

Tassal Group Limited

2015 Annual General Meeting



Melbourne, 28 October 2015

Tassal Group Limited

2015 Annual General Meeting Chairman's address



Allan McCallum, Chairman

Melbourne, 28 October 2015

Overview



- In many respects FY15 will be seen as a year both of validation and transformation for Tassal
- Our domestic market strategy continues to deliver long term sustainable returns as Salmon per capita consumption continues to grow. This was at a time when the Tasmanian Salmon Industry and Tassal were subject to a Senate Inquiry, while concurrently our strategic decision to grow our Seafood footprint with the purchase of De Costi Seafoods was implemented
- Firstly to our 2015 results which delivered a 21.8 % growth in Statutory net profit after tax of \$49.99 million with a 21.7% increase in dividend to 14 cents per share

The key financial results for FY15 were:

- Reported Revenue of \$309.8 million - up 16.3% on FY14
 - Reported EBITDA of \$94.0 million - up 19.5% on FY14
 - Reported NPAT of \$50.0 million - up 21.8% on FY14
 - Operating Cashflow of \$42.7 million - down 15.7% on FY14
 - Total Dividend – cps of 14.0 cents - up 21.7% on FY14
- Despite some challenges in the market in the second half of the financial year, the final result was an outstanding achievement and to Mark Ryan and his team of 950 employees who delivered it ... our congratulations. However, the bar for FY16 has been raised

Overview



- At the start I mentioned FY15 as a year of both validation and transformation. The financial results have certainly validated our strategic priorities across the business are delivering for Tassal and our shareholders. They are:
 1. Zero Harm
 2. Optimise the Business
 3. Maximize Cash Flow
 4. Deliver Acceptable Returns
- The Senate Inquiry held this year into the Aquaculture Industry in Tasmania was a chance for Tassal and the Industry to showcase our record and actions - particularly in regard to Tassal's approach to sustainable farming. We were able to put before the Senators comprehensive, independent scientific evidence in relation to our Salmon farming and its impacts on our Tasmanian environment
- The final Senate report concluded that the Tasmanian Salmon industry is well run and well regulated. Increased transparency, increased sharing of data and information, improved communication with stakeholders and increased sharing of State Government information were recommendations of the Committee
- Our decisions taken six years ago to invest heavily in sustainability, create a partnership with the World Wildlife Fund (WWF - Australia) and seek Aquaculture Stewardship Certification (ASC) made our path through the process so much easier. The independent audited data from the ASC process validated our farming practices as world best

Strategy



- The strategic shift from a purely a vertically integrated Salmon company to a Salmon and Seafood company certainly opened up opportunities for Tassal
- While we could have transformed the business gradually with a greenfield entry into other Seafood species, the acquisition and integration of De Costi Seafoods put us a the market leader in Seafood in Australia – whichever measure you apply
- The De Costi acquisition delivers an accelerated Tassal Seafood strategy with synergies by combining market leaders, vertical integration, leveraging capabilities across procurement, processing and category management whilst lowering cost through scale
- I am sure that Tassal and our people will benefit from the new business as they are exposed to different challenges as well as the cross fertilization of ideas and skills that come into the existing business. Together, we now employ around 1,200 people
- Financially the deal was done on the right metrics (5 X EBITDA) and going forwards it is up to us to maximize our opportunities and grow the \$4.3 billion Seafood Industry

Sustainability



ASC

- Sustainability is a core pillar at Tassal and continues to increase in importance with our customers and consumers - consumer importance of sustainability has increased by 70% over the past 5 years*
- Last year I mentioned that we aimed to be the first Salmon company in the world to achieve full ASC accreditation across all of our marine farms. On 15 November 2014 it was announced that Tassal had attained the “gold standard” ASC certification across all its sites. Tassal is still the only Salmon company in the world to achieve this level of certification across its entire operation
- Tassal has been moving towards reaching full ASC certification since 2012 working in partnership with WWF – Australia to further develop our responsible aquaculture practices

Sustainability Reports

- I would encourage all shareholders to log into the Tassal website to access the 2014 Sustainability Report. This comprehensive report will inform you of all the operating facts in relation to Tassal and explain in detail our sustainability practices that have us continually ranked in the top three Salmon companies for reporting in the world
- Our 2015 Sustainability Report will be available in early 2016

