



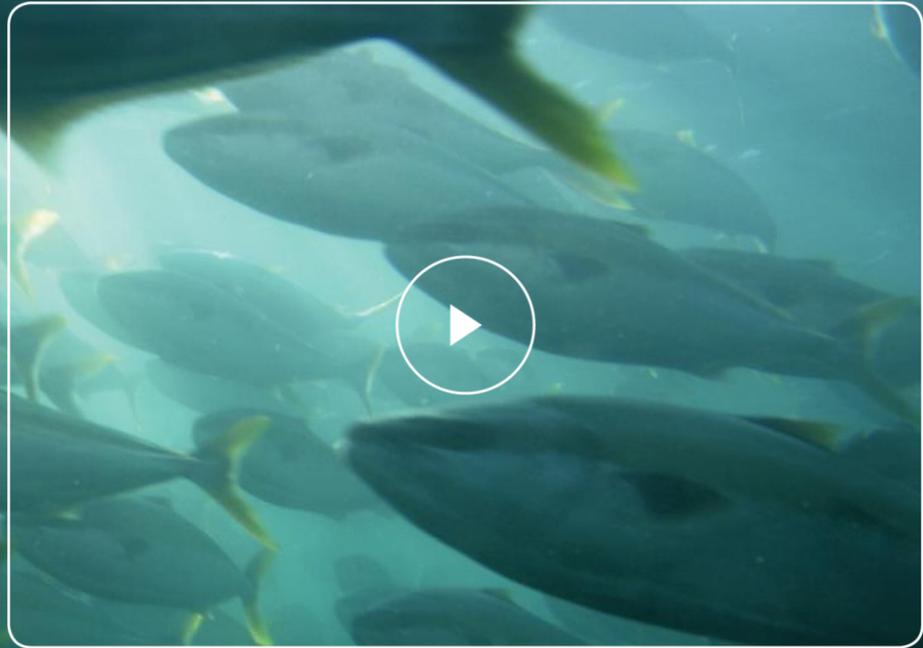
Clean Seas  
Seafood  
Limited (ASX: CSS)

## AGM Presentation

NOVEMBER 2019

AGM  
**Presentation**

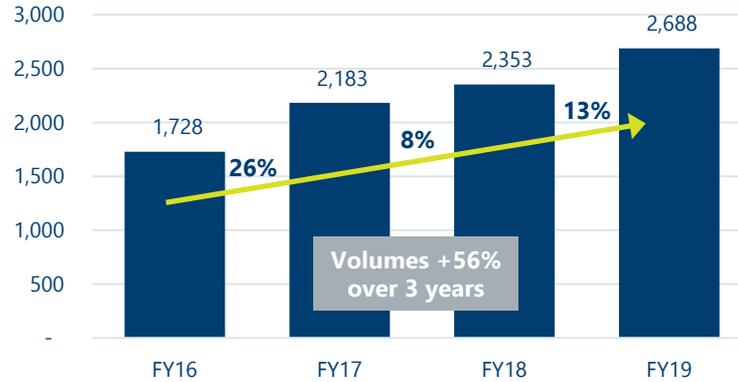
Ocean to  
Plate



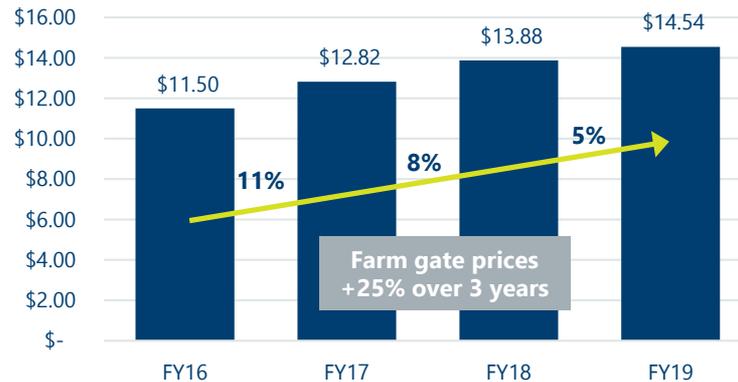
[https://www.youtube.com/watch?v=-uEa\\_rlsEgo](https://www.youtube.com/watch?v=-uEa_rlsEgo)



