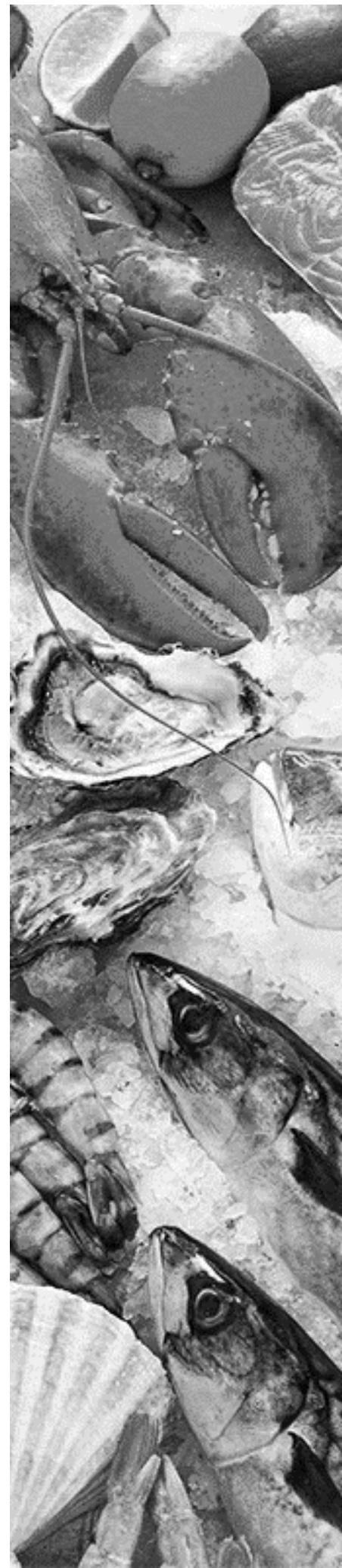


March 2019  
Global Seafood M&A Trends  
Industry Update

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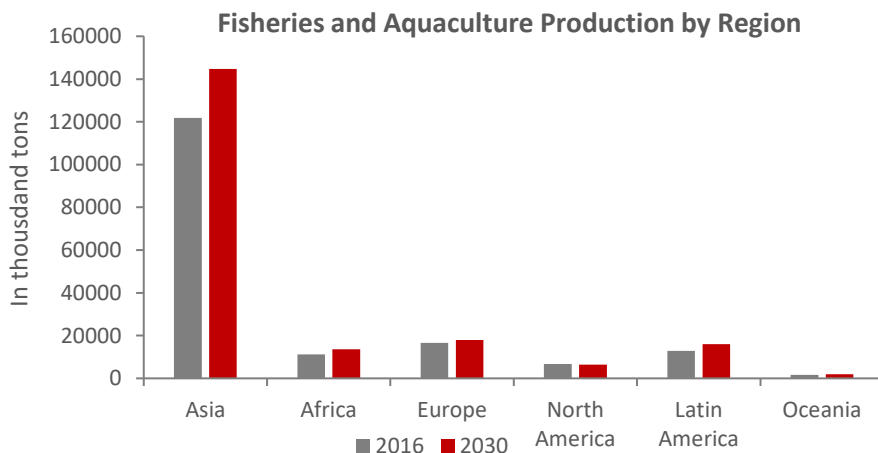
## Seafood M&A Market Trends

### Overview

#### Industry Overview

The seafood industry has continued to experience steady growth. In 2016, the combined production from wild caught and aquaculture was equal to 171 million tons. That number is expected to grow by 18 percent to 201 million tons by 2030 according to the State of World Fisheries and Aquaculture (FAO) 2018 report. This represents a 2.1% CAGR, which is slightly above the rate of expected global population growth (1.8%) and below global average GDP growth rates (~3.5%). Global demand for seafood continues to rise driven by population growth, a rising middle class (particularly in developing markets), increased levels of disposable income and a greater emphasis on healthy and “good-for-you” food products.

