



## Quarterly Results Presentation Q2 FY20-S

### *Investor Presentation*

21 January 2021 – Angel Seafood Holdings Limited (ASX: AS1) (the “Company” or “Angel”) is pleased to provide a copy of the presentation on the Q2 FY20-S results for the investor webcast to be held at 2.00pm (AEDT), as announced in the Quarterly Activities Update released on 20 January 2021.

Please pre-register for the webcast via:

[https://us02web.zoom.us/webinar/register/WN\\_TF25caGHQ9u9PynQpigPjA](https://us02web.zoom.us/webinar/register/WN_TF25caGHQ9u9PynQpigPjA)

This presentation was approved for release by the Board.

### **Further Information**

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

#### **Angel Seafood Holdings Ltd**

Simba Matute, CFO

M: +61 420 488 862

E: [simba@angelseafood.com.au](mailto:simba@angelseafood.com.au)

#### **Investor Relations**

Eric Kuret

M: +61 417 311 335

E: [eric.kuret@marketeye.com.au](mailto:eric.kuret@marketeye.com.au)

#### **Media contact**

Tristan Everett

P: +61 3 9591 8905

E: [Tristan.everett@marketeye.com.au](mailto:Tristan.everett@marketeye.com.au)

#### **About Angel Seafood Holdings Ltd**

Angel Seafood is a producer of fresh, clean and consistently high-quality oysters that don't compromise the environment. Angel has grown from a family-operated South Australian business and has rapidly developed from a traditional oyster-growing business into a premium, innovative and organically certified producer of Coffin Bay Oysters. The Company primarily sells oysters to the domestic market; however, exports represent a substantial long-term growth opportunity.

Angel Seafood is the Southern Hemisphere's largest sustainable and organic certified pacific oyster producer.

# Angel Seafood Holdings Ltd

## ASX: AS1



Q2 FY20-S Results  
*Quarter ending 31 December 2020*





# Angel Seafood – Australia's largest producer of Pacific Oysters

- Southern Hemisphere's largest producer of certified organic and sustainable pacific oysters, 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
- Benefiting from economies of scale following the initial phase of growth
- Entering the next phase of growth with the aim to increase production capacity to 20 million oysters p.a. and improve profitability
- Profitable and generating positive operating cash flow\*

\*YTD operating cash flow

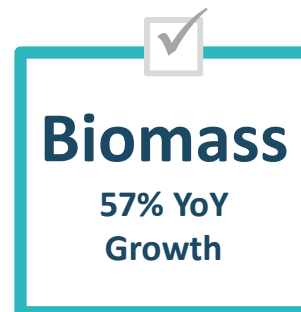


ANGEL  
SEAFOOD

# Angel delivers a record December quarter result

## Strong demand and continued success of the multi-bay strategy

- **Record December quarter sales with 2.4 million oysters sold, up 36% on pcp**
  - Multi-bay strategy increasingly successful
  - Continued momentum in the retail channel
  - Restaurant demand recovering
- **Strong sales driving revenue up 35% on pcp**
  - Underlying oyster prices steady
- **Growing conditions during the quarter in line with expectations; stock in good health**
  - Focused on investing in pipeline to cater for future growth
  - Biomass\* up 57% on pcp; Haslam facility accommodating the increased biomass



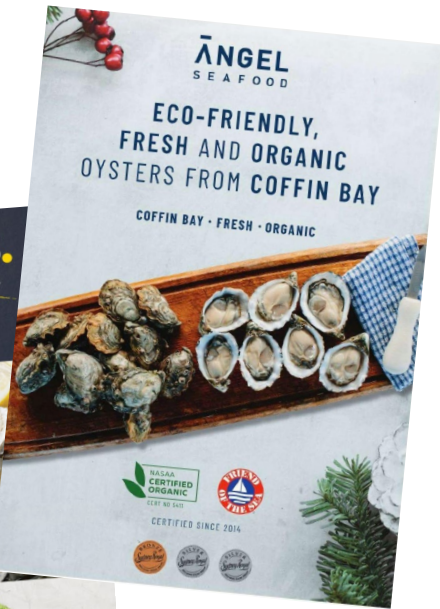
# Strong retail momentum continues

## Retail market now a key feature of Angel's growth strategy

- **Strengthening relationships with large retailers**
  - › Angel's oysters featured in the Costco's Christmas catalogue and Drakes weekly catalogue
- **Growing recognition that Angel can guarantee continuous supply of good quality stock to retailers**
- **Mainly bistro size oysters sold through retailers which complements demand for larger size oysters by restaurant channel and export markets**
- **Significant opportunity to further increase penetration within retailers**
  - › Currently less than 20% of major retail stores sell oysters



