

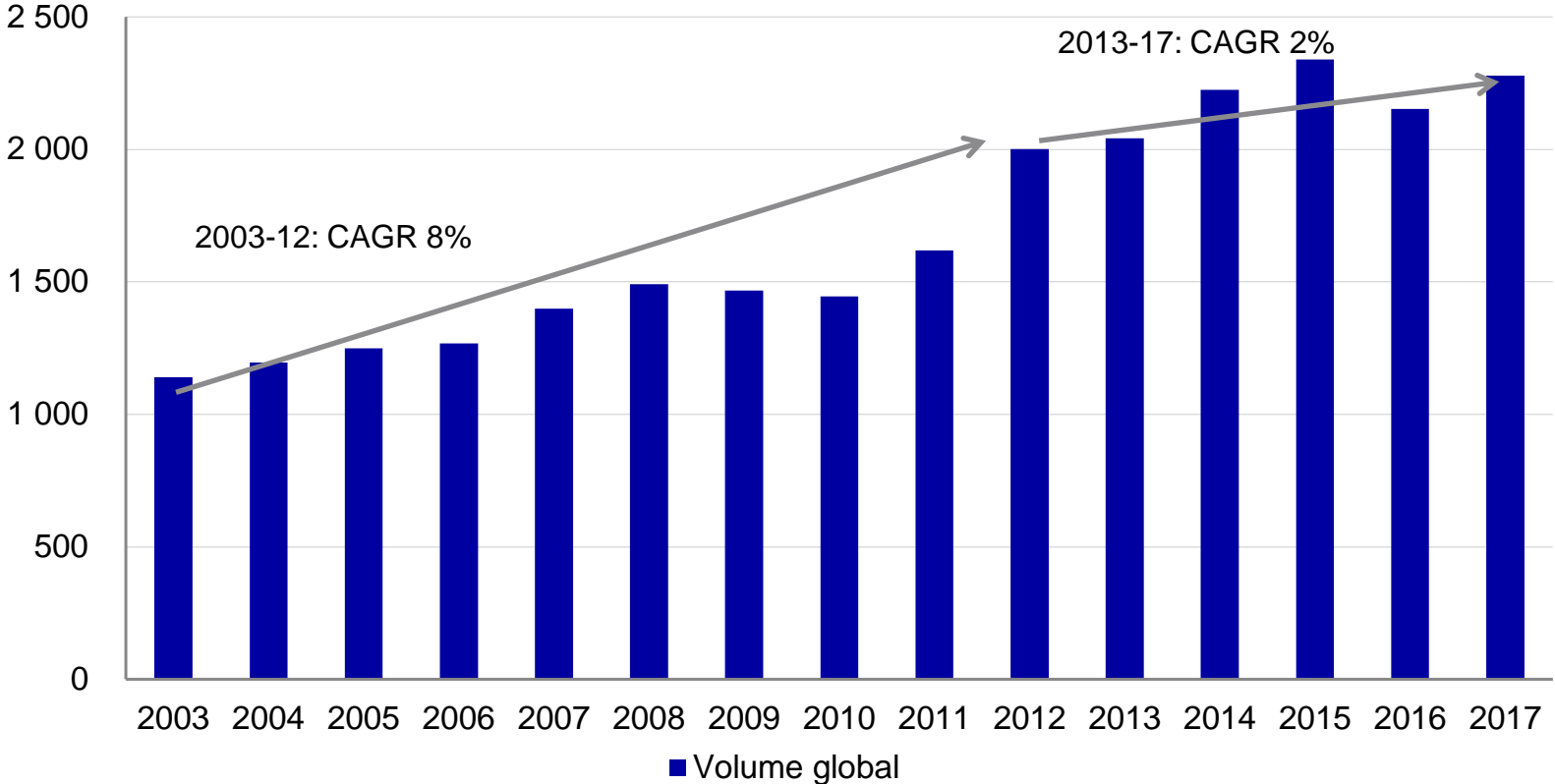
Salmon – price, demand and market trends