Trust

Sustainability Journey

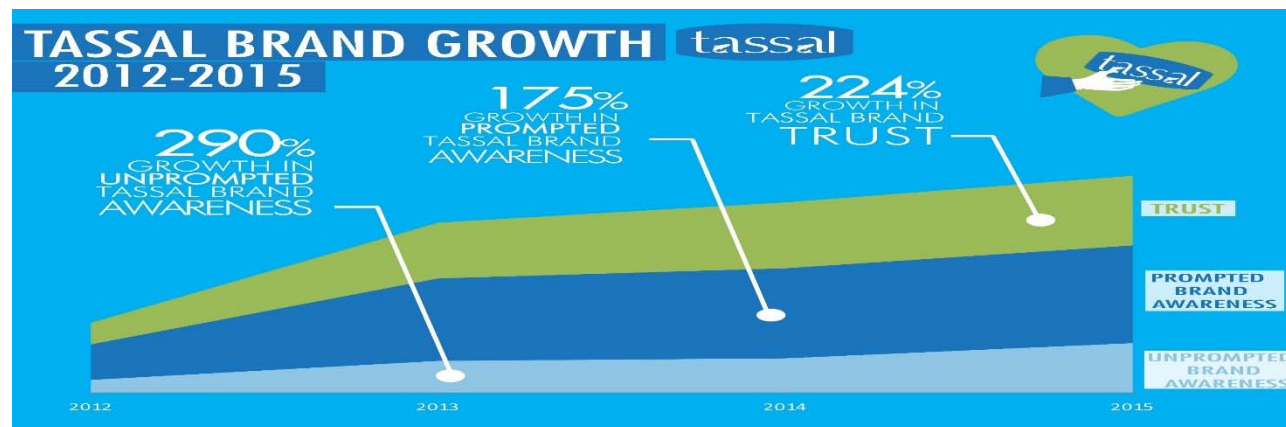


- We have consciously and meticulously built our sustainability credentials to ensure that we have delivered long term sustainability for our stakeholders



Brand

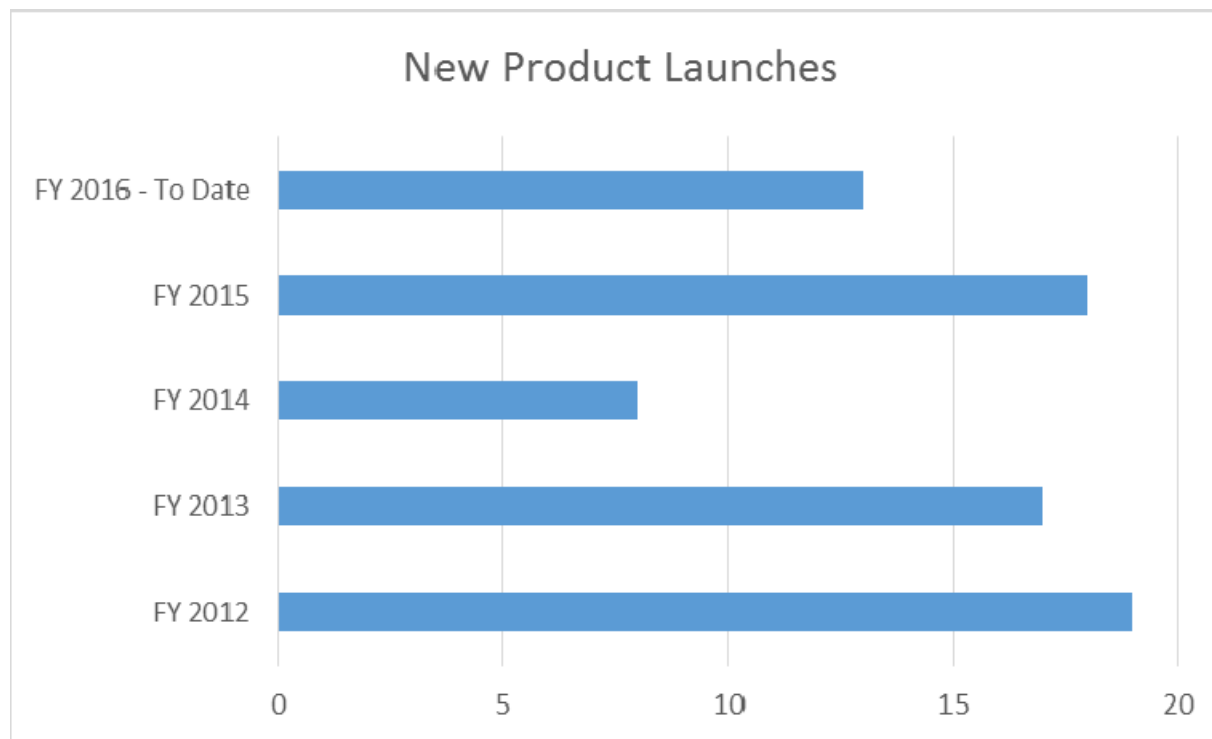
- Integrated marketing communications and promotional programs continues to drive high growth rates in brand awareness and trust levels with our consumers



