

TEKMAR 2010


2,5 million tons from Norway in 2020 – trends and future opportunities


CEO Leif Inge Nordhammer – Trondheim December 7th 2010

www.salmar.no




SalMar ASA

Norway  13 licenses – 2010G: 16 000 tgw

 53 licenses – 2010G: 61 000 tgw

Scotland  Co-owned with LSG 2010G: 24.000 tgw

Japan  SalMar Japan KK – sales

- Founded in 1991, Frøya, Norway, listed on “Oslo Stock Exchange” May 8th 2007
- 66 farming licenses in Norway, 50% of Scottish Sea Farms Ltd. And 23% of P/f Bakkafrøst
- 25 % growth in volume since 1998 – 30 % growth in EBIT
- One of the largest and most cost effective salmon farming company in the world
- Market cap of approx. NOK 5,8 billion
- 500 employees, 2009 revenues NOK 2,4 billion



Processing – a strategic and value creating investment

- 🌐 Harvest and processing capacity
- 🌐 Economies of scale
- 🌐 Optimize biological production
 - Flexibility
 - Fish welfare
 - Product quality
 - Optimal use of raw material
- 🌐 Reduced need for transportation
- 🌐 Handling of waste & byproducts

The InnovaMar facility



- Investment of NOK 500 million
- 17 500 square meters
- Capacity 70 000 tons per shift

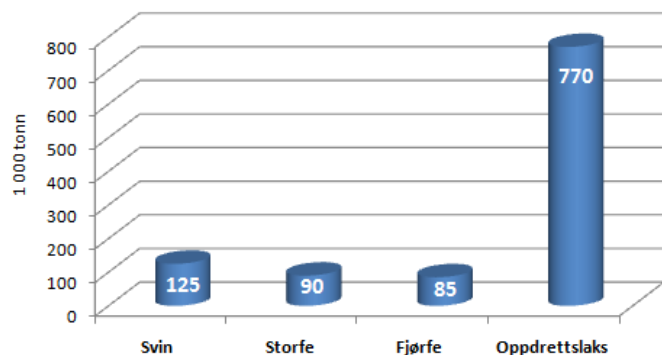


Did you know that.....

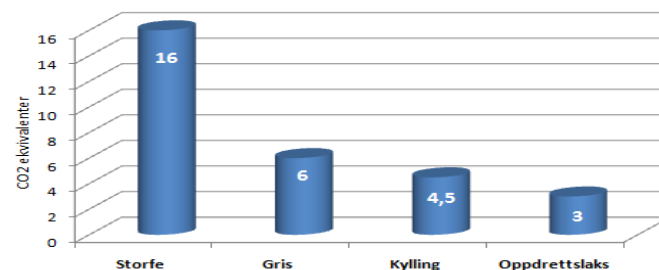
Merkevaren Norsk laks har høyere preferanse enn Coca-Cola i Norges viktigste laksemarked - Frankrike



Produksjonen av atlantisk laks i Norge er tre ganger større enn all annen kjøttproduksjon - til sammen



CO2 utslippet fra produksjon av 1 kg fillet av oppdrettslaks er 20% av utslippene assosiert med 1 kg storfe



Oppdrettsnæringen er subsidiefri, og samtidig bærebjelken og største arbeidsgiver i mange kystsamfunn

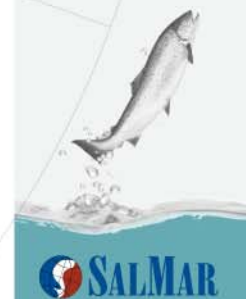
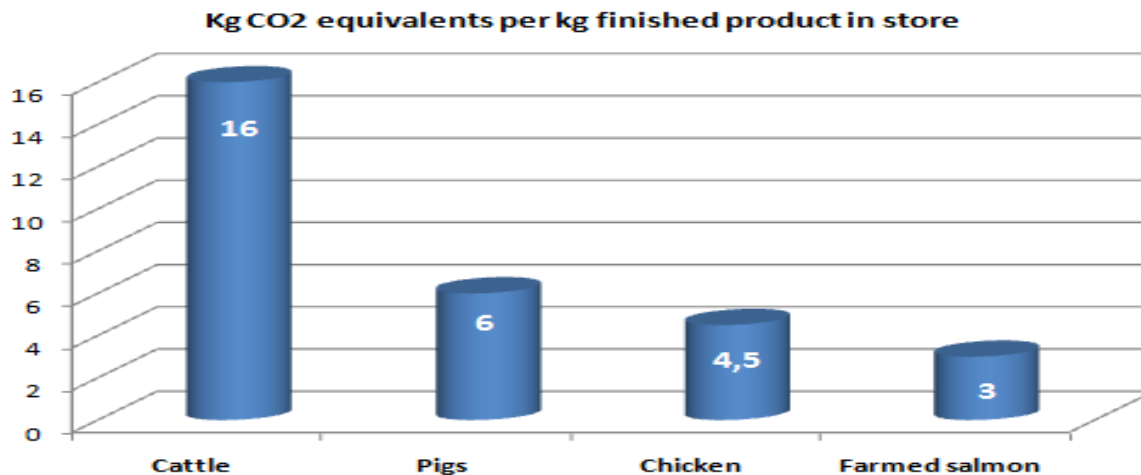
Med en konstant produksjon av fiskemel utnytter oppdrettsnæringen dette råstoffet mest effektivt

