



Diversification seeing Icicle through downturn

By Ben DiPietro

5 November 2009

Icicle Seafoods, Inc. is one of the largest diversified seafood companies in Alaska, and its new CEO says diversification is paying off in the present uncertain economic climate.

The core business of Seattle based Icicle, formerly employee-owned then sold two years ago to private equity firm Paine and Partners, is the primary processing of seafood, including salmon, pollock, crab, halibut, cod, sablefish, and herring.

It catches fish in most major fisheries throughout Alaska with both onshore and floating processing facilities. It owns Smoki Foods; the largest United States-owned and operated salmon farming company, which produces salmon fillets and value added salmon products in the Pacific Northwest.

Icicle is part of a joint venture in Chile producing farm raised coho and trout with Salmenes Aysen.

“Traditionally, diversification has always been one of the key concepts around here,” CEO Dennis Guhlke told IntraFish.

“Frankly, a lot of that goes back to our days of being an employee owned company. When you have a wide employee base that are invested in the business, and have seen some of the ups and downs in various species over the years, we were all very big believers in diversification and still are.”

While Icicle- which posted 2008 sales of \$400 million; \$100 million more than 2007 – has been hurt by the softness in some of the whitefish markets this year, the company is enjoying better markets in some of its other species.

“The salmon market has been strong; the domestic market for salmon has been very good over the last couple of years,” said Guhlke. “With our bigger entry into farmed salmon locally with the acquisition of American Gold, that’s been a good fit, too.”

“I think for us, diversification going forward is always going to be a key part of our diversification strategy and in times like now it’s served us well.”

Looking to 2010, Gohlke, who took over as CEO in June replaces Don Giles, who left Icycle after 26 years, says the market environment will continue to be challenging.

“I believe being a diversified company helps us work through that,” he said. “We’ll see here over the next month or so. It sounds like pollock quotas might not rebound as much as the industry thought a few months back. The worldwide economy, it’s still tough out there, with liquidity issues, credit availability, some of those factors. I believe 2010 will continue to be a challenging market for us.”

Difficulty obtaining financing is forcing some customers to cut back on purchases, and this will likely continue into next year, he said.

“We see that with some customers that just don’t have the available they had before. More customers are wanting to buy smaller amounts and stagger shipments, as opposed to what we saw a few years back,” said Gohlke.

“A lot of that is just opposition to taking any type of market risk, and part of it just ties into credit availability.”