OCEANA GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1939/001730/06)

JSE/A2X share code: OCE

NSX share code: OCG

OTCQX Share Code: OCGPF

ISIN: ZAE000025284

("Oceana" or "the Company" or "the Group")

AUDITED GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

	Continuing Operations		
	2024 Rm	**2023* Rm**	**% change**
Revenue	10061	9987	0.7
Operating Profit	1632	1490	9.5
Profit after tax	1114	990	12.5
Earnings per share (cents)	920.9	804.1	14.5
Headline earnings per share (cents)	917.6	808.8	13.5

*Excludes the profit on sale of Commercial Cold Storage and Logistics (CCS Logistics) and the result of its operations which is accounted for as a discontinued operation up until the date of sale on 4 April 2023.

GROUP OVERVIEW

The Group achieved solid annual results, with headline earnings per share increasing by 13.5%. The growth was driven by record earnings from Daybrook in the United States (US), margin expansion at Lucky Star foods and a strong turnaround in the Hake operations. The Group's performance was negatively impacted by weaker results from the African fishmeal and fish oil business due to lower volumes and poor horse mackerel performance resulting from a major vessel breakdown and lower catch rates.

Revenue increased by 0.7% to R10.1 billion (2023: R10.0 billion), primarily due to strong fish oil sales prices together with improved hake and squid sales volumes. This revenue growth was offset by lower fishmeal sales volumes due to reduced catches in South Africa (SA) and the US as well as decreased horse mackerel sales volumes.

Gross profit margin increased by 320 basis points to 31.8% (2023: 28.6%), attributable to a favourable mix of higher margin fish oil sales and enhanced margins from Lucky Star foods due to efficiencies and cost savings generated by the recent cannery upgrades. Margins were negatively impacted by lower catch and production volumes in both the fishmeal and fish oil and horse mackerel operations.

Sales and distribution expenditure as a percentage of revenue increased slightly to 5.4% (2023: 5.3%) due mainly to higher Lucky Star foods inventory storage and handling costs.

Overhead expenditure increased by 6.7% to R1 022 million (2023: R958 million), marginally above inflation due mainly to the impact of higher insurance premiums.

Operating profit increased by 9.5% to R1 632 million (2023: R1 490 million), reflecting stronger gross margins at Daybrook and Lucky Star foods coupled with disciplined cost management.

Net interest expense increased to R226 million (2023: R192 million) primarily due to an increase in borrowings, as a result of lower cash operating profit from the SA operations and higher capital expenditure and working capital investment.

The **effective tax rate** reduced to 20.8% (2023: 23.7%) due to the improved performance of the US fishmeal and fish oil business, which is taxed at a lower rate. The taxation expense includes dividend withholding tax of R18 million (2023: R40 million).

Profit after tax increased by 12.5% to R1 114 million (2023: R990 million) driven by the improved operating performance and favourable tax rate, partially offset by higher interest expenses.

The Group's financial results are reported on a continuing operations basis, excluding the discontinued operations of Commercial Cold Storage and Logistics (CCS) disposed of in the prior year.

CASH FLOW AND FINANCIAL POSITION

Cash generated from operations decreased by 13.5% to R1 468 million (2023: R1 698 million), with higher working capital requirements of R517 million (2023: R133 million) outweighing the improvement in cash operating profit to R1 985 million (2023: R 1 831 million).

Capital expenditure increased by R187 million to R645 million (2023: R458 million), driven by strategic investments in SA totalling R215 million to modernise the canneries, fishmeal and fish oil plants, and boiler infrastructure, as well as to commission a new canned meat facility. A further R77 million was spent on the Desert Diamond vessel, covering essential repairs and expedited dry docking costs, and R27 million on expanding squid fishing capacity through the acquisition of five squid vessels. The remainder of the capital expenditure was primarily invested in replacement assets to maintain existing infrastructure.

The Group's net debt increased by R546 million to R2 581 million at the end of the period (2023: R2 035 million). The Group successfully refinanced R896 million of its sustainability-linked SA long-term debt during the year and converted R700 million of short-term into long-term debt. The increase in term debt included R600 million to support the Group's capital investment programme, and R100 million primarily for the squid and canned chicken acquisition opportunities to drive growth. The increase in SA short-term facilities of R258 million relates to financing working capital requirements. The Group's net debt position benefitted from capital repayments which included a USD 2.5 million prepayment in the US, favourable currency translation effect on US Dollar denominated debt and higher cash balances due to strong US cash generation.

The Group's net debt to EBITDA ratio increased to 1.3 times (2023: 1.2 times). The Group complied with all lender covenant requirements relating to both its SA and US debt.