Given the limits on growth in wild caught fishing due to resource constraints, regulatory oversight and other factors, the marketplace is increasingly reliant on the seafood aquaculture industry to fill the void. Access to large and remote properties, suitable environments, clean water, and control of natural resources remains critical for successful aquaculture businesses, however number of suitable locations is limited. As a result, it is unlikely that supply will be able to keep pace with demand despite technological improvements. This dynamic should continue to support prices among most species for the foreseeable future.



Source Food and Agriculture Organization of the United Nations – 2018 report

While global consumers have increased consumption of healthy protein products the seafood sector remains highly fragmented relative to other protein sectors. Most seafood supply chains have limited traceability from the point of harvest to the point of consumption. Around 78% of the world’s fisheries and aquaculture by volume is sourced from developing nations according to the FAO report. Asia is by far the largest contributor to global supply, while China, Japan and the US are the largest global consumers. Most seafood is still harvested by independent producers and fisheries, who sell their catch to independent intermediaries. These intermediaries consolidate seafood harvests and sell to independent processors who direct seafood to the appropriate wholesalers and retailers based on particular product specifications.

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[M&A Market Trends](#)

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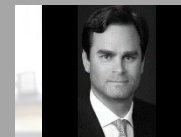
[Selected M&A Transactions](#)

[Tully & Holland Experience](#)

### About Tully & Holland

Tully & Holland is a leading Boston-based investment banking advisory firm offering highly customized M&A and corporate advisory to consumer companies in the US and abroad. Founded in 1992, our seasoned team brings decades of extensive industry and investment banking expertise and the proven ability to successfully complete deals on behalf of our clients. Tully & Holland has been very active in advising companies in the seafood industry and has worked on numerous transactions.

### Industry Contact:



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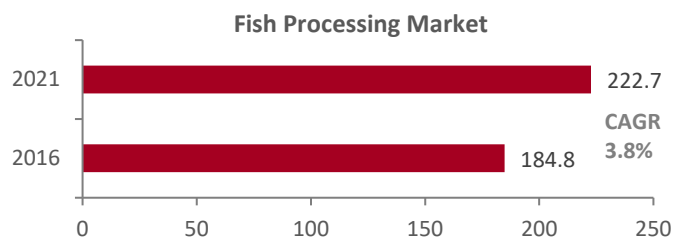
In the seafood value chain, there is increasing pressure to integrate upstream and downstream operations. Consumers increasingly care about sustainability, origin certification, ease of preparation, food safety assurance and the nutritional value of seafood. As consumers become more discerning about traceability and quality and successful aquaculture practices further stabilize prices, Tully & Holland (“T&H”) expects that larger, well-capitalized international industry players will integrate supply chains and consolidate the market. Meanwhile, smaller players that have not carved out a specific market niche will find it increasingly difficult to compete.

These consolidation trends are already underway. Strategic players in North America and Asia have been gradually expanding into different species as well as moving downstream into processing to create a branded product. Global M&A activity in 2018 eclipsed 2017 levels in both number of deals and volume. Deals include acquisitions of farms, processors, wholesalers and exporters in Europe, the US, Canada, and Asia. Overall activity in this market sector is poised to increase significantly.

## Sub-Sector Trends

### Wild Caught Fish vs. Farmed Fish

Sourcing wild caught fish is increasingly more challenging and is consequently pushing prices up. Farming is not conducive to many varieties of fish. This has allowed products such as Tilapia and Trout (which can be farmed) to become staples in many store aisles and are increasingly becoming mass market alternatives for consumers. Salmon remains a popular product that continues to fetch premium prices given the long growth cycles and significant investment required to grow the species. Because of this, the introduction of new aquaculture facilities are not expected to have a major impact on prices. Wild caught fish are fetching higher



Source(s): Market and Markets – Fish Processing Market Report

prices given the increasing scarcity value of these products along with the perception of higher quality and better taste. For businesses focused on wild caught fish, there is an increasing trend to integrate with processors to preserve margins and control quality. Total fish processing is forecasted to reach US\$222.7bn in value by 2021 and grow at 3.8% per year according to Markets and Markets Research<sup>2</sup>. Volume growth is expected to grow at a 2.2% rate annually which reflects the limits of aquaculture filling the void<sup>2</sup>.

