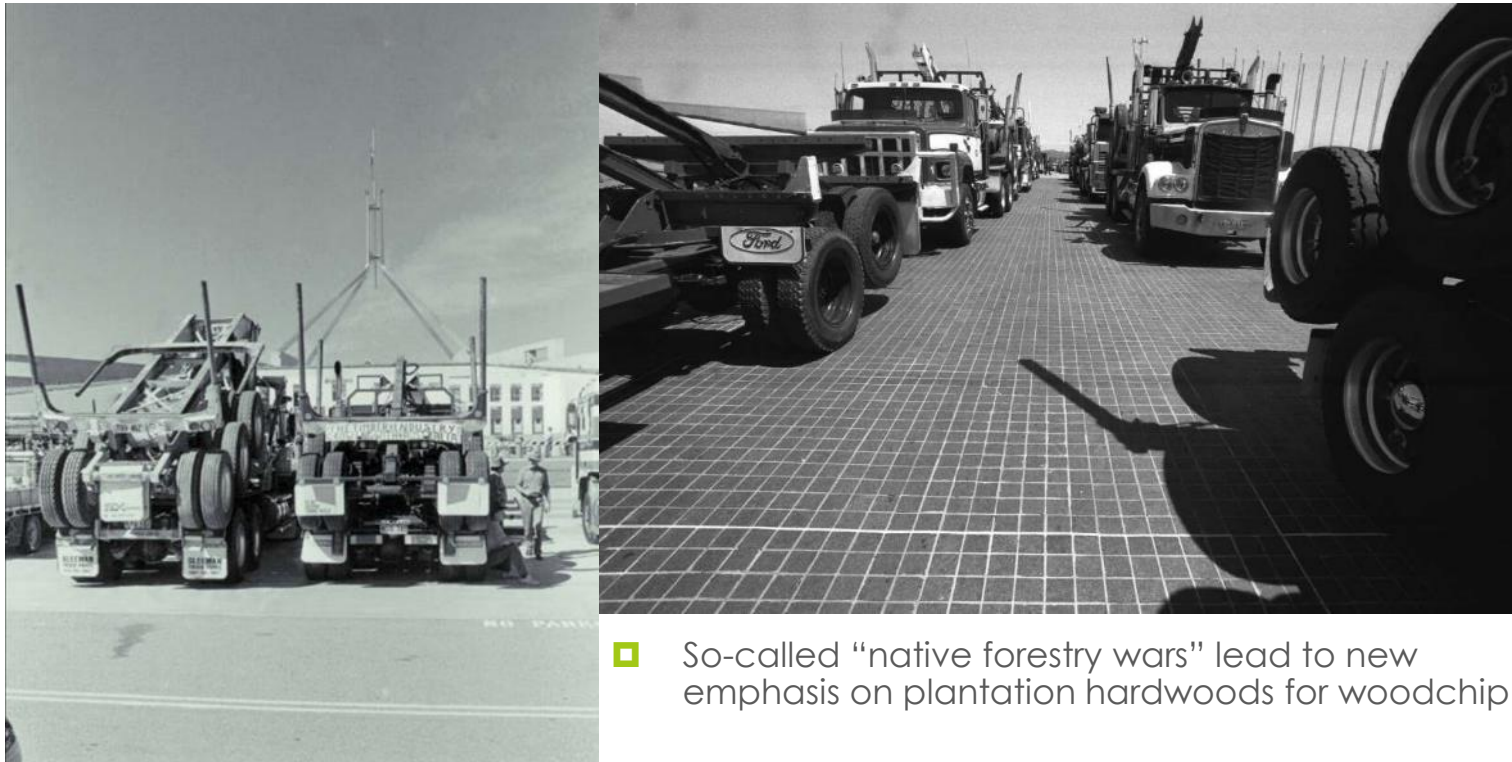


Kangaroo Island Plantation Timbers Ltd (KPT)

John Sergeant
Executive Director

Exchange SA
26 September 2019

Blockade of Parliament, February 1995



- So-called “native forestry wars” lead to new emphasis on plantation hardwoods for woodchip

