



Heartland Catfish Company Q4 Report, December 2021

Q4 2021:
Market Check-In



JONATHAN MILLS,
VP OF SALES AND MARKETING

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Q4 2021: MARKET CHECK-IN

As the end of 2021 draws near, Heartland Catfish Company is looking at current numbers and supply and demand throughout the industry. Some impacts of COVID-19 continue to decrease, but ongoing labor shortages and slower production cycles created a high-demand, low-supply environment that will likely continue in the U.S. farm-raised catfish industry as we enter the new year.



2021 BY THE NUMBERS

Feed: Up 3% from 2020

This number indicates there is slightly more fish available to kill this year compared to last year. However, feed is down almost 4% from 2019 and 2018.

Processing: Down 4.75% from 2020

Processing is down slightly year over year, but is down 12% compared to 2019 and 2018. Labor continues to hinder opportunities to increase processing capacity, although there are more fish available to kill.

Sales: Down 8.5% from 2020

Sales are down year over year and are also down 14.5% from 2019 and down 10% from 2018. A tight fish supply leads to fewer opportunities for processors to acquire new customers. Though frozen sales were up in 2020, frozen pounds sold have dropped significantly this year. Fresh sales were up over 2018 numbers and down slightly from 2019 and 2020.

Inventory: Frozen inventory is down

Higher demand and lower supply of fish means there is less “surplus” product to stock freezers with extra inventory.



SUPPLY AND DEMAND CHALLENGES

Though the situation is improving, the industry continues to see a shortage of catfish. Additionally, the labor shortage persists, so processors continue to work with more standard cuts and relevant substitutions for customers.

Frozen inventory is down to 2,475,000 lbs. which includes frozen nuggets, whole fish and all sizes of fillets. At the end of October, processors were selling more prime frozen fillets each week than they were freezing, meaning the frozen inventory industry-wide doesn't cover a full week of customer demand.

Heartland continues to work through the challenges of both meeting constant customer demand and filling in short orders from across the industry. The team is committed to working closely with each customer to meet their needs.



LOOKING AHEAD

There is some uncertainty in the industry regarding supply and demand, especially as it relates to long term order fill rates. Heartland does expect more fish to be killed over the next few months, which should help build inventory. However, this may or may not be enough to provide specific products for some customers.

Additionally, the ongoing labor shortage and increased costs of standard production and processing supplies indicates continued higher prices for U.S. farm-raised catfish into 2022.

Transparency and communication with our customers are always priority, especially when inventory is tight, and the market continues to shift. We look forward to supporting our customers through whatever is to come as 2022 arrives and will navigate industry changes alongside them.

