



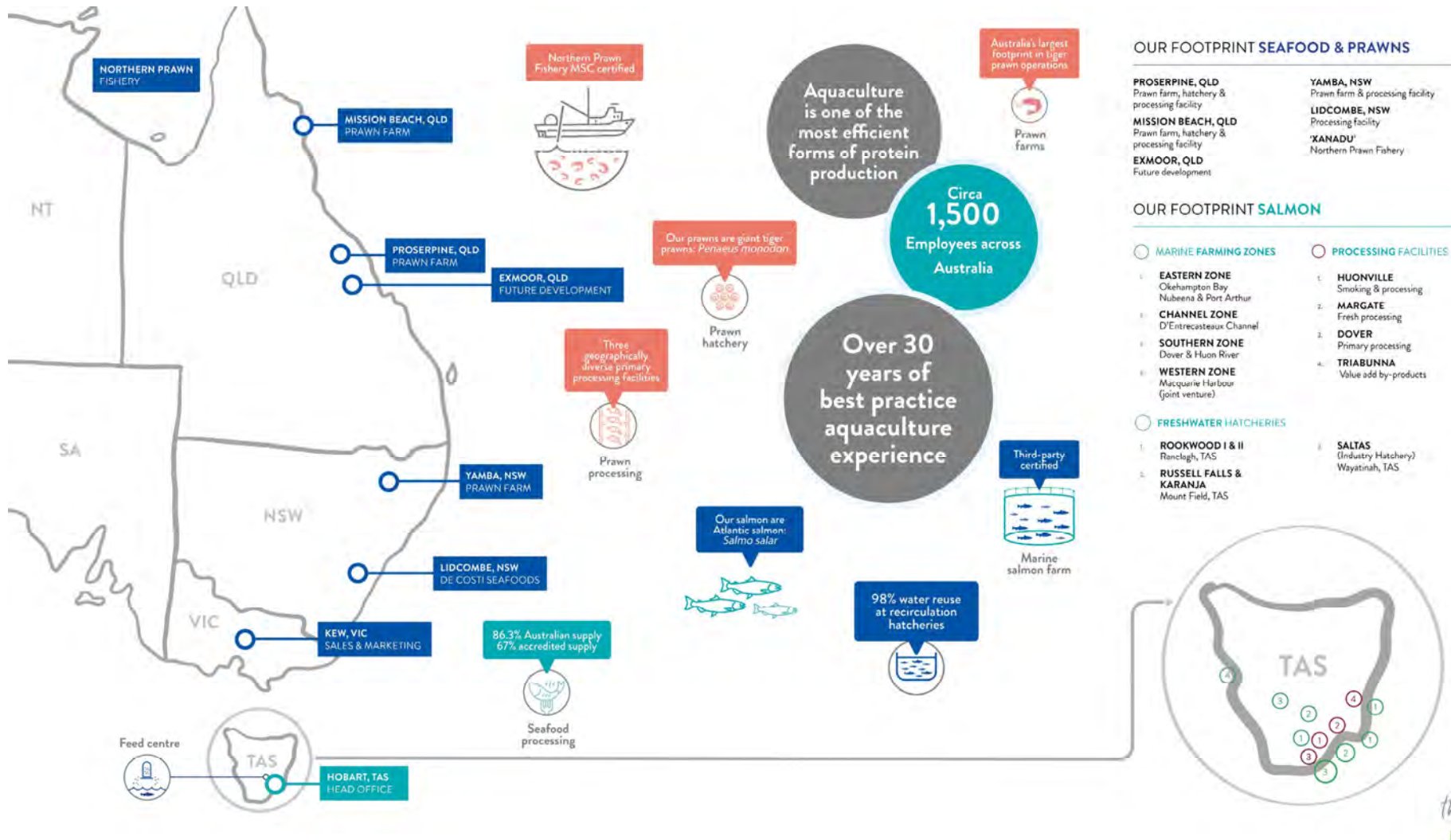
1H20 RESULTS

Tassal Group

Presented by Mark Ryan – Managing Director & CEO
Andrew Creswell - CFO
12 February 2020



Our footprint – land and sea





Highlights

1H20 Strategy: To position the business to drive growth in earnings & returns in FY20 and beyond

The five key takeaways from 1H20:

1. Salmon: the strategic focus for 1H20 was to increase operating EBITDA \$/kg through a period of investment in the growth of biomass and size. Reduction in sales in 1H20 was predominantly targeted at the lower value export market, with sales mix shift and cost efficiencies driving the increase in EBITDA \$/kg. Harvesting and selling less salmon in 1H20, supported greater biomass and size, and is expected to deliver increasing harvest and sales in 2H20 (vs 2H19) and FY21. Earnings and returns are expected to grow for FY20 and beyond
2. Salmon: live biomass (up 15.5%) including size (up 2.1%) for 1H20 vs 1H19. Growth was achieved given management's focus on sustainable farming and fish health practices ... breeding, biosecurity, feed automation, feed diet formulation, stocking densities, optimising leases with fallowing, growth times and survival. Bigger salmon generate better margins
3. Salmon: continually optimising biomass growth and size (cost efficiencies) and sales mix (higher margin markets and products) is underpinning growing salmon EBITDA \$/kg. Salmon EBITDA \$/kg
 - \$3.44kg (pre AASB 16 Leases impact) – up 15.5% (1H19: \$2.98kg)
 - \$3.69kg (post AASB 16 Leases impact)
4. Prawns: on track for targeted circa 2,400 tonnes harvest and sales in 2H for FY20, with further growth expected in FY21 onwards through staged expansion of farming operations
5. Overall: well positioned to deliver earnings and returns growth in FY20 and beyond through capitalising on the strong growth in both salmon and prawn biomass via higher sales and cost efficiencies in 2H20 and FY21

