



# **Presenting Team**



John Binde - CEO

Joined NRS in 2004. MSc engineering NTNU. Previous experience as CEO and senior executive at Erling Haug AS (supplier to the fish farming industry), Lade Metall AS, Setsaas AS og Golar-Nor Offshore AS.



Ola Loe - CFO

Joined NRS in 2009. State Authorized Public Accountant from Norwegian School of Economics and Business Administration (NHH). Previously senior manager with KPMG, group auditor for Cermaq, Norway Pelagic, Fjord Seafood and Midnor Group.



# Agenda

- Highlights for the period
- Segment information
- Group financials
- Outlook
- NRS in Brief



### Highlights in Q1 2011

#### Farming

- Satisfactory operational and biological performance
- Production on track to harvest 21.500 tgw in 2011
- Low harvested volume in Q1 as planned
- Normal water temperatures in Finnmark operation
- Lower than normal water temperatures in other NRS-clusters

#### Sales

- Low volume from third party suppliers and own farming operations
- Low EBIT per kilo due to strong competition to buy external volume
- NRS a listed company from 29<sup>th</sup> March
- Dividend of NOK 0,91 per share
- Positive outlook for 2011



### Highlights in Q1 2011

KEY FIGURES (NOK '000)	Q1 2011	Q1 2010
Operating revenues EBITDA	409 198 13 051	408 613 39 506
EBIT fva *	10 025	35 659
EBIT Share of profit of associates EBT	31 957 2 852 51 321	
EPS (NOK) **	0,72	0,58
Op. cash flow	-1 697	41 713
Net interest-bearing debt Equity ratio	418 186 42,3 %	340 025 42,2 %
Farming: Volume harvested (HOG) EBIT per kg *	1 035 11,90	
Sales: Volume sold EBIT per kg *	9 525 0,24	11 361 0,21

<sup>\*</sup> EBIT pre fair value adjustment and non recurring items

#### Listed company 29th March

- Non recurring cost in P/L NOK 2,5m
- Net equity issue NOK 41,8m

#### Farming

- Low harvested volume has negatively effected EBIT per kilo
- All harvesting in January and February

#### Sales

 Low traded volume and EBIT per kg

<sup>\*\*</sup> Earnings per share pre fair value adjustment

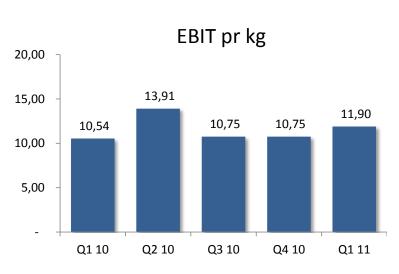






### **Farming**

KEY FIGURES (NOK '000)	Q1 2011	Q1 2010			
Operating revenues	38 605	109 192			
EBIT fva *	12 315	35 795			
EBIT	37 488	58 900			
Volume harvested (tons)	1 035	3 395			
EBIT per kg *	11,90	10,54			
EBIT margin 31,9 % 32,8 % * EBIT pre fair value adjustment and non recurring items					



- Achieved price Q1 11 NOK 37,30 per kg
  - All harvesting in January and February
  - No contract sales
  - Price NOK 4,8/kg higher than Q1 10
- Low harvested volume as planned has negatively effected EBIT per kilo
- Increasing biomass to utilize production capacity



# Farming - Region North

KEY FIGURES (NOK '000)	Q1 2011	Q1 2010				·		
Operating revenues	38 501	77 428	20,00 -		EB	3IT pr k <sub>{</sub>	5	
EBIT fva *	12 306	26 711	15,00 -		13,55			44.00
EBIT	32 372	32 012	10,00 -	10,86			9,54	11,89
Volume harvested (tons)	1 035	2 461						
EBIT per kg *	11,89	10,86	5,00 -					
EBIT margin	32,0 %	34,5 %						
* EBIT pre fair value adjustme	ent and non re	curring items		Q1 10	Q2 10	Q3 10	Q4 10	Q1 11

- All harvested volume in Q1 11 in Region North (Finnmark)
- Normal water temperatures in Finnmark operation in Q1 11
- Satisfactory biological development and no sea lice