Kolbjørn Giskeødegård, Director

21 November 2018

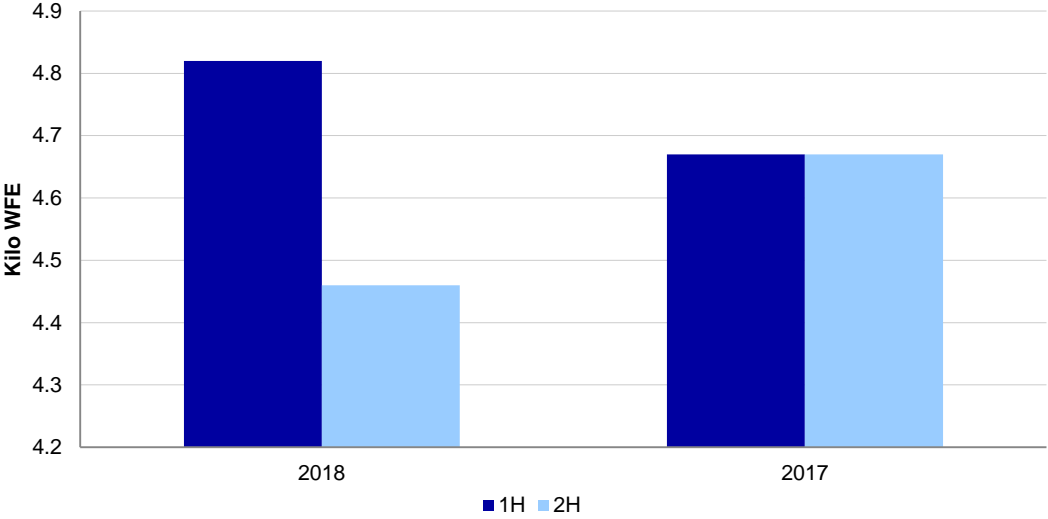
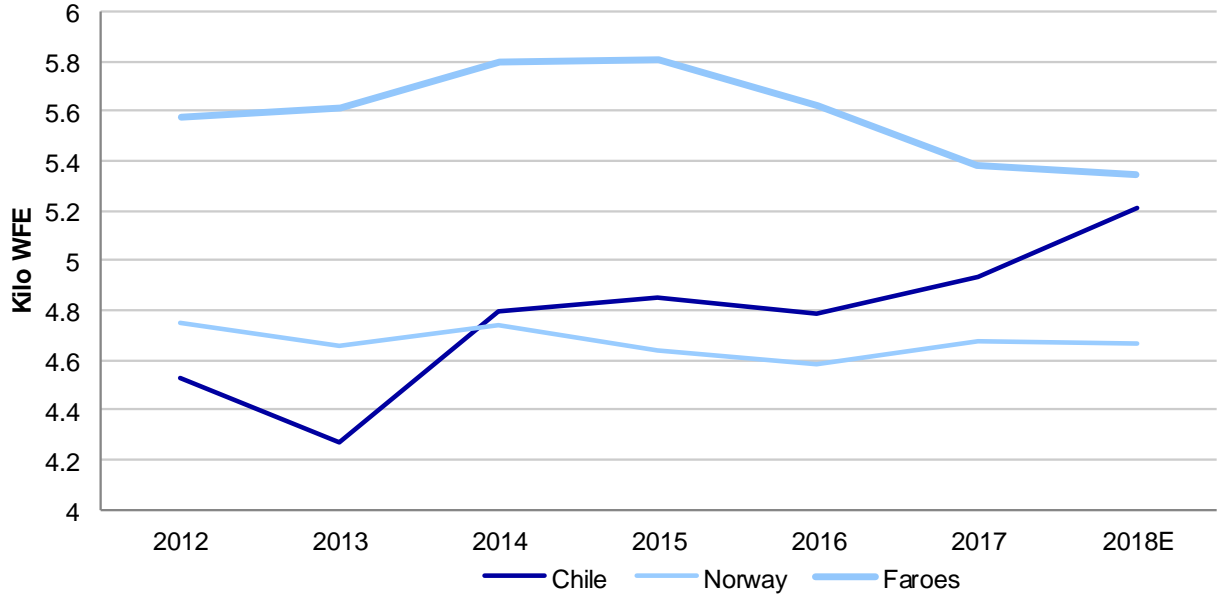


Salmon supply – growth dramatically down after 2012



Source: Kontali and Nordea est

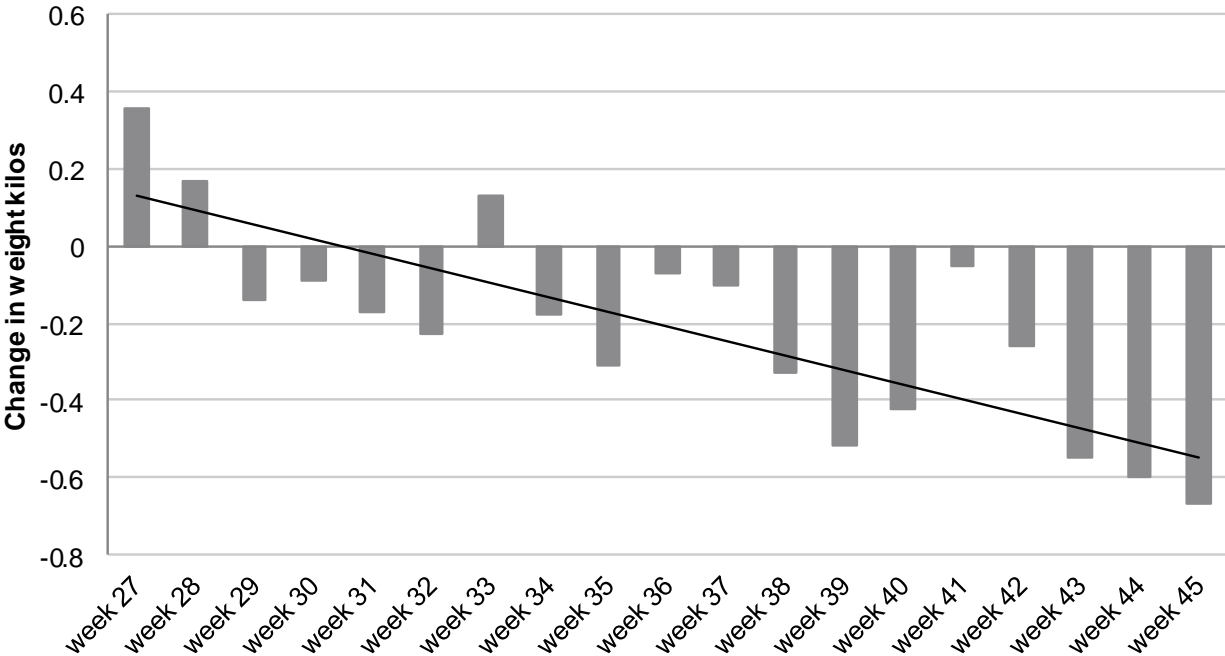
Average harvesting weights Norway, Chile, Faroes



Source: Kontali and Nordea est

Norway: Harvesting weights, number harvested, biomass

2H 2018:
 Volumes: + 18,900 tonnes (4%)
 Weight - 212 grams (-4.5%)
 Number of fish + 9.3 mill (9%)
 Biomass: -3.5% y/y (Nordea est.)



