

*Hiramasa.
The King of Kingfish.*

 **CLEANSEAS** | sustainable seafood

AGM Presentation

October 14, 2015

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Paul Steere

Chairman

- Introduction
- Outline of presentation



FY15 Significant Outcomes

- Second consecutive year with statutory and underlying profit
- Sales almost doubled to 1,098 tonnes and \$18.5 million, with sales growth mainly in Australia and Europe
- Continued excellent Yellowtail Kingfish survival rates, health and growth
- Biomass at year end up 76% to 2,304 tonnes, to facilitate future sales growth
- \$7m Trade Finance Facility with Commonwealth Bank
- Final cash R&D Tax Incentive Refund will be received for FY15 in the next few months, with the amount now estimated at \$6 million
- Federal Government funding approved for a substantial 3 year Yellowtail Kingfish R&D project focussing on feed and feed management, to be managed by the Fisheries Research Development Corporation
- Strong continued support from our customers in promoting our Hiramasa Kingfish as a leading sashimi product and their recognition of the versatility it presents in other cooked forms.

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%	



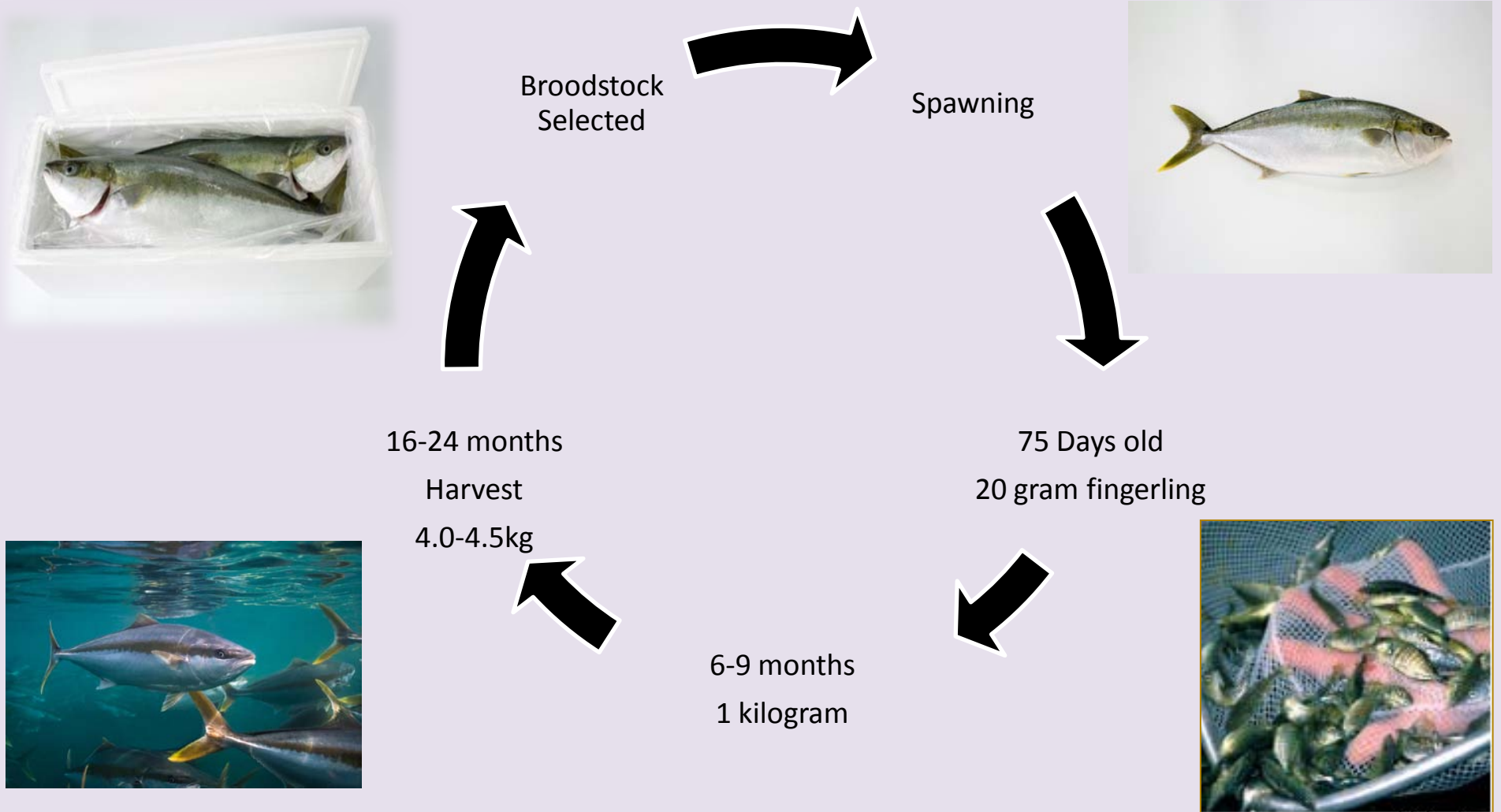
Craig Foster

Chief Executive Officer

Farming



Yellowtail Kingfish Lifecycle



Farming Locations

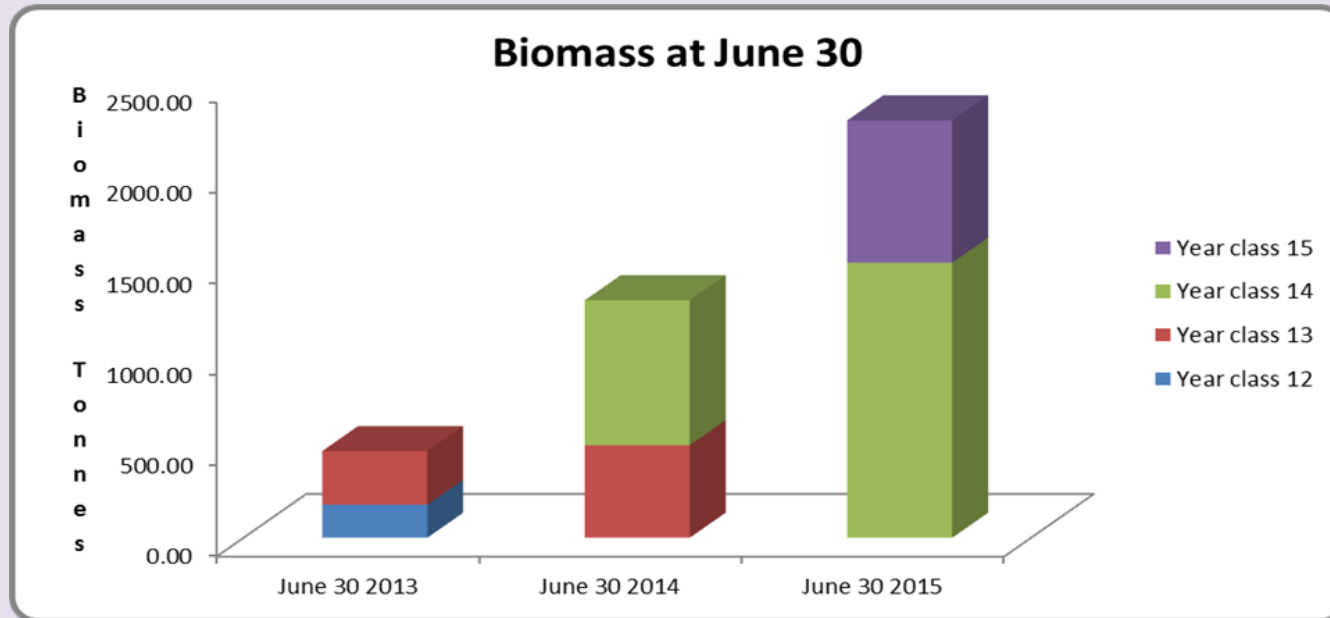


FY2015 Fish Performance Highlights

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:

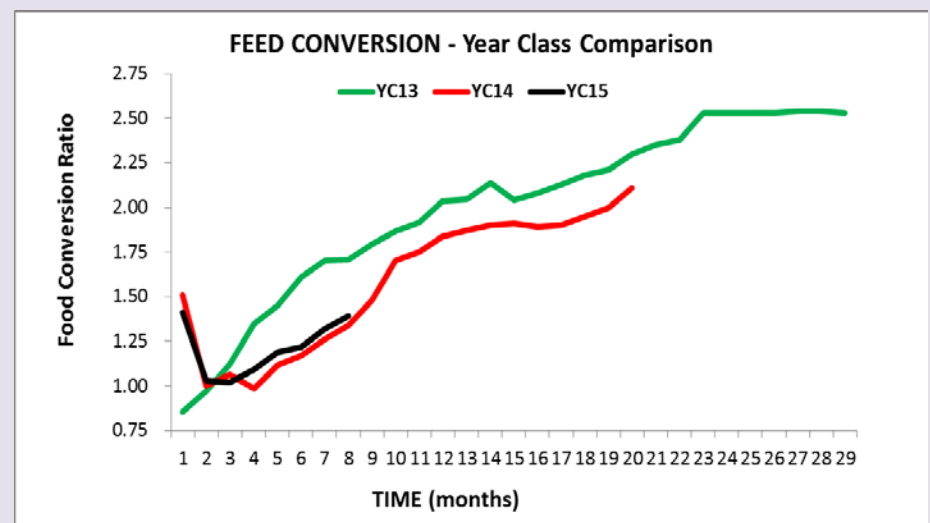
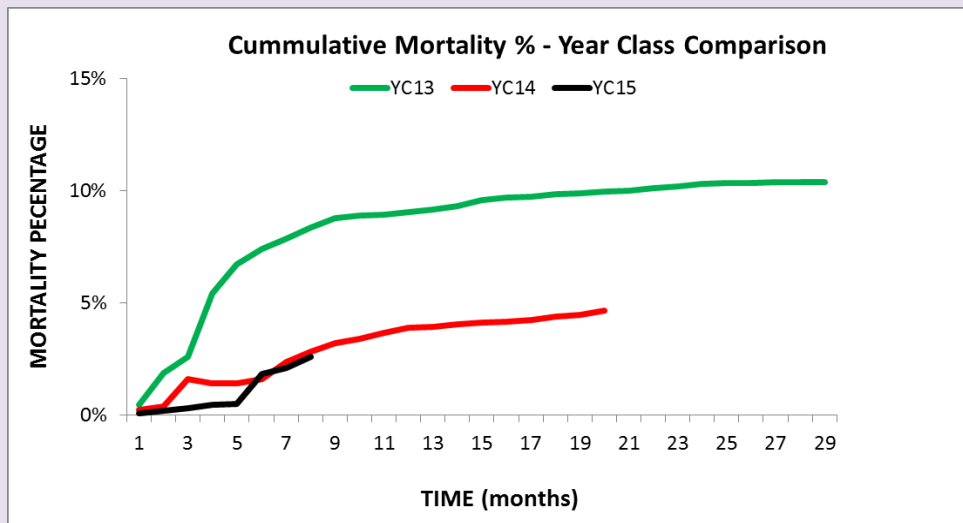
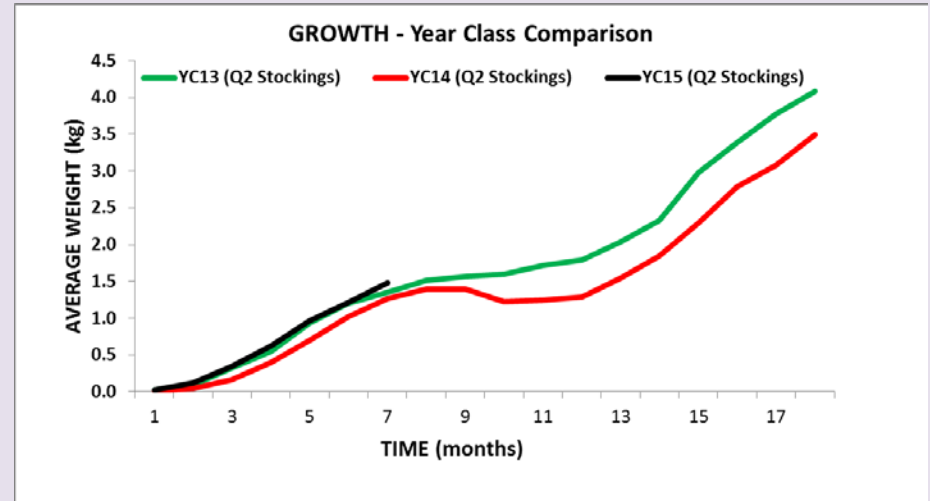
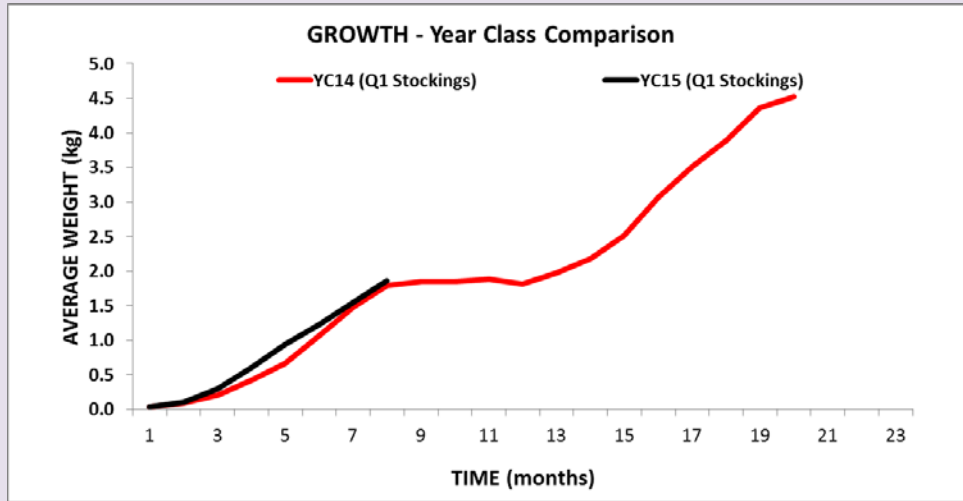
- Year class 13: survival to harvest 90%
- Year class 14: current survival 95%
- Year class 15: current survival to date 97%

