



marineharvest

# Intrafish Seafood Investment Forum

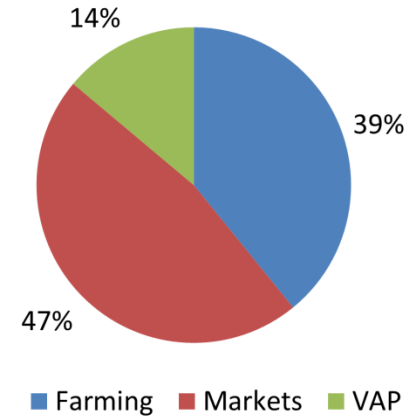
London 6 December 2012

Henrik Heiberg - Finance Director

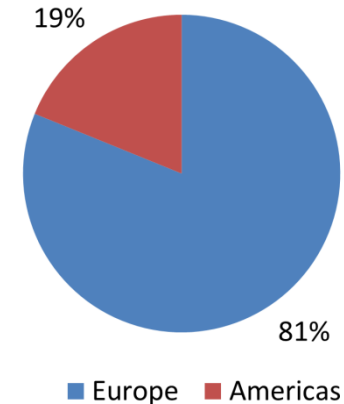
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- Dominant global leader in Farmed Atlantic Salmon
  - Norway
  - Scotland
  - Canada
  - Chile
  - Ireland
  - Faroe Island
  
- Sales representation in in 21 countries
  
- Extensive value added processing activities
  - Europe (MH VAP)
  - Americas
  - Japan
  
- Turnover NOK 16bn
- Salmon volume 350 thousand tonnes (HOG)
- 6,200 employees

## YTD 2012 Sales breakdown





















## 2013E Harvest volumes



- Low prices in the quarter
  - Further spot price reductions in the Americas - stable in Europe
  - Limited benefits from sales contracts compared to previous quarters
  
- Operational EBIT NOK 73m
  - Good cost performance in Norway
  - Biological issue increased costs in Scotland
  - Losses in Chile and Canada
  - Break even in VAP Europe
  
- Continued strong cash flow due to measures taken
  - NIBD NOK 5.0bn
  
- Major green-field investments in Feed and VAP

# Global supply development

Suppliers	Estimated volumes		Compared to Q3 2011		12 months comparison	
	Q3 2012	Q3 2011	Volume	%	Volume	%
Norway	265,500	228,500	37,000 	16.2%	175,000 	20.1%
Chile	89,000	61,100	27,900 	45.7%	131,300 	79.1%
Scotland	37,600	35,500	2,100 	5.9%	10,300 	7.6%
North America	31,600	30,700	900 	2.9%	14,900 	13.1%
Faroe Islands	14,500	12,800	1,700 	13.3%	13,400 	28.2%
Australia	7,400	7,000	400 	5.7%	-400 	-1.2%
Ireland	3,400	3,600	-200 	-5.6%	100 	0.7%
Other	800	500	300 	60.0%	800 	44.4%
<b>Sum</b>	<b>449,800</b>	<b>379,700</b>	<b>70,100 </b>	<b>18.5%</b>	<b>345,400 </b>	<b>25.0%</b>

Note: Atlantic Salmon (HOG tonnes)

