

“Capacity utilisation and pricing power”

Marine Harvest

Handelsbanken – Nordic small/mid cap seminar

Stockholm 22 June 2010

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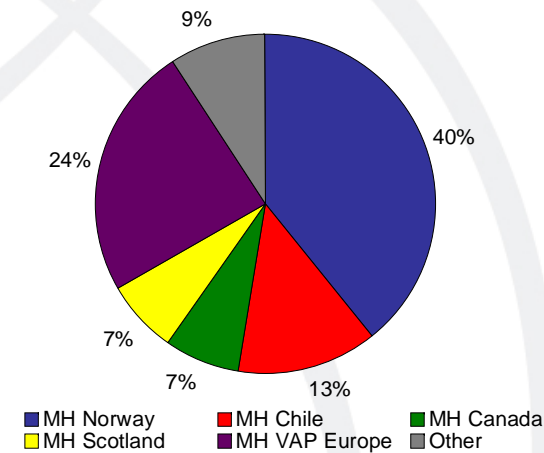
marineharvest
excellence in seafood



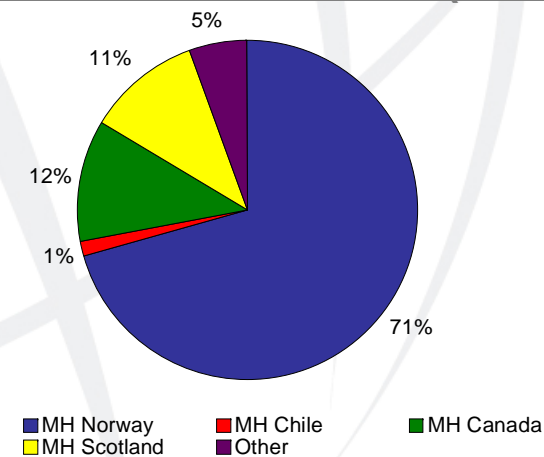
Marine Harvest at a glance

- Turnover NOK 14.5bn
- Salmon volume 327' tonnes (HOG)
- 5.000 employees
- Presence in 18 countries
- Global market share of ~25%
 - Farmed Atlantic Salmon
- Leading producer in:
 - Norway
 - Canada (West Coast)
 - Scotland
 - Ireland
- Extensive value adding processing of convenient, healthy, natural and fresh salmon and other species

2009 Sales breakdown

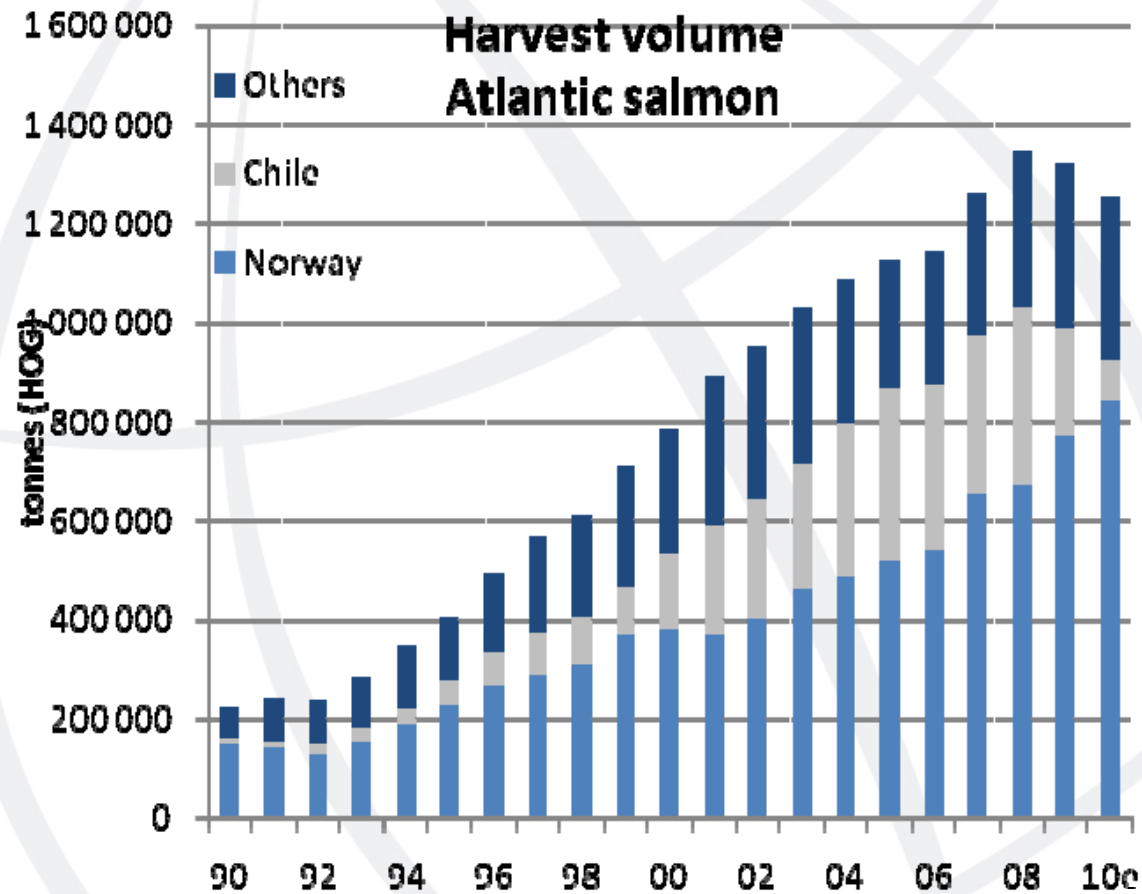


Harvest volume 2010E (HOG)





