



Can Chile grow in the US market?

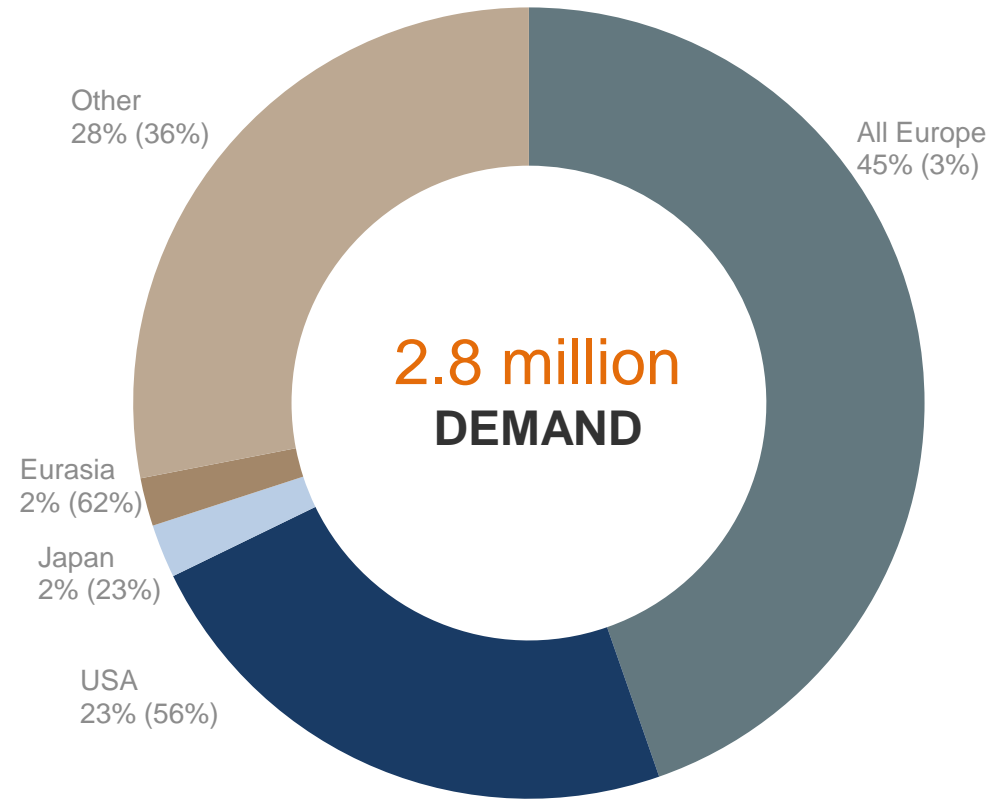
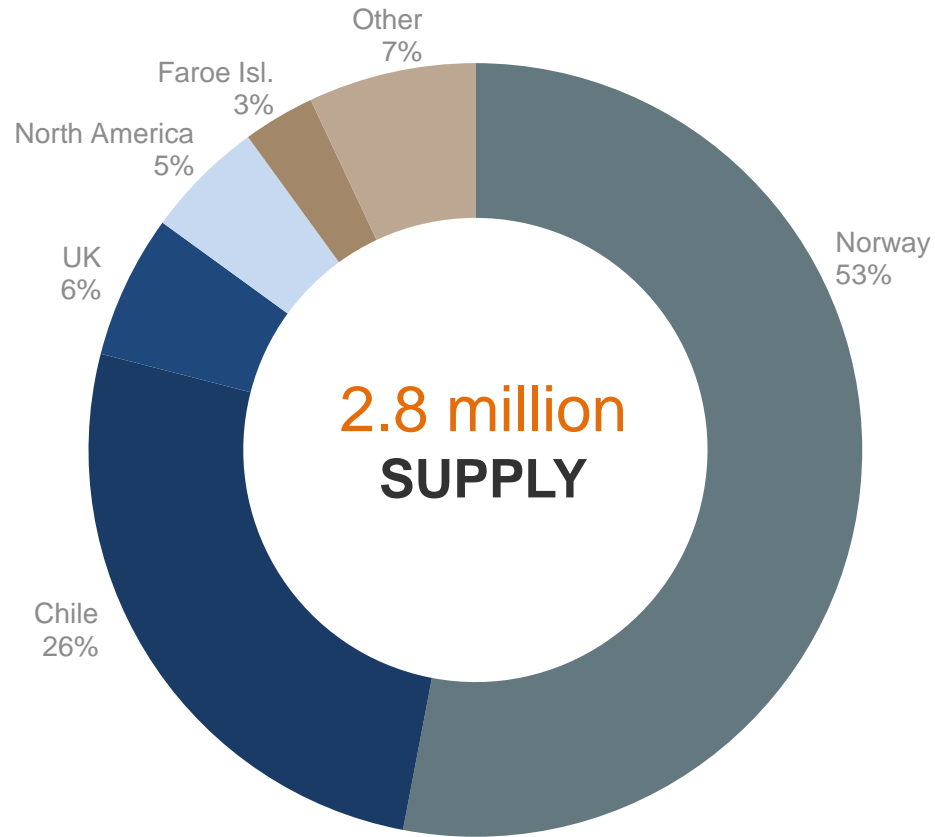


