

1 May 2019

New Zealand King Salmon – Post-Summer Fish Performance Update

The Board of New Zealand King Salmon Investments Ltd (NZX and ASX:NZK), in line with previous practice, provides an update on fish performance post the key summer period.

The 2019 summer season has again been challenging for overall fish performance, due to sustained warm water temperatures which continued into April. The full year mortality cost for the year ended 30 June 2019 (FY19) will now be materially higher than in FY18.

Forecast fish harvest for FY19 is now expected to be around 7,900MT. As a consequence directors advise that expected FY19 operating EBITDA is likely to be at the lower end of the previously noted Guidance of between \$25.0 million and \$28.5 million.

The challenging summer means that FY20 harvest volumes are likely to be in line with FY19, rather than around 8,700MT previously advised.

Agri companies globally have identified climate change as a key ESG¹ risk. The specific measures adopted by New Zealand King Salmon to mitigate this risk are:

- Choosing to move to site single year class of fish across all farms as soon as possible (global best practice is **regional** 'all in all out' single year class), with fallowing between year classes. This will result in a significant reduction in previously forecast harvest volumes in the next few years, and an increase in capital expenditure requirements. More details will be provided as part of our year end results announcement in late August.
- Intensified work with Government and the local community, to obtain approval for the critical Ministry for Primary Industry proposal covering relocation of low flow sites to higher flow areas.
- Actioning the current strategy towards longer term open ocean farming.

Grant Rosewarne, Managing Director and CEO, said "We note that the Coalition Government is committed to addressing and mitigating the effects of climate change and strengthening biosecurity. New Zealand's green rated salmon industry² is an ideal candidate to demonstrate that commitment given the solutions are relatively simple, such as shifting existing salmon space to cooler deeper waters and enabling open ocean farming, together with best practice biosecurity protocols. We believe local councils, such as the Marlborough District Council, would respond positively to such leadership".

John Ryder, Chairman of New Zealand King Salmon, said "Although fish performance has not met our expectations during 2019 the company continues to meaningfully grow value within the available supply of salmon".

ENDS

Contact information:

Grant Rosewarne, Managing Director and CEO

Mob: 027 246 0980, email: grant.rosewarne@kingsalmon.co.nz

¹ Environmental, Social and Governance

² NZ is the only country in the world where the entire salmon industry is rated green (best choice) by the prestigious Monterey Bay Seafood Watch Program.

About NZKS:

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 the Top of the South. More information can be found at www.kingsalmon.co.nz