



ANNUAL RESULTS FY17

01

HIGHLIGHTS



FINANCIAL HIGHLIGHTS

Strong financial performance with key PFI metrics exceeded:

- Revenue of \$136.4m, up 20% on FY16 and 5% on PFI.
- Pro Forma Operating EBITDA of \$21.6m*, up 35% on FY16 and 13% on PFI.
- GAAP NPAT of \$22.8m, up 125% on PFI.
- Net cash of \$110k vs forecast net debt position of \$4.9m.

Fully imputed final dividend of 3.0 cents per share declared (comprising an ordinary final dividend of 2.0 cents and a special dividend of 1.0 cents per share). To be paid 18 September 2017.**

Board re-affirms FY18 PFI guidance (Pro Forma Operating EBITDA of \$22.4m and Net profit after tax of \$14.1m).

Strong branding delivers improved value to our business.

* A full reconciliation between GAAP and Pro Forma results is shown on page 29 of this presentation.

** New Zealand King Salmon's Product Disclosure Statement dated 23 September 2016 (PDS) provided for an interim dividend of 1.8 cents and a final dividend of 1.8 cents per share in regards to FY17.

OPERATING HIGHLIGHTS

Pleasant improvement in Health, Safety and Wellness metrics.

Sales volume of 7,223 MT up 18.1% on FY16 and 4.1% on PFI:

- Sales growth recorded for all regions.
- Strong growth in sales to North America (1,718 MT, up 38% on FY16 and 10% on PFI), Australia (703 MT, up 18% on FY16 and 15% on PFI), and New Zealand (4,047 MT, up 11% on FY16 and 5% on PFI).

Sales of Ōra King fish up 27% on FY16:

- 5% ahead of PFI.

Closing biomass in the sea of 6,227 MT:

- 2% ahead of PFI closing biomass forecast of 6,115 MT.

Average sale prices up in all significant markets and generally ahead of PFI:

- Particularly positive average price increases from domestic and Australian sales.

Improvement in fish performance:

- Mortality % improved from 13.7% to 8.5% (vs PFI of 11.0%).
- FCR improved from 1.91 to 1.84 (vs PFI of 1.76).

During the FY17 year we were awarded our 3rd star in the 'Best Aquaculture Practice' certification by BAP:

- Hatcheries, seawater farms, and processing facilities.

Omega Plus petfood range now stocked in 85+ supermarkets.

* A glossary of terms is included on page 30 of this presentation.

An aerial photograph of a salmon farm in a deep blue fjord. The farm consists of several rectangular pens floating on the water, with a small boat nearby. In the background, steep, forested mountains rise from the water's edge under a sky with scattered white clouds. The water is calm, reflecting the sky and the surrounding landscape.

SUSTAINABILITY

OPERATING SUSTAINABLY

Our ongoing success as a business is highly dependent on the environments and communities we live and operate in, as well as the people who care for our salmon and our final products through their life cycle.

During FY17 we commenced an exploration into what a broader approach to sustainability should look like across our businesses. We are planning to produce our inaugural Sustainability Report by the end of 2017 calendar year.

We have committed to five of the UN sustainable development goals where we believe NZKS can make a difference.

This year our hatcheries were certified by Best Aquaculture Practices, adding a third star to our existing certifications for sea farms and processing facilities.



We are committed to the United Nations' Sustainable Development Goals, with a special focus on the following:



HEALTH, SAFETY AND WELLNESS

We are uncompromising in our commitment to Health, Safety and Wellness

- Solid improvement in key Health, Safety and Wellness metrics including LTIFR, ACC claims, absenteeism, and near-miss reporting:
 - ▶ LTIFR* down to 18.5 at June 2017 (from 28.3 at June 2016).
 - ▶ ACC compensation days off down to 110 during FY17 (from 425 during FY16).
- We have identified eight critical risk areas demanding our focus.
- Our ACC Workplace Safety Management Programme tertiary certification was renewed until 2019.

* LTIFR is the Lost Time Injury Frequency Rate and refers to the number of lost time injuries occurring in a workplace per 1 million hours worked.

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FINANCIAL OVERVIEW



SUMMARY FINANCIAL INFORMATION

Key financial metrics ahead of FY16 and PFI

- New Zealand King Salmon exceeded its PFI Sales volume, Revenue, EBITDA, and Profit on both a Pro Forma and Statutory basis.

