



Correction to Investor Presentation

15 September 2020 – Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”) advises of a correction to its Investor Presentation released earlier today.

The statement on page 6 should read “Today we supply over 10% of Australia’s pacific oysters”

An announcement with the updated presentation is attached.

This announcement was approved for release by the Board.

Further Information

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

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Angel Seafood Holdings Ltd

ASX: AS1



Investor Presentation
September 2020



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 and now benefiting from economies of scale
- Profitable and generating positive operating cash flow

An aerial photograph showing a vast, rectangular grid of wooden stakes and ropes floating in the turquoise ocean, used for oyster farming. The grid extends from the foreground towards the horizon. In the background, a low-lying coastline with some buildings and trees is visible under a clear blue sky.

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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

Clean, green and premium oysters 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 12Ha 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

- **Industry leading 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, with the ability to condition 10 million oysters each 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
 - › 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: 15Ha	Area: 9Ha	Area: 12Ha
Holding Volume: 20 million spat and growing oysters	Holding volume: ~2-5 million oysters	Holding volume: 2.5 million mature oysters
12-18 month cycle	As required	10-12 week cycle

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

Results support quality and strength of business

FY20 was another year of significant progress with record results

- **Record full year sales result delivered despite challenges posed by COVID-19**
 - › Key trading channels shut down in Q4
 - › Adverse impact of restaurant closures partly offset by strong growth in retail
 - › Steady underlying oyster prices over the year
- **Lower sales vs original guidance presented an opportunity to further focus on improving stock profile**
 - › Biomass up 64% from 30 June 2019
 - › Leases close to capacity with larger oyster sizes in stock

✓
6.5m
Oysters sold
25% increase

✓
20m
stock on hand

✓
Biomass
Growth
64% increase

✓
Profit
of \$0.25m

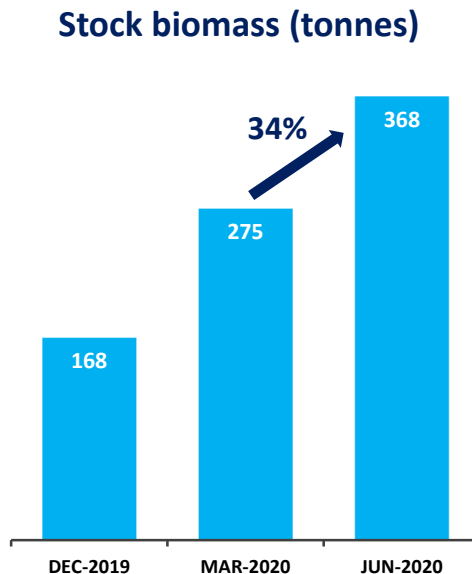
✓
Positive
operating
cash flow

✓
Retail
Channel growth

Further improvement in stock profile towards larger sizes

COVID-19 inflicted slowdown has allowed for improvement in stock profile

- Autumn growing conditions in Cowell and Coffin Bay resulted in a significant improvement in stock profile
- Biomass* increased 34% during Q4 FY20, with 20m oysters on hand at 30 June
- Proportion of larger size oysters in mature stock on hand has increased significantly
 - › Average price per oyster expected to improve as a result of improving sales mix
- Haslam facility recommissioned to accommodate increased biomass
 - › Additional 2Ha developed in Haslam, taking total developed water to 9Ha
 - › Potential to develop a further 15Ha at minimal cost
- Capacity to finish 10 million oysters for sale each year



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*Biomass is the aggregate weight of all biological stock. It does not directly relate to valuation and may vary due to seasonal factors

COVID-19 driving 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 has fast-tracked Angel's strategy to build its retail sales program**
 - › Strong growth in sales to the retail channel in Q4 FY20
 - › Strengthening relationships with large retailers
 - › Growing recognition that Angel can guarantee continuous supply of good quality stock to retailers
- **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
- **Export sales recommenced in Q4 FY20 but volumes remained small due to COVID-19 restrictions, as well as interrupted economic conditions in Hong Kong**



Retail market represents an untapped opportunity

95% of Australians eat seafood, yet oysters not widely available in supermarkets

- **Supermarkets dominate seafood sales; significant opportunity to increase penetration**

- › 60% of consumers most frequently buy seafood from supermarkets
- › Currently an estimated ~20% of supermarkets sell oysters
- › Growing fresh food focus in large retailers benefiting oysters and seafood in general

- **Seafood sales is growing with consumers increasingly willing to trial different seafood**

- › 40% of consumers buy a few types of seafood when they shop; 36% buy the same types every time
- › Less common seafood performed strongly during COVID, suggesting increased willingness by consumers to try something different and experiment at home during the lockdown
- › Further opportunities to encourage consumers to trial oysters
- › 60% of those not confident in their selection have shown strong appetite to learn more about the nutritional benefits of seafood – a key selling point for oysters

- **Growing recognition of health benefits of oysters**

- › Increasing oyster knowledge among sales staff can support consumer purchasing decisions

- **Early signs of retail uptake of Angel's oysters are very promising**



Seafood is consumed less than beef, pork and poultry, but more than sheep and lamb



