



Kingfish Limited

# ANNUAL MEETING OF SHAREHOLDERS

27 July 2018

# Agenda

---

- Preliminary matters
- Chair's Overview
- Manager's Review
- Q&A
- Annual Meeting Resolutions



# Board of Directors

---



Alistair Ryan



Carmel Fisher



Andy Coupe



Carol Campbell

# Kingfish Team

---



Sam Dickie  
Snr Portfolio Manager



Zoie Regan  
Snr Investment Analyst



Matt Peek  
Investment Analyst



Jody Kaye  
Corporate Manager



# Chair's Overview





# Kingfish's Investment Objectives

---

## Absolute Returns

Achieve a high real rate of return, comprising both income and capital growth within acceptable risk parameters

## Diversified Portfolio

Access to a diversified portfolio of New Zealand quality, growth stocks through a single tax-efficient vehicle



# 2018 Overview

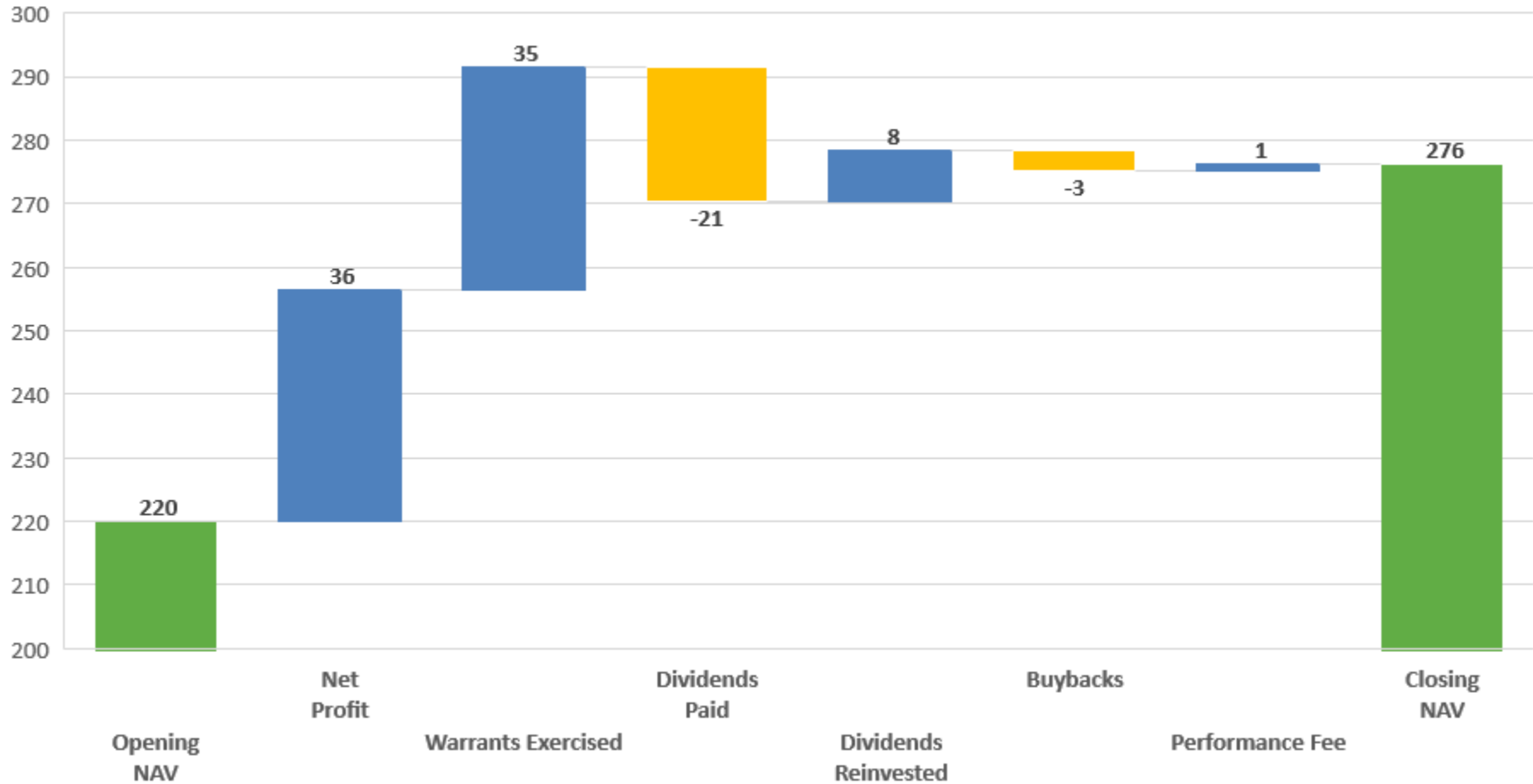
Net profit	Dividend	NAV per share	Share price
<b>\$36.3m</b> (2017: \$22.4m)	<b>11.28<sub>cps</sub></b> (2017: 11.16 <sub>cps</sub> )	<b>\$1.45</b> (2017: \$1.40)	<b>\$1.31</b> (2017: \$1.29)
Total shareholder return*	Dividend return	Adjusted NAV return*	Share price discount to NAV <sup>^</sup>
<b>+12.0%</b> (2017: 8.1%)	<b>+8.7%</b> (2017: +8.5%)	<b>+14.7%</b> (2017: 10.6%)	<b>+9.7%</b> (2017: 7.0%)

