

TURKISH AQUACULTURE



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**2th Meeting of the COMCEC Agriculture Working Group, December 19th 2013,
ANKARA**

Fisheries and aquaculture potential

| Resources | Numbers | Area (ha) |
|----------------------|--------------|-------------------|
| Natural Lakes | 200 | 906.118 |
| Dam Lakes | 206 | 342.377 |
| Man-made Lakes | 952 | 27.032 |
| Seas (total surface) | 4 | 24.607.200 |
| TOTAL | 1.362 | 26.000.000 |

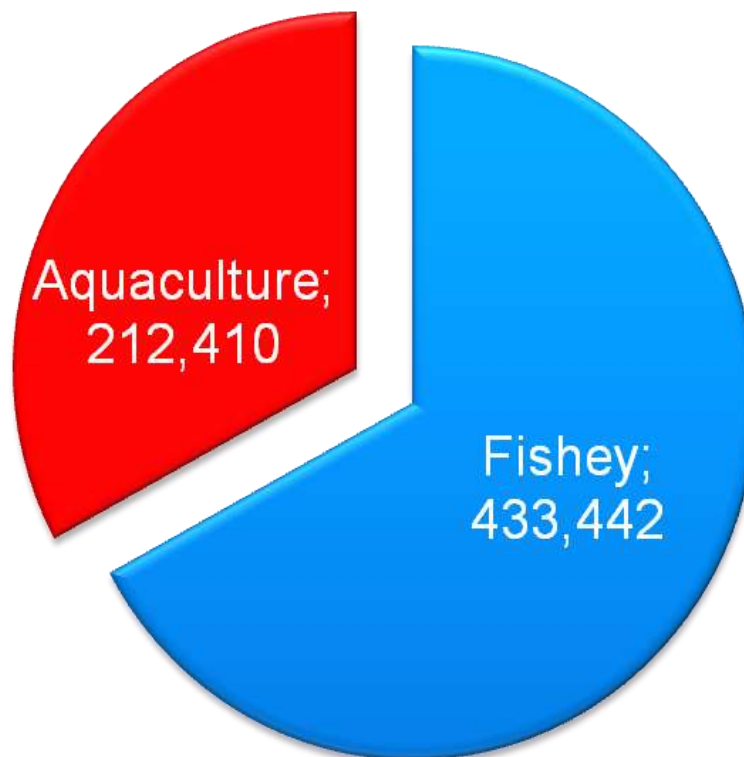


Additional, 33 rivers 177.000 km in length and coastal line 8.333 km
 Turkey has 2nd longest coast line in the Mediterranean

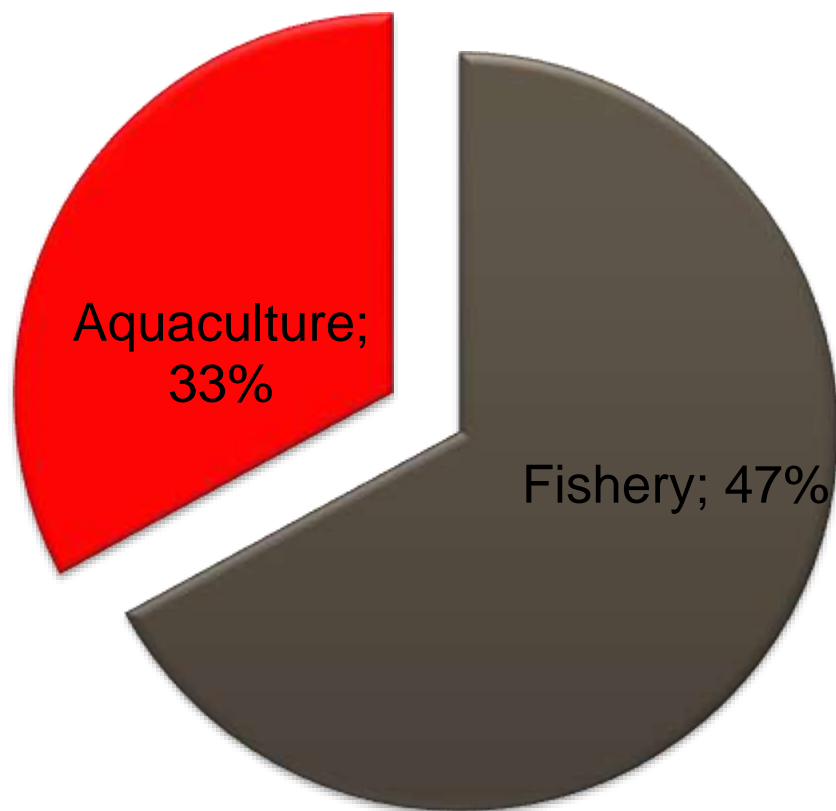


Fisheries production in 2012

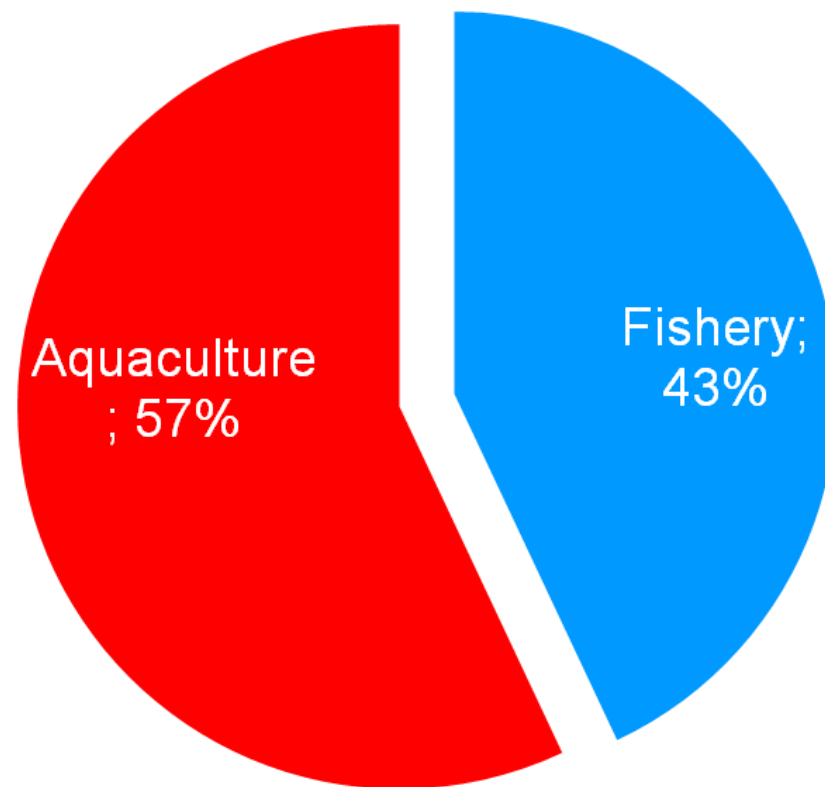
(644,852 tons)