Source: Kontali

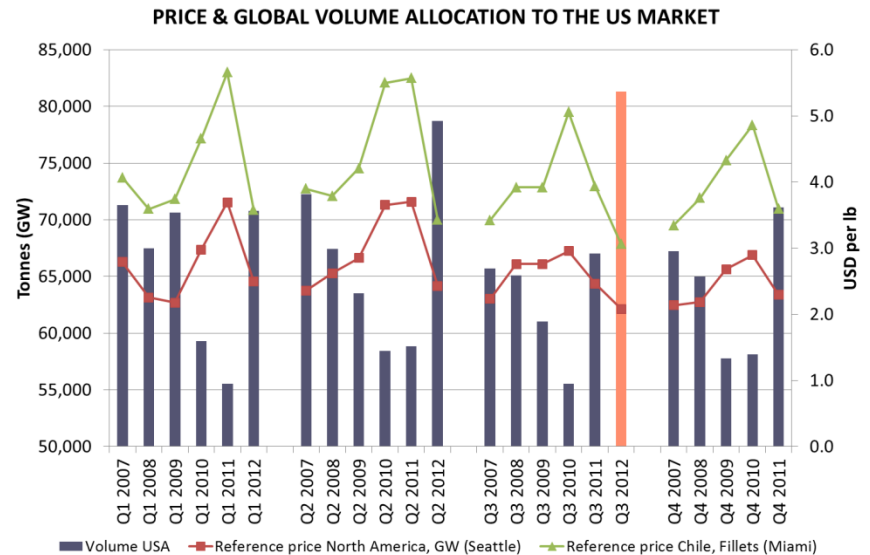
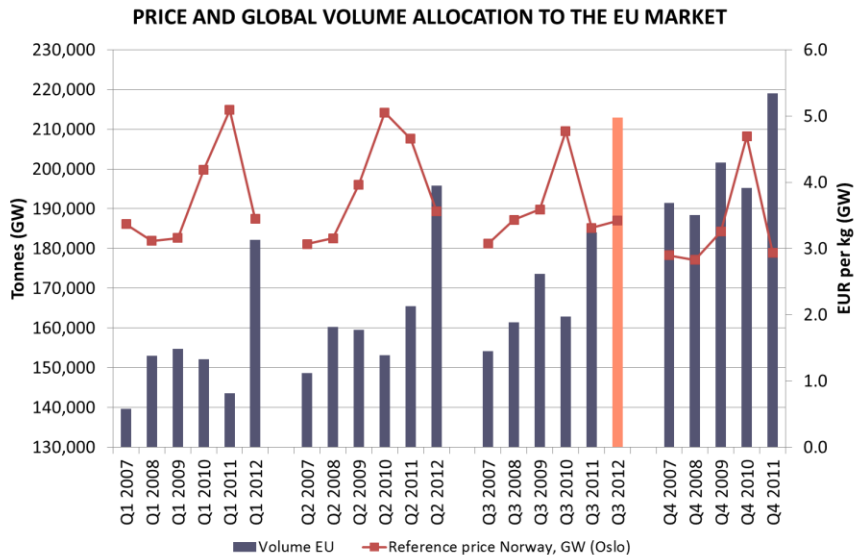
- Another quarter of exceptional growth in global supply
  - Growth on top of strong growth during Q3 2011
- Continued strong volume increase from Norway
  - Combination of exceptional growth conditions and underlying organic growth
- Large step up in Chile resulting from on-going rebuilding of the industry
- Limited movements in absolute volumes in other regions

# Development in reference prices

Reference prices	Q3 2012 NOK	Change vs Q3 2011	Q3 2012 Market (4)	Change vs Q3 2011
Norway (1)	NOK 25.28	-1.6%	EUR 3.42	3.4%
Chile (2)	NOK 18.11	-16.3%	USD 3.06	-22.2%
North America (3)	NOK 12.31	-9.2%	USD 2.08	-15.6%

## Notes:

- (1) Average superior HOG price per kg (NOS/FHL FCA Oslo)
- (2) Average C trim price per lb (Urner Barry Miami 2-3 lb)
- (3) Average superior HOG price per lb (Urner Barry Seattle 10-12 lb)
- (4) Market price in local currency



