

Tassal Group Limited

Annual General Meeting

6 November 2008

Chairman's Address

Highlights

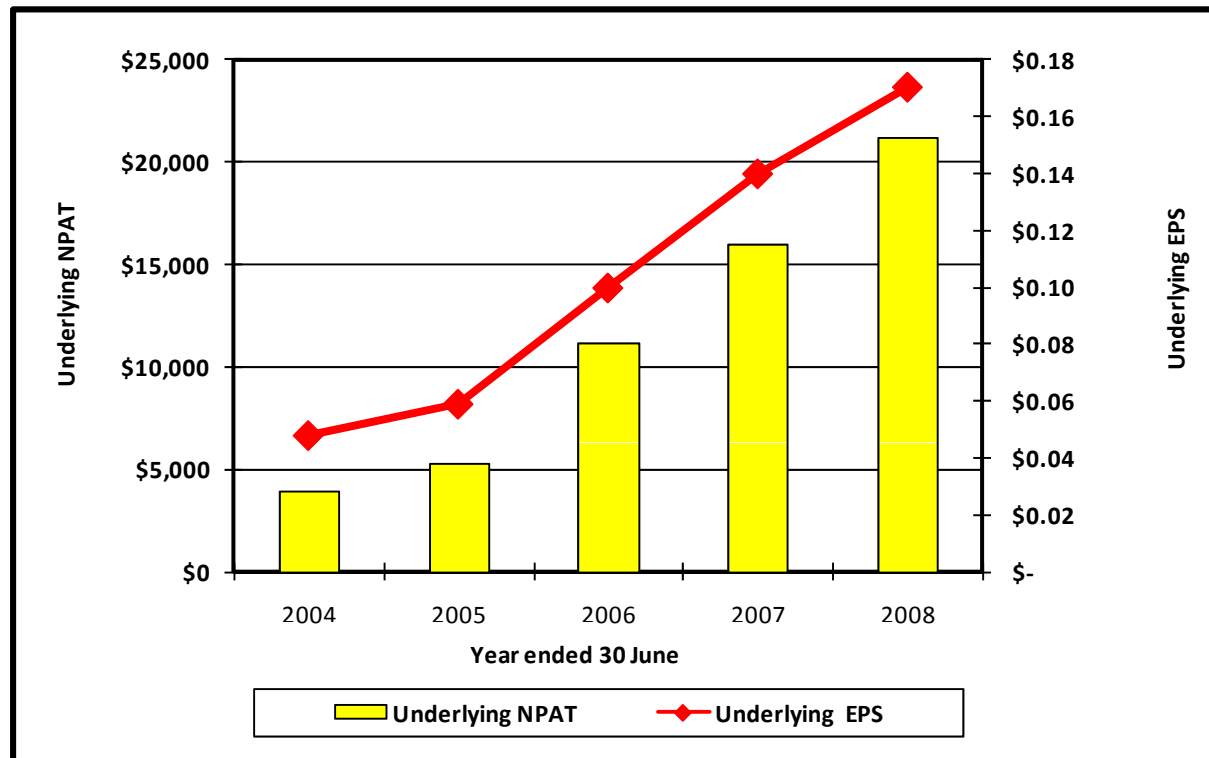


Tassal Group Limited in FY2009...

- ✓ Australia's leading aquaculture company
- ✓ Benefiting from strong domestic and global demand
- ✓ Well positioned into key export markets
- ✓ Leading branding
- ✓ Delivering strong growth in financial performance and increased dividends for shareholders
- ✓ Continued reduction in cost of production and automated processing driving transition to global best practice production and automated processing
- ✓ Significant capital investment undertaken targeted at growth, efficiency and risk mitigation
- ✓ Low gearing profile and ample debt facility head room
- ✓ Balance sheet well capitalised and positioned to support continued growth

Highlights

2008 was another successful year for Tassal...

