

KI Plantation Timbers Ltd (ASX:KPT)

Annual General Meeting

10 am CDT
Tuesday, 16 October 2018

Grant Thornton House
170 Frome Street
Adelaide SA 5000

Board



Chair: **Paul McKenzie** BSc (Agric), BCom, FAICD, AIAST
Professional agribusiness consultant & company director
Appointed to board April 2005, appointed Chair July 2009



Managing Director: **John Sergeant** BSc, BA(Hons I), FAMSRS, GAICD
Professional manager, director and investor, biological sciences & marketing background
Appointed to board March 2013, appointed MD January 2015



P/T Executive Director: **Shauna Black** Dip Prj Mment
Director of Community Engagement KI-based finance journalist, businesswoman, Director of Media Super (inc Investment C'tee). Appointed to board March 2015



Independent NED: **Greg Boulton AM** BA(Acc.), FCA, FCPA, FAICD
Logistics, timber, Statewide Super, Port Adelaide Football Club, chair Southern Gold (SAU), director Cancer Council SA. Appointed to board November 2016



F/T Executive Director: **Graham Holdaway** BCA, Dip Accy, ACA, MAICD
Director of Operations Former KPMG partner, infrastructure, resources & logistics background, tree grower, director Asset Resolution (ASS). Appointed to board March 2015

New NED: Keith Lamb

Masters degrees in Forestry and
Business Administration

Director of Operations and Portfolio
Manager for New Forests 2005-2017

Experience in government and
corporate forestry operations

Appointed 15 October 2018



Management



Approvals Manager: **Peter Lockett**
Adelaide, former senior public servant and management consultant



CFO and Company Secretary: **Vicky Allinson**
Adelaide, investment, resources & materials background



Property and Forestry Operations Manager: **Stephen Connell**
Kangaroo Island



Construction Project Manager **Andy Kitchin**. Experienced civil and marine project manager.



Accountant **Allie Zubizarreta**. Experienced management accountant.



Agenda

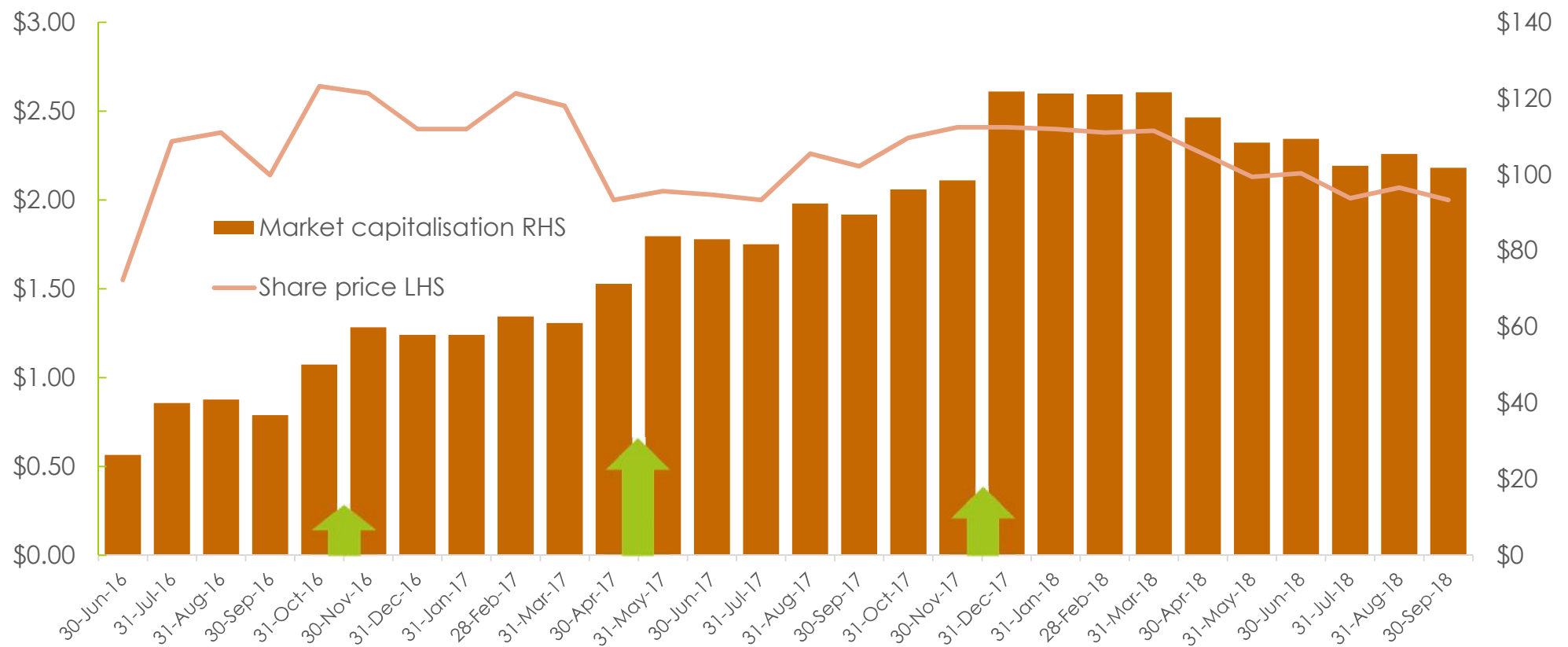
- 2018 results
- Company update
- Consideration of resolutions
- Questions and discussion



