



MEDIA RELEASE

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Tassal's FY2011 results show that the growth platform is now in place

Tassal Group Limited (Tassal) today announced its results for the 12 months ended 30 June 2011 (FY2011), delivering a net profit after tax of \$30.3 million.

Results overview

(\$ million)	FY2011	FY2010	Change
Revenue	225.6	216.8	4.1%
EBITDA	59.2	50.3	17.7%
NPAT	30.3	28.0	8.2%
Operating cash flow	41.5	28.5	45.6%
Gearing (net debt/equity)	31.8%	36.5%	

Tassal's Managing Director and CEO, Mr Mark Ryan, said that the financial and operating performance of Tassal over FY2011 reflected Tassal's focused strategy to deliver long term sustainable growth, and showed that the Company's growth platform, which is centred around retail penetration and distribution, was now in place.

"Tassal has now completed three years of significant investment in infrastructure. During this period Tassal has been able to maintain a strong balance sheet with comfortable gearing levels, due to the company's strong operating performance.

"Tassal's very successful farming programme has delivered very strong growth in fish and harvest size over the past 12 months. Tassal is now well placed given its substantial fish inventory to take advantage of attractive market fundamentals in our core domestic market," said Mr Ryan.

Revenue continued to grow, up 4.1% to \$225.6 million (FY10: \$216.8 million). Despite difficult trading conditions, Tassal's retail segment strategy delivered strong year on year growth in retail sales. Tassal's operating performance underpinned continued growth in the fair value of the Company's live fish, which is a key lead indicator of future performance.

EBITDA was up 17.7% to \$59.2 million (FY10: \$50.3 million) due to an improved contribution margin driven by a number of factors including the strong retail performance, cost efficiency initiatives, improved processing results due to Tassal's capital investment programme, and improved fish size driving labour, overhead and yield benefits.

Net profit after tax was up 8.2% to \$30.3 million (FY10: \$28.0 million). Growth in NPAT was lower than EBITDA growth due to higher depreciation following the significant investment in hatchery and marine assets over the past three years, higher borrowing costs due to the financing of infrastructure and increased fish growth and ultimate fish biomass uplift, and a higher effective tax rate.

Operating cash flow was up \$13.0 million to \$41.5 million (FY10: \$28.5 million) due to the growth in sales, reduction in operating costs and the funding of retail sales through the receivables purchase facility, even though Tassal experienced significant growth in its live fish. Reflecting the long term value being created in the business, the value of live fish was up 15.3% to \$147.9 million (30 June 2010: \$128.3 million).

Gearing remains comfortable, with net debt to equity at 31.8% (30 June 2010: 36.5%) even after the significant infrastructure investment over the past three years. This reflects the strength of the Company's underlying business, growing operating cash flows, and growing fish biomass.

Dividend reinstated

Having completed the strategic review, and reflecting Tassal's FY2011 performance, the Directors have reinstated the Company's dividend and declared a final unfranked dividend of 2.0 cents per share. Tassal is not activating its Dividend Reinvestment Plan.

Outlook for continued growth

Tassal has built a world class sustainable platform from which to further grow its market presence, revenue and earnings.

Tassal has continued to successfully execute its retail segment strategy. Even though the past 12 months were generally characterised by tough trading conditions, underpinned by its retail strategy Tassal has been able to maximise its financial and operational position. Retail sector sales are forecast to continue to achieve year-on-year growth for FY2012.

Improved statutory and operating earnings are forecast for FY2012 given:

- Increased fish size – leading to lower fish costs
- Reducing feed prices – significant achievements evident on diet and raw material substitution
- Flow through of full year benefits from cost efficiency initiatives – with more cost efficiency strategies in place for FY2012
- Flow through of the benefits from Tassal's infrastructure investment into earnings via improved yield and cost reductions – processing facilities operating at global best practice
- Sales mix that will maximise incremental value – focus on maximising the growth of domestic market consumption per capita
- Domestic retail segment initiatives that will further broaden Tassal's leading retail presence – more retail presence for more products
- Export sales will be a major sales revenue growth driver – positive margins will increase bottom-line.

"Having now completed the company's substantial capital investment programme over the past three years, Tassal's future capital expenditure will significantly reduce. Even after completing this substantial investment, Tassal has been able to maintain a strong balance sheet with comfortable gearing due to the strength of the company's underlying operations.

"Given the substantial operating achievements over the past three years, Tassal is now able to maximise its domestic market opportunity through changing consumer behaviour and lifting Australian consumption levels. This is a key focus for the company and provides very substantial growth opportunities.

"Tassal now has the platform in place to deliver improved bottom-line performance. Given the exceptional performance of Tassal's live fish, focus on sustainable growing practices, and world class infrastructure now in place, Tassal is well placed to grow and produce attractive returns for its shareholders," said Mr Ryan.

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About Tassal

Tassal Group Limited (ASX: TGR) is a vertically integrated salmon grower, processor, seller and marketer. The Company produces and sells premium salmon products for both the Australian domestic and export markets.

Tassal grows delicious, fresh and healthy Atlantic salmon in Tasmania's pristine waters and employs over 750 people. Visit www.tassal.com.au for more information.