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Systemizing the world of Aquaculture and Fisheries

# Fish Pool / Nasdaq Christmas seminar

## A decision based on facts

**Bergen**

**November 25 - 2015**

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# Every salmon year has its distinctive characteristics – 2015 is no exception

**Using data and information in order to look ahead**

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# Weekly Salmon Outlook

## Week 47- 2015

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Harvest in Norway last week (week 46) continued higher than in the corresponding week last year (+2%). Fish Pool Spot price in the same week fell by 0.91/kg. The price fall in combination with an increasing price trend in the corresponding period last year has contributed to narrow the price gap from last year. Average harvest weight in Norway in week 46 continued significantly lower than last year.

Some changes have been made in our production model / standard scenario for Norway this week. Firstly, feed consumption in October has been adjusted slightly up (approx. 2 000 tonnes) – mainly on 14G S0. The harvest trend seen over the last weeks has contributed to a slight upward adjustment of the harvest quantity in November. It is likely that the average harvest weight will end slightly lower than initially forecasted/estimated. This implies additional harvest of 14G S0.

In turn this affects the short term (2-4 months) harvest potential – which is adjusted down correspondingly (see table below for adjustment of Nov.15 harvest estimate). It must be noted that sea temperatures are and have been trending on a higher level than expected (particularly in North of Norway) – and gives a more optimistic outlook for better growth in November / December, but also for Q1 2016. In this scenario, increased harvest weights, might give some additional and much needed volumes in Q1 2016 – which is currently estimated down 8% compared to last year.

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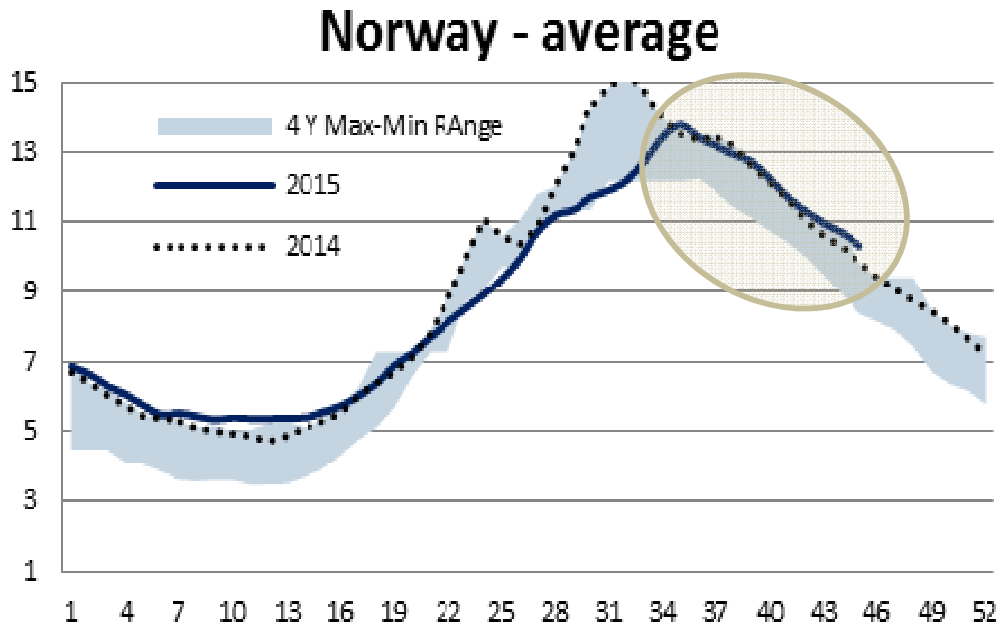
# Production of salmon in Europe – Norway the main player

- Wide difference in biological performance among farmers – depending on where they are geographically situated. In general, good growth conditions in Q1 2015, summer proceeded below average while the autumn has been among the best in terms of growth