2018 results

	2017	2018
Comprehensive income ('000)	\$36,313	\$13,052
Earnings per share	148c	28c
Net cash ('000)	\$6,045	\$6,727
Total assets ('000)	\$140,731	\$181,994
Total liabilities ('000)	\$45,665	\$54,344
Net assets ('000)	\$95,066	\$127,650
Net tangible assets/share	233c	289c
Share price 30 June	\$2.03	\$2.15

Share price & market capitalisation



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Kangaroo Island Forestry



- Encouraged by State and Commonwealth policy
- 80% eucalypts, mainly e.globulus (Tasmanian Bluegum) = premium hardwood chip, some peeler logs
- 20% p.radiata (Radiata Pine) = sawlogs and some chip
- Sustainable production around 500,000 green tonnes pa
- Planned transition to near 100% e.globulus, now shown to be the optimal species on western KI
 - Very high productivity
 - Coppicing option for second crop from developed root system
 - Most valuable and versatile product
- A very good place to grow trees, jobs and economic activity, with room to increase scale gradually over time

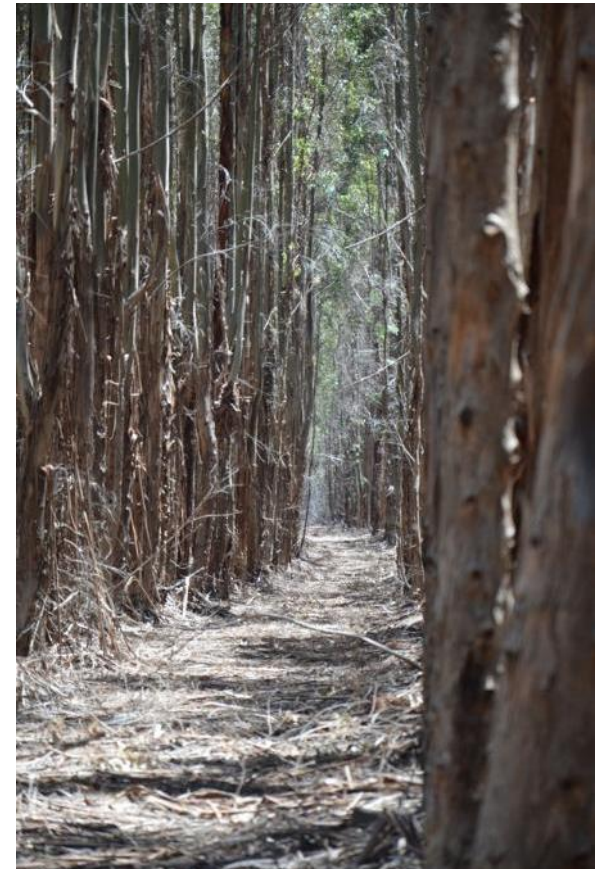
Kangaroo Island Forestry



- KI Plantation Timbers now owns around 85% of forestry plantations on KI
- 12 independent tree growers (owning around 15%) also reliant on KPT for harvest, haulage and export
- KPT has no involvement in MIS schemes or native forestry

No change to company strategy

- Operate timberland and KI Seaport profitably and sustainably
 - Keep productivity high and costs low
 - Care for the environment, our neighbours and the community
- Deal fairly and openly with independent tree growers
- Conduct ourselves with the humility warranted by the past failure of timber companies on KI



Project milestones reviewed



Dec 2013	KPT's site selection process completed. 12 sites evaluated, including 3 different options at both Penneshaw and Kingscote; a total of 16 options evaluated. KPT identifies an area at Smith Bay as the most suitable site to develop a deep-water port
Feb 2014	KPT purchases 12ha site at Smith Bay
During 2015	KPT and New Forests separately approach the SA Government with proposals to build a facility on Kangaroo Island to export timber
19 Dec 2015	SA's Minister for Transport advises KPT that the Government will assess only one port development proposal for Kangaroo Island
Oct 2016	New Forests agrees to sell its Kangaroo Island assets to KPT
21 Oct 2016	KPT submits a concept plan to SA's Minister for Planning, requesting the proposal be declared a major development under s.46(1) of the Development Act 1993
31 Jan 2017	KPT and Mitsui Bussan Woodchip Oceania agree to exclusive marketing arrangements for timber products from Kangaroo Island, later codified in sale and purchase agreements
16 Feb 2017	The Minister for Planning declares the Smith Bay proposal a major development
12 Apr 2017	KPT concludes the purchase of New Forests' KI assets, supported by CBA and equity
6 Jul 2017	Minister for Planning publishes guidelines for EIS, set by Development Assessment Commission
28 Sep 2018	Draft EIS submitted for adequacy check prior to public consultation

