

## ASX & Media Release

20 July 2017

### INVESTOR PRESENTATION – FY18 SALES GUIDANCE OF \$43M-\$47M

Clean Seas Seafood Limited (ASX: CSS, “Clean Seas” or “the Company”) is pleased to advise that Managing Director and CEO David Head will today be presenting to institutional investors at the Curran & Co Aquaculture Conference in Sydney.

The investor presentation follows this announcement and provides the following financial update:

- FY17 sales volume of 2,287 tonnes (+13% from FY16, or +29% on a normalised basis excluding the impact of one-off clearance sales in FY16)
- FY17 sales revenue of \$35.4 million (+18% from FY16)
- Provides FY18 guidance for:
  - Sales volume of 2,650 to 2,850 tonnes
  - Sales revenue of \$43 to \$47 million

**For further information, please contact;**

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(ASX: CSS)

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## INVESTOR PRESENTATION

JULY 2017



“ We gather at first light on the shore of the Spencer Gulf, home to the Hiramasa Kingfish. Around us, sea spray swirls, tossed by wild winds whipped up across an endless sea. In these cold waters, the Kingfish is majestic, radiant, powerful. Once landed, freshly prepared, it is luscious, translucent and delicate.

- THE TALE OF TWO FISH

”





# Global leader, best in class



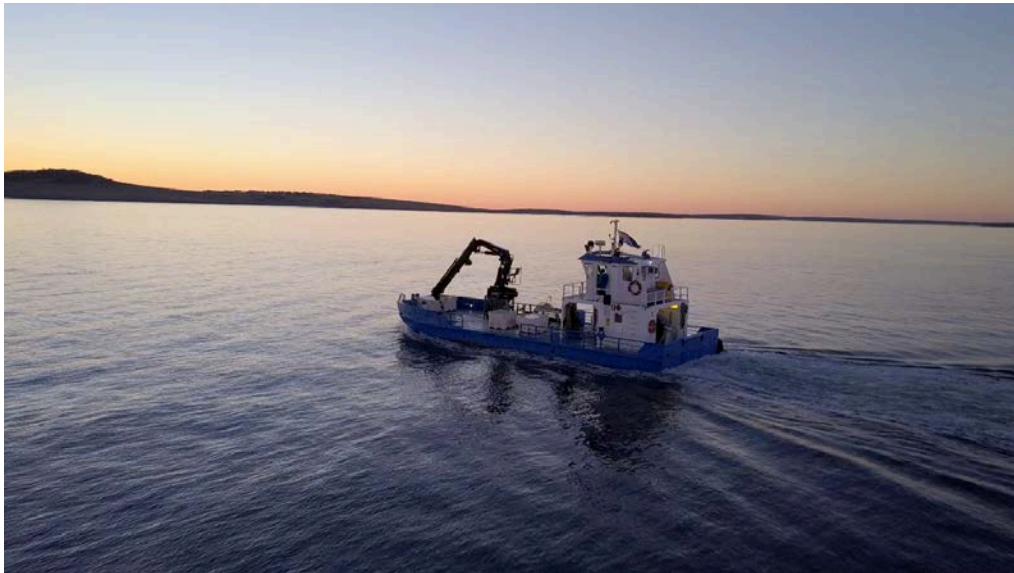
- Clean Seas is the global leader in full cycle breeding, production and sale of Yellowtail Kingfish