*Sea temperatures*
*-In Norway*

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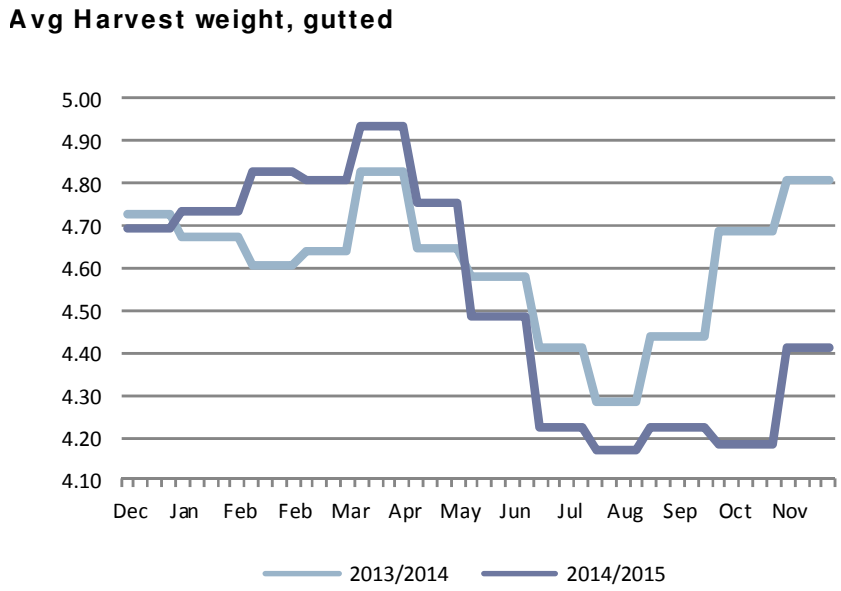
# ...consequences of a challenging sea lice situation

- forced harvest on lower harvest weights…..

Historic Harvest Quantity, weekly data/KA models

| | Norway | | Av. harvest weight wfe | | Total HQ Europe | |
|---|---|---|---|---|---|---|
| Period | curr Y | ch Y-1 | curr Y | ch Y-1 | curr Y | ch Y-1 |
| Aug 15 | 94 700 | -7 % | | | 118 000 | -4 % |
| Sep15 | 112 800 | 4 % | | | 139 000 | 2 % |
| Oct 15 | 121900 | 1% | | | 150 200 | 3 % |
| Week 43 | 27 800 | 9 % | 4.98 | -8 % | 33 600 | 6 % |
| Week 44 | 27 500 | 5 % | 4.87 | -12 % | 33 300 | 3 % |
| Week 45 | 25 600 | 4 % | 4.99 | -14 % | 31400 | 3 % |
| Week 46 | 26 400 | 2 % | 4.94 | -16 % | 32 200 | 1% |
| Avg. 4W | 26 800 | 5 % | 4.95 | -13 % | 32 600 | 3 % |
| Sum 4W | 107 300 | 5 % | | | 130 500 | 3 % |
| Sum 4WY-1 | 102 300 | | | | 126 200 | |

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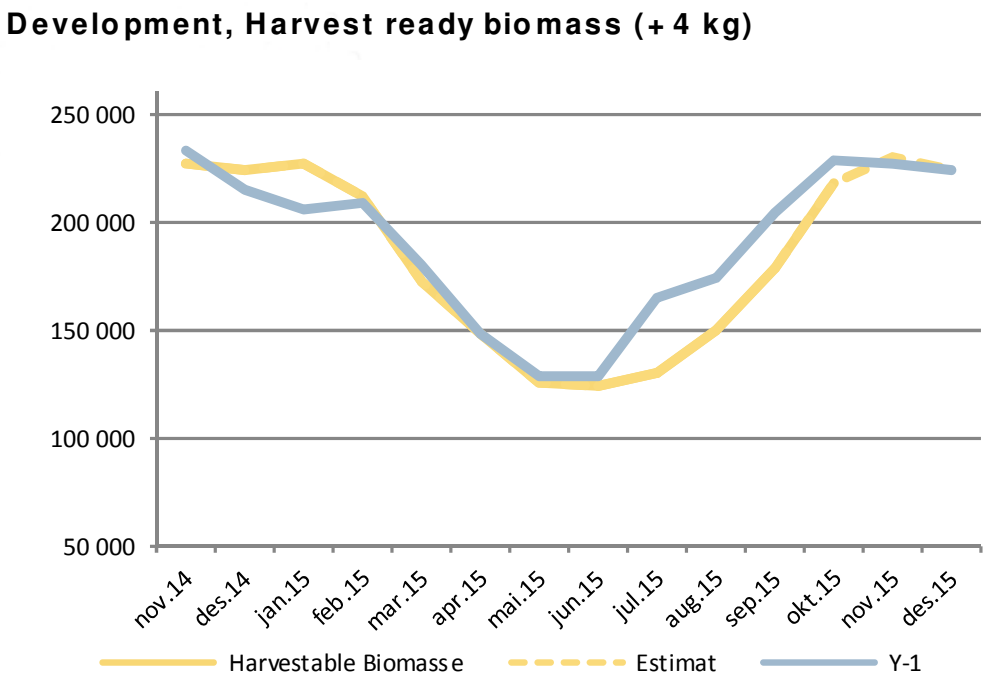
# ...influenced by a challenging sea lice situation

