

 Fish Pool 

DNB

Salmon farming the next 10 years

DNB/FishPool seminar in Barcelona
22 April 2024

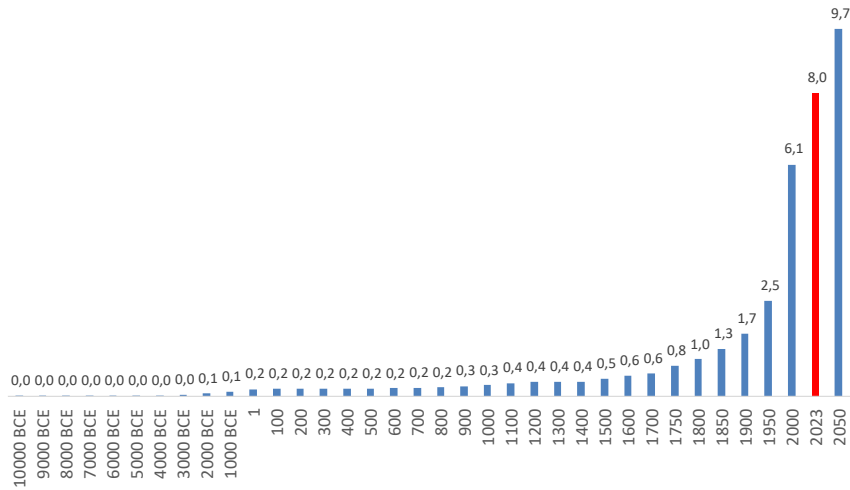
Dag Sletmo, DNB Seafood
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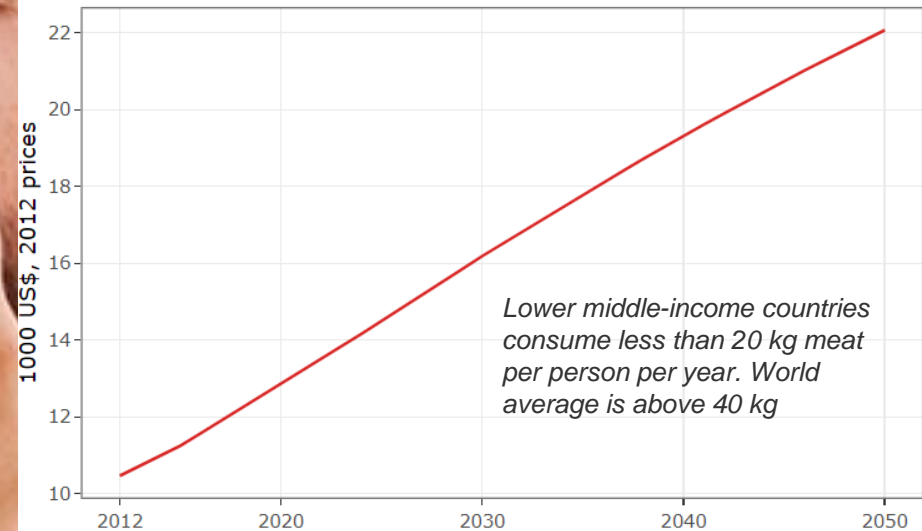
10 billion people!

We need to produce 56% more food in 2023 than today!