\*These metrics are Non-GAAP measures calculated in accordance with the methodology described in the Kingfish Non-GAAP Financial Information Policy which is available on the Kingfish website.

<sup>^</sup>Share price discount/(premium) to NAV (including warrant price on a pro-rated basis).

# Use of Shareholder Funds

12 months to 31 March 2018 (\$m)



# Quarter 1, 2019

---

1 April – 30 June 2018

Total shareholder return\*

**+8.4%**

Adjusted NAV return\*

**+7.2%**

NAV per share

**\$1.52**

Share price

**\$1.39**

Net profit

**\$21.1m**

\*These metrics are Non-GAAP measures calculated in accordance with the methodology described in the Kingfish Non-GAAP Financial Information Policy which is available on the Kingfish website.



# Warrants

---

- **5 May 2017:** Successful “KFLWD” warrant issue with \$35.2m invested in the Kingfish portfolio
- **2 July 2018:** New warrant issue “KFLWE” announced
- **18 July 2018:** Eligible shareholders issued 1 warrant for every 4 shares held on the record date with Final Exercise Price to be announced in June 2019
- **12 July 2019:** “KFLWE” Exercise Date

# Manager's Review

Sam Dickie

Senior Portfolio Manager





# Agenda

---

1. The Kingfish story
  2. Why own NZ shares?
  3. Review of markets in FY18
  4. Portfolio insights
  5. Outlook
- 



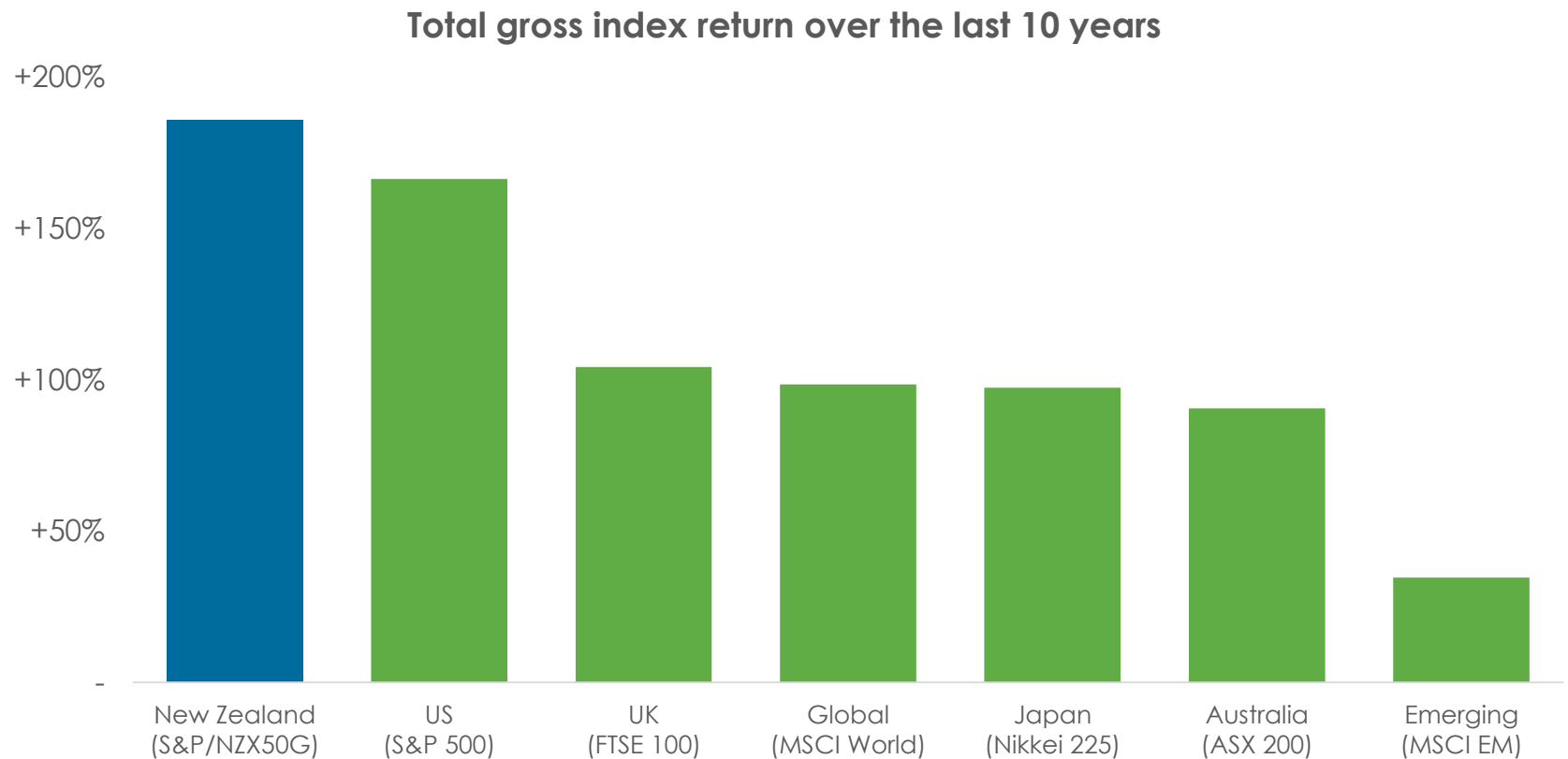
# The Kingfish story

---

1. New Zealand has been a great place to invest
  2. Kingfish gives you access to quality, growing companies with offshore revenues
  3. Active management has allowed Kingfish to successfully operate in different macro backdrops over the long term
- 