Drakes weekly catalogue



Costco Christmas catalogue

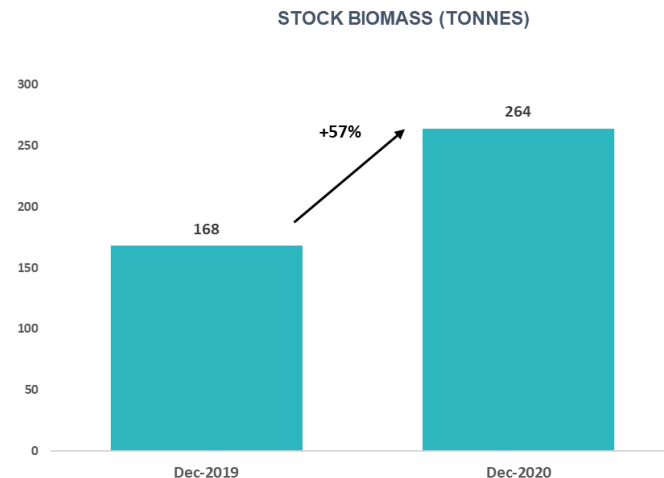
**ANGEL**  
SEAFOOD



# A good supply of oyster sizes to cater for the increasing demand

## Focus on growing stock profile and upgrading infrastructure for the future

- **29 million graded\* oysters currently in stock**
  - › Farming operations now focused grading oysters and monitoring the condition of the oysters during spawning season
  - › Spat purchases increased to ensure a steady supply of oysters to meet future demand and growth
  - › 57% growth in biomass vs pcp
- **Strong demand continued into the new year**
  - › Sales have continued into January, albeit at a reduced scale:
    - Additional stock available for sale in Q1 FY21 despite record sales in previous quarter
    - Some stock has started regaining condition following early spawning experienced in Coffin Bay
  - › Sales out-of-season for the remainder of summer with the Angel team now focused on infrastructure upgrades; the 2021 sales season expected to fully commence in March



# Angel in a strong financial position to accelerate growth plans

## Raised \$4 million in strongly supported capital raise

- **Successful \$4 million Placement undertaken in December 2020**
  - › 23.5 million fully paid ordinary shares issued at \$0.17 per share
  - › Strongly supported by existing investors as well as new high quality institutional and sophisticated investors
- **Working capital facility with NAB increased by \$1 million**
  - › The working capital facility limit at \$3.0 million; renewal of the facility extended out to 30 November 2021
- **Placement and additional working capital facility to fast-track growth initiatives and support financial position**
- **Total liquidity increased to \$5.2 million at 31 December 2020**

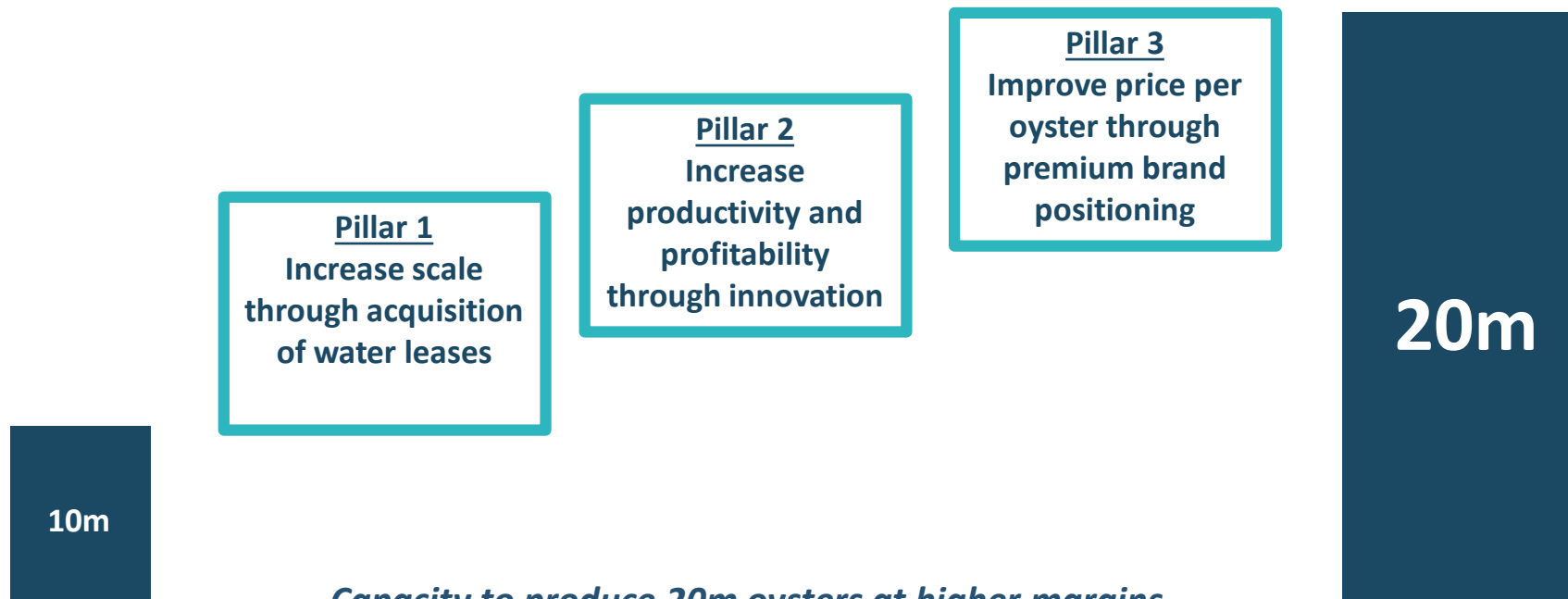
**Next phase of growth for  
Angel Seafood unveiled**  
*‘Demand for oysters outstrips supply’*





