



# Q4 presentation 2011

29.02.2012

Harald Dahl, CEO  
Nicolaj Weiergang, CFO

## Highlights

STRØM®



- **Very low harvesting volumes in Q4 2011. We also plan for low volumes in Q1 2012.**
  - We expect to harvest only 10% of the total volume in 2012 in these 2 quarters.
- **Our financial position and biological condition allow us to postpone harvest volumes to 2H 2012.**
  - We want to increase fish weight and avoid wild catch season.
- **Average prices of NOK 31.4 per kg up 4.7% from Q3 2011.**
- **The only cod farmer that released significant volumes of juveniles in 2011.**
- **Atlantic Cod Farms is consolidated for the whole of Q4.**
  - Only 11 days of operation consolidated in Q3
- **We sold 170.000 STRØM back loin products in 2011**
  - This represent 344 tons of round weight
- **We have purchased “juveniles for shares” according to our agreement with Havlandet**
  - MNOK 3.6 at share price 7.8
  - MNOK 7.2 at July 2012 average share price
- **Completed 30 MNOK in share issue. Repair issue of 30 MNOK will be offered to existing shareholder between 14-28 of March**

## Financial highlights Q4 2011

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- **Revenues of 21.3 MNOK vs. 37.9 MNOK in Q4/10**
  - Total harvest of 59 tons (r.w.) production and 520 tons (r.w.) from external producers.
  - 76% of volume sold as H&G, remaining sold as filets. Average sales price: NOK 31.4 kg H&G. NOK 33.4 kg H&G including bi-products.
- **EBIT -19.3 MNOK vs -19.5 MNOK in Q4/10**
  - Negative contribution of 2.7 MNOK from fish sold in the period.
  - Administration and sales costs of 6.9 MNOK.
  - Net result from subsidiaries of – 5.9 MNOK.
  - Depreciation of idle locations 2.2 MNOK.
- **Biological assets have a fair value of 86.2 MNOK (4 553 tons r.w)**
- **Expected break even price for harvesting in Q1 2012**
  - NOK 28.0 kg H&G (before adm/sales/finance).
- **Cash position per Q4 was 7.8 MNOK. Net short term receivables of -6.9 MNOK (before the completed share issue of 30 MNOK).**

## Key business drivers

STRØM®



- **STRØM**
  - Focus on in store demo have had very positive effect on sales (see separate slide).
  - 170.000 units sold during 2011, expect significant growth in 2012.
  - Production cost is still to high, will improve in 2Q 2012.
  - New products will be launched in Q2 2012.
- **Spot and contract prices on whole fish**
  - We estimate that from April 2012 and through 2013 we will have a 95% markets share of farmed cod.
  - We have seen a normal downturn in prices during the wild catch season in Q1.
  - We remain optimistic on prices for the rest of 2012.
- **Juveniles production**
  - Successful production both at Havlandet (external) and Mørkvedbukta of F3 and F4 juveniles.
  - For the first time we have an excess of juveniles.
  - Approx. 2 million juveniles in our on growing facilities.
- **F3 generation cod**
  - Standing biomass is the best fish we ever have had in production.
  - No major production problems.
  - A total number of 3.7 mill F3 cod in farming per 31.12.

