

Annual General Meeting

November 28, 2016



David J Head – Managing Director & CEO



- Joined Clean Seas in January 2016 – No previous Aquaculture Experience
- Economist (Monash University)
- Early career with Swire Group (Logistics) then Cadbury Schweppes (Sales Management)
- First Chief Executive role at Pepsi-Cola International (Australasia /Pacific – 7 countries) aged 30 then Lion Nathan running Retail and Wholesale Liquor Group
- 15 years Turnaround experience with privately owned International Companies (Consumer, Textiles and B2B Services – BPO)
- Early retirement in 2009 due to wife's health (7 years) – took on Non Executive Board and Consulting roles
- Extensive Non-Executive Director experience (Australia, Asia, Europe) including ASX listed Snack Foods Ltd
- Non Executive Director of Fair Trade ANZ
- # 22 Shareholder – Seeking to increase if shareholder approval granted to participate in placement



- **Global leader in full cycle breeding, grow-out and sale of Yellow Tail Kingfish (Seriola lalandi)**
- **Largest global producer outside Japan**
- **Marketed under the “Hiramasa” brand, the Japanese word for Premium YTK**
- **Sold in Australia and around the world (Exports 45%)**
- **Hiramasa Kingfish has a firm white-to-light-pink flesh with a sweet, rich, clean flavour of consistently high standard**
- **Recognised for superb quality and reliability, supplying fresh fish to markets all over the world 52 weeks per year**
- **The company continues to conduct R&D activities with its Southern Bluefin Tuna broodstock**



Hiramasa Kingfish – Superior Quality



- Voted best Fish at the 2016 Australian Food Awards
- Premium fresh fish, sent twice a week every week of the year
 - Supplied to 25+ countries
 - Over 150 distributors
 - Thousands of restaurants and high end caterers
- Fresh product delivered globally within 4 -7 days after harvest
- Supplying top tier restaurants – used in many Michelin starred / hatted restaurants around the globe
- Used in top level sushi chains in Europe
- Positioned as premium white fish, main usage is sashimi / raw, but cooked usage expanding



Hiramasa Kingfish is a premium fish

- **Wild capture typically attracts higher prices than farmed fish**
- **However Clean Seas Hiramasa sells at a significant premium to Wild caught Kingfish**
- **Clean seas Hiramasa was the highest priced fish per kg at Sydney Fish Market in FY16 (Based on top 20 species by volume)**



Our Ambassador Chefs

A stable of elite international chefs act as ambassadors, and feature in our advertising campaigns (at no charge)