# 3-pillar strategy to double production capacity & improve profitability

Low-capital plan to support next phase of growth



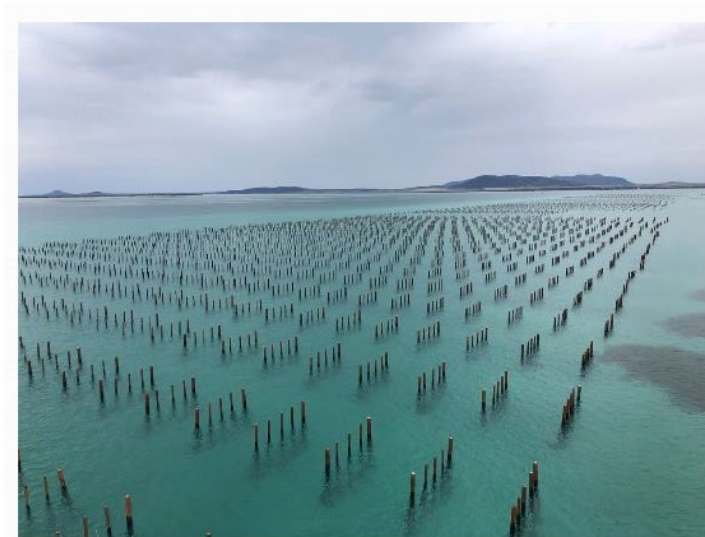
*Capacity to produce 20m oysters at higher margins*

**ANGEL**  
SEAFOOD

# Pillar 1: Increasing scale through acquisitions

## Acquiring more water to farm more oysters

- **Additional water to increase the multi-bay footprint; maximising economies of scale**
  - › Every additional Ha of water is more profitable than the last, leveraging on existing assets in the multi-bay strategy
  - › 6.25Ha of additional water leases secured in November 2020
  - › New leases include 2.0Ha of developed water in Coffin Bay; immediately increasing annual production capacity from 10m to 12m oysters
  - › 4.25Ha of undeveloped leases earmarked for the flip-farming trial
- **Vision to increase production capacity to 20m per year**
  - › A brand-new large oyster boat commissioned in Cowell to increase capacity, provide significant efficiencies and cater for the growing biomass.
- **Highly productive water available**
  - › Angel will continue to lease with option to buy, where the option is available
  - › Angel's undeveloped leases provides optionality for further growth



