

Angel Seafood Holdings Ltd

ASX: AS1



Investor Update
November 2020



**Introduction to
Angel Seafood**
'Who we are today'



Angel Seafood – Australia’s largest producer of Pacific Oysters

- Angel Seafood is the Southern Hemisphere’s largest sustainable and organic certified pacific oyster producer, based in South Australia
- World leading farming practices optimising utilisation of available assets while maintaining premium product quality
- Selling oysters both domestically and into premium export markets
- Listed on the ASX in February 2018
- Completed initial phase of growth with available funds, now benefiting from economies of scale and entering the next phase of growth
- Profitable and generating positive operating cash flow

Oysters! Giving your health a boost

Increasing consumer preference for healthy food

- Immunity booster – extremely rich in Zinc
- Excellent source of high protein
- Low calories, low fat
- Rare food source for Vitamin D
- Packed with Vitamin B12, good for brain function
- A Rich Source of Omega-3 Fatty Acids
- A boost for romance



What makes Angel unique

Premium oyster production without compromising the environment

- **Angel is one of only two sustainable and organic oyster growers in the world**
 - › Growing customer preference for organic and sustainably sourced food
 - › Organic oysters are 100% traced from spat throughout their life cycle
 - › Angel oysters are produced with ecologically sound, innovative and industry leading farming practices
- **Globally recognised ‘Coffin Bay’ and Eyre Peninsula provenance**
 - › Grown in the nutrient rich cold water from the Antarctica
 - › Clean and undisturbed Eyre Peninsula – Australia’s seafood frontier
 - › Australian seafood highly regarded in Asia and around the world
- **High barriers to entry with very limited high-quality water available in Coffin Bay**
 - › Angel currently holds 14Ha of the highly productive water in Coffin Bay
 - › No “new water” being made available



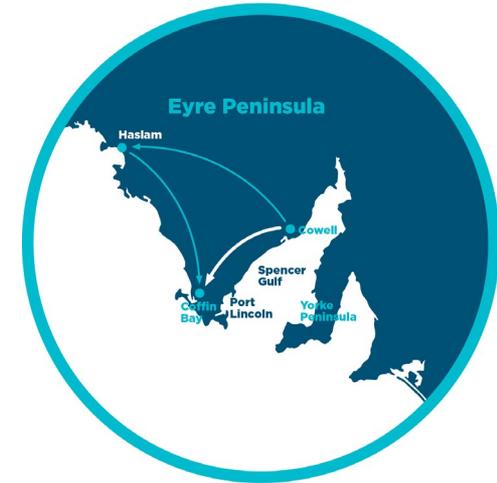
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What makes Angel unique

Industry leading multi-bay strategy and innovation

- **Multi-bay strategy underpinned by unique intellectual property provides significant competitive advantages**
 - › Each bay location has unique growth characteristics (water flow rates, nutrition, rainfall history, water temperature)
 - › IP in harnessing the attributes of each bay to produce a premium product with a unique taste without compromising the environment
- **Economies of scale derived from a substantial investment program**
 - › Holding capacity of over 20 million oysters, finishing capacity increased to 12 million per year
 - › Angel's scale presents unique opportunities to extend into new markets (retail, export, health and nutrition)
 - › Angel continues to improve productivity and reduce cost of production through continuous improvement and innovation, paired with governance and discipline
- **Multi-bay strategy achieves geographic diversification**
 - › Capacity to move stock within bays as need arises (disease risk mitigation)
 - › Enables greater flexibility in sales and distribution, as witnessed during the COVID-19 pandemic



Location: Cowell	Location: Haslam	Location: Coffin Bay
Nursery & grow-out ground for spat and juvenile oysters	Grow-out extension and warehousing	Maturing ground for finishing oysters
Area ¹ : 15Ha	Area ¹ : 9Ha	Area ¹ : 14Ha
Holding Volume: 20 million spat and growing oysters	Holding volume: ~2-5 million oysters	Holding volume: 3 million mature oysters
12-18 month cycle	As required	10-12 week cycle

¹ Developed/deployed water leases only. Angel holds a total of 61Ha across the bays.

