**Marine Farms ASA (MAFA)**

# 4Q 2007 presentation

MAFA

**Oslo, 27th of February 2008**



MARINE FARMS ASA

## 4Q 2007 Highlights

- **Increase in revenue**
  - Revenue in the 4th quarter 2007 increased 32% to NOK 204.6 mill compared to NOK 154.6 mill last year.
  - For the year 2007 revenue increased by 24% compared to last year.
- **Solid profits**
  - EBIT before fair value in the 4th quarter 2007 ended at NOK 29.5 mill compared to NOK 17.1 mill in 2006. The result for 2007 includes NOK 1.5 mill in reversed provisions (NOK -4.5 mill in 2006).
  - For the year 2007 EBIT before fair value was NOK 94.6 mill compared to NOK 99.1 mill in 2006. The result for 2007 includes NOK -21.2 mill in provisions (NOK -9.5 mill in 2006).



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## 4Q 2007 Highlights *(cont.)*

- **Top financial performer**
  - Lakeland obtained an EBIT/kg gwt sold fish of NOK 7.6 in 4th quarter 2007. For the whole year 2007 Lakeland obtained an EBIT/kg gwt sold fish of NOK 9.0 (NOK 10.1 in 2006).
  - Culmarex obtained an EBIT/kg sold fish of NOK 6.8 in 4th quarter 2007. For the whole year 2007 Culmarex obtained an EBIT/kg gwt sold fish of NOK 9.1 (NOK 11.3 in 2006).
- **Cobia operations develop according to plan**
  - Weekly sales from Belize
  - Fish grows as planned
  - Construction of new hatchery on schedule



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## 4Q 2007 Highlights *(cont.)*

- **The group's financial position is strong**
  - Total assets at 31st of December 2007 was NOK 1 062 mill, an increase of NOK 207 mill compared to year end 2006.
  - Equity per 31.12.2007 was NOK 475 mill (44.7% equity ratio), compared to NOK 405 mill (47.4%) at year end 2006.
  - Net interest-bearing debt per 31.12.07 amounted to NOK 318 mill, a NOK 90 mill increase compared to year end 2006.
  - As pr 31.12.2007, the group had approximately NOK 275 mill in free cash and available credit facilities.
- **Major events in 2007**
  - Culmarex acquired 3 companies in Spain, increasing annual production capacity from 6,000 tonnes seabass/seabream to 10,200 tonnes (70% increase).
  - Lakeland had record sales of ova into Chile.
  - MF Belize had its first sale of own produced cobia into the US market.
  - New NOK 510 mill corporate lending facility in place.



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# 4Q 2007 Highlights *(cont.)*

**Pro forma figures**

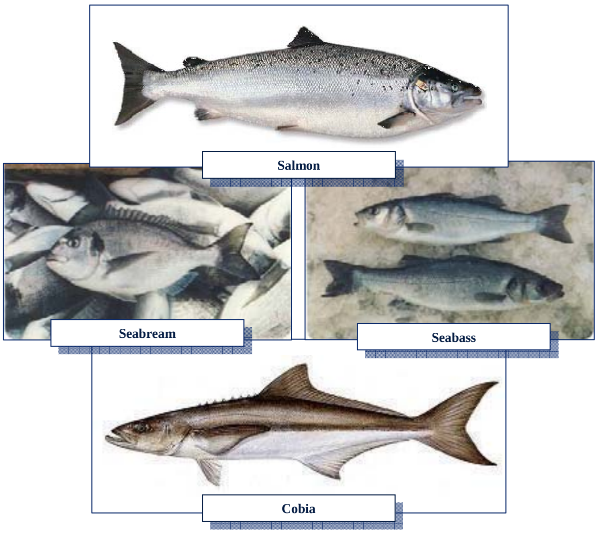
| MNOK | 4th Q 07 | 4th Q 06 | *Change* | Yr 2007 | Yr 2006* | *Change* |
|---|---|---|---|---|---|---|
| Total revenue | 204.6 | 154.6 | *+32 %* | 735.4 | 652.7 | *+13 %* |
| EBIT before fair value and provisions** | 28.0 | 21.6 | *+30 %* | 115.8 | 120.6 | *-4 %* |
| Lakeland EBIT / kg (NOK) | 7.6 | 8.3 | *-0.7* | 9.0 | 10.1 | *-1.1* |
| Culmarex EBIT / kg (NOK) | 6.8 | 11.8 | *-5.0* | 9.1 | 11.3 | *-2.2* |
| Lakeland gwt sold fish (tonnes) | 3 019 | 1 905 | *+58 %* | 10 212 | 9 264 | *+10 %* |
| Culmarex sold fish (tonnes) | 1 575 | 1 038 | *+52 %* | 4 925 | 4 112 | *+20 %* |
| Total sold fish (tonnes) | 4 594 | 2 943 | *+56 %* | 15 137 | 13 376 | *+13 %* |
| Total Assets | | | | 1 061 | 855 | *24 %* |
| Equity | | | | 475 | 405 | *17 %* |
| Net interest bearing debt | | | | 318 | 227 | *40 %* |
| Equity ratio | | | | 45 % | 47 % | *-2 %* |