# Pillar 2: Increasing productivity through innovation

## Continuing to lower the cost of production

- **Additional growth to be delivered through productivity increases**
  - › Angel has achieved 47% increase in productivity since listing in 2018
  - › Average investment per Ha has decreased during the same time, increasing ROA
- **FlipFarm<sup>1</sup> trials on 3.0Ha of deep-water leases in Coffin Bay to commence**
  - › Innovative biodynamic farming method aligns with Angel's values of organic & sustainable oyster farming
  - › Expected to generate an attractive IRR and short capital payback period; ongoing benefits of lower operating costs and increased productivity
  - › Equipment and materials for the infrastructure ordered and starting to arrive
- **'Summer oysters' trial launched in December**
  - › Successful trial will enable Angel to sell oysters through the summer spawning months and potentially increase annual sales by 10-15%
  - › The summer oysters are in good condition and with good survival rates after their first grading
  - › Expected to be ready for sale in early 2022
- **Focus on innovation and R&D to increase productivity and lower operating costs**
  - › Data collection and analysis – continue building Multi-Bay IP



**ANGEL**  
SEAFOOD

<sup>1</sup>FlipFarm is a registered trademark of FlipFarm Systems Limited: <https://www.flipfarm.co.nz>

# Pillar 3: Building the Angel brand to improve pricing

## Angel well positioned to leverage its credentials

- **Additional scale to position Angel as price setter in the market**
- **Increasing average price by improving sales mix towards larger sizes**
  - › Underlying prices have remained steady; Angel's average price has been impacted by product mix
  - › Haslam provides capacity to store additional biomass
- **Growing recognition around quality and supply positions Angel to leverage its credentials in building retail relationships**
  - › Angel's oysters featured in the latest Costco's Christmas catalogue and Drakes weekly catalogue
- **Marketing activities and branding**
  - › Leveraging Angel's provenance and organic and sustainable credentials
  - › Alternative sales channels, e.g. online sales, good-for-you products
- **Increasing export volumes into premium export markets**
  - › South East Asia represents a lucrative export market where a significant price premium for imported oysters exists





# Well positioned for long term growth

## 3 pillar strategy to increase capacity and sales

### Initial phase of growth completed

- Holding capacity of over 20m oysters; finishing capacity of 10m oysters each year
- 38Ha of developed water holdings
- Proven multi-bay strategy
- Increasing recognition to guarantee continuous supply of high-quality produce
- Strong stock profile positions Angel strongly for increasing demand & recovery of restaurant channel
- Accredited export processing facility



### Embarking on the next phase of growth

- Finishing capacity already increased to 12m oysters following lease acquisitions in Q2 FY20-S
- Aiming to further consolidate within Eyre Peninsula, increasing finishing capacity to 20m per annum
- Focus on productivity and low-cost production driven by flip-farms and automation
- Marketing and product differentiation – evolve from ‘price taker’
- Significant opportunity to expand retail channel sales
- Increase premium export sales

# What makes Angel unique

## Premium oyster production 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 14Ha of the highly productive water in Coffin Bay
  - › No “new water” being made available



# What makes Angel unique

## Industry leading multi-bay strategy and innovation

- **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, finishing capacity increased to 12 million per 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 (disease risk mitigation)
  - › 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 <sup>1</sup> : 15Ha	Area <sup>1</sup> : 9Ha	Area <sup>1</sup> : 14Ha
Holding Volume: 20 million spat and growing oysters	Holding volume: ~2-5 million oysters	Holding volume: 3 million mature oysters
12-18 month cycle	As required	10-12 week cycle

