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**Tasmanian outfit goes further into deep water to resurface as a bigger fish**

**Farmers in the pink as salmon spawns success** Casting around for fresh ideas has netted a big haul, writes **Carol Altmann**

LIKE any good fishing yarn, the revival of Australia's biggest Atlantic salmon farmer is a tale of strategy, twists and a steely determination not to let the big one get away.

In June last year, the Tasmanian-based Tassal was threatening to go belly up, having been forced into receivership under the weight of a \$33 million debt to ANZ Bank.

Yesterday, Mariner Corporate Finance, the new owners of the renamed Tassal Group, launched a prospectus aimed at raising \$31 million to finance a venture that, far from being reduced to a fingerling in the salmon industry, remains a very big fish indeed.

The company, which traded through its receivership, employs 650 people, processes 8000-tonne of salmon and trout a year and expects revenue for 2003-04 to be close to \$100 million. It still ranks as Australia's largest salmon producer, with 60 per cent of the domestic market, and is within the top 30 internationally.

Not bad for a company that, in its former life, saw its share price tumble to 26c before going into receivership, where it was bleeding \$500,000 a month.

Critical to the turnaround was the successful manoeuvring of receiver manager Mark Ryan, of Korda Mentha, to buy Tassal's main Tasmanian competitor, Nortas. The \$12 million deal in February this year was the first time in Australian corporate history that a company in receivership had bought out a rival.

"It was a slightly unusual strategy — a company in receivership going further into debt in order to get out of debt — but it worked," Ryan says.

The restructured Tassal attracted a flurry of national and international interest and was officially sold to Mariner last week for \$44 million.

Mariner's managing director and Tassal Group chairman David Williams maintains that the Tassal receivership prompted an industry shake-out that "had to happen" if it was to build the economies of scale to survive. Speculation is rife that another Tasmanian player, Aquatas, will join the Tassal Group within 12 months.

"We are so much better now at matching the demand of the market with the amount of fish in the water — the agricultural risk has been taken out of the equation," Williams says.

Through the Nortas acquisition, Tassal was able to add Nortas's marine sites to its own, giving the company the flexibility to shift salmon pens between 18 separate zones around Tasmania. Just as a farmer moves cattle to greener pasture, the Tassal Group can tow its pens to the best waters at any given time.

Access to more ocean "paddocks" also means more choices as to which fish are harvested and when. Smaller stock, for example, can be left to fatten, while other stock is harvested to meet immediate market demand. "It is really important from a fish management perspective, because it gives you flexibility as to where and when you take your fish out of the water and to also be flexible in how you move your pens around to avoid warm water or algal blooms," Williams says.

The deal also saw Tassal and Nortas pool their entitlements to the juvenile fish available through Tasmania's three freshwater hatcheries, one of which Nortas owned outright. Of the 4.8 million juveniles produced each year, about 3.4 million are destined for Tassal.

With access to marine sites and hatcheries all but sewn up by the Tassal Group, a new

competitor would find it virtually impossible to enter the Tasmanian market, Williams says. "This is a huge barrier to (new players), because in order for anyone to grow salmon in Tasmania, they have to access to hatchery fish and there are no new hatcheries in the pipeline. We also have another barrier to entry with the 18 marine sites ... so we have a very powerful organisation."

Greater control over the number of salmon harvested will avoid disasters like that set in train in 1998, when Tasmania's salmon farmers doubled the number of fish in their farms.

When the salmon were ready to harvest two years later, farmers found they had too many fish and not enough takers. The wholesale price tumbled from \$13.50/kg to \$9.50/kg and Tassal, fresh from borrowing \$16 million for its world-class processing facility in Tasmania's Huon Valley, began its slide into receivership. Enter Ryan, a 34-year-old Tasmanian with strong family links to the fishing industry and a firm belief that Tassal could survive its woes.

"It was an excellent product with a good name, a supportive customer and a strong market base. We knew there was a great company in there somewhere, we just had to chip away all the rubbish," he says.

In an unusual twist, Ryan, who offered his services to all bidders, will act as chief executive of the Tassal Group for the next 12 months. His experience is further comfort to the more than 35 institutional investors interested in the float.

"They believe, like we believe, that the hurt has gone out of the industry and it is all upward from here."



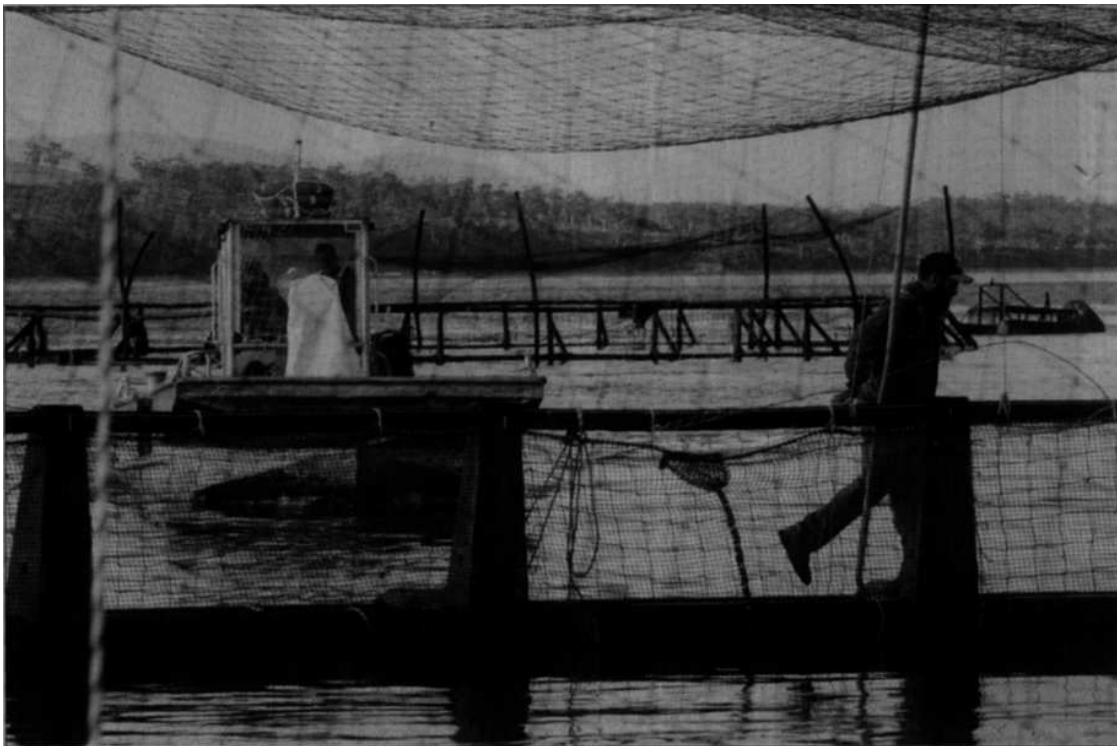
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## **'It gives you flexibility as to where and when you take your fish out'**

**David Williams**  
Mariner managing director



**Sleeves up: Mark Ryan**



**Angling for business:** Salmon farms such as Tassal rival Aquatas, above, are feeding on a revival in the sector

Pictures: Chris Crear