World's 100 Largest Seafood Companies 2014

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Highly fragmented across continents and markets, the seafood industry is a tough one to get an overview of.

With this report, *Undercurrent News* gives insight into the largest players in the sector, upstream to downstream, by ranking them by 2013 turnover figures.

As in our 2013 report, Japanese companies comfortably dominate the ranking, accounting for more than one in four of the companies listed. The US is next largest (11) and Norway third (9), again fairly stable from last year.

However, there are also several changes. Looking at the companies' movements up and down the ranking from the 2013 report illustrates some of the key trends that shaped the seafood industry in 2013/2014.

We've given a breakdown of these trends below.

In our 2013 report, we excluded **Trident Seafoods** and **Ocean Beauty Seafoods** upon the companies' requests. This year, however, we decided otherwise, as their size in the industry warrants their inclusion.

We've also uncovered some new players, such as Australia's **Kailis Brothers**, and Japan's **Maruichi**.

Then there is the spectacular drop of **Pescanova**, which, after a year in bankruptcy, has fallen from 8th to 18th largest, and is likely to drop further as creditors and administrators sell off its assets. **Heiploeg**, which was the 100th company in our ranking last year, also fell into bankruptcy, and is now largely incorporated into **Parlevliet & van der Plas**.

A third company from last year's ranking filed for bankruptcy: **Yihe**, a US-based salmon processor. The group no longer features on our report as its revenues are thought to now be below the $300m mark.

In total, the 100 companies featured in our ranking generated revenues of nearly $100bn last year, an increase of $1.8bn from 2012.

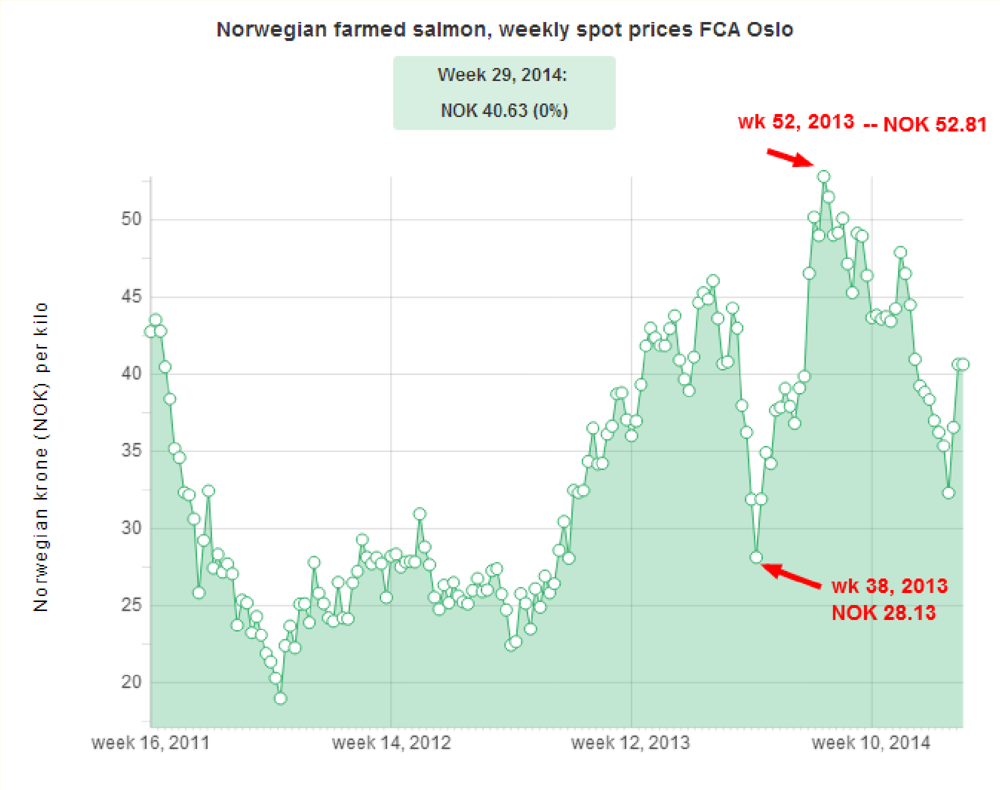
On their own, the top ten players accounted for a third of those revenues (approx $35bn), while the largest 25 accounted for over half ($56bn). This is in line with last year's findings.

KEY TRENDS

1. The year of salmon

The vagaries of seafood had a huge impact on last year's ranking and among those were the soaring prices of farmed Atlantic salmon, mainly from Norway.

A hike of 50% or so in 2013 saw salmon prices hit their highest ever levels, and prices so far in 2014 have remained strong. This led to what analysts like to call 'super-profits' for the world's largest salmon producers, many of which are traded on the Oslo stock exchange.



Salmon prices according to the Fish Pool Index
Chart: Undercurrent News

For 2013, the eight salmon producers trading on the Oslo stock exchange paid out dividends of nearly NOK 8 billion, although this includes **Cermaq**'s gigantic payout of NOK 4.717bn as a result of the sale of **Ewos**.

In its annual ranking of Norway's top 500 companies, the country's financial newspaper Dagens Naeringsliv noted the jump of salmon producers' sales - while oil companies fell in their ranking, Norway's eight largest salmon companies increased their revenues by nearly NOK 12 billion in 2013.

The impact on our ranking is visible: **Marine Harvest**, the world's largest salmon farmer,is up from 6th to 4th spot thanks to a 23% revenue hike.

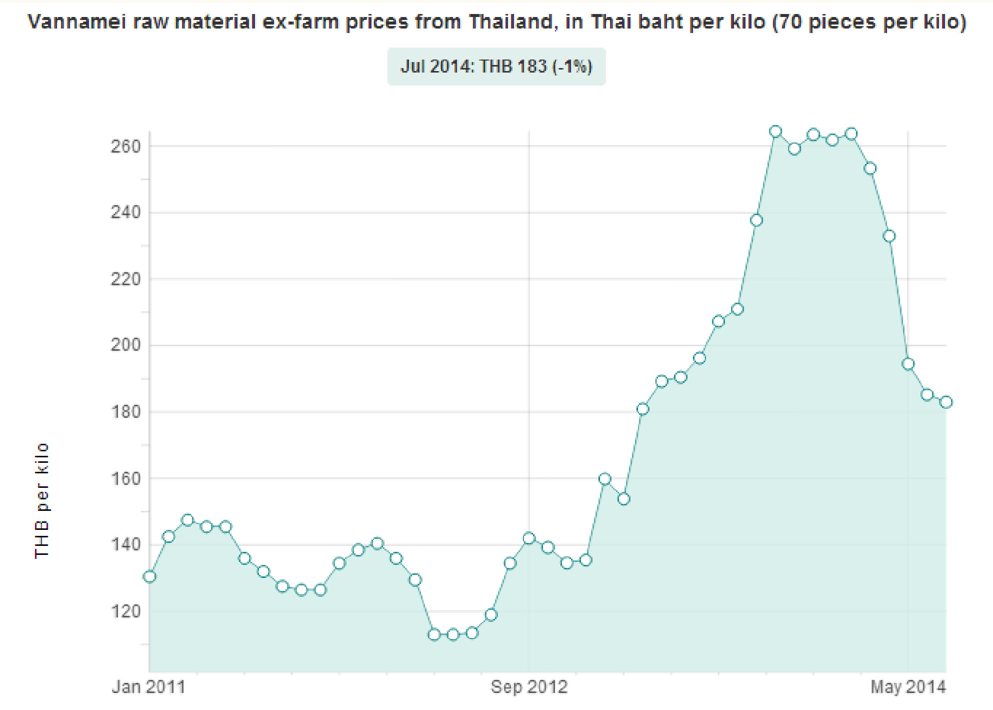
Austevoll Seafood, parent of the second largest producer, **Lerøy Seafood**, is stable on the 9th spot with an increase of just 5%, but that is mainly because bumper earnings from Lerøy were offset by Austevoll's pelagic divisions.

The farmers **Salmar**, **Cermaq** and **Norway Royal Salmon** recorded spectacular increases of 47%, 59% and 49% in revenues respectively, jumping by eight to 18 places up on our ranking. **Grieg Seafood** was up 16%.

Exporters led by **Coast Seafood**, **Seaborn** and **Sekkingstad** also did well, with increases of 19% to 43%.

2. EMS-driven shrimp shortage causes mixed fortunes

As salmon prices went through the roof, so did prices of warmwater shrimp, driven by the continued damages of early mortality syndrome (EMS).



Average monthly ex-farm prices of vannamei, 70 pieces per kilo, from Thailand. Figures provided by major industry trader
Chart: Undercurrent News

This benefited some companies, notably the farmer and Vietnam's largest shrimp exporter **Minh Phu Seafood**, which saw its turnover jump 41% in 2013.

However, the severe shortage caused by EMS meant that for many, and processors above all, the higher prices did not result in higher sales.

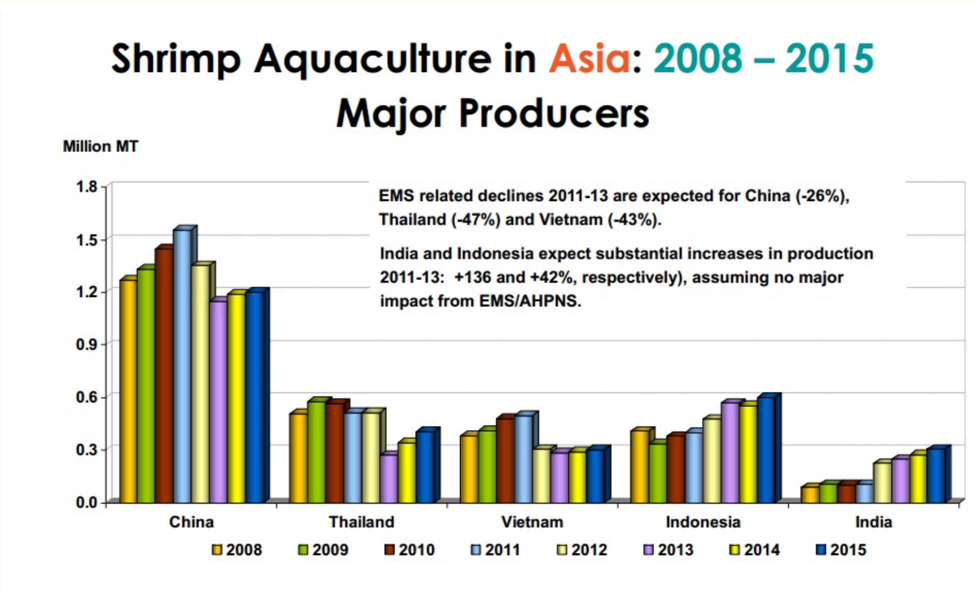
At least two large Thai producers are off our ranking this year as a result of EMS: **PTN Group**, which is thought to have seen revenues halve to around $200m, and **Asian Seafood Coldstorage**, which experienced an 8% drop to THB 9.4bn ($287m).

Thai Union, the world's third largest seafood company and a major shrimp processor, increased its sales by just 6% as it dubbed 2013 as the year of the perfect storm, referring to the shrimp situation,and volatile tuna prices.

One of China's biggest shrimp processors, **Evergreen Aquatic**, told us its 6% drop in turnover in 2013 was due to the shrimp shortage from EMS.

In contrast, China's biggest shrimp exporter **Zhanjiang Guolian** had a bumper 2013, upping turnover by 57%.

The chart below, compiled by the Global Aquaculture Alliance in November 2013, illustrates EMS' impact on harvests in South East Asia.



Estimates for Thailand's production for 2014 vary greatly, with the most optimistic estimates at 250,000t - on par with 2013 - and others expecting around 180,000t.

3. Pescanova: The Enron of seafood

One of the most gripping developments in the seafood sector in 2013 was undoubtedly the bankruptcy of **Pescanova**.
Spain's largest seafood company, with activities spanning the globe upstream and downstream, in aquaculture and wild catch, occupied the 8th spot in our ranking last year.

Part of the reason was that it had reported revenues of €1.735bn for 2012. The true figure was later found to be €1.4bn. A figure that fell further to just €1bn last year.

The overstated revenue is by far the least shocking revelation to have come out of the unraveling of **Pescanova** and its finances since the group filed for bankruptcy on March 1, 2013.

Since then, scandal after scandal have emerged about the group, its structure and true finances. The company which had profitable earnings in 2012 has been found to be lossmaking and with negative equity since at least 2011.

But despite all this, **Pescanova** has survived, and exited its bankruptcy on May 23, 2014.

Now under the control of banks, the question is, what shape will this "Nuevo Pescanova" take?

One thing seems certain: it will be a far slimmer version than what it was until now.

The shrinking has already started - a sales process is underway to divest its salmon and fishing assets in Chile, and indications are that its turbot farm in Portugal could also follow suit. In early 2014, **Pescanova** sold off its stake in the toothfish fishery **Austral**, while in 2013, it also sold some shrimp farming assets in Ecuador. The Chilean activities alone are estimated to account for around 34% of **Pescanova**'s annual revenue.

Pescanova's ambitious aquaculture expansion has been largely blamed for the company's troubles, and it is thought the banks will focus on solely keeping the wild catch and domestic processing activities.

This strategy did not have the wholehearted backing of **Pescanova**'s former shareholders - Damm had lobbied hard to keep the Chilean farms onboard. In its audit of the multinational, Deoitte had also identified the aquaculture activities as the ones with the highest growth potential.

4. M&As: The consolidators, newcomers, and the potential

This year's ranking was also shaped by mergers and acquisitions.

Tuna: Bumble Bee, Bolton/ Tri Marine

One of the biggest deals could still be in the making, as news has emerged that **Bumble Bee**'s private equity owner, Lion Capital, is eyeing as much as $1.5 billion from a planned sale of the US tuna canner. **Thai Union Frozen Products** and **Bolton Group** are tipped as strong frontrunners. This would be the second big acquisition in the tuna sector, following **Bolton Group**'s purchase of an undisclosed stake in **Tri Marine** in late 2013.

Salmon: Marine Harvest/ Morpol / Cooke Aquaculture

In the salmon sector, **Marine Harvest**'s acquisition of **Morpol** in 2013 was a game changer for the industry, merging its biggest farmer with its biggest processor. The deal was only partially reflected in **Marine Harvest**'s 2013 and means **Morpol** (42nd in 2013) no longer features on our ranking.

The acquisition forced the companies to divest some of their farms in Scotland and in early 2014, these were snapped up by **Cooke Aquaculture**, North America's largest salmon producer. Cooke said the deal would take its sales to $1bn a year.

Acquisitions took place in France's salmon sector, to a large extent as a result of the processors' difficult times. There, bankruptcies and takeovers saw newcomer Delpeyrat emerge overnight as one of the country's largest seafood players, while Polish smoker **Suempol** also quietly established a foothold in the European Union's largest salmon market with its takeover of **Marcel Baey**. Wholesaler **Mariteam** has also expressed its acquisitive ambitions.

Pelagics: Austevoll/ Norway Pelagic / Pelagia

Austevoll, a leader in pelagic for human consumption and fishmeal and oil, and in salmon farming, has also continued its consolidation, by fully taking over **Norway Pelagic** (45th in 2013).

Austevoll has since teamed up with another Norwegian seafood powerhouse, the Witzoe family (owners of **Salmar**), to form a new pelagic holding, **Pelagia**, out of the merger of **Norway Pelagic**, **Egersund Fisk** and **Welcon Invest**.

Controlling between 50% and 60% of Norway's mackerel and herring landings, **Pelagia** stands to have revenues in the $800+ range and will undoubtedly feature on next year's report.

In South Africa, **Oceana** attempted a merger with **FoodCorp**, which would have doubled its hake quota and nearly doubled its pilchard rights. However, the deal fell through due to competition regulation.

Whitefish: Russian Sea Catching, A. Espersen

Another consolidator that might emerge in next year's report is **Russian Sea Catching**. Formed as a spin-off of **Russian Sea Group**, the company has been growing solely through acquisitions, snapping up mainly Far Eastern pollock companies to become Russia's largest pollock catcher. It had revenues of $240m in 2013, but this is likely to grow fast.

In fact, more deals can be expected in the whitefish sector,especially in pollock. Speaking at the North Atlantic Seafood Forum in March 2014, executives called for further consolidation in the whitefish sector, where processors including for pollock but also for cod have struggled with poor margins. Commenting on its 2013 results, one leading whitefish processor, **A. Espersen**, said strong earnings put it in a good position to consolidate the sector.
Another part of the whitefish industry that is likely to see some restructuring is the Greek bass and bream farming sector. An attempted merger between **Selonda** and **Dias** failed in early 2014, but with the three largest players, led by Nireus, all in negative equity and highly indebted to banks, consolidation is seen as one of the only ways forward.

Fishmeal: Pacific Andes/ Copeinca / Cermaq / Ewos

One company has already been driven consolidation in the pollock sector, and in pelagics, although not always directly. 2012 and 2013 saw **Pacific Andes International Holding** amass stakes in three French and German pollock processing plants, **Pickenpack France**, Germany and **The Seafood Traders**. There are also strong links between the company and the un-named acquirers of **Royal Greenlan**d's huge whitefish plant in Wilhelmshaven, Germany - although **Pacific Andes** has denied any links, the clues are hard to ignore.

Pacific Andes' loss of its upstream pollock business due to Russia's crackdown on foreign ownership, however, could change its strategy downstream. In June 2014, Undercurrent News reported that the company appeared to list its plants for sale, although again the company denied this was the case.

Instead, much of **Pacific Andes**' hopes are now pinned on Peruvian fishmeal production, which it now dominates since its acquisition of **Copeinca** in September 2013.

China Fishery's moved thwarted a rival bid by **Cermaq** in the process. The latter then sold its fish feed arm **Ewos** to two private equities, Altor Equity Partners and Bain Capital, for NOK 6.5 billion ($1.06bn).

International bidders including China's Fosun International looked at acquiring other Peruvian fishmeal groups such as Diamante, but nothing came out of the talks.

High Liner/ American Pride

Over to North America, Canada-based **High Liner Foods**, which targets the US foodservice industry, purchased **American Seafoods' American Pride** plant for $50m in 2013. The deal marked a return to scallops for **High Liner**, alongside higher capacity.

In a smaller deal, Alaska's former **Leader Creek** founder came out of retirement to buy **Icicle Seafood**'s former processing plant in the remote island of Adak.

In a sign that investor interest in seafood heating up in the US, the private equity Counterpoint Capital Partners acquired Oregon-based sardine seller **West Bay Marketing** in 2013, marking its eighth seafood acquisition in less than two years.

P&P/ Heiploeg

In Europe, an unusual acquisition took place when **Parlevliet & Van der Plas**, the continent's largest pelagic catcher, acquired the bulk of the assets of **Heiploeg**, the Dutch shrimp. The marriage seems unusual - but by so doing, **P&P** is following in the footstep of another Dutch rival, **Cornelis Vrolijk**, which has also been making headways into shrimp.

Maruha Nichiro/ Austral, Marubeni/ Seafood Connection/ Direct Ocean

2013/2014 also saw the continuation of Asian companies' expansion upstream and outside of Asia. In December 2013, **Maruha Nichiro** bought **Pescanova**'s 50% stake in **Austral**, the Australian toothfish catcher. In April 2014, **Maruha Nichiro** then acquired a controlling stake in Dutch trader **Seafood Connection**.

Another Asian company making acquisitions is **Marubeni**, which in February 2014 acquired US shrimp supplier **Eastern Fish** for $56.7m.

Marubeni has also expressed interest in making deals in Chile and is said to be in talks to acquire the French salmon trader, **Direct Ocean**.

5. Who's out, who's in, who's next

So who's out, who's in and who's next in this year's ranking?

Who's in

New players include **Severnaya**, a Russian importer specialized in salmon whose sales were boosted by strong raw material prices, among other things. High salmon prices also propelled Norwegian exporter **Sekkingstad** and Faroese salmon producer **Bakkafrost** to this year's ranking.

We also came across companies that were missing from last year's report, namely **Kailis Bros**, **Maruichi**, **Guolian Aquatic**, **Toyo Suisan** and **Sento Guoryi**.

Brakes, the UK foodservice group with activities in several European countries, was also included this year, after informing us it has seafood revenues of approximately £280m.

Who's out

Three main factors saw companies fall off the report.

Some - **Yihe** and **Heiploeg** - went bankrupt, while some were taken over: **Morpol**, **Copeinca** and **Norway Pelagic**.

Others - **Nergård**, **Asian Seafood Coldstorage**, **PTN Group** and **Silla** - saw their earnings fall, in some cases due to commodity swings.

Ichimasa Kamaboko was pushed out as the smallest earning figure in this year's report was higher than last year's, at $325m compared to $301m. This means the Japanese group, which had a 2% increase in turnover to JPY 31,275 ($304m) did not make the cut.

Finally, **Hohsui** is also off our ranking, but that is only because we included it as a subsidiary of **Chuo Gyorui**.

Who to watch out for

So, who to expect in our 2015 ranking?

Pelagia, the new pelagic player created in Norway, will most certainly be in.

Some, like **Nordlaks Holding**, **Siam Canadian Foods**, **Multiexport Foods**, **Nergård**, **Regal Springs Tilapia**, **Silla**, **Nova Sea**, **Hagoromo Foods** or **Slade Gorton**, flirt with the $300m-range revenue, and could feature next year depending on how 2014 goes.

In Russia, **Agama** is a fast growing company with a finger in many pies, and could make its way into future reports. And as mentioned above, **Russian Sea Catching** could breach the $300m if it continues on its aggressive acquisition path.

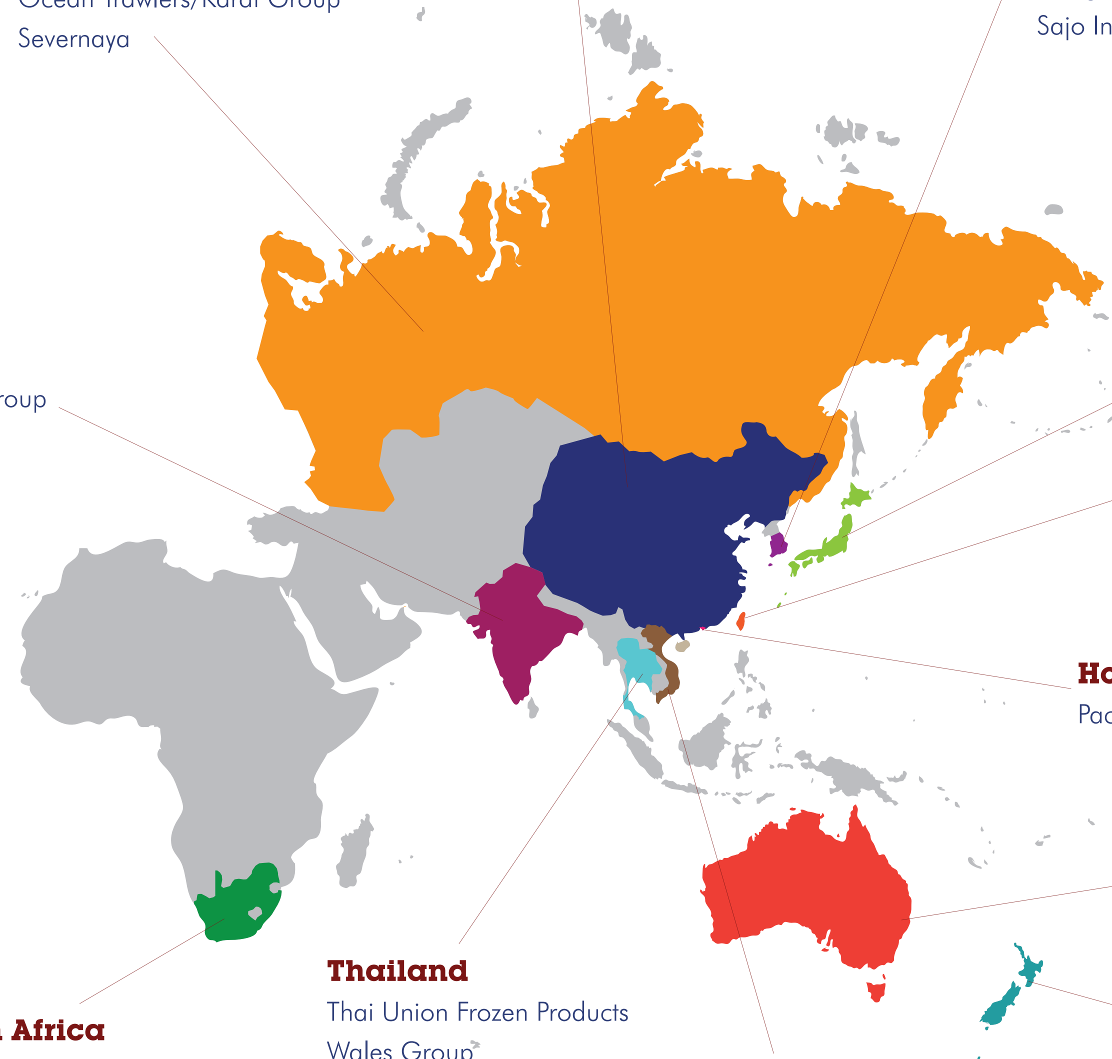
In France, while **Delpeyrat** has established itself as a consolidator, it will need some more and bigger acquisitions to reach the $300m level. The same goes for the Thai acquisitive processor **Seafresh**, which reported sales of $211m in 2013.

Methodology

This ranking is compiled using publicly available information where possible (mainly for stock-listed companies) and from data given by the companies' management themselves in other cases. In cases where companies did not divulge their revenues, these were estimated, based on knowledge from industry sources.

To compare all the revenues in dollar terms, we converted them at the same exchange rate, detailed under the table. The exchange rate used is the rate at the time the annual results were reported. So, the rate for JPY/USD is the rate from March 31, 2014, as Japanese companies end their financial year on March 31. That said, this is no exact science and the dollar figures should be taken as indications.


Iceland
Icelandic Group
Samherji
Iceland Seafood International
Greenland (Denmark)
Polar Seafood
Faroes
Bakkafrost
UK
Findus Group
Andrew Marr International
Iglo Foods Group
Brakes
Norway
Marine Harvest
Austevoll Seafood
SalMar
Mainstream (Cermaq)
Coast Seafood
Norway Royal Salmon
Grieg Seafood
Seaborn
Sekkingstad
Canada
High Liner Foods
Cooke Aquaculture
Clearwater Seafoods
Denmark
Royal Greenland
Sirena
A. Espersen
Lithuania
Viciunai Group
USA
Red Chamber Group
Tri Marine International
Trident Seafoods
Pacific Seafood Group
Bumble Bee Foods
Mazzetta
Beaver Street Fisheries
True World Foods
Icicle Seafoods
Ocean Beauty
American Seafoods Group
Peru
TASA
Netherlands
Bolton Group
Parlevliet & Van der Plas
Italy
Marr
Spain
Pescanova
Calvo Group
Jealsa Rianxeira
Frinsa del Noroeste
Conservas Garavilla
Albacora Group
Germany
Müller
Deutsche See
Chile
AquaChile
Corpesca
Camanchaca
Blumar Seafoods
France
Labeyrie Fine Foods
Pomona
R&O Seafood Gastronomy


China
Evergreen Aquatic
Dalian Zhangzidao Fishery Group
Zhanjiang Guolian Aquatic Products
Russia
Russian Sea Group
Ocean Trawlers/Karat Group
Severnaya
South Korea
Dongwon Group (Industries and F&B)
Sajo Industries
Japan
Maruha Nichiro Holdings
Nippon Suisan Kaisha (Nissui)
OUG Holdings
Mitsubishi Corporation
Marubeni Corporation
Kyokuyo
Chuo Gyorui
Sojitz
Daisui
Tohto Suisan
Maruichi
Yokohama Reito
Tsukiji Uoichiba
Hanwa Foods
Nichirei
Nichimo Foods
Itochu
Kibun Foods
Marusui Sapporo Chuo Suisan
Yokohama Maruuo
Marusen Chiyoda Suisan
Daiichi Suisan
Sendai Suisan
Yokohama Gyorui
Sento Gyorui
Toyo Suisan
India
Triton Group
Taiwan
F.C.F Fishery
Hong Kong (China)
Pacific Andes International Holdings
Australia
Kailis Bros
South Africa
Oceana Group
Thailand
Thai Union Frozen Products
Wales Group
Charoen Pokphand Foods
Vietnam
Minh Phu Seafood
New Zealand
Sanford
Sealord

Ranking		Company	2014 revenues		Year-on-year difference (based on local currency)	End of latest financial year reported	Country
2013	2014		Local currency (millions)	USD (millions)			
1	1	Maruha Nichiro Holdings	JPY 851,708	8,285	13%	March 2014	Japan
2	2	Nippon Suisan Kaisha	JPY 604,249	5,878	7%	March 2014	Japan
3	3	Thai Union Frozen Products	THB 112,813	3,439	6%	Dec 2013	Thailand
6	4	Marine Harvest	NOK 19,199	3,138	23%	Dec 2013	Norway
4	5	OUG Holdings	JPY 312,474	3,040	3%	March 2014	Japan
5	6	Dongwon Group (Industries and F&B)	KRW 3,132,431	2,980	-2%	Dec 2013	South Korea
7	7	Mitsubishi	$2,500 *#	2,500	0%	March 2014	Japan
10	8	Red Chamber Co	$2,200 *	2,200	10%	Dec 2013	USA
9	9	Austevoll Seafood	NOK 12,409	2,028	5%	Dec 2013	Norway
10	10	Marubeni	$2,000 *#	2,000	0%	March 2014	Japan
15	11	Kyokuyo	JPY 202,387	1,969	39%	March 2014	Japan
12	12	Pacific Andes International	HKD 13,303	1,716	-9%	Sept 2013	China
13	13	Chuo Gyorui	JPY 173,807	1,691	6%	March 2014	Japan
20	Joint 14	FCF Fishery	$1,500 *	1,500	15%	Dec 2013	Taiwan
16	Joint 14	Sojitz	$1,500 *#	1,500	0%	March 2014	Japan
18	Joint 14	Tri Marine International	$1,500	1,500	7%	Dec 2013	USA
–	Joint 14	Trident Seafoods	$1,500 *	1,500	0%	Dec 2013	USA
8	18	Pescanova §	€1,063	1,464	-24%	Dec 2013	Spain
17	19	Daisui	JPY 132,008	1,284	4%	March 2014	Japan
21	20	Findus Group	£750 *#	1,237	0%	Sept 2013	UK

Represents seafood-related turnover of the company, not the company's total turnover. Excludes fishmeal/ feed-related revenue
* Estimate by Undercurrent News, using information from industry sources.
§ 2012 turnover modified from our 2013 report, either restated by company or modified by Undercurrent News due to updated information

Ranking		Company	2014 revenues		Year-on-year difference (based on local currency)	End of latest financial year reported	Country
2013	2014		Local currency (millions)	USD (millions)			
19	21	Tohto Suisan	JPY 125,416	1,220	1%	March 2014	Japan
35	22	Bolton Group	€870 *#	1,198	45%	Dec 2013	Netherlands
33	23	Sajo Industries §	KRW 1,253,574 #	1,193	1%	Dec 2013	South Korea
22	24	Wales Group (Sea Value and Sea Wealth)	$1,150	1,150	0%	Dec 2013	Thailand
–	25	Maruichi (Fishery segment only)	JPY 117,614 #	1,144	6%	March 2014	Japan
24	26	Pacific Seafood Group	$1,100 *	1,100	10%	Dec 2013	USA
26	27	Labeyrie Fine Foods	€757	1,042	2%	June 2012	France
24	28	Bumble Bee Foods	$990	990	-1%	Dec 2013	USA
37	29	SalMar	NOK 6,000	981	43%	Dec 2013	Norway
32	30	Calvo Group	€712	980	11%	Dec 2013	Spain
30	31	Royal Greenland	DKK 5,300	978	7%	Sept 2013	Denmark
27	32	High Liner Foods §	$947	947	0%	Dec 2013	Canada
27	33	Yokohama Reito (Food sales)	JPY 97,262 #	946	7%	Sept 2013	Japan
14	34	Charoen Pokphand Foods (aquaculture)	THB 28,900 #	881	-31%	Dec 2013	Thailand
31	35	Andrew Marr International	£521	859	-4%	March 2013	UK
52	36	Cermaq	NOK 5,155	843	58%	Dec 2013	Norway
35	37	Parlevliet & Van der Plas	€600 *	826	0%	Dec 2013	Netherlands
38	38	Icelandic Group	€591	814	4%	Dec 2013	Iceland
34	39	Tsukiji Uoichiba	JPY 81,023	788	6%	March 2014	Japan
29	40	Hanwa Foods (foods division)	JPY 78,668 #	765	-6%	March 2014	Japan

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2013	2014		Local currency (millions)	USD (millions)			
78	41	AquaChile	$738	738	80%	Dec 2013	Chile
54	42	Corpesca	$729	729	30%	Dec 2013	Chile
40	Joint 43	Iglo Foods Group	€500	688	-5%	Dec 2013	UK
43	Joint 43	Müller	€500 *#	688	0%	Dec 2013	Germany
39	Joint 43	Samherji	€500	688	-9%	Dec 2013	Iceland
41	46	Nichirei	JPY 68,648 #	668	8%	March 2014	Japan
49	47	Jealsa Rianxeira	€464 *#	639	2%	Dec 2013	Spain
47	48	Marr	€454 #	625	-2%	Dec 2013	Italy
44	49	Nichimo Foods	JPY 63,019 #	613	3%	March 2014	Japan
62	50	Frinsa del Noroeste	€439	604	15%	Dec 2013	Spain
50	51	Itochu (Food division)	$600 *#	600	0%	March 2014	Japan
23	52	Kibun Foods	JPY 60,900	592	-11%	March 2014	Japan
51	53	Marusui Sapporo Chuo Suisan	JPY 60,200	586	7%	Marc 2014	Japan
56	54	Mazzetta	$560	560	5%	Dec 2013	USA
48	55	Yokohama Maruuo	JPY 56,868	553	-1%	March 2013	Japan
59	Joint 56	Pomona	€400 *#	551	0%	Sept 2013	France
60	Joint 56	Russian Sea Group	RUB 18,044	551	13%	Dec 2013	Russia
72	Joint 56	Viciunai Group	€400	551	19%	Dec 2013	Lithuania
63	59	Cooke Aquaculture	CAD 579	541	16%	Dec 2013	Canada
46	60	Evergreen Aquatic §	CNY 3,300 #	540	-6%	Dec 2013	China

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2013	2014		Local currency (millions)	USD (millions)			
53	61	Beaver Street Fisheries	535	535	10%	Dec 2013	USA
85	62	Minh Phu Seafood	VND 11,206,430	534	41%	Dec 2013	Vietnam
61	63	Deutsche See	€383	527	0%	Sept 2013	Germany
64	Joint 64	Icicle Seafoods	$500 *	500	0%	Dec 2013	USA
–	Joint 64	Ocean Beauty Seafoods	$500 *	500	0%	Dec 2013	USA
81	Joint 64	Ocean Trawlers/Karat Group	$500	500	25%	Dec 2013	Russia
64	Joint 64	Triton	$500 *#	500	0%	Dec 2013	India
64	Joint 64	True World Foods	$500	500	0%	Dec 2013	USA
71	69	Coast Seafood	NOK 3,006	491	19%	Dec 2013	Norway
58	70	TASA	$480 #	480	-9%	Dec 2013	Peru
74	71	Conservas Garavilla	€345	475	8%	Dec 2013	Spain
57	Joint 72	American Seafoods Group	$467	467	-12%	Dec 2013	USA
69	Joint 72	Marusen Chiyoda Suisan	JPY 48,000 *	467	7%	March 2014	Japan
55	74	Oceana §	ZAR 4,671 #	464	7%	Sep 2013	South Africa
–	75	Brakes	£280	462	-	Dec 2013	UK
81	Joint 76	Camanchaca	$439	439	10%	Dec 2013	Chile
88	Joint 76	Sirena	DKK 2,379	439	13%	Dec 2013	Denmark
70	78	Daiichi Suisan	JPY 44,339	431	2%	March 2013	Japan
79	79	Polar Seafood	DKK 2,324	429	1%	Dec 2013	Greenland
98	Joint 80	Norway Royal Salmon	NOK 2,604	426	49%	Dec 2013	Norway

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* Estimate by Undercurrent News, using information from industry sources.
§ 2012 turnover modified from our 2013 report, either restated by company or modified by Undercurrent News due to updated information

Ranking		Company	2014 revenues		Year-on-year difference (based on local currency)	End of latest financial year reported	Country
2013	2014		Local currency (millions)	USD (millions)			
76	Joint 80	Zhangzidao Group §	CNY 2,603	426	0%	Dec 2013	China
73	82	Sendai Suisan	JPY 42,959	418	5%	March 2014	Japan
–	83	Kailis Bros	AUD 451	412	-2%	June 2013	Australia
91	84	Albacora Group	€298	410	8%	Dec 2013	Spain
–	85	Severnaya	$400	400	23%	Dec 2013	Russia
89	Joint 86	Grieg Seafood	NOK 2,404	393	16%	Dec 2013	Norway
99	Joint 86	Seaborn	NOK 2,404	393	43%	Dec 2013	Norway
86	88	Sanford	NZD 463	384	1%	Sept 2013	New Zealand
80	89	Sealord	NZD 457	379	-6%	Sept 2013	New Zealand
–	90	Bakkafrost	DKK 2,039 #	376	32%	Dec 2013	Faroes
92	91	Clearwater Seafoods	CAD 389	363	11%	Dec 2013	Canada
87	92	Blumar	$362	362	-3%	Dec 2013	Chile
–	93	Zhanjiang Guolian Aquatic Products	$2,200	360	57%	Dec 2013	China
90	94	R&O Seafood §	€260	358	-2%	April 2012	France
84	95	Yokohama Gyorui	JPY 36,396	354	-2%	March 2014	Japan
93	96	A. Espersen	DKK 1,881	347	-3%	Dec 2013	Denmark
83	97	Iceland Seafood International	€250	344	-17%	Dec 2013	Iceland
–	98	Sento Gyorui	JPY 33,677	328	N/A	March 2014	Japan
–	99	Sekkingstad	NOK 1,949	319	31%	Dec 2013	Norway
–	100	Toyo Suisan	JPY 33,455 #	325	3%	March 2014	Japan

Represents seafood-related turnover of the company, not the company's total turnover. Excludes fishmeal/ feed-related revenue
§ 2012 turnover modified from our 2013 report, either restated by company or modified by Undercurrent News due to updated information

Total Revenues	
TOP 10	35,488
TOP 25	56,754
TOP 50	77,174
TOP 100	99,817

Exchange rates used		
Currency	Rate to USD	Period rate is based on
JPY	102.8	Mar 31, 2014
NOK	6.11845	Dec 31, 2013
THB	32.8084	Dec 31, 2013
EUR	0.72633	Dec 31, 2013
KRW	1051.08	Dec 31, 2013
IDR	12195.1	Dec 31, 2013
NZD	1.20531	Sept 30, 2013
DKK	5.41694	Dec 31, 2013
GBP	0.60638	Dec 31, 2013
CAD	1.06943	Dec 31, 2013
RUB	32.7691	Dec 31, 2013
HKD	7.75378	Sept 30, 2013
VND	20989.1	Dec 31, 2013
CNY	6.11038	Dec 31, 2013
ZAR	10.0623	Sept 30, 2013
AUD	1.09339	June 30, 2013

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Maruha Nichiro Holdings

Turnover	JPY 851,708m (March 2014, +13%)
Ownership	Public (1333:Tokyo)
Country	Japan
Key executive	Shigeru Ito, President

Maruha Nichiro had an eventful 2013/2014 financial year. The company merged its companies into a new holding, Maruha Nichiro Corporation, to flatten out its structure and enable faster decision making.

The company also took a bit financial and reputational hit when it had a do a massive recall on frozen products produced at its Aqli Foods processing division after a worker poisoned them.

In its Q3 report, Maruha Nichiro revealed the recall of 6.4 million packs of frozen products due to the poisoning cost the company JPY 3.5 billion ($34m). Close to 3,000 people were reported to have fallen ill, as a result of eating the poisoned products.

For its 2014/2015 financial year, Maruha Nichiro has a new structure, a new business plan and a new president, Shigeru Ito. His predecessor Toshio Kushiro resigned over the Aqli incident, along with Yutaka Tanba, president of Aqli.

The company's business plan for the next four financial years, entitled "Challenge toward 2017", sets out its stall. By integrating its companies into an operating holding company and not just a holding company, Maruha Nichiro will "take the initiative of the group to have clear accountability and efficiency", it states in the plan.

The company says this system will allow for execution of growth strategy more practically, strategically and efficiently, as well as prompt collaborations among units and strategic investment.

Maruha Nichiro, which acquired the 50% of Australian fishing and distribution company Austral Fisheries in December last year from Pescanova, is looking to its upstream, overseas and frozen foods businesses to drive growth in profit this fiscal year.

In contrast, profit in its biggest-earning division, trading of marine products, is expected to drop by more than a fifth.

In its earnings forecasts, the Japanese group expects total operating profit to hit JPY 11 billion in its 2014/2015 financial year (ending March 31, 2015), up just 4% from JPY 10.6bn ($102m) in the financial year that just ended.

This will be driven by a jump in the frozen foods division, which is forecast to triple its profit to JPY 1.2bn. The division is home to the brands Akebono, Aqli and Yayoi.

MARUHA NICHIRO

The upstream business - fishing and aquaculture, mainly of tuna, including through Taiyo A&F and now Austral - is also forecast to increase by JPY 800m, which would represent an 80% increase, to JPY 1.8bn.

The overseas business - which excludes North American operations - is forecast to grow by just JPY 400m, but that would represent an 80% growth still, to JPY 900m. That unit grew last year notably thanks to the company's acquisition of a controlling stake in the Dutch seafood trader Seafood Connection.

It is modelling for sales growth of JPY 5.5bn from its North American arm, which owns Alaska pollock processors Westward and Alyeska Seafoods, salmon processor Peter Pan Seafoods, pollock and hake mothership operator Premier Pacific Seafoods and surimi seller Trans-Ocean Products. This would take sales to JPY 85.7bn, with operating profit of JPY 1.4bn, an increase of only JPY 100m.

The group expects growth in these businesses to offset a forecast big drop in its biggest earner, the marine products trading arm.

The latter is forecast to see profit drop by 22% to JPY 2.1bn in the coming year. The meat and products trading unit is also expected to see a big drop, of 40% to JPY 600m, while the processed foods arm is forecast to fall by 16% to JPY 500m.

The forecasts for the divisions' turnover paint a similar picture. Maruha Nichiro expects a 10% drop in marine products trading sales, which would bring those sales down by JPY 6.9bn to JPY 64bn.

This is forecast to drag the group's total result down by JPY 1.7bn - less than 2% - to JPY 850bn.

The biggest earner in revenue is the marine products trading unit, which is forecast to increase by JPY 3.5bn to JPY 269.7bn.

MARUHA NICHIRO EYES US SALES ACQUISITION

In its "Challenge toward 2017" plan, Maruha Nichiro states it is eyeing the acquisition of a sales company in the US.

According to the group's next four year plan, JPY 37bn ($363.40m) has been allocated to "strategic investment".

One of the elements of this is the additional acquisition of capital in seafood sales company for Maruha Nichiro's North America operation

MARUHA NICHIRO

unit, as well as increasing production capacity in its existing operations.

The plan to acquire an addition sales arm in the US is supplementary to Seafood Connection setting up an office in the US. Seafood Connection, in which Maruha Nichiro acquired 52.5% of in 2013, is opening an office in Miami, Florida to sell the top ten US species into the market.

In terms of the type of company Maruha Nichiro is looking for in the US, sources told Undercurrent a strong sales network combined with some access to resource, either via some vertical integration or strong sourcing, fits the bill.

Both Seafood Connection and Australia's Austral Fisheries are examples of this, the sources said. Seafood Connection is not vertically integrated, but has very strong sourcing in Asia. Perth-based Austral operates three vessels fishing for icefish and toothfish and ten vessels fishing for banana and tiger prawns, as well as a sales and trading arm.

On the US sales side Maruha Nichiro already owns Trans-Ocean Products, a surimi supplier which is also active in other seafood, such as shrimp.

The company's activities in the US are more based on the raw material supply side, however. Maruha Nichiro's main sales from the US come from Alaska pollock plants Westward Seafoods and Alyeska Seafoods, as well as wild salmon processor Peter Pan Seafoods and pollock and Pacific whiting mothership operator Premier Pacific Seafoods.

The target is for the unit to generate JPY 89.8bn in turnover and JPY 2.3bn in operating profit by the end of March 2018, an increase of 11.97% and 78.92% on the 2014 level, respectively.

BETTING ON ASEAN DEMAND

The other strategic investments that Maruha Nichiro is planning are mainly in Thailand, which is now under its "Overseas Business Unit", and in Japan, in its processing plants for domestic sales.

In Thailand, a new coldstorage has been completed. The coldstorage joint venture, named JPK Coldstorage, has capacity for 20,000 metric tons of products and is part of the company's plan to tap into growing demand from the Association of Southeast Asian Nations (ASEAN) countries. The ASEAN region, featuring Thailand, Vietnam, Indonesia, Singapore and several others, will have free trade from 2015.

With the ongoing impact of early mortality syndrome (EMS) in the Thai shrimp sector and the prices volatile for skipjack tuna, the company is also continuing to look to diversify the species that Kingfisher processes.

Because of EMS, more different species and value-added products are being produced and there is also a pet food line being installed in the cannery.

Maruha Nichiro is budgeting for an increase in sales and operating profit for the overseas business unit by 2018.

For the year ending March 31, 2018, the company is looking to generate turnover of JPY 47.6bn and operating profit of JPY 1.1bn, which would be increases of 9.42% and 120% on the 2013/2014 level, respectively.

FROZEN, PROCESSED FOOD PLANS

The other areas the company is putting the JPY 37bn for strategic investment into is the Japanese frozen foods and processed foods business units.

In the frozen food business unit Maruha Nichiro suffered a major reputational and financial hit last year related to the recall of tainted frozen food products by Aqli.

The company will build a new plant for frozen food and increase capacity at plants for institutional products, it states in its "Challenge toward 2017" plan.

Maruha Nichiro is forecasting operating profit for frozen food of JPY 3.9bn for the 2017/2018 financial year, compared to JPY 700m for 2013/2014.

There is no "magic" in the turnaround, sources close to the company said.

The JPY 3.2bn forecasted increase comes from one-off costs from the recall this being added back on and JPY 400m from the company passing through price increases for rising raw material costs.

In its processed foods division, the company is investing in reforming production lines for new items, such as a range of long-life, chilled products with a 30-day shelf life.

The idea is to combat wastage and offer better margins. The range features Spanish and Italian, western-style dishes, such as paella and tagliatelle. The ready-to-eat meals will be under the company's brand.

Maruha Nichiro is also looking to invest in campaigns to boost seafood consumption. To educate consumers in how to eat seafood, which is also something the government is looking to invest in.

Maruha Nichiro also has JPY 38bn allocated for "routine" investments.

ENLARGING SALES, PROFIT GLOBALLY

Under the "Double Wave Next" business plan, which ran from 2010/2011 to 2013/2014 the aim was overseas sales of JPY 100bn.

The company actually exceeded this amount, posting sales of JPY 113.bn. This was through expansion in Europe, North America and Asia with delay on development of developing the Chinese market for frozen and processed food.

Expansion in the global market, where further demand is expected, is confirmed a "key strategy" for the group, states Maruha Nichiro's business plan to 2017/2018.

The company states the plan is for its overseas subsidiaries is to generate 25% of group operating income, compared to 20.1% in 2013/2014. Operating income was JPY 14bn in 2013/2014 and the plan is to hit JPY 19bn in 2017/2018.

This means overseas subsidiaries generated JPY 2.81bn in 2013/2014 and the group is hoping for JPY 4.75bn, which would be an increase of 69.03%.

The company is modeling for total sales of JPY 900bn for the year ending March 31, 2018, which would be a 5.67% increase on 2013/2014.

By contrast to the growth being forecasted for the global business, the company sees sales for its two largest units, its marine products wholesaling and marine products trading divisions, sliding.

The company is forecasting sales to decline 1.35% to JPY 262.6bn in its marine products wholesaling unit, with operating profit at JPY 1.1bn, an increase of JPY 100m.

For the marine products trading unit, the company is forecasting sales sliding JPY 2.5bn to JPY 68.4bn, with operating profit of JPY 3bn, up JPY 300m on 2013/2014.

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US POLLOCK SURIMI PRODUCTION UP

In its US business, Maruha Nichiro has been increasing its surimi production at the expense of pin-bone out (PBO) pollock blocks, an executive running three of its plants in Alaska told Undercurrent News.

The company is planning to produce 60% surimi and 40% blocks in 2014, Ken Suzuki, the executive vice president overseeing US operations Westward and Alyeska, told Undercurrent.

Last year, in one of the toughest climates ever for the pollock sector, Maruha Nichiro produced 50/50 on surimi and blocks in its Westward and Alyeska plants. Both Westward and Alyeska have plants in Dutch Harbor and Westward also has a smaller plant in Kodiak.

Maruha Nichiro - through Westward; Alyeska; the Premier Pacific Seafoods motherships Ocean Excellence and Ocean Phoenix - controls around 22% of the total US pollock quota, which was 295,000 metric tons in 2012. The Japanese giant also has a minority stake in Golden Alaska Seafoods, which operates another mothership, but does not control production, sales or distribution from this company.

This makes the company second only to Trident Seafoods, which has 25% of the pollock quota, which was 330,000t in 2012.

Its large exposure to pollock means Maruha Nichiro's North American unit has had a tough time in 2013, due to its large exposure in pollock, with PBO block, surimi and roe prices all low in 2013.

The picture is more positive this year; with supply of surimi from Southeast Asia down and most feeling PBO block prices have hit the bottom.

There was good demand at Boston for surimi, said Suzuki, echoing the sentiment of Joseph Bersch, the general manager of Premier Pacific.

"There is strong demand for surimi from Korea, also. They used to buy big volumes of surimi from Southeast Asia, but the drop in supply has caused them to buy more pollock," said Suzuki.

New Trans-Ocean president watching Trident's high-grade surimi product push

In April, a new top executive took over at Trans-Ocean, the company's US surimi sales arm. Murry Park took over from Yasuaki Kawakita as president, with Kawakita leaving for a

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new position as general manager of Maruha Nichiro's Hokkaido Region Branch in Japan.

Park aims to continue building the company's leadership position in the retail surimi category and expand its smoked salmon and shrimp product lines. He will also be responsible for the company's surimi seafood plant in Bellingham.

Park told Undercurrent he sees opportunities to expand the company's reach into more species and products, adding branches to a company that has made its name almost solely on its surimi seafood products.

Its reach into new species began with the launch of shrimp over five years ago, before Park joined the company as vice president in November of 2012. It also sells smoked salmon and scallops.

What will become of the scallop line remains to be seen, but Park is tasked with growing the salmon and shrimp categories, and he is eyeing further expansion into new species.
"We're looking at others that we see might complement our other diversification," he told Undercurrent.

Activities

processing | fishing | aquaculture | trading distribution | import | export

Brands

Akebono | Aquli | Yayoi

Subsidiaries

Daito Gyorui | Shinko Gyorui | Seafood Connection Trans-Europe Seafood Sales | Austral Fisheries Westward Seafoods | Alyeska Seafoods | Taio A&F Peter Pan Seafoods | Premier Pacific Seafoods Trans Ocean Products | Kingfisher Holdings

Species

bluefin tuna | yellowtail | amberjack | shrimp squid bonito | southern blue whiting | octopus Alaska pollock | sockeye salmon | Atlantic salmon king crab | Patagonian toothfish | hoki

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Nippon Suisan Kaisha (Nissui)

Turnover	JPY 604,249m (March 31, 2014, +7%)
Ownership	Public (1332:Tokyo)
Country	Japan
Key executive	Norio Hosomi, President & CEO

Nippon Suisan Kaisha (Nissui) has had an up and down time since its centenary in 2011. Revenue has steadily grown year-on-year, but from a profit of JPY 2 billion in 2011/2012 results dived in 2012/2013 to a loss of JPY 4.8bn.

Naoya Kakizoe, CEO for many years and the architect of the company's 'global links' ethos, has moved into a board advisory role, with Norio Hosomi appointed the new CEO in April 2012.

The sheer spread of Nissui's business - which ranges from traditional wholesale in Japan, to branded businesses in the US, to operating aquaculture and fishing assets in Latin America - means Hosomi has a big task on his hands.

One financial executive, covering the seafood sector, said Nissui's disparate and diverse 'conglomerate' model makes it a hard company to run, compared to more focused seafood companies.

"Look at Samherji, Marine Harvest, or Cooke Aquaculture – these are all companies with strong core businesses," he told Undercurrent News.

"Every day, you can bet Glenn [Cooke, co-founder of Cooke Aquaculture] is on the phone to find out what is going on in the pens. It would be the same with Thorstein [Mar Baldvinsson], talking to his top captains [on Samherji's vessels]," he said.

"Who does the CEO of Nissui call to find out about what is going on in the core of the business?" The example of Marine Harvest is cited by another source, a senior seafood executive, who also wished to be quoted unnamed. "Look at a company like Marine Harvest. They operate globally, but they have a focused business in which they farm salmon and they process and sell it. The management can understand that and run it," he told Undercurrent.

"When you have fishing and fish farming around the globe, as well as sales and marketing organizations around the world, it's hard to run," he said.

It seems, however, that Hosomi is doing a good job. He's pulled back from some of the company's riskier overseas investments, but maintained commitment to the strong ones.

As a result, the company has been in turnaround, with net income of JPY 3.8bn for the 2013/2014 financial year, almost double its 2012 profit. In 2013 Nissui announced plans for returning to profit, and while these clearly didn't save its 2013 results, they likely benefited the firm the following year.

Its latest financial report indicates that the Japanese giant's consolidated net sales grew 6.6% to JPY 604bn ($5.8bn) in the year ended March 31, 2014, while operating income surged 140% to JPY 13bn.
Nissui attributed the growth primarily to the recovery of the Japanese seafood market, reduction of inventories on both parent and consolidated bases, restructuring and closing of unprofitable enterprises abroad, and better trading balance in salmon driven by price recovery.

OVERSEAS PULLBACK

Nissui has also made several moves to pullback from loss-making units that should lead to strong 2014/2015.
In its fiscal 2013, New-Zealand-based Sealord, in which Nissui owns a 50% stake, withdrew from Argentina, selling all assets of its Argentine subsidiary Yuken. Nissui posted a JPY 1.6bn ($15m) loss in connection with the withdrawal.

Nissui also sold out of Leuchtturm Beteilligungs- und Holding Germany AG, a Germany-based fish finger processor and marketer, reporting a JPY 610m ($6m) loss on the sale.

The group also lowered its investment ratio to 14.89% in Shandong Sanfod Nissui, a processor of seafood and frozen food in China, with a JPY 780m ($7.5m) loss on the sale.

Due to these restructuring and reforms, the group lost JPY 13bn ($125m) in turnover but earned JPY 2.1bn ($20m) in operating income.

The appreciation of the yen added JPY 39.5bn ($380m) to its overall net sales, said Nissui at a presentation of its earnings.

In the Marine Products business, its Japan import unit that is responsible for around half of its turnover, net sales grew JPY 20.9bn ($201m) to JPY 254bn ($2.5bn) and operating income moved from a deficit of JPY 2.5bn ($24m) to a surplus of JPY 5bn ($48m).

The group cited strong prices in major seafood items abroad and at home, the stabilization of its overseas operations, and sales expansion in the European market as contributing factors.

In Japan, fishing catches and sales of skipjack in the far seas seine fishery and yellowtail in the inshore fishery remained firm. In the aquaculture business, the group saw a price recovery in yellowtail, but a price drop in bluefin tuna.
Nissui's US marine products business - Unisea, Glacier Fish, F.W. Bryce - reported an operating loss of JPY 300m ($3m), compared with an

operating income of JPY 700m ($7m) for the previous year, with sales up 13% to JPY 40.1bn ($386m).

In the seafood processing and trading business in its marine products segment both revenue and income increased year-on-year, thanks to a price hike in salmon and shrimp at home as well as sales expansion in the EU market.

The group withdrew from farming and processing tilapia operations in Brazil, where it had a disaster with Netuno Internacional.

In its food products business, net sales grew to JPY 282bn, up JPY 14.6bn, with an operating income of JPY 2.8bn, up JPY 851m.

In Japan, frozen prepared foods for household and commercial uses were impacted by the price rise in imported raw materials and the weak yen.

Nissui's US processed food business – Gorton's, King & Prince Seafood, Bluewater Seafoods – reported operating income of JPY 200m ($2m), down JPY 500m ($5m), with net sales up 23% to JPY 56bn ($534m).

The group cited the severe price competition in the US retail market and price hike of shrimp for commercial-use frozen food as negative factors.

In Europe, the company's Nordic Seafood division had a strong year. Based in Hirtshals, Denmark, Nordic Seafood, imports, packs, and distributes seafood. It is also responsible for selling Nissui's products in the European market. Nordic Seafood increased both its profit and revenue last year, shows the company's annual accounts. The Danish seafood importer, processor and distributor upped operating profit by 39%, and its bottom line by 50% last year.

Revenues were up by DKK 373m or 17% to DKK 2.60bn (€348m). Operating profit was up DKK 18.6m to DKK 65.9m (€8.83m), while net profit before tax was up 50% or DKK 18.8m to DKK 60m. Net profit after tax was up DKK 15.8m to DKK 45.8m (€6.14m).

EUROPE BACK IN BLACK

Nissui in 2014 revealed that its European business - regrouped under the Netherlands-based Nissui Europe - was back in the black, which sources had told Undercurrent was due to good results from Nordic Seafood and Cite Marine, the French processor.
The Japanese company divides down its businesses into two categories, marine products and processed foods. In Europe, Nordic Seafood Holdings - which then owns importer and distributor Nordic Seafood and fillet block and surimi supplier JP Klausen - are in marine

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products, and Cite Marine in processed foods. Nissui Europe's losses for its 2012/2013 financial year were largely because of massive losses from Leuchtturm and its The Seafood Traders (TST) sales arm, a fish finger processing plant since sold to Pacific Andes and other investors.

In 2012/2013, the company reported losses in Europe of JPY 600m, as TST dragged down the bottom line. For 2013/2014, the European business reported consolidated operating income of JPY 500m, with consolidated turnover of JPY 50.7bn ($500.44m), up 35.56% y-o-y.

