




**AUSTEVOLL SEAFOOD  
ASA**

Verdiskapning i pelagisk fiske og industri  
stiller nye krav til markedsutvikling og  
forskning

Arne Møgster - CEO


*Quality for the World*

## Agenda



Austevoll  
Seafood ASA

- **Overview of AUSS**
- Market Outlook
- Omega-3



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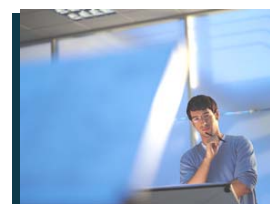
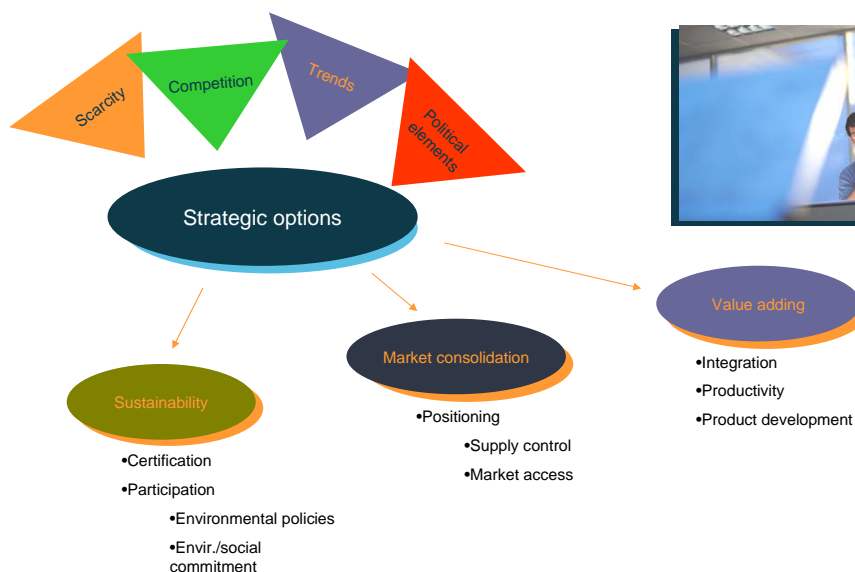
# Objectives and Strategy



- Fully integrated fishing company with licenses to participate in the world's largest pelagic fisheries
- Strong growth expected driven by response to market trends
  - ✓ Strong consumer demand for protein rich marine products
  - ✓ Shift from fishmeal products to consumer products with higher margins
- Austevoll has world leading positions in several product areas:
  - ✓ Canned fish
  - ✓ Fish meal and fish oil
  - ✓ High concentrate omega-3 fish oils
- Proactive strategy in further consolidation of the seafood industry.



# Thinking ahead



# Recent Headlines



**Saving seafood**  
Wal-Mart has unsentimental business reasons for promoting sustainable fishing practices.

**A fight about fish farms**  
With the U.S. facing a "seafood trade deficit," the industry wants to grow more fish in the ocean - but others say not so fast.

**Bus service fuelled by soya power**  
A fuel containing soya beans is being used by a bus fleet in Northumberland, in the fight against global warming.

**Wheat tops \$9 mark for first time**  
Wheat prices have surged to a record, breaking through the \$9 a bushel mark for the first time. Sensing fears that the cost of bread will also increase.

**The High Costs of Ethanol**  
Backed by the White House, some state governors and solid blocks on the politics of biofuels could of the American drive to increase is discouraging. And while it can help cut costs in greenhouse gases