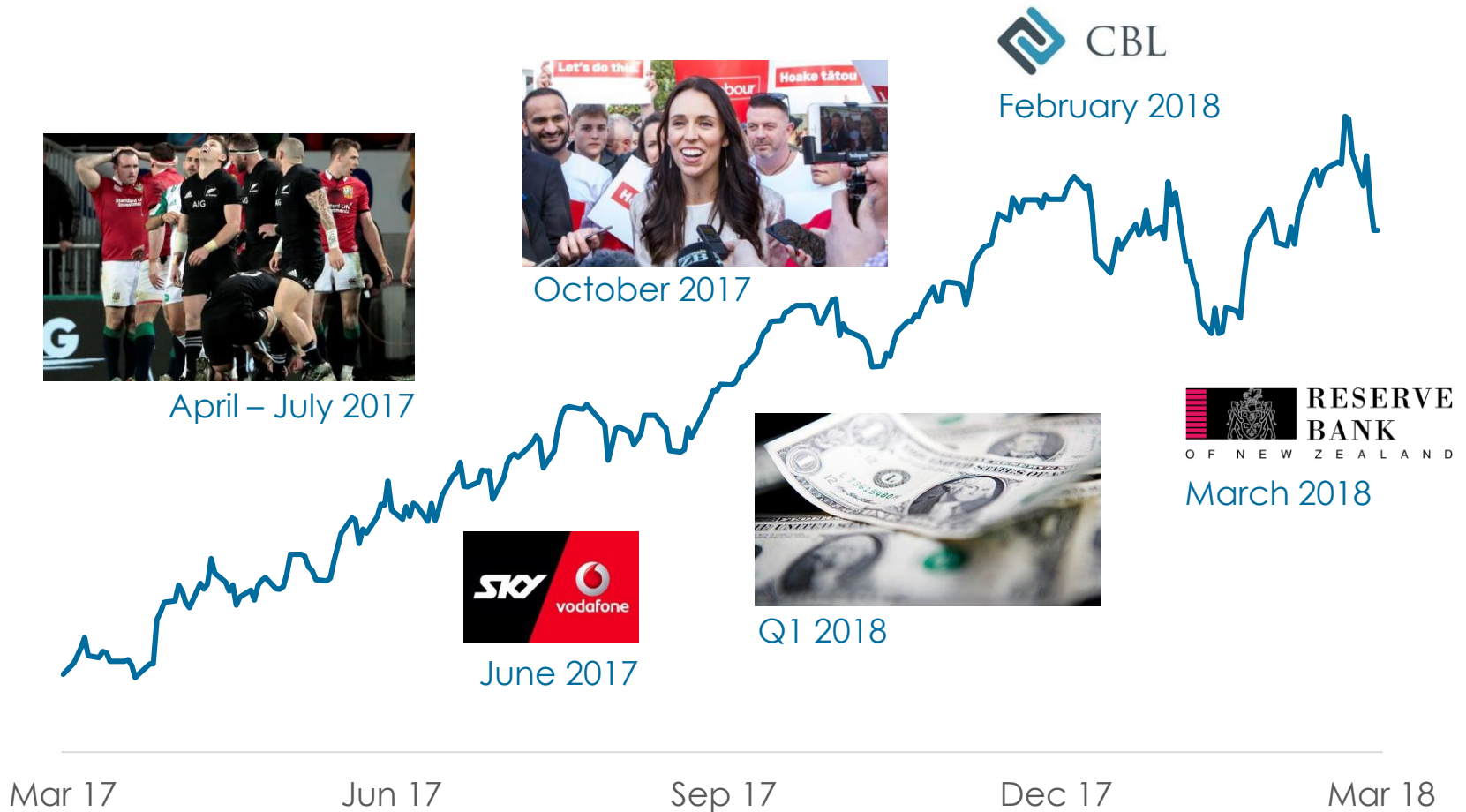
# Why invest in New Zealand shares?

***The New Zealand market has outperformed other major markets***



**Note:** Total gross index return with returns in the currency of the index (S&P/NZX50G in NZD, S&P 500 in USD, FTSE 100 in GBP, Nikkei in JPY, ASX 200 in AUD, MSCI World and MSCI EM in USD); Source: FactSet (10 years to 5 July 2018)

