

Angel Seafood Holdings Ltd



2020 Half Year Results

26 February 2020

This announcement has been approved for release by the Board

H1 FY20 demonstrates the underlying growth of the business



3.3m

Oysters sold
10% increase



25m

stock on hand
Up 25%



Exports

building
momentum



Profit

of \$412k



Positive

operating
cash flow

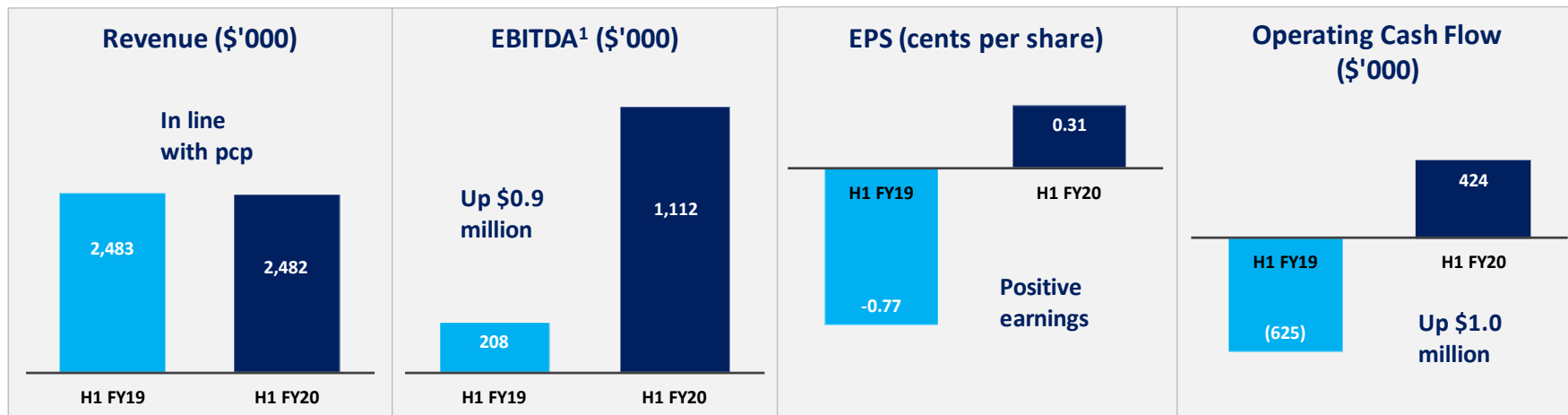


0.31c

Earnings per
Share

H1 FY20 Financial Highlights

Substantial earnings growth achieved



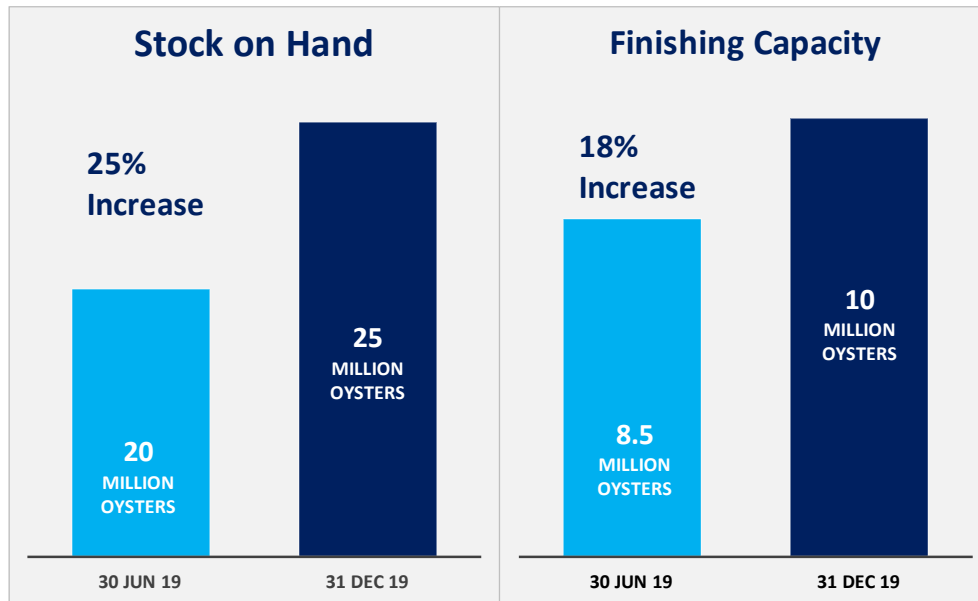
- H1 FY20 revenue impacted by smaller oyster sizes being sold due to slower growing conditions (cooler water temperatures)
- R&D tax incentive of \$660k received

1. Underlying EBITDA (Refer to slide 6)

H1 FY20 Operational Highlights

Healthy stock position across farms

- **Stock on hand has continued to grow**
 - Stock on hand of 25 million oysters; up 25% on 30 June 2019
 - Improving stock profile, with an increasing proportion of stock in conditioning and grow out phases
 - Cowell leases are full, with excess stock moved to Haslam
 - Water temperatures and nutrient levels have now returned to normal levels
- **Strong growth in exports to Hong Kong, making up 16% of sales in Q1 and representing a large long-term opportunity for Angel**
- **Demand for oysters in the domestic market remains strong**



Review of H1 FY20 Financials

Profit & Loss

A solid result despite slower growing conditions H1

- Revenue in line with pcg
 - › 10% increase in sales volume to 3.3m oysters
 - › Stock sold in H1 weighted towards smaller sizes
 - › Slower growing conditions affected timing of sales; stock on hand to sell in H2
 - › Pricing remains robust, underpinned by strong demand
- Other income mainly reflects R&D tax incentive
- Fair value (SGARA) adjustment of \$1.1m reflects strong growth in oyster holdings over the period
- NPAT result of \$0.4m

