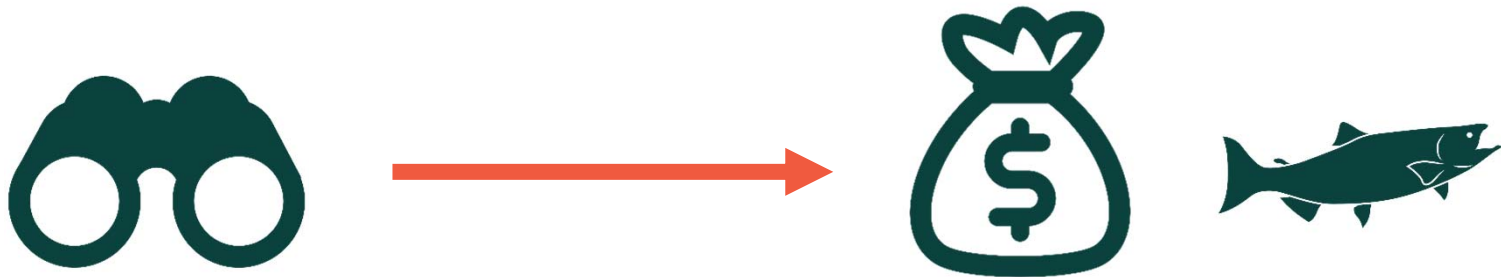


Bristol Bay Sockeye Market Report

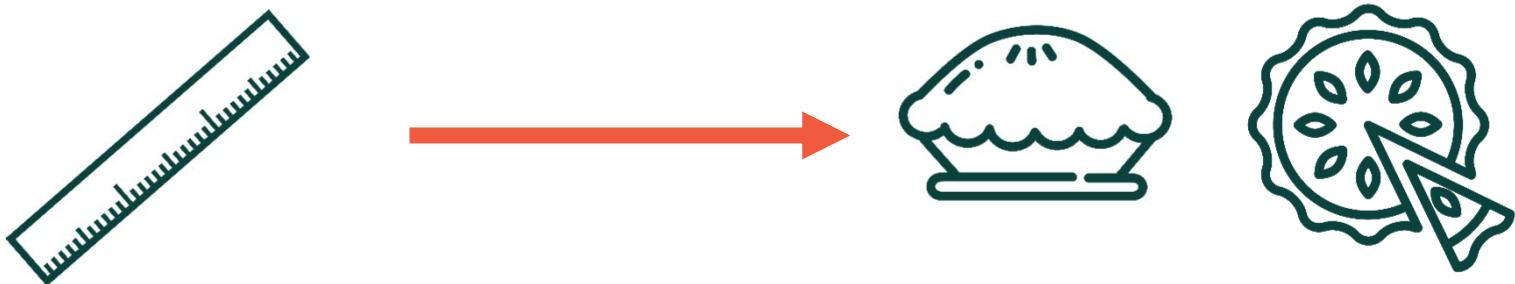
FALL 2018



GOAL #1: ANALYZE & REPORT MARKET CONDITIONS



GOAL #2: TRACK RESOURCE VALUE SIZE & SHARE



FALL 2018 REPORT CONTENTS

- 2018 Bristol Bay Season Summary
- Global Sockeye & Farmed Salmon Supply
- Sockeye Market Analysis
- Bristol Bay prices/value vs other sockeye areas
- Permit Value Analysis
- Direct Marketer Spotlight: Pride of Bristol Bay
- Resource Value Analysis

READ THE FULL REPORT AT WWW.BBRSDA.COM/REPORTS

SUMMARY OF MARKET CONDITIONS

- First wholesale prices for all major products continue to increase
- Early 2018 first wholesale sales volume is good
- Exports up, but domestic buying likely even stronger
- Farmed prices down slightly, but outlook is favorable
- Sockeye supply roughly flat in 2018
- Trade War with China and Pebble = long term threats
- 2019 forecast calls for ~11 million fewer sockeye

