

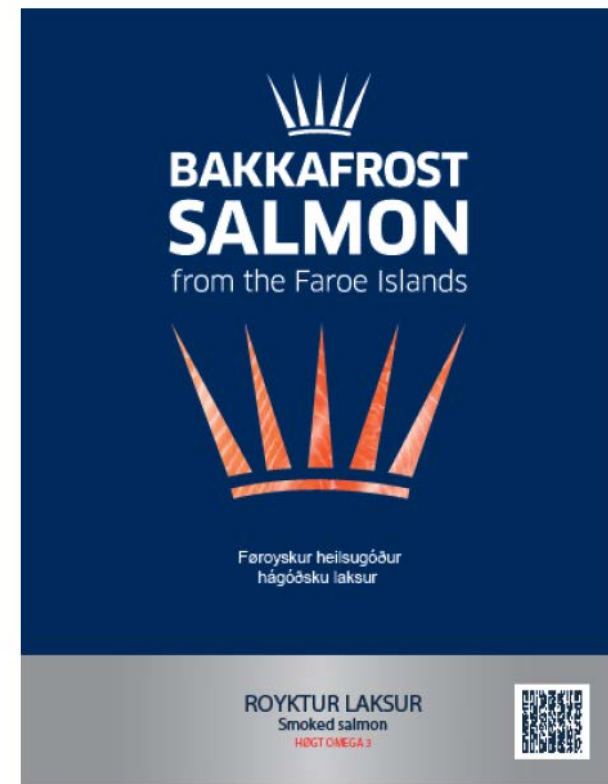
# Q3 2015

**BAKKAFROST GROUP**  
Oslo November 3<sup>rd</sup> 2015

- This presentation includes statements regarding future results, which are subject to risks and uncertainties. Consequently, actual results may differ significantly from the results indicated or implied in these statements.
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- **SUMMARY OF Q3 2015**

