Tassal Group Limited

PAC Partners AgFood & Life Science Conference

Controlling your Destiny

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"Tassal is delivering on its
growth ambitions – generating
responsible and sustainable
biomass growth, while delivering
increasing operating, financial
and shareholder returns."
Delivering responsible
& sustainable results
tassal

"The strength of Tassal's operating model can be clearly seen in the record 1H18 result that delivered strong growth in underlying earnings and operating cashflows, while further strengthening the company's balance sheet."

Record 1H18 results across all key metrics

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- Favourable dynamics in the domestic salmon market
- Optimising domestic salmon sales mix: wholesale volume at 47% vs retail at 53%
- Efficiency benefits flowing from a more optimal salmon harvest biomass and size … targeting fish size 5.00kg hog
- Strong operating returns and operating cashflow – focus on optimising EBITDA returns … which is not just 'cost out' – it is also about optimising sales mix and pricing returns, and generating productivity gains
- Export market strategically targeted – provides flex to allow us to optimise salmon returns across markets
- Tassal has been significantly de-risked & operational EPS strong … up 10%

"Tassal is in a strong position to execute on its long term sustainable growth strategy"

Well positioned to deliver continued growth

Positive outlook for 2H18

- Lever favourable market dynamics in the domestic salmon market
- Further investment in biomass to drive future earnings growth
- Rebalancing export market exposure … noting that there is currently a strong demand and pricing response in the global market
- Focus to continue on optimising EBITDA returns
- Responsible capital and working capital investment (biomass)
- De Costi Seafoods to continue to drive salmon and seafood sales category growth

"Effective regulation ensures a balanced approach between environmental, social, operational and economic factors. Sound regulation which supports this leads to better biosecurity and responsible growth outcomes."

Effective regulation is critical

Salmon Industry: Tasmanian Growth Plan

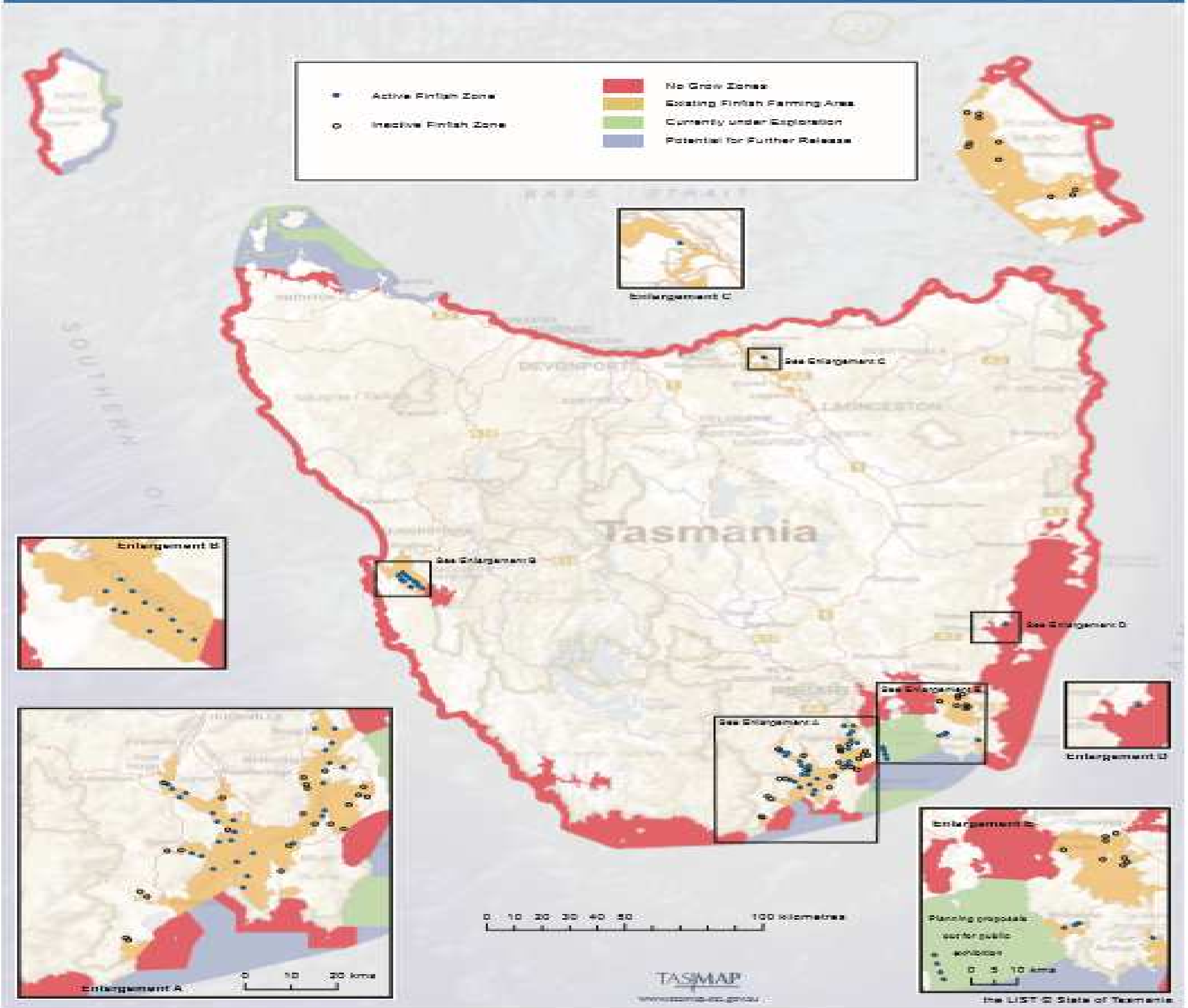
The Tasmanian Government in 2017 released a Growth Plan detailing its vision and priorities for the industry, in order to double current production and economic contribution by 2030