GORTON'S NEXT?

As the company looked to pull back from loss-making divisions, there has been some speculation that it might look to divest Gorton's, the frozen US seafood brand.

Robert Gibson, an analyst with Octagon Capital covering High Liner Foods, the acquisitive Canadian processor expanding fast in the US, speculated on a Feb. 7 report that Gorton's "could be next on the chopping block", after Nissui has exited several international divisions under Hosomi.

This, speculated Gibson, could be an opening for the acquisitive High Liner, which has an intent to acquire a large US brand, with Gorton's and Rich SeaPak likely targets. Nissui, however, then ruled this out.

"We don't have any plan to sell Gorton's. This is Nissui's official comment against this speculation," a Nissui spokesman told Undercurrent. Other sources close to Nissui were less tactful, calling the talk "rubbish".

Activities

processing | fishing | aquaculture | trading
distribution | marketing

Brands

Nippon Cookery | Mogami Foods | Nigico
Nippo Shokuhin | Delmar | King & Prince
Hachikan Kaneko Sangyo | Gorton's
Netuno International | City Marine
Leuchttrum Nissui Thailand | Thail Delmar
Shangdong Sanfood Nissui

Subsidiaries

UniSea | Empedes Pesantar | Sealord
Salmones Antártica | Kurose Suisan
Seinan Suisan | Kaneko Sangyo | F.W. Bryce
Nordic Seafood | Europacifico | J.P. Klausen

Species

tilapia | salmon | shrimp | squid | trout
white fish | surimi | crab

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Thai Union Frozen Products

Turnover	THB 112,813m (Dec 2013, +6%)
Ownership	Public (TUF: Bangkok)
Country	Thailand
Key executive	Thiraphong Chansiri, President

Thai Union Frozen Products, the world's largest canned tuna producer and one of the largest shrimp processors, billed 2013 as one of the toughest years in its history.

Thai Union, which owns the Chicken of the Sea, John West and Petit Navire brands, called 2013 the "year of the perfect storm", as volatile skipjack tuna prices and early mortality syndrome (EMS) in Thai shrimp farms hit hard.

The company's earnings before interests, taxes, depreciation and amortization (ebitda) dropped by a fifth (19.9%) year-on-year to THB 7.886 billion ($242m) in 2013. Net sales were nevertheless slightly up thanks to higher shrimp prices. They rose 5.7% year-on-year to THB 112.8bn ($3.663bn).

Thai Union reported a much stronger start to 2014, however. The Bangkok-listed company made a Q1 turnover of THB 27.94bn ($861m), an increase of 14.3% year-on-year. Total sales in USD rose by 4.8% y-o-y to $863 million.

Thai Union's bottom line also surged, with pre-tax profit of THB 1.88bn ($58m), up 54.2% y-o-y. Ebitda was THB 2.47bn, up 43.1% y-o-y. Key growth drivers were the robust performance of overseas operations, especially its branded tuna business, given a four-year low of raw material prices.

Thai Union's tuna brands have benefited from skipjack tuna raw material prices diving from $2,400 per metric ton in April 2013 to around $1,200t in Q1 of 2014. Prices have been trending up, however, since Q2 2014.

In an interview with Undercurrent News, Thiraphong Chansiri, president and CEO, said prices between $1,500-$2,000 per metric ton are a level for all in the sector, fishermen, traders and processors, to make money.

Although EMS has hit its Thai processing plants and feed business, it has been a boon for its US sales arm. Prices for shrimp have trended up globally and Tri-Union Frozen Products, which trades under the name Chicken of the Sea Frozen Foods (COSFF), has benefited.

"Vigorous sales of our frozen shrimp trading operations in the US, COSFF, also drove the strong Q1 result," the company said. COSFF reported turnover of THB 22.34bn ($688m), up 20.30% year-on-year.

This closes the gap on MW Brands - the Paris-based holding which owns the European tuna canning brands John West, Petit Navire, Mareblu and Parmentier - as Thai Union's largest single division. Thai Union acquired MW Brands in 2010, for $883m. In 2013, MW Brands reported sales of THB 24.11bn for 2013, up from THB 21.86bn in 2012.

The next largest is Thai Union Manufacturing, its canned tuna and fish plant in Samut Sakorn, which had turnover of THB 17.34bn in 2013, up marginally from THB 17.2bn in 2012.

Tri Union Seafoods, the parent of its Chicken of the Sea US tuna arm, is the third largest. It reported turnover of THB 14.94bn in 2013, up from THB 14.12bn in 2012. The company's next largest division was shrimp arm Thai Union Frozen Products, which reported turnover of THB 13.81bn, down from THB 15.01bn.

Thai Union has recently consolidated its shrimp plants, closing one in Samut Sakorn and moving operations into the Pakfood plant, which it acquired 77% of in 2013.
The company now has two plants, the Pakfood plant in Samut Sakhon and Thai Union Seafood in Songkhla. The integration of the Okeanos Pakfood plant and Thai Union's former Samut Sakhon plant facilities in Q1 will "achieve higher production efficiency and cost reduction", the company said. The second tuna plant, Songkla Canning, based in the south of Thailand, reported turnover of THB 6.69bn, down from THB 7.21bn in 2012.

Thai Union started life as a private label tuna canner, before expanding into shrimp and other seafood and then buying into brands, with Chicken of the Sea in the US and then MW Brands in Europe.

The company still generates 47% of turnover from tuna, with 25% from shrimp. Value-added products generate 11%; 7% from pet food; mackerel and sardines 6%; and salmon 4%. The US, where the company sells tuna under its Chicken of the Sea brand and shrimp via its Chicken of the Sea Frozen Foods division, is its largest market, generating 42% of turnover.

Europe is next, generating 30%. The domestic market and Japan generate 7% each.
Thai Union is targeting sales of $4bn in 2014, which would be up 9% from 2013, with an estimated gross profit margin of at least 14%.
A lot this will depend on tuna prices, which are rising again having hit a lot of $1,100 per metric ton at the start of 2014 and the rate of recovery from EMS in the Thai shrimp farms.

THAI LABOR FOCUS

The company has also taken a hit from the growing bad press emanating from accusations of slave labor in the shrimp feed supply chain, which has largely been directed at Charoen Pokphand Foods, the largest fishmeal buyer in Thailand. Thai Union is number two, but was not mentioned in the investigation published by the UK newspaper the Guardian. After the article broke, Thai Union stated it plans to cut all wild fish from its shrimp feed by 2020.
"With a commitment to protect the environment and prevent the labor rights abuses in its supply chain, Thai Union's R&D team is working on the shrimp feed formulae with an aim to progressively become less dependent on the fishmeal sourced from captured fisheries," said a statement from the company.

"By 2020, the group targets at 100% that its shrimp feed is completely free of wild-caught fish," it continued. A Thai Union spokeswoman told Undercurrent the company is already selling 'D-Grow', a commercial brand under Thai Union Feedmill, containing zero fishmeal from the sea. Wit Soontaranun, the company's sustainability director, said Thai Union is working on improving its formula of its shrimp feed made from tuna plant byproducts instead of wild catch fish.

The firm already sends 100% of the by-products from its tuna plants for use in sustainable shrimp feed. However, improving the formula with a view to gaining certification for the feed is now a focus for the company's R&D department.

The downgrading to Tier 3 by the US State Department in 2014 in its Trafficking in Persons

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(TIP) report for slave labor has not helped.

“We are disappointed that the US Department of State has deemed Thailand’s efforts over the last years insufficient,” said Chansiri.

“We had hoped that the continued concerted effort by the Thai fishing industry and relevant government units to eradicate illegal and unethical labor practices would retain or move Thailand up from tier 2 watch list."

Activities

processing | fishing | aquaculture
distribution | marketing | import | export

Shareholders

Chansiri Group, 23.02%
Mitsubishi Corporation, 7.58%
Niruttinanon Group, 7.49%

Brands

John West | Petit Navire | Hyacinthe Parmentier
Mareblu | Chicken of the Sea Sealect | Fisho

Species

tuna |shrimp | salmon | sardine | squid
mackerel | cephalopod | crab | baby clams

4

Marine Harvest

Turnover	NOK 19,199m (Dec 2013, +23%)
Ownership	Public (MHG:Oslo, NYSE)
Country	Norway
Key executive	Alf-Helge Aarskog, CEO

marineharvest
excellence in seafood

The world's largest salmon farmer continues to grow, becoming the first aquaculture firm to list on the New York Stock Exchange in January 2014.

There were several significant events in 2013/2014 for the company, in which the biggest shareholder, Norwegian born shipping billionaire John Fredriksen, owns over a quarter of shares.

One key event was its takeover of the world's biggest salmon processor, Morpol, in 2013. Shortly after unveiling the deal, Marine Harvest embarked on a wide-ranging restructuring of its processing arm in Europe.

As part of the takeover, Marine Harvest was ordered by the European commission on Sept. 30 to divest some of their farms in Scotland. As a result, the company sold around 20,000t worth of salmon farms in Orkney and Shetland, which were bought in 2014 by Canada's Cooke Aquaculture. The Canadian company plans to build a processing plant in the UK, in line with what Marine Harvest is doing with its upcoming Rosyth plant.

In July 2014, the European Commission unveiled it would fine Marine Harvest €20m for not notifying competition authorities ahead of its purchase of 48.5% of Morpol in December 2012. Marine Harvest will likely appeal the decision.

Another key event has been Marine Harvest's expansion of its fish feed production, directly cutting off the established suppliers Ewos, Skretting and Biomar.

The feed plant in Bjugn, Norway, at a cost of NOK 825m, started producing in June 2014.

Finally, the group has also adopted a new consumer-focus approach, unveiling consumer brands such as Olav and Rebel Fish.

A FIFTH OF GLOBAL ATLANTIC SALMON PRODUCTION

Marine Harvest's harvest in 2013 fell by nearly 50,000t to 343,772t. Nevertheless, it is by far the world's biggest Atlantic salmon producer, accounting for some 18% of total global production. Second-largest Leroy (part of Austevoll) harvested 178,500t the same year.

For 2014, Marine Harvest expects output to reach 417,000t, which would make it account for a fifth of global production. The latter is forecast to grow just 1%, to 1.996 million tons in 2014.

Marine Harvest's production could be even higher, if it makes any acquisitions. This is not unlikely. In June 2014, the salmon news website iLaks commented that Marine Harvest's board has amassed rights to raise nearly NOK 4 billion ($653 milllion/ €480m) in fresh funds.

After a failed effort to take over rival Cermaq in 2013, Marine Harvest CEO Alf Helge Aarskog has commented it would be easier to make acquisitions in Chile than Norway. The company is thought to have enough capital to buy a smaller player such as Norway Royal Salmon. It has been repeatedly also linked to acquisitions of Pescanova's former salmon farms Acuinova and Nova Austral.

Norway accounts for the bulk of Marine Harvest's harvesting, with 222,494t in 2013.

Next is Scotland at 48,389t; Canada with 33,059t; Chile with 28,281t; Ireland with 5,883t; and the Faroe Islands with 5,665t. Its halibut farm Sterling White Halibut produced 545t in 2013. All volumes are in headed and gutted equivalent.

GENEROUS YEAR FOR SHAREHOLDERS

Sky-high salmon prices during 2013 more than offset Marine Harvest's production volume drop, driving huge leaps in both profit and turnover.

The company reported turnover of NOK 19.19bn ($3.10bn), up 23% y-o-y, with an operational ebit of NOK 3.21bn, up 399% y-o-y. This is the highest level ever achieved in the group's history. The main driver was a record high raw material price level for Atlantic salmon, with the European market being particularly strong.

The adventure continued at the start of 2014, with Q1 ebit more than doubling to NOK 1.075bn, again marking the group's best ever quarter. Unveiling the results in April 2014, the group surprised with a generous dividend of NOK 5 per share totaling some NOK 2bn.

This followed generous dividends totaling around NOK 1.335bn for 2013, including a NOK 374.8m extraordinary payment in June 2013 related to its failed takeover of Cermaq.

The company said it harvested 92,000t globally in the quarter– well above the 80,000t that it had previously guided for.

"The increase in volume is partly a function of good growth conditions in Norway and is also likely to lead to an increase in the guided annual volume," said the company in its update.

The results were also boosted by record high salmon prices – the reference price in the quarter reached NOK 46.6/kg - 40% above the average of Q1 for the past five years, and 17% above the previous record of Q1 in 2011.

The company, after the acquisition of Morpol, finished the year with assets of NOK 33.72bn, compared to NOK 23.31bn at the end of 2012.

HIGHER COSTS MITIGATE PICTURE

However, Marine Harvest is suffering from the higher farming costs in Norway and Chile, a problem for the whole sector.

Despite harvesting higher volumes than expected at the start of 2014, Marine Harvest failed to exceed analysts' expectations, as its costs were higher than anticipated.

The result "was impacted by high costs in Norway," said the group. "Costs in Norway are expected to be lower for the remainder of the year". In Ireland, where it harvested just over 5,000t in 2013, Marine Harvest had announced in January that it was suspending all harvest at the start of the year due to severe storms and disease outbreaks.

Broken down per region and per kilo of fish harvested, Canada was Marine Harvest's most profitable region in the quarter, earning NOK 19.1 per kilo in the quarter. In comparison it earned NOK 12.8/kg in Norway, NOK 12.6/kg in Scotland, and NOK 6.7/kg in Chile.

DOWNSTREAM RESTRUCTURE

The downstream restructure, where it is closing plants in France, opening a new site in Rosyth in the UK and renaming and re-focusing the division as Marine Harvest Consumer Products, has also been a key area of focus.

FRANCE CLOSURES

Along with the move for Morpol, Marine Harvest has been closing European salmon processing plants in a plan to reduce the number of processing sites within the division from 13 to eight.

In total, the restructuring could cost €27m and would affect around 450 of VAP Europe's 2,400 employees, said Marine Harvest at the time.

Under the changes, Marine Harvest's French smoking subsidiary Kritsen is stopping all discount smoked processing in France, to only continue producing branded, mid- and high-end products.

Smoked production in France is instead being focused on the sites of Landivisiau and Chateaulin.

Within fresh processing, all value-added production in France has been stopped, and all fresh production concentrated in Boulogne-sur-mer and Lorient. Marine Harvest said it would invest €15m in its brand new fresh fish plant in Boulogne, opened in 2012, while investing another €8m in Landivisiau.

The Chateaugiron site stopped production in March 2014, and Poullaouen site in May, while the value-added processing site in Challans, Marine Harvest Rolmer, was acquired by entrepreneur Laurent Mauray in January. In July, the Chateaugiron site was acquired by French bakery group Aug'Unit.

Marine Harvest also said it was also planning to close down a small frozen coated site in Bruges, Belgium, and would be transferring an outsourcing contract with a Polish partner to Morpol instead.

NEW PLANTS IN ASIA, SCOTLAND EXPANSION

In 2013, the company opened two new processing facilities in Asia, one in South Korea and one in Taiwan. It also expanded its smoked salmon production capacity at our facilities in Belfast, Maine at the Ducktrap River of Maine plant.

On Dec. 10, 2013, the company's board approved the plan to complete phase one of its secondary processing facilities outside Edinburgh, Scotland, acquired through the Morpol acquisition. The plant is expected to start operations in October 2014, producing fresh fillets and smoked salmon for the UK and export markets.

CONSUMER BRANDS

Marine Harvest also launched several new consumer facing products in 2013/2014.

In October 2013, Marine Harvest and processor Angulas Aguinaga partnered up to launch the Norwegian company's new "Olav's" salmon brand in Spain.

The products under the Olav's brand, co-branded with Angulas Aguinaga, hit stores at the start of November, going into 25 retailers in the Madrid area.

Carrefour, El Corte Ingles and El Campo were the first retailers to list the pre-packed salmon brand, which uses a strong Norwegian provenance story. Equipment from Marine Harvest has been moved into Angulas Aguinaga's plant in Burgos and the companies have an exclusive agreement on salmon in Spain, said Maiko van der Meer, the managing director of Marine Harvest's VAP Europe division.

For the US market, Marine Harvest launched a new line of fresh salmon easy entrees under the Rebel Fish brand name, for the 2014 Seafood Expo North America in Boston.

Rebel Fish salmon is the first US branded line of fresh salmon to come prepackaged with seasoning rubs.

During the Seafood Expo Global show in Brussels, Belgium, in May 2014, van der Meer told Undercurrent Marine Harvest's "Olav's" salmon brand is to trial in the Belgian stores of Carrefour and Albert Heijn. He also said he is thinking of how to brand in the UK.

The idea behind the Olav's brand is to emphasize both the ownership of the resource of Marine Harvest and the ease with which salmon can be turned into different meals, said van der Meer, speaking to Undercurrent last October.

With the horsemeat scandal placing more emphasis on supply chain and traceability in retail, being the company that produces the fish is a major advantage and something to draw attention to in branding, he said. "Retailers and consumers are worried on food safety and we control the whole chain."

The story of the brand is built around a fisherman and his brother, who is a chef.

In May 2014, Undercurrent reported van der Meer will head up a new business unit which will be called Marine Harvest Consumer Products.

A former executive with Dutch baking business Royal Smilde who joined Marine Harvest at the start of 2012, van der Meer will be joined on the
management team of the new division by two others with experience from the bakery sector.

Van der Meer - who reports to Ola Brattvoll, global chief operating officer (COO) for sales and marketing for Marine Harvest - will also have a dual role as category director for chilled. As part of the move, Morpol will come under van der Meer's management, as well as the VAP plants in continental Europe and the soon-to-open plant in Rosyth, UK.

The longtime-headquarters of Marine Harvest VAP Europe in Belgium will be changed to somewhere in the Amsterdam area, according to the memo.

Reporting to Van de Meer will be four executives. Sabina Goertz, who also previously worked for Royal Smilde, the Dutch baking group that Van der Meer used to work for, will be finance and IT director.

John-Paul McGinley, former Morpol COO and interim CEO, will be commercial director for chilled. McGinley is currently COO for sales with Morpol.

The supply chain director for chilled of the new unit will be Teis Knudsen, who is currently Morpol's COO for processing. Knudsen joined Morpol at the start of 2014, having worked for A. Espersen and Royal Greenland in the past.

Fabrice Barreau, who joined Marine Harvest VAP in May 2013 from the French division of Dutch baker CSM, will be category director for fresh.

There will no longer be a separate frozen category, as there currently is in the VAP Europe business.

The fresh category will manage some frozen specialties, including the Marine Harvest Appeti'Marine and Marine Harvest Sterk plants. The chilled category will manage frozen salmon, according to a comment from van der Meer in the memo.

The fresh category will manage the fresh and frozen specialties factories, such the plant in Bruges, the plants in Boulogne, Lorient and Appeti' Marine in France; the Sterk plant in the Netherlands; and Spain and the UK plants in Rosyth, Brookside, Marine Products, as well as the Harsum, Germany site.

In terms of sales focus, the fresh category will manage Belgium, France, The Netherlands, as well as the Spanish and UK markets.
The chilled category will manage the chilled and frozen bulk factories in Ustka, Poland, the Morpol plant; as well as MP Laurin, MP Specialities; the Kritsen and Cuisery plants in France and the Oostende, Belgium plant.

It will sell to the Polish, French, German, Swiss, Austrian, Italian, Eastern Europe and Scandinavian markets.

The French market will be served out of both categories, due the challenges of the market and the organization of the retail customers, with different buyers for the categories, sources told Undercurrent.

The new unit "will be the seafood category leader with a strong focus on quality, innovation, brand building and excellence in customer service. We will be better able to meet consumers' needs for seafood. Our clients will have a dedicated, single point of contact to serve them with our full product assortment", said Brattvoll. "Marine Harvest Consumer Products will have a clear, flat and lean structure focusing on growth and speed to market in fresh and chilled," the memo states.

The aim is to better "serve our customers on a country basis for all product categories; organize an efficient interface for our entire product assortment; co-ordinate cross border key accounts where appropriate; and to create an effective link between production and the market we will strengthen the role of product category management".

Three of the five-strong management team of the new Europe processing division in Marine Harvest are relatively new to seafood, having spent significant chunks of their career in the bakery sector.
This, said Brattvoll will bring some different ideas on category management to selling seafood to Marine Harvest Consumer Products.

Combined, the two currently separate processing divisions made losses of NOK 63m ($10.5m) in Q1, in a stark contrast to the profits posted by Marine Harvest's farming operations.

"I think it is good to have ideas from outside of the seafood sector and from other industries, as well as seafood. There is a lot that the seafood sector can learn from outside about category management," Brattvoll told Undercurrent.

"At the same time, all the new team have come from within Marine Harvest VAP or Morpol and two have many years of seafood experience," he said.

Van der Meer, who joined Marine Harvest as managing director of the VAP Europe division at the start of 2012, spent four and a half years as managing director for bakery with Royal Smilde and the previous three years running CSM, a Dutch bakery company.

He explained he is pushing a focus on category management and thinking of how to help retailers grow seafood sales, not "push products" on them.

Bullishly, he also said the company plans to get a "big two" two retail contract in the UK.
"We are putting much more focus on consumer research and identifying what people want to eat, rather than thinking in a production-driven way," he said.
"Take smoked salmon as an example, the main products in Europe are sold because that is what is most efficient for the plants to produce. I feel this is wrong," he said. "We need to think of the different ways consumers eat smoked

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salmon and come up with products that fit that, not push products on them."

He gave the use of heavy salt in smoked salmon, which gives a longer shelf life, as another example of this.

"More salt in the product gives it a longer shelf life, but that is not what consumers necessarily want. Some actually want a shorter shelf life, as that gives more perceived freshness to the product. Also, many don't want such a strong salty and smoky flavor," he said.
By taking a consumer driven approach, retailers and processors can increase seafood consumption, he said. Retailers are also seeing the potential in seafood, when compared to the more mature protein categories.
"It is less developed than meat and poultry, so market share is up for grabs and can be won quickly," Brattvoll said.

Sabina Goertz, who will be finance and IT director for the new Marine Harvest unit, also previously worked for Royal Smilde. Fabrice Barreau, who joined Marine Harvest VAP in May 2013 and will be will be category director for fresh under the new structure, joined from the French division of CSM.

Activities
farming | processing | trading
distribution | import | export | feed

Shareholders
John Fredriksen (through Geveran Trading)

Brands
Rebel Fish | Ducktrap | Kritsen | Pieters

Subsidiaries
Marine Harvest VAP Europe | Morpol

Species
Atlantic salmon

5

OUG Holdings

Turnover	JPY 312,474m (March 2014, +3%)
Ownership	Public (8041: Tokyo)
Country	Japan
Key executive	Masatoshi Tanigawa, President

Founded in 1947, OUG Holdings is an Osaka, Japan-based seafood distributor and wholesaler.

It distributes seafood products for wholesalers and retailers, including supermarkets and buyers on foodservice.

The company is also involved in aquaculture, logistics, as well as importing and processing salmon. Outside of seafood, it is involved in a leasing and insurance agency and processes and sells cut vegetables; as well as rice-based products.

The company was formerly known as Osaka Uoichiba Co., Ltd. and changed its name to OUG Holdings Inc. in January 2006.

OUG Holdings had a strong 2013/2014 year, which ended closed March 31, 2014. It grew its turnover from JPY 303.97 billion to JPY 312.47bn.

The company's net income was JPY 1.66bn, compared to a loss of JPY 637 million in its previous year.

This is the best bottom line result for several years. In 2010/2011, the company reported net income of JPY 1.09bn and it hit JPY 1.35bn in 2011/2012, before the loss in 2012/2013.

OUG Holdings' loss last year can be put down to the policies of Shinzo Abe, prime minister of Japan, which have hit import-driven companies. Since Abe took over as prime minister, the yen has weakened against the dollar, making imports of products more expensive for Japan.

Although this has not dramatically changed, the company seems to have adjusted its business accordingly.

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Activities

distribution | distribution | processing

Species

Yellowtail | tuna | horse mackerel sardines | skipjack | Pacific saury | squid swetfish | blowfish | sea urchins | oysters shrimp | crab | surimi | amberjack sablefish | eel | swordfish | scallops ray fin | trout | monkfish | flounder atka mackerel | sandfish | roe | fluke capelin | butterfish | rockfish | salmon whitebait | chikuwa | ice goby

6

Dongwon Enterprise

Turnover	KRW 3,132,431m (Dec 2013, -2%)
Ownership	Public. Dongwon Industries (006040:Korea SE), Dongwon F&B (049770:Korea SE)
Country	South Korea
Key executive	Kim Jae-cheol, Chairman

Dongwon Enterprise is one of the largest players in the global tuna business. The South Korean company is a holding group for two separately-listed entities, Dongwon Industries and Dongwon F&D.

The former is the parent company of its harvesting activities as well as Starkist, the largest canned tuna brand in the US. The latter operates the canned tuna and food company for the domestic market, where Dongwon holds 72% of canned tuna sales.

In addition to tuna, Dongwon has also expanded into canned salmon, tapping into a growing demand in South Korea. The company launched several new salmon products in 2013, using mainly coho and some chum.

Speaking at the Tuna 2014 conference in Bangkok in May 2014, the executive director of Dongwon rival Silla, Kwang-Se Lee, said canned salmon sales in Korea had exploded from practically nothing to $10 million in around six months.

Dongwon is also active in China, where it signed a partnership with Bright Food Group in February 2013.

Under the deal, Dongwon F&B agreed to supply canned tuna, which Bright Food Group would distribute and sell across China.

Dongwon F&B said the deal could bring it KRW 500 billion ($463.37m) worth of canned tuna sales in China by 2018.

Prior to the deal, Dongwon F&B began selling canned tuna in China via TV home shopping in 2011 and recorded sales totaling KRW 10bn in 2012.

FOCUS ON IUU

2013/2014 have been a relatively negative time for Dongwon's perception in the news, as global media and government awareness of illegal, unreported and unregulated (IUU) fishing is increasing.

Early in 2014, it was accused of fraudulently getting around US vessel licensing laws using a scheme involving the nieces of chairman Jae-chul Kim - something it denied (more on this below).

In 2013, it was also accused by the Liberian government of using forged fishing licenses to catch in Liberian waters, and had to pay a $2 million fine as a result.

Dongwon agreed to pay but has gone on the offensive and has said it was a victim of fraud. In May 2014, it confirmed to Undercurrent

News that it was suing the Liberian agency Inter-Burgo and the agency's owner, Jeong Dal Park, which it says issued it forged fishing licenses.

South Korea's government and fishing groups including Dongwon have also come under fire for failing to take pre-emptive steps to prevent the European Union's preliminary listing of South Korea as a country engaged in IUU fishing in November 2013.

The European Fisheries and Maritime Affairs Commission that month issued a formal warning - so called 'yellow cards' - to Korea as well as Ghana for failing to keep up with its international obligation to fight IUU.

Should the EU conclude in its next review that Korea has not done enough progress to comply with IUU regulations, it could up the warning to a red card, which would see it ban all imports of fishery products from Korea and Korea-flagged vessels. Such sanctions were applied on smaller countries Belize, Guinea and Cambodia in March 2014.

US VESSEL LICENSING LAWSUIT

In February 2014, it emerged Dongwon Industries was being accused of fraudulently getting around US vessel licensing laws using a scheme involving the nieces of Jae-chul Kim, chairman of the South Korean fishing group.

The company allegedly set up sham ownership of tuna fishing vessels using Delaware-registered companies so it could obtain fishing licenses to fish in the exclusive economic zone (EEZ) of the Pacific Island Nations.

This is an area where US licenses are reserved for US-owned and managed vessels, according to Moore & Company, a lawfirm that filed the amended claim in the district court of Delaware in January 2014.

The document claims the fraud continued with yearly misrepresentations to the US government and yearly renewals of the vessels' documentation and fishing licenses. It further alleged that one of the two vessels, Majestic Blue, maintained its US registration and FFA fishing licenses until it sank in June of 2010.

Pacific Breeze, the other vessel, continues to fly the US flag and "take advantage of the SPTT [South Pacific Tuna Treaty] fishing licenses to this day", according to the claim.

Dongwon has refuted the allegations it used the Delaware-based LLCs, Pacific Breeze Fisheries and Majestic Blue Fisheries, to gain access to the licenses. Dongwon "is a separate and independent corporation from the Pacific Breeze LLC and Majestic Blue LLC. Pacific Breeze LLC and Majestic Blue LLC purchased one purse seiner each for fair market value from Dongwon Industries in 2008", the company stated, in a statement sent to Undercurrent in February 2014.

Dismissing the allegations made by the Moore law firm as "meritless", it said it would seek a full dismissal of the case.

"The United States government has not brought any fraud claims against Dongwon," wrote the company at the time.

"Although the United States has the right to intervene in the lawsuit if it believes the lawsuit has merit, here it has expressly declined to intervene (or to participate) in the action or to directly pursue the False Claims Act litigation against the company, even though the government has investigated the allegations made in the lawsuit by the Moore law firm," continued the statement from the South Korean firm.

Moore submitted an amended complaint Jan. 10 on the case, which it originally filed under seal in November 2012.

The crux of this most recent case is the Korean company's alleged creation of puppet companies in order to illegally snag a license to fish in the Pacific island nations' EEZ. It allegedly replicated this scheme every year since 2008 in order to continue its operations there.

Pacific Breeze and Majestic Blue were registered in South Korea prior to 2008 and named Eastern Kim and Costa de Marfil, respectively, which would have excluded them from licensing eligibility, the claim document states.

Dongwon allegedly got around this by offering an "investment opportunity" to the daughters of the Dongwon chairman's brother, Jaewoong Kim, who were US citizens.

No update on the lawsuit has emerged at the time of writing this report.

2013'S DIVE IN SKIPJACK PRICES

Dongwon's division's had a profitable 2013. While its tuna catching operations suffered from the dive in tuna prices over the year, its processing activities benefited from this drop. Starkist, which the group bought from Del Monte Foods in 2008 for $363m, benefited from lower tuna prices as did Dongwon F&B, which has a 70% market share of the canned tuna sector in South Korea.
For 2013, Dongwon Industries reported turnover of KRW 1.44 trillion, down 6.5%

year-on-year, with net profit falling 25% to KRW 76.7 billion.

Turnover of Dongwon F&B was KRW 1.69tr, up 1.6% y-o-y. Net profit for the canned tuna division saw a welcome return to 2011 levels, up 73% to KRW 36.5bn.

Through the second half of 2013 Bangkok skipjack prices plunged, from $2,350/ metric ton in May to $1,250/t in January 2014. Catches were on the rise after November, and at a monthly average catch of 12,000t it is thought Dongwon was barely breaking even. Since then, skipjack prices firmed fast ahead of the ban on catching with fish aggregation devices (FADs) in the Western and Central Pacific Ocean, which starts in July and runs for four months every year. They were already at $1,750/t in July 2014 and expected to rise to around $2,000/t by some industry watchers.

Dongwon expects to have two new vessels contributing to catches from mid-2014, and catches should be up on 2013's meager 127,000t.

In Q1 of 2014, the company reported turnover of KRW 377.83bn, down 6.70% y-o-y, and operating profit of KRW 22.45bn, down 33.97% y-o-y. The skipjack price continued to fall in Q1, likely hitting the fleet's operations, but helping Starkist sales.

Dongwon F&B also had a strong first quarter, with revenues relatively flat at KRW 455.6bn, compared to KRW 448.9bn, though the company was able to grow net income from KRW 12.4bn to KRW 18.4bn.

STARKIST: MANAGEMENT RESHUFFLES

When it comes to US brand Starkist, profits have taken a sharp turn for the better, apparently through management improvements and efficiencies such as more direct sourcing from its parent.

Dongwon has certainly had its ups and downs with Starkist and has ruffled some feathers in Pittsburgh, the home of the owner of the "Charlie the Tuna" brand.

There has been a procession of top-level exits at Starkist, starting with Don Binotto, who was running Starkist under Del Monte, who was ousted in 2010. The executive brought in to replace him, In-soo Cho, was axed on Nov. 1, 2012.

Most recently, Steve Hodge was ousted as vice president of sales and Brett Butler, who was running its plant in American Samoa, resigned.

In March 2012, it was announced Nam-jung Kim, son of chairman JC Kim, was to be

Dongwon Enterprise

Starkist's chief operating officer, a new role in the company.

Following this, in June 2012, several top US executives left the company, including Pat Moody, former senior vice president of supply chain; Melissa Murphy, then senior vice president of corporate affairs; Jerry Seidell, vice president of supply chain; Sally Mueller, director of human resources; and George Rombold, director of IT.

Then, on April 26 of 2013, Starkist appointed Sam Hwi Lee as president and CEO. A former president of Nestle Korea, Lee had been acting as interim CEO and president of the tuna processor since Cho left.

The US canned tuna market remains a competitive one to hold market share in. Marketing drives in the US have included the return of 'Charlie the Tuna' in a bid to hold that ground.
Starkist has also made a foray into canned sardines. This is part of the company's effort to surmount long term challenges, such as how to get Americans to stop seeing tuna as a cheap commodity product, how to diversify into products beyond tuna and how to get people to eat more seafood, it said.

EYES ON BUMBLE BEE

In July 2014, news of the sale process of Bumble Bee Foods in the US, which is the number two brand behind Starkist, is something which industry sources have said Dongwon will be watching very closely.

Thai Union Frozen Products and Bolton Group, Dongwon's rivals in several deals, are being linked as strong frontrunners for San Diego, California-based Bumble Bee since the news emerged that Bumble Bee's private equity owner, Lion Capital, is eyeing as much as $1.5bn from a planned sale.

The implications for Dongwon of Thai Union securing Bumble Bee are very different to Bolton. As Thai Union already controls the Chicken of the Sea brand in the US, its potential acquisition of Bumble Bee would reduce the US tuna sector down to two.

Youssef Abboud, an analyst covering Thai Union with UBS, estimates Starkist's share of the US market at 36%, Bumble Bee's at 25% and Chicken of the Sea's at 20%.

"If Thai Union can deal with potential antitrust problems and acquires Bumble Bee, the US canned tuna industry could be shared largely between two key players, Starkist being the other," wrote Abboud, in a report.

Abboud billed the Bumble Bee sale as a "game changer" for the US tuna sector.

Can Dongwon play a part in this game? Some sources feel the antitrust impact of combining the number one and two brands rules out a Dongwon move for Bumble Bee.

"Don't expect Dongwon to get involved unless Thai Union gets it and they have to unload some of the all other seafood brands and items, due to FTC [federal trade commission] rulings," a source with knowledge of the company told Undercurrent.

"Starkist certainly can't acquire either of the tuna brands, but all other seafood would make a lot of sense," the source said of Bumble Bee, which is also large in other canned items, such as salmon, as well as having its own frozen brand, Bumble Bee Superfresh.

One US tuna sector veteran was skeptical of Dongwon interest in Bumble Bee.

"Dongwon has the leading light meat brand in Starkist. Bumble Bee is the leading white meat brand. An acquisition of Bumble Bee by Starkist will require a divestiture of the either the white meat brand or the light meat brand. Personally, I don't see it," he said.

Another source also thought it unlikely Dongwon would bid for Bumble Bee, "although they will be watching closely to see who makes the first move, which could mobilize them", he said. "Most likely they would be they are hoping that Thai Union do buy it and consolidate Chicken and Bumble Bee into the dominant single brand, or possibly separate the brands by product, such as one brand for light meat and one for white, one brand for can, one for pouch."
When it comes to the bullish Dongwon, founded and still run by its chairman Jae-chul 'JC' Kim, expect the unexpected, sources said.

A Dongwon spokeswoman declined to comment to Undercurrent on its stance on the Bumble Bee sale, or on consolidation in the US tuna sector.

TUNA M&AS: DONGWON, BOLTON AND THAI UNION

Dongwon, along with Bolton and Thai Union, has been involved in most of the major pieces of tuna deal-making in recent years.
Thai Union and tuna supply giant Tri Marine International, now partly owned by Bolton, were involved in a deal for Chicken of the Sea in 1997. Thai Union then bought the remaining

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50% from Tri Marine and Edmund Gann, taking control of the holding, Tri Union Seafoods.

Dongwon stepped into the global spotlight when it bought Starkist from Del Monte Foods in 2008 for $363m, making it the owner of the largest US tuna brand.

Bolton and Dongwon were then in the running for MW Brands, the Paris-based parent of tuna brands John West and Petit Navire, which was bought by Thai Union for €680m ($924m) in 2010.

Two years later Bolton, which is based in the Netherlands but operates from Milan, Italy, secured an up-for-grabs 38% stake in Spain's Calvo Group, but Dongwon and Thai Union were also said to be interested.

Activities
processing | fishing | distribution | export

Shareholders
Kim Jae-cheol

Brands
Dongwon | Starkist

Subsidiaries
Dongwon Industries | Dongwon F&B | Starkist

Species
tuna | mackerel | seaweed | octopus
Alaska pollock | cuttlefish | crab | eel
Pacific saury | rock | squid | anchovy

7

Mitsubishi Corporation

Turnover	$2,500m *estimated seafood sales (March 2014, flat)
Ownership	Public (8058:Tokyo)
Country	Japan
Key executive	Ken Kobayashi, CEO & President

Japanese conglomerate Mitsubishi is an important global seafood player, through its Living Essentials Resources Division, and considered to be the world's largest bluefin tuna buyer.

It owns UK-based canner and processor Princes, which is one of Europe's largest tuna suppliers and is a sizeable business in itself. Princes, which produces various foods and is thought to generate around a third of its turnover from canned tuna and seafood sales, reported group turnover of £1.74 billion in its latest year to Dec. 31, 2013, up 15.23% y-o-y, with pre-tax profit of £41.44 million, up 20.81% y-o-y.

The Liverpool, UK-based canned seafood and food group reported UK sales of £1.39b the same year, up 13% y-o-y, with sales to rest of the world at £96.22m, up 19.09% y-o-y.

Mitsubishi is the leading bluefin tuna supplier into Japan, by far the largest in this sector. In 2009, the company told the UK newspaper The Independent that it handles between 35% to 40% of Atlantic and Mediterranean bluefin tuna imported to Japan.

It is the parent of Toyo Reizo Co, which specializes in raw tuna for sashimi, but also provides seafood such as shrimp, salmon and octopus through a nationwide sales network.

As with most other companies rooted in trading, Mitsubishi has been expanding up and down the value chain.

In May 2014, Salmones Humboldt, a Chilean salmon farmer owned by Mitsubishi, acquired 100% of Chilean salmon producer Comercial Mirasol in an $8.5m deal.

Mirasol in the first quarter of 2014 posted $4m exports - up from $1.9m in January to March of 2013, despite volumes being up by just one metric ton to 276t. But average prices of its products increased to $5.62 per kilogram comparing to $2.68 per kg.

Humboldt reached profits of $43.4m in the same period compared to $6m in last year's first quarter, with average prices gone up to $7.63 per kg, up from $4.45 per kg.

Mitsubishi bought Humboldt in November 2011 from Pesquera Coloso for $65m. At the time Humboldt's balance sheet carried a $59m debt bill, which the Japanese company also agreed to pay.

That year, Mitsubishi entered into a joint venture with salmon farmer Ventisqueros, Southern Cross Seafoods.

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The acquisition of Mirasol has been described by Chilean analysts as one of the most important industrial moves in the sector after the infectious salmon anemia (ISA) virus crisis in 2007.

In December 2012, the Japanese group teamed up with a Chinese company to set up a seafood processing venture in Hangzhou, China, to target the Chinese market.

Called Zheijang Dailing Seafood, the joint venture is owned by Mitsubishi and Zhejiang Ocean Family Co and specifically targets China's sushi and sashimi markets.

At the end of 2012, Mitsubishi entered into a joint venture with Thai Union Frozen Products, which it holds 7.58% in, for shrimp feed and farming. The plan was to acquire and establish shrimp farms. Given the spread of disease in early mortality syndrome in Thailand, it is not clear what development has taken place on this since.

Activities
trading | import | processing

Brands
Princes | Toyo Reizo Co

Subsidiaries
Princes | Toyo Reizo Co

Species
bluefin tuna | shrimp | salmon | pangasius

8

Red Chamber Group

Turnover	$2,200m *estimate (Dec 2013, +10%)
Ownership	Private
Country	USA
Key executive	Ming Bin Kou, CEO and CFO

Vernon, California-based Red Chamber Group imports, exports and processes a variety of seafood products, including shellfish and finfish.

The company is controlled by the Kou family, including CEO Ming Bin Kou and CFO Ming Shin Kou.

The brothers are said to control Red Chamber itself, as well as Aqua Star; Tampa Bay Fisheries; Singleton Seafoods; Mid-Pacific Seafoods; Kitchens of the Oceans; to name a few.

Red Chamber, or the brothers themselves, are also thought to have a stake in Chinese shrimp company, Zhanjiang Guolian Aquatic Products. The last time the company listed on Forbes was 2007, when sales were $1.76 billion, but this is thought to have been growing steadily since then and the group is widely known to be one of the largest privately held companies in the United States, with assets across the country. In addition to importing products, the company processes its own products out of its own plants, which are located on both US coasts and overseas, having had many years - since it started in Los Angeles as a family owned company in 1973 - to collect assets.

It also operate cold storage facilities throughout the United States with a capacity to store more than 60 million pounds of product at a time.

Acquisitions are part of its growth strategy.

In May 2014, it added to its processing capacity and its stake in shrimp significantly with the acquisition of Contessa Premium Foods. Contessa had announced plans to close operations on April 30, and Steve Victor had been appointed as trustee to sell its assets.

On May 24, Red Chamber controller Howard Choi confirmed to Undercurrent News that its bid for Contessa had gone through.

The acquisition added Contessa's old green cuisine plant, Contessa's brand and its client list to Red Chamber's list of assets.

The 115,000 square foot building has in the past been valued at $35 to $40m. Its location in Commerce, California, is 4.6 miles from Red Chambers' headquarters in Vernon.

When the plant came online in 2007, it was the first is US green building council (USGBC)

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LEED-certified frozen food manufacturing facility, generating respect of the environmental community for its low environmental footprint.

In 2013, Red Chamber snapped up a Canadian lobster plant, which had gone under. Industry sources say Red Chamber has, more than likely, invested in more companies.

The company is also reportedly now processing shrimp at Pescanova's Guatemalan operations, leading industry sources to speculate where this might lead. As the brothers are reportedly fond of saying, "these are the companies you know about", an industry source told Undercurrent in July 2013.

Activities

processing | fishing | aquaculture | import
export | distribution | sales

Brands

Contessa | Red Chamber

Subsidiaries

IGF | Tampa Bay | Oriental Foods
Berdex Seafood | Aqua Star

Species

Alaska pollock | Pacific hake | halibut
yellowfin sole | tilapia | flounder | squid
Pacific cod | haddock | scallops | surimi
Atlantic salmon | whiting | basa | perch
mahi mahi | orange roughy | black tiger
shrimp | catfish | salmon | swordfish

9

Austevoll Seafood

Turnover	NOK 12,409m (Dec 2013, +5%)
Ownership	Public (AUSS:OSLO)
Country	Norway
Key executive	Arne Møgster, CEO

Controlled by the Norwegian Møgster family through the holding group Laco, Austevoll Seafood has established itself as Norway's second largest seafood company after Marine Harvest.

Its activities consist of salmon farming and processing (through Lerøy Seafood Group and Br. Birkeland) and pelagic fishing, processing and fishmeal production in the Pacific (through FoodCorp and Austral Fisheries) and the North Atlantic (now largely consolidated in Pelagia).

While several of the pelagic activities have suffered from low margins, the salmon businesses have reaped the fruits of high raw material prices.

Lerøy, Norway's second largest salmon farmer with a harvest of 158,200 metric tons in 2013 when including its 50% in Scottish Sea Farms, accounts for more than half of Austevoll's profit, and the bulk of its revenues.

In 2013, Lerøy boosted its operating profit (ebitda) by nearly NOK 1.4bn to 1.88bn, while revenues topped 10.765bn. This in turn lifted Austevoll's profit by NOK 1.05bn to 2.226bn.

Lerøy also stands out from competitors for its focus on value-added processing - the company owns plants across Europe, and in 2014 unveiled 'Sjømathuset', a huge fresh fish plant in Oslo, created to cater exclusively for the supermarket group Norgesgruppen.
On the pelagic front, Austevoll hugely restructured its North Atlantic activities in 2013 through the creation of a new holding, Pelagia. The latter is 50% owned by Austevoll, and 50% by Kvefi, whose company and investment fund Kverva, owned by the Witzøe family, controls Norway's third largest salmon farmer Salmar.

Pelagia was formed in Bergen in January 2014 and regroups Welcon Invest, a fishmeal and oil producer, Norway Pelagic, the country's largest pelagic processor for human consumption, and Egersund Fisk, focused on fishmeal and oil as well as human consumption.

It also includes Norway Pelagic's 50% stake in the UK processor Shetland Catch.

Pelagia will have annual sales of more than NOK 6.1bn on a non-consolidated basis, Austevoll's CFO Britt Kathrine Drivenes told Undercurrent News in August 2013.

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Drivenes said the aim will be to move away from just fillets and whole round fish, in a bid to lift margins.

Pelagia dominates Norway's pelagic landscape: it holds 15 human consumption plants, seven fishmeal and oil factories, one refining plant, and two vessels with pelagic fishing rights. Combined, the plants accounted for 52% of Norway's mackerel landings in 2013, 59% of herring landings, and 74% of capelin landings.

Its creation has caused some ripples, however. Forced to relocate to Bergen from their previous headquarters in Alesund, more than half of Norway Pelagic's sales team, including head of sales Tore Storebø (chief strategy officer and chief marketing officer) had chosen to resign from their post by the time of writing this report (June 2014).

Activities

processing | fishing | distribution
aquaculture | sales

Shareholders

Laco AS (75%)

Brands

Finest | Fossen | Aurora Salmon | Bayovar
Egersund Fisk | Pacifico del Norte

Subsidiaries

Austral Fisheries (89%) | Pelagia (50%) | Welcon (50%)
Lerøy Seafood Group (63%) | Br Birkeland (49.99%)
FoodCorp (100%) | Norway Pelagic (50%)
Egersund Fisk (50%) | Shetland Catch (25%)

Species

salmon | trout | blue whiting | anchovy | tuna
herring | mackerel | horse mackerel | sardines
mussels | capelin

10

Marubeni Corporation

Turnover	$2,000m *estimated seafood sales (March 2014, flat)
Ownership	Public (8002:Tokyo)
Country	Japan
Key executive	Fumiya Kokubu, President and CEO

Like other Japanese conglomerates such as Mitsubishi, seafood is only a tiny part of Marubeni's business.

However, that is still enough to make it one of the largest players on the seafood scene - in 2012, the group's seafood revenues amounted to $2 billion, according to the company's investor relations.

No updated figure was supplied for 2013, but it is likely to be in the same range and possibly higher, as the company has been expanding its seafood activities.

Through its foods division, Marubeni owns three seafood-only subsidiaries - the Netherlands-based seafood trader Welmar Europe; the US-based processor and wholesaler North Pacific Seafoods; and Benirei Corporation, a Japanese wholesaler of seafood products.

But the company has been expanding its seafood reach in recent years. It purchased Welmar Europe in 2012, while in 2011 its Alaskan subsidiary North Pacific Seafoods purchased Red Salmon Cannery.

2014 saw it purse more acquisitions.

In February, it snapped up US shrimp supplier Eastern Fish for $56.7 million, a deal that will boost its shrimp sales in Japan and the US to JPY 50bn ($489m). Marubeni has previously said its own shrimp sales total 23,000 metric tons a year, worth $230m.

The deal followed a joint venture which Marubeni entered in 2013 with the Thai shrimp processor Seafresh to sell the latter's products worldwide. Seafresh produces around 20,000t of shrimp at its factory in Chumphon, Thailand.

In April 2014, Undercurrent News revealed that Marubeni was also in talks to acquire Direct Ocean, a French salmon trader.

Marubeni had been exploring its options in farmed salmon, a big chunk of Direct Ocean's business, for some time, sources familiar with the Japanese company's growth plans said.

Direct Ocean - which had turnover of €49.63m for 2012, its latest accounts filed with the French companies registry - is a supplier to industrial and end user customers in France and the rest of Europe.

The business would be a good fit with Welmar, which is more focused on wild salmon, said sources.

Marubeni bought Welmar in 2012, with the idea to sell more of its wild-caught products from North Pacific Seafoods, a US processor

Marubeni

based in Seattle, Washington. In January, however, Undercurrent reported that Trident Seafoods had hired three executives from Welmar to run its new office in the Netherlands.

The acquisition would also complement North Pacific, which Marubeni bolstered in 2011 when it bought the assets of the Red Salmon seafood processing plant in Naknek, Alaska from Yardarm Knot -- taking North Pacific's number of factories in Alaska to five.

The Red Salmon plant is one of Alaska's largest producers of sockeye salmon.

With a focus on the Bristol Bay herring and salmon, the Red Salmon plant has the capacity to produce 500,000 pounds of frozen products and 10,000 cases of canned seafood per day.

The 73-acre facility is situated on the north shore of the Naknek River and employs 450 people during peak production. In addition to the Red Salmon plant, the North Pacific purchase also includes a minority interest in eight tender vessels.

North Pacific's other plants include Sitka Sound Seafoods in Sitka, Alaska Pacific Seafood in Kodiak, Togiak Fisheries in Togiak, and Pederson Point down river from the Red Salmon plant in Naknek.

In farmed salmon, Marubeni has long been linked to farms in Chile, where its rivals Mitsubishi Corporation and Mitsui have already made deals.

In April 2013, executives from Marubeni told the head of Chile's undersecretariat of fisheries and aquaculture (Subpesca) that they are interested in boosting their presence in Chile, reported the newspaper La Tercera at the time, citing sources.
Marubeni is already present in other Chilean industries, such as healthcare, automobile and mining.

Outside of seafood, Marubeni was embroiled in a corruption scandal in 2013, after it was found to have taken part in a scheme to bribe Indonesian officials to secure a lucrative power project.

On May 15, 2014, the US District Court for the District of Connecticut ordered Marubeni to pay a fine of $88m after the company pleaded guilty for its role in the bribery scheme.

Shortly afterwards, Marubeni announced it was temporarily cutting some of its top executives'

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pay and was taking disciplinary action against the employees involved in the scheme.

Specifically, it said it would cut the monthly pay of its CEO and president by half for the next six months, and cut the pay of the chairman by 30% and representative directors for the same amount of time. Executive officers will have their monthly pay cut by 10-30% for one through three months.

It also unveiled the creation of a new 'compliance control department'.

The company's total profit in the latest financial year reached JPY 651.1bn, up 21% y-o-y.
Its food division boosted profit by 48.49%, to JPY 147.6bn.

Activities

trading | processing | wholesale | distribution

Subsidiaries

North Pacific Seafoods | Welmar Europe
Eastern Fish Company | Renirei Corporation

Species

shrimp | wild and farmed salmon | skipjack tuna
horse mackerel | sardines | roe | chikuwa | ray fin
Pacific saury | sandfish | swetfish | blowfish | trout
sea urchins | oysters | shrimp | crab | eel | squid
surimi | amberjack | salmon | scallops | fluke
sablefish | swordfish | butterfish whitebait
monkfish | atka mackerel | flounder | ice goby
rockfish | capelin

11

Kyokuyo

Turnover	JPY 202,387m (March 2014, +39%)
Ownership	Public (1301:Tokyo)
Country	Japan
Key executive	Hiksaki Tada, President

Founded in 1937, Kyokuyo has expanded from a fishing company to a diverse corporation with operations around the world.

The Japanese company has business interests ranging from the operation of four tuna seiners and a tuna farm, to a joint venture in Thailand with Thai Union Frozen Products, for the production of frozen sushi.
Like Maruha Nichiro and Nippon Suisan Kaisha (Nissui), the company is very diverse. It is involved in sushi products for Japan, as well as canned and frozen products, for both retail and foodservice.

Kyokuyo delivered double-digit growth in revenue and profits in the business year ended March 31, 2014. This was driven by a strong performance in value-added products including sliced (kirimi) items such as Atka mackerel, as well as sashimi grade salmon and shrimp.
The company's annual report cited value-added seafood and sushi-topping frozen items as driving factors for growth, but took a cautious view on these markets after the consumption tax hike in Japan from 5% to 8% on April 1 2014.
Kyokuyo's frozen food segment, in which the company launched a new commercial retail brand called "Sea Marche" in June 2013, saw annual revenues increase 10.9% to JPY 56 billion ($539 million) during the year.

Operating income in the same segment dipped 60% to JPY 127m ($1.2m) as the company said it struggled to pass increased costs, due to the weakening of the yen and a price hike in raw materials, on to its products.
Kyokuyo is also a leading player in the bluefin tuna business, from catching, buying and farming to processing, and marketing. The company also exports its seafood to Europe, the US, and other countries.
However, it remains more focused on Japan than its biggest rivals, Nissui and Maruha Nichiro, both of which have grown into global conglomerates.

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Activities
processing | fishing | aquaculture | import
trading | distribution | marketing | export

Brands
Sea Marche

Subsidiaries
Kyokuyo America | Kyokuyo Europe
Kyokuyo International | Qingdao

Species
sushi | salmon | mackerel | tuna | shrimp
skipjack | surimi

12

Pacific Andes International Holdings

Turnover	HKD 13,303m (Sept 2013, -9%)
Ownership	Public (1174:HK)
Country	Hong Kong (China)
Key executive	Ng Joo Siang, Vice-Chairman & Managing Director

PACIFIC ANDES
INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Hong Kong-based Pacific Andes International Holdings operates in fishing, processing and distribution largely for Alaska pollock. It is also active in fishmeal and fish oil through its ongoing acquisitions of fishing companies in Peru, with Copeinca the latest deal.

The company controls two separately Singapore-listed subsidiaries, Pacific Andes Resource Development and China Fishery Group. It operates the largest processing plant in the world in Qingdao, China, making it a major player in Russian pollock supply. It is seemingly pulling back from this sector, however.

TASSAL EXIT

It did briefly expand into aquaculture with the acquisition of a 22% stake in Australian salmon farmer Tassal Group. However it has just sold 18.09% of this stake, leaving it with 5.5%.

The Hong Kong listed group, controlled 54.9% by NS Hong Investment (BVI) Limited, a vehicle of the Ng family, said it sold off most of its stake in Tassal because the Australian salmon farmer remained too focused on the domestic market.

When it acquired the stake in Tassal in 2010 and 2011, Pacific Andes intended its investment as a way to "scale globally in the salmon farming sector", the company said in a notice on May 30, 2014.

However, Tassal over the past three years has kept a strategy of focusing on production for the domestic market, said the notice.
As a result, Pacific Andes - which sold its shares in Tassal for more than twice the price it bought them for - said it "has been unable to realize the objective of leveraging Tassal as a platform for capturing growing demand for its products internationally". Asked to clarify whether this referred to ambitions of selling Tassal products abroad, or to ambitions of expanding Tassal's operations globally, a Pacific Andes spokesperson told Undercurrent News it referred to both.

This is not necessarily the end of the company's foray into aquaculture, however. "The group will continue to explore opportunities in the aquaculture sector," said Pacific Andes in its notice.

MARGIN SQUEEZE

It's been a tough first half for Pacific Andes, which has said it will consider selling non-core assets and help management rationalize capacity in its plants in Europe, as its pre-tax profit fell by nearly a third in the first six months of its current fiscal year.

The 31% drop to HDK 325 million was not operational, but mainly due to a "reduced gain in fair value changes from derivative financial instruments", said the company in its report. On the other hand, both gross profit and revenues increased, as higher earnings from its Peruvian fishmeal operations offset big drops from its pollock contract business.

The company saw its pollock contract revenue plummet by 53% to HKD 821m in the six months until March 31, 2014, a result of the company's termination of its long-term supply agreements.

This was offset by a more than six-fold increase in revenues from its fishmeal operations in Peru, which earned HKD 1.587 bn in revenues – up from HDK 248m - thanks to a recovery in Peru's anchovy quota in 2013.

The company's fleet operations also increased revenues by 29% to HKD 128m, taking Pacific Andes' total revenues for the period up by 20%, to HKD 2.53 billion.

The fishmeal operations also lifted margins, driving a 12.9% increase in gross profit to HDK 1.157bn. Pacific Andes, which owns the Hong Kong-listed subsidiaries Pacific Andes Resources Development and China Fishery Group, does not break down its profit by segment in its report.

However, the group noted the uncertainty facing the Peruvian operations in light of poor catches in the first season, and the risk of El Nino affecting the second.
In 2014 the company has focused on consolidating and increasing the efficiency of its "expanded operations", while considering selling non-core assets or operations to strengthen its financial position and increase focus on its core activities. It sold some such 'non-core' shopping and business facilities for $15m in June 2014.

It also mentioned further streamlining of its processing capacity in Europe, where it owns stakes in fish finger plants in Germany and France, though the company denied to Undercurrent there are any plans to sell its stakes in companies controlling the Pickenpack processing plants in Europe. This seems to be contradicted by what is stated in the company's annual report, however.

Pacific Andes has 19% stakes in two Cyprus-based holding companies, Mastonia and Votamos, which then ultimately control fish finger processors TST, Pickenpack Germany and Pickenpack France. Klonasta, another Cyprus-based holding, controls the remaining 81% of Mastonia and Votamos.

EL NINO UNCERTAINTY

Pacific Andes has been in the process of making divestments as it faces impact from an El Nino in Peru, where it has made big investments in fishing, most recently with the acquisition of Copeinca for $787.69 million in cash in August 2013.

The company has already warned on the impact of El Nino on its operations, where Peruvian fishmeal and fish oil sales have become a major chunk of turnover and profit, as the size and profitably of its pollock business diminishes.

Pacific Andes' fishing subsidiary China Fishery Group in early 2014 cancelled its plans to redeem Copeinca's $250m bonds, citing a need to conserve cash in light of low Peruvian anchovy catches.

The cancellation is due to a reassessment of its cash flow, and the increasing likelihood of El Nino now hitting the South Pacific later this year, the company said in a notice.

The move was the latest sign that the Hong Kong-listed company is hanging on to its cash as a result of the poor catches so far in Peru, which are seen as a sign of the upcoming El Nino.

POLLOCK PULLBACK

Meanwhile on the pollock side of things, Pacific Andes Resource Development (PARD) reported double-digit dips in 2014 Q2 pre-tax profitability and turnover, with far lower sales generated from its Russian pollock "contract supply" business.

PARD, which is listed in Hong Kong but also includes the results of China Fishery Group, which is separately listed in Singapore, reported revenue of HKD 2.23bn for its Q2, which ended March 28, 2014 down 10.3% year-on-year. Gross profit for PARD was HKD 500.26m, down 5.5% y-o-y, with pre-tax profit of HKD 304.79m, down 17.7% y-o-y.

