



TASSAL GROUP
a better tomorrow



TASSAL GROUP LIMITED
ABN 15 106 067 270
GPO Box 1645, Hobart, TAS 7001



1300 660 491



tassal@tassal.com.au
tassalgroup.com.au | tassal.com.au

17 August 2021

ASX Release

Tassal operational growth continued in FY21

Tassal Group Limited (ASX: TGR) is pleased to announce its results for the 12 months ended 30 June 2021 (FY21) that saw statutory net profit after tax (NPAT) at \$34.6 million.

Financial Summary (A\$m)	FY21	FY20	Change
Revenue	594.04	562.54	5.6%
Statutory results			
AASB 141 SGARA Impact ¹	(3.11)	12.17	(125.5%)
EBITDA	119.81	145.61	(17.7%)
EBIT	61.36	106.87	(42.6%)
NPAT	34.62	69.11	(49.9%)
Operating results			
EBITDA ²	139.35	138.55	0.6%
Salmon EBITDA \$/Kg	3.20	3.60	(11.0%)
Prawn EBITDA \$/Kg	5.13	6.42	(20.1%)
EBIT ²	80.90	99.82	(19.0%)
NPAT ²	48.30	64.17	(24.7%)
Operating cashflow	61.02	49.85	22.4%
Final dividend - cps	7.00	9.00	(22.2%)
Total dividend - cps ³	14.00	18.00	(22.2%)

Note:

1. SGARA post tax decrement (\$2.2m) (FY20: increase \$8.5m)
2. Before significant items of \$16.4m (FY20: \$5.1m) and SGARA. Significant items largely reflecting COVID-19 freight impacts on export supply chain
3. The final dividend unfranked (FY20: Final dividend 25% franked)

Key FY21 takeaways:

1. **Salmon Retail "Tassal" branded volume growth:** MAP up 27.7% and smoked up 19.5%, reflecting a focussed marketing campaign that delivered increased brand strength and trust, and successful leveraging of the megatrends that underpin salmon
2. **Salmon production outperformed:** 40,018 hog tonnes achieved in FY21 (up 16.3%), 3 years ahead of strategic plan, underpinned by improved survival and food conversion rates
3. **Prawns harvest volume on target:** FY21 harvest volumes reached target, with 3,915 tonnes (up 59.1%), underpinned by significant improvements in farming yield and harvest biomass
4. **Strong efficiency gains:** Cost of growing and production savings of \$0.33/kg and \$1.45/kg across both salmon and prawns respectively, through infrastructure upgrades and operation optimisation
5. **Sustainability:** Responsible Business platform to cement Tassal's ESG and sustainability industry leadership.

HOBART

Level 9, 1 Franklin Wharf,
Hobart, Tasmania 7000
Telephone (03) 6244 9099
Facsimile (03) 6244 9002

MELBOURNE

Level 2, 1-9 Derrick Street,
Kew, Victoria 3101
Telephone 1300 66 4731
Facsimile 1300 88 1429

HUONVILLE

20 Glen Road,
Huonville, Tasmania 7109
Telephone 1300 66 4251
Facsimile 1300 88 0239

SYDNEY (De Costi Seafoods)

29 Bachell Avenue,
Lidcombe, NSW 2141
Telephone (02) 9649 7699
Facsimile (02) 9649 7655

Commenting on the Company's FY21 results, Tassal Managing Director & CEO Mark Ryan said:

"Tassal continued to deliver on all factors within our control, with the business operationally in its best position ever. Our focus on operational excellence delivered growth in salmon production three years ahead of strategic plan. Higher production, strong marketing and accelerated growth within new partners supported our salmon retail branded performance, with Tassal retaining brand leadership in the Australian market. We have also seen encouraging results in prawn operations, with yield gains and growth improvement driving a significant uplift in harvest volume to the levels we set out to achieve.

"Like others in the seafood industry, we nonetheless felt the impacts of COVID-19 on both salmon and prawn market pricing. Export revenues were heavily impacted by the fall in global salmon pricing, in addition to the elevated cost of airfreight, which saw returns from this channel evaporate. Weak global pricing flowed through to domestic pricing and we saw impacts in both the wholesale and retail channels.

"After a challenging year, several of the headwinds we experienced in FY21 are currently abating. We have a unique platform underpinned by world class aquaculture operations and a great team of people, strong brands and diversified distribution channels. When coupled with improving cash flow and a supportive balance sheet and funding profile, we are confident the work we have done on the factors within our control positions us well for the future."

Growth in salmon and prawn production

Salmon production outperformed in FY21, with salmon biomass three years ahead of Strategic Plan. Harvested biomass was up 16.3% to 40,018 hog tonnes (FY20: 34,395 hog tonnes) and live biomass was maintained at 26,896 hog tonnes (FY20: 27,384 hog tonnes).

With the POMV vaccine and successful investment in Ocean Sanctuary Pens reducing seal impacts, survival rates improved to 94% for the current harvest year class. At the same time, fish size was maintained, supported by the Wellboat, automated Feed Centre, improved diets and a more tolerant fish to summer water temperatures. \$0.33/kg savings in cost of growing were delivered through fish survival and focus on efficiency in operations. Favourable fish size and condition underpinned increased yield and throughput, resulting in processing \$/kg improvements.

