



FISHING AND BRANDS

R575m

CONTRIBUTION TO
REVENUE

R101m

PROFIT BEFORE
TAX

PREMIER FISHING AND BRANDS LTD (PREMIER OR PREMIER GROUP)

KEY FACTS

CHIEF EXECUTIVE OFFICER	Mogamat Samir Saban
BOARD OF DIRECTORS	MS Saban, S Young, K Abdulla, IY Moosa, R Isaacs, AB Amod, RP Mosia, CL van der Venter, NA Ramathodi and SP Mngconkola
EMPLOYEES	776
HEAD OFFICE	V&A Waterfront, Cape Town
FOOTPRINT	Port Nolloth, Northern Cape Province, Cape Town, Overberg Region, Gansbaai, Humansdorp, Saldanha Bay, the USA, Asia and Europe

PROFILE

Premier Fishing and Brands Ltd (Premier or the Premier Group) has been in existence since 1952 and has four operating divisions, two subsidiary companies and a number of joint venture operations. Premier is a vertically integrated group which specialises in the harvesting, processing and marketing of fish and fish-related products.

Premier and its subsidiaries hold medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy and sardine), hake deep-sea trawl, longline and squid. In addition, Premier owns an abalone farm and invests in organic agriculture through the Seagro range of products.

The Premier Group is the largest black-owned and controlled fishing company in South Africa and aims to:

- implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing their carbon footprint;

- invest in reliable technology which allows the Company to reduce mortalities of live lobster kept for the export market, therefore assisting in obtaining the best market price;
- develop all its employees;
- assist small businesses to grow and achieve their full potential; and
- ultimately deliver sustainable returns to all stakeholders.

2019 OPERATIONAL PERFORMANCE

The Premier Group delivered a satisfactory performance for the year, with revenue increasing by 17% from R491m to R575m.

The 2019 financial year incorporated twelve months of results, relating to the Talhado Fishing Enterprises (Pty) Ltd ("Talhado"), as compared to only a portion of the period in the prior year, (namely from 9 May 2018 to 31 August 2018), due to IFRS 3 reporting principles.

FISHING AND BRANDS - continued

Cash generated from operations increased by 36% to R124m, from R91m in the prior year. Property, plant and equipment increased by 31% from R310m to R408m. EBITDA increased by 3% to R112m from R109m.

A final dividend of 10 cents per share was declared to shareholders which equates to a total dividend of 22 cents for the 2019 financial year compared to 25 cents per share in 2018.

Note: The seasonal nature of the fishing industry does not tie in with the financial year. For more information on Premier visit www.premierfishing.co.za.

VISION 2020 VISION - PREMIER'S CONTRIBUTION

Following the strategic planning session held in 2015, which entailed an analysis of the business with the primary objective of having focused and aligned efforts across the business to deliver on its long-term goals, a five-year strategic plan to the year 2020 was implemented. The strategic plan has clear deliverables, strategic actions for each strategic lever, as well as specific time frames.

Below is the high-level outline of the Vision 2020 Vision strategic goals:

- Expand the abalone farm and capital expenditure in their underlying businesses to improve production and revenue
- Drive an efficient cost base
- Construct/acquire a processing facility
- Product diversification to further penetrate foreign markets – procurement of fish species for local and international markets and enhanced marketing capacity
- Continuous growth of outside quota holders
- Increase enterprise development initiatives
- Acquire a canning facility
- Acquire another fishing business
- Further explore green energy alternatives with the emphasis on the efficient use of water and electricity

2019 ACHIEVEMENTS

- Obtained a level 1 B-BBEE rating
- Obtained synergies from their acquisition of the Talhado Group in the prior year
- Increased their stock holding to 161 tons, compared to 144 tons in the prior year
- Continued to produce spat at an average monthly production of 200 000 animals per month

PROSPECTS AND FUTURE OUTLOOK

Premier is well positioned for growth over the next two years to further unlock shareholder value. The following prospects have been identified in reaching their Vision 2020 Vision:

- Continue to explore innovative fishing and production techniques
- Increase partnerships with outside quota holders
- Product diversification to further penetrate foreign markets
- Acquisition of additional fishing companies as part of the Vision 2020 Vision strategy
- Additional production capacity created as part of the abalone farm expansion project
- A fully functional canning facility to be constructed at the abalone farm
- New jobs to be created as part of the abalone farm expansion project.

