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The Manager Listings  
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Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

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**Via e-lodgement**

**Tassal continues to grow and successfully integrates De Costi Seafoods**

Tassal Group Limited (ASX: TGR) is pleased to announce its results for the 12 months ended 30 June 2016 (FY2016), delivering revenue growth in challenging operating conditions and a sustainable 8.2% growth in operating net profit after tax to \$37.9 million.

**Results overview**

(\$ million)	FY2016	FY2015	Change
<b>Statutory results <sup>1</sup></b>			
Revenue	430.9	309.8	39.1%
EBITDA	97.3	94.0	3.5%
NPAT	48.5	50.0	(3.0)%
<b>Operating results <sup>2</sup></b>			
EBITDA	82.2	72.6	13.2%
NPAT	37.9	35.0	8.2%
Operating cash flow	50.2	42.7	17.6%
Gearing (net debt/equity)	33.5%	17.6%	
Final dividend <sup>3</sup>	7.5	7.0	7.1%
Total dividend <sup>3</sup>	15.0	14.0	7.1%

Note:

1. While Operating NPAT was 8.2% better than FY2015, Statutory NPAT reflects the impact of AASB 141 'Agriculture' (**SGARA**). The SGARA uplift for FY2016 was lower than that for FY2015, reflecting management's initiatives in reducing the volume of Salmon product finished goods on hand, coupled with lower live Salmon standing biomass volume at 30 June 2016 as a consequence of summer 2015/16 environmental conditions. This lower volume impact has been offset to a large degree with higher forecast future sales and sales margins (i.e. net market value). EBITDA for FY2016 included \$15.1 million SGARA adjustment, compared to \$21.4 million for FY2015. Likewise, NPAT for FY2016 included \$10.6 million SGARA adjustment compared to \$15.0 million in FY2015.
2. There were no non-recurring items recorded for FY2016. However, there were \$1.1m in compliance, restructuring, alignment and integration costs incurred in FY2016 in integrating De Costi Seafoods' business into Tassal's operational structure.
3. Final dividend is 100% franked/ interim dividend 75% franked in FY2016, compared to 50% franked for both the final and interim dividend in FY2015.

Commenting on the company's FY2016 results, Tassal Managing Director & CEO Mr Mark Ryan said:

"The 2016 result, with revenue and operational earnings continuing to increase, reflects Tassal's resilient business model. During FY2016, Tassal was faced with higher costs and less than optimal supply due to warm water through summer and autumn, and a high percentage of retail sales volume and pricing locked in.

"Having successfully acquired and integrated De Costi Seafoods, Tassal is now Australia's leader in the \$4.3 billion Salmon and Seafood market, selling recognised ethical brands to Australian consumers and retailers. De Costi Seafoods has generated the results we anticipated and we have now the right foundations in place to pursue our Salmon and Seafood strategy. We are confident that Tassal can continue to grow returns from its sales initiatives."

### **Salmon – managing sales mix to optimise returns**

"Tassal's Salmon product and sales initiatives, helped grow domestic market per capita consumption and underpinned the Company's revenue and earnings growth. Overall, the underlying Salmon market in Australia has continued to expand with strong growth in both the retail and wholesale markets.

"Even with higher fish costs for the Salmon harvested during FY2016 and a high level of retail sales locked in, Tassal was able to maintain its returns moving towards a more optimal sales mix and relentless attention to operational efficiencies and sustainable contribution margins," said Mr Ryan.

### **Seafood – substantially increases Tassal's total addressable market with a focus on replicating Tassal's success in Salmon**

"We have successfully aligned De Costi Seafoods' business to provide a solid efficient and scalable platform to support Tassal's growth. We expect to see the benefits from the successful integration of De Costi Seafoods to flow in the 2017 financial year and beyond," added Mr Ryan.

### **Continued growth in revenue and earnings**

Revenue was up 39.1% to \$430.9 million (FY2015: \$309.8 million) reflecting continued growth in Salmon and a full twelve months of operating De Costi Seafoods.

Operational EBITDA was up 13.2% to \$82.2 million (FY2015: \$72.6 million). A 13.2% growth in EBITDA demonstrates the resilience of the business model with an overall higher cost of fish due to the warm water environmental conditions and circa \$1.1 million of compliance, restructuring, alignment and integration costs for De Costi Seafoods, offset by additional earnings from De Costi Seafoods, sales and product mix optimisation and operational efficiencies.

### **Strong balance sheet and cash flows**

"Tassal's balance sheet continues to strengthen, supporting future growth initiatives. Operating cash flows increased to \$50.2 million. We continue to prudently utilise the cash generated by our operations to invest in fish growth from both a fish number and weight perspective, while undertaking responsible capital spend to underpin sustainable growth in long term returns," said Mr Ryan.

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## Comfortable gearing

As a result of the acquisition of De Costi Seafoods, Tassal's gearing as reflected by net debt to equity, increased to 33.5% (30 June 2015: 17.6%) and the company's funding ratio increased to 44.6% (1H15: 34.9%).

## Continued growth in dividend and franking

Reflecting the Company's strong cash flows, strong balance sheet and attractive growth outlook, the Directors of Tassal increased the company's final dividend by 7.1% to 7.5 cents per share, 100% franked (2H FY2015: 7.0 cents per share, 50% franked). The record and payment dates for this dividend are 9 and 29 September 2016, respectively.

This brings the total FY2016 dividend to 15 cents per share, 87.5% franked, up 7.1% on the previous year (FY2015: 14 cents per share, 50% franked).

## Positive outlook expected to deliver continued sustainable growth in revenues and earnings in FY2017

Commenting on Tassal's outlook for FY2017, Mr Ryan said:

"Tassal's strategic shift from a purely vertically integrated Salmon company to a Salmon and Seafood company has opened strong growth opportunities. The successful acquisition of De Costi Seafoods positions Tassal as the market leader in Australia's \$4.3 billion Seafood industry.

"In line with Tassal's Strategic Plan, the overarching focus for FY2017 is to increase domestic Salmon and Seafood consumption while ensuring that operational and asset returns are maximised. Moving into FY2017, we will have more flexibility to evolve Tassal's Salmon supply and sales channel mix to maximise overall returns.

"With a lower level of forecast sales locked into retail contracts, the operational program that we have put in place will give us the best chance to allow Salmon stock to recover and build up our standing biomass, particularly fish size. This will allow Tassal to optimise farming, processing, and sales returns, and ultimately achieve global best practice operational, financial and environmental performance.

"Current favourable salmon pricing in wholesale and export markets is forecast to continue in FY2017. This is not without risk, with both domestic and global pricing at their highest points for a considerable period of time. However, we believe that with greater ability to flex Tassal's supply and sales mix, we are well placed to offset increased Salmon & Seafood costs. As a result, the Board expects that Tassal will be able to continue its growth trajectory and generate increased earnings in FY2017."

Ends-

### Media / analyst queries:

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### About Tassal

Tassal Group Limited (ASX: TGR) is a vertically integrated Salmon grower and Salmon and Seafood processor, seller and marketer. The Company produces and sells premium Salmon and Seafood products for both the Australian domestic and export markets. Tassal grows delicious, fresh and healthy Atlantic Salmon in Tasmania's fresh waters and through its De Costi Seafood business sources and processes a wide range of Seafood. Tassal is committed to taking a leadership role in sustainability in aquaculture and Seafood sourcing. The company employs over 1,200 people. Visit [www.tassal.com.au](http://www.tassal.com.au) for more information.

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