

CLEAN SEAS



Seafood Limited

H1 FY18 Investor Update

David Head – Managing Director and CEO

Wayne Materne – CFO & Company Secretary

Corporate Snapshot

Clean Seas Seafood Limited (ASX: CSS) is the global leader in full cycle breeding, production and sale of Yellowtail Kingfish.

TRADING INFORMATION

ASX stock code	CSS
Shares quoted on ASX	1,667m
Cash + available finance facilities (31 December 2017)	\$30.8m
Market cap at 5.9 cents/share	\$98m

LAST 12 MONTHS' SHARE PRICE AND VOLUME



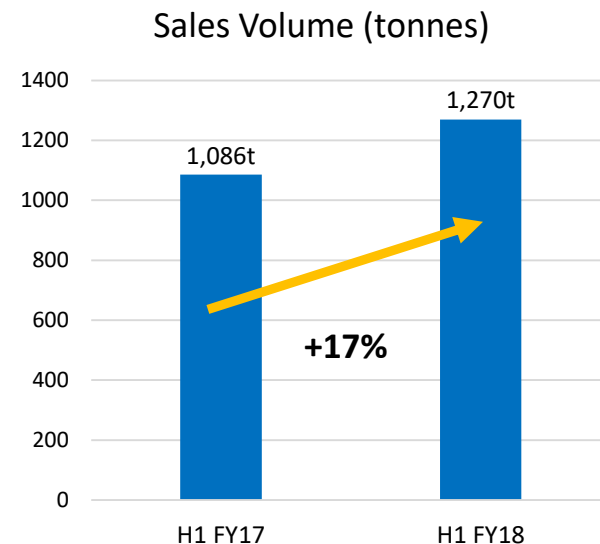
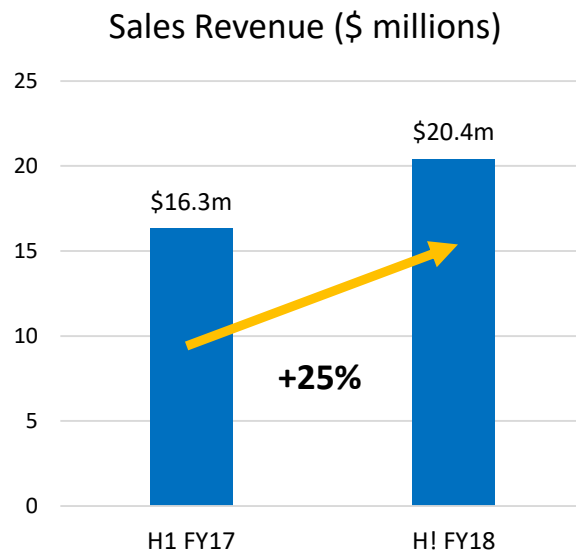
Agenda

- Sales growth
- Higher farm gate pricing
- Cash flow improvement
- Results summary
- Fish growth & profitability
- Processing progress
- Sales & marketing relaunch
- Brand activation & digital strategy
- Sustainable growth strategy
- 2018 outlook
- H1 FY18 results vs H1 FY17



