



Huon Aquaculture Group Limited

PAC PARTNERS AGRIBUSINESS CONFERENCE

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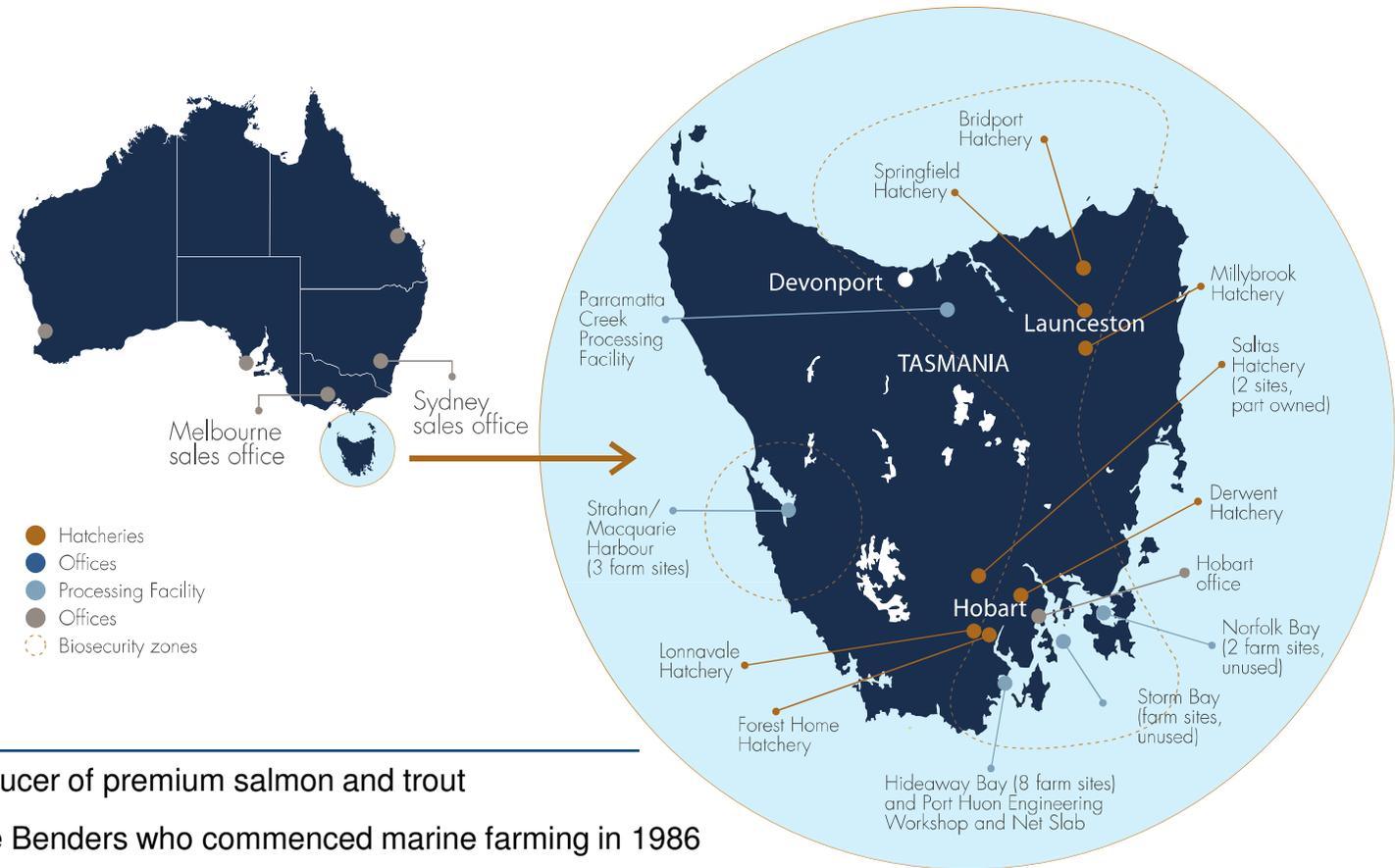


HUON OVERVIEW

Section 1



HUON AT A GLANCE



BACKGROUND

- Leading Australian producer of premium salmon and trout
- Founded and run by the Benders who commenced marine farming in 1986
- Operations span all aspects of the supply chain
- Hatcheries, marine farming, harvesting, processing, sales and marketing
- Guided by the “Huon Method”, a farming philosophy which ensures production of the highest quality fish
- Employs over 500 people throughout Australia