# Global volumes by market

Markets	Estimated volumes		Compared to Q3 2011			12 months comparison		
	Q3 2012	Q3 2011	Volume		%	Volume		%
EU	212,800	180,700	32,100	↑	17.8%	123,600	↑	18.1%
USA	81,300	70,700	10,600	↑	15.0%	57,300	↑	23.3%
Russia	34,000	28,500	5,500	↑	19.3%	45,600	↑	46.2%
Japan	15,800	9,600	6,200	↑	64.6%	23,900	↑	67.5%
Brasil	14,900	11,100	3,800	↑	34.2%	22,500	↑	67.2%
China / Hong Kong	14,300	11,800	2,500	↑	21.2%	10,500	↑	25.7%
South Korea/Taiwan	9,400	7,000	2,400	↑	34.3%	7,400	↑	29.5%
Ukraina	6,200	4,600	1,600	↑	34.8%	8,300	↑	52.9%
<b>Sum main markets</b>	<b>388,700</b>	<b>324,000</b>	<b>64,700</b>	↑	<b>20.0%</b>	<b>299,100</b>	↑	<b>25.4%</b>
Other markets	61,700	54,700	7,000	↑	12.8%	40,700	↑	20.1%
<b>Total all markets</b>	<b>450,400</b>	<b>378,700</b>	<b>71,700</b>	↑	<b>18.9%</b>	<b>339,800</b>	↑	<b>24.6%</b>
Inflow to US from Europe	17,400	20,200	-2,800	↓	-13.9%	-16,100	↓	-18.1%
Inflow to EU from Chile	7,500	6,000	1,500	↑	25.0%	6,000	↑	41.4%

Source: Kontali

- More even distribution of incremental volumes across markets than in previous quarters
- Strong performance in the EU and Russia
- Overload into Chile's traditional markets – very low prices and accumulation of frozen inventory
- Asia continuing to grow at high rates
- Still limited movement in trans Atlantic flow

# Industry supply outlook Q4 and 2013

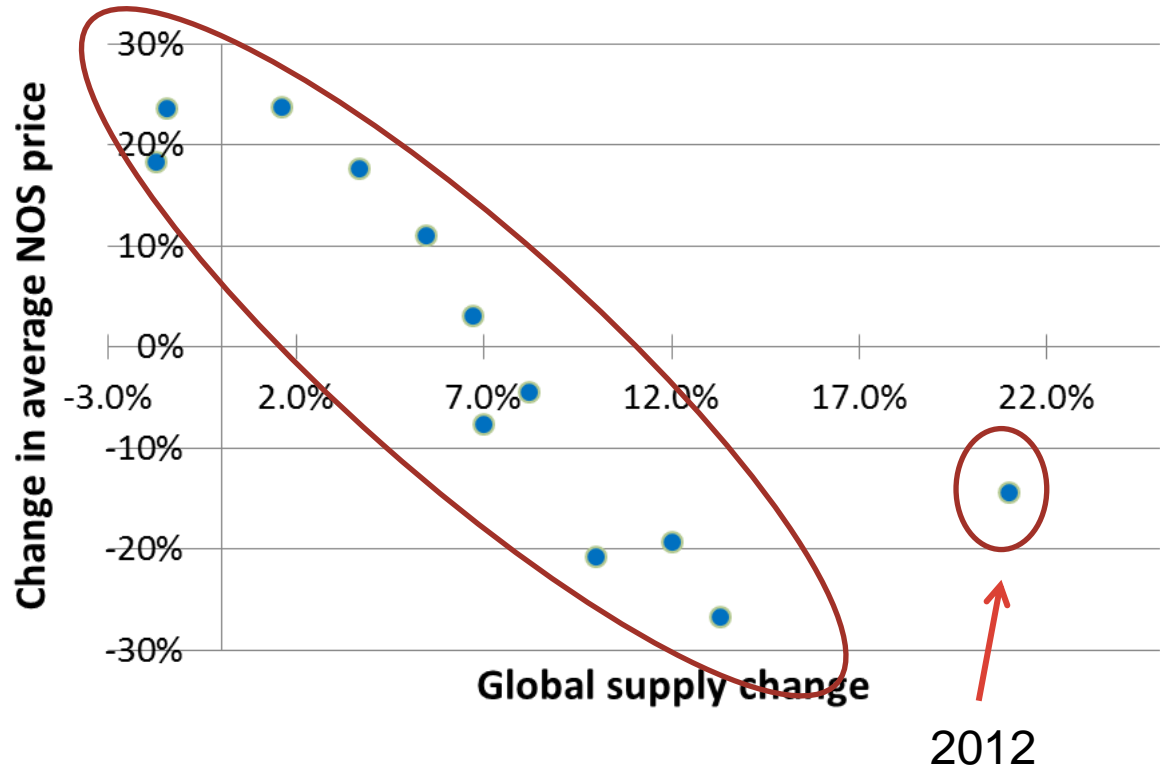
HOG tonnes (thousands)	Q4 2008	Q4 2009	Q4 2010	Q4 2011	ESTIMATES Q4 2012			
					Low	Q/Q growth	High	Q/Q growth
Norway	196	239	251	285	284	0%	294	3%
Chile	106	37	31	64	106	65%	112	74%
North America	30	29	32	34	31	-8%	34	1%
UK	35	40	36	40	32	-20%	35	-13%
Other	21	26	28	29	24	-18%	26	-12%
<b>Total</b>	<b>388</b>	<b>371</b>	<b>379</b>	<b>453</b>	<b>477</b>	<b>5%</b>	<b>501</b>	<b>11%</b>