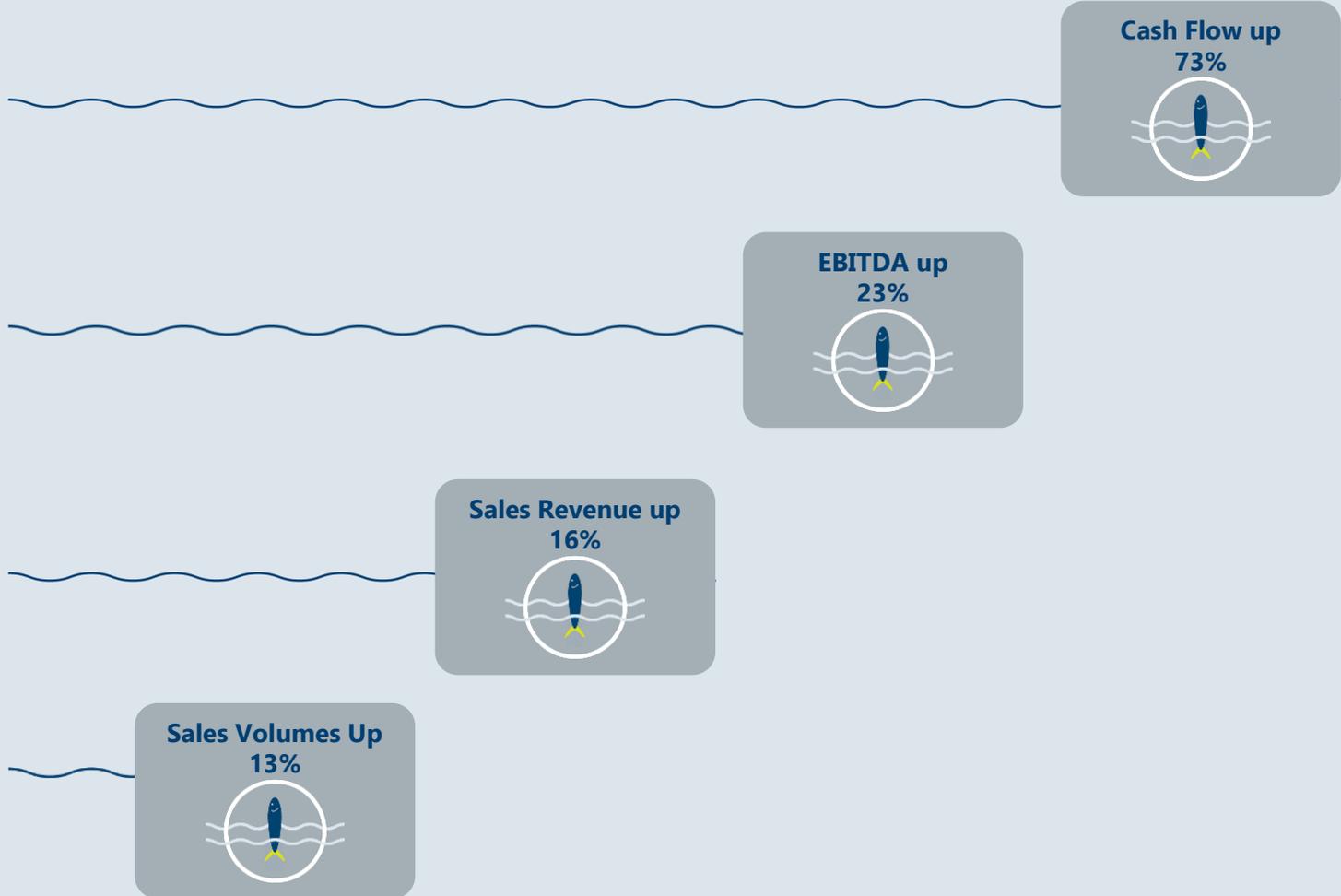
Sales volumes (tonnes) excluding frozen clearance



Large Fresh Farm Gate \$/k.g

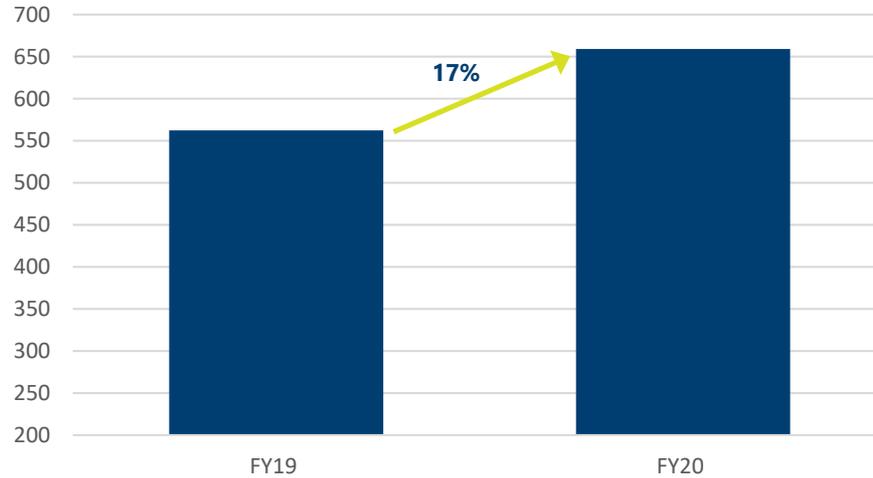


- Volume growth of 56% over three years, farm gates improved 25% in the same period
- Sales revenue in FY19 grew 16% with premium frozen (**SensoryFresh**) sales volume increasing 38% in FY19 at 8% higher farm gate prices





### Global Q1 Sales Volumes



Total Sales Volumes up 17% in Q1 FY20 versus last year

- Australia up 16%, Europe up 21% and North America up 42%
- Asia down 38% due to timing of large container shipments

**SensoryFresh** continues to drive growth in international markets

Sales Volumes	
Tonnes (WWE)	Q1 FY20 v Q1 FY19
Fresh	2%
<b>SensoryFresh</b> (Frozen)	141%
<b>Total</b>	<b>17%</b>



The Company's legal action against Gibson's Ltd in the Supreme Court of South Australia, in respect of what the Company maintains were defective feeds supplied to the Company and fed to the Company's Yellowtail Kingfish between December 2008 and July 2012, continues. Gibson's Ltd, trading as Skretting Australia, is defending the proceedings and has denied all liability to the Group.

The parties participated in a mediation on 28 November 2019 conducted by the Honourable Justice Lovell of the Supreme Court of South Australia. The parties agreed to continue mediation and will reconvene on 19 December 2019.

The trial remains listed to commence on 24 February 2020.



To be a global leader  
in aquaculture, **inspiring  
culinary experiences** around the  
world through our sustainable,  
premium seafood.





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Global  
Leader



- We are the Global Leader in the “Full Cycle” Breeding and Farming of Yellowtail Kingfish producing **3,500** tonnes in FY19
- The Japanese industry is producing around **140,000** tonnes pa but is mostly a “Wild Catch and Grow-Out” model with only a relatively small proportion using hatcheries for Full Cycle Breeding and farming



We won't say **absolutely** it's the **best raw fish** in the world, but after talking to chefs around the world, we don't believe there is a fish that matches Spencer Gulf Hiramasa Kingfish.



