



Investing in Russian wild whitefish

Seafood Investor Forum
September, 2017
London





EXECUTIVE SUMMARY

1

Unique source
of pristine protein

- Modern society is highly concerned with healthy lifestyle and healthy foods with consumer preferences moving towards protein-rich products

2

High entry
barriers

- Trading of fishing quotas in Russia is highly regulated, with M&A activities being the main driver for the industry consolidation

3

Value
creation
potential

- Diversification to highly marginal products
- Tech advancements in catching and processing
- Further expansion in traditional and development of the new markets

4

Government
support

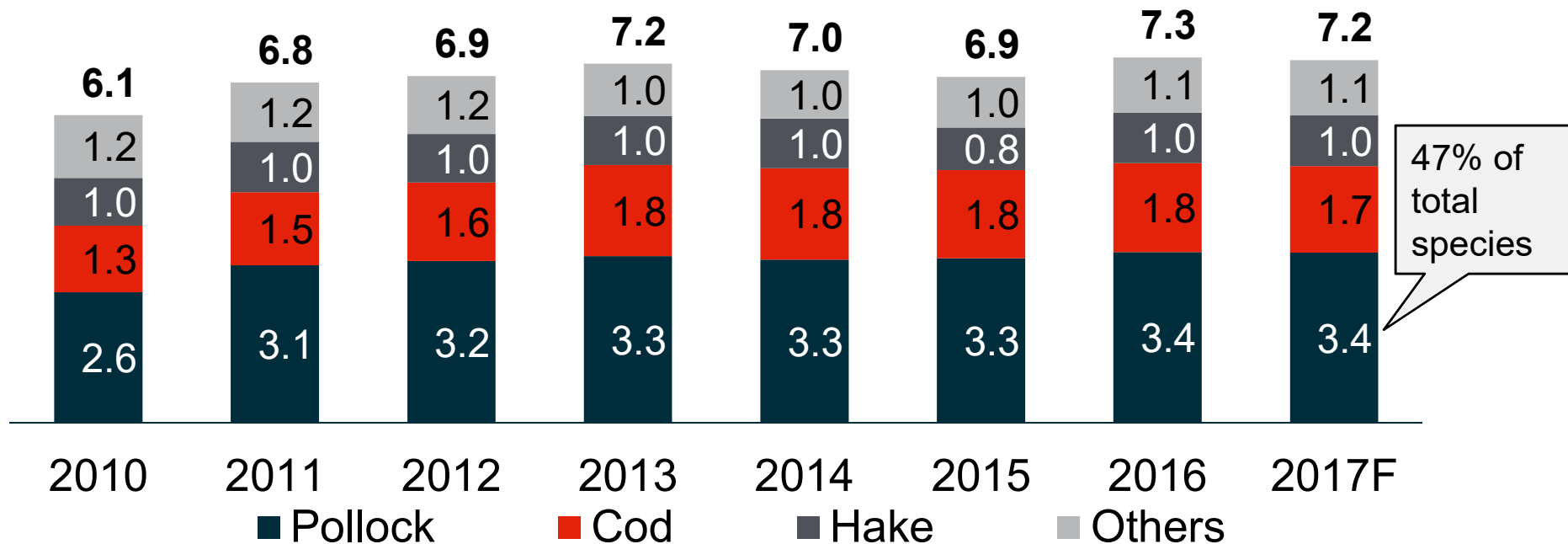
- Government supports the industry by reallocating additional fish quota of up to 430,000 tons to the companies participating in Vessel and On-shore processing plants Construction Program



1 WHITEFISH UNIVERSE

- Russia is historically a leader in whitefish representing ~ 50% of total catch in 2 largest species pollock and cod
- Pollock is the world's highest volume fish species harvested for human consumption (3.4 ml tons)

