



remarkable seafood, responsible choice

# Investor Presentation

November 13, 2015

# Forward looking statements

This presentation may contain "forward-looking information" as defined in applicable Canadian securities legislation. All statements other than statements of historical fact, including, without limitation, statements regarding future plans and objectives of Clearwater, constitute forward-looking information that involve various known and unknown risks, uncertainties, and other factors outside management's control.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect including, but not limited to, total allowable catch levels, selling prices, weather, exchange rates, fuel and other input costs.

There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information.

In addition, this presentation contains forward-looking information relating to Clearwater's acquisition of Macduff Shellfish Group Limited ("Macduff"), financing of the acquisition, enhancement of Clearwater's scale of operations and accelerated growth, as well as expectations regarding sales, adjusted EBITDA, adjusted earnings and leverage. This forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect including, but not limited to, Clearwater's ability to successfully integrate or grow the business of Macduff as planned, total allowable catch levels, selling prices, weather, exchange rates, fuel and other input costs. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information. Risk factors that could cause actual results to differ materially from those indicated by forward-looking information contained in this press release include risks and uncertainties related to: (i) diversion of management time and attention on the acquisition, (ii) any disruption from the acquisition affecting relationships with customers, employees or suppliers, (iii) the timing and extent of changes in interest rates, prices and demand, and (iv) economic conditions and related uncertainties.

For additional information with respect to risk factors applicable to Clearwater, reference should be made to Clearwater's continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, Clearwater's Annual Information Form.

The forward-looking information contained in this presentation is made as of the date of this release and Clearwater does not undertake to update publicly or revise the forward-looking information contained in this presentation, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

No regulatory authority has approved or disapproved the adequacy or accuracy of this presentation.

# Company overview

North America's largest vertically integrated harvester, processor, and distributor of premium shellfish

- ~81 million pounds sold in 2014
- key species include: lobster, scallops, clams, coldwater shrimp and crab
- recognized for quality, eco-harvesting practices\* and reliable delivery

Largest holder of shellfish quotas in Canada

At-sea processing

- company-owned state-of-the-art factory vessels
- advanced onshore processing, storage and distribution capabilities

Global sales, marketing and distribution platform

- diverse customer base with local sales forces



widest selection of MSC-certified species of any seafood harvester worldwide

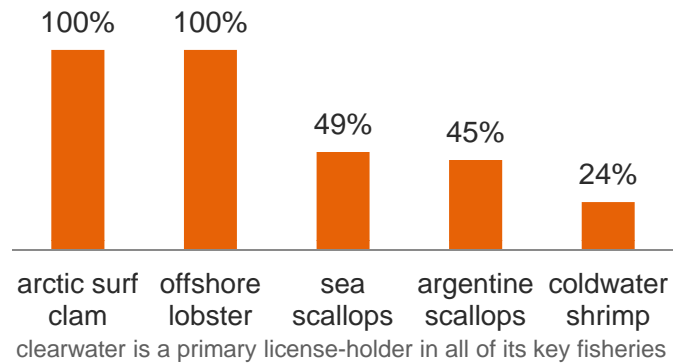


# Key investment highlights

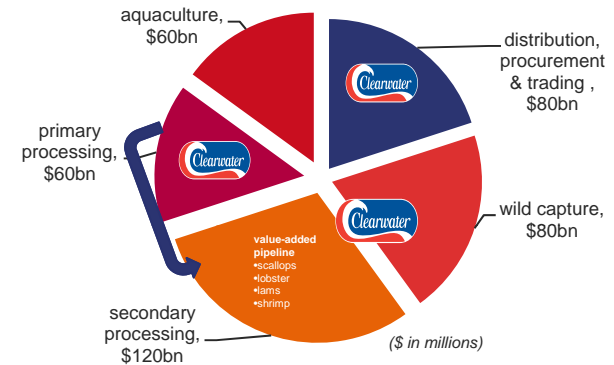


# Leading global provider of wild-caught shellfish

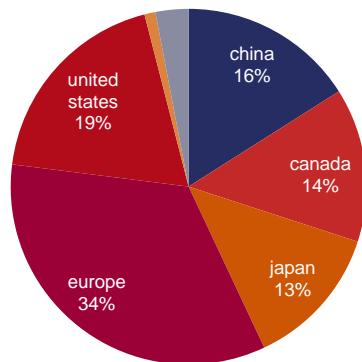
## valuable licence ownership



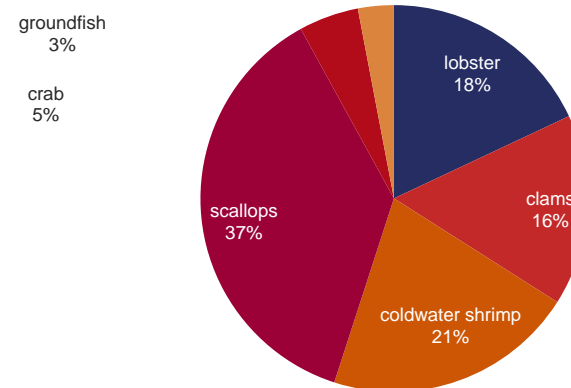
## strong presence across value chain



## balanced global footprint



## balanced species mix



# Powerful industry fundamentals

## Supplier pricing power

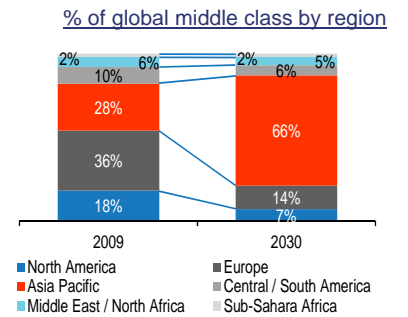
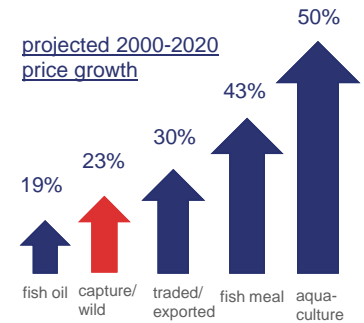
- global demand outstripping finite wild-caught supply sources
- regulatory bodies managing wild-caught fisheries conservatively to protect long-term supply
- declining growth of both wild-caught and aquaculture production
- customers willing to pay a premium for high-quality sustainable supply

## Robust emerging market demand

- asia-pacific middle class sustainable growth provides a stable source of long-term demand (six-fold growth in consumer spending forecast through 2020)
- growing incomes have increased demand for high-quality premium products
- increasing adaptation of premium priced western-inspired products

## Developed attractive market “mega trends”

- consumer focus on health and wellness driving interest in “higher-quality” protein, such as seafood
- growing desire for sustainably-sourced food
- desire for “authentic” taste experience (wild-caught vs. farm-raised)