RICARDO GARCÍA, VICE CHAIRMAN
APRIL 2023

Supply & Demand

Chile continues to be 2nd largest global salmon sourcing

Annual MT WFE of Atlantic salmon



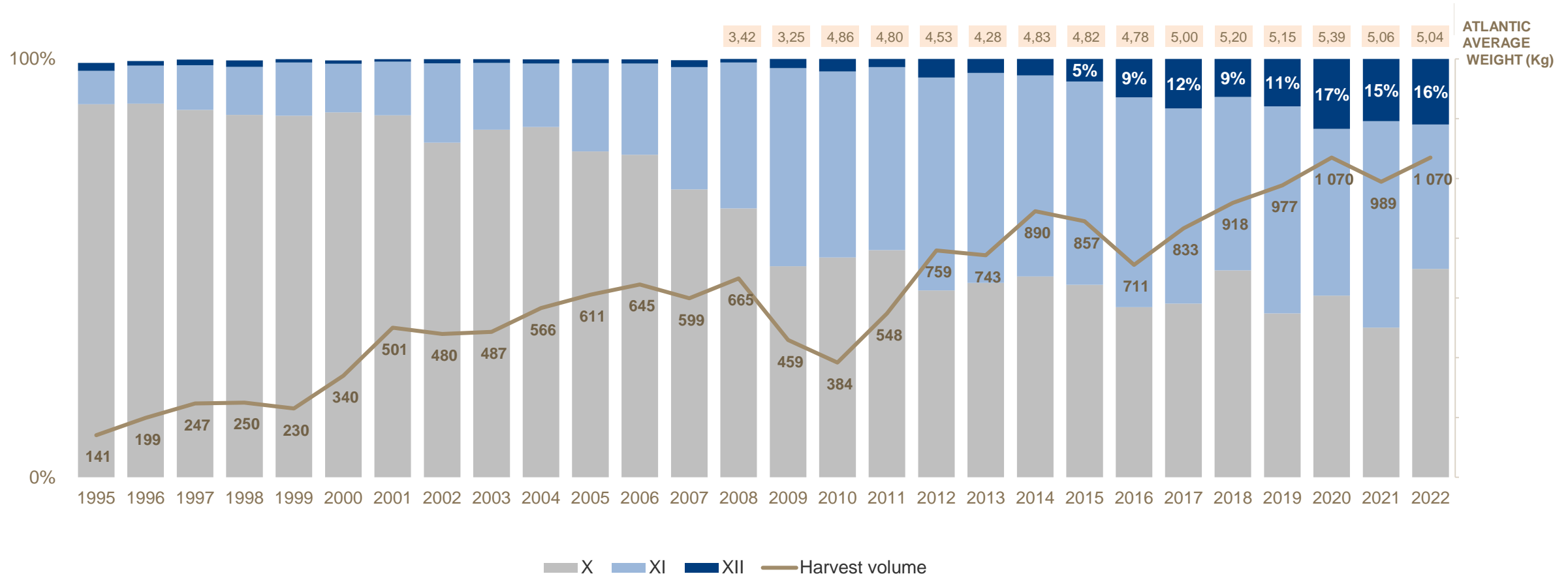
Source: Kontali Analyse (January 2023)



Where is Chilean salmon coming from?

Thousand MT WFE All Salmonids

- *Increasingly from the far South of Patagonia*
- *Helping to keep harvest weights above 5Kg for 6 consecutive years*