SUPPLY SUMMARY

Figures in Millions of Pounds

AREA/SPECIES	2014	2015	2016	2017P	2018EST
BRISTOL BAY SOCKEYE	161	185	202	208	219
OTHER AK SOCKEYE	85	96	85	81	44
RUSSIAN SOCKEYE	104	113	110	93	95
CANADIAN SOCKEYE	52	5	3	3	22
TOTAL SOCKEYE*	402	399	400	385	381
FARMED ATLANTIC	5,176	5,251	4,956	5,233	5,568
FARMED CHILEAN COHO	350	280	245	330	396

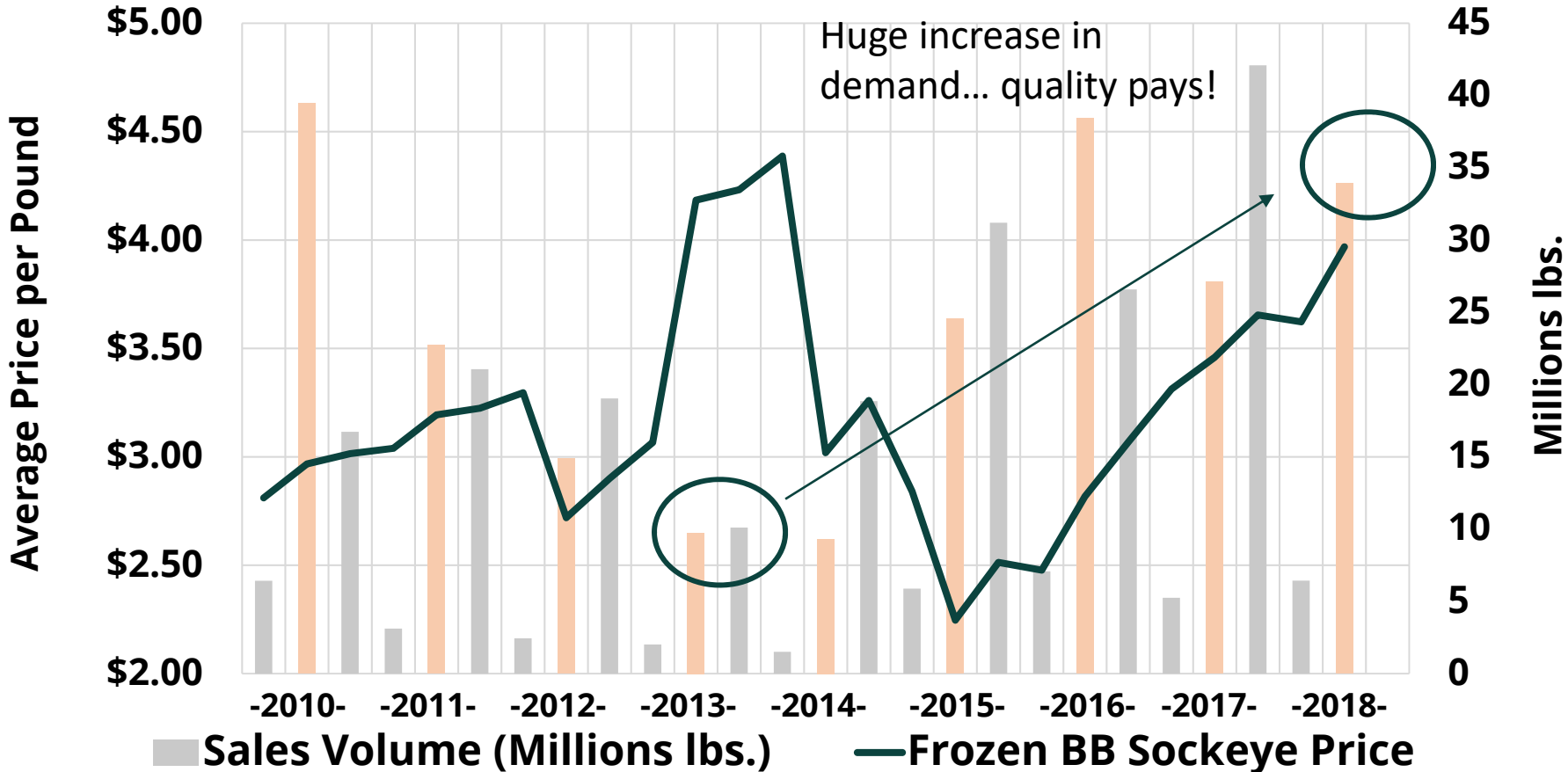
**Does not include relatively small harvest volumes from other areas (Pacific NW & Japan). 2017 is preliminary, 2018 is estimated.*

Source: FAO, ADF&G, Russia FFA, Canada DFO, PSC, NPAFC, and Wink Research estimates.

