



Norway Royal Salmon

IntraFish Seafood Investor Forum - Iceland

Stein Ove Tveiten – 4 Oktober 2018

Agenda



1. NRS in brief
2. Projects for growth
3. NRS Finnmark - Contribution to society
4. Arctic Fish and Icelandic salmon industry

Farming operations focused in attractive regions



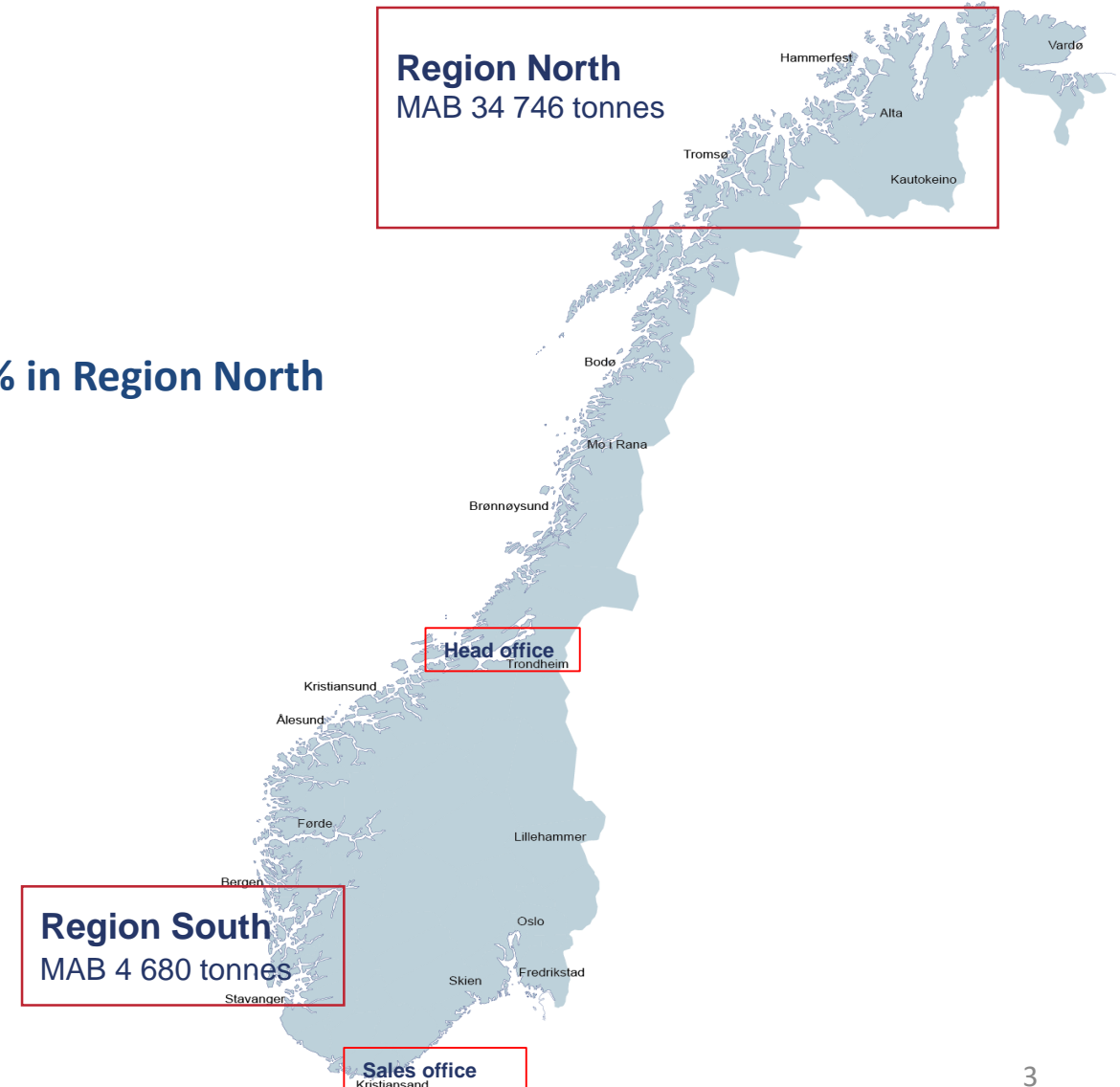
Farming

- MAB 39 426 tonnes
- Estimate harvest volume 2018: 36 000 tonnes
- Associated companies
 - Norway: 10 licenses (3 companies)
 - Iceland: Arctic Fish ehf

