



Investor Presentation

March 2019



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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.

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



Company Overview

- Leading global provider of premium Marine Stewardship Council (“MSC”) certified shellfish
- North America's largest vertically integrated, publicly traded, shellfish harvester
- Largest holder of shellfish quotas in Canada
- Operations in Canada, Argentina, UK & China
- Industry leader in shellfish
 - Sustainable fishing practices
 - Frozen at-sea processing of shellfish
 - Scale procurement of same & complimentary species
 - Onshore processing, storage and distribution
- Global sales, marketing and distribution in over 40 countries



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



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Key Messages

- **In 2019, we expect balanced growth across multiple regions (led by APAC) and species (volume, sales mix and modest price improvements)**
 - Growth will be driven by increased volume and new product introductions including new products in Clam, Canadian Sea Scallops, Sea Cucumber and Whelk, as well as a full year offering of live Crab
 - Continue de-leveraging activities, prioritizing cash generation, cost savings, margin improvement and debt repayment
 - Clearwater will be advancing working relationships with Indigenous partners
- **Continue to leverage powerful seafood industry fundamentals**
 - Global demand exceeds the supply of wild caught seafood; incomes are rising among middle class consumers in Asia led by China; changing tastes, diet and social 'cachet' favor seafood in developed markets
 - IMF data suggests strong China per capita GDP growth rates (measured in PPP) to continue through to 2023
- **Continue to leverage our strong value proposition and competitive advantages**
 - Unique assets, technology & IP
 - Scale and breadth of access to supply
 - Vertical integration model enhances value capture
 - Global reach and customer diversity & proximity
- **There are attractive opportunities for future growth in 2019 and over the next five years**
 - Organic – core license usage, procurement, cost savings, pricing, technology innovation, market expansion
 - External developments – M&A, joint ventures, royalty and harvest contracts
- **Keys to success**
 - Cost savings and margin improvement
 - Cash generation and debt reduction
 - Engage our talent and increase organizational capability and capacity



Growth Catalysts



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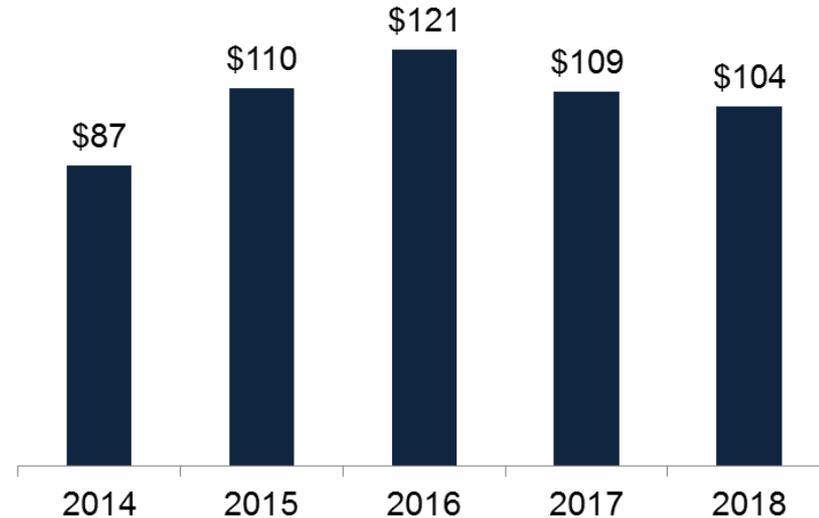
Strong Track Record for Growth