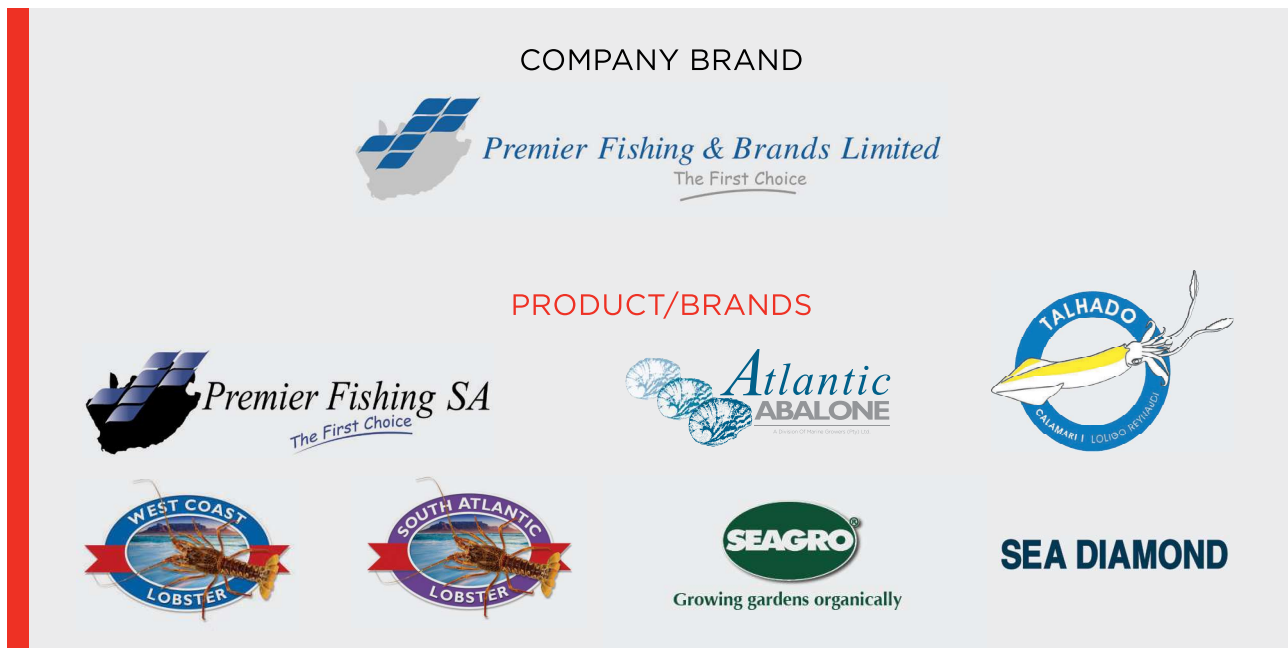
MARKET PRESENCE

Premier has operations in Cape Town, Overberg region, Saldanha Bay, Hout Bay, Eastern Cape, Humansdorp, the USA, Asia and Europe.

PRODUCTS AND BRANDS

Through their various business activities Premier offers the following products and services: sales, marketing and production of west coast rock lobster, south coast rock lobster, abalone, small pelagics, canned fish products, longline hake, squid and Seagro (organic fertiliser).

FISHING AND BRANDS - continued

**BUSINESS MODEL**

Premier is a vertically integrated fishing group and predominately a commercial fishing, fish processing and marketing company. Revenue is generated from the sale of west coast rock lobster, south coast rock lobster, small pelagics, hake, squid and abalone, as well as from its cold storage facilities.

Premier's aim is to catch all its fish in an environmentally-friendly and cost-effective manner. In line with this, the Group has developed strong brands across all its products and built solid relationships with its customers in Asia (China, Japan, Vietnam and Taiwan), Spain and the USA. In doing so, Premier developed sustainable profits through efficient cost management and good marketing strategies.

The Premier Group continues to develop partnerships with small companies, particularly in the west coast rock lobster and wild abalone sectors, and assists these small companies by providing business advice on how to run their businesses sustainably and profitably. This is in line with the Premier Group's principle of developing smaller marginalised-owned companies as well as to invest into the communities from which it operates.

The Premier Group continues to:

- implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing its carbon footprint;

- invest in reliable technology which allows it to reduce mortalities for live lobster reserved for the export market, therefore assisting in obtaining the best market price;
- develop its employees;
- assist small businesses to grow and achieve their full potential; and
- deliver good sustainable returns to all its stakeholders.

