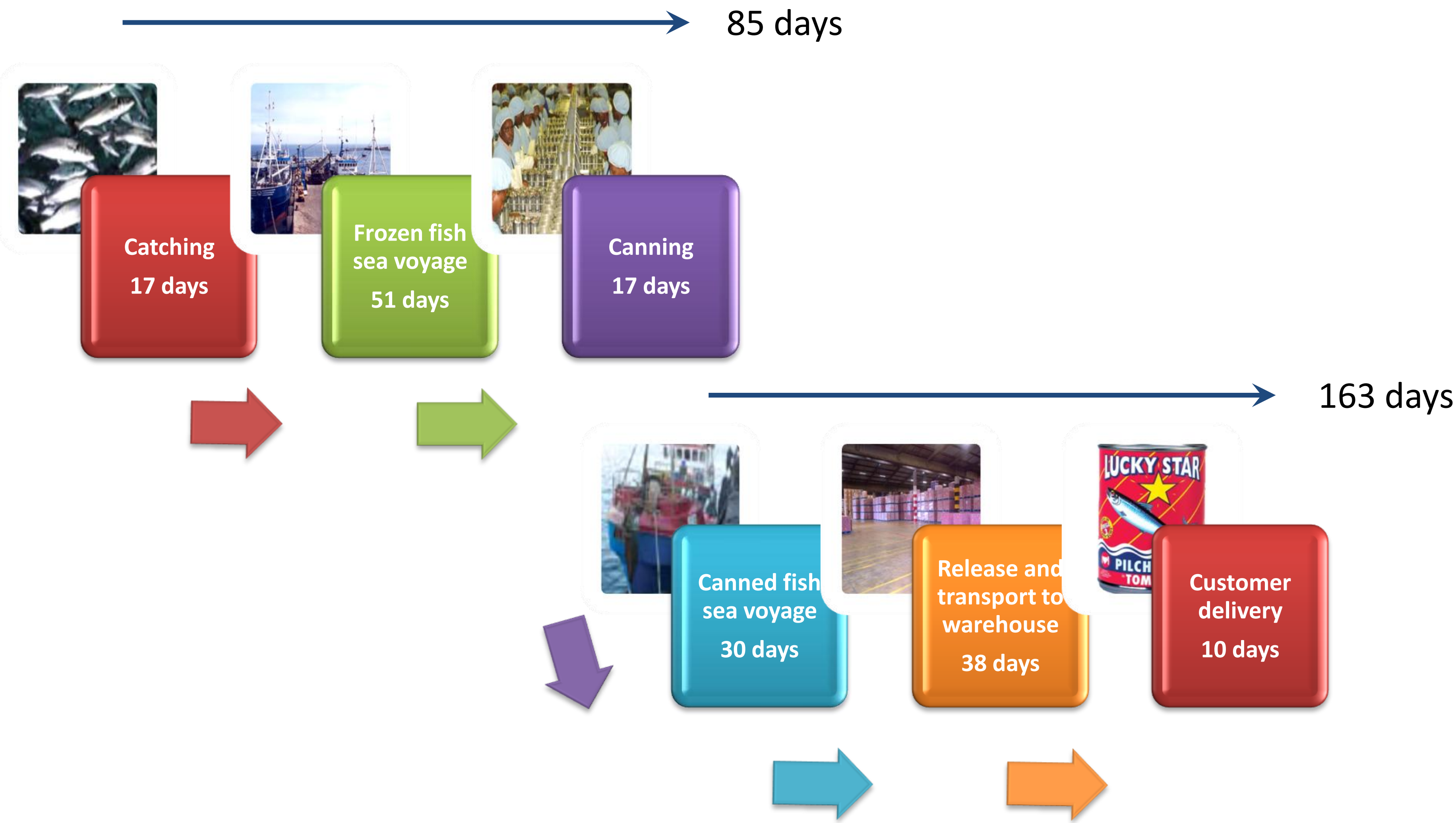


Canned fish: stock levels



Comparatives indexed to 2009

Canned fish: import supply chain



Canned fish: inventory reduction

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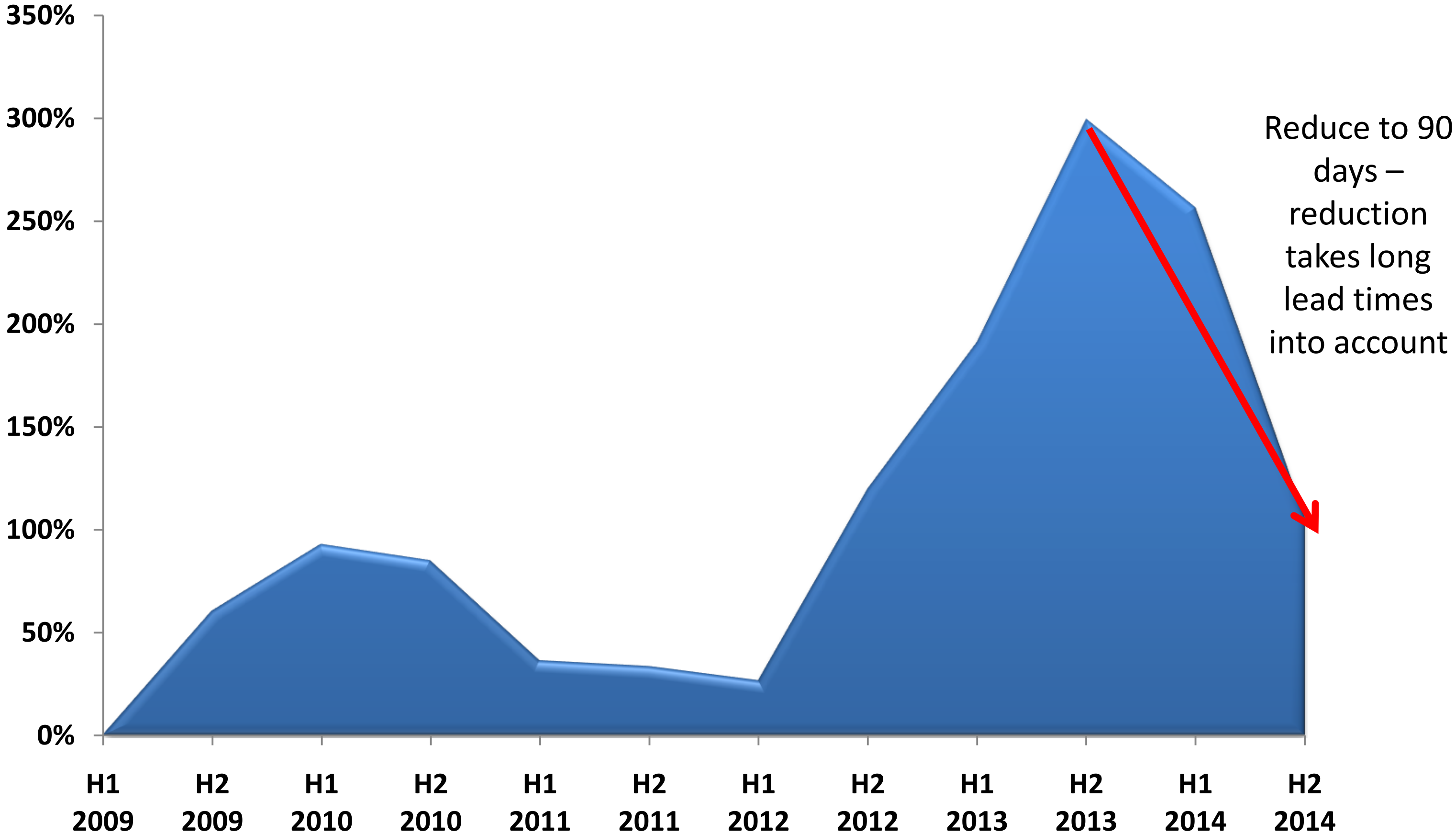

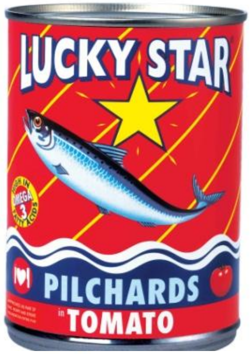

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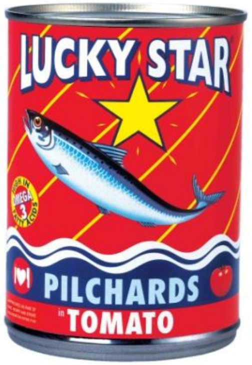
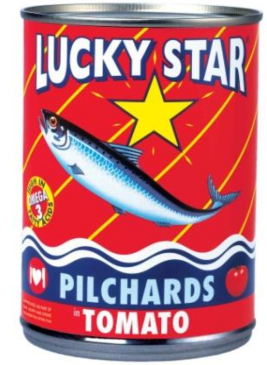
- **2014 outlook**



