THE OPERATING CONTEXT

THE EXTERNAL ENVIRONMENT

Our ability to generate value and deliver on our core purpose is impacted, both negatively and positively, by various factors in our external environment. This year we have identified and prioritised the following four issues that have a material impact on our business model. Our five-year strategic outlook ensures that we are best positioned to seize the opportunities and mitigate the risks associated with each of these issues.

GLOBAL MARKET VOLATILITY AND EXCHANGE RATE FLUCTUATIONS

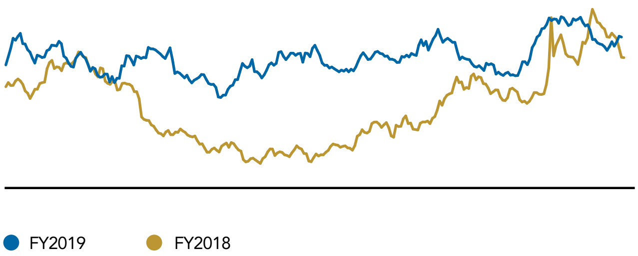
The continued escalation of geopolitical and trade tensions between the US and China, the sharper-than-expected slowdowns in major economies, and renewed financial stress in emerging and developing economies have contributed to downward pressure on many emerging market currencies, with the Rand/Dollar exchange rate continuing to be impacted. This year, the South African currency strengthened slightly and then weakened again from a high of ZAR13.22 in early February 2019, to a low of ZAR15.49 in mid-August, ending the year flat at ZAR15.21. Global growth downgraded to 2.6% this year, while growth in Africa remains under pressure due to the global commodities crises. We anticipate further volatility in the global geopolitical environment, with the increased chance of a no-deal or disorderly Brexit resulting in greater market risk aversion and further threatening global growth, compounded by a weak Euro area economy, low consumer confidence in Japan and further deceleration in China's growth – all indications of a possible global recession.

Implications for value creation

Given our global business with customers in 46 countries, we are potentially vulnerable to the continuing levels of global market volatility, including in particular trade restrictions between the US and China. Fluctuations in the Rand/Dollar exchange rate have mixed implications for our operations.

A weakening Rand benefits those businesses with Dollar-priced exports – namely fishmeal, fish oil, horse mackerel, lobster and squid – and contributes positively to the translation of Dollar-based earnings from our operations in the US. Conversely, those operations with high levels of imported finished products and raw materials – most notably frozen fish for canning – are negatively affected. Given the volume of Dollar-denominated exports and the impact of Daybrook, we are more predisposed to a weaker currency.

ZAR volatility against the USD



Our strategic response

The diversity in our raw materials sourcing and product mix, and the global and local nature of our markets, gives our African operation a natural hedge against foreign currency exposure. This has been further boosted by the international investment in Daybrook, the continued growth in our export markets, and the increase in imports through Lucky Star's frozen fish strategy.

Forward cover positions for the procurement of globally sourced pilchard raw material and canned finished products have enabled us to mitigate negative exchange rate exposure in our global imports and the revised three-month forward exchange policy has worked well for us.

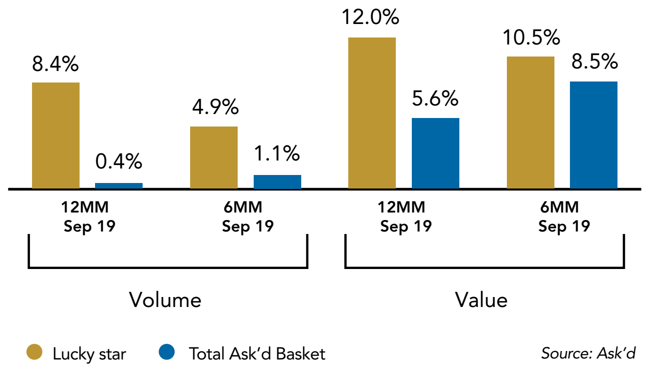
A SLUGGISH ECONOMY, STRUCTURAL CHALLENGES AND POLICY DELAYS IN SOUTH AFRICA

The South African economy is expected to achieve moderately better growth this year of 1.3%, an improvement on 2018's disappointing 0.8% growth outcome, but still at a long-term low. South Africa experienced load shedding to manage shortfalls in electricity supply, beginning in November 2018 and affecting 26 days up to the end of March 2019 and resurfacing in October 2019. Eskom service delivery remains a key focus of government. Socio-economic constraints to reforms being undertaken by President Cyril Ramaphosa persist, including high unemployment and inequality. A critical policy concern facing the commercial fishing sector in particular was the uncertainty created by the delay in the 2020 Fishing Rights Allocation Process (FRAP). With a new ministry in place and confirmation of revised timelines, we anticipate greater policy certainty.

Implications for value creation

The sluggish local economy, and low levels of business, investor and consumer sentiment, place general pressure on our activities. While the impact of a constrained consumer environment has been visible across most of the South African food and retail sector, our Lucky Star products have shown exceptional results, reflecting their positioning as an affordable and consistently priced quality protein, with a very visible brand. The tough economic climate had an impact in the logistics sector with some competitors either restructuring or closing down. The delay in FRAP 2020 has created an element of uncertainty regarding the renewal of long-term fishing rights, with our hake deep-sea trawl, squid, South Coast rock lobster, and small pelagic rights all up for renewal. The delay has been favourably received by industry and allows the new ministry the opportunity to fully understand the process and the consequences of the proposed policy. A further positive has been the withdrawal of squid from the small-scale fisheries sector.

Volume vs total food growth



Source: Ask'd

Our strategic response

To ensure our resilience in this more challenging economic environment, we have maintained a particularly strong focus on driving efficiencies across our operations. Changes in leadership have seen a positive drive around compliance, efficiency, and strong team dynamics this year, the impacts already visible in the culture and readiness for change. We invested in generators as a short-term solution to any future load shedding with implementation of an energy resilience action plan to address the long-term; renewable energy options are currently under consideration. Despite the tough environment for logistics companies, CCS' strategy to consolidate capacity and identify areas where they have competitive advantage ensured stable operations.

In anticipation of the FRAP process, we continue to engage actively with government and regulators to ensure that our transformation activities are appropriately aligned with government expectations. We made significant strides in getting our Maritime Academy operational this year, appointing an executive with international experience in fishing crew training and skills building. With a core focus of the Academy to address youth employability and upskilling of small-scale fishers, this strongly supports government in the delivery of the small-scale fisheries policy.

FISHMEAL AND FISH OIL PRICING, THE GROWTH IN AQUACULTURE AND FEED INGREDIENT ALTERNATIVES

The prices of fishmeal and fish oil products are determined mainly by global supply-and-demand dynamics. Global supply is significantly impacted by the anchovy catch in Peru, which in turn is driven largely by the El Niño/La Niña ocean atmospheric events. Global demand is strongly influenced by the aquaculture and animal feed sectors, where fishmeal and fish oil are important high protein ingredients. While aquaculture, which consumes 70% of total fishmeal production, is growing faster than any other major food production sector, the amount of fishmeal and fish oil produced globally is static. Inclusion rates have reduced and are considered at sustainable levels. The pig sector is a key market for higher price meal and the impact of ASF in China has been significant. China produces half the world's pork supply and official government numbers report that sow herds declined by 23.9% in May from a year earlier. Other sources report this number to be at least double. With feed plant closures, this has led to a slowdown in fishmeal imports, plenty of global supply with Peru exporting elsewhere, and pricing competition.

THE EXTERNAL ENVIRONMENT *(CONTINUED)*

Implications for value creation

The performance of our fishmeal and fish oil businesses in southern Africa and the US are strongly impacted by global fishmeal and fish oil prices. This year prices improved from a 36% drop in Peru's first season quota, but were slightly offset by the slowdown in fishmeal consumption and imports in China due to high fishmeal inventories from the year before, the impact of ASF on the pig sector and environmental policy changes. Demand for aquaculture feed in the Far East continued and we saw increased demand in the EU, as well as the US pet food market where trends show a move towards longer term contracts and constant supply: the fishmeal price was USD1 521 per ton (2018: USD1 500), and fish oil prices were USD1 584 per ton (2018: USD1 469). The shift in human consumption away from pork is an opportunity for potential price increases in aquatic proteins.

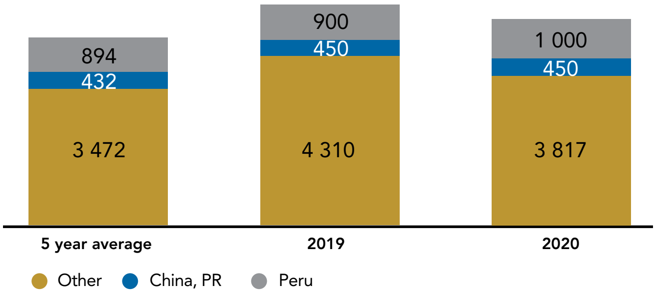
Given the anticipated substantial growth in aquaculture – fuelled by growing fish consumption and largely static wild capture rates – we anticipate strong price growth in both fishmeal and fish oil. Recent projections suggest growth in global aquaculture production of 37% on 2016 levels by 2030, with the price of fishmeal and fish oil growing 20% and 16% respectively, in nominal terms, by 2030.

The amount of feed alternatives currently produced in the world – whether meal from insects, bacteria and single-cell protein or oils from plants and algae – remains very low and prices prohibitively expensive. As they develop, the prices will become more competitive but there is more than enough demand for feed ingredients, without alternatives affecting the fishmeal and fish oil market. Potential substitutes do not have the same high-quality protein and amino acid content, especially for carnivorous species such as salmonids and shrimp. These trends offer valuable growth potential for our existing fishmeal and fish oil businesses, as well as exciting opportunities for carefully targeted acquisitions in aquaculture.

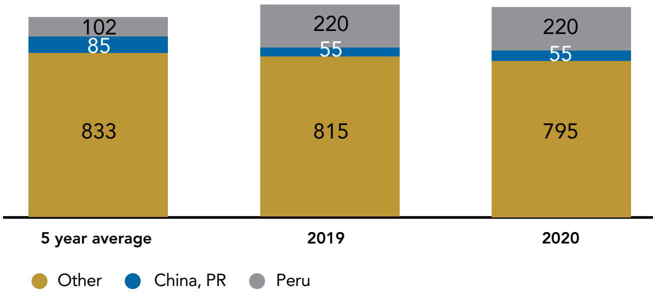
Our strategic response

To fully realise the growth potential in fishmeal and fish oil, we are focusing on ensuring efficient utilisation of our available and allocated fish resource, by optimising our fish landings, plant efficiency and throughput rates, and utilising the newly formed global sales platform to increase sales volumes and achieve improved pricing across the Group. In our South African operation, we have set a target to collaborate and establish joint ventures with SMEs in the small pelagic sector to secure additional quotas and ensure sustainable access to additional fish. In our Daybrook operation, we are making good inroads into the pet food market, targeting under-utilised high-usage clients through strategic marketing. A significant focus has been the MSC accreditation for menhaden and we will use this to leverage with environment-conscious buyers. By positioning ourselves as a responsibly-sourced protein supplier and increasing production and sales in this sector, we aim to improve margins and reduce exposure to price volatility. This is part of our strategic drive to move away from being a commodity-based price-taker. We are also assessing acquisition opportunities for aquaculture across various fish species, geographies, farming types, and consumer and market segments. In terms of the alternative ingredients sector for feed, we do not regard this as competition but rather as complimentary because there will always be a demand for fishmeal and fish oil, no matter how low the inclusion rates. The Marine Ingredients Organisation (IFFO) welcomes additional feed ingredients making their way into the aquaculture industry, in combination with marine ingredients, to meet the growing demand.

World fishmeal production (1 000 tonnes)



World fish oil production (1 000 tonnes)

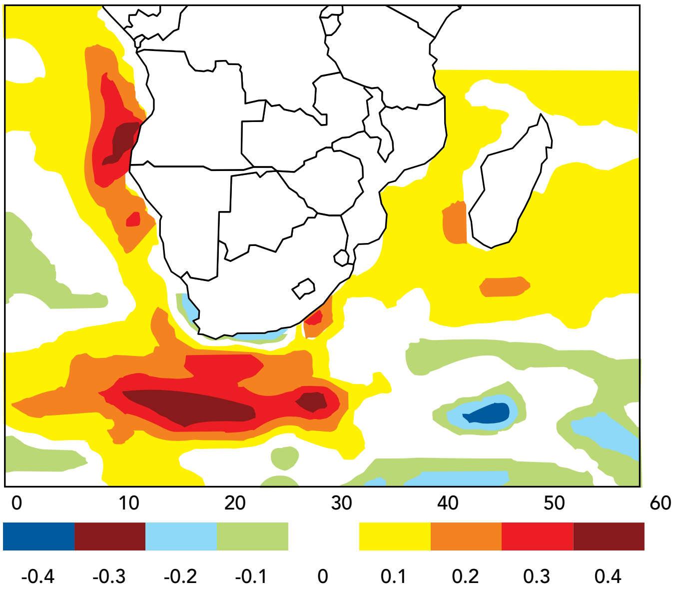


CLIMATE CHANGE, TEMPERATURE SHIFTS AND EXTREME WEATHER EVENTS

The 2018 UN FAO report, "Impacts of climate change on fisheries and aquaculture", indicates that climate change may lead to changes in the availability and trade of fish products. While at the global scale the average impact is not particularly large, the impacts are much greater at regional scale. The biggest decreases can be expected in the tropics, mostly in the South Pacific regions with the Peruvian Humboldt Current System potentially shifting out of its favourable state in terms of fish productivity. For the high-latitude regions, catch potential is projected to increase, or show less of a decrease than in the tropics.

We have observed in our own target fisheries, that when environmental conditions change, the resource moves to an area that is more comfortable. In 1996, a sudden temperature gradient change by one to two degrees on the south coast of South Africa saw an eastward shift in the distribution of anchovy, as inshore water became cooler allowing the fish to move around the coast up to the Agulhas bank. Sardine continued to inhabit the warmer areas of the Agulhas. In Angola, sardinella require water temperatures above 25 degrees Celsius and in recent years the sea surface temperature near our factory has not come close to these levels.

Rouault (2017)



Implications for value creation

Small pelagic fish in South Africa are considered vulnerable to climate change. While anchovy and red-eye herring are in a healthy state, the reduction in pilchard catches in South Africa and the continued moratorium on Namibian pilchard fishing means that raw material for our Lucky Star operations is now almost fully imported. This increases the business's exposure to competition for frozen fish supply from local and international buyers and working capital constraints. In Angola, the shift in higher sea temperatures northwards prompted a significant movement of the industrial fish resource north, requiring us to journey for more than 40 hours per trip. This resulted in very high fuel bills, reducing the economic viability of operating there despite the good oil yield.

Our strategic response

Climate variation features as one of our top three environmental risks at Group level and we continually develop our understanding and response to the potential effects on our business and value chain. Our diversification strategy enables us to mitigate risk through geographic and species diversity. Our investments along different coastlines ensure impacts are not all felt at once. For example, El Niño conditions in Peru may impact on mackerel catches in South Africa, but do not affect hake, nor will this impact on catch levels in our US operations. The agility of our business also enables us to remain flexible when South African TACs for target fisheries are low, as in the case of pilchards this year, where we deployed vessels in other parts of the business and secured the supply of frozen pilchards for canning locally to supplement the loss in wet fish and the growth in absolute volumes. With volume growth, we were able to leverage volume efficiencies. In the US, we have removed bottlenecks from our production capacity and improved the scheduling and deployment of our vessels, increasing plant throughput while saving on fuel. All of this makes us more agile so that in good weather we are able to catch as much as we can.

We operate in fisheries where sound scientific research and operational management procedures are in place. The 2018 FAO report on the impacts of climate change confirms that the interaction between ecosystem changes and management responses is crucial to minimise the threats and maximise the opportunities emerging from climate change. Climate change adaptation and mitigation planning is high on the South African government agenda and DEFF has chosen the small pelagic sector, targeting anchovy and pilchards, as the national fishery to undergo a co-ordinated research programme. We will continue to engage with DEFF's scientific working groups on the fisheries-specific climate-smart strategic framework and undertake independent resource status research for our target species on an annual basis.

Extreme weather events and sea-level rise are anticipated to affect fisheries-related infrastructure such as ports and fleets, further raising the costs of fishing, processing and distribution activities. While Daybrook has not seen any long-term material changes in fish distribution or catch, its physical infrastructure in the Gulf of Mexico is susceptible to regional adverse weather conditions such as tropical storms and hurricanes. We have implemented insurance programmes to adequately cover specific business risks.

MANAGING OUR MATERIAL RISKS

RISK MANAGEMENT

Oceana has a structured and systematic process for identifying and managing material risks across the Group. During the 2019 financial year, there were no specific risk incidents resulting in significant financial loss to the Group or that negatively affected our stakeholders or the economic life of the communities in which we operate. The principal risks that have a material impact on Oceana's ability to create value are outlined in the heat maps and table below.

OUR 2019 MATERIAL RISKS IMPACTING VALUE

The principal risks that we have prioritised this year as having a material impact on Oceana's ability to create value are described below.

ROLE OF THE BOARD AND RISK COMMITTEE

The Board provides oversight over Oceana's risk framework, policies and processes. While it delegates these matters to the Risk Committee it remains ultimately responsible for the development and implementation of the risk management strategy and plan. Annually, the Board formally assesses the effectiveness of Oceana's risk management process.

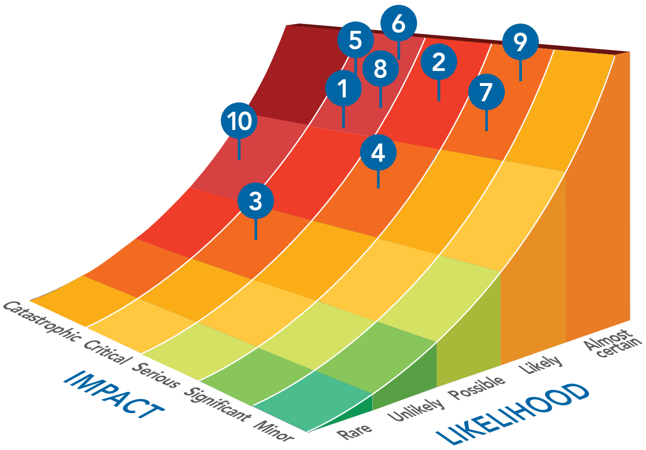
The Oceana Group Risk Management Policy and Framework aims to provide stakeholders with the assurance that all material risks across the Group have been properly identified, assessed, mitigated, tolerated and monitored. The Board reviewed proposed criteria with respect to the potential impact of evaluating a risk in terms of risk tolerance and appetite. The Committee identifies and assesses risks by taking note of global, local and sectoral and company specific risk factors and trends.

The Board is satisfied that the Group's risk management processes are effective.

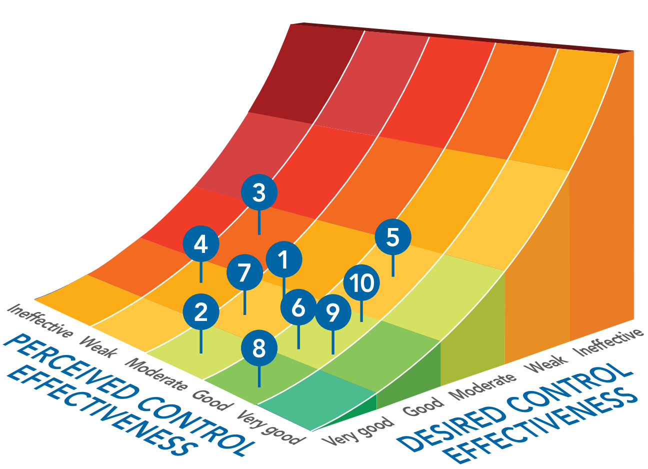
2019	Material risk	2018
1	Resource availability and ability to harvest	1
2	Cash flow management	8
3	Reallocation of fishing rights	
4	Market volatility	3
5	Portfolio imbalance	4

2019	Material risk	2018
6	Inability to acquire fishing rights in SA	7
7	Scarcity of critical skills	10
8	Food safety	5
9	Business interruption/industrial action	6
10	Legislative non-compliance	9

Inherent risk exposure



Residual risk exposure



RANKING	RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
1 **RESOURCE AVAILABILITY AND ABILITY TO HARVEST**	• Reduction in pilchards and anchovy (SA and Namibia) beyond normal cyclical fish movements and SASSI red-listing of lobster • Decrease in TAC of certain species where resource appears under pressure • Changes in ecosystem from various environmental factors • Impact of ocean-based mining and seismic surveys	• Loss of revenue and increased marginal costs reducing profitability • Under-utilisation of assets (factories/vessels) • Closure of operations with resulting socio-economic impacts • Reduced market share • Loss of jobs (socio-economic impact in coastal towns)	• Participate in and exert a positive influence on resource management initiatives with industry, government and scientific working groups in SA and Namibia • Comply with regulations and responsible fishing practices • Utilise own resources to support scientific surveys and provide input to government • Diversify targeted species
2 **CASH FLOW MANAGEMENT**	• Ineffective projection and management of cash resources • Off-take below sales targets resulting in increased stock levels, and negatively impacting cash • Procurement of large volumes of frozen fish by Lucky Star	• Liquidity strain • Financial loss • Inability to meet financial debt covenants or repay interest and capital on term loans • Delayed creditor payments	• Formalise cash flow process and insight into future requirements • Rigorously review capital and major maintenance expenditures • Negotiate extended payment terms with material frozen fish suppliers • Enforce terms timeously with regard to collection of debtors
3 **REALLOCATION OF FISHING RIGHTS**	• Horse mackerel (Namibia) rights expired in 2018. Draft policy gives preference to allocating rights to Namibian nationals • BCP hake deep-sea trawl, squid and South Coast rock lobster, and Lucky Star pelagic rights up for reallocation in SA in 2021; continuing uncertainty on fishing rights allocation policies and process	• Increased dependency on JV and 3rd party supplier arrangements • Higher costs of contracted quota • Reduced throughput at factories leading to job losses • Under-utilisation of assets (factories/vessels)	• Restructured our Namibian operations to facilitate the Namibianisation requirement • Monitor policy and legislative changes, and engage actively with authorities on the policy and legislative framework • Comply with all relevant legislation and retain credible empowerment and localisation credentials • Engage with government and communities to partner with community co-operatives • Be the market leader in production quality and efficiency thereby ensuring the most attractive value proposition to new quota holders
4 **MARKET VOLATILITY**	• International market movements • Over-leveraged balance sheet • Weakening ZAR impacts USD imports of frozen and raw fish • Impact of US/China tariffs on imports to China. • Sensitivity of fishmeal and oil price to global supply and demand dynamics	• Inability to maintain margins • Cost increases and revenue decline • Impede capital raising ability • Trading loss from forex volatility	• Execute hedging policy • Natural business hedge, with both imports and exports • Fixed interest rate and interest rate cap • Strict repayment of debt and covenant compliance
5 **PORTFOLIO IMBALANCE**	• Concentration of earnings in a particular unit exposes the Group to greater earnings volatility	• Increased volatility of earnings	• Business strategy focused on growth and diversification of portfolio • Acquisition of Daybrook • Business expansion into aquaculture

MANAGING OUR MATERIAL RISKS *(CONTINUED)*

RANKING	RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
6 **INABILITY TO ACQUIRE FISHING RIGHTS IN SA**	• Uncertain policies on reallocation/extension of rights • Transfer of fishing rights policy requirements not aligned with B-BBEE Act and Codes of Good Practice • Perception by regulators and interested parties of Oceana's market dominance • Incorrect perception that Oceana may divest from Southern Africa • Possible negative impact of implementation of new Codes	• Lack of substantial growth within SA fishing industry • Stagnation of business • Reduced ability to generate and share value	• Maintain active engagement with SA authorities to ensure appropriate alignment on transformation policy • Maintain and develop new JV and supply partnerships to increase volumes • Implement proactive strategy demonstrating transformation efforts, responsible fishing, percentage rights holdings per sector and conversion into value • Diversify operations and expand into aquaculture
7 **SCARCITY OF CRITICAL SKILLS**	• Inadequate pipeline of skills to lead new business opportunities, support current business operation, or replace retiring personnel • Challenges in attracting, developing and retaining best talent	• Inability to sustain current business model and growth strategy • Impact on employment equity targets • Inability to fill key positions	• Put policies and guidelines in place for talent and recruitment management, remuneration, skills development and succession planning • Identify opportunity to establish a vehicle to develop required skills for the fishing industry through collaboration with industry and all relevant stakeholders
8 **FOOD SAFETY**	• Potential deviation from quality or safety standards with own or third-party (local and foreign) producers and suppliers • Mismanagement of non-conforming product by traders • Increase in counterfeit product • Potential sabotage • Possible negative publicity including through social media	• Illness of consumer • Damage to brand and reputation • Loss of market share • Product recall and liability claims • Negative impact on insurance renewal terms, rates and policy limits	• Internal technical department and third-party auditors to ensure compliance with standards • Product recall processes and insurance cover in place • Adhered to best practices hygiene and quality standards, with HACCP accreditation • Introduced FS22000 • Proactive media engagement strategy in place
9 **BUSINESS INTERRUPTION/ INDUSTRIAL ACTION**	• Disruption at own facilities and vessels as a result of: technical breakdown, utilities failure, fire or flooding, political or labour unrest, interruption in IT systems, electrical disruption; inconsistent water pressure/supply • Inability to settle wage negotiations in unionised environment	• Inability to continue operations, resulting in loss of market share and brand • Increase in processing costs and reduced profits • Under-utilisation of labour/ loss of earnings • Possible loss of JV & supply partners over the long run • Damage to staff and employee relationships	• Business interruption insurance in place • Business continuity process complete and in place • Power outage, maintenance and site safety procedures in place and audited • Standard operating procedures in the event of labour unrest in place • Communications strategy (internal/ external) in place • IT disaster recovery plan in place
10 **LEGISLATIVE NON-COMPLIANCE**	• Need to maintain systems and skills to track, interpret and ensure effective compliance with often-changing legislative requirements in a highly regulated industry	• Damage to the brand • Fines and penalties • Administrative cost of implementation • Loss of current and future fishing rights	• Comprehensive legislative compliance, monitoring, training and auditing systems in place • Ongoing engagement with regulators directly and through industry associations

Positively impacting lives

Buzelwa Mqeni

Commercial Cold Storage

Empowering our people means providing job security, satisfaction, recognition and opportunities for skills and career development; it is also about enabling our employees to grow with the company and share the value created through their hard work. One of our most meaningful initiatives for delivering genuine social value from our fishing activities is the Oceana Empowerment Trust.

A beneficiary of the Oceana Empowerment Trust, Buzelwa Mqeni beams with pride when recalling how the awarding of shares and the subsequent payout changed her life. Staying in a shack in Gugulethu which she called "Gxagxa", meaning "when it's raining water gets inside", Buzelwa, was hopeful that someday life would change for her and her young family but didn't know how this would ever happen. Unbeknownst to her, the wheels of change were already in motion after she was awarded shares by Oceana in 2006.
The subsequent payout in April 2014 provided the lifeline Buzelwa needed and she was able to not only buy herself and her family a four-bedroomed house but also buy them hope and opportunity for a better, brighter future.

