

AQUACULTURE INVESTMENT OPPORTUNITIES IN SE ASIA SUSTAINABLE GROUPEY FARMING IN THE PHILIPPINES

East Asian Seas Congress 2018

Filling the Pipeline: A Sustainable Ocean Investment Ecosystem for the Seas of East Asia

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Blueyou and IMPACT BLUE

Catalyzing the Transformation of the Seafood Sector

Blueyou

- Private sector group of companies focusing on sustainable seafood solutions
- Active in services, manufacturing, trading and distribution of seafood
- Engage with fisheries and aquaculture sector on transition towards sustainability
- Partnering with GO and NGO on private-sector-led programs and projects
- Strong focus on SE Asia and Latin America – and market presence in North America, Europe, SE Asia, China and Japan

IMPACT BLUE

- Consortium program with Catch Invest (US)
- Project development for sustainable fisheries and aquaculture
- Catalyzing philanthropic and public funds to unlock private sector capital
- Design holistic fisheries transition models for return-seeking capital
- Focus on community-based businesses with strong livelihood component

Blue Economy and the Seafood Sector

A GLOBAL CASE FOR SUSTAINABILITY OF OUR OCEANS

Global Challenges and Opportunities

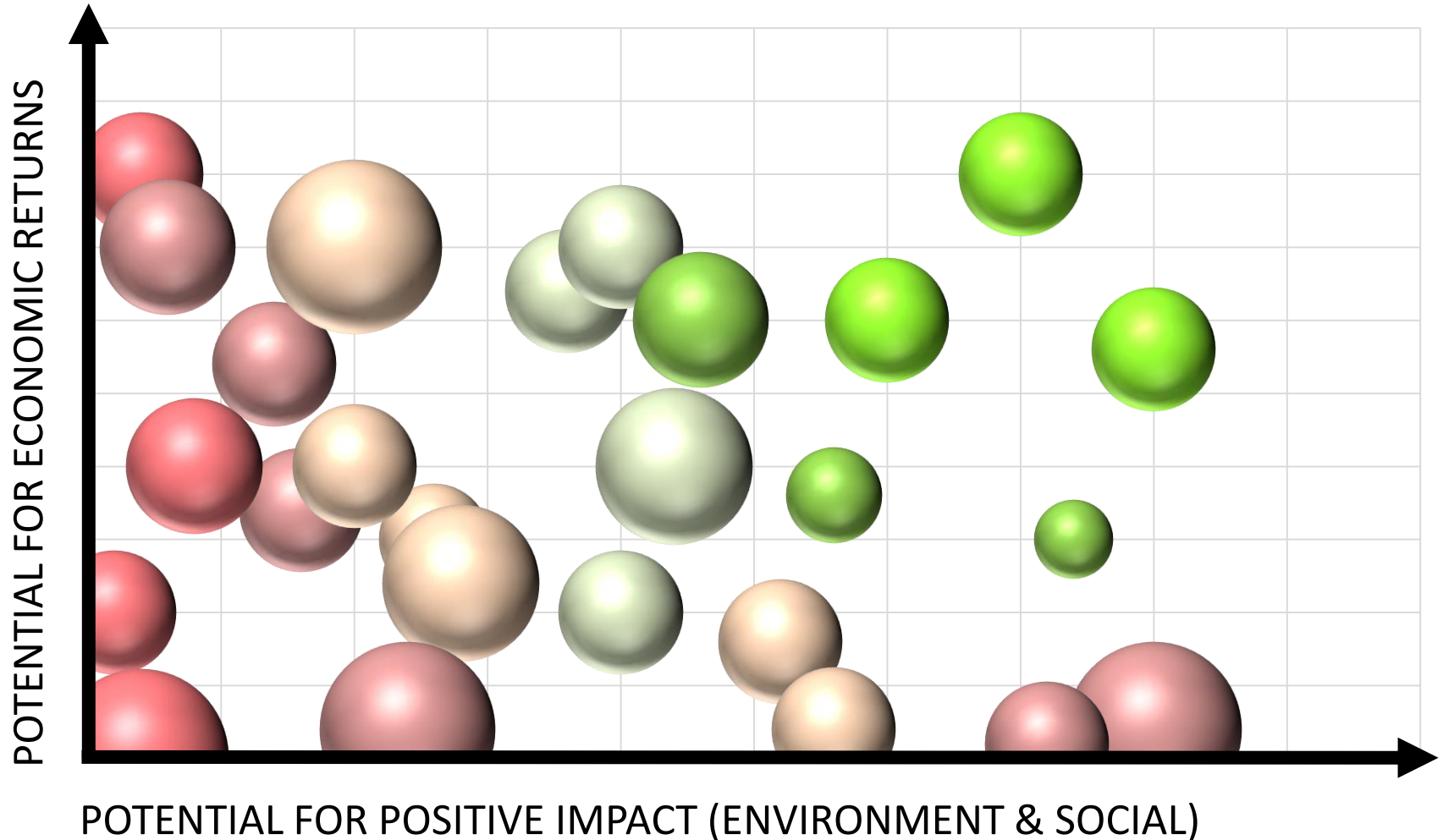
- The seafood industry is the only food sector which still depends on wild resources
- Global stock levels are threatened (overexploitation, IUU, ineffective management)
- USD 80 Billion are lost due to mismanagement, overfishing and bad practices
- Huge potential to do much better: Global fishery reform has up-side of 90 Bio \$/ Year
- Aquaculture offers more resource-efficiency than agriculture (on land)

