



New Zealand
King Salmon

ANNUAL SHAREHOLDERS' MEETING
NOVEMBER 2018

AGENDA

- Welcome
- Chairman's review
- Managing Director's review
- Ordinary business and resolutions



CHAIRMAN'S REVIEW

Strong financial performance with key PFI metrics exceeded.

Excellent result in light of challenging water temperatures, demonstrating resilience and contingency strategies.

Further progress towards aquaculture goals.

MANAGING DIRECTOR'S REVIEW

- FY18 Highlights
- Sustainability
- Business Update
- Outlook
- Our Vision for Aquaculture



01

HIGHLIGHTS



FY18 HIGHLIGHTS

Strong financial performance with key PFI metrics exceeded:

- Revenue of \$160.3m, up 18% on FY17 and 12% on PFI.
- Pro Forma Operating EBITDA of \$26.2m*, up 21% on FY17 and 17% on PFI.
- GAAP NPAT of \$16.1m, up 14% on PFI.

Total dividends of 5.0 cents per share paid in relation to FY18 year, 22% above forecast dividends of 4.1 cents per share provided for in our PDS**

Strong financial position, ending the year in a Net Cash position.

* A full reconciliation between GAAP and Pro Forma results is shown on page 27 of our full year results announcement available at www.kingsalmon.co.nz/investors

** New Zealand King Salmon's Product Disclosure Statement dated 23 September 2016 (PDS).

FACTS AND FIGURES

ONLY

0.7%

OF THE WORLD'S SALMON IS KING SALMON



5 FARMERS
WE SUPPLY MORE THAN

50%

OF THE WORLD'S FARMED KING SALMON



FEED CONVERSION RATIO (FCR)



KING SALMON

1.8x

VS



LAND PROTEIN UP TO

9x

17

SURFACE HECTARES OF SALMON FARM SPACE



REVENUE OF

\$160.3

MILLION



7,779

METRIC TONNES HARVESTED
7.7% INCREASE ON FY17

4.4kg

AVERAGE HARVEST SIZE



MORTALITY 20% VS 8% FY17 AND 11% 'NORM'

FACTS AND FIGURES (CONTINUED)



