



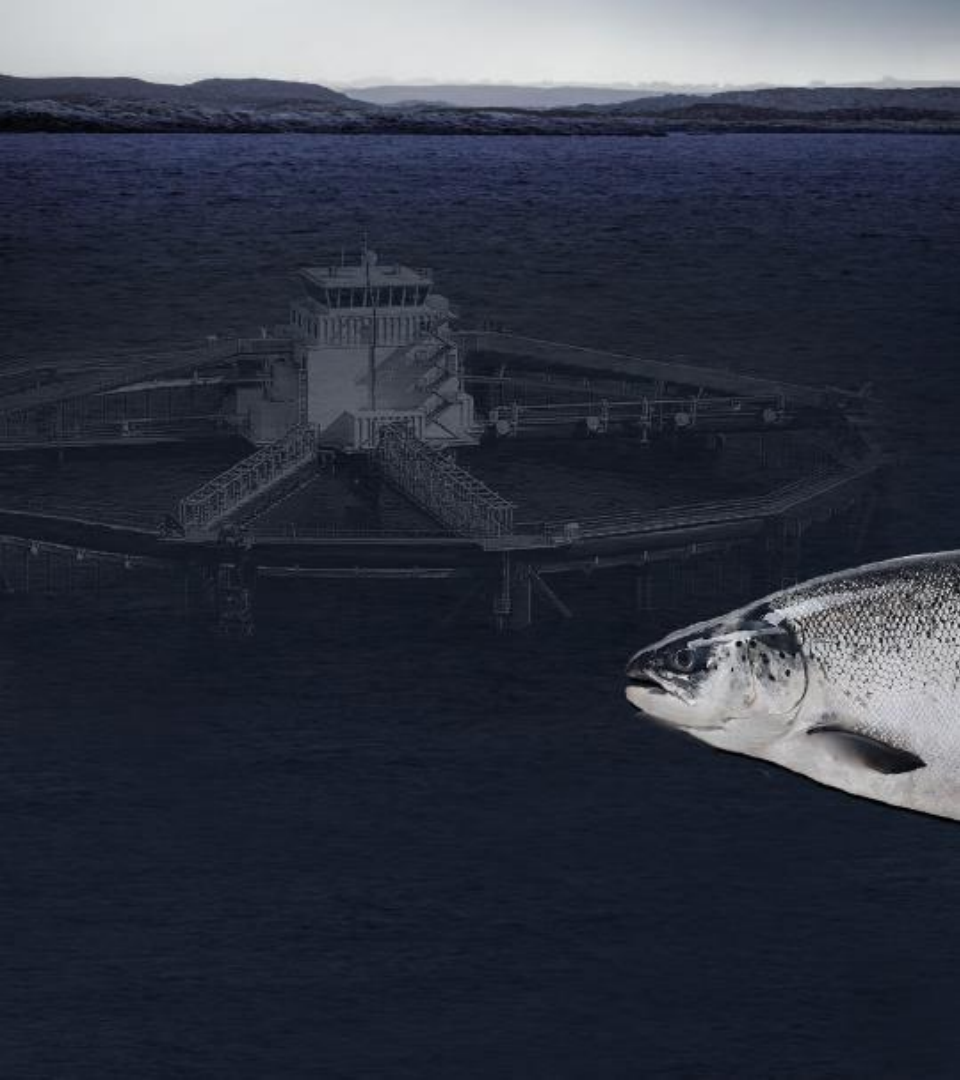
# SALMAR

Passion for Salmon

## How to overcome biological challenges

NASF 2017 - March 9th

CFO | Trond Tuvstein



# Agenda

## North Atlantic Seafood 2017

- SalMar in Brief – FY 2016
- How to overcome biological challenges

# SALMAR IN BRIEF



- Total employees: 1300
- 100 wholly owned farming licenses in Norway | 110 incl. Partnerships | 8 R&D
- MCAP: 23,0 billion NOK

- The world's largest producer of organic salmon
- The third largest salmon producer in Norway
- Delivers salmon to +40 countries

