



MPI Farm Relocation Presentation
by Grant Rosewarne, CEO

April 2017

PURPOSE AND VISION

- New Zealand King Salmon's purpose is:

“Creating the Ultimate Salmon Experience”

Guides behaviour independent of supervision.

- The reason New Zealand King Salmon exists is to:
 - Enrich the lives of our customers, team members and shareholders;
 - Contribute positively to the communities in which we operate, including the natural environment and regional prosperity; and,
 - Reward our partners and suppliers fairly.
- New Zealand King Salmon has a strong vision to make Marlborough Salmon as world famous Marlborough Sauvignon Blanc.

SUSTAINABILITY

- To us, sustainability means that our business can go on in **perpetuity** and that we **hand our business on to the next generation with a better environment**, a more **supportive professional culture**, stronger **community relationships**, greater **resilience** and more **resources**.
- **Each generation should inherit the business in better shape than its predecessor.** Without a flourishing natural environment, we cannot produce and supply the highest quality King salmon to New Zealand and the world.

SUSTAINABILITY

- Small spatial footprint - Norway example
- Low CO2 emissions - Bellona example
- Nitrogen cycle (Haber–Bosch process an issue)
- Primary Yield - 72% (vs 45% for some land animals)
- Health – Long Chain Omega 3, Vitamins and Minerals, Protein
- Density and animal welfare - lower order animal / 98% water space
- Efficiency of the fish, do not use energy to warm blood or fight gravity
- FCR low at 1.75

SUSTAINABILITY

- Feed - Can use good use parts of wild fish, poultry, beef and sheep that humans don't want to eat.
- Feed - Fish input is low trophic species, anchovies, that recover quickly (quota managed by opening and shutting the fishery – not well understood by Kiwis).
- Value per Kg – 400% higher per kg (Meat and Wool Price Outlook 2016-17)
- Reduces pressure on wild fishery
- Reduces pressure on land farms

SUSTAINABILITY

For all of these reasons NZKS sees itself as part of the solution to a sustainable planet.

Now that Aquaculture exceeds the Wild Catch we need a second planet right now without Aquaculture.

NZ KING SALMON STORY

- We believe Aquaculture is uniquely placed to help save the natural environment and biodiversity. Example: Sushi and Bluefin Tuna.
- Aquaculture is part of the solution to feeding a growing population, it is not the problem.
- Salmon aquaculture is at the more sophisticated end of the aquaculture industry.
- “Creating the Ultimate Salmon Experience” – in every form or niche.
- Branding – A Core Competence all the way to the final consumer. How many fish brands have you seen on a menu? Ōra King.

NZ KING SALMON STORY

- Only 5 significant producers in the world – 4 in NZ and one in Canada. Difficult to grow King species.
- Terminal spawner, powerful more wild.
- Premium pricing.
- Mitigate risk with product, channel and geographic diversification.
- Vertical integration and NZ provenance.
- Financial performance – on track regarding Prospective Financial Information
- Little international competition – except when it comes to the plate!
 - Other proteins, Wagyu Beef, Toothfish, Venison etc
 - Salmon competition is mainly first world countries

NZ KING SALMON STORY

- Highly motivated team – “Creating the Ultimate Salmon Experience”
- Great opportunity, but...
- Government:
 - Never created space for our industry. When Aquaculture space was created the areas selected were good for mussels but not for salmon.
 - For Aquaculture to it needs specific enabling legislation as per Australia and Norway.
 - Have not been proactive about biosecurity.