Sales



Increase of \$147MM, CAGR 7%

Adjusted EBITDA



Increase of \$17MM, CAGR 5%

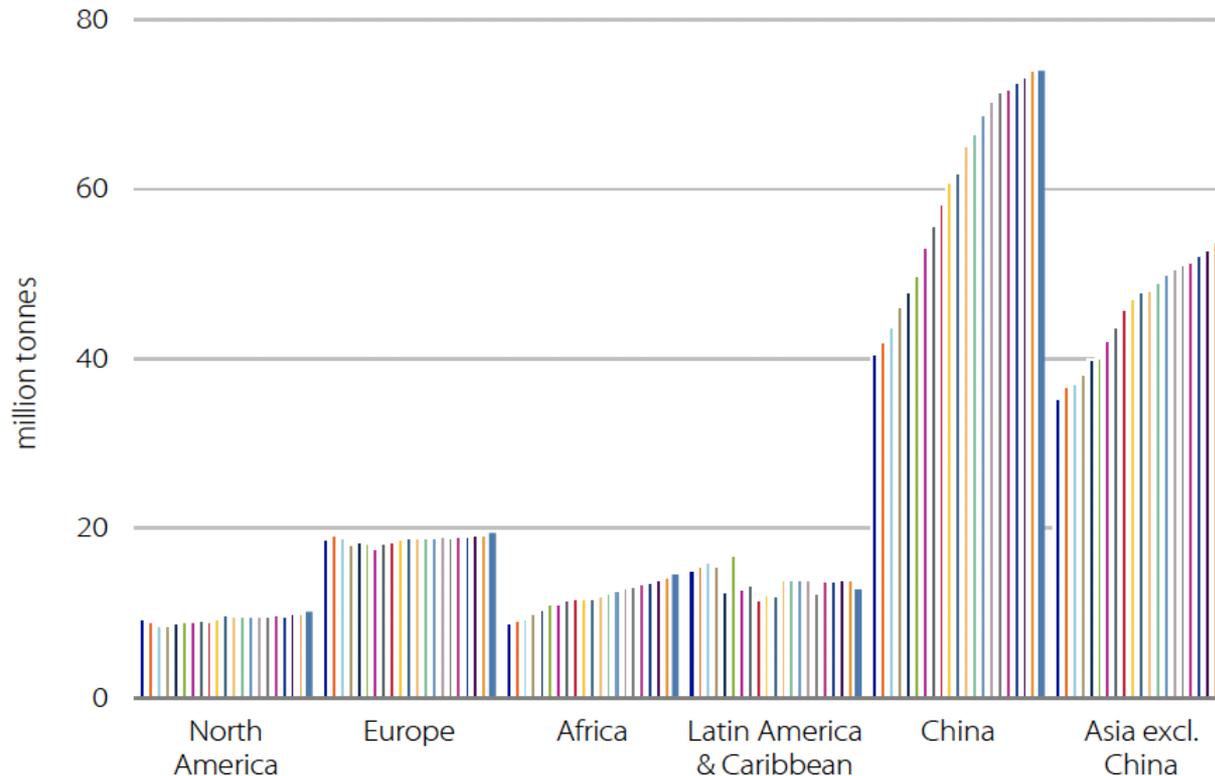
Solid sales and EBITDA trajectory; positioned for growth in 2019 & beyond



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China: Seafood Consumption Growth

China has a high seafood consumption rate, estimated at 44kg per person, which is forecast to reach 50kg in 2026