Contribution of aquaculture in fisheries production in 2012



Volume



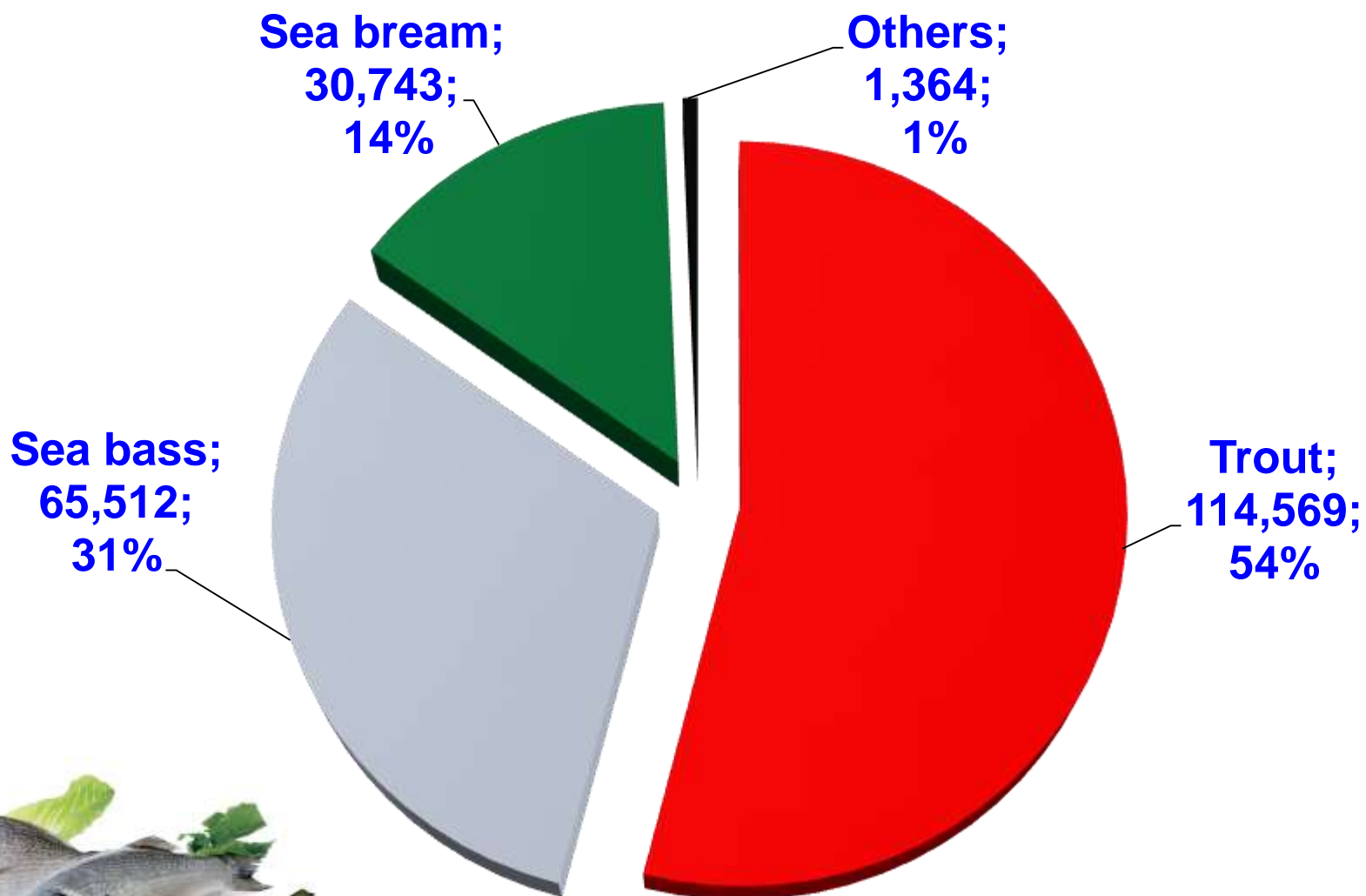
Value

Aquaculture production by sub-sectors in 2012

| | |
|---------------------------|---------------------|
| Inland Aquaculture | 111.557 tons |
| Trout | 111.335 |
| Carp | 222 |
| Marine Aquaculture | 100.857 tons |
| Trout | 3.234 |
| Sea bream | 30.743 |
| Sea bass | 65.512 |
| Other | 1.364 |
| TOTAL | 212.410 tons |