The market outlook is positive for Bristol Bay fishermen. However, with higher prices comes greater expectations on the part of buyers.

Continuing to deliver high quality fish will be vital in preserving these gains.

FROZEN BB SOCKEYE PRICE & SALES



Note: Data shown on a four-month (tri-annual basis), orange = May-August period. Source: ADOR (ASPR).

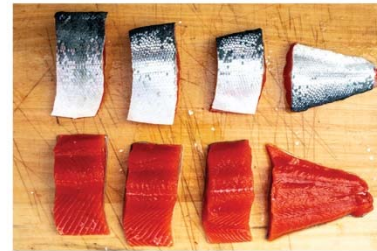


Visit www.bbrsda.com/reports to read and download the full report. There's much more content that we have time to cover here!

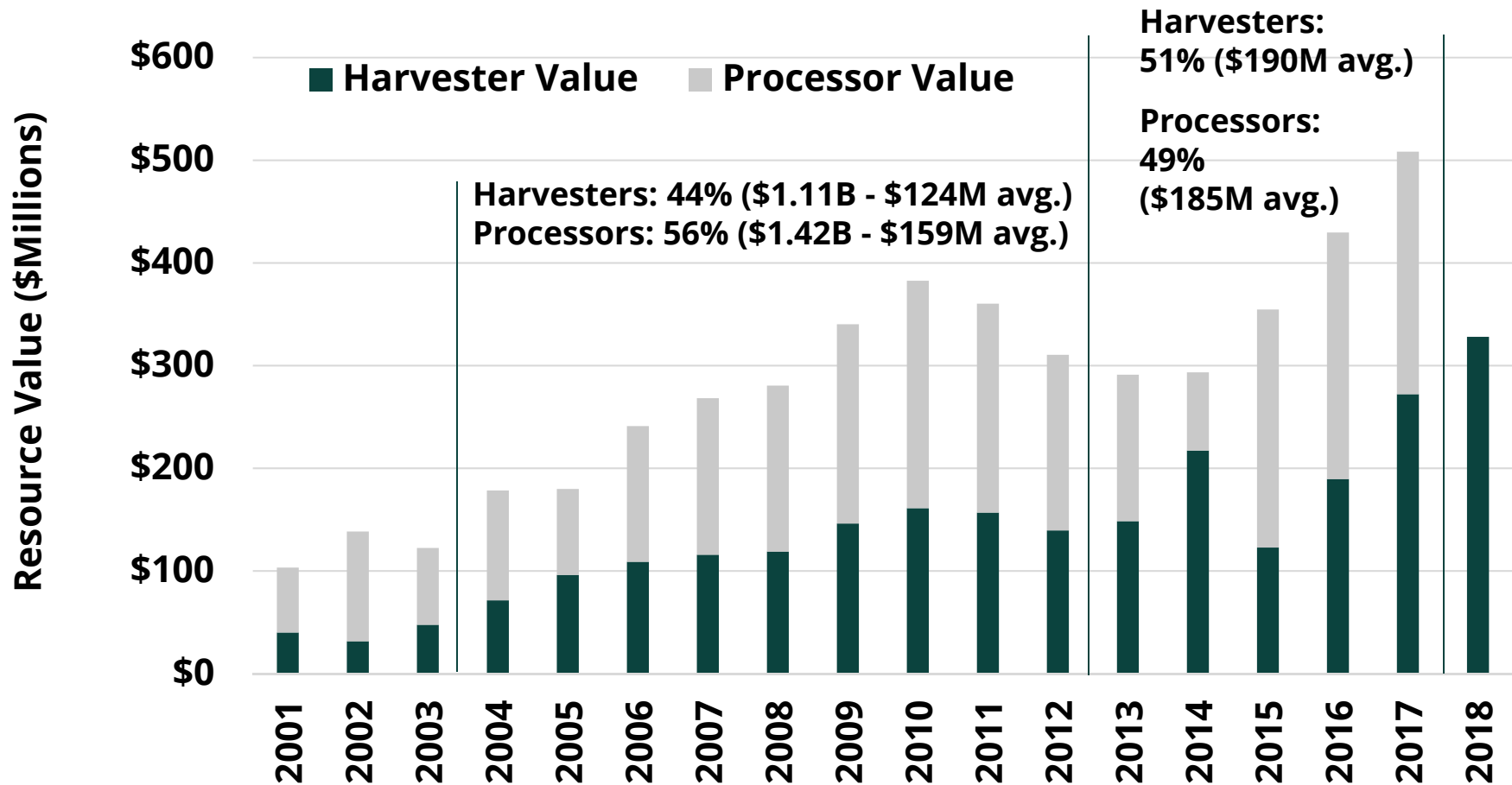


BRISTOL BAY SOCKEYE MARKET REPORT

FALL 2018 EDITION - NOV 2018



BB SOCKEYE RESOURCE VALUE & SHARE



Note: Harvester value represents final ex-vessel value, 2018 is estimated. Figures are on a harvest-year (June-July) basis.
 Source: Calculations based on ADF&G(COAR) and ADOR (ASPR).