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 Sales Development

- 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, improving market demand in Australia and Europe

- Continuing our refreshed marketing program and targeting other use opportunities

- Introducing the Clean Seas Australian Kingfish brand for Asian export markets where our Hiramasa brand can be confused with Japanese varieties of Kingfish



Sales Update

- 92% increase in sales from 571 tonnes in FY14 to 1,098 tonnes in FY15
- Following achieving Q1FY16 sales of 322 tonnes, our current weekly rate is 30 tonnes and extra effort is under way
- Immediate plans are to expand sales to approximately 2,000 tonnes in FY16 and then further increase to 3,000 tonnes over subsequent years

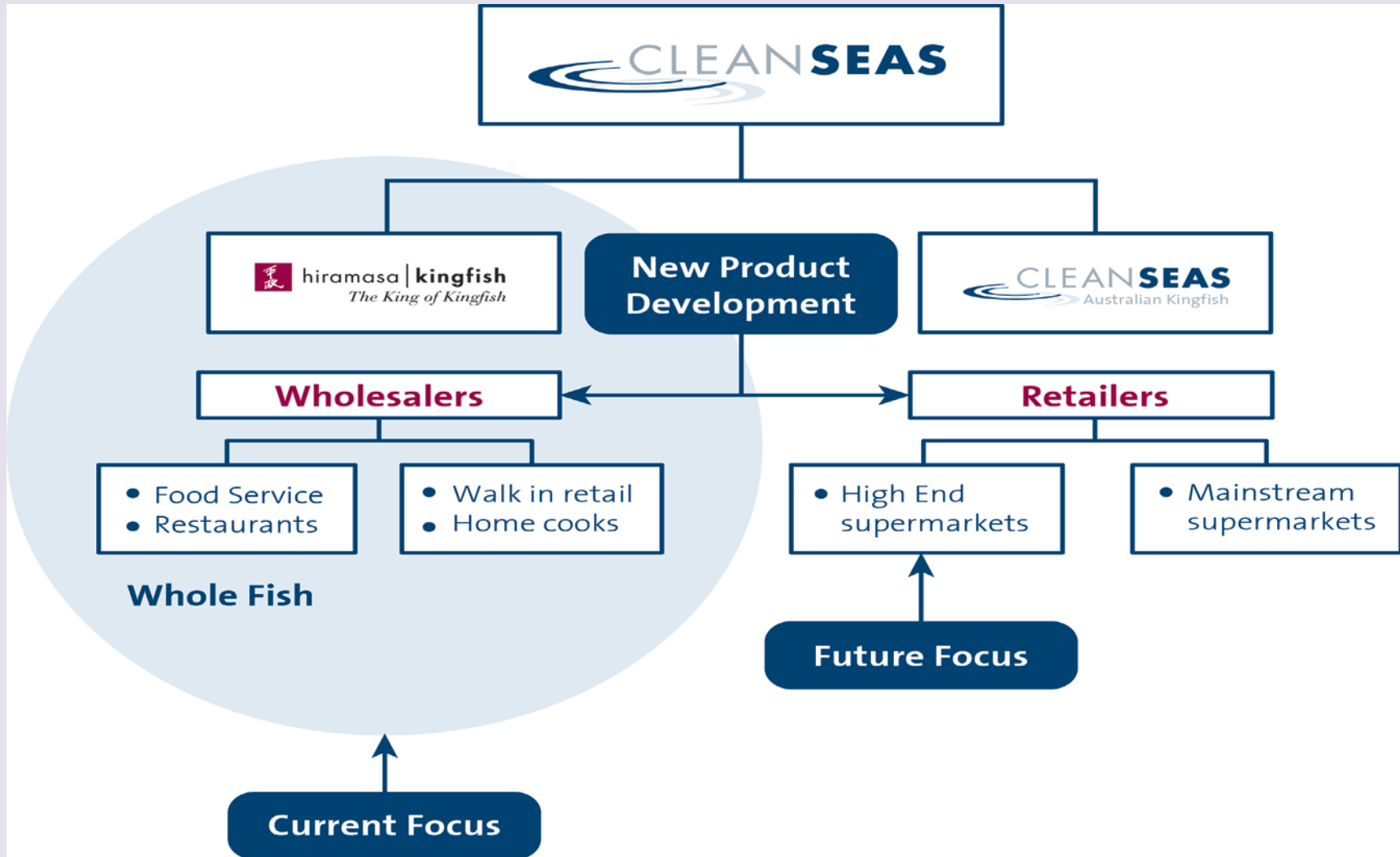
Annual Sales	FY15	FY14	%
Tonnage (tonnes)	1,098	571	92%
Revenue from Kingfish Sales (\$m)	\$18.185m	\$9.917m	83%

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 and Australia
- 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
- 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:

- delivering 2,000 tonnes of sales in FY16
- 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
- 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

