

Huon Aquaculture Group Limited

Half Year Results Presentation

FY2021



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Agenda

- 1 OVERVIEW
- 2 FINANCIAL PERFORMANCE
- 3 OPERATIONAL PERFORMANCE
- 4 GROWING SUSTAINABLY
- 5 OUTLOOK



Overview of Financial Performance

Financial Results for 1H2021

- Statutory loss of \$95.3m compared to \$22.0m NPAT pcp
- Operating loss of (\$18.4m) compared to \$3.7m Operating NPAT pcp
- The operating loss was primarily attributable to the impact of COVID through reduced salmon prices and increased freight charges
- The reduction in market value below book value resulted in a \$113.9m impairment charge

Balance Sheet Initiatives

- Placement and SPP in August 2020 raised \$66m to reduce debt and improve liquidity
- Revised terms for Huon's banking facilities until March 2022 at which time the previous financial covenants will recommence

Strategic Review

- The Board has initiated a strategic review to assess potential corporate level transactions in light of recent unsolicited approaches
- The work is preliminary and there should be no assumption that a transaction will eventuate

COVID 19 Financial Impact

	Net Revenue (\$'000)	Freight Expense * (\$'000)
1H20 (Actual)	178,118	14,043
Volume Movement		
- Domestic (Wholesale + Retail)	19,892	911
- Export	49,875	7,602
- Channel mix impact	10,076	—
1H21 (Excl. price impact)	257,961	22,556
Price Movement		
- Domestic (Wholesale + Retail)	(17,037)	271
- Export	(10,777)	16,771
- Channel mix impact	(10,076)	—
1H21 (Actual)	220,071	39,598
1H21 COVID Variance	37,890	17,042

* Net of Government rebates

From 1H2020 to 1H2021

- Revenue increased by \$41.9m as result of both increased volumes and price
- The COVID related impact of this (price) **reduced revenue by \$38m from \$258m to \$220m**
- Freight costs increased by \$25.6m due to increased volumes and higher costs
- The **COVID related impact accounted for \$17m, or two-thirds of this increase, as freight costs** doubled on a per kg basis



Overview of Operating Performance

- **Market Conditions**

- Global oversupply of salmon due to reduced demand from the food services sector as a result of COVID restrictions
- Average international salmon price in the first half fell 28% compared to the previous half and has yet to recover
- High cost of international freight a major contributing factor to weakened FY2021 performance
- Forecast supply growth for 2021 of 0.5-2.0%¹ is lower than demand growth or historical supply growth
- Both domestic and international markets for salmon remain in long term demand growth

- **Efficiency benefits**

- Efficiencies continue to be delivered with cost of production consistently declining since December 2018
 - Cost of production \$8.86/HOG kg for the half, the lowest in 5 years
- Technology projects completed in the last three years have delivered:
 - increased smolt size to sea,
 - Improved growth and survival rates at sea, and
 - improved feed conversion rates

¹ Rabobank

- **Channel Mix**

- Revised target production of c.35,000t in FY2021 with harvest delayed for some fish until 1H2022
 - Medium term outlook for low growth in harvested volumes
- Increased production volumes being sold into the export market where prices are severely depressed due to the global oversupply
- The retail channel is performing strongly with average prices increasing slightly and record volumes being delivered
- Wholesale volumes recovered despite disruption from the lock down in Victoria
- Contracted sales into international retail markets grew strongly, albeit at reduced prices, with good progress in diversifying markets and reducing dependence on any single market



COVID-19 Update on Operations

- The COVID-19 pandemic continued to have a significant negative impact on Huon's results for the first half FY2021
- While Huon experienced increased volume sales across all channels during the half, prices dropped on average by 15% relative to the first six months of FY2020 due to a significant decline in the international salmon price
 - Estimated \$38m in revenue forgone from the fall in salmon price
- Access to international markets was maintained with the support of government through the International Freight Assistance Mechanism, however freight costs per HOG kg more than doubled to \$2.06
 - Cash freight costs increased 184% from \$14m to \$40m
- Huon participated in the Government's JobKeeper Scheme up to September 2020
- Demand increased during the half, despite the extended lock down in Victoria, and is expected to continue as the States manage to keep community transmission at bay
- Strengthened the balance sheet through an institutional placement and SPP
- Impairment and write down of assets (\$114m) as a consequence of Huon's COVID affected performance in 2020 and medium term flat growth assumptions

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

Balance Sheet Restructuring

Equity raised to strengthen Huon's balance sheet through repayment of debt
Write down of assets to align Huon's book value with its market value



Financial Performance

HY2021



FINANCIAL PERFORMANCE

Overview of 1H2021

Six months ending		31 Dec 2020	30 Jun 2020	31 Dec 2019	Dec to Dec % Change
Tonnage	t	19,293	12,245	13,321	45%
Revenue^	\$M	220.1	161.8	178.1	24%
Revenue per HOG kg	\$	11.41	13.21	13.37	-15%
Operating EBITDA***	\$M	9.5	24.3	23.0	-59%
Operating EBITDA Margin	%	4.3%	15.0	12.9%	-67%
Operating NPAT****	\$M	(18.4)	0.2	3.7	-597%
Operating Earnings Per Share	c	(16.81)	0.26	4.16	-504%
EBITDA*	\$M	13.8	(0.4)	49.2	-72%
NPAT **	\$M	(15.4)	(17.1)	22.0	-170%
Earnings Per Share	c	(14.06)	(19.51)	25.19	-156%
Dividend Per Share	c	0.00	0.00	0.00	-
Fair Value Adjustment	\$M	4.3	(24.7)	26.2	-84%
Biological Assets	\$M	260.1	264.0	252.1	3%

^ 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. Also excludes impairment charges