# Company Overview



	Peru	Chile	Norway	Austevoll Seafood (Group)
<b>Activities</b>				
<b>Harvesting capacity</b>	8.05% of holding capacity, pelagic fishing fleet - 34 vessels	9.1% of pelagic fishing quota - 5 vessels	- 2 vessels (2 licenses) Thru (Br Birkeland AS) + 7 salmon licenses	600-650,000 tons of fish -41 vessels
<b>Primary Processing</b>	6 meal & oil plants 2 canning plants 2 freezing plant	2 meal & oil plants 2 canning plant 1 freezing plant	5 meal & oil plants 1 storage/blending 2 freezing plant 1 freezing plant (associated)	24 processing plants Handling over 1.3 mill tons of fish annually
<b>Secondary Processing</b>			High Concentrate Omega-3 Fish Oil Plant	5000mt of crude fish oil = 1500mt Of HCO3
<b>Sales &amp; Distribution</b>	Own sales organisation	Own sales organisation	Own sales organisation	Wholesale with global distribution

## FoodCorp S.A (Chile)



- **Among the leading Chilean pelagic fishing and processing companies**
  - 5 catching vessels with 9.1% of Chilean total pelagic quota
  - 2 fish meal plants, 2 canning plant, 1 freezing plant
- **Estimated fish input in 2007:**
  - Foodcorp catch: 150'000 tons
  - Purchase:60'000 tons from third parties
- **Operational status:**
  - Foodcorp catch: 135,507 tons
  - Purchase: 55,030 tons from third parties
  - Lower landings from coastal fishermen compared with 2006.



*Austevoll has been operating in Chile since 1991*

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## Austral Group S.A.A (Peru)

First in Latin America to have all factories ISO 14001 certified



- **One of the leading Peruvian pelagic fishing and processing companies**
  - 89% owned by Austevoll Seafood
  - 34 fishing vessels with total holding capacity of 14,507 tons
  - **3 additional vessels approved for Mackerel catching (total 11 in fleet)**
  - 6 fish meal plants
  - 2 canning plants
  - 2 freezing plant
  - 1 fresh fish reception area
- **Estimated fish input in 2007:**
  - Total quota estimated to be 6 million tons.
  - 400,000 tons own catch pelagic, mainly anchoveta and horse mackerel
  - 191,000 tons purchased externally
- **Raw Material Analysis 2007:**
  - Total raw material handled by Austral's plants: approx .377,529 tons = 9,3% of TAC
  - Total catch by Austral fleet 3Q 2007 259,592 tons = 6,4% of TAC



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# Austevoll Seafood Norway



## Welcon AS

- 5 fish meal plants, 1 storage and blending plant
- 110,000 tons fish meal
- 30,000 tons of fish oil

## Epax AS

- 1500MT of High Concentrate Omega-3 Fish oil

## Br. Birkeland AS

- 2 top modern purse seiners with 2.95% of Norwegian pelagic quota (associated company 40.2%)

## Atlantic Pelagic AS

- Pelagic sales company

## Modern fish processing plant, cold storage, freezing plant

- Austevoll Fiskeindustri A/S – 100%
- Sir Fish AS – 60%
- Modolv Sjøset AS (associated company 49%)



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# Welcon AS



## KARMSUND

State-of-the-art fishmeal plant.

Capacity:

- 1100 MT of raw material /day

Seperate meal factory approved for production of fishmeal for human consumption.



## RYTTERVIK

Approved by ESA for import of fishmeal and fish oil from South America

Storage capacity

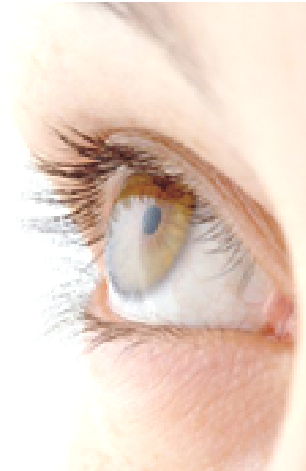
- 35,000 MT of Fishmeal
- 18,000MT of Fish oil