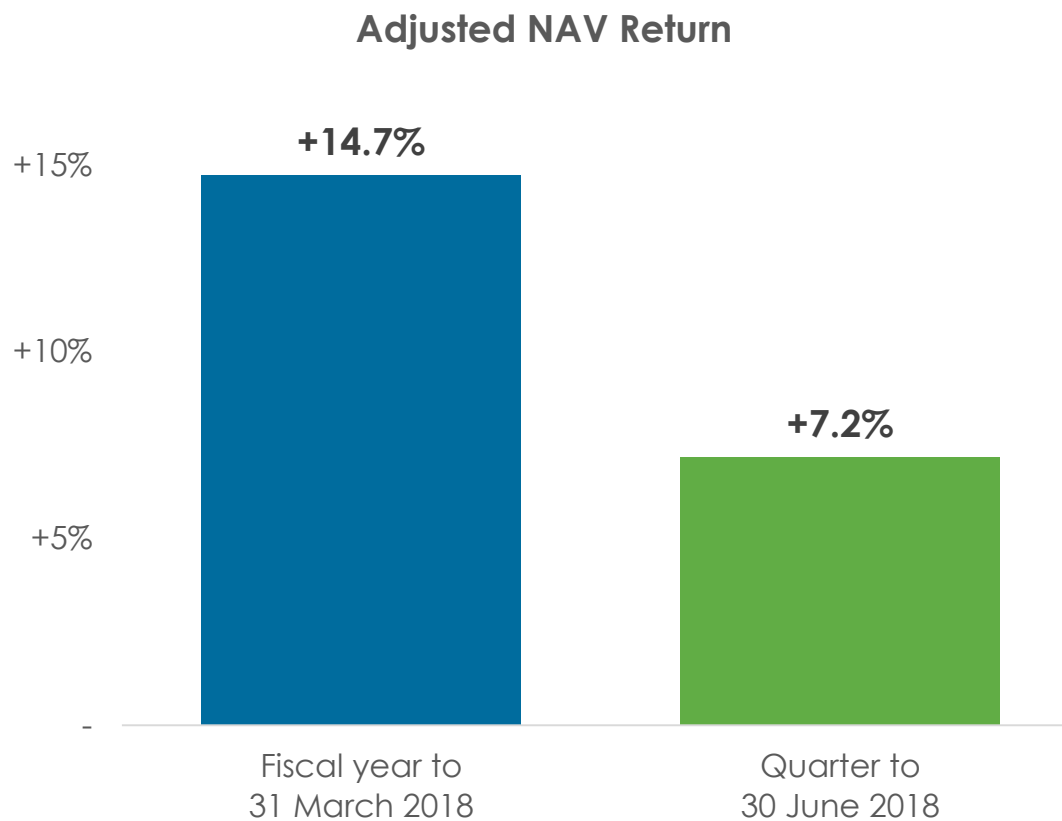
# How did the NZ market fare in FY2018?