Smith Bay and marine parks



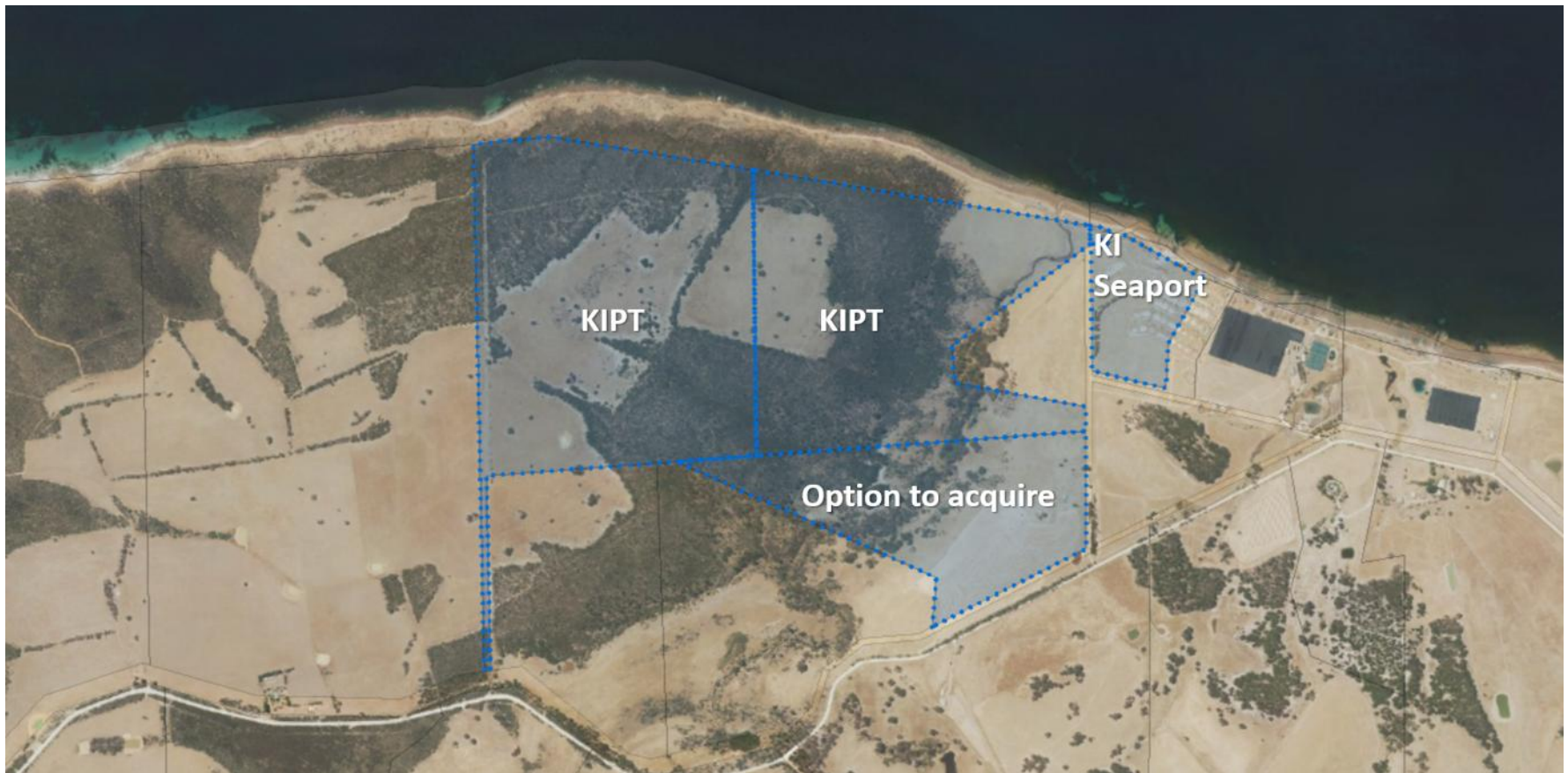
Achievements since 30 June 2017

- Pontoon purchase, relocation, reconditioning and refit
- Raised \$20m at \$2.00 per share, with Board participation
- Negotiated earlier access to \$8m CBA debt finance, if required
- FSC and Responsible Wood (PEFC) certification
- Strengthened relationship with Mitsui & Co
 - Woodchip sale and purchase agreement
 - Woodchip materials handling exclusivity agreement
 - Log sale and purchase agreement



