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| Company | Tassal Group |
| Code | TGR |
| Meeting | AGM |
| Date | 28 October 2020 |
| Venue | Online, Lumi platform |
| Monitor | Alan Hardcastle, assisted by Chris Lobb |

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| Number attendees at meeting | Unknown, virtual |
| Number of holdings represented by ASA | 77 |
| Value of proxies | \$5.3m |
| Number of shares represented by ASA | 1.4m (equivalent to 11th largest holder in Top 20 list) |
| Market capitalisation | \$786m |
| Were proxies voted? | Yes, on a poll |
| Pre AGM Meeting? | Yes, with chair Allan McCallum |

‘Smart’ farming and higher shareholder returning prawns auger well

Tassal Group’s (TGR) virtual annual general meeting (AGM) was well handled by the company although a live video of the executives presenting would have enhanced the appeal. A lengthy two hour event, due largely to the chief executive officer’s in-depth presentation, the virtual aspect allowed directors to present from their various home locations at a time when state borders were closed.

[Chair and CEO addresses](#)

TGR presents itself very much as a tech, ‘smart farming’ operation as much as an aquaculture company. It’s artificial intelligence (AI) delivers a competitive advantage as well as playing a major role in sustainability and dealing with climate change.

In essence, as in FY19, TGR has capitalised on growing salmon biomass while successfully bedding in its initial prawn operations. Importantly, the company sees prawns as delivering better shareholder returns than its salmon business - due largely to prawn aquaculture requiring significantly less ongoing capital expenditure than salmon aquaculture and a shorter period to bring product to market ie., prawns nine months against salmon’s three years. The AGM was an opportunity to talk about the just announced acquisition (for \$7m) of Billy Creek, a cane and cattle

property. It will enable expansion of TGR's Proserpine prawn operation, thus driving more efficiencies.

Chief executive officer Mark Ryan gave an update on first quarter FY21, the figures reflecting solid results off the back of cost improvements and a salmon national marketing campaign. He revealed that this December will see a prawn agreement with a major (undisclosed) retailer getting underway. In this Covid trading environment increased retail sales have offset a reduction in commercial sales to hospitality sites.

Mark Ryan emphasised that TGR is well on track to achieve salmon biomass growth ahead of plan; and to deliver 20,000 tonnes per annum of prawns by 2030. The company has a strong balance sheet; growing cash flow; and it will continue with a dividend payout policy of not less than 50% of operational net profit after tax (NPAT).

Item 1 financial statements and reports drew a number of questions and comments, perhaps from the same one or two shareholders? They included whether there was a 'price war' between TGR, Petuna, Huon and Ocean Blue, which was answered in the negative. Were there threats to Australian food exports by China, answered 'no' in the case of TGR because the company's exports are an 'excess' market only. However, company executives have recently been appointed to drive sales into the US and European markets.

In criticising the company's capital raising process (August 2019), the shareholder was told the board considered all options and believed on balance its approach was correct. There was no intention and no need for anymore future capital raisings in the foreseeable future. Other questions pertained to retail pricing and distribution in a Covid-19 environment.

Item 2 saw the ASA vote against the remuneration report with the ASA monitor explaining that TGR's scheme failed to meet many of the Association's guidelines. The chair responded saying the company reviewed remuneration annually with the assistance of external advisers. While it will consider the ASA's position, the board believes its scheme to be appropriate and suiting the needs of both the company and shareholders. In fact, the chair also noted that one proxy adviser said TGR's long term incentive plan (LTIP) was one of the better and more simple plans to follow. The resolution was passed with a 94.65% yes vote.

Items 3, 4 and 5 saw non-executive director (NED) John Watson re-elected (98.97% for); Richard Haire elected (99.43% for); and James Fazzino elected (99.68%). In all cases the NEDs presented their credentials and skill sets, which were pleasing to hear.

Item 6 related to the Long Term Incentive Plan and the need for wording adjustment in line with ASX Listing rules. It was passed with a 98.46% yes vote.

In line with its vote against the remuneration plan the ASA voted against Item 7, which was a grant of performance rights to the CEO. It was passed with a 95.87% yes vote.

Unusually, item 8, Amendments to Constitution, was voted against on advice from proxy adviser ISS but the chair, when questioned by the ASA, gave no reason for that governance organisation's determination. It was passed with an 80.11% yes vote, being 5% above the required special resolution ratio.

Against the background of highly experienced NED Trevor Gerber leaving the board and a mooted stepping down of chair Allan McCallum in the near future, we would have liked the chair to

expand on any plans for more board renewal. It's already underway with the appointment of two new NEDs but perhaps unfinished.