



1H19 HALF YEAR FINANCIAL RESULTS

HIGHLIGHTS

1H19 HIGHLIGHTS

Financial performance consistent with 1H18 notwithstanding reduction in fish volume:

- Sales volume 3,824 MT, down from 4,392 MT in 1H18 due to harvest seasonality and lower fish numbers carried forward from FY18.
- Revenue of \$87.7m, consistent with 1H18.
- Pro Forma Operating EBITDA of \$17.3m*, compared with \$19.5m in 1H18. Pro Forma Operating NPAT of \$9.7m, compared with \$12.3m in 1H18.
- Statutory NPAT of \$15.1m, compared with \$15.7m in 1H18.

Fully imputed dividend of 2.0 cents per share declared. To be paid 22 March 2019.

Alan Cook appointed COO, commenced February 2019, bringing substantial aquaculture and processing experience.

FY19 guidance for Operating EBITDA of \$25.0m to \$28.5m reaffirmed.

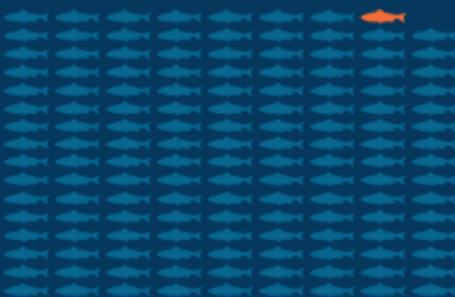
* A full reconciliation between Statutory and Pro Forma results is shown on page 26 of this presentation

FACTS AND FIGURES

ONLY

0.7%

OF THE WORLD'S SALMON
IS KING SALMON



WE SUPPLY
MORE THAN

50%

OF THE
WORLD'S
FARMED
KING
SALMON



FEED CONVERSION RATIO (FCR)



KING
SALMON

1.8x

VS



LAND
PROTEIN
UP TO

9x

17

SURFACE HECTARES
OF SALMON FARM SPACE



REVENUE OF

\$87.7

MILLION



METRIC TONNES HARVESTED
DURING 1H19

4.5kg

AVERAGE
HARVEST
SIZE



FACTS AND FIGURES (CONTINUED)



1,223

RESTAURANTS
FEATURING
ŌRA KING ON
THE MENU

90%

REGAL BRAND
AWARENESS IN
NEW ZEALAND



NEW ZEALAND KING
SALMON IS THE

5th

LARGEST EMPLOYER IN
THE TOP OF THE SOUTH



TOP OF THE SOUTH

503
EMPLOYEES

376

SHAREHOLDERS



33%



2%

7%



3%



7%



48%



GEOGRAPHIC SPREAD
OF REVENUE

02

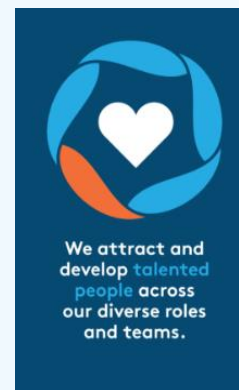
SUSTAINABILITY

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.

During the period NZKS joined the United Nation's Global Compact *Action Platform for Sustainable Ocean Business*. This group aims to mobilise the private sector to take tangible action, make investments and form partnerships to protect the ocean and its resources.

Our Commitment to Sustainability



OUR ACCREDITATIONS



Monterey Bay Aquarium
Seafood Watch



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

HEALTH, SAFETY AND WELLNESS

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

The health safety and wellness of our team members is critical to the continued growth of our business. It's well understood that good safety is good business, as a positive, safe and engaged workforce drives organisational performance.

We continue to focus on our six critical risk areas with potential serious harm or fatal consequences. We have seen an ongoing reduction in the severity of incidents. LTIFR (22.8 at December 2018) was disappointingly high, albeit incidents were of a minor nature.

A close-up photograph of a person's hands holding a large, fresh salmon. The fish is wet and glistening, with water dripping from its scales. The background is a blurred view of a body of water and distant hills. The text 'FINANCIAL OVERVIEW' is overlaid in large, white, sans-serif capital letters.

