

Tassal Group Limited

Goldman Sachs Emerging Leaders Conference

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Managing Director & CEO

4 April 2019





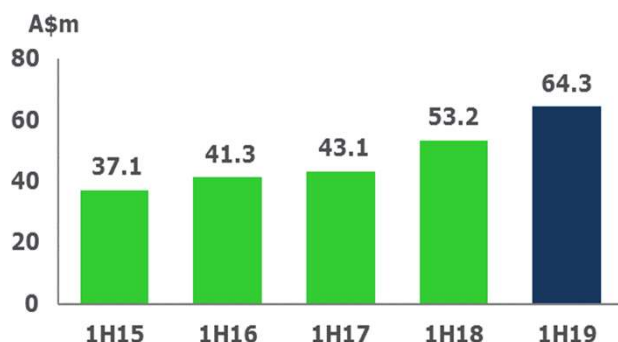
Our Highlights



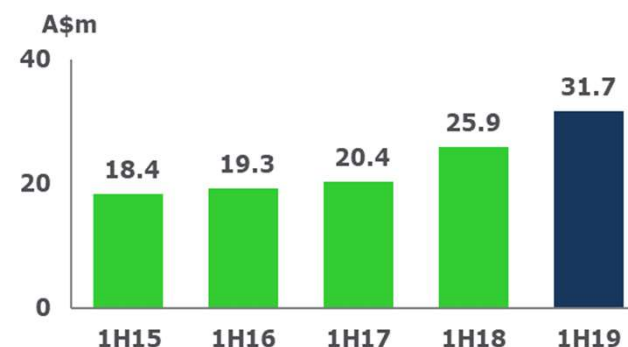
Accelerating growth delivered another record result

Financial performance reflects the strong operational platform in place that will drive continued growth – for our customers, suppliers, staff, communities and shareholders

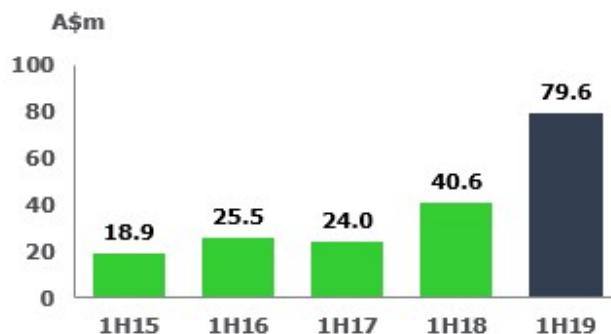
Operating EBITDA: \$64.3m (up 20.8%)



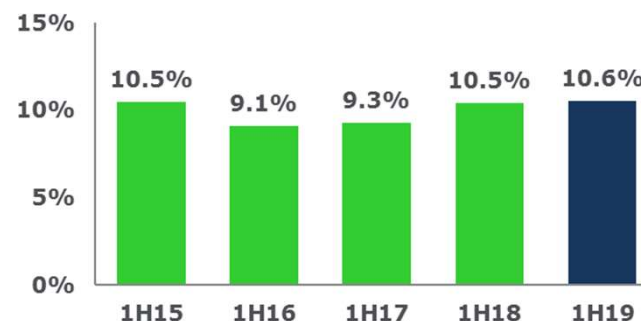
Operating NPAT: \$31.7m (up 22.3%)



Operating Cashflow: \$79.6m (up 96.3%)



Operating ROA: 10.6% (does not include Prawn earnings)



Strong platform in place

- 1H19 results clearly demonstrate that Tassal is successfully delivering on its core salmon growth strategy
 - Generating material increases across operational, financial, environmental and social parameters
- At the same time, we are unleashing a new growth runway with prawns that builds on our success with salmon
- Anticipated favourable market dynamics for 1H19 (domestic and export markets) materialised
 - Significant increases in salmon biomass growth and sales
 - Positive pricing outcomes offset increased salmon cost of goods sold
- A more gradual growth and sales curve for salmon is expected over the short term (i.e. 2H19 and FY20)
- We are now successfully integrating the strategically compelling and highly earnings accretive acquisition of the Fortune Group, Australia's largest prawn farming footprint
 - Expected to deliver material earnings in the short to medium term
 - Strong balance sheet and growing cashflows positions Tassal to manage this next wave of growth
- Tassal's ongoing investment in species diversification (prawns and other seafood) and geographic diversification (salmon and prawns) underpins growing returns
 - Well balanced program in place to grow returns through pricing, improvements and adaption of new technology and species diversification



