

ACT CAPITAL
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Seafood Industry Update

H1 2024



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Executive Summary



H1 2024 Trends

- Seafood sector growth has been impacted by global protein consumption trends and consumer health concerns, including:
 - Climate change driven warming of oceans has created demand for more environmentally-conscious and sustainably-caught/produced seafood products.
 - Data suggests consumers are becoming more health conscious, viewing seafood as a healthier alternative to other proteins.
 - Aquaculture growth has surged due to rising consumer demand for sustainably-sourced seafood and harvest limitations in wild-caught fisheries. Environmental concerns have prompted adoption of smart technology solutions for the sector.
- Current trends indicate the importance of targeting health-conscious consumers, embracing sustainability, and implementing technological improvements.



H1 2024 Seafood Sector Highlights

- First half of 2024 deal activity demonstrates:
 - Growing interest by private equity buyers.
 - Increase in roll-up strategies to consolidate businesses throughout the seafood sector supply chain.
 - Processing sector experienced a significant increase in mergers and acquisitions compared to other sectors.
- Policies promoting sustainability have increased the demand for different verticals within seafood, such as the aquaculture sector.
- The annual per capita seafood consumption in the U.S. has remained constant for over five years highlighting the stable nature of the industry in North America.
- Sustainable fishing and growing practices play a crucial role in reducing environmental impact, driven by government incentives and corporate investments.

Notable Global Seafood M&A Deals in H1 2024

(\$'s in Millions)							Enterprise Value to	
Date	Target	Description	Acquiror	Enterprise Value	Revenue	EBITDA		
Jun-24	Foodist Co.	Food and beverage distributor	Oyang Corporation; Sajo CPK Co.	\$174.5	0.24x	8.5x		
Jun-24	Northseafood Holland	Producer and distributor of frozen seafood products	Kyokuyo Co.	NM	NM	NM		
Jun-24	Grieg Logistics	Shipping and maritime logistics servicer	Inchcape Shipping Services (Holdings)	NM	NM	NM		
Jun-24	Gaemifood Co.	Seafood retailer	Nissin Foods Company Limited	\$34.7	NM	NM		
May-24	Talape Inversiones Maritimas	Shipping and maritime logistics servicer	PESQUERIA VASCO MONTAÑESA	NM	NM	NM		
May-24	Princes Limited	Producer and retailer of fresh and frozen seafood and shellfish	Newlat Food	\$892.5	0.41x	7.0x		
May-24	Savenor Butcher Shop & Market	Meat packaging shop	Wulf Fish Wholesale	NM	NM	NM		
May-24	Horiifoodservice Co.	Variety of Japanese restaurants	Azabudai No. 1	\$8.0	0.42x	80.0x		
May-24	Kvarøy Smolt	Fish farm operator	Seløy Sjøfarm; KobbvÅGlaks	NM	NM	NM		
Apr-24	Musashino Foods	Producer and retailer of fresh and frozen seafood and shellfish	Nissui Corporation	NM	NM	NM		
Apr-24	Br Birkeland Fiskebåtrederi/Talbor	Fishing vessel operator	Undisclosed	\$0.2	NM	NM		
Mar-24	Chilled & Frozen Logistics Holdings Co.	Low temperature food logistics	AZ-COM MARUWA Holdings Inc.	\$549.8	0.72x	8.2x		
Mar-24	FishPro	Aquatic services provider	Jones Fish Hatcheries & Distributors	NM	NM	NM		
Mar-24	Ideal Foods	Seafood supplier	Pelagia Holding	\$14.0	NM	NM		
Mar-24	Engesund Fiskeoppdrett	Fish farm operator	ETT Havbruk	NM	NM	NM		
Mar-24	Maruu Co.	Paste product manufacturer and vendor	Gogyofuku Co.	NM	NM	NM		
Feb-24	Censea, Inc.	Seafood importer and distributor	Infifresh Foods Private Limited	NM	NM	NM		
Feb-24	Havøysund Fisk	Seafood processor and distributor	Jangaard Export	NM	NM	NM		
Feb-24	Senecrus	Seafood processor and trader	Infifresh Foods Private Limited	NM	NM	NM		
Feb-24	Kotobukiya Shoji	Seafood trader and distributor	Oie Sangyo Co.	\$0.3	NM	NM		
Feb-24	Yaizu Suisankagaku Industry Co.	Seafood processor	Inaba Foods Co.	\$52.3	0.75x	15.9x		
Jan-24	Kocaman Balıkcılık	Seafood import and export trader	Kyokuyo Co.	NM	NM	NM		
Jan-24	Saldanha Sales and Marketing/West Point Fishing Corp	Seafood processing and marketing	Sea Harvest Aquaculture	\$59.3	NM	NM		