REVIEW OF OPERATIONS

Revenue and operating profit by segment for the year:

Rm	Revenue			Operating Profit		
Segmental results	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Lucky Star foods	4 591	4 576	0.3%	428	346	23.7%
Fishmeal and fish oil (Africa)	877	977	(10.2%)	79	150	(47.3%)
Fishmeal and fish oil (USA)	3 006	2 697	11.5%	1 178	810	45.4%
Wild caught seafood	1 587	1 737	(8.6%)	(53)	127	(141.7%)
Intercompany eliminations*	-	-	-	-	57	-
Total	**10 061**	**9 987**	**0.7%**	**1 632**	**1 490**	**9.5%**

*Intercompany eliminations between continuing and discontinued operations.

The Group's segmental reporting has been revised to align with the operational structure and growth strategy of the business. Lucky Star foods and Fishmeal and fish oil (Africa) are now segregated and disclosed as two segments, increasing the number of segments from three to four.

LUCKY STAR FOODS

Strong second half demand resulted in total sales volumes of 9.3 million cartons, slightly below the previous year's record 9.6 million cartons. Lucky Star foods continued to focus on affordability and availability, thereby maintaining strong support from customers and consumers. The recent expansion into the canned meat and canned chicken segments gained traction, leveraging the brand's strength and distribution reach.

The local canneries resumed full production in the second half following scheduled first half shutdowns to implement factory upgrades. Consequently, local canning production volumes declined by 22.8% to 4.0 million cartons (2023: 5.2 million cartons) with 22.5% (2023: 18.4%) of raw fish volumes being locally caught pilchards. The recent cannery upgrades started to realise benefits, delivering cost savings, operational efficiencies and improved yields, contributing to an increase in operating profit margin to 9.3% (2023: 7.6%) despite the reduced throughput.

Inventory levels closed 20.2% higher compared to the previous year due to the increased procurement of frozen fish imports in the fourth quarter to secure supply.

FISHMEAL AND FISH OIL (FMO)

FMO (AFRICA)

African fishmeal and fish oil sales volumes declined by 11.5% to 21 319 tons (2023: 24 088 tons) due to lower opening inventory levels and reduced production volumes in the year. Raw material available for production declined due to the combined effect of a 10.6% reduction in pilchard trimmings from the cannery and 6.9% lower anchovy landings, which were affected by prolonged adverse winter weather conditions.

Overall, production yields improved to 23.7% (2023: 23.3%) mainly due to higher fish oil yields. The West Coast plant upgrades, which were completed this year, started to deliver benefits in the latter part of the production season, driving efficiency gains and enhancements in product quality.

Average US Dollar selling prices increased by 12.1% for fish oil, but declined by 10.3% for fishmeal, resulting in a marginal net overall increase. The decrease in sales volumes negatively impacted performance resulting in lower revenue and operating profit.

FMO (USA)

Daybrook delivered an outstanding result, achieving its strongest operating performance to date and contributing 72.2% to the Group's operating profit for the year. The strong performance was achieved mainly through a 17.4% increase in fish oil sales volumes to 14 947 tons (2023: 12 729 tons), driven by higher opening inventory levels and higher production yields, combined with a 49% increase in US Dollar fish oil prices. Earnings benefited from a 2.8% weakening in the Rand, which further enhanced earnings.

Gulf Menhaden landings for the financial year declined by 21.4% to 527 million fish (2023: 671 million fish) due to adverse weather conditions disrupting fishing operations.

Fish oil yields improved materially by 400 basis points to 12.1% for the year (2023: 8.1%), partially offsetting the negative impact of the lower catch volumes. Fishmeal sales volumes reduced by 20.0% to 42 238 tons (2023: 52 804 tons), reflecting the lower fish catch.

Daybrook's operating profit margin increased to 39.2% in the year (2023: 30.0%), with the increase in fish oil US Dollar pricing contributing approximately 12.2% of this margin improvement. Daybrook's prior year operating profit included non-recurring insurance proceeds of R72 million (equivalent to 2.7% operating margin).

Inventory levels closed 5.2% higher than the previous year, with a higher mix of fish oil inventory.

WILD CAUGHT SEAFOOD

HAKE

The Hake operations delivered a substantially better performance yet remained short of its optimal potential. Catch volumes increased 36.3% due to the combined effect of increased sea days and improved catch rates. This led to sales volumes increasing by 28.9% to 10 420 tons (2023: 8 086 tons). European demand remained firm, supporting selling prices, although average Rand prices declined due to variations in product mix.

HORSE MACKEREL

The SA horse mackerel operations faced significant challenges with a major mechanical failure on the Desert Diamond vessel resulting in a 66.5% decrease in seadays. Catch rates declined by 49.5% during the operational periods which added to the vessel's poor performance. Consequently, horse mackerel sales volumes in SA were 85.1% lower and operating performance declined significantly.

In Namibia, horse mackerel operating costs increased by 18.3% due to the combination of lower catch rates, down 13.7%, increased fuel costs from the use of more expensive intermediate fuel oil and higher quota usage fees.