Tassal's delivery of its salmon growth strategy, combined with its strategic investment in prawns, will help underpin expected long-term growth in earnings and returns in FY20 and beyond

Strong platform in place to drive increased earnings and returns in FY20 and beyond

FY20 strategy: Increase operating EBITDA \$/kg returns for both salmon and prawns through optimising biomass growth and size (cost efficiencies) and sales mix (higher margin markets and products). Prawn earnings from 2H20

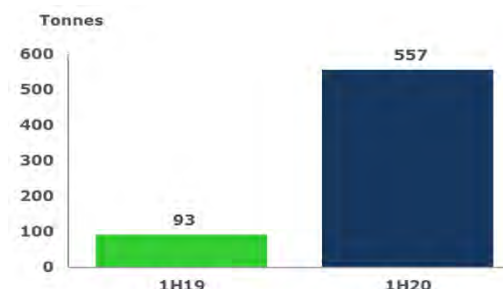
Salmon Live Biomass at 31 December 2019: **23,151 tonnes (up 15.5%)**



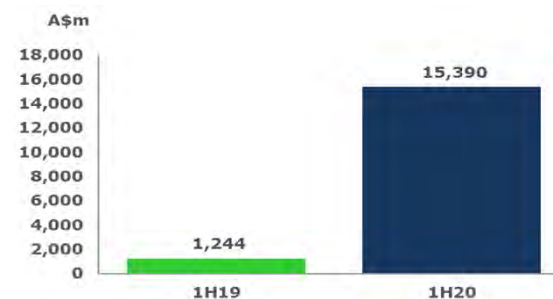
Salmon Operating EBITDA \$/kg: **\$3.44kg (up 15.5%) pre AASB 16**
Leases impact ... \$3.69kg post AASB 16 Leases impact



Prawn Live Biomass at 31 December 2019: **557 tonnes (up 498.9%)**



Prawn SGARA Value: **\$15.4m – to be realised in 2H20 for operating results for FY20**





Financials

Salmon growth strategy delivering strong operating EBITDA \$/kg improvement

Responsible investment in biomass, size and infrastructure has underpinned strong operational EBITDA \$/kg returns

Financial Performance (A\$m)	1H20	1H19	Change
Revenue	274.49	326.00	(15.8%) ▼
Operating results			
Operating EBITDA	66.46	64.27	3.4% ▲
Salmon Operating EBITDA \$/Kg (Pre AASB 16)	3.44	2.98	15.5% ▲
Salmon Operating EBITDA \$/Kg (Post AASB 16)	3.69		
Prawn Operating EBITDA \$/Kg	6.01	6.12	(1.9%) ▼
Operating EBIT	48.06	49.83	(3.6%) ▼
Operating NPAT	30.64	31.72	(3.4%) ▼
Statutory results			
AASB 141 SGARA Impact ¹	16.76	3.32	405.7% ▲
Statutory EBITDA ¹	81.00	65.87	23.0% ▲
Statutory NPAT ¹	40.82	32.84	24.3% ▲
Operating cashflow	40.97	79.65	(48.6%) ▼
Interim dividend - cps ²	9.00	9.00	0.0% ●

Notes:

1. Pre-tax SGARA adjustment benefit of \$16.8m (1H19: increase \$3.3m). Post tax benefit \$11.7m (1H19: increase \$2.3m). The year on year increase is driven primarily by prawn livestock biomass which will be harvested in 2H20 and realised as operating earnings. The prawn livestock benefit for 1H20 is \$15.4m (pre-tax) and \$10.8m (post tax)
2. Total dividend is 25% franked (1H19: 25% franking)

Salmon: Growing operating EBITDA \$/kg

- Cost efficiency benefits flowing from optimising salmon biomass and size
- Revenue and operating cashflow reflect strategic decision to keep fish in the water longer to underpin strong harvest and sales in 2H20 and FY21
- Favourable domestic salmon sales mix and pricing – with a focus on removing less profitable lines within the domestic market
- Reduction in revenue predominantly targeted at the lower value export market (\$36.7m less than 1H19), which will continue to be a channel for surplus volume, specifically in periods where historical pricing is at its highest (e.g. Christmas and Chinese New Year)

Prawns: Earnings from 2H20

- Future earnings for 2H20 effectively represented as SGARA increment of \$15.4m – ie all stock of prawns estimated to be harvested and sold in 2H20

AASB 16 Leases

- 1H20 EBITDA includes \$4.4m benefit relating to AASB 16 Leases standard, with virtually no impact to EBIT and NPAT
- Salmon EBITDA \$/kg is \$3.44/kg (pre AASB 16 Leases impact) – up 15.5%
- Salmon EBITDA \$/kg at \$3.69/kg (post AASB 16 Leases impact)

Responsible growth and capex funded from operating cashflow

- Operating cashflow down \$38.5m, reflecting leaving salmon and prawns in the water to grow (and feeding them) and lower salmon export sales of \$36.7m
- Cash receipts from revenue allowed appropriate cash spend in increasing salmon and prawn biomass and capital infrastructure