A lot of people on earth! Billion



GDP per capita

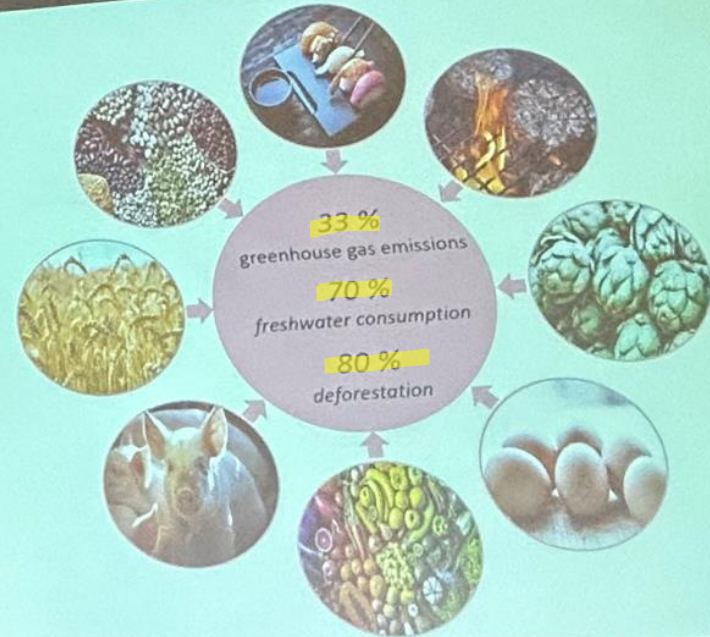


Humanity must now produce more food in the next four decades than we have in the last 8,000 years of agriculture combined. And we must do so sustainably.

Nofima

BELLONA

Food system



Nofima



FOOD SYSTEMS AND CLIMATE ACTION

PLENARY SESSION

We need at least 75%
growth in sustainable
aquaculture by 2040 if
we are to reach the
1.5°C target

Extremely positive backdrop for salmon

- Strong structural demand growth for decades to come
- It is part of the solution to the sustainability crisis in the global food system
- **Why is it then controversial and lack public support?**



Low climate footprint

Low impact on nature and biodiversity globally

Healthy food for humans

Sustainability – a double-edged sword

Local environmental impact

Impact on wild salmon

Animal welfare



ROSENBERG BALLKLUB

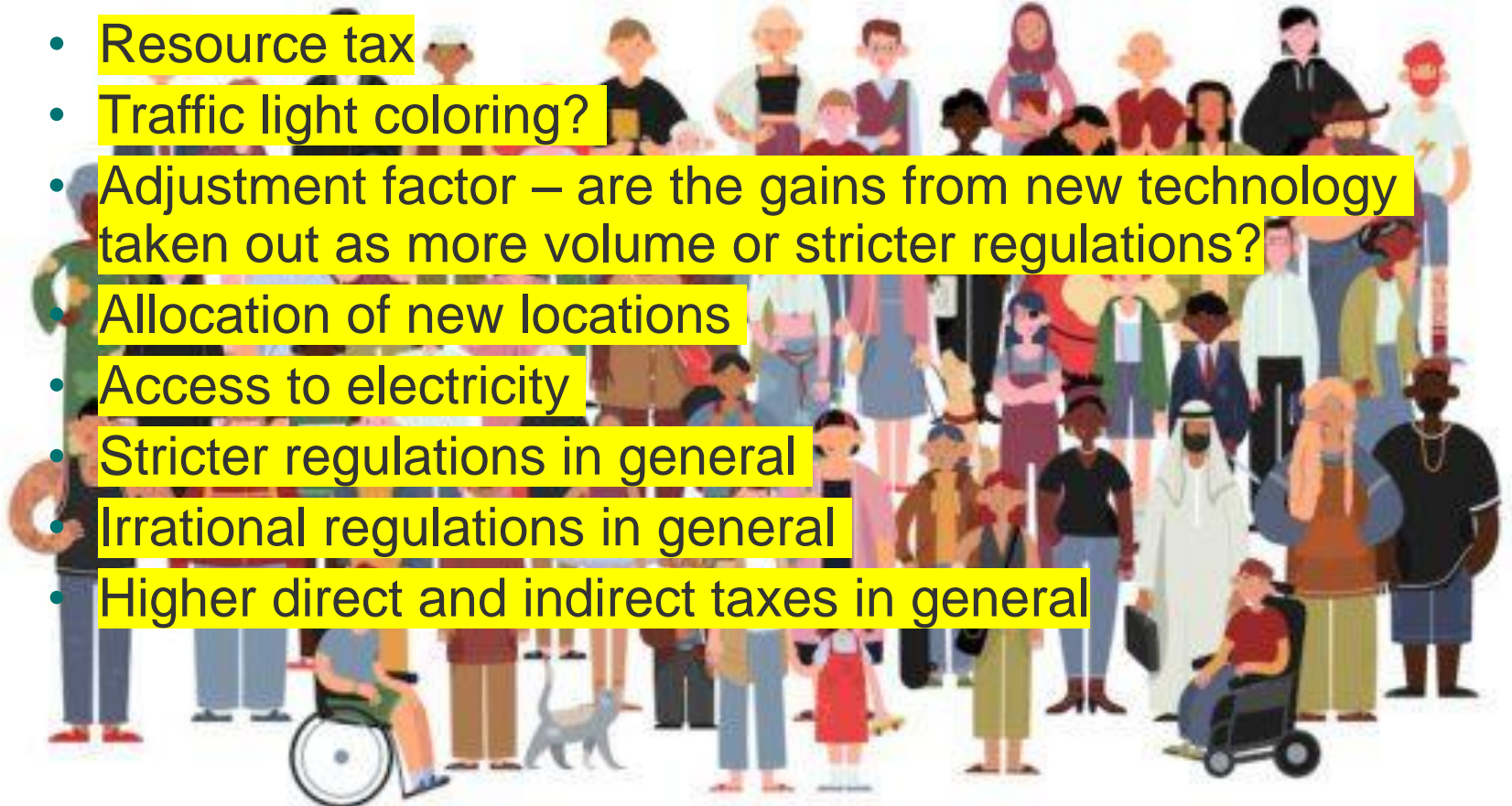
The “Good Foot” theory does not apply in sustainability

