



Tassal Group Limited FY20 results

Mark Ryan, Managing Director & CEO

Andrew Creswell, CFO

19 August 2020

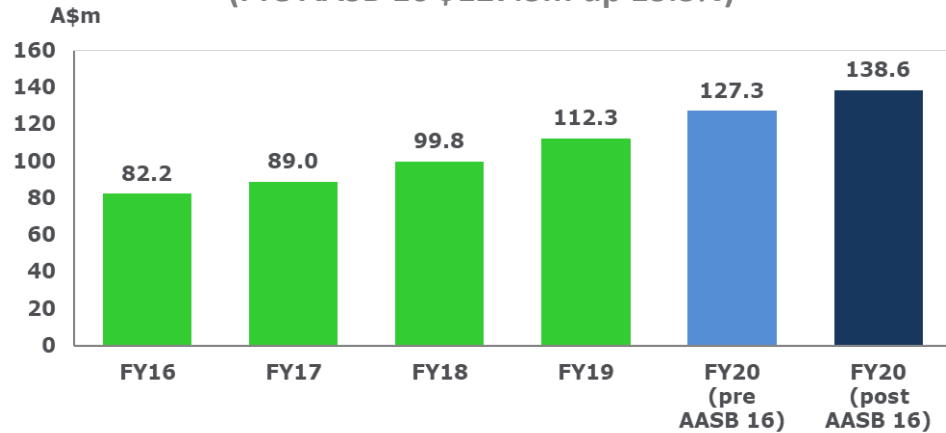


**Delivering on our
growth strategy**

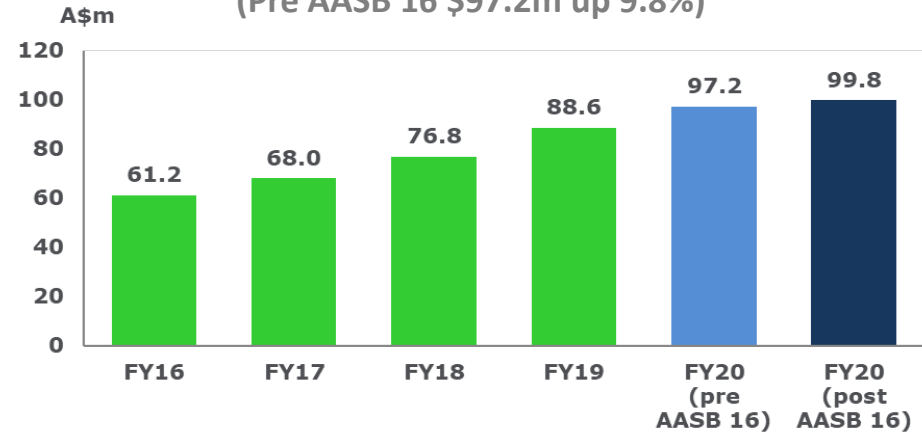
Growing earnings support business investment

Operating NPAT up 13.4% to \$64.2m due to further optimising operations and sales mix. Operating cashflow invested in working capital to grow salmon and prawn stock for earnings and returns in FY21

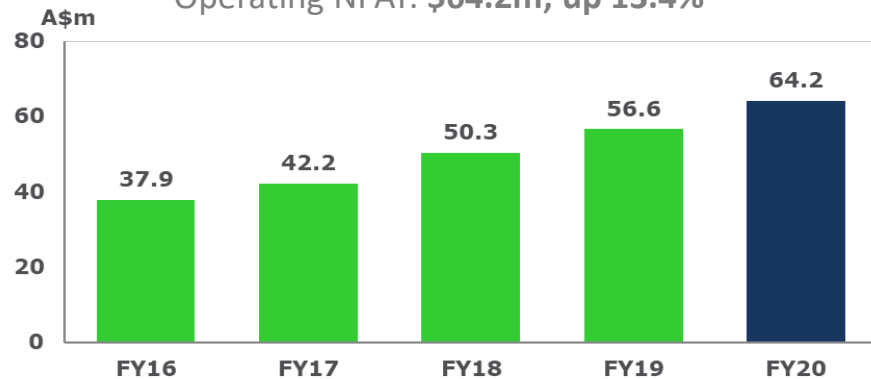
Operating EBITDA : \$138.6m;
(Pre AASB 16 \$127.3m up 13.3%)



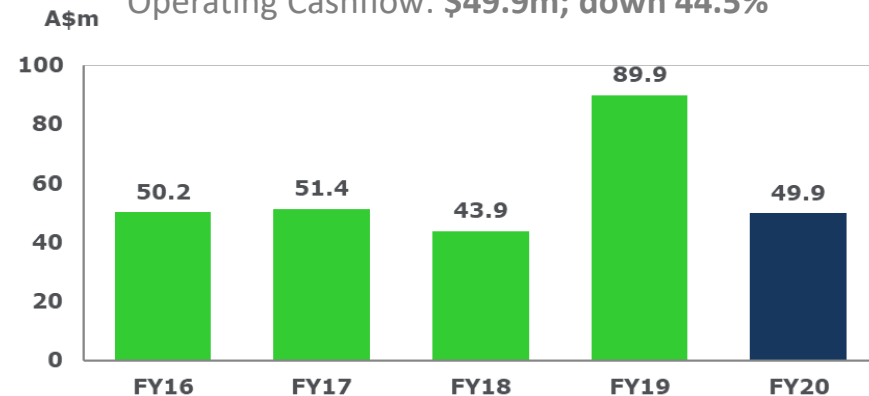
Operating EBIT: \$99.8m;
(Pre AASB 16 \$97.2m up 9.8%)



Operating NPAT: \$64.2m; up 13.4%



Operating Cashflow: \$49.9m; down 44.5%



Definitions:

Statutory NPAT + Significant Items = Underlying Profit

Underlying Profit – AASB141 Impact = Operating Profit

Doing what we said we would do - 7 takeaways

We have the right strategy in place to drive long term growth in sustainable earnings

1. **Delivered sustainable growth:** Balancing strategic, operational, financial, environmental and societal value metrics
2. **Strong growth in operating EBITDA to \$138.6m:** Reflecting the benefits of Tassal's growth strategy
3. **Further growth investment:** Supported by operating cashflows, debt headroom, comfortable gearing levels and a strong balance sheet
4. **Salmon delivering on strategy:** Investment and subsequent 12.9% increase in live biomass, production efficiencies and further optimised sales mix, and positions well for growing returns
5. **Prawns delivering on expectations:** Harvest of 2,460 tonnes was expected, with substantial uplift in planned FY21 harvest volume to circa 4,000 tonnes with infrastructure in place
6. **Industry world best ESG initiatives:** Underpin sustainable growth for both salmon and prawns
7. **Overall:** Despite sales challenges imposed by COVID-19 market fractures, shareholder value was enhanced through optimising margins via sales mix and operating efficiencies. Salmon and prawn product and brand strategy aligns to consumer needs during and after COVID-19, and will continue driving domestic per capita consumption growth. Increasing harvest biomass, optimising margins via sales mix and operating efficiencies, and a strong sustainable diversified operating platform, best position Tassal to navigate through COVID-19 and further grow earnings and returns in FY21

Responding to COVID-19

Strong focus on risk mitigation measures have proved invaluable in protecting our supply chain

- Tassal is classed as an “Essential Service” and our operations have continued
- We have worked hard to ensure the continued safety and wellbeing of our employees – strategies were developed and implemented from both a physical and mental wellbeing perspective. Not only has the supply chain been protected, but Tassal has delivered growth in harvesting, sales and earnings
- Keeping consumers’ wellbeing is also important – Australian grown salmon and prawns not only taste great, they are healthy and nutritious, sustainable, convenient and quick, and quality proteins
- Despite the chaos that COVID-19 has caused in the very fundamentals of the economy and market places in Q4 FY20, Tassal’s risk management and business continuity planning processes supported sales growth, with domestic salmon sales volume up 13.4% up (vs Q4 FY19), with retail sales particularly strong
- COVID-19 has caused foodservice markets in many countries to be severely impacted – including Australia. Further, airfreight capacity for export markets has become limited and freight rates significantly increased (many up to 4x, one up to 11x). The Federal Government’s International Freight Assistance Mechanism (“IFAM”) was implemented to assist, but our freight cost for this period was still \$2.9m higher than it was historically. Global pricing and exchange rates also exhibited extreme volatility during this period
- COVID-19 presents a volatile and challenging environment in a world of unknowns, a recessionary environment, and potentially new consumption rules. We believe Tassal is as best prepared as it can be. While the Company is not immune to global and local forces outside of its control, our key strengths that will assist us mitigate this environment – our diversification strategies across customers and consumers, growing and processing areas, and species and products – combined with our focus on sustainability, position the Company to continue its growth trajectory

Positive consumer trends in a COVID-19 world

Some positive consumer trends have emerged that should gain momentum in FY21 and support further growth in Tassal's salmon and prawn sales volumes



Increasing demand for trusted, sustainable local brands

- Rise in consumer demand for sustainable products with open traceability
- Increasing support for Australian made produce

Increasing in-home eating & cooking

- Consumers forced to spend more time at home and cooking meals they normally enjoyed in restaurants

Easy to prepare meal solutions in greater demand

- Consumers looking to retailers to provide more simple meal solutions (i.e. MAP, shelf to oven, meal combinations, easy recipes, etc)

Increasing health awareness

- Consumers are aware that the way to ensure that they are best prepared to deal with a global pandemic is for their body and mind to be nourished with products that are good for them

Increasing digital consumption and e-commerce

- Online media consumption playing a large role in purchasing decisions
- Online delivery becoming the “new norm”