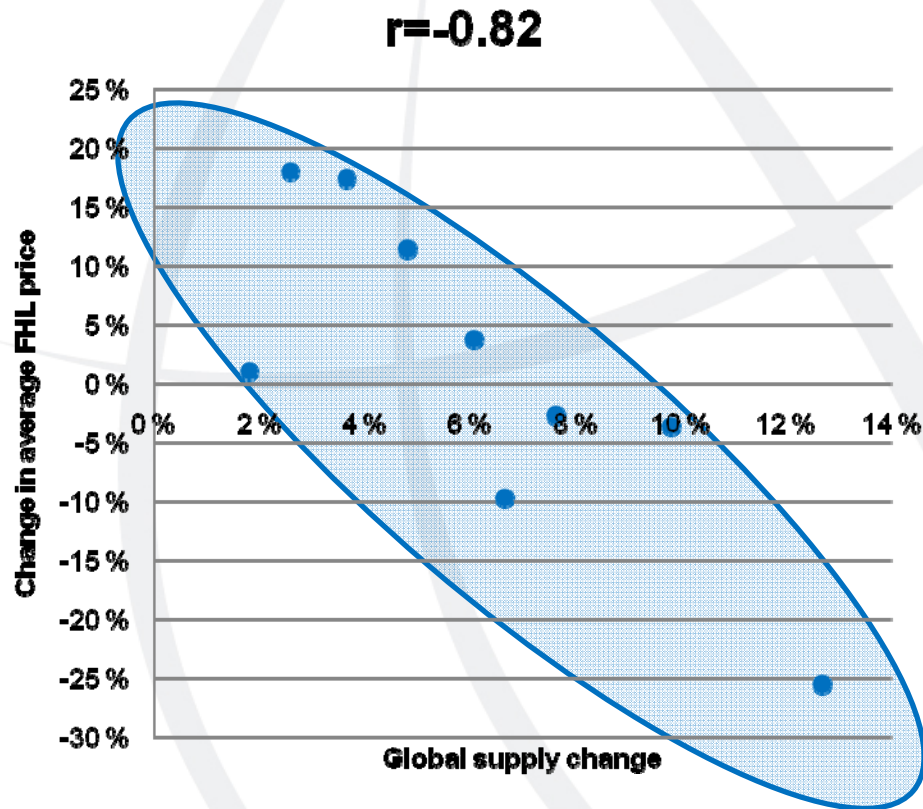
Development in global harvest volumes



CAGR 1990-2008: 11% CAGR 1990-2010E: 10%

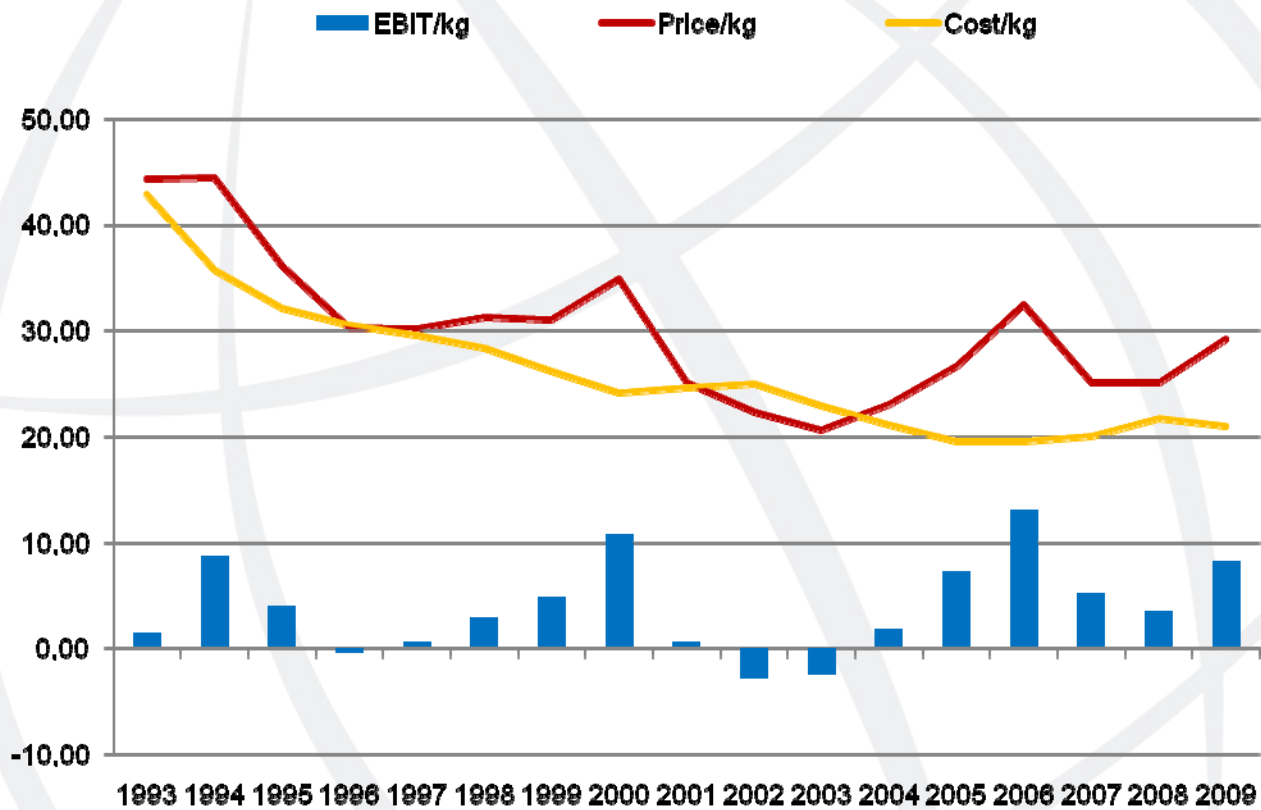


Historic price and volume relationship



Y-o-Y	Global supply growth	Change in av. price FCA Oslo
2000-01	13 %	-25 %
2001-02	7 %	-10 %
2002-03	8 %	-3 %
2003-04	5 %	11 %
2004-05	4 %	17 %
2005-06	2 %	1 %
2006-07	10 %	-4 %
2007-08	6 %	4 %
2008-09	3 %	18 %

Inflation adjusted price and production cost - Norway

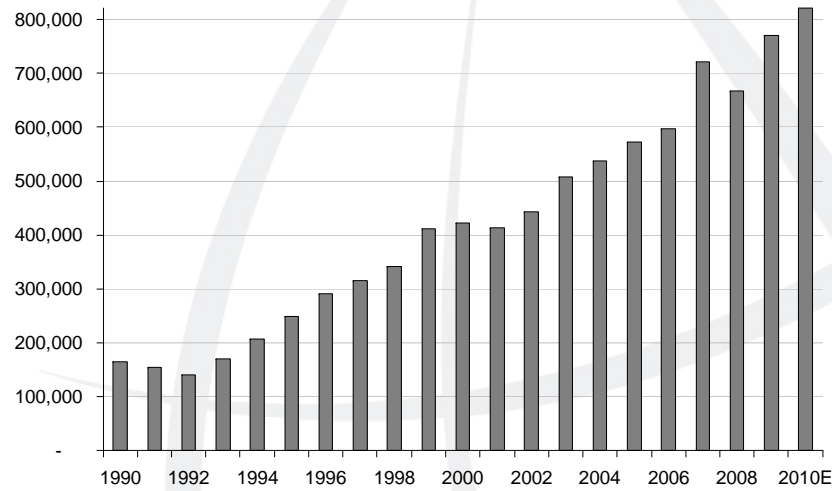


Adjusted according to KPI (2009 = 100)