FINANCIAL OVERVIEW

SUMMARY FINANCIAL INFORMATION

Key drivers of performance include:

- A 13% decrease in volumes sold (reflecting harvest seasonality and the effects of last year).
- Stable revenues and gross margins reflecting:
 - ▶ Improved pricing underpinned by solid demand.
 - ▶ Contributions from a modest decline in the NZD.
 - ▶ Ōra King continues to perform strongly in export markets.

Group Financial Performance						
NZ\$000s	Pro-Forma*			Statutory		
	1H19	1H18	% chg.	1H19	1H18	% chg.
Volume Sold (MT)	3,824	4,392	-13%	3,824	4,392	-13%
Revenue	87,681	87,688	0%	87,681	87,688	0%
Gross Margin	29,262	29,521	-1%	36,744	34,426	7%
Gross Margin %	33%	34%		42%	39%	
EBITDA	17,330	19,516	-11%	24,812	24,310	2%
EBITDA %	20%	22%		28%	28%	
EBIT	14,372	17,097	-16%	21,854	21,891	0%
NPAT	9,693	12,283	-21%	15,080	15,735	-4%

1H18 and 1H19 Statutory results shown above are unaudited.

Statutory NPAT of \$15,080k includes Fair Value gains on increases in biomass at sea.

* A full reconciliation between Statutory and Pro Forma results is shown on page 26 of this presentation

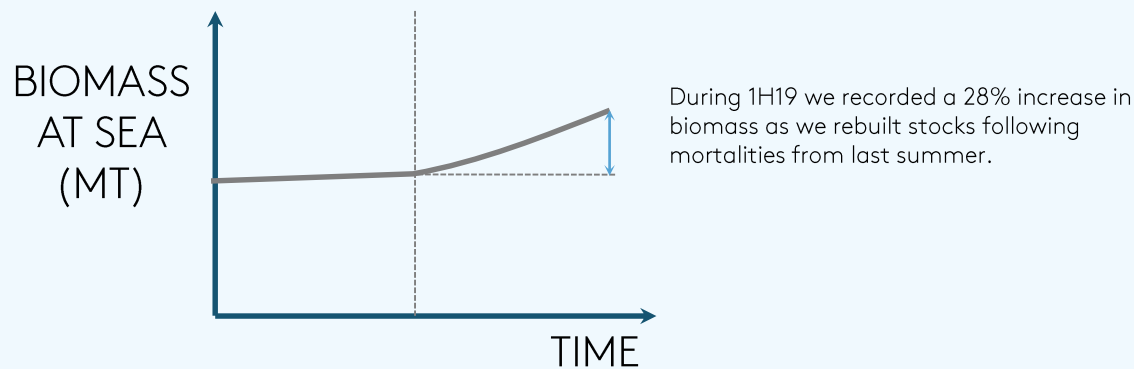
** Prior to fair value adjustments

UNDERSTANDING OUR GAAP RESULTS

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

As expected, our results are significantly impacted by NZ IAS 41 *Agriculture* and NZ IAS 2 *Inventory*. These standards require us to record fair value adjustments associated with ongoing changes in the value or volume of fish at sea, and our inventories of finished product

When we record a change in biomass at sea (during 1H19 we recorded a net increase in biomass at sea), or where the 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.



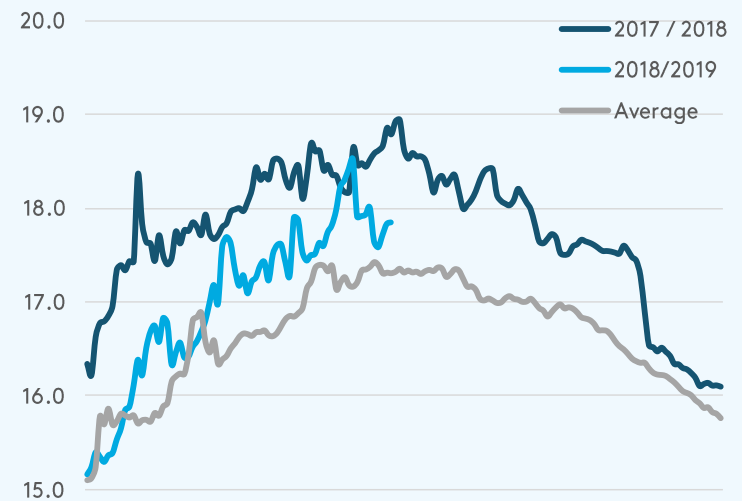
Pro Forma Group Financial Performance removes gains/losses associated with the application of these standards. The company will present Pro Forma results for future reporting periods on this basis. Our Statement of Financial Position shows biological assets at their fair value.