The Oceana Empowerment Trust continues to be a point of great pride for the Group as it transforms the lives of previously disadvantaged employees who have now become financially empowered as authentic stakeholders in South Africa's formal economy.

DELIVERING ON OUR STRATEGY

In 2018, Oceana reviewed its strategy for long-term growth. The executive team and the Board participated in an open strategy process that adopted a 'bottom-up' approach aimed at encouraging active discussion and input from the different divisions, reviewing recent performance and principal risks. Through this process the company identified, and the Board approved, key strategic imperatives for the next five years. Exco and senior leadership strategy discussions led to the development of a compelling growth agenda that targets 19% CAGR on earnings from 2019 to 2023. These sessions explored strategic growth opportunities and enabled ownership of the business objectives and alignment of targets. Most importantly, it created excitement about the unified approach and having a single agenda and mission. It achieved consensus relating to our ability to deliver on this ambition and the phased approach in which to achieve it.

We conducted a performance review of 2019, the first year in the five-year plan, as well as conducted analysis on:

- The environment of the business including a global perspective, South Africa and the US
- Fish protein trends
- Investor perspectives
- Competitor analysis
- Emerging issues and key focus areas for Oceana

Our updated strategy builds on our long-standing objectives to generate sustained financial returns, drive transformation and localisation, optimise our operations, lead in the stewardship of marine resources, and build trusted relationships. We have clarified these into three strategic imperatives:

- Protect and optimise our quota businesses
- Deliver organic growth in our core businesses
- Deliver sustainable and consistent earnings growth through diversification.

To achieve these imperatives, we depend on three key enablers:

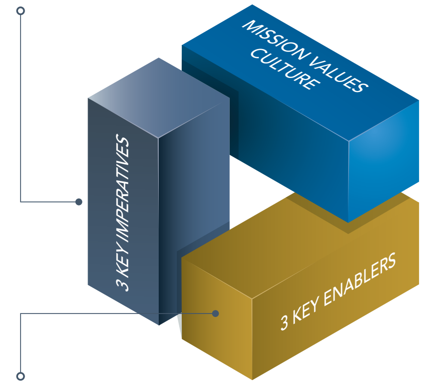
- A galvanised workforce
- Positive stakeholder engagement and reputation management
- Strong governance and sustainable practices.

We set out below our strategic imperatives and enablers, following thereafter are our 24 value creation targets that continue to drive our long-term strategy.

PROTECT AND OPTIMISE OUR QUOTA BUSINESSES

DELIVER ORGANIC GROWTH IN OUR CORE BUSINESSES

SUSTAINABLE EARNINGS THROUGH ACQUISITIVE DIVERSIFICATION



GALVANISE THE WORKFORCE

ENGAGE STAKEHOLDERS AND MANAGE REPUTATION

ENSURE GOOD GOVERNANCE AND SUSTAINABILITY

STRATEGIC **IMPERATIVES**	VALUE CREATION TARGETS
Protect and optimise our quota businesses	Protect the African quota-reliant businesses through transformation and localisation credentials Achieve at a minimum an independently accredited B-BBEE level 2 rating in South Africa Continue to invest in skills development and job security in the countries in which we operate
Deliver organic growth in our core businesses	Grow pilchard consumption within the total protein category Explore alternative markets for canned fish by leveraging the Lucky Star brand Deliver on product innovation and service offerings across divisions Improve raw material utilisation of canned food and fishmeal production Increase fishmeal volumes by enhancing the production process and investing in facilities improvement Enhance harvested volumes by improving fleet capacity and availability Leverage the skill set of US and SA teams to maximise shared knowledge Enhance and leverage the benefits extracted from Group procurement and centralisation of services and a newly implemented enterprise resource planning system
Sustainable earnings through diversification	Reduce earnings volatility by continuing to seek opportunities to increase geographic and species diversification Reduce gearing levels to support an acquisition strategy

STRATEGIC **ENABLERS**	VALUE CREATION TARGETS
Galvanise the workforce	Implement a talent management process to support succession planning and improve the skills level in our organisation Deliver programmes to nurture a healthy organisation
Engage stakeholders and manage reputation	Encourage proactive engagement with key stakeholders and decision-makers Play a positive role in the determination of policy for issuing of fishing quotas in South Africa and Namibia
Ensure good governance and sustainability	Fully comply with laws and regulation of all countries where we harvest and transact Adhere to strict food safety standards Monitor, manage and mitigate the Group's impact on the environment Continue to engage with regulators, scientists and other stakeholders to promote responsible fisheries management across species Manage odour and stack emissions through continued audits and engagement with communities Reduce the usage of potable water through desalination initiatives Drive energy efficiency and reduce atmospheric emissions

LOOKING TO THE LONG TERM
Interview with the CEO

Q. Last year Oceana celebrated its centenary, a significant achievement for a South African listed company. What is your vision for the next five to ten years, and your sense of Oceana's potential to create value for the longer term?

I believe that Oceana's success in delivering value growth over the last 100 years reflects various core attributes: the company's ability to respond quickly to changing market expectations and fishing cycles, our willingness to take considered risks, our fiscal discipline and robust governance processes, and our long-standing commitment to sharing the value we create by monetising an important renewable resource, underpinned by the quality and ethos of our people. These are the same attributes that have shaped our long-term outlook, which defines our vision for the next five years, and that I believe will ensure Oceana's continued success. Given these attributes, I am very confident that Oceana will be here for the long term, and that we will be positively impacting lives for at least another 100 years, providing jobs, infrastructure, taxes and dividends, contributing to food security through the provision of affordable protein, and working with others to maintain the health of the fish stocks on which we depend.

Q. The state of the world's ocean basins have been getting significant attention recently, with concerns raised regarding over-fishing, pollution and the impacts of climate change. What is Oceana's view on these issues and how is it positioning itself?

As a fishing company we have experienced first hand the very real impacts of changing weather patterns, be it through the delayed winter season in South Africa, or this year's record-high outflow of fresh water from the Mississippi river, both of which impacted catch-rates. We are also very conscious of the need to ensure the sustainable harvesting of fishing resources, and to protect the nutritional value and quality of our products, as these are at the foundation of our business.

It is important to recognise the valuable role that is being played by scientists, policy makers, regulators and fishing companies to ensure the long-term viability of global fish stocks. There are certainly challenges in some countries where there is inadequate enforcement, and with certain species (such as West Coast rock lobster) where there are low barriers to entry, making enforcement more difficult. But I am confident that the combination of sound science, strong enforcement and responsible fishing practice will ensure the long-term viability of those species that we are targeting in the well-managed fisheries in which we have our fleets.

Regarding lobster, which remains an exception due to the high levels of poaching, we are continuing to engage actively with representatives from government, WWF-SA and relevant sector associations to find a workable solution to curtail illegal poaching, ensuring that an effective fisheries improvement project is in place, and finding a viable solution that provides for the needs of those who depend on the resource.

Fish is one of the healthiest protein sources, and when managed in an environmentally sensitive manner, I believe that it is also one of the most sustainable proteins available. Given the rapidly growing population in Africa and increasing affluence in Asia, we anticipate significant sustained demand for affordable, high-quality protein, and we believe that sustainably harvested wild catch, coupled with aquaculture, will play a critically important role in meeting that demand. Although we recognise that there are some challenges with traditional aquaculture practices – with securing sufficient access to space already a limitation in major producing countries such as Norway and China – we are seeing exciting innovations in alternative farming methods, such as closed-water recirculating aquaculture systems. These have the potential to significantly change current aquaculture practices and ensure their viability in the context of sustained consumer demand.

Looking to the longer term, I expect that Oceana will still be materially invested in wild-harvest fish stocks, focusing on well-managed geographies, but that this will be coupled with the securement of significant growth prospects in acquired aquaculture businesses. We recognise that consumers will increasingly want to know where a fish comes from, and be assured that it's healthy and safe, and I am confident that this is what we can guarantee, both from our sustainably harvested wild stocks, and from our responsibly farmed fish.

Q. Serving a social purpose has always been a part of Oceana's culture, but it seems that this has become even more important for the company and is now firmly embedded in Oceana's culture statement. What has been the inspiration behind this?

It's fair to say that Oceana has long had a strong social purpose, and that the company's success is based on the recognition that its ability to create value for itself is fundamentally linked to the value it creates for its stakeholders, society and the broader environment. After being one of the very first companies in South Africa to transform its ownership structure through an ambitious empowerment transaction in 1994, Oceana has continued to make a meaningful contribution to promoting socio-economic transformation, through our activities in protecting and promoting jobs, investing in infrastructure and social initiatives in our host communities, and our pioneering employee trusts in South Africa and Namibia.

Recently there has been a heightened and more widespread recognition of the need for 'purpose-driven' companies to challenge the traditional focus on short-term profit maximisation in favour of delivering broader societal value. I am very keen to see this purpose-driven ethos strongly embedded across the company, embraced and led by the management team and informing the decisions that we take, ensuring that Oceana plays an active leadership role in addressing some of the significant social and environmental challenges that we face. While there is a growing social consciousness across the corporate sector, this is certainly not widespread and there is a huge amount that needs to be done to encourage companies to play a more active social role. It is in our collective interest to become active corporate citizens; in many instances this is going to require a significant shift in thinking.

Q. What specific steps is Oceana taking to develop and embed this purpose-driven ethos?

In May this year, we initiated an organisational change process involving leadership across all bands in a process of reviewing and defining the organisational culture needed to embed our agreed core purpose of "positively impacting lives". We have integrated this process into an accelerated leadership development programme that we have custom designed in collaboration with the Gordon Institute of Business Science (GIBS). The programme – which involves senior managers from divisional Exco, as well as key individuals identified as part of the talent pipeline – aims to enhance leadership capabilities by enabling the development of strategic, adaptive and future fit skills. The leadership development programme has been accompanied by an internal communication and engagement plan that includes a series of CEO roadshows, an open CEO breakfast and Q&A session every month, and various processes aimed at encouraging broader engagement and improved communication between management and our operations. Through these initiatives I am seeing very encouraging levels of engagement and commitment to our purpose-led ethos.

Q. How do you see Oceana delivering on this social purpose, driving transformation across the commercial fishing industry in South Africa, and promoting inclusive growth?

The commercial fishing industry can play a hugely significant role in unlocking economic development in South Africa, by realising the substantial opportunities for inclusive growth and employment across the fishing value chain. While large portions of the commercial fishing industry are already well transformed from an ownership perspective, there remains the potential to do more to enhance broader transformation and empowerment by developing the small-scale fishing sector, and enhancing skills in such areas as engineering, marine science, vessel crews, food safety and the supply of vessels and equipment.

The old adage 'teach a man to fish and you feed him for a lifetime' is not on its own enough. We need also to empower people, to facilitate access to the right fishing tools and the right markets to sell their fish, and to foster the right business skills to empower them to derive the optimum benefits. Unfortunately, the fishing sector has always been the poor relation when it comes to skills development and training in the maritime industry, with plenty of private training centres for commercial shipping, cruise liners, and oil and gas facilities, but nothing of substance for the fishing industry.

We have sought to address this through our multi-million Rand investment in establishing the Oceana Maritime Academy in Hout Bay which focuses specifically on nurturing skills for seagoing crew members, engineers, fish processors, and business administrators. Most importantly, we are collaborating with DEFF to support more than two thousand small-scale fishers in the Western Cape through practical training and support in establishing cooperatives and running successful businesses. I am particularly excited by this initiative, which I believe will make a significant contribution in driving transformation, unlocking economic development, promoting food and job security, and delivering on our purpose.

PERFORMANCE REVIEW – STRATEGIC IMPERATIVES

SI 1: Protect and optimise our quota businesses

Driving inclusive development in our core areas of operation is a strategic imperative that has a direct impact on our ability to retain and grow our commercial fishing rights.

VALUE CREATION TARGETS

- Protect the African quota-reliant businesses through transformation and localisation credentials
- Achieve at a minimum an independently accredited B-BBEE level 2 rating in South Africa
- Continue to invest in skills development and job security in the countries in which we operate

Oceana has consistently been recognised for its commitment, vision and leadership in promoting broad-based transformation in South Africa, and localisation in Namibia. Demonstrating this leadership is not only a fundamental part of our core purpose, but is also crucial to our ability to secure long-term fishing rights. Ensuring visible and meaningful transformation that is aligned with the government's latest expectations has taken on added significance with most of our current rights allocations in South Africa up for renewal at the end of 2021.

PROMOTING TRANSFORMATION IN SOUTH AFRICA

This year there was a significant shift in the South African transformation landscape with the amendments to the revised B-BBEE Codes of Good Practice gazetted on 31 May 2019, introducing new principles, calculations, and more stringent measurement requirements for the Skills Development and Enterprise and Supplier Development.

Our 2019 performance:

- ✓ Achieved a level 1 B-BBEE rating, with a score of 103.06 points out of 109.
- ✓ Maintained a recognition level of 135% for procurement in terms of the DTI's B-BBEE Scorecard.
- ✓ Achieved the maximum points at both Board member and executive director levels, and we continue to make reasonable progress in transforming our senior, middle and junior managerial ranks; female representation in our South African workforce is 44.9%, of whom 40.8% are black.
- ✓ Continued to invest in developing our employees against the backdrop of the scarcity of skills in our sector, investing R28.5 million in training black employees this year. We continued to support youth development through our learnerships for unemployed youth and placed 155 unemployed learners between the ages of 18-35 on our learnership, apprenticeship and internship programmes.
- ✓ Distributed 1.12% of the Group's net profit after tax in South Africa to beneficiaries that have a black base of at least 75%.
- ✓ 92.64% of total measured procurement spend was with B-BBEE-compliant suppliers.
- ✓ Continued to support small-scale fishers through joint ventures with smaller fishing companies and suppliers. A requirement of the revised codes is that the beneficiary has to be either an exempt micro-enterprise (EME) or a qualifying small enterprise (QSE) that is 51% or more black-owned.
- ✓ Made significant progress on the infrastructure planning and strategy of the Oceana Maritime Training Academy this year, which will contribute significantly to skills development in the sector, especially for small-scale fishers (see page 51).
- ✓ Ranked the most-empowered food producer on the JSE, in the top 8 in terms of ownership and in the top 10 in terms of management control.

A summary review of our performance against the full scorecard is provided in our online Sustainability Report.

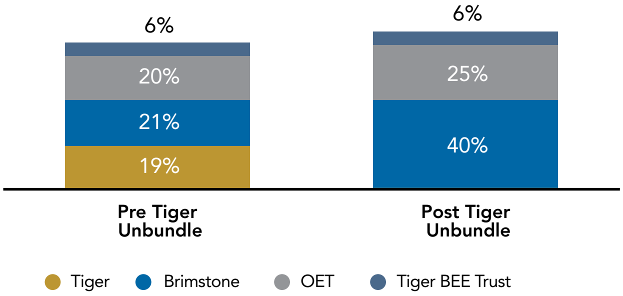
OWNERSHIP

Tiger Brands announced late last year that it would unbundle its 42.1% stake in Oceana. This was concluded on 25 April 2019, significantly improving Oceana's free float and shareholder base. During the year Brimstone increaesed its shareholding from 17% to 24%.

Post the Tiger unbundle and increased Brimstone shareholding, our effective black ownership has increased from 66% to 72%, making Oceana the most empowered food producer on the JSE.

The Oceana Empowerment Trust (OET), the largest 100% black-owned fishing entity in South Africa in terms of ownership value, has a 10% shareholding in Oceana with a market value of R928 million. As of September 2019, 2 447 beneficiaries have received over R400 million through the Trust, allowing them to become financially empowered active participants in South Africa's formal economy. This year, the beneficiaries received a monetary dividend pay-out of R28 million.

Black ownership



MITIGATING RISKS FROM FRAP 2021

B-BBEE ownership is an important factor in the 2021 fishing rights allocation process, where hake deep-sea trawl, squid, South Coast rock lobster, and small pelagic rights will be up for renewal and reallocation. We believe Oceana's current black ownership of 72% holds us in a strong position. Of the total fish that we trade, only 14% is subject to rights renewal, indicating that the risk of renewal to our overall business is not high.

ENGAGING WITH THE NAMIBIAN GOVERNMENT ON LOCALISATION

We have restructured our Namibian fishing businesses to ensure that we meet the requirements of the Namibian Equitable Economic Empowerment Framework (NEEEF). Erongo Marine Enterprises delivered the first dividends to its broad-based economic empowerment scheme, the Harambee Trust, for permanent Namibian workers in April 2019. We are looking to extend this Trust to our Namibian cold storage business.

LOOKING AHEAD TO 2020

We will:

- Retain level 1 B-BBEE rating
- Develop meaningful partnership with government to support small-scale fishers and National Development Plan imperatives (strategic enabler #2 on page 47)
- Build strong communication plan with key role players in government, industry, labour, business coalitions, political parties and parliament (strategic enabler #2 on page 47)
- Broaden the Namibian Empowerment scheme which will benefit 128 Namibian employees

PERFORMANCE REVIEW – STRATEGIC IMPERATIVES

SI 2: Deliver organic growth in our core businesses

We are exploring opportunities to achieve organic growth in the company's core businesses.

VALUE CREATION TARGETS

- Grow pilchard consumption within the total protein category
- Explore alternative markets for canned food by leveraging the Lucky Star brand
- Deliver on product innovation and service offerings across divisions
- Improve raw material utilisation of canned food and fishmeal production
- Increase fishmeal volumes by enhancing the production process and investing in facilities improvement
- Enhance harvested volumes by improving fleet capacity and availability
- Leverage the skill set of US and SA teams to maximise shared knowledge
- Enhance and leverage the benefits extracted from Group procurement and centralisation of services and a newly implemented enterprise resource planning system

Fundamentals remained positive this year across all the businesses with strong consumer demand. Aside from West-Coast rock lobster and pilchards in South Africa and Namibia, the biomass of our target species remained robust. Growth this year was driven fundamentally by canned fish, fishmeal and fish oil.

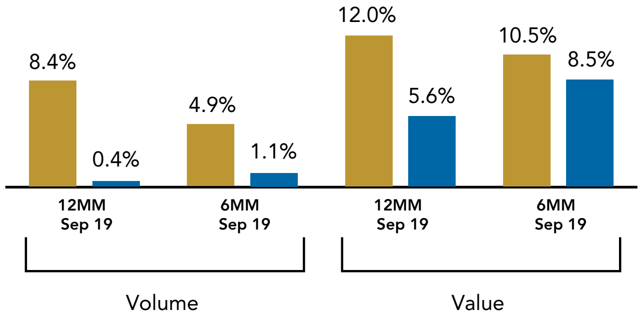
There were significant changes across the divisional executive leadership team this year, including Daybrook, Lucky Star and CCS, bringing a level of excitement and seamless integration into the businesses. Following is a brief overview of our delivery on this strategic imperative in the current year, as well as an overview of our divisional strategies to 2023. Additional detail on the performance across our divisions is provided on page 78.

CANNED FOODS

While reduced consumer spend generally constrained product sales, this was offset by product uptake of Lucky Star. Strategic areas of focus driving volume growth included:
1) investment in frozen fish, thereby ensuring continuous supply to our customer base, 2) maintaining the relative affordability of the product through below inflation-linked price increase and 3) showcasing the versatility of canned pilchards, thereby increasing the household meal occasions. Lucke Star achieved meaningful growth relative to other Total food categories.
In our canneries, we achieved our daily-throughput KPI through investment in additional thawing capacity, as well as reconfiguring the process lines and entrenching the efficiency improvements made in the prior year.

We are confident in our ability to continue to source raw materials from waters where there is an abundance of pelagic fish or pilchards.

Lucky Star growth vs Total Food



Our 2019 performance:

- ✓ Achieved over 8% volume growth in the context of a tough South African environment
- ✓ Delivered production efficiencies enabled by access to our cold storage facilities
- ✓ Increased daily throughputs from 11 000 to 13 000 cartons (20% increase)
- ✓ Maintained affordability, marketing and sales with consistent messaging to consumers on product attributes: health, convenience and versatility
- ✓ Successfully established in a new protein category

LOOKING AHEAD TO 2023

Lucky Star brand will drive above-market growth through:

- Increasing pilchard consumption per household
- Driving other canned fish volumes
- Growing share in Western Cape

We will identify new growth opportunities through:

- Exploring opportunities to leverage the brand and distribution network to other canned products
- Expanding geographies for canned fish

Lucky Star cannery will optimise and create efficiencies through:

- Increasing throughputs, reduce waste and flexible labour costs
- Maximising fresh pilchards supply

We will identify new growth and innovation opportunities through:

- Developing capability to process scale-on fish and to increase small-packs volumes
- Maximising capacity utilisation and driving canned fish volumes

FISHMEAL AND FISH OIL

Adverse weather and catchability significantly impacted landings this year in both our US and African fishmeal and fish oil operations, delaying the season, yet biomass remained healthy.

Our 2019 performance:

- ✓ New food and feed safety standard identified and gap analysis completed; the energy and cohesion around this, driven by leadership, has been very positive
- ✓ Recovery of landings in the US, from an initial slow start to the season
- ✗ 20% reduction in landings in South Africa; Angola operation mothballed

LOOKING AHEAD TO 2023

In the US, **Daybrook** will drive volumes through:

- Improving landings with Westbank Fishing
- Step-changing plant capacity and throughput
- Entrenching and growing pet food market share

We will identify new growth opportunities through:

- Producing material uptick in meal protein and oil quality levels
- Supplementing supply with alternative species
- Obtaining MSC certification

In **South Africa**, we will optimise harvesting and processing through:

- Improving margin by right sizing the fleet and quality enhancement
- Increasing throughput by removing bottlenecks and increasing plant uptime
- Identifying innovation opportunities in production process

We will identify new growth opportunities through:

- Securing additional quota via joint ventures with SMEs
- Targeting an increase in production capacity

BCP

For horse mackerel, our decision to stay in Namibia and develop new partnerships has paid dividends and we are continuing to evolve and explore additional partnership opportunities. In South Africa, the *Desert Diamond* performed well during the first half of the year, but struggled to maintain its momentum through the second half. As a sector it will remain strong in terms of demand for the product. In terms of hake we delivered 18% growth this year.

Our 2019 performance:

- ✓ After an initial delay due to winter weather, hake landings were good
- ✓ Demand for product has been significant with hake pricing improving by 11%
- ✗ Horse mackerel catches in South Africa started the year off well, but changed during winter
- ✓ Improved horse mackerel catches in Namibia
- ✓ Harvested our full allocation of own and contracted quota of West and South-Coast rock lobster (WCRL and SCRL)
- ✗ Squid catches normalised after successive years of strong results

LOOKING AHEAD TO 2023

For **South African** operations, we will protect and optimise through:

- Being the most efficient and preferred operator in all species
- Positively contributing toward the determination of the FRAP 2021 policy
- Influencing FRAP to minimise quota reduction in hake, SCRL and squid

We will identify new growth opportunities through:

- Reviewing our vessel ownership structure in line with FRAP policy guidelines
- Securing additional tonnage post FRAP to form new partnerships
- Exploring potential for new hake markets such as China

For **Namibian horse mackerel**, we will protect and optimise through:

- Implementing new structures to meet rights renewal objectives of the government
- Being the most efficient and preferred operator in Namibia
- Meeting all government objectives, specifically land-based value-added processing

SI 2: Deliver organic growth in our core businesses *(continued)*

BCP *(continued)*

LOOKING AHEAD TO 2023 (continued)

We will identify new growth opportunities through:

- Exploring new partnerships to expand capacity and secure additional tonnage
- Attracting rights holders via our land-based value-added processing option
- Establishing synergies between Erongo, CCS, Walvis Bay and Etosha

For **lobster and squid,** we will protect and optimise by:

- Creating a fully variable operating model for WCRL
- Formulating new vessel initiatives and a new anchor system for squid

We will identify new growth opportunities through:

- Engaging government to discuss the role Oceana can play in the development of the WCRL sector for small-scale fishers
- Formulating new vessel initiatives and new catching platforms for squid

CCS

Coastal areas performed well this year, but excess capacity in Gauteng remained a challenge. The strategy this year was to stabilise the Gauteng region, which has been facing disappointing occupancy levels for a number of years.

Our 2019 performance:

- ✓ Occupancy levels were lower than planned, but still very good compared to others in the market
- ✓ Cape Town and Durban facilities enjoyed a fourth successive year of occupancy levels above 85%

LOOKING AHEAD TO 2023

We will stabilise and enhance through:

- Securing a Namibian lease
- Returning Gauteng to profitability
- Selling the 'lost' Durban lease and retaining presence via a sub-lease

We will identify value realisation through:

- Optimising existing site capacity in the Western Cape and Walvis Bay
- Resolving current IT issues and improving customer integration
- Considering sale with no risk to the Oceana frozen fish supply chain

PERFORMANCE REVIEW – STRATEGIC IMPERATIVES

SI 3: Sustainable earnings through diversification

To supplement organic growth with strategic growth opportunities in aquaculture and vertically integrated fishing businesses, which help enhance earnings, increase diversification and reduce portfolio imbalance.

VALUE CREATION TARGETS

- Reduce earnings volatility by continuing to seek opportunities to increase geographic and species diversification
- Reduce gearing levels to support an acquisition strategy

Wild capture production has remained static for the last three decades and this trend is expected to continue. Any growth in total fish production will be driven entirely by aquaculture production, which is expected to overtake total capture fisheries in 2020. A drive towards aquaculture remains part of our core strategy to increase our geographic and species diversification. We aim to achieve this through:

- Continuing to explore various long-term acquisition opportunities across different fish species, geographies, farming types, and consumer and market segments
- Expanding on the newly created Business Development EXCO role, supported by a team of experts, including an aquaculture expert, to advise on geographies, species, markets and business models
- Exploring funding options which support a growth model, including engagement with major shareholders

Our acquisition of Daybrook in 2015 was a significant achievement for Oceana, increasing both earnings and diversification. We continue to search for opportunities in the aquaculture space, while simultaneously identifying strategic targets in the wild capture landscape in South Africa and globally.

Our 2019 performance:

✓ Identified strategic targets in the wild capture sector globally

✓ Defined approach and investment criteria for aquaculture related investments

✓ Explored two large businesses around a shareholding partnership in whitefish

LOOKING AHEAD TO 2020

We will:

- Continue to identify strategic targets in the wild capture sector in South Africa and globally
- Continue to explore opportunities in aquaculture acquisition with focus on acquiring the expertise needed and sufficient volume/opportunities to scale

PERFORMANCE REVIEW – STRATEGIC ENABLERS

SE 1: Galvanise the workforce

To nurture a healthy organisation and a capable workforce. The enhancement of our leadership capability is intrinsically linked to Oceana's ability to deliver the Group's longer-term strategy, as well as being able to galvanise our workforce.

VALUE CREATION TARGETS

- Implement a talent management process to support succession planning and improve the skills level in our organisation
- Deliver programmes to nurture a healthy organisation

INVESTING IN TALENT MANAGEMENT AND SKILLS DEVELOPMENT

With Oceana becoming an increasingly global player in the sector alongside our five-year plan to grow and diversify the business, we needed to strengthen the existing leadership skills across the Group. In 2018 we set the target to develop the depth and breadth of executive and senior management talent, and to enhance the performance potential of their teams.

In 2019 we expanded on this objectives through a number of initiatives.

