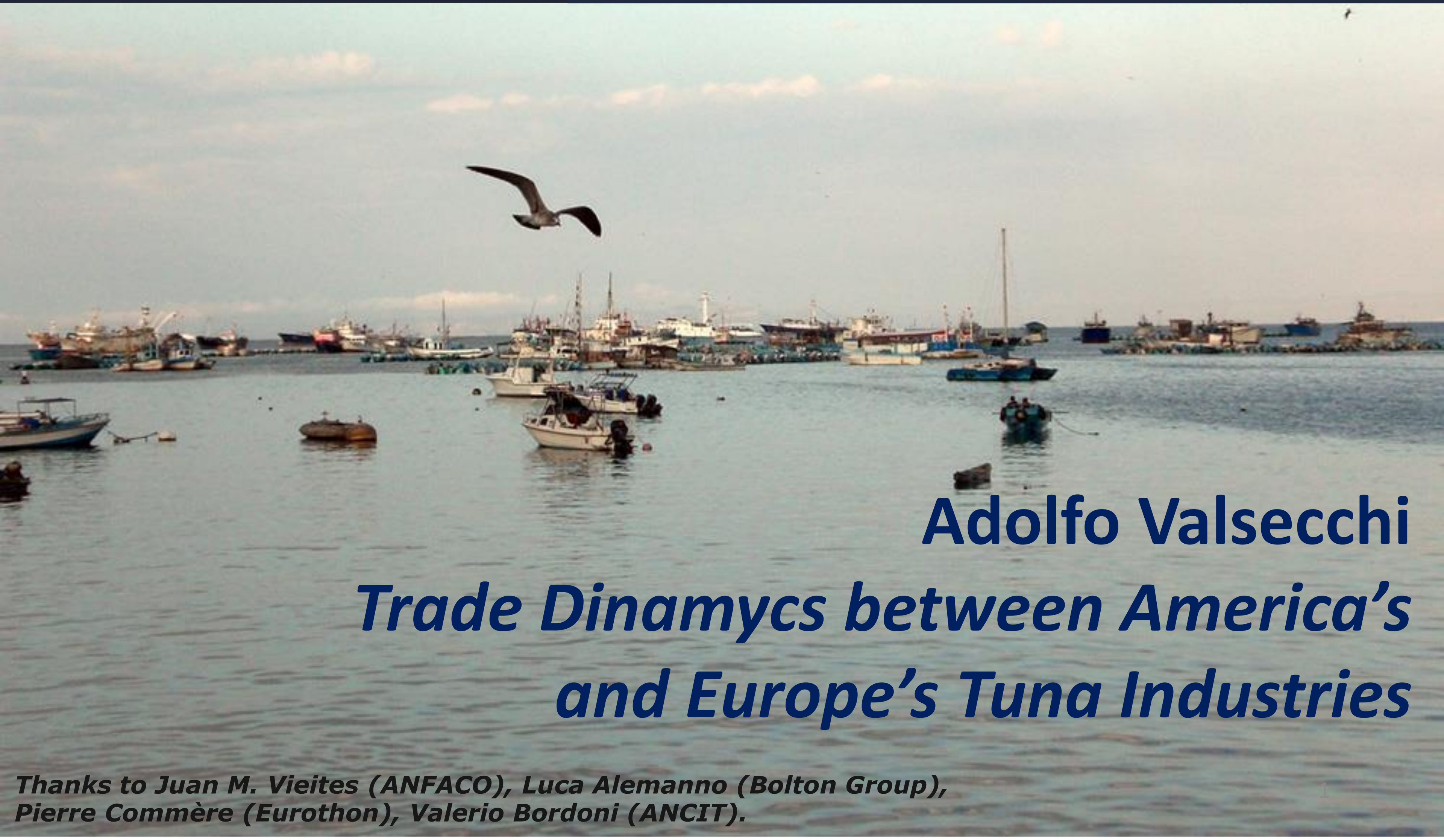
AMERICAS TUNA CONFERENCE

Panama

February 06th, 2020



Adolfo Valsecchi

Trade Dinamycs between America's and Europe's Tuna Industries

Thanks to Juan M. Vieites (ANFACO), Luca Alemanno (Bolton Group), Pierre Commère (Eurothon), Valerio Bordoni (ANCIT).

AMERICA'S KEY STRATEGIC CURRENT OUTLOOK

1. The fleet

- America's Regional Purse Seiners Fleet is one of the largest in the World.
- This Fleet has a great potential 'Catch Capacity' by Number of Boats…
- But a significant % of Units may become in the near future non competitive by Catch Capacity, Operational Costs, Tech Equipment, Manteinance Level… and Security on Board.

2. IATTC

IATTC positioned in Ecuador is Baricentric Both to Fishing Operations and Catch Landings. IATTC has a strong history of operational experience and ongoing advanced Science Research – Fishing Operations monitoring.

AMERICA'S KEY STRATEGIC CURRENT OUTLOOK

3. Fishing Boat profile

VESSEL'S AVERAGE LIFE

Colombia: 36 years, **Peru**: 25 years,
Mexico: 33 years, **Ecuador:** 41,5 years

Throughout IATTC fleet there are:
***31** vessels with age > **50 yrs**,*
67** with age between **40 and 50 yrs

4. The Plants

PLANTS ALL IN ALL ARE PERFORMING AT COMPETITIVE COSTS

because they are

- Already with good World Level Standards and ready to be further upgraded to Highest Levels of Process Technology / Cost Competitiveness.
- Strategically positioned both close to Fishing Grounds and logistically supported by top level Container Lines weekly sailing to EU (~ 3 weeks), at Competitive Freights. Workers & Technicians good average experience.

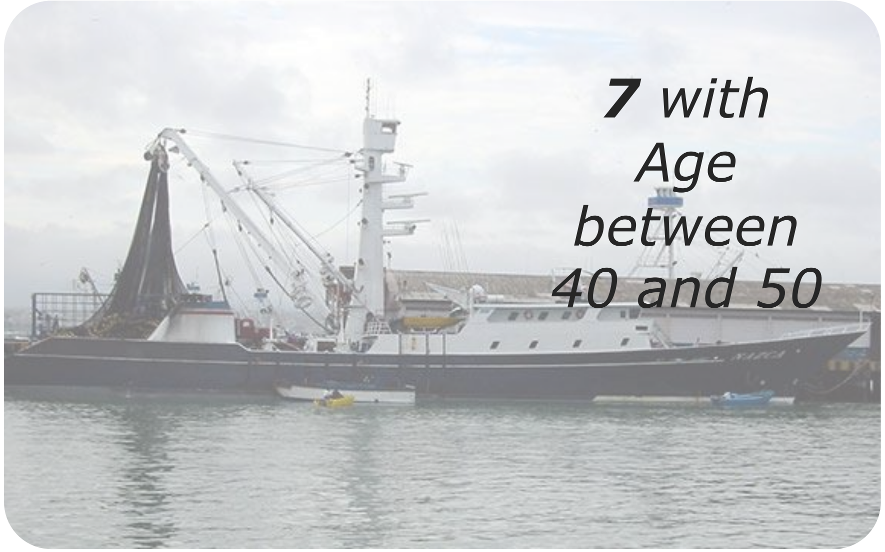
5. Local Consumer Market

Good, Potential Growth supported by emerging Low-Mid Consumer Class & "Modern Trade Retailer Change".