** Pro forma figures includes EBIT results and volumes for Piagua S.L. (Spain), which was acquired 100% 1st of July 2006 as well as revenue and EBIT results for SPoS Ltd (UK), which was acquired 100% 1st of September 2006.*
*** Provision for equity based remuneration*



# Short presentation of MAFA

# Product mix



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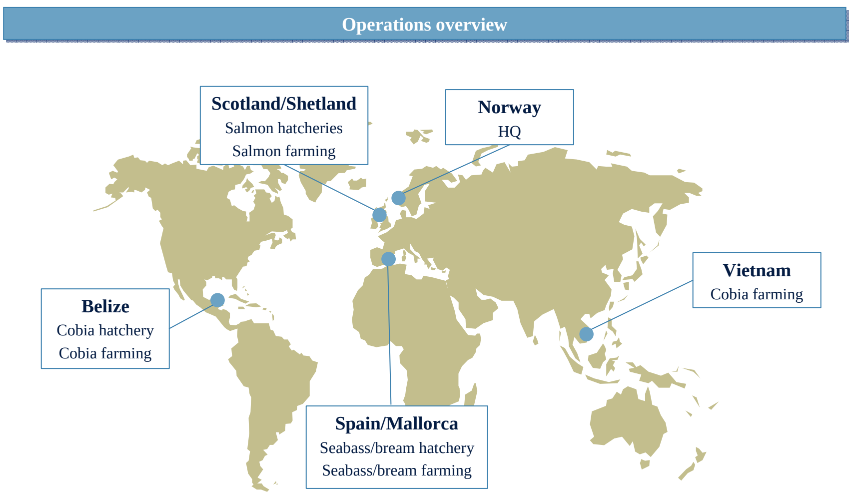
# Regional clusters close to key consumer markets



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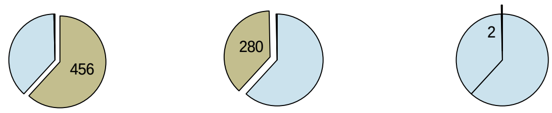
# Diversified and integrated seafood portfolio

**Marine Farms ASA**

| | Salmon (Lakeland) | Seabass/bream (Culmarex) | New Species |
|---|---|---|---|
| Broodfish / ova | ✓ | ✓ | ✓ |
| Smolt / juveniles | • Prod 07: 8.0m salmon<br>• Prod 08e: 8.0m salmon<br>• Capacity: 9.0m salmon | • Prod 07: 17m bass/-bream<br>• Prod 08e: 18m bass/-bream<br>• Capacity: 20m bass/-bream | • Prod 07: 0.1m cobia<br>• Prod 08e: 0.2m cobia<br>• Capacity: 1.0m cobia |
| Farming | • Sales 07: 10,200t (gwt)<br>• Sales 08e: 11,500t (gwt)<br>• Capacity: 10,200t (gwt) | • Sales 07: 4,900t<br>• Sales 08e: 6,000t<br>• Capacity: 10,200t | • Sales 07: 50t cobia<br>• Sales 08e: 600t cobia<br>• Capacity: 8,000t cobia |
| 2007 revenues (MNOK) | 456 | 280 | 2 |




| | | |
|---|---|---|
| *High-margin supplier of premium priced Scottish salmon and smolt* | *Persistently profitable producer of high quality Spanish seabass/bream* | *Attractive position in production of rapid-growing Cobia* |



