SEAFISH

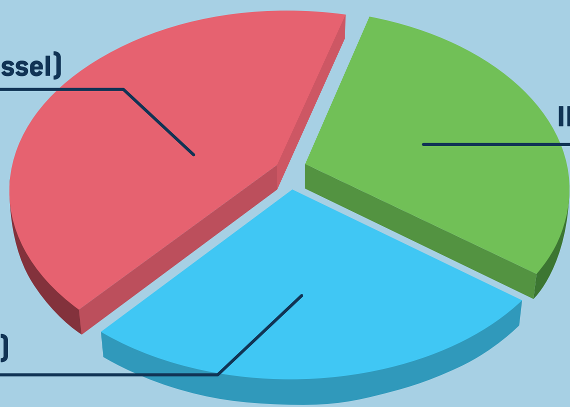
UK SEAFOOD INDUSTRY DASHBOARD 2016

FLEET

2015

MAKE UP OF FLEET

Only 43% of the UK fleet were classified as active with fishing income greater than £10,000



43%
ACTIVE (VESSEL INCOME>£10K per vessel)
2,826 REGISTERED VESSELS

31%
INACTIVE (FISHING INCOME £0 per vessel)
2,017 REGISTERED VESSELS

26%
LOW ACTIVITY VESSELS (FISHING INCOME <£10k per vessel)
1,710 REGISTERED VESSELS

6,553
TOTAL UK REGISTERED VESSELS

TOTAL UK FLEET TURNOVER

£809m

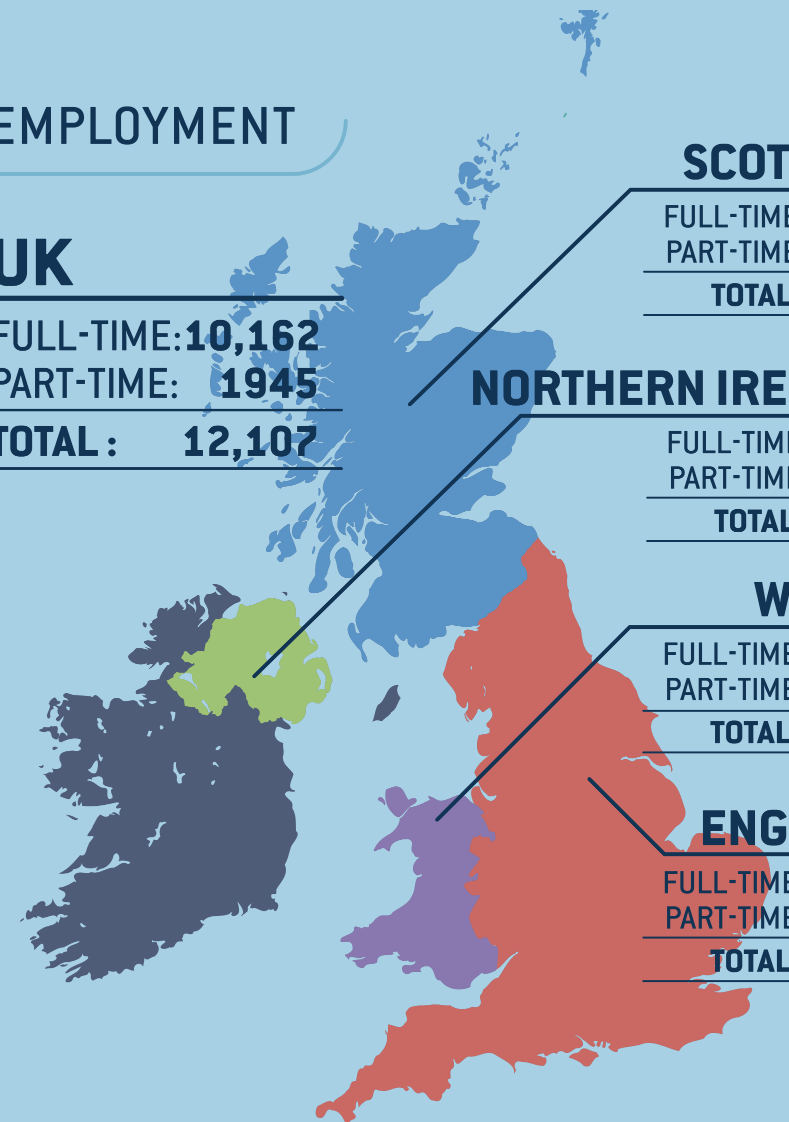
OPERATING PROFIT

£163m

GROSS VALUE ADDED (GVA)

