



# North Atlantic Seafood Forum

Bergen, 5. March 2015

Charles Høstlund, CEO

## AGENDA:



NRS in brief



Highlights in Q4 2014



Regional performance



Why triploid salmon works



# Business areas:

## FARMING

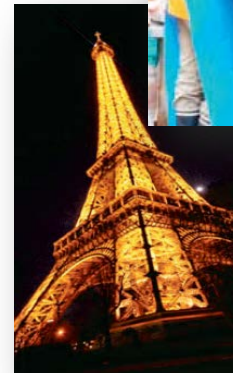
4 companies  
Finnmark, Troms,  
Hordaland/ Rogaland

35 licenses  
Volume 2015: 32.000 tons

## TRADING

Salmon fresh & frozen  
95 % export  
50 countries

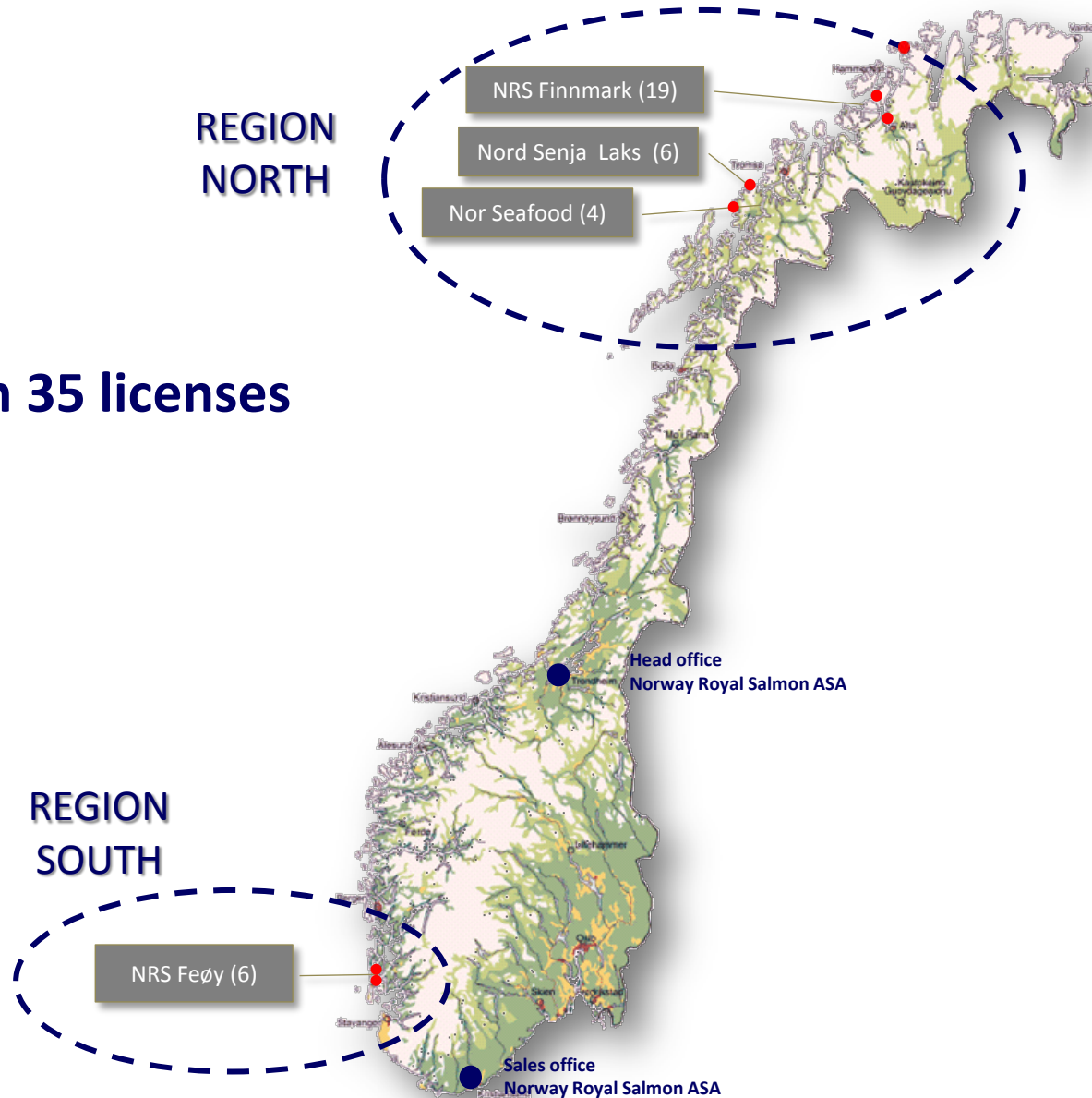
Sales 2014: 60.000 tons  
Revenue: 2.600 MNOK





