

PRESENTATION Q1 2011

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Oslo May 24th 2011

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AGENDA

- Summary of Q1
- Financial Highlights
- Segment Information
- Group Financials
- Acquisition of Havsbrún
- Outlook



- 18 islands – 1,400 km²
- 48,565 inhabitants (1. Feb 2011)
- Self-governing part of the Kingdom of Denmark
- Part of the Danish monetary union
- Key sectors (% of wage earners, 2009)
 - Service/public admin.: ~37%
 - Private service: ~33%
 - Fishing industry: ~17%
- GDP: DKK 11.784 bn (2009)
- GDP/capita: DKK 242,220 (EU: 175,530) (2009)
- Total export of products (2010):
 - 4,360 mill DKK,
 - whereof farmed fish accounts for 34%
- Corporate Tax: 18%
- Farming Licence Tax 2011: 2.5%



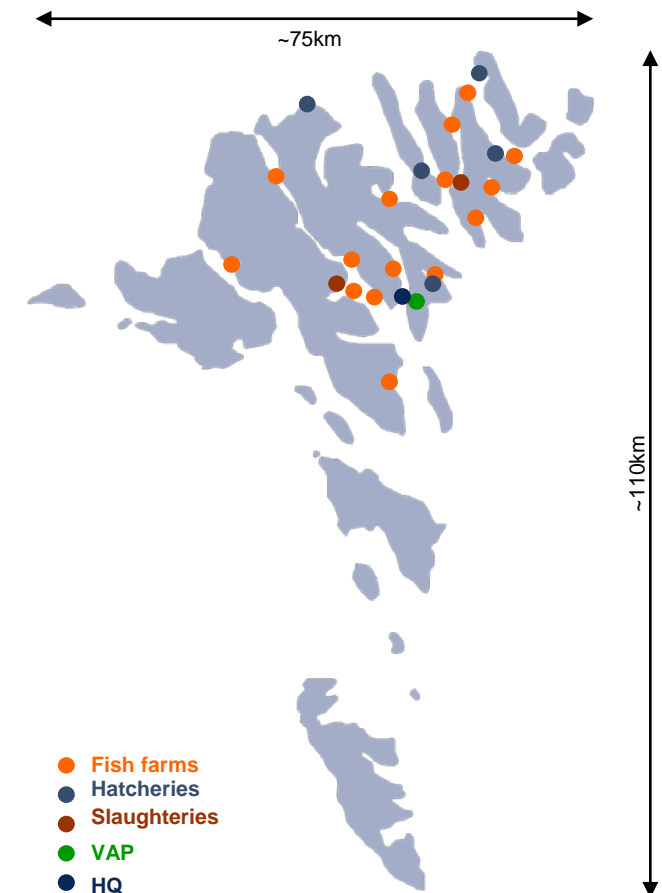
Source: Hagstova Føroya

BAKKAFROST

– THE LARGEST FISH FARMING COMPANY IN THE FAROE ISLANDS



- **Largest salmon farming company in the Faroe Islands**
 - ~56 % of harvest volumes (Q1 2011)
 - ~39 % of existing licenses (31.12.2010)
- **Vestlax was merged into Bakkafrost 1 January 2010**
- **Produced a total of 5,460 gwt in Q1 2011 (5,744 tonnes gwt in Q1 2010)**
- **Revenues DKK 240 million in Q1 2011 (Q1 2010 DKK 190 million)**
- **Operational EBIT DKK 92 million in Q1 2011 (Q1 2010 of DKK 50 million)**



FAROE ISLANDS

– EXCELLENT CONDITIONS FOR COST EFFECTIVE FARMING

GEOGRAPHY

- Faroese fjords provide separation between locations
- Improves biological control and area management

WATER

- Stable seawater temperatures throughout the year between 6-12 degrees Celsius
- Excellent water quality and circulation conditions

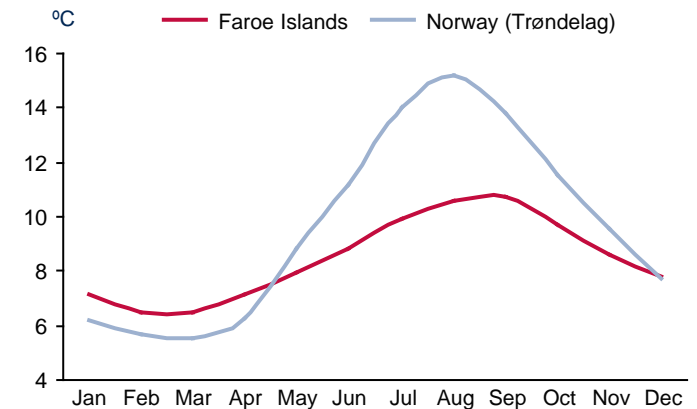
LOCATION

- Efficient distribution to both the European- and US markets

BIOMASS

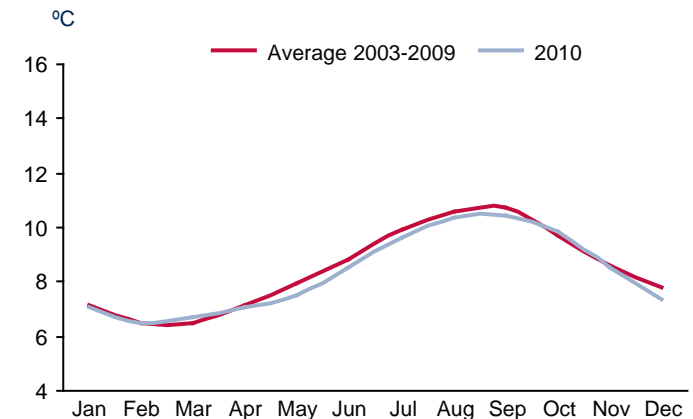
- Biological sustainability setting the biomass target per license

Average Seawater Temperatures 2003-2009



Source: Company material, Havforskningsinstituttet

Average Seawater Temperatures 2010



Market

- Increased sales on new markets
- High demand for all products

Strategy

- Acquisition of Havsbrún to increase farming volume and upstream value chain
- Strengthening the position as a high quality Atlantic Salmon producer

Financial

- Dividend of NOK 4.08 per share paid out in April 2011
- Acquisition and dividend payout increased financial gearing
- 38% operational EBIT margin for the quarter