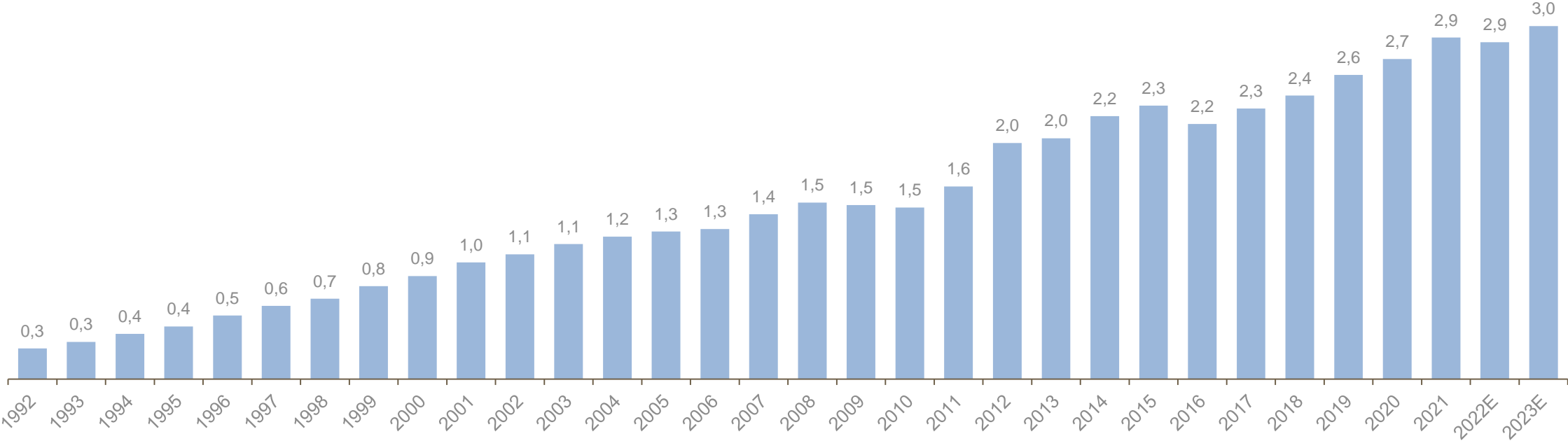


Source: Aquabench



History might not guide the future

ATLANTIC HARVEST VOLUMES
MILLIONS MT WFE

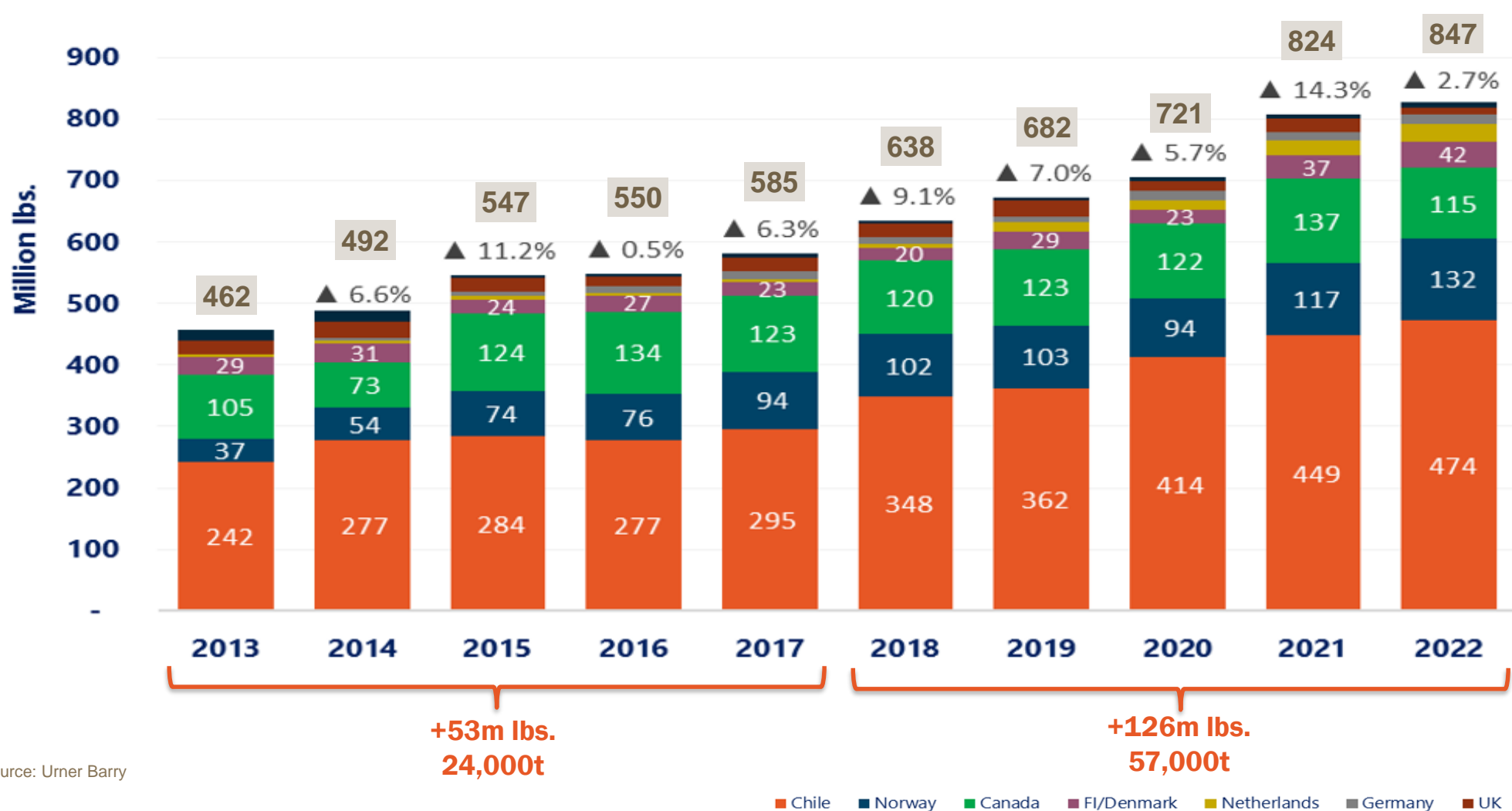


- **Last 30 year CAGR** : **7.5%**
- **Last 5 year CAGR** : **3.7%**
- **2021-2023e CAGR**: **1%**
- **Farmed and wild salmon, as various species in fisheries, is stagnant**



And USA is increasingly absorbing global supply

Imports of Atlantic salmon into USA doubled in 2018-2022 vs. 2013-2017



Source: Umer Barry



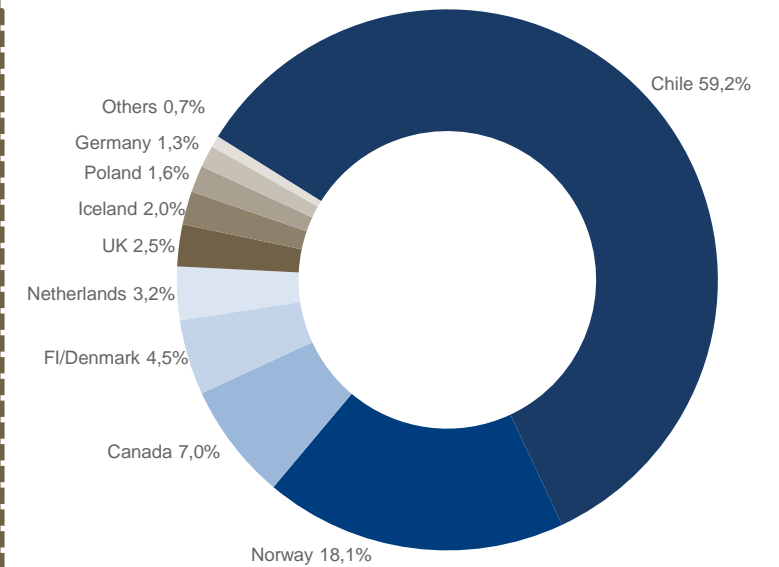
Imports into USA continue to grow: 22% in 3 yrs

