

A low-angle photograph of a modern skyscraper with a curved facade. The building's exterior is primarily dark, with a prominent teal-colored band that features the Nasdaq logo and the word 'Nasdaq' in white. The building is surrounded by other tall buildings in a city setting under a clear sky.

The Icelandic Seafood Sector: Unlocking Opportunities with Nasdaq

Pall Hardarson
Nasdaq Iceland

IntraFish Seafood Investor Forum
Reykjavik, October 4, 2018



History

- In 2002, 19 seafood and aquaculture companies were listed in Iceland - more than in any other country
- In terms of market capitalization Iceland ranked number two, only behind Japan
- 2002-2007 most of the fisheries companies delisted
- Currently there are three fisheries related companies listed on Nasdaq Iceland, one on the Main Market and two on First North

HAMPIÐJAN

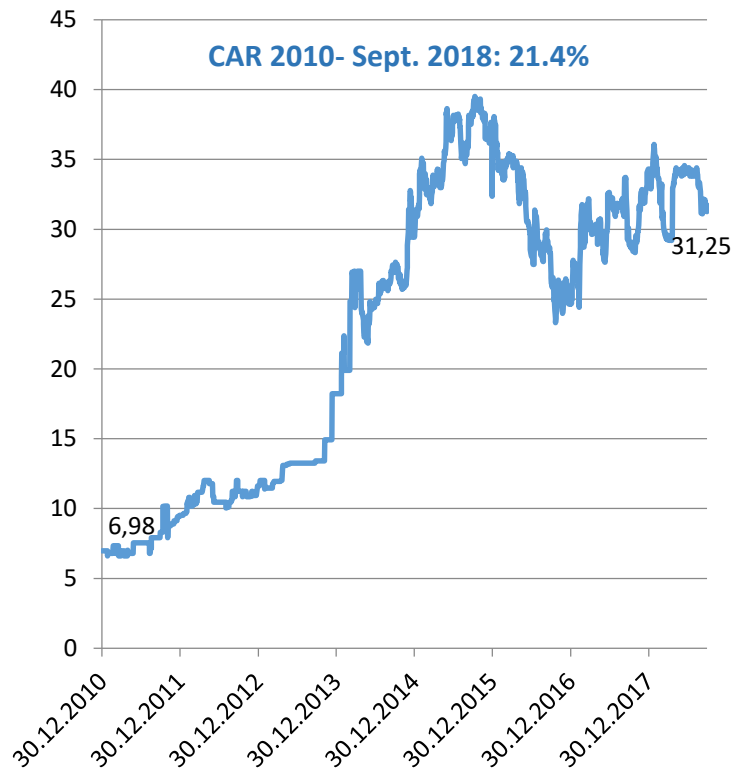


HB GRANDI

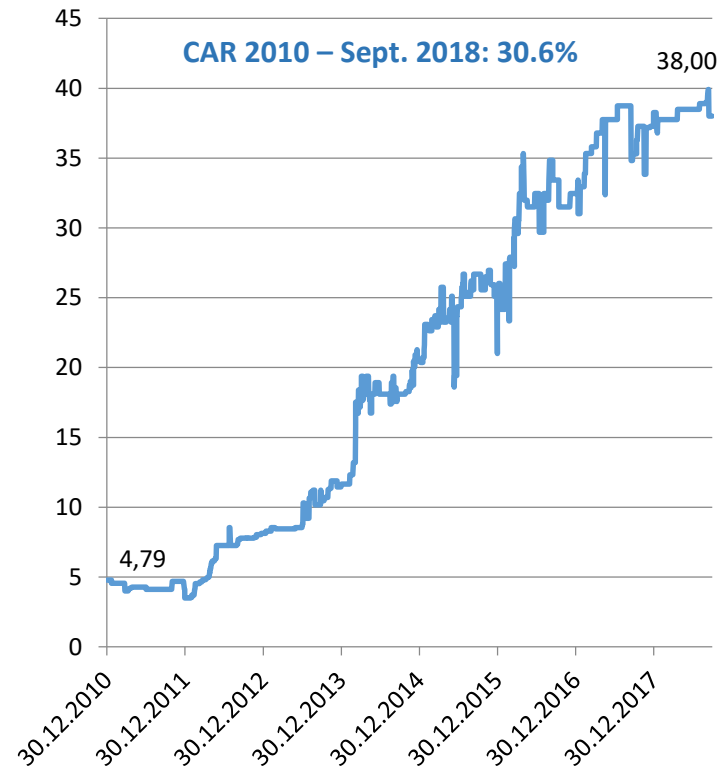


Fisheries related companies thrive on Nasdaq Iceland

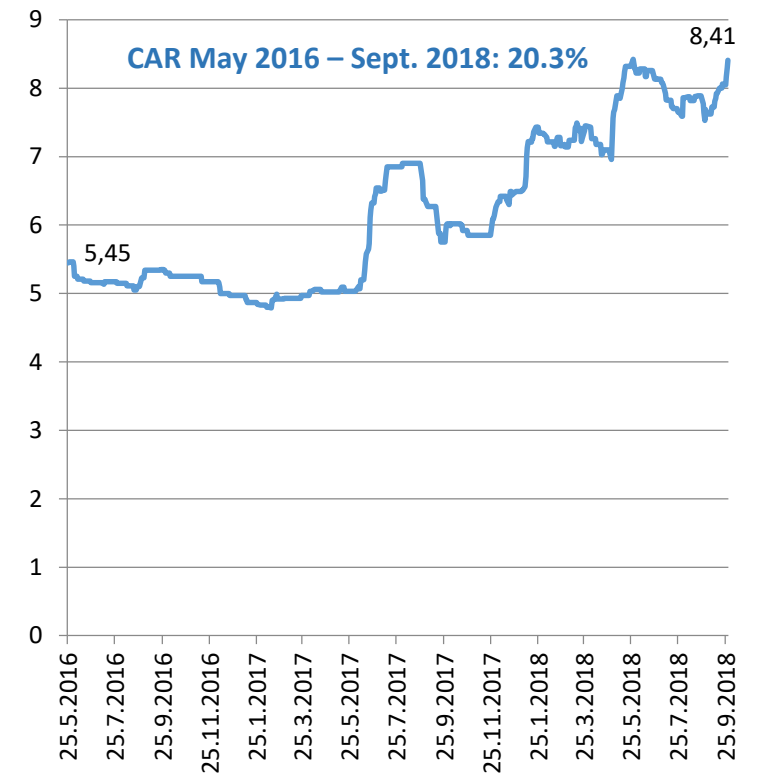
GRND



HAMP



ICESEA



Dividend adjusted prices

Potential advantages of listing

- Diversify sources of financing
- Facilitate mergers and acquisitions
- Enhance credibility
- Support marketing and PR
- Gather public support via the public's direct stake in the sector's success



The stock market has facilitated acquisitions

Iceland Seafood

- Recently acquired Solo Seafood
- Equity value of acquisition around 65 million Euros
- Almost entirely financed by issuance of own stock

Hampidjan

- Acquired P/f Von in 2016
- Equity value of acquisition nearly 45 million Euros
- Largely financed by the sale of Hampidjan's ownership share in HB Grandi

Scope of stock financed transactions since 2016

By listed companies

Est. 270
million Euros

Share
increases
between 9%
and 100%

1.3% of GDP
(2017)

4.2% of total
business
sector
investments
(2016 and
2017)

Public ownership could quell controversy over fishing rights

- Widespread perception that the public is not receiving its fair share for the sector's access to Iceland's fishing grounds
- This creates uncertainty as to the future operating environment of the fisheries companies
- Lasting resolution?
 - Offering the public substantial ownership stake in the fisheries sector at a reasonable price through IPOs
 - Aim for more than 10,000 shareholders in the largest fisheries companies