THE AMERICA'S REGIONAL FLEET: 200 PURSE SEINERS!
FIRST 10 VESSELS BY DIMENSION/FISH HOLD

Colombia
14 vessels

IATTC Vessel Number	Length(m)	Fish Hold Volume(m^3)	Year built
9435	78,3	1603	2003
3571	68,0	1451	1998
3556	66,1	1480	1983
3616	61,3	1274	1977
3964	59,9	1193	1973
3274	59,7	1272	1975
3250	59,7	1176	1975
3259	59,7	1175	1973
3151	59,7	1152	1973
3496	59,2	1274	1976



Ecuador
113 vessels

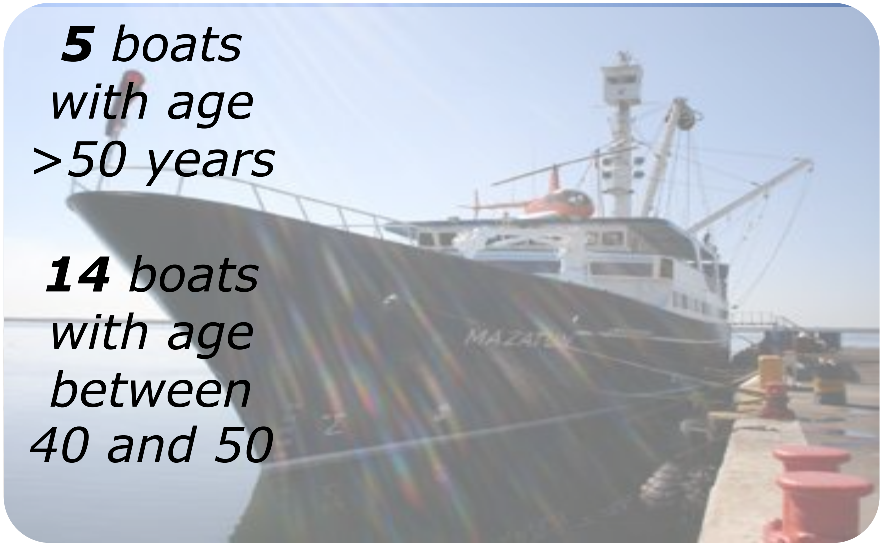
IATTC Vessel Number	Length(m)	Fish Hold Volume(m^3)	Year built
4138	116	3264	1999
7181	107,5	1704	1996
7179	107,5	1704	1996
15662	91,1	1881	2014
3517	86,86	2023	1984
4135	78,63	2056	1972
4093	78,02	1581	1980
4123	77,3	1881	1980
4129	77,3	1881	1983
4126	77,3	1881	1982

FIRST 10 VESSELS BY DIMENSION/FISH HOLD

Mexico

54 vessels

IATTC Vessel Number	Length(m)	Fish Hold Volume(m^3)	Year built
3484	83,51	1292	1980
4027	79,55	1348	1974
15962	79,5	1648	2014
15666	79,5	1648	2014
15600	79,5	1648	2013
15641	79,05	1648	2013
16113	79,05	1648	2015
15833	79,05	1648	2014
15578	79,05	1600	2013



Peru

16 vessels

IATTC Vessel Number	Length(m)	Fish Hold Volume(m^3)	Year built
15557	60,71	732	1996
15625	57,9	650	2000
16228	53,95	350	1969
16229	53,95	350	1972
15626	52,68	487	2008
16370	49,15	568	1996
12273	48,9	607	1997
12269	48,7	606	1997
12274	48,7	493	2003
12270	48,05	614	1996

BOAT PROFILE

The Regional Fleet of almost 200 Operating Boats **is potentially supported by a number of 'strenghts'**, such as:

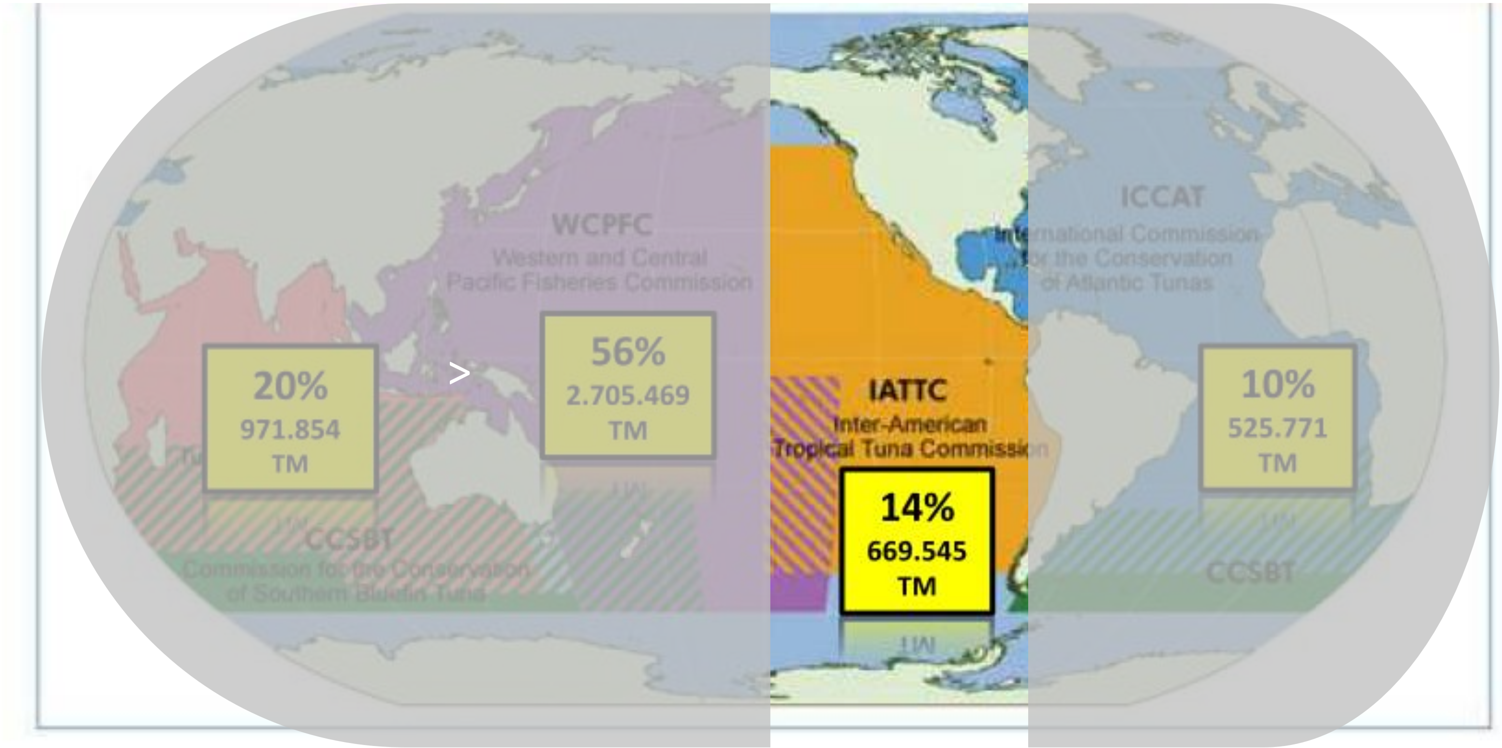
- *Long Expertise Boat Owners and Captains, Officiers, Crews and Regional Fishing Grounds*
- *Good unloading Harbours*
- *Verticalized processing Plants with good Process Equipment and Production Reliability*

But it may become also severely penalized in the Future by an excess of obsolete P. Seiners progressively uncompetitive and unsecure.