** NPAT excludes impairment charge of \$79.9m after tax

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

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

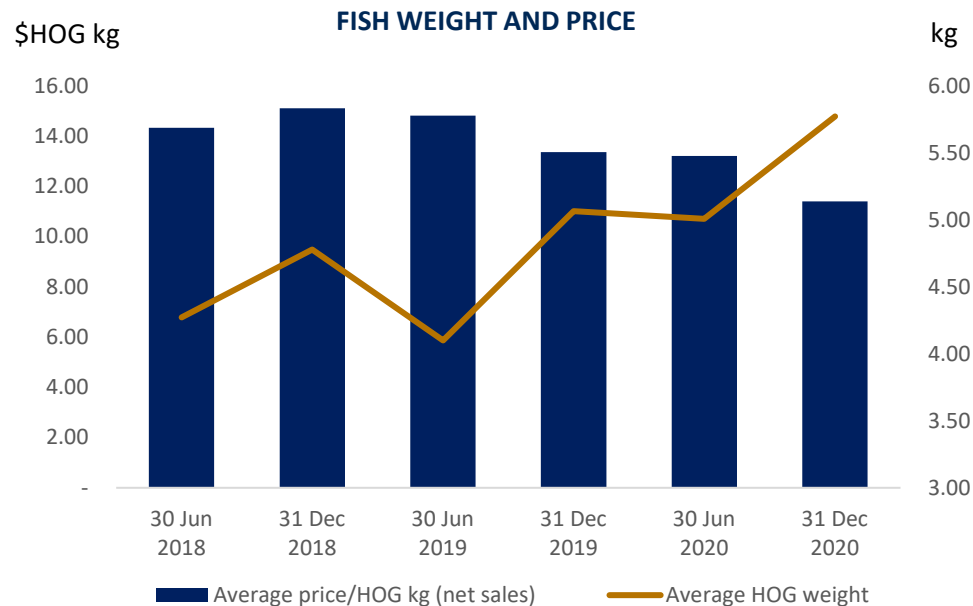
- Top line performance in the first half driven by the significant increase in the biomass together with optimal growing conditions resulting in above average fish weight
- Revenue growth (+24% pcp) was impacted by the 28% fall in the international salmon price¹ on previous half (15% on pcp)
- The expected sale of increased volumes through the lower priced export spot market resulted in a 15% fall on pcp in Huon's total weighted average price to \$11.41/HOG kg
- In the domestic market Huon captured around 85% of the volume growth (wholesale and retail) in the half
- Operating EBITDA fell 59% to \$9.5m and Operating NPAT recorded a \$18.4m loss compared to a \$3.7m profit in pcp
 - The international salmon price fell due to the collapse in global demand as a result of COVID's impact on the food service sector
 - Significantly increased freight costs arising from disruptions to international air freight
 - Operating EBITDA margins were squeezed, falling 67% to 4.3%
 - Depreciation increased \$10m (+53% on pcp), resulting in an Operating Loss after tax
 - Production costs reduced 16% to \$8.86 /HOG kg
- Statutory loss after tax of \$15.4m (excluding impairment charge \$79.9m after tax) was mitigated by the \$4.3m increase in the Fair Value Adjustment of Biological Assets

¹ Fishpool monthly average price for 1H2021 and 2H2020



FINANCIAL PERFORMANCE

Revenue Drivers



- Harvest volume rose 45% on pcp but revenue growth (24%) was offset by significant price weakness in the international market
- The loss in revenue from the \$2/HOG kg average drop in price due to COVID equates to \$38 million on pcp
- Average price per fell 15% on the previous corresponding half to \$11.41/HOG kg
 - Driven by channel mix with increased weighting to export but lower international prices affected pricing across all channels except domestic retail
 - Average spot export price for the half was \$9.42/HOG kg (\$10.44 in pcp)
 - Volumes through the wholesale channel improved, however pricing fell 21% on pcp to \$12.05/HOG kg
- Average harvest weight increased 14% on pcp to 5.77kg
 - Harvest weights improved due to optimal growing conditions and the realisation of increased operating efficiencies across the farm
 - The best average weight recorded in the Company's history



FINANCIAL PERFORMANCE

Cost Drivers

Six months ended		31 Dec 2020	30 Jun 2020	Post AASB 16 31 Dec 2019	Dec to Dec % Change
Harvest volume HOG	t	19,293	12245	13,321	45%
Revenue from operations	\$M	220.1	161.8	178.1	24%
Revenue \$ / HOG kg	\$/kg	11.41	13.21	13.37	-15%
Cost of production	\$M	(170.9)	(119.7)	141.1	21%
Cost of production \$ / HOG kg	\$/kg	(8.86)	(9.78)	(10.59)	-16%
Freight and distribution	\$M	(39.7)	(17.8)	(14.0)	184%
Freight and distribution \$ / HOG kg	\$/kg	(2.06)	(1.45)	(1.05)	96%
Operating EBITDA *	\$M	9.5	24.3	23.0	-59%
Operating EBITDA * \$ / HOG kg	\$/kg	0.49	1.98	1.73	-71%
Margin	%	4.3%	15.0%	12.9%	-67%
Fair value adjustment	\$M	4.3	(24.7)	26.2	-84%
Average HOG weight	kg	5.77	5.01	5.07	14%

* Operating EBITDA is statutory EBITDA excluding impairment charges and the Fair Value Adjustment