HOW FAR WE'VE COME

Today we supply over 10% of
Australia's pacific oysters.



2010

2020

One bag represents approximately 0.4 million units of finishing capacity

Substantial growth achieved

Established track record in achieving growth and increased productivity

- Holding capacity of over 20m oysters; finishing capacity of 12m oysters each year
- 38Ha of developed water holdings across Coffin Bay, Cowell (Franklin Harbour) and Haslam
- Proven multi-bay strategy delivering economies of scale and productivity gains
- Increasing recognition to guarantee continuous supply of high-quality produce
- Strong stock profile positions Angel strongly for demand recovery
- Sales momentum has continued through the COVID-19 pandemic
- Accredited export processing facility

✓
38Ha
Developed

✓
12m
Finishing
capacity

✓
6.5m
Sold in
FY2020

✓
>20m
Stock on hand

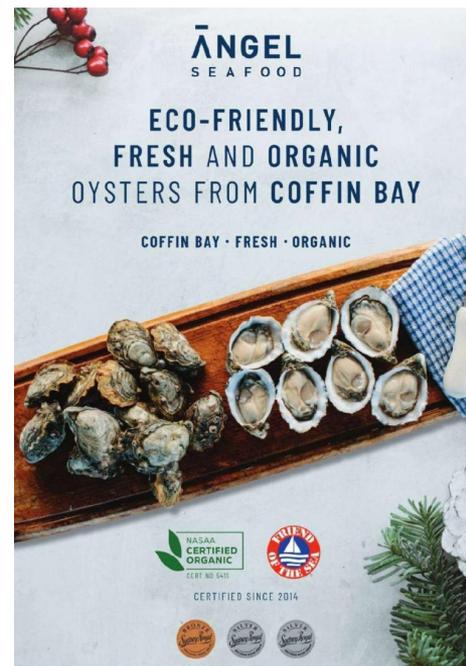
✓
Profit
generating

✓
Positive
operating
cash flow

Strong sales growth in the retail market

Increasing exposure to large retailers a key part of Angel's long-term strategy

- **Slowdown in restaurant sales during COVID-19 pandemic fast-tracked Angel's strategy to build its retail sales program**
 - › Strong growth in sales to the retail channel has continued into FY20-S*
 - › Strengthening relationships with large retailers
 - › Growing recognition that Angel can guarantee continuous supply of good quality stock to retailers
 - › Angel's oysters featured in the latest Costco's Christmas catalogue and Drakes weekly catalogue
- **Significant opportunity to further increase penetration within retailers**
 - › Currently less than 20% of major retail stores sell oysters
- **Mainly bistro size oysters sold through retailers**
 - › Creates better balance by complementing demand for larger size oysters by restaurant channel and export markets
- **Large opportunity to build brand equity and increase selling price over time**