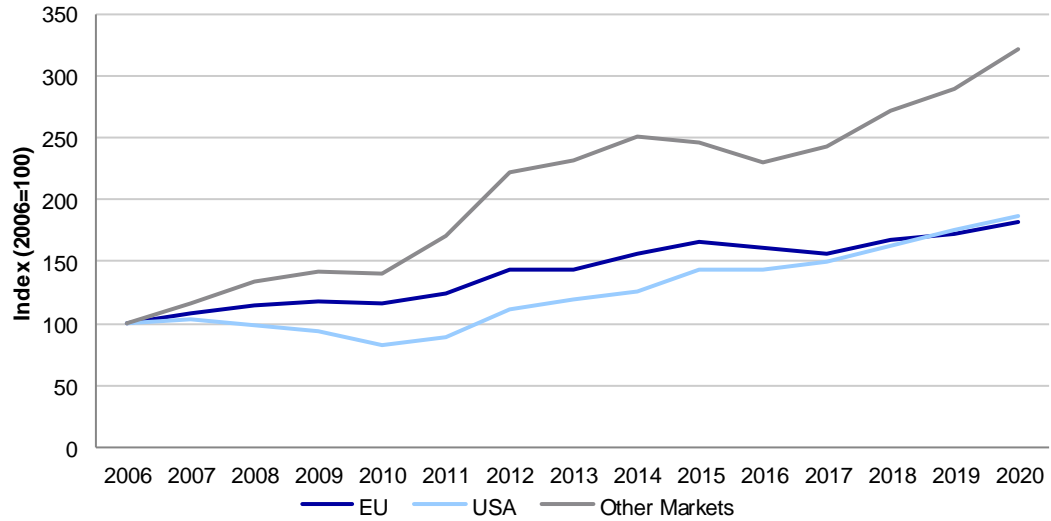
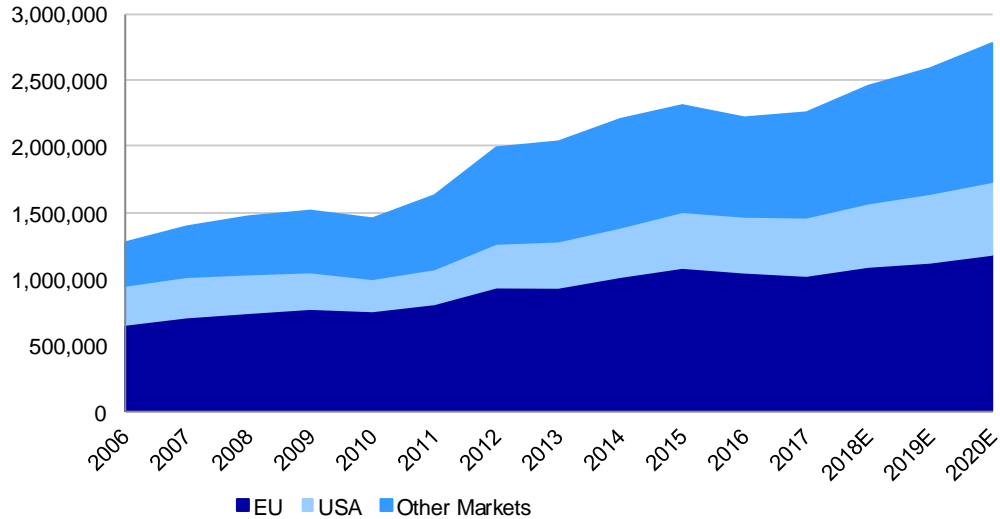
Source: Kontali and Nordea est

Markets, prices, demand



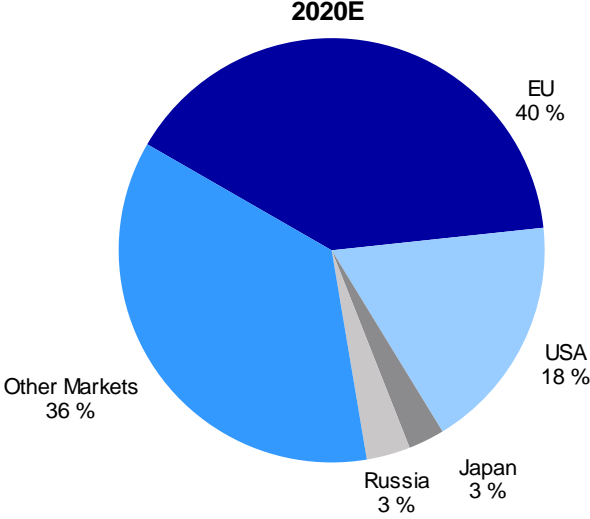
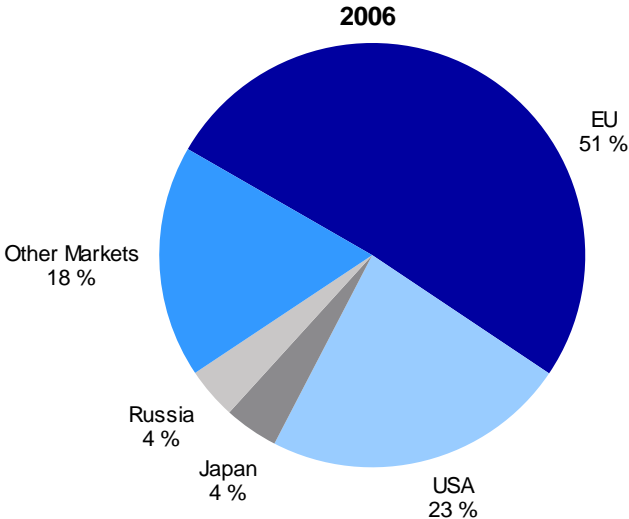
Source: Nordea

