



FY2020 AGM



Chairman's Address

FY2020 AGM

Impact of COVID-19

- The COVID-19 pandemic has had a significant negative impact on Huon's second half results
- Huon experienced a drop in sales in its wholesale market during Q4 due to its high exposure to the food service channel
- Access to export markets was interrupted from late March due to the disruption to international air freight services
- Huon's supply into domestic retail and retail fish shops increased, along with e-commerce channels, but did not compensate for the loss of food services volume
- Continue to work with government and export freight providers to maintain international market access

COVID-19 Response Strategy

Health and Safety

Modified safety policies and procedures to contain any potential outbreaks of COVID-19 within the business

Continued Operations

No disruptions to the ongoing operations of the business
Realigned sales channels to focus on retail and e-commerce

Cash Preservation

Temporary measures to manage costs, cash flow and liquidity including reduced discretionary opex and capex

Equity Raising

Proceeds used to strengthen Huon's balance sheet and ensure the company remains well capitalised



Three pillar business strategy

FY2014 to FY2016

- Controlled Growth Strategy
- High-energy sites
- Fortress pens

FY2018

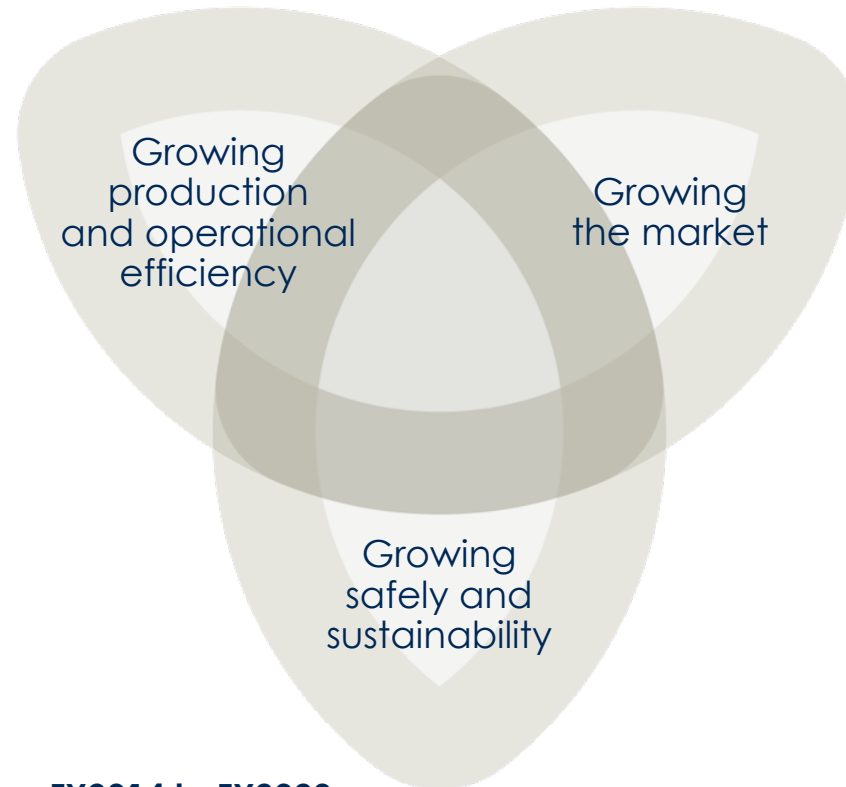
- Feed barges

FY2019

- Whale Point Salmon Nursery
- East of Yellow Bluff lease

FY2020

- Ronja Storm



FY2014 to FY2020

- Implementation of the industry biosecurity plan
- Increased investment in Tasmania's Selective Breeding Program
- POMV trial vaccination

FY2021

- Realign sales from spot export market to contract retail sales in the domestic and international markets
- Expand branded distribution across all product lines
- Significant investment in marketing to increase domestic consumption of Huon Salmon



