ASMI
ALL HANDS 2018
BRAZIL PROGRAM

Jose Madeira
Carolina Nascimento
Market Overview

- Economy recovery since 2017
  - Expected GDP growth 1.4% in 2018 and 2.5% in 2019

- Jair Bolsonaro, new elected President
  - Positive reaction of the market
  - Pro-business, expected market oriented administration

- Open foreign policy
- Tax reform
- Privatizations, smaller government
Seafood Market Overview

- Keta salmon, APO, cod, sockeye salmon
- About 50% (est.) of the seafood market composed of imported products

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>Alaska</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value USD</td>
<td>Volume MT</td>
</tr>
<tr>
<td>2017</td>
<td>1.3 billion</td>
<td>383,000</td>
</tr>
<tr>
<td>2018 YTD</td>
<td>912 million</td>
<td>246,000</td>
</tr>
</tbody>
</table>

- Easier online registration process with **automatic approvals** (H&G and fillets) – we can do it for you
- Parasites: NOAA officials visited Brazil and met MAPA/DIPOA. Issue under control for raw material.
Seafood Market Trends

- Innovation
- Health and Natural, good for your health
- Private Label
- Retailers looking for sustainable seafood
- Growing seafood consumption -> from 5kg/capita/year in 2005 to 10.5kg/capita/year in 2017
Program Highlights

In-store Promotions

Main campaign: Easter 2018

- Alaska Cod, Alaska Pollock, Alaska Keta Salmon, Alaska Sockeye Salmon
- 3x more sales than Easter 2017
- 77.2 MT sold @ $992k
- 212 stores in 7 Brazilian states
- 1,481 in-store days

Easter 2018 Sales compared to Easter 2017

+231% (value)
+256% (volume)

General Sales Growth since last All Hands Meeting (Dec ‘17 – Sep ‘18)

+122 (value)
+135% (volume)
Program Highlights

Retail activities

- 2017 Trade Gathering
- 10 retailers awarded
- Trainings with Carrefour, Grupo de Açúcar and Walmart
Program Highlights

APAS 2018

• Over 140 qualified leads generated
• Three distributors
• Trade reception in partnership with the USDA/FAS
• Estimated sales to retail of over $2 million in the next 8 months
Program Highlights

Social Media and PR

- 1.1 million fans on Facebook
- 5k on Instagram
- Health, wellness, nutrition strategy
- Retail Merchandising tool
- $300k Earned Media 2018 YTD
Upcoming Activities

- APO workshop and dinner for retail/trade on December 4th, 2018

- Launch of first APO block product (January 2019)
  - In-store promotions
  - Development of local recipes
  - New POS promotional materials
  - New recipe videos
  - Brazil APO website
  - Social media and PR campaign
APO workshop invitation
<table>
<thead>
<tr>
<th>Upcoming Activities</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions with Nutricionists - keta, pink, pollock, cod</td>
<td>November 2018</td>
</tr>
<tr>
<td>Gastronomy Schools seminars in São Paulo and Rio</td>
<td>November 2018</td>
</tr>
<tr>
<td>Refreshing Project with Grupo Pão de Açúcar, providing samples</td>
<td>November 2018</td>
</tr>
<tr>
<td>Christmas Promotions in six states</td>
<td>December 2018</td>
</tr>
<tr>
<td>#USFoodExperience event with FAS/USDA</td>
<td>February 2019</td>
</tr>
<tr>
<td>Holy Week/Easter Promotions in 8 states</td>
<td>March - April 2019</td>
</tr>
<tr>
<td>APAS Show</td>
<td>May 6 - 9, 2019</td>
</tr>
<tr>
<td>Brazilian Chefs Cochran Program</td>
<td>Summer 2019 - TBD</td>
</tr>
</tbody>
</table>
South America Overview

• Proposal included seven countries, but focus will be on Brazil, Chile, Colombia and Peru

Rationality:
• Population: from 208 to 372 million
• GDP: $2 trillion to 3.7 trillion

• Strong economies, +3 - 4% GDP, pro-business administrations

• FTAs w/ the U.S.: Chile, Colombia and Peru: Products to enter the markets Duty Free and re-exported to Mercosul members at 0% Import Duty

• Chile, Peru, Colombia, and Ecuador are Associate Members of MERCOSUR (Brazil, Argentina, Uruguay, Paraguay, Venezuela).
Seafood Market Overview

• Major seafood production, mainly directed to the export market
• Farmed salmon, hake, anchovy, mahi mahi, trout, squid, tuna, mackerel, shark, shrimp
• Whole fish, fish blocks, fillets, fillet blocks, steaks, breaded, either fresh or frozen, bulk or retail packaged or even canned
• Estimated **7 million MT market size** (and growing). Includes fish meal.
• Imports of 670 thousand MT @ $ 2 billion (+16% in 2017)
• Limited number of local species available at grocery stores, **imported seafood plays an important role**
• Per capita consumption average annual growth of 18%