Global markets – “other” up twice as much as EU/USA



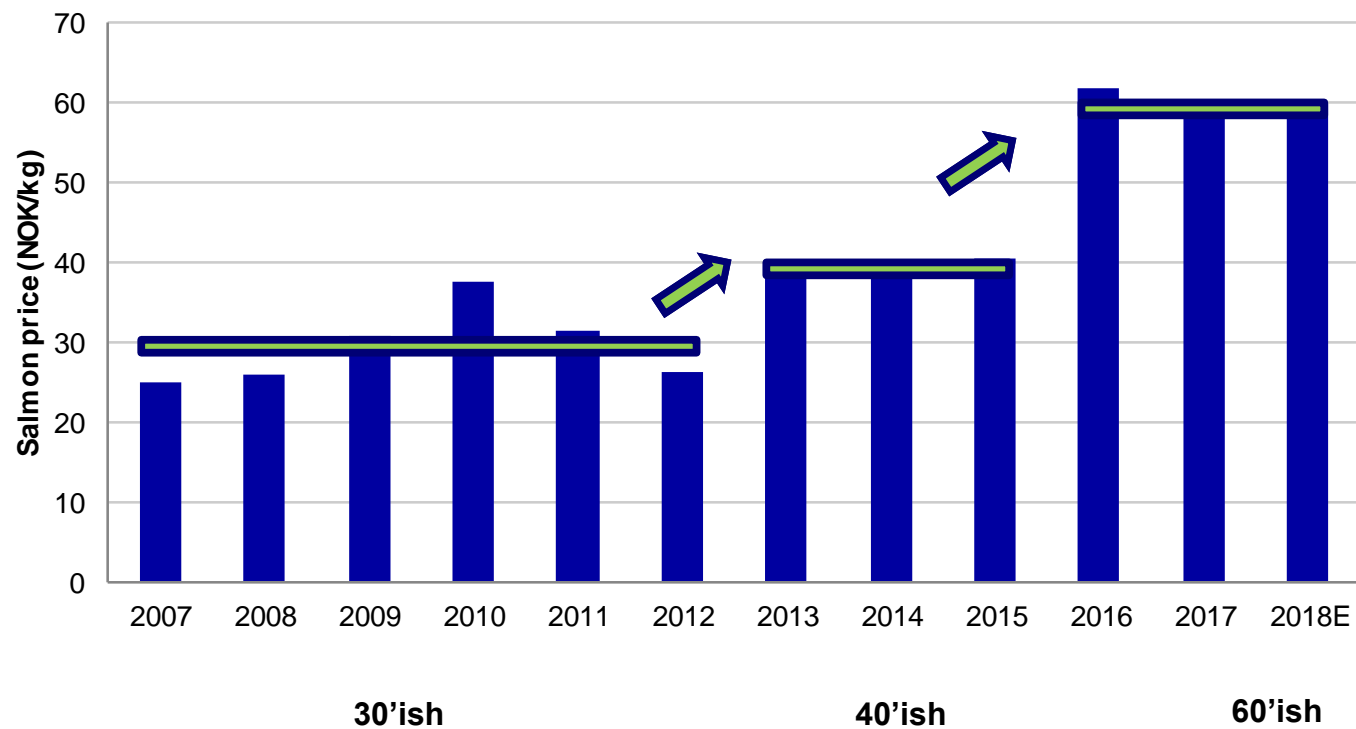
Sources: Kontali and Nordea Markets

Market shares 2006 and 2020E



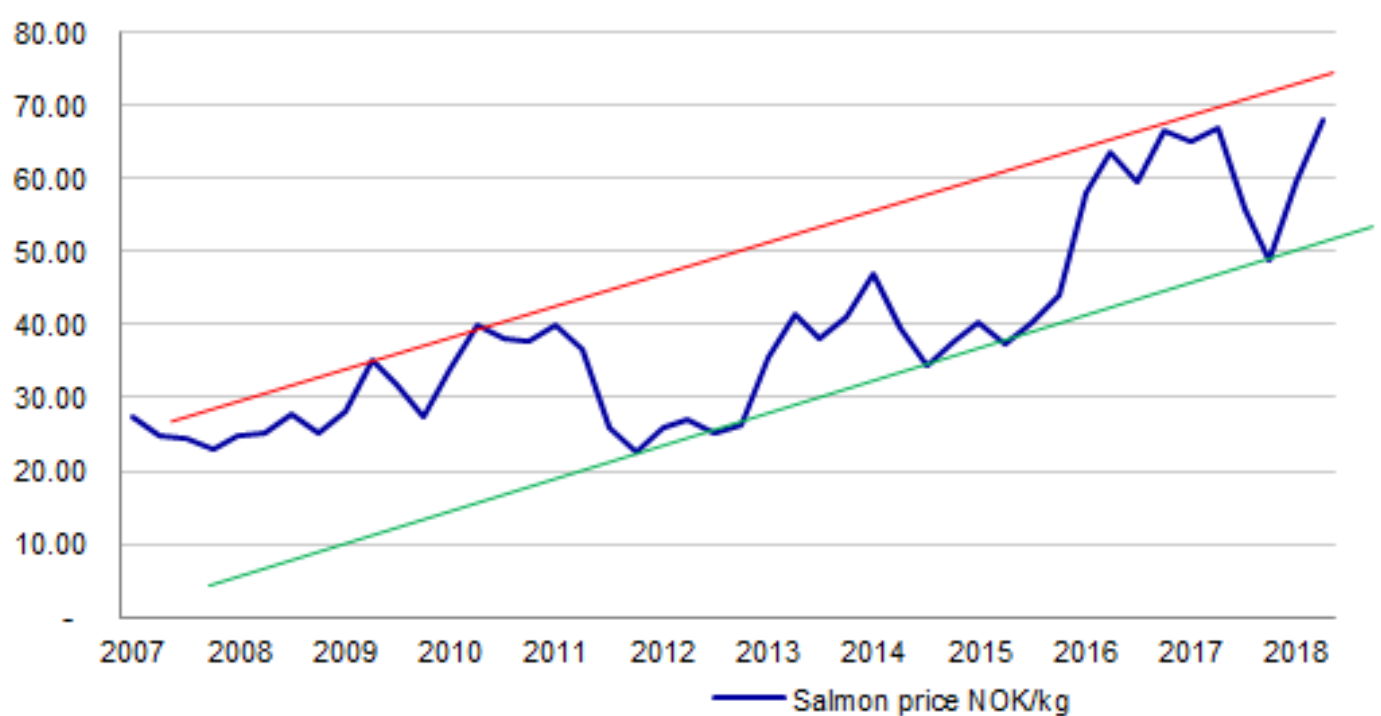
Sources: Kontali and Nordea Markets

Prices in NOK doubles in ten years



Kilde: FishPool og Nordea est

When is salmon too expensive and when do low price trigger demand hike?