Group Financial Performance								
NZ\$000s	Pro Forma*					GAAP		
	FY17	FY16	% chg.	PFI	% var.	FY17	FY16	% chg.
Volume Sold (MT)	7,223	6,115	18%	6,939	4%	7,223	6,115	18%
Revenue	136,351	116,151	17%	130,079	5%	136,351	114,060	20%
Gross Margin	39,995	31,643	26%	36,674	9%	57,957	29,266	98%
Gross Margin %	29%	27%		28%		43%	26%	
EBITDA	21,603	15,990	35%	19,179	13%	38,533	13,816	179%
EBITDA %	16%	14%		15%		28%	12%	
EBIT	17,237	11,746	47%	14,403	20%	34,167	8,535	300%
NPAT	11,792	7,862	50%	10,045	17%	22,764	2,593	778%

GAAP NPAT (\$22,764k) includes Fair Value gains on increases in biomass at sea, non-recurring costs relating to New Zealand King Salmon's IPO and close out of redundant interest rate swaps as outlined in our Product Disclosure Statement dated 23 September 2016, and costs incurred in relation to the Ministry for Primary Industry's proposed salmon farm relocation process.

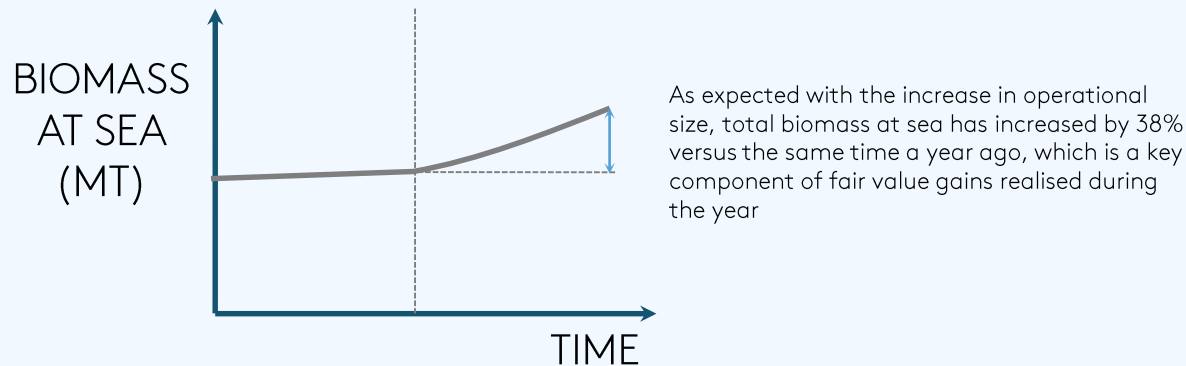
* A full reconciliation between GAAP and Pro Forma results is shown on page 29 of this presentation.

UNDERSTANDING OUR GAAP RESULTS

Fair Value gains and losses arising from IAS-41 *Agriculture* and IAS-2 *Inventory*

Our GAAP results are significantly impacted by Fair Value gains arising from the application of NZ IAS 41-Agriculture and NZ IAS 2-Inventory. In future periods we may realise fair value losses or gains.

When we record a change in biomass at sea (currently increasing as new farms come on stream), or where the expected future profit we realise on fish that we sell changes, these standards require us to quantify and recognise the gain in the current period. This applies to both biomass at sea and inventories of finished products. Fair value gains or losses will be shown in our Statement of Comprehensive Income. Our Statement of Financial Position shows biological assets at their fair value.












Pro Forma Group Financial Performance removes gains/losses associated with the application of these standards. The company will present Pro Forma results for future reporting periods on this basis.

HARVEST BY FARM

Volumes from new farms driving larger harvest

Higher volumes driven by an increased harvest from our high flow sites. Note that year to year timing variances and harvest management programmes do give rise to individual farm variances.

Farm	Indicative Size*	Water Conditions	Other factors	Volume Harvested	
				FY17	FY16
Ruakaka		Low flow	Low automation, less efficient	660 MT	800 MT
Otanerau		Low flow	Low automation, less efficient	650 MT	610 MT
Clay Point		High flow	Good automation	1,910 MT	1,530 MT
Te Pangu**		High flow	Good automation	2,200 MT	2,845 MT
Waitata		High flow	High automation, new equipment	1,290 MT	-
Ngamahau		High flow	Good automation	490 MT	-
Kōpaua		High flow	High automation, new equipment	-	-
Waihinau / Forsyth	n/a	Low flow	Smolt site only, less efficient	-	530 MT
Key:  FY17 harvested volume (~900 MT G&G)  Eventual production from new farms (~900 MT G&G)				7,200 MT	6,315 MT

* Based on FY17 harvest volumes, note that a further 32 MT was harvested from our hatcheries.

