

Clean Seas  
Seafood  
Limited (ASX: CSS)

**H1 FY20  
Investor  
Roadshow**

MARCH 2020

**Long-Term Growth**

- Clean Seas reiterates "Vision 2025" growth targets, with further capacity for expansion
- Marine leases and key infrastructure in place to underpin long-term production growth
- Excellent Kingfish survival rates, health and growth, with live biomass +14% in CY19 to 3,621 tonnes

**Improving Efficiency**

- Emerging scale of the business is allowing greater leveraging of fixed costs
- More efficient operations are lowering the costs of feed and farm operations per unit of fish growth
- Rapid freezing technology project recently delivered has unlocked a clear competitive advantage in the frozen Kingfish category (76% of the global market)

**Strong H1 FY20 Results**

- H1 FY20 sales volume +11% to 1,406 tonnes, indicating return on investment in marketing and product quality
- H1 FY20 revenue +13% to \$24.4 million, indicating healthy pricing power
- Significant growth in Operating EBITDA of \$1.6 million (+\$1.1 million year-on-year)
- Significant growth in Operating EBITDA per kg to \$1.14 in H1 FY20 from \$0.41 in H1 FY19

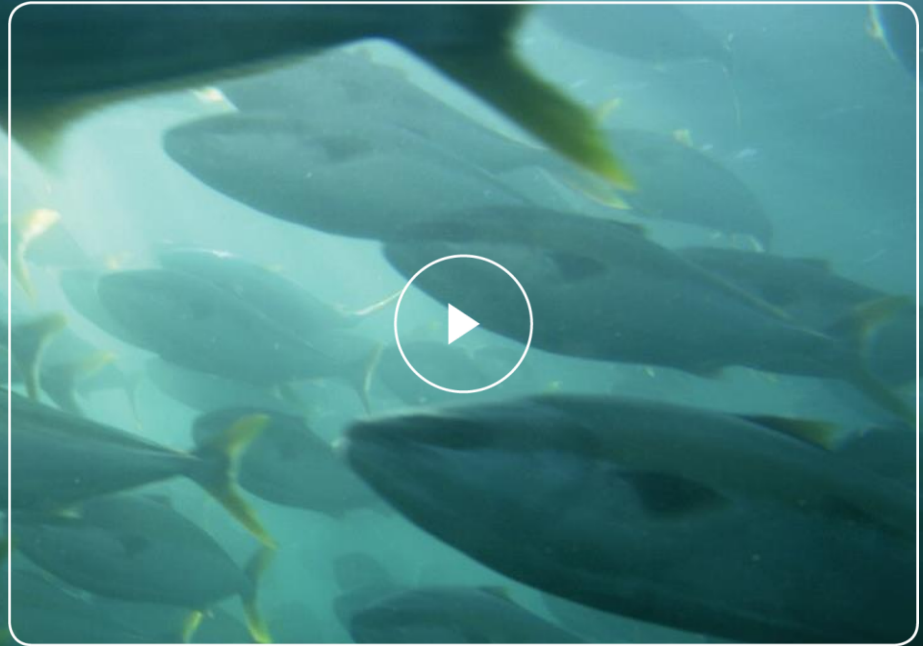
**Capital Management**

- Cash injection of \$15 million received in January 2020 from settlement of feed litigation
- Successful capital raise of \$22 million through completion of a strategic equity placement and convertible note offer
- Clean Seas is now fully funded to deliver its 'Vision 2025' strategic plan

**H1 FY20**

Investor Roadshow

## Spencer Gulf Kingfish Brand



[Spencer Gulf Kingfish Brand](#)



Rank	Shareholder	Country	%
1	Bonafide Wealth Management	Liechtenstein	17.5%
2	Australian Tuna Fisheries Pty Ltd, Hagen Stehr	Australia	6.3%
3	Thorney Investment Group	Australia	2.1%
4	UBS Securities - Switzerland	Switzerland	1.5%
5	<b>David J. Head (Managing Director &amp; CEO)</b>	<b>Australia</b>	<b>1.3%</b>
6	JP Morgan Securities - Australia	Australia	1.2%
7	3rd Wave Investors	Australia	1.1%
8	DWP Bank	Germany	0.9%
9	Private Investor	USA	0.9%
10	Commerzbank	Germany	0.8%
	6,500+ other investors, both institutional and retail		66.4%