Biology

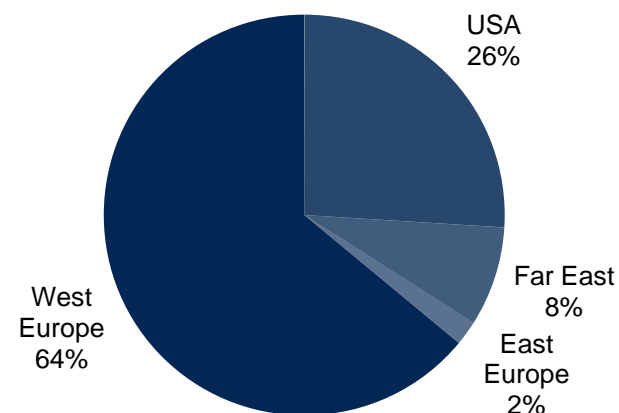
- 2009 generation excellent performance so far compared to 2008 generation
- Growth rate 17% higher in Q1 2011 compared to Q1 2010

Outlook

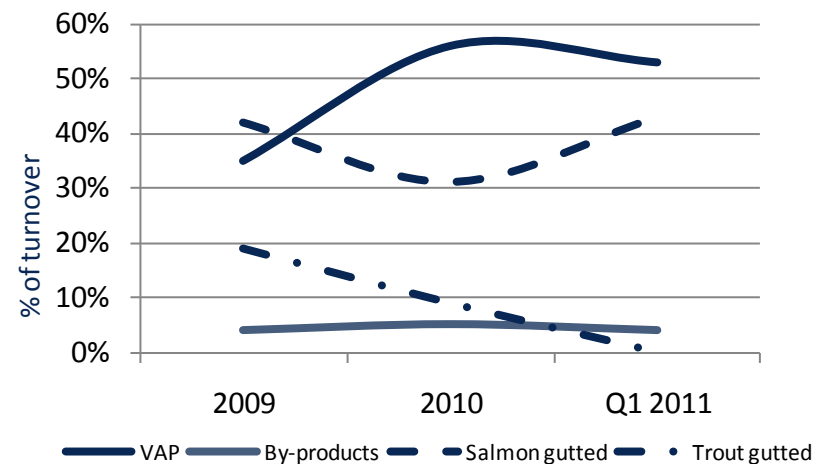
- Volume in 2011 expected to 42,000 tonnes gutted weight (incl. Havsbrún)
- Strong demand both in VAP and fresh
- Strong market prices in 2011

- Demand driven market from new markets.
 - “New markets” consume more than 1/3 of Bakkafrost’s sales
 - Relatively larger part of increased sales will go to new markets
 - Sales of gutted whole salmon increased from 31% in 2010 to 43% in Q1 2011
 - VAP reduced from 56% in 2010 to 53% in Q1 2011

Sales, divided on markets [by Value]



Sales split by product



FINANCIAL HIGHLIGHTS



- **Margin Significantly Improved Compared with Q1 2010**

- Improved performance in both regions
- West impressive improvement

- **Still further improvements expected as capacity utilization improves**

- Volume increase due to full utilization of existing farming sites
- Smolt costs to be reduced
- Harvesting costs to be reduced
- Overhead costs to be reduced

(NOK)	Q1 2011		Q1 2010	
Farming:	North	West	North	West
Operational EBIT/kg gwt	18.09	15.68	11.29	1.57
Harvested volumes 1000 [gwt]	3,913	1,547	4,983	761

- **Strong Cash flow in Q1 2011 used to finance:**

- Biomass
 - *Increased production*
- Investments
 - *To increase capacity*
- Reduce debt
- Prepare for dividend payout of NOK 4.08/share (Total DKK 191 mill) paid out in April

- **Low interest bearing debt**

- **High equity ratio**

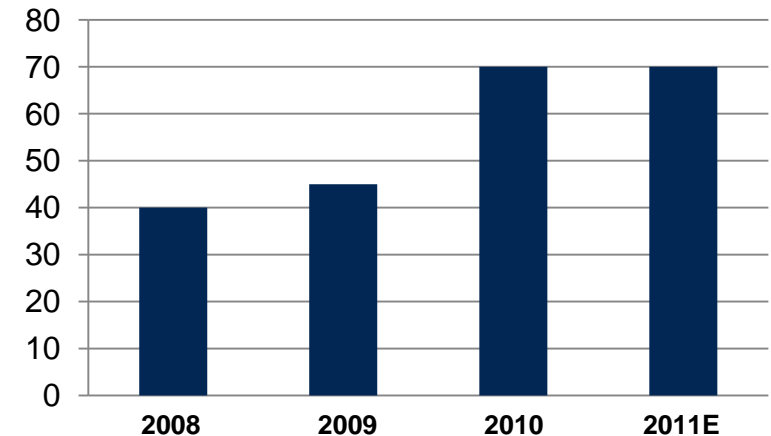
(DKKm)	Q1 2011	Q1 2010
Cash flow from operations	101	93
Total assets	1,332	1,184*
NIBD	-10	70*
Equity ratio	78%	76%*

* End 2010

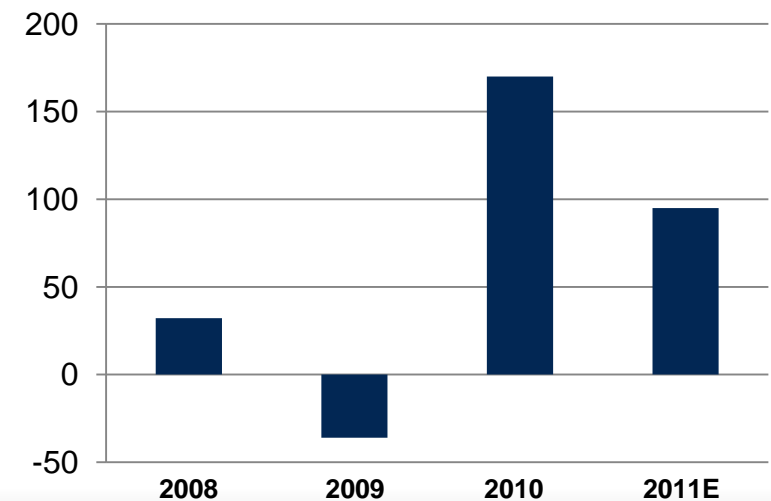
PLANNED INVESTMENTS IN 2011 FOR BAKKAFROST

- Investments in PPE is estimated to be 70 million DKK in 2011, which is same amount as in 2010
 - The investments are made in:
 - *Hatchery division*
 - *Farming division*
 - *Harvesting division and*
 - *VAP division*
- Increased production leads to increased biomass. Bakkafrost has invested in increased biomass:
 - In 2008 32,2 million DKK excl. Vestlax
 - In 2009 -36 million DKK excl. Vestlax
 - In 2010 170 million DKK
 - In 2011 we expect to invest ~ 90 -100 million