Canned fish: outlook

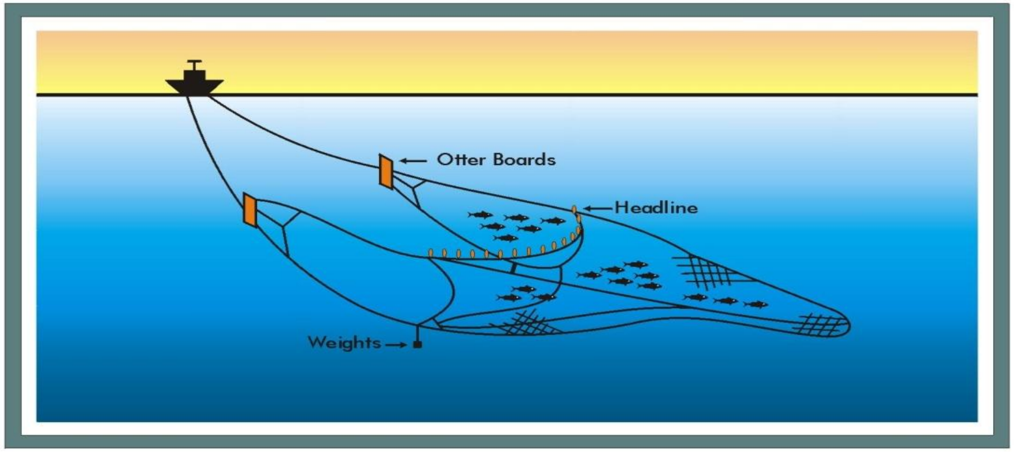
- Domestic growth will remain under pressure due to economic environment
- Price increase planned for 2014 – remains to be seen whether market can absorb this
- Expect further penetration into African markets – Nigeria, Mozambique, Zimbabwe
- Reduction in inventory levels and positive impact on working capital



