

An underwater scene featuring a large school of fish, likely salmon, swimming in clear blue water. A shark is visible in the upper left corner, swimming towards the right. The lighting is bright, creating a sense of depth and clarity.

# CLEANSEAS

Sustainable Seafood

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**INVESTOR PRESENTATION**

JUNE 2017

(ASX: CSS)

# Clean Seas Seafood Limited (ASX: CSS)



**Clean Seas is the global leader in full cycle breeding, production and sale of yellowtail kingfish – one of the world's most premium seafoods**

# Global Distribution

From its base at Port Lincoln in South Australia, Clean Seas delivers fresh product globally to top-tier customers twice a week every week of the year, bringing FY17 revenues of circa \$35 million

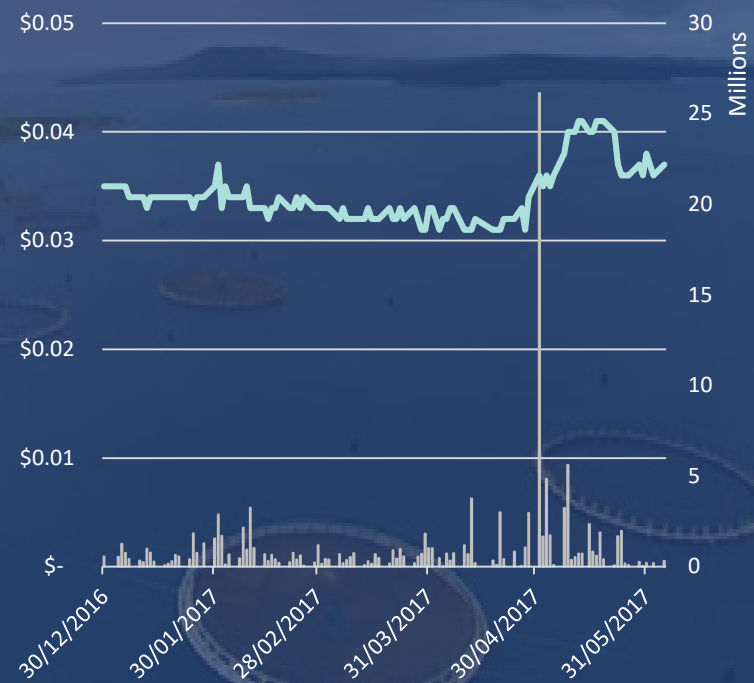


# Clean Seas Seafood Limited (ASX : CSS)

## TRADING INFORMATION

ASX stock code	CSS
Shares quoted on ASX	1,373m
Cash (31 March 2017)	\$2.3m
Cash + available finance facilities (31 March 2017)	\$11.2m
Market cap at 3.8 cents/share	\$52.2m

## 2017 SHARE PRICE PERFORMANCE



# Clean Seas Seafood Limited (ASX : CSS)

## MAJOR SHAREHOLDERS (AS AT 31/5/17)

Australian Tuna Fisheries Pty Ltd*	7.7%
JP Morgan Nominees Australia Limited (includes Bonafide Global Fish Fund 2.6%)	6.9%
Citicorp Nominees Pty Limited	1.7%
Mr Xianghui Chen	1.1%
Mr Jason Squire	1.1%
Michael and Rebecca O'Neill	1.0%
BNP Paribas Noms Pty Ltd	1.0%
DHC International Pty Ltd (David Head)*	0.6%
<b>Top 20 shareholders</b>	<b>27.4%</b>

\* combined holdings

## BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Terry O'Brien	Independent Non-Executive Chairman
David Head	Managing Director and CEO
Paul Steere	Independent Non-Executive Director
Dr Hagen Stehr AO	Non-Executive Director
Marcus Stehr	Non-Executive Director
Nick Burrows	Independent Non-Executive Director
Wayne Materne	CFO and Company Secretary

# Aquaculture is sustainable



Fish is an **increasingly important source of animal protein**, having grown rapidly to around 16% of global animal protein consumption

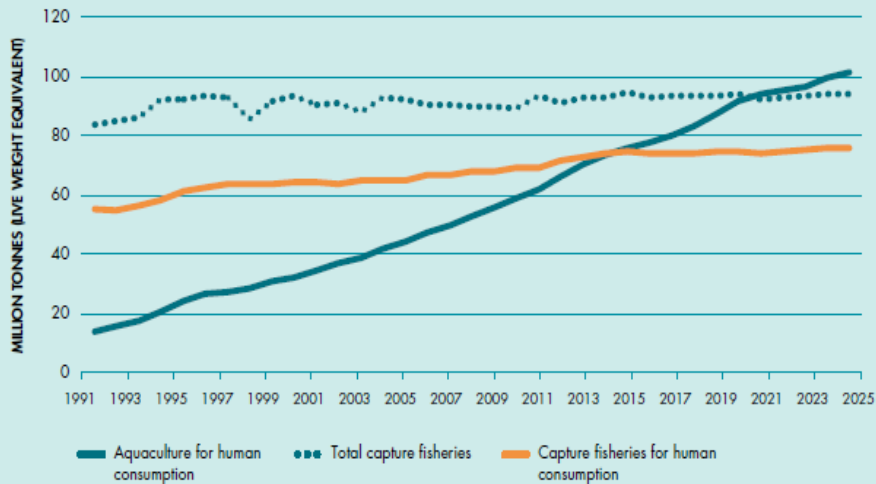
The wild fish catch is effectively capped, leaving **growth in sustainable aquaculture** as the only way to meet rising global demand

