



2 November 2017  
Market update

### **New Zealand King Salmon lifts FY2018 earnings guidance**

As a result of strong first quarter trading results, the directors of New Zealand King Salmon Investments Limited (New Zealand King Salmon, NZX and ASX:NZK) advise that Pro-Forma Operating EBITDA<sup>1</sup> for the full financial year to 30 June 2018 is now forecast to be between \$24.5m and \$26.0m, an increase to the \$22.4m forecast for the period in the Product Disclosure Statement registered for New Zealand King Salmon's initial public offering in September 2016 (PDS).

The increased earnings guidance reflects:

- Improved fish survival and stronger than forecast fish growth during the summer of FY17 (as highlighted in the recent FY17 full year results announcement).
- Forecast sales volume for FY18 has been revised to approximately 8,000mt, rather than the 7,480mt forecast in the PDS.
- New Zealand King Salmon's sales pricing remains solid in all markets.
- Feed prices lower than forecast for the first half of FY18, although this benefit is not expected to persist into the second half, due to the use of premium summer diets.

Based on current trading performance the result for the first half of FY18 is expected to be materially above the prior comparable period. The split of earnings between the first and second half is thus expected to differ markedly to FY17 and as noted above is due to a number of one-off factors specific to this trading period.

The full year forecast is based on current trading conditions, and as in previous years the summer period may have a material impact on fish performance and thus earnings.

Shareholders are reminded that the first Annual Shareholders' Meeting will be held on Tuesday November 7 in Blenheim.

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#### **About New Zealand King Salmon**

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 more than 400 people. More information can be found at [www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)

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<sup>1</sup> Pro-Forma Operating EBITDA is a non-GAAP profit measure used by New Zealand King Salmon. Pro-Forma Operating EBITDA reverses out fair value gains associated with the revaluation of livestock pursuant to NZ IAS 41-*Agriculture* and NZ IAS 2-*Inventory*. The application of NZ IAS 41-*Agriculture*, and NZ IAS 2-*Inventory* effectively results in the New Zealand King Salmon Group recognising expected profits from the sale of livestock prior to sale. Other international listed salmon companies will typically present 'Operating' results which remove the impact of these gains or losses. New Zealand King Salmon therefore believes that Operating results enable a better comparison of financial performance between its peers and between periods.