



Investor Presentation

May 2019

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 50 countries



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



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Key Messages

- **In 2019, we expect balanced top and bottom line 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**
 - Continue to expand access to supply
 - Cost savings and margin improvement
 - Cash generation and debt reduction
 - Engage our talent and increase organizational capability and capacity



Growth Catalysts

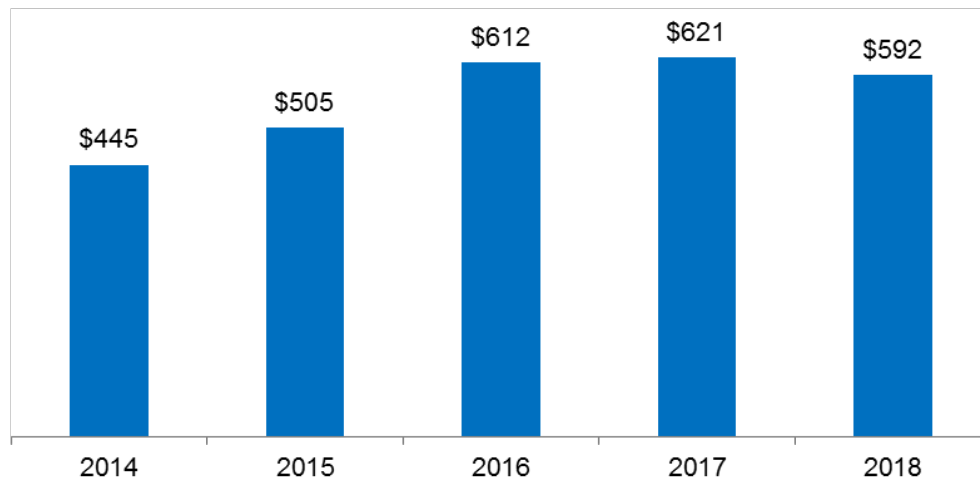


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Strong Track Record for Growth

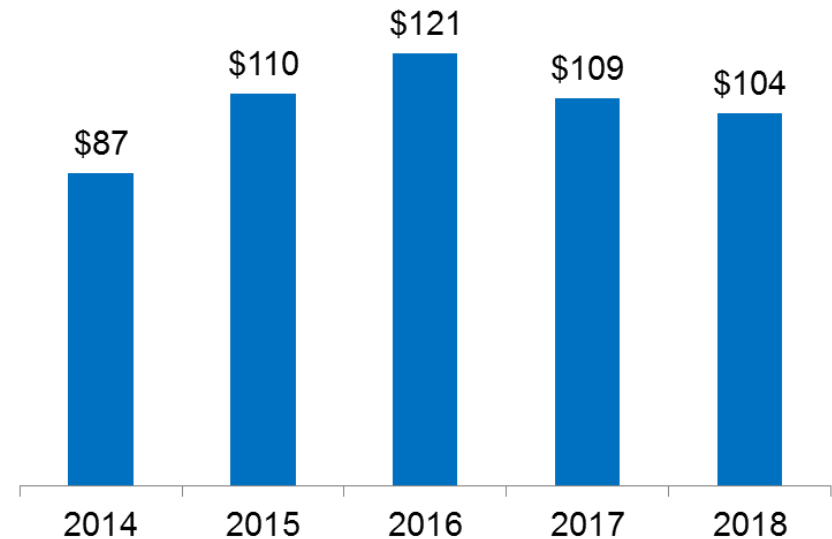
(C\$ in millions)

