

Salmon Risk Management

Stale Johansen

Senior Advisor

Risk Advisory

stale.johansen@dnb.no

Tlf: +47 90 82 82 10

Sindre Vaseng Skaldehaug

Dealer

Commodities

sindre.vaseng.skaldehaug@dnb.no

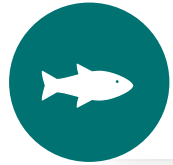
Tlf: +47 90 82 06 17



DNB is the world's leading Seafood bank



~35% market share in Norwegian Krone Currency transactions



Involved in ~65% of transactions on Fish Pool



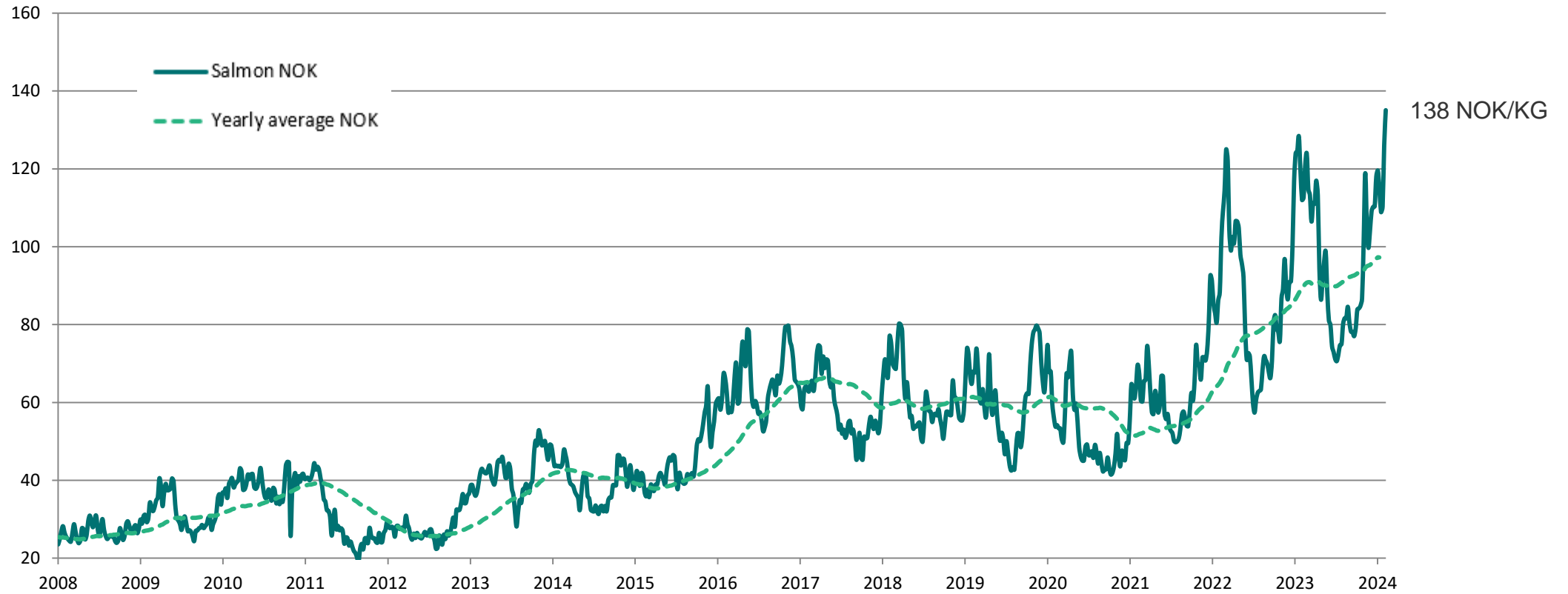
Best Seafood Equity analysis



Norwegian rates: Largest hedging counterparty among Norwegian Corporates

The advantage of looking at the pricing at the Seafood Expo -spring prices are all time high