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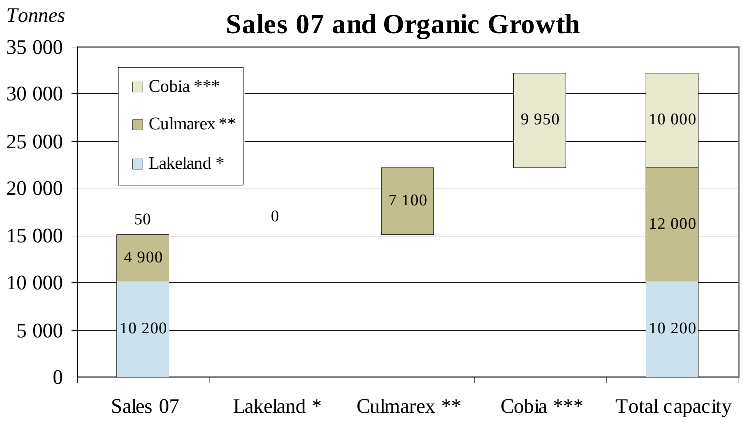
# Room for significant organic growth




** Lakeland has licenses for approximately 15,000 tonnes gwt salmon, however assume only can utilise approximately 10,200 tonnes gwt at the moment.*
*** Culmarex incl. application for new license in Ponto (1,800 tonnes).*
**** Cobia incl. application for new licenses in Belize (2,000 tonnes).*



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# 4Q 2007 Financials

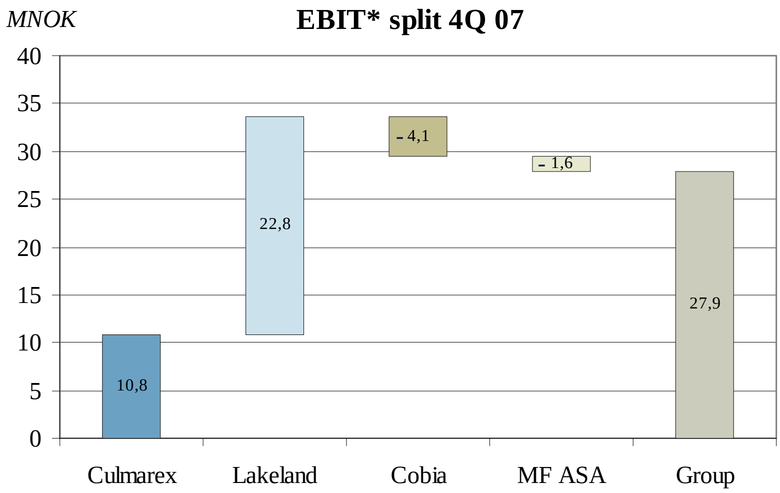




# Profit & loss

| MNOK | 4th Q 07 | 4th Q 06 | Yr 2007 | Yr 2006 |
|---|---|---|---|---|
| Total revenue | 204.6 | 154.6 | 735.4 | 593.8 |
| EBITDA before fair value adj. biomass | 41.4 | 24.0 | 136.3 | 132.6 |
| **EBIT before fair value adj. biomass** | **29.5** | **17.1** | **94.6** | **99.1** |
| EBIT | 12.5 | 11.6 | 79.9 | 129.0 |
| Result before tax | 10.7 | 3.6 | 60.9 | 116.4 |
| Tax | -6.9 | 3.2 | -30.3 | -33.5 |
| Result after tax | 3.8 | 6.0 | 32.5 | 82.9 |
| *EBITDA before fair value adj. margin* | *20.2 %* | *15.5 %* | *18.5 %* | *22.3 %* |
| *EBIT before fair value adj. margin* | *14.5 %* | *11.0 %* | *12.9 %* | *16.7 %* |
| *EBIT margin* | *6.1 %* | *7.5 %* | *10.9 %* | *21.2 %* |