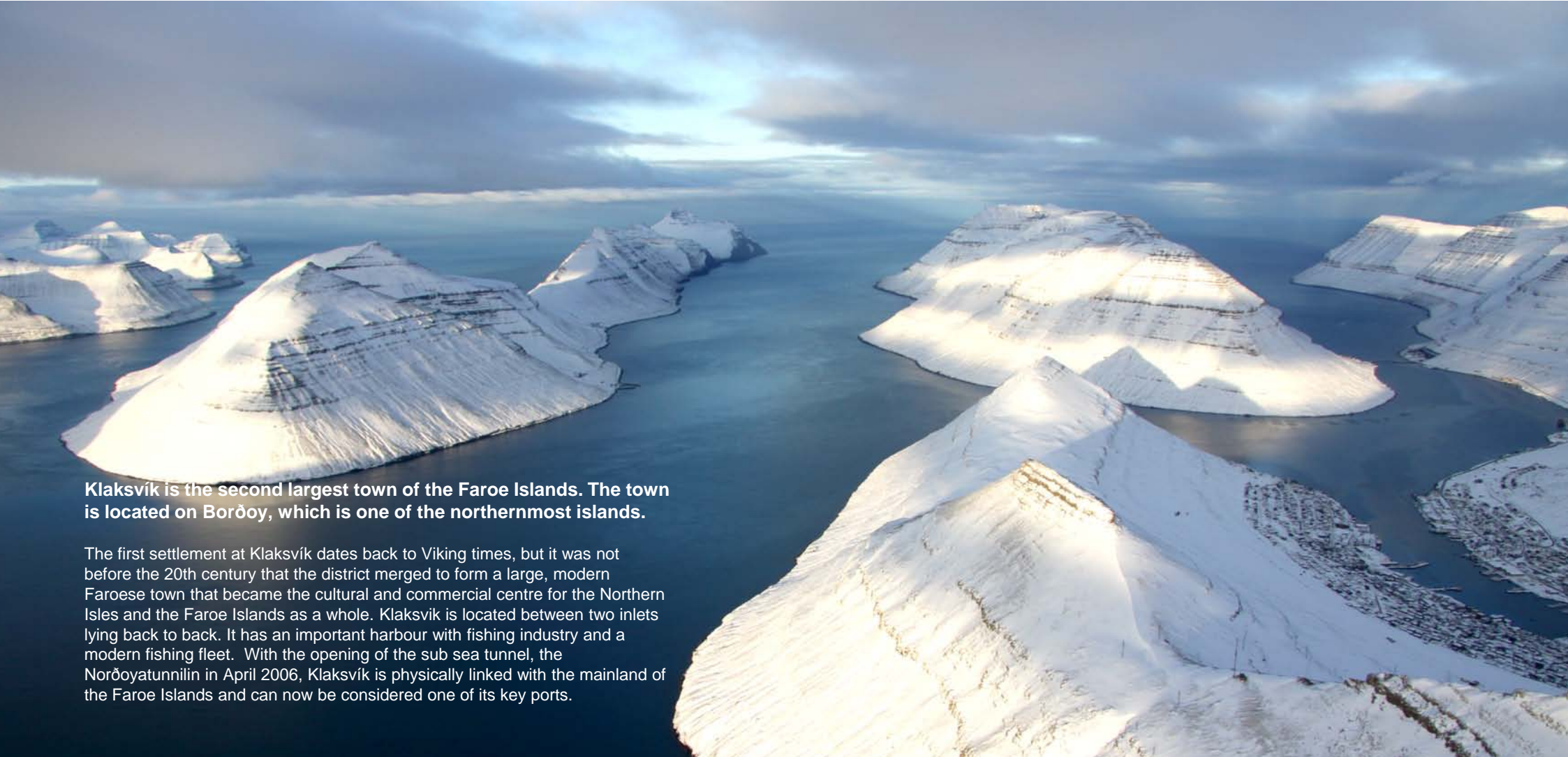
Investments in PPE [Mio DKK]



Increased biomass [Mio DKK]



SEGMENT INFORMATION



Klaksvík is the second largest town of the Faroe Islands. The town is located on Borðoy, which is one of the northernmost islands.

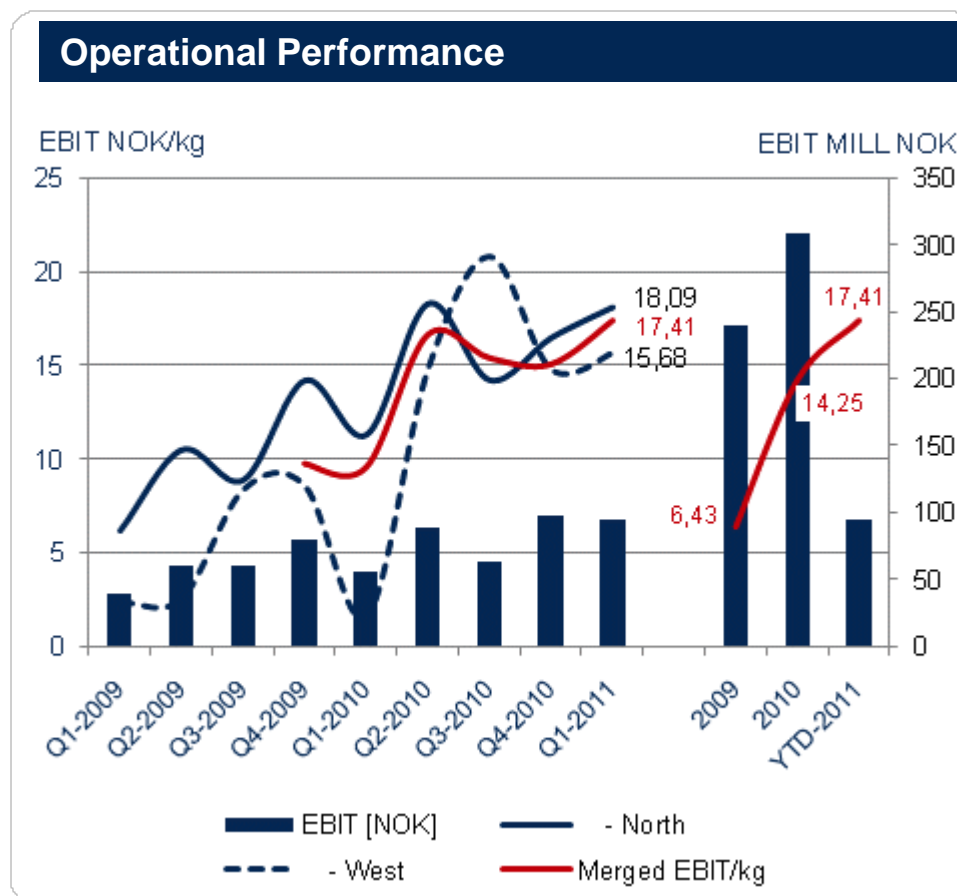
The first settlement at Klaksvík dates back to Viking times, but it was not before the 20th century that the district merged to form a large, modern Faroese town that became the cultural and commercial centre for the Northern Isles and the Faroe Islands as a whole. Klaksvík is located between two inlets lying back to back. It has an important harbour with fishing industry and a modern fishing fleet. With the opening of the sub sea tunnel, the Norðoyatunnlin in April 2006, Klaksvík is physically linked with the mainland of the Faroe Islands and can now be considered one of its key ports.