Jan-Feb 2023 Atlantic salmon

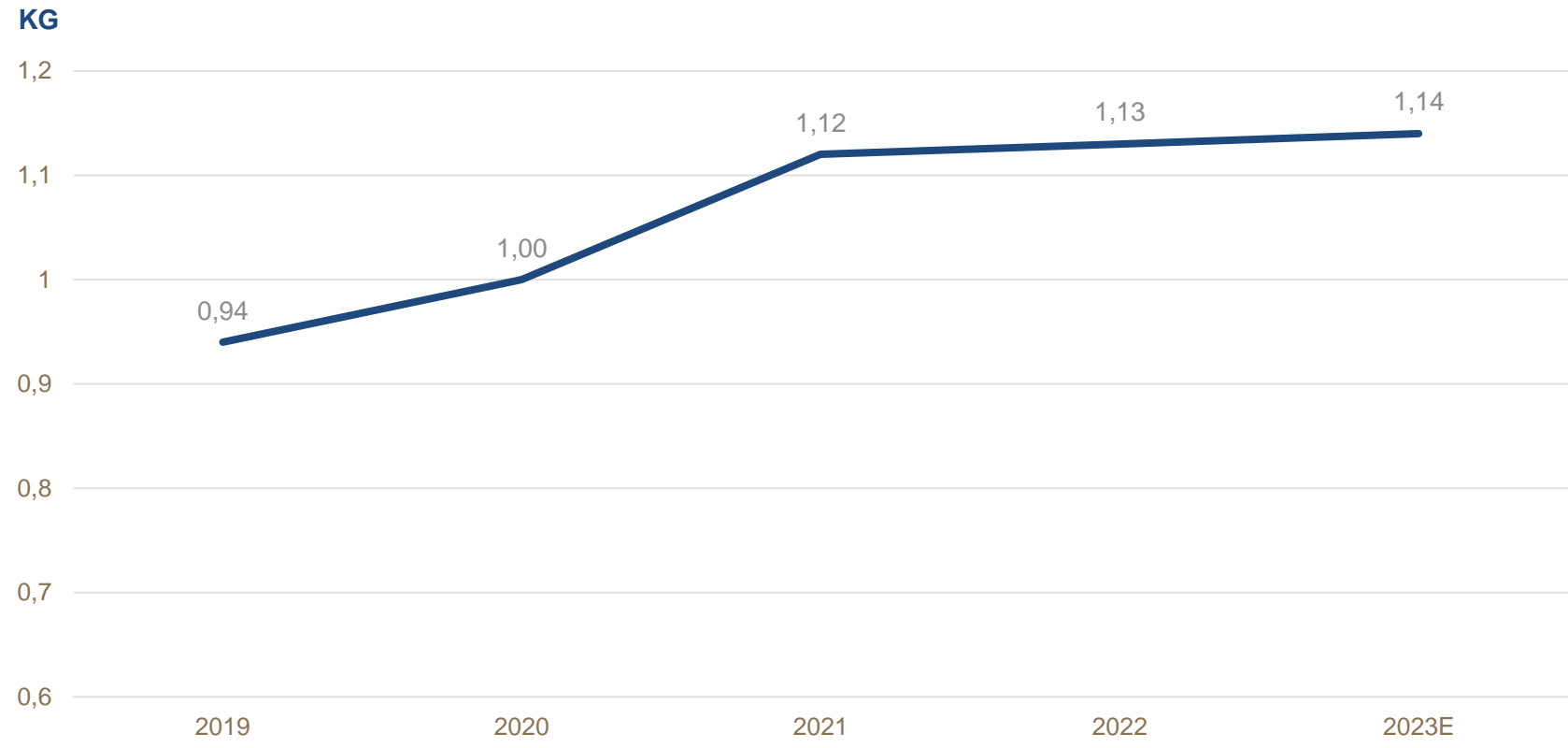
Chilean market share grew to 59.2%

	2020	2021	'21 vs '20	2022	'22 vs '21	2023	'23 vs '22
Chile	70,552,018	75,637,379	7.2%	77,648,448	2.7%	85,037,211	9.5%
Norway	16,945,276	16,586,459	-2.1%	21,291,874	28.4%	25,946,696	21.9%
Canada	15,710,077	19,845,596	26.3%	18,443,140	-7.1%	10,043,793	-45.5%
FI/Denmark	4,761,134	4,664,762	-2.0%	6,973,653	49.5%	6,418,645	-8.0%
Netherlands	2,586,092	3,545,368	37.1%	4,459,080	25.8%	4,651,536	4.3%
UK	2,510,881	2,810,332	11.9%	1,234,481	-56.1%	3,601,260	191.7%
Iceland	1,596,814	1,774,096	11.1%	2,083,358	17.4%	2,922,699	40.3%
Poland	917,898	924,014	0.7%	1,006,870	9.0%	2,247,815	123.2%
Germany	1,670,104	1,959,062	17.3%	2,460,651	25.6%	18,805,396	-26.6%
Other	3,256,856	4,218,532	29.5%	4,850,957	15.0%	5,047,045	4.0%
Total	117,919,148	129,082,524	9.5%	136,984,990	6.1%	143,668,885	4.9%