OPERATIONS OVERVIEW

HUON IS A FULLY INTEGRATED SALMON PRODUCER INVOLVED IN ALL ASPECTS OF THE PRODUCTION PROCESS

Hatcheries	<ul style="list-style-type: none"> • 3 Springfield Hatcheries • 2 Saltas Hatcheries (part owned) • Lonnvale Recirculation Hatchery • Derwent Hatchery • Forest Home Hatchery (new) 	<ul style="list-style-type: none"> • Access to broodstock ensures security of supply • Multiple hatchery locations across Tasmania provides flexibility, consistent supply and biosecurity risk management • Current hatchery capacity of 4.9 million smolt¹
Marine farms	<ul style="list-style-type: none"> • Macquarie Harbour • Southern Farms <ul style="list-style-type: none"> - Huon River and Channel - Storm Bay and Norfolk Bay 	<ul style="list-style-type: none"> • Macquarie Harbour and Southern Farms sites ensure year-round consistent supply • Less than 70% of site capacity utilised, underpinning future expansion • Innovative approach to pen management, bathing, feeding, lighting and fish husbandry
Harvesting	<ul style="list-style-type: none"> • Macquarie Harbour • Hideaway Bay (South) 	<ul style="list-style-type: none"> • Purpose built harvesting systems to minimise stress on fish • Innovative approach developed at Huon mimicking the natural environment and handling fish humanely
Processing	<ul style="list-style-type: none"> • Parramatta Creek 	<ul style="list-style-type: none"> • Salmon processed quickly (pre-rigor) at Parramatta Creek facility to ensure rapid delivery to market via Devonport Ferry • Value add processing and product development at the new value add facility recently commissioned at Parramatta Creek
Marketing	<ul style="list-style-type: none"> • Hobart Head Office • Melbourne Sales Office • Sydney Sales Office 	<ul style="list-style-type: none"> • Focus on domestic markets with primary position in wholesale channel and appropriate presence in retail • Niche export market (select Asian markets) • Bulk of revenue from fresh HOG (~80% in FY14) • Value added range incl: fillets, portions, smoked salmon & gourmet goods

(1) Smolt is a young salmon



FRESH IDEAS FOR IMPROVING RETURN ON INVESTMENT

Section 2



IMPROVING RETURN ON INVESTMENT

ROI improved, all other factors being equal, by reducing cost per kg through:



Key to Huon ROI improvements is the Company's Controlled Growth Strategy (CGS)



MARINE FARMING UNDERPINNED BY 'HUON METHOD' – SUSTAINS FOCUS ON ROI

THE “HUON METHOD” OF MARINE FARMING

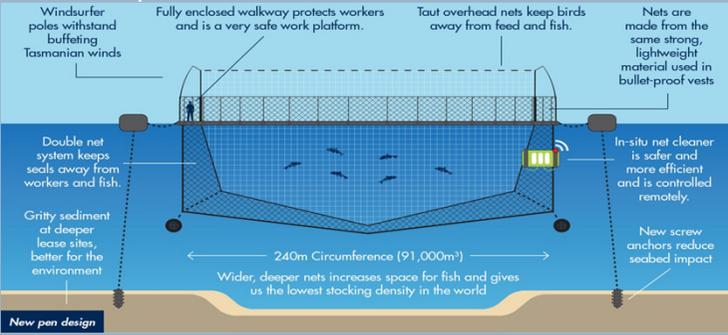
Minimise stress	<ul style="list-style-type: none">• Low stocking density• Keep nets clean• Reduce stress through fish handling procedures• These practices combined will minimise impacts of disease
Optimise feeding	<ul style="list-style-type: none">• Feed fish to appetite• Reflect natural feeding cycle• Adaptive Feeding System implemented• Use the best diets possible
Farm sustainably	<ul style="list-style-type: none">• Pristine marine farms• Health of fish, quality of water and key operating conditions continuously monitored• Focus on sustainability
Responsible farming practices	<ul style="list-style-type: none">• Fish welfare of great importance• Leading husbandry practises• Humane harvest system utilised