Aquaculture production by species in 2012

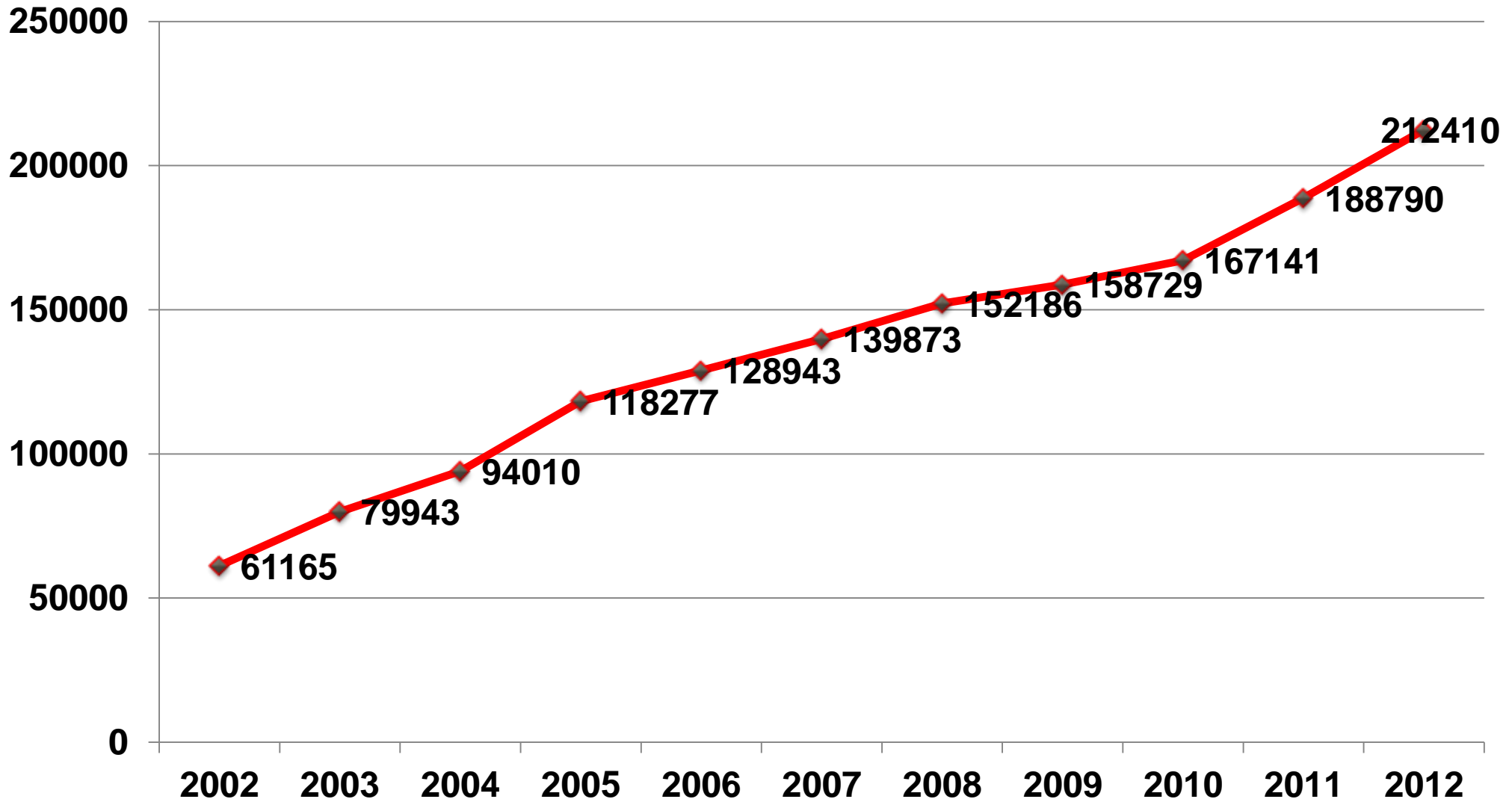


Fish farm numbers and capacities in 2012

| Farm type | Number | Capacity (tons/year) |
|-------------------|--------------|----------------------|
| Inland fish farms | 1.883 | 193.420 |
| Marine fish farms | 408 | 242,322 |
| TOTAL | 2.291 | 435,742 |



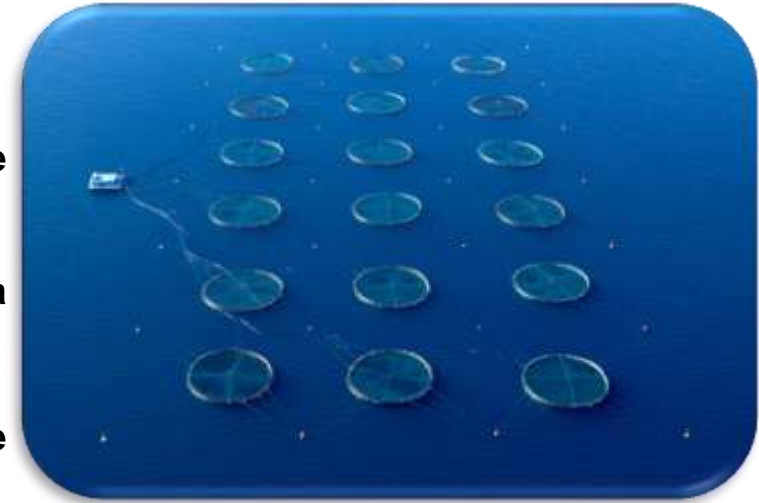
Aquaculture growth trend in the past decade



Success of Turkish aquaculture

Although it is very young, there have been showed very important improvements in aquaculture sector:

- ✓ In 2002-2012, the increase on aquaculture production, as a volume was 247%.
- ✓ Turkey now has a 25 % share of the European sea bream and sea bass market.
- ✓ Aquaculture was recorded fastest growing sector in Turkey in the past two years.
- ✓ Turkey is the 3rd fastest growing country in the World in the aquaculture.
- ✓ Turkey has occupied first place in trout and sea bass production among European countries.
- ✓ Approximately 25.000 people are employed in the sector.
- ✓ Latest developments in the aquaculture sector place Turkey in an important position both in the Mediterranean basin and among the European countries.





