



The 'Cost of Living Crisis' and the effect on UK Seafood Consumption

Simon Smith
CEO, Young's Seafood



1

How is the 'cost of living crisis' affecting the UK Grocery market and our shopper's behaviours?

2

How is the wider grocery inflation affecting UK seafood consumption, and what will shoppers do in the face of increased seafood prices

3

Are shoppers starting to fall out of love with Cod?



1 | An Introduction to Young's & Sofina Foods



Our Vision



To be the most successful food company in the world



£ 4.0bn
Global Turnover

Our Mission

Driven by a relentless focus to deliver **Operational Excellence** in every corner of the company to meet and exceed our commitment to all stakeholders we serve



 
c. 16,000
 
Colleagues

Our Core Values

Integrity
Respect
Accountability



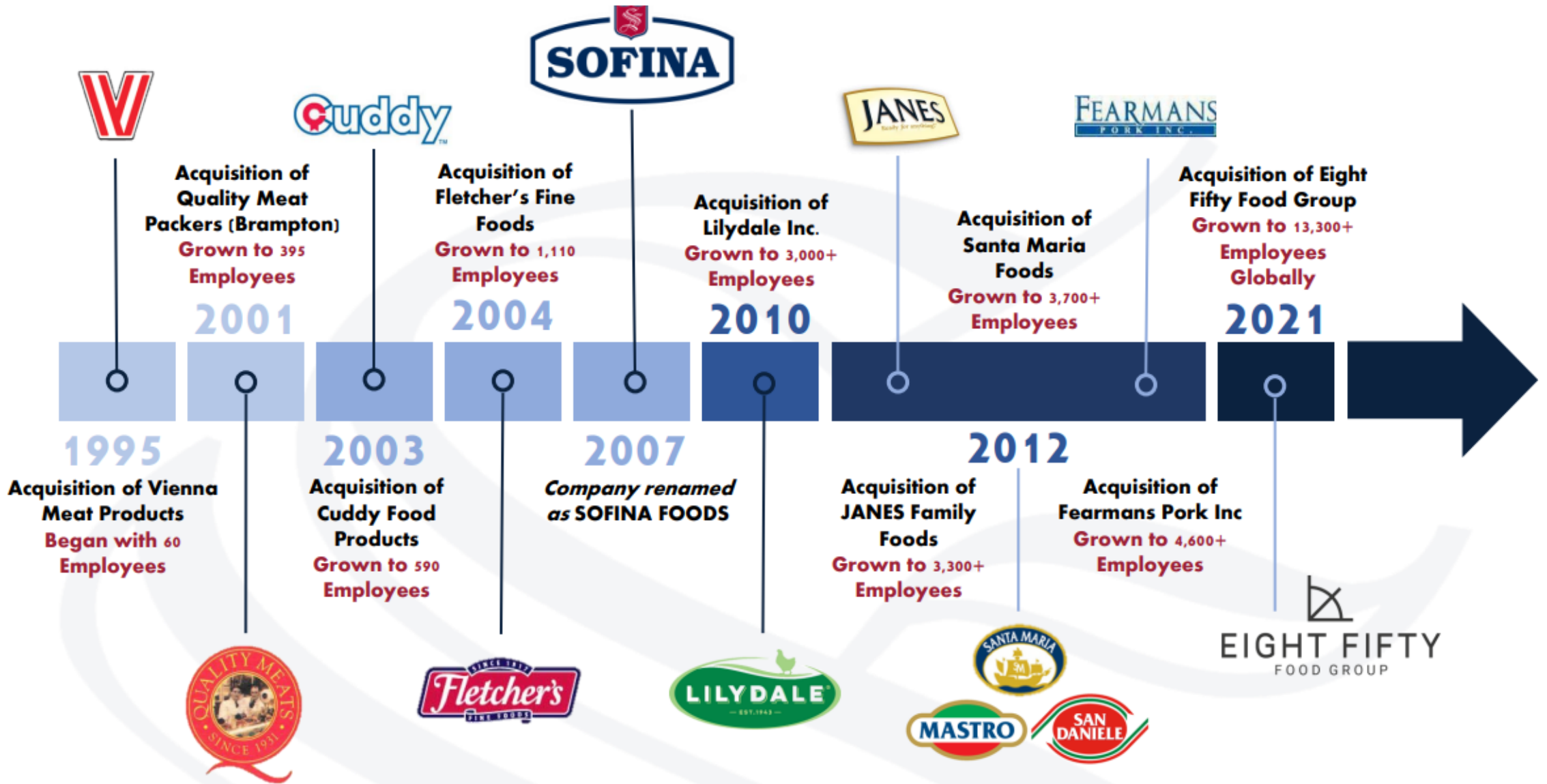
 
Farming Operation &
48 Production Sites

Guiding Principles

Entrepreneurial Spirit
Family Values In Business
Disciplined Approach to Business
Social Responsibility



 **Sofina Manufacturing**
Canada, UK, ROI,
France, Germany





Who are Young's Seafood?

