



ANNUAL SHAREHOLDERS MEETING
NOVEMBER 2019



AGENDA

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

CHAIRMAN'S REVIEW

Strong financial performance which benefited from improved pricing and revenue growth.

Our second-most profitable year despite challenging growing and climatic conditions.

The implementation of a new production model enabling further progress towards our aquaculture goals.

The progression of open ocean farming with an application of “Blue Endeavour” lodged.

MANAGING DIRECTOR'S REVIEW

- FY19 Highlights
- Sustainability
- Business Update
- Outlook
- Future Farming

HIGHLIGHTS



FY19 HIGHLIGHTS

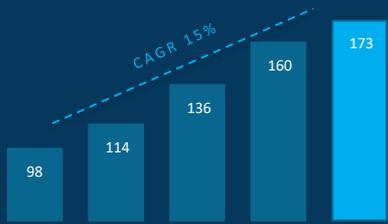
Strong financial performance, despite challenges:

- Record revenue of \$172.6m, up 8% on FY18.
- Record price achieved of \$22.95/kg, up 11% on FY18.
- Sales volumes of 7,520mt, down 3% on FY18.
- Solid Pro Forma Operating EBITDA of \$25.2m*, down 4% on FY18 but within the FY19 earnings guidance range.
- GAAP NPAT of \$11.3m, down 33% on FY18.

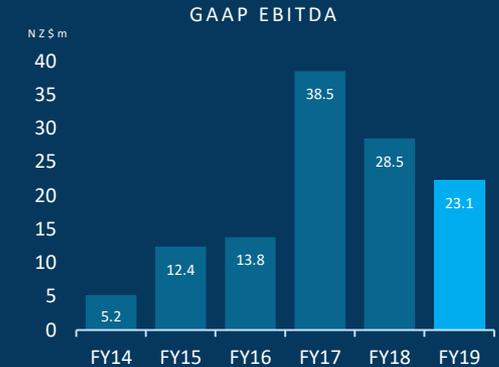
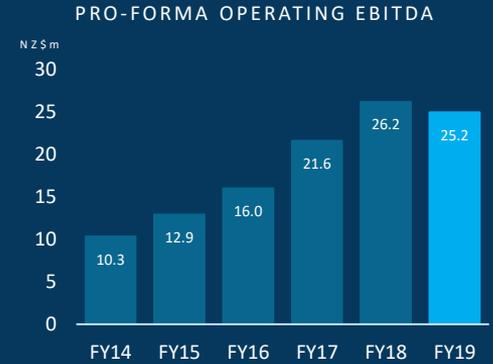
* A full reconciliation between GAAP and Pro Forma results is shown on page 31 of our full year results announcement available at www.kingsalmon.co.nz/investors .