# SALMAR - A FULLY INTEGRATED SALMON FARMER

TRACEABLE SUPPLY CHAIN



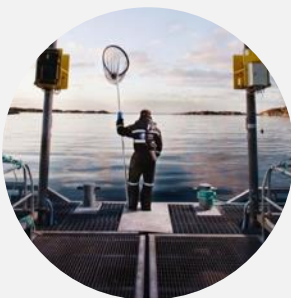
## Brood stock

- Roe
- Rauma strain



## Smolt

- Essential for the performance in the entire value chain



## Farming

- 100 wholly owned licenses in Norway
- 110 including R&D and partnerships
- Third largest salmon producer in Norway



## Harvesting and VAP

- InnovaMar facility
- Vikenco at Aukra (51 %)



## Sales

- SalMar Sales
- SalMar Japan / Korea / Vietnam
- The world's largest producer of organic salmon
- Export to +40 countries



# STRONG HISTORY - THE BEST IS YET TO COME



Secondary processing  
from the «get go»

1991



120 meter floating  
cage collar

1996



160 meter floating  
cage collar

2002



Listed Oslo  
Stock Exchange

2007



Certified to farm, process  
and sell organic salmon

2009



InnovaMar

2010



Ro fjell – Worlds largest  
wellboat for Salmon

2013



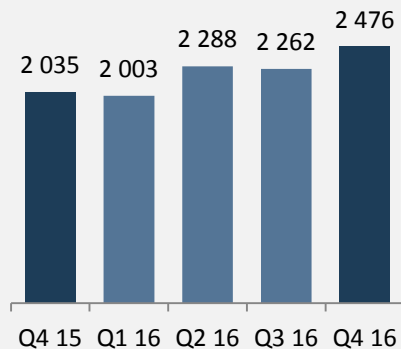
Ocean Farming

2017

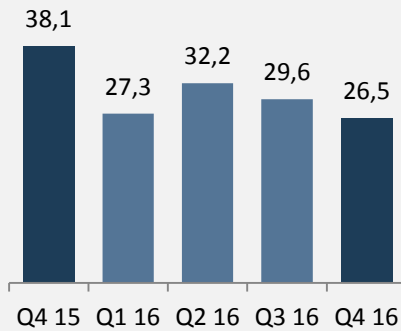
# 2016 HIGHLIGHTS

- Continued high prices driving revenues and earnings
- Biological situation remains a challenge, improved yoy
- The Board of Directors propose a dividend of NOK 12.00 per share (10.00)

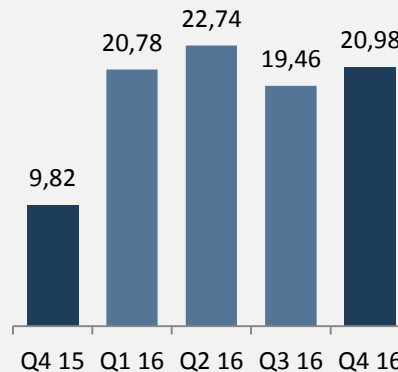
Operating income (NOKm)



Harvest volume (1,000 tons)



EBIT/kg (NOK)