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Global shift towards clean healthy foods

Growing Asian middle-class represents significant export opportunity

- **Premium exports into Asia and Middle East still represent a large long-term opportunity with global demand for oysters growing**
 - › Increasing global demand for clean and responsibly sourced seafood
 - › Growing Asian middle-class and health conscious consumers driving demand for seafood
- **Angel well placed to capture the premium export opportunity as COVID-19 restrictions ease and when global conditions return to normal**
 - › Sufficient scale to guarantee continuous supply of meaningful quantities
 - › Organic and sustainable accreditation + 'Coffin Bay' provenance
 - › World class export processing facility in Port Lincoln
 - › Proximity – from water to top-Asian restaurants in under 48 hours (airfreight ex-Adelaide)
 - › Angel already developing long term relationships with customers in Asia
- **Growing recognition of aquaculture as a sustainable source of seafood driving investment in the sector**
 - › Angel capital expansion program completed; low execution risk with 'runs on the board'
 - › Limited productive water available



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Outlook: Well positioned for long term growth

Angel exploring several future opportunities to increase capacity and sales

Initial phase of growth completed

- Holding capacity of over 20m oysters; capacity to condition 10m oysters each year
- Strong stock profile on hand and progressive easing of COVID-19 restrictions means Angel is positioned strongly for demand recovery
- Q4 FY20 sales momentum has continued into Q1 FY21
- Further growth within the existing capacity from innovation and efficiency improvements, potential for further development in Haslam (15Ha)
- Accredited export processing facility



Several opportunities to drive the next growth phase

- Significant opportunity to expand retail channel sales
- Exports continue to represent a large long-term growth opportunity
- Further consolidation within Eyre Peninsula
- Value chain integration
- Product innovation and branding
- Growing alternative markets - 'Better-for-you' and nutraceuticals sector
- Geographic/product diversification

Appendices



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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.

Profit & Loss – FY20

Record revenue result despite challenging trading conditions in H2

- A record full year revenue of \$5.0 million, up 16% vs pcp, driven by:
 - › Record oyster sales – 6.6 million oysters, up 25%
 - › Growth in retail channel offsetting the adverse impact of restaurant closures in H2
 - › Strong stock profile and steady underlying oyster prices
 - › Growing consumer preference for healthier food
- Fair value (SGARA) adjustment of \$1.4m reflects growth in biomass over FY20
- Other income includes R&D incentive and Covid-19 support
- Underlying EBITDA of \$1.7m
 - › Additional investments in biological assets (spat) – should contribute to future growth
- NPAT result of \$0.3m

	FY20 (\$'000)	FY19 (\$'000)	%
Revenue	4,966	4,272	16.2%
Other income	1,110	483	129.7%
Fair value adjustment (SGARA)	1,422	1,868	-23.9%
Total expenses (ex share based payments)	(5,778)	(4,567)	26.5%
Underlying EBITDA	1,719	2,056	-16.4%
Share based payments	(239)	(881)	-72.9%
EBITDA	1,480	1,175	25.9%
Depreciation & Amortisation	(857)	(689)	24.4%
EBIT	623	487	28.1%
Interest expenses	(372)	(181)	105.2%
Profit Before Tax	252	305	-17.6%
Income Tax	-	-	
Profit / (Loss) for the year	252	305	-17.6%
Reported EPS (cents)	0.19	0.24	-20.8%

Balance sheet – 30 June 2020

Key focus on improving liquidity

- **A number of initiatives put in place to preserve cash and improve working capital during the COVID-19 pandemic**
 - › Planned expansionary capital expenditure was deferred
 - › Interest and capital repayments on debt facilities were deferred
 - › Additional working capital finance was approved
- **An additional 1.5Ha of high-quality water in Coffin Bay acquired**
- **Increase in biological assets reflecting growth in biomass**
 - › Optimal growing conditions resulted in a significant improvement in stock profile – biomass up 64% on prior year
 - › Investments in spat
 - › Investment in water holdings has further increased capacity
- **Debt facilities increased over FY20 to \$7.9m**
 - › Debt to capital ratio of 38.3%

	30-Jun-20 (\$'000)	30-Jun-19 (\$'000)
Cash	1,345	530
Receivables	592	526
Biological Assets	4,478	3,237
Total current assets	6,415	4,322
Biological Assets	755	920
PP&E	7,371	7,039
Intangible assets	7,243	6,580
Total non-current assets	15,385	14,564
TOTAL ASSETS	21,800	18,885
Trade & other payables	631	569
Borrowings	2,412	2,580
Total current liabilities	3,424	3,331
Borrowings	5,518	3,218
Total non-current liabilities	5,580	3,249
TOTAL LIABILITIES	9,004	6,580
NET ASSETS	12,796	12,305