«RED» ZONE (risk for price drop):
2009: NOK 37
2010: NOK 40
2014: NOK 45
2016: NOK 62
2018: NOK 70

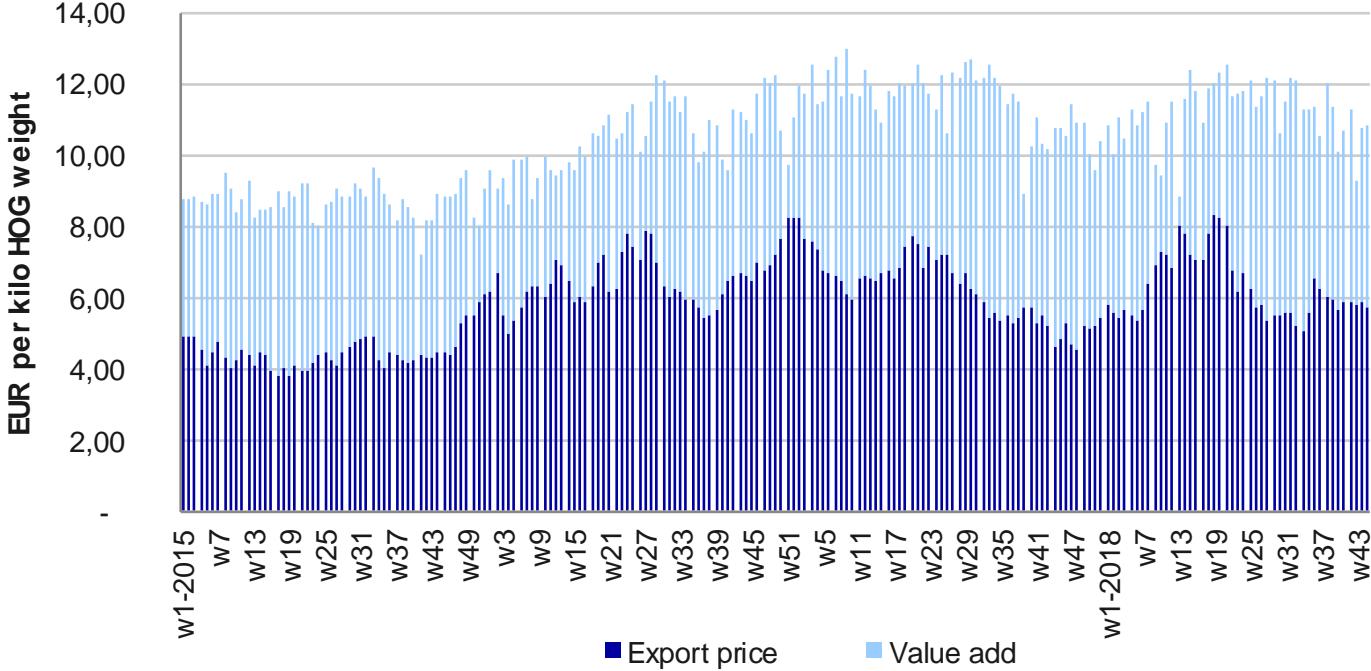
Source: Nordea Markets

Split in the value chain – who takes the biggest chunk?

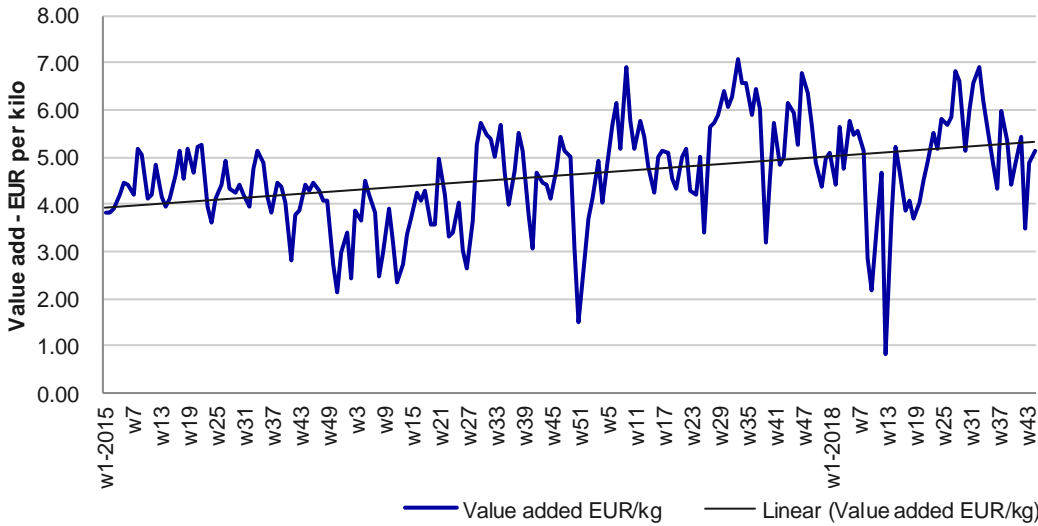
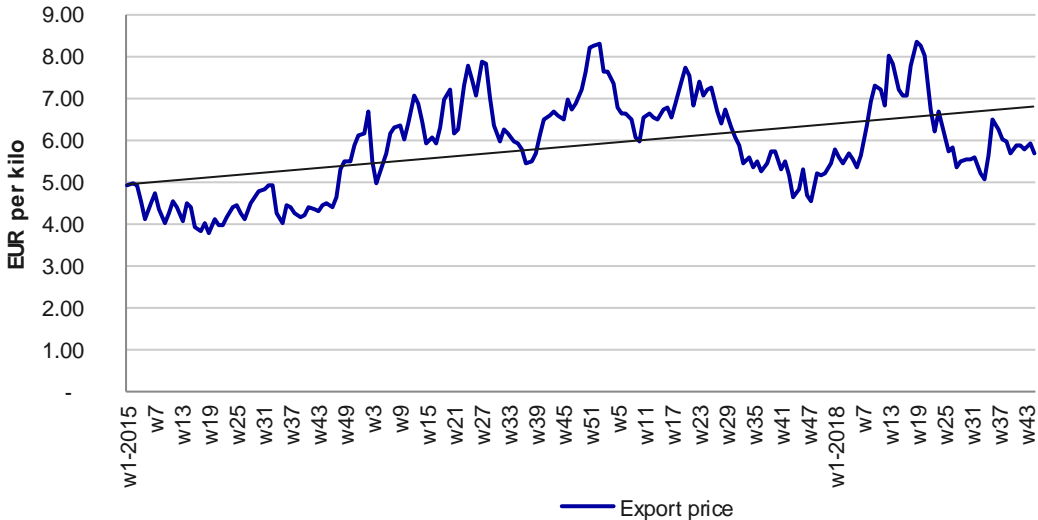
- Whole cake = price to consumer (observed)
- Norwegian part = Export price
- Difference = «Value add»