Achievements since 30 June 2017

- Significantly increased area of Smith Bay land under KPT control

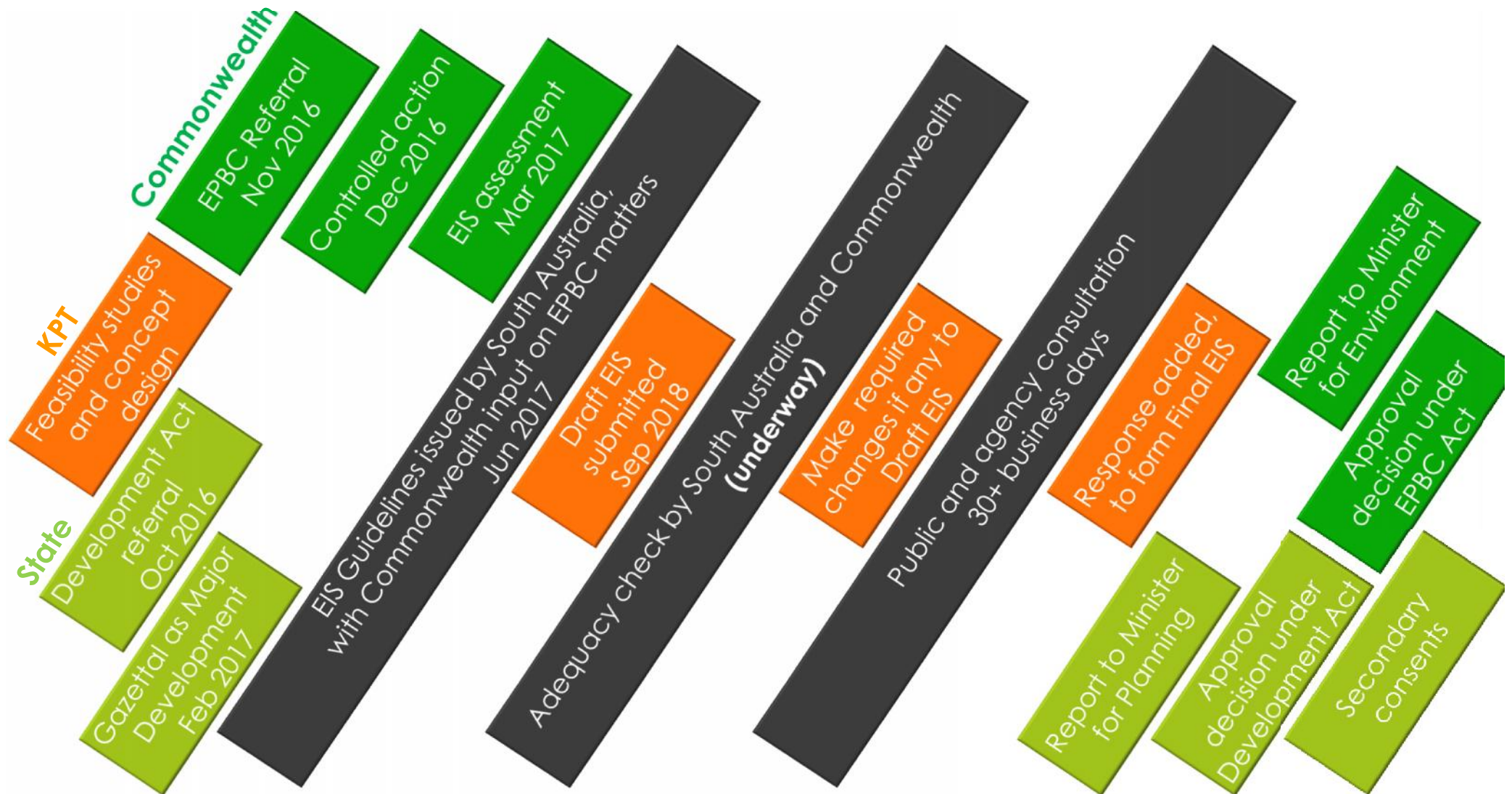


Achievements since 30 June 2017

- Environmental Impact Statement (EIS) submitted 28 Sep 2018
 - Around 2,500 pages, including supporting studies
- Demonstrates that the KI Seaport can be built and operated in a way that
 - protects the environment
 - provides significant economic, social and employment benefits to the State and the Island
- Neighbour Yumbah still refuses to engage, despite numerous open offers
 - KPT committed to maintain air and water quality, and to be a good neighbour
- Growing community support on KI, sense of inevitability and optimism ... but expect pockets of vehement opposition, as with all such projects
- Approval timing now largely in the hands of government