Capital Management

- Completed \$150m capital expenditure program and rebuild of biomass over the past three years, funded from cash flow and borrowings
- FY2020 balance sheet carrying all the costs associated with this investment with efficiency gains delayed until harvest of the 19 Year Class in FY2021
- Dividend suspended for FY2020 to preserve cash while the business reinvested in biological assets
- Equity raising of \$66m (comprising \$64m Placement and \$2m SPP) to enhance Huon's balance sheet position and reduce net debt
- Capital expenditure now focused on maintenance activities following completion of expansion program
 - Average spend of \$15 to \$25 million per annum on maintenance capex for the next 2-3 years



People and safety

- Huon continued to implement its Workforce Development Strategy with employee capability development remaining a key focus
- Safety performance and activity was driven by the ongoing development and implementation of the *OHS Strategy 2020-22*
 - LTIFR increased slightly despite a reduction in the number and severity of Worker's Compensation claims
 - The rate of lost time through injuries improved by 20% despite a significant increase in production
 - ALTR increased due to a single long term injury

	FY20	FY19	FY18	FY17	FY16
Lost Time Injury Frequency Rate (LTIFR)					
Number of injuries per 1 million hours worked	5	4	4	3	7
Average Lost Time Rate (ALTR)					
Hours Lost per employee	13	10	14	12	16
Incident Rate (IR)					
Number of Lost time Injuries per 100 employees	0.8	1.0	1.0	0.6	1.3
Employees	723	665	600	500	524



HUON AQUACULTURE

CONCLUSION

- Huon's underlying business strategy is unaffected by COVID
- The full realisation of operational benefits following our significant investment program in 2019 has now been delayed until FY2022.
- Huon's expansion in production this year and into FY2022 will continue to drive down operating costs per HOG kg
- A strong foundation has been put in place to increase the production of salmon through our high energy sites and do so sustainably
- The business is set to generate the growth in revenue, earnings and shareholder returns that we know it to be capable of once the current period of economic uncertainty ends
- On behalf of the Board I wish to extend our appreciation to all Huon employees for their efforts and commitment shown during the current pandemic
- Our thanks also go to our customers, suppliers, local communities and you, our shareholders, for your support over the past year



Managing Director's Address

FY2020 AGM

1. OVERVIEW OF BUSINESS PERFORMANCE
2. OPERATIONAL ACTIVITY
3. SUSTAINABLE FARMING AND CLIMATE CHANGE
4. OUTLOOK



Overview of FY2020

		Post AASB 16	Pre AASB 16	Pre AASB 16	Pre AASB 16
Twelve months ended		30 June 2020	30 June 2020	30 June 2019	Jun to Jun % Change
Tonnage	t	25,566	25,566	18,849	36%
Revenue [^]	\$M	339.9	339.9	282.0	21%
Revenue per HOG kg	\$/kg	13.30	13.30	14.96	-11%
EBITDA*	\$M	48.8	42.3	38.2	11%
EBITDA Margin	%	14.4%	12.4%	13.5%	-8%
Operating EBITDA**	\$M	47.3	40.8	47.3	-14%
Operating EBITDA Margin	%	13.9%	12.0%	16.8%	-28%
NPAT	\$M	4.9	6.5	9.5	-32%
Operating NPAT***	\$M	3.9	5.5	15.9	-65%
Earnings per share	cents	5.63	7.47	10.82	-31%
Dividend per share	cents	0.00	0.00	6.00	
Operating Earnings per share	cents	4.41	6.27	18.13	-65%
Fair value adjustment	\$M	1.5	1.5	(9.1)	

[^] Revenue from the sale of goods

• EBITDA is a non-IFRS financial measure which is used to measure business performance using net depreciation and amortisation recognised in the income statement

** Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets

*** Operating NPAT excludes the impact of the Fair Value Adjustment of Biological Assets and related tax impact

- The COVID-19 pandemic had a significant negative impact on Huon's second half results
- Harvest volumes increased 36% to 25,566 tonnes, meeting our original guidance of 'at least 25,000 tonnes'
- Growth in sales revenue (+21%) was impacted by
 - An average 11% fall in salmon prices due to increased sales through the lower priced export market and a reduction in sales through the valuable wholesale channel due to COVID-19 in 2H20
- Statutory NPAT fell 32% to \$6.5 million
- Operating EBITDA fell 14% to \$40.8m
- Fair Value Adjustment (FVA) only increased by \$1.5m, the higher biomass holding being offset by the lower average market price
- Fair value of biological assets increased 26% to \$263 million
 - Rebuild and expansion of the biomass



Ronja Storm

The Ronja Storm arrived in Tasmania on 17 February enabling Huon to execute the final stage of its expansion program including the delivery of a range of efficiency measures

- Bathing schedules will be optimised as the boat's increased capacity and onboard desalination plant removes the need to travel back to shore to get water – a key benefit in Storm Bay
- Bathing can be timed for when the fish need it rather than having to maintain fixed schedules
 - Expected to save several baths a year
- Over a year class more fish can be put in each pen, without increasing stocking density, as the Ronja Storm can carry more in each load
 - Eliminates going to a pen multiple times which causes stress and mortalities
 - Estimated production increase of 25% with no added infrastructure

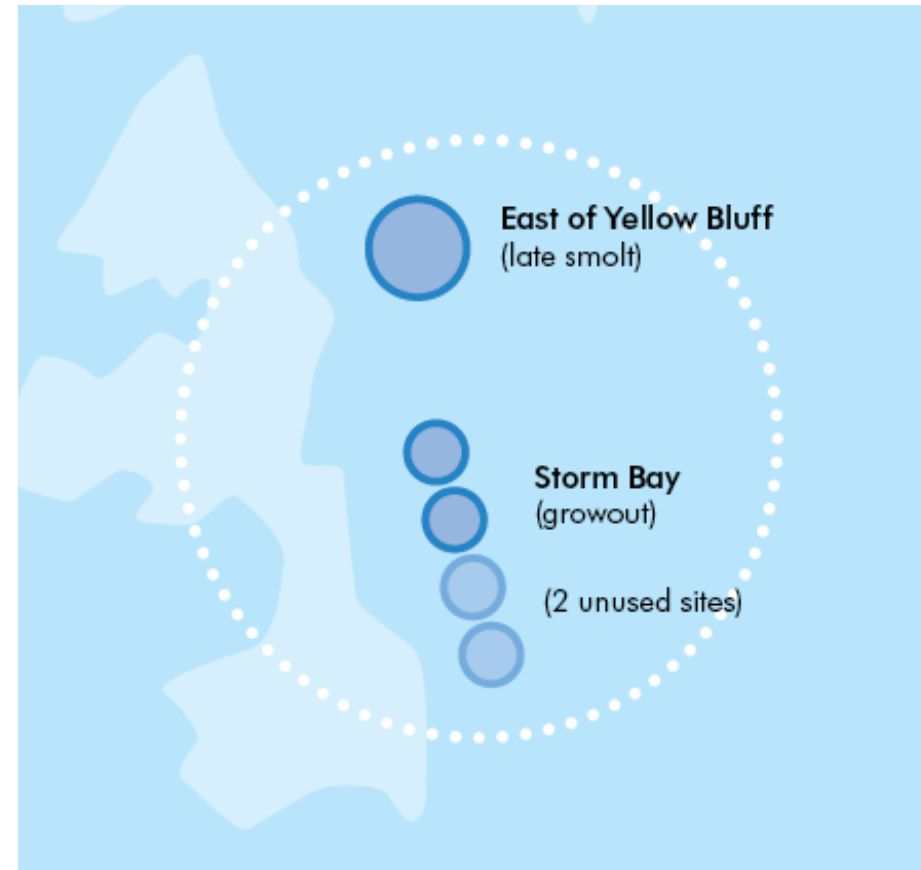


- The well boat comes with a grader which can grade 300 tonnes of fish per hour
 - Can leave the small fish in the water longer to grow
 - Ensures we are harvesting the correct size for the market
- Total production from each pen in a year can increase up to 1,000 tonnes compared to current output of 500 to 800 tonnes
 - Grading off a few hundred tonnes when the pens reach around 800 tonnes enables us to add around 200 extra tonnes to each pen



