

RUSSIAN FISHERY – VALUE CREATION OPPORTUNITY IN WHITEFISH INDUSTRY

Seafood Investor Forum
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New York City





INDUSTRY

Strategically positioned for growth

Naturally-constrained resource expected to increase in strategic importance and value as global protein demand drives fish consumption

COMPANY

Tier 1 whitefish harvesting company in Russia and worldwide by whitefish quota, focused on upstream harvesting and primary processing part of the value chain, with lowest-cost base

OPPORTUNITY

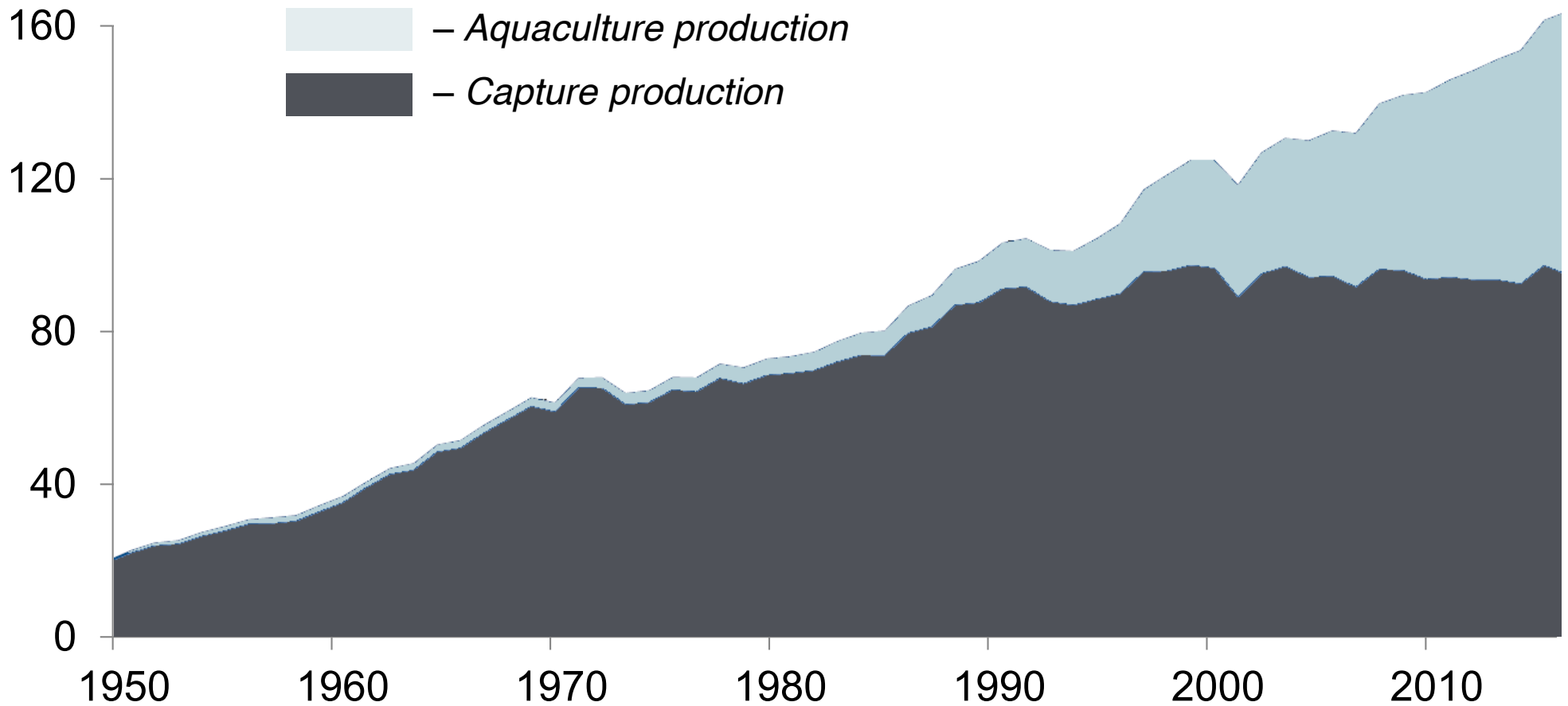
Investing in a business with industry-best profitability coupled with minimal earning volatility and high growth potential and with fishing rights being a secure long-term asset of unparalleled value



- People extremely focused on health and more interested in organic food
- Fish as a resource able to counteract a major threat to health in the developed world – unhealthy diet
- Important source of protein, vitamins, minerals and omega-3 oils
- Among the most environmentally friendly proteins in the world
- High-quality protein products without the use of herbicides or pesticides
- Wild-caught fish never ill, once-frozen even better



World capture fisheries and aquaculture production (million tons)