FISH HEALTH AND WATER TEMPERATURES

Water temperature is one of a number of factors that influence mortality:

- Year to date water temperatures are slightly above longer-term averages, but below temperatures recorded during the FY18 summer.
- February and March are always the most challenging months from a fish mortality standpoint. As always, we will provide an update to the market at the conclusion of summer.
 - ▶ NZKS publishes water temperatures on its website at <https://www.kingsalmon.co.nz/summer-water-temps/>
- Fish survival is influenced by a number of other factors including fish health, aquaculture practices and water flow.
 - ▶ We are trialling a number of alternative summer diets.
 - ▶ The team are focused on best practice aquaculture throughout the fish life-cycle.








Pelorus Sound - Water Temperatures Dec-Apr



HARVEST BY FARM

We note that:

- The cost of fish harvested varies from site to site depending on scale and automation.
- 1H19 volume harvested was below 1H18, but ahead of 2H18.

Farm	Indicative Size (FY19F harvest)	Water	Other factors	Volume Harvested			
				1H18	2H18	1H19	2H19F
Ruakaka		Low flow	Low automation, less efficient	1,140 MT	-	550 MT	30 MT
Otanerau		Low flow	Low automation, less efficient	760 MT	130 MT	820 MT	-
Clay Point		High flow	Good automation	-	1,250 MT	-	1,290 MT
Te Pangu		High flow	Good automation	340 MT	1,600 MT	880 MT	1,340 MT
Waitata		High flow	High automation, new equipment	1,930 MT	-	1,270 MT	-
Ngamahau		High flow	Good automation	250 MT	510 MT	-	560 MT
Kōpaua		High flow	High automation, new equipment	-	110 MT	500 MT	800 MT
				4,420 MT	3,600 MT	4,020 MT	4,020 MT

Key:  FY19F Harvested volume (~900 MT G&G)  Eventual production from new farms (~900 MT G&G)

BALANCE SHEET

New Zealand King Salmon is in a strong financial position.

Our balance sheet is in a strong position:

- Working capital influenced by seasonality (summer inventory build, high volumes of more expensive summer feed, biomass at sea).
- Increase in property, plant & equipment includes expansion of the Waitata and Ngamahau seafarms in line with consent provisions.
- Working capital and capex funded through an increase in Net Debt. With Net Debt below 0.4x FY18 EBITDA, considerable financial headroom remains.

Notes:

- Biological asset growth reflects revaluation of livestock pursuant to NZ IAS 41 Agriculture.
- 'Other' non current assets includes goodwill of \$39.3m
- 'Other' non-current liabilities largely reflects deferred tax on fair value gains.

Group Financial Position			
	Dec-18	Jun-18	Dec-17
NZ\$000s	Unaudited	Audited	Unaudited
Assets			
Current Assets			
Cash and equivalents	7,425	14,428	15,529
Receivables	18,274	12,426	19,130
Inventories	26,106	16,582	18,522
Biological Assets	83,419	71,566	74,454
Other	581	1,057	2,604
	135,805	116,059	130,240
Non-current Assets			
Property, plant & equipment	48,803	43,722	38,671
Biological assets	10,779	7,888	9,126
Other	49,035	48,305	48,646
	108,617	99,915	96,443
Total Assets	244,422	215,974	226,683
Liabilities			
Current Liabilities			
Loans (external)	(1,664)	(461)	(1,513)
Payables	(25,791)	(13,924)	(18,792)
Other	(7,926)	(9,521)	(8,166)
	(35,381)	(23,906)	(28,471)
Non-Current Liabilities			
Loans (external)	(15,000)	(10,000)	(10,016)
Other	(18,374)	(15,767)	(16,912)
	(33,374)	(25,767)	(26,928)
Total Liabilities	(68,755)	(49,673)	(55,399)
Net Assets	175,667	166,301	171,285
Net Cash / (Debt)	(9,239)	3,967	4,000

04

BUSINESS UPDATE



BRANDING

Our premium brands, Ōra King and Regal, continue to strengthen.