Graph Takeaway

First wholesale value has increased substantially in recent years and fishermen are realizing a higher percentage of the resource value.

Therefore, marketing and quality efforts aimed at raising the value of fish at wholesale/retail really do help fishermen.



Expectation:

Share of resource value retained by raw material producers increases as resource value increases (faster than inflation)

BB Sockeye Outcome:

Harvesters share of resource value did not change materially from 2004-2012, but did from 2013-2017.

Fishermen and Processors shared in resource value gains about evenly from 2004-2012

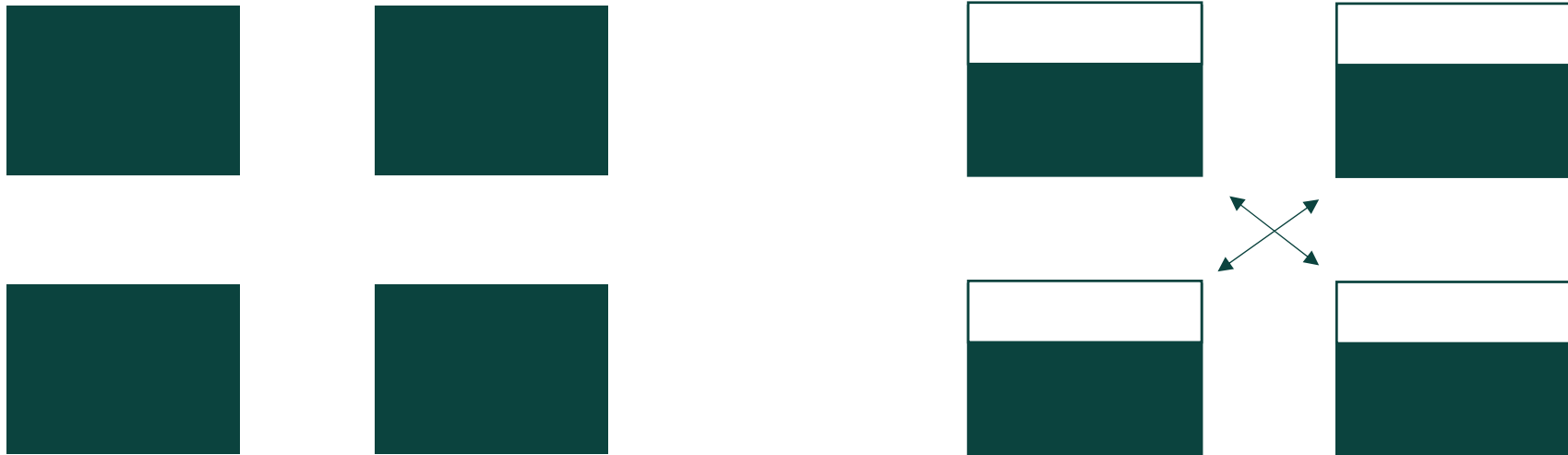
Fishermen gained more than processors from 2013-2017

Both groups saw gains during the two periods, but fishermen did better in the latter. Why...

