

## ASX & Media Release

13 March 2020

### **Investor Video – North Atlantic Seafood Forum, Norway**

Clean Seas Seafood Limited (ASX: CSS), the global leader in full cycle breeding, production and sale of Kingfish, is pleased to provide Managing Director and CEO David Head's presentation to investors at the 16<sup>th</sup> annual North Atlantic Seafood Forum (NASF) in Bergen, Norway.

Organised by Nordic investment bank Pareto Securities, the NASF is the world's largest seafood business conference, providing insights from and access to the world's leading listed aquaculture firms, investors and financiers.

As the presentation was via video link, investors can replay Mr Head's slide-by-slide discussion with the video accessible here: [North Atlantic Seafood Forum Presentation](#)

The video provides an introduction to the business and its drivers, highlighting ongoing growth in sales and cash flow through volume and farm gate price increases, marketing initiatives and investments for future growth.

The NASF investor presentation follows this announcement.

Terry O'Brien  
Chairman

David J. Head  
Managing Director and CEO

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Clean Seas  
Seafood  
Limited (ASX: CSS)

## NASF - Pareto Investor Seminar

MARCH 2020

## Where We Are



Spencer Gulf  
Kingfish  
Brand





Global  
Leader



- We are the Global Leader in the "Full Cycle" Breeding and Farming of Yellowtail Kingfish producing **3,500** tonnes in FY19
- The Japanese industry produces around **140,000** tonnes pa but is mostly a Wild Catch and Grow-out model with only a relatively small proportion Breeding from eggs (Full Cycle)

## 20 Year Overview



IPO & Close Southern  
Bluefin Tuna  
Lifecycle



Feed crisis sales drop  
from 2,800t to 600t as  
biomass declines to 478t



Transformation &  
foundation for growth



2010 – 2013

2016 – Present

2005 – 2009

2014 – 2016

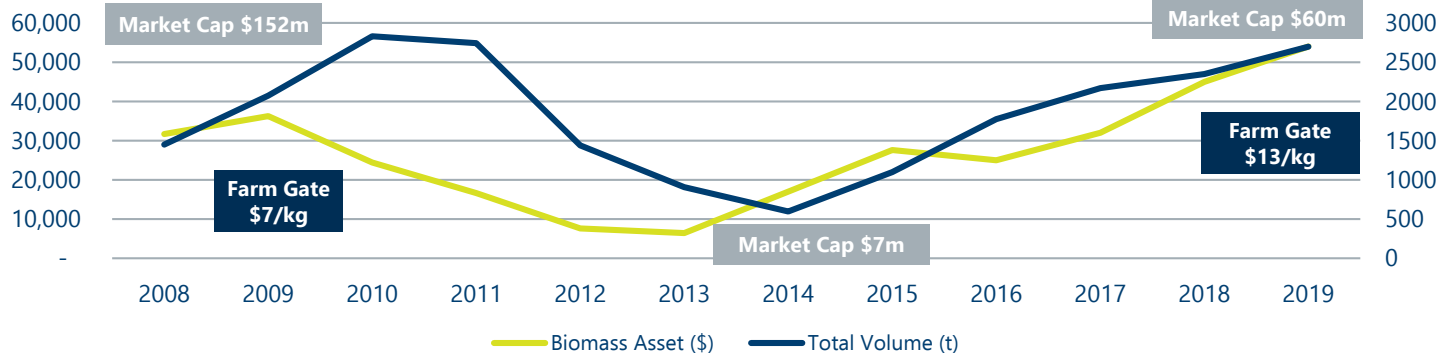
Strong growth  
to 2,800t



Feed issues resolved and  
market re-entry



Equity raised since **2016**  
has funded biomass  
growth and matched by  
increase in market cap



## Major Shareholders



Rank	Shareholder	%
1	 Global Fish Funds	17.5%
2	 Australian Tuna Fisheries, Hagen Stehr – Founding Shareholder	6.3%
3	Thorney Investment Group	2.1%
5	 David J. Head, Managing Director & CEO	1.3%
	6,500+ other investors, both institutional and retail	72.8%

## Ocean To Plate







## Aquaculture Stewardship Council

Gold Standard Accreditation in  
Sustainable Aquaculture



## South Australian Export Awards

Overall Exporter of the Year 2019  
Agribusiness Exporter of the Year 2019



## Australian Food Awards

"Best Fish"