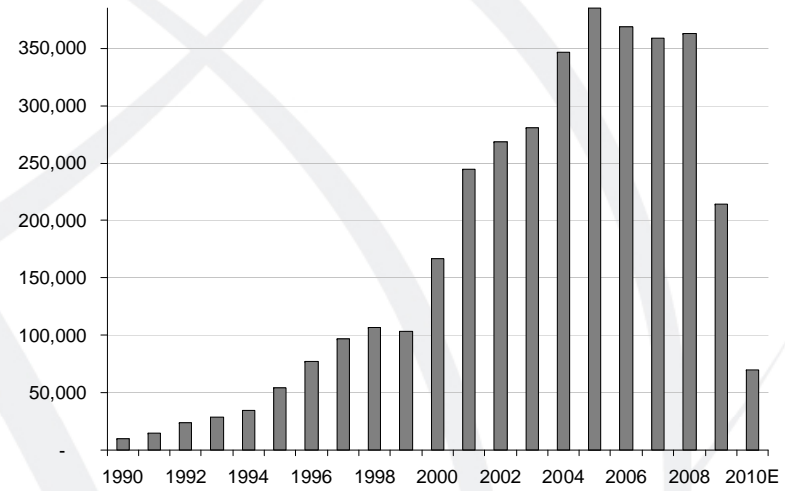


Development in harvest volumes

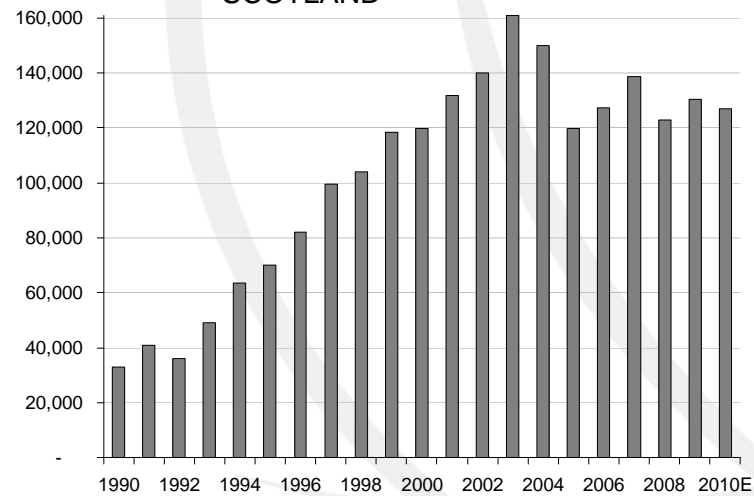
NORWAY



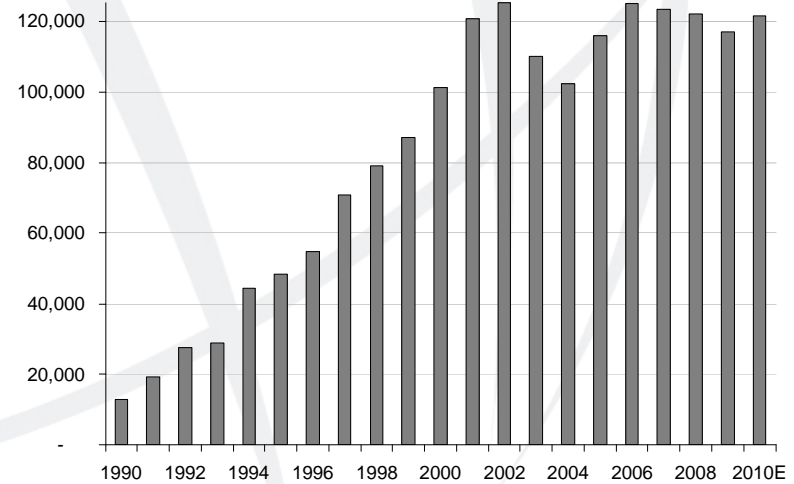
CHILE



SCOTLAND



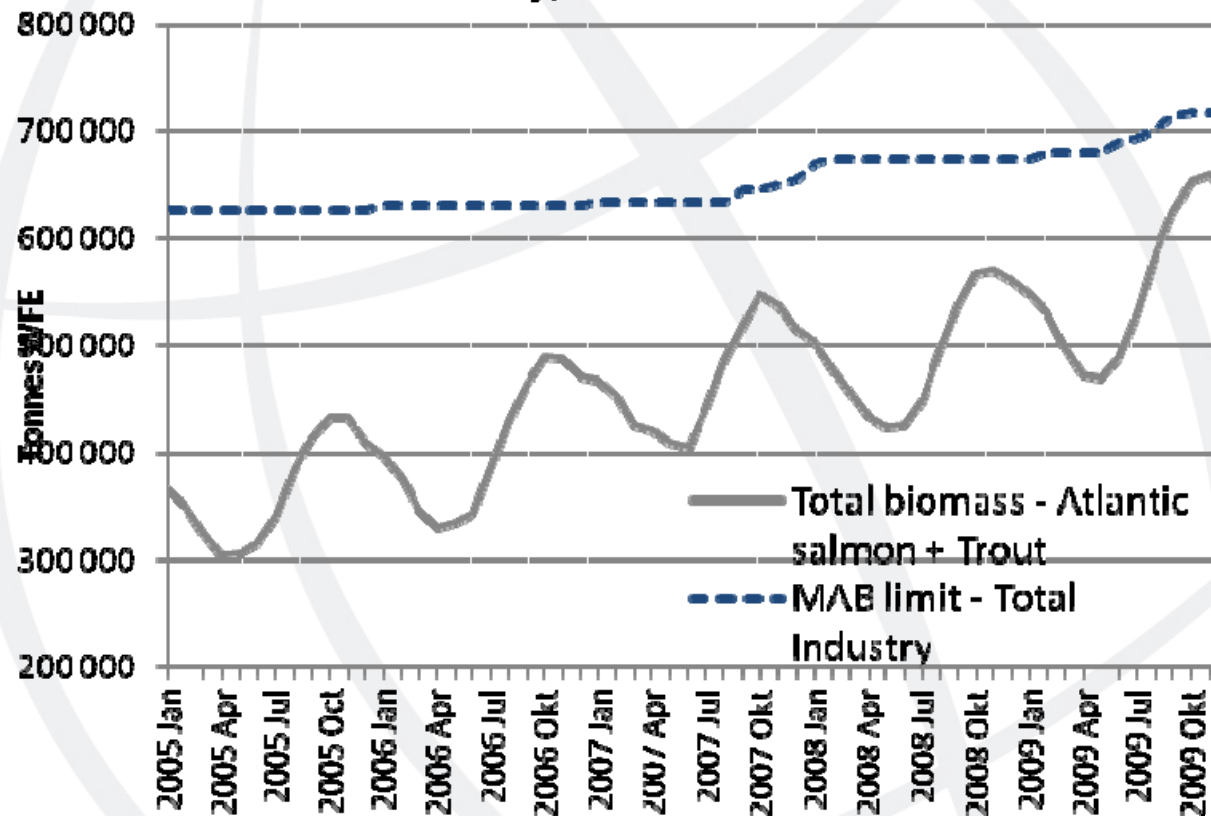
NORTH AMERICA





Norway approaching full capacity

**Estimated MAB - Utilization
Norway; 2005 - 2009**



Chile: New legislation

- General Law on Fisheries and Aquaculture (LGPA) enacted 5 April.
- Development of regulations expected to take several months
 - Improved sanitary and environmental regulations. Details to be established through development of regulations over the next months.
- No impact on duration of Marine Harvest current licenses
- Future production capacity will be impacted by the new law, and specifically by the following:
 - No new licences to be awarded during next 12 months.
 - Gradual opening of regions XII, XI and X after 12 months, two years and five years respectively.
 - Regulations of zones, availability of areas suitable for aquaculture (AAA) and fallow periods will limit production capacity and growth rate until new licences can be approved and/or new areas opened.