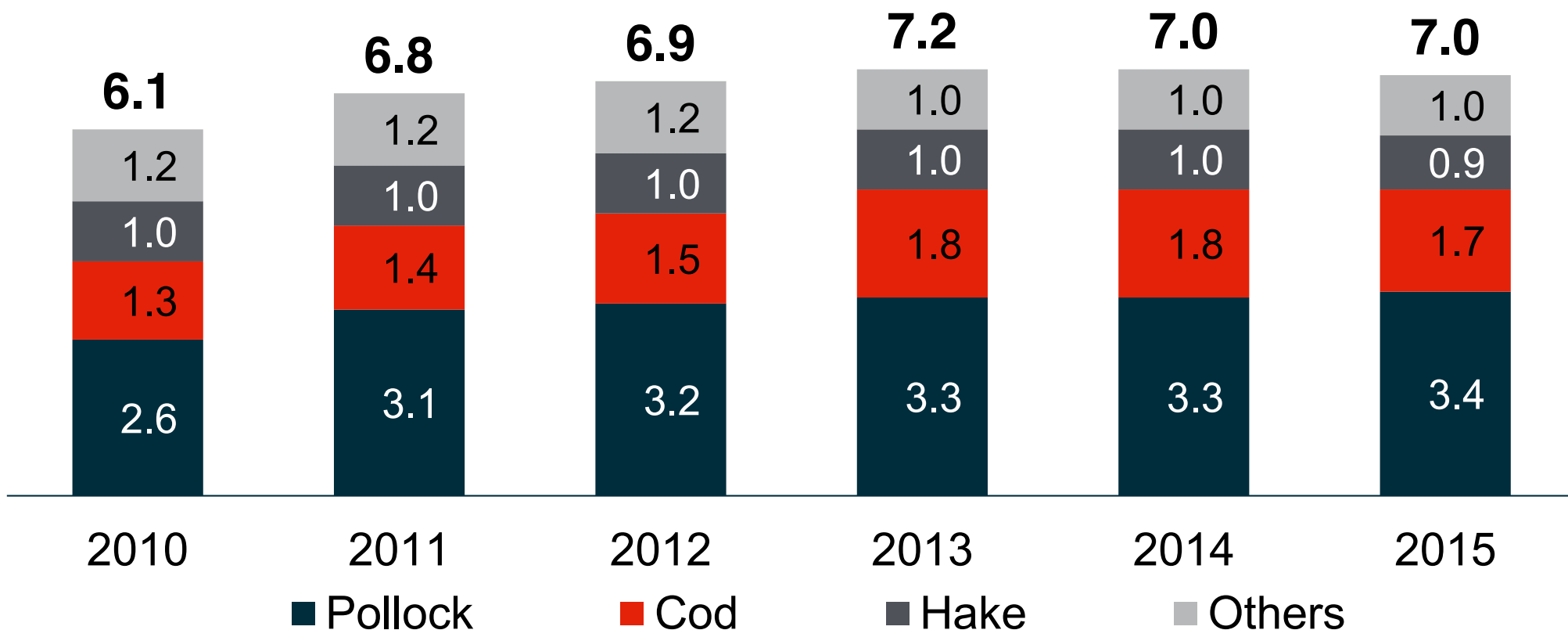


Source: FAO



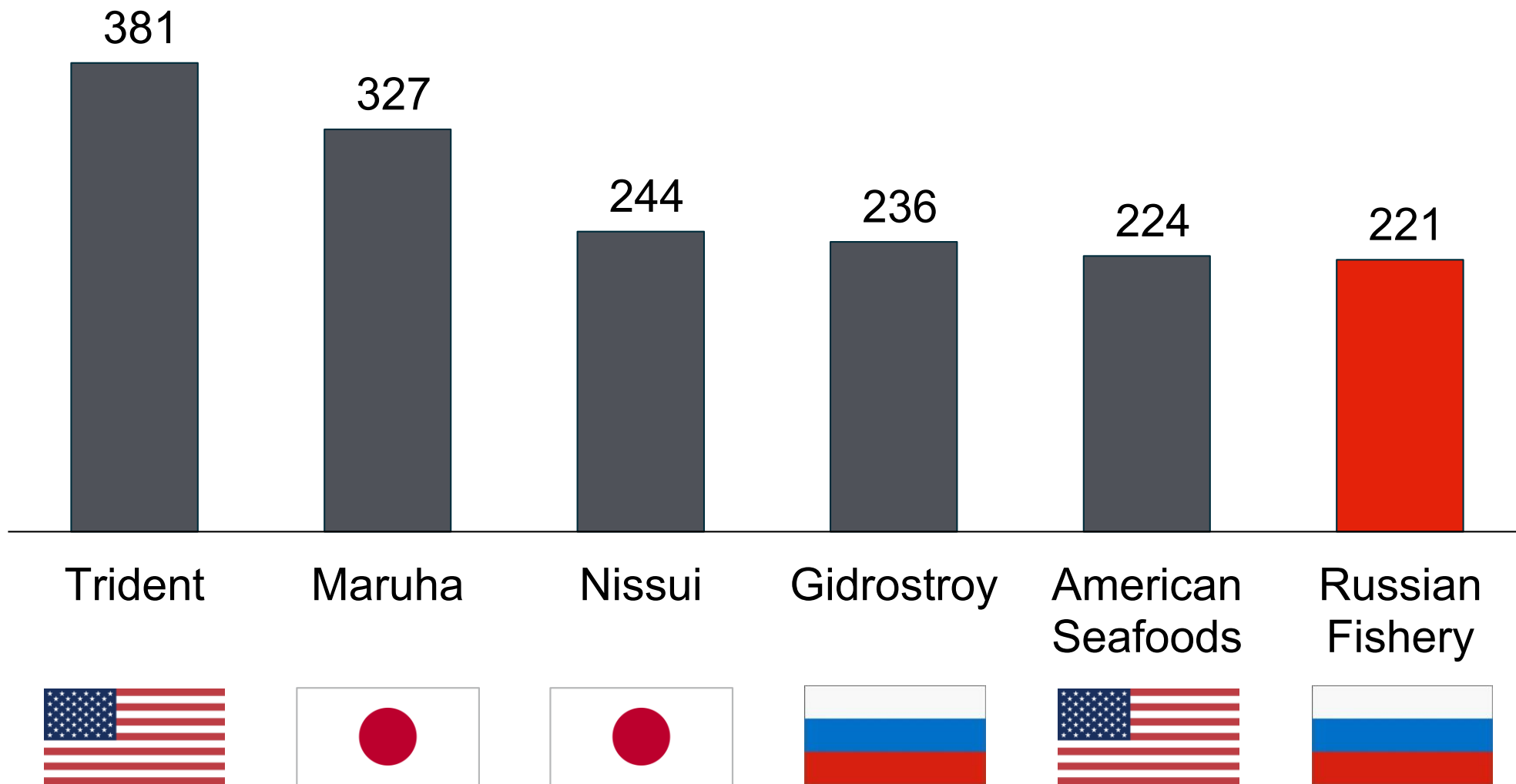
- Russia historically a leader in whitefish with ~ 50% share of catch in 2 largest species pollock and cod)
- Pollock is the world's highest volume fish species harvested for human consumption (3.4 ml tons)

(in million tons)





Pollock quota benchmark (thousand tons)