Trading

- Own and external volume
- Selling to over 50 countries
- Volume 2018E: 80 000 tonnes

88 % in Region North



Projects for growth



Growth projects



Arctic Offshore



Flip Cage



Smolt facility



Arctic Fish

In process with new smolt facility



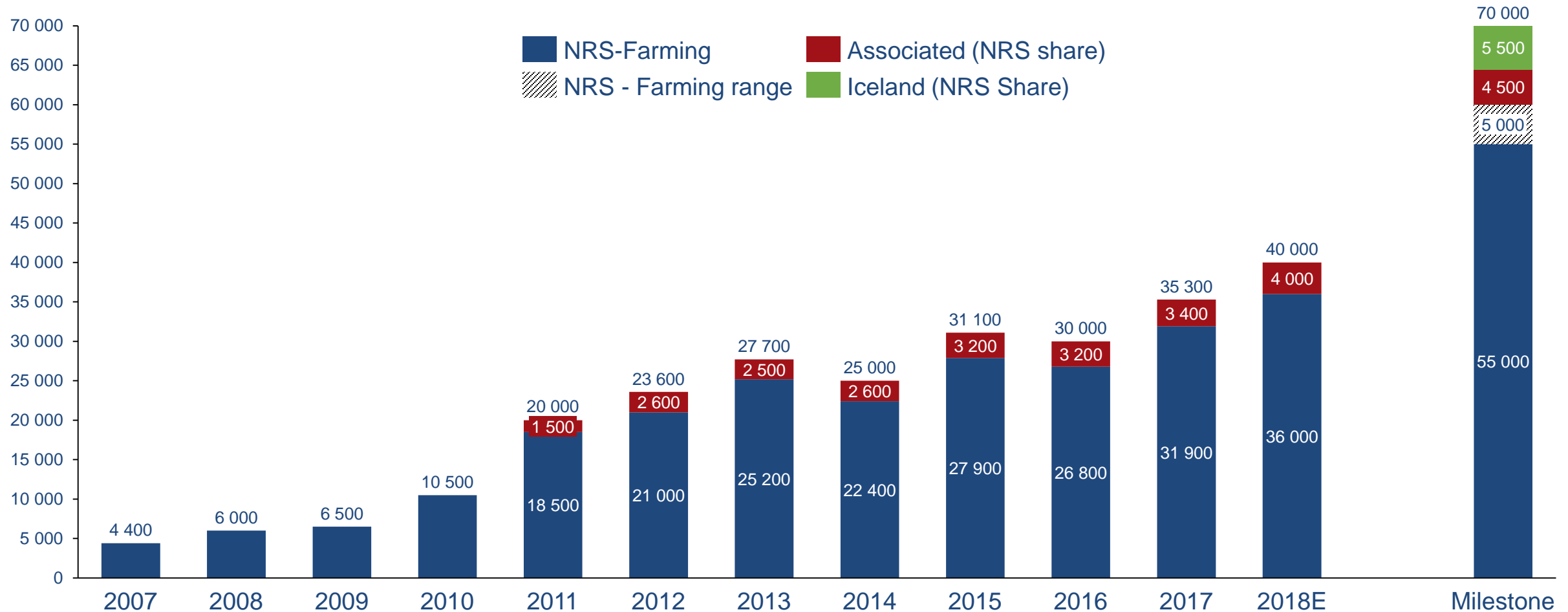
- NRS is in process of building a hatchery that will produce 10 million 120 - 200 grams smolt yearly
- Strategically located in short distance to our farming sites in Region North
- Strategically important for NRS
 - The hatchery will contribute to increase the biological safety and quality of our smolt
 - Improved utilization of licenses
- Planning to start building next year

Development licenses – Arctic Offshore Farming



- Arctic Offshore Farming - the offshore technology for the future aquaculture industry
- NRS has been granted 8 development licenses (5 990 tonnes MAB)
- Provide significantly increased area utilization of Norwegian sea waters when more exposed areas can be used and will have a small environmental footprint
- Target of releasing the fish during autumn 2020

