



Opportunities in the salmon sector in Iceland

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NASF 9. March 2017

Agenda

- NRS in brief
- Highlights in Q4 2016
- Opportunities in the salmon sector in Iceland



NRS in brief

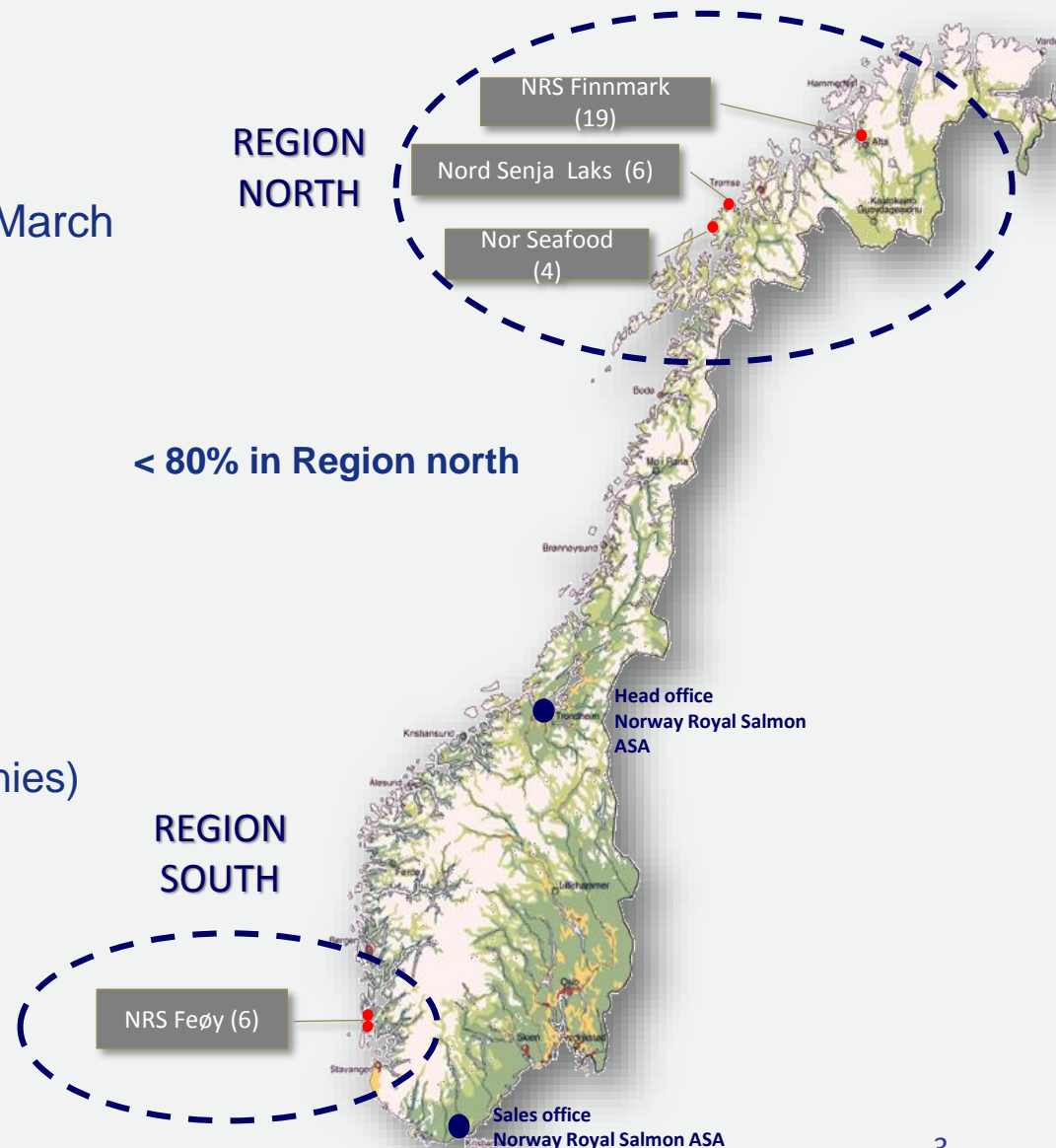
- 175 employees
- Listed on Oslo Stock Exchange March 2011

