



## NZ Coastal Seafoods to list on ASX

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Coastal Seafoods, a New Zealand-based processor, distributor and exporter of premium seafood products, is seeking to list on the Australian Securities Exchange by way of a reverse takeover of xTV Networks Limited. In connection with this transaction, on 24 May 2019 the Company lodged a Prospectus with the Australian Securities and Investments Commission to raise up to A\$6 million (with a minimum subscription of A\$5 million).

Since its inception in 2016, Coastal Seafoods has been profitably operating under its own proprietary brands. Coastal Seafoods focuses on processing seafood, such as ling maw, sea cucumber and soft and hard bones (such as elephant fish backbone and dogfish backbone). Coastal Seafoods' products are sold, directly and through distributors, to customers, restaurants, seafood traders, supermarkets and other retailers in New Zealand, Australia and Asia.

Coastal Seafoods has grown revenues and EBITDA since its founding. Its audited revenues were NZ\$1.5 million for the nine months ending 31 December 2018, building on NZ\$0.09 million and NZ\$1.2 million for the financial years ending 31 March 2017 and 31 March 2018, respectively. Further, Coastal Seafoods reported EBITDA of NZ\$0.16 million for the nine months ending 31 December 2018, building on NZ\$0.01 million and NZ\$0.06 million in EBITDA for the financial years ending 31 March 2017 and 31 March 2018, respectively.

Coastal Seafoods operates a seafood processing and drying facility in Christchurch, New Zealand, with an annual production capacity of 60 tonnes of raw seafood product input. Coastal Seafoods sources its seafood exclusively from New Zealand primary suppliers of raw seafood, including WestFleet, Talleys and United Fisheries. Relationships with these suppliers, as well as a sustainable New Zealand fisheries industry, provide Coastal Seafoods with an abundant supply of seafood to execute its growth strategy.

Coastal Seafoods is focused on the large and growing demand for seafood in Asia. By way of example, China is now the largest consumer of seafood products in the world, accounting for over a third of all global seafood consumption and projected to total over US\$67.3 billion in 2019. Consumers in Asian countries increasingly have diets with high seafood content, and a growing middle class with rising disposable incomes is further stimulating demand for high-quality seafood.

As a secondary producer of seafood, Coastal Seafoods has the potential to capitalise on this growing demand without the operational risks and capital intensiveness associated with being a primary seafood producer.

Coastal Seafoods' products are generally targeted at Asian populations who value the reported health and beauty benefits of collagen-rich ling maw, as well as other seafoods. A key competitive advantage for Coastal Seafoods, particularly in Asia, is that New Zealand is renowned for its 'clean & green' reputation. Consequently, Coastal Seafoods' products attract a price

premium relative to the Asian-processed products that are common in its target markets.

The board and management team include seasoned industry executives, including:

- Aldo Micco, with over 27 years' experience doing business in Asia and the former Mayor of the seafood hub Nelson City, New Zealand (home to Port Nelson, the largest fishing port in Australasia);
- Winton Willesee, a seasoned executive who serves as a director of several ASX-listed companies; and
- Jourdan Thompson, CFO of Keytone Dairy Corporation (ASX:KTD), a New Zealand-based dairy processor and exporter, who is formerly a banker at Greenhill & Co. and ING Investment Bank.

The Company is supported by its existing key institutional investor, who is also expected to invest in the Public Offer.

The Company is aiming to raise up to A\$6 million (with a minimum subscription of A\$5 million) through the issue of up to 240 million shares (200 million shares at minimum subscription) at an issue price of A\$0.025 per share, with the Public Offer due to close on 11 June 2019. The Company has appointed Patersons Securities as lead manager to the Public Offer and Brentridge Capital as its corporate advisor. Applications for shares under the Public Offer must be for a minimum of A\$2,000.

Once listed, the Company will have a market capitalisation of approximately A\$14.2 million (based on the issue price of A\$0.025 per share and assuming the maximum subscription of A\$6 million is raised).

The Company intends to apply the funds raised in the Public Offer for, among other things:

- expanding its manufacturing facilities and meet other capital expenditures;
- expanding its sales staff and marketing;
- expanding its operational staff;
- acquiring raw seafood for processing and undertaking product development; and
- meeting corporate administration costs, including the expenses of the Public Offer.

The Company reserves the right to extend the closing date or close the Public Offer early without prior notice. The Company also reserves the right not to proceed with the Public Offer at anytime before the issue of securities to applicants.

Winton Willesee, the Company's Non-Executive Chairman commented: "Several New Zealand export-oriented food and beverage companies have listed on the ASX over the years. New Zealand Coastal Seafoods is following the path previously taken by A2 Milk, New Zealand King Salmon and, most recently, Keytone Dairy. We look forward to growing the business internationally, using the capital raised in the Public Offer."

Peter Win, Chief Executive Officer, said: "We are proud to be a value-adding contributor to exports of clean, green New Zealand foodstuffs. We have grown substantially since our inception three years ago, and this additional funding will assist New Zealand Coastal Seafoods with the execution of its substantial expansion and scale up plans."