Kangaroo Island Forestry



- Hardwood plantations encouraged by State and Commonwealth policy, tax incentives
- In 1995, KI was producing only pine
- KI identified as ideal location for woodchip production
- Today
 - 80% eucalypts, mainly *e.globulus* (Tasmanian bluegum)
= premium hardwood chip
 - 20% *p.radiata* (radiata pine)
= sawlogs
- Sustainable production around 500,000 tonnes pa,
plus potential for waste biomass to electricity/hydrogen



KPT summary, in very round numbers

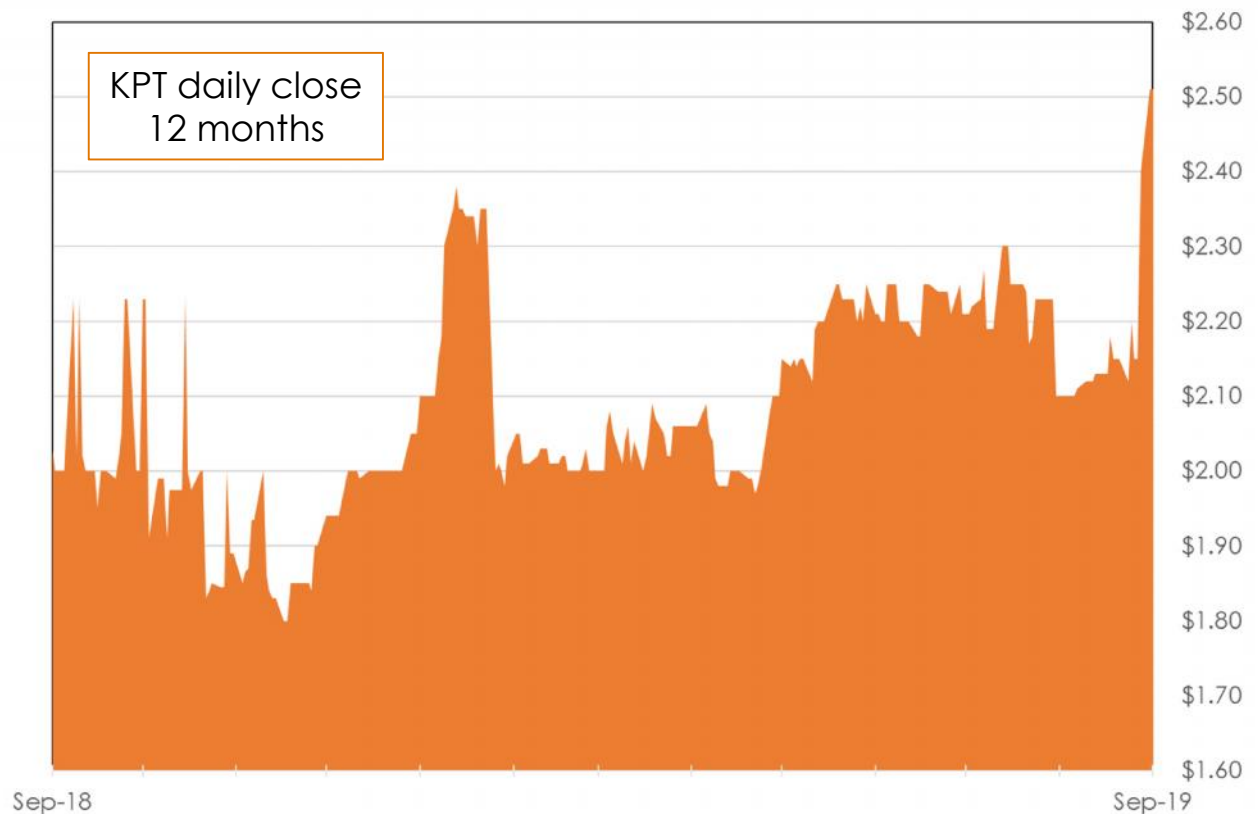


- 25,000ha* of land on Kangaroo Island
 - 15,000ha planted
 - 80% Eucalypts for pulp (LHS)
 - 20% Pine for sawlogs (RHS)
 - Trees at or near maturity
 - 25t/ha/annum productivity, due to mild, wet island climate
- 0% Managed Investment Schemes
- Cash revenue \$0m