# COD Production

STRØM®



## COD PERFORMANCE INDICATORS PER DECEMBER 2011

|  | Meløysjøen<br>2008 | Kjerkvika<br>2008 | Kjerkvika<br>2009 | Hammarvika<br>2010 | Standal<br>2010 | Lyngholmane<br>2010 | Stokkeneset<br>2011 | Russenes<br>2011 | Kjølvika<br>2011 | Alme<br>2011 |
|--|--------------------|-------------------|-------------------|--------------------|-----------------|---------------------|---------------------|------------------|------------------|--------------|
| Harvest %                                    | 100 %              | 100 %             | 100 %             | 0 %                | 12 %            | 0 %                 | 0 %                 | 0 %              | 0 %              | 0 %          |
| Avg. harvested weight                        | 2.9 kg             | 2.7 kg            | 2.8 kg            | 0 kg               | 2.2 kg          | 0 kg                | 0 kg                | 0 kg             | 0 kg             | 0 kg         |
| Current avg. weight                          | -                  | -                 | -                 | 2.071 kg           | 2.540 kg        | 2.549 kg            | 1.480 kg            | 0.705 kg         | 0.367 kg         | 0.880 kg     |
| No. of fish (1000)                           | 0                  | 0                 | 0                 | 606                | 456             | 123                 | 653                 | 252              | 956              | 286          |
| Biological feed factor (FCR)                 | 1.23               | 1.18              | 1.94              | 1.06               | 1.14            | 1.24                | 1.06                | 0.98             | 0.84             | 0.92         |
| Economic feed factor (EFCR)                  | 1.38               | 1.31              | 2.42              | 1.17               | 1.30            | 1.49                | 1.13                | 1.04             | 0.91             | 0.94         |
| Mortality (%) based on start number          | 18.8 %             | 10.3 %            | 14.8 %            | 22.0 %             | 18.4 %          | 21.7 %              | 10.8 %              | 8.7 %            | 5.1 %            | 3.3 %        |
| Loss of fish (%) (destruction, escapes etc.) | 18.3%              | 25.5%             | 47.4%             | 5.4 %              | 0.3%            | 0.0%                | 0.0%                | 6.8%             | 0.0%             | 0.0%         |
| Production Cost per kg (r.w.)                | NOK 30.7           | NOK 25.7          | NOK 35.5          |                    |                 |                     |                     |                  |                  |              |

Capacity at sea is divided into two major clusters

- **Cluster North** located in Nordland, consists of 6 equipped sites with a total of 18 720 tons Maximum Biomass Capacity
- **Cluster South** located in Sogn and Fjordane and Møre and Romsdal, consists of 7 equipped sites with a total of 17 160 tons Maximum Biomass Capacity.
- Standing biomass per Q4 of 4 531 tons (r.w) – 3.7 million fish
- Total of 59 tons harvested in Q4/11 from Standal 2010 generation.