Rabobank: Growth in Seafood Consumption 2006-2026

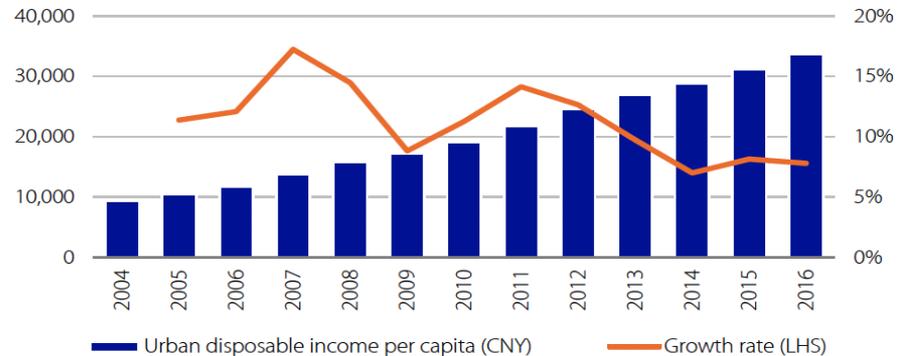


**China seafood consumption growth to continue;
dominates global consumption**

China: Income Growth

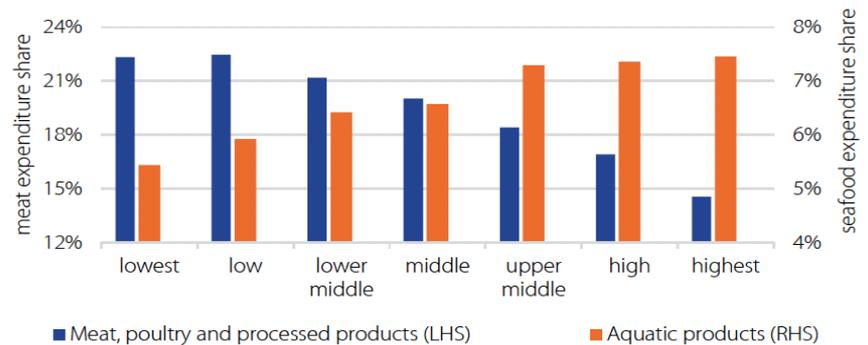
- China currently accounts for 37% of global seafood consumption

Urban disposable income in China is still growing at around 8% per year



Source: National Bureau of Statistics, Nielsen, BCG, Rabobank 2018

Richer Chinese households shift consumption towards seafood



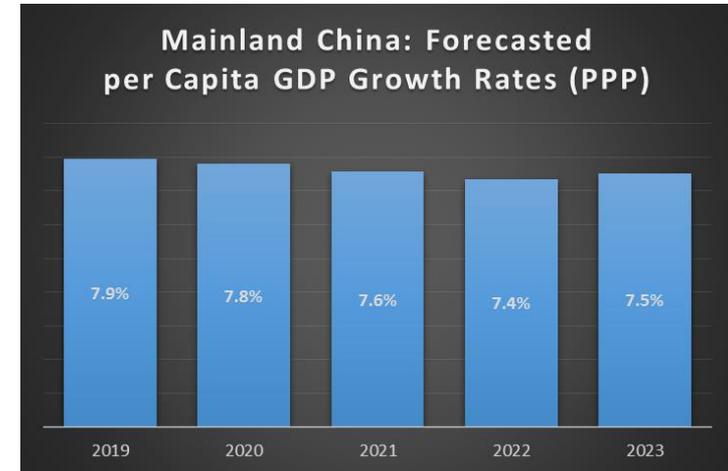
Source: National Bureau of Statistics, Nielsen, BCG, Rabobank 2018



Per capita consumption and income growth are price supportive

Price Growth Thesis

- Wild-caught seafood price-growth has the potential to outperform other proteins, participating in China's per capita income growth
- From 2010-2018, Clearwater sales (expressed in USD) are ~ 80% correlated to China per Capita GDP growth rates (measured in PPP)
- The supply of wild caught seafood is constrained; declining where not fished sustainably
- Pricing potential derives from:
 - Quality differentiated products (lower substitution risk)
 - Long-term access to supply through Licenses and sustainable harvesting
 - Increasing wild-caught seafood scarcity
 - Growing demand and high customer intimacy



Source (China GDP based on PPP per capita): IMF World Economic Outlook



**Long-term price growth from differentiated products;
limited supply; long-term demand growth**

Near Term Growth Drivers

- Developing new markets for Whelk, and clam by focusing on License unlimited bycatch species
- Well positioned to capture sea cucumber growth through procurement and fisherman relationships
- Year-round live crab sales
- Net volume increases expected from product portfolio
- Growing demand

Near-term balanced growth across multiple regions (led by APAC) and species (volume, sales mix and modest price improvements)