### Shrimp

The shrimp business remains under pricing pressure due to the success of intensive and more mechanized farming methods and increasing production volumes which has led to a significant increase in the amount of supply. Meanwhile, demand has not kept pace. This is causing some producers, particularly in the commodity sectors of the market, to consider consolidation. Tully & Holland has been an active participant in advising companies on the sale of their shrimp businesses. We feel that M&A in this sector is poised to increase as prices remain low for the foreseeable future. Shrimp farming production is expected to increase with a 5.7 percent compound annual growth rate (CAGR) from 2017 to 2020. This will result in a global farmed shrimp harvest of 5 million tons<sup>3</sup>.

### Lobster

The CETA agreement between the EU and Canada combined with the US trade war with China has had a significant impact on this segment of the market. With US lobster subject to a 25 percent tariff in China, Canada is acting as a conduit market for US lobster and Canadian companies have increasing amounts of leverage. As US exporters try to find alternative markets for lobster exports, prices remain under some pressure in the short run despite lower lobster landings<sup>1</sup>. In the longer term, the lobster market is expected to grow and, with a limited amount of annual supply, should eventually translate into higher prices<sup>1</sup>.

▪ **Shellfish**

Significant strides in methods for farming shellfish combined with improving environmental conditions (particularly in developed markets) has supported the production of shellfish products such as oysters, clams and mussels. Increasingly, farmed shellfish is becoming the most important source of supply as demand for these products remain strong. Branding around where these products are sourced is an important differentiator and there is much more consumer awareness and preference around shellfish than around other seafood products. This is a trend we expect to see replicated in other segments of the market.

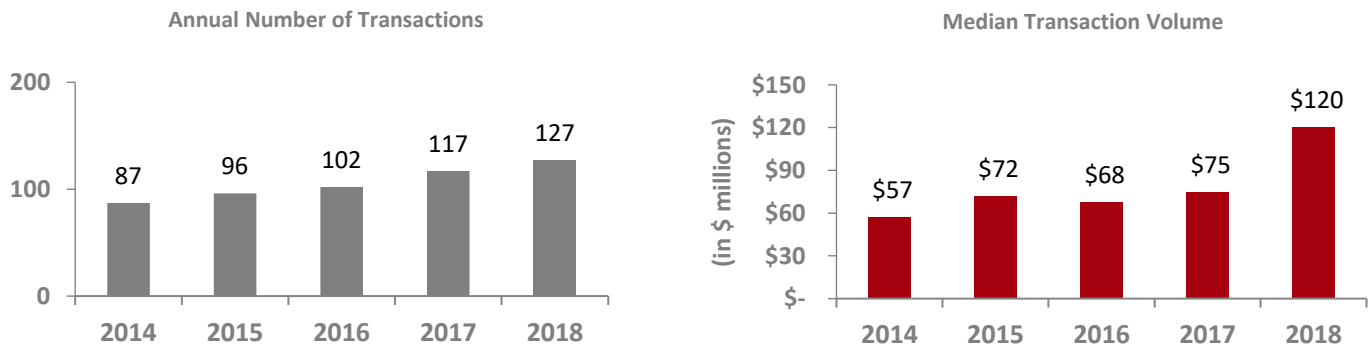
Source(s):  
 1. FAO.org  
 2. MarketsandMarkets.com  
 3. Aquaculturealliance.org

## Seafood Industry M&A Market Trends

### Deal Activity

The number of announced Seafood M&A transactions in 2018 increased by nearly 8% versus 2017 levels and has been rising consistently. The median transaction volume reached a recent high of \$120MM in 2018 as there were a significant number of larger deals that involved North American and Asian strategic acquirers.

