



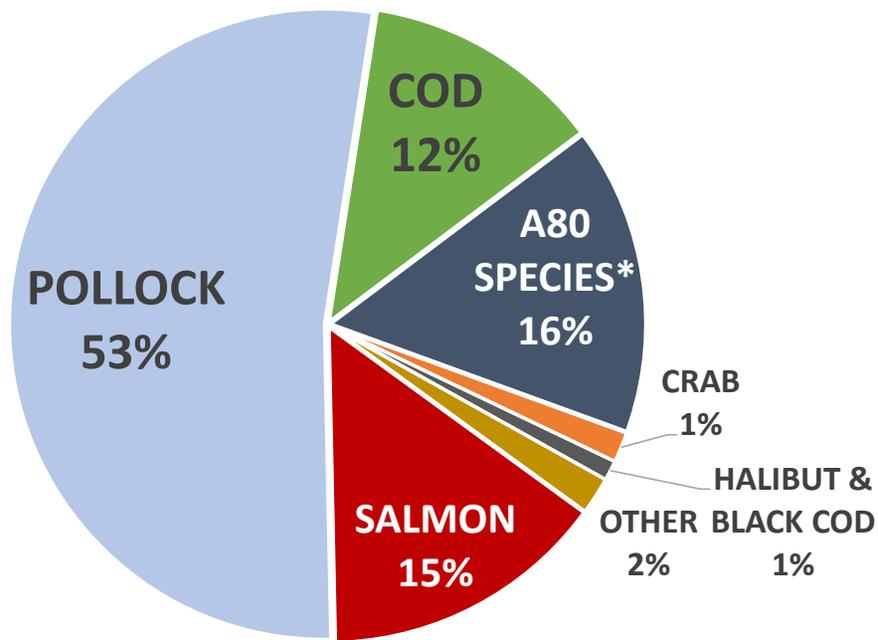
Wild, Natural & Sustainable®

ALASKA SEAFOOD MARKETING INSTITUTE

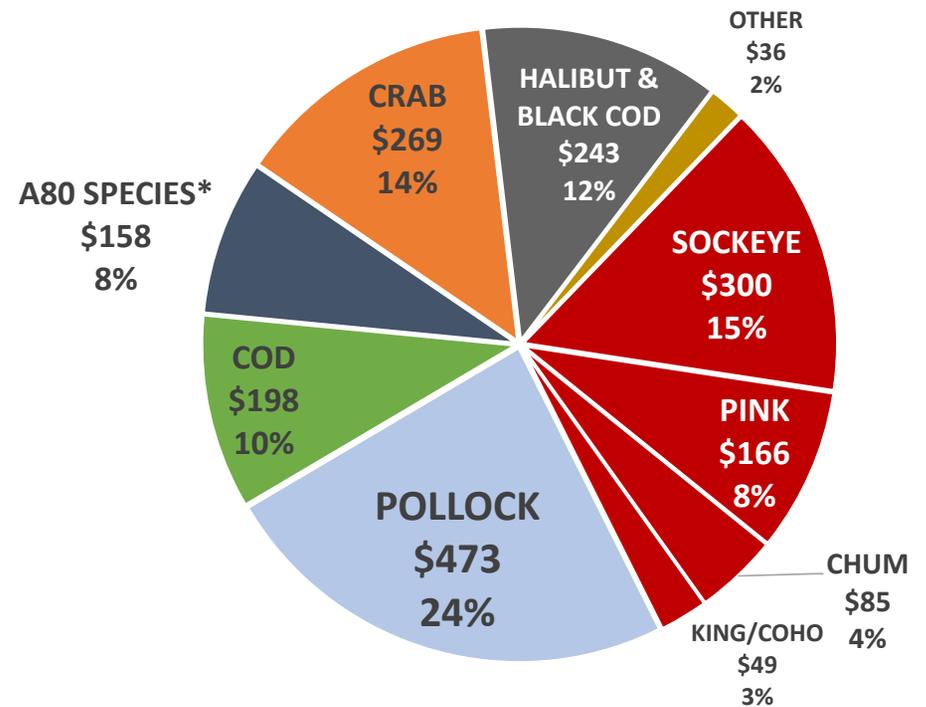
Alaska Seafood Market Update
COMFISH 2017



HARVEST VOLUME



EX-VESSEL VALUE (\$M)



*Includes flatfish, rockfish, and Atka Mackerel.

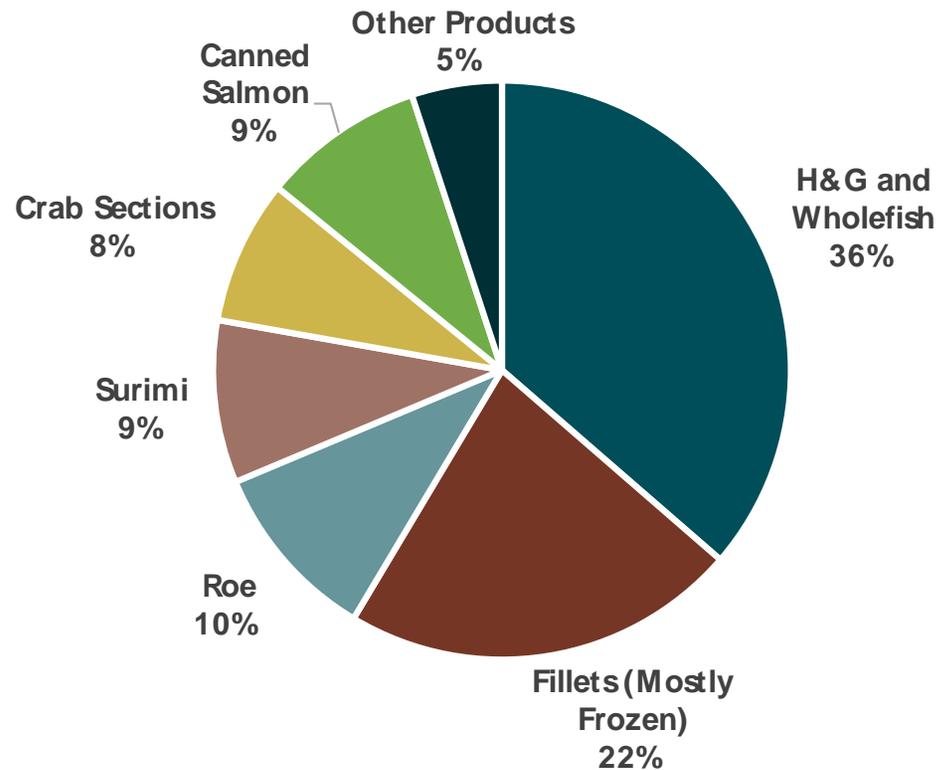
Note: Data represents average of 2011-2015 volume/value.

