

Tassal Group Limited

1H15 post results roadshow



Mark Ryan, Managing Director & CEO
Andrew Creswell, Chief Financial Officer

March 2015

**1H15 saw continued
earnings growth and higher
returns**



Key themes from 1H15



Sales initiatives and operating efficiencies driving continued earnings growth...

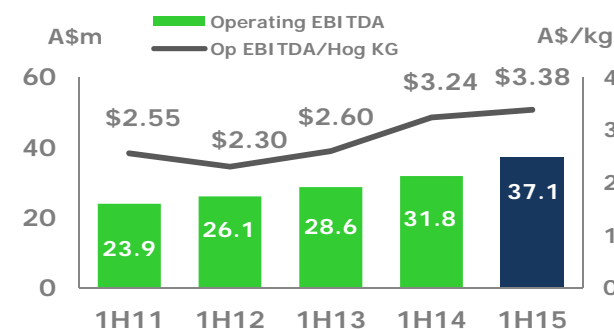
- Sustainably generating more \$/kg and \$ from domestic market sales ... domestic marketing campaign continues to build brand and drive sales
- Very strong fish biomass growth... coupled with excellent feed conversion ratio (FCR) performance and survival allowing operating cost efficiencies and a risk mitigant to rising feed prices (i.e. improving FCR)

Strong balance sheet and growing dividend...

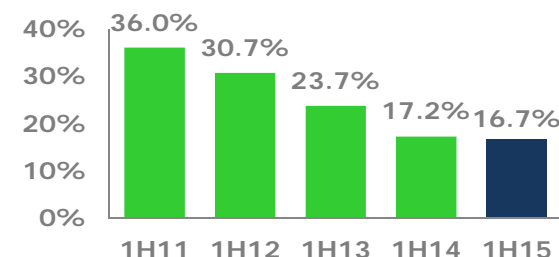
- Continued strength in balance sheet and reduced gearing
- Continued to generate strong cash flows, with the focus on maximising operating cash flow from the business, together with appropriate use of its funding facilities to ensure appropriate investment in fish growth and a responsible capital spend to underpin sustainable growing longer term returns
- Continued growth in dividend... total dividend up 27.3% to 7.0cps (50% franked) [1H14: 5.5cps]

... and moving closer towards more acceptable return levels

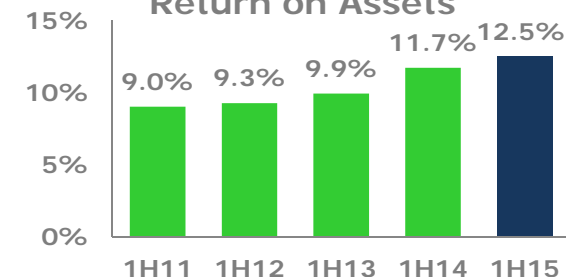
Operating EBITDA \$/Hog Kg



Gearing (net debt/equity)



Return on Assets



Strong financial performance

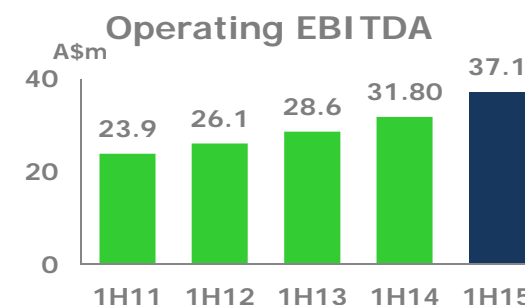


(A\$m)	1H15	1H14	Change
Statutory results			
Revenue	150.95	134.45	↑ 12.3%
EBITDA	54.11	42.02	↑ 28.8%
EBIT	45.10	34.42	↑ 31.0%
NPAT	30.30	22.48	↑ 34.8%
Operating results			
Operating EBITDA	37.11	31.80	↑ 16.7%
Operating EBIT	28.10	24.17	↑ 16.3%
Operating NPAT	18.40	15.30	↑ 20.2%
Operating cashflow	18.93	28.96	↓ (34.6%)
Total dividend - cps	7.00	5.50	↑ 27.3%
Gearing Ratio	16.74%	17.20%	↑ 2.7%
Funding Ratio	32.85%	34.09%	↑ 3.6%

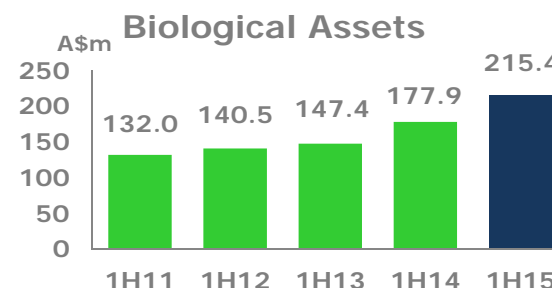
Gearing Ratio (net debt/equity)

Funding Ratio (net debt + RPF/equity)

- ✓ Earnings growing faster than revenue



- ✓ Continued strength and growth in balance sheet and dividend
- ✓ Growth in underlying fish biomass (i.e. biological assets) to ensure fish supply



- ✓ Maximising operating cashflow together with appropriate use of funding facilities

Operating revenue



Revenue up 12.4%

Operating Revenue (A\$m)	1H15	1H14	Change	
Domestic	143.13	131.69	↑	8.7%
Export	4.88	0.04	↑	>>
Total Revenue	148.01	131.73	↑	12.4%

Domestic market

- Domestic strategy the right strategy – growing domestic per capita consumption
- Sales initiatives driving growth
- Successful marketing campaign continues building brand and driving sales