£362m

EMPLOYMENT



UK
FULL-TIME: **10,162**
PART-TIME: **1945**
TOTAL : 12,107

SCOTLAND
FULL-TIME: **3,985**
PART-TIME: **843**
TOTAL : 4,828

NORTHERN IRELAND
FULL-TIME: **708**
PART-TIME: **151**
TOTAL : 859

WALES
FULL-TIME: **564**
PART-TIME: **287**
TOTAL : 851

ENGLAND
FULL-TIME: **4,905**
PART-TIME: **664**
TOTAL : 5,569

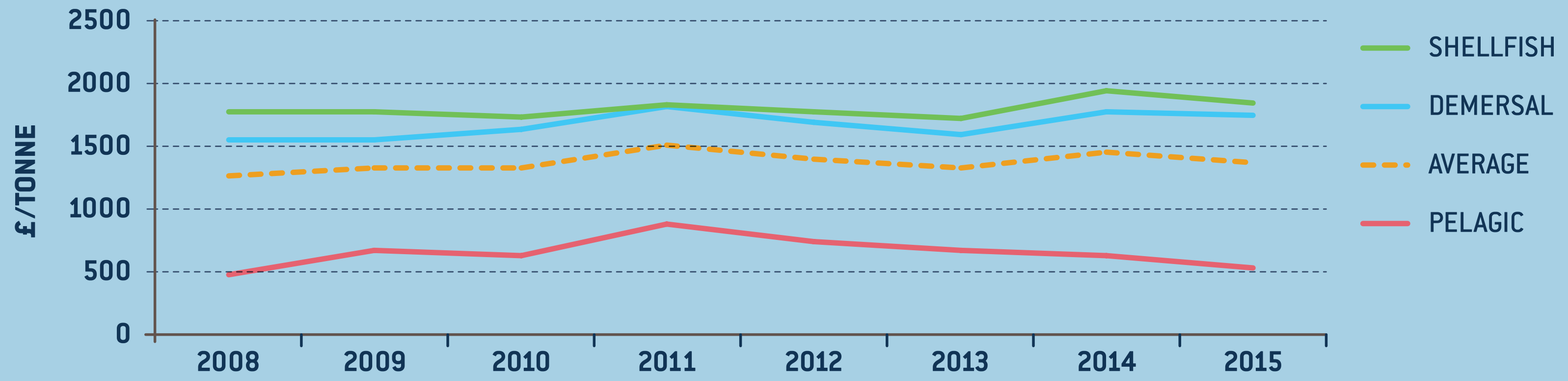
10,162 full time fishermen worked on UK registered fishing boats in 2015. There are an estimated 1,945 part time fishermen as well.

Sources: Fleet Economic Performance Dataset 2005-2015, Seafish, 2016; UK Sea Fisheries Annual Statistics, MMO, 2016

LANDINGS

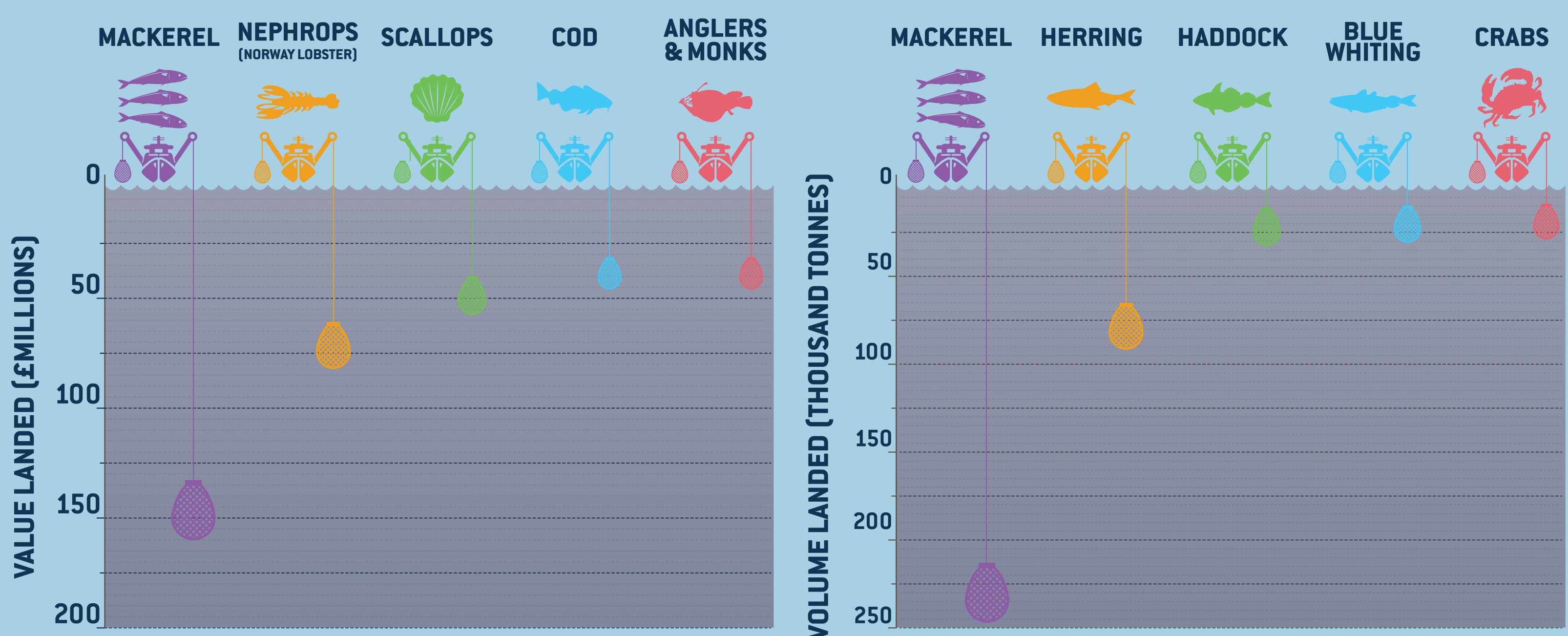
AVERAGE FIRST SALE PRICES BY SPECIES GROUP

(adjusted for inflation)