The EU has an inverted Good Foot theory: DNSH!

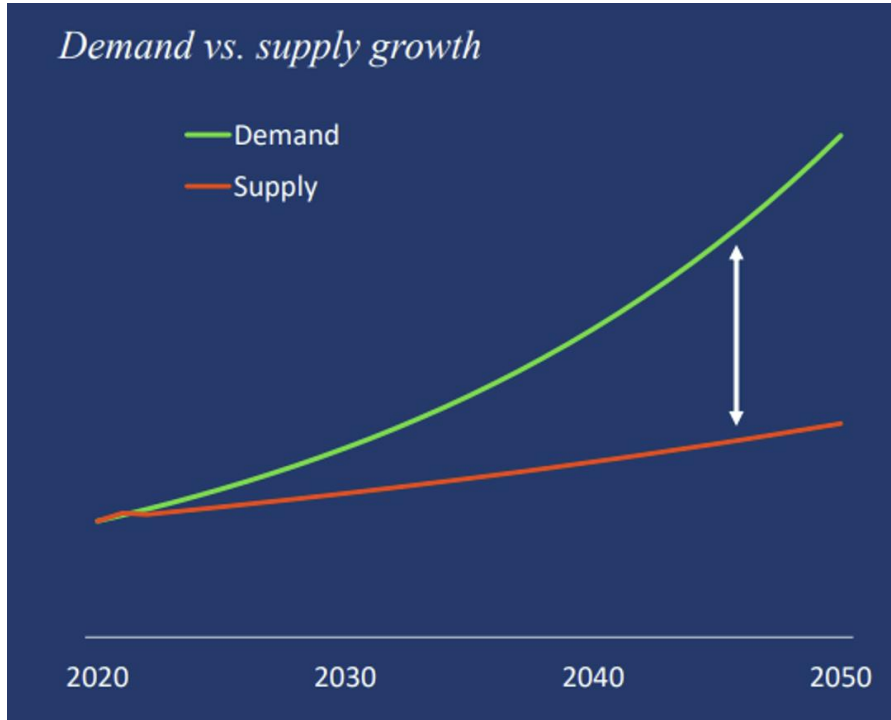
Social license is especially important in heavily regulated industries