FACTS AND FIGURES

REVENUE OF
\$173
 MILLION



METRIC TONNES HARVESTED DURING FY19





219

FEMALE
TEAM MEMBERS



326

MALE
TEAM MEMBERS



TOTAL SALES

46%

NEW ZEALAND

54%

EXPORT

4



STAR BAP CERTIFIED

PLANTED UP TO

1000

NATIVE TREES



KING SHAG
NUMBERS UP

25%

6300

LITRES DAILY REDUCTION IN
WATER USE



545

TEAM MEMBERS



344

LOCAL SHAREHOLDERS

0

SERIOUS HARM
(NOTIFIABLE)
INJURIES



28

BEACH CLEAN UPS

COMMITMENT TO
ENSURING

100%

REUSABLE / RECYCLABLE
FOR COMPOSTABLE
PACKAGING BY 2025



VISION, PURPOSE, MISSION AND VALUES

VISION

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

PURPOSE

CREATING THE **ULTIMATE SALMON EXPERIENCE**

MISSION

WE WANT ALL NZKS / STAKEHOLDER INTERACTIONS TO LEAVE STAKEHOLDERS BETTER OFF AS A RESULT

VALUES

MAXIMISATION OF VALUE / CONTINUOUS IMPROVEMENT / INTEGRITY / TEAMWORK & CULTURE

SUPPORTING STRATEGIES



HEALTH & SAFETY
INCLUDING FOOD
SAFETY



FARM ONE SPECIES:
KING SALMON



DOMINATE PREMIUM SALMON
NICHES



BRANDS



PEOPLE



COMMUNITY
ENGAGEMENT



SUSTAINABILITY



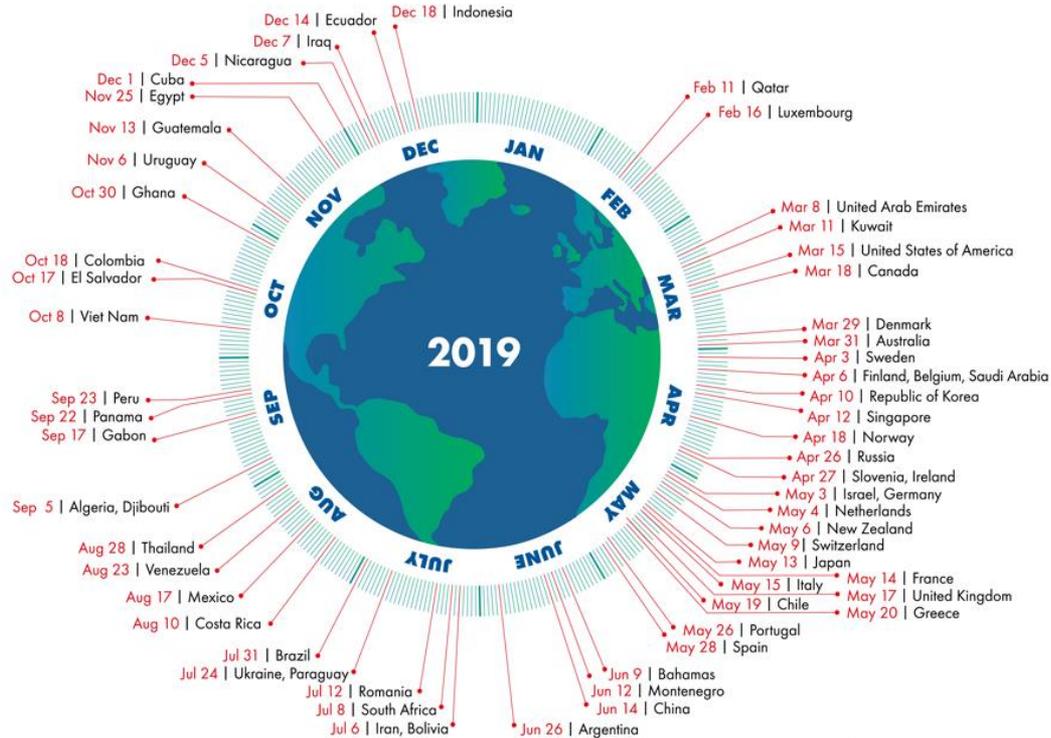
COST COMPETITIVE

SUSTAINABILITY



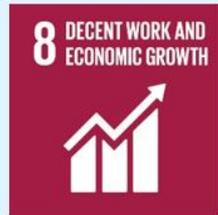
Country Overshoot Days 2019

When would Earth Overshoot Day land if the world's population lived like...



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.



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



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

SALMON FARMING IS HIGHLY PRODUCTIVE

NORWAY



AQUACULTURE		AGRICULTURE	
420	AREA (KM ²)	10,000	
1,300,000	PRODUCTION (MT)	500,000	
3,095	PRODUCTIVITY (MT / KM ²)	50	

62 X MORE PRODUCTIVE

\$25M REVENUE PER SURFACE
HECTARE

SUSTAINABILITY OF SALMON FARMING

Salmon farming has a substantially lower environmental impact than other proteins.



Global production 1	3.2m	107.1m	118.2m	66.0m
Carbon Footprint	0.60	0.88	1.30	5.92
Protein retention	28%	37%	21%	14%
Yield	68%	46%		No data

***Production:** Global production of farmed salmon and livestock primary products, measured in tonnes. **Carbon:** 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). **Protein:** Protein retention describes the gain in edible protein as a percentage of the protein intake from food. It is calculated as a percentage (grams protein in edible portion / grams protein in feed). **Yield:** Edible yield is calculated by dividing edible meat by total body weight. – Global Salmon Initiative

ACCREDITATIONS / ENDORSEMENTS



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

BUSINESS UPDATE



AQUACULTURE

Our new production model – site single year class is the key initiative for the FY20 and FY21 years for existing seafarm sites. It targets the protection of fish health, improved survival rates and the adoption of the **best possible biosecurity** practices.