Strategies, Competitive Advantage & Markets



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Core Strategies



1. Expand Access to Supply

- Expand access to supply of core species and other complimentary, high demand, premium, wild 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 & 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 & 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 & processes that maximize value, minimize cost, reduce waste, increase yield & improve quality, reliability & safety of our products & people



5. Pursue & Preserve the LT Sustainability of Resources on Land & Sea

- Work in partnership with DFO's and NGO's 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

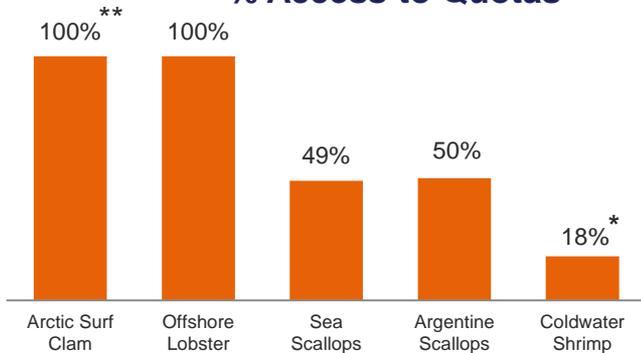
- Attract, engage, train, develop, reward and retain the best talent
- Build business system and process excellence company-wide
- Communicate and aspire to live our mission, goals, values and code of conduct every day



Advantages: Access to Supply & Distribution

Access to Scarce, Highly Valuable Resources

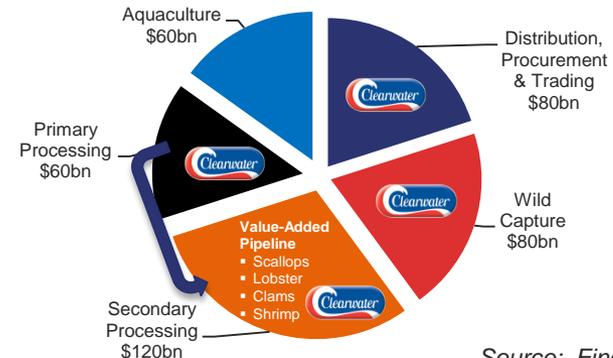
% Access to Quotas



* direct and indirect ** confirmed for 2018-2019

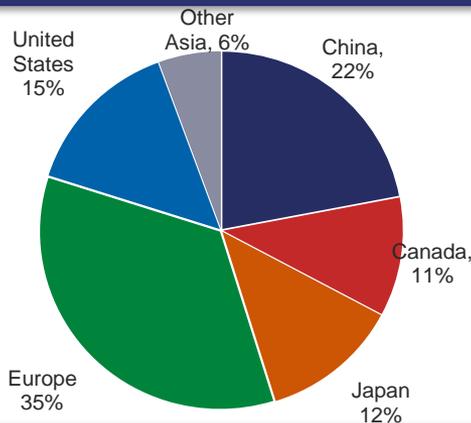
Strong Presence Across Value Chain

Estimated Size of Overall Market



Source: Findus, 2007

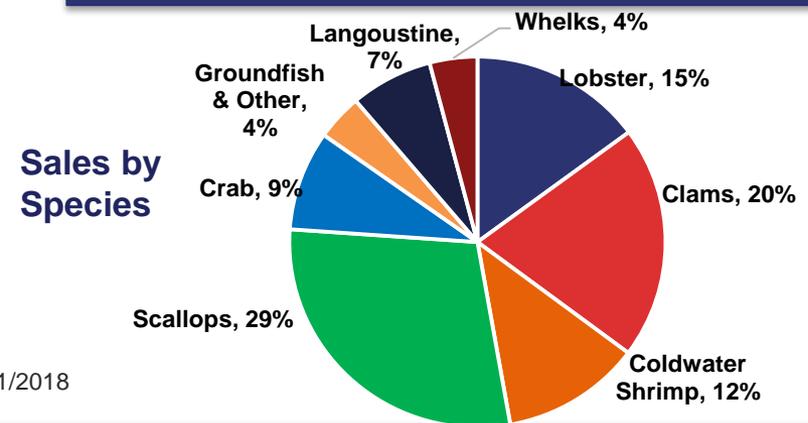
Balanced Global Footprint



Sales by Geography

Figures shown for year ended 12/31/2018

Balanced Species Mix



Sales by Species



Diversified products and distribution, with long-term sustainably harvested access to supply