Strong growth in operating EBITDA reflects the benefits of our growth strategy flowing through

Strong growth in operating EBITDA

Successful execution of our focused growth strategy

Financial Performance (A\$m)	FY20	FY19	Change
Revenue	562.54	560.79	0.3% ▲
Operating results			
Operating EBITDA	138.55	112.31	23.4% ▲
Salmon Operating EBITDA \$/Kg (Pre AASB 16)	3.29	3.16	4.3% ▲
Salmon Operating EBITDA \$/Kg (Post AASB 16)	3.60		
Prawn Operating EBITDA \$/Kg (Pre AASB 16)	6.11	6.12	(0.2%) ▼
Prawn Operating EBITDA \$/Kg (Post AASB 16)	6.42		
Operating EBIT	99.82	88.55	12.7% ▲
Operating NPAT	64.17	56.62	13.3% ▲
Statutory results			
AASB 141 SGARA Impact ¹	12.17	4.61	163.8% ▲
Statutory EBITDA ¹	145.61	114.91	26.7% ▲
Statutory EBIT ¹	106.87	91.16	17.2% ▲
Statutory NPAT ¹	69.11	58.44	18.3% ▲
Operating cashflow	49.85	89.90	(44.5%) ▼
Final dividend - cps	9.00	9.00	0.0% ▬
Total dividend - cps ²	18.00	18.00	0.0% ▬

Notes:

1. Pre-tax SGARA adjustment benefit of \$12.2m (FY19: increase \$4.6m). Post tax benefit \$8.5m (FY19: increase \$3.2m).
2. Total dividend is 25% franked (FY19: 25% franked)

Salmon: Operating EBITDA \$/kg continues to increase

- Optimisation of harvest biomass and size flowing through with better production costs and higher margins on more and larger salmon
- Domestic salmon sales mix and pricing kept up throughout the year – and despite COVID-19 implications – domestic retail sales offset wholesale sales late in year
- Export market strategically targeted with bigger salmon

Prawns: Delivered on FY20 Strategic plan and set for further growth

- Prawn sales up \$32.3m to \$41.4m
- Prawns size, operating efficiencies and strong export markets underpinning EBITDA

AASB 16 Leases

- FY20 EBITDA includes \$11.3m benefit relating to AASB 16 Leases standard, with \$2.6m impact to EBIT. There was no impact to Operating NPAT

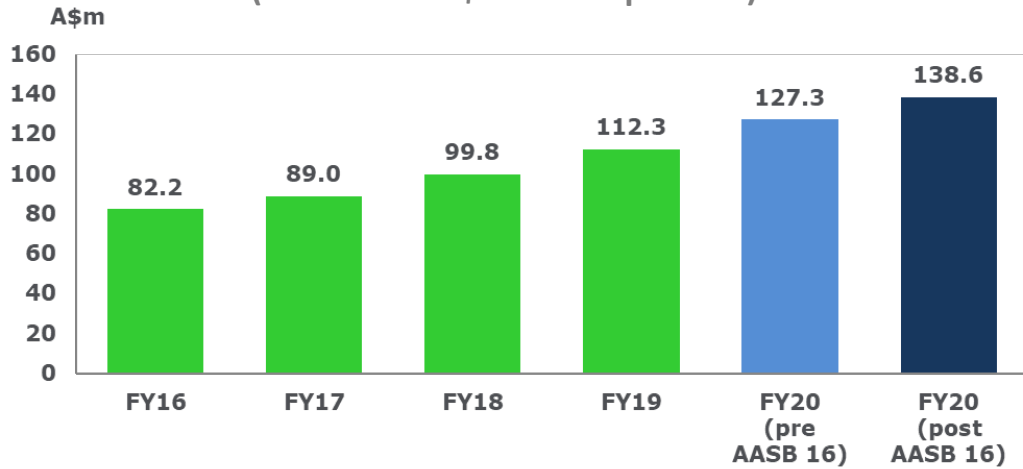
Responsible growth and capex initiatives funded from operating cashflow

- Reflects the increased working capital costs to grow incremental inventory for salmon and prawn stock to drive increased FY21 earnings

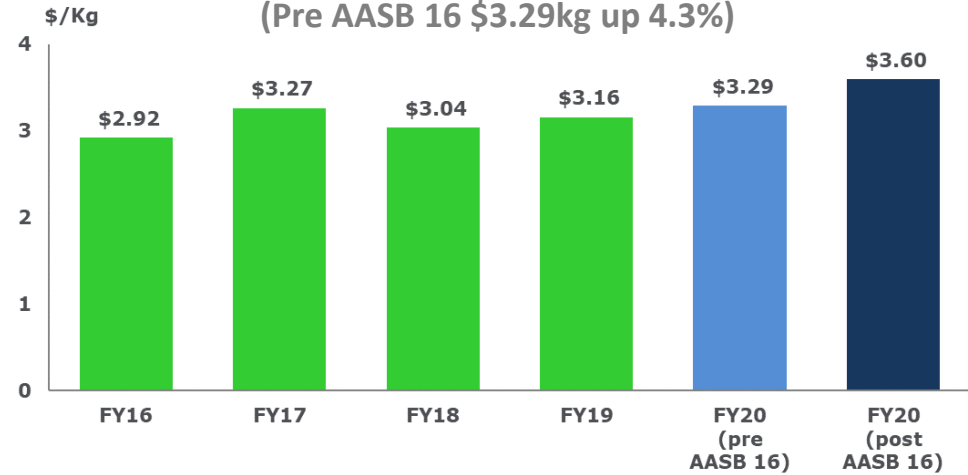
Optimising operations and sales mix underpins growth

Both salmon and prawns generated appropriate EBITDA \$/kg returns

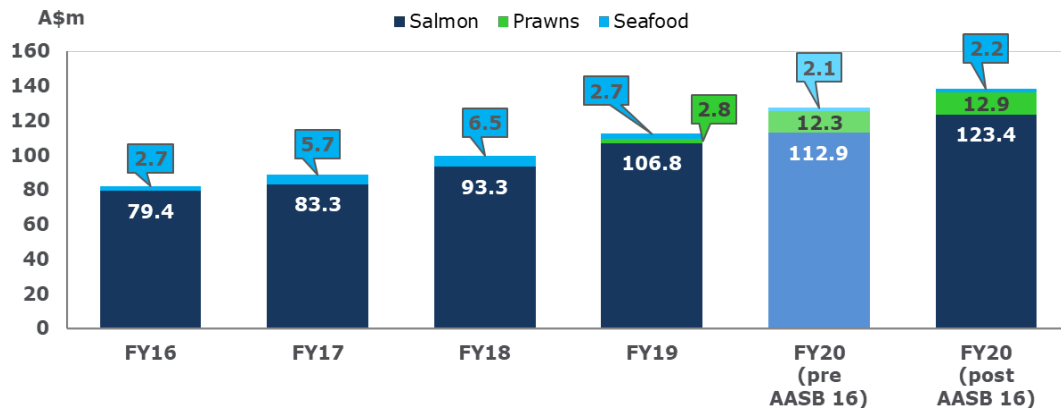
Operating EBITDA: \$138.6m;
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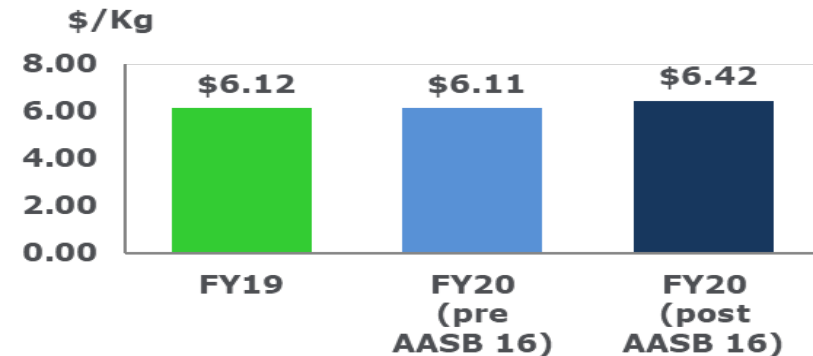
Salmon Operating EBITDA \$/kg: \$3.60/kg
(Pre AASB 16 \$3.29/kg up 4.3%)



Operating EBITDA: Split between salmon, prawns and seafood



Prawn Operating EBITDA \$/kg: \$6.42/kg
(Pre AASB 16 \$6.11/kg; flat)





Operating cashflows, debt headroom and comfortable gearing levels support further growth investment

Operating cashflows supporting further growth

Growing cashflows supporting salmon and prawn biomass generation and investment in long term growth

Operating Cashflow (A\$m)	FY20	FY19
Operating cashflow	49.85	89.90
Investing cashflow	(138.70)	(138.72)
Financing cashflow	86.14	49.56
Net increase/(decrease) in cash held	(2.71)	0.75

Operating cashflow was down 44.5% to \$49.9m

- Reflects the impact on the increase in working capital costs to grow incremental inventory for both salmon and prawns stock for earnings in FY21
 - salmon working capital increase \$37.3m
 - prawn working capital increase \$30.9m

A \$125.8m capital raising was carried out in 2 stages during FY20:

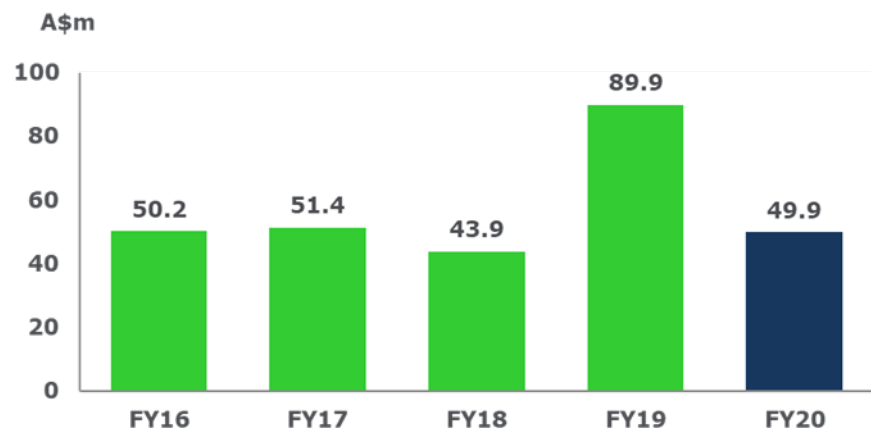
- Placement on 21 August 2019 raised \$108.4m
- Share Purchase Plan on 16 September 2019 raised \$17.4m

Investing cashflow of \$138.7m in FY20 (FY19: \$138.7m) comprised:

- Salmon growth capex – \$23.7m (FY19: \$46.0m)
- Salmon maintenance capex – \$33.0m (FY19: \$33.6m)
- Exmoor Station – \$27.5m (made up of settlement of \$25.3m + \$2.2m of acquisition costs)
- Prawn growth capex – \$52.0m (FY19: \$25.2m)
- Prawn maintenance capex – \$2.5m (FY19: \$Nil)
- Fortune Group – \$Nil (FY19: \$31.9m + \$2.0m of acquisition costs)

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

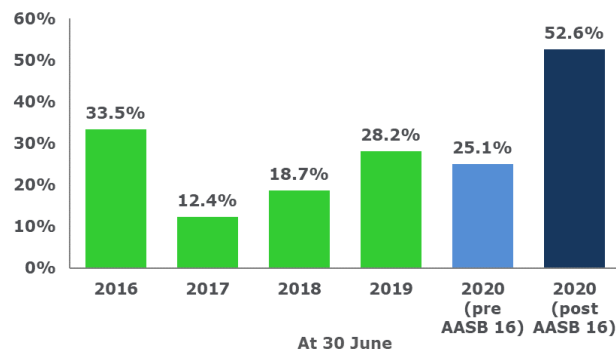
Operating Cashflow: \$49.9m; down 44.5%



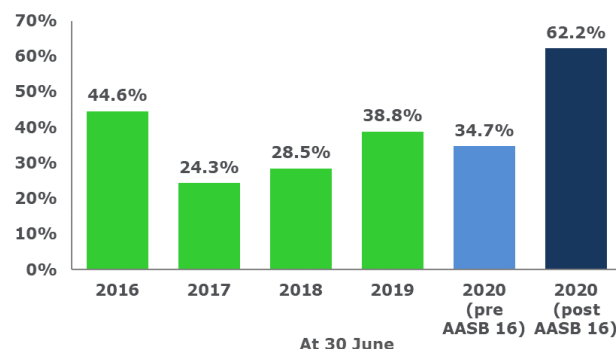
Comfortable balance sheet

\$214.1m in “right of use” assets added to the balance sheet in FY20 to comply with AASB16 Leases standard. Tassal has adopted a post-tax WACC of 6.0%

Gearing Ratio



Funding Ratio



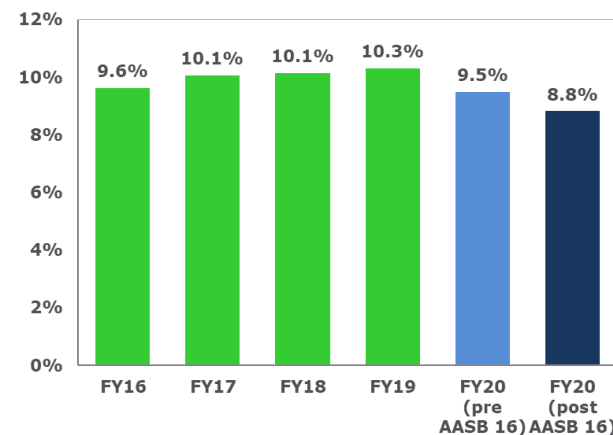
Gearing and Funding Ratios

- Gearing at 25.1% (pre AASB 16 Leases impact) / 52.6% (post AASB 16 Leases impact)
- Funding ratio, i.e. including RPF (net debt + RPF / equity) at 34.7% (pre AASB 16 Leases impact) / 62.2% (post AASB 16 Leases impact)
- Capital raising in 1H20 raised \$122.8m (net of costs)

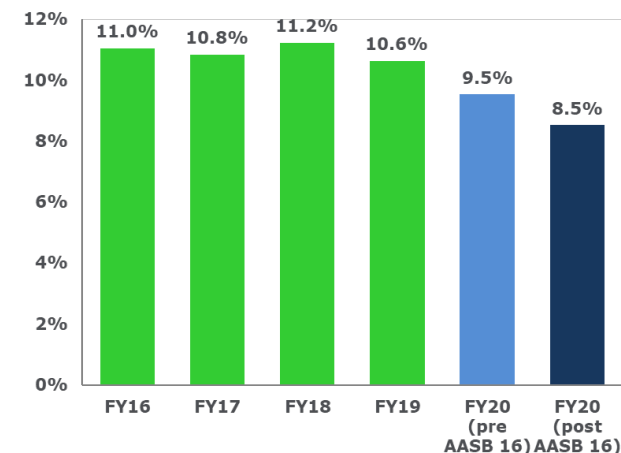
Operating Return on Assets (ROA) and Return on Invested Capital (ROIC)

- ROA 9.5% (pre AASB 16 Leases impact) / 8.8% (post AASB 16 Leases impact)
- ROIC 9.5% (pre AASB 16 Leases impact) / 8.5% (post AASB 16 Leases impact)
- Strategic investments should deliver strong earnings over the short to medium-term, with returns to be enhanced over the long-term
- Tassal’s Board has adopted a post-tax WACC of 6.0% based on independent advice

ROA



ROIC



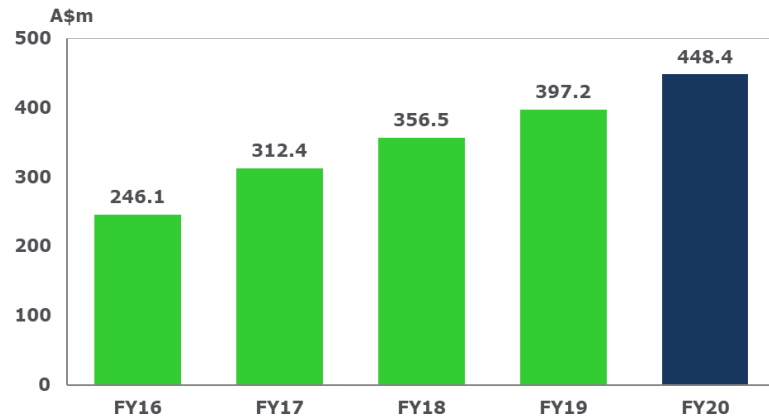


Investment and subsequent increase in salmon biomass, production efficiencies and further optimised sales mix has continued to grow EBITDA margin \$/kg and positions us well for growing returns moving forward

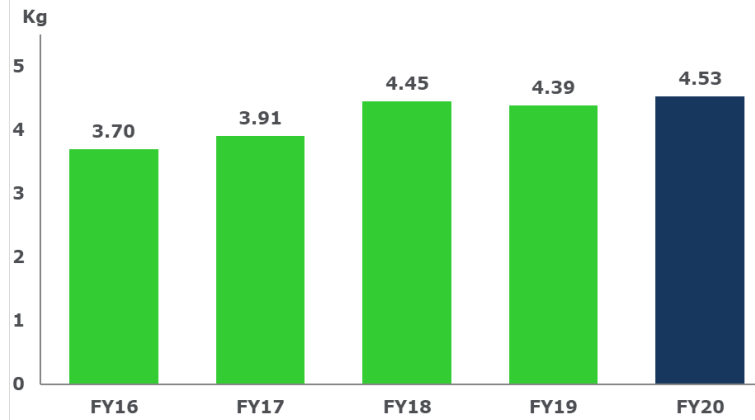
Strong platform driving increased earnings and returns

Better technology, infrastructure and biosecurity driving increasing salmon biomass and supporting future growth

Salmon live biomass at 30 June 2020:
\$448.4m; up 12.9%

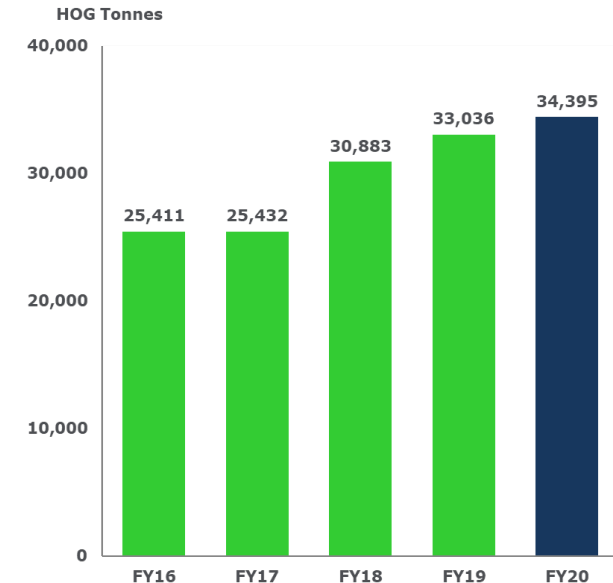


Average salmon harvest size:
Increased to 4.53 Hog kg

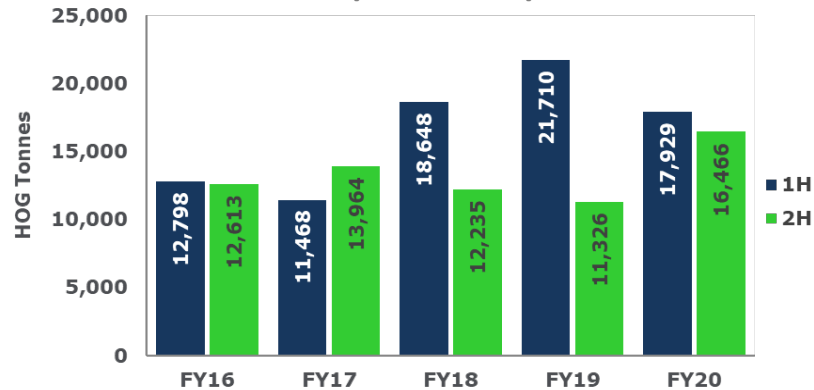


For optimal sales mix, an average fish size of 4.5kg to 5.0kg hog optimises returns

