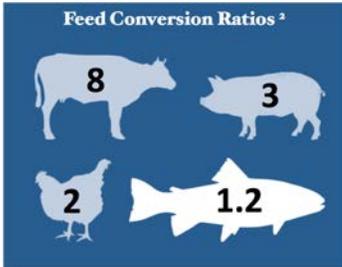
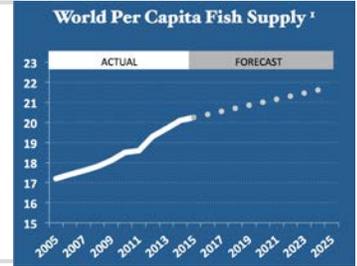
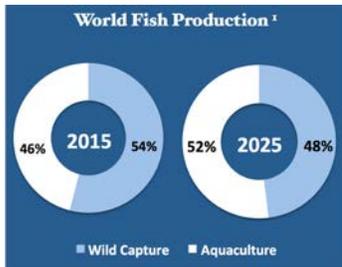


Investors take note! Sustainable seafood is becoming interesting. The \$390B global seafood industry¹ has been the fastest-growing animal protein sector for the past decade and is expected to reach 196 metric tons by 2025¹, primarily through the growth of aquaculture. Because of rising incomes, urbanization, and improved distribution, per-capita consumption is expected to increase by 8% to 21.8 kg by 2025¹, while nominal prices will grow 7% for wild-caught and 2% for farmed fish.¹ Investing in seafood is essentially a bet on growth in demand for healthy, sustainable protein to feed a rapidly growing world population.



With more-sustainable management, seafood could be the perfect protein. High in omega-3 fatty acids, seafood is regarded as the healthiest animal protein, accessible to even the poorest people in the world. Compared with the resource-intensive production of livestock, seafood requires minimal land or freshwater and generates far less pollution and greenhouse gas emissions. Aquaculture requiring feed inputs has much more efficient feed conversion ratios than other animal husbandry, and wild-caught seafood could become a truly renewable resource, if managed properly.

Innovative ventures and investors see opportunities in addressing the environmental, social, and economic challenges of the seafood sector. Seafood traditionally has been an extremely fragmented, global industry with many middlemen, which has led to complex, data-deficient, and exceedingly opaque supply chains. Many innovators are now working on solutions that not only increase traceability throughout the supply chain but also drive efficiency via better data collection, process automation, and smarter use of waste products. Other innovators are simply shortening and simplifying the supply chain by creating direct-to-customer models. All are seeing growing market demand for their solutions.



The high-growth aquaculture sector has seen a lot of innovation and investor attention in recent years. Innovators are working on novel methods, such as vertical fish farming and offshore mariculture, that marry environmental and economic benefits to fuel the required sector growth. Other efforts are directed toward developing new fish feeds that are more available, reliable, and scalable than fishmeal derived from wild-caught forage fish. In addition, the aquaculture industry is shifting away from treating diseases after they occur, to prevention by enhancing fish health using vaccines and immune boosters.

For wild-caught seafood, economic and environmental objectives are increasingly aligned. Driven by growing consumer concerns about ethics and health, the demand for sustainably caught wild seafood has surged, especially among large retail chains that have made ambitious sustainability commitments. This creates opportunity for driving value in the market through branding and sustainability messaging. To increase supply of sustainably captured seafood, several innovators are developing fishing gear that is more fuel-efficient, less destructive, and more selective, thereby limiting unwanted by-catch and regulator penalties. Others are focusing on better utilization of unavoidable by-catch and trimmings which were waste, using these as inputs for new products such as fish jerkies, protein powders, pet foods or even wallets from fish skins.



Overall, the seafood sector is becoming increasingly attractive for investors. There is now a healthy ecosystem of innovative new ventures to invest in, from a diverse set of geographies and categories. And while few public companies are in this space, there is plenty of private M&A activity that offers exit options to investors. We at Fish 2.0 are convinced that the age of sustainable seafood is now upon us.

Sources:

1. FAO, The State of World Fisheries and Aquaculture, 2016.
2. Rabobank, seafood infographic, 2015.
3. CA Environmental Associates, Charting a Course to Sustainable Fisheries, 2015.

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