# Farming operations focused in attractive regions

NRS with 35 licenses



# Development of volumes from NRS





## HIGHLIGHTS IN Q4 2014

# Highlights in Q4 2014:



Operational EBIT MNOK 59

- Operational EBIT per kg NOK 12.80



Significant improvement of production cost



Good production during the quarter

- Build up of biomass



Awarded 9 new licenses to a price of MNOK 10 per license

- New licenses in 2014 provides a potential capacity growth of 40 %



The Board proposes a dividend of NOK 1.50 per share



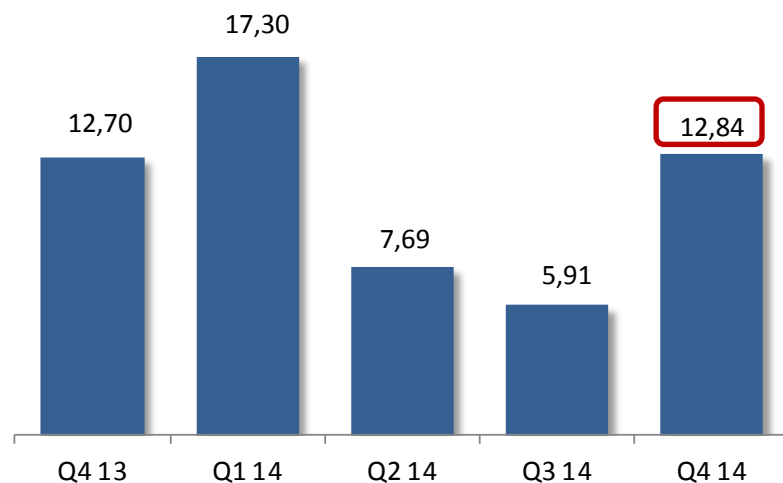
# Region North

- 🚩 Operational EBIT per kg NOK 12.84
- 🚩 Production cost 24,88 per kg
- 🚩 Growth in Q4 higher than expected on normal sea water temperatures
- 🚩 The overall fish health situation is good

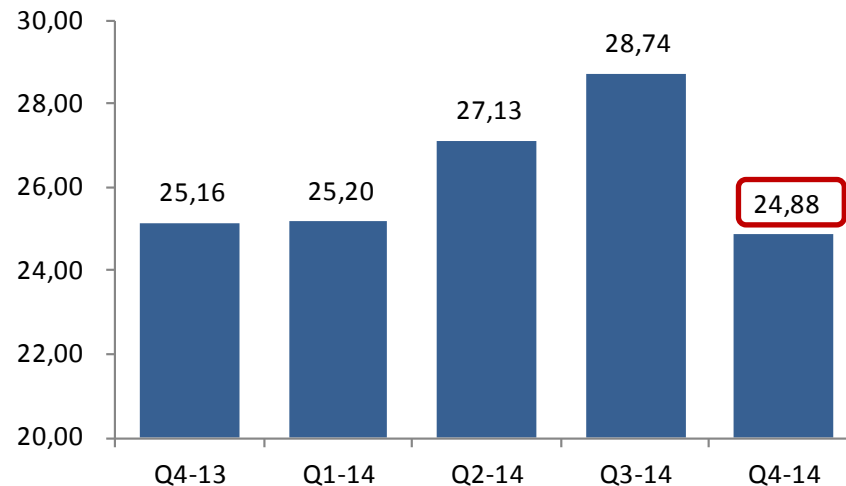
KEY FIGURES (NOK '000)	Q4 2014	Q4 2013
Operating revenues	757 235	626 738
Operational EBIT *	67 574	78 796
Volume harvested (tonnes)	5 261	6 204
Total operational EBIT per kg	12,84	12,70