Source: [S&P Global](#), [CIQ Pro](#); Office Screener

Subsector Analyses



Industry Trends in Seafood

Aquaculture



Rising demand for aquaculture products is driven by consumer emphasis on sustainable practices. In response, producers have increased their mariculture capabilities and implemented solutions to guard against disease, prevent escapes, and increase yields.

Wild-caught



Wild-caught production is expected to remain steady in 2024. Investments in sustainability and technology will likely improve yields and output while reducing bycatch.

Processing

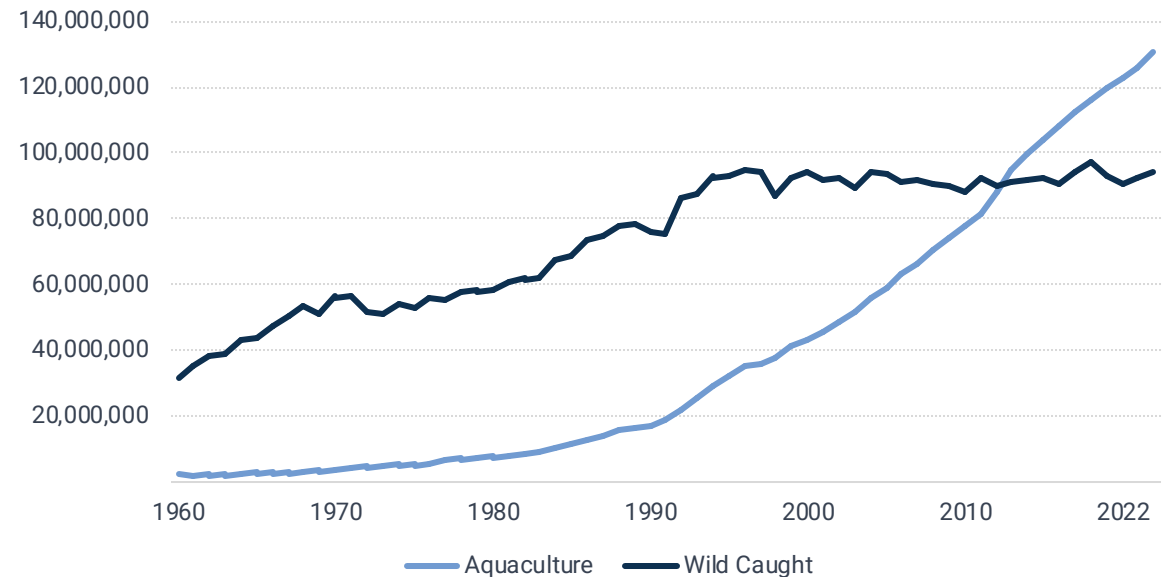


Technology and innovation have increased efficiency and overall performance. Sector consolidation highlights trends to reduce costs and increase operational efficiency and yields.

Aquaculture

- Since 2012, aquaculture has become the leading source of seafood production globally, overtaking wild-caught fisheries in terms of volume.
- A limited number of countries dominate the aquaculture industry with the top ten accounting for 90% of total production.
- Record levels of seafood production highlight the essential role aquaculture in addressing global protein demand.
- Aquaculture production is projected to increase by 10% by 2032, reaching 205 million tons, with aquaculture expansion and innovation driving this growth.
- Innovation in aquaculture is being driven by the integration of advanced technologies and big data, enabling enhanced efficiency, sustainability, and the health of aquatic ecosystems.