- One of the world's most desirable seafoods

- Voted "Best Fish" at the 2016 Australian Food Awards



# An established business with global reach

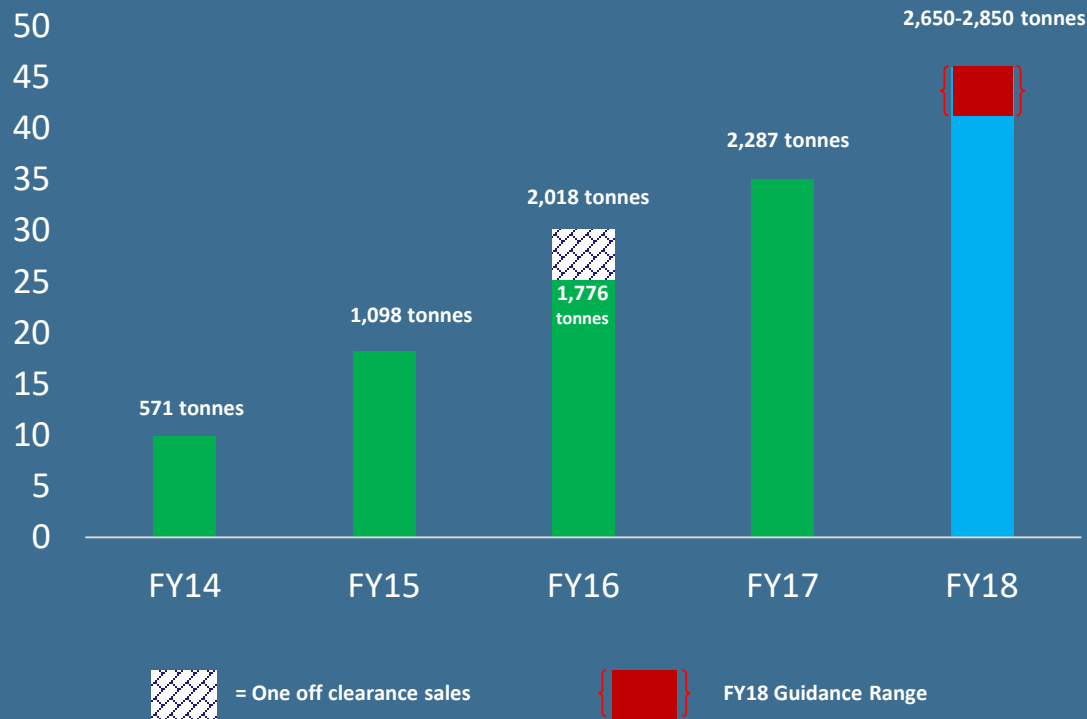


- Circa \$170 million invested over 15 years
- Long-established operations in South Australia's Spencer Gulf, based in Port Lincoln
- Fresh product delivered twice a week to more than 25 countries, 52 weeks per year



# Consistent growth in revenue and farm gate

## Revenue from kingfish sales (\$ million)



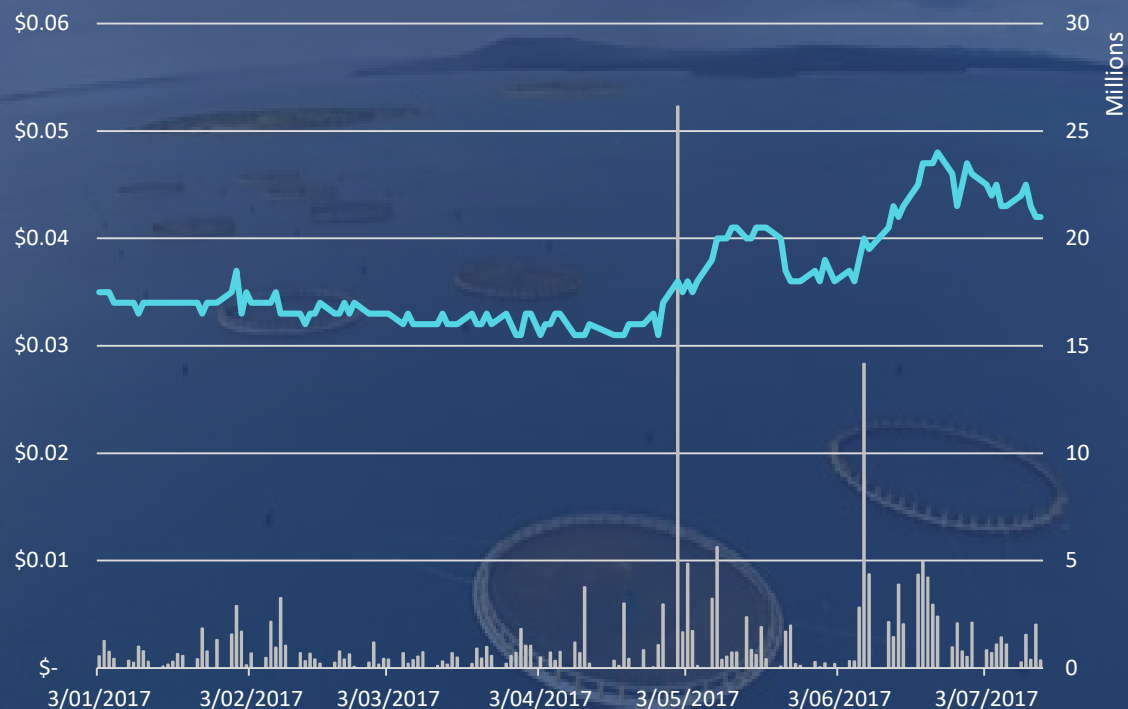
- Revenue grew by 18% year-on-year to **\$35 million in FY17**
- Revenue guidance for FY18 is in the range of **\$43-\$47 million** (2650-2850 tonnes) - further growth of 23%-34%
- Farm gate prices (export and domestic) **growing progressively** as Clean Seas stimulates additional demand for its premium Hiramasa Kingfish
- Strong financial progress: 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)