Market share by country of origin

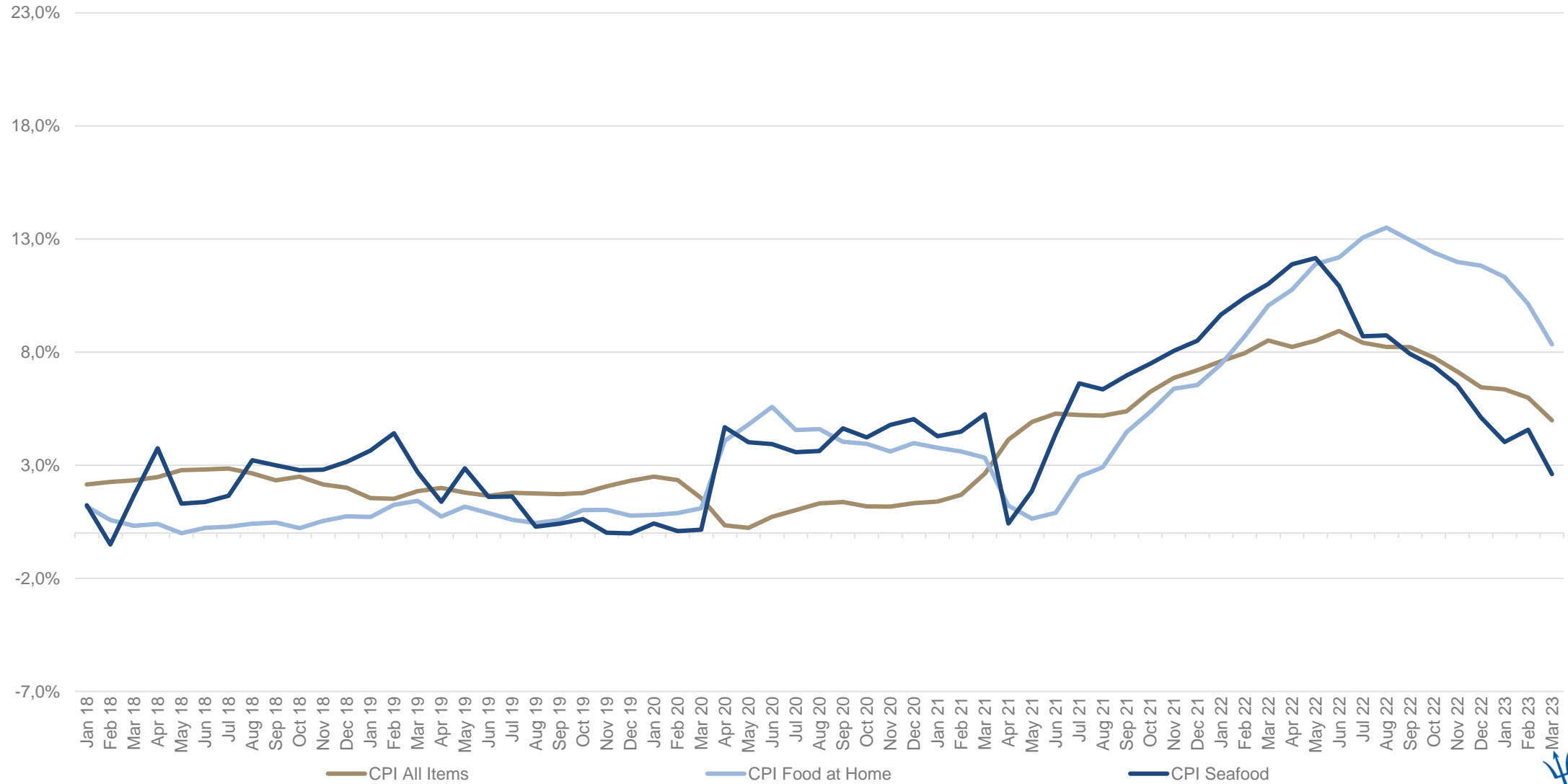


USA per capita consumption grew 20% in 3yrs But flattening since 2021



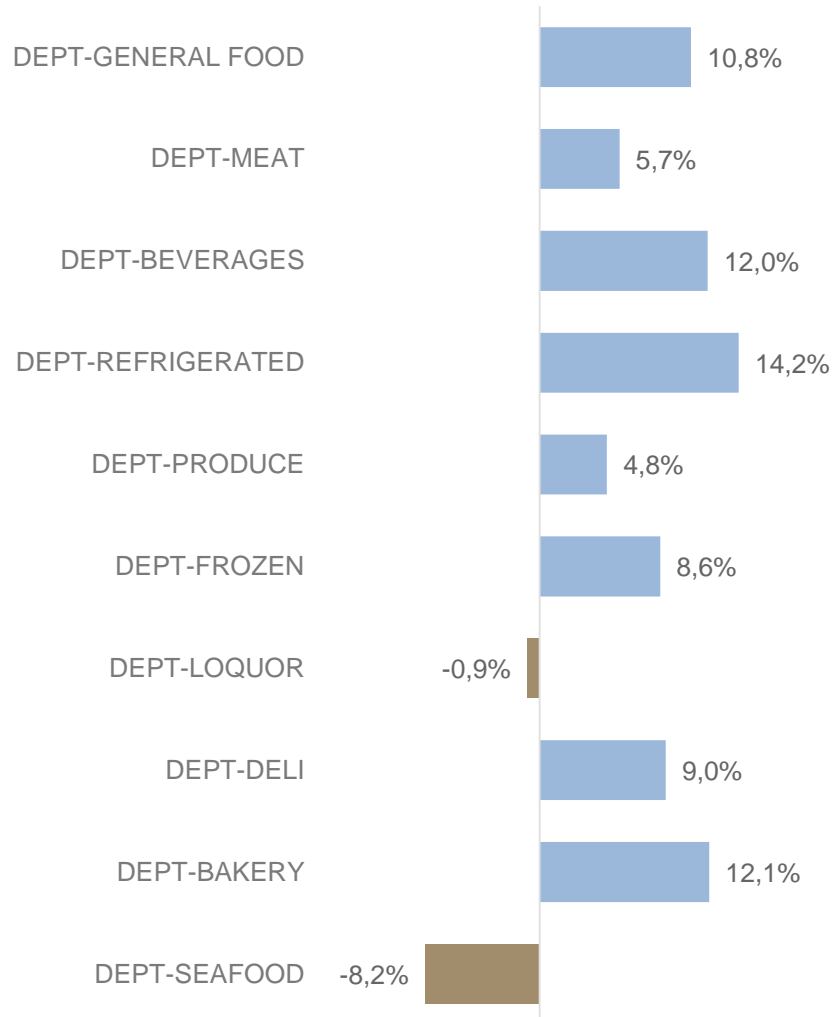
Because Inflation is eroding real income