Norway – A Beautiful Environment



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Norway



Norway



Norway – A Beautiful Environment

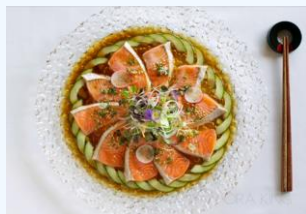
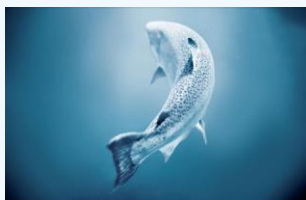


NORWAY

- Norway: 4,000 mainly sea hectare = 1.4M tonnes salmon and trout.
- New Zealand: 9,380,000 land hectares = 1.2 M tonnes beef and sheep.
- Norwegian Salmon and Wild Fishery identified as sustainable industries to replace oil industry.
- Salmon saved regional Norway from economic collapse.
- First world country with high environmental and social standards.
- Despite the scale advantages of the Norwegian salmon industry NZ salmon does better on branding, price, adding value and jobs. (assume this leads to misunderstanding by some about automation).

New Zealand Adds More Value to Salmon

ORA KING™
A UNIQUE BREED OF KING SALMON FOR CULINARY EXCELLENCE



REGAL™
MARLBOROUGH
KING SALMON



Southern
ocean



OMEGA PLUS™
VET QUALITY AT SUPERMARKET PRICES



New Zealand Adds More Value to Salmon



The screenshot shows the Ora King website with a dark navigation bar at the top containing links: Home, Our Story, Our Commitment, Chefs & Events, Our Product, Blog, Media, and Contact. The main content area has a dark background with a large image of a chef, Ben Batterbury, on the left. To his right is a quote about the quality of Ora King salmon. Further right is a circular graphic with a crown icon above it and the year '2014' inside. In the bottom right corner, there is a close-up image of a piece of salmon.

ORA KING[™] Home Our Story Our Commitment Chefs & Events Our Product Blog Media Contact

Our Chefs

"Ora King salmon is the salmon chefs want to be with and other salmon want to be! Having products of this quality makes it a pleasure and less taxing to serve to guests."

Ben Batterbury, Executive Chef, *True South Dining at The Rees Hotel*, Queenstown, New Zealand
www.therees.co.nz/wine-food/true-south/

2014

FUTURE FACILITIES

- It makes common sense that more of our operations will gravitate to Marlborough
- 3 New EPA farms - double production
- Of our 17ha half is not in maximum use – will intimately be utilised for growth
- However, investments are only approved once a rigorous financial case has been put to our Board – we haven't done this yet and we won't until uncertainty is reduced

FUTURE FACILITIES

- Vision
- Head office and Smoking will remain in Nelson – Nelson headcount will increase
- Marlborough Headcount will increase
- Picton is on main transport corridor
 - Quality - Pre-rigor mortis filleting
 - Transport efficiency
- Aquaculture head office in Marlborough
- Primary processing (target but no decision as yet)
- Omega Innovations – Burley, Petfood, Fertiliser, etc etc

OMEGA INNOVATIONS

- Value from by-products and co-products
- Burley, Pet food, Fertiliser, Omega 3 Supplements, DHA Nutraceuticals, Fashion Leather, Collagen, Peptides and other bio-actives
- Use of whole animal for highest value
- Reduce wastage
- Reduced environment footprint
- Opportunities for people and employment

IWI

- Strong Relationship with Te Atiawa
- Emerging relationship with Ngati Koata – Opening Blessing of 2 Pelorus Farms
- Over the past few years, preliminary discussions have been held on employment, training and development opportunities, youth scholarships, branding support and commercial opportunities. We remain open to continuing these discussions.

OUR PEOPLE

- People are valuable - engagement
- Team members vs staff or employees.
- Complex business with multiple divisions.
- Positions from Vet to Accountants to Brand Managers to Health and Safety Specialist, Food Technologists to Factory Managers.
- Kenexa Awards Best Work Places - Most Improved.

OUR COMMUNITY

- Make a huge effort to engage with and support our local communities
- Two independent professional surveys conducted one commissioned by NZKS, the other by MPI
 - Aquaculture enjoys overwhelming majority support
 - Especially in the areas where it is conducted

Creating the Ultimate Salmon Experience!





New Zealand King Salmon

MPI FARM RELOCATION PRESENTATION

APRIL 2017

A close-up photograph of a salmon fillet, showing the vibrant orange flesh and the dark, scaly skin. The fillet is curved, and the skin is on the left side, with the flesh extending towards the right. The background is white.

