



## Strong Daybrook performance boosts Oceana's interim results

- **Global diversification delivers in tough operating conditions**
- **Record Lucky Star sales volumes**
- **HEPS from continuing operations up 123%**
- **Interim dividend increased by 136%**

Cape Town, 5 June 2023 – Oceana, the diversified multinational fishing and food processing group, has delivered strong first-half results in tough operating conditions.

Improved opening inventory levels, strong demand for affordable, shelf-stable protein and record fish oil prices enabled Oceana to counter the effects of rising interest rates, high inflation and intensified loadshedding on consumers' disposable income.

CEO, Neville Brink credits the results to Oceana's diversified, three-pillar business model.

"We're a diversified business in terms of the species we harvest, the geographies in which we operate and the products we sell, because this mitigates risk.

"This is evident in the results. While the weaker rand affected Lucky Star margins, despite record sales, this was more than offset by strong demand and continued price improvements for most of our products together with the benefits of the weaker currency on our US and export directed operations."

Revenue from continuing operations grew 48% to R4,5 billion and headline earnings per share from continuing operations increased by 123% to 313.5 cents.

The board increased the interim dividend by 136% to 130 cents per share, compared to the 55 cents per share for the comparative period.

The **wild-caught seafood** business benefitted from increased export demand, which drove up prices. This, and a favourable exchange rate, improved export returns.

Operationally, much-improved catch rates in the Namibian horse mackerel business were offset by poorer catch rates for the South African hake and horse mackerel fisheries and sub-optimal vessel utilisation in the hake business.

Demand for affordable and shelf-stable protein, promotional activity and good opening stocks boosted **Lucky Star** sales by 21% to a record five-million cartons. Margins were affected mainly by the weaker rand which made importing frozen pilchards more expensive and above-inflation increases for other input costs.

**African fishmeal and fish oil** sales volumes were up 39% due to better opening stock levels and a 76% increase in anchovy and red eye landings. Firm US-dollar market prices off the back of firm demand contributed further to the performance. Loadshedding added R12 million to operating costs as a result of increased reliance on generators.



**Daybrook's** fishing season in the United States began in mid-April, but good stock levels from the prior season resulted in fishmeal sales increasing by 78% to 21 895 tons and fish oil sales by over 100% to 4 852 tons.

Global supply and demand dynamics drove strong US-dollar pricing, with fishmeal up by 11% and fish oil by 60%.

Operating margins were at 36%, the best they have been since Oceana acquired Daybrook in 2015. This, and the weaker exchange rate on the conversion of US-dollar earnings to rands contributed to the Group's strong performance.

**Looking forward**, investment in the hake and horse mackerel fleet to enhance production capability and increase days at sea will continue as will the programme to convert vessels from freon to ammonia. Local and international demand is expected to sustain favourable pricing for hake, horse mackerel and squid.

Lucky Star will continue to drive its volume growth strategy by remaining affordable relative to competing proteins supported by superb brand affinity, and good stock availability.

"Growing Lucky Star consumption while ensuring food security for consumers struggling in an increasingly difficult environment, remains key," says CEO Neville Brink.

He says better production volumes, yields and processing more fresh fish at local production facilities will contribute to improved margins.

In the fishmeal and fish oil businesses, investments during the off-season delivered good early season anchovy and menhaden landings. Fishmeal and fish oil inventories are better than the prior period and pricing is expected to remain firm for the rest of the year.

Following the sale of CCS, the Group's cold-storage business, CFO, Zaf Mahomed, says the net proceeds have been used to settle South African term debt in the second half, which is prudent given rising interest rates. This will further strengthen Oceana's balance sheet, creating capacity for growth.

"Despite the tough operating environment, Oceana is in a good place. We're selling record quantities of our canned products and will achieve better margins by limiting costs and improving efficiencies. Our diversified portfolio is naturally hedged against currency volatility and increased export and US-dollar earnings are expected in the second half," says CEO Neville Brink.

**ENDS**



## **Notes to editors**

### **About Oceana**

The Oceana Group is a global fishing and food processing company with a strong, experienced management team, and businesses that operate across the full value-chain – catching or procuring, processing, distributing, and selling. It is Africa's largest fishing company and the most established - with a history dating back over 100 years. It is listed on the Johannesburg (JSE), Namibian (NSX) and A2X stock exchanges.

The Group comprises three operating pillars: Lucky Star brand, fishmeal and fish oil and wild caught seafood. These are diversified by the species that are procured and harvested, the geographies where these are sourced and the markets where they are sold. This spreads risk and reduces the impacts of external factors such as fishing resource, market and currency volatility.

### **Lucky Star Brand**

Canned pilchards are a healthy and affordable protein that provide daily food security to millions of people. The iconic Lucky Star brand, which has been on retail shelves for nearly 70 years, is instantly recognisable to every South African.

With its sophisticated global supply chain, Oceana is the world's largest procurer of frozen pilchards. It is not constrained by localised catch availability, migration patterns or weather conditions. This ensures Lucky Star it is able to keep its factories fully operational throughout the year to meet ever-growing demand.

### **Fishmeal and fish oil**

The fishmeal and fish oil business is diversified across two geographies, with operations in both the United States and South Africa.

Fish resources in both geographies are under-harvested providing opportunities to grow volumes, to be sold predominantly into the US Pet Food and global animal and aquaculture markets.

### **Wild caught seafood**

The wild-caught seafood business is a quota-based business operating in South Africa and Namibia and exports hake, lobster, squid and horse mackerel across the globe.