Prices to end consumer – split by part of the value chain

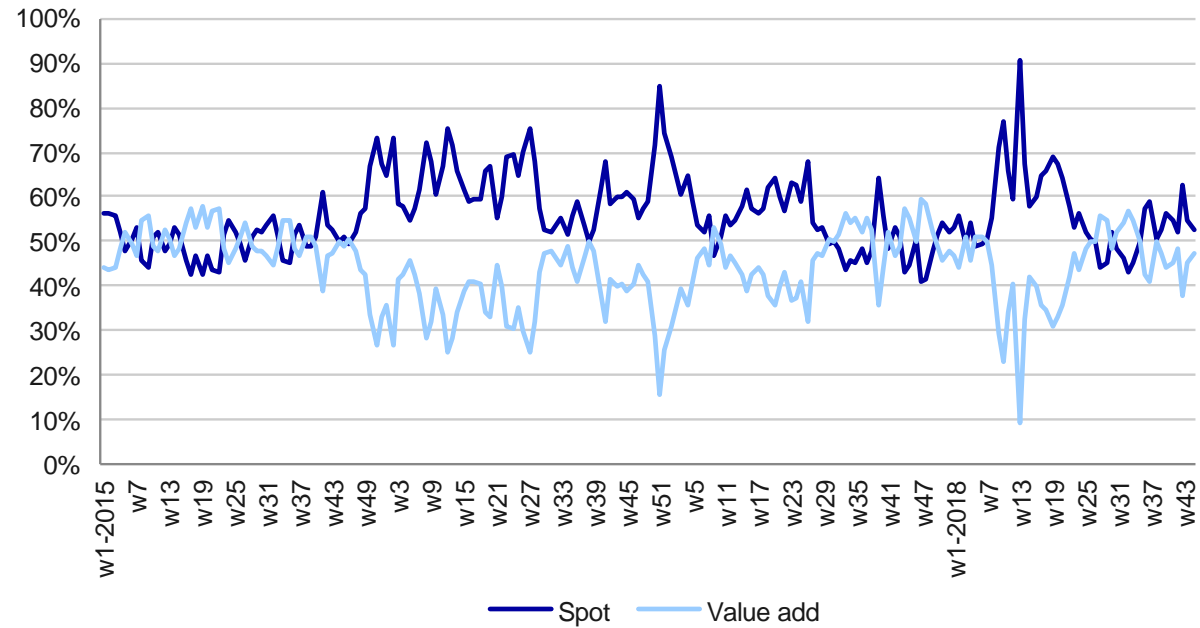


Win-win situation - Value add +30%, spot price +38%



Source: Kontali and Nordea est

4 years ago – 50/50 distribution of total value, now back to the same



Source: Kontali and Nordea est

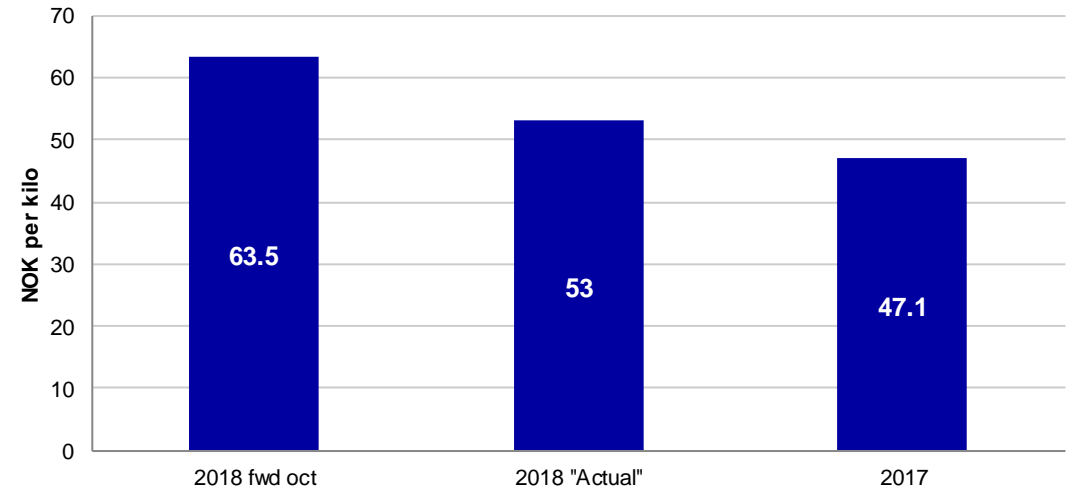
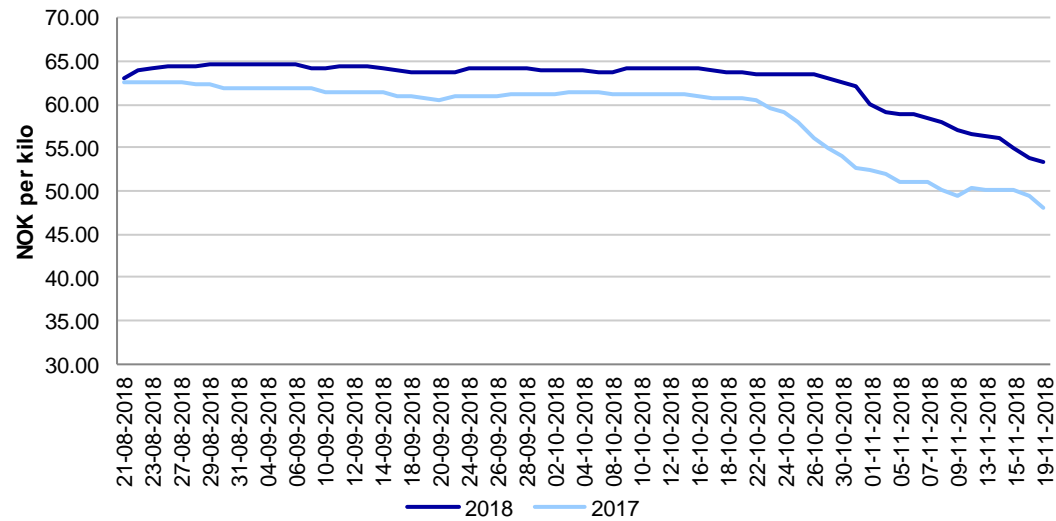
The future