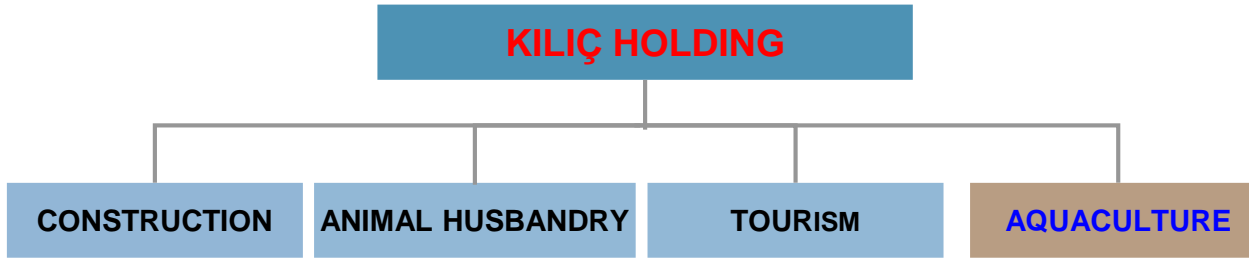
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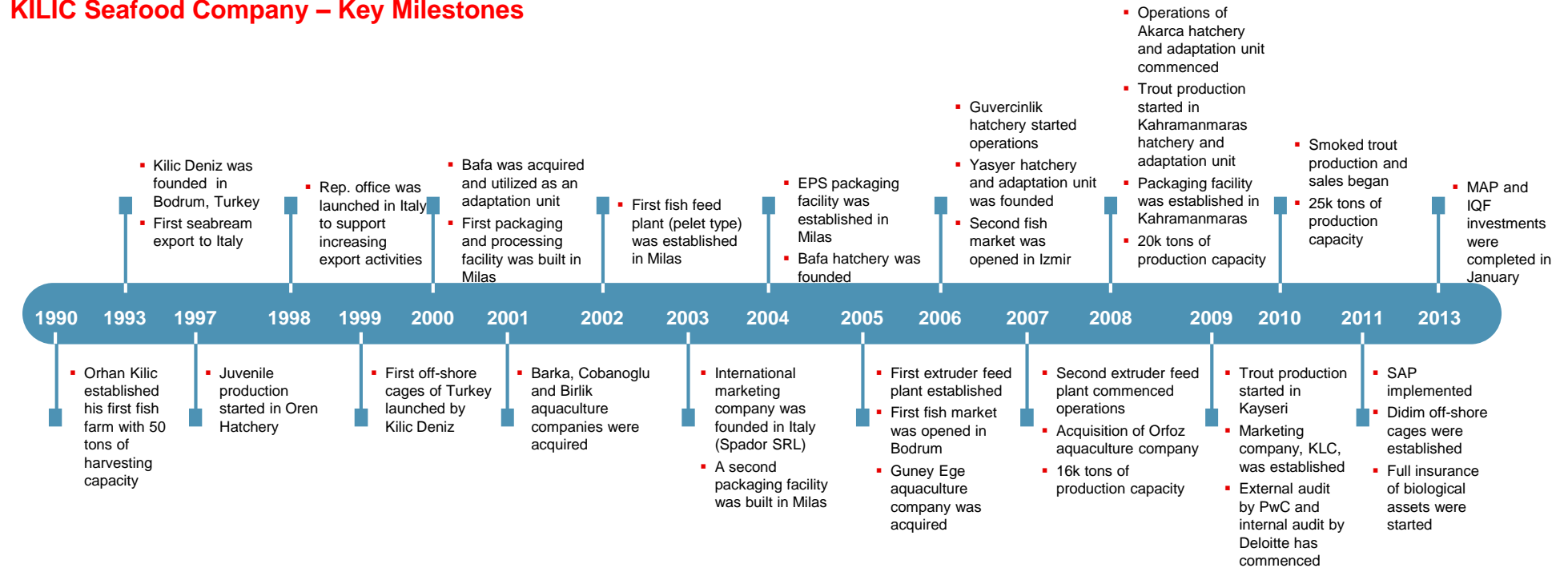


Kilic Deniz milestones and Kilic Group Structure

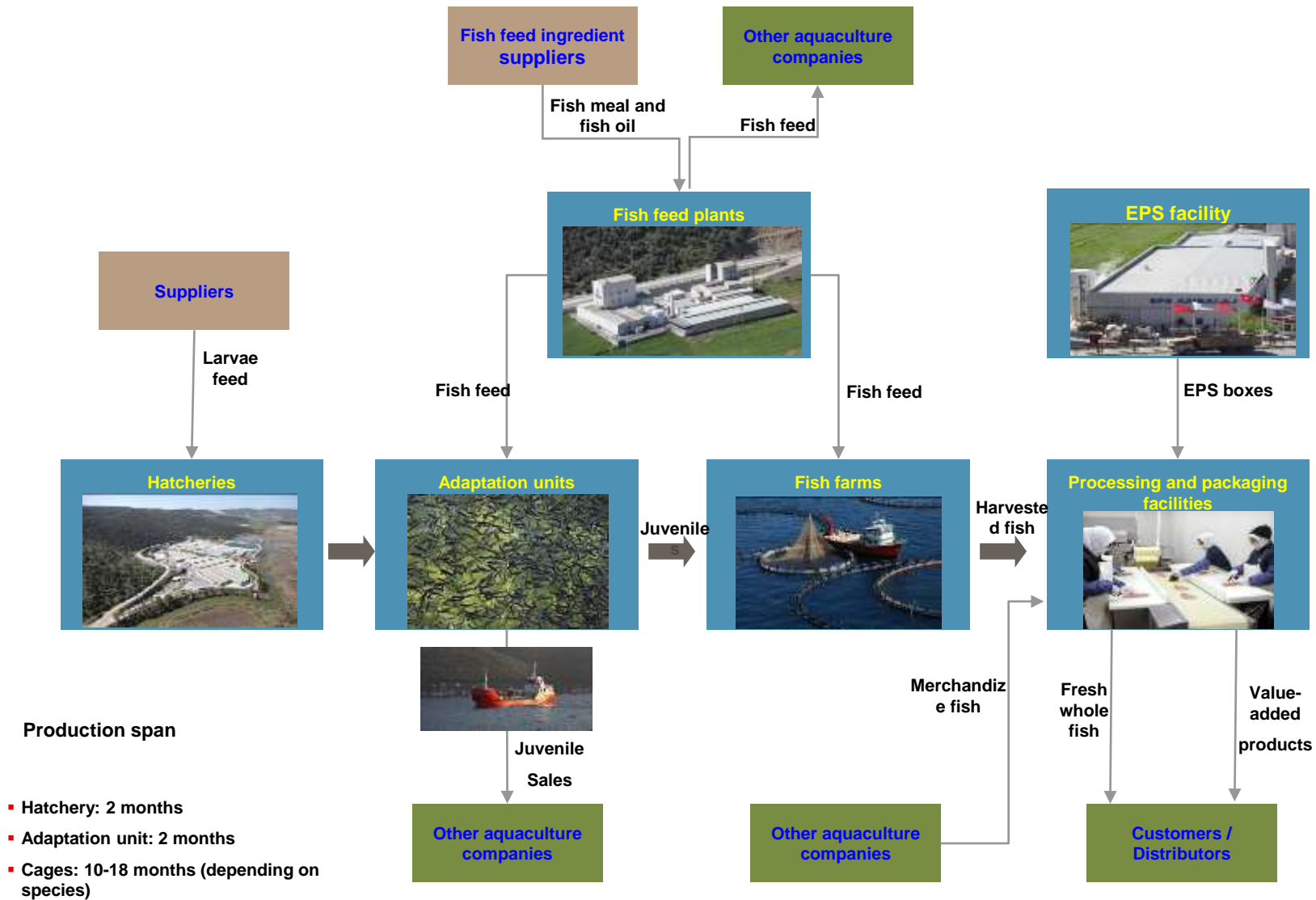
Kilic Deniz, founded in 1993 in Bodrum, Turkey, is the core business of Kilic Group



