

# Are Prices Too High?

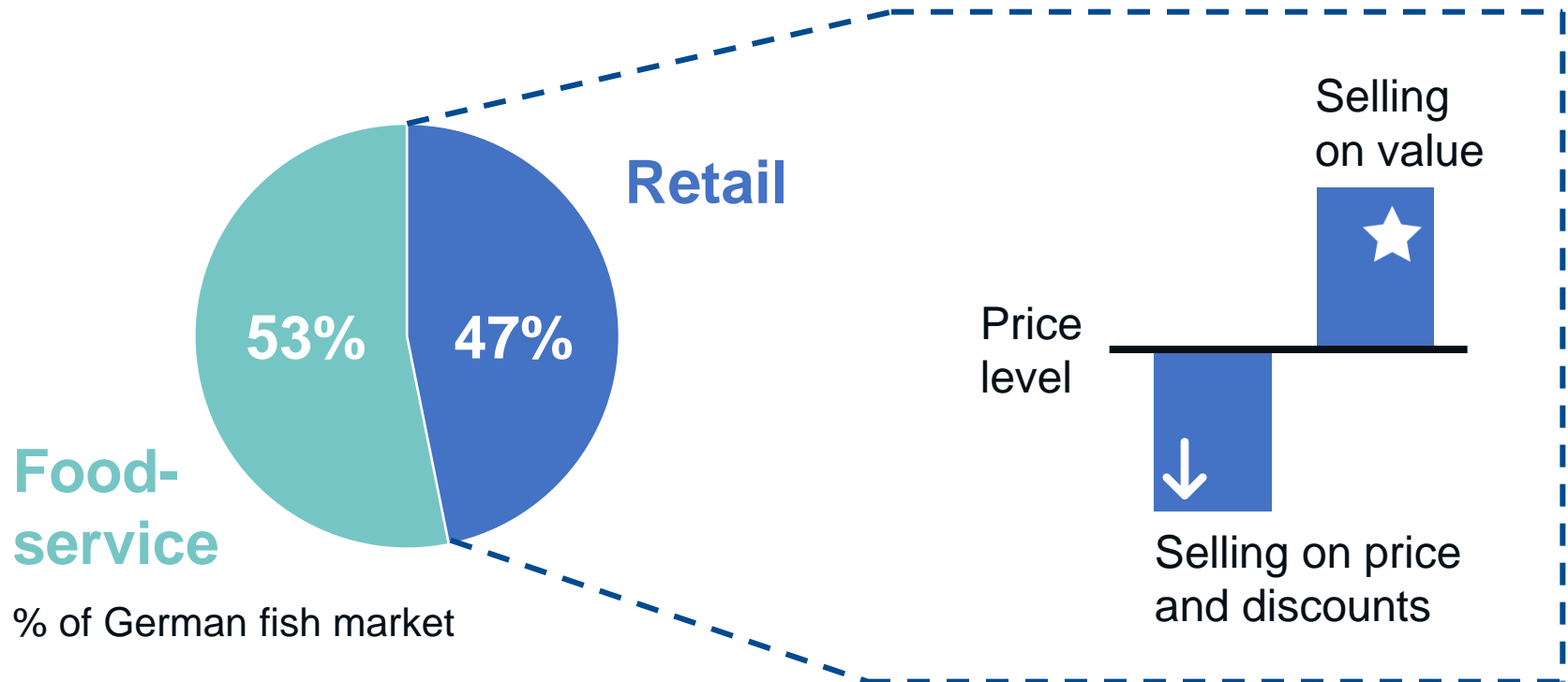
*One of Europe's salmon buyers discusses the risk factors for consumption growth*