Seafood Production: Wild Fish Catch vs. Aquaculture, World (metric tons)



Source: [Our World in Data-Seafood Production](#)



Wild-Caught

- Geopolitical tensions have significantly impacted the wild-caught seafood sector. Territorial disputes in key regions like the South China Sea have disrupted traditional fishing routes and markets.
- The war in Ukraine and resulting sanctions have significantly disrupted the wild-caught whitefish sector, as Russian production has shifted heavily towards surimi. This shift is supported by recent advancements in Russia's fishing and processing capabilities, including new boats and harvesting platforms.
- Exports from major wild-caught seafood producers have benefited from rising prices and favorable market conditions in Asia and Europe. Policy changes in the EU and the US are expected to drive further investments in the sector.
- Sustainability remains a focal point for the wild-caught seafood industry with significant investments being made in traceability technologies and more eco-friendly fishing methods.
- Continued investment in sustainability and technology will be crucial for maintaining growth and ensuring the long-term stability of the sector.

Processing

- Dock prices have been historically high as a result of inflation and relative scarcity due to increasing demand. This has put pressure on seafood processors to find new ways to achieve profitability if they are not able to pass pricing on to their customers and the ultimate consumers.
- The gap between average seafood processors and the global giants has widened as smaller producers struggle to match the price and synergies of larger producers.
- The seafood processing sector is experiencing consolidation, particularly in regions like Alaska, where overcapacity and market pressures have driven mergers and joint ventures.
- In response to strong import penetration, larger companies are expected to expand their operations to take advantage of expanded vertical integration, as well as the latest advancements in fish-processing technology.
- The processing sector is experiencing significant growth driven by rising demand for convenience products derived from and healthy, sustainably produced food sources.



M&A Activity in the Seafood Industry



H1 2024 M&A Activity Overview

Aquaculture



- Aquaculture M&A in 2023 ended with 6 total transactions. 2024 is right on par with 2023's numbers, as there have been 3 transactions in the first half of the year.
- Direct investment in aquaculture remains a focus for large seafood companies.
- The Asia-Pacific region saw a decline in deal volume of 23% compared to the first half of 2023. This region dominates aquaculture production, so analysts are eyeing this sector moving into the latter-half of 2024.

