Tassal Group Limited
2009 Annual General Meeting

Melbourne
5 November 2009

Agenda

- ✓ Welcome and introduction
- ✓ Chairman's address*
- ✓ Managing Director and CEO's address*
- ✓ Ordinary business:
  - ✓ Item 1. To receive and consider the Annual Financial Report
  - ✓ Item 2. To adopt the Remuneration Report
  - ✓ Item 3. To re-elect a Director
  - ✓ Item 4(a). Long-term Incentive Plan – (ASX Listing Rule 7.2)
  - ✓ Item 4(b). Long-term Incentive Plan – approval of grant of Performance Rights
- ✓ Conclusion

* More extensive presentation is also available and being released to the ASX

Chairman’s address

Mr Allan McCallum

FY2009 highlights

- ✓ Delivered strong Pre-SGARA EPS (16%) and dividend growth (23%)
- ✓ Continued to implement and achieve cost reductions and throughput efficiencies
- ✓ Commenced initial stocking of our global best practice Huon River Hatchery recirculation hatchery
- ✓ Marketing aimed at increasing per capita salmon consumption, with the retail channel sales base underpinning strong domestic sales momentum
- ✓ Continued to pursue growth opportunities, bringing forward capital investment in biomass growth, efficiency and risk initiatives to provide a solid platform to deliver on our Strategic Plan FY2015
- ✓ Continued to up-skill our Leadership Group toward global best practice in operational, risk management and sustainability
- ✓ Maintained an acceptable gearing profile and sufficient debt facility head room

FY2009 highlights

- ✓ Special accounting standards apply to companies such as Tassal that are involved with 'manufacturing' and marketing live products such as Salmon.
- ✓ For Tassal a special accounting standard is for Self-Generating and Live Assets ("SGARA").
- ✓ We can sell our fish as soon as possible or leave them in the water and grow and appreciate, thereby increasing future sales and profitability – i.e. shareholder value.
- ✓ The profit post SGARA is the profit after allowing for the increase in net value of our harvested fish (i.e. inventory) and for those live fish over a size threshold of 2.3kg hog in the water (i.e. biological assets).
- ✓ Analysts of companies such as Tassal tend to look at both the pre and post SGARA profit measures.
- ✓ For Tassal in FY2009:
  - ✓ Pre SGARA profit after tax was up 26%
  - ✓ Post SGARA profit after tax was up 47%, reflecting a decision to invest in stock to grow our supply capacity and ultimately, further "shareholder value"

FY2009 highlights

Tassal delivered excellent profit performance in FY2009, continuing the upward trend since FY2004

The key numbers:

Pre-SGARA results

- ✓ Revenue of $204.1m *(+22%)*
- ✓ Net profit before tax of $34.4m (+*23%*)
- ✓ Net profit after tax (NPAT) of $26.8m *(+26%)*
- ✓ Basic EPS 19.8 cps *(+16%)*
- ✓ EPS: FY2004 to FY2009 of +33% pa

Post-SGARA results

- ✓ SGARA (unrealised) addition to net profit after tax of $3.3m

FY2009 highlights

- ✓ Increased dividend of 8c per share in 2009 (up from 6.5c per share in 2008)
- ✓ DRP underwritten to support continued investment in business
- ✓ Intention to also seek to underwrite FY2010 interim dividend
- ✓ Franking expected to begin with FY2010 final dividend
- ✓ Will continue to target a dividend pay-out ratio of ~40% on pre-SGARA NPAT (40.6% in FY2009, 41.2% in FY2008)
- ✓ Improved operating cash flow of $24m (versus $9m in FY2008)
- ✓ Improved cash flow and debt utilised to accelerate capital investment and fund biomass growth. Gearing up from 17% at 30 June 2008 to 33% at 30 June 2009 – but sitting within 30%-35% target

FY2010 priorities

FY2010 will bring finalisation of the key investments that will underwrite our objectives to deliver on the Strategic Plan FY2015

- ✓ Deliver a significant improvement in smolt size and time of input following the completion of our global best practice Huon River Hatchery recirculation hatchery
- ✓ Further improve fish size and survivability through targeted investment in marine infrastructure (e.g. Huon River Hatchery), on-site harvesting technology and ongoing fish husbandry and feed management improvements
- ✓ Maximise the gains from processing automation, innovation and capacity infrastructure investments, leveraging-off improved fish harvest size
- ✓ Continue to “de-risk” the business and cascade risk mitigation and management practices across *all* levels of the business
- ✓ Strengthen the environmental, social and governance (ESG) culture across the business to support corporate reputation and sustainable business growth