### Farming - Region South

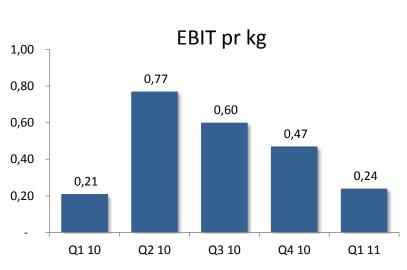
KEY FIGURES (NOK '000)	Q1 2011	Q1 2010			EC	BIT pr kg	r	
Operating revenues	104	31 764	20,00 -		LL	ni hi ve		
EBIT fva *	9	9 084	15,00		14,37		44.46	
EBIT	5 116	26 888	10,00 -	9,72			11,46	
Volume harvested (tons)	0	935	·			6,07		
EBIT per kg *	0,00	9,72	5,00 -					_
EBIT margin  * EBIT pre fair value adjustme	8,7 %			Q1 10	Q2 10	Q3 10	Q4 10	Q1 11

- No harvest volume in Q1 11
- Growth impacted by low water temperatures in Q1 11
- PD detected on one site in Q1 11
  - Presently satisfactory biological development
  - Normal mortality rates on the affected generation
- Good biological development and historically low level of sea lice



### Sales

KEY FIGURES (NOK '000)	Q1 2011	Q1 2010
0 "	400.000	402.460
Operating revenues	409 030	403 468
EBIT fva *	2 287	2 423
EBIT	-4 423	2 423
Volume sold (tons)	9 525	11 361
EBIT per kg *	0,24	0,21
EBIT margin	0,56 %	0,60 %
* EBIT pre fair value adjustm	ent and non re	curring items



- EBIT NOK 0,03/kg higher than Q1 10
- Volume 1 836 tons lower than Q1 10
  - Low volumes available from own farming and members
    - 3500 tons lower than Q1 10
  - High level of competition due to low available volumes
  - High volumes available from own farming and members in Q3 and Q4 11



# **Associated companies**

(NOK '000)	Book value 01.01.2011	Share of profit/loss in the period after tax	Other changes	Book value 31.03.2011	EBIT fva per kg
Company					
Fish-farming companies	96 256	3 245	0	99 501	14,20
Other companies	17 880	-394	32	17 518	
Total associates 31.03.2011	114 136	2 852	32	117 019	
Total associates 31.03.2010	105 013	7 044	0	112 058	

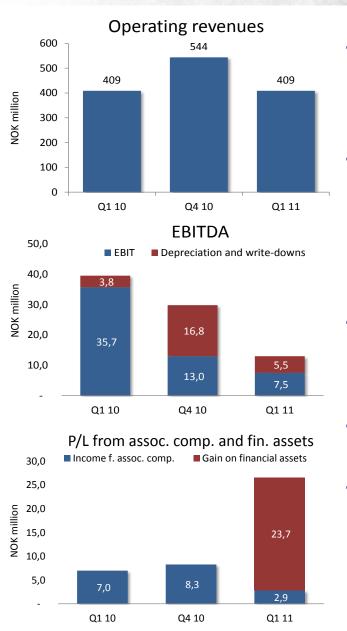
(NOK '000)	Volume Q1	NRS share of volume Q1	Volume year	NRS share of volume year
Total volume associates 2011	352	126	5 775	2 224
Total volume associates 2010	1 219	494	5 327	2 147

- Harvested volume in Q1 as planned
- Satisfactory EBIT per kg of NOK 14,20
- Estimated NRS share volume for 2011are 2 224 tons





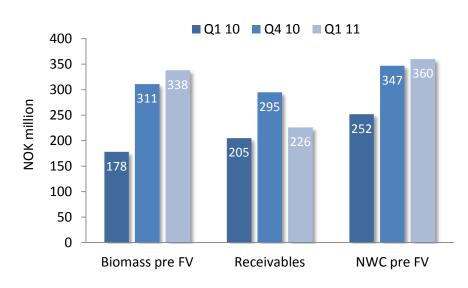
### Key income statement items

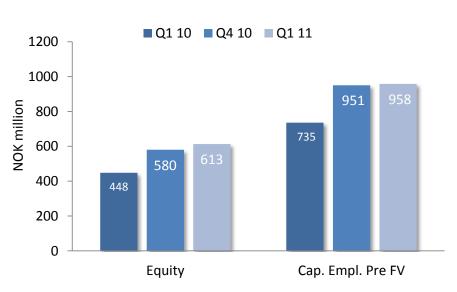


- Operating revenues equal Q1 10
  - Higher salmon prices
  - Lower traded volumes
- EBITDA of NOK 13m. A reduction from NOK 39,5m Q1 10
  - Lower harvested volume farming by 2 360 tons
  - Lower traded volume sales by 1 836 tons
  - Listing cost in P/L NOK 2,5m
- Depreciation increased due to growth in Farming
  - Write-downs in Q4 10 by NOK 11,2m
- Gain on sale of shares in Lingalaks NOK 23,7m
- Income from associated companies decreased by NOK 4,1m.
  - Lower total harvested volumes by 867 tons