Note: S&P/NZX50G index  
Source: FactSet

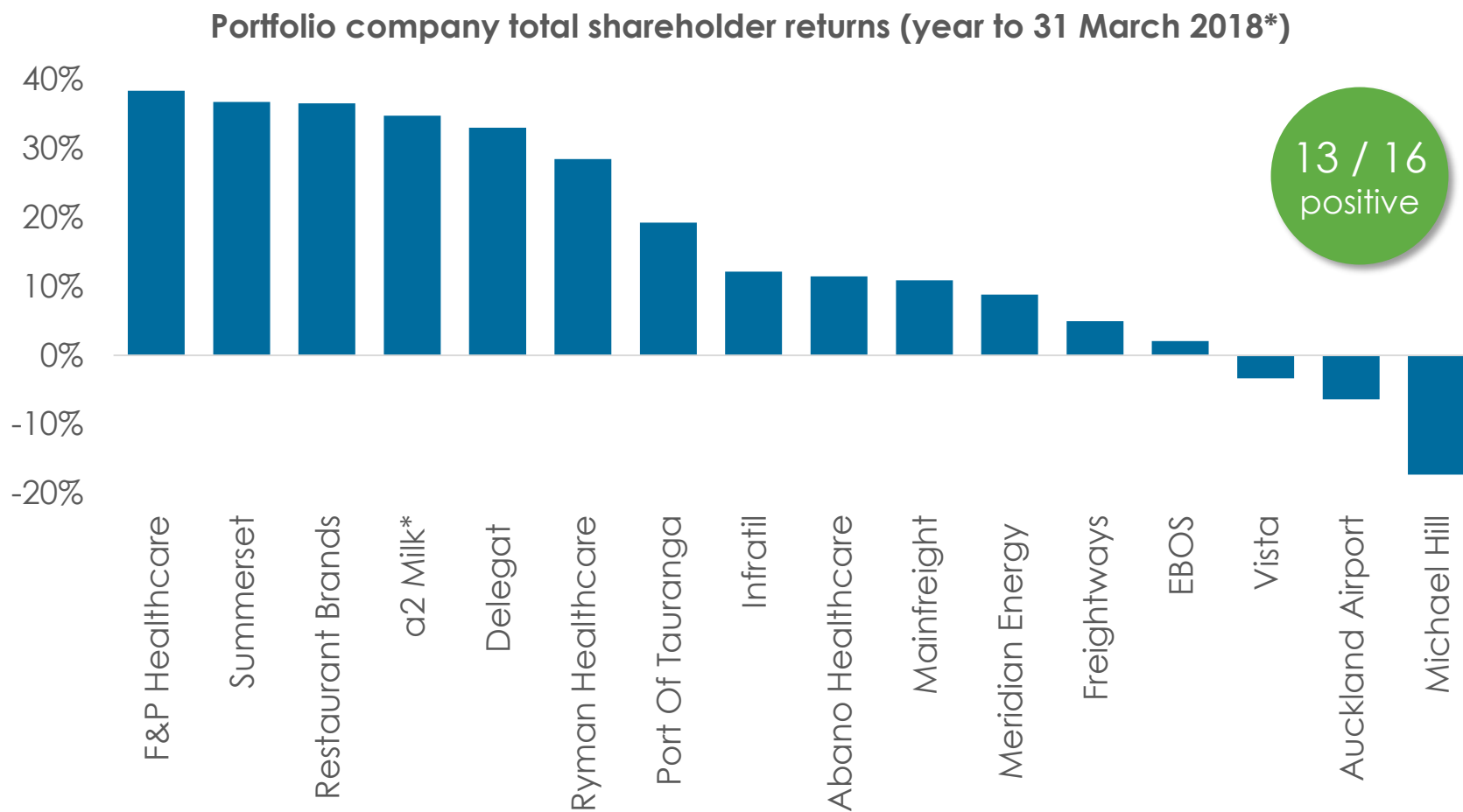
# Performance has been strong

---



*Note: Adjusted NAV return as defined in Kingfish Non-GAAP Financial Information Policy (<http://kingfish.co.nz/assets/Uploads/Kingfish-Non-GAAP-Financial-Information-Policy.pdf>)*