INNOVATION FLOWS FROM APPLYING HUON METHOD

CURRENT KEY INNOVATION INITIATIVES

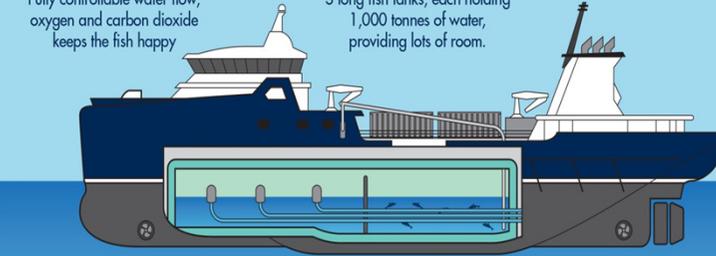
- ✓ **Trial feeding pens**
Test and optimise feeding solutions in a realistic environment
- ✓ **Fortress Pens**
Reduce predator risk



Windsurfer poles withstand buffeting Tasmanian winds
Fully enclosed walkway protects workers and is a very safe work platform.
Taut overhead nets keep birds away from feed and fish.
Nets are made from the same strong, lightweight material used in bullet-proof vests
Double net system keeps seals away from workers and fish.
Gritty sediment at deeper lease sites, better for the environment
In-situ net cleaner is safer and more efficient and is controlled remotely.
New screw anchors reduce seabed impact
240m Circumference (91,000m²)
Wider, deeper nets increases space for fish and gives us the lowest stocking density in the world

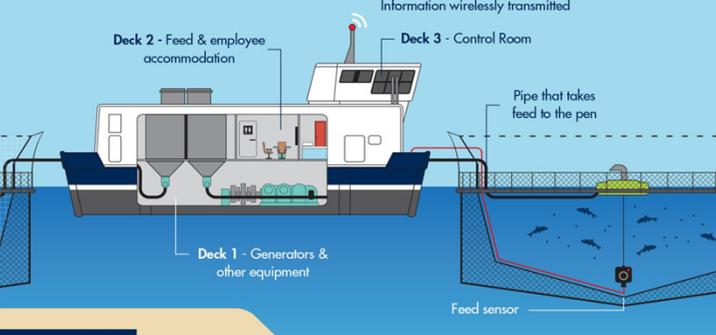
New pen design
- ✓ **Mooring systems**
New system with self-built anchors for better holding power
- ✓ **Fish movement systems**
High capacity, low stress pump

- ✓ **Well-boat**
Improves bathing and smolt transfer



Fully controllable water flow, oxygen and carbon dioxide keeps the fish happy
3 long fish tanks, each holding 1,000 tonnes of water, providing lots of room.
Siphon system for transferring fish with no pump noise
Diesel-electric powered system is very quiet

New well-boat
- ✓ **Feed barges**
Customise feeding of fish to appetite



Information wirelessly transmitted
Deck 2 - Feed & employee accommodation
Deck 3 - Control Room
Pipe that takes feed to the pen
Deck 1 - Generators & other equipment
Feed sensor

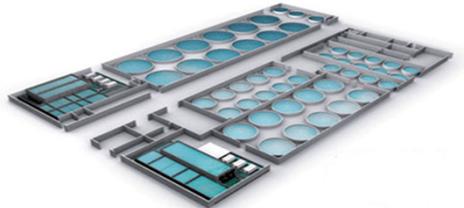
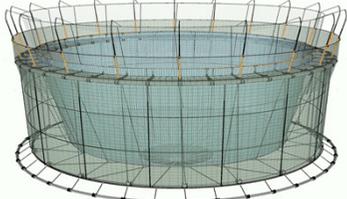
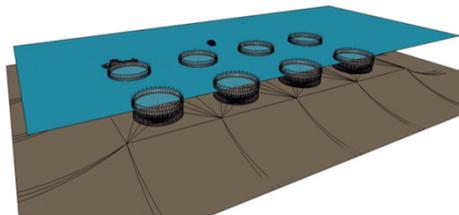
Innovative Feed System

Huon's R&D team and culture of innovation will drive further growth in the business



CONTROLLED GROWTH STRATEGY – KEY TO ROI IMPROVEMENT



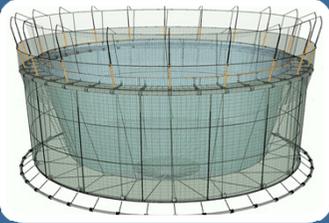
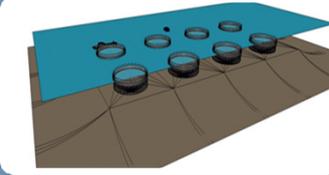
<p>Forest Home Hatchery</p>		<p>Well-boat</p>	
<p>Fortress Pens</p>		<p>Feed Barges</p>	
<p>New Mooring Systems</p>		<p>Consolidated Parramatta Creek Value Added Facility</p>	