Source: NMFS and ADF&G, compiled by McDowell Group.

PRODUCTION BY PRODUCT TYPE – 2013/2014



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Alaska produces mostly primary and intermediate products

*Note: Data represents average of 2013-2014 value.
Source: NMFS and ADF&G, compiled by McDowell Group.*

WHAT REALLY DICTATES PRICE?



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- **Supply** – you vs. the other guy(s)
 - Most volatile from year/year
 - Impacted by market access/insulation
- **Demand** – gaining or fading?
 - Slower to adjust, usually trails supply
- Buyer's profitability & competition
- **Value of the U.S. dollar**
- Market Access (e.g. Russian embargo)

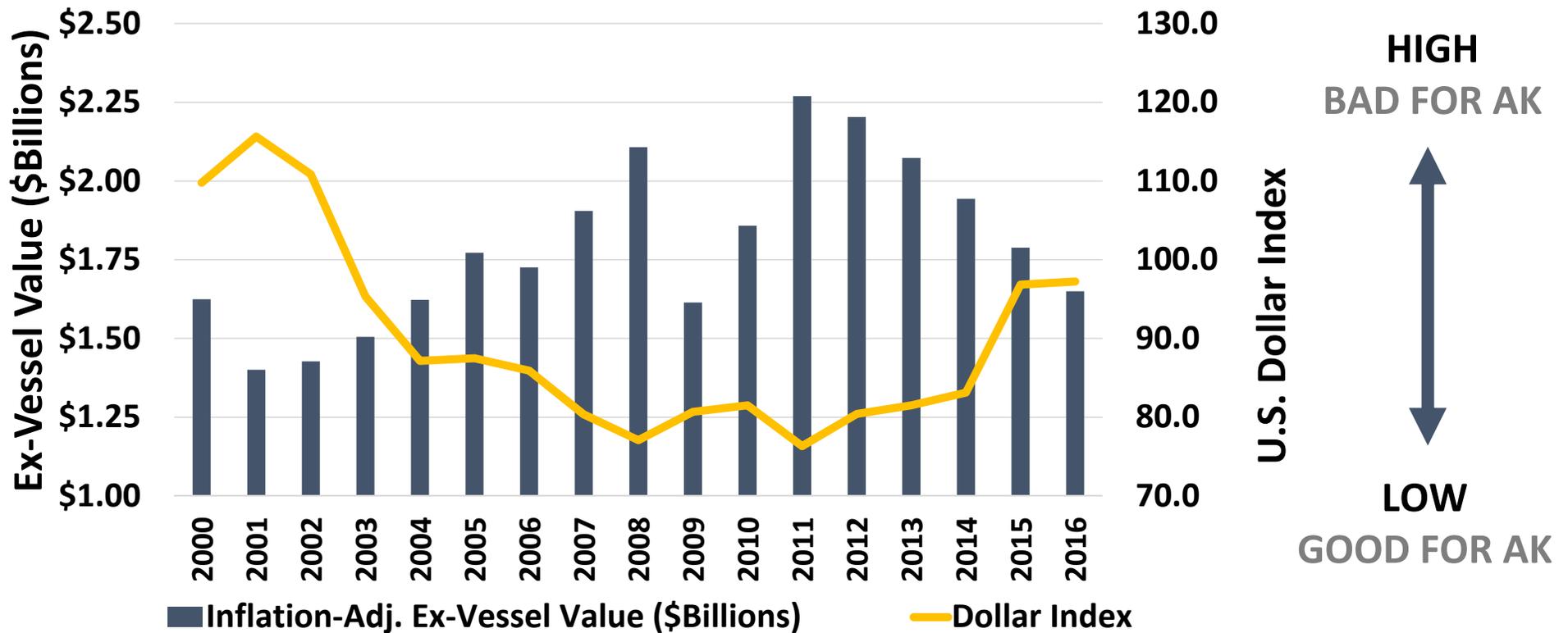


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EX-VESSEL VALUE & U.S. DOLLAR



Wild, Natural & Sustainable®



Note: 2016 is a preliminary estimate. Dollar values are adjusted to a 2016 basis using U.S. CPI.

Source: Investing.com, NMFS, ADF&G, and McDowell Group estimates.



	<u>Value (\$M)</u>	<u>Value (%)</u>	<u>Harvest (%)</u>
Salmon	- \$149	- 24%	+ 40%
Pollock	+ \$20	+ 4%	+ 16%
Halibut & Black Cod	- \$151	- 44%	- 29%
Cod	- \$13	- 6%	+ 5%
Flatfish	- \$42	- 37%	- 25%
Crab	- \$8	- 3%	+ 21%
Herring	- \$4	- 39%	- 29%
Total	- \$362	- 17%	+ 8%
Dollar (Index)	-	+ 27% (Bad for AK)	-

Note: Federally managed fisheries are based on preliminary data.

Source: Investing.com, NMFS, and ADF&G.

ALASKA SEAFOOD MARKETING INSTITUTE
FOREIGN BUYERS LOST PURCHASING POWER



Amount of Foreign Currency Needed to Buy \$1,000 of Alaska Seafood

	<u>March 2013</u>	<u>March 2015</u>	<u>Pct. Change</u>
Europe	€ 771	€ 923	-16%
Japan	¥ 94,720	¥ 120,347	-21%
Canada	C\$ 1,024	C\$ 1,261	-19%

Currency conversions based on average monthly exchange rates from Oanda.com.