** During FY16 Te Pangu recorded a higher than usual harvest due to harvest timing, with fish harvested from two brood years.

Whilst we anticipate some level of harvest cost seasonality during FY18, we expect a lower level of variation than that displayed through FY17.

BALANCE SHEET

New Zealand King Salmon is in a strong financial position.

Our balance sheet is in a strong position with capacity to finance further growth:

- Net cash of \$110k:
 - ▶ Timing of capital projects has resulted in less capex recognised during FY17.
 - ▶ Expect capex to catch-up to aggregate PFI projections by conclusion of FY18.
- Biological asset growth reflects revaluation of livestock pursuant to NZ IAS 41-Agriculture.
- Increase in PP&E includes new seafarm infrastructure as described in our PDS.
- 'Other' non-current assets of \$47.8 million largely includes goodwill of \$39.3 million.
- 'Other' non-current liabilities of \$15.4 million largely reflects deferred tax on fair value gains.

Group Financial Position		
NZ\$000s	Jun-17 Audited	Jun-16 Audited
ASSETS		
Current Assets		
Cash and equivalents	10,647	2,419
Receivables	11,687	10,229
Inventories	16,674	17,291
Biological assets	68,556	45,537
Other	2,486	3,704
	110,051	79,180
Non-current assets		
Property, plant & equipment	35,726	32,596
Biological assets	10,960	7,413
Other	47,775	46,533
	94,461	86,542
TOTAL ASSETS	204,512	165,722
LIABILITIES		
Current liabilities		
Loans (external)	(414)	(19,326)
Loans (shareholder)	-	(73,114)
Payables	(13,282)	(15,416)
Other	(6,608)	(9,710)
	(20,304)	(117,566)
Non-current liabilities		
Loans (external)	(10,124)	(163)
Other	(15,409)	(10,980)
	(25,533)	(11,143)
TOTAL LIABILITIES	(45,837)	(128,709)
NET ASSETS	158,675	37,013
Net Cash / (Debt)*	110	(17,070)

* excl Shareholder loans

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BUSINESS UPDATE



REFRESHED LOGO AND BRANDING

Creating our Corporate Identity

- We have today announced an updated corporate logo as a part of defining our corporate identity.
- The new logo coupled with new imagery, included throughout this presentation, modernises our image.
- This is part of our broader strategy to increase engagement with our stakeholders – suppliers, customers, team members, shareholders, and community members.
- Refreshed branding reflects our commitment to 'Creating the Ultimate Salmon Experience' in everything we do.



BRANDED PREMIUM POSITION CONTINUES TO GENERATE STRONG DEMAND

NZKS premium branded product strategy underpins value growth

- Demand continues to outpace supply – positive signs for progressive increases in volumes from new farms.
- Ōra King now featured on the menu of more than 850 restaurants.
- Regal brand awareness within New Zealand at 85%.
- Strong branding delivers improved value to our business.



MARLBOROUGH
KING SALMON

ŌRA KING™

EXTENDING OUR FEED SUPPLY OPTIONS

Feed is our single biggest cost, equivalent to about one third of revenue. Optimising the performance of feed leads to improved biological and therefore financial outcomes.

We believe that early evidence is supportive of improved fish performance from better diets:

- Usage of premium diets believed to result in improved FCR* and mortality % rates, albeit this feed is more expensive.
- Underlying progress in mortality rates through use of tailored 'summer diet' (improved mortality is also likely to be a function of other factors including improvements in our hatcheries and a more benign summer).

We endeavour to source feed from multiple suppliers, reducing our dependence on any one supplier, and thus managing financial and feed performance risks. During FY17 we have been trialling feed from new potential suppliers. Collecting whole of life data from fish is an extended exercise and we always assess comprehensive performance data before using new feed diets in commercial volumes.

* FCR is the kilograms of feed required to grow fish weight by 1 kg, excluding mortality.

MPI CONSULTATION PROCESS

In January, the Minister for Primary Industries commenced a consultation process on the proposal to relocate up to six of our salmon farms from their historic (nearly 30 years old) locations to higher water flow sites technically more suitable for fish and the environment, with the advantage of modern scientific analysis.