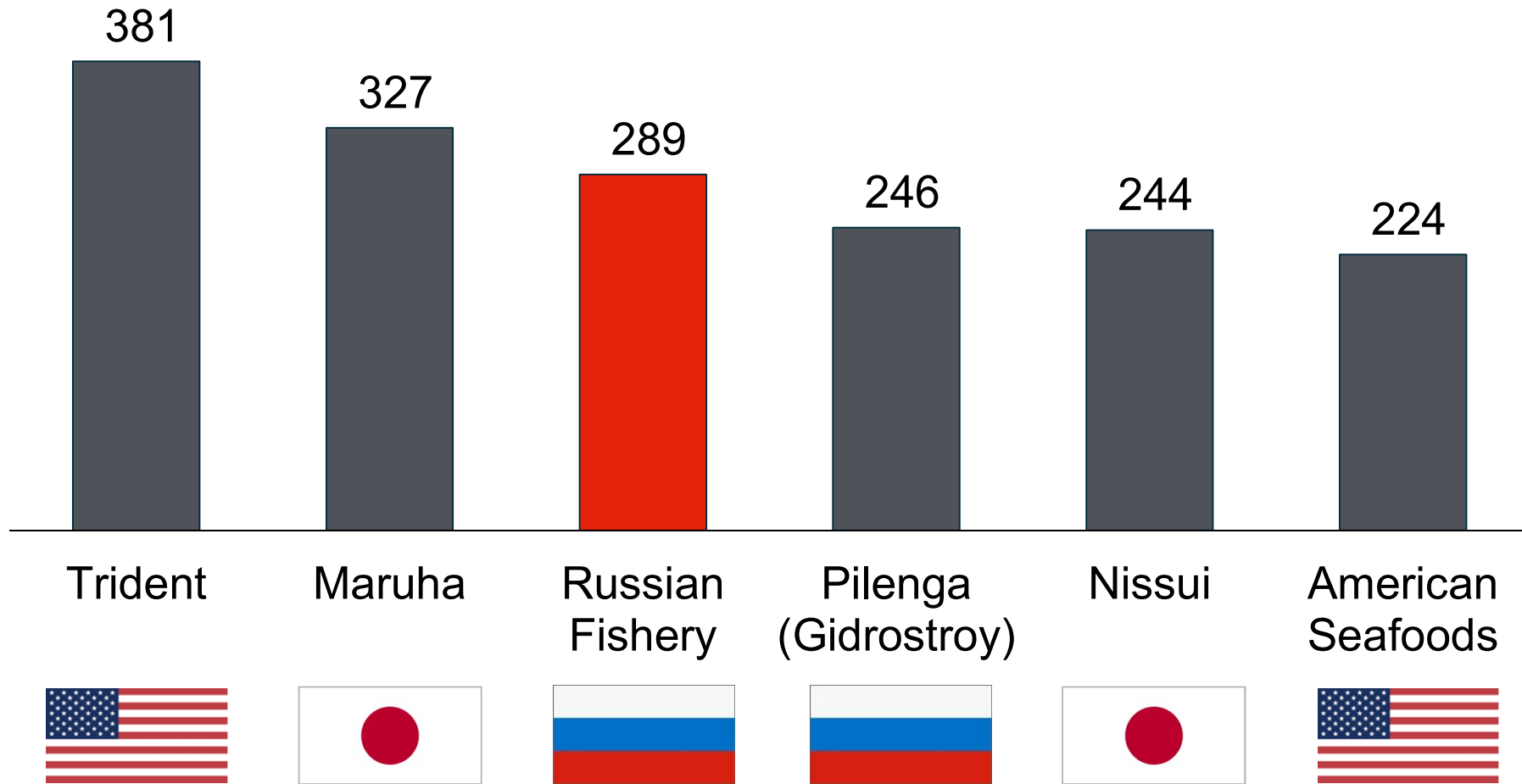
Global whitefish annual volume / catch (in million tons)