Walking in the mountains – long trend is obvious, but what is the visibility on short and medium term?

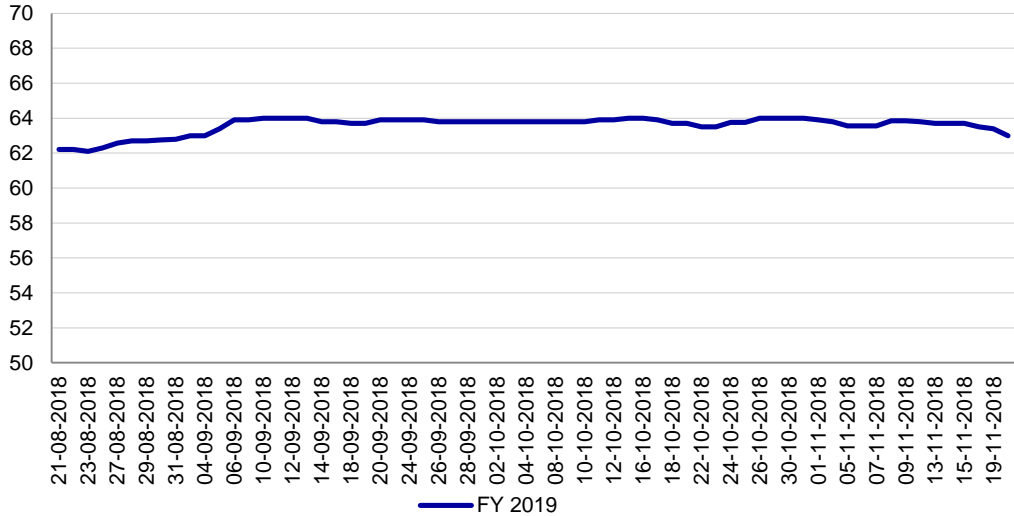


Short term – down (November 2018 as in 2017)



Source: Fishpool

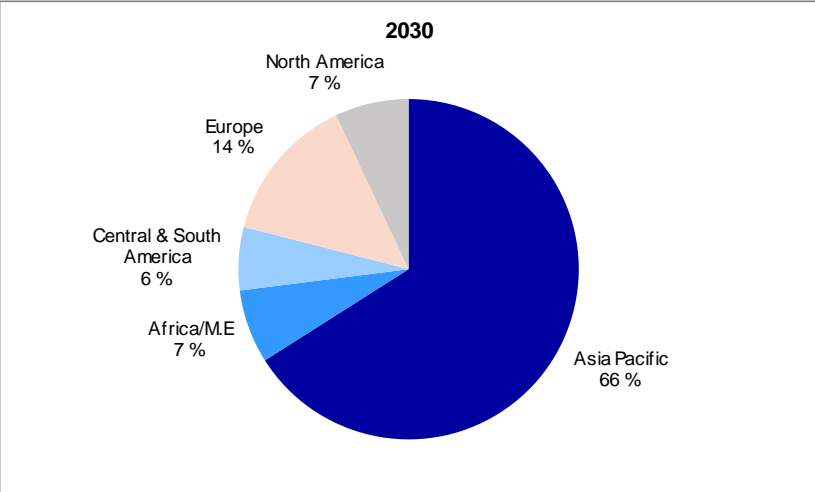
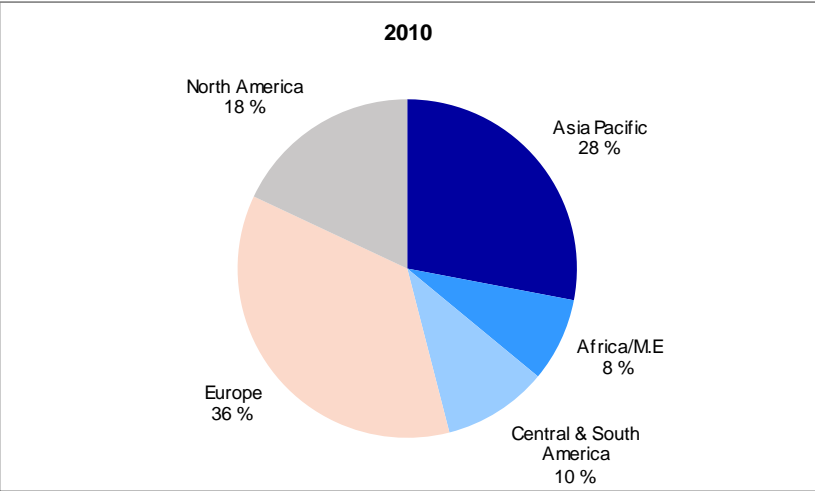
**Short /medium term:
Flattish – although 2019 contract trending slightly down**



