



Media Release

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HUON ANNOUNCES PROFIT RESULT FY2015

Huon Aquaculture Group Limited (ASX:HUO) has announced its maiden profit result for FY2015 following the company's listing in October 2014. The company has posted an Operating EBITDA[#] of \$40.5million in line with guidance provided to the market in April 2015, and Operating NPAT^{##} of \$20.3million.

HIGHLIGHTS OF FY2015

- Sales volumes were strong and in line with the Company's Prospectus forecast.
- Strong performance of underlying biological assets.
- Controlled Growth Strategy investment program delivering on time and on budget.
- Successful commissioning of world class processing facility.
- Operating EBITDA[#] of \$40.5million in line with April guidance, whilst operating Net Profit After Tax was \$20.3million, compared to the Prospectus estimate of \$27.2million.
- Net Debt^{**} of \$33.0million, and a low gearing ratio of 13.4%.

FINANCIAL SUMMARY

		Actual FY2015	Actual FY2014	Prospectus FY2015
Tonnage	t	16,536	15,156	16,680
Revenue [^]	\$M	191.7	188.4	214.8
Operating EBITDA [*]	\$M	40.5	54.7	51.9
Statutory EBITDA [#]	\$M	35.2	59.2	54.1
Operating NPAT ^{##}	\$M	20.3	30.7	27.2
Statutory NPAT	\$M	16.6	33.8	28.8
Fair value Adjustment	\$M	(5.3)	4.5	2.2
Biological Assets	\$M	151.8	122.8	N/A
Earnings Per Share (Op)	c	25.6	N/A	31.2
Earnings Per Share (Stat)	c	21.0	55.4	N/A
Total Gearing Ratio ^{***}	%	13.3%	58.7%	N/A
Return on Assets ^{****}	%	6.4%	19.6%	N/A

*EBITDA is a non-IFRS financial measure which is used to measure business performance

**Net debt is total debt net of cash at bank

***Total Gearing Ratio is measured as debt (net of cash)/net assets

****Return on Assets is measured as statutory EBIT/total assets, where EBIT is rolling 12 month to period end

[^] Revenue from the sale of goods

[#]Operating EBITDA is a non-IFRS financial measure which is used to measure business performance and excludes the fair value adjustment shown in the table above

^{##}Operating NPAT is statutory NPAT excluding fair value adjustment and related tax impact

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COMMENTARY

Hulon's Managing Director and CEO Peter Bender said that the company had an encouraging start as a publicly listed entity.

"Since Hulon's listing on the ASX in October last year, the company has been very focused on delivering on its promises to shareholders," Mr Bender said.

"Although there were a number of challenges during the period that meant we did not achieve all that we had hoped, I am pleased we have been able to return a solid maiden profit result with Operating EBITDA¹ in line with our revised forecast made in April.

"At the same time we have been able to make significant progress on the implementation of our Controlled Growth Strategy which underpins the future prosperity of the company.

"While market conditions have been volatile, particularly in the second half of the year, we have been able to maintain our sales volumes while total sales revenues were up 2.4% on last year. Our underlying biological assets showed a strong performance as a result of a good growing season.

"The company finished the year with Net Debt of just \$33.0million and a low gearing ratio of 13.4%, supporting the future implementation of the Controlled Growth Strategy."

Business performance

The strong pricing in the first half of FY15 did not carry through to the second half of the year and the company experienced some market volatility due to an increase in the volume of frozen-thawed salmon being imported into the domestic market. The combined impact of an increase in imports and the additional volume available from a good local growing season resulted in a softening of domestic prices.

Export market pricing also softened more than anticipated due to a ban on the importation of Norwegian and Scottish salmon into Russia resulting in increased international competition. This also contributed to the increase in imported volumes into the domestic market.

Despite these challenges, the company was able to maintain its sales volumes in line with Prospectus forecasts and deliver an increase in sales revenue over the prior year. This resulted from ongoing balancing of channel mix, successful market support initiatives, and new products targeting import replacement.



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Strategy

The company has made great progress on the execution of the Controlled Growth Strategy, with implementation on time and on budget.

A new world-class seafood processing facility at Parramatta Creek in the north of Tasmania was successfully constructed and commissioned in a very short time frame and will be the hub of Huon's consumer-led product development program. The new facility is already delivering sustained operational efficiency gains, increased capacity and new product capability.

In addition, new technology and other innovations are being rolled out progressively across the Company's farms and are showing early returns in line with expectations. These initiatives include:

- Fortress Pens
- Well-Boat
- Feed Barges
- Forest Home Recirculation Hatchery

In early July (FY2016), the company also acquired an existing value-added processing operation in Sydney which will significantly expand Huon's fresh salmon distribution capability.

Capital management

The IPO proceeds were settled in late October and funds were mainly used for repayment of bank debt, payment of transaction costs and funding of the Controlled Growth Strategy.

The Board has determined that, as a result of the need to balance the company's growth program with its capital structure, earnings will be retained and no dividend will be payable for FY2015.

OUTLOOK

Huon has had a solid start to FY2016 with volumes up significantly in a tightening global market that has resulted in improved export pricing, especially for larger fish.

The market is expected to continue growing at around 10% and the Company's ongoing focus will be on import replacement and maximising the value of increased production (resulting from the good growing season in FY2015) through channel optimisation and marketing support. Our strong supply position is underpinned by sound underlying biological assets.

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