KEY GLOBAL PLAYERS IN POLLOCK

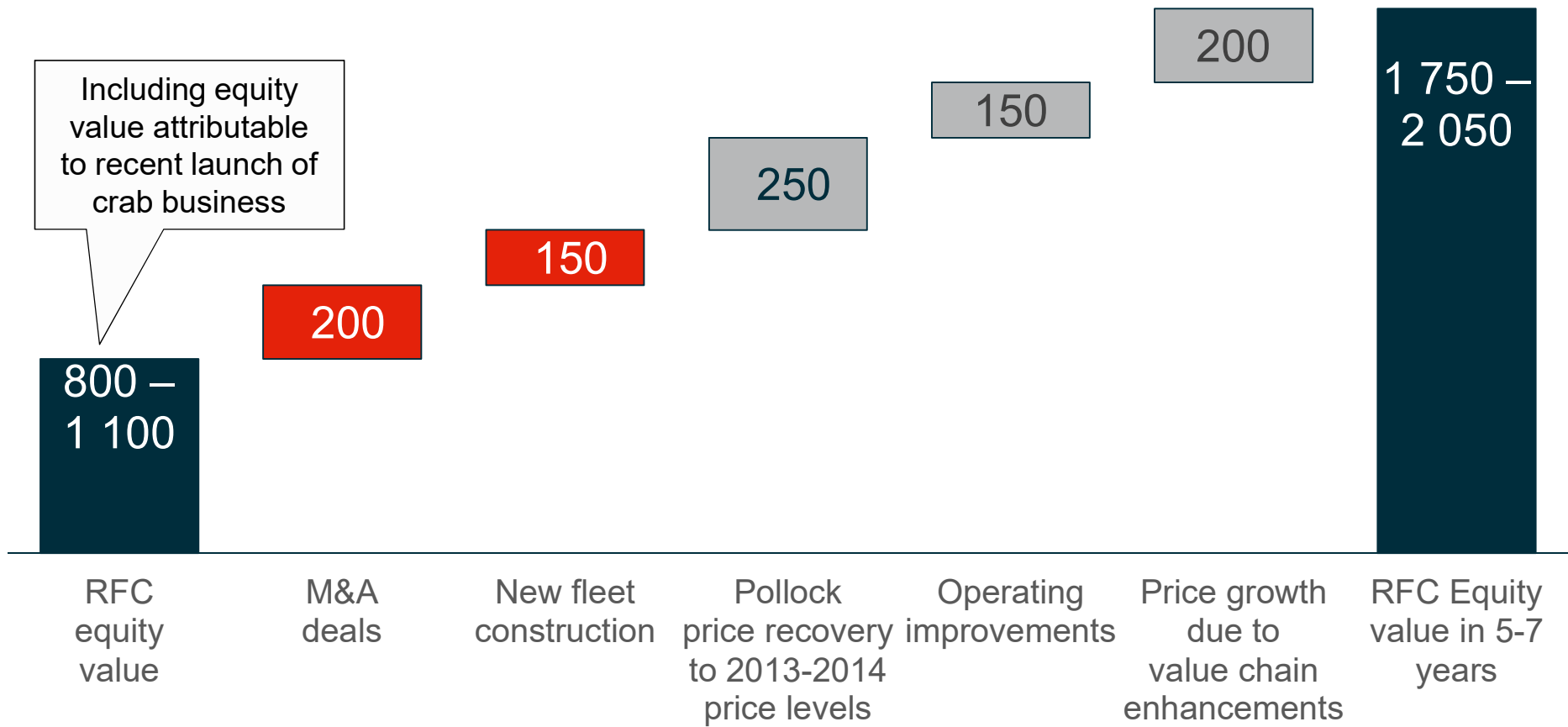
Pollock quota benchmark (thousand tons)



Non-Russian companies figures are based on actual catch in 2014. (including coastal fishing).