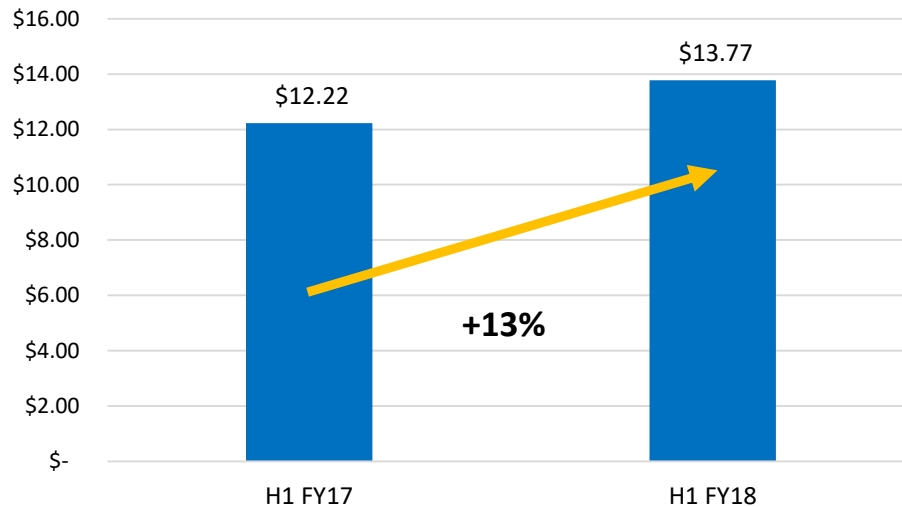
Strong Sales Growth

- Volume and pricing improvements across all categories drove year-on-year revenue growth of 25%.
- Fresh product sales volumes increased 6% to 989 tonnes. The large fresh category represented 67% of Clean Seas' volume and 73% of the Company's H1 revenue.
- Premium frozen product sales volume (excluding clearance stock) increased 47% year-on-year at farm gate prices that were more than 40% higher.



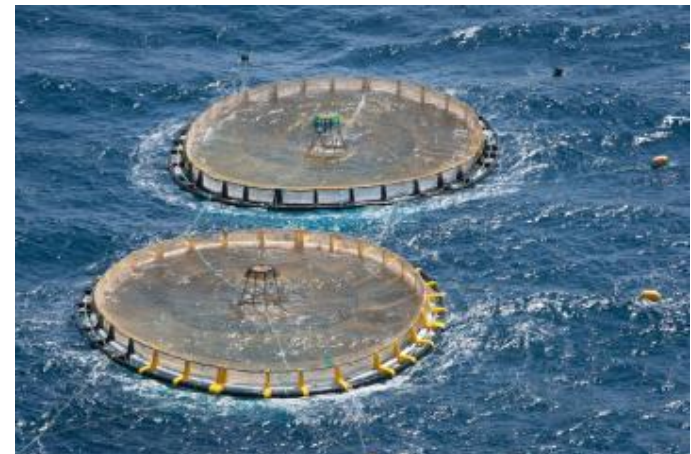
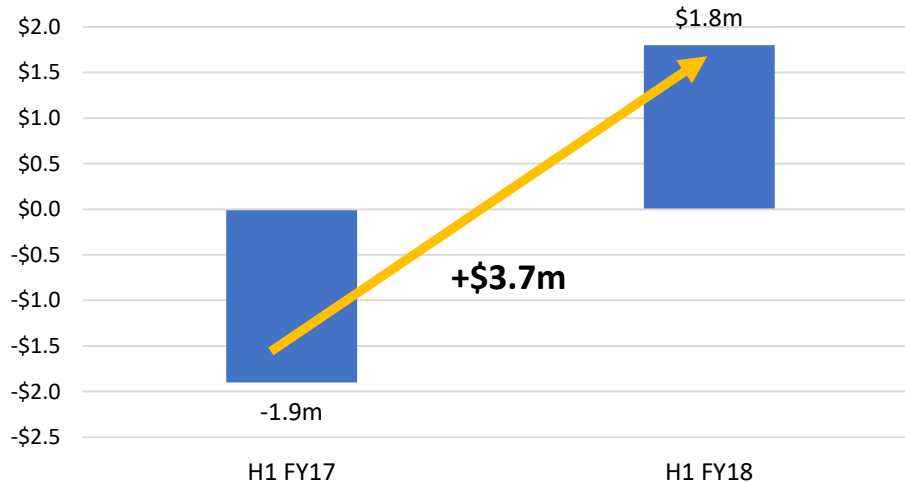
Higher farm gate prices boost profit and cash flow

Farm gate - large fresh per kg (WWE)



- Higher domestic and international selling prices were the primary driver of the 13% improvement in farm gate prices.
- Farm gate prices are expected to continue to improve during H2 FY18, driven mainly by the benefit of reduced processing costs at Clean Seas' new in-house processing facility once all processing is transferred in Q4 FY18.
- Improved credit terms with feed suppliers also improved H1 FY18 cash flow from operations.