### Key balance sheet items

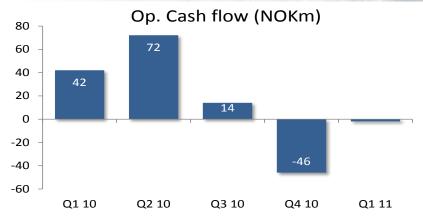


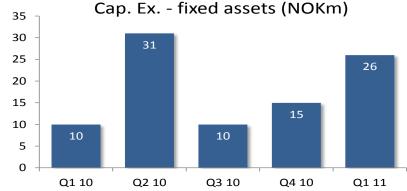


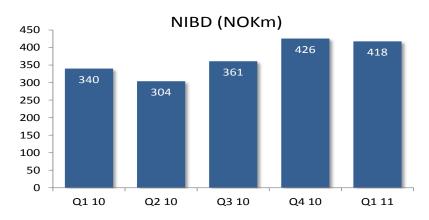
- Biomass pre FV increased by NOK 27m from Q4 10
  - Organic growth Farming
- Receivables reduced by NOK 69m from Q4 10
  - Lower volumes from Sales
  - Seasonally movements
- Working capital increased by NOK 13m from Q4 10
- Equity increased by NOK 33m from Q4 10
  - Net equity issue NOK 41,8m
  - Received 1 467 442 treasury shares from Linga-transaction to a total value of NOK 29,3m
  - Equity ratio 42,3%, up from 39,6% in Q4 10
- Capital employed pre FV increased by NOK 7m



### Cash flow, Cap Ex and Net interest bearing debt







- Operational cash flow NOK -2m impacted by
  - Negatively by low harvested volume and increased biomass
  - Positively by decrease of receivables
- High capex in new equipment
  - Expected full year investments in 2011 of approx. NOK 60m related to growth in Farming
  - Significant part in first half of 2011
- NIBD reduced by NOK 8m from Q4 10
  - Net proceeds from share issue NOK 40







### Outlook

#### Farming

- On track for 100% volume growth for Farming in 2011
- Positive impact on cost level in 2012 due to expected decrease in feed prices in second half of 2011 and economy of scale benefits
- Continued strong global demand reflected in future prices and contracts

Harvest volumes	FY10	Q1 11	Q2 11	Q3 11	Q4 11	FY 11
(kt,gwe)	ACT	ACT	EST	EST	EST	EST
North	6 000	1 036	3 100	5 400	6 250	15 786
South	4 700		1 100	2 300	2 300	5 700
Total	10 700	1 036	4 200	7 700	8 550	21 486
Contract volumes			100	1 800	2 000	3 900

Smolt release	FY 10	FY 11	FY 12
(1000 no.)	ACT	EST	EST
North	4 300	5 900	6 100
South	1 400	1 800	1 800
Total	5 700	7 700	7 900

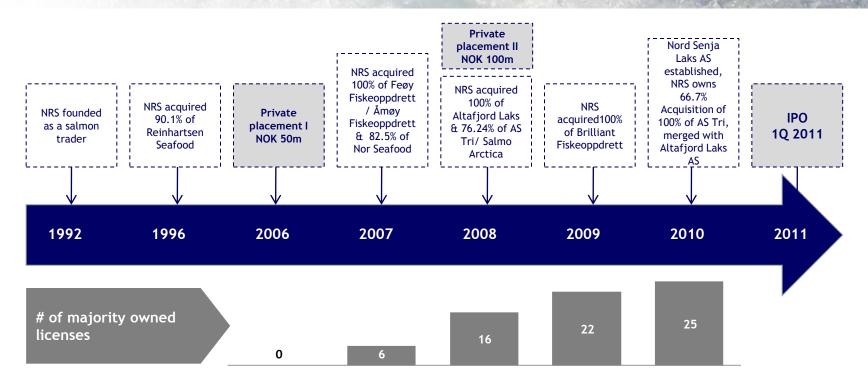
#### Sales

Increased volumes available from own farming and members in Q3 and Q4
 2011, which will increase trading volumes





