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Barramundi Limited Annual Meeting

Chair's Address from Alistair Ryan

[Slide: Barramundi Limited Annual Meeting of Shareholders]

Welcome to the 14th Barramundi annual meeting of shareholders. I am Alistair Ryan, Chair of Barramundi.

It is pleasing to be able to hold this annual shareholders meeting in-person, and to also be able to offer the virtual meeting option to those who are unable to attend in-person, & have joined the meeting via the Lumi virtual ASM platform.

An annual meeting is an important event in a company's calendar and we hope that in future the familiar in-person annual meeting will be able to continue without the COVID-19 and lockdown uncertainty that we've had to deal with this year.

We are duly convened as a Notice of Meeting has been circulated to shareholders and I can confirm that a quorum is present so I declare the meeting open.

Please note that the exits are at the back and front of the room. Please ensure you turn off your cell phones.

For those here in-person there will be a light lunch at the conclusion of the meeting. We look forward to meeting many of you after the meeting.

[Slide: Agenda]

The Agenda for today.

Firstly preliminary matters.

- The minutes of the 2019 annual shareholders' meeting held on 11 October 2019 are available at the registration desk and are also on the Barramundi website.
- The 2020 annual report has been circulated to shareholders – additional copies are available at the registration desk.

Today I'll give a brief update on the Barramundi 2020 financial year, and then Barramundi's Senior Portfolio Manager, Robbie Urquhart will review the Barramundi portfolio.

After the Manager's Review, we will have a Q&A session, and will then move to the formal business of the meeting.

There are two resolutions for you to consider and vote on today, which are set out in the Notice of Meeting.

[Slide: Online attendees – Question Process]

Before we start though, a bit of guidance on how to submit any questions if you're joining this meeting via the online portal.

You should be able to see a Q&A icon at the top centre of your screen.

To send in a question, simply click in the "Ask a Question" box, type your question and press the send arrow.

This method won't allow you to take into account any questions already asked by other online participants, as will be the case for those actually here at the physical meeting. Because of this Wayne Burns, our Corporate Manager, will be consolidating any duplications and overlaps.

We've set aside a time at the end of the two presentations for general questions relating to the operations and management of the business.

For today's meeting, if you're joining us online then you can submit your questions at any time during the meeting – up until we close the questions session.

Questions relating to the two resolutions will be dealt with in conjunction with each of those resolutions.

To facilitate the smooth running of this hybrid (i.e. in-person and online) ASM, can we ask that shareholders limit themselves to a maximum of two questions please.

We'd also like to point out that general shareholder questions, not covered at this meeting, can also be sent to the company via the website via enquire@barramundi.co.nz and we will endeavour to answer them as they are received.

[Slide: Introductions]

Let me introduce the front table.

Firstly, the directors. To my right is Carmel Fisher, then Andy Coupe and Carol Campbell.

Next to Carol is Robbie Urquhart, Senior Portfolio Manager for Barramundi. Next to Robbie, is Wayne Burns the Corporate Manager for Barramundi.

Also here today are Senior Investment Analyst, Terry Tolich and Investment Analyst, Delano Gallagher who are in the audience, please stand up Terry and Delano.

We are also pleased to have representatives from our share registrar, Computershare, auditor, PricewaterhouseCoopers, our tax agent, Deloitte and our legal advisors, Bell Gully in the audience today.

[Slide: Chair's Overview]

Shareholders, it is my pleasure to again present the Chair's Overview at this meeting.

And it was certainly a turbulent period of ups, downs and ups.

As Barramundi shareholders we gained strongly up until the middle of February, with the Barramundi share price reaching \$0.75 on the 20 February, then we dropped rapidly and significantly to \$0.45 on 23 March. These were volatile and uncertain times. One could even use the word "unprecedented", and there continues to be future uncertainty in regards to COVID and future stock market strength.

However the period April to September has generally been one of recovery, and as of Wednesday night the Barramundi share price closed at \$0.82.

As shareholders we're all well aware that markets can be volatile, especially over short periods and this was certainly the case this year. And they may, of course, prove to be again. The future is pretty unclear at the present time.

Fortunately for Barramundi with a 30 June balance date, there has been time for the recent recovery phase to occur.

The recovery of the Barramundi portfolio clearly demonstrates how well the portfolio is constructed and managed, based on a rigorous and robust investment approach, which has held your investment in good stead during the COVID-19 pandemic.

So let's have a quick review of our investment objectives.

[Slide: Barramundi's Investment Objective]

As directors, and managers, we typically start our annual meetings with a quick reminder of what we are here to achieve, being:

- to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- to provide access to a diversified portfolio of Australian quality, growth stocks through a single tax-efficient investment vehicle.

Both of these objectives were achieved for the 2020 financial year.

[Slide: Corporate Governance]

Turning now to corporate governance....

The board is committed to strong governance principles and to overseeing the Manager's portfolio performance on behalf of shareholders.

In a normal year the board generally meets formally six times per annum, plus other meetings as required, but during the initial period of the COVID-19 crisis, when market volatility was at its peak (March and through April 2020), the board scheduled a number of additional meetings with the Manager to check that appropriate risk management processes and procedures, including rigorous application of the STEEPP process, were being adhered to.

The board has continued to have additional monthly meetings with the portfolio manager.

These additional meetings enable the board to monitor and closely oversee the portfolio management process undertaken by the Manager as part of its mandated approach.

In addition to the special meetings referred to above, the Investment Committee meets twice a year, on a six monthly basis, to hear from the Manager about what has gone well and what has disappointed, and to engage in a comprehensive review session covering key performance metrics, some of which we will go through on the following slides.