KILIC Seafood Company – Key Milestones



KILIC Seafood has a vertically integrated business model



Fish feed production giving control over quality

Feed production, mostly used for internal operations, ensures quality of feed, gives control and flexibility over managing costs

Two extruder type plants capable of providing all grades of fish feed

| Start of operations | Location | Capacity/year (tons) | Closed area (sqm) |
|---------------------|--------------|----------------------|-------------------|
| 2005 | Milas, Mugla | 40,000 | 5,000 |
| 2007 | Milas, Mugla | 40,000 | 5,000 |
| Total | | 80,000 | 10,000 |

- Extruder type feed plants, have a total capacity of 80k tons
- Feed plants are located in close proximity to the seabass and seabream facilities in Milas, Bodrum and Didim
- All grades of fish feed are produced by the feed plants for different sizes and needs of fish, except the larvae feed, which is imported



Hatcheries with high production capacity

Substantial juvenile production and sales to other aquaculture companies result in visibility on the market and accurate planning, control over production, quality control and higher profitability

Hatcheries in multiple locations minimize business disruption risk

| Start of operations | Location | Species | Capacity (mn units) | Other juvenile species production capability |
|---------------------|--------------------|-----------------------------|---------------------|--|
| 2008 | Akarca, Mugla | Seabass / Seabream / Meagre | 39.0 | Turbot |
| 2008 | Kahramanmaras | Trout | 50.0 | - |
| 2006 | Yasyer, Mugla | Seabass / Seabream / Meagre | 39.0 | - |
| 2006 | Guvercinlik, Mugla | Seabass / Seabream / Meagre | 39.5 | Dentex, sharpsnout seabream |
| 2004 | Bafa, Aydin | Seabass / Seabream / Meagre | 146.0 | Striped seabream, mullet, porgy, corb, grouper |
| 1997 | Oren, Mugla | Seabass / Seabream / Meagre | 80.0 | Porgy, corb, grouper |
| Total | 6 hatcheries | | 393.5 | |

Bafa hatchery and adaptation unit



K.maras hatchery and adaptation unit



Akarca hatchery and adaptation unit



Oren hatchery



Cages at multiple locations

The largest fish farm operator in Turkey and one of the largest in Europe with modern and efficient operations

Cages in diverse locations

| Location | Species | # of fish farming projects | # of cages | Capacity (tons) |
|---------------|-----------------------------|----------------------------|------------|-----------------|
| Didim, Aydin | Seabass / seabream / meagre | 2 | 12 | 4,000 |
| Milas, Mugla | Seabass / seabream / meagre | 11 | 237 | 9,880 |
| Bodrum, Mugla | Seabass / seabream / meagre | 7 | 202 | 13,710 |
| | Seabass / seabream / meagre | 20 | 451 | 27,590 |
| Kahramanmaras | Trout | 5 | 61 | 1,925 |
| Kayseri | Trout | 4 | 60 | 1,925 |
| Gaziantep | Trout | 2 | 76 | 1,350 |
| Sanliurfa | Trout | 1 | 24 | 300 |
| | Trout | 12 | 221 | 5,500 |
| | | 32 | 672 | 33,090 |



Processing and packaging facilities

The processing and packaging facilities were recently modernized and their capacity was expanded to support the strategy of further diversifying value-added products

State-of-the art processing and packaging facilities

| Start of operations | Fish type | Location | Processing capacity (tons/year) | MAP capacity (tons/year) | Frozen Capacity (tons/year) | Grading and EPS packaging capacity (tons/year) |
|---------------------|--------------------------------------|---------------|---------------------------------|--------------------------|-----------------------------|--|
| 2000 | Seabass, seabream, trout, and meagre | Milas, Mugla | 9,360 | 1,800 | 6,480 | 28,800 |
| 2008 | Trout | Kahramanmaras | 2,700 ⁽³⁾ | – | 1,800 | 7,200 |
| | | Total | 12,060 | 1,800 | 8,280 | 36,000 |



Product diversification with value-added products

Processing and packaging steps

Harvesting from cages and transfer to processing facility

1. Immediately following the harvest, the fish are put into thermally insulated tanks with ice for instant fatal shock and are transferred to the processing facility