Growing Capacity

- Lease expansion at Storm Bay
 - New lease at East of Yellow Bluff commenced stocking with 2019 Year Class smolt in the first half of the year
 - Enables better separation of year classes which minimises biological risk
 - Completes Huon's stocking strategy to achieve industry biosecurity plan
- Whale Point Salmon Nursery
 - Been in operation for eighteen months
 - First season production aided smolt to sea size increasing from 236 to 282 grams with future incremental growth planned each year
 - Salmon put to sea in May 2019 were harvested in April 2020 at 4.6kg – less than 12 months at sea to harvest
 - Farming capacity and following opportunity increased without having to expand lease area
- Future production targets at 40,000 tonnes per year



Sustainable Farming and Climate Change

Risk Management

- POMV trial vaccination yielding positive results
- Investment in the world's biggest wellboat significantly increasing bathing efficiency
 - Reduction in usage of freshwater through on-board desalination facility

Managing Climate and Environmental Risk

- Positioning of leases in high energy sites offshore
 - Dissolved oxygen levels are better for salmon
- Additional investment in Tasmania's Selective Breeding Program
 - Huon now holds rights to 50% of biological output
 - Selectively breeding fish that perform better in warmer waters
- Continuing to use trial pens to test feed
 - Improving diets to help the fish convert feed in summer temperatures that are higher than their preferred range for growth
- Partnering with other research institutions to examine current and future renewable energy options

Environmental Management

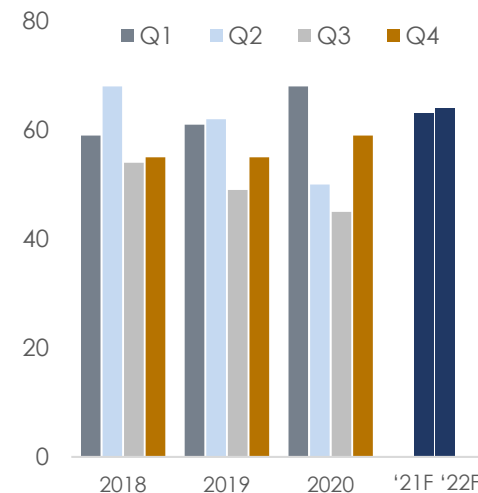
- Compliance with best practice biosecurity through implementation of the industry biosecurity plan (right fish:right lease)
 - East of Yellow Bluff lease completes creation of Huon biosecurity zones
- Research into potential restoration of Tasmanian Giant Kelp forests
 - Supporting IMAS and The Climate Foundation to cultivate warm-water tolerant strains on Huon's Storm Bay leases



Supportive Market Dynamics

- Demand for salmon affected by COVID-19 but outlook remains positive
 - Weak global supply growth likely to match softened demand in short-mid term
 - Long-term demand dynamics for salmon remain strong with low levels of penetration in many markets indicating room for growth
- Huon has taken significant steps in the past five years to position itself to take advantage of supportive market dynamics, particularly in the growing Asian market
- International salmon prices expected to remain high for the next 2-3 years
 - Fishpool futures indicate an average price of 63 NOK/kg in CY2021 and 64 NOK/kg in CY2022, compared to 56 NOK/kg for CY2020¹
- COVID-19 and its impact on markets around the world is creating uncertainty in the short term

