

# Tassal Group Limited

Acquisition of the *Superior Gold* Brand

8 January 2008

# Agenda

- Overview
- Superior Gold
  - Overview
  - Market Overview
  - Strategic Rationale
- Equity Funding
  - Overview
  - Indicative Timetable
- Financial Impact
- Trading Update
- Investment Highlights

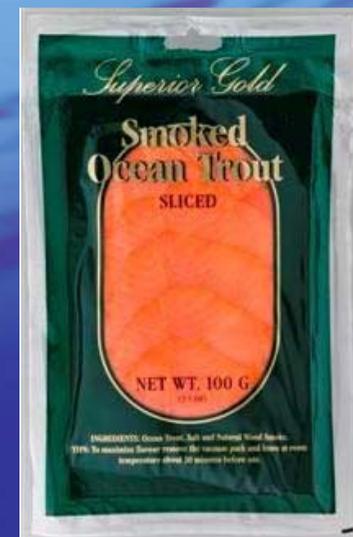
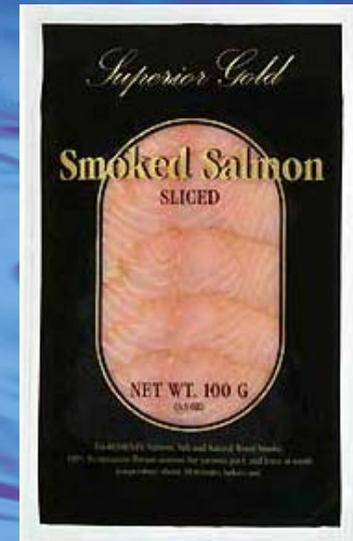
# Overview

- As disclosed on 31 December 2007, Tassal is in the process of acquiring the brand name, assets and intellectual property of **Superior Gold** a market leading brand of pre-packaged Smoked Salmon and Trout from National Foods Limited
- Total Acquisition Price of A\$26.5 million, including A\$4.5 million for trading stock to be acquired
  - EBIT multiple of approximately 6.3x based on FY2008 estimates
- Acquisition and associated funding expected to be approximately 5.4% Earnings Per Share accretive<sup>1</sup>
- Conditions precedent include ACCC approval and the execution of supply agreements with Norlax and Montague Warehousing with completion expected on or before 15 February 2008
- **Superior Gold** is an excellent and complementary addition to Tassal's brand and product portfolio – consistent with stated strategic goal of continuing to grow its presence in the overall packaged fish market with a market leading brand position

<sup>1</sup> On a pro-forma full year basis for 2008E; assumes equity issue price of \$3.75

# Superior Gold - Overview

- Currently supplies Salmon, Trout, Mussels, Herring, Rollmops, Caviar, Bismarks and Prawns to the Retail and Foodservice markets
- Tassal to acquire **Superior Gold** brand with the focus to be on Salmon and Trout products only
- All Salmon and Trout **Superior Gold** products are imported under an exclusive supply agreement with Norlax, Denmark
- Products are distributed nationally, with most sales through major supermarket chains



# Superior Gold - Overview

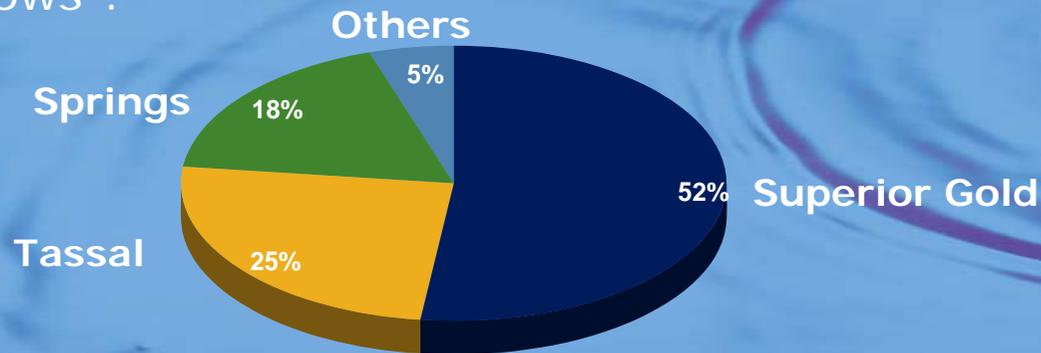
- **Superior Gold** has been market leader in the packaged Fish segment over the last 5 years
  - market share rising from 41% in 2002 to 52% in 2007<sup>1</sup>
- Sales to the Retail sector account for c.90% of Gross Sales
- Estimated full year FY2008 financial performance of **Superior Gold**<sup>2</sup>
  - Revenue: A\$29 million
  - EBIT: A\$3.5 million