Amount of Foreign Currency Received for \$1,000 of Competitors' Seafood

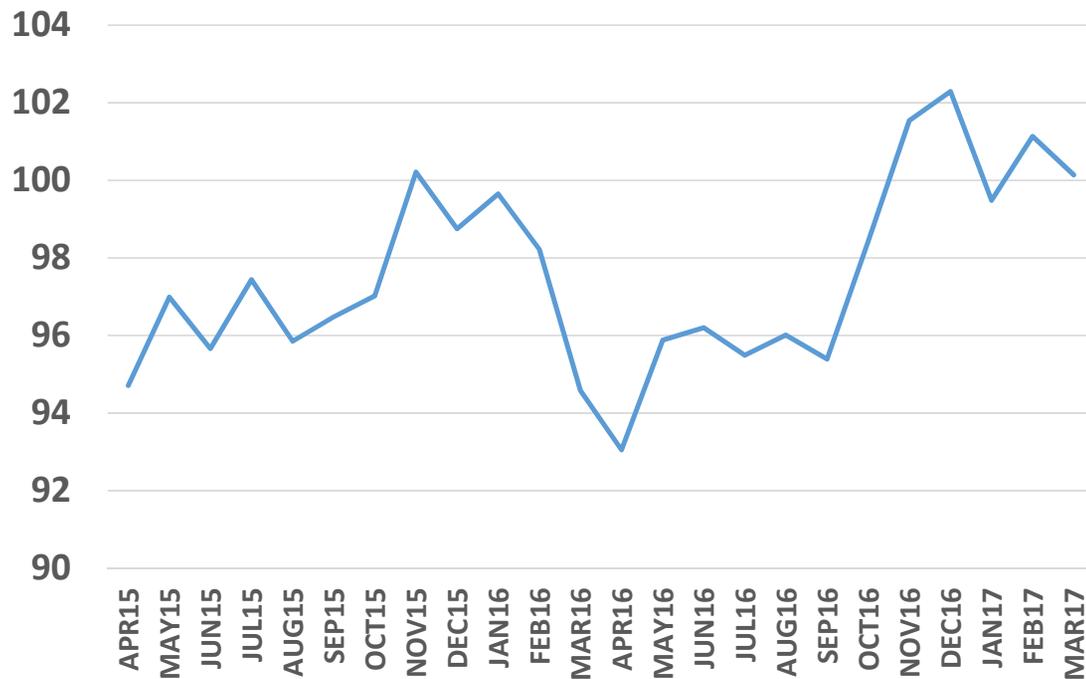
	<u>March 2013</u>	<u>March 2015</u>	<u>Pct. Change</u>
Russia	RUB 30,827	RUB 60,308	+96%
Norway	NOK 5,775	NOK 7,980	+38%
Chile	CLP 472,843	CLP 628,992	+33%

U.S. DOLLAR & CURRENCY MOVEMENTS



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U.S. DOLLAR INDEX



STRONG
BAD FOR AK



WEAK
GOOD FOR AK

YoY vs. USD

EURO

-4.2%

YEN

-0.9%

RUBLE

+20.1%

CANADIAN\$

+3.1%

NORWAY

-0.1%

+GOOD FOR AK

ALASKA SEAFOOD MARKETING INSTITUTE SALMON SUPPLY SUMMARY & OUTLOOK



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FIGURES IN MILLIONS LBS.

<u>SPECIES</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016E</u>	<u>2017 FORECAST</u>	<u>PRODUCERS</u>
Sockeye	294	386	402	397	-23%*	AK, RUS, CAN
Pink (2-yr. Avg.)	1,061	939	832	858	-21%*	AK, RUS
Chum	714	706	724	566	+5%*	AK, RUS, JPN
Coho	64	85	60	43	+20%*	AK, RUS, WOC**
Chinook	20	26	21	14	N/A	AK, CAN, WOC**
Farmed Atlantic	4,615	5,175	5,249	4,873	+5%	ALL
Farmed Coho	346	379	311	276	+4%	ALL

**Alaska forecast only, pink forecast change based on expected 2-yr. average.*

***Washington, Oregon, and California.*

Source: NPAFC, Russia Federal Fisheries Agency, FAO, ADF&G, and McDowell Group estimates.

SALMON WHOLESALE MARKET PRICES BY TRIMESTER



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<u>PRODUCT</u>	<i>Average Price/lb.</i>				
	<u>T2-2015</u>	<u>T3-2015</u>	<u>T1-2016</u>	<u>T2-2016</u>	<u>T3-2016</u>
Frz. HG Sockeye	\$2.23	\$2.40	\$2.41	\$2.82	\$3.07
Frz. HG Pink	\$1.14	\$1.07	\$1.14	\$1.33	\$1.38
Frz. HG Chum	\$1.47	\$1.25	\$1.09	\$1.53	\$1.39
Frz. HG Coho	\$1.75	\$2.20	\$2.03	\$2.55	\$3.32
Canned Pink (Tall)	\$1.90	\$1.74	\$1.63	\$1.68	\$1.79
Canned Sockeye (Half)	\$3.63	\$3.07	\$3.03	\$3.11	\$3.39
Pink Roe	\$3.41	\$4.16	\$4.22	\$6.59	\$8.11
Chum Roe	\$9.68	\$10.30	\$11.65	\$11.66	\$14.09
Farmed Salmon Index	\$3.61	\$3.44	\$4.32	\$4.95	\$5.10

Source: ADOR (Alaska Salmon Price Report) and Urner Barry Comtell (Fresh Farmed Salmon Index).



- Farmed salmon production cut in 2016 raised pricing bar overall
- Sockeye demand is improving, better value vs. farmed salmon and success of U.S. promotions... but lower forecast (BB/CI)
- Russia had strong pink year in 2016, more supply/demand balance in canned pink segment
- Chum demand should be strong in 2017, Japan harvest down approximately 30% in 2016 and lower in Russia
- Russian embargo continues to create problems, change in Jan?