Sales



Increase of \$147MM, CAGR 7%

Adjusted EBITDA



Increase of \$17MM, CAGR 5%

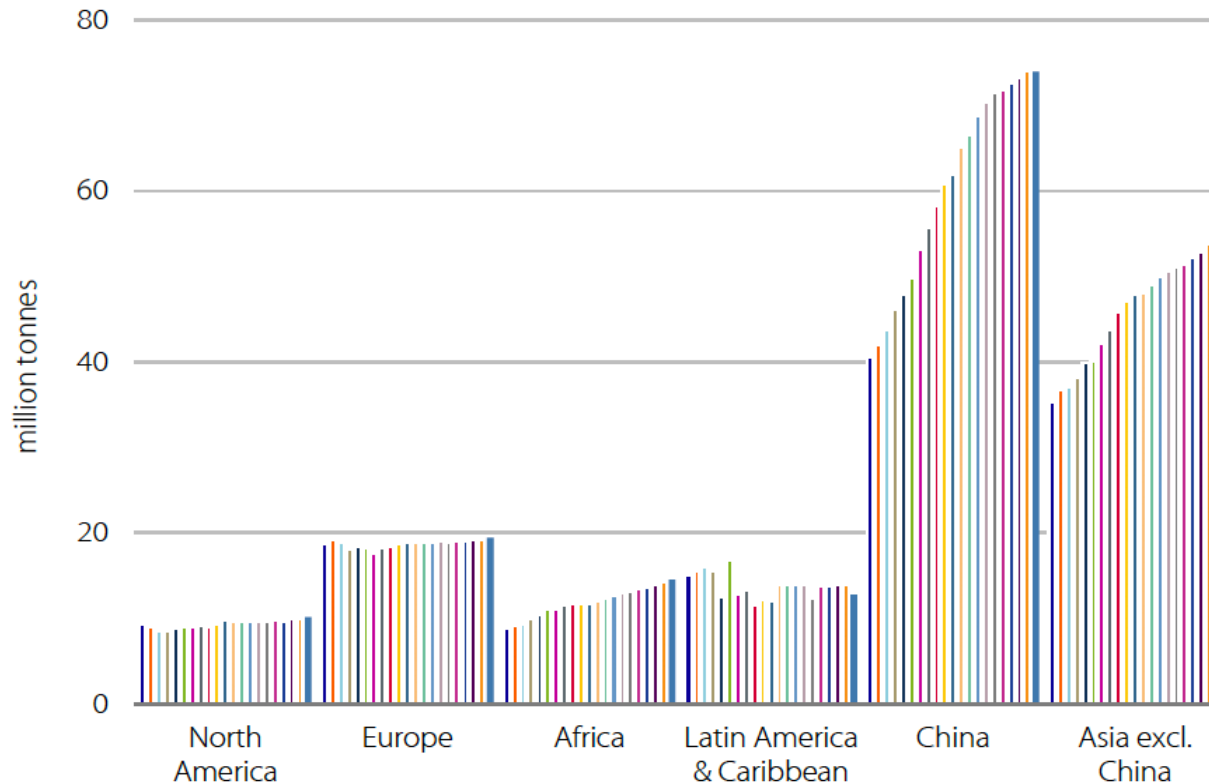
Solid sales and EBITDA trajectory; positioned for growth in 2019 & beyond



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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

