HUON AQUACULTURE GROUP LIMITED

RESULTS PRESENTATION FOR FY2017

IMPORTANT NOTICE

This presentation is provided by Huon Aquaculture Group Limited (ACN 114 456 781) to provide summary information about Huon Aquaculture Group Limited and its subsidiaries (Huon) and their activities as at the date of this presentation. The information in this presentation is of a general nature and does not purport to be complete and may change without notice. Undue reliance should not be placed on the information or opinions contained in this presentation for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with professional advice, when deciding if an investment is appropriate.

The financial information includes non-IFRS information which has not been specifically audited in accordance with Australian Accounting Standards but has been extracted from the 2017 Full-Year Financial Report (Appendix 4E). This presentation contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. No representation, warranty or assurance (express or implied) is given or made by Huon that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, Huon and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission from it.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, Huon disclaims any obligation or undertaking to disclose any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of Huon since the date of this presentation.

AGENDA

1 OVERVIEW **2** RESULTS ANALYSIS **3** OPERATIONAL REVIEW **4** OUTLOOK

OVERVIEW OF FY2017

- Strong turnaround in profitability with Operating EBITDA up 138% to $62.8m and margins doubling from 11% to 24%
- Continued stable pricing in the domestic market, supported by continuing tightness in global salmon supply
- Fish weight increased from 3.99kg in 2H2016 to an average 4.64kg (+16%) during FY2017
- Majority of production sold into the domestic market – minimal exports
- Supply of salmon to the retail market increased with implementation of new retail contracts
- Macquarie Harbour continues as higher risk growing site – ongoing mitigation strategies
- Plans accelerating to increase production from Storm Bay
- Inaugural dividend of 5 cps, 50% franked

FY2017 RESULTS OVERVIEW

FINANCIAL PERFORMANCE

Twelve months ended		30 Jun 2017	30 Jun 2016	Jun to Jun % change
Tonnage	t	18,448	20,463	-10%
Revenue^	$M	259.5	233.7	11%
Revenue per HOG kg	$/kg	14.07	11.42	23%
EBITDA*	$M	82.0	24.9	230%
EBITDA Margin	%	32%	11%	191%
Operating EBITDA**	$M	62.8	26.4	138%
Operating EBITDA Margin	%	24%	11%	118%
NPAT	$M	42.2	3.4	↑
Operating NPAT***	$M	28.8	4.4	555%
Earnings per share	c	45.27	3.92	↑
Dividend per share	c	5.00	–	na
Operating Earnings per share	c	32.90	5.13	541%
Fair Value Adjustment	$M	19.2	(1.5)	↑

- Operating EBITDA up 138% to $62.8m and Statutory NPAT of $42.2m reported compared with $3.4m in the previous year
- Volumes down 10% reflecting the lower biomass at the start of the year and delaying harvests in 2H2017
- Sales revenue up 11%, despite lower volumes, due to improved average price
- Production costs easing with continuous improvement achieved as a result of the Controlled Growth Strategy investment
- Fair Value Adjustment of Biological Assets increased by $19.2m as a consequence of increasing biomass levels

^ Revenue from the sale of goods
* EBITDA is earnings before interest, tax, depreciation and amortisation
** Operating EBITDA is statutory EBITDA excluding fair value adjustment
*** Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact

REVIEW OF 2H2017 PERFORMANCE

FINANCIAL PERFORMANCE: MOMENTUM MAINTAINED

Six months ending		30 Jun 2017	31 Dec 2016	30 Jun 2016	Jun to Jun % Change
Tonnage	t	9,071	9,377	8,175	11%
Revenue^	$M	126.0	133.5	102.6	23%
Revenue per HOG kg	$	13.89	14.24	12.55	11%
EBITDA*	$M	24.1	57.9	16.8	43%
Operating EBITDA**	$M	36.5	26.3	10.7	241%
Operating EBITDA Margin	%	29%	20%	10%	190%
NPAT	$M	10.7	31.5	4.7	128%
Operating NPAT***	$M	19.4	9.4	0.4	↑
Earnings Per Share	c	12.26	36.02	5.44	125%
Operating Earnings Per Share	c	22.18	10.72	0.56	↑
Dividend Per Share	c	5.00	–	–	na
Fair value Adjustment	$M	(12.4)	31.6	6.1	-303%
Biological Assets	$M	188.0	190.3	147.2	28%