The new production model also includes the following to be implemented:

- Reduced handling of stock – all stock entered in their eventual harvest pen.
- Upwelling systems to be installed on all farms, providing cooler water from depth and improving waterflow.
- Passive grading systems to reduce biomass before summer periods.
- All nets removed post harvest (predator and grower), returned to land, cleaned of all biofouling, disinfected and repaired before being reinstalled prior to smolt entry.

BRANDS

Our five leading brands

ORA KING™
A UNIQUE BREED OF KING SALMON FOR CULINARY EXCELLENCE



ULTRA-PREMIUM
FOODSERVICE

REGAL™

MARLBOROUGH
KING SALMON



PREMIUM RETAIL

Southern
ocean



VALUE RETAIL

OMEGA PLUS+™

ESSENTIAL MARINE-BASED NUTRITION



PETFOOD RETAIL



ZERO WASTE VALUE
ADDING

ŌRA KING

Ōra King demand, our premium foodservice brand, continues to grow.

- Featured on more than 1,200 restaurant menus.
- Profiled in international media – Bloomberg, Intrafish.
- Over 10,000 followers in Instagram.

Ōra King awards our biggest campaign to date

- We focussed on one of our central pillars, Sustainability.
- Chefs from all over the world shared their sustainability stories.



OMEGA PLUS



- Highest long-chain Omega 3 content of any pet food products domestically.
- Anti-inflammatory properties and great for shiny coats.
- Domestic distribution is increasing with plans to extend brand offerings.
- Launched internationally with further export opportunities being evaluated.

OUTLOOK



OUTLOOK

Expectations for FY20

- Harvest volumes are likely to be in line with FY19 at around 8,000 MT.
- Demand remains very supportive, especially in export markets.
- Investment in the new aquaculture production model with capital expenditure for FY20 is expected to be ~\$20m.
- FY20 Operating EBITDA of between \$25.0m and \$28.5m.
- Open Ocean resource consent application within FY20, with a farm relocation decision likely to be made in FY21.

FUTURE FARMING



WHAT ARE WE DOING?

To fulfil our future farming vision, we must seek out the most suitable waterspace to grow our King salmon sustainably. Our two key strategic initiatives to achieve this goal are

1. Farm relocation
2. Open ocean farming

- *Proposed low flow sites for relocation*
- *Proposed new high flow sites*
- *Active sites*
- *Proposed open ocean sites*
(farms not to scale)

THE OCEAN OPPORTUNITY

COVERS

71%

OF THE
WORLD'S
SURFACE



PRODUCES

2%

OF THE
WORLD'S
PROTEIN

NZ'S MARINE
ENVIRONMENT
IS OVER

21x

LARGER
THAN OUR
LAND MASS

\$34.3 million
PER HECTARE
REVENUE EXISTING HIGH FLOW SITES



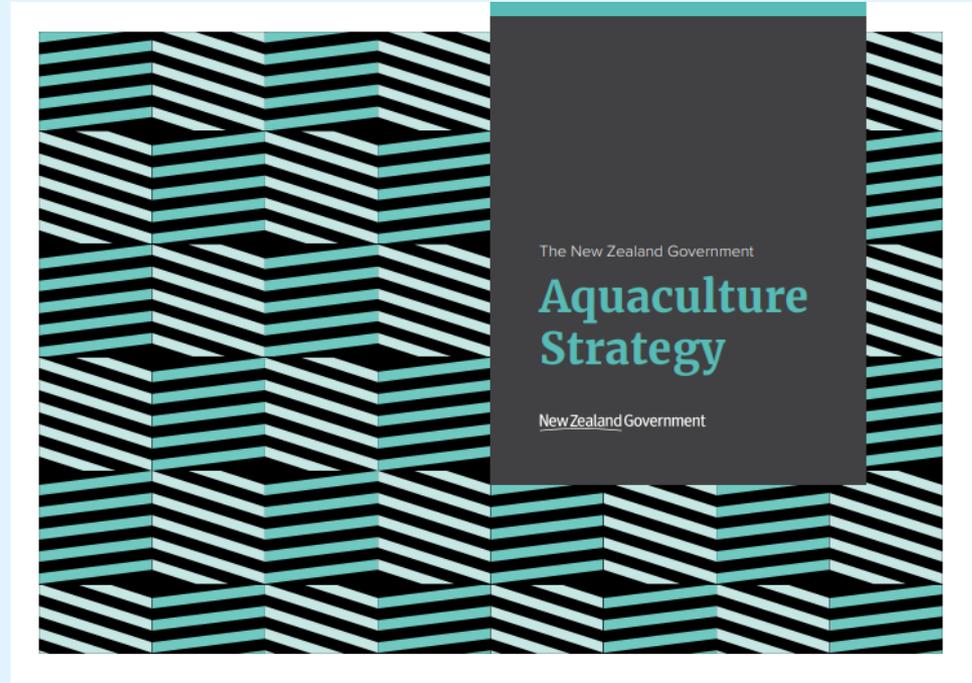
\$623 million
REVENUE GENERATED BY
AQUACULTURE IN NEW ZEALAND