Huon is investing ~\$200m¹ of capital from FY2014 to FY2017 over a range of projects to deliver growth, efficiency and quality



(1) Additional \$9m p.a. for well-boat which is reported as an operating cost

CONTROLLED GROWTH STRATEGY – KEY PROJECTS

Project	Description	Expected benefits	Completion
Forest Home 	<ul style="list-style-type: none"> Huon is constructing a large recirculation hatchery on the Huon River 	<ul style="list-style-type: none"> Hatchery will increase smolt capacity by almost 50% Produce larger and better quality smolt Will enable efficient transfer of smolt to sea Will replace more expensive contract hatcheries 	<ul style="list-style-type: none"> Operational FY2016 (for smolt being delivered to sea FY2017) <p>Total cost</p> <p>~A\$35m</p>
Fortress Pens 	<ul style="list-style-type: none"> Huon has developed Fortress Pens to reduce predator risk for fish at sea Size of the pens will be 168m and 240m in circumference compared with existing 120m and 168m pens New pens are being rolled out now, and completion in CY2016 	<ul style="list-style-type: none"> Opportunity to move marine farms further offshore Efficiency gains through fewer and larger pens Wider, deeper nets increase space for fish Double net system keeps seals away from fish Improved OH&S: <ul style="list-style-type: none"> Can be cleaned “in-situ”; no need for anti-fouling of nets 	<ul style="list-style-type: none"> All pens deployed by FY2016 <p>Total cost</p> <p>~A\$80m</p>
New mooring system 	<ul style="list-style-type: none"> New mooring systems to handle Fortress Pens and larger 240m pens at more exposed sites 	<ul style="list-style-type: none"> Improved risk management Enables farming on offshore sites 	<ul style="list-style-type: none"> Deployed by FY2016 <p>Total cost</p> <p>~A\$10m</p>