Salmon harvest tonnes:
34,395 tonnes; up 4.1%



Rebalancing salmon harvesting:
1H/2H of 52%/48%



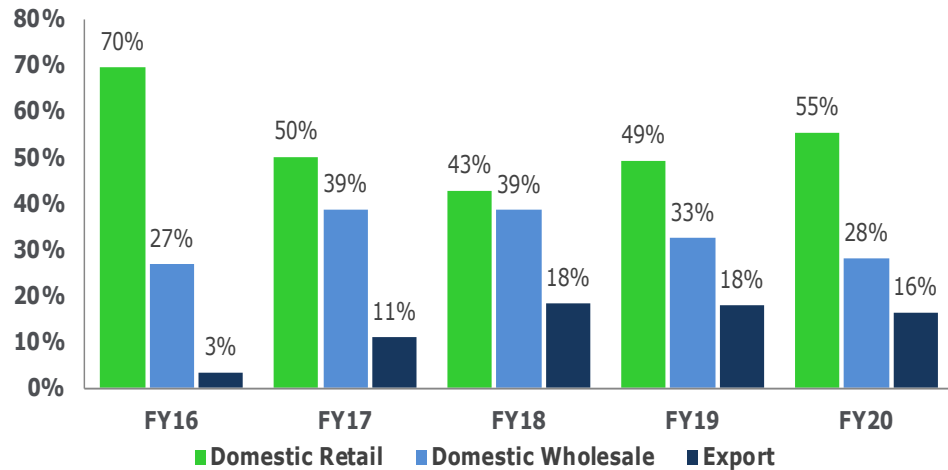
Salmon Operating EBITDA \$/kg: \$3.60/kg
(Pre AASB 16 \$3.29kg up 4.3%)



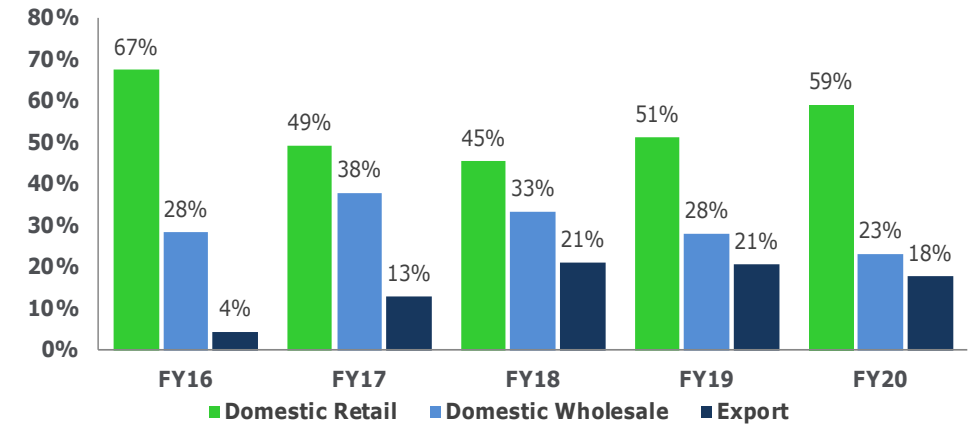
Strong platform driving increased earnings and returns

Sustainable sales platform – revenue, volume & pricing, with export market targeted for excess supply

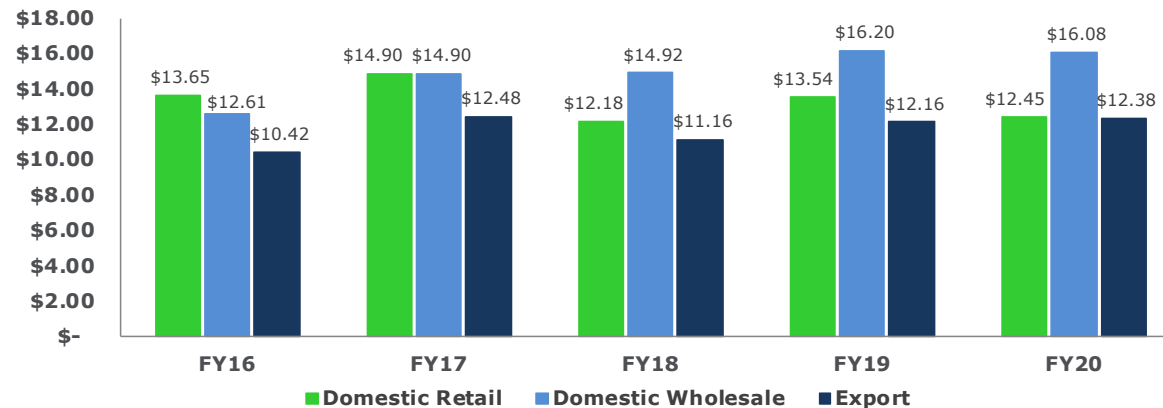
Salmon sales revenue split: sustainable



Salmon sales volume split: sustainable



Salmon sales pricing: sustainable



Increased harvest size and operating margin growth

More centralised structure, implementation of Feed Centre and Wellboat, and impact of POMV vaccination

- **Farming:** Salmon growth optimised by leaving fish in the water to grow in the key growing time of July to October
 - Better balance of harvested biomass between halves with 2H at 16,466 hog tonnes vs 1H at 17,929 (1H19: 21,710 hog tonnes – 2H19: 11,326 hog tonnes)
 - Average harvest increase size of 4.52kg hog in FY20 (FY19: 4.39kg hog)
 - 27,384 tonnes of live fish at 30 June 2020 (30 June 2019: 18,978 tonnes)
- **Sales:** EBITDA \$/kg increased as operating and supply chain efficiencies are coming through and domestic per capita consumption continues to grow
 - 28,259 hog tonnes of domestic market sales (FY19: 26,860 hog tonnes) – sales tonnage up 5.2% , with domestic EBITDA up 13.5% as a result of larger salmon and more efficient operating systems
 - 6,051 hog tonnes of export market sales (FY19: 6,696 hog tonnes)
 - Operating EBITDA \$/kg up 14.0% to \$3.60/kg (up 4.3% pre AASB 16 to \$3.29/kg) (FY19: \$3.16/kg)
- **Fish Health:** Salmon growth on inputs in 2019 and for harvest in FY21 are progressing well with strong survival rates and no Pilchard Orthomyxovirus (POMV). FY21 will see continued focus on POMV from vaccination and fish husbandry practices



Increased salmon biomass at 30 June should support sales growth in FY21

Optimising operations and sales mix underpins growth

Both domestic and export markets generated acceptable pre-AASB16 Operating EBITDA \$/kg returns

Salmon Pre AASB 16 Operating EBITDA \$/kg:
\$3.29/kg up 4.3%

Total Salmon Sales (A\$m)	FY20	FY19	Change
Salmon Volume (Hog equiv tonnes)	34,310	33,856	1.3% ▲
Salmon Average Price (\$/Hog kg equivalent)	\$ 13.28	\$ 14.00	(5.2%) ▼
Salmon Revenue (\$m)	455.55	474.03	(3.9%) ▼
EBITDA	123.42	106.84	15.5% ▲
EBITDA (\$/kg) (Pre AASB 16)	\$ 3.29	\$ 3.16	4.3% ▲

Domestic Salmon Operating EBITDA \$/kg:
EBITDA \$3.55/kg flat

Domestic Salmon Market	FY20	FY19	Change
Salmon Volume (Hog equiv tonnes)	28,259	26,860	5.2% ▲
Salmon Average Price (\$/Hog kg equivalent)	\$ 13.47	\$ 14.48	(7.0%) ▼
Salmon Revenue (\$m)	380.65	388.95	(2.1%) ▼
EBITDA	108.88	95.96	13.5% ▲
EBITDA (\$/kg) (Pre AASB 16)	\$ 3.55	\$ 3.57	(0.7%) ▼

Export Salmon Operating EBITDA \$/kg:
EBITDA \$2.09/kg up 34.5%

Export Salmon Market	FY20	FY19	Change
Salmon Volume (Hog equiv tonnes)	6,051	6,996	(13.5%) ▼
Salmon Average Price (\$/Hog kg equivalent)	\$ 12.38	\$ 12.16	1.8% ▲
Salmon Revenue (\$m)	74.90	85.09	(12.0%) ▼
EBITDA	14.54	10.88	33.7% ▲
EBITDA (\$/kg) (Pre AASB 16)	\$ 2.09	\$ 1.55	34.5% ▲