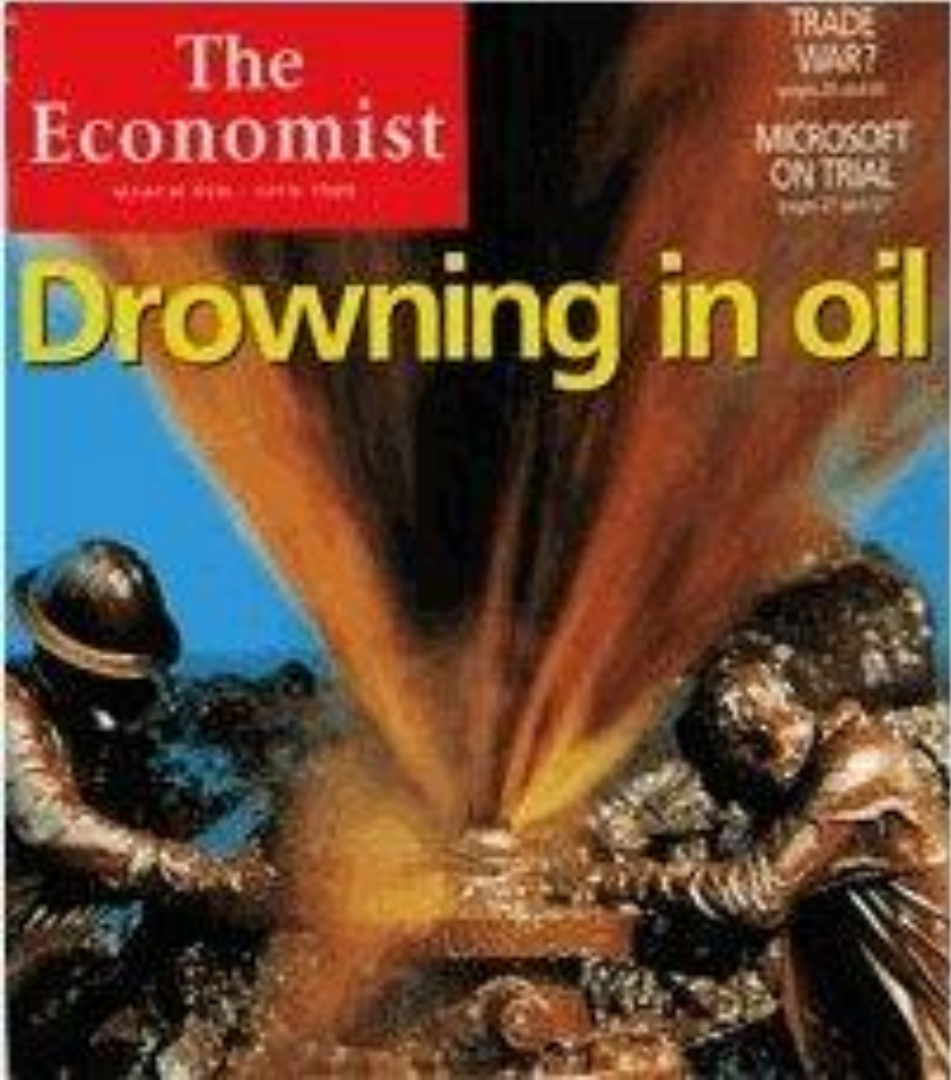
It will have significant impact on growth in salmon farming volumes

- Resource tax
- Traffic light coloring?
- Adjustment factor – are the gains from new technology taken out as more volume or stricter regulations?
- Allocation of new locations
- Access to electricity
- Stricter regulations in general
- Irrational regulations in general
- Higher direct and indirect taxes in general