Wild-Caught



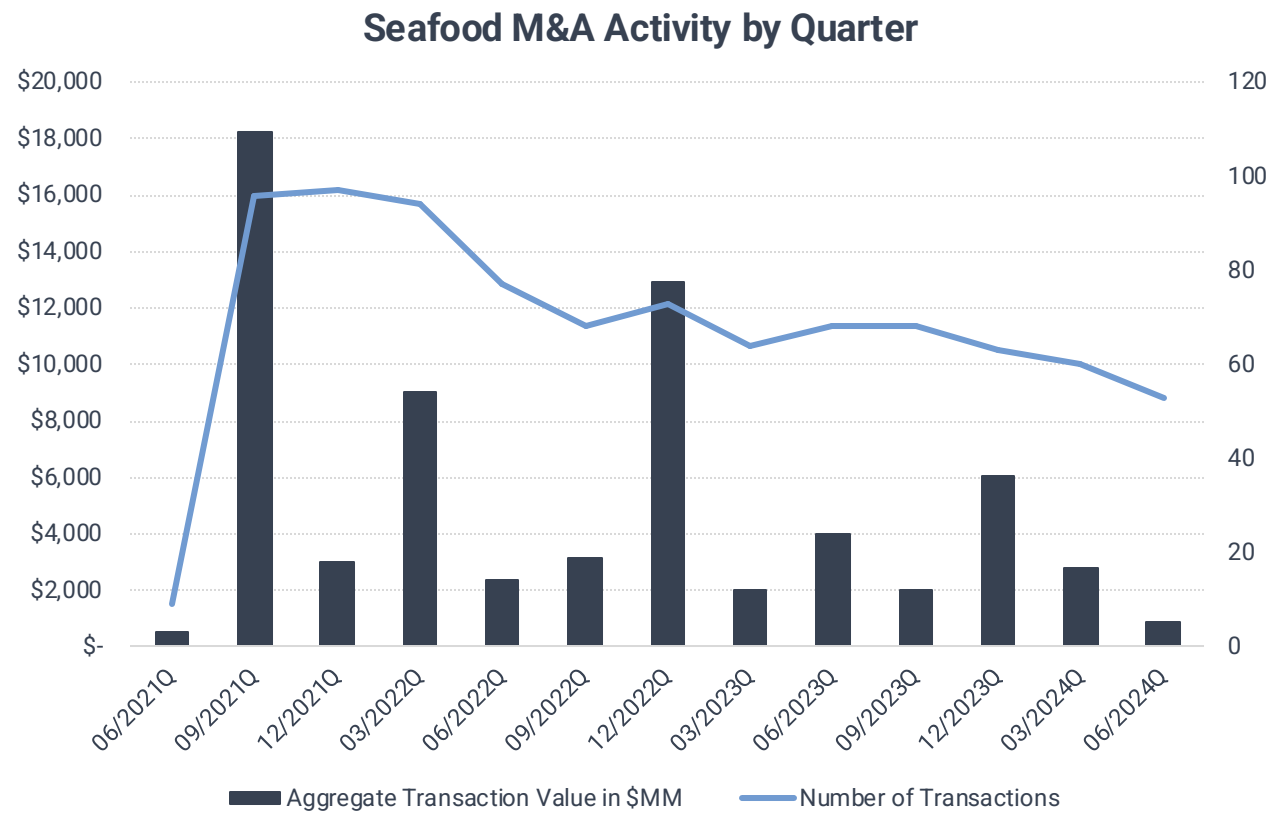
- 21% of seafood deals were in the wild-caught sector in H1 2024.
- All 2024 transactions in the wild-caught sector were middle-market deals
- Wild-caught M&A in 2023 ended at \$449.99 million in disclosed value and 7 transactions. Despite wild-caught concerns to start the year, 2024 is on pace to have 10 transactions, exceeding 2023's metrics.

Processing



- 67% of all seafood M&A activity to start the year is in the processing sub-sector.
- The total disclosed transaction value across the processing sector so far is \$162.35 million.
- There were 16 seafood processing transactions in the first two quarters of 2024, compared to 24 in the first two quarters of 2023.