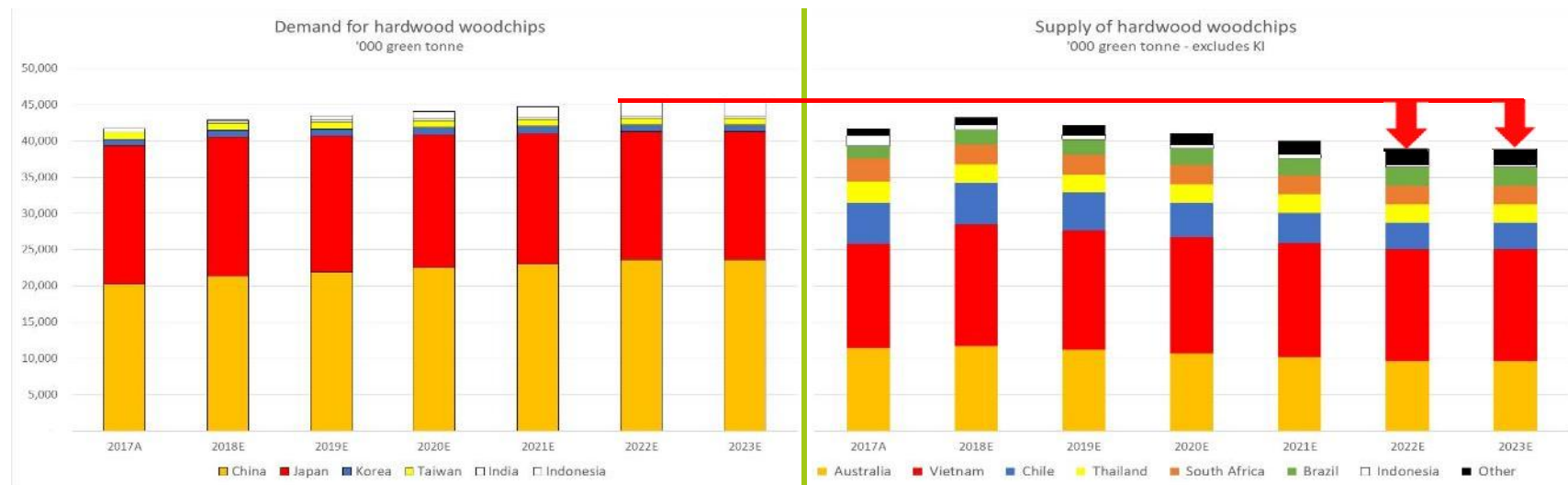


*As the heading implies, all numbers are approximate, %'s by volume, not area.

- At 30 June 2019
 - \$10m cash at bank
 - \$33m facility (\$30m drawn)
 - \$22m wharf construction facility (undrawn)
- Market cap \$140m ≈ NTA
- Timber fully pre-sold to Mitsui & Co of Japan, rolling 5 year agreement
- Substantial holders
 - Directors
 - Samuel Terry Asset Mgt
 - WH Soul Pattinson
 - Paradise Investment Mgt

