

*Hiramasa.
The King of Kingfish.*

 **CLEANSEAS** | sustainable seafood

Investor Update

September 2015

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Corporate Overview

ASX: CSS	FY2015	FY2014*	FY2013*
Shares on Issue	1,105m	1,105m	802m
Average Monthly Volume	60m	111m	49m
Cash	\$1.5m	\$9.9m	\$5.2m
Debt	\$0.4m	\$0.1m	\$0.2m
NTA per Share	4.4 cents	4.3 cents	3.3 cents
PBT	\$1.0m	\$6.6m	(\$32.4m)
PBT (Underlying)	\$1.0m	\$2.6m	(\$2.6m)
PAT	\$4.1m	\$9.2m	(\$28.3m)
Share Price	5.1c	4.9c	1.3c

*Profit Restated

Major Shareholders at 30 June 2015

Australian Tuna Fisheries Pty Ltd (incl associates)	9.1%
JP Morgan Nominees	5.3%
HSBC Custody Nominees	1.9%
Top 20 shareholders hold 26.8%	



Introduction to Clean Seas Tuna

- Clean Seas Tuna listed on ASX in 2005, focused on propagating Southern Bluefin Tuna
- In 2007 took direct control of Yellowtail Kingfish farming operations
- In 2013 shifted strategy to focus on expanding Yellowtail Kingfish production under the Hiramasa Kingfish brand
- Propagation of Southern Bluefin Tuna scaled back whilst maintaining broodstock and reduced R&D
- Australia's only commercial producer of Yellowtail Kingfish
- Established pool of genetically selected Yellowtail Kingfish with the ability to produce fingerlings at any time of the year
- Extensive hatchery resources and infrastructure to support growth



FY 2015 Achievements

- In FY15 Clean Seas again delivered both a statutory and an underlying profit during a rapid expansion of our Yellowtail Kingfish business
- Dependable biological production through improved fish growth performance, high survival rate, better planning and consistent quality Kingfish being delivered to our customers
- Introduction of a profitable second product line of smaller Kingfish to expand our markets
- Growth in our overall market resulting in a 92% increase in sales volumes, primarily domestic and Europe
- The 76% increase in Kingfish biomass
- Continued support from our customers in promoting our product as a leading sashimi product and their recognition of the versatility it presents in other cooked forms.

Financial Overview FY2015

- This year's statutory after tax profit of \$4.108 million compares with last year's restated profit of \$9.156 million, which included a \$3.953 million AusIndustry Commercial Ready Grant for the Southern Bluefin Tuna Lifecycle project
- The FY15 underlying profit before tax of \$1.033 million compares with last year's restated underlying profit of \$2.644 million

Reconciliation – Statutory to Underlying Result	FY15 (\$'000)	FY14* (\$'000)
Statutory net profit after tax	\$4,108	\$9,156
Add / (Deduct):		
R&D tax incentive refund – Tax expense credit	(\$3,075)	(\$2,778)
Capital raising expense – Tax expense	-	\$219
AusIndustry Commercial Ready Deferred Grant	-	(\$3,953)
Underlying profit before tax	\$1,033	\$2,644

(*) FY14 results restated due to a change in the R&D tax incentive refund accounting treatment.

Key Profit Drivers

- The key profit driver is fish growth (biomass increase) less farm, hatchery and overhead costs
- The net market value of fish stocks (accounting as per AASB 141) was impacted in FY15 by allowances for costs of re-entering export markets
- The export market cost allowance, together with reduced growth from cooler than average Autumn seawater temperatures were the primary drivers of the reduction in FY15 underlying profit
- The export market re-entry costs are largely one-off, and the Company expects seawater temperatures and biomass growth rates to normalise over time
- The lower \$A has led to higher prices on imported feed, although progressive growth in exports and a focus on more efficient feed conversion is expected to partially neutralise this impact in future