«Sense of Urgency» is important

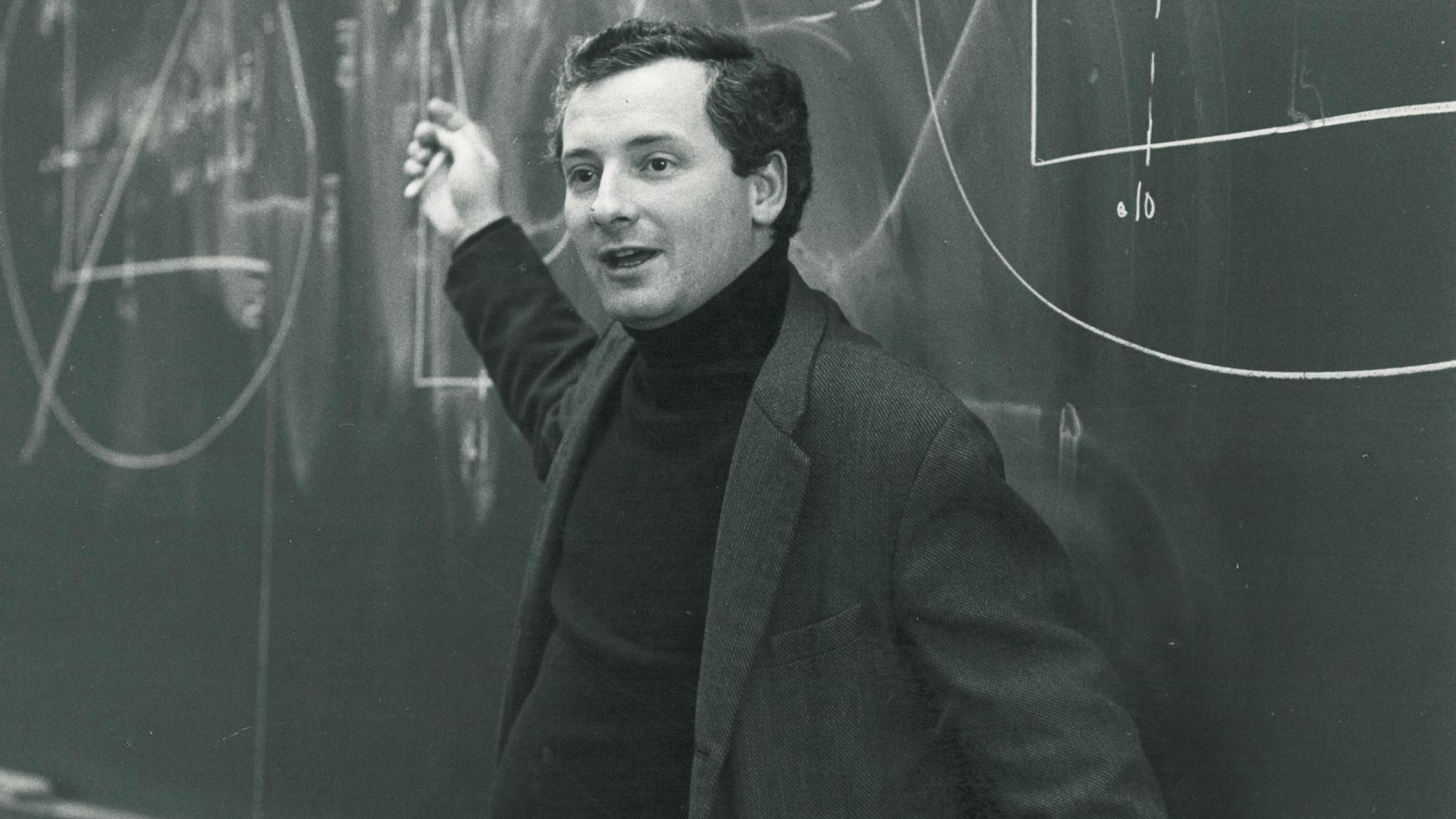




Doomsday predictions often turn out to be wrong.