# 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 4.3 cents/share	\$59m

## 2017 SHARE PRICE PERFORMANCE



# Clean Seas Seafood Limited (ASX : CSS)

## MAJOR SHAREHOLDERS (AS AT 17/07/17)

Australian Tuna Fisheries Pty Ltd*	7.7%
JP Morgan Nominees Australia Limited (includes Bonafide Global Fish Fund 3.0%)	6.8%
Citicorp Nominees Pty Limited	1.9%
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
Nick Burrows	Independent Non-Executive Director
Dr Hagen Stehr AO	Non-Executive Director
Marcus Stehr	Non-Executive Director
Wayne Materne	CFO and Company Secretary



# Aquaculture is sustainable

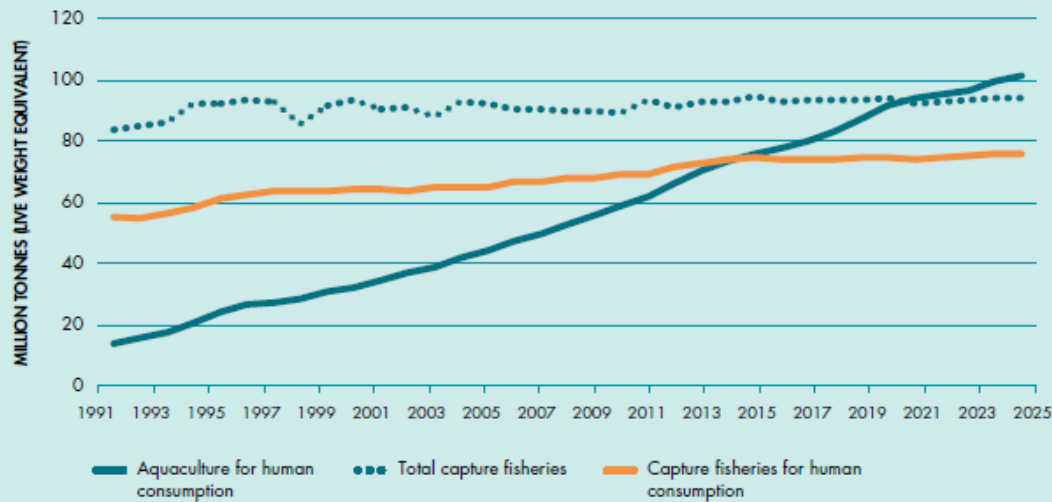


- Fish is an **increasingly important source of animal protein**, having grown rapidly to around 16% of global animal protein consumption
- The wild fish catch is effectively capped, leaving **growth in sustainable aquaculture** as the only way to meet rising global demand
- Farmed finfish convert feed into body mass **7x more efficiently than cattle and sheep**, while producing less than 1/10 the Co2 per kg of cattle and sheet

# 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
- Increasing recognition of fish as a healthy and nutritious source of protein
- Growing demand can only be met by aquaculture, which has risen strongly to now exceed wild catch for human consumption