Seafood Sector in SE Asia

- Asia is a global hot-spot of seafood production (fisheries and aquaculture)
- Marine resources are mostly overexploited and remain at critical levels
- Aquaculture has been the big engine for expansion of production
- Increasing demand for healthy / high protein diet will further drive demand
- Healthy coasts and oceans are vital for the future viability of SE Asia's seafood sector

Project Development for Impact Investment

FINDING THE RIGHT BALANCE



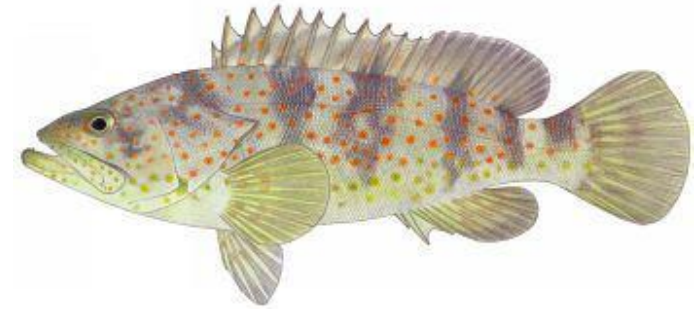
Return-Seeking Capital and Sustainable Aquaculture

Identify Investment Opportunities in SE Asia

DIMENSION	CRITERIA
Environment	<ul style="list-style-type: none"> ▪ No critical and detrimental impacts ▪ Potential for mitigation and improvement ▪ Biodiversity and aquatic environment ▪ Bio-security risk (disease)
Economic	<ul style="list-style-type: none"> ▪ Return and up-side value potential ▪ Business and operation risks ▪ Market and value chain potential ▪ Food safety risk
Social	<ul style="list-style-type: none"> ▪ Livelihood and employment opportunities ▪ Community engagement & benefits

Identified Business and Investment Opportunity

Sustainably Farmed Grouper



Opportunity

- Wild capture origins in Asia overfished – species are threatened!
- Sustainability challenges of existing grouper farms
- Increasing market demand for certified sustainable seafood

Business Case

- Vertically integrated grouper farm with hatchery and nursery
- Design, set-up and operation of farm in line with strict, third-party environmental standards and good aquaculture practices (GAP)
- Direct distribution to strategic clients in the gastronomy sector in SE Asia

Certified Sustainable Grouper Farm

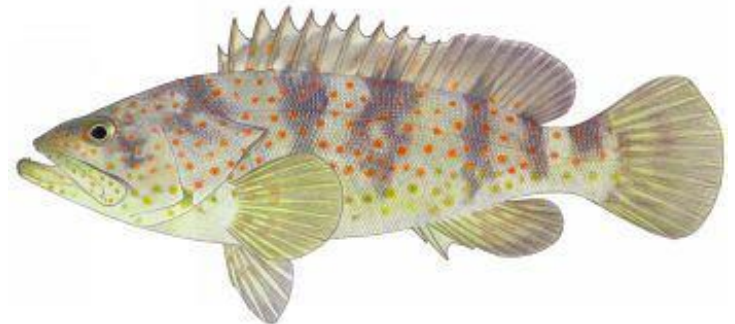
Key Parameters

Business Operation

- Species: Green grouper *Ephinephelus coioides*
- Total production capacity: 250 – 300 MT
- Certification Standard: Aquaculture Stewardship Council (ASC)
- Markets: High end gastronomy in Metro Manila, Hong Kong and Singapore

Key Financials

- Total Investment Volume: USD 4 Mio.
- Annual Sales Turnover: USD 2.2 – 2.5 Mio.
- Gross Margin: 50% | EBITDA: 35%
- 10 Year IRR: 17.4%



Certified Sustainable Grouper Farm

Environmental and Social Impact

ENVIRONMENTAL

- Hatchery based operation
- Minimized pollution
- Sustainable feed formula & ingredients
- Bio-security protocols
- Good aquaculture practices

SOCIOECONOMIC & COMMUNITIES

- Employment opportunity for 50 people
- Sustained economic activity
- Scaling-up potential for additional communities
- Supply of fingerlings for community-based fish farming models

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Conclusions & Recommendations

Ocean Investments in SE Asia

FISHERIES

- Huge economic up-side potential
- Fisheries are complex to deal with from private sector capital perspective
- Investable models for fisheries transition should focus on fast reproducing, high value and locally constraint species

AQUACULTURE

- Proper spatial planning is essential for future growth of the sector
- Must include bio-security protocols for disease mitigation
- Sustainable feed ingredients are key
- Non feed-based systems and species have lowest impact

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