GOVERNANCE

Premier adopted the application of policies and structures as defined by the Group and complies with all sound governance structures and regulatory functions. It has had no fraud reported or deviation in the application of these principles during the current period. The continued training and exposure of employees to the regulatory environment and regulations of the Companies Act ensure that employees are fully informed of their responsibilities.

The Board has the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with the balance of power and the effective discharge of its duties.

The Group's governance principles in respect of King IV™ have been measured using the Governance Assessment Appraisal Instrument.

FISHING AND BRANDS - continued

The Board of Premier continues to work towards achieving the following governance outcomes:

OBJECTIVE	Stakeholders	<ul style="list-style-type: none"> Value creation for all stakeholders and sustainable development An ethical culture and effective leadership are maintained with positive outcomes A stakeholder-inclusive approach to balance the needs and interests of material stakeholders in the best interests of the Premier Group
SCOPE	Premier Group	<ul style="list-style-type: none"> The Premier Group operates within the triple context Governs risks and opportunities, strategy, its business model as well as sustainable development in a way that supports the Company in achieving its strategic objectives
CHARACTER	Internal system	<ul style="list-style-type: none"> Proper internal controls are in place to approve policies and planning, and to oversee, monitor and ensure accountability The assurance services and functions enable an effective control environment to support the integrity of information for internal and external decision-making The Premier Group remunerates fairly, responsibly and transparently to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long-term
MECHANISM	Conformance	<ul style="list-style-type: none"> Govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation to be ethical and a good corporate citizen
DIRECTION	Management	<ul style="list-style-type: none"> The Board sets and steers the strategic direction of the Company and is the focal point and custodian of corporate governance and ensures accountability for the Company's performance. The Board oversees and monitors the implementation and execution by management
DISCLOSURE	Financial statements	<ul style="list-style-type: none"> Audited financial statements

FISHING AND BRANDS - continued

STRATEGIC PLANNING AND MONITORING

The Premier Group manages its businesses strategically, following a process that includes an annual review of past performance, product basket, capacity, markets, as well as a review of the internal and external environments. This review is followed by the setting of strategies, targets and action plans aimed at both growth and sustainability in the short to long-term.

As part of its strategy, the Premier Group empowers the communities in which it operates. This is achieved through the transfer of skills and technical knowledge in terms of devising catch and marketing plans to smaller, black-owned fishing companies and small-scale fishers. This promotes preferential procurement from small, black-owned companies.

The Board of each business unit in the Premier Group has an approved formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this way the Premier Group ensures that there is a senior manager or the Board itself reviewing each key business transaction/initiative and that key business activities are aligned with the Premier Group's strategy, is lawful, contributes to the Company's sustainability and will not be harmful to any stakeholders and/or the environment. In this manner, each business unit can monitor its financial performance against its strategies and evaluate this against the key performance areas of management and key employees. Through this process the sustainability of operations are ensured.

ECONOMIC SUSTAINABILITY

The Premier Group aims to deliver good and sustainable returns to all its stakeholders, The Group has defined several targets to measure its performance and continually monitors progress against these targets and, when necessary, revises them to consider changes in the Premier Group's business environment.

ENVIRONMENTAL SUSTAINABILITY

As a predominantly fishing business, their strategic plan for the short and long-term incorporates sustainable usage of its resources. This is an important aspect that is discussed internally as well as within the fishing industry, as it deals with natural resources.

To meet the objective of sustainable resources, the Premier Group is:

- committed to the best local and international fishing practices;
- supportive of various stakeholders involved in the proper management of marine resources;
- supportive of regulatory policies to manage the marine resources;
- implementing plans and strategies to ensure that it maintains its fishing rights;
- committed to improving energy efficiency through renewable solar technology, reducing consumption of non-renewable energy, and carbon reduction; and
- committed to conservatively using water and electricity.

SOCIAL SUSTAINABILITY

The Premier Group subscribes to a sustainable approach in conducting its business. For Premier, corporate citizenship goes beyond legislative compliance and profits. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces the aim of Premier to implement a social contract between business, government and civil society.

Premier is well aware of the critical role that business has to play in the upliftment and development of the previously disadvantaged majority. A task of this magnitude will be beyond the scope of state resources alone for a substantial period of time. It is for this reason that the Premier Group needs to give back to the communities in which they operate.

To this end, they also believe in assisting small businesses to grow and achieve their full potential in the communities from which they operate by:

- providing small enterprises with opportunities to engage with Premier's factory, administration, finance and operational divisions for skills development, training and support;
- assisting with finances for start-up businesses;
- ensuring the availability of services by assisting with the development and growth of previously disadvantaged partners; and
- imparting skills and resources to small business partners to improve business management capacity.

