



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

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ASX Release

Tassal delivers record cash generation and strong financial result in FY22

Tassal Group Limited (ASX: TGR) is pleased to announce its results for the year ended 30 June 2022 (**FY22**) that saw the Company deliver statutory net profit after tax of \$55.4 million and a step-change in cashflows and a strong financial result.

(\$m unless otherwise stated)	FY22	FY21	Change
Revenue	788.67	594.04	32.8%
Statutory results			
AASB 141 SGARA Impact ¹	20.19	(3.11)	750.2%
EBITDA	162.64	119.81	35.7%
EBIT	90.48	61.36	47.5%
NPAT	55.35	34.62	59.9%
Operating results²			
EBITDA	174.57	139.35	25.3%
EBIT	102.4	80.90	26.6%
NPAT	63.69	48.30	31.9%
Operating cashflow³	139.03	61.02	127.8%
Free cashflow⁴	95.44	29.49	223.6%
Free cashflow conversion ⁵	54.7%	21.2%	

Note:

1. SGARA post tax increment of \$14.1 million (FY21: decrease of \$(2.2) million).
2. Before significant items of \$32.1 million (FY21: \$16.4 million) and SGARA. The Federal Government's International Freight Assistance Mechanism (IFAM) was implemented to assist with COVID-19 impacted international airfreight. While Tassal continues to be grateful for this Government support program, overall International freight costs for FY22 were still \$29.9 million higher before tax (relative to the pre-COVID-19 cost \$/kg rates) post receiving this rebate. The additional cost of International freight is presented as a Significant Item and added back to underlying results to present Operational EBIT, EBITDA. Also included in Significant items is \$2.2m of costs relating to the settlement of a De Costi wage issue.
3. Includes significant items of \$32.1 million.
4. Cashflows from operating activities less stay in business capex. Excludes growth capex, ROU liability repayments, debt proceeds and repayments, and dividends.
5. Free cashflow divided by Operating EBITDA.

Key highlights:

1. **Record cash generation:** operating cashflow up 128% to \$139.0 million, and free cashflow up 224% to \$95.4 million, underpinned by increasing prices, optimised sales mix, scale benefits and completion of significant infrastructure investment phase
2. **Strong financial result and growing shareholder returns:** strong growth across all key financial metrics, with revenue up 33% to \$788.7 million and operating EBITDA up 25% to \$174.6 million
3. **Salmon production now at scale:** producing circa 40,000 tonnes pa, combined with ongoing optimisation and efficiency initiatives

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

4. **Prawn investment delivering strong results:** replicating salmon success – but with shorter working capital cycle and higher EBITDA \$/kg – delivering a substantial uplift in harvested tonnes and average yield

Commenting on the Company's FY22 results, Tassal Managing Director & CEO Mark Ryan said: "This is a strong financial result for Tassal, and it is pleasing to see our strategy translate into strong growth for our people, customers and shareholders, with the business now generating strong cashflow growth.

"On the back of the investment made, Tassal delivered a step change in cash generation in FY22, with attractive domestic industry dynamics and strong global supply-demand fundamentals underpinning strong pricing outcomes in the salmon and prawn markets.

"Following the completion of significant infrastructure investment over previous years, Tassal's salmon production is now at scale. Salmon prices started FY22 in recovery mode and ended at re-rated levels, a trend we have seen both domestically and in International sales. These price rises have more than offset inflation across the supply chain.

"Our prawn operations are benefiting from SmartFarming initiatives and shorter working capital cycles, and deliver similar competitive advantages to those Tassal enjoys in our salmon business – with clear market leadership, biosecurity protections and nitrogen caps becoming akin to marine leases. Having delivered circa 5,700 tonnes over the past 12 months, we are now reaping the benefits of increasing scale as Australia's largest prawn farmer.

"As Australia's Blue AgTech leader, Tassal is focused on achieving the right balance between minimising our environmental impact and maximising our shareholder value, to ensure growth is optimised and sustainable. Tassal remains Australia's number 1 ranked and top 15 globally ranked sustainable protein producer."

Strong salmon returns on sales mix and pricing

During FY22, 43,075 hog equivalent tonnes were sold, up 14.8%, driven by a doubling of international sales volumes as this market became a strong viable alternative to lower value segments in Grocery, and the profitable sale of excess frozen inventory through smoked salmon sales.

Favourable market conditions, both domestically and globally, drove higher prices in Out-Of-Home and International, with Out-Of-Home also benefiting from a more sustainable domestic industry structure. Price rises more than offset cost inflation across the supply chain, with EBITDA per kg up 6.3%.

Prawn investments delivering strong results

Prawn volumes grew 70.0% to 5,697 tonnes, with a substantial uplift in harvested tonnes and average yield. With a focus on driving per capita consumption in the domestic market, Grocery volumes outpaced growth in Out-of-Home. Prawn EBITDA grew 56.5% to \$26.9 million, notwithstanding some dilution to EBITDA per kg to \$4.72 (FY21: \$5.13) given the mix shift to Grocery and the impact of inflation on supply chain costs.

Step-change in free cashflow

Revenue was up 32.8% to \$788.7 million, reflecting strong prices and improved sales mix, in addition to salmon and prawn volume growth. Statutory EBITDA was up 35.7% to \$162.6 million and Operating EBITDA was up 25.3% to \$174.6 million, with price and mix benefits more than compensating for supply chain cost inflation.

Operating cashflow increased 127.8% to \$139.0 million, representing 80% conversion from operating EBITDA, reflecting the Company no longer funding incremental salmon working capital growth, the profitable sale of excess frozen inventory offset by the absorption of the cash impact of significant items.

Similarly, free cashflow measures hit an inflection point, both before and after the inclusion of growth capex, with free cashflow increasing 223.6% to \$95.4 million and free cash after investing activities delivering a \$62.7 million inflow (FY21: \$44.63 million outflow). Capex reduced to \$76.3 million (FY21: \$105.6 million).

Optimising Tassal's impact through sustainability

As Australia's Blue AgTech leader and largest vertically integrated seafood producer, Tassal's purpose is to contribute to a prosperous, healthy planet for future generations. Tassal's 5 pillars (5P's) of a responsible business – Product, Planet, People, Principles of governance and Prosperity – and shared values are an essential part of delivering on the Company's purpose, business objectives and culture.

Tassal remains Australia's number 1 ranked and top 15 globally ranked sustainable protein producer on the FAIRR Protein Producer Index and maintained industry leading compliance and certification rates across salmon and prawn operations during the year.

Tassal has become Australia's largest seaweed farmer, with circa 3,300 tonnes of seaweed grown to date and an estimated 22 tonnes of nitrogen removed from prawn ponds. Seaweed is proving a reliable nature-based solution for water quality restoration.

FY22 results investor briefing to be held at 2:30pm AEST today

Participants can register via <https://s1.c-conf.com/diamondpass/10023423-dm43la1.html>. Registered participants will receive their dial in number upon registration.

- 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.