Ōra King TYEE concept is positive commercially, scalability has yet to be proven.

Realigning Southern Ocean value brand to include Atlantic salmon.

Omega Plus beginning to scale in 2H19F.

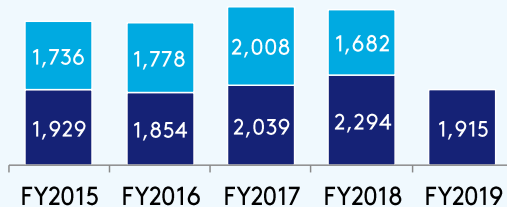
ŌRA KING™



SALES BY MARKET

Solid returns from the Domestic and North American markets

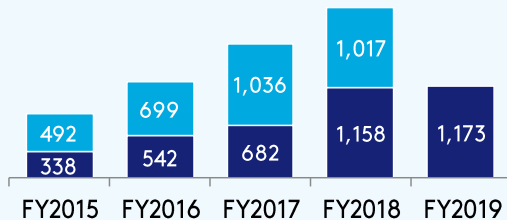
Domestic market (MT)



Domestic sales lowered as volumes directed towards branded export markets:

- Sales volume down 17% on 1H18, but only 6% down on sales value.
- Sales volume up 14% on 2H18.
- Domestic consumption continues to increase, with local supply supplemented by increasing availability of imported atlantic salmon.

North America (MT)



Sales to North America are up by 1% on 1H18 as we continue to direct resources and focus on this market:

- Ōra King growth in North America remains strong, with branding prominent on restaurant menus.
- Sales for the 6-month period set new value and volume records.

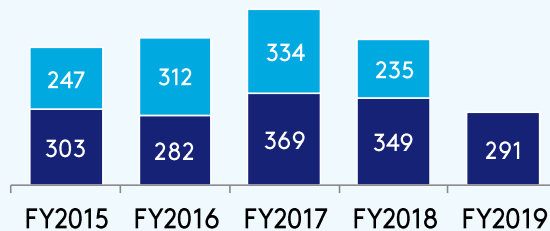
First half sales Second half sales

SALES BY MARKET - EXPORT

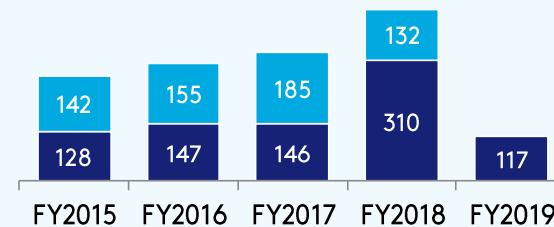
Pleasing performance from other export markets

Rebalancing of sales volumes across markets to optimise overall returns.

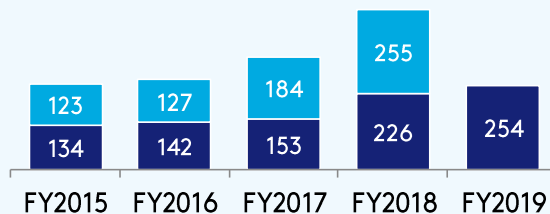
Australia (MT)



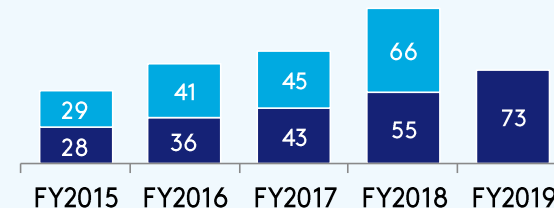
Japan (MT)



Asia (ex Japan, MT)



Europe (MT)



■ First half sales ■ Second half sales

AVERAGE SALE PRICES

Strong branding delivers improved value to our business

Key markets saw price increases over FY2018, a function of intentional value adjustments against a backdrop of demand exceeding supply, and modest gains from FX rate improvements.