2016, 2017 & 2018



## Premier's Food & Beverage Industry Awards

Business Excellence Award – 2019

Export Award – 2019

Primary Producer of the Year – 2018



## Best in Class



- Sensory Research in Australia by Colmar & Brunton showed Spencer Gulf Kingfish as Best in Class
- Blind taste tests by leading chefs, food and wine writers and industry experts against 5 other Kingfish (4) and Cobia (1) competitive offerings rated Spencer Gulf Kingfish number 1

Culinary  
Excellence





## On the menu of top restaurants



### Norway

- Alex Sushi (Oslo)
- Sabi Sushi (Oslo, Stavanger)
- Hanami>Nama (Oslo/Bergen)

### Denmark

- Sticks N Sushi (Copenhagen)
- Damindra (Copenhagen)

### Sweden

- Minako (Stockholm)
- Kasai (Stockholm)

### Finland

- Magokoro (Helsinki)

### Italy

- Nobu (Milan)
- Cipriani (Venice)
- La Pergola (Rome)

### Switzerland

- Eden au Lac (Zurich)
- Ecco (Zurich)

### Austria

- Hangar 7 (Salzburg)
- Amador (Vienna)

### France

- Hotel Costes (Paris)
- L'Atelier de Robuchon (Paris)
- Hotel Crillon (Paris)
- Kinugawa (Paris)

### Spain

- Shunka (Barcelona)
- Pacha (Ibiza)
- Miyama (Madrid)

### Portugal

- Vila Joya (Algarve)

### Germany

- H&H (Hamburg)
- Funky Fish (Berlin)
- Lohninger (Frankfurt)
- Tim Raue (Berlin)

### United Kingdom

- Roka/Zuma (London)
- Sexy Fish (London)
- Gordon Ramsay (London)
- Coya (London)

### Ireland

- Ichigo Ichie (Cork)

### Australia

- Saké (Sydney/Melbourne)
- Pilu (Sydney)
- Lee Ho Fook (Melbourne)
- Momofuku Seiobo (Sydney)
- Supernormal (Melbourne)
- Bennelong (Sydney)
- Ormeggio at The Spit (Sydney)
- French Saloon (Melbourne)
- Rockpool (Melbourne, Sydney, Perth)



## Chef Activation Program

2,500 Chefs  
to date

- We see it as our responsibility to go door to door across the leading cities of the world to introduce and explain why other chefs consider Spencer Gulf Kingfish to be “arguably the best raw fish in the world”
- We met **“one on one”** with 2,500 leading chefs around the world not currently using our Kingfish
- We present each chef with one of our Spencer Gulf Kingfish in a specially designed presentation box
- Results are very encouraging: **41%** of chefs visited who are not currently using our Kingfish have indicated they would definitely start buying



Single fish presentation box

“One on One” Chef  
Meeting



Demonstrate and  
Explain



Provide Fish for  
Trial



High Conversion  
Rate (40%+)



***SensoryFresh***  
a Game  
Changer



- Freezing premium quality seafood is **all about speed**.
- The **ice formation stage** must be fast for optimum texture
- Our Rapid Freezing does this in around 22 minutes, **10 times faster** than conventional freezing
- **And -35°C must be reached quickly.**
- Conventional freezing won't do this
- In just **90 minutes**, our Rapid Freezing technology achieves surface temperature of **-95°C** and core temperature **-60°C**
- We call it ***"SensoryFresh"***

*SensoryFresh*



[SensoryFresh](#)

To support our growth plans we have developed an integrated trade activation program

Designed to educate and motivate wholesalers and their customers to trial and adopt Spencer Gulf Kingfish