The main reasons for the decline were big dips in the revenue from its frozen fish supply chain management (SCM) and contract supply divisions, both involved in Russian pollock, although the company does not state this in results.

This comes after the announced termination of its long-term supply agreements (LSAs) on March 24, to buy pollock on the spot market for its plants in China. Pacific Andes is the largest producer of double frozen pollock fillets from its massive plant in Qingdao.

PACIFIC ANDES
INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Revenue from the contract supply business decreased by 66.1% from $136.7m to $46.3m, due mainly to the termination and nonrenewal of the LSAs, which the company had signed with British Virgin Island (BVI) registered Perun and Alatir in 2013.

The company had signed the LSAs in order to secure Russian pollock raw material for its processing plants in China, amid accusations from the Russian government of owning vessels and quotas in the fishery, which Pacific Andes denied repeatedly.

Following the termination of the LSAs, the group participated in the spot market, it said. Pacific Andes, however, “did not trade on occasions when the spot prices of certain products were unfavorable”.

Revenue from the Frozen Fish SCM division, which accounted for 37.2% of total sales for PARD, decreased by 32% to HKD 830.7m, mainly attributable to lower sales volume, said Pacific Andes. The Frozen Fish SCM division is involved in the shipping of Russian pollock, although the company does not state this.

Revenue from the fishery and fish supply division of PARD, which is also separately listed as China Fishery, accounted for 62.8% of total Q2 revenue and increased by 10.6% to HKD 1.40bn.

This was mainly attributed to contribution from the enlarged Peruvian fishmeal operations and a significant increase in the total allowable catch (TAC) of Peruvian anchovy for the 2013 second fishing season. The dip in the contract supply business somewhat offset this, however.

Revenue from its Peruvian fishmeal operations increased by 6.8 times to $129.7m. This was due primarily to the higher TAC and contributions from Copeinca.
During Q2, the average selling prices of fishmeal decreased to $1,346 per metric ton, from $1,431t in the same quarter of its 2013 financial year. The price of fish oil decreased to $1,977t to $2,328t, driven by a significant increase in supply.

Revenue from the China Fishery Fleet decreased by 58.7% from $9.4m to $3.9m, due primarily to low inventory carried over from the first quarter of its 2014 financial year.

The company reported profit of HKD 266.8m for its 2012 financial year, down 25.34%. Its profits have been hit by the weak economic climate in Europe and the US, as well as the

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poor performance of some of its fishing activities. Its acquisition of Peru's Copeinca, sealed in August 2013, has made it Peru's, and one of the world's largest fishmeal producers.

Activities

processing | fishing | distribution | import

Brands

Andes Premium Catch | Pacific Andes

Subsidiaries

China Fishery Group
Copeinca
China Fishery Peru
Pacific Andes Resouce Development
National Fish and Seafood

Species

Alaska pollock | black cod | wild salmon
sole | Atlantic cod | arrowtooth flounder
saithe | Greenland halibut | Pacific cod

13

Chuo Gyorui

Turnover	JPY 173,807m (March 2014, +6%)
Ownership	Public (8030:Tokyo)
Country	Japan
Key executive	Hiroyasu Itoh, President

Chuo Gyorui is based in Japan's Tsukiji market, the biggest wholesale fish and seafood market in the world. The Japanese wholesaler, founded in 1947, specializes in supplying fresh and frozen fish for the Japanese restaurant industry. The dizzying range of species the company supplies shows Japan's diverse range of seafood tastes. From fresh sardines, horse mackerel, mackerel pike and yellowtail; to frozen salmon, crab and octopus, Chuo Gyorui imports it.

Chuo Gyorui also supplies dried and semi-dried seafood products, as well as processed products, such as fish cakes and smoked salmon.

In April 2013, Chuo Gyorui partnered with Japanese wholesalers Sendai Suisan and Marusui Sapporo Chuo Suisan to start joint sourcing and developing of new products in fiscal 2013.

The companies decided to join forces in a bid to maintain their business competitiveness and have combined sales in the range of JPY 200 billion and source a total of around 300,000 metric tons. For its 2013 financial year, Chuo Gyorui reported a 6% increase in revenue, to JPY 173.8bn. The company's net profit rocketed by 497.6%, to JPY 747 million.

MAJOR SUBSIDIARY HOHSUI

Its subsidiary Hohsui Corporation, of which it owns 55%, brought in JPY39.54 bn in its latest financial year, which is 26% of Chuo's FY2013 sales.

Since its start as a fishing company in 1945, Hohsui has shifted the focus of its business to purchasing, processing and wholesale sales. In 1955, Hohsui made its foray into North Sea salmon and trout, and it deepened ties with Nippon Suisan Kaisha (Nissui) to become a member of the Nissui Group.
Later, as a result of stronger enforcement of the 200 nautical mile exclusive economic zone rules, Hohsui shifted its focus from fishing to purchasing and processing, as well as wholesale sale of marine products.
In 2008, Hohsui became a fully consolidated subsidiary of Chuo Gyorui, following a mergre with between Hohsui and Chu-rei on April 1 that year.

Hohsui remains listed as a group company in Nissui's website, however. Nissui and Chuo Gyorui are known to work closely together. Hohsui's marine products division is its main source of revenue, generating 88% of overall sales in the latest financial year. The other portion of its profits comes from its refrigerated storage segment, which does cold freezing storage of stock farm products, agricultural

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commodities and related processed goods. Hohsui operates a distribution business which is centered around its cold storage services.
In early April 2013, Hohsui established an Osaka-based wholly owned subsidiary, which does mail-order sales.
The fiscal year 2013 proved challenging for the Hohsui as its bottom line shrank 14.9% to JPY211m in 2014. Bloomberg attributed the decrease to a 7.8 - 8.1% increase in the percentage of sales devoted to selling, general and administrative costs.

These costs come as the company establishes a new distribution center with 21,725t of cold storage capacity in Ichikawa, in Japan's Chiba prefecture.
The company now has a debt to total capital ratio of 67.6%, which is an increase over last year and makes it more leveraged than most in the food and staples retailing industry. Also in 2008, Hohsui acquired a 60% ownership stake in Suisan Ryutsu in 2008. In 2010, it established Funabashi Distribution Center.

Activities
wholesale | import

Subsudiaries
Hohsui

Species
tuna | horse mackerel | sardines | skipjack | Pacific saury | squid | swetfish | blowfish | urchins | oysters | shrimp | crab | surimi | amberjack | salmon | scallops | sablefish | eel | swordfish | ray fin | trout | monkfish | atka mackerel | flounder | sandfish | roe | rockfish | fluke | capelin | butterfish | whitebait | chikuwa | ice goby

14*

* joint position

F.C.F Fishery

Turnover	$1,500m *estimate (Dec 2013, +15%)
Ownership	Private
Country	Taiwan
Key executive	Wenhung Lee, CEO

Fong Cherng Fishery Company, known as FCF, is a privately owned company founded in Taiwan in 1972. The firm started life trading tuna from the catch of longline vessels. It has since grown into Taiwan's largest trading seafood trading company.

FCF's headquarters are located in Kaohsiung, Taiwan, the major home port for Taiwan's distant water tuna longline and purse seine fleets.

Along with US-based Tri Marine International and Japan's Itochu, FCF is one of tuna trading's 'big three'.

In Asia, the company also maintains offices in Japan, Thailand, Singapore and China. Investments in Asia include a wholly-owned subsidiary in Singapore engaged in vessel support services and a cold storage facility in Xiamen, China.

In total, the company has established over 30 subsidiaries, fishing bases and shipping agents throughout the world.

Within the Asia Pacific region, the company has subsidiaries and offices in Japan, Thailand, Singapore, and China. Cargoes are exported to markets in the United States, Thailand, Japan, South Korea, Philippines, Spain and Italy for products like frozen tuna for canning, deep frozen tuna for sashimi, and frozen squid.

There are also currently ten fishing bases established worldwide: Cape Town in South Africa, Port Louis in the Indian Ocean; American Samoa and Fiji Islands in the South Pacific; Singapore in the Pacific; Las Palmas, Argentina, the Falkland Islands, and Uruguay in the Atlantic Ocean.

The company's staff provide a wide variety of services for fishing boats, such as: fishing vessel repairs and maintenance, provisions, cargo loading/unloading, medical care, and other services.
FCF has also invested and established various cold storage and processing plants throughout the world.

The company handles over 600,000 metric tons of tuna and 100,000t of other fish annually and is a supplier of brands such as Bumble Bee, Princes, Chicken of the Sea and Starkist, according to its website.

It supplies skipjack, yellowfin, albacore and bigeye tuna, to name a few species it is active in, for canning, steaks and sashimi.

In 2012, the company made two investments in Africa, setting up a cannery and a frozen loins processing plant in Ghana.

FCF has also developed a fish aggregation device (FAD)-free certification process with its suppliers.

There are currently over 40 vessels participating in the program and FCF is encouraging and recruiting more suppliers to partake in this environmental effort. This program is being certified by Bureau Veritas.

BRINGING TAIWANESE-CAUGHT TUNA TO THE WORLD

FCF has benefited from the fact that most Taiwan tuna vessels operating overseas are historically family-run businesses with limited experience and ability to arrange the full range of support services required for their vessels, according to the Global Tuna Supply Chain report, done for the Pacific Islands Forum Fisheries Agency (FFA).

The marketing of the catch has historically been the most important of all services offered by FCF to vessel operators.

FCF's activities have evolved over time to where the company now purchases the catch from purse seiners and longliners and markets on its own account.

Relatively small product volumes from individual vessels or fishing companies can be leveraged to obtain better prices from processors or end users. Vessel operators are in turn provided with a guaranteed market, which is an important consideration in periods of glut, states the FFA report.

Long-time participants in Taiwan's tuna industry own FCF, which is headed up by chairman WH Lee. They are also thought to have investments ranging from fishing vessels to shipbuilding and repair.

As a company, FCF does not directly invest in fishing vessels although some shareholders are believed to hold significant ownership positions in Taiwan's purse seine and large-scale longline tuna fleets, according to the FFA report.
The evolution and expansion of the company's activities has resulted in strategic alliances with processors, importers, brand owners and others in the industry.

Notable among these alliances are those that have developed with US shelf stable giant Bumble Bee Foods for albacore and Thai Union, frozen products, for light meat.

In the case of Bumble Bee, FCF is the main supplier of raw material for loining at the PAFCO facility in Levuka, Fiji. Albacore is sourced primarily from Taiwanese longline vessels and processed by PAFCO under contract to Bumble Bee.

FCF also has a supply agreement with Thai Union in Bangkok for the supply of light meat, both whole frozen and loins, and claims to be the largest single supplier of raw material to Thai Union, according to the FFA report.

FCF obtains its product from multiple sources in all three oceans to ensure that supply obligations under these agreements are met, but if focused on the Western and Central Pacific Ocean (WCPO), which generates around 2 million metric tons of the total global catch of 4.3m.

In addition to a large presence in the purchase of purse seine-caught skipjack and yellowfin, FCF is also the majority stockholder in South Seas Tuna Corporation (SSTC) that operates a loining plant in Wewak, PNG, states the FFA report.

Raw material sourcing strategies from the various fleets include both spot purchases and long term contracts with vessels. According to the FFA report, citing data from the company, the total volume of tuna handled on an annual basis worldwide is around 650,000t.

Of the total volumes, about 80% (430,000t) of light meat comes from the WCPO. Approximately 40% (32,000t) of albacore originates in the WCPO and about 20% (6,000t) of ultra-low temperature (ULT) frozen sashimi-grade tuna is WCPO fish.

"The impetus for the company's majority ownership in the SSTC loining plant in Wewak was, and continues to be, second-generation fisheries access to PNG's very productive tuna resources.

"Construction and operation of the loining plant assured SSTC of fourteen purse seine fishing licenses. The production of these vessels far exceeds the needs of the loining plant, enabling FCF further opportunity in marketing of the catch from vessels associated with the facility.

"While not without its problems on the processing side, the facility provides further income streams from license acquisition, fish sales and support services provided to purse seine vessels connected to the facility.

"It has also expanded the company's involvement in the processing of cooked frozen tuna loins, a commodity that is traded worldwide," states the FFA report.

It is generally recognized in the industry that operations such as SSTC in Wewak were conceived to enable access to fishery resources, the report states.

"While the owners' stated intention is for the facility to become profitable, company representatives indicate that SSTC has not made money since it commenced activities in 2004.

"Several reasons are cited as impediments to profitable operations. Firstly, a major problem is a lack of adequate infrastructure, which is restricting production at the facility. A key component for success is of the facility is a wharf to enable sufficient amounts of fish to be unloaded for processing. According to FCF, the current wharf must be shared with other shipping activity, and is inadequate for the needs of the processing industry," the report states.
In addition to the production of loins at the SSTC plant in PNG, FCF also arranges for the processing of loins at facilities in China and Vietnam.

Shipments of frozen loins from these locations are typically made via container. However, FCF has around 22 refrigerated reefer carriers on long-term charter for movement of frozen fish from transhipping sites to processing facilities. Space is purchased when needed on an additional four reefers engaged in the trade, the FFA report states.

FCF is also active in the support of distant water squid jigging vessels and marketing of squid from the South Atlantic fishery.

FCF activities in the Pacific islands are supported by offices in PNG (Wewak), American Samoa (Pago Pago), and Fiji (Levuka). Agency services are provided in PNG, while offices in American Samoa and Fiji primarily provide liaison with processors and handle catch offloading details at each site.

MAIN SUPPLIER TO THAILAND

A major market for FCF is Thailand. The company is reportedly the largest supplier of raw material to Thailand tuna processors, with the bulk of fish transhipped by FCF from purse seiners in the WCPO and sent to Bangkok.

Tri Marine is bigger in selling to European and Latin-American based processors, however, but FCF still does business into these markets.

"FCF (and other traders) maintain that it is not cost-effective to ship via reefer carrier from the WCPO to buyers in Europe. Hence, fish destined for Europe are sorted in Bangkok and shipped onward via container," states the FFA report.

"In light of the need to comply with EU catch certification requirements under the EU-IUU

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[illegal, unreported and unregulated] fishing regulation introduced in January 2010, FCF officials indicate that this has resulted in additional costs to the industry.

During transhipment, products must be segregated by source to maintain compliance with the certification requirements and considerable paperwork is required. FCF feels these requirements are onerous in a fishery that has seen very few problems with IUU fishing in comparison with other regions/fisheries that supply the EU," states the FFA report.

Activities

trading | processing | fishing
distribution | marketing

Species

tuna | squid | sardine | saury | herring
mackerel | tilapia | milk fish | muroaji | oil fish

14*

* joint position

Sojitz

Turnover	$1,500m *estimated seafood sales (March 2013, flat)
Ownership	Public (TOKYO: 2768)
Country	Japan
Key executive	Yoji Sato, President & CEO

The seafood activities of Japanese trading giant Sojitz cover trading, processing and farming.

Its 'Consumer Lifestyle Business' unit, which holds its seafood activities, reported turnover of JPY 1.55 trillion ($15.29 billion) in its latest financial year, to March 31, 2014, as a result of higher trading volumes for wheat and increased sales volumes of fertilizer in Southeast Asia, the company said.

Profit for the year increased JPY 10.125bn, to JPY 17.49bn, attributed to an increase in share of profit of investments accounted for using the equity method.

Sojitz's foods resources business is divided into three major categories: sugar and coffee, marine products, and food distribution.

Within marine products, Sojitz operates a bluefin tuna fish farming business in Takashima, Nagasaki Prefecture, to help ensure a stable supply of tuna amid the current rapid surge in global demand and tight fishing restrictions.

Sojitz is also considering expanding this business to other marine products.

Besides imports and domestic sales of tuna and shrimp, Sojitz has tuna processing operations overseas.

In food distribution, it handles overseas processing, imports and sales of general food products in Japan, mainly through its subsidiary Sojitz Foods Corporation, and supports the overseas operations of Japanese food companies.

The company's 2013/2014 annual report had not been published by the time of this report. In its annual report for the year to March 2013, Hideaki Kato, managing executive officer of the consumer lifestyle business division, outlined three core strategies for the group.

These are shifting from Japanese to overseas markets, shifting from trading to a business investment model, and securing upstream resources in the agriculture, forest products and marine products sectors.

In 2012, Huong Thuy Manufacture Service Trading Corporation, one of Vietnam's largest food wholesalers, became a consolidated subsidiary, and Sojitz made "steady progress" in building its distribution network.

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Its compound feed company in Vietnam also began production. In addition, Sojitz entered the shrimp farming, processing and marketing business in Indonesia.

Sojitz started PT. Sojitz Sabindo Aquaculture (SSA) with PT. Sabindo Raya Gemiland, an Indonesian shrimp and fish farming and processing company, in June 2012 to expand into the the shrimp farming, processing, and sales business.

According to the press release from the time, its target for 2014 was shipment of 650 metric tons.

SSA has built culture ponds, a hatchery and a freezing and processing plant to provide farmed shrimp produced under an integrated production system from hatching to processing.

Approximately 90 ten-hectare culture ponds were created on a 1,000 hectare site.

SSA is growing large black tiger shrimp, which account for about 40% of Japan's shrimp imports, and exports them primarily to Japan and China.

Sojitz imports 15,000t of shrimp, about 4% of Japan's total annual import volume of 400,000t.

Activities

import | farming | trading | processing

Subsidiaries

Sojitz Tuna Farm Takashima
SOFCO Seafoods
Dalian Global Food Corporation

Species

tuna | shrimp

14*

* joint position

Tri Marine International

Turnover	$1,500m (Dec 2013, +7%)
Ownership	Private
Country	USA
Key executive	Renato Curto, Chairman & CEO

TRI MARINE

Tri Marine International is one of the world's largest tuna suppliers, handling over 500,000 metric tons of canning-grade tuna per year,

The was originally founded in Singapore in 1971 by the Italian government to operate largely as a tuna trading company to procure yellowfin for the Italian canning market, as well as a base for albacore and sashimi longliners.

In 1986, the Italian government-owned holding company opted to privatize Tri Marine and it was purchased by a consortium of four Italian and Taiwanese individual investors. The onshore facilities associated with the longline base were later sold to a Singaporean company, enabling Tri Marine to focus attention on further developing its trading operations for canned tuna, according to the Global Tuna Supply Chain report done for The Pacific Islands Forum Fisheries Agency (FFA).

While Tri Marine's core business is tuna trading, the company is involved in all aspects of the canned tuna supply chain – fishing, trading, logistics, processing and marketing. To support these functions, Tri Marine has established a global and vertically integrated network of fishing vessels, reefer carrier vessels and processing facilities, with commercial and representative offices located in all major global tuna producing areas.

Tri Marine's major canned tuna brand partners are Chicken of the Sea, owned by Thai Union Frozen Products, in the US and Bolton Group in Europe, which bought a significant minority stake at the end of 2013. Tri Marine has also traditionally supplied a lot Starkist, but it is no clear if this has continued under the ownership of Dongwon Industries, which is a vertically integrated company in its own right. It also supplies a considerable volume of raw material to other tuna packers in Thailand.

Traditionally, Tri Marine supplied tuna brands with whole round tuna. Over the past 15 years, some tuna brands have increasingly demanded cooked loins and finished products, due to the relatively high cost locations of their canning facilities, states the FFA report.

As a result, the company's tuna trading activities have extended to include yellowfin, skipjack and albacore whole round tuna, cooked loins of yellowfin and skipjack and finished products, such as cans for retail and catering use. Tri Marine has recently started its own brand, Ocean Naturals, which is selling in Walmart and other US retailers.

Tri Marine also buys and processes wet fish, such as sardines, squid and mackerel, in the US, from an operation based in California.

Its business model partly differs to that of its competitors, Taiwan's F.C.F Fishery and Itochu, of Japan, collectively known as the 'big three' of tuna trading. As demonstrated by its move into brand ownership, Tri Marine's interests have extended to a level where the company is now involved in end-to-end management of the global canned tuna supply chain, from "fishing through to finished goods", as the FFA report states.

Tri Marine's move into branded sales is the latest expansion for a company that has grown from trading to being active in fishing and processing, as well as financing other companies' operations.

Tri Marine operates 15 purse seiners and three pole and line vessels operating under the US and Solomon Islands flags. Its affiliated and contracted purse seiners fish in the Western Pacific Ocean and Eastern Tropical Pacific. They deliver their catch directly or via reefer carrier to processing plants producing value-added tuna products for leading brands of tuna, such as Chicken of the Sea, Starkist and Princes.

The Tri Marine's Solomon Islands-based fishing company National Fisheries Developments operates pole and line fishing boats under the Solomon Island flag with a Solomon Island crew. The catch is processed locally by Soltai Tuna Processing and Fishing, Ltd. which employs over 1,200 Solomon Islanders.

In addition to its seiners and pole and line vessels, Tri Marine also operates four coastal pelagic vessels, operating in support of Tri Marine Fish Co. and Baja Marine Foods' wetfish processing and freezing facilities located in San Pedro, California and Ensenada, Mexico.

WCPO OPERATIONS

In terms of tuna trading, FCF deals with larger volumes of raw materials in the Western and Central Pacific Ocean (WCPO) region than Tri Marine.

The WCPO accounts for around 2 million metric tons of the 4.3m metric tons globally caught. However, Tri Marine has a much stronger global presence than the other two trading companies, with long-standing and very strong connections in the European market, as well as a strong foothold in tuna trading and processing in South America, states the FFA report.
Tri Marine handles around 250,000 mt of raw material annually from purse seine vessels operating in the WCPO.

Solomon Islands based fishing company, National Fisheries Developments (NFD) is also owned by Tri Marine. NFD operates five purse seine vessels which collectively catch around 16,000-20,000t per year,296 mostly in Solomon Islands waters, the report states.

Yellowfin and skipjack caught by NFD's vessels is supplied directly to Soltai Fishing and Processing in the Solomon Islands for loining, as well as transhipped to Thailand and other destinations.

NFD has also acquired Soltai's former pole and line fishing fleet, with the objective of supplying Soltai with pole and line caught raw material, in response to increased market demand, particularly in northern European markets, for pole and line caught canned tuna, the report states.

Tri Marine's commercial relationship with Soltai also extends to processing activities.

In 2003, Tri Marine entered into a contractual processing arrangement with Soltai for the production of frozen yellowfin loins for Bolton.

In 2006, Tri Marine also facilitated the introduction of a processing line to enable Soltai to commence processing catering cans under contract, also for the European market (France, Germany).

In late 2008, Tri Marine provided Soltai with three senior managers on secondment to help overcome managerial and operational difficulties experienced by the processing plant. Tri Marine is also Soltai's major shareholder (51%). Tri Marine also has processing plants in the US, American Samoa, Mexico, Ecuador, Peru, Colombia, Mauritius, the Marshall Islands, the Solomon Islands and China.

The company has made two recent additions to its processing footprint, buying a plant in Paita, Peru for tuna and pelagics from Austevoll Seafoods in January 2014 and starting production at its greenfield site in American Samoa, Samoa Tuna Processors (STP).

Its long-awaited Samoa Tuna Processors plant is processing frozen tuna already and set to start canning by the end of 2014 or the start of 2015. The company has made a couple of high profile hires connected to the plant. On July 7, 2014, Undercurrent News reported Eddie Benson had joined Tri Marine in a new role at the company as director of procurement.

TRI MARINE

Benson was formerly global procurement director for Contessa Premium Foods, which went into bankruptcy on May 1 and was bought by Red Chamber later that month. Before that, he was director for procurement at the end of a 13-year stint with Starkist and has over 20 years of experience in buying, having started his career with Heinz in Europe.

Benson "will have oversight of procurement at all of our owned tuna plants including raw material, packaging and ingredients", wrote Tri Marine in a company newsletter. "Additionally, he will represent the interests of STP in contracts for finished product and fishmeal sales," the company wrote.

On Feb. 7, Tri Marine named Russell Dunham its director of fresh and "ultra low temperature" (ULT) frozen tuna operations for the Central and Western Pacific Region. Dunham is responsible for Tri Marine's sourcing and processing operations in Solomon Islands and American Samoa and for procurement of tuna throughout the Pacific.

The drive to complete the plant was, according to some tuna sector sources, a reason for Tri Marine taking investment from Bolton Group, which was announced in October 2013 and approved in December the same year.

BOLTON DEAL

Bolton, which is registered in the Netherlands but operates from a base in Milan, Italy and owns the Rio Mare and Saupiquet canned seafood brands in Italy and France, respectively. It is also a major shareholder in Spanish canner Calvo.
The deal is being closely watched by tuna sector sources.

As to why two companies that have worked very closely together for some time are taking this step emerged as a point of much interest, with sources feeling it's a play based on the need for capital to finance planned expansions, such as Tri Marine's planned plant in American Samoa.

Bolton has also has much expertise in branded tuna sales, an area Tri Marine has recently moved into, with Ocean Naturals.

"The new partners may believe this will give them the financial strength to enter the US market, as Tri Marine recently launched a retail brand into Walmart," a tuna sector source told Undercurrent, with reference to Ocean Naturals.

That, however, "will be a very expensive proposition, given the existence of mature and well established brands in the US", this cource said, referring to the already highly competitive landscape with the Bumble Bee, Starkist and Chicken of the Sea brands.

As this report went to press, Bolton was being linked to a move for Bumble Bee, as the US branded supplier's private equity owner, Lion Capital, is reportedly looking to sell for asset, for $1 billion-$1.5bn. Combined with Tri Marine, this would give strong vertical integration in the US market. Competition in the deal is likely to come from Thai Union Frozen Products, which owns the Chicken of the Sea brand in the US.

The company is setting its sights on dominating the premium branded segment with its Ocean Naturals range, as well as planning to introduce sardine and mackerel additions.

The company rolled out its Ocean Naturals brand in Walmart last year with pole-and-line caught albacore and skipjack caught by purse seiners not using fish aggregating devices (FADs).

"We are targeting a niche and going after discerning consumers. We are offering people the chance to trade up. We consider our offering to be an incremental purchase opportunity for consumers," said Curtis Heffernan, vice president of sales and marketing with The Tuna Store, Tri Marine's sales and marketing arm.

Tri Marine is targeting the premium segment and "we believe we have the opportunity to own this space", Heffernan told Undercurrent in an interview in July 2014.

More retailers are coming online, with Albertson's Pacific Northwest and Spartan in the Midwest recently starting to carry the products. "Our retailer customer list is growing every month, and we expect this new distribution to continue through the balance of this year and into 2015."

Simple is better with the look of the cans and the product, said Heffernan. "Inside the cans, we have albacore tuna and a little Italian olive oil, or skipjack tuna in a little water. There is no vegetable broth or additives. Cans are six ounces, rather than five ounces, also."

The response from consumers to the quality of the product has been great, he said. "The aim of the brand is to put quality back in the can, with just the simple ingredients of tuna, water, and salt."

Responses back from consumers have stated "this is what tuna should look like", he added.

Hefferman said STP gives Tri Marine the chance to process all of these products themselves.

"When we open the plant in American Samoa, yes, it would make sense to have our own products processed in that plant, so that is possible."

At the moment, the skipjack is produced in Thailand, in a co-packing plant. The albacore is packed in Ecuador in one of Tri Marine's plants.

MAJOR MARKETS

According to the FFA report, Tri Marine also supplies several Thailand tuna packers with raw material, which is said to be around 60,000-70,000t annually.

In contrast to supply contracts with the US processors, which it is also said to supply around 60,000-70,000t to, Tri Marine has informal 'gentlemen's agreements' established with the Thai packers and offers a certain volume of raw material per month, the report states.

Similar arrangements are also in place to supply raw material to Soltai (Solomon Islands) and plants in China for loining. Hence, each month a certain amount of whole round fish is either contracted or informally committed to Tri Marine's main processing clients, and any leftover product is sold on the spot market to other buyers, such as canneries in the Philippines.
Even before the Bolton move for a stake in Tri Marine, the two companies worked closely together. Tri Marine supplies Bolton with high quality yellowfin loins, as well as small volumes of skipjack loins, for Bolton's Rio Mare and Saupiquet canned tuna brands, the FFA report states.

In fact, the majority of Tri Marine's yellowfin loins are sold to Bolton, the report states. "Surplus loins or those that are below Bolton's very high quality specifications are sold to other Italian and Spanish customers," it adds.
The majority of yellowfin loins marketed by Tri Marine are sold under contract.
The much bigger volumes of skipjack loins are sold to canners globally on a spot basis, to North Africa, Israel, EU, US, American Samoa, Mexico, "since skipjack loins are a so-called 'commodity' product", the report states.
In its loin business Tri Marine competes with

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other loin processors, such as Thai packers, rather than the other tuna trading companies. In addition to yellowfin loins, Tri Marine also supplies Bolton with canned tuna sourced from processors in the Indian and Eastern Pacific Oceans and from its own processing facilities. Tri Marine also supplies finished goods from its processing facilities in Ecuador and Colombia to private label customers in Europe and South America.

Activities
processing | fishing | trading

Shareholders
Renato Curto | Bolton Group

Brands
Ocean Naturals

Subsidiaries
The Tuna Store | SolTuna | Baja Marine Foods

Species
tuna | sardines | squid | mackerel

14*

* joint position

Trident Seafoods

Turnover	$1,500m *estimate (Dec 2013, flat)
Ownership	Private
Country	USA
Key executive	Joe Bundrant, CEO

Trident Seafoods is one of the most impressive entrepreneur stories in the seafood sector.

The company was founded in 1973, by Alaska king crab fisherman Chuck Bundrant, along with Kaare Ness and Mike Jacobson, who would become his partners.

Harvesting crab was profitable in the 1970s. Nevertheless, the three fishermen understood that the key to their future lay beyond the docks where the boats simply unloaded the catch.

Together they built Billikin, adding crab cookers and freezing equipment necessary to process their own finished product. They embarked on a new course for themselves and ultimately the Alaska seafood industry, where the fishermen were now in the seafood business.

A year later, the partners joined with Edd Perry, a Bellingham processor, and his company, San Juan Seafoods.

In 1984, they were joined by yet another forward-thinking fisherman, Bart Eaton, who stepped in to pioneer new fishing technologies and manage the company's rapidly expanding fleet of company-owned vessels and independent catcher vessels.

By that time, seafood buyers in Japan and Europe started to become customers, with a full range of salmon, herring, shellfish and groundfish products caught by Trident's fishermen and processed at Trident's Alaska facilities.

JOE BUNDRANT TAKES OVER AMID TOUGH TIMES FOR POLLOCK SECTOR

In November 2013, Joe Bundrant, son of Trident Seafoods' founder, officially took the helm of the company as CEO.

The change came amid turbulent times in the Alaska pollock sector, a major product for the company.

The internal announcement from Chuck Bundrant, seen by Undercurrent News, referenced the challenging times for the industry, including the low prices for pollock.

"This 40th anniversary year of Trident has been a very challenging one for the seafood industry with surimi, block and pollock roe prices declining worldwide, while costs and regulations are increasing," read the email, from Chuck Bundrant.

Although Trident "is not immune to these pressures", the company is "blessed to be diversified and financially stable during a time when much of our industry is struggling".

Despite the challenges, "this is an exciting time in our history", wrote Bundrant. "We have tremendous assets, including a strong and committed fleet of fishermen, great supplier partnerships, and numerous long-term customers who value our products and our culture of service."

As Joe Bundrant officially took the helm, a transition that had been widely known in the sector for some time, longtime Trident operations executive Paul Padgett stepped back from a day-to-day role.

The official announcement came over a year after the death of Jerry Dowd, also titled president in the Trident organization, aged 60, on a fishing trip with his family.

Joe Bundrant said he was "honored and humbled to take the helm of a such a remarkable company", which was founded by his father 40 years ago.

According to the email from Chuck Bundrant, Trident internally announced in December 2012 that Joe Bundrant would be leading the company, following the retirement of Padgett, who had been serving as president since January 2008.

Chuck Bundrant also paid tribute to the ability of Padgett, who he said had been "an outstanding leader throughout his career, and he is leaving us in good shape".

Bundrant also listed the management team Joe Bundrant chose to support his vision for Trident. This consists of: Vic Scheibert, president, Alaska operations; John Matelich, president, domestic value-added operations; Randy Furtner, chief financial officer; Allen Kimball, executive vice president, international sales; John Garner, executive vice president, strategic initiatives; Joe Plesha, chief legal and regulatory officer; Larry Dutton, executive vice president, quality; Brant Rigby, vice president, human resources.

LEADER IN ALASKA POLLOCK, CRAB, CANNED SOCKEYE, FROZEN BRISTOL BAY SOCKEYE

Trident's management team oversees a vast empire of fishing and processing assets.

The group leads the Alaska seafood industry in the production of crab, canned sockeye salmon, and frozen Bristol Bay sockeye. The company also ranks among the state's top five producers of pollock, cod, herring, and canned pink salmon.

On the processing side, the company's value-added processing facilities in Anacortes, Bellingham, and Seattle, Washington, turn out an ever-increasing selection of finished, ready-to-prepare seafood items for US foodservice and retail distribution.

From breaded whitefish for fast-food outlets to herb-glazed salmon portions and surimi seafood to frozen halibut steaks and fancy king crab sections for white-tablecloth restaurants, Trident products reflect the company's diverse access to sources. The company's surimi plant in Motley, Minnesota is one of the largest in the world, if not the largest.

PROCESSING EXPANSION

The company is making a further expansion into value-added processing with a plant to service the East Coast, which will come online in October. Trident announced a $41 million investment in the plant in Carrollton, Georgia last August, stating it hoped to open by mid-2014. The company will use the new plant for producing portion-controlled frozen seafood products, as well as a variety of battered, glazed, breaded, fryer-and-oven-ready frozen items.

Trident had been looking at ways to expand its presence on the East Coast for some time, and was competing with High Liner to acquire Newport News-based Icelandic USA, which the Canada-based company bought for around $233m, at the end of 2011.

In May 2012, Trident picked up Dan Murphy, an Icelandic USA veteran who was the company's vice president of sales. Murphy is now a member of Trident's senior management team. Christine Garvey, another highly-experienced foodservice salesperson, also joined from High Liner in 2012.

The Carroll County processing facility will be located in a 104,000-square-foot building that formerly housed a food production facility for Chiquita Brands.

Originally designed for food production and storage, the building offers refrigerated storage and an on-site wastewater treatment plant.

Joe Bundrant told Undercurrent in an interview during the Seafood Expo North America show in Boston in March 2014 that the plant was on track to open in October.
"It will mean we are in a unique position of having processing plants on the west and the east coasts," he said.

This saves on shipping time and costs to reach customers. High Liner Foods and Gorton's, the main competitors of Trident in the frozen seafood sector, only have processing plants on the East Coast.

The move from Trident, which also added nine new products to its own retail line for the Boston seafood show, will see more of the pollock and other fish caught by its vessels in Alaska go into its own products for the US market.

"We are seeing the 'caught in Alaska' story gain traction, which is part of the picture," said Bundrant. "Control over supply chain is becoming more and more important for customers. We are very well positioned for this."

Trident is also seeing increased quality-focus in the US market, which is means more are switching to single frozen pollock over twice frozen fish from China, he said.

He added the company sees the US as a growth market, as more companies focus on quality and product innovation.
Trident also operates seven major primary processing plants in Alaska, including a Southeast pink salmon cannery in Ketchikan; Bristol Bay sockeye salmon canning and freezing operations in North and South Naknek; and diversified processing plants handling Alaska pollock, Pacific cod, Black cod, halibut and crab in Akutan, Sand Point, Kodiak and St. Paul.

Trident's remote facility on Akutan Island is the largest fish processing plant in North America and handles the second biggest landing port for fish in the US. The plant can process over 3 million pounds (1,500 metric tons) of mixed species per day with approximately 1,100 employees.

With the acquisition of the Tyson Seafood Group assets in 1999, primary processing plants for groundfish were added in Kodiak, Alaska and Newport, Oregon. Included also was a fleet of factory trawlers and fishing vessels that have greatly added to the production of groundfish fillets, blocks, surimi and roe.

US CONSOLIDATOR

Trident has been a prominent consolidator in the US seafood sector. In 1992, the company bought Farwest Fisheries, along with its Faust, Prelate, Rubinstein's, Tulip, and Whitney canned seafood - primarily salmon - brands.

It expanded in surimi in 1999, buying the Sealegs surimi brand from Nichirei Foods. The Tyson deal also came that year, along with its Arctic Ice and Pubhouse frozen seafood brands.

NorQuest Seafoods was bought in 2004, along with its Norquest, Silver Lining and Portlock brands of frozen, canned and smoked salmon. The same year, Trident snapped up the Royal, Pride and Sno Tip canned salmon brands from North Pacific Processors.

In 2006, the company acquired the ConAgra seafood brands, including Louis Kemp for surimi and Captain Jac. Trident snapped up Bear & Wolf Salmon Co., a producer of skinless and boneless canned salmon in 2008. Kasilof Fish Co., a producer of smoked salmon products, was acquired by Trident in 2010.

RETAIL, EUROPE PUSH

Trident is currently making a big push in retail with its own products, having come out with nine new additions to its retail range for the Boston seafood show, as well as a new high-end surimi product, for foodservice.

As well as new product and processing expansion, Trident is also growing its sales operation in Europe. In late January, Undercurrent reported that Trident had hired three seasoned executives to run its new office in the Netherlands.

Roland Kasius, Peter van der Giessen and Chris van den Heuvel joined Trident from Welmar Europe, to run its Trident Seafoods Benelux office, in Barendrecht, in the Rotterdam area.

In 2013, Simon Rilatt, left Trident to become the purchasing director for Danish processor A. Espersen. He was handling sales to the UK, a market the Dutch office will also cover.

"Trident is all about the people and we have known Roland, Peter and Chris for many years and they are fantastic guys," said Bundrant.

"If it swims off Alaska we catch it and this is about selling a wider variety of fish into those markets."

Van der Giessen, Kasius and van den Heuvel have 21, 19 and 11 years experience in the sector, with Welmar - now owned by Japanese trading conglomerate Marubeni - and Primstar.

The three are reporting to Stephan Kleemeyer, who runs Trident's European head office in Germany, which was established seven years ago. Trident also a sales executive in France, Simone Botrel, focused more on surimi products.
The plan is to get "deeper into the market" and sell to more processors in Benelux and the UK, as well as expanding the product mix sold in Europe, Kasius told Undercurrent. Wholesalers, foodservice and industrial customers are the targets.

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There are openings for other species that Trident catches in Alaska, such as rock and yellowin sole, or, at the high end, black cod and sockeye salmon.

The company's office in Germany has largely been focused on selling pollock fillet blocks to industrial processors, which was how Kasius and his team came into contact with Trident.

"We have been buying blocks from Trident for some time, so that will be a continuation of what we were doing before. But much of what will do will be new," said Kasius.

A major attraction of working for Trident is having access to the resource in Alaska, with the company's large quotas in a range of species, from Alaska pollock and wild salmon to king crab and black cod, said Kasius.

Kasius, van der Giessen and Chris van den Heuvel were also importing processed products from China in their previous roles, which is also something they plan to continue, as Trident has its own processing in China.

"We can bring more of the Asia-processed products into the mix, as well as expanding the sales of the pollock, salmon and hake."

Besides the wide range of frozen products, Trident also produces wild-caught salmon in cans. "The cans are not our specialty, but if there is a chance to do business, we are interested in it," said Kasius.

Activities
catching | processing | sales | marketing

Shareholders
Chuck Bundrant | Kaare Ness

Brands
Trident Seafoods | Louis Kemp | Portlock
Kasilof | Pubhouse | Rubinstein's | Sea Alaska

Subsidiaries
Trident Seafoods Europe

Species
pollock | cod | Pacific hake | king crab
snow crab | dungeness crab | flounder
yellowtail | sockeye salmon | keta salmon
pink salmon

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Pescanova

Turnover	€1,063m (Dec 31, 2013, -24%)
Ownership	Public (trading suspended since April 2013)
Country	Spain
Key executive	Chairman not appointed yet - only Jacobo Gonzalez-Robatto has been appointed chairman of the monitoring commission

2013 and 2014 were dramatic years for Pescanova.

Spain's largest seafood company, and until last year - including in Undercurrent News' 2013 top 100 report - thought to be among the top ten largest seafood companies in the world, unravelled in front of the sector's eyes, as scandal after scandal erupted in the wake of its shock bankruptcy filing on March 31, 2013.

The group which had filed revenues of €1.7 billion and profitable earnings in 2012 has now been found to be lossmaking and with negative equity since at least 2011.

Several directors including its former chairman of 33 years and son of the company's co-founder, Manuel Fernandez de Sousa-Faro, are facing lawsuits for fraud accusations. The company was revealed to hide a complex network of shadow subsidiaries across the world, through which it covered up high debts and losses, seemingly even to its own auditing firm, BDO.

According to the bankruptcy administrator Deloitte, and to a forensic audit carried out by KPMG, Pescanova made losses of €260 million in 2011 - not a profit of €50m as it had reported. Pescanova in 2011 had reported a turnover of €1.67bn; Deloitte estimate the true value at €1.356bn. The auditor calculated that the company had a negative equity of €791m already in 2011 -- a figure that grew to minus €2.237bn by the end of 2013.

The situation worsened in 2012, during which Deloitte estimates Pescanova racked up losses of €791m, on revenues of €1.4bn (unlike the €1.735bn it reported).

For 2013, Deloitte said Pescanova made losses of €719m, on revenues of barely €1bn.

Nevertheless, Pescanova has survived. On May 23, 2014, some 403 days after it filed for bankruptcy and after an eight-month long tug of war between the shareholders Damm and Luxempart on the one hand and the bank creditors on the other, the latter won the day. A Spanish bankruptcy court has approved a restructuring plan proposed by a majority of bank creditors.

BAILOUT PLAN

The banks Banco Sabadell, Popular and CaixaBank - holding some €590m in liabilities in Pescanova - will become the main shareholders of the Galician multinational after capitalizing the debt.

The bailout plan sees the company retain €1bn of its bank debt, which had been pinned at €3.6bn in 2013. The bailout plan led by Damm had offered to only retain €700m of the debt.

Even so, creditor banks have a big challenge ahead to refloat Pescanova and its many subsidiaries across the Americas, Africa and Europe (it sold its 50% stake in the icefish and toothfish catcher Austral Fisheries in Australia to Maruha Nichiro in December 2013, for €29.5m).

The focus is now on how, and what shape, Pescanova will continue to exist.

Under the restructuring proposal, the banks will focus on Pescanova's fishing and domestic activities, while looking to possibly sell several of its aquaculture activities, including the turbot farm in Portugal and the salmon farms in Chile. While aquaculture has been identified as having the most potential, it is also considered the most problematic and capital intensive, and blamed in part for the financial disaster that the company fell into.

In all, Pescanova's fishing empire boasts of a fleet of some 100 vessels, catching more than 100,000 metric tons from Africa to South and Central America.

In Namibia, it controls Novanam, which has quotas for some 30,000t of hake according to Deloitte's bankruptcy report on Pescanova. South America is the other main hub for Pescanova's fishing activities.

These are mainly concentrated in Argentina, Chile and Uruguay, through its Cono Sur subsidiary, which encompasses Pesca Chile, Argenova and Pesquerias Belnova. Argenova in Argentina - in bankruptcy protection since May 2013 - includes 19 vessels with a capacity to catch 10,000t, mainly of red shrimp.

On the back of 2013's positive shrimp season, Argenova contributed to 38% of Pescanova's total fishing sales that year, valued at €238.4m.

In Chile, Pesca Chile - which is also in bankruptcy protection since May 2013 - operates nine vessels, catching around 20,000t of grenadier, hake and toothfish, while in Uruguay, Pesquerias Belnova and Uruguay Shipping operate vessels for hake and calamar.

SALMON FARM SALES

Pescanova's aquaculture division included Pesca Chile's salmon subsidiaries Acuinova and Nova Austral. These are projected to be sold in 2014, as the subsidiary's bankruptcy trustee, Herman Chadwick, has said he has received

PESCANOVA

firm bids to buy.
Marine Harvest and Cooke Aquaculture's Chilean subsidiary Salmones Cupquelan have been tipped as interested bidders for the salmon farms, while Chilean seafood producer Friosur told Undercurrent in early May its bid for the fishing assets was still on. Nowegian salmon producer Salmar has also been reported to have been on the lookout for deals in Chile of late.

The largest turbot farm in Europe - Pescanova's Portuguese subsidiary Acuinova - is also considered as practically lost by the banks, and Deloitte has reportedly given PriceWaterhouseCoopers full powers to sell the subsidiary. The activity has suffered several technical setbacks and is estimated to have incurred debts of €99.8m with four Portuguese banks - Banco Caixa Geral, BPI, Banco Espirito Santo and BCP - from 2007 to 2010, while posting losses of €13.4m. in 2013. It has been blamed by competitor Stolt Sea Farm for flooding the market with small fish at low prices.

One part of the aquaculture business that could avoid a sale, however, is shrimp farming, which consists of the Latin American shrimp subsidiaries - Promarisco, Camanica, Serviconsa,nNova Guatemala and Nova Honduras.

The shrimp farms are operating and said to be profitable, as harvests - mainly in Ecuador and Nicaragua - boosted production volumes at the end of 2013. Positive market prices also contributed to a good year-end.

But even these have been struggling with high fixed costs and high debts.

Despite the high shrimp prices on the global market - driven up by the spread of the early mortality syndrome (EMS) disease in Asia and in Mexico - high fixed costs and large plants have been hurting Pescanova's shrimp investments, said Deloitte.

Pescanova invested €363.5m in the shrimp sites in Latin America between 2007 and April 2013, building up 10,465ha of production in Ecuador, Nicaragua, Honduras and Guatemala.

But Deloitte found that the shrimp subsidiaries had accumulated a total debt of €296.7m by April 2013, owed to companies within Pescanova and to external parties.

It also said the the Latin American shrimp subsidiaries had combined losses of €22.2m in the first four months of 2013.

Some have suggested the creditor banks' apparent interest to hold on to the shrimp farms could be linked to a lack of interested acquirers, due to raw material price volatility and uncertainty on the debts.

SHRIMP FARMS OFFLOADED

In April 2013, however, Charoen Pokphand Foods - the Thai agribusiness giant and a major shrimp player - was tipped to be eyeing Pescanova's shrimp farms.

This came after Pescanova netted $18m from the sale of two shrimp farms totaling 1,300ha in Ecuador which it owned through Promarisco. Undercurrent revealed farms were sold in early 2013 to the owners of Sociedad Nacional de Galapagos (Songa), a rival farmer and processor.

Red Chamber Group, the highly secretive California-based US seafood group, one of the largest in North America, is co-packing at the Guatemala plant. Sources told Undercurrent that Red Chamber was being linked to a move to acquire the plant.

The future of shrimp farms should be known in the course of 2014, as refinancing is being negotiated with local banks.

With these hectic developments, Pescanova's picture has changed dramatically compared to recent years.
Since its foundation in 1960, the multinational grew on a business model of vertical integration in fishing and farming, and its name became the number one brand in frozen food in Spain.

This was backed by multi-million investments mainly in the aquaculture business, that required long-term returns.

Until 2013, Pescanova managed to paint a misleadingly bright picture of its financial accounts in part through tricks such as transferring invoices to subsidiaries, or billing sales through companies owned by front men.

The revelations of these practices led to the demise of chairman Fernandez, who resigned from his post on July 17, 2013. He had first joined the company in 1976, before taking over from his father as chairman in 1980.

Fernandez has been called to court to testify over allegations of having distorted the company's annual accounts, falsified information and carried out insider trading.
In September 2013, a Spanish court froze all bank accounts belonging to Fernandez and to companies linked to him, after it blocked a $5.2m transfer destined to an account in China held by Fernandez' wife.

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However, any verdict will not come anytime soon as the legal proceedings are in a pre-trial phase, and these alone could last up to two years, before the actual trial starts.

Activities
processing | fishing | sales | marketing
export | aquaculture | trading
distribution | import

Shareholders
Banco Sabadell | Banco Popular | CaixaBank
Novagalicia Banco | BBVA

Brands
Pescanova

Subsidiaries
Grupo Camanica | Promarisco | Serviconsa
Nova Honduras | Nova Guatemala | Seabel
Bajamar Septima | Krustanord | Pescafina
Pescanova USA | Argenova | Novanam
Pesca Chile | Acuinova Chile | Nova Austral
Insuina | Acuinova Portugal

Species
cod | salmon | shrimp | turbot | tilapia
hake | surimi | trout | coho | giant squid

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Daisui

Turnover	JPY 132,008m (March 2014, +4%)
Ownership	Public (7538:Osaka)
Country	Japan
Key executive	Seiji Manabe, President

Osaka-based wholesaler Daisui was founded in 1939. Both Nippon Suisan Kaisha (Nissui) and Kyokuyo are shareholders in the company, and are key customers.

The company buys and sells fresh and frozen fish, and owns warehousing and cold storage operations.

In its latest financial year, ending March 31, 2014, Daisui grew revenues from JPY 126.9bn to JPY 132bn.

More impressively, the bottom line recovered from a loss of JPY 447m to a gain of JPY 244m, which was attributed to lower sales, general and administrative costs.

Several of the other major Japanese wholesalers, such as OUG Holdings, also lost money in the 2012/2013 financial year, and returned to profitability in the 2013/2014 year. The earnings of the previous year were in part still affected by the tsunami and earthquake that hit the Tohoku peninsula in March 2011. Earnings were then hit by the policies of Shinzo Abe, prime minister of Japan, which negatively affected import-driven Japanese companies.

After Abe was re-elected as prime minister in December 2012, he implemented an economic policy dubbed as Abenomics. This has seen the yen weaken against the dollar, increasing the costs of imports.

Although this situation still continues, Japanese companies have started to adapt, including by increasing prices.

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Activities

wholesale | import

Shareholders

Nippon Suisan Kaisha (Nissui) | Kyokuyo

Species

tuna | horse mackerel | sardines | crab | skipjack | Pacific saury | squid | swetfish | blowfish | sea urchins | oysters | shrimp | surimi | amberjack | salmon | scallops | sablefish | eel | swordfish | ray fin | trout | monkfish | atka mackerel | flounder | sandfish | roe | rockfish | fluke | capelin | butterfish | whitebait | chikuwa | ice goby

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Findus Group

Turnover	£750m *estimated seafood sales (Sept 2013, flat)
Ownership	Private
Country	UK
Key executive	James Hill, CEO

Home to Young's Seafood in the UK, and the Findus brand in Scandinavia and France, Findus Group claims to have a retail share of 51% in Norway, 31% in the UK and 28% in Sweden.

The company has 5,300 employees across 11 production sites in the UK, seven production sites in the Nordics and one site in France.

After a major ownership restructure in September 2012, Findus also had some tough times in 2013. The company -- which is now divided down into three decentralized units, Young's, Findus Nordics and Findus Southern Europe -- suffered a reputational hit from the horse meat scandal, dubbed 'Horsegate' by the UK press.

At the start of the year, Findus was forced to withdraw thousands of products as a result of revelations that some of its beef-labelled lines contained close to 100% horsemeat.
Findus France subsequently pledged to source 100% French meat while Findus' fish-focused UK branch, Young's, sought to distance itself from the scandal and has since ramped up its DNA testing.

Findus Nordics was also hit by the scandal, which was extensively covered in the press in Sweden and Norway. Despite the media clamor, however, the financial impact in the case of Findus was revealed to be fairly limited.
In July 2013, when Findus' parent company Lion/Gem Luxembourg said it had completed a bond issue of £410 million, it stated the horse meat scandal had only had minimal impact on its performance.

"The product recall only marginally impacted performance as the company is predominantly a fish and vegetable led business and the reduction of sales in meat based products was offset by fish sales," said Findus. Findus has experienced "six consecutive periods [financial quarters] now of stable performance", despite the recall.

The company has not released any financials for 2012 or 2013, but a leaked bond document for the first quarter of its financial year 2013/2014 - the last of the 2013 calendar year - showed a big loss.

Findus, according to the document, reported pre-tax losses of £37.6m for the first quarter of its latest financial year, for the 13 weeks to Dec. 28, 2013, which did not take into account the impact of goodwill write-downs and "investor interest" structures on the P&L, a spokeswoman told Undercurrent News at the time.

The company reported earnings before interest, taxes, depreciation and amortization (ebitda) excluding investor fees of £8.4m in the UK, down 29.4% year-on-year, according to the documents.

Q1 UK sales - which means Young's - were down 2.2% y-o-y to £147m, according to the unaudited results quoted in the Findus documents.

Findus said "continued" growth in chilled seafood and customer share growth was offset by the "exit of unprofitable frozen private label contracts and promotional phasing on the Young's brand".

Its UK arm Young's, however, has reported an improved 2012/2013 year. Young's generated a £89.7m net profit for its financial year closing Sept. 30, 2013, compared to a loss of £16.5m for the nine months to the end of September 2012. The company also reported strong sales, operating profit and ebitda. Turnover was £582.7m for the 12 months to end September 2013, compared to £425m in 2012, for nine months.

Ebtida for the year to Sept. 30 was £31.8m, compared to £17.4m for 2012. Operating profit was £20.4m for the 12 months to the end September 2013, compared to £7m in 2012. The company increased margins to 11.0% for 2013, up from 9.3% in 2012.

BRINGING THE BAND BACK TOGETHER

As its financial performance improves, Young's is also bringing back lots of old faces. In mid 2014, Undercurrent reported Yvonne Adam is returning to Young's in September 2014 as marketing director, having left in 2011. Adam's return to Young's, where she was a big part of building up the brand between 2004-2011, is the latest example of former senior executives making comebacks.

In the second quarter of 2014, Wayne Hudson, Frank Green and Dominic Collins, all of whom worked for Young's in its growth period under the management of Wynne Griffiths, Mike Parker and Jim Cane, have all come back to Young's in senior positions.

Adam will report to Hudson, who is managing director of the Young's frozen business, within which Green is the commercial director. Collins came back on the chilled side of the Young's business, which is being run by Pete Ward, deputy CEO, as purchasing director.

With Young's, Adam started as business

Findus Group
a passion for food

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development director for the chilled brand from 2004-2006, before becoming marketing director of Young's Scotland, before taking over as marketing director across the business.

Hudson, who worked as a sales executive for Young's before, re-joined the Grimsby-based company in January, after 13 years with Ireland-based Kerry Foods.

The position filled by Hudson was created in October 2013, when Young's axed David Bell as commercial director. Green joined from WM Morrison Supermarkets, where he was director of seafood.

There have also been some significant exits from Young's. Leendert den Hollander resigned as CEO on March 3 and James Hill, who joined as Findus Group CEO in April 2013, is now also CEO of Young's.

Activities
processing | marketing | import

Shareholders
Lion Capital | JP Morgan | Highbridge
Northwestern Mutual Capital

Brands
Young's Seafood | Findus | Croustibat

Subsidiaries
Young's Seafood | Findus Nordics
Findus Southern Europe

Species
cod | haddock | pollock | basa | whiting
langoustine | kipper | squid | shrimp | hoki
hake | yellowfin tuna | flounder | plaice
herring | surimi

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Tohto Suisan

Turnover	JPY 125,416m (March 2014, +1%)
Ownership	Public (8038:Tokyo)
Country	Japan
Key executive	Yoshinari Sekimoto, CEO

Situated at the Tsukiji market in Tokyo, Tohto Suisan has been a licensed seafood wholesaler since 1948.

The company runs a host of departments including tuna, fresh fish, special products, processed products and frozen and salted.

It also owns Aero Trading, a processor in Vancouver, Canada. In addition, Tohto Suisan owns wholesale operations in other Japanese cities, such as Chiba, Kawagoe and Saitama.

The company also owns a processing plant in Kushiro, a city on the northern island of Hokkaido, as well as a processing plant in Funabashi.

Year over year, Tohto Suisan has seen revenues remain relatively flat, at JPY 125.4 billion compared to JPY 123.8bn, though the company was able to grow net income from JPY 147 million to JPY 1.3bn.

A reduction in the percentage of sales devoted to selling, general and administrative costs from 5.16% to 4.55% was a key component in the bottom line growth in the face of flat revenues.

This is similar situation to the other major Japanese wholesalers, who all took a hit in 2012/2013 from the economic policies of Shinzo Abe, dubbed 'Abenomics', during the calendar year 2013.

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Since Abe was re-elected as prime minister in December 2012, the yen has weakened against the dollar, making imports of products more expensive for Japanese importers. However, after a tough 2012/2013, most wholesalers recovered their margins in the latest financial year, in part thanks to price increases.

Activities

processing | wholesale | trading
import | export

Species

tuna | swordfish | horse mackerel | squid
yellowtail | mackerel | Pacific saury
plaice | salmon | bonito | octopus
swellfish | sea urchin | ark clams | crab
sardines | walleye pollock roe | eel
shrimp | salmon roe | herring roe
cord roe | lobster | fluke | bream

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Bolton Group

Turnover	€870m *estimated seafood sales (Dec 2013, 45%)
Ownership	Private
Country	Netherlands, Italy
Key executive	Michael Goletka, Chairman

Based in the Netherlands, media-shy Bolton Group started its food business in 1960 with Manzotin and the launch of Rio Mare, which became the market leader of canned tuna in Italy within only five years.

In 1996 the Group acquired Bolton CILE, specialist in branded packaged food and PRIMA quality sauces and vinegar in Spain. The acquisition of Saupiquet in France in 1999 further expanded Bolton's food business to become a European leader in the canned tuna market.

In April 2012, it further expanded its tuna empire with a 38% stake in Calvo Group, the Spanish canned tuna producer, home to the Calvo, Nostromos and Gomes da Costa brands.

In December 2013, The European Commission approved the acquisition of a portion of US-based tuna catching, trading, processing and sales giant Tri Marine International by Bolton Group, giving a green light for deal that unites two companies with combined turnover of close to $3 billion.

Currently, Bolton Group is being billed as a company with strong case to look to acquire US Bumble Bee Foods, which has annual earnings before interest, taxes, depreciation and amortization (ebitda) of $130m and turnover of around $1bn -- and could be reportedly up for grabs in new plans of its private equity owner Lion Capital.
Calvo, which has had massive success with its Gomes da Costa brand for sardines in Brazil, reported sales totaling €712 million for 2013, an 11% year-on-year increase, and double compared to seven years ago. Ebitda totaled €49m, 9% higher than the previous year.

Calvo's strategy for the next few years, according to CEO Manuel Calvo, will be to expand sales of new products, such as ready meals, not only based on seafood.

Calvo's ready meals product line already represents 15% of its business: in Spain, the canner is producing meals made of meat and legumes; in Brazil, frozen pizza and canned vegetables. The group will evaluate acquisition opportunities by 2015.