^ Revenue from the sale of goods
* EBITDA is earnings before interest, tax, depreciation and amortisation
** Operating EBITDA is statutory EBITDA excluding fair value adjustment and related tax impact
*** Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact

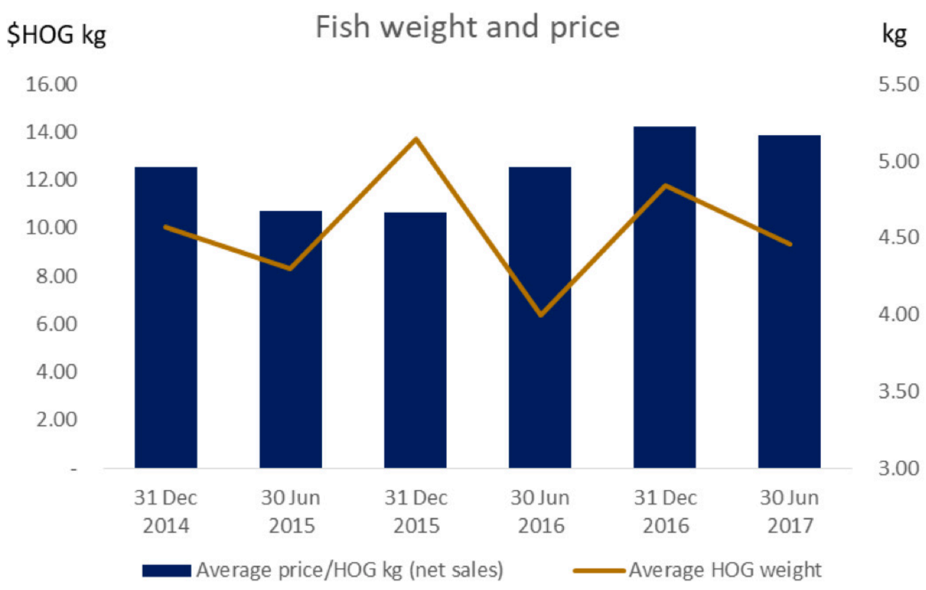
- Revenue in 2H2017 +23%, supported by continued strength salmon prices,
  - Revenue per kg ($13.89) and tonnage in 2H both +11% (on pcp)
  - Favourable growing conditions and improved feed increased average harvest weights
- Statutory EBITDA and NPAT in 2H2017 both increased strongly on pcp despite a reduction in the Fair Value Adjustment
  - $12.4 m reduction in FVA in 2H2017 due to the Biological Assets tonnage slightly down on 1H2017, reflecting the seasonal transition to the new Year Class
  - Fish stock levels now optimal
- Operating EBITDA Margin close to record
  - Margin tripled on pcp from 10% to 29% in 2H, reflecting the increase in prices, improved fish weight and lower production costs

RESULTS ANALYSIS

FY2017

RESULTS ANALYSIS

KEY PROFIT DRIVERS IN FY2017



- Majority of production sold into the domestic market
  - Better balance in channel mix due to selling a greater proportion (23%) of production through retail
  - Increased demand and tightness in supply reduced harvested volumes into exports to a low of 6%
- Ideal growing conditions and improved fish diets delivered rapid recovery in fish weight
  - Average HOG weight for FY17 of 4.64 kg up from the low of 3.99 kg recorded in 2H2016
  - Seasonal reduction in weight in 2H reflects the transition to a new Year Class
- Operating Margin tripled in second half
  - When measured by the average $/hog kg it increased from $1.31 to $4.02