## Profit & loss *(cont.)*

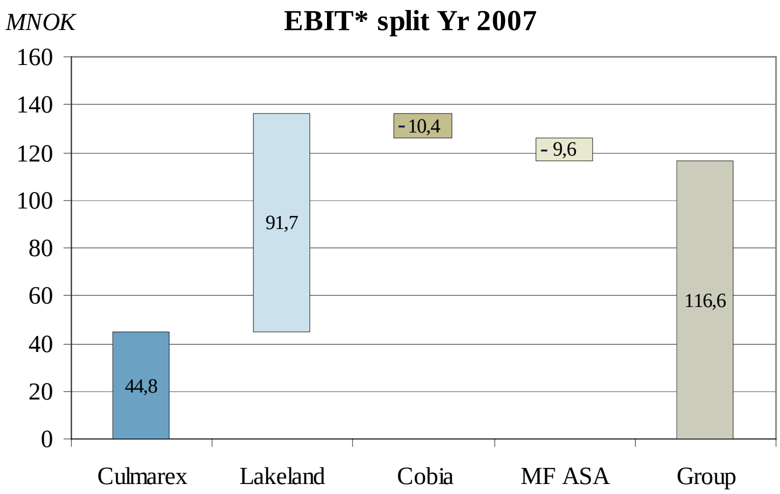



** EBIT before fair value adj. and provisions*





## Profit & loss *(cont.)*




** EBIT before fair value adj. and provisions*

## Balance sheet

| MNOK | 31.12.07 | 31.12.06 | 30.09.07 |
|---|---|---|---|
| Intangible assets | 103.9 | 75.3 | 94.6 |
| Tangible assets | 280.3 | 219.7 | 261.0 |
| Inventories | 467.6 | 385.5 | 467.1 |
| Cash and cash equivalents | 47.9 | 41.0 | 7.0 |
| **Total assets** | **1 062.0** | **855.2** | **978.7** |
| Total liabilities to financial institutions | 365.6 | 268.0 | 250.3 |
| Other current liabilities | 162.1 | 127.9 | 188.1 |
| Equity | 474.8 | 405.2 | 467.8 |
| *Current ratio* | *2.5* | *2.0* | *1.8* |
| *Equity ratio* | *44.7 %* | *47.4 %* | *47.8 %* |
| *Net debt/Equity* | *0.67* | *0.56* | *0.52* |



## Net interest bearing debt

| MNOK | 31.12.07 | 31.12.06 | 30.09.07 |
|---|---|---|---|
| Cash and cash equivalents | 47.9 | 41.0 | 7.0 |
| Factoring | 35.0 | 26.9 | 28.4 |
| Short term liabilities to financial institutions | 71.3 | 122.3 | 119.4 |
| Long term liabilities to financial institutions | 259.3 | 118.8 | 102.5 |
| **Net interest bearing debt** | **317.8** | **227.0** | **243.3** |

- Marine Farms ASA has together with its major subsidiaries entered into a new 5-year corporate NOK 510 mill loan agreement with DnB NOR
  - The loan agreement contain one financial covenant, that being an equity ratio of minimum 32.5%.
- As pr 31.12.2007, the group had approximately NOK 275 mill in free cash and available credit facilities.

# Segment EBIT/kg sold fish

## Lakeland group

| NOK mill | 4rd Q 07 | 4rd Q 06 | Yr 2007 | Yr 2006 (2) |
|---|---|---|---|---|
| Sale of own salmon (gwt tonnes) | 3 019 | 1 905 | 10 212 | 9 264 |
| Sale of third party salmon (gwt tonnes) | 265 | 361 | 1 014 | 872 |
| Total sale of salmon gwt (tonnes) | 3 284 | 2 266 | 11 226 | 10 136 |
| Revenue Lakeland group | 125.6 | 79.9 | 456 | 389 |
| EBIT before fair value adj. biomass (1) | 22.8 | 15.9 | 92 | 94 |
| **EBIT/kg gwt sold fish (NOK)** | **7.6** | **8.3** | **9.0** | **10.1** |

*(1) EBIT before fair value adj., extraordinary items and provisions*
*(2) Pro forma figures include SPoS Ltd, which was acquired 100% 1st of September 2006*

– In the 4th quarter of 2007, Lakeland generated some NOK 7.6/kg gwt sold fish, which is NOK 0.7 lower than the year before. The drop is mainly due to lower salmon prices and a lower GBP currency. On the positive note, the freshwater business generated better results in 4th quarter 2007 compared to same period in 2006 due to higher volumes and higher prices.