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Saupiquet, the French tuna processor and canner, reported a profit of €4.43m or 47.2% less than the previous year on revenues of €214.4m for 2012, its latest reported financial statements. That was up from a profit of €3.7m in 2010, and a loss of €889,102 in 2009. However, it is far below the results of 2008, when it made a profit of €16m, on revenues of €259m.

Saupiquet, together with fourteen French canners, in June 2014 signed a chart of environmental, quality and traceability good practices after a study found labeling on fish products is still inadequate.

Activities

processing

Brands

Rio Mare | Palmera | Saupiquet

Subsidiaries

Rio Mare | Saupiquet

Species

skipjack tuna | yellowfin tuna | bigeye tuna

23

Sajo Industries

Turnover	KRW 1,253,574m *estimated seafood sales (Dec. 2013, 1%)
Ownership	Public (007160:KS)
Country	South Korea
Key executive	Jin-wu Yoo, Chairman

Seafood is part of two out of the five divisions within Sajo Industries, a South Korea-based company incorporated in 1971, but company descriptions by financial websites such as Reuters emphasize its interests in fisheries and seafood-related products the most.

Its deep sea fishing division provides Alaska pollock, marlin and multiple tuna species including bluefin, bigeye, yellowfin and albacore.

Sajo Industries swung to the red from a profit of KRW 12.25 billion in 2012 to a loss of KRW 4.27bn for its 2013 year, despite an increase in revenues from KRW 1.08 trillion to KRW 1.56tr. An increase in the percentage of sales devoted to cost of goods sold from 85.52% to 87.78% was a key component in the falling bottom line in the face of rising revenues.

The tough times continued in the first quarter of 2014, as Sajo's net loss widen from KRW 1.6bn in Q1 of 2013 to KRW 2.7bn, despite relatively flat revenues of KRW 388.41bn.

Its food division processes seafood products such as canned tuna, saury and mackerel; but also processed ham, sausages and red pepper pastes. Around 80% of its sales comes from seafood.

Alongside its seafood interests are three other divisions: pig farming, leisure, and refrigerated warehousing divisions. Sales are divided between the Korean domestic market and overseas.

LONGLINE ORIGINS

Founded as "ShiJeon" in 1971 and with its name being changed to Sajo Industries in the same year, Sajo started off first tuna long-line fishing in 1973, and since then it has grown mainly from distant- water fishing, such as tuna long-lining, purse seine fishing, pollock trawling, and squid jigging, according to a 2011 Greenpeace report on the company.

The company has a fishing fleet of over 52 long-liners, including those owned by its divisions Sajo Seafood, Sajo Daerim, and Sajo Oyang, over eight purse seiners, eight trawlers, four bottom long-liners for cods and two jiggers in New Zealand, of which the total fleet is 72, according to the Greenpeace report. It was not possible to get a more up-to-date picture of the fleet size of the company for this report.

However, Sajo Group is believed to have the world's largest fleet of long-liners now. Sajo Industries established subsidiaries and acquired companies to become what it is now.

In 1980, Sajo Industries established Sajo Cold

Storage (currently, Sajo Seafood), expanding its business areas to seafood wholesale and retail.

In addition, it kept expanding overseas by establishing Sajo America in Seattle in 1993, a joint venture in Argentina in 2000, and one in Russia in 2003. Sajo Group then embarked on an acquisition spree in the seafood and food industry.

In 2004, the group acquired the cooking oil division of Shin Dong Bang, which had the Haepyo brand (currently, Sajo Haepyo) and was involved in the new business of distribution of non-refrigerated food, such as canned products.

In 2006, the group acquired Daerim Corp (currently, Sajo Daerim), allowing the group to boost its presence in distant-water fishing, expand its refrigerated food distribution network, and penetrate the fish cake and imitation crab meat business. In 2007, the group took over Oyang Corp (currently, Sajo Oyang) to solidify its deep-sea fishing business and expand into brined/pickled fish products.

Sajo Group also established or acquired the Agriculture, Fisheries & Livestock News, Sajo C&C (sales subsidiary), Sajo International (fishing manpower, food supplies for fishermen, bait), and Sajo Systems (IT solutions), completing vertical and horizontal integration of the fishery business.
Apart from fishery related business, it has been involved in the livestock industry (Sajo Bio Feed, Sajo Integratoin, Sajo Farms/Dongwha Farms) and the leisure business (currently, Castlex Seoul 2002).

In October of 2012, the company sold a 6.08% stake to Truston Asset Management Co., Ltd., the same month it announced plans to acquire a ship for KRW 25bn to replace an aged ship and announced that Samsung Investment Trust Management Co., Ltd., had acquired a 5% stake in the company.

In March of 2013, Kim Jeong Su replaced Lee Gap Suk as CEO. That same month, the company received a loan of KRW 25bn from a financial institute, intended for operations.

RUSSIA TROUBLES

Sajo ran into some trouble in 2013. In September, a Russian parliament committee called on authorities to strip fishing groups affiliated with Chinese or Korean companies of their quotas, reported Russia Beyond the Headlines, citing the Russian business newspaper, Kommersant.

According to Kommersant, the state Duma

committee on natural resources, nature management and ecology had appealed to the Federal Security Service (FSB) and the prosecutor-general's office to put an end to 'unlawful' activities of Chinese and Korean companies in Russia's fishing waters and to strip legal entities affiliated with them of their fishing quotas.

Hong Kong-based Pacific Andes International Holdings has been the main target here. After Pacific Andes, Russian authorities started taking a closer look at the involvement of South Korean companies in the Russian Far East, saying Korean companies are suspected of unlawfully controlling some 20 Russian fishing companies, which have quotas for catching 220,000 – 250,000 metric tons of Alaska pollock, or 12-15% of the total Russian quota.

The Korean companies under scrutiny were said to be SajoDaerim Corporation, Hansung Enterprise, and their subsidiaries. They are believed to have control over the following Russian companies: Orion, Oladon, Polluks, Daltransflot, Yantar, Tralkom, Ekarma Sakhalin, Kurilsky rassvet.

The other companies that FAS expressed concerns about – Ussuri, Atika, Mikor, Alitet and Ayan – were said to be controlled by HNS, Silla Co, KDF and Nordik.

SPOTLIGHT ON IUU

Then, in November 2013, Sajo, Dongwon Industries and South Korea's government came "under fire" for failing to take preemptive steps to prevent the European Union's preliminary listing of Korea as a country engaged in illegal, unreported, and unregulated (IUU) fishing.

On Nov. 26, the European Commission issued a formal warning - so called 'yellow cards' - to Korea for failing to keep up with its international obligation to fight IUU.

Its preliminary designation of the country as an IUU fishing nation "came as a shock to Korea, which prides itself as being a fishing powerhouse with 344 registered vessels in 2012", reported the Korea Times at the time.

The EU has been urging Korea to address IUU activities since 2010. But despite rumors that the country might face a yellow card warning, Korea's ministry of fisheries and oceans had claimed it was in dialog with the EU and said no penalties would be faced, said the Times. In July 2013, Korea strengthened its punitive measures against illegal fishing, including imposing fines three times the amount earned from sales of the fish. But the EU reportedly did

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not accept the revision, saying it lacks control over IUU fishing.

Korea has also been criticized for suspending the introduction of a compulsory Vessel Monitoring System (VMS), which tracks a fishing vessel's whereabouts, until July 2014. China has already made it compulsory.

The EU picked that as one of the reasons why it warned Korea; "but the ministry claimed that enforcing the system which will cost millions of won for each vessel could be a financial burden to companies", wrote the Times.

A fishing industry source told the newspaper the regulation would not cost much to the likes of Dongwon and Sajo, but could be burdensome for the smaller companies.

In July 2014, the EU gave Korea another six months to improve its anti-IUU efforts or face a ban on all imports of fish from Korea and Korea-flagged vessels.

Activities
processing | fishing | distribution | export wholesale | sales

Shareholders
Sajo Group

Brands
Daerim | Oyang

Species
pollock | cod | tuna | horse mackerel sardines | skipjack | Pacific saury | squid swetfish | blowfish | sea urchins | oysters shrimp | crab | surimi | amberjack | eel salmon | scallops | sablefish | swordfish ray fin | trout | monkfish | atka mackerel flounder | sandfish | roe | rockfish | fluke capelin | butterfish | whitebait | chikuwa ice goby

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Wales Group

Turnover	$1,150m (Dec 2013, flat)
Ownership	Private
Country	Thailand
Key executive	Poj Aramwattanont, Chairman

Wales Group is the parent of Sea Value, the world's second largest tuna canner, and Sea Wealth Frozen Food, a shrimp and seafood processing business.

The group also owns its own shrimp farms, hatcheries and feed production. In the US, it owns Walmart supplier Rubicon Resources, as a joint venture with Thailand's PTN Group.

Earning expectations in 2014 for Sea Value (Unicord and ISA Value) - comprising the canned tuna, sardine and mackerel businesses will be around $900 million, Poj Aramwattanont, chairman, told Undercurrent News.

For the frozen seafood operations (Andaman plants in Ranong and Pak Nam, and Sea Wealth in Songkla), between $250m and $300m is expected, due to the ongoing effects of early mortality syndrome (EMS).

Shrimp prices from now until the end of 2014 are expected to be stable with little deviation. The EMS problem should keep production at the same level as in 2013 - around 250,000 metric tons.
Prices ought to remain lower than in 2013 though, as supply chains are beginning to cope with the shortened supply, plus production in several competitor countries is on the up.

Aramwattanont did point to some good news regarding shrimp and EMS.

The current military government in Thailand (imposed since a coup in May 2014) has allocated funds to the Thai Department of Fisheries (DOF) to produce shrimp fry under its care. This, combined with improved measures on farms and in ponds, should bring production levels back up.

"We can not expect for 500,000t shrimp output as normal, we should target for 400,000t under the proper production to avoid EMS," he said. The country's 2015 target is thought to be 300,000 - 350,000t, he added.

Sea Value, meanwhile, caters to canned food markets in 200 countries worldwide. Main frozen food markets are Japan, the US, EU, and Australia.

The firm will keep trying its best to enter new markets, Aramwattanont said, adding it intends to develop its strategy more towards innovative, ready-to-cook, and ready-to-eat products.

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In 2014 Wales Group aims to start operations in a value-added, ready-to-cook chicken business, making it the first company in the world to handle frozen shrimp, canned seafood, and cooked chicken, said Poj.
Sea Value has been drawn into the furor around Thai labor issues in 2014, accused by a Finnwatch report of using child labor. Rubicon's CEO spoke out at 2014's Boston seafood show on the dangers of western viewers overgeneralizing the Thai situation.

Despite the country being downgraded on the US State Department's Trafficking in Persons (TIP) report in June, Thailand's tuna industry is thought to have secured trade thanks to a memorandum of understanding between the US and the Thai Tuna Industry Association (TTIA).

The US' National Fisheries Institute has committed to urging its own members to buy tuna products only from TTIA members, though it remains a company-specific decision.

EMS continues to hurt all Thailand's shrimp businesses in 2014. In early September 2013, Aramwattanont, also president of the Thai Frozen Foods Association as well as chairman of Wales Group, put the onset of the disease down to greed.

"This disease came from God, because we have been too greedy," he said. Thailand shrimp production amounted to 485,000t in 2012.

In 2013, the level was 250,000t which is seen as a best case scenario for 2014.

Activities
processing | export | aquaculture

Shareholders
Aramwattanont family

Brands
Sea Fresh | SeaValue | Super Chef | Top Thai

Subsidiaries
SeaValue | Sea Wealth | Unicord
Sea Value Europe | Rubicon Resources

Species
tuna | shrimp | sardines | mackerel
squid | crab

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Maruichi Co. Ltd

Turnover	JPY 117,614m *seafood sales only (March 2014, +6%)
Ownership	Public (8228:Nagoya)
Country	Japan
Key executive	Masatoshi Fujisawa, CEO

Founded in 1951 and headquartered in Nagano, Maruichi Co is engaged in the wholesale of various general and processed food products in Japan.

Marine products is the biggest of its four segments, which also include meat and general food sales. The marine products division generated revenues of JPY 117billion in the latest financial year, up from JPY 111bn in 2012/2013. It marked its fifth consecutive increase, from revenues of JPY 103bn in 2009/2010.

In total, Maruichi reported revenues of JPY 167bn in 2013/2014, also an increase from just under JPY 160bn the previous year.

Its seafood revenue hike is in line with the growth rate seen by several other Japanese wholesalers for 2013/2014.
But its seafood profits grew even more - gross profit increased by JPY 85 million or 22% to JPY 464m. This was a big increase from just JPY 154m in 2011/2012.

The group attributed its growth in part to steady sales of products such as yellowtail, salmon, tuna, sardines and mackerel, alongside product and delivery expansion. This sales growth offset rising raw material prices, said the group.

In its medium-term plan, 'Challenge for Change', the company targets to grow its seafood sales to JPY 1.34bn in its 2016/2017 financial year.

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As part of its goals, the group sets out its aim to claim the number one position in fresh seafood supply, while building a value chain all the way from upstream to downstream.

It also mentions plans to increase its seafood supply and distribution collaboration with Mitsubishi.

The company supplies supermarkets, specialty stores, retail stores, wholesalers, agricultural cooperative chains, and the foodservice industry.

Activities

wholesale trader | food service

Species

tuna | shrimp | sardines | mackerel | eel
squid | salmon | scallop | carp | oyster

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Pacific Seafood Group

Turnover	$1,100m *estimate (Dec 2013, +10%)
Ownership	Frank Dulcich, 100%
Country	USA
Key executive	Frank Dominic Dulcich, CEO & President

Seventy-three years after launching as a small seafood retail operation in Portland, Oregon, Pacific Seafood Group today lays claim to 20 processing operations, three aquaculture operations and 12 distribution centers, mostly centered around its headquarters in Clackamas, Oregon but also stretching down the western coast of North America.

The resource-based company's strategy has been known to grow through acquisitions of not only resources - through boats and quotas - but also offices.

Its locations stack up along the coasts of Washington, Oregon and California, going as far south as San Antonio, Texas and as far north as Kodiak, Alaska where it processes wild salmon, pollock and other Alaska species. It also has a subsidiary in Chile, Pacific Seafood Chile, which it established in March of 2013, putting former Camanchaca top executive Gustavo Ross at the helm.

Pacific owns its own vessels and is known as a major sourcing fixture in multiple major species, including salmon and hake. It also imports seafood from around the globe, including exotic products such as Chilean sea bass and orange roughy.

It also has its own transportation companies, including Pacific Group Transportation, which it uses to ship out product from its distribution centers in Washington, Oregon, California, Nevada, Utah, Arizona and Texas.
Having added vessels and an extensive sales and distribution network to its activities over the years, not to mention some of the only aquaculture operations in the United States, the company is fully vertically integrated.
It owns aquaculture farms in Oregon's Nespelem, Bay City and Coos Bay. On the marketing side, it offers customers customized sourcing options and says it is willing to track down products that fit the needs of its clients, who include the Carnival Corporation's subsidiary Seabourn.

The customized sales option originates from the company's inception as a family owned business.

Founder Frank Dulcich, whose namesake grandson is the company's 100% owner and CEO, started the company after having moved to Portland, Oregon in his 20s from Croatia by peddling fish around to customers.

Yet the company's acquisitive mentality came out right away. It bought Bay City Oysters Company soon after its inception, and after securing its first retail customer, the company proceeded to buy two more companies. Pacific's acquisition hunt continues today. The company's growth hit a milestone in 2013 when the company expanded its headquarters in Clackamas, just outside of Portland, Oregon, with the addition of another building. The headquarters employed at the time 200 people and harbored a processing plant.

It had acquired Coast Seafoods in October of 2011, which gave it a new sales office outside of Seattle, a hatchery in Quilcene, Washington, and farming operations in Willapa Bay, Washington, Grays Harbor, Washington and Humbolt Bay, California as well as a 50% interest in Kona Coast Shellfish of Kona, Hawaii and Penn Cove Shellfish of Coupeville, Washington.

The company now has sales offices in Arizona, Las Vegas, Los Angeles, Oregon, California, Texas, Utah and Washington state.

After the establishment of its Chilean operations in 2013, the company's subsidiary, Ucluelet Harbour Seafoods, partnered with Nanaimo-based firm Sea Drift Fish Company in opening a groundfish processing operation in January of 2014.

Through the agreement, Pacific gained the ability to utilize the entirety of its quota in Canada, which it was not doing before due to lack of processing capability. Sea Drift, a seafood company based in Nanaimo, planned to co-operate the plant with Pacific. Leading up to the deal, Pacific purchased a number of vessels and a significant amount of fishing quota, Canada operations manager Tyson Yeck told Undercurrent News at the time.

Later in the year it reached a strategic cooperation intent agreement with Chinese giant Zhangzidao Fishery Group on dungeness crab, which is native to its Oregon region, in 2014.

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The company is a member of the West Coast Seafood Processors Association and is active in promoting a healthy and sustainable seafood industry. It is also a founding member of the National Fisheries Institute's Better Seafood Board (BSB) for ethical industry practices.

Self described as a "center of the plate" company, some future growth may come in meat, of which it already sells some.

Activities

processing | aquaculture | distribution
fishing | sales | import | export

Brands

Pacific Seafood Premium | Newport
Starfish | Salmolux/Sea Passion

Subsidiaries

Coast Seafoods Company
Pacific Seafood Chile
Starfish
Jake's Famous Crawfish and Seafood

Species

chum | keta | halibut | sockeye | rainbow trout
coho | dungeness crab | lobster | oyster meat
crawfish | clams | ahi tuna | swordfish | king
albacore tuna | Pacific shrimpmeat | pink

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Labeyrie Fine Foods

Turnover	€756.7m (June 2012, +2%)
Ownership	Private
Country	France
Key executive	Xavier Govare, CEO

Formerly known as Alfesca, Paris-based Labeyrie Fine Foods (LFF) is Europe's second largest salmon processor after Marine Harvest.

The last two years (2013/ 2014) have been interesting for the group, with 2013 bringing on a new strong competitor to its smoked salmon activities in France, while 2014 saw it refinance its debt, change owners, and engage in talks for a potential acquisition in Poland.

Smoked salmon and shrimp are LFF's main seafood interests. It owns the Labeyrie and Delpierre brands in France, as well as the UK-based processors Farne Salmon & Trout and Lyons Seafoods, a shrimp supplier. In France, it also owns shrimp cooker Adrimex.

The firm - which owns 14 factories, 12 in France and two in the UK - aims to hit revenues of €1 billion by 2015.

A large part of its revenues currently come from Labeyrie, which reported revenues of €150 million in the financial year ending June 2012. Labeyrie aims to up its exports from 20% of revenues to 33% by 2018, by targeting eastern Europe and developing markets, the smoker's CEO Jacques Trottier told the financial newspaper Les Echos in November 2013.

Labeyrie has also been investing in its plants, including €5m into its site in Saint-Geours de Maremne, in Landes in September 2013, to automate the end of a packaging line.

The company has also recently expanded into the French chilled, ready-made segment, with products such as scallop risotto and cod with peppers, taking on established players such as Fleury Michon and Marie, owned by the poultry producer LDC.

A NEW CHALLENGER

In the course of a few months during late 2012 and early 2013, a new competitor emerged on the French seafood scene with the explicit aim of challenging Labeyrie.

In the space of less than a year, fine foods producer Delpeyrat acquired the smokehouses Saumonerie de Saint-Ferreol and Ledun Pecheurs d'Islande, as well as Norway Seafoods' French processing activities.

Through this Delpeyrat amassed seafood activities of €130m turnover, processing 20,000 metric tons of fresh fish, and 2,500t of shellfish a year.

While new to the seafood sector, Delpeyrat is a well established brand in delicacies such as foie gras and ham, in which it already competes with LFF.

In fact, the southwestern agro-alimentary collective that owns Delpeyrat, group Maisadour, is an arch rival of the southwestern agrobusiness group which owns LFF, Lur Berri.

Delpeyrat is taking part in the restructuring of the seafood sector, and its aim is none other than to be one of the "big players with seafood", its then CEO Thierry Blandinieres told French media.

Delpeyrat's purchases were extremely timely, coming as French processors were finding themselves struggling to cope with rising raw material prices, especially salmon. Norway Seafoods was seeking for an exit from its lossmaking business, while Ledun was seeking for a new owner to avoid shutting shop, having filed for receivership.

LFF had also bid for Ledun Pecheurs d'Islande, but Delpeyrat's offer for Ledun was retained, mainly because Delpeyrat offered to retain Ledun's salmon and shrimp activities, and all of its employees, while LFF only bid to keep the salmon business.

With a target to have revenues of €145m by 2016,and a market share of France's smoked salmon of 12%, Delpeyrat has become a force to reckon with for LFF.
Its arrival also comes as,after having increased for four years, Labeyrie's sales stabilized in 2013. According to Les Echos, the company leads the branded market with 25% of the market, but is far behind on private label. At €39 per kilo, the brand is 20% more expensive than rivals Marine Harvest Kritsen, Delpeyrat or even sister group Delpierre.

BID FOR LIMITO?

Salmon smokers were not just struggling in France as raw material prices climbed in 2013, and in 2014, LFF was said to be in talks to acquire Limito, the Polish salmon processor that has also hit financial difficulties.

By the time of publishing this report, no deal had been confirmed and it is thought talks have been broken off. According to sources, the deal on the table was €5m or less for the equity in the Polish company, which has €6m of debt.

The rational for looking at Limito was establishing on a processing foothold in Poland, at a time of heightened competition in the French market. In addition to Delpeyrat's arrival to the scene, Polish smoker Suempol also made an entry in France with the acquisition of the smaller smoker, Marcel Baey,

LABEYRIE FINE FOODS

while Lithuania's Viciunai has announced its intention to return to France.

Meanwhile market leaders Marine Harvest and Morpol have consolidated their market share further through their merger, which has given Marine Harvest a huge foothold in Poland. Marine Harvest has since 2013 drastically restructured its French activities, closing down three plants in the process.

This leaves LFF as the only major French salmon smoker without a Polish foothold - Merallliance, the third largest player, has had a small operation in Poland for several years.

DEBT REFI

As the talks of a deal with Limito surfaced, LFF also sealed a refinancing in March 2014 by issuing €275m in senior notes due 2021.

The company said it would use the proceeds to repay its financing arrangements - which included €160.6m of term loans - in full, while also repaying subordinated shareholder convertible bonds of €52.1m and €7.4m

According to Private Equity Wire, reporting at the time, LFF also planned to enter into a €80m three-year factoring facility agreement and a €35m 6.5-year revolving credit facility.

As a result of this refinancing, Labeyrie has moved to an all-bond debt structure, said PEW.

In a report on LFF after the bond issue, the credit agency Fitch Ratings said Labeyrie shows a high risk profile but low leverage pressures.

Fitch noted LFF's "healthy, albeit low cash flow generation capacity, underpinned by steady profit generation".

However, it said, the group also has a "small scale, high seasonality of sales and relatively low customer, products and geographic diversification".

To improve its risk profile and make the company more appealing to investors, Fitch recommended Labeyrie boost sales diversification and generate better profit margins.

Fitch calculated that LFF would need an ebitda margin of 8.2% over the next few years against prospects of increasing raw material prices and higher marketing investments.

NEW OWNERS

Some three months after the bond issue, in June 2014, Lur Berri and LBO France announced the latter was selling out to another private equity, PAI Partners.

If talks are successful, Lur Berri (which currently owns 61%) and PAI Partners will buy out LBO's 33% stake in LFF, while Lur Berri will also sell some shares to PAI Partners. The resulting ownership structure would be 45% to PAI Partners, 45% to Lur Berri and the rest to LFF management, which currently has 6%.

The deal values LFF at €590m, including some €300m in debt.

Commenting to Undercurrent News, LBO France said the exit had been planned since its investment in LFF in 2012.

Lur Berri and LBO had taken LFF private from its previous Icelandic owners in 2012, changing its name from Alfesca.

"Our initial strategy was to sell 100% of Labeyrie, including its management's 6% stake, in two years' time. Then, Lur Berri decided to take the risk and stay on board, which is something we didn't want to do," LBO partner Thomas Boulman told Undercurrent in June.

"We are satisfied with the sale price, it is a good enough profit. Our estimations is that value investment ratio sits between 22% to 25%, so it was fine for us to sell," Boulman said. Financial sources in France told Undercurrent the move had been read in the sector as a sign that Labeyrie has in store an expansion strategy that needed a fresh cash injection.

PAI is a former owner of Yoplait and Panzani Lustucru in France, as well as United Biscuits and R & R Ice Cream in the UK.

UK: FARNE TURNAROUND

In the UK, both Lyons and Farne performed well in the 2013 financial year.

Lyons saw its annual net profit increase by 22%, despite the challenging year for shrimp businesses, with the impact of early mortality syndrome on prices.

The Warminster-based company reported in March 2014 a net profit of £5.1m ($8.4m) in the 52 week period ended June 29, 2013, compared to £4.2m the previous year. Turnover was down slightly, from £104.1m to £102.2m, though the firm was able to counter this with a £2m saving in cost of sales.

Farne, meanwhile, reversed several years of losses to hit £102,000 in profit, with turnover

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rising from £60m to £64.4m, after a year from signing a deal to supply Tesco with 'Fish in a Flash' products. It is already the private label smoked salmon supplier for Tesco.

The profit reversed losses of £1.14m and £1.38m in the 2012 and 2011 financial years, respectively.

Farne had a big win in April 2013 when the retail giant delisted Icelandic Group's The Saucy Fish Co. brand in favor of "Fish in a Flash" a private label range produced by the Labeyrie-owned company.

In August the same year, Farne announced it had opened a new £1.2m production site in Duns, to produce the Fish in a Flash range.

The UK salmon processor went through management changes over 2012, with William Duncanson ousted as managing director in April and Gary Zoltie stepping down as finance director in July.

Craig Walker, who was hired as managing director of sister company Lyons,
is now the managing director of all of Labeyrie's UK operations.

Activities
processing | export | sales

Shareholders
Lur Berri (45%) | PAI Partners (45%)

Brands
Labeyrie | Lyons Seafood | Delpierre

Subsidiaries
Labeyrie | Lyons Seafood | Adrimex
Farne, Salmon & Trout | Delpierre

Species
salmon | shrimp | squid | mussels | crayfish

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Bumble Bee Foods

Turnover	$990m (Dec 2013, -1%)
Ownership	Private
Country	USA
Key executive	Chris Lischewski, CEO & President

Bumble Bee Foods, the largest shelf stable and branded seafood company in the US, was busy over 2013/2014. After several new products launches and an acquisition, it emerged in July that Lion Capital, the UK-based private equity which owns Bumble Bee, is looking to run a sale and is hoping for as much as $1.5 billion.

There had been talk since the start of the year that Lion Capital, which acquired San Diego, California-based Bumble Bee in November 2010 in a $980 million leveraged buyout, is planning on selling in 2014.

Thai Union Frozen Products and Bolton Group, two acquisitive players in the global tuna sector, are being billed by Undercurrent News sources as companies with strong cases to look to acquire Bumble Bee, which has annual earnings before interest, taxes, deprecation and amortization (ebitda) of $130 million and turnover of around $990m.

Thai Union, the owner of the Chicken of the Sea brand in the US and John West, Petit Navire, Mareblu and Conserverie Parmentier brands in Europe, is being cited by several Undercurrent tuna sector sources as a likely frontrunner.

Bolton Group, which has a base in the Netherlands but is operationally run from Milan, where its Bolton Alimentari canned tuna business is headquartered, is also seen as a party with a strong investment case.

In addition to Thai Union and Dongwon Industries, which owns Bumble Bee and Chicken of the Sea's US rival Starkist, Bolton has emerged as a consolidator in the global tuna sector.

Bolton bought 38% of Spain-based Calvo Group in 2012 and in October 2013 took an unspecified stake in Tri Marine International, the US-based tuna trading group which has turnover of over $1bn and is itself expanding into branded tuna in the US, with its Ocean Naturals brand.

When the Bolton-Tri Marine deal was approved by the European Commission, sector sources told Undercurrent it would give the US-based firm the financial muscle to push on its US brand plans.

Unlike Thai Union, Bolton would not have any anti-trust issues in the US, sources said. It is seen as an expert in the branded tuna business and its Rio Mare, Saupiquet and Palmera brands net over €600m in turnover annually.

Chris Lischewski, the president and CEO of

Bumble Bee, has spoken out before on the need for consolidation in the US branded tuna sector.

In an interview at the start of 2013, he told Undercurrent that the dynamics of the US industry, with its three large brands all aggressively competing for market share, is a problem.

“Is the US a three-brand market? In the perfect world, you would have two brands and private label,” he said, at the time.

"However, this [situation] is going to continue to make it a very tough trading environment,” said Lischewski. “There are three very strong brands in the market that continue to fight for market share.”

SAMOA PLANT

The talk of a sale process came at the same as Bumble Bee signed a memorandum of understanding (MOU) with the government of Samoa on a processing plant for pre-cooked loins and frozen tuna products.

“We are in the process of finalizing engineering plans for the facility and expect to break ground before the end of 2014,” said Lischewski. “Our objective is to commence operations during the fourth quarter of 2015.”

The pre-cooked tuna loins will include both albacore and light meat. These loins will be shipped to the US for canning in Bumble Bee’s processing plant in Santa Fe Springs, California, he said.

Bumble Bee will also be processing frozen albacore, yellowfin and bigeye for the frozen market. The frozen products will utilize both ultra-low temperature (ULT) and ‘Clearsmoke’ technologies.

Earlier in the year, Lischewski told Undercurrent Bumble Bee had been securing ULT capacity in the US.

Clearsmoke is a patented process of Anova Food, the sushi-sector focused distributor bought by Bumble Bee at the end of last year. Clearsmoke is a wood-smoke technology that extends the shelf life of seafood without imparting a residual smoke flavor.

Bumble Bee has “worked closely with government in developing the MOU and are excited about the opportunity they have provided us to bring seafood processing to Samoa”, said Lischewski.

“The facility will include state of the art technology and will meet or exceed all international environmental standards. Importantly, we expect to provide significant employment in the local community while supporting expansion of the local fishing fleet," said the CEO.

SUPERFRESH RANGE

With the shelf stable seafood sector in moderate decline in the US, Bumble Bee has looked elsewhere for growth.

The most significant example of this is the company's venture into high-end frozen seafood, with its Bumble Bee SuperFresh range, launched in June 2013 with a $25m marketing campaign behind it.

Lischewski spoke bullishly to Undercurrent on the possibility for growth of the brand.

"Volume is always a big question mark, but we feel it is at least a $100m product line," he said, at the time of the launch.

When the product rolled out, the prices raised some eyebrows in a highly competitive segment in the US market.

"We recognized that the risk to this product line is price, with our shrimp and salmon generally priced at $9.99 and tilapia at $8.99, for two servings," said Lischewski, in an interview in February this year.

Price has not, however, been the main challenge the company has encountered in the expansion into frozen, he said. "The biggest challenge has been 'find-ability', as the frozen seafood category is not managed as consistently as the center store."

This was the company's second product launch of 2013, the first of which also tried to appeal to different consumers with the release of its Marine Stewardship Council-certified products. Bumble Bee also extended gourmet-style prime fillet line in April 2013, introducing three new additions.

ANOVA ACQUISITIONS

At the end of 2013, Bumble Bee made the only acquisition under Lion Capital ownership, when it bought Anova Food. The deal for sushi-quality tuna distributor Anova Food takes Bumble Bee into a new area.

Anova has plants supplying fresh and frozen tuna from Indonesia and Vietnam for sale in the US. "We're looking for new areas to grow. We met with Darren [Zobrist, Anova president] and his team and we see that their model and approach fits with Bumble Bee," Lischewski told Undercurrent, at the time.

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Zobrist and his team will stay in place and the company will be kept as a separate entity from Bumble Bee, with a board of executives from both companies, said Lischewski.

Anova offers Bumble Bee new markets in foodservice, as well as the chance to expand in frozen imported tuna in retail, through Bumble Bee's contacts, he said.

Bumble Bee also offers Anova some financial strength as well as benefits on sourcing, said Lischewski.

Activities
processing | marketing

Shareholders
Lion Capital

Brands
Bumble Bee | Bumble Bee Superfresh
Brunswick | Beach Cliff | Clover Leaf | Snow's
King Oscar | Wild Selections | Sweet Sue

Subsidiaries
Anova Food

Species
tuna | salmon | shrimp | sardines
clams | oysters | mussels

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SalMar

Turnover	NOK 6,000m (Dec 2013, +43%)
Ownership	Public (SALM:Oslo)
Country	Norway
Key executive	Leif Inge Nordhammer, CEO

Salmar, Norway's third largest salmon producer, has operations in Norway and the United Kingdom and is said to be evaluating how to best enter the Chilean industry.

The company has suggested this is a long-term option, while in the medium term it is poised to focus on its existing subsidiaries.

Salmar management assured in a recent report for investors it is in a financial position strong enough to take advantage of growth options in Chile, where its liquidity could be used to snatch a weaker businesses.

In July, the company sealed a NOK 5 billion debt agreement with DNB, Nordea and Danske Bank. The deal is an extension and restructuring of existing debt with the same banks.

The agreement includes a term loan facility of NOK 1bn, an investment/acquisition facility of NOK 2bn and a revolving credit facility of NOK 1.5bn.

Q1 RESULTS AFTER VILLA ORGANIC DEAL

In the first quarter of this year, earnings before interests and taxes (ebit) more than doubled to NOK 485.2 million, a NOK 250m or 118% increase from the same period last year.

Revenues rose NOK 350m or 27% to NOK 1.626bn. This took its operational margins up to 29.8% from 18.4%.

Including its 50% stake in Norskott Havbruk (the parent holding of Scottish Sea Farms), and its licenses from Villa Organic, Salmar harvested a total of 27,800 metric tons in the quarter, up from 23,200t in Q1 last year.

Back in November 2013, Leroy Seafood Group and Salmar agreed to buy up the remaining shares in Villa Organic and divide up the company's assets. In April 2013, Leroy acquired a significant shareholding in Villa and now holds 47.8% of the shares with Salmar holding a 50.4% stake.

Salmon products from Villa Organic and labelled with the Aquaculture Stewardship Council (ASC) logo hit the market in January 2014. being sold through Salmar and Leroy Seafood to customers in Japan, US and Europe.

MORE LICENSES IN NORWAY

In May, Salmar's CEO-in waiting Leif Inge Nordhammer said the company will work to combat disease, lice and escapes in 2014 after a "troubling increase" in production costs. That month former CEO Yngve Myhre announced he would resign in June, and took home a total NOK 4.2m ($700,000) over 2013's salary and bonus.

On March 28, the first round of green license awards in Norway was decided, with Salmar taking eight out of 15, with each bid varying from NOK 55m to NOK 66m.

Global Maritime also announced that month that it had completed a semi-submerged offshore salmon farm design for Ocean Farming in Norway, a subsidiary of Salmar. The new design combines existing technology and solutions from the Norwegian fish farming industry and the offshore oil and gas sector.

The facility is a permanently moored semi-submersible structure with favourable motion characteristics, suitable for operation in exposed locations with water depths between 100-300 meters, where the aqua biological conditions are more ideal for aquaculture on "the fish's terms". The project is based on proven technology developed for optimal fish farming.

Earlier this year, Salmar's generous offer of paying a dividend of NOK 8 per share to investors became the biggest surprise to come out of its quarterly report, said Kolbjorn Giskeodegard, senior seafood analyst at Nordea.

Salmar unveiled the dividend offer on Feb. 27, as it reported bumper profits, albeit tainted by high costs and losses in its sales division, with earnings missing analysts' consensus. Based on its current share capital, the dividend would total approximately NOK 906.3m (€109m/$150m).

LAST YEAR AND FORECASTS

In 2013, it saw its total operational earnings before interests and taxes (ebit) shoot up to NOK 1.259bn (€152m/$208m) for the year, up by NOK 919m or 270% from 2012.

This was despite a loss of NOK 161m (€20m/$27m) in its sales and marketing arm, which swung into the red from a profit of NOK 55m in 2012. This was despite higher revenues, which were up by nearly NOK 1.8bn, to NOK 6bn.

"We are pleased with the results, but are conscious that they are due mainly to a strong market and high salmon prices," said Nordhammer at the time.

The largest chunk of Salmar's profits came from its central Norway division, which saw its

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ebit more than quadruple, to NOK 924m. With a harvest of 70,200t last year, the division accounted for 61% of Salmar's volumes in Norway.

Total ebit before depreciation and amortization (ebitda) also soared, by NOK 975m or 190% to NOK 1.48bn.

Overall revenues for the company were up by NOK 2bn or 48% to NOK 6.245bn ($1.03bn/€754m). The increase is particularly striking when looking at the ebit per kilo: Salmar earned NOK 10.6 per kilo of salmon harvested in 2013, up from NOK 3.32/kg in 2012.

In sales and processing, the end of the year continued the losses, with the fourth quarter losing NOK 38m in terms of ebit, following a loss of NOK 29m in the previous quarter.

The processing segment includes Innovamar, Salmar's huge processing plant, which harvests all of Salmar's volumes (except those from its share of Villa Organic) and from third party producers. The segment harvested 30,262t during the fourth quarter of the year, of which half was from third parties. This was down by approx 2,000t from a year ago.

Salmar attributed the segment's losses to fixed-price contracts and difficulties in dealing with a high level of pancreas disease-infected fish.

Back in December, 2013, Salmar sold off its entire 14.9% stake in Bakkafrost for NOK 625m, at a price of NOK 86 per share.

Salmar aims at over 145,000t salmon production for 2014, of which 133,000t will be harvested in Norway and 12,000t in the UK. Analysts have described these plans as aggressive and designed to keep the company among the most important in the sector.

Activities

processing | aquaculture | sales
distribution | export

Shareholders

Kverva AS (53.4%) | Folketrygdfondet (8.85%)

Brands

Froyas Sashimi Quality Salmon

Subsidiaries

50% in Norskott Havbruk AS, which owns
100% of Scottish Sea Farms Ltd
50.4% in Villa Organic AS

Species

salmon

30

Calvo Group

Turnover	€712m (Dec 2013, +11%)
Ownership	Private
Country	Spain
Key executive	Manuel Calvo Garcia-Benavides, CEO

Calvo Group reported a year of strong sales growth in 2013. The Spain-based tuna firm, which is 38% owned by Italy's Bolton Group, reported sales totaling €712 million for 2013, up 11% or €71m.

In 2013, the Spanish canner strengthened its hold in its existing market while expanding into new countries, such as Greece, Norway, the Antilles' islands of Trinidad and Tobago, Colombia and Saudi Arabia.

For the next years, Calvo plans to expand sales of new products made not only from seafood, such as ready meals, Manuel Calvo Garcia-Benavides - grandson of the company's founder - told Spanish media in December 2013.

Despite having sold just under 40% of Calvo Group to Bolton for $132m in 2012, the family owning the rest of Calvo has no intentions to sell, Calvo Garcia-Benavides stated in January 2014.

Based in Galicia, Spain, Calvo claims to sell in 70 countries. It is present in Italy (where it acquired Nostromo in 1993), in Brazil (where it bought Gomes da Costa in 2004) and has a factory in El Salvador. It also owns a fleet of 11 vessels, and two factories in Spain.

It has been expanding from its roots in canned sardines, into canned tuna and more recently, chilled products. The group's stated aim is to be one of the world's largest food companies.

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Activities
processing | fishing | sales

Shareholders
Bolton Group International (38%)

Brands
Calvo | Nostromo | Gomes da Costa

Subsidiaries
SOS Corporacion Alimentaria y Gomes da Costa | Nostromo | Calvo Conservas El Salvador | Calvopesca Atlantico

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Royal Greenland

Turnover	DKK 5,300m (Sept 2013, +7%)
Ownership	State (Greenlandic government)
Country	Greenland/ Denmark
Key executive	Mikael Thinghuus, CEO

BY APPOINTMENT TO THE ROYAL DANISH COURT

Royal Greenland®

Royal Greenland's operations are divided in two. The North Atlantic division consists mainly of its Greenland activities, namely catching and processing coldwater shrimp, cod and halibut.

Like other Greenlandic companies, it has also started exploratory fishing of new species in Greenlandic waters, in hopes of finding commercial stocks, most likely within pelagic fish.

The European division is entirely downstream, and consists mainly of its trading and processing activities in Denmark, Poland and Germany.

The firm has been looking to streamline operations to focus on fishing out of Greenland. To this end, it sold its large processing plant in Wilhemshaven, Germany, in September 2013, to companies linked to Pacific Andes. In June 2014, it then sold its 18% share in US trawler firm Iquique, also providing financial flexibility, it said.

The sale of the stake in Seattle-based Iquique US - which operates freezer trawlers producing around 40,000-45,000 metric tons of flatfish, Pacific cod, Pacific ocean perch and Alaska pollock annually - has "further streamlined" the company in its core business, and provided financial flexibility for "strategic initiatives", Royal Greenland said.

Rising quotas and falling prices for cod and high raw material prices on salmon hit Royal Greenland's 2012/2013 results, ending Sept. 30, 2013.

The rising cod quotas, not least in the Barents Sea, meant prices fell by about 20% compared to the previous year, resulting in an earnings decline of DKK 30 million ($5.5m), said the company.
As a result, cod became a loss-making activity for Royal Greenland in its financial 2013 year. In the short term the group has only limited possibilities to reduce its costs in this activity, which, if the situation remains the same, will require the closure of a number of production sites in Greenland, the firm said.

In the longer term, Royal Greenland expects increased processing of coastal cod to form part of the solution to the depressed world market prices, it added.

Rising raw material prices for salmon also had a significant negative impact on the result, causing a total drop of DKK 60 million in relation to the previous year.

A knock-on effect of this was that the usually-profitable smoked products operation made a loss in 2012/13, as it was not possible to pass the elevated raw material prices on to buyers.

The overall result of the company was considered satisfactory, with a net profit of DKK 100m ($18.3m) on revenue of DKK 5.3bn ($971m). While revenue was up from DKK 5bn the previous year though, earnings were down for the aforementioned reasons.

Pre-tax profit was down on the previous year, at DKK 168m versus DKK 180m.

In the annual report, CEO Mikael Thinghuus describes the company as being financially and commercially stronger than at any other time in its recent history. Interest-bearing debt has been brought below DKK 1 billion thanks to the sale of its German fish finger plant to investment firms linked to Pacific Andes, and the firm is now a much more streamlined and focused enterprise, he said.

"The sell-off of the plant in Wilhelmshaven has helped Royal Greenland to reach a really important milestone, as we have reduced our interest-bearing debt to a record low of DKK 958 million," said Thinghuus.

The interest-bearing debt peaked in 2007/2008, when it amounted to DKK 2.3bn. The firm described itself as a "much more streamlined and focused enterprise" following the sale of the fish finger factory, with the result that remaining activities grew by 7% in Danish kroner terms, and by 12% by volume.

In actual terms, revenue for the half year period 2013/2014 was DKK 2.5 billion, down from DKK 2.85bn the previous year.

Eebit was down to DKK 63m from 91m the year before, and which stood at DKK 144m in 2011/ 12. Ebit margin fell from 3.3% to 2.5%. Net profit for the period was DKK 32m – 40% down from the previous year and 55% from 2011/ 12.

Royal Greenland's long-term strategy is to free up financial muscle in order to pursue access to more fishing rights in the North Atlantic.

The Germany plant sale, completed in December 2013, had little effect on Royal Greenland's core activities, with the only significant impact being the positive one on the balance sheet, as debt is was reduced, said Thinghuus.

Royal Greenland's former Wilhelmshaven plant swung into the red in its financial 2012 year, due to negative foreign currency earnings and the rising cost of raw material.

The German fish finger and frozen fish factory's holding company – Royal Greenland Seafood – posted a loss of €5.8m in the 12 months leading up to Sept. 30, 2012.

It is also thought the company aims to double its Asian markets, and boost growth in other key markets like Russia and the UK, as part of its growth strategy.
This tallied with what Thinghuus told Undercurrent in January 2014; that rather than looking to get into any new markets, Royal Greenland would be looking to increase the amounts they sell in the markets they are in.

With a number of species, and in several markets, there is room for the company to sell more, and in its growth markets it would look to establish wider distribution, he said.

At the same time the company would be looking to maximize the prices it can get for the seafood it sells.

Quotas on shrimp catches and competition for halibut have seen Royal Greenland reach production ceilings in several areas, prompting the company to find supplies beyond Greenlandic waters, and attempt to increase what it buys from indigenous people across the North Atlantic.

Northern Russia and northern Canada could be likely targets. Royal Greenland is also expanding in mackerel in Greenland.

Royal Greenland and Polar Seafood were awarded quotas to catch 38,000 metric tons of the country's bumper 100,000t mackerel total allowable catch (TAC) this year, Undercurrent reported in May.
Ten other players including Brim-backed Arctic Prime Fisheries ApS were allocated 52,000t of the TAC.

The remaining 10,000t will be awarded throughout the season. Royal Greenland was allocated the larger share of the TAC, with

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a quota of 20,000t for the trawlers Royal Greenland Pelagic A/S and Timmiarmiut Fishing A/S.

Polar Seafood received the second largest share, with quotas of 18,000t for its two trawlers, Sigguk Trawl A/S and Polar Pelagic A/S.

Greenland recently said it had received applications for more than 300,000t worth of quotas for the mackerel fishery, which is still described as "exploratory".

Activities

processing | fishing | distribution | sales

Shareholders

Greenland government 100%

Subsidiaries

Royal Greenland Seafood | Gaia Fish

Species

shrimp | crab | roe | crayfish | mussels
halibut | cod | flounder | plaice | sushi
saithe | salmon | Alaska pollock | hake
hoki | lobster | surimi | caviar

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High Liner Foods

Turnover	USD 947.3m (Dec 2013, flat)
Ownership	Public (HLF:Toronto)
Country	Canada
Key executive	Henry Demone, CEO & President

High Liner is Canada's largest seafood producer by market value; and in US foodservice, the company is the largest supplier of value-added seafood. The US is its largest market, with sales there making up 68% of its total sales in 2013.

With core business centered around value added brands in retail and foodservice, the company imports from around the world. It is aiming to become the largest frozen seafood company in North America and holds the well-publicized goal of boosting earnings before interest, taxes, depreciation and amortization (ebitda) to $150 million by 2016, up from $91.7 million in 2012. The company shares its progress on that goal with shareholders at every quarterly report.

The deadline - which was originally 2015 but pushed back due to a sluggish US restaurant market - has spurred an aggressive growth strategy. The company quadrupled in size over the last six years, largely due to acquisitions. Most recently, it bought American Pride Seafoods, American Seafoods' former processing arm, for $34.5 million in October of 2013. This followed its high profile takeover of Icelandic USA from Iceland-based Icelandic Group in 2011.

Before that, it had purchased Viking Seafoods Inc. in 2010 and the manufacturing plants and marketing assets from St. John's Newfoundland-based Fishery Products International in 2007 for CAD143m.

The acquisitions have paid off in terms of brand notoriety especially. Today, in US foodservice, its FPI and Icelandic Seafood brands are the most recognizable brands.

Although mostly foodservice-facing, the company also sells into retail and is working on building brand awareness for Sea Cuisine, Fisher Boy and the High Liner brand, the latter of which is well known in club stores but not in the wider retail arena. Meanwhile, in Canada, its High Liner brand - the only brand it sells under in Canada - has the largest market share of any brand.

It also sells under the FPI, Mirabel, Viking, Samaband of Iceland and Icelandic Seafood brands, the latter two of which were licensed to High Liner as part of the Icealandic USA acquisition.

Apart from its own brands, the company is a major supplier of private label value added frozen seafood products to North American food retailers and foodservice distributors.

As of the end of 2013, the company owned and operated four food-processing plants, located in Lunenburg, Nova Scotia; Portsmouth, New Hampshire; Newport News, Virginia; and New Bedford, Massachusetts. These were all obtained through acquisitions.

The plants in Newport News plant was acquired as part of the Icelandic USA acquisition in 2011 while the New Bedford plant was acquired with the American Pride acquisition in 2013. The company also attained a leased food-processing facility in Malden, Massachusetts as part of the Viking acquisition.

The company also owns a warehouse in Peabody, Massachusetts and leases offices in four US states and five Canadian provinces: Massachusetts, New Hampshire, Virginia, Washington state, Alberta, British Columbia, Nova Scotia, Ontario and Quebec.

Its large collection of recent acquisitions has necessitated some shedding of superfluous assets, such as the processing facility it acquired in Dalian, China as part of the company's Icelandic USA acquisition, which was divested to a minority shareholder.

As part of the Icelandic USA acquisition, the company consolidated operations from two of its plants into its Newport News facility, a process that proved challenging for the company, as it held up operations and brought down results for 2013.
The company, as a result, did not stay on track for its goals to reach ebitda of $150m by 2015 and revenues rose only slightly to $947.3m, from $942.6m in 2012.

High Liner is also going through a process of succession planning. In January, High Liner named Paul Jewer, former chief financial officer of retailer Sobeys, as its new chief financial officer (CFO). Former CFO Kelly Nelson retired from High Liner this May.

Nelson first announced his retirement in September 2013, a few weeks before Keith Decker was promoted to president and chief operating officer (COO) for the entire company, from being COO for the US division. At the time, Henry Demone, CEO of High Liner, said he is taking a back seat on day-to-day operations, but will not be "retiring anyone soon", he told Undercurrent News.

In May 2014, High Liner named former Cargill executive Peter Brown as its new president and chief executive officer of High Liner USA, roles held by Decker until September of 2013.

Brown, who reports to Decker, most recently held the position of president of Quantum

Foods, a privately held further processor of raw and cooked value-added beef, pork and poultry with annual sales of $500m, where he worked since March of 2013.

Before that, he was at Cargill as VP business manager, a role he claimed after serving in the same capacity under Cargill Meat Solutions. In total, Brown has 25 years of experience in the food industry.

HIGH HADDOCK, SHRIMP PRICES

High Liner has been suffering with the high prices for two of its species, shrimp and haddock.

Price increases on raw material for shrimp and haddock saw the sales volumes of High Liner Foods' Canadian operations fall by 0.8% to 18.5 million pounds in the first quarter of the year, said Demone, in May.

Customers backed off on shrimp due to the higher prices, and haddock costs ate into earnings, Demone said during a conference call with financial analysts.

Overall, the Canadian operations' sales figures went up in the first quarter of the year, but not enough to compensate for the higher costs being charged to the Canadian business on raw material, and earnings before interest, taxes, depreciation and amortization decreased by $1.4m to $5.6m.
"I think the big issue there is the massive increase in haddock costs," Demone said. The Canadian market prefers haddock over cod much more than it does in the US and costs have been high.

Meanwhile, the company has been able to increase shrimp prices in line with its costs, but that has impacted consumption, he said.

Shrimp costs in general have increased from the $4 per pound range last year to $7 this year, and High Liner has responded accordingly on its own pricing.

"We've kept up with the increases as the market went up, and now it seems to have stabilized, but the volume is a lot less at $7 than it was at $4," Demone told Undercurrent after the call. The US operations were little impacted by this factor since High Liner does not sell much shrimp in the US. Seapak already dominates US branded shrimp sales and High Liner's focus is based on fish species, Demone explained.

High Liner is not planning to decrease prices on shrimp yet even though raw material prices are coming down, however.

"I think shrimp pricing is pretty dynamic, and we have to be competitive in shrimp as it is

HIGH LINER FOODS
INCORPORATED

a very dynamic market in terms of pricing," Demone said. "The decreases have started, but it takes time for the inventory to flow through the system, so we're not eager to immediately decrease prices, and I don't think shrimp prices are going back to where they were."

As for haddock sales in Canada, the company has seen customers switch to cod instead since last summer, when the high prices from low supply started to impact buying habits.

Its species focus is shifting somewhat, as with most companies, to aquaculture, although it had not made that shift yet as of 2013.

The company sold 27% of its sales from aquaculture species in 2009, but that number dropped to 23% in 2013. It does, however, planto increase procurement of aquaculture species in the future due to plans to expand in key farmed species: shrimp, tilapia and pangasius.

The company sells 30 species from 20 countries. By the end of 2013, it achieved 99% of its goal of sourcing from fisheries or farms that are either certified sustainable or at least "responsible".

High Liner remains the world's largest cod buyer. Cod is a focus of the company's new product development, Demone told Undercurrent. Cod products featured in a major product launch from High Liner before the Seafood Expo Global trade show, when the company teamed up with drinks giant Diageo on a newrange of products, "Guinness Distinctive Seafood".

Before the Boston show, High Liner also announced the launch of the American Pride Seafood brand scallop line for foodservice.

High Liner's acquisition of American Pride meant it is nearing scallop sales of almost $100m, which would make it almost 10% of total turnover, said Demone.

Scallop is said to represent "roughly" 35% of American Pride's business, said a research note by Michael Mills of Beacon Securities. Based on an annual revenue of $190m, that would suggest American Pride has scallop sales of, approximately, $66m.

RETAIL FOCUS FOR M&A

Both Mills and Robert Gibson, of Octagon Capital, see retail-focused acquisitions are likely to be in the sights of High Liner in 2014.

Slow sales in US foodservice mean High Liner's management has pushed back its target of hitting $150m in ebitda by 2015 to 2016. High Liner will need more than organic growth to hit this target, acknowledges Demone. "It will take one larger deal or two smaller ones, probably." The drop in sales is, to some extent, an inevitable product of the series of deals the company has pulled off, he said.

"When you do an acquisition, there is always going to be some leakage on sales. Sometimes, if you lose low margin business, this is not a bad thing. This was the case with FPI, Viking and also Icelandic," he said.

High Liner is already starting to look for other acquisition opportunities, he said. "We need to integrate American Pride. But, if we are to make a deal by the summer, we need to set things in motion now."

When asked if High Liner could look at deals outside of the east coast corridor it has focused on with the FPI, Viking, Icelandic USA and American Pride deals, "anywhere in North America is fine", Demone said.

The focus of the next deal is likely to take High Liner in a new direction.

America Pride is "likely to be the last deal in value-added frozen white fish for foodservice. There are just not the targets out there in this specific segment", said Demone. "In the future, I think we will look at acquisitions in additional species. There are no more deals to do in value-
added whitefish with a foodservice focus."

"We do expect High Liner to look for growth through acquisitions this year, with a particular focus on US retail," wrote Mills.

To achieve the goal of $150m ebitda by 2016, "we would expect them to make a small acquisition of about $100m in sales within the next two years", wrote Gibson.

Gibson wrote in two recent reports that High Liner has designs to acquire Gorton's or SeaPak, owned by Nippon Suisan Kaisha (Nissui) and Rich Products respectively, to give increase its retail brand footprint in the US.

Nissui ruled out a sale of Gorton's and Rich has not returned request for comment to Undercurrent.

High Liner is open about its acquisitive intention and notes "the need to complete one larger acquisition or two smaller deals, plus increase organic growth and market share in order to achieve the goal", wrote Mills, who expressed concern at the lack of organic growth.

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The lack of organic growth in the US is, to some extent, an inevitable by-product of doing several acquisitions in a relatively short space of time, said Demone.

"It's hard to get your team to focus on integrating acquisitions and organic growth; it's really usually one, or the other," he told Undercurrent.

"There are two ways to grow organically, to launch new and innovative products and grow the market, or steal market share. Both are hard to do, if the focus is on integrating acquisitions," he said.

Activities

processing | distribution
import | export | marketing

Brands

High Liner | Fisher Boy | Sea Cuisine
Icelandic Seafood | FPI | Viking

Subsidiaries

High Liner (USA) | Icelandic USA
Viking Seafoods | American Pride Seafoods
HLF Northwest | HLF Peabody

Species

Alaska pollock | Pacific hake | halibut
yellowfin sole | Pacific cod | tilapia | flounder
haddock | scallops | Atlantic salmon | whiting
tilapia | pangasius | shrimp

33

Yokohama Reito

Turnover	JPY 97,262m *seafood sales only (Sept 2013, +7%)
Ownership	Public (2874:Tokyo)
Country	Japan
Key executive	Toshio Yoshikawa, President

Yokohama Reito processes and sells seafood, fish and livestock products, as well as managing cold storage facilities. The company was founded in 1948 and is divided into a refrigerated warehouse department, food sales and real estate.

Its food activities include Tokyo-based Alliance Seafoods, which was founded in 2009 and is led by executive president K. Okubo. Alliance deals mainly with overseas procurement, imports and exports.

The 2013 fiscal year marked a rebound for Yokohama Reito, with profit and revenues hitting record levels across all its units.

This was driven by a recovery in both its marine and livestock products, which suffered significant losses the previous year due to severe price declines, said the company. The marine segment upped sales 7.3% to JPY 97,262 billion, while operating profit reached JPY 721m, up from losses of JPY 1.346bn the previous year.

The group attributed the recovery to early inventory clearances and aggressive sales.

This was driven by a recovery in its salmon and trout imports, which had posted a large loss the previous year “despite lower trading volumes resulting from prudent purchasing”.

Volumes and sales of scallops also “increased greatly as the sales environment picked up”, while shrimp, mackerel and other marine products experienced “robust sales”.

The eel business did not fare so well. “Profits in the eel business declined considerably having suffered from poor whitebait catches for a fourth straight year and as a result of reduced demand from retailers,” said the company.

When including the coldstore business, Yokohama Reito generated sales of JPY 130bn in its latest fiscal year, up from JPY 118.7bn the previous year.

The result was the highest in at least six years, driven by record results for both the food and the coldstore business.

Its biggest entity, the food segment, generated revenues of JPY 106bn, up from JPY 97bn and the highest since at least 2009.

Both operating and net profit improved in the latest fiscal year. For the food division,

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operating profit was up by 7% to again a five-year high of JPY 5.1bn. For the group as a whole, operating profit was up 20% to JPY 4.5bn, while net profit was up 8% to JPY 2.5bn.

Commenting in its latest annual report, the company predicted that the market environment for seafood would rebound, and said it would look to expand its import/export network. "[Efforts] are being made to increase and fortify marine product processing facilities at production sites in Japan to build a stable export commodity production system," it said.

The company forecast net sales of JPY 130bn, up 9.5%,for its upcoming fiscal year 2014/2015.

Activities

processing | distribution | sales
import | export

Subsidiaries

Alliance Seafoods | Clover Trading

Species

shrimp | wild and farmed salmon | trout
mackerel | sardines | skipjack | roe | crab
Pacific saury | sea urchins | oysters | shrimp
eel | surimi | amberjack | scallops | swordfish
squid | monkfish | atka mackerel | capelin

34

Charoen Pokphand Foods

Turnover	THB 28,900m *aquaculture sales only (Dec 2013, -31%)
Ownership	Public (CPF:Bangkok)
Country	Thailand
Key executive	Adirek Sripratak, President & CEO

The world's largest shrimp farmer and Thailand's biggest food company, Charoen Pokphand Foods - abbreviated as CPF or CP Foods - likes to say it aspires to be the kitchen of the world.

