



Media Release

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NEW ZEALAND KING SALMON FY17 RESULT AND DIVIDEND EXCEED EXPECTATIONS

A combination of operational achievements and a successful market positioning strategy underpins strong growth for New Zealand King Salmon Investments Ltd (NZX and ASX:NZK) (the *Company*), which today reported its full year result for the twelve months to 30 June 2017 (*FY17*). The Board affirms the Company's full year FY18 forecast as presented in its Product Disclosure Statement (*PDS*) dated 23 September 2016, prepared for its Initial Public Offering (*IPO*).

Key highlights include:

- Net profit after tax of \$22.8 million, up 778% on the comparable twelve month period to 30 June 2016 (*FY16*) and 125% ahead of the Prospective Financial Information forecast (*PFI*)
- Pro forma operating EBITDA of \$21.6 million, 35% ahead of FY16 and up 13% on PFI ¹
- Fully imputed dividend of 3.0 cents per share (*cps*), comprising 2.0 cps ordinary dividend and 1.0 cps special dividend (compared with PFI of 1.8 cps)
- 7,223 metric tonnes of gilled and gutted salmon sold, up 18% on FY16 and 4% on PFI
- Premium branded strategy continues to drive demand in excess of available supply, underpinning improved value
- Sales of Ōra King salmon up 27% on FY16 and 5% ahead of PFI
- Hatcheries certified by 'Best Aquaculture Practices' (*BAP*), adding a 3rd star to our existing BAP certification, in addition to sea farms and processing facilities
- Favourable fish performance metrics, with mortality at 8.5% (compared with PFI of 11.0%)
- Pet food range Omega Plus now stocked in 85 supermarkets across New Zealand

"Our historical investments in infrastructure and seafarm licences are reflected in a positive full year result, significantly ahead of the previous financial year and our PFI forecasts" said Chairman John Ryder. "During the year, the Company outperformed all key profitability forecasts as laid out in the IPO process. We are pleased to have exceeded the expectations of our investors and take this opportunity to reiterate the guidance provided for the FY18 year.

¹ Pro-Forma Operating EBITDA is a non-GAAP profit measure used by New Zealand King Salmon. In addition to the adjustments outlined above, Pro-Forma Operating EBITDA reverses out fair value gains associated with the revaluation of livestock pursuant to NZ IAS 41-Agriculture and NZ IAS 2-Inventory. The application of NZ IAS 41-Agriculture, and NZ IAS 2-Inventory effectively results in the New Zealand King Salmon Group recognising expected profits from the sale of livestock prior to sale. Other international listed salmon companies will typically present 'Operating' results which remove the impact of these gains or losses. New Zealand King Salmon therefore believes that Operating results enable a better comparison of financial performance between its peers and between periods. A full reconciliation between GAAP and Pro Forma results is included in the Annual Results FY 17 Investor Presentation.

“We are positive about the future of the Company and its global potential, whilst also being mindful of our privileged domestic position and the environment we operate in”, John added.

“We take our sustainability responsibilities seriously. Where we have historically focused on sustainability in our seawater operations, we are now developing a broader sustainability report, expected to be published at the end of the year. It is also pleasing to see a positive trend in our Health, Safety and Wellness metrics this year reinforcing our commitment to keeping our team safe.”

The Company continues to execute on its premium branded strategy, said Managing Director and CEO Grant Rosewarne. “Sales of our branded ultra-premium salmon, Ōra King, were up 27% on FY16, continuing the growth trend. Ōra King is now on the menu of more than 850 restaurants globally, affirming the demand for our sustainably produced, high quality seafood. Our unique breed story coupled with our quality and care throughout the process resonates with our chefs, restaurants and specialist foodservice customers worldwide.”

“Our export growth for Ōra King was supported by further investment in our sales and marketing team and in-market activities in our established foodservice channel. This investment was reflected in a significant growth in sales to North America, up by 38% on FY16. We also engaged specialist resource to explore new retail territories overseas with our Regal brand.”

“Our domestic sales increased notably, particularly in retail. It is important to us that our product is readily available to the New Zealand public, both in recognition of their broader support for our business as well as salmon being part of a healthy diet. During the year we achieved an 11% increase in volumes sold domestically (more than 400 tonnes) which saw our local market share increase.

“We also saw positive improvements in fish performance. Mortality, a key biological indicator for us, lowered to 8.5%, a notable improvement against our PFI forecast of 11.0% and FY16 mortality of 13.7%. Improvements in our hatchery practices, feed composition, better results from higher flow sites, and a more benign summer have all influenced this result. Our feed conversion ratio (*FCR*) at 1.84 was also better than FY16 (1.91) but higher than our PFI forecast of 1.76, indicating there remains work to be done in optimising feed for the King salmon species”, Grant said.

He added that “the company is in a strong financial position with a positive net cash position as at 30 June 2017. This reflects improved financial performance but also timing delays in the commencement of capital expenditure projects laid out in our PDS. We expect that this underspend will be caught up by the end of the FY18 year.”

New Zealand King Salmon has declared a fully imputed final dividend of 3.0 cents per share to be paid on 18 September 2017 comprising both an ordinary dividend of 2.0 cents per share, and a special dividend of 1.0 cents per share. This compares to its PFI forecast final dividend of 1.8 cents per share.

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About New Zealand King Salmon

New Zealand King Salmon is the world's largest aquaculture producer of the premium King salmon species. We operate under our four key brands: Ōra King, Regal, Southern Ocean, and Omega Plus, and the New Zealand King Salmon label. We have been growing and selling salmon to consumers for more than 30 years. Today we employ more than 400 people. More information can be found at www.kingsalmon.co.nz