	H1 FY20 (\$'000)	H1 FY19 (\$'000)	Growth
Revenue	2,482	2,483	0.0%
Other income	535	30	>>
Fair value adjustment (SGARA)	1,067	(63)	na
Total expenses	(3,074)	(3,043)	-1.0%
EBITDA	1,009	(594)	>>
Share based payments	(103)	(802)	
Underlying EBITDA	1,112	208	434.2%
Depreciation & Amortisation	(413)	(354)	-14.2%
EBIT	597	(948)	>>
Interest expenses	(185)	(21)	-88.8%
Profit Before Tax	412	(968)	na
Income Tax	-	-	<<
Profit / (Loss) for the year	412	(968)	na
Reported EPS (cents)	0.31	(0.77)	na

Balance sheet

Reflects significant investment for future growth

- **Balance sheet reflects growth in stock on hand**
 - › Cash balance of \$0.9m, up from \$0.5m at 30 June 2019
 - › Biological assets increase reflects spat purchases and growth in oyster stock
- **Bank facilities restructured, providing additional balance sheet flexibility and liquidity**
 - › Company has drawn down \$3.8 million of its \$4 million NAB debt facilities
 - › Debt to capital ratio of 34%

	31-Dec-19 (\$'000)	30-Jun-19 (\$'000)
Cash	931	530
Receivables	245	526
Biological Assets	4,262	3,237
Total current assets	5,441	4,322
Biological Assets	809	920
PP&E	6,776	7,039
Intangible assets	7,164	6,580
Total non-current assets	14,770	14,564
TOTAL ASSETS	20,211	18,885
Trade & other payables	530	569
Borrowings	1,965	2,580
Total current liabilities	2,663	3,331
Borrowings	4,639	3,218
Total non-current liabilities	4,699	3,249
TOTAL LIABILITIES	7,362	6,580
NET ASSETS	12,850	12,305

* Note that balance sheet table only shows material accounts

Cash Flow

Operating cash flow positive for H1 FY20

- Operating cash flow positive
- R&D tax incentive of \$659k received in relation to FY19 activities
- Net inflow from investing activities following disposal of Smoky assets.
 - offset by asset additions during the interim period
- Financing cash flows of \$0.6m reflects additional borrowings during the period

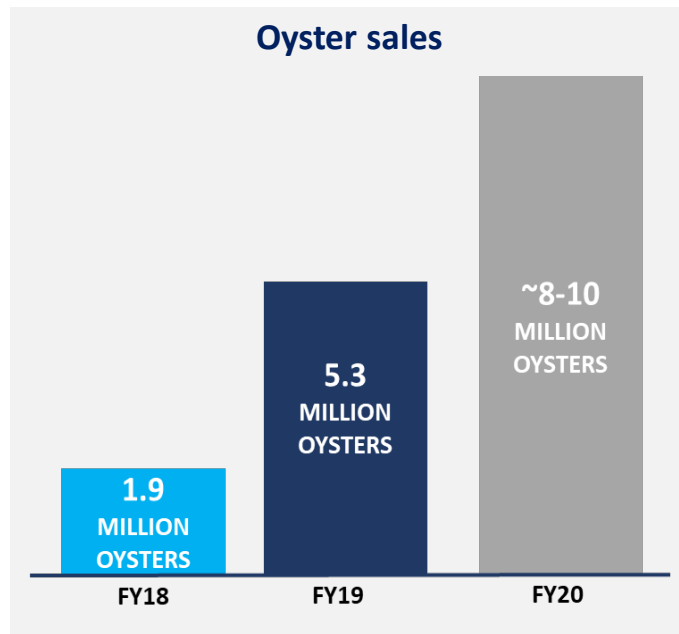
	H1 FY20 (\$'000)	H1 FY19 (\$'000)	Change (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	2,720	1,878	842
Payments to suppliers and employees	(2,782)	(2,484)	(297)
R&D Tax Incentive	659	0	659
Other	(174)	(19)	(155)
Net operating cash flow	424	(625)	1,049
CASH FLOWS FROM INVESTING ACTIVITIES	36	(4,527)	4,562
CASH FLOWS FROM FINANCING ACTIVITIES	587	1,453	(866)
Net (decrease)/increase in cash	1,047	(3,699)	
Cash at beginning of period	(938)	3,957	(4,895)
Cash at end of period	109	259	(150)

Outlook

Outlook for FY20

On track to meet lower end of full year guidance

- **Increased oyster production and sales**
 - › Sales resumed last half of February
 - › Conditions have been building up to peak conditions for oyster growth
 - › Overall improvement in the stock profile expected in H2, with average stock size increasing
 - › On track to meet the lower end of guidance of 8-10 million oysters for FY20
- **Growing export channels**
- **Continuing to pursue opportunities for further growth**



Summary

Well positioned for continued growth in H2 FY20 and beyond

- **Sales growth of 10% achieved despite slower growing conditions over winter months across South Australia**
- **Positive operating cash flow and profit achieved in H1**
- **Well positioned for a strong finish to the year**
 - › Team focused on husbandry and maintenance during spawning season;
 - › Sales now recommenced
 - › Healthy stock position; growth rates building up to peak conditions
 - › Growing export channels
 - › On track to meet lower end of guidance of 8-10 million oysters for FY20

For further information
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