Non-Russian companies figures based on actual catch in 2014. Includes coastal fishing.



Company founded

Extensive non-organic growth through M&A

2011

2012 - 2015

NOW

**A LEADING
WHITEFISH
HARVESTING
BUSINESS IN
RUSSIA AND
WORLDWIDE**

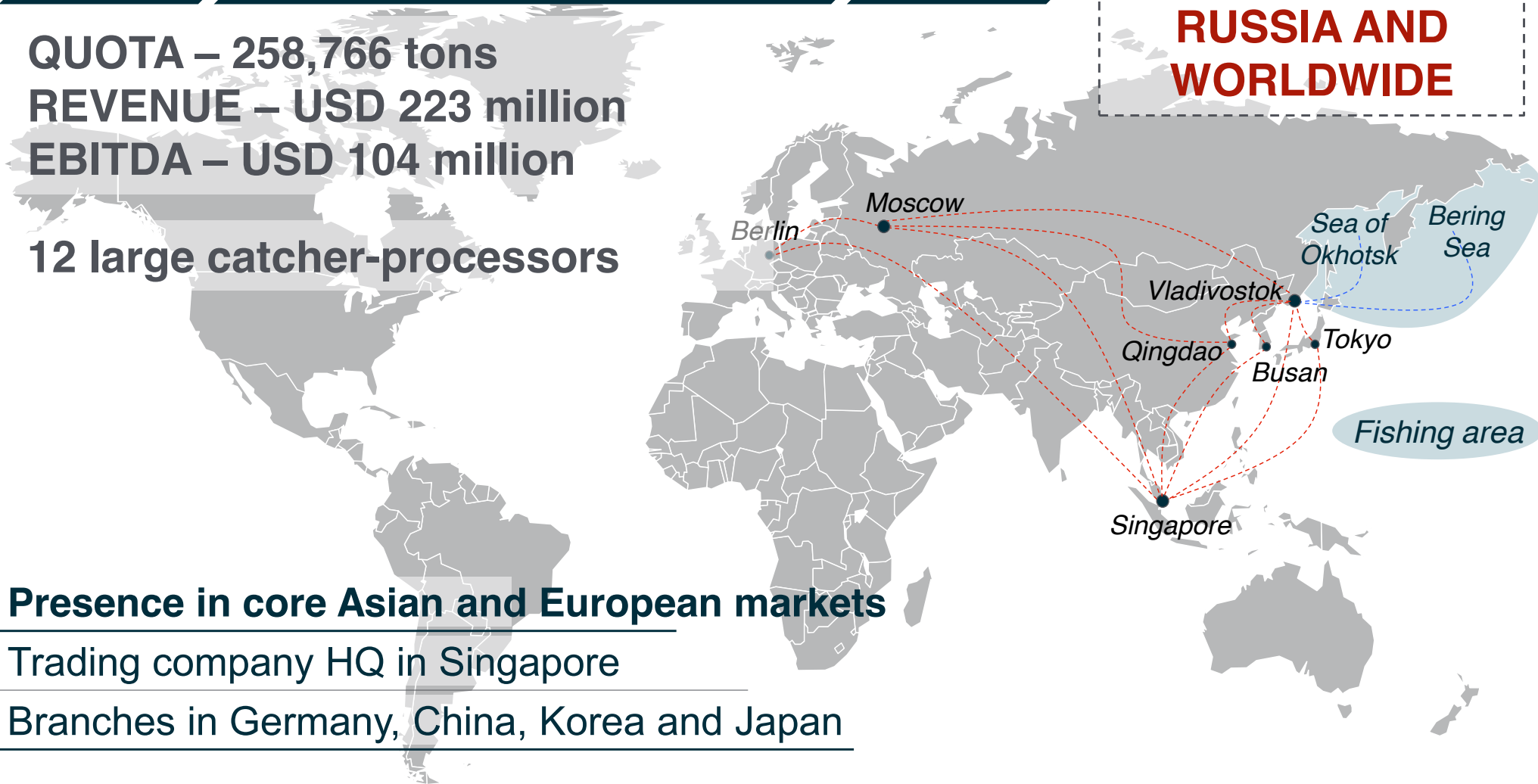
QUOTA – 258,766 tons
REVENUE – USD 223 million
EBITDA – USD 104 million