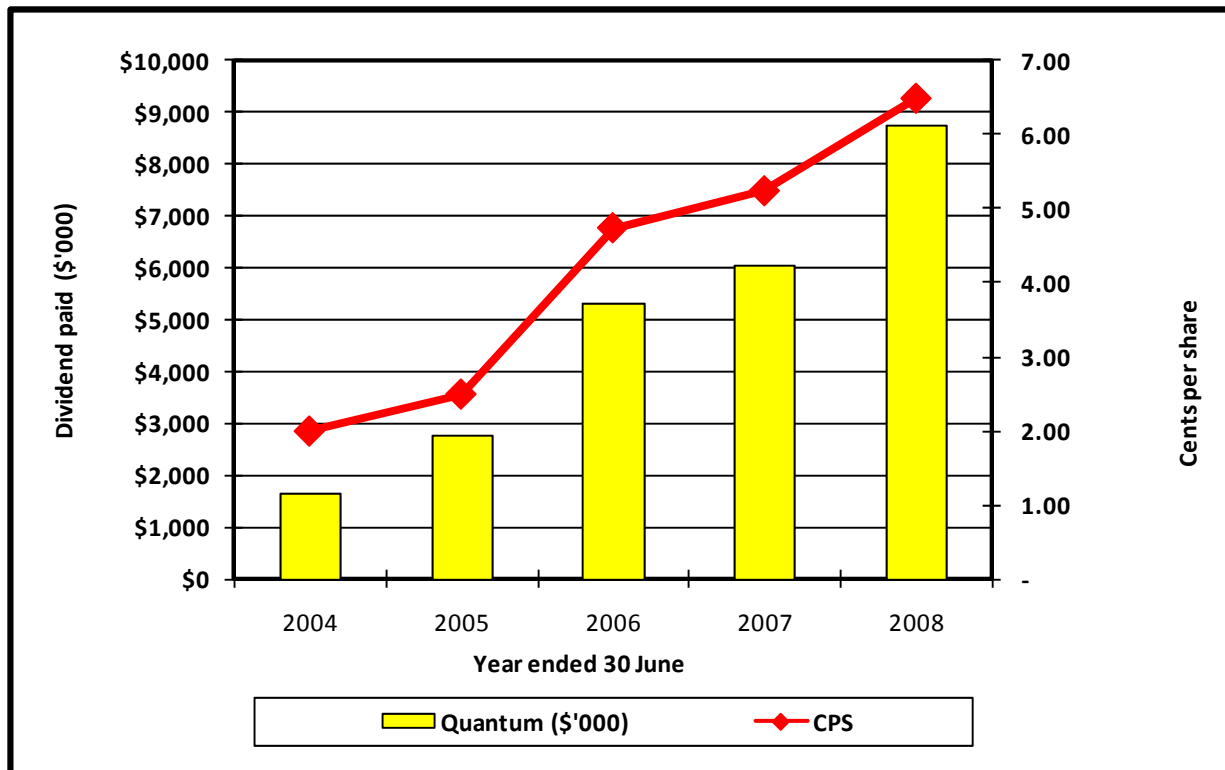


Underlying results:

- ✓ Revenue of \$167.3m
(+16% on pcp)
- ✓ EBITDA of \$34.7m
(+22% on pcp)
- ✓ NPAT of \$21.2m
(+33% on pcp)
- ✓ Basic EPS 17.1 cps
(+22% on pcp)