- We are a **unique supplier** – Chilled & Frozen, Brand & Own Label aright across the seafood category
- We take a **holistic seafood approach**, based on strong market & consumer insights, with an aspiration to grow the whole seafood category by **inspiring people to love fish more often**
- With a **proven track record of successful innovation**, we are perfectly placed to achieve this aspiration
- Our goal is to foster **strong partnerships with our key suppliers** to ensure we deliver the highest quality and best value end-to-end supply chains for our customers and consumers
- Our **exceptional technical & factory standards** are supported by a culture of openness, transparency & trust
- We have **Solid Manufacturing Contingencies** across the UK and Europe ensuring security of supply
- Our **unrivalled passion for seafood**, is supported by exceptional, committed & experienced teams right across the business

Our mission is to inspire the nation to love fish, now and for generations to come



By making fish for all

Quality



By having a sense of community

Value



By sourcing seafood responsibly

Trust



By looking after the environment

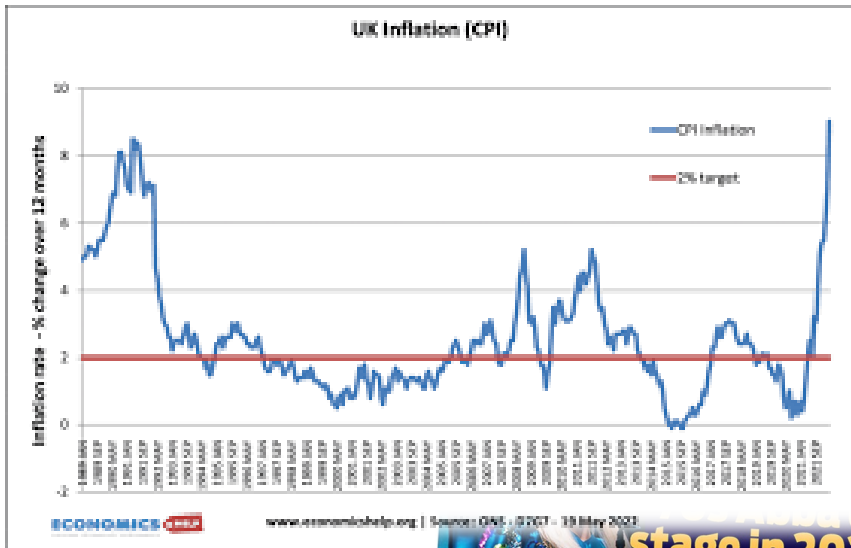
Innovation



By being honest about what we do and why

2 | How is the 'cost of living crisis' affecting UK Grocery?





E.ON CHIEF'S GRIM COST OF LIVING WARNING

ENERGY BILLS TO HIT £3000 A YEAR

40% of us will be in fuel poverty by October.. unless Government steps in

IN PAPER CHAIRMAN
E.ON's chief executive, Michael Lewis, has warned that energy bills are set to hit a staggering £3000 a year and plunge 40 per cent of people into fuel poverty, the boss of E.ON has warned.

IN PAPER CHAIRMAN
Michael Lewis says the Tory Government to step in before another price rise in October. He said: "The most important thing is that the Government intervene. It's important that, when they are coming to address the energy tax issue with the broadband subsidies."

PAUL WATTS FOR THE IRISH TIMES

Donate here today and we'll t

Food Collection Working with FareShare

stage in 2022?
FIRST REVIEW OF STUNNING AVATAR SHOW
SEE PAGES 2-3

COST OF LIVING RESCUE PLAN
EVERYONE to get at least £400 off autumn energy bills
£1,500 for most in need ++ Huge 10% pension hike

RISHI'S £21 BN SPLURGE

UK interest rates hit highest level for 13 years

The Bank of England increases rates to 1.25% and forecasts inflation could surpass 11% this year.

23m | Business |

- How high could interest rates go?



...with many high penetration sectors rising considerably faster...