Farming



Farming Locations

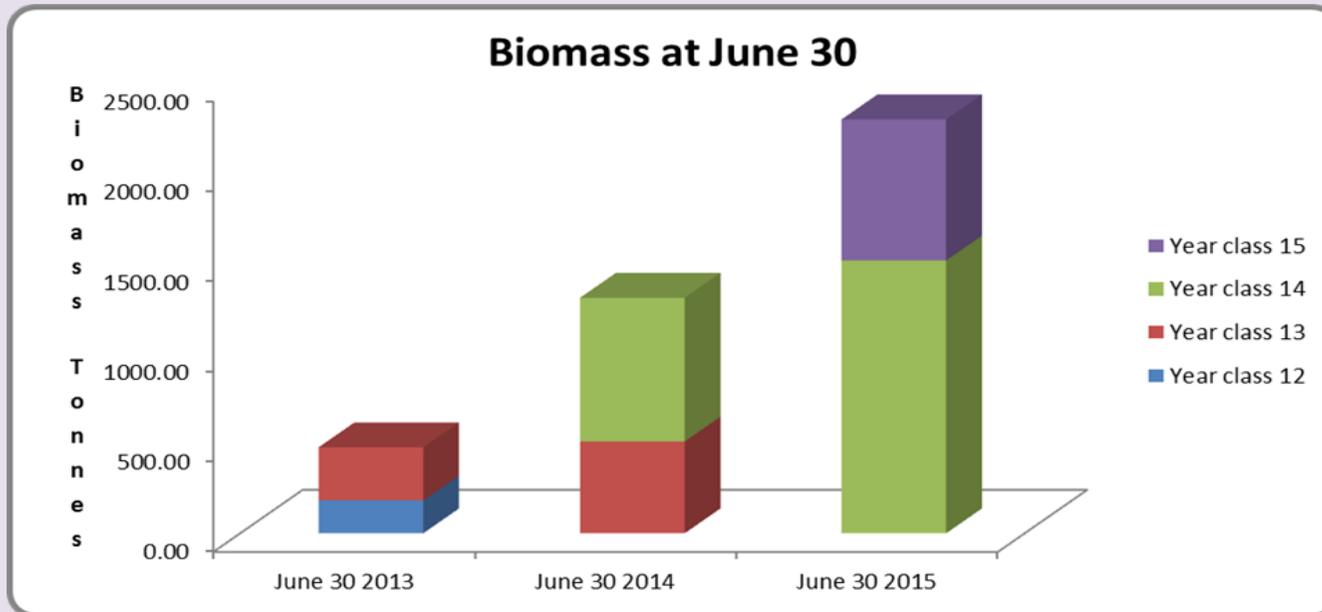


FY2015 Fish Performance Highlights

Survival rates of our Kingfish have continued to exceed expectation with the survival for each of the current year classes being at the top of best practice and continuing to improve:

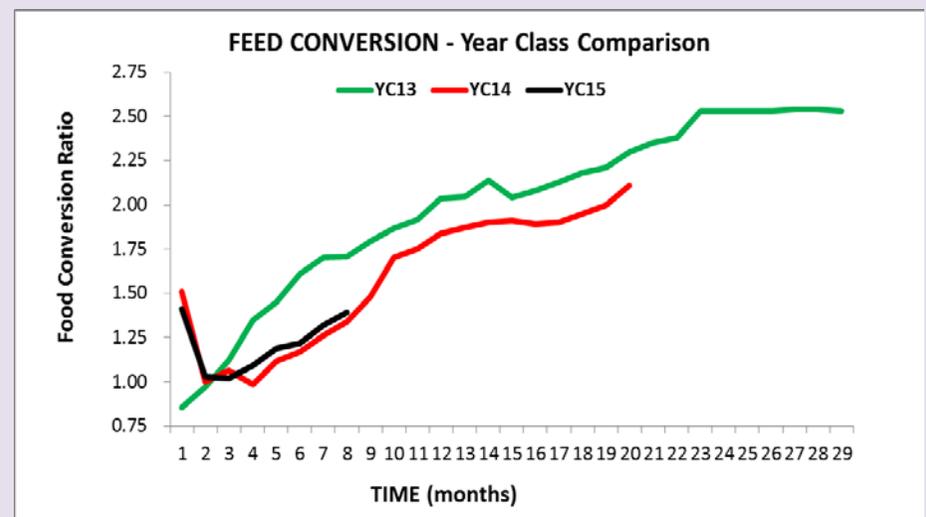
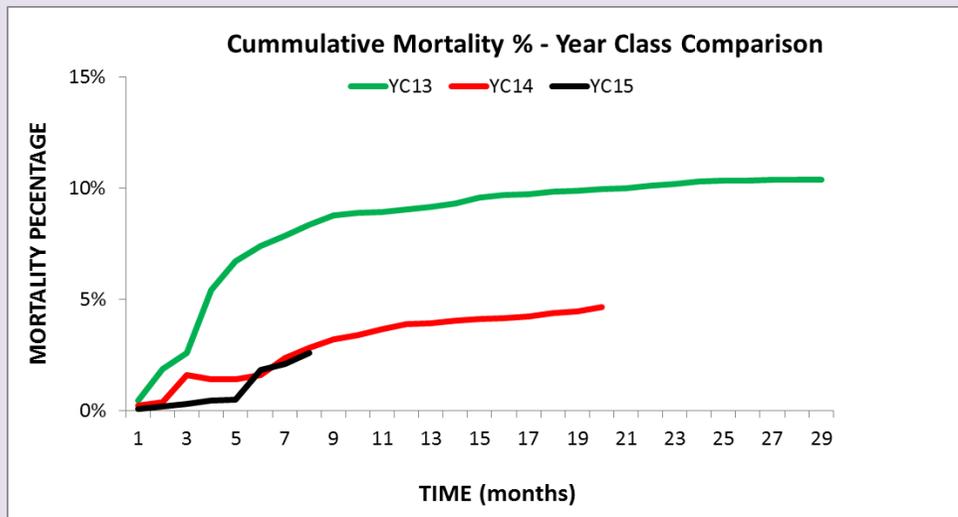
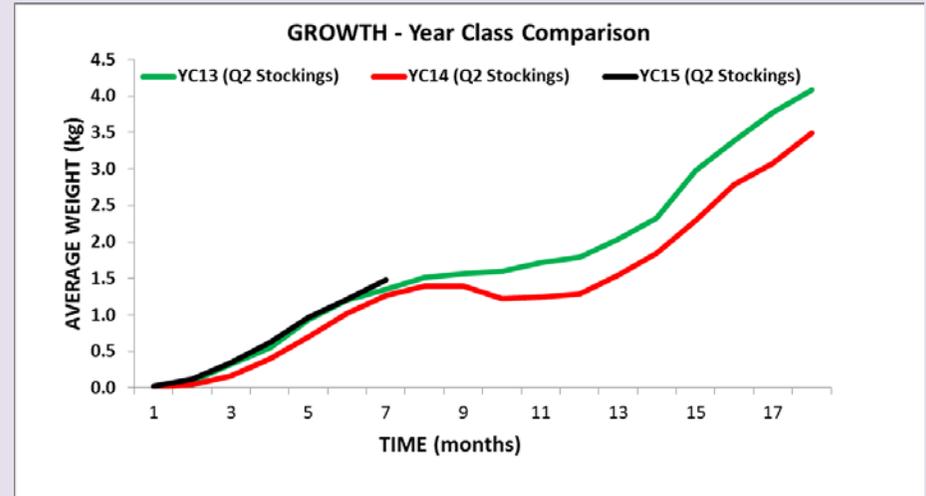
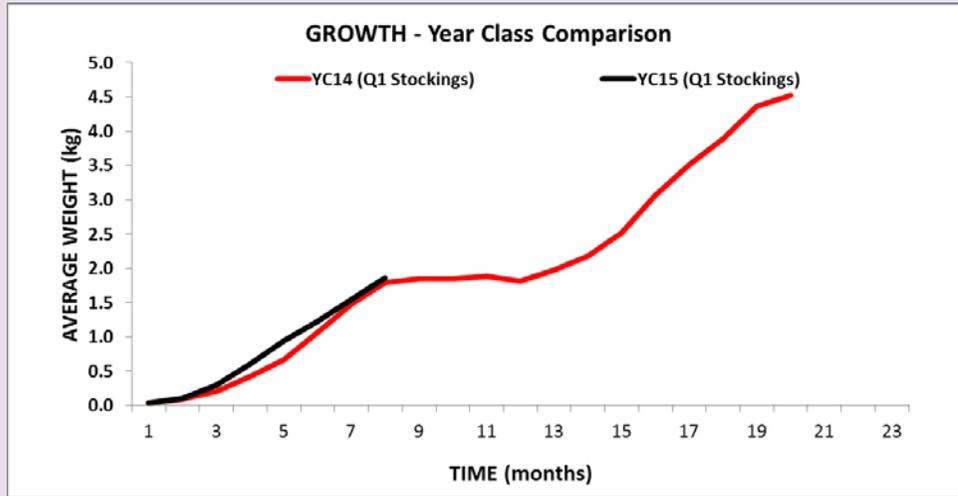
- Year class 13: survival to harvest 90%
- Year class 14: current survival 95%
- Year class 15: current survival to date 97%