## Trade Activation Program

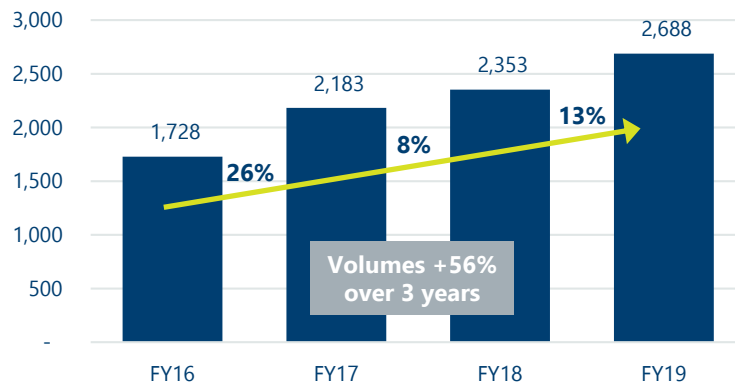




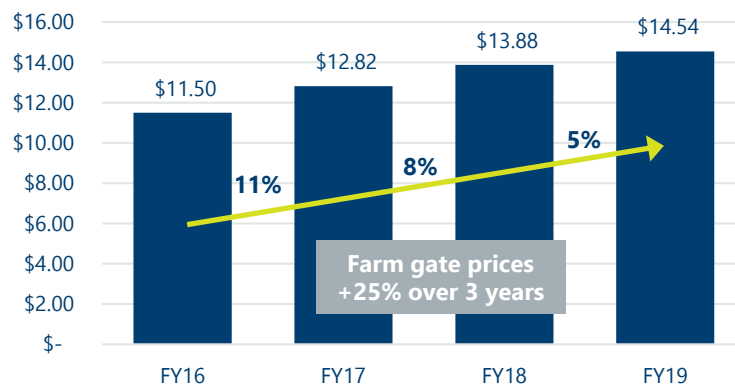
## 3 Years of Strong Growth & Improved Pricing



Sales volumes (tonnes) excluding frozen clearance



Large Fresh Farm Gate \$/k.g



- Volume growth of 56% over three years, farm gates improved 25% in the same period

Significant  
untapped  
market  
opportunity



## Global Kingfish markets excluding Japan

### Europe

10%

(CSS Market Share 48%)



### Australia

10%

(CSS Market Share 90%)



### North America

71%

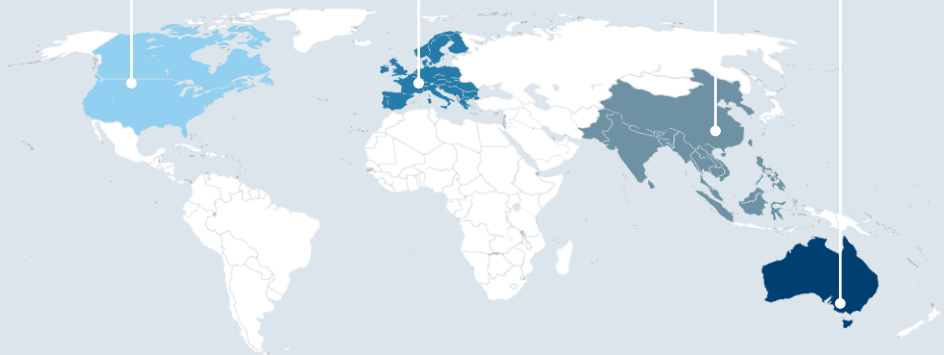
(CSS Market Share <1%)



### Asia

9%

(CSS Market Share 6%)



- Clean Seas is the clear leader in Australia and Europe which are predominantly “fresh” markets
- North American and Asia represent circa 80% of the global Kingfish market outside Japan
- In North America (<1%) and Asia (6%) Clean Seas is yet to establish any material market presence
- Both these markets are dominated by traditional frozen products (>76%), entirely sourced from Japan
- Our **SensoryFresh** liquid nitrogen frozen product represents a significant competitive advantage against the Japanese traditional (-18°C) frozen offering



## Global Markets



Consumption of Farmed Yellow Tail Kingfish **2019** (excl. Japan)

Market	5 year CAGR (%)	Major metro population (millions)	Per capita (metro) (grams)
North America	11.1%	201	74.6
Europe	20.9%	203	10.8
Australia	21.1%	19	96.2
China	22.6%	431	3.1
Rest of Asia	10.9%	295	2.1
Middle East	4.9%	67	0.7
<b>Total</b>	<b>13.2%</b>	<b>1,217</b>	<b>14.9</b>

