

17 March 2020

NZ King Salmon adapting to changing global situation

New Zealand King Salmon Investments Limited (NZX and ASX:NZK) provides an update on trading conditions and fish performance. This update is provided in the context of a rapidly evolving situation brought about by the COVID-19 virus and consequent restrictions or impacts on people and industries.

We have so far been able to minimise the impact of any operational disruptions. We have a strong emphasis on team health and safety, with measures in place to ensure we continue to produce and deliver our salmon products through this period. As a food producer our mindset is to deliver on the highest levels of food safety, which we will continue to prioritise.

A key strength of our business has always been a diversified range of markets, channels and products. We are confident that our product portfolio remains very relevant in this time, with healthy food top of mind for consumers around the world. We are planning on the basis our foodservice markets will be affected at some point. We will mitigate against these impacts with a greater focus on retail and online channels, and other product formats such as smoked and frozen.

Maintaining supply chain continuity is also important. As travel restrictions become more prevalent, NZ King Salmon is working with key logistics partners to ensure we can access our markets. Whilst passenger flights are reduced, we will extend our usage of cargo aircraft, as well as our frozen sea freight programme.

We continue to work with suppliers to anticipate and manage any potential disruptions to inbound materials, and to date have no concerns.

As China shows signs of recovery from COVID-19, our fresh salmon sales to this market are up and running again after a brief hiatus due to supply chain delays. Although China is a developing market representing only around 2% of our total sales portfolio, this is a good example of our diversification strategy. We will continue to pursue our longer term initiatives to deliver healthy, low impact and high quality salmon products to consumers and chefs around the world.

While it is too early to provide a full update on fish performance as we are only about mid-way through the historically challenging summer period (February – mid April), our fish survival rates to date have been better than at the same point last year. We will provide a further update in early May as usual.

At this time we see no need to change the previously advised guidance for the FY20 year ended 30 June 2020, being a Pro Forma Operating EBITDA result of \$25.0-28.5m, based on currently known factors.

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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