Farmed finfish convert feed into body mass **7x more efficiently than cattle and sheep**, while producing less than 1/10 the CO<sub>2</sub> per kg of cattle and sheep

# A growing market opportunity

FIGURE 34

## GLOBAL CAPTURE FISHERIES AND AQUACULTURE PRODUCTION TO 2025



SOURCE: OECD and FAO.



The OECD and FAO forecast fish consumption to continue rising steadily through 2025



Growing demand can only be met by aquaculture, which has risen strongly to now exceed wild catch for human consumption



Increasing recognition of fish as a healthy and nutritious source of protein

# Hiramasa kingfish: an attractive, premium product



Fresh product delivered within four to seven days of harvest to thousands of restaurants and high-end caterers through more than 150 distributors in over 25 countries



Firm white-to-light-pink flesh with a sweet, rich, clean flavour of consistently high standard: voted "Best Fish" at the 2016 RASV Australian Food Awards



Sustainably strong price per kg drives company value, with Clean Seas Hiramasa consistently selling at a significant premium to wild caught kingfish



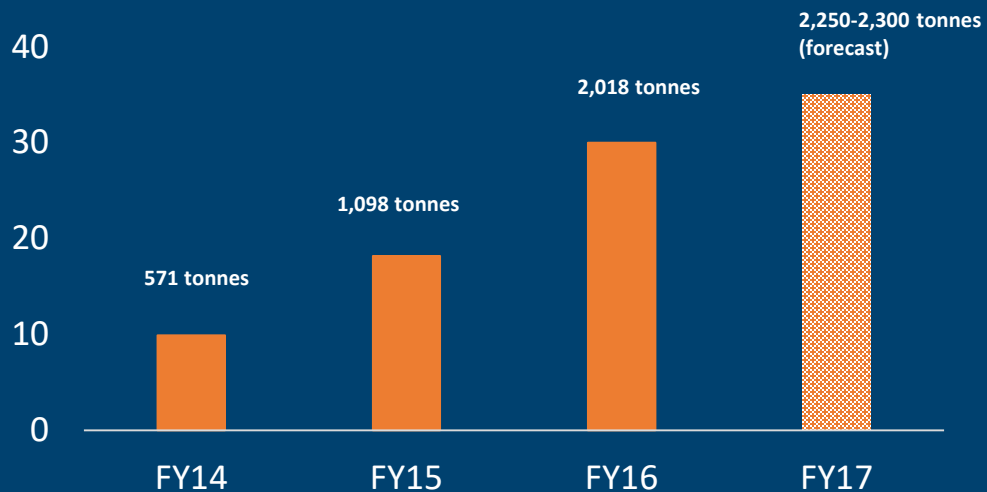
# Clean Seas' competitive advantage



- Clean Seas' farms benefit from the **unique provenance of South Australia's Spencer Gulf**, where the crisp, cool ocean waters help to tone and firm the flesh of the kingfish
- World-class hatchery infrastructure and farm facilities support a **potential tripling of production from current levels** of 2,500+ tonnes/yr
- 15 years of experience in farming and distributing kingfish leaves Clean Seas with an **entrenched first mover advantage** in Australia and key export markets

# Consistent growth in revenue and tonnes sold

Revenue from kingfish sales  
(\$ million)



# 2017 operational and corporate highlights



Revenue grew by 36% year-on-year to **\$16.3 million** in 1HFY17



Farm gate prices (export and domestic) **growing progressively** as Clean Seas stimulates additional demand for its premium Hiramasa kingfish



Fish health and survival remains **excellent**



Strong financial progress: Cash flow break even in March quarter, with **profit guidance** for the six months to June 2017 of \$3.5m to \$4.5m of NPAT (significantly above the \$1.8m achieved in H2 FY16)

# Marketing Strategy

- Sensory research has confirmed Hiramasa as “**Best in Class**” with clear and distinct preference to competitive offering including Japanese product
- Spencer Gulf has an **untold and unique provenance story**: new marketing campaign will leverage both unique provenance and culinary flexibility and excellence (launching June)
- **Tell our story** via new brand video “The Tale of Two Fish”
- **Drive inspiration** and uptake via ambassador chef videos to demonstrate their Hiramasa creations – with challenge to other chefs to share their own creations with Hiramasa via inspiration videos
- **Expand customer base** via targeted activation program with top restaurants in major cities in Australia, Europe and USA