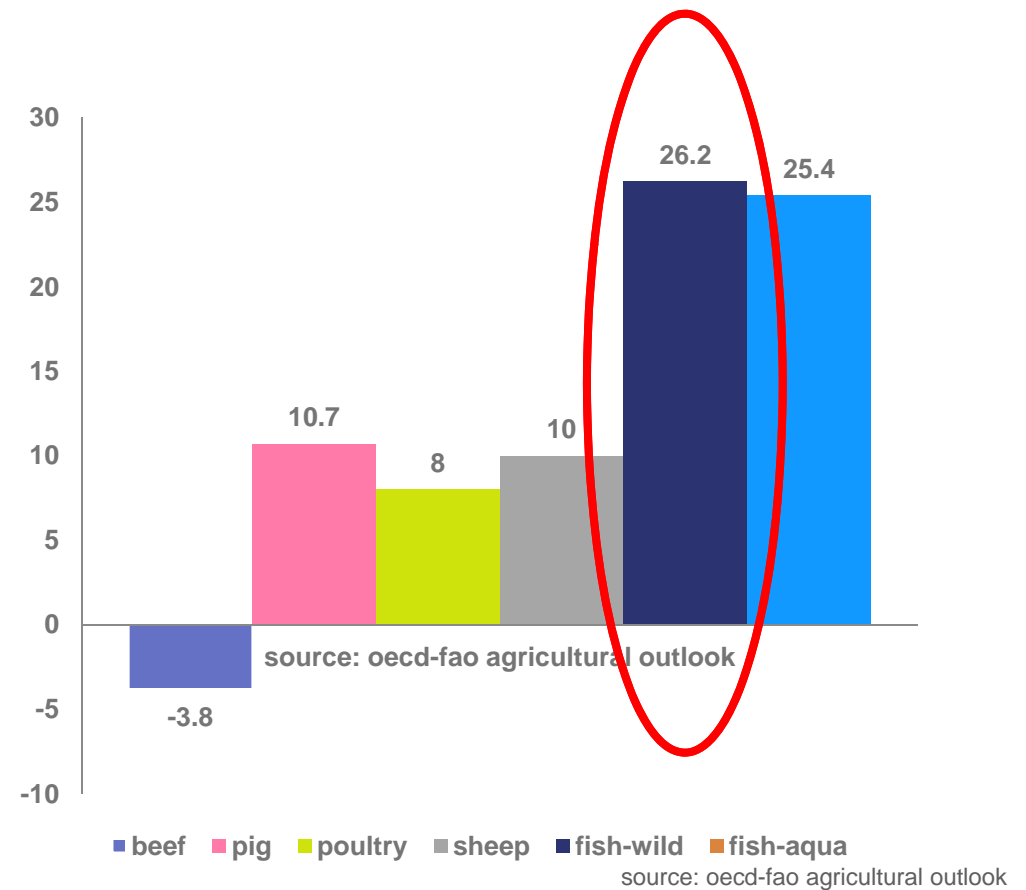
source: oecd, fao secretaries and pricewatershousecoopers

# Expected seafood prices increases nearly 3x > other proteins

protein pricing % change

% price change		
	2011-2014	2014-2020
beef	15.6%	-3.8%
pig	6.4%	+10.7%
poultry	-12.2%	+8.0%
sheep	-16.1%	+10.0%
fish – wild	10.1%	+26.2%
fish - aqua	5.5%	+25.4%

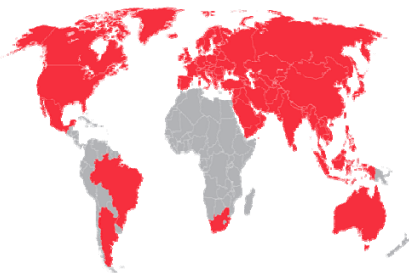
protein pricing % change



# Diversified end-market and customer exposure

## Global footprint

- worldwide distribution presence
- local sales and marketing teams
- on-trend products in all markets



clearwater's  
value proposition

## Channel mix

- multiple touch points to global seafood consumers



- broadest, highest-quality premium wild shellfish offering
- widest selection of msc-certified species of any harvester/processor
- unique, “just-in-time” live lobster distribution system
- longstanding track record of new product innovation

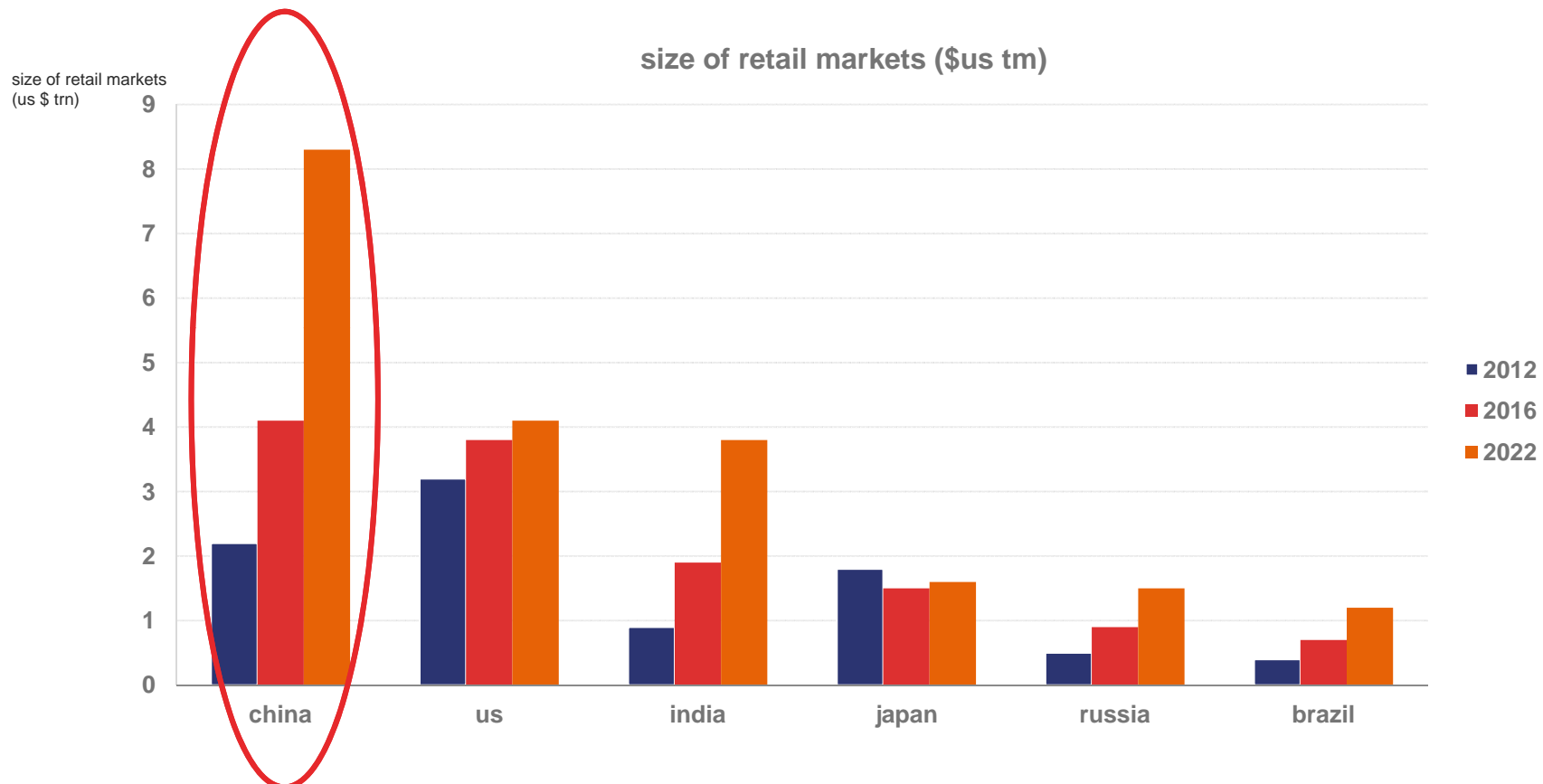
## Diverse customer base

- no single customer represents more than 7% of revenue
- average top-ten customer relationship of nearly 10 years