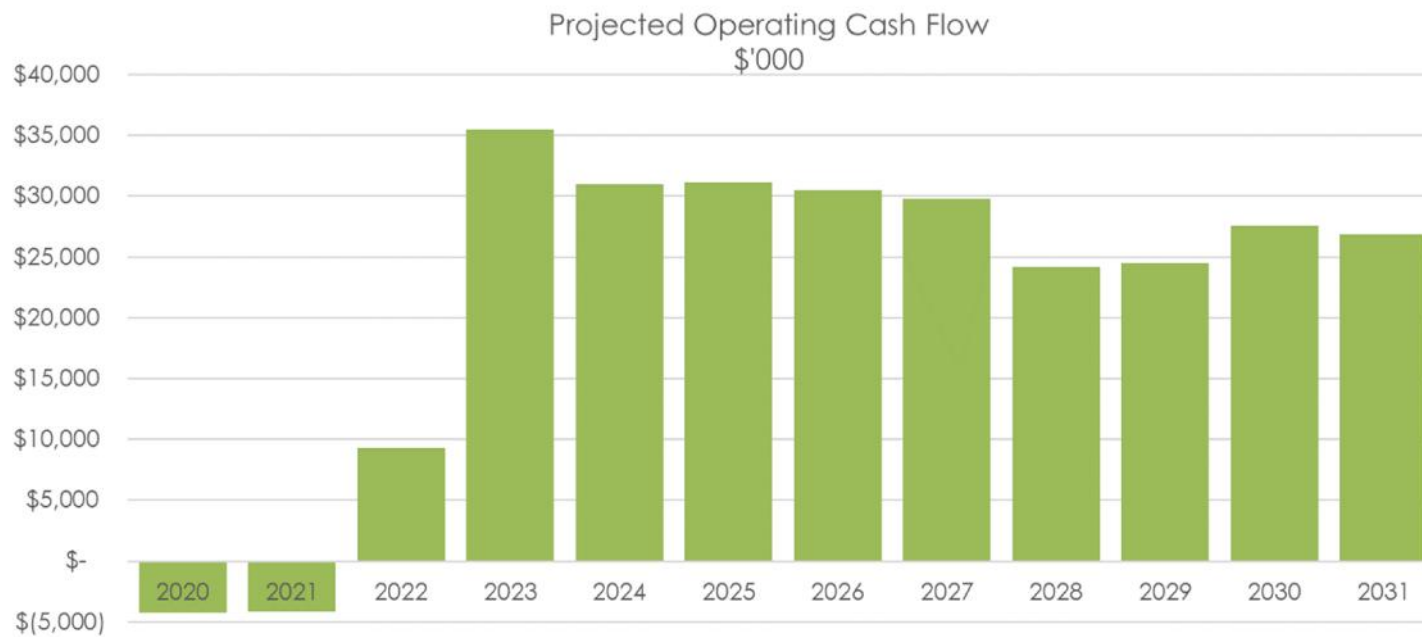


Woodchip demand and supply (same scale)



- 6.4m green tonne annual shortfall by 2022, lasting until at least 2035, due to long production cycle