Farming

- 35 licenses
 - Region North 29 licenses
 - Region South 6 licenses
- Volume 2016: 26 800 tonnes
- Associated companies
 - Norway: 10 licenses (3 companies)
 - Iceland: Arctic Fish ehf

Trading

- Own and external volume
- 50 countries
- Volume 2016: 66 800 tonnes





Volume development for NRS



Highlights in Q4 2016

- Operational EBIT of MNOK 101
 - Year 2016 MNOK 641
- All time high operational EBIT per kg ex contracts of NOK 33.70
- Strong salmon market driven by good demand and low supply growth
 - High salmon price in the quarter
 - Fixed price contracts for 2017 of 8 100 tonnes
- Good production and growth in the quarter
- The Board proposes a dividend of NOK 9.50 per share

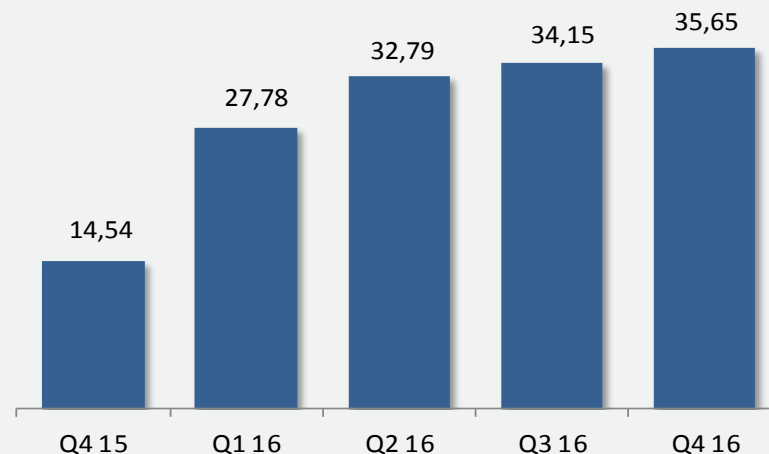
Region North

- Operational EBIT per kg ex contracts NOK 35.65
- Production cost of NOK 32.21 per kg
 - Low harvest volume
- Operation
 - Region North achieved expected growth in the quarter
 - Good fish health and sea lice situation

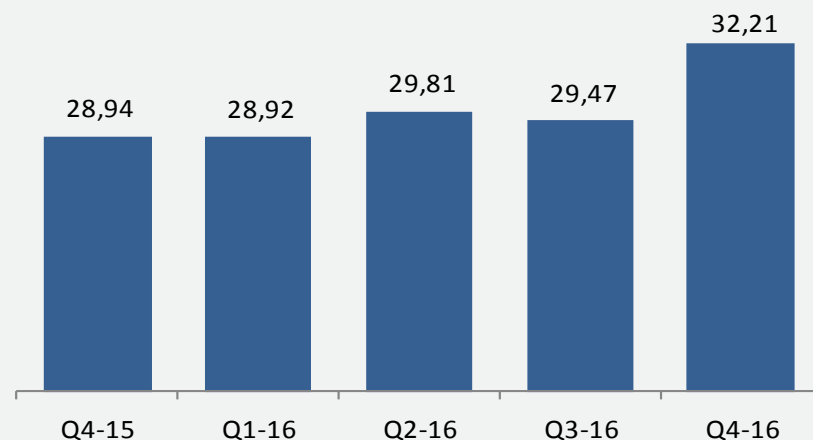
KEY FIGURES (NOK '000)	Q4 2016	Q4 2015
Operating revenues	658 186	819 733
Operational EBIT *	75 163	98 948
Volume harvested (tonnes)	2 612	6 806
Operational EBIT (ex contracts)	35,65	14,54
Loss on open fixed price contracts	-6,87	0,00
Operational EBIT per kg	28,77	14,54

* EBIT pre fair value adjustments and non-recurring items
incl. allocated margin from sales

EBIT pr kg (ex contracts)



