



MEDIA RELEASE

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Tassal generates improved full year operating cashflows and announces increased dividend

Tassal Group Limited (ASX: TGR) today announced its results for the 12 months ended 30 June 2012 (FY2012), delivering a statutory net profit after tax of \$28.1 million that was in line with expectations.

Results overview

(\$ million)	FY2012	FY2011	Change
Revenue	261.7	225.6	16.0%
EBITDA	59.6	59.2	0.6%
NPAT	28.1	30.3	(7.2)%
Operating cash flow	50.4	41.5	21.4%
Gearing (net debt/equity)	25.6%	31.8%	
Total dividend	8.0cps	2.0cps	300.0%
Operating Earnings ¹			
Operating EBITDA	50.0	46.8	6.8%
Operating NPAT	22.2	21.6	2.8%

(1) *Operating Earnings are presented to illustrate the pre AASB 141 Agriculture increment of \$9.5 million before tax and adding back the non-recurring item of \$0.7 million representing the retrospective tax law amendment*

Tassal's Managing Director and CEO, Mr Mark Ryan, said that the FY2012 results highlighted the Company's drive to grow domestic market per capita consumption.

"Tassal's focus on the Australian market has produced growth in revenue in both the retail and wholesale segments over the past twelve months. Our strategy of maximising per capita consumption of salmon in Australia is clearly producing results, with market penetration levels continuing to improve.

"However, the performance in the domestic market was impacted by a volatile export market performance due to global oversupply of salmon reducing prices. With export returns not expected to improve over the short to medium term, this reaffirms our focus on Australian market growth.

"Tassal achieved increasing operating cashflows, despite poor returns from the export market. This result was underpinned by sustainable contribution margins from the Australian retail and wholesale market. The Company's balance sheet continued to strengthen with net assets increasing and debt being paid down.

"Tassal's investment in infrastructure has produced world-class hatching, growing and processing facilities, together with providing appropriate risk mitigation measures against agricultural risk. This has allowed us to sustainably grow harvest tonnes over the past 12 months through a combination of larger fish and greater harvest numbers, ensuring supply as we continue to grow in the Australian market," said Mr Ryan.

Despite export pricing weakness, revenue was up 16.0% to \$261.7 million (FY2011: \$225.6 million). The improved result was underpinned by growth in Australian retail and wholesale sales. Australian market sales revenue and volume grew by 23.1% and 24.9% respectively.

Operating EBITDA was up 6.8% to \$50.0 million (FY2011: \$46.8 million) underpinned by sustainable contribution margins from the Australian market. This is despite poor export market returns, a slight deterioration in Australian sales contribution \$/kg margin and hot water temperatures negatively affecting fish costs. Global oversupply during FY2012 due to increasing biomass in Chile and Norway presented volatile export pricing and unacceptable returns that in turn led to a \$6.18 million reduction in contribution margin for export sales compared with FY2011.

Operating NPAT was up 2.8% to \$22.2 million (FY11: \$21.6 million) despite poor returns from the export market and higher depreciation costs following Tassal's previous significant capital investment programme over the last five years.

Despite poor returns from the export market, Tassal generated strong growth in operating cashflow, up 21.4% to \$50.4 million (FY11: \$41.5 million). This increase is due to sustainable contribution margins generated from the Australian market, the receipt of a \$3.9 million grant and a focus on improved working capital management practices.

Tassal's balance sheet further strengthened, with net assets increasing to \$295.1 million, and gearing continuing to decrease with net debt to equity down to 25.6% (30 June 11: 31.8%).

Dividend

Given Tassal's operating results, balance sheet position, and confidence in the Company's growth prospects, the Directors declared a final FY2012 unfranked dividend of 4.0 cents per share resulting in total FY12 dividends of 8.00 cents per share (FY2011: 2.0 cents per share).

Outlook

Tassal has a sustainable business model in place focused on the Australian market, and has built a platform from which to further grow revenue and earnings.

The Company's focused strategy of growing Australian market per capita consumption will continue in FY2013. A significant marketing campaign will be launched and will become a key value driver in the strategy to build consumption and brand awareness in FY2013.

Key priorities in FY2013 include:

- Increasing salmon awareness and consumption via national marketing
- Implementing further sustainability initiatives to support the Company's growth
- Moving towards global best practice cost in the growing of our fish
- Maintaining the operation of our processing facilities in line with global best practice
- Utilising supply chain and marketing capabilities to diversify into sales of other sustainable seafood.

"Tassal's overarching strategic focus is to deliver sustainable long term returns to shareholders as the leader in salmon in Australia, selling a highly recognised ethical valued brand and product. Our strategy to increase Australian per capita consumption of salmon best positions Tassal to deliver sustainable long term returns.

"Tassal is focussed on sustainably growing earnings and delivering improved operating performance. With further production efficiencies expected, a growing balance sheet, growing cashflows, and a focus on the domestic market, Tassal is very well placed to continue to sustainably grow its business and deliver attractive shareholder returns," said Mr Ryan.

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Media / analyst queries:

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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.