The Plan includes several actions, organised under three headings:

1. Maintaining public confidence in the salmon industry;
2. Improving the efficiency, effectiveness and transparency of the industry’s environmental regulation, and the effectiveness of its biosecurity systems; and
3. Supporting industry growth

The salmon growth plan identified a range of zones on a map where salmon farming currently occurs, where it will not be allowed, or where there may be some potential for farming to occur in "exploratory" areas

Proposed "grow" and "no grow" zones for finfish in Tasmania



Our Assessment: Tasmanian Growth Plan

The Salmon Growth Plan is supportive of the Industry growing in a responsible manner and seeks to allay public concern, by providing conceptual awareness of growth ambitions and processes

Tassal believes there is scope to further support the process via a shared values approach to achieving and informing responsible growth – particularly consultation with all marine users (such as recreational and commercial fishers)

Within our growth planning, we are also taking an Industry leading proactive and coordinated approach to best practice biosecurity and environmental management principles. Working within our own planning framework and having discussions with the broader Industry to inform this. This includes stock separation, and working to identify the best site locations within the growth parameters for sustainable forming (i.e. away from reefs, and where current flow is good)

Responsible Growth

Our aim is to meet Australian consumer demand, increasing by ~8 – 10% annually in line with the broader industry Growth Plan

If we do not meet the demand in a responsible and sustainable way, we risk inferior imported products gaining a strong foothold in the Australian seafood market

We have a world-class industry with stringent regulation and quality control. Tasmanian growers have shown a strong commitment to industry sustainability, both locally and globally

Allowing overseas producers into the Australian market undermines valuable local industry and jobs, subjecting consumers to inferior salmon from areas where there is potentially poorer quality control and little to no thought of sustainability

Enabling a responsible growth pipeline for the Tasmanian salmon industry is an investment in industry sustainability and product quality assurance

Shared Marine Values

Undertaking Shared Marine Values planning, based on Marine Spatial Planning principles, is considered world's best practice and has been successfully applied in other Australian states

Shared Values Planning brings together multiple stakeholders and users of the ocean – including industry, government, conservation and recreation – to make informed decisions about how to use marine resources sustainably. It is a 'deep' consultation process. Maps create a comprehensive picture of marine areas overlaid with usage, environmental and also socio-economic factors. It is similar to land use planning. It also assists in better understanding cumulative effects, minimising conflicts and promotes better biosecurity

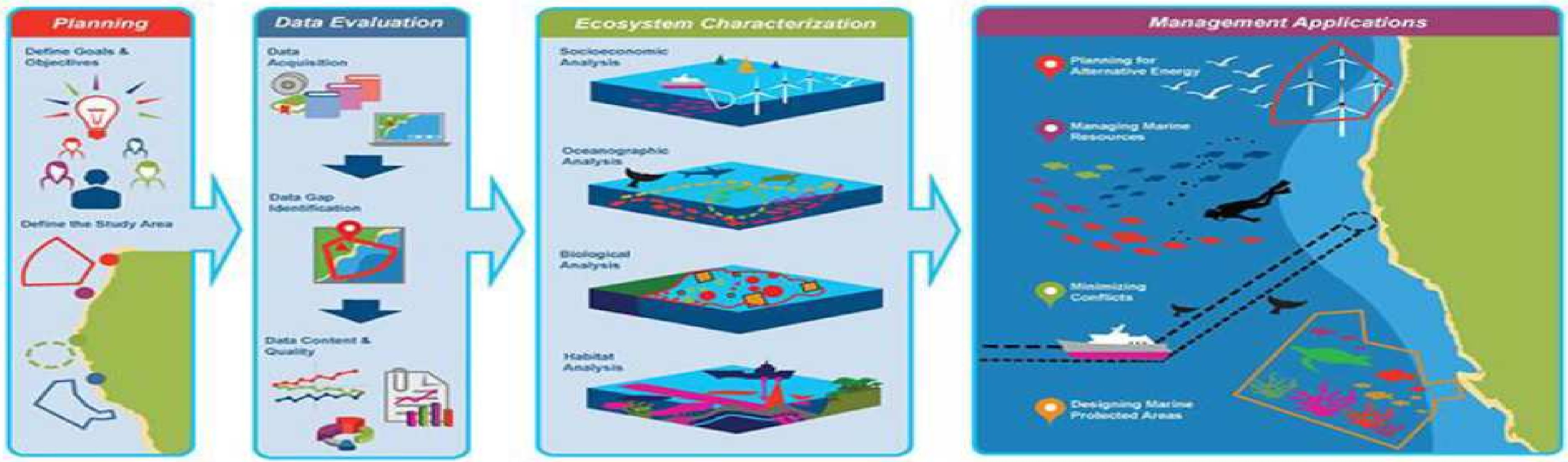
Tassal currently has a strategy under development with WWF-Australia and preliminary meetings with IMAS marine social sciences unit

We seek support and participation in this important body of work as part of achieving a sustainable industry through responsible and inclusive consultation

Shared Marine Values

2018 will see a strengthening of our partnership with World Wildlife Fund - Australia (WWF) while we endeavour to introduce concepts of marine spatial planning to stakeholder engagement to underpin future responsible growth

The principles include multi-layered engagement and assessment of environmental, operational, shared user and social overlays in fish farming. This assists stakeholders to work together to fully understand the cumulative effects and shared values within the waterways, minimising conflicts, and promoting better biosecurity and outcomes for everyone



Any questions?

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