

HUON AQUACULTURE GROUP LIMITED

RESULTS PRESENTATION FOR FINANCIAL YEAR 2016



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AGENDA

| | |
|---|--------------------|
| 1 | OVERVIEW |
| 2 | RESULTS SUMMARY |
| 3 | OPERATIONAL REVIEW |
| 4 | OUTLOOK |



FY2016 RESULTS OVERVIEW

| 12 months ending | | 30 Jun 2016 | 30 Jun 2015 | % Change |
|------------------------------|-----|----------------|----------------|-------------|
| Tonnage | † | 20,463 | 16,536 | 24% |
| Revenue^ | \$M | 233.7 | 191.7 | 22% |
| Revenue per kg | \$ | 11.42 | 11.59 | -1% |
| EBITDA* | \$M | 24.9 | 35.2 | -29% |
| EBITDA Margin | % | 10.7% | 18.4% | -42% |
| Operating EBITDA** | \$M | 26.5 | 40.5 | -35% |
| NPAT | \$M | 3.4 | 16.6 | -79% |
| Operating NPAT*** | \$M | 4.5 | 20.3 | -78% |
| Earnings Per Share | c | 3.92 | 20.99 | -81% |
| Operating Earnings Per Share | c | 5.13 | 25.64 | -80% |
| Fair value Adjustment | \$M | (1.5) | (5.3) | 71% |

- Strong increase (+24%) in sales volumes
 - In line with forecast
- Sale revenue increased 22%
 - Driven by strong growth in volumes
 - Constrained by poor pricing from exports
- Margins tightened as production costs rose
- Fair value adjustment of biological assets reduced as a consequence of lower fish biomass
- Well positioned following completion of the successful 3 year implementation of the Controlled Growth Strategy (CGS)

^ Revenue from the sale of goods

* EBITDA is earnings before interest, tax, depreciation and amortisation

** Operating EBITDA is statutory EBITDA excluding fair value adjustment and related tax impact

*** Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact



REVIEW OF 2H2016 PERFORMANCE

FINANCIAL PERFORMANCE: MOMENTUM INCREASING IN FOURTH QUARTER

| Six months ending | | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | % Change |
|------------------------------|-----|-------------|-------------|-------------|----------|
| Tonnage | † | 8,174 | 12,288 | 8,686 | -6% |
| Revenue [^] | \$M | 102.6 | 131.1 | 93.1 | 10% |
| Revenue per kg | \$ | 12.56 | 10.67 | 10.72 | 17% |
| EBITDA* | \$M | 16.8 | 8.2 | (7.9) | n/a |
| Operating EBITDA** | \$M | 10.7 | 15.8 | 13.6 | -21% |
| NPAT | \$M | 4.7 | (1.3) | (9.3) | n/a |
| Operating NPAT*** | \$M | 0.5 | 4.0 | 5.7 | -91% |
| Earnings Per Share | c | 5.44 | (1.51) | (11.80) | n/a |
| Operating Earnings Per Share | c | 0.56 | 4.57 | 7.22 | -92% |
| Fair value Adjustment | \$M | 6.1 | (7.6) | (21.5) | n/a |
| Biological Assets | \$M | 147.2 | 135.5 | 151.8 | -3% |

- Sales revenue for FY2016 increased 22% due to the decision to bring forward the harvest
 - +56% increase in volumes in 1H2016 on pcip
- Revenue in 2H2016 +10%, supported by rising salmon prices, despite a reduction in volumes
 - Revenue per kg +17% to A\$12.56
 - Poor growing conditions reduced average weights
- Turnaround in statutory EBITDA and NPAT in 2H2016 underpinned by uplift in Fair Value Adjustment (FVA)
 - \$6.1m increase in FVA in 2H2016 due to improving market prices for salmon
 - Biological Assets +9% on 1H2016
- Strengthening market conditions, particularly in the final quarter of FY2016