Sale Prices and Exchange Rates						
		FY2015	FY2016	FY2017	FY2018	1H2019
Average Sales Price per kg						
Domestic Sales	NZD	17.50	17.97	18.77	20.22	22.20
Export Sales (All Markets)	NZD	18.32	20.12	20.46	21.70	23.49
Foreign Exchange Rates						
NZD:AUD		0.89	0.91	0.93	0.93	0.93
NZD:USD		0.79	0.68	0.69	0.69	0.68
NZD:JPY		77.96	77.52	77.05	75.60	73.32

FUTURE FARMING & HARVEST VOLUMES

This slide provides an update on future farming volumes based on subsequent developments:

New Farms (Waitata, Ngamahau, and Kōpaua):

- The consents for our three new farms provide for gradual increases in production in 3 yearly intervals – Waitata and Ngamahau are currently implementing the first increase.
- These farms are anticipated to reach full production in 2033. At full production, the expected increase on current production is ~4,000 MT.

Farm relocation (MPI Consultation Process):

- The decision currently rests with the Minister of Fisheries. If the Minister adopts the Panel's Feb-2018 recommendation in its current form, there would unlikely be any material impact on production volumes.
- We are working to address issues raised against the mid-Waitata site in the Panel report. We see this site as an important stepping stone to eventual ocean farming.
- In the event the mid-Waitata site were approved the net impact on production volumes would be positive, with additional production likely to be realised in FY22 / FY23.

Ocean Farming. NZKS is conducting initial monitoring for a trial farm in the open ocean:

- We continue to evaluate technology that will be required.
- Trials expected to begin post resource consent approval, with commercial volumes unlikely before FY28.

FISH PERFORMANCE

- 1H19 fish performance metrics on-track. As always, fish performance for the second half is the key focus:
 - ▶ Harvest volume decreased to 4,026 MT, 9% lower than 1H18.
 - ▶ FCR maintained at 1.74x.
 - ▶ Improved fish survival rates, in line with expectations in the lead up to the NZ summer.
 - ▶ Higher feed costs (11% increase to \$2.44 per kg of feed) due to trialling of a wider variety of more specialised diets, and general cost increases.
 - ▶ Lower fish numbers carried forward into 1H19 mean that remaining fish bear a higher share of farm costs and aquaculture overhead cost allocation.

Biological Performance			
	1H19	1H18	% chg.
Harvest Volume (MT)	4,026	4,424	-9%
Feed Conversion Ratio (FCR)	1.74	1.74	0%
Mortality as a % of Biomass	5.6%	9.0%	38%
Closing Livestock Biomass	6,915	6,684	3%
Feed Cost (\$ / Kg of feed)	2.44	2.20	-11%

05

OUTLOOK

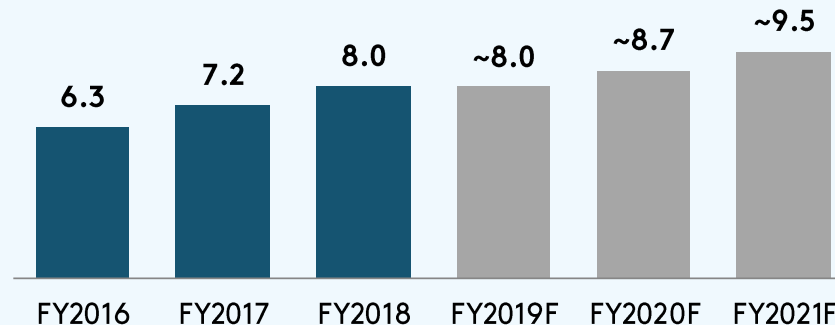


FUTURE VOLUME

Lower fish numbers following challenging FY2018 summer required a period of consolidation before sale volumes once again increase

- Based on harvests completed during 1H19, current biomass at sea and survival rates through the early periods of the summer, the FY2019 harvest is expected to be consistent with the FY2018 harvest (i.e. around 8,000 MT). This is in line with our long-term (unpublished) projections at the time of our IPO.
- We re-affirm the FY2021F harvest of ~9,500 MT as presented in our PDS and note that FY2020F harvest will likely be ~8,700 MT (forecast harvest volumes subject to mortality).