# China consumer spending – an attractive long-term opportunity

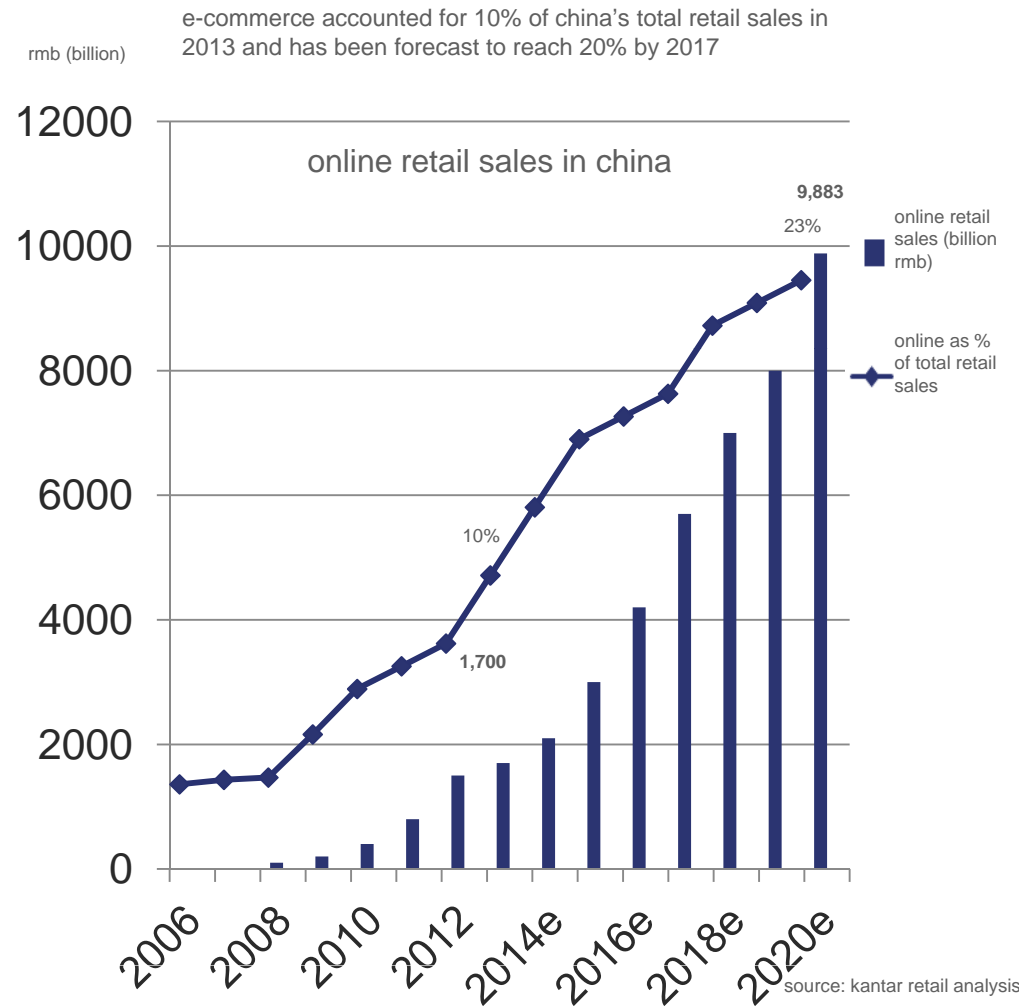


“This year, the Chinese retail sector is expected to complete a hat trick. It’s going to become the world’s largest grocery market, the world’s largest luxury market, and also the largest e-commerce market.”

source: the economist intelligence unit

# China e-commerce is booming

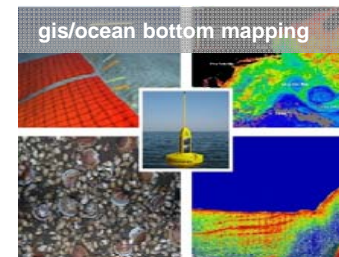
- Total online retail spending in china is expected to grow to more than \$1 trillion by 2018
- In 2014, china's e-commerce market increased by 49%
- Nearly 700 million chinese consumers (half of the population) buy groceries online
- Seafood, meat and fruit are the fastest growing online food categories in China



# Significant barriers to entry create a defensible market position

- **Licensing** is required to catch all species harvested by Clearwater in the Canadian and Argentine offshore fisheries. Regulatory authorities in both countries strictly control the number of licensed enterprises and the granting of new licenses is extremely rare.
- **Significant capital** is required to build or acquire and outfit vessels (Clearwater's fleet and license values are estimated to be worth more than \$500 million).
- **Ongoing investments in R&D** - Significant investments in proprietary technology and operations that reduce cost and/or increase productivity require a knowledgeable management team.
- **Global reach** - A global, direct sales force that is capable of interacting with and selling directly to diverse markets worldwide is required in order to execute on pricing opportunities.

(C\$ in millions)



# Expanding our supply: new vessel launched July 2015



## vessel specifications

length oa	73.4 m
breadth	16.5 m
gross tonnage	4000 t
accommodation	41 crew
main engine	2 Cat. 3606

The vessel has a full factory capable of processing and freezing cockle clams, surf clams and propeller clams

# Expanding our supply (continued)

- Expands access to cockle, surf and propeller clams
- Once fully operational, expected to increase annual clam sales by up to 50%\*



arctic surf clam



cockle clam



propeller clam



\* based on 2014 annual clam sales

# Proven and experienced leadership team

- Deep management team focused on growing the Clearwater brand globally, while expanding the Company's commitment to quality and sustainability.
- Clearwater recently expanded its team to capitalize on international opportunities, including three individuals at the management level in China.

**Ian Smith**  
Chief Executive Officer

- Joined: May 17<sup>th</sup>, 2010
- Experience: 26 years

## Leadership Team

**Robert Wight**  
VP Finance & Chief  
Financial Officer

- Joined: November 16<sup>th</sup>, 1987
- Experience: 36 years

**Ron van der Giesen**  
President, Global Supply Chain

- Joined: October 6, 2014
- Experience: 25 years

**Greg Morency**  
President, Global Markets

- Joined: April 26<sup>th</sup>, 2011
- Experience: 26 years

**Dieter Gautschi**  
Vice President, Human  
Resources

- Joined: July 6, 2015
- Experience: 25 years

**Paul Broderick**  
Vice President International Sales

- Joined: September 18<sup>th</sup>, 1989
- Experience: 30 years

**Tony Jabbour**  
Vice President Fleet

- Joined: November 17<sup>th</sup>, 1993
- Experience: 22 years

**David Kavanagh**  
VP & General Counsel

- Joined: June 23<sup>rd</sup>, 2003
- Experience: 24 years

**Tyrone Cotie**  
Treasurer

- Joined: September 3<sup>rd</sup>, 2002
- Experience: 24 years

**Christine Penney**  
VP of Sustainability and  
Public Affairs

- Joined: July 1<sup>st</sup>, 1995
- Experience: 18 years

**In recruitment**  
Chief Information Officer

# Multiple sources of long-term cash flow stability

## Scarcity

- Unique, protected access to a scarce, highly-regulated resource
- Diminishing growth rates in global supply over next three decades
- Growing focus on management of fisheries (i.e. licensing and quota protection)
- Scale of quota ownership attractive to major global customers (access to supply more important than price)

## Demand

- Robust global seafood fundamentals
- Growth in per capita consumption in developed and developing markets
- On-trend with consumers push toward higher quality, healthier proteins

## Product offering

- Diverse product and species mix provides multiple customer touch points
- Attractive value proposition for customers across all channels (retail, white table cloth, export, etc.)
- Track record of successful innovation (packaging, branding, value-added)

## Pricing power

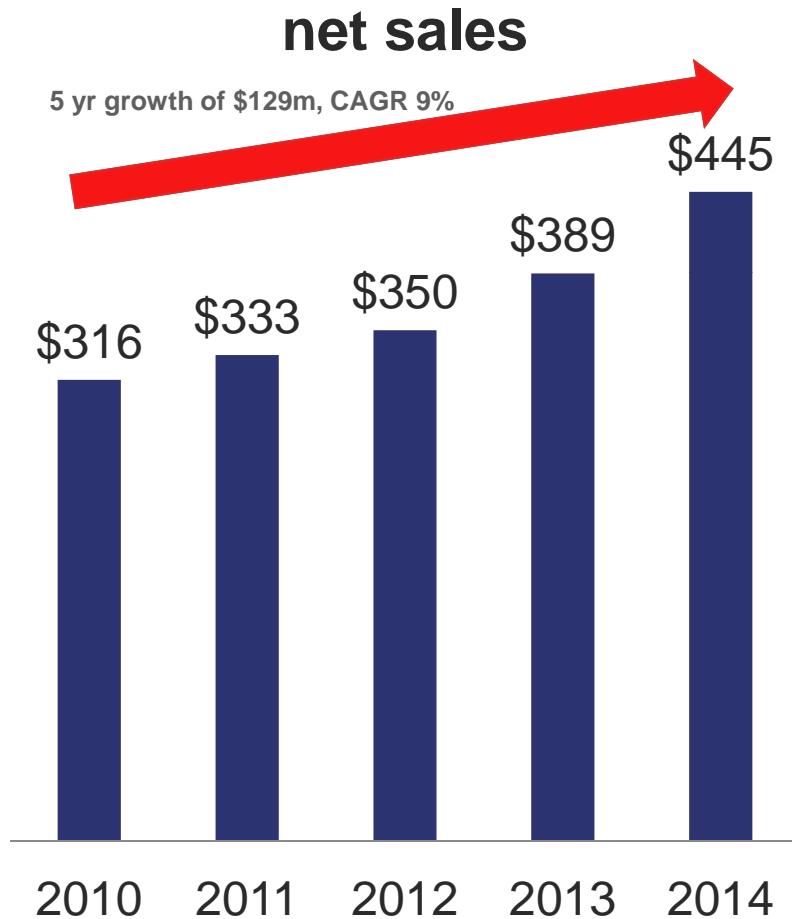
- Consistent track record of pricing gains
- Focus on “high-value” premium species
- MSCc certification, 100% traceability and food safety track record provides additional pricing halo