Highlights

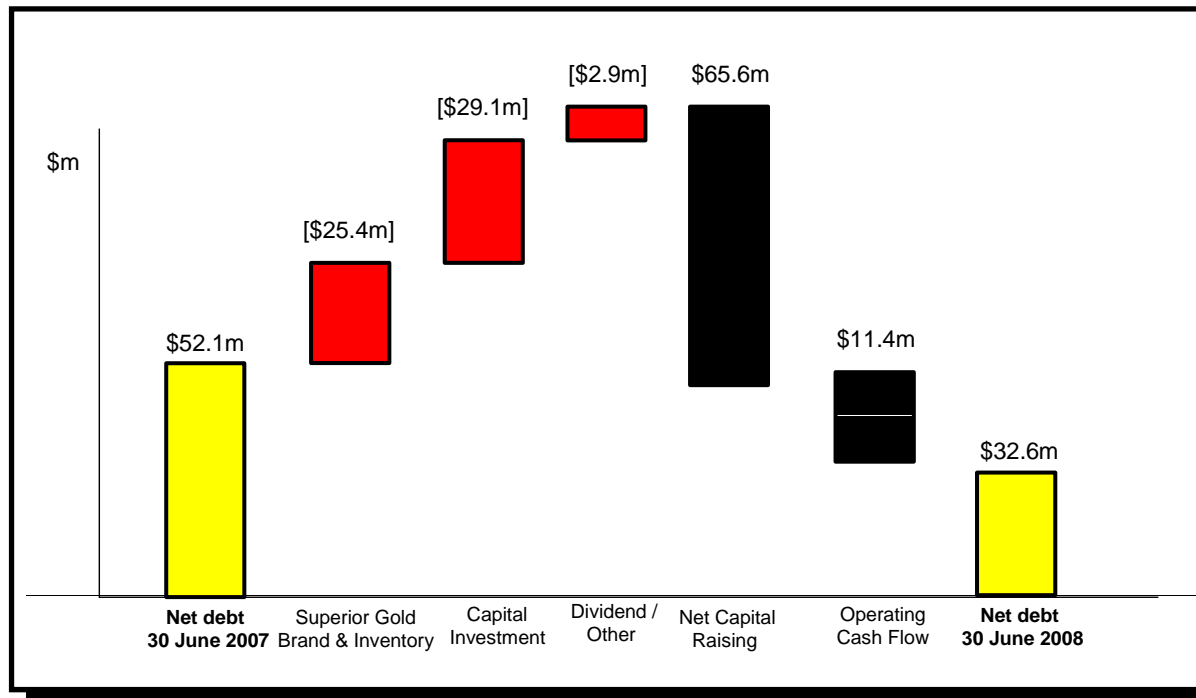
...with an increasing dividend payment to shareholders



- ✓ Dividend of 6.5c per share in 2008 (up from 5.25c per share in 2007)
- ✓ DRP active at 5% discount to support continued investment in business
- ✓ Dividend payout ratio ~40%
- ✓ Earlier future dividend payment and results release dates to be targeted

Highlights

Capital raising was employed towards acquisition of Superior Gold, pursuing growth opportunities, accelerating capital investment and reducing debt...



- ✓ Accelerated capital investment focused on growth, efficiency and risk mitigation – payback <2years and +30% IRR
- ✓ Superior Gold providing synergies on supply and trading terms – performing to plan
- ✓ Net debt reduced to \$32.6m (from \$52.1m)

...Tassal is well capitalised and positioned for continued growth

Highlights



OH&S

- ✓ Tassal is committed to providing a healthy and safe workplace that is without risk of injury or illness
- ✓ Consistent with this philosophy, FY2008 saw a continued “roll-out” of an enhanced Risk Management Platform and a focussed effort to engage all employees in behavioural change to drive workplace safety improvement
- ✓ Tassal has achieved significant improvement trends across a range of workplace safety performance indicators demonstrated as follows:

Indicator	2005	2006	2007	2008
Lost times injuries	101	16	6	9
Days lost	613	82	15	28
Workers compensation claims	163	26	18	11
Number of Employees	516	441	482	474
Workers compensation cost of claims (\$'000)	\$622	\$284	\$261	\$123