Harvest Volumes (MT 000s)



OUTLOOK

A solid start to the year, Board reaffirms previous earnings guidance:

- Sales volume for 2H19 expected to be higher than 2H18 (3,387 MT), accordingly, 2H19F EBITDA expected to be greater than 2H18.
- Demand remains very supportive.
- Feed cost has increased due to the use of more specialised diets as well as running a number of concurrent diet studies to improve fish health and improve survival rates.
- Capital expenditure for FY2019 is expected to be >\$13m vs. depreciation of ~\$6-7m.
- Based on factors known to us at the time of writing, the Directors re-affirm previous guidance for FY19 Operating EBITDA of between \$25.0m and \$28.5m.
- NZKS intends to early adopt new NZX-listing rules. As a consequence we won't issue a 1H19 Interim Report, however, Investor Presentation materials and Financial Statements will be published as usual on the NZX, ASX and NZKS websites.

06

APPENDICES



APPENDIX – 1H19 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

1H19	Statutory Financial Statements	Non-recurring or infrequent items Marlborough salmon relocation costs	Fair Value Adjustments	Pro Forma Operating Financial Information
NZD 000s				
Revenue	87,681			87,681
Cost of goods sold	(82,316)		31,720	(50,596)
Fair value gain / (loss) on biological	39,202		(39,202)	-
Freight costs to market	(7,823)			(7,823)
Gross Profit	36,744	-	(7,482)	29,262
Other operating income	186			186
Overheads				
Sales, marketing and advertising	(5,911)			(5,911)
Distribution overheads	(1,949)			(1,949)
Corporate expenses	(4,071)			(4,071)
Other expenses	(187)	-		(187)
EBITDA	24,812	-	(7,482)	17,330
Depreciation and amortisation	(2,958)			(2,958)
EBIT	21,854	-	(7,482)	14,372
Finance income	36			36
Finance costs	(504)			(504)
Net finance costs	(468)	-	-	(468)
Profit / (loss) before Tax	21,386	-	(7,482)	13,904
Income tax (expense) / credit	(6,306)	-	2,095	(4,211)
Net Profit / (loss) for the Year	15,080	-	(5,387)	9,693

APPENDIX – 1H18 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

1H18	Statutory Financial Statements	Non-recurring or infrequent items Marlborough salmon relocation costs	Fair Value Adjustments	Pro Forma Operating Financial Information
NZD 000s				
Revenue	87,688			87,688
Cost of goods sold	(76,245)		26,300	(49,945)
Fair value gain / (loss) on biological	31,204		(31,204)	-
Freight costs to market	(8,222)			(8,222)
Gross Profit	34,426	-	(4,904)	29,521
Other operating income	1,500			1,500
Overheads				
Sales, marketing and advertising	(5,862)			(5,862)
Distribution overheads	(1,593)			(1,593)
Corporate expenses	(4,048)			(4,048)
Other expenses	(112)	110		(2)
EBITDA	24,310	110	(4,904)	19,516
Depreciation and amortisation	(2,419)			(2,419)
EBIT	21,891	110	(4,904)	17,097
Finance income	88			88
Finance costs	(425)			(425)
Net finance costs	(337)	-	-	(337)
Profit / (loss) before Tax	21,554	110	(4,904)	16,760
Income tax (expense) / credit	(5,819)	(31)	1,373	(4,477)
Net Profit / (loss) for the Year	15,735	79	(3,531)	12,283

APPENDIX – GLOSSARY OF TERMS

1H19	Financial results for the first half of the 2019 financial year covering the period 1 July 2018 to 31 December 2018
1H18	Financial results for the first half of the 2018 financial year covering the period 1 July 2017 to 31 December 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
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

DISCLAIMER

The information in this presentation has been prepared by New Zealand King Salmon Investments Limited with due care and attention. However, neither New Zealand King Salmon Investments Limited nor any of its directors, employees, shareholders nor any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about New Zealand King Salmon Investments Limited.

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.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.



New Zealand King Salmon

1H19 HALF YEAR RESULTS