Tuna Propagation Update

- We are currently working through a spawning of Southern Bluefin Tuna to better understand egg production
- By the end of the year we will reallocate some onshore facilities to production of yellowtail fingerlings
- SBT broodstock will then be maintained in sea cages and the scaled back SBT R&D program adapted accordingly

Feed Litigation Update

- Our litigation against one feed mill is currently in discovery phase and should commence being considered by the courts in April 2016
- We are in discussion with litigation funders to provide funding support for the case
- Costs to date have been modest

Wayne Materne
Chief Financial Officer &
Company Secretary

Financial Overview FY2015

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 valuation of live fish is also a key profit driver
- The net market value of fish stocks was impacted in FY15 by allowances for costs of re-entering export markets
- This together with reduced growth from cooler than average Autumn seawater temperatures were the primary drivers of the reduction in FY15 underlying profit
- 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

Funding Status

- \$1.5 million cash at June 2015
- \$7 million Trade Finance Facility was established with Commonwealth Bank in May 2015, which was undrawn at 30 June
- FY15 R&D Tax Incentive Refund will be received in first half of FY16. The estimated amount has now increased from the \$4.6 million in the FY15 accounts to \$6.0 million following finalisation of documentation
- The additional \$1.4 million receivable in respect of the R&D refund will be utilised by the company to further support sales for the new export initiatives and these costs will be reflected in H1FY16 results
- Increased sales will bring stronger alignment between sales revenues and production costs. There has been significant cash investment in biomass expansion ahead of sales increases over last 2 years
- No equity raising is therefore anticipated to fund current plans and initiatives

Paul Steere

Chairman

Strategic Development

- Focus on continued growth with increased sales in existing Australian and European markets combined with new market development and product development
- Seeking improvements, efficiencies and cost reductions in all stages of the value chain
- Considering various production locations as geographic expansion is required due to planned increases in production
- Continuing to assess options for the Company's intellectual property in Southern Bluefin Tuna

CEO Succession

- Craig Foster decided not to extend his 4 year contract, which runs to January 2016
- He will remain available to Clean Seas for a range of projects
- The Board commends Craig for the substantial contribution he has made to Clean Seas, leaving the company in a much stronger position than when he commenced
- Our search for a new Managing Director is progressing well, with a number of excellent candidates under consideration
- A timely appointment and smooth handover are envisaged

Unmarketable Parcel Sale Facility

- Clean Seas currently has approximately 7,800 shareholders
- Approximately 2,300 shareholders have less than 10,000 shares, being the minimum marketable parcel size of \$500 based on ASX Listing Rules and the recent 5.0 cent share price
- As a service to shareholders, in the new year we will be establishing an Unmarketable Parcel Sale Facility, whereby these holdings may be sold without the shareholder incurring any brokerage or other costs
- Shareholders will not be required to sell. They may simply confirm on a form to be provided that they wish to retain their shares
- This initiative will also reduce share registry and shareholder reporting costs
- Further details will be announced and shareholders will then have at least 6 weeks to advise if they wish to retain their shares

Shareholder Visit – November 2015

- Very successful shareholder visits to our Port Lincoln farm and Arno Bay hatchery facilities were held in November 2014
- We propose to repeat these tours in late November 2015
- The tour will commence in Port Lincoln at 8.00am and conclude by 5.00pm
- Shareholders need to make their own travel arrangements to Port Lincoln, any accommodation arrangements and incur the associated costs. Clean Seas will provide bus and boat transport for the tour and a delicious lunch featuring Hiramasa Kingfish.
- Directors and senior management will be available to explain our operations and answer questions
- If you would like to attend, you must contact us via email at reception@cleanseas.com.au
- Numbers are strictly limited and by registration only, so please contact us promptly

Questions

Contact: Paul Steere (Chairman), Craig Foster (CEO) or Wayne Materne (CFO)

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