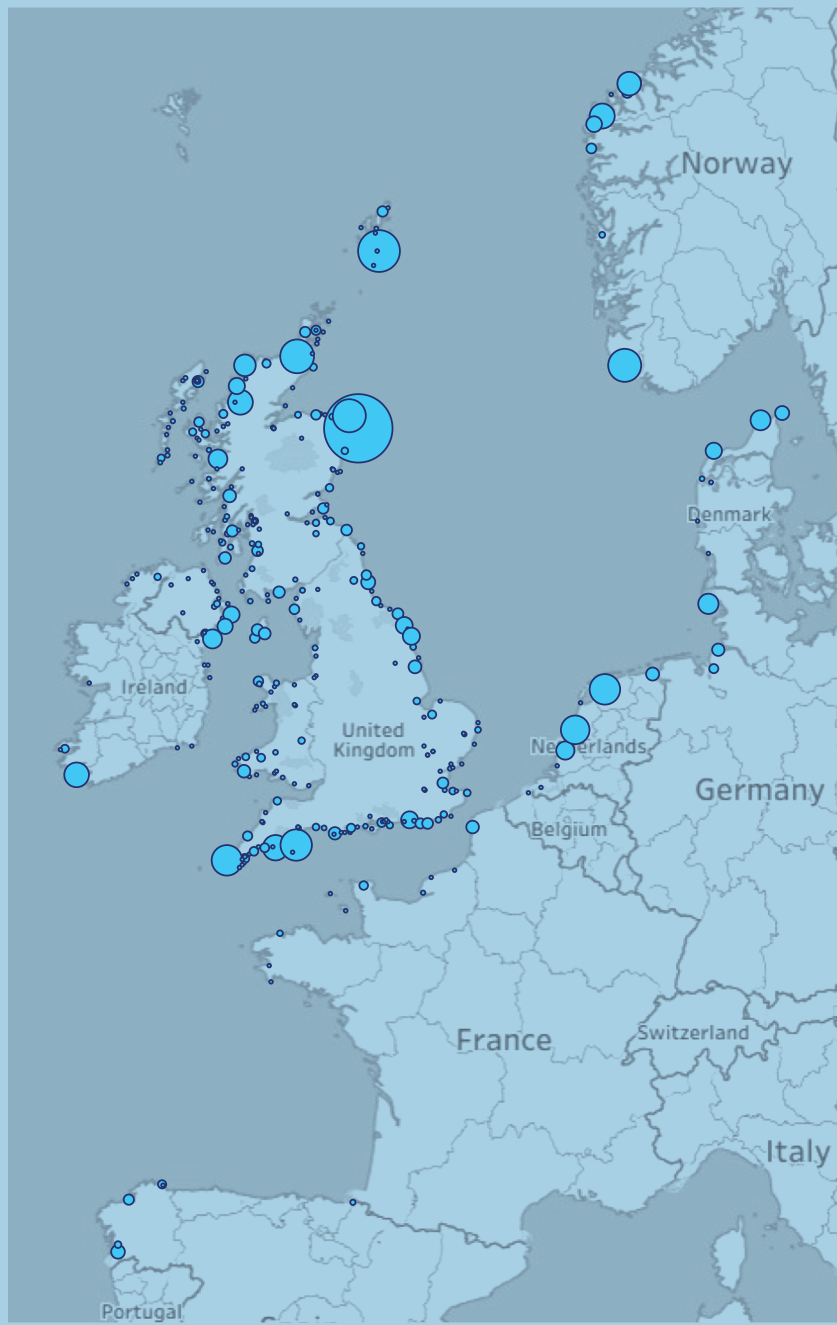
Prices fell from 2014-15 but there is an overall positive trend during the time series.

TOP SPECIES LANDED BY UK VESSELS 2015



Over half of total landings by value is made up of five species. Mackerel is an extremely important species for the UK fleet.

VALUE OF LANDINGS BY PORT



Just under 30% of total landings by value of the UK fishing fleet was landed abroad in 2015.

Sources: *Fleet Economic Performance Dataset 2005-2015, Seafish, 2016; UK Sea Fisheries Annual Statistics, MMO, 2016*

