



30 November 2018

**ASX:AS1**

## **AGM: Chairman's Address and CEO Presentation**

Good morning ladies and gentlemen. On behalf of the Board and management, I would like to welcome you to Angel Seafood Holdings Limited's inaugural Annual General Meeting as a public company. My name is Tim Goldsmith, and I am the Independent Non-Executive Chairman of Angel Seafood and will Chair this meeting on behalf of the Company.

As it is now 10:00am and we have a quorum present, I have the pleasure in declaring the Annual General Meeting of Angel Seafood as open. Thank you all for your attendance this morning.

I would like to commence by introducing my fellow Directors:

- **Zac Halman** – who is the Founder of Angel Seafood and has been the Chief Executive Officer since September 2016.
- **Michael Porter** – who is a Non-Executive Director and has been a director since December 2016
- **Ashley Roff** – who has been a Non-Executive Director since February 2018 and is also the Chair of the Audit & Risk Committee.

Also present today is:

- **Christine Manuel** – who is the Company Secretary

I would like to commence by making a few introductory remarks and then I will ask Zac to run through a presentation about the business. We will then move on to the formal part of the meeting.

As you know, the year included a very important milestone for Angel Seafood, listing on the ASX in February, welcoming a number of new shareholders. With the successful IPO and ASX listing behind us, we are now well established on the public market as one of Australia's leading oyster farmers.

Significant progress has been made since listing as we have continued to build scale through the acquisition of high-quality water assets of oyster production licenses and leases in South Australia. We are proud to say that the company has delivered against all of its Prospectus milestones, and in some cases exceeded them.

I particularly note that sales have been ahead of our budget every month since 30 June. For the quarter to 30 September we totalled \$1.1m of sales and a further \$370,000 in October. We also have more orders for November and December than we will be able to fulfil.

The team has ambitions to provide fresh, organic world class oysters to the domestic and export markets. Significant steps have been taken this year by our very dedicated team, with investment in infrastructure, the purchase of the export facility in Port Lincoln, and further increasing our holdings of high quality water assets. The management team have done a fantastic job in executing on our growth plans and positioning the company for strong future growth and profits.

The oyster industry has had its challenges in recent times due to the impact of POMS in Tasmania, which in turn created spat supply issues for the South Australian industry. The company has been very proactive in securing as much spat as it could, which we are now farming in our waters. Whilst our team have done a great job managing the spat supply issue to date, we are continuously looking to improve our access to spat and implementing strategies to lower spat mortality.

Looking to the year ahead, the Board has a positive view. With significant growth in our operations in the Eyre Peninsula, we expect that we will be cash positive from operations in the year to 30 June 2019.

While we are optimistic, we take nothing for granted. We will remain vigilant to the key risks and remain very focused on the key priorities to continue the company's impressive growth trajectory. We will continue to assess further growth opportunities where it will benefit the company and shareholders, whilst also maintaining a prudent approach to capital management.

Finally, I would like to thank Zac and the senior executive team, management and staff for their outstanding efforts undertaken to this point. The journey ahead promises further hard work and a very exciting future.

Thank you for your attention. I now invite the CEO, Zac Halman, to make a presentation.

**Ends.**

Note: The presentation following was previously released as an investor presentation on 29/11/18.

**Further Information:**

Any questions or requests for further information should be directed via email to:

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This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, variations in spat supply, production estimates and growth and mortality rates from those assumed, as well as the impact of governmental regulation.