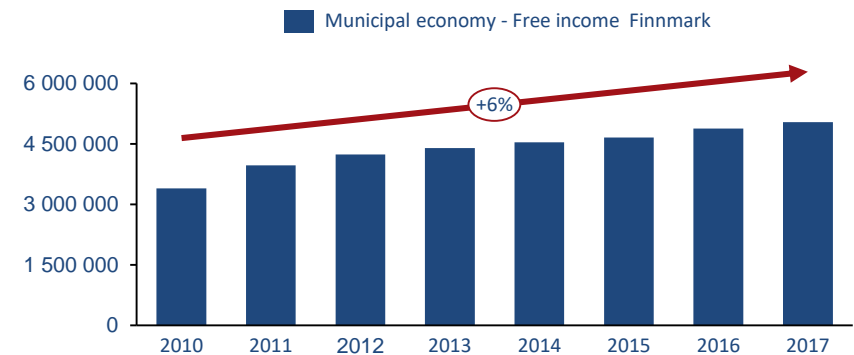
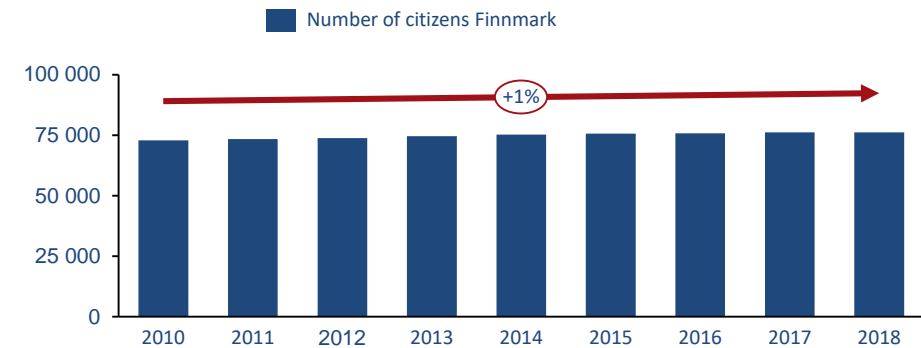
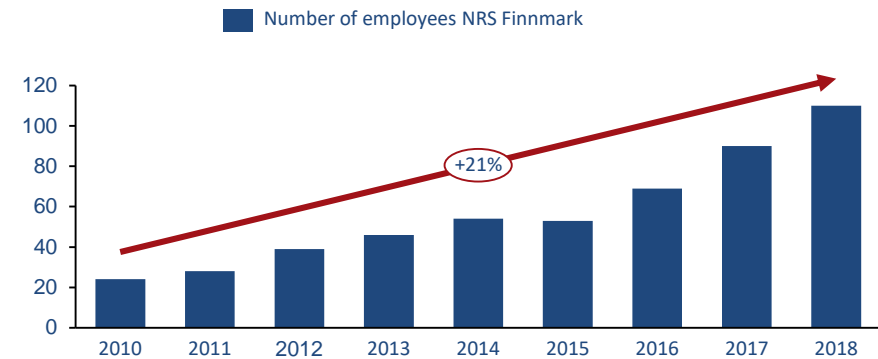
Norway Royal Salmon - growth history