Production Cost - NORTH



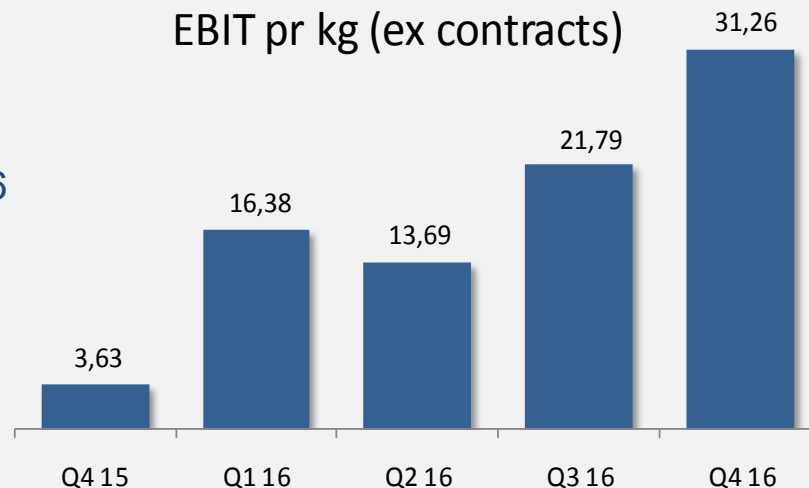
Region South

- Further improvements in this quarter
- Operational EBIT per kg ex contracts NOK 31.26
- Production cost of NOK 37.26 per kg
- Operation
 - The growth has been better than expected
 - Satisfactory fish health and sea lice situation

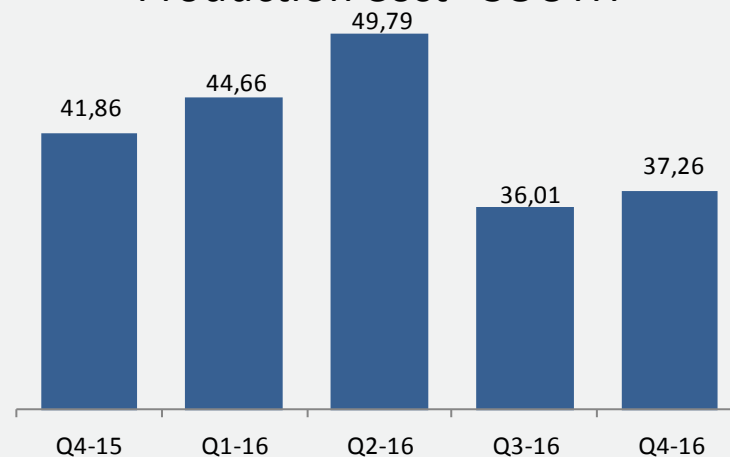
KEY FIGURES (NOK '000)	Q4 2016	Q4 2015
Operating revenues	524 083	173 903
Operational EBIT *	50 729	5 242
Volume harvested (tonnes)	2 080	1 445
Operational EBIT (ex contracts)	31,26	3,63
Loss on open fixed price contracts	-6,87	0,00
Operational EBIT per kg	24,39	3,63

* EBIT pre fair value adjustments and non-recurring items
incl. allocated margin from sales

EBIT pr kg (ex contracts)