# Cod spot prices – positive trend in Q4

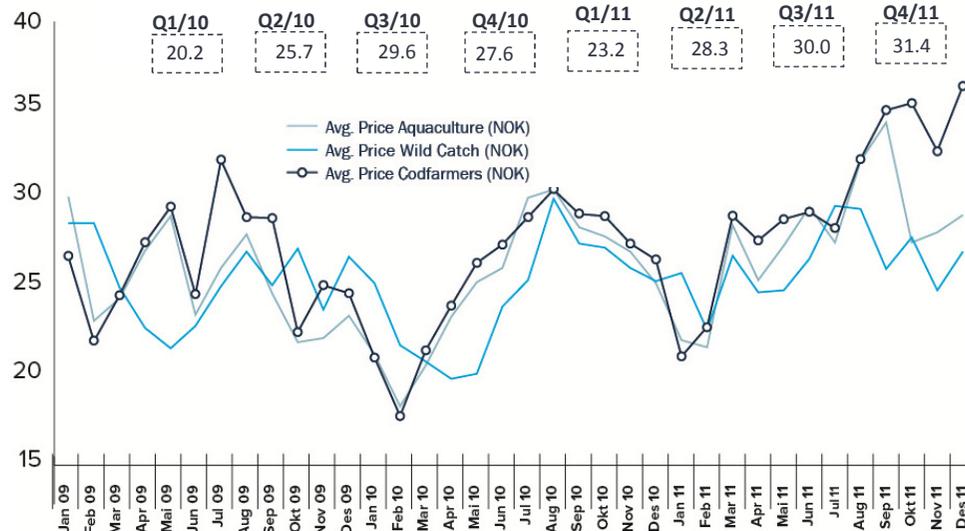


6.2% increase in the average price and 78.4% drop in export volumes

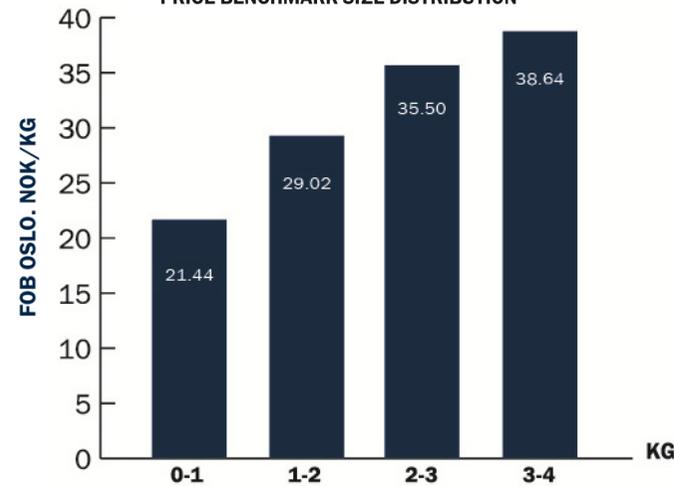
- COD's Q4 average FOB export price on whole gutted fish was 31.4 – up 6.2% from Q4/10. Prices including contribution from liver was 32.9.
- COD's market share was 13.2% of total Norwegian fresh farmed cod exports. In Q4 COD harvested 59 tons.
- Sales of STRØM® accounted for 19.4% of the total sales value in Q4. By the end of Q4 STRØM® was distributed in 450 stores in Norway.

Price FOB Oslo (NOK/kg hog)

SALES PRICE BENCHMARK 2009-2011



PRICE BENCHMARK SIZE DISTRIBUTION





SKIN & BONELESS COD BACK LOIN

STROM FRESH COD LOINS come from the finest quality cod raised in the icy cold waters of Nordland, Norway. Powerful currents created by the local maelstrom provide the optimal habitat for strong and healthy cod. STROM FRESH COD is packed within 4 hours after swimming in the ocean. The natural environment, freshness and our commitment to quality ensure its delicate and subtle flavor.

**STRØM**  
FRESH COD FROM NORDLAND

MADE FROM THE  
LEANEST AND  
FINEST COD

ATLANTIC COD FROM  
67° NORTH, ABOVE THE  
ARCTIC CIRCLE

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# Expanding distribution fuels growth

STRØM®



- Distribution
  - In Q4 2011 and Q1 2012, Codfarmers have strengthened the distribution of STRØM® by launching the brand in KIWI (230 stores in the Oslofjord region) and SPAR (280 stores national).
  - An agreement with GRESS was finalized, distributing STRØM through Nfood. Gate Gourmet is already on our customer list, having STRØM on the SAS New York flight from April 2012.
- Advertising & promotion
  - STRØM® was nominated by the jury in the Norwegian TV2-aired program “Det Norske Måltid 2011”, as being one of Norway’s most superior seafood products.
  - Codfarmers has signed a one year cooperation agreement with Geir Skeie for use of his name and recipes in various marketing campaigns.
- New markets
  - STRØM® has been introduced to the Swiss, French and Swedish market. The focus in the coming months will be on a few, selected premium stores, as well as the high-end HoReCa market. Other international markets will follow during 2012.



*Geir Skeie  
Winner of  
Bocuse d'Or  
2009*



# In store demo



Brochure

DESIGN: NORGE BY / WWW.NORGE.NO | FOTO: LISIA WESTGAARD, MAL ANDRÉ SCHWITZ, SUSE ERLEN SCHWITZ, SUSE ERLEN AMUNDSEN, TRØSTEN INDRUP


**nominert**  
 det norske måltid  
 2011

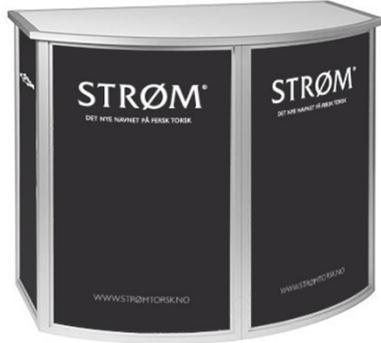
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STRØM®