The prawn harvest target for FY21 was reached, with 59.1% growth to 3,915 harvested tonnes (FY20: 2,460 tonnes), underpinned by significant improvements in farming yield and harvested biomass. Harvest volumes benefited from the earlier stocking program in 2020 and improvements in the Company's farming model, with data capture and insights continuing to drive yield gains and improved utilisation of assets.

Revenue growth, stable operating EBITDA and increased operating cashflow despite impacts of COVID-19

Revenue increased 5.6% to \$594.0 million, driven by salmon domestic retail strength and an increasing prawn contribution, largely offset by export and domestic wholesale salmon price declines. Operating EBITDA was stable, up 0.6% to \$139.3 million, with significant improvements in cost of growing and efficiencies in both salmon and prawns, offset by COVID-19 induced price deflation.

Operating cashflow was up 22.4% to \$61.0 million with growth in biomass translating to higher cash inflows. Inventory balance was higher at 30 June 2021, as frozen hog in salmon was held and a sustaining level of prawn inventory was built. Capital expenditure reduced to \$105.9 million (FY20: \$138.7 million) as the major investment program rolled off, with capex forecast to reduce further in FY22 to circa \$80-90 million.

The Directors have declared a final dividend of 7 cps unfranked, taking total FY21 dividends to 14 cps unfranked, consistent with a payout ratio of at least 50% of Operating NPAT.

Beyond sustainability – responsible business

Tassal is proud of the role it plays in the global production of responsibly farmed salmon and prawns, that in turn provides nutritious and healthy food to a growing population in Australia and globally. Salmon and prawns compare favourably to land animal proteins and salmon land-based RAS grow-out facilities in terms of protein retention, feed conversion and carbon footprint. Tassal is also playing its part for waste free oceans, coasts and households.

During FY21 Tassal reframed its ESG and sustainability outlook and operations against its 5Ps – People, Planet, Product, Prosperity & performance, and Principles of governance – establishing a united platform to drive long-term value and make a more positive contribution to society. Tassal’s new Beyond Sustainability, Responsible Business platform sets out commitments and an accelerated program of inclusive action in seven areas of transformation including waste, people and communities, climate and circularity, freshwater, responsible sourcing, governance and animal welfare.

Improved market fundamentals and operational initiatives underpin positive outlook

Commenting on Tassal’s outlook, Mr Ryan said:

“Market analysts are currently forecasting a demand recovery in global salmon markets in 2021, with foodservice returning as lockdowns ease and vaccines are rolled out, which is likely to drive global price rises ¹. This would benefit our export channel in FY22, though unit economics will remain dependent on exchange rates and the cost and availability of airfreight. Domestic pricing is currently following the recovery in the global market, particularly in the wholesale market. Some retail contracts will take longer to recover due to the 3-5 year agreements in place.

“Our focus remains, as always, on operational execution. In salmon, our emphasis is on continuing to drive cost per kg efficiencies and fish performance, and we will build on the successful marketing strategies in place to support Tassal’s number 1 brand status and top of mind awareness. In prawns, we will continue to rollout the playbook that has served us well in the salmon business, with further production growth to come from improving yield and branding to become central, as we build out our pond infrastructure over the medium to longer term.

“In terms of salmon production targets, we expect to achieve circa 40,000 hog tonnes of production in FY22, which remains ahead of strategic plan. We expect to reach 41,000 hog tonnes in FY23, then maintain this level. Salmon replacement and upgrade capital expenditure of circa \$45-50 million per annum will enable the ‘housing’ of this level of production.

“Prawns remain on track for 5,000 tonnes of production in FY22, with sales visibility supported by the Coles contract that commenced in December 2020. The current 370 hectares of ponds and associated infrastructure will be supportive of FY22 production, with limited growth capex required in the year ahead. We remain committed to the strategic goal of harvesting 20,000 tonnes by 2030, which can be brought forward if considered appropriate in a ‘post COVID-19’ world.”

FY21 results investor briefing at 3:30pm AEST today

A group investor briefing will be held today at 3:30pm AEST. Participants can register for the conference call via <https://s1.c-conf.com/diamondpass/10015403-ry36sr.html>.

Please note that registered participants will receive their dial in number upon registration.

Note 1. Rabobank 2021

- ENDS -

This announcement has been authorised for release by the Board of Tassal Group Limited.

For all queries please contact:

Mark Ryan, Managing Director & CEO
P: 0414 729 101
E: mark.ryan@tassal.com.au

About Tassal

Tassal Group Limited (ASX: TGR) is a vertically integrated salmon and prawn grower; and salmon, prawn and seafood processor, seller and marketer. The Company produces and sells premium salmon, prawn and seafood products for both the Australian domestic and export markets. Tassal grows delicious, fresh and healthy Atlantic Salmon and Australian Tiger Prawns, 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 1,700 people.

Visit www.tassal.com.au for more information.