85%

REGAL BRAND
AWARENESS IN NEW
ZEALAND



1,223

RESTAURANTS
FEATURING
ŌRA KING ON THE
MENU

NEW ZEALAND KING
SALMON IS THE

5th

LARGEST EMPLOYER IN THE
TOP OF THE SOUTH



18

NEW JOBS IN
FY18



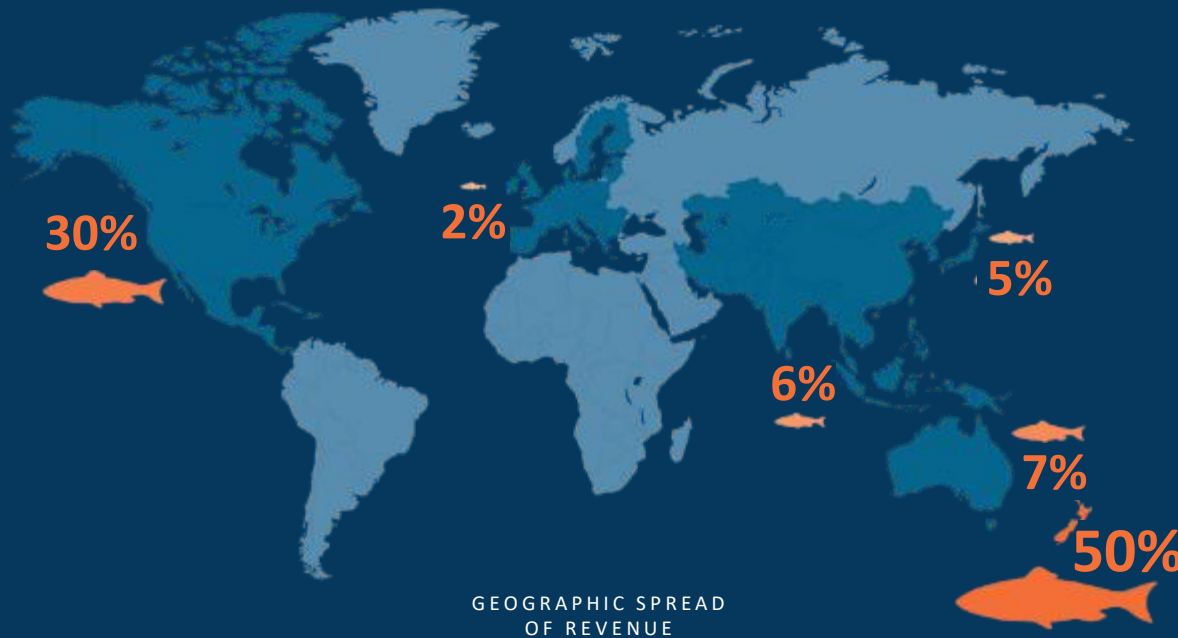
TOP OF THE SOUTH

446

PEOPLE in NZ

375

SHAREHOLDERS



GEOGRAPHIC SPREAD
OF REVENUE

NZKS' VISION, PURPOSE, MISSION AND VALUES

VISION

TO BE THE TOP OF THE SOUTH'S MOST VALUABLE ORGANISATION AND THE WORLD'S MOST PREMIUM SALMON COMPANY

PURPOSE

CREATING THE **ULTIMATE SALMON EXPERIENCE**

MISSION

1. ENRICH THE LIVES OF OUR **CUSTOMERS, TEAM MEMBERS, AND SHAREHOLDERS**
2. CONTRIBUTE POSITIVELY TO THE **COMMUNITIES** IN WHICH WE OPERATE, INCLUDING NET IMPROVEMENTS TO THE NATURAL ENVIRONMENT
3. REWARD OUR **PARTNERS AND SUPPLIERS** FAIRLY

VALUES

GROWTH / INTEGRITY / TEAMWORK & CULTURE / QUALITY / INNOVATION

SUPPORTING STRATEGIES

1 HEALTH & SAFETY
INCLUDING FOOD SAFETY

2 **ONE SPECIES: KING SALMON**

3 DOMINATE PREMIUM SALMON NICHES

4 BRANDS

5 PEOPLE

6 NZ SOCIAL LICENCE

7 SUSTAINABILITY

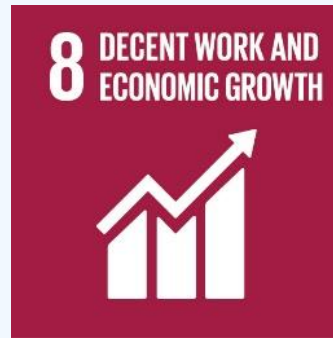
8 COST COMPETITIVE



SUSTAINABILITY

SUSTAINABLE DEVELOPMENT

We are focused on five United Nations' Sustainable Development Goals



OPERATING SUSTAINABLY

We aim to pass on our land and water environments to the next generation and beyond in the same or better condition than we inherited them.

Our Commitment to Sustainability




We work to fulfil salmon aquaculture's potential as a **positive force** for the health of people, nature and our company.



We are committed to **caring for water** in our region.



We are a trustworthy and transparent neighbour and **community partner**.



We attract and develop **talented people** across our diverse roles and teams.



We are committed to **using resources responsibly** and reducing our impacts wherever possible.

