



# ASX/Media Release

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## **MARKET UPDATE**

Huon Aquaculture Ltd ("Huon", ASX: HUO) provides an update to the market on trading conditions during the final months of the summer harvest period which concluded at the end of April 2019. At the time of reporting our half year results in February 2019, we indicated that the current year's performance was being adversely affected by three events, two of which would have a greater impact in the second half. These were:

- the water temperature in Huon's southern Tasmanian growing sites typically falls during March and April to below 16 degrees, providing the ideal conditions for fish growth. Warm summer conditions have persisted along the east coast of Australia, including Tasmania, right through to April.
- a moon jellyfish bloom in the Huon River and D'Entrecasteaux Channel in November 2018 which initially caused an increase in fish mortalities but has since delivered a more serious secondary impact through the development of gill necrosis. While the high mortality rates we reported in January and February have now returned to normal levels, the presence of gill necrosis has meant fish growth rates returning to normal levels has taken longer than initially expected, exacerbated by the slow return to normal water temperatures.

### **Revised Outlook for FY2019**

The slower growth rates have impacted fish performance with the result that our forecast for the current years' harvest tonnage has been reduced from 20,000 tonnes to 19,000 tonnes. This is in part impacted by the decision not to bring forward fish for harvest scheduled for the FY2020 year.

Lower production volumes have also resulted in higher per kg operating costs given the high fixed cost nature of Huon's business. This together with additional expenditure associated with fish mortalities and managing the secondary impact of the jellyfish bloom has reduced our forecast for Operating EBITDA in FY2019 to \$50m to \$55m compared to that announced in February of \$64m to \$68m, which was down from FY2018 Operating EBITDA of \$71.8m.

### **Outlook for FY2020 and FY2021 Unchanged**

As the biomass is rebuilt over 2019 and with the decision not to bring some harvest tonnage forward from FY2020, we have increased confidence in our February guidance of a return to production volumes in FY2020 of at least 25,000 tonnes. As previously noted, Huon currently has fish in production that will support a 30,000 tonne production in FY2021.

The fundamentals of the business continue to be underpinned by a market environment in which growth in supply continues to fall short of the long term trend of growth in demand, both in Australia and globally.

### **ENDS**

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