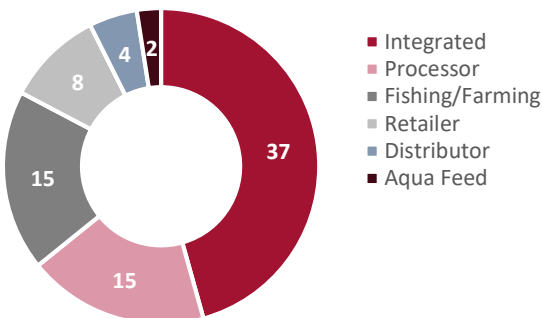
### Global Seafood and Seafood Related M&A Transactions (announced deals)



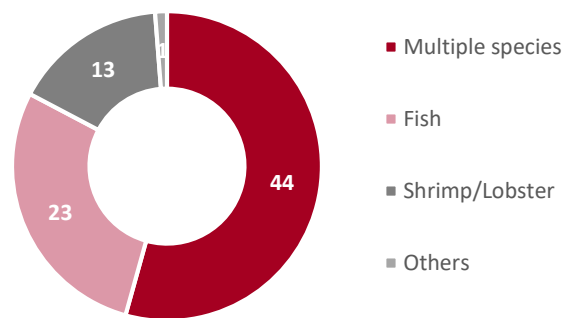
Source(s): CAP IQ, Tully & Holland research.  
 Search criteria: Seafood, Seafood Processing and Seafood Product, Frozen Seafood, Seafood Stores and Markets (includes diversified protein companies)

Asia remained the most active M&A geographic region in terms of the companies acquired in 2018. M&A activity has been increasing in Europe, North America and Latin America and there will be more consolidation in the future. In terms of the buyers, large Asian and North American strategic players are driving the global seafood M&A activity.

### Last 12 Months Seafood-only M&A Transaction Breakdown by Target Business



### Last 12 Months Seafood-only M&A Transaction Breakdown by Target Species



Source(s): CAP IQ, Tully & Holland research.  
 Search criteria: Seafood, Seafood Processing and Seafood Product, Frozen Seafood, Seafood Stores and Markets (excludes diversified protein companies)

Because of the increasing levels of consolidation, the seafood industry is becoming more competitive. This will further pressure companies to improve profitability and competitiveness by growing in size as well as cutting cost throughout the supply chain to boost the overall efficiency. In the near term, this consolidation will put further pressure on prices as the industry remains fragmented. In the longer-term, vertical integration will allow the consolidators to have more pricing power.

From the 2018 Seafood M&A Transaction Breakdown, buyers are actively acquiring targets to secure more control over the value chain. There has been a focus on buying companies that offer multiple species within their product portfolio as well as an effort to move closer to the fishing resources and value-added processing.

### 2018 Geographic M&A Activity – Targets Acquired



Source(s): CAP IQ and Tully & Holland research.

Recent Notable Seafood M&A Transactions

Target	Buyer	Description
		<ul style="list-style-type: none"> <li>In March 2019, the Scottish Salmon Company (SSC) acquired Harris &amp; Lewis Smokehouse. This strategic investment will accelerate growth of SSC’s premium brand development in key international markets.</li> </ul>
		<ul style="list-style-type: none"> <li>Nolan’s Quality Seafood announced its acquisition of Carr &amp; Sons. Through this acquisition, Nolan will vertically integrate Carr’s processing capacity to its supply chain to create a broader product range.</li> </ul>
		<ul style="list-style-type: none"> <li>Empresas AquaChile S.A agreed to acquire Salmones Magallanes S.A/Pesquera Eden Ltda. for approximately \$260 million in 2018. With this transaction, Aqua Chile will benefit from the processing plants and ample capacity of the targets.</li> </ul>
		<ul style="list-style-type: none"> <li>Union Martin agreed to acquire Fine Fishing in October 2018. With this transaction, Union Martin will add three freezer ships with a combined annual capacity of 3,000 tons to its existing fleet.</li> </ul>
		<ul style="list-style-type: none"> <li>Premium Brands Holdings acquired Ready Seafood in September 2018. The Company expects this acquisition to give them proprietary access to sustainable lobster resources and significant innovation.</li> </ul>
		<ul style="list-style-type: none"> <li>Bonamar agreed to acquire US shrimp supplier IMS in August 2018 with the goal of expanding its product line and extending its vertical integration. With this acquisition, Bonamar will get closer to its vision of becoming a full-line seafood resource.</li> </ul>
		<ul style="list-style-type: none"> <li>Barramundi Asia Pte Ltd completed the acquisition of Marine Produce Australia Limited in August 2018. The transaction is expected to boost Barramundi capacity as well as diversifying farming risks in Singapore.</li> </ul>
		<ul style="list-style-type: none"> <li>Cooke, Inc. acquired Seajoy Seafood Corporation group, one of the largest vertically integrated, premium shrimp farms in Latin America, on February 1st, 2019. Tully &amp; Holland acted as a financial advisor to Seajoy Seafood Corporation.</li> </ul>

Source(s): CAP IQ, Tully & Holland research.