Major projects pathway



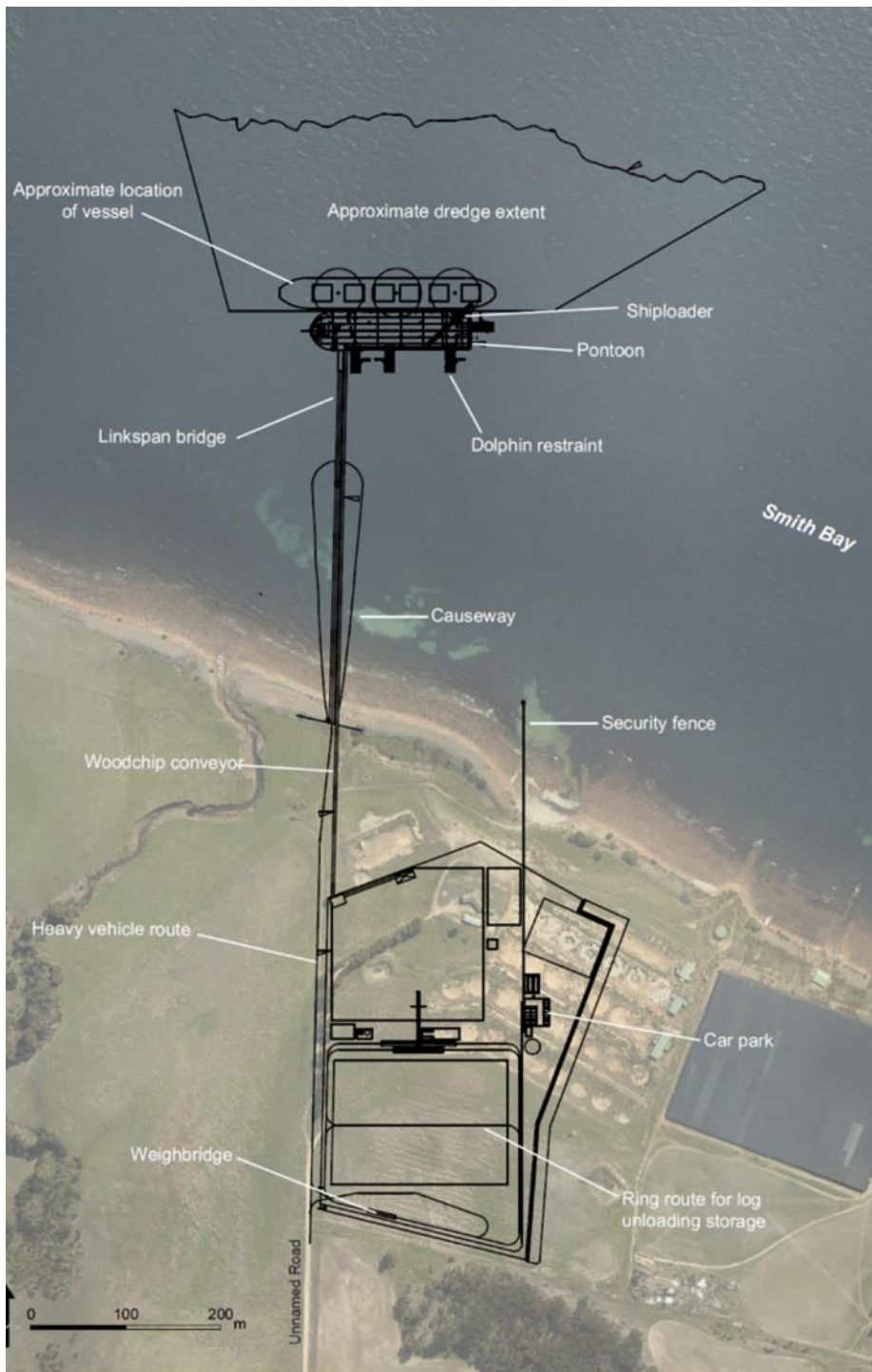
Environmental impact statement

- EIS addresses (among many other things)
 - History of KI Forestry and need for KI Seaport
 - Site selection and design optimisation processes
 - Pre- and post-development coastal processes
 - Effects on neighbours, including on land-based aquaculture
 - Ecological impacts, marine and terrestrial
 - Environmental, visual and heritage impacts
 - Biosecurity
 - Traffic and transport
 - Social and economic benefits
 - Commitments and management plans