Donovan Cooke, The Atlantic



Giovanni Pilu, Pilu at Freshwater



Nicky Reimer, Union Dining



Carla Jones, 4Fourteen



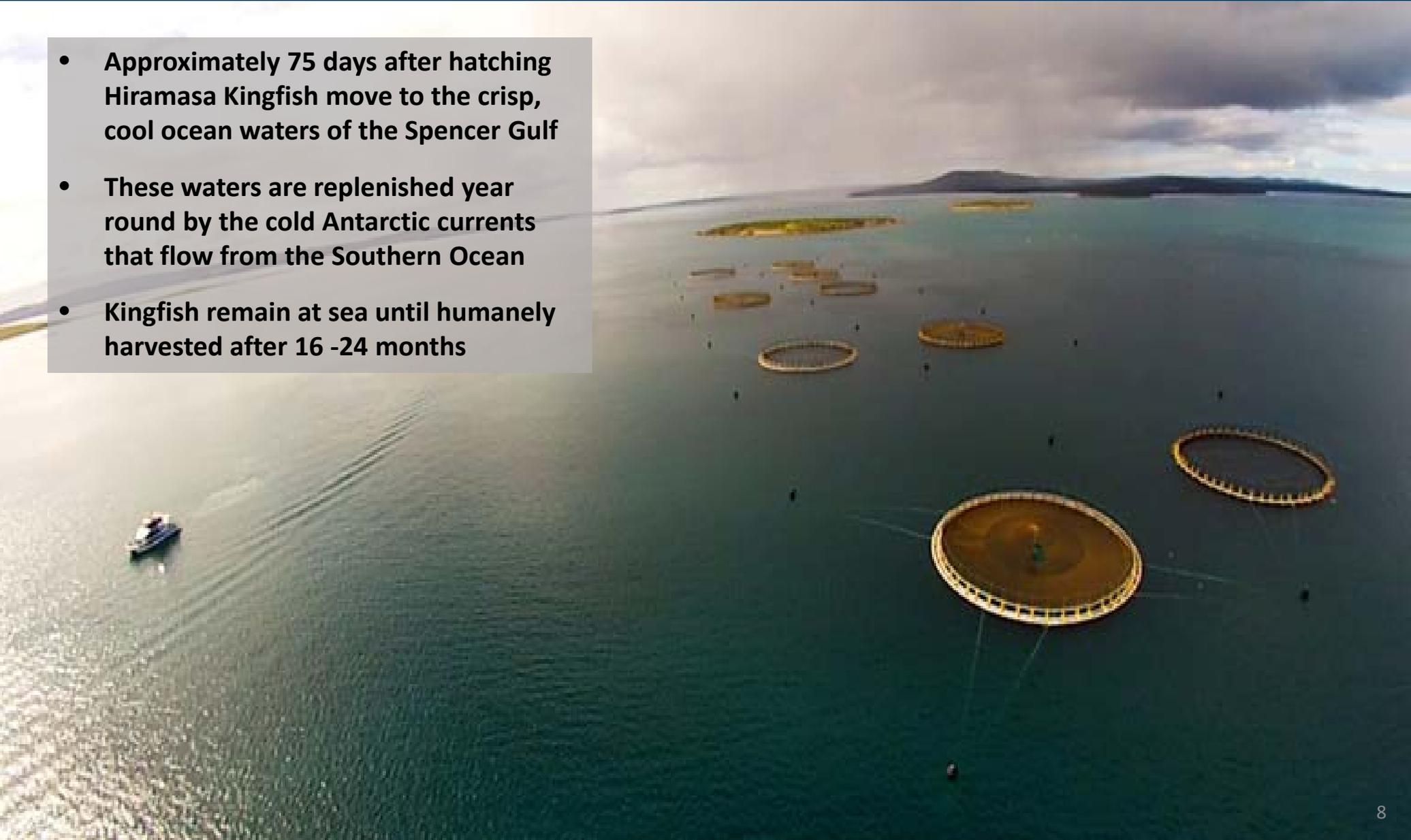
Frank Shek, China Doll

Hatchery – Key Competitive Advantage

- Life cycle begins with eggs from our selectively bred brood stock
- Eggs then transferred to an incubator where they hatch 48 hours later
- Larvae bathed before transfer to custom designed larval rearing tanks
- Next 21 days diet of live feeds until 0.1 grams then off to Nursery
- Diet in Nursery specially formulated to replicate what eat in the wild
- Remain in the Nursery until 35 grams then transferred to sea cage via helicopter or oxygenated road transport



- Approximately 75 days after hatching Hiramasa Kingfish move to the crisp, cool ocean waters of the Spencer Gulf
- These waters are replenished year round by the cold Antarctic currents that flow from the Southern Ocean
- Kingfish remain at sea until humanely harvested after 16 -24 months



Spencer Gulf – Significant Farm Capacity



Aquaculture is the future

Important Source of Protein

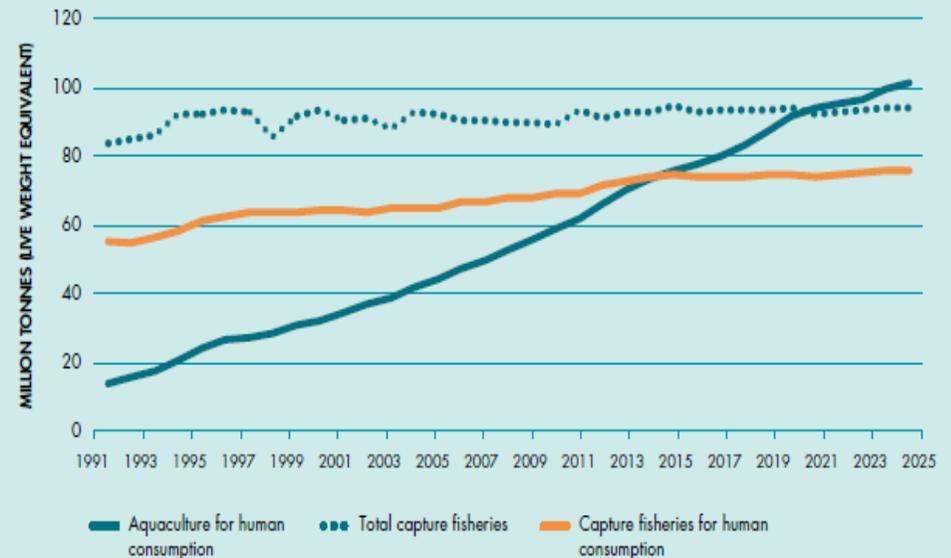
- Around 16% of all animal protein consumed
- And growing fast