**Total operating income**  
9 029,8 (NOKm)

**Total harvest volume**  
115,6 (1,000 tons)

**Total EBIT/kg**  
21.03 (NOK)

**Total operational EBIT**  
2 431,6 (NOKm)

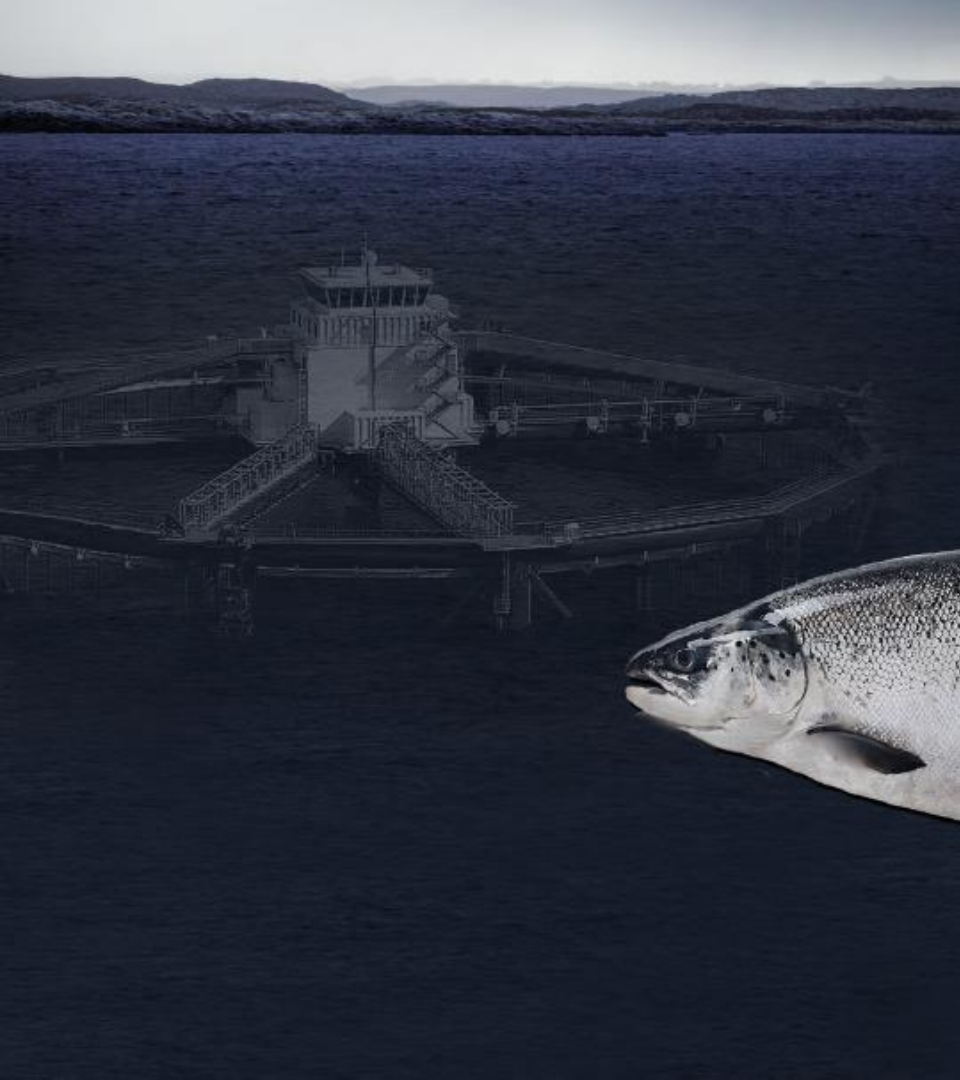
# HOW DID WE DO?

Farming Central Norway	FY 2016	FY 2015
Operating income (NOKm)	4 343.5	3 941.7
Operational EBIT (NOKm)	1 770.2	947.7
Operational EBIT %	40.8%	24.0%
Harvested volume (1 000 t <sub>gw</sub> )	70.5	96.9
EBIT/kg	25.13	9.78

Farming Northern Norway	FY 2016	FY 2015
Operating income (NOKm)	2 799.2	1 646.9
Operational EBIT (NOKm)	1 480.3	505.8
Operational EBIT %	52.9%	30.7%
Harvested volume (1 000 t <sub>gw</sub> )	45.2	39.5
EBIT/kg	32.78	12.81

Sales & Processing	FY 2016	FY 2015
Operating income (NOKm)	8 231.4	7 295.0
Operational EBIT (NOKm)	-685.8	72.6
Operational EBIT %	-8.3 %	1.0%

- Challenging biological situation
- Strong operations has given satisfactory results
- Non-medicinal delousing – we have learned a lot
- Very strong performance
- Satisfactory biological situation
- Zone regulations influence harvest distribution
- Fixed price contracts hits hard
- Biological situation affects processing



# Agenda

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# HANDLING BIOLOGICAL ISSUES

Biological issues have always been a part of the industry – and always will be....