- lower harvest weight -> higher number of fish harvested -> reduced potential

**Biomass Development, oldest Generations, Norway**

| Forecast Q+1 | S1 14G vs S1 13G | | | S0 14G vs S0 13G | | | Total Biomass of Generations for Harvest | | |
|---|---|---|---|---|---|---|---|---|---|
| Biomass, oldest Generation | No ind | Avg weigth | Volume | No ind | Avg weigth | Volume | No ind | Avg weigth | Volume |
| 1st of Nov 2014 | 43 300 | 4.60 | 199 100 | 107 800 | 3.06 | 329 400 | 151 100 | 3.50 | 528 500 |
| 1st of Nov 2015 | 38 000 | 4.47 | 169 700 | 109 800 | 3.17 | 348 200 | 147 800 | 3.50 | 517 900 |
| Balance Nov 2015 | -12 % | | -15 % | 2 % | | 6 % | -2 % | | -2 % |
| 1st of Dec 2014 | 28 200 | 4.78 | 134 900 | 101 100 | 3.47 | 350 800 | 129 300 | 3.76 | 485 700 |
| 1st of Dec 2015 | 23 600 | 4.74 | 111 800 | 100 500 | 3.56 | 358 000 | 124 100 | 3.79 | 469 800 |
| Balance Dec 2015 | -16 % | | -17 % | -1% | | 2 % | -4 % | | -3 % |
| 1st of Jan 2015 | 12 900 | 4.89 | 63 100 | 93 900 | 3.84 | 360 700 | 106 800 | 3.97 | 423 800 |
| 1st of Jan 2016 | 9 300 | 4.87 | 45 300 | 92 400 | 3.90 | 360 600 | 101 700 | 3.99 | 405 900 |
| Balance Jan 2015 | -28 % | | -28 % | -2 % | | 0 % | -5 % | | -4 % |

# Most likely – lower harvest volumes in Norway for the upcoming months.




Forecast Harvest Quantity, KA models

| | HQ NORWAY | | TOTAL HQ EUROPE | |
|---|---|---|---|---|
| Period | curr Y | ch Y-1 | curr Y | ch Y-1 |
| Week 47 | | | 32 700 | |
| Week 48 | | | 32 800 | |
| Week 49 | | | 34 700 | |
| Week 50 | | | 36 200 | |
| Av 4W | 27 500 | -1% | 34 100 | 1% |
| Sum 4W | 110 000 | -1% | 136 400 | 1% |
| Nov 15 | 106 000 | 1% | 132 800 | 3 % |
| Dec 15 | 105 000 | -3 % | 129 200 | 1% |
| Jan 16 | 86 500 | -6 % | 104 300 | -1% |
| Feb 16 | 82 900 | -5 % | 100 100 | -3 % |

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# ...harvest potential for the rest of Europe - better