As at February 2020



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





## Aquaculture Stewardship Council

Gold Standard Accreditation in  
Sustainable Aquaculture



## South Australian Export Awards

Overall Exporter of the Year 2019  
Agribusiness Exporter of the Year 2019



## Australian Food Awards

"Best Fish"

2016, 2017 & 2018



## Premier's Food & Beverage Industry Awards

Business Excellence Award – 2019

Export Award – 2019

Primary Producer of the Year – 2018





- Sensory Research in Australia by Colmar & Brunton showed Spencer Gulf Kingfish as Best in Class
- Blind taste tests by leading chefs, food and wine writers and industry experts against 5 other Kingfish (4) and Cobia (1) competitive offerings rated Spencer Gulf Kingfish number 1





## H1 FY20 Investor Roadshow

### On the menu at top restaurants



#### Norway

- Alex Sushi (Oslo)
- Sabi Sushi (Oslo, Stavanger)
- Hanami>Nama (Oslo/Bergen)

#### Denmark

- Sticks N Sushi (Copenhagen)
- Damindra (Copenhagen)

#### Sweden

- Minako (Stockholm)
- Kasai (Stockholm)

#### Finland

- Magokoro (Helsinki)

#### 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)
- Miyama (Madrid)

#### Portugal

- Vila Joya (Algarve)

#### Germany

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

#### United Kingdom

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

#### Ireland

- Ichigo Ichie (Cork)

#### Australia

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



- We see it as our responsibility to go door to door across the leading cities of the world to introduce and explain why other chefs consider Spencer Gulf Kingfish to be “arguably the best raw fish in the world”
- To date we have met **“one on one”** with 2,500 leading chefs around the world not currently using our Kingfish
- We present each chef with one of our Spencer Gulf Kingfish in a specially designed presentation box
- Results are very encouraging with over **40%** of chefs visited who were not currently using our Kingfish indicating they will definitely start buying



**Single fish presentation box**

“One on One” Chef Meeting



Demonstrate and Explain



Provide Fish for Trial



High Conversion Rate (40%+)

## Trade Activation Program

To support our growth plans we have developed an integrated trade activation program

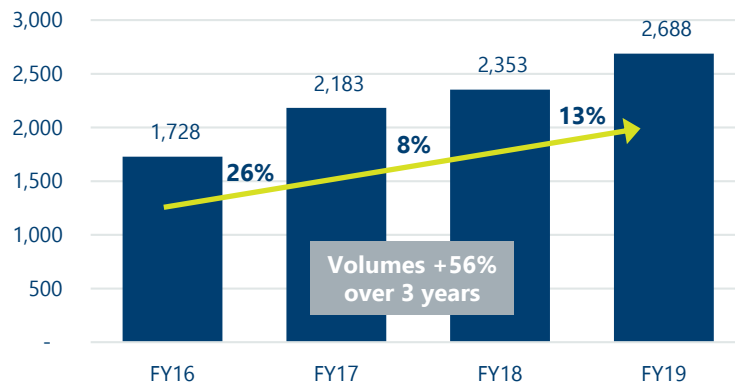
Designed to educate and motivate wholesalers and their customers to trial and adopt Spencer Gulf Kingfish



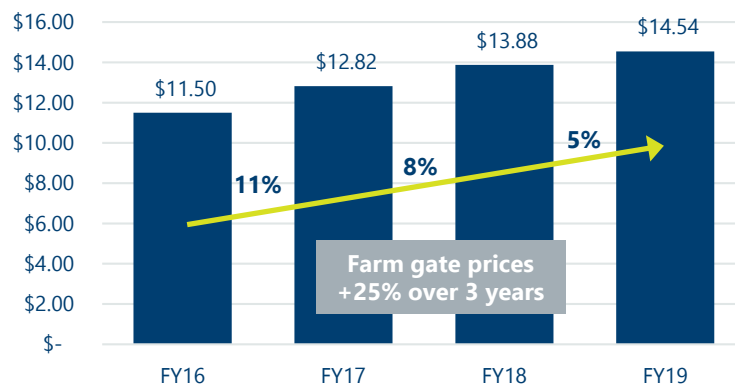
## 3 Years of Strong Growth & Improved Pricing