....but, the industry has always shown ability to handle the challenge and move forward

# WHAT IT REQUIRES TO HANDLE



Recognition



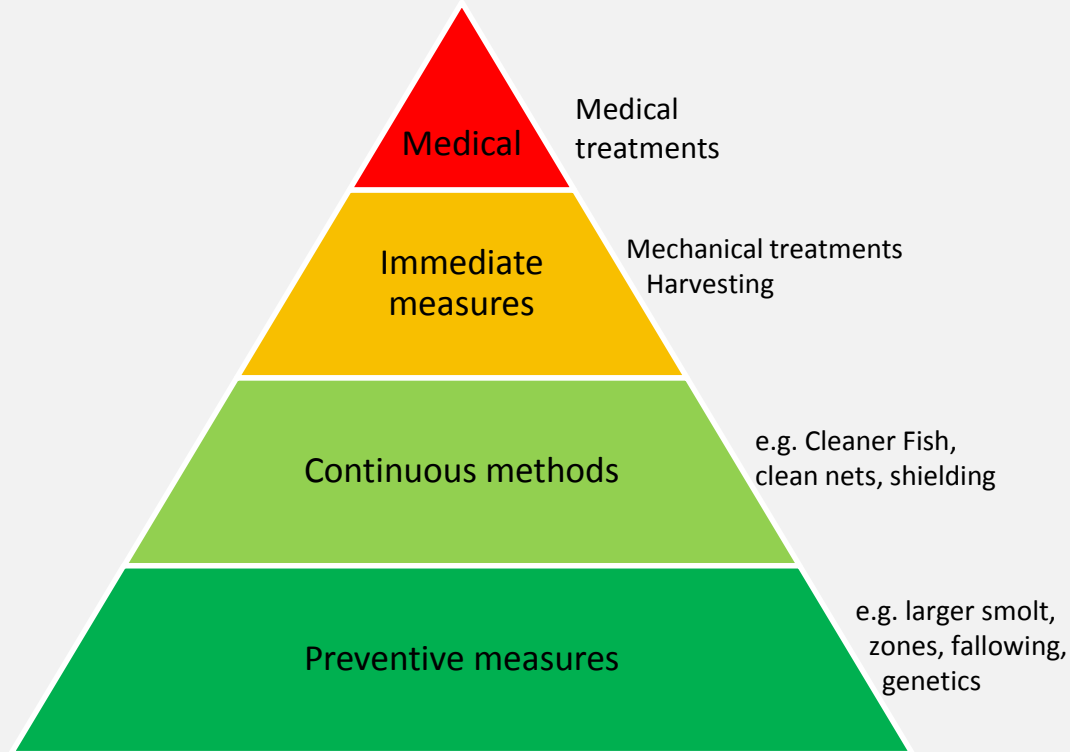
Knowledge



Capability



# STRATEGIC FRAMEWORK



# SALMON FIRST



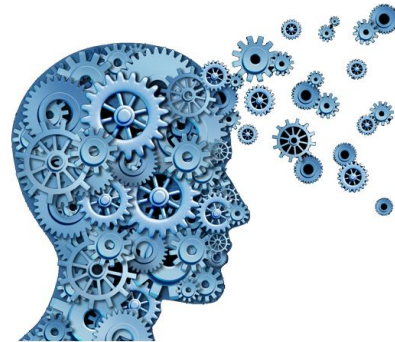
Breeding / Large smolts



Site structure, production areas



Zones, following



Knowledge

**Strong operational structure for sustainable growth/production**



# LOCATING THE AREAS IDEAL FOR FARMING

- Production on the salmons conditions
- Reduces the risk of escapes
- Improves fish welfare
- Reduces risk of high sea lice levels
- Utilizing the ideal areas for forming
- Gaining data – getting new insights