The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



# — ANGEL

## SEAFOOD

**ANGEL SEAFOOD  
HOLDINGS LTD**

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**AGM – CEO Presentation  
November 2018**



# WHO IS ANGEL SEAFOOD

- Listed on the ASX in February 2018
- A South Australian based aquaculture company that farms ocean fresh, certified organic and sustainable oysters
- Building significant scale, farming over 65Ha<sup>1</sup> of oyster production licenses and leases in South Australia
- Selling oysters domestically and internationally
- Leading farming practices optimised for sustainable produce
- Angel plans to become the largest producer of organic and sustainable Pacific oysters in Australia

1. Angel operates in its own right over 90% of all farming assets, with the remainder leased from 3<sup>rd</sup> parties

# CORPORATE OVERVIEW

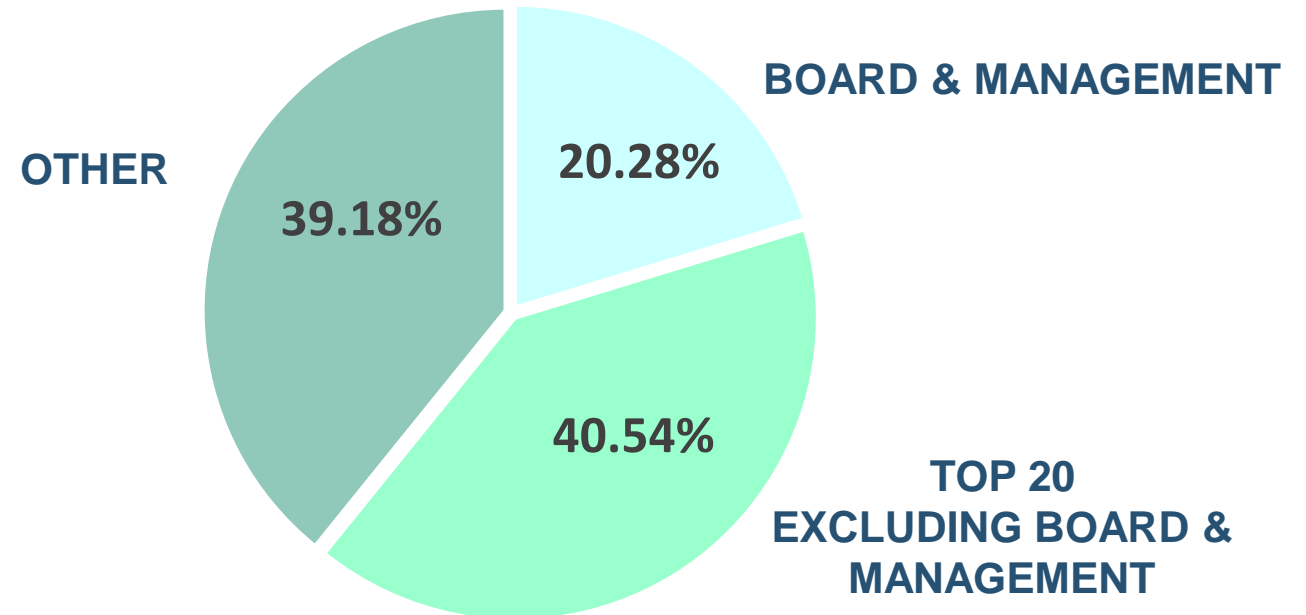
## Key information

01	ASX Code: AS1
02	Share price: 15c <sup>1</sup>
03	Shares on issue: 126.0m
04	Market cap: \$18.9m <sup>1</sup>
05	Cash: \$0.4m <sup>2</sup>
06	Undrawn Debt Facility: \$2.5m <sup>2</sup>
07	FY18 revenue: \$1.5m