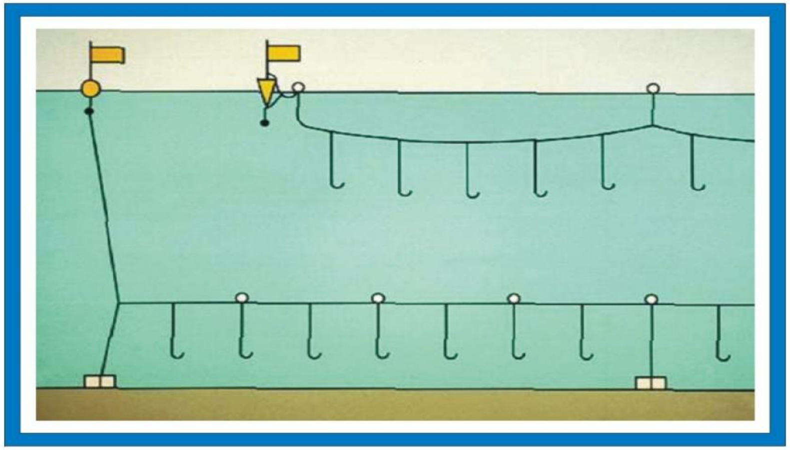
Fishmeal: performance

- **Weather patterns have affected landings due to impact on fishing**

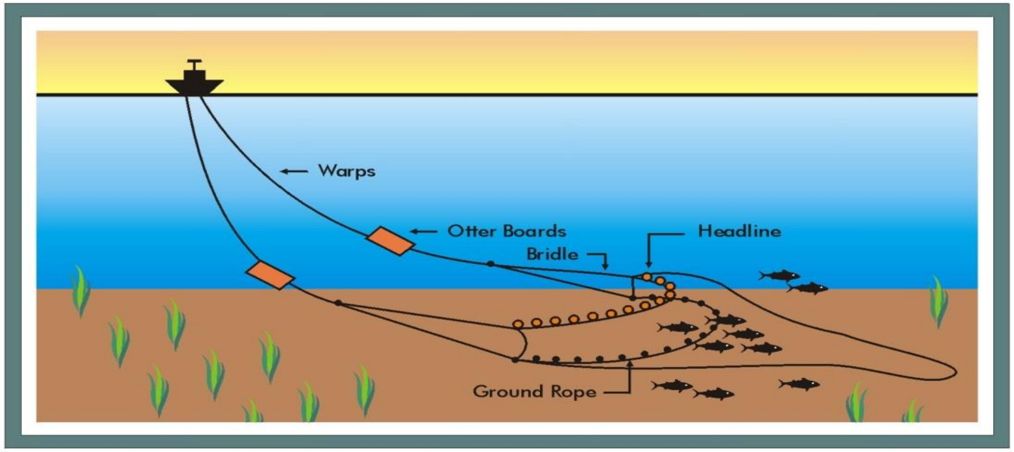

Fishmeal: different fishing methods



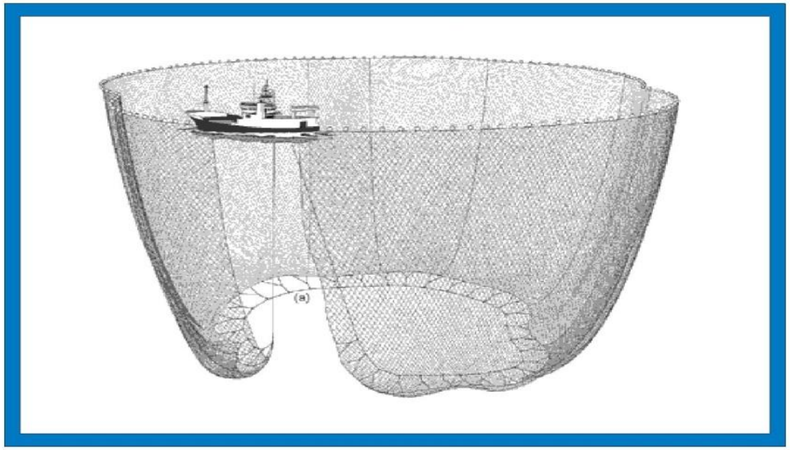
MID-WATER TRAWL



LONG LINE



DEMERSAL TRAWL



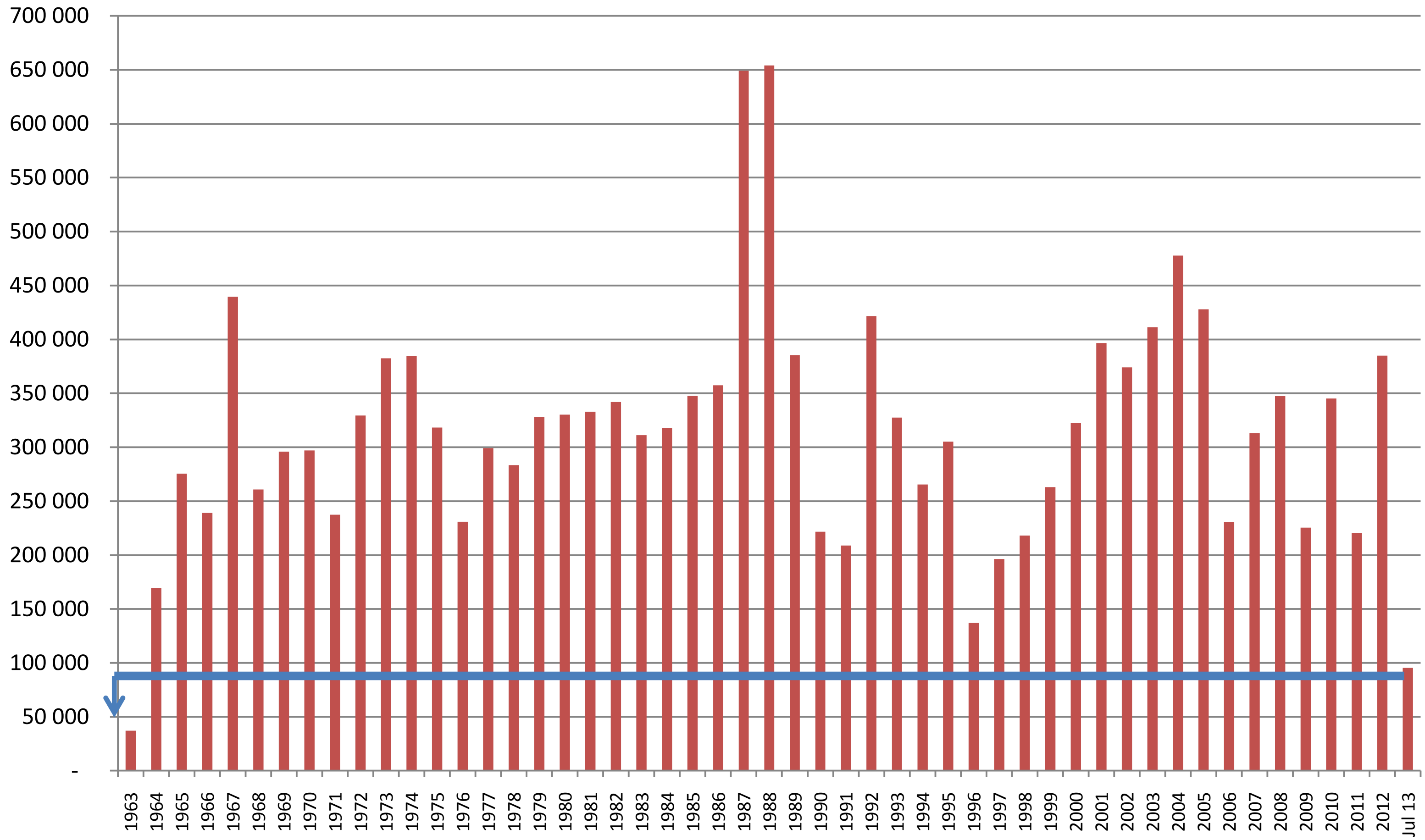
PURSE SEINE

Fishmeal: performance

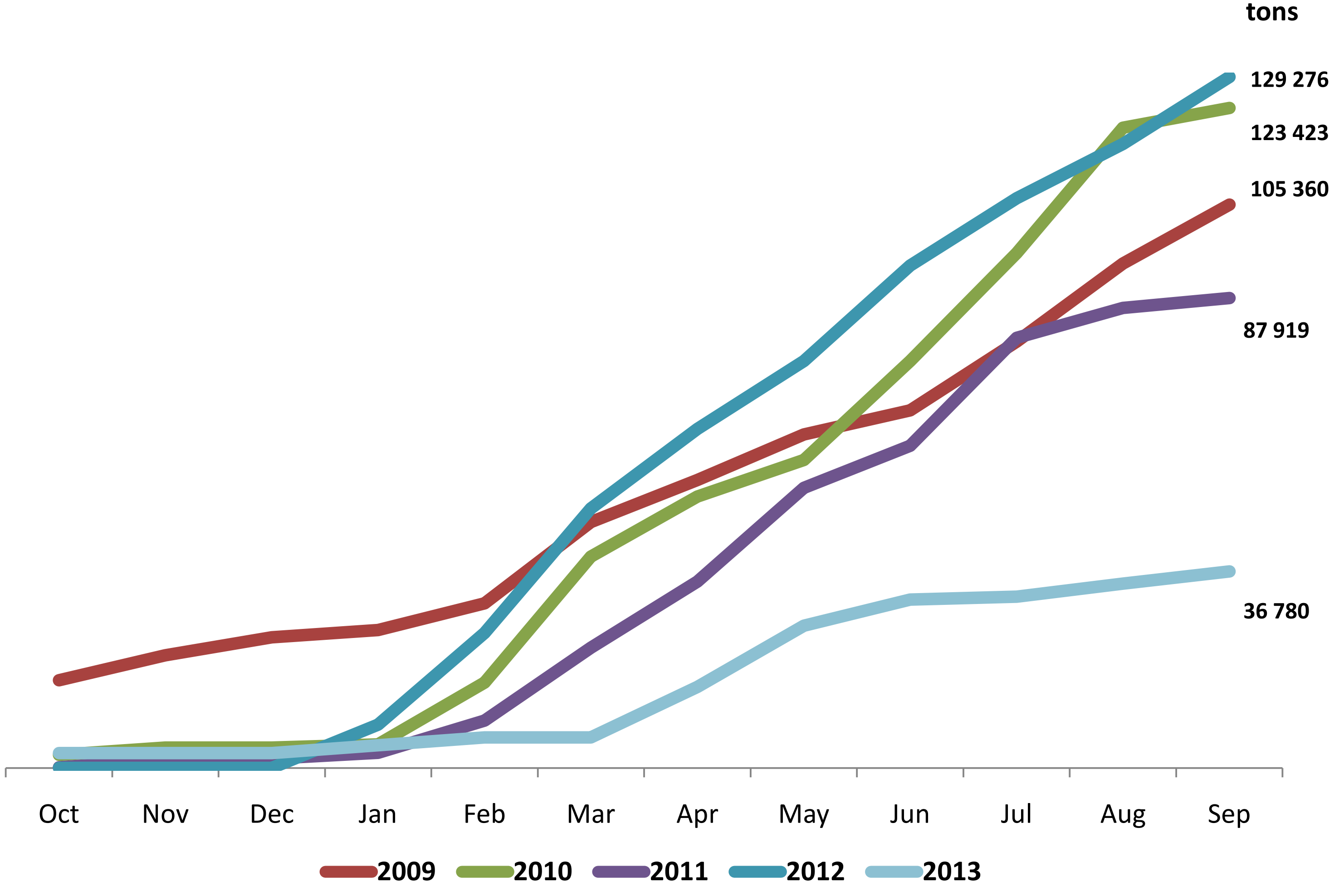
OCEANA GROUP

- **Weather patterns have affected landings due to impact on fishing**
- **Profitability severely impacted by reduction in industrial fish landings**
  - 50 year industrial landings review
  - Oceana landings 5 years

Fishmeal: 50 year industrial landings review



Fishmeal: Oceana 5 year landings



Fishmeal: performance

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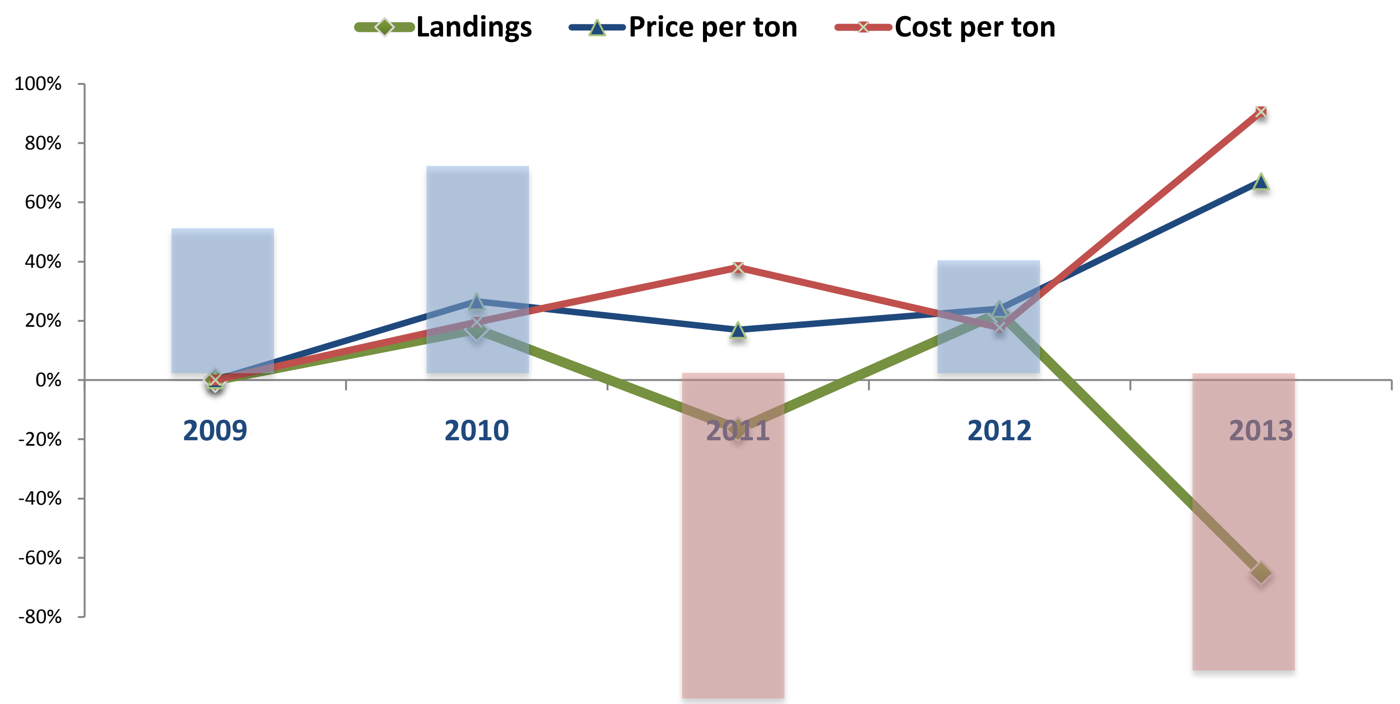
  - 50 year industrial landings review
  - Oceana landings 5 years
- **Volumes, price and costs per ton analysis**