Search criteria: Seafood, Seafood Processing and Seafood Product, Frozen Seafood, Seafood Stores and Markets (excludes diversified protein companies)



## Last 12 Months (Seafood-only Target) M&amp;A Transactions

Announced Date	Target/Issuer	Buyers/Investors	Total Transaction Value (\$MM)	EV/Revenues	EV/EBITDA
03/07/2019	Seafreeze Ltd.	YoFish Inc.	-	-	-
03/07/2019	Grupo Ibérica de Congelados, S.A.	Platinum Equity, LLC; Portobello Capital Gestión, SGEIC, S.A.	-	-	-
03/05/2019	MITI	Cite Marine S.A.S	-	-	-
03/04/2019	Scan Aqua AS	MSD Animal Health Norge AS	-	-	-
03/01/2019	Freshwater Hatchery Division at Hollywood of Scottish Sea Farms	AquaGen AS	-	-	-
03/01/2019	Harris & Lewis Smokehouse	The Scottish Salmon Company PLC	-	-	-
02/20/2019	TMAC Co., Ltd	Thai Union Group Public Company Limited	3.5	-	-
02/15/2019	Inter Crest Co., Ltd	Global Food Creators Co., Ltd.	-	-	-
02/15/2019	Marine Harvest Lorient SAS	Réseau Le Saint	-	-	-
02/14/2019	Arnarlax AS	SalMar ASA	-	-	-
			20.7		
02/11/2019	Maredoc	Capitem Partenaires	-	-	-
02/05/2019	Mareterram Limited	Sea Harvest International Proprietary Limited	12.5	1.31x	19.84x
02/01/2019	Thong Siek Global Pte. Ltd.	Neo Group Limited	1.1	-	-
02/01/2019	Seajoy Seafood Corporation	Cooke Inc.	-	-	-
01/27/2019	International Holdings Company PJSC	PAL Cooling Holding LLC	-	-	-
01/25/2019	San Arawa S.A.	Beddingen Finans AS	-	-	-
01/25/2019	Salmones ICE VAL Ltda.	Salmones Blumar S.A.	51	-	-
01/24/2019	Oceana Group Limited	Brimstone Investment Corporation Limited	42.4	1.64x	8.9x
01/23/2019	Atlantique Alimentaire SA	Coop Agricol Vendee Approv Vente Cereale	-	-	-
01/18/2019	SAJOHAEPYO Corporation	Sajodaerim Corporation	164.5	0.29x	6.58x
01/14/2019	Garnviks Røkeri AS	Måsøval Fiskeoppdrett AS	-	-	-
01/09/2019	Polar Seafood Berlevåg AS/Polar Seafood Kjøllefjord AS	Coast Seafood AS; Gunnar Klo AS; Brodrene Karlsen AS	-	-	-
01/09/2019	Carr & Son Seafood Ltd.	H.J. Nolan (Dublin) Limited	-	-	-
12/28/2018	Orizon S.A.	Empresa Pesquera Eperva S.A. Pesquera Iquique Guanaye S.A.	20.0	-	-
12/21/2018	Nueva Pescanova, S.L.	Abanca Corporación Bancaria, S.A.	-	-	-
12/21/2018	Panapesca S.p.A.	Xenon Private Equity	-	-	-
12/14/2018	Jiangxi Xilong Foodstuff Co., Ltd.	Fujian Tianma Aquatic Products Co., Ltd.	4.3	0.19x	-
12/12/2018	Sao Ta Foods Joint Stock Company	Pan Farm Joint Stock Company	5.4	0.46x	6.41x
12/12/2018	Public Joint Stock Company Nakhodka Active Marine Fishery Base	Gruppa Kompani Korvet, Ooo	-	-	-
12/03/2018	Dalian Ocean Fishing Co., Ltd.	Dalian Jinmu Investment Co., Ltd.	16.6	6.32x	-
11/29/2018	Narumiya Co.,Ltd.	Fukuya Co., Ltd.	-	-	-
11/19/2018	Australis Seafoods S.A.	Beijing Joyvio Zhencheng Technology Co., Ltd.	-	2.61x	-
11/15/2018	Weihai Dong Won Food Co., Ltd.	Plenus Company Limited	1.3	-	-
11/15/2018	The Schwan Food Company, Inc.	CJ Foods America Corp.	2,180.0	-	-
11/14/2018	Bentre Aquaprodukt Import and Export Joint Stock Company	The PAN Group Joint Stock Company	-	-	-
11/02/2018	Ambassador Seafoods Limited	Northcoast Seafoods Ltd	-	-	-
10/31/2018	Thong Siek Global Pte. Ltd.	Neo Group Limited	2.7	-	-
10/25/2018	Plentex Limited	AgriNuture, Inc.	-	-	-
10/22/2018	CP Foods (UK) Limited	CPF Europe SA	14.5	-	-
10/17/2018	Kuivaniemen Kala Oy	Kalaneuvos Oy	-	-	-
10/16/2018	Advanced Fresh Concepts Corp.	Zensho Holdings Co., Ltd.	257.0	-	-
10/10/2018	Shandong Zhonglu Oceanic Fisheries Company Limited	Shandong State-Owned Assets Investment Holdings Co.,Ltd.	18.1	0.93x	5.45x
10/09/2018	Louisiana Fish Fry Products LTD	Peak Rock Capital	-	-	-
10/05/2018	Fine Fishing	Union Martin, S.L.	-	-	-
10/03/2018	Vinnslustodin Hf. i Vestmannaeyjum	FIK Seafood ehf.	83.2	-	-
09/25/2018	Mogami Sengyo Co., Ltd.	Uoriki Co., Ltd.	-	-	-
09/24/2018	Smolt Plant in Flekkefjord of Andersen Holding	Mowi ASA	-	-	-
09/19/2018	Gourmet Group of Companies	B Investments Holding S.A.E.	3.6	-	-
09/04/2018	Ready Seafood	Premium Brands Holdings	-	-	-
08/24/2018	Prawn Aquaculture Business of Fortune Enterprises Australia Pty Ltd	De Costi Seafoods Pty Ltd	24.1	-	-
08/21/2018	John Ross Jr. (Aberdeen) Ltd.	JRJ & PRF Limited	2.4	-	-
08/06/2018	Empresas AquaChile S.A	AGROSUPER S.A.	279.6	1.79x	41.18x
07/17/2018	Baiyang Investment Group, Inc.	Shenzhen Kaimo Vision Management Consulting	15.3	1.95x	20.76x
07/10/2018	Dalian Ocean Fishing Co., Ltd.	Jiajia Food Group Co.,Ltd.	710.4	6.21x	-