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# Strong financial profile

(C\$ in millions)





# Most recent financial results: Q3 2015

	rolling 4 quarters ended Q3 2015	rolling 4 quarters ended Q3 2014	Commentary
Sales growth	459 million	436 million	Sales for the rolling twelve months ended October 3, 2015 increased \$23 million as compared to the same period in 2014 due primarily as a result of strong sales prices and higher average foreign exchange rates. Lower inventory levels from the end of 2014, poor weather conditions that delayed planned refits for both clams and scallops and unscheduled repairs for clams in 2015 reduced the amount of inventory available for sale and partially offset the increase in sales. In addition delays in the implementation of the new Argentine scallop vessel also contributed to the reduction in available inventory.
Free cash flows (millions)	\$10.8	\$32.4	Free cash flows for the rolling twelve months ended October 3, 2015 declined \$21.5 million to \$10.8 million due primarily to timing of seasonal working capital including accounts receivable and inventory. In addition higher capital investments (net of designated borrowings) contributed to the decrease in free cash flow.
Return on assets	12.4%	12.9%	Return on assets has decreased due to higher investments in fleet for which the earnings have not yet been realized, primarily the new clam vessel.
Leverage	3.9x	3.6x	Leverage increased to 3.9 times adjusted EBITDA as of October 3, 2015 as a result of seasonality, higher capital expenditures and the impact of a higher US dollar exchange rate on USD denominated debt as the US dollar strengthened against the Canadian dollar in 2015. During the quarter Clearwater swapped out USD \$75 million of its Term Loan B debt so as to lower the impact of changes in exchange rates on its leverage in the future.  With the acquisition of Macduff, on October 30, 2015, pro-forma leverage is approximately 5.3x adjusted EBITDA but is expected to decline to below 4.5x by December 31, 2015 and below 4.0x by December 31, 2016 when Clearwater and Macduff see the full realization of recent investments and organic growth. As a result, management expects to operate above its leverage target of 3.0x with the intention of returning to this goal over the course of two to three years.

please refer to management's discussion and analysis for related period for a fulsome analysis and commentary

# Our six core strategies

## 1. Expand access to supply

- Expand access to supply of core species and other complimentary, high demand, premium and sustainably-harvested seafood through improved utilization and productivity of core licenses as well as acquisitions, partnerships, JV's and commercial agreements

## 2. Target profitable & growing markets, channels & customers

- Segment and target markets, consumers, channels and customers on the basis of size, profitability, demand for eco-label seafood and ability to win
- Win in key channels and with customers that are winning with consumers

## 3. Innovate and position products to deliver superior customer satisfaction & value

- Innovate and position Clearwater's premium seafood to deliver superior satisfaction and value that's relevantly differentiated on the dimensions of taste, quality, safety, sustainability, wellness and convenience

## 4. Increase margins by improving price realization and cost management

- Leverage scarcity of seafood supply/increasing global demand to continuously improve price realization, revenue & margins
- Invest in, innovate and adopt state-of-the-art technology, systems and processes that maximize value, minimize cost, reduce waste, increase yield and improve quality, reliability and safety of our products and people

## 5. Pursue and preserve the long term sustainability of resources on land and sea

- Work in partnership with DFOs and NGOs to lead r&d and industry-wide deployment of sustainable harvesting practice, ensuring long term health of resource and value of licenses & quotas
- Continue to advance our company-wide sustainability framework to improve economic, environmental and social outcomes on land and sea

## 6. Build organizational capability, capacity & engagement

- Attract, engage, train, develop, reward and retain the best talent
- Build business system and process excellence company-wide
- Communicate and aspire to live our mission, goals, values and code of conduct every day

# key investment highlights



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# Macduff transaction



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# Transaction Overview

- On October 30, 2015 Clearwater successfully completed its acquisition of Macduff Shellfish Group Limited (“Macduff”), one of Europe’s leading wild shellfish companies for a purchase price of £94.4 million plus seasonal working capital debt.
- This investment strengthens Clearwater’s leading global market position in complementary premium wild seafood with an immediate 20% expansion of supply (approximately 15 million pounds) of high quality shellfish including; scallops, langoustine, whelk and crab.
- In addition, Macduff is positioned for growth in 2016. In June 2015 Macduff acquired an additional 4 scallop trawlers and licenses (bringing their fleet to 14 mid-shore scallop harvesting vessels) along with additional preferred procurement access in complementary shellfish species (i.e. whelk). This recent investment along with additional organic growth are projected to help Macduff grow adjusted EBITDA another 25% to £11.5 million in fiscal 2016. Looking out further, management have identified further opportunities to invest that can further enhance volume, revenue, margins and adjusted EBITDA.
- Taking into account the purchase price of £94.4 million (which excludes seasonal working capital debt) and the pro-forma 2016 adjusted EBITDA of £11.5 million, management estimates the effective acquisition multiple on the transaction is approximately 8.2 times adjusted EBITDA. The transaction is expected to be accretive to adjusted EBITDA in 2016 by up to CAD \$0.38 per share and adjusted earnings by up to CAD \$0.17 per share.



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# Macduff Overview

## COMPANY AND INDUSTRY OVERVIEW

- Macduff is one of Europe's leading wild shellfish processors and is a vertically integrated business, Macduff is still run by the founder's descendants today
- Macduff owns one of UK's largest scallop fishing fleet, comprised of 14 vessels and sells its fresh and frozen harvests to European and Far West nations



- Additionally, Macduff has two highly automated processing plants (in Mintlaw and Stornoway) that allow the company to handle any size of catch with lean production and optimal product quality
- For the year ended September 30, 2015 MacDuff is expected to generate approximately £52 million of sales and £9.2 million of adjusted EBITDA, representing annual growth of 13% and 30%, respectively
- Significant barriers to entry to Scotland's shellfish industry from high investment and start up costs



## TRANSACTION RATIONALE

- Macduff brings abundant access to additional seafood supply in key markets and channels along with a well-established brand, U.K.-based harvesting and processing expertise, a strong local management team, and a talented workforce
- The acquisition of Macduff will significantly enhance Clearwater's scale, and provide opportunities to access additional supply and accelerate the growth of revenues, profit, and free cash flow
  - Provides Clearwater with access to approximately 28% of the United Kingdom's supply of king scallops and whelk. Products include King and Queen scallops, langoustines, brown crab and whelk and overall provides access on an annual basis to an approximately 15 million pounds of premium, wild caught, safe, traceable and complementary shellfish species.
  - Provides enhanced access to key distribution channels including food service and grocery retail in multiple markets including the UK, Italy, Spain and Portugal.
  - Expand the distribution of Macduff products with Clearwater providing expanded market and customer service/access as well as sales and marketing strength in North America and Asia, especially Japan and China.
  - Expands Clearwater's North Atlantic harvesting operations and provides integrated UK-based primary and secondary processing capabilities and expertise with land-based processing facilities in Scotland.
  - Creates a new growth platform for Clearwater that will complement our robust organic growth plans. Having grown rapidly over the past four years, Macduff is the fishing company best positioned to lead and benefit from future investment in the European Union and it has identified multiple opportunities to fuel such growth. This growth will provide opportunities to invest and, develop and engage our entire workforce.