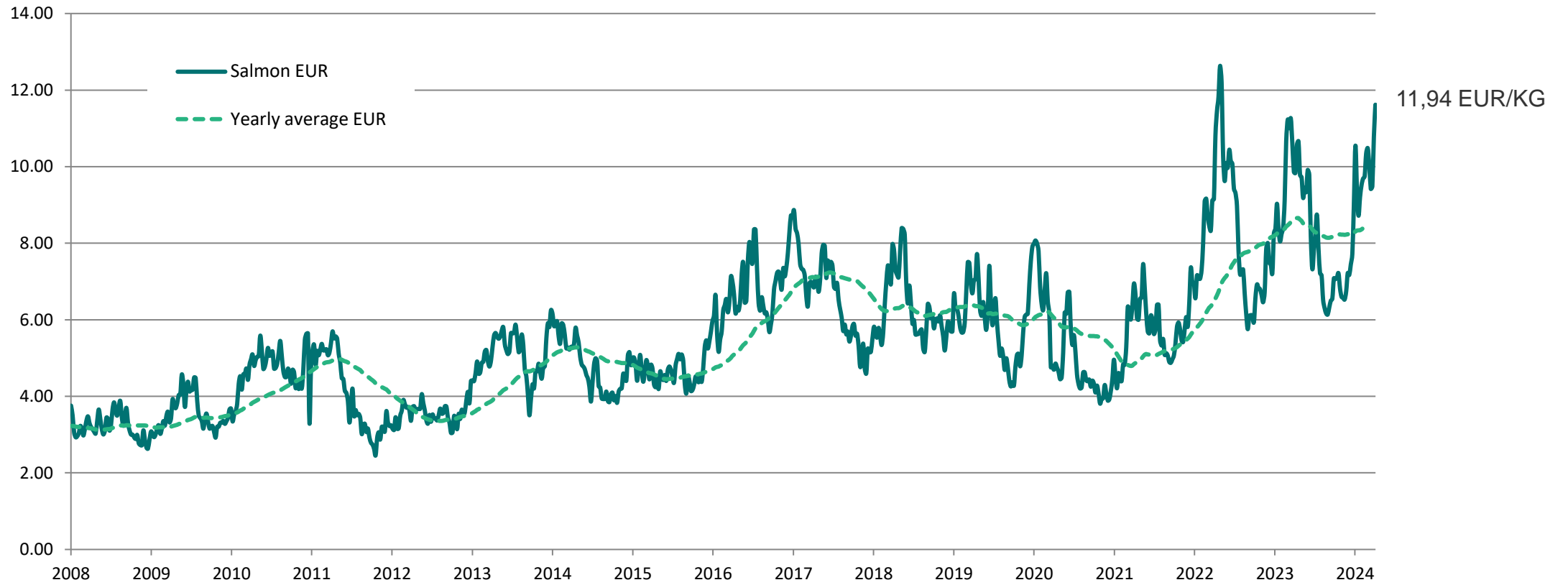
Salmon Fresh Gutted Spot: Fish Pool Index NOK



Source: Bloomberg / DNB Markets

And as a warm up for 2025 – here is the history in EUR

Salmon Fresh Guttred Spot: Fish Pool Index EUR



Source: Bloomberg / DNB Markets

New Fish Pool contracts from 2025 – pricing in EUR

The screenshot shows the Fish Pool trading interface. At the top left is the Fish Pool logo (part of Oslo Børs ASA). The main navigation bar includes tabs for Screen, Trades, New order, Internal, Deal, Order book, Trades, IFRS, and Settlement. The user is identified as Sindre Vaseng Skaldehaug (SindreV) with a Sign out button. The interface displays three contract types: 12,20 Euroclear (w52) EUR, 12,20 SSB (w52) EUR, and 12,20 FPI (w52) EUR. The current Euro rate is shown as 11,57 with a downward arrow.

- An advantage for European buyers.
 - Less currency risk

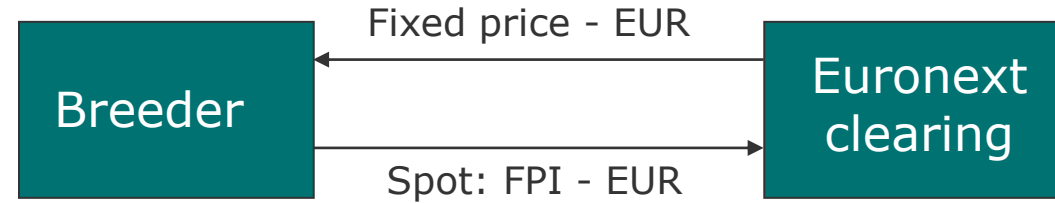
- A disadvantage for Norwegian breeders and Export Companies.
 - Increased currency risk

- Improved benchmark for sales agreements with physical delivery.