Innovation



- Innovation and new product development continues to be a central in driving customer and consumer sales and consumption levels across our range of brands
- Tassal has a dedicated Innovation and New Product Development team creating and launching new products driving new consumers, awareness and trial rates within all categories



Staff



- Tassal's staff have again been recognized for their innovation and can do culture through a number of industry achievements:
 1. ASC Chain of Custody certification across all sites
 2. No.2 Salmon farming company in corporate, social and environmental reporting by Seafood Intelligence (An independent international seafood market intelligence news and information service)
 3. Retained Employer of Choice
- The team of 950 delivered an outstanding result for FY15 as I mentioned earlier, but it's appropriate that I on your behalf complement and thank our staff for their commitment and continuing effort in positioning Tassal for FY16 and beyond

Thank you



- I would now like to spend some time in acknowledging the contribution of John Watson to Tassal. John is retiring after twelve years as a Director of Tassal
- With a strong “moral compass”, a wealth of experience across all facets of agribusiness and business combined, together with exceptional life skills John’s contribution as a Director at Board and committee level has been invaluable to Tassal
- Clearly the journey that John has been on over those 12 years is the story of Tassal, so the challenge is how do we attempt to quantify John’s contribution as part of the Tassal team
- There are numerous areas across all parts of the business that have dramatically improved that could be used, but in this inexact science I settled on Market Capitalisation
 - 2003 --- \$45 million
 - Today --- \$600 million
- I can assure all shareholders that John has been integral across all those decisions in the past 12 years that have positioned Tassal not only for where it is today but for our next phase of growth
- On behalf of all shareholders, I thank John for his contribution and friendship over those years and wish him well in the next phase of his life!
- With the retirement of John it does give us the chance to welcome Raelene Murphy to the Board of Tassal. Given Raelene’s extensive business background we are all looking forward to her contribution as Tassal continues our growth strategy
- To my other fellow Directors thank you for your support and commitment
- To Tassal Shareholders and other stakeholders thank you for your support. You can be assured that our Salmon and Seafood strategy will deliver the growth and returns that we are all aiming for

Tassal Group Limited

2015 Annual General Meeting Managing Director & CEO's address



Mark A Ryan, Managing Director & CEO

Melbourne, 28 October 2015

FY15 Overview



Tassal's strategy to grow domestic per capita consumption, with the majority of sales in retail, continues to deliver sustainable, growing returns

Overview



Domestic market focus driving continued earnings growth...

- Sustainably generating more \$ from domestic market sales through growing per capita consumption
- Excellent operational performance right across Tassal's supply value chain – from growing to processing to logistics/distribution – mitigated negative impact of lower wholesale and export prices
- “Monetised” sustainability credentials – premium for products

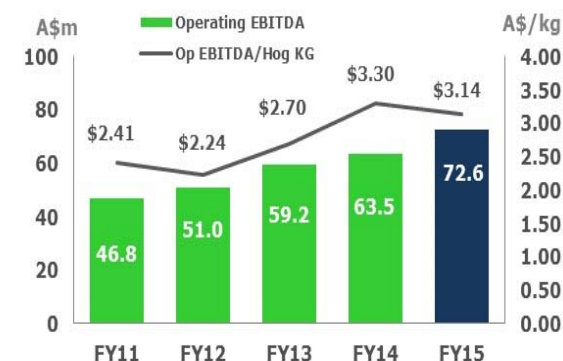
Strong balance sheet and asset performance, and growing dividend...