Pandemic and War impacting prices

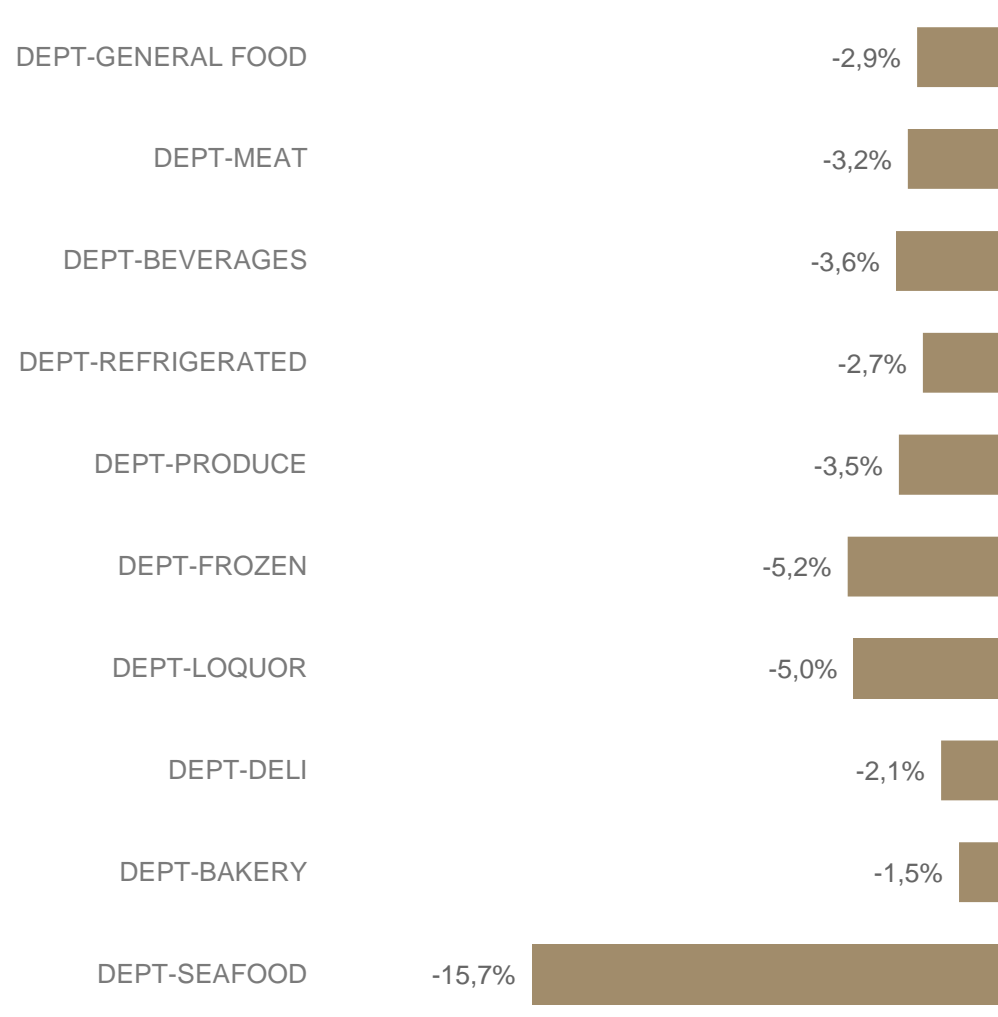


Demand for food is declining, but more on seafood

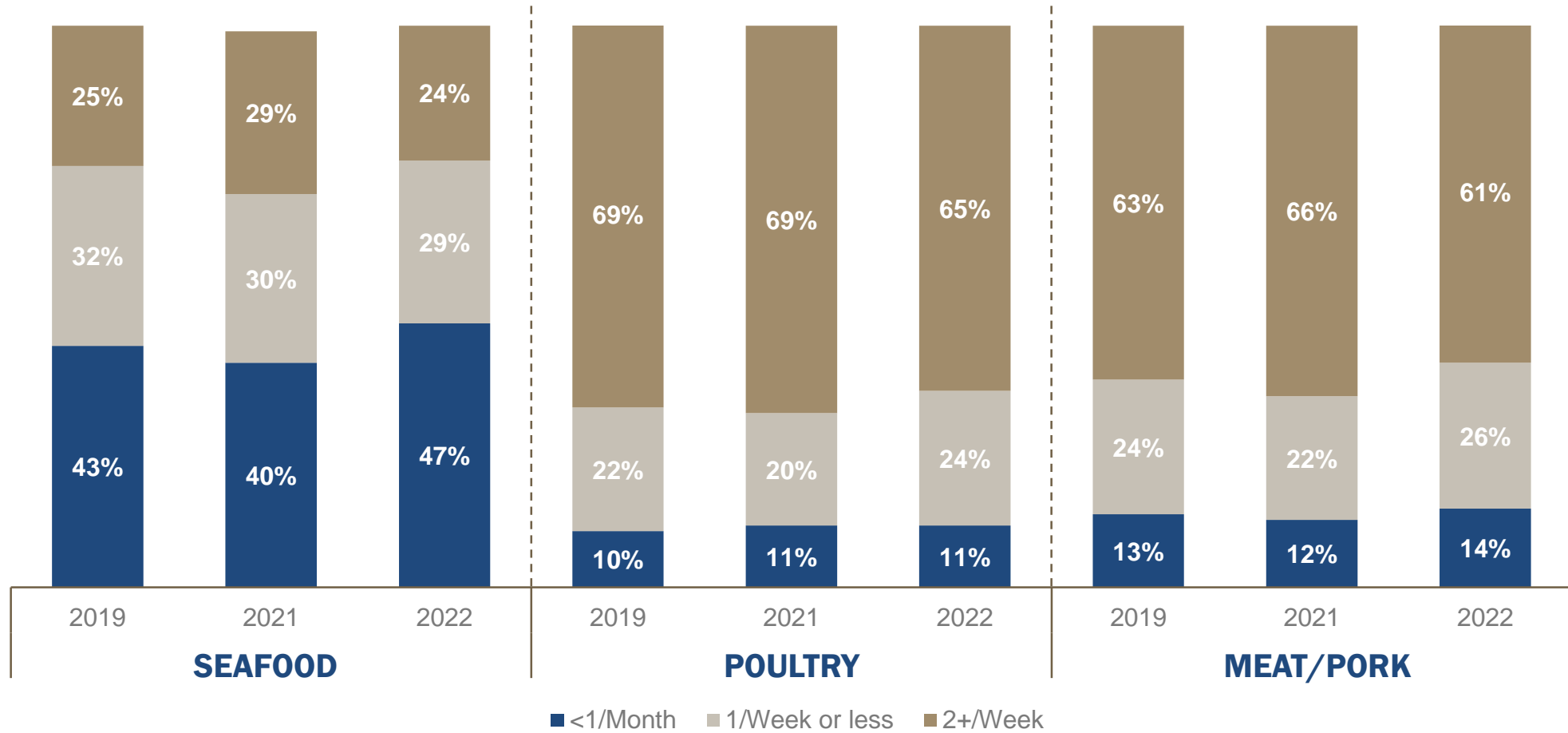
2022 DOLLAR SALES % CHANGE vs 2021



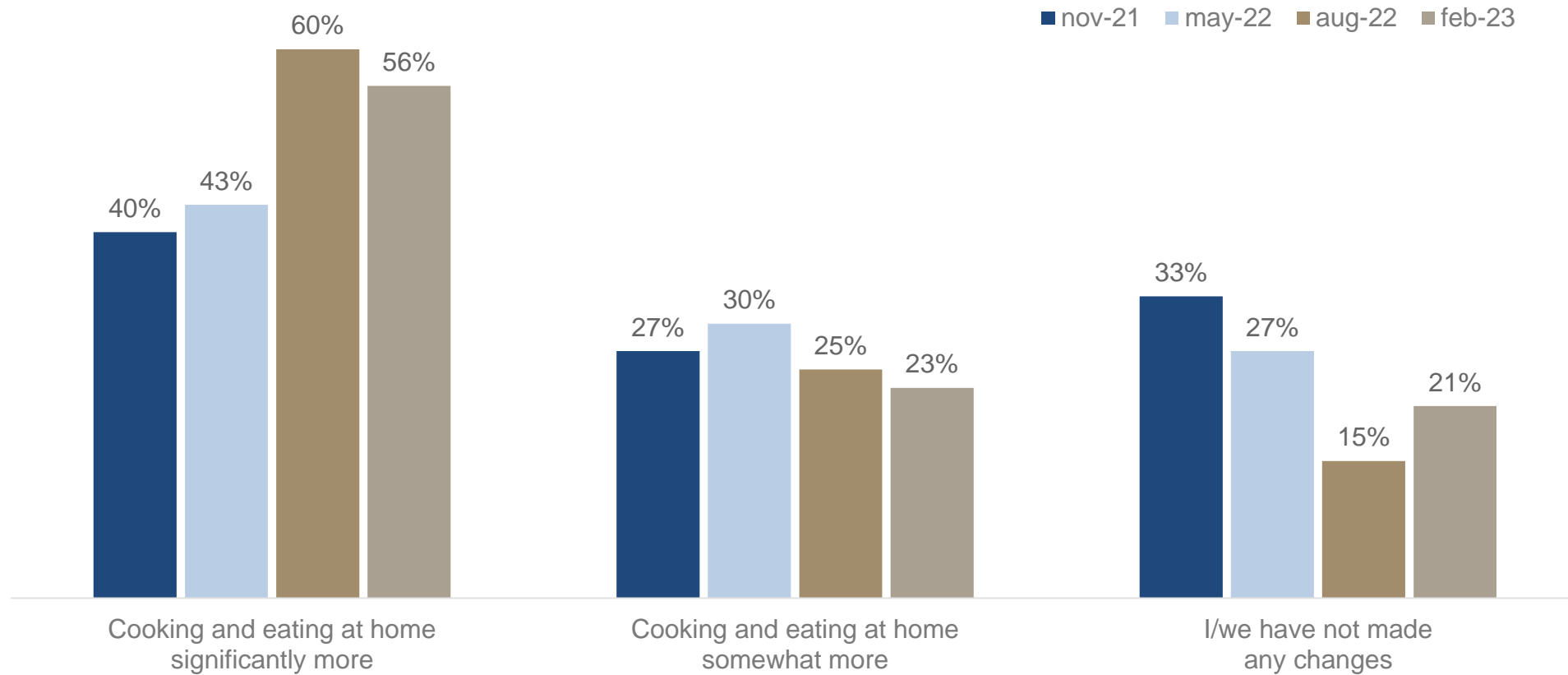
2022 UNIT SALES % CHANGE vs 2021



Frequent seafood consumption becoming less frequent



And consumers are savings by cooking more at home



But Salmon is declining less than other seafood

1 Yr and 4 Yrs Grocery Retail sales

Product (Total Store-Seafood)	Dollar Sales	Dollar Sales % Change vs YA	Dollar Sales % Change vs 4YA	Unit Sales % Change vs YA	Unit Sales % Change vs 4YA
Shrimp	\$ 4,506,457,760	-6.7%	31.7%	-14.6%	13.1%
Salmon	\$ 3,494,914,832	5.3%	45.8%	-6.4%	18.2%
Tuna	\$ 2,080,942,079	5.2%	13.7%	-4.5%	-4.3%
Crab	\$ 1,248,040,896	-21.2%	50.1%	-14.9%	13.5%
Tilapia	\$ 676,209,991	5.9%	18.7%	-22.4%	-24.2%
Pollock	\$ 594,357,722	9.4%	46.4%	-4.6%	12.9%