Advantage: Vertical Integration



harvest

we harvest our own quota on board our own vessels

processing

we process in our own facilities

logistics

we coordinate delivery to our customers

culinary

delivering premium shellfish to plates around the world

Higher value capture through vertical integration



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Market, Channel & Customer Diversity

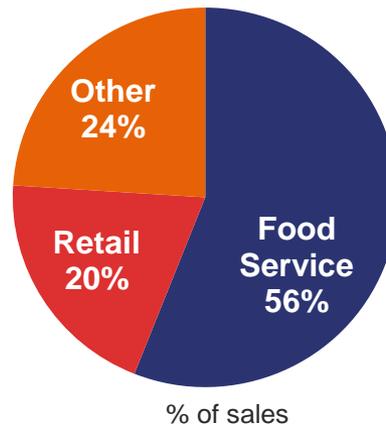
Global Footprint

- 93 million pounds sold in 2018 in over 50 countries



Channel Mix

- Multiple touch points to global seafood consumers



Diverse Customer Base

- No single customer represents more than 7% of 2018 sales
- Average top ten customer relationship of ~19 years



Clearwater's Value Proposition

- Broadest, highest-quality premium wild shellfish portfolio
- 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



Markets, Value, and Competitive Advantage

Where to Play?



How to Win?



How to Sustain
Competitive Advantages?

TARGET SEGMENT(S)

- Wild shellfish, all major markets
- Food Services, Retail & ECOMM Direct and Indirect

VALUE PROPOSITION

- Scarce, high quality (FAS), safe, sustainable, traceable shellfish
- Scale & diversity in key species
- Global delivery & customer service
- Unique, innovative products, pkg. & services
- Consumer, customer & market insights

ACTIVITY SYSTEM

- Drive cost savings, SG&A reduction and margin improvement
- Drive CAPEX and working capital (inventory) reduction for cash generation
- Maintain investment in China to increase Clam and Macduff volume and build Food Service, Retail and Ecommerce distribution
- Maintain or expand access to quota in key species
- Maintain broad portfolio of species, markets & customers
- Maintain vertical integration
- Maintain MSC Certification



Our strategic framework is working but market forces and new opportunities will challenge us to become even more competitive

Arctic Surf Clam Update: Landmark Agreement

- On March 11, 2019, Clearwater announced a landmark reconciliation agreement with 14 First Nations communities. The agreement forges a 50-year partnership that protects existing jobs in the Arctic Surf Clam fishery while creating meaningful economic, employment and capacity building for the 14 First Nations that are adjacent to the clam resource.
- Clearwater is taking a leadership role to build strong business relationships with First Nations. This is an opportunity to expand access and participation in commercial fisheries in a collaborative and voluntary manner. It protects existing jobs and respects the significant investments that Clearwater has made to develop this fishery, and the export value of Arctic Surf Clam products around the world.
- Benefits for First Nations start immediately, and do not require any action from Government. The agreement sets out the basis for the proposal our First Nations partners would intend to submit under any new expression of interest process for 25% of the clam quota. As a reminder, this quota was temporarily made available to CLR in 2018 & 2019.