OUR ACCREDITATIONS



Monterey Bay Aquarium
Seafood Watch



First in Australasia to achieve 4 star Best Aquaculture Practices (BAP) Certification



Waitata Farm Seabed Floor - 2011 vs 2017

03

BUSINESS UPDATE





OUR PURPOSE

Creating the Ultimate Salmon Experience

BRANDS

Our five world leading brands

ORA KING™

ULTRA-PREMIUM
FOODSERVICE



PREMIUM
RETAIL



VALUE
RETAIL



PETFOOD
RETAIL



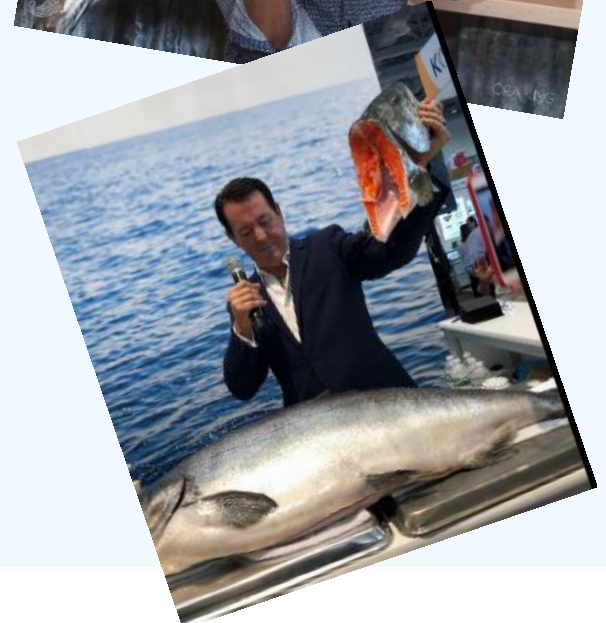
ZERO-WASTE VALUE-
ADDING PRODUCTS

RAISING OUR PREMIUM POSITION

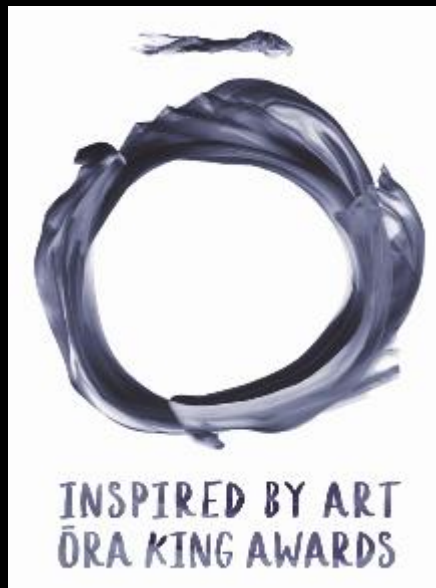
We are continually investing in, and raising the bar of, our world leading salmon brand

Ōra King TYEE

- Unique King salmon, weighing in at upwards of 13kg each.
- Continued success of our long-standing breeding programme.



RAISING OUR PREMIUM POSITION (CONTINUED)



“I was inspired by the artist Andy Warhol with his pop art style series Campbell's soup in 1960's.”

Chef Mark Bashinsky,
Aria Brisbane

Confit and cured Ora king salmon in consommé.