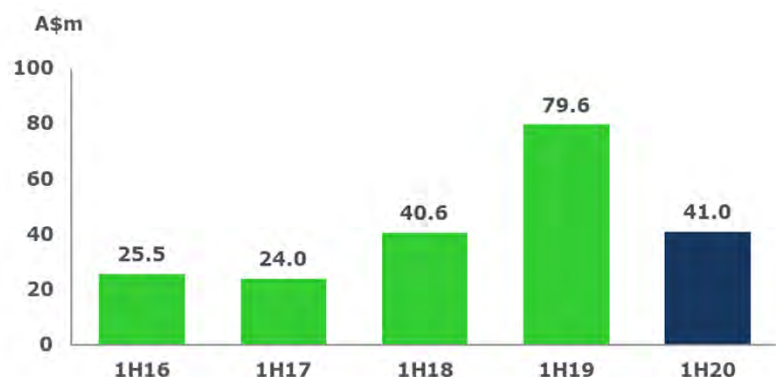
the Tassal way

Operating cashflow in line with expectations

Operating cashflow, together with \$125.8m capital raising, supporting salmon and prawn biomass generation and investment in long-term growth

Operating Cashflow (A\$m)	1H20	1H19
Operating cashflow	40.97	79.65
Investing cashflow	(95.99)	(82.47)
Financing cashflow	70.34	20.63
Net increase/(decrease) in cash held	15.33	17.81

Operating Cashflow: **\$41.0m (down 48.6%)**



Operating cashflow was in line with expectations at \$41.0m

- Reflects the decision:
 - to leave salmon in the water to grow (and therefore feed more). Tactically lowered overall sales revenue through targeting a reduction in sales for the lower value export sales and sales for less profitable domestic product lines; and
 - to fully stock 270ha of prawn ponds and optimise the growth (i.e. feed them). Prawn stock to be harvested in 2H20

A capital raising for \$125.8m was carried out in 2 stages:

- Placement on 21 August 2019 raised \$108.4m
- Share Purchase Plan on 16 September 2019 raised \$17.4m

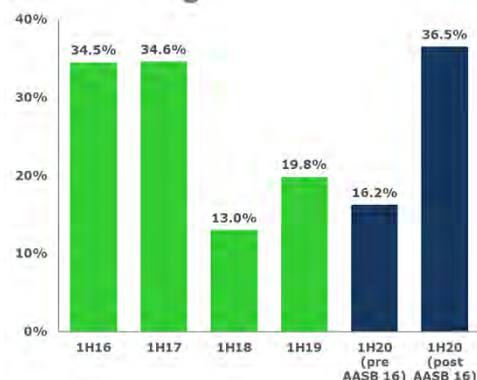
Investing cashflow of \$96.0m was spent in 1H20 (1H19: \$82.5m) comprised:

- Salmon growth capex – \$21.7m (1H19: \$31.3m)
- Salmon maintenance capex – \$17.2m (1H19: \$15.9m)
- Exmoor Station - \$27.5m (made up of settlement of \$25.3m + \$2.2m of incidental costs)
- Prawn growth capex – \$28.1m (1H19: \$1.6m)
- Prawn maintenance capex - \$1.5m (1H19: \$Nil)

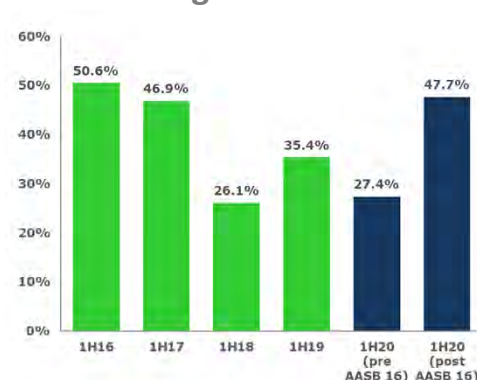
Tassal will continue to responsibly utilise its cashflows and the capital raising proceeds to help underpin sustainable growth in long-term returns

Balance sheet well positioned

Gearing Ratio



Funding Ratio



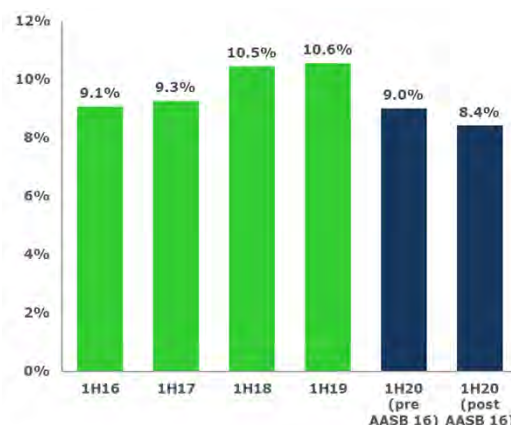
Gearing and Funding Ratios

- Gearing at 16.2% (pre AASB 16 Leases impact)
- Gearing at 36.5% (post AASB 16 Leases impact)
- Funding ratio, i.e. including RPF (net debt + RPF / equity) at 27.4% (pre AASB 16 Leases impact)
- Funding ratio 47.7% (post AASB 16 Leases impact)
- Capital raising in 1H20 raised \$125.8m