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

## Operational EBIT pr kg farming



## Production Cost - NORTH





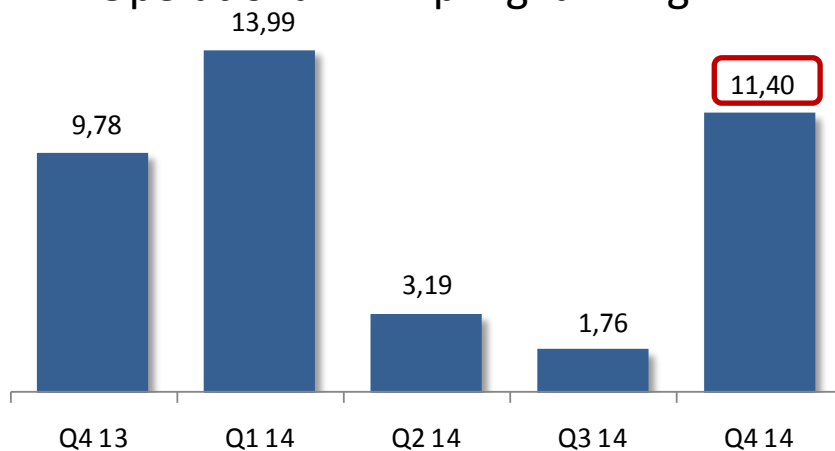
# Region South

- Operational EBIT per kg NOK 11.40 on low harvest volume
- Production cost decreased, but still high cost du to fish disease PD and AGD
- Growth in Q4 higher than expected due to high sea water temperatures
- Still challenging fish health situation

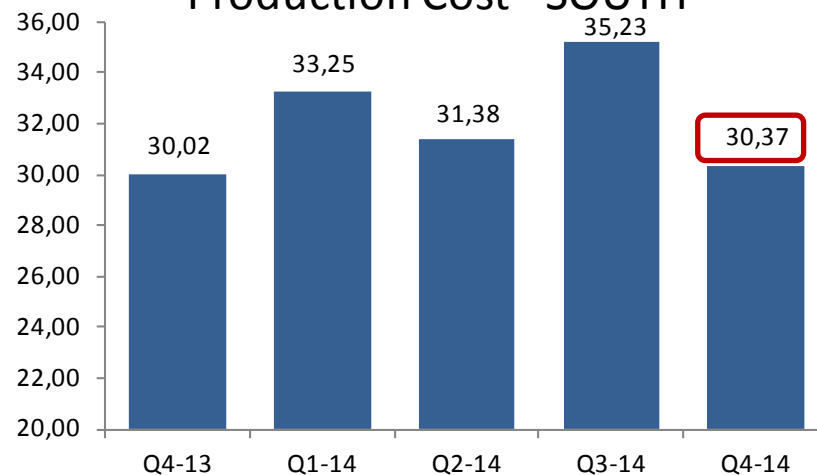
KEY FIGURES (NOK '000)	Q4 2014	Q4 2013
Operating revenues	22 929	219 928
Operational EBIT *	1 818	21 316
Volume harvested (tonnes)	159	2 179
Total operational EBIT per kg*	11,40	9,78