<sup>1</sup> Source: Synovate Aztec data

<sup>2</sup> Source: Tassal management

# Superior Gold – Market Overview

- As at 30 September 2007, the retail value of the total Speciality Seafood category in Australia was A\$83.6 million – of which the retail packaged fish segment represented A\$68.5 million – with market share as follows<sup>1</sup>:



- Retail Packaged Fish is a fast growing market<sup>1</sup>
  - CAGR of 13% over last 3 years – with Salmon at 10% and Trout at 28%
  - For period August 2006 – July 2007, segment grew at 22%, Salmon at 14% and Trout at 74%

With the ***Tassal Pure Tasmania*** and ***Superior Gold*** brands, Tassal will continue to grow the overall packaged fish segment through brand promotions, advertising and innovation

<sup>1</sup> Source: Synovate Aztec data

# Superior Gold - Strategic Rationale

- ✓ Broader product range, including market leading position in Smoked Salmon and Trout
- ✓ Immediate scale and potential to drive growth in the overall packaged fish market
- ✓ Strengthens Tassal's position as Australia's leading vertically integrated Salmon producer, seller and marketer in all categories (Fresh, Frozen & Smoked)
- ✓ Import business provides a hedge against production risk and a hedge against export sales
- ✓ Access to global best practice and innovation through strong links with a northern hemisphere Salmon producer
- ✓ Opportunity to leverage Tassal's experience to expand distribution of the **Superior Gold** product range in the Foodservice market

Acquisition consolidates Tassal's position as the 'fish experts'

# Equity Funding - Overview

- ***Superior Gold* acquisition will be funded by an equity raising**
  - Approximately A\$65 million institutional placement
    - Represents c.15% of issued capital
    - Price to be determined by underwritten bookbuild, floor price of A\$3.75
    - Merrill Lynch - Lead Manager to the offer
- Surplus funds to be applied to pay down debt and fund organic growth strategies
- Tassal intends to offer a Share Purchase Plan (SPP) post completion of acquisition, capped at a maximum of A\$6 million

# Equity Funding – Indicative Timetable

Milestone	Indicative Timing <sup>1</sup>
Book build opens	12.00 pm – 8 January 2008
Book build closes	4.30pm – 8 January 2008
Placement Pricing & Allocations announced	
Settlement	14 January 2008
Allotment & Trading Commences	15 January 2008

<sup>1</sup> All times and dates subject to change, at Tassal's discretion

# Financial Impact

- Superior Gold full year FY2008 forecasts<sup>1</sup>
  - Revenue: A\$29 million
  - EBIT: A\$3.5 million
- Based on acquisition price of A\$26.5 million and proposed equity raising of A\$65 million, **Superior Gold** is expected to be 5.4% EPS accretive<sup>2</sup>
- In event that conditions precedent are not satisfied and the **Superior Gold** acquisition does not complete, application of placement proceeds to debt reduction is estimated to be 1.2% accretive to EPS<sup>2</sup>

<sup>1</sup> Source: Tassal management

<sup>2</sup> On a pro-forma full year basis for 2008E; assumes equity issue price of \$3.75

# Trading Update

- Tassal remains on track to deliver its previous market guidance of a “normalised” NPAT of A\$20 million to A\$21 million for FY2008 – **excluding any impact from the Superior Gold acquisition**
- H1 results to be released around 27 February 2008 with likely split to be 45% to 50% “normalised” NPAT in H1 and 50% to 55% “normalised” NPAT in H2. This is in line with Tassal Board Approved Budget for FY2008.
- Second half of financial year to benefit from range of initiatives undertaken during H1 2008
  - Re-negotiated packaging contracts
  - New feed agreement
  - New hog box and freight configuration to be implemented in March 2008
  - Continuation of processing improvements
  - Re-negotiated Japanese sales contract
  - Improving global prices for other export markets
  - Increased investment in marketing
  - Reduced third party growing and processing

# Investment Highlights

- Exposure to an attractive high growth domestic industry with scope to increase export levels
- Leading market position in all key product categories with strong brand recognition for both its existing **Tassal Pure Tasmania** and newly acquired **Superior Gold** brands
- Demonstrated strong earnings growth
  - 43% increase in “normalised” NPAT FY2006 to FY2007
  - 25-31% forecast increase in “normalised” NPAT FY2007 to FY2008<sup>1</sup>
- Detailed Strategic Plan in place for period to at least FY2015
  - Targeting operational and processing improvements
  - Strong focus on cost control
  - Product and market development initiatives and innovation
- **Superior Gold** acquisition and associated equity raising estimated to be 5.4% EPS accretive<sup>2</sup>
- Addition of **Superior Gold** is a key step in executing Tassal’s Strategic Plan and further consolidates its position as the ‘fish experts’

<sup>1</sup> Excluding any contribution from Superior Gold

<sup>2</sup> On a pro-forma full year basis for 2008E; assumes equity issue price of \$3.75

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