

# Angel Seafood Holdings Ltd



## Market Eye's virtual conference presentation

*Businesses responding to changing consumer needs*

**Zac Halman, CEO**

9 June 2020



# Who is Angel Seafood

- See corporate video This is Angel Seafood at: <https://angelseafood.com.au>
- Within “Investor information” section



# 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



# Largest Pacific Oyster producer in Australia

## Significant scale benefits now being realised

- Founded in 2010, listed in Feb 2018 to fund investment in infrastructure
  - › Increased developed water holdings to 36Ha across Coffin Bay, Cowell, and Haslam
  - › Organic and Sustainable certifications meeting consumer preference for healthy food and care for the environment
  - › World leading farming practices that are scalable
  - › Purpose-built export facility in operation
- Now holding ~22 million graded\* oysters; capacity to finish 10 million oysters for sale each year
- Key domestic customers in place; building out export program to Asia
- Growth opportunities through further consolidation, vertical integration and branding

### KEY H1 FY20 METRICS

**3.3m**

**Oysters sold**  
10% increase

**25m**

**Stock on hand**  
Up 25%

**Profit**  
of \$412k

**Positive**  
Operating  
cash flow

**Exports**  
Building  
momentum

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# Unique multi-bay strategy provides competitive advantage

- › **Multi-bay strategy** provides competitive advantages in optimising growth and conditioning, fast tracking production and revenue
- › **World leading farming practices** optimise utilisation of available assets while maintaining premium product quality
- › Initial phase of growth completed; now benefiting from **economies of scale**
- › Haslam facility now in use since Q3 to accommodate and performing well



## Location: Cowell

Nursery & grow-out ground for spat and juvenile oysters

Area: 15Ha

Holding Volume:  
20 million spat and growing oysters

12-18 month cycle

## Location: Coffin Bay

Maturing ground for finishing oysters

Area: 12Ha

Holding volume:  
2.5 million mature oysters

10-12 week cycle

## Location: Haslam

Warehousing for excess stock

Area: 9Ha

Holding volume:  
~2-5 million oysters

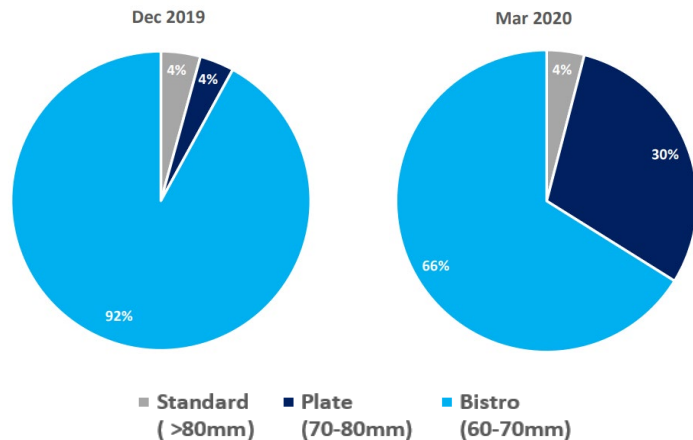
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# Stock profile improving towards larger sizes; leases fully stocked

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

- Summer and Autumn growing conditions in Cowell and Coffin Bay resulted in significant improvement in stock profile as expected
- Proportion of larger size oysters ('Plate' and 'Standard') in mature stock on hand has increased significantly; further improvement in stock is expected in Q4
- Average price per oyster expected to improve as a result of improving sales mix
- Angel currently has ~22 million healthy graded\* oysters in stock across its leases
- Haslam facility back in use from Q3 to accommodate increased biomass

### BREAKDOWN OF MATURE STOCK CONDITIONING FOR SALE



# Decisive actions taken to offset impact of COVID-19

## Focused on positioning Angel for the long-term

- **Slowdown in sales experienced from late-March due to closure of restaurants**
  - › April/May sales averaged ~50% of pre-COVID-19 forecast
  - › Sales slowdown used as opportunity to further improve stock profile
- **Domestic sales program into retail channels has continued**
- **Implemented decisive actions to offset the adverse impact:**
  - › Discretionary operating expenses stopped
  - › Planned expansionary capex deferred
  - › Focus on balance sheet and liquidity
    - › An additional \$1m working capital facility
    - › Deferral of interest and capital repayments for 6 months
    - › Refinancing of Angel's assets under an asset finance facility
  - › Accessing Government support packages, including JobKeeper
- **Positive signs: sales recovery experienced in late May/early June as restrictions are easing**





# 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**
  - › Strengthening relationships with large retailers
  - › Robust trading over recent weeks has seen strong growth in sales to the retail channel
- **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**
  - › Enables Angel to continue to supply larger size oysters at a premium price to the restaurant channel and export markets
- **Angel is in the early stages of a premium branding exercise that will capitalise on the demand for organic and sustainably sourced clean oysters**



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# Exports represent a large long-term opportunity for Angel

## Shipments to Asia recommenced in Q4

- **Asia represents a large opportunity given strong demand for clean and healthy oysters and seafood**
- **Peak global demand during Northern Hemisphere Summer coincides with peak condition of Australian oysters**
  - › Presents significant opportunity as Northern Hemisphere oysters are out of season at that time
- **Angel first commenced export sales to Hong Kong in Q4 FY19**
  - › Very positive feedback received from customers
  - › Export sales ramped up to 16% of Q1 FY20 sales
- **Well positioned to significantly grow exports**
  - › Improved stock profile, with larger sizes, to meet preferences in Asia
  - › Opportunities to expand customer base in Hong Kong, as well as several countries in Asia and the Middle East
- **Continued focus on building sustainable long-term customer relationships**

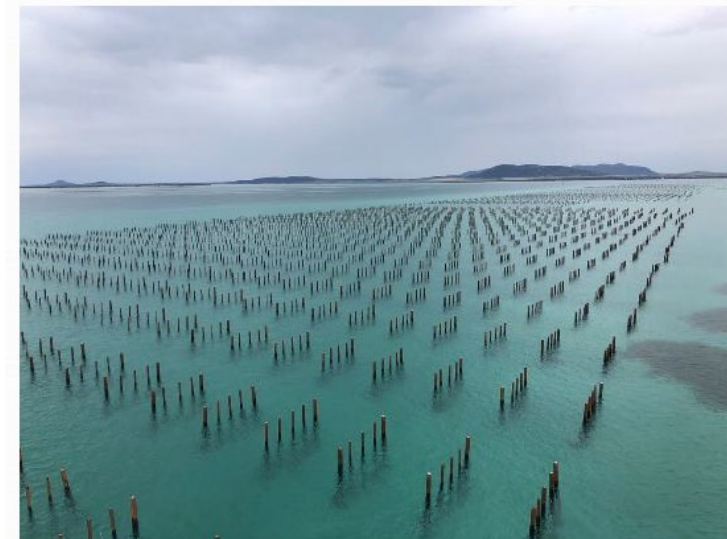


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# Outlook

## Angel positioned very strongly as consumer demand recovers

- Angel continues its domestic sales program into retail channels, including to large retailers, with robust sales in recent weeks
  - › Significant opportunity to expand this channel
- Progressive easing of restrictions to combat Covid-19 and re-opening of restaurants expected to continue increasing demand
- Key focus on improving the stock profile with larger oyster sizes while restaurant demand is subdued
- Export sales program recommenced in May; demand expected to pick up in coming months with Northern Hemisphere oysters out of season
- Improved stock profile means Angel is well positioned for strong growth once consumer demand returns to normal levels
- A number of long-term growth opportunities available with global demand for oysters growing



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