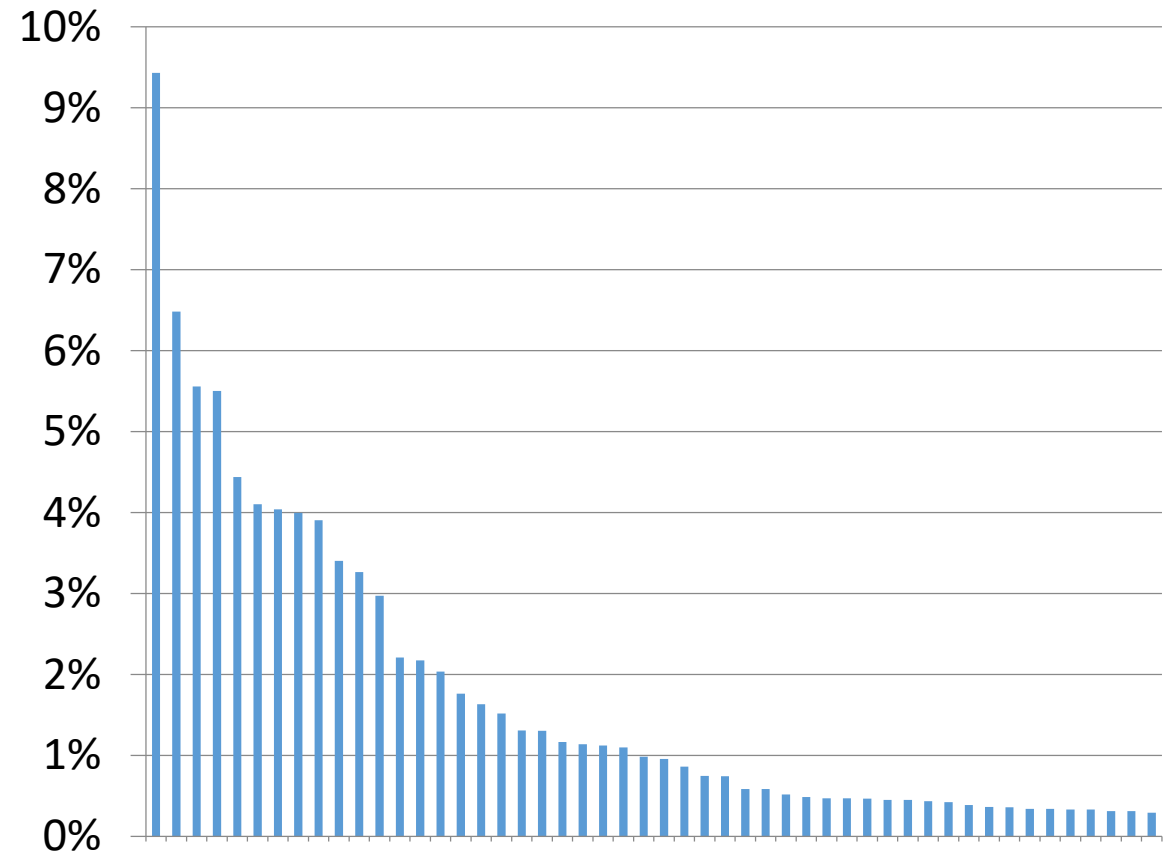


Public ownership could unlock synergies

- Potential synergies to be gained by mergers
- The current ceiling on a single company's share in the fishing quota restricts the options available
- Political support to raise the ceiling limited
- Concerns that raising the ceiling would give a few individuals control over a large share of the fishing rights

Public ownership alters the equation
Reasonable to propose that listed fisheries companies with substantial public ownership could be subject to a higher ceiling than others

Share of individual companies in total fishing rights



Source: Fiskistofa, the Directorate of Fisheries

Nasdaq First North - a springboard for smaller companies

- Growing interest – Nasdaq First North Iceland is gaining momentum
 - Three new listings since 2016
 - 17 companies participating in **Nasdaq Iceland First North – Next Step**
- First North has served currently listed companies well
- Could facilitate mergers among SMEs in the Icelandic seafood sector, creating stronger and more competitive companies
- A or B shares could be offered in IPOs



Nasdaq Iceland First North – #NextStep

A new initiative to support future listings

**Eight month program to help companies
through the listing preparation process**

Partnering with:

- Islandsbanki
- KPMG
- Logos Legal Services
- Nýsköpunarsjóður – New Business Venture Fund

Salmon farming in Iceland

Mending adversarial relationships between stakeholders

Current situation

Salmon farming companies are commonly viewed as

- Outsiders
- Threat to salmon fishing, a national treasure

Without further public discourse and broad public ownership the status quo is likely to be cemented

Alternative vision

Leverage listing to put sustainability in the forefront and

- Facilitate constructive dialogue
- Attract domestic institutional investors
- Attract retail investors

Creates common interest in the sustainable success of the sector

In conclusion

- Significant opportunities for the fisheries sector in listing and broader public ownership
- Apart from classic benefits from listing such as diversification of financing and facilitation of mergers...
- ...the seafood sector, both fisheries and fish farming, could leverage listing in Iceland to unlock opportunities that otherwise might elude it

**A vibrant seafood exchange benefits the sector,
investors and the economy at large**