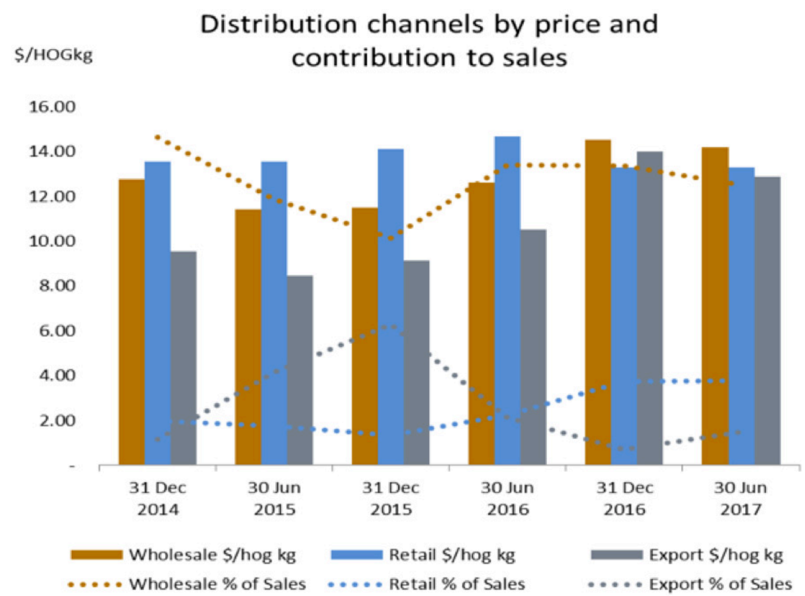
RESULTS ANALYSIS

PRICING AND MARKET CONDITIONS

- Average pricing across all channels remained strong during the period
  - Average prices for domestic wholesale salmon were stable for the year
  - The average retail price of $13.24/kg (-8% on pcp) reflects the increased weighting to fresh products which generate a higher margin return compared to the higher priced smoked products
  - Sales into the export market were managed from 25% in FY2016 to 6% to focus on domestic growth
- Execution of new retail sales agreements
  - Better balance to Huon's sales channel mix
  - Provides a level of certainty in planning production

CHANNEL MIX BY REVENUE

Six months ending	30 Jun 2017	31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Wholesale	69%	75%	75%	57%	67%
Retail	23%	21%	13%	8%	10%
Export	8%	4%	12%	35%	23%



RESULTS ANALYSIS

FAIR VALUE ADJUSTMENT IMPACT ON PROFIT

Six months ending		30 Jun 2017	31 Dec 2016	30 Jun 2016	% Change Jun on Jun
Revenue^	$M	126.0	133.5	102.6	23%
EBITDA*	$M	24.1	57.9	16.8	43%
EBITDA Margin	%	19%	43%	16%	19%
Fair value adjustment	$M	(12.4)	31.6	6.1	-303%
Operating EBITDA**	$M	36.5	26.3	10.7	241%
Operating EBITDA Margin	%	29%	20%	10%	190%
Biological Assets	$M	188.0	190.3	147.2	28%

- Fair value adjustment on biological assets recorded a profit of $19.2 million for FY2017
  - 2H loss of $12.4 million reflects the low point of the biomass cycle as we transition to the new Year Class
  - Improved pricing captured in 1H with $31.6 million profit
- Biological assets increased by 28% as a result of
  - Higher biomass from recovery in fish weight as a result of ideal growing conditions and improved feed performance
  - Pricing remained stable in each market channel for FY2017

^ Revenue from the sale of goods
* EBITDA is earnings before interest, tax, depreciation and amortisation
** Operating EBITDA is statutory EBITDA excluding fair value adjustment

RESULTS ANALYSIS

CASH FLOW GENERATION

	Six Months Ended			
$M	30 Jun 2017	31 Dec 2016	30 Jun 2016	31 Dec 2015
Operating EBITDA*	36.5	26.4	10.7	15.8
Cash Flow from Operations	33.1	20.9	(0.9)	17.2
Add - Net Interest Paid	1.6	1.8	1.6	1.6
- Tax Paid/(Refunded)	–	–	–	(4.4)
Adjusted Cash Flow from Operations	34.7	22.7	0.7	14.4
EBITDA Conversion	**95%**	**86%**	**7%**	**91%**
Capex	22.3	12.7	14.3	30.2
Cash at end of period	23.0	21.0	3.8	10.8