Alaska Products

Pollock Fillets & H/G

Pollock Surimi

Pacific Cod

Sole/Flounder/Plaice

POP/Rockfish

Atka Mackerel

Black Cod

Pacific Halibut

Primary Competition or Substitute

Russian Pollock

Japan Pollock, Itoyori (Bream), Hakes

Atlantic Cod & Haddock

Tilapia, Pangasius & EU flats

Redfish & Non-AK Sebastes

Russian Okhotsk Mackerel & Japan A.M.

Chilean Sea Bass

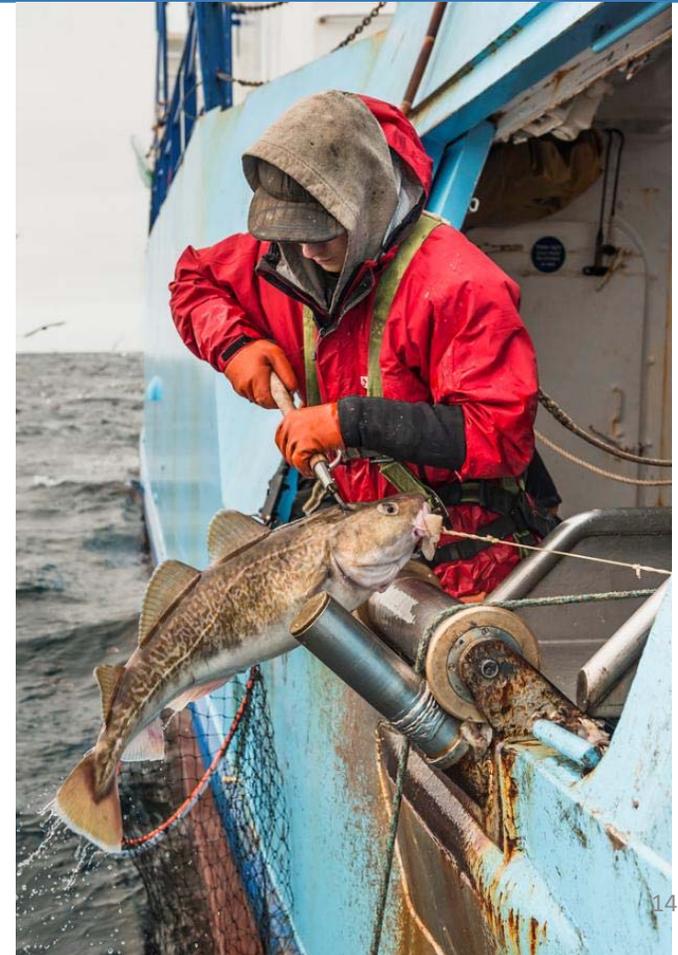
Canadian Pacific Halibut & Atlantic Halibut

ALASKA SEAFOOD MARKETING INSTITUTE
COD MARKET SUMMARY



Wild, Natural & Sustainable®

- Pacific cod market tighter
- Lower AK TACs, flat Atlantic TACs
- Wholesale prices trending up
- ASMI domestic promotions/demand
- Good value play vs. salmon
- Weaker euro and yen = negative
- Utilization & currency value



CRAB, HALIBUT, & BLACK COD SUMMARY



Wild, Natural & Sustainable®

- Lower BSAI crab TACs, relatively good fishing
- Record crab prices – accessible luxury
- Halibut quotas up, stable prices expected
- Black cod TACs up, strong demand
- Market diversification helping drive price



POLLOCK MARKET SUMMARY



- Fillet block price spiral, driven by competing supply, strong dollar, tepid EU demand, and larger inventories
- Russia has huge cost advantage over Alaska, Russian TACs up 170,000 MT since 2015 and 1x frozen fillet production increasing
- Smaller fish in recent years isn't helping
- Lower roe prices has erased a lot of value in the fishery
- Russian quality improving with consolidation & investment
- Supply > demand ... only way out = marketing + innovation
- Domestic QSR promos during Lent, in store demos



- Last few years have brought the most challenging market conditions in decades, consider changes between 2002 vs. 2015:
- Russia ruble (49% weaker, bad for Alaska)
- Russian pollock (+96%)
- Russian chum, sockeye, pink salmon (+289%, +80%, +39%)
- Global Atlantic cod (+44%)
- Farmed Atlantic Salmon (+119%)
- U.S. Tilapia Imports (+235%)
- Alaska halibut & black cod harvests (-56%)

- Domestic consumers demanding/valuing AK seafood attributes
- Powerful Alaska Seafood brand, with a unique story
- Sagging demand for tilapia in U.S. and EU
- Population growth vs. seafood production
- Growth in China, Korea, and some other niche export markets
- Robust harvest volumes for many Alaska species

ALASKA SEAFOOD MARKETING INSTITUTE
MARKETING EFFORTS



*Wild, Natural & Sustainable**

What ASMI is doing to respond:

- Changing Markets
- Domestic
- International
- Promotions
- Brand Awareness

HEALTHY

**Wildly nutritious:
omega-3s, vitamin D,
selenium and more!**

SUSTAINABLE

**Wild-caught from
34,000 miles of
responsibly managed
coastline**

**COOK IT
FROZEN!**

**Wildly convenient,
no n**

DELICIOUS

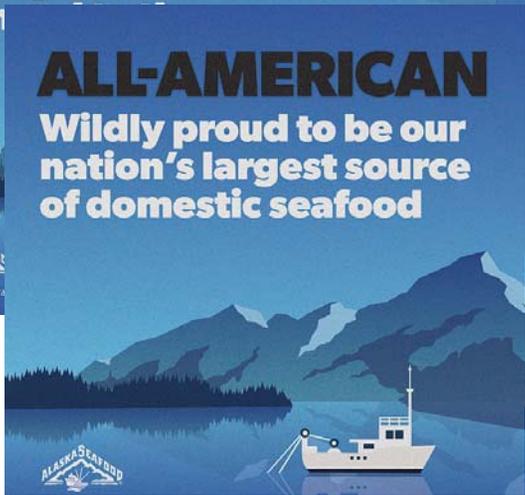
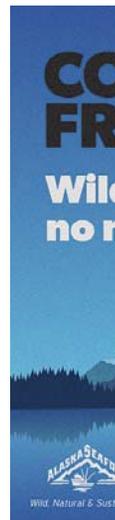
**Wild flavor,
expertly handled
for superior quality**