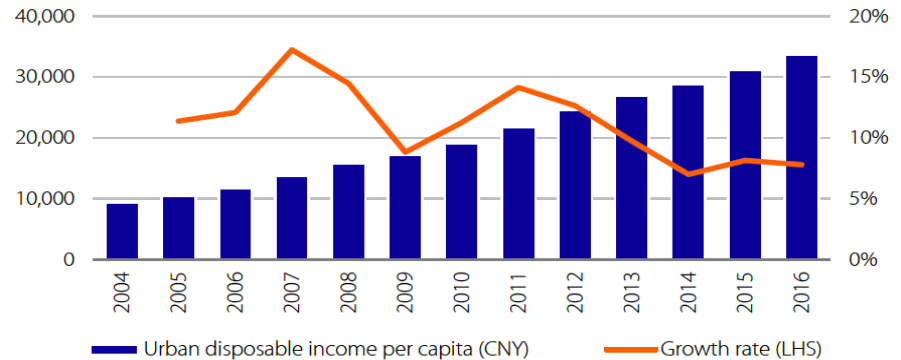


**China seafood consumption growth to continue;
dominates global consumption**

China: Income Growth

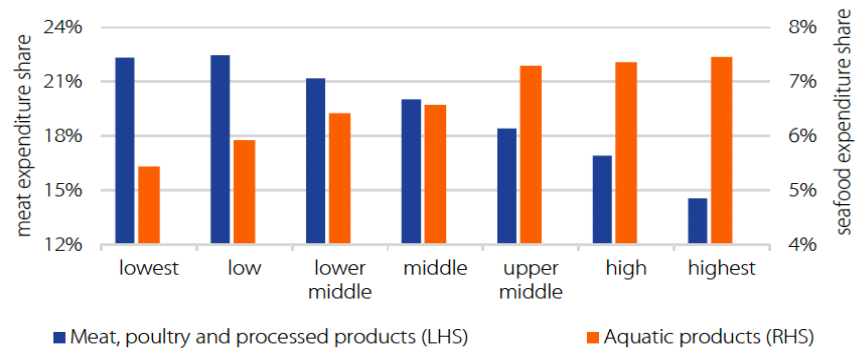
- China currently accounts for 37% of global seafood consumption

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



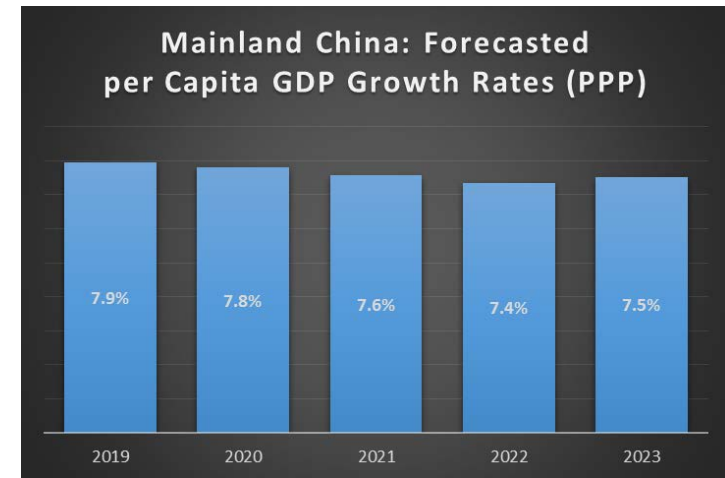
Source: National Bureau of Statistics, Nielsen, BCG, Rabobank 2018



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

- Increased volume (including new product introductions) in Clam, Canadian Sea Scallops, Sea Cucumber, UK Whelk and live UK Brown Crab
- Strong global demand complimented by new market & distribution expansion and modest price improvements
- Margin expansion from, strong catch rates/lower cost per kilo (also associated with our renewed fleet), improved procurement as well as favorable species and size mix
- Continued focus on cost reduction via high returning & modest CAPEX investments in automation and quality assurance

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 and 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 & Preserve the LT Sustainability of Resources on Land & Sea

- Work in partnership with DFO's & NGO's to lead R&D & industry-wide deployment of sustainable harvesting practice, ensuring long term health of resource & value of licenses & quotas
- Continue to advance our company-wide sustainability framework to improve economic, environmental & social outcomes on land & sea



6. Build Organizational Capability, Capacity & Engagement

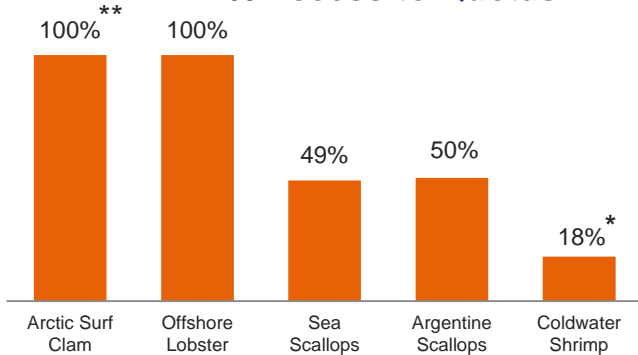
- Attract, engage, train, develop, reward and retain the best talent
- Build business system and process excellence company-wide
- Communicate and aspire to live our mission, goals, values and code of conduct every day