<table>
<thead>
<tr>
<th>Country</th>
<th>Seafood Consumption Per Capita (KG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>10.5</td>
</tr>
<tr>
<td>Chile</td>
<td>13.2</td>
</tr>
<tr>
<td>Colombia</td>
<td>8.4</td>
</tr>
<tr>
<td>Peru</td>
<td>21.75</td>
</tr>
<tr>
<td>Average</td>
<td>13.5</td>
</tr>
</tbody>
</table>
# South America Seafood Overview

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Size – MT (000)</th>
<th>Domestic Production MT (000)</th>
<th>Exports MT (000)</th>
<th>Exports Value $ (million)</th>
<th>Imports MT (000)</th>
<th>Imports Value $ (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>332</td>
<td>775</td>
<td>455</td>
<td>1,950</td>
<td>12</td>
<td>84</td>
</tr>
<tr>
<td>Brazil</td>
<td>829</td>
<td>483</td>
<td>37</td>
<td>233</td>
<td>383</td>
<td>1,317</td>
</tr>
<tr>
<td>Chile</td>
<td>329</td>
<td>1,150</td>
<td>833</td>
<td>5,420</td>
<td>12</td>
<td>76</td>
</tr>
<tr>
<td>Ecuador</td>
<td>191</td>
<td>649</td>
<td>517</td>
<td>3,298</td>
<td>59</td>
<td>82</td>
</tr>
<tr>
<td>Peru</td>
<td>686</td>
<td>845</td>
<td>267</td>
<td>799</td>
<td>108</td>
<td>286</td>
</tr>
<tr>
<td>Colombia</td>
<td>220</td>
<td>160</td>
<td>21</td>
<td>104</td>
<td>81</td>
<td>203</td>
</tr>
<tr>
<td>Uruguay</td>
<td>18</td>
<td>58</td>
<td>50</td>
<td>97</td>
<td>10</td>
<td>42</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,605</strong></td>
<td><strong>8,523</strong></td>
<td><strong>2,183,017</strong></td>
<td><strong>11,904</strong></td>
<td><strong>666</strong></td>
<td><strong>1,806</strong></td>
</tr>
</tbody>
</table>

Does NOT include fish meal
Chile

- Only developed economy, high per capita income $15k+
- 70% of local seafood production is exported
- Seafood consumption per capita has doubled in the past decade
- Government initiatives for boosting seafood consumption
- 400+ registered seafood processing/commercial facilities
- Free Trade Zone
- Currently importing over 100 MT of Wild Alaska Sockeye Salmon
- $2.5 million in imports of Alaska fish oil
- Trends: Health, wellness, sustainability
Chile
Peru

- Potential Alaska seafood’s re-processing center in South America
  - Large seafood processing industry: about 200 seafood processing plants
  - Lack of raw material /production volume volatility, plants operate sharply below their full capacity
  - Low labor costs
- Opportunities for APO and flatfish (competitive prices)
- Nearly undeveloped salmon market
- Leading Latin America Gastronomy based on seafood
Colombia

- Largest agriculture trade destination for US agricultural products in SA and seafood is lagging behind
- Growing seafood consumption and imports
- Market saturated with low-quality/high water content/chemical treated fillets from China and Vietnam
- Growing concern about sustainability
- Opportunities for APO, flatfish and wild Alaska salmon (keta and pink being currently imported)
- About 60 seafood processing plants in the country
To be monitored:
• Existing processing industry with over 240 registered processing plants
• Lack of raw material, industry idleness in Argentina
• 1 kg and 500 g fillet bags, breaded products (Argentina)
• Canneries (Ecuador)
• Regulatory barriers: trade servicing only – work with USDA
Goals

- Develop **Peru as the new Alaska seafood re-processing center in South America**
- Develop **Chile and Colombia as new consumer markets**, explore niche opportunities in the Peruvian domestic Market
- Increase South American trade awareness through trade seminars, trade meetings and trade shows.

- Increase South American trade willingness to **identify product origin** by demonstrating benefit to sales.
- Increase **market access** to Argentina, Uruguay and Ecuador
Goals

- Increase Alaska seafood industry awareness of potential in the South American market; generate enthusiasm and dedication to the market through trade missions and meetings.

- Educate and engage Alaska seafood exporters in the market
Proposed Activities

TRADE
- MARKET RESEARCH
- TRADE MISSIONS:
  - Peru in 2019/2020
  - Chile in 2020/2021
- BUYERS MISSIONS:
  - One in 2020/2021
  - One in 2021/2022
- TRADE PUBLIC RELATIONS:
  - Trade seminars
  - Retailer education program
  - Technical Samples Program
  - Trade Shows: Espacio Food & Service show in Santiago, Alimentec in Bogota and Expo Alimentaria in Lima
  - Trade Research
Proposed Activities

- RETAIL MERCHANDISING
- SPANISH WEBSITE AND SOCIAL MEDIA
- TRADE SERVICING
- FOODSERVICE (includes Brazil as well)
- CHEF SEMINARS
- AMBASSADOR CHEFS & TRAINING PROGRAM
- FOODSERVICE PROMOTIONS
Proposed Activities
QUESTIONS?
THANK YOU