Our 2019 performance:

- ✓ Under our leadership development work, we assessed executive and divisional executive capabilities and delivered training to all managers on performance management, managing discipline and incapacity
- ✓ We formalised a talent pool through psychometric assessments to benchmark competencies and custom designed with GIBS a leadership acceleration programme; the programme aims to enhance individuals' leadership skills, as well as enabling the development of further strategic, adaptive and future fit skills.
  This year, 27 senior managers from divisional executive committees, as well as key talent for succession planning, were identified to undergo the training, which will run until August 2020
- ✓ Developed a talent management and succession plan
- ✓ Continued with our ongoing coaching initiative across middle, senior and executive management to prioritise the development of black talent to accelerate diversity in our managerial rank
- ✓ Invested R28 million on employee skills development in South Africa and Namibia, building critical skills in areas such as marine science, vessel crewing, artisans, supply chain management, IT, finance, and food safety, quality and processing

Gordon Institute of Business Science
University of Pretoria

The Gordon Institute of Business Science (GIBS) is an internationally accredited business school based in South Africa and ranked as the top African business school. The custom-designed modules to be included in our leadership acceleration programme will cover:

- Global economic trends and the future of Oceana
- Disruption, the fourth industrial revolution
- Personal mastery, efficacy and cultivating tenacity
- Strategy and systems thinking
- Metacognition skills for critical thinking and decision making
- Strategic execution to drive business growth
- Driving change and communicating for impact
- Adaptive leadership and cultivating resilience in teams
- Cultural intelligence and working with diverse others
- Driving performance through others
- Design thinking and innovation as a problem-solving tool

A post-programme coaching session for individual executives will enable follow up on learning, a personal development plan and intended behavioural shifts.

Positively impacting lives

Eugene Bergen

BLUE CONTINENT PRODUCTS

The first South African skipper of the factory ship, *Desert Diamond*, Eugene Bergen was appointed this year, fifteen years after joining us as a cadet as part of our South Africanisation training programme. Mentored by one of our Russian skippers, Eugene is also the first South African skipper for this type of vessel; not many South Africans have such qualifications.

Eugene Bergen is a determined leader who successfully came through the ranks of the South Africanisation training programme Oceana developed in collaboration with the Sector Education and Training Authority, with the aim of transferring skills from the predominantly Russian crew on the vessel to South Africans. From being a new recruit aboard the *Desert Diamond* in 2004 to ultimately being awarded the title of Captain, this incredible journey has opened the doors for many future cadets.

In addition to successfully completing the extensive training required to be awarded the title of Captain, he also underwent several other Oceana funded training and development programmes and was nominated for the Department of Transport's "Best Marine Technical" award. Anything is possible if someone is provided with an opportunity to change their circumstances.

SE 1: Galvanise the workforce *(continued)*

Training spend	**2019**	2018
Total amount invested in skills development	R28.3m	R22.0m
Total spent as a % of leviable payroll on black employees	2.91%	2.6%
Total spent on black employees as a % of total amount invested in skills development	86.5%	91.4%
Total spent on disabled employees as a % of total amount invested in skills development	18.3%	11.5%
Total spent as a % of leviable payroll on black disabled employees	0.3%	0.3%

CREATING A HEALTHY ORGANISATION

The pressure and demands of running a global business make it challenging for executives to lead a healthy and balanced lifestyle. Work and personal pressures can lead to chronic stress, poor eating habits and lack of movement. We launched an integrated wellness programme this year for senior management, to achieve a more holistic approach to wellness, including both physical and mental health.

The programme includes a wellness review, a physical assessment, nutritional analysis, and multidisciplinary interventions such as integrative medicine and neuro-linguistic programming. Traditionally, we have focused on health and safety in terms of occupational elements, but this year we introduced concepts such as clarity of mind, productivity and tools to cope with the stress of life. We envisage rolling this out to all staff in the long term.

In our Daybrook operation, we have continued to work on integrating and aligning their human resource policies and practices, and reward and benefit structures, with those of the Group, while also ensuring full compliance with local legislation. Given the importance of attracting and retaining technical skills in the comparatively isolated area, we have given particular attention to improving employee benefits.

LOOKING AHEAD TO 2020

We will:

- Improve the Oceana internal communication strategy to improve relationships and communication between management and the workforce, to evolve the culture and improve morale
- Build a strong emotional affiliation to the Oceana brand so that employees feel proud, valued and take ownership of it
- Position our leadership as open, accessible and approachable and introduce initiatives to make employees feel valued, validated, appreciated and motivated
- Deliver on the GIBS leadership acceleration programme and the wellness programme; entrench leadership development programmes and talent management down to middle and junior management

PERFORMANCE REVIEW – STRATEGIC ENABLERS

SE 2: Engage stakeholders and manage reputation

Understanding and being responsive to the interests of our stakeholders through effective dialogue and engagement is critical to delivering on our strategic imperatives.

VALUE CREATION TARGETS

- Encourage proactive engagement with key stakeholders and decision makers
- Play a positive role in the determination of policy for issuing of fishing quotas in South Africa and Namibia

Our approach to stakeholder engagement and public policy received renewed focus this year, with the appointment of a Corporate Affairs & Regulatory Executive who reports directly to the CEO. This is particularly important for us, given that the ocean and its rich resources are an increasingly contested space, with strong interests from multiple sectors and stakeholders.

Across our operations, the focus of our engagement has been with those stakeholders who have the most significant impact on our business and its ability to create value.

The following table provides a brief review of our key stakeholder groups, their contribution to our value creation, the most material interests of that group, and how we engage with them to address these interests. We recognise that there is significant diversity within each group, with individual stakeholders often having very different interests. The priority interests listed below are a broadly indicative reflection of each stakeholder group's priorities as assessed by the management team on the basis of our ongoing engagements.

Our stakeholders	Contribution to value creation	How we engage
EMPLOYEES AND TRADE UNIONS	Our 3 165 permanent and 1 228 seasonal employees provide the skills, experience, diversity and productivity needed to operate our facilities efficiently and safely.	In addition to internal newsletters, management meetings and personal interactions, we have defined structures such as consultative employee forums that meet regularly. Of our employees, 58% are unionised, with various representative bodies (South Africa: FAWU, TALFU, NCFAWU, UDF & CWU; Namibia: NAFAU and NATAW). We have continued to enjoy a good relationship with the unions.
PRIORITY INTERESTS	Job security, satisfaction and recognition; opportunities for career and personal development; market-related terms of employment and staff benefits; safe, healthy and congenial working conditions; health awareness and life skills; superannuation funds.	
OUR RESPONSE	Wealth creation through the Oceana Empowerment Trust; skills training and development initiatives; competitive remuneration and employment conditions; transformation initiatives to encourage diversity in the workplace; Group code of business conduct and ethics; employee education and compliance with health and safety regulations.	
GOVERNMENT AND REGULATORY AUTHORITIES	Government and regulators provide us with our fishing permits, and with the regulatory and policy framework that is critical to value creation. They inform what we can do, how we do it, and where we can operate.	We seek to maintain positive relationships with government officials in each of our regions: in South Africa our executives and divisional managers engage with DEFF, DPW, DTI and DEA, particularly on issues relating to the 2021 rights allocation process, transformation, and small-scale fishing, and with the National Regulator for Compulsory Specifications (NRCS) on food safety matters; in Namibia we engage on issues in relation to permitting and localisation; and in the US we engage with agencies that encompass federal, state and local jurisdictions, including especially the Gulf States Marine Fisheries, which monitors fish resources.
PRIORITY INTERESTS	Oceana's contribution to development imperatives of food security, job creation, transformation/localisation, and skills development; compliance with permit and related requirements; responsible fishing; food safety; contribution to tax and trade balance.	
OUR RESPONSE	Job creation, preferential procurement and transformation/localisation; support for small-scale fishers through our flagship project the Oceana Maritime Academy; regular direct engagement with relevant authorities on strategic matters; formal policies and operating procedures, training and reporting as to facilitate compliance; prompt response in instances of non-compliance, with disciplinary action as required.	

SE 2: Engage stakeholders and manage reputation *(continued)*

Our stakeholders	Contribution to value creation	How we engage
SHAREHOLDERS, INVESTORS AND MEDIA	We have over 10 000 shareholders who provide the financial capital needed to invest in and sustain growth. An overview of the shareholding ownership structure is provided on page 6. Media supports our brand value through reporting and advertising.	We communicate through our periodic investor briefings, annual reports, press releases, SENS, websites, and media releases regarding our integrated performance and strategy. Certain members of the executive team also meet personally with institutional investors on a regular basis. We also invite media to attend events.
PRIORITY INTERESTS	Growth in shareholder value; effective leadership; responsible governance; accessibility in engaging; integrity and promptness in responding to queries; receipt of quality information.	
OUR RESPONSE	Strong Board and executive leadership; sound corporate governance practices; succinct reporting via SENS and our website, reports and presentations; enhanced communication via advertising, face-to-face engagement, events, press releases and increased media coverage; being easily accessible for engagement sessions and prompt response to queries.	
CUSTOMERS AND CONSUMERS	Delivering an effective customer value proposition is the basis for all other value generated and shared. We have a significantly diverse range of customers, from wholesale and retail operations to individual consumers across a range of income groups in 46 countries.	The nature of the engagement varies depending on the type of customer. We strive to engage regularly and be responsive to customer interests across our value chain, seeking feedback through individual engagements, as well as broader customer surveys and research. Providing a quality product, reliably and affordably is the basis of our continued growth.
PRIORITY INTERESTS	Safe, quality products at good price; continuity of supply; product information.	
OUR RESPONSE	Regular contact with major customers; independent audit and checking of processes and quality; market and customer surveys; group and divisional websites with product information, contact details and helpline numbers; prompt follow-up of enquiries and complaints.	
LOCAL COMMUNITIES, SMALL-SCALE FISHERS AND NGOs	These stakeholders provide us with our reputation and societal legitimacy, and are often very valuable partners in highlighting challenges to be addressed and finding solutions, including investments in projects.	We engage with community representatives through our corporate social investment activities in the main regions in which we operate. In Hout Bay we engage with local communities and other stakeholders in relation to our Maritime Academy and historically on issues relating to odour from the fish meal plant. Our partnership with NGOs, such as WWF-SA and the NSRI, provides an important platform for collaborative research, fisheries mitigation efforts and safety in the community.
PRIORITY INTERESTS	Transparency and accountability; societal responsibility; investment in community infrastructure; access to job and supplier opportunities; responsible fishing; corporate social investments.	
OUR RESPONSE	Strengthened consultation and communication with local communities; demonstrated commitment to finding beneficial solutions; support for small-scale fishers through the Maritime Academy; effective coordination of our CSI initiatives.	

Our stakeholders	Contribution to value creation	How we engage
SUPPLIERS AND SERVICE PROVIDERS	Ensuring positive supplier relationships, based on mutual respect, enables us to deliver our customer value proposition efficiently and effectively.	We engage regularly with our major suppliers to ensure a mutually beneficial relationship. We conduct regular audits of key suppliers to ensure adherence with our food safety standards and other company requirements.
PRIORITY INTERESTS	Joint growth opportunities; favourable terms; timely payment; B-BBEE procurement; sustainable business relationships.	
OUR RESPONSE	Regular direct communication with major suppliers; Group-wide code of business conduct and ethics, with supplier policies; qualified and experienced management with appropriate skills to negotiate, conclude and manage contracts and relationships; monitoring B-BBEE procurement levels of suppliers and partners; prompt follow-up of enquiries and complaints; preference for expeditious and practical dispute resolution.	
INDUSTRY ORGANISATIONS, RESEARCH BODIES AND BUSINESS PARTNERS	Engaging with these organisations is key to driving business best practice, identifying new opportunities, and creating a conducive long-term business environment.	We are active participants in numerous scientific working groups and industry associations, including (but not limited to): Responsible Fisheries Alliance (RFA); South African Deep Sea Trawling Industry Association (SADSTIA); South African Mid-water Trawling Association; South African Pelagic Fishing Industry Association; West Coast Rock Lobster Association and the West Coast Rock Lobster Traceability Task-Force; National Fishing Forum; Menhaden Advisory Committee to the Gulf States Marine Fisheries Commission; the International Fishmeal and Fish Oil Organisation, the South African Bureau of Standards (SABS) technical committee on food safety and the National Business Initiative (NBI).
PRIORITY INTERESTS	Provision of leadership; collaboration; responsible fishing; food safety; societal responsibility; contributing to the collective business voice.	
OUR RESPONSE	Fishing industry body, FishSA, created collectively; active participation; support and funding research.	

OUR RELATIONSHIP WITH OUR WORKFORCE

We believe that the quality of the relationship between management, employees and labour unions across our operations is reflected both by our low employee turnover rate of 9.4% (2018: 7.1%), and by the fact that we have lost no disruption days to industrial action. Promoting job security and being a leading employer in our industry remain particular priorities in our South African and Namibian operations, where unemployment rates are high.

Following the adoption of our frozen fish import strategy, we provide enhanced workdays and a more stable income to our seasonal employees, being one of very few companies in the sector that provides minimum guaranteed hours to seasonal employees. We had two restructuring events this year: the closure of one of our West Coast rock lobster factories and reduction in the lobster fleet, as well as closure of our Hout Bay fishmeal plant. In total 144 people were impacted; most of these were redeployed to St Helena Bay, Laaiplek, and to our hake facility in Cape Town. Excellent communication played a vital role between the sites. Divisional HR personnel made sure the transitional process went smoothly and that a full induction process was completed. Wage negotiations will be on the agenda again in 2020. Mitigating actions include positively engaging labour, executing negotiation in a manner that does not lead to disruptions and putting contingency plans in place.

SE 2: Engage stakeholders and manage reputation *(continued)*

DELIVERING VALUE FOR LOCAL COMMUNITIES

As Africa's largest fishing company, we have seen the evidence of our capacity to effect positive change in the industry. South Africa's commercial fishing industry is one of the most transformed sectors in the economy, setting it up to become a major contributor to defeating poverty, unemployment and inequality. Oceana is a major employer in the coastal communities in which we operate, and we play a key role in uplifting the socio-economic conditions in these communities through direct and indirect employment.

We also provide focused support to communities through our corporate social investment (CSI) initiatives, coordinated primarily through the Oceana Foundation. This year we have reshaped our CSI strategy for greater impact, with a focus on private public partnerships to deliver more value:

- **Feeding programme (food security):** We will use spare capacity in Namibia to produce pilchard product at a lower cost for the national feeding scheme in South Africa, in a partnership between Lucky Star, the Department of Education and the Peninsula School Feeding Association. We target at least one million cartons for delivery to this programme. Given that this is a commercial project that meets a significant societal need at an affordable price, we regard this to be an important shared value project.
- **The Oceana Maritime Training Academy (education and support for small-scale fishers):** Our intial investment will be R25 million with on-going operational spend allocated annually addressing the scarce and critical skills identified in the fishing sector, with particular focus on small-scale fishers. We have developed this into our flagship initiative located in the fishing village of Hout Bay, with plans for a satellite facility in Laaiplek. We hope to see this become a national academy in partnership with government and industry, and a regional academy for our own operations in South Africa and Namibia.

In addition to this, we invest significantly in various CSI projects under the themes of food security and education in South Africa and Namibia, with particular focus around early childhood development. Our Daybrook operations in the US is also an active community supporter. A detailed list of our CSI projects can be found in our online Sustainability Report.

LOOKING AHEAD TO 2020

We will:

- Develop meaningful partnerships with government to support small-scale fishers and National Development Plan imperatives through the development of the Maritime Academy
- Build strong communication plan with key role players in government, industry, labour, business coalitions, political parties and parliament
- Build Oceana corporate brand awareness through online visibility, media presence, thought leadership and sponsorship of select events
- Conduct a socio-economic impact study of our social investments in South Africa. This will assist in demonstrating the value we deliver
- Roll out a formal employee volunteering programme including the establishment of a social committee with representation across all divisions to support and promote a culture of giving

OCEANA MARITIME TRAINING ACADEMY

Developing critical skills in the maritime industry, particularly the small-scale fishing sector

R25m
Capital & operational investment

5000+
LEARNERS PER ANNUM

State-of-the-art classrooms, computer training rooms and
85-seat auditorium

World class maritime skills and training facilities

Modern in-house accommodation

The South African commercial fishing sector is an industry valued at R6 billion per annum, directly employing more than 27 000 people. At the same time, there are approximately 29 000 true subsistence fishers supporting more than 28 000 households in 147 fishing communities. The challenge faced by the commercial fishing sector is to improve the balance between the economic and social benefits of the fishing industry; to protect the integrity of the country's marine ecosystems and to drive positive transformation in the sector. The success of the small-scale fishing sector will contribute towards the broader economic development of South Africa by creating better job opportunities and enabling enterprise development in coastal communities.

Oceana is embracing this challenge by putting into action developmental support programmes for small-scale fishers and addressing the scarce and critical skills identified within South Africa's fishing industry. Our commitment is being brought to life in the form of a multi-million Rand investment in a maritime academy; an innovation initiated and driven by our CEO. Based in Hout Bay harbour, Cape Town, the Oceana Maritime Academy is the first training academy of its kind in South Africa that focuses specifically on the needs of the fishing industry. We engaged with more than 20 strategic stakeholders to shape the strategy of the Academy and to align with the small-scale fisheries policy.

Offering training in a wide range of related skills, from engine maintenance and safety training to management and leadership, the Academy will cater not only to existing Oceana employees and new entrants to the industry, creating a pipeline of talent for the fishing industry, but also to small-scale fishers, who play a critical role in addressing food security and unemployment in South Africa. It will create an environment that promotes inclusion and life-long learning, helping to meet the government priority to create no less than two million new jobs for young people within the next decade (SONA, June 2019).

We are collaborating with DEFF in developing a series of customised skills and training programmes to address the skills shortages within the small-scale fishing community. There are 2 473 small-scale fishers in the Western Cape that we aim to train in sustainable fishing practices, as well as on how to establish cooperatives and run successful businesses, thereby equipping them with complementary skills to create opportunities for work outside of the fishing season.
The Academy is due to become operational at the end of April 2020. In the first year, we anticipate 5 214 learners, of whom 100 will be new entrants on learnership programmes, 1 730 small-scale fishers on various skills development programmes, and 200 learners from the Hout Bay community. As the Academy grows, we intend to expand the facility to include further industry-relevant specialist training and form international alliances to offer global best practice exchange opportunities.

PERFORMANCE REVIEW – STRATEGIC ENABLERS

SE 3: Ensure good governance and sustainability

To secure and enable growth by providing professional frameworks and trusted advice that assures good governance, in areas of corporate governance, compliance, risk and sustainability.

VALUE CREATION TARGETS

- Fully comply with laws and regulations of all countries where we harvest and transact
- Adhere to strict food safety standards
- Adhere to the best health and safety standards
- Monitor, manage and mitigate the Group's impact on the environment
- Manage odour and stack emissions through continued audits and engagement with communities
- Reduce the usage of potable water through desalination initiatives
- Drive energy efficiency and reduce atmospheric emissions
- Continue to engage with regulators, scientists and other stakeholders to promote responsible fisheries management across species

There has been an expansion of the Group governance department which now oversees compliance, sustainability, risk, and legal matters. Governance has been elevated through the appointment of an Exco level Group Executive for Risk and Compliance with a focus on:

- Developing people capability and governance frameworks
- Delivering a robust reporting system and engaging the business on governance matters
- Building cohesion in the governance team and driving a culture of compliance and effective risk management across the Group

COMPLIANCE

A culture of excellence in risk management and compliance was a major focus for the CEO in 2019, who drove this message across the business with the support of the new governance department. This has enabled alignment and increased governance focus on the core areas of food safety, occupational health and safety and environmental management. This revised structure ensures enhanced Group oversight on compliance matters and robust reporting back to the Board.

Our 2019 performance:

- ✓ Formalised a group-wide compliance structure and established a compliance forum comprising senior executives across the Group. Monthly compliance reports were submitted and the compliance forum met every second month to report on compliance issues, lessons learnt and to develop improvement plans. All of this ensured increased collaboration between risk, governance and business divisions
- ✓ Continued to monitor compliance through anonymous whistle-blower reports, internal controls, and internal and external audits
- ✓ Reviewed new and proposed legislation impacting the business
- ✓ Reviewed Group policies and implemented King IV principles on Corporate Governance
- ✓ Rolled out compliance training
- ✓ Ensured adequate assurance coverage across all risks through the combined assurance model

We have zero tolerance for fraud and corruption and through this new department, will be able to do more to raise awareness throughout the organisation on these issues. Robust governance systems are critical in ensuring that we identify and address our material risks and opportunities. They assist us in our activities by providing an independent perspective on the Group's strategic plans, ensuring that we have the right leadership team, and holding the team to account in delivering on its fiduciary responsibilities.
A review of our governance structures and systems is provided on page 58, an overview of our Board and executive team on pages 18 and 19, while our approach to evaluating and mitigating risk is provided on page 30.

ADHERING TO STRICT FOOD SAFETY STANDARDS

"Food safety is not the responsibility of only one department; it's the responsibility of everybody at Oceana, from the CEO level all the way down to the factory staff – this has become a way of life"

(Mike Young, Executive: Food Safety and Quality Assurance)

Our food safety systems, which extend along the full supply chain from 'ocean to plate', are founded on internationally recognised technical regulations and standards aimed at protecting public health. We meet the requirements of these technical regulations administered in South Africa, as well as standards and principles of Codex Alimentarius and the International Organization for Standardization (ISO).

Our approach:

- We conduct regular audits, inspections, surveillance and examinations of product designs, products, services, processes and processing plants, to determine their conformity with specific or general requirements
- We focus on allergens, as well as biological, chemical, physical and regulatory hazards that can occur if not controlled
- We have an annual documented audit and inspection activity programme, devised on a risk- and science-based approach

Our team of highly trained food technologists, with combined experience of 100 years in food safety, work closely with our suppliers on any support that they may need, empowering them with best practice knowledge and an emphasis always on preventative measures.

Our 2019 performance:

- ✓ We conducted a gap analysis on our food safety management systems in the canning and fishmeal and fish oil businesses against the Global Food Safety Initiative (GFSI) recognised FSSC 22000 standard. We completed all the groundwork to undergo this food and feed safety certification in 2020. Ultimately the GFSI recognition will reduce the number of audits needed on all our facilities
- ✓ We conducted a minimum of two audits per supplier facility including canning operations in South Africa, Thailand and China; we were able to visit local suppliers on a more frequent basis
- ✓ Each new processor was audited every three-to-four months and third party inspections were conducted on every supplier batch produced
- ✓ Greater emphasis was placed on ingredients in the auditing procedure, such as cayenne pepper, chillies, starch, and tomato suppliers, with a plan to see this increase
- ✓ There were no incidents of critical non-conformance that required us to implement any type of product recall
- ✓ Achieved BRC certification for hake, an important accreditation for our European markets
- ✓ Achieved HACCP certification across all our land-based facilities and vessels

SE 3: Ensure good governance and sustainability *(continued)*

ADHERING TO THE BEST OCCUPATIONAL HEALTH AND SAFETY STANDARDS

"Dealing with complacency and getting the safety culture lived – this is my main concern. I'm pushing an awareness drive for all seagoing personnel to be more mindful, to have situational awareness, to think about their colleagues and to report near misses"

(Thembela Taboshe, Executive: Vessel Safety, Health and Environment)

To mitigate the inherent health and safety risks associated with our land- and sea-based activities, we implement safety monitoring, training and enforcement programmes, provide relevant personal protective equipment, ensure effective incident tracking and investigation, and undertake periodic safety audits on all sites and vessels. The managing directors of all operating divisions are responsible for ensuring full compliance with relevant occupational health and safety legislation, and that the required structures are in place.

A new executive, Thembela Taboshe, joined the Group this year to oversee the implementation of international safety standards across our horse mackerel, hake, lobster and squid vessels, with the safety plan feeding into all Group vessels. With a Captain-level qualification and experience from the South African Maritime Safety Authority (SAMSA), Thembela Taboshe also acts as the safety officer for fleets, conducting drills, reviewing standard operating procedures, and ensuring relevance for different types of vessels. Her main focus will be to drive awareness and improve the safety culture in its entirety.

Our 2019 performance:

- ✓ Established an Oceana Group vessel safety committee, headed up by the new vessel safety executive, to drive health and safety across the Group
- ✓ Monthly reporting on vessel safety matters as well as learning and development training for cadets enabling better oversight at Group level
- ✓ Safety updates sent to on-board vessel safety committees on a weekly basis with lessons learnt from other vessels, accidents and marine notices
- ✓ Launched a digital awareness campaign called 'safe-tember' to encourage the reporting of near misses and lessons learnt in factory operations; to be extended to vessels in 2020
- ✓ OHS compliance audits conducted by Marsh on land-based facilities and vessels, with in-house audits completed as another level of assurance
- ✓ The number and severity of safety incidents recorded remained low: the Group's disabling injury frequency rate (DIFR) of 1.0 was once again well below the Group margin ceiling of 2.0. Once again there were no occupational fatalities this year

CONVENTION THAT UPHOLDS HUMAN RIGHTS IN THE FISHING INDUSTRY

The ILO's Work in Fishing Convention (No. 188) came into effect in December 2017 and is the first international Convention that specifically addresses labour and safety issues holistically for fishers and fishing vessels engaged in commercial fishing. It covers all fishing vessels, irrespective of size. While the South African fishing regulations on the allocation and management of fishing rights have always upheld crew safety through mandating crew members to undergo SAMSA safety training courses, the Convention holistically ensures best practice is followed in the areas of occupational safety and health protection, conditions of work on board vessels, working hours, accommodation and food, medical care and social security. Oceana started implementing the requirements of the Convention prior to it being effected, but with the appointment of our new vessel safety executive, there will be greater emphasis on compliance. The Bargaining Council for the Fishing Industry in South Africa already sets out basic conditions of work for fishers defined for deep-sea, inshore, and mid-water vessels. Being a part of the Council, exempts us from a number of items in Convention 188.

ENVIRONMENTAL MANAGEMENT

We monitor and manage the material environmental impacts of our operations through our ISO 14001-aligned environmental control system (ECS). In committing to sustainable resource use and a reduced impact on the environment, we have set specific targets for energy and water consumption, and management of water and waste disposal across the Group. We report publicly against these targets each year in our online Sustainability Report.

Our quarterly sustainability forums bring together key functional and divisional senior members to develop strategy, assess progress on energy and water conservation projects and our KPIs on climate change. These forums enable learning to be shared and initiatives to be driven as a collective.