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



## H1 FY20 Investor Roadshow

## H1 FY20 Financial Highlights

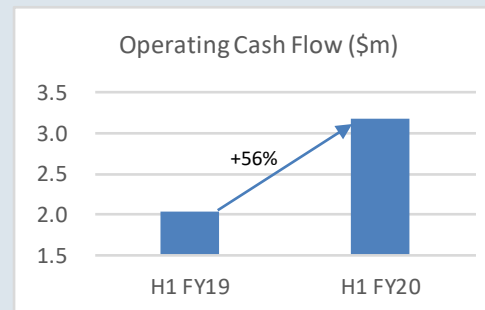
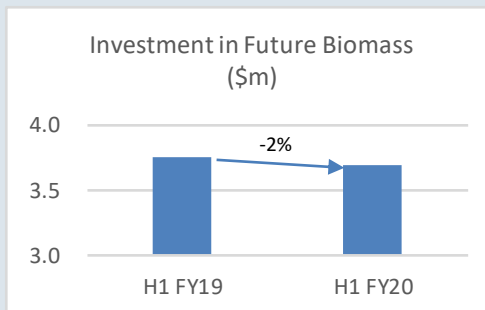


Financial Performance (\$'000)	H1 FY19	H1 FY20	Change
<b>Revenue</b>	<b>21,585</b>	<b>24,437</b>	<b>+13%</b> 
<b>Volume (t)</b>	<b>1,264</b>	<b>1,406</b>	<b>+11%</b> 
Revenue/kg	17.08	17.38	+0.30 
<b>Operating Results<sup>1</sup></b>			
<b>Operating EBITDA</b>	<b>520</b>	<b>1,607</b>	<b>+1,087</b>
Operating EBITDA/kg	0.41	1.14	+0.73 
Gross Profit	5,498	7,569	+2,071 
Operating NPAT	(1,042)	(194)	+848 
<b>Statutory Results</b>			
<b>Statutory EBITDA</b>	<b>(2,860)</b>	<b>6,787</b>	<b>+9,647</b> 
Statutory NPAT	(4,422)	4,596	+9,018 
<b>Operating Adjustments</b>			
Litigation Settlement & Expense	295	(13,982)	
Non cash provision	(672)	-	
Insurance claim	(150)	-	
AASB 141 SGARA Impact	3,907	8,802	
Convertible note & Non-operating interest	-	390	
<b>Cash Flow</b>			
Receipts	21,048	24,578	+17% 
Investment in Future Biomass	3,749	3,690	-2% 
<b>Operating Cash Flow<sup>1</sup></b>	<b>2,040</b>	<b>3,182</b>	<b>+1,142</b> 

<sup>1</sup>Operating EBITDA, Operating NPAT and Operating Cash Flow in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

- ✓ Revenue rose 13% to \$24.4 million following 11% year-on-year growth in sales volume
- ✓ Performance benefited from Clean Seas' investments in product quality, expansion into the frozen category and proactive marketing
- ✓ Achieved farm gate price increases in all markets
- ✓ Statutory NPAT improved by \$9 million, supported by improved cash flow and an uplift in the fair value adjustment of biological assets
- ✓ Operating EBITDA increased by 209% year-on-year, driven by volume and price growth, increased scale and leveraging fixed costs

## Operating Cash Flows



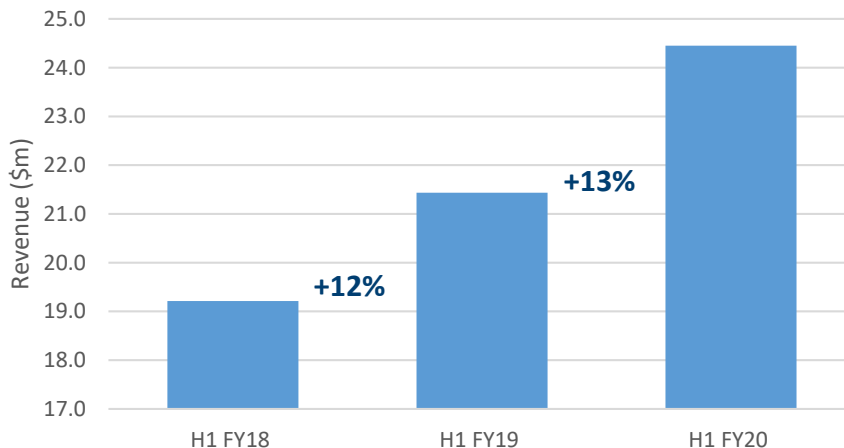
Operating cash flows reconciliation	H1 FY20	H1 FY19
Statutory cash used in operating activities	(1,358)	(1,831)
<b>Less:</b>		
Investment in Biomass Expansion	(3,690)	(3,749)
Cash flows for Litigation costs	(850)	(122)
<b>Operating Cash Flow</b>	<b>3,182</b>	<b>2,040</b>