MPI Farm Relocation Presentation Grant Rosewarne Private Submission

“The Green Revolution is Now Blue”

- *Carbon footprint studies show salmon as a low-impact protein compared to other proteins, and the aquaculture industry as a lesser footprint on the world's land and sea resources. Bellona state “the green revolution is now blue”.*
- *“We must plant the sea and herd its animals using the sea as farmers instead of hunters”. Jacques Cousteau, 1971.*
- *Dr Jason Clay, Senior Vice President, Food and Markets, World Wildlife Fund (WWF) explains - “Our goal is to figure out how to produce more with less land, less water and less pollution, so we won't be the only species left living on this planet. If we want to save species, stop deforestation, and preserve nature for the good of biodiversity and humans, there's one thing we've got to get right above all else: where and how we produce food.”*

Wind Farm

- Essential for modern living – energy
- Green but not perfect
- Highly Reversible
- Efficient and renewable
 - Direct conversion
 - Perfect combination with hydro
- Problems
 - Industrialisation of environment
 - Needs a lot of area
 - No reliable 'base load' / Storage
 - NIMBY - False arguments, half truths

Salmon Farm

- Essential for modern living - food
- Green but not perfect
- Highly Reversible
- Efficient and renewable
 - Good FCR / Low CO2 / Yield
 - Feed source and control
- Problems
 - Minor Industrialisation of environment
 - Organic enrichment (modelled, managed and nitrogen cycle)
 - NIMBY - False arguments, half truths

“The Green Revolution is Now Blue”

- So called Pollution / Benthos

- Drinkable / Wild species
- Modelling – Small Area / Assimilative
- Scale similar to current Queen Charlotte
- Nitrogen cycle
- Reversible

- Disease / Sealice

- Escapes

- Antibiotics

- Heavy metals

- Health of salmon

- The colour of salmon

- Algal blooms

- Cow and human sewage analogies

- Eat more fish than they produce

- Automation will reduce jobs

- NZKS unprofitable

- Foreign company

- Dilution is not the solution

- Control of feed, exact opposite

- NZKS can go onshore / offshore

- Omega 6 to Omega 3 ratio

“The Green Revolution is Now Blue”

- The Temerity of Claims
 - Profitability
 - Number of people - currently
 - Automation and job numbers
 - Healthiness of our salmon
- Some of the largest and sophisticated investors in NZ and around the world are invested in NZKS. Publicly listed.
- None of our opponents know as much about farming king salmon as we do
- We are in the industry “doing it everyday”
- If our opponents are willing to contradict us on hard irrefutable facts such as above where will they go with a half truth on a point where there is some debate?

Sustainability

- Small spatial footprint
- Low CO2 emissions
- Nitrogen Cycle (Haber Bosch process an issue)
- Yield – 72% vs 45%
- Health
- Density - 98% water space
- Efficiency of the fish, do not use energy warming blood or fighting gravity
- FCR low at 1.7
- Use parts of wild fish, poultry, beef and sheep they humans don't want to eat
- Value per Kg (4 time greater)
- Reduces pressure on wild fishery
- Reduces pressure on land farms
- Fish input is low trophic species, anchovies, that recover quickly (quota managed by opening and shutting the fishery – not well understood by Kiwis)

“The Green Revolution is Now Blue”

- Why the Mistrust or Lack of Understanding?
- New Industry 40 years old
- Space not created
 - Other industries obtained resources earlier
 - Government zoning
- Operate in Public Space – competition with other users
- Not understood – number too good to be true or land analogies mislead
 - Value / Space / Yield / CO2 / Density
- NIMBY

“The Green Revolution is Now Blue”

- MPI Proposal is sound
- No increase in surface hectares
- Either way we will use all of our space – we have so little (17ha)
- Predicted on improved environmental outcome
- Also better social and economic outcomes
- Most popular Aquaculture application in history of RMA – 69%.

Ask that the Panel relocate all 6 low flow farms





New Zealand King Salmon

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