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# Macduff Vessels and Facilities Overview

## FISHING VESSELS

- Scallops
  - 13 King Scallop Vessels and one Queen Scallop Vessel
  - Two vessels equipped with 'frozen at sea' capabilities, a feature unique to the scallop industry
  - Europe's largest scallop fishing fleet, accounting for 28% of 2014 United Kingdom scallop landings
- Langoustines
  - Langoustine boats are typically owner-managed
  - Macduff has a strong procurement business with exclusive supply agreements through 14 contracted fishermen
- Crab
  - Strong procurement business with exclusive supply agreements through investments in fishing vessels
- Whelk
  - 54% of Whelk harvest comes from small day boats
  - Macduff has a strong procurement business with exclusive supply agreements via investments in 3 large vessels
- In June 2015, Macduff acquired an additional 4 scallop trawlers and licenses, along with additional preferred procurement access in complimentary shellfish species (i.e. Whelk)

## PROCESSING FACILITIES

- Macduff currently operates BRC Grade A production facilities:
  - Mintlaw Factory
    - Main processing facility in north-east Scotland
    - 91,000 square foot facility with 4,500 pallet cold store
    - Highly automated with ability to process specialty orders and various sizes of catch
    - Processes all species and the majority of Macduff's volumes
  - Stornoway Factory
    - Acquired in September 2013 from Young's Seafood
    - Primarily processes langoustines and scallops harvested in north-west Scotland



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# Macduff products

## SCALLOP



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# Macduff products



## LANGOUSTINE



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# Macduff products



## CRAB



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# Macduff products



## WHELK



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# Appendices



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# why seafood?

Growth in demand is multi-faceted

- Growing worldwide population and per capita consumption
- Rising incomes & purchasing power of middle class in emerging economies
- Trend towards healthier diets among affluent aging boomers in advanced economies

Supply is limited and expected to lag

- The amount of wild fish caught has remained stable due to increased regulation
- Growth in aquaculture supply is expected to slow due to rising input costs, site availability access and disease issues

Demand is outstripping supply

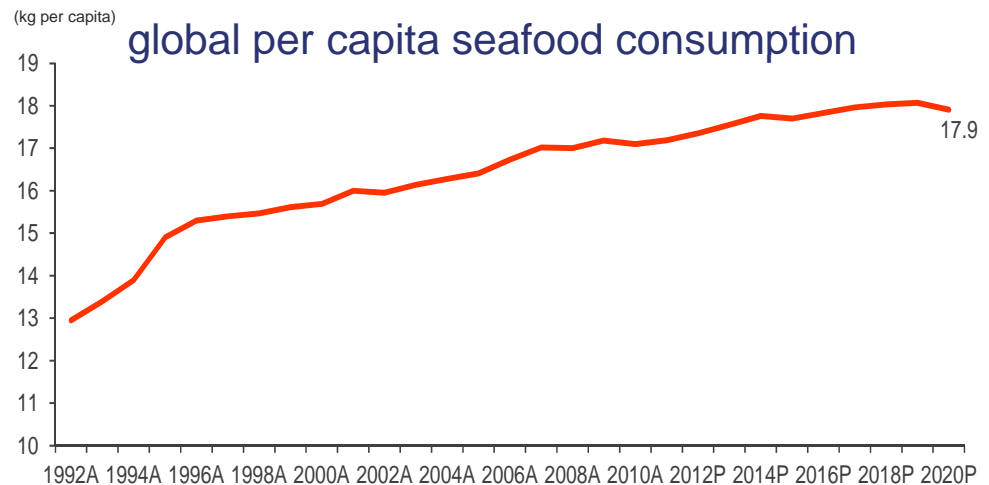
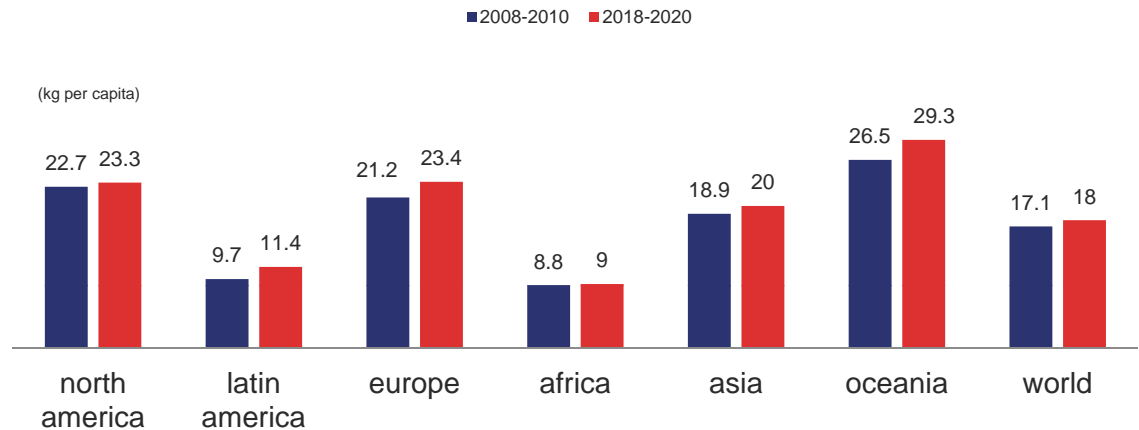
- Global demand for seafood is outstripping supply, creating a long-term imbalance and favorable market dynamics for well-positioned producers

Strengthens the unique and competitive value proposition for vertically integrated harvesters/processors such as clearwater

# growing global demand

- Global seafood production is poised for continued growth
- Per capita consumption expected to increase 5% to 17.9 kilograms in 2020
- Increasing per capita consumption due to:
  - Improving economic sentiment and increased demand in developing countries
  - Emerging middle class in these developing countries
  - Increasing global consumer awareness of the health benefits of seafood
  - Increasing consumer awareness of and willingness to pay more for seafood that is of high quality and traceable to its source (“sustainability”)

## global growth in seafood consumption

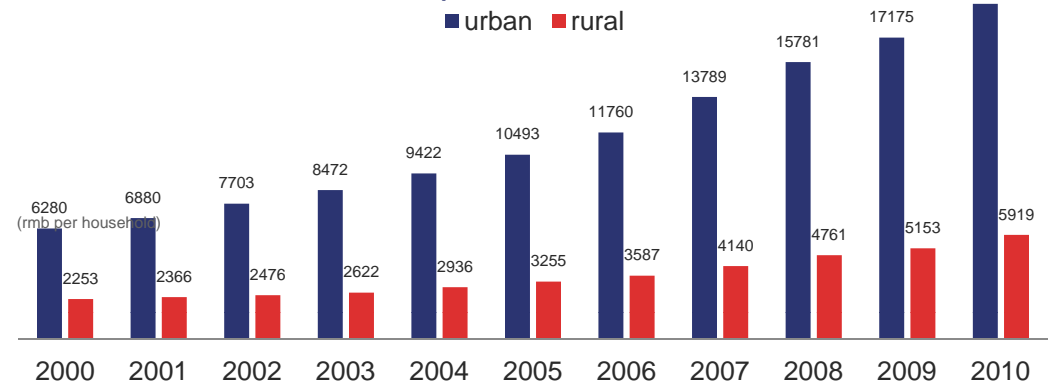


source: fao seafood outlook 2011

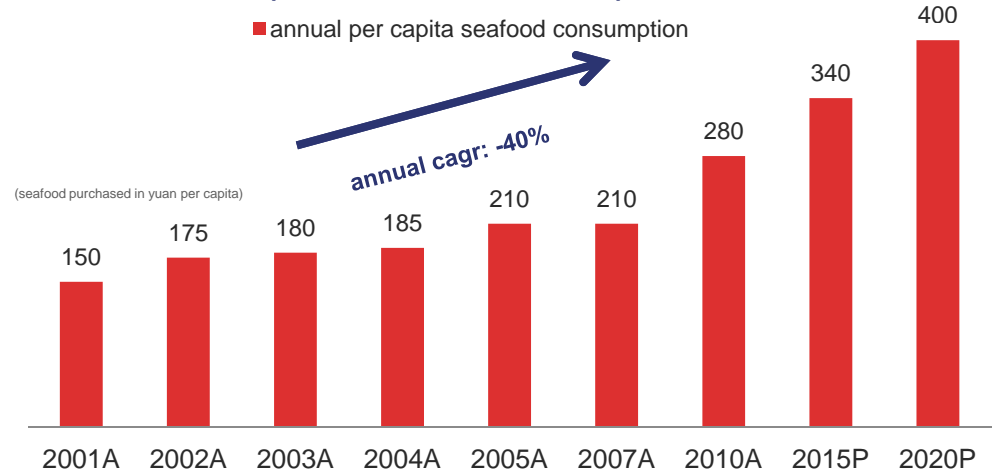
# Attractive long-term opportunity in China