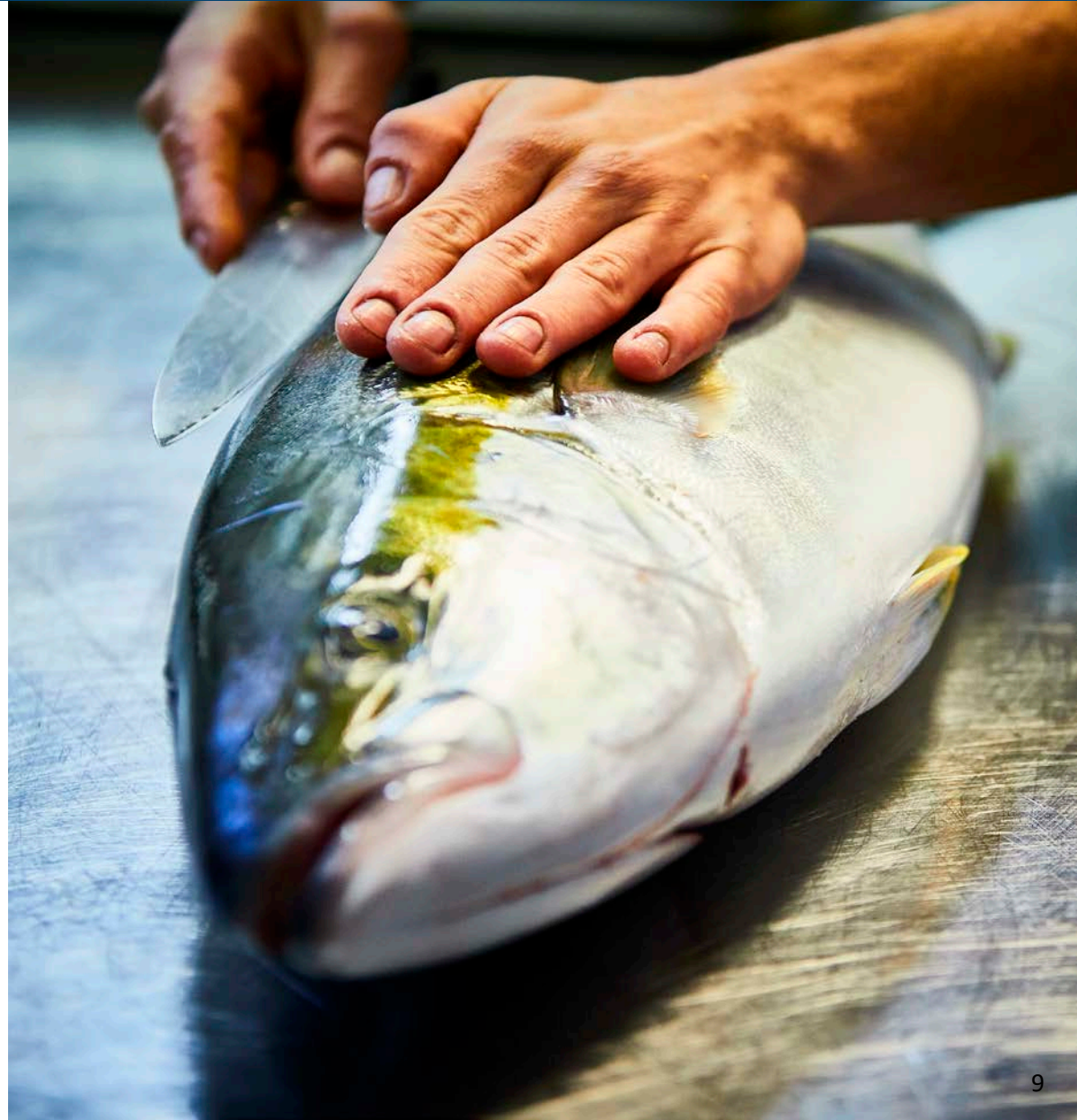
# Yellowtail Kingfish: An exceptional, surprising fish

## Unsurpassed Raw

- Firm white to pink flesh with a sweet, rich, clean flavour
- Its flesh retains layers of subtlety and intrigue – firm but distinctively delicate
- Japanese Sushi Masters consider it the best fish in the world for sashimi

## Outstanding Cooked

- Versatility inspires chefs to create innovative dishes
- Seared with heat and fire, mildly cured or marinated
- Endless ways to prepare this versatile fish



# Our Story: “Best in class with a compelling narrative”



## Outstanding but unknown species

- Yellowtail Kingfish is an outstanding species but is still relatively unknown outside Japan

## Sustainable source of protein

- Clean Seas is the Global Leader in the environmentally sustainable full cycle breeding and farming of Yellowtail Kingfish



## Best in Class

- Sensory research has confirmed our product as “Best in Class” with clear and distinct preference to competitive offering including Japanese product.
- Voted “Best Fish” – Australian Food Awards

## Unique Provenance

- Spencer Gulf has an untold and unique provenance story.