- MARKETS AND SALES
- SEGMENT INFORMATION
- GROUP FINANCIALS
- OUTLOOK
- APPENDIX

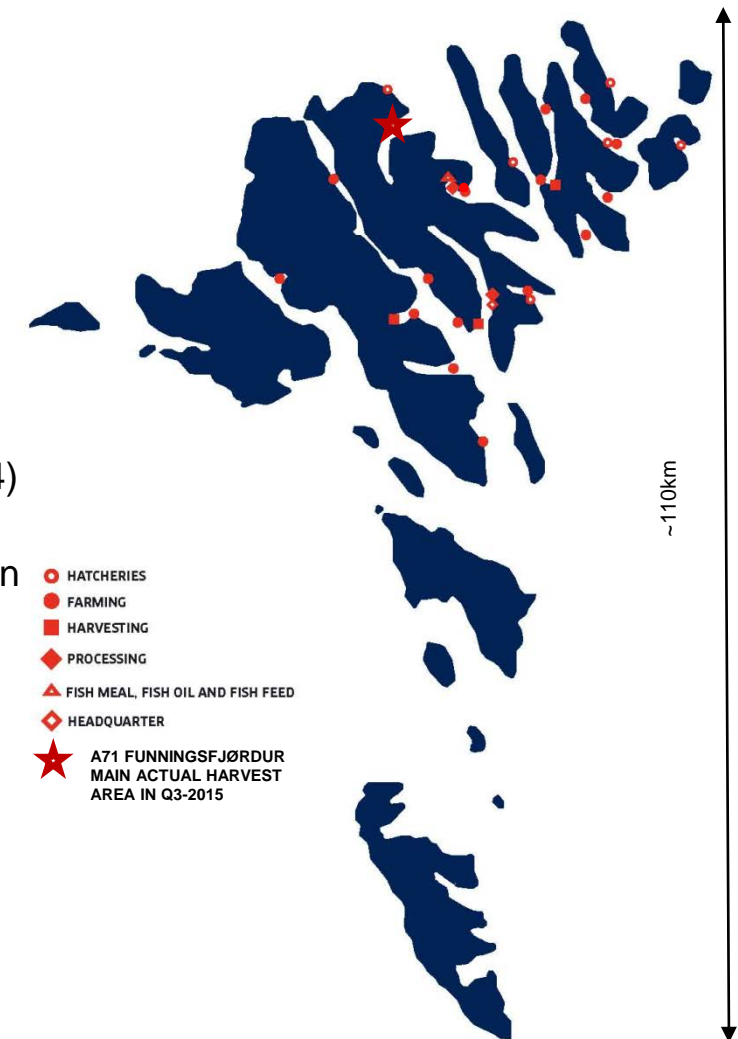


# SUMMARY OF THE QUARTER

## Higher volumes from Farming

- **Harvested** 12,982 t<sub>gw</sub> in Q3 2015 (10,881 t<sub>gw</sub> in Q3 2014)
- **Feed sales** of 27,011 tonnes in Q3 2015\* (29,808 tonnes in Q3 2014\*)
- **Revenues** of DKK 677 million in Q3 2015 (DKK 584 million in Q3 2014)
- **Operational EBIT** of DKK 206 million in Q3 2015 (DKK 209 million in Q3 2014)
- **Cash flow from operations** of DKK 367 million in Q3 2015 (DKK 280 million in Q3 2014)
- **Positive results, but lower margins** in all segments

\*) Including internal sale of 24,071 tonnes in Q3 2015 (23,587 tonnes in Q3 2014)



# SUMMARY OF THE QUARTER

## Positive results, but lower margins

- Farming/VAP division decreased margin from 19.73 NOK/kg in Q3 2014 to 18.10 NOK/kg in Q3 2015
- VAP segment delivered a margin of 2.95 NOK/kg in Q3 2015, compared with 6.77 NOK/kg in Q3 2014
- Farming margin was 17.25 NOK/kg in Q3 2015, compared with 17.02 NOK/kg in Q3 2014. The only margin higher in Q3 2015, compared with Q3 2014
- FOF delivered a margin of 13.0% in Q3 2015, compared with 21.5% in Q3 2014
- Group Operational EBIT almost unchanged at DKK 206 million in Q3 2015, compared with DKK 209 million in Q3 2014

(DKK million)	Q3 2015	Q3 2014	M9 2015	M9 2014
Operating revenues	677	584	2,091	1,926
Operational EBITDA	232	233	823	676
<b>Operational EBIT</b>	<b>206</b>	<b>209</b>	<b>744</b>	<b>606</b>
<b>Profit for the period</b>	<b>168</b>	<b>211</b>	<b>492</b>	<b>425</b>
Operational EBITDA margin	34.3%	39.9%	39.4%	35.1%
Operational EBIT margin	30.4%	35.7%	35.6%	31.5%
Operational EBIT/Kg (Farming) (NOK)	17.25	17.02	20.03	18.15
Operational EBIT/Kg (Farming and VAP) (NOK)	18.10	19.73	22.03	19.48
Operational EBIT/Kg (VAP) (NOK)	2.95	6.77	5.52	2.58
EBITDA margin (Fishmeal, oil and feed)	13.02%	21.46%	19.45%	18.88%



## ▪ Market

- Good development in salmon prices
- High influence from currency market
- Good market diversification

## ▪ Operation

- Farming
  - Higher costs
  - Margin, however, maintained at NOK 17.25 per kg, compared with 17.02 in Q3 2014
- VAP
  - Margin reduced from 17% to 5%, compared with Q3 2014
- Feed
  - Margin reduced from 21.5% to 13%, compared with Q3 2014