David J Head  
Managing Director & CEO



IPO & Close Southern  
Bluefin Tuna  
Lifecycle



Feed crisis sales drop  
from 2,800t to 600t as  
biomass declines to 478t



Transformation &  
foundation for growth



2005 – 2009

2010 – 2013

2014 – 2016

2016 – Present

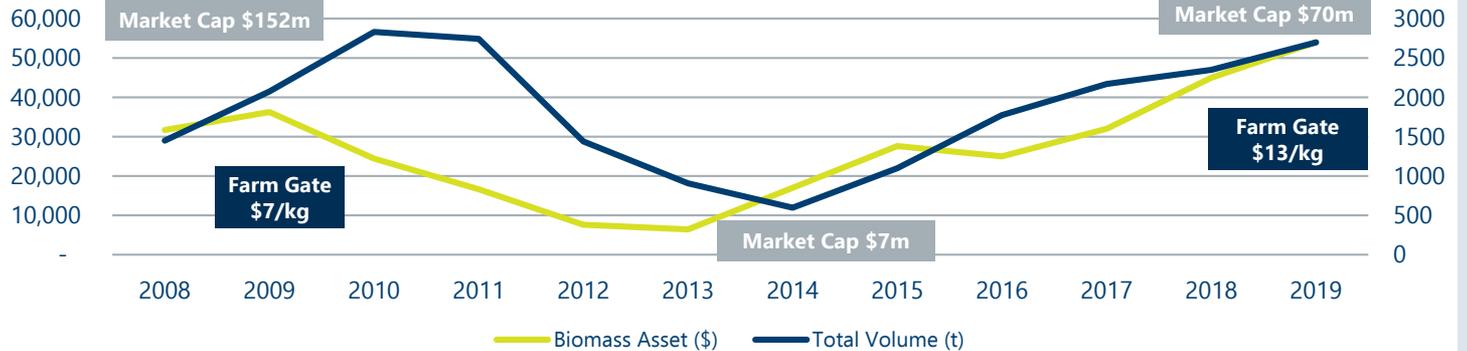
Strong growth  
to 2,800t

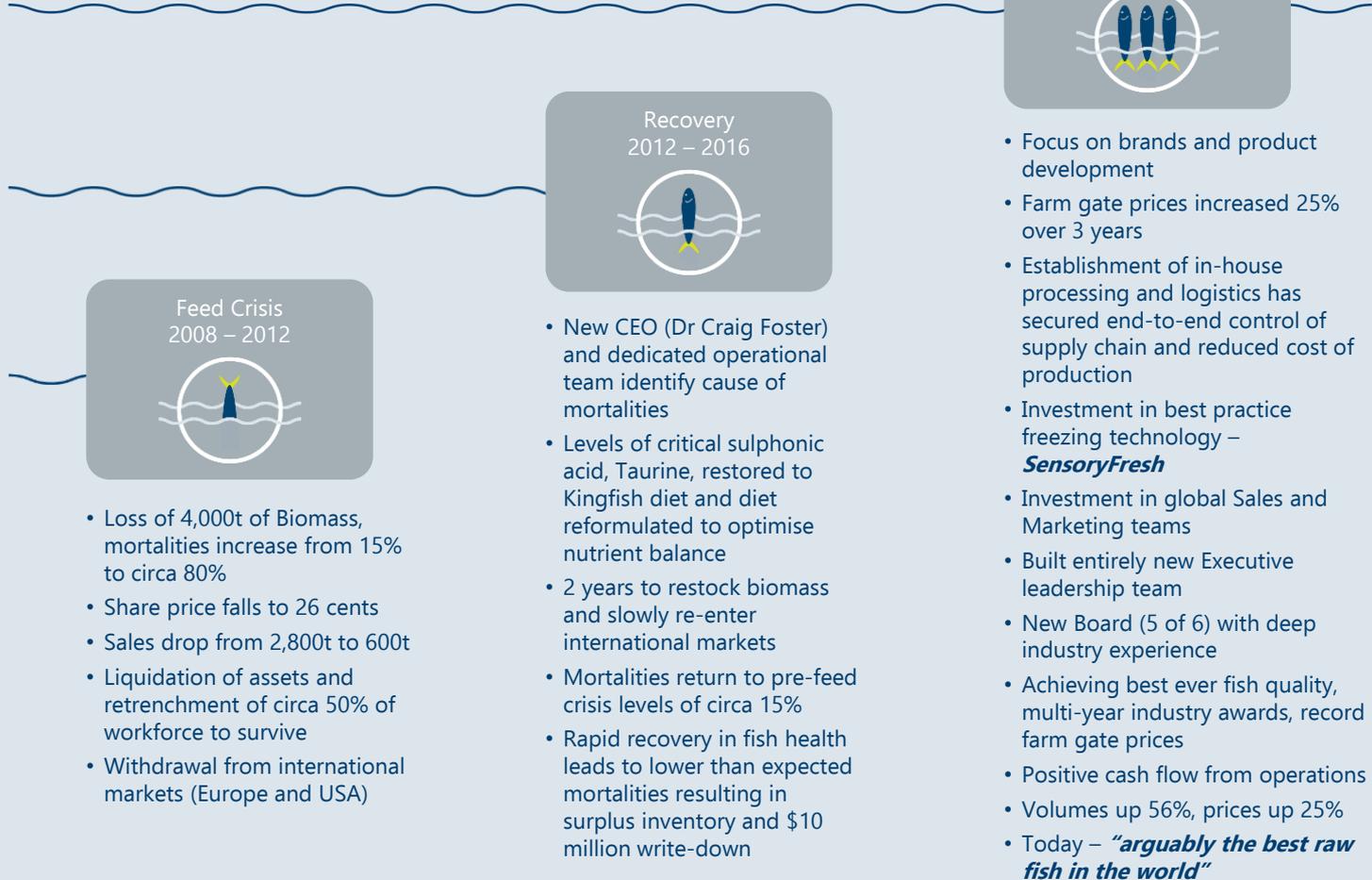


Feed issues resolved and  
market recovery



Equity raised since 2016  
has funded biomass  
growth and matched by  
increase in market cap