- New Fisheries Act for Russia
 - fishing rights are extended for 15 years (from 2018 to 2033) - previously 10 years
 - “historical principle” for quota allocation is stipulated by law: high barriers to entry; change of quota holder only through M&A
- One of the most liberal national legislations regarding foreign investment and quota ownership among leading fishing nations (approval for foreign ownership of over 50% only)
- Government promotes investments in fleet renewal providing special additional fishing quota allocation for new vessels
 - 10 to 20 whitefish catcher-processors likely to be built at Russian yards by 2025 (a few already contracted)

3 VALUE CREATION OPPORTUNITIES





RUSSIAN FISHERY AT A GLANCE

**QUOTA
(343 th tn)
+
Non-TAC
(60 th tn)**



Pollock - 289 th tn



Herring - 41 th tn



Crab – 2.4 th tn

Other – 10 th tn

Non-TAC – 60 th tn

**FLEET
(18 pcs)**



13x trawler-processors



2x refrigerators



3x crab catchers

**PRESENCE
(worldwide)**



Corporate HQ
(Russia)



Trading company
(Singapore)

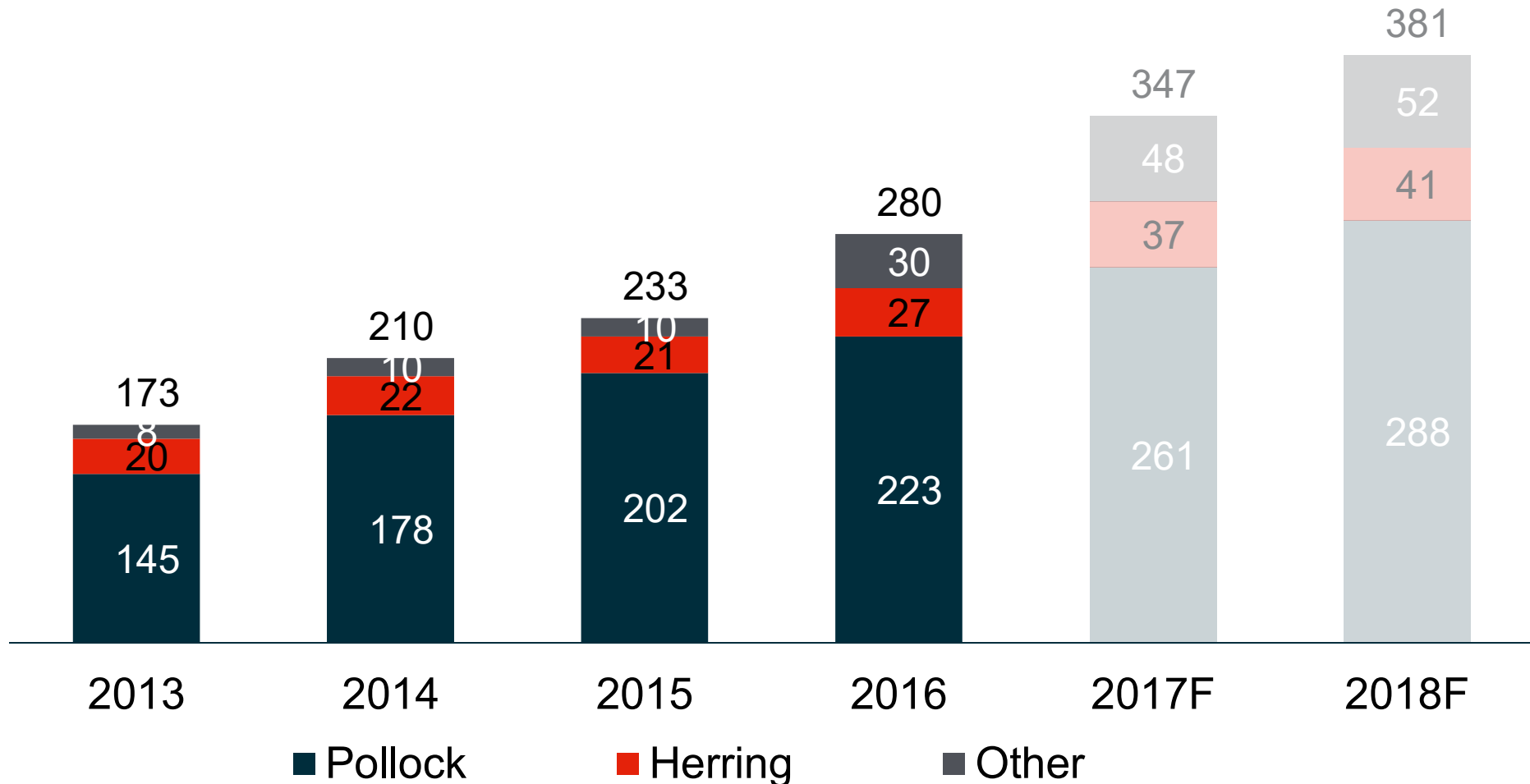


Branches in Germany,
China, Korea, Japan



RFC CONTINUOUS CATCH GROWTH

Total annual catch (thousands tons)*

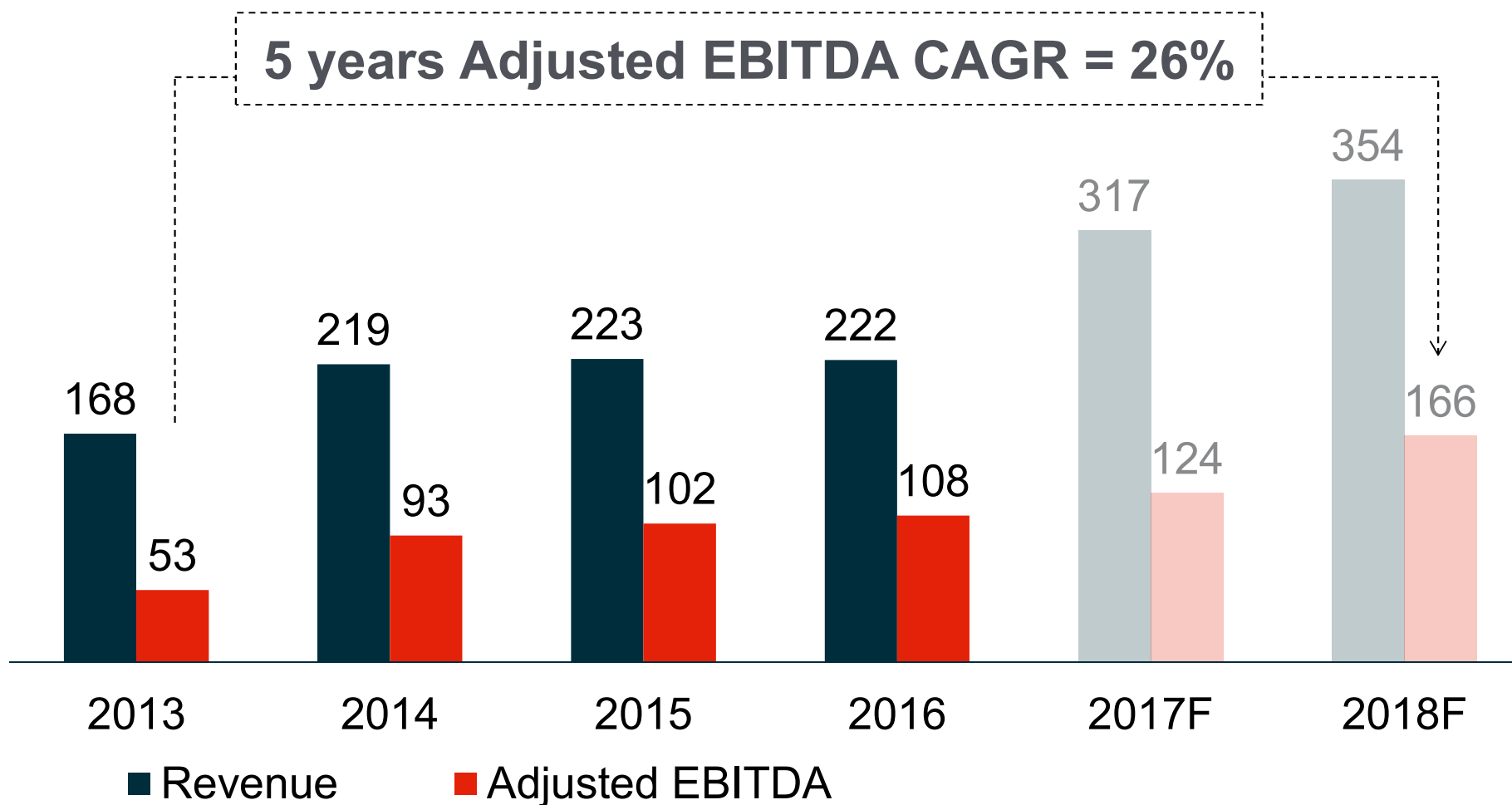