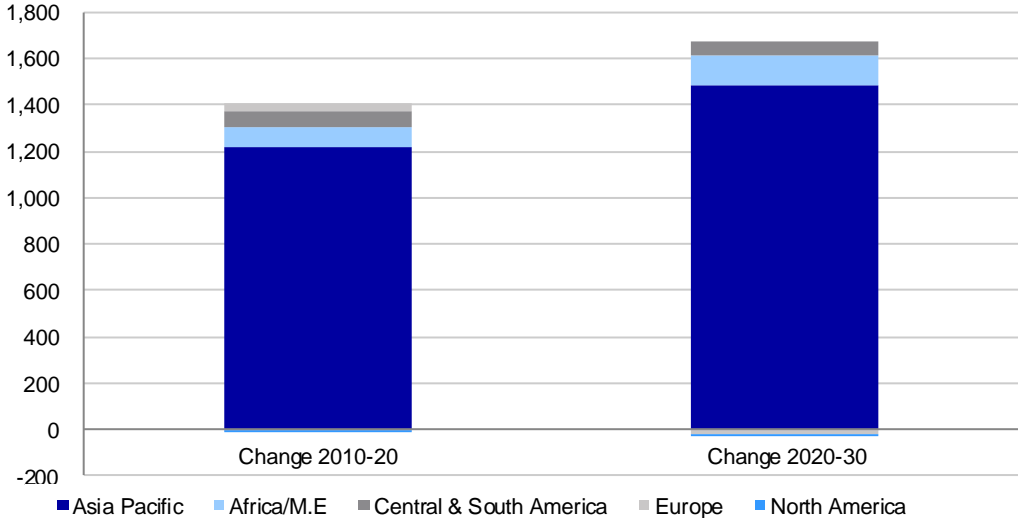
Source: Fishpool

Long term: Up - the market potential is “unlimited”, supply the issue

Share of global middle class per region

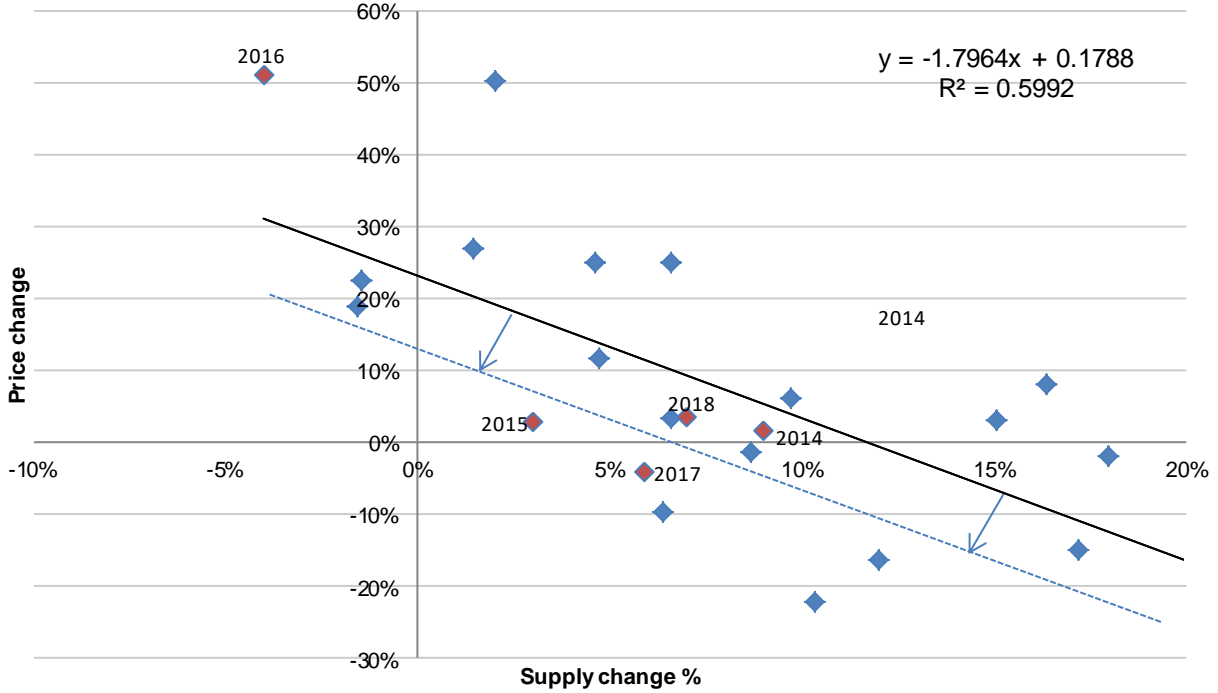


Growth global middle class, mill persons



Source: World Bank

How much supply growth can the market absorb at stable prices?



Source: Nordea estimates

The 2019 price

- If the market is like average 2014-18 NOK 64, EBIT NOK 27
- If the market is in «2015 or 2017 mode», NOK 60, EBIT NOK 23
- If use the 2011 scheme, a 4% supply growth => 9% price decline NOK 55, EBIT NOK 18
- If we use 2016, extreme shift, supply +4%, price + 37% NOK 83, EBIT NOK 56
- Regardless of scenario, fish farmers EBIT margin will be 3.5 to 11 times average historical earnings in the period 1985 to 2010
- And the current price level offers very good business opportunities also for the customers processing and selling the farmed Atlantic Salmon
- Which is the perfect introduction to wish us all a



Thanks!

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