- Freight costs doubled to \$2.06/HOG kg driven by the increased cost of export freight as a result of restricted access to international flights since March 2020
 - Export freight rates doubled to c. \$3.30/kg
- Increased freight charges resulted in an additional \$17m in costs which when combined with the loss in revenue resulted in a negative financial impact of c \$55m compared to 1H2020
- Total production costs (including freight) fell 6% to \$10.92/HOG kg
 - Cost of production fell 16% to \$8.86/HOG kg
- Change in smolt strategy continued to deliver efficiency gains through an increase in the average size of smolt to sea
 - Above average growth rates, higher survival and improved feed conversion
- Loss of fish from two incidents involving damage to pens in November 2020 incurred c. \$2m in costs
- Overall net cost of around \$2m arising from theft of salmon from the Ingleburn processing facility



CAPITAL STRUCTURE

Balance Sheet

As at	31 Dec 2020	30 Jun 2020	31 Dec 2019
ASSETS			
Cash	4.9	5.9	15.5
Receivables	37.2	24.5	30.8
Biological Assets	260.1	264.0	252.1
Inventory	25.0	19.3	16.7
Total current assets	336.9	329.2	328.0
Property, plant & equipment	230.6	305.6	398.1
Total non-current assets	351.8	481.2	411.5
Total assets	688.7	810.4	739.5
LIABILITIES			
Payables	79.9	82.9	88.6
Borrowings / Lease Liabilities	5.9	23.4	19.1
Total current liabilities	119.6	138.3	118.2
Borrowings / Lease Liabilities	119.8	149.8	230.8
Deferred Tax	46.0	53.2	60.4
Total non-current liabilities	324.3	363.9	295.8
Total liabilities	443.9	502.2	414.0
NET ASSETS	244.8	308.2	325.5

- Net assets decreased in 1H2021 by 21% on the prior period to \$244.8m due to
 - After tax impairment charge of \$80m following COVID impacts and medium term downgrade in harvest growth rates
 - Partly offset by a reduction in borrowings following the \$66m capital raising in August 2020
- Working capital continued to increase (8% on 2H2020) to \$242.4m
 - Build in biological assets and increased trade receivables as the channel mix moved to higher retail sales
- Net debt levels, excluding lease liabilities, fell 28% on the prior period to \$120.8m
 - Gearing (net debt/equity) held at 43% (excluding leases)
- Existing bank covenants waived and new leverage covenants in place until 31 March 2022
 - Support from lenders by way of revised terms for its banking facilities



CAPITAL STRUCTURE

Biological Assets

Six months ending		31 Dec 2020	30 Jun 2020	31 Dec 2019	Dec to Dec % Change
Revenue^	\$M	220.1	161.8	178.1	24%
EBITDA*	\$M	13.8	(0.4)	49.2	-72%
EBITDA Margin	%	6%	0%	28%	-77%
Fair Value Adjustment	\$M	4.3	(24.7)	26.2	-84%
Operating EBITDA**	\$M	9.5	24.3	23.0	-59%
Operating EBITDA Margin	%	4%	15%	13%	-67%
Biological Assets	\$M	260.1	264.0	252.1	3%
Biological Assets/kg (live)	\$/kg	9.01	9.99	10.96	-18%
Total weight of live finfish at sea	t	28,883	26,429	23,001	26%

^ Revenue from the sale of goods

* EBITDA is earnings before interest, tax, depreciation and amortisation excluding impairment charges

** Operating EBITDA is statutory EBITDA excluding impairment charges and the Fair Value Adjustment

- Investment in biological assets rose 3% on pcp to \$260.1m
 - Live weight at sea increased from 23,001 tonnes to 28,883 tonnes (+26%) with the number of fish increasing 5% and the average weight of fish increasing 14% over pcp
- Average value of biological assets decreased in 1H2021 from \$10.96/kg to \$9.01/kg
 - Reflects fall in average market price in 1H2021 from \$13.37/kg (pcp) to \$11.41/kg
 - 83% of channel mix weighted to exports and wholesale which were both impacted by the fall in international pricing
- The resulting increment in FVA was \$4.3m for 1H2021 - a \$21.9m decrease on pcp



CAPITAL STRUCTURE

Cash Flow Generation

\$M	Six Months Ended		
	31 Dec 2020	30 Jun 2020	31 Dec 2019
Operating EBITDA*	9.5	24.3	23.0
Cash Flow from Operations	(4.4)	(10.9)	19.3
Add - Net Interest Paid	2.4	3.9	2.6
- Net Lease Interest Paid	4.2	3.6	2.3
- Tax Paid/(Refunded)	-	(3.7)	0.3
Adjusted Cash Flow from Operations	2.2	(7.1)	24.5
EBITDA Conversion	23%	-29%	107%
Capex	4.0	9.1	12.5
Cash at end of period	4.9	5.9	15.5

- Adjusted Cash flow from operations decreased from \$24.5m in pcp to \$2.2m in 1HY2021
- Conversion of Operating EBITDA to cash improved relative to 2H2020 but remained low during 1HY2021 at 23%
 - Increased weighting in sales to the export channel which saw returns fall by \$1/HOG kg on pcp with freight costs rising by \$1/HOG kg on 1H2019 (an additional \$25.7m in cash costs)
 - Increased feed costs due to higher production volumes
 - Similar conditions expected in 2H2021
- Capex spend of \$4.0m in 1H2021
 - Downward revisions to volume outlook have eased capex requirements in the short term