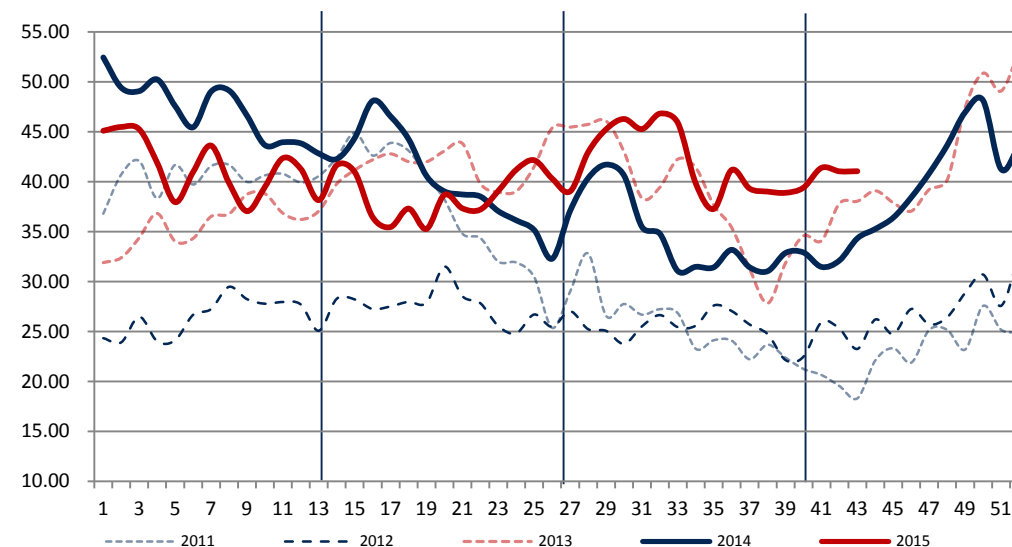


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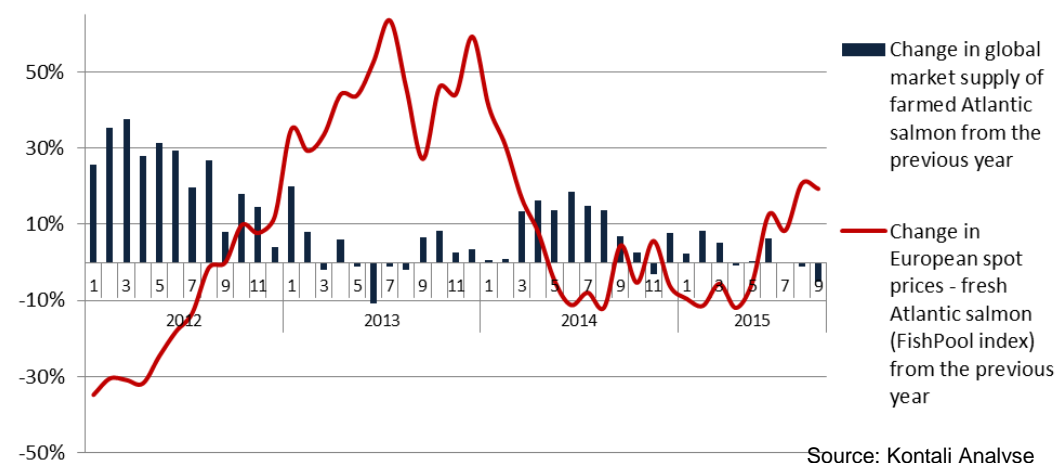


- The NASDAQ salmon price for size 4-5:
  - Increased y/y Q3 2015 / Q3 2014 by ~21%  
- by 7.21 NOK/kg from 34.68 to 41.89
  - Increased q/q Q2 2015 / Q1 2015 by ~8%  
- by 3.16 NOK/kg from 38.73 to 41.89
- 4% global supply growth in Q3 2015, compared with Q3 2014, corresponding to 21,400 tonnes
- Higher prices in NOK per kg, partly because of FX-market

Spot prices (NASDAQ) on superior 4-5 [NOK/kg HOG]



Change in global market supply and market price



Source: Kontali Analyse



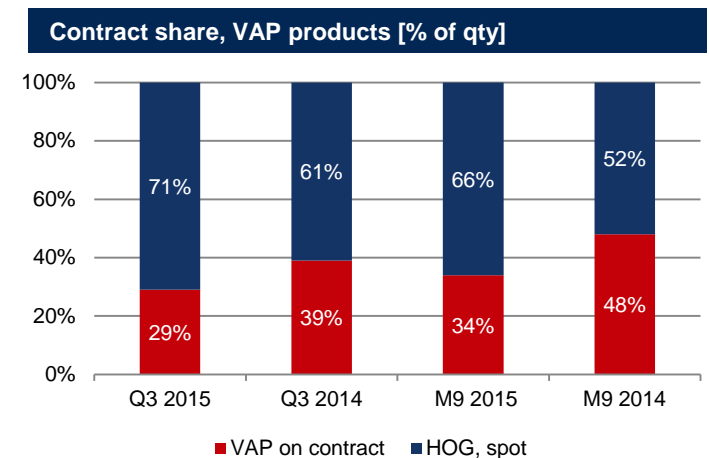
## Good market diversification

- Access to all markets
- Flexible and efficient market adaptation
- Strong market position in US, Asia and Eastern Europe
- EU stable market share 34% in Q3 2015, compared with 35% in Q3 2014
- VAP/contract share 29% in Q3 2015, compared with 39% last year