HOG tonnes (thousands)	2008	2009	2010	2011	Estimates 2012				Estimates 2013			
					Low	Y/Y growth	High	Y/Y growth	Low	Y/Y growth	High	Y/Y growth
Norway	667	770	850	905	1,045	15%	1,055	17%	998	-4%	1029	-2%
Chile	363	215	117	199	339	71%	345	74%	390	15%	415	12%
North America	122	119	122	116	126	9%	129	12%	113	-11%	118	-10%
UK	123	130	128	139	137	-2%	140	1%	126	-8%	132	-7%
Other	69	86	85	99	104	6%	106	8%	108	3%	112	5%
<b>Total</b>	<b>1,344</b>	<b>1,320</b>	<b>1,301</b>	<b>1,458</b>	<b>1,752</b>	<b>20%</b>	<b>1,776</b>	<b>22%</b>	<b>1,735</b>	<b>-1%</b>	<b>1,806</b>	<b>2%</b>

- Q4 industry guidance increased by ~20 thousand tonnes from Q2 presentation
    - Mainly Norway and Chile
  - Blended picture for 2013
    - 3%-5% drop Norwegian/Scottish output
    - 8%-12% increase in Chilean/North American output
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- Actual harvest volumes will be affected by e.g.
    - Water temperatures
    - Development in biological growth
    - Biological challenges such as diseases, algae blooms etc
    - Market developments
  - Estimates will be updated on a quarterly basis
  - Actual harvest volumes will be reported after end of each quarter