[^] Revenue from the sale of goods

* EBITDA is earnings before interest, tax, depreciation and amortisation

** Operating EBITDA is statutory EBITDA excluding fair value adjustment and related tax impact

*** Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact



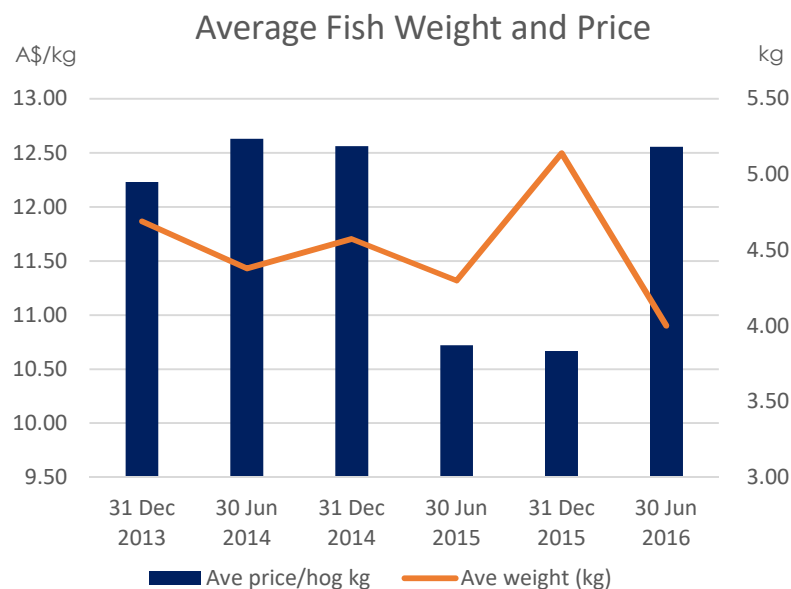
RESULTS SUMMARY

FY2016



RESULTS SUMMARY

KEY PROFIT DRIVERS IN FY2016



- Increased weighting in channel mix to exports
 - Peaked at 35% in 1H2016
 - Timing coincided with short period of depressed pricing in international salmon market
 - Strong recovery in salmon prices as dependence on exports was reducing
- Poor growing conditions in 2H2016 resulted in a significant reduction in fish weight
 - Average weight fell 22% from 5.14 kg in 1H2016 to 4.00 kg in 2H2016
 - Feed performance issues
- Operating Margins squeezed (-46% on pcg)
 - Increased cost of production (+48%) including higher feed and other costs associated with poor growing conditions
 - Higher freight and distribution costs (+42%), particularly in 1H2016



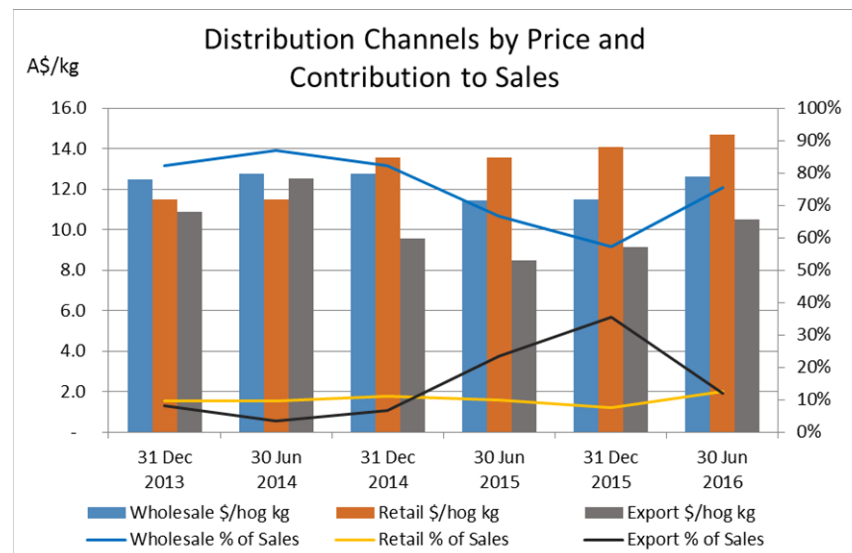
RESULTS SUMMARY

PRICING AND MARKET CONDITIONS

- Pricing (\$/kg) recovered strongly in 4Q2016 from the lows experienced in calendar 2015
 - Average pricing in 1H2016 depressed due to increased weighting of sales through lower margin export markets
 - Supply shortages from major salmon producing countries started to impact pricing in early 2016
- Growth in domestic demand expected to continue (+10%pa)
 - Strong domestic wholesale market
 - Targeted increase in retail volumes
 - Constrained supply in global markets

CHANNEL MIX BY REVENUE

| Six months ending | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | 31 Dec 2014 |
|-------------------|-------------|-------------|-------------|-------------|
| Wholesale | 75% | 57% | 67% | 82% |
| Retail | 13% | 8% | 10% | 11% |
| Export | 12% | 35% | 23% | 7% |