07/05/2018	Preobrazhensky Fish Factory	PJSC Preobrazhenskaya Base of the Trawling Fleet	-	-	-
06/27/2018	Pinnacle Foods Inc.	Conagra Brands, Inc.	10,986.8	3.45x	16.53x
06/24/2018	StarKist Food D'or Ltd.	Diplomat Distributors Ltd.	16.6	-	-
06/20/2018	Nireus Aquaculture S.A.	Andromeda Seafood Limited	206.1	0.79x	4.92x
06/20/2018	Selonda Aquaculture SA	Andromeda Seafood Limited	-	-	-
06/13/2018	SAS Lartigue et Fils	Food & Beverage Private Equity	-	-	-
06/12/2018	Foppen Groep B.V.	Klaas Puul BV	-	-	-
06/01/2018	Salmones Magallanes S.A./Pesquera Eden Ltda.	Empresas AquaChile S.A.	255.0	-	-
05/31/2018	Dong Won Fisheries Co., Ltd.	Youwang Co., Ltd.	1.7	0.36x	5.28x
05/25/2018	Marine Produce Australia Limited	Barramundi Asia Pte Ltd	21.2	2.17x	-
05/23/2018	Strendur Plant of P/F Bakkafrost	Mowi ASA	-	-	-
05/15/2018	Kverva AS	Kvarv AS	-	-	-
05/10/2018	Dalian Tianbao Green Foods Co., Ltd.	Shanghai Guoqian Investment Management Co., Ltd	75.7	4.43x	20.00x
04/30/2018	Solo seafood ehf.	Iceland Seafood International hf.	0.6	-	-
04/29/2018	Al Islami Foods	Mitsubishi Corporation	-	-	-
04/19/2018	Union Martin, S.L.	Alantra Private Equity	98.8	-	-
04/19/2018	HB Grandi hf.	Útgerðarfélag Reykjavíkur hf.	217.8	3.05x	16.36x
04/18/2018	Nueva Pescanova, S.L.	Abanca Corporación Bancaria, S.A.	-	-	-
04/13/2018	MariCulture AS	SalMar ASA	-	-	-
04/06/2018	Riverside Foods, Inc.	Lakeside Foods Inc.	-	-	-
04/05/2018	Thenaisie-Provoté, S.A.	Scandia Romania SA	-	-	-
03/26/2018	Petit Pierre	Gendreau SAS	-	-	-
03/23/2018	Zhanjiang Guolian Aquatic Products Co., Ltd.	Yonghui Superstores Co., Ltd.	85.2	1.05x	14.35x
03/23/2018	Procesamiento Especializado de Alimentos S.A.P.I. de C.V.	Latin American Partners	-	-	-
03/13/2018	Oceanpath Ltd.	Iceland Seafood International hf.	16.6	0.55x	-
03/12/2018	Seattle Fish Company of New Mexico, Inc.	Santa Monica Seafood Company	-	-	-