PROCESSING

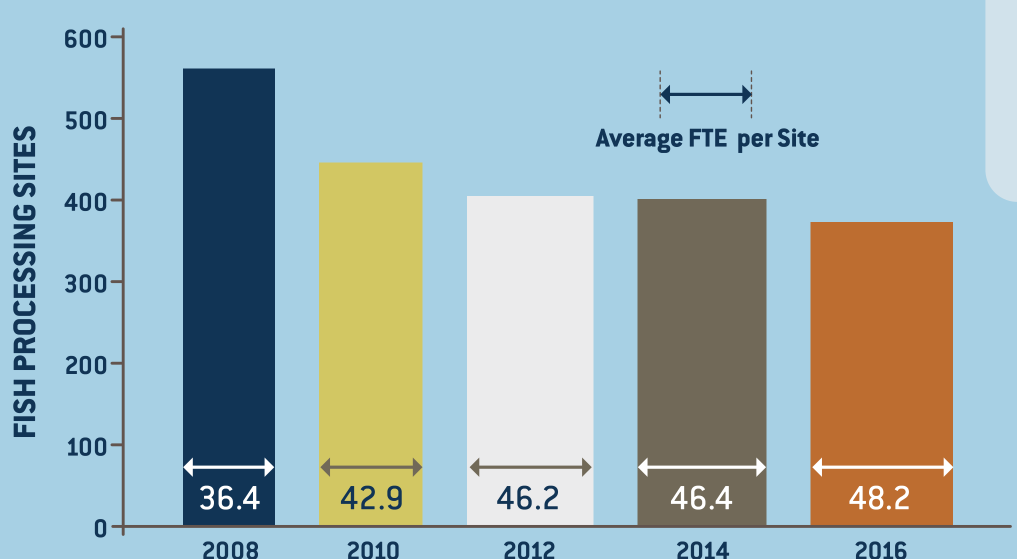
In 2014 total fish processing turnover was an estimated £4,395 million of which £255 million was operating profit and Gross Value Added for the UK was £776 million.

PROCESSING VALUE

Fish Processing Estimated Turnover, Operating Profit and Gross Value Added (Preliminary Numbers not adjusted for inflation), 2014

FISH PROCESSING

No. of Units & average employment (FTE) per unit 2008-2016



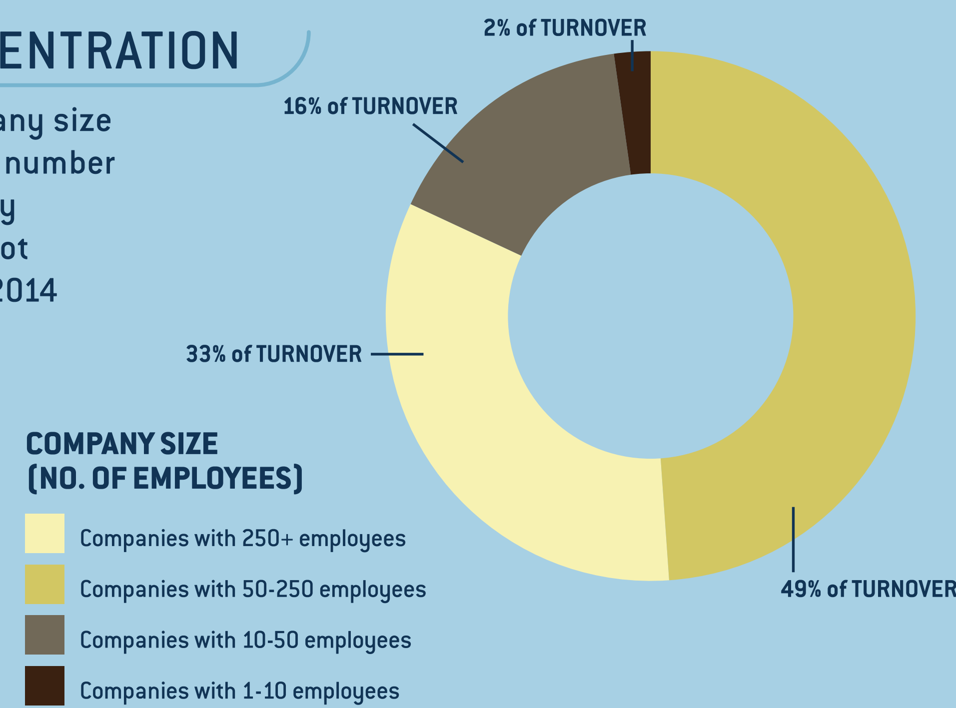
The industry is consolidating, with the total number of sites shrinking by 33.5% and average employment per site increasing by 32.5% between 2008 and 2016.

Fish Processor is defined as >50% (or majority) of turnover from fish processing activity.

INDUSTRY CONCENTRATION

Turnover (£m) by company size band category and total number of companies in category (Preliminary Numbers not adjusted for inflation), 2014

20% of Processing Firms had an estimated 80% of the industry turnover in 2014. This Trend might be expected to continue as the industry continues to consolidate.



Sources: Seafish 2016 Census of UK Seafood Processing Industry; Seafish 2014 UK Seafood Processing Industry Financial Survey; (Upcoming: Seafish 2016 UK Seafood Processing Industry Report

AQUACULTURE

AQUACULTURE **GROWING VALUE**; TURNOVER, OPERATING PROFIT AND GROSS VALUE ADDED (£M) 2014

2014

TURNOVER
£800m
(33%)

OPERATING PROFIT
£185m
(38%)

GVA
£275m
(41%)

Aquaculture Turnover, operating profit and Gross Value Added is growing steadily, in particular since 2011.

% INCREASE 2008-2014

AQUACULTURE ENTERPRISES, EMPLOYMENT AND PRODUCTION (SALES VOLUME TONNES), 2014

NO. OF ENTERPRISES
551

GROWTH 2008-2014: +3.8%

SALMON & TROUT
192,431
TONNES
89.8% of total

SHELLFISH
21,618
TONNES
10.1% of total

WHITEFISH
321
TONNES
0.1% of total

Production has increased more rapidly than the number of enterprises and employees, with a large majority of the production focussed on Salmon.