There are: 31 vessels with age > 50 years,
67 with age between 40 and 50
→ almost 100 boats not anymore performant
by Operating Costs and Security.

Cold Store Capacity across the Region: GOOD - only in Ecuador 100k Tons Capacity!

IATTC MANAGEMENT OVERVIEW



~ 200 Purse Seiners

under different Country Flags

catching ~ 670 MT/Year.

A basic average catch of → 3,350 Tons/P.Seiner

August 2019; It only includes commercial species: Yellowfin, Bigeye, Bonito, Albacore.

AMERICA'S TUNA PROCESSING PLANTS

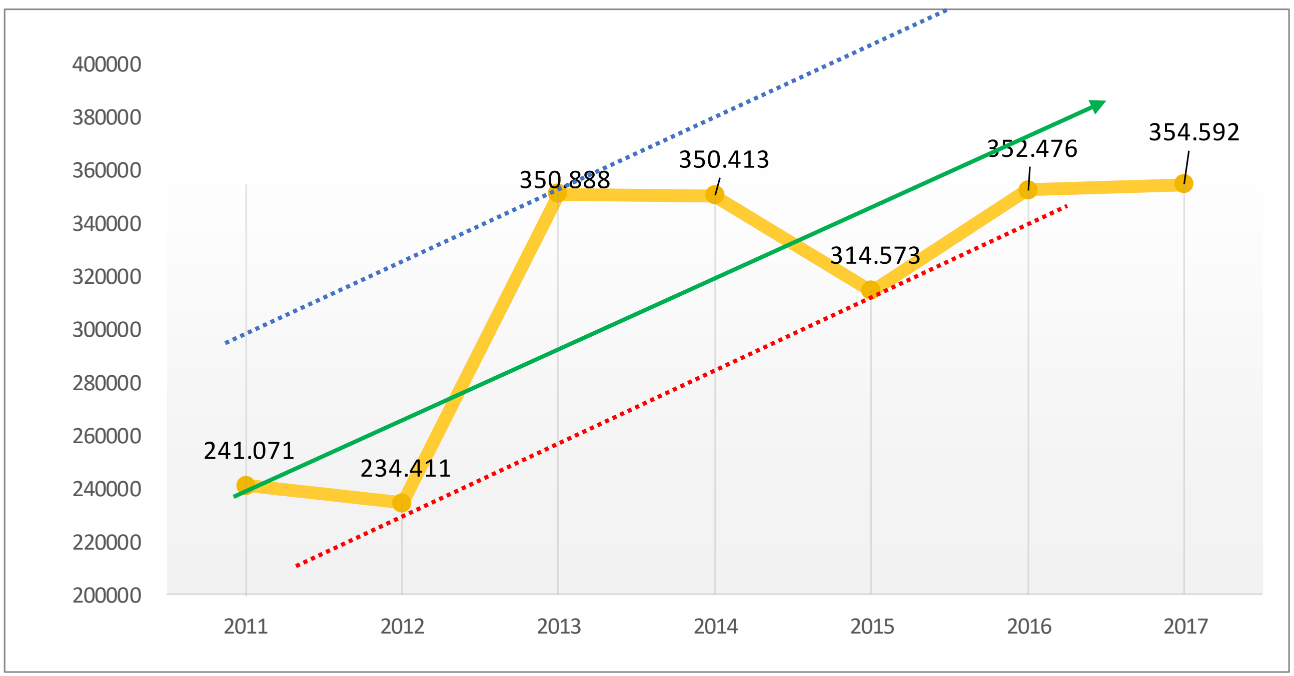
More than 15 Large and Modern Plants well supported by Hygiene, Culture, Process Technology, Automation, Diversified Productions (loins, cans, jars and pouches).

AMERICA’S CANNED TUNA & LOINS PRODUCTION

Canned tuna and tuna preparations production*

	Volume t						
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
ECUADOR	173.122	171.225	215.894	224.155	206.360	243.000	242.839
COLOMBIA	4.100	5.600	5.900	6.800	3.000	3.210	1.370
EL SALVADOR	14.308	8.760	9.550	10.825	12.020	13.850	15.460
PERU	8.974	8.974	8.974	8.974	8.974	8.974	8.974
MEXICO	37.767	36.452	108.270	97.859	82.219	81.892	84.349
CHILE	-	-	-	-	-	-	-
BRAZIL	2.800	3.400	2.300	1.800	2.000	1.550	1.600
TOTAL	241.071	234.411	350.888	350.413	314.573	352.476	354.592

Source: FishstatJ



Ecuador

Mexico, Salvador

Are the largest consolidated Players.

Ecuador, n° 1 player supported by its Fleet & Plants Integration.

Peru stable.

Colombia, Brasil

Analyze this low production growth along last 5 years.

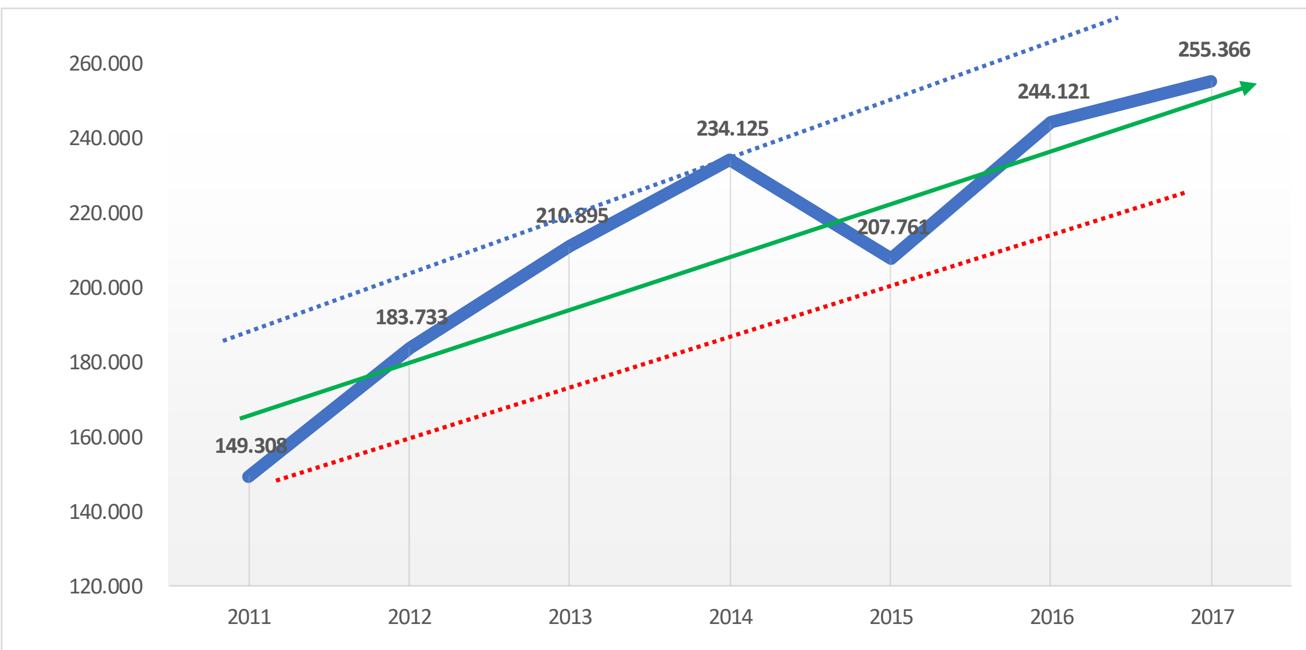
*Canned tuna and tuna preparations in FIshstatJ: It is supposed that tuna loins are included in the chapter Tunas prepared or preserved, not minced, nei . Except for El Salvador