ALL-AMERICAN

**Wildly proud to be our
nation's largest source
of domestic seafood**

**NATURALLY
ABUNDANT**

**Wild fisheries from Alaska contribute
more than 60% of the seafood harvested
in the United States, including:**
99% of cod
95% of halibut
95% of salmon
70% of sablefish



ALASKA SEAFOOD MARKETING INSTITUTE
BUDGET



*Wild, Natural & Sustainable**

Alaska Seafood
Marketing Institute
(ASMI)

**FY 2017
BUDGET**

UNRESTRICTED GENERAL FUNDS	\$ 0
GENERAL FUND MATCH	\$ 2,000
FEDERAL FUNDS (MARKET ACCESS PROGRAM)	\$ 4,300
VOLUNTARY INDUSTRY TAX	\$ 9,681.8
<hr/>	
PROJECTED RESERVE	\$ 20,000
TOTAL AUTHORIZATION	\$ 21,519.8
<hr/>	
FY 2016 Marketing spend plan	\$ 22,305
FY 2017 Marketing spend plan	\$ 17,000

ALASKA SEAFOOD MARKETING INSTITUTE BUDGET



*Wild, Natural & Sustainable**

Alaska Seafood
Marketing Institute
(ASMI)

**FY 2017
Spend Plan**

DOMESTIC RETAIL	1,920,645
DOMESTIC FOODSERVICE	2,120,645
COMMUNICATIONS & PR	1,840,000
TECHNICAL	390,000
RFM	1,034,000
INTERNATIONAL	6,954,710
FOOD AID	390,000
ADMIN/EXECUTIVE OFFICE	2,390,000

FY 2017 MARKETING SPEND PLAN **\$17,040,000**
20 full-time exempt positions (Juneau, Seattle, Kodiak)



NEGATIVE FACTORS

Strong dollar hurts U.S. exporters
and helps competitors

Eco-labels diminish
Alaska's ability to distinguish
on sustainability

Competition from farmed salmon
and other whitefish species

Less crab this fall,
poor salmon season

Russian embargo
& Ukrainian conflict

POSITIVE FACTORS

Global salmon
supplies tightening

Stronger Yen

Long term
demand vs. supply

Strong Alaska
Seafood brand



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BREXIT: POTENTIAL IMPACTS



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UK MARKET IMPACTS (SHORT TERM)

- Economic uncertainty
- Disruption of long-standing business arrangements
- UK is not self-sufficient in food
- Impact consumer prosperity, confidence, and demand

UK MARKET IMPACTS (LONG TERM)

- Impacts on food policy, tariffs and trade unknown
- Dissension within the UK

GLOBAL MARKET IMPACTS



**KEEP
CALM
AND
EAT FISH**

HIGHLIGHT
INTERNATIONAL TRENDS



*Wild, Natural & Sustainable**

Alaska Seafood
FOREVER WILD
Food Truck Visits
Street/Food Fairs
in Germany



HIGHLIGHT INTERNATIONAL TRENDS

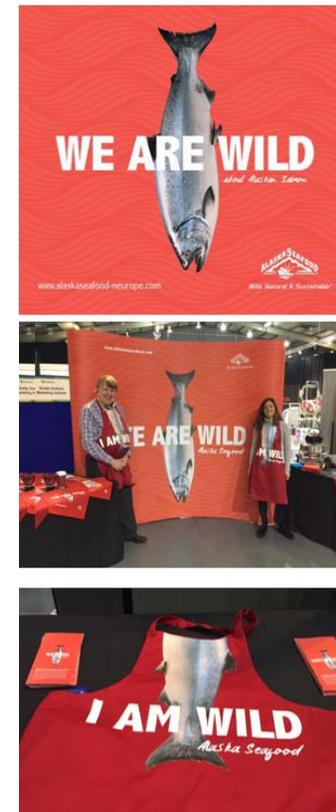


Wild, Natural & Sustainable®

E-COMMERCE
PLATFORMS
Used Widely In
ASIA & EU



WE ARE WILD:
SALMON
SOMMELIERS



INTERNATIONAL TRADE MISSIONS



Wild, Natural & Sustainable®

2017 KOREA TRADE MISSION

12 industry members from 10 Companies Participated

\$300M AK Seafood in Annual Exports

Steady growth in this market over the last five years particularly for salmon, pollock, surimi and flatfish.



INTERNATIONAL RECOGNITION FOR RFM



*Wild, Natural & Sustainable**

- Alaska RFM successfully benchmarked against GSSI's Global Benchmark Tool.
- GSSI is a global platform to streamline seafood purchasing decisions while promoting sustainability.
- Alaska RFM is the first certification to do so.



AUGUST 10TH

ALASKA WILD SALMON DAY



Wild, Natural & Sustainable®

First ever Alaska Wild Salmon Day

EXCITEMENT GENERATED THROUGH:

Snapchat geofilter

Social Media Channels

Traditional Media Relations

Digital & PR efforts secured more than
94 MILLION IMPRESSIONS.



