

Market Announcement
February 27, 2020

NEW ZEALAND KING SALMON ANNOUNCES SOLID 1H20 RESULT AND INTERIM DIVIDEND; NEW DIRECTOR APPOINTED

New Zealand King Salmon Investments Ltd (NZX & ASX:NZK) reports its financial performance for the six month period ended 31 December 2019 (1H20). Highlights include:

- Record average price achieved of \$24.46/kg, up from \$22.93/kg in 1H19
- Revenue of \$84.2m, down slightly from \$87.7m in 1H19, due to lower sales volume
- Sales volume of 3,442 tonnes down from 3,824 tonnes in 1H19 as we managed demand for long term security of supply
- Pro Forma Operating EBITDA of \$16.5m, compared with \$17.3m in 1H19
- Statutory NPAT of \$20.8m, improved from \$15.1m in 1H19
- Successful implementation of new aquaculture operating model and upwelling prior to summer
- Fully imputed dividend of 2.0 cents per share declared, payable 20 March 2020

Chairman John Ryder said “We are pleased to announce first half results ahead of our expectations. The successful six-month period has seen record pricing achieved, and we can confirm that FY20 financial performance is on track against previous Guidance.

“We restrained sales volume to 90% of last year to ensure good availability for second half demand, yet stronger market values saw EBITDA only 5% off last year.”

“It’s a solid start to the year considering lower volume available. North America continues to perform strongly, and our brand and innovation strategy is driving value growth across all markets.”

New Zealand King Salmon CEO Grant Rosewarne described the company’s results as extremely pleasing in a challenging environment.

“We’ve focused on improved performance in our aquaculture operations, whilst reinforcing our premium positioning in key salmon niches globally. We have had our challenges in previous summers, and this year, we have put everything in place for our sea farm operations to be ready for the summer.

“As we aren’t forecasting significant volume growth until 2022, we’re aiming to use every part of our salmon to create premium products. We’ve successfully launched our pet food brand Omega Plus in China and we’re actively targeting the most promising markets and channels with our diversified portfolio of salmon products.

“We’re also optimistic that our longer-term growth plans are progressing well, with our pending application to commence open ocean farming, at a site named Blue Endeavour, 7kms north of Cape Lambert in the Cook Strait. We see Blue Endeavour as a key part of the company adapting to climate change.

The result of the application is expected by the end of this year, and, assuming a positive outcome, the first harvest will take place in Q1 of CY2023.

The open ocean application is aligned with the Government's recently launched Aquaculture Strategy with the objective to have the industry achieve \$3 billion in sales by 2035.

"The framework is in place for industry to move forward, but this is only the first step and aquaculture companies will need continued support from all levels of Government plus the ongoing community backing to achieve this target," Mr Rosewarne added.

"The company is alert to the challenges, restraints and opportunities arising from the COVID-19 Coronavirus outbreak. Our current assessment is that impact will be low given our diversity of demand markets and options for global procurement. In the short term we have re-allocated the 2% of total sales normally destined for China, into other markets at equivalent margins."

The Board reaffirms previous guidance for the FY20 year for a Pro Forma Operating EBITDA result of \$25.0-\$28.5m based on known factors at this time. As in previous years, an update on fish performance will be provided following the key summer period.

The Board also declared a fully imputed interim dividend of 2.0 cents per share, to be paid on 20 March, 2020.

NEW DIRECTOR

The Board is very pleased to announce the appointment of Associate Professor Catriona Macleod GIBio, MSc, PhD, GAICD as an independent director effective from 26th February 2020.

Dr Macleod is the Head of Ecology and Biodiversity Centre at the University of Tasmania and in recent years her research focus has been on an improved understanding of the environmental impacts and interactions of finfish aquaculture, plus providing the system understanding and recommendations to support sustainable development and management of aquaculture operations.

In welcoming Dr Macleod, Chairman John Ryder noted that her expertise in these areas is very important as we look to grow in supportive empathy with the ecology around our activities. Dr Macleod also brings extensive aquaculture experience through her career in salmon farming operational management in Scotland and Australia, and significant research and teaching in Australia and internationally.

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About New Zealand King Salmon

New Zealand King Salmon is the world's largest producer of the premium King salmon species. We operate under four key brands: Ora King, Regal, Southern Ocean and Omega Plus, and the New Zealand King Salmon label. We have been growing and selling salmon to consumers for more than 30 years. Today we employ over 500 people. New Zealand investors make up a significant percentage of the ownership of NZ King Salmon, and the communities of Marlborough, Nelson and Tasman are well represented with around 400 of the approximately 2,800 shareholders being from the Top of the South.

More information can be found at www.kingsalmon.co.nz