Growing share of Global fish supply

- 44% of global fish harvest - Up from just 10% in 1985
- Aquaculture forecast to reach 62% of fish supply by 2030
- Within 9 years Aquaculture is forecast to supply 30% more fish as food than Wild Capture

FIGURE 34

GLOBAL CAPTURE FISHERIES AND AQUACULTURE PRODUCTION TO 2025



SOURCE: OECD and FAO.

Finfish farming is sustainable

Efficient Feed Conversion Rates (FCR)

- Farmed Finfish have the highest efficiency of any animal protein food source except eggs (Edible output per unit of feed input)
- They convert feed into body mass
 - 7x more efficiently than Cattle & Sheep
 - 3x more efficiently than Pigs
 - Equal to or better than Chicken
- Produce less Carbon Dioxide per kg of Protein
 - Less than 1/10 of Cattle and Sheep
 - Half of Pigs and Chicken
- Sustainability Grant
 - On World Fisheries Day Clean Seas was awarded the 2016 Environmental Grant (\$10,000) by the Sydney Fish Market
 - The grant recognises Clean Seas commitment to improve its sustainability practices
 - The grant will be used to further research into ways to reduce our reliance on fish meal in the Kingfish Diet



Corporate Summary

ASX Code: CSS6	
Ordinary Shares	1,364m
Market cap (@3.5 cents)	\$47.7m
Average Monthly Volume	\$1.2m
Cash (Nov 27 2016)	\$6.7m
Debt (Nov 27 2016)	(\$2.9m)
Cash + Available Facilities	\$10.8 m

Major Shareholders (at 27/11/16)	
Australian Tuna Fisheries Pty Ltd*	6.9%
JP Morgan Nominees Australia Limited (Includes Bonafide Global Fish Fund 2.6%)	6.1%
Citicorp Nominees Pty Limited	1.3%
Mr Xianghui Chen	1.0%
BNP Paribas Noms Pty Ltd	1.0%
Top 20 Shareholders	23.7%
Number of Shareholders	7,648

* ATF holds 7.4% including associates

Directors & Senior Management	
Paul Steere	Independent Non Executive Chairman
Nick Burrows	Independent Non Executive Director
Hagen Stehr AO	Non Executive Director
Marcus Stehr	Non Executive Director
David J Head	Managing Director and CEO
Wayne Materne	CFO and Company Secretary



Annual Sales

Annual Sales	FY16	FY15	FY14	Growth FY16 v F15	Growth FY15 v F14
Tonnage Sales					
Domestic	1,094	827	471	+32%	+76%
Export	924	271	100	+241%	+171%
Total Tonnes	2,018	1,098	571	+84%	+92%
Revenue from Kingfish Sales	\$30.001m	\$18.185m	\$9.917m	+65%	+83%

Value of sales in FY16 impacted due to discounts to clear overstocked biomass in non-core markets