Not because the analysis was wrong – but because it was correct.

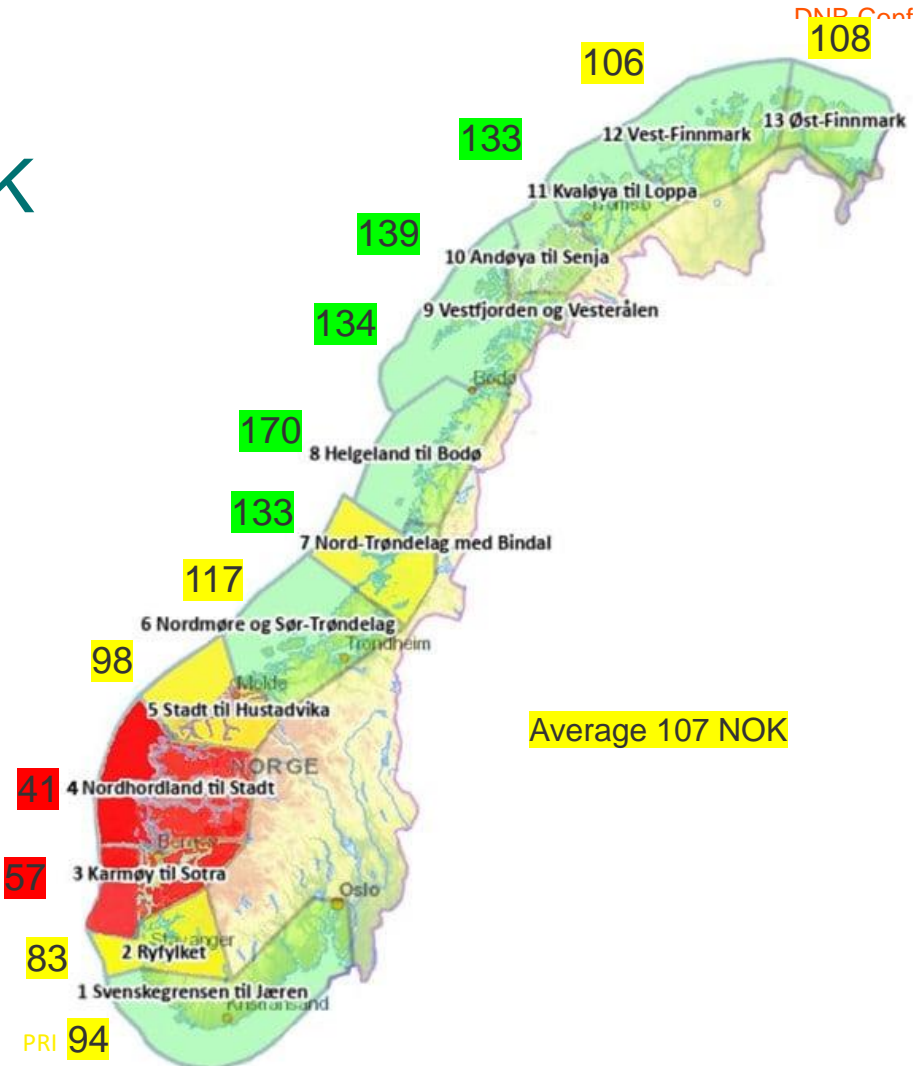
And made people take corrective action!