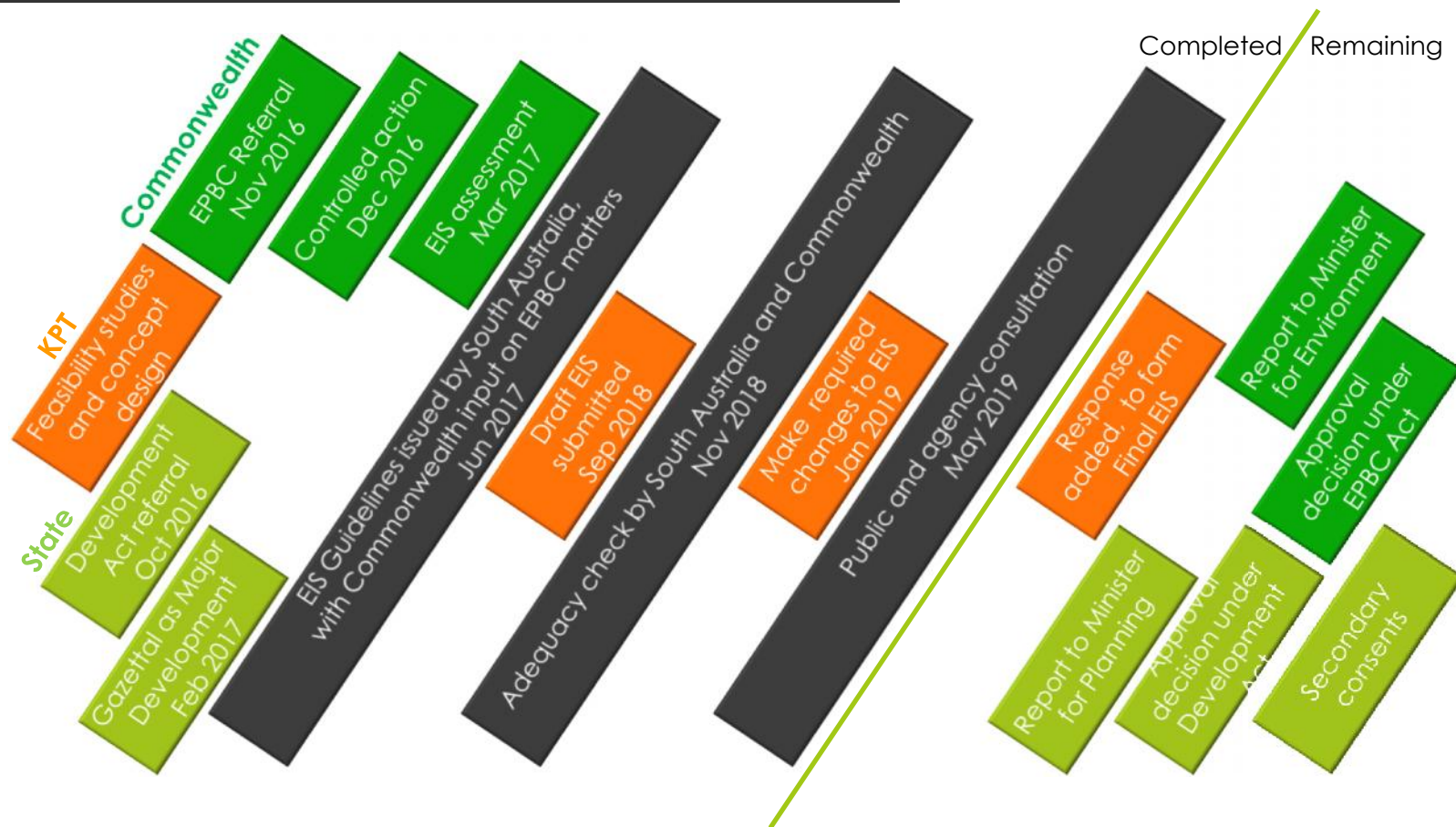
Cash flow profile



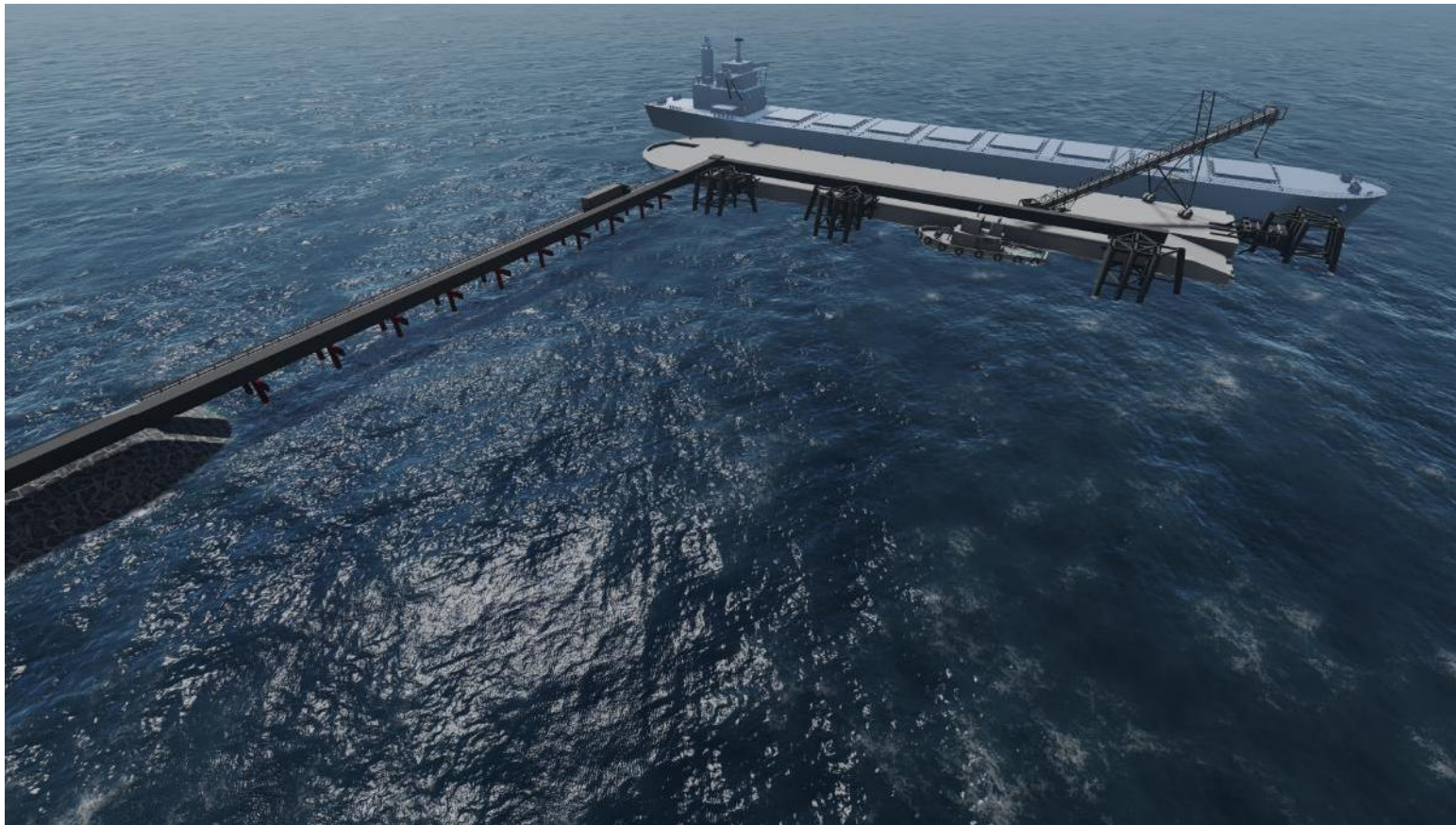
Projected operating cash flow, post tax paid, pre financing costs, no change in A\$ timber prices