## Australian Food Awards

“Best Fish”

2016, 2017 & 2018



## Business SA Export Awards

Overall Exporter of the Year 2019

Agribusiness Exporter of the Year 2019



## SA Premier's Food & Beverage Industry Awards

Business Excellence Award – 2019

Export Award – 2019

Primary Producer of the Year – 2018



## Aquaculture Stewardship Council

Gold Standard Accreditation in  
Sustainable Aquaculture





- Sensory Research in Australia by Colmar & Brunton showed Spencer Gulf Hiramasa as Best in Class
- Blind taste tests by leading chefs, food and wine writers and industry experts chose Spencer Gulf Hiramasa over five other products including:
  - Imported Japanese YTK
  - Wild Caught YTK from two different regions of Australia
  - Another Australian farmed YTK
  - Australian farmed Cobia





#### Australia

- Saké (Sydney/Melbourne)
- Pilu (Sydney)
- Lee Ho Fook (Melbourne)
- Momofuku Seiobo (Sydney)
- Supernormal (Melbourne)
- Bennelong (Sydney)
- Ormeaggio at The Spit (Sydney)
- French Saloon (Melbourne)
- Rockpool (Melbourne, Sydney, Perth)

#### United Kingdom

- Roka (London)
- Sexy Fish (London)
- Zuma (London)
- Gordon Ramsay (London)

#### Germany

- H&H (Hamburg)
- Funky Fish (Berlin)
- Lohninger (Frankfurt)
- Tim Raue (Berlin)

#### Italy

- Nobu (Milan)
- Cipriani (Venice)
- La Pergola (Rome)

#### Switzerland

- Eden au Lac (Zurich)
- Ecco (Zurich)

#### Austria

- Hangar 7 (Salzburg)
- Amador (Vienna)

#### France

- Hotel Costes (Paris)
- L'Atelier de Robuchon (Paris)
- Hotel Crillon (Paris)
- Kinugawa (Paris)

#### Spain

- Shunka (Barcelona)
- Pacha (Ibiza)

#### Portugal

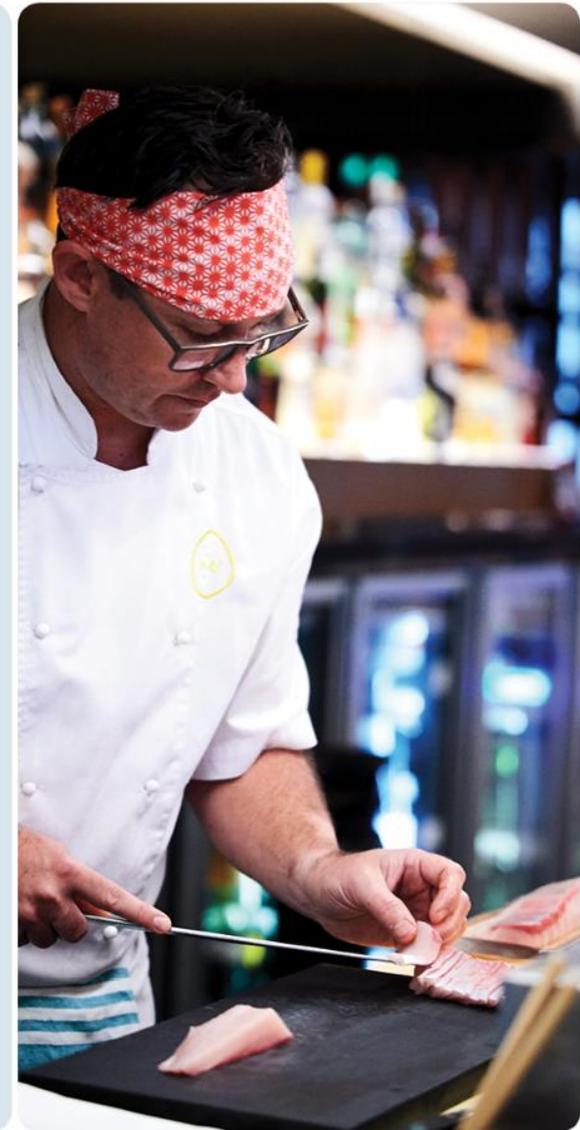
- Vila Joya (Algarve)

#### Denmark

- Sticks N Sushi (Copenhagen)

#### Norway

- Alex Sushi (Oslo)