Cash flow from operations (\$ million)



Results Summary

	H1 FY18	H1 FY17	Change
Sales Volume (tonnes)	1,270	1,086	▲ 17%
Net Biomass Growth (tonnes)	734	415	▲ 77%
Closing Biomass (tonnes)	2,147	1,868	▲ 15%
Sales Revenue (\$'M)	20.4	16.3	▲ 25%
Loss After Tax (\$'M)	(3.9)	(5.0)	▲ \$1.1M
Closing Cash Balance (\$M)	15.8	2.9	▲ \$12.9M
Undrawn Committed Facilities (\$'M)	15.0	7.0	▲ \$8.0M
Net Assets (\$'M)	64.2	46.2	▲ \$18.0M
Cash from Operations (\$'M)	1.8	(1.9)	▲ \$3.7M

Fish growth seasonality expected to drive strong H2 profit

- Yellowtail Kingfish record their strongest growth when seawater temperatures exceed 17° C.
- In the Spencer Gulf Region of South Australia, where cool water production is well recognised as enhancing the quality of our Spencer Gulf Hiramasa Kingfish, this means fish growth mainly occurs between November and May.
- This seasonal influence, with historically 65% to 85% of financial year net biomass growth occurring in H2, will drive H2 FY18 statutory profit which is expected to exceed the \$5.2M recorded in H2 FY17.



New processing plant to generate significant cost savings

- Clean Seas' new in-house facility is now processing all fish for the Australian fresh market and a significant proportion of export fresh processing.
- This has brought end to-end quality control and will generate significant cost savings while opening new market opportunities from which the Company expects to benefit in H2 FY18 and beyond.
- New liquid nitrogen rapid-freezing equipment has arrived at Royal Park. Installation completion and equipment commissioning scheduled for Q3 FY18, with full production and associated marketing campaign to commence in Q4 FY18.



Sales and marketing relaunch underway

- New website (January 2018)
- Trade relaunch to wholesalers and distributors (February/March 2018)
- Global customer activation program (February – June 2018)
- New packaging (March 2018)
- Digital marketing campaign (March 2018)



Brand Activation Program

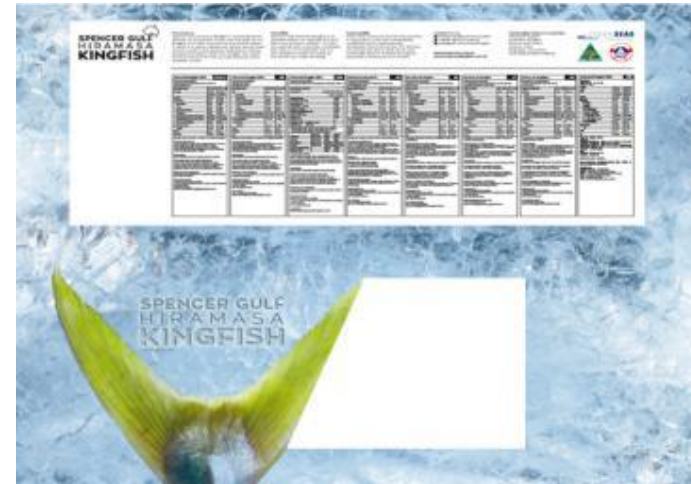
- Global customer activation program to boost per capita sales is underway, with initial phase targeting 1,400 restaurants on three continents (AU, EU, USA) over the next four months
- Significant scope to increase per capita sales across major Australian cities and expand into relatively under developed international markets for Kingfish
- Leverage brand positioning to maintain premium pricing
- Australian program includes one-to-one visits to more than 500 restaurants in Sydney, Melbourne, Brisbane, Adelaide and Perth between March and May
- Each chef will be shown the brand story and presented with a whole fresh fish to inspire and expand their thinking, and create new dishes
- The program will help grow our restaurant presence and expand menu usage from entrée to centre of plate



Single fish presentation box



New Outer Packaging



- Traditional Poly Boxes replaced with fully recyclable boxes
- New box will have 95% of the thermal properties of a Poly Box
- More consistent with our sustainability proposition
- High quality graphics to support premium positioning
- More expensive, but achieve transport savings due to better design and stronger boxes

Social Media Campaign

The Brand Activation Program will be supported with a Social Media program.

Campaign objectives are:

- Share the Spencer Gulf Hiramasa Kingfish story, focusing on our unique provenance and culinary excellence of the fish.
- Explain and support the brand's premium positioning and pricing
- Establish relationships with new chefs who aren't using the product
- To reengage with chefs who already know Spencer Gulf Hiramasa Kingfish, and remind them of its provenance and culinary flexibility

The campaign will run across the most popular social media channels.