Our 2019 performance:

- ✓ We achieved a 38% absolute reduction in our municipal water consumption through our desalination plants at St Helena Bay and Laaiplek, reverse osmosis plants at our CCS facilities and water-use efficiency measures
- ✓ We extracted proteins and solids from our fish processing water (stick water) to enable its reuse and recovered condensate and steam in the fishmeal plants for reuse in boilers
- ✓ We achieved our target of ensuring that no food fit for human or animal consumption was sent to landfills, but were instead directed to our fishmeal processing facilities
- ✓ We were granted coastal water discharge permits in all our facilities
- ✓ An Energy Resilience Team was established by the CEO to identify sustainable, viable and cost-effective energy solutions for the business, including gas and renewable energy options
- ✓ We reduced energy usage by 1% and GHG intensity by 3% due to production efficiency
- ✓ Assessed the impact of the 2020 global sulphur cap on our business to identify material costs and budgetary planning for divisions
- ✓ Maintained our JSE FTSE4Good rating
- ✗ Minor oil spill incident with *Desert Diamond* in Cape Town port

SUSTAINABLE MANAGEMENT OF MARINE RESOURCES

South African Commercial Fishing Rights	%	SASSI category
Anchovy (SA)	80.18	🟩
Pilchard (SA)	2.90	🟧
Deep-sea hake (SA)	10.58	🟩
Horse mackerel (SA)	5.84	🟧
West Coast rock lobster	0.06	🟥
Squid	0.43	🟩
South Coast rock lobster	0.01	🟩
Total	**100.00**	

The success of our business depends ultimately on the long-term viability of the fish biomass that we access. Promoting an ecosystem approach to fishing, ensuring full legal compliance within our highly regulated operating environment, and driving responsible fishing practices across our supply chain, remain fundamental business imperatives.

Our approach:

- We have a zero-tolerance approach to illegal, unreported and unregulated (IUU) fishing. This undermines fish stocks, negatively impacts food security, and ultimately reduces social and economic opportunities
- We commission fisheries audit reports on an annual basis on each species that we catch in South Africa, with the exception of lobster, and are committed to sourcing from fisheries that are considered low risk, well managed or undergoing fisheries improvement. Our latest scientific study findings are provided on our website www.oceana.co.za
- We engage with regulators, scientists and other stakeholders, fund research and participate in industry workshops to support an ecosystem approach to fisheries management
- We partner with the Responsible Fisheries Alliance (RFA) to deliver training to our seagoing employees on responsible fishing practices
- We observe the South African Sustainable Seafood Initiative (SASSI) ratings on fish species

SE 3: Ensure good governance and sustainability *(continued)*

Our 2019 performance:

- ✓ Supported DEFF with a total of 48 seagoing research days with our lobster vessels and scientific observers on board our horse mackerel mid-water trawler, *Desert Diamond*
- ✓ 60% of our seagoing personnel have undergone RFA training, one of the highest participation rates in the alliance
- ✓ Gulf menhaden achieved MSC certification, the best accreditation one can achieve for wild catch, making this fishery one of the few reduction fisheries in the world to be MSC certified
- ✓ Hake operations retained its MSC chain of custody certification, with 99% reduction in accidental seabird mortalities
- ✓ Retained our IFFO Global Standard for Responsible Supply (IFFO-RS) – accreditation for 100% of fishmeal and fish oil operations
- ✓ The majority (91%) of our harvested commercial fishing rights were on the SASSI green list. For orange (pilchards) or red (West Coast rock lobster) listed species, we engaged in fisheries improvement projects, including the traceability task-force to enhance the traceability of WCRL

LOOKING AHEAD TO 2020

- Continue to embed a culture of compliance, enterprise risk management, safety and sustainable practices across the business
- Operationalise governance in the businesses, with a commonality and consistency of approach and using one governance language
- Align Oceana's core purpose with the Sustainable Development Goals (SDGs)
- Integrate long-term sustainable energy solutions into the business

Further details on our safety-related activities, environmental management and sustainable fisheries performance are provided in our online Sustainability Report.

TECHNOLOGY AND INFORMATION GOVERNANCE

Oceana is committed to the highest level of information and technology governance, as managed by the Group Chief Information Officer (CIO). Oceana's Governance Framework is central to our strategic and business processes, and supports the achievement of our strategic objectives. Our corporate governance structures and processes are regularly reviewed and improved as appropriate.

The Board is of the opinion that Oceana currently complies with the technology and information governance principles of King IV. The Board has identified cyber security and optimising our IT infrastructure and systems to support organisational efficiencies as key focus areas during the current financial year.

In responding to these focus areas we have implemented structures and controls needed to extract maximum value from our IT function well into the future. The following key initiatives were completed during the year:

Cyber Security

- Introduced end-user behavioural analytics and alerting capability
- Effectuated business continuity planning and recovery exercises
- Further improved cyber security defences, with particular focus on vulnerability management, end-user device protection, and secure mobility
- Hardened and rationalised network security configuration

Optimising our IT infrastructure and systems to support organisational efficiencies

- Continued delivery against our 3-year IT strategy, with ongoing focus on cyber security, cloud and automation
- Entrenched our ERP system spanning two countries
- Successfully migrated email and collaboration workloads into the cloud
- Homogenised business systems and decommissioned legacy business systems
- Successfully upgraded core network infrastructure across two countries
- Implemented automated deployment and monitoring of end-user devices

LOOKING AHEAD TO 2020

The following initiatives will be undertaken to continue our commitment to excellence in this field:

- Continuous improvement of the ERP platform
- Rollout of the ERP platform to the US operation
- Rollout of a software-defined wide-area network
- Decommissioning and retirement of remaining legacy applications
- Migration of data centre workloads into the cloud
- Rollout of IP telephony across the Group
- Pilot robotic process automation technologies within back-office functions

BOARD GOVERNANCE AT A GLANCE

The Board is committed to ensuring that good governance practices are applied throughout all aspects of the business.

Our Governance Framework is aimed at managing the Group's operations in an ethical and responsible manner, after considering risk parameters within an effective control environment. The King IV Report on Corporate Governance defines the following governance outcomes: ethical culture, good performance, effective control and legitimacy. The principles espoused in King IV are entrenched in many of the Group's internal controls, policies and procedures governing corporate conduct. The full powers and responsibilities of the Board are set out in the Oceana Group Charter for the Board of directors ("Board Charter").

The Board is assisted through the following subcommittees in focusing on specific matters:

- Audit Committee
- Remuneration and Nomination Committee
- Risk Committee
- Social, Ethics and Transformation Committee

For more information on the Committee roles and responsibilities, refer to the committee charters and the full King IV disclosure report available on our website at www.oceana.co.za/governance/compliance. The Board is satisfied that the Group has substantially adopted the principles of King IV and that the company remains fully compliant with the JSE and NSX Listing Requirements.

The Board's pillars of governance

1. The Board serves as a focus point and custodian of corporate governance in the Group
2. The Board is the custodian of the values and ethics of the Group
3. The Board retains full and effective control of the company
4. The Board acts in the best interests of the Group

The Board's roles and responsibilities

With a solid adherence to its governance pillars, the Board is responsible for:

1. Approving the strategic direction of the Group, including the annual strategic plans at both divisional and Group level, budgets, targets and key performance indicators, as well as long-term strategies
2. Approving policy and planning and ensuring that the culture and ethics of the company reflect effective compliance management, including enterprise risk management, safety and sustainability
3. Overseeing and monitoring the implementation and execution by management
4. Ensuring accountability for organisational performance through reporting and disclosure

SE 3: Ensure good governance and sustainability *(continued)*

GOVERNANCE ACTIVITIES FOR THE YEAR

This year, we have chosen to provide a summarised governance report, reviewing the main focus areas that impact on value creation and briefly outlining our strategic response.

SI 1:	SI 2:	SI 3:	SE 1:	SE 2:	SE 3:
Protect and optimise our quota businesses	Deliver organic growth in our core businesses	Sustainable earnings through diversification	Galvanise the workforce	Engage stakeholders and manage reputation	Ensure good governance and sustainability

The Board's key activities and focus areas during the year included:

Focus area	Strategy	Governance Outcome
Conflict of interest and independence • Reviewed conflict of interest declarations, list of directorships and interest in contracts • Appointed two additional non-executive Board members • Completed a skills assessment, which will inform the Board composition and its succession plans	⚖	Ethical culture Trust and legitimacy
Tiger Brands share unbundling • Appointed a subcommittee to the Board, comprising only of independent non-executive directors, to review risks, opportunities and innovative ideas around shareholding and settle the transaction to unbundle Tiger Brands	🌐 🧍 ⚖	Trust and legitimacy Good performance
Succession planning and leadership • Appointment of Adela Fortune as Group Company Secretary with effect from 1 June 2019. Jillian Marais fulfilled the Group Company Secretary role until 31 May 2019. All directors have unlimited access to the advice and services of the Company Secretary, who is accountable to the Board for ensuring that Board procedures are complied with and sound corporate governance and ethical principles are adhered to • Appointment of Elton Bosch as an executive director and Chief Financial Officer with effect from 17 June 2019. A report on the assessment of the CFO is included on page 10 of the Company's 2019 Annual Financial Statements • The Board, through its Remuneration and Nomination Committee, has satisfied itself with the appropriateness of the expertise and experience of both Adela Fortune and Elton Bosch, and that they have maintained an arm's length relationship with the Board • Reviewed and approved the talent management and succession planning strategy	🌐	Good performance
Charters, work plans, codes of conduct and internal auditors • Reviewed and approved the Board and committee charters, work plans, and the Oceana Business Code of Conduct and Ethics • Seamless transition from KPMG to EY was completed • Ensured that the whistle-blower process was effective	⚖	Ethical culture Effective control
Strategy and performance • Approved the 2020 annual budget and divisional KPIs • Reviewed the five-year strategy at the annual strategy session • Reviewed the Group and Exco structure to identify efficiencies and improve synergies • Divisional managing directors attended all Board meetings to report on performance against strategy, budget and significant operational matters	🪝 🤲 📈 🌐 🧍 ⚖	Good performance

Focus area	Strategy	Governance Outcome
Plant closures • Hout Bay and Angola fishmeal exit strategy was approved • Hout Bay lobster plant closure was approved	⚖	Ethical culture Good performance
Risk and compliance • Appointed two new Risk, and Social, Ethics and Transformation Committee members • Enhanced the Combined Assurance Plan and Reporting Framework • Considered auditor rotation and timing • Reviewed approach to risk appetite and risk tolerance levels • Reviewed the Oceana Group Authorities Framework • Reviewed reports on employee training on Competition Law, the Anti-bribery and Corruption Policy and related legislation, the Business Code of Conduct and Ethics, and the Compliance Policy • Completed annual governance review, including the assessment of the Board Chairman, each Board member and their activities at both a Board and subcommittee level. • An independence assessment of all the non-executive directors was completed and confirmed, as indicated on page 18	🙌 ⚖	Good performance
Technology and information • Reviewed and approved IT strategy, policies and Charter • Considered IT governance and incident reports on a regular basis	🌐	Effective control
Labour and employment practices • Reviewed the employee headcount with a focus on the talent management process and reducing reliance on labour brokers • Considered developments regarding wage negotiations, employment equity reporting, skills development reporting and legislative updates	🙌 🌐 ⚖	Ethical culture Good performance
Transformation • Reviewed performance against the DTI's B-BBEE scorecard and results of the annual independent B-BBEE audit	🌐 🚶	Ethical culture Trust and legitimacy
Organisational health and safety, environmental management and sustainability • Significant focus placed on redefining the corporate culture with a drive towards organisational health as a strategic enabler • Reviewed health and safety audits of sites and vessels • Approved the Environmental Policy and reviewed progress on targets for material environmental initiatives, external accreditation surveys and environmental audits • Reviewed the level of assurance on material sustainability issues • Received updates on product stewardship and public safety issues	⚖	Ethical culture Effective control Good performance
Corporate Social Investment • Assessed CSI expenditure and progress against planned initiatives • Approved concept and roll out plans for the Maritime Academy	🚶	Trust and legitimacy

SE 3: Ensure good governance and sustainability *(continued)*

GOVERNANCE STRUCTURE AND COMBINED ASSURANCE

SHAREHOLDERS

4TH LINE OF DEFENCE

BOARD OF DIRECTORS

AUDIT

FOCUS AREA

- Technology and information governance
- Integrated reporting
- Financial reporting
- Internal audit matters
- External audit matters

REMCOM[1]

62

FOCUS AREA

- Remuneration strategy and policy
- Local and international industry trends
- Succession planning
- Nomination matters
- Board evaluations

RISK

30

FOCUS AREA

- Integration of risk management into the business
- Establishing a risk universe
- Oversight of risk management
- Monitor Group risk management and assurance
- Operational risk and compliance

SETCOM[2]

FOCUS AREA

- Sustainability
- Transformation
- Ethical conduct and compliance
- Good corporate citizenship
- Social and economic development
- Stakeholder relationships

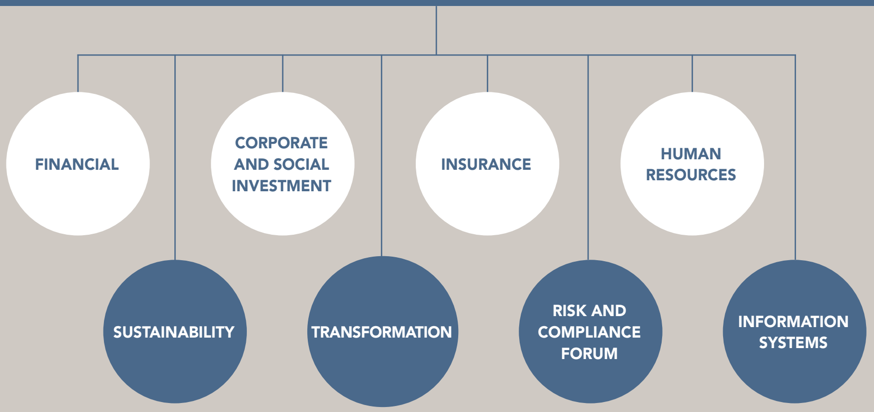
3RD LINE OF DEFENCE

- INTERNAL AUDIT
- EXTERNAL AUDIT
- GLOBAL STANDARD CERTIFICATIONS
- REGULATORY AUDITS INSPECTIONS
- OTHER ASSURANCE PROVIDERS

2ND LINE OF DEFENCE

EXECUTIVE COMMITTEE[3]

OPERATIONAL MANAGEMENT COMMITTEE[3]



1ST LINE OF DEFENCE

GROUP AND DIVISIONAL MANAGEMENT[3]

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[1] *Remcom refers to the Remuneration and Nominations Committee*

[2] *Setcom refers to the Social, Ethics and Transformation Committee*

[3] *Governed by appropriate policies, procedures and internal control*

AUDIT COMMITTEE (AUDIT)

The Committee has an independent role with accountability to the Board. The Committee is responsible for fulfilling its statutory responsibilities under section 94(7) of the Companies Act and for providing independent oversight of, among others:

a. the effectiveness of the organisation's assurance function and services, with particular focus on the combined assurance arrangements, including external assurance service providers, internal audit and finance function; and

b. the integrity of the annual financial statements and, to the extent delegated by the governing body, other external reports issued by the organisation.

In fulfilling its function, the Committee has undertaken the following:

Work plan and meetings: The Committee adopted a formal work plan designed to structure execution of responsibilities over the year and provided a forum through which the external and internal auditors' report to the Board and approved the internal audit plan for the year.

Appointment of external and internal auditors: In terms of section 90 of the Companies Act the Committee has nominated Deloitte & Touche to be appointed as the company's external auditors at the AGM and has appointed Ernst & Young as the company's internal auditors.

Review of reports: The Committee reviewed and was comfortable that all matters raised within the external audit report, internal audit reports, Ethics Report and the Information Technology Governance Report were adequately and appropriately addressed and that the external audit finding tracker was operationalised.

Assurance: The Committee is satisfied that

- the arrangements in place for combined assurance in the company are effective
- the current structure, expertise, competence and skill set of the CFO and the entire finance function are effective
- no reports of fraud, complaints or concerns were received on any matters relating to the accounting practices, financial reporting procedures and internal audit of the company or the internal financial controls of the company or on any other related matter during the year under review nor were any significant weaknesses identified in the design, implementation or execution of internal financial controls which could result in material financial loss, fraud, corruption or errors for the company
- the business will continue to be a going concern in the period ahead
- it has fulfilled its responsibilities and discharged its duties in accordance with its statutory duties (Companies Act section 94 (7)), the JSE Limited and NSX Listings Requirements, its board mandate and charter.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCOM)

The Committee has an independent role with accountability to the Board. The overall role of the Committee is to assist the Board with the oversight of social, ethical and transformation matters relating to the company.

In fulfilling its functions, the Committee has received and reviewed reports on the following issues:

- ***Labour and employment practices:*** The Committee reviewed the employee headcount with a focus on the talent management process and reducing reliance on labour brokers. The Committee also considered developments regarding wage negotiations, employment equity reporting, skills development reporting and legislative updates
- ***Transformation:*** The Committee reviewed the company's performance against the DTI's B-BBEE scorecard as well as the results of the annual independent B-BBEE audit.
- ***Corporate Social Investment (CSI):*** The company's CSI expenditure and its progress against planned initiatives during the year was assessed and found to be satisfactory. The target set in terms of the Codes of Good Practice to spend 1% of net profit after tax on income-generating activities that benefit black beneficiaries, was met and exceeded
- ***Anti-corruption, ethics and compliance:*** During the year the Committee received various reports on ethics and compliance. All eligible new employees continue to undergo comprehensive training on Competition Law. Additionally, all eligible employees received and completed training on the Anti-bribery and Corruption Policy and related legislation, as well as training on Oceana's Code of Business Conduct and Ethics and the Compliance Policy
- ***Environment, health and public safety:*** The Environmental Policy was reviewed and recommended to the Board for approval. Annual progress against agreed targets for key environmental initiatives, the company's participation in external accreditation surveys and the results of health and safety and environmental audits of company sites and vessels were reviewed and found to be satisfactory. The Committee also received an update on product stewardship and public safety issues.

REMUNERATION AND PERFORMANCE

This report summarises the Group's philosophy, policy and framework for remuneration with a particular focus on executive directors, non-executive directors and management. In line with King IV requirements the report consists of three parts, namely background statement and governance, forward-looking Remuneration Policy and Implementation Report.

PART 1: BACKGROUND STATEMENT AND GOVERNANCE

Oceana remains committed to responsible corporate governance practices, creating sustainable growth in shareholder value through consistent improvement in earnings, clear growth and expansion of capital, and engaging with its shareholders and other stakeholders.

Governance

The Board has appointed a subcommittee, the Remuneration and Nomination Committee ("Committee"), and has delegated its authority, in accordance with the Committee's charter. The charter is available at http://oceana.co.za/pdf/OGL_Remuneration_Nomination_Charter_31_August_2017.pdf and is reviewed annually by the Board.

In line with best practice, the majority of the Committee members are independent, non-executive directors ("NEDs"). The composition and attendance record is set out in the Corporate Governance Report on page 61.

Tribrach Consultants (Proprietary) Limited was engaged to develop a new short-term incentive scheme and model. Furthermore, Deloitte provided benchmarking for executive remuneration and non-executive director fees. Oceana uses PWC's Remchannel survey to benchmark the salaries of the rest of the employees. For the US operations, Oceana uses benchmarks from Salary.com. The Committee is satisfied that all service providers acted independently and objectively. Adopting King IV and the amended Johannesburg Stock Exchange (JSE) Listing Requirements is an on-going process and we will continue to align ourselves with best practice standards.

To assist the Committee with the execution of its mandate, the chief executive officer (CEO), company secretary, Group HR executive and Group rewards and benefits executive attended the meetings in the 2019 financial year. Invitees attend committee meetings but are not present when their own remuneration is discussed and hold no voting powers. Similarly, committee members do not decide on their own remuneration.

At the annual general meeting ("AGM") held on 14 February 2019, the Remuneration Policy and Implementation Report received support of 94% and 93.2% respectively as a result of shareholders voting in favour thereof. More detail around our shareholder engagement mechanisms is set out in part 2.

The main concerns raised by our shareholders and our responses are detailed below:

SHAREHOLDER FEEDBACK	RESPONSE FROM THE COMMITTEE
There are no performance conditions attached to restricted shares	Restricted shares have an entry target, which is whether bonus targets are met and then time-based vesting applies as a condition for the shares to vest. This is based on market practice.
Restricted shares matching portion is not acceptable	This is to incentivise executives to rather invest their STI into Oceana Shares instead of taking cash. This is a retention mechanism.
Uncertainty whether a RONA target is set in advance or disclosed retrospectively	RONA targets are set in advance. This will be made clearer in the detail of the report.

In line with King IV and the JSE Listings Requirements, the Remuneration Policy together with the Implementation Report (part 3) will be tabled for two separate non-binding advisory votes by shareholders. In the event that 25% or more of the shareholders vote against either or both the Remuneration Policy and Implementation Report, the Committee will:

- Extend an invitation to dissenting shareholders via a SENS announcement with the results of the AGM, for them to engage with the Committee regarding their reasons for voting against the relevant resolution; and
- The invitation will reveal the manner and timing of engagement, which may include (but is not limited to) communication via email, telephone calls, meetings and roadshows.

After consideration of the results of shareholder engagement, the Committee reserves the right to amend elements of the Remuneration Policy to further align it to market practice and shareholder value creation.

Policy and philosophy

The Group's Remuneration Policy Framework is based on the principles of fair and responsible remuneration and is formulated to attract, retain, motivate and reward high calibre employees. We aim to encourage high levels of performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. The way we remunerate employees reflects the dynamics of the market, as well as the social, economic and environmental context in which Oceana operates.

The Committee aims to reward superior performance and the achievement of the Group's strategy and ensures that there are consequences for underperformance. Managers play a vital role in ensuring that the performance management process, in terms of the performance management policy and guidelines, provides the right information required to inform remuneration decisions made by the Committee.

Employment and remuneration arrangements of employees who are part of a bargaining unit or are independent contractors employed on fixed-term contracts are not covered by the Remuneration Policy Framework. Employees belonging to the union would be governed by separate agreements which are negotiated on an operational level, subject to oversight from the Committee. The scope of the policy will be further aligned with the King IV recommended practices.

Oceana's Remuneration Policy for top and senior management provides for the prescribed, target pay mixes per grade, with a balance between guaranteed pay and performance variable pay (and within performance variable pay between short-term incentive, "STI", and long-term incentives, "LTI"). Implicit in the Remuneration Policy is that over time, executives should build up a combination of restricted and unencumbered shares, ensuring significant alignment between executives and shareholders. An analysis was undertaken recently to establish the level of shareholding amongst the key executives within Oceana, and to identify the current level of alignment. The Remuneration Committee was concerned that the current levels were significantly below what it considered to be essential to motivate and retain executives going forward. It was identified that the relatively low levels of shareholding were in part due to the fact that Oceana has consistently set high targets for achievement in both STI and LTI, and in the bearish economy, sector and market conditions this has resulted in low vesting and thus little retention. The Remuneration Committee therefore resolved to make in the LTI a further, once off, offer of restricted shares, this is on top of the standard Remuneration Policy implementation. The aim of this was to ensure that employees are motivated and retained.

At the same time. Oceana has adjusted its short-term incentive plan to bring it more into line with the company's strategic aims, and to drive and reward success in both financial and operational components of strategy. The mechanics of the scheme is set out in the Remuneration Policy part of this report.

The comprehensive Remuneration Policy is available on Oceana's website, accessible at http://oceana.co.za/investors/integrated-reports/.

In satisfying its mandate, the main activities undertaken by the Committee during the year included:

- Review and approval of the performance metrics and new rules for the 2019 financial year STI;
- Approval of short-term incentive ("STI") payments for those divisions that met the performance criteria;
- Consideration and approval of the allocation and award of options and shares in terms of the Group's 2013 long-term incentive plan rules (share appreciation rights, equity settled restricted and performance shares) to eligible participants;
- Approval and consideration of 2019 financial year increases in guaranteed pay for executives and employees in management positions;
- Testing the extent to which the performance conditions for the tranche of long-term incentive ("LTI") awards under the Oceana Group 2013 Share Plan were met (for the awards whose performance and vesting period ended in 2019);
- Review of the Remuneration Report to align to King IV and the JSE Listings Requirements;
- Review of the Committee's charter to ensure alignment to King IV Requirements;
- Review of the Remuneration Policy Framework taking into consideration the King IV Disclosure Framework;
- Review of the composition and performance of the Board as well as succession planning for the CEO, executive committee and chairman of the Board.
- Recruitment and appointment of new Group Chief Financial Officer

FUTURE AREAS OF FOCUS FOR FY2020

- Further differentiate reward in terms of performance and address underperformance
- Place greater focus on the development and retention of key successors
- Create greater diversity (with particular focus on female representation) in the senior leadership ranks
- Continue to ensure fair and responsible executive remuneration practices are followed in the context of overall employee remuneration

REMUNERATION AND PERFORMANCE *(CONTINUED)*

PART 2: FORWARD-LOOKING REMUNERATION POLICY

This section of the report specifically deals with the remuneration for the executive committee, management and other grades of employees. Remuneration comprises of guaranteed and variable pay. The remuneration mix reflects the relative proportions of each component in the package, which is linked to a job type and the nature of expected outcomes. NEDs receive annual fixed fees.

The various components of remuneration include the following:

COMPONENTS OF REMUNERATION				
	GUARANTEED PAY		VARIABLE PAY	
	BASIC SALARY	BENEFITS	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
PURPOSE AND LINK TO STRATEGY	**Attract and retain talent**	Improve employees financial planning and security on retirement	Encourage a high performance culture to promote the achievement of specific objectives: • Drive increase in share price • Meet liquidity profile and future cash requirements • Meet all operational KPIs	Retain and incentivise key staff by linking performance to shareholder expectations This promotes the achievement of long-term objectives with the desired outcome of an appreciating share price and sustainable organisation
ELIGIBILITY	**All staff employed by Oceana**	Benefit differentiated according to grade for all permanent staff	Permanent staff from junior management upwards	All executives and senior management
REMUNERATION METHODOLOGY	**Reviewed annually against market benchmarks. Targeted pay for performing individuals, within a range of between 80% and 120% of market median**	Market related benefits: • Pension/ Provident fund • Motor vehicle allowances • Medical aid	Performance bonuses are dependent on financial performance and achievement of agreed strategic and individual KPIs All staff have a 70% financial weighting and 30% operational weighting component CEO and CFO: • On target: 75% of package; stretch target 112.5% of package • Based on a sliding scale of weightings between financial & operational component indicators	Allocations on annual basis subject to committee discretion CEO – share appreciation rights (SARs) (100% of GP), performance shares (PS) (35% of GP) and RS (17% of previous year STI) Executives (excluding CEO) – SARs (65% of GP), PS (18% of GP) and RS (17% of previous year STI) Daybrook employees benefit from a deferred compensation plan. Nominated employees are eligible to receive an allocation equal to 25% of their guaranteed package The allocation vests after 3 years
PERFORMANCE CONDITIONS	**Performance i.e. meeting requirements of the job**	n/a	• Budgeted HEPS growth • Budgeted RONA • Budgeted working capital • Budgeted divisional/ SBU operating profit • On target (divisional): range from 75% to 100% of budget • Stretch target (divisional): range from 101% to 110% of budget	Refer to next table for performance conditions and characteristics of each share element

<table>
<tr><th>LONG-TERM INCENTIVE</th><th>ELIGIBILITY</th><th>PLAN ELEMENTS AND PERFORMANCE CONDITIONS</th></tr>
<tr><td>SHARE APPRECIATION RIGHTS</td><td>Executives, senior managers and nominated middle managers</td><td>

The SAR element is in essence similar to the previous Phantom Share Option Scheme and is similarly cash settled.
Allocations are based on a reduced multiple of package to accommodate the offer of the other LTI elements.
The full allocation is subject to performance criteria which stipulate the number of rights that vest in relation to the achievement of financial performance targets.
The value delivered to an individual on exercise is the growth of the underlying share price above its strike price.
Vesting occurs on the third, fourth and fifth anniversary of the date of allocation, to the extent that the performance condition has been met. Exercise may be delayed until the seventh anniversary of the date of the allocation.
The performance condition is shown below:

<table>
<tr><th colspan="2">Sliding scale for the application of performance vesting conditions based on a targeted HEPS increase of CPI + 3% p.a. (‘real HEPS growth’) over 3, 4 & 5 year periods</th></tr>
<tr><th>Real HEPS growth</th><th>Vesting Percent</th></tr>
<tr><td>>=0%</td><td>5%</td></tr>
<tr><td>>=0.5%</td><td>10%</td></tr>
<tr><td>>=1.0%</td><td>16%</td></tr>
<tr><td>>=1.5%</td><td>27%</td></tr>
<tr><td>>=2.0%</td><td>44%</td></tr>
<tr><td>>=2.5%</td><td>75%</td></tr>
<tr><td>>=3.0%</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>PERFORMANCE SHARES (conditional)</td><td>Executives and senior managers</td><td>

The performance share element rewards future company and share performance.
Performance shares are conditionally awarded to those individuals who can influence long-term strategic performance.
They vest on the third anniversary of their award; the number vesting being tied to the extent to which the company has met pre-set performance criteria over the three-year period.
Currently, vesting is governed by Oceana’s comparative Total Shareholder Return (TSR) performance in relation to the members of the JSE Industrial Index.
If the TSR over the three-year period places it in 45th position (approx. median), then the targeted number (one third of the maximum number) of performance shares awarded will vest.
If the TSR over the three-year period places it in 15th position (approx. upper quartile) or better, then the maximum number (three times the targeted number) awarded will vest.
If the TSR over the three-year period places it in 75th position (approx. lower quartile) or worse, then all performance shares awarded will be forfeited.
TSR performance between any of the above points results in pro-rated vesting.
No retesting will be allowed, and any shares not vesting will lapse.

