



Media Release

29 August 2018

## **NEW ZEALAND KING SALMON ANNOUNCES RECORD RESULT AND FINAL DIVIDEND OF 3.0 CENTS PER SHARE**

Strong branding and focused sales activity supported volume and value growth for New Zealand King Salmon Investments Ltd (NZX and ASX: NZK) (the *Company*), which today reported its full year result for the twelve months to 30 June 2018 (FY18).

Key highlights include:

- Net profit after tax of \$16.1 million, up 14% on PFI<sup>1</sup>.
- Pro forma operating EBITDA of \$26.2 million, up 21% on the comparable twelve month period to 30 June 2017 (FY17) and 17% ahead of PFI.
- 7,779 metric tonnes of gilled and gutted salmon sold, up 8% on FY17 and 4% on PFI.
- Sustained higher summer water temperatures resulted in a significant increase in mortality.
- Strong sales growth in export markets, including increased sales of Ōra King, delivered improved value.
- Launch of ultra-premium Ōra King TYEE salmon.
- First in Australasia to achieve the highest 'Best Aquaculture Practices' third-party certification (four star) by Global Aquaculture Alliance.

The Board reaffirms its previously announced full year FY19 pro-forma operating EBITDA guidance of between \$25.0 million and \$28.5 million.

John Ryder, Chairman, said "Net profit after tax was 14% above PFI forecast issued prior to listing in October 2016. We achieved a pro-forma operating EBITDA<sup>2</sup> of \$26.2m, which is not only a record for the company, but also well above PFI. This result was made possible by the strong demand for our

---

<sup>1</sup> Prospective Financial Information

<sup>2</sup> Pro-Forma Operating EBITDA is a non-GAAP profit measure used by New Zealand King Salmon. In addition to the adjustments outlined above, 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. A full reconciliation between GAAP and Pro Forma results is included in the Annual Results FY 17 Investor Presentation.

world-leading salmon and creates a platform for future earnings. The Board is pleased to re-affirm previous EBITDA guidance for FY19.”

Managing Director and CEO Grant Rosewarne commented “Whilst the year was impacted by an extended summer period of higher water temperatures, our strong H1 performance coupled with product and pricing mix strategies helped us maintain the highest possible value. Our focus remains on our branded salmon products, with sales of Ōra King, our best-of-breed salmon brand for premium foodservice, up 26% on FY17 and 17% on PFI. This growth was possible due to an increase in average fish size, and supported with brand campaigns and increased sales resource. We also saw the launch of Ōra King TYEE – rare salmon weighing in excess of 30 lbs (13.6 kilograms) each and positioned as an ultra-premium sustainable sushi option.

We saw continued sales momentum in our lead international market, North America. Total sales to this market were up 27% on FY17, with corresponding volumes of 2,175 MT, or 28% of all sales. We also recorded excellent sales growth to markets in China and South East Asia, up 43% on FY17, as well as solid performance in export generally. Domestic sales remained relatively flat during FY18, as premium branded opportunities were prioritised.”

“From an aquaculture perspective, results were a little more mixed. Our Feed Conversion Ratio continues to improve (1.81 vs 1.84 in FY17), but remains higher than PFI (1.76). The higher summer water temperatures gave rise to a significant increase in mortality (20% vs 8% in FY17 and 11% in our PFI). Our aquaculture team is focused on adapting to evolving climatic conditions through longer term measures such as building warm weather resistance into our breeding program, and continuing to drive improved fish health outcomes through diet and husbandry. The proposed farm relocation under consideration by our Minister will also help mitigate warmer temperatures if it were to go ahead.”

“Notwithstanding an increased investment in capital expenditure, we continue to maintain a strong financial position with a positive net cash position at the end of the year, and the capacity to finance further growth.” Mr Rosewarne said.

Mr Ryder noted, “We continue to take an uncompromising position in our commitment to the health, safety and welfare of all our team members. Our results would not be possible without the hard work and dedication of our entire team.”

“We also continue to be mindful of our environment, with our aim being to pass on the land and water resources we are privileged to use in the same or better condition than we inherited them. We are delighted to have been awarded a fourth star in the Best Aquaculture Practices certification program by the Global Aquaculture Alliance” Mr Ryder added. “Finally, we are also cognisant of the ongoing Ministry for Primary Industries (MPI) consultation process. Earlier this year the Marlborough Sounds Salmon Farm Relocation Advisory Panel (*the Panel*), recommended the relocation of three of our farms to higher-flow waters. The decision now rests with the Minister of Fisheries. We are looking carefully

at issues raised by the Panel to consider how we can address points of concern that were raised. This is a rare opportunity to realise even better environmental, social and economic outcomes for our community without increasing the space we occupy.”

The Board is also pleased to declare a final dividend of 3.0 cents per share to be paid on 21 September 2018, bringing the total dividend paid for FY18 to 5.0 cents per share.

<ENDS>

**Contacts:**

Grant Rosewarne, Managing Director and CEO, New Zealand King Salmon Investments Ltd  
email: [grant.rosewarne@kingsalmon.co.nz](mailto:grant.rosewarne@kingsalmon.co.nz)

**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 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 2,700 shareholders from top of the South. More information can be found at [www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)