HIGHLIGHT SWAP MEAT



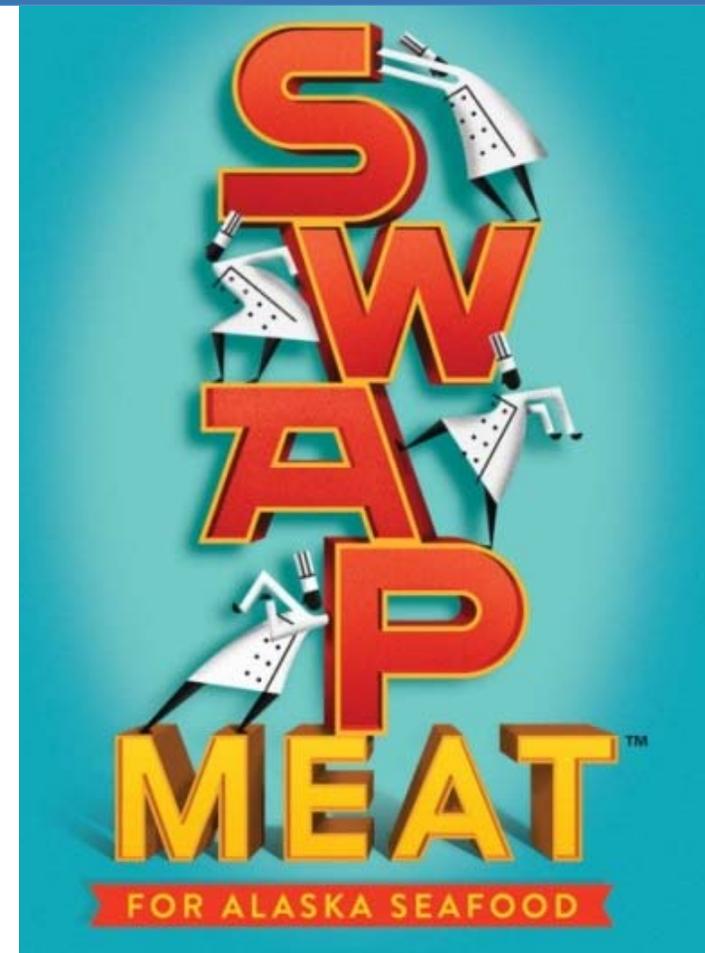
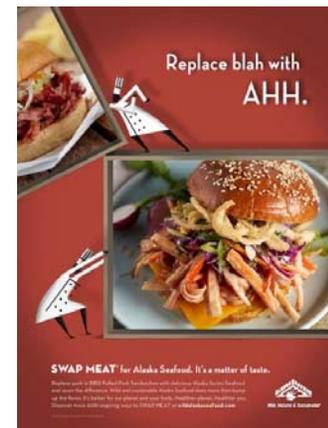
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The ASMI US Foodservice program sponsored a national

“Swap Meat”

competition for professional chefs.

CHEFS WERE ASKED TO SWAP THE MEAT IN A RECIPE FOR ALASKA SEAFOOD AND THEN SUBMIT THE NEW RECIPE TO ASMI.



HIGHLIGHT
FEED YOUR FITNESS



*Wild, Natural & Sustainable**

TARGETS “UBER-ATHLETES”

PROMOTES CANNED SALMON and other highly nutritious Alaska seafood products

ENDORSED BY ATHLETES

Kikkan Randall

Ryan & Sara Hall

INCREASED EXPOSURE
during Summer Olympics



RYAN HALL
Two-time Olympian, US Half-Marathon
Record Holder

SARA HALL
3,000m Steeplechase and Marathon Runner
US National Champion, World Team Member

HIGHLIGHT

ALASKA BREWING CO-OP PROMOTION

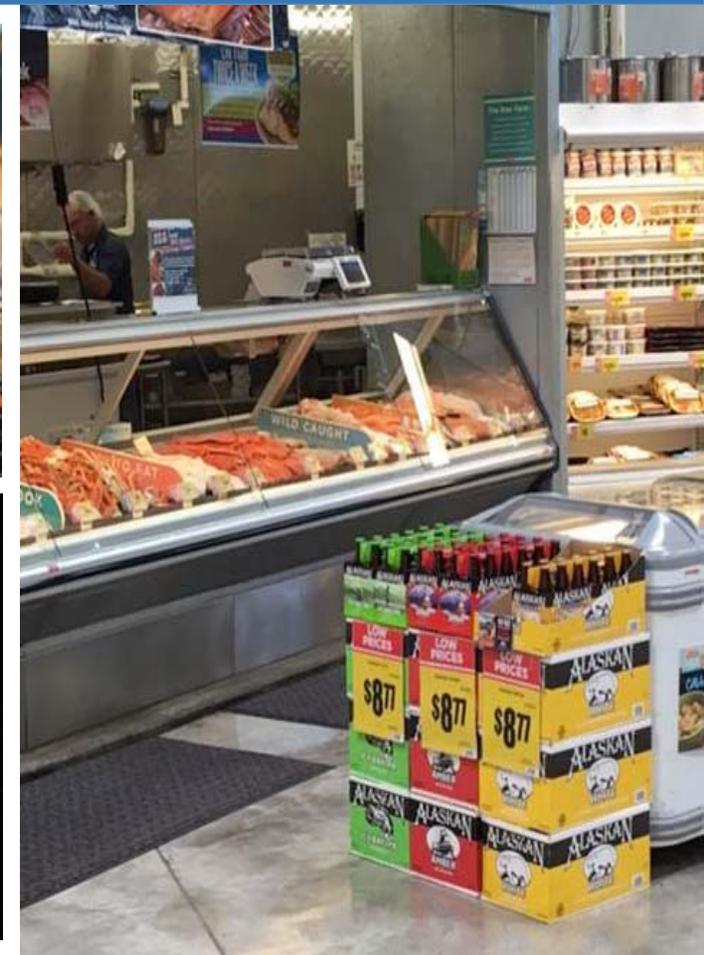


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CO-OP between ASMI, Alaska Brewing Company and Texas retailer H.E.B