Operating Return on Assets (ROA) and Return on Invested Capital (ROIC)

- ROA 9.0% (pre AASB 16 Leases impact)
- ROA 8.4% (post AASB 16 Leases impact)
- ROIC 9.5% (pre AASB 16 Leases impact)
- ROIC 8.4% (post AASB 16 Leases impact)
- Strategic investment in biomass and capital infrastructure is expected to deliver strong operating earnings growth over the short to medium-term, with capital returns to be enhanced over the long-term

ROA



ROIC





Salmon Performance

Delivering growth and increasing operating EBITDA \$/kg

1H20 strategy was to grow operating EBITDA \$/kg while driving harvest and sales in 2H20 to deliver expected earnings growth in FY20 and beyond

- **Farming:** Salmon growth optimised by leaving fish in the water to grow in the key growing time of July to October
 - Better balance of harvest biomass between 1H vs 2H with 17,929 hog tonnes of harvest biomass in 1H20 (1H19: 21,710 hog tonnes – 2H19: 11,326 hog tonnes)
 - Average harvest increase size of 4.8kg hog in 1H20 (1H19: 4.7kg hog)
 - 23,151 tonnes of live fish at 31 December 2019 (31 December 2018: 20,044 tonnes)
 - Reduction of freeze volume, with 1,438 hog tonnes of frozen whole salmon at 31 December 2019 (31 December 2018: 2,412 hog tonnes), allowing this volume to be used for smoked salmon production in 2H20 vs otherwise selling lower value export sales in 1H20
- **Sales:** EBITDA \$/kg returns optimised via a further improved sales mix into higher value products in the domestic market and less volume (and therefore sales revenue) into lower value export market
 - 14,031 hog tonnes of domestic market sales (1H19: 13,950 hog tonnes) – excellent earnings EBITDA \$/kg growth realised due to tactical decision to keep 1H20 sales volume flat and keep fish in the water for longer (and feed them) for sales and to drive cost efficiency gains for 2H20 and beyond
 - 3,582 hog tonnes of export market sales (1H19: 6,627 hog tonnes) – majority of sales in the key December period (highest export prices). Export market to tactically continue as a channel for sales of surplus volume. Export is a lower EBITDA \$/kg return market
 - Pre AASB 16 Leases impact - Operating EBITDA \$/kg returns from salmon sales up 15.5% to \$3.44kg (1H19: \$2.98kg) – domestic market at \$3.87kg (1H19: \$3.53kg) and export market at \$1.79kg (1H19: \$1.82kg)
 - Post AASB 16 Leases impact - Operating EBITDA \$/kg returns from salmon sales at \$3.69kg – domestic market at \$4.12kg and export market at \$2.04kg
- **Sustainability:** Salmon growth on inputs in 2019 and for harvest in FY21 are progressing well with no Pilchard Orthomyxovirus (POMV) impact on salmon survival levels to date. Significant focus on POMV from vaccination and fish husbandry practices

Increased salmon biomass at 31 December 2019 supports sales growth from 2H20 onwards - and particularly, expected material sales and harvest growth in FY21

Sustainable salmon growth is at our core

Strong growth in salmon live biomass driven by investments in capacity and supporting infrastructure

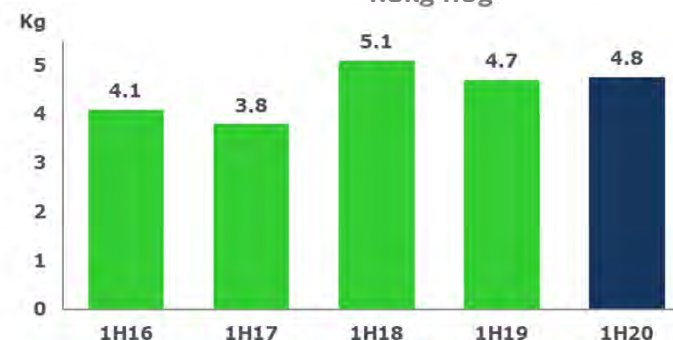
Better Balance Harvest Tonnage between 1H & 2H:

1H19 - 17,929 hog tonnes



Optimised Salmon Size for Sales Mix:

4.8kg hog



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

Increased Live Salmon Biomass Tonnage:

23,151 tonnes (up 15.5%)



Increased Live Salmon Value:

\$397.7m (up 20.3%)



Growth in EBITDA \$/kg

In 1H20, Tassal targeted the domestic market and selling less into the export market to enable growth in operating EBITDA \$/kg returns

Total Salmon Sales:

EBITDA \$3.44kg (pre AASB 16 Leases impact)

EBITDA \$3.69kg (post AASB 16 Leases impact)

Total Salmon Sales (A\$m)	1H20	1H19	Change
Salmon Volume (Hog equiv tonnes)	17,613	20,577	(14.4%) ▼
Salmon Average Price (\$/Hog kg equivalent)	\$ 13.57	\$ 13.87	(2.2%) ▼
Salmon Revenue (\$m)	239.05	285.45	(16.3%) ▼
EBITDA	65.05	61.28	6.2% ▲
EBITDA (\$/kg) (Pre AASB 16)	\$ 3.44	\$ 2.98	15.5% ▲
EBITDA (\$/kg) (Post AASB 16)	\$ 3.69		



