

# Tassal Group Limited

“Fresh ideas for improving Return  
on Investment”

12<sup>th</sup> PAC Partners Agribusiness  
Conference



Mark Ryan, Managing Director & CEO

28 April 2015

**“Tassal’s domestic market strategy maximising per capita consumption growth, with the majority of sales in retail, continues to deliver sustainable growing returns.”**



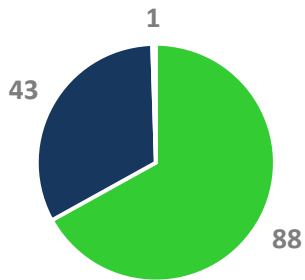
# Tassal's domestic market focus



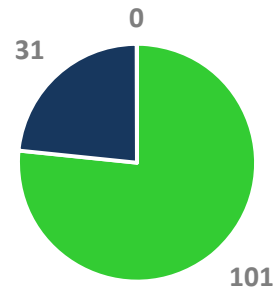
Growing retail sales...



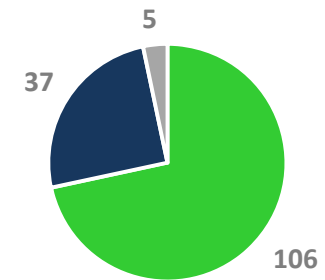
Revenue (\$m) 1H13



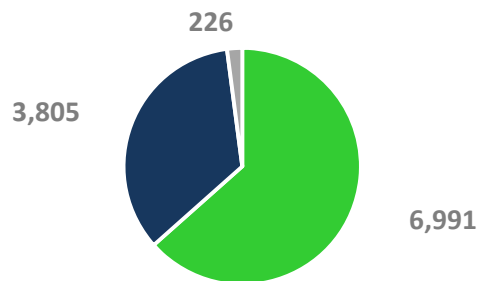
Revenue (\$m) 1H14



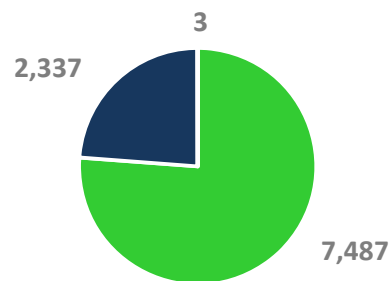
Revenue (\$m) 1H15



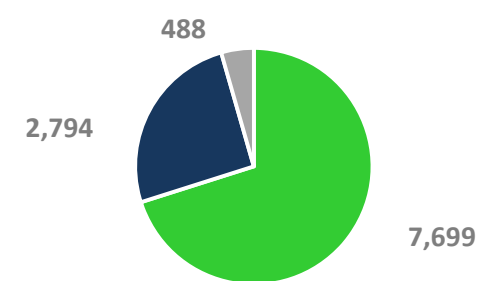
Volume (hog tonnes) 1H13



Volume (hog tonnes) 1H14



Volume (hog tonnes) 1H15



... enhancing an increasingly sustainable business model

# Benefits of retail segment sales

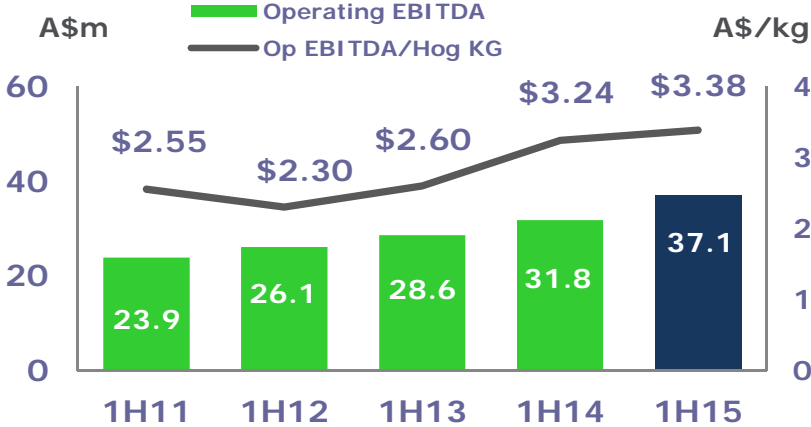


- Use data and category management capability
- Ability to build brand
- New product development and differentiated products
- 1-3 year supply contracts
- Better understand supply volumes
- Known pricing
- Implement promotional strategies
- Underpins sustainable growing earnings