FY2010 priorities

The priorities for FY2010 are to continue to …

- ✓ Increase EPS and dividends
- ✓ Build Tassal brand awareness to strengthen product positioning and deliver innovative products to our customer base
- ✓ Grow salmon per capita consumption via new product development, innovation and strengthening of our retail and wholesale relationship bases
- ✓ Harness branding and marketing initiatives momentum to underpin strong domestic demand and sales growth, while proactively seeking out profitable Asia-Pacific market alternatives as they arise
- ✓ Invest in biological assets and inventory growth to underpin our Strategic Plan FY2015. We have built significant underlying value in our asset base, both in fish harvested (i.e. processed inventories) and fish in the sea (i.e. biological assets)

Managing Director & CEO's address

Mr Mark Ryan

Highlights FY2009

Strong full-year results for FY2009

Pre-SGARA

- ✓ Revenue of $204.1m *(+22%)*
- ✓ EBITDA of $42.3m *(+14%)*
- ✓ NPAT of $26.8m *(+26%)*
- ✓ Basic EPS 19.8 cps *(+16%)*
- ✓ No non-recurring items for FY2009 (FY2008:$1.4m)

Post-SGARA

- ✓ Revenue of $357.8m (+24%)
- ✓ NPAT of $30.1m (+47%)

Highlights FY2009

Strong sales momentum – particularly in the domestic market – and despite the challenging economic environment

- ✓ Total sales up more than 20% in volume and value terms, reflecting very strong domestic demand and sales – continuing the pattern of consistent annual growth in total sales since FY2004
- ✓ Domestic market delivered very strong volume and revenue growth (up 30% & 32%)
- ✓ Salmon sales are proving resilient in current economic conditions and we expect this to continue in FY2010
- ✓ Satisfying domestic demand, increasing fish size and ensuring sufficient frozen inventories are the priorities
- ✓ Export market is being utilised for "excess" supply … given the underlying price and foreign exchange (i.e. currency) volatility. Exports were down more than 40% in FY2009 – given strong domestic demand

Highlights FY2009

Maintained our domestic market focus – both wholesale and retail sales ensuring our solid returns

- ✓ Overall domestic sales price is "relatively stable"
- ✓ However, a change in sales channel and product mix mask the overall positive / upward trend
- ✓ Our domestic and, more particularly, our retail focus has protected us from the otherwise negative export margin trend in FY2009
- ✓ Increase in direct selling costs reflects both a sales mix change (i.e. wholesale to retail), together with a change in product mix (including direct versus indirect supply). It does *not* reflect a deteriorating margin return from retail sales per se (in fact margins are on average increasing from retail sales)
- ✓ This cost as a percentage of our business is likely to continue to increase in FY2010, but again only in line with the further growth of our retail business – i.e. we are not "giving away" margin
- ✓ Anticipate stabilising at about 15%-17% of total sales revenue per HOG kg hereon (FY2009: 15%)

Strategic Plan FY2015

Focused on sustainable growth and global best practice

- ✓ We continue to reduce our cost of production (29% reduction since FY2004) and are confident of achieving global best practice in aquaculture production and processing
- ✓ We apply best-practice farming and environmental science to ensure sustainable production. Fallowing and adaptive monitoring programs are in place and are continuously modified to remain within the carrying capacity of a given lease. We manage our leases with the latest in environmental management to underpin our sustainability
- ✓ After significant analysis, the lease space required to ensure sustainable production to FY2015 and beyond is summarised as:
  - ✓ Up to FY2015 ... should any additional lease production capacity be required – most likely would only be a change in the shape or size of our current farming zones
  - ✓ Beyond FY2015 ... there will be a need for additional lease production capacity – may take the form of either new lease area(s) and/or a combination in the shape or size of the current farming zones

Strategic Plan FY2015

Why we can grow domestic revenue at 10% per annum?