Initial processing

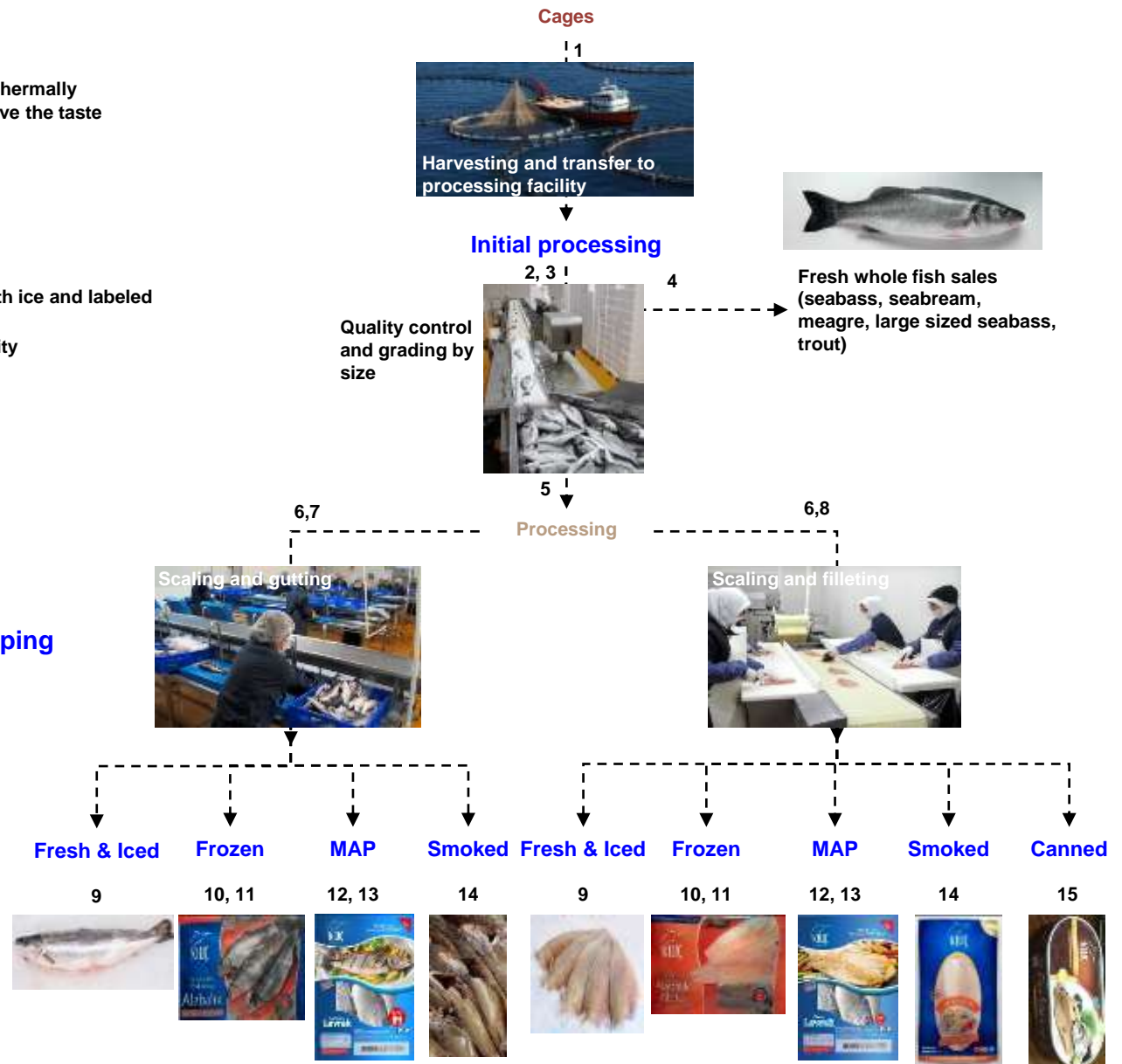
2. Quality control of harvested fish is conducted
3. Fish are graded by size through automated machines
4. Fresh whole fish sales are packaged in EPS boxes with ice and labeled according to EU standards
5. Remaining fish are transferred to the processing facility

Processing

6. Scaling of fish
7. Gutting
8. Filleting



















Advanced processing, packaging and shipping

9. Fresh value-added products are shipped in 3 kg, 6 kg or 10 kg EPS boxes with ice
10. Fish are frozen and glazed at different levels in the IQF unit or shock freezing room at -40°C
11. Frozen products are stored at -18°C until shipment in 5kg or 10kg boxes
12. Gutted fish and fillets are processed and packaged by MAP machines
13. MAP products are stored at 0 / 4°C until shipment
14. Trout is smoked and shipped
15. Canned products will initially be produced by a third party



Product portfolio of fresh and value-added products

Kilic Deniz has a broad portfolio of fresh and value-added products extending over 4 species

| Unprocessed products | | Value-added products | | | | |
|----------------------|--|--|---|--|--|--|
| Fresh whole fish | | Fresh fillet and gutted fish | Frozen products (whole, gutted and fillet) | MAP products (fillet and gutted) | Canned products | Smoked (Trout only) |
| Seabass |  |  |  |  |  | |
| Seabream |  |  |  |  | | |
| Meagre |  |  |  |  |  | |
| Trout |  |  |  | | |  |