12 large catcher-processors

Presence in core Asian and European markets

Trading company HQ in Singapore

Branches in Germany, China, Korea and Japan





Strategically positioned for value creation from further growth of global demand for wild protein

Corporate governance, transparent ownership structure, IFRS reporting and disclosure

Lowest-cost pollock producer globally with direct access to key markets

High barriers to entry with long-term protected fishing rights

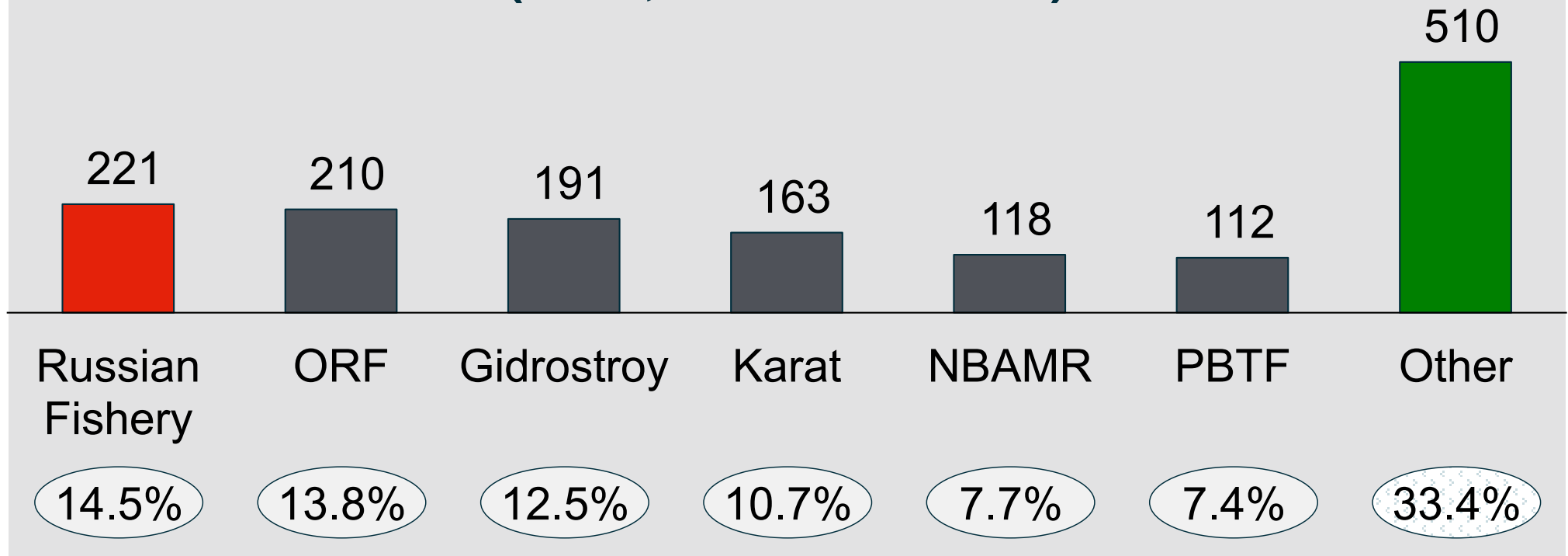


Large-scale business with further growth potential through M&A and fleet renewal

Best-in-class EBITDA margin (~50%) coupled with low operating leverage and minimal earnings volatility