Highlights



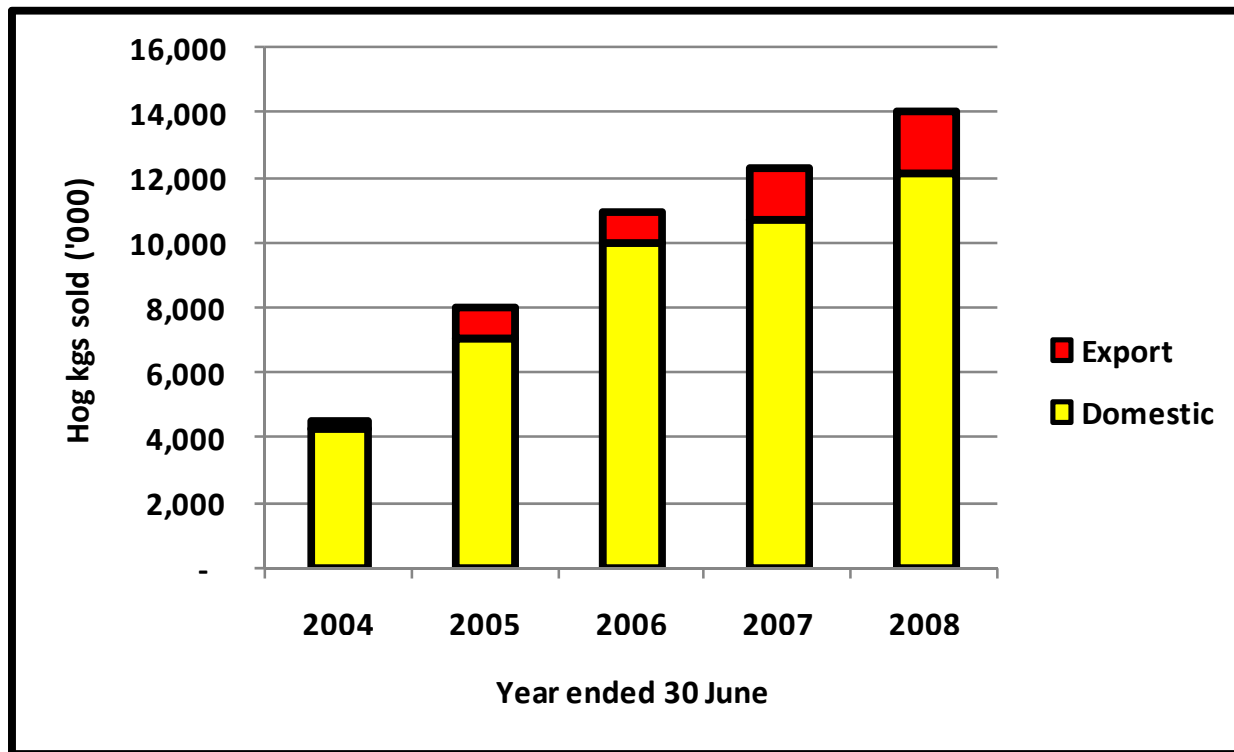
In summary, Tassal...

- ✓ Will continue to implement the financial and operational strategies underpinning the Strategic Plan to FY2015
- ✓ Will continue to drive sustainable environmental management practices and accountability across all levels of business
- ✓ Will continue to fast track our push to become globally cost competitive
- ✓ Expect global supply will grow by a nominal 1% p.a. which should translate into an improved export price in 2009
- ✓ Consider disease issues in Chile remain a significant constraint to global supply
- ✓ Will benefit from lower AUD exchange rate
- ✓ Is well capitalised and will benefit from the investments made in 2008