* Including crab quotas



STRONG EBITDA GROWTH

RFC EBITDA (million dollars)








CRAB DESCRIPTION

- Fishing rights for 2,415 tons of various crab species in the Southern Primorye subzone acquired in May 2017
- Largest crab quota holding in Primorye fishing zone – the nearest to the final markets for live crab of Japan, Korea and China

Quota composition

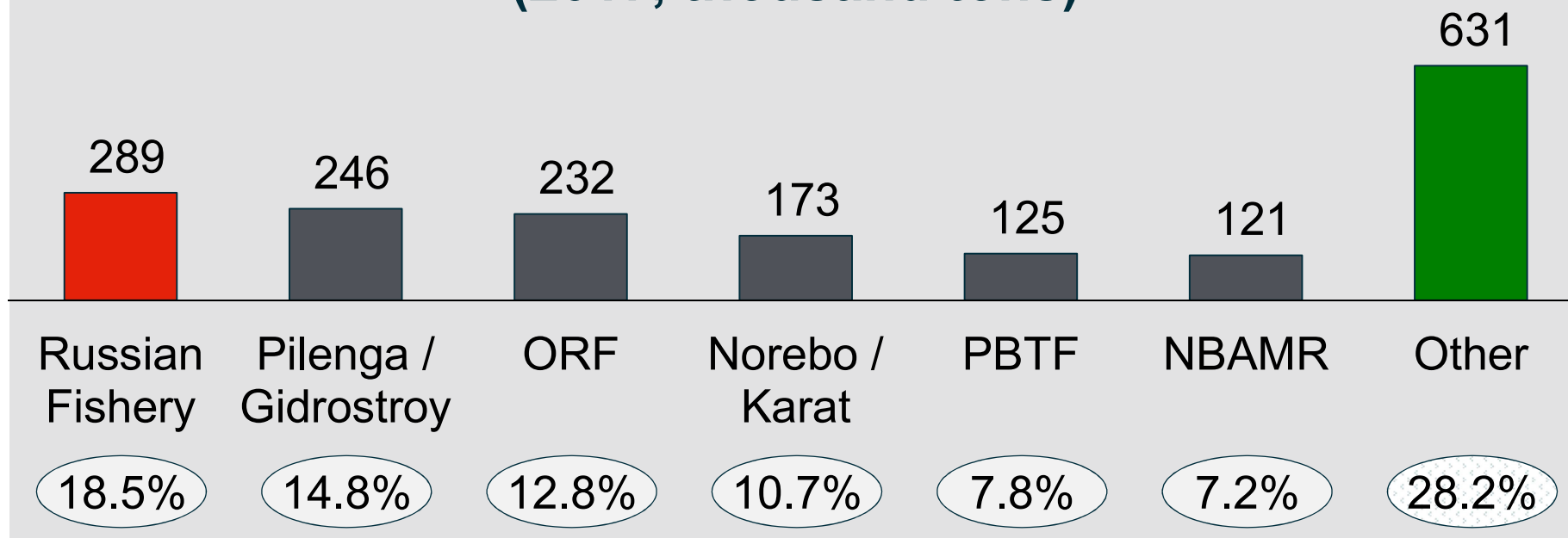
Snow Crab	<i>(Chionoecete opilio)</i>	2,137.9 tons	
Blue King Crab	<i>(Callinectes sapidus)</i>	119.8 tons	
Horsehair Crab	<i>(Erimacrus isenbeckii)</i>	156.7 tons	
TOTAL		2, 414.5 tons	