Volume up 11.7%

Volume (Hog equiv tonnes)	1H15	1H14	Change	
Domestic	10,493	9,824	↑	6.8%
Export	488	3	↑	>>
Total Volume	10,981	9,827	↑	11.7%

Export market

- Tactical management of production volumes – particularly big fish
- Pricing conditions still volatile despite depreciating AUD

Volume

- Requisite fish in the water as volumes increase for 2H15 and beyond

Domestic retail vs wholesale



Domestic retail market

	1H15	1H14	Change	
Volume (Hog equiv tonnes)	7,699	7,487	↑	2.8%
Revenue (\$m)	106.01	100.93	↑	5.0%

Domestic retail market

- Domestic retail demand for salmon continues to grow
- Sales initiatives and product development driving growth
- Appropriate pricing in place
- Timing and focus of marketing campaign and promotional program set for 2H15

Domestic wholesale market

	1H15	1H14	Change	
Volume (Hog equiv tonnes)	2,794	2,337	↑	19.6%
Revenue (\$m)	37.13	30.75	↑	20.7%

Domestic wholesale market

- Moving back toward market share and volumes seen previously achieved – underpinned by strong supply position
- Fresh hog sales growth encouraging
- Appropriate pricing in place
- Timing and focus of marketing campaign and promotional program set for 2H15

**Elements in place to drive
continued earnings growth
and higher returns**

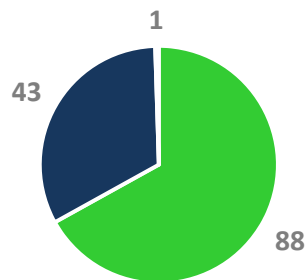


Domestic market focus

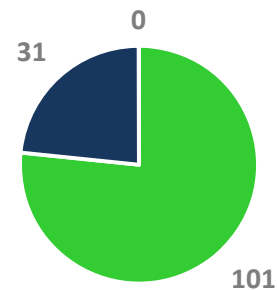
Growing retail sales...



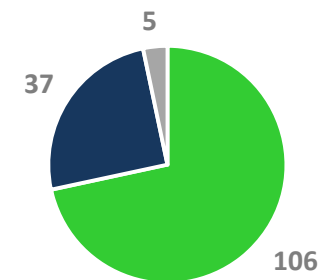
Revenue (\$m) 1H13



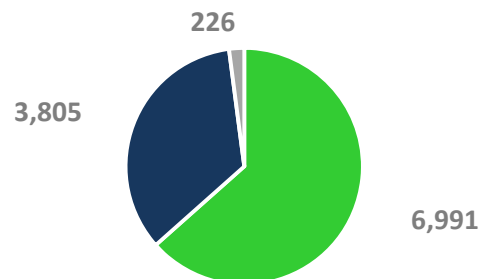
Revenue (\$m) 1H14



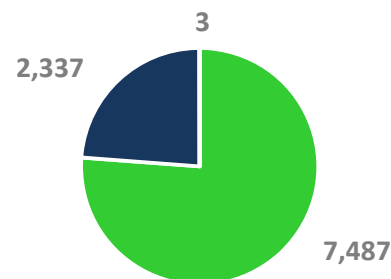
Revenue (\$m) 1H15



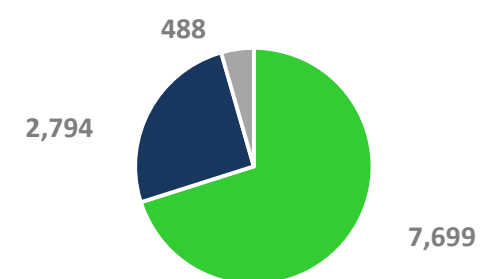
Volume (hog tonnes) 1H13



Volume (hog tonnes) 1H14



Volume (hog tonnes) 1H15



... enhancing an increasingly sustainable business model

Strong fish growth



Increasing supply to support growing domestic market demand...

- Continuing to experience favourable growing conditions
- Strong fish performance due to combination of Harvest strategy, Smolt input timing, and Selective breeding program [SBP]
- Feed conversion and survival have improved driving operating cost efficiencies
- Primary harvest class fish for FY15 had 38.30% more biomass at sea compared to the previous primary harvest year class at 31 December 2013
- Reviewed sales supply and demand equation across domestic and global markets ...
 - Domestic market ... believe strong growth in demand should result in 2H15 and FY16
 - Global market ... believe improved base price in FY16 based on market fundamentals

... and drive further economies of scale

Returns based capex program



Expansionary phase underway...

- Major capex spend finished in FY14... \$185m invested since FY2009 to build world class infrastructure
- Next phase of expansionary investment set to drive further growth in the returns generated
 - Do not have to wait 3-5 years for returns
 - Balancing amount and timing of spend to underpin achievement of targeted Statutory Return on Assets of 15%
- Investment allowing supply growth to be balanced with increasing domestic per capita consumer demand
- Capex primarily focused on hatcheries and lease expansion and optimisation
- Strong capital position with low gearing supports growth capex

... set to drive further growth in earnings and returns

Key priorities – 2H15



Achieving more acceptable return levels...

- Sales initiatives
 - Continue to increase domestic market per capita consumption ... maximise domestic market sales
 - Optimise domestic market pricing
- Operational efficiencies
 - Focus on maximising biomass growth - repositioned fish input and feed diet strategies underpinning supply growth in FY15 onwards
 - Reducing operational costs – move closer to global best practice from operational perspective – i.e. cost of growing, cost of processing, cost of supply and logistics
 - Continue to mitigate agricultural risk
- Implement further sustainability and environmental initiatives

... and ensuring the right capital investment programme and growth in underlying fish biomass

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