The initial campaign will promote:

1. Brand Story
2. Provenance
3. Culinary Excellence
4. Sustainability
5. Inspiring Chefs
6. Inspired Creations



Facebook Twitter Instagram LinkedIn

We will continually review and evaluate engagement, sharing and audience growth to optimise the content and approach on each channel.

Sustainable growth strategy



- Expand global sales via new marketing campaign and targeted customer activation program
- Significant scope to increase per capita sales across major Australian cities and expand into relatively under developed markets for Kingfish across major cities in Europe, USA and Asia
- Leverage brand positioning to maintain premium pricing
- Introduce new rapid freezing technology for new product capabilities and significant reduction in transport costs to markets in Europe, Americas and Asia
- Widen Clean Seas' advantage in quality and cost of production through ongoing investment in genetic research

FY18 Outlook

- Sales volume increasing to 2,650 to 2,850 tonnes (+16% to +25%)
- Sales revenue increasing to \$43 million to \$47 million (+21% to +33%)
- Profit significantly higher than FY17 based on increasing sales, higher biomass growth and higher farm gate prices



Appendix



Profit & Loss Summary

AUD \$'000	H1 FY18	H1 FY17	Change
Sales (tonnes)	1,270	1,086	▲ 17%
Sales Revenue	20,372	16,254	▲ 25%
COGS (incl. SGARA)	(19,565)	(15,994)	▲ 22%
Gross Profit	807	260	▲ \$0.5m
Kingfish net growth & valuation	11,204	7,667	+\$3.5m
Fish husbandry	(10,808)	(8,946)	-\$1.8m
Other expenses	(3,926)	(2,855)	-\$1.1m
EBITDA	(2,723)	(3,874)	▲ \$1.1m
Depreciation & Amortisation	(1,117)	(996)	-\$0.1m
EBIT	(3,840)	(4,870)	▲ \$1.0m
Net Interest	(28)	(85)	+\$0.1m
Net Loss Before & After Tax	(3,868)	(4,955)	▲ \$1.1m

Balance Sheet Summary

AUD \$'000	Dec 2017	Dec 2016	Change
Cash	15,807	2,864	+\$12.9m
Live Fish	27,133	20,954	+\$6.2m
Trade & Other Receivables	4,504	3,407	+\$1.1m
Inventories	6,656	5,753	+\$0.9m
Property, Plant & Equipment	15,728	12,976	+\$2.8m
Other Assets	3,925	3,693	+\$0.2m
TOTAL ASSETS	73,753	49,647	▲ \$24.1m
Payables	7,024	2,217	+\$4.8m
Borrowings	1,541	466	+\$1.1m
Provisions	944	741	+\$0.2m
TOTAL LIABILITIES	9,509	3,424	▲ \$6.1m
NET ASSETS	64,244	46,223	▲ \$18.0m

Cash Flow Summary

AUD\$'000	H1 FY18	H1 FY17	Change
Receipts from Customers	19,915	17,643	▲ 12.9%
Payments to Suppliers excl. Feed	(10,647)	(10,424)	+2.1%
Payments for Feed	(3,525)	(6,040)	-42%
Payments for Employees	(3,933)	(3,091)	+27%
Net Cash From Operations	1,810	(1,912)	▲ \$3.7m
Capital Expenditure	(2,566)	(969)	-\$1.6m
Net Proceeds from Share Issue	16,374	8,261	+\$8.1m
Proceeds from borrowings	-	808	-\$0.8m
Repayment of borrowings	(311)	(3,855)	+\$3.5m
Net Interest	(24)	(67)	+0.1m
Net Change In Cash	15,283	2,266	▲ \$13.0m
Opening Cash (1 July)	524	598	-\$0.1m
Closing Cash (31 Dec)	15,807	2,864	▲ \$12.9m



CONTACT:

David Head | Managing Director and CEO

david.head@cleanseas.com.au

+61 (0) 419 221 196

Tim Dohrmann | Investor Relations

tim@nwrcommunications.com.au

+61 (0) 468 420 846

Disclaimer

Certain statements contained in this presentation, including information as to the future financial or operating performance of Clean Seas Seafood Limited (“CSS”), are forward looking statements.

Such forward looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of CSS’ operations, production and prices, operating costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by CSS, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements.

CSS disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise. The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements.

All forward looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.