Source(s): CAP IQ, Tully & Holland research.

Search criteria: Seafood, Seafood Processing and Seafood Product, Frozen Seafood, Seafood Stores and Markets (excludes diversified protein companies)



## About Tully & Holland

### Comprehensive Sector Expertise

Seafood has been a very active industry in which Tully & Holland has been involved since its inception. As a leading Boston-based investment banking advisory firm, we offer highly customized M&A and corporate advisory to consumer product companies in the US and abroad. Founded in 1992, our seasoned team brings decades of extensive industry and investment banking expertise and the proven ability to successfully complete deals on behalf of our clients. T&H has worked with the following clients on various assignments in addition to the ones listed below - Fjord Seafood (now Marine Harvest), Marine Harvest, Spence & Co., Ltd., Ducktrap River of Maine, Seatrade International and Lobster Trap. Our sector expertise includes the following segments:

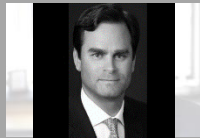


- Seafood Processors
- Seafood Distributors
- Seafood Producers

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### Selected Seafood Transactions

*This announcement appears as a matter of record only*



Seajoy Food Corporation  
 has been acquired by  
 Cooke, Inc.

Financial Advisor to Seller

*This announcement appears as a matter of record only*



Belize Aquaculture  
 entered into a Joint Venture with  
 Seafresh Group

Financial Advisor to Seller

*This announcement appears as a matter of record only*

**TULLY & HOLLAND**  
 INCORPORATED

Representing a Large Latin  
 American Seafood Producer  
 on a sell-side assignment

Financial Advisor to Seller


*This announcement appears as a matter of record only*

**TULLY & HOLLAND**  
 INCORPORATED

Representing a client on the sale of a  
 shrimp production facilities located in  
 Central America

Financial Advisor to Seller

### Service Capabilities




**Sales & Divestitures**

- Sales
- Mergers
- Recapitalizations
- Divestitures




**Acquisition Advisory**

- Strategic Planning
- Prospect Search
- Valuation
- Negotiation



**Financings**

- Growth Capital Sourced From Private Equity & Family Offices
- Senior Debt Financings
- Bridge Financings
- Mezzanine Financings



**Valuations**

- Business Valuation of Privately-Held Consumer Companies



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