- **Revenues increased 22% despite 5% reduced volume in Q1 2011 compared with Q1 2010**
 - High prices on salmon in Q1 2011
 - Higher production will lead to better cost absorption in coming quarters

(DKKm)	Q1 2011	Q1 2010
Operating revenues	213	175
Operational EBIT	91	53
Operational EBIT margin	42.7%	30.0%

- **Highest margin ever:**

- Highest margin ever for the farming segment - 17.41 NOK/kg gwt in Q1 2011
- Harvested quantity on higher stable level from Q2 and onwards – reducing costs
- Increased volume after acquisition of Havsbrún



■ **Harvested volume:**

- 5% reduction in Q1 2011 compared with Q1 2010
- Smolt release in Q1 2011 1.6 million pieces smolt + Havsbrún
- Guidance 7.5 million pieces smolt released in 2011 + Havsbrún
- Forecast for 2011: 33,000 tonnes gwt + Havsbrún

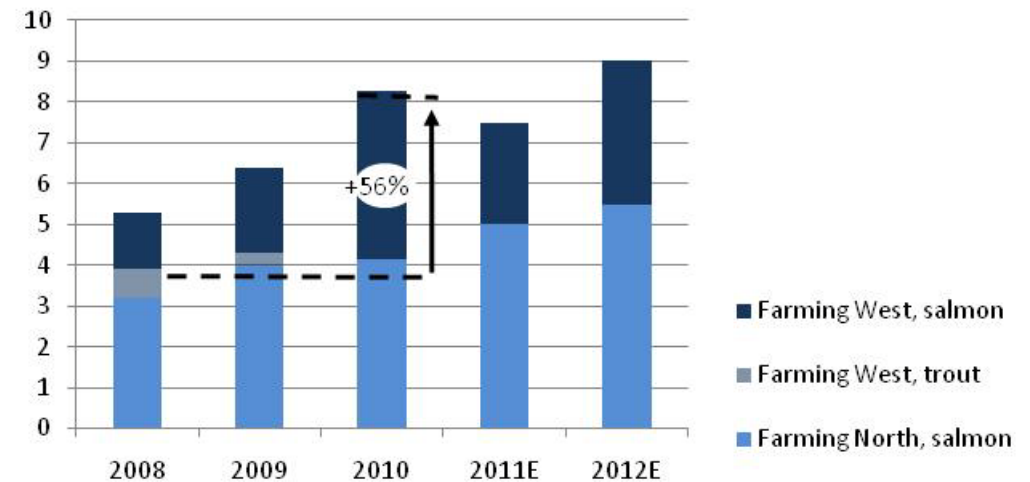
[tonnes gwt]	Q1 2011	Q1 2010	2010	2009
West	1,547	761	7,792	11,970
North	3,913	4,983	13,834	18,680
Total	5,460	5,744	21,626	30,650

STRONG EXPECTED VOLUME GROWTH

- Increased smolt release by 56% from 2008 to 2010
- Still two sites with no fish, to be started up in 2012
- Harvest to be scaled up in 2011 and onwards

Smolt Release (million)

million pcs

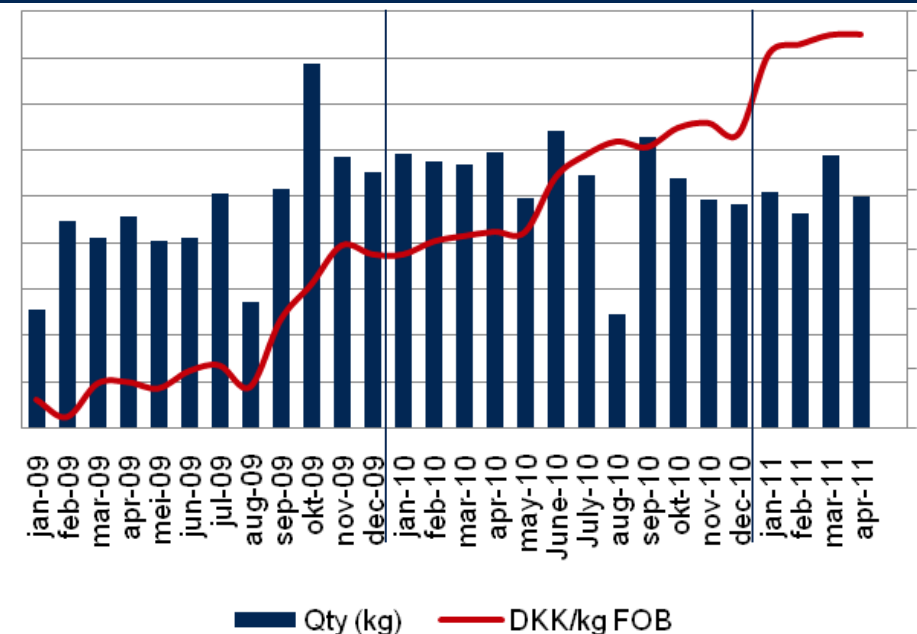


SEGMENTS VAP

- Revenue increased by 9% despite lower volumes sold
- VAP contributing again to Group Operational EBIT
- ~80% of VAP capacity for 2011 contracted
- ~50% price increase from Q1 2009 to Q1 2011 directly to end-consumers

(DKKm)	Q1 2011	Q1 2010
Operating revenues	131	120
Operational EBIT	1	-2
Operational EBIT margin	0,8%	-1.7%

Sales per month



GROUP FINANCIALS



GROUP PROFIT AND LOSS

- Revenues increased by 26% but volumes decreased by 5% - strong market in Q1
- Operating EBIT increased by 83%
- Group EBIT/KG of NOK 17.68 (Q1 2010 NOK 9.56/kg) an increase of 85%
- Reduced provision for onerous contracts – a good indicator
- Reduced interest costs
- EPS DKK 2.12 in Q1 2011