The Aqua Spa



Remote Feed Centre
Hobart

Domestic Salmon Sales:

EBITDA \$3.87kg (pre AASB 16 Leases impact)

EBITDA \$4.12kg (post AASB 16 Leases impact)

Domestic Salmon Market	1H20	1H19	Change
Salmon Volume (Hog equiv tonnes)	14,031	13,950	0.6% ▲
Salmon Average Price (\$/Hog kg equivalent)	\$ 13.94	\$ 14.71	(5.3%) ▼
Salmon Revenue (\$m)	195.57	205.26	(4.7%) ▼
EBITDA	57.75	49.21	17.3% ▲
EBITDA (\$/kg) (Pre AASB 16)	\$ 3.87	\$ 3.53	9.7% ▲
EBITDA (\$/kg) (Post AASB 16)	\$ 4.12		

Export Salmon Sales:

EBITDA \$1.79kg (pre AASB 16 Leases impact)

EBITDA \$2.04kg (post AASB 16 Leases impact)

Export Salmon Market	1H20	1H19	Change
Salmon Volume (Hog equiv tonnes)	3,582	6,627	(45.9%) ▼
Salmon Average Price (\$/Hog kg equivalent)	\$ 12.14	\$ 12.10	0.3% ▲
Salmon Revenue (\$m)	43.47	80.18	(45.8%) ▼
EBITDA	7.31	12.07	(39.5%) ▼
EBITDA (\$/kg) (Pre AASB 16)	\$ 1.79	\$ 1.82	(1.7%) ▼
EBITDA (\$/kg) (Post AASB 16)	\$ 2.04		

Delivering on our commitment to salmon

Innovation and best practice to drive change in our operations: further improving production, fish health and welfare while keeping our people safe

Centralised Feeding	For 1H20, we saw a circa 11% increase in growth and a circa 6% improvement in feed conversion vs 1H19
West of Wedge (WoW) & Blue Economy CRC	During 1H20, Tassal trialled some pens and moorings at WoW with success. During 2H20, we will trial a pen with some fish, together with an underwater feed system at WoW
Aqua Spa	Our new well boat Aqua Spa, arrived in Tasmania on 19 October 2019 and is currently being commissioned
Eco Aquaculture	Development of a new partnership between salmon, shellfish and seaweed producers, supported by a \$2.3m commitment from the Federal Government for seaweed culture research
Ocean Sanctuaries	At 31 December 2019, 101 of our 143 pens (circa 71%) were housed in ocean sanctuary enclosures. All salmon will be contained in our ocean sanctuary enclosures by 30 June 2020
Multi Purpose Recirculating Aquaculture System (RAS)	Trials conducted by Tassal in 2019 with larger smolt suggest that fish input in March at circa 500gms can reach a live weight of 5kgs by end of December
Sustainability Certifications	At 31 December 2019, we have 100% of our harvest leases certified
Biosecurity	Continuing to work on our joint venture leases in Macquarie Harbour with Petuna to implement improved biosecurity and fallowing strategies that support better environmental and fish health outcomes



Prawn Performance

Operations delivering to plan

Prawn biomass harvest on track to deliver targeted circa 2,400 tonnes in 2H20 for FY20. Earnings from 2H20

- **Stages 1 & 2:** Civil and pond works for Proserpine, Mission Beach and Yamba were completed and all ponds responsibly stocked for FY20 production. Smart farm installation progressing to plan, and capital spend and operating costs are below budget. Processing infrastructure upgrades and builds are on track for the FY20 harvest season
- **Stage 3:** Expansion at Proserpine (additional 80ha of ponds and a new hatchery) is progressing well. Building preparation and works are progressing well. On track for completion and stocking for the FY21 harvest season
- **Stage 4:** The approval process for further expansion at Proserpine has commenced
- **Exmoor:** A Site Master Plan for Exmoor is progressing with a view to commence the approvals process before 31 December 2020
- **Optimising sales mix:** Export pricing better than domestic market at present, with bigger prawns attracting a higher sales price. Focus still to grow domestic market, with export market offering significant risk mitigation from a sales perspective. Coles has agreed to domestic supply of prawns from February 2020
- **Prawn earnings skewed to 2H20:** Prawn earnings for 2H20 effectively represented as SGARA value of \$15.4m, as this stock is planned to be harvested and sold before 30 June 2020. Targeting an EBITDA \$/kg of \$6.00kg in FY20 – 1H20 \$6.01kg (1H19: \$6.12kg)

Growth initiatives and Exmoor Station acquisition, once authorised by the relevant authorities and fully developed, are expected to support a long-term prawn production target of circa 20,000 tonnes p.a.

