

Seafood Investment Forum in London

Healthy salmon cycle ahead of us?

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ARCTIC SECURITIES

Arctic has extensive seafood equity research coverage

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Experience:

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2007 - 2008: Analyst, SEB Enskilda

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2009 - : Analyst Arctic Securities

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Analyst

Education:

MSc, Norwegian School of Economics (NHH)

Experience:

2008 - 2009: Internship, SEB Merchant Banking

2010 - : Analyst Arctic Securities

Equity research coverage

We cover:

- Marine Harvest (MHG) - Arctic Buy, target NOK 5.5
- Cermaq (CEQ) - Arctic Buy, target NOK 85
- Lerøy Seafood Group (LSG) - Arctic Buy, target NOK150
- SalMar (SALM) - Arctic Buy, target NOK 45
- Austevoll (AUSS) - Arctic Buy, target NOK 34
- Copeinca (COP) - Arctic Buy, target NOK 50
- Aker Seafoods (AKS) - Arctic Buy, target NOK9
- Arctic's salmon weekly

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Arctic Securities

Fisheries
 Result analysis
 12 May 2010

Lerøy Seafood Group ASA

Strong cash flow prospects and favourable valuation

• Q1 result: Lerøy Seafood Group reported an EBIT before fair value adjustment of 3.0 million NOK, compared to our estimate of 2.0 million NOK. Q1 OR Adj. EPS is 0.15 NOK.

• We have raised our sales and assumption to 14 (20), HOK12/13 unchanged.

• and we have a new price assumption of 140, our EPS unchanged at 11 (10) and our target unchanged.

• We stick to Arctic Seafood Group multiples, then yields. We then rating.

Key Figures

NOK1m
Sales
EBIT adj
EBIT adj margin (%)
EPS adj (d) (NOK)
EPS adj growth (%)
EV/Sales (x)
EV/EBIT adj (x)
P/E adj (x)
P/E adj (x)
FCF yield (%)
ROE (%)
Div yield (%)

Forecast changes

Adj.	Old	New
NOK1m 2010	200	200
NOK1m 2011	200	200
NOK1m 2012	200	200
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0

Arctic Buy
 High Risk
 Price HOK 144.00
 Target HOK 180.00

Arctic Securities

Fisheries
 Result analysis
 05 May 2010

Marine Harvest ASA

Strong cash flow and healthy outlook

• Q1 cash flow better than expected. Marine Harvest reported an EBIT before fair value adjustment of 1.0 million NOK, compared to our estimate of 0.5 million NOK. Q1 OR Adj. EPS is 0.15 NOK.

• We have raised our sales and assumption to 14 (20), HOK12/13 unchanged.

• and we have a new price assumption of 140, our EPS unchanged at 11 (10) and our target unchanged.

• We stick to Arctic Seafood Group multiples, then yields. We then rating.

Key Figures

NOK1m
Sales
EBIT adj
EBIT adj margin (%)
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EPS adj growth (%)
EV/Sales (x)
EV/EBIT adj (x)
P/E adj (x)
P/E adj (x)
FCF yield (%)
ROE (%)
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Forecast changes

Adj.	Old	New
NOK1m 2010	200	200
NOK1m 2011	200	200
NOK1m 2012	200	200
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0

Arctic Buy
 High Risk
 Price HOK 5.58
 Target HOK 6.50

Arctic Securities

Fisheries
 Result analysis
 05 May 2010

SalMar ASA

Another strong revenue

• Impressive margins, margins of HOK12/13 similar continued to HOK13.1. No stock issue.

• Positive market sentiment, they expect a global price in Q2/13.

• We have raised our price to 110 (100) and our target to 110 (100). We have raised our HOK12/13 to HOK13.1. We have raised our HOK13.1 to HOK13.1.

• We stick to Arctic Seafood Group multiples, then yields. We then rating.

Key Figures

NOK1m
Sales
EBIT adj
EBIT adj margin (%)
EPS adj (d) (NOK)
EPS adj growth (%)
EV/Sales (x)
EV/EBIT adj (x)
P/E adj (x)
P/E adj (x)
FCF yield (%)
ROE (%)
Div yield (%)

Forecast changes

Adj.	Old	New
NOK1m 2010	200	200
NOK1m 2011	200	200
NOK1m 2012	200	200
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0

Arctic Buy
 High Risk
 Price HOK 85.25
 Target HOK 65.00

Arctic Securities

Fisheries
 Result analysis
 07 May 2010

Cermaq ASA

Supportive comments on pace of Chilean recovery

• Results more or less in line with expectations. Cermaq reported an EBIT before fair value adj. of 1.0 million NOK, slightly below our HOK13m forecast, but in line with consensus. Cermaq still expects the Chilean smelt transfers to be in the 40-60m range, but that the outcome appears to be in the higher end of this range. We regard this as supportive for our sector view.

• We have implemented our new sales price assumptions. We have raised our sales price assumption to HOK12/13 to HOK13.1, while we expect HOK13/14 to HOK13.1. We have raised our P/E (1) price assumption to HOK13/14 (10), while we have kept our HOK12/13 assumption unchanged for P/E (2).

• We have raised our estimates. Following our new price assumptions, we have raised our adj. EPS10e to HOK7.8 (6.6), our adj. EPS11e to HOK8.2 (7.3) and our adj. EPS12e to HOK7.8 (7.1).

• We stick to Arctic Buy and raise our target to HOK78. Following our estimate upgrade we raise our target to HOK78, implying a P/E (1) of 10x and an EV/EBIT of HOK67. We stick to our Arctic Buy rating.

Key Figures

	2009	2010e	2011e	2012e	NOK
Sales	9,576	9,148	9,514	10,297	75
EBIT adj	874	1,362	1,486	1,346	70
EBIT adj margin (%)	9.1	14.9	15.6	13.1	70
EPS adj (d) (NOK)	0.15	0.15	0.15	0.15	65
EPS adj growth (%)	0.0	0.0	0.0	0.0	65
EV/Sales (x)	0.7	0.8	0.7	0.6	65
EV/EBIT adj (x)	6.0	5.3	4.9	4.9	65
P/E adj (x)	15.1	7.1	6.5	6.6	65
P/E adj (x)	20.4	7.9	7.5	8.0	65
FCF yield (%)	1.2	1.1	1.0	1.0	65
ROE (%)	16.0	8.0	16.6	7.4	65
ROE (%)	6.2	15.4	13.4	11.7	65
EPS (NOK)	1.5	2.5	2.5	2.5	65
Div yield (%)	2.7	4.0	4.0	4.0	65

Forecast changes

Adj.	Old	New
NOK1m 2010	200	200
NOK1m 2011	200	200
NOK1m 2012	200	200
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0
EPS adj (d) (NOK)	0.15	0.15
EPS adj growth (%)	0.0	0.0

Arctic Buy
 High Risk
 Price HOK 61.75
 Target HOK 78.00

Share price

— CERQ OI / CERQ HO
 — CERQ (NOK100)

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