(DKKm)	Q1 2011	Q1 2010
Operating revenues	240.3	190.5
Purchase of goods	-76.5	-37.2
Change in inventory and biological assets (at cost)	19.6	-13.7
Salary and personnel exp.	-29.3	-31.3
Other op. expenses	-51.4	-47.6
Depreciation	-10.8	-10.2
Operating EBIT	92.0	50.4
Fair value adj.	41.1	45.7
Onerous contr.	-5.2	-24.8
Listing costs	0	-12.7
EBIT	127.9	58.7
Financial items	-0.8	-2.3
EBT	127.1	56.4
Taxes	-23.6	-10.1
Profit for the period	103.5	46.2

BALANCE SHEET – AS PER 31 MARCH 2011

- Continue to invest in PPE to carry out the organic growth
- Further building up biomass as planned
- Reduced NIBD significantly – No NIBD
- Equity ratio 78%
- Dividend of DKK 191 mill paid out in April 2011 (DPS NOK 4.08)

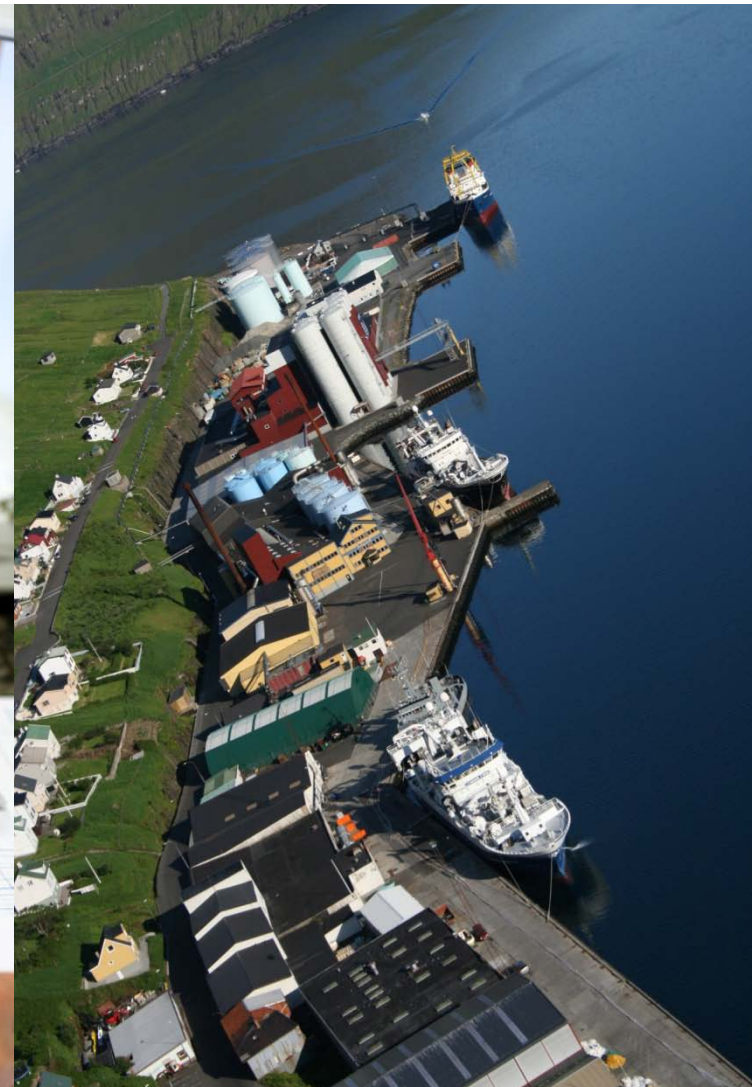
(DKKm)	31.03.2011	31.12.2010
Intangible assets	136.2	136.2
Property, plant and equipment	365.9	356.4
Financial assets	73.0	26.0
Long term receivables	0.7	0.7
Biological assets	540.8	482.1
Inventory	30.7	28.5
Receivables	130.2	145.5
Cash and cash equivalents	53.9	9.1
Total Assets	1,331.6	1,184.7
Equity	1,044.4	902.3
Deferred tax	150.8	120.0
Long term interest bearing debt	37.4	37.4
Short term interest bearing debt	7.0	42.0
Account payables	92.2	83.0
Total Equity and liabilities	1,331.6	1,184.7

CASH FLOW – FOR Q1 2011

- Cash flow used to continuing build up biomass and to investments in Q1 2011
- Strong liquidity – no NIBD and approx DKK 336M of undrawn facilities at end of March 2011
- Reducing undrawn facilities by paying out dividend of DKK 191M (DPS NOK 4.08)
- Going forward – expect strong cash flow as harvested volumes will increase significantly the coming quarters

(DKKm)	Q1 2011	Q1 2010
Cash flow from operations	100.8	93.3
Cash flow from investments	-20.2	-19.8
Cash flow from financing	-35.8	-98.1
Net change in cash	44.8	-24.7
Cash at the end of the period	53.9	10.0

ACQUISITION OF HAVSBRÚN



BAKKAFROST/HAVSBRÚN VALUECHAIN



Hatcheries

Norðtoftir
Húsar
Glyvradalur
Viðareiði
Gjógv
Svínoy

Fishmeal & Fishoil

Fuglafjörður

Fishfeed

Fuglafjörður

Farming

Hvannasund North
Hvannasund South
Haraldssund
Kunoyarnes
Lambavík
Borðoyavík
Árnafjörður
Fuglafjörður
Svínáir
Selatrað
Kolbeinargjógv
Undir Síðu
Vestmanna
Gulín
Funningsfjörður
Kaldbaksfjörður
Trongisvágur
Hov
Vágur