REGAL TVC

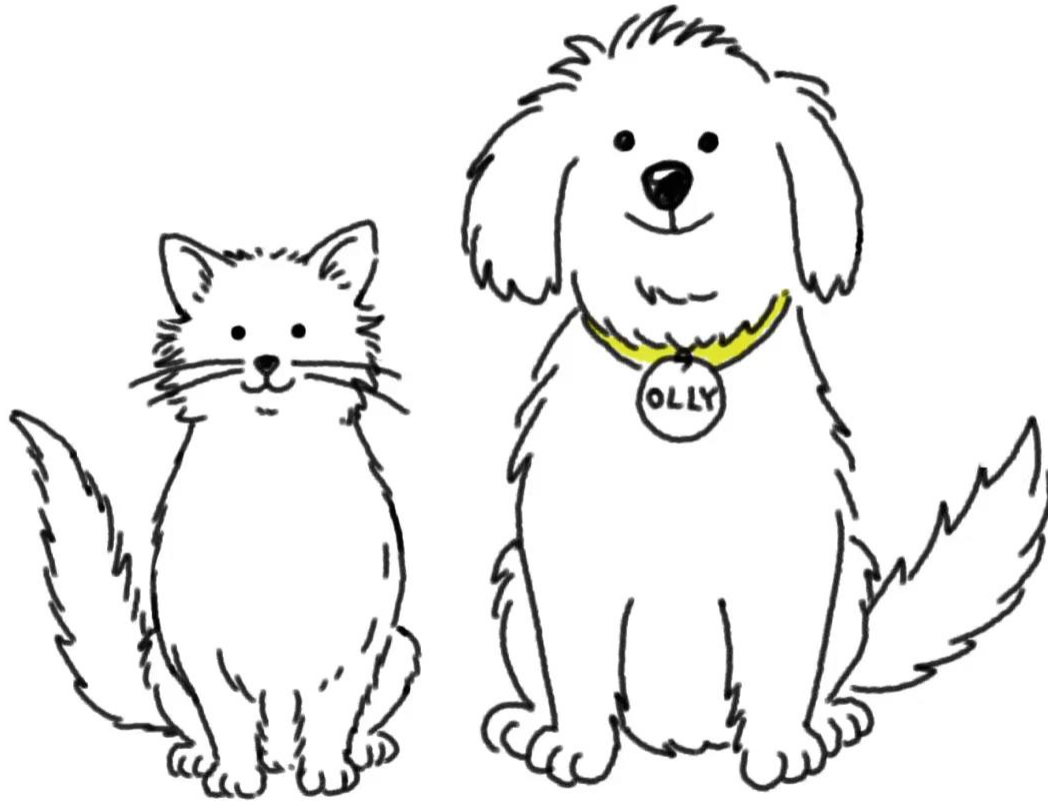


OMEGA PLUS

Great health outcomes for pets

- Highest long-chain Omega 3 content of any petfood products domestically (and possibly in the world).
- Anti-inflammatory properties and great for shiny coats.
- Gaining traction domestically and now looking towards export opportunities.





MPI CONSULTATION PROCESS

In February, the Minister of Fisheries publically released the report and recommendations from the Marlborough Sounds Salmon Farm Relocation Advisory Panel (Panel) for the relocation of up to six of our salmon farms from their historic (nearly 30 years old) locations.

The decision now rests with the Minister of Fisheries.

- New Zealand King Salmon has only 17 surface hectares of salmon farms.
- Of this, 9 surface hectares are in low-flow locations where environmental, social, and economic outcomes are sub-optimal.
- We are exploring opportunities to “swap” or relocate farms from low-flow to high-flow areas (in some cases a move of only 1.5 kms) on a no increase basis.

04

OUTLOOK



OUTLOOK

What we know about FY19

- Due to reduced biomass at sea, harvest volumes are likely to be in line with FY18 at around 8,000 MT.
- Demand remains supportive. The full year impact of price increases is anticipated to drive revenue growth on a consistent volume basis.
- Improved fish survival expected, assuming sea temperatures return to more normal levels in summer FY19.
- Impact of recent softening in NZD limited by historical purchases of FX contracts.
- Feed cost forecast to increase as NZKS continue to increase use of specialist diets to improve fish health and improve mortality rates.
- Continuation of the current annual level of capital expenditure for the next three years, reflecting the additional investment required to improve overall fish performance / quality and unlock the full environmental and economic potential from the existing farm consents. This does not reflect any potential capital expenditure required relating to the current farm relocation initiative, or offshore trial process
- Capital expenditure for 2019 is expected to be >\$13.0m vs. depreciation of \$7.2m.
- During this three year capital investment phase the dividend ratio is expected to be maintained at 50% of normalised net profit after tax. This is in line with the 2017 and 2018 year, and at the lower end of the 50-65% forecast in the IPO Product Disclosure Statement.
- Based on factors known to us at the time of writing, the Directors re-affirm previous guidance for FY19 Operating EBITDA of between \$25.0m and \$28.5m.