Oppdrettsnæringen må dekke alt av verdens økende behov for sjømat (sunn mat)

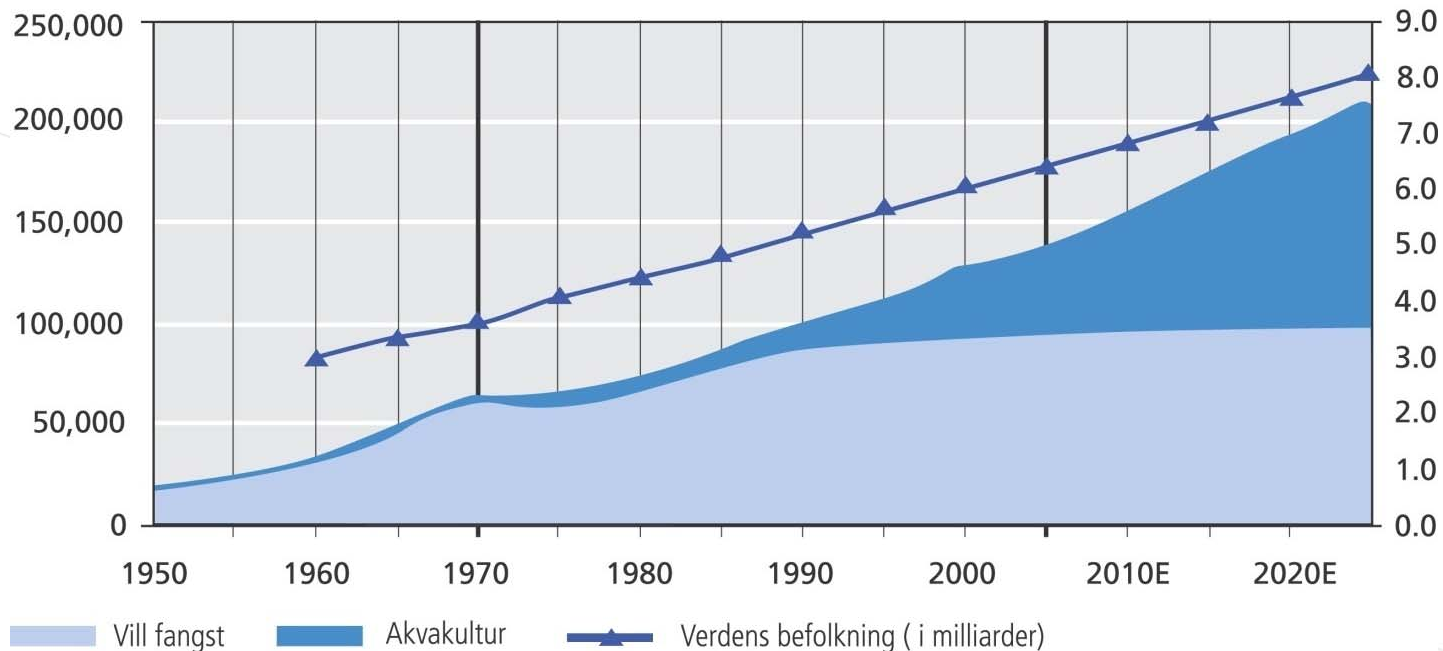


Farmed salmon compares very favorable to other meats (other sources of protein)

- 🌐 Low emissions of climate gasses (CO2)
- 🌐 Low consumption of fresh water
- 🌐 Low feed conversion ratio, high feed efficiency
- 🌐 Maintains and creates healthy nutrients



The world needs to produce more seafood



- World fish stocks (close to) fully exploited at 90 million tons
- (All) future growth must come from aquaculture
- Aquaculture expected to equal wild catch in 2020
- 2009: 6,8 billion people, 2050: 9,2 billion people

Keys to further growth in the demand for salmon

- 🌐 Focus on health (& beauty)
- 🌐 Western life style, in the east
- 🌐 Distribution channels and availability
- 🌐 Product development
 - Preparation
 - Taste
 - Shelf life
- 🌐 Still affordable, despite increasing prices
- 🌐 Efficient and environmentally friendly production