EMPLOYEES (FTES)
2761

GROWTH 2008-2014: +3.8%

Sources: The Centre for Environment, Fisheries and Aquaculture Science (Cefas), 2014 Aquaculture Data

SUPPLY CHAIN

SEAFOOD FOR SALE

FISH AUCTION → PROCESSING → DISTRIBUTION

EXPORTS
£1.34bn
(-14.6%)

RETAIL IN HOME
£3.11bn
(-0.6%)

UK consumers purchased £6.34bn of seafood in 2015
(+0.2%) v 2014

COMMERCIAL OUT OF HOME
£3.23bn
(+1%)

LANDINGS ABROAD BY UK VESSELS
£222.8m
(-10.6%)

UK SEAFOOD SUPPLY

£4.02bn (-2.2%)

FOREIGN VESSELS LANDINGS INTO THE UK
£65.2m (-13.4%)

TOTAL IMPORTS
£2.67bn
(-2.4%)

UK SOURCE
£1.35bn (-1.7)

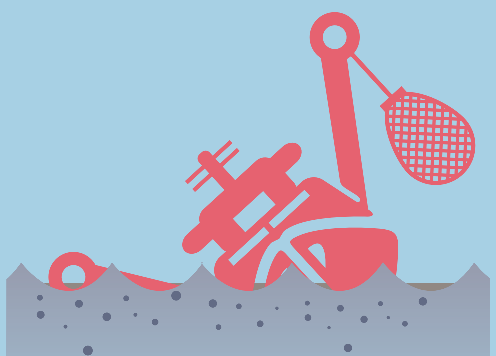
LANDINGS INTO THE UK BY UK VESSELS
£552.4m
(-10.2%)

UK AQUACULTURE*
£0.8bn
(+5.1%)

*Sources: Nielsen ScanTrack & HomeScan MAT 02.01.16, NPD Crest MAT Dec 2015, Marine Management Organisation 2015, finalised 2015 trade data from HMRC via BTS, *Cefas 2013-2014 data (converted to £s and not adjusted for inflation)*

SAFETY & TRAINING

THE LAST TEN YEARS (2006-2015)