### From salmon trader to integrated salmon farmer



#### NRS has historically been based on a membership model

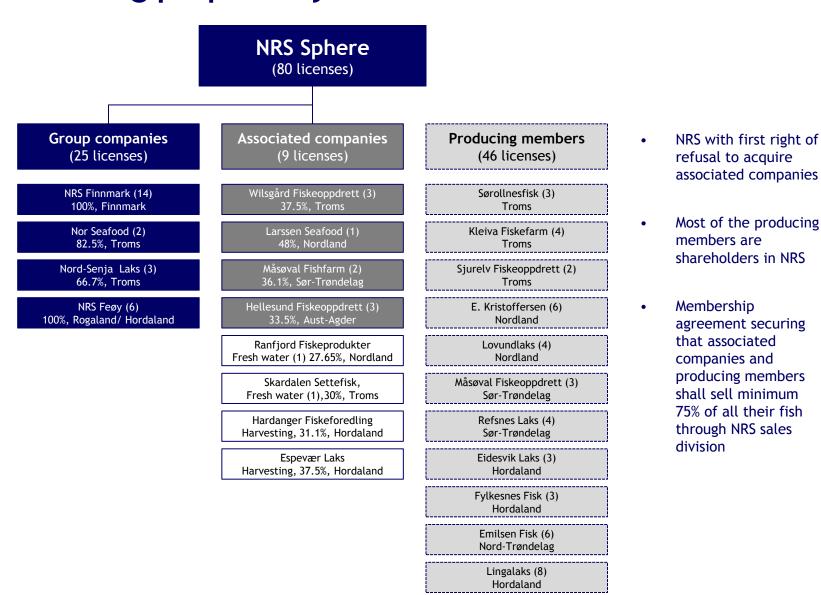
- NRS handles procurement of feed, food safety, HSEQ and other common functions for small independent salmon farmers
- Salmon farmers sell their harvested volumes through NRS
- Currently 19 members holding 80 licenses

#### In 2006 NRS made a strategic decision to vertically integrate into salmon farming

- A target was set to do an initial public offering within 3-5 years
- Philosophy to invest in clusters of 3-10 licenses, whilst retaining local commitment and leadership
- NOK 150m raised through two private placements to finance acquisitions (2006 & 2008)
- Acquired solid salmon farmers with long historic track-record



# Associated companies and producing members securing proprietary deal flow

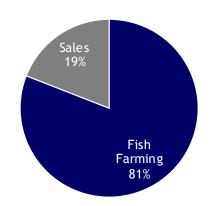




### NRS at a glance

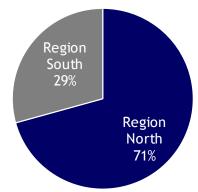
- NRS is an attractive positioned fish farming company with two business areas:
  - Fish Farming
  - Sales
- NRS has grown into a mid size salmon farmer with 25 licenses in Norway through selective acquisitions over the last 5 years
  - Licenses focused in 3 core areas
  - 14 licenses in Vest Finnmark
  - 5 licenses in Troms
  - 6 licenses in Rogaland/Hordaland
  - In addition, NRS holds minority stakes in 9 licenses through associated companies
- Strong growth in recent years set to continue
  - 2010 harvest volume of ~10,700 GWT, estimated harvest volume of 21,500 in 2011
  - Annual production capacity estimated at 30,000 GWT for current licenses
  - Revenues 2010 of NOK 2,002m
  - Trading volume of ~50,000 tons in 2010