Our planet

The essence of sustainable development is that today's generations meet their needs without prejudicing future generations' ability to meet theirs

- Tassal is committed to providing Australians with responsibly produced and sourced seafood
- In 2014, Tassal proudly became the first salmon farming company in the world to be 100% certified by the Aquaculture Stewardship Council (ASC), the highest standard available for farmed seafood
- As a growing company in an expanding industry, we are building on our past successes and addressing present challenges, including:
 - Reducing marine debris from our operations
 - Fostering environmental stewardship among our employees, suppliers and contractors
 - Advocating for best practice Marine Spatial Planning and efficient regulations, which will help the salmon and prawn industry grow in a responsible manner with broad community acceptance
 - Ensuring our salmon operations in Tasmania continue to meet the highest sustainability standards; and encourage our industry peers to adopt the same high standards
 - Extending our commitment to third party certification to identify and address improvements as required across our operations, including the potential for ASC certification of our newly acquired prawn farms
- To achieve these goals, Tassal will continue to collaborate with WWF-Australia, as well as locally based environmental, conservation and indigenous social enterprise groups, involving partnerships with NRM Tasmania and pakana Services.

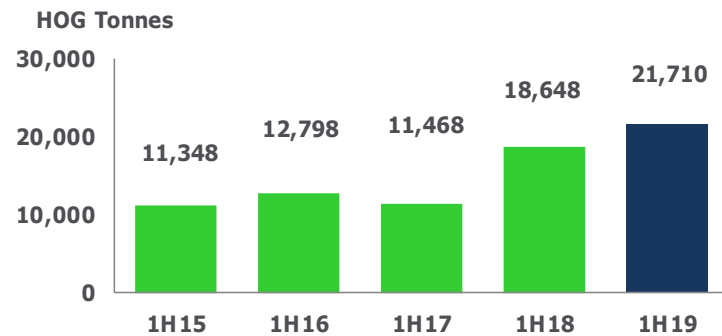



Our Salmon

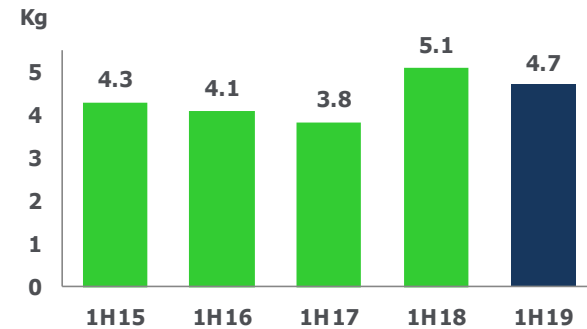
tassal[®]

Strong salmon performance

Increased Harvest Tonnage:
21,710 hog tonnes (up 16.4%)