Harvesting

Klaksvík
Kollafjörður
Strendur

Processing

Glyvrar

Sales

Glyvrar

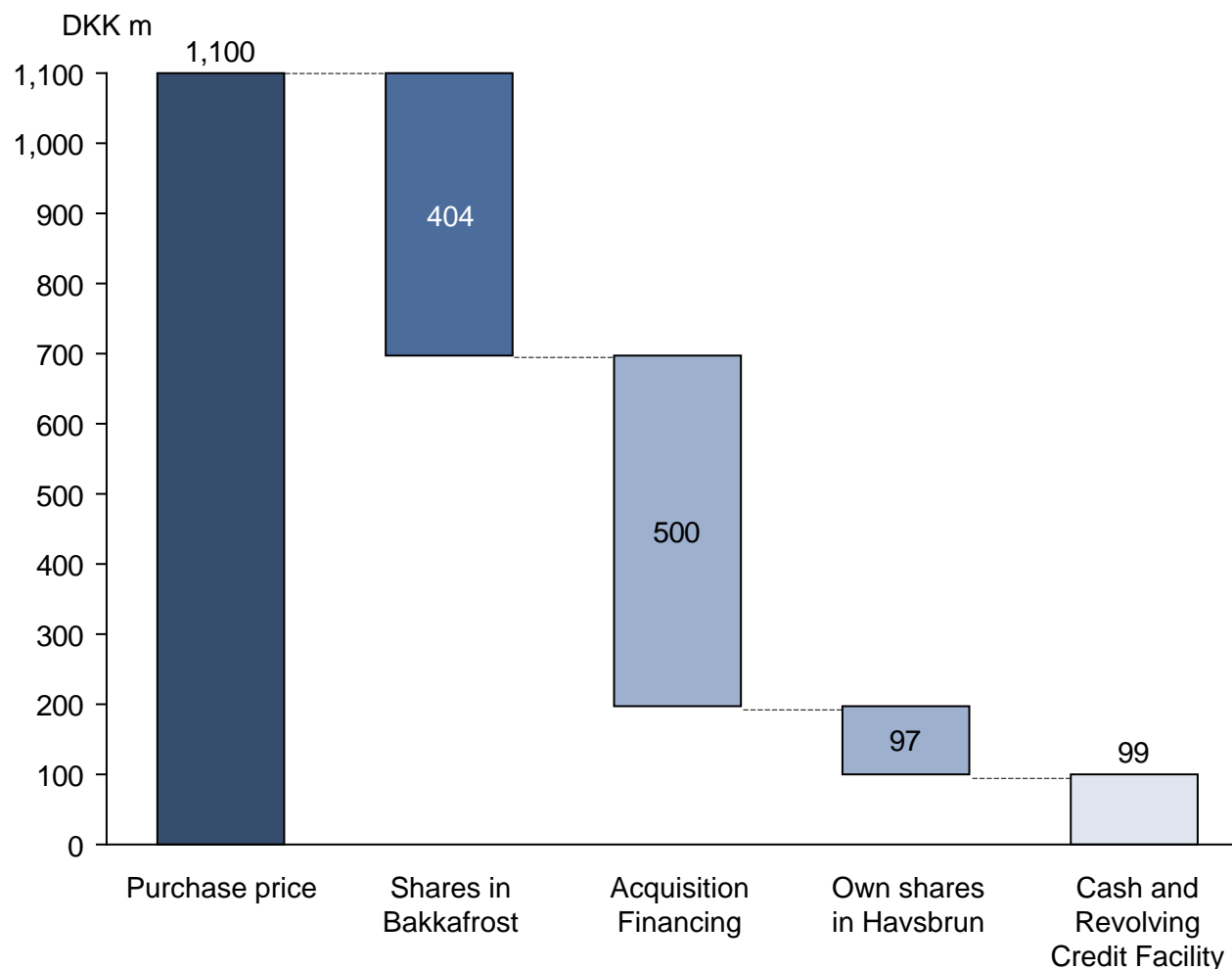


ACQUISITION OF HAVSBRÚN – TRANSACTION DETAILS

- **Bakkafrost to pay DKK 1,100 million for 100% of Havsbrún**

- Includes 16.71% of Bakkafrost owned by Havsbrún
- The shares in Bakkafrost will be used as a part of the consideration
- Acquisition financing from Nordea and BankNordik of DKK 500 million
- Bakkafrost and Havsbrún own shares in Havsbrún of DKK 97 million
- The remaining DKK 99 million to be paid with cash and draw on Revolving Credit Facility

Financing



Capacity and production

- **Production capacities:**
 - 2,400 tonnes fish per day to fish meal and oil
 - 600 tonnes salmon feed per day
- **Storage capacities:**
 - Raw material tanks: 4 x 1200 tons
 - Fish meal storage: 20,000 tons
 - Fish oil tanks: 10,000 tons
- **Raw material in 2010:**
 - 116,000 tonnes
- **Production 2010:**
 - 25,000 tonnes fish meal and 9,900 tonnes of fish oil
 - 60,250 tonnes salmon feed

Faroe Islands surrounded by several main fish resources



MODERN FISH FEED FACTORY LOCATED CLOSE TO THE FARMING SITES

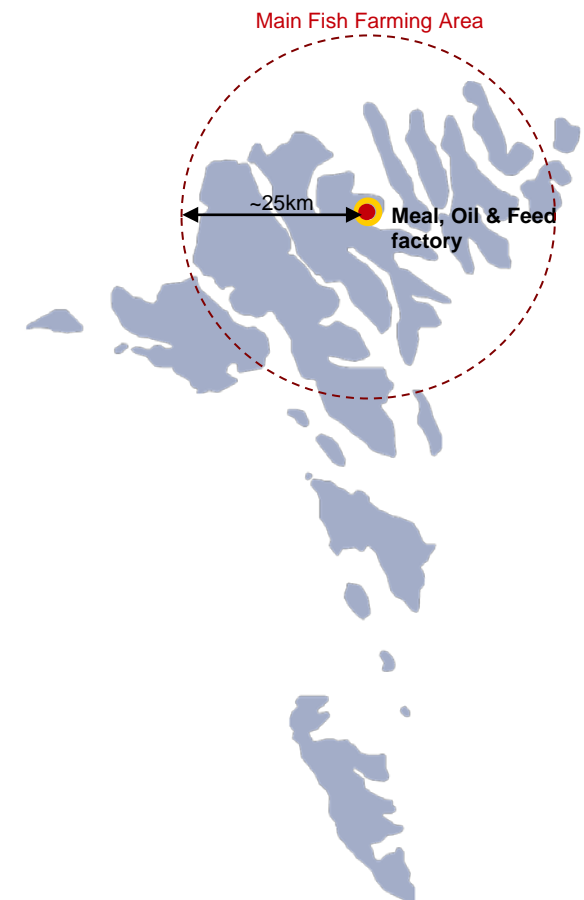
Capacity and production

- **Production capacities:**
 - 600 tonnes salmon feed per day
 - High percentage of marine ingredients
 - Fresh feed for direct transport to customer
- **Production 2010:**
 - 60,250 tonnes salmon feed
- **Logistics:**
 - Main fish farming areas within a distance of 25 km