– For 2007 Lakeland obtained and EBIT/kg gwt sold fish of NOK 9.0, which is NOK 1.1 lower than in 2006.

– Volumes will increase from 10,200 tonnes gwt salmon in 2007 to approximately 11,500 tonnes gwt in 2008. In 2009, volumes are estimated to be roughly the same, i.e. 11,500 tonnes.



# Segment EBIT/kg sold fish *(cont.)*

## Culmarex group

| NOK mill | 4rd Q 07 | 4rd Q 06 | Yr 2007 | Yr 2006 (2) |
|---|---|---|---|---|
| Sale of own seabass/seabream (tonnes) | 1 575 | 1 038 | 4 925 | 4 112 |
| Sale of third party seabass/seabream (tonnes) | 116 | 183 | 485 | 622 |
| Total sale of seabass/seabream rw (tonnes) | 1 691 | 1 221 | 5 410 | 4 734 |
| Revenue Culmarex group | 79.2 | 65.5 | 280 | 247 |
| EBIT before fair value adj. biomass (1) | 10.8 | 12.3 | 45 | 47 |
| **EBIT/kg sold fish (NOK)** | **6.8** | **11.8** | **9.1** | **11.3** |

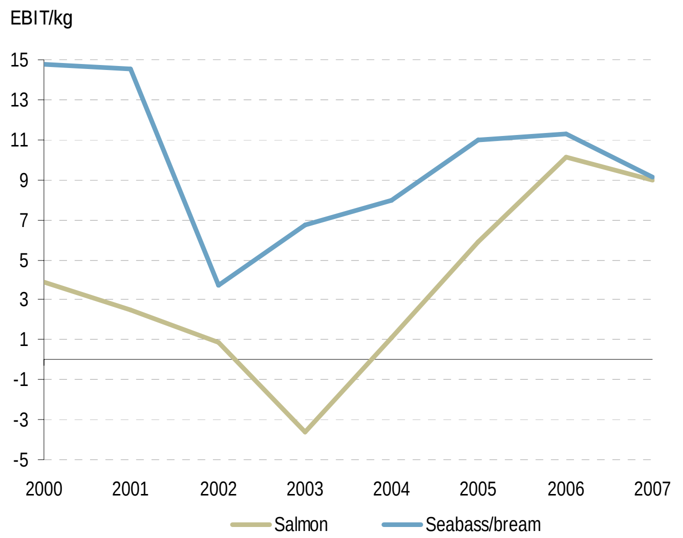
*(1) EBIT before fair value adj., extraordinary items and provisions*
*(2) Pro forma figures include Piagua, which was acquired 1st of July 2006.*

– In the 4th quarter of 2007, Culmarex generated some NOK 6.8/kg gwt sold fish, which is NOK 5.0 lower than the year before. The difference is mainly due to (i) negative effects from the three newly acquired companies, which all lost money when Culmarex took over, (ii) higher production costs due to higher feed costs and (iii) lower seabream prices.

– For 2007 Culmarex obtained and EBIT/kg gwt sold fish of NOK 9.1, which is NOK 2.2 lower compared to 2006.

– Volumes will increase from 4,900 tonnes seabass/seabream in 2007 to approximately 6,000 tonnes in 2008. In 2009, volumes are estimated to increase to roughly 7,500 tonnes.