**Biomass Development, oldest Generations, Europe ex. Norway (UK, Faroe Is, Ireland)**

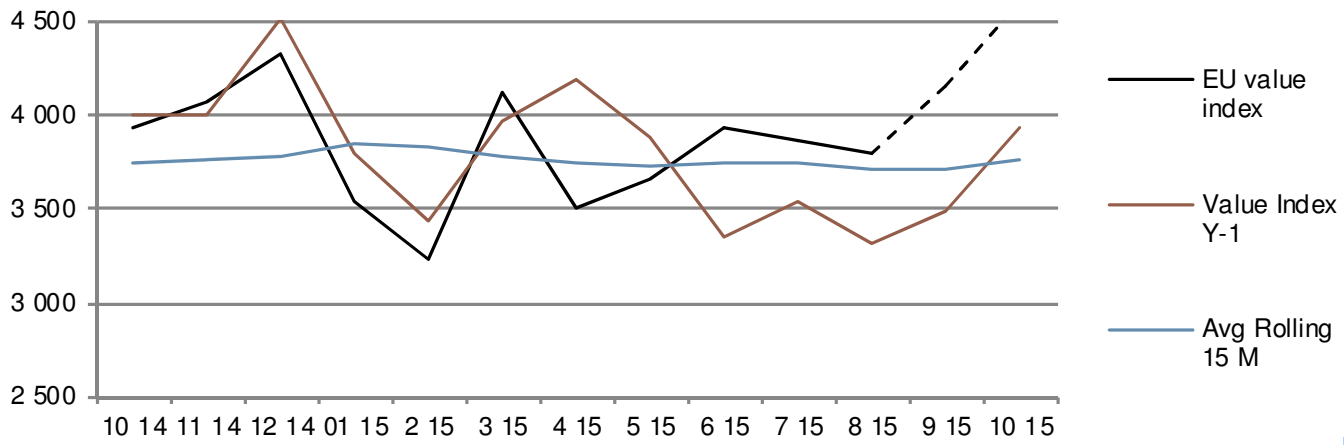
| Forecast Q+1 Biomass, oldest Generation | S1 14G vs S1 13G | | | S0 14G vs S0 13G | | | Total Biomass of Generations for Harvest | | |
|---|---|---|---|---|---|---|---|---|---|
| | No ind | Avg weigth | Volume | No ind | Avg weigth | Volume | No ind | Avg weigth | Volume |
| 1st of Nov 2014 | 8 900 | 4.49 | 40 000 | 16 600 | 3.09 | 51300 | 25 500 | 3.58 | 91300 |
| 1st of Nov 2015 | 10 500 | 4.50 | 47 200 | 18 300 | 3.13 | 57 200 | 28 800 | 3.63 | 104 400 |
| Balance Nov 2015 | 18 % | | 18 % | 10 % | | 12 % | 13 % | | 14 % |
| 1st of Dec 2014 | 5 100 | 4.57 | 23 300 | 15 600 | 3.44 | 53 700 | 20 700 | 3.72 | 77 000 |
| 1st of Dec 2015 | 6 400 | 4.66 | 29 800 | 16 900 | 3.49 | 59 000 | 23 300 | 3.81 | 88 800 |
| Balance Dec 2015 | 25 % | | 28 % | 8 % | | 10 % | 13 % | | 15 % |
| 1st of Jan 2015 | 2 600 | 4.62 | 12 000 | 14 000 | 3.79 | 53 100 | 16 600 | 3.92 | 65 100 |
| 1st of Jan 2016 | 3 300 | 4.73 | 15 600 | 15 200 | 3.81 | 57 900 | 18 500 | 3.97 | 73 500 |
| Balance Jan 2016 | 27 % | | 30 % | 9 % | | 9 % | 11 % | | 13 % |

# The market side – the EU market performs strong

- Market Value Index for salmon supplied to the EU showed a 2-digit growth rate in the last 3 months –> strong market demand…..

EU Atlantic salmon index (in EUR)

| | Index | ch Y-1 |
|---|---|---|
| Q4 2014 | 4 110 | -2 % |
| Q1 2015 | 3 636 | -3 % |
| Q2 2015 | 3 703 | -3 % |
| Jul 2015 | 3 862 | 9 % |
| Aug 2015 | 3 801 | 15 % |
| Sep 2015 | 4 159 | 19 % |
| Oct 2015 | 4 600 | 17 % |

