



## MEDIA RELEASE

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### Satisfactory performance during a period of transition

Tassal Group Limited (Tassal) today announced its half year results for the six months ended 31 December 2009 (1H10), delivering a net profit after tax of \$15.1 million.

### Financial highlights

Tassal's 1H10 statutory results included:

(\$'000)	1H10	1H09	Change
Revenue	206,265	178,434	16%
EBITDA	27,673	28,577	(3)%
NPAT	15,076	16,468	(8)%
Gearing (net debt/equity) <sup>1</sup>	40.1%		

(1) Target range at half year is 40% to 45% (30 June 2009: 33.17%). Target range at full year of 30% to 35%

Tassal had a non recurring item within its results which was a loss on foreign exchange contracts (\$1.13 million before tax; \$0.79 million after tax). This loss occurred as a result of a fair value adjustment to hedge contracts in place at 31 December 2009. Tassal's 1H10 underlying result was:

(\$'000)	1H10	1H09	Change
Revenue	206,265	178,434	16%
EBITDA	28,807	28,577	1%
NPAT	15,870	16,468	(4)%

Tassal's Managing Director and CEO, Mark Ryan, said that this was a satisfactory result during a period of transition that also encompassed difficult market conditions caused by the global financial crisis (GFC), falling export prices, and a high Australian dollar.

Revenue was higher due to a strong domestic market performance where sales revenue was up 12%, and in particular, from the retail market where sales revenue and volume was up 20% and 14%, respectively. The marketing strategy that Tassal has employed on increasing salmon consumption per capita is underpinning the strong domestic market performance.

Earnings were slightly lower predominantly due to the non-recurring foreign exchange loss; significantly lower returns from export sales ; acquisition of some third party fish for value add production, and a lower return from Tassal's contract growing arrangement with Petuna given Petuna smolt was supplied.

The Directors have declared an unfranked interim dividend of 4.00 cents per share (1H09: 4.00 cents per share unfranked). The Company's Dividend Reinvestment Plan is applicable to the interim dividend, will have a 5% discount, and it is intended that it will be fully underwritten.

### **Operational highlights**

In commenting on Tassal's operational performance, Mark Ryan, said that Tassal remained well positioned to continue to pursue its growth strategy and deliver on the operational and financial performance underpinning Tassal's Strategic Plan which is in place to FY2015.

"Tassal has experienced strong sales momentum in the domestic market, particularly retail sales for the first half. This momentum has continued into the second half of this financial year, and we remain focused on growing Australian consumption per capita. Tassal's new canned range, which is the only canned product that is Australian Atlantic salmon grown and canned in Australia, will be launched nationally with Coles in April.

"Export market conditions are improving with base prices increasing and global supply decreasing. Export sales are still expected to account for around 10% of total sales in the 2010 financial year.

"Operationally the results have been excellent. We have substantially concluded the building of our two key infrastructure projects, the Huon River Hatchery and the extension to the Huonville Value Add Processing facility, which we consider to be technologically and environmentally global best practice facilities.

"Earnings margins are expected to resume their growth path from the second half of the 2010 financial year and into the 2011 financial year and beyond driven by several positive factors. Higher returns from export sales are expected given the improving market conditions as seen in the first six weeks of the calendar year, and further targeted price increases in both the domestic and export markets will be undertaken. On the cost reduction side, more "Tassal in-house" salmon will be used for Superior Gold production, additional production cost improvements will come from the Huonville value add facility extension, and the benefits of Tassal's capital programs will flow through to lower cost of goods sold. No further reduction in the price of the contract growing agreement with Petuna is expected.

"We have also continued our strong salmon biomass growth. The underlying performance of the salmon due for harvest in FY2011 and FY2012, which are currently both at sea and within the hatchery environment, has been excellent.

"We are excited about the outlook for Tassal. We remain focused on executing and delivering our long term strategy of global cost competitiveness across all our operations. We operate in attractive growth markets, and Tassal's strong balance sheet allows us to pursue the company's growth strategy. We have put in place an enviable platform for future financial and operational growth."

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**About Tassal**

Tassal Group Limited (ASX:TGR) is a vertically integrated salmon grower, processor and sales and marketer. The Company produces and sells premium salmon products for both the domestic and export markets.

For a number of years, Tassal has been bringing delicious, fresh and healthy Tasmanian Atlantic salmon from its pristine waters to its customers. Today, Tassal is the leader in producing Atlantic salmon in Australia, and employs over 550 people.

Visit [www.tassal.com.au](http://www.tassal.com.au) for more information.