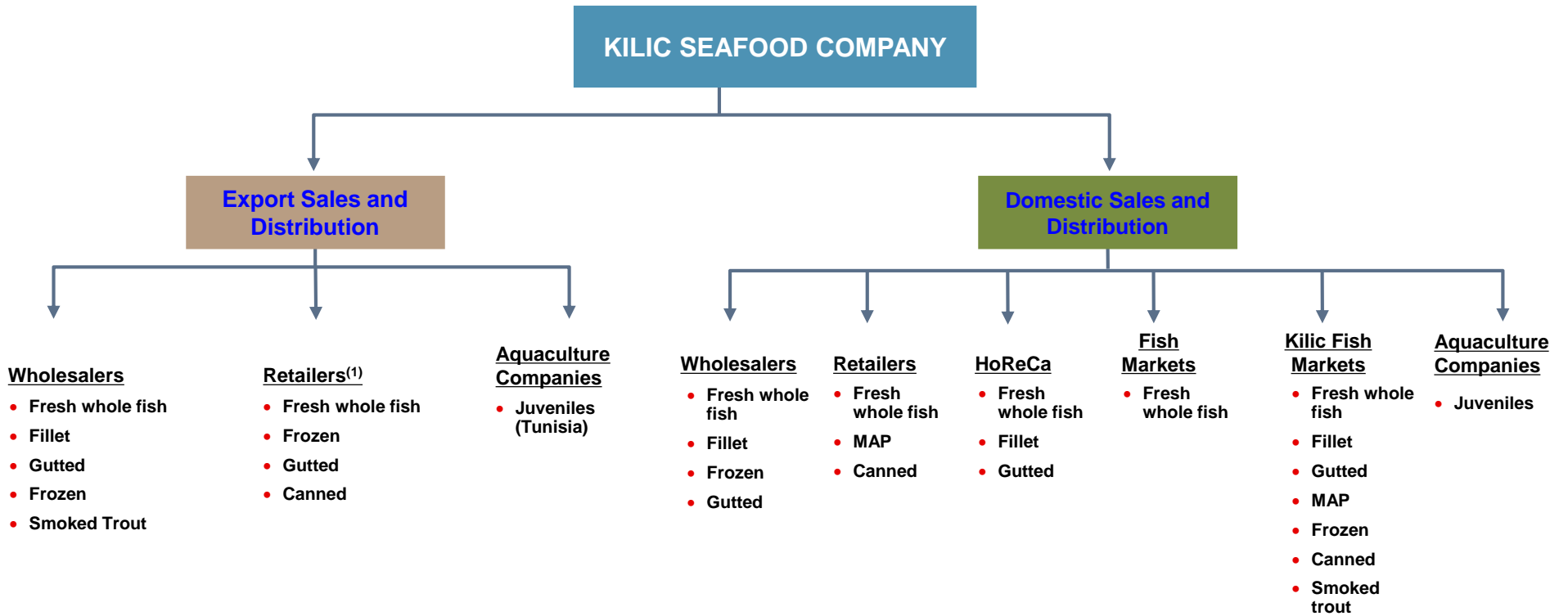


International quality certificates

| Facility | International quality certificates | Facility | International quality certificates |
|--|--|---|--|
| <p>Extruder fish feed plants</p>  |    | <p>Fish farms / cages</p>  |   |
| <p>Bafa hatchery and adaptation unit</p>  |   | <p>Bodrum processing and packaging facility</p>  |     |
| <p>Oren hatchery</p>  |   | <p>Kahramanmaras processing and packaging facility</p>  |     |
| Facilities | | | International quality certificates |
| <p>Kahramanmaras hatchery and adaptation unit</p>  | <p>Akarca hatchery and adaptation unit</p>  | <p>Guvercinlik hatchery</p>  |  |