- Per capita consumption of farmed Kingfish in Japan is circa 1,000g per annum, including wild catch it is over 1,800g.
- Australia has the next highest farmed per capita consumption at 96g, followed by North America and Europe
- North America per capita has quadrupled over the last 10 years reflecting the growth in Japanese exports and the emergence of the "sushi revolution"
- Europe has by far the lowest per capita consumption, however the arrival of new market entrants over the past few years has opened up new (lower-price) market segments, growing the market by 50% in the last 3 years. CSS's volumes have also increased by 25% during this period

## Competitive Advantage & Opportunities



### Products and Brands



#### Spencer Gulf Kingfish

*"Arguably the best raw fish in the world"*

**Established Premium Brand**

**Unique Provenance & Cold Water**

**Sells at Premium** to tank farms, warm water, wild-catch, ranching

***SensoryFresh***

Liquid Nitrogen Freezing Technology

### Markets

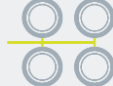


#### Strong Growth 13% 5yr CAGR

**Significant opportunities** for growth in Americas & Asia (76% frozen)

**Free Trade Agreements** with key markets (US, Canada, Mexico, Chile, China, Korea, Japan, ASEAN, Singapore, Thailand, NZ EU in progress)

### Breeding & Farming



#### Global Leader in Full-Cycle

**20 year breeding and IP**

**SGK native to Spencer Gulf waters**

**Scale** – next largest farm outside Japan is just 20% of CSS

**Scale** - Opportunities for automation

### Stakeholders & communities



**Long standing and positive social licence** in Spencer Gulf

**Supportive regulatory environment**

**6,500+ supportive longstanding shareholders**

### People & Culture



**Experienced and capable** executive team and Board

**Long standing** breeding and farming team

**Global sales & marketing team** across four continents

### Supply Chain



**Fully integrated** from egg to customer

**Dual global supply chains** – fresh and -35°C

### Funding



**Fully funded** to implement "Vision 2025"

## "Vision 2025" Strategic Objectives



### Build Further Scale 2020 – 2022



#### Drive Growth (Markets & Products)

- **Expand sales by circa 50% to 4,000 tonnes by FY22**, which is an average of 14% pa
- Primarily via market share growth in North America and Asia leveraging *SensoryFresh* freezing technology
- **Self Sustaining Cash Flows at 4,000t**, including the investment required to expand biomass to support future growth

#### Reduce Cost of Production

- Through **increased scale**, investment in automation on both the farm and Processing Operations and Selective breeding program

### Deliver Benefits of Scale 2023 – 2025



#### Further Growth

- **Expand annual sales to 5,000-6,000 tonnes by 2025**, which is an average of 12% pa from FY22
- Significant growth expected in Nth America and Asia
- Large focus of frozen product offerings

#### Cost of Production

- Larger scale farms with fully automated feed systems
- More efficient operating practices not available to smaller scale farms
- Year 5-7 of the selective breeding program
- New processing facilities capable of higher volumes through large scale automation