Seabed sampling at approx. 11m depth

Key facts



- Can handle woodchips and logs
- Available for other commodities and cargo, and for cruise ships, subject to relevant approvals
- Unlocks more than 250 FTE jobs, mostly on KI, with associated population growth
- Anticipate 10-20 ship movements per annum for timber
- Strict biosecurity
- No government financial assistance sought

Next steps



- Relocation of completed pontoon to Australia in early 2019
- Key road upgrades identified, discussions underway with all levels of government
 - Road quality, safety and operability
 - Permitted vehicle configurations
 - Funding
- Finalise process to select harvest and haulage contractors
- Determine port operating model and appoint operator
- Finalise materials handling arrangements
- Identify optimal use of forestry waste streams (biomass v nutrient retention)
- Agree form of contract with Maritime Constructions



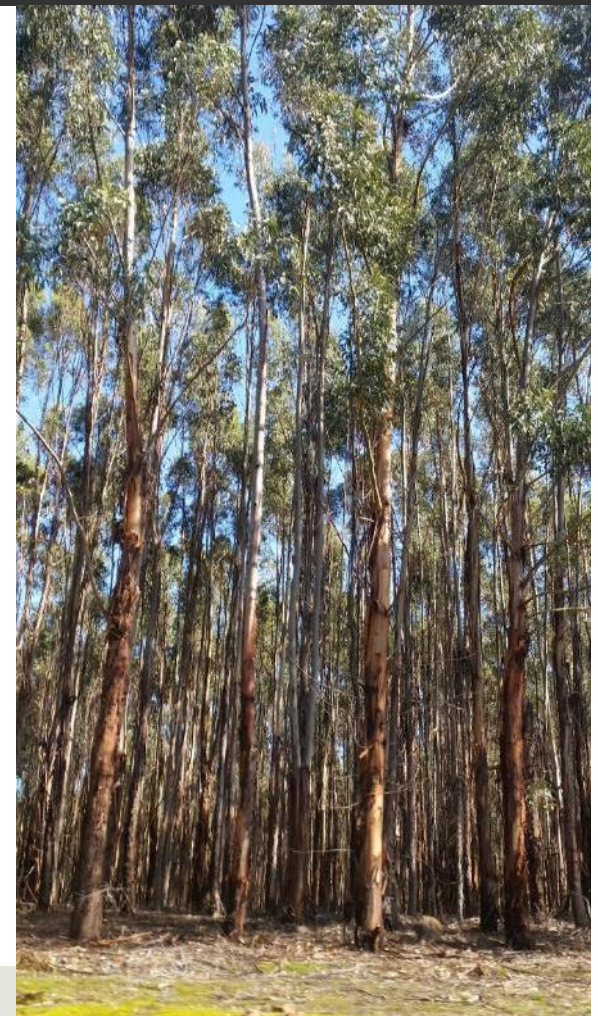
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Consideration of resolutions (by poll)

0. Presentation of FY18 audited accounts
1. Adopt Remuneration Report
2. Re-elect NED, Greg Boulton AM
3. Performance rights to F/T EDs
4. Performance rights to P/T ED & NEDs
5. Increase share issue capacity



Proxy Summary

		For		Against		Discretionary		Abstain
	Resolutions	Votes	%	Votes	%	Votes	%	Votes
1.	Remuneration Report	19,911,121	95.24	17,830	0.09	976,181	4.67	3,315,468
2.	Re-elect Boulton	23,239,109	95.94	7,030	0.03	976,181	4.03	-
3.	Performance rights to F/T EDs	19,375,111	92.57	580,538	2.77	976,181	4.66	3,114,260
4.	Performance rights to P/T ED & NEDs	19,372,661	92.55	582,988	2.79	976,181	4.66	3,290,490
5.	Increase share issue capacity	23,069,967	95.27	178,718	0.74	966,965	3.99	6,670