Advantages: Access to Supply & Distribution

Access to Scarce, Highly Valuable Resources

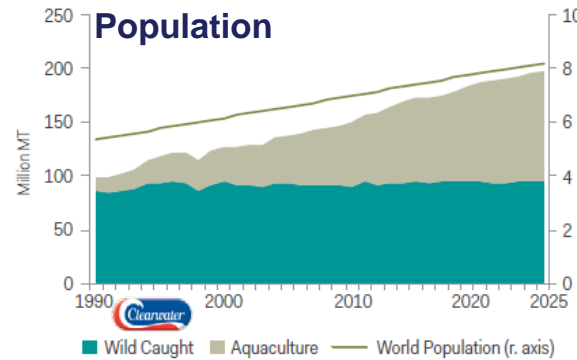
% Access to Quotas



* direct and indirect ** confirmed for 2018-2019

Finite Supply of Wild Caught

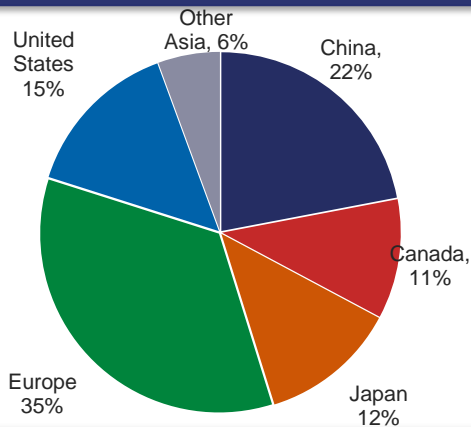
Global Production vs. World Population



Total market size in 2016 ~ US \$362B, of which US \$232B was derived from aquaculture (64%), and **36% from wild capture**

Source: Íslandsbanki Research (FAO, OECD-FAO Outlook, World Bank)