</td></tr>
</table>

REMUNERATION AND PERFORMANCE *(CONTINUED)*

LONG-TERM INCENTIVE	ELIGIBILITY	PLAN ELEMENTS AND PERFORMANCE CONDITIONS
RESTRICTED SHARES	**Executives and senior managers**	• The restricted share (matching) element provides share-based reward for individual performance. • Restricted shares are granted on an annual basis, the number of which is calculated with reference to the prior year short-term incentive, thus ensuring a strong link to individual performance on an annual basis. • A standard matching ratio based on an 'on target' bonus is defined as part of a reward strategy-pay mix policy; however, this ratio is applied to the actual bonus earned, resulting in higher performers receiving larger grants. • Restricted shares vest at the end of the three-year period, subject to continued employment. Although the primary link to performance of this element is the short-term incentive (and the performance criteria therein), all restricted share grants are still subject to claw back should any unacceptable performance be subsequently identified.
RESTRICTED SHARES (elective deferral component)	**Executive committee members**	• Members of the executive committee are offered on an annual basis the opportunity to elect to defer a portion (25%, 33% or 50%) of short-term incentive pay into restricted shares. • The restricted share (elective deferral) component effectively re-orientates top executive performance variable pay away from STI pay for operational performance, and more towards reward for long-term (share-based) performance. • The election is made prior to the end of the bonus period, but the number of restricted shares to be granted and matched, is only determined at the end of this period. • The bonus calculation undertaken at the end of the period recognises and incorporates any elective deferral, and the cash bonus payment paid in the normal course of events is commensurately lower than it might have been if an election had not been made. However, a commensurately higher number (depending on the level of deferral chosen) of restricted shares is granted in terms of the Plan Rules, matched one for one with additional restricted shares. • To encourage a greater participation in the elective deferral scheme amongst senior executives, the restricted shares resulting from the elective deferral by the executive is treated differently should the executive resign prior to the standard vesting period. The portion deferred by the executive will vest in full, as it is effectively a voluntary investment by the executive in support of shareholder alignment, while the matched portion will be forfeited.
PHANTOM SHARES OPTION SCHEME	**Executives, senior management and nominated middle managers**	• The options in the Phantom Share Option Scheme are 'cash settled'. • Options may be exercised in tranches of one third after three, four and five years from the date of grant and must be exercised within six years from date of grant. • The cash settlement amount of an option is the difference between the volume weighted average price of an Oceana Group share on the JSE for the 30 trading days immediately prior to the exercise date, and the strike price. • The performance condition (hurdle rate) attached to 50% of these grants is that the company's HEPS should increase by 3% per annum above inflation over the three-year performance period. • The target was set with regard to the cumulative HEPS over the performance period. • All grants have met their performance condition and are now subject to time-based vesting.

Share dilution limits

A maximum of 1.7% of the issued shares are approved to be allocated to participants in terms of all share plans. The individual limit is a maximum of 20% of the shares in issue under the scheme.

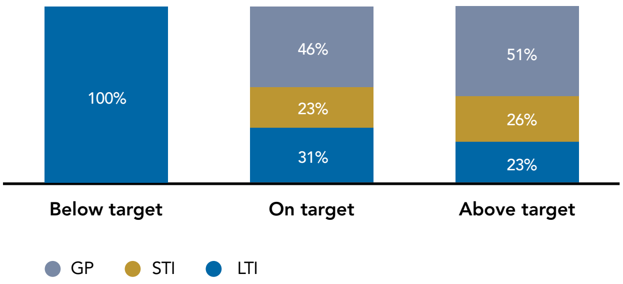
REMUNERATION MIX

The target remuneration mix varies at each grade. As a guideline, more senior employees should have a higher proportion of variable pay in their remuneration mix, as they have the ability to influence the financial performance and strategic outcomes of the company and/or its various business units. The Committee has designed the remuneration mix for executives in a way that avoids over-dependence on the variable pay components, which in turn discourages any excessive risk-taking behaviour. At lower levels, the remuneration mix is weighted in favour of guaranteed pay.

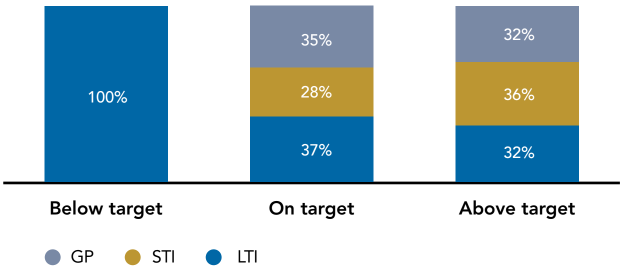
The total reward mix for the CEO and CFO is geared towards variable pay. The graph below illustrates the potential composition of the CEO and CFO at below, on target and above target. The following assumptions were used:

- For LTI illustration purposes, the annual share allocation levels as a percentage of guaranteed pay were used as a basis.
- Below target: performance conditions of STI and LTI are not met.
- On target: 100% vesting of LTI and STI performance conditions met.
- Above target: 100% vesting of SARs, RS and 300% of PS, STI target performance conditions met.

CEO Pay Mix



CFO Pay Mix



Executive director service contracts

Oceana concludes permanent employment contracts with its executive directors which can be terminated by either party subject to a six-month (previously three months) notice period. In the event of termination of employment, the Committee may elect to pay a departing executive director a cash lump sum in lieu of the notice period. The executive directors are not subject to any restraint of trade agreements. The retirement age for an executive director is 63 years.

In the event that an executive director's service contract is terminated owing to operational reasons, Oceana's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act.

Oceana reserves the right to reduce any LTI award prior to the vesting date, or to recover vested LTIs form a participant should any unacceptable performance on the part of the employee be subsequently identified in terms of the malus and clawback provision.

Non-executive directors

NED fees are paid on an annual retainer basis to account for the responsibilities borne by them throughout the year. They are not paid an attendance fee per meeting. The fee structure is evaluated on a regular basis based on NED fee surveys and the results of benchmarking exercises conducted by Deloitte.

Fees are reviewed annually and proposed adjustments are tabled by the CEO for review by the Committee, who will consider the proposed adjustments, taking into account increases across the company. In the event of extraordinary work performed, they will be remunerated on an hourly rate basis, and ad-hoc expenses will be reimbursed as and when required.

NEDs do not qualify for share options nor do they participate in any variable pay incentive schemes, in order to preserve their independence.

PART 3: IMPLEMENTATION REPORT

The Committee has reflected on the Group's application of the Remuneration Policy during the financial year and considers its adherence satisfactory. The Implementation Report discloses the detailed information and figures pertaining to the application of the Remuneration Policy in relation to the relevant executives.

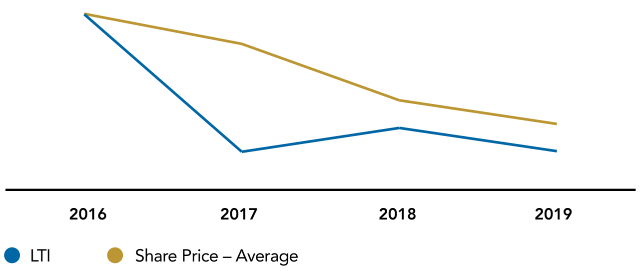
Company performance versus average growth in executive remuneration

The Committee is satisfied that remuneration is linked to long-term performance and value creation.

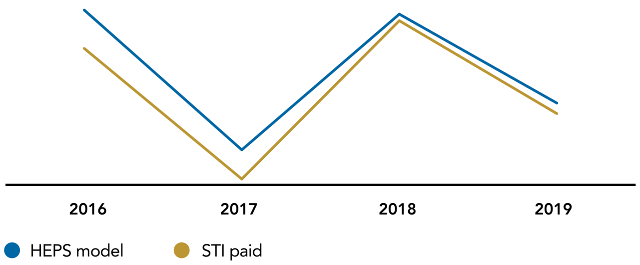
REMUNERATION AND PERFORMANCE *(CONTINUED)*

The graphs below compare the Group's STI and LTI to its growth in HEPS and average share price against Oceana's financial performance for the 2019 financial year as contextualised in the CEO's report.

LTI vs Share price

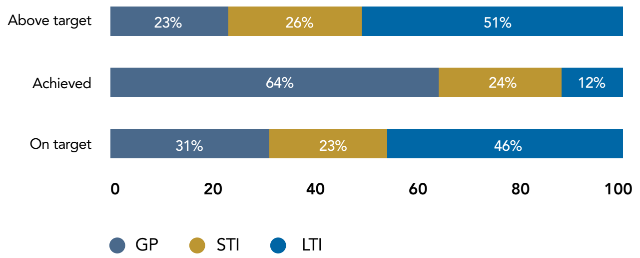


STI vs HEPS

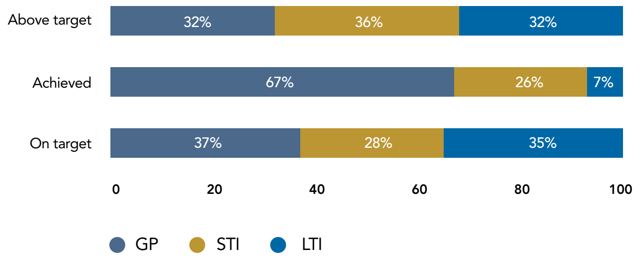


The following graph has been prepared on the same basis as the chart in part 2 referring to pay mix which represents GP, STI and LTI demonstrating the actual mix achieved for the year ended 30 September 2019.

CEO Pay Mix



CFO Pay Mix



Guaranteed pay

In line with the principle of fair and responsible remuneration, Oceana may continuously investigate the internal wage gap and disparities in remuneration in the company.

The average increase in executive remuneration is determined after consideration of the average increase in remuneration for management and general staff. For 2019, the average executive increases were once again lower than that of other employees.

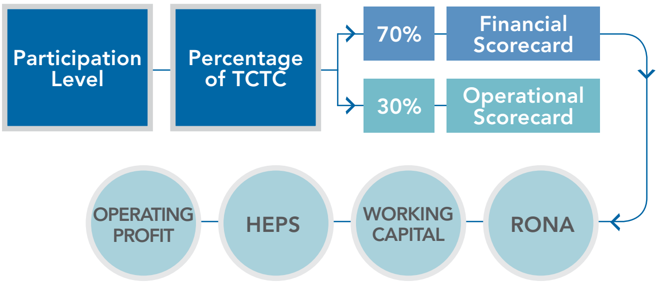
Short-term incentive

The short-term incentive scheme architecture was revisited during the year, and an adjusted model was developed. The aim of the new scheme is to recognise excellent performance by both the business and the individual and to reward both the financial performance of the business to which participants are aligned, and additionally their individual or collective achievements against operational, as much as financial metrics. Participation varies based on grade.

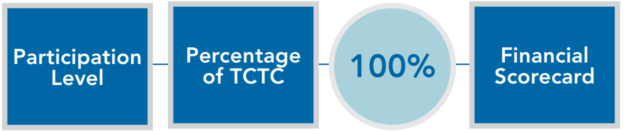
On target participation is now split into a financial component (with a 70% weighting of the overall bonus allocation) and an operational component (with a 30% weighting). Previously the metrics were all financial, with a hurdle or gatekeeper of targeted RONA which had to be met before any bonus could be paid. Once the hurdle was met then a weighted scorecard of headline earnings per share, operating profits and individual performance was targeted to determine the incentives to be paid.

The new STI scorecard consists of the following:

ON TARGET BONUS



OUTPERFORMANCE BONUS



In the new scheme the financial component counts towards 70% of the overall bonus allocation. There is no RONA hurdle or gatekeeper, but RONA now becomes one of the weighted financial scorecard metrics.

For the executive directors only three of these metrics are considered namely HEPS (with an 80% weighting), working capital (with a 10% weighting) and return on net assets (with a 10% weighting). For the rest of the employees different weightings are allocated based on HEPS, divisional operating profit/SBU operating profit, working capital and return on net assets. The threshold for each of these components is to achieve above 75% of budget to receive any bonus. To achieve outperformance a threshold of 101% of the overall financial component should be achieved while for maximum a target of 110% must be achieved.

The operational component with a weighting of 30% provides for stretched non-financial targeting in the business. For the operational component to pay out, a threshold target of 75% of the financial component needs to be met.

The 70% financial and 30% operational components run in parallel and will not impact on each other in the final determination of incentive bonuses attributable to the specific component. However, a minimum requirement to achieve at least 50% in the operational component is required before an employee can participate in the financial component.

Long-term incentives

The annual allocation for CEO and CFO for the elements of LTI was approved by the Committee during the 2019 financial year for which detail can be seen in the remuneration disclosure section below.

The following LTI allocations, which were allocated in February 2016 and November 2015, vested during the financial year:

Share appreciation rights

The performance condition for SARs is HEPS growth of CPI plus 3% over the three, four and five-year performance period. Over the applicable period, the cumulative HEPS did not exceed the target. The tranches (one-third of award) relating to the February 2015, 2016 and 2017 allocations have therefore not vested. These tranches have therefore been forfeited.

Restricted shares

The restricted shares component of the LTI is a retention mechanism which requires employees to remain in Oceana's employment for three years after the date of award. These shares vested for those individuals who were still employed by Oceana in November 2018 and February 2019.

Performance shares

The performance condition for PS is TSR performance of the company to the TSR Industrial Index of the peer group at the lower, median and upper quartiles. Oceana's TSR placed it between the lower and midpoint quartile. The performance shares therefore vested on a prorated basis. The level at which it vested can be seen in the remuneration disclosure note in the full AFS.

Share dilution limits

As at 30 September 2019, the number of equity settled shares that have been offered to participants under the 2013 Share Plan is 866 762 which is below the threshold. As at 30 September 2019, no participants' holding exceeded 400 000 shares.

Executive remuneration for year ended 30 September 2019

Remuneration of executive directors is set out in the full AFS. The gain on exercise of share options is made in the period during which the directors dispose of shares. Therefore, the gain is not related to the performance of the company in the 2019 financial year.

Approval

The Remuneration Report was approved by the Remuneration Committee of Oceana Group Limited.

CHIEF FINANCIAL OFFICER'S REPORT

Oceana's business model is underpinned by its three strategic imperatives and three enablers and actively seeks to overcome the global and local constrained economic headwinds.

Elton Bosch

Chief Financial Officer

Our financial performance is aligned with the first strategic imperative to maintain sustainable earnings and profit growth. We are confident that the fundamentals for growing and leveraging these results in pursuit of acquisitive growth remain intact.

The 2019 results delivered a solid overall performance as profits before tax remained positive in comparison to prior year protected by material improvements in canned fish and hake and horse mackerel businesses while unique weather anomalies negatively impacted the fish meal and oil businesses.

Oceana's executive believe the financial statements published in this integrated annual report present fairly, in all material respects, the financial position, financial performance and cash flows of Oceana Group Limited in accordance with International Financial Reporting Standards (IFRS), and without material misstatements. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements section of this integrated report. Internal financial controls have been put in place to ensure that material information relating to Oceana and its consolidated subsidiaries have been provided to effectively prepare the financial statements.

Executive management are confident that Oceana's various internal control systems, both automated and manual, are adequate and effective and can be relied upon in compiling the annual financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.

OVERVIEW

The performance achieved in profitability in 2018 was largely maintained and stabilised in 2019 through an affordability strategy that has seen volume growth and market share increases in canned fish. These gains were complemented by continued improvement in production efficiencies in the Group's local canneries and the US fishmeal plant, improvement in global fish oil pricing as well as price increases in the hake and horse mackerel businesses. Unique weather events in SA and the US resulted in subdued sales volumes in fishmeal and oil curtailing the Group's overall performance.

Our 2019 operational performance remained resilient despite the impact of external environmental challenges.

These challenges and our strategic response to addressing these are discussed in more detail in "The Operating Context" on page 26 namely:

- Climate change, temperature shifts and extreme weather events that impacted volumes in South Africa (SA) and the United States of America (US) in our canned fish and fishmeal and oil businesses.
- Fishmeal and fish oil US Dollar pricing was negatively impacted by China's reduced demand arising from the impact of ASF in the pork sector.
- Global market volatility and exchange rate fluctuations resulted in a weaker Rand that aided international selling prices but was however off-set by higher frozen fish costs in canned fish.
- Sluggish economies, structural challenges and policy delays in SA, US and the rest of the world had a negative impact on inflationary cost increases generally.

Our performance was further muted by a reduction in profit for the commercial cold storage (CCS) business arising from low occupancy levels in Walvis Bay, closure of Angolan facilities and write-offs arising from debtor provisions based on prior period billing. Lobster and squid was negatively impacted by a reduction in quota and catch rates.

It was previously communicated that given the poor fishing conditions and geo-political risks in Angola, a strategic rationalisation has been embarked upon by the Group. Oceana is currently exploring sale options for the businesses or the assets while management have taken a conservative view to mothball these operations and the net investments in Angola have been provided for accordingly. All these once-off costs will bode well for Oceana's future financial growth prospects as they will not recur.

We would like to remind our stakeholders of the once-off deferred tax rate adjustment in the prior year of USD18.6 million (R238 million) following a reduction in the federal corporate tax rate in the US from 35% to 21% which was effective after 31 December 2017 and did not recur in the 2019 financial year; profit after tax was negatively impacted.

COMPREHENSIVE INCOME

Headline earnings

Profit before tax was positive compared to the prior year. Headline earnings, however, decreased by 25% or R212 million to R636 million. The decrease in headline earnings is primarily because of:

- Prior year deferred tax benefit of R238 million due to the lowering of the US federal tax rate. The effective tax rate accordingly increased by 27% which is explained under the tax section later in this report.
- Prior year costs related to the once-off R65 million put option settlement by Daybrook in terms of the Westbank transaction.
- The strategic decision to exit the Angolan operations given the geo-political risks and poor fishing conditions resulted in once-off costs of R18 million of which R8 million was capital in nature and, therefore, excluded from headline earnings.
- Investment income was 17% or R7 million lower primarily as more working capital was required to support the frozen fish strategy for canned fish, hence lower free cash resources.
- Net finance costs decreased by 11% or R37 million in line with our overall long-term debt reduction strategy as well as improved pricing achieved during the refinance of South African term debt in 2018.
- Non-controlling interests increased by 26% or R6 million.
- Headline earnings per share decreased by 25% (183cents).
- Diluted headline earnings per share decreased by 25% (167 cents).

Revenue

Overall Group revenue remained flat in comparison to 2018.

Revenue from the African operations increased 1% overall or R58 million to R5 926 million underpinned by good volume growth in canned fish and strong selling prices particularly in horse mackerel, hake and other fishing businesses.

The US fishmeal and fish oil business delivered 4% less revenue driven primarily by the lower menhaden landings in the Gulf offset by a favourable exchange rate.

Revenue increased 1% to R7 274 million, despite the overall sales volume decrease of 7% that was driven by the extreme weather events that resulted in significantly lower landings and

CHIEF FINANCIAL OFFICER'S REPORT *(CONTINUED)*

sales volumes in the fishmeal and fish oil businesses as well as marginally lower sales volumes of horse mackerel and hake. The improved canned fish sales volumes significantly mitigated the overall sales volume decrease.

Average realised selling prices increased 4% overall. The affordability strategy with below inflationary price increases within canned fish continued to assist an ailing consumer, while healthy selling price increases were achieved in the horse mackerel, hake and other fishing businesses supported by a weaker Rand. We also achieved selling price increases in US Dollar terms for fish oil in SA and the US.

The IFRS 15 changes of how we allocate variable costs associated with revenue has resulted in a restatement of prior year revenue. Included in the 2019 revenue is an IFRS 15 adjustment of R126 million and the restatement of R110 million in the 2018 financial year previously disclosed in selling and distribution costs.

The services revenue for the CCS was 12% or R49 million lower primarily because of subdued fishing conditions in Namibia and Angola and reduction of local store capacity. CCS handled 10% fewer pallets compared to the prior year largely driven by reduction in storage facilities and lower turnaround of third-party product. Rate per pallets for CCS remained soft, particularly in Gauteng.

Cost of sales

Cost of sales increased by 4% or R203 million to R5 026 million despite an overall sales volume decrease of 7%.

Overall cost of sales increase was primarily driven by higher canned fish costs, making up more than 50% of total Group cost of sales along with the inflationary cost increases on fixed fishing and production costs. Cost of sales increase in canned fish was driven by higher sales volumes and the increased cost of imported finished canned product and imported frozen fish arising from a weaker exchange rate. Our frozen fish strategy continues to deliver substantial financial value and allows for improved production planning and process efficiencies. Efficiency savings of R45 million were recognised during the year and benefited the canning operations accordingly.

Cost of sales were buffered through the suspended Angolan operations that resulted in a cost reduction of R121 million and the impact of lower landings in SA fishmeal and fish oil of 20%, the US fishmeal and fish oil of 14% and lobster and squid of 31%.

The procurement division will continue its pursued quest for continued savings across the value chain and we will continue to extract further cost-saving efficiencies on the strategic sourcing of frozen fish and our other strategic operating costs. The current year included R45 million in cost-saving efficiencies extracted. The manufacturing value chain has maintained its canning plants and workers in anticipation of future growth in the local bio-mass that will support the sustainability of the communities in which we operate.

Gross profit

As a result of cost of sales increasing 4% or R203 million, in contrast to revenue remaining flat, gross profit as a percentage of revenue decreased from 37% to 34.3% and gross profit decreased by 7.5% or R213 million.

Sales and distribution expenses

The 2018 financial results have been restated by R110 million due to bulk and distribution allowances previously disclosed under sales and distribution expenses now being reclassified to revenue in accordance with IFRS15. Net of this adjustment sales and distribution expenses have decreased 13% or R67 million primarily due to volume decreases of 7% as well as greater absorption of storage costs into inventory in line with the frozen fish strategy.

Marketing expenses

Oceana increased marketing expenses in support of the price affordability and volume growth strategy. Marketing expenses increased 7% or R4 million that is aligned to general inflationary cost increases.

Overheads

Oceana decreased overheads 11% or R126 million primarily because of CCS site closures and lobster exiting certain sites and lower staff incentives. No significant adjustments were required in terms of IFRS9 assessment of expected credit losses.

Foreign exchange rate profit

The exchange rate profit realised increased by 56% or R11 million. Although the Group is naturally hedged, the timing of imports and exports differ, hence the need to cover forward both imports and exports as our treasury team continuously monitor and evaluate the Group's net exposure to foreign currency.

In terms of the revised FEC policy:

- exports are covered on a three-months forward basis as soon as export contracts are concluded;
- the planned procurement value of canned fish imports is materially covered on a three-months forward basis;
- due to the inherent uncertainty of value and timing, frozen fish imports are 80% covered once shipment has been confirmed.

The effective use of the policy above and foreign currency earned from export sales has mitigated the exposure of our frozen fish procurement cycle has to exchange rate fluctuations.

Group operating profit

Group operating profit before other operating items ('operating profit') decreased by 1% or R14 million to R1 175 million (2018: R1 189 million).

Africa operations delivered a 2% increase in operating profit while US operations declined by 16%.

Headline earnings per share

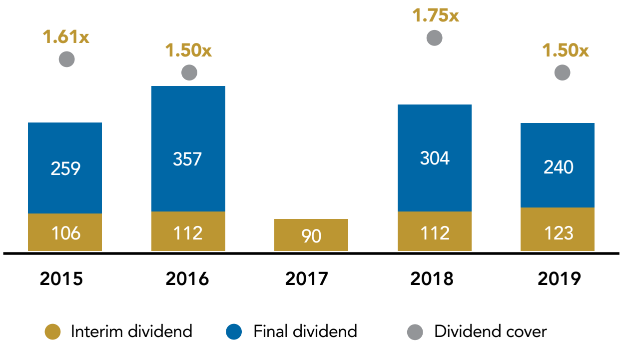
Primarily as a result of the once-off deferred tax adjustment, headline earnings for the year decreased by 25.1% compared to the prior year. Excluding the effect of the once-off deferred tax adjustment in the prior year, headline earinngs increased by 4.1%.

DIVIDENDS

On the back of protected earnings and the improved debt position in the year, a final dividend of 240 cents (2018: 304 cents) per share was declared which together with the interim dividend of 123 cents (2018: 112 cents) per share brought the total dividend for the year to 363 cents (2018: 416 cents) per share.

The Board will continue to review dividend cover in anticipation of its strategic growth objectives. The total dividends for 2018/19 represent a dividend cover of 1.5 times compared to the 2017/18 dividend cover of 1.75 times, excluding distributions made to the Group employee share trust.

Dividend history (R'million)



FINANCIAL POSITION

Non-current assets

Oceana's aim is to utilise its property plant and equipment to be globally recognised as an efficient converter of global fishing resources into shared value.

Oceana remains focused on fully utilising the fishing capacities and asset base that was invested into over a 100 years ago to benefit the fishing communities in which we operate and has invested capital of R71 million into its fishing fleet and R157 million into its factory buildings and equipment as well as cold storage facilities during the year. This amounted to a R228 million increase in property, plant and equipment for the financial year, which excludes depreciation and takes into account assets disposed of and work in progress.

The significant investment in operating assets had a positive impact on overall production capacity and cost efficiencies in the US fishmeal plant as well as the canneries in South Africa.

