

ASX ANNOUNCEMENT

23 August 2017

MARETERRAM DELIVERS 189% JUMP IN NPAT TO \$4.6 MILLION

Sustainable Australian agribusiness Mareterram Limited (ASX: MTM) today announced its financial results for the full year ended 30 June 2017

Highlights

- NPAT of \$4.6 million, up by 189% from a loss of \$5.1 million in FY2016
- EBITDA of \$6.0 million, up by 225% from a loss of \$4.8 million in FY2016
- Revenue of \$49.0 million, up by 201% from \$16.3 million in FY2016
- Acquisition of 11th fishing vessel to help facilitate progressive fleet rebuild with associated efficiency gains
- Results reflect first full financial year of operations as a diversified agribusiness

Financial Summary

Financial results	FY17 Result \$'000	FY16 Result \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %
Revenues from continuing activities	49,008	16,274	32,734	201%
Profit/(loss) from continuing activities after tax attributable to members	4,568	(5,111)	9,679	189%
Comprehensive profit/(loss) for the period attributable to members	4,332	(5,001)	9,333	187%

Results Commentary

Mareterram (MTM or 'the Company') is pleased to announce its results for the year ended 30 June 2017. The results cover Mareterram's first full financial year operating as a diversified agribusiness following the acquisition of foundation assets Nor-West Seafoods and the Food Service Division of the Craig Mostyn Group completed in FY2016.

The Company has focussed on providing a solid foundation both operationally and financially in FY2017 while developing its strategy to grow and diversify into other protein-producing operations.

Revenue increased by 201% year-on-year to \$49.0 million which reflected the operations of the business in its current form for a full 12 months.

The operations included fishing in the Shark Bay Managed Fishery (SBMF) for prawns, scallops and crabs. Mareterram distributed its own high-quality seafood products and other food products from domestic and international suppliers to customers in Australia and overseas.

Profit after tax from continuing operations was \$4.6 million, an increase of \$9.7 million on the \$5.1 million loss recorded in FY2016. EBITDA was \$6.0 million, an increase of \$10.8 million on the \$4.8 million loss recorded in FY2016 when the reporting period included part of the Company's maiden fishing season.

The FY2017 results include 4 of the 7 months of the 2016 fishing season (which ran from April to November) and 3.5 months of the 7 months of the 2017 fishing season (March to October).

The prawn catch in the 2016 season was lower than preliminary estimates. This was partly offset by higher prices and lower operating costs. Scallop and crab catch volumes were above estimates. Catch volumes up to 30 June for the 2017 fishing season were in line with the previous year.

Mareterram Trading sold seafood from the fishing division into domestic and international markets, including Japan, China, Hong Kong and Europe. There was an increase in the percentage of the catch sold on the domestic market in FY2017. This reflected stronger prices in the domestic market as a result of the Australian Government's six-month ban on raw prawn imports following the detection of white spot virus in Queensland prawn farms.

In November 2016, the Company added an 11th fishing vessel to its fleet of 10 trawlers operating in the Shark Bay Managed Fishery. The acquisition will help to facilitate a progressive fleet rebuild over a period of just over three years with continuous utilisation of Mareterram's engineering operations at Carnarvon in Western Australia.

Mareterram commenced the fleet rebuild program in FY2017. The Company expects ongoing operating efficiencies as a result of the fleet rebuild and other initiatives.

Mareterram continued to drive major safety upgrades and training initiatives across its operations in FY2017. Post the FY2017 reporting period, the Company's focus on safety was recognised at the WA Seafood Industry Awards, hosted by the WA Fishing Industry Council. Mareterram was presented with the industry's highest award for safety for demonstrating excellence in developing and maintaining a culture of safety.

Mareterram's largest shareholder, Sea Harvest Limited, concluded a proportional takeover offer at \$0.35 per share in July 2016. Sea Harvest's shareholding is now approximately 56%.

Outlook

Mareterram is evaluating the potential acquisition of protein-producing assets of significant scale as part of its growth strategy.

The Company is in the final stages of developing exciting new branding for its wild caught Shark Bay fisheries products and expects to launch the new brand in coming months.

The fleet rebuild program will continue and the Company expects ongoing improvements in efficiency as a result. This includes a reduction in fishing nights lost because of equipment failure and savings on operating costs.

Sea Harvest, a major seafood and fishing company based in South Africa, has endorsed Mareterram's growth strategy and can provide Mareterram with significant operational assistance in relation to its fishing business.

Managing director's comments

David Lock, Mareterram chief executive officer and managing director, commented:

"The results are highly encouraging in just our first full financial year of operations. We look forward to building on FY2017 with the upgrade of our fleet and our new branding among other growth, value-adding and efficiency initiatives.

"We have been active in evaluating potential acquisitions of protein-producing assets and look forward to updating the market on any developments on this front. The Company has successfully integrated its core assets and is on a strong footing for FY2018.

"Mareterram is positive about growth in demand for protein and in particular demand for the clean and green food produced in Australia, where we are ideally positioned as a vertically integrated agribusiness.

"We are seeing the early benefits of the fleet rebuild both in terms of fishing efficiency and in our capacity to deliver high quality seafood to our customers.

"The Mareterram team sets very high standards as a premium producer and custodian of this fishery, which is certified by the Marine Stewardship Council and sustainably managed for future generations."

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About Mareterram

Sustainable Australian agribusiness Mareterram Limited is an ASX-listed fishing and food distribution company. The vertically integrated company has two operating divisions, Mareterram Fisheries and Mareterram Trading. It is one of the only West Australian-based vertically integrated agribusinesses listed on the ASX.

Mareterram Fishing is the single largest owner operator within the pristine waters of the Shark Bay Prawn Managed Fishery. Mareterram operates an 11-vessel trawler fleet and owns fishing licences in perpetuity in the Marine Stewardship Council-certified fishery.

Mareterram Trading is a food distribution and wholesaling business acquired from the Craig Mostyn Group in 2015. The Trading business manages the sales of seafood from Shark Bay together with other premium, sustainably caught seafood that we source from our worldwide network of key suppliers. The Trading business also act as exclusive agents for other premium food brands, whose products complement our core seafood offering. In March 2016, Mareterram acquired the assets of Focus Fisheries. The acquisition provided Mareterram with export capability to complement its domestic retail and food service expertise.

Mareterram's operations are based on vertical integration in the production and sale of protein-based products to Australian and international markets. The control of the supply chain from production through to distribution enables the Company to maximise the margins of the products it offers. Mareterram will continue to review and assess opportunities that allow it to leverage the vertically integrated nature of the business for the benefit of shareholders.