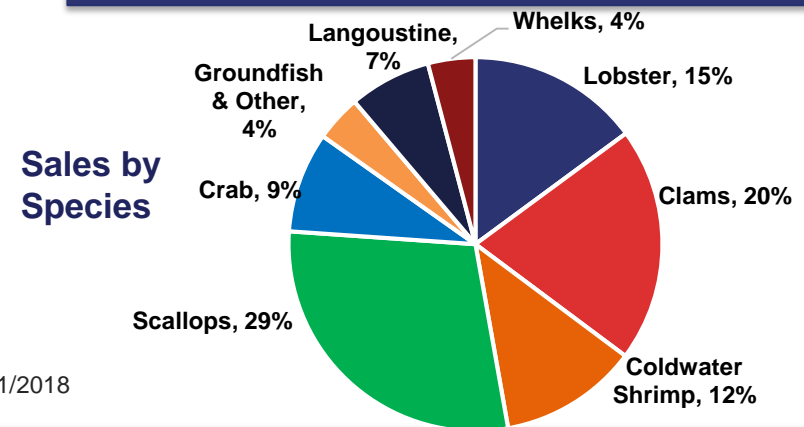
Balanced Global Footprint



Sales by Geography

Figures shown for year ended 12/31/2018

Balanced Species Mix

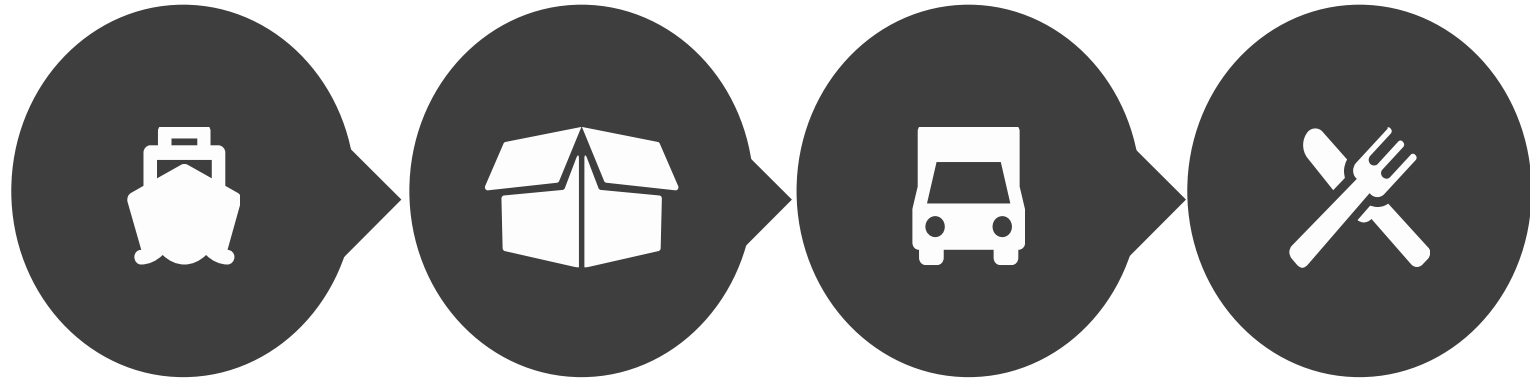


Sales by Species



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

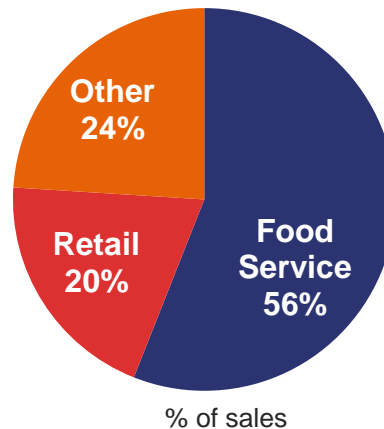
Global Footprint

- 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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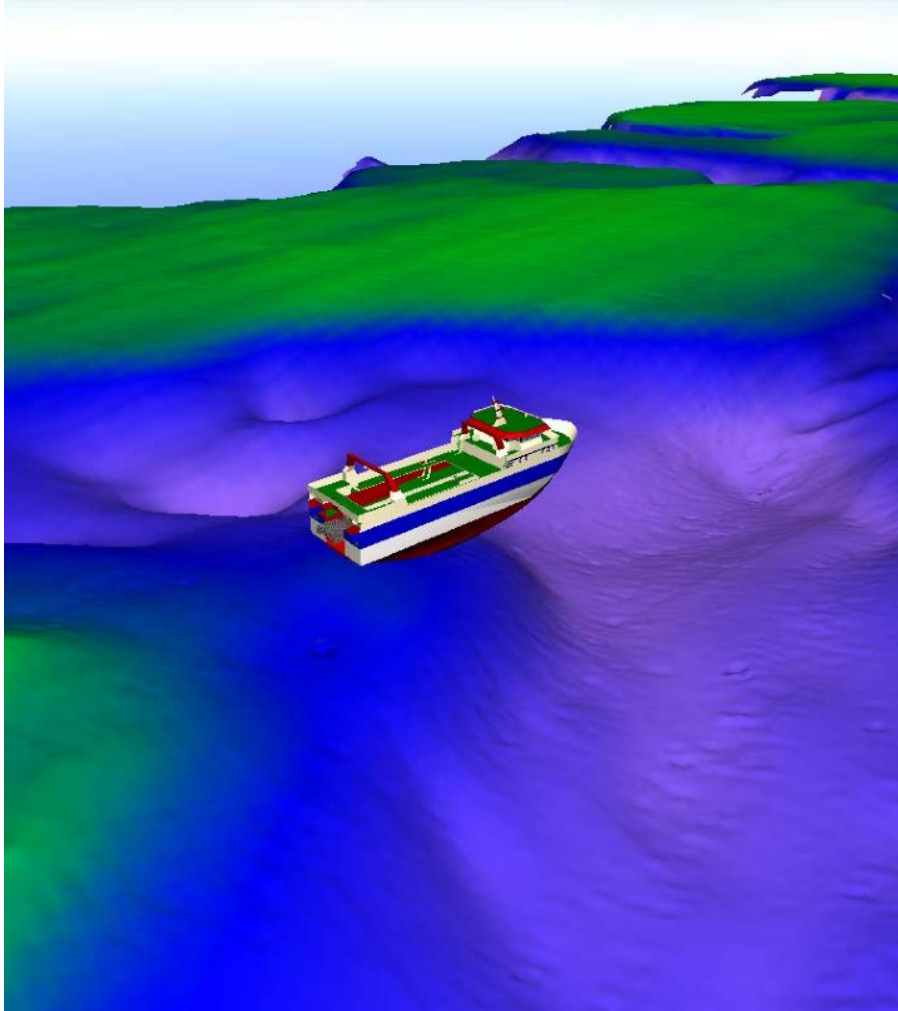