VESSELS LOST

166

ACCIDENTS REPORTED

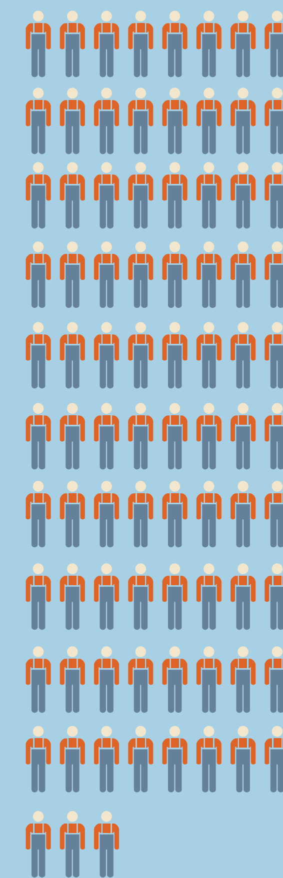
2,508

SERIOUS INJURIES

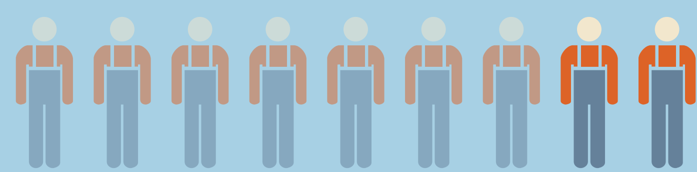
452

LIVES LOST

83



In **2015, 7 fishermen lost their lives at sea.**

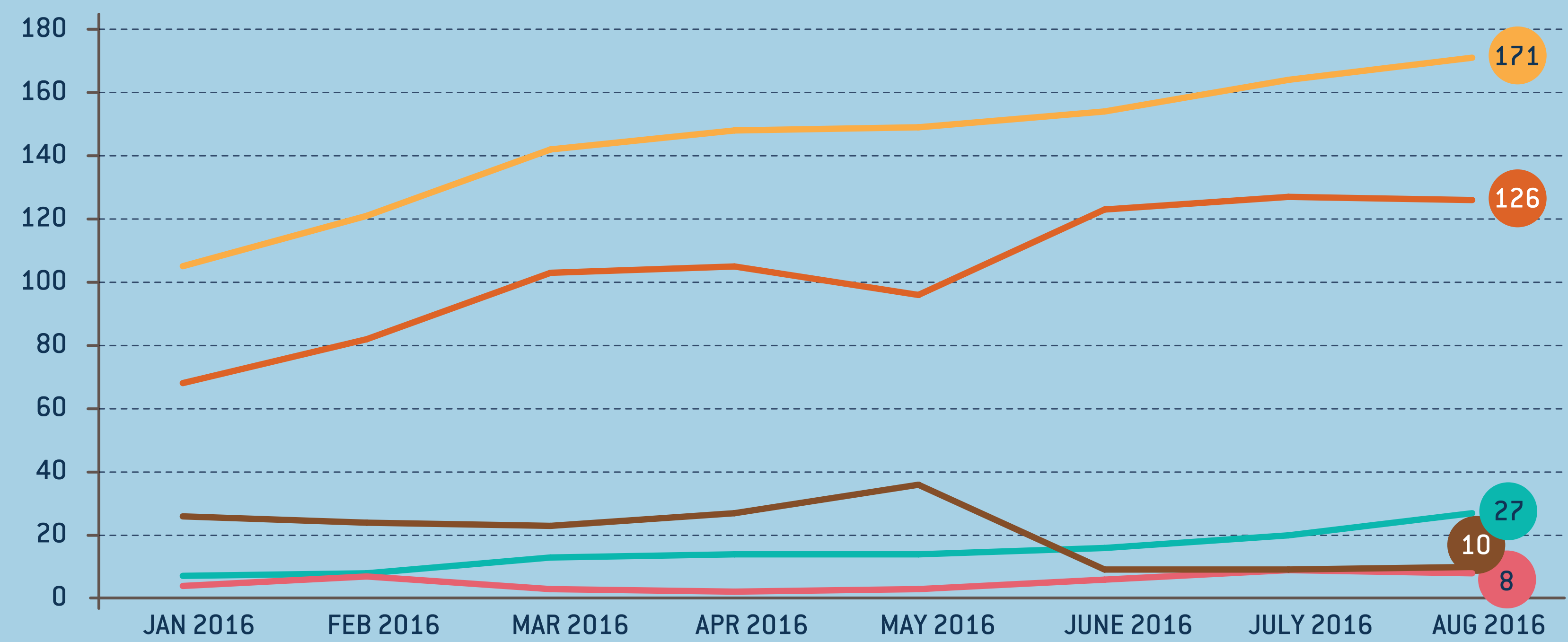


In **2016, 9 fishermen** had **lost their lives** at sea, as of November.

Sources: Marine Accident Investigation Branch, November 2016

RESPONSIBLE SOURCING

RFS SCHEME ENGAGEMENT 2016



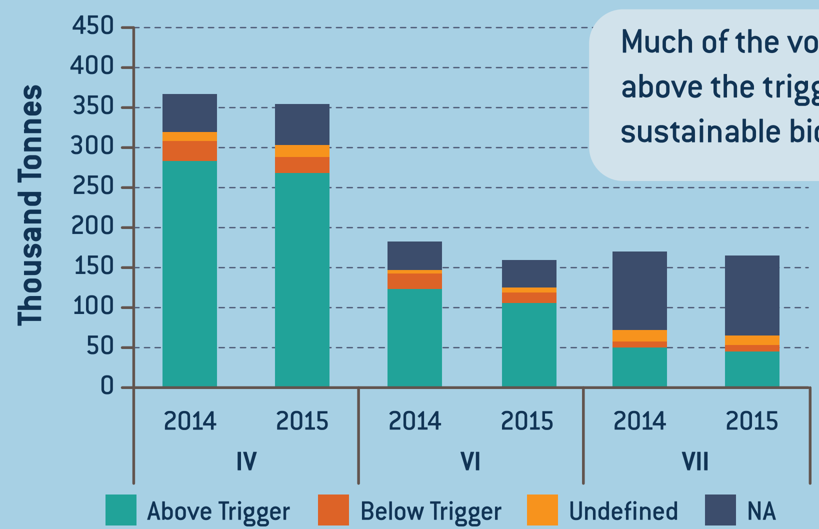
Scheme membership is rising steadily

LANDINGS STATUS

– Fishing stocks(btrigger)
– Thousand tonnes

Btrigger Definition: Value of spawning stock biomass (SSB) that triggers a specific management action

Much of the volume of fish landed above the trigger level for the sustainable biomass levels.

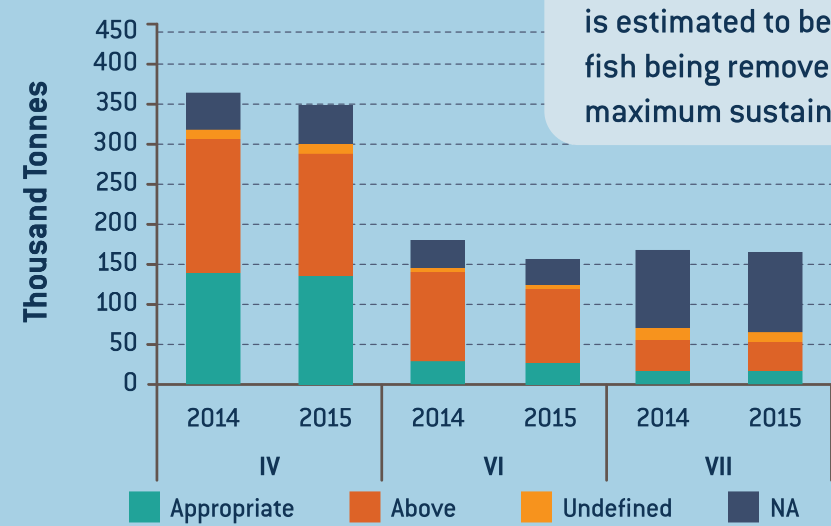


NOTE: This graph reflects the status of 63 ICES stocks (not all stocks covered).