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# Agenda

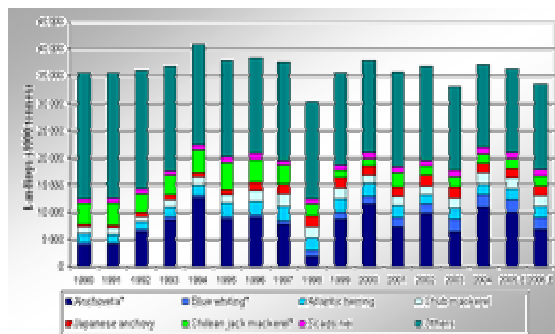
- **Market Outlook**
- Omega-3



## Pelagic fish – a sustainable resource

### Stable volume development over the last 15 years

- Annual catches expected to remain at 35-37 mill tons
- Anchoveta catches in Peru have averaged some 7-8 mill tons over the last 15 years and are expected to remain at this level
- Anchoveta catches in Chile expected to remain at 1.5m tons



\*) mainly utilized for fish meal and fish oil production

Source: Kontali Analyse

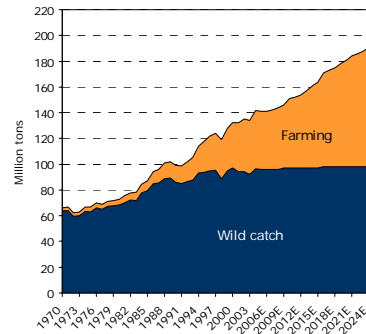
# Expected growth in seafood consumption



## Market outlook

- Catches of pelagic fish to remain at current levels
- Fish food per capita consumption to increase
- Aquaculture to continue high growth
- Expected shortage of pelagic fish

## World fish supply



Source: FAO

# Fishmeal



## Long Term : Austevoll Seafood

- Market appreciation of the role of EPA and DHA Omega-3 fatty acids in human and animal nutrition.
- High quality fishmeal will serve as a hedge against substitutes.
- Differentiation is the way forward.
- Customer loyalty.

## Aquaculture

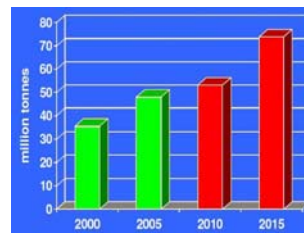
- Increase in aquaculture production = increase in demand of Fishmeal.
- The health and growth of all the young farmed species depend on high quality fishmeal.

## Pig Farming

- Piglet consumption of fishmeal is estimated to be about 1million tonnes.

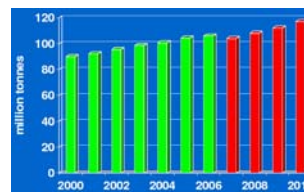


FAO predicts growth in aquaculture in the next 7 years



Source: IFFO/ FAO

Pigmeat production forecast by FAO



Source: IFFO/ FAO

# Fishoil



## Fish oil market update : Outlook is positive

Short Term: Very Bullish on account of

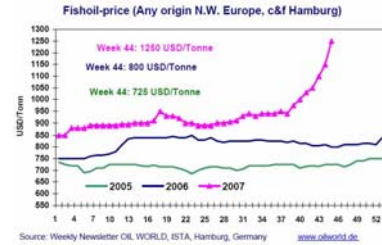
### Limit on Substitution by Veg. oils

- Unhealthy fish, more disease due to weaker immune system
- Biodiesel pushing Veg. prices higher
- Decrease production in Europe and Japan.

### Consciousness of Omega3 trends

- Shortage of 18/12 and high DHA pushing premiums higher
- Chile exporting 15,000MT for Human Consumption, planning 30,000MT for 2008.
- Increase of premium received for specific profiles on crude oils

➤ Current offers at USD 1100-1150/MT FOB Peru.