Fishmeal: volumes, price and profitability



Fishmeal: performance

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- **Profitability severely impacted by reduction in industrial fish landings**
  - 50 year industrial landings review
  - Oceana landings 5 years
- **Volumes, price and costs per ton analysis**
- **2014 outlook**

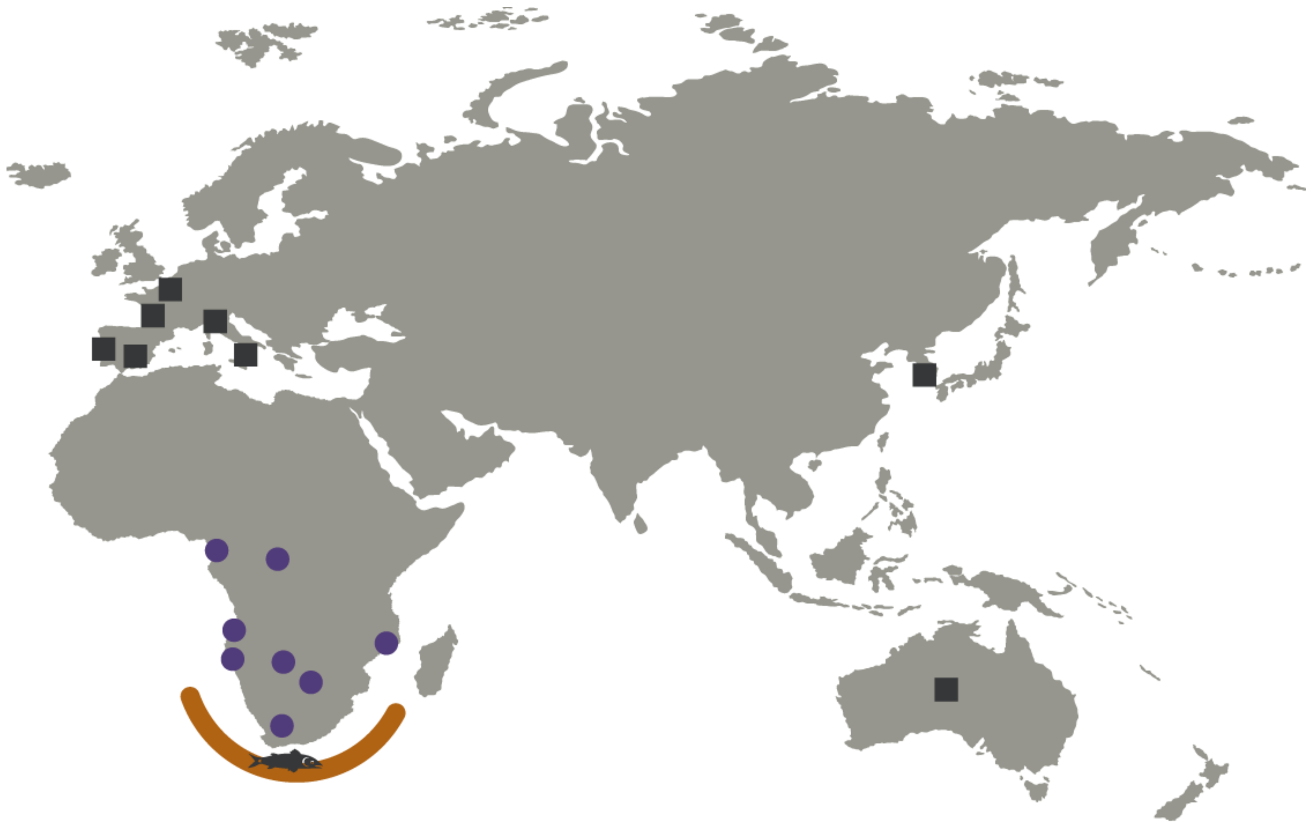
Fishmeal: outlook

- Improved industrial landings expected
- Pricing to remain favourable
- Operational efficiencies to be implemented at low activity sites

Operational review:

Horse mackerel & hake

Horse mackerel & hake: overview



Catch

Horse Mackerel sales

Hake sales

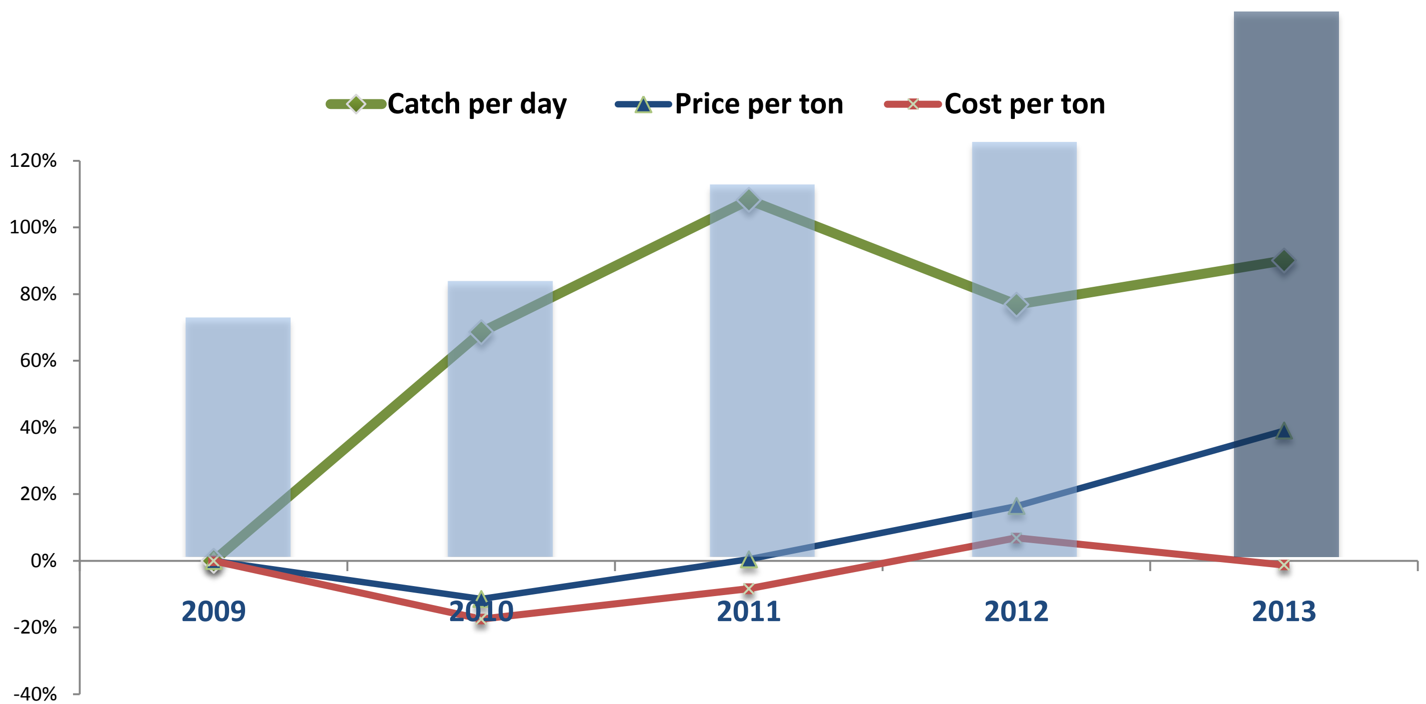
Horse mackerel: performance

- **Good growth in operating profit**
- **Supply**
  - Reduction in Namibian quota by 19% offset by good catch rates
  - Increase in SA quota by 10% in addition to improved catch rates