* Operating EBITDA is statutory EBITDA excluding Fair Value Adjustment



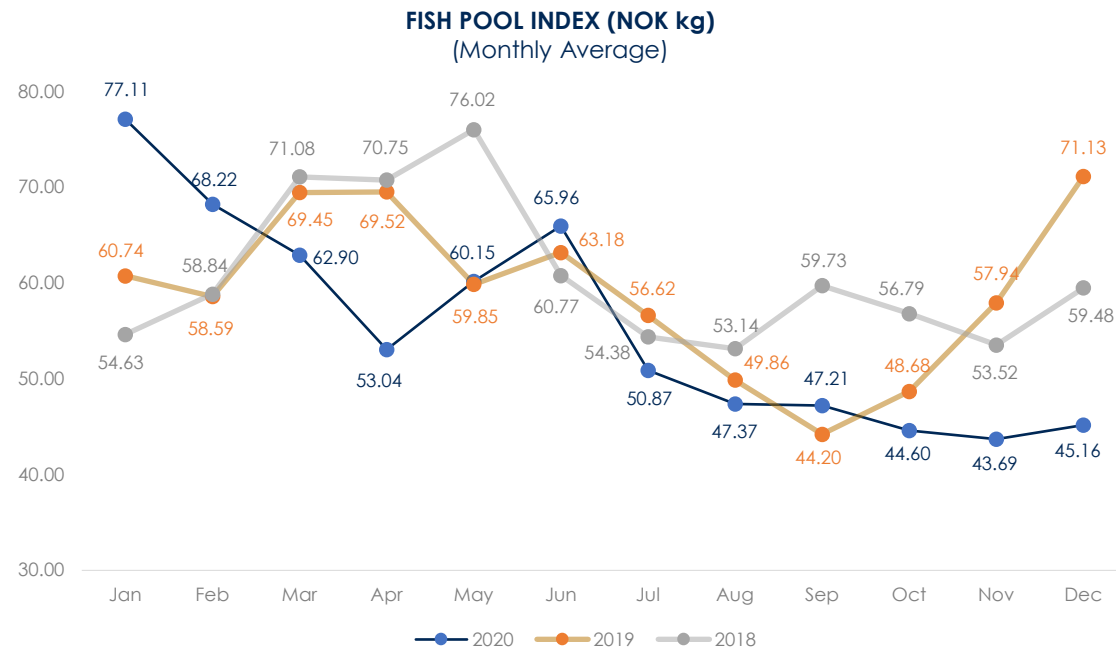
Operational Performance

HY2021

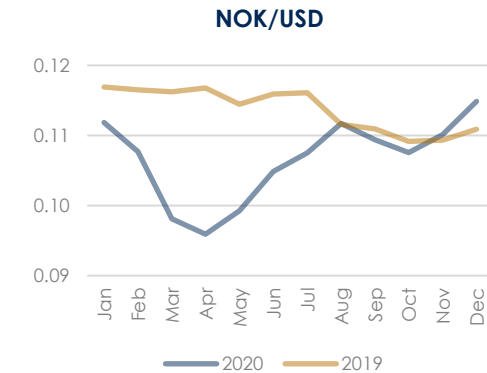
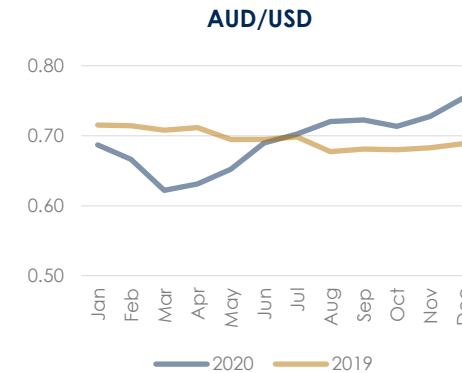


OPERATIONAL PERFORMANCE

International Market Conditions



- Salmon prices exhibited consistent downward pressure during the year, but particularly in the last three months when compared to prior years



- Most international trade is undertaken in US dollars
- Australian dollar competitiveness against the US dollar deteriorated in the second half of calendar 2020 relative to 1H20 and FY19
- The NOK/USD in second half of calendar 2020 returned to pricing similar to that averaged in 2019, albeit stronger than first half



OPERATIONAL PERFORMANCE

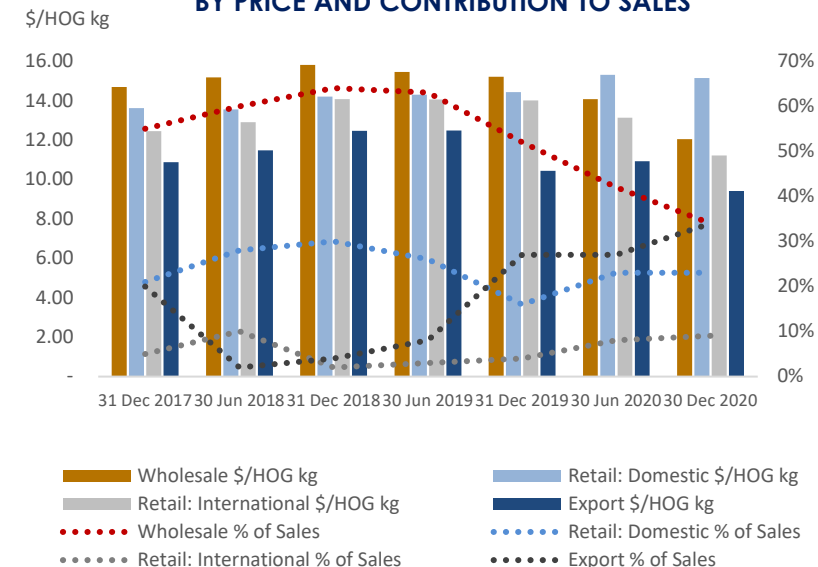
Huon Pricing and Channel Mix

- Huon sales volume into the wholesale market increased marginally on pcp but the net price fell 21% to \$12.05/kg
 - Volumes returned to pre COVID levels despite the 4 month lock down in Victoria
 - Prices were affected by the weakened international salmon price during the half and discounting to stimulate demand
- Huon's contracted sales into the domestic retail channel achieved record volumes increasing 64% on pcp
 - Volumes of c. 3,300 tonnes recorded in the half as Huon launched a new range of value added products
 - Pricing into the retail market increased 5% on pcp to \$15.14/kg due to shift in sales mix to higher priced value added products
- Exports in the half accounted for 42% of total volume (8,024 tonnes) at an average price of \$9.42/kg
 - International spot prices fell heavily in July as a result of increased supply and remained at these depressed levels resulting in the average price for the half (46.6 NOK) falling by 28% compared to the average for 2H2020 (64.5 NOK)
- Contracted volumes (c.1,800t) sold into the international retail market rose 206% accounting for 10% of total volumes
 - Average prices fell 20% to \$11.22/kg in response to the decreased demand globally
 - Revenue increased 144%, lifting this segments share of total revenue from 5% to 9%