If the process results in some or all of our farms being relocated:

- The first harvest off any relocated farms would be unlikely to be before FY20 / FY21.
- We would expect to have our farms relocated to higher flow sites which would permit an overall increase in the volume of salmon harvested in addition to improved environmental outcomes.
- There would be an incremental capital expenditure requirement for new pens and barges suitable for high flow sites. Indicatively we have assessed this at \$6m per farm at this stage. This expenditure would be supported by expected increases in production.

If the process results in none of our farms being relocated:

- Our assessment of a worst case scenario is that our harvest volumes might be reduced by ~700-750 MT p.a.
- This is based on an inability to renew one of our seawater consents. However historically we have successfully renewed all consents at their expiry.

Further details on the MPI process can be found at

<http://www.mpi.govt.nz/news-and-resources/consultations/marlborough-salmon-relocation/>

OMEGA PLUS – PREMIUM PETFOOD

Improving whole of fish value by converting by-products into premium petfood

The global petfood industry is a significant industry experiencing strong and continued growth. Consumers are increasingly focused on the quality of food they provide their pets.

Omega Plus takes salmon byproducts and converts them into premium pet food, rich in healthy Omega 3. Omega Plus was launched in September 2016 and is now distributed throughout approximately 85 supermarkets in both the North and South Islands.

Omega Plus is delivering good sales growth but remains in the early stages of its development.



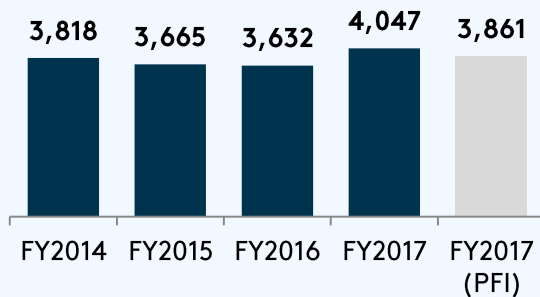
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OPERATIONAL UPDATE

SALES BY MARKET - DOMESTIC

Strong domestic sales growth

Domestic market (MT)



Domestic sales increased by 11% on FY16, and were higher than forecast in our PFI.

Volume growth was especially notable in retail sales.

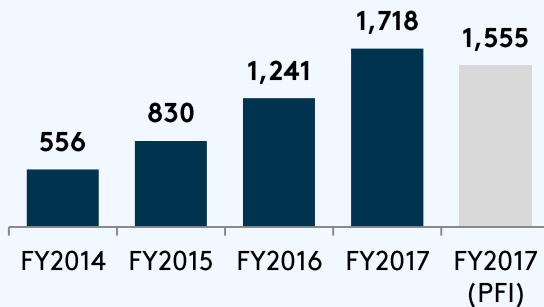
- We are working hard to grow the domestic category through increases in per capita consumption.
 - ▶ Total New Zealand grocery sales reported a 4.4% growth in volume sold during FY17.*
 - ▶ By comparison we recorded a 24% growth in domestic retail volumes sold.
- Our higher than market growth resulted in an increase in our market share.
 - ▶ Our share of branded 'ready-to-eat' salmon sales increased from 59% during FY16 to 62% in FY17.*
- Sales of New Zealand produced salmon were also supported by reduced sales of imported salmon.
- Achieving greater visibility on branding in fresh retail remains a priority.

* Source – Aztec IRI, Moving Annual Total (MAT) values to 30 July 2017.

SALES BY MARKET - EXPORT

Continued strength in North America

North America (MT)



Sales to North America continued their strong upward trajectory increasing by 38% on FY16, and 10% ahead of our PFI projections.

North America is a key focus for our products going forward.

- Ōra King is now used by more than 800 restaurants in the United States with a high proportion branded on the menu.
- Retail sales to this region have now commenced.

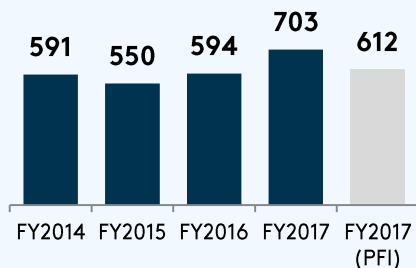
SALES BY MARKET - EXPORT

Strong performance from other export markets

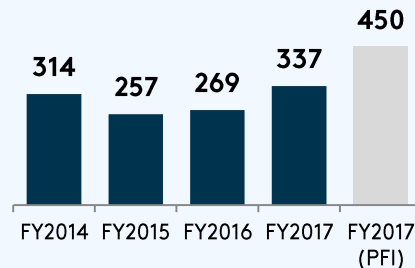
Sales to other export markets were necessarily restricted due to the strong growth in domestic and North American sales.