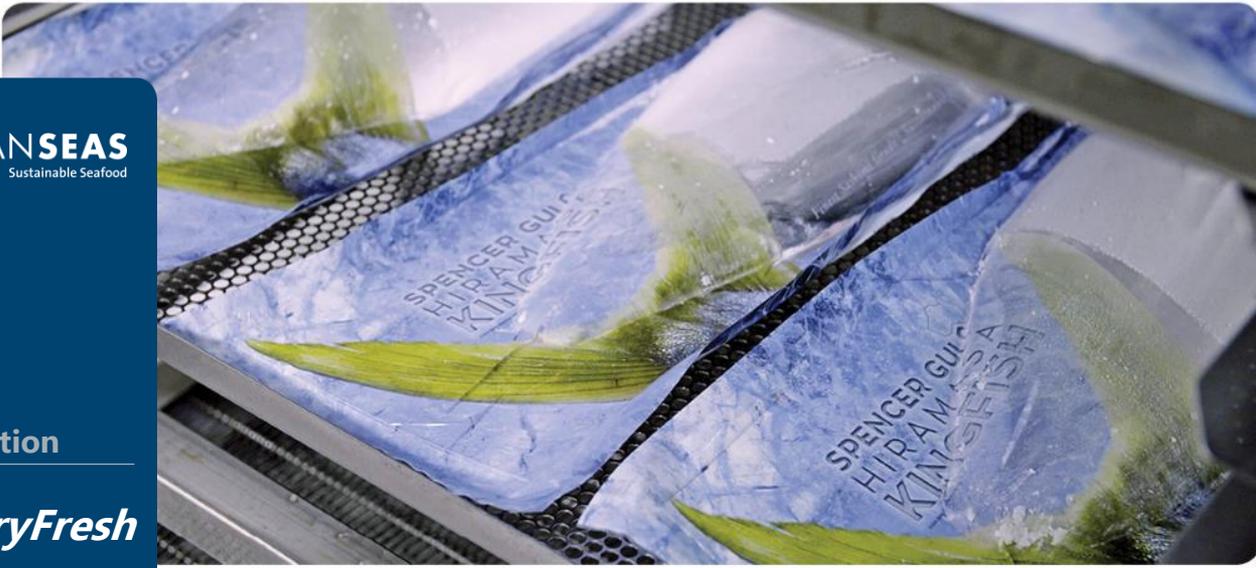


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**Chef Stories**  
**Nicky Reimer**



<https://www.youtube.com/watch?v=PRE559xJc6k>



- Freezing high value, premium quality seafood is all about speed. The ice formation stage must be fast for optimum texture
- Clean Seas Rapid Freezing does this in around 22 minutes, 10 times faster than conventional freezing
- To capture the colour, aroma and flavour,  $-35^{\circ}\text{C}$  must be reached quickly. Conventional freezing won't do this
- Our Rapid Freezing achieves surface temperature of  $-95^{\circ}\text{C}$  and core temperature  $-50^{\circ}\text{C}$  to  $-70^{\circ}\text{C}$
- We call it "**SensoryFresh**"

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*SensoryFresh*



[https://www.youtube.com/watch?v=MM\\_vEmTreRc](https://www.youtube.com/watch?v=MM_vEmTreRc)



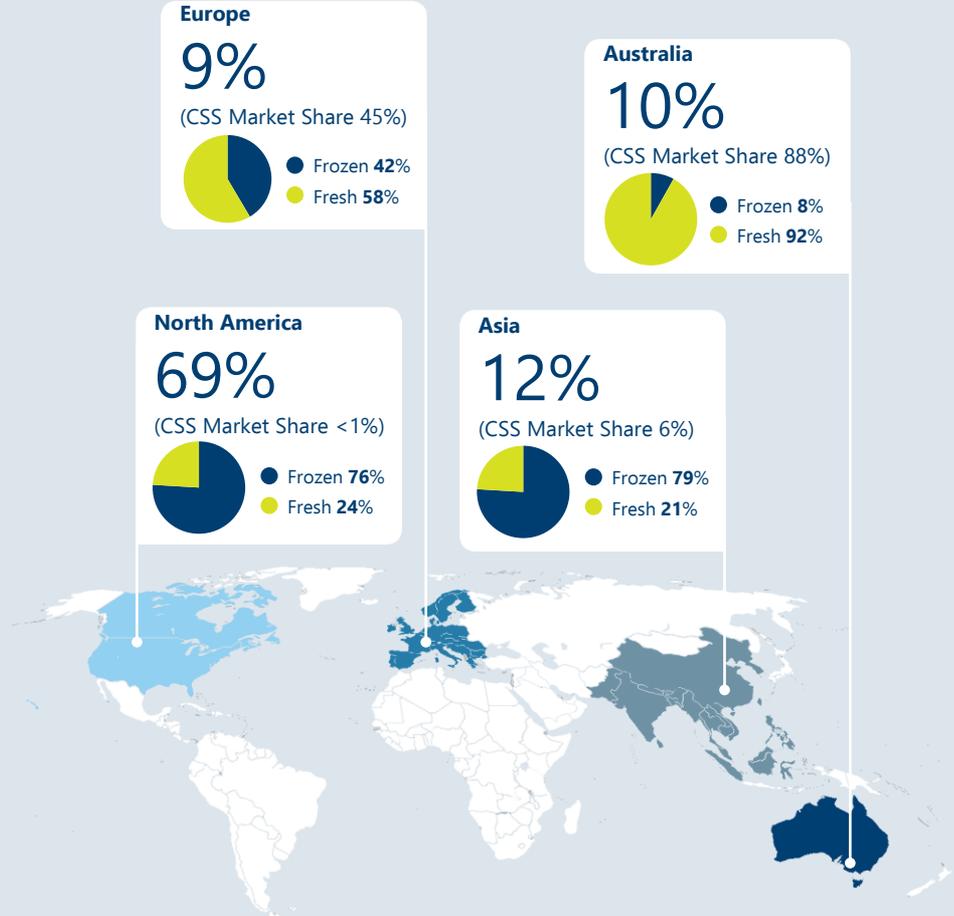
Consumption of Farmed Yellow Tail Kingfish **2018** (excl. Japan)

Market	5 year CAGR	Total country population (millions)	Major metro population (millions)	Per Capita (total country) (grams)	Per capita (metro) (grams)	Per capita inc. wild catch (grams)
North America	7.1%	369	201	34.4	63.1	63.1
Europe	13.41%	693	203	2.4	8.3	34.0
Australia	17.85%	25	19	69.1	91.1	118
China	28.12%	1,451	431	0.9	3.1	3.1
Rest of Asia	13.00%	2,078	295	0.3	2.1	2.1
Middle East	4.89%	160	67	0.3	0.7	0.7
<b>Total</b>	<b>13.9%</b>	<b>4,775</b>	<b>1,217</b>	<b>3.8</b>	<b>14.9</b>	<b>19.6</b>