- China has become a key seafood growth market
- Processed seafood, amongst other nutritional sources, meets the consumer's demand for a healthy and convenient diet
- China is expected to double its per capita spending on seafood products from 2007 to 2020
- Advancing lifestyles and rising disposable incomes support strong long-term demand

Historical disposable income in china



Per capita seafood consumption in china



source: wall street research and 2011 global seafood outlook report

# Rising middle class in Asia led by China

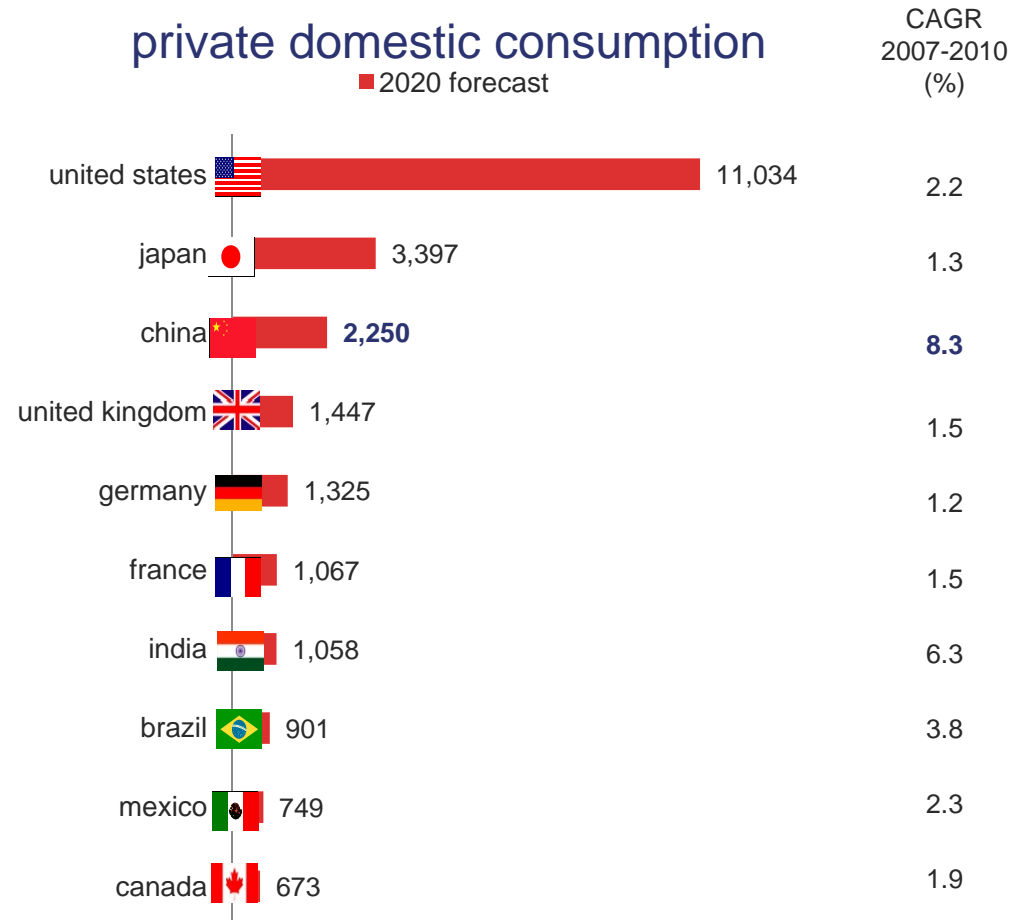
numbers (millions) and share (percent) of the global middle class

	2009		2020	
north america	338	18%	333	10%
europa	664	36%	703	22%
central and south america	181	10%	251	8%
asia pacific	525	28%	1740	54%
sub-saharan africa	32	2%	57	2%
middle east and north africa	105	6%	165	5%
world	1845	100%	3249	100%

sources: OECD, The Emerging Middle Class in Developing Countries , <http://www.oecd.org/dev/44457738.pdf>; McKinsey, Global Insight, February 2009; MGI China Model, February 2009; MGI