NZ GOVT – AQUACULTURE STRATEGY

Vision : New Zealand is globally recognised as a world leader in sustainable and innovative aquaculture management across the value chain.

Goal : \$3 billion in annual sales by 2035.



MPI SALMON RELOCATION PROCESS

- Adoption of the 2017 Panel recommendation would be unlikely to have any material impact on site capacity however it may result in modest fish performance improvements.
- A revised proposal from Iwi and NZKS was provided to MPI in June 2019, including use of the proposed site at Mid Waitata.
- Any potential production benefit from relocation would be achieved in FY23 or beyond due to process timing.

THE BENEFITS



MINIMAL
SEABED IMPACT



DISTANCE FROM
COMMUNITIES



REGIONAL
ECONOMY



FISH QUALITY



BIOSECURITY



GROWTH
OPPORTUNITIES

Blue Endeavour: First
open ocean salmon
farming region in NZ



OPEN OCEAN – “BLUE ENDEAVOUR”

Open Ocean Farming - NZKS applied for its first open ocean farming consent mid October 2019 with this comprising two farm sites, in the Marlborough region:

- The region has been named “Blue Endeavour” representing a step towards the long term sustainability of the industry.
- The consenting process is expected to involve a public hearing in Feb / Mar 2020.
- The earliest possible harvest from the region would be in the 4th quarter of the 2022 calendar year.
- Capital costs for the infrastructure associated with Blue Endeavour are estimated at \$25 - \$35m with some ability for this spend to be staged. This investment would be expected to generate an eventual production volume of ~4,000 MT per site per 18 month cycle.

The notified period for submissions ends on Monday the 16th of December.

BLUE ENDEAVOUR – UNDERWATER VIDEO



ORDINARY / SPECIAL RESOLUTIONS

An underwater photograph showing a dense thicket of reeds or tall grasses. Sunlight filters through the water, creating a shimmering, golden-green glow. The water is clear, and the background shows more vegetation and a sandy bottom. The overall atmosphere is serene and natural.

RESOLUTION 1

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

RESOLUTION 2

Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Tomakin Lai (Po Sing Lai) be elected as a Director.



RESOLUTION 3

Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Chiong Yong Tiong be elected as a Director.



RESOLUTION 4

Having retired in accordance with NZX Listing Rule 2.7.1, that Grant Rosewarne be elected as a Director.



RETIRING DIRECTOR

The Chairman and Board members would like to thank retiring Director Mark Hutton for his service.



THOMAS SONG

In memoriam: Thomas Song – 15 April 2019



RESOLUTION 5

That the maximum total pool of Director's remuneration payable by NZKS to Directors (in their capacity as Directors) be increased by \$55,000 per annum from \$465,000 per annum to \$520,000 per annum with immediate effect, with such sum to be divided amongst the Directors as the Board may from time to time determine.

SPECIAL RESOLUTION 6

That, effective from the close of the Annual Meeting, the constitution of NZKS be amended in the form and manner described in the Explanatory Notes.

VOTING AND QUESTIONS



APPENDIX – GLOSSARY OF TERMS

FY19	Financial results for the 2019 financial year covering the period 1 July 2018 to 30 June 2019
CAGR	Compounding annual growth rate
EBITDA	Earnings before interest, tax, depreciation and amortisation
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
MT	Metric tonnes
NPAT	Net profit after tax, also reported as net profit for the period in our published financial results
NZKS	New Zealand King Salmon
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
Upwelling System	A system that allows dense cooler water to be moved towards the ocean surface, displacing the warmer water and increasing water flow.

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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.
- EBIT. We calculate EBIT by adding back (or deducting) finance expense / (income), and taxation expense to net earnings / (loss) from continuing operations.
- 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.

We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies. Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

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New Zealand
King Salmon

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