#### EBIT by segment 2010



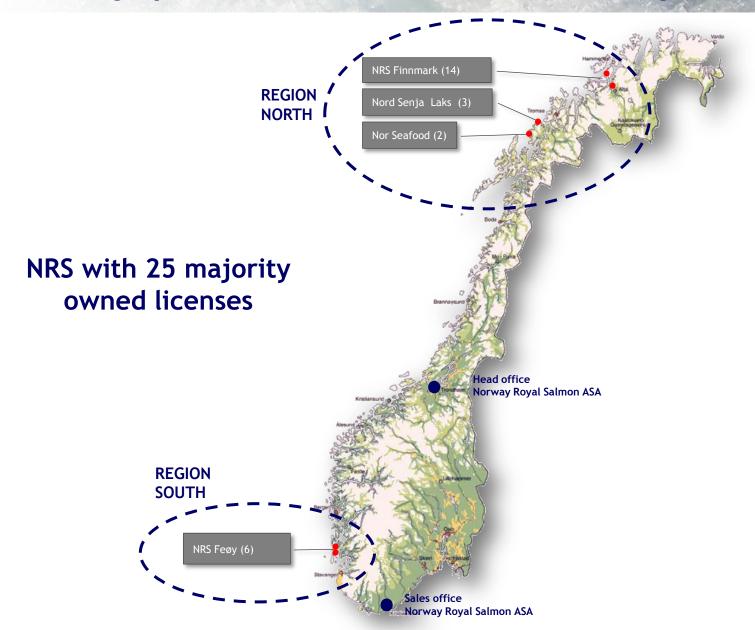
#### Harvest volume by geography 2011e

Total: 21,500 GWT



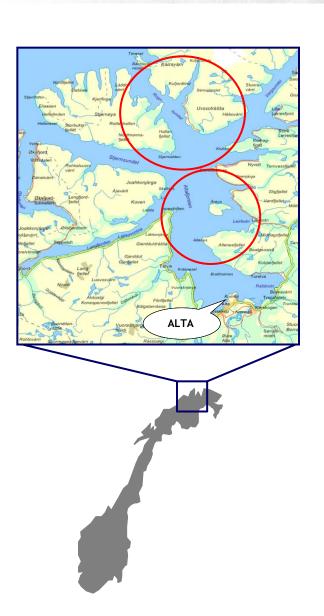


### Farming operations focused in attractive regions





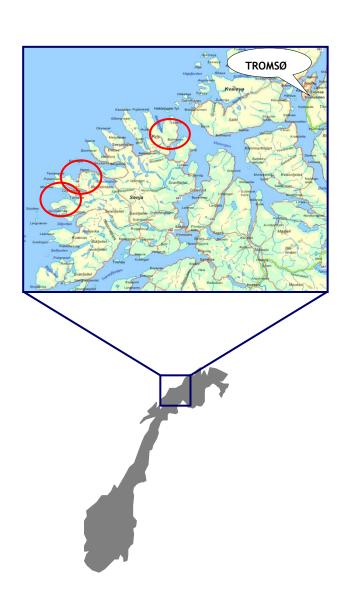
### Region North - Alta cluster



- 14 licenses owned through NRS Finnmark AS
- Significant unutilized capacity strongest growth area for NRS
- The clusters in Alta and Senja will have a 5% increase in MAB in 2011 (increase of 855 ton MAB)
  - Finnmark is generally an area for strong growth in salmon farming following new license awards and increase in MAB
- Long term harvesting agreement with major industry player
- Attractively located sites, history of good profitability in the Altafjord
- Good biological conditions
  - Relatively high water temperature in winter
  - Relatively low water temperature in summer
  - No algae in the area resulting in lower maintenance costs of nets
- Low biological risk, hardly any sea lice in area



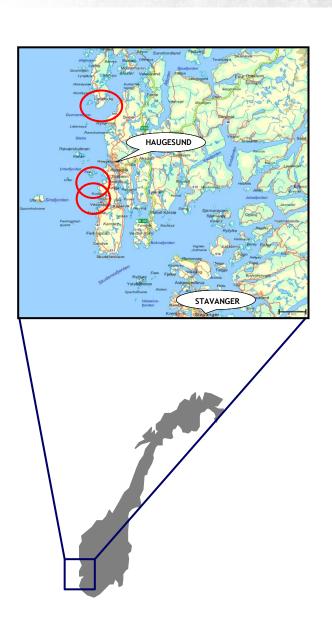
### Region North - Senja cluster



- 5 licenses majority owned in the Senja cluster
  - NRS owns 82.5% of Nor Seafood AS (2 licenses)
  - NRS owns 66.7% of Nord Senja Laks AS (3 licenses)
- Operated in co-operation with Wilsgård Fiskeoppdrett in a 8 licenses cluster
  - NRS owns 37.5% of Wilsgård
- Harvesting at Wilsgård and Nord Senja
- Attractive area with good conditions for salmon farming
  - Low biological risk, hardly any sea lice in area
- The clusters in Alta and Senja will have a 5% increase in MAB in 2011 (increase of 855 ton MAB)
- Smolt production through Skardalen Settefisk
  - Kåfjord based smolt producer with capacity of 1 million smolt, filed application to increase capacity to 2.5 million
  - Owned together with associated company Wilsgård Fiskeoppdrett (70%, NRS subsidiaries 30%)



### **Region South**



- Region South holds a total of 6 licenses
  - Owned 100% through NRS Feøy AS
- The company operates in the Haugesund area, both in Rogaland and Hordaland counties
- Harvesting at Espevær Laks
- Production co-operation with associated company Hellesund Fiskeoppdrett AS to mitigate biological risk and increase production
  - NRS owns 33.5% of Hellesund Fiskeoppdrett AS which holds 3 farming licenses
  - Co-operation enables better utilisation of MAB
  - First phase of production at Hellesund's locations in Agder
  - This area is relatively free of PD and sea lice
  - Upon reaching a certain size the fish is transferred to Feøy