1. As of 23 Oct 2018

2. As of 11 Oct 2018

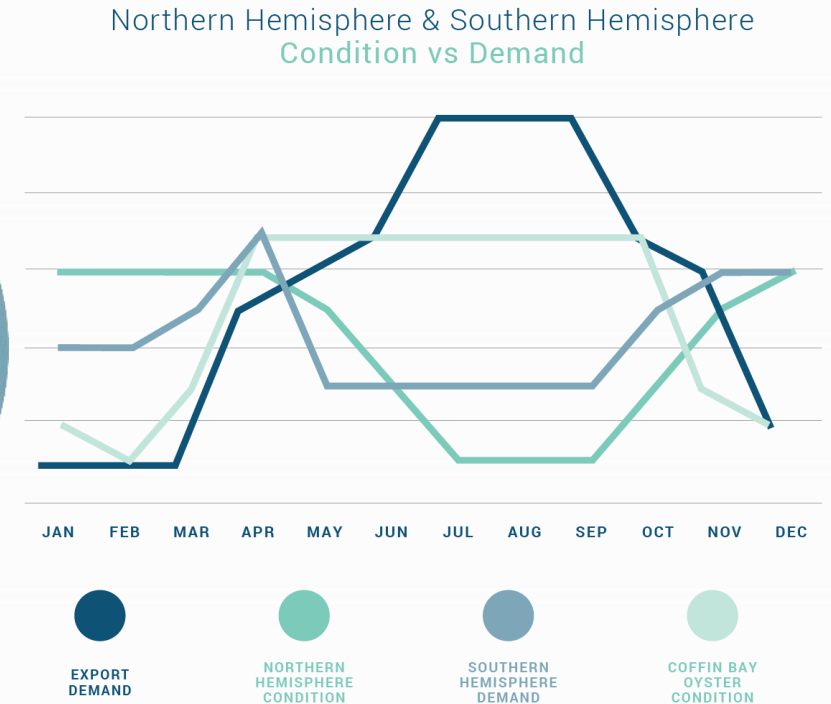
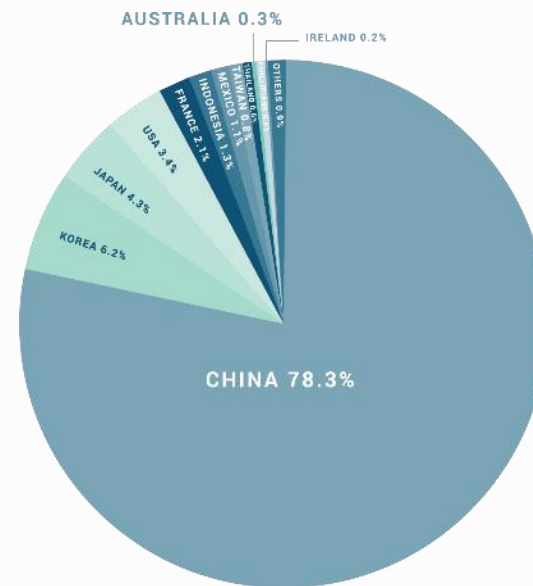
## Shareholding breakdown



# OYSTER DEMAND & PRODUCTION

## STRONG DEMAND FOR AUSTRALIAN OYSTERS

- Estimated value of world's oyster production is approximately US\$3.7 billion per year
- Australia oyster production only accounts 0.3% of the World's production
- There are significant drivers for growth in Australia's production:
  - › Increased demand for organic and sustainable produce
  - › Asian demand for Australian products
  - › Peak global demand coincides with peak condition of SA oysters
- Global oyster production is showing year on year on growth since 2008<sup>^</sup>



Sources: - [http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1049&context=merc\\_pubs](http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1049&context=merc_pubs)  
- <https://parisbymouth.com/primer-eating-oysters-in-paris/>

\*Sources: - <http://en.aquaculture.ifremer.fr/World-statistics/Molluscan-Shellfish-farming/World-production>  
- <http://www.themeatsite.com/articles/2093/rising-french-oyster-prices-compensate-mortalities/>

<sup>^</sup> Source: Global data from the Food and Agriculture Organization of the United Nations  
<http://www.fao.org/fishery/statistics/global-aquaculture-production/en>

# KEY FACTORS DRIVING GROWTH

- Domestic market for oysters are at record prices
- Traditional domestic markets are transitioning towards clean green demand
- Proven modern farming methods in nutrient rich waters
- Key customers experiencing strong growth and are soaking up additional supply
- Broader market demand for oysters means supply is the only constraint
- Alliances with export channels are still in their infancy, only limited by production expansion





## ANGEL'S COMPETITIVE GEMS



certified sustainable aquaculture  
[www.friendofthesea.org](http://www.friendofthesea.org)

**CERTIFIED  
SUSTAINABLE**

ONE OF ONLY TWO CERTIFIED SUSTAINABLE  
OYSTER PRODUCERS IN THE WORLD.