- Positive Operating Cash Flow of \$3.2m which represented a 56% increase on the prior year excluding investment required to expand Biomass to support future growth in sales.
- Cash receipts increased by \$3.5 million or 17% to \$24.6 million
- Cash Investment in Biomass was 2% below H1 FY19 despite the 14% increase in overall Biomass to support future sales growth. This has been achieved as a result of lower production costs per kg of growth, and a continued improvement in working capital management.
- Total statutory cash used in operating activities in H1 FY20 was favourable to H1 FY19 by \$0.5 million, despite higher costs incurred during the Company's successful litigation action, primarily driven by:
  - additional receipts from sales;
  - improved operating margins; and
  - leveraging the benefits of scale and increased farming efficiencies.



## Global H1 Sales Revenue

(excluding frozen clearance)



### Sales volume (by market, excluding frozen clearance sales)

Tonnes (WWE)	H1 FY20 v H1 FY19
Australia	13%
Europe	7%
North America	43%
Asia/China	(3%)
<b>Total</b>	<b>11%</b>

- Clean Seas remains the clear leader in Australia and Europe which are predominantly fresh markets
- Strong volume growth in the core Australian business reflects market share won from local competitors and expansion through the ongoing chef activation program
- Growth in Europe achieved despite increased competition from significantly lower-priced product from European land-based farms
- H1 FY20 decline in Asia reflects timing of large container shipments. Exports to China have been suspended as a result of the coronavirus outbreak, but this market represents <1% of Clean Seas' year-to-date sales
- Strong growth from a small base in North America bodes well for continued expansion in the world's largest kingfish market ex-Japan, where Clean Seas is still in an early phase of market share gains

## H1 FY20 Investor Roadshow

## Fully Funded & Strong Balance Sheet



	Dec-18	Dec-19
<b>Assets</b>	<b>\$m</b>	<b>\$m</b>
Cash and cash equivalents	2.0	9.3
Trade and other receivables	6.6	21.1
Inventories	6.9	12.6
Prepayments	1.3	1.0
Biological assets	43.0	49.2
Property, plant and equipment	17.2	16.3
Other non-current assets	3.1	3.6
<b>TOTAL ASSETS</b>	<b>80.1</b>	<b>113.2</b>
<b>Liabilities</b>		
Trade and other payables	7.7	9.0
Bank overdraft	0.7	-
Other current liabilities	2.4	3.0
Convertible notes	-	13.2
Borrowings	1.6	2.8
Other non-current liabilities	0.2	0.4
<b>TOTAL LIABILITIES</b>	<b>12.7</b>	<b>28.4</b>
<b>NET ASSETS</b>	<b>67.4</b>	<b>84.8</b>

- Cash injection of \$15 million received in January 2020 from settlement of feed litigation
- Successful capital raise of \$22 million through completion of a strategic equity placement and convertible note offer
- Total Assets have increased by \$33.1m since December 2018
- Clean Seas is now fully funded to deliver its 'Vision 2025' strategic plan





- Freezing premium quality seafood is **all about speed**.
- The **ice formation stage** must be fast for optimum texture
- Our Rapid Freezing does this in around 22 minutes, **10 times faster** than conventional freezing
- **And -35°C must be reached quickly.**
- Conventional freezing won't do this
- In just **90 minutes**, our Rapid Freezing technology achieves surface temperature of **-95°C** and core temperature **-60°C**
- We call it ***"SensoryFresh"***

H1 FY20

Investor Roadshow

*SensoryFresh*



[SensoryFresh](#)

Sales volume (by product excluding frozen clearance sales)	
Tonnes (WWE)	H1 FY20 v H1 FY19
Fresh	7%
Frozen/ <i>SensoryFresh</i>	32%
<b>Total</b>	<b>11%</b>

- Clean Seas delivered growth in premium frozen product sales of 32% in H1 FY20 compared to H1 FY19.
- Clean Seas premium frozen product – ***SensoryFresh*** - will be particularly significant for North American and Asian markets where the frozen Kingfish category represents over 76% of the total market, and validates the Company's strategic investment in its world's best practice freezing technology to achieve a clear competitive advantage in these key growth markets.