Dairy

Butter +10%
Milk +9%



Ambient

Pasta +16%
Squash +11%
Cooking Oil +11%



Chilled

Lamb +12%
Poultry +8%
Beef +8%



Frozen

Chips +9%



Household

Wash Liq. +11%
Toilet Tissue +8%
Mach Wash +8%

4wks vs Yr. Ago

...which will put a huge squeeze on discretionary purchases such as seafood



UK grocery sales have remained resilient, but shoppers are becoming very concerned



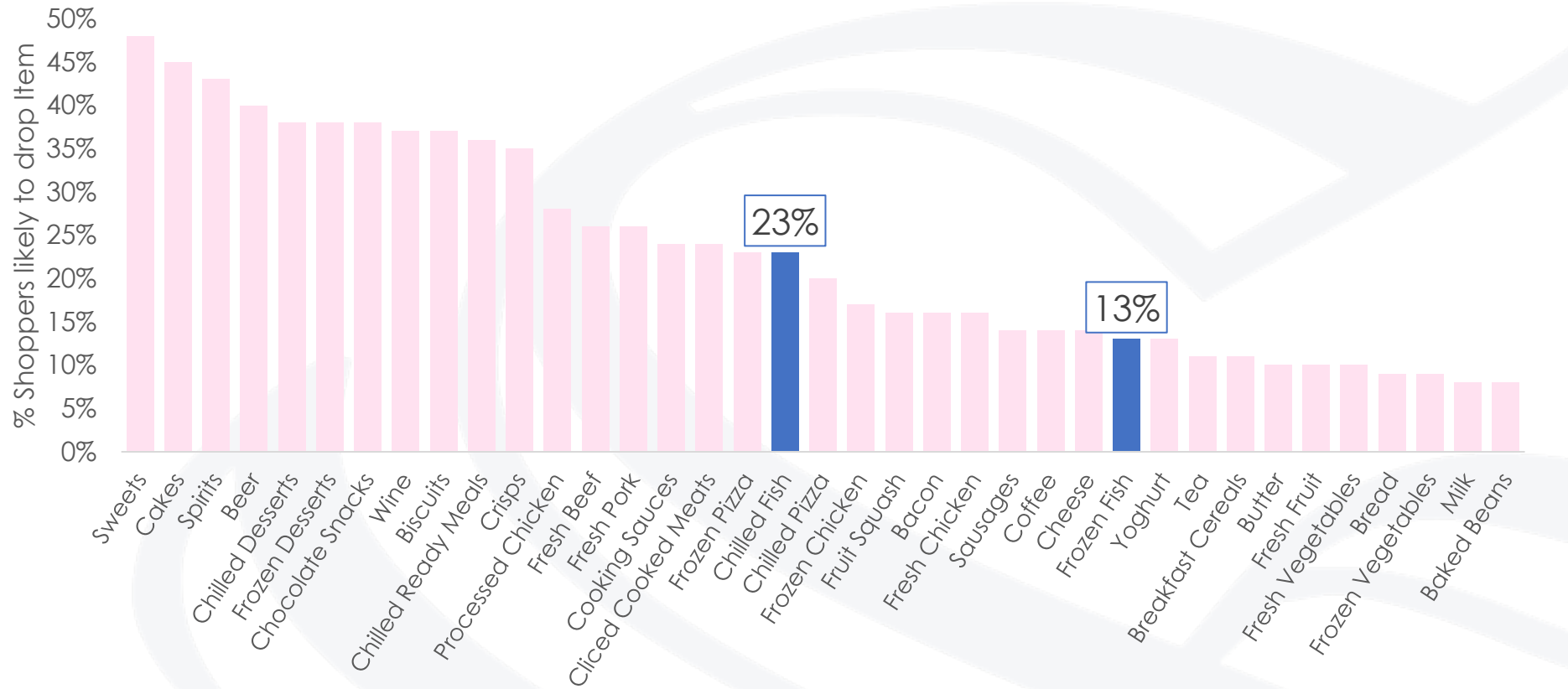
Grocery spending is falling, but only by -4%...

...although the Discounters are increasing their share of the market



However, 1 in 5 households now consider themselves as 'struggling'

The more staple items will be the last to be dropped from baskets



Likely to be dropped
Sweets, Cakes, Biscuits,
Alcohol and Desserts



Likely to stay, for now
Milk, & Dairy,
Bread & Cereals,
Fruit & Vegetables,
and Frozen Fish

3 | How may the 'cost of living crisis' affect UK Chilled & Frozen Seafood?



