



# Media Release

Issued: 15 August 2018

## RECORD OPERATING PROFIT AND MAIDEN FULL YEAR DIVIDEND

Huon Aquaculture Group Limited (ASX: HUU) has delivered a record operating net profit after tax of \$35.4 million for the year to 30 June, 2018 (\$28.8 million in FY2017). A final dividend of 5.0 cents per share (cps) has been declared, resulting in a maiden full year dividend of 10.0 cps. The performance was driven by a record harvest tonnage and strong pricing underpinned by supply and demand market dynamics. Importantly, this record result was delivered under extremely challenging operational conditions in the second half.

The durability and expansion of Huon's operations is the result of our commitment to the execution of our corporate strategy, including ongoing investment of capital into the business.

### SUMMARY OF BUSINESS PERFORMANCE FOR FY2018

- Revenue of \$317.9 million representing a 23% increase in turnover and 25% increase in production volume
- Operating NPAT increased 23% on record revenues due to increased volumes and stronger prices.
- Statutory NPAT decreased 37% driven by a decline in the Fair Value Adjustment of Biological Assets
- Average harvest weights improved marginally as the record average fish weight in the first half was offset by poor fish growth in the second half due to elevated water temperatures from a long, hot summer
- The 14% increase in operating EBITDA to \$71.8 million combined with careful management of working capital resulted in a 7% increase in operating cash flow in FY2018 to \$57.9m (FY2017: \$54 million)
- Capital investment increased to \$87.7m largely due to expanded operations in Storm Bay and the construction of the Whale Point Nursery, a step change in core production process and cost improvement
- Net debt increased to \$81.3 million, however gearing continues to remain very manageable at 26.1%

### FINANCIAL SUMMARY

Year ended 30 June		FY2018	FY2017	% Change FY17 - FY18	FY2016
Tonnes	t	22,968	18,448	25%	20,463
Revenue <sup>1</sup>	\$M	317.9	259.5	23%	233.7
Revenue per HOG kg	\$	13.84	14.07	-2%	11.42
EBITDA <sup>2</sup>	\$M	58.9	82.0	-28%	24.9
Operating EBITDA <sup>3</sup>	\$M	71.8	62.8	14%	26.4
NPAT	\$M	26.4	42.2	-37%	3.4
Operating NPAT <sup>4</sup>	\$M	35.4	28.8	23%	4.4
Fair value adjustment of Biological Assets	\$M	(12.9)	19.2	↓	(1.5)
Biological Assets	\$M	169.4	188.0	-10%	147.2
Earnings per share	c	30.21	48.27	-37%	3.92
Dividend per share	c	10.00	5.00	100%	–
Operating cash flow per share	c	66.32	61.82	7%	18.69
Total gearing ratio <sup>5</sup>	%	26.1%	14.7%	78%	24.8%

1 Revenue from the sale of goods.

2 EBITDA is earnings before interest, tax, depreciation and amortisation.

3 Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets.

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

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

## **RESULTS COMMENTARY**

Huon Aquaculture CEO and Managing Director Peter Bender welcomed the record operating profit saying it was testament to prudent planning and investment.

“Huon Aquaculture’s strong financial performance in FY2018 is a testament to the foresight of the company and the resilience it has developed—a direct consequence of the decision made four years ago to invest heavily in the business through our Controlled Growth Strategy.

Huon’s sales volumes and revenue both increased strongly in FY2018 as a consequence of the expanded production volumes and the sustained strength of the salmon price locally and internationally. Importantly, this was achieved in the face of extremely challenging operational conditions.

Huon has remained true to its strategic objective of continuing to invest for growth. Macro trends point to the need for continued growth to meet robust demand. With this in mind, we continued to invest for the future in FY2018 with our construction of the Whale Point Salmon Nursery and new fortress pens at Storm Bay and will continue to do so in the current financial year.

Huon is well placed for continued sustainable growth through ongoing investment in infrastructure and expanded capacity.

I’d like to thank our shareholders for their ongoing support and confidence in Huon,” concluded Mr. Bender.

## **FINAL DIVIDEND**

In light of the continued growth in profitability of the business in FY2018, Directors have declared a final dividend of 5.0 cents per share, franked at 50%. This brings Huon’s first full year dividend to 10.0 cents per share. The final dividend will be paid on 11 October, 2018 to shareholders as at the record date of 14 September, 2018.

## **OUTLOOK**

The fundamentals of the business will continue to be underpinned in FY2019 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.

Huon has commenced FY2019 with a lower biomass than had been projected due to the difficult growing conditions in the second half of FY2018. While we anticipate a harvest volume for FY2019 of around 20,000 tonnes, below the record level achieved in FY2018, stronger pricing is expected to deliver continued growth in operating EBITDA.

Beyond FY2019 we expect Huon to return to production levels in line with the market’s long term average growth of around 10%. This outcome, supported by market expectations that pricing will continue to be underpinned by the shortage of supply over demand, should deliver continued growth in operating EBITDA in FY2020.

## **ENDS**

For further information, contact:

## **INVESTOR CONTACT**

Philip Wiese

Huon Aquaculture Deputy CEO

0428 311 739

[pwiese@huonaqua.com.au](mailto:pwiese@huonaqua.com.au)