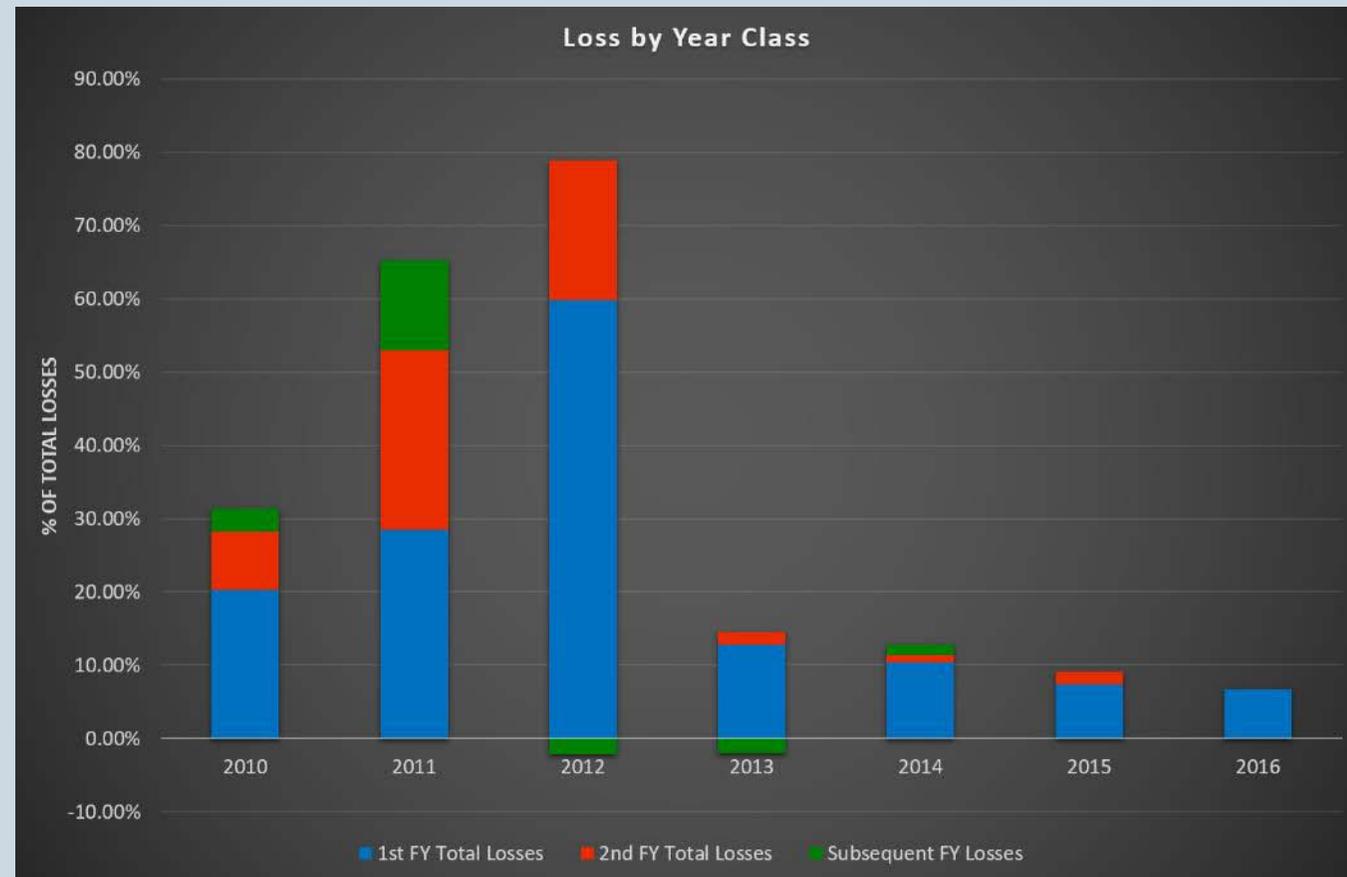
FY 2016 Achievements

- **Strong Growth continues with volume growth +80% in FY16**
- **Fish Health – Best ever condition**
- **Survival rates 90% +**
- **Best Fish at the 2016 Australian Food Awards**
- **Completed comprehensive strategic review**
- **China market entry deal with Beston – First shipment 176 tonnes**
- **New ERP System implemented in Q4**
- **Litigation – Independent Expert Forensic Accountant's Report values Clean Seas claim at \$34.5 million to \$39.1 million plus interest and costs**