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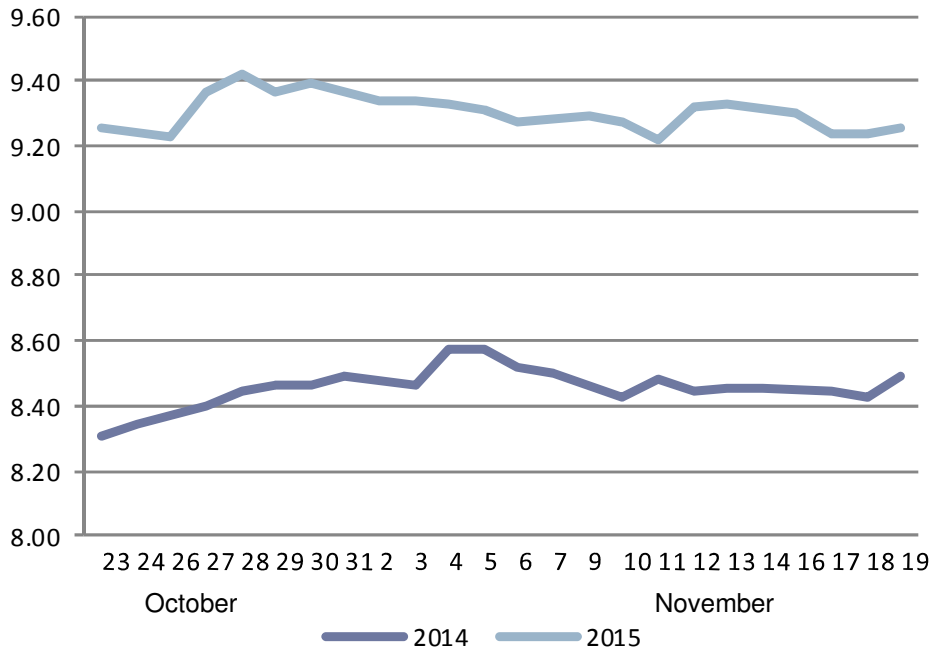
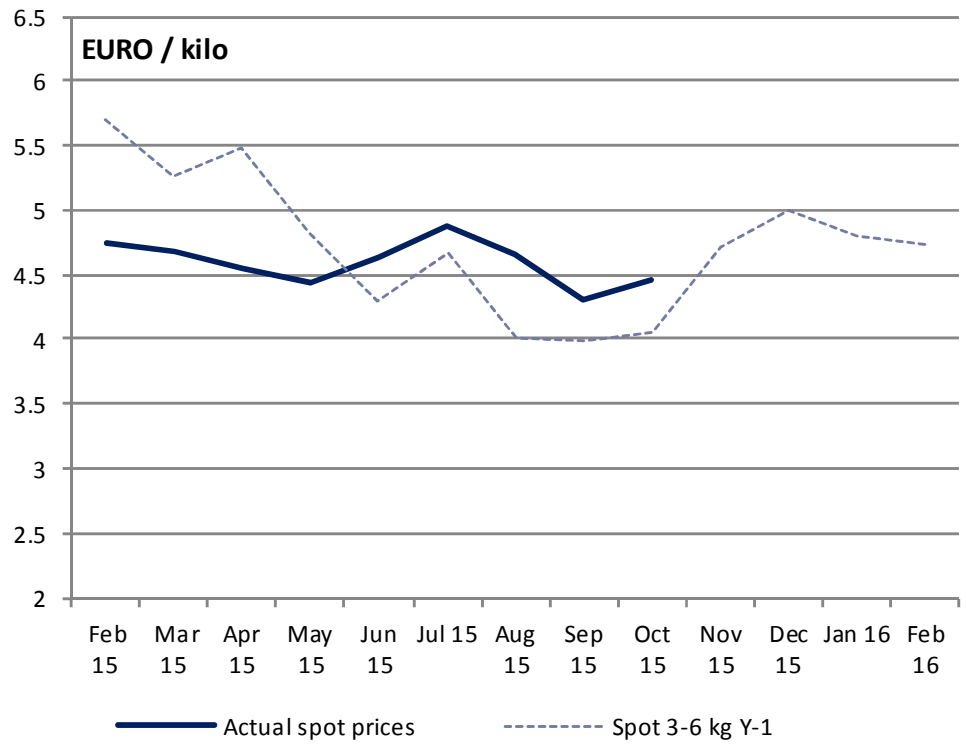
# …..stimulated by price stability and a weak Norwegian Krone