Clearwater announces exciting industry leading partnership with First Nations



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Technology & Innovation



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Innovation in Action

- **Factory vessels** – nine (9) state-of-art factory vessels that harvest, process and freeze product at sea for optimum quality and freshness while reducing costs.
- **Ship Management Console (SMC)/Ocean Bottom Mapping** – transition from fishing to harvesting through an understanding of what is on the ocean floor; increased productivity and more efficient use of our fleet.
- **Automated Scallop Shucking Technology** –
 - In-house developed technology
 - Scallops frozen within 20 minutes of harvesting
 - Significant cost savings and productivity benefits
 - Reduces carbon footprint
 - Removes bottlenecks in processing
 - Reduces number of vessels from 4 to 2; avoiding \$80 million in capital expenditures and million of dollars in operating costs/vessel
 - Lowest cost/kg in the Canadian industry



Innovation in Action

- **Clam dredging technology** –
 - Higher catch rates
 - Improved productivity
 - Lower carbon footprint
 - Reduced number of vessels from 4 to 3; avoiding \$70 million in capital expenditures and millions of dollars in operating costs
- **Live Lobster**
 - **World's largest live lobster storage facility** capable of holding 1.5 million pounds of live lobsters for up to six (6) months, ensuring steady supply year-round
 - **SMC/Geographic Information System** – reduced number of vessels from 5 to 1 harvesting 1.5 million pounds; avoiding \$50 million in capital expenditures and millions of dollars in operating costs
 - Lowest cost/kg harvested in Canadian industry
- **High Pressure Lobster Processing** – enables raw lobster meat to be removed from shell without cooking – raw meat has 2-year shelf life; expands customer base.



Innovation Sea Scallops



Automated Shucking

- Increased productivity
- Reduced waste & labour
- Ergonomic / Reduced risk of injury



**World Leader in
FAS Scallop Harvesting**



Sorting & Cleaning

- Improved quality
- Improved size grading
- Increased capacity

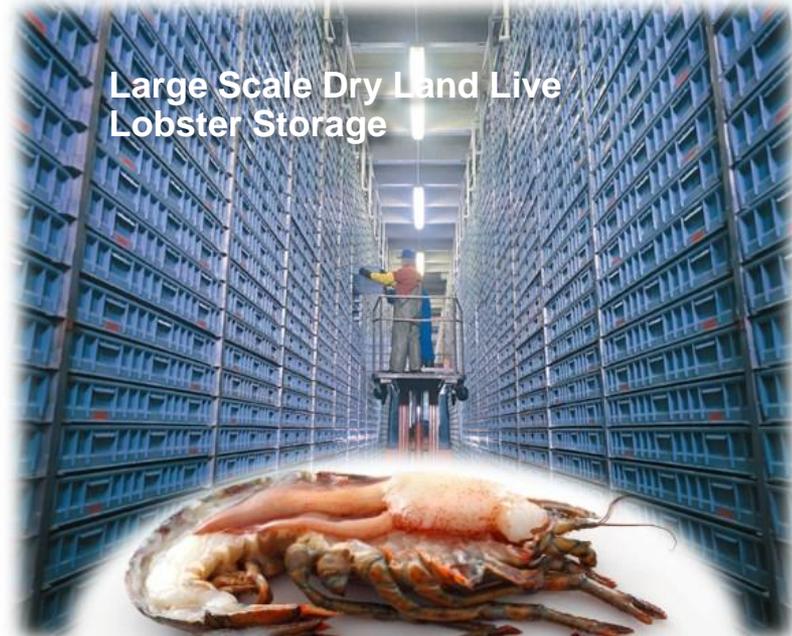
Innovation Hard Shell Lobster



State-of-the-Art RSW Live Lobster Harvesting



Live Lobster Branding



Large Scale Dry Land Live Lobster Storage



Raw HP Processed Lobster



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Financial Update & Economic Events



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Latest Financial Results: Year Ended 2018