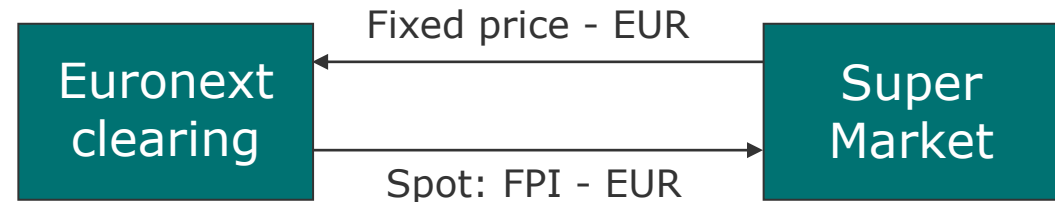
Period	Tons/month	Price Buy EUR		Price Sell EUR	Tons/month	Last	Close
Q1-25 Weeks 1-13	200	9.00		9.10	200	9.05	9.00
Q2-25 Weeks 14-26	200	9.10		9.25	200	9.18	9.13
Q3-25 Weeks 27-39	350	7.95		8.10	400	8.03	7.98
Q4-25 Weeks 40-52	350	7.95		8.10	400	8.03	7.98
Y2025 Weeks 1-52	1000	8.50		8.60	1200	8.55	8.50

The cash flow profile on the Fish Pool contracts from 2025

- The hedging will be done in EUR through Fish Pool from 2025

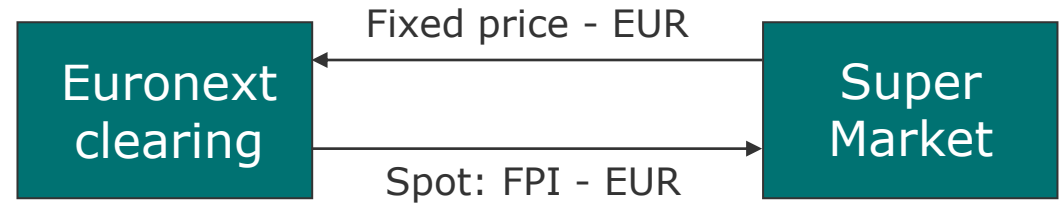


- *DNB Markets can convert all Fish Pool contracts to any other tradeable currency, based on the demand.*

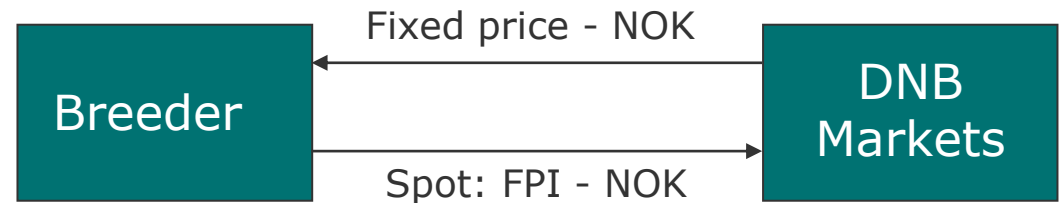


DNB Markets can convert the contracts into any demanded currency

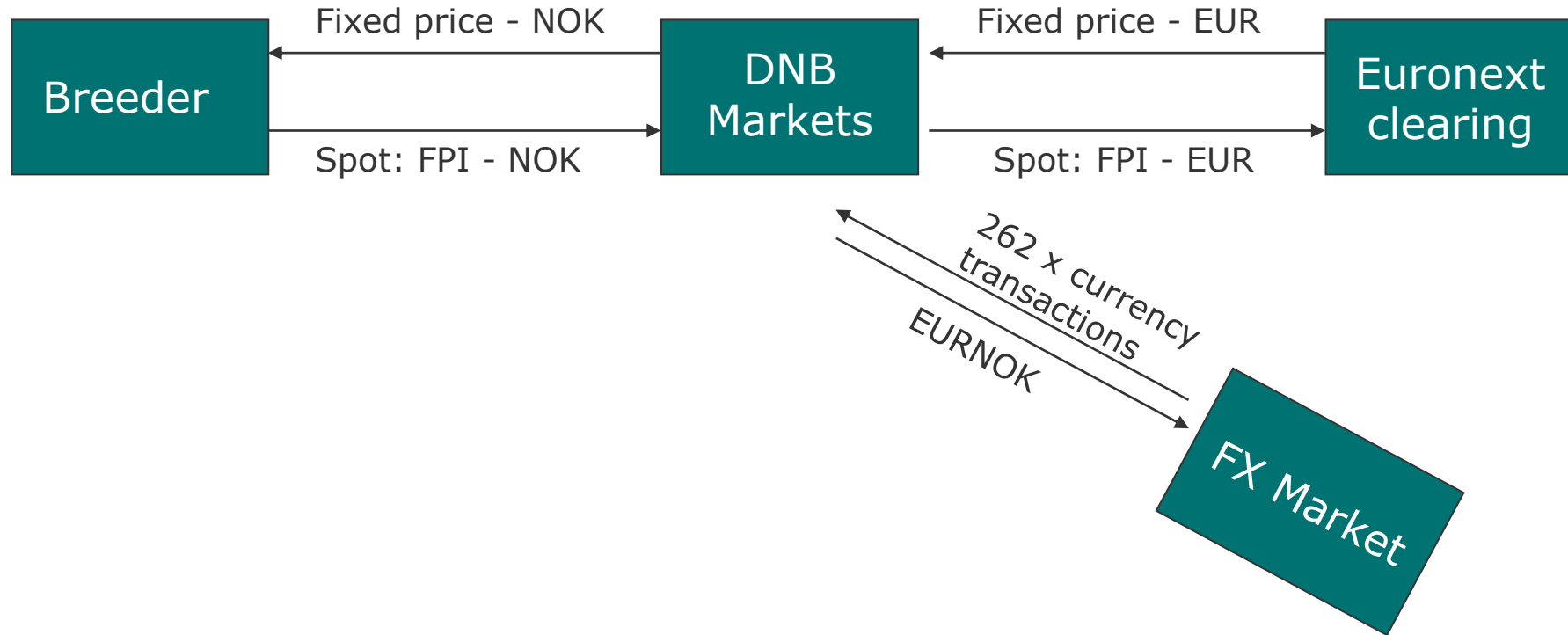
- The standard hedging contract from Fish Pool:
 - Fish Pool contracts are traded in EUR from 2025
 - In our example, the Super Market is hedging a purchase in EUR