AMERICA'S CANNED TUNA & PREPARATION EXPORT

Canned tuna and tuna preparations Exports*

	Volume t						
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
ECUADOR **	123.879	152.753	176.995	195.606	174.696	212.476	218.154
COLOMBIA	4.028	5.513	5.838	6.875	2.949	3.210	1.367
EL SALVADOR	14.308	17.475	19.452	20.059	17.922	18.523	19.021
PERU	2.027	1.003	3.367	2.814	4.479	2.193	4.917
MEXICO	2.091	3.546	2.991	6.989	5.756	6.208	10.046
CHILE	215	111	17	4	24	-	281
BRAZIL	2.760	3.332	2.235	1.778	1.935	1.511	1.580
TOTAL	149.308	183.733	210.895	234.125	207.761	244.121	255.366

Source: FishstatJ



Ecuador **supported by a Diversified**

PRODUCT CATALOGUE

different size cans, glass jars, pouches and loins

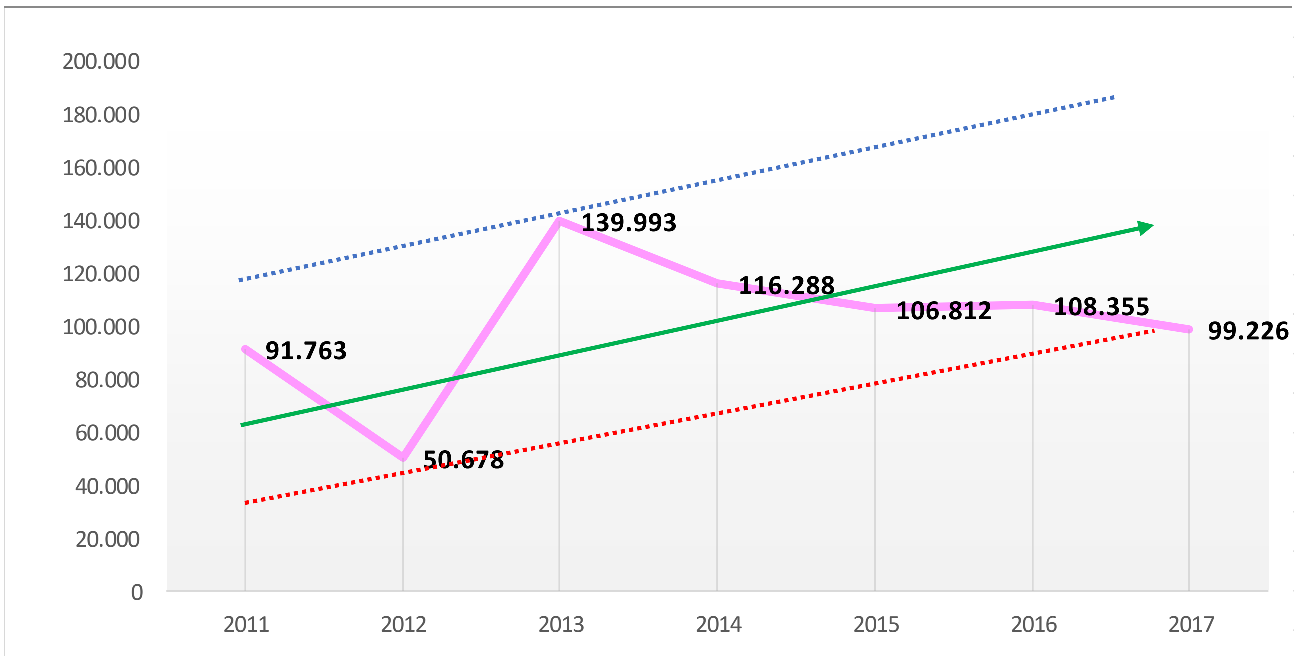
is a clear Leader toghether with Salvador and Mexico.

*Canned tuna and tuna preparations in FishstatJ: It is supposed that tuna loins are included in the chapter Tunas prepared or preserved.
Except for El Salvador, Mexico and Ecuador (16/17)
** Ecuador: It is supposed that tuna loins are included in tuna preparations from 2011 to 2015

AMERICA'S CANNED TUNA & PREPARATION DOMESTIC CONSUMPTION

Canned tuna and tuna preparations domestic consumption*

	Volume t						
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
ECUADOR	49.243	18.472	38.899	28.549	31.664	30.524	24.685
COLOMBIA	72	87	62	- 75	51	-	3
PERU	6.947	7.971	5.607	6.160	4.495	6.781	4.057
MEXICO	35.676	32.906	105.279	90.870	76.463	75.684	74.303
BRAZIL	40	68	65	22	65	39	20
TOTAL	91.763	50.678	139.993	116.288	106.812	108.355	99.226



Domestic Consumption by Single Regional Market is showing up and down fluctuations.

The only positive exception are Mexico supported by its domestic market

and…Ecuador.

*Canned tuna and tuna domestic consumption: It is supposed that is the calculation of production – exports.

EU'S KEY STRATEGIC CURRENT OUTLOOK

1. The fleet

Fleet most part composed by 50 modern Purse Seiners of which sized

70-90 meters = 39 Boats Av. Catches Boat / Year = ~7.000 MT

>90 meters = 11 Boats Av. Catches Boat / Year = ~12/13.000 MT

VS

IATTC av. Catches
3.350 MT Boat / Year

2.