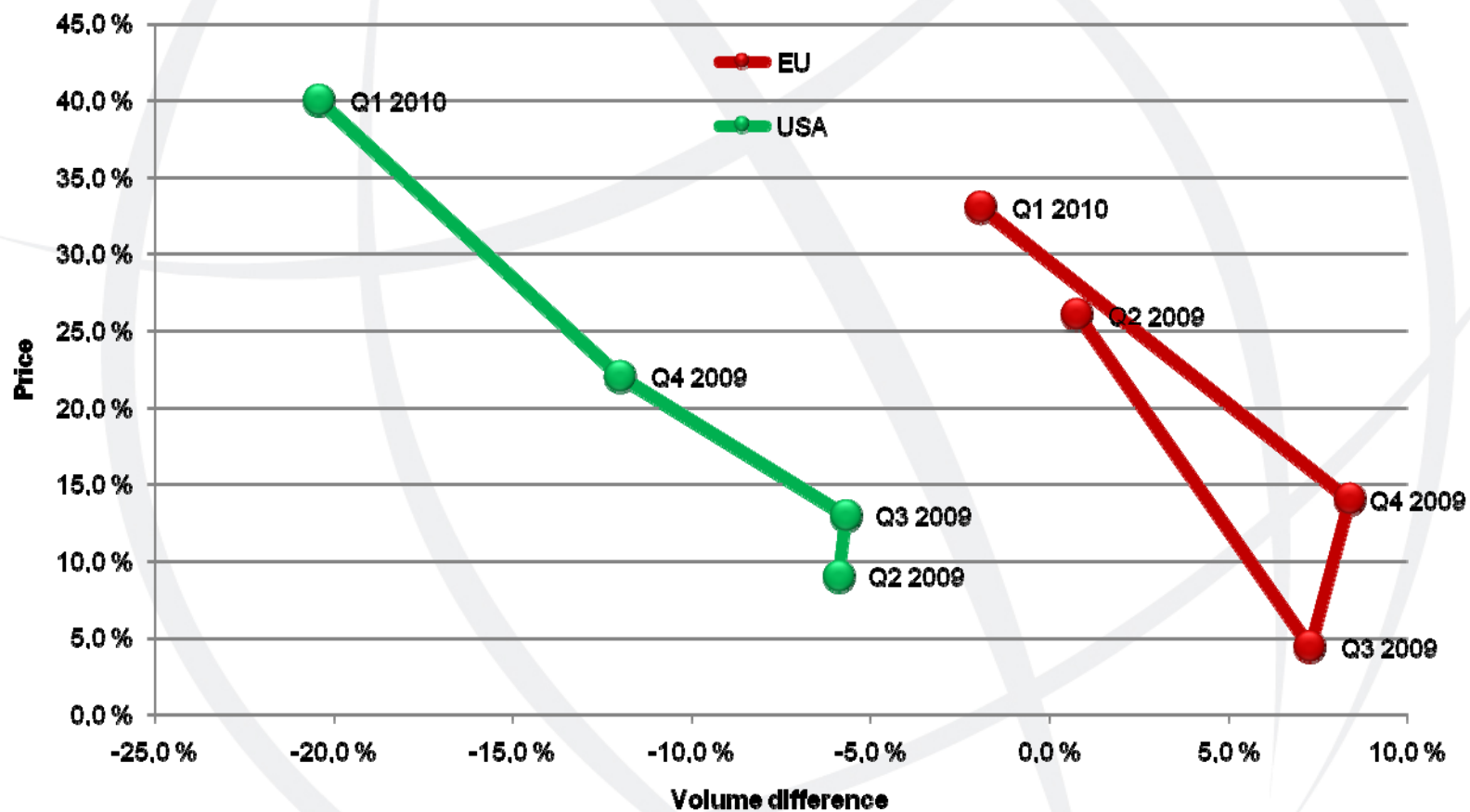
Industry supply outlook 2010

HOG tons (thousands)	2008	2009	ESTIMATES 2010			
			Low	Y/Y growth	High	Y/Y growth
Norway	667	770	824	7%	839	9%
Chile	363	215	65	-70%	86	-60%
North America	122	117	119	2%	123	5%
UK	123	130	124	-5%	129	-1%
Other	<u>70</u>	<u>88</u>	<u>81</u>	<u>-8%</u>	<u>84</u>	<u>-4%</u>
Total	<u>1,345</u>	<u>1,320</u>	<u>1,212</u>	<u>-8%</u>	<u>1,261</u>	<u>-4%</u>



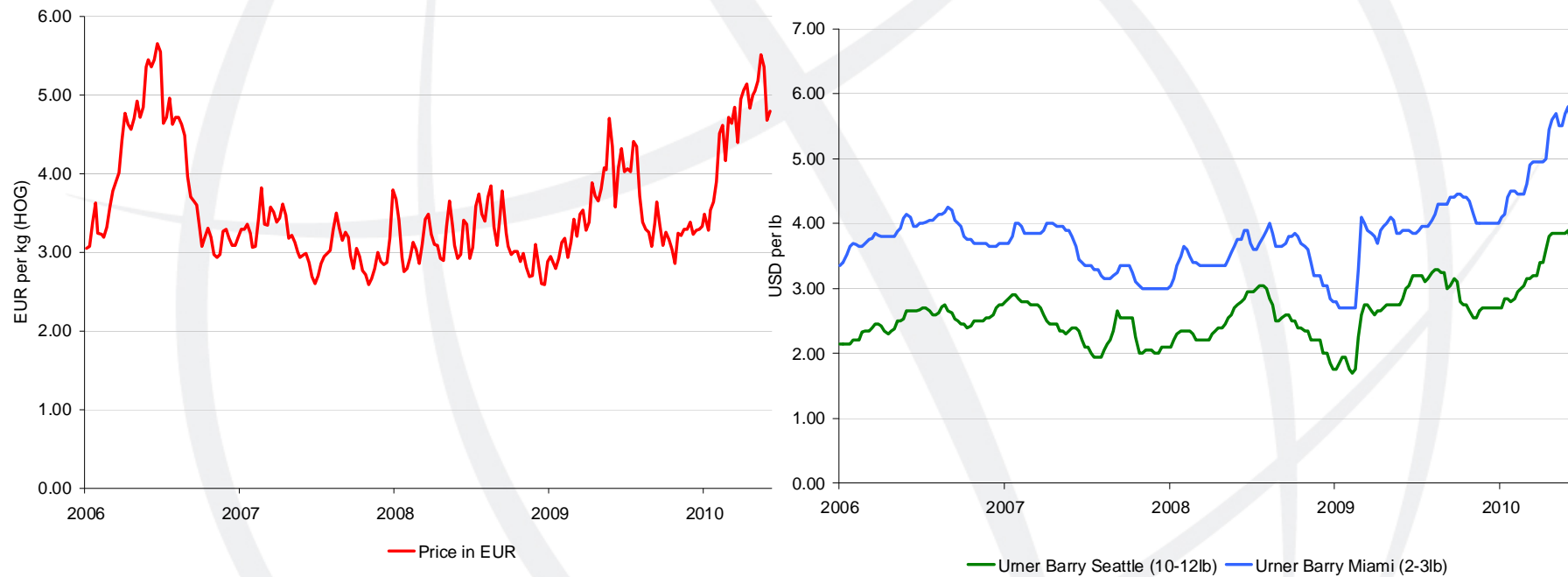
Price movements in EU and USA last 4 quarters