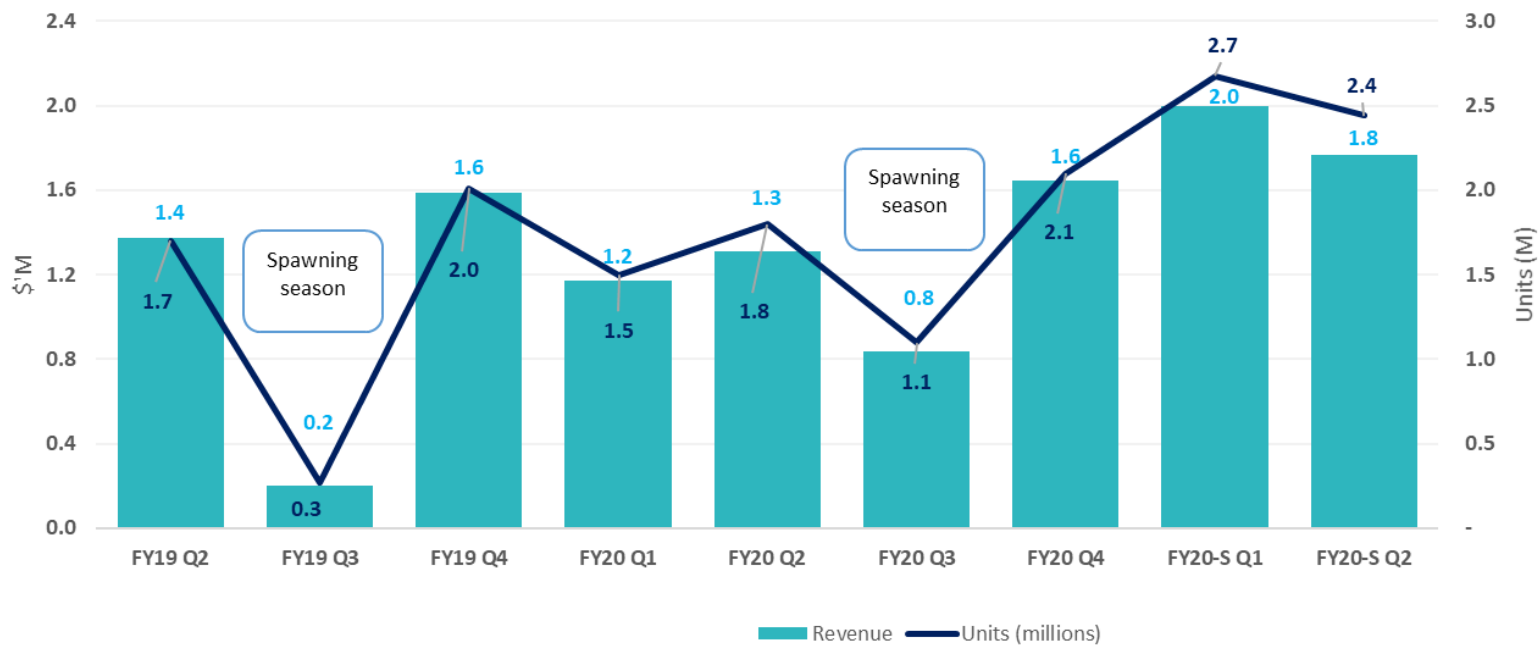
<sup>1</sup> Developed/deployed water leases only. Angel holds a total of 61Ha across the bays.

## Appendix





# Growth in quarterly revenue and oyster sales





**For further information  
please contact:**

Angel Seafood Holdings Ltd  
[simba@angelseafood.com.au](mailto:simba@angelseafood.com.au)

Investor Relations - Market Eye  
[eric.kuret@marketeye.com.au](mailto:eric.kuret@marketeye.com.au)

**ANGEL**  
SEAFOOD

# Disclaimer

## Not an Offer

This Company Update does not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities.

## This Document

The information contained in this Company update is disclosed to you by Angel Seafood Holdings Ltd (the Company).

## No Disclosure Required

This Company Update is intended to provide potential buyers/investors/shareholders with background information only and does not purport to contain all the information that a potential buyer/investor/shareholder may require. This Company Update does not constitute a prospectus, short form prospectus or other disclosure document as defined in the Corporations Act 2001 (Cth) ("the Act"). This Company Update has not been lodged with the Australian Securities and Investments Commission ("ASIC"), the ASX, or any other government body.

## Foreign Jurisdictions

The distribution of this Company Update (including electronic copies) outside Australia may be restricted by law and persons who come into possession of this Company Update outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No recipient of this Company Update outside the Commonwealth of Australia may treat this Company Update as constituting an invitation to them to purchase shares.

## No Responsibility for Contents of Document

To the maximum extent permitted by law, neither the Company nor any of its associates, directors, officers, employees, advisors or representatives make any representations or provide any warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this Company Update or any subsequent information provided to the recipient including but not limited to any financial projections, estimates or any other historical information. The information in this Company Update relates to the business of the Company at the date of this document only.

## Financial projections, and forward-looking statements

This Company Update may contain future financial projections and forward-looking statements. Such projections and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from forecast results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are also necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. Accordingly, there can be no assurance that such statements, estimates or projections will be realised.

The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise. All forward looking statements contained in the Company Update are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

## Confidentiality

This Company Update is based on information provided to the ASX by way of Company announcements. However, it is a condition of the issue of this Company Update that it is to be kept confidential and will not be reproduced, copied or circulated, in whole or in part, to any third party without the express written consent of the Company.

## No Advice or Reliance

This Company Update is provided for general information purposes only. Nothing in this document constitutes investment, legal, tax, accounting or other advice. The recipient should consider its own financial situation, objectives and needs and conduct its own independent investigation and assessment of the contents of this financial model, including obtaining investment, legal, tax, accounting and other such other advice as it considers necessary or appropriate.