## Endorsement of leading Chefs

- Leading international chefs get their inspirations from Spencer Gulf Hiramasa Kingfish





# Rebrand: Spencer Gulf Hiramasa Kingfish



Leverages unique provenance | Benefits of cold water farming | Distinct differentiation from competitors

# Brand Story – The duality of one

When we talk about our Spencer Gulf Hiramasa Kingfish, we are talking about two fish ...



“There’s the Kingfish in the water ...  
POWERFUL, PREDATORY, MAJESTIC...”

&

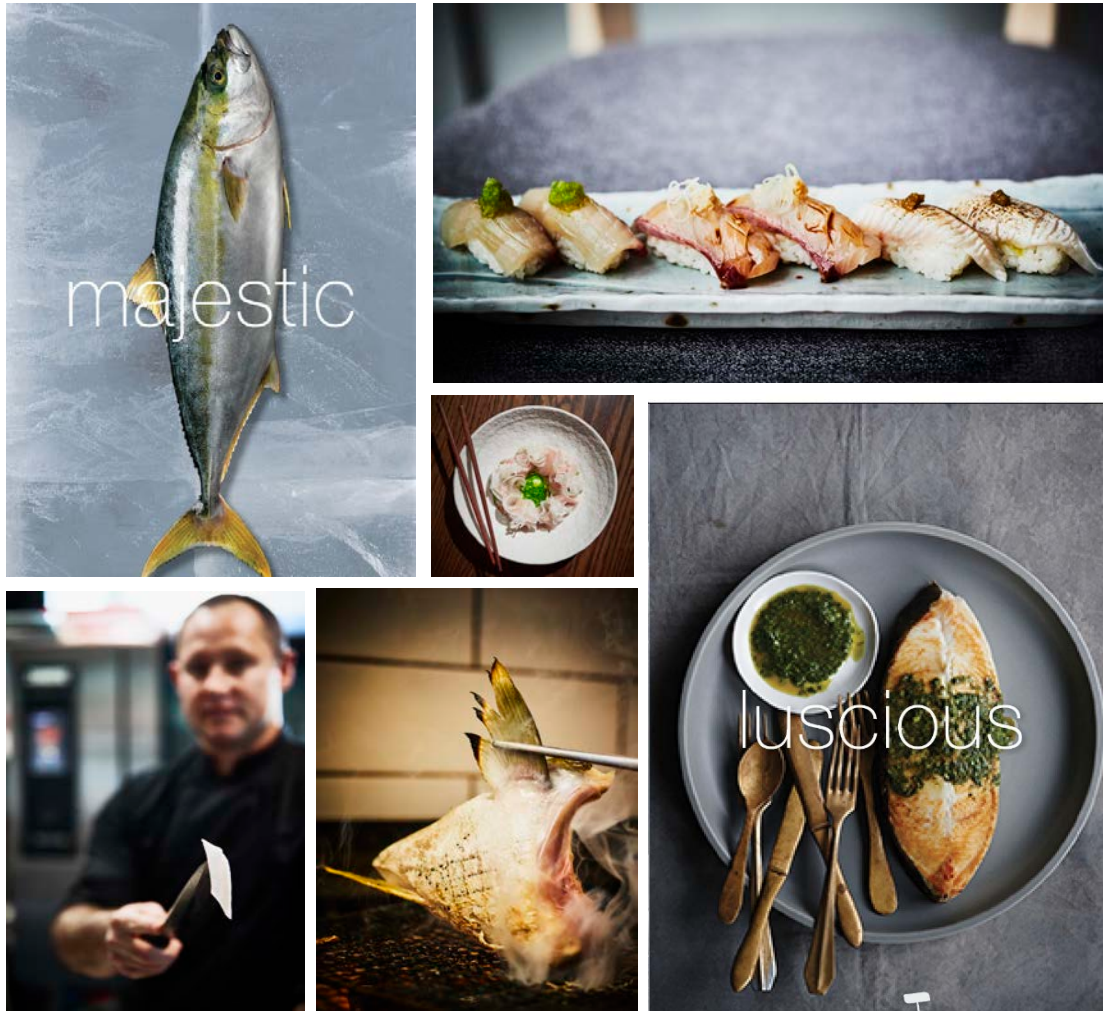
A tale of two fish

“There’s the landed Kingfish on the plate..  
DELICATE, TRANSLUCENT, SUBLIME ...”