RUSSIAN POLLOCK CONSOLIDATION UNDERWAY

- Company already benefits from the largest quota allocation of pollock fishing in Russia (total 1.8 ml tons in 2017)
- 1/3 of pollock quota is still fragmented (100+ entities) presenting opportunity for further volume growth

**Pollock quota distribution
(2017, thousand tons)**





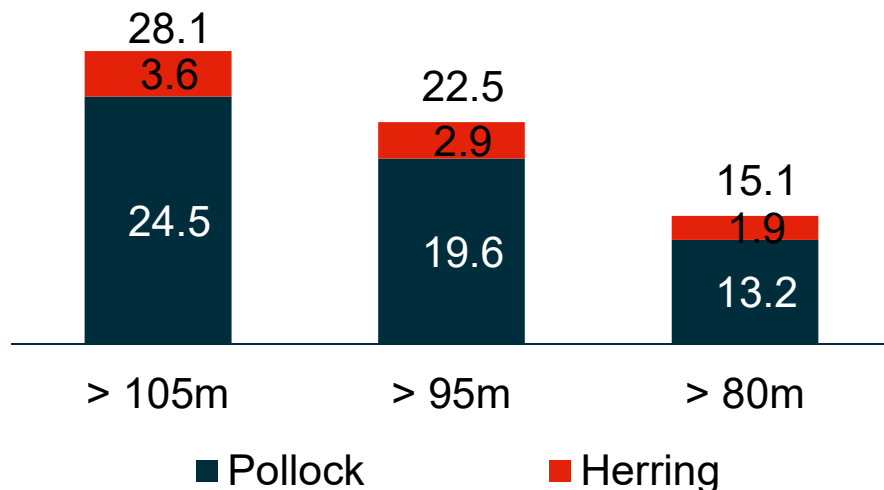
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RUSSIA'S QUOTA INCENTIVE PROGRAM

- Russian Government reallocates up to 20% of the TAC (Total Allowable Catch) for the investment purposes quota (approximately 430 th tn)
- The right to use investment quotas under this program will be obtained by companies that have made an agreement with the government to invest in:
 - Building a fishing vessel at a Russian shipyard
 - Building fish processing plant at seashore

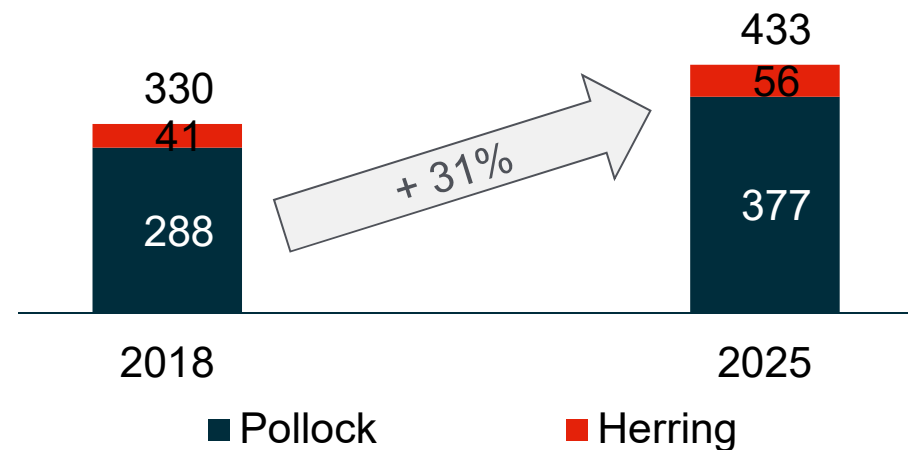
Quota allocation by vessel type

(quota in th tn / based on overall length)