CHANNEL MIX BY REVENUE

Six months ending	31 Dec 2017	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020
Wholesale	55%	60%	64%	63%	52%	42%	34%
Retail Domestic	21%	28%	30%	26%	16%	23%	23%
Retail International	5%	10%	2%	3%	5%	8%	9%
Export	20%	2%	4%	8%	27%	27%	34%

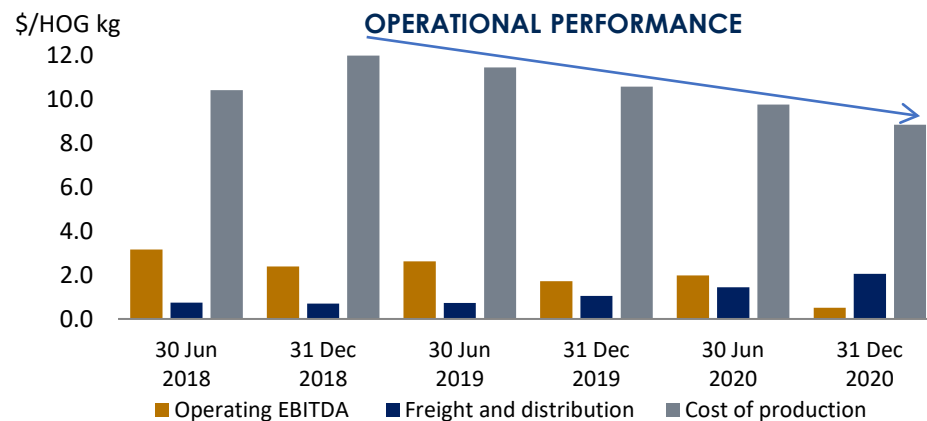
DISTRIBUTION CHANNELS BY PRICE AND CONTRIBUTION TO SALES



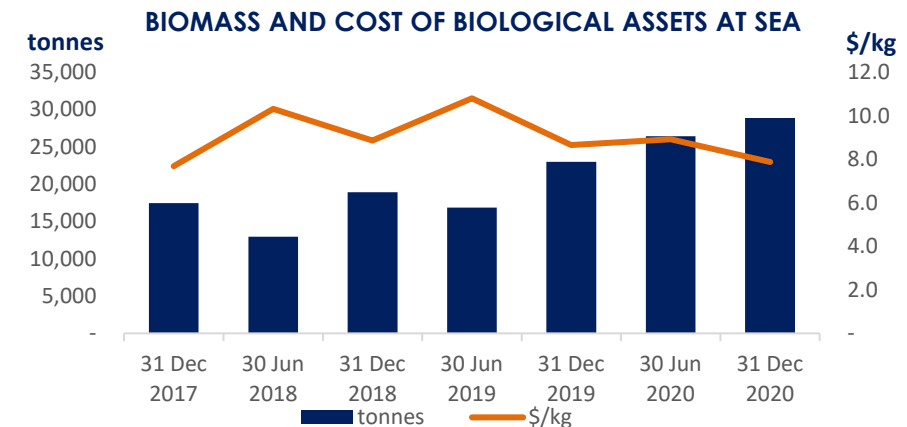
OPERATIONAL PERFORMANCE

Production Costs

- Cost of Production, excluding freight and distribution, continues to decline, falling 16% to \$8.86/HOG kg from \$10.59/HOG kg in pcp
 - Rate of improvement slowed by the fish losses experienced in November 2020 due to net damage
- Since 1H2019 production costs per HOG kg have fallen by 26%
- Production costs in 2H2021 expected to increase slightly as harvest volumes are carried into 1H2022
 - Consistent with average Cost of Production for FY2021 of less than \$9.50/HOG kg



- The cost of biological assets in the water, excluding FVA, fell 9% to \$7.88/HOG kg from \$8.66/HOG kg in pcp
 - Reflects strong fish performance and evidence of efficiencies being delivered from changed farming practices
- Overall live weight at sea (biomass) increased 26% on pcp to 28,883 tonnes



Efficiency Drivers

Performance of the 19 Year Class and the 20 Year Class to date, has been outstanding providing evidence of the impact of the following efficiency measures on fish growth and health

- Huon's hatcheries and the Whale Point grow out facility enable throughput options to be optimised
 - Salmon growing capacity exceeds 40,000 tonnes.
 - Continue to increase average smolt size to sea
- Central control room and feeding technology enhancements leading to improved feed rates and feed conversion
- Tasmanian production of feed now coming from three plants in the State (previously imported) providing both logistical and pricing advantage for Huon
- Participation in industry developed vaccine for POMV
 - All fish are now vaccinated with no cases of POMV reported in vaccinated fish
- Investment of \$2.5m into the industry's selective breeding program in 2020 increasing Huon's share of biological output from the program from 21% to 50%
 - Program focused on developing fish suited to the Tasmanian environment and combating AGD
 - Provides Huon with protection from impacts of climate change as it increases production capacity
- Commissioned the Ronja Storm in February 2020 – custom designed to operate in high energy sites,
 - Bathing schedules can be optimised according to need, reducing the number of baths over the year
 - On board fish grader enabling small fish to be returned to the pen for further growth



A close-up photograph of a person's hands holding a large, speckled salmon fish. The fish is silver with dark spots and has its mouth open. The person is wearing a dark blue jacket. The background is dark and out of focus.