# Marketing Strategy



- **Tell our story** via new brand video “The Tale of Two Fish”
- **Inspire, trial and expand** usage via new ambassador chef videos to demonstrate each chef’s Spencer Gulf Hiramasa Kingfish creations
- **Expand customer base** via targeted customer activation programmes with top restaurants in major cities in Australia, Europe and USA.

# Fully integrated supply chain



- 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

- World class hatchery infrastructure and farm facilities with potential (assuming appropriate capex) to more than triple production from current 2,500 tonnes per year

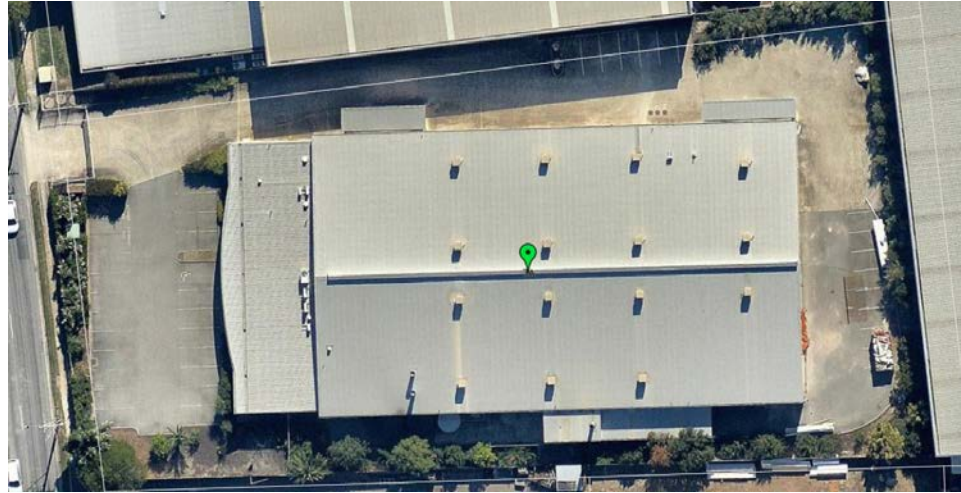
- 15 years of experience in breeding and farming leaves Clean Seas with an entrenched first mover advantage in Australia & key export markets

- Strengthen social, environmental and sustainability credentials through Aquaculture Stewardship Council accreditation (in progress): **validates Clean Seas' offering** in the large US and European markets