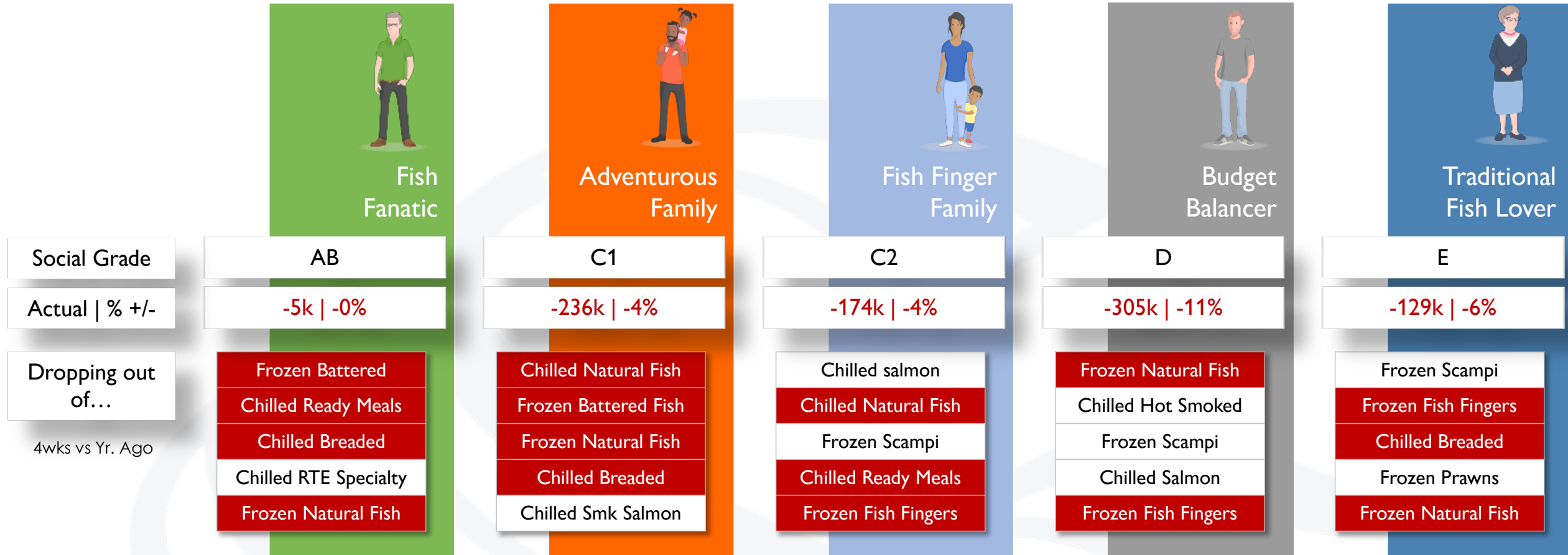
Seafood prices (at the shelf edge) have risen by just +1.8% in the last 4 months

Almost 1m shoppers have dropped seafood from their basket in the last 4wks vs last year...

...and remaining shoppers buying seafood one less time per annum than they were a year ago...