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

Operational EBIT pr kg farming



Production Cost - SOUTH



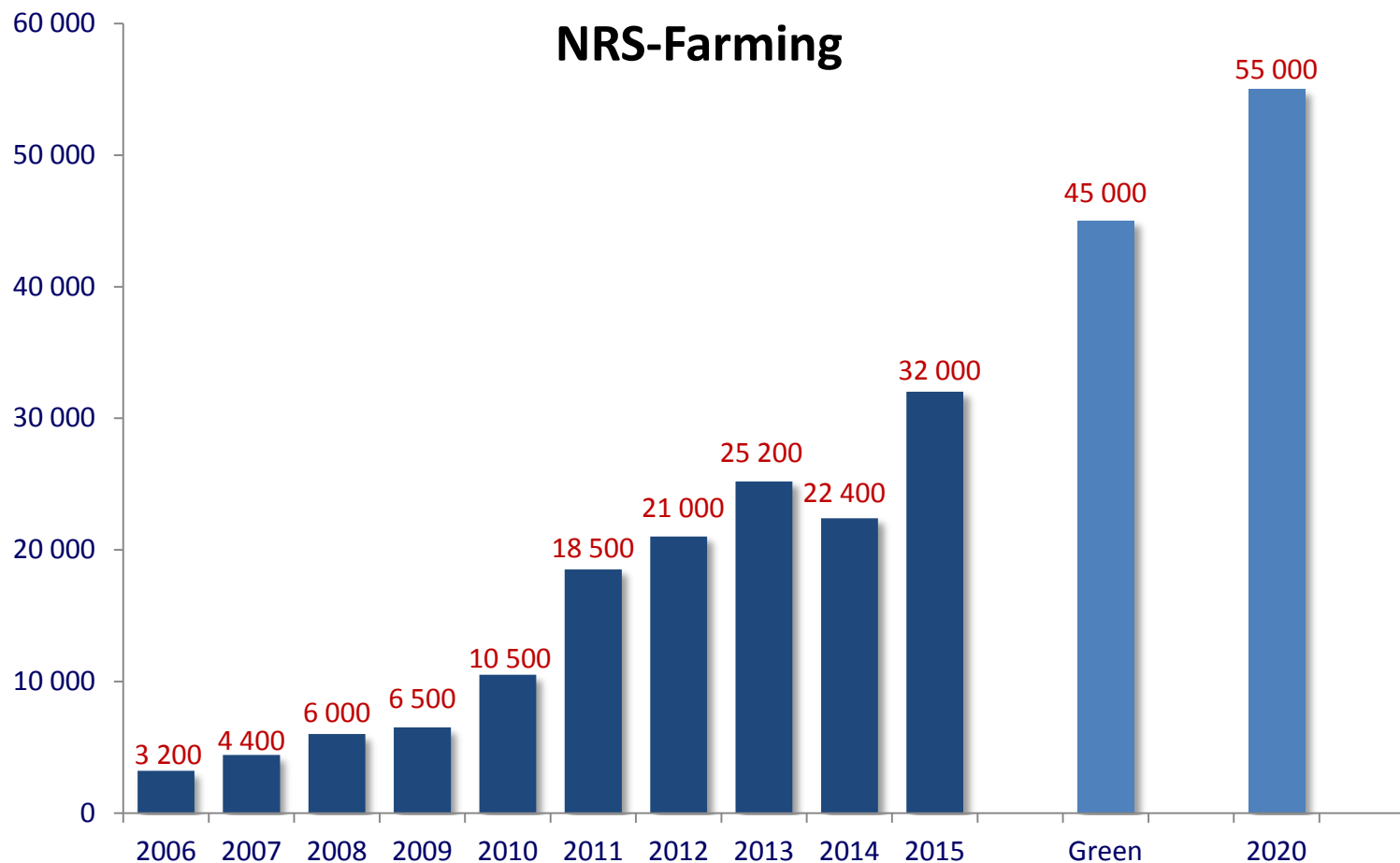
# Organic growth potential for Norway Royal Salmon



New green licenses will boost volumes



Target 2020 assumes 5 % annual sustainable growth in Region North



# Green licenses - Operational implementation



Very satisfied with being awarded 10 new licenses



