

ANNOUNCEMENT RE. INVESTMENT IN HATCHERY AT STROND, KLAHSVÍK

BAKKAFROST GROUP

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NEW HATCHERY AT STROND IN KLAKSVÍK

- In operation in H2 2018
- Capacity to produce 7 million smolt á 500g
- Goal to secure improvements in the following areas:
 - Efficiency
 - Biological risk
 - Organic growth

New Hatchery at Strond in Klaksvík



NEW HATCHERY AT STROND IN KLAKSVÍK

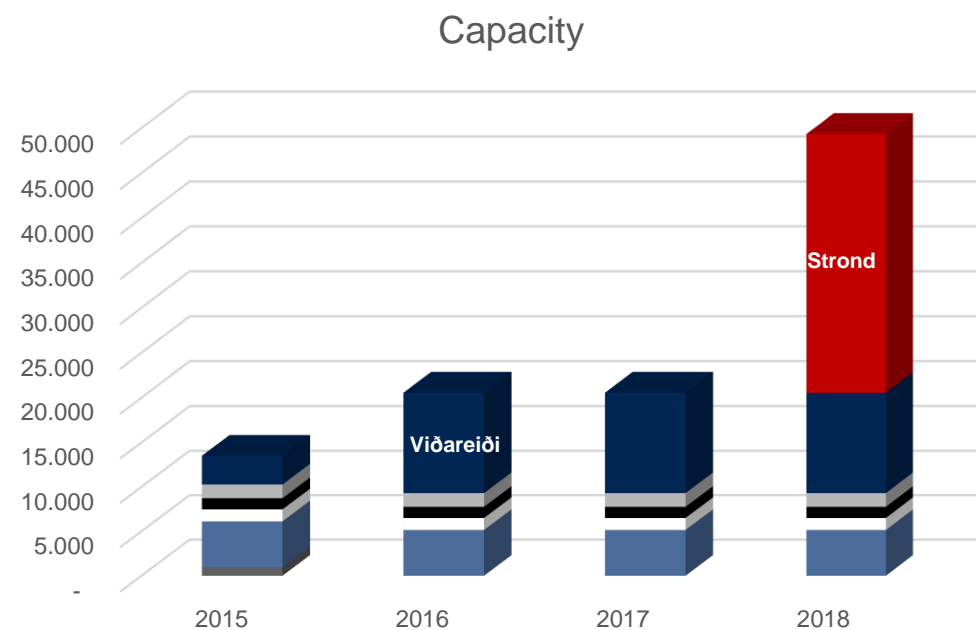
- Significant capacity expansion
 - Increase average size of smolts for Bakkafrost Group up to above 400g in 2019
 - Reduce risk in farming
 - Reduce total time of production cycle at sea
- Environment
 - Recycling of 99,7% of water
 - saving water and heating
 - Sludge treatment of discharge water and recycling of nutrients

New Hatchery at Strond in Klaksvík



- Significant capacity expansion
 - The capacity increases in 2016 with the new Hatchery at Viðareiði 8,000m³
 - New Hatchery at Strond 29,000m³ in operation in 2018
 - Total capacity 4 folded from 2015 to 2018

Capacity development

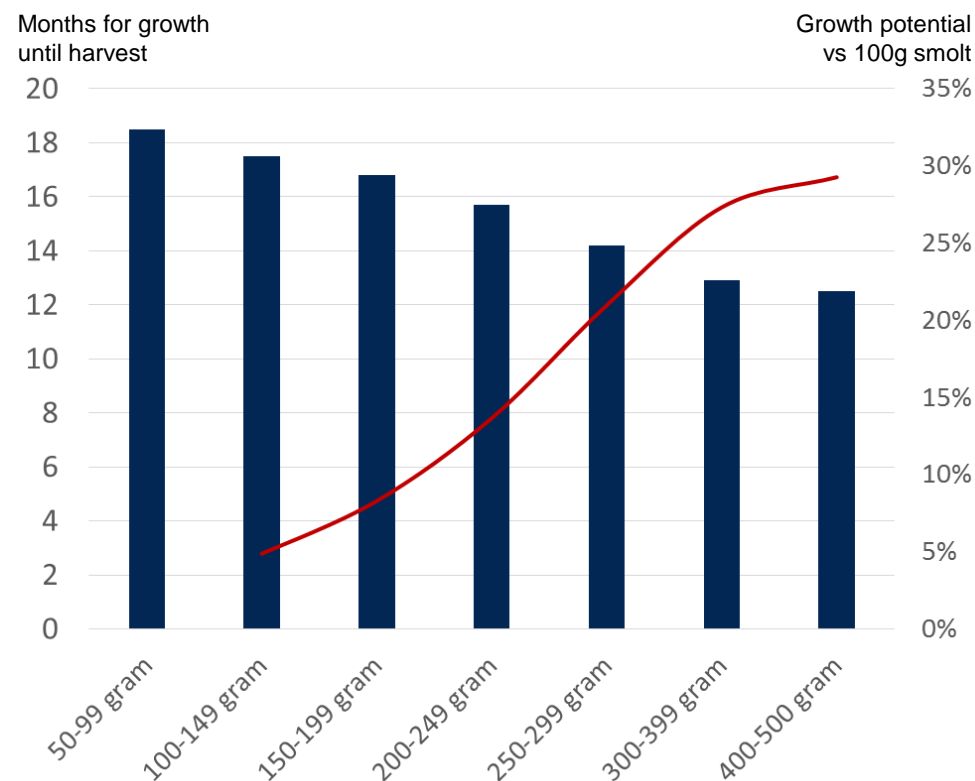


LARGER SMOLT – REDUCED RISK AND ORGANIC GROWTH

Actual growth period with larger smolt

- Reduced risk
 - Up to 6 months reduced growth period will reduce risk significantly
 - Reduced mortality
 - Fewer treatments and lower treatment costs
- Organic growth
 - Shorter production cycle in farms will increase production
 - Around 30% theoretical growth potential with size increase from 100g to 500g

