North Atlantic Seafood Forum
Bergen, 5. March 2015
Charles Høstlund, CEO
AGENDA:

- NRS in brief
- Highlights in Q4 2014
- Regional performance
- Why triploid salmon works
Business areas:

**FARMING**
- 4 companies
  - Finnmark, Troms, Hordaland/ Rogaland
- 35 licenses
- Volume 2015: 32,000 tons

**TRADING**
- Salmon fresh & frozen
  - 95 % export
  - 50 countries
- Sales 2014: 60,000 tons
- Revenue: 2.600 MNOK
Farming operations focused in attractive regions

NRS with 35 licenses

REGION NORTH

NRS Finnmark (19)
Nord Senja Laks (6)
Nor Seafood (4)

REGION SOUTH

NRS Feøy (6)

Head office
Norway Royal Salmon ASA

Sales office
Norway Royal Salmon ASA
Development of volumes from NRS

**External Volumes**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>32 300</td>
</tr>
<tr>
<td>2007</td>
<td>35 100</td>
</tr>
<tr>
<td>2008</td>
<td>39 500</td>
</tr>
<tr>
<td>2009</td>
<td>40 700</td>
</tr>
<tr>
<td>2010</td>
<td>49 500</td>
</tr>
<tr>
<td>2011</td>
<td>50 500</td>
</tr>
<tr>
<td>2012</td>
<td>57 500</td>
</tr>
<tr>
<td>2013</td>
<td>62 200</td>
</tr>
<tr>
<td>2014</td>
<td>59 100</td>
</tr>
<tr>
<td>2015</td>
<td>69 000</td>
</tr>
</tbody>
</table>

**NRS-Farming**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3 200</td>
</tr>
<tr>
<td>2007</td>
<td>4 400</td>
</tr>
<tr>
<td>2008</td>
<td>6 000</td>
</tr>
<tr>
<td>2009</td>
<td>6 500</td>
</tr>
<tr>
<td>2010</td>
<td>10 500</td>
</tr>
<tr>
<td>2011</td>
<td>18 500</td>
</tr>
<tr>
<td>2012</td>
<td>21 000</td>
</tr>
<tr>
<td>2013</td>
<td>25 200</td>
</tr>
<tr>
<td>2014</td>
<td>22 400</td>
</tr>
<tr>
<td>2015</td>
<td>32 000</td>
</tr>
</tbody>
</table>
Highlights in Q4 2014:

- Operational EBIT MNOK 59
  - Operational EBIT per kg NOK 12.80

- Significant improvement of production cost

- Good production during the quarter
  - Build up of biomass

- Awarded 9 new licenses to a price of MNOK 10 per license
  - New licenses in 2014 provides a potential capacity growth of 40 %

- The Board proposes a dividend of NOK 1.50 per share
Region North

- Operational EBIT per kg NOK 12.84
- Production cost 24.88 per kg
- Growth in Q4 higher than expected on normal sea water temperatures
- The overall fish health situation is good

**KEY FIGURES**

<table>
<thead>
<tr>
<th>(NOK '000)</th>
<th>Q4 2014</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>757 235</td>
<td>626 738</td>
</tr>
<tr>
<td>Operational EBIT *</td>
<td>67 574</td>
<td>78 796</td>
</tr>
<tr>
<td>Volume harvested (tonnes)</td>
<td>5 261</td>
<td>6 204</td>
</tr>
<tr>
<td>Total operational EBIT per kg</td>
<td>12,84</td>
<td>12,70</td>
</tr>
</tbody>
</table>

* EBIT pre fair value adjustments and non-recurring items incl. allocated margin from sales

**Operational EBIT pr kg farming**

- Q4 13: 12.70
- Q1 14: 17.30
- Q2 14: 7.69
- Q3 14: 5.91
- Q4 14: 12.84

**Production Cost - NORTH**

- Q4-13: 25.16
- Q1-14: 25.20
- Q2-14: 27.13
- Q3-14: 28.74
- Q4-14: 24.88
Region South

- Operational EBIT per kg NOK 11.40 on low harvest volume
- Production cost decreased, but still high cost due to fish disease PD and AGD
- Growth in Q4 higher than expected due to high sea water temperatures
- Still challenging fish health situation

**KEY FIGURES**

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<tr>
<th>(NOK ’000)</th>
<th>Q4 2014</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>22,929</td>
<td>219,928</td>
</tr>
<tr>
<td>Operational EBIT *</td>
<td>1,818</td>
<td>21,316</td>
</tr>
<tr>
<td>Volume harvested (tonnes)</td>
<td>159</td>
<td>2,179</td>
</tr>
<tr>
<td>Total operational EBIT per kg*</td>
<td>11,40</td>
<td>9,78</td>
</tr>
</tbody>
</table>