- Australia – stronger than anticipated sales as a result of internal market supply constraints. Historically Australia has been a lower returning market which we are addressing through ongoing price rebalancing. By focusing on value, volumes to Australia may flatten or decline in future periods.
- Asia (ex Japan) – good growth through the Asian continent including China (albeit growing off a very low base).
- Japan – sales in line with recent periods, slightly ahead of expectations.
- Europe – continued solid growth in sales to Europe. Sales growth during FY17 was impacted by a slight delay in implementing our single harvest method.

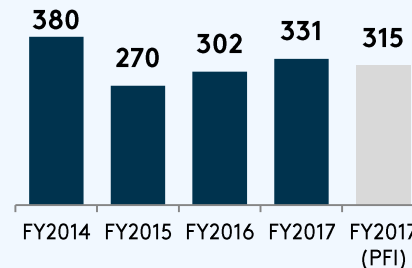
Australia (MT)



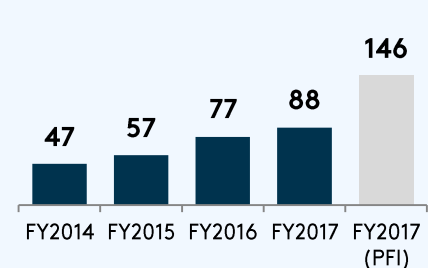
Asia (ex Japan, MT)



Japan (MT)



Europe (MT)



AVERAGE SALE PRICES

Strong branding delivers improved value to our business

Key markets saw price increases over FY16 and generally ahead of PFI, a function of both branded premiums and product mix. Exchange rates in line with expectations.

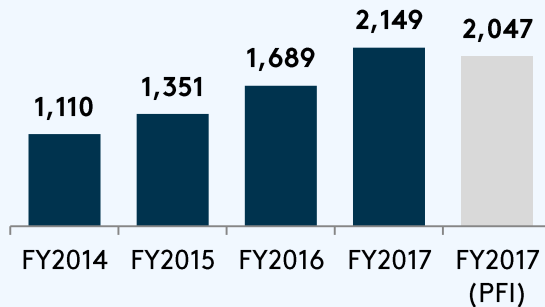
Average Sales price per kg		FY2014	FY2015	FY2016	FY2017	FY2017 (PFI)
Domestic Sales						
Foodservice	NZD	16.29	16.84	17.05	17.90	17.09
Retail	NZD	17.39	18.36	19.25	19.78	19.28
Total domestic	NZD	16.81	17.50	17.97	18.77	18.02
Export Sales						
North America	USD	13.53	14.71	14.74	14.90	14.97
Australia	AUD	14.21	15.35	15.14	16.49	16.10
Asia (ex Japan)	NZD	17.11	19.54	21.16	21.37	20.02
Japan	JPY	1,177	1,387	1,428	1,428	1,385
Europe	NZD	20.83	21.26	24.82	22.88	21.95

Foreign Exchange Rates		FY2014	FY2015	FY2016	FY2017	FY2017 (PFI)
NZD:AUD		0.85	0.89	0.91	0.93	0.90
NZD:USD		0.77	0.79	0.68	0.69	0.69
NZD:JPY		72.18	77.96	77.52	77.05	77.03

ŌRA KING BRANDED SALES

Continued strength in Ōra King branded sales

Ōra King Sales (MT)



Ōra King branded sales up 27% on FY16, and 5% ahead of PFI.

Continued strength in sales of Ōra King reflects:

- Ongoing success in domestic and international market efforts to promote our premium seafood.
- Larger fish being harvested from new sites increases the supply of premium graded salmon.
- Ongoing success in reaching the menus of more restaurants, via a combination of branding campaigns in key markets and focused and better resourced sales activity.

FISH PERFORMANCE

Strong performance across key biological metrics

Harvest volume up by 15% on FY16 to 7,232MT, 6% ahead of PFI.

This result was assisted by:

- Significant improvement in mortality, which at 8.5% was well below FY16 and better than PFI. Mortality has been a key focus for the aquaculture team who are realising improved performance from low flow sites, improved diet, improved hatchery practices, and a more mild summer.
- Improvements in our Feed Conversion Ratio, which lowered from 1.91 to 1.84 (a lower Feed Conversion Ratio is better). Whilst slightly higher than our PFI, this was more than offset by improvements in mortality. FCR is a key focus for the aquaculture team who continue to work with feed suppliers to develop the optimal feed composition for the King Salmon species.