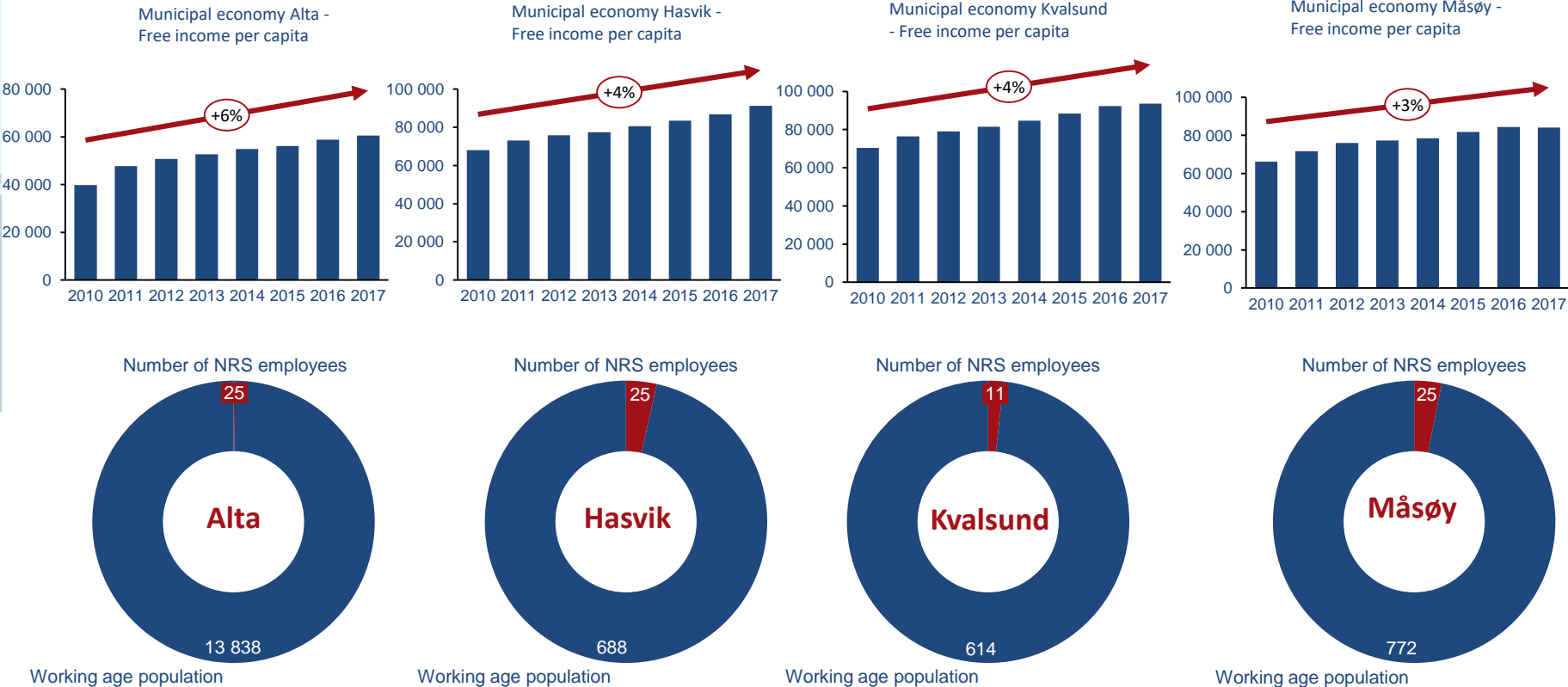
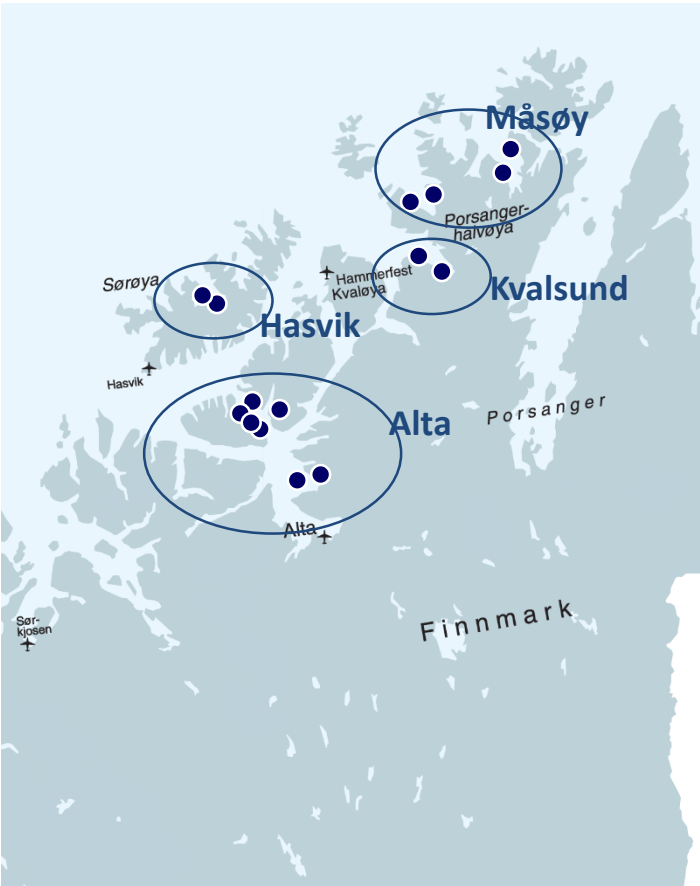
NRS Finnmark - Contribution to society



Business Value creation finances public welfare



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*Free income: means by which municipalities can freely dispose of without any other government instructions than current laws and regulations. The free income consists of tax revenues and framework grants, accounting for 73 per cent of the municipal sector's total income.

NRS Finnmark - Contribution to society



In one year NRS Finnmark AS contributes with **282.1 million** NOK to society through taxes, fees and other repercussions

This is equivalent to;

58

Teachers

60

Heart transplants

75

Police Officers

**Source: DNB value calculator. DNB's value calculator shows community contributions from private companies in 2016*

Companies not only contribute directly to taxes and fees, but also with spin off effect through their procurement of goods and services from subcontractors.