Technology and Innovation



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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**

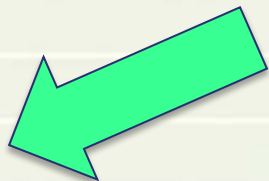
- **World's largest live lobster storage facility** capable of holding 1.5 million pounds of live lobsters for up to six (6) months, ensuring steady supply year-round
- **SMC/Geographic Information System** – reduced number of vessels from 5 to 1 harvesting 1.5 million pounds; avoiding \$50 million in 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 in Action



• Reducing The Carbon Footprint

- Seafood ranks below other proteins in terms of greenhouse gas (GHG) emissions per gram of protein
- Continuous R&D investment, in combination with industry-wide deployment of sustainable harvesting practices, ensure the long-term renewability of our resources
- Clearwater will continue to advance our company-wide sustainability framework to improve economic, environmental & social outcomes on land & sea



Lighter shade shows emissions from agricultural production, darker shade shows emissions from land-use change.

Sources: GlobAgri-WRR model developed by CIRAD, Princeton University, INRA, and WRI (GHG data); USDA and BLS (2016) (US retail price data). Notes: see www.wri.org/proteinscorecard.



**Sustainable and renewable resource;
R&D and innovation will lower GHG emissions**

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: 1st Quarter 2019

<i>(C\$ in millions)</i>			
	Q1 2019	Q1 2018	Commentary
Sales	\$120.1	\$120.1	Sales for the first quarter of 2019 were \$120.1 million reflecting higher available supply in scallops, crab and langoustines and favourable prices and mix in clam and lobster. These were offset by competitive market conditions across scallop species leading to lower prices compared to first quarter of 2018. Average foreign exchange rates realized on sales for the first quarter of 2019 had a net positive impact on sales of \$1.0 million as compared to the same period of the prior year.
Adjusted EBITDA	\$20.0	\$19.1	Record first quarter Adjusted EBITDA of \$20.0 million was driven by higher margin scallop sales, stronger demand for lobster in China and strong langoustine sales volumes as harvest volumes increased. Adjusted EBITDA as a % of sales improved to 16.7% in Q1 2019, from 15.9% in the prior year. Scallop mix, supply and costs were positive following an earlier start to the harvest and strong catch conditions.
Leverage	4.7x	5.0x	Leverage at the end of the first quarter of 2019 was 4.7x compared to 5.0x at the end of the first quarter of 2018. Higher EBITDA in the first quarter of 2019, as compared to the first quarter of 2018, offset a marginal increase in net debt. Cash generated from operations was invested in inventory, capital expenditures of \$6.6 million and a \$2.3 million reduction in debt. The debt reduction was offset by the impact of the new lease accounting standard.
Return on Assets	7.7%	8.0%	Return on assets declined from 8.0% in Q1 2018 to 7.7% in Q1 2019 as lower EBIT, resulting from higher depreciation, offset a decrease in the average asset base.