Growing Sustainably



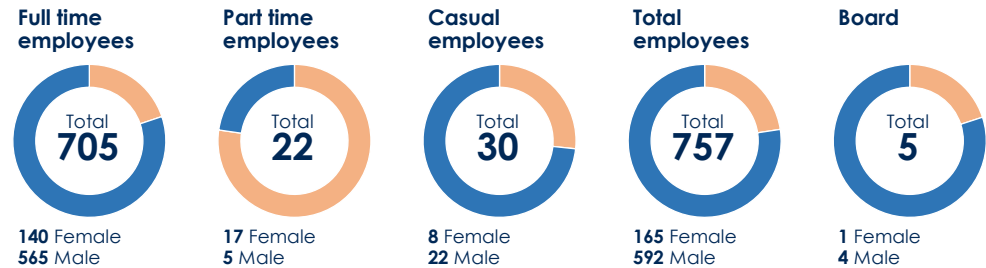
GROWING SUSTAINABLY

People and Safety

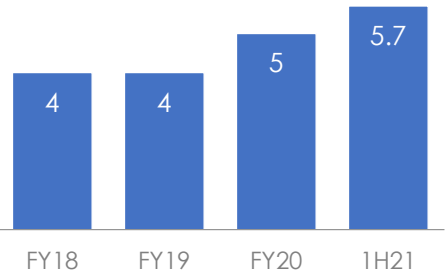
PEOPLE AND CULTURE

- We have a people and culture strategy focused on building high performing teams and inspiring and growing our people including:
 - Employee support programs such as Mental Health First Aid training, language, numeracy and literacy support
 - Support through training and upskilling with over 55 employees completing VET sector qualifications in Engineering fabrication, Certificate III Aquaculture, Work Health and Safety and Marine engineering qualifications
 - Engagement Pulse survey conducted in October 2020
 - Welcome to Leadership Mentoring Program supporting newly promoted employees transition to their first leadership role

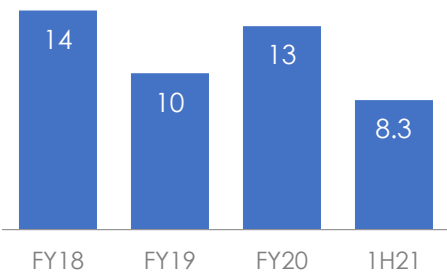
GENDER DIVERSITY



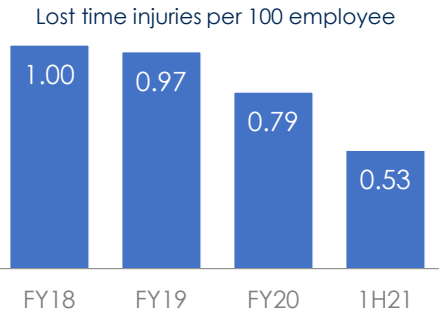
**LOST TIME INJURY
FREQUENCY RATE (LTIFR)**
Per million hours worked



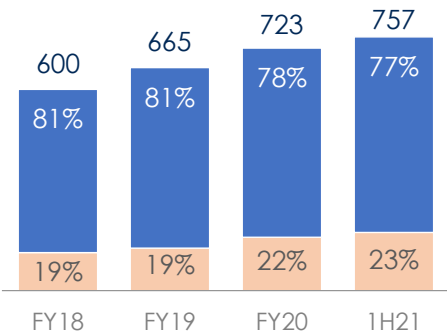
**AVERAGE LOST TIME
RATE (ALFR)**
Hours lost per employee



INCIDENT RATE (LR)



EMPLOYEES



Community and Partnerships

Third party accreditations



Partnerships

Supporting research into the potential restoration of the Tasmanian Giant Kelp forests through the cultivation of warm water tolerant strains on our Storm Bay leases.

With the Beacon Foundation to showcase the education and training pathways students can take to gain the skills needed for employment in the aquaculture industry

With the Weetapoona Aboriginal Corporation where indigenous students can participate in a workplace pathway program at Huon, including to school-based apprenticeships.

Environmental Impact



Whale Point Smolt Transfer System

saved
478

truck
movements
in 2020

Antibiotic
Use in Marine
Ops–

zero

Every year
since January
2016



Sustainable
Packaging
Guideline (SPG) –
Annual
Assessments

100%

of Huon's new
retail products
now contain an
ARL (Australasian
Recycling Label)

Whole-of-fish philosophy

Huon's whole-of-fish philosophy drives our work in the by-product innovation area.

Diverting by-products from landfill is a great way to improve the sustainability of fish farming while also opening up new and potentially lucrative income streams.



**Omega Treats
Pet food**

In late 2020, Huon launched the *Omega Treats* range; a line which takes fish waste and through freeze drying, turns them into shelf-stable treats for dogs and cats.