Cert No 5411

**CERTIFIED  
ORGANIC**

ONE OF ONLY TWO ORGANIC CERTIFIED PACIFIC  
OYSTER PRODUCERS IN AUSTRALIA.

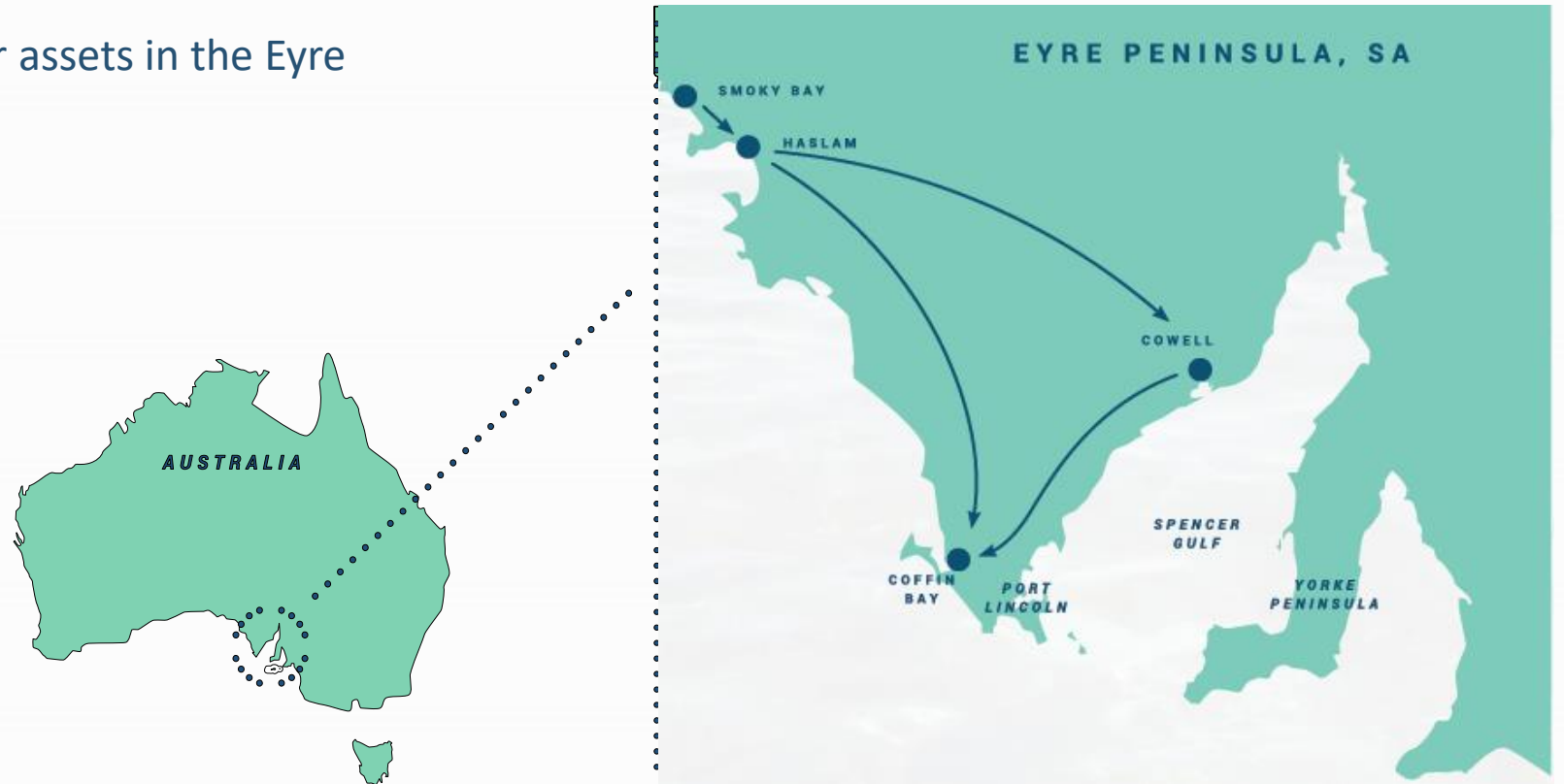


**AWARD  
WINNING  
OYSTERS**

# ANGEL SEAFOOD FOOTPRINT

## PRISTINE GROWING LOCATIONS; SIGNIFICANT CAPACITY FOR GROWTH

- Close to 67Ha of nutrient rich water assets in the Eyre Peninsula
  - Coffin Bay – 6.75Ha
  - Cowell – 15.4Ha
  - Haslam – 36.5Ha
  - Smoky Bay – 5.33Ha
  - Dutton Bay – 3.0Ha
- This high quality water currently produces mature oysters within 18 months