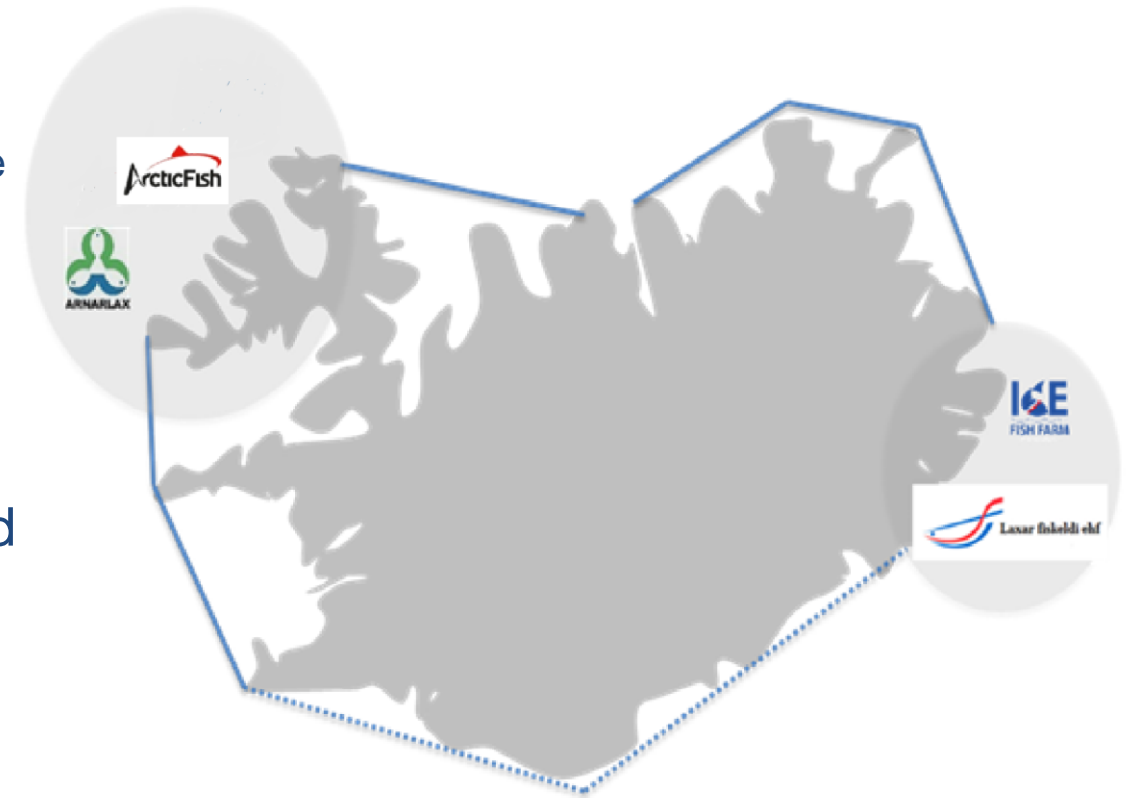
Arctic Fish and Icelandic salmon industry