- Currency adjusted contract from DNB Markets for the Breeder:
 - Our hedging will be done in EUR through Fish Pool.
 - For the Breeder being a DNB Markets customer, we can convert the traded contracts into NOK on demand.



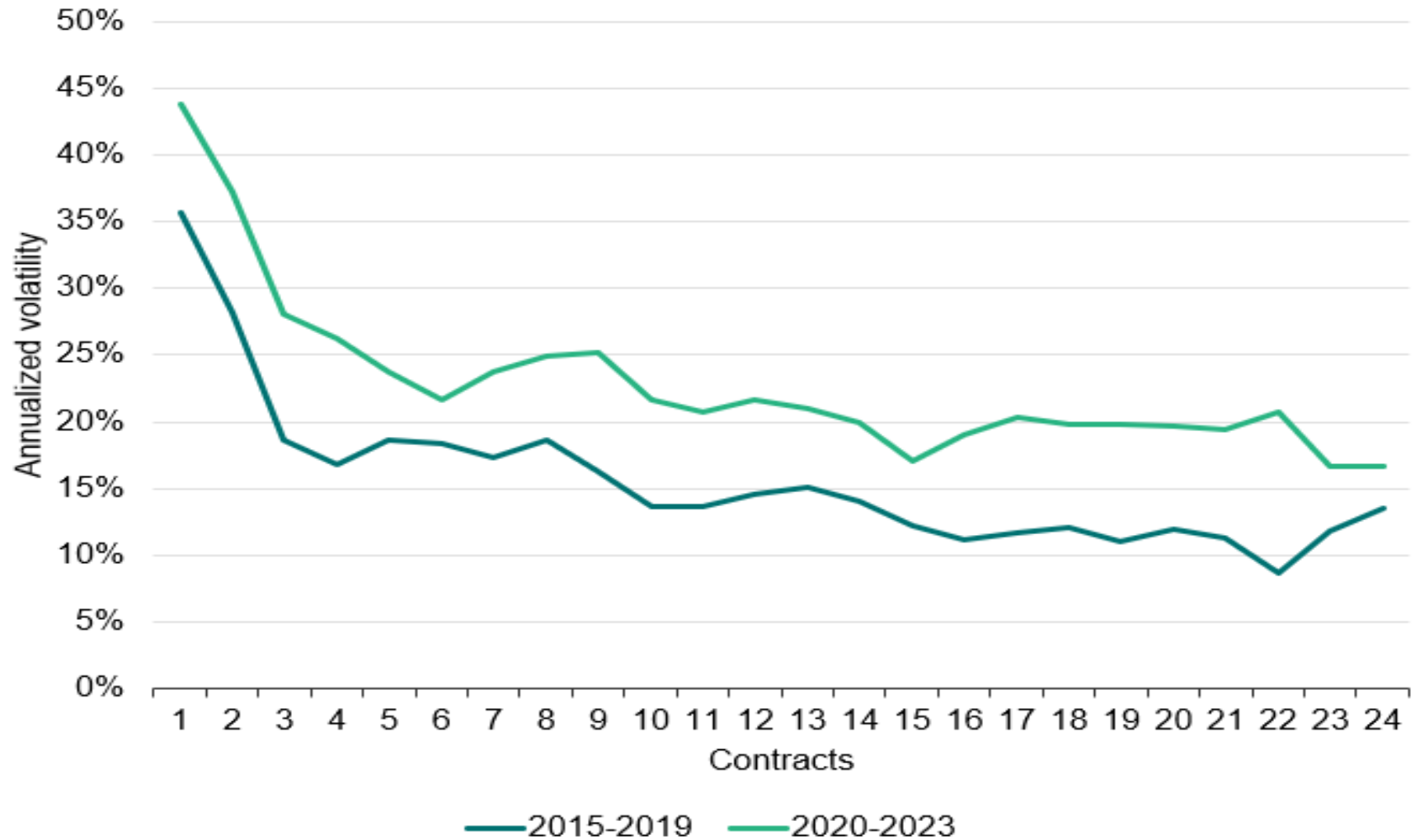
How it is done... on a 1 year contract



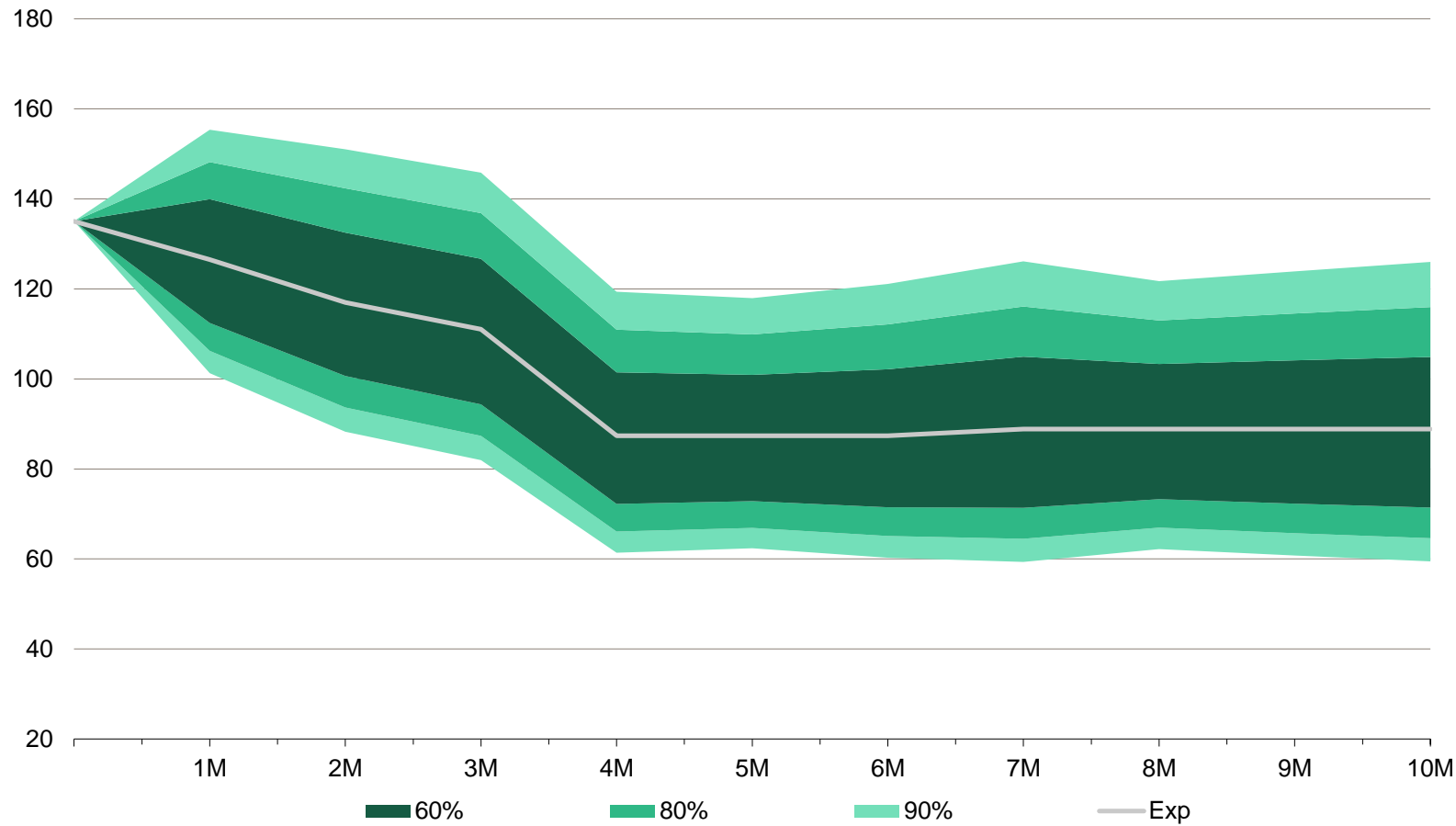
- For a counterparty being a DNB Markets customer, we can convert the Fish Pool traded contracts into any currency on demand.