EBIT per fish put into sea, measured in NOK (2017-22)

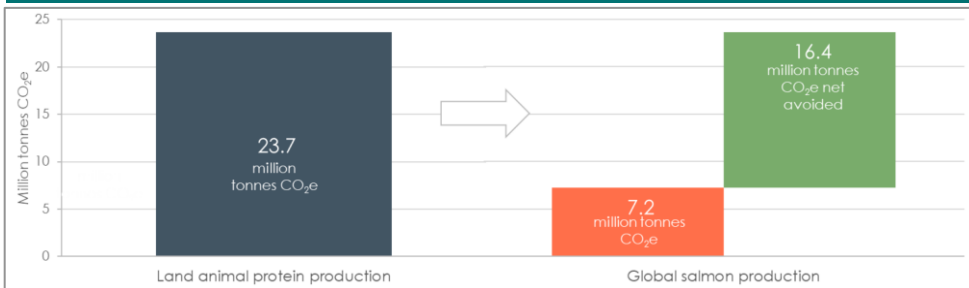
Important regional explanatory factors for different profitability

- Biomass density
- Number of companies
- Number of locations
- **But there are also big differences between companies in the same region based on operations**



Increased global focus on sustainability is positive for salmon
 Salmon is a low-carbon animal protein. And the salmon farmers work hard to get even better

Net avoided carbon emissions 2022



Sources: Mowi, PwC, SBTi



Kategori 1: Årets klimavinnere

Norway

Selskaper som kutter minst 7 % og er i tråd med Parisavtalen

- Lerøy Seafood Group
- ↑ NG Group
- ↑ Skretting
- Mowi
- Posten Norge
- Storebrand
- Møller Mobility Group
- ↑ Salmar
- ↑ Veidekke

Kategori 1: Årets klimavinnere

Vestlandet

Selskaper som kutter minst 7 % og er i tråd med Parisavtalen

- ↑ Bremnes Seashore
- Lerøy Seafood
- Skretting
- ↑ Grieg Seafood
- Mowi



Salmon Living Lab

SalMar

Gustav Witzøe

In my opinion, we are at a crossroads -

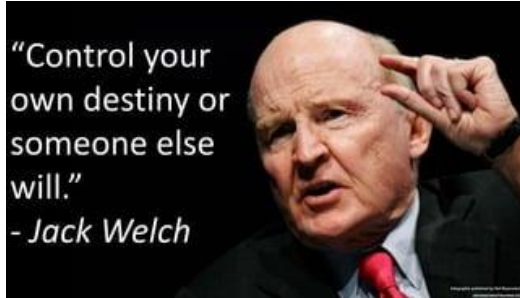
Source: [salmonlivinglab](https://salmonlivinglab.com)

SALMA

What can the industry do?

- Show that you care
- Take the problems seriously & improve
- Communicate more and better over time

- Cooperate well
 - Tragedy of the commons
 - Industry internal rivalry not a key risk, the market is big enough for all. The key risks are:
 - Losing society's trust
 - Failing in developing new technology and farming practices which will allow sustainable growth in volumes

A photograph of Jack Welch, former CEO of General Electric, pointing to his temple with his right hand. He is wearing a dark suit, a white shirt, and a red tie. The background is dark.

“Control your own destiny or someone else will.”

- Jack Welch

Salmon in 2034

Predictions

- Volume growth has picked up somewhat based on new technology, better farming practices, and better regulations
 - New production methods like land based and offshore successful, volumes still low but with large potential. If they perform better than open pen coastal farming in key sustainability terms, that will put public pressure on traditional farmers
- Focus on the global food system and food transition has increased radically.
 - Sustainability focus, including animal welfare, even stronger than today. Air freight increasingly controversial

Hopes

- The industry has strengthened its social license based on operational improvements and better dialogue with all stakeholders and voters
- The positive contributions of salmon farming to solving key global sustainability problems understood and accepted by the public
- Biological and sustainability performance has improved significantly based on new knowledge and good cooperation in the industry and value chain and with the regulators

Fears

- Industry fails to build trust and improve practices, bad regulations and higher taxes (politicians say they were correct about ground rent as no supply growth drives prices to the sky. Key market segments like European discount retail disappears as outbid by deeper pockets)
- Demand growth slows as lack of product makes it difficult to attract new consumers
- Big lost opportunity for the industry, consumers, and the planet. But lost opportunities don't get much attention

The force is with us!