Group A – 9 licenses

- Full release of smolt on the new licenses in 2015
- Full operational effect from medium of 2017
- Gradually build up of biomass due to use for sterile fish



Group B – 1 license

- Full operational effect in 2015

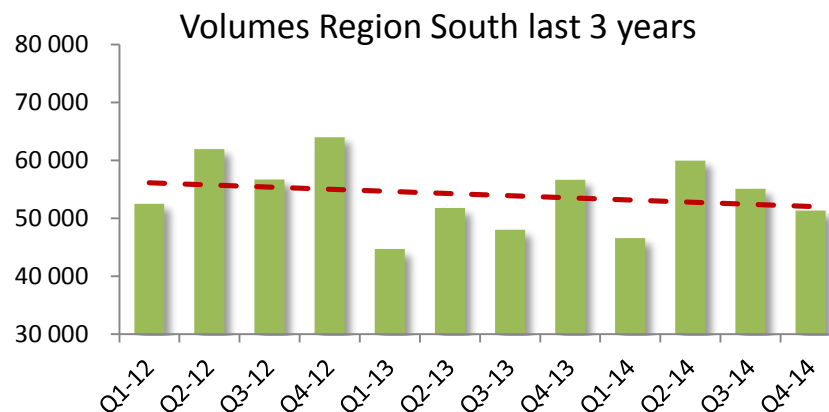
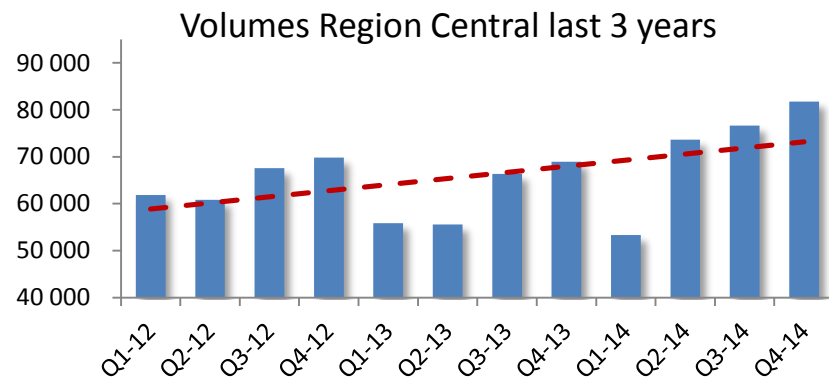
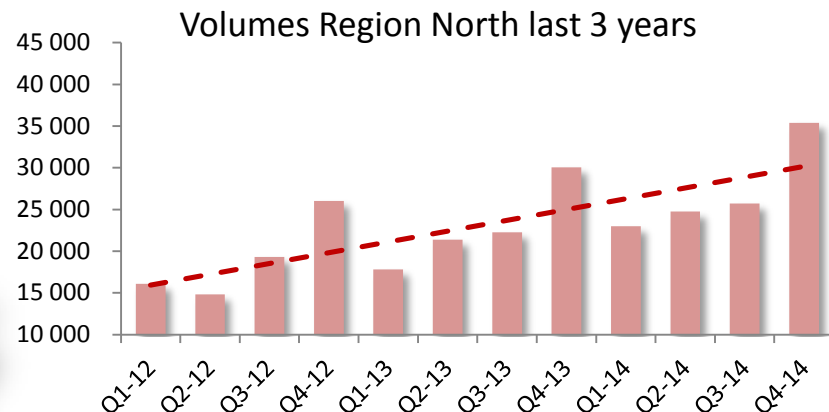