ICCAT & IOTC

ICCAT CICTA CICAA

iotc ctoi

IOTC & ICCAT competent RFMOs are constantly involved together with Fleets within numerous monitoring Projects Science driven such as

FIPs, Bycatch Reduction, Juveniles Protection

in support to

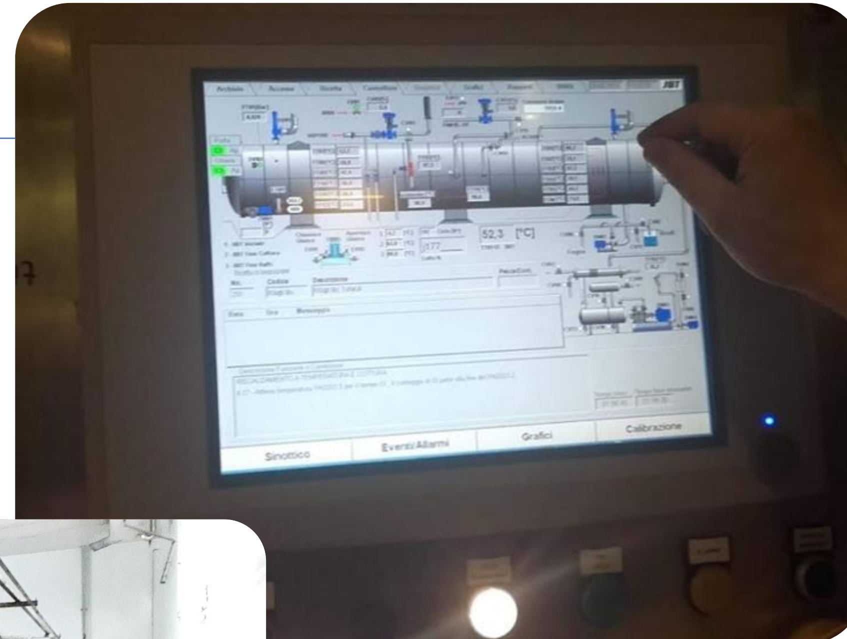
TUNA Stocks conservation and management.

3. Plants

Seychelles, Mauritius, Madagascar, Ghana, Ivory Coast, Spain, France, Italy

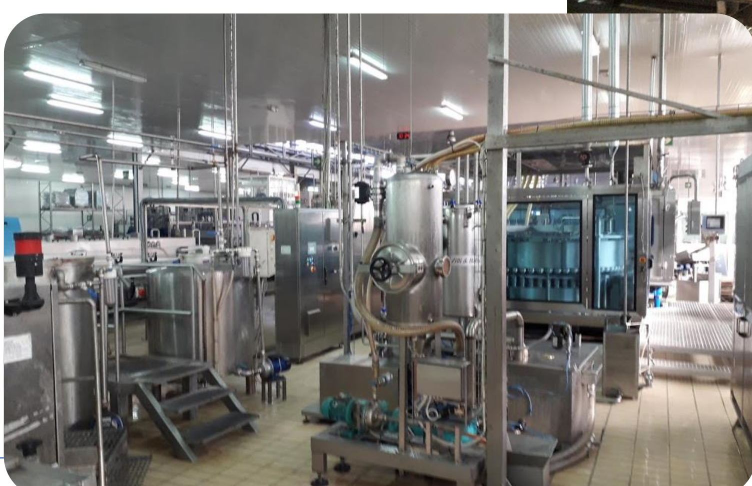
EU ADVANCED TUNA PLANTS - INDIAN OCEAN

AN ITALIAN PLANT IN EU



ASdoMAR

La Qualità e il Rispetto.



EU canned tuna market

GROSS FIGURES

- Production : ~ 375.000 Tonnes
- Imports : ~ 400.000 Tonnes
- Exports : ~ 25.000 Tonnes

North Africa, Gulf, East non EU, Canada & USA

TOTAL EU MARKET CONSUMPTION: ~ 750.000 Tonnes

→ Three times more than America's Canned Tuna Exports!

Source: Presentation by Pierre Commère, Delegate general Fish Processing Industry, France, & Secretary of the General Assembly of EUROTHON - European Tuna Conference 2019

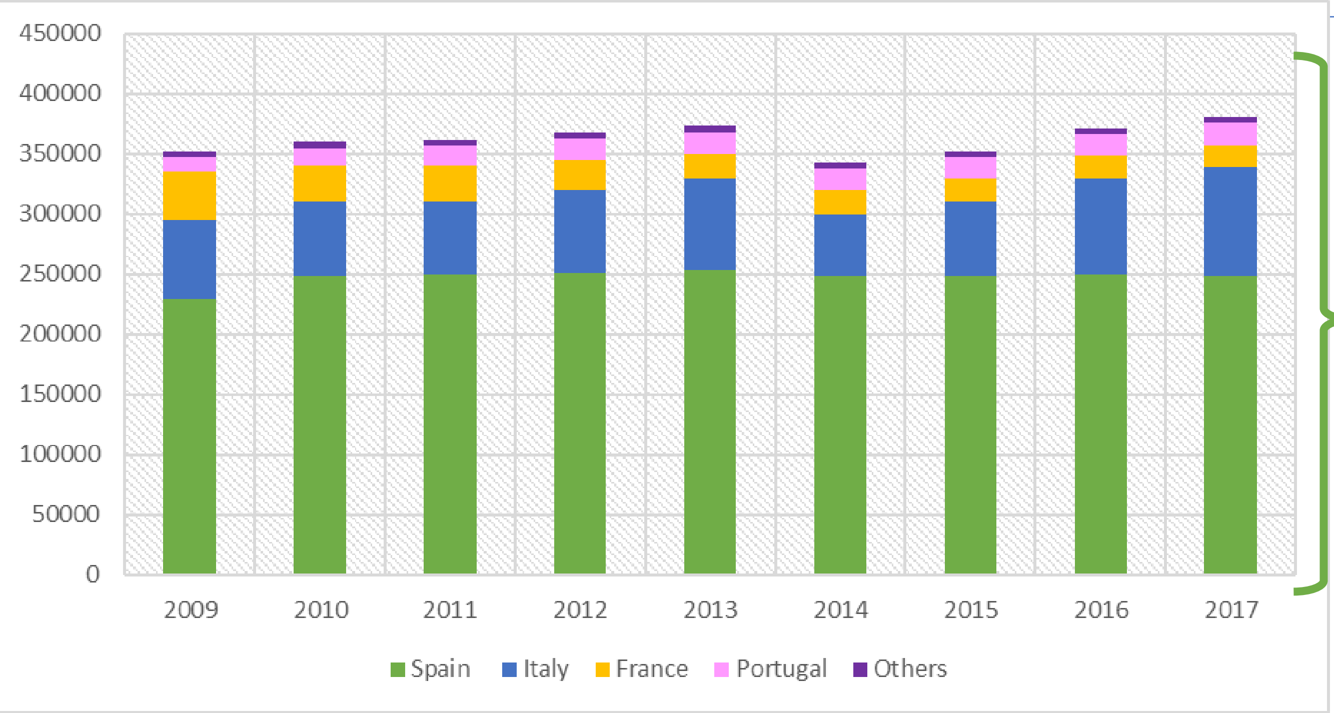
EU canned tuna market

EU PRODUCTION

- ~80 EU canning tuna plants
(of which an half > 30 employees)
- > 21.000 direct employees
- ~100.000 Total employment
Direct + Indirect
- 4 mains countries : FR, SP, IT, PT