Biomass at June 30 could have been 100 tonne better if we had a warmer Autumn



Farming Operations

- Further improvement in key farming performance metrics



Global Marketing Success

- Clean Seas has successfully positioned its Yellowtail Kingfish at the high end of the sashimi market based on:
 - Our brand HIRAMASA KINGFISH - The King of Kingfish
 - The quality of Hiramasa Kingfish with superior taste, texture and shelf life compared to other species of Yellowtail Kingfish
 - Successful marketing strategies
- Diversified market, strong market demand in Australia and Europe.
- Rolling out a refreshed marketing program
- Introducing a second brand for Asian export markets where our Hiramasa brand can be confused with Japanese varieties of Kingfish

Clean Seas' quality is recognised by multiple industry awards:

delicious Magazine Produce Awards

- Finalist 2015- From the Sea , Primary
- National Medallist – From the Sea (Kingfish) 2014
- Finalist-From the Sea (Kingfish) 2013
- National Medallist – From the Sea (Kingfish) 2012
- Finalist – From the Sea (Kingfish) 2011



MEDALLIST



FINALIST



MEDALLIST



FINALIST

Sales Highlights

- 92% increase in Sales from 571 tonnes in FY14 to 1,098 tonnes in FY15
- Clean Seas is currently selling Kingfish at a rate close to 1,500 tonnes per annum
- Immediate plans are to expand sales to approximately 2,000 tonnes in FY16 and then further increase to 3,000 tonnes over subsequent years

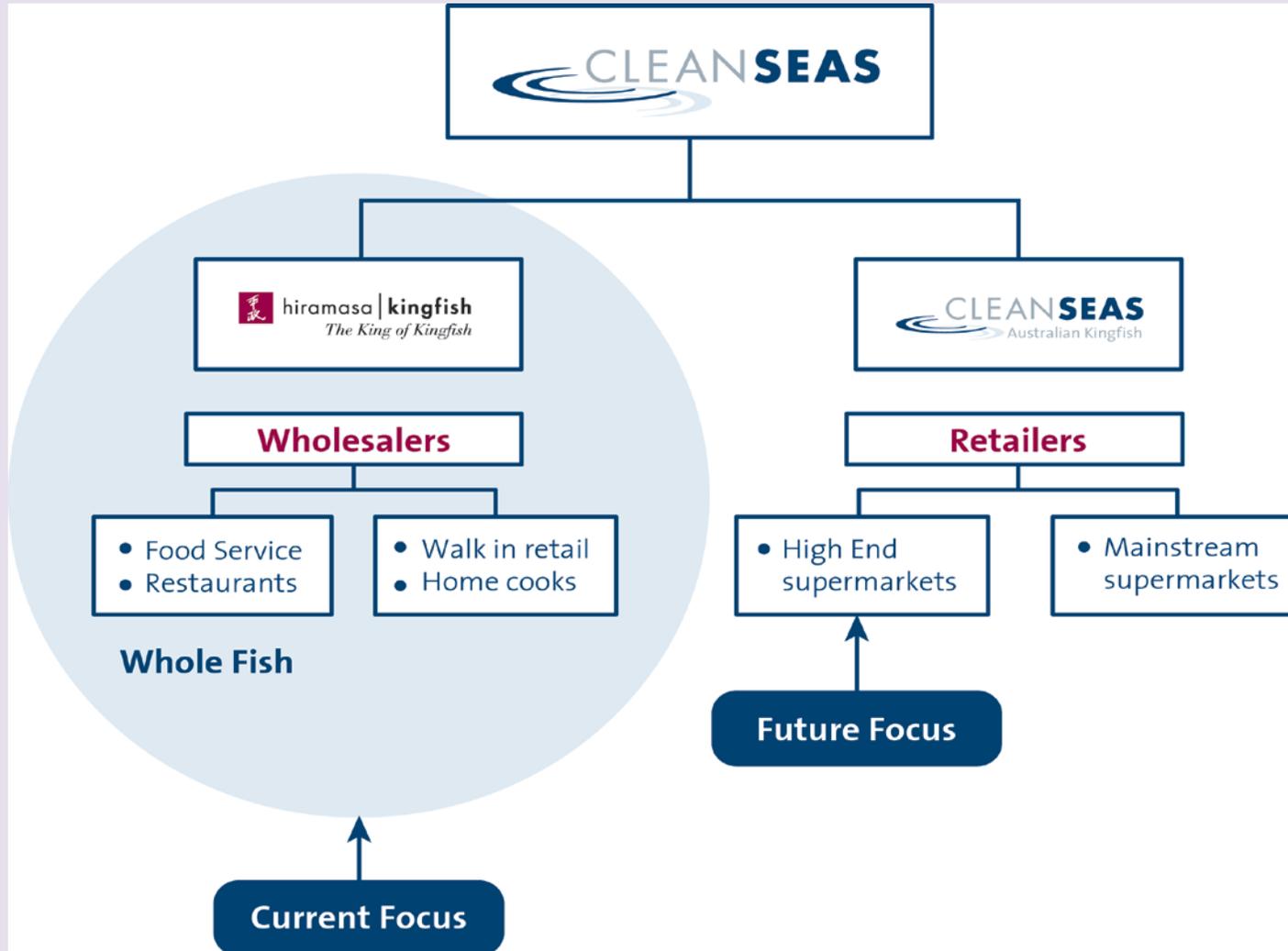
Annual Sales	FY15	FY14	%
Tonnage (tonnes)	1098	571	92%
Revenue from Kingfish Sales (\$m)	\$18.185m	\$9.917m	83%