Seafood M&A Activity

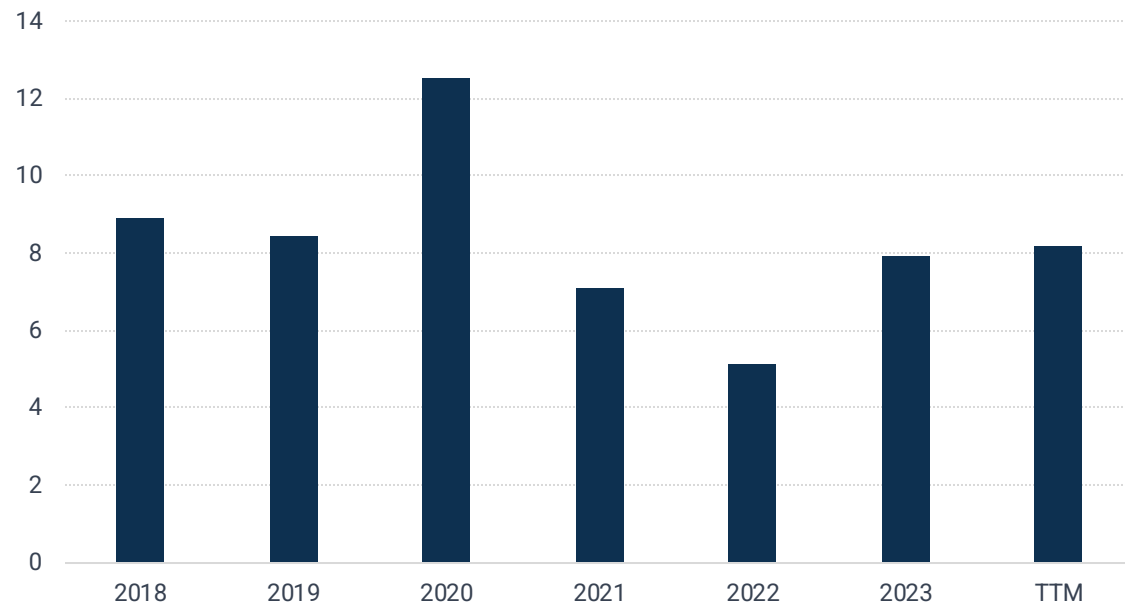


Source: [S&P Global, CIQ Pro: Market Map Details](#)

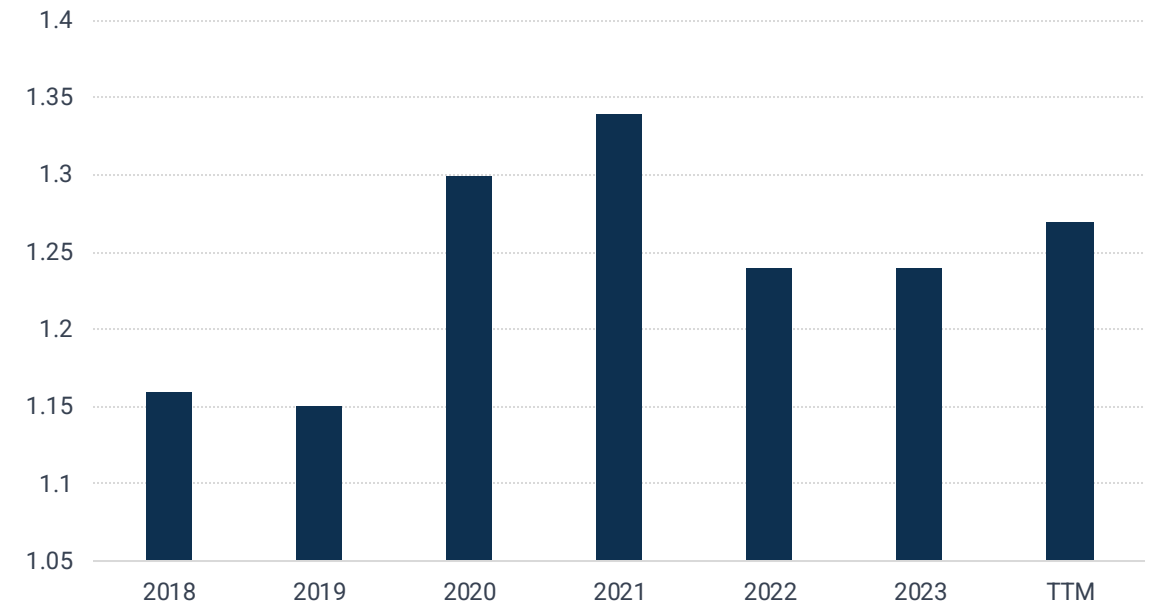
- M&A activity in the seafood space has remained steady in the first and second quarter of 2024.
- However, vertical acquisition from industry leaders and growing financial investor interest should drive higher deal volume for the rest of 2024.
- The seafood sector may also see an increase in deals driven by technological advances as innovation continues to be a driving force in production.