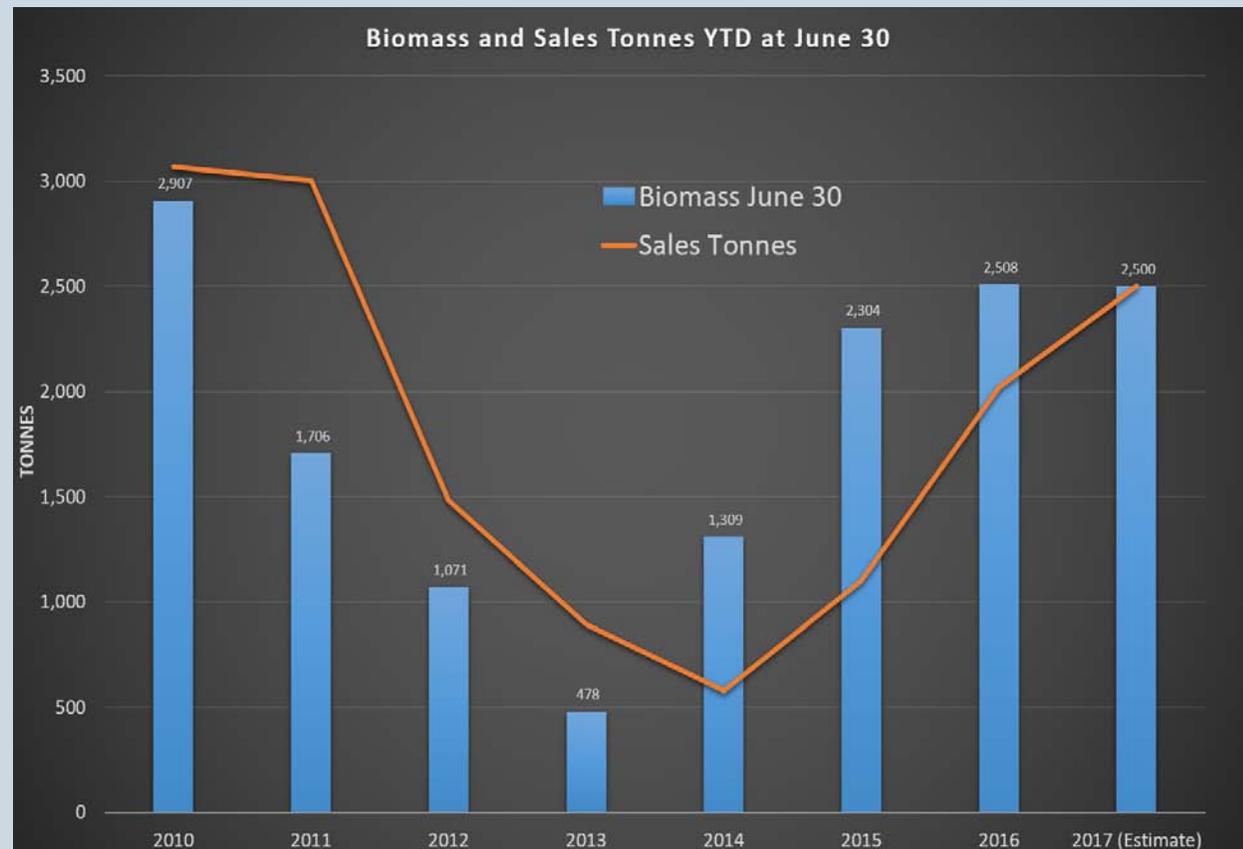
Survival Rates continue to improve

- Mortality rates began increasing in 2008 due to a Taurine nutrient deficiency in the feed, and peaked at close to 80% in 2012
- Following resolution of the Taurine feed deficiency in 2012, mortality rates have reduced to worlds best practice



Structural Imbalance – now under control

- Biomass peaked at **4,127** tonnes in 2009
- Due to a Taurine nutrient deficiency in the feed, Biomass declines to **478** tonnes in June 2013
- Annual sales had peaked at **3,067** tonnes in 2010 but fell to **571** tonnes in FY14 due to lack of stock
- The Structural Imbalance occurred in the aftermath of the Taurine crisis with a large increase in fingerlings in late 2013 to meet the expected sales rebound in FY15 and FY16.
- The significant improvement in survival rates and slower than expected sales rebound (due to complexity and cost of re-entering Export markets) resulted in excess biomass from FY15
- The actions taken in FY16 along with our plans in FY17 are expected to bring the Biomass back into balance in FY18