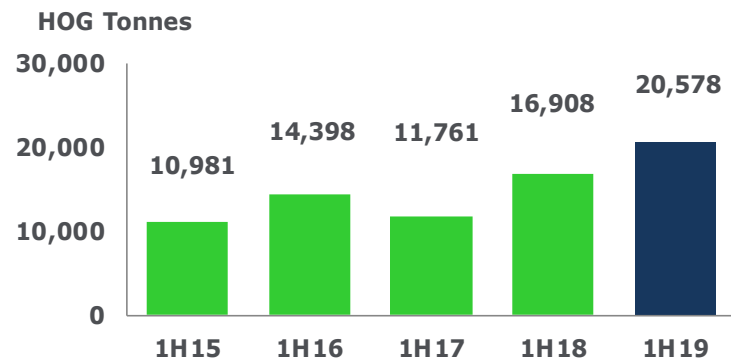


Optimised Salmon Size for Sales Mix:
4.7kg hog

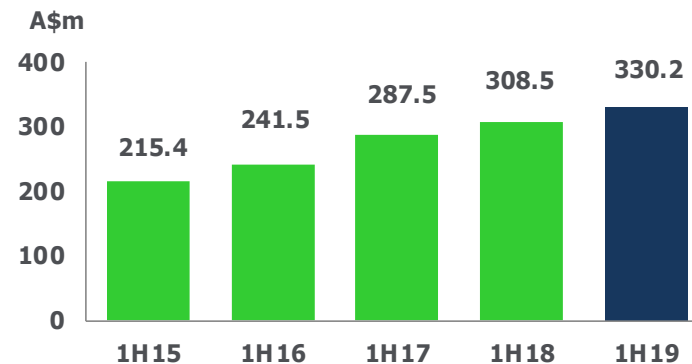


For the current sales mix, an average fish size of 4.5kg to 5.0kg hog allows us to optimise returns

Increased Sales Tonnage:
20,578 hog tonnes (up 21.7%)



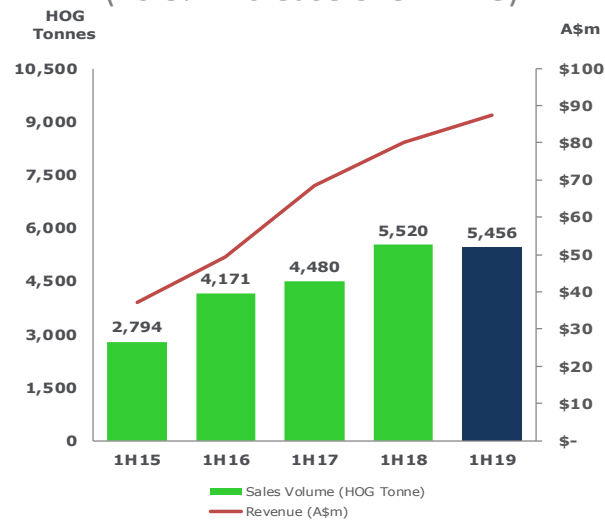
Increased Live Salmon Value:
\$330.2m (up 7.0%)



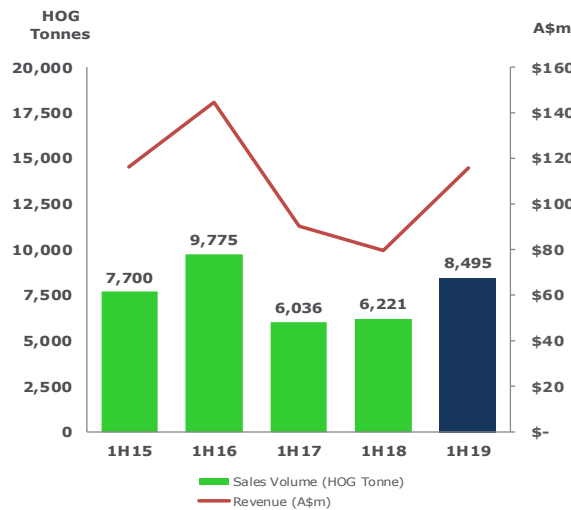
Strong salmon performance

Total Salmon Sales (A\$m)	1H19	1H18	Change
Salmon Revenue	285	215	32.8% ▲
Salmon Hog Tonnes	20,578	16,908	21.7% ▲
Salmon Average Price (\$/Hog kg)	\$ 13.87	\$ 12.71	9.1% ▲
Salmon EBITDA	61,279	49,720	23.2% ▲
EBITDA \$/Hog Kg	\$ 2.98	\$ 2.94	1.3% ▲