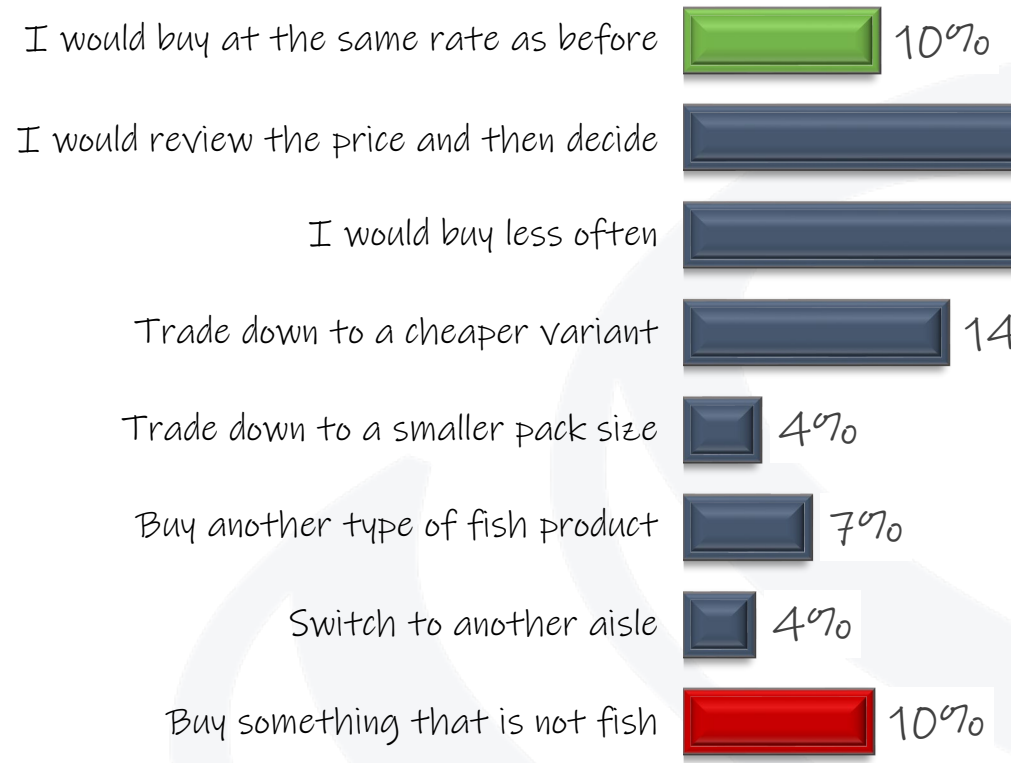


But it is the lower affluence shoppers who are leaving first...



Cod & Haddock volumes are being affected as they are part of the sectors which are being dropped
There are around a million fewer Seafood Shoppers in the latest 4 weeks

What would you do if your favourite chilled / frozen fish product went up in price?



Only 1 in 10 shoppers will continue to buy the same volume in the face of price increases...
 ...while 10% would leave the sector altogether
 The remaining 80% will try to mitigate the increases



4 | *Warning!!*
Are shoppers starting to fall out of love with Cod?



The UKs Top 12 Chilled & Frozen Species		52wk Volume	% +/-
1	Salmon	64kt	-3%
2	Cod	60kt	-11%
3	Pollock	52kt	-7%
4	Haddock	32kt	+2%
5	WW Prawns	23kt	-7%
6	Basa	12kt	-5%
7	CW Prawns	12kt	-3%
8	Scampi	9kt	-8%
9	Mackerel	5kt	-18%
10	Mussels	4kt	-7%
11	Tuna	4kt	+2%
12	Sea Bass	3kt	-23%

Most species are declining YOY as we come out of lockdown and back to some form of normality



COD	
2018	65,508t
2019	64,850t
2020	64,377t
2021	67,521t
2022	59,907t

Latest 52wks to May 2022
vs Last Year

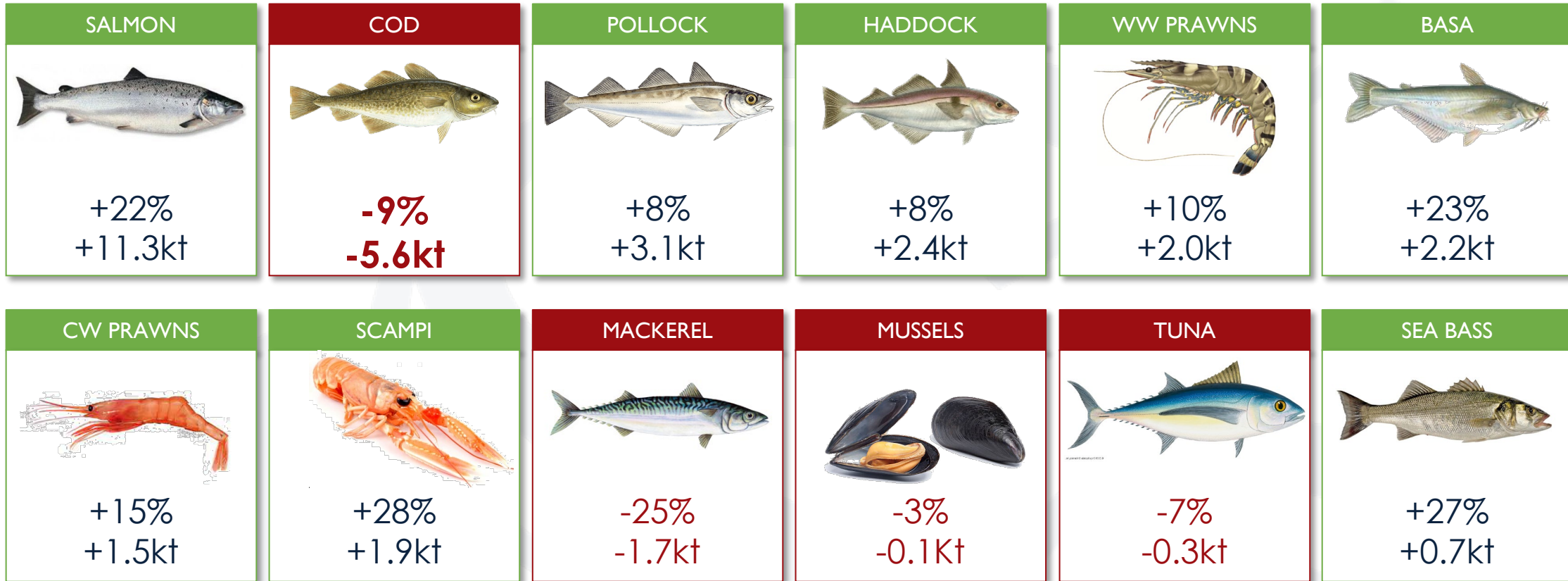
£	Value	-10%	-£56m
	Volume	-11%	-7,614t
	Frequency	-7%	-1.0x
	Shoppers	-5%	-946k
	Price/kg	+1.7%	+£0.15

