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ASX Market Announcements
Australian Securities Exchange
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Via e-lodgement

TASSAL ANNOUNCES GROWTH INITIATIVES AND CAPITAL RAISING

HIGHLIGHTS

- Tassal is investing in a range of working capital and capital investment initiatives to meet the continued growth in domestic demand for salmon and to take advantage of the ongoing strength in operating conditions
- Initiatives to be funded via a fully-underwritten \$80 million institutional placement ("**Placement**") and a non-underwritten Share Purchase Plan ("**SPP**") to raise up to approximately \$20 million
- New credit facilities established with Rabobank, Westpac and Bankwest, which are expected to further strengthen the company's balance sheet and lower Tassal's risk profile

Tassal Group Limited (ASX:TGR) is pleased to announce a number of accelerated and additional growth initiatives which it expects to enhance its growth trajectory and increase revenues and operational earnings from FY18.

GROWTH INITIATIVES

Over the next five years, Tassal plans to invest in a range of working capital and capital investment initiatives to meet the continued growth in domestic demand for salmon and take advantage of the ongoing strength in operating conditions.

The planned growth initiatives include:

- Investment in an additional c. \$38 million of working capital over FY17 and FY18 to accelerate growth in fish biomass towards Tassal's target of 5kg hog
- Investment of c. \$95 million over five years to accelerate the roll out of improved net technologies and to implement 'state of the art' feeding barges to improve salmon survival rates and feed conversion
- Investment of c. \$53 million over three years to establish salmon farming operations in Okehampton and oceanic sites in Storm Bay

- Investment of c. \$16 million over three years in production automation and additional processing capacity across De Costi and Tassal's Salmon operations to meet increased demand and to lower costs

These initiatives are expected to deliver an additional 2,500 – 3,000 hog tonnes of harvested salmon each year to FY21. Tassal expects to invest c. \$270 million in capital expenditure over the next five years, with forecast return on this capital expected to exceed current levels.

OPTIMISING BIOMASS

Current growing conditions are favourable and Tassal's 2016 Year Class is trending ahead of expectations. With the recent step change in underlying biomass, Tassal is now planning to accelerate its investment in growing and feeding salmon to drive growth in fish biomass toward its target of 5kg hog.

The investment in biomass is expected to drive future earnings growth as it allows Tassal to optimise its sales channel mix and delivers scale and operational efficiencies.

PLACEMENT AND SPP

Tassal is undertaking an \$80 million Placement and a SPP of up to approximately \$20 million to fund these initiatives and to provide Tassal with operational and financial flexibility to support investment in biomass.

Immediately following the completion of the Placement and SPP, pro forma net debt / LTM Dec-16 EBITDA will be within the range of 1.3x – 1.5x (including the Receivables Purchase Facility).

Placement

The fully-underwritten Placement to eligible institutional and professional investors in Australia and certain overseas jurisdictions will raise \$80 million. The Placement price of \$4.55 per share represents a 7.1% discount to Tassal's closing price of \$4.90 on 1 March 2017.

The new Tassal shares ("New Shares") to be issued under the Placement will rank equally with existing Tassal shares and will be eligible for the dividend for the six months ending 31 December 2016. Approximately 17.6 million New Shares will be issued under the Placement.

The Placement is fully underwritten by Goldman Sachs and UBS.

SPP

Following the completion of the Placement, Tassal intends to undertake a non-underwritten SPP to raise up to approximately \$20 million. The SPP will provide eligible shareholders in Australia and New Zealand with the opportunity to participate in the equity raising at the Placement price less \$0.075 (being \$4.475 per share). This is to reflect the fact that New Shares issued under the SPP will not be entitled to the dividend for the six months ending 31 December 2016.

Eligible shareholders who are registered as Tassal shareholders as at 7.00pm (AEDT) on 1 March 2017 will be invited to subscribe for up to a maximum of \$15,000 of additional New Shares per eligible shareholder, free of brokerage and transaction costs.

Tassal may (at its absolute discretion) elect to scaleback the maximum amount per shareholder if total demand exceeds \$20 million. However, in a situation where total demand exceeds \$20

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million, Tassal may (at its absolute discretion) decide to increase the cap to reduce or eliminate the need for scaleback.

The SPP is subject to the terms set out in the SPP booklet, which will be lodged with ASX and sent to eligible shareholders in due course.

As with the New Shares issued under the Placement, the New Shares issued under the SPP will rank equally with existing Tassal shares, however, the New Shares issued under the SPP will not be entitled to the dividend for the six months ending 31 December 2016.

Indicative timetable

Event	Date
Record Date for SPP	7.00pm Wednesday, 1 March 2017
Placement conducted	Thursday, 2 March 2017
Settlement of New Shares issued under the Placement	Tuesday, 7 March 2017
Allotment and trading of New Shares issued under the Placement	Wednesday, 8 March 2017
Expected SPP offer opening date	Monday, 13 March 2017
Expected SPP offer closing date	Wednesday, 29 March 2017

NEW CREDIT FACILITIES

Tassal is also pleased to announce that it has secured new credit facilities since the Company announced 1H17 results, which are expected to further strengthen Tassal's balance sheet and lower Tassal's risk profile.

Rabobank has now joined Westpac and Bankwest in Tassal's banking syndicate. Tassal has increased the tenor of its debt facilities which Tassal expects will provide certainty as it continues its capital investment initiatives and in feeding and growing salmon.

STRATEGIC FOCUS AND OUTLOOK

Tassal's strategic focus continues to be delivering sustainable growth and best practice returns.

Tassal expects the investment in working capital and growth initiatives to enhance its growth trajectory and increase revenues and operational earnings from FY18. The capital raising, in combination with the new credit facilities, provides Tassal with the operational and financial flexibility to implement its growth initiatives, which the company expects will deliver strong financial returns.

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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 for more information.

Important Notices and Disclaimer

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This announcement contains certain forward-looking statements about Tassal. The "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this announcement include statements regarding: statements regarding plans, strategies, growth initiatives and objectives of management, anticipated production capacity, timing, expected costs or production outputs for Tassal, based on its estimates of production for FY 2017 and FY2018 and/or CY 2017 and CY2018 and the future operation and financial performance of Tassal. Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Tassal). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and Tassal assumes no obligation to update such information.

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