Feed costs lower than forecast:

- Fish oil and meal costs decreased.
- Partial offset by increased purchases of premium feed diets (designed to improve fish performance).

Biological Performance					
NZ\$000s	FY17	FY16	% chg.	PFI	% var.
Harvest Volume (MT)	7,232	6,314	15%	6,823	6%
Feed Conversion Ratio (FCR)	1.84	1.91	-4%	1.76	5%
Mortality as a % of Biomass	8.5%	13.7%		11.0%	
Closing Livestock Biomass (MT)	6,227	4,574	36%	6,115	2%
Feed Cost (\$ / kg)	2.31	2.48	7%	2.50	8%

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OUTLOOK



SUMMARY AND OUTLOOK

A strong first year as a listed company, re-affirming FY18 PFI guidance:

- Most key performance metrics ahead of PFI.
- Solid revenue growth of 17% on FY16 to \$136.4 million.
- Pro Forma Operating EBITDA of \$21.6 million and GAAP NPAT of \$22.8 million, 13% and 125% ahead of PFI respectively.
- Good growth in volumes sold, up by 18% on FY16.
- The Board re-affirms FY18 PFI guidance.

New initiatives lay foundation for continued growth in line with strategy:

- Strong underlying export demand strengthened by branded initiatives to broaden our market and product reach.
- Supported by solid domestic demand growth.
- Domestic petfood range creates valuable pathway to improve whole-of-fish return.
- Demand greater than supply creates opportunity for gradual and ongoing price increases.
- Good initial results from new farms; volumes will continue to increase over coming years.
- Key fish performance metrics displaying pleasing improvement.

APPENDICES



APPENDIX – RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

FY17 NZD 000s	Non-recurring or infrequent items					Structural	Pro Forma Historical Information	Fair Value Adjustments	Pro Forma Operating Financial Information
	Statutory Financial Statements	IPO transaction costs	Marlborough salmon relocation costs	Feed dispute settlement	Interest swap closeout costs	Listed company capital structure			
Revenue	136,351						136,351		136,351
Cost of goods sold	(119,879)						(119,879)	36,883	(82,996)
Fair value gain / (loss) on biological transformation	54,845						54,845	(54,845)	-
Freight costs to market	(13,360)						(13,360)		(13,360)
Gross Profit	57,957	-	-	-	-	-	57,957	(17,962)	39,995
Other operating income	2,574			(1,784)			790		790
Overheads									
Sales, marketing and advertising	(8,748)						(8,748)		(8,748)
Distribution overheads	(2,993)						(2,993)		(2,993)
Corporate expenses	(7,261)						(7,261)		(7,261)
Other expenses	(2,996)	1,970	846				(180)		(180)
EBITDA	38,533	1,970	846	(1,784)	-	-	39,565	(17,962)	21,603
Depreciation and amortisation	(4,366)						(4,366)		(4,366)
EBIT	34,167	1,970	846	(1,784)	-	-	35,199	(17,962)	17,237
Finance income	188						188		188
Finance costs	(1,990)				458	466	(1,066)		(1,066)
Net finance costs	(1,802)	-	-	-	458	466	(878)	-	(878)
Profit / (loss) before Tax	32,365	1,970	846	(1,784)	458	466	34,321	(17,962)	16,359
Income tax (expense) / credit	(9,601)	-	(237)	500	(128)	(130)	(9,596)	5,029	(4,567)
Net Profit / (loss) for the Year	22,764	1,970	609	(1,284)	330	336	24,725	(12,933)	11,792

APPENDIX – GLOSSARY OF TERMS

FY17	Financial results for the 2017 financial year covering the period 1 July 2016 to 30 June 2017
CAGR	Compounding annual growth rate
EBITDA	Earnings before interest, tax, depreciation and amortisation
FCR	Feed Conversion Ratio – the amount of feed (in kilograms) required to raise fish weight by 1 kilogram.
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
Mortality / Mortality Rate	The percentage mortality of salmon in seawater, calculated as the biomass of salmon mortalities in kg divided by the growth of salmon in kg
MT	Metric tonnes
NPAT	Net profit after tax, also reported as net profit for the period in our published financial results
PDS	New Zealand King Salmon's Product Disclosure Statement dated 23 September 2016
NZKS	New Zealand King Salmon
PFI	New Zealand King Salmon's prospective financial information published at the time of our IPO in September 2016
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

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Our results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this presentation include:

- 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.

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New Zealand King Salmon

ANNUAL RESULTS FY17