Total sales of salmon by markets	Q3 2015	Q3 2014	M9 2015	M9 2014
EU	34%	35%	34%	46%
USA	19%	21%	18%	22%
Asia	17%	20%	14%	22%
Eastern Europe	30%	24%	34%	10%

Fresh salmon only by markets	Q3 2015	Q3 2014	M9 2015	M9 2014
EU	9%	9%	8%	11%
USA	25%	29%	25%	36%
Asia	24%	29%	20%	37%
Eastern Europe	42%	33%	47%	16%



## 0% GLOBAL GROWTH EXPECTED IN 2016

- The global supply estimates for 2016 are on same level as 2015
- Biological issues and fully utilized licenses are the main constraints for further growth
- Same supply from Faroe Islands expected in 2016 as in 2014

Global supply of Atlantic Salmon (head on gutted - HOG)					
	2012	2013	2014	2015E	2016E
Norway	1.066	1.029	1.076	1.096	1.090
UK	143	142	154	157	160
Ireland	14	10	11	14	14
Faroes	65	66	75	68	74
<b>Total Europe</b>	<b>1.288</b>	<b>1.247</b>	<b>1.316</b>	<b>1.335</b>	<b>1.337</b>
Chile	318	418	510	532	525
Canada	123	104	91	122	120
USA	18	18	18	18	18
<b>Total Americas</b>	<b>459</b>	<b>539</b>	<b>619</b>	<b>673</b>	<b>664</b>
Other	46	47	51	56	58
<b>Total (Sold Quantity)</b>	<b>1.793</b>	<b>1.833</b>	<b>1.986</b>	<b>2.064</b>	<b>2.059</b>
<b>Supply growth - Global</b>	<b>22%</b>	<b>2%</b>	<b>8%</b>	<b>4%</b>	<b>0%</b>
Supply growth - Europe	16%	-3%	6%	1%	0%
Supply growth - Americas	43%	18%	15%	9%	-1%

Comments:

All figures are in hog-equivalents and thousand tonnes.

Figures represents sold quantity of Atlantic Salmon from each producing country

Source: Kontali

# DEMAND DEVELOPMENT SPLIT BY MARKETS

- 5% increased demand on EU market in Q3 2015, compared with Q3 2014 – and 8% YTD 2015
- 13% increased demand on USA market in Q3 2015, compared with Q3 2014 – and 14% YTD 2015
- 23% increased demand on Latin America market in in Q3 2015, compared with Q3 2014
- The EU and USA market have increased 83,400 tonnes YTD 2015, compared with 2014
- Eastern Europe still struggling with reduced volumes

## Salmon markets, sold quantity (head on gutted - HOG)

Markets	Estimated volumes		Q3 comparison		Estimated volumes		YTD Q3 comparison	
	Q3 2015 E	Q3 2014	Volume	%	YTD 2015 E	YTD 2014	Volume	%
EU	248.200	236.300	11.900	5%	706.000	656.200	49.800	8%
USA	92.500	81.700	10.800	13%	278.400	244.800	33.600	14%
Russia	29.800	34.400	-4.600	-13%	72.500	93.500	-21.000	-22%
Japan	14.200	13.700	500	4%	36.100	41.700	-5.600	-13%
Greater China	25.600	25.300	300	1%	73.100	73.600	-500	-1%
ASEAN	14.000	17.200	-3.200	-19%	45.200	45.100	100	0%
Latin America	42.200	34.200	8.000	23%	119.600	106.700	12.900	12%
Ukraine	2.200	4.100	-1.900	-46%	6.100	11.700	-5.600	-48%
Other markets	60.300	60.700	-400	-1%	169.300	168.700	600	0%
<b>Total all markets</b>	<b>529.000</b>	<b>507.600</b>	<b>21.400 </b>	<b>4%</b>	<b>1.506.300</b>	<b>1.442.000</b>	<b>64.300 </b>	<b>4%</b>