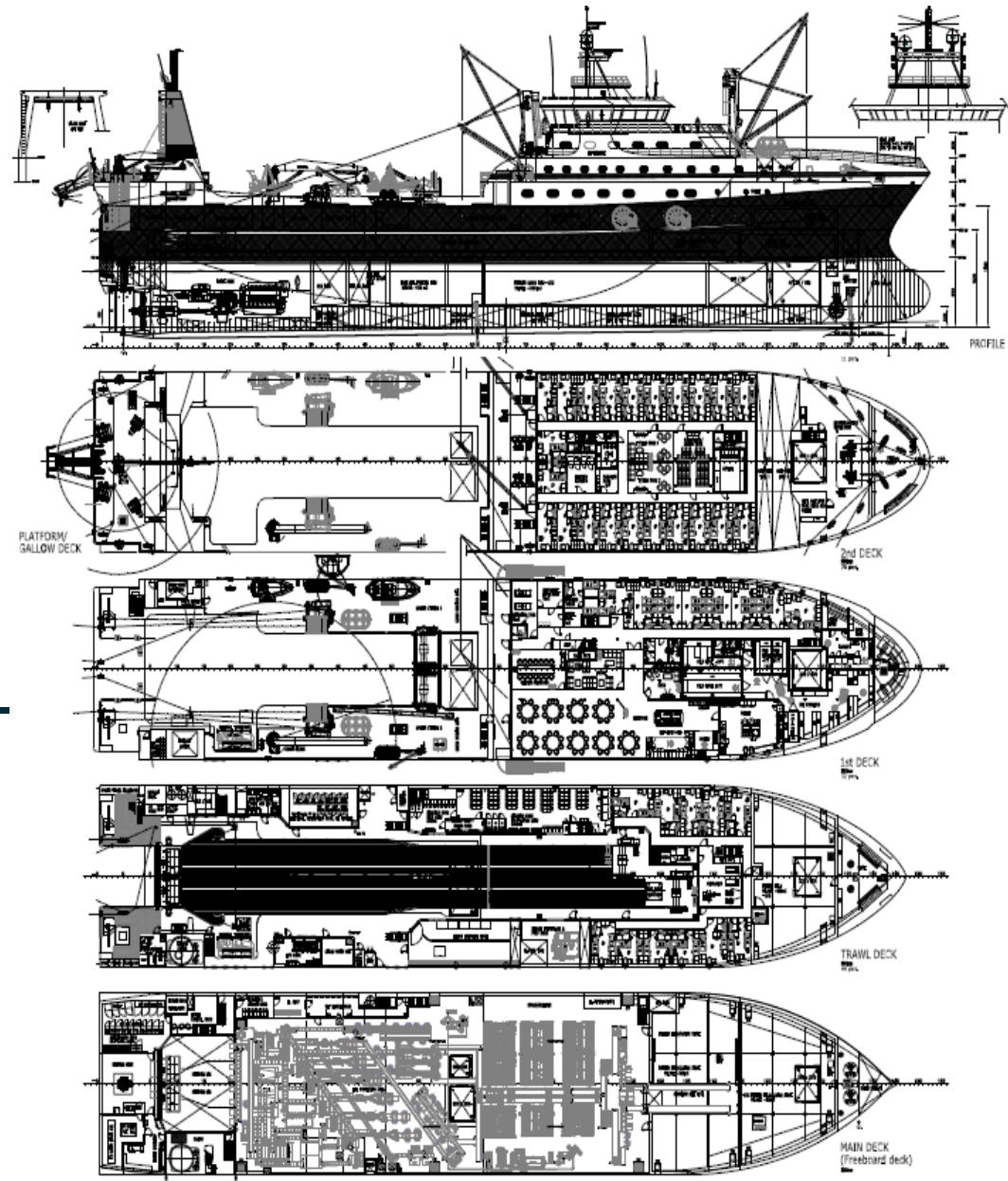
- Company already enjoys the largest quota allocation of **industrial** pollock fishing in Russia (1.53 ml tons in 2016)
- 1/3 of industrial pollock quota still fragmented (100+ entities) presenting opportunity for further volume growth

Industrial pollock quota distribution (2016, thousand tons)



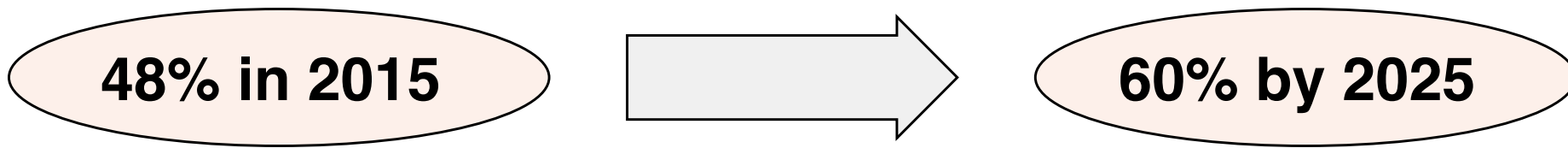
- New Fisheries Act for Russia due within a few months
 - fishing rights to be extended for 15 years (from 2018 to 2033) - previously 10 years
 - “historical principle” for quota allocation again stipulated by law: high barriers to entry with no new entrants other than through acquisitions
- Government 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)
- One of the most liberal national legislations regarding foreign investment and quota ownership among leading fishing nations (approval for >50% only)