# Fully integrated supply chain



## New Facility

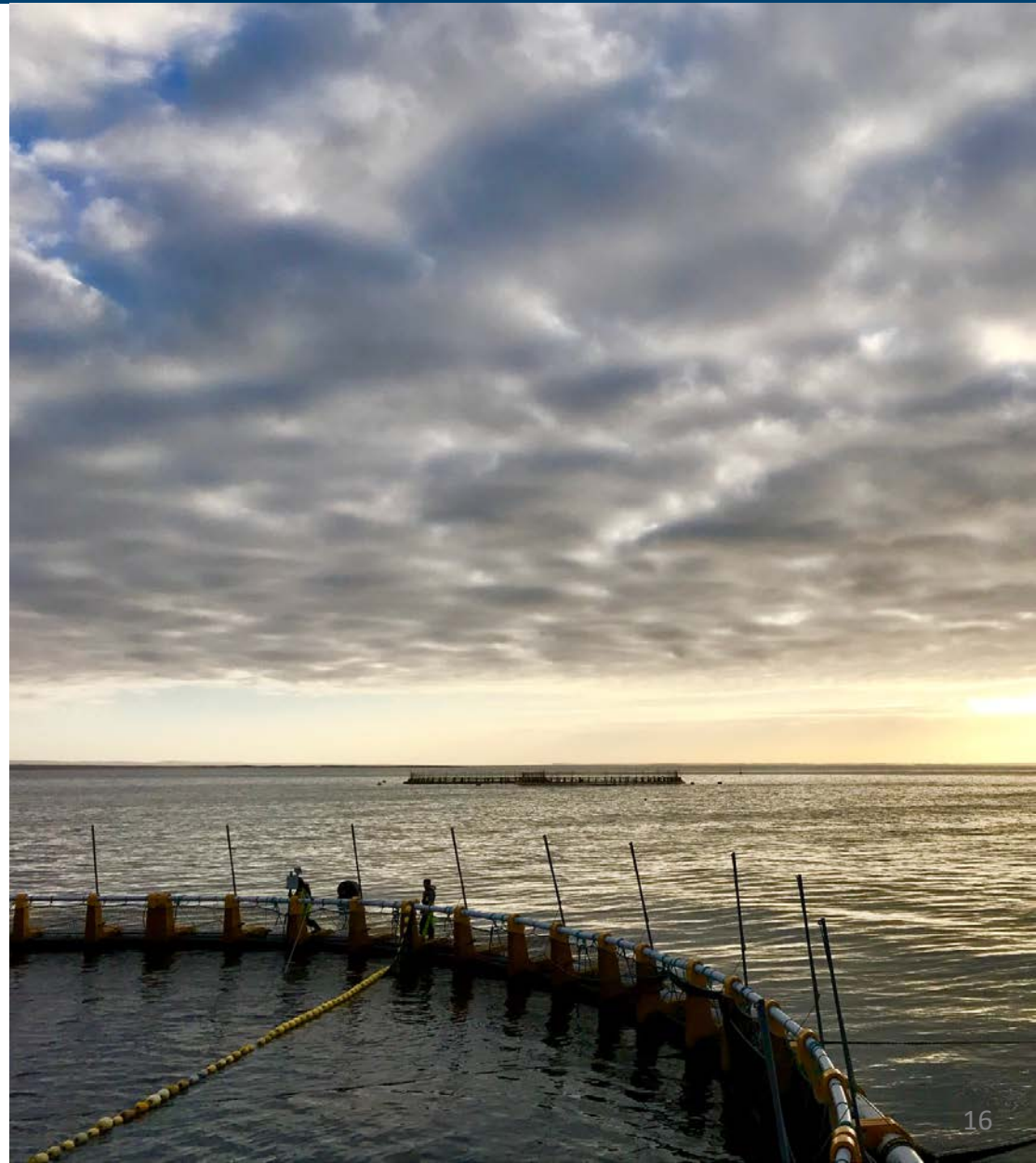
- New Adelaide in-house processing facility will commence operations next week
- Provide end to end quality control across supply chain from Hatchery to customer
- Significant capacity for future expansion
- Capacity to establish in-house “value added” products

## Latest Technology

- Will include latest rapid freezing technology and a minus 40 degree freezing facility
- Ability to change economics of supply to new market segments in Europe, Asia and USA
- Response to market feedback on technology and product development

# Sustainable growth strategy

- Expand global sales via new marketing campaign and targeted customer activation program
- Significant scope to increase per capita sales across major Australian cities and expand into relatively under developed markets across major cities in Europe, USA and Asia.
- Leverage premium brand positioning and new rapid freezing technology to maintain upwards farm gate momentum
- Leverage opportunities from scale, investment in automation and feed trials to reduce average cost of production over next five years
- Widen Clean Seas advantage in quality and cost of production through ongoing investment in genetic research





# Investment Highlights

1. An established aquaculture business with 15 years experience and \$170 million invested
2. Sustainably strong price per kg drives company value, with Clean Seas Hiramasa consistently selling at a significant premium to wild caught Kingfish
3. Clear market leadership in the environmentally sustainable full cycle breeding and farming
4. Mortality and fish health issues from taurine deficiency ( 2008-2012) are now well behind us. Fish health has never been better. Litigation with feed company in progress
5. Significant potential to rapidly expand production
6. Best in class product with clear brand differentiation
7. Strong (and improving) pricing in core markets supported by favourable global trends
8. Return to profitability from FY18





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