## International Market-Consumption (excluding Japan)

- We have undertaken an extensive analysis of per capita consumption in metro regions with populations over 1 million and having established premium restaurant and food service sectors
- Per capita consumption of farmed Kingfish in Japan is circa 1,000g per annum, including wild catch it is over 1,800g.
- Australia has the next highest farmed per capita consumption at 91g, followed by North America and Europe
- North America per capita has quadrupled over the last 10 years reflecting the growth in Japanese exports and the emergence of the “sushi revolution”
- Europe has by far the lowest per capita consumption but the arrival of new market entrants over the past few years clearly demonstrates the opportunity for future growth with per capita consumption close to doubling in 2019

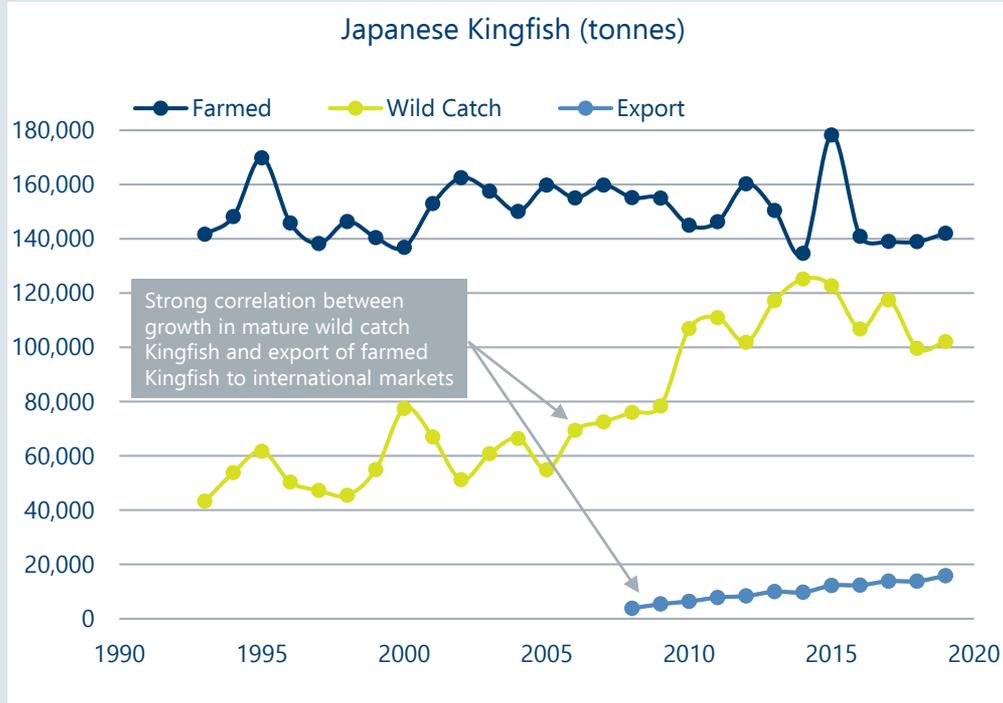
Global Kingfish markets excluding Japan



Yellowtail Kingfish  
Markets

- Clean Seas is the clear leader in Australia and Europe which are predominantly “fresh” markets
- North American and Asia represent over 80% of the global Kingfish market outside Japan
- Asia is the fastest growing market +41% in 2018
- In North America (<1%) and Asia (6%) Clean Seas is yet to establish any material market presence
- Both these markets are dominated by traditional frozen products (>76%), entirely sourced from Japan
- Our **SensoryFresh** liquid nitrogen frozen product represents a significant competitive advantage against the Japanese traditional (-18°C) frozen offering





- Japanese farmed production has been effectively flat since the 90's.
- Since 1998 the Japanese Government has imposed a limit on juvenile capture (25 million) used for Kingfish farmed production
- Wild catch of (mature) Kingfish in Japan rose significantly from 2008 which corresponds to the growth in Exports of farmed Kingfish over the past decade from 2% to around 10% of total Japanese farmed Kingfish production

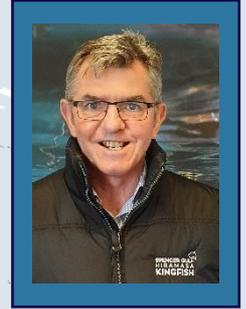
# Competitive Advantage & Opportunities



Products	Markets	Breeding & Farming	Supply Chain	People & Culture	Stakeholders & communities	Funding
Premium to wild-catch	Growing 10% per annum	Global Leader in Full-Cycle	In house processing	New executive team	Long standing and positive social licence in Spencer Gulf	Anticipated funding to implement "Vision 2025"
Provenance	Sells at a premium to all competitors	20 year breeding and IP	Full integrated from egg to customer	New Board	Supportive regulatory environment	
Cold Water				Long standing breeding and farming team		
Brands	Market opportunity in Americas & Asia (76% frozen)	Unique Spencer Gulf waters – Hiramasa is native	SA's only -40c storage	Investment in global sales & marketing team on 4 continents	High level of engagement from all governments	
<b>Spencer Gulf</b> <i>"arguably the best raw fish in the world"</i>		Scale – next largest 20% of CSS	Dual global supply chain – fresh and -40c			
<b>SensoryFresh</b> Freezing Technology		Scale - Opportunities for automation			Aus-EU free trade agreement expected	
						Loyal group of 7,000+ shareholders

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Global Sales  
Teams





**Gregg Flower – GM Australia, New Zealand, Asia, Africa and Pacific Islands**

Gregg joined Clean Seas Seafood in January this year after many years in senior international sales and marketing roles in the FMCG and Seafood sectors including Nestle, Fonterra, Pacific Brands Food Group and six years as General Manager Sales, Marketing and Distribution at Huon Aquaculture.