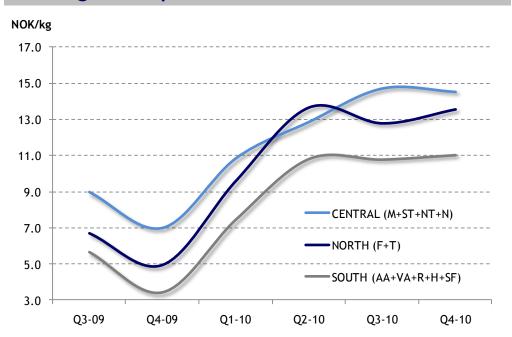


### Improving performance in northern regions

#### Regional split



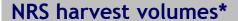
#### EBIT/kg development

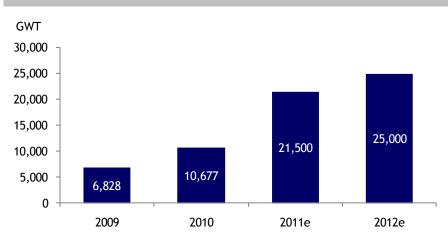


- Fish farmers (including NRS) have delivered an enhanced performance from Region North over the past 2 years
- Region North approaching Region Central in terms of operating performance
  - NRS has 19 licenses in Region North and 6 licenses in Region South

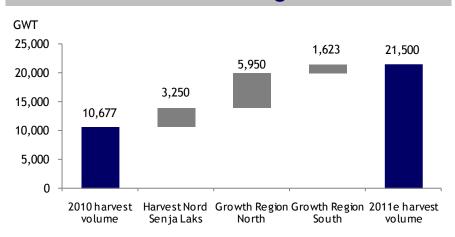


### Strong growth going forward...





#### 2010 -> 2011 volume bridge

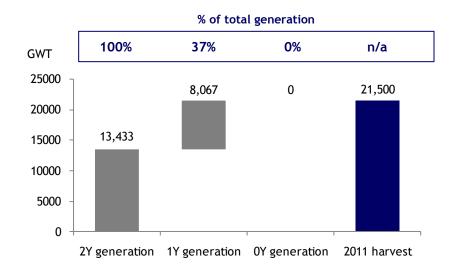


- Increase in volumes from 2010-2012e driven by growth within licenses
- NRS on track for 21,500 tons in 2011 and 25,000 tons in 2012m (harvest volume GwT)
  - Backed by current biomass
- 2009 and 2010 figures not including Nord Senja Laks (3 licenses)

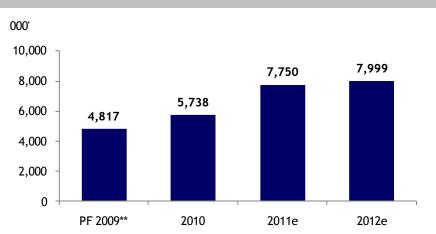


### ...and 2011 harvest is already in the sea

#### Harvest based on biomass per 31.12.10



#### Smolt release



- NRS needs to harvest 100% of the 2nd year generation and 37% of the 1st year generation in order to achieve harvest volumes
- Further harvest from the 1st year generation possible even using conservative growth assumptions
- Harvest volume also backed by smolt release

Source: NRS

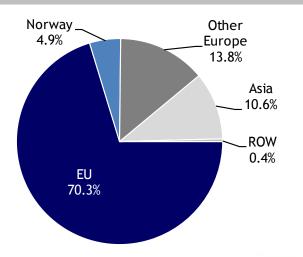
<sup>(\*)</sup> NRS share of the associated companies not included.

<sup>(\*\*)</sup> Excluding destroyed fish following PD and including Nord Senja

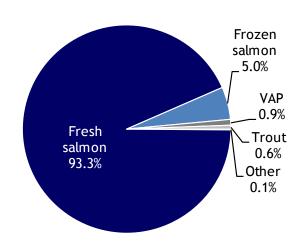


### Global coverage in sales & marketing

#### Revenue split 2010, by geography



#### Revenue split 2010, by product







# Management team with extensive experience from fish farming industry



#### CEO - John Binde

Mr. John Binde holds a Master in Mechanical Engineering from NTNU. Previous experience at CEO and senior executive level in Erling Haug, Lade Metall, Setsaas and Golar-Nor Offshore. He joined Norway Royal Salmon in 2004.



#### COO Farming - Roger Bekken

Mr. Roger Bekken joined the Company in August 2010. Mr. Bekken has 20 years experience from the fish farming industry, and was previously employed in Måsøval Fiskeoppdrett and Salmar.