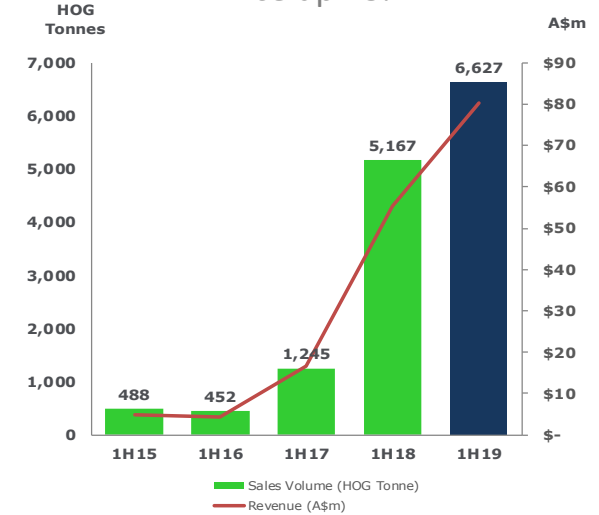
Wholesale Hog Price - \$16.00kg Hog
(10.3% increase over 1H18)



Retail volume up 36.5% -
Revenue up 48.2%



Export volume up 28.3% -
Price up 13%




Our Prawns



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Prawns

Unlocking large seafood supply synergies

- We continue to invest in strategic growth opportunities that support sustainable seafood and strong shareholder returns:
 - salmon and prawns comprise 70% retail seafood sales in Australia
 - no material growth in Australian-grown prawns supply for 10 years
 - consumer preference for Australian tiger prawns
- \$31.9m acquisition of the Fortune Group included three prawn farms; supported by \$34m development program
 - Operational improvements are expected to increase supply growth from 450 tonnes pa to ~3,000 tonnes pa within 3 years
 - 3x existing farms have c270ha of ponds licenced, capable of producing 3,800 tonnes at target yield of 14tn / ha
 - Further c215ha of development potential (approval underway), mostly relating to Proserpine
 - Fully developed, the output capability of the Fortune Group acquisition could exceed 6,800 tonnes
- **Targeting prawns annual EBITDA of \$25m within 3 years**



Prawns – the next growth phase

Aspirational target of 20,000 tonnes production

- Of the 60,000 tonnes of prawns in the Australian market, only 10% is Australian aquaculture (vs. ~90% of the 60,000 tonnes of salmon in the Australian market)
- Earnings from the prawn operations acquired will materially commence in the short to medium term
- Key fundamentals:
 - Capital cycle: Salmon 5 years vs Prawn 2 years
 - Working capital cycle: Salmon 3 years vs Prawn 9 months
 - Tasmanian salmon has a global best practice Selective Breeding Program (SBP) in place – Australian prawns do not... Tassal is now implementing a SBP for prawns
 - Prawn EBITDA \$/kg is currently c2.5x salmon
 - Domestic per capita consumption growth of prawns is similar to salmon – little investment in marketing for prawns and low retail penetration provides substantial opportunity for Tassal to replicate Salmon success
- Critically assessing strategic acquisitions and working with the Queensland Government to pursue further 'Greenfield' locations
 - Queensland Government spatial planning exercise indicated c7,000 ha of potential aquaculture land was suitable for expanding existing coastal dependent aquaculture operations - e.g. prawns





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Positive outlook to underpin record FY19

- Salmon supply shortage for domestic market fulfilment:
 - strong pricing returns and improved domestic pricing to offset increased farming and production costs
 - agreements with retailers underpin short to medium term pricing for salmon in the domestic market
- Domestic and international demand continues to grow
 - demand for seafood in Australia forecast to outstrip seafood and aquaculture growth
 - 6-10% world supply growth required to maintain price parity, and with supply likely to be less we are positioned for higher international pricing outlooks
- Tassal's fish size supports improved domestic yields and pricing, and export strategy
- A more gradual growth and sales curve for salmon is expected over the short term
- Prawn earnings will commence in 2H19
- Due to the seasonality of salmon harvesting, all other things being equal, we would expect to see a higher skew of earnings towards 1H19 (vs. 2H19) as was experienced in FY18