Source: Presentation by Pierre Commère, Delegate general Fish Processing Industry, France, & Secretary of the General Assembly of EUROTHON - European Tuna Conference 2019

EU's KEY MARKET DATA



PRODUCTION BY MEMBER STATE:

Spain = 65%

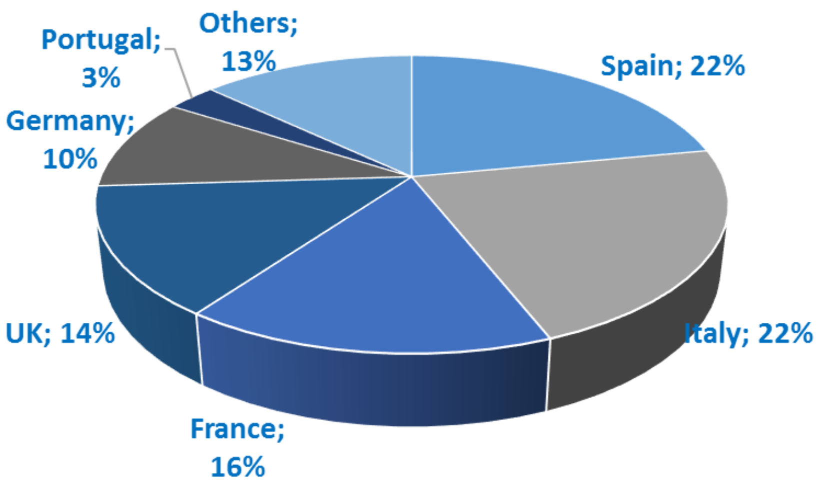
Italy = 23%

France = 5%

Portugal 6%

EU MARKET BREAKDOWN

6 Countries make 87% of the EU Consumption Market



Source: Presentation by Pierre Commère, Delegate general Fish Processing Industry, France, & Secretary of the General Assembly of EUROTHON - European Tuna Conference 2019

CANNED TUNA: HOW IS IT CONSUMED IN EU?

"As an Ingredient" but it is relevant also "As It Is" → enriched by added value Recipes

					
 AS INGREDIENT	92%	94%	85%	88%	88%
 AS IT IS	76%	61%	66%	64%	67%

Psycological obstacles to consumption per capita further potential growts

Strong smell

Too much liquid

Lack of freshness

Concerns about overfishing

Fear of preservatives

Fear about mercury content

EU Brands are progressing YoY in Consumer Inspiration via PR Educational Programs, Product Innovation, In Store Theater (sampling and stewardess)

Source: IPSOS, BHT 2019. A special thanks to Luca Alemanno (Bolton Group) for marketing aggregations

CANNED TUNA PERCEPTION IN EU

INDUSTRY APPROACH

- QUANTITY
- PRICE WAR
- ME TOO
- MARKET SHARE GROWTH

VALUE CREATON APPROACH

- QUALITY
- COMMUNICATION
- DIFFERENTIATION
- CATEGORY GROWTH

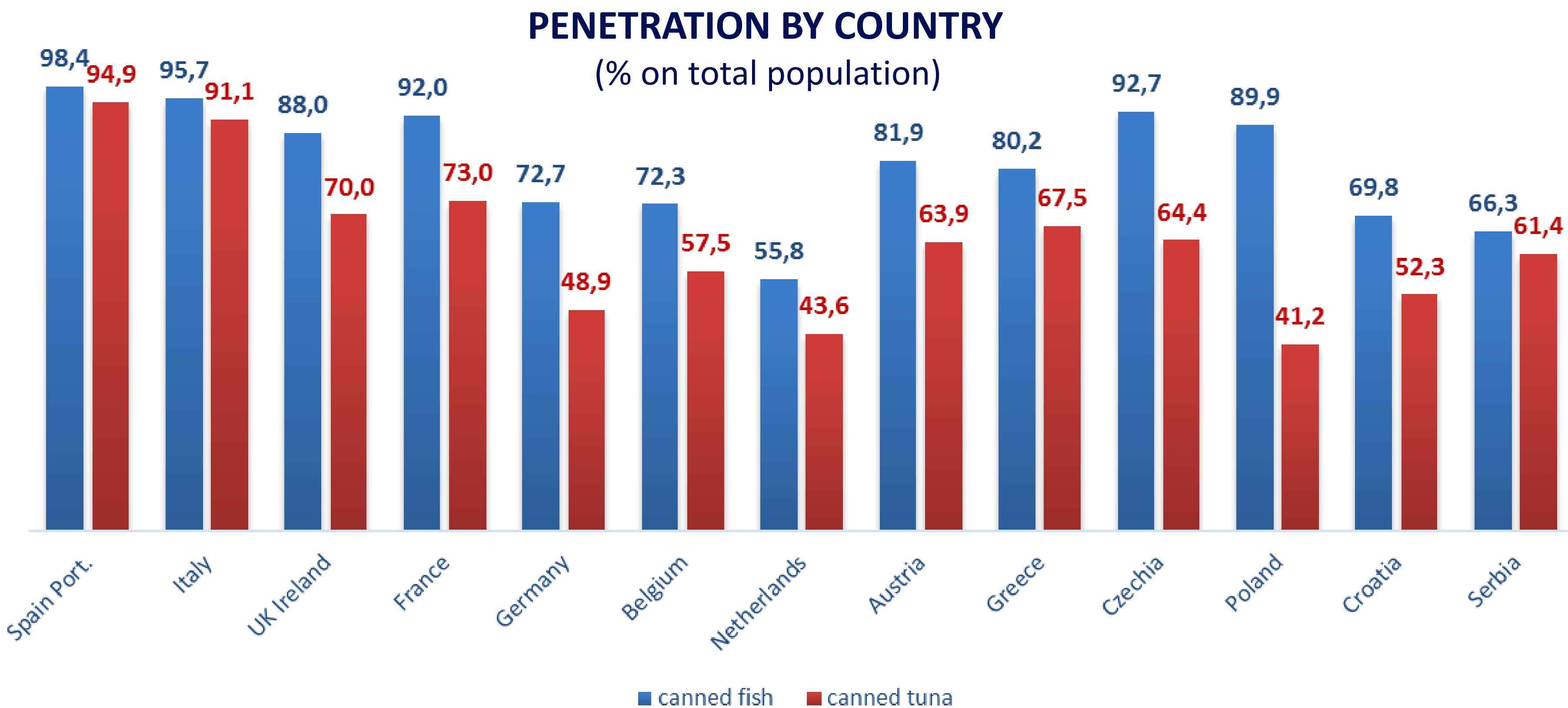
EU Tuna Brands Vision seeks a stepchange for their Category driven by

'VALUE CREATION APPROACH'

A special thanks to Luca Alemanno (Bolton Group) for marketing aggregations

CANNED FISH PENETRATION IN EU

Canned Fish Penetration is high with headroom for Tuna future growth.