* EBIT pre fair value adjustments and non-recurring items incl. allocated margin from sales

**Operational EBIT pr kg farming**

<table>
<thead>
<tr>
<th></th>
<th>Q4 13</th>
<th>Q1 14</th>
<th>Q2 14</th>
<th>Q3 14</th>
<th>Q4 14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,78</td>
<td>13,99</td>
<td>3,19</td>
<td>1,76</td>
<td>11,40</td>
</tr>
</tbody>
</table>

**Production Cost - SOUTH**

<table>
<thead>
<tr>
<th></th>
<th>Q4-13</th>
<th>Q1-14</th>
<th>Q2-14</th>
<th>Q3-14</th>
<th>Q4-14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30,02</td>
<td>33,25</td>
<td>31,38</td>
<td>35,23</td>
<td>30,37</td>
</tr>
</tbody>
</table>
Organic growth potential for Norway Royal Salmon

- New green licenses will boost volumes
- Target 2020 assumes 5% annual sustainable growth in Region North

![Graph showing growth](image)
Green licenses - Operational implementation

Very satisfied with being awarded 10 new licenses

Group A – 9 licenses
- Full release of smolt on the new licenses in 2015
- Full operational effect from medium of 2017
- Gradually build up of biomass due to use for sterile fish

Group B – 1 license
- Full operational effect in 2015
REGIONAL PERFORMANCE
Y/Y growth past 3 years
OSE-listed companies

Volumes Region North last 3 years

Volumes Region Central last 3 years

Volumes Region South last 3 years
Regional Performance in Norway – Last 5 quarters

Regional performance - EBIT/kg
OSE-listed Companies

<table>
<thead>
<tr>
<th>Quarter</th>
<th>VEST (A+R+H+SF)</th>
<th>MIDT (M+ST+NT+N)</th>
<th>NORD (T+F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-13</td>
<td>7,9</td>
<td>10,3</td>
<td>13,1</td>
</tr>
<tr>
<td>Q1-14</td>
<td>13,1</td>
<td>15,0</td>
<td>18,7</td>
</tr>
<tr>
<td>Q2-14</td>
<td>9,2</td>
<td>11,9</td>
<td>11,1</td>
</tr>
<tr>
<td>Q3-14</td>
<td>8,9</td>
<td>5,1</td>
<td>-0,1</td>
</tr>
<tr>
<td>Q4-14</td>
<td>7,9</td>
<td>10,7</td>
<td>11,6</td>
</tr>
</tbody>
</table>
WHY TRIPLOID SALMON WORKS
Facts about Triploid Salmon

Triploid salmon is not genetically modified
- Hydrostatic pressure to newly fertilized eggs

Triploid is often employed in both fruits/vegetables and animals that are used for food
- Neither a new or unusual phenomenon in food production

Triploid occur naturally in salmon populations (3 – 4 %)

Used in European trout production and Tasmanic salmon production for over 20 years
Why use triploid Salmon?

Triploid salmon is not able to reproduce. In cases of escape it will not genetically affect wild salmon populations

✓ We believe using triploid will allow higher growth rate for companies producing triploid salmon

By using triploid salmon the problem with maturation will be reduced

✓ Less quality downgrade of superior fish
✓ Reduced maturation will also give more flexible harvest period

Triploid salmon is reported to grow faster in freshwater

Triploid salmon have also been reported to grow faster in seawater
**Bottlenecks & Solutions**

Assumption: Triploid salmon (TPS) have higher rate of vertebrae deformity:
- Studies by IMR (Institute of Marine Research) shows addition of dietary phosphorous prevent deformity

Assumption: TPS have lower tolerance to low oxygen levels and high temperature:
- NRS North have a temperature profile that fits like a glove for TPS
- NRS North have production sites with good water exchange and good oxygen profiles

Assumption: TPS have higher mortality rate vs. diploid salmon (DPS):
- This is mostly due to higher mortality rate in egg and fry stage
- Different trials show little difference in mortality in sea water production phase
Bottlenecks & Solutions

Assumption: TPS have higher rate of corona cataract than DPS:
- Studies by IMR (Institute of Marine Research) shows addition of dietary histidine prevent cataract

Assumption: TPS have different meat structure vs. DPS:
- Difference in texture, color, and composition in both diploid and triploid Atlantic salmon is believed to be due to variability between individual fish, and not ploidy

Why triploid salmon works
- Many of the problems have been solved and triploid salmon will bring the industry towards an even more sustainable production
Thank you for your attention