- CAPEX plan focused on building in 2016-2023 a series of high-performance catcher-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

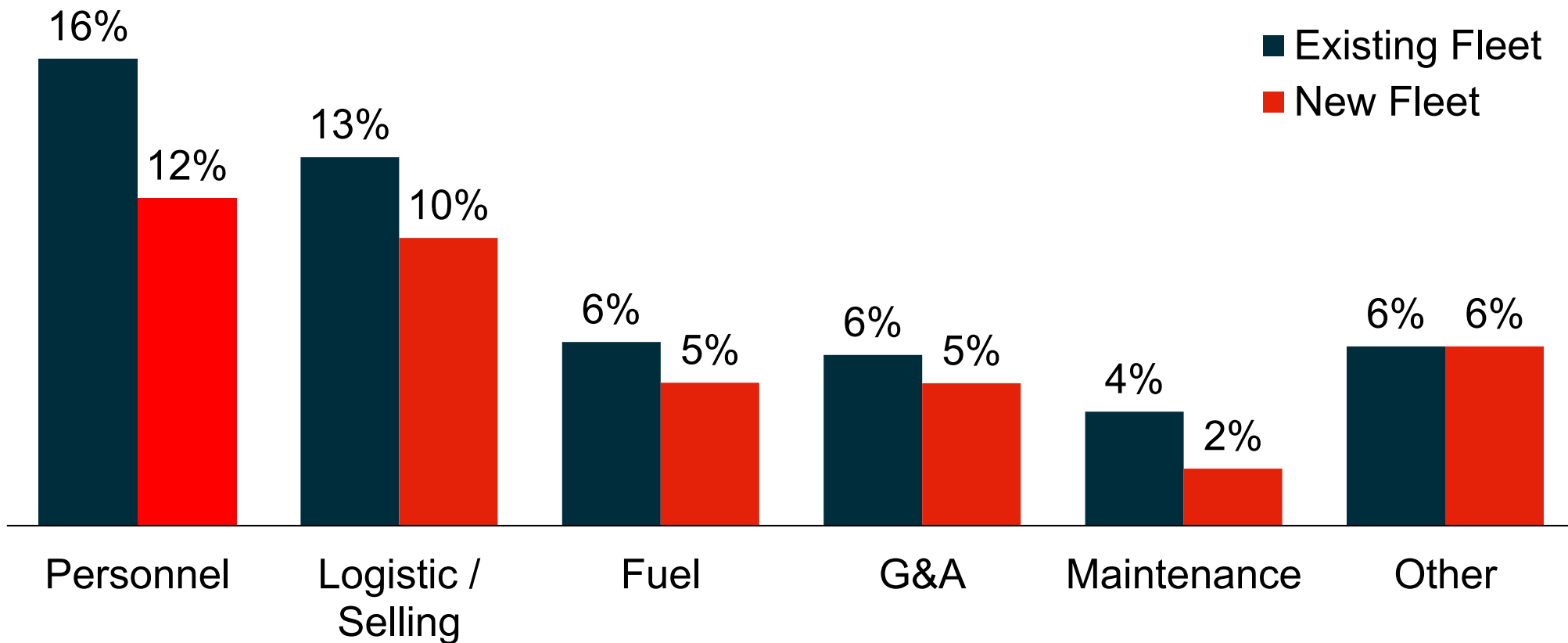




EBITDA margin

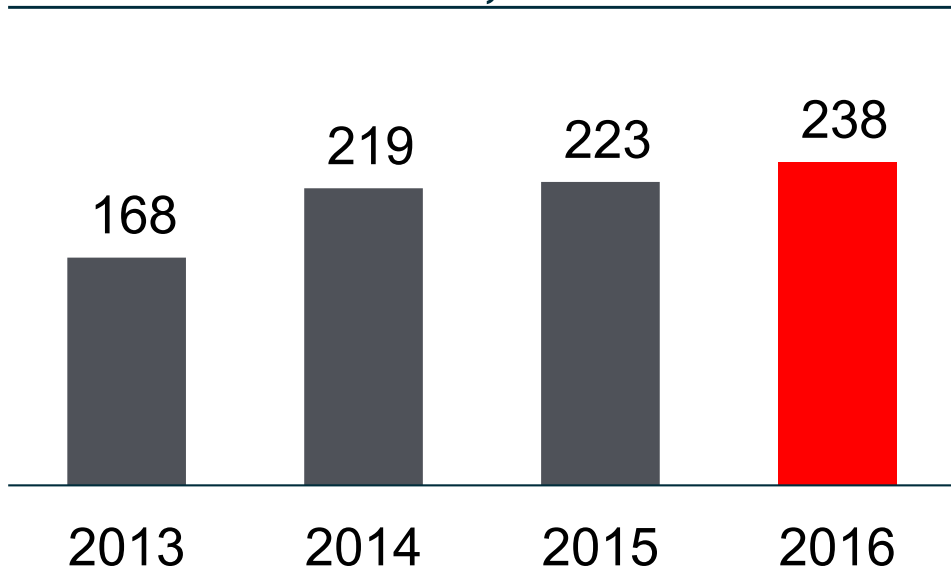


Expected change in key costs (as % of revenue)