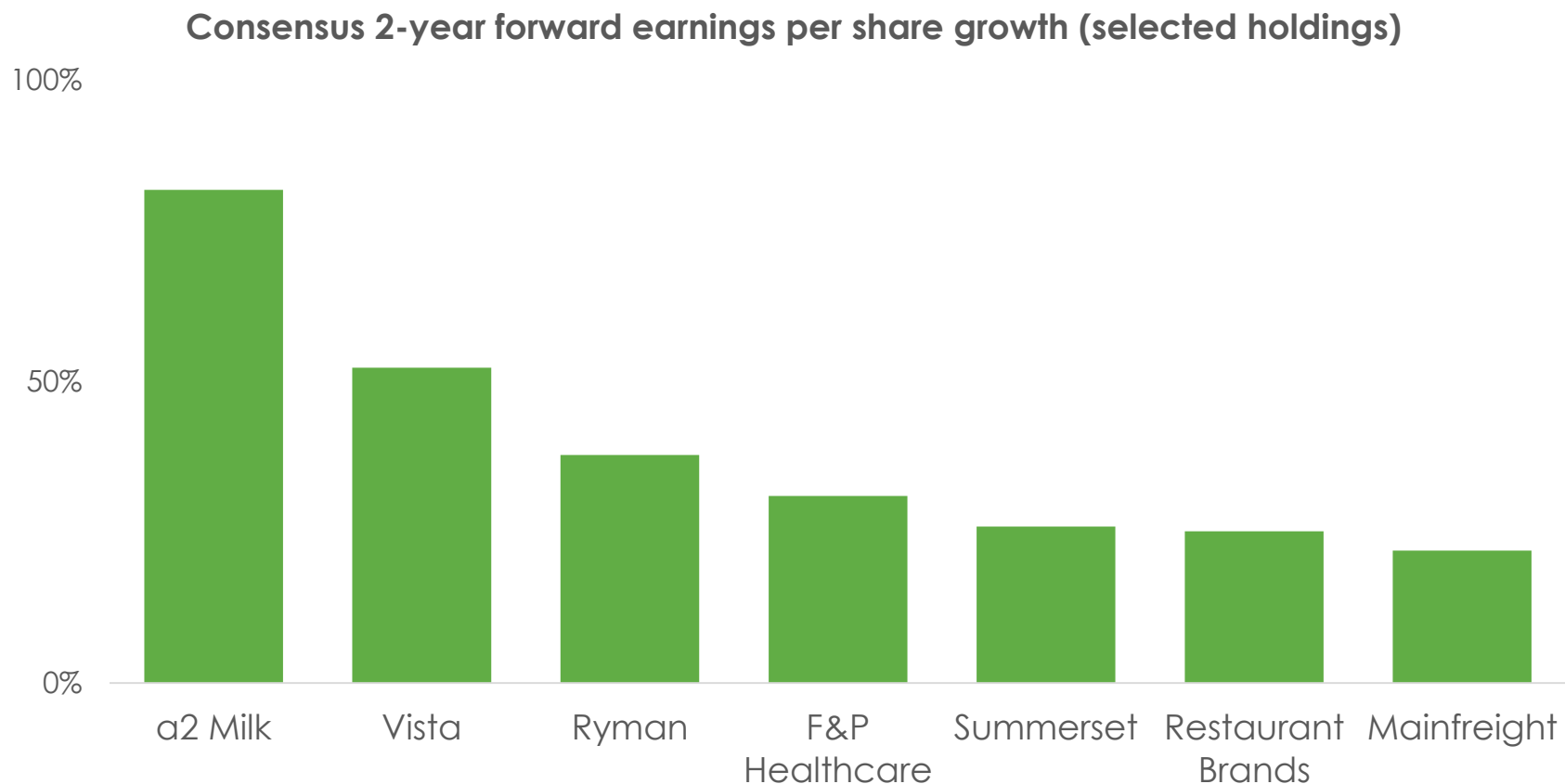
# Portfolio company performance



Note: \* a2 Milk from first acquisition date; portfolio holdings as at 31 March 2018



# Attractive earnings growth outlook remains key



*Note: Consensus earnings per share growth from current unreported fiscal year to the year after next*  
*Source: FactSet as at 25 July 2018*

# What went especially well?

---

## **Fisher & Paykel** HEALTHCARE

- During the year we increased the F&P Healthcare weighting in the Kingfish portfolio
- What happened?
  - ☑ Impact of litigation significantly overblown
  - ☑ Double-digit and accelerating growth in hospital business

## The logo for Summerset features a red brushstroke above the word "Summerset" in a purple, italicized serif font.

- Increased position size in November 2017 and March 2018
- What happened?
  - ☑ Quality operator, successfully following in Ryman's footsteps
  - ☑ Sector leading growth, priced attractively
  - ☑ Solid management and leading disclosure

# What went against us?

---



- What has changed recently?
  - Closed the US network
  - Reversed course on Emma & Roe
  - Tough Australian retail environment

## Key Theme 1:

# Active management means many things

---

- Kingfish investment process focuses on researching businesses using the STEEP framework
- Enhancing long term returns can be as much about what you don't own - Kingfish has never owned any shares in CBL
- During FY18 and into FY19 we have upgraded the quality of the Kingfish portfolio (5 exits, 3 entries)