## Segment EBIT/kg sold fish *(cont.)*



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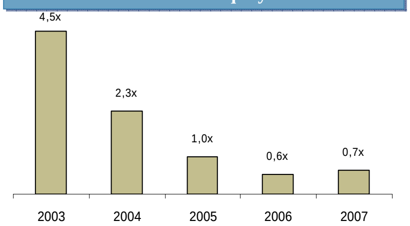
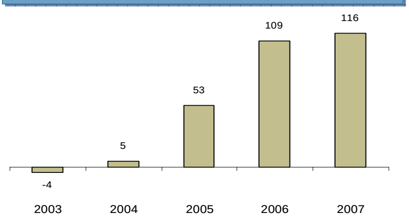
## Solid financial platform

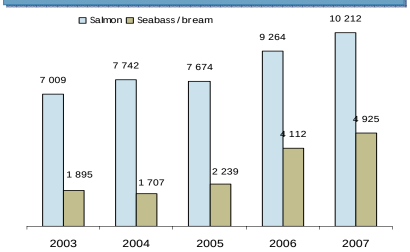
### Net debt/Equity



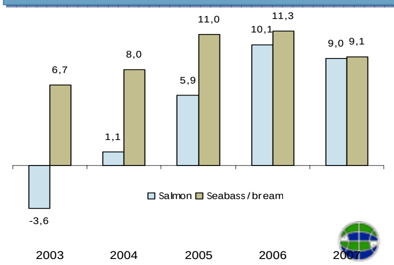

### EBIT (MNOK)[1]




### Harvest volumes (tonnes)[2]




### EBIT/kg (NOK)[2]




1) Before fair value adj. biomass and provisions
2) Salmon volumes are gutted weight, Seabass/-bream are round weight (incl Piagua in 2006)



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## Strategy





## Strategy

**Strategic highlights and ambitions**

- MAFA shall invest in regions where it may become a top-4 producer in terms of volume and/or margins
- MAFA shall control the entire value chain from broodfish to the customer
- MAFA shall be diversified in terms of species and markets
- MAFA shall be an innovative and trustworthy supplier of high quality seafood products

**Portfolio management**

- Leverage on established species
- Invest in selected new species

**Cost control**

- Benchmark against the best
- Focus on large and efficient geographical clusters
- Apply innovative solutions

**Premium pricing**

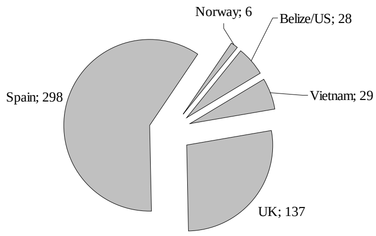
- Product focus
- Seeking market leadership in selected niches

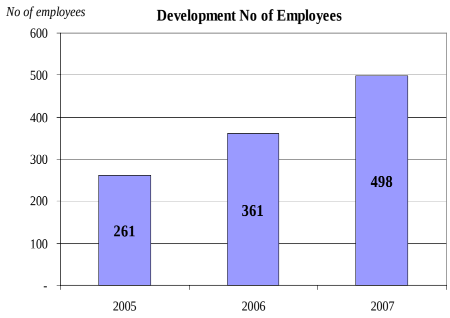
**Balanced growth**

- Organic growth
- Selective acquisitions
- New species

## Human resources

No of employees in MAFA pr 31.12.2007: 498



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## Why MAFA has been successful with new start-ups

- **Human resources**
  - Experienced and skilled
  - Confident in own capabilities
  - “Stayers” and “doers”
  - Winning team culture
  - Loyal
  - Transfer of know-how
- **Biology / technological platform**
  - Own broodfish
  - Hatchery important starting point
  - Good quality juveniles
  - Farming set-up
  - Innovative solutions
  - Logistics
  - Quality assurance and traceability
  - Cost control



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## Why MAFA has been successful with new start-ups *(cont.)*

- **Business model**
  - Fully integrated operations
  - Large and efficient clusters
  - Freshness important
  - Premium pricing
  - Satisfy demanding customers
  - Focus on EBIT/kg
- **Geography / locations**
  - First movers advantage
  - Size is important
  - Close to attractive marketplaces



## Closing remarks

# MAFA - an unique aquaculture investment opportunity

- **Diversified and integrated seafood portfolio**
- **Top financial performer**
- **Clearly defined growth strategy**
- **Positive seafood market fundamentals**



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