Price movements last 4 quarters (Change in prices and supply vs 12 months before)





Price development in market currencies





Focus areas for the large industry player

Procurement



Utilise scale advantages

Feed

- Global contracts
- Clear commercial dynamics
- Optimal recipes
- Work closely with suppliers

Other procurement

- Standardise requirements
- Centralised tender processes

Farming



Best practice

- Disease prevention
- Disease handling

- Feed

Standardisation

- Processes
- Methods

Processing



Primary processing

Efficient plant structure

High utilisation

Best practice

- Hygiene
- Quality systems
- Standardised processes

Secondary processing

Improved upstream/downstream balance

Reduced exposure to non salmon species

Market/Logistics



Think global - act local

Optimise global market opportunities

Maximise netback for each entity

Market matrix

2008 VOLUME DISTRIBUTION

Thousand tonnes (HOG)	Norway	Chile	Scotland	North America	Other	Total	%
EU (1)	477	62	104	-	36	680	51%
USA	9	158	14	78	7	266	20%
Russia	56	5	1	-	6	68	5%
Japan	22	13	0	2	4	42	3%
Other markets	102	106	3	26	41	279	21%
Total	666	346	123	106	93	1,334	
%	50%	26%	9%	8%	7%		

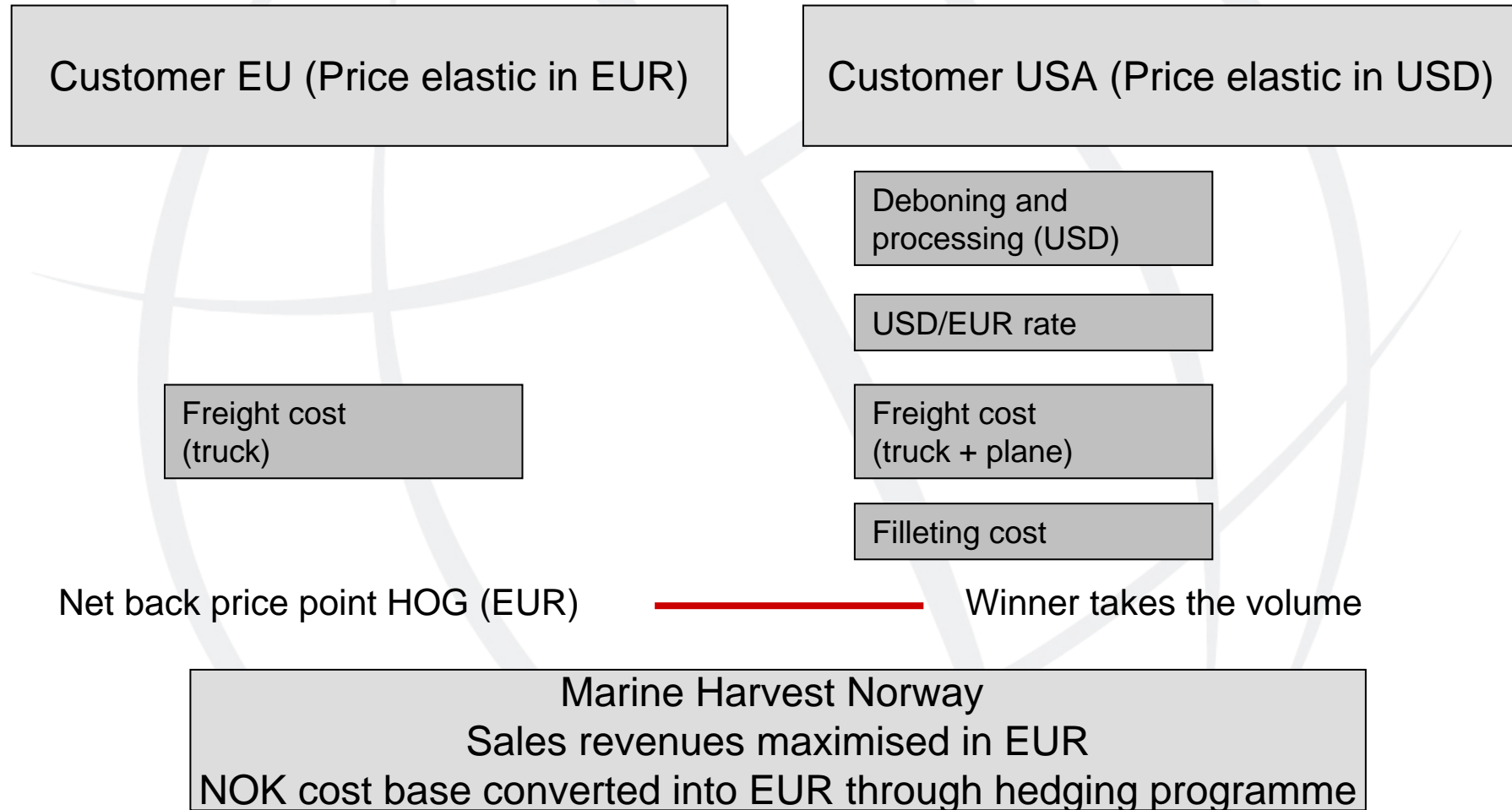
2009 VOLUME DISTRIBUTION

Thousand tonnes (HOG)	Norway	Chile	Scotland	North America	Other	Total	%
EU (1)	532	36	100	0	22	690	51%
USA	36	96	24	81	15	253	19%
Russia	63	5	1	-	2	71	5%
Japan	26	6	1	1	2	36	3%
Other markets	113	105 (2)	5	35	45	304	22%
Total	770	248	131	117	87	1,353	
%	57%	18%	10%	9%	6%		