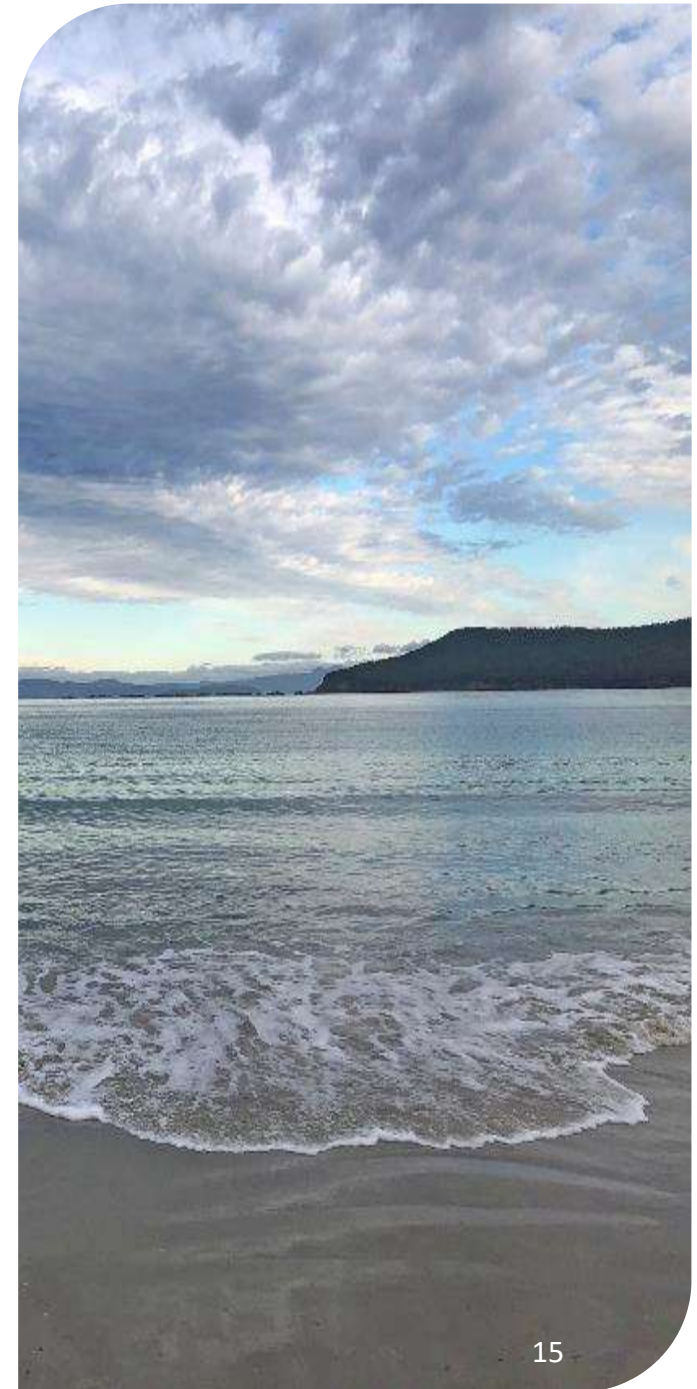
Positive fundamentals for long term growth

- Demand outpacing supply growth
 - Expected to continue given consumer preference towards healthy nutrition options
- Tasmanian Salmon Growers have progressed better biosecurity and environmental management outcomes (Salmon Biosecurity Plan)
 - Expected to lead to improved husbandry and more sustainable growth platforms
- Government supporting sustainable growth
 - Tasmanian Government supporting a growth target of the Tasmanian Salmon Industry of \$2 billion by 2030
 - Queensland Government wants to make Queensland the aquaculture capital of the world



Positive fundamentals for long term growth

- Investment in infrastructure to deliver returns
 - Well Boat (Sep 2019) will allow fish to be bathed efficiently and effectively
 - Centralised Feed Centre will maximise feeding and growth opportunities and minimise waste – enabling the optimisation of leases and biomass
- Actively considering a Multi-Purpose RAS Facility to either provide larger smolt or more smolt as our growth aspirations and lease optimisation requirements dictate
- Diversification strategy into Australian farmed prawns offers the potential to deliver higher margins than salmon, with a shorter working capital cycle
 - Not only a risk mitigation path, but should become a core margin growth platform from FY20
- Strong balance sheet supports growth – technology/expansionary capital, and diversification capital



Any questions?



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