



ASX RELEASE

19 August 2014

Tassal continues to deliver strong results

Tassal Group Limited (ASX: TGR) is pleased to announce its results for the year ended 30 June 2014 (FY14), delivering 22.7% growth in statutory net profit after tax to \$41.06 million, and 14.7% growth in operating net profit after tax to \$30.52 million.

Results overview

(\$ million)	FY14	FY13	Change
Statutory results			
Revenue	266.33	272.81	(2.4)%
EBITDA	78.60	69.03	13.9%
NPAT	41.06	33.46	22.7%
Operating results			
EBITDA	63.55	59.25	7.3%
NPAT	30.52	26.61	14.7%
Operating cash flow	50.63	49.72	1.8%
Gearing (net debt/equity)	15.41%	18.40%	16.3%
Total dividend	11.50cps	9.50 cps	21.1%

Tassal’s Managing Director and CEO, Mark Ryan said that before discussing the result it was appropriate to reflect on the enormity of the fatality of Ian Thompson, which occurred in December 2013. The unfortunate loss of Ian needs to be acknowledged for the magnitude of the impact to his family and workmates and stands as a poignant reminder to everyone of the importance of a sustained and relentless focus on “Zero Harm - Everyone, Everywhere”.

Commenting on the company’s results, Mr Ryan said: “The FY14 result was a clear reflection of the continued success of the company’s long term strategy to deliver shareholder value via its focused domestic market strategy. Tassal has again produced double digit profit growth, further strengthening the company’s operating cash flow and balance sheet. Tassal’s sales initiatives and operating efficiencies continue to drive sustainable earnings growth and the generation of more dollars per kilo from domestic market sales. Importantly, this was against the backdrop of reduced fish supply as we dealt with the tail end of the hot summer 2012/13.”

“From an operating perspective, although Tassal sold less fish over FY14, favourable market returns were achieved, together with improved operational efficiencies that reduced the cost of bringing fish to market. Operational efficiencies have been generated through the implementation of world class infrastructure, improved breeding programmes, improved logistics and packaging and feed conversion ratios. In addition, Tassal’s marketing campaign has been instrumental in building brand awareness and driving sales via increased domestic consumption per capita.

“Tassal’s balance sheet continued to strengthen as strong cash flows were maintained via sustainable contribution margins. This, combined with conservative working capital management practices and continued effective use of our Receivables Purchase Facility, has driven a reduction in the company’s gearing to its lowest level since listing, while also increasing dividends.

“Our domestic market strategy has been the right strategy for the company. It has delivered improved profitability and returns, and is leading us towards the goal of generating more acceptable return levels from the business,” said Mr Ryan.

For personal use only

Continued growth in earnings

Revenue was down slightly at \$266.33 million, reflecting the restricted supply due to the hot summer 2012/13. Domestic retail market sales were the largest driver of revenue with domestic wholesale market revenue down as sales otherwise destined for this market segment were utilised for domestic retail.

EBITDA was up 13.9% to \$78.60 million, reflecting improved pricing and operational efficiencies as the business continued to sustainably generate more dollars per kilo of fish.

Strong cash flows

Tassal continued to generate strong cash flows, with operating cash flows up 1.8% to \$50.63 million in FY14. Cash flows were characterised by a sustainable contribution margin combined with strong working capital management practices, and effective use of the Receivables Purchasing Facility.

Gearing at its lowest level since listing

With continued strong sustainable cash flows being generated, Tassal's gearing at 30 June 2014 stood at its lowest level since listing in 2003. Net debt to equity was down to 15.41% and the company's funding ratio was down to 29.13%.

Growing dividend

Reflecting the company's sustainable earnings, strong cash flows, and outlook, the board of directors declared a final FY14 dividend of 6.00 cents per share 50% franked. This brings the total dividend for FY14 to 11.50 cents per share 50% franked, up 21.1% (FY13: 9.50 cps). The record date for the final FY14 dividend is 12 September 2014, and payment date is 29 September 2014.

Maintaining a relentless focus to achieve targeted return levels

"Tassal's long term growth strategy is the right strategy for the business, as has been shown in the continued growth in earnings and cash flows over FY14. The company is now well positioned to deliver on its overarching strategic focus of generating appropriate returns from its asset base given the sustainability of the company's business model and the ability to leverage greater scale in operations. Tassal is targeting a statutory return on assets of 15%.

"Having completed a substantial investment programme, Tassal has the base infrastructure in place to generate more acceptable return levels going forward. With a renewed vigour via the company's recently updated Strategic Plan 2025, Tassal can continue to translate the success of its domestic market strategy into growing sustainable earnings, growing cash flows, reducing debt, and growing dividends," said Mr Ryan.

-ends-

Media / analyst queries:

Mark A. Ryan

Managing Director & CEO

Phone: 0414 729 101 / Email: mark.ryan@tassal.com.au

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 800 people. Visit www.tassal.com.au for more information.