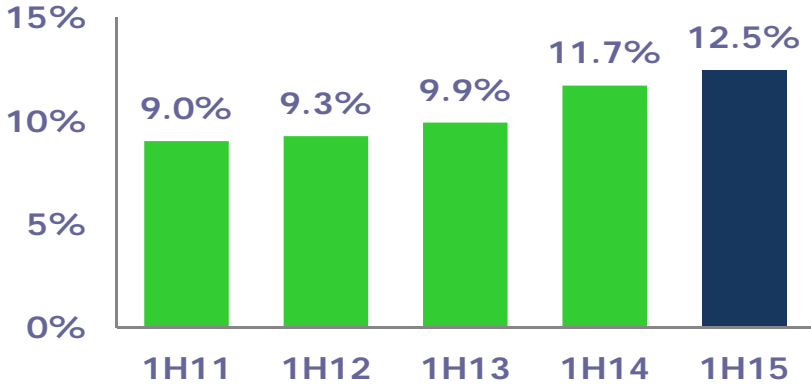
# Sustainable growing earnings



## Consistent growth in Operating EBITDA



## Growing Return on Assets



# Q3 FY15 trading update



## 1H15 earnings growth trend continued in Q3

- Excellent fish growth
- Originally expected to be stronger than 1H15, performance dampened by soft Easter trading and continued prevalence of imported Norwegian products affecting pricing
- Retail continuing to underpin growth
  - pricing stable and volumes up
- Wholesale hog pricing down circa \$2/kg and volumes up
  - announced \$1/kg wholesale price increase from 1 May
- Export pricing down, margins low and minimal volume
- Strong operating cashflow

**“Tassal’s base infrastructure is in place, and the company is recognised as a global leader in sustainable aquaculture.”**



# Expansionary phase now underway



## Underpins further growth in earnings and returns

- Major capex spend finished in FY14
  - \$185m invested since FY09 to build world class infrastructure
- Next phase of expansionary investment set to drive further growth in returns generated
  - able to balance bottom line growth with expansionary capex spend to ensure growing returns
- Investment allowing supply growth to be balanced with increasing domestic per capita consumer demand
- Capex primarily focused on hatcheries, lease expansion and optimisation
- Strong balance sheet – with low debt – supports expansionary phase growth capex



# Global leader in sustainable aquaculture



## Sustainability is at the core of everything we do

- Tassal has achieved multiple firsts reflecting our global leadership in sustainable salmon farming, a key differentiator from other companies operating in the industry:
  - first Australian aquaculture company to produce a sustainability report
  - rated the world's leading salmon farmer by Seafood Intelligence (2014) for Corporate, Social & Environmental Reporting
  - first Salmon grower in the world to certify all of its marine farming operations to Aquaculture Stewardship Council Salmon Standard
  - only Australian salmon or aquaculture company to have a partnership with WWF Australia
- Tassal welcomes the Federal Senate inquiry which will allow Tassal to present its environmental and social credentials

**“Growth strategy will deliver further earnings impetus.”**



# Growth strategy



## Move to “Salmon & Seafood” will provide further earnings impetus

- Growth strategy will see Tassal move from “Salmon only” to “Salmon & Seafood”
- Seafood market in Australia is a \$4.3bn market... that provides enormous opportunity
- Salmon market competition is growing
- Expanding from “Salmon only” to “Salmon & Seafood” provides:
  - another income stream
  - a wider range of sustainable products
  - synergies across sales offerings (including new product development and innovation), category management, and distribution/supply chain

# Investment proposition



## World class vertically integrated salmon company, moving to “Salmon & Seafood” growth strategy

- Domestic market strategy
  - majority of sales into retail
- Benefits of scale and vertical integration increasing margins
- Major \$185m capex spend (over 5 years) finished in FY14
  - expansionary capex programme now progressing
- Global leadership in sustainable salmon farming
- Growth strategy to move into “Salmon & Seafood” will see exceptional increase in Total Addressable Market to \$4.3bn
- Strong balance sheet
- Growing earnings
- Growing dividend

# Thank you, and questions



It's easy to get hooked on Tassal salmon.

*In a pasta today.*

*On a barbie tonight.*

*For breakfast tomorrow.*

Smoked Salmon Pasta

Salmon Kebabs

Salmon Bryl with Scrambled Eggs

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