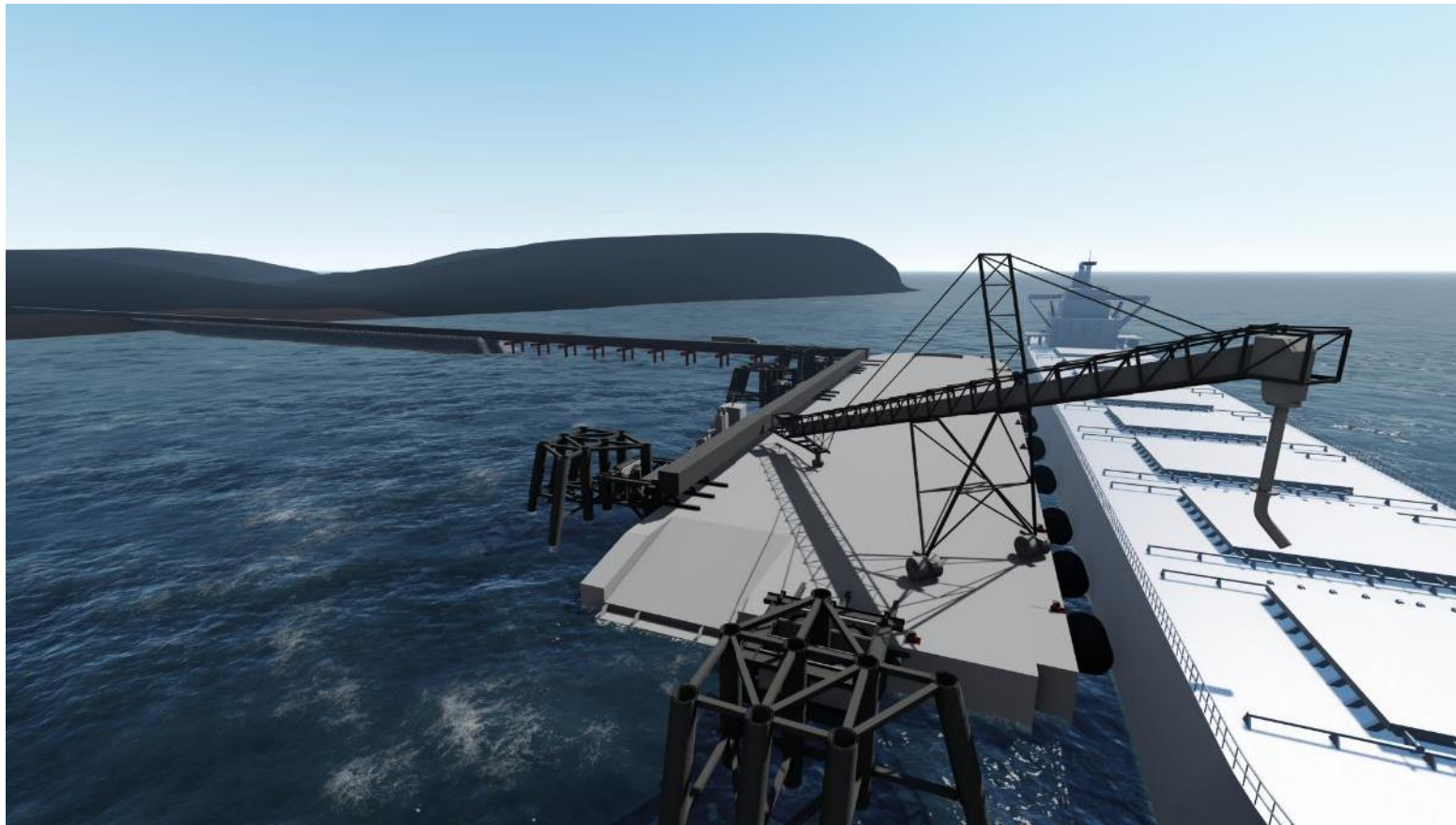
Major projects pathway



Design in EIS



Design in EIS



Revised design based on public consultation

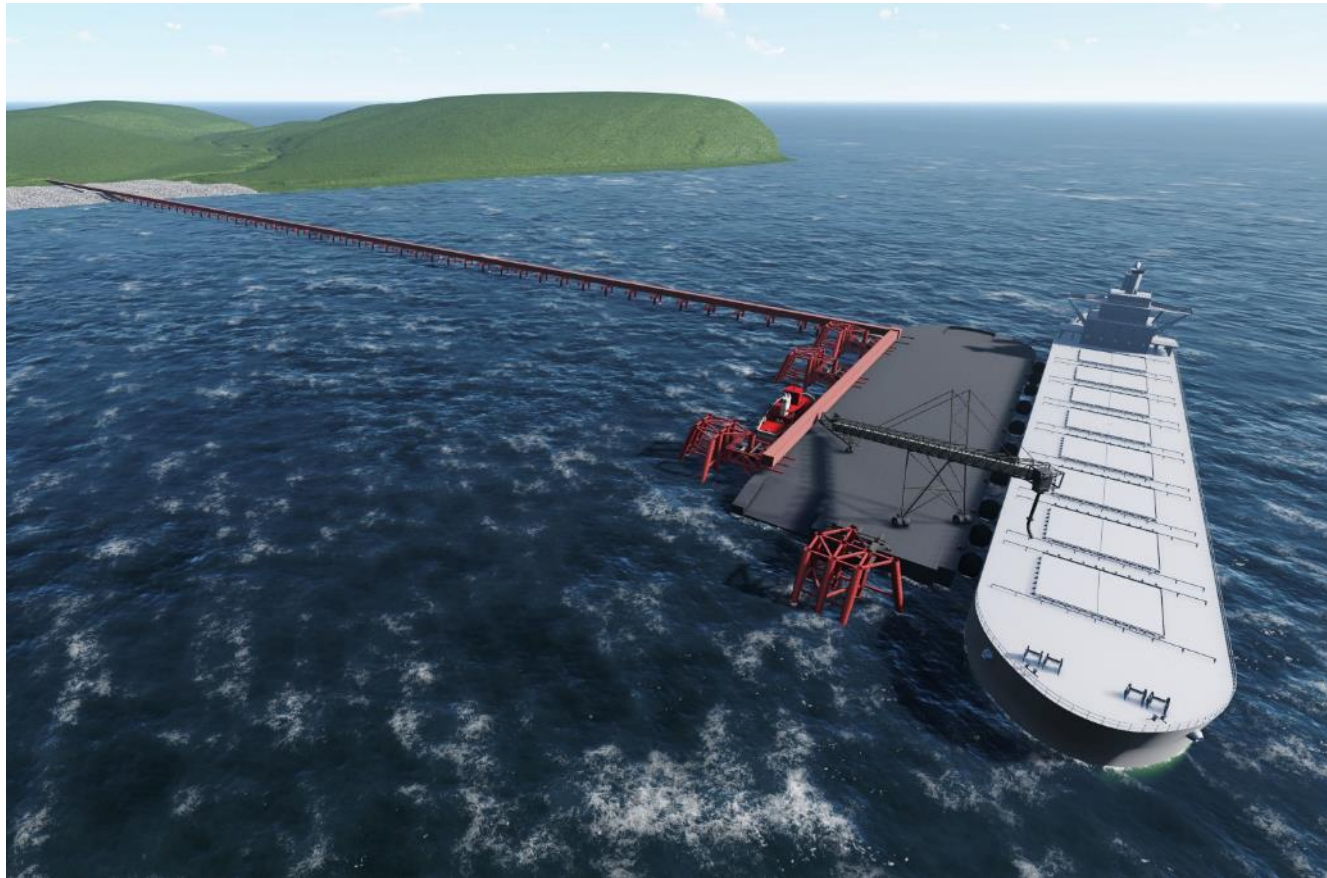
- Public consultation raised marine issues
 - Dredging of berth pocket and seaward approaches
 - Interruption to coastal processes due to rock causeway
- Neighbouring onshore abalone farm (Yumbah) main concerns
 - Adequacy of dredge management plan
 - Wastewater discharge re-circulating back through its facility
- So, we changed the design
 - No causeway – piled jetty only
 - No dredging – jetty extends out to 13.5m natural depth
- Incremental cost estimate \$9m
 - Total cost of KI Seaport subject to contract finalisation



Revised design



Revised design



Revised design



Social and economic impact on KI

GRP		Employment		Household income	
\$42m		234 fte		\$16m	
Estimated average increase per annum in KI GRP in first 5 years		Estimated increase in employment per annum of KI in first 5 years		Estimated increase in household income per annum on KI in first 5 years	
\$35m	\$7m	160 fte	74 fte	\$12m	\$4m
Direct impact	Indirect impact	Direct impact	Indirect impact	Direct impact	Indirect impact

Population growth	300 people	60% of total jobs to be filled by people currently living off KI
Housing demand	100 new dwellings	Majority of households moving to KI create demand for new housing
Economic resilience	Broadens KI economic base. Not seasonal (unlike tourism and agriculture)	

*At current rates, an economic contribution equivalent of almost **30** years' growth.*

Social and economic impact, Rest of SA

GRP	Employment
\$7m	20 fte
Estimated average increase per annum in Rest of SA GRP in first 5 years	Estimated increase in employment per annum in Rest of SA in first 5 years

Thank you

John Sergeant
Executive Director

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