Investment program on plan

As at 31 December 2019, \$28.1m of the planned \$85m has been invested for Farming Expansion and Smart Farm

Growth capex \$28.1m

- Civil and pond works for Proserpine (Stages 1+2), Mission Beach and Yamba (total 270ha) completed
- Smart farm installation circa 60% complete for the 270ha
- Proserpine processing facility complete
- Proserpine expansion (Stage 3 with an additional 80ha of ponds and a new hatchery) progressing for completion in FY20 for stocking in FY21

Maintenance capex \$1.5m

- Feeding and stocking ponds for FY20 harvest

On target to deliver Proserpine expansion on time and within budget to support next phase of prawn growth in FY21 with expectation of c6,000 tonnes p.a. production in FY22



Delivering on our commitment to prawns

Responsibly stocked and sustainably grown – boosting Australia’s prawn farming industry, creating jobs, regional growth and local economies

Proserpine

- Responsibly stocked **190ha of ponds** (Stage 1 and 2 of the Development Application DA)
- Major regulatory approvals now received for **an additional 80ha of ponds** (Stage 3) – **pond building for FY21 production has commenced**
- Tassal has received “**Prescribed Project**” status with the Queensland Government for Proserpine. Prescribed Project status helps to facilitate a coordinated, comprehensive and timely consideration of the project
- **Potential for c400ha** of ponds (once authorised by the relevant authorities and fully developed)
- **Biosecure location** – at present there are no other farms in close proximity

Mission Beach & Yamba

- Responsibly stocked **80ha of ponds**
 - Mission Beach: large hatchery (for stocking of Mission Beach, Proserpine and Yamba), primary processing
 - Yamba: primary processing, inputs provided from Proserpine or Mission Beach hatchery
- Farms provide seasonal advantages for supply

Exmoor Station

- ~7,000 ha greenfield site, **2,093ha identified as an Aquaculture Development Area**
- **Potential for 1,000ha+ of ponds** (once authorised by the relevant authorities and fully developed)
- Identified as **1 of 6 premier Aquaculture Development Areas**, recognised in the Queensland State Planning Policy as being highly suitable for pond-based marine aquaculture
- **Biosecure location** – at present there are no other farms in close proximity (located 72km south of Proserpine)



People and Planet

Our people: committed to safety

No job is so important that it cannot be done safely

- Safety commitment is consistent with maximising shareholder value and strong culture
- Our focus is to achieve the core value of “Zero Harm”. Our goal from a TRIFR perspective is < 10. Significantly, we have achieved this goal, with a performance of 8.9. However, we need to ensure we continue to sustain this level of performance
- Our training and focus is to instil a philosophy and culture of zero tolerance to medical treatment incidents
- We continue to enhance safety through greater automation (e.g. Centralised Feed Centre and Well Boat)

KPI's	1H20	1H19
LTIFR	0	0.4
MTIFR	8.90	14.64
TRIFR	8.90	15.04
Scorecard ¹	95.8%	96.6%
Driving the safety culture scorecard ²	93.2%	95.5%

Definitions:

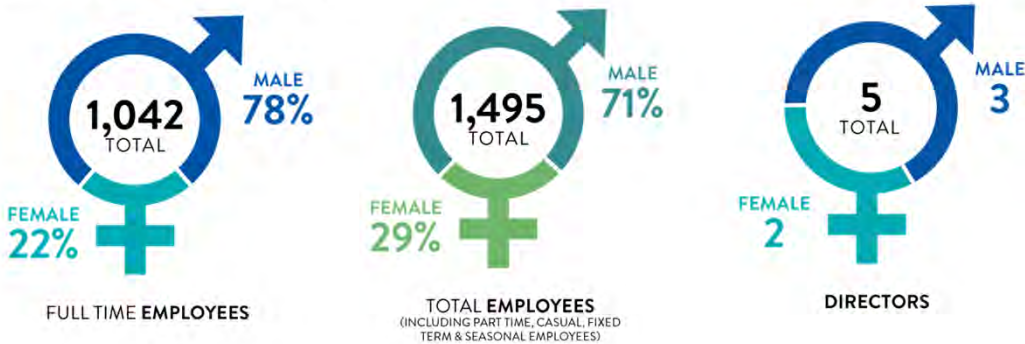
- LTIFR – Lost Time Injury Frequency Rate: (Number of Lost Time Injuries/Total Number of Hours Worked) X 1,000,000 hours
- MTIFR – Medical Treated Injury Frequency Rate: (Number of Medically Treated Injuries/Total Number of Hours Worked) X 1,000,000 hours
- TRIFR – Total Injury Frequency Rate: LTIFR + MTIFR

Notes:

1. Scorecard now includes Tassal's prawn operations. Excluding the prawn operations, the result is 97.1%
2. Driving the safety culture scorecard now includes Tassal's prawn operations. Excluding the prawn operations, the result is 96.1%

Our people & communities

EMPLOYEE SNAPSHOT



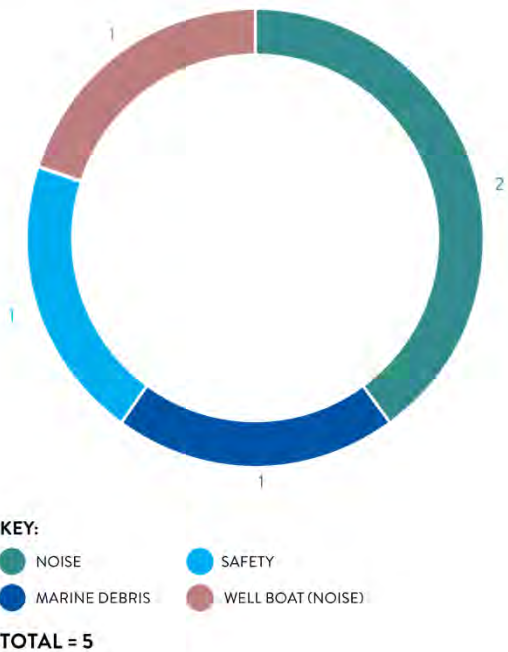
MARINE DEBRIS

We are working hard to play our part in reducing marine debris. We have a **Towards Zero** approach to this threat and are relentless in our focus, taking accountability for our actions. By 2020, our goal is to reduce marine debris attributed to our operations to below 10 per cent of all rubbish collected or reported.