## Technical information

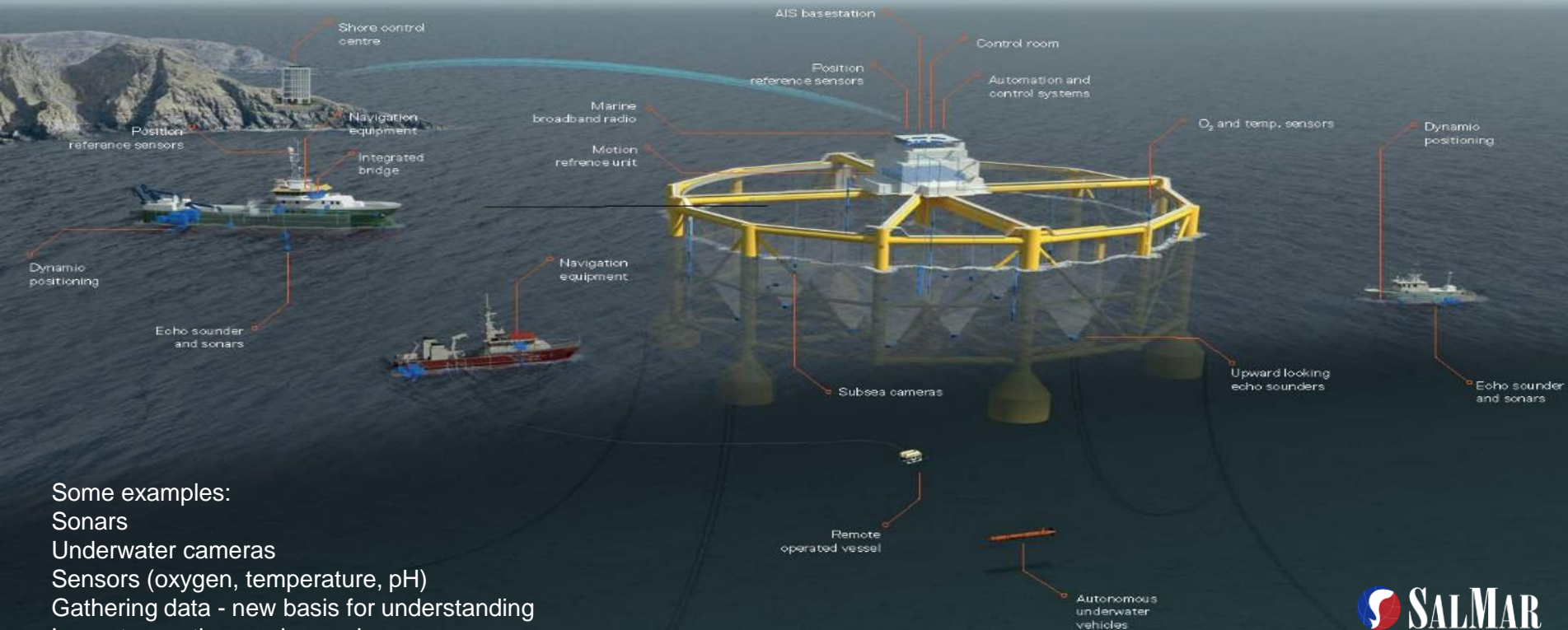
- Overall height 68m
- Diameter 110m
- Volume 250.000 m3
- Construction start March 2016
- Completion/transfer of fish Q3 2017



# FURTHER FUEL OUR UNDERSTANDING OF THE SALMON (AND ITS SURROUNDINGS)



KONGSBERG



Some examples:

Sonars

Underwater cameras

Sensors (oxygen, temperature, pH)

Gathering data - new basis for understanding

Learn to see the «early warnings»

# HOW TO OVERCOME BIOLOGICAL CHALLENGES?

- Recognition
- Knowledge
- Operational capability
- Strategic framework
- Salmon first - ideal farming areas and practises



Thank you for your attention!

