
2nd Kaimoana Strategy Workshop

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Making adequate returns in the inshore fresh seafood business is hard work, with the majority of cash flowing back to quota.

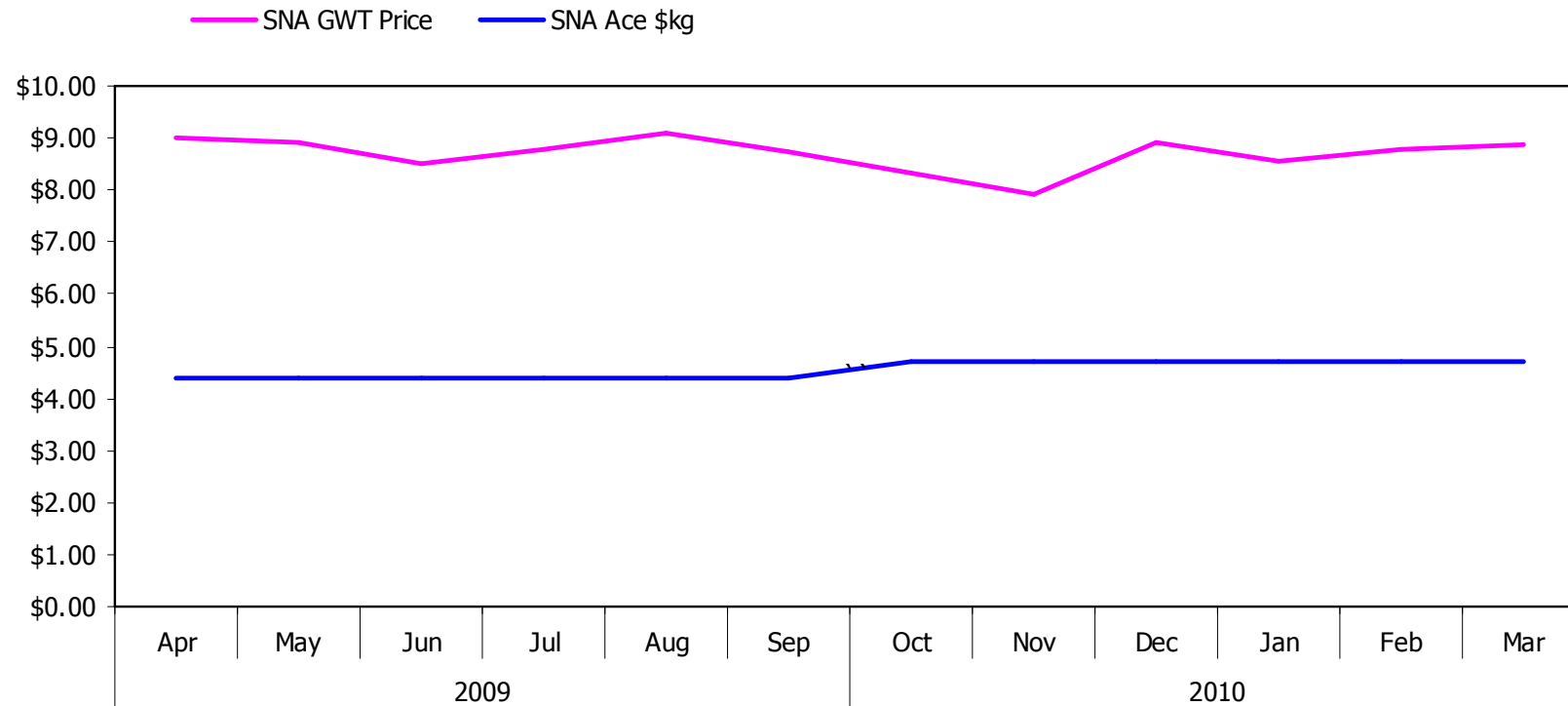
- To catch the snapper we have to catch the bi-catch, 1.0 kg snapper = 3.6 kg catch.
- Moving down the value chain increases risk but not necessarily returns.
- Managing harvesting to meet the needs of increasingly demanding customers is challenging
- Meeting the freshness and quality requirements of customers places high demands on logistics management
- Meeting customer requirements for safe, high quality fresh seafood drives substantial investment in processing assets, systems, and people
- Long term we see real opportunity to focus on customers who will pay for high value products but no quick fixes
- We all aspire to move down the value chain but must be aware of the risks

Snapper catch profile

	Catch relative to 1kg SNA	% of catch
SNA	1.00	28%
TAR	0.60	17%
GUR	0.41	11%
TRE	0.35	10%
BAR	0.23	6%
JDO	0.12	3%
SCH	0.12	3%
Fla	0.09	3%
SKI	0.07	2%
HOK	0.07	2%
Other	0.56	16%
	3.63	

Moving down the value chain increases risk but not returns.

Snapper sales price v ace price



Managing harvesting to meet the needs of increasingly demanding customers is not straight forward.

- Weather and Safety
- Access to ACE
- ACE Price
- Operational expenses i.e. fuel etc.
- Ageing assets
- Ageing workforce
- Regulations
- Innovation
- Sustainability

Meeting the freshness and quality requirement of customers places high demands on logistics management.

■ Cost of Service

- Pre-load/unload
- Transport – in house v 3PL
- Supply chain requirements, bins, etc.
- Communication
- Catch volatility
- Geography
- Assets renewal
- Experience

Meeting customer requirements for safe and high quality seafood drives substantial investment in processing assets, systems and people.

- Catch Volatility
- Assets :
 - Capital requirements
 - ROI
 - Age
- Labour :
 - Attraction
 - Retention
 - Rates
 - Age
 - Succession
- Manual reliant
- Recovery v Productivity
- Variability in product / market specifications

Long term we see real opportunity to focus on customers who will pay for high value fresh seafood but there is no short term fix.

- Quality supply chain
- Supply and Demand
- Sales v Marketing
- Commodity v Niche
- Competitors - Domestic Based Operators
 - Farm Fish
- Non-profitable species
- Seasonality of catch – local and International
- Global and cultural events
- Customer Profile
- Experience

We should all aspire to moving down the value chain but need to be aware of the risks.

- We all have broad quota portfolios and cannot cherry pick.
- With AFL you have the processing assets and scale to take on the market.
- If you want to move down the value chain we are happy to go with you.