EV/EBITDA Multiples in the Seafood Industry

Seafood M&A EV/EBITDA Multiples, All Subsectors



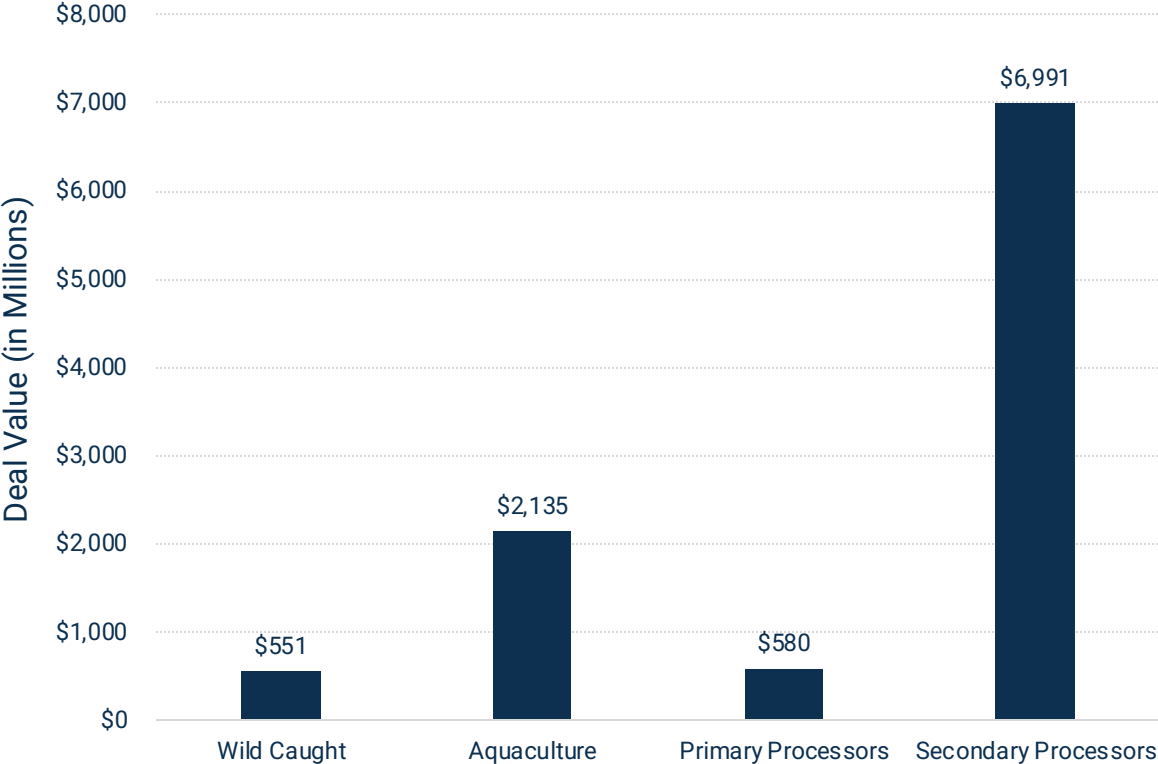
Seafood M&A EV/Revenue Multiples, All Subsectors



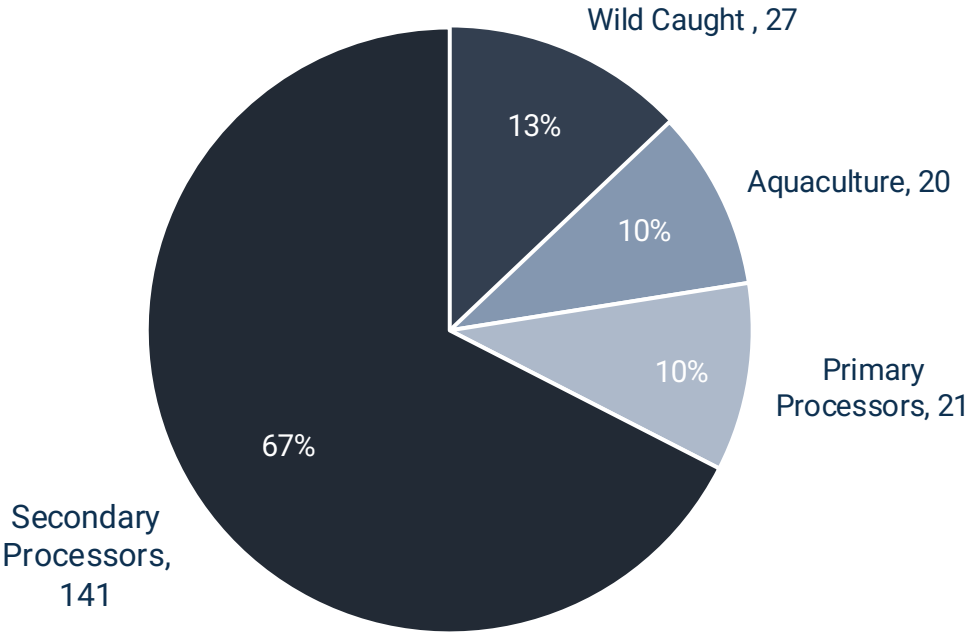
Source: [S&P Global, CIQ Pro: Office Screener](#)