The Barramundi Audit and Risk Committee generally meets twice a year, on a six monthly basis, to review the company's financial reporting, internal controls and risk management systems, and to meet with the external auditor and receive their report on both the interim and year end accounts.

The Barramundi 2020 result was announced in August, but I'll highlight some of the key performance measurements on the next slide, and Robbie will discuss the underlying performance in his presentation.

[Slide: 2020 Overview]

So how has 2020 treated shareholders?

- Barramundi has performed well for shareholders against a challenging market backdrop. It's worth noting that the volatile market conditions of February and March reduced Barramundi's nine month result to a NPAT loss of (\$16.2m), which was turned around in the last quarter of the financial year to a year end NPAT of \$12.5m, a recovery of almost \$29m. This significant turnaround and the difference between the position as at March versus the year end result shows the volatility of equity markets but also, we believe, the underlying quality of Barramundi's portfolio.
- We are pleased with the total shareholder return of 15.5% for the year, which was ahead of the 2019 total shareholder return of 15.5%. This return measure looks at the share and warrant price movements, the dividends paid and the warrants exercised. Over the course of the financial year the share price moved from \$0.63 to \$0.69, (a 10% increase). Barramundi paid almost 6 cents per share in quarterly dividends, (a dividend yield of just under 9%). In addition to this, the Barramundi warrants that were exercised in October last year (2019), were able to be exercised by warrant holders at a price that was 6 cents, (approximately 9%) below the price at which the share were trading on the NZX. All of this helped contribute to the overall shareholder return.
- The NAV per share at year end was \$0.68, slightly down on the previous year end NAV per share of \$0.69, but that was of course after dividends were paid out.
- The Adjusted NAV return for the year was +10.6%, being the net return to an investor after expenses, fees and tax. This was ahead of the 2019 adjusted NAV return of +5.6%.
- Over the 2020 financial year, the share price to NAV discount narrowed from 8.7% (30 June 2019) to be a small premium of 1.5% at 30 June 2020. For a reasonable part of the year the discount was below 8%. Since year end, the share price to NAV discount has continued to fluctuate between a small discount or small premium. Total shareholder return is a combination of the adjusted NAV return and the share price discount to the adjusted NAV. The narrowing of the discount and the move to a premium position at year end, helps explain why the total shareholder return is higher than the adjusted NAV return.
- The Board has a number of initiatives in place to help manage the share price to NAV discount including the buyback programme. Over the 12 months to 30 June 2020, 1.1m Barramundi shares were purchased under the programme when the shares were trading at sufficiently deep discounts. Shares purchased under the programme are held as treasury stock and primarily utilised under the dividend reinvestment plan.

[Slide: 2020 Overview - Continued]

As mentioned in the previous slide the Adjusted NAV return was +10.6% for the period which represents **the net return to an investor after expenses, fees and tax.**

This slide compares that return and the gross performance return to Barramundi's benchmark, which was down -6.6% over the same period.

As you can see from this slide the three and five year annualised adjusted NAV returns, and the gross performance returns, compare well with the equivalent period benchmark returns.

Robbie will discuss the Australian market dynamics and how the portfolio performed shortly in the Manager's Review.

[Slide: Movements in Shareholders' Funds]

The chart shows the Barramundi NAV of \$118m as at June 2019, increased \$24m to \$142m at the end of the June 2020 reporting period.

The movements during the year as represented by the green, orange and blue columns were:

- plus \$12.5m net profit,

And movements due to our capital management initiatives:

- less \$11m dividends paid,
- adding back \$4m for dividends reinvested by shareholders
- less \$1m for buybacks, and
- plus \$18m for shares issued when warrants were exercised.

[Slide: Quarter 1, 2021]

The first quarter of Barramundi's 2021 financial year has been relatively settled and markets have risen slightly.

This slide provides a snapshot of the first three months of the current financial year to 30 September 2020:

- Total shareholder return for the quarter was +12.2% - driven by the increase in share price and the dividend paid during the quarter.
- Barramundi's unaudited net profit for the three months to 30 September was \$9.1m.
- As at 30 September, the NAV per share of \$0.71 slightly up from the NAV at 30 June – and that was after the dividend payment of 1.34 cents per share (paid on 25 September). The share price premium to the NAV widened to 7.3% at 30 September, from a 1.5% premium as at 30 June.
- Barramundi's adjusted NAV return for the first three months of the 2021 financial year was +6.4%, which represents the net return to an investor after expenses, fees and tax. The adjusted NAV return compared favourably to the benchmark index, which was 0.1% for the three months.

[Slide: Warrants - BRMWE - October 2019]

A quick recap on the previous Barramundi warrants.

These were issued in October 2018, and exercised in October last year, 2019.

74% of the 42m BRMWE warrants issued were exercised, at a exercise price of \$0.59, which was 9% below where the shares were trading at that time, & 14% below where the Barramundi share price ended the 2020 financial year at i.e. \$0.69

The exercise of the warrants meant that \$18.4m of new funds was invested into Barramundi.

[Slide: Warrants - BRMWF]

Barramundi issued new warrants in earlier this month, (BRMWF).

Warrants give the holders the right, but not the obligation, to purchase additional shares in Barramundi at a discounted exercise price, in this instance \$0.70, less the dividends that will be declared over the next year.

Warrant holders have the option to exercise their warrants, sell their warrants on market or let their warrants lapse.

The exercise date for the latest Barramundi warrants is 29 October next year, i.e. **2021**.

Closing remarks

In closing, on behalf of the Board, thank you shareholders for your continued support of Barramundi. I will now hand over to Robbie Urquhart, Senior Portfolio Manager of Barramundi, who will discuss the key performance drivers for this year's performance.

ENDS