Horse mackerel: performance

- **Good growth in operating profit**
- **Supply**
  - Reduction in Namibian quota by 19% offset by good catch rates
  - Increase in SA quota by 10% in addition to improved catch rates
- **Volumes**
  - Horse mackerel sales volumes directly linked to supply
  - As a result SA revenues improved on prior year, while Namibia revenue showed marginal decline
- **Pricing**
  - Remained firm in major markets bolstered by favourable exchange rate
  - Improved pricing for certain sizes

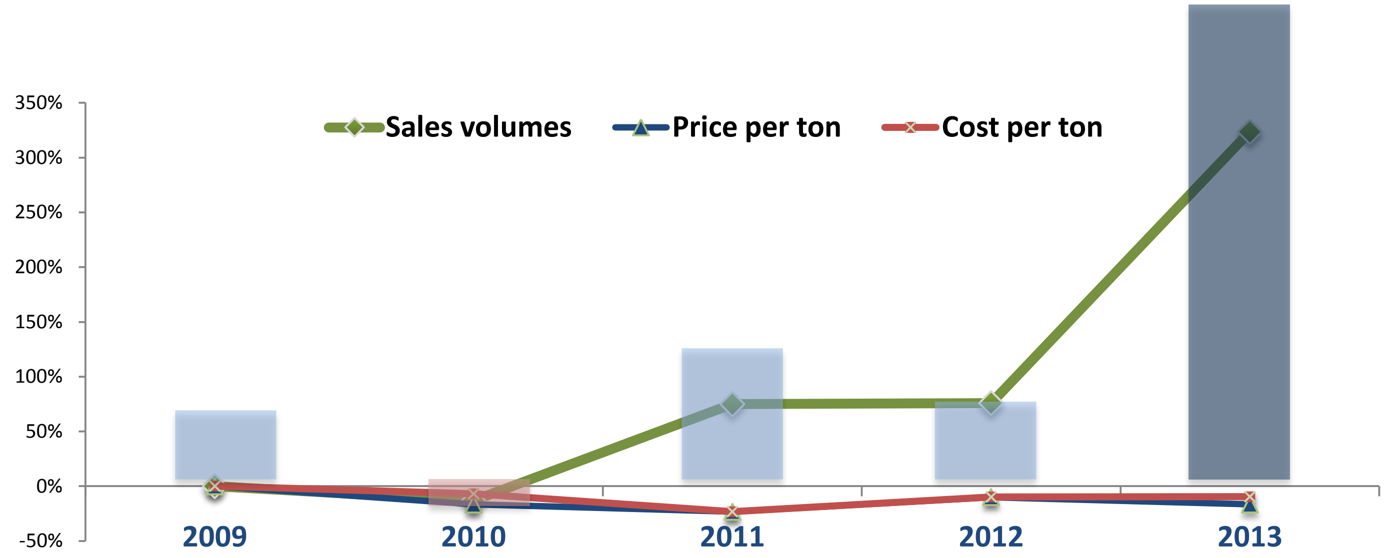
Horse mackerel: volumes, price and profitability



Hake: performance

- **Significant growth in operating profit**
- **Supply**
  - Increase in TAC of 7.8%
  - Additional quota from Lusitania acquisition
- **Volumes**
  - Overall sales volumes improved to 9,396 tons (2012: 3,800 tons)
- **Pricing**
  - Good pricing in all markets bolstered by favourable exchange rate

Hake: volumes, price and profitability



Horse mackerel & hake: outlook

- **Horse mackerel**
  - Reduction in Namibian quota, no change in SA
  - Pricing levels difficult to predict
  - Exploring Angolan opportunities – project commenced in 2013 starting to show promise

- **Hake**
  - No change in quota
  - Consistent pricing levels
  - Improved catch levels and vessel efficiencies should reduce catch costs

Operational Review:

Lobster, squid & french fries

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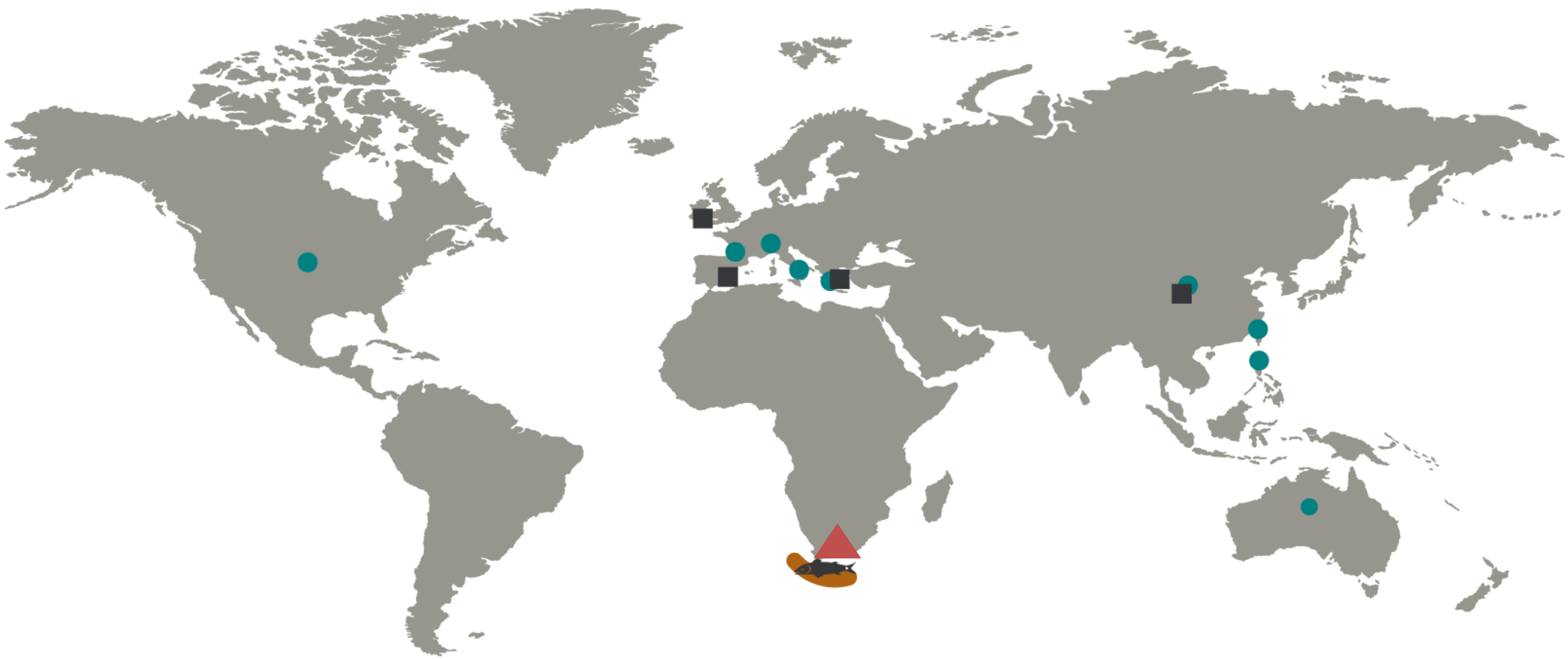
Lobster, squid & fries: overview