- Cash flow from operations improved significantly during the year despite:
  - The move to retail with longer payment terms which will permanently increase debtors
  - Short term reduction in terms with feed suppliers from 90 to 60 days, in return for pricing benefits
- Conversion of EBITDA to cash averaged 91% during FY2017
- Capex of $35 million, supporting expansion and efficiency
  - Maintenance capex to average $15 - $20 million pa
- Cash of $23 million as at 30 June 2017
  - Includes $17.6 million withheld Ridley payment

* Operating EBITDA is statutory EBITDA excluding fair value adjustment

RESULTS ANALYSIS

BALANCE SHEET

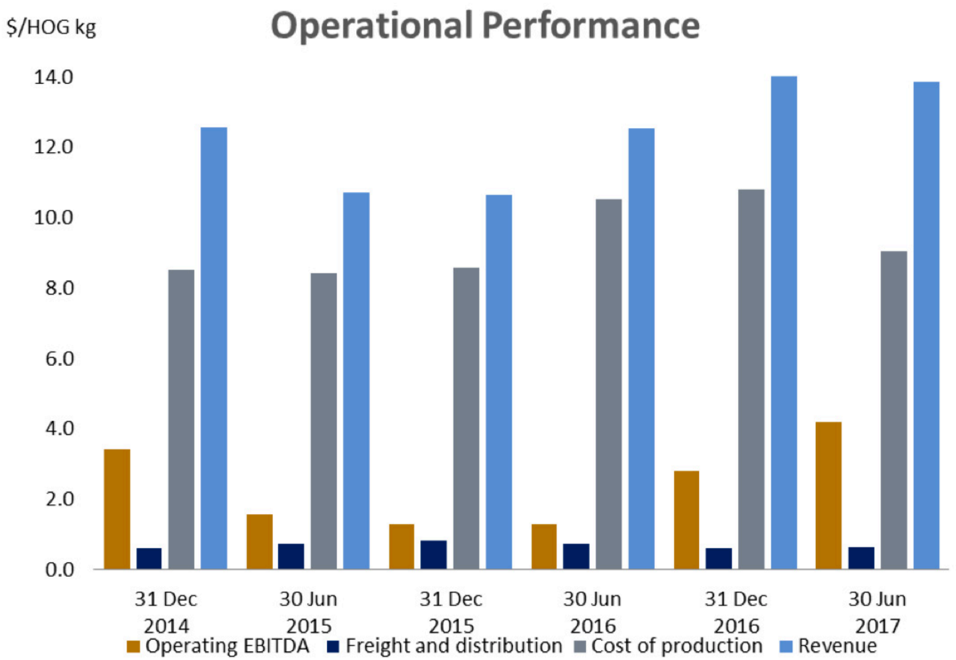
Period Ended	30 Jun 2017	31 Dec 2016	30 Jun 2016
ASSETS			
Cash	23.0	21.0	3.8
Receivables	29.9	35.5	23.5
Biological Assets	188.0	190.3	147.2
Inventory	12.4	11.0	11.0
Total current assets	256.3	261.9	188.2
Property, plant & equipment	223.1	212.2	210.5
Total non-current assets	237.2	226.5	225.0
Total assets	493.5	488.4	413.2
LIABILITIES			
Payables	67.8	66.1	45.3
Borrowings	11.2	10.0	13.9
Total current liabilities	102.8	82.0	64.4
Borrowings	54.8	64.7	52.0
Deferred Tax	55.7	54.8	41.3
Total non-current liabilities	114.5	123.9	98.0
Total liabilities	203.0	205.9	162.4
Net assets	293.2	282.5	250.8

- Net assets rose 17% on pcp underpinned by strong uplift (+28%) in the valuation of biological assets
- Cash position and working capital impacted by $17.6 million payment withheld from Ridley
  - Trade payables rose 50% on pcp to $67.8m however, adjusting for Ridley (including compensation of $4.5 million), payables are unchanged at $45.7 million.
- Net debt levels decreased on pcp by $19.1 million to $43 million
- Gearing remains comfortable at 14.7% (net debt/equity)
  - Normalised for the $17.6 million withheld from Ridley and repaid on 20 July 2017 (net of a $4.5 million settlement), gearing would be 21%