- Gearing maintained at low level
- Investment in fish growth and responsible capital spend underpins sustainable growing longer term returns – strong growth in underlying fish biomass (i.e. biological assets) ensures fish supply and future earnings growth

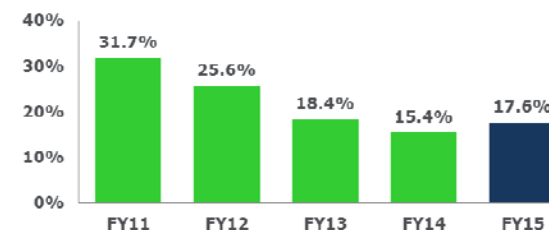
Broadening of growth strategy to Salmon and Seafood...

- Improves customer value and stronger strategic relationships:
 - Optimising the supply value chain through scale and national co-ordination of procurement, processing & distribution = improved availability
 - Insights led Seafood marketing, innovation and category management = increased domestic Salmon and Seafood consumption
- Acquisition of De Costi Seafoods

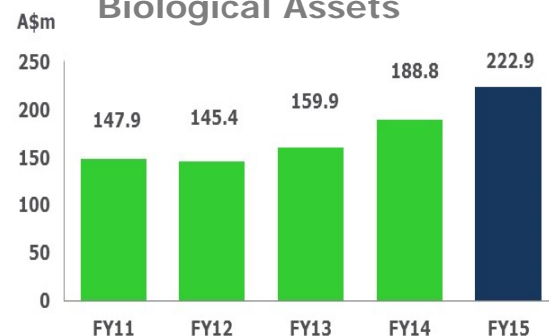
Operating EBITDA



Gearing (net debt/equity)



Biological Assets



Financial performance



Continued growth in earnings,
strong cashflows and balance sheet, and
continued growth in dividend

Strong financial performance

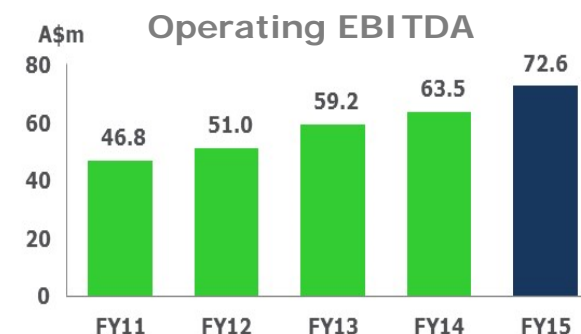


(A\$m)	2015	2014	Change
Statutory results			
Revenue	309.79	266.33	↑ 16.3%
EBITDA	93.97	78.60	↑ 19.5%
EBIT	75.60	63.13	↑ 19.7%
NPAT	49.99	41.06	↑ 21.8%
Operating results			
Operating EBITDA	72.59	63.55	↑ 14.2%
Operating EBIT	54.22	48.08	↑ 12.8%
Operating NPAT	35.03	30.52	↑ 14.8%
Operating cashflow	42.70	50.63	↓ (15.7%)
Final dividend - cps	7.00	6.00	↑ 16.7%
Total dividend - cps	14.00	11.50	↑ 21.7%
Gearing Ratio	17.60%	15.41%	↓
Funding Ratio	34.89%	29.13%	↓

Gearing Ratio (net debt/equity)

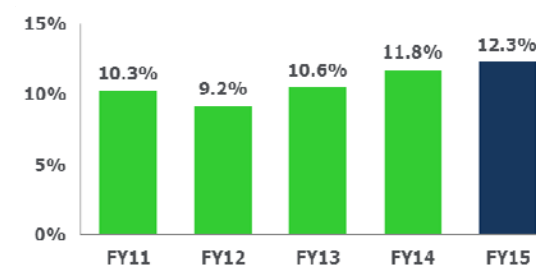
Funding Ratio (net debt + RPF/equity)