Fortunately, there is room for significant production growth in Norway

Norway

- 21 000 km coast line (50% of the equator)
- Coastal area of 90 000 km² (combined agricultural land in Norway, Sweden, Denmark and Finland)
- Particularly favorable natural conditions (temperature, current, sites etc.)
- Competent regulators and authorities

The industry

- A young industry, but has demonstrated both a willingness and an ability to develop
- Restructuring and consolidation
- R&D, the development of new technology
- Finding new and better operating models
- Number of sites halved from 1998
- Solid industry making significant investments



There are challenges to be addressed and overcome




Addressing challenges and creating value has been done before and can be done again



The industry has already come a long way in developing it's technology and operating models



 Production technology will continue to change / develop

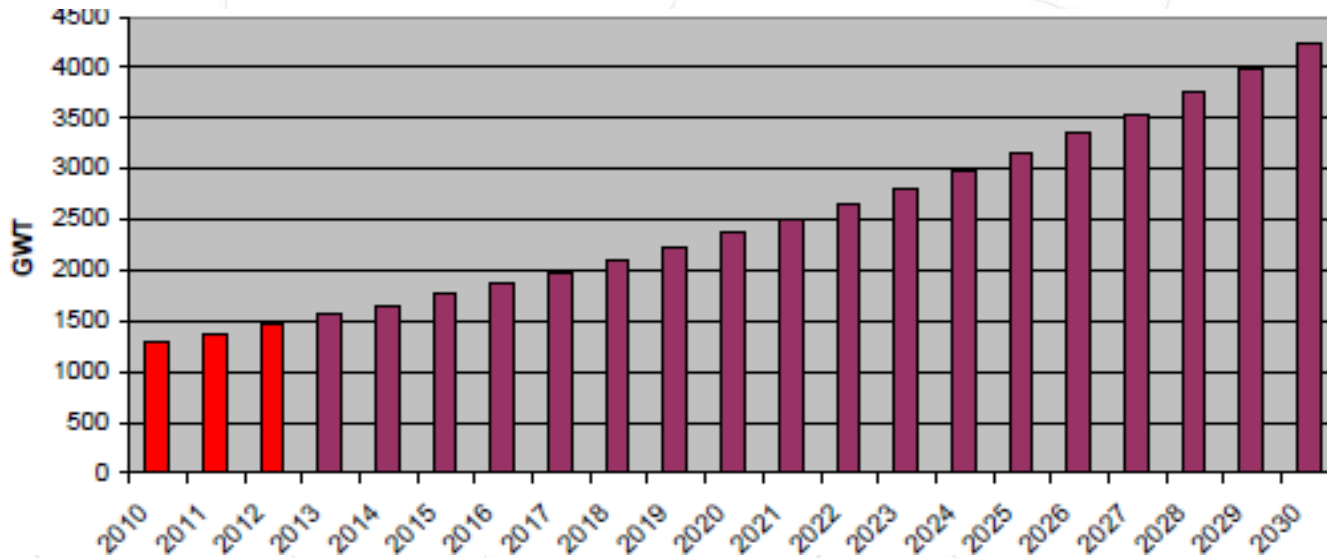
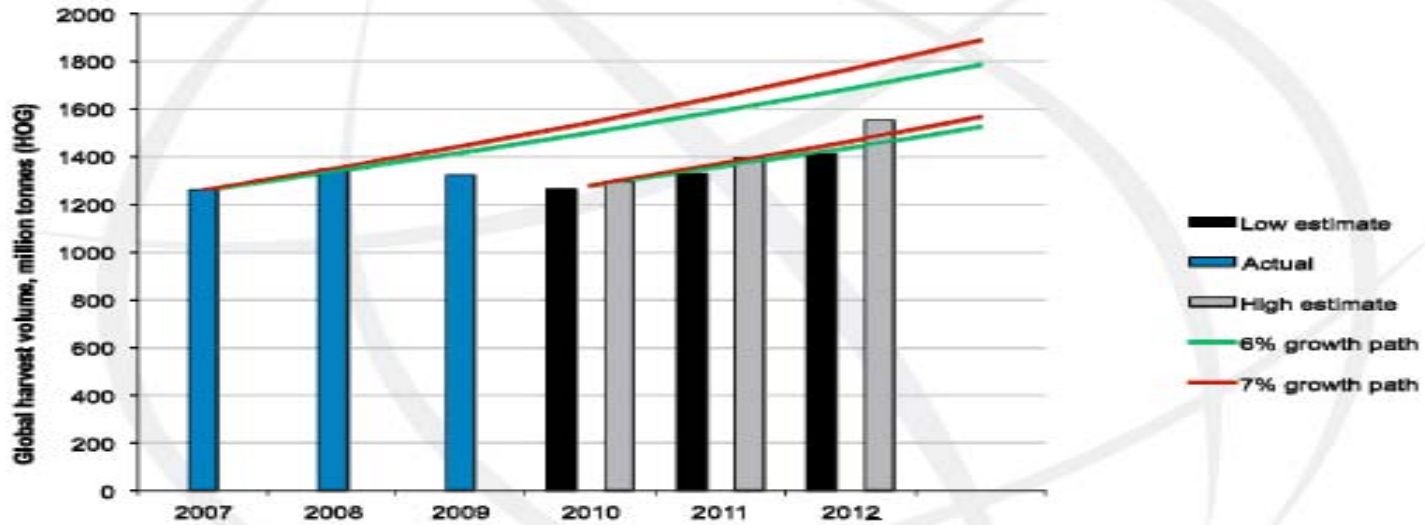


