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The Manager Listings  
ASX Market Announcements  
Australian Securities Exchange  
Level 4  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

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### **Via e-lodgement**

## **Tassal completes Prawn acquisition**

Tassal Group Limited (ASX: TGR) is pleased to announce that its wholly-owned subsidiary, De Costi Seafoods Pty Ltd (**De Costi Seafoods**) has today completed the acquisition of the land, assets and inventory of the Fortune Group prawn aquaculture business (**Fortune Group**). The Fortune Group comprises three prawn farms located at Yamba, New South Wales; Proserpine, Queensland; and Mission Beach, Queensland. Tassal has acquired from Fortune Group one of the largest footprint prawn farming bases in Australia.

The acquisition has been funded through a newly arranged \$75 million debt facility. The acquisition price was \$31.9 million (including inventory), with \$1 million deferred to support the transition of the business. The capital investment program over the next 2-3 years is circa \$34 million. The acquisition is immediately earnings accretive for Tassal shareholders.

Tassal Managing Director & CEO Mark Ryan said: "The acquisition of the land, assets and inventory of Fortune Group is strategically compelling to Tassal. It allows us to expand our vertical integration from salmon to include prawns, and unlock further synergies in the seafood supply chain through a highly earnings accretive acquisition."

"We currently process and sell prawns through De Costi Seafoods and we are conscious of the fact that our customers are demanding more prawns than we can currently supply. We estimate that for FY19 we will have around 700 tonnes of prawns for sale from the inventory acquired once fully grown out. Our focus is to grow over 3,000 harvest tonnes per annum in the next three to five years."

"We are experienced in aquaculture with the success of our salmon farming operations, and in the seafood industry with the successful acquisition and integration of De Costi Seafoods. We are placing experienced people into our prawn business, and I am extremely pleased to announce that we have been able to assemble what we consider to be a best practice lead team in prawn aquaculture in Australia. The team will be led by Ben Daley, our Head of Supply Chain and will consist of an on the ground team of Mark Porter, Head of Aquaculture – Land Based [ex CEO at Petuna Seafoods], David Wood, Senior Manager – Commercial Performance [ex CEO and CFO of Petuna Seafoods], John Maloney, Senior Manager – Prawn Operations [ex Pacific Reef Fisheries], Nick Moore, Technical Specialist [ex Gold Coast Marine Aquaculture] and Courtney Remilton, Prawn & Hatchery Performance Manager [ex Seafarms Group]."

"We are confident of our ability to deliver on the potential we see for prawns. The assets we have acquired are substantial and geographically diversified, the industry dynamics are

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attractive with demand for Tiger Prawns in Australia outstripping supply, and we have a highly experienced team on the ground.”

### **A strategically compelling acquisition**

- Tassal’s acquisition of De Costi Seafoods enhanced Tassal’s total seafood offer in Australia and supported further growth in salmon and seafood consumption
- Acquisition of prawn farms provides Tassal with access to a larger addressable market – salmon and prawns comprise 70% of Australian retail seafood sales
- Prawn market size in Australia is circa 60,000 tonnes annually (Australian aquaculture ~10%) – salmon market in Australia is circa 60,000 tonnes annually (Australian aquaculture ~ 90%)
- De Costi Seafood’s distribution capability to all Eastern seaboard seafood markets within 1 day, with market leading seafood value adding capability, and salmon providing the backbone of all seafood offers, puts Tassal in a position to execute a solid prawn sales growth program – adding value for our customers and shareholders
- Prawn farming is land based and provides Tassal with a footprint in high demand aquaculture beyond Tasmania – achieves geographic and species diversification
- Growing / working capital cycle for prawns is 1 year (3 years for salmon)
- Tassal can also apply and transfer technology and science from salmon farming to prawn farming
- Tassal aims to modernise Australian prawn farming and increase yield and returns

### **Fortune Group is one of Australia’s largest footprint prawn farming bases**

Fortune Group has three prawn farms that are geographically diversified which enhances risk management:

- Proserpine Farm (Queensland)  
Largest current prawn farm base in Australia, with 192.5 ha of regulated pond capacity on 2,000ha of land  
Enhanced processing and hatchery operations to be established, along with enhanced pond infrastructure to optimise existing license  
Development spend of circa \$24 million planned over 2-3 years  
Arguably the best farm capacity in Australia for biosecurity  
  
The Proserpine farm site now needs some re-development and modernisation, but the backbone infrastructure will make this significantly quicker and more economical than a greenfield development
- Mission Beach Farm (Queensland) and Yamba Farm (New South Wales)  
Both have around 40 ha of operating ponds each and provide tiger prawns primarily for major retailers via De Costi Seafoods  
Output for FY19 forecast 700tn, but capable of 800-900tn pa  
A new hatchery and enhanced pond infrastructure to be established to optimise existing license  
Development spend of circa \$10 million planned over 2 years

## **A value creating EPS accretive acquisition**

- Purchase price of \$31.9 million – land, assets and inventory – with \$1 million deferred to support transition
- Capital investment program of circa \$34 million over next 2-3 years
- The acquisition and investment program will be funded by a newly arranged \$75 million debt facility
- 1 year working capital cycle for prawns (3 years for salmon)
- Targeting prawn supply growth from around 700 tonnes to over 3,000 tonnes per annum over the next 3-5 years
- Targeting an EBITDA range of \$15 million to \$25 million within 5 years (from the three prawn farms), with existing licences

For all Media / analyst queries please contact Mr. Mark Ryan, Tassal Managing Director and CEO on Phone: 0414 729 101.

## **About Tassal**

Tassal Group Limited (ASX: TGR) is a vertically integrated Salmon grower and Salmon and Seafood processor, seller and marketer. The Company produces and sells premium Salmon and Seafood products for both the Australian domestic and export markets. Tassal grows delicious, fresh and healthy Atlantic Salmon in Tasmania's fresh waters and through its De Costi Seafood business sources and processes a wide range of Seafood. Tassal is committed to taking a leadership role in sustainability in aquaculture and Seafood sourcing. The company employs over 1,300 people. Visit [www.tassalgroup.com.au](http://www.tassalgroup.com.au) for more information.

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