Well-established sales and distribution network

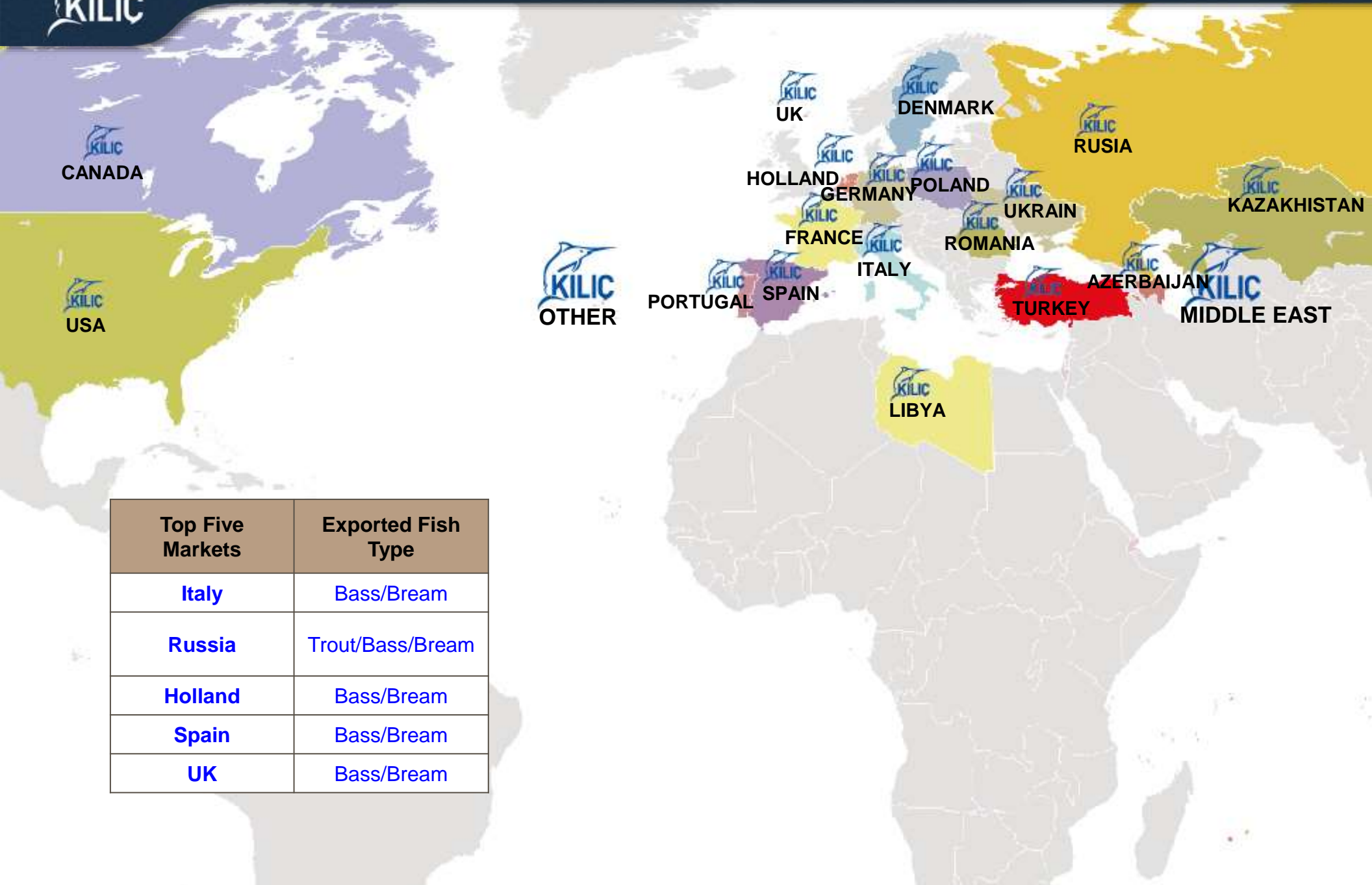


Note:

1 through wholesalers



Export Sales



| Top Five Markets | Exported Fish Type |
|------------------|--------------------|
| Italy | Bass/Bream |
| Russia | Trout/Bass/Bream |
| Holland | Bass/Bream |
| Spain | Bass/Bream |
| UK | Bass/Bream |

INVESTING IN FOREIGN COUNTRY

Main criteria for investing in overseas countries

Political stability for secure investment

Suitable business climate for foreign investment

Appropriate legal framework and legislation

Long term and applicable sectorial strategic plans

Acceptability and applicability of international trade rules

Unique responsible authority and simple procedures to get licensing

Main difficulties to invest in foreign countries

Unstable political situation

Lack of strategic plan

Unclear climate for investment

Powerless structure of institutions

Difficulties and having long times getting license.

Lack of governmental support

Insufficient trade regime

Insufficient working condition and social life

Key reasons to invest in Morocco

Stable macroeconomic drives

Access to a market of ever billion customers

World-class Infrastructures

Qualified labour force

Attractive business climate

Competitive coasts

Ambitious sectorial strategies – Helieutis Plan for aquaculture (To make aquaculture a powerful driver of economic growth)

Integrated Industrial parks or areas

TAX Aspects:

- ✓ Overview of country tax regime
- ✓ Corporate Income Tax
- ✓ Value Added Tax
- ✓ Individual income Tax and Social Security contributions
- ✓ Other taxes
- ✓ Specific tax issues
- ✓ Establishment of new company
- ✓ Tax incentives for export activities

Key objectives for investment

TAX Aspects:

- ✓ Tax deductibility rules
- ✓ Withholding tax on payment to non-resident entities
- ✓ Key tax implementations of the divestment

Legal Aspects:

- ✓ Moroccan corporate rules
- ✓ Provision governing fish farming sector



KILIÇ MOROCCAN SEAFOOD COMPANY



Overview of KILIC Morocco Seafood Project

Production place: **Kaa Srass, Chefchaouen, MOROCCO**

Species: **Sea bass, sea bream and meagre**

Production capacity: **15,000 tons/year**

Project amount: **80,314,214.43 €**

Number of worker: **275**

Investment Duration: **five years (2014 -2018)**

Presentation of the Integrated Aquaculture Project

The project to be realized in Morocco is compound of :

- ✓ Sea farms in Kaâ Sarrass offshore area in Chefchaouen
- ✓ Hatchery in land in Targha city
- ✓ Feed factory in industrial zone in Wilaya of Tetouan Tangier
- ✓ Seafood packaging and EPS factory in TFZ

Investment program

| | 2013 | | | | | | 2014 | | | | | | 2015 | | | | | | | | | | | | | | | |
|----------------------------------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|------|---------|-------|------|-------|--------|------|-------|------|-------|-------|---------|--------|---------|-------|--|
| | July | August | September | October | November | December | January | February | March | April | May | June | July | Ağustos | Eylül | Ekim | Kasım | Aralık | Ocak | Şubat | Mart | Nisan | Mayıs | Haziran | Temmuz | Ağustos | Eylül | |
| Project Preparation and Approval | | | X | | | | | | | | | | | | | | | | | | | | | | | | | |
| Renting | | | | X | | | | | | | | | | | | | | | | | | | | | | | | |
| Cage installation | | | | | | | | | | X | | | | | | | | | | | | | | | | | | |
| Feed and material store | | | | | | | | | | | X | | | | | | | | | | | | | | | | | |
| Fingerling supply | | | | | | | | | | | X | | | | | | | | | | | | | | | | | |
| First harvesting and marketing | 2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reach full capacity | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1. Sea farms:

1. Official permission has already obtained. Sea farms are will rent in December 2013. Cages will construct and install in see area on January – February 2014. Fingerlings will import and transfer to Morocco and put in offshore cages in March 2014.
- ✓ Total capacity **15,000 tons**. We will start with 5,000 tons and we will reach 15.000 tons in 5 years.
- ✓ Species are sea bass, sea bream and meagre
- ✓ We will use 90,000 m² sea areas for offshore sea farming

2. Hatchery:

- ✓ Total capacity of hatchery is 50,000,000 fingerling/year
- ✓ We will transfer fingerling from Turkey first year.
- ✓ We will use 20,000 m² areas for hatchery
- ✓ Hatchery and adaptation area has already identified. EIA process is continuing. We will rent in beginning of 2014 and establish hatchery and adaptation facilities in 2014.

3. Fish Feed Factory:

Capacity: 40,000 tons/year

Total area: 10.000 m²

Fish feed factory will be set up in 2015.

First two year, we will transfer fish feeds from Turkey

4. Processing-Packaging Facility:

Capacity: Total is **15,000 tons** per year. We will start with 5,000 tons in 2015 and we will reach full capacity in 2017.

- ✓ Processing-packaging facilities will establish in TFZ or other suitable area according to final negotiations.
- ✓ We will export our products to EU, US and other countries.

THANKS FOR YOUR ATTENTIONS



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Please visit

<http://www.kilicdeniz.com.tr/>

for more information