Results with large smolts in the Faroe Islands



The graph shows actual growth period until harvest at 6 kg wfe in the Faroe Islands in the period from 2005-2014

- 18 islands – 1,387 km²
- 49,192 inhabitants (January 2016)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, Danish krone (DKK)

Key sectors (% of wage earners, 2014)

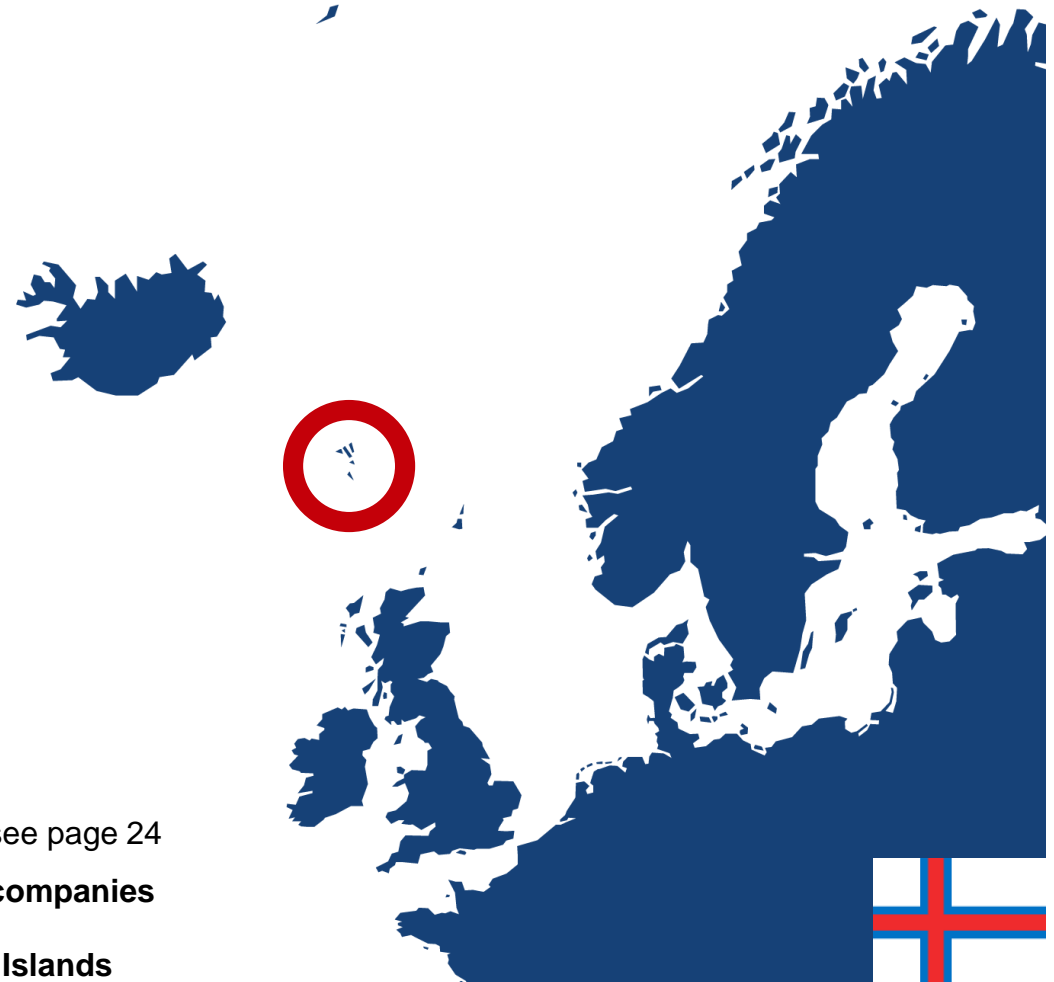
- Service/public admin.: ~40%
 - Private service: ~31%
 - Construction: ~12%
 - Fishing : ~17%
 - **Unemployment rate (June 2015): 3.8%**
 - **Total working force, (number of people 2014): 28,707**
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- **GDP: DKK 14.7bn (2013)**
 - **GDP/capita: DKK 305,000 (2013) (Norway: 360,000) (2013)**

Total export of fish products (2013)

- DKK 6,171 million
- whereof farmed fish accounts for 48%

TAXES

- **Total Percent of GDP: 42.4% (2013)**
- **Corporate Tax: 18%**
- **Farming Licence Tax : 4.5% of revenues from 1. Jan 2016 – see page 24**
- **Restriction on a single foreign ownership of 20% in farming companies**
- **One company may max. control 50% of licences in the Faroe Islands**



Source: Hagstova Føroya



ESTABLISHED 1968