<i>(C\$ in millions)</i>			
	FY 2018	FY 2017	Commentary
Sales	\$592.2	\$621.0	With the reversal of the Arctic surf clam decision in early August, we were able to convert our restored harvest access into record sales revenue for clam. Frozen-at-sea shrimp benefited from improved harvesting conditions and stable pricing while scallop prices fell globally in response to expanding supply conditions (especially in the United States). Sales for whelk, crab and langoustine products benefited from expanded distribution to Asia and North America.
Adjusted EBITDA	\$104.4	\$108.6	In 2018, Adjusted EBITDA margin increased modestly over 2017. Improvements in Adjusted EBITDA margin reflects cost efficiencies, higher sales mix of stronger margin species and favourable net foreign exchange. Cost efficiencies include the organizational restructuring completed in the fourth quarter of 2017 and benefits from our operational continuous cost improvement initiatives.
Leverage	4.7x	5.0x	Leverage improved to 4.7x from reduced debt balances resulting from strong cash generated from operations and a reduction in capital expenditures following the completion of the fleet renewal program in 2017. This was partially offset by higher USD foreign exchange rates on USD denominated debt balances (not hedged), net of forward foreign exchange contracts on 80% of the notional value of the USD Notes.
Return on Assets	7.4%	8.1%	Return on assets declined from 8.1% to 7.4% in 2018 as a reduction in the average asset base was offset by lower earnings before interest and taxes.

2018 positively impacted by strong prices and favorable sales mix

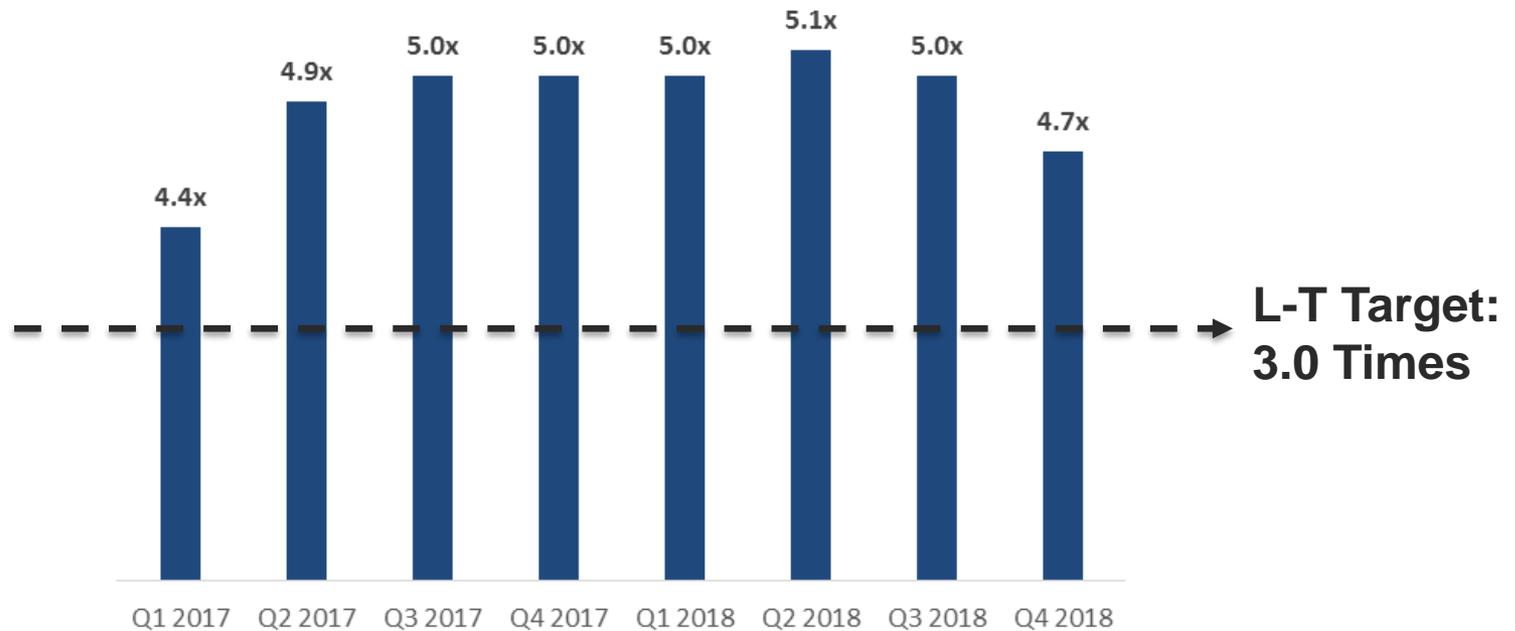


please refer to management's discussion and analysis for related period for a fulsome analysis and commentary

