

OCEANA GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1939/001730/06)
JSE / A2X share code: OCE
NSX share code: OCG
ISIN: ZAE000025284
("Oceana" or "the Company" or "the Group")

VOLUNTARY TRADING UPDATE FOR THE 11 MONTHS ENDED 27 AUGUST 2023

CANNED FISH AND FISHMEAL (AFRICA)

Lucky Star's canned sales volume for the 11 month period was 8% higher at 8,7 million cartons (August 2022: 8,0 million cartons) with continued demand for affordable and shelf-stable protein. Sales volumes in the last five months reduced by 5% compared to the same period in the prior year where volumes were boosted by a return to normalised supply levels.

The increase in selling prices and reduction in freight costs over the period were insufficient to offset above inflation increases in energy, tin can and tomato paste costs and the impact of the weaker rand against the US-dollar on the cost of imported raw materials. Positively, local canning production volumes increased by 15% to 4,7 million cartons (August 2022: 4,1 million cartons) and 19% (August 2022: 11%) of raw fish volumes processed was landed locally. Higher inventory levels of 4,0 million cartons (August 2022: 2,6 million cartons) are held to service expected strong demand going forward.

In the South African fishmeal and fish oil business, strong fish oil pricing and the weaker rand against the US-dollar resulted in a 32% increase in average rand selling prices for the 11 month period. Sales volumes of 21 246 tons were 8% lower than the prior year-to-date period, with a lower proportion of fish oil sales volumes. Production volumes were 24% lower compared to the same period in the prior year due to adverse winter weather conditions impeding fishing.

The local canning and fishmeal and fish oil operations incurred costs directly attributable to loadshedding of R28 million for the 11 month period.

FISHMEAL AND FISH OIL (USA)

In the US, landings of 568 million fish by Westbank for the 21-week season to date were 5% lower than the prior period (week 21, 2022: 599 million fish). Above average water temperatures in the Gulf of Mexico and abnormally low water levels in the Mississippi River have adversely impacted fishing conditions in the last five weeks. The 28-week season ends on 31 October 2023, after the Group's 30 September 2023 financial year end. Fish oil yields at 7,9% were lower than the prior year-to-date period's 10,2% due to lower fat content in the fish landed.

Improved opening inventory levels contributed to increased sales volumes for the 11 month period, with fishmeal sales volumes increasing 49% to 44 892 tons (August 2022: 30 072 tons) and fish oil sales volumes increasing 27% to 12 567 tons (August 2022: 9 928 tons). Cancellation of Peru's main anchovy fishing season due to the high presence of juveniles, resulting from the effect of El Niño, negatively affected Peruvian fishmeal and fish oil production levels in the period. The lower supply from Peru and stable global demand resulted in US-dollar fishmeal sales prices increasing by 9% and US-dollar fish oil sales prices increasing by 38% compared to the prior 11 month period.

The effect of a 10% weaker rand on translation and additional Hurricane Ida insurance proceeds of R72 million (August 2022: R63 million) contributed further to an improved year-to-date performance. Inventory levels similar to the prior period were available for sale into September 2023.

WILD CAUGHT SEAFOOD

Horse mackerel sales volumes of 42 009 tons (August 2022: 42 585 tons) were in line with the prior 11 month period with improved catch rates and vessel utilisation in Namibia offset by poorer catch rates and vessel utilisation in South Africa. Hake sales volumes reduced by 38% to 6 842 tons (August 2022: 10 950 tons) due to fewer seadays and lower catch rates.

The freon conversion and production capacity upgrade of the Beatrice Marine hake fishing vessel, a contributing factor to the reduction in seadays, was successfully completed in the period. High fuel prices continued to adversely impact costs in both the horse mackerel and hake operations. Firm demand and the benefit of the weaker rand on exported volumes resulted in good sales price improvements in rand terms.

DEBT AND CAPITAL EXPENDITURE

As announced on the JSE Stock Exchange News Service (“SENS”) on 17 August 2023, the disposal of the Group’s interest in its cold storage business on 4 April 2023, realised a profit of R 480 million before tax and R370 million after tax. The Group utilised the proceeds from the sale of its cold storage business to settle term debt in South Africa of R550 million during the period.

The Group also successfully refinanced its term debt in the USA during the period which included the payment of an additional US\$ 15 million from cash in excess of operating requirements and simplification of the covenant structure.

Capital expenditure from continuing operations for the 11 month period increased to R390 million (August 2022: R154 million) attributable mainly to increased investment in vessels and production facilities following the successful renewal of fishing rights for 15 years. Capital expenditure to date also includes R50 million, of a committed R115 million, for the construction of a canned meat facility, increasing the Group’s investment and employment in the St Helena Bay region on the Western Cape West Coast. Projects to enhance the Group’s South African fishing fleet and production facilities will continue for the next two years.

Audited results are expected to be released on Monday, 27 November 2023.

This voluntary trading update and any forward-looking statements set out in this announcement have not been reviewed or reported on by the Group’s auditors.

18 September 2023

Cape Town

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