RESULTS SUMMARY

FAIR VALUE ADJUSTMENT IMPACT ON PROFIT

| Six Months Ended | | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | % Change Jun on Jun |
|-------------------------|-----|----------------|----------------|----------------|------------------------|
| Revenue [^] | \$M | 102.6 | 131.1 | 93.1 | 10% |
| EBITDA* | \$M | 16.8 | 8.2 | (7.9) | na |
| EBITDA margin | % | 16.3% | 6.2% | -8.5% | |
| Fair value Adjustment | \$M | 6.1 | (7.6) | (21.5) | na |
| Operating EBITDA** | \$M | 10.7 | 15.9 | 13.6 | -21% |
| Operating EBITDA margin | % | 10.4% | 12.1% | 14.6% | -29% |
| Biological Assets | \$M | 147.2 | 135.5 | 151.8 | -3% |

- Fair value adjustment on biological assets recorded a loss of \$1.5 million for FY2016
 - Loss of \$7.6 million in 1H2016 reversed by \$6.1 million gain in 2H2016
- Biological assets reduced following period of poor growing conditions
- Underlying biological assets delivered mixed performance
 - Reduced growth and average fish weight in 2H2016
 - Feed performance issues

[^] Revenue from the sale of goods

* EBITDA is earnings before interest, tax, depreciation and amortisation

** Operating EBITDA is statutory EBITDA excluding fair value adjustment and related tax impact



RESULTS SUMMARY

BALANCE SHEET

| Six months ending | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 |
|--------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Cash | 3.8 | 10.8 | 13.8 |
| Receivables | 23.5 | 29.6 | 19.6 |
| Biological Assets | 147.2 | 135.5 | 151.8 |
| Inventory | 11.0 | 13.2 | 11.4 |
| Total current assets | 188.2 | 192.1 | 205.5 |
| Property, plant & equipment | 210.5 | 206.6 | 184.5 |
| Total non-current assets | 225.0 | 221.3 | 199.1 |
| Total assets | 413.2 | 413.4 | 404.6 |
| LIABILITIES | | | |
| Payables | 45.5 | 59.4 | 59.6 |
| Borrowings | 13.9 | 2.5 | 5.9 |
| Total current liabilities | 64.4 | 70.0 | 70.7 |
| Borrowings | 52.0 | 55.3 | 40.9 |
| Deferred Tax | 41.3 | 37.2 | 40.7 |
| Total non-current liabilities | 98.0 | 97.5 | 86.8 |
| Total liabilities | 162.4 | 167.5 | 157.5 |
| Net assets | 250.8 | 245.9 | 247.1 |

- \$46 million invested in fixed assets during the year
 - Controlled Growth Strategy completed on time and on budget
 - Funding supported by modest gearing and cash flow
- Trade working capital (inventory, trade debtors and creditors) tightly managed
- Net debt levels increased by \$29 million to \$62 million but gearing remains comfortable at 25% (net debt/equity)
- Biological assets at fair value declined by 3% to \$147.2 million due to
 - Improved pricing, channel mix and environment
 - Lower biomass from poor growing conditions



RESULTS SUMMARY

CASH FLOW TIGHTLY MANAGED

| | Six Months Ended | | | |
|------------------------------------|------------------|----------------|----------------|----------------|
| | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | 31 Dec 2014 |
| \$M | | | | |
| Operating EBITDA* | 10.7 | 15.8 | 13.6 | 26.9 |
| Cash Flow from Operations | -0.90 | 17.22 | 2.01 | 15.30 |
| Add: – Net Interest Paid | 1.6 | 1.7 | 1.5 | 1.9 |
| – Tax Paid/(Refunded) | 0.0 | -4.4 | 2.5 | 8.5 |
| Adjusted Cash Flow from Operations | 0.70 | 14.53 | 6.04 | 25.64 |
| EBITDA Conversion | 7% | 92% | 44% | 95% |
| Capex | 14.33 | 30.23 | 46.54 | 55.35 |
| Cash at end of Period | 3.79 | 10.81 | 13.80 | 60.35 |

- Cash position tightly managed in 2H2016 following completion of CGS
 - Pricing recovered in the last quarter of FY2016
 - Increased cost of feed and farm related costs as a result of poor growth
- Cash flow from Operations increased by \$0.7 million
- Reduced capex of \$14 million in 2H2016 following completion of expenditure on the CGS

* Operating EBITDA is statutory EBITDA excluding fair value adjustment and related tax impact