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Leverage Profile

Leverage Profile (Total Net Debt to Net Adj. EBITDA)



M&A driven leverage comfortably digested; declining leverage expected



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Current Economic Events

China Trade

- China continues to be an attractive market for Canadian seafood exports. Both Canadian and Chinese-owned exporters in Canada and many importers, food service distributors, restaurants, caterers, retailers, Ecommerce platforms and consumers in China continue to benefit directly from trade.
- We see no indications of slowing business with China, we remain in-full compliance with all food related regulations, and our relationships with our Chinese customers remain strong.
- We are confident in our ability to compete based on the quality of our product portfolio, our brand and breadth of markets we serve.

Brexit

- On March 14, 2019 British lawmakers voted overwhelmingly to seek a delay in Britain's exit from the European Union. Lawmakers approved a motion setting out the option to ask the EU for a short delay if parliament can agree on a Brexit deal by March 20, or a longer delay if no deal can be agreed in time. The recent vote makes it likely that the March 29 departure date will be extended.
- We are preparing our contingency plans working proactively with our sales and supply chain teams, and our customers through inventory positioning ahead of schedule.
- As a business, we are taking a fully participative, active and advisory role in all preparatory government working groups for our fisheries and processing sector.
- In the event of a “Hard Brexit”, there would be tariffs at WTO levels, and we expect to be able to manage these with our strong product portfolio.



Current Economic Events (continued)

CETA

- The Canada-EU Comprehensive Economic and Trade Agreement (CETA) has been provisionally applied, pending ratification, and the treaty has eliminated 98% of the tariffs between Canada and the EU. Europe is one of the world's top consumption markets for seafood.
- Europe is a major export market for Clearwater products, representing approximately 35% of total sales or \$206 million in 2018. Clearwater anticipates the reduction in tariffs to lead to accelerated growth in the European market.

CPTPP

- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") has just started, and we expect some favorable tailwinds from tariff reductions and greater access to the most dynamic markets in the Asia-Pacific region.
- The CPTPP will create an eleven country trading block including Canada, and representing 495 million people, with a combined gross domestic product of \$13.5 trillion or 13.5% of global GDP.

China & US Trade

- Ongoing trade disputes between the US and China has triggered a series of regulatory tariffs on seafood. In July, China imposed a 25 percent tariff on U.S. seafood.
- The outcome from the ongoing trade war is difficult to predict and any near-term benefits for the Canadian marketplace may be short-lived.



Key Investment Highlights



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Key Investment Highlights



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Proven and Experienced Leadership Team

Deep Management Team with Expertise in Global Fast Moving Consumer Goods

Ian Smith

Chief Executive Officer

- Joined: May 2010
- Experience: 29 years

Christine Penney
*VP of Sustainability and
Public Affairs*

- Joined: July 1995
- Experience: 22 years

Teresa Fortney
Chief Financial Officer

- Joined: March 2016
- Experience: 30 years

Dieter Gautschi
*Vice President, Human
Resources*

- Joined: July 2015
- Experience: 25 years

Darren Bowen
*Vice President,
Global Supply Chain*

- Joined: February 2015
- Experience: 27 years

Roy Cunningham
*Chief Operating Officer,
Macduff Shellfish Group*

- Joined Macduff: April 2012
- Experience: 23 years

Tony Jabbour
*Vice President,
Fleet Operations*

- Joined: November 1993
- Experience: 25 years





Ian D. Smith

Chief Executive Officer

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