**Antoine Huon – GM GM Europe, Middle East and The America's**

Antoine has held a number of Senior Sales and Marketing roles in the FMCG and Seafood Sectors with a strong focus on Domestic and International Markets, most recently as General Manager of Sales and Marketing at Roma Food Products and before that at FCI International, Huon Aquaculture Group, Tassal Group and Silco International.



**Rod Smith – Regional Sales Manager, Asia**

Rod has a Bachelor of Applied Science – Food Technology with significant experience within the Australian food industry in technical, manufacturing and sales roles. His most recent 15 years involved specifically in international market development with Bega Cheese, HUON Aquaculture and Tassal. Rod met his wife, Aya, whilst living in Japan.



**Jamie Angus –Europe**

Jamie has lived in various locations in Europe over the past a decade, launching the Clean Seas product range into the Western European markets, Russia and the Middle East. Jamie initially worked in the Diageo PLC headquarters in London and was then responsible for the launch of a range of Australian wine, seafood and horticulture brands into the European marketplace



**John King – Global Regional Sales Manager**

Employed with Clean Seas since January 2017, currently Southern Region Sales Manager. Originally from a professional chef background, whilst employed at the Royal Mail Hotel John commenced studies in Ecological Agriculture due to his interest in ethical and sustainable Farm to Plate produce.



**Dave Mergle – General Manager Sales, Americas**

Dave Mergle's 25 year career has been spent in senior sales and marketing leadership roles & in general business management with Anheuser-Busch InBev & Red Bull. Dave founded Skuna Bay Salmon on behalf of a major salmon producer, Grieg Seafood. Dave added Managing Director responsibilities for Ocean Quality where he was responsible for sales and distribution of Grieg B.C.'s domestic and global business.

Significant investment continues to be made in Sales and Marketing resources and programs to support future growth of the business, particularly in North America and Asia. We have continued to build the Company's leadership team through the recruitment of new or replacement roles during FY19.



Scale Activation  
2020 – 2022



**Growth (Markets & Products)**

- Expand annual sales of ocean farmed Kingfish by circa 50% to 4,000 tonnes by FY22, primarily via market share growth in North America and Asia leveraging **SensoryFresh**
- Continue Chef Activation Programs (CAP) in selected markets, and implement a Global Wholesaler Activation Program (WAP) to support market expansion and enhance customer understanding and best application of Spencer Gulf Hiramasa
- Adopt a “Whole of Fish” approach to new product development, and leverage SensoryFresh product capability to explore in-market reprocessing

**Costs of Production**

- Achieve a sustainable reduction in the cost of production through scale, investment in automation and selective breeding

**Funding**

- Minimise working capital to fund biomass growth, and the sales and marketing investment (cash) required to achieve the targeted levels of sales growth

Leveraging Scale Advantage  
2022 – 2025



**Growth**

- Expand annual sales of ocean farmed Kingfish to 5,000 - 6,000 tonnes by 2025

**Production Efficiencies**

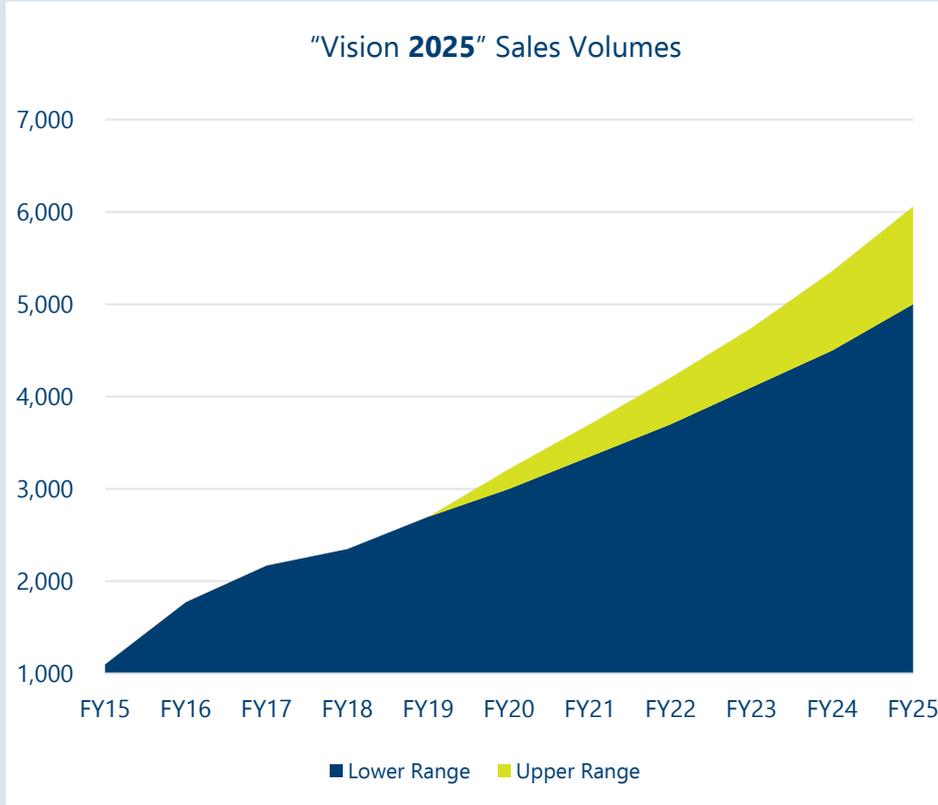
- Realise advantages of multiple large scale farms through automation and more efficient operating practices not available to smaller scale farms
- Establish new processing facilities capable of higher volumes through large scale automation