OPERATIONAL PERFORMANCE

ENVIRONMENTAL

- Extreme El Niño with waters remaining warm up to May 2016, together with feed performance issues, had severe impact on growing conditions
 - Production costs driven up in 2H2016 by 23%
 - Lower average fish weights in 2H2016 by 22%
- Continuing conservative approach to managing Macquarie Harbour
 - Risk mitigation strategies in FY2016 included low stocking densities and installation of oxygenation systems
 - Reduced dependence on MH (<15%) as growth is focused on higher energy sites
- Fortress pen roll out and introduction of new feed barges fully operational in 2H2016 reducing
 - Stocking densities across all sites
 - Wildlife interactions

PEOPLE AND SAFETY

“Safety First” program has produced significant improvements across all KPIs compared to FY2015

- Lost Time Injury Frequency Rate (LTIFR)
74% reduction from 27 to 7
- Incident Rate (IR)
75% reduction from 5.2 to 1.3
- Average Lost Time Rate (ALTR)
18% reduction from 19.0 to 15.5 hours lost per employee
- Slips, trips and falls
Significant reduction since fortress pens introduced



COMPLETION OF CONTROLLED GROWTH STRATEGY

| | | | |
|----------------------|---|---|--------------------------|
| FOREST HOME HATCHERY | A state of the art recirculation hatchery on the Huon River | <ul style="list-style-type: none">Increased smolt capacity by almost 50%Produces larger and better quality smoltMore efficient transfer of smolt to seaReplaces more expensive contract hatcheries and improves size at all hatcheries | 4 Completed in 2H2016 |
| FORTRESS PENS | Stronger, wildlife safe pens for fish grow out | <ul style="list-style-type: none">Better environment for growingReduced mortality rate over timeImproved worker safety, safer for wildlifeIncreased operational efficiency | 4 Completed in 1H2016 |
| MOORING SYSTEM | Supports the new Fortress pens | <ul style="list-style-type: none">Safer and more secure mooringsAllows the pens to be moored in higher energy sitesIncrease operational efficiency | 4 Completed in 2H2016 |

TOTAL CAPEX SPEND IN LINE WITH PROSPECTUS



COMPLETION OF CONTROLLED GROWTH STRATEGY

| | | | |
|-------------|---|--|--------------------------|
| WELL-BOAT | State of the art 75-metre vessel (leased) for bathing fish, transporting fish to harvest and smolt (juvenile salmon) to sea | <ul style="list-style-type: none">• Enables farming at higher energy sites• Gentler handling of fish for a variety of husbandry tasks• More efficient bathing and less need to tow pens• Increased employee safety• Reduced community impact | 4 Completed FY2015 |
| FEED BARGES | Innovative feed delivery system, deployed across all zones | <ul style="list-style-type: none">• Enables feeding at higher energy sites• Better feeding of fish to appetite, results in better growth• Reduced waste and improved consistency of fish size• Safer work environment | 4 Completed in 1H2016 |
| PROCESSING | High tech smokehouse and innovation centre at Parramatta Creek in northern Tasmania and new Sydney facility | <ul style="list-style-type: none">• Increased capacity• Increased product development capability• Lower overheads• Improved operational and logistical facilities• Improved consistency and quality | 4 Completed FY2015 |

TOTAL CAPEX SPEND IN LINE WITH PROSPECTUS



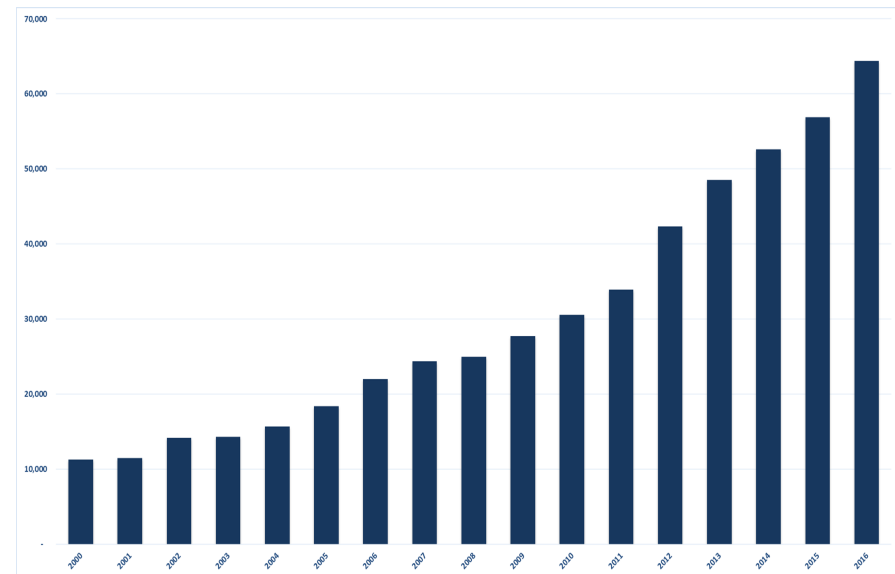
OUTLOOK



MARKET OUTLOOK

- Domestic market expected to continue growing at around 10% per annum
 - Growth for FY2016 +13%
 - CAGR over the past 10 years 11% pa
- Wholesale market remains strong
- Imports into domestic market have declined significantly due to constrained supply
- Rapid recovery in domestic pricing in the last quarter of FY2016 reflects global supply demand imbalance
- Targeted contracts in the retail market offer attractive growth potential