The Premier Group continues to create a working environment that develops and empowers its employees, recognises the contributions of each team player in pursuit of excellent performance, and continues to maintain a safe working environment for all.

The Premier Group also recognises the importance of the communities in which it operates and therefore aims to develop the communities through their continued employment, procurement and enterprise and technical development.

The Premier Group is actively involved in various corporate social initiatives in the West Coast and Overberg regions.

FISHING AND BRANDS - continued

KEY CHALLENGES, RISKS AND OPPORTUNITIES

KEY CHALLENGES

At present, the Premier Group's strategic focus is aimed at overcoming the following potential key challenges:

REGULATION AND LEGISLATION	<ul style="list-style-type: none"> The compliance and demands placed on companies in this highly regulated industry require continuous review of business processes and strategy.
COMPETITION FROM OTHER COMPANIES	<ul style="list-style-type: none"> The Premier Group exports most of its products and is therefore faced with competition from both local and international companies that have critical mass and funding. This also influences the market prices obtained for the Premier Group's products.
EMPLOYEE SKILLS AND RETENTION	<ul style="list-style-type: none"> The industry in which the Premier Group operates requires skilled and experienced employees, thus employee retention is a key challenge. Limited resources of high-quality personnel make employee mobility one of the highest risk factors.
TOTAL ALLOWABLE CATCHES (AVAILABLE FISH STOCKS)	<ul style="list-style-type: none"> The Premier Group's quota allocations are dependent on the total allowable catches as determined by scientists and the Department of Agriculture, Forestry and Fisheries (DAFF). The Premier Group is faced with the challenge of declining fish stocks and ultimately declining quota allocations.
INFORMATION TECHNOLOGY (IT) SYSTEMS	<ul style="list-style-type: none"> The Premier Group is dependent on the efficient operation of its IT systems for its business operations and internal controls. There has been a recent increase in the amount of global virus attacks on companies' information systems and the Premier Group is faced with the same threat.

RISKS

The Premier Group maintains a risk register, which is compiled and maintained by the executive management team, with the risk status and execution of planned actions being reviewed monthly. Executive management is responsible for the identification, classification and management of all operational risks.

Significant strategic and going concern risks are identified at all levels in each business unit. However, the responsibility for directing the actions necessary to manage these risks is the responsibility of the Board of directors of each business unit. Strategic and going

concern risks are reviewed at the quarterly Board meetings and the executive directors are charged with the execution of approved risk management actions.

Along with the risk register, executive management also compiles and maintains a strategy dashboard, as several risks are being mitigated by the Company's strategy; the risks and strategy are directly mapped where applicable.

In the year under review, although a number of identified risks could not be avoided, the pre-planned management strategies for these risks were successful in mitigating or avoiding the severity of the impact on the respective companies and overall Group financial performance.

FISHING AND BRANDS - continued

The business risks facing the Premier Group’s ability to sustain itself in the future as well as the mitigation against those risks, are noted below

RISK IDENTIFICATION	IMPACT ON BUSINESS	RESPONSE
The risk that a reduction in the fish biomass could result in a reduction in the total allowable catch (TAC) for west coast rock lobster (WCRL), south coast rock lobster (SCRL), hake and pelagic or a reduction in the total effort catch for squid	A reduction in TACs or total allowable effort can result in a reduction in turnover, profits and cash flow from operations	The Premier Group acquires fish from small rights holders thereby reducing the impact of reductions in total quota allocations for the Group
The WCRL resource remains a challenge for the industry at large. During the year, the DAFF announced a reduction in the TAC for the 2018/19 fishing season	The Group remains committed to assisting government by ensuring strict compliance with the TAC, thereby assisting the recovery of the resource and safeguarding the sustainability of the resource for the future	The Group continues to incubate and procure fish from third-party quota holders so that any reduction in the quota for the Group is reduced by third-party quota holders. In addition, we continue to enhance our operational efficiencies, thereby avoiding critical job losses
The risk that the Premier Group’s employees might request a significant wage increase	A significant increase in wages could result in a significant reduction in profits	The Premier Group is involved in negotiations with trade unions* to ensure that the Group and its employees enter into sustainable wage agreements
The risk that the Premier Group’s abalone stock might be infected by diseases	This might result in loss of business as the Premier Group would not be able to supply its customers	The Premier Group has implemented biosecurity measures at its abalone farm and constantly monitors these measures to ensure that there is no transmission of diseases to the animals
The risk that the Premier Group’s IT systems might be infected by viruses	A virus attack on the Group’s IT system might result in business interruption and the Group not being able to transact with its customers	The Premier Group has installed anti-virus software on all its information systems, and also implemented processes for each user which limits the susceptibility of the Group’s systems to virus attacks