	FY15	FY16	FY17	FY18	FY19	1H F20
RUBBISH REMOVED (m³)	33	23.5	72	79.5	218.9	64.7
HOURS COLLECTING	319	250	386	1,776	3,881	1,357
ATTRIBUTION TO TASSAL FARMS (%)	13.1	30	26.9	27	22.5	19.5

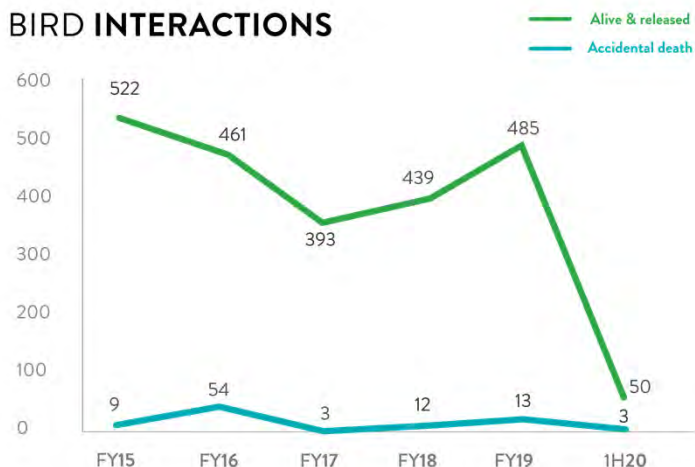
COMMUNITY COMPLAINTS

We actively listen to our communities and are proactive in responding to concerns or complaints relating to our operations. We have a Community Complaint Policy to support our engagement team with managing community feedback.



Our planet

BIRD INTERACTIONS



SEAL INTERACTIONS

	FY15	FY16	FY17	FY18	FY19	1H FY20
RELOCATION EVENTS	145	151	2,131	1,344	0	0
EUTHANISED	0	1	3	1	0	0
ACCIDENTAL DEATH (RELOCATION)	1	3	1	0	0	0
ACCIDENTAL DEATH (ENTANGLEMENT)	7	2	1	6	14	2

*In FY18, the Tasmanian Government announced the decision to end seal relocations.

BENTHIC COMPLIANCE

	FY15	FY16	FY17	FY18	FY19	1H20
NUMBER OF ROV DIVES	329	380	206	182	373	106
NUMBER IN COMPLIANCE	322	367	169	179	350	106
% COMPLIANCE	97.9	96.5	82.0	98.4	93.8	100

*The overall decrease in compliance from FY18 to FY19 is attributable to the increased frequency of sampling at the Franklin lease from quarterly to monthly monitoring. Increased monitoring has resulted in the same non-compliance observations being recorded several times over the reporting period.



PROCESSING & FRESHWATER COMPLIANCE



Our product

PACKAGING

As demand grows for our seafood, so does the need to find more sustainable packaging options.

We are committed to reducing packaging waste across our business and in the reporting period we commenced several projects, including:

- Trialling bulk clear trays, removing non-recyclable carbon black from the business.
- Commenced final transport trials of Plantek web PET substrate which is fully recyclable.

Tassal is a member of the Australian Packaging Covenant Organisation (APCO), a co-regulatory, not-for-profit organisation which partners with government and industry to reduce the harmful impact of packaging on the environment.



PROCUREMENT PRACTICES

Suppliers of goods or services which have the potential to impact food safety or quality, such as suppliers of raw materials, ingredients, processing aids, packaging, warehousing, thawing, date coding and contract processing, are required to participate in our Quality Approved Supplier Program.



Managing climate risk

A comprehensive risk management system and practices are used to manage the long-term risks, issues and opportunities presented by climate change and respond accordingly

Climate plays an important role in Tassal's operations – particularly summer water temperatures for salmon farming

- Summer 2019/20 water temperatures on average for December 2019 and January 2020 were around 1.7 and 1.6 degrees lower than the previous December and January
- We were again better prepared entering summer with proactive bathing, the Aqua Spa (Well Boat) in operation, improved summer feed diets, selective breeding, biosecurity, net hygiene, appropriate level of harvest for frozen hog (to use in 2H20) and isolating larger fish to cooler sites

Tassal has developed considerable options for adapting to climate change:

- Selective breeding program for salmon, with prawns now a key focus too
- Improved summer feed diets
- Modified farming strategies, technologies and practices
- Species diversification with our prawn operations
- Geographic diversification

Tassal has also engaged scientists to identify emerging climate trends and system responses, and to undertake comprehensive broad scale environmental monitoring



Outlook

Our growth strategy

As an industry leader in Australia, Tassal is harnessing its strengths across the business to sustainably and strategically improve how we farm, process and bring our seafood offer to market

“Tassal farms the ocean and land to produce a high quality/healthy source of food, leveraging its industry leading scientific know how, that is both sustainable and efficient in its production, respecting the resources of the earth and the wider society in which it operates”

Our growth strategy is underpinned by 5 pillars:

- Being the market leader on all operational, financial, environmental and societal value metrics
- Ensuring geographic and species diversification
- Driving domestic per capita consumption growth
- Maintaining an Eastern Seaboard supply chain: ensuring Tassal is freshest to market on a national basis with short shelf life products
- Maintaining best practice aquaculture: being regarded as global leaders in fish farming and environmental stewardship

Our anticipated growing returns will come from innovating, value adding and capitalising on increased consumption of farmed seafood in the restaurants and homes of Australians

2H20 outlook

Positive market dynamics, growth in salmon biomass and size and prawn ramp-up expected to drive continued earnings growth

Positive market dynamics for both salmon and prawns expected to continue

- Salmon: Agreements with retailers underpinning current strong domestic pricing levels are expected to continue, with export market to continue to be strategically used to support growing and production efficiencies while not impacting domestic supply
- Prawns: Strong pricing and favourable competitive positioning for prawns in the short to medium-term. Export opportunities favourable. Supply to Coles commencing in February 2020

Salmon biomass growth exceeding expectations in a buoyant market which should support optimised pricing to provide increasing operating EBITDA \$/kg returns

- Transitioning supply for the continuation of more sales into the domestic market (i.e. better sales mix) with a focus also on more profitable product lines in domestic market (i.e. optimise pricing) and export market as a destination for surplus volume
- Focus on optimisation of existing leases as well as cost of growing reduction initiatives over short to medium-term
- Both initiatives should translate into increasing salmon returns for FY20 and FY21

Prawn biomass growth on track to deliver a harvest of circa 2,400 tonnes

- Seasonality of prawn harvesting and sales 2H skewed
- Export pricing better than domestic market at present. Focus still to grow domestic market, with export market offering significant risk mitigation from a sales perspective

Further investment in both salmon and prawn operations will continue to underpin long term growth

- Total capital expenditure, including the acquisition of Exmoor Station, is expected to be \$156.0m in FY20

Well placed to deliver on growth opportunities

1H20 results demonstrate delivery of core salmon growth strategy

- Increased operational, financial, environmental and social parameters
- Increased **salmon live biomass up 15.5% to 23,151 tonnes at 31 December 2019**
- Increased **salmon operating EBITDA \$/kg returns up 15.5% to \$3.44kg (pre AASB 16 Leases impact)**

Investment in prawns, together with positive salmon fundamentals underpins expected long-term growth

- **Species, geographic and earnings diversification expected to underpin continued delivery of strong returns**
 - Salmon: through optimising sales mix and pricing, lease optimisation, cost reductions, and improvements in and adaption of new technologies
 - Prawns: through investing in a new growth platform that leverages our aquaculture experience and builds on our success with salmon. Prawn business is expected to provide a shorter working capital cycle and the potential for better earnings / returns characteristics with lower capital intensity once established. The potential production from prawns with the aquaculture land acquired (once fully licenced and developed) is expected to support a long-term production harvest target of 20,000 tonnes p.a.



Appendices

Statutory, underlying and operating results: 1H20 vs 1H19

Half Year ended 31 December 2019	Statutory Profit \$'000	Non Recurring Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Profit \$'000
Revenue (from all sources)	\$274,492	\$0	\$274,492	\$0	\$274,492
EBITDA	\$81,002	\$2,219	\$83,221	(\$16,763)	\$66,458
EBIT	\$62,602	\$2,219	\$64,821	(\$16,763)	\$48,058
Profit before income tax expense	\$57,631	\$2,219	\$59,850	(\$16,763)	\$43,087
Income tax expense	(\$16,814)	(\$666)	(\$17,480)	\$5,029	(\$12,451)
Net profit after income tax expense	\$40,817	\$1,553	\$42,370	(\$11,734)	\$30,636

Half Year ended 31 December 2018	Statutory Profit \$'000	Non Recurring Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Profit \$'000
Revenue (from all sources)	\$325,995	\$0	\$325,995	\$0	\$325,995
EBITDA	\$65,871	\$1,719	\$67,590	(\$3,315)	\$64,275
EBIT	\$51,430	\$1,719	\$53,149	(\$3,315)	\$49,834
Profit before income tax expense	\$46,915	\$1,719	\$48,634	(\$3,315)	\$45,319
Income tax expense	(\$14,076)	(\$516)	(\$14,592)	\$995	(\$13,597)
Net profit after income tax expense	\$32,839	\$1,203	\$34,042	(\$2,321)	\$31,722

Domestic Sales Mix

Domestic Retail Market	1H20		1H19	Change	
Salmon Volume (Hog equiv tonnes)		9,165	8,495	7.9%	▲
Salmon Average Price (\$/Hog kg equivalent)	\$	12.80	\$ 13.89	(7.8%)	▼
Salmon Revenue (\$m)		117.32	118.00	(0.6%)	▼
Seafood Revenue (\$m)		19.51	20.83	(6.3%)	▼
Total Revenue (\$m)		136.84	138.83	(1.4%)	▼

Domestic Wholesale Market	1H20		1H19	Change	
Salmon Volume (Hog equiv tonnes)		4,866	5,456	(10.8%)	▼
Salmon Average Price (\$/Hog kg equivalent)	\$	16.08	\$ 16.00	0.5%	▲
Salmon Revenue (\$m)		78.25	87.27	(10.3%)	▼
Seafood Revenue (\$m)		10.31	15.21	(32.2%)	▼
Total Revenue (\$m)		88.57	102.48	(13.6%)	▼



Questions

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