## Global Kingfish markets excluding Japan

### Europe

**10%**

(CSS Market Share 48%)



### Australia

**10%**

(CSS Market Share 90%)



### North America

**71%**

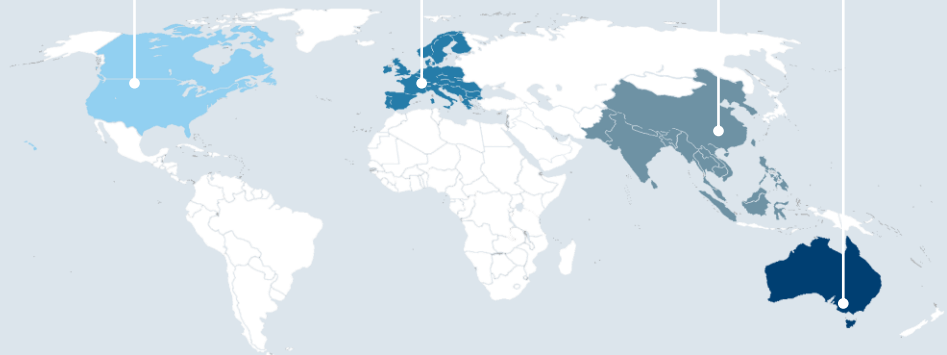
(CSS Market Share <1%)



### Asia

**9%**

(CSS Market Share 6%)



- Clean Seas is the clear leader in Australia and Europe which are predominantly “fresh” markets
- North American and Asia represent circa 80% of the global Kingfish market outside Japan
- 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





Consumption of Farmed Yellow Tail Kingfish **2019** (excl. Japan)

Market	5 year CAGR (%)	Major metro population (millions)	Per capita (metro) (grams)
North America	11.1%	201	74.6
Europe	20.9%	203	10.8
Australia	21.1%	19	96.2
China	22.6%	431	3.1
Rest of Asia	10.9%	295	2.1
Middle East	4.9%	67	0.7
<b>Total</b>	<b>13.2%</b>	<b>1,217</b>	<b>14.9</b>

- 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 96g, 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, however the arrival of new market entrants over the past few years has opened up new (lower-price) market segments, growing the market by 50% in the last 3 years. CSS's volumes have also increased by 25% during this period



**Products and  
Brands**



**Spencer Gulf  
Kingfish**

*"Arguably the  
best raw fish in  
the world"*

**Established  
Premium  
Brand**

**Unique  
Provenance &  
Cold Water**

**Sells at  
Premium** to  
tank farms,  
warm water,  
wild-catch,  
ranching

***SensoryFresh***

Liquid Nitrogen  
Freezing  
Technology

**Markets**

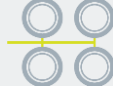


**Strong Growth  
13% 5yr CAGR**

**Significant  
opportunities**  
for growth in  
Americas & Asia  
(76% frozen)

**Free Trade  
Agreements**  
with key markets  
(US, Canada,  
Mexico, Chile,  
China, Korea,  
Japan, ASEAN,  
Singapore,  
Thailand, NZ  
EU in progress

**Breeding &  
Farming**



**Global Leader  
in Full-Cycle**

**20 year  
breeding and IP**

**SGK native to  
Spencer Gulf  
waters**

**Scale** – next  
largest farm  
outside Japan is  
just 20% of CSS

**Scale** -  
Opportunities  
for automation

**Stakeholders &  
communities**



**Long standing  
and positive  
social licence in**  
Spencer Gulf

**Supportive  
regulatory  
environment**

**6,500+  
supportive  
longstanding  
shareholders**

**People & Culture**



**Experienced  
and capable**  
executive team  
and Board

**Long standing**  
breeding and  
farming team

**Global sales &  
marketing team**  
across four  
continents

**Supply Chain**



**Fully integrated**  
from egg to  
customer

**Dual global  
supply chains** –  
fresh and -35°C

**Funding**



**Fully funded**  
to implement  
"Vision 2025"



**Build Further Scale**  
2020 – 2022



**Drive Growth (Markets & Products)**

- **Expand sales by circa 50% to 4,000 tonnes by FY22**, which is an average of 14% pa
- Primarily via market share growth in North America and Asia leveraging *SensoryFresh* freezing technology
- **Self Sustaining Cash Flows at 4,000t**, including the investment required to expand biomass to support future growth

**Reduce Cost of Production**

- Through **increased scale**, investment in automation on both the farm and Processing Operations and Selective breeding program