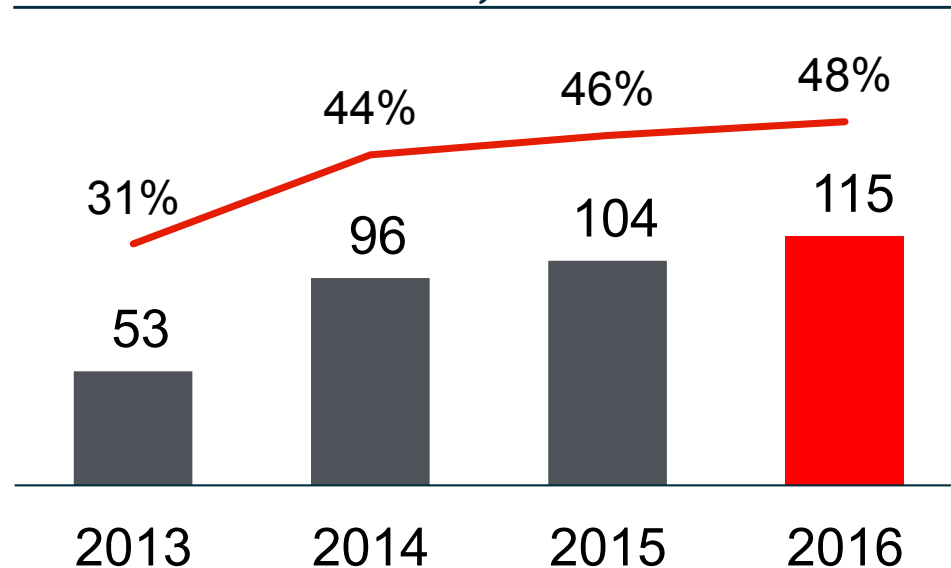




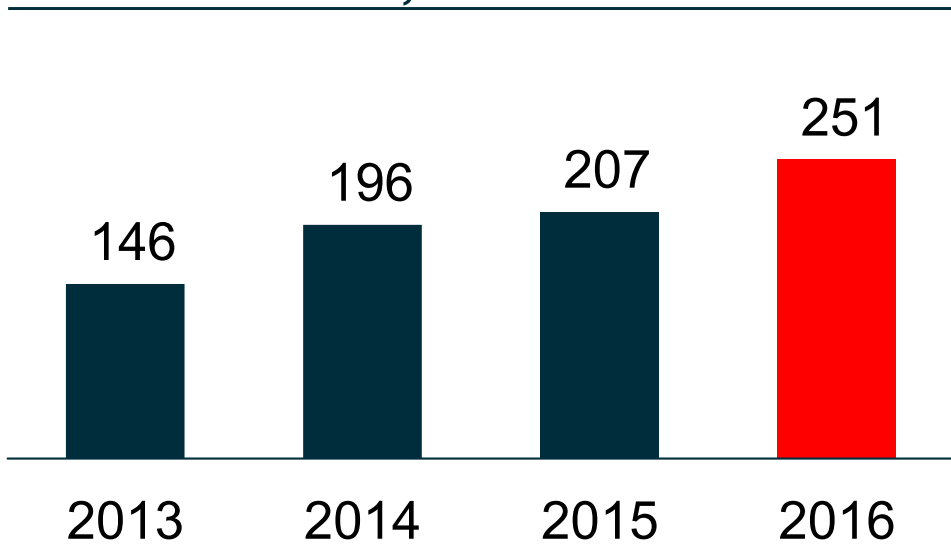
Revenue, USD ml



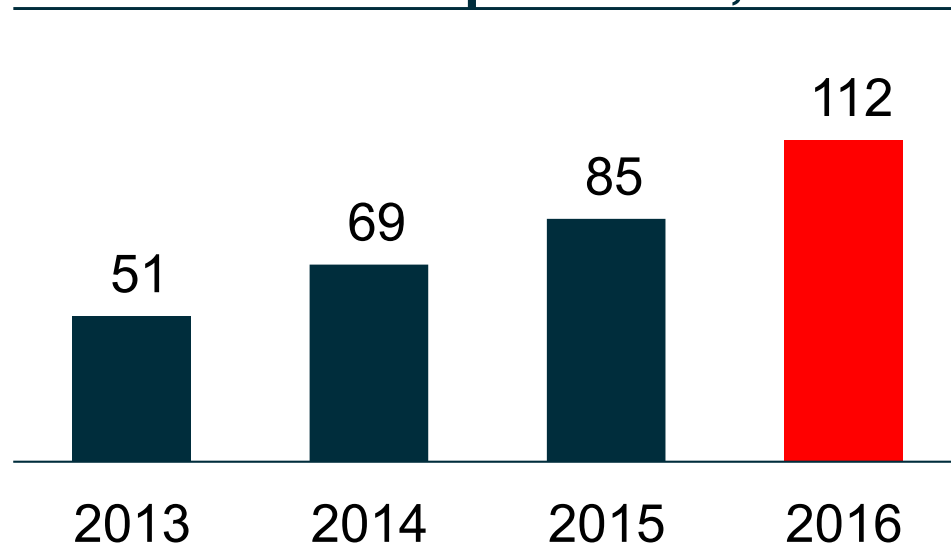
EBITDA, USD ml



Total catch, thousand tones

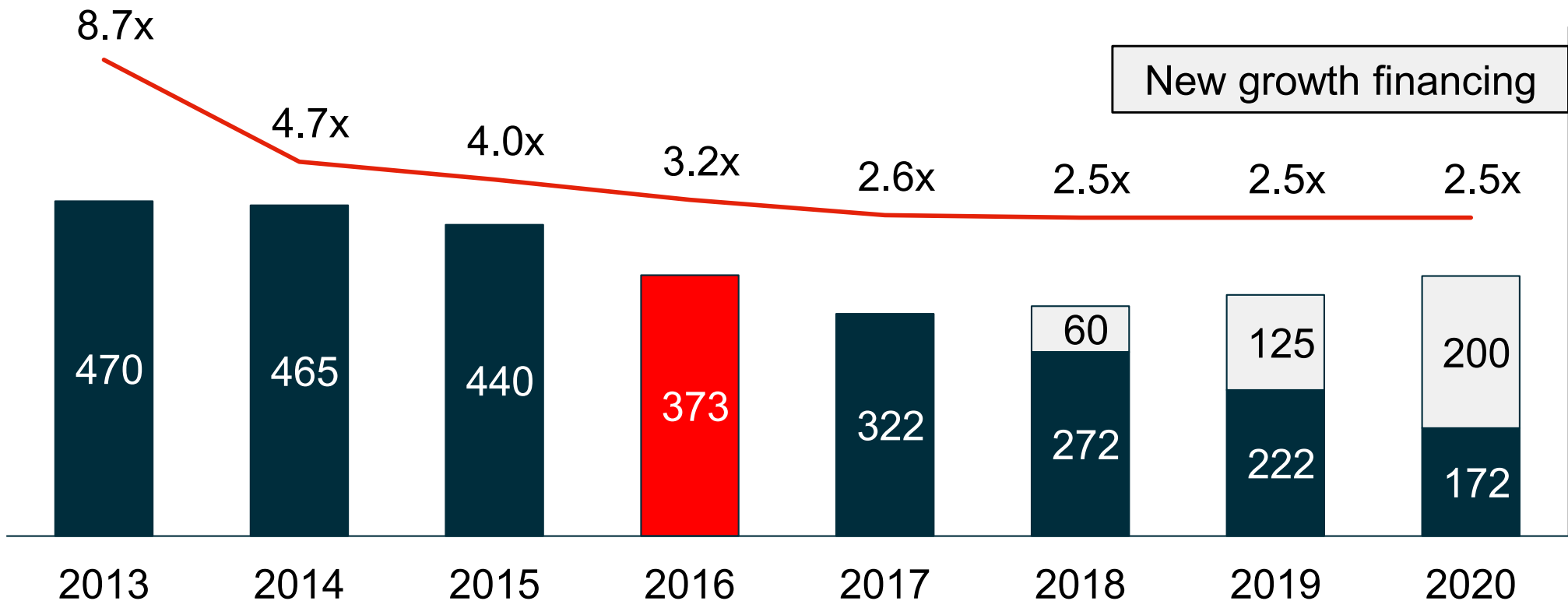


Cashflow from operations, USD ml



- Plans to keep Net Debt to EBITDA ratio at 2.5x long-term to fully utilize potential of optimized WACC
- Sufficient borrowing capacity to successfully finance key growth opportunities (new fleet, M&A, etc.)

Net Debt and ratio dynamics





- Transparent corporate structure
 - direct ownership of all operating assets
- Board of Directors composition
 - 2 independent Directors
 - Board Committees active since Company foundation
- IFRS reporting
 - Annual since 2012
 - Interim since 2015
- Compliance with relevant laws and regulations
- Insurance against all material risks
- Environmentally responsible standards of operation



- Global player with strong industrial fishing expertise and continued commitment to upstream
- Unrivalled profitability and cost leadership
- ~ 95% export-oriented operations with untapped potential of premium local market
- Unique growth opportunities through new fleet construction and M&A (In COD we trust!)
- Solid borrowing capacity to fund business development and value creation
- Debt and equity investments or combinations thereof welcome



THANK YOU FOR ATTENTION!

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ANDREY TETERKIN

CEO,

EXECUTIVE DIRECTOR

RUSSIAN FISHERY

+7 985 922 5069

Andrey.Teterkin@catching.ru

www.catching.ru