Sales Strategy

- Focus on geographic expansion of our markets to accelerate growth in sales
- Broadening our distributor channels geographically
 - USA, March
 - SE Asia, June
 - Middle East, August
 - First shipment to China in September
- Additional sales support in Europe
- Tailoring our offer and branding to individual markets
- Introduction of beneficial market positioning of our small fish into the high end retail to expand the domestic market, right size, right value
- Expanding our sales force with experience and in market expertise
- Increased chef interaction, 120 of the top 500 Australian restaurants include kingfish, equivalent presence to salmon.



Sales - Channels



Competitive Advantages

- Successful propagation, husbandry, harvesting and marketing of the Yellowtail Kingfish species outside of Japan since 2005
- Excellent market position of Hiramasa brand at the premium end of the Sashimi market and as a white table fish
- Australia's only commercial producer of Yellowtail Kingfish
- Reliable supplier 52 weeks of the year
- Ability The only reliable producer of fingerlings globally, able to produce Yellowtail Kingfish fingerlings at any time of the year
- Friend of the Sea certified
- Established pool of genetically selected broodstock
- Extensive hatchery resources and infrastructure to support growth
- Existing water lease area to produce greater than 6000 tonnes
- IP facilitates expansion into other suitable growing waters
- Active R&D program for ongoing business improvement



Priorities and Outlook

Clean Seas is focussed on the following key areas:

- achieving sales of 3,000 tonnes p.a. over coming years to deliver improved average margins
- continued improvement in fish performance, with lower costs of feed per kilogram of fish grown
- delivering the benefits of our investment in feed and feed management through the support from the Department of Agriculture
- capturing the opportunities of warmer water conditions at our existing and potential growing sites
- continuous improvement in productivity and cost efficiency across the supply chain
- building on strategic advantage of year round fingerling production and utilizing our capacity to deliver larger fingerlings via recirculation technology
- broadening of our export markets
- transforming from a fish farming company to a broader food company, by:
 - a concerted focus on new product development of Yellowtail Kingfish forms;
 - a detailed examination of our business and opportunities once we have harvested the Yellowtail Kingfish
- Resourcing the Executive team to grow as a food company, with the new MD to build on our production strengths, and leading global position

Questions

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