LANDINGS STATUS

– Fishing Mortality (Fmsy)
– Thousand Tonnes

The majority of volume landed is estimated to be coming from fish being removed above the maximum sustainable yield (MSY).



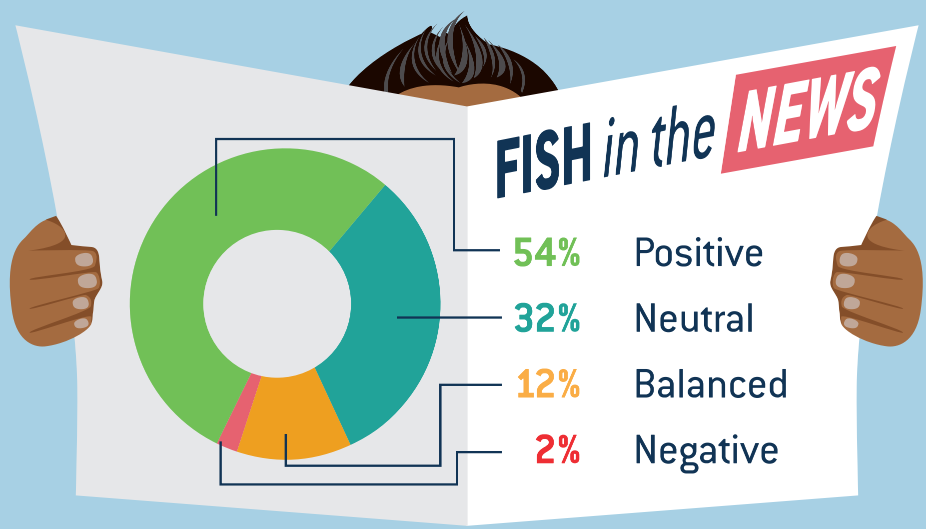
NOTE: This graph reflects the status of 63 ICES stocks (not all stocks covered).

Sources: Seafish Responsible Fishing Scheme Engagement, 2016; The International Council for the Exploration of the Sea (ICES) Stock Status Assessments 2014 & 2015; Marine Management Organisation UK Sea Fisheries Annual Statistics 2016.

INDUSTRY REPUTATION

FISH IN THE NEWS

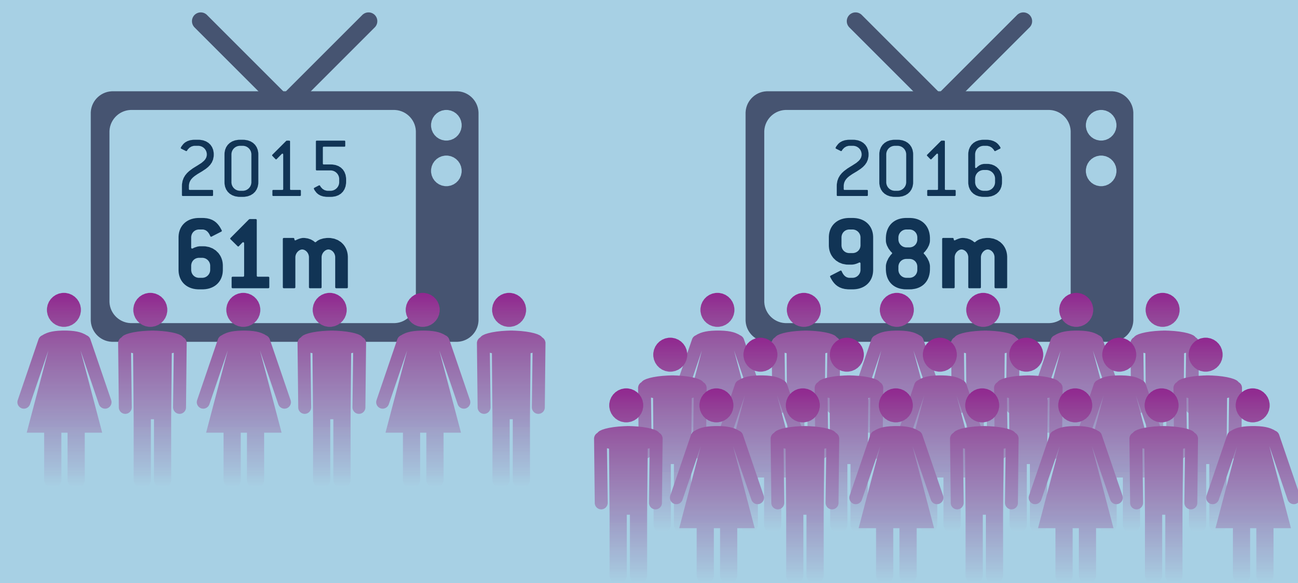
Analysis of sentiment of news stories (Sept 15 – Aug 16)



86% of news items in the period were scored as either positive or neutral.