FY 2016 Key Challenges

- **Significant structural imbalance (inventory overstock) emerged in late 2015**
- **A major write-down (\$10.5 million) was required to address the imbalance:**
 - **discounted fresh product sold into non core markets**
 - **750 tonnes frozen and sold in range of formats**
 - **balance retained in live fish inventory**
 - **Back into balance from FY18**
- **Working capital to fund rapid expansion and structural imbalance**
- **Breadth and Depth of Management team to lead profitable growth**



Financial Metrics

		FY16	FY15	% Change	Comment
Sales – Volume	Tonnes	2,018	1,098	+84%	Australia +32%, Export +241%
Sales – Revenue	(\$m)	30.0	18.2	+65%	Reflects volume increase and market establishment / clearance pricing on surplus
Net Profit Before Tax – Underlying	(\$m)	0.6	1.0	-47%	Net impact of \$1.1m reduction in R&D grant income and offsetting cost changes
Net Profit Before Tax – Statutory	(\$m)	(9.9)	1.0	-1,061%	Includes \$10.5m Biomass and Inventory write-down in FY16 due to structural imbalance
Net Assets at 30/6/16	(\$m)	42.9	51.9	-17%	Reflects FY16 Biomass write-down
Biomass at 30/6/16	Tonnes	2,508	2,304	+9%	No further write-down expected in FY17
Biomass Valuation at 30/6/16	(\$m)	25.0	27.6	-11%	Reflects FY16 biomass write-down
Production Cost per kg of Growth*	\$	9.78	9.99	-2%	Efficiencies offset feed cost increase
Feed Conversion Ratio (Economic)		2.38	2.31	+3%	Reflects higher proportion of larger fish
Feed % of Production Costs	%	60%	54%	+6%	Reflects higher FCR and 5% higher average cost

* Cash Cost Landed at wharf

- Global leader in full cycle breeding, grow-out and sale of Kingfish
- Product quality and consistency recognised and advocated by professional chefs internationally
- Ongoing selective breeding program has developed a unique and sustainable breed of quality YTK
- No commercial competitor in Australia, market leader in Europe, significant growth opportunities in USA, and Asia
- There will be new entrants to Kingfish farming in Australia but Clean Seas 13+ years experience farming this complex fish species provides significant advantages over new entrants
- Known primarily as a premium sashimi product, mainly by chefs and the professional food service sector.
- Opportunity to position as a premium centre of plate fish
- Primarily sold as fresh fish for sashimi/restaurant multiple product opportunities – packaged, frozen, retail
- Still relatively unknown outside core Australian market – significant market upside
- Extensive world class hatchery and farming facilities on the Eyre Peninsula in South Australia with unique provenance

Structural Imbalance

- Big challenge but now under control
- Leveraged excess stocks to create opportunity for market entry into China,
- Biomass expected to be back in balance in FY18

Post Harvest Processing

- Outsourced processing is expensive and restricts ability hard to respond to demand
- Harder to control product quality across supply chain - risk to brand and company reputation

Marketing and Brands

- Lack of recognition and brand confusion in several markets
- Opportunity for a more compelling proposition
- Need to strengthen sustainability credentials

Cost of Production

- Feed largest cost (60%) - feed trials capable of delivering quality and cost improvements
- More work needed on lowering cost and improving productivity

Sales and Markets

- Strong sales growth but not at acceptable farm gate prices in certain export markets
- Limited market data – channel penetration unknown

People

- Top quartile Work Place Health and Safety performance and culture
- Identified need to improve breadth and depth of senior management

Key Strategies for profitable growth



Marketing and Brands

- New brand strategy and campaign to position Hiramasa Kingfish as a **Premium Seafood**
 - *“Culinary Excellence + Unique Provenance”*
- Product Sensory Testing – Laboratory + kitchen with Chefs, food writers, professional panellists
- Appoint new Marketing Agency ✓

Sales and Markets

- Leverage new positioning to underpin increase in Farm Gates prices in previously price driven markets
- An activation program targeting leading restaurants and chefs in key global markets (top 500 per city)
- Based on market segmentation profile from new data base of key markets

Sustainability, Environmental + Social Credentials

- Seek ASC Accreditation (**In progress**)
 - Critical in US and European market

Post Harvest Processing

- Establish in house processing facilities with State of the Art Automated Processing Technology
 - Annual savings of circa \$1 million

Production

- Leverage in house infrastructure at Hatchery to conduct targeted research on feed optimisation
- Further work on lower production costs including automation after appointment of GM Aquaculture