Managing Director and CEO's Address

Highlights

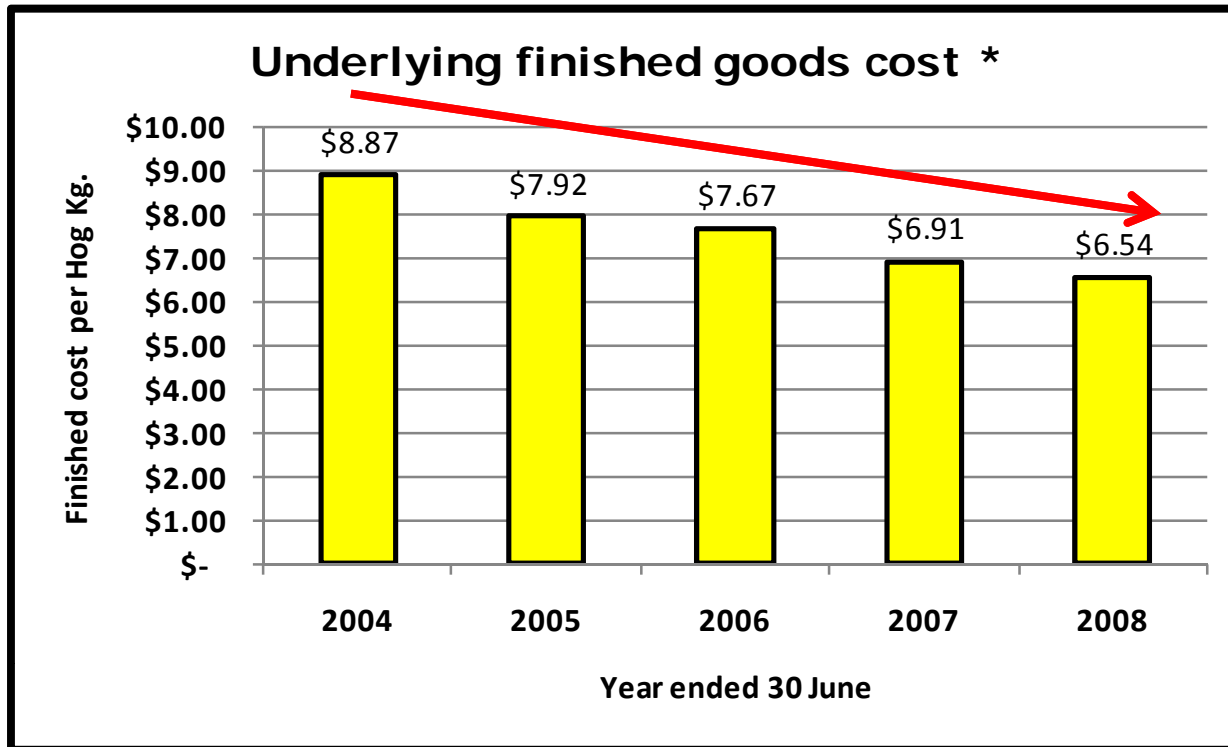
Strong growth in domestic demand for Salmon and Trout is leading to strong volume growth...



- ✓ Overall sales volume growth of 14.3%
- ✓ Domestic market delivered solid growth profile
- ✓ Positioning platform for profitable increased export market penetration laid down
- ✓ Superior Gold in line with expectations
- ✓ Overall price increase of 1.5%

Highlights

Tassal continues to reduce its cost of production...



✓ Cost improvement of 26% over period

✓ Driven by improved:

- fish size
- fish survival
- FCR's
- automation
- restructuring

✓ Despite increasing base costs of:

- fish feed
- labour rates / hour

...and remains highly focused on achieving global best practice in aquaculture production and processing

* Underlying finished goods cost = cost of fish, processing, third party contractors, and packaging expressed as a cost per head on gutted equivalent kilogram net of indirect selling costs

Highlights



Selective Breeding

- ✓ Potential for significant gains from the selective breeding program are excellent – growth, survival, fish quality and AGD
- ✓ Around 9% predicted gain in the growth from selectively bred fish for the first commercially produced stock
- ✓ Strong evidence to support the reduction of bathing for AGD through increasing the bathing interval – at least three bathes less for fish during their life cycle
- ✓ Significant genetic diversity exists in the Tasmanian Salmon Industry population to allow us to breed from fish that will tolerate high water temperatures – which will allow us to embrace climate change
- ✓ CSIRO describe the program as a global best practice breeding program – utilising successes from terrestrial breeding programs and other global Salmon breeding programs
- ✓ We have completed one full cycle of breeding – now we can introduce some of the programs stock into our 2009 Year Class (to be harvested FY2010)

Priority Initiatives



Tassal continues to make sound progress on our key priorities:

✓ **Fish size** - number one priority. FY2009 target 4.3kg harvest size (from current 4.1kg) underpinned by:

- improved fish feed formulation (i.e. diets)
- all fish now fed by automatic feeders;
- earlier smolt input profile;
- improved smolt input size;
- appropriate mix of smolt types;
- improved fish husbandry techniques; and
- increased use of effective lighting regimes

} **Tassal Hatchery on stream Q4 FY2009**

✓ **Fish survivability** - improved fish husbandry and on-site harvesting to underwrite improving fish survivability. On-site harvesting expected to deliver an improvement in survivability of 1% to 2%. FY2009 target survival 84% – 85% (from current 82% – 83%)

✓ **Selective Breeding Program (“SBP”)** - expected to deliver significant improvement in average fish size and survivability. Component of 2009 Year Class smolt intake to be sourced from the SBP stock – this stock harvested in FY2010

