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John Sommerville
Chairman
New Zealand Deer Farmers Association

13 August 2021

Dear John

This letter is in response to the concerns you raised around the market conditions for New Zealand Venison.

Your letter correctly states the current challenges for Venison are the result of the reliance on a narrow set of food service channels, which expose the category to a high-level of risk when those channels are negatively impacted as they have been by Covid.

Within this context, Silver Fern Farms has been working hard on new market and channel diversification options. This work was underway prior to Covid hitting markets and has increased in pace due to the impact of Covid.

We recognise as New Zealand's largest venison exporter Silver Fern Farms needs to reduce its reliance upon the European Food Service sector to create some optionality for the recovery of venison pricing and provide some resilience into the future.

The arrival of Covid certainly halted this progress and we found ourselves more focussed on being able to service our farmer clients' needs to process stock, despite sales demand becoming non-existent.

While we are having some success in diversifying our markets, this strategy is a long-term investment that will take time to deliver positive results. Venison is not a well-recognised product in retail and in the Covid environment retailers have looked to narrow their product base, rather than launch new ones.

Despite this, we have managed to launch our Silver Fern Farms branded Venison brick which is now the number 1 selling Venison grocery item in the USA. In recent weeks we have expanded into another 240 stores nationwide and launched a new medallion product.

These successes have been reflected in recent increases in the Venison schedule.

If we are to break our traditional reliance on EU and US food service new markets and channels will be the key. We have been working hard in China to resurrect the interest that we were starting to create prior to Covid and believe we are seeing evidence of progress as we seek to educate chefs and consumers through workshops, demonstrations, food shows and on-the-ground research.

As we progress these two key markets, we also see options for our Venison products in retailer, E-Commerce, high-end petfood, as well as a restaurant presence, which we believe we can grow towards a more robust and profitable future, but it will take time and effort.

The initiatives we are working on gives us some optimism we can create new markets and channels to create value long-term.

As an industry, the challenge for us is acknowledging we need to move the dial, create a different future for Venison and not get complacent when the EU and US food service channels return, as we need that optionality and competitive tension to create longer term resilience.

Any new customers and new channels we develop to spread our market footprint will be unforgiving if we drop them overnight to return traditional channels.

Long-term sustainable returns for Venison farmers means Silver Fern Farms and its suppliers need to get the balance right between taking the best price today and investing in new relationships and channels to build resilience into Venison demand so it can remain solid across the inevitable cycles of the market.

Yours sincerely

Simon Limmer
Chief Executive

Dave Courtney
Chief Customer Officer

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