Costco Christmas catalogue

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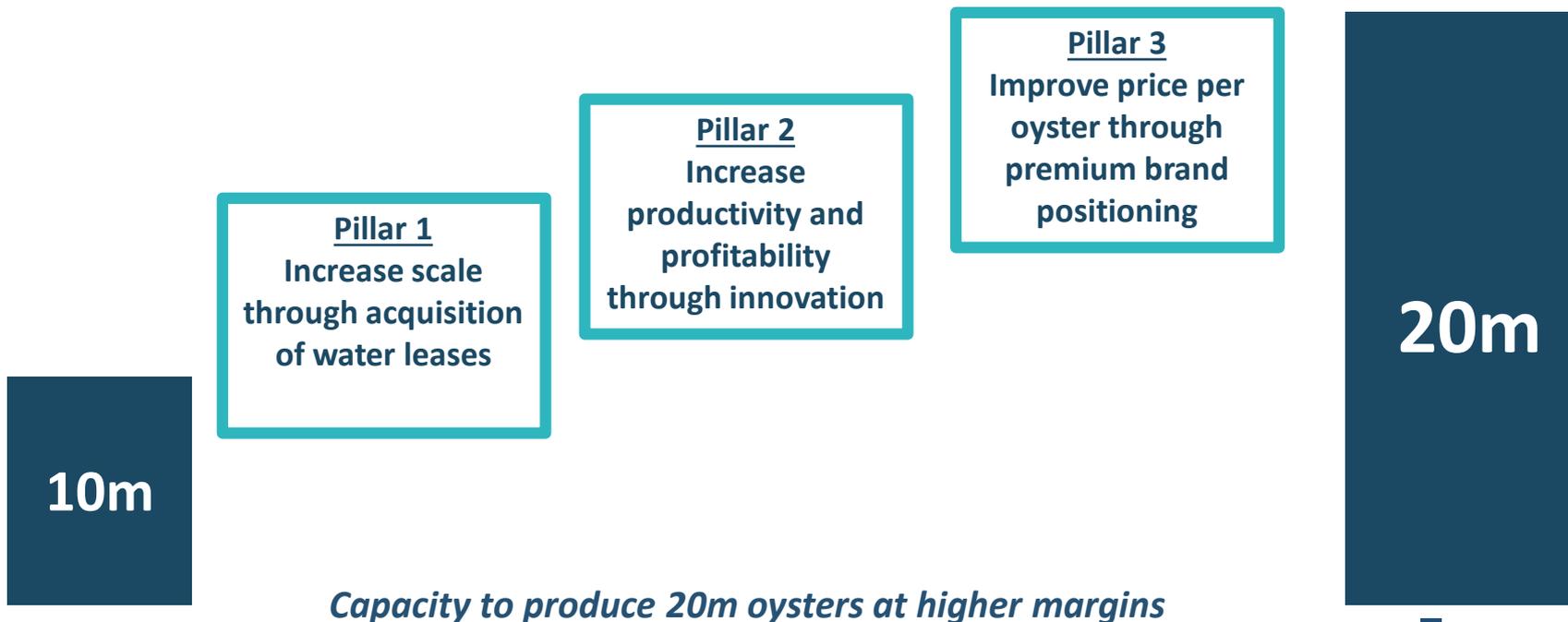
**Next phase of growth for
Angel Seafood**

'Demand for oysters outstrips supply'



3-pillar strategy to double production capacity & improve profitability

Low-capital plan to support next phase of growth



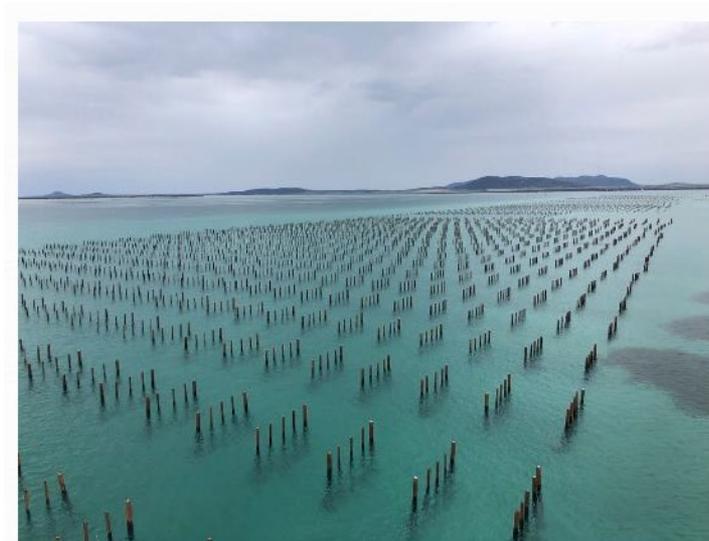
Not to scale

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Pillar 1: Increasing scale through acquisitions

Acquiring more water to farm more oysters

- **Additional water to increase the multi-bay footprint; maximizing economies of scale**
 - › Every additional Ha of water is more profitable than the last, leveraging on existing assets in the multi-bay strategy
 - › 6.25Ha of additional water leases secured in November 2020
 - › New leases include 2.0Ha of developed water in Coffin Bay; immediately increasing annual production capacity from 10m to 12m oysters
- **Vision to increase production capacity to 20m per year**
- **Highly productive water available**
 - › Angel will continue to lease with option to buy, where the option is available
 - › Angel's undeveloped leases provides optionality for further growth