Lobster	\$ 416,255,532	-16.9%	30.6%	-8.1%	33.1%
Cod	\$ 397,258,827	-6.1%	9.1%	-19.8%	-18.5%
Catfish	\$ 330,156,773	-3.8%	25.9%	-19.8%	-16.8%
Scallop	\$ 227,915,065	-21.4%	2.8%	-31.1%	-12.7%
Anchovy/Sardine	\$ 163,559,379	9.2%	18.5%	1.7%	8.5%
Clams	\$ 148,261,554	-3.8%	17.4%	-9.3%	-2.0%
Oyster	\$ 114,043,307	-14.6%	23.2%	-19.9%	0.4%
Haddock	\$ 106,178,892	-6.3%	10.3%	-18.3%	-12.1%



What is happening in the US?... “The economy, stupid” ...1992

- **A Downturn is likely**

2/3 of the economists at 23 major financial institutions expect a downturn in 2023.

- **Interest Rates are on the rise**

The U.S. Federal Reserve signaled it may continue interest rate increases to reduce inflation.

They plan to raise to 5%-5.5% in 2023: a 15 years high.

- **Unemployment expected to rise**

Most economists surveyed by The WSJ expect higher rates to push up unemployment to ~5% in 2023... not too high vs. 2009 recession at ~10%.