IN-STORE DISPLAYS near the seafood department and sampling at 70 stores

INSTANT-REDEEM COUPON

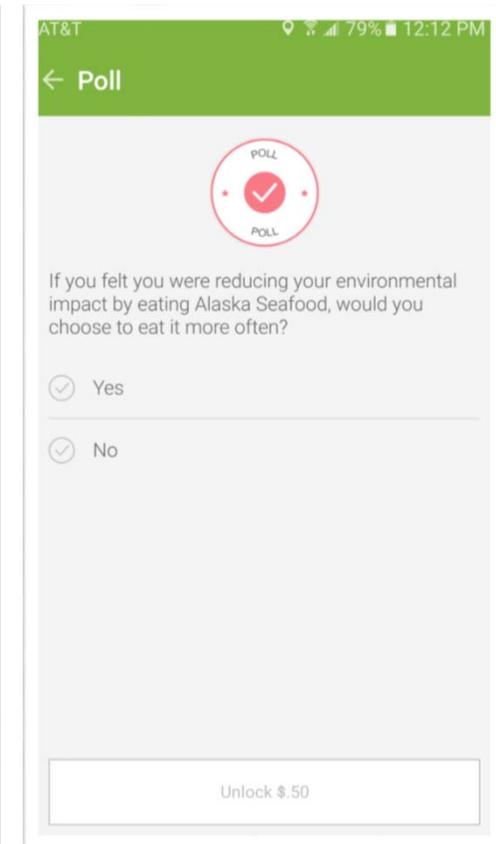
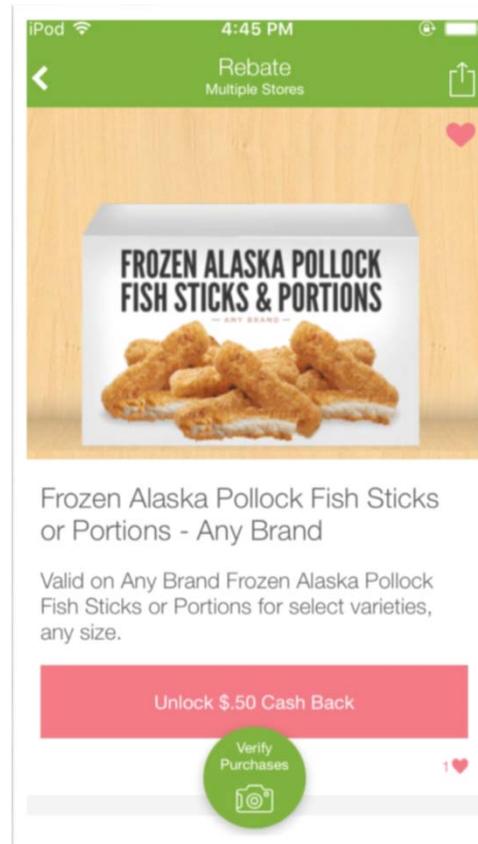


HIGHLIGHT IBOTTA COUPON APP



Wild, Natural & Sustainable*

- 2017 Lenten Season Promotion
- \$0.50 coupon for any Alaska Pollock item
- 3rd most popular shopping app behind only Amazon & Ebay.



HIGHLIGHT MEDIA RELATIONS



Wild, Natural & Sustainable®

➤ 2017 #AskForAlaska Tasting Event

- Over 50 reps from top food & lifestyle media outlets
- Immediate social outreach to over 60K followers



➤ Food & Wine Facebook Live w/ Chef Lionel Uddipa – SALT Juneau



OCEANAIRE SEAFOOD ROOM



Wild, Natural & Sustainable*

WILD, Natural
AND SUSTAINABLE

Wild Alaska Halibut is caught in the clean, cold waters of Bristol Bay and the Gulf of Alaska. Because of its tender white meat and pure flavor, Alaska Halibut has become America's most popular seafood and is a favorite of guests and chefs alike. With our long standing relationships with a select few fishing families and boats, we know our Halibut is coming straight from Alaska's bounty of sustainable and protected resources to our kitchens.

Celebrate National
CRABMEAT DAY!

FRESH ALASKA RED KING CRAB • MARCH 6-13

\$39.95
PER POUND

NATIONAL CRABMEAT DAY IS MARCH 9TH BUT WE ARE CELEBRATING ALL WEEK LONG!

RESERVE YOUR TABLE NOW

Not valid with any other offer, discount or promotion. Not valid for take-out.

ULTRA FRESH FISH FACTS

COHO SALMON

A taste of the Pacific Northwest

Coho Salmon spawn in the same environment as Chinook Salmon; however, Coho prefer lower stream velocity, shallower water and smaller gravel size.

Most mature Cohos return to spawn when they are three years old.

Coho Salmon are also known as Silver Salmon, Hook Nose Salmon, Jack Salmon and Silverside Salmon.

Salmon is one of the healthiest foods you can eat. It contains two critical omega-3 fatty acids, EPA and DHA, that your heart and brain need for optimal health, especially as you age.

Average Coho weighs 6-12 lbs., and can reach up to 38" in length.

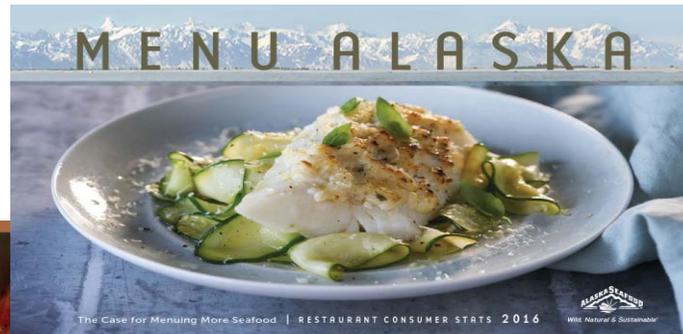
Coho is excellent with very little preparation. Texture is medium to firm. The flake size is medium.

Try our fresh Alaska Coho Salmon today.

MARKET RESEARCH

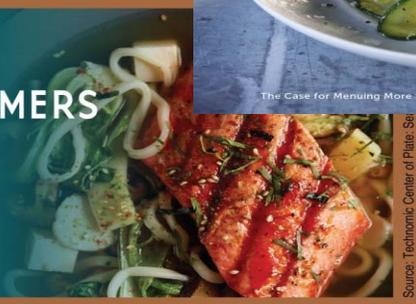


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72% OF CONSUMERS

who eat more seafood than 2 years ago do so for health reasons.



Source: Technomic Center of Plate, Seafood & Vegetarian Consumer Trend Report 2016

2/3

OF SEAFOOD CONSUMERS believe seafood is just as filling as meat.



Source: Technomic Center of Plate, Seafood & Vegetarian Consumer Trend Report 2016

50% OF CONSUMERS

who eat more seafood than 2 years ago do so in lieu of eating meat.