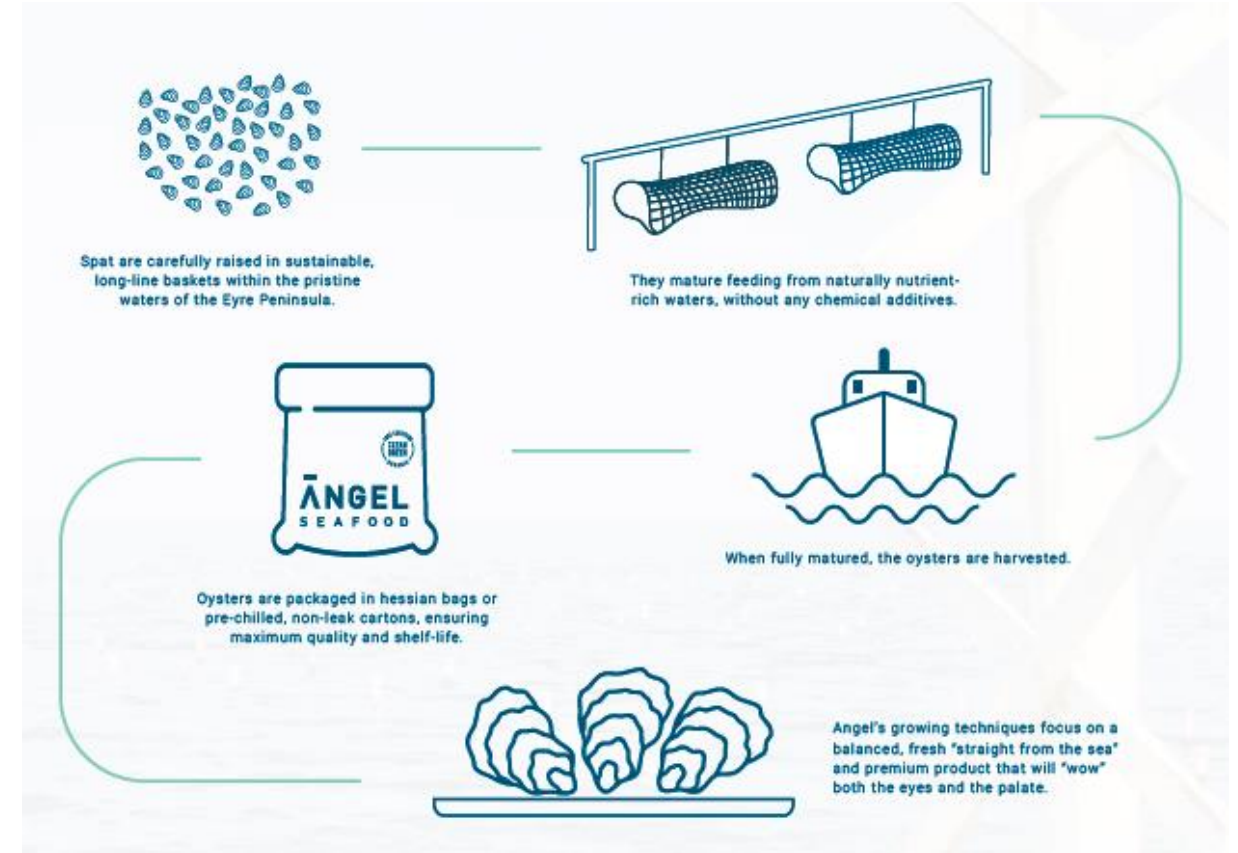


**Geographical diversification provides significant advantage to risk management and the ability to relocate stock when necessary depending on the growth and conditioning phase of the product**

# ANGEL SEAFOOD STRATEGY

## MULTI BAY SOLUTION PROVIDES SIGNIFICANT COMPETITIVE ADVANTAGES

- The process of producing optimal oysters involves moving them around during the different stages of their life to ensure they are receiving the right nutrients
- Angel's strategy of owning assets across multiple bays enables it to optimise production and provide diversification
- Angel is creating a platform for significant growth through the acquisition of high quality water leases, investment in infrastructure, and world's best farming practices
- Angel's focus is on maximising sales whilst managing cost of production in order to best maximise scale efficiencies

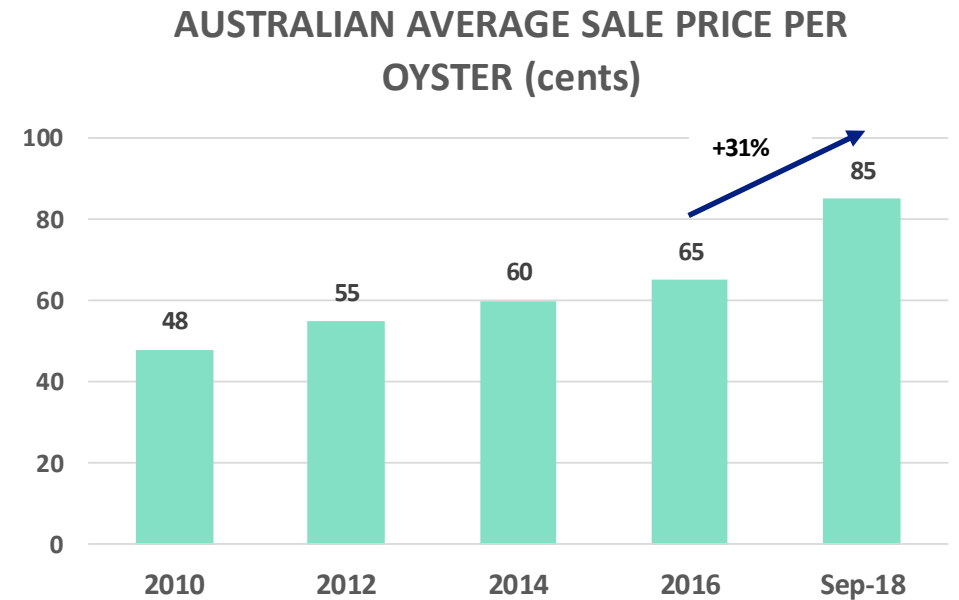


# BUSINESS MODEL

## FY19 EXPECTING TO BE OPERATIONAL CASH FLOW POSITIVE

- Based on current footprint, Angel can currently finish 6-7m oysters per annum, but can hold 20m oysters across its water leases
  - Unfinished oysters can be sold into the local Coffin Bay finishing market
  - Demand far outstrips supply; currently Angel is taking advantage of buoyant domestic prices (see chart)
- Currently achieving sales price on average between \$0.80 and \$0.85 per oyster
- With the Volumes and pricing (above) Angel is on track to achieve a positive operating cash flow for FY19<sup>^</sup>
- Company anticipates acquiring more finishing capacity with the aim of finishing 12m oysters/FY over the medium term
- There are significant economies of scale benefits as production increases

<sup>^</sup> assumes 5-million oysters sold at current prices with operational cost continuing at current levels or lower.