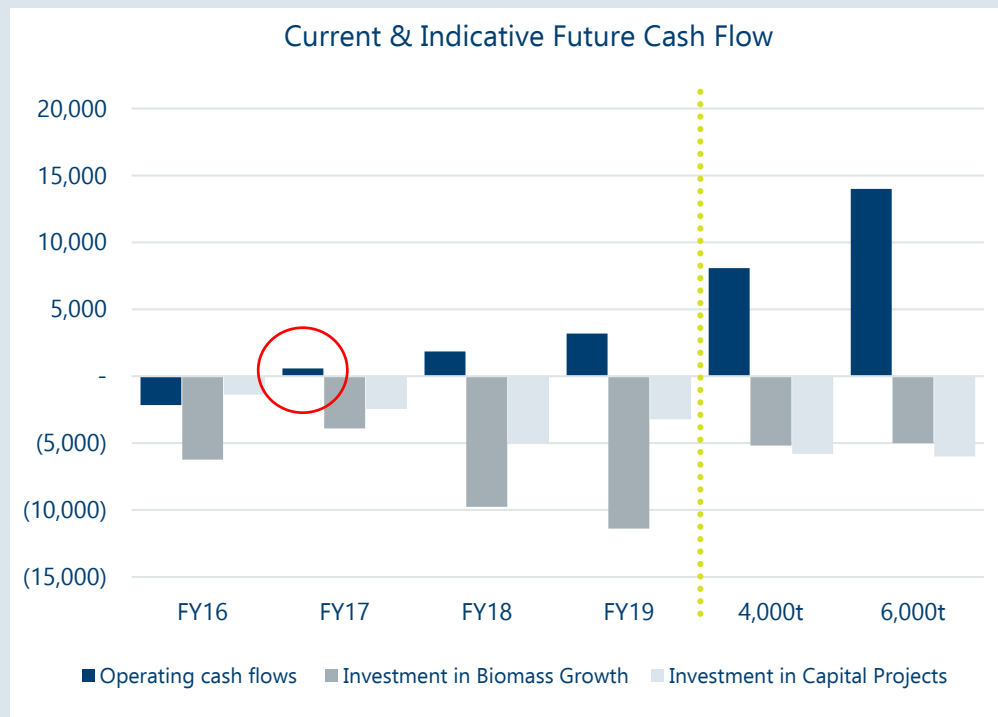
#### Shareholder Value

- Delivering **growth in shareholder value**, including sustainable dividend returns

## Sustainable Cash Flows



The data represented in the table below is not a financial forecast, but an indication of operational outcomes assuming targeted sales volume levels can be achieved.



Although the information presented is based on reasonable assumptions, it is conceptual in nature and there can be no guarantee that the operational outcomes will be achieved.

- In FY17 Clean Seas reached **2,000 tonnes**, the threshold required to be cash flow positive from operations
- The next significant threshold is at **4,000 tonnes**, where cash flow from operations is expected to also fund the investment in future biomass growth
- At **5,000 to 6,000 tonnes** the business is expected to have the capacity to fund Working Capital, investment in future biomass and Capex projects

Results  
validate the  
“**Vision 2025**”  
strategy



## FY19 Results

**Sales Volumes Up  
13%**



**Sales Revenue up  
16%**



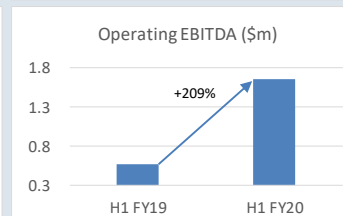
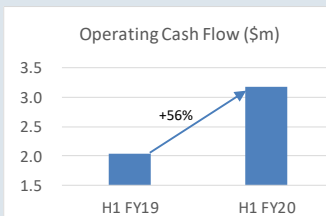
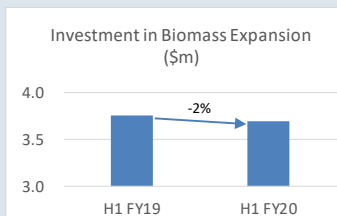
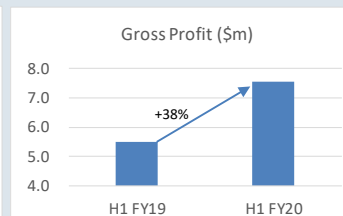
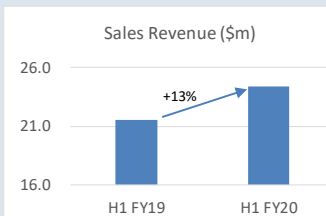
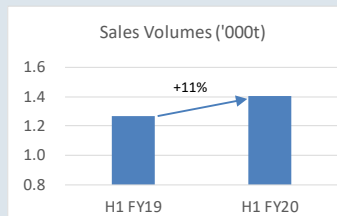
**EBITDA up  
23%**



**Cash Flow up  
73%**



## First Half FY20 Results



- Results reflect the benefits of increased scale and relatively fixed overhead costs
- Increased Sales Volumes of 11%, together with increased Revenue and Farmgate \$ per kg and reductions in Farm Operations expenses drove increased Gross Profits, up 37.7%
- Growth in Sales Volumes, Farm Gate prices, Operating Margins and Gross Profit, as well as greater leveraging of the Company's fixed costs through the benefits of increased scale of operations underpinned an increase in Operating EBITDA from \$0.520m to \$1.607 million
- Positive **Operating Cash Flow of \$3.2m which represented a 56% increase** on the prior year excluding investment required to expand Biomass to support future growth in sales



## Contact & Disclaimer

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