Volatilities in the Salmon Market is UP!

-Measured historical volatilities



Market risk for the rest of 2024 – NOK/KG



■ 90% confidence interval:

- The spot market may reach 155 on the high side.
- The spot might as well drop to 101 and 88 within 3 months.

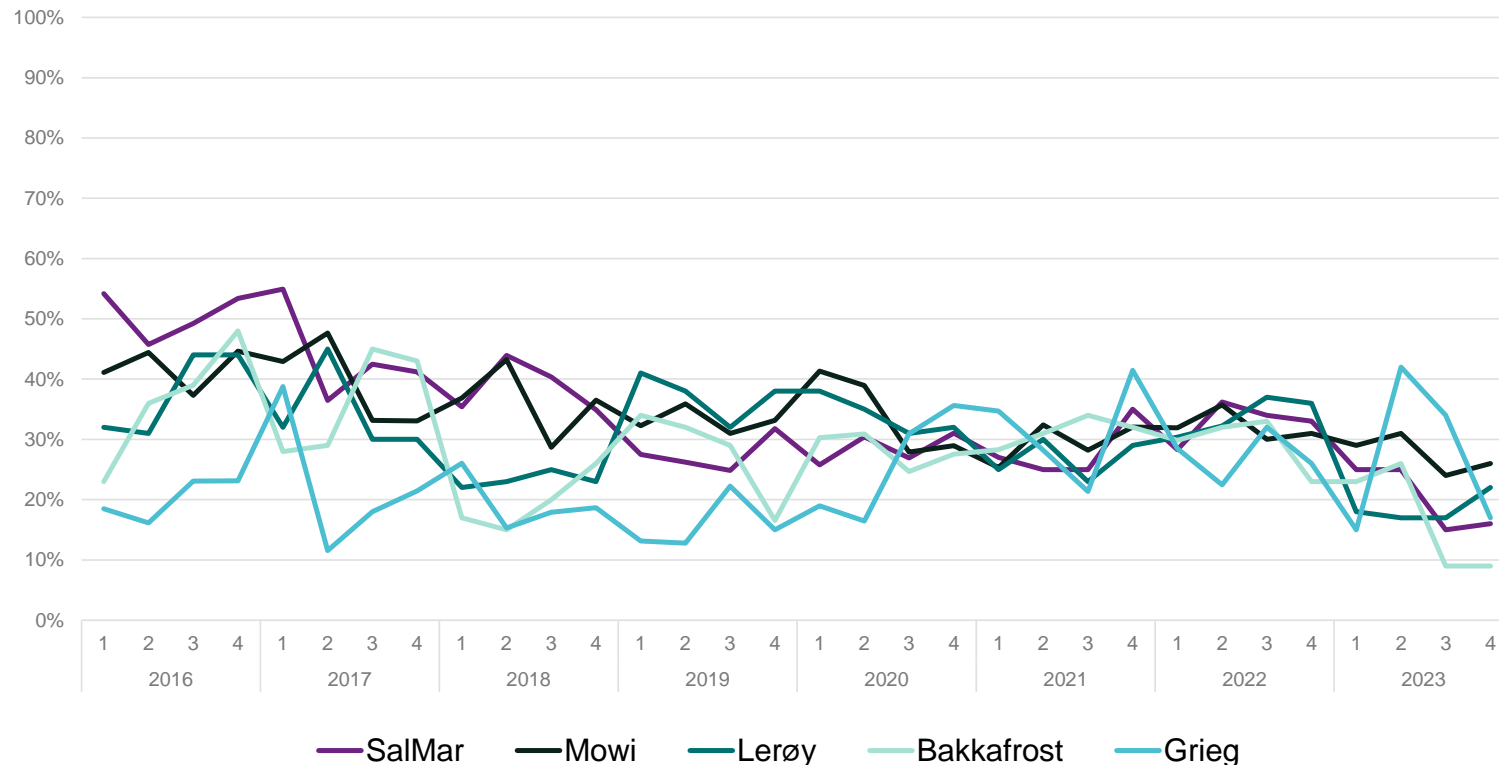
■ The long run:

- Prices between 60 and 120, and at forward rate at 88

Liquidity in the market has been limited

-Both physical and financial sales are at historical low

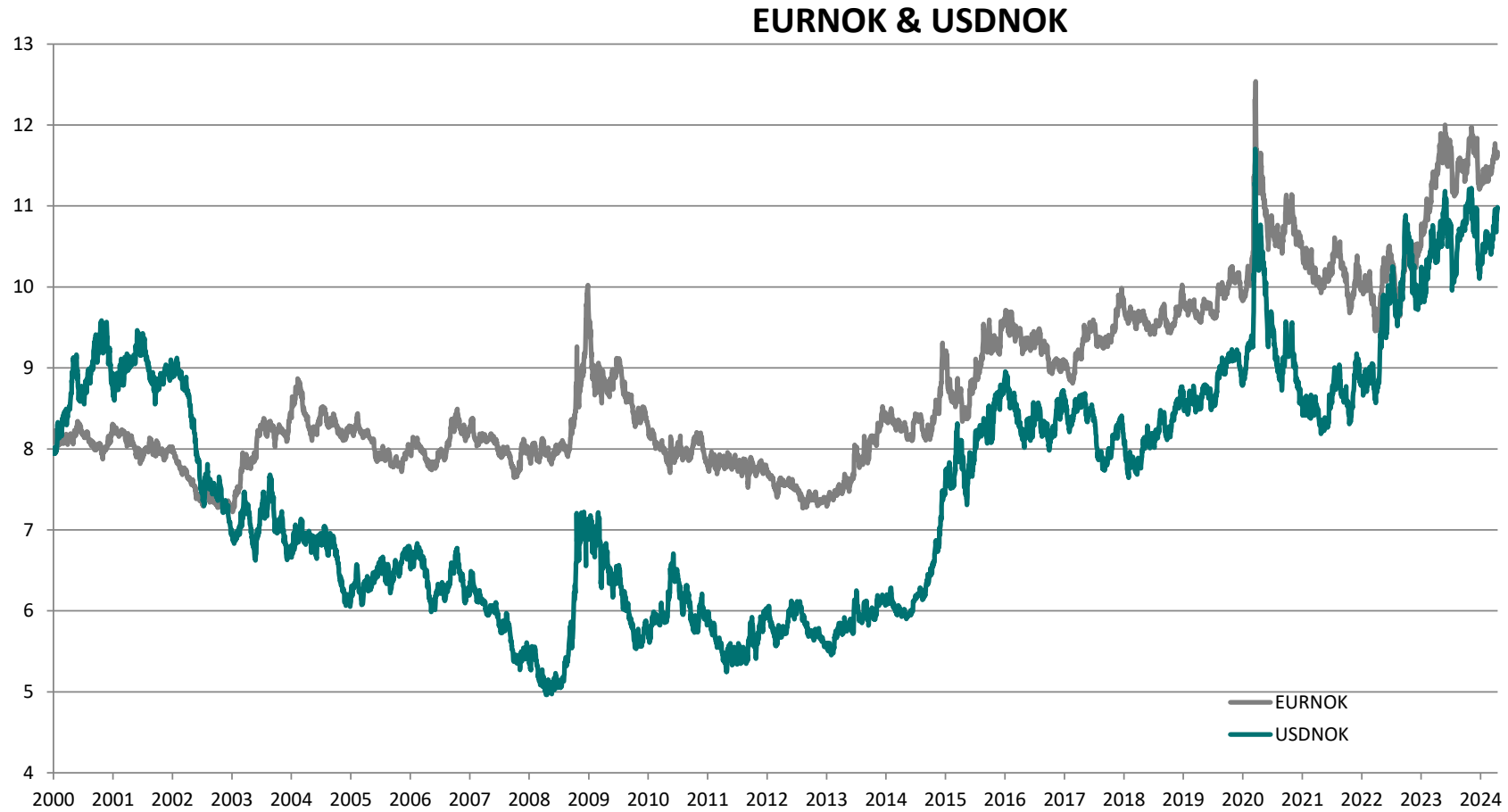
Share of production sold on fixed price



- Several of the Breeders are reluctant based on the new resource tax:
 - It is now decided that deals reported to the authorities will have the same taxation as regular sales.
- The market liquidity on Fish Pool has also been suffering this year.

