



## ASX RELEASE

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### **HUON AQUACULTURE TRADING UPDATE AND FY15 PROFIT FORECAST**

Huon Aquaculture Group Limited (ASX: HUO) provides the following trading update.

#### **STRATEGY**

Huon Aquaculture Group Managing Director and CEO, Peter Bender said the Company remains strongly focussed on the implementation of its Controlled Growth Strategy and is pleased by the progress of all projects which continue in line with plan and expectations.

Of particular note is the completion and commissioning of the new Parramatta Creek value added processing facility in Tasmania that is already delivering sustained operational efficiency gains, increased capacity and new product capability.

In addition, the recent purchase of an established Sydney value added processing operation for \$1 million has expanded the Company's distribution capability to deliver the freshest product across Australia.

#### **VOLUMES**

The Company experienced a strong growing season that resulted in increased production volume for its 2013 year class of fish (this financial year's harvest fish) and strong performance in the growth of the 2014 year class of fish (next financial year's harvest fish).

#### **MARKET UPDATE**

Long-term domestic demand growth of circa 9 per cent per annum is expected to continue, however, an increase in frozen imported salmon products has increased domestic supply. In addition, the ban by Russia on the import of Norwegian salmon has contributed to the supply of imported product into the domestic market.

The influx of imported salmon occurred during a key trading period for Huon, being the lead up to Easter. This has affected the domestic wholesale market in particular, and resulted in a further softening of prices (since previously disclosed in the half-year announcement of 23 February 2015) despite sales volumes for the period remaining in line with expectations.

Although domestic wholesale market prices in recent weeks have improved, the combined influence of a short-term softening of prices in the domestic wholesale market coupled with a weaker than expected export price have now impacted the Company's ability to achieve its full-year profit forecast.

#### **REVISED FY15 PROFIT FORECAST**

Accordingly, the Company advises that it now expects Operating EBITDA\* for the full year to be within the range of \$40 million to \$45 million, rather than the Prospectus forecast Operating EBITDA of \$52 million.

The Directors remain confident that market fundamentals and the Company's long term sustainable profitability remain strong despite recent movements in market prices.

(ENDS)

**Media and analyst queries:** Philip Wiese, Deputy CEO, [pwiese@huonaqua.com.au](mailto:pwiese@huonaqua.com.au) or 0428 311 739

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\* Operating EBITDA excludes the fair value adjustment of biological assets.