



## MEDIA RELEASE

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### Tassal's focus on growing domestic market per capita consumption delivers first half earnings uplift

Tassal Group Limited (ASX: TGR) today announced its results for the six months ended 31 December 2012 (1H13), delivering 22.1% growth in statutory net profit after tax to \$15.83 million.

#### Results overview

(\$ million)	1H13	1H12	Change
Revenue	134.97	127.55	5.8%
EBITDA	33.31	28.96	15.0%
NPAT	15.83	12.96	22.1%
Operating cash flow	22.23	19.10	16.4%
Gearing (net debt/equity)	23.7%	30.7%	
Interim unfranked dividend	4.5cps	4.0cps	12.5%
<b>Operating Earnings</b>			
Operating EBITDA	28.13	26.06	7.9%
Operating NPAT	12.20	10.93	11.6%

Tassal's Managing Director and CEO, Mr Mark Ryan, said that the 1H13 results were a clear indication that the company's infrastructure investment and focus on growing domestic market per capita consumption are the right strategies to deliver sustainable growth and increasing shareholder returns.

"As a result of the company's successful marketing campaign, Tassal has been able to strongly grow domestic volumes through increasing per capita consumption. Importantly, the growth in domestic volumes has allowed us to strategically exit the lower margin export and contract growing markets.

"Also, our investment in infrastructure has produced world-class hatching, growing and processing facilities. This, combined with greater scale and our successful new harvest strategy, has allowed us to drive down our unit cost per kilo in production both from a farming and processing perspective.

"As a result, we have seen Tassal generate a greater overall profit and greater profit per kilogram from selling less fish than the previous corresponding half. The company's growth over the past six months, continues the trend over the past three first half results with earnings and cashflows growing strongly and sustainably, and reducing debt.

"Underpinning everything we do is a commitment to a health and safety strategy that strives for 'Zero Harm For Everyone, Everywhere'. We firmly believe that no job is so important that it cannot be done safely," said Mr Ryan.

## Growth across all key financial metrics

Overall, revenue was up 5.8% to \$134.97 million (1H12: \$127.55 million) due to strong growth in core domestic sales. Revenue in Tassal's core retail and wholesale markets were up 22.1% and 17.4% respectively, which compares to export and contract growing sales declining by 94.2% and 69.7% respectively due to a strategic decision to exit these lower return market segments. The company's new marketing campaign has positively impacted domestic market growth this half and we expect this to continue in 2H13 as retailers embrace new Tassal products.

Operating EBITDA was up 7.9% to \$28.13 million (1H12: \$26.06 million) with contribution margin for both retail and wholesale channels continuing to grow due to both the impact from the marketing campaign and as increasing efficiencies from our infrastructure investment continue to flow through to earnings. Contribution margin was up 5.1% and \$/kg margin was up 8.0% on 1H12.

Operating NPAT was up 11.6% to \$12.20 million (1H12: \$10.93 million) reflecting the growth in EBITDA combined with relatively flat depreciation and interest expense.

Tassal generated strong growth in operating cashflow, up 16.4% to \$22.23 million (1H12: \$19.10 million) due to sales growth in the Australian market, cost reduction initiatives, and an active working capital management programme.

Tassal's balance sheet further strengthened due to increased cashflows and reduced gearing and funding ratios, with net debt to equity down to 23.7% (1H12: 30.6%).

## Continued growth in dividend

Given Tassal's strong operating results, a strong balance sheet, growing cashflows and confidence in the Company's growth prospects, the Directors declared a 2013 interim unfranked dividend of 4.5 cents per share (1H12: 4.0 cents per share). The record date for the dividend is 8 March 2013 and payment date is 3 April 2013.

## Positive outlook

"Tassal's strategy of growing domestic market per capita consumption to drive domestic sales growth is the right strategy to continue the company's growth momentum. We have a strong marketing plan in place, alongside new product initiatives, to drive continued growth in domestic market per capita consumption.

"The revised harvest strategy is providing an optimal size profile of Tassal harvest fish, together with maximising survival of overall biomass. We are looking to implement further sustainability and environmental initiatives and are moving ever closer to achieving global best practice with respect to fish growing costs and processing costs and yields and recoveries," 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](http://www.tassal.com.au) for more information.