**Shareholder Value**

- Delivering growth in shareholder value, including sustainable dividend returns



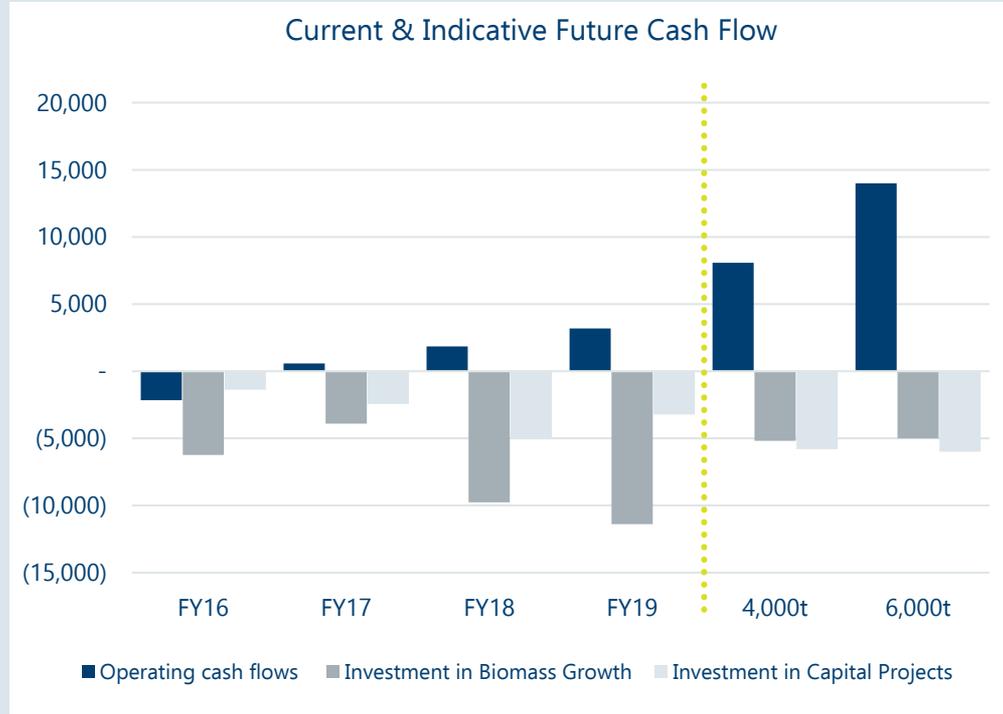
"Vision 2025" Sales Volumes



- The FY20 Budget and broader "Vision 2025" strategic plan has been prepared on the basis of minimising working capital to fund biomass growth, and the sales and marketing investment required to achieve the targeted levels of sales growth
- The Company has revised its production plan and its sales volume targets in order to reduce the need for additional capital to support expansion in Kingfish biomass. The Company anticipates that this will allow it to more quickly reach the point of being able fund ongoing expansion and sales growth from operating profits, and to commence dividend payments to shareholders
- Biomass cover is anticipated to be progressively reduced from the historical long term norm of 13.1 months to 10.8 months
- The Company anticipates this will result in a reduction in funding required over the next 2 years of circa \$10 million, but is still expected to deliver the critical 4,000 tonne sales threshold in FY22



The data represented in the table below is not a financial forecast, but an indication of operational outcomes assuming targeted sales volume levels can be achieved.



- At 4,000 and 6,000 tonnes it is anticipated the Company would achieve sustainable profitability
- A slower rate of biomass growth (fewer fingerlings) is anticipated to lower biomass cover and reduce funding requirements
- The planned mix of equity and debt funding is considered sufficient to fund the implementation of the strategic plan
- In FY17 Clean Seas reached 2,000 tonnes, the threshold required to be cash flow positive from operations, excluding the investment in future biomass
- The next significant threshold is at 4,000 tonnes, where cash flow from operations is expected to fund the investment in future biomass growth
- At 5,000 to 6,000 tonnes the business is expected to have the capacity to fund Working Capital, investment in future biomass and Capex projects
- Although the information presented is based on reasonable assumptions, it is conceptual in nature and there can be no guarantee that the operational outcomes will be achieved.



On 21st August 2019, the Company announced a two-stage funding program: an equity Placement to its major shareholder Bonafide Asset Management AG raising \$6.6 million and a Convertible Note issue to raise a further \$15.3 million.

Through this placement, Bonafide and its related entities increased its combined shareholding from 9.5% to 17.7%.

The initial phase of the Convertible Note issue was a pro-rata entitlement offer to eligible existing shareholders, and in excess of 1,500 shareholders took up part or all of their entitlement. In total, subscriptions for approximately \$9.6 million have been received, and 38% of funds were for additional Notes in excess of shareholder entitlements.

In consultation with Canaccord Genuity, the Company will seek to place up to 5,785,934 Notes representing the shortfall to the entitlement offer.

With this funding in place the Company expects to be able to fund and implement its "Vision 2025" Strategic Plan, and is grateful for the ongoing support of its shareholders.



- **Strong sales momentum** taking an outstanding premium seafood species to the world, fuelled by the Spencer Gulf's unique and largely untold provenance story
- **Profitable sales** and positive underlying EBITDA with strong investment in future growth
- **Positive cash flow** from Operations (excluding investment in Biomass growth)
- **Clear pathway** to sustainable profitability and cash flows
- **Attractive supply and demand drivers** give Clean Seas strong pricing in a market with relatively high barriers to entry
- **Huge global growth potential** for Spencer Gulf Hiramasa Kingfish, with encouraging progress in new markets (North America and Asia), material scope for improvements in per capita consumption in Europe, North America and Asia, and attractive new products enabled by innovative technology
- Significant scope to **reduce cost of production and increase yields** through automation and selective breeding
- **Untapped capacity** to triple current farm production volumes
- **Positive social license** with engaged and supportive local stakeholders
- A **sustainable and eco-friendly growth** opportunity accredited by the world's leading aquaculture certifiers
- Outstanding product – **"Arguably the best raw fish in the world"**

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