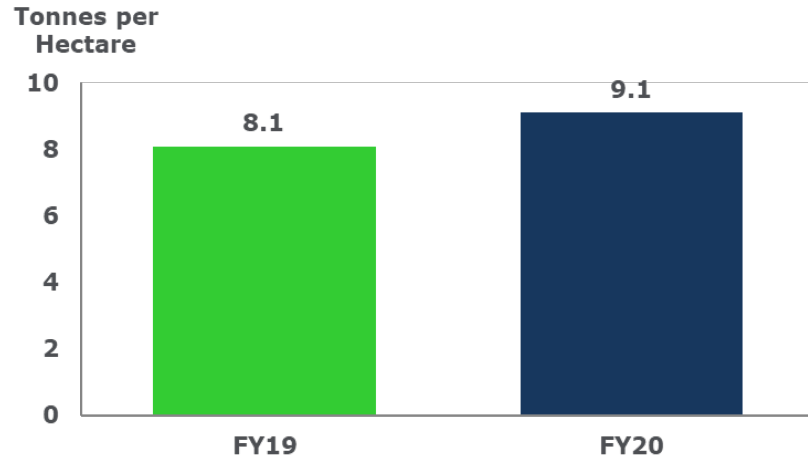


Prawn harvest of 2,460 tonnes was expected, with substantial uplift in harvest volume planned in FY21 to circa 4,000 tonnes with infrastructure in place

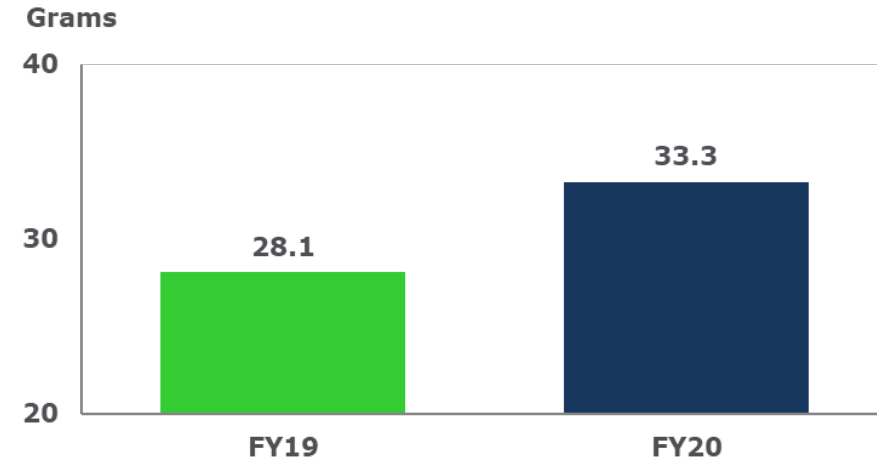
Strong platform to drive increased earnings and returns

Delivering expectations: investment in technology, infrastructure and biosecurity driving increasing returns

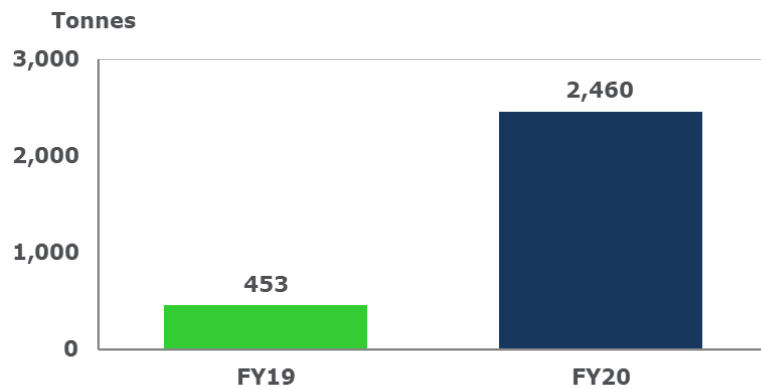
Prawn average harvest yield: Increased to 9.1 tonnes/ha



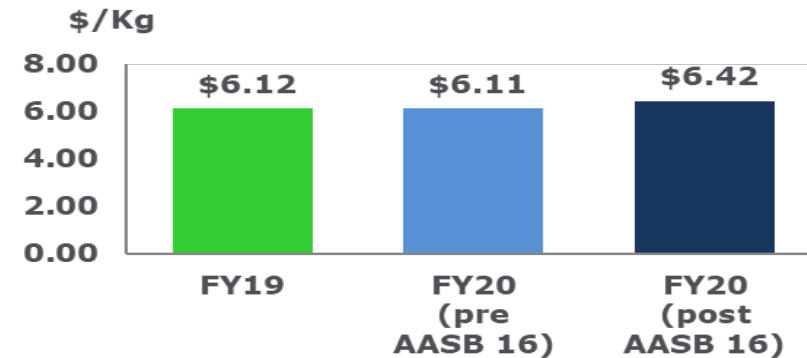
Prawn average harvest size: Increased to 33.3 grams



Prawn harvest tonnes: Achieved 2,460 tonnes



Prawn operating EBITDA \$/kg: \$6.42/kg
(Pre AASB 16 \$6.11kg; flat)



Focus on increasing operating EBITDA \$/kg in FY21

2,460 tonnes harvest delivered on expectations

- **Proserpine Stages 1 & 2 COMPLETED:** Capital spend and operating on budget. SmartFarm and processing infrastructure upgrades and builds completed prior to the FY20 harvest season
- **Proserpine Stage 3 COMPLETED:** Expansion at Proserpine (i.e. additional 80ha of ponds and a new hatchery) is complete. On track for stocking for the FY21 harvest season. Stages 1,2 & 3 = 270ha of ponds
- **Proserpine Stage 4:** Pond infrastructure expansion to be completed in FY21 and FY22. Proserpine potential c400ha of ponds (once authorised by relevant authorities and fully developed)
- **Exmoor Station:** Exmoor Station approval processes commenced. Site Master Plan is being progressed with a view to commencing approvals processes before 31 December 2020
- **Technological innovation:** Developed improved technology to both feed live prawns (improve growing costs) and also to be able to cook and freeze prawns (improve supply chain costs)
- **Prawn EBITDA \$/kg:** EBITDA \$/kg to increase as infrastructure and technology upgrades are completed



Fully developed, Exmoor Station is planned to support a long-term prawn production target of circa 20,000t p.a.

Investing for growth

\$82.0m invested in FY20, with Exmoor Station at \$27.5m

Growth capex of \$52.0m

- Civil and pond works for Proserpine (Stages 1+2+3), Mission Beach and Yamba (total 350hectares)
- SmartFarm installation on 350 hectares
- Development of new cook and freeze technology allows for longer storage capacity (selling when market prices rise) and lower operating costs
- Proserpine expansion (i.e. Stage 3 adding 80 hectares of ponds and new hatchery) ready for stocking in FY21
- Automated feeding, increasing the size and reducing cost of the prawns

Maintenance capex of \$2.5m

- Feeding and stocking ponds for FY21 harvest

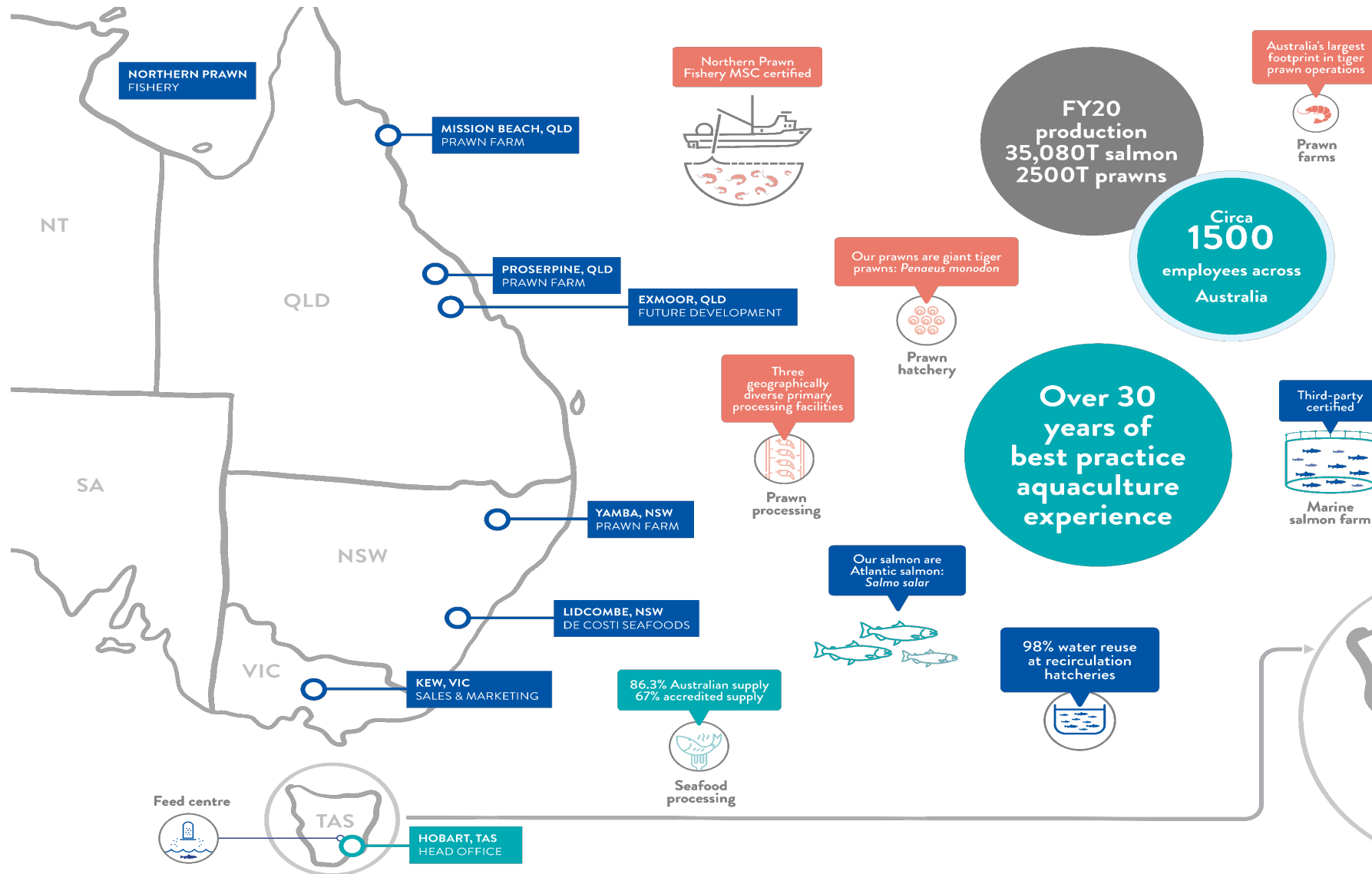


Circa \$39.7m to be invested in FY21... expansion and SmartFarm investments supporting the next growth phase, with circa 4,000 tonnes production planned in FY21