It is the flagship unit of Charoen Pokphand Group, itself owned by Thailand's second richest man Dhanin Chearavanont.

Through activities in Vietnam, the Philippines, Malaysia, China, India, Russia and Turkey, CP Foods farms pigs, poultry, shrimp, tilapia and catfish, as well as producing animal and fish feed.

In total CP Foods had revenues of THB 398bn in 2013, up from THB 357bn the previous year.

However, aquaculture revenues were down 31%, largely due to the impact of early mortality syndrome, which ravaged shrimp farms in Asia including Thailand.

Dhanin Chearavanont is credited with a $12.3 billion fortune for managing his family's interests in more than a dozen publicly traded companies, including a Thai mobile phone operator and the country's 7-Eleven chain.

In July 2014, Bloomberg reported that his lesser-known older brothers - Jaran Chiaravanont, Montri Jiaravanont and Sumet Jiaravanon - are also billionaires and shareholders of CP Group, each estimated at a net worth of over $2bn.

BILLION-DOLLAR TIE UP WITH ITOCHU

On July 24, just before this report was published, CP Foods agreed to sell 25% in one of its subsidiaries to Itochu, Japan's third-largest trading house and one of the world's three big skipjack traders.

The deal is part of a strategic tie-up between Itochu and CP Foods' parent Charoen Pokphand Group, which will see the latter take a $1 billion-worth stake in Itochu.

The alliance is the fruit of negotiations that started between the two companies in November 2013, said Itochu.

Under the deal, Itochu will acquire 25% in CP Pokphand Co, a wholly owned subsidiary of CP Foods, Thailand's largest meat producer and a major shrimp and shrimp feed producer.

The stake in Hong Kong-listed CP Pokphand, which produces animal feed in China and owns farms in Vietnam, will be purchased for JPY 87bn ($857m).

In return, CP Group will acquire a 4.9% stake in Itochu by acquiring 78m new shares to be issued at JPY 1,313 each, for a total of JPY 102.414 bn ($1bn).

CP will acquire the stake through a wholly owned subsidiary, CPG SPC, purposefully set up to buy shares in the Japanese group, and through an investment holding En-CP Fund, owned 50-50 by CP Group and the Development Bank of Japan.

The alliance between Itochu and CP Group will see the companies promote joint initiatives in animal feed, livestock and marine related areas, mainly in Asian regions such as Thailand, China and Vietnam, while creating systems for supplying raw materials to those regions, said Itochu.
Itochu said it expects to invest more than JPY 14.614bn ($144m) as part of the collaboration from September 2014 to September 2016.

A large Japanese conglomerate, Itochu has a marine products department within its food division.

Led by Kenji Tanaka since the spring of 2012, the department specializes in tuna products (sashimi tuna, ingredients for canning, canned tuna, and pet foods), shrimp, squid, octopus and other frozen seafood and processed products.

The company is one of the world's big three skipjack tuna traders, along with US-based Tri Marine International and Taiwan's F.C.F. Fishery.

The companies will also develop opportunities to expand in non-resources sectors - such as food, chemicals, IT and finance - mainly in Asia.

Explaining the deal, Itochu said CP Group provided it with a strong network and recognition in Asia, where the Japanese company is looking to expand. CP Group, meanwhile, has been looking to expand outside the resource sector, it said.

KEY PLAYER IN CHINA, VIETNAM

CP Group will hold 50.4% of CP Pokphand Co after the deal. CP Foods said proceeds from the sale will be used mainly to repay debt.

CP Pokphand's turnover for 2013 was $5.41bn, up 9.21% year-on-year, with gross profit at $690m, up 2.52% y-o-y. The company's net profit was down, however, to $186m, from $204m in 2012.

In terms of turnover, CP Pokphand's agri-food business in China, the agri-food business in Vietnam and the chlortetracycline business contributed 64.4%, 33.4% and 2.2% of revenue respectively. Due to weaker performance of the group's farming business in Vietnam, profit attributable to shareholders decreased by 8.8% to $186m.

CP Pokphand has been investing and working in China since the country first opened its doors to foreign investment in the late 1970s.

It has 28 feedmills selling to aquaculture, livestock and poultry farmers and has around 20,000 exclusive agents distributing its products nationwide.

In Vietnam CPP became a key player in the fast-growing agri-food markets in Vietnam following its acquisition of a 70.82% stake in C. P. Vietnam Corporation (CPV), formerly known as C. P. Vietnam Livestock Corporation, a leading integrated livestock and aquaculture company in Vietnam, on July 29, 2011.

Established in Vietnam in 1993, CPV's integrated livestock and aquaculture businesses span the entire food production value chain, from the manufacturing and distribution of animal feed, to the breeding and farming of livestock and aquatic animals, and to the processing and production of meat and packaged food products.
"Owing to its "feed-to-food" vertical integration strategy, CPV commands a leading position in the country's commercial feed and industrial farming markets", claims CP Pokphand, on its website.

FOCUS ON THAI LABOR ISSUES

CP Foods' feed and farming operations make it Thailand's largest buyer of fishmeal.

This has propelled it to the center of media coverage centered on labor conditions and rights in Thailand. In June 2014, the UK newspaper the Guardian exposed CP Foods for buying fishmeal from plants that were buying fish from boats alleged to use slave labor.

The investigation made headlines across the world, and while some supermarkets -- such as Costco and Walmart -- decided to stand by CP Foods, others such as Carrefour and Whole Foods promptly suspended all their contracts with the Thai producer.

The coverage came amid an already heightened focus on Thailand's labor condition, driven in part by NGOs such as the Earth Justice Foundation, Finnwatch and the labor rights campaigner Andy Hall.

The issue came to a head on June 20, when the US State Department downgraded Thailand to a Tier 3 ranking on its 2014 Trafficking in Persons report.

CP Foods has vehemently defended its labor and sourcing record, strongly condemning slave labor and pointing to all the measures it has taken to improve Thai labor conditions. These measures include a project launched in 2013, whereby it offers a premium to fishermen whose catch is certified by the government as non-IUU.

“CP has a choice. We can simply walk away from fishmeal altogether. We have developed protein substitutes that we can use to replace it. We have already committed to do this by 2021 if necessary,” said the group in a letter.

“Or we can continue do the right thing and behave responsibly by using our commercial weight and influence to help drive positive improvement. We are making good progress but we are at a tipping point.”

Despite the negative media coverage and Thailand’s downgrade, CP Foods has said it is confident sales will grow by a strong 15% in 2014, especially after making it clear to buyers that it does not condone the use of illegal labor.

Adirek Sripratak, President and CEO, has said the company was stepping forward to provide its trading partners overseas with better understanding of the situation.

The company said the suspension of orders by trading partners in the US and the EU had only a small impact. CPF has more than 100 buyers in the US with a combined annual import value of THB 4 bn.

Of that total, only one supermarket suspended orders valued at THB 600m per year – not much compared with CPF’s total revenue of nearly THB 400bn. Sales in EU markets saw an even lower impact.

The group added it has engaged a company-wide audit to ensure every person from every factory to every fishing boat working for the company or one of its suppliers “must, as an absolute minimum, be treated fairly and with dignity at all times”.

In July 2014, not unlikely in a bid to reassure its customers, CP Foods secured chain of custody certification from the Marine Ingredients Organisation (IFFO) for its feed suppliers, becoming one of the two first Asian firms to gain the accolade.

EMS TOLL

The world's focus on Thai labor has not been the only challenge facing the company in 2013/2014.

The scourge of early mortality syndrome (EMS) on Thai shrimp farms has also taken its toll on CP Foods, which said the disease reduced its production and increased its costs.

EMS has seen Thailand's shrimp production plummet from more than 500,000 metric tons in 2012, to just half that amount in 2013. Forecasts for 2014 diverge, with predictions in the range of 200,000t - 250,000t.

The sharp fall in supply has also seen prices rise sharply throughout the year, a trend that helped narrowing the group's shrimp losses towards the end of 2014, according to one analyst firm.

As a result of EMS, CP Foods in March 2014 confirmed it was laying off 1,200 workers at a plant in Mahachai, Thailand, where it would stop processing frozen shrimp due to the supply crunch caused by EMS.

The company would keep 1,400 workers and could continue producing some shrimp burger products at the plant, a spokesperson told Undercurrent News at the time. The spokesperson said the frozen shrimp would be processed at its plant in Songkla, which was still operating as normal.

The company also opened a second shrimp plant in Vietnam in February 2014. The raw material situation in Vietnam is better, and tariffs for sale to Europe not impacted by Thailand's partial loss of preferential ratesunder the Generalized System of Preferences (GSP) system.

The first quarter of 2014 showed some ability to deal with the disease, with net profit doubling partly as a result of shrimp improvements.

But in May 2014, analysts at the brokerage Asia Plus Securities warned a jump in corn prices and high soybean meal prices could significantly increase the company's meal costs.

CPF could suffer high risk, as corn and soybean meal costs makes up 40% and 24% of its raw material cost, respectively, warned the firm.

OVERSEAS, ACQUISITIONS

Overseas activities are a big part of CP Foods; accounting for 58% of revenues in 2013, while exports from Thailand accounted for 8%.

The group has often expressed its aim to seek out acquisitions and increase its overseas

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activities. In March 2014, it said its aim was to generate three quarters of its sales from abroad and exports within five years, in part by targeting the so-called BRIC countries, and to offset slower sales at home.

Faced with the prospect of an economic slowdown at home amid political unrest, analysts commented that CP Foods is betting on rising incomes in Southeast Asia to push up demand for proteins.

China is the biggest of its overseas operations - and will remain so, said the CEO.

In November 2013, the company added that it plans to raise capacity at its feed, farm and food businesses over the next four years by investing at least THB 50 billion ($1.6 bn) in 2014 - 2016.

More than 60% of this will go into its foreign business. Domestic sales growth is likely to average 7 to 8% over the next five years compared with 15% abroad.

That budget excludes funds for acquisitions, though the company is looking for overseas buying opportunities.

Activities
processing | aquaculture | export
marketing | distribution

Shareholders
Charoen Pokphand Group Ltd. (43.72%)

Brands
CP | CP Fresh Mart | BKP | CP Meiji

Subsidiaries
Zhoukou Chia Tai Co
Seafoods Enterprise Co
C.P. Food Products, Inc (USA)

Species
shrimp | tilapia | catfish

35

Andrew Marr International

Turnover	£520.71m (March 2013, -4%)
Ownership	Private
Country	UK
Key executive	Andrew Leslie Marr, Chairman

Based in Hull, UK, Andrew Marr International is best known for its two largest subsidiaries, the pelagic group J Marr Seafoods and the whitefish trader Fastnet Holdings, which together account for around 80% of revenues.

It also owns the subsidiaries Andrew J. Knudtzon, Peterhead Ice Company, Food Design Company, Peter & Johnstone and Faroes Coldstore, through which it operates coldstores and also fishing vessels.

During the financial year 2013, the company also acquired 52% of Plymouth-based fish distributor West Country Seafoods.

For its latest reported year, ending March 31, 2013, Andrew Marr International saw its turnover drop 3.4% to £520.71million.

Operating profit was up marginally, to £13.9m from £12.83m. The bottom line soared to £29.96m (pre-tax), but this was largely due to a £14.34m gain from a disposal, listed under income from participating interests, in its accounts.

The £14.34m gain likely stems from the profit of Peter and J. Johnstone, a subsidiary of the Marr group involved in fishing vessel ownership and management, from the reported 2012 sale of quota fished by Enterprise, a Scottish pelagic trawler, sources in the sector told Undercurrent News. Skippers Hamish Slater and Victor Buschini owned Enterprise, with Marr holding a stake, through P&J Johnstone. Slater and Buschini were both convicted in February 2012 for illegally landing £7m-worth of fish between 2002-2005, in part of what has been dubbed the "black fish" scandal.

The two main divisions of the Andrew Marr International group are J. Marr (Seafoods) and Fast Net Holdings.

Both reported dropping sales, with whitefish trader Fast Net also reporting a decline in profitability.

For J. Marr, which is the pelagic trading arm of the group, turnover dipped 4.39% y-o-y,

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to £388.88m. The company's gross profit, however, was up marginally, from £11.54m in the year ending March 2012, to £11.7m for the year to March 2013. Its net profit was £6.33m for the year to March 2013, up from £6.14m for the same period to March 2012.

For Fastnet Holdings, the parent company of the various whitefish trading and supply companies in the group, turnover dropped 11.44% y-o-y, to £98.70m. The division's gross profit was £7.13m, down 10.76% y-o-y. Its pre-tax profit was £978,000, down from £1.22m the previous year.

Activities

trading | import | export | fishing

Shareholders

trading | import | export | fishing

Brands

Marrfish

Subsidiaries

J. Marr (Seafoods)
Fast Net Holdings
West Country Seafoods (52%)

Species

horse mackerel | mackerel | tilapia | sardine | silver carp | Chinese mackerel | hake | tuna | red bellied pacu | Chinese catfish | sardinella eba | sardinella aurita | pelamida/bonito | blue whiting | Pacific hake | Pacific sardine | yellow croaker | silver smelt | herring | saithe | white croaker/pargo | sabalo | jack mackerel | red snapper/besugo | castaneta/seabream | pescadilla/sea trout | carp | blue mackerel | kahawai | reef cod | catfish | Alaska pollock | Pacific herring | pangasius

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Cermaq

Turnover	NOK 5,155m (Dec 2013, +58%)
Ownership	Public (OSLO: CEQ)
Country	Norway
Key executive	Jon Hindar, CEO

Headquartered in Oslo, Cermaq farms salmon primarily in Chile, as well as in Norway and Canada. The company is majority owned by the Norwegian state, but this could change soon as the new government has indicated it would look to exit several of its private ownerships.

The company is the world's third largest salmon farmer, after Marine Harvest and Leroy Seafood Group, and has stated its aim to become number two.

This is unlikely to happen in 2014, however - Cermaq expects to harvest 157,000 metric tons - coho, Atlantic salmon and trout included - in 2014, up only slightly from 2013.

In comparison, Leroy expects to harvest 178,500t when including volumes from its interests in Villa Organic and Scottish Sea Farms, up from 158,200t in 2013.

Size aside, Cermaq has also declared its intention to focus on costs, especially in Chile, where sanitary challenges have seen farmers' costs soar throughout 2013. The group has said it aims to bring harvesting costs in Chile down by $0.80 to $3.80 per kilo by 2015.

Prior to the announcement, the Norwegian bank Nordea had downgraded its rating on Cermaq, in a note saying Cermaq's Chile production costs had soared to a record high of NOK 31 ($5.08) per kilo.

TUG OF WAR: MARINE HARVEST, COPEINCA, EWOS

2013 and 2014 were eventful years for Cermaq.

In April 2013, it looked as if the group would become a company of three pillars: Ewos (fish feed), Mainstream (salmon farming) and Copeinca, the Peruvian fishmeal producer which it looked certain to acquire. But within barely a month, its plans were thrown into disarray and instead Cermaq ended up losing its fight for Copeinca and selling Ewos.

The main reason for this change of plans was a surprise and unsolicited acquisition offer from Marine Harvest, which asked to acquire Cermaq - but on the condition that Cermaq give up its acquisition bid for Copeinca.

For Marine Harvest, the aim was to create a leader in farming, VAP and salmon feed, where Ewos is one of the three leaders along with Biomar and Skretting (Nutreco).

Cermaq's board opposed the bid and eventually thwarted Marine Harvest's ambitions by agreeing a sale of Ewos to the private equity firms Altor and Bain Capital. The sale valued cermaq

Ewos at NOK 6.5 billion, which led to Cermaq paying out an extraordinary dividend of NOK 51/share, in January 2014.

The Ewos sale was followed by a collapse in its takeover of Copeinca, and left Cermaq with just one division, its salmon farming arm Mainstream. This was renamed in November, to Cermaq.

There has been much speculation that a sale of all or part of Mainstream could follow, talk that was accentuated by the ensuing change of government in Norway in September 2013.

In June 2014, the Norwegian government announced it would ask the parliament to ease the way for selling public stakes in its portfolio of companies. If parliament approves the changes, the government will include in its 2015 national budget the option to sell part or all of its Cermaq shares.

Cermaq itself has said it is business as usual. Addressing investors in December 2013 in Chile, CEO Jon Hindar said the company aimed to become the world's second largest salmon producer, from being third today.

CHILE RECOVERY

For 2014, Cermaq expects revenues to reach NOK 6.2bn, and net profits from continued activities should surge to NOK 922 million comparing to NOK 717m last year, as operational earnings margin will improve by 2.3 points to 20.5%.

Of its three country divisions, Chile accounts for more than half (56%) of Cermaq's sales volumes, but its profitability is still lagging: the country accounted for just a fifth (21%) of the company's profit in the first quarter of the year.

This distorted figure reflects the challenges facing Chile's salmon producers. Unsatisfactory sanitary conditions, mainly due to sea lice and salmon rickettsial syndrome (SRS), combined with stringent regulations, have caused producers' costs to spiral throughout 2012 and 2013.

Some of these challenges are starting to ease, and higher prices saw Chilean salmon producers' earnings recovery in early 2014.

Cermaq was no exception - high prices, improvements in Chile and good earnings on Atlantic salmon spot prices in Norway gave Cermaq a bumper profit in the first three months of 2014.
In the case of sea lice, Cermaq said the lice levels in its Atlantic salmon farms in Chile are down to levels last seen in late 2011.

cermaq

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It also said its costs have decreased - the ex-cage cost for Atlantic salmon was $4.60 per kg in first quarter of 2014, down by $0.20 per kg compared to the fourth quarter 2013, though still a way from its target $3.80/kg target.

Cermaq's Chile unit returned to the black already in 2013, albeit with just a small profit - earnings before interest and taxes (ebit) - of NOK 76m, compared to a loss of NOK 48m a year ago.

The company also noted that Russia and Brazil are rapidly emerging as increasingly important markets for coho, which is farmed only in Chile.

Nevertheless, the earnings are still much lower than what Cermaq is earning in Norway, where it reaped an ebit of NOK 235.7m, three times as high as the Chilean unit. This is even though Norway's sales volumes were lower than Chile; Cermaq sold 19,400t of salmon (Atlantic, coho and trout) from Chile in the quarter, compared to 13,200t in Norway.

Cermaq has used acquisitions to grow in Chile. In April 2014, it acquired two licenses in the country's region XII for $2m, as part of an aim to treble its capacity in the region 30,000t. The licenses were bought from a company named Centauro SA and have a capacity of 4,000t.

BOND ISSUE, NEW FACES

In May 2014, Cermaq issued a five-year bond of NOK 750m ($127m/€92m). The bond had a borrowing limit of NOK 1.5bn, and maturity date in May 2019.

It has also made some new appointments.

In July 2014, Stig Jarle Petttersen started as chief financial officer, replacing Tore Valderhaug in the role.

In May, Rebekka Glasser Herlofsen (1970) was then appointed as chairwoman. She replaced Bard Mikkelsen who decided to step down as his term ended, having led the board for six years.

Activities
processing | aquaculture | sales

Shareholders
Norwegian government (59%)

Species
salmon | trout

37

Parlevliet & Van der Plas

Turnover	€600m *estimate (Dec 2013, flat)
Ownership	Private
Country	Netherlands
Key executive	Diederik Parlevliet, CEO

Founded in 1949 by Dirk Parlevliet and brothers Dirk and Jan van der Plas, Parlevliet & Van der Plas (P&P) is one of Europe's biggest pelagic and whitefish harvesting companies.

The group - still owned by the Parlevliet and van der Plas families - operates a fleet of freezer-trawlers, fishing for species including herring, mackerel and jack mackerel, mainly in European, North Atlantic and West African waters and in the South Pacific.

In 2003 it also opened a large processing plant in Germany, Euro-Baltic Fisch Verarbeitung. P&P has expanded from pelagics into whitefish with several deals under its UK Fisheries 50-50 joint venture with Samherji.

The joint venture is thought to have one of the largest holdings of European cod and haddock quota in the Barents Sea.

UK Fisheries operates J Marr Fishing in the UK, parent of Boyd Line in Hull and Marr Fishing Vessel Management. It also owns Euronor, France's largest cod and saithe fishing group, as well as a 50% stake in Compagnie des Pêches Saint Malot, which owns Europe's only surimi-factory trawler. In Spain, UK Fisheries owns Pesquera Ancora, one of the country's largest cod fleets.

In January 2014, P&P expanded into shrimp after acquiring the Dutch shrimp processor Heiploeg from administration, in a pre-pack deal.

In addition to Heiploeg's large plant in Zoutkamp, P&P took over Heiploeg Suriname, which operates 12 trawlers catching seabob shrimp; Noble House Seafoods, the division in Guyana operating 27 vessels catching seabob; TK Fish in Morocco, the company's former peeling operation; Heiploeg Sea Food in India; and Dansk Heiploeg in Denmark.

The deal did not include however Heiploeg's subsidiary Morubel, a frozen shrimp-focused processor with annual sales of €80m, nor did it include Erste SGK Verwaltungsgesellschaft in Germany.

Heiploeg's debt of €130m and fine of €27m for its part in a price fixing cartel, remained with the old, bankrupt company.

P&P is also active in the Faroe Islands, where it owns the largest pelagic plant for human consumption, Kollafjord Pelagic.

P&P is also investing to renew its frozen-at-sea (FAS) whitefish fleet with two new vessels.

The move is part of a long term investment to strengthen the company's FAS business, at a time when Norwegian and Icelandic companies are shifting vessels processing FAS fillets to just produce headed and gutted cod and haddock, as a consequence of increasing labor costs.

Despite this trend, P&P sees potential in the fillets business, as the foodservice sector is showing interest in FAS for its superior quality to Chinese double frozen fillets, Oskar Sigmundsson, managing director of German Seafrozen - part of P&P - told Undercurrent News in early 2014.

The investment consists of two new vessels, one which will be owned by P&P and the other by UK Fisheries. Each vessel costs in the range of €35m, taking the total investment for P&P to approximately €52.5m.

The vessels - one expected to be delivered in 2014 and the other in 2015 – are being built in Turkey and have 1,000t frozen capacity each.

Freezer-trawlers' operations are the core of the company, but they also are a regular target of environmental activists.

In September 2013 the Australian government withdrew a fishing license for Abel Tasman, a 142-meter-long 'super-trawler' formerly known as Margiris, and owned by P&P and Seafish Tasmania.

The vessel had a quota for 18,000t of fish but was banned from Australian waters for two years by the Australian government after a public outcry.

In February 2013, Seafish Tasmania started a lawsuit against the Australian government over the ban, which it said was announced once the vessel had already reached Australia.

A year later, however, the 'supertrawler' has seen the ban on its fishing within Australian waters upheld after the appeal was rejected in February 2014.

Another environmental concern involving P&P took place in April 2013, when Greenpeace lodged a legal complaint against the company, over accusations the Dutch fishing group threw out 1,500t of dead herring during a fishing trip in 2012, citing catch log books.

The Dutch fishing group said Greenpeace's claims were based on erroneous information, "intentionally damaging and factually incorrect".

P&P said the logbook Greenpeace referred to was the captain's personal notes, reflecting his initial and personal estimate of a haul, and not the official EU logbook.

The company's response pointed out that

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the fishery in question is certified by the Marine Stewardship Council.

In December 2013, P&P faced the sudden, unexpected loss of Mark Parlevliet.

Parlevliet was one of the three sons of Diederik (Diek) Parlevliet and a director of the Dutch pelagic group.

His brothers Dirk-Jan and Dirk Parlevliet, are also directors of P&P.

He was considered one of the great talents of the third generation in the family business, wrote Leidsch Dagblad. He was also active in the development of P&P's fishing activities in Namibia.

Activities

processing | fishing | distribution | export

Subsidiaries

Kollafjord Pelagic
German Seafrozen
Euronar
Ouwehand visverwerking
UK Fisheries
Euro-Baltic Fisch Verarbeitungs
Heiploeg International
Pesquera Ancora
Compagnie des Pêches Saint Malot

Species

blue whiting | herring | cod | saithe | pilchard
pacific horse mackerel | mackerel | redfish
sprat | silver smelt | chub mackerel | sardinella

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Icelandic Group

Turnover	€591.847m (May 2014, +4%)
Ownership	Private
Country	Iceland
Key executive	Magnus Bjarnason, CEO

Icelandic Group, which has been owned by the investment vehicle of a group of pension funds since December 2010, has always been one of the seafood sector's most closely-followed companies.

The company had grown into a loss-making, €1.5 billion turnover conglomerate before failing during the Icelandic financial crisis in 2008. It was first taken into a holding company called Vestia, which was controlled by lender Landsbankinn. At the end of 2010, this was sold to Framtakssjodur Islands (FSI), which represents 16 Icelandic pension funds.

Icelandic Group is a smaller company now, with turnover of €591.84 million for 2013, up 4% year-on-year, but a profitable one.

The Reykjavik-based company reported earnings before interest, taxes, depreciation and amortization (ebitda) of €16.7m, up 40.33% year-on-year.

Icelandic also reported a 37.77% y-o-y growth in pre-tax earnings, to €6.2m, with profit after tax impairment and financial expenses of €2.3m, compared to €338,000 in 2012.

ACCESS TO RESOURCE STRATEGY

Since selling its German and French fish finger plants, Pickenpack and Gelmer, in mid-2011 and US foodservice-focused processor Icelandic USA to High Liner Foods at the end of that year, the company has made some dramatic changes to its business. It bought Belgian fresh whitefish and salmon processor Gadus at the end of 2012, then completed an interesting deal at the end of 2013, buying primary fresh fish plant Ny-Fiskur and some quota in Iceland.

Icelandic Group closed the deal for Ny-Fiskur in February 2014, after Undercurrent News unveiled the deal talks in September the previous year.

The acquisition kicked off the "access to resource" strategy advocated by Icelandic's CEO Magnus Bjarnason. Ny-Fiskur also comes with one small longline vessel and access to 800 metric tons of quota, giving the company that was founded on selling fish for other fishermen an entry - albeit on a small scale - to a new area of business.

Bjarnason started in the role in February 2013, after the ousting of Larus Asgeirsson, who had been just over a year in the role, at the end of 2012.

UK RESHUFFLE

Bjarnason, who was managing director for the Americas and Asia operations of now-defunct Icelandic bank Glitnir from 2005-2008, has also been restructuring the company, getting rid of unprofitable operations.

The UK, the group's largest operation, has been a particular focal point. In May 2013, Icelandic Group announced it had reshuffled its UK division under one CEO, with Anita Barker, formerly managing director of Coldwater Seafood, a casualty of the shift.

The company combined the management of its three UK businesses, Seachill, Coldwater and Icelandic UK, with Malcolm Eley promoted to CEO, from Seachill managing director. In October 2013, this division was renamed Icelandic Seachill.

In June, Icelandic Group closed its Norwegian office, shifting the sourcing from Norway and Iceland to the UK.

A dramatic change to the structure of the business in the UK started to take shape in February 2014, when Undercurrent revealed that Icelandic Seachill was looking to exit ready meal production in Grimsby, at the former Coldwater Seafood plant.

In a statement, the company said it had been reviewing its organizational structure following the integration of its UK businesses. This review highlighted the need for significant investment in the meals site, known also as the west site, which was part of the old Coldwater business.

This, coupled with a drop in consumer demand for ready meals, forced the business to propose to cease meal production, the company said.

The consultation ended in April 2014, with the ready meal business going to 2 Sisters Food Group.

For undisclosed reasons, Eley then suddenly resigned on April 14, less than a year into his new role as CEO of all of Icelandic Group's UK operations.

He was soon followed by Magni Thor Geirsson, who had been named purchasing director and deputy CEO of Icelandic Seachill in May 2013.

Geirsson had decided to move back to Iceland and leave the business, Bjarnason told Undercurrent, at the time. Geirsson had been with Icelandic Group for 24 years.

PROCESSING MARGINS SQUEEZE

In its 2013 annual report, Icelandic Group cited a tough year with the now-exited Marks and Spencer ready meal business, as well as high salmon prices, as the main reasons for the decline in profitability for its processing operations.

The company reported 2013 turnover from its processing activities of €387.17m for 2013, with pre-tax profit of €7.20m, according to its annual report. Turnover for processing for 2013 was up 7.96% year-on-year, from €358.61m in 2012, but pre-tax profit was down 25.29% y-o-y, from €9.64m.

The drop in profitability was largely due to the poor year the company had with its ready meal business, Bjarnason told Undercurrent.

"It adds complexity to our manufacturing business and we are keen to move away from that," he said.

Its annual report also showed a €1.81m asset write down related to the pullback from ready meals at its west plant in Grimsby, UK.

High salmon prices, particularly in the last two months of the year, hit consumer demand and were also part of the drop in profitability for the group, said Bjarnason.

He denied that the dip in profits had anything to do with the Tesco move to buy salmon direct from Marine Harvest, as part of the supermarket's Global Food Sourcing (GFS) drive.

Tesco's GFS team negotiate the salmon contract direct and Icelandic Group is paid a packing fee, which some former company executives told Undercurrent is likely to have hit margins.

"We have a good relationship with Tesco GFS and I think they are doing some interesting things with the business model. I'd say we are happy with the arrangement," said Bjarnason.

TRADING TURNAROUND; SAUCY FISH EXPANSION

Icelandic attributed its improved overall annual results to it turning around a pre-tax loss in its trading businesses of €2.02m in 2012 on turnover of €207.46m in 2012, to make a profit of €2.35m on turnover of €204.22m for 2013.

"In 2013, we closed our Norway office to focus on Asia and Spain and it has paid off," said Bjarnason.

Icelandic Group's The Saucy Fish Co. brand has been on the expansion path in 2013/2014, after the setback of being delisted by Tesco in April 2013. Five months later, the brand was back in.

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Asda also ousted the brand at the expense of a Young's Seafood range, The Funky Fish Kitchen, but Icelandic Group added Waitrose to its Saucy Fish customers earlier in 2014.

Saucy Fish has also launched in the US in 2014, into the Ahold-owned chain, Giant. It has had some trouble with other international expansion, having to launch as 'The Speedy Fish Co.' in Australia, after another company had trademarked the 'The Saucy Fish Co.' brand.

The company is mulling over legal action against Pacific West Foods Australia, a division of Malaysia-based processor Golden Fresh, which owns the trademark. Icelandic Group is also trading legal blows with the German discount giant Aldi Stores, which it claims has copied its brand with a fish in sauce range, labelled "The Fishmonger Saucy Salmon Fillets".

Icelandic Seachill secured a UK high court interim injunction against retailer Aldi, which prevent the products being sold, pending further legal action.

Activities

processing | fishing | trading | export
distribution | marketing

Shareholders

Framtakssjodur Islands

Brands

Icelandic | The Saucy Fish Co

Subsidiaries

Icelandic Seachill
Icelandic Gadus
Icelandic Iberica
Icelandic China
Icelandic Japan
Icelandic Ny-Fiskur

Species

haddock | salmon | shrimp | cod

39

Tsukiji Uoichiba

Turnover	JPY 81,023m (March 2014, +6%)
Ownership	Public (TSE:8039)
Country	Japan
Key executive	Yoshida Takeshi, President

A wholesaler based at Tsukiji market, Tsukiji Uoichiba sells live, fresh and frozen fish from fishermen cooperatives and fishing companies to processors, trading brokers, retailers, foodservice buyers and other wholesalers. Tsukiji Uoichiba also handles dried fish and processed food.

According to Financial Times market data, Tsukiji Uoichiba turned an operating profit in the year ended March 31 2014, for the first time since 2010. Increasing its turnover 6% yielded a profit of JPY 481 million, compared to a loss of JPY 2.4 billion in 2013.

The market-based trader has a number of different departments. The tuna branch sells through auction and by the boat-load, while the fresh fish department auctions many species which have been landed by domestic boats or imported.

A live and specialty fish department sells to the market's intermediary wholesalers, who then sell on to foodservice. There is an international trading group is in charge of export and import of frozen fish to and from overseas clients in America, China, Korea and other countries. This group is also responsible for processing seafood products outside of Japan.

A processed division sources surimi products and sells them to retailers. Such products have seen increasing demand and the market is having to respond to changing customer needs quickly, it noted on its website.

The company also has a coldstore on the site of the market, which can hold up to 4,362 metric tons of product at various temperatures.

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Activities

wholesale | trading | import

Species

tuna | horse mackerel | sardines | skipjack | Pacific saury | squid | swetfish | blowfish | sea urchins | oysters | shrimp | crab | surimi | amberjack | salmon | scallops | sablefish | eel | swordfish | ray fin | trout | monkfish | atka mackerel | flounder | sandfish | roe | rockfish | fluke | capelin | butterfish | whitebait | chikuwa | ice goby

40

Hanwa Foods

Turnover	JPY 78,668m *seafood sales only (March 2014, -6.1%)
Ownership	Public (8078: Tokyo)
Country	Japan
Key executive	Shuji Kita, Chairman

Hanwa Foods acquired 97% of outstanding stocks of a major flavored "kazunoko" (herring roe) processor in Hokkaido, Marumoto Honma Suisan Co, in June 2014.

In February, the company established an office in Santiago, Chile to bolster its seafood business. The office will mainly focus on salmon exports from Chile for the time being, with the expectation of developing other seafood businesses later, the firm said.

The company had, compared with 2013, overall net sales of JPY 1,682.5 billion, increased by 11.3%, due to increase in steel and petroleum/chemicals businesses.

This was a record-high, Hanwa Foods noted. Although net income recovered with better profitability thanks to market recovery and decline in extraordinary losses, management believe there is more room for improvement of operating as well as ordinary income for better profit margin.

In the company's food business, sales declined 6.12% year-on-year, to JPY 78.66 billion, with net profit at JPY 1.58bn, up 112.72% y-o-y.

Prices for salmon and shrimp were up for the year, causing the increase in earnings.

Demand in Japan for Hanwa Foods was sluggish, the company states in its report for the end of the year to March 31, 2014. But the yen's decline raised the price of farmed salmon, which had been falling rapidly, and the price of shrimp, which was low. Higher prices improved profitability.

There was a sharp decrease in shrimp production caused by the outbreak of early mortality syndrome (EMS) in South East Asia,

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and market prices went up sharply. However, demand fell due to the high prices, said Hanwa.

EMS hit hard in Thailand, as well as impacting production in China, Thailand, Vietnam and Malaysia.

Activities

processing | trading | import

Subsidiaries

Marumoto Honma Suisan Co

Species

shrimp | crab | eel | salmon | horse mackerel
prawns | mackerel | herring | capelin

41

AquaChile

Turnover	$738m (Dec 2013, +80%)
Ownership	Public (AQUACHILE:CI)
Country	Chile
Key executive	Torben Petersen, CEO

Aquachile is the largest Chilean salmon farmer on this ranking, ahead of rivals Camanchaca, Blumar Seafoods (both of which also own fishing operations) and Multiexport Foods (only salmon-focused).

The company is regularly said to be on the lookout for acquisitions in Chile's salmon and trout sector, which is recovering after being devastated by infectious salmon anemia in 2008. In March, the company's president, Victor Hugo Puchi said AquaChile would use $84 million of its then recent $120m capital increase for mergers and acquisitions.

After five consecutive quarters in the red, Aquachile reversed its bad fortune with a solid operating and net profit in the fourth quarter of 2013.

Better prices and a 51,000 metric ton, or 78%, increase in annual salmon and trout volumes also saw its annual revenues soar by 80% or $328m, to $738m for 2013.

Fourth quarter net profit ended at $25.7m, up by $43m year-on-year, accompanied by an operating profit - earnings before interests, taxes, depreciation and amortization (ebitda) before fair value - of $19m, up $37m.

This compared to red figures throughout the rest of the year.

However, its annual figures still ended in the red - with a net loss of $9.45m, and a negative ebitda before fair value of $15.5m.

Revenues in the quarter were up by $146m, or 261% year-on-year, to $202m. This lifted the total annual revenues to $738m, up 80% or $328m from the previous year's figure of $409m.

In total, the company sold 116,000t, in gross weight, of salmon and trout during the year - up by 51,000t, or 78%, from 65,000t the previous year. It then produced 24,000t of tilapia, up from 21,000t in 2012.

The better results were driven by better export prices and lower production costs, said Aquachile.

Aquachile then continued these results into 2014, posting a net profit of $11m in the first quarter.

Aquachile's ebitda reached $39m in January to March of this year. That is more than double the $19m figure it posted in the last quarter of 2013. Sales in January to March in 2014 rose to $225m, a 49% increase on the same period last year.

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In terms of volume, salmon and sea trout harvests for the first quarter of 2014 reached 37,000t and 6,000t for tilapia.
The value of salmon and trout exports to the US market reached $61.5m in the first three months of the year, a spike of 232% compared to January to March in 2013. Nevertheless, Asia continued being the top export market for the Chilean group, with sales of $76.7m in the quarter.

The company signed in June 2014 an agreement to sell all Ventisqueros salmon and trout production in the US and Canada.

This partnership aims to create a more stable and continuous supply of Chilean salmon and trout to the American and Canadian markets, as well as deepen and widen the sales into those markets.

Aquachile - through its subsidiary Aquachile Inc - has had sales offices in the US since 2002, operating as a commercial platform to supply Chilean salmon and trout to the important American and Canadian markets.
Presently, these markets consume more than 400,000t of salmon, which is almost 15% of global production. Initially, annual sales are expected to reach over $260m.

In March this year, Alfonso Marquez de la Plata Cortes resigned from as CEO, citing "personal reasons", and was replaced by Torben Petersen.

Aquachile's chairman Victor Hugo Puchi noted in his April letter to investors that bigger-sized companies would be "more credible" and ready "to take on new commercial spaces".

Aquachile's pro-consolidation message came at a time of boiling speculation on merger and acquisition activity in the salmon industry, after a paper by the Sweden-based investment bank Carnegie pointed out that Chilean producers must engage in accords to cut costs.

Activities
processing | aquaculture | export

Subsidiaries
Rainforest Aquaculture

Species
salmon | trout | tilapia

42

Corpesca

Turnover	$729m (Dec 2013, +30%)
Ownership	Private
Country	Chile
Key executive	Claudio Elgueta Vera, General Manager Roberto Angelini, Chairman

CORPESCA S.A.

Chile's biggest fishing company and fishmeal and oil producer, Corpesca is part of Empresas Copec (COPEC:SGO) a huge conglomerate with revenues of more than $22.3 billion.

Corpesca's control belongs to Pesquera Eperva as parent company, which owns 46.36% of the shares. Corpesca has a fleet of 82 vessels, half a dozen plants, and produces fishmeal and oil for human consumption and the feed industry.

The company posted net profits of $10.7 million in the first quarter of 2014, down 17% when compared to Q1 a year ago. The drop was due to higher costs, particularly administrative expenses, totaling $10.6m, an 83% increase over the same time in 2013.

Gross profit, however, went up just by 1% year-on-year, totaling $26.8m in Q1, thanks to lower prices of fishmeal and fish oil in the first three months of the year when compared to Q1 2013.

As of the end of March, Corpesca had sold 46,945 metric tons of fishmeal and fish oil, an increase of 28% over the same period in 2013.

Corpesca announced in April plans to invest $60m in boosting production and diversifying its products this year. The investment will help increase production at the company's Brazilian indirect subsidiary Selecta by 25%.

Speaking at the annual shareholders meeting, Roberto Angelini - who is chairman of Corpesca and the fishing group Pesquera Iquique Guanaye (Igemar) - said fishing was expected to be better this year than 2013.

He also announced Corpesca would re-open its division of frozen fish and preserves to compensate any loss of business caused by further cuts in the mackerel quota.

The company indicated that a new processing line of anchovy preserves for human consumption is ready in Iquique, in the north of the country, and commercial activity should begin during this year.

It is planning to pay a $13.44m dividend to shareholders. With some 2.79bn of outstanding stock, it would pay these returns in cash and

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using the Chilean currency, the peso, from the profits obtained during the 2013 economic exercise.
Corpesca posted net profits of $16.2m in 2013, turning its fortunes around from the $1.7m loss it suffered in the previous year.

In May 2013, Corpesca's then general manager Francisco Mujica resigned after a corruption scandal erupted in the country, involving Corpesca and a Chilean deputy, Marta Isasi. Seven months later, the Chilean Ethics Commission fined Isasi with the equivalent to 10% of her gross monthly salary, which is CLP 3.5m.

Activities
fishing | processing

Shareholders
Pesquera Eperva
Pesquera Iquique-Guanaye

Species
pelagics

43*

* joint position

Iglo Foods Group

Turnover	€500m *seafood sales only (Dec 2013, -5%)
Ownership	Private
Country	UK
Key executive	Elio Leoni Sceti, CEO

Owned by the UK private equity Permira, Iglo Group owns the Birds Eye brand in the UK, the Iglo brand in the rest of Europe and, since mid-2010, the Findus brand in Italy.

Fish accounts for approximately a third of its total revenue. Group net sales in 2013 declined by 2.8% to €1.529 billion, with the most significant impact coming from the Italian business.

The company also suffered a €27.4 million goodwill impairment write down on its struggling Belgian operations in 2013, and admitted Italy could suffer a similar fate. Of the €83.8m of exceptional items noted in the firm's 2013 results, where turnover and earnings declined, the largest hit was the goodwill impairment forced on Iglo by market conditions in Belgium.

Earnings before exceptional items, interest, tax, depreciation and amortization (ebitda) decreased by 12.5% to €306.6m. Net debt (excluding investor funded loan notes) decreased during the year to €1.5bn from €1.63bn as the group continues to be cash generative.

In June 2014, Iglo Group launched a €1.6bn covenant-lite loan and bond refinancing which will cut the company's borrowing costs and give flexibility for a potential IPO.

A debt refinancing was agreed in November 2012, during which the group raised €250m of new senior debt and extended the maturity date of 88% of its existing senior debt to 2017 and 2018.

The refinancing was a result of Permira's unsuccessful attempt at selling Iglo during the summer of 2012. Talks were reportedly advanced, but Permira is said to have eventually rejected a €2.5bn bid from private equity groups BC Partners and Blackstone.

After the talks failed, the private equity group refinanced and took a dividend of around €300m. In January 2013, Iglo's then CEO Martin Glenn left the company, with a pay increase of €4.1m, up four-fold from 2011.

While Iglo enjoys 90% market penetration in European households, frozen food itself only constitutes 10% of what Europeans eat, meaning the company's 'share of plate' is far lower than it should be, it believes.

Iglo Group-owned Birds Eye came in as the second top online grocery brand in the UK in summer 2014, in vindication of the frozen food producer's e-commerce strategy.

"Digital is a massive sector of growth for Birds Eye. E-commerce is really important for us, and the frozen category in general, as it removes many of the physical barriers that come with grocery shopping, providing value to customers in terms of digital content and special offers," said Cheryl Calverley, marketing manager.

In Iglo's 2013 financial report, CEO Elio Leoni Sceti already hinted at the digital push the brand was about to launch in 2014.

Calverley told Undercurrent a campaign is underway in an attempt to involve sections of the society that are keener on the use of online platforms to communicate and shop. She declined to give figures of the investment made by Iglo.

By 2020, 100% of Iglo's food products will be responsibly sourced and prepared, the company says. Iglo has worked at developing and adopting independent quality and sustainability verification standards for fish, vegetables and poultry, notably with the Marine Stewardship Council (MSC) certification of fisheries.

During 2013, Iglo Austria became the first company in the group to sell 100% MSC-certified fish.

IRKING SUPPLIERS

In July, not long before this report went to press, Iglo irked its supply base by demanding a hefty on existing and contracts and extended payments terms as it asks suppliers to support its "growth ambitions".
Undercurrent reported the company was asking suppliers to take an 8% cut on the level existing contracts were done at, as well as an extension of payments terms from 90 days to 120.

Some suppliers received a letter on July 9, asking for a response on the new terms by July 11, last Friday.

With prices low but slowly rising for Alaska pollock and cod, two major raw materials for Iglo in both single and double frozen form, suppliers are not thought to have been willing to take this hit. "We can't make 8% back. It's just not possible," said an executive with one supplier, asking not to be named.

The company is also soon to lose a veteran fish buyer. Friedrich Strauch, with close to 25 years of seafood experience, is soon to leave.

Strauch, who started in seafood in 1990 with Flamingo Fish, is still with Iglo but will leave in the next few months.

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He will start a senior purchasing role later in the year with a division of Heristo Aktiengesellschaft, a large, diversified, family-owned German food group.

According to Undercurrent sources, he will be heading up purchasing for the Appel Fine Food division of Heristo, which sells canned fish under the Appel brand, as well as soups, stews, fresh and ambient convenience food, fresh, mayonnaise, tartar sauce and spicy sauces. He will also handle fish buying for the rest of the group, sources said.

Activities

processing | sales

Brands

Iglo | Birds Eye | Findus Italy

Subsidiaries

Findus Italy | Frozen Fish International

Species

salmon | pollock

43*

* joint position

Müller

Turnover	€500m *seafood sales only (Dec 2013, flat)
Ownership	Private
Country	Luxembourg
Key executive	Ronald Keers, CEO

The Unternehmensgruppe Theo Müller developed from a dairy company with over €2 billion in annual turnover and about 5,000 employees into an international food company with an annual turnover of around €5bn and 21,000 employees.

In July 2014, it promoted Ronald Keers to take over as its new CEO. Keers has been CEO of the company's Müller UK & Ireland subsidiary since January 2012, and this position will now be absorbed into his new role. The 44-year-old replaced Heiner Kamps, who has been CEO of UTG since 2011 and is looking to retire next year.

The group is only present in seafood since 2012, when it became the parent group of HK Food - which stands for the initials of Heiner Kamps - and Homann Gruppe.

HK Food owns the Nordsee restaurant chain, while Homann Gruppe owns the German and Polish food producers Homann, Lisner and Nadler. It also owns a small regional fish processor, Rugen Feinkost.

Founded in 1896, initially with trawlers, Nordsee now owns nearly 400 seafood- based fast food restaurants across Europe (Germany, Austria, Switzerland, Czech Republic, Romania, Hungary, Slovakia, Bulgaria, Turkey and Russia) as well as Egypt and UAE. Nearly a quarter of these are run as franchises.

Nordsee has some 6,000 employees, and generated revenues of €350m in 2013. Lisner, Homann, Nadler and Rugen have a combined production capacity of more than 500,000t.

In 2011, news emerged that distributor Deutsche See would stop supplying non-food and frozen food to Nordsee.

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Deutsche See only renewed the fresh food part of its distribution deal with Nordsee once the five-year partnership expired, in late January 2012. This part of the agreement was no longer profitable, said Deutsche See, explaining the change.

Activities

processing | sales | catering

Shareholders

Theo Müller

Brands

Nordsee | Homann

43*

* joint position

Samherji

Turnover	€500m (Dec 2013, -9%)
Ownership	Private
Country	Iceland
Key executive	Thorsteinn Mar Baldvinsson, CEO

Samherji is Iceland's largest fishing company in revenue. Throughout the years, the company also expanded into one of the world's largest and most diverse fishing companies, with operations in the US and Europe, catching pelagic and whitefish in the Atlantic, Arctic, Pacific and Barents Sea.

Its overseas operations include a £20 million+ turnover whitefish and pelagic fishing subsidiary in the UK - UK Fisheries - which it owns jointly with Parlevliet & Van der Plas.

It also owns a third of Framherji, a Faroese fishing group, and is a shareholder in Faroe Origin, the Faroes' largest whitefish catcher.

Through various part-holdings in Iceland Samherji has been making changes to its frozen at sea whitefish interests.
UK Fisheries is set to gain a new vessel which will cost in the range of €35m, taking a total investment for P&P in two new vessels to approximately €52.5m.

For UK Fisheries this will replace the 55.5m-long Artic Warrior, built in 1988.

Companies linked to Samherji also bought quota from Stalskip, an Icelandic fishing company known to be for sale for some time.

According to reports in the Icelandic media, the couple who own the majority of Stalskip have sold the quota they have to fishing company Sildarvinnslan, Samherji-owned processing plant Utgerdarfelag Akureyringa (UA) and Gjogur, another fishing company.

Samherji owns 44% of Sildarvinnslan and Gjogur has 34%, according to reports. Stalskip had around 4,000 metric tons of quota, much of it cod and redfish, which it has harvesting with its vessel, Thor, which was sold to Russia. There has been a wave of sales and shifts with freezer trawlers through 2013 and 2014, due to the costs of operating them in Iceland.

Samherji also made its first venture into longlining for 30 years, with its newly-purchased vessel landing for the first time in September 2013.

The Carisma Star, a Norwegian 52-meter longliner bought from whitefish producer Carisma Fish, was purchased in order to fulfill customer demand for line-caught fish, Samherji said.

While most Icelandic companies were offloading vessels rather than buying them, news of the vessel acquisition came out around the same time as Samherji reported a very strong year in 2012, with its profit soaring to €97m.

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Samherji's UK sales subsidiary, Seagold, saw sales decline in its home market, as demand for frozen-at-sea (FAS) and fresh cod increased in continental Europe at the end of 2013. The sales drop in the UK was both a result of the weak market and a strategic direction, to target continental Europe for cod, the company said.

Samherji subsidiary Framherji in 2014 took the step of joining with Bakkafrost feed subsidiary Havsbrun and Palli hja Mariannu to build a new DKK 200m ($36m/ €27m) pelagic factory, run by new firm Pelagos.

The plant will have a freezing capacity of 600 metric tons, and would need around 40,000-45,000t a year to be profitable, it is thought. The news drew opposition from the Faroes' pelagic leader, Vardin Pelagic, which owns four refrigerated vessels and is the biggest exporter, which believes the Faroes has no room for more pelagic processing capacity.

Atlantic herring stocks are not in good shape, and the quotas will be smaller in coming years, some fear. Pelagos' backers take a different view. "Most of the fishing [for mackerel and herring] takes place in the summer, so everything has to be produced then. So the capacity is not that big when you take that into account," they said. Unlike herring and mackerel, blue whiting fishing takes place from January to May. This will allow the plant to run throughout the year.

Activities

processing | fishing | sales
aquaculture | export

Shareholders

Thorsteinn Mar Baldvinsson

Subsidiaries

UK Fisheries
Polaris Seafood
Seagold Framherji
Ice Fresh Seafood

Species

Arctic charr | halibut | salmon | haddock
turbot | cod | Greenland halibut | redfish
saithe | mackerel | blue whiting | capelin
herring

46

Nichirei (marine products)

Turnover	JPY 68,648m *marine products division (March 2014, +8%)
Ownership	Public (2871:Tokyo)
Country	Japan
Key executive	Toshiaki Murai, Chairman and Executive Director

One of Japan's leading food companies, Nichirei specializes in processed, fresh, distribution and research. The company has a number of offices and subsidiaries across Asia, in the Netherlands, Australia and Brazil.

Nichirei had a good year in marine products, reporting turnover of JPY 68.64bn, with operating income of JPY 419m, up 489% year-on-year.

Nichirei has started implementing a new mid-term business plan named "Rising 2015".

The plan aims for the company to increase its revenue to JPY 510bn in its fiscal 2015 year, up nearly 8% from the year that ended on March 31, 2013 (JPY 470bn).

More ambitiously, the group is targeting to more than double its operating income to JPY 20.4bn ($207m) by the end of its 2015 fiscal year, up from JPY 9.82bn in its latest annual results.

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Activities

processing | trading | distribution | export

Species

shrimp | scallops | squid | sushi | oyster

47

Jealsa Rianxeira

Turnover	€464m *estimated seafood sales (Dec 2013, +2%)
Ownership	Private
Country	Spain
Key executive	Jesús Alonso Fernández, Chairman

Founded by Jesús Alonso Fernández, now chairman of the company, in 1958, Jealsa Rianxeira has developed into a large Spanish seafood canner and processor, with a presence in Spain but also in other European countries and in Brazil.

In December 2013, the canner announced a growth plan, called Jealsa X50, that will see a renewal of Spanish facilities and the construction of a €3.1 million new plant in Brazil to produce canned sardines and tuna.

The plan was designed to face external "threats", the CEO of Jealsa, Jesús Manuel Alonso told Spanish media at the time.

Last year, the canner already made an investment of €3.5m to double storing capacity in a warehouse located in A Coruña, Spain, from 9,000 to 18,000 pallets, according to trade publication Alimarket.

In 2013, Jealsa Rianxeira introduced its first range of frozen ready meals, chilled and ambient.

Within the domestic market, Spain's largest retailer Mercadona absorbs 52% of the canner production sold under private label, according to Alimarket.

The company had total revenues of €580m in 2013, up from €572m in 2012, €502m in 2011, and €421m in 2010.

The canning business represents approximately 87% of its consolidated annual turnover. Of this, 62% comes from Spain. International markets have 35% share of the canner production.

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Within canned fish and seafood, it owns the Chilean canner Pesquera Trans Antarctic, which it has renamed Crusoe Foods and later expanded into Brazil, with plans to expand it in other countries still. It also owns Mare Aperto in Italy, Escurís in Spain and Chancerelle Freres and Soluco la Mer in France.

Upstream, it owns a tuna fishing subsidiary Sant Yago, as well as a stake in the Spanish tuna fishing group Albacora. It then holds 29% of the Spanish processing plant Fripusa.

Activities

processing | fishing | distribution | export

Brands

Jealsa | Escurís

Species

tuna | bonita | squid | cockles | clams
scallops | mussels | sardines | sardinillas

48

Marr

Turnover	€454m *estimated seafood sales (Dec 2013, -2%)
Ownership	Public (MARR:BrsaItaliana)
Country	Italy
Key executive	Francesco Ospitali & Pierpaolo Rossi, CEO

Marr - which stands for Magazzini Alimentari Riuniti Riminesi - is Italy's largest distributor of food products for the foodservice segment.

It had total revenues of €1.36 billion in 2013, up 8.3% or €105 million and consolidated earning before interest, taxes, depreciation and amortization of €94.9m.

Seafood sales accounted for 33.3% of its revenues in 2013. Most of its seafood is frozen, with octopus and squid the most popular item, followed by shrimp.

The company, which is controlled by Cremonini Group, a €3.49bn Italian food group, sources its seafood supplies from North African waters, especially octopus and squid from Morocco.

Marr dominates the sector; according to one analyst, it is around 20 times bigger than the second biggest player in the Italian foodservice sector.

The group's activities are entirely dedicated to the foodservice distribution.

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Activities

processing | distribution | marketing

Species

sole | cod | grouper | scorpion fish | halibut | John Dory | smooth hound | seabream | umbrine | swordfish | turbot dab | surimi | squid | cuttlefish | octopus clams | mussels | scallops | cockles | salmon | trout | sturgeon | seabass | gilt-head bream | striped bream | eels whitebait | ox-eye bream | gray mullet | tub gurnard | catfish | blue whiting grouper | anglerfish | mullet | lobster | crawfish | shrimp

49

Nichimo Foods

Turnover	JPY 63,019m *food sales only (March 2014, +3%)
Ownership	Public (8091:Tokyo)
Country	Japan
Key executive	Yukio Koike, President

NICHIMO CO., LTD.

Part of Nichimo Co Ltd, Nichimo Foods specializes in the sale of surimi, fresh and frozen fish, processed and value-added products. The company is also involved in the sale of fishing machinery as well as packaging and agricultural materials.

Nippon Suisan Kaisha (Nissui) is a key shareholder of the company.

Nichimo Co reported an improved turnover of JPY 103.6 billion for the year ending March 31, 2014, up from JPY 99.9bn the year before.

Net result, however, resulted in a loss of JPY 197 million, from JPY 728m the previous year.

The company was unable to shift the surge in raw material prices stemming from a rapid depreciation of the yen to product prices.

The ongoing downtrend in retail sales prices resulting from consumers' preference of low-priced products, also had an impact in Nichimo's finances of the last financial year.

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Activities

processing | trading | distribution
import | export

Shareholders

Nippon Suisan Kaisha (Nissui)

Species

surimi | crab | pollack | roe | tuna | shrimp
whitebait squid | salmon | sardine | saury
mackerel | flounder cod | scallops | octopus
trout | red snapper | clams

50

Frinsa del Noroeste

Turnover	€438.7m (Dec 2013, +15%)
Ownership	Private
Country	Spain
Key executive	Jorge Carregal Varela, Chairman & CEO Ramiro Carregal, Chairman

Frinsa DEL NOROESTE, S. A.

Founded by its now president Ramiro Carregal and CEO Jorge Carregal in 1961, Frinsa del Noroeste is one of Spain's largest fish canners, alongside Calvo, Conservas Garavilla and Jealsa Rianxeira.

It owns the Ribeira brand, and operates seven factories, with sales both in Spain and abroad. The company's turnover has grown fast since 2004, when it was at €152 million. Its turnover was up 16% in 2011 to €365m, then 5% in 2012, and 15% last year.

Frinsa, the third largest Spanish operator in the canned fish industry, opened in November 2013 an independent specialty shop in the wealthy Salamanca borough of Madrid.

The move confirmed that Frinsa is willing to explore more direct ways to place its brand with consumers and shorten reliance on groceries chains, where downward price pressures have spiked since the start of the crisis in 2008 in Spain.

Frinsa is present in some of Spain's biggest supermarket distributors, from Alcampo and Carrefour to El Corte Ingles.

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Activities
processor

Brands
Ribeira | La Conservera

Species
clams | yellowfin tuna | cockles | mussels
sardines | octopus | albacore tuna | scallops

51

Itochu (food division)

Turnover	$600m *estimated seafood sales (March 2014, flat)
Ownership	Public (TOKYO: 8001)
Country	Japan
Key executive	Masahiro Okafuji, CEO

A large Japanese conglomerate, Itochu has a marine products department within its food division.

The biggest news for Itochu in the past year came about just before this report went to print - the purchase of a 25% stake in Hong Kong-listed CP Pokphand, which produces animal feed in China and owns farms in Vietnam, for JPY 87bn ($857m).

The deal is part of a strategic tie-up between Itochu and Charoen Pokphand Foods' parent Charoen Pokphand Group, which will see the latter take a $1 billion-worth stake in Itochu.

The alliance is the fruit of negotiations that started between the two companies in November 2013, said Itochu.

In return, CP Group will acquire a 4.9% stake in Itochu by acquiring 78 million new shares to be issued at JPY 1,313 each, for a total of JPY 102.414 bn ($1bn).