## REGIONAL PERFORMANCE

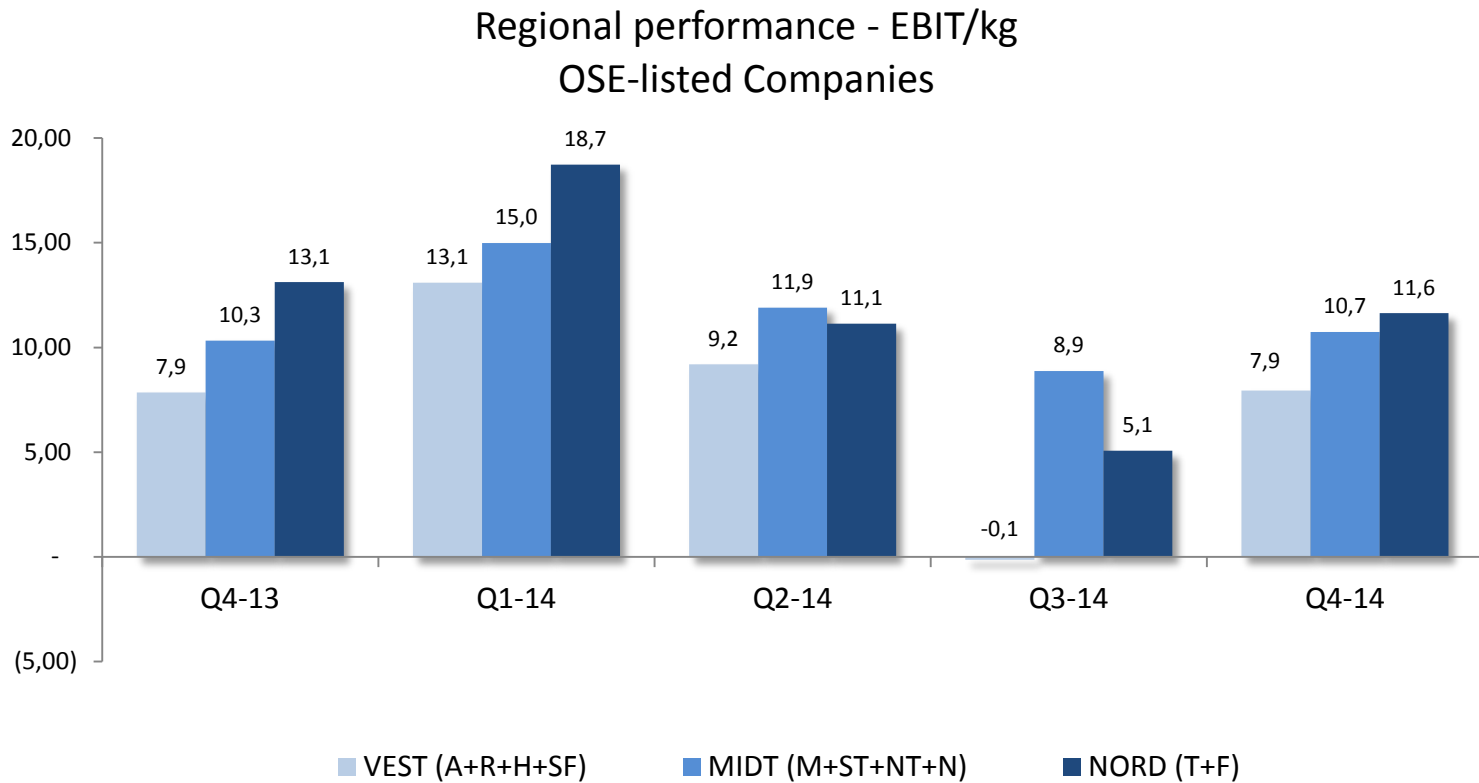


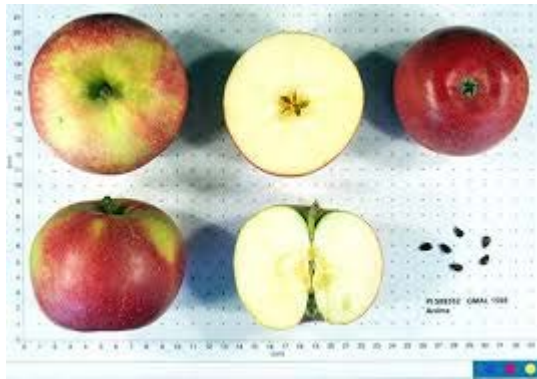
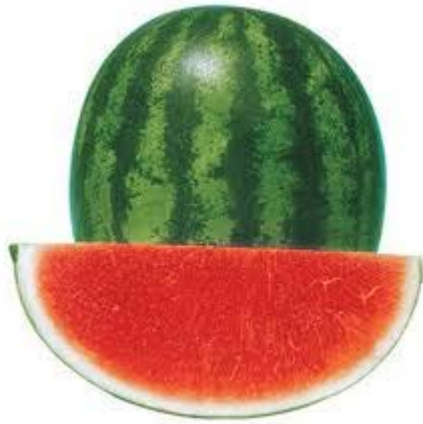
# Y/Y growth past 3 years

## OSE-listed companies



# Regional Performance in Norway – Last 5 quarters





WHY TRIPLOID SALMON WORKS

# Facts about Triploid Salmon



Triploid salmon is not genetically modified

- ✓ Hydrostatic pressure to newly fertilized eggs



Triploid is often employed in both fruits/ vegetables and animals that are used for food

- ✓ Neither a new or unusual phenomenon in food production



Triploid occur naturally in salmon populations (3 – 4 %)



Used in European trout production and Tasmanian salmon production for over 20 years



# Why use triploid Salmon?



Triploid salmon is not able to reproduce. In cases of escape it will not genetically affect wild salmon populations

- ✓ We believe using triploid will allow higher growth rate for companies producing triploid salmon



By using triploid salmon the problem with maturation will be reduced

- ✓ Less quality downgrade of superior fish
- ✓ Reduced maturation will also give more flexible harvest period



Triploid salmon is reported to grow faster in freshwater



Triploid salmon have also been reported to grow faster in seawater

# Bottlenecks & Solutions



Assumption: Triploid salmon (TPS) have higher rate of vertebrae deformity:

- ✓ Studies by IMR (Institute of Marine Research) shows addition of dietary phosphorous prevent deformity



Assumption: TPS have lower tolerance to low oxygen levels and high temperature:

- ✓ NRS North have a temperature profile that fits like a glove for TPS
- ✓ NRS North have production sites with good water exchange and good oxygen profiles



Assumption: TPS have higher mortality rate vs. diploid salmon (DPS):

- ✓ This is mostly due to higher mortality rate in egg and fry stage
- ✓ Different trials show little difference in mortality in sea water production phase

# Bottlenecks & Solutions



Assumption: TPS have higher rate of corona cataract than DPS:

- ✓ Studies by IMR (Institute of Marine Research) shows addition of dietary histidine prevent cataract



Assumption: TPS have different meat structure vs. DPS:

- ✓ Difference in texture, color, and composition in both diploid and triploid Atlantic salmon is believed to be due to variability between individual fish, and not ploidy

## Why triploid salmon works



Many of the problems have been solved and triploid salmon will bring the industry towards an even more sustainable production

# Thank you for your attention



Norway Royal Salmon ASA

NO 864 234 232

[www.norwayroyalsalmon.com](http://www.norwayroyalsalmon.com)