Spain, Italy, top Canned Tuna Consumption Markets are driving other markets to close the Penetration gap with Total Fish Penetration.

A special thanks to Luca Alemanno (Bolton Group) for marketing aggregations

UE ‘PRO CAPITE’ CONSUMPTION

Kg pro capite / year in UE		by group of Country
Spain	3,3	**Spain, Italy, Portugal and Ciprus between 2 and 3,3 kg / year**
Italy	2,5	
Portugal	2,4	
Cipro	2,1	
France	1,8	**France, Lux, Belgium, UK between 1,5 and 2 kg / year**
Luxemburg	1,7	
Bélgio	1,5	
United Kingd.	1,5	
Finland	1,3	**Finland, Denmark, Croatia, Austria, Germany between 1 and 1,5**
Danmark	1,3	
Austria	1,1	
Croatia	1,0	
Germany	1,0	
Others		**Others < 1 kg**

Thanks to:

- ***Ready to Serve / Reciped Approach***
- ***Industry Attention to Quality***

Updated to 2018

CONSUMER EXPECTATIONS AND PERCEPTIONS IN EU, US & CANADA

Consumers become more conscious about how their dietary choices impact the environment.

SUSTAINABLE SOURCES

74%

of **Italian consumers** trust their retailer to only offer animal proteins from sustainable sources

RECYCLING MORE

87%

of **German consumers** say they recycle packaging to stop waste going into the sea

LIFESTYLE CHANGE

65%

of **UK consumers** are trying to live more ethically than they did a year ago

Source: Mintel, 2019 Global Food & Drink Trends.

Food Consumers now more focused on environment/CSR impacts

and specifically

Companies and brands that invest in sustainability may see long-term returns as the post-Millennial and iGeneration place a priority on the environment.

29%

of **US adults aged 18-22** specifically shop for products that are environmentally friendly

37%

of **UK kids aged 12-18** say climate change and plastic pollution are important to them

65%

of **German adults aged 16-24** buy organic food and drinks because they are better for the environment

Source: Mintel, 2019 Global Food & Drink Trends.

Young Generations are sensitive to plastics pollution and organic food.

A special thanks to Luca Alemanno (Bolton Group) for marketing aggregations

CONSUMER EXPECTATIONS AND PERCEPTIONS IN EU, US & CANADA

Today seniors have a series of health concerns:
they look for products improving their brain, heart, bone and joint health.

HEALTHY BRAIN	HEALTHY HEART	BONE AND JOINT HEALTH
56% of **UK adults aged 55+** are concerned about developing dementia	**55%** of **Polish** and **49%** of **Italian adults aged 55+** use functional food and drink to maintain a healthy heart	**20%** of **US adults aged 65+** currently use a supplement for bone and joint health

Source: Mintel, 2019 Global Food & Drink Trends.

Despite the growing interest in healthy food and its importance to aging well, **fish products do not leverage on nutritional values communication.**

59% of **Italian population** report trying to eat more fish for health reasons	**55%** of **Canadian population** consume fish for the good fats and 36% of them for hearth health	**52%** of **UK shoppers who buy fish** try to consume at least two portions per week

Source: Mintel, 2019 Global Food & Drink Trends.

Canned tuna is recognized both by Nutrition Science and World Consumers as a

Healthy

Nutritional Food

Good price for Value

Users Friendly

A special thanks to Luca Alemanno (Bolton Group) for marketing aggregations

GET INSPIRATION

from the EU

fully integrated & successful

Tuna Business Model…

TRANSFER

It with proper adaptations & executions

to your America's potential growing

Consumer Market

PRODUCT INNOVATION & QUALITY UPGRADE

PRODUCT VALUES

Identify undisclosed Consumer expectations and properly transfer them into Product Innovation Response

TASTE

SUSTAINABILITY

INNOVATION

QUALITY

SERVICE

HEALTH

ORGANIC

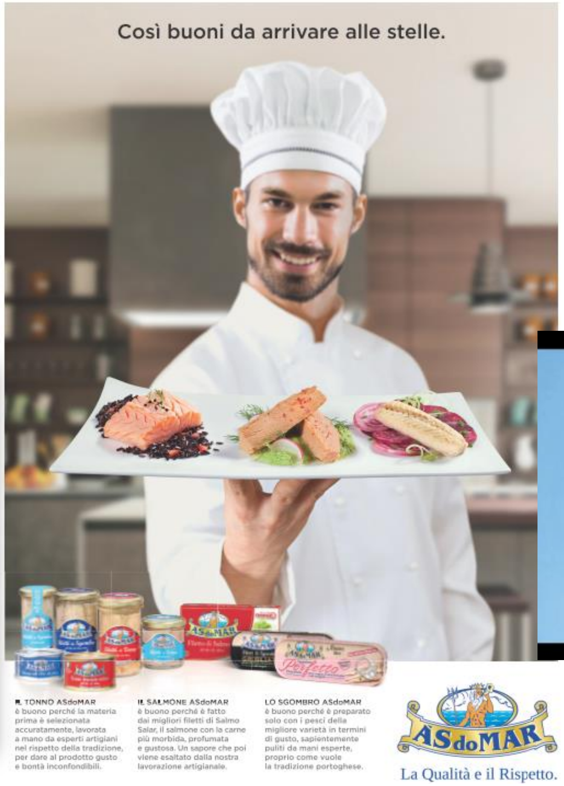
NEW PRODUCTS

EU SUCCESSFULLY IMPACTING 'IN STORE PROMOTION'

Eu Market today awaits a product with high added value and is willing to pay it at the 'right' price

Smart shelf

EU EMOTIONAL ADVERTISING



EU SUSTAINABILITY CLAIMS

INSPIRATIONS & OPPORTUNITIES

- ✓ America's Consumer Market Is the ideal "*Melting Pot*" to develop what in terms of Tuna Industry Integration, "Shelf Management" and Consumer Satisfaction is being successfully done in Europe
- ✓ Americas have **Clear Strengths** not yet completely exploited such as Plants Proximity to the Fishing Areas, consequent Production Cost Competitiveness / Raw Material Quality
- ✓ A Good Technology is already installed in the Plants, and their Employees look capable to deliver Quality Standards aligned with best EU Plants

In the short term,
the EU current Business Model
should inspire a further
America's Tuna Industry upgrade step
driven by
High & Constant Quality Standards
Larger Added Value Products Range
Superior Process technology / Yields / Cost Improvement
→ Incremental Sales Volumes & Margins
driven by Trade Marketing

LEARN FORM THIS LIST – PROTECT YOUR FUTURE!