Total horse mackerel sales volumes reduced by 14.6% to 38 711 tons (2023: 45 327 tons). Firm consumer demand for horse mackerel was sustained, with average Rand prices easing slightly from the prior year's high level.

LOBSTER AND SQUID

After a slow start the squid fishing season gained momentum in April, with catches substantially improving, to yield a 43.9% annual increase in catch rates. Industry-wide catch rate improvements led to increased supply, resulting in a 24.8% decline in Euro-denominated sales prices for the year. The integration of the Eastern Cape squid acquisition was a primary focus in the last quarter, positioning the squid operations for a strong start to the new fishing season.

South Coast Rock Lobster operations maintained a solid performance while the West Coast Rock Lobster resource has stablised at historically low levels.

COMMERCIAL COLD STORAGE AND LOGISTICS (CCS LOGISTICS)

Shareholders are reminded that the Group disposed of its interest in CCS Logistics in the prior year. The disposal realised a profit of R477 million before taxation and R381 million after taxation, directly translating to an increase in earnings per share of 314.4 cents in the previous year. This profit had no impact on headline earnings per share in the previous year, being excluded for the purposes of calculating headline earnings.

DIVIDENDS

The Group declared a final dividend of 300 cents (2023: 305 cents) per share, which together with the interim dividend, brings the total dividend for the year to 495 cents (2023: 435 cents) per share, an increase of 13.8%.

OUTLOOK

The fishmeal and fish oil businesses are expected to face headwinds due to softening global fishmeal and fish oil prices resulting from normalised global supply levels. With the modernisation of the SA fishmeal operations complete, this segment is however well-positioned to leverage the underutilised industrial fish resource, driving operational efficiencies and product quality. Recent biomass stock assessment reports validate the health and resilience of the Gulf Menhaden resource, which will support the drive to increase catch volumes in the US.

As SA's economic outlook improves, a recovery in consumer spending is expected to support Lucky Star food's growth strategy focused on affordability and availability. The recent cannery upgrades will yield increased throughput and cost efficiency enabling sustained affordability.

Leveraging the iconic status and distribution reach of the brand, Lucky Star foods will continue to diversify into complementary canned food and adjacent food categories.

The Group remains optimistic about the prospects of the Wild caught seafood business and will drive performance of the upgraded fleet to minimise downtime, enhance efficiencies and maximise catch subject to fish availability. The expanded squid fleet is well positioned for a strong start to the new season.

Following a year of significant capital expenditure, the Group will focus on realising the benefits of this investment. As a result, capital expenditure is expected to revert to normalised levels going forward.

Any forward-looking statements set out in this announcement have not been reviewed or reported on by the auditors.

CHANGES TO THE BOARD AND COMMITTEES

The following changes took place:

- Pooven Viranna was appointed as an independent non-executive director on 11 March 2024 and as a member of the Audit Committee and the Remuneration Committee. Effective 10 September 2024, Pooven was appointed as a member of the Social, Ethics and Transformation Committee.

- Noel Doyle was appointed as an independent non-executive director on 1 November 2024 and as a member of the Audit Committee and the Remuneration Committee.

By order of the Board: 22 November 2024

Mustaq Brey	Neville Brink
Chairman	Chief Executive Officer
Cape Town	

DECLARATION OF FINAL DIVIDEND

Notice is hereby given of dividend number 161. A gross final dividend amounting to 300 cents per share, in respect of the year ended 30 September 2024 is declared out of current earnings. Where applicable, the deduction of dividends withholding tax at a rate of 20% will result in a net dividend amounting to 240 cents per share.

By order of the Board: 22 November 2024

The number of ordinary shares in issue at the date of this declaration is 130 431 804. The Company's tax reference number is 9675/139/71/2. Relevant dates are as follows:

Last day to trade cum dividend	Friday, 20 December 2024
Commence trading ex-dividend	Monday, 23 December 2024
Record date	Friday, 27 December 2024
Dividend payment date	Monday, 30 December 2024

Share certificates may not be dematerialised or rematerialised between Monday, 23 December 2024 and Friday, 27 December 2024 (both dates inclusive).

The short-form announcement is the responsibility of the directors and is only a summary of the information in the Annual Financial Statements of Oceana released on SENS on Monday, 25 November 2024 and does not contain the full or complete details. Any investment decision should be based on the Annual Financial Statements which are available on our website at https://results.oceana.co.za/year-end-results-2024 and on https://senspdf.jse.co.za/documents/2024/jse/isse/oce/FY24.pdf as well as at our JSE sponsor at jsesponsor@standardbank.co.za

Jayesh Jaga

Group Company Secretary

25 November 2024

JSE Sponsor:

The Standard Bank of South Africa Limited

NSX Sponsor:

Old Mutual Investment Services (Namibia) Proprietary Limited