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The Manager Listings
ASX Market Announcements
Australian Securities Exchange
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Via e-lodgement

**Tassal Group Limited (TGR)
Response to speculation on Tassal's potential acquisition of De Costi Seafoods**

Tassal Group Limited (ASX: TGR) wishes to respond to speculation that a potential acquisition of De Costi Seafoods has been completed. Although an acquisition has not been formally finalised or completed, Tassal confirms the following:

- The due diligence process on De Costi Seafoods has been completed, and the Tassal Board has approved for the proposed acquisition to proceed to formal documentation on the basis of certain terms.
- A non-binding Terms Sheet has been signed by the parties. The key terms of the proposed acquisition are as follows:
 - De Costi Seafoods' business is to be effectively acquired, via a share purchase, free from all debt and other encumbrances. De Costi Seafoods is a seafood procurement, processing and sales and marketing business – the acquisition will not include the business trading at the Sydney Fish Markets or the two retail outlets owned by George Costi at Bondi and Chatswood, New South Wales;
 - Consideration is to be based on a multiple of approximately 5 x maintainable EBITDA of De Costi Seafoods' business and made up of an up-front component paid in cash at Completion of the proposed acquisition, and an earn out component (over 3 years) payable in new Tassal shares;
 - Both the up-front payment and any earn out will be earnings accretive for shareholders; and

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- o George Costi is to remain in charge of De Costi Seafoods' operations for a minimum period of 3 years from Completion of the proposed acquisition and report to Mark Ryan, Tassal Group Limited Managing Director and CEO
- The parties have agreed to progress to a formal sale agreement and use their best endeavours and act in good faith to prepare and finalise a formal sale agreement for signing together with all other related documentation. Subject to this condition being satisfied and all applicable regulatory approvals and compliance with any applicable regulatory requirements, completion is expected to occur in July 2015; and
- The up-front cash component of the acquisition will be funded through debt and not require any capital raising.

Mr Ryan described the move to acquire De Costi Seafoods as a compelling strategic acquisition:

"De Costi Seafoods provides Tassal with an attractive vehicle to deliver the Company's salmon and seafood growth strategy, which is about maximising domestic market per capita consumption of seafood. The seafood market in Australia is assessed at \$4.3 billion per annum.

"This acquisition would allow us to build on Tassal's successful domestic market focus with salmon, increase Tassal's vertical integration in salmon, and further drive scale, and the efficiencies and benefits that will flow from the increased scale that the seafood offering will bring. Given the structure of the transaction, Tassal will not need to raise any equity capital for the upfront consideration, and the acquisition will be immediately EPS accretive pre-synergies."

For any media or analyst enquires please contact Mr. Mark Ryan on phone: 04214 729 101 or email: mark.ryan@tassal.com.au.

Yours sincerely

Monika Maedler



General Counsel & Company Secretary