ASdoMAR

Country	Pre-Identification	Pre-Identification Revoked	Identification	Listing	Delisting
Belize	November 2012	N/A	November 2013	March 2014	December 2014
Cambodia	November 2012	N/A	November 2013	March 2014	
Comoros	October 2015	N/A	May 2017	July 2017	
Curaçao	November 2013	February 2017			
Ecuador	October 2019				
Fiji	November 2012	October 2014			
Ghana	November 2013	October 2015			
Kiribati	April 2016				
Korea	November 2013	April 2015			
Liberia	May 2017				
Panama	1. November 2012 2. December 2019	October 2014			
Papua New Guinea	June 2014	October 2015			
Philippines	June 2014	April 2015			
Republic of Guinea	November 2012	N/A	November 2013	March 2014	October 2016
Sierra Leone	April 2016				
Solomon Islands	December 2014	February 2017			
Sri Lanka	November 2012	N/A	October 2014	February 2015	June 2016
St Kitts and Nevis	December 2014				
St Vincent and Grenadines	December 2014	N/A	May 2017	July 2017	
Taiwan	October 2015	June 2019			
Thailand	April 2015	January 2019			
Togo	November 2012	October 2014			
Trinidad and Tobago	April 2016				
Tuvalu	December 2014	July 2018			
Vanuatu	November 2012	October 2014			
Vietnam	October 2017				

How to avoid such a Scenario?

Adopt a "prevention culture":

- ***Analyze and learn from Predecessor's mistakes***
- ***Study each single case***
- ***Work proactively & constructively with Local and International Competent Authorities***
- ***Develop a Strong Traceability Documentation at any stage of Fishery Process and get proper Endorsement by Competent Authorities***
- ***Aspire to be "Best in Class" for Sustainability & Traceability***

Your Rich Fishing Grounds deserve your Responsible Monitoring and International Markets Appreciation.

Source: https://ec.europa.eu/fisheries/sites/fisheries/files/illegal-fishing-overview-of-existing-procedures-third-countries_en.pdf

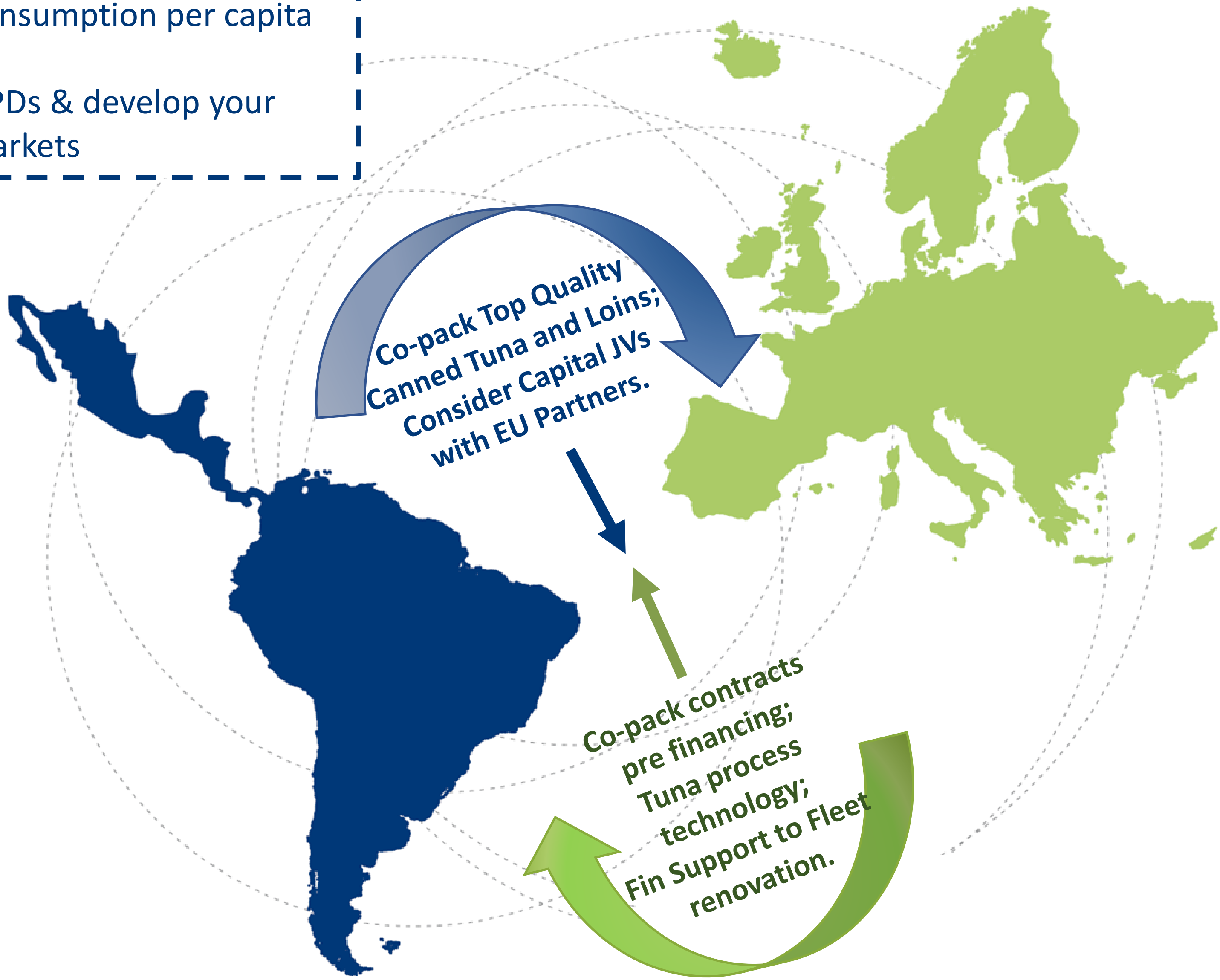
HOW TO PROTECT YOUR FUTURE?

- ✓ **Improve Tuna Plants** Technology Process and Costs. **Consolidate** Medium High **Quality Standards** both for canned Tuna & Loins
- ✓ **Target and gain** further Confidence of Medium/High Level EU Customers and Consumers. **Sell** reliable **Quality** at a **Proper Price**
- ✓ **Develop** America's Consumer **Markets**. **Target** Emerging Classes. **Leverage** EU **Merchandising Model and New Packaging / New Recipes**
- ✓ **Promote Capital Integration** between Fleet and Tuna Plant, **replicate** the successful **EU Model**. Balance Market's Risks. **Leverage Synergies**
- ✓ Progressively **Renovate** your large **Tuna Fleet** through Mid-Term articulated Plans. **Involve** 1) *Local **Administration*** 2) ***International** Financial **Institutions** capable to provide grants and low rate / long term Loans*
- ✓ **Get Top Level Endorsments** by Authorities and Environmentalists on your Fleet Sustainability

→ POSITION AMERICA'S TUNA PRODUCTS WITHIN THE BEST 50% OF GLOBAL OFFER
→ GET THE CREDIBILITY AND APPROPRIATE "PRICE FOR VALUE" FROM THE GROWING CLUSTER OF RESPONSIBLE CONSUMERS IN THE WORLD.

AMERICAS AND EU SINERGIES →
A STRONG OPPORTUNITY FOR THE FUTURE

- Fleet Upgrade
- Plants technical Upgrade
- Local Consumption per capita Growth
- Drive NPDs & develop your Local Markets



Torre Italia

The only Italian Pure Seiner among the World Fleet

Trade Dinamycs between America's and Europe's Tuna Industries

Thank you
for your attention!