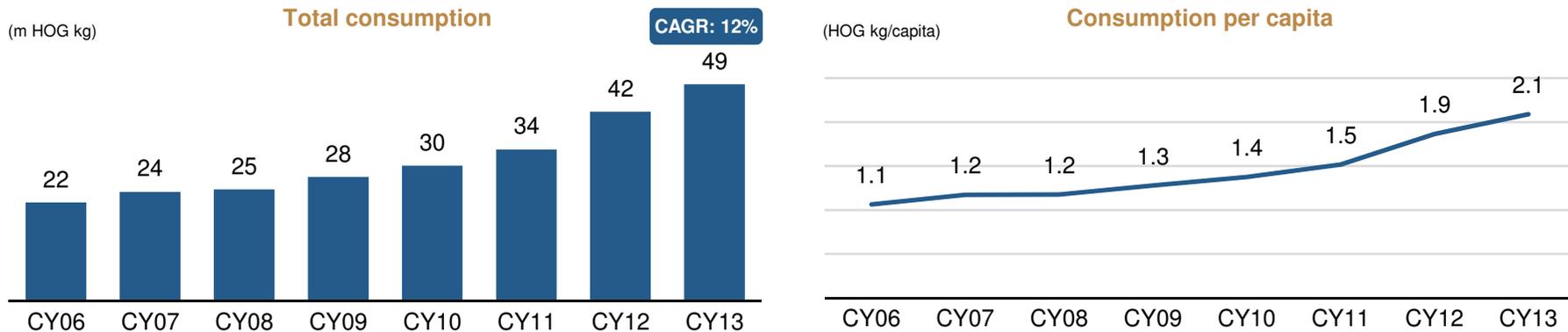
CONTROLLED GROWTH STRATEGY – KEY PROJECTS

Project	Description	Expected benefits	Completion
<p>Well-boat</p> 	<ul style="list-style-type: none"> Huon has secured a long-term lease over a 75m long well-boat (with 3,000m³ holding capacity), the first of its kind to be used in aquaculture operations Three key functions (1) Bathing Fish (2) Transporting fish (3) Moving smolt 	<ul style="list-style-type: none"> Allows offshore farming at higher energy sites to commence Provides more efficient and less stressful bathing of the fish, leading to lower mortality and improved feed conversion ratio Faster fish movements reducing risk Re-uses fresh water 	<ul style="list-style-type: none"> CY2014 \$9m pa (operating cost) <p>Total Cost A\$9m p.a.</p>
<p>Feed barges</p> 	<ul style="list-style-type: none"> Constructing multiple 320t feed barges to support sea operations Able to feed up to 24 pens of fish adaptively (ie the fish choose when and how much they want to feed) Huon-designed feed-spreading system, and automated and monitored by video sensors 	<ul style="list-style-type: none"> Feed logistics efficiency gains Consistent feed delivery to high energy (remote and exposed) locations Improved spreading of feed and video sensors control release of feed to optimise feeding that result in better growth, reduce waste and improve size consistency Provides a safer work environment 	<ul style="list-style-type: none"> Operational FY2015 <p>Total Cost ~A\$35m</p>
<p>Processing</p> 	<ul style="list-style-type: none"> Huon has consolidated its Mount Barker value added processing facility into the existing Parramatta Creek site 	<ul style="list-style-type: none"> Increased capacity and new product development Lower combined overhead costs across all facilities and improved operational efficiencies between primary processing and value adding 	<p>Total Cost ~A\$20m</p>



CONTROLLED GROWTH STRATEGY CAPITALISES ON STRONG MARKET DEMAND AND INCREASED CONSUMPTION OF SALMON

CONSUMPTION IN AUSTRALIA INCREASING¹



FAVOURABLE TRENDS WITH DOMESTIC SALMON CONSUMPTION ARE DRIVEN BY:

- ✓ Increasing consumer trend towards healthier eating and awareness of the health benefits of salmon, identified as one of the “superfoods”
- ✓ Improving affordability and availability of salmon relative to other protein sources
- ✓ Increasing product awareness - part of the weekly groceries and increase in home cooking (“MasterChef phenomenon”)
- ✓ Influence of Asian diet on Australian cuisine particularly sushi and sashimi
- ✓ Consumer shift towards pre-packaged convenient foods and the “dining-in revolution”
- ✓ Growing domestic per capita seafood consumption and increasing demand for salmon products from retailers

Source: TSGA
(1) Includes production of salmonids (ie includes trout)



CAPITAL PROJECTS WILL SIGNIFICANTLY EXPAND PRODUCTION CAPACITY ACROSS THE SUPPLY CHAIN

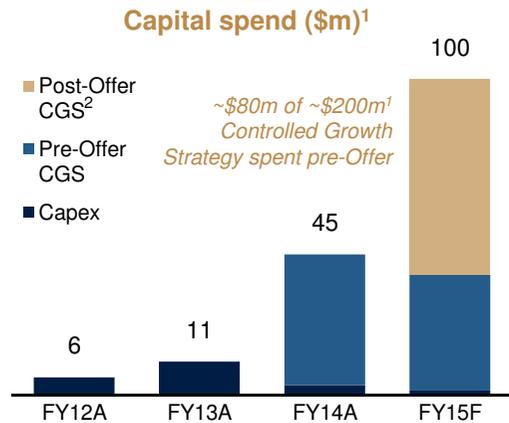
1	Broodstock	<ul style="list-style-type: none"> • New broodstock facility 	>	<ul style="list-style-type: none"> • Existing broodstock capability can support significant expansion at Huon • New projects will improve timing of smolt deliveries
2	Hatcheries	<ul style="list-style-type: none"> • Forest Home Hatchery on Huon River • Derwent Hatchery 	>	<ul style="list-style-type: none"> • Huon's current smolt capacity is expected to increase by almost 50% (by weight)
3	Marine Farms	<ul style="list-style-type: none"> • Macquarie Harbour • Storm Bay • Fortress Pens • Well-boat • Feed Barges • New logistics vessel at Strahan 	>	<ul style="list-style-type: none"> • Huon currently utilises less than 70% of its of its total farming capacity (by hectares farmed)
4	Harvesting and Processing	<ul style="list-style-type: none"> • Consolidated Processing Facility at Parramatta Creek 	>	<ul style="list-style-type: none"> • Existing harvesting facilities are right-sized for increased production of salmon • New processing facility capable of handling the entire industry's production

Increased production capacity important to ensure the business is “right-sized” across the entire supply chain to meet market demand in mid-term