Led by Kenji Tanaka since the spring of 2012, the department specializes in tuna products (sashimi tuna, ingredients for canning, canned tuna, and pet foods), shrimp, squid, octopus and other frozen seafood and processed products.

Itochu is one of the big three skipjack tuna traders, along with US-based Tri Marine International and F.C.F Fishery, of Taiwan.

These three major companies dominate canned tuna trading activities in the Western and Central Pacific Ocean (WCPO), which accounts for around 2.5 million metric tons of the total global tuna catch of around 4.3m metric tons.

Collectively, Tri Marine, Itochu and FCF handle annually over 1.35m metric tons of raw canning material; around 70% (900,000t) of which is sourced from vessels operating in the WCPO, according to the Market and Industry Dynamics in the Global Tuna Supply Chain report, done for the Pacific Islands Forum Fisheries Agency (FFA).

Itochu is the most conservative of the three, operating almost exclusively in the WCPO and trading the smallest volume of raw material, around 200,000t annually.

Itochu is a global business operating in Japan, North America, Latin America, Europe, Africa, Middle East, Oceania, Asia, China and Russia.

Only around 5% of raw material is procured from purse seine vessels operating in the Indian Ocean and Japanese coastal waters.

Itochu's purse seine tuna trading interests rely heavily on the WCPO fishery. Around 95% of Itochu's raw material supplies are purchased from Taiwanese, Japanese, Korean and Filipino vessels operating in the WCPO.

According to the FFA report, 75% of raw material from Taiwanese vessels (around 150,000t) and the remaining 25% from other fleets (Japan, Korea, Philippines). The majority of vessels supplying Itochu have long term relationships with the company, some dating back 30-35 years. Small volumes are also purchased on a spot basis. Itochu does not own any carrier vessels. Instead, the company time charters carrier vessels or purchases space onboard carriers on the spot market.

Of the three WCPO tuna companies, FCF handles the largest volume of raw material (around 650,000t per year) and is by far the most prominent tuna trader in the WCPO region. While Tri Marine handles lower volumes than FCF (500,000t/year), it has a much stronger global presence, especially in the European market and other oceans, and has a more vertically integrated business model, the report states.

In terms of trading in raw materials for canning, Itochu's operations are relatively simple compared with FCF and Tri Marine. Generally, Itochu purchases and sells whole round fish. Itochu handles only a very limited amount of loins and small (but growing) volumes of finished product. Transactions are conducted on a purchase, rather than commission, basis states the FFA report.

Most of the vessels affiliated with Itochu were originally provided with financial support for vessel construction. However, nowadays, Itochu does not provide vessel financing support to its clients, nor does it own any fishing or carrier vessels outright.

Itochu is the only remaining Japanese company trading purse-seine caught tuna. Others, including Mitsubishi, were also involved in the 1970s and early 1980s. However, Itochu was the only Japanese company able to stay abreast of shifting supply sources, states the FFA report. Itochu has also invested in a joint-venture tuna processing facility, P.T. Aneka Tuna Indonesia, established in Surabaya, Indonesia in 1991.

Itochu is the major shareholder (47%), along with Hagoromo Foods Corporation, Japan's leading tuna brand owner, and one other silent foreign partner.

Itochu handles sales and management, while Hagoromo Foods is in charge of production (100-150t/day of canned tuna). Raw material for the processing plant is sourced from vessels fishing in Indonesian waters, as well as other areas in the WCPO.

Itochu (under the company's former name C.Itoh) was the majority shareholder of PAFCO Cannery in Levuka, Fiji when the processing facility was first established during the 1970's.

However, in 1986, C.Itoh and the other Japanese partner, Hosui (one of Japan's historically prominent fishing companies) withdrew from the joint venture due to raw material supply issues and the high-cost operating environment, which compromised profitability of the canning facility, reports FFA.

Itochu supplies around 150,000 mt of raw material to Thailand's major tuna packing companies. The remaining raw material is sold to processing facilities in the Philippines, Vietnam, Indonesia and Japan. A limited volume of yellowfin is also supplied to Europe, the report states.

Small volumes of loins are purchased from Asian tuna processors and sold to canning companies in Europe and Japan. Products processed by P.T. Aneka Indonesia (cans, pouches, loins, pet food, fish soluble) are marketed in Japan, Europe, Middle East, Canada, Australia and Africa, as well as sold domestically in Indonesia.

In fiscal 2014, net income attributable to Itochu surpassed the level of JPY 300.5 billion that was recorded in fiscal 2012 to reach JPY 310.3bn, a new record for the company.

For three consecutive years, it has reinforced its position as one of the top three general trading companies. For the first time in five years, operating income surpassed the level of JPY 275.7bn set in fiscal 2009, reaching JPY 279.1bn in the year under review.

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Due to these results, annual dividends per share were also set to a new record high of JPY 46 per share.

A major driving force behind its ability to achieve record high profits when resource prices are falling is the non-resource sector. All of the division companies in the non-resource sector, including food, set new record-high profits in the past year.

"Simply making investments in the non-resource sector is not enough to generate a sufficient contribution to profits. In these fields, after an investment is made, it is necessary to steadily strive to improve profitability and to add value while raising corporate value over a period of several years," Itochu's CEO said in a letter to investors.

In fiscal 2014, the group invested about JPY 430bn. Of this total, investment in the non-resource sector accounted for more than 60%.

Activities

trade | import | distribution

Species

tuna | squid | cuttlefish

52

Kibun Foods

Turnover	JPY 60,900m (March 2014, -11%)
Ownership	Private
Country	Japan
Key executive	Masahito Hoashi, Chairman

Kibun Foods has its origins in a Tokyo rice shop, opened in 1938 by Kunihito Hoashi. Hoashi then established a base in a fish market and started in seafood wholesaling. This put him in contact with kamaboko, a traditional Japanese product made from fish paste.

The rest, as they say, is history. Kibun is now one of - if not the - largest surimi suppliers in the word.

The Japanese have a taste for a wide range of products derived from Alaska pollock surimi base. This ranges from hanpen, a boiled surimi fish paste filled with tiny air bubbles; kamaboko, (loaves of surimi fish paste steamed on small wooden boards until firm), Satsuma-age, fried fish paste sometimes with other ingredients mixed in; to chikuwa, surimi fish paste grilled wrapped around a spit.

Kibun has been a pioneer in industrializing production of these surimi products.

But in 2014 Kibun is facing tough competition: other Japanese surimi processors have launched high-grade chikuwa to differentiate their products from their rivals in the industry amid fears of weakening consumer demand following the April 1 consumption tax hike from 5% to 8%.

The company had group turnover (for the year ending March 31, 2014) of JPY 60.9 billion and operates two plants in Japan, as well as another in Thailand.
Its Thai operation is used to process for Europe and the US, as well as the home market.

Kibun also has sales operations in the US, Taiwan, Hong Kong and Singapore.

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Activities
processing | distribution | sales
import | export

Shareholders
Kibun Group

Species
crab | sardines | eel

53

Marusui Sapporo Chuo Suisan

Turnover	JPY 60,200m (March 2014, +7%)
Ownership	Private
Country	Japan
Key executive	Masahito Hoashi, Chairman

Focused on Sapporo's central wholesale market, Maruisui works heavily with the Hokkaido scallop, kombu and wild salmon sectors to supply markets throughout Japan.

The company is one of only two registered seafood wholesalers in Hokkaido.

It trades extensively with wholesalers in Tokyo, Osaka and Fukuoka, as well as supplying seafood products to the largest supermarkets across the country.

It has 18 subsidiaries in total. The largest include the scallop producer Maruhon Honma, the crab and scallop producer Sanada, the seafood processor Yamaden and the smelt and salmon producer Maruyasu Taiki.

In April 2013, the company announced a tie-up with Chuo Gyorui, based in Tokyo and Sendai Suisan based in Sendai, to form a $2 billion seafood wholesaler.

Combined, the three will source a total of approximately 300,000 metric tons, across a range of species from scallops, to oysters, tuna, shrimp and salmon, while jointly developing new products.

The three companies - which deal with wholesale, foodservice and retail regionally - complement each other well, Masato Satoh, Marusui executive director, told Undercurrent News in April.

"Chuo Gyorui is strong in the shrimp and tuna sectors. Sendai Suisan deals a lot with oysters and salmon aquaculture. Sapporo Chuo

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Suisan works heavily with the scallop, kombu and natural salmon sectors in Hokkaido," Satoh said.

Japanese media reports said the companies would combine their purchasing efforts, to gradually cut procurement and distribution costs by 10%.

Activities

wholesale | import | export

Brands

Hokkaido Seafood | Marusui Brand

Subsidiaries

Marusui Cold Storage | Mori Foods | Sanada
Maruhon Honma | Yamaden | Maruyasu Taiki

Species

callops | salmon | salmon roe | sea urchins
whelk | surf clam | tuna | horse mackerel
atka mackerel | sardines | Alaska pollock roe
skipjack | herring | Pacific saury | squid
hokkai shrimp | hair crab | amberjack | eel
sablefish | swordfish | monkfish | flounder
halibut | sole | rockfish | fluke | smelt
kelp | chikuwa | surimi

54

Mazzetta

Turnover	$560m (Dec 2013, +5%)
Ownership	Private, Jorzac Corporation
Country	USA
Key executive	Tom Mazzetta, CEO & founder

Illinois, US-based Mazzetta Company LLC is known by its Seamazz brand.

Founded by Tom Mazzetta in 1987, it focuses on frozen seafood, most of all on shrimp.

The company has joint venture arrangements worldwide with fishing companies but ended one such arrangement with Sealord in 2014.

As Mazzetta has grown in size, it has increased imports from New Zealand on its own and its demand outgrew what Sealord could supply.

In the past year, Mazzetta has increased its processing capacity in order to integrate its supply chain and meet customers' needs for large-volume programs for retail, foodservice and distributors.

The company has continued to expand its US footprint in recent years. In 2014, it opened up a processing plant in Massachusetts City on the former Good Harbor Fillet property in Gloucester, Massachusetts, formerly owned by American Seafoods. The plant is 65,000 square feet. Along with the purchase came plans for $7.5m in new capital investments - $5m for equipment and machinery and $1.5m in building improvements - on the site and ramped up operations necessitating the addition of 125 full time jobs.

Mazzetta has processing and storage operations in New England. In New Hampshire, it owns Londonberry Freezer Warehouse, and Highwood Cold Storage. They provide refrigerated, frozen and sub zero storage. Combined, the two entities offer 212,000 square feet of storage space in addition to on-site inspection kitchens.

It also owns the Atwood Lobster Co. business in Spruce Head, Maine; and a lobster processing plant in Prince Edward Island, Canada.

The company's Beach Point Processing Company deals in lobster and has expanded in recent years with the acquisition of two properties on more than six acres in Clark's Harbour, Nova Scotia in 2012. This came in order to further vertically integrating its lobster supply chain and diversifying product offerings. It opens the door for the company to purchase and ship lobster from Canada and Maine year-round.

The acquisitions were part of a series of purchases associated with Mazzetta and its growing family of lobster businesses, including both Beach Point Processing and Atwood Lobster Company.

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The company distributes to restaurants, retailers, distributors, hospitality and foodservice organizations across North America.

Mazzetta sees its differentiating factor in the marketplace as its quality assurance program, which focuses on third party food safety and social audits and internal quality assurance audits.

It is affiliated with the National Fish and Wildlife Foundation (NFWF), a non-profit that preserves and restores the nation's native wildlife species and habitats.

The company works with individuals, foundations, government agencies and nonprofits to identify and fund the nation's conservation challenges.

Activities

processing | distribution | import
fishing | sales

Brands

Seamazz

Subsidiaries

Atwood Lobster LLC
Hofseth International
Beach Point Processing Company
Gloucester Seafood Processing
Londonderry Freezer Warehouse
Highwood Cold Storage

Species

shrimp | Chilean seabass | mussels | lobster
orange roughy | tilapia | striped pangasius
hoki | crab

55

Yokohama Maruuo

Turnover	JPY 56,868m (Mar 2014, -1%)
Ownership	Public (8045:JASDAQ)
Country	Japan
Key executive	Ichio Iwase, President & Representative Director

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A fresh and processed seafood wholesaler, Yokohama Maruuo focuses mainly on the Yokohama City and Kanagawa prefecture in Japan.

While it also engages in ownership and rental of real estate, this represents an almost insignificant part of its revenue (less than 1%).

Year-on-year, Yokohama Maruuo saw revenues remain relatively flat (JPY 57.7 billion to JPY 56.9 billion) in the financial year ending March 31, 2014.

Nevertheless, the company was able to grow net income from JPY 243 million to JPY 308m.

This reflected a reduction in the cost of goods sold from 93.41% to 93.37%.

Activities

wholesale | distribution | marketing

Species

tuna | squid | crab | flounder | salmon | eel
mackerel | seabream | sea urchins | roe
scallops | sushi | horse mackerel | sardines
skipjack | Pacific saury | swetfish | blowfish
oysters | shrimp | surimi | amberjack | capelin
sablefish | swordfish | ray fin | trout | fluke
monkfish | atka mackerel | sandfish | rockfish
butterfish | whitebait | chikuwa | ice goby

56*

* joint position

Pomona

Turnover	€400m *estimated seafood sales (Sept 2013, flat)
Ownership	Private
Country	France
Key executive	Philippe Barbier, CEO

Founded in 1912 as Monnot & Cie, Pomona took on its current name in 1941 and has grown into one of France's largest distributors of fruit, vegetables as well as fresh and frozen seafood, for retail and foodservice.

It is controlled by the Dewravin family, one of France's wealthiest families, which acquired control in the group in 1928.

Pomona first started diversifying into seafood in the 1960s and into fishmongering in 1994. Today, it distributes more than 40,000 metric tons of fresh seafood a year across France.

Customers include wholesalers as well as large foodservice customers such as Subway and big supermarket chains including Carrefour and Leclerc.

The past 12 months saw it make at least three acquisitions and divestments. In November 2013, it was the only bidder for Européenne Food, a €230 million turnover food distributor specialized in self-service and takeaway activities that had fallen into bankruptcy protection two months earlier. Européenne Food is now a subsidiary of Pomona.

In February 2014, Pomona then announced the acquisition of Barcelona-based Cadaico, focused on the foodservice sector.

The same month, it announced the sale of Crudettes, its fruits and vegetable production arm, to Laiterie de Saint-Denis-de-l'Hôtel (LSDH).

Pomona is organized alongside two branches: distribution, and food production. Since the sale of Crudettes, the latter consists solely of AllioMer, its fishmongering, seafood import and processing arm.

Alliomer produces some 16,000t a year, including fish, live and non-live cephalopods, from five sites across France. The division employed 163 people and generated revenues of €62m in the financial year ending Sept.30, 2013. It is home to the B2B brands EscaleSaveur and 100% Flots Délice.

The distribution segment regroups four divisions - Pomona TerreAzur, for fresh seafood, fruits and vegetable, Pomona PassionFroid, for frozen products, Pomona EpiSaveurs for dried food and Délice & Création for pastries and bakery.

groupe pomona

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PassionFroid, which also specializes in dairy products, employed over 3,100 people, with revenues of €1.33 billion in the 2012/2013 financial year.

TerreAzur touts both the organic certification Agriculture Biologique and the Marine Stewardship Council chain of custody certificate. The division serves over 40,000 restauration customers, and had €882m in turnover in the 2012/2013 financial year, employing nearly 3,000 people.

Pomona's total group revenues were at €3bn in 2013, up 6% from €2.836bn in 2012.

Activities
distribution | wholesale | processing | import

Shareholders
Dewavrin family (75%)

Brands
Huître d'Excellence | Alliomer
Escale Saveur | 100% Flots Délice

Subsidiaries
Alliomer | TerreAzur | PassionFroid
Cadaico | Europeene Food

Species
salmon | scallops | cod | haddock | shrimp
tuna | oysters | mussels | clams | lobster

56*

* joint position

Russian Sea Group

Turnover	RUB 18,044m (Dec 2013, +13%)
Ownership	Public (RSEA:RTS, RSEAG:)
Country	Russia
Key executive	Dmitry Dangauer, CEO

Russian Sea Group now comprises two divisions: Russian Fish Company, which operates the chilled and frozen division, and Russian Sea Aquaculture which is developing a new segment of fish-farming.

The company is down to two divisions after the sale of its branded and production business to the Belarusian processor Santa Bremor completed in March 2013, for $52 million according to the two parties.

The main asset of the division sold to Santa Bremor was the production factory in Noginsk, which produces preserved fish and seafood from chilled Norwegian salmon and trout, and salmon roe.

For a long time this division had been the "least profitable business" of Russian Sea Group, "not being strategically required to implement long-term development plans", said a spokesperson, at the time.

TIMCHENKO SELLS OUT

Until recently the company was 30% owned by the Russian billionaire Gennady Timchenko, who is under US sanctions since the spring of 2014 as a result of the Crimea conflict.

However, in July 2014 Timchenko was reported to have sold off his shares, with the buyer said to be Rockwell Capital Investment, a fund owned by his son-in-law, Frank Gleb.

The deal was pinned at RUB 60 per share, so RUB 1.5 billion ($44m).

Gleb also holds 40% in Russian Sea Catching, a new group spun off from Russian Sea Group, and focused on wild catch, mainly in the Russian Far East.

AQUACULTURE AMBITIONS

Russian Sea's core activity consists of importing and distributing seafood, but the company describes its nascent aquaculture activities as a strategic priority.

The company has been pressing on with its plans to expand into salmon farming over 2013 and 2014. In May 2014, it opened a new primary processing plant near its Atlantic salmon farm in the village of Ura-Guba, Murmansk, northwestern Russia.

The plant is part of more than RUB 2bn ($58m) which the company claims to have invested in its aquaculture activities.

Built with the "latest Norwegian equipment", the factory can process 40 metric tons of finished products per shift, said Yuri Kitashin, director of Russian Sea's aquaculture division. In the future, this capacity can be doubled, he said.

Also in 2014 the group said it would launch its own brand, Murmansk Salmon. The company also has a brand for its rainbow trout and caviar, Karelochka. This is farmed in the Republic of Karelia.

The company plans to open two new salmon farms in the Barents Sea in 2014, in Guba Titovka. Over the next five years, it will open five additional sites, said the group.
The aim is to reach a harvest of 25,000t across nine farms in the short term, with a longer term goal of reaching 70,000t of both salmon and trout.

Currently, the company's first cage holds some 3,500t of salmon, averaging around 5 kilos, said Kitashin."[We] plan to start sales at the end of May."

By growing salmon in Russia, Russian Sea is reducing the country's reliance on imports, said Russian Sea chairman, Maxim Vorobiev.

"Domestic demand for aquaculture products is huge and often exceeds supply," said the chairman. Using modern technology and being geographically closer means the products can be delivered to consumers the day after harvesting. In contrast, imported products spend half their shelf life in transport to Russia, he said.

Russian Sea's CEO, Dmitry Dangauer, has made similar comments in the Russian media.

The country's dependence on salmon imports - especially from Norway - will drop dramatically over the next five years as both Russian Sea and Baltic Coast plan to develop their aquaculture production, he told *RBC Daily* last October.

Russian Sea's expansion into a brand for salmon is part of aspirations that go beyond simply farming and distributing seafood.

"Our target is not just to grow up salmon on our farms and to sell it to processors," said Kitashin.
"We would like the consumer to be informed that our fish is biologically safe product grown in Russia, which is not inferior to Norwegian salmon and even more competitive from a logistics point of view," said Kitashin.

Russian Sea can deliver its salmon to the shelves and consumers within two-three days, while Norwegian salmon gets to the consumer in seven to eight days, said Kitashin. "This is a very important point, because freshness is the key competitive advantage for the fish."
The trademark "Murmansk Salmon" is part of this plan to differentiate its fish.

"Aquaculture is a very young business in our country" and there is a lack of understanding from consumers about fish grown on farms, said Kitashin. A buyer may see on the counter only "no name" product such as chilled salmon, but has no idea where it came from, how it was grown or caught, he said. "The country of origin is mentioned on the package and that is the maximum knowledge the consumer can get."

The origin for salmon will mainly be from the Russian Far East, for wild fish, as well as Norway, for farmed salmon.

Here we are mainly talking about our Far East or Norway, he said.

This is compared to some European manufacturers, which have a long history of development of fish aquaculture in the domestic markets, said Kitashin.

"As a result, the consumer becomes loyal and brand oriented, and form a degree of loyalty to a particular type of product, identifying it with a particular region or yield cultivation and with a particular company," he said.

Russian Sea is not the only company looking for expansion in this sector.

Speaking at the North Atlantic Seafood Forum in Bergen in March 2014, Baltic Coast's CFO Sergey Saltsman had said his firm aims to up its farmed salmon capacity from 18,000t today, to 25,000t by 2022.

In 2012, Russia imported 200,000t of salmon, of which 145,000t from Norway. Some 126,000t of this was imported fresh, making it Norway's biggest buyer of fresh salmon that year.

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The country was still by far the single biggest importer of Norwegian seafood in 2013, buying nearly 300,000t for NOK 6.6 billion. However, it fell to second place for fresh salmon, behind Poland, as it cut imports to just over 100,000t. Overall salmon imports also fell, from 145,000t to 118,000t.
Russian Sea is 61% owned by RSEA Holding, which is itself 50-50 owned by Vorobiev and Timchenko. Another 25% of shares are owned by individuals and 14% of are floated on two stock exchanges in Moscow.

Activities
trading | processing | aquaculture

Shareholders
Rockwell Capital Investment (Gleb Frank)
RS Group (Maxim Vorobiev)

Brands
Murmansk Salmon | Karelochka

Subsidiaries
Russian Fish Company
Russian Sea Aquaculture

Species
salmon | mackerel | herring | trout | cod
haddock | pollock

56*

* joint position

Viciunai Group

Turnover	€400m (Dec 2013, +19.4%)
Ownership	Private
Country	Lithuania
Key executive	Visvaldas Matijosaitis, Chairman & CEO

Founded by two entrepreneurs, Visvaldas Matijosaitis and Liudas Skierus, Viciunai Group operates one of the largest surimi plants in the world, in Plunge, Lithuania. The company upped revenue from €335 million in 2013 to €400m.

The company has expanded to operate other plants in Russia, Estonia and Spain and into other seafood segments, such as smoked and fresh salmon, pelagics, whitefish and seafood dumplings. Surimi is still its biggest range - it buys 30,000 metric tons of surimi base a year to produce 70,000t of finished products.

Matijosaitis and Skierus, who still operate the business, running sales and operations respectively, are focusing future development on three pillars; sourcing, production and distribution, Dirk Belmans, managing director of the company's Viciunai Europe division, told Undercurrent News.
The two are know for thinking differently and acting fast. For example, the company opened a €4m biofuel plant, to produce the steam used in its Plunge surimi and seafood processing operation.

They also started a plant to produce seafood, meat and vegetable gyoza dumplings in Plunge. Viciunai has since fitted its plant in Spain to pack chilled dumplings in retail packs.

The plant in Spain is being used for the Spanish, Italian and French markets. Viciunai has an agreement with a company in Belgium for packing the products for Benelux and northern Europe.

Last year, it also opened a new processing plant and distribution center, in Kaunas, where its headquarters is.

In November 2013, Viciunai started processing in Baltic Fish Exports (BFE), a plant intended to capitalize on the rising costs of labor in China for whitefish.

"With an increasing labor cost in China, the location of Lithuania for processing of seafood is ideal," said Belmans. "The speed and flexibility of production, which is common to the factories of Viciunai, will enable us to respond to customer needs within weeks, rather than months from China."

The company's main markets can be supplied within 72 hours, he said. In addition, Lithuania is amongst the three lowest in the European Union in terms of labor cost, with only Romania and Bulgaria having cheaper labor.

According to Eurostat, the average hourly cost of labor in Lithuania was €5.8 in 2012, compared to €3.7 in Bulgaria and €4.4 in Romania. The average for the whole of Europe was €23.4, with Sweden having average hourly costs of €39, Denmark €38.1 and Belgium €37.2.

BFE is being used mainly for filleting of Atlantic and Baltic cod, as well as glazing of Alaska pollock, saithe and hake.

Baltic Food Exports the centralized distribution hub, is on the same site as the plant.

The company's products from its plants in the Baltics will be sent to the BFE site and then sent to the final customer, Belmans told Undercurrent.

"Before, the products would be sent direct from the plant to the customer. So, products could go from Estonia and also from Plunge to the same customer," said Belmans.
So, a customer ordering breaded fish or fish fingers produced in the company's plant in Estonia and surimi or smoked salmon from the plants in Plunge, would get two truckloads from the same company.

This means that the trucks would have to wait to be full and two journeys would be made, he said.

Having a centralized hub should mean an increase of a day on shelf life for chilled products, as well as a reduction in carbon emissions, from using fewer trucks, said Belmans.

BFE is starting on frozen products and will soon expand to chilled. It is initially distributing in the Baltic States, before rolling out to the rest of western Europe, in the markets which Belmans oversees the sales to.

The total storage space of BFE is 6,600 sq. meters, including chilled space of 1,400 sq. meters.

Viciunai is also targeting improvements in its access to raw materials, as well as moving closer to its markets. The company is also looking at integrating, if necessary, to secure raw material supply.

"The plan is to try, in all our strategic raw materials, to make our buying position stronger and move closer to the raw material," said Belmans.

This could mean investing in primary processing at the country of origin, or partnerships with suppliers, in order to get better control over the raw material. In order to secure supply of its egg whites, a big ingredient in surimi production, the company invested in chicken farming and processing.
"On the seafood side, there are some projects that are being studied, but nothing has been finalized and it is not sure if they will," he told Undercurrent.

On the market side, the company has had success expanding into the UK for private label and Continental Europe with its 'Vici' brand.

It has won the business for The Co-operative Group, for surimi produced from Marine Stewardship Council (MSC)-certified Alaska pollock. All of the Viciunai products for the UK are using MSC surimi, aside from one that has real crab meat in it, Belmans said.

Viciunai is supplying seven UK retailers with Co-op joining J. Sainsbury, WM Morrison Supermarkets, Waitrose, Aldi, Lidl and Costco.

"The size of the UK business has tripled in the past three years. It's one of the more interesting surimi markets, because of the room for development," Belmans told Undercurrent, during the Boston seafood show in March 2014.

UK retailers and consumers had become "fed up with the offering" of Asia-produced frozen surimi using tropical raw material and are embracing fresh product produced in Europe, using Alaska pollock, he said.

The acquisition of the Co-op business followed Viciunai picking up the 'By Sainsbury' surimi products for the UK retailer in October, after taking over the 'Basics' range from Young's Seafood on Aug. 14. This meant Viciunai is now supplying the entire private label business for Sainsbury's.

The retailer has now switched all its surimi from threadfin bream raw material to MSC-certified Alaska pollock.

Belmans is setting a target of more branded product expansion in Western Europe in 2014. The company launched branded products in France, Spain, the UK and Greece in 2013.

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"A big focus for us in the Belgium office for 2014 is going to be the growth of the brand and if and how we can sustain this," said Belmans, speaking to Undercurrent in January 2014.

"We feel we have scope to grow the brand in 2014 and add SKUs, not just in surimi, but with other products," said Belmans.
In the UK, Young's is really the only surimi brand. The lack of a strong alternative brand to Young's "makes another quite an interesting proposition for the retailer", said Belmans.

"Young's needs a challenger and competition means that quality and innovation are the focus. Everyone's a winner."

Activities
processing | distribution | marketing | export

Brands
Esva | Columbus | Vici

Species
surimi | shrimp

59

Cooke Aquaculture

Turnover	CAD 579m (Dec 2013, +16%)
Ownership	Cooke family
Country	Canada
Key executive	Glenn Cooke , CEO & Co-founder

Established in 1985 during the emergence of aquaculture in Eastern Canada, Cooke Aquaculture is one of the largest salmon farmers in North America, where it competes with Norwegian-owned groups Marine Harvest, Grieg Seafood and Cermaq.

The group is by far the main supplier of Atlantic salmon in Eastern Canada, having out survived the vast majority of companies that sprouted up during the coast's salmon farming heyday in the 1980s.

It also farms salmon in Chile through its subsidiary Salmones Cupquelan and seabass and seabream in Spain through Culmarex.

In 2014, it then expanded this by acquiring Meridian Salmon Farms in Scotland from Marine Harvest.

$1BN IN SALES

Today, Cooke processes and sells more than 115,000 metric tons, whole fish equivalent, of Atlantic salmon and 20,000t (WFE) of bass and bream - a leap from its beginnings harvesting from one cage with 5,000 salmon.

It has a long history of growth through acquisitions, though the Meridian purchase has been the largest of these by far.

The deal will bring Cooke's annual sales for the coming fiscal year to $1 billion, a 75% jump, said the company at the time.

Meridian has farms in Shetland, Orkney and the mainland of Scotland. The new branch, renamed Cooke Aquaculture Scotland, also gave Cooke a slate of new brands, as well as new customers throughout Europe.
The company's Culmarex subsidiary has also been expanding its bass and bream activities, unveiling a €1.5m investment in a plant and a €6.5m investment in its hatchery in July 2014.

The expanded plant has an annual processing capacity of 24,000t, making it the biggest bass and bream plant in the Mediterranean, and probably the world, said Cooke.

The hatchery expansion in Palma de Mallorca, Isles Baleares, took the facility's annual capacity from 24m to more than 45m juveniles - making it the largest in Spain, and one of the largest in the Mediterranean.

In Canada, Cooke has sites in New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. In the US, it has operations in Maine. In South America, it has operations in Chile; while in Europe, it has operations in Spain. The company also employs salespeople in major centers in the United States and Canada.

Cooke also has its own Atlantic salmon hatcheries in Oak Bay and Harvey York in New Brunswick, Canada, where it independently raises its own eggs and smolt.

AN ACQUISITIVE HISTORY

Over the years, Cooke has snapped up a long list of companies to give it the production prowess it enjoys today.

Cooke's first big purchase was the Oak Bay hatchery in 1989. Being a new company, it took a five year break before purchasing the Harvey York hatchery, better known as its Thomaston Corner Hatchery, in 1994; but the acquisitions tended to come more frequently after that. Cooke established True North Salmon Company, the North America-facing brand of salmon that it uses for all of its North American salmon farming production in 1994, the same year it established GMG Fish Services to bring vaccination services in-house.

Today, Cooke also sells under the brands Heritage Salmon and Jail Island Seafood, two companies it came to acquire.
In 1997, it acquired Atlantic Fish Specialties Ltd., located in Canada's Prince Edward Island

and originally established in 1981, which is now Cooke's specialty seafood processing facility in Prince Edward Island. This is where the company processes smoked salmon and other specialty products that are sold under the True North Salmon brand.

In 1999, the company acquired a farming site in Nova Scotia, on Saddle Island. Then in 2002, it acquired Culimer Inc. in Quebec and the brand Allavoix in 2002, which it no longer uses. Then Fundy Salmon Ltd. was added in 2003 along with L&J Salmon Ltd.; and the company added to its front and back end operations that year as well with the addition of Silver Hatchery and Jail Island Aquaculture.

In 2004, it established its own breeding program under the direction of the Iceland-based stock enhancement breeding company Stofnfiskur with the purchase of Charlotte Feeds, which it still operates as a small moist feed plant. It also established Shoreland Transport that year and purchased what would become its US arm by picking up Atlantic Salmon of Maine, now called Cooke Aquaculture USA, from Fjord Seafood. Then it added the Heritage Salmon brand to the mix when it acquired its east coast operations. That brand today is used exclusively for the company's Chilean salmon products. All the company's North American products stand under the True North brand.

It added to its feed footprint in 2007 with the purchase of the former Shur-Gain Aquaculture feed plant in Truro, Nova Scotia from Nutreco, allowing the company to establish Northeast Nutrition Inc.

The following year proved to be a big year for Cooke as it snapped up not only its Chilean salmon farms with the purchase of Salmones Cupquelan S.A., which runs under that same name today, but also AC Covers Distributors, a distribution company.

Ocean to Ocean, another general seafood distribution company, entered Cooke's mix of subsidiaries in 2010. The importer of frozen seafood and marketing company continues to

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sell products under its brand name to retail and private labels.

In 2011, Cooke made what was at the time its largest acquisition with the purchase of Culmarex S.A., the largest sea bass and sea bream farming operation in Spain. Culmarex has several premium and organic brands.

That same year the company also purchased a fish hatchery in Swanger Cove, in Newfoundland, giving it the capacity to produce an additional 3 million 100-gram smolts per year.

In 2013, the company launched its Jail Island Seafood brand, which today is sold under A.C. Covert. It features hook and line caught halibut, haddock and swordfish, to name a few. The Jail Island branding message centers around being fresh, local, premium quality, traceable and responsible.

That year the company also acquired Lord's Lobster, beginning renovations and rebranding as North Market Seafood, offering farmed and wild caught seafood in Canada's oldest continuously running market, Saint John City Market.

Activities

aquaculture | processing | distribution
sales | export

Brands

True North Salmon Company | Heritage Salmon | Jail Island Salmon | Culmarex

Subsidiaries

True North
Salmones Cupquelan
Culmarex
Cooke Aquaculture USA
Cooke Aquaculture Scotland

Species

Atlantic salmon | trout | seabass | seabream

60

Evergreen Aquatic

Turnover	CNY 3,300m (Dec 2013, -6%)
Ownership	Private
Country	China
Key executive	Chen Dan, Chairman

Evergreen Aquatic - or Zhanjiang Evergreen Aquatic Product Science and Technology Co., Ltd in full - is a subsidiary of Guangdong Evergreen Group.

Based in Zhanjiang, it is one of China's largest aquaculture producers and exporters and operates across the chain, from hatchery, to farming, feed and sales.

The company told Undercurrent News it harvested 40,000 metric tons of tilapia in 2013, of which it processed 12,000t, while selling the rest to third party plants.

Shrimp harvest totalled 20,000t, and processing 4,000t.

Total turnover when including shrimp and fish feed mills is approximately $1 billion.

Excluding the feed business, turnover topped CNY 3.3bn, down from CNY 3.5bn in 2012, Liang Chaorong, manager-assistant at the company, told Undercurrent. This, he said, was due to poor weather including storms, which affected harvesting.

Like other Asian shrimp producers, the company was also affected by the early mortality syndrome scourge with has been ravaging shrimp farms in China, Malaysia, Thailand and Vietnam since 2012.

China's harvest in 2013 was estimated by some to have dropped by 30%, in part due to early mortality syndrome, though reliable data is hard to come by.

Estimates published by the Global Aquaculture Alliance in 2013 forecast that Chinese harvest would fall from more than 1.5m metric tons in 2011 and 1.35m in 2012, to around 1.1m in 2013.

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Activities
processing | aquaculture | export

Shareholders
Guangdong Evergreen Group

Brands
Evergreen

Species
shrimp | tilapia | mussels

61

Beaver Street Fisheries

Turnover	$535m (Dec 2013, +10%)
Ownership	The Frisch family
Country	US
Key executive	Ben Frisch, President

Beaver Street Fisheries is a full-service importer and distributor of seafood in the United States with 64 years of experience, having started out as a retail fresh fish store in Jacksonville, Florida, where it remains today.

Its flagship Sea Best brand is the second highest revenue earner of all seafood brands in the United States in 2013, according to IRI data. Sales jumped 18.9% that year, yet Beaver Street's sales are even bigger in its private label retail business. That segment is not growing as strongly, rising just 1.9% in 2013.

The company both sells and sources globally, although its strongest region is the southeast United States, its home base.
Today the company is expanding non-core regions such as the western United States, where sales rose 76.8% last year. Sales growth in California was also strong, having increased 52.1%. Although growth was less strong in the southeast, the company is already the highest selling frozen seafood brand in that region with sales of $78.5m, far outdoing the nationwide top seller Gorton's, which sells just $55.3m in that region. Beaver Street is also the highest selling brand in the South Central region, where it sold $46m against Gorton's $43m.

Beaver Street sells over 2,000 SKUs, including meat products, and defines its claim to fame as its full in-house quality control professionals, who ensure that its imported products meet quality standards. The company imports through the Jacksonville port.

The company has a processing plant in Jacksonville Florida that provides re-packing services and produces over 50 value added items, such as crab cakes and stuffed fish fillets, and the company plans to expand its value added offerings. In terms of meat products, it sells beef, pork, poultry and lamb.

The company sources Bahamian lobsters tails through its subsidiary Tropic Seafood, a wholly owned subsidiary of Beaver Street Foods. Tropic is the largest producer of lobster tails and seafood in the Bahamas. It sells under the Island Queen and Island Prince brands.

Lobsters are harvested in the Bahamas and processed in Tropic Seafood's processing plant in Nassau, Bahamas, which was completed in 2000. Its products are sold throughout North America, Europe and Asia.

Under these brands, Beaver Street sells live lobster, frozen at sea lobster, stone crab claws, lobster tails in premium and regular grades, lane snapper and Bahamian conch.

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Tropic Seafood is pushing for MSC certification for the Bahamian lobster fishery in the Northern Bahamas, through a fisheries improvement project (FIP). Beaver Street depends upon the Bahamas for 99% of its lobster from outside North America, and although sustainability is the goal of the FIP, demand for certified products are a major motivator for the project.

Beaver Street's founder has a dramatic history. The perils of World War II provided an all-too-vivid backdrop for the company's beginnings in the1950s.

After Harry Frisch, who grew up in Vienna and Austria, watched his uncle be taken away to a concentration camp, he got a train ticket and fled to Palestine via boat. His brother Alfred and mother also fled.

"There were certain groups of people that they wanted to eliminate - so the question was, how do you get out? Any way possible," Frisch told Undercurrent News.

First his mother made it to the US, and he followed years later with his brother Alfred. After opening up an automobile business, Harry decided to join the fish market business his mother had started and brother had joined, and in 1955, he took on the endeavor with firm resolve.

"I figured out that this would be open 24 hours a day, seven days a week," he said. "We were going to be the best ones there are."

Today, Harry is the company's chairman. His son Ben Frisch is president, while his grandsons Mark Frisch, Adam Frisch and Steven Frisch are also involved in the company.

Activities
processing | aquaculture | export
distribution | sales

Brands
Sea Best | Island Queen | Island Princess

Subsidiaries
Tropic Seafood

Species
shrimp | tilapia | warm water lobster tails
cold water lobster | swai | grouper | snapper
salmon | frog legs

62

Minh Phu Seafood

Turnover	VND 11,206,430bn (Dec 2013, +41%)
Ownership	Public (MPC:VN)
Country	Vietnam
Key executive	Le Van Quang, Chairman

Vietnam's largest shrimp processor and exporter, Minh Phu Seafood embarked on a huge expansion in recent years, growing its volumes and exports astronomically.

This continued through 2013, as can be seen from the 41% year-on-year increase in turnover and has pushed on into 2014 too.

The increase was also due to early mortality syndrome affecting global shrimp supply and driving vannamei prices through the roof in 2013.

In the first quarter of 2014, Minh Phu reached VND 2,792.5 billion ($130 million) of net turnover, up 89% year on year, according to its financial report. The gross profit increased by 146% to VND 394.7bn ($20m).

The Vietnamese firm has set a target of $550m in exports by the end of 2014, up from $520m in 2013. It reached over $140m turnover in just the first quarter of 2014, its highest ever.

In 2013, and likely continuing into 2014, Minh Phu benefitted enormously from the Thai fall in shrimp production, caused by early mortality syndrome.

The increase in demand and prices was particularly strong at the end of 2013, with the last three months of the year accounting for a third of annual turnover, and 40% of annual operating profit.

The operating profit soared to VND 158bn in the last quarter of 2013 from just below VND 20bn a year prior.

FAILED INVESTOR TALKS, STOCK EXCHANGE DELISTING

The booming earnings were a welcome boost for Minh Phu, which had been struggling to cope with high debts caused by its investing more than $60m to build its factory in Hau Giang province.

The company started seeking investors to inject fresh cash in mid 2012 and reached advanced talks with Thai shrimp farmer Charoen Pokphand Foods, but negotiations collapsed late in the year.

In May 2013, Minh Phu then said that it would delist from the Ho Chi Minh stock exchange and raise capital privately, citing restrictive rules on foreign ownership for listed companies as a barrier to reaching a deal.

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In October 2013 it then announced that Japan's Mitsui would take a 30.5% stake in Minh Phu's processing subsidiary, Minh Phu Hau Giang Seafood Corp. The price was undisclosed, but Minh Phu had previously told Undercurrent the transaction could raise VND 266bn ($12.53m).

The company's main shareholders are its chairman Le Van Quang and his wife Binh Thi Chu, who together owned almost 48% of the share capital, according to the latest share data available.

Red River Holding, a French investment fund part of Financiere Pinault, also owns a stake in the group, as does the Vietnam Investment Fund.

EFFICIENCY DRIVE

In September 2013, the firm dissolved its subsidiary Minh Phu Eco-Shrimp Raising, which produced around 200 metric tons of organic shrimp for the Japanese market.

The unit, which had a charter capital of VND 20bn (just under $1m), had been created in 2010, to manage Minh Phu's shrimp farms in Ca Mau province.

The division was dissolved as it was not efficient enough, a spokesperson for the company told Undercurrent News.

As its strategy, Minh Phu says it plans to focus on stabilizing sources of materials for supplying factories, and hopes local authorities will promote sustainability in the shrimp industry, and advise farmers to select high quality shrimp and avoid using antibiotics.
It says it will focus on improving its competitiveness through the quality of its products in markets such as Japan, the US and Europe.

Activities
processing | aquaculture | import | export

Shareholders
Binh Thi Chu (25%)
La Van Quang (22.8%)
Jade River Management/Red River Holding (9.47%)
BIDV - Vietnam Partners Investment Management JV Co (7.13%)

Subsidiaries
Minh Qui Seafood Processing
USA Mseafood Co
Minh Phu Hau Giang Seafood Corp

Species
shrimp

63

Deutsche See

Turnover	€383m *estimate (Dec 2013, flat)
Ownership	Private
Country	Germany
Key executive	Peter Woldemar Dill & Egbert Miebach, co-CEO's

Bremerhaven-based Deutsche See is one of Germany's largest seafood suppliers.

It is led by Peter Dill and Egbert Miebach, who together with Andreas Jacobs acquired the company in 1988.

Founded in 1939, Deutsche See had not filed its annual results by the time of this report's publication, so the figure used in the ranking is based on a flat development from 2012's result.

The company has a plant in Bremerhaven and in 2003 purchased the deli brand Beeck Delicatessen, which it moved from Hamburg to Bremerhaven in 2012.

Today, the company claims to serve more than 35,000 customers in the food industry and to have 23 subsidiaries across Germany. As of 2013, it also started an online delivery service.

It also owns 100% of Czech food supplier Dandeli Havelland Foods since August 2010, and almost 100% of a Danish fresh sushi producer, Epa Foods/ Taste of Tokyo.

It first acquired a stake in Taste of Tokyo in 2009, taking 50% of the company's shares. This increased gradually and by November 2013 the company took over nearly all of the shares in Taste of Tokyo, while transferring its production to Deutsche See's plant in Bremerhaven.

Also in November, Taste of Tokyo's founder and then-CEO Anders Christensen left the company, in what he described as a friendly exit, but which his successor Thomas Feldborg Lohse later said had been a dismissal. Christensen shortly afterwards petitioned for the bankruptcy of Taste of Tokyo, claiming overdue payment over a loan.

On March 6, a court in Roskilde ruled the loan did not have to be paid back before the end of 2014.

In June 2014, Taste of Tokyo warned that its future is uncertain following deepening losses and a negative equity value in 2013.

The group saw net losses widen to DKK 16.83 million last year - down from losses of DKK 4m in 2012. The equity plummeted to minus DKK 15.8m by the end of 2013, down from a positive value just under half a million krone in 2012.

The losses were largely due to an impairment of DKK 6.2m taken on fixed assets related to investments to "a major international customer", said Taste of Tokyo's directors in their annual account. "When it became apparent that this was not profitable, the operation was stopped with effect November 2013."

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However, the company said increased sales to a supermarket has improved its liquidity, and said the backing of Deutsche See combined with improved operations were encouraging.

Taste of Tokyo is now led by Thekla Bischoff, who replaced Lohse in the second quarter of 2014.

On its board are Peter Mathies and Hans Ronnow, two sales and marketing executives with experience in consumer brands such as Mars, who replaced Miebach and Dill as chairman and vice-chairman respectively in November 2012.

In 2012, Deutsche See reported a decline in top and bottom line, a year in which it scaled down business with fast seafood restaurant chain Nordsee.

The company reported turnover of €383.5m, down 11.5% year-on-year, with net profit down 23% y-o-y, to €5.46m, for its financial year, running from Oct. 1, 2011 to Sept. 30, 2012. In 2011, news emerged that Deutsche See would stop supplying non-food and frozen food to Nordsee, which is now part of German dairy and food conglomerate Müller Group.

Deutsche See only renewed the fresh food part of its distribution deal with Nordsee once the five-year partnership expired, in late January 2012.

Activities
processing | distributing

Shareholders
Peter Dill | Egbert Miebach

Brands
Deutchse See | Beeck | Taste of Tokyo

Subsidiaries
Dandeli Havelland Foods | Taste of Tokyo

Species
farmed salmon | wild salmon | cod | haddock
tilapia | shrimp | scallops

64*

* joint position

Icicle Seafoods

Turnover	$500m (Dec 2013, flat)
Ownership	Private
Country	USA
Key executive	Dennis Guhlke, CEO & President

Private equity-owned Icicle Seafoods is a primary processor of Alaskan seafood. It owns fishing boats, processing vessels and onshore plants throughout Alaska and facilities in the Pacific Northwest of the US as well.

Although the company is most known for its wild Alaska production, it also owns the largest salmon farming company in the United States, its Atlantic salmon aquaculture operations in Washington state.

It used to also own salmon farms in Chile, but it divested those in March of 2014, when it sold its Santiago-based subsidiary Salmones Aysen to former Icicle CEOs Dennis Guhlke and Don Giles.

Private equity firm Paine & Partners bought Icicle in 2007, one year after the equity group's launch, and its chairman and CEO Dexter Paine sits on Icicle's board of directors. Paine & Partners has now held Icicle for longer than the typical period PE firms tend to use as a limit before selling off companies. Paine remains tight lipped on whether it is looking to sell.

The company's executive team has been in flux in recent years. Former CEO Dennis Guhlke stepped down in February of 2013, to be replaced by former American Seafoods executive Amy Humphreys.

More recently, LaDon Johnson replaced Mark Pedro as CFO. Pedro had become CFO in September of 2013 to replace Robert Zonneveld, who was with Icicle for two years and four months before leaving.

The history of Icicle itself stretches back much further than its days as part of Paine & Partners' portfolio. Fishermen established the company in 1965 in Petersburg, Alaska as Petersburg Fisheries, and today's core business remains focused on its initial focus of harvesting and processing wild Alaska seafood.

The company owns three processing vessels, 11 fishing boats and five shore-based processing operations in Alaska.

Processing vessels include the Northern Victor, which anchors near Dutch Harbor and produces pollock in individually quick frozen

(IQF) and block forms; as well as the Gordon Jensen and R.M. Thorstenson. The latter two process salmon, crab, herring, cod and other species throughout Alaska.

Icicle's 11 fishing boats operate predominantly in the Bering Sea and Gulf of Alaska and range from 103 to 133 feet in length, with 850 to 1800 horsepower. Nine of them trawl for pollock and cod while one fishes for crab and the last serves as a tender for salmon, pollock and cod.

Its shore-based processing facilities are located in Icicle's birth town of Petersburg, which is in the Southeast; Seward, which is near Anchorage for convenient shipping; and Egegik, which is in the heart of Bristol Bay and home to the world's largest sockeye run; Larsen Bay on Kodiak Island; and Wood River, outside of Dillingham.

The company's fishing fleets are managed from three regions: Southeast Alaska/Petersburg, Central Alaska/Homer and Western Alaska/ Dillingham.

Its hard-nosed approach to competing for fishermen's loyalties is evidenced by a stated priority to offer fishermen competitive markets for their catch. It works with a consistent fleet of seiners, gillnetters, crabbers, long liners, trailers, trawlers and pot fishermen.

Aquaculture is - while a smaller focus - a key priority for Humphreys, contrary to Alaska seafood industry's tendency to promote wild seafood as a superior choice to farmed. Humphreys has been an outspoken advocate of aquaculture at seafood events such as the National Fisheries Institute's (NFI) conference in January of 2014, where she sat on the aquaculture panel.

Icicle has been growing Atlantic salmon in ocean net pen farms for 30 years in the Puget Sound of Washington state, off of Bainbridge Island Cypress Island, Port Angeles and Hope Island. The farms provide a continual supply of product year-round, including salmon fillets and value-added salmon products.

With demand for Alaska seafood historically strong in Japan, Icicle's sales office presence

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extends to Tokyo. Its head corporate office is located in Seattle, in addition to its buying and support sites located throughout Alaska.

Icicle said it planned to continue to work with former Chilean salmon farming operation Salmones Aysen by providing marketing and sales services for the Chilean products through Icicle Japan when it divested the operations in March of 2014.

Activities

processing | fishing | aquaculture | sales distribution | export

Shareholders

Paine & Partners

Brands

Icicle Seafoods

Subsidiaries

Icicle Japan

Species

Alaska salmon | Alaska crab | Alaska pollock Alaska halibut | Pacific cod | black cod fish roe | Pacific cod

64*

* joint position

Ocean Beauty Seafoods

Turnover	$500m *estimate (Dec 2013, flat)
Ownership	Private
Country	USA
Key executive	Mark Palmer, CEO

Ocean Beauty began in 1910 as a storefront on the Seattle waterfront called the Washington Fish and Oyster Company.

It has since expanded into operating nine domestic factories, eight distribution facilities across the western US, a sales office in Japan, and has co-packing relationships with processors in Asia, Europe, and South America.

The company is 50% owned by the Bristol Bay Economic Development Corporation (BBEDC), and 50% by a group of individual owners.

The BBEDC is a community development quota (CDQ) corporation, a not-for-profit company whose mission is to "promote economic growth and opportunities for residents of BBEDC's member communities through sustainable use of the Bering Sea resources".

Ocean Beauty is a major primary processor of halibut, black cod, Pacific cod, rockfish, flatfish, pollock, herring, and other species, in addition to all five species of Wild Alaska salmon.
It is a diverse operation, with operations in sixteen locations worldwide.

The company operates in all major salmon-producing regions of Alaska: Bristol Bay, Kodiak Island, Cook Inlet, Copper River, and throughout the length of Southeast Alaska. Its Kodiak plant operates year round, processing crab, cod, pollock, rockfish, and other fish.

The company is also one of Alaska's largest suppliers of canned salmon and salmon roe. It has a distribution network that stretches from Seattle to Dallas, Texas, with operations in Seattle, Portland and Astoria, Oregon; Boise, Idaho; Helena, Montana; Salt Lake City, Utah, and Dallas, Texas.

In Washington state, the company operates two value-added seafood plants, one in Seattle that specializes in frozen portions, and a smokehouse in Monroe from which it produces smoked salmon based on wild Alaska fish.
In addition, Kabushiki Kaisha Ocean Beauty has operated since 1964 to service the Japanese market.

Ocean Beauty sells value-added seafood products under nearly two dozen brands. Its main brands are "Echo Falls", for smoked salmon, trout and caviar; "LASCCO" for smoked salmon, pickled herring and caviar; "Nathan's", for smoked salmon, pickled herring and cream cheese spreads; "Ocean Beauty", for frozen value added fillets and portions, salmon burgers and scallops; "Pillar Rock", for canned salmon and "SeaChoice", for frozen, value-added portions.

In March 2014, the company scored a useful deal as Whole Foods said it will use Ocean Beauty as its new "partner" for processing and distribution to its stores in the states of Oregon and Washington.

This came as the retailer closed its own Select Fish facility in Seattle, a plant it had acquired in 2003. Select Fish was founded in 1987 and by 2000 was supplying hundreds of Whole Foods stores in the Northwest, and sourcing for the company in Alaska.

Ocean Beauty is also making plans for potentially game-changing upgrades in coming years thanks to a new bill passed in April.

The Senate Bill 71 opens up new opportunities for canned sockeye, byproducts and herring, by expanding eligibility to the salmon product development tax credit.

For the first time, processing plant investments into value-added herring products will now qualify for the credit.

Two other types of processing investments also qualify for the first time: those into byproducts converted into sellable product forms and those aimed at converting salmon can sizes into smaller, more marketable sizes.

"It is a substantial change in the tax credit bill," Tom Sunderland, vice president of marketing for Ocean Beauty, told Undercurrent News in May 2014.

The processor is eyeing new product possibilities as a result of the credit, which makes plant upgrades more financially advantageous.

The tax credit, which has applied to certain types of salmon processing for years, allows processors to write off up to 50% the total tax liabilities on a specific tax on 50% of the cost for upgrades on these investments, against specific taxes, such as the fisheries business tax.

Ocean Beauty is already installing a new state-of-the-art tunnel freezer that will significantly increase processing capacity. The company said it will very probably use the credit to upgrade its processing lines, although exactly when and how is yet to be seen.

"We don't really know what the end game is or what to do with this yet," Sunderland said. "We just know we have a tool - we have a tool that can help us modernize."

For instance, processing lines for one pound cans of sockeye salmon have needed converting - to smaller sized cans - for years as

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the value of sockeye in the cans has increased. "It's become a product that's really out of whack for the value," he said, adding that tall cans of pink salmon still remain a viable product.

While other types of products have been getting smaller for years - tuna, for instance, is sold in 5.5 ounce cans in some markets and as little as 3 ounce cans in others - canned sockeye has not kept pace due to the prohibitory costs of converting processing lines.

As for upgrades to herring lines, these could also be game-changing, although the market opportunities still need research. One possibility is creating canned herring lines.

"Fishermen used to make a lot of money on herring," Sunderland said. "They sold herring roe to Japan but that's been in serious decline and it doesn't look like its ever going to come back."
Ocean Beauty will need to do market research to determine what product forms hold the most market potential, said Sunderland.

As for byproducts, there are many possibilities, particularly considering that right now, the vast majority of the waste is not being used, he said. Possibilities range from the utilization of salmon skins to making pet treats and fishmeal. A possibile big opportunity is the salmon oil market.

"The [salmon oil] market has been exploding," said Sunderland. "Just that alone is a huge growing market."

Activities
processing | fishing | distribution | branding

Shareholders
Bristol Bay Economic Development Corporation (50%)

Brands
Echo Falls | LASCCO | Nathan's
Ocean Beauty | Pillar Rock | SeaChoice

Subsidiaries
Kabushiki Kaisha Ocean Beauty

Species
King salmon | sockeye salmon | coho salmon
pink salmon | chum salmon | rockfish
sablefish | pollock | Pacific cod | snow crab
king crab | dungeness crab | halibut
yellowfin sole | flounder

64*

* joint position

Ocean Trawlers / Karat Group

Turnover	$500m (Dec 2013, +25%)
Ownership	Private
Country	Russia
Key executive	Magnus Roth, Co-founder

Ocean Trawlers
Wild Fresh-Frozen at Sea

There has been some shifts in the structure for the world's largest supplier of frozen-at-sea whitefish in 2014.

As of March 2014, Ocean Trawlers is integrated into Karat Group, which is then controlled by Norebo Holding, an entity based in Arkhangelsk, Russia.

Previously, Hong Kong-based Ocean Trawlers was controlled by Three Towns Capital. Three Towns Capital was also based in Hong Kong and was co-owned by Swede Magnus Roth and Russian Vitaly Orlov, the co-founders of Ocean Trawlers.

Three Towns Capital also held the assets of what is now the Karat Group, which controls the fishing company members of Association Fisheries Holding Karat in Russia that Ocean Trawlers sells fish from.

The integration of Ocean Trawlers into the Karat Group structure stems from a desire to consolidate all trading companies of the group in one transparent structure controlled by a Russia-based holding company, said Karat Group.

"Besides, such vertical integration of the companies ensures full traceability of the fishery products from catch to the final customer," the company states.

Having its own well-developed trading and marketing structure means Karat Group avoids excessive margin of sub-purchasers for its products, which strengthens its competitive position in the international markets and in Russia, the company said.

Ocean Trawlers, which had turnover of around $500 million in 2013 and has sales offices in the UK, Germany, Hong-Kong and US, is making a big push on its Marine Stewardship Council (MSC)-certified frozen-at-sea fillets under its own brand Atlantika.

In the Russian domestic market, all trading and marketing is performed by KARAT-Trading, another trading company of the group which has sales offices in Murmansk, Moscow and Vladivostok.

The Karat Group companies control a considerable volume of Russian whitefish.

Its eight large fishing companies based in the north west and far east of Russia are members of the group, with a total fleet of 39 vessels.

The group companies are Murmansk Trawl Fleet; Murmansk Region Fleet; Karat-1; Alternativa; Rybprominvest; and Fishing

Company Sogra in the north west, mainly catching cod and haddock. In the far east, the group includes Akros, Roliz and Yamsy, which catch pollock and other fish.

According to 2012 figures, companies in the Karat Group have quotas for 86,000 metric tons of cod; 36,000t of haddock; 21,000t of blue whiting; 20,000t of herring; 13,000t of mackerel; 13,000t of capelin; and 4,000t of Greenland halibut in the northern region.

In the far east, the company has access to 89,000t of pollock; 33,000t of herring; 12,000t of squid; 7,000t of Pacific cod; and 1,000t of halibut. This is a total of 335,000t.

On the downstream side, Ocean Trawlers is seeing increased use in retail as one of the reasons for a strong market for FAS cod fillets.

The market for cod is getting stronger because of growth in retail as well as foodservice, where low prices have opened up new markets and seen old ones switch back on.

“In terms of FAS specifically, we have seen that this increased supply has made this great product more accessible to new customers, especially in the retail market,” Sturlaugur Haraldsson, vice president of sales with Ocean Trawlers Europe, told Undercurrent in July 2014.

“What we gained last year from increased supply was subsequently increased interest from supermarkets to promote cod, and not only supermarkets, because we also saw increased sales to foodservice,” he said.

FAS cod “ticks a lot of boxes” for retail buyers, he said. It is frozen within six hours from catching and the eco-credentials are good, he said.

The stocks are healthy and a lot of the volume is now MSC-certified, he added.

According to Haraldsson, what appeals to retailers most is that the product is not shipped back and forth across the globe, which is the case with double frozen fillets based on headed and gutted (H&G) cod from Russia and Norway. The H&G is shipped to China, processed and shipped back to Europe and the US.

Now that the supermarkets are able to rely on a consistent supply of FAS fillets, they seem to be keen to go with it, he said.

“That applies both to the frozen and the chilled segment. The increased volume has encouraged us to develop new products that fulfill the requirements of different customers.”