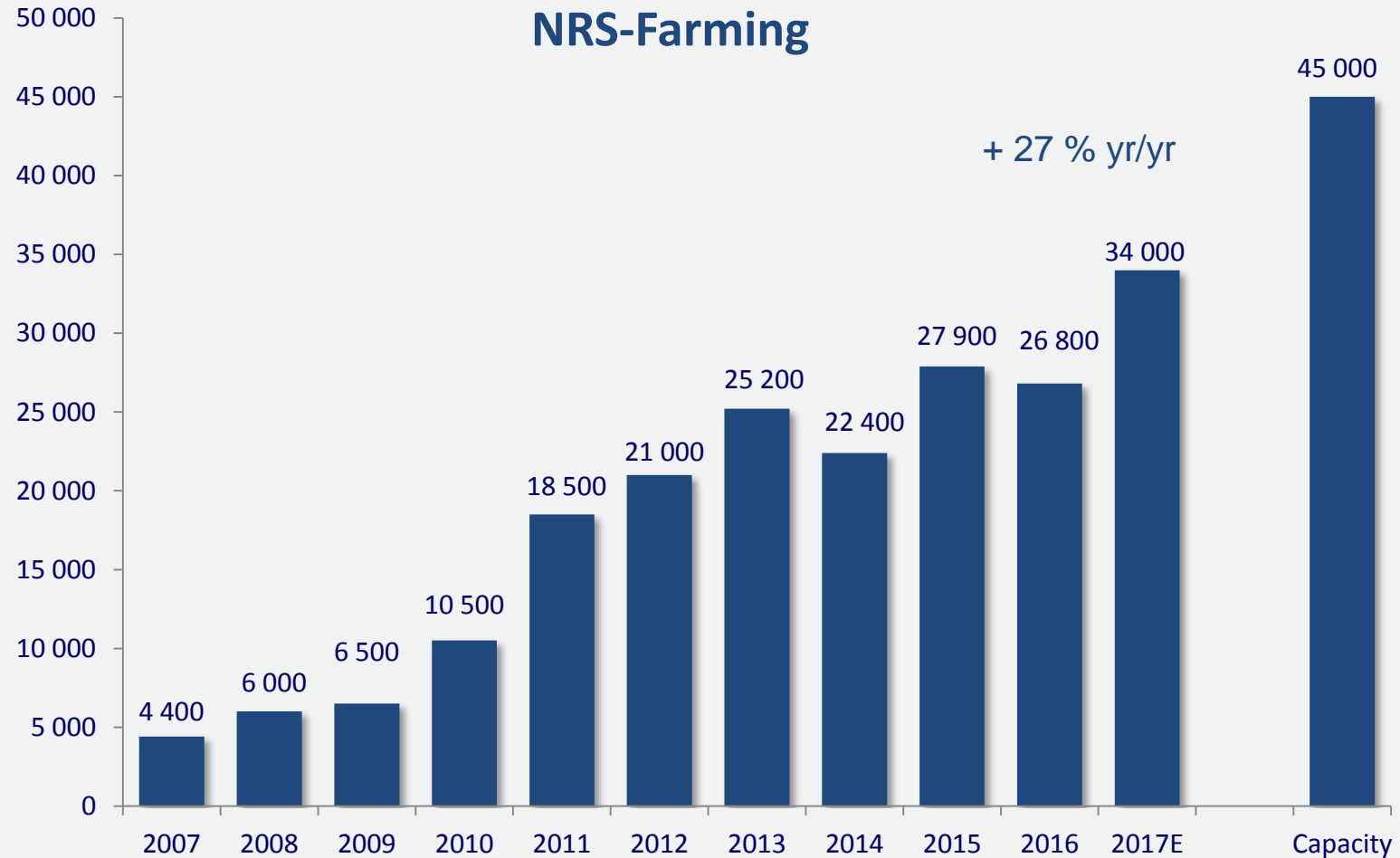
Production Cost - SOUTH



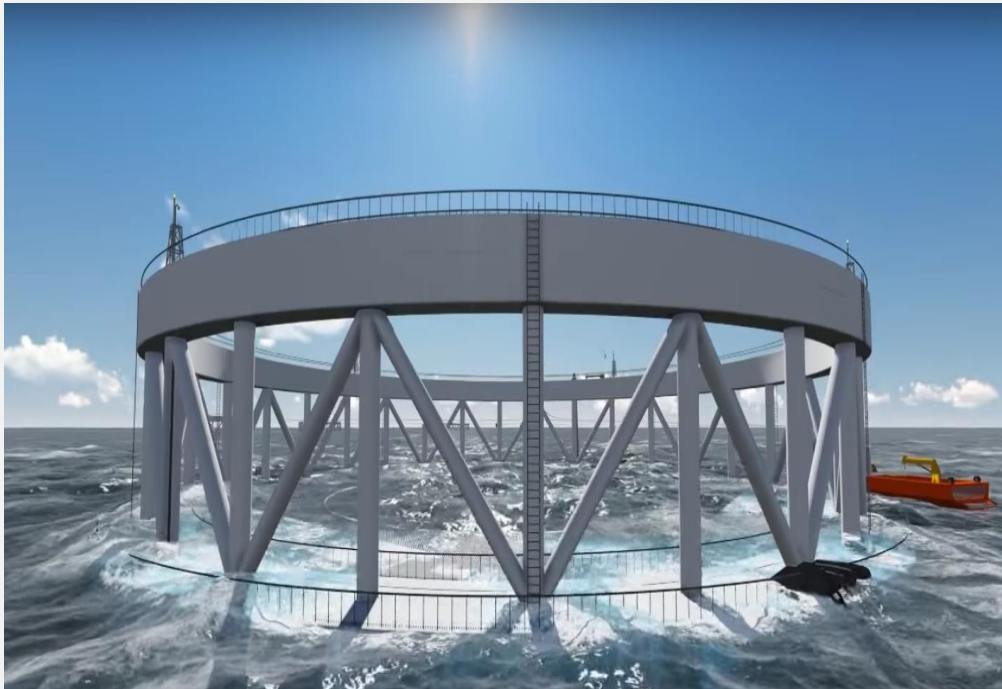


NORWAY ROYAL SALMON

Organic growth potential for Norway Royal Salmon



Development licenses

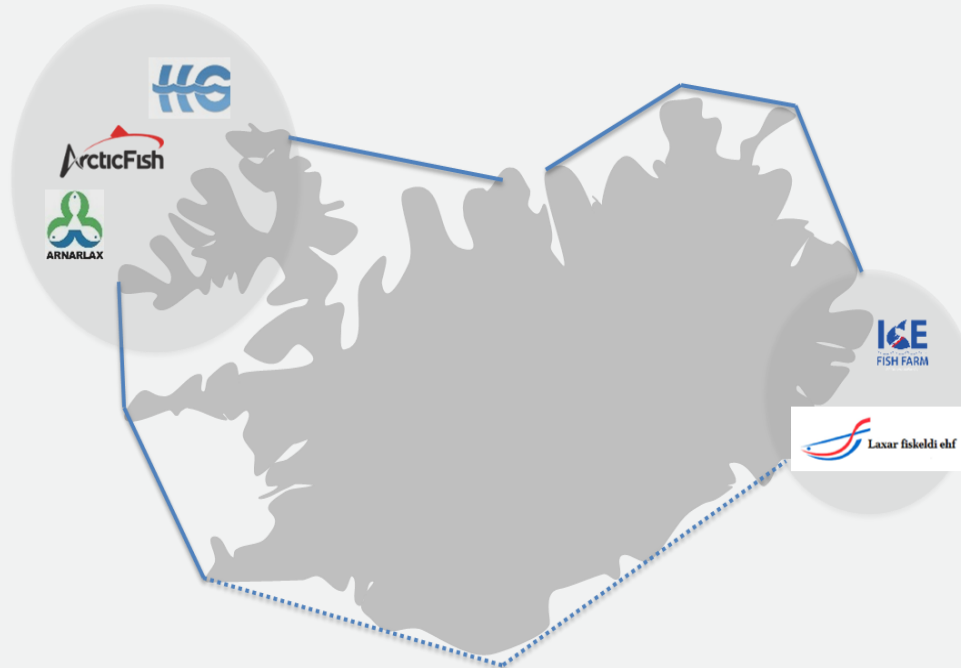


- Norway Royal Salmon and Aker ASA have applied for 15 development licenses
- The concept has a significant degree of innovation and requires a substantial investment
- The Directorate of Fisheries has informed that our application is in line with the criteria's for development licenses



Opportunities in the salmon sector in Iceland

Iceland: The new frontier in salmon farming



- Big part of the Icelandic coastline is closed to sea-cage farming
- Two main areas for sea-cage farming: Westfjords and Eastfjords
- Total allocated licenses in Iceland ~38.000 MT
- Only 5 farming companies
- Farming condition similar to Finnmark in Norway