People

- Strengthen the Senior Executive team
 - GM Global Sales ✓
 - GM Marketing and Product Development ✓
 - GM Aquaculture (**In Progress**)
 - GM Processing (2017)

Richard Longden – GM Sales (Start Jan 2017)

- Currently National Business Manager at Huon Aquaculture Ltd (8 years) responsible for sales of 15,000 tonnes - around 80% of their Global sales
- Previously Business Manager Tassal Group Limited (4 years)
 - Domain Chandon (2 years)
 - Professional Commercial Chef London + Australia
- Bachelor of Wine Marketing (Adelaide University)

Julie Torok – GM Marketing and Product Development (Start Dec 2016)

- Previously Head of Marketing - Annam Group - Vietnam (4 years)
 - Head of Marketing - AGTHIA Group – Abu Dhabi (2 years)
 - Group Marketing Manager - HJ Heinz – Australia (2 years)
 - General Manager Marketing/ Marketing Manager - Lion – Australia (7 years)
 - Group Brand Manager – Nestle Ice Cream – Australia + Thailand (6 years)
- MBA (Swinburne University) Bachelor of Commerce (Deakin University)



A Behaviour Change Communications Agency

- Its approach is highly collaborative and co-creative
- Focused around the development of a core narrative that is both emotional and rational.
- Its approach is underpinned by learning through Monash University's Behaviour Works
- The company has developed and implemented campaigns that have been used around the world and established benchmarks for major change.



- Largest producer of Yellow Tail Kingfish outside Japan, 13+ years breeding and farming experience
- Global leader in full life-cycle Kingfish production – unique technologies and IP
- Highest quality and reliability, supplying fresh fish to global markets 52 weeks per year
- Quality recognised by Industry - “Best Fish” Australian Food Awards
- Strong pricing in core markets – Clean Seas commands a premium over wild caught Kingfish
- Strong growth dynamics – sales volumes up 84% in FY16, FY17 sales target c. 2,500 tonnes +25%
- Structural overstocking imbalance issue addressed without impact on core markets
- Marketing strategies to “sell the story” and drive demand in Australia and globally
- Existing hatchery infrastructure and farm leases support growth in production up to +7,000 tonnes
- Potential litigation upside – Independent Forensic Accountant values CSS claim at >\$34 m
- Profitability within 18 months, tax losses of circa \$85m to offset future profits

- **Profitability expected within 18 months driven by a range of significant marketing initiatives:**
 - New brand strategy and campaign will reposition Australian Hiramasa Kingfish as a Premium Seafood
 - Targeted customer activation program in the USA and Europe to increase market penetration and build product awareness
 - Position Hiramasa Kingfish as a centre of plate product to drive whole fish and fillet sales
 - Recovery of Farm Gate prices in all markets that were subject to recent discounting (+50% in some markets)
 - Recent price increase in Australia (80 cents per kg) across fresh product
 - Successful accreditation with Aquaculture Stewardship Council (ACS) will strengthen environmental and social credentials and improve access to new customers in Europe and USA
- **In house processing facilities to be established during 2017 will deliver savings circa \$1m p.a.**
- **Completion of the sale of discounted inventory in 2017**
- **Develop opportunities to leverage the Clean Seas Brand to expand range of premium seafood products**

1. Its Obvious - <http://obviousadams.org/obvious-adams-pdf/obvious-adams-ebook/>
2. We have a great product with a clear competitive advantage.....which needs
 - **Strategy** that identifies and exploits the competitive advantage
 - **People** to execute the strategy
 - **Funding** to implement the strategy
3. Aquaculture is not for the feint hearted – or those in a hurry
 - Farming is dealing with **“life”**
 - We can’t control the **“Natural elements”**
 - Clean Seas has done its **“apprenticeship”**
4. Don’t expect overnight turnaround - But do believe we have something outstanding in our **YTK**

Certain statements contained in this presentation, including information as to the future financial or operating performance of Clean Seas Tuna 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’s 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.

Contact:

David Head
Managing Director & CEO
Phone: +61 (0)419 221196
david.head@cleanseas.com.au

Wayne Materne
CFO and Company Secretary
Phone: +61 (0)418 855035
wayne.materne@cleanseas.com.au