05

OUR VISION FOR AQUACULTURE



THE FUTURE OF FOOD LIES WITH THE OCEAN...

70%

OF THE WORLD'S SURFACE IS IN WATER, BUT IS ONLY PRODUCING

2%

OF TOTAL GLOBAL FOOD



CURRENT FOOD PRODUCTION TECHNIQUES ARE NOT SUSTAINABLE



EARTH
OVERSHOOT
DAY

WHAT IS YOUR

ECOLOGICAL FOOTPRINT?

IT TAKES
1.7
EARTHS



TO SUPPORT

HUMANITY'S DEMAND ON NATURE

We use more ecological resources and services than nature can regenerate through overfishing, overharvesting forests, and emitting more carbon dioxide into the atmosphere than forests can sequester.

FOOD DEMAND MAKES UP

26%

OF THE GLOBAL ECOLOGICAL FOOTPRINT

SALMON FARMING HAS A SUBSTANTIALLY LOWER ENVIRONMENTAL IMPACT THAN OTHER PROTEINS



Carbon Footprint*

9.8

42.3

56.7

337.2

Yield %

72

46

52

41

Freshwater consumption

1,400

4,325

6,877

15,415

* Tons of carbon dioxide equivalent (tCO₂e) per ton edible protein of the product. CO₂e is calculated by multiplying the emissions of each of the six greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs and SF₆) by its 100-year global warming potential (GWP).

Source: Global Salmon Initiative and based on Atlantic Salmon, Dr Solveig van Nes

SALMON FARMING IS HIGHLY PRODUCTIVE

NORWAY



AQUACULTURE

420

1,300,000

3,095

AREA (KM²)

PROD^N (MT)

PRODUCTIVITY
(MT / KM²)

AGRICULTURE

10,000

500,000

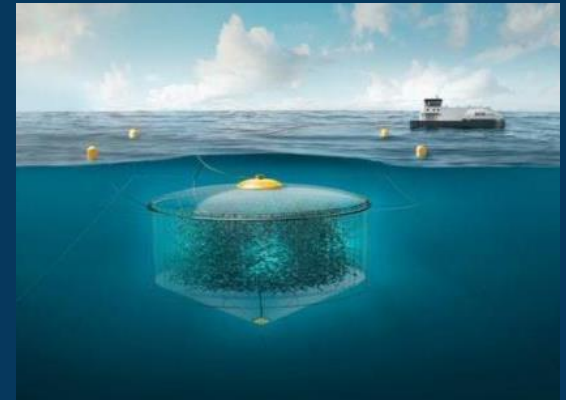
50

**62X MORE
PRODUCTIVE**

MAKING BETTER USE OF THE OCEAN – OFFSHORE FARMING

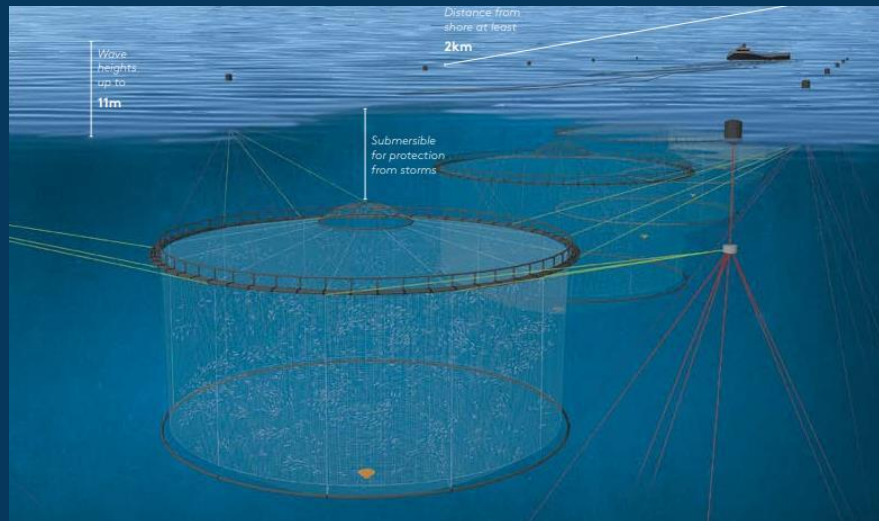
Whilst a commercially viable technology is still a number of years away, offshore farming is being trialled in countries such as Norway and in the Mediterranean.