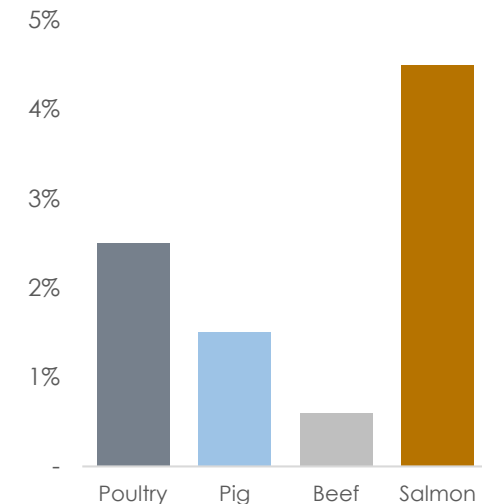
INTERNATIONAL SALMON PRICE (NOK/kg) FORECAST²



Forecast average pricing of 63-64 NOK/kg over CY2021-2022 compared to 60 NOK/kg in 2017 and 2018; 57 NOK/kg in 2019; and expected 56 NOK/kg in 2020

GLOBAL CONSUMPTION GROWTH OF ANIMAL PROTEINS

CAGR, 2007-2017



Growth in global salmon consumption 2007-2017 averaged 4.5% pa compared to less than half that for competing proteins

1. Fishpool Pricing Index is quoted in Norwegian Krone

2. Pareto Seafood Research Report as at April 2020



Marketing Huon

Leverage Brand Profile Domestically

- Significant investment in marketing at end of 1H21 to drive Huon Salmon consumption domestically
 - Supported by industry marketing investments
- Continue to expand branded distribution in all product segments domestically over FY2021
 - Expect this to deliver a major increase in domestic per capita consumption, driving double digit volume growth
- Ongoing investment in Huon's B2B loyalty program, Fresher Rewards, to foster growth in wholesale market
 - Delivered a 50% increase in users over Q4 of FY2020 and the outlook remains strong for ongoing growth in the program
- Huon has benefited from increased exposure in the retail channel via newly won contracts
 - Using Huon's strategically located processing facilities to move closer to the end customer
- Accelerate presence in the e-commerce channel



Outlook for Huon

- FY2021 season has started with record biomass in the water and the 19YC fish delivering exceptional biological performance
 - Production volumes for FY2021 are estimated to be at least 36,000 tonnes
- Operational performance in the first half likely to be impacted by COVID-19 market constraints, particularly in the domestic wholesale channel
- Production costs for FY2021 are expected to be well below FY2020
 - Productivity gains from the investments of the past 2-3 years expected to deliver a total production cost per HOG kg of under \$9.50
 - Full impact of production efficiencies realised in the lower cost 19 Year Class
- Average pricing in FY2021 to remain low due to short term global over supply
 - As a result, an increase in earnings over FY2020 is unlikely
- Medium term supply demand dynamics continue to support a global shortage of supply with Huon uniquely positioned to meet growing demand for salmon as an environmentally responsible source of protein



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





RESOLUTION 1

Adoption of Remuneration Report

“ That, the Remuneration Report for the financial year ended 30 June 2020 as set out in the Annual Report be adopted.”

	For	Open	Against
Shares	36,769,631	71,655	79,059
%	99.59%	0.19%	0.21%



RESOLUTION 2

Approval of the Grant of Performance Rights to Mr Peter Bender

“ That, for the purposes of ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to the grant of 172,015 Performance Rights to Mr Peter Bender under the Company’s Long Term Incentive and Bonus Sacrifice Plan on the terms set out in the Explanatory Notes accompanying the Notice of Meeting convening this meeting (including to the giving of benefits in connection with Mr Bender ceasing to hold a managerial or executive office with the Company, as described in the Explanatory Notes).”

	For	Open	Against
Shares	36,754,940	66,732	98,673
%	99.55%	0.18%	0.27%



RESOLUTION 3

Re-election of Mr Neil Kearney as a Director

“ That, Mr Neil Kearney, being a Director of the Company who retires in accordance with Article 47 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

	For	Open	Against
Shares	36,780,647	73,855	20,184
%	99.74%	0.20%	0.05%



FY2020
General Questions



