



Market Announcement

27 August 2020

NEW ZEALAND KING SALMON ANNOUNCES FY20 RESULTS

New Zealand King Salmon Investments Ltd (NZX & ASX: NZK) reports its financial results for the 12 months ended 30 June 2020 (FY20) today.

The business delivered strong performance with operating EBITDA of \$25.1 million, despite the challenges of Covid-19 and a drop in harvest volume.

Key highlights include:

- Operating EBITDA of \$25.1m, within guidance
- Sales volumes of 6,331mt, down 16% on FY19.
- Revenue of \$155.3m, down 10% on FY19.
- Net profit of \$18.0m, up 59% on FY19
- Strong pricing achieved of \$24.54/kg, up 7% on FY19.

Chairman John Ryder said: "This has been one of the most challenging periods I have experienced in my business career.

"I want to take this opportunity to thank the team members who have seen us through this difficult Covid-19 period. They have all adapted to the challenges that have been thrown at them.

"In light of these pressures, we are proud to have achieved this result. Our strong performance was a sound base as we entered lockdown in March.

"Much of our resilience during this period has been due to the support of our customers, partners, suppliers, and shareholders – we are stronger together because of these relationships," Mr Ryder added.

Managing Director and CEO Grant Rosewarne said: "Covid-19 has certainly tested our resilience with sales revenue dropping by 50% during Level 4 lockdown, but I'm proud to say we have adapted to the crisis and, with the aid of the Government's wage subsidy, been able to keep all 550 team members employed.

"At the introduction of lockdown, our priority was the safety of our team members and to keep our production going. With the support of Ministry for Primary Industries (MPI) we registered as an essential service which enabled us to keep harvesting and selling our King salmon. Trading is currently around 20 per cent below pre-Covid levels but there are encouraging signs, particularly in the US, despite this key market being hit so hard by the virus.

"I'd like to thank the Government for their leadership in re-establishing market access for exporters like us to continue supplying our premium food and beverage to markets around the world. With around half of our volume sent to international markets, consistent access to cargo routes is critical to business sustainability.



Mr Rosewarne said: “Despite these challenging times the future of the industry and our company is bright with the Government’s Aquaculture strategy recognising the opportunity for the industry to grow from its current \$625 million to \$3 billion in 2035.

“Our Blue Endeavour application to farm in the Cook Strait, 7kms north of Cape Lambert, is progressing well with a hearing expected by the end of the year. We expect the result of the application to be confirmed by mid CY2021, and assuming a positive outcome, first harvest expected in Q4 of CY2023.

“If granted there will be a significant economic impact to the region eventually delivering 300 jobs to the Top of the South.”

With the departure of our Chief Operating Officer, a decision has been made to split the role to allow more focus on our aquaculture and processing operations respectively. We are pleased to announce the internal promotion of Grant Lovell to the new role of General Manager Aquaculture, bringing over 20 years’ experience farming the King salmon species. Further announcements on our processing operations will be made in due course.

Due to uncertainty caused by the impact of Covid-19, higher levels of inventory and ensuring prudent cash availability, the Board has decided not to pay a final dividend in respect of the FY20 year. The payment of dividends will be reviewed next year.

Ends

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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