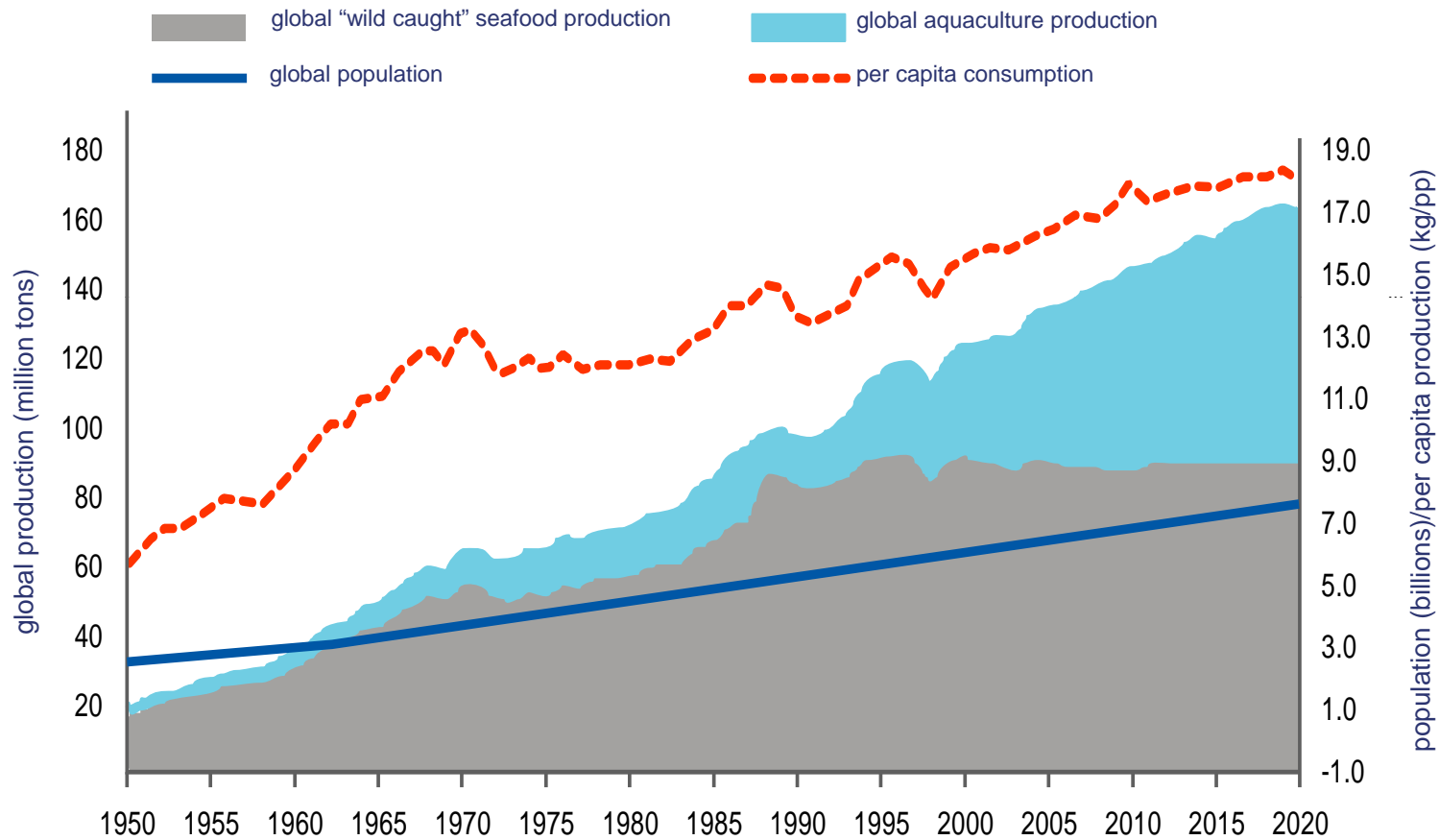
## private domestic consumption

■ 2020 forecast





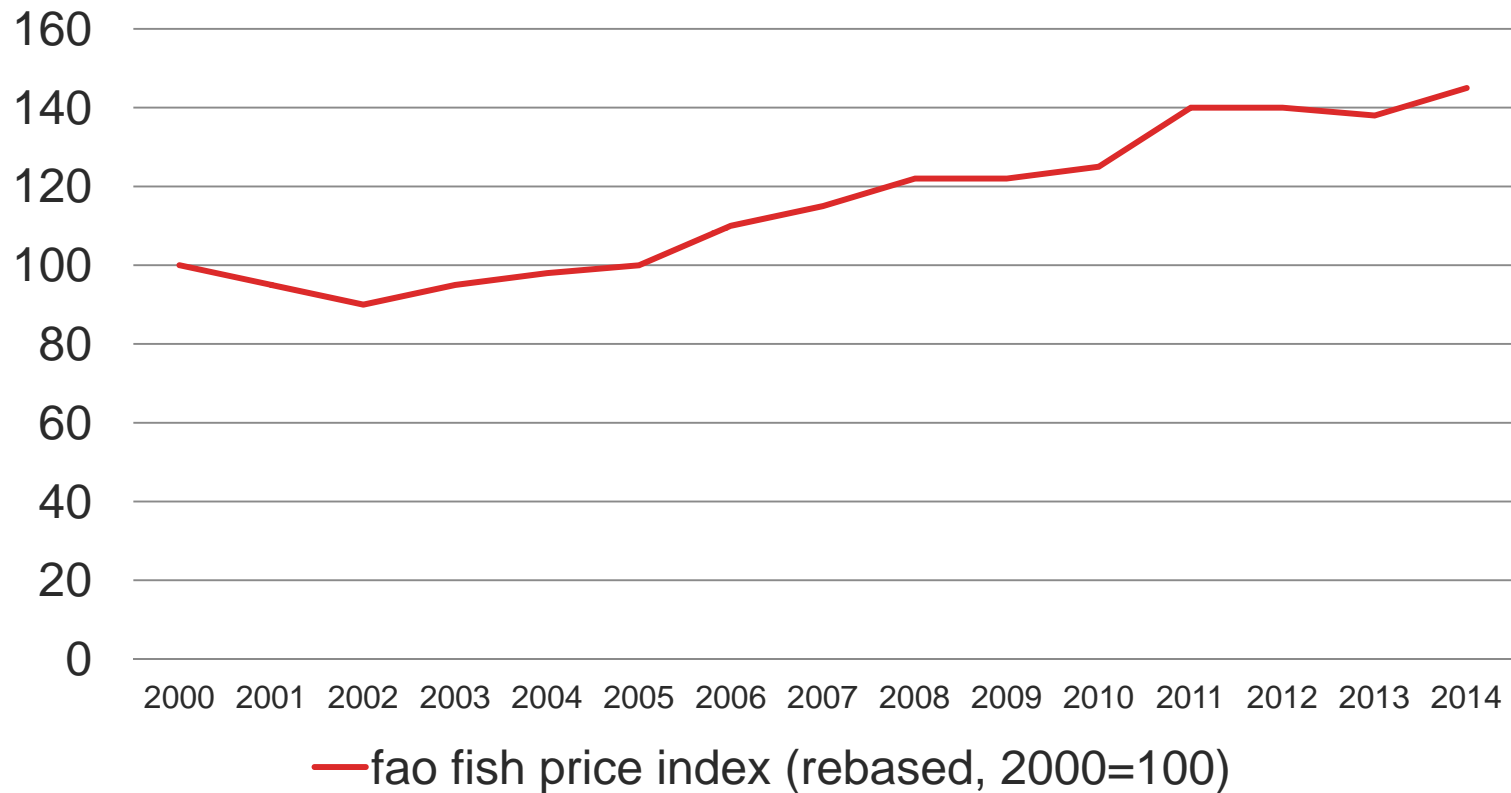
# Seafood demand expected to continue to exceed supply



source: fao – fisheries and aquaculture information and statistics service; oecd-fao agricultural outlook 2011-2020; moody's economy.com; moody's investors service estimates.

# Seafood prices have been rising

**FAO fish price index (rebased, 2000=100)**



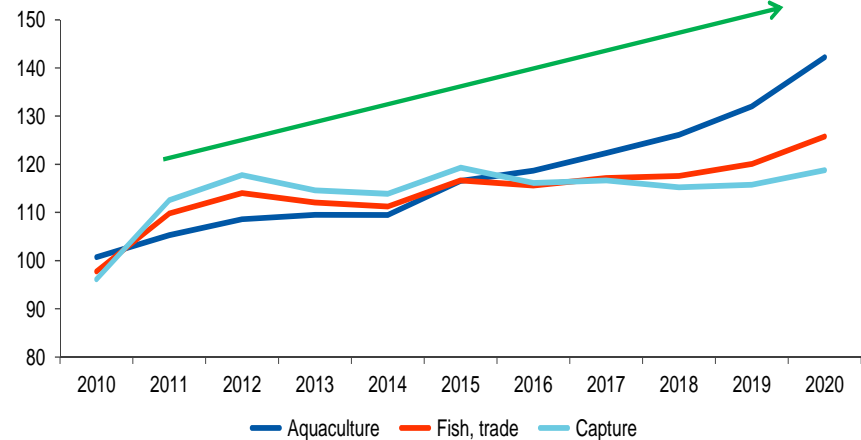
source: fao

# ...and prices are expected to increase through 2020

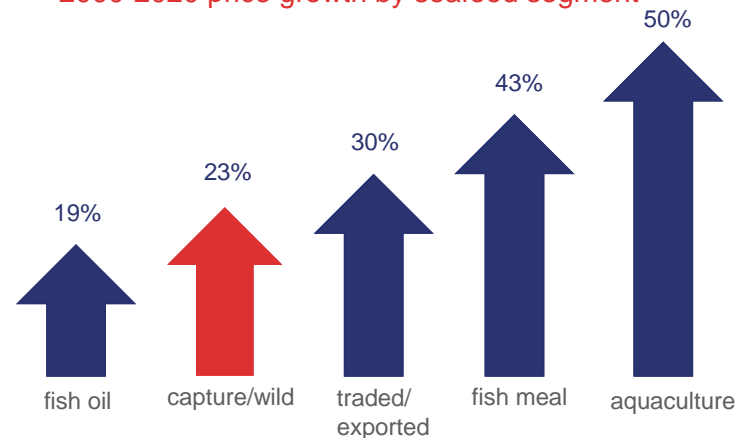
- Supply-demand imbalance worldwide
- Increased product innovation and value-added product development
- Higher cost required to maintain sustainable fisheries
- Primary capture harvesters expected to realize approximately 23% growth in price between 2000 and 2020

source: oecd and fao secretariats

estimated global seafood price growth (in nominal value)



2000-2020 price growth by seafood segment



# Highly focused producer with a clear species-based strategy and global footprint

Most companies in the seafood sector can be placed in one or more species-based subsectors

- 1 crustaceans and molluscs**  
 shrimp  
 crabs  
 lobster  
 molluscs (mussels, oysters)  
 albalones  
 octopus and squid