OPERATIONAL PERFORMANCE

OPERATIONAL PERFORMANCE

PRODUCTION COSTS TRENDING DOWN



- Strong lift in operational performance driven by more normal salmon pricing and good growing conditions
  - Domestic pricing remained stable for FY2017
  - Operating earnings continuing to improve from $1.31/HOG kg (2H2016) to $4.02/HOG kg (2H2017)
- Average production costs peaked at $10.80/HOG kg in 1H2017
  - Costs in 2H eased, as expected, to $9.23/HOG kg (12% pcp)
  - 1H costs impacted by higher costs associated with building up the 15YC fish, impacted by El Niño conditions plus feed quality issues
- Further cost reduction expected as productivity benefits from growing fish through a full CGS cycle are realised

OPERATIONAL PERFORMANCE

BALANCING CHANNEL MIX

New agreements signed with supermarkets and large food manufacturer to supply salmon to the retail market

- Volume supplied to the retail segment increased 160% on pcp to 4,120 tonnes
- Proportion of sales to retail doubled from 10% to 22%
- Huon’s share of the fast growing fresh chilled packaged salmon segment (MAP) in Australia is currently 47%

Export markets in Asia are being selectively targeted

- Exports increased in 2H to 8% of sales, focus on high value market segments within the channel

Wholesale segment has been, and continues to be, Huon’s primary market as domestic demand grows

- Averaging 73% sales since 2011(72% in FY2017)

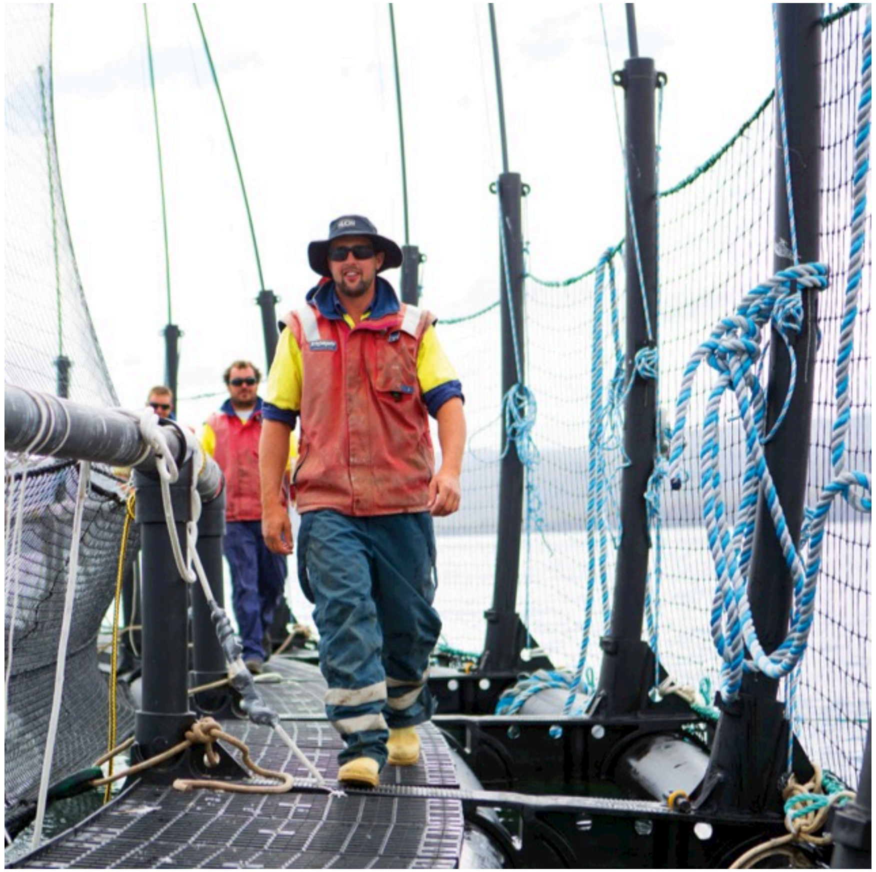
OPERATIONAL PERFORMANCE

PEOPLE AND SAFETY

“Safety First” program has produced significant improvements across all KPIs since it was first introduced. This continued in FY2017:

- Lost Time Injury Frequency Rate (LTIFR)
  57% reduction from 7 to 3
- Incident Rate (IR)
  54% reduction from 1.3 to 0.6
- Average Lost Time Rate (ALTR)
  25% reduction from 16 to 12 hours lost per employee

	FY17	FY16	FY15
Lost Time Injury Frequency Rate (LTIFR) Number of injuries per 1 million hours worked	3	7	27
Average Lost Time Rate (ALTR) Hours Lost per employee	12	16	19
Incident Rate (IR) Number of Lost time Injuries per 100 employees	0.6	1.3	5.2



CORPORATE ACTIVITIES

MANAGING REPUTATIONAL RISK

Monitoring and managing risk core to Huon's operations

- Macquarie Harbour environmental threat:
  - February 2017: Huon launched legal actions in the Federal Court of Australia and Tasmanian Supreme Court seeking:
    - Review of the decisions of the Tasmanian Environmental Authority
    - Declarations that the current Federal Minister's decision is invalid and that the Tasmanian Government and the Tasmanian Environmental Protection Authority are failing in their duty to protect World Heritage listed Macquarie Harbour
- Controlled Growth Strategy
  - Effective stakeholder engagement regarding social and environmental benefits of Huon's CGS despite increasing concern over industry practices

CAPITAL MANAGEMENT

CAPITAL EXPENDITURE

- Production levels likely to remain low in Macquarie Harbour, production expansion continues in Storm Bay
  - Huon to bring an additional lease site in Storm Bay into production during FY2018
- Preparing for growth in demand for salmon over the coming years
  - Investing in a new land based grow out nursery will see smolt grown on land to much larger sizes before being transferred to sea
- Capex budget of circa $65 million for FY2018 has been planned which will be fully funded from cash flow and existing debt facilities
  - Whale Point Grow Out Nursery
  - Storm Bay expansion

DIVIDEND

- Inaugural final dividend declared of 5 cents per share, franked to 50%
- The Final Dividend is payable on 12 October 2017 to shareholders as at the record date of 22 September 2017
- Franking levels likely to average 50% due to Huon's access to tax deductions as it has invested in growing the business

Dividend Policy

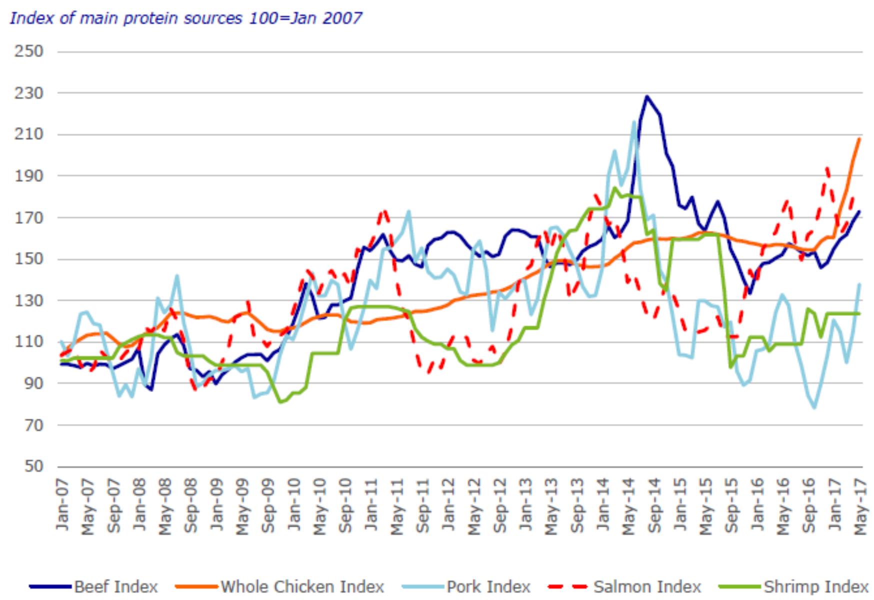
- To maintain an annual dividend payout ratio of up to 35% of net operating profit after tax
- Payments in September and March each year
- Huon's ability to pay dividends will depend on a number of factors, including its capital expenditure commitments
  - payments are likely to be biased towards the final dividend