OPPORTUNITIES

There has been a focus on sustainable fishing practices and aquaculture in the fishing industry to increase the output of fish stocks and to ensure the sustainability of the resource. The Premier Group recognised this opportunity and invested in abalone farming and consequently increased its production capacity at its abalone farm. The Premier Group has also identified other opportunities to ensure sustainability in terms of earnings and profits.

STAKEHOLDER MANAGEMENT

CREATING STAKEHOLDER VALUE

Premier appreciates the role of their stakeholders and is committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent,

objective and relevant communication. They recognise the importance of building and maintaining trust and respect with our various stakeholders. They strive to respond timeously and appropriately to issues raised in their interactions with stakeholders.

Their stakeholder management approach involves gaining a thorough understanding of stakeholder’s needs and expectations, addressing those needs and expectations and also identifying and acting on opportunities that are of mutual benefit. Their stakeholder engagement involves identifying stakeholders who have the most significant impact on their business. Their engagement includes communicating our strategy, performance, decisions and activities that impact or are of significant interest to our stakeholders, as well as understanding their needs and perspectives.

FISHING AND BRANDS - continued

Premier addressed essential risks and opportunities and responded timeously and appropriately to issues raised in their interactions with their various stakeholders.
 (📄 - Principle 16')

The Premier Group recognises the importance of creating value for its stakeholders in the short, medium and long-term. Their principal stakeholders are their shareholders, employees, customers, suppliers, communities and government.

The following table provides an overview of their key stakeholders, their needs and expectations, how they engaged with them and their contribution to value creation in the business.

The Premier Group creates value for its stakeholders in the short, medium and long-term through:

CAPITAL	STAKEHOLDER	VALUE FOR THE GROUP	VALUE FOR STAKEHOLDERS
Financial	Shareholders	<ul style="list-style-type: none"> Supply of capital Low geared balance sheet 	<ul style="list-style-type: none"> Capital growth Dividends Return on investment
Social	Customers	<ul style="list-style-type: none"> Repeat business and revenue growth Understanding trends and opportunities Improved ability to compete Reputable brands 	<ul style="list-style-type: none"> Quality products and services Fair pricing Correct labelling
Human	Employees	<ul style="list-style-type: none"> Engaged and motivated employees Ability to attract and retain key skills 	<ul style="list-style-type: none"> Fair pay Interesting work Growth and development Equal treatment Health and safety
Social	Communities	<ul style="list-style-type: none"> Reputation Brand value Trust Access to business opportunities 	<ul style="list-style-type: none"> Employment/business opportunities Environment care Local hire Resource use
Social	Government	<ul style="list-style-type: none"> Favourable legislation and less interference 	<ul style="list-style-type: none"> Contribution to taxes Support job creation Other strategic initiatives
Social	Suppliers	<ul style="list-style-type: none"> Good service Committed and consistent supply Good pricing Good quality products 	<ul style="list-style-type: none"> Fair allocation of business Pay on time Zero corruption
Financial	Owners	<ul style="list-style-type: none"> Supply of capital at a reasonable price Healthy balance sheet 	<ul style="list-style-type: none"> Capital growth Dividends Return on investment Reduced risk
Intellectual	Customers	<ul style="list-style-type: none"> Understanding trends and opportunities Improved ability to compete Reputable brands 	<ul style="list-style-type: none"> Better products and services
Natural	Government	<ul style="list-style-type: none"> Repeated utilisation of fishing quotas 	<ul style="list-style-type: none"> Payment of landing levies and taxes

FISHING AND BRANDS - continued

STAKEHOLDER EXPECTATIONS

Premier recognises the importance of constant engagement with stakeholders. A key element of their strategic planning process is documenting the values and the culture of their business units.