Pillar 2: Increasing productivity through innovation

Continuing to lower the cost of production

- **Additional growth to be delivered through productivity increases**
 - › Angel has achieved 47% increase in productivity since listing in 2018
 - › Average investment per Ha has decreased during the same time, increasing ROA
- **FlipFarm¹ trials on 3.0Ha of deep-water leases in Coffin Bay to commence**
 - › Innovative biodynamic farming method aligns with Angel's values of organic and sustainable oyster farming
 - › Lower operating costs, less labour
 - › Expected to generate an attractive internal rate of return and short capital payback period driven by
- **Focus on innovation and R&D to increase productivity and lower operating costs**
 - › Data collections and analysis – continue to build Multi-Bay IP



Pillar 3: Building the Angel brand to improve pricing

Angel well positioned to leverage its credentials

- Underlying prices have remained relatively steady, however Angel's average price over the last few years has declined, driven by product mix
- Additional scale to position Angel as price setter in the market
- Improving the sales mix towards larger sizes by using Haslam to store additional biomass
- Marketing activities and branding
 - › Leveraging Angel's provenance and organic and sustainable credentials
 - › Launch of online sales to attract younger market
- Growing recognition around quality and supply positions Angel to leverage its credentials in building retail relationships
- Increasing export volumes into premium export markets
 - › South East Asia represents a lucrative export market where a significant price premium for imported oysters exists

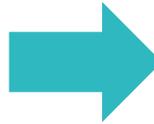


Well positioned for long term growth

3 pillar strategy to increase capacity and sales

Initial phase of growth completed

- Holding capacity of over 20m oysters; finishing capacity of 12m oysters each year
- 38Ha of developed water holdings
- Proven multi-bay strategy
- Increasing recognition to guarantee continuous supply of high-quality produce
- Strong stock profile positions Angel strongly for demand recovery
- Accredited export processing facility



Embarking on the next phase of growth

- Further consolidation within Eyre Peninsula, increasing finishing capacity to 20m per annum
- Focus on productivity and low-cost production driven by flip-farms and automation
- Marketing and product differentiation – evolve from ‘price taker’
- Significant opportunity to expand retail channel sales
- Increase premium export sales

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Appendices



The Board and Management



Zac Halman
Founder & CEO

Zac founded Angel Oysters in 2010 and has been a driving force of innovation in the oyster industry in South Australia. Zac is a former Board Member of the South Australian Oyster Growers Association (SAOGA) and plays a key role assisting in the growth of the industry.



Tim Goldsmith
Non-Executive
Chairman

Tim was a Partner at global professional services firm PricewaterhouseCoopers (PwC) for over 20 years and comes with decades of leadership experience in many corporate sectors. Tim has been a Non-Executive Chairman at ASX listed company Hazer Group Limited since 24 July 2017 and a Non-Executive Director at Costa Group Holdings Limited since 1 September 2018.



Michael Porter
Non-Executive Director

Michael has extensive experience in the Agriculture Sector having been CEO of a farmer owned unlisted public company that specialised in the marketing of grain and the importation of fertiliser and seed for cropping farms. Michael is also a former Non-Executive Director of ASX listed Murray River Organics.



Ashley Roff
Non-Executive Director

Ashley has had extensive experience in the listed space including coordinating the public listing (IPO) of Aboriginal Holdings Ltd and serving as its company secretary. He was also responsible as General Counsel for the public compliance listing of ABB Grain Ltd and served as their company secretary from 2005 to 2009.



Christine Manuel
Company Secretary

Christine is an experienced Company Secretary and corporate governance professional. A Chartered Secretary, with Fellow status, with practical experience of the public listed company environment and requirements (in an ASX20 company), financial services and mutual organisations.



Simba Matute
Chief Financial Officer

Simba is an experienced Finance Executive with broad financial and commercial experience across a number of industries. With a Big 4 firm background (PwC), Simba has previously held a number of senior finance roles where he has developed teams and corporate structures.



**For further information
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