# WELL POSITIONED TO MITIGATE KEY RISK

## PACIFIC OYSTER MORTALITY SYNDROME (POMS)

- Angel is geographically diversified, which reduces the risk of being impacted by POMS
- Industry has commented that current Spat has up to 70% immunity to POMS in Tasmania (where POMS is located)
- Greatest threat of oyster production in Australia is POMS
  - This occurs in water temperatures >20-degrees Celsius
- POMS has never been recorded in key oyster farmed waters in SA
  - POMS resistant oysters in SA have developed above 50% resistance rate in recent trials
  - This is believed to increase with each generation of spat produced
- POMS can potentially occur in:
  - Coffin Bay from January to mid-March (in a hot year)
  - Cowell & Haslam from December to March (in a hot year)
- Angel plans to buy more spat to ensure risk mitigation against a POMS event
- **POMS is NOT binary for the Company – could create a fantastic opportunity for quality asset purchases**



# PROGRESS SINCE IPO



# SIGNIFICANT PROGRESS SINCE LISTING

## INVESTMENTS ARE CREATING CAPACITY

- Investments since IPO are creating significant growth opportunities for Angel
- **At IPO Angel had 51Ha of water – now increased by 31% to 67Ha**
- **Purchase of purpose built export facility**
  - › Allows for direct export from Port Lincoln
  - › Now commissioned allowing first of several processing levels
  - › Provides Angel with option to export directly, which mitigates against local price/demand declines
- **Coffin Bay water acquisition & water movement**
  - › Additional 2.25Ha in the key growing area of the bay – fully developed
  - › This water alone allows enough scale to allow the Company to become operationally cashflow positive
  - › Approval to move 2.25Ha of water to better growing water (expect the move will be complete by end of October 18)
- **Cowell strategic lease**
  - › 50% increase of water on a 5+5 year lease
  - › Allows the Company to further tap into the valuable product growth of this bay





# Q1 FY19 UPDATE

## RECORD QUARTER OF SALES

- A record quarter of sales – up 121% on previous quarter
  - › \$1.1m in sales with \$1.0m of operational expenses
  - › Represents sales of approx 107,000 Dozen oysters (average 85-cents/Oyster)
  - › Continuing to achieve record prices domestically
- Quarterly outlook
  - › Sales to date for October continue to show a strengthening trend in volumes
  - › December 2018 orders recently confirmed – demand continues to outstrip the Company's ability to supply into this peak period
  - › Current water leases at Cowell and Coffin Bay remain full of stock
  - › Water lease improvements and relocations are all tracking on time and slightly under budget
  - › Company has entered early stage negotiations to further expand its water holdings, which will allow continued scale increases



Relocation of Lease in Coffin Bay – now well advanced

# FY19 OUTLOOK

## SIGNIFICANT CAPACITY IN THE BUSINESS; KEY FOCUS ON OPTIMISING OYSTER PRODUCTION TO MAXIMISE SALES

### Key priorities over FY19

- Optimising oyster production to maximise sales and leverage scale benefits
  - Including development of an export market
- Improving access to spat
- Implement strategies to lower spat mortality
  - Every survivor is a future seller
  - Early efforts have been successful with mortality rates in spat over winter reducing by 10%
- With the extensive capital investment program (as outlined in Prospectus) now largely complete, continued scale up requires a significantly lower level of Capex
- Continue to assess opportunities that will provide future growth
- Currently on track to be operationally cash flow positive for FY19<sup>^</sup>

<sup>^</sup> assumes 5-million oysters sold at current prices with operational cost continuing at current levels or lower.

# BOARD & 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 also a 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 July 24, 2017.



## 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 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.



# FOR MORE INFORMATION

**PLEASE CONTACT:** ANGEL SEAFOOD HOLDINGS LTD

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