REACH OF NEWS ITEMS

2016 (9 months) v 2015 (Full Year)

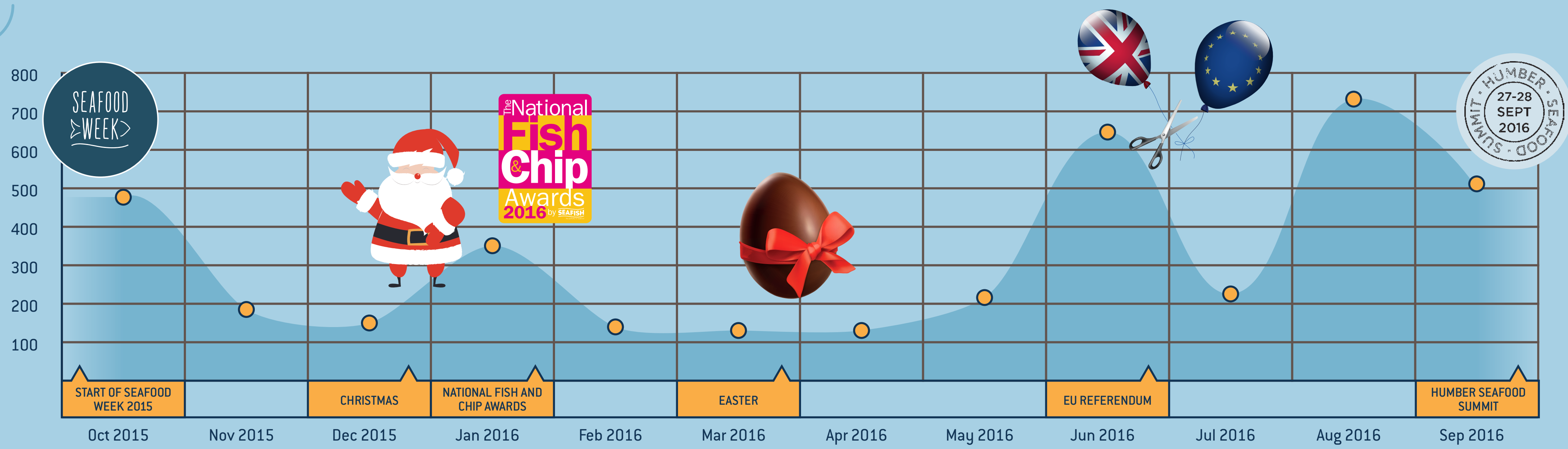


By September the reach of news items published in 2016 was already 60% higher than all of 2015

TIMELINE OF NEWS ITEMS

per Month (Sept 15 – Aug 16)

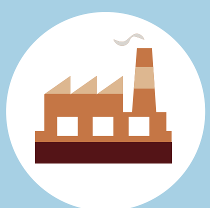
Coverage of the fishing industry saw significant spikes around certain events (EU Referendum and fallout chief amongst them)



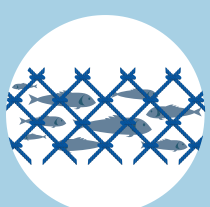
Source: All Data produced by Kantar Media.

FLEET: 4,500 UK registered vessels were active in the calendar year 2015. 60% of these active vessels had an annual fishing income greater £10,000; they generated 99% of the total UK fishing income. In the past ten years the total number of vessels on the UK vessel register has decreased by 8%. An estimated 10,000 full time fishermen worked on UK registered fishing boats in 2015, a 3% decrease on 2005.

LANDINGS: Total quantity of landings fell by 7% between 2014 and 2015. At the same time the first sale price of demersal and shellfish species fell 2% and 5% while the price of pelagic species fell 15%. The total value of landings fell by 10% between 2014 and 2015. Adjusting for inflation, the total value of landings by the UK fleet has risen 6% since 2006 whilst quantity landed has risen by less than 1%.

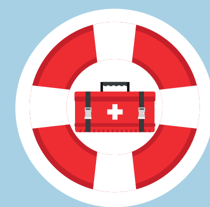


PROCESSING: The industry continued to consolidate with the number of sites decreasing by 7% and FTEs per site increasing by 4% between 2014 and 2016. Estimated average value of plant, equipment and other tangible assets per site has more than doubled from 2010 to 2014. In 2014 Fish processing contributed an estimated gross value added of £766m to the economy (9% lower than 2013 driven by a 20% fall in estimated total operating profit).



AQUACULTURE: Aquaculture remains the fastest growing food supply sector in the world with weight of production increasing steadily in the UK. Recent data has highlighted particular potential for production in Mussels.

SUPPLY CHAIN: £ per Kg of imported fish has steadily risen over the last 4 years whereas the opposite trend is observed for exports. The seafood trade balance deficit (imports vs. exports) has increased in 2015. Total value of annual seafood sales (via multiple retail) increased 1% up to December 2016 (volume rose 0.3%). The value of chilled seafood sales rose 3.1% and frozen seafood rose 0.6% whilst ambient saw strong decline (-7.3%). Chilled seafood sales have shown steady growth over the last decade (2007-2016).



SAFETY & TRAINING: Over the past decade there has been a continued improvement in underlying trends on fishing safety. However, it should be noted that as of November there had been 9 confirmed fatalities in 2016, up on 7 in 2015.

RESPONSIBLE SOURCING: Programmes are being developed to provide business with reliable information on risks (e.g. RASS, horizon scanning, social-ethics, product integrity work) to enable informed decisions on supply policy. RFS membership is steadily increasing.

INDUSTRY REPUTATION: Between the start of October 2015 and the end of September 2016 86% of news items about the seafood industry were categorised as either positive or neutral. The EU Referendum led to a spike in news stories about the industry in both the months immediately before and after the vote.