#### CFO - Ola Loe

Mr. Ola Loe is a Certified Public Accountant from NHH. Prior to joining Norway Royal Salmon in 2009, he worked as a senior manager at KPMG and as group auditor for Cermaq, Norway Pelagic, Fjord Seafood and Midnor Group.

Managing Director Nor Seafood (Troms) Fredd Wilsgård Managing Director NRS Feøy Stein Ove Tveiten



### Director Marketing and Sales - Stein Martinsen

Mr. Stein Martinsen joined Norway Royal Salmon in 1996. Previously he was CEO of Reinhartsen Seafood, which he joined in 1980.



Managing Director Nord Senja Laks Egil Johansen



#### Director Administration and Chain Management -Torstein Tiller

Mr. Torstein Tiller holds a Diploma in Business Administration and joined Norway Royal Salmon in 1992. Previous experience includes CFO at Nobø for 20 years.







# **Group income statement**

	01	01	Year
(NOK '000)	Q1 2011	Q1 2010	7ear 2010
(NOK 000)	2011	2010	2010
Operating revenues	409 198	408 613	2 002 085
Cost of goods sold	369 820	349 829	1 748 681
Salaries	13 285	9 707	47 443
Depreciation	5 526	3 847	18 555
Write-downs	0	0	12 851
Other operating costs	13 042	9 571	51 765
Operating profit before fair value adjustment	7 525	35 659	122 790
Fair value adjustment	24 432	23 105	26 339
EBIT	31 957	58 764	149 129
Gain on realisation of financial assets	23 726	0	18 121
Share of profit of associates	2 852	7 044	19 772
Other net financial items	-7 214	-2 826	-18 097
EBT	51 321	62 982	168 925
Tax	-7 711	-15 662	-36 798
Net profit/loss	43 610	47 320	132 127
Profit attributable to:			
Parent company shareholders	42 036	45 163	123 528
Minority interests	1 574	2 157	8 599
Timority merests	1 3/4	2 137	0 399
Earnings per share (NOK)	1,15	1,25	3,32
Earnings per share - diluted	1,15	1,25	3,32



# Group balance sheet

(NOK '000)	31.03.2011	31.12.2010	31.03.2010
Intangible assets	498 287	498 287	397 543
-			
Property, plant and equipment	134 786		64 173
Non-current financial assets	123 981 <b>757 054</b>	151 948 <b>764 173</b>	131 931 <b>593 647</b>
Non-current assets	757 054	764 173	393 047
Inventory and biological assets	462 105	401 193	260 125
Receivables	225 850	294 723	204 976
Bank deposits, cash	5 375	4 748	1 523
Current assets	693 330	700 664	466 624
TOTAL ASSETS	1 450 384	1 464 837	1 060 271
Share capital	38 144	37 220	36 024
Other equity	531 392	500 714	374 726
Non-controlling interests	43 436	41 862	36 889
Equity	612 972	579 796	447 639
Pensions	7 719	7 719	8 130
Deferred tax	178 922	173 610	
Provisions	186 641	181 329	123 015 <b>131 145</b>
FIOVISIONS	180 041	181 329	131 143
Long-term interest-bearing debt	297 067	282 481	190 881
Short-term interest-bearing debt	126 494	148 259	150 667
Trade payables	202 913		114 843
Tax payable	1 135		0
Other current liabilities	23 162	17 499	25 096
Current liabilities	353 704	421 231	290 606
TOTAL EQUITY AND LIABILITIES	1 450 384	1 464 837	1 060 271



# Group cash flow statement

	Q1	Q1	Year
(NOK '000)	2011	2010	2010
Operating profit before fair value adjustment	7 525	35 659	122 790
Adjusted for:			
Depreciation/amortisation	5 526	3 847	18 555
Write-down of non-current assets	0	0	12 851
Gains (-)/ losses (+) on disposal of non-current assets	0	44	369
Share options	242	0	0
Pension costs with no cash effect	0	0	-411
Change in inventory / biomass	-29 979	28 735	-89 455
Change in debtors and creditors	14 445	-37 368	35 788
Change in other current assets and other liabilities	544	10 796	-18 654
Net cash flow from operating activities	-1 697	41 713	81 833
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	0	800	940
Payments for purchase of property, plant and equipment	-26 374	-9 797	-65 751
Payments in connection with other transactions	0	0	-765
Proceeds from realisation of non-current financial assets	1 500	0	0
Proceeds from investments in non-current financial assets	0	0	3 863
Payments for investments in non-current financial assets	-31	0	-17 077
Payments for acquisition of subsidiaries (less cash taken over)	0	0	-9 833
Change in loans to associates and others	0	0	5 024
Net cash flow from investing activities	-24 905	-8 997	-83 599
Cash flow from financing activities			
Receipts from new long-term debt	21 730	9 436	280 040
Long-term debt repayments	-4 414	-3 865	-212 196
Short-term debt repayments	0	0	-3 526
Net change in overdraft	-24 496	-34 335	-39 367
Net payments from share issue	40 112	0	-159
Purchase and sale of treasury shares	143	0	4 104
Payments from interest	92	193	704
Interest paid	-5 938	-4 432	-19 466
Dividend payment	0	0	-5 430
Net cash flow from financing activities	27 229	-33 003	4 704
Net increase (+)/ decrease (-) in cash & cash equivalents	627	-287	2 938
Cash and cash equivalents - opening balance	4 748	1 810	1 810
Cash and cash equivalents - closing balance	5 375	1 523	4 748