Current liabilities

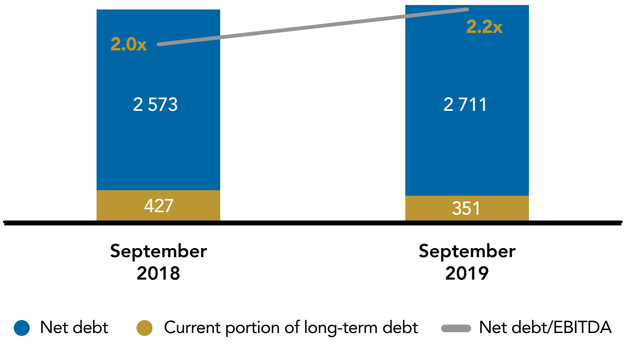
Accounts payable have decreased by 15% or R220 million largely as a result of settling a liability accrued in 2018 with respect to a lawsuit claims settlement that had been paid to Daybrook but was for the interest of the pre-acquisition shareholders of USD17 million (R247 million). Accounts payable days continued to be well managed by our finance shared services team.

CHIEF FINANCIAL OFFICER'S REPORT *(CONTINUED)*

GEARING

Group cover ratio increased from 2.0x to 2.2x at 30 September 2019. The increased gearing was primarily because of the increased working capital requirements and lower cash levels. In September 2019 we concluded an early refinance of our US debt facility. The facility was refinanced as a five-year, amortisation facility with final settlement due on 30 September 2024. Improved terms and conditions were negotiated and the refinance also provided a more favourable pricing margin range. We took the opportunity to increase the level of debt in the US to $118m (2018: $113m) which will be used to accommodate operational requirements during the closed fishing season. In line with our strategy to settle the more expensive SA debt, we received an $11m dividend from our US operations and settled SA debt.

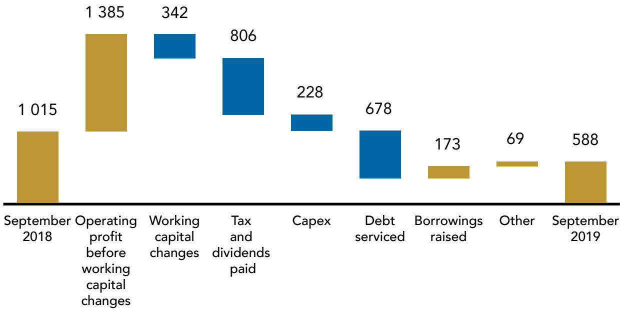
Debt summary (R'million)



CASH FLOW

Oceana's current assets ratio increased to 2.04 from 1.86 in 2018. Excluding inventory, the position deteriorated to 1.05 from 1.18 in prior year given the lower operating cash flows. In the year ahead, we will continue to focus on deleveraging the South African balance sheet to build financial capacity to support our growth strategy. Cash balances on hand at the end of the year were R588 million (2018: R1 015 million).

Cash flow (R'million)



Segment report

The diversity of operations and activities within a larger group ensures greater resilience in the context of cyclical fishing patterns and market volatility, facilitating the sustained provision of benefits to employees, service providers and neighbouring communities. Well-resourced and efficient operations facilitate more effective regulatory monitoring and compliance. Enhanced efficiencies enable a more cost-effective contribution to food security through the provision of low-cost protein. Our divisional performance has been disclosed under the segments commencing on page 22 of the CEO Report and page 80 of the divisional feedback.

CONCLUSION

The local and global growth environment remains muted owing to lower than expected domestic GDP pressure, and conservative growth forecasts for the US. While the impact of a constrained consumer environment has been visible across most of the South African food and retail sector, our Lucky Star brand has continued to show resilience with growth in volumes.

CCS's strategy to consolidate capacity in the most profitable way and identify areas where they have competitive advantage ensured stable and protected operations. This will bode well for support of the Lucky Star imported frozen fish strategy.

We continue to consider the global operational complexities and the step change required to complete the fish protein value chain that will require further strategic investment. Oceana remains focused on fully utilising the fishing capacities and asset base reflected in our balance sheet to benefit the fishing communities.

Oceana continues to make decisions to sustain short-term divisional cost structures, and these additional investments in costs are aligned with long-term growth objectives and sustained value. The diversity of operations and activities within a larger group ensures greater resilience in the context of cyclical fishing patterns and market volatility, and our global control structures bode well for more effective regulatory monitoring and compliance.

Overall, like many other fishing businesses, we are dependent on good weather patterns for good landings across all businesses. We are also dependent on an enabling political and economic environment that supports the fundamentals of growing consumer demand both globally and locally. We are mitigated by the strength of our diversified global geographic footprint.

Elton Bosch
Chief Financial Officer

13 December 2019

STATISTICAL AND FINANCIAL DATA

			RESTATED[1]			
	Notes	**2019 R'000**	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Statements of comprehensive income						
Revenue by segment	1	**7 647 415**	7 657 311	6 706 353	8 124 337	6 083 493
Revenue						
Canned fish and fishmeal (Africa)		**4 038 540**	3 960 107	3 667 133	4 155 925	3 323 704
Fishmeal and fish oil (US)		**1 721 044**	1 789 118	1 438 605	1 930 923	574 328
Horse mackerel, hake, lobster and squid		**1 514 436**	1 474 867	1 199 060	1 363 932	1 472 894
CCS Logistics		**373 395**	433 219	401 555	434 780	392 124
Disposed operations	2				238 777	320 444
Operating profit before other operating items		**1 175 325**	1 188 907	1 001 428	1 629 491	1 007 255
Operating profit before other operating items by segment						
Canned fish and fishmeal (Africa)		**450 591**	436 710	276 622	528 464	452 504
Fishmeal and fish oil (US)		**359 102**	392 638	390 230	668 152	179 612
Horse mackerel, hake, lobster and squid		**303 172**	287 827	235 386	290 529	251 896
CCS Logistics		**62 460**	71 732	99 190	132 430	106 066
Disposed operations	2				9 916	17 177
Other operating items		**(17 447)**	(14 091)	8 701	100 187	18 346
Operating profit		**1 157 878**	1 174 816	1 010 129	1 729 678	1 025 601
Investment income		**33 681**	40 767	29 248	22 089	61 558
Interest paid		**(294 547)**	(332 532)	(372 405)	(385 202)	(158 442)
Profit before taxation		**897 012**	883 051	666 972	1 366 565	928 717
Taxation		**(248 645)**	(810)	(187 622)	(408 276)	(286 515)
Profit after taxation		**648 367**	882 241	479 350	958 289	642 202
Attributable to non-controlling interests		**30 751**	24 410	11 040	41 843	30 978
Net profit attributable to shareholders of Oceana Group Limited		**617 616**	857 831	468 310	916 446	611 224
Headline earnings		**636 366**	849 058	457 309	820 308	611 778
Key performance indicators						
Operating margin	3	**15.4%**	15.5%	14.9%	20.1%	16.3%
Canned fish and fishmeal		**11.2%**	11.0%	7.5%	12.7%	13.6%
Fishmeal and fish oil (US)		**20.9%**	21.9%	27.1%	34.6%	31.3%
Horse mackerel, hake, lobster and squid		**20.0%**	19.5%	19.6%	21.3%	17.1%
CCS Logistics		**16.7%**	16.6%	24.7%	30.5%	27.0%
EBITDA		**1 380 656**	1 443 522	1 245 967	1 990 063	1 202 772
Africa operations		**926 296**	980 644	760 550	1 217 701	1 012 930
US operations		**454 360**	462 878	485 417	772 362	189 842
Tax rate		**27.7%**	0.1%	28.1%	29.9%	30.9%
Headline earnings per share – basic (cents)		**544.3**	727.1	391.9	703.4	588.2
Headline earnings per share – diluted (cents)		**500.9**	667.7	357.9	640.5	532.2
Earnings per share – basic (cents)		**528.3**	734.6	401.3	785.8	587.7
Earnings per share – diluted (cents)		**486.1**	674.6	366.5	715.5	531.7
Dividends per share (cents)	4	**363.0**	416.0	90.0	469.0	365.0
Headline dividend cover (times)		**1.5**	1.75	4.4	1.5	1.5

Notes:

1 Revenue has been restated, as a result of the adoption of IFRS 15.

2. Disposed operations includes segmental information pertaining to the French fries operation (Lamberts Bay Foods Limited) and the CCS fruit operation disposed of in 2016.

3. Operating profit before other operating income/(expenses) items expressed as a percentage of revenue.

4. Dividend declared after reporting date included, except for 2017, as no final dividend was declared.

	Notes	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Statements of financial position key items						
Property, plant and equipment	5	**1 697 221**	1 586 626	1 604 099	1 669 373	1 678 406
Intangible assets	6	**4 886 609**	4 617 278	4 434 878	4 605 275	4 609 802
Net current assets	7 and 8	**1 331 522**	840 439	(34 760)	1 080 854	859 962
Net cash and cash equivalents		**588 036**	1 015 060	1 222 040	1 312 942	1 181 273
Long term debt		**3 298 904**	3 339 750	3 209 875	4 145 142	4 374 483
Statements of cash flows key items						
Cash generated from operations		**1 042 526**	1 302 893	1 707 248	1 631 094	1 095 114
Working capital changes		**(342 291)**	(189 366)	560 579	(95 483)	(92 760)
Investment income received		**54 789**	41 607	37 966	86 470	59 264
Interest paid		**(285 447)**	(296 845)	(344 895)	(337 497)	(158 442)
Taxation paid		**(262 713)**	(217 036)	(148 456)	(707 658)	(221 986)
Dividends paid		**(543 777)**	(162 013)	(573 243)	(476 827)	(427 395)
Distribution to Oceana Empowerment Trust beneficiaries					(15 469)	
Net cash inflow from operating activities		**5 378**	668 606	678 620	180 113	346 555
Cash outflow from investing activities		**(217 141)**	(180 928)	(191 097)	(56 352)	(4 747 216)
Cash (outflow)/inflow from financing activities		**(239 721)**	(720 152)	(553 613)	1 954	5 146 173
Net (decrease)/increase in cash and cash equivalents		**(451 484)**	(232 474)	(66 090)	125 715	745 512
Key performance indicators						
Leverage Ratio						
Return on average net assets	9 and 10	**14**	15	13	20	29
Current ratio (:1)		**2.0**	1.9	1.5	2.2	2.1
Return on average shareholders' funds	11	**13**	21	12	22	32
Net Debt to EBITDA		**2.2**	1.8	2.4	1.7	2.9
Net Debt to Equity		**0.6**	0.6	0.8	0.9	1.0
Share performance						
Market price per share (cents)						
Year-end		**6 925**	8 247	8 233	11 402	9 640
Highest		**8 850**	9 400	12 639	13 474	11 902
Lowest		**6 700**	6 750	7 800	9 325	6 851
Price earnings ratio	12	**12.7**	11.3	21.0	16.2	16.0
Number of transactions	13	**99 504**	33 759	38 720	45 101	85 801
Number of shares traded ('000)	14	**52 097**	15 805	15 696	17 703	27 321
Value of shares traded (R'000)	13	**3 720 460**	1 313 588	1 537 053	1 986 700	2 678 132
Volume of shares traded as a percentage of total issued shares	13	**38.4**	11.7	11.6	13.1	20.2
Market capitalisation (R'000)	14	**9 385 186**	11 176 842	11 157 868	15 452 692	13 064 721
JSE food producers and processors index	15	**72.9**	84.8	103.6	110.5	100.0
JSE industrial index	15	**91.7**	106.2	109.7	107.7	100.0
Oceana Group share price index	15	**71.8**	85.6	85.4	118.3	100.0

Notes:

5. Property, plant and equipment for 2015 have been restated due to finalisation of the Daybrook purchase price allocation.

6. Intangibles for 2015 have been restated due to finalisation of the Daybrook purchase price allocation.

7. Accounts receivable for 2015 have been restated due to finalisation of the Daybrook purchase price allocation.

8. Net current assets comprises current assets less cash and cash equivalents and current liabilities.

9. Profit before taxation and other operating items (but excluding interest paid) expressed as a percentage of average net assets or average total assets.

10. Net assets comprise total assets less non-interest-bearing liabilities.

11. Headline earnings as a percentage of average shareholders' funds.

12. Market price per share at year-end divided by HEPS.

13. Figures based on JSE transactions only.

14. Value of ordinary shares in issue at year-end price including treasury shares held by share trusts and subsidiary company.

15. Adjusted base 2015 = 100.

DELIVERING ON OUR STRATEGY THROUGH OUR DIVISIONS

Oceana's diversified fishing and production business, together with its cold storage and logistics business, allows for diversified earnings across species and services as well as geographies. Given the diversified nature of the businesses, a set of KPIs unique to each business has been agreed with divisional management, to promote the achievement of our strategic objectives. KPI targets are critically reviewed and amended annually to take account of changing business and operational requirements.

Division	Long-term divisional objective
Canned fish and fishmeal (Africa)	We will optimise and improve operating margins by robust supply chain and logistic services. We will deliver positive volume and earnings growth by: • Growing canned fish volumes in existing and new markets • Becoming a globally competitive canned fish processor • Implementing efficiency improvement projects in fishmeal and fish oil fleet and facilities
Fishmeal and fish oil (USA)	We will ensure full and efficient utilisation of the available/allocated fish resource by: • Optimising plant efficiency and throughput rates, while retaining quality and environmental standards • Increasing sales volumes and price realisation as part of a Group-wide sales and distribution strategy • Realising opportunities to further increase our catch rate by improving our fleet and fishing technique • Identifying and realising vertical integration/downstream expansion opportunities should they arise
Horse mackerel, hake, lobster and squid	We will protect and optimise the business, and grow earnings and profitability by: • Continuing to drive empowerment in our South African operations • Enhancing localisation in Namibia • Being the preferred partner for new quota holders in both SA and Namibia • Improving fleet availability and utilisation to enhance catch rates and drive efficiencies We will drive value creation in the division by: • Seeking to secure long-term squid and South Coast lobster rights in 2021 • Optimising efficiencies, leveraging off infrastructure and synergies in the horse mackerel and hake businesses • Working with government and other stakeholders to pursue appropriate opportunities to support government's efforts to responsibly develop small-scale fishers
Commercial cold storage and logistics	We will restore the profitability of CCS to previous levels by: • Leveraging our port operations where we have a location advantage and customer base • Reducing our Gauteng market exposure, where we lack competitive advantage • Maintaining strong customer focus and driving operational efficiencies • Realising growth opportunities in other African markets, should they arise

🟢 KPI achieved 🔴 KPI not achieved 🟠 KPI partially achieved

KPIs	2018	2019	2020 target
CANNED FISH			
• Real volume growth	🟢	🟢	Growth targeted
• Cost per carton	🟢	🔴	Further efficiencies expected
• Daily throughput cartons/day	🟢	🟢	Further efficiencies expected
FISHMEAL (AFRICA)			
• Average fishmeal price	🟢	🟠	Growth targeted
• Fish oil price	🟢	🟢	Growth targeted
• Catch volumes	🟢	🔴	Strong biomass should help improve volumes
• Average fishmeal price	🟢	🟢	Prices expected to be stable
• Average fish oil price	🔴	🟢	Prices expected to be stable
• Plant throughput	🟢	🟢	Investment in capital expenditure to achieve increased throughput
HORSE MACKEREL (SA)			
• Catch rate per day	🟢	🟢	Expected to be consistent
• Cost per ton	🟢	🟢	Inflationary growth expected
HORSE MACKEREL (NAM)			
• Catch rate per day	🟢	🟢	Expected to be consistent
• Cost per ton	🟢	🟢	Inflationary growth expected
HAKE			
• Fleet utilisation	🟢	🟢	Expected to be consistent
• Cost per ton	🟢	🟢	Inflationary growth expected
LOBSTER			
• Catch rate	🟢	🟢	Catch rate projection in line with scarcity of resource
• Cost per kg	🟢	🟢	Inflationary growth expected
SQUID			
• Catch rate	🟢	🔴	Catch rate expected to normalise
• Vessel cost	🟢	🔴	Inflationary growth expected
• Occupancy level	🟠	🟠	Target increase occupancy in coastal with inland consistent to prior year
• Price per pallet	🟢	🟢	Inflationary growth expected
• Total overheads per pallet	🟢	🟢	Inflationary growth expected on normalised overheads

CANNED FISH AND FISHMEAL (AFRICA)

LUCKY STAR
AN OCEANA GROUP COMPANY

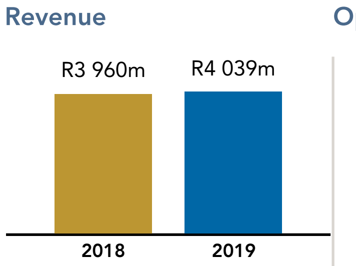
SCOPE OF OPERATIONS

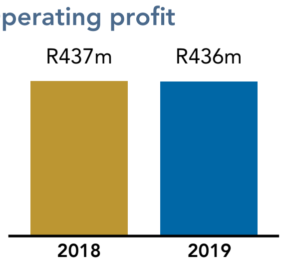
21
VESSELS

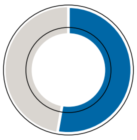
6
PRODUCTION FACILITIES

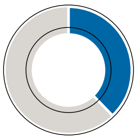
2 623
EMPLOYEES

OUR 2019 PERFORMANCE

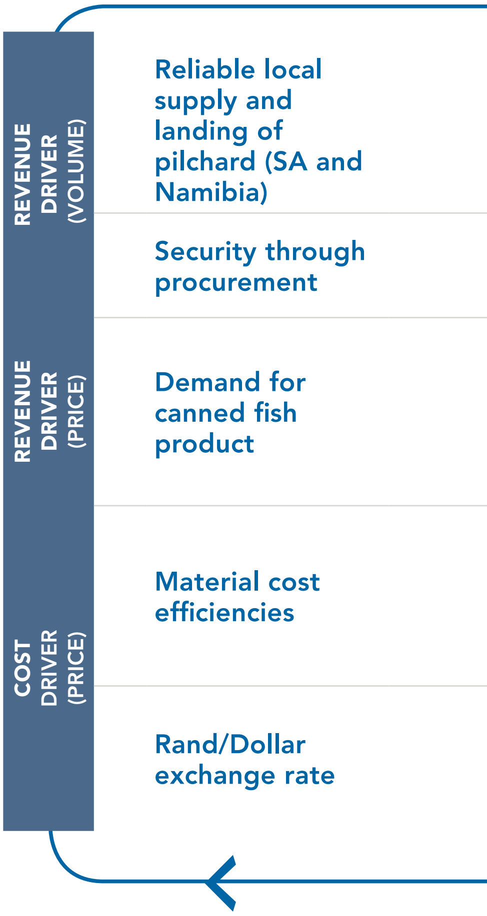








CANNED FISH BUSINESS MODEL



Operational and strategic highlights

Frozen fish procurement (tonnes)

106 224
(2018: 103 885)

- Becoming primarily a processor of frozen fish has enabled us to more efficiently ensure consistent unlimited and affordable supply of Lucky Star in the context of uncertain local catch rates and quotas
- Negotiating at supplier level on raw and canned fish has enabled us to manage Dollar cost well below projections

Canned fish volumes (cartons)

9.5m
(2018: 8.8m)

- Lucky Star's national market share for canned fish sales in South Africa increased
- Daily throughputs increased by 20%, through investment in additional thawing capacity, reconfiguration of the process lines, entrenching efficiency improvements and a new executive team inspiring top performance
- Volume growth enabled us to leverage on volume efficiencies
- Load-shedding risk mitigated through investments in generators and an energy resilience action plan, including renewable energy options

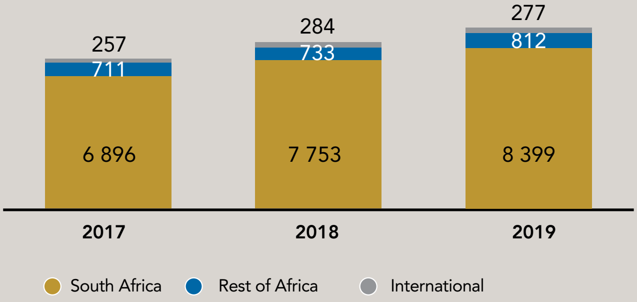
South African pilchard landings (tonnes)

5 213
(2018: 16 903)

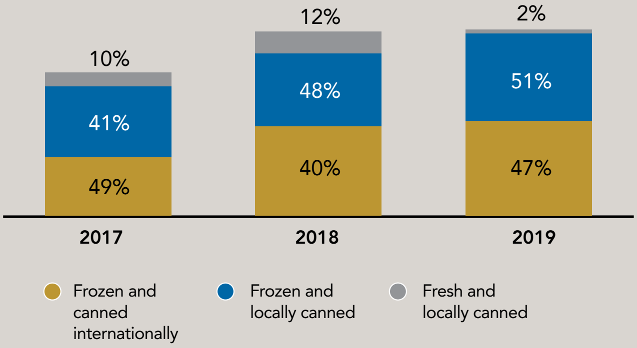
- The South African pilchard TAC reduced significantly to 12 250 tonnes
- Challenging weather conditions and low abundance resulting in a scattering of the resource prevented us from catching any of our quota during 2019, requiring us to fully import raw material. We deployed our vessels elsewhere to increase our industrial catch (red-eye herring)
- A moratorium on fishing continued in Namibia

VALUE DRIVERS	CONTEXT AND OUTLOOK
• Local pilchard biomass • Allocated quotas	• Local resource remains under pressure with the TAC dropping by 81.2%; remains SASSI orange listed
• Local and global supply from Mexico, Morocco, Mauritania and Japan	• Stable supply sources, underpinned by good supplier relations and efficient procurement practices • Engagement in a fisheries improvement project for pilchards in Morocco
• Consumer disposable income for protein • Positioning of Lucky Star in canned fish sector • Demand for canned fish relative to other proteins	• SA food producer earnings stagnating or in decline in tough consumer environment • Lucky Star brand maintaining leading position in sector, aided by effective pricing and marketing
• Efficiencies in own fishing and canning operations • Procurement efficiencies	• Strong efficiencies drive in canneries delivering projected savings of R45 million annually • A revised food and feed safety standard based on FSSC 22000 will further reduce resource waste • Centralised procurement delivering sustained cost savings
• Weaker Rand increases import costs, impacting margins and profits	• Revised Forward Cover Policy to cater for possible continuing pressure on the Rand • Ability to leverage the Group's working capital resources to obtain favourable pricing offsetting the negative effects of a weaker exchange rate

Total canned sales (cartons '000)



Canned fish supply (cartons '000)



MATERIAL RISKS

- Weakening Rand increasing import cost, negatively impacting margin and profitability
- Anticipated increased demand for canned fish protein not materialising
- Procurement of enough fish to process for at least 10 months of the year
- Continuation of episodes of load shedding in South Africa affecting production schedules

STRETCHING INTO CORNED MEAT

We successfully launched Lucky Star corned meat in 2018 with volumes reaching six million cans in 2019. Our key cost objective remains to drive down the cost of the can and raw material ingredients.

CANNED FISH AND FISHMEAL (AFRICA)

(CONTINUED)

FISHMEAL AND FISH OIL (AFRICA) BUSINESS MODEL

REVENUE DRIVER (VOLUME)	Reliable availability and landings of species (SA and Angola) and fish oil yields
REVENUE DRIVER (PRICE)	Fishmeal and fish oil pricing Market demand Rand/Dollar exchange rate
COST DRIVER (PRICE)	Material cost efficiencies

Operational and strategic highlights

Industrial fish landings (tonnes)

103 343

(2018: 118 668)

- Landings in South Africa were 20% lower with catches occurring later than usual
- Despite biomass and recruitment surveys indicating a healthy resource and near maximum TAC (347 860 tonnes), frequent cold fronts contributed to disappointing total catch rates
- With the continued shift in the Angolan industrial fish resource northwards, operations became economically unviable, resulting in our exit at the start of 2019

Fishmeal price/ton

$1 379

(2018: $1 375)

Fish oil price/ton

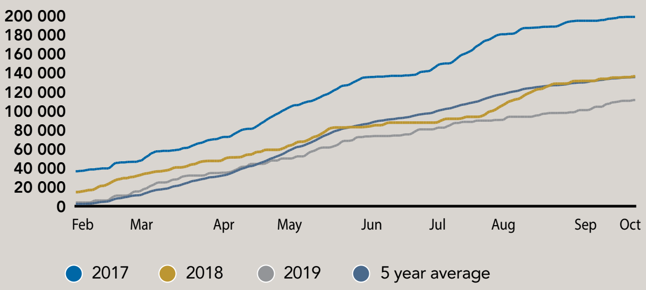
$1 452

(2018: $1 513)

- Demand for fishmeal and fish oil remains strong, global prices improved owing to global supply levels
- We anticipate an increase in pricing with continued growth in aquaculture fueling strong demand
- We responded positively to the change in the EU regulations in respect to anti-oxidants allowed in fishmeal, enabling continued seamless export to Europe
- Significant analysis completed on fishmeal and oil content along with incremental improvements in plants to increase throughput rates to maximize on performance when fish landings are good

VALUE DRIVERS	CONTEXT AND OUTLOOK
• Health of biomass • Allocated quotas • Weather patterns	• The TAC increase of 10.3% is an indication of strengthened biomass health • SASSI green listing of anchovy and red-eye herring • Entrants of new quota holders subsequent to FRAP 2021 may result in reduced quota to existing quota holders and may impact margins negatively • Angola resource showed no signs of recovery at the start of the financial year, as a result a decision was made to exit Angola
• Global supply dynamics • Global demand dynamics • Export to Europe and Far East	• Supply from main producers (Peru, China and Europe) reduced, helping to offset ASF concerns • Demand anticipated to remain strong (with a drive from aquaculture); prices anticipated to increase, including over the longer term as sufficient volumes of commercially competitive alternatives to fishmeal and fish oil in aquaculture are unlikely to materialise • Changes in EU regulations with respect to anti-oxidants • Intention to re-enter the Chinese market
• Weaker exchange rate increases Rand denominated revenue resulting in improved margins	• Weaker exchange rate favours our export market
• Efficiencies in fishing and processing	• Impact of any anticipated increases in fuel prices dependent on location of fish landings • Increase in coal prices (used for steam generation) could influence processing costs

Industrial fish landings (tonnes)



MATERIAL RISKS

- Underperformance of industrial fish resources, relative to projected catch over next five years
- World market prices for fishmeal and oil not reaching forecasted average levels
- FRAP 2021 rights renewal process resulting in greater quota loss than expected

FISHMEAL AND FISH OIL (US)