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Over the last 15 years, the supply of Atlantic cod wasn't great in most years and was actually short for most of the time.

"This meant that many buyers lost interest as suppliers weren't able to look after them properly. Now that cod is back in force, people are now showing more interest," said Haraldsson. "The way I see it is that we are now seeing prices getting closer to where they were a couple of years ago."

At that time there was positive momentum, prices had been on the increase more or less regardless of the increases in quota every year from 2008.

"It was the announcement of a significant increase again for 2013 that put the spanner in the works; this was an increase of 33% on top of a good volume."

"People panicked a bit, but the markets calmed when people realized that there was a market for all this additional volume of cod. Demand has been very strong and we have seen prices recovering steadily since the middle of last year."

Haraldsson's view is there will be "steady momentum for cod moving forward, it has a lot of followers".

Activities
processing | fishing | sales | distribution | export

Shareholders
NOREBO Holding

Brands
Atlantika

Subsidiaries
Ocean Trawlers Europe

Species
cod | haddock | pollock | herring
halibut | redfish

64*

* joint position

Triton Group

Turnover	$500m *estimated seafood sales (Dec 2013, flat)
Ownership	Private
Country	India
Key executive	Vincent Fernandez, Executive Director Corporate Affairs & Group Strategy & member of the board

Triton Group trades, imports and distributes seafood, while also processing it at its plant in India.

It has also expanded into poultry in the last few years and owns tilapia aquaculture in Ghana.

Activities include distribution of pelagics and value-added products into Africa, the Middle East and Europe, and a ready-to-cook line into Indian retail.

The Mumbai-based company, founded in 1995, claims to have total revenue of more than $650m, including trading and distribution of seafood but also poultry and meat.

Subsidiaries include Seafood Nigeria Ltd. Nigeria is a key importer of seafood products such as mackerel, jack mackerel and Alaska pollock. However, a new government policy since 2013 has seen the country drastically restrict its imports almost overnight from October 2013.

According to Undercurrent News sources, Nigeria capped fish imports to 125,000t-180,000t in the first half of 2014 through a structured embargo by which it issued set quotas to importers.

This was steeper than the 25% cut it had announced for the year, which was supposed to be followed by a cut of 50% the following year, 75% in 2016 and a full ban in 2017.
The country imports around 780,000t of fish every year, according to its own official figures,

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though a minister recently told local media the real figure was apparently ten times higher.

The embargo was announced as part of a political attempt to boost the country's aquaculture output by reducing its reliance on imports.

However, some sources have suggested the cut was motivated by a drive to take away market share from the biggest importers, Stallion, Seafood Products and CIC, which are controlled by Indian-owned companies.

Activities

import | trading | processing | distribution

Subsidiaries

Indepesca Overseas Pvt
Seafood Nig Ltd

Species

Alaska pollock | sole | tilapia | Nile perch saithe | haddock | hake | squid | cuttlefish octopus | black tiger | vannamei

64*

* joint position

True World Foods

Turnover	$500m (Dec 2013, flat)
Ownership	Private
Country	USA
Key executive	Robert Bleu, President

Founded in the 1970s, True World Group (TWG) is a US seafood holding whose main subsidiary is New Jersey-based True World Foods (TWF), specialized in seafood wholesale, oriental retail and restaurants.

The company's creation was inspired by Korea-born Sun Myung Moon, who moved to the US in the early 1970s. Moon, who died in 2012, was most famous for founding the Unification Church.

On April 1, Robert Bleu, who until then led True World Group's surimi supply subsidiary Shining Ocean, was promoted to the helm of TWG as its new president, replacing Takeshi Yashiro in the role.

Tracey Schwartz was promoted to take Bleu's place as president of Washington-based Shining Ocean, which sells surimi under the brand Kanimi. Schwartz told Undercurrent News at the time she planned to look at the company's opportunities in Pacific whiting surimi and its opportunities for expansion in Mexico.

Later in April, TWG appointed Lawrence Mulvey as director of business development.

Its largest subsidiary, TWF, is reportedly the largest sashimi tuna distributor in the US, and claims to be the pioneer of sushi in the US.

TWF has subsidiaries throughout the US, seven in Canada and subsidiaries in the UK, China, Japan, South Korea and Spain.

TWF specializes in fresh, quality seafood direct from the Tsukiji Market in Japan, dry products used in sushi bars, and sauces, soup and seasoning. TWF claims to have the most comprehensive fresh fish distribution system in North America.

It was founded in the 1970s, when the company - then a modest enterprise known as New York Fish House - sold fish to passers-by on the streets of Brooklyn, New York.

In March 2014, the company told Undercurrent News it sold some 180 metric tons of yellowtail a year, and said it was working on launching a new brand for yellowtail sashimi for foodservice, Toro Hamachi.

Besides sushi, the company offers a wide range of products with an Asian focus, including frozen seafood and non-seafood items, fresh produce, gourmet meats, dry grocery products,

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and a full line of restaurant tools, supplies, and equipment.

The company's other main subsidiaries include:

International Seafoods of Alaska: offers premium seafood from Alaska under the Kodiak Seafood brand. This consists of fresh and frozen salmon, cod, pollack, halibut, rockfish, roes, soles and flounders.

Shining Ocean: focuses on surimi, owns the brands Crab Smart Natural, Kanimi, and Seafarer.

Maguro International: products include fresh fish, shellfish, aquatic invertebrates, and aquatic plants. As indicated by their name, the main focus is "maguro" or tuna, specializing in super frozen tuna.

Ikko International Trading LLC: specialises in Japanese sushi ingredients including frozen and dry items as wells as other authentic Asian specialty foods for North America

Activities

wholesale | trading | importing

Brands

Kanimi | Toro Hamachi | Kodiak Seafood
Crab Smart Natural | Kanimi | Seafarer Brands

Subsidiaries

Sun Ocean | Shining Ocean
International Seafoods of Alaska
Maguro International | True World Foods
Ikko International Trading

Species

yellowtail | tuna | surimi | Japanese fish

69

Coast Seafood

Turnover	NOK 3,006m (Dec 2013, +19%)
Ownership	Private
Country	Norway
Key executive	Sverre Søraa, CEO Martin Øvrebø, Deputy CEO

Bergen-based Coast Seafood is a Norwegian processor, trader and exporter. Founded in 1994 by the now CEO Sverre Søraa and deputy CEO Martin Øvrebø, the privately-owned company owns two processing plants in Måløy, south of Ålesund, and in Glesvær near Bergen.

One plant processes pelagic fish, and the other processes and smokes Atlantic salmon and trout.

From its offices in Bergen, Boston in the US and Sydney in Australia, it sells mainly Atlantic salmon and fjord trout, but also trades fresh and frozen whitefish and pelagics such as herring and mackerel.

The company says its aim is selling and marketing seafood internationally and domestically. The main markets it caters to are Europe, Asia and North America, as well as Norway.

The exporter had a relatively steady year in 2012, with revenues down by just 2% to NOK 2.521 million (€319m/$423m).

Coast reported solid earnings for its financial year 2013, with operating profit up 27% from NOK 51.6m to NOK 65.6m. Net profit before tax was up 15% to NOK 77m, and after-tax profit ended at NOK 53.7m, a 17% hike from NOK 45.9m a year prior.

Despite this, the company told Undercurrent that strong competition among fish exporters had affected its margins. "There is strong competition among fish exporters," noted Soraa. "This has led to pressure on margins for the export segment."

The pressure is ever so slight. The company's operating profit in 2013 was in fact up, from 2% to 2.2%. The pre-tax and net profit margins represented 2.56% and 1.78% respectively, minuscule drops from 2.6% and 1.8% in 2012.

Whole, round Atlantic salmon accounts for by far the biggest chunk of earnings, with sales of €270m, and volumes of 55,000 metric tons

Value-added products were second-biggest (6,200t for €60m) and fjord trout was third with 5,000t and €26m. Pelagics netted €16m, with volumes of 10,000t.

The group said that its size and efficient organization would allow it to continue developing the salmon and trout market. The company also has a strong financial foundation - equity stood at NOK 311m ($50m) by year end, and debt, of which the bulk is supplier debt, stood at NOK 230m

"Financially, Coast is stronger than ever," said Soraa.

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ROOTING FOR THE SMALL FARMERS

Coast Seafood's salmonids are sourced from independent farmers in Norway.

As the Norwegian aquaculture industry keeps consolidating, the group sees its main focus as working on behalf of the small and mid-sized producers.

"Coast Seafood has followed closely the restructuring that has taken place in the aquaculture sector in the past years, whereby a series of players have been acquired by larger companies," Coast Seafood wrote in its 2012 annual report.

"At the same time, we observe a need from the independent players to maintain an independent sales company that can cater to the small and medium-sized players' interests.

"Coast Seafood stands out today as the leading exponent for these independent producers, and [our] focus is to drive value creation and innovative market [efforts] for these players."

Activities

processing | trading | distribution | marketing import | export

Shareholders

Sverre Søraa | Martin Øvrebø

Subsidiaries

Coast Seafood USA
Maaløy Seafood
Coast Polaris

Species

organic salmon | Atlantic salmon | fjord trout cod | halibut | mackerel | herring | capelin haddock | red fish | monkfish | coral fish catfish | Atlantic haddock | crab

70

TASA - Tecnologica de Alimentos

Turnover	$480m (Dec 2013, -9%)
Ownership	Private
Country	Peru
Key executive	Carlos Pinillos González, CEO

Tecnologica de Alimentos, or TASA, was Peru's largest fishmeal and oil producer and the country's largest fishing company until the merger of two of its rivals Copeinca and China Fishery Group Peru, which bumped it down to second place.

The group, which has a fleet of 50 fishing vessels and 16 factories, is owned by the powerful Peruvian holding Grupo Breca, itself controlled by the wealthy Brescia Cafferata family.

It has a storage capacity of 14,000 metric tons, and a freezing plant able to freeze 700t a day.

It owns the Kontiki brand, which it uses to sell its frozen fish products such as giant squid and anchovy burgers, which it launched for the first time in Europe in 2014.

"This is the second edition," sales manager Gonzalo Caceres told Undercurrent News during the Brussels seafood show in May 2014, commenting on the burgers. The first burgers were made only with anchovy, but the taste was very strong, so this second version includes giant squid.

Today, the group controls 14.1% of fishing quotas in the north of Peru, behind China Fishery/Copeinca's combined quotas of 16.9%.

In export revenues, however, Tasa still had the lead, accounting for 22.5% ($521.7 million) of Peru's fishing exports in 2012, ahead of Copeinca's 12.7%, and China Fishery's 7.13%. In 2013, it kept this lead with exports of $400m. 5m, ahead of Copeinca/China Fishery's $324.2m.

According to Caceres, overall seafood revenues - excluding its shipyard activities - in 2013 went down to approximately $480m, a drop due to the big cut in Peru's anchovy TAC in late 2012.

This saw all of Peru's seven largest anchovy catchers and fishmeal producers - TASA, Copeinca/CFG, Exalmar, Austral (Austevoll), Diamante and Hayduk - report falling sales and losses in 2013, in what was dubbed an 'annus horribilis' for the industry.

According to Peruvian export statistics, overall Peruvian seafood exports fell $600m in 2013, with exports from the leading seven dropping by 27.2%.

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Comex Peru, the national foreign trade organization, said Tasa's exports contracted 26% in 2013, while Copeinca's fell 34% to $189.6m, and Hayduk's fell 20% to $179.7m. Following the downward trend, Austral's exports fell 24.7% to $172m, Diamante's dropped by 31.8% to $137.8m, and China Fishery Peru's fell 18.5% to $134.6m.

These seven companies (now six) accounted for 51.3% of all foreign trade occurred last year out of Peru, said Compex.

Activities
fishing | processing | fishmeal & oil production

Shareholders
Grupo Breca

Brands
Kontiki

Species
anchovy | jack mackerel | mackerel
giant squid | other pelagics

71

Conservas Garavilla

Turnover	€345m (Dec 2013, +8%)
Ownership	Private
Country	Spain
Key executive	Juan Corrales Garavilla, CEO

Backed by the private equity MCH Private Equity, Conservas Garavilla is known for its Isabel brand, prominent in Spain.

The Basque family group is one of Spain's largest canners, competing with Calvo, Jealsa Rianxeira and Frinsa del Noroeste.

A fleet made up of four tuna vessels catching around 33,000 metric tons in the Pacific Ocean makes it fully integrated, from catch to sales.

The company has grown organically and by acquisition.

In June 2011, Garavilla snapped up Conservas Cuca. Garavilla closed down Cuca's factory in Villagarcia in 2013, leaving it with two factories in Spain, one in Ecuador, and one in Morocco. The company also has divisions in France and Colombia and owns a 33% stake in Atlantic Food Group, which runs a plant in Colombia.

MCH entered into its equity in July 2010, when it bought a stake of an undisclosed size from the Garavilla family, in a deal valued at €100-€200m, of which €60m was to be invested to consolidate the canned fish segment in Spain and Europe.

Garavilla today reaches 67 countries spread around the five continents.

Its CEO, Juan Corrales, was appointed chairman of the International Seafood Sustainability Foundation (ISSF) in September 2013.

In the first four months of 2014, the canner boosted its sales in the Spanish market, driven by an increase in sales of Cuca, its premium brand.

By the end of April that year, sales of Cuca's high-end canned products reached €6.2m,

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up 3.1% year-on-year. In contrast, sales of Conservas Garavilla, the division which owns the brand Isabel, fell 0.2% to €16.4m.

Cuca's performance lifted overall figures for Garavilla's group by 0.7% year-on-year to €22.7m for the period.

The trend marks a turnaround for the canner, since in the rolling 12-month period to April 2014, the group's sales went down by 3.1% to €79.7m.

This was driven by a 5.1% drop in sales of Conservas Garavilla - in contrast, Cuca's sales nudged up by 2.5% during the 12 months.

Cuca's sales reflect an increase in demand for higher-end seafood in Spanish retail.

Activities
processing | fishing | marketing | export

Shareholders
MCH Private Equity | Garavilla family

Brands
Isabel | Conservas Cuca

Subsidiaries
Conservas Isabel Ecuatoriana
Societe Nouvelle Cosarno
Colomboespañola de Conservas
Isabel North America

Species
tuna | bonito | anchovy | sardines
mussels | squid | mackerel

72*

* joint position

American Seafoods Group

Turnover	$467m (Dec 2013, -12%)
Ownership	Private
Country	USA
Key executive	Bernt Bodal, CEO & Chairman

American Seafoods Group (ASG) is one of the largest harvesters of Alaska pollock in the US, along with rival Trident Seafoods.

Its upstream activities, based in Seattle, are grouped under its American Seafoods Company (ASC) subsidiary, which was founded in 1987 by Norwegian fisherman Kjell Inge Røkke.

Today, ASC is one of two main operating companies owned by American Seafoods Group. The other is American Marine Ingredients, which develops new products for human and animal nutrition, cosmetic and industrial uses.

Bernt Bodal, a Norwegian immigrant who served as CEO of ASC and Resource Group International from 1990 to 1998, now leads the company.

Bodal left ASC in 1998 after the company fought to get the American Fisheries Act (AFA) passed, creating quota shares and giving fishing company's transferable fishing rights. As that chapter closed, Bodal stepped down as CEO and president, but his absence did not last long.

The AFA established the requirement that US fishing vessels had to be 75% US-owned, creating a problem for ASC, which was majority owned by a Norwegian holding company, Norway Seafoods.

In 1997, Norway Seafoods merged with Frionur, a European fish company with processing operations in Massachusetts, before the company sold its majority stake in ASC to Bodal, Centre Partners, investor Jeff Davis and two native Alaska groups for $485 million in 2000.

ASC then entered the process of becoming vertically integrated in value added seafood. In 2001, it created American Seafoods International, a fish and scallop processing business in New Bedford, Massachusetts, which became American Pride in 2006. American Pride acquired Good Harbor Fillet in 2012 before being sold to Canada-based High Liner Foods in 2013. Good Harbor was known for its protein coating system.

The sale of American Pride did not have an impact on Moody's Investors Service's rating of American at first, but it later downgraded American Seafoods on March 31, 2014, when a report from the ratings agency revealed the sale of American Pride Seafoods barely made an imprint on the company's debt, which is known to be sizeable.

AMERICAN SEAFOODS

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The first set of loans due in the spring of 2016 are five year bank loans consisting of an $85m revolving credit line, and two term loans of $382m.

Since the sale of American Pride, the company is no longer in value-added seafood production, but only in fishing and primary production of pollock, Pacific whiting, Pacific cod and yellowfin.

It offers whole fillet blocks, surimi, headed and gutted, whole, round yellowfin sole, minced pollock blocks and roe.

The company has also added some non-traditional innovations to its lineup in recent years, including white fishmeal for aquaculture and omega-3 fish oil for human supplements.

Alongside these innovations have been some allegations of illegal practices at sea, however. In 2013, ASG was fined $2.7m for allegations from NOAA that the company's crews tampered with scales on these three vessels, so that they would read up to 70% lower than the actual weight of the fish. ASG is contesting the allegations.

Today's fleet has not changed much over the years. It still owns the American Dynasty, which joined the company in 1989; the Katie Ann, from 1997; the Northern Eagle; the Northern Jaeger; the Ocean Rover; and the American Triumph.

Activities

processing | fishing | aquaculture
distribution | sales | export

Subsidiaries

American Pride Seafoods
American Marine Ingredients

Species

Alaska pollock | Pacific hake
yellowfin sole | Pacific cod

72*

* joint position

Marusen Chiyoda Suisan

Turnover	JPY 48,000m (March 2014, +7%)
Ownership	Private
Country	Japan
Key executive	Yoshiko Ishibashi, President

Marusen Chiyoda Suisan is one of the leading wholesalers in Tsukiji fish market, specializing in processed seafood, salted and dried seafood.

It sources from approximately 3,500 traders and producers across the country, before delivering to intermediary wholesalers and traders.

The company, founded in 1948, is one of the seven large wholesalers based in the Tsukiji Market which are: Chuo Gyorui, Daito Gyorui (Maruha Nichiro's subsidiary), Tohto Suisan, Tsukiji Uoichiba, Sogo Shokuhin, Marusen Chiyoda Suisan and Daiichi Suisan.

Marusen Chiyoda Suisan had a stable operating income at around JPY 400 million in the financial years ending in March 2013 and 2012, while net profit tripled in the financial year ending March 2013, to JPY 300m, on revenue that dropped from JPY 46.7 billion.

The company had not reported its turnover for the year ending March 31, 2014, by the time of this report's publication. The figure here is an estimate based on the growth rate of its rivals over the same financial year.

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Activities

wholesale | import | distribution

Species

tuna | horse mackerel | sardines | skipjack
Pacific saury | squid | swetfish | blowfish
sea urchins | oysters | shrimp | crab | surimi
amberjack | salmon | scallops | sablefish
eel | swordfish | ray fin | trout | monkfish
atka mackerel | flounder | sandfish | roe
rockfish | fluke | capelin | butterfish whitebait
chikuwa | ice goby

74

Oceana Group

Turnover	ZAR 4,671m *seafood sales only (Sept 2013, +7%)
Ownership	Public (JSE:OCE)
Country	South Africa
Key executive	Francois Paul Kuttel, CEO

Oceana Group Limited is a holding with interests in fishing, cold storage and shipping.

Incorporated in 1918, it is the largest fishing company in South Africa and continues to be bullish about growth.

The turnover figure included in this report is for all of Oceana's seafood revenues, excluding its coldstore division. This was up 7% from ZAR 4.368 billion in the financial year 2012/2013.

Including the coldstore activities, total group revenues in 2013 were up by 7.8% from ZAR 4.647bn to ZAR 4.997bn.
Although the company's revenues improved in 2013, growth was stunted due to a significant decline in canned fish demand, particularly in the second half of the year.

Growth was also affected by subpar industrial fish landings, wrote Imraan Soomra, group financial director, in the company's 2013 annual report.

Yet operating profit did rise, from ZAR 711 millio in 2012 to ZAR 749m in 2013, thanks to significant growth in the horse mackerel and hake businesses.

FOODCORP SALE FALLS THROUGH

In October of 2013, the company tried to buy the fishing business Foodcorp for ZAR 445m ($45m).

The business essentially catches, processes and sells deep-sea trawl hake, south coast rock lobster and small pelagic fish such as pilchards, anchovies and red eye.

The South Africa competition commission, however, deemed the transaction as impinging upon competition in the market and ordered Oceana to sell Foodcorp's Glenryck pilchards trademark as well as Foodcorp's quotas for small pelagic fish.

Oceana said it would not continue with the transaction without those rights, so the deal fell through.

Together, Oceana's Lucky Star brand and Foodcorp's Glenryck brand would have claimed 80% of the total canned fish market share in the country.

FOUR MAIN DIVISIONS

Oceana has four main divisions. Canned fish and fishmeal is the largest, making up slightly more than half of sales revenues in 2013 (ZAR 2.657bn). The next largest was horse mackerel and hake, which accounted for 32% of sales, followed by the lobster squid and french fries division, with 7.5% of sales, and the commercial cold storage division, with 6.5% of sales.

Lucky Star is the company's canned fish and fishmeal and fish oil subsidiary, engaged mainly in fishing inshore pelagic species that sells fishmeal locally and abroad.

It has two fishmeal reduction plants located in St. Helena Bay and Hout Bay, from where its fleet of vessels operates, targeting industrial fish, particularly anchovy but also pilchard and redeye herring.

Lucky Pet, another under Lucky Star, is one of the largest wet canned cat food brands in South Africa.

The company's diversification came in handy in 2013, when fishing proved difficult for horse mackerel, and the company only caught 59% of the catch in South Africa.

However, it caught 83% of the horse mackerel rights in Namibia. It landed 76% of its pilchard rights and 100% of its west coast rock lobster rights.

Its lobster, squid and French fries divisions share processing, marketing and administration functions. Within that division, Oceana Lobster operates factories on the west coast of South Africa, where it processes products before exporting them abroad. The subsidiary has 90 years experience in fishing, processing and marketing and today also operates a fleet of 11 vessels and two processing plants. It markets products across the globe to the Far East, Europe and the United States.

Products include prime quality live and frozen South African rock lobster and frozen squid products, and it produces and markets value added potato products through Lamberts Bay Foods.

Calamari Fishing is the Oceana's squid operations subsidiary.

AFRICA-FOCUSED PRESENCE

Oceana's largest sales interests are in South Africa and Namibia by far. In 2013, the two regions represented 69% of the company's overall sales.

The next highest earning regions were other parts of Africa, followed by Europe, then the Far East. The remaining sales are negligible, but the US is included in some sales, such as those for lobster.
The company says its mission is to be the most

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efficient converter of fishing rights into value, while placing a premium on social responsibility.

It was included on the JSE's Socially Responsible Investment Index (SRI) for the ninth year in a row in 2013.

It has its own foundation, the Oceana Foundation, which in 2013 worked towards education and food security projects in Hout Bay, St. Helena Bay, Lambert's Bay and Port Elizabeth. It has also donated N$9.8m ($931,000) to a drought relief effort in Namibia.

In 2013, 54.9% of the company was owned by black people, and 91% of the company's employees in South Africa were black. Oceana said this high percentage of black involvement in line with its goals, and the company continues to try to increase the involvement of black investors in the company.

Activities
fishing | processing | aquaculture
distribution | sales | export

Shareholders
Tiger Brands Limited (41.9%)
Brimstone Investment Corporation Limited (16.8%)
Oceana Empowerment Trust (11.7%)

Brands
Lucky Star | Lucky Pet

Subsidiaries
Calamari Fishing | Oceana Lobster | Lamberts Bay Foods | Lucky Star | Lucky Pet
Blue Continent Products | CCS Logistics

Species
pilchards | anchovy | hake | rock lobster

Joint Ventures
Blue Atlantic Trading (50%)
Etosha Fisheries Holding (44.9%)
MFV Romano Paulo Vessel (26.95%)
Oceana International Ltd (50%)
Realeka/Premier JV (unincorporated joint venture of Blue Continent Products, 52%)

75

Brake Bros

Turnover	£280m *seafood sales only (Dec 2013, 2012 figure not available)
Ownership	Private
Country	UK
Key executive	Keith McMeikan, CEO

Brake Bros, known as Brakes, is a leading foodservice supplier in the UK, Ireland, France and Sweden, with revenues exceeding £3 billion.

It is owned by the private equity Bain Capital since 2007. In March 2013, Ken McMeikan took over as CEO of the company, having led the UK bakery chain Greggs for five years prior to which he worked as retail director of J Sainsbury for three years. Before that, he spent 14 years at Tesco, including as CEO of its Japan chain.

Within seafood, Brakes is particularly present in the UK through its subsidiary, M&J Seafood, which is led by Martin Bott and reported revenues of £116.33 million in 2013.

M&J claims to offer the UK's largest range of fresh and frozen fish and seafood, competing with New England Seafood International and Direct Seafoods, part of Bidvest-owned Seafood Holdings.

Brakes' French subsidiary Brake France is also a significant player in seafood, claiming to offer over 80 different species.

M&J BOUNCES BACK

After a tough 2012 due to tough competition, 2013 was a better year for M&J.

The company, which was acquired by Brakes in 1999, saw its operating profit rocket by 83% to £2.16m in 2013, up from £1.18m in 2012. Gross profit was £6.19m, up 12.8% year-on-year.

M&J's turnover also bounced back, after three consecutive years of falling sales. Turnover was up 3.7% y-o-y to £116.33m - a turnaround from 2012, when the figure had fallen to £112.23m, down from £117.82m in 2011 and £125.14m in 2010.

M&J managed to improve its cash position with £2.24m, from a negative cash flow from operating activities of £1.20m in 2012.

Liabilities by December 2013, however, nudged up by 8.2% to £23.46m, when compared to the previous year.

"We are enjoying continued success at M&J mainly in the most discerning part of the market place of the independent customers," Bott told Undercurrent News in July 2014.

brakesgroup

"2014 is also positive for us so far, with great interest in our Skipper's Catch activity," Bott said.

In June 2014, Brakes also confirmed that it had hired a seafood buyer from the supermarket chain J Sainsbury. Ben Wheeley, who was the fish buyer at Sainsbury's from May 2011 until moving to another category in February 2014, started with M&J on June 16.

Wheeley "will be covering coldwater prawns, warmwater prawns, crayfish, crab, seabass, lobster, squid, tuna and exotics", Stuart Smith, group purchasing director with Brakes, told Undercurrent in a statement in June.

YO! SUSHI LOSS

M&J's outlook for 2014, however, could be less bright than last year's results, after losing YO! Sushi's business.

On July 15, Undercurrent reported that processor New England Seafood International (NESI) had won a contract to supply YO! Sushi's 68 UK stores, from M&J. On the back of the contract, NESI is investing £2m in fitting out a new plant adjacent to its current site.

Despite the setback, M&J's CEO seemed confident this will not affect this year's accounts.

"Unfortunate to see this go after the service we have given over the years, but our core growth is strong, we have a resilient business in M&J," said Bott.

Seafood Holdings, the parent of Direct Seafoods and main competitor of M&J, also reported a positive financial year for 2013.

The company, which was built up by entrepreneur Toby Baxendale and bought by South African giant Bidvest in late 2010, reported turnover of £90.55m, up 9.83% y-o-y, with gross profit of £22.21m, up 13.95% y-o-y.

LOCAL SOURCING: SKIPPER'S CATCH

In March 2014, Mike Berthet, a director with the Brake Bros-owned foodservice supplier, said M&J was supplying UK chefs with more and more locally-caught seafood and seeing a drop in demand of exotic species.

Through the Skipper's Catch initiative, 45 boats land direct to M&J through a site in Wimbourne in the southwest of the UK.

brakesgroup

Fish is then graded and sent to the company's 11 depots around the UK, when it will then go to restaurants in prime condition, said Berthet.

"This chain of provenance is selling more and more seafood in restaurants," he said at the 2014 North Atlantic Seafood Forum in Bergen, Norway.

MSC FISH SUPPLIER OF THE YEAR

In June 2014, the Marine Stewardship Council named Brakes as the Fish Supplier of the Year 2014.

Brakes was the first foodservice company in the UK to offer an MSC approved product in 2003 and have the largest range of any foodservice company in the UK, stocking more than 100 MSC-certified products, said the MSC.

"It is a fantastic honour to pick up this award, particularly having led the industry by introducing the first MSC product more than ten years ago," said Natalie Phillips, category manager for fish and seafood.

"We have continued to extend the range ever since, and are absolutely committed to delivering MSC products to our customers, working closely with them and our supply chain to ensure they can make sustainable choices, wherever possible."

RECORD SALES FOR BRAKES

Brakes also had a strong 2013, breaking the £3bn mark for the first time with a 4.2% turnover hike.

Brakes' earnings before interest, taxes, depreciation and amortization (ebitda) was up 8.9% to £140.2m, though its cash balance by the end of the year was down 20% to £134.3m.

The positive financial results from Brakes are part of its five year plan "expected to shape the future of the foodservice industry, internationally," the company said.

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"Whilst implementing some significant changes to our IT infrastructure and network footprint, our strong market positions have been maintained or improved," the company said.

Brake's aim is to roll out further initiatives and progress through the next three years of the plan.

Activities

foodservice | distribution

Shareholders

Bain Capital

Subsidiaries

M&J Seafood | Brake France

Species

seabass | seabream | Atlantic salmon | hake
meagre | tuna | langoustine | crab | trout
crayfish | halibut | flounder | lemon sole
plaice | turbot | mackerel | monkfish | pike
sardines | tilapia | perch | carp | herring | ray
red gurnard | redfish | Arctic char
mussels | scallops | shrimp | clams | cod
haddock | barramundi | mahi mahi | pollock
swordfish | coley | hoki | pangasius

76*

* joint position

Camanchaca

Turnover	$439m (Dec 2013, +10%)
Ownership	Public (CAMANCHA:CI)
Country	Chile
Key executive	Ricardo Garcia Holtz, CEO

Founded in 1965, Camanchaca is one of Chile's largest salmon and trout farmers and fishing companies.

Like its peers, the Santiago-listed company saw its salmon business recover in 2013 thanks to better prices.

The company, however, was dragged down by a particular tough year for Chile's fishing sector, which negatively affected all Chilean fishing businesses.

The result was another year in the red, although with a loss of $16.9 million, up from losses of $24.9m in 2012.

The first quarter of the year showed signs of improvement, with losses of 'just' $1.9m, up from $12m losses a year prior, while revenues were up 22% to $111.4m. The company attributed entirely this to continued recovery in its salmon business, which made a profit of $4.2m, a turnaround from losses of $7.2m in the first quarter of 2013.

POOR YEAR FOR FISHING

While the salmon business saw its revenue jump 38%, or $69m, to $251m, the fishing arm saw its sales drop by $32.5m to $156m.

This was largely due to a 70% drop in sardine catches in Chile's south central fishing zone in 2013, which also sent profit tumbling.

The fishing arm's earnings before interest, taxes, deprication and amortization (ebitda) tumbled by 61%, or $17.4m, year-on-year to $11.2m. The unit ended in the red with a loss of $9.5m, down $13.8m from a gain of $4.3m the previous year.

The collapse in sardine catches drove Camanchaca's fishmeal and fish oil production down by 20,000 metric tons to just under 50,000t and by nearly 5,000t to 6,800t.

In comparison, its anchovy catches were stable, at 152,000t, as good catches in the fourth quarter offset a poor start to the year. Frozen jack mackerel production was up 50% to 12,300t. Annual canned production was stable, at around 1 million cans.

Commenting on the results in March, Camanchaca's CEO Ricardo Garcia said data indicates signs of recovery in the sardine stock in the south-central zone of Chile.

"This has already been reflected in the decreed quotas for this species and in the early days, after the fishing ban ordered by the authority, if the quota is caught, this will allow us to catch

Camanchaca

a larger volume than the one of 2013," said Garcia. "We don't discard a possible increase in sardine quotas for this year."
Better legislation is also encouraging for the stock's sustainability, he said.

"2013 was a difficult year for the fishing due to the condition of the sardine, but we are confident that the new [fishery act] established in 2013 will be an important step towards greater sustainability of biomass and, consequently, artisanal and industrial fishery activity. Today we have a legal framework that allows us to plan ahead and keep looking for improvements in all aspects."

SCALLOPS, ABALONE TROUBLES

Camanchaca's molluscs cultivation activities - mussels, abalone and scallops - were also in the red, albeit less so than in 2012. Ebitda was negative at $5m, a $3.4m improvement from the previous year. The net loss narrowed from $10.4m to $7.4m.

The losses were caused by the scallops and abalone business in the 3rd and 4th regions, while the mussels business, in the 10th region, made a positive operating profit.

"We are dissatisfied with the results of the business of other seafood in the north, and that has made us to redouble efforts to achieve short-term improvements. We will seek the way to achieve substantial progress, preserving the value of our concessions in the two main bays of northern Chile," said Garcia.

SALMON TURNAROUND, ASIA FOCUS

The salmon activities, on the other hand, experienced a turnaround in the second half of the year. In the last six months of 2013, the segment made a gain of $20.3m, compared to losses of $10.1m the previous year.

This brought the salmon bottomline into the black. From a negative ebitda of $7.8m in 2012, the segment posted a positive annual ebidta of $6.5m. Camanchaca's net annual result ended at just over break-even, at $78,000, reversing a loss of $18.8m a year before.

This was driven by better biological performance and a boost in prices, said Garcia.
Volumes were also up - the company sold some 34,611t of salmon in the year, a 6,100t or 21.6% year-on-year boost, while harvest was up 7.6% or 2,357t to 33,478t.

Camanchaca has been pushing its salmon

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sales operations into China, after the company joined forces with Australis Seafoods, Pesquera Camanchaca and Cultivos Yadran to sell salmon to the Chinese market under a unified brand, "New World Currents".

In 2013, salmonid exports to the Asian market, with the exception of Japan, had the highest increase in terms of value, up by 178.9% to $17.5m from $6.2m in 2012.

EXIT TROUT

Camanchaca's trout activities have not fared as well, however.
Again like its peers, Camanchaca's trout farms struggled with high mortality throughout 2013 and in March 2014, Camanchaca became the third big Chilean aquaculture group to say it would suspend trout farming due to biological challenges.

Competitors Blumar and AquaChile have taken the same decision.

High mortality rates saw Camanchaca's trout exports to Japan fall by 53.2% to $13.6m in 2013.

Its trout harvest was down by 37% or 2,861t to 4,827t, while sales were down by 46.8% or 3,560t to 4,053t.

Activities
fishing | aquaculture
fishmeal and oil | processing

Subsidiaries
Salmones Camanchaca
Fiordo Blanco
Cultivos Marinos del Pacifico

Species
salmon | trout | abalone | oysters
mussels | jack mackerel | mackerel
small pelagics

76*

* joint position

Sirena

Turnover	DKK 2,379m (Dec 2013, +13%)
Ownership	Private
Country	Denmark
Key executive	Boé Spurre, CEO

This Danish frozen fish and shrimp supplier describes itself as one of the largest suppliers of North Atlantic frozen seafood.

Through subsidiaries in Denmark, Iceland, Russia, North America and the UK, it is one of the world's largest exporters of cooked and peeled coldwater shrimp, although it also does shell-on shrimp.

In its financial reports, Sirena Group states its aim to become Scandinavia's strongest supplier of seafood for selected fish and shellfish of high quality.

The group was founded by Steen Riber and Peter Buhl in 1985 and has grown into a major supplier of shrimp but also cod, haddock, Alaska pollock and various other types of frozen seafood, as well as salmon, through its Sirena Salmon venture.

In Canada, Sirena controls the sales group Whitecap International Seafood Exporters, in which it holds an 80% stake.

It is also active in salmon, owning 66.7% of Sirena Salmon in a joint venture with the latter's founder and director, Bo Larsen, and 56.7% of Sirena Norway.

Larsen owns the remaining third of Sirena Salmon, which he founded together with Sirena in 1992.

Sirena Norway is involved in a lawsuit in the US against Umami Sustainabile Seafood, which it is accusing of fraud. A jury trial is scheduled for July 25 at a court in San Diego, California.

Sirena's largest subsidiary is Denmark-based Sirena Seafood Supply, which provided more than half its revenue last year.

But international markets are by far its biggest earner – the group earned just DKK 127 million in sales in Denmark last year, with the remaining DKK 2.25 billion generated abroad.

NEW CEO

In July 2013, Boe Spurre, who started as chief financial officer of Sirena in May 2008, took over as CEO, after Riber, who turned 66, decided to take a backseat.

Riber is now chairman and no longer involved in the daily running of the group.

Prior to joining Sirena, Spurre worked as managing director of Kemetyl, a cleaning chemical supplier, from July 2004 - April 2008.

A STRONG 2013

After posting disappointing earnings in 2012, Sirena boosted its profit by 87% in 2013, while revenue rose for its fifth consecutive year.

The strong growth was "driven by optimism in seafood consumption, optimized supplier agreements and the diversification of sales on several markets", Spurre told Undercurrent News at the time.

Growth, he said, was particularly strong in two of the company's staple products: cooked and peeled coldwater shrimp, and Greenland halibut.

The turnover of DKK 2.379bn was a 12% increase on 2012, and a 73% hike on 2009's DKK 1.378bn.

Profit was at its second highest since 2009, with the operating profit up DKK 18m or 31% to DKK 76.45m. Net profit was up 87% or DKK 4.5m to DKK 9.745m.

"We consider the profit for the year satisfactory and expect the company to make progress in the years ahead," said Mikael Moller Sorensen, chief commercial officer of Sirena.

"The company's financial position underpins our strategy to stringently focus on creating stable business operations, developing a solid base of suppliers and diversifying the sale of seafood on several markets. These measures reduce our vulnerability as a foodstuff company."

The salmon business also had a strong year, reversing a poor 2012 with a net profit of DKK 1.53m in 2013.

Sirena Salmon is purely a trader, but over the years, it has built up relationships with producers.

Although the bulk of its volumes are fresh, it is also upping its frozen volumes. "Our frozen business is increasing, both from Norway and Chile. That's part of our strategy, we want to be better on those products," Larsen told Undercurrent in April 2014.

While Asia is growing, markets in southern Europe are struggling. The biggest problem is the loss of credit insurance for many companies, said Larsen. Like many of its peers, Sirena Salmon has a policy of only trading with companies covered by credit insurance. "If you think of it, one container of salmon is more than DKK 1m."

Sirena described 2013 as a busy year for the company, "during which, after a couple of years in the shadow of financial crisis, we have now

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stabilized our business and again delivered a solid profit".

However, it said, the trends of rising demand that lifted sales in 2013 are not expected to continue this year.

"The global markets where Sirena buys and sells our products were marked by rising demand on the global seafood market in 2013," said its annual report. "The stable operation and rising optimism in seafood consumption on the world markets means that we have maintained our revenue with a slowly rising trend. This positive trend is not expected to continue in 2014."

In a comment sent to Undercurrent, Sirena noted that consumers are increasingly asking for 100% natural foodstuffs. In this segment, "Sirena holds a competitive advantage relying on natural seafood without any additives and traceability back to its suppliers", it said.

The company has also been certified against the Marine Stewardship Council (MSC) standard since 2009, and became re-certified in 2013.

"Compliance with the MSC standard is of utmost importance to us, as this credential is required to operate in our markets," said Spurre.

"Our strategy for 2014 and the years ahead is to consolidate and grow our business by an unyielding focus on our core products. We regularly optimize our internal processes and make use of low-risk business models," added the CEO.

Activities

processing | distribution
sales | export

Shareholders

Peter Buhl (co-founder)
Steen Riber (co-founder)

Subsidiaries

Sirena Seafood Supply
Sirena Salmon Co (66.7%)
Sirena Norway (56.7%)
Whitecap International Seafood Exporters (80%)

Species

coldwater shrimp | halibut | red fish | lobster
scallops | haddock | saithe | salmon | cod
pangasius | crab | Alaska pollock

78

Daiichi Suisan

Turnover	JPY 44,339m (March 2014, +2%)
Ownership	Private
Country	Japan
Key executive	Hiroyuki Taguchi, President

Daiichi Suisan is a seafood wholesaler focused on the Tokyo Metropolitan central wholesale market, focused on a range of species, including tuna, other pelagics, shrimp, shellfish, molluscs and some whitefish.

The company is the sixth largest wholesaler in the Tsukiji Market, out of the seven leading ones: Chuo Gyorui, Daito Gyorui (Maruha Nichiro's subsidiary), Tohto Suisan, Tsukiji Uoichiba, Sogo Shokuhin and Marusen Chiyoda Suisan.

Daiichi Suisan, like Marusen Chiyoda Suisan, is private and no profit figures are available.

Despite the weak yen driving up the cost of imports in 2013, Daiichi Suisan saw its revenue go up by 2% year-on-year in its latest financial year.

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Activities

wholesale

Species

tuna | horse mackerel | sardines | skipjack | Pacific saury | squid | swetfish | blowfish | sea urchins | oysters | shrimp | crab | surimi | amberjack | salmon | scallops | sablefish | eel | swordfish | ray fin | trout | monkfish | atka mackerel | flounder | sandfish | roe | rockfish | fluke | capelin | butterfish | chikuwa | whitebait | ice goby

79

Polar Seafood

Turnover	DKK 2,324m (Dec 2013, +1%)
Ownership	Private
Country	Greenland (Denmark)
Key executive	Henrik Leth, Chairman

POLAR SEAFOOD

Founded in 1984, Polar Seafood harvests mainly coldwater shrimp but also cod, Greenland halibut, redfish and snow crab in Greenlandic waters, competing closely with state-owned rival Royal Greenland.

It owns a fleet of trawlers operating in Greenlandic waters, as well as factories in Greenland and in Denmark.

The company has also invested in Russia and in a fishing group, East Greenland Codfish.

Like Royal Greenland, Polar has started fishing pelagics in Greenland after the government allocated some experimental quotas as a result of growing volumes of mackerel and herring in Greenlandic waters, combined with continued cuts in coldwater shrimp quotas.

Royal Greenland was allocated the largest share of Greenland's 100,000-metric-ton mackerel TAC for 2014, with a quota of 20,000t, while Polar Seafood received the second largest share, 18,000t, for its two trawlers Sigguk Trawl A/S and Polar Pelagic A/S.

Polar has been bullish about the mackerel fishery's potential. Chairman Henrik Leth told Undercurrent News it has invested DKK 300 million (€40m/$55m) to take advantage of the nascent pelagic fishery.

The investment helped Polar buy two-thirds of shares in a pelagic freezer trawler, Polar Pelagic, with Icelandic group SVN, part of Samherji, owning the rest.

It also financed the conversion of a shrimp trawler into a whitefish and pelagic trawler.

The investment means Polar now has two vessels with which it can target pelagics. It also plans to use at least one of its existing whitefish trawlers for pelagics, said Leth.

Leth, speaking as chairman of the industry committee on fisheries and export of the employers' association of Greenland, told Undercurrent Greenland would fight for its rights to the Northeast Atlantic mackerel fishery.

This stock is currently managed by the so-called coastal states Norway, the EU, the Faroe Islands and Russia, but has been the subject of intense dispute since 2010 due to the stocks' migration further west towards Faroese, Icelandic and Greenlandic waters. While the EU, Norway and the Faroes buried the hatchet in May 2014, both Greenland and Iceland remain excluded from a long-term management plan.

POLAR SEAFOOD

"You could say this is [Polar] trying to develop a part of the fishery which hasn't been developed yet," Leth had told Undercurrent in April 2013.

"With declining shrimp quotas in the North Atlantic, it is vital for us to focus on new species and adapt our organisation to the actual conditions. The same also applies to Greenland's fishing industry in general," Leth had said.

While revenues rose 1% in 2013, operating profit rose 16% DKK 183m to DKK 212. Profit before tax remained stable at DKK 203m, while net profit edged down only slightly from DKK 102m to DKK 989m.

The firm considered this a good result, put down to "efficient and agile organization" as well as its pro-active investment in pelagics.

"The company considers profits on the order of DKK 200m to be satisfactory, but also a prerequisite to provide the enormous investments needed to succeed against international competition," it said.

Its Danish subsidiary Polar Seafood had a tougher year, however, as higher costs of sales knocked down its profit from DKK 80.27m in 2012 to DKK 70.78m.
The Danish division said it expected further tough times ahead, due to falling shrimp supplies and continuing downward trends in exchange rates with some export markets

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This year would see "expected reduced activity with a consequent decrease in results in 2014 compared to 2013," it added, "partly attributable to a reduction in the supply of shrimp, as well as the exchange rates of some export markets have shown a continued downward trend."

The group's turnover is derived 79% from countries other than Denmark, with emphasis on euro countries, as well as Eastern Europe and Asia. Hence, exchange rates can play a substantial part in business.

The group is also affected by changes in exchange rates as a result of the foreign subsidiaries' results, and equity at year-end is translated into Danish kroner at the balance sheet date, the company said.

Activities

processing | fishing | sales | export

Species

shrimp | halibut | mackerel | cod

Subsidiaries

Polar Seafood Denmark
Kongekrabbe
Upernavik Seafood (50%)
Naajaq Seafood
East Greenland Codfish
Berlevåg

80*

* joint position

Norway Royal Salmon

Turnover	NOK 2,604m (Dec 2013, +49%)
Ownership	Public (OSLO:NRS)
Country	Norway
Key executive	Charles Høstlund, CEO (incoming)

Oslo-listed salmon farmer and third-party exporter Norway Royal Salmon unveiled record profits in 2013 thanks to rising salmon prices - and despite soaring costs worsened by lice, disease and escapes.

Earnings before interests and taxes (ebit) for the year 2013 was up 402%, or by NOK 280.8m, to NOK 350.7m, on revenues which were up NOK 859m, or 49%, to NOK 2.6bn.

This saw the company shoot up on our ranking this year, surpassing bigger farmer Grieg Seafood in the process.

Record high profits for the year - confirming Nordea's prediction in 2013 that super-profits in the industry are back - saw NRS propose a payout of NOK 95.9m (NOK 2.20 per share) for the fourth quarter of 2014, up from a dividend of NOK 43.5m (NOK 1 per share) in September 2013.

In January 2014, the salmon producer announced Danske Bank agreed to refinance NOK 700m of credit lines over five years.

In 2013, however, the company saw its costs increase to NOK 25 per kilo, reaching as much as NOK 30 in its southern Norway farms. These costs were far higher than in 2012.

The group harvested a total of 25,200t in 2013, missing its guidance by 1,800t, albeit up 19% from the previous year.

The drop was blamed on poor growth in its southern farms, where it harvested only 320t in the third quarter of the year, compared to 1,835t in the third quarter last year.

For 2014, NRS has lowered its guidance by 1,000t to 29,000t.

Touted by analysts as an attractive acquisition target, NRS benefits from its position in Norway's northern Troms county, where biology is good and where other farmers are looking to increase exposure.

NRS has also emerged as one of the big winners of Norway's new environmentally friendly salmon licenses, scooping 10 licenses, thereby upping its farming capacity by 40% over the next two years.

If, in addition, it starts producing larger-sized smolt (up to 300g), it could increase production by another 20-30%, reckoned Nordea analysts in a report.

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Given its favorable cost profile and growth potential, Nordea highlighted NRS' share as its sector small-cap top pick, nudging the target price up to NOK 65 and keeping a 'strong buy' rating.

Thanks to holding close to 80% of its production in the north of Norway, which has better biological conditions than the south, NRS now holds well-performing farming assets that should support further profitable growth, according to Nordea analysts.

For its first quarter of 2014, the salmon producer reported the best margins in its history, on the back of strong salmon markets driven by high demand and low supply growth.

The farming business achieved ebit per kg of NOK 18.45 in the quarter compared with NOK 9.48 in the same quarter last year.

Operational ebit for the first quarter came in at NOK 87.1m, almost doubling compared with NOK 44.8m in the same quarter of 2013.

After reporting its best ever margins in Q1 2014, the company's CEO John Binde resigned on June 2014, having been ten years in the position.

On June 25, Marine Harvest's regional director for northern Norway, Charles Høstlund, was appointed as the new CEO of RNS.

Binde will be stepping down with effect from Sept. 30 2014, and Høstlund will take up the role by Oct. 1 the latest.

Activities

processing | aquaculture | sales | export

Subsidiaries

NRS Finnmark
Nord-Senja Laks
Nor Seafood
NRS Feøy

Species

salmon | trout | Arctic char

80*

* joint position

Zhangzidao Group

Turnover	CNY 2,603.4m (Dec 2013, flat)
Ownership	Public (002069:Shenzhen)
Country	China
Key executive	Wu Hougang, Chairman & President

Possibly the world's largest scallop harvester, Zhangzidao Group (formerly Dalian Zhangzidao Fishery Group) sets the reference for scallop prices from China, the world's largest scallop producer.

The company is also a major supplier of products such as abalone, sea cucumber and lobster.

2013/2014 have seen several changes at the group, which reflected its efforts to broaden its scope, while uppings its imports into China.

Reflecting its broader scope, the company changed its name from Dalian Zhangzidao Fishery Group in 2013.

As of May 2014, it also has a new CFO, Gou Rong.

Acquisitions are also part of its strategy. At the end of 2013, it acquired Dalian Shinzhong, a Dalian-based seafood processor, from its Japanese owners, for RMB 280 million in cash, or approximately $46m.

Based in northern China, Shinzhong was previously owned by the Japanese company Shin Nihon Global.

The group processes wild salmon with a focus on the European and Japanese markets, said industry players. According to its website, Shinzhong has processing capacity of 15,000 to 20,000 metric tons.

SEVEN FACTORIES

While known for its scallop business, which dominates 70% of China's market, Zhangzidao also operates fish and seafood factories, with seven factories - including one in Dalian - and processing capacity of 60,000t.

Since it started in 1958, it has grown to operate seven factories and claims to control 70% of China's scallop market, while also farming scallops, abalone and sea cucumber.

The group is based in Dalian, with more than 4,000 employees across its 19 branches, 20 subsidiaries and two joint ventures.

In spring 2014 the group announced plans to raise funds through a private placement of new shares, with the aim of raising between $161.06m and 220.65m.

Earlier in the year it was reported that Zhangzidao was planning to issue RMB 300m ($48.12m) debt, in addition to RMB 650m in medium-term notes.
Zhangzidao's projected profits for the first half of 2014 fluctuate from RMB 44.8m to RMB 60.6m. Persistent inertial impact of the marine

farm environment and market factors were cited as the main reasons for the forecast.

AIMING FOR 10% LOBSTER SALES HIKE

Zhangzidao Group saw a 10% increase in lobster sales in 2014 year over 2013, thanks to rising demand in China, prompting the company to send three staff members to the Lobster Academy in St. Andrews.

The company aims to develop tools to grab market share in the increasingly competitive Chinese market for American lobster.

For this, it has to compete with the rising amount of companies selling lobster in China at every angle, from procurement to its treatment of the product in holding facilities to selling online.

“We want to know more details about the industry,” Merlin Liu, procurement supervisor for live seafood, told Undercurrent News in June 2014. “Chinese people want to try something they have never eaten before - and when they try it, maybe it is delicious.”

The company is already selling lobster to wholesalers and has plans to sell some product on a Chinese website similar to Ebay, called tmall.com in English, Liu said.

This seems to be part of a wider strategy, after the group signed an agreement with retailer Beijing Jingdong Century Trading for an online sales business. Beijing Jingdong is an Chinese online retailer backed by Saudi Prince Alwaleed bin Talal, which plans to raise about $2 billion in an initial public offering in the second half of 2014 in the US.

CHANGING TRADE FLOWS

The past two years have seen Zhangzidao shift from being focused on exports from China, to also start catering to imports into China, in line with growing demand in the country.

In April 2013, Zhangzidao told Undercurrent it was on the hunt for suppliers to serve China’s burgeoning middle class population.

The company began importing seafood to sell in China for the first time in 2012 and said it was planning a full scale launch of imported products across a range of finfish and shellfish species, farmed and wild.

The North American division of Zhangzidao, ZF America, was thrown into aggressive growth mode by a ten-fold increase in sales to China in 2013, as well as growth from its parent company.

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The end of 2013 saw ZF America CEO Jack Liu, who had been switching from sourcing from China to selling more to China, looking to hire sales managers in Toronto and Boston offices, as well as a sourcing manager on the West Coast; he had recently hired a sourcing manager based in Nova Scotia, Canada, to take care of its lobster business.

Meanwhile, the ten-fold increase in China sales moved China to the forefront of Liu's mind. China sales in 2013 went from negligible to become 20% of his total sales this year, and as Liu expected that figure to grow to 30% in 2014, change is afoot.

Zhangzidao then stepped up its efforts to import product from North America, specifically dungeness crab and lobster, at the Boston Seafood Expo in March 2014. It reached strategic cooperation intent agreements with Pacific Seafood Group and Clearwater Seafoods for dungeness crabs and lobsters respectively.

However, while the group has imported US lobsters and dungeness crabs into the domestic market and claims to have achieved great success in their sales, the import has failed to meet the increasingly strong demand in China.

The company's chairman Wu Hougang has said that the upstream ocean activities are on of the three most important resources owned by Zhangzidao.

The company has also benefited from building a seafood company in the Shanghai Free Trade Zone, and from having its own central refrigerated logistics company.

Activities
processing | fishing | aquaculture
distribution | trading | marketing |export

Brands
Zhangzi Island | Dalian Zhangzidao

Species
scallops | squid | shrimp | sea urchin
blue whiting | sea cucumber | abalone
dory | conch

Subsidiaries
ZF America | DalianShinzhon

82

Sendai Suisan

Turnover	JPY 42,959m (Mar 2014, +5%)
Ownership	Private
Country	Japan
Key executive	Shimanuki Fumiyoshi, Chairman & CEO

Based in Sendai, Sendai Suisan is a Japanese wholesaler, particularly strong on oysters and farmed salmon.

It is a competitor of Sento Gyorui (2013/2014 revenues: JPY 33,677m).

It has 18 subsidiaries in total. The largest include the scallop producer Maruhon Honma, the crab and scallop producer Sanada, the seafood processor Yamaden and the smelt and salmon producer Maruyasu Taiki.

In April 2013, the company announced a tie-up with Chuo Gyorui, based in Tokyo and with Marusui Sapporo Chuo Suisan, based in Sendai, to form a $2bn seafood wholesaler.

Combined, the three will source a total of approximately 300,000 metric tons, across a range of species from scallops, to oysters, tuna, shrimp and salmon, while jointly developing new products.

The three companies - which deal with wholesale, foodservice and retail regionally - complement each other well, Masato Satoh, Marusui executive director, told Undercurrent News in April 2013.

"Chuo Gyorui is strong in the shrimp and tuna sectors. Sendai Suisan deals a lot with oysters and salmon aquaculture. Sapporo Chuo Suisan works heavily with the scallop, kombu and natural salmon sectors in Hokkaido," Satoh said.

The details of the partnership are still unclear. Japanese media reports said the companies would combine their purchasing efforts, to gradually cut procurement and distribution costs by 10%.

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Activities

wholesale | import

Species

tuna | horse mackerel | sardines | roe
Pacific saury | squid | swetfish | blowfish
sea urchins | oysters | shrimp | crab amberjack
| salmon | scallops | sablefish
eel | swordfish | ray fin | trout | monkfish
atka mackerel | flounder | sandfish | fluke
rockfish | capelin | butterfish | chikuwa
surimi | skipjack | whitebait | ice goby

83

Kailis Bros

Turnover	AUD 451.29m (June 2013, -2.18%)
Ownership	Private
Country	Australia
Key executive	George Kailis, Chairman

Kailis Bros, now the largest seafood company in Australia by some distance, started out in the late 1920s.

Although turnover and profits were down in its latest financial year, to June 30, 2013, the company is still a large player. It reported turnover of AUD 451.29 million, down 2.18% year-on-year, with pre-tax profit of AUD 12.10m, down 11.33% y-o-y.

In June 2014, Kailis Bros teamed up with the UK division of Icelandic Group to launch "The Speedy Fish Co." brand in Australia. The Australian division of Golden Fresh, a Malaysian processor, has trademarked The Saucy Fish Co. brand, meaning Icelandic and Kailis had to adapt the brand.

Icelandic told Undercurrent News at the time they were considering legal action against Golden Fresh over their trademarking of the name.

The initial "Speedy Fish" product line-up includes four ready to cook fish and sauce combinations, as well as two "ready to enjoy" salmon fillet variants.

Two of the products were developed exclusively for this new territory: cod with piri piri sauce and cod with sweet soy and chili dressing.

The products are being sold in Coles and Woolworths supermarkets in Western Australia via Kailis Bros.

Around the same time, Kailis was advertising in the UK for an operations manager to join its team in Perth, western Australia.

"The company, a family owned business established in 1926, is undergoing a significant upgrade to its facilities and requires a professional, motivated manager who is able to bring considerable experience and expertise to ensure the highest standards, both in terms of quality and productivity," the job ad read.

"It is anticipated that the ideal candidate will have extensive experience in fish processing and the supply of fresh pre-packed seafood to leading UK supermarkets. A thorough understanding of BRC food standards is therefore essential," the ad stated.

FROM GREEK ISLAND TO PERTH FISH SHOP

The company's origins come from George Peter Kailis, who immigrated to Australia at the age of 14 from Kastellorizo in Greece in 1914 and established a retail fish shop in Perth, Western Australia in 1926.

KAILIS BROS

After George passed away, his eldest son Michael took over the retail business, growing it into the largest buyer of fresh fish in Western Australia.

In 1962 Michael purchased the ailing Perth Fish Markets which traded under the name A.J. Langford, which is still trading today under this name as a sister company to Kailis Bros.

Michael Kailis recognised that the commission based business needed to provide fishermen with steadily growing prices if it was to grow its volume and return to profitability. Michael sought to create a secondary market for excess volumes so that prices could be maintained through the auction process.

He built processing facilities and pursued the sale of frozen fish into the remote mining sector which was beginning in Western Australia. The business grew and Michael established a wholesaling arm trading as K.F.M. Fisheries, which has since 1989, traded as Kailis Bros Foodservices & Logistics.

By the mid-1960s, Michael decided to concentrate his efforts on A.J. Langford and K.F.M. Fisheries and he sold the retail business, which was by that time trading as International Fisheries.

The 1970s saw continued economic growth in Western Australia with the establishment of international hotels and a burgeoning foodservice market in Perth.

Michael Kailis grew the business through this route and also through mining camps and other foodservice operators, who asked Kailis to source a broader range of products including poultry, vegetables and frozen foods.

Kailis Bros Food Service and Logistics expanded through the 1970s and into the 1980s to include distribution service agreements with quick service restaurants, global industrial caterers, airline caterers, government institutions, armed forces and the entire foodservice market.