Significant growth potential in Iceland



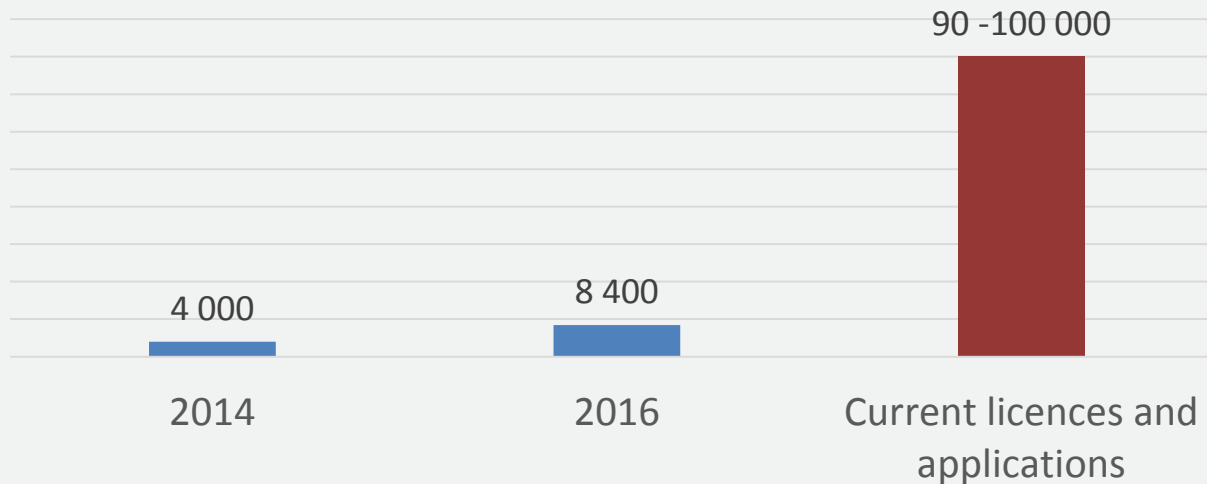
Harvest volume 2016

- Iceland: 8 400 tonnes
- Faroe Islands: 76 000 tonnes

~10x

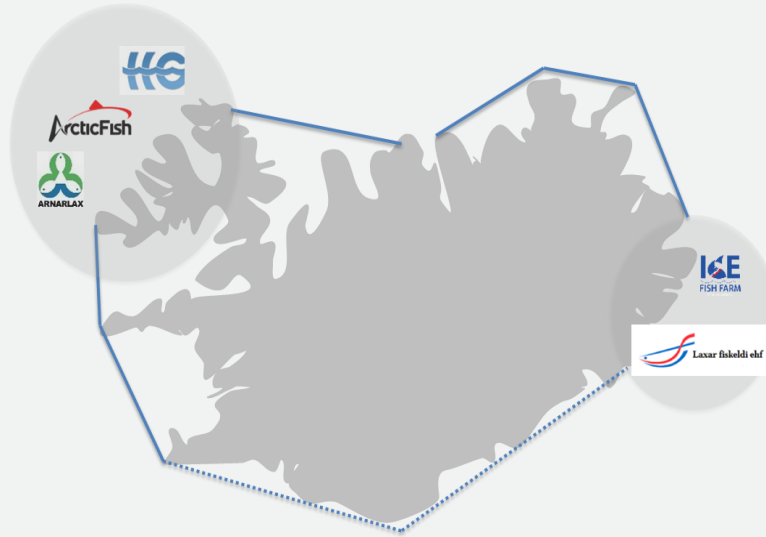
Significant growth potential in Iceland

Icelandic Atlantic salmon harvest



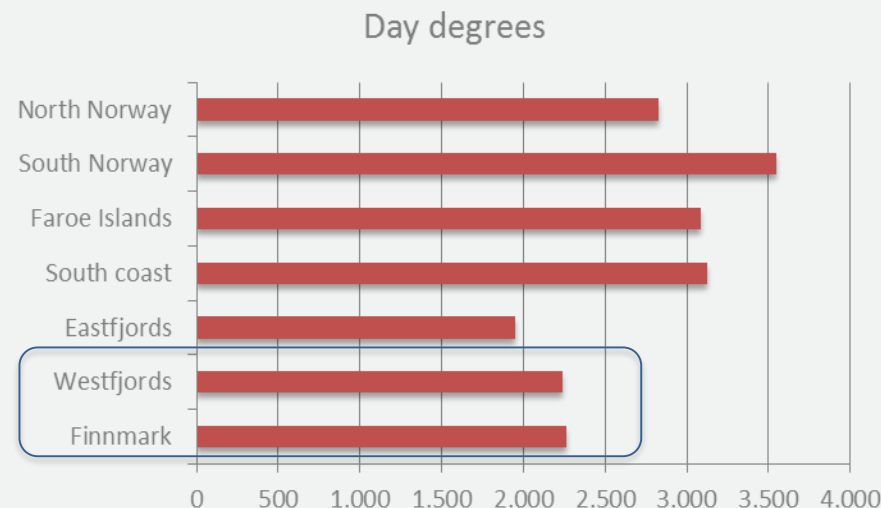
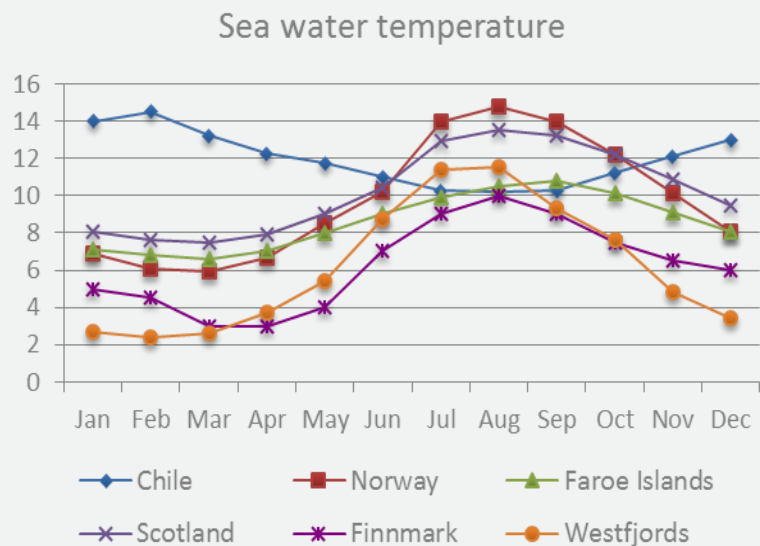
- NRS assume a 80 - 100.000 tonnes (annually) potential in the future
- Icelandic aquaculture association says total production could be between 50 and 90.000 tonnes annually
- Grow the industry step by step

Regulations can secure good sanitary situation



- Build a salmon industry that can take experience from other salmon production areas
- Companies need to work together to secure a sustainable salmon production
 - Ex . all farms running a generation model – “all inn - all out”
- Working closely with government to secure a regulation for a sustainable salmon industry

Benefits from it's geographical location



Beginning of the year until March/April - low temperatures

- The goal is to put out larger smolts to avoid a second winter in sea

Westfjords provide a benefit in terms of day degrees

- Records from Icelandic farmers show „compensated“ growth in the summer time

Challenges

- Lack of fish farming infrastructure
 - Wellboat, harvest capacity, service, feed etc.
- Lack of experience in the governmental sector
 - How to regulate the industry?
- General opposition towards salmon farming in sea cages
- Limited capacity on the smolt side
- Fish health included sea lice

Joint Venture in Iceland



NRS agreed to acquire 50 % of Arctic Fish, forming a joint venture with the existing owners

Why Arctic Fish?

- Attractive locations with licenses in three fjords in the Westfjords
- State-of-the art hatchery plant with an annual capacity of 7 mill smolt when fully operated
 - Goal is to produce smolt up to 500g
- Arctic Fish has currently licenses with a total allowed production of 9,000 t farmed fish
- NRS believes it can provide significant industry knowledge to Arctic Fish, given the locations' similarity to Finnmark

We are looking forward to develop the salmon industry in Iceland



NORWAY ROYAL SALMON



COMMITTED
BY NAME

Thank you for your attention