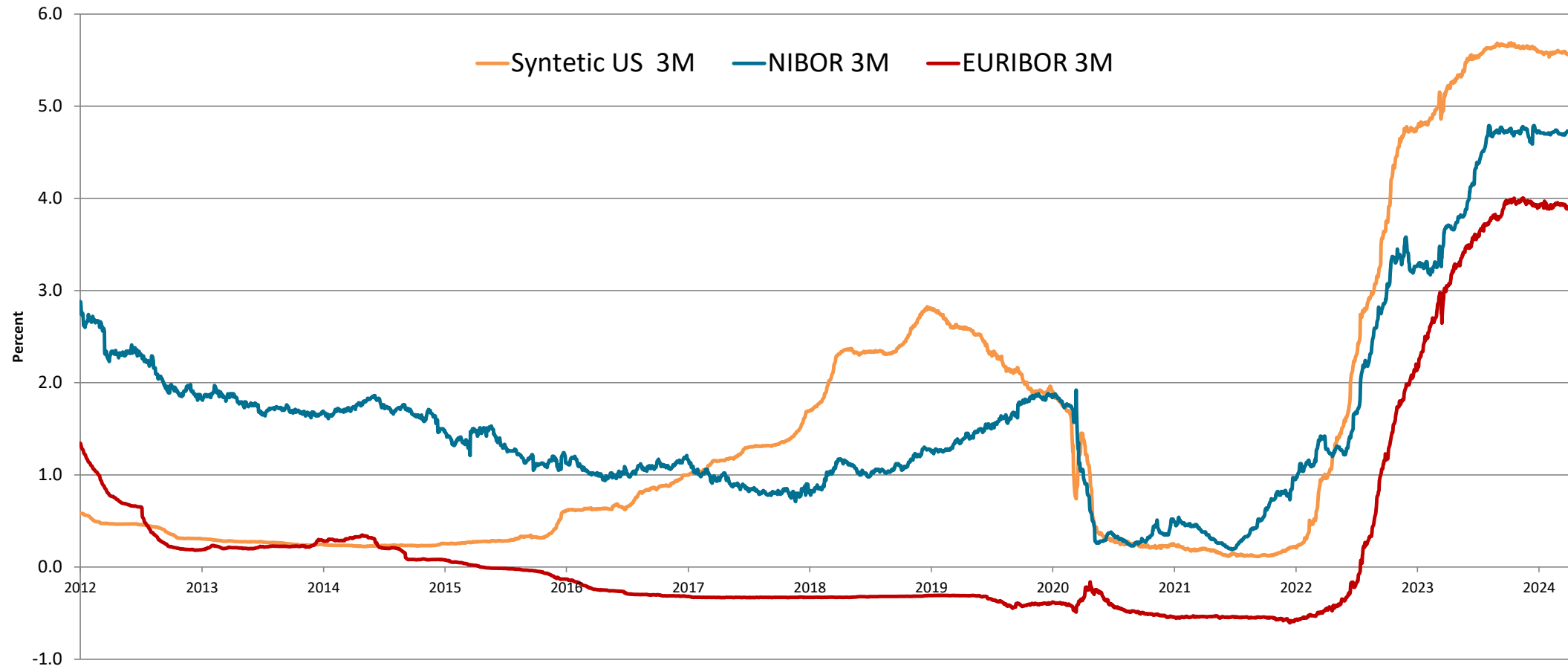
FX and Interest rate news

The Norwegian Krone still on the soft side



Source: Bloomberg / DNB Markets

Floating interest rates seems to be close to the top



Source: Bloomberg / DNB Markets

- The markets are expecting rate cuts from the central banks during 2024.
- Current schedules are:
 - EURO: ECB rate cut expected to start in June.
 - USA: FED expected to cut rates in September.
 - Norway: The previous expected rate cut in September is now subsiding. We may have to wait until 2025.
- It will all boil down to the development in inflation and GDP growth.

Credit ratings and bond issues:

- Salmar, Lerøy and now Mowi are all rated with a Credit Rating of BBB+
- This is an industry with wide access to Green Bonds and Sustainability Linked funding

Disclaimer

This presentation is strictly confidential and prepared exclusively for the benefit of our clients to whom it is directly presented. It is not for distribution or publication, and the information may not be reproduced without the consent of DNB Markets.

This presentation has been prepared by DNB Markets and is general background information about DNB Markets' activities current as the date of this presentation. This information is given in summary form and does not purport to be complete.

Any use of non-DNB logos in this report is solely for the purpose of assisting in identifying the relevant company. DNB is not affiliated with any such company.

This presentation is not an offer or a recommendation to purchase or sell financial instruments or assets, and does not constitute a commitment by DNB Markets to underwrite, subscribe for or place any securities or to extend or arrange credit to or to provide any other services. Further, this presentation should not be deemed as investment advice or investment research, and no investment decision should be based on the information provided herein. DNB Markets does not accept any responsibility for direct or indirect losses that are due to the interpretation, and/or use, of this presentation.

DNB Bank ASA and/or other companies in the DNB group or employees and/or officers in the group may be market makers, trade or hold positions in instruments referred to or connected therewith, or provide financial advice and banking services in this connection.

Rules regarding confidentiality and other internal rules limit the exchange of information between different units in DNB Bank. Employees in DNB Markets who have prepared this presentation are therefore prevented from using, or being aware of, information in DNB Bank and other companies in the DNB group that may be relevant to this presentation.

This presentation has been prepared in accordance with the general business terms of DNB Markets, a division of DNB Bank ASA, available at www.dnb.no/markets.