# **Statement of Equity**

2011	Equity	allocated to	Non-				
(NOK '000)	Share capital			Share premium Retained fund earnings		controlling interests	Total equity
Equity at 01.01.2011	37 229	-9	15 525	485 188	537 934	41 862	579 796
Total comprehensive income	0	0	0	18 904	18 904	1 574	20 478
Transactions with shareholders							
Share issue	2 382	0	43 730	0	46 112	0	46 112
Net share issue transaction costs	0	0	-4 307	0	-4 307	0	-4 307
Share options	0	0	0	99	99	0	99
Purchase of treasury shares	0	-1 467	0	-27 881	-29 349	0	-29 349
Sale of treasury shares	0	9	0	134	143	0	143
Total transactions with shareholders	2 382	-1 458	39 423	-27 648	12 698	0	12 698
Equity at 31.03.2011	39 611	-1 467	54 948	476 444	569 536	43 436	612 972

2010	<u>Equity</u>	allocated to	Non-				
(NOK '000)	Share capital	Treasury shares	Share premium fund	Retained earnings Total		controlling interests	Total equity
Equity at 01.01.2010	36 288	-264	151 339	178 225	365 588	34 732	400 320
Total comprehensive income	0	0	0	146 660	146 660	8 599	155 259
Transactions with shareholders							
Minority interests at creation of Group	0	0	0	0	0	28 001	28 001
Purchase of minority interests	816	0	12 645	12 680	26 141	-29 141	-3 000
Share issue	125	0	1 656	0	1 781	0	1 781
Net share issue transaction costs	0	0	-114	0	-114	0	-114
Reduction in share premium fund	0	0	-150 000	150 000	0	0	0
Dividend	0	0	0	-5 430	-5 430	0	-5 430
Purchase of treasury shares	0	-79	0	-666	-745	-380	-1 125
Sale of treasury shares	0	334	0	3 719	4 053	51	4 104
Total transactions with shareholders	941	255	-135 814	160 303	25 686	-1 469	24 217
Equity at 31.12.2010	37 229	-9	15 525	485 188	537 934	41 862	579 796



# Quarterly historical information

QUARTERLY HISTORICAL INFORMATION	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(NOK thousand, NOK per kg)	2011	2010	2010	2010	2010	2009	2009	2009
FARMING								
Volumes sold (ktonnes, HOG)								
Region North	1 035	794	913	1 833	2 461	1 621	163	681
Region South	0	1 352	954	1 436	935	0	1 545	643
Total	1 035	2 146	1 867	3 269	3 396	1 621	1 708	1 324
EBIT pre fair value								
Region North	12 306	-5 272	14 284	23 208	26 711	7 815	-9 059	1 546
Region South	9	15 499	5 793	20 630	9 084	228	4 569	5 584
Total	12 315	10 227	20 077	43 838	35 795	8 043	-4 490	7 130
EBIT per kg *								
Region North	11,89	9,54	15,65	13,55	10,86	4,82	-55,58	2,27
Region South	0,00	11,46	6,07	14,37	9,72	0,00	2,96	8,68
Total	11,90	10,75	10,75	13,91	10,54	4,96	-2,63	5,38
SALES								
Volumes sold (ktonnes)	9 525	13 221	11 858	13 144	11 361	14 062	11 045	10 946
Operating revenue	409 030	543 846	492 666	551 289	403 468	430 229	395 683	409 871
EBIT pre fair value	2 287	6 184	7 170	10 117	2 423	6 913	6 753	4 298
NRS GROUP								
EBIT pre fair value	7 525	12 993	23 781	50 357	35 659	13 456	1 175	10 442
* Adjusted for non recurring items in the period	od							