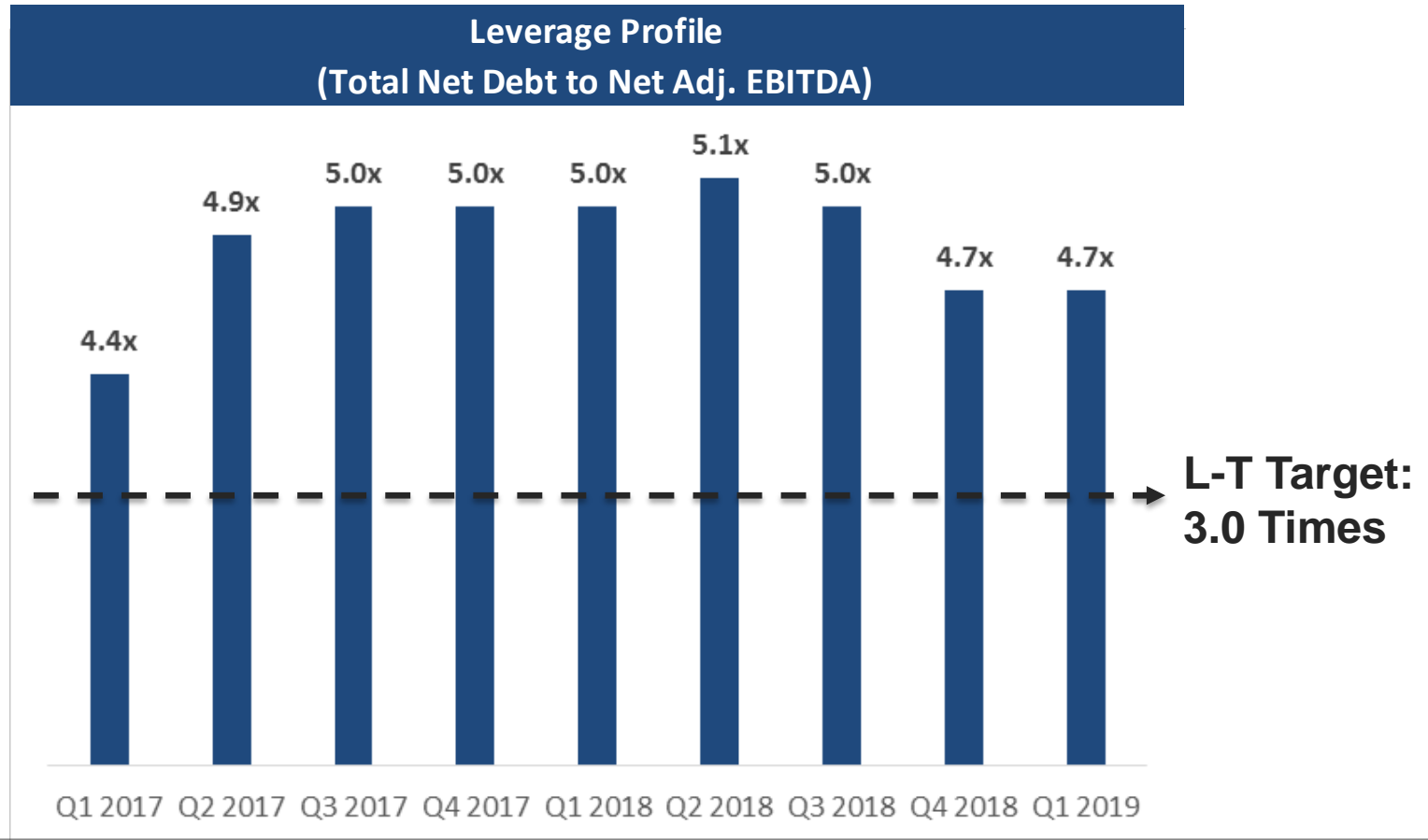
2019 off to a strong start



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

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Leverage Profile



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 in seafood.
- 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

- UK Parliament failed to reach an agreement prior to the March 31, 2019 withdrawal date and Article 50 has been extended until October 31, 2019 or prior to this if the UK Parliament can agree on an acceptable deal with the EU. An implementation period would follow an agreed deal.
- Clearwater has developed a sound readiness plan and will revisit and update that plan as required.



Current Economic Events

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.
- 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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