GROWING SUSTAINABLY

Environment

Environmental Compliance

- Huon's Environmental compliance team is responsible for environmental management across all operations
- All sites are regularly audited, with corrective actions logged and actioned by site managers
- Focus is to remain 100% compliant for all regulatory requirements

Environmental Management

- Further reducing reliance on freshwater through refinements to RAS facilities, production efficiencies and optimising well boat operations
- Waste water from Forest Home hatchery is irrigated on adjacent farm land producing organic-standard fodder
- Continued focus on value-adding organic waste streams and contributing to local circular economies
- Ongoing collaborations to ensure that all plastic waste from marine operations can be recycled
- Huon is a signatory of the Australian Packaging Covenant (APC), with Sustainable Packaging Guideline (SPG) assessments conducted annually for all product packaging

Seabed Health

BENTHIC COMPLIANCE (at 35m compliance sites)	FY18	FY19	FY20	1H21
Number of ROV dives	140	136	146	60
Number of compliant sites	139	136	144	60
% Compliant	99%	100%	99%	100%

- Huon's focus on strict environmental compliance around its leases has resulted in a compliance level of $\geq 99\%$ over the past three years
- Regular visual monitoring of benthic conditions at our leases facilitates strong performance within our feeding group through minimising waste and maximising lease utilisation

SEAL INTERACTIONS	FY18	FY19	FY20	1H21
Relocation events*	0	NA	NA	NA
Euthanised	0	0	0	0
Accidental Death (Relocations)*	0	NA	NA	NA
Accidental Death	8	5	5	5

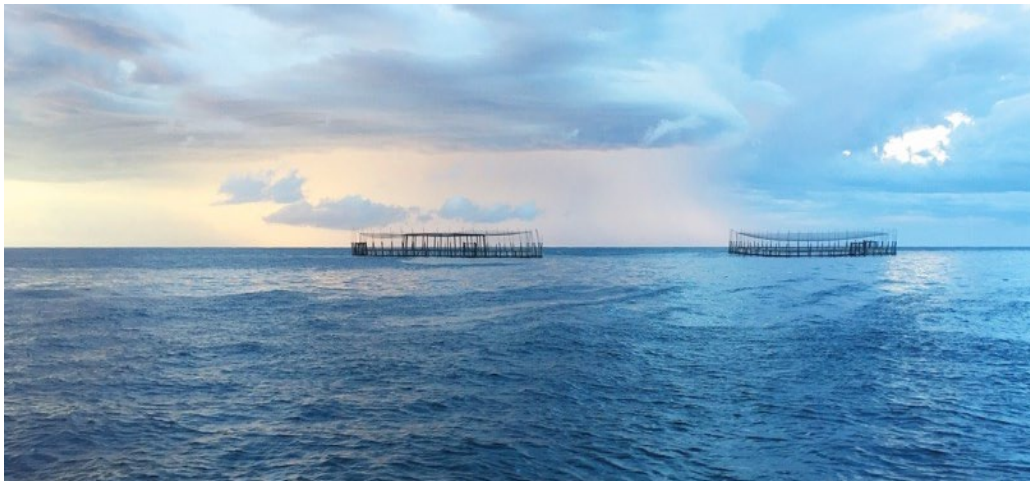
* Relocations banned by the Tasmanian Government in FY19



Climate Change

Climate Change and Warming Waters

- Climate change is one of the world's most pressing challenges and has the potential to impact on all forms of primary production
- Predicted increased incidence of natural disasters and warming temperatures



Mitigation Measures

- Investment in Tasmania's Selective Breeding Program
 - Huon 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
- Focus on Fish Husbandry
 - Reducing stocking densities of larger production pens during summer
- Net Pen Maintenance
 - Continued investment in net cleaning technology, providing cleaner nets and maintaining dissolved oxygen levels
- Reducing GHG emissions
 - Salmon is already recognised as one of the lowest carbon footprint proteins
 - Investigating reductions in GHG emissions across the supply chain, for example, 100% of feed now sourced from Tasmanian mills
 - Participation in Blue Economy CRC research projects investigating offshore energy production (wind and wave energy)



Outlook



Marketing Strategy

Leverage Brand Profile Domestically

- Significant above the line investment in marketing at the beginning of 2H2021 to drive Huon Salmon consumption domestically
 - Campaign launched in February "Give Chicken The Night Off"
 - Salmon and seafood industry also investing in an increased marketing presence
 - Expect this to deliver a major increase in domestic per capita consumption, driving double digit volume growth
- Secured increased retail supply to the domestic market on the basis of Huon's quality product, speed to market and focus on growth
- Huon's B2B loyalty program, Fresher Rewards, continues to deliver growing sales in the wholesale market

Expand Geographic Footprint

- Huon opened a new processing facility in Forrestdale, Western Australia, in December 2020, to move closer to the end customer
 - Strengthens Huon's ability to fulfill major retail contracts and create value-added products on-site to meet local demand



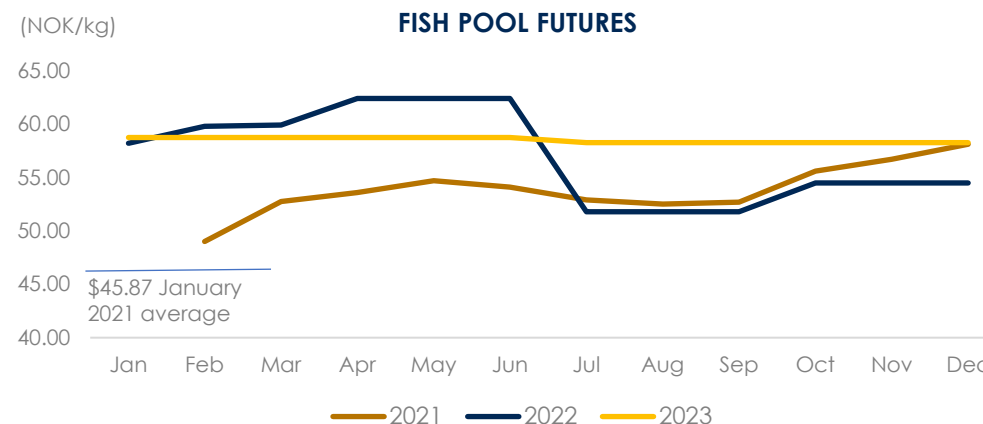
Target Contracted Sales Internationally

- FY2021 will continue to see high volumes sold on the international market due to the significant increase in production
- The focus is on moving more volume out of the spot export market and into retail contracts, both domestically and in international markets
- International retail sales are growing strongly with 206% volume sales growth recorded in 1H2021 from new customers in new markets.
 - Huon now exports to nine different markets in the Asian region reducing its exposure to single export markets
 - Strong market interest and volume growth in North America