WHY ???

- Processor reinvestment 2004-2012: frozen in, cans out
- Alaska Salmon Value Crisis in early 2000s = caution
- Slower value growth in 2004-2012 period
- Great Recession from 2008-2010 = caution
- Smaller harvests in 2004-2012 (-9% vs. 2014-2017 avg.)
- More competition in 2013-2017 period

COMPETITION, CAPACITY & EFFICIENCY



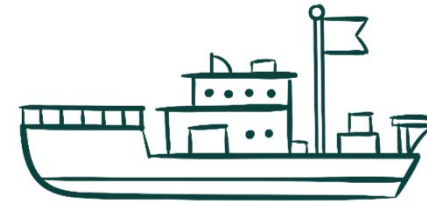
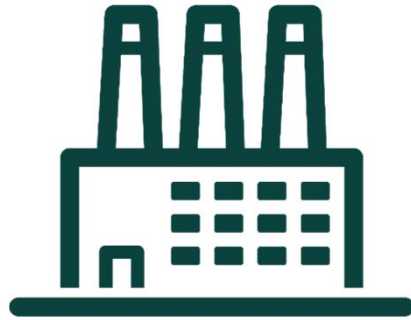
Pricing is more competitive when processors have excess capacity, because otherwise there is no incentive to buy fish away from the competition

COMPETITION, CAPACITY & EFFICIENCY



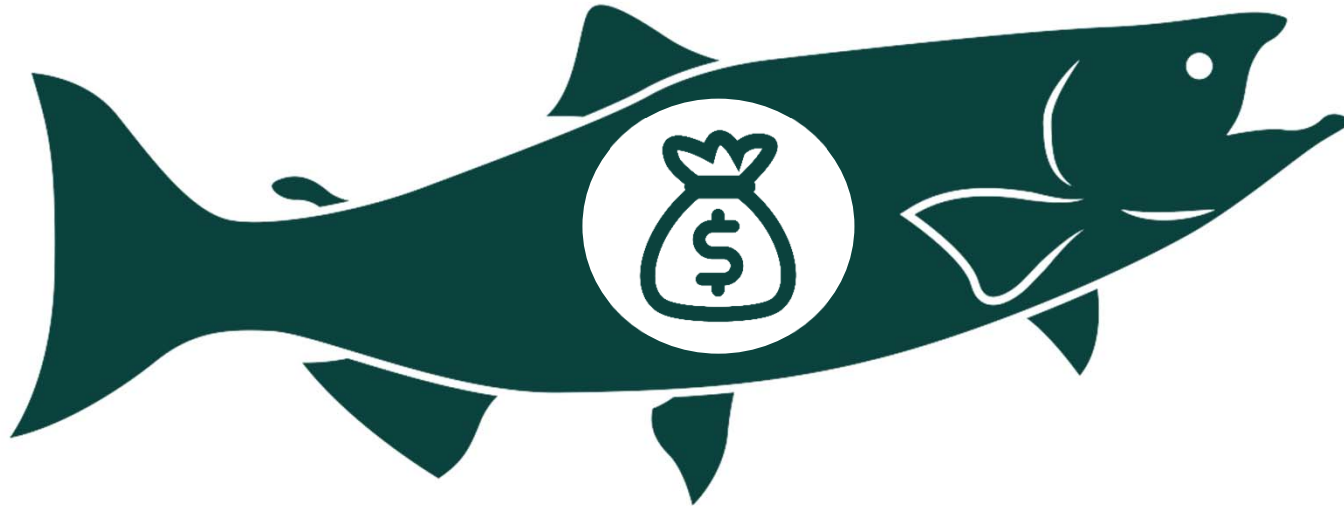
However, **CAPACITY** costs **MONEY** which is ultimately paid for out of proceeds from the **FISHERY!**

COMPETITION, CAPACITY & EFFICIENCY



Floating processors can add capacity but may put shoreside plants at risk. No guarantee there will be enough floating processors operating each year, shoreside plants will almost always operate.

MAXIMIZING RESOURCE VALUE IN THE LONG TERM



CONCLUSION: Fishermen receive the most competitive share of resource value when demand is strong and there is some excess processing capacity, but not so much that it creates too much cost and/or drives buyers out of business