Fish feed factory



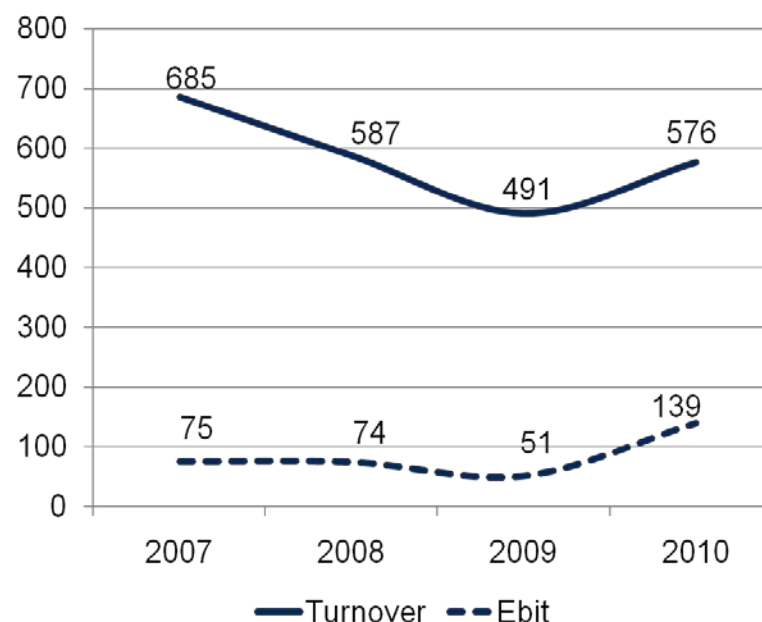
FUGLAFJÖRÐUR
Bakkafrost fishfarm A-57 in the foreground and Havsbrún
fish-meal and feed factory in the background



SOLID PERFORMANCE IN MEAL & OIL AND FISH FEED IN RECENT YEARS

- **EBIT increased from a level around 10-12% to 24% in 2010**
 - Havsbrún increased its share in the farming industry in 2010
 - Increased market prices on fish meal and oil influenced the margin positively
 - Acquired with effect from 1 January 2011- consolidated from take over of control

Turnover and EBIT [million DKK] – Meal, Oil and Feed



(DKKm) – FO GAAP	2010	2009
Operating revenues	576.6	491.5
EBIT	139.1	50.5
EBIT Margin	24.1%	10.3%



Havsbrún feed silo system

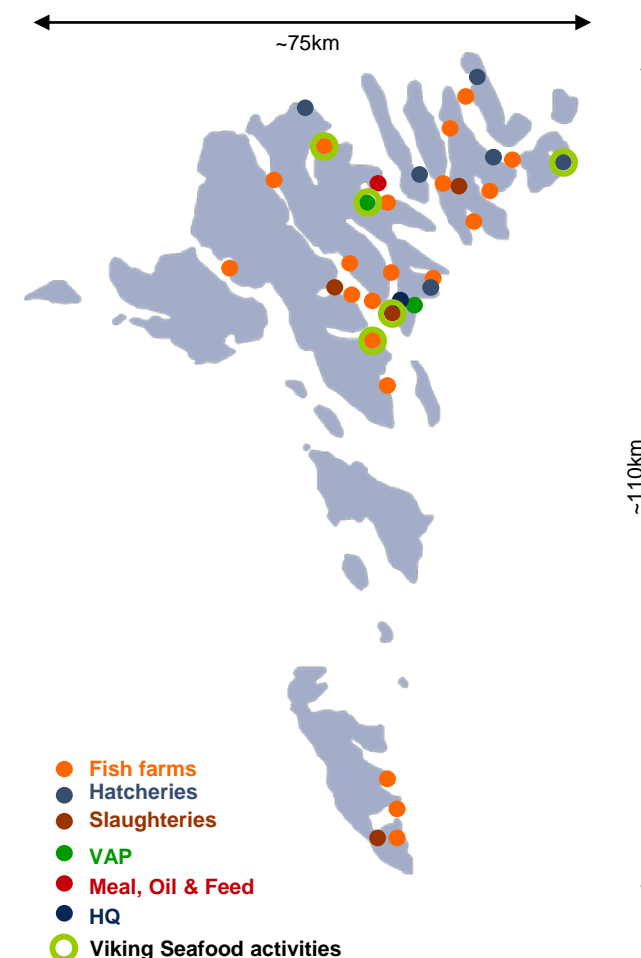
VIKING SEAFOOD – CAPACITY OF 8,500 TONNES GWT

Fish Farming, primary and secondary processing

- Havsbrún owns 78.0% of the company
- 2 licenses with an estimated capacity of 8,500 tonnes gw
- Located in close proximity to Bakkafrost's existing locations
- Slaughtery located in Strendur with a yearly capacity of 12,000 tonnes per shift
- VAP factory located in Fuglafjörður with a yearly capacity of 1,500 tonnes portions per shift

(DKKm) – FO GAAP	2010	2009
Operating revenues	116.7	113.5
EBIT	46.6	14.5
Harvest volume (gwt)	3,148	3,694
EBIT pr kg	14.80	3.90

Locations



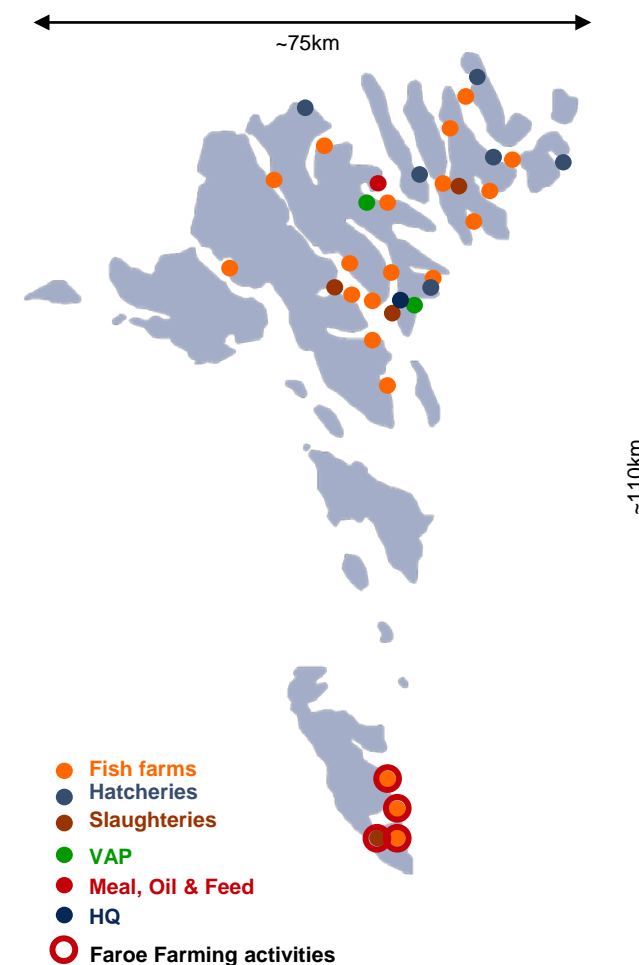
FAROE FARMING – CAPACITY OF 6,500 TONNES GWT