Premier has various procedures in place regarding stakeholder management. These are summarised as follows:

STAKEHOLDER	RELATIONSHIP	EXPECTATION	EXPECTATION MANAGED
Shareholders	Owners of the business	<ul style="list-style-type: none"> Sustainability of the business Return on capital invested Optimal capital allocation and management Execution of growth strategies Appropriate risk identification and management processes Good corporate governance 	<ul style="list-style-type: none"> Sound corporate governance rules are implemented in the business Currently implementing growth strategies Dividends of 10 cents per share
Customers	Consumers of Premier's products	<ul style="list-style-type: none"> Delivery of quality products and services Price competitiveness Leveraging off their B-BBEE credentials Adherence to regulatory requirements, good corporate governance and ethics Reliable long-term supply of products 	<ul style="list-style-type: none"> Ensured inventory availability Ensured that all products supplied have the legal paperwork from the relevant authorities in place Ensured that products are safe and consistent with the quality and brand of Premier Ensured adherence to all necessary standards such as HACCP*, SABS*, FDA* and EU* standard tests Complied with international laws, regulations and legislation
Suppliers	Procurement of goods and services, such as raw materials for their operations and other business units	<ul style="list-style-type: none"> Long-term security of supply Fair treatment and fair payment terms Entrepreneurship and supplier development programmes Commitment to B-BBEE policies 	<ul style="list-style-type: none"> Ensured that they sourced supply with reputable businesses – Code of Ethics Fully committed to B-BBEE Made fair and timeous payments Implemented several entrepreneurship and supplier development programmes
Regulatory authorities such as SARB*, SAMSA*, MCM* and NRCS* Accreditation: HACCP*, FDA*, SABS*, NRCS*	Promulgate and monitor regulatory framework and comply with current regulations, laws and legislation	<ul style="list-style-type: none"> Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> Continuous training of management and employees responsible for compliance with various regulations by the respective authorities Internal control procedure checklist to ensure compliance with respective laws and regulations Immediate corrective action noted in the event of findings raised by authorities Participation in industry working groups Meeting with industry regulators

FISHING AND BRANDS - continued

STAKEHOLDER	RELATIONSHIP	EXPECTATION	EXPECTATION MANAGED
Employees	Employment	<ul style="list-style-type: none"> • Career development opportunities including skills training • Job security • Market-related salaries and wages and equal pay • Health and safety • Transformation and diversity • Involvement in secondary and tertiary education programmes • Employee wellness programmes • Corporate social investment in communities • Employee engagement and communication – the importance of open and honest feedback 	<ul style="list-style-type: none"> • The Group embarked on updating role blueprints, benchmarking and evaluating measures, and identifying further skills development plans • They focused on health and safety standards and procedures and ensured that working conditions are acceptable • They made a substantial investment in skills development • The Group also has a bursary programme which facilitates higher education • They implemented a wellness clinic at their abalone farm
Trade unions	Employee representation	<ul style="list-style-type: none"> • Engagement of the parties • Addressing grievances and negotiation 	<ul style="list-style-type: none"> • Communicating with employees via employee forums • Engaging with trade unions via recognised industry bodies
Health and safety	Monitoring by health and safety officers	<ul style="list-style-type: none"> • Compliance with health and safety standards 	<ul style="list-style-type: none"> • Continuous training of employees on health and safety matters • Internal control procedure checklist to ensure compliance with respective laws and regulations • Immediate corrective action noted in the event of findings raised by health and safety officers
Government and regulatory authorities	<ul style="list-style-type: none"> • Promulgate and monitor regulations and legislation 	<ul style="list-style-type: none"> • Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> • Continuous training of management and staff responsible for compliance with various regulations by the respective authorities • Internal control procedure checklist to ensure compliance with respective laws and regulations • Immediate corrective action noted in the event of findings raised by authorities • Participation in industry working groups • Meeting with industry regulators

FISHING AND BRANDS - continued

REMUNERATION

The Premier Group aims to be a competitive and attractive employer in the marketplace. Remuneration and benefits are important drivers, as are career opportunities, personal development, culture and values, leadership, company performance and reputation. As stated in the Code of Conduct, the Premier Group complies with applicable laws, agreements and industry standards on working hours and compensation.

The Premier Group has various incentive schemes in place to retain talented and experienced employees. Company policy requires all employees to belong to the company pension or provident fund in order to plan for their retirement, and medical insurance is compulsory.

*ACRONYMS	
DAFF	Department of Agriculture, Forestry and Fisheries
EU	European Union
FDA	Food and Drug Administration
HACCP	Hazard Analysis and Critical Control Points
MCM	Marine Coastal Management
NRCS	National Regulator for Compulsory Specifications
SABS	South African Bureau of Standards
SAMSA	South African Maritime Safety Authority
SARB	South African Reserve Bank

( - Principles 1 to 16)