- ✓ Low salmon share of protein market at only 3.6%
- ✓ Australian consumption at 1.2kg per capita lags well behind other developed nations (e.g. UK at 3.6kg per capita)
- ✓ Positive consumer and market trends – consumer trend towards healthier and functional eating will stimulate salmon consumption, with significant market growth momentum
- ✓ Sales and marketing opportunities:
  - limited category marketing of salmon – we estimate that hereon we will spend about 3% to 5% of domestic revenue on marketing
  - building market, consumer and retail understanding, then subsequently tailoring marketing programs
  - above and below-the-line marketing investments including media, improved packing presentation, new salmon shops (Kew store opening in January 2010), additional in-store promotions
  - aggressive new product development program, including new formats

Strategic Plan FY2015

Outlook for sales mix and margins

- ✓ With the strategy to increase domestic salmon per capita from 1.2kg to 1.8kg per annum, it is vital that we maximise our domestic sales opportunities
- ✓ We have seen a shift in our sales mix with the global financial crisis, a shift to retail sales with people eating at home more, but wanting a superior protein food choice to enjoy
- ✓ Once the GFC ends, our sales mix should re-balance somewhat with people eating out more at restaurants – we have planned that the domestic sales mix in FY2015 should be should be consistent with FY2009
- ✓ Retail margins are not deteriorating – on average we are experiencing slightly improving margins

Strategic Plan FY2015

Capital expenditure

- ✓ Following our capital raising in January 2009, we identified that we could bring forward some key capital expenditures … which allowed us to pursue quicker growth opportunities (i.e. expansion) with an efficiencies and risk-mitigation focus … as well as ensuring best-practice biosecurity practices (e.g. harvest vessels, automatic feeders)

- ✓ Two key spends were identified - $25m for the Huonville hatchery and $15m for Huonville expansion – with the funding of these assets effectively split over FY2009 and FY2010

- ✓ We could have delayed both outlays, but the benefits were so attractive that the argument for the expenditure were compelling

- ✓ The Hatchery and Huonville development spends allow us to proceed beyond the Strategic Plan FY2015, from a growth perspective

Strategic Plan FY2015

Capital expenditure

- ✓ During the past three years the major focus of the main capital programs has been expansionary in view of achieving Strategic Plan volume targets
- ✓ Additionally, significant investment has been made in efficiency based capital projects for all three operational business units, to maximise existing infrastructure and to progress towards world's best practice salmon production
- ✓ The majority of expansionary spend has been and will be undertaken in FY2009 and FY2010
- ✓ Our strategy post-FY2010 is for the expansionary phase to give way to a consolidation / replacement phase
- ✓ But with the incorporation of some 20 people from overseas or interstate – best-practice people with best-practice ideas – we will not pass up opportunities to invest with clear and pervasive paybacks that continue to drive efficiencies throughout our business
- ✓ Capital spend (over and above replacement capital expenditure) will need to demonstrate an ROI after tax of at least 15%
- ✓ By FY2015, depreciation and replacement capital expenditure will effectively be in line at between $13m and $15m

Strategic Plan FY2015

Gearing: acceptable gearing and banking arrangements are in place to allow us to deliver on our Strategic Plan

- ✓ Gearing of 33% is within the 30%-50% target range (target range of 25%-35% by FY2012-FY2015)
- ✓ Sufficient available "headroom" in current bank facility pool
- ✓ Strong relationship with Westpac Banking Corporation maintained
- ✓ Incremental trade finance and leasing facilities have been secured with NAB and Bankwest since 30 June 2009 to underpin Strategic Plan funding requirements
- ✓ Core facilities mature 31 October 2010, but will be re-visited well before this
- ✓ Facility pricing remains competitive within the context of the current debt market
- ✓ It is not currently the company's intention to access equity markets (except via the DRP) to fund future growth

Conclusion

- ✓ FY2010 will bring finalisation of the key investments that will underwrite our objectives to deliver on the Strategic Plan FY2015
- ✓ Strong sales momentum continues – particularly in the domestic market – and despite the challenging economic environment
- ✓ We continue to maintain our domestic market focus – both wholesale and retail sales ensuring our solid returns
- ✓ We remain focused on sustainable growth and global best practice
- ✓ Acceptable gearing and banking arrangements are in place to allow us to deliver on our Strategic Plan
- ✓ Tassal is well positioned in FY2010 to continue to pursue the growth underpinning its Strategic Plan FY2015

Any questions?

Have fun,

work hard,

stay healthy,

eat salmon