- Operating earnings growing in line with revenue



- Generating sustainable operating cashflow together with appropriate use of funding facilities
- Continued growth in return on assets

Statutory Return on Assets



Strong cash flows



(A\$m)	2015	2014	Change
Operating cashflow	42.70	50.63	↓ (15.7%)
Investing cashflow	(36.64)	(29.84)	↓ (22.8%)
Financing cashflow	(0.39)	(28.13)	↑ 98.6%
Net increase/(decrease) in cash held	5.67	(7.34)	↑

Operating cash flow

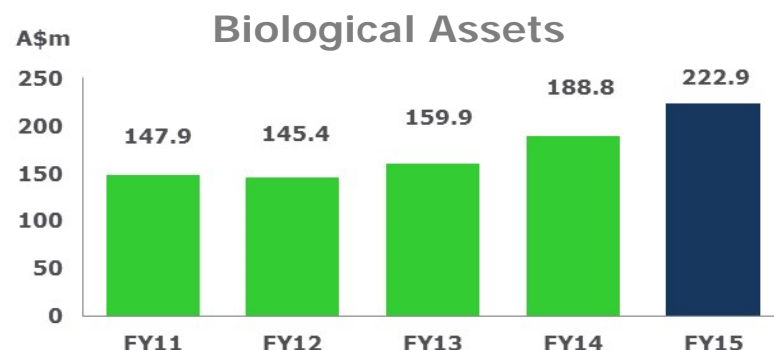


- **Operating cash flow** down 15.7% to \$42.7m
 - sustainable contribution margins \$/kg generated from domestic market sales
 - increased investment in both live fish and inventory to support future sales growth initiatives
 - increased investment in fish supply of \$19.5m

	2015	2014	Change
Biological assets	222.91	188.78	34.12
Inventory	60.15	53.40	6.75
Less AASB141 Impact			(21.38)
Fish growth			19.49

- **Investing cash flow** increased to \$36.7m to support Hatchery expansion, marine and processing infrastructure and rendering facility

Strong balance sheet



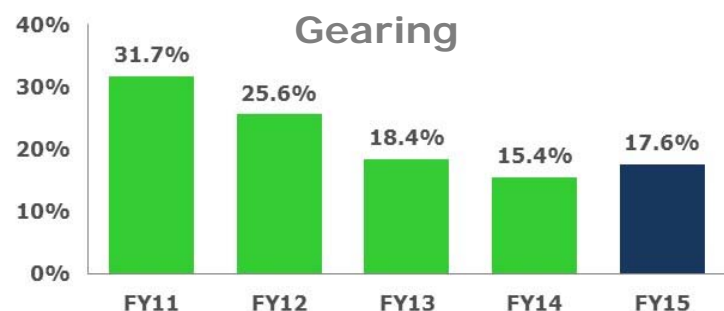
Biological Assets

- Value of live fish up 18.1% to \$222.9m (FY14: \$188.8m)
- Biological assets support future revenue and earnings growth



Inventory

- Appropriate inventory build with finished goods stock up 12.7% heading into FY16... reflective of anticipated sales growth



Gearing and funding ratios at sustainable levels

- Gearing up slightly to 17.6% (FY14: 15.4%) ... appropriate bank funding arrangements in place – from a structure, headroom and tenor perspective
- Funding ratio, i.e. including RPF (net debt + RPF / equity) at 34.9% (FY14: 29.1%)

Operational performance



Well positioned to drive continued sustainable growth in earnings and higher returns

Strong operational performance



Optimising supply chain to support growing domestic market demand...

- Favourable marine performance:
 - Favourable growing conditions, improved feed conversion and survival – drove operating cost efficiencies that offset rising feed prices during FY15... feed prices have reduced from 1 July 2015
 - Selective Breeding Program continues to deliver a reduction in growing time and bathing for AGD
 - Primary harvest class fish for FY16 had 7.9% more biomass at sea vs FY15 harvest class at 30 June – despite supplying an additional 16.0% to the sales market for period May-June 2015 from the primary harvest class of fish destined for FY16 relative to same period a year earlier. Illustrates that we were able to sustainably pull forward fish harvesting.
- Favourable processing performance:
 - Efficiency projects implemented across all processing sites – focusing on yield and throughput initiatives... full benefits from these projects to flow through in FY16
- Optimising entire value chain
 - Significant work has been undertaken with respect to supply chain efficiencies, culminating in acquisition of De Costi Seafoods
 - De Costi Seafoods will deliver
 - improved Salmon efficiencies and synergies in FY16
 - Seafood supply chain efficiencies through the effective co-ordination and production of long run, sustainable aquaculture and wild fish supply

... and drive further economies of scale

Key priorities for FY16



Increasing domestic Seafood consumption...