Domestic Consumption (2000 to 2016)
(HOG tonnes)



Source: Tasmanian Salmonid Growers Association (TSGA)



CONCLUSION

- Huon is well positioned following the successful implementation of its Controlled Growth Strategy
- We are operating in a supply constrained market with strong growth in demand
- Pricing in the domestic market has stabilised
- Huon's harvest volumes expected to be in line with FY2016
- Improved channel mix in FY2017 – domestic wholesale 70% and retail 25%
- Feed tender completed with new suppliers
- Profitability forecast to improve strongly in FY2017 with Operating EBITDA returning to FY2015 levels

Huon now well positioned for sustainable growth
and development in a growing, supply constrained market



APPENDIX

FY2016



STATUTORY TO OPERATING RECONCILIATION

STATUTORY

| Six months ending | | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | 31 Dec 2014 | % Change Jun on Jun |
|-------------------------------|-----|----------------|----------------|----------------|----------------|------------------------|
| Tonnage | † | 8,174 | 12,288 | 8,686 | 7,850 | -6% |
| Revenue [^] | \$M | 102.6 | 131.1 | 93.1 | 98.6 | 10% |
| EBITDA* | \$M | 16.8 | 8.2 | (7.9) | 43.1 | n/a |
| NPAT | \$M | 4.7 | (1.3) | (9.3) | 25.9 | n/a |
| Fair value adjustment | \$M | 6.1 | (7.6) | (21.5) | 16.2 | n/a |
| Biological assets | \$M | 147.2 | 135.5 | 151.8 | 158.6 | -3% |
| Cash and cash equivalents | \$M | 3.8 | 10.8 | 13.8 | 60.3 | -73% |
| Net debt** | \$M | 62.1 | 47.1 | 33.0 | (12.1) | 88% |
| Revenue per kg | \$ | 12.56 | 10.67 | 10.72 | 12.56 | 17% |
| Earnings per share | c | 5.44 | (1.51) | (11.80) | 36.53 | n/a |
| Operating cash flow per share | c | (1.03) | 19.72 | 2.30 | 17.52 | n/a |
| Total gearing ratio*** | % | 24.8% | 19.1% | 13.3% | -4.7% | 85% |
| Return on assets**** | % | 1.8% | -3.2% | 6.4% | 13.2% | -72% |

[^] Revenue from the sale of goods

* EBITDA is earnings before interest, tax, depreciation and amortisation

** Net debt is total net of cash and cash equivalents

*** Total gearing ratio is measured as debt (net of cash)/net assets

**** Return on assets is measured as statutory EBIT/total assets

FAIR VALUE ADJUSTMENT

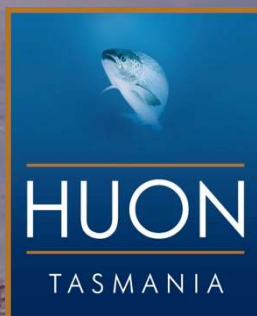
| Six months ending | | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | 31 Dec 2014 | % Change Jun on Jun |
|-----------------------|-----|----------------|----------------|----------------|----------------|------------------------|
| Fair value adjustment | \$M | 6.1 | (7.6) | (21.5) | 16.2 | n/a |
| Related income tax | \$M | (1.8) | 2.3 | 6.5 | (4.9) | n/a |

OPERATING RESULTS

Operating EBITDA is statutory EBITDA excluding fair value adjustment and related tax impact

Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact

| Six months ending | | 30 Jun 2016 | 31 Dec 2015 | 30 Jun 2015 | 31 Dec 2014 | % Change Jun on Jun |
|-------------------------------|-----|----------------|----------------|----------------|----------------|------------------------|
| Operating EBITDA [#] | \$M | 10.7 | 15.8 | 13.6 | 26.9 | -21% |
| Operating NPAT ^{##} | \$M | 0.5 | 4.0 | 5.7 | 14.6 | -91% |



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