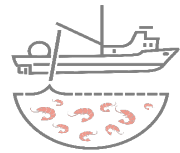


Industry world-best ESG initiatives underpin sustainable growth for both salmon and prawns

Tassal footprint - land & sea



Northern Prawn Fishery MSC certified



FY20 production
35,080T salmon
2500T prawns

Australia's largest footprint in tiger prawn operations



Prawn farms

Circa 1500
employees across Australia

Our prawns are giant tiger prawns: *Penaeus monodon*



Prawn hatchery

Three geographically diverse primary processing facilities



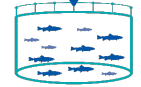
Prawn processing

Over 30 years of best practice aquaculture experience

Our salmon are Atlantic salmon: *Salmo salar*



Third-party certified



Marine salmon farm

98% water reuse at recirculation hatcheries



86.3% Australian supply
67% accredited supply



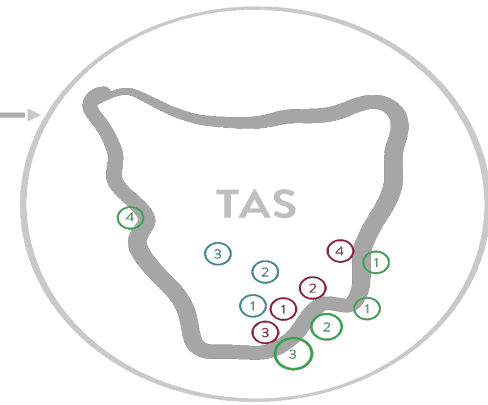
Seafood processing

OUR FOOTPRINT SEAFOOD & PRAWNS

- PROSERPINE, QLD**
Prawn farm, hatchery & processing facility
- MISSION BEACH, QLD**
Prawn farm, hatchery & processing facility
- EXMOOR, QLD**
Future development
- YAMBA, NSW**
Prawn farm & processing facility
- LIDCOMBE, NSW**
Processing facility
- 'XANADU'**
Northern Prawn Fishery

OUR FOOTPRINT SALMON

- MARINE FARMING ZONES**
 - EASTERN ZONE**
Okehampton Bay
Nubeena & Port Arthur
 - CHANNEL ZONE**
D'Entrecasteaux Channel
 - SOUTHERN ZONE**
Dover & Huon River
 - WESTERN ZONE**
Macquarie Harbour
(joint venture)
- PROCESSING FACILITIES**
 - HUONVILLE**
Smoking & processing
 - MARGATE**
Fresh processing
 - DOVER**
Primary processing
 - TRIABUNNA**
Value add by-products
- FRESHWATER HATCHERIES**
 - ROOKWOOD I & II**
Ranelagh, TAS
 - RUSSELL FALLS & KARANJA**
Mount Field, TAS
 - SALTAS**
(Industry Hatchery)
Wayatinah, TAS

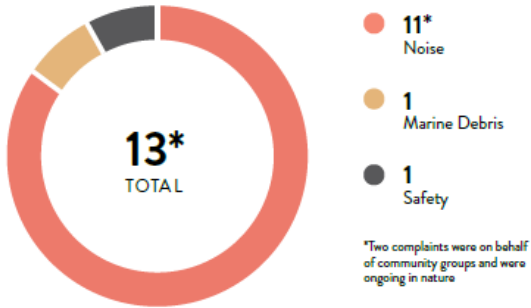


Our people & communities

Sustainability is more than the environment we operate in, it's the people we back and the communities we support through all of life's challenges

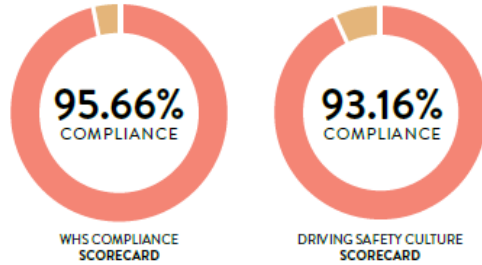
COMMUNITY COMPLAINTS

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.



LEAD INDICATORS

We pioneered our own Driving Safety Culture Scorecard (ROCK Scorecard) which asks specific questions of our people and evaluates management's approach to WHS across our sites.



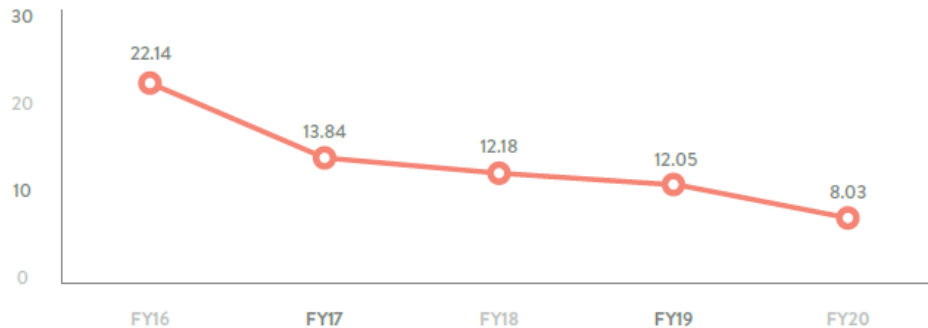
MARINE DEBRIS

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.

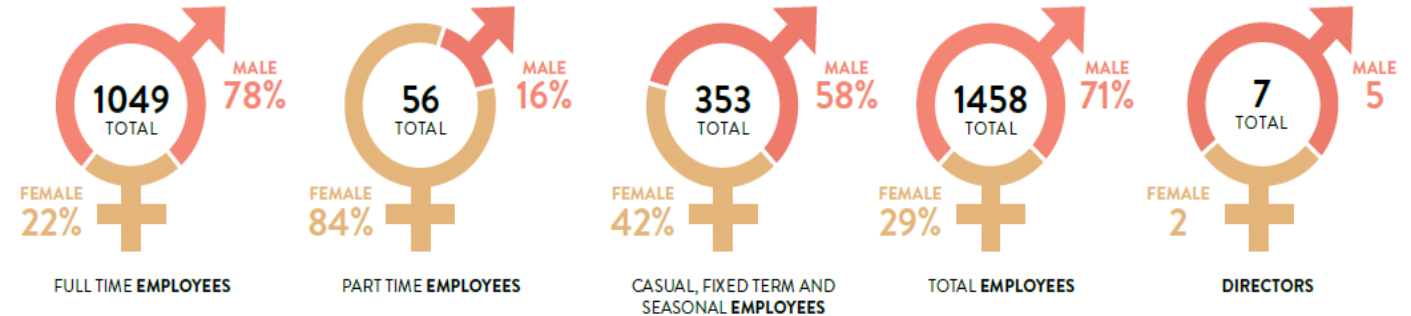
	FY16	FY17	FY18	FY19	FY20
RUBBISH REMOVED (m ³)	23.5	72	79.5	218.9	99.6
HOURS COLLECTING	250	386	1,776	3,881	2,268
ATTRIBUTION TO TASSAL FARMS (%)	30	26.9	27	22.5	15.3

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

TRIFR is the number of injuries requiring medical treatment per million hours worked.