Market Outlook

- International salmon prices remained depressed during January 2021 due to reduced demand
 - Fish Pool¹ futures indicate a modest average price increase of 12% from current depressed levels for CY2021 over CY2020
 - The commencement of vaccination programs in most advanced economies and falling incidence rates of COVID in many countries are positive developments
- The increasing strength of AUD against the USD reduces the competitiveness of Australian producers in the international market, particularly in relation to Norway
- Growth in global demand to recover² as foodservice gradually reopens, together with a lift in price expectations
 - 'At home' consumption of salmon increased 3-4% in the Americas and Europe in 2020 and is expected to translate to increased long term demand. Similar behaviour trends observed in Australia
- Growth in retail demand in Australia is expected to continue, supported by a significant increase in marketing by the industry in 2021
 - Domestic market supportive of modest price increases in 2H2021
 - Domestic consumption expected to return to long term average growth rate of 10% per annum in the current half



- Expected improvement in export prices will be offset by continued higher costs of export freight
- Global supply growth over the year is forecast to average only 0.5- 2.0% ²
 - This is much lower than demand growth or historical supply growth
 - Chile is the main driver behind tightening supply due to reduced smolt numbers in 2020 resulting in an 8-9% contraction in their supply
 - Typically this would drive higher prices but, in the short term, COVID has disrupted such linkages

Source: ¹ Fish Pool Pricing Index is quoted in Norwegian Krone; ² Rabobank December 2020



Huon Outlook

- Forecast production volumes for FY2021 pulled back to 35,000 tonnes
 - Harvest strategy has shifted c. 2000 tonnes from 2H2021 into 1H2022
 - Medium term outlook now for lower growth in harvested volumes
- Continued focus on driving operating efficiencies
 - Forecast cost of production (excluding freight) for FY2021 remains unchanged at less than \$9.50/HOG kg.
- While farming conditions were excellent Huon continued to experience a very difficult sales environment in the first half of FY2021 as international salmon prices fell steeply and freight costs increased dramatically
 - Market supply continues to exceed demand with international pricing for 2H2021 not expected to improve markedly from current levels
 - Operating earnings (EBITDA) for FY2021 to be substantially below last year at \$15-20m
- Huon is confident in the potential for double digit volume growth in the domestic market over the short to mid term, year on year
- The increase in production in FY2021 and beyond, is the outcome of Huon's long-term strategy to meet growing demand. Despite the short-term setback delivered by COVID, the underlying fundamentals within the global salmon industry of a long-term structural shortfall in supply remain.



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



Appendix

HY2021



Statutory to Operating Reconciliation

STATUTORY

- 1 Revenue from the sale of goods
- 2 EBITDA is a non-IFRS financial measure which used to measure business performance, using net depreciation and amortisation recognised in the income statement
- 3 Net debt is total debt net of cash and cash equivalents
- 4 Total gearing ratio is measured as debt (net of cash excluding lease liabilities) / net assets
- 5 Return on assets is measured as statutory EBIT (rolling 12 months) / total assets

Statutory Earnings		31 Dec 2020	30 Jun 2020	31 Dec 2019	% Change Dec on Dec
Tonnage	t	19,293	12,245	13,321	45%
1 Revenue	\$M	220.1	161.8	178.1	24%
2 EBITDA	\$M	(100.1)	(0.4)	49.2	-303%
2 EBIT	\$M	(129.7)	(20.1)	29.8	-535%
NPAT	\$M	(95.3)	(17.1)	22.0	-533%
Biological Assets	\$M	260.1	264.0	252.1	3%
Cash and cash equivalents	\$M	4.9	5.9	15.5	-68%
3 Net debt	\$M	120.8	167.3	139.7	-14%
Revenue per HOG kg	\$/kg	11.41	13.31	13.37	-15%
Earnings per share	c	(86.76)	(19.51)	25.19	-444%
4 Total gearing ratio (excluding leases)	%	43%	54%	43%	-
5 Return on assets	%	(21.0%)	1.4%	1.1%	↓

IMPAIRMENT ADJUSTMENT

Impairment Adjustment					
Impairment of goodwill and other assets	\$M	(113.9)	-	-	-
6 Related income tax refund/(expense)	\$M	34.0	-	-	-

FAIR VALUE ADJUSTMENT

- 6 Related income tax at current tax rate

Fair Value Adjustment					
Fair Value Adjustment of Biological Assets	\$M	4.3	(24.7)	26.2	-83%
6 Related income tax refund/(expense)	\$M	(1.3)	7.4	(7.9)	-83%

OPERATING RESULTS

- 7 Operating EBITDA excludes impairment charges and the impact of the Fair Value Adjustment of Biological Assets
- 8 Operating NPAT excludes impairment charges and the impact of the Fair Value Adjustment of Biological Assets and related tax impact

Operating Earnings					
Revenue	\$M	220.1	161.8	178.1	24%
7 Operating EBITDA	\$M	9.5	24.3	23.0	-59%
Operating EBIT	\$M	(20.1)	4.6	3.6	-658%
8 Operating NPAT	\$M	(18.4)	0.2	3.7	-597%



Huon Aquaculture Group Limited

www.huonaqua.com.au