Hartwig Retzlaff at IntraFish Seafood Investor Forum

30 November 2016, London



# In the German fish market there are various price levels in different distribution channels



# Price is the headline for discount competition

Why do we not supply the discount segment, which is half of the retail market

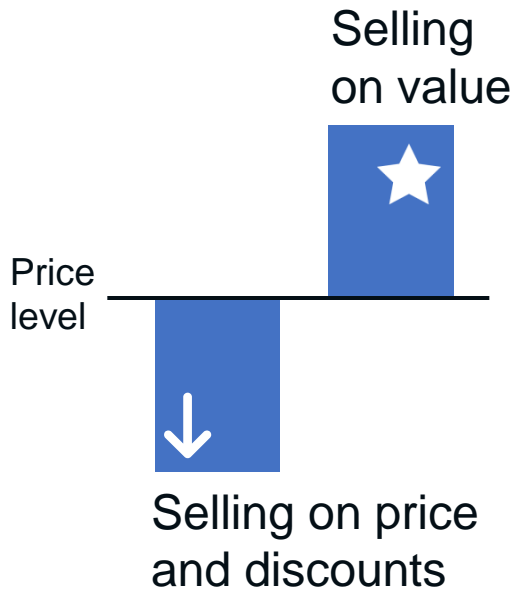


➤ Discount sells by **price.**

➤ We sell by **added value.**



# We have chosen to be the value driver in Germany



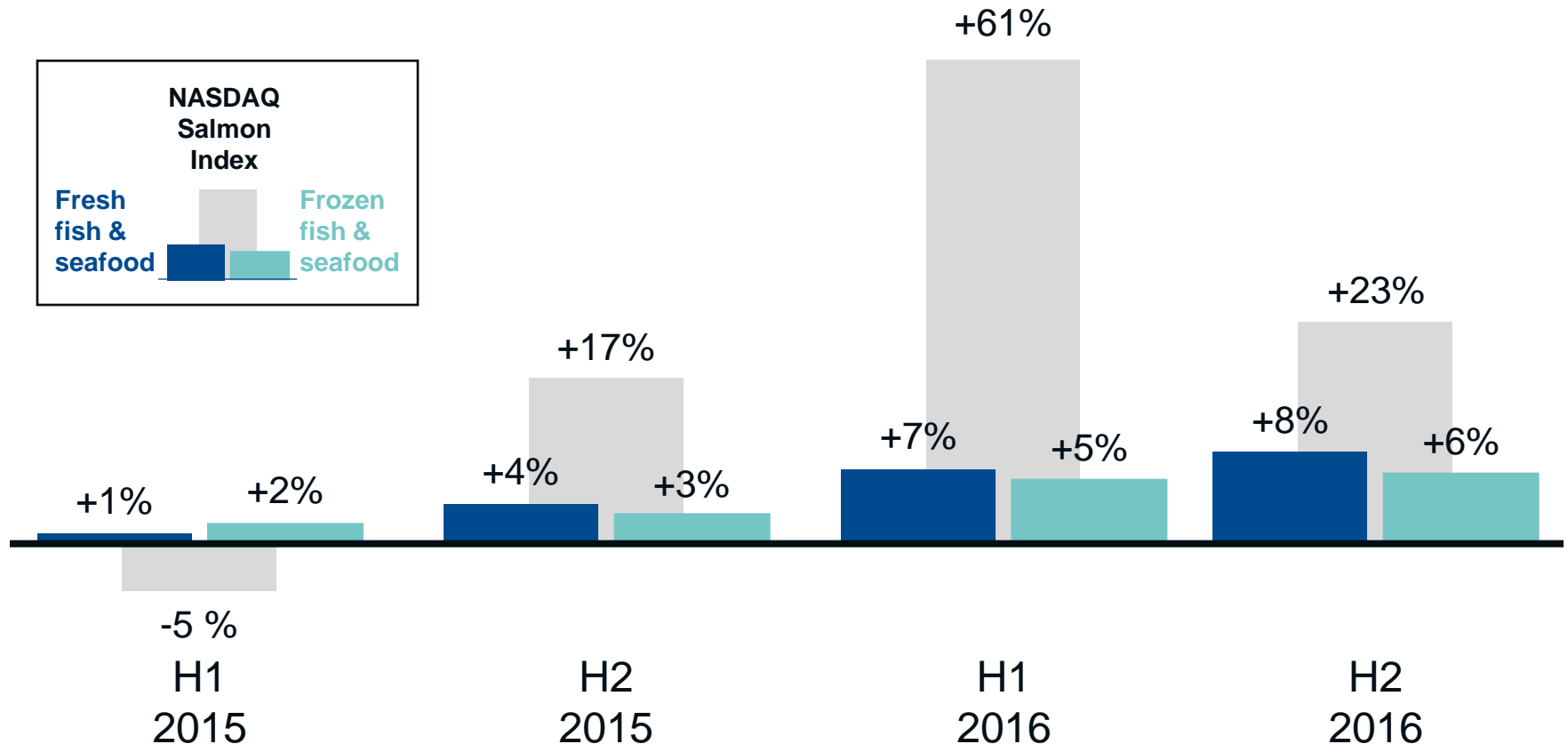
★ We can manage prices as we create added value for our customers