M&A Activity Deal Trends: 2022 – Current

Total Deal Value by Subsector (2022-Current)



Number of Transactions



Source: [S&P Global, CIQ Pro: Market Map Details](#)

M&A Activity Deal Trends - Summary

Aquaculture



Aquaculture represents only 10% of deals but had been trending positively in recent quarters. From 2022 to June of 2024 aquaculture had a total deal value of just over \$2 billion.

Wild-caught



Wild caught accounts for 13% of deals and has remained steady in recent quarters. From 2022 to June of 2024, wild-caught had a total deal value of \$551 million.

Processing



Secondary processing is the biggest participant in seafood M&A activity largely due to increased private equity interest. It constitutes 67% of deals and a total deal value of nearly \$7 billion. Primary processors represent a smaller portion, at 10% of deals and \$580 million in transaction value.



ACT Capital Advisors' Seafood Sector Advisory Practice



ACT Capital Advisors' Seafood Sector Advisory

ACT Capital's highly-specialized Seafood Sector Advisory practice is led by industry veterans with broad financial and strategic networks and features a recognized track record across a global footprint. From small harvesting and processing operations to multi-national producers with sophisticated logistics and distribution networks, ACT Capital knows the issues and players along every point of the Seafood value chain.

Services

Mergers & Acquisitions Advisory

- Sell-Side and Buy-Side
- Mergers and Joint Ventures
- Management Buyouts (MBOs)
- Leveraged Buyouts (LBOs)
- Asset Divestitures
- Asset and M&A Financings
- Strategic Opportunities

Private Capital Raise Advisory

- Equity Capital Sourcing
- Debt and Mezzanine Placements
- Capital Re-Deployment

Recapitalizations & Restructurings Advisory

- Asset and Debt Restructurings
- Dividend Recapitalizations

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Brad Bodenman is a seasoned business and finance executive with broad experience in M&A and with equity and debt financings. This experience serves as the foundation for his consultive approach to advising Seafood businesses. Brad has led over sixty M&A and finance transactions, including acquisitions, joint ventures, capitalizations, equity consolidations, and mergers and recapitalizations with combined transaction dollars totaling in the multiple billions. His sterling reputation as a business and financial “way-maker” reflects his creative ability to achieve optimal outcomes for his clients.

Brad served for sixteen years as the Chief Financial Officer of American Seafoods Group, the world’s largest harvester and at-sea processor of wild-caught whitefish, where he became intimately familiar with the players along the Seafood value chain, including private equity investors, debt providers, and strategic industry participants. Brad also founded Paraclete Advisory Services, a consulting firm focused on middle market companies in areas such as financial/strategic outcomes, capital structures, restructurings, complex modeling, accounting functions/processes and internal controls. Brad started his career with the public accounting firm of PwC.

He has a BBA with double emphases in accounting and finance from Washington State University.



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Matthew Latimer is a senior investment banker and finance attorney with 30 years of experience advising on complex corporate. He has facilitated mergers, acquisitions, joint ventures, recapitalizations, debt and equity financings, and strategic alliances across the seafood and maritime sectors, representing more than \$2.0 billion in transaction value.

Prior to joining ACT, Mr. Latimer served as the Chief Legal Officer and General Counsel at American Seafoods Group, the world’s largest harvester and at-sea processor of wild-caught whitefish. While at American, he led the company’s legal team in completing numerous acquisitions, asset sales, complex debt and equity financings and, ultimately, its successful sale to private equity buyers. Mr. Latimer has a deep knowledge of U.S. and international regulatory systems applicable to fishing vessels, fishing rights, seafood production, and global transportation and logistics.

He holds a Juris Doctor degree from the University of Washington School of Law and a BA in Chinese from Brigham Young University.

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