Source: Technomic Center of Plate, Seafood & Vegetarian Consumer Trend Report 2016

94% OF CONSUMERS

are more likely to order a fish/seafood dish when the word "Alaska" is used.



Source: DataSensiti 2016

GOODNEWS!



*Wild, Natural & Sustainable**

U.S. Seafood Consumption up by Nearly One Pound Per Person in 2015

NOAA reports first increase in U.S. consumption in over a decade. ASMI marketing is totally responsible.



ALASKA SEAFOOD is the
#1 BRAND
among proteins
on U.S. menus

Source: Datassential 2016

WHAT CAN I DO TO RAISE THE VALUE OF AK SEAFOOD?



Wild, Natural & Sustainable®

- Quality Handling
- Respect for Food
- Avoid Social Media Pitfalls



Smoking Weed through a Salmon

75 likes

krimsonr
big AK, ar
#turndow
view all 41
chrisfrank
@krimson
chrisfrank
@markdai
dustin_gt
07megac
schmidtin
believe m
07megac
gonna ha
Dancing c
new life g
schmidtin
what I just
that

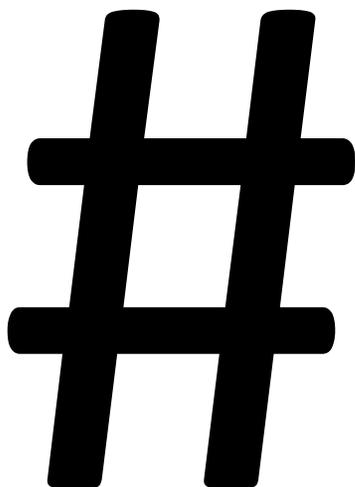
♡ Add



WHAT IN THE HASHTAG?



Wild, Natural & Sustainable*



#AlaskaSeafood
#AskforAlaska
#eatalaska
#feedyourfitness



Alaska Seafood Social Media Channels

 Facebook

Facebook.com/AlaskaSeafood

 Twitter

@Alaska_Seafood

 Instagram

@AlaskaSeafood

 Pinterest

@AlaskaSeafood

 YouTube

YouTube.com/Alaska Seafood



SEAFOOD MARKET INFORMATION



Wild, Natural & Sustainable™

YouTube Search

June 6, 2016

FRASER RIVER SOCKEYE SALMON

"Sockeye forecasts are down substantially in 2016 at 2.3 million sockeye expected, and that is dependant on an opening at all."

TRADEX

3-Minute Market Insight

KOD KEIERSON - President & CEO of Tradex Foods

3MMI - Coho Salmon Pricing on the Rise Amidst Puget Sound Fishery Closure

TradexFoods

Subscribe 410

154 views

ALASKA SEAFOOD

Retail Foodservice Industry International RFM Certification Quality Food Aid

About ASMI The Catch Health & Nutrition Sustainability News

INDUSTRY

FISHERMEN

SEAFOOD MARKET INFO

Seafood Market Bulletin

Economic Value Reports

Report Card Survey

Marketing Updates

CALENDAR

SEAFOOD MARKET INFO

ASMI's Seafood Market Information Services provide the latest analysis of market conditions and news on the performance of Alaska's seafood product portfolio. The Seafood Market Information Service is funded by a portion of the seafood marketing tax paid by Alaska seafood processors. McDowell Group provides the service as a contractor to Alaska Seafood Marketing Institute (ASMI).

Seafood Market Bulletin

The Seafood Market Bulletin is currently published twice a year, provides the latest analysis of market conditions and news on the performance of Alaska's seafood product portfolio and is available online to permit holders, processors, and other industry participants free of charge. It is funded by ASMI and produced by McDowell Group.

Economic Value Report

ASMI produces a report measuring the economic impact of the Alaska seafood industry in the state of Alaska (statewide and regionally), in Washington State, and in the U.S. economy overall. This report considers all of the direct, indirect, and induced economic effects of the Alaska seafood industry, including the entire value chain, from harvest to retail sales. The report also provides background information on harvest volume and value, production volume and value, and participation within Alaska's seafood industry.

Industry Report Card Survey

Every 3 to 4 years, ASMI surveys direct marketers, smaller processors, larger processors, and fishermen to get a detailed view of how

Links & Social Media

www.tradexfoods.com

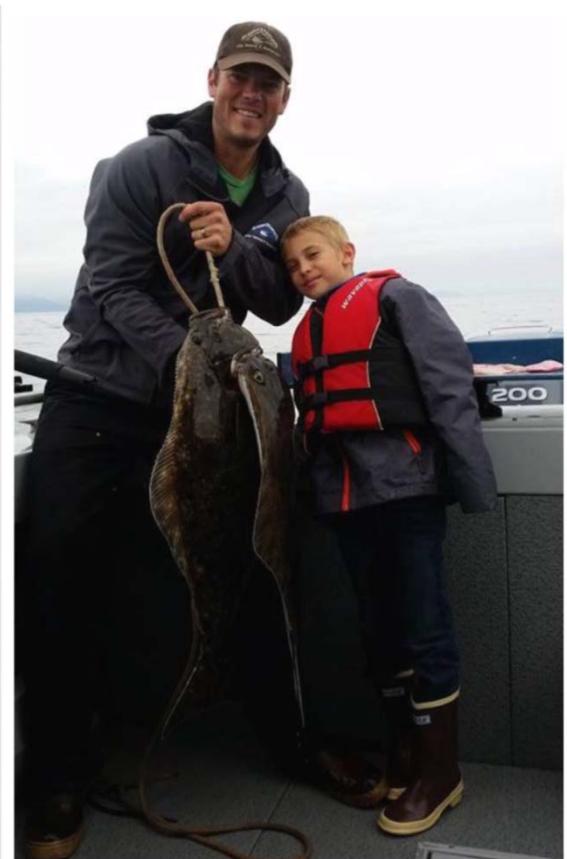
<http://live.tradexfoods.com/>

www.alaskaseafood.org

<http://www.alaskaseafood.org/industry/seafood-market-info/>



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Thank you!



Wild, Natural & Sustainable®