Cash Flow – FY20

Positive operating cash flow achieved; increased liquidity

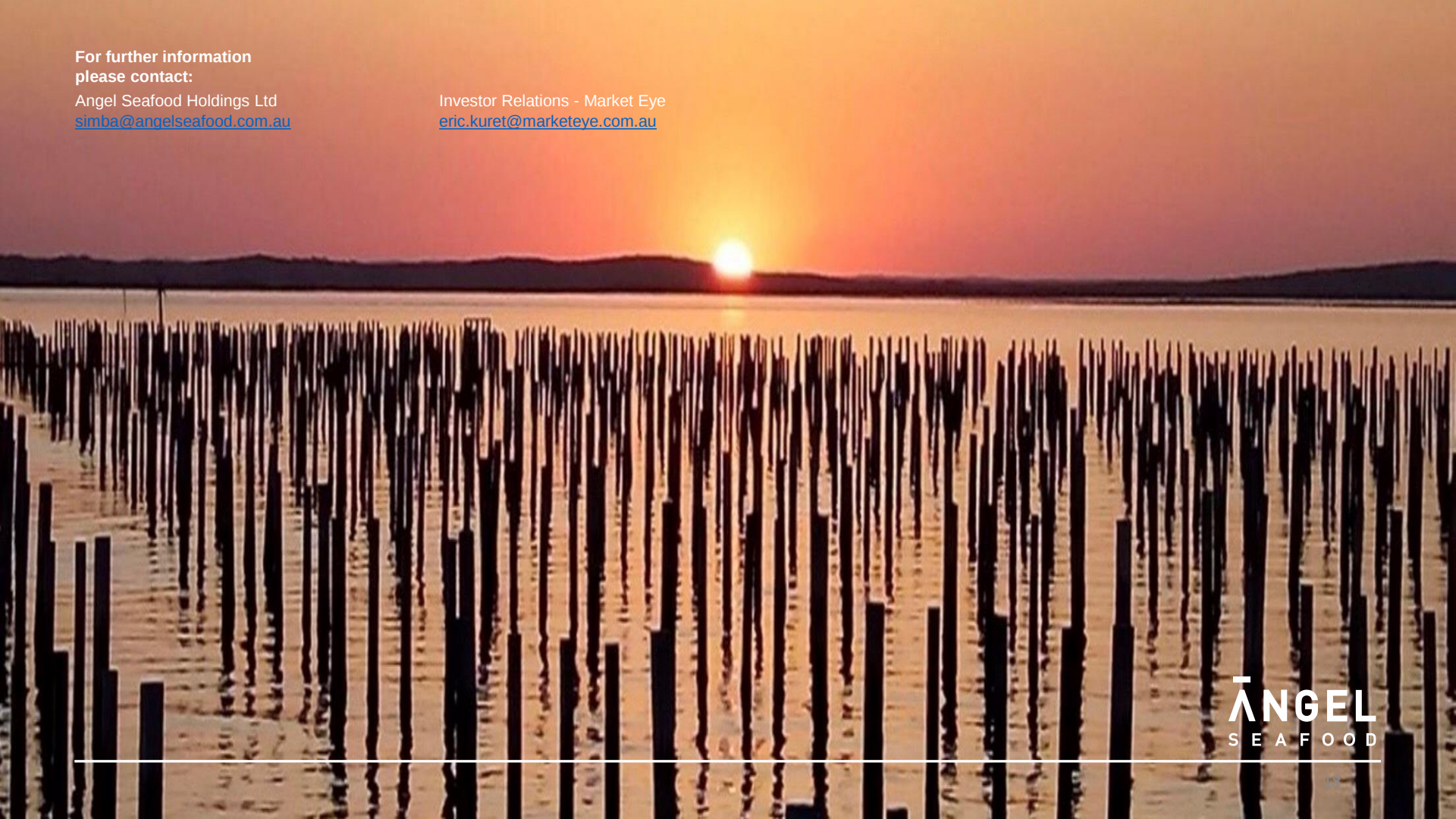
- **FY20 operating cash flow of \$0.5m achieved**
 - Driven by growth in production and sales
- **Investing cash outflows of \$(0.5)m driven by an acquisition of 1.5Ha of water in Coffin Bay, development of 2Ha in Haslam, and new equipment**
- **Financing cash flows of \$2.3m reflects additional borrowings and restructure of nab facilities**
- **Government grants of \$855k includes R&D tax incentive and other COVID-19 government support**
- **Post balance date, Angel extended the lease and option to purchase of its key Hank water for two years, providing additional cash flow flexibility**
- **Liquidity (cash and available facilities) increased to \$1.9m (\$1.1m as at 30 June 2019)**

	FY20 (\$'000)	FY19 (\$'000)	Change %
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	5,151	4,117	25%
Payments to suppliers and employees	(5,162)	(4,402)	17%
Government grants	855	231	270%
Other	(316)	(158)	99%
Net operating cash flow	528	(212)	>>
CASH FLOWS FROM INVESTING ACTIVITIES			
	(592)	(5,765)	>>
CASH FLOWS FROM FINANCING ACTIVITIES			
	2,346	1,082	117%
Net (decrease)/increase in cash	2,282	(4,895)	>>
Cash at beginning of period	(938)	3,957	<<
Cash at end of period	1,345	(938)	>>

For further information
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