EMPLOYEE SNAPSHOT



We are farmers, but we are also stewards of our oceans and coasts on a journey of innovation and continuous improvement



Water use reduced by **18 L/kg** produced which is a **27% reduction** in L/kg water use in marine salmon farming

SEAL INTERACTIONS

	FY16	FY17	FY18	FY19	FY20
RELOCATION EVENTS	151	2131	1344	N/A	N/A
EUTHANISED	1	3	1	0	0
ACCIDENTAL DEATH (RELOCATION)	3	1	0	N/A	N/A
ACCIDENTAL DEATH (ENTANGLEMENT)	2	1	6	14	5

ENVIRONMENTAL COMPLIANCE



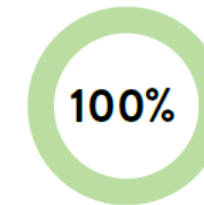
SALMON PROCESSING COMPLIANCE



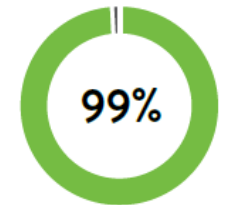
SALMON HATCHERY COMPLIANCE



PRAWN HATCHERY COMPLIANCE



PRAWN PROCESSING COMPLIANCE



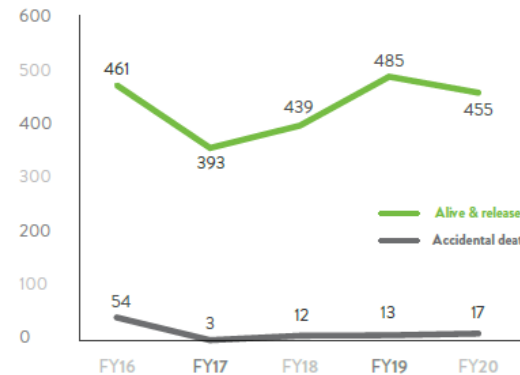
PRAWN FARMING COMPLIANCE

BENTHIC COMPLIANCE

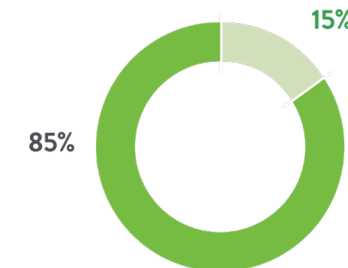
	FY16	FY17	FY18	FY19	FY20
NUMBER OF ROV DIVES	380	206	182	373	210
NUMBER IN COMPLIANCE	367	169	179	350	200
% COMPLIANCE	96.5	82.0	98.4	93.8	95.2

The number of compliance dives reduced for FY20 as some leases were being followed.

BIRD INTERACTIONS (SALMON)



BIRD MORTALITIES (PRAWNS)



WASTE

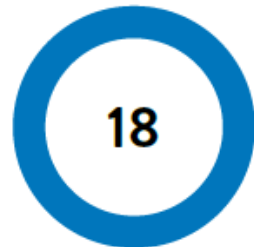
- 17,991 t Recycled
- 3,276 t Landfill

Our product

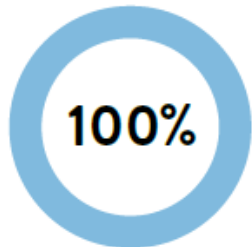
We are an Essential Service, providing responsibly farmed seafood for millions of Australians through whatever challenges the world faces

PROCUREMENT PRACTICES

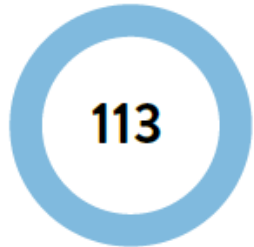
Suppliers of goods or services which have the potential to impact food safety or quality, such as suppliers of raw materials, ingredients, processing aids, packaging, warehousing, thawing, date coding and contract processing, are required to participate in our Quality Approved Supplier Program.



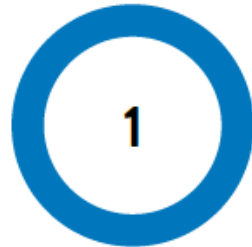
NUMBER OF NEW SUPPLIERS IN FY20



% OF NEW SUPPLIERS SCREENED THROUGH APPROVED SUPPLIER PROGRAM IN FY20



NUMBER OF APPROVED SUPPLIERS



PHYSICAL SUPPLIER AUDITS CONDUCTED IN FY20

OUR THIRD-PARTY ACCREDITATIONS



WHAT'S IN OUR SALMON FEED



- 39% Land animal ingredients
- 44% Agricultural ingredients
- 8% Fish oil (reduction only)
- 9% Fish meal (all sources)

WHAT'S IN OUR PRAWN FEED



- 8% Land animal ingredients
- 54.9% Agricultural ingredients
- 1% Fish oil (reduction only)
- 36.1% Fish meal (reduction only)



Produced **180 MILLION MEALS**
This means we produce over **500,000** meals per day (based on 200g serving size)



93.5% Seafood accredited to a third-party standard

GLOBAL SEAFOOD SUPPLY*

Argentina	Brazil	China	Indonesia	New Zealand	Thailand	Tunisia	USA	Vietnam	Australia
0.04%	0.06%	0.01%	0.06%	0.11%	0.89%	0.01%	0.01%	8.72%	90.09%

*Percentage of total seafood sourced from each country

Managing climate risk

A comprehensive risk management system is 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 salmon operations – managing our stock in a sustainable and responsible way

- Winter water temperatures on average for June and July 2020 were around 0.3 degrees lower than the previous year
- The Aqua Spa (Wellboat) provides improved farming practices and has been in operation for 9 months now
- Automated feeding and improved diets, appropriate level of harvest for frozen hog (for later and further value adding) and isolating larger fish to cooler sites, helped decrease mortality rates and improve overall health of our salmon

Tassal has developed considerable options for adapting to climate change:

- Species diversification with prawns – prawns are a 'warmer' climate species
- Selective breeding program for salmon, focusing on breeds that can withstand temperature increases and volatility
- Improved feed diets for both salmon and prawns
- Modified farming technologies and practices
- Geographic diversification

Tassal engages scientists to identify emerging climate trends and system responses, and undertakes comprehensive broad scale environmental monitoring to help minimise the risk and impact we have on the environment



Our strategy is well positioned to align consumer needs during and after COVID-19 – and to continue to drive domestic salmon and prawn per capita consumption

Tassal's growth strategy

As an industry leader in Australia, we are harnessing our strengths across the business to sustainably and strategically improve how we farm, process and bring our Seafood 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 we are freshest to market on a national basis with short shelf life products
- Maintaining best practice aquaculture: being regarded as global leaders in aquaculture production and environmental stewardship

Our anticipated growing returns should come from innovating, value adding and capitalising on increased consumption of farmed salmon and prawns in the homes of Australians

Salmon experience to transform prawns

Tassal has demonstrated experience in transforming the salmon market within Australia ... and now is focused on executing a prawn transformation

- Traditionally salmon was dominated within the wholesale/export channel. This has now transformed with the majority of sales of Tasmanian Salmon in Australia sitting within the Retail sector – and in high growth!
- This growth and channel switch and been driven in the main by Tassal
- The category transformation was achieved through:



Supply
Chain Reform/
Centralisation



Expansionary
Capital



Improved
Packaging/
Shelf Life



New Category –
Packaged
(MAP) Fresh



New
Product
Innovation



National and Retail
driven consumer
campaigns

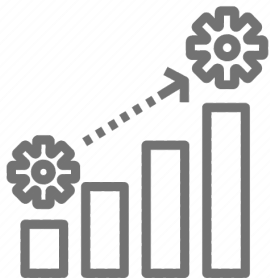
- Partnering together with retailers we have a huge opportunity to replicate this for Australian Tiger Prawns and drive awareness, consideration and purchase intent of prawns and ultimately drive consumption per capita

Tassal Group Marketing Plans

The Marketing Strategy for Tassal Salmon and Tropic Co Prawns is focussed on:

Growing Market and
Category Segments

*In the domestic
market*



Growing Consumer
Consumption

*Across product sectors
and brand portfolios*



Leading sustainability
and traceability

*Both practically and through
communications*



Marketing plan to build further awareness and trust

The effectiveness of our marketing plans will be measured against 4 key pillars:

Increasing Consumer Consumption

Measured through domestic sales of salmon and prawns and consumer analytics



Increasing Brand Awareness

Measured through bi-annual brand health tracking of prompted and unprompted awareness



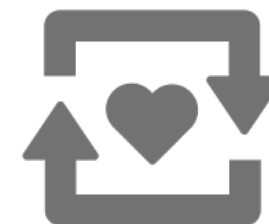
Increasing Consumer Trust

Measured through consumer recommendation and sentiment ranking



Increasing Purchase Intent

Measured through sales analysis and consumer research



Using technology to optimise operations

Heading into COVID-19 Tassal was a global seafood leader in digital technology – our competitive advantage with digital technology should be further enhanced in FY21

Digital Farming - increasing digitalisation of salmon and prawn farming operations

- Continued advancements in feed automation. Using data improvements to increase understanding of prawn and salmon
- Leveraging cloud platforms enabling the digitisation of operational processes across salmon & prawn farming and other critical business processes such as safety management and employee engagement
- Increased rollout out of Internet of Things ('IoT'). Beyond environmental data systems to asset and infrastructure tracking and optimisation

Data & Analytics – extracting more value from our data

- Integrating SmartFarm data into our analytics platform to draw insights that drive better farming behaviours and outcomes
- Real-time data analytics around operations (environmental and asset performance), spreading best practices across our sites
- Improving data literacy across the whole business through identification of power users, training and better data tools

Cyber Risk Management – protecting our crucial technology assets

- Strong IT Infrastructure and Service foundation
- Adopting best practice standards such as 'Essential 8'
- Deploying new tools to assist - network control and advanced threat detection systems

Growth to continue in FY21

We expect further growth in FY21 – both harvest and sales volumes and subsequently, operating and capital returns. Focus for FY21 on cost \$/kg improvements for both salmon and prawns

Navigating COVID-19

- Tassal is a global seafood leader in digital technology, and our competitive advantage should be further enhanced and mitigate against risks from market disruptions caused by COVID-19
- We are confident managing both known and controllable COVID-19 risks, and we believe we are as best prepared as we can be for any unknown and uncontrollable risks that COVID-19 may present
- Some positive consumer trends have emerged that should gain momentum and support further growth

Salmon: FY21 operational focus for FY21 is on optimising Tassal branded sales and cost \$/kg improvements from farming operations

- Marketing campaign – primarily TV-based and focused on Tassal branded products - to commence mid-August 2020
- Continue to improve domestic market sales mix, focused on more profitable product lines
- Combination of Wellboat, Feed Centre and fish husbandry, leading to improved improved survival, biomass and reduced cost of growing \$/kg
- Initiatives should translate into increasing salmon returns for FY21