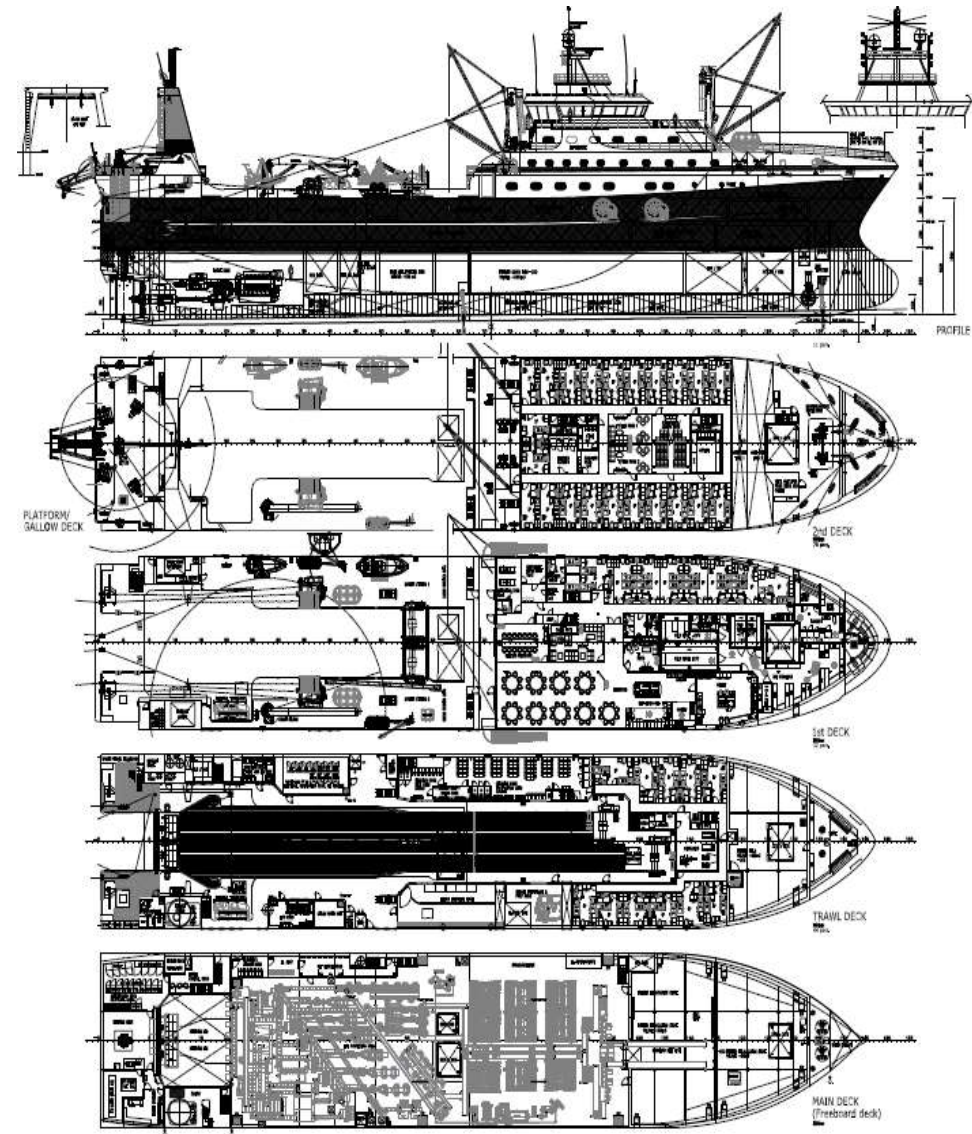
Russian Fishery Quota

(before (2018) and after (2025) Quota Incentive Program, in th tn)



BUILDING NEW COMPANY FLEET

- CAPEX plan focused on building in 2017-2023 a series of high-performance trawler-processors
- Utilizing most modern fish-finding, trawling and processing technologies
- Focus on onboard frozen-at-sea value-added fish products with higher margins
- Reaching lowest cash cost globally





THANK YOU FOR ATTENTION!

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