The basis for future growth


- 🌐 Continued development of new technology and operating models
- 🌐 Address key challenges and look for areas for improvement
- 🌐 Close cooperation between farmers (Trøndelags-modellen)
- 🌐 Work closely with government and interest groups
- 🌐 Create and commit to national marine development plans
- 🌐 Increase stakeholders' and markets' understanding of the industry's ability to produce healthy, safe and sustainable food
- 🌐 **WE HAVE TO WANT IT** – it will not happen by accident
- 🌐 Aquaculture is part of what sustains us now (Norways's second largest export industry) and it will be an bigger par of what will sustain future generations

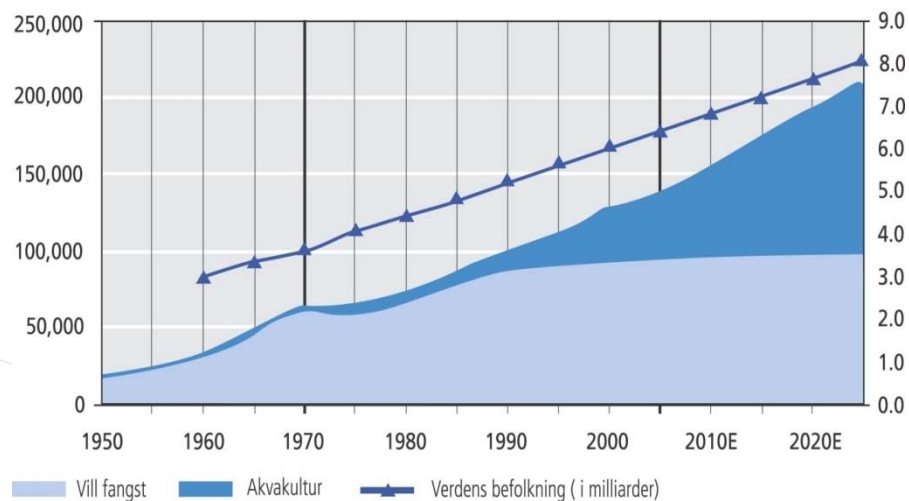



Estimates vs. historic growth (6-7 %)

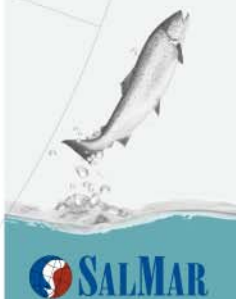
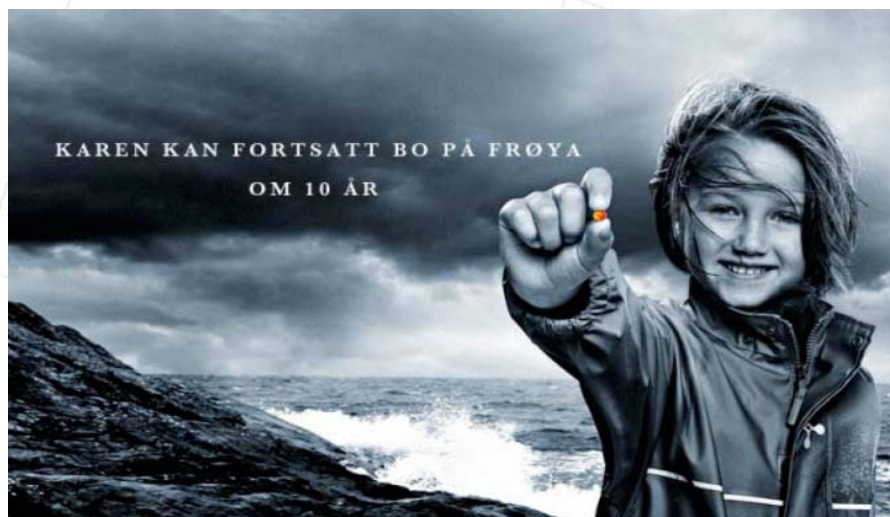


We have a sustainable competitive advantage we can use...

 To produce healthy food that an increasing global population will need



 To create value for Norway and sustain rural communities



Thank you for your attention

See www.salmar.no for more information

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