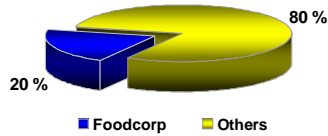
Source: Kontali

**Long Term: Prices expected to remain strong in the short term although sustainable level remains to be seen.**

# Human consumption market – Foodcorp



Total Jack Mackerel Export 2Q 2007

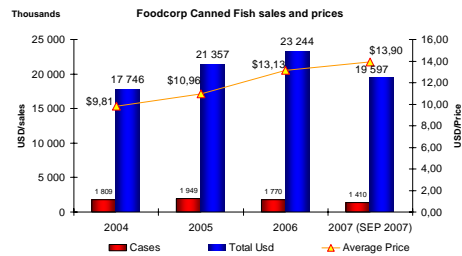


## Frozen fish

- Avg price USD 530/MT
- Total 23,312 tons sold (Jan-Sep 07)
- Main market West Africa.
- Prices expected to increase in 4q

## Canned fish

- Firm market trend with good price level. Current price is expected to hold with no foreseeable drop in the short term.
- Sales are based in frame contracts with long term clients.



Source: Foodcorp SA

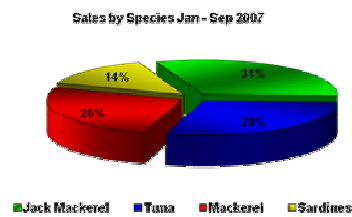
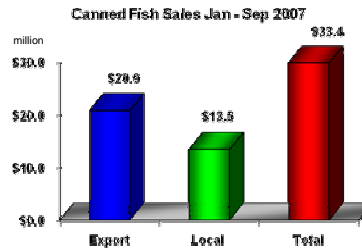


## Human consumption market - Austral



### CANNED FISH

- All markets very firm on account on poor catches in Peru, lack of stocks in both Peru and Chile.
  - Jackmackerel:  
Shortage in both Chile and Peru Vs. increase demand from developing countries (Africa, Caribbean's etc...)
  - Mackerel:  
Shortage in Peru (reduced % in discharge) => Reduction of Offer. In Europe expensive prices of *Scomber Scombrus* inducing increased substitution by *Scomber Japonicus* from South America. Further demand seen on account of tuna shortage and mackerel good substitution.
  - Sardines:  
Success of Peruvian sardines coupled with successful price adjustments.
  - Tuna:  
Market still very tight on account of reduced catches especially on western coast of South America.



Source: Austral Group SAA

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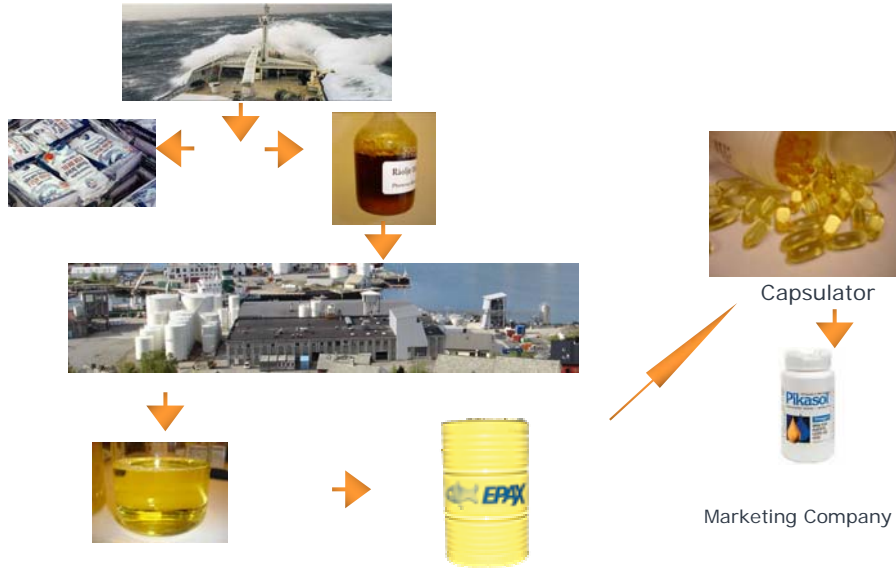