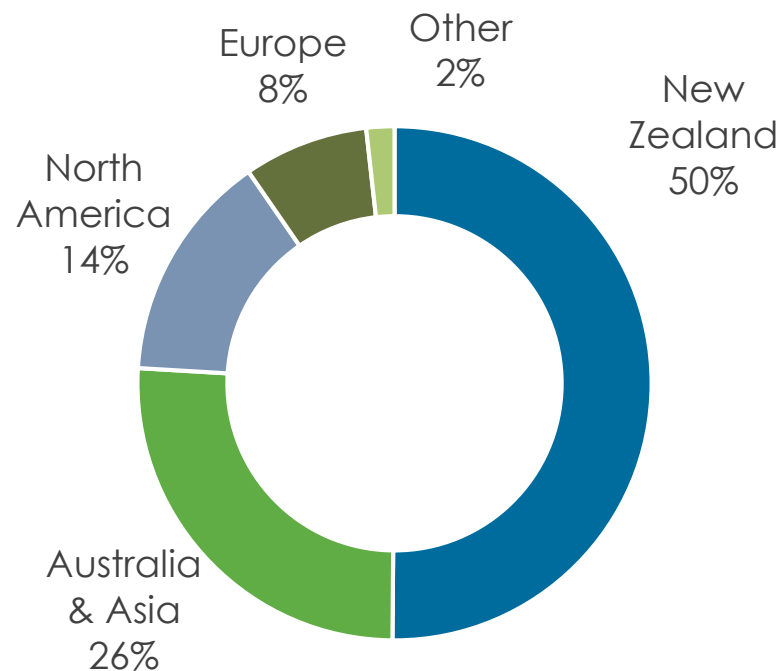


## Key Theme 2:

# Active management means the ability to tilt our exposure towards offshore growth

- NZ GDP growth has outperformed for a number of years
- Approximately 50% of the Kingfish portfolio's revenue is from offshore
- Exemplified by Fisher & Paykel Healthcare
  - 94% offshore revenue
  - Hospital division and high flow oxygen is a key growth driver

Portfolio revenue by geography\*



### Key Theme 3:

## Active management means opportunities can be found in unlikely places

- Kingfish recently took a position in Fletcher Building (in April 2018)
- Several strong core businesses, problem divisions addressed
- Multiple key changes in the business (people, strategy, balance sheet)



# Outlook

---

- New Zealand is insulated from some global risks but is not totally immune
- While macro is important, there is no substitute for wearing out the shoe leather
- Kingfish's active management style allows it to adjust its approach to different macro backdrops



# What does Kingfish offer?

- Focus on high quality growth businesses
- Continually scour the market for the best investments
- Our goal is to maintain a Kingfish portfolio of high quality growth companies that will outperform over an economic cycle



*Note: Adjusted NAV return as defined in Kingfish Non-GAAP Financial Information (<http://kingfish.co.nz/assets/Uploads/Kingfish-Non-GAAP-Financial-Information-Policy.pdf>)*



# General Questions from Shareholders

(not relating to resolutions)

# Annual Meeting

## 2018 resolutions



# 2018 Annual Meeting Resolutions

---

- Introduce and propose
- Discussion, questions
- Enter your vote on voting paper and lodge your voting paper at end of resolutions

# Matters of Business

---

- Annual Report
- Resolutions:
  - Re-elect Carol Campbell
  - Directors' remuneration
  - Auditor remuneration

# Proxy Count

Resolution	For	Against	Discretionary	Total	Abstain
Re-elect Carol Campbell	13,034,987	86,576	1,629,672	14,751,235	40,735
Directors' remuneration	4,864,573	2,868,425	1,693,763	9,426,761	5,365,209
Auditor remuneration	12,916,216	152,870	1,544,533	14,613,619	178,351

Proxy votes to date: 14.8 million

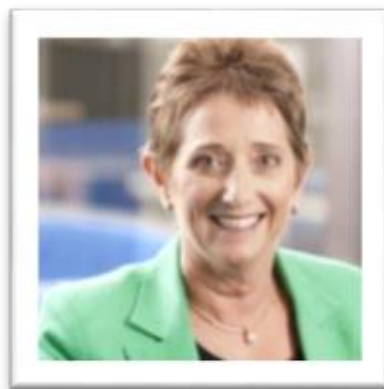


Resolution 1

# Re-election of Carol Campbell

---

*To re-elect Carol Campbell as a  
director of the company*



## Resolution 2

# Directors' Remuneration

---

*To authorise that the maximum aggregate remuneration able to be paid to all directors (in their capacity as directors) of the company be increased by \$32,500 per annum from \$125,000 to \$157,500 (plus GST if any)*

## Resolution 3

# Auditor's Remuneration

---

*To authorise the board of directors to fix the remuneration of the auditor for the ensuing year.*



# Conclusion

---

- Complete and sign voting paper
- Voting papers in the voting boxes
- If you need a voting paper please see Computershare
- Results to NZX

Thank you