...and inflation is only at
+1.7%

It is more likely to be the coated fish sectors shoppers where the declines have been seen most

Frozen Coated	Frozen Natural	Chilled Coated	Chilled Natural
-4,400t	-750t	-1,670t	-1,080

The UK consumed 18kt (+6%) more chilled & frozen seafood in 2022 vs 2018



Although in the same time period, Cod has lost 9% of its total volume



65,508



52,333

Covid Bounce

63,694

59,907

March 2020
UK goes into
National Lockdown

July 2021
Salmon over-takes Cod
as the UK's biggest specie

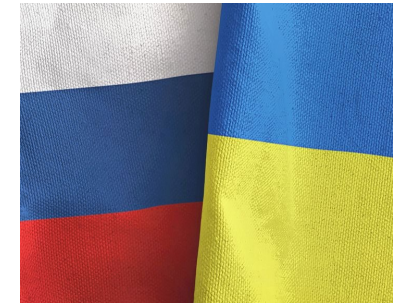
2018

2022

Both Cod & Salmon benefitted from the stay at home / lockdown policies in the UK, both growing to record highs

However, Salmon continue to grow for much longer period and has not had the same drop off

Volumes of Cod are now lower than they were 5 years ago



Changing Health Needs

Health is an increasingly important factor when buying food, and other species & sectors are often seen as more healthy than Cod

75% of Cod sold in the UK is coated in batter or breadcrumbs – less healthy

Global Tastes & Occasions

The impact of global cuisines in the UK over the last 20 years has been huge, with consumers experiencing more flavours & formats than ever before

Cod remains very traditional with the majority of occasions being either 'Fish & Chips' or a Fish Pie

New Species Younger Shoppers

Over the last 15 years we have seen the growth of Basa, Sea Bass, Squid and Crab, all of which are attracting a younger & often more adventurous consumer

To many consumers, Cod is seen at best as 'traditional' or at worst, as 'old fashioned'

Value for Money

Cod is certainly not the most expensive specie in the UK, but we are in a cost of living crisis and shoppers are looking for value

There are many species such as Pollock and Basa which shoppers can easily switch into

The Media

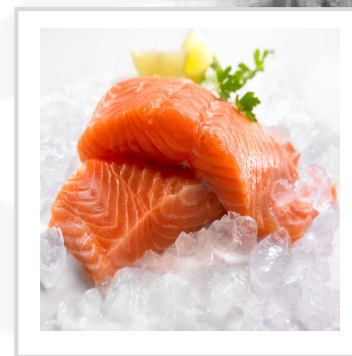
Whilst this will not have affected the historical performance, media surrounding the Russia / Ukraine war and the subsequent bans on Russian Fish imports could potentially have a negative perception of Cod as a fish species over the coming months

As a leader in seafood we remain committed to increasing seafood consumption and finding ways to deliver seafood in the most relevant forms

The story of our founder, Elizabeth Young was one of passion, pride & progression – all values that remain our inspiration to this day

Elizabeth, like all of us, would wish to provide fish for everyone to enjoy.

We share the mission to spread the love of fish (and protect it) now and into the future.





Thank you for listening.