In 1980, Kailis decided to re-enter the retail arena by establishing Kailis Bros Fish Market. In 1982 Kailis Bros established subsidiary Black Swan Ship Supply which targeted the supply of

comprehensive ships provisions to ships visiting Fremantle port. Blanket Supply Agreements with the US Navy saw the company grow rapidly and
a duty free retail shop which target retail sales to crew members was added to the business.

A long term decline in ships visits to Fremantle saw Kailis Bros re-evaluate its involvement in Black Swan Ship Supply and a decision was made to divest the business to existing management.

Kailis Bros maintains a strategic ship supply business targeting high end cruise liners including six Star Cruise Line, Crystal Cruises visiting Australian ports.

LOBSTER, TRADING EXPANSION

In the mid-1980s the group's subsidiary National Fisheries entered the lobster industry by purchasing a West Australian Rock Lobster export processing license.

The business has developed live tanks facilities, in-line programed cooking systems and has expanded to become the second largest western rock lobster processor in Australia. National Fisheries today exports Western Rock Lobster to China, Japan, Taiwan, France and the US.

After many years of trading and supplying products into the New South Wales, Victoria and Queensland markets, Kailis Bros decided to establish its own trading office.

Michael's eldest son, George, moved to Melbourne in 1990 where he established Kailis Bros Seafood.
Tapping into established relationships in Vietnam as well as strong trade links in Thailand, Indonesia and across the globe, Kailis Bros Seafood grew rapidly, supplying major wholesalers and restaurant chains.
By the mid-1990s Kailis Bros Seafood strategically positioned itself to support supermarkets as they pushed into the fresh seafood market. Today, Kailis Bros supplies a range of fresh natural and value added seafood to supermarkets for sale both behind the counter and pre-packed.

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Kailis Bros Seafood opened an office in Ho Chi Minh City, Vietnam in 2004 and Kailis Bros Trading became the largest Australian importer and supplier of frozen seafood into both retail and foodservice, with offices established in Sydney and Brisbane.

In 2008 a Strategic Marketing Alliance with Sealord of New Zealand saw Kailis Bros Trading secure the Australian marketing rights to the Sealord portfolio which today includes New Zealand hoki, dory, orange roughy and ancillary species.

Activities

fishing | processing | logistics | fish auctions

Shareholders

Kailis family

Brands

KB | Just Caught | The Speedy Fish Co.
Clipper K | Lobstar

Subsidiaries

Kailis Bros Seafood | National Fisheries
Kailis Bros Food Services & Logistics
Perth Fish Markets | Kailis Bros Leederville

Species

salmon | rock lobster | shrimp | pangasius
tilapia | cod | hoki | dory | orange roughy

84

Albacora Group

Turnover	€298m (Dec 2013, +8%)
Ownership	Private
Country	Spain
Key executive	Ignacio Lachaga, Chairman

Basque fishing group Albacora owns Europe's, and possibly the world's, single largest tuna fleet.

The group's 27 vessels catch 170,000 metric tons annually - mainly albacore, skipjack, and bigeye - from the South Pacific, South Atlantic and Indian Ocean. It operates plants in Spain and one in Ecuador since 2002 and has Marine Stewardship Council (MSC) chain of custody certification.

Its fleet is said to include five seiners in the Indian Ocean, six in the Atlantic and six in the Pacific.

It also operates the 4,406 metric ton gross tonnage Albatun Tres, thought to be the world's largest tuna vessel.
Sales are carried out through its Salica marketing and sales arm, which has been expanding from canned products (through Salica Industria Alimentaria) into value-added frozen tuna products, through Salica Alimentos Congelados.

It also has a US-based division, Salica America, and a canning plant in Ecuador, Salica del Ecuador.

In September 2013, Ignacio Lachaga, chairman of Albacora, said during the VI Worldwide Tuna Conference held in Vigo, Spain, that improving sales volumes is not the primary goal, since all their catch finds a market.
Instead, Lachaga argued, the sector should put the focus on the product, the tuna, and take sustainability "very seriously".

In 2014, Albacora has been implementing a newly developed non-entangling fish aggregating device (FAD) to its fishing operations on the Indian Ocean, already implemented in the Pacific and Atlantic oceans during 2013.

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The device practically eradicates the entanglement of turtles and sharks, although it does not avoid bycatch – estimated by the group at no more than 0.5% of total catches.

The group has also currently installed electronic observers throughout its fleet, to complement human observers' activity.

Albacora was also the first to contract "Digital Observer Services" to provide ground observers' reports.

Activities
processing | fishing | distribution | export

Brands
Campos

Subsidiaries
Salica

Species
tuna | bonito | mussels | clams | cockles
mackerel | anchovy

85

Severnaya (Северная Компания, ИТА)

Turnover	€400m (Dec 2013, +23%)
Ownership	Private
Country	Russia
Key executive	Vitaly Kornev, General Director

Severnaya is one of Russia's largest salmon importers and processors, competing with the likes of Russian Sea Group, Atlant-Pacific and Tehnolat.

Founded in 1991, it supplies mainly major retail chains and foodservice groups in Russia, with a focus on fresh seafood. Products include salmon roe and seafood in modified atmosphere packaging.

The company supplied its annual 2012 and 2013 revenue figures to Undercurrent News, and said its volumes hover around roughly 50,000 metric tons, of which 40,000t fresh and 8,000-10,000t frozen.

Focus is on products with relatively high prices, said sales director Borge Prytz Larsen. It also trades small volumes of pelagics such as herring and mackerel and cheaper species.

In 2013 and 2014, the company led warnings from Russian importers that the high Atlantic salmon prices out of Norway were hitting demand in Russia, and driving imports down.

In the first three months of 2014, Norwegian fresh salmon exports to Russia were down by 22%. By the end of week 25 (June 22), the drop had shrunk to 16%, possibly as a result of a drop in prices.

The price situation – as both fresh prices from Norway and frozen prices from Chile increased in 2013 and the first quarter of 2014 – as well as the depreciating ruble have combined for a "nightmare" situation, Prytz Larsen told Undercurrent in March 2014. Borge added that several Russian importers were severely struggling and the number of importers has declined.

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Severnaya has also been embroiled in two highly mediatic investigations into alleged cartels of Russian salmon and pangasius importers.

The investigations implicated Russia's largest importers, and in July 2013, the Federal Anti-monopoly Service found Russian Sea Group, Severnaya and Atlant Pacific guilty of colluding in a cartel on salmon imports.

On Dec. 31, FAS fined SK Retail, linked to Severnaya, RUB 40.2 million ($1.21m) and Russian Sea RUB 100,000 ($3,065) for their involvement in the alleged cartel.

Activities

import | distribution | sales

Brands

Gustavsen

Subsidiaries

Profibusiness | Sk Ryba | Sk Kaliningrad

Species

Atlantic salmon | trout | seabass | seabream shrimp | pangasius | sturgeon

86*

* joint position

Grieg Seafood

Turnover	NOK 2,404m (Dec 2013, +16%)
Ownership	Public (GSF:OSL)
Country	Norway
Key executive	Morten Vike, CEO

Grieg Seafood is one of the world's largest salmon farmers, with a harvest of 58,061 metric tons in 2013 across its farms in Norway, Canada and the UK.

In Norway, where it harvested 38,000t, it is fifth largest after Marine Harvest, Leroy Seafood, Cermaq and Salmar.

Although it farms more than Norway Royal Salmon (25,191t in 2013), however, Grieg has fallen six places behind its smaller rival in this year's ranking as NRS' revenue shot up 49% in 2013, to NOK 2.6 billion. NRS also derives a large part of its sales from third party volumes.

For 2014, the company expects to harvest 69,000t.

DISAPPOINTING PERFORMANCE

At 16%, Grieg's annual turnover growth rate was in fact the most modest of the Norwegian salmon producers in 2013, a year in which rocketing salmon prices saw those producers' top and bottom line soar spectacularly.

This reflects the fact that the company's financial performance has consistently been behind those of its peers, with Nordea analysts describing its results in 2013 as disappointing.

As all Oslo-listed salmon producers shared big dividends in early 2014, Grieg and Scottish Salmon Company (annual revenues £82.4 million) were the only ones missing from the party.

Its first quarter results in 2014 were better, however, and operating profit surged 174% y-o-y, exceeding analysts' expectations. This was driven by solid results in Norway and a major improvement in the UK, where its farms had struggled with biological challenges. Even so, it was once again the laggard among Norwegian salmon producers in that quarter.

SEALICE, RUSSIA WOES, UK EXPULSION

Disappointing earnings are not the only negative publicity to have affected Grieg in the past years.

In Norway, a Grieg production manager was handed out a 30-day prison sentence in July 2014 for having who filed misleading sealice reports. She had admitted to reporting fictitious lice level figures to the Norwegian National Food Safety Authority.

Also in Norway, the group decided to pull the plug on its trout activities. This was largely due to export difficulties to the main market, Russia, which has put several exporters on an indefinite export ban. Grieg stopped all trout production as of early 2014.
The move was also motivated by a decision to focus solely on Atlantic salmon, said Grieg.
As part of this, it said its last generation of Pacific salmon - farmed in British Columbia - will be harvested in 2015.

In the UK, where Grieg is active in the Shetlands
through Grieg Seafood Hjaltland, the company was then expelled from the Scottish Salmon Producers Organization (SSPO) in April 2014.

SSPO explained it kicked out Grieg after the company decided to import more than one million live smolt from Norway, without subjecting it to a quarantine of three months, in direct breach of SSPO's rules.
The SSPO was left with no alternative but to evict Grieg Seafood Hjaltland from its membership, SSPO's chief executive Scott Landsburgh told Undercurrent News at the time.

In response, Grieg's CEO Morten Vike said the company had taken "extensive and extraordinary measures" to prevent and minimize "any form of increased biological risk" associated with the transport of the smolt.
The decision to import smolt, he said, was due to delays in completing its new hatchery in the Shetlands.

MARINE HARVEST SWOOPS IN

In November 2013, Marine Harvest, the world's largest salmon farmer, snapped up the equivalent of 25.8% of Grieg for NOK 22 per share, or a total of NOK 634.18m ($104.54m).
Among the sellers are Frode Teigen, the Norwegian investor and Hakon Volden, the regional director of Grieg's Finnmark division.

Marine Harvest then sold off the shares the same month, also at NOK 22 per share, but at the same time entered forward contracts to repurchase them again, at the same price. It repeated this process in January and April, and the forward contracts it holds now expire on Aug. 20, 2014.

Marine Harvest has not ruled out acquiring more shares in Grieg.

However, Grieg's CEO has downplayed takeover talk and said he sees the move as a financial investment, indicating Marine Harvest sees an upside in Grieg's shares.
"They [Marine Harvest] have said this is a financial investment. We are a listed company and anyone is free to buy and sell our shares. It's certainly a positive statement about the underlying value of the company," he told Undercurrent at the time.

Marine Harvest are not the only ones to see an upside in Grieg shares. In May 2014, the brokerage Norne said shareholders of Grieg are in for a reward.

Despite Grieg's weak performance compared to its peers, Norne said management's efforts to focus on core business areas will pay off as it changed its rating to a buy at NOK 35, NOK 10 above the trading value at the time.
Norne also pointed to the fact that Grieg had won four new of Norway's so-called green salmon licenses, which could up its capacity in Finnmark by more than 17%.

EX MARINE HARVEST MANAGER JUMPS SHIP

In British Columbia, Canada, Grieg said the last generation of Pacific salmon will be harvested in 2015. Both decisions are part of a re-focus plan to prioritize growing Atlantic salmon, although the move away from trout is also due to the ban imposed by Russia on Grieg's harvesting plants.

In corporate news, Grieg in February 2014 hired Knut Utheim as new aquaculture director, or chief operating officer for farming. Utheim started in April and had previously worked nine years as regional director at Marine Harvest, for its central Norway region. He also has experience from Stolt Sea Farm.

Grieg also appointed Roy-Tore Rikardsen as the new head of its Finnmark subsidiary in 2014. Rikardsen started in the role on July 14 and replaced Haken Volden, who had been with Grieg since 2006.

GOING SOLO IN NORTH AMERICA

In North America, Grieg has focused much marketing efforts on its chef-facing premium brand, Skuna Bay.

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In July 2014, it then revealed that it would take over the formerly outsourced commercial operation for its salmon sales with the establishment of a new company, Ocean Quality North America (OQNA).
Starting in 2015, OQNA will handle all of Grieg Canada's sales, which were previously handled by third party brokerage company Calkins & Burke.
Grieg had relied on Calkins for all of its marketing and sales, except for Skuna Bay.
OQNA is wholly owned by Ocean Quality ASA, Grieg's Europe-based joint venture company.

The move comes as Grieg is planning a big production push in British Columbia in 2014, forecasting volumes to more than double year on year, from 6,000t of production this year to 14,000-15,000t in 2015.

This would likely bring the division's total sales to over $100m although that depends on salmon prices.

Activities
processing | aquaculture | sales | export

Brands
Skuna Bay

Shareholders
Grieg Holding
(53%, controlled by the Grieg family)

Subsidiaries
Grieg Seafood Scotland
Grieg Seafood Canada

Species
salmon | trout

86*

* joint position

Seaborn

Turnover	NOK 2,404m (Dec 2013, +43%)
Ownership	Private
Country	Norway
Key executive	Jan Egil Ytrearne, CEO

Norway's largest privately-owned salmon and trout trader and exporter after Coast Seafood, Seaborn exceeded its expectations with a bumper year in 2013 as its profit doubled and revenues soared 43%.

This was driven mainly by a NOK 542 million increase in sales to the European Union, which accounted for 56% or NOK 1.36 billion of Seaborn's revenue. The UK has been a strong market for Seaborn.

Domestic sales drove most of the remaining increase, jumping 112% or NOK 155 million, to NOK 293m.

Operating profit in 2013 rose by NOK 16m or 99% to NOK 32.3m. Net profit was up NOK 8.46m or 88% to NOK 18m. Seaborn's shareholders will receive dividends of NOK 17.85m in 2014, a healthy increase from NOK 9.84m the previous year.

CFO Frank Yri told Undercurrent News growth should be attributed to changes the company embarked on in 2012, after it had seen its bottom line end in the red the previous year.

It returned to the black in 2012 after a loss-making 2011.

The Bergen-based group turned an operating profit of NOK 15.8m (€1.97m) in 2012, up from a loss of NOK 2.25m the previous year.

The company is tabling ambitious goals for the near future, aiming to up volumes to 90,000 metric tons.

"We are working on getting more farmers onboard in Seaborn, also as shareholders if that is a wish. We are aiming at reaching 90,000t salmon within a few years and at becoming the preferred sales company for producers," Yri said.

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Founded in 2001, Seaborn trades and exports salmon and trout on behalf of small and mid-sized farmers in Norway. The latter - which are also shareholders in Seaborn - represent 46 farms, and produce anything from 2,000-10,000t each a year. Salmon dominates the mix, with trout accounting for maybe 8-9,000t.

Seaborn has also diversified its markets, said Yri. While the European Union remains its key market, absorbing half of its sales, it also has sizeable sales to Asia and other countries in Europe.

Seaborn's sales to both Asia and the rest of Europe (outside the EU) stayed stable in 2013, at NOK 366.8m and NOK 275.8m respectively. Africa then took over as the next largest market, soaring 71% to NOK 68m - while America fell 16% to NOK 38.4m.

Activities

processing | aquaculture | distribution | sales

Species

salmon | fjord trout

88

Sanford

Turnover	NZD 463m (Sept 2013, +1%)
Ownership	Public (SAN.NZ)
Country	New Zealand
Key executive	Volker Kuntzsch, CEO

SANFORD LIMITED
SUSTAINABLE SEAFOOD

New Zealand's largest fishing company - although only just ahead of rival Sealord (NOK 457 million) - Sanford owns a fleet of 11 freezer-vessels, tuna purse seiners, deep-sea and inshore vessels, and scampi catchers.

The stock-listed company also farms Chinook salmon and Greenshell mussels and owns eight processing plants.

The company generated revenues of NZD 221m in the first half of of the economic year, an NZD 23m or 9% drop year-on-year. Earnings before interests, taxes, depreciation and amortization (ebitda) fell nearly NZD 5m or 17% to NZD 23.86m.

Net profit fell by NZD 2.35m or 17% as well, to NZD 11.71m. It benefited from strong greenshell mussel prices in the six months ending March 31, 2014. However, low skipjack tuna and blue mackerel prices hit both its revenue and profit in the period, despite higher tuna catches year-on-year.
In May 2013, Sanford's CEO of 15 years, Eric Barratt, announced his decision to step down from the company in January 2014.

In August, the company announced that Volker Kuntzsch, president of Nippon Suisan Kaisha (Nissui) USA, would replace Barratt in December. Nissui owns 50% of Sanford rival Sealord.

In January 2013, Sanford was dealt a $13m fine for dumping oil waste from its fishing vessel San Nikunau in US waters off American Samoa, and then trying to cover up its actions.

The judge overseeing the case also imposed a three-year probation on the company during which it cannot fish in US waters or enter US ports, and ordered it to pay an additional community service payment of $500,000 to the National Fisheries Foundation.

In April, Sanford was then accused of involvement with a manning agent said to be trying to persuade underpaid charter crewmen in Indonesia to settle for less money. Sanford denied any wrongdoing.

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The following month, Sanford reached a conditional agreement for the purchase of the Coromandel, New Zealand-based business assets of Greenshell NZ and Greenshell Investments with the companies' receivers, KordaMentha.

Kuntzsch said these assets were a strategic fit for Sanford's aquaculture business as they allow for improved supplies from a wider geography.

Activities

processing | fishing | marketing
aquaculture distribution

Subsidiaries

Auckland fish market | Auckland fishing port

Species

albacore tuna | arrow squid | lobster
blue mackerel | bluenose | mussels
hake | hoki | jack mackerel | ling | snapper
kahawai | orange roughy | oysters | salmon
scallops | skipjack tuna | smooth dory
trevally | black dory | tarakihi | toothfish

89

Sealord

Turnover	NZD 457m (Sept 2013, -6%)
Ownership	Public
Country	New Zealand
Key executive	Steve Yung, CEO

Fishing company Sealord is jointly owned by Nippon Suisan Kaisha (Nissui), one of Japan's, and the world's, largest seafood companies, and the Maori group AFL Fisheries (AFL).

It is New Zealand's second largest fishing company only slightly behind Sanford (NZD 463 million revenues), catching more than 117,000 metric tons from across the world.

In its 2013 financial year, closing at the end of September, Sealord reported a loss of NZD 36.54m, its first loss for 20 years, taking a big hit on pulling out the loss-making venture in Argentina Yuken, sold in August 2013.

In addition to Argentina, the "poor performance of three pelagic and low value fisheries, with very poor catch levels for the entire industry, losses by the North American joint venture and a sharp appreciation of the New Zealand dollar" were also contributing factors in the loss, said the Jan. 24 annual report from AFL.

This meant that both AFL and Nissui, which hold their stakes in Sealord through Kura, a holding company, took hits on Sealord.

At the end of 2013, Sealord exited from a joint venture with Mazzetta Company, focused on the supply of hoki, squid, greenshell mussels and orange roughy to the US.

As Mazzetta grew in size, it increased imports from New Zealand, outgrowing what Sealord could supply. The US company had, for the last eight years, been also buying orange roughy, mussels and other seafood from Sanford, Sealord's rival, as well as other New Zealand companies.

Sealord also plans to sell its remaining New Zealand aquaculture interests - mussel farms in the Coromandel area and a half share in a hi-tech processing factory in Tauranga - during the next two to three years.

In February 2014, Sealord split its 40% common stock in the Iberian supplier Europacifico between the Chilean partner Friosur - now with a 60% stake - and Nippon Suisan Kaisha (Nissui), which now holds 40% investment.

Sealord's Europacifico portfolio consists in a package of 20% of class B shares with rights over dividends and the option of appointing one board director.

The shift in Europacifico's ownership structure was backed by a severe recession in Spanish demand.

Sealord and co-owner AFL have pulled back from some international investments, but they have also acquired some assets.

In late 2013 Sealord and AFL completed a deal with Anton's Fisheries, an Auckland-based business with a 40-year history in the fishing industry, in which AFL assumed control of the Anton's plant and part of its orange roughy quota.

Sealord, AFL and a third party, Te Ohu Kaimoana, collectively purchased Anton's quota shares, with Sealord acquiring half, and AFL and Te Ohu Kaimoana purchasing the other 50%.

In April 2014 Sealord was reported to buy the leased hoki trawler Ocean Dawn for close to NZD 20m.

After a tough and loss-making 2013 for Sealord, Graham Stuart - who joined as top executive from Fonterra, the New Zealand dairy giant, in 2007 - announced his intention to leave Sealord in March 2014.

The CEO of Sealord said he would stay on until the end of the company's financial year or until a replacement has been found.

In July 2014, Undercurrent sources said the former managing director of McCain Foods in Australia and New Zealand, Steve Yung, had been chosen as Stuart's successor. Sealord eventually confirmed the appointment later in that month.

Sealord also has some other top spots to fill, with its CFO Jason Dale set to leave at the end of April 2014.

Siobhan Cohen, Sealord's head of human resources, also left at the end of March 2014.

This followed the departure of Ross Tocker, who was head of the company's international fishing business, first reported by Undercurrent on Jan. 27.

Cohen's role has been partly taken on by Tim Silverstone; with his role will changing from being Sealord's general counsel to being its general manager for corporate affairs.

Dorje Strang, who was head of Sealord's aquaculture business, has taken on Tocker's responsibility running the fishing side of the company.

In June 2014, Sealord hired Meaghan Dodd, a former Tesco and Young's Seafood executive as

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product and process manager, a new role. Sealord's plan now is to focus on its core business areas: deep-sea fishing and onshore processing, while also keeping its barramundi and trout farms in Australia.

The company will target Australian and New Zealand, as well as China and other Asian markets.

On March 2014, Sealord announced a deal with Australian retailer Woolworths to stock New Zealand's "most sustainable fish fresh".

The nationwide program to stock fresh New Zealand hoki across Australian supermarkets means that Sealord sales of New Zealand fresh fish to Australia will more than double in 2014.

Activities

fishing | processing

Subsidiaries

Nordic Seafood | Sealord Caistor

Species

tuna | hoki | ling | dory | orange roughy squid | Greenshell mussels

90

Bakkafrost

Turnover	DKK 2,039m *excluding feed (Dec 2013, +32%)
Ownership	Public (OSLO:NRS)
Country	Faroe Islands
Key executive	Regin Jacobsen, CEO

Bakkafrost is by far the Faroe Islands' largest salmon farmer, and trades on the Oslo stock exchange.

In the past few years, the family-owned company has been expanding by snapping up smaller farmers, before then branching out into feed, and more recently into pelagic processing.

The company is regularly singled out by analysts for its solid operating margins.

In 2013, the Norwegian investment bank Nordea rated Bakkafrost - along with Peruvian fishmeal producer Copeinca - as its top seafood stocks out of 12 Oslo-listed companies.

Nordea had a "strong buy" rating on the salmon producer in early 2013 and the rating was not misguided: Bakkafrost upped its profit to DKK 589.2 million in 2013, from DKK 281.3m in 2012.

"2013 is the best year ever for Bakkafrost," said CEO Regin Jacobsen.

The group saw high salmon prices boost its farming operations, but prices also hit its value-added products, with losses amounting to DKK -90.5m.

In the first three months of 2014, Bakkafrost reported its best ever farming margins, comfortably outperforming the margins of large Norwegian farmers in the process.

After years of acquisitions, the Faroese company issued a bond of NOK 500m on January 2013 to fund potential further deals.

Only three months later - in April 2013 - it bought a 27% stake in Marine Harvest Faroes for DKK 54m.

In May 2013, Norwegian salmon farmer SalMar sold 7.3 million shares in Faroese rival Bakkafrost, netting NOK 512.75m in the process, and reducing its stake to below 20%.

SalMar did not give a reason for the decision, but the move came after the Faroe Islands passed a law capping foreign ownership in the Faroes.

Under the new law, entered into force in August 2012, Bakkafrost was unable to acquire new licenses in the Faroe Islands as long as a foreign company owned more than 20% of its capital.

In December 2013, SalMar sold off its entire 14.9% stake in Bakkafrost for NOK 625m.

The sale allows Bakkafrost to expand domestically, although the salmon producer's primarily goal is to achieve self-sufficiency for smolt.

To achieve this goal, Bakkafrost built a hatchery in 2013 that was expected to commence production in H1 2014.

FIVE-YEAR DKK 1BN RESTRUCTURING AND EXPANSION PLAN

In July 2013, Bakkafrost unveiled a five-year-plan to invest more than DKK 1 billion to "centralize" its seven plants, build a new wellboat and increase the size and numbers of its smolt in a bid to "have one of the most cost-efficient value chains in farming industry," the company said.

The plan also aims to up its fish feed production capacity by 70% by 2017 through the fishmeal, oil and feed producer Havsbrun which it acquired in 2011.

Bakkafrost said it plans to up Havsbrun's capacity to 170,000 metric tons, from 100,000t. The increase will be achieved by investing in a second production line.

In April 2014, Bakkafrost then acquired majority ownership of Danish fishmeal producer Hanstholm Fiskemelsfabrik, by acquiring a further 41.15% of shares in the company, to 81%.

A few days later, in May 2014, Bakkafrost said it had sold its newly acquired shares in Hantsholm Fiskemelsfabrik to larger Danish producer FF Skagen, in exchange for 17% stake in the latter.

FF Skagen sourced 325,000t of pelagic fish for fishmeal and oil production in 2013.

PELAGIC BEGINNINGS

Also in 2014, Bakkafrost has jumped on the pelagic human consumption business, after teaming up in January with pelagic catchers Framherji and Palli hja Mariannu to create a large pelagic plant - called Pelagos - in the Faroes.

Bakkafrost owns 30% of the new plant through its feed subsidiary Havsbrun. Built at a cost of approximately DKK 200m, the plant will have a total freezing capacity of 600t per day.

Pelagos is scheduled to start operations in August 2014 and is led by former Former Faroe Bank chairman Johan Pall Joensen.

BAKKAFROST

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The plant will need around 40,000-45,000t a year to be profitable, Havsbrun's managing director Odd Eliasen told Undercurrent News in January 2014.

Its creation comes amid high pelagic volumes for the Faroe Islands. The country is set to take 12.6% of this year's bumper 1.24 million metric tons Northeast Atlantic mackerel quota, and blue whiting has also been set at a massive 1.2m tons.

Activities

processing | aquaculture | sales | export

Subsidiaries

Havsbrun
Bakkafrost UK
Pelagos (50%)

Species

salmon | blue whiting | mackerel

91

Clearwater Seafoods

Turnover	CAD 388.7m (Dec 2013, +11%)
Ownership	Public (CLW)
Country	Canada
Key executive	Colin E MacDonald, Chairman & Co-founder

Founded in 1976 by brothers-in-law John Risley (largest shareholder and director) and Colin MacDonald (chairman), Clearwater Seafoods has grown into one of Canada's largest shellfish suppliers.

The group is the largest quota holder of Canadian offshore scallops, and of Canadian shellfish quotas overall, including for coldwater shrimp and lobster.

After a strong 2013 and record fourth quarter, there was much talk of Clearwater looking to acquisitions in 2014.

The firm had a 'warchest' following the CAD 34 million equity raise completed in February at $8.50 a share, and would likely be looking for a deal within the CAD 10-100m range, it was thought.

Management was thought to be actively working a pipeline of opportunities, the first priority being the acquisition of additional premium seafood quota at a reasonable valuation. The firm's free cash flow was one of several results to grow impressively in 2013, seeing a 50% increase across the year.

Even without an acquisition, it is thought Clearwater is tracking well towards its goal of CAD 500m in sales and CAD 100m in earnings in interest, taxes, depreciation and amortization (ebitda) by 2016.

Clearwater points out that global demand for seafood is outpacing supply, creating favorable market dynamics for vertically integrated producers such as Clearwater which have strong resource access. Thanks to these dynamics, pricing alone could deliver 3.5%- 4% growth annually.

Clearwater acknowledges in its strategies the need for acquisitions to expand access to its core species. It also plans joint ventures, yield-improving harvesting and processing technology research – 2013 saw its sales to Asia decline, not due to a lack of demand, but to limited supplies.

Clearwater is investing in its fleet over 2014, which is set to be a record capex year for the company, CEO Ian Smith told Undercurrent News.

The largest chunk is a CAD 45m investment in a new vessel and on-board factory for the Canadian offshore clam fishery, said Smith.

Clearwater is to invest as much as CAD 80m in capex in the year, according to a report from Beacon Securities. Aside from the investment in the clam vessel, the major single spends for the company consist of CAD 15m for a late life refit of a shrimp vessel and CAD 10m for a scallop vessel conversion for Argentina.

For the scallop vessel, 15 meters have been added into the middle of Atlantic Leader, which is to be renamed Cape Sante and shifted from Canada to fish in Argentina.

The company has two vessels in Argentina, Surf 1 and Surf 3. Cape Sante will replace Surf 1. The new clam vessel is expected to be a significant driver of growth for 2015.

Management expects the addition of this vessel will increase clam capacity by 60% - clams are the only quota where Clearwater has been under-fishing its total allowable catch.
It is also in the process of developing markets for traditional lower value clam species – propeller and cockles, said Smith.

Clearwater ended the first quarter of 2014 with slightly lower earnings from the previous year despite a 13.9% increase in sales to $77.8m. The company saw ebitda decrease 5.5% to $10.2m, a result that Clearwater characterized as "stable". The fall came on outside factors as well as costs from foreign contracts, which offset the higher sales figures.

The sales boost came from strong market demand and prices, coupled with a $5.9m positive impact from a favorable foreign exchange rate environment. The US dollar, euro and yen were all at higher levels in 2014's first quarter than that of 2013.

However, the sales increase was not as high as it could have been, thanks to lower sales volumes, due primarily to the timing of shipments. During the first quarter of the year, thousands of plane trips across the US were cancelled due to inclement weather.

The strong currency rate that helped the company in the first quarter of the year bodes well for 2014, Clearwater said in its quarterly report.

"With the exception of the last six months, all of our growth and increased profitability over the last four years has occurred during a period of significantly unfavorable FX relative to most of the major currencies we sell in; weak economic conditions in many/most of our major markets

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including Europe, US and Japan; and an overall weak environment for global trade," said Smith.

"To this point our largest tailwind has been global demand and increasing per capita consumption in the face of limited supply. We are now operating in a much more favorable economic environment for Canadian exporters, providing further tailwinds."

RESHUFFLE

In personnel news, Eric Roe, Clearwater Seafoods' chief operating officer of 26 years, left the company as of April 30, 2014. Roe's departure came amid a reshuffle at the Toronto-listed company, which saw Greg Morency, previously executive vice-president, take up a newly created role of president and chief commercial officer for the Canadian wild catch producer.

Announcing the changes, Clearwater said it was reshuffling its leadership team into two key divisions - global supply chain and global markets - in a bid to increase its focus on those areas.

As part of this, it said it plans to recruit a new "global supply chain leader".

Activities
processing | fishing | export
distribution | sales

Shareholders
John Risley, Director

Brands
Clearwater

Species
lobster | scallops | clams
sushi | crab | shrimp

92

Blumar Seafoods

Turnover	$362m (Dec 2013, -3%)
Ownership	Public (BLUMAR:CL)
Country	Chile
Key executive	Gerardo Balbontin, CEO

Blumar Seafoods was founded in 2011, as the result of the merger between the Chilean fishing group Pesquera Itata and the fishing and salmon farming group Pesquera El Golfo.

This was one of three big mergers in Chile's fishing industry during those years. The first was between SK Corp and Pesquera San Jose, which merged to form Orizon in the summer of 2010. Orizon is now part of Empresas Copec, which also indirectly owns Corpesca, the country's largest fishing group.

The second was that of Camanchaca and Bio Bio's fishing assets, which they spun off and merged into a new entity, Camanchaca Pesca Sur.

Blumar is active in both pelagic and hake fishing and salmon and trout aquaculture: within fishing it owns six purse seiners and two trawlers, controlling 24% of the horse mackerel quotas, and 25% of the sardine and anchovy quotas. It also owns five fishmeal plants and five plants processing for human consumption.

In aquaculture, it owns 38 salmon licenses.

$30M INVESTMENT ON BACK OF CHALLENGING 2013

In April 2014, Blumar said it would invest $25 million from a planned $30m capital increase into its fishing division, while investing the rest into its aquaculture arm.

The news followed a challenging year for Blumar, which, like its peers, saw its salmon operations recover thanks to higher prices, but was hit by big drop in catches in its fishing arm.

The company's fishing operations saw sales falling by 18% in 2013, which pushed the Chilean enterprise again into net losses of $31.2m despite a resurgence on income from farmed salmon of 7%.

Overall, the company had a turnover of $361.77m for both its salmon and fishing operations in 2013, 3% lower than the previous year, with earnings before interest, taxes, depreciation and amortization (ebitda) of $6.58m or less than half 2012's $14.1m.

The company's results follow a similar pattern revealed by rival Camanchaca: while the salmon businesses recovered thanks to better prices in 2013, the fishing arms did not.

According to the statements filed with Chile's stock market regulator, Blumar pointed out that "in 2013, and particularly during the fourth quarter, fishing in the south area of the country suffered important drops in catch volumes of sardines and anchovy, impacting fishmeal and fish oil production".

The fishing division made for 46% of all sales, down from 55% in 2012. Fishmeal and fish oil income fell to 26% of Blumar's turnover, whereas it had represented 35%. Sales of frozen mackerel, though, improved two percentage notches to 12%.

In September to December of 2013, figures already indicated these trends, with sales of $89.9m and losses of $19.7m. Fishmeal sales fell by a staggering 61% comparing to the same period in 2012 to $10m, and by 49% to $2.9m in the case of fish oil. On the other hand, farmed salmon turnover went up 62% to $45.5m.

For the whole year, salmon sales kept a strong pace and ended up being 40% of Blumar's income. The aquaculture business spiked 14% in 2013 to $193.7m sales.

SALMON RECOVERY CONTINUES IN 2014

An improvement in the fish health in its salmon farms, combined with higher salmon prices and a recovery in pelagic catches, saw Blumar's revenue increase by 14% to $107m year-on-year in the first three months of 2014.

The group posted a profit of $20m in the quarter, a turnaround from the same period a year ago, when it posed losses of $610,000. Earnings before interests, taxes, depreciation and amortization (ebitda) soared by 917% to $28m, when compared to Q1 a year ago, boosted by a $15m ebitda from the salmon division.

Operations at Blumar's two sales offices in Miami, US, for the last two years have been fruitful, as the Chilean salmon producer says it has consolidated links with large US retailers.

In May 2014, the US sales arms of Chilean salmon producer Blumar and of the Norwegian supplier Platina Seafood joined the National Fisheries Institute's Salmon Council.

NEW CFO, TROUT EXIT

In April, the company announced the board had promoted Manuel Gallardo to the role of chief financial officer (CFO). The company said Gallardo would take up the job immediately, while the former CFO, Fernando Pirozzi, would stay on as management adviser until June.

A month earlier, the company stopped stocking its trout farms, due to high mortality rates.

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Camanchaca and AquaChile also announced they were suspending trout farming for the same reason.

Blumar plans to produce 37,000 metric tons of salmonids – in this case Atlantic salmon and trout – in 2015 down from a projected 44,000t this year, as a result of the lack of trout.

HAKE DROP

In January 2014, around 300 fishermen hired by the Chilean fishing firm Blumar lost their jobs after the company decided to join Pesquera Bio Bio to catch hake. The move followed Chile's decision to sharply reduce fishing quotas for 2014, slashing hake catches to 19,000t from 40,000t in 2013.

Activities
processing | fishing | aquaculture | export

Brands
St Andrews

Subsidiaries
El Golfo Comercial

Species
salmon | trout | horse mackerel
mackerel | hoki | gayi | mussels

93

Zhanjiang Guolian Aquatic Products

Turnover	CNY 2,200m (Dec 2013, +57%)
Ownership	Public (300094:Shenzhen)
Country	China
Key executive	Zhong Li, Chairman

Chinese tilapia and shrimp farmer and processor Zhanjiang Guolian Aquatic Products had a strong 2013, after a tough year in 2012.

The company, the largest exporter of shrimp from China, reported turnover for 2013 of CNY 2.20 billion ($354.6 million), up 57% year-on-year, turning around a net loss of CNY 225.5m with a profit of CNY 56.50m.

Guolian's strong results have continued into the first quarter of this year. In Q1 2014, the company reported turnover of CNY 507m, up 31.35% y-o-y and a net profit of CNY 16.1m, compared to a loss of CNY 8.7m.

The company is already China's biggest shrimp exporter and Zhong Li, founder and chairman, told *China Daily* in August 2013 that he plans to expand into deep-sea pelagic fishing and into a trading futures market.

Li founded Guolian in 2001 and publicly listed it in 2010. Its focus on food safety is the key to its success, allowing exports to fuel its growth, said the chairman, adding the company accounts for 30-40% of shrimp exports from China to Hong Kong.

Now the company intends to venture into the field of marine biological healthcare to further increase revenue, said Li.

The group also plans to expand into pelagic deep-sea fishing by 2020, while building a market on trading futures of aquatic products based on the South China International Aquatic Trade Center, which will start operations on Sept 22.

"I'm bringing more social investments into the aquatic industry through the futures market, where prices can be better regulated," Li said.

In June 2014, Guolian hosted a press conference about its brand strategies and the plan to develop the domestic market.

The press conference marked the starting point of Guolian's new marketing strategies and its plan to promote four categories of products in China. The company established its new image in the domestic market through four product categories and their combinations.

The four categories of products are global food selection, snack food, deeply processed food, along with shrimp as a raw material for the catering industry.

CLOSER TO HOME

Guolian's seafood revenue has mostly come from international trading at present, but the company will find another profit source through its expansion in the domestic market, said people with knowledge of the company's plans. Overseas trade has generated above 90% of Guolian's revenue since the company's establishment, and according to statistics, Zhanjiang has played an important role in the international market of vannamei shrimp, providing 40% of the total supplied shrimp, while about 1/6 of these shrimp have come from Guolian. This means Guolian has been responsible for 7% of all Chinese shrimp exports. The company has attached great importance to the building of a solid foundation, and its stable performance in the international trading in the daily operation. The company was successful in overcoming barriers in the international trades thanks to its winning a lawsuit against America's anti-dumping duty and anti-subsidy rate.

Guolian successfully established a de minimus tariff (near 0%) rate at a time when other Chinese producers faced tariffs in excess of 100%.

New attention to the domestic market exports have been the traditional breadwinner of Guolian, but the company has started looking at domestic sales.

This has proved challenging, however.

It cited three reasons for this. The first is competition from cheaper products "owing to low national standards", and second, it said, the highly diversified nature of the Chinese market makes it difficult to establish oneself with an "undifferentiated commodity". Third, it added, Guolian's products consist mainly of raw materials offering low margins, making market development unappealing.

These reasons have hindered Guolian from making a profit at home, said the company.

To address this, the group has decided to adapt its product mix to the domestic demand and provide more high-quality products.

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Specifically, it has come up with two strategies to develop the domestic market. One is to adjust the product mix based on market demand and consumer needs, with products such as snack food and value-added products.

Second, it is diversifying its products and sales channels to improve efficiency.

Guolian's products are classified into the shrimp category, the category of global food selection, that of snack food as well as that of the highly processed food. The company has conducted different sales policies and marketing strategies based on the various products, which it says has been helpful to the company's market performance.

Activities
processing | logistics | aquaculture

Shareholders
Zhong Li

Brands
O'Good

Subsidiaries
Sunnyvale Seafood

Species
shrimp | tilapia

94

R&O Seafood Gastronomy

Turnover	€280 (Dec 2013, -1.8%)
Ownership	Private
Country	France
Key executive	Mathias Ismail, CEO

R&O Seafood Gastronomy was formed in January 2010 out of the merger of one of France's leading seafood distributors, Groupe Atlantys-owned Reynaud, with the Madagascan shrimp farmer OSO.

The company is now part of OSO's parent Groupe Socota, a Madagascan company founded in 1930 as a textile trader, and which still owns textile activities as well as real estate.

R&O's CEO Mathias Ismail has previously said that the aim of the new company is to create a "one-stop shop" for sustainable seafood, under the OSO brand.

Mathias Ismail, CEO of the company, told Undercurrent News that turnover for 2013 was €260 million.

Salmon, shrimp, bream, bass, oysters and tuna are the key species, accounting for nearly two-thirds of revenues.

R&O also owns Atlantys' branded oyster producer La Perle Blanche.

Together, Atlantys and OSO sell a combined 40,000 metric tons of seafood a year, which they distribute through a distribution network in France, and with a delivery fleet of 60 trucks.

Patrick Reynaud chairs R&O's supervisory board, while Gauthier Ismail, brother of the CEO, chairs the management board. Board members also include former Atlantys execs Thierry d'Andrea and Eric Achard.

Groupe Socota's origins date back to 1930 when Socota, the Group's first entity was

R&O
SEAFOOD GASTRONOMY

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founded as a textile trading company in Madagascar.

In the late 1950s, a new industrial venture began with the creation of a fabric mill - La Cotonnière d'Antsirabe (COTONA). Today the fabric mill forms a key part of SOCOTA Textiles and Apparel, a vertically integrated design, fabric, and garment production operation selling to European and African markets.

Groupe Socota started to diversify its activities in aquaculture with the establishment of OSO in 1976, which, in 2006, became the world's first organic shrimp producer to the AB label.

Activities
processing | fishing
aquaculture | distribution

Shareholders
Groupe Socota

Brands
Oso | Reynaud | La Perle Blanche

Subsidiaries
Oso | Reynaud

Species
shrimp | salmon | seabream | tuna
oysters | seabass

95

Yokohama Gyorui

Turnover	JPY 36,396m (March 2014, -2%)
Ownership	Public (7443: JASDAQ)
Country	Japan
Key executive	Ryosuke Ishii, President

横浜魚類株式会社

Opened in 1951, Yokohama Gyorui specializes in seafood wholesaling. In December 2008, it merged with Kawasaki Fish Market Corporation.

While turnover fell slightly in 2014 from 2013's levels, the company managed to get its operating costs down more drastically - by around JPY 1 billion.

This meant its profits climbed from JPY 89 million to 96m for the year ended March 31, 2014.

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Activities

wholesale | import

Shareholders

Nippon Suisan Kaisha

Species

tuna | horse mackerel | sardines | roe | blowfish | Pacific saury | squid | swetfish | crab amberjack | sea urchins | oysters | shrimp | salmon | scallops | sablefish | eel | swordfish | ray fin | trout | fluke | monkfish | atka mackerel | flounder | sandfish | rockfish | capelin | butterfish | chikuwa | surimi | skipjack | whitebait | ice goby

96

A. Espersen

Turnover	DKK 1,881m (Dec 2013, -3%)
Ownership	Private
Country	Denmark
Key executive	Klaus Nielsen, CEO

Based in Bornholm, the Danish island in the middle of the Baltic Sea, Danish whitefish processor A. Espersen operates processing plants in Denmark, China, Vietnam, Poland and Lithuania.

After consolidating its processing in Denmark in 2013 by closing a plant owned by its Rahbekfisk subsidiary in Hirtshals and moving production to Fredericia, Espersen recently bought a plant in Vietnam it was leasing.

Klaus Nielsen, CEO of the company, told Undercurrent News this was part of a drift from processing in China, where the company also has a plant.

Espersen plans to increase production from 40% of the Ho Chi Minh City plant's 40,000-metric-ton capacity to fully utilize the plant as part of a 24-month business plan, said Nielsen.

The company will go from employing 300 to 600-700 workers in Vietnam as a result. Asked if the company will stop processing in its leased plant in Qingdao, China, Nielsen said there is no plan to stop leasing, in the short term. However, the company plans on moving more cod and haddock fillet production to Vietnam and "we do not plan on increasing overall production in Asia", he said.

POSITIONED TO DRIVE CONSOLIDATION

Espersen saw its profit jump and operational cash flow nearly double in 2013, a growth which Nielsen said puts the Danish seafood processor in a better position to consolidate the whitefish sector.

"We had a strong cash flow and it brings us closer to a situation where we can lead/head the consolidation that is so needed in the whitefish industry," Nielsen, who has led the group since 2001, said.

The group saw operational profit more than triple from DKK 12 million to DKK 39m (€5.23m/$7.11m). This was due to improvements across the board, in the Baltics, Poland and Asia.

Nielsen led calls for the whitefish sector to be consolidated during the North Atlantic Seafood Forum in Norway in March. Both him and his counterpart at Pickenpack Europe, Finnbogi Baldvinsson, cited the global farmed salmon sector as an example.

Espersen is also still working on finding Russian pollock block suppliers for its new plant in Russia, for its McDonald's contract, said Nielsen. "We're looking for someone [a Russian partner] to supply us with raw material blocks."

Espersen started operations in Russia in early April 2014 on the back of a contract to supply the fast food chain in the country.
The processor has stated it would like the raw material to be supplied from domestic producers. The challenge is that the fish has to be processed deep-skin, a technique requiring boats to be fitted with the necessary equipment.

The fish also needs to be Marine Stewardship Council-certified, something which the Russian pollock fishery obtained eventually last September. Finding a Russian supplier will therefore "take some time", but the company is confident it will be achieved, said Nielsen.

Espersen's annual results show it closed a solid 2013, with net profit more than doubling from DKK 7m to DKK 16m (€2.1m/$2.9m), although turnover fell somewhat from DKK 1.946 billion to DKK 1.881bn (€252m/$343m).

Operational cash flow reached DKK 115m (€15m/$21m) - up from DKK 62m the previous year, and just DKK 3m in 2011.

"We are happy with the result, which is better than 2012, and our programs trying to improve the performance continues to lead our way towards even better results," said Nielsen.

The company reaped the fruits of changes across its operations. In Lithuania, where it has moved the production it acquired from Domstein in 2011, volumes increased. "We see an increase now, especially in Sweden and the UK," said Nielsen. The plant focuses on high-end products for retail. The products are packed with environmentally friendly packaging, featuring the Swedish eco-label Karv.

In Asia, where it operates plants in Vietnam and China for double frozen whitefish, the company shifted the focus more onto profits than volumes, said Nielsen. "Volumes in Asia have gone down a little bit."

Results also improved in Poland, he said, where the group upped yield and productivity at its plant, which produces single-frozen fish from the Baltic, and double-frozen from the Barents Sea. "We invested quite heavily in technology and freezing."

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In addition to Scandinavia and the UK, Espersen describes France, Germany as well as North America, Spain and Portugal and as some of its core markets. In the latter two, its focus is on light salted cod, which is sold ready to eat and does not require the day-long preparation that the traditional bacalao requires. Sales to these countries held up despite the crisis, said Nielsen.

Activities
processing | sales | import | export

Shareholders
Insepa

Brands
Rahbek

Subsidiaries
Espersen Polska | Esperse Lietuv
Espersen Asia | Espersen Russia

Species
cod | haddock | hoki | Alaska pollock
shrimp | saithe | salmon | dark pollock
pangasius | plaice

97

Iceland Seafood International

Turnover	€250m (Dec 2013, -16.6%)
Ownership	Private
Country	Iceland
Key executive	Helgi Anton Eiriksson, CEO

One of Europe's largest seafood traders, Iceland Seafood International (ISI) is a marketing and sales company for frozen, salted and fresh seafood.

The group runs eight subsidiaries in Europe, North America and Asia, including the processors Iceland Seafood Barraclough and Havelok in the UK.

From its Iceland Seafood Spain processing and supply division, the company is one of the main suppliers of wet-salted cod to the market. In the US, it is supplying mainly sea and land-frozen fillets and portions, but in Germany it is focused on fresh fish, flown in from Iceland.

At the end of 2013, ISI merged two of its UK companies under a new name. Trader Iceland Seafood and processor F. Barraclough were merged and renamed Iceland Seafood Barraclough.
In May 2013, ISI bought the remaining 20% of Bradford-based Barraclough it didn't already own, having bought 80% in late 2010.
Julian Barraclough, whose family built up the business, sold the stake and will continue as operations director, Allen Townsend, managing director of ISI in the UK told Undercurrent News.

Before Townsend joined in late 2010, ISI was operating from Hull and was trading. "It had lost money for a number of years and, after I joined, we decided to focus on a retail-based business and to get into manufacturing," said Townsend.

Both the Iceland Seafood and Barraclough businesses are "based at Bradford on the same site and run by the same team, so we create accounting and internal admin headaches by running two businesses, so we have combined them", he said.
The focus on manufacturing seems to be paying off, with the company's main retail customer, Walmart-owned Asda, recently naming ISI its supplier of the quarter for Q2 of 2013. Müller, the German dairy giant, won the award in Q1.

"The award from Asda is without doubt the greatest accolade we or I have been awarded," said Townsend. "Being a small company with a small team, it means a huge amount to everyone in the business. To be honest, it is a great honor but puts us under more pressure, as we need to be even better next year."

Townsend, who was with The Seafood Company from 2001-2009 before joining ISI, said the success with Asda comes from a "focus on looking after our customers' needs in terms of product quality, supply chain costs, development".

Asda are "strategic and committed, although still tough", said Townsend.

However, the relationship with the retailer is strong and "we had the confidence to invest for them and have delivered a couple of key projects", he said.

One is installing whitefish smoking in the Barraclough site, to bring smoked haddock production back from China, "making a significant improvement in quality", he said.

"At the same time, we bought raw material at the right time, so put a huge inflation buffer in place."

Townsend was planning on smoking cod, at the time. The company has also started sourcing from India for farmed shrimp, initially to avoid the duty increases from Thailand.

"At the same time, we have managed to deliver throughout massive raw material increases due, to EMS [early mortality syndrome] and unprecedented Asian demand from India."

For the 2012 financial year, to the end of December, the Barraclough part of the now-merged business reported a decline in sales, but a growth in pre-tax profit.

The Iceland Seafood part of the business reported a big drop in sales, but a reduction in losses. Barraclough reported turnover of £15.45 million, with pre-tax profit of £389,423. For the 16 months to the end of December 2012, Barraclough reported turnover of £18.91m and pre-tax profit of £300,851.

For the Iceland Seafood portion of the now merged business, turnover dropped from £7.73m in 2011 to £3.79m, as the company closed its office in Grimsby, reducing its trading losses. Losses were reduced, from £834,003 in 2011, to £435,466 for 2012, on a pre-tax basis.

Havelok, a Grimsby-based processor focused on foodservice and managed by Danny Burton, the former MD of Five Star Fish, is not part of the merger, said Townsend.

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ISI has an investment in Havelok and Helgi Anton Eriksson and Lee Camfield, ISI CEO and chief operating officer, are both directors of the business. Burton reports direct to Iceland. Both Camfield and Eriksson are also directors of Iceland Seafood Barraclough, with Camfield the chairman of the UK business.

ISI was 73% owned by Olafur Olafsson through his investment company Kjalar Invest until September 2011, when Kjalar sold his stake to Mark Holyoake, the founder of the now defunct British Seafood Group.

Olafsson also used to be a major shareholder in the seafood group Alfesca - now Labeyrie Fine Foods - but sold his stake on February 2012 to the French agricultural group Lur Berri and a French private equity firm.

Activities

trading | distribution | marketing | export

Brands

ISI Seafood | Iceland Gold | Islandia
Islandia Armengol

Species

cod | haddock | saithe | catfish | rose fish
Greenland halibut | lobster | shrimp | capelin
blue whiting | herring | ling | tusk | blueling
Alaskan pollock | hake | plaice | lemon sole
dab | white halibut | monkfish | Artic charr

Shareholders

Mark Holyoake

Subsidiaries

Iceland Seafood Barraclough
Havelok
Iceland Seafood France
Iceland Seafood Germany
Iceland Seafood USA
Iceland Seafood Spain
Iceland Seafood Iceland

98

Sento Gyorui

Turnover	JPY 33,677m (March 2014, 2013 figure not available)
Ownership	Private
Country	Japan
Key executive	Shintaro Suzuki, Chairman Bunshiro Suzuki, President

仙都魚類株式会社
SENTO GYORUI CO.,LTD.

Sento Gyorui is a wholesaler headquartered in Sendai, the capital city of the Miyagi Prefecture, one of the six prefectures that make up the region of Tohoku on Japan's main island Honshu.

It is the main rival of Sendai Suisan (revenues of JPY 42.9 billion) in Tohoku.

The company was founded in 1948 and employs some 74 people.

It claims to supply 1,500 companies, including Japan's biggest names such as Maruha Nichiro, Kyokuyo, Nichirei Fresh, Toyo Suisan, and Toyo Reizo (part of Mitsubishi).

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Activities

wholesale | distribution | import

Species

Shrimp | eel | mackerel surimi | mackerel | tuna herring | squid | saury | mackerel | capelin seaweed | lobster | smoked salmon or salmon and trout | salmon roe | salmon roe | herring roe

99

Sekkingstad

Turnover	NOK 1,949m (Dec 2013, +31%)
Ownership	Private
Country	Norway
Key executive	Bård Sekkingstad, Managing Director

2013's rocketing salmon prices have propelled Sekkingstad onto our report in this year's ranking.

The Norwegian company processes and exports some 50,000 metric tons of Atlantic salmon and trout a year to a range of markets, mainly in the European Union, but also in Southeast Asia and Russia.

The company saw its revenue soar 29% in 2013 - however, this was from a relatively poor 2012, during which revenues had fallen 17% from NOK 1.8 billion in 2011.

Founded in 1913, the group remains family-owned, controlled by the Sekkingstad brothers Bård - who is CEO and chairman - and Konrad.

Despite the high revenues in 2013, the company actually swung to a loss that year, falling from a profit of NOK 18.7 million to a minus of NOK 3.6m.

In the group's annual report, the directors attribute this to considerable losses incurred on currency exchanges on its most traded currencies. This in itself was due to changes in how the company handles currencies, they said. The company said measures have been put in place to prevent this from happening again.

The directors further pointed out that operating margins were solid. Operating profit was up NOK 2.5m to NOK 31.6m, as higher prices also increased the company's costs.

Bård Sekkingstad did not comment further to Undercurrent News on the reasons for the currency loss, but said in a comment that these, as well as some one-off costs, were the main factors behind the loss.

"We are very satisfied that we have strengthened our operating result, and the margin per kilo is better than what emerges out of the accounts from the higher prices," he said.

He said the operating profit 2014 has normalized, to around NOK 15m (€1.79m/$2.42m) already by mid July.

The company in 2013 attracted controversy in the local press when it decided in to end its leasing contract for its plant to a holding based in Poland, Norse Production, at the end of 2012, and then rent the facility from this holding starting 2013.

The move was due to a new EU regulation on salaries for foreign seasonal workers, which since the start of 2013 requires that these are paid the same minimum salary as Norwegian workers.

By effectively ending its own packing activities,

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Sekkingstad was able to bypass this rule. The company's salary costs tumbled from just over NOK 50m to NOK 14m in 2013, largely because hired labor costs went from NOK 29m to nil, and employee numbers from 44 to 16.

On the other hand, its leasing costs and expenses for storing of goods increased as a result of the deal, with the latter reaching NOK 1.89bn, from NOK 1.387bn in 2012.

The move also led to one-off impairment costs, said Sekkingstad.

MARKETS

Whole round salmon and trout account for the bulk of Sekkingstad's revenue, with sales of NOK 1.667bn in 2013, up from NOK 1.35bn the previous year.

Another NOK 209m came from processed sales - a big jump from just NOK 31m in 2012.

Norway was by far its biggest single market, taking in NOK 388m, up from NOK 195m. Russia saw a big drop from NOK 100m to just a third of that, likely as a result of export difficulties experienced by several Norwegian sellers to Russia.

On the other hand, the Netherlands more than doubled from NOK 50m to NOK 138m, and Denmark, home to several smokers and processors, was up NOK 20m to NOK 160m.

France and Poland were relatively stable, at NOK 100m and NOK 55m respectively. The UK saw a big jump from NOK 80m to NOK 154m, while Italy increased by 25%, to NOK 127m.

In Asia, Sekkingstad's sales to China went from zero to NOK 57m, sales to Hong Kong went up from NOK 146m to NOK 191m and sales in Vietnam - considered as a route into China - grew from NOK 85m to NOK 120m.

On the other hand, it shrank in Taiwan, from NOK 98m to NOK 40m, and in Japan, from NOK 36m to just NOK 3m.

Activities
trading | exports | processing

Shareholders
Sekkingstad brothers

Species
Atlantic salmon | trout

100

Toyo Suisan

Turnover	JPY 33,455m (March 2014, +3.4%)
Ownership	Public (Tokyo: 2875)
Country	Japan
Key executive	Imamura Masaya, President

Seafood is only one of the seven divisions of Toyo Suisan Kaisha, which is perhaps best known for its US subsidiary and brand Maruchan, which produces ramen noodles.

Within seafood, Toyo Suisan Kaisha operates as an exporter, procurer and distributor of marine products to Japan, including processed food products and value-added products.

The seafood arm owns seven consolidated subsidiaries including Shinto Corp, one non-consolidated subsidiary, Yaizu Shinto Co, and two associated companies, including Shimodatousui Corp. These are all engaged in procurement, processing and selling of seafood in Japan.

It also has overseas subsidiaries, with one consolidated company in the US, Pac-Maru, which procures and sells seafood, and two non-consolidated subsidiaries in China, including Hainan Dongyang Suichan, which also processes seafood.

The group saw its seafood sales increase 3.4% in its financial year ending at the end of March 2014.

However, the bottom line went from a profit of JPY 49 million in the previous year to losses of JPY 160m.
This was due to rising raw material costs - including for salmon, trout and shrimp - and a failure to pass these increases on, said the group.

Results were further compounded by a weak yen and poor catches for key commodities, it said.

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To address this, the group focused on new product developments and aggressive sales to supermarket chains and convenience stores,
with a focus on value-added products, including for salmonids, fish roe and tuna.

Seafood was the focus of Toyo Suisan when the company was founded in 1953, by Kazuo Mori. It then expanded into coldstorage in 1955 and into processed marine food products soon afterwards, before then branching out into other food activities such as noodles.

Activities

wholesale | procurement | processing | distribution

Subsidiaries

Shinto Corporation
Yaizu Shinto Co
Shimodatousui Corp
Pac-Maru
Hainan Dongyang Shuichan Co

Species

Shrimp | eel | mackerel surimi | mackerel | herring
squid | saury | mackerel | capelin | seaweed
lobster | smoked salmon or salmon and trout
salmon roe | salmon roe | herring roe | tuna