**NOK/ EUR**

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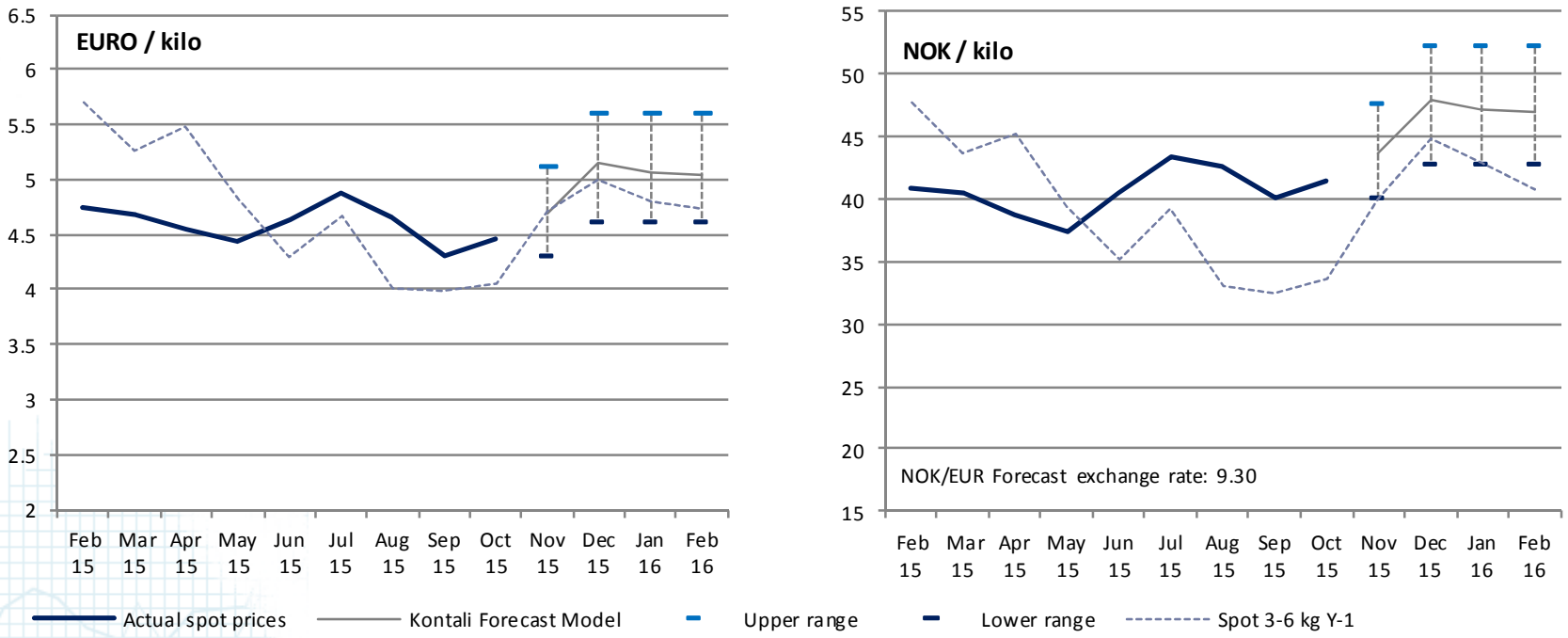
# Summing up the fundamental analyses…

PRICE OUTLOOK

Summary

| | Avg 4 | Week | | | Forecast based on harvest and price forecast models | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | weeks | 46 | ch w-1 | ch Y-1 | Nov | ch w-1 | Dec | ch w-1 | Jan | ch w-1 | Feb | ch w-1 |
| European prices - FPSP - NOK/kilo | 41.48 | 40.97 | -0.91 | 1.33 | 43.71 | 0.00 | 47.90 | 0.47 | 47.15 | 0.47 | 46.87 | 0.19 |
| HQ: Norway | 26 800 | 26 400 | 800 | 500 | 106 000 | 1600 | 105 000 | 200 | 86 500 | 900 | 82 900 | 0 |

Price Forecast - European "Spot" prices (FPI): Fresh salmon 3-6 kilo, fca Oslo

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Graphs and information in the presentation are extracted from Kontali Weekly Salmon Outlook.

## For Fish Pool / Nasdaq Chistmas seminar participants

- Sign up for Kontali Weekly Salmon Outlook free of charge for the rest of 2015
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