Source: Kontali

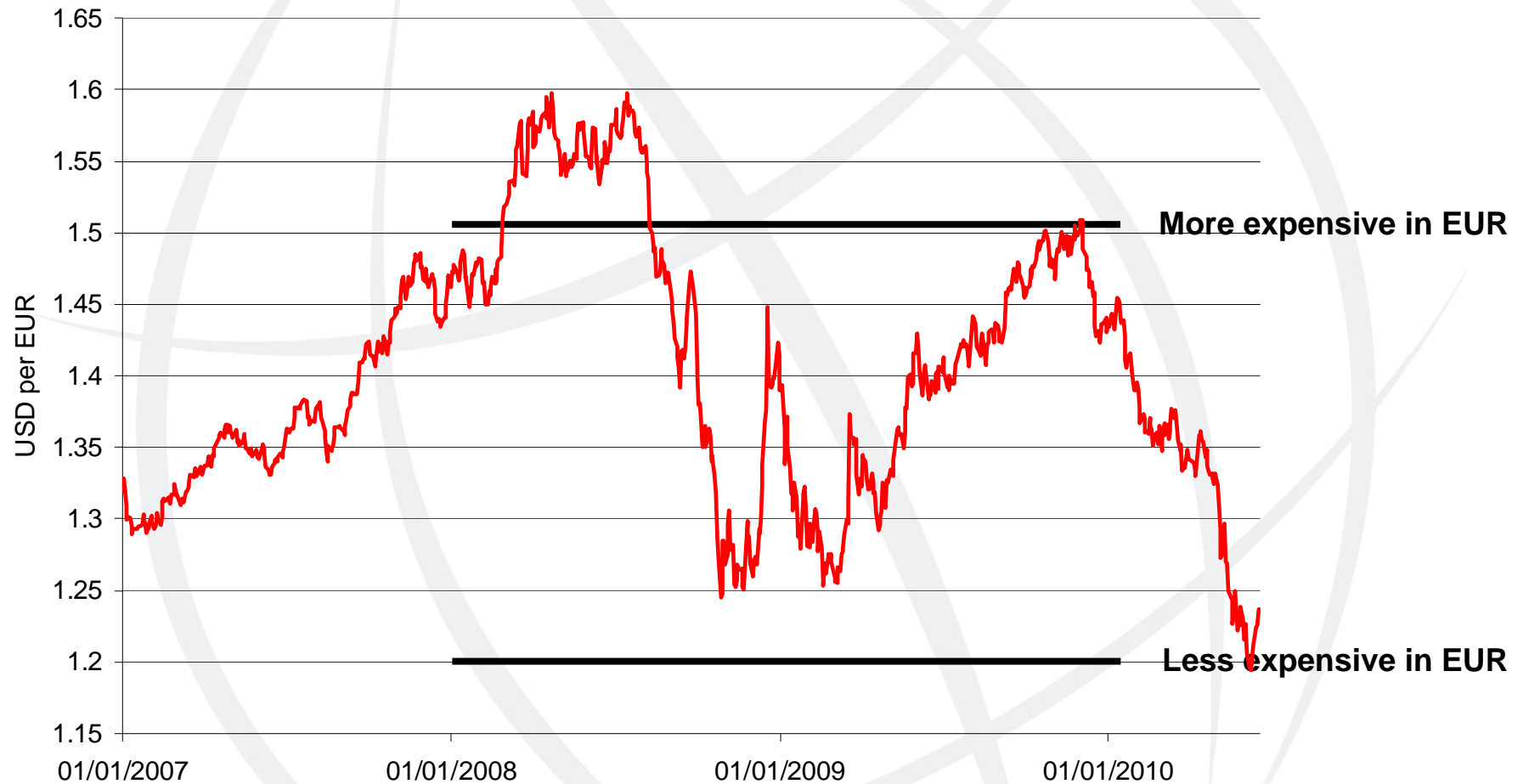


Arbitrage determinants

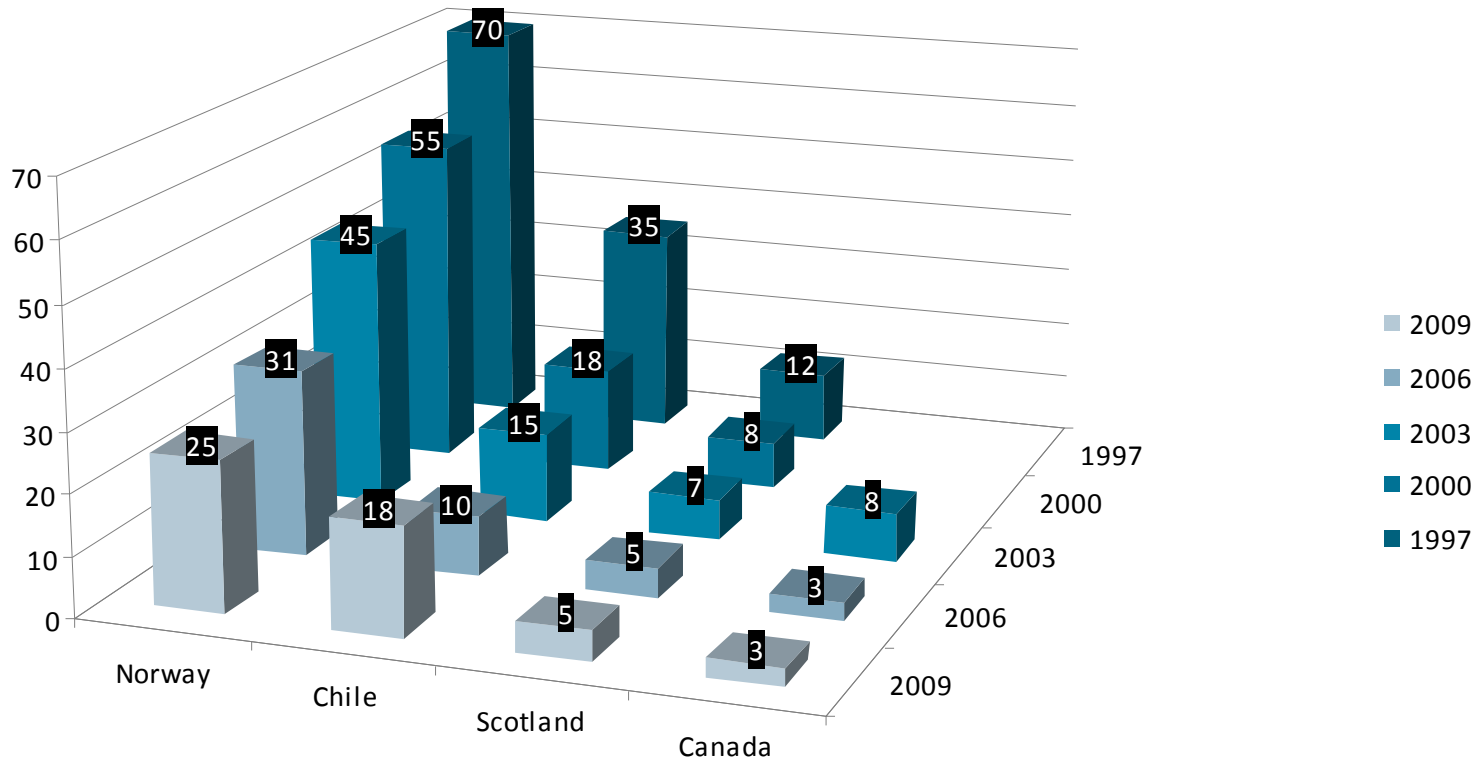




Arbitrage determinant - Currency



Consolidation of the industry



Financial position

Marine Harvest Group NOK million	31.03.2010	31.03.2009	31.12.2009
Non-current assets	12 037	12 552	11 900
Current assets	8 298	8 297	8 490
Total assets	20 335	20 849	20 389
Equity	12 292	9 971	11 461
Non-current liabilities	3 528	6 961	6 359
Current liabilities	4 515	3 917	2 569
Total equity and liabilities	20 335	20 849	20 389
Cash and cash equivalents	236	271	172
Net interest-bearing debt	4 140	7 074	5 075
Equity ratio	60.4%	47.8%	56.2%
NIBD/Equity	33.7%	71.0%	44.3%

- NIBD/Equity well within target of less than 0.5x

Full refinancing in place

- New five year financing obtained through a combination of
 - Convertible bond, and
 - Continued bank financing
- EUR 225 million convertible bond issued in March 2010
 - Tenor 5 years
 - Annual coupon 4.5%
- EUR 600 million syndicated loan agreement signed 4 May 2010
 - Maturity – Q1 2015
 - Lenders: DnB NOR, Nordea, Rabobank and Fortis Bank (Nederland) N.V.
 - Annual repayments: EUR 32 million
 - Covenants:
 - 40% equity ratio
 - Declining NIBD/EBITDA ratio over tenor (gradual reduction from 3.5x to 3.0x)



Marine Harvest's dividend policy

- The dividend level shall reflect the present and future cash generation potential of the Company
- Marine Harvest will target a net interest-bearing debt/equity ratio of less than 0.5x
- When target level is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividend

Outlook

- We expect a tight market in 2010 and 2011. Global supply growth is expected to be limited the coming years
- Strong forward prices for 2010 and 2011 confirmed by recent sales contracts
- Potential for improved price achievement from a better organized and coordinated sales function, including VAP activities
- Strong results expected in Q2, and for the remainder of 2010, based on market balance and improved operational performance
- Robust 5 year financing with low financial commitments in place
- Dividend policy established