OUTLOOK

MARKET OUTLOOK

- Domestic market expected to continue growing at around 10% per annum
  - CAGR over the past 6 years 11% pa
- Consolidation of Huon's position in the retail market
  - 47% share of market in MAP and meal ready products
  - Fresh MAP identified as key growth product
- Wholesale market remains strong
- Strong demand for the Huon brand in Asia supporting increased exports
- Global supply demand imbalance continues in the international salmon market
  - Pricing expected to remain at stable levels over the longer term
  - Favourable growing conditions may impact short term pricing
  - Salmon continues to grow as a consistent food protein choice

Global Salmon vs Other Sources of Protein



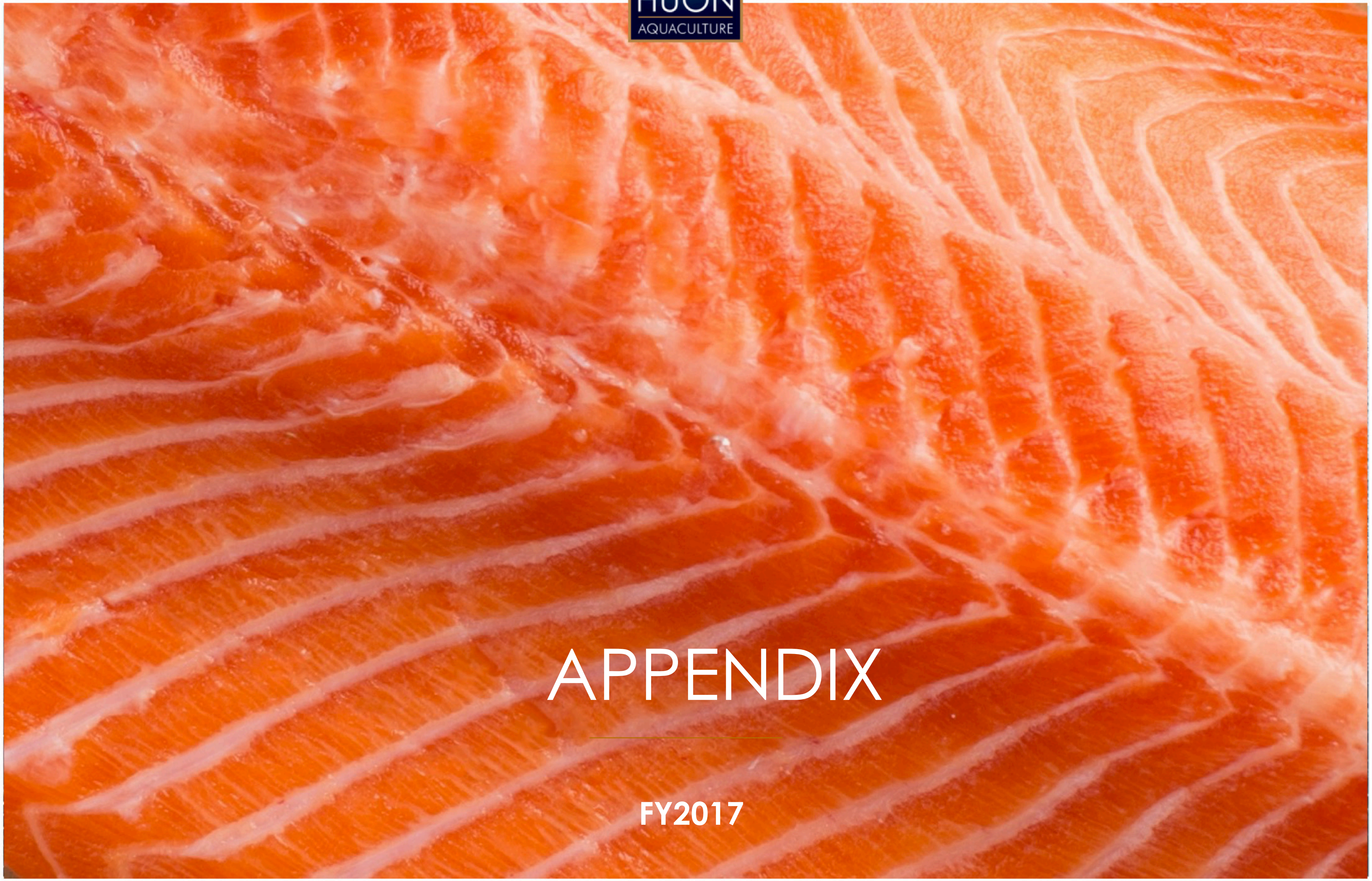
Source: Rabobank, Index mundi, 2017

HUON AQUACULTURE

OUTLOOK

- FY2018 fish growth has started well
  - Favourable growing conditions and fish responding well to improved feed diets
  - Fortress Pens continuing to provide positive fish health and growth rates
- Higher risk growing cycle of summer ahead
  - Current estimates have our harvest volume around 24.5 thousand tonnes
- Market pricing levels are expected to remain above long term average, with higher export sales during FY2018
  - As a result the overall average price is expected to be lower than FY2017
  - Exports back to the long term average weighting of circa 20-25%
- The full impact of the CGS investment expected to be reflected in substantially improved operating efficiencies in FY2018
  - Cost of production plus freight expected to fall below $10.00/kg
- Huon is confident that profitability will continue to grow over the coming years

Huon well positioned for sustainable growth and development in a growing, supply constrained market