- 2 small pelagic**  
 mackerel  
 sardine  
 herring  
 fish meal and fish oil

Other

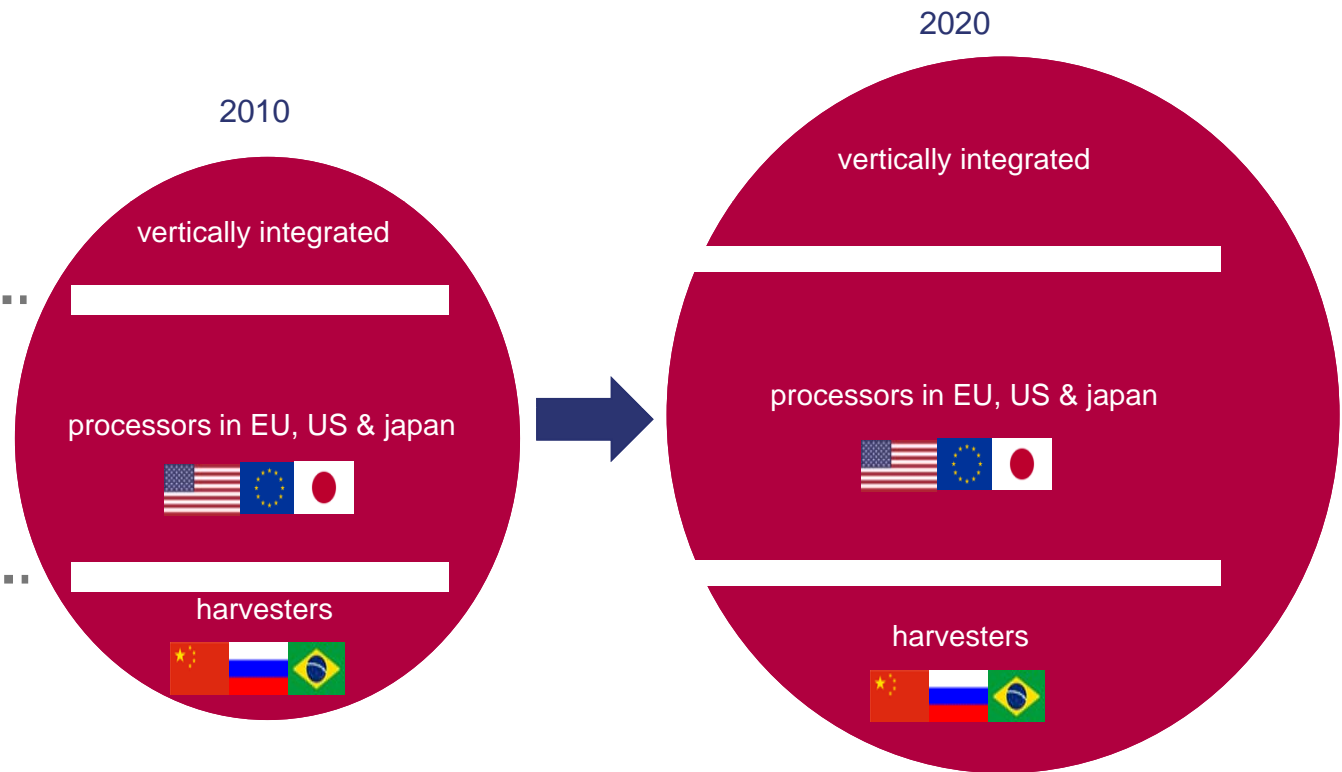


- 3 salmonids**  
 atlantic salmon  
 coho  
 sea trout  
 king salmon
- 4 white fish**  
 cod  
 alaska pollock  
 hake  
 tilapia  
 pangasius  
 flatfish
- 5 tuna**  
 canned tuna  
 canned mackerels and sardines  
 other shelf stable seafood
- 6 value added and traders**

# Clearwater is positioned to benefit from the key trends in the seafood sector

## global seafood markets and share of supply

examples:



# Seven msc-certified species

- The MSC logo is evidence that the fishery meets strict environmental standards and the product originates from a sustainable and well-managed fishery
- Core species include:
  - sea scallops
  - argentine scallops
  - arctic surf clam
  - fas shrimp
  - snow crab
  - off-shore/inshore lobster
  - c&p shrimp



# Operations overview

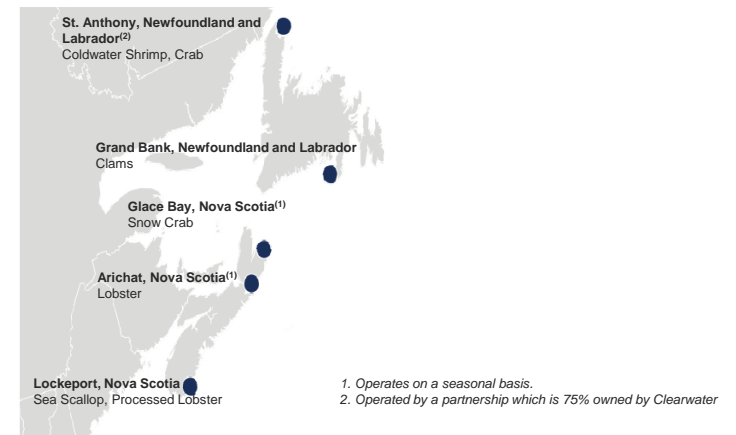
## Modern factory fleet

- Nine active factory freezer vessels
- Vessels harvest, process and freeze shellfish landings while at sea, improving quality and reducing costs
- Continuous investment in technology to further drive fleet efficiency



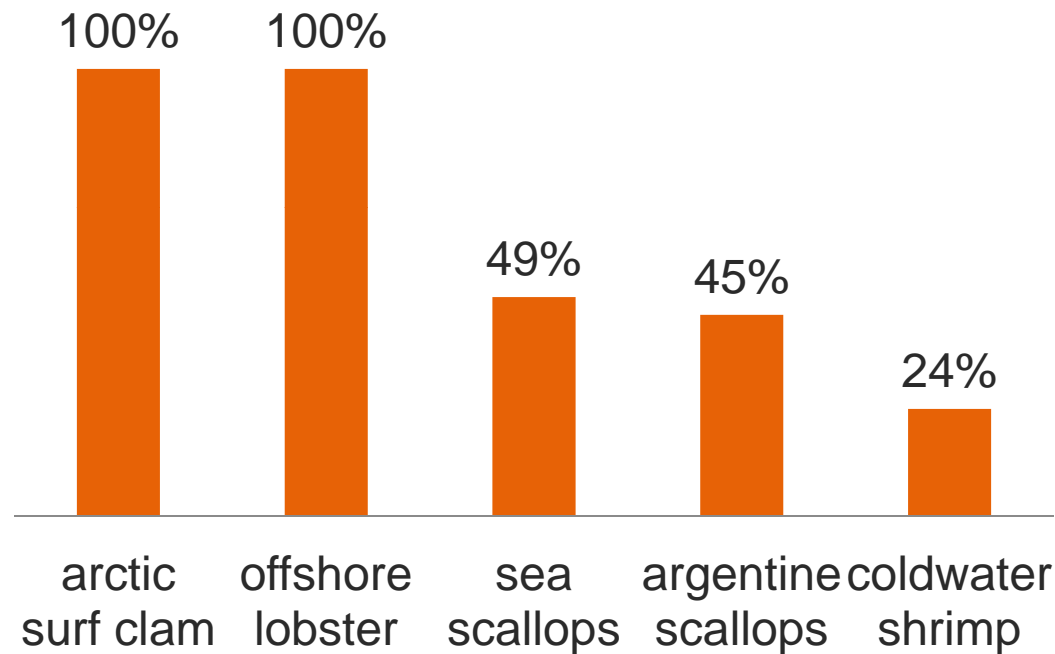
## Processing operations

- Six modern on-shore locations in Canada, located in close proximity to the key harboring regions
- Operates its own freight-forwarding department with in-house logistics expertise in both air and ocean freight distribution
- Operates two distribution sites (one in u.s., one in canada)
  - guarantees year-round delivery of quality shellfish to the company's global customer base



# Valuable license ownership

licenses as percent of total quota<sup>1</sup>



Clearwater is a primary license-holder in all of its key fisheries, providing a sustainable competitive advantage

1) refers to the percentage of the total quota in atlantic canada or argentina





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