“All” the mega-trends in favor of the salmon farming industry

An increasing world population needs food

Growing middle class in emerging markets demands more protein

Better grocery retail supply chains in emerging markets

Better educated population eats healthier

Ageing population eats more fish

Limited volume potential in fishing, growth must come from fish farming

Limited CO2 waste and water consumption vs other animal production

Limited land acreage vs other animal production

Low feed conversion rate vs other animal production

MAY THE FORCE BE WITH YOU

Salmon farming and aquaculture fit both key consumer trends and the need to produce more food on a planet which is already seriously challenged in terms of climate change and biodiversity loss

DNB Bank is a global seafood player



- Headquarters
- Geo & Regional Hubs
- Branches & Representative Offices

- Banks with 17 of the top 20 salmon farmers globally
- Global leading seafood bank, presence in key markets, NOK 86bn of total exposure
- In-depth industry knowledge developed through close long-term relationships with key customers
- Dedicated seafood team with an international footprint and strong track record as a banking partner and advisor
- Leading arranger of debt in seafood sector, and a full range of Investment Banking services offered

DNB Markets is the clear #1 Investment Bank within the Seafood sector



Selection of recent transactions

ECM			M&A ¹			DCM		
2024 ATLANTIC SAPPHIRE Private Placement NOK 386m Joint OICs	2023 ATLANTIC SAPPHIRE Private Placement NOK 720m Joint OICs	2023 SILMON D'OLIVIC Private Placement NOK 125m Joint OICs	2023 ACQUASHIP Acquisition Majority stake acquired by ADP Undisclosed Sole Financial Advisor	2023 FRBY Public takeover by Oshima Seika AG NOK 13.5m Sole Financial Advisor	2023 BEWJ Acquisition of 44.4% in Oshima Seika AG NOK 5.30m Financial Advisor	2024 PELAGIA Senior Unsecured Bond Issue NOK 1.0bn Global Coordinator	2024 ACQUASHIP INTERSHIP Acquisition Financing NOK 5.20m Sole Coordinator	2023 Amarilax Senior Sustainability-linked Loan Facilities EUR 95m Sole Coordinator
2023 ICE FISH FARM Private Placement NOK 500m Sole OICs	2023 ATLANTIC SAPPHIRE Private Placement NOK 585m Sole OICs	2022 Benchmark Private Placement & IPO NOK 158m Joint OICs	2022 NTS NTS ASA Sale of 41% to SalMar NOK - 271m Financial Advisor	2022 SALMAR Acquisition of Salmar NOK 8.20m Sole Financial Advisor	2022 ICE FISH FARM Merger with Laxor Foodco NOK 4.10m Sole Financial Advisor	2023 SALMAR Senior Unsecured Loan Facility NOK 16bn Sole Coordinator	2023 ICE FISH FARM Senior Multicurrency Financing EUR 156m Sole Coordinator	2023 KATPIER Acquisition Financing NOK 1.30m Debt Advisory

Market share: Deal value and number of transactions (2018 – 2024 YTD)²

ECM			M&A ¹			DCM ³		
Market share by amount raised (NOKm)	# of deals		Market share by deal value (NOKm)	# of deals		Market share by amount raised (NOKm)	# of deals	
DNB Markets 57%	29		DNB Markets 71%	13		DNB Markets 90%	10	
#2 24%	10		#2 51%	7		#2 65%	8	
#3 13%	5		#3 40%	7		#3 51%	4	
#4 16%	13		#4 38%	4		#4 21%	5	
#5 14%	17		#5 12%	4		#5 2%	1	

¹ Based on actual enterprise value and estimated where not publicly available/announced. ² All transactions with deal size >=100 NOKm. Illustrating the market share of Norwegian banks with leading roles in the syndicate (if any). ³ Bond volumes