Prawns: FY21 substantial lift in planned harvest volumes to circa 4,000 tonnes should underpin a material lift in prawn earnings

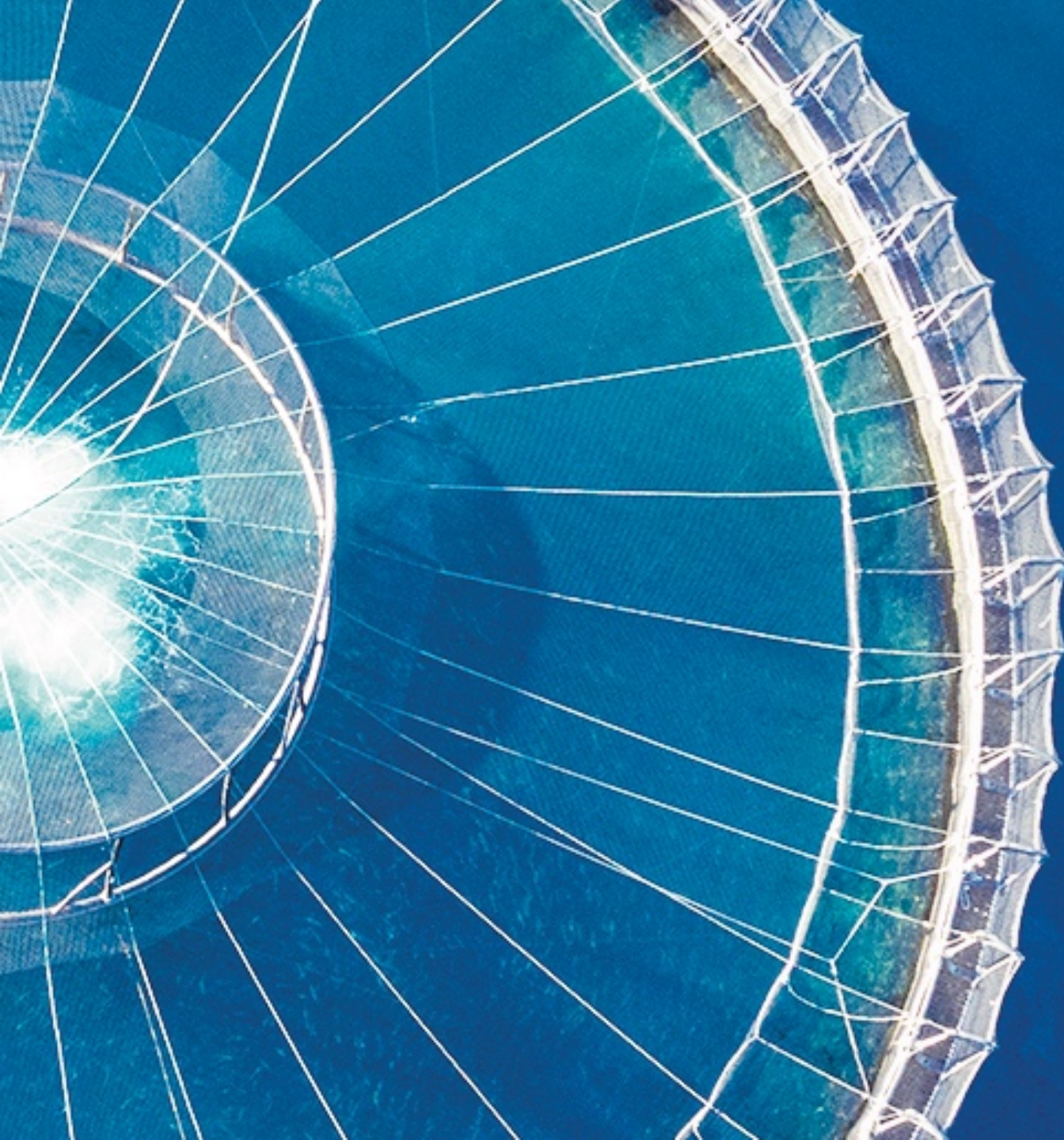
- Focus on provenance, high quality and value proposition of Australian Tiger Prawns in global markets
- Similar approach to salmon – growing the domestic market, leveraging current relationships, with export market offering risk mitigation

Delivering sustainable long-term growth in salmon and prawns

- Capex planned to be \$125.1m in FY21



Questions?



Appendices

Statutory, underlying & operating results: FY20 vs FY19

Full Year ended 30 June 2020	Statutory Profit \$'000	Significant Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Profit \$'000
Revenue (from all sources)	\$562,489	\$0	\$562,489	\$0	\$562,489
EBITDA	\$145,605	\$5,116	\$150,721	(\$12,170)	\$138,551
EBIT	\$106,874	\$5,116	\$111,990	(\$12,170)	\$99,820
Profit before income tax expense	\$96,563	\$5,116	\$101,679	(\$12,170)	\$89,509
Income tax expense	(\$27,452)	(\$1,535)	(\$28,987)	\$3,651	(\$25,336)
Net profit after income tax expense	\$69,111	\$3,581	\$72,692	(\$8,519)	\$64,173

Full Year ended 30 June 2019	Statutory Profit \$'000	Significant Items \$'000	Underlying Profit \$'000	AASB 141 Impact \$'000	Operational Profit \$'000
Revenue (from all sources)	\$560,788	\$0	\$560,788	\$0	\$560,788
EBITDA	\$114,913	\$2,009	\$116,922	(\$4,613)	\$112,309
EBIT	\$91,155	\$2,009	\$93,164	(\$4,613)	\$88,551
Profit before income tax expense	\$81,989	\$2,009	\$83,998	(\$4,613)	\$79,385
Income tax expense	(\$23,550)	(\$603)	(\$24,153)	\$1,384	(\$22,769)
Net profit after income tax expense	\$58,439	\$1,406	\$59,845	(\$3,229)	\$56,616

Significant Items:

FY19 : Fortune Group business acquisition costs: \$2.01m pre-tax, \$1.41m post tax

FY20: Exmoor Station acquisition costs: \$2.25m pre-tax, \$1.58m post tax; and COVID 19 export freight costs: \$2.86m pre-tax, \$2.00m post tax

Domestic sales mix

Domestic Retail Market	FY20	FY19	Change
Salmon Volume (Hog equiv tonnes)	20,306	17,327	17.2% ▲
Salmon Average Price (\$/Hog kg equivalent)	\$ 12.45	\$ 13.54	(8.1%) ▼
Salmon Revenue (\$m)	252.74	234.56	7.8% ▲
Prawn Revenue (\$m)	1.78	3.80	(53.0%) ▼
Seafood Revenue (\$m)	39.85	38.98	2.2% ▲
Total Revenue (\$m)	294.38	277.34	6.1% ▲

Domestic Wholesale Market	FY20	FY19	Change
Salmon Volume (Hog equiv tonnes)	7,954	9,533	(16.6%) ▼
Salmon Average Price (\$/Hog kg equivalent)	\$ 16.09	\$ 16.21	(0.7%) ▼
Salmon Revenue (\$m)	127.91	154.39	(17.2%) ▼
Prawn Revenue (\$m)	11.66	5.35	118.1% ▲
Seafood Revenue (\$m)	13.20	25.77	(48.8%) ▼
Total Revenue (\$m)	152.77	185.50	(17.6%) ▼

Tassal Salmon Brand Strategy

Vision

Get salmon on the weekly meal repertoire, with strong health, versatility & enjoyment brand credentials.
Tassal Brand is THE trusted Australian, sustainable leader

Goal

Drive Australian Salmon per capita consumption
Drive Tassal brand awareness & growth with Bustling families, Younger Singles & Couples

FY2021 Objectives

Grow Retail Sales (BTC, MAP & Smoked)
Grow Salmon Consumption per capita
Grow Salmon & Tassal Household Penetration
Grow Salmon & Tassal Frequency of Purchase (occasions)
Further improve Tassal Brand Health Metrics & sentiment

Strategies



Drive awareness & consideration through
INSPIRATION



Drive frequency through
EDUCATION for consumers
on ease and versatility



Drive brand **TRUST**
Health, Provenance &
Sustainability



Support **NEW**
Formats, Categories &
Channels

Tropic Co Prawn Brand Strategy

Vision

To be Australia's no. 1 farmed Tiger Prawn brand recognised and trusted by consumers

Goal

Put Tropic Co Prawns on the consideration set for consumers outside of Easter and Christmas
(Drive penetration and frequency with Bustling families)

Strategies



Drive awareness, consideration & purchase intent of Tiger Prawns



Inspire and educate consumers to cook and serve Tiger Prawns at home



Increase frequency of consumption throughout the year

World class Prawn farms - Proserpine

Potential for substantial growth given land base

- Land base c2,000ha
- **270ha of ponds will be responsibly stocked in FY21** (Stages 1, 2 and 3)
- **Large space for further expansion**
- **Potential for c400ha** of ponds (once authorised by the relevant authorities and fully developed)
- **Biosecure location** – no other farms are located in the proximity



World class Prawn farms - Mission Beach & Yamba

Potential for substantial growth given land base

- **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
- Remediation program designed to a similar standard to Proserpine
- Completed remediation program and 100% stocked



World class Prawn farms - Exmoor Station

Potential for substantial growth given land base

- c7,000 ha greenfield site
- **2,093ha identified as an Aquaculture Development Area**
- **Potential for 1,000ha+ of ponds** (once authorized 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)



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Tassal Group Limited FY20 results

Mark Ryan, Managing Director & CEO

Andrew Creswell, CFO

19 August 2020