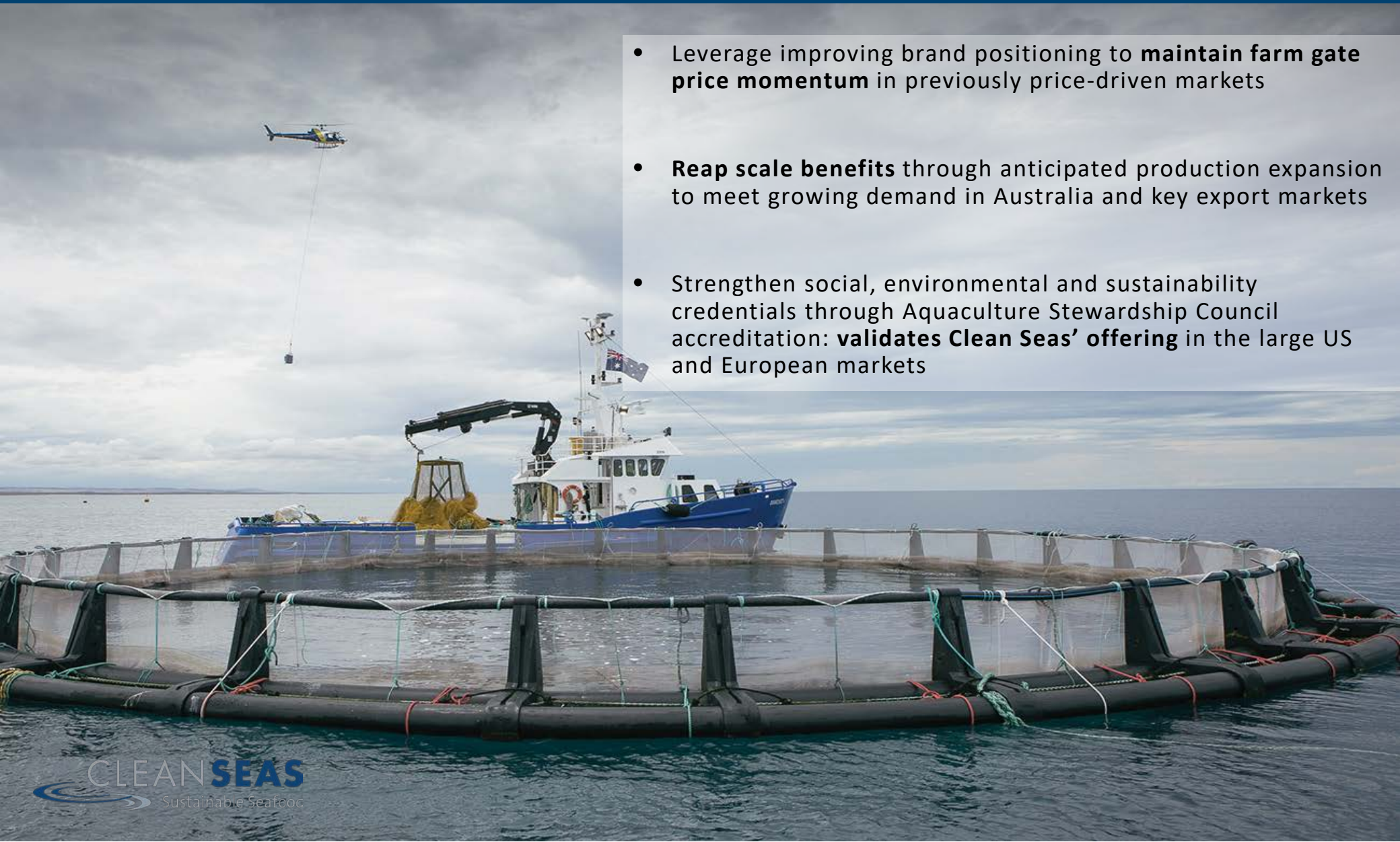
# The path to value creation



- New Adelaide in-house processing facility to support Clean Seas' ability to respond to demand growth and **expand into value-added products** from early FY18 (annual savings circa \$1 million)
- Continue to **drive down operating costs** through automation, targeted research on feed optimisation and storage/distribution innovation
- Widen Clean Seas' advantage in quality and reliability through **investment in genetic research capability**
- Significant scope to **boost kingfish sold per capita** across major cities in Australia and in key export markets

# Sustainable growth strategy and action plans

- Leverage improving brand positioning to **maintain farm gate price momentum** in previously price-driven markets
- **Reap scale benefits** through anticipated production expansion to meet growing demand in Australia and key export markets
- Strengthen social, environmental and sustainability credentials through Aquaculture Stewardship Council accreditation: **validates Clean Seas' offering** in the large US and European markets



# Investment Highlights (ASX: CSS)

- An established aquaculture business with clear market leadership selling a unique, attractive product
- Strong pricing in core markets with healthy volume growth supported by favourable global trends and sales-focused management
- Significant potential to rapidly expand production, with excess capacity in current footprint
- Improving near-term cash flow dynamics underpin expectations of sustainable long-term profitability



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