We are carefully watching trials of offshore farming technology in Norway. We consider submersible technology to be the superior option for New Zealand and will continue to monitor the outcome from these tests.



MAKING BETTER USE OF THE OCEAN – OFFSHORE FARMING (CONTINUED)

Examples of submersible ocean farming technology



GOVERNMENT STRATEGY

Aquaculture could be New Zealand's most valuable, and greenest, Primary industry

Norway – pioneers in the field. Clear governmental focus on transitioning from Oil & Gas to Bio-economy.

With its long coastline and suitable water temperatures, New Zealand is well positioned to become a global leader in the Aquaculture industry.

Considerations:

Biosecurity

Physical Security

Infrastructure (Ports / Road etc)

Education

Housing

Marine Spatial Planning

Methods to Allocate Space

Support Industries

Science

Environmental Monitoring

INVESTING IN AQUACULTURE

An investment in Aquaculture is an investment in:

- Green jobs
- High value employment
- The most sustainable animal protein production on earth!
- NZ's greenest primary industry
- Rapidly evolving and advancing technology
- Potential to be NZ's most valuable industry

Aquaculture is going to change the world and save the planet. New Zealand King Salmon is leading the revolution within our country.



ORDINARY BUSINESS AND RESOLUTIONS

RESOLUTION 1

That the Board is authorised to fix the auditor's remuneration for the coming year

RESOLUTION 2

**Having retired by rotation (as determined by lot),
that John Ryder be re-elected as a Director**



RESOLUTION 3

**Having retired by rotation (as determined by lot),
that Thomas Song be re-elected as a Director**





VOTING AND QUESTIONS

APPENDIX – GLOSSARY OF TERMS

FY18	Financial results for the 2018 financial year covering the period 1 July 2017 to 30 June 2018
CAGR	Compounding annual growth rate
EBITDA	Earnings before interest, tax, depreciation and amortisation
FCR	Feed Conversion Ratio – the amount of feed (in kilograms) required to raise fish weight by 1 kilogram.
G&G	Gilled and gutted. Note that all volumetric information presented is on a gilled and gutted basis unless otherwise stated
GAAP	Generally Accepted Accounting Practice
Mortality / Mortality Rate	The percentage mortality of salmon in seawater, calculated as the biomass of salmon mortalities in kg divided by the growth of salmon in kg
MT	Metric tonnes
NPAT	Net profit after tax, also reported as net profit for the period in our published financial results
PDS	New Zealand King Salmon’s Product Disclosure Statement dated 23 September 2016
NZKS	New Zealand King Salmon
PFI	New Zealand King Salmon’s prospective financial information published at the time of our IPO in September 2016
Pro Forma Operating EBITDA	Pro Forma Operating EBITDA refers to earnings before interest, tax, depreciation, amortisation after allowing for pro forma adjustments as described in the Appendix to this document. Pro Forma Operating EBITDA is a non-GAAP profit measure

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- EBITDA. We calculate EBITDA by adding back (or deducting) depreciation, amortisation, finance expense / (income), and taxation expense to net earnings / (loss) from continuing operations.
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- Pro Forma Operating EBITDA refers to earnings before interest, tax, depreciation and amortisation after allowing for pro forma adjustments as described in the Appendix to this document.

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