- **Omega-3**



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# EPAX Value Chain



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# EPAX Business overview



## *Omega-3 Leadership through*

### *Purity | Quality | Innovation*

- Specialist in indication specific Omega-3 marine lipids
- Worlds largest producer of Concentrated Omega-3 Triglycerides
- QA systems according to Good Manufacturing Practice (GMP) and approved by Norwegian Medicinal Agency for production of API
- EPAX products recognised as World Premium Brand
- 30% - 70% Omega3 concentration levels, various EPA/DHA ratios



Purity | Quality | Innovation



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## EPAX Omega-3 products in medical science



- EPAX products are the best documented Omega-3 concentrates including ~ 4000 patients in clinical studies, over 100 studies
- Epax products have been tested in daily doses up to 20g
- The products have been well tolerated with adverse effects not significantly different from placebo (except burping with fishy aftertaste)



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## EPAX Product Concept



- Product configuration
- Medical indications
- Indication Specific Products



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## EPAX Products:



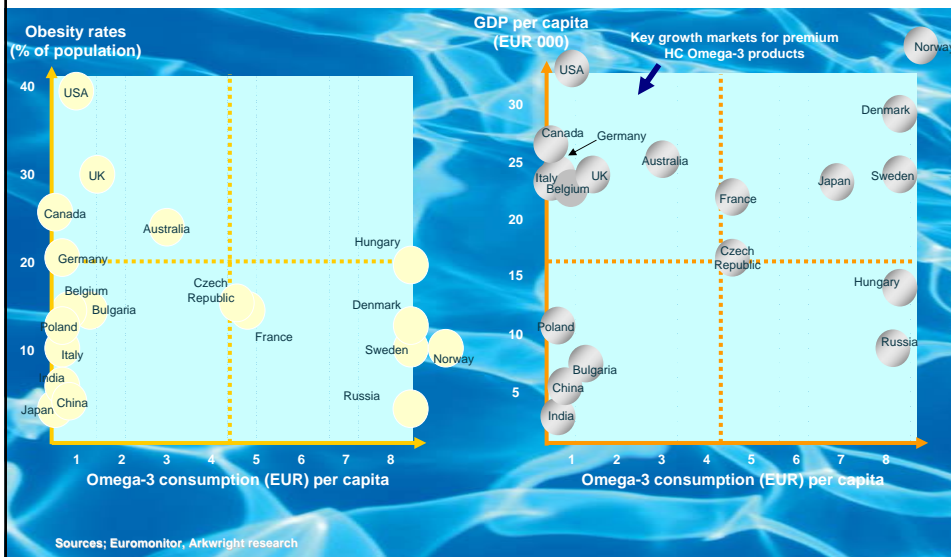
### World's best documented Omega-3 products Over 100 Clinical studies

- **Cardiovascular**
  - Preventative (EPAX5500TG)
  - Therapeutic (EPAX5500TG)
  - Aarytmier (EPAX5500TG)
- **Rheumatism**
  - Arthritis (EPAX5500TG)
  - Bechterews disease (EPAX5500TG)
- **Mental diseases**
  - Alzheimer's dementia (EPAX1050TG)
  - Depression (EPAX6015 and 5500TG)
- **Metabolic diseases**
  - Weight reduction (EPAX1050TG)
  - Inflammatory (EPAX4510TG)
- **Pregnancy**
  - Normal pregnancy (EPAX5500TG)
  - Risk pregnancy (EPAX5500TG)
- **Eye diseases**
  - Macula degeneration (1 Clinical study pending, EPAX1050TG)
  - Raised Eye pressure (prevent glaucoma) (EPAX5500TG)
- **Migraine** (EPAX5500TG)



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## Growth driven by large untapped potential in several markets



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## Benefits of an Integrated Company



- Crude Oil Sourcing and Storage/Security
- Knowledge, Harvesting vs. Value
- Traceability from Fleet to Product
- Trading opportunities
- R&D Crude Oil Processing
- Increase Value Creation of Raw Material

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*Thank you.*

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