Catch

Lobster sales

Squid sales

French fries

Lobster: performance

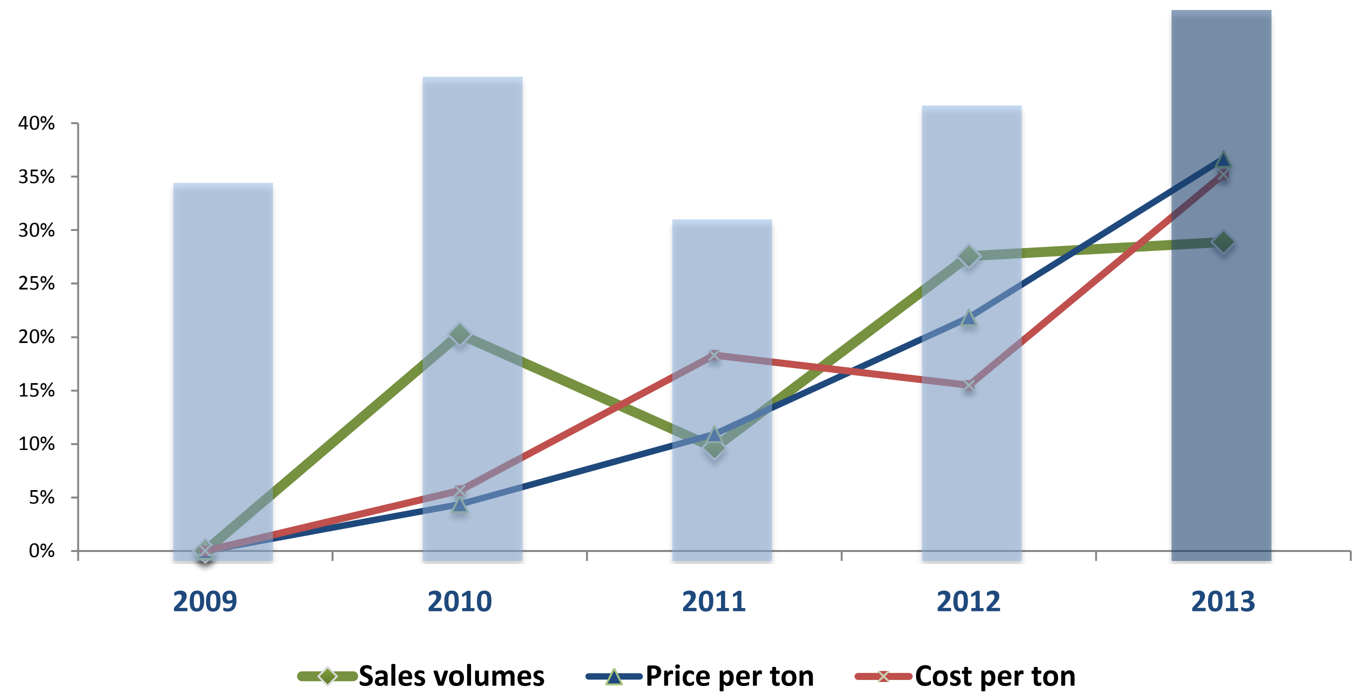
- **Growth in operating profit for 2013**

- **Volumes**
  - Steady demand in key markets
  - Growth in live lobster products

- **Supply**
  - TAC unchanged in 2013
  - Full quota allocated landed

- **Pricing**
  - Improved pricing in most markets
  - Positively impacted by exchange rate

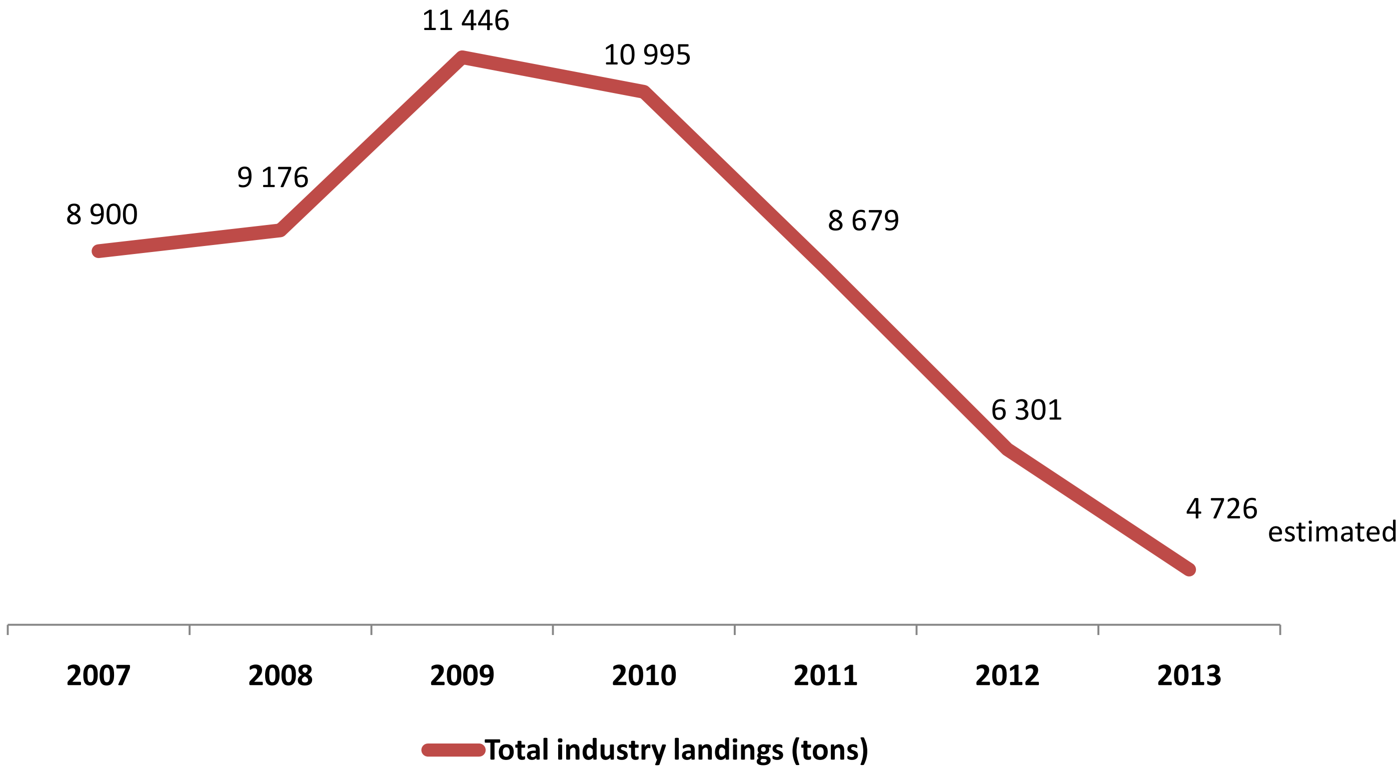
Lobster: volumes, price and profitability



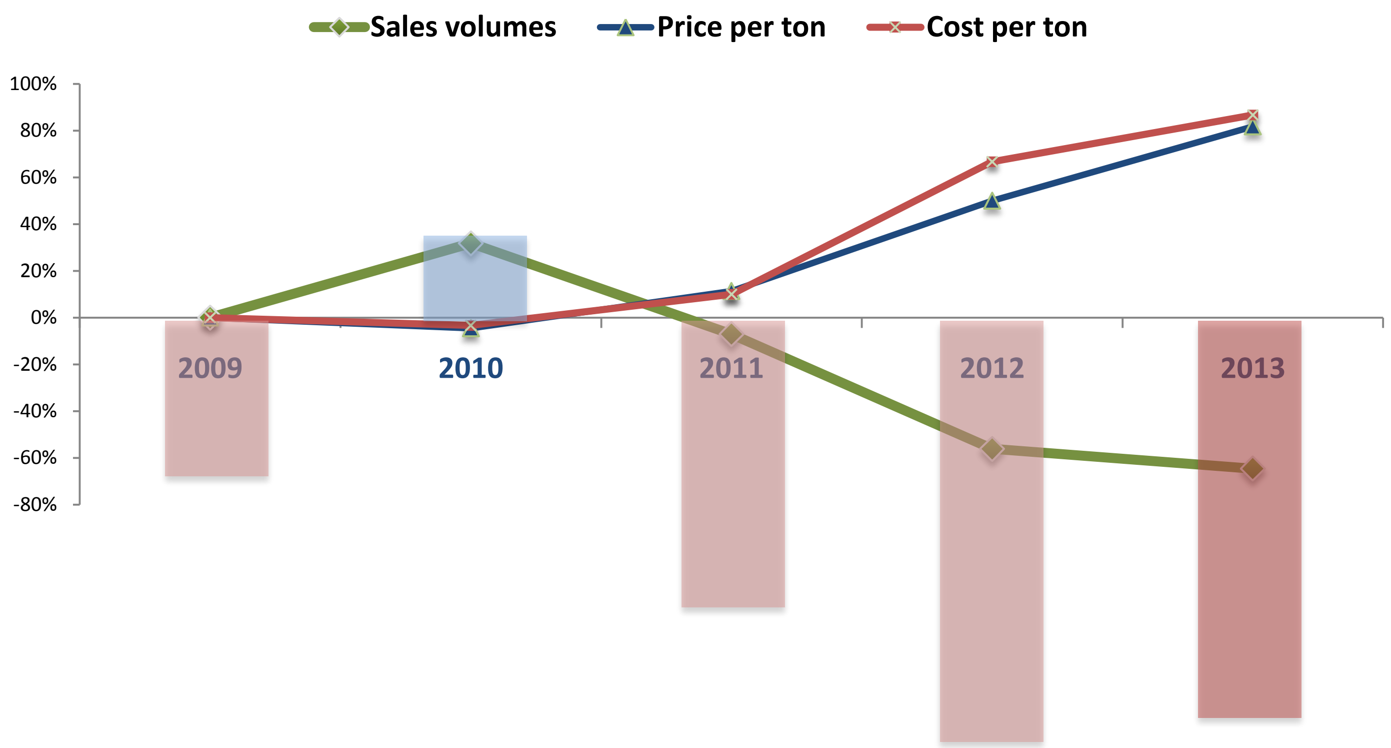
Squid: performance

- **Further losses in squid business for 2013**
- **Supply**
  - Lower industry catch rates in 2013
  - Our catch rates declined by 25%
- **Pricing**
  - Consistent pricing in most markets
  - Positively impacted by exchange rate