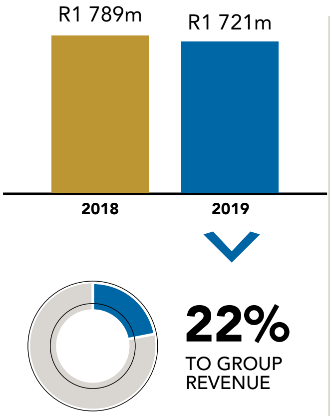
DAYBROOK

SCOPE OF OPERATIONS

11	**12**	**1**	**377**
VESSELS	PLANES	PRODUCTION FACILITY	EMPLOYEES

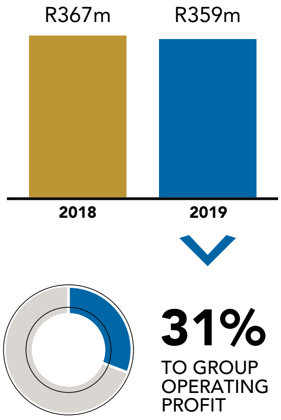
OUR 2019 PERFORMANCE

Revenue



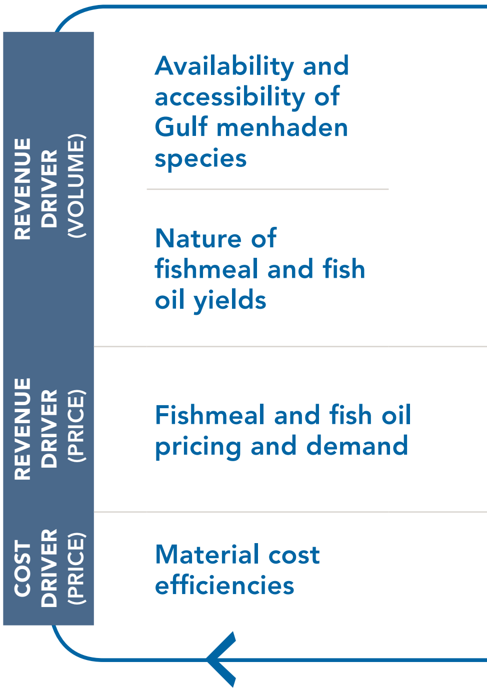
22% TO GROUP REVENUE

Operating profit



31% TO GROUP OPERATING PROFIT

FISHMEAL AND FISH OIL (US) BUSINESS MODEL



REVENUE DRIVER (VOLUME)	Availability and accessibility of Gulf menhaden species Nature of fishmeal and fish oil yields
REVENUE DRIVER (PRICE)	Fishmeal and fish oil pricing and demand
COST DRIVER (PRICE)	Material cost efficiencies

Operational and strategic highlights

Fish landed (fishing season)

685.8m

(2018: 803.1m)

- Reduced landings were a function of extreme rainfall events impacting the accessibility of the menhaden, the number of fishing days and longer trips due to siltation in the Gulf
- Improved efficiencies and work ethic instilled by the new Westbank partner helped to recover from the slow start to the fishing season
- Fleet improvements, including restoration work and increasing the speed of the vessels contributed to a better state of the fleet this year with investment opportunities to be realised in 2020

Fishmeal price/ton

$1 509

(2018: $1 500)

Fish oil price/ton

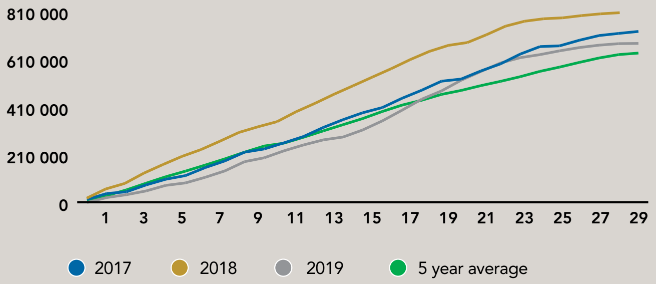
$1 567

(2018: $1 469)

- Pricing improved on average 3% year-on-year owing to the drop in global supply of fishmeal and fish oil
- Exports of higher-grade meal to China stopped for a period of the year owing to trade tariffs making it no longer cost effective. The domestic pet food strategy to meet surge in demand is more lucrative with 6-12 month contracts reducing volatility
- We expect to see a premium with MSC certification in Europe and related markets in the pet food sector
- Despite the negative impact on pricing resulting from ASF, Daybrook realised average price gains due to value gains in the US pet food sector and the benefits of a newly structured global sales team
- For higher-grade meal longer-term offtake contracts with fixed pricing to stabilise profit volatility will avoid reliance on spot pricing in fishmeal markets

VALUE DRIVERS	CONTEXT AND OUTLOOK
• Accessibility and ability to land volumes (allocated on an effort basis) – impacted inter alia by fish distribution, fleet efficiency and weather • Gulf menhaden typically have fish oil yields of around 11% – 12%, a function of fish resource movements and feed patterns	• Gulf menhaden is now MSC certified indicating healthy biomass and good long-term outlook • High rainfall and ice melts impacted salinity levels in the Gulf, sending the fish deeper • Exceptionally good fishing during good weather • Strong and sustainable efficiency improvements attained in the fleet, increased landing rates anticipated • Yields normalised owing to extreme weather • Stable supply sources, underpinned by good supplier relations and efficient procurement practices
• Global supply dynamics • Global demand dynamics • Sold for use in pet food, aquaculture, baby pig and speciality pet food industry	• The global drop in supply of fishmeal and fish oil offset ASF concerns • Demand anticipated to remain strong (with a drive from aquaculture) with pricing anticipated to increase
• Efficiencies in landing, processing and distribution	• USD5 million invested into factory and fleet efficiencies

US landings ('000 fish)



MATERIAL RISKS

- Fishmeal and fish oil yields affected by extraneous environmental and climatic conditions
- Inability to land projected growth volumes due to significant environmental/weather conditions
- Fluctuations in international demand (volume/price) for fishmeal influenced by extraneous factors, such as El Niño events, and increasing global protectionism

HORSE MACKEREL, HAKE, LOBSTER AND SQUID

BLUE CONTINENT PRODUCTS

SCOPE OF OPERATIONS

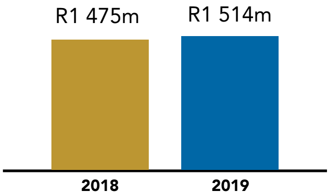
23
VESSELS

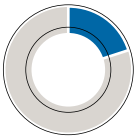
4
PRODUCTION FACILITIES

1 230
EMPLOYEES

OUR 2019 PERFORMANCE

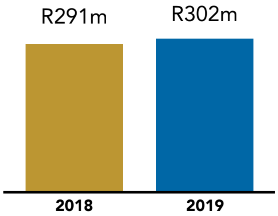
Revenue

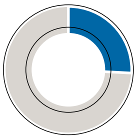




20%
TO GROUP REVENUE

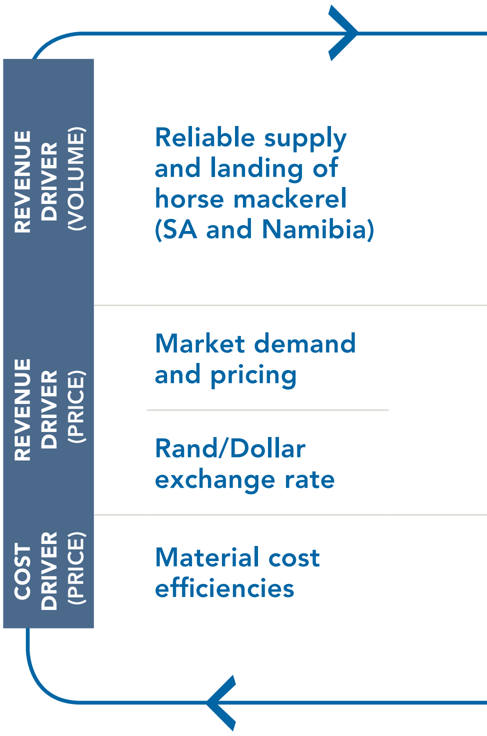
Operating profit





26%
TO GROUP OPERATING PROFIT

HORSE MACKEREL BUSINESS MODEL



REVENUE DRIVER (VOLUME)	Reliable supply and landing of horse mackerel (SA and Namibia)
REVENUE DRIVER (PRICE)	Market demand and pricing Rand/Dollar exchange rate
COST DRIVER (PRICE)	Material cost efficiencies

Operational and strategic highlights

Namibia quota allocation (tonnes)

⌄ **21 140**
(2018: 22 095)

- Own quota is sufficient for one vessel and contracted quota is used for the second vessel
- 6% improvement in sales price

Namibian quota usage fee

⌄ **5%**
(2018: -28%)

- The market for quota fee continued to moderate with quota usage fee declining by 5% year-on-year

SA horse mackerel landings

⌄ **6%**
(2018: 22% increase on prior year)

- Catch rates started off well at the beginning of the year, but changed as winter hit with cold fronts impacting fishing days and the distribution of the fish, leading to reduced volumes

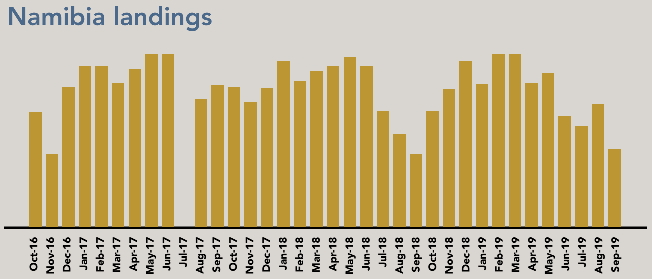
SECURING OUR NAMIBIAN FUTURE

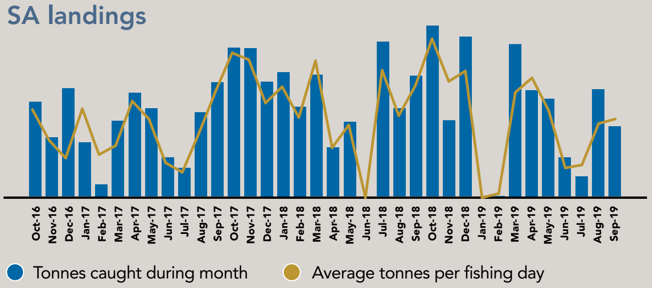
Our allocation of quota in Namibia has remained static. In response to the Namibian localisation policy, we have restructured the business. Through this restructured business we hope that we will be a preferred operator in the local horse mackerel sector, ensuring that our mid-water vessels, operational experience and Namibian team, can be effectively utilised to deliver.

EXPANDING THE FISHING AREA FOR HORSE MACKEREL

We traditionally fish on the East Coast of South Africa but in 2018 we were given rights to an experimental area on the West Coast for a period of one year. This year we continued to work closely with scientists, DEFF and the DEA to enable this experimental area to become a permanent fishing zone. Agreement on the areas that can be fished and the by-catch rules are close to finalisation and we are optimistic to have confirmation in 2020. Fishing the full coastline may improve catches, especially in winter.

VALUE DRIVERS	CONTEXT AND OUTLOOK
• Health of horse mackerel biomass in SA and Namibia • Own quota allocation vs contracted quota • Efficient landing of available allocation	• Despite significant improved landings in SA in the previous year and an increase in the TAC by 8.5%, this year had a combination of good and bad catch rates • The resource has fully recovered from weather conditions a few years ago and is SASSI green listed • Catch rates have also been erratic in Namibia despite the health of the biomass; TAC remained the same as previous year • Restructuring of our partner rights holding companies positions us well to acquire rights into 2020 and continue operations in Namibia
• Sold (frozen whole) mainly in Southern, Central and West Africa • Weaker exchange rate increases Rand denominated revenue resulting in improved margins (offset by fuel and Dollar denominated labour costs)	• Demand and pricing for larger-sized SA horse mackerel in West Africa has been static due to reasonable catches achieved in North West Africa • Demand and pricing for smaller-sized Namibian horse mackerel in SADC countries and the DRC has been positive as consumers turn to more affordable proteins in challenging economic environments
• Efficiencies and speed of catch rates	• Consistency in catch rates is important in managing overall costs


Namibia landings


SA landings

MATERIAL RISKS

- South African horse mackerel catch rates do not improve
- Procurement of Namibian quota becomes commercially unviable

HORSE MACKEREL, HAKE, LOBSTER AND SQUID *(CONTINUED)*

BLUE CONTINENT PRODUCTS

HAKE BUSINESS MODEL

REVENUE DRIVER (VOLUME)

Reliable supply and landing of hake

REVENUE DRIVER (PRICE)

Pricing in international markets

Market demand and pricing

Rand/Euro exchange rate

Operational and strategic highlights

Hake quota allocation (tonnes)

15 516

(2018: 14 174)

- TAC increased by 10% in 2019
- Weather played quite a major part this year in static catch rates with improvements later in the year

Vessel utilisation

72%

(2018: 68%)

- Vessels have performed well with no breakdowns; there have been scheduled refits and engine upgrades due to statutory requirements

Price

7%

(2018: 6%)

- Market demand from South African and European markets has been good and pricing has been positive (local and foreign) with hake pricing improving by 7%
- Rand depreciation aided the year-on-year increase in the realised price for hake

VALUE DRIVERS

- Health of hake biomass
- Own quota allocation vs contracted quota
- Efficient landing of allocated quota

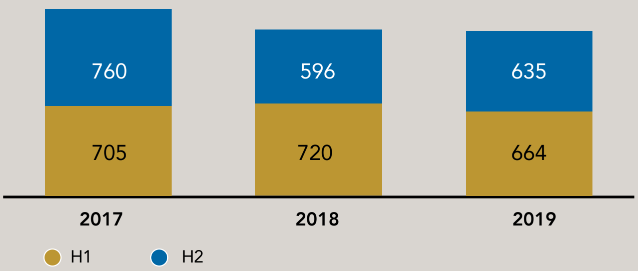
- Demand in new and traditional markets
- Sold (headed and gutted, and filleted) to European and SA food services market
- Weaker exchange rate increases Rand denominated revenue resulting in improved margins

CONTEXT AND OUTLOOK

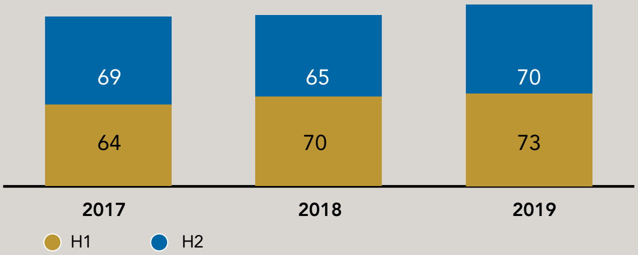
- TAC increased by 10% this year with fairly static catch rates due to poor weather, but these improved
- The long-term outlook for biomass remains positive with MSC certification in place and SASSI green listing
- Oceana maintained its strong focus on driving transformation to ensure positive outcome around the long-term rights renewal process for hake (deep-sea trawl) in 2021
- Significant recent improvement in vessel utilisation and landing likely to be sustained, increasing volumes

- A premium is paid in Europe for the larger size fish while prices for smaller fish sold in SA is maximised
- Demand continues to grow globally for white fish
- Anticipate strong demand from existing European customers and new markets in China, and strong pricing
- Ability to leverage diversified geographical customer base to take advantage of a weaker exchange rate

Sea days



Vessel utilisation (%)



MATERIAL RISKS

- Reduced quota allocation resulting from FRAP 2021
- Reduced vessel utilisation due to breakdowns

HORSE MACKEREL, HAKE, LOBSTER AND SQUID *(CONTINUED)*

BLUE
CONTINENT
PRODUCTS

LOBSTER AND SQUID BUSINESS MODEL

REVENUE DRIVER (VOLUME)	Reliable supply Harvesting of the lobster biomass (SA)
REVENUE DRIVER (PRICE)	Market demand and pricing Rand/Dollar and Rand/Euro exchange rate
COST DRIVER (PRICE)	Efficient/effective harvesting of the lobster biomass (SA)

Operational and strategic highlights

WCRL quota allocation (tonnes)

∨ **86**

(2018: 156)

- In response to the reduced allocation, we reduced the fleet and facilities further, consolidating all operations and staff compliment into the horse mackerel and hake businesses
- Profitability impacted owing to lower quota but we harvested our full allocation of own and contracted quota

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Squid landings

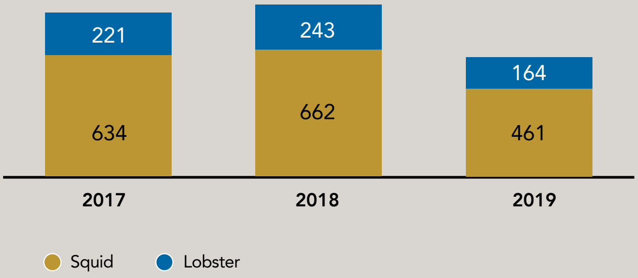
∨ **44%**

(2018: 41% increase from prior year)

- Following successive years of strong results, catch levels dropped off considerably this year from 800 to 400 tonnes, normalising against long-term averages
- Good increases in pricing due to strong demand and robust Euro pricing

VALUE DRIVERS	CONTEXT AND OUTLOOK
• Own and contracted quota allocation • Health of biomass • Availability of lobster biomass	• West Coast rock lobster (WCRL) resource under pressure due to poaching and ecosystem decline (SASSI red listed since 2017) • South Coast rock lobster (SCRL) considered a stable biomass, small resource yet very well managed (SASSI green listed) • Squid considered a healthy biomass (SASSI green listed) • Secured 15 year rights for WCRL in 2017 (reduced) • DEFF announced a 43.6% reduction in the WCRL TAC for the 2018/2019 season • Entrants of new quota holders subsequent to FRAP 2021 may result in reduced quota to existing quota holders for SCRL rights and may impact margins negatively
• Live and frozen WCRL sold to Far East and European markets • Live and tailed SCRL sold to European and US markets • Squid sold to markets in Europe • Weaker Rand increases ZAR export earnings	• The market for lobster has been fairly static despite demand for luxury food items in China not being as strong • Strong demand and stable pricing likely to be sustained for squid
• Consolidation and rationalisation of operations • Efficiencies in landings and processing	• Stable earnings to be sustained, supported by continued focus on live lobster sales • Rationalising of operations and leveraging existing infrastructure; sold six lobster vessels and closed one lobster facility due to the cut in WCRL quota

Lobster and squid landings (tonnes)



MATERIAL RISKS

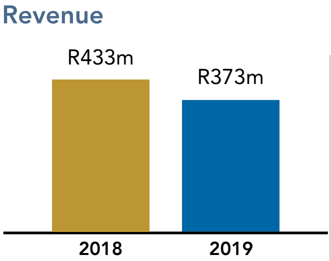
- Continuing challenges regarding the WCRL resource availability
- Redistribution of fishing rights for south coast rock lobster
- Possible disruption in key lobster and squid markets

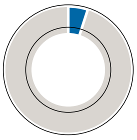
COMMERCIAL COLD STORAGE AND LOGISTICS

SCOPE OF OPERATIONS

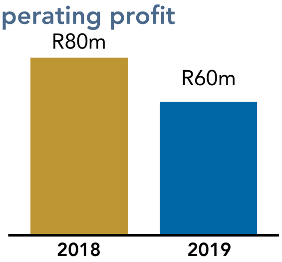
8 COLD STORAGE FACILITIES	**123 379** TOTAL PALLETS	**492** EMPLOYEES

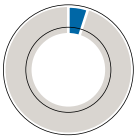
OUR 2019 PERFORMANCE





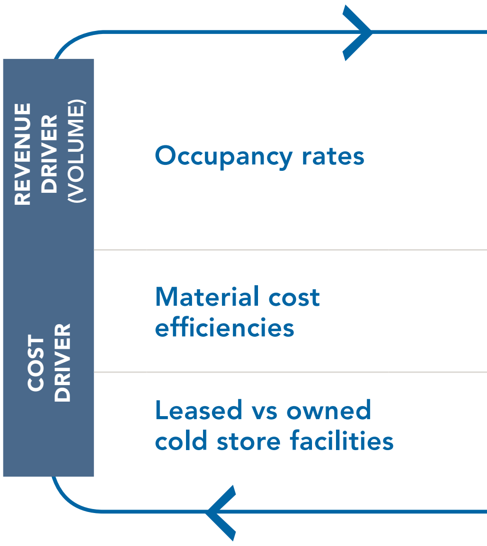
5%
TO GROUP REVENUE





5%
TO GROUP OPERATING PROFIT

COMMERCIAL COLD STORAGE AND LOGISTICS BUSINESS MODEL



Operational and strategic highlights

Occupancy
81%
(2018: 78%)

- Our occupancy levels were lower than planned, but still very good compared to others in the market
- We exited a Midrand lease, but will continue to have some footprint in Gauteng
- A strategic focus was enabling Lucky Star's frozen fish strategy
- This has been a challenging year for Namibia compared to the previous three record years, with more normalised occupancy due to knock on effect of the changes in fishing rights and associated fishing levels
- Our Angola market was severely affected by fishing conditions and we struggled to get consistent business there. We subsequently exited Angola at the end of the year

LEVERAGING THE STRENGTH OF OUR COASTAL OPERATIONS

The strategy this year was to stabilise the Gauteng region, which has been facing disappointing occupancy levels for a number of years. The cold storage requirements have reduced in Gauteng where distributors and producers tend to have their own capacity. The tough competitive environment and excess capacity was exerting pressure on pricing and margins. We decreased our capacity by exiting one of the Midrand leases. While we will continue to have some footprint in Gauteng, the focus will be on coastal areas where we have a competitive advantage.

Our Cape Town and Durban facilities enjoyed a fourth successive year of occupancy levels above 85%. We consolidated some of our Cape Town operations into the most efficient grouping, by expanding on our own capacity and reducing leased assets. We saw volume growth in frozen

VALUE DRIVERS	CONTEXT AND OUTLOOK
• Nature of frozen food market (predominantly fish and poultry) • Availability of alternative cold stores through competitor pressure	• Three logistic companies closed their doors in the first six months of the year indicating the tough operating environment • Excess cold store capacity in Gauteng was consolidated to focus on coastal areas where we have the competitive advantage • Positive coastal outlook, benefitting from high volumes of frozen fish imports and strong demand
• The ability to reduce costs and/or pass on cost inflation to the end customer, significant in a largely fixed-cost structure	• Electricity and labour inflation are likely to remain a concern, with limited additional opportunities for material efficiency savings
• Leased assets typically offer lower margins, and reduced long-term certainty	• A number of leases which came up for renewal were renegotiated under improved terms • Consolidated leased capacity in Cape Town to extend capacity in our own sites

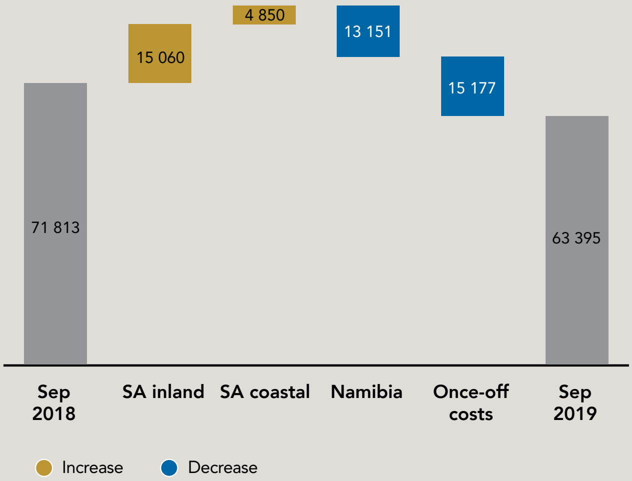
fish imports and CCS playing a larger role in Lucky Star's frozen fish procurement strategy, storing much higher volumes this year than in the past. We will continue to expand on our capacity in the Western Cape to meet the needs of the wider cold storage market for fish, other proteins, confectioneries, fruit concentrate and vegetables.

Our leadership team changed dramatically this year along with a drive to develop people, making sure we have the right skills and succession planning in place for the future.

MATERIAL RISKS

- Failure to renew key port lease agreements
- Competitor pressures resulting in reduced occupancy
- Cyclical nature of consumer segments services may create volatility in earnings
- Increasing energy and labour costs erode margins

OPERATING PROFIT (R'million)



During the year, we incurred once-off costs totalling R15 million which relates to Angola (R10 million) and billing items (R5 million).

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2019

	Notes	**Audited Year ended 30 Sep 2019 R'000**	Restated* Audited Year ended 30 Sep 2018 R'000	Change %
Revenue	3	**7 647 415**	7 657 311	–
Cost of sales		**(5 026 779)**	(4 823 816)	4
Gross profit		**2 620 636**	2 833 495	(8)
Sales and distribution expenditure		**(433 951)**	(500 298)	(13)
Marketing expenditure		**(59 045)**	(55 184)	7
Overhead expenditure		**(976 556)**	(1 102 907)	(11)
Net foreign exchange gain		**30 093**	19 248	56
Operating profit before associate and joint venture loss		**1 181 177**	1 194 354	(1)
Associate and joint venture loss		**(5 852)**	(5 447)	7
Operating profit before other operating items		**1 175 325**	1 188 907	(1)
Other operating (expense)/income items	5	**(17 447)**	(14 091)	24
Operating profit		**1 157 878**	1 174 816	(1)
Interest income		**33 681**	40 767	(17)
Interest expense		**(294 547)**	(332 532)	(11)
Profit before taxation		**897 012**	883 051	2
Taxation	6	**(248 645)**	(810)	
Profit after taxation		**648 367**	882 241	(27)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Movement on foreign currency translation reserve including hyperinflation effect		**292 221**	212 903	
Movement on foreign currency translation reserve from associate and joint ventures including hyperinflation effect		**16 963**	8 214	
Movement on hedge reserve from associate		**(3 880)**	–	
Movement on cash flow hedging reserve		**(23 951)**	24 845	
Income tax related to profit/(loss) recognised in equity		**5 276**	(5 813)	
Other comprehensive income, net of taxation		**286 629**	240 149	
Total comprehensive income for the year		**934 996**	1 122 390	(17)
Profit after taxation attributable to:				
Shareholders of Oceana Group Limited		**617 616**	857 831	(28)
Non-controlling interests		**30 751**	24 410	26
		648 367	882 241	(27)
Total comprehensive income attributable to:				
Shareholders of Oceana Group Limited		**904 245**	1 097 980	(18)
Non-controlling interests		**30 751**	24 410	26
		934 996	1 122 390	(17)
Earnings per share (cents)				
– Basic		**528.3**	734.6	(28)
– Diluted		**486.1**	674.6	(28)

** The September 2018 revenue, sales and distribution expenditure and overhead expenditure line items have been restated, as a result of the adoption of the new accounting standards. The impact of the restatement is a reclassification between these line items only with all other line items unchanged.*

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2019

	Notes	Audited 30 Sep 2019 R'000	Audited 30 Sep 2018 R'000
ASSETS			
Non-current assets		**7 042 312**	6 685 126
Property, plant and equipment		**1 697 221**	1 586 626
Intangible assets		**4 886 609**	4 617 278
Derivative assets	7	**–**	17 398
Deferred taxation		**26 567**	29 338
Investments and loans		**431 915**	434 486
Current assets		**3 757 887**	4 014 355
Inventories		**1 852 707**	1 467 239
Accounts receivable		**1 243 324**	1 502 331
Taxation		**73 820**	29 725
Cash and cash equivalents	11	**588 036**	1 015 060
Total assets		**10 800 199**	10 699 481
EQUITY AND LIABILITIES			
Capital and reserves		**5 121 727**	4 721 969
Stated capital		**1 193 473**	1 189 482
Foreign currency translation reserve		**796 213**	487 029
Cash flow hedging reserve		**(15 671)**	6 884
Share-based payment reserve		**93 406**	90 535
Distributable reserve		**2 943 871**	2 851 418
Interest of own shareholders		**5 011 292**	4 625 348
Non-controlling interests		**110 435**	96 621
Non-current liabilities		**3 840 143**	3 818 656
Liability for share-based payments		**6 044**	10 145
Long-term loan	10	**3 298 904**	3 339 750
Derivative liabilities	8	**10 320**	–
Deferred taxation		**524 875**	468 761
Current liabilities		**1 838 329**	2 158 856
Accounts payable and provisions		**1 480 502**	1 711 483
Current portion – long-term loan		**351 258**	427 351
Taxation		**6 569**	20 022
Total equity and liabilities		**10 800 199**	10 699 481

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
Balance at the beginning of the year	**4 721 969**	3 756 629
Total comprehensive income for the year	**934 996**	1 122 390
Profit after taxation	**648 367**	882 241
Movement on foreign currency translation reserve including hyperinflation effect	**292 221**	212 903
Movement on foreign currency translation reserve from associate and joint ventures including hyperinflation effect	**16 963**	8 214
Movement on hedge reserve from associate	**(3 880)**	–
Movement on cash flow hedging reserve	**(23 951)**	24 845
Income tax related to profit/(loss) recognised in equity	**5 276**	(5 813)
Decrease in treasury shares held by share trusts	**1 335**	1 853
Share-based payment expense	**12 298**	12 456
Share-based payment exercised	**(6 771)**	(11 017)
Profit on sale of treasury shares	**1 677**	1 671
Oceana Empowerment Trust dividend distribution	**(27 685)**	(7 304)
Dividends	**(516 092)**	(154 709)
Balance at the end of the year	**5 121 727**	4 721 969
Comprising:		
Stated capital	**1 193 473**	1 189 482
Foreign currency translation reserve	**796 213**	487 029
Cash flow hedging reserve	**(15 671)**	6 884
Share-based payment reserve	**93 406**	90 535
Distributable reserve	**2 943 871**	2 851 418
Non-controlling interests	**110 435**	96 621
Balance at the end of the year	**5 121 727**	4 721 969

R2.7 million (2018: R3.4 million) was transferred between stated capital and share-based payment reserve during the period.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2019

	Notes	**Audited Year ended 30 Sep 2019 R'000**	Audited Year ended 30 Sep 2018 R'000
Cash flow from operating activities			
Operating profit before associate and joint venture income		**1 181 177**	1 194 354
Adjustment for non-cash and other items		**203 640**	297 905
Cash operating profit before working capital changes		**1 384 817**	1 492 259
Working capital changes		**(342 291)**	(189 366)
Cash generated from operations		**1 042 526**	1 302 893
Investment income received		**54 789**	41 607
Interest paid		**(285 447)**	(296 845)
Taxation paid		**(262 713)**	(217 036)
Dividends paid		**(543 777)**	(162 013)
Net cash inflow from operating activities		**5 378**	668 606
Cash outflow from investing activities		**(217 141)**	(180 928)
Replacement capital expenditure		**(228 146)**	(163 742)
Replacement of intangible assets		**(26 033)**	(20 469)
Proceeds on disposal of property, plant and equipment		**5 554**	10 031
Proceeds on disposal of business	9	**17 500**	8 000
Movement on loans and advances		**13 984**	(14 748)
Cash outflow from financing activities		**(239 721)**	(720 152)
Proceeds from issue of share capital		**3 012**	3 523
Short-term borrowings repaid		**(392 782)**	(507 589)
Long-term borrowings raised		**172 658**	–
Equity-settled share-based payment		**(6 771)**	(11 017)
Cost associated with debt refinancing	10	**(15 838)**	(2 170)
Settlement of put option		**–**	(202 899)
Net decrease in cash and cash equivalents		**(451 484)**	(232 474)
Net cash and cash equivalents at the beginning of the year		**1 015 060**	1 222 040
Effect of exchange rate changes		**24 460**	25 494
Net cash and cash equivalents at the end of the year	11	**588 036**	1 015 060

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2019

1. BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies and methods of computation applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with those accounting policies and methods of computation applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new standards effective during the current financial year.

