



ASX RELEASE

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Tassal delivers another strong financial and operating result

Tassal Group Limited (ASX: TGR) is pleased to announce its results for the six months ended 31 December 2014 (1H15), delivering 34.8% growth in statutory net profit after tax to \$30.30 million, and 20.2% growth in operating net profit after tax to \$18.40 million.

Results overview

(\$ million)	1H15	1H14	Change
Statutory results			
Revenue	151.0	134.5	12.3%
EBITDA	54.1	42.0	28.8%
NPAT	30.3	22.5	34.8%
Operating results			
EBITDA	37.1	31.8	16.7%
NPAT	18.4	15.3	20.2%
Operating cashflow	18.9	29.0	(34.6%)
Gearing (net debt/equity)	16.7%	17.2%	2.7%
Total dividend	7.0	5.5	27.3%

Commenting on the company's results, Tassal Group Managing Director & CEO Mark Ryan said:

"Tassal's 1H15 result clearly reflects the progress we are making towards achieving our strategic plan, and generating more acceptable return levels via our domestic market growth strategy. Over the past six months, Tassal has generated double digit profit growth as well as further reduced gearing, while also substantially increasing dividends.

"We are leveraging our sales initiatives to continue growing revenues, and importantly optimising dollars per kilogram of fish sold. With the company's scale increasing and world class infrastructure facilities in place, returns continued to improve as further operating efficiencies were generated.

"Our focus on driving domestic per capita consumption to maximise the opportunities in the domestic market is - and continues to be - the right strategy. Tassal's innovative marketing and promotional initiatives continue to build brand and drive sales in the core domestic wholesale and retail markets.

"Tassal's balance sheet further strengthened over the half. Strong cashflows, together with the appropriate use of our funding facilities ensured appropriate investment in both fish growth and performance, together with responsible capital spend in supporting infrastructure, which has positioned the company to drive further growth and returns. Importantly, this added investment did not diminish the company's ability to drive growing shareholder returns, with a substantial lift in interim dividend and further reductions in debt.

"The results over the first half of the 2015 financial year clearly show Tassal has the right strategy in place, and it is driving growing returns. We will continue to pursue our domestic market strategy to maximise the long term growth opportunities available to the company."

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Continued growth in earnings

Revenue was up 12.3% to \$150.95 million in 1H15 as Tassal benefited from increased fish supply and favourable pricing. Domestic retail market sales were the largest driver of revenue growth with the domestic wholesale market regaining momentum.

EBITDA was up 28.8% to \$54.11 million, reflecting improved pricing and operational efficiencies as the business continued to sustainably generate more dollars per kilogram of fish.

Strong cashflows allowing for further investment, lower debt and higher dividend

Tassal continues to generate strong cashflows, with the focus on maximising operating cashflow from the business, together with maximising the use of its available funding facilities to ensure the company both invests in fish growth and in the required infrastructure to underpin sustainable growing longer term returns and a responsible capital spend.

Operating cashflow was \$18.93 million in 1H15 – and while this was down 34.6% (1H14: \$28.96 million), the decrease reflected the reinvestment into optimising the fish growth and the operational and financial benefit fish size delivers.

Overall, cashflow from operations and financing were predominantly utilised to fund fish growth of \$14.49 million – as set out below:

(A\$m)	1H15	FY14	Change
Increase in biological assets	215.38	188.80	26.58
Increase in inventory	58.30	53.40	4.90
Less AASB141 Impact			(16.99)
Fish growth			14.49

Lower debt and higher dividend

With continued strong sustainable cashflows being generated, Tassal's gearing reduced to 16.7% and the company's funding ratio was down to 32.8%.

Reflecting the company's sustainable earnings, strong cashflows, and attractive growth outlook, the Directors increased the interim dividend by 27.3%, declaring a 1H15 dividend of 7.00 cents per share 50% franked (1H14: 5.50 cents per share). The record and payment dates for the 1H15 dividend are 17 March 2015 and 31 March 2015 respectively.

Focused on attaining sustainable long term returns to shareholders

"At the forefront of Tassal's day to day operations is a commitment to the company's overarching strategic focus of delivering sustainable long term returns to shareholders. Through Tassal's domestic market strategy, leveraging sales initiatives and investment in operating efficiencies, the company is positioned to deliver on its overarching strategic focus.

"Our strong fish performance over the first half of the 2015 financial year is testament to the hard work we have put into our growing practices and operating efficiencies and provides the company with a strong base for future growth. We are excited about the future of our domestic market strategy to grow sustainable earnings, cashflows, reduce debt and grow dividends," 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 800 people. Visit www.tassal.com.au for more information.

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