Squid: supply – 7 year landings



Squid: volumes, price and profitability



French fries: performance

- **Operating loss in 2013**
- **Volumes**
  - Strong volumes in QSR market
- **Supply**
  - Production input marginally increased
  - Offset by poor potato quality in the first quarter, resulting in lower yields
- **Pricing**
  - Positively impacted by import duty in latter part of the year



French fries: volumes, price and profitability

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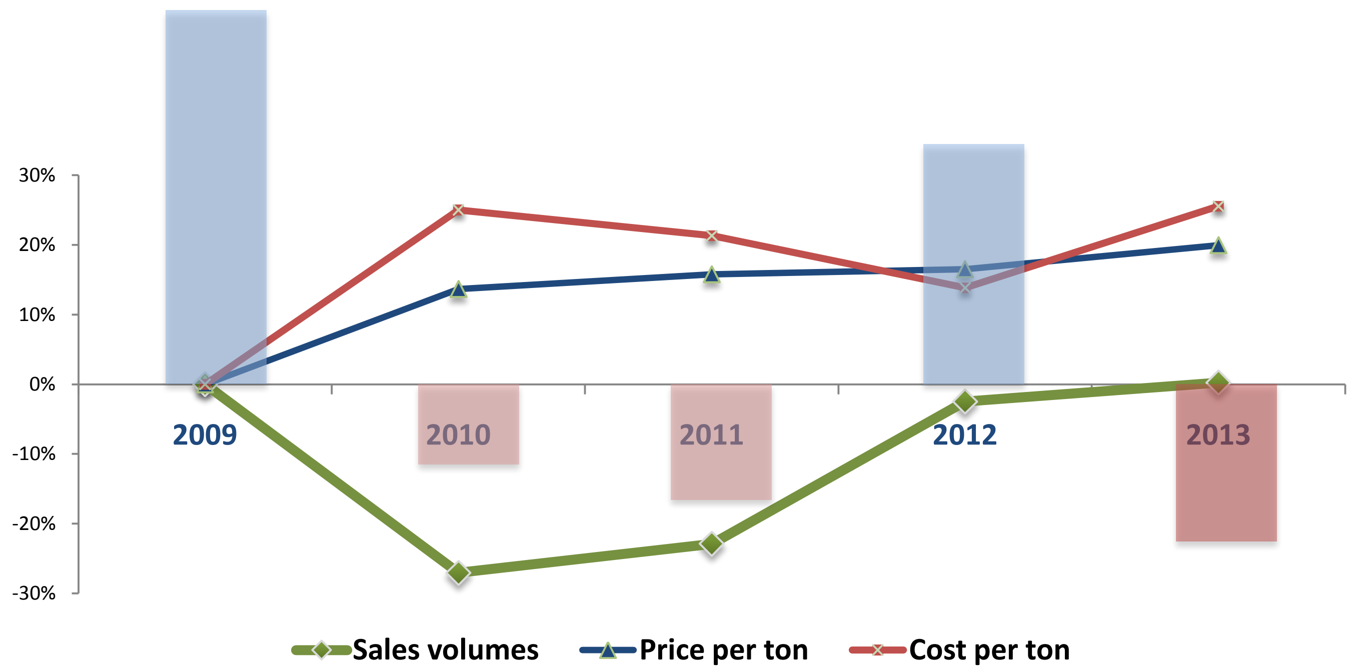

Lobster, squid & french fries: outlook

- **Lobster**
  - Reduction in quota expected
  - Strong pricing levels should remain
- **Squid**
  - Performance will be impacted by resource availability
  - Steady demand still expected
- **French fries**
  - Plant at full capacity
  - Pricing still favourable in light of import tariff
  - Extract efficiencies to deliver growth

Operational Overview:

CCS Logistics

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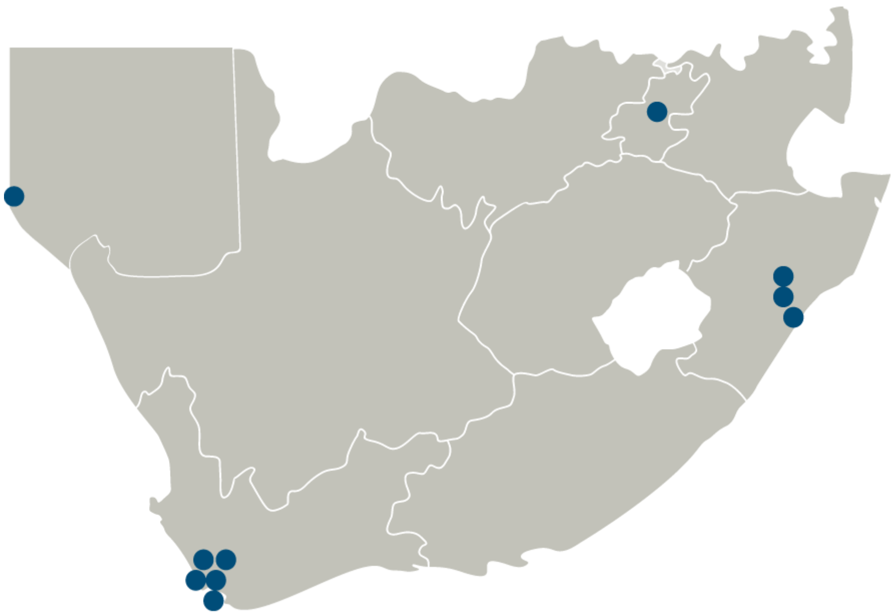
CCS: overview



Cold stores

70's	Paarden Eiland					4 000 pallet spaces
80's	Walvis Bay	Bayhead	Epping	Maydon Wharf	Paarden Eiland expanded	
90's	City Deep	Duncan Dock	Duncan Dock expanded	Walvis Bay expanded	Bayhead expanded	
00's	MFT fruit	Bayhead expanded	Epping expanded	City Deep expanded		
10's	City Deep expanded	Diep River acquired	V&A acquired			110 000 pallet spaces