↓ Selling on price is not the philosophy of Deutsche See

# The German market prices in fish are driven by salmon

## Salmon price development

Basis: Jan 2015

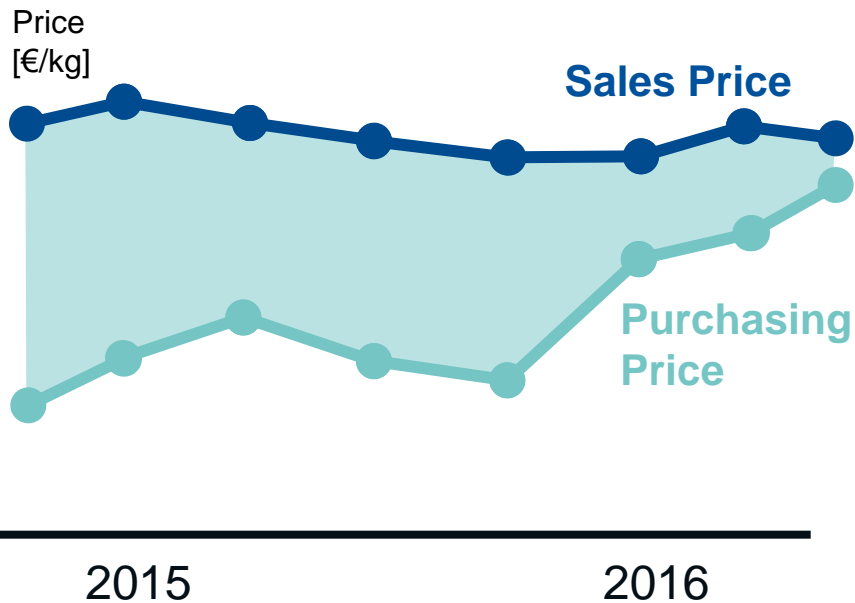


# Fresh fish is it!

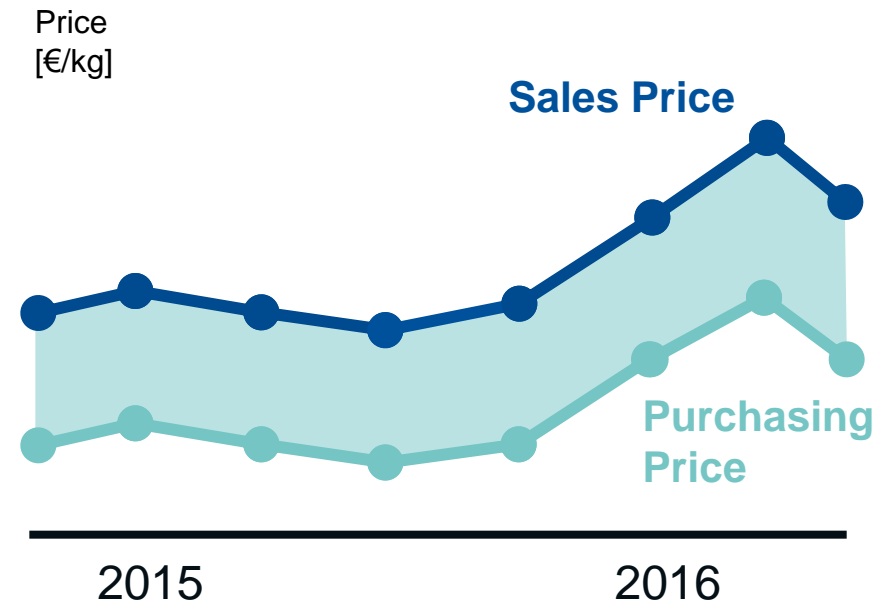
💡 Price for frozen fish is rather “sticky”