APPENDIX

FY2017

STATUTORY TO OPERATING RECONCILIATION

STATUTORY

	Six months ending		30 Jun 2017	31 Dec 2016	30 Jun 2016	31 Dec 2015	% Change Jun on Jun
	Tonnage	t	9,071	9,377	8,175	12,288	11%
1	Revenue	$M	126.0	133.5	102.64	131.10	23%
2	EBITDA	$M	24.1	57.9	16.8	8.2	43%
2	EBIT	$M	13.3	46.8	7.5	(0.2)	77%
	NPAT	$M	10.7	31.5	4.7	(1.3)	128%
	Biological Assets	$M	188.0	190.3	147.2	135.5	28%
	Cash and cash equivalents	$M	23.0	21.0	3.8	10.8	505%
4	Net debt	$M	43.0	53.8	62.1	47.1	-31%
	Revenue per HOG kg	$/kg	13.89	14.24	12.55	10.67	11%
	Earnings per share	c	12.26	36.02	5.44	(1.51)	125%
5	Total gearing ratio	%	14.7%	19.0%	24.8%	19.1%	-41%
6	Return on assets	%	12.2%	11.1%	1.8%	-3.2%	578%

1 Revenue from the sale of goods
2 EBITDA is earnings before interest, tax, depreciation and amortisation
EBIT is earnings before interest and tax
4 Net debt is total debt net of cash and cash equivalents
5 Total gearing ratio is measured as debt (net of cash) / net assets
6 Return on assets is measured as statutory EBIT(rolling 12 months) / total assets

FAIR VALUE ADJUSTMENT

	Six months ending		30 Jun 2017	31 Dec 2016	30 Jun 2016	31 Dec 2015	% Change Jun on Jun
	Fair value adjustment	$M	(12.4)	31.6	6.1	(7.6)	-303%
3	Related income tax refund	$M	3.7	(9.5)	(1.8)	2.3	-305%

3 Related income tax at current tax rate

OPERATING RESULTS

	Six months ending		30 Jun 2017	31 Dec 2016	30 Jun 2016	31 Dec 2015	% Change Jun on Jun
	Revenue	$M	126.0	133.5	102.6	131.1	23%
7	Operating EBITDA	$M	36.5	26.3	10.7	15.8	241%
	Operating EBIT	$M	25.7	15.2	1.4	7.4	1736%
8	Operating NPAT	$M	19.4	9.4	0.4	4.0	4750%

7 Operating EBITDA is statutory EBITDA excluding fair value adjustment
8 Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact


HUON
AQUACULTURE
www.huonaqua.com.au