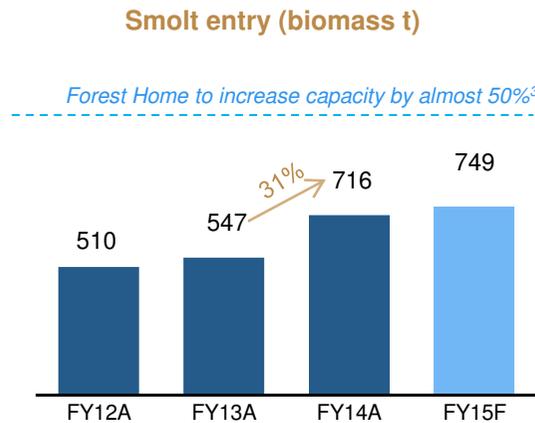


CONTROLLED GROWTH STRATEGY AND EXPANDED CAPACITY POSITIONING HUON FOR FUTURE PROFITABLE GROWTH

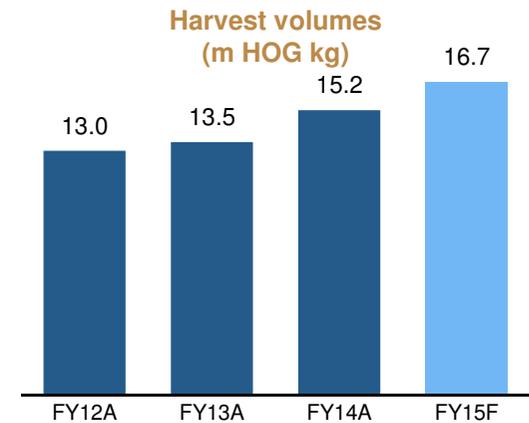
HUON HAS INVESTED STRATEGICALLY ACROSS ITS OPERATIONS TO DRIVE INCREASE IN PRODUCTION CAPACITY AND PERFORMANCE



Investing significantly in expansion projects to drive production growth



Smolt entry is a leading indicator of future production



Production increase driven by strong domestic demand

HUON'S VISION

ROIC Target	>	• Target return on incremental invested capital of 20% once all projects fully deployed
Farming	>	• Stocking density of 6 - 8kg / m ³ for 240m circumference pens
Leases	>	• Deeper, high energy sites, moving away from higher amenity areas
Improved Biosecurity	>	• Greater distance between company farms, opportunities for "all-in, all-out" stocking and year class separation to follow world's best practice

(1) Additional \$9m p.a. for well-boat which is treated as an operating cost
 (2) CGS = Controlled Growth Strategy
 (3) Expected increase in capacity for smolt delivered to sea in FY17F



MANAGING RISK

Section 3



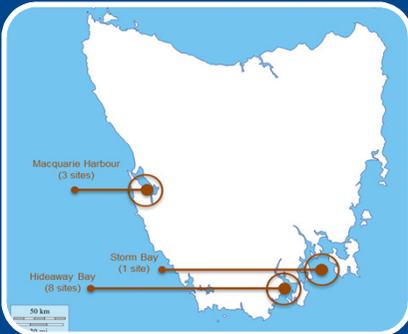
MANAGING RISK

INCREASED SUPPLY



- ✓ National roll-out of branded fresh presence in major retailer
- ✓ Increased capacity and capability at new processing facility drives expanded focus on new product development
- ✓ New and innovative distribution channels
- ✓ Build on our export to further optimise channel mix
- ✓ Additional smolt capacity from Forest Home hatchery

DIVERSITY OF FARMING LOCATIONS



- ✓ New 'higher-energy' farming site in Storm Bay operational
- ✓ Lease optimisation program nearing completion
- ✓ Future lease expansion program commenced
- ✓ Further reducing reliance on the more sensitive growing sites in Macquarie Harbour in preference to higher energy sites



MANAGING RISK

TECHNOLOGY INVESTMENT



- ✓ Successful bathing at higher-energy sites with well-boat
- ✓ Track record of delivering large-scale capital projects
- ✓ New pens reducing seal and bird interactions
- ✓ New feeding technology reduces wasted feed and feeding days lost to weather
- ✓ New net-cleaners the enabling technology for Fortress Pens

'SAFETY FIRST' CULTURE



- ✓ Fortress Pens provide safe working platform
- ✓ Significant reduction in injury frequency rates
- ✓ Stage 1 of Health and Wellbeing program rolled-out
- ✓ "Tasmanian Suicide Prevention Community Network Award for Best Practice" for work with staff on mental health



Questions?

Section 4

Thank you.