The consolidated financial statements and summarised consolidated financial statement information was prepared under the supervision of the chief financial officer, E Bosch, CA(SA).

The auditors, Deloitte & Touche, have issued their unmodified audit opinion on the consolidated financial statements for the year ended 30 September 2019. The audit was conducted in accordance with International Standards on Auditing. These preliminary summarised financial statements have been derived from the consolidated financial statements, with which they are consistent in all material respects. These preliminary summarised financial statements have been audited by the company's auditors who have issued an unmodified opinion. Copies of the respective audit reports and the full consolidated financial statements are available for inspection at the company's registered office. The audit report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the company's website or from the registered office of the company.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

2.1. Effect of adopting IFRS 15: Revenue from Contracts with Customers

The standard establishes a five-step model that will apply to revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The group has adopted IFRS 15 and applied it retrospectively to each prior reporting period presented. This resulted in the restatement of the comparative period in the statement of comprehensive income.

Revenue is recognised when the group satisfies performance obligations, transfers control of fish-related goods and renders cold storage and logistics services, consistent with the application of IFRS 15.

IFRS 15 requires the group to estimate the value of the bulk and distribution allowances and recognise the amount against revenue, this was disclosed under selling and distribution under IAS 18.

In terms of IFRS 15, incidental income from customers has been reclassified in the prior period from overheads to revenue.

The impact of the restatement on the statement of comprehensive income is a reclassification between revenue, sales and distribution expenditure and overhead expenditure with all other line items unchanged. The effect of the restatement is disclosed below:

2.1 Effect of adopting IFRS 15: Revenue from Contracts with Customers (continued)

	As previously reported year ended 30 Sep 2018 R'000	IFRS 15 restatement 30 Sep 2018 R'000	Restated year ended 30 Sep 2018 R'000
Revenue	7 732 692	(75 381)	7 657 311
Cost of sales	(4 823 816)	–	(4 823 816)
Gross profit	2 908 876	(75 381)	2 833 495
Sales and distribution expenditure	(610 553)	110 255	(500 298)
Marketing expenditure	(55 184)	–	(55 184)
Overhead expenditure	(1 068 033)	(34 874)	(1 102 907)
Net foreign exchange gain	19 248	–	19 248
Operating profit before associate and joint venture loss	1 194 354	–	1 194 354

2.2. Effect of adopting IFRS 9: Financial Instruments

This standard introduces new requirements for classification and measurement, impairment and hedge accounting. It also introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics.

The group has assessed the business model test and cash flow characteristics that apply to financial assets and has classified financial instruments into the appropriate IFRS 9 categories. There has been no change to the group's financial assets and financial liabilities.

The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. Trade and other receivables do not have a significant financing component as the average credit terms are 30 – 45 days, this will therefore fall within the simplified model. For loans and advances, the group applies the general approach. IFRS 9 requires an allowance to be raised for the full lifetime expected credit loss, on initial recognition, based on history of default and claims. Expected credit losses are reassessed at each reporting date. An assessment has been conducted on provisions carried under IAS 39 as at September 2018 and concluded that there are no material differences to expected credit losses to be recognised under IFRS 9. Accordingly, no restatement to retained earnings is considered necessary.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the year ended September 2019

	Audited Year ended 30 Sep 2019 R'000	Restated Audited Year ended 30 Sep 2018 R'000
3. REVENUE		
The main categories of revenue are set out below:		
Sale of goods		
Canned fish and fishmeal (Africa)	**4 032 172**	3 944 346
Fishmeal and fish oil (USA)	**1 721 044**	1 789 118
Horse mackerel, hake and other	**1 504 466**	1 467 577
Rendering of services		
Commercial cold storage and logistics	**371 452**	421 396
Other non-trade revenue		
Canned fish and fishmeal (Africa)	**6 368**	15 761
Horse mackerel and hake	**9 970**	7 290
Commercial cold storage and logistics	**1 943**	11 823
	7 647 415	7 657 311

Note:

[1] *Other non-trade revenue includes commission, quota fees received and rental income.*

4. SEGMENTAL RESULTS

Audited 2019 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake and other R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Operating results						
Revenue	4 038 540	1 721 044	1 514 436	373 395	–	7 647 415
Operating profit before other operating items	450 591	359 102	303 172	62 460	–	1 175 325
Other operating items	(14 293)		(1 108)	(2 046)	–	(17 447)
Operating profit	436 298	359 102	302 064	60 414	–	1 157 878
Interest income	12 579	13 362	7 459	281	–	33 681
Interest expense	(207 830)	(80 435)	(5 970)	(312)	–	(294 547)
Profit before taxation	241 047	292 029	303 553	60 383	–	897 012
Taxation	(77 471)	(56 151)	(87 034)	(27 989)	–	(248 645)
Profit after tax for the year	163 576	235 878	216 519	32 394	–	648 367
The above profit for the year include the following:						
Depreciation and amortisation	35 634	95 258	65 250	14 251	–	210 393
Statement of financial position						
Total assets	2 429 689	6 982 621	579 020	220 846	588 022	10 800 198
Total liabilities	951 874	625 703	346 375	92 635	3 661 884	5 678 471
The above amounts of assets and liabilities includes the following:						
Interest in associate and joint ventures	72 731	229 323	1	–	–	302 055

2019 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	4 192 618	742 597	1 307 645	1 179 074	200 465	25 016	7 647 415
Non-current assets[2]	880 117	–	5 703 713	–	–	–	6 583 830

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the year ended September 2019

4. SEGMENTAL RESULTS (CONTINUED)

Audited 2018 **Segment**	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel, hake and other R'000	Commercial cold storage and logistics R'000	Financing[3] R'000	Total R'000
Operating results						
Restated Revenue	3 960 107	1 789 118	1 474 867	433 219	–	7 657 311
Operating profit before other operating items	436 710	392 638	287 827	71 732	–	1 188 907
Other operating items		(25 588)	3 497	8 000	–	(14 091)
Operating profit	436 710	367 050	291 324	79 732	–	1 174 816
Interest income	32 275	1 544	6 942	6	–	40 767
Interest expense	(226 241)	(99 814)	(5 942)	(535)	–	(332 532)
Profit before taxation	242 744	268 780	292 324	79 203	–	883 051
Taxation	(68 937)	194 012	(95 338)	(30 547)	–	(810)
Profit after tax for the year	173 807	462 792	196 986	48 656	–	882 241
The above profit for the year includes the following:						
Depreciation and amortisation	62 465	95 828	88 450	21 963	–	268 706
Statement of financial position						
Total assets	2 242 490	6 476 246	561 678	281 922	1 137 145	10 699 481
Total liabilities	951 999	753 516	388 836	103 592	3 779 569	5 977 512
The above amounts of assets and liabilities include the following:						
Interest in associate and joint ventures	89 258	222 733	1	–	–	311 991

2018 **Region**	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Restated Revenue[1]	3 866 735	778 539	1 199 893	1 161 660	432 238	218 246	7 657 311
Non-current assets[2]	849 191	–	5 354 713	–	–	–	6 203 904

The segments have been identified based on both the geographic region of primary group operations and the different products sold and services rendered by the group.

Revenue excludes the following inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation:

Canned fish and fishmeal R1.3 billion (2018: R1.1 billion), horse mackerel, hake and other R44.0 million (2018: R33.2 million) and commercial cold storage and logistics R88.7 million (2018: R78.8 million).

Notes:

[1] *Revenue per region discloses the region in which product is sold and services rendered.*

[2] *Non-current asset per region discloses where the subsidiary is located, includes property, plant and equipment and intangible assets.*

[3] *Financing includes cash and cash equivalents and loans receivable and payable.*

5. OTHER OPERATING (EXPENSE)/INCOME ITEMS

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
Transaction costs[1]	–	(25 588)
Profit on disposal of fishing vessel	3 303	3 497
Impairment of loans[2]	(17 596)	–
Impairment of property, plant and equipment	(1 108)	–
Impairment of goodwill	(1 276)	–
(Loss)/profit on disposal of business[3]	(770)	8 000
	(17 447)	(14 091)

Notes:

[1] *Transaction costs in the prior period relates to the extension of the Westbank Fishing Limited Liability Company ("Westbank") operating agreement and subsequent change of the Westbank majority shareholding.*

[2] *Loans impaired pertains to loans with the Group's African fishmeal and fish oil joint ventures Oceana Boa Pesca and Oceana Pesche International.*
The loans exhibited increased credit risk and are deemed to be credit impaired following management's decision to terminate the operations on the back of the decline in the sardinella resource in Angola.

[3] *The R0.8 million relates to the loss on sale of the CCS V&A cold store assets. The R8.0 million in the prior period relates to profit on sale of the CCS Linebooker transport business. (Refer to note 9.2).*

Transactions outside the ordinary course of business that are substantially capital or non-recurring in nature and are identified by management as warranting separate disclosure are disclosed under other operating items in the statement of comprehensive income. These comprise profits or losses on disposal and scrapping of property, plant and equipment, intangible assets and non-current assets held for sale, impairments or reversal of impairments, profits or losses on disposal of investments, operations or subsidiaries and business combination related costs or gains.

6. TAXATION

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
Current taxation	208 586	240 950
Current year	222 023	254 820
Capital gains tax	–	1 794
Withholding tax	9 786	9 943
Adjustments in respect of previous years	(23 223)	(25 607)
Deferred taxation	40 059	(240 140)
Current year	37 306	(1 271)
Adjustments in respect of previous years	2 753	(1 049)
Adjustments in respect of change in tax rate[1]	–	(237 820)
	248 645	810

Notes:

[1] *The adjustment in the prior year relates to a USD18.6 million release in Daybrook Fisheries Incorporated following the reduction in the federal corporate tax rate in the United States of America from 35% to 21%.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the year ended September 2019

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
7. DERIVATIVE ASSETS		
Non-current		
Interest rate caps and swaps held as hedging instruments		
Opening balance	**17 398**	1 837
Fair value adjustments recognised in profit or loss (ineffective portion)	**(303)**	(5 331)
Fair value adjustments recognised in other comprehensive income (effective portion)	**(19 699)**	20 139
Reclassified from derivative liability	**2 102**	207
Foreign currency translation adjustment	**502**	546
Closing balance	**–**	17 398
Interest rate caps	**–**	586
Interest rate swaps	**–**	16 812
	–	17 398

Interest rate caps and swaps recorded in the cash flow hedging reserve, derivative assets and derivative liabilities are regarded as level 2 financial instruments. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of interest rate caps and swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Interest rate caps were executed in 2016, with a maturity date of 20 July 2018 and 20 July 2020. Interest rate caps were designated as cash flow hedges and executed to hedge the interest that is payable under various debt facilities with principal values of R1 810 million. The amount of the principal is R390 million (2018: R390 million). Gains or losses on interest rate caps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified to profit or loss in the same period that the hedge cash flows affect profit or loss. The interest rate swap and caps was reclassified to derivative liability during the year.

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
8. DERIVATIVE LIABILITIES		
Non-current		
Opening balance	**–**	6 283
Loss/(gain) recognised in other comprehensive income	**7 803**	(6 148)
Transferred from profit and loss	**203**	–
Reclassified from/(to) derivative asset	**2 102**	(207)
Foreign currency translation adjustment	**212**	72
Closing balance	**10 320**	–
Interest rate caps	**118**	–
Interest rate swaps	**10 202**	–
Current		
Opening balance	**–**	164 181
Loss recognised in profit or loss	**–**	34 577
Put option exercised	**–**	(202 899)
Foreign currency translation adjustment	**–**	4 141
Closing balance	**–**	–

8. DERIVATIVE LIABILITIES (CONTINUED)

The notional principal amount of the US interest rate swaps at 30 September 2019 amounts to R1 712 million (2018: R1 471 million). This comprises hedges on the term debt of R1 712 million (2018: R1 471 million). The swap is to hedge the interest that is payable under the debt facility. An interest rate swap was executed on 9 March 2017 with an effective date of 31 August 2018 and a maturity date of 22 July 2020 at a swap fixed rate of 2.175%. The interest rate swap was reclassified from derivate assets during the year.

In May 2019, interest rate swaps on South African debt were executed with a maturity date of 20 July 2021 and 20 July 2022. The notional principle amounts to R920 million, this comprises term debt of R482 million at a swap rate of between 7.05% and 7.09%.

Gains and losses on the interest rate swaps held as a hedging instrument in a designated and effective hedging relationship are recognised in other comprehensive income and are reclassified in the same period that the hedged cash flows affect profit or loss. During the year, a fair value loss of R7.8 million (2018: gain R6.1 million) was recognised in other comprehensive income.

The carrying amounts of all other financial assets and liabilities approximate their fair values at year end.

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
9. DISPOSAL OF BUSINESSES		
9.1 V&A Cold Storage (CCS)		
The group disposed of the V&A cold store assets within the commercial cold storage and logistics segment on 11 January 2019 and 28 February 2019.		
Assets disposed		
Property, plant and equipment	**8 270**	–
Release of goodwill	**10 000**	–
	18 270	–
Proceeds received	**17 500**	–
Net loss on disposal of non-current assets held for sale	**(770)**	–
9.2 Linebooker transport business (CCS)		
In the prior year the group disposed of the commercial cold storage Linebooker transport business.		
Proceeds received	**–**	8 000
Net profit on disposal of business	**–**	8 000

10. DEBT REFINANCED

During the year the US term facility was refinanced and increased to USD118million.
The facility has been structured as an amortisation payment facility repayable in quarterly instalments with the final payment due on 30 September 2024. During the prior year a R1 420.0 million term facility was refinanced in terms of which R500.0 million was restructured as an amortisation payment facility maturing in 5 years, R738.0 million was restructured as a bullet payment facility maturing in 4 years and R182.0 million as a bullet payment facility maturing in 3 years. Debt refinancing costs of R15.8 million (2018: R2.2 million) were incurred.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

for the year ended September 2019

11. NET CASH AND CASH EQUIVALENTS

	Audited Year ended 30 Sep 2019 R'000	Audited Year ended 30 Sep 2018 R'000
Cash and cash equivalents	**588 036**	1 015 060

In the prior year Daybrook Fisheries Incorporated ("Daybrook") received $17.3 million (net of legal costs) in the year following a Federal Court settlement in relation to Daybrook's 2006 Deepwater Horizen oil spill law suit. In terms of the 2015 stock purchase agreement entered into with the selling Daybrook stockholders, all risks and rewards relating to the Deepwater Horizen oil spill law suit were excluded from the transaction and the purchase consideration. The settlement proceeds received, net of any taxation and legal costs, are accordingly due and payable to the Stockholder Representative on behalf of the selling shareholders. At 30 September 2018, these restricted funds (R246.4 million) were held in cash and cash equivalents with a corresponding liability in accounts payable as the funds had not yet been remitted to the Stockholder Representative. The funds were settled in full to the Stockholder Representative on 4 February 2019.

12. DETERMINATION OF HEADLINE EARNINGS

Profit after taxation attributable to shareholders of Oceana Group Limited	**617 616**	857 831
Adjusted for:		
Impairment of capital loans	**7 887**	–
Impairment of property, plant and equipment and intangibles	**2 384**	–
Headline earnings adjustments – joint venture	**7 903**	(72)
Loss/(profit) on disposal of business	**770**	(8 000)
Net profit on disposal of property, plant and equipment and intangible assets	**(3 040)**	(3 491)
Total non-controlling interest on above	**74**	(3)
Total tax effect of adjustments	**2 772**	2 793
Headline earnings for the year	**636 366**	849 058
Headline earnings per share (cents)		
– Basic	**544.3**	727.1
– Diluted	**500.9**	667.7

13. DIVIDENDS

Estimated dividends declared after reporting date	**280 710**	355 300
Dividends per share (cents)	**363.0**	416.0
Number of shares in issue net of treasury shares	**116 962**	116 875

14. SUPPLEMENTARY INFORMATION

Amortisation	**39 443**	59 315
Depreciation	**170 950**	209 391
Operating lease charges	**105 821**	110 400
Share-based expenses	**10 891**	9 958
Cash-settled compensation scheme	**(1 407)**	(2 498)
Equity-settled compensation scheme	**12 298**	12 456
Capital expenditure	**228 146**	163 742
Replacement	**228 146**	163 742
Budgeted capital commitments	**375 471**	318 086
Contracted	**26 822**	23 218
Not contracted	**348 649**	294 868

15. ELIMINATION OF TREASURY SHARES

	Audited number of shares 30 Sep 2019 '000	Audited number of shares 30 Sep 2018 '000
Weighted average number of shares in issue	**135 526**	135 526
Less: Weighted average treasury shares held by share trusts	**(13 522)**	(13 654)
Less: Weighted average treasury shares held by subsidiary company	**(5 094)**	(5 094)
Weighted average number of shares on which basic earnings per share and basic headline earnings per share are based	**116 910**	116 778
Weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based	**127 043**	127 164

16. RELATED-PARTY TRANSACTIONS

In the prior year Makimry Patronus Limited Liability Company ("Makimry"), a US company majority owned and controlled by Mr Francois Kuttel (the former Chief Executive Officer of Oceana Group Limited ("Oceana")), acquired a 75% interest in Westbank Fishing Limited Liability Company (a company 25% owned by Daybrook Fisheries Incorporated) and which carries out all of its fishing activities. The requisite majority of Oceana shareholders were required to vote in favour of the arrangement in terms of section 10.1(a) of the Listings Requirements of the JSE due to the deemed related party nature of certain of the agreements. The respective resolutions were passed by the requisite majority of shareholders present in person or by proxy at the general meeting held on 13 April 2018. Oceana received dispensation from the JSE for the requirement to obtain a fairness opinion in terms of section 10 of the Listings Requirements.

The group entered into various other transactions with related parties in the ordinary course of business, on market related terms. The nature of these related-party transactions is consistent with those reported previously.

17. CONTINGENT LIABILITIES AND GUARANTEES

The group has given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the company.

During the prior reporting period a customer of Commercial Cold Storage Proprietary Limited sent a letter of demand for alleged damages suffered to their products. The amount claimed in the letter of demand was R24.4 million. The claim was settled out of court on commercially favourable terms in the current reporting period.

18. EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that may have an impact on the group's reported financial position at 30 September 2019 or require separate disclosure in these financial statements.

SHAREHOLDER ANALYSIS

at 30 September 2019

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	9 586	86.5	1 347 843	1.0
1 001 – 10 000 shares	1 003	9.1	3 131 372	2.3
10 001 – 100 000 shares	354	3.2	11 558 382	8.5
100 001 – 1 000 000 shares	123	1.1	41 379 654	30.5
1 000 001 shares and over	14	0.1	78 108 903	57.7
	11 080	100.0	135 526 154	100.0
DISTRIBUTION OF SHAREHOLDERS				
Banks	128	1.2	14 684 514	10.8
Brokers	43	0.4	3 590 102	2.6
Close corporations	76	0.7	44 349	–
Empowerment	5	–	33 340 175	24.6
Individuals	8 100	73.1	3 259 057	2.4
Insurance companies	47	0.4	1 758 068	1.3
Investment companies	14	0.1	254 029	0.2
Mutual funds	306	2.8	29 375 319	21.7
Nominees and trusts	1 674	15.1	1 125 538	0.8
Other corporate bodies	80	0.7	3 073 814	2.3
Pension funds	317	2.9	25 680 537	19.0
Private companies	283	2.6	464 340	0.3
Public companies	2	–	257 999	0.2
Treasury shares held by share trusts	4	–	13 523 963	10.0
Treasury shares held by subsidiary	1	–	5 094 350	3.8
	11 080	100.0	135 526 154	100.0
SHAREHOLDER TYPE				
Non-public shareholders	31	0.2	84 710 601	62.5
Directors and employees	26	0.2	245 000	0.2
Treasury shares held by share trusts	2	–	13 523 963	10.0
Treasury shares held by subsidiary	1	–	5 094 350	3.8
Empowerment	1	–	33 340 175	24.6
Other holdings greater than 10%	1	–	32 507 113	23.9
Public shareholders	11 049	99.8	50 815 553	37.5
	11 080	100.0	135 526 154	100.0
SHAREHOLDERS HOLDING IN EXCESS OF 5%				
Brimstone Investment Corporation Limited			32 507 113	24.0
Oceana Empowerment Trust			13 452 839	9.9
Government Employees Pension Fund			12 786 753	9.4

CORPORATE INFORMATION AND ADVISORS

Registered office and business address

9th Floor, Oceana House
25 Jan Smuts Street
Foreshore, Cape Town, 8001
PO Box 7206, Roggebaai, 8012
Telephone: National 021 410 1400
International: +27 21 410 1400
Facsimile: 021 419 5979
Email: companysecretary@oceana.co.za
Website: www.oceana.co.za

Company registration number

1939/001730/06

JSE share code

OCE

NSX share code

OCG

Company ISIN

ZAE000025284

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000
Facsimile: 011 688 5216

Secretary

Adela Fortune (appointed on 1 June 2019)
Jillian Marais (resigned on 31 May 2019)

Bankers

The Standard Bank of South Africa Limited
BMO Harris Bank N.A.

External Auditors

Deloitte & Touche

Internal Auditors

Ernst & Young

JSE sponsor

The Standard Bank of South Africa Limited

NSX sponsor

Old Mutual Investment Services (Namibia) (Proprietary) Limited

GLOSSARY

AFS	Annual financial statements
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BCP	Blue Continent Products (Proprietary) Limited
CAGR	Compound annual growth rate
CCS	Commercial Cold Storage Group Limited
CDP	Formerly known as the Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
CSI	Corporate social investment
CWDP	Certified Wireless Design Professional Certification
DEA	Department of Environmental Affairs (DEA)
DEFF	Department of Environment, Forestry and Fisheries (South Africa)
DIFR	Disabling Injury Frequency Rate
DTI	Department of Trade and Industry (South Africa)
DPS	Dividend per share
DPW	Department of Public Works (South Africa)
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECS	Environmental control system
ERP	Enterprise resource planning
FAQ	Fair average quality
FAWU	Food and Allied Workers Union
FCP	Fisheries Conservation Project
FDA	US Food and Drug Administration
FEMAS	Feed Material Assurance Scheme
FMP	Fisheries Management Plan
FRAP	Fishing Rights Allocation Process
FSSC 22000	Food Safety Standard Certification
GFSI	Global Food Safety Initiative
GHG	Greenhouse gas
GMP	Good Manufacturing Practice
GSMFC	Gulf States Marine Fisheries
HACCP	Hazard Analysis and Critical Control Points
HEPS	Headline earnings per share
HR	Human resources
IFFO RS	The International Fishmeal and Fish Oil Organisation Responsible Supply
IFRS	International Financial Reporting Standards
IQF	Individually quick frozen
IR	Integrated reporting
IUU	Illegal, unreported and unregulated
JSE	Johannesburg Stock Exchange
MPA	Marine protected area
MSC	Marine Stewardship Council
NAFAU	Namibia Food & Allied Workers Union
NATAW	Namibia Transport & Allied Workers Union
NCFAWU	National Certificated Fishing & Allied Workers Union
NGO	Non-governmental organisation
NOAA	National Oceanic and Atmospheric Administration
NRCS	National Regulator for Compulsory Specifications
NSX	Namibian Stock Exchange
PMCL	Precautionary maximum catch limit
PPECB	Perishable Produce Export Certification Agency
RFA	Responsible Fisheries Alliance
SASSI	Southern African Sustainable Seafood Initiative
SENS	Stock Exchange News Service
SME	Small and medium sized enterprise
SR	Sustainability Report
TAC	Total allowable catch
TALFU	Trawler and Line Fishermen's Union
UDF & CWU	United Democratic Food and Combined Workers Union
UNGC	United Nations Global Compact
VWAP	Volume weighted average price
WWF	World Wide Fund for Nature