Icelandic salmon industry



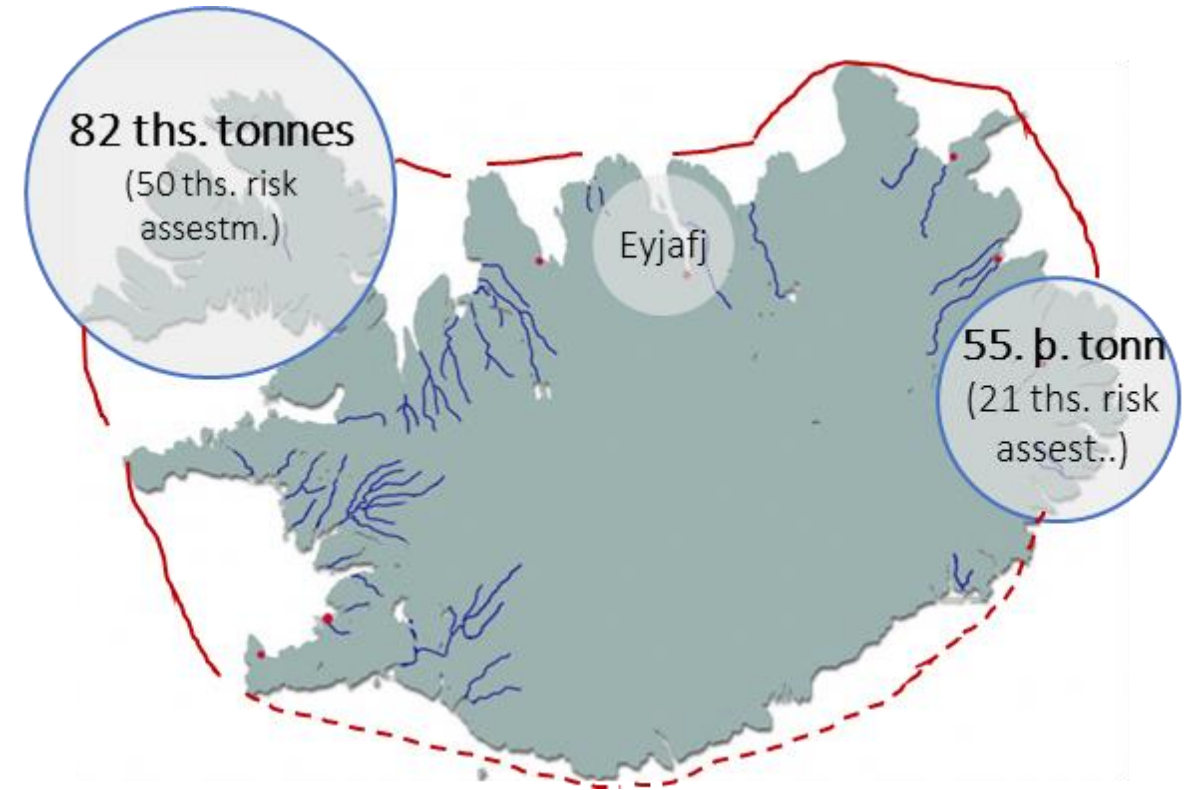
- Three steps (waves)
 1. 80's and 90's - Experimental salmon farming in sea
 2. Early 2000' – Sea farming in east of Iceland
 3. From 2010 - Professional salmon farming starting in the Westfjords of Iceland
- Suitable farming conditions with a big potential for growth
- Two main areas for salmon farming: Westfjords and Eastfjords
 - Big part of the Icelandic coastline is closed for salmon farming
 - 4 companies with production of salmon
- Farming condition similar to Finnmark in Norway
 - Colder during winter, but warmer during summer



Potential for growth for the industry



- Current evaluation of MRI for maximum biomass production is around
 - Westfjords: 82 ths. tonnes
 - Eastfords: 55 ths. tonnes
- The size of the farming sites and the distance to rivers are important variables in the model, and based on the principle to protect the wild stock.
- Harvest volume of salmon
 - 2017: 11 500 tonnes
 - 2018E: 14 000 tonnes
 - Almost no output of trout last year and it is expected that the main focus will be on salmon



Arctic Fish



- NRS owns 50 % of Arctic Fish
- Operation in Westfjords with good farming conditions and big potential for growth
- 33 employees ex contractors and service providers
- Number of smolt release
 - 2017: 0.8 million
 - 2018: 1.8 million

Focus on smolt - new recirculation hatchery



- Smolt capacity will be one of the major bottlenecks in terms of production for the industry
- Focus on bigger smolt, to reduce production period in sea
 - Arctic Fish is the only company that have stated and build up RAS hatchery at Iceland
- The hatchery is located in south part of Westfjords and is to undergo a three phase expansion process
 - Two of three buildings are completed
 - Potential for further expansion in our own area for the future



Challenges we are working on



- Keep control and improve fish health
 - Some challenges with BKD, and we need to control this disease, new hatchery equipped with UV-radiation system
 - Delivered smolt from hatchery in 2018 without BKD - important milestone
- Grow and develop the supply and service industry
- Pending licenses
 - Licence is still in process and have to put more resources into work on this important part of our operation
- Image of wild salmon catch is important for the angling industry and that we respect
 - We have mutual goal which is to keep our fish in the farm!
 - Important to have best equipment possible at all time and staff training
 - There is a technique from the Icelandic company Vaki that could be setup in salmon rivers as to identify and take out possible farmed fish that enters the rivers

Our focus areas



- Building a team with farming experience
- Focus on fresh water facility to produce high quality smolt
- Develop a good and robust site structure and also investing heavily in new equipment at sea
- Regulation
 - We are working for a foreseeable framework and a well-regulated aquaculture industry at Iceland, knowing that regulations can secure a good sanitary situation





COMMITTED
BY NAME

