

Seeka updates early guidance after lower than expected crop yield

Seeka Limited (NZX: SEK) updates the market on current year guidance, following lower than expected crop volumes across Australia and New Zealand. The effect is industry wide, and reflects unseasonably hot and dry growing conditions which have led to a smaller size profile and total crop volume in both Australia and New Zealand.

In New Zealand now that Seeka has packed approximately 97% of its expected SunGold harvest, and has packed approximately 33% of its expected Hayward, and accordingly is in a better position to estimate the full year earnings. Based on the volumes to date, the company now estimates that the full year crop packed by Seeka will be 8.3% on average lower than its pre-season estimates. In total, Seeka expects to pack 33.543m class 1 trays compared to 30.233m in harvest 2018, and its earlier expectation of 36.327m at the time it last gave guidance. Expected margins in the business are forecast to be achieved, along with the first earning targets for the newly acquired Aongatete Coolstores Limited.

Seeka's Australian harvest has been significantly impacted by the record high temperatures and dry growing conditions. The company is predicting a total Green Nashi crop of approximately 900 tonnes (down 18% on 2018) and a kiwifruit crop of 1,900 tonnes (down 26% on 2018).

As a result of the volume impacts outlined above, Seeka updates its previous guidance provided on April 12. Seeka now expects 2019 Group EBITDA to be in the range of \$32.5m to \$33.5m, inclusive of the IFRS 16 adjustment of \$5.6m, compared to previous guidance of \$36.5m to \$37.5m, and compared to the previous year result of \$26.2m (prior year excludes IFRS 16 adjustment). Seeka is anticipating a break even position in Australia at EBITDA in the current financial year, as it continues to build the orchard investment to full production.

Seeka advises that it continues to negotiate the sale of the remaining Northland orchards with secure supply arrangements in place. It expects to complete and settle those sales within the current financial year. Any further sales may have positive upside to earnings and the market will be updated as sales occur. Accordingly, the Company advises that it expects to complete the year within its debt policy of net debt between 1.5 times and 2.5 times EBITDA.

Ends.

For further information, please contact:

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