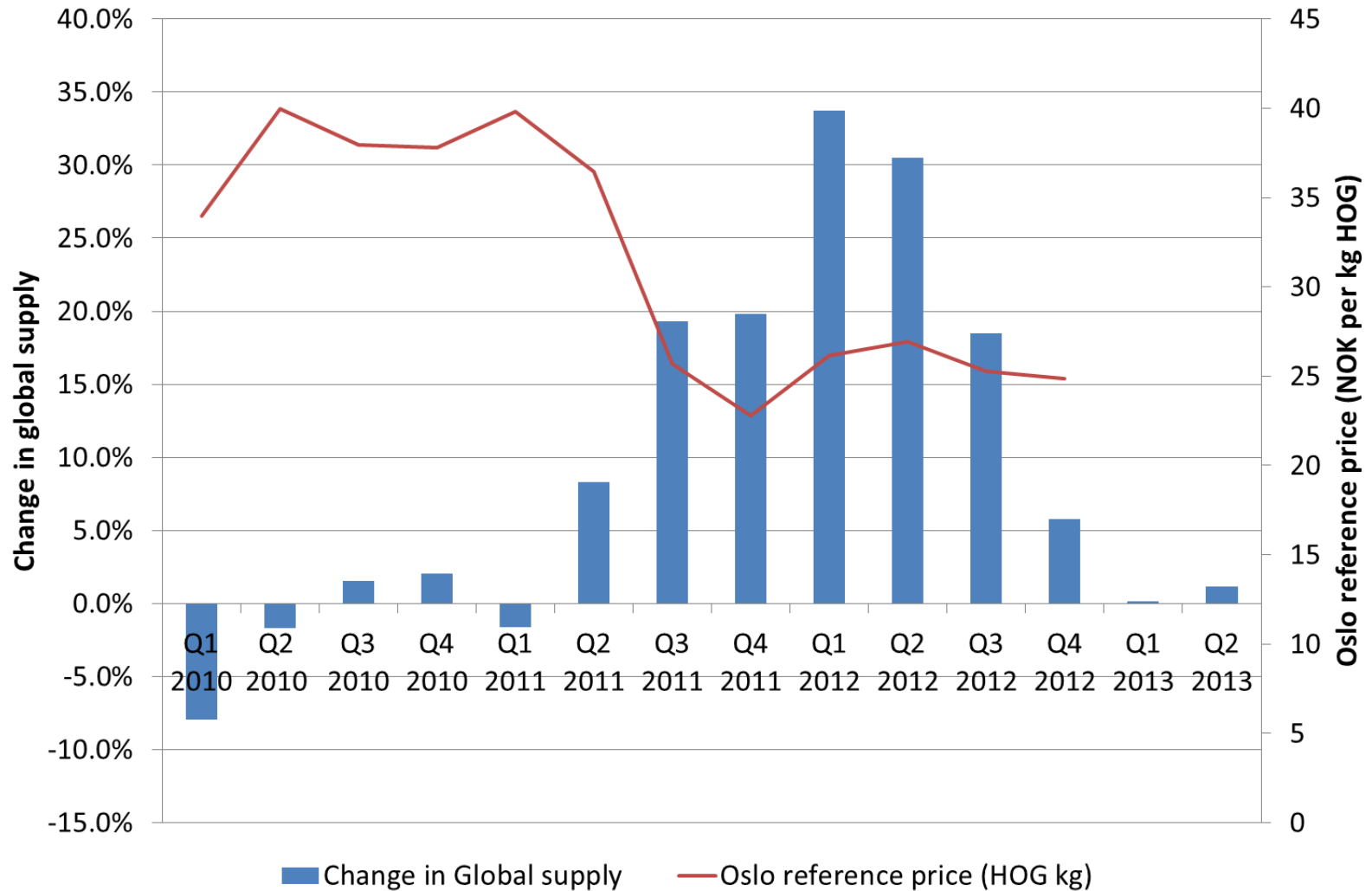
# 2012 - Stronger than normal demand

Y-o-Y	Global supply growth	Change in av. price FCA Oslo
2000-01	13.3%	-27%
2001-02	7.0%	-8%
2002-03	8.2%	-4%
2003-04	5.5%	11%
2004-05	3.7%	18%
2005-06	1.6%	24%
2006-07	10.0%	-21%
2007-08	6.7%	3%
2008-09	-1.7%	18%
2009-10	-1.4%	24%
2010-11	12.0%	-19%
2011-12	21.0%	-14%