- Sales initiatives... maximising the opportunities to grow Salmon and Seafood across domestic market – retail, wholesale and foodservice
 - Grow overall Seafood market (currently \$4.3bn annually)
 - Improve market share of Seafood market
- Operational initiatives... further optimise the supply chain
 - maximise Salmon growth efficiencies – utilising Selective Breeding Program to deliver on fish growth, lower feed conversion ratios, reduced bathing
 - Reduce operational costs – move even closer to global best practice re cost of growing, cost of processing, cost of supply and logistics. Marine Zone restructure
 - Continue to mitigate agricultural risk
- Ensure sales and operational initiatives contribute strongly to Tassal's objectives:
 - Deliver earnings growth
 - Optimise efficiencies in both Salmon & Seafood production
 - Use sustainable species
 - Strengthen the Tassal, Superior Gold, De Costi Seafoods and other proprietary brands
- Implement further sustainability and environmental initiatives

... and ensuring Salmon and Seafood returns are optimised

Strategy & Key Enablers



Salmon and Seafood Strategy to drive next phase of earnings growth and maximise shareholder value

Strategy



"To deliver sustainable long term returns to shareholders as the leader in Salmon and Seafood in Australia, selling highly recognised, ethical, valued brands and products to Australian consumers and retailers – while operating in a zero harm environment"



A compelling strategic acquisition



De Costi Seafoods provides Tassal with an attractive vehicle to deliver the company's Salmon & Seafood growth strategy

- Substantially increases Total Addressable Market to \$4.3bn annually
- Further builds on Tassal's successful domestic market focus
- Increases extent of Tassal's vertical integration in Salmon
- Further drives scale and benefits that flow from scale
- Appropriate EBITDA multiple of 5x
- Substantial synergies – cost/efficiencies and revenue
- Immediately EPS accretive pre-synergies

"Further information on the De Costi Seafoods acquisition can be found in the information pack lodged with ASX on 31 July 2015"

Key Enablers – Short Term



Grow Salmon and Seafood sales by leveraging retail relationships and delivering an efficient and scalable platform for future growth

Revenue Growth



- Maintain Salmon growth rate through maximising domestic per capita consumption
- Leverage Salmon and Seafood offerings for overall improved Salmon & Seafood revenue growth
- Increase share of Seafood industry beyond NSW ... to include Eastern Seaboard (ESB)
- Develop and execute a Core Species program for Seafood
- Focus on sustainability, quality & freshness credentials

Capacity Expansion



- Increase Salmon biomass from SBP & operational, safety and risk improvements
- Establish additional processing capability at the Lidcombe site for “scalable” species
- Complete next phase of Salmon expansionary infrastructure, including new farming leases
- Ensure an effective Procurement Plan developed and implemented – including consideration of wild catch licences/quota and fishing vessels

Operational Efficiency



- Salmon farming optimisation ... both marine lease and operational
- Salmon processing consolidation / amalgamation ... driving supply chain efficiencies
- Seafood core species efficiency through scale and line optimisation ... driving supply chain efficiencies
- Delivery supported by best on ground people & interdependent team

... ensuring Salmon and Seafood returns are growing and sustainable

Key Enablers – Long Term



Grow Salmon and Seafood sales by accelerated growth and capitalising on business modernisation opportunities

Revenue Growth



- Optimise Salmon & Seafood growth rates through maximising domestic per capita consumption
- Increase share of Seafood "wallet" ... increase Seafood per capita consumption ... and lead growth of Seafood industry
- Increase multichannel strategy to maximise reach
- Further Seafood industry consolidation, where appropriate