Fish Farming and primary processing

- Havsbrún owns 78.1% of the company
- 3 licenses with an estimated capacity of 6,500 tonnes gutted weight
- Located on the southern island of Suðuroy, 70 kilometers from Glyvrar
- Slaughtery located in Vág with a yearly capacity of 6,000 tonnes per shift

(DKKm) – FO GAAP	2010	2009
Operating revenues	130.0	90.2
EBIT	49.4	13.1
Harvest volume (gwt)	3,600	3,824
EBIT pr kg	13.72	3.40

Locations



PROFIT AND LOSS – HAVSBRÚN GROUP 2010 INCL. VIKING SEAFOOD AND FAROE FARMING



- Total revenues of DKK 822.9 million
- Income from associates of DKK 325.8 million
- EBIT of DKK 571.4 million
- Profit for the period of DKK 464.3 million
- Net earnings of DKK 448.4 million

(DKKm) – IFRS	2010
Operating revenues	822.9
Purchase of goods	-500,8
Change in inventory and biological assets (at cost)	88.3
Fair value adj. of biological assets	24.0
Salary and personnel exp.	-62.4
Other op. expenses	-93.9
Income from associates	325.8
Depreciation	-32.5
EBIT	571.4
Net Financial items	-9.1
EBT	562.3
Taxes	-98.0
Profit for the period	464.3
Minority interests	-15.9
NET EARNINGS	448.4

BALANCE SHEET – HAVSBRÚN GROUP 2010 INCL. VIKING SEAFOOD AND FAROE FARMING



- Financial assets includes shares in Bakkafrost
- NIBD of DKK 114.8 million
- Equity ratio 66 %

(DKKm) – IFRS	31.12.2010
Intangible assets	16.5
Tangible assets	126.1
Financial assets	421.7
Biological assets	127.3
Inventory	203.6
Receivables	92.8
Cash and cash equivalents	59.0
TOTAL ASSETS	1,046.8
Equity	693.1
Minority interests	29.6
Other long term liabilities	97.0
Long term interest bearing debt	76.0
Short term interest bearing debt	97.8
Other short term liabilities	53.3
TOTAL EQUITY AND LIABILITIES	1,046.8

OUTLOOK



Kaldbaksfjörður
Bakka Frost acquired fishfarm from Viking Seafood

- Smolt release for Bakkafrost maintained at 7.5 million pieces in 2011
- Plan for smolt release will be revised in Q3 2011 following the acquisition of Havsbrún
- Building up biomass
- Investments in PPE to be carried out to ensure the growth in production
- Increase harvested volumes for Bakkafrost from ~ 33,000 tonnes gwt to ~ 42,000 tonnes following the acquisition of Havsbrún
- High demand for all products leads to good market opportunities during 2011 for all products
- Significant volumes committed for 2011 on contracts, started to commit contracts for 2012
- The acquisition of Havsbrún gives Bakkafrost:
 - higher growth potential in the coming years
 - a better position as a high quality Atlantic Salmon producer with full control and responsibility from salmon feed production to final salmon product

APPENDIX



Kunoyarnes
Bakkafrost's fishfarm A-12

LARGEST SHAREHOLDERS

20 largest shareholder

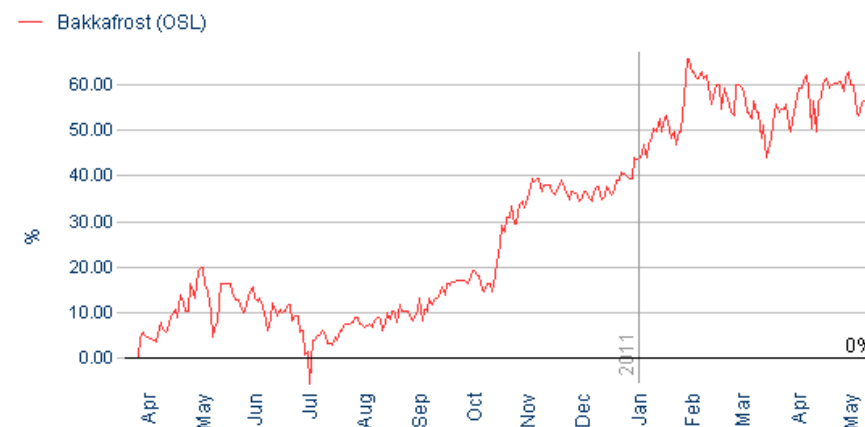
SALMAR ASA	NOR	23,29
Havsbrun P/F	FRO	16,71
Jacobsen Hans	FRO	9,40
Jacobsen Johan Regin	FRO	9,19
JPMORGAN CHASE BANK NORDEA TREATY ACCOUN	GBR	4,74
NORDEA BANK DENMARK S/A NORDEA (DK) CCA	DNK	3,49
DANSKE BANK A/S 3887 OPERATIONS SEC.	DNK	3,05
JPMBLSA NORDEA LUX LENDING A	LUX	2,14
STATE STREET BANK AN A/C SEC FIN PRIN ECM	USA	1,67
OM Holding AS	NOR	1,43
MORGAN STANLEY & CO S/A MSIL IPB CLIENT	GBR	1,23
JPMORGAN CHASE BANK LUXEMBOURG OFFSHORE	LUX	1,14
HOLBERG NORGE V/HOLBERG FONDSFORVA	NOR	1,01
VARMA MUTUAL PENSION COMPANY	FIN	0,94
UBS (LUXEMBOURG) S.A ORDINARY ACCOUNT	LUX	0,93
BROWN BROTHERS HARRI S/A PIMCO GL INV S/E	IRL	0,92
STICHTING PENSIOENFO TECHNIEK	NLD	0,79
ALFRED BERG GAMBAK VPF	NOR	0,78
JP MORGAN CHASE BANK A/C OWNER EVLI BANK	FIN	0,75
SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	SWE	0,74

TOTAL SHARE 20 LARGEST SHAREHOLDERS

84,34%

As per May 19th 2011

Share price development since listing [% value change]



Share price development since listing [NOK]



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BAKKAFROST

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