Priority Initiatives



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- ✓ **Processing improvements** – global best practice cost positioning on track via continued automation investment in FY2008 and FY2009 (**Retail processing line commissioned in July and harvest vessel operating from Dover in October**)
 - ✓ **Branding opportunities** - essential that Tassal has a strong Tassal “Pure Tasmania” brand. Creating a strong brand:
 - strengthens product range positioning;
 - provides innovation delivery conduit to consumers;
 - builds on existing customer loyalty; and
 - provides imported products protection
 - ✓ **Imported Product** – must maintain vigilance and not become complacent - we have strong competition from both our local competitor (from a fresh Salmon perspective) and imports (from a smoked and frozen Salmon perspective). The Superior Gold acquisition was an important strategic acquisition in this context
 - ✓ **Revenue Initiatives** - Tassal continues to seek out new profitable markets and products both from a domestic and export sales perspective. With limited global supply and an ever increasing demand, we remain confident of strong growth in the 2009 financial year and beyond
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Climate Change



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- ✓ Climate change and sustainable salmon farming are regarded as essential considerations in the way we operate now and the way we will be operating in the long term
 - ✓ Scoping study into industry adaption to the potential impacts of climate change underway* with objectives of:
 - identifying and reviewing key industry climate change information needs;
 - scoping the likely industry impacts of climate change; and
 - scoping possible solutions for adaptation and identify viable industry development opportunities
 - ✓ The draft report focuses on many of the key climate change initiatives, such as selective breeding research programs, already underway to proactively address the potential consequences of climate change on the salmon industry
 - ✓ Tassal is at the forefront in these areas and is a key contributor to the industry's current and significant investment program in selective breeding research targeting increased fish tolerance to higher water temperatures

* conducted under the Australian Government's National Agriculture & Climate Change Action Plan.

Climate Change



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- ✓ Preliminary research has suggested that a proportion of the Tasmanian Salmon are “oxygen regulators” and can regulate their metabolic rate to survive during low levels of dissolved oxygen in higher water temperatures
 - ✓ Being able to selectively breed fish that can adjust to sub-optimal temperatures and incorporate these resilient salmon into our selective breeding programs will be one of the many initiatives we pursue to ensure we continue to be robust and profitable
 - ✓ Tassal already operates on a geographically diversified basis from multiple deep water marine based sites which exhibit excellent water flow. We farm at some of the lowest stocking densities in the world – all these are integral components of our climate change strategies
 - ✓ Tassal is already in dialogue with the relevant regulators concerning off-shore farming and has always viewed such a move as an adjunct to our existing operational practices – irrespective of potential climate change impacts. Climate change is just another of the operational risks we face and which the industry will learn to manage
 - ✓ Tassal firmly maintains that the initiatives already underway way demonstrate our commitment to proactively addressing any potential impacts of climate change on our operations

Economic Conditions & Outlook



- ✓ Tassal continues to monitor economic conditions closely, and is well aware of the concerns held for the global and domestic economies
- ✓ However, we do not currently see anything in current trading that changes our expectations for the year
- ✓ Tassal's capital raising was directed toward reducing debt levels and investing in capital equipment in order to reduce operating costs and improve margins
 - as a result, the business is in a solid financial position and continues to trade strongly
- ✓ Management has also protected Tassal's export earnings stream at rates which underpin FY2009 guidance delivery
 - Tassal expects to benefit from lower AUD exchange rate moving forward
- ✓ Tassal continues to be well positioned to deliver on forecast NPAT of \$30 million for FY2009

Conclusion



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- ✓ Fish growth and overall performance continues to be encouraging, with current favourable growing conditions
 - ✓ We continue to control our input costs and mitigate the impacts of upward movements in feed prices through proactive feed management and diet formulation practices
 - ✓ Superior Gold, from a retail market perspective, is performing well and contributing above our expectations
 - ✓ We have initiated a range of programs with our key customers to drive sustained sales volume growth in both our domestic and export markets, particularly in the all important December quarter
 - ✓ Planned capital investment initiatives are well underway and on timeline schedule
 - ✓ Tassal is well positioned to maintain its earnings momentum and strategy for growth
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Questions



*Have fun,
work hard,
stay healthy,
eat salmon*

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