

Market Announcement

29 August 2019



NEW ZEALAND KING SALMON ANNOUNCES SOLID FY19 RESULTS

New Zealand King Salmon Investments Ltd (NZX & ASX: NZK) reported its financial results for the 12 months ended 30 June 2019 (FY19) today. The business experienced revenue growth of 8% year on year, with biomass, sales and EBITDA impacted by fish quality and survival due to challenging growing conditions, as previously reported.

Key highlights include:

- Revenue of \$172.6 million, up 8% on FY18
- Statutory net profit after tax of \$11.4 million, down 30% on FY18 (partly down due to fair value biomass adjustment)
- Pro forma operating EBITDA of \$25.2 million, down 4% on FY18
- Harvest volume of 7,931 metric tonnes, down 1% on FY18
- Strong sales growth in key export markets, up 9% in North America, up 6% in Other Asian markets (Asia ex Japan and China), and up strongly in China off a small base
- Implementation of operational improvements to mitigate sustained high-water temperatures during future summers.

The Board also affirmed its previously announced full year FY20 pro forma operating EBITDA guidance of between \$25.0 million and \$28.5 million.

Chairman John Ryder said, "A challenging year has tested our resilience, and yet we have still achieved a robust result and revenue growth. We achieved our second-most profitable year, despite sustained high-water temperatures during summer impacting fish survival.

"We continue to focus on operational improvement to advance fish performance and survival and are forecasting FY20 capex expenditure of \$20m to fund these enhancements and other infrastructure developments."

Managing Director and CEO Grant Rosewarne said strong brand equity and solid pricing strategies were key drivers of revenue.

“For all our products we continue to target branded premium markets and have experienced strong increase in value as a result. New Zealand still accounts for nearly half of our FY19 revenue and is an important market to us, but we also saw strong growth in North America and Asia throughout the year. North America accounted for 33% of revenue and 74% of all Ōra King sales and we continue to gain traction with the Regal retail brand.”

Mr Rosewarne continued, “We are responding decisively to elevated mortality with three key strategies; firstly, we are introducing a new Single Year Class production model, as well as upwelling systems to bring cooler water to the surface, to counter expected warm sea temperatures.

“Secondly, we are awaiting Ministerial approval to relocate low flow farms to inshore high flow sites and, finally, we have applied to establish NZ’s first Open Ocean finfish farm. Our application to farm 7km north of Cape Lambert in the Cook Strait is with Marlborough District Council and we are expecting a decision by early next year.”

The Board is pleased to declare a final dividend of 3.0 cents per share to be paid on 20 September 2019, bringing the total dividend paid in respect of the FY19 year to 5.0 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, as well as the New Zealand King Salmon label. We have been growing and selling salmon to consumers for more than 30 years. Today we employ around 500 people. New Zealand investors make up a significant percentage of the ownership of NZ King Salmon and the communities of Marlborough, Nelson Bays and Tasman are well represented with nearly 400 of the 2,800 shareholders from top of the South. More information can be found at www.kingsalmon.co.nz