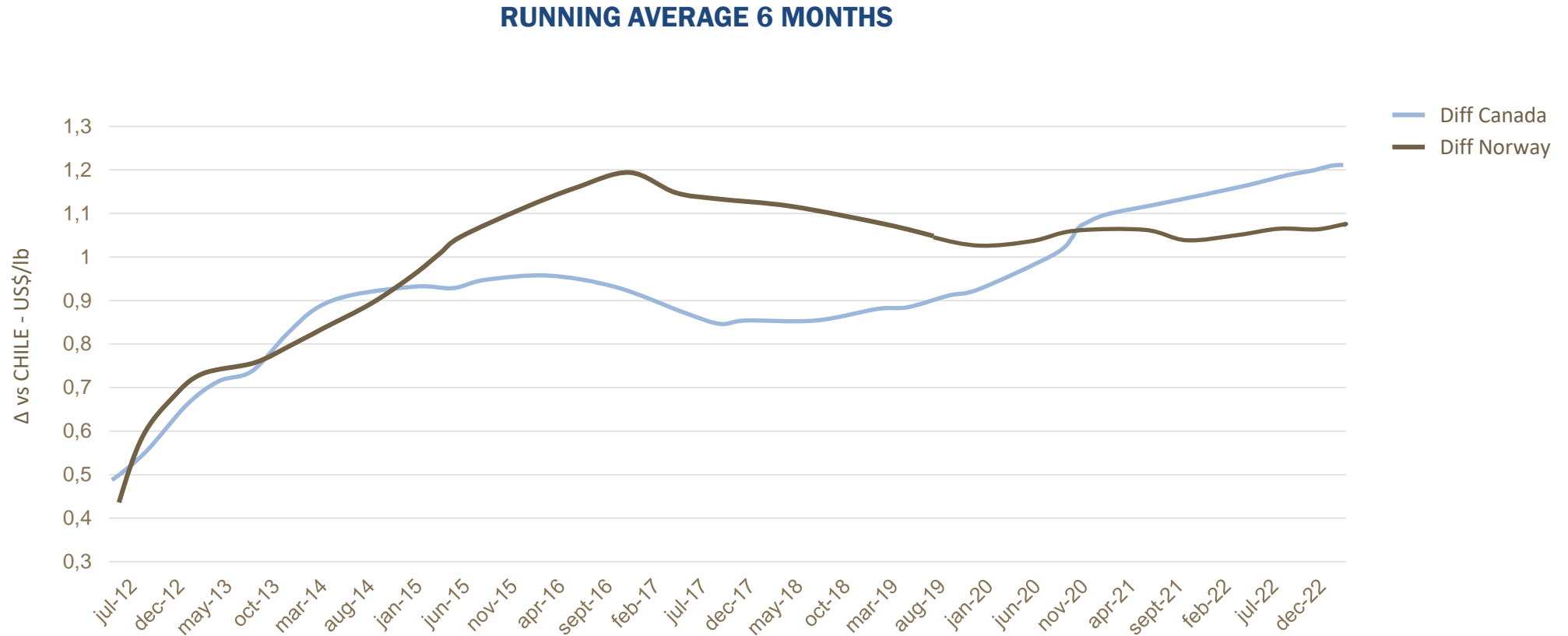
The Bull-and-Bear Case for 2023

The S&P 500 is on pace for its first annual decline since 2018 and its worst performance since 2008. Will markets fall further next year?



Consumers are stressed

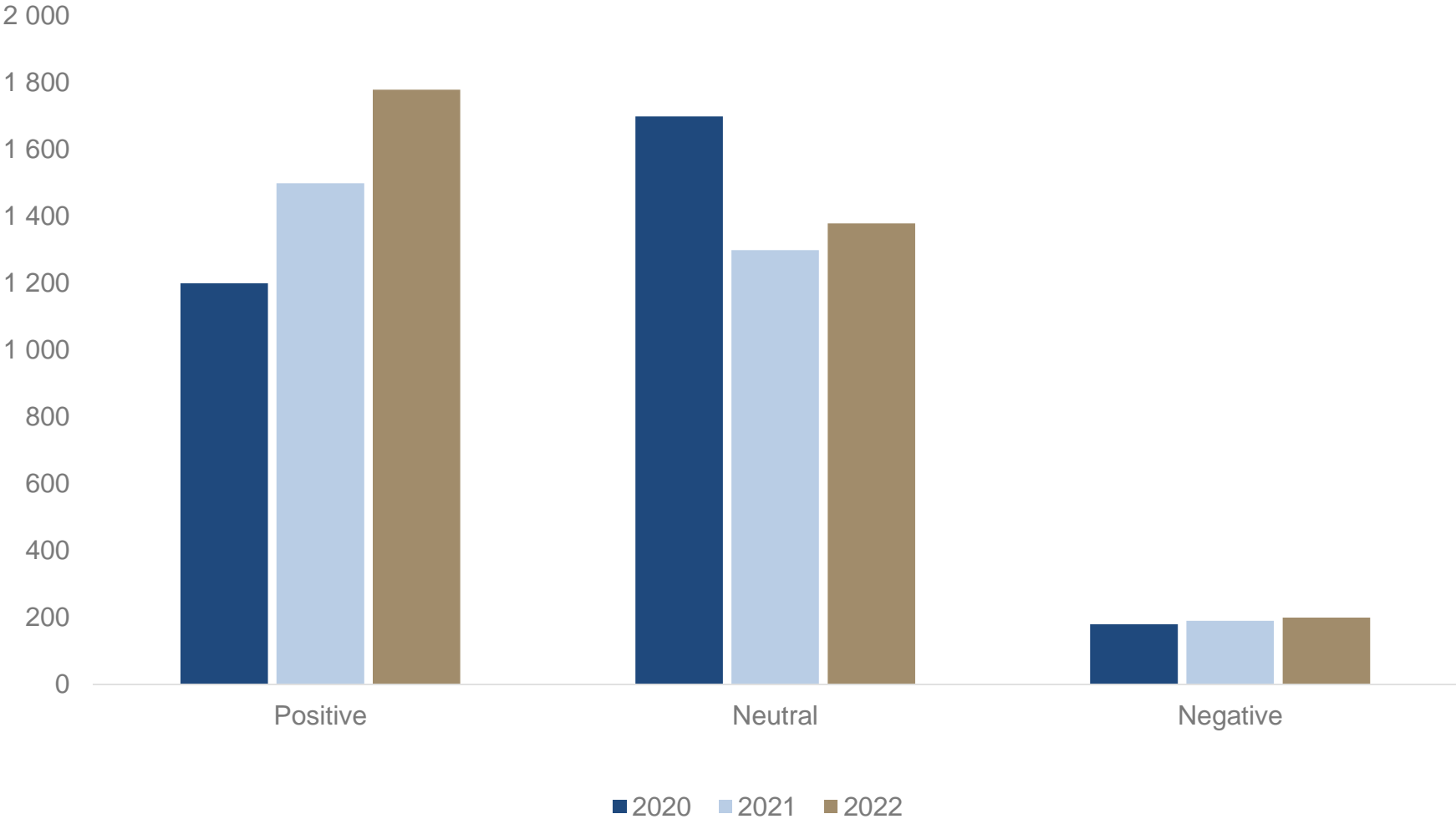
Chilean Salmon: a convenient option vs. peers



- **Chilean salmon has US\$1.70/lb* discount vis a vis Norwegian and Canadian, widen after pandemic**
- **Convenience is becoming more important in the USA as inflation erode real income; recession and employment arise**



Furthermore, sentiment toward Chilean Salmon is on the rise



What we conclude of all these ingredients?

1. The global supply market isn't expanding at all, and no other supply source are challenging the largest two
2. Three largest producers facing challenges: Norway on profitability due to taxation; Chile with impact of climate change in the Patagonia and minority activisms; Canada for public policy. Past growth misleads the future
3. US's salmon demand is expanding 6-8% a year and has done so 80%+ of the last 10-12 years
4. Chile remain very strong in the US, with ~60% mkt share, and Norway taking the place of Canada.
5. Demand is robust but inflation and possible recession is eroding steam: per capita is leveling at ~1.15 Kg
6. Winter is coming and unit sales in the grocery and seafood category show that seafood had a big decline
7. Salmon is a safer place and a preferred plate to cook at home; decline is more moderate
8. Price peak of 2022 is over, but salmon is trending as a "high end product", not a solution to feed the world
9. Consumers are adapting, eating seafood less frequent, and looking for convenience, and the Chilean salmon is the right option
10. Sentiment toward Chilean product is rising.