**Deliver Benefits of Scale**  
2023 – 2025



**Further Growth**

- **Expand annual sales to 5,000-6,000 tonnes by 2025**, which is an average of 12% pa from FY22
- Significant growth expected in Nth America and Asia
- Large focus of frozen product offerings

**Cost of Production**

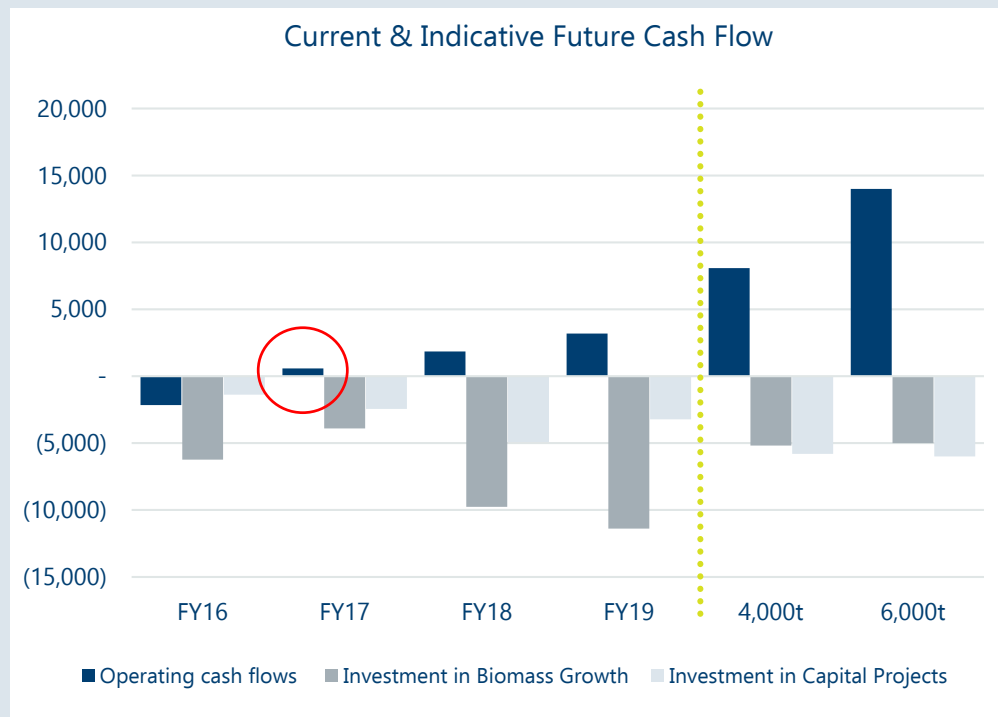
- Larger scale farms with fully automated feed systems
- More efficient operating practices not available to smaller scale farms
- Year 5-7 of the selective breeding program
- New processing facilities capable of higher volumes through large scale automation

**Shareholder Value**

- Delivering **growth in shareholder value**, including sustainable dividend returns



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.



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.

- In FY17 Clean Seas reached **2,000 tonnes**, the threshold required to be cash flow positive from operations
- The next significant threshold is at **4,000 tonnes**, where cash flow from operations is expected to also 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





**Products and Brands**



- Outstanding product – **“Arguably the best raw fish in the world”**
- **Strong sales momentum** taking an outstanding premium seafood product to the world, fuelled by the Spencer Gulf’s unique and largely untold provenance story

**Markets**



- **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 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

**Breeding & Farming**



- Significant scope to **reduce cost of production and increase yields** through scale, automation and selective breeding
- **Untapped capacity** to triple sales volumes through increased farm production

**Stakeholders & Communities**



- **Positive social license** with engaged and supportive local stakeholders
- A **sustainable and eco-friendly growth** opportunity accredited by the world’s leading aquaculture certifiers

**Funding**



- **Profitable sales** and positive underlying EBITDA with strong investment in future growth
- **Positive cash flow** from Operations
- Focus on **working capital** to reduce investment required to expand Biomass
- **Fully Funded** to deliver the “Vision 2025” Strategic Plan

**CONTACT:**

**David J Head** | Managing Director and CEO  
[david.head@cleanseas.com.au](mailto:david.head@cleanseas.com.au)  
+61 (0) 419 221 196

**Rob Gratton** | Chief Financial Officer  
[rob.gratton@cleanseas.com.au](mailto:rob.gratton@cleanseas.com.au)  
+61 (0) 434 148 979

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.