Capacity Expansion



- Complete next phase of Salmon expansionary infrastructure, including new farming leases
- Further adaption of Salmon farming practices & infrastructure to adapt to future environments ... including Offshore & land-based systems
- Ensure an effective Procurement Plan developed and implemented – including consideration of wild catch licences/quota and fishing vessels

Operational Efficiency



- Big data and business intelligence at the core of operational decisions
- Optimise B2B connectivity to drive to lowest cost inventory
- Lowest cost Salmon growing/farming
- Lowest cost Salmon & Seafood processing
- Optimise supply value chain for Salmon and Seafood

... ensuring Salmon and Seafood returns maximised



Lunch is already packed!



- ✓ Good source of Omega 3
- ✓ No artificial colours, flavours or preservatives

READY
TO EAT



The perfect meal on-the-go that's quick, convenient and delicious!

tassal.com.au [Facebook](#) [Twitter](#) /TassalSalmon



Any questions?



Tassal Group Limited

2015 Annual General Meeting



Resolutions

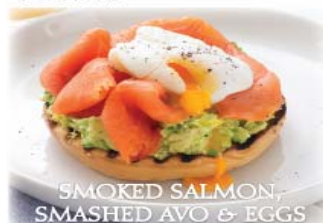
Melbourne, 28 October 2015

Get Hooked on Tassal Salmon

Everyday Faves

Salmon to Sun

MONDAY



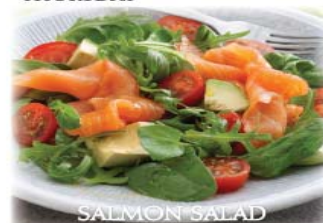
TUESDAY



WEDNESDAY



THURSDAY



FRIDAY



Tassal Salmon is so versatile it can be enjoyed for breakfast, lunch or dinner, everyday of the week.

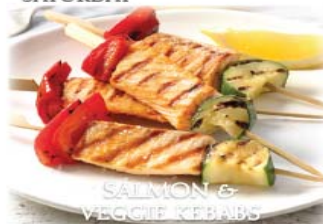
We've put together a collection of simple and delicious recipes that are sure to be a hit with your family.

Visit tassal.com.au to get your 'Everyday Faves' recipe, any day of the week.

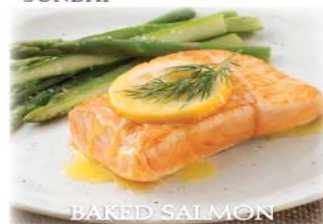
Follow us on



SATURDAY



SUNDAY



Available at your local fishmonger and grocery store.

That's the beauty
of Tassal salmon.



SUMMARY OF PROXY VOTES RECEIVED



	FOR	AGAINST	OPEN	ABSTAIN
Resolution 2:				
Adoption of Remuneration Report	95,330,469	504,711	556,225	155,789



SUMMARY OF PROXY VOTES RECEIVED



	FOR	AGAINST	OPEN	ABSTAIN
Resolution 3:				
Re-election of Mr Allan McCallum as a Director	96,494,723	703,225	574,195	44,621

NEW Salmon that Sizzles

Your new Breakfast Fave



tassal.com.au [Facebook](#) /TassalSalmon #salmonrashers



Perfect for pan-frying



Smoked in Beechwood chips to produce a delicious smoky flavour, simply pan-fry **Tassal Salmon Rashers** with some eggs and tomatoes for a tasty breakfast that's easy to prepare and ready in minutes. Our Tasmanian grown Atlantic salmon is responsibly sourced and sustainably certified.

Pick up a pack of **Tassal Salmon Rashers** from the smoked salmon section of your local Coles or Woolworths store!



SUMMARY OF PROXY VOTES RECEIVED



	FOR	AGAINST	OPEN	ABSTAIN
Resolution 4:				
Election of Ms Raelene Murphy as a Director	96,657,963	540,235	571,195	47,371



SUMMARY OF PROXY VOTES RECEIVED



	FOR	AGAINST	OPEN	ABSTAIN
Resolution 5:				
Long-term Incentive Plan – Grant Performance Rights to Mr Mark Ryan pursuant to the 2015 Performance Rights Package	93,772,316	2,234,154	563,195	160,732



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