roll-up



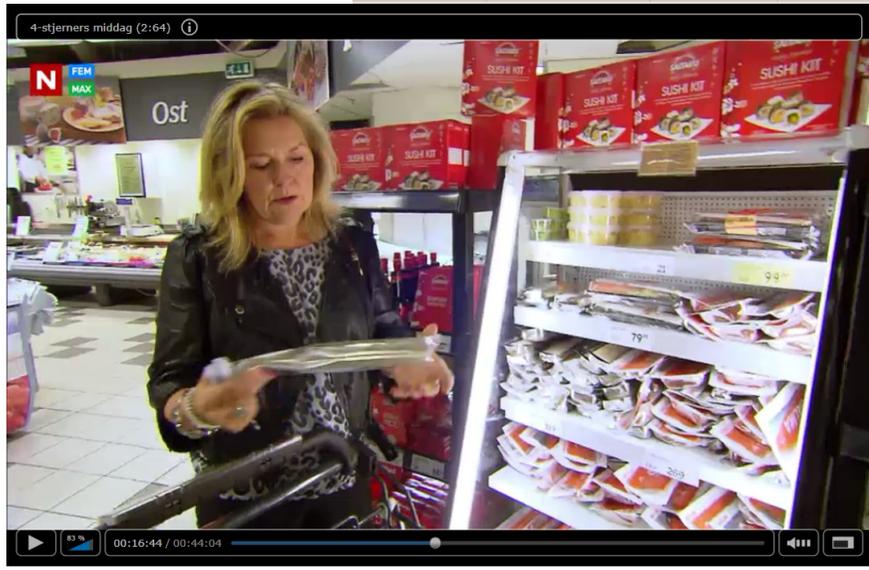
Demo table

# Week 48: Ultra Bryn



STRØM®





# Main activities 2012

## Week 8

Pick & mix campaign in Ultra, Centra and Jacobs week 8. Buy 2 get 3. COD gives 10% discount. Increase volumes significantly, approx 7.000 units / 2.500 kg of STRØM this week.

## Week 12

Discount campaign in MENY (160 stores) as the only fish product. Already 6.000 units STRØM pre-ordered. COD gives 10% discount.

## Week 15-18

Launch of STRØM Belly Loin. 650 gram, retail price approx 190,-/kg.

## Week 39

Confirmed campaign in MENY, Ultra, Centra and Jacobs. The week before autumn-break = usually very good sales.

## Week 50

Confirmed campaign in MENY, Ultra, Centra and Jacobs. The week before christmas = usually very good sales.



## Summary

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- **The refinancing of the company by key shareholders combined with good biological performance at our farming sites allows for postponed harvesting.**
  - Trying to sell the right fish at the right time to the right customer.
- **Very good access to F3 and F4 juveniles.**
  - We expect 30% improved growth compared with 2010 generations.
- **Sales volume of STRØM back loin will grow 200-250% from 2011 to 2012.**
- **New product, STRØM belly loin will be introduced before summer.**
  - Will improve over-all margins.
- **COD will increase its market share for farmed cod to 95% during 2H 2012 and 2013.**
- **The production of farmed cod will be cut by 65% because of the dramatically reduced number of farmers.**

## Financials Q4 / 2011

STRØM®



| Key Financials Figures<br>NOK (1000`) | Q4<br>2011 | Q4<br>2010 | Year<br>2011 | Year<br>2010 |
|---------------------------------------|------------|------------|--------------|--------------|
| Revenue                               | 21 299     | 37 934     | 122 865      | 139 733      |
| EBITDA                                | -10 920    | -15 081    | -69 569      | -28 271      |
| EBIT after write down of biomass      | -19 329    | -19 509    | -90 712      | -47 994      |
| EBIT before write down of biomass     | -19 329    | -19 509    | -65 212      | -43 094      |
| *Writedown of biomass                 | 0          | 0          | -25 500      | -4 900       |
| Net profit                            | -22 295    | -22 943    | -94 324      | -61 696      |
| Total assets                          | 295 588    | 220 644    | 295 588      | 220 644      |
| Total Equity                          | 155 492    | 117 691    | 155 492      | 117 691      |
| Equity ratio                          | 53 %       | 53 %       | 53 %         | 53 %         |
| Interest bearing debt                 | 100 911    | 82 821     | 100 911      | 82 821       |
| Cash and cash equivalents             | 7 802      | 26 432     | 7 802        | 26 432       |