💡 Price for fresh fish is variable

## Frozen fish



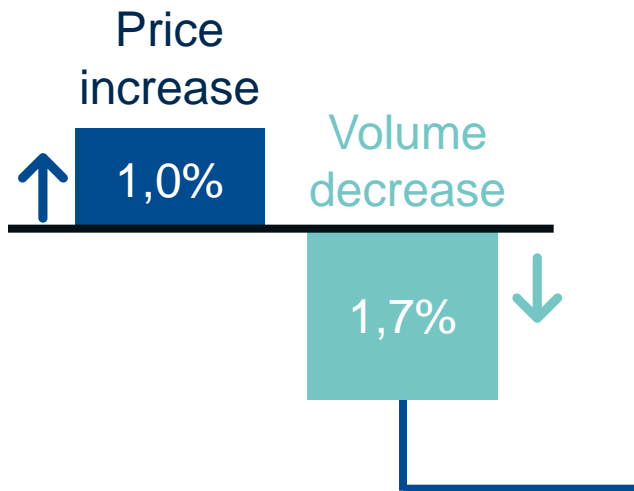
## Fresh fish



# Price changes influence the volume of fresh fish in a differentiated way

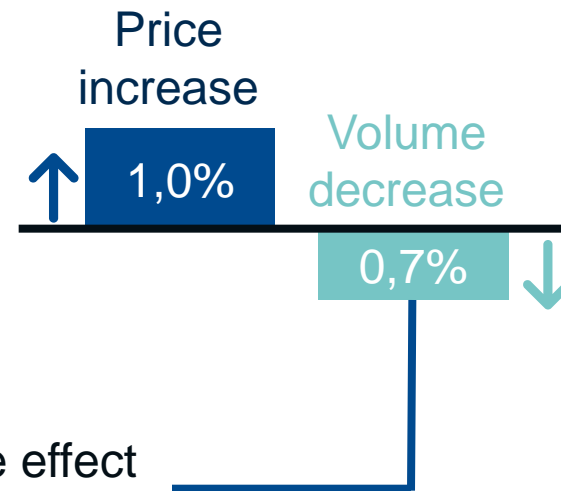
## Price Elasticity Short term

weekly



## Price Elasticity Long term

semi-annual



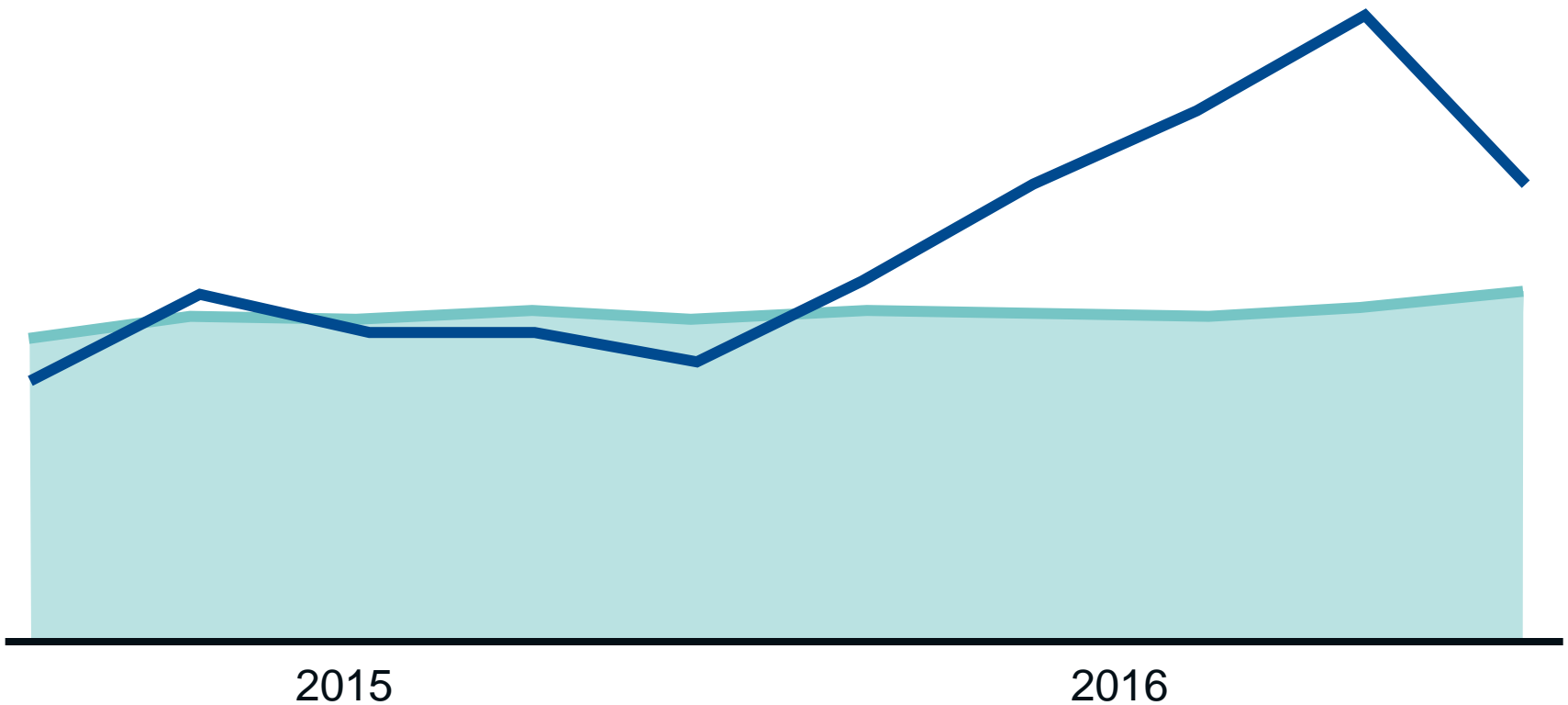
Negative effect  
fades with time



# Prices do not yet affect sales volume

■ NASDAQ Salmon Index in €/kg

■ Volume of fresh salmon sold in tonnes



# Discount is driving the market despite lack of trust in product quality

There is not enough trust in Discount quality – but Discount is driving the market.

Main reasons for **not** buying fresh fish at the discounter



I **only buy** frozen fish and seafood



I do **not trust** the quality



I did **not know** that there is fresh fish there

# We want to see salmon as a highly valuable product



Valuable  
product



Value  
price

We are looking for attractive consumers who are willing to pay more for value added products.

# Is the German market shifting?



Salmon is a  
sensitive natural  
product  
(critical bio mass)



Sustainable  
growth means  
value growth.

We have the  
**value driven**  
consumers

# You can choose between two ways of being successful in the German market

1 Direct sales

✓ We **invest** significantly to secure constant volume.

2 External Distributor

✓ We serve the **whole market**  
(retail + food service)

# Are Prices Too High?

... for discount

Yes!

... for value added  
products

Maybe,  
but we have a  
high potential



*Let's go the extra mile*