# Limited global growth in the coming quarters

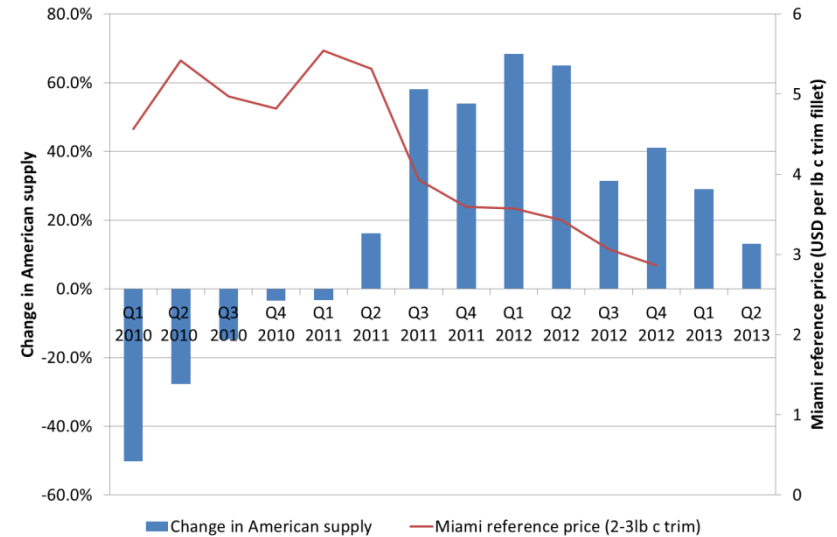
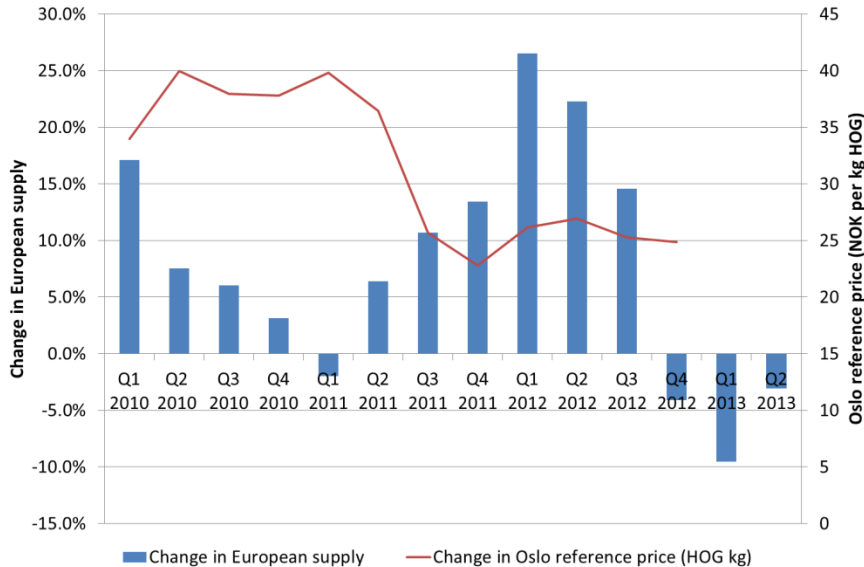


## 2012E

## Atlantic salmon product flow

Thousand tonnes (HOG)	Norway	Chile	UK	North America	Other / Re-export	<b>Total</b>	<b>%</b>
EU	681	25	86	0	27	820	46%
USA	22	156	32	92	14	315	18%
Russia	134	5	3	0	13	155	9%
Japan	38	14	1	1	3	58	3%
Other markets	184	132	17	33	60	426	24%
<b>Total</b>	1,059	332	138	127	117	1,773	100%
<b>%</b>	60%	19%	8%	7%	7%		

# Further deviation from regional price correlation?



- Historical strong correlation broken during 2012
- Trans-Atlantic trade required to reinstate correlation
  - Airfreight approximately USD 1 higher to EU vs. US

# How to spend it?

- Feed capacity to cover 2/3 of Norwegian requirement from 2H 2014
  - NOK 800m divided over 2013 and 2014
  - Attractive return on investment and stabilization of earnings
  - Natural part of the value chain - 50% of our costs
  - Balances current situation of few suppliers operating at full capacity
  - Offers full traceability throughout the value chain
  
- Secondary processing facility in Poland
  - NOK 300m divided over 2013 and 2015
  - Strengthening of VAP Europe by adding capacity to handle 40 thousand tonnes HOG
  
- 2013 working capital requirement to rebuild biomass extracted in 2012
  - Flip side of cash flow measures implemented in 2H 2011
  - Higher 2014 harvest volumes
  
- Dividend policy remains