| Key Biological Figures<br>NOK (1000`) | Q4<br>2011 | Q4<br>2010 | Year<br>2011 | Year<br>2010 |
|---------------------------------------|------------|------------|--------------|--------------|
| Juveniles release (1000)              | 628        | -          | 1 229        | 835          |
| Harvesting tons (r.w)                 | 59         | 1 050      | 2 906        | 6 255        |
| Net growth tons (r.w)                 | 1 096      | 733        | 1 754        | 2 500        |
| Biomass in sea tons (r.w)             | 4 531      | 3 422      | 4 531        | 3 422        |
| Average weight (kg)                   | 1,3        | 1,9        | 1,3          | 1,9          |

- Q4/11 sales revenue of 21.3 MNOK. Total harvest of 59 tons (r.w) of own production and 520 tons (r.w) sold for external producers.
- EBITDA of -10.9 MNOK in Q4/11.
- EBIT of -19.3 MNOK in Q4/11.
- Total assets of 295.6 MNOK, reflecting 166.3 MNOK in non current assets and 129.3 MNOK in current assets. Estimated biomass value of 86.2 MNOK.
- Total equity of 155.5 MNOK with an equity ratio of 53% and 100.9 MNOK of interest bearing debt.

# Cashflow Q4 / 2011

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| Cashflow twelve months ended 31 December              | Year           |                |
|---|----------------|----------------|
|   | 2011           | 2010           |
| <b>Cash generated from operating activities</b>       |                |                |
| Operating profit for the period                       | -90 712        | -47 994        |
| Interest paid   | -6 915         | -5 515         |
| Depreciation and amortisation                         | 21 143         | 19 835         |
| Fair value adjustment of financial assets             | 850            | 0              |
| Share option costs                                    | 376            | 3 610          |
| Gain/loss on sale of assets                           | 165            | -2 275         |
| Change in inventories                                 | 10 957         | 2 203          |
| Change in trade receivables                           | 10 008         | -2 712         |
| Change in trade payables                              | -5 249         | -1 836         |
| Change in other                                       | 11 057         | 2 201          |
| <b>Net cash generated from operating activities</b>   | <b>-48 320</b> | <b>-32 483</b> |
| <b>Cash flow from investing activities</b>            |                |                |
| Purchase of property, plant and equipment (PPE)       | -746           | -915           |
| Government grants recieved                            | 0              | 1 108          |
| Proceeds from sale of PPE                             | 525            | 31 678         |
| Purchase of financial assets                          | -850           | 0              |
| Interest received                                     | 2 400          | 1 444          |
| <b>Net cash used in investing activities</b>          | <b>1 329</b>   | <b>33 315</b>  |
| <b>Cash flow from financing activities</b>            |                |                |
| Repayments of borrowings                              | -24 416        | -31 543        |
| Proceeds from share issue                             | 52 776         | 50 424         |
| <b>Net cash used in financing activities</b>          | <b>28 360</b>  | <b>18 881</b>  |
| Cash and cash equivalents at beginning of the period  | 26 432         | 6 718          |
| <b>Cash and cash equivalents at end of the period</b> | <b>7 801</b>   | <b>26 432</b>  |

- Cash flow from operations
  - -48.3 MNOK per Q4/11 compared to -32.5 MNOK per Q4/10.
  - Mainly reflects YTD result adjusted for inventories, trade payables and trade receivables.
- Cash flow from investment activities
  - 1.3 MNOK per Q4/11 compared to 33.3 MNOK per Q4/10.
- Cash flow from financing activities
  - 28.4 MNOK per Q4/11 compared to 18.9 MNOK per Q4/10.
  - Mainly explained by proceeds from share issue and repayment of borrowings, incl. conversion and repurchase of convertible loan.
- Cash position per Q4/11 is 7.8 MNOK
- Net short term receivables per Q4/11 of - 6.9 MNOK (before the completed share issue of 30 MNOK)

STRØM®  
DET NYE NAVNET  
PÅ FERSK TORSK

STRØM®

FRESH COD FROM NORDLAND