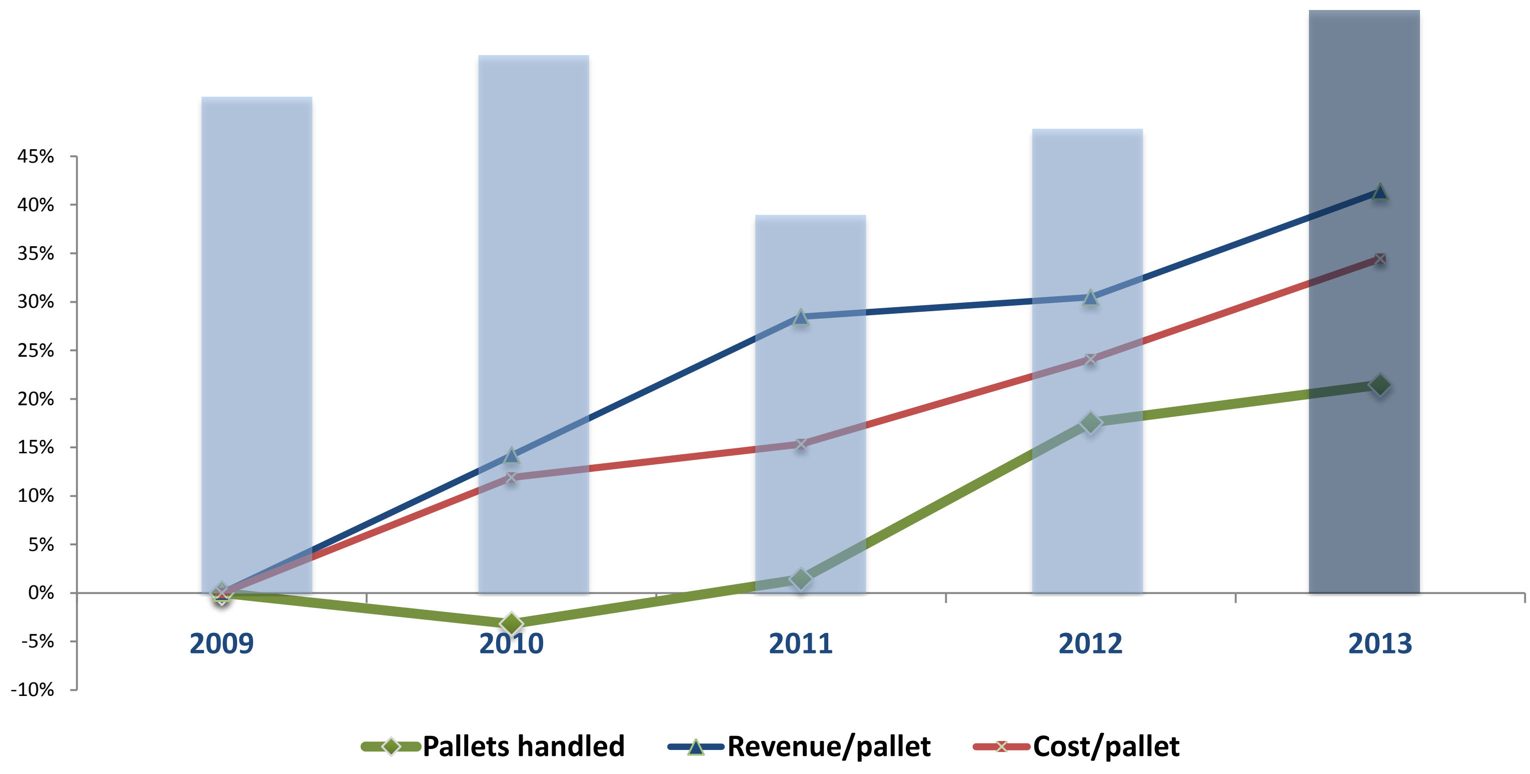
CCS: performance

- **Significant improvement in profitability in 2013**

- **Revenue**
  - Improved due to additional storage capacity
  - Bolstered by higher occupancy levels
  - Strong customer focus delivering returns

- **Operating costs**
  - Continued focus on efficiencies has yielded positive results
  - Offset by electricity tariff increases

CCS: volumes, price and profitability



CCS: Outlook

- **Expansion in Walvis Bay**
- **New site in Midrand**
- **Small site in Angola**
- **Continued focus on customer service and volume throughput**

LOOKING AHEAD

Foodcorp transaction

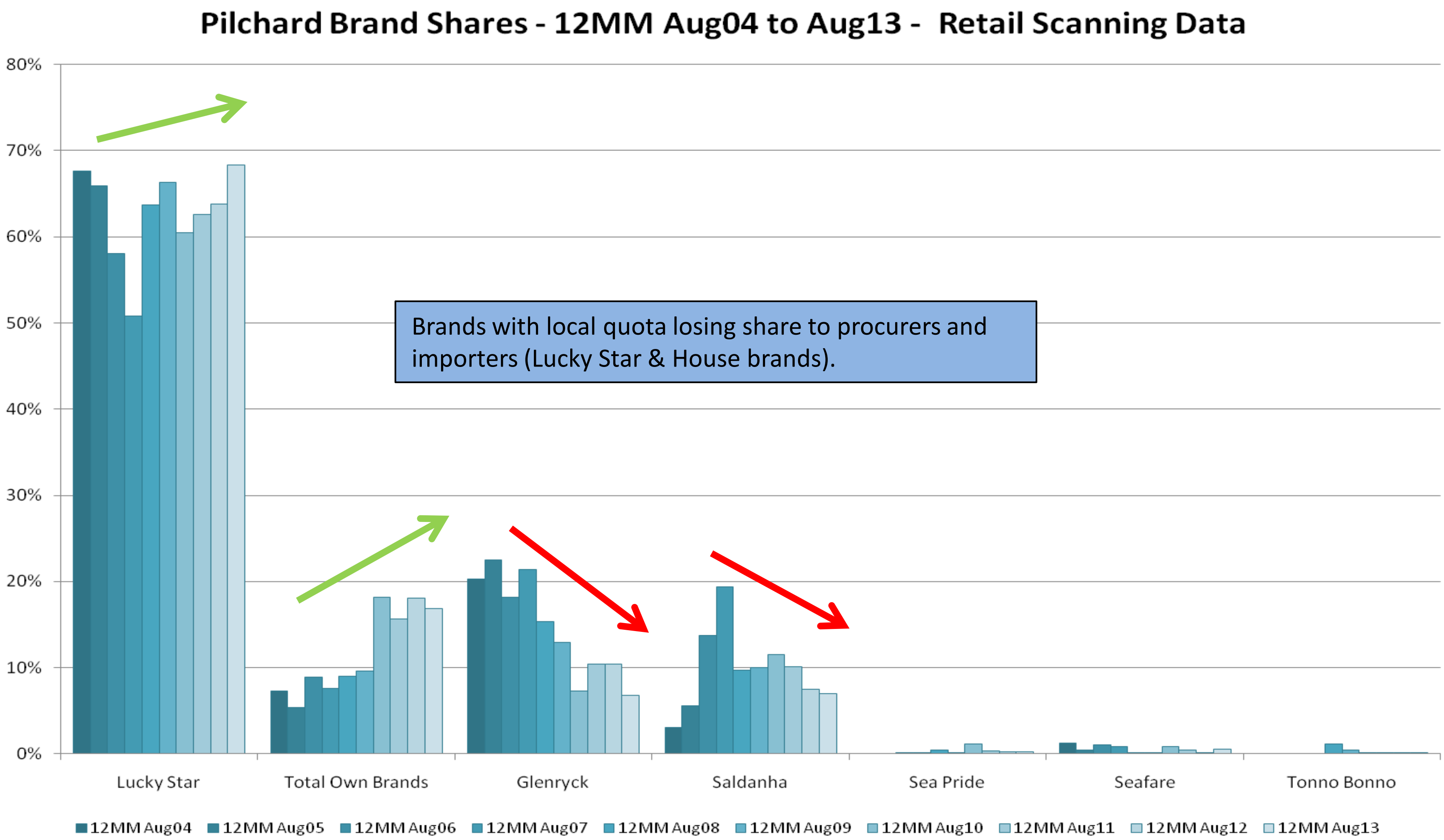
- Foodcorp acquisition approved by the Competition Commission on 29 October 2013

- Subject to two conditions:
  - Divestiture of the Glenryck brand
  - Divestiture of pilchard quota (in order to support the Glenryck brand)

- First condition was expected

- Second condition will be jointly contested by Oceana and Foodcorp via Tribunal

Foodcorp transaction



Foodcorp transaction

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- Subject to two conditions:
  - Divestiture of the Glenryck brand
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- First condition was expected
- Second condition will be jointly contested by Oceana and Foodcorp via Tribunal
- Timeframes being finalised – requested urgent hearing of the matter
- Foodcorp and Oceana have extended the sale of business agreement to 31 January 2014

Oceana Empowerment Trust

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- Oceana Empowerment Trust currently holds 11.7% of Oceana shares
- Established to enable Oceana to facilitate direct participation to existing and future black employees and simultaneously to secure an increased direct broad-based black shareholding
- Current lock-in period ends in January 2017, with significant growth already accrued
- A proposal to assist beneficiaries realise a portion of this benefit immediately and to extend the lock-in period to January 2021, post the Long Term Rights Renewal process has been approved by the Board and Trustees
- Beneficiaries will vote on whether to adopt the proposal and receive an advance payout or keep the status quo
- Payout, if approved, will be funded by long term debt repayable by dividends from the Trust