## Salmon markets, sold quantity (head on gutted - HOG)

	2012	2013	2014	2015E	2016E
EU	842	839	916	967	956
USA	294	308	327	373	374
Japan	57	53	58	51	53
Russia	155	144	131	102	92
Others	445	489	554	571	584
<b>Total (Sold Quantity)</b>	<b>1.793</b>	<b>1.834</b>	<b>1.986</b>	<b>2.064</b>	<b>2.059</b>

### Comments:

Greater China = China / Hong Kong / Taiwan (incl. estimated re-export from Vietnam)  
 ASEAN = Association of Southeast Asian Nations (estimated re-export from Vietnam subtracted)  
 Latin America (including both Mexico and Caribbean + domestic consumption in Chile)  
 All figures above are in tonnes hog, and are rounded to the nearest 100 tonnes.

Source: Kontali

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Fishmeal, -oil and feed plant Havsbrún, Fuglafjörður

## Harvested volumes

- Harvested volumes increased by 19% in Q3 2015, compared with Q3 2014
- The West division harvested 70% of the total quantity in the quarter, and the North division harvested 30% of the total quantity

## Smolt transfer

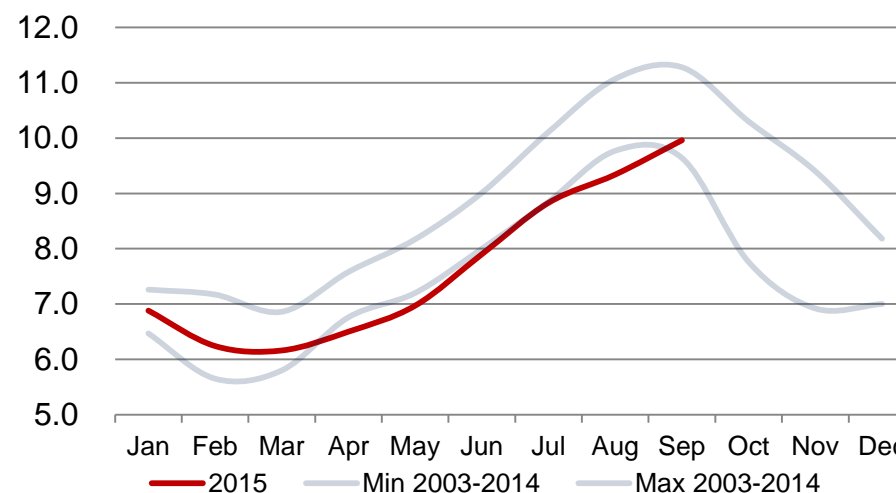
- Bakkafrost transferred 2.8 million smolts in Q3 2015 (2.2 million smolts in Q3 2014). The plan is to transfer 10.4 smolts for the full year 2015

## Seawater temperatures in the Faroe Islands

- Temperatures in Q3 2015 decreased 1.0°C, compared with Q3 2015. This is 0.7°C colder than average temperatures the last 12 years

Harvest Volumes tonnes [HOG]	Q3 2015	Q3 2014	M9 2015	M9 2014
West	9,136	1,033	14,178	13,319
North	3,846	9,848	22,712	18,043
<b>Total</b>	<b>12,982</b>	<b>10,881</b>	<b>36,890</b>	<b>31,362</b>

Seawater Temperatures in the Faroe Islands 2003 – 2015 [°C]



## SEGMENT FARMING – OPERATIONAL PERFORMANCE

### Revenues and margin

- Revenues increased 28%, and volumes increased 19%, compared to Q3 2014
- The operational EBIT increased 10% from DKK 167 million in Q3 2014 to DKK 183 million in Q3 2015
- 70% volume in the quarter from A71 Funningsfjörður
  - higher share of downgraded fish originating from technical issues with lights in bad weather conditions last winter
  - caused higher costs, reduced volumes and reduced prices

(DKK million)	Q3 2015	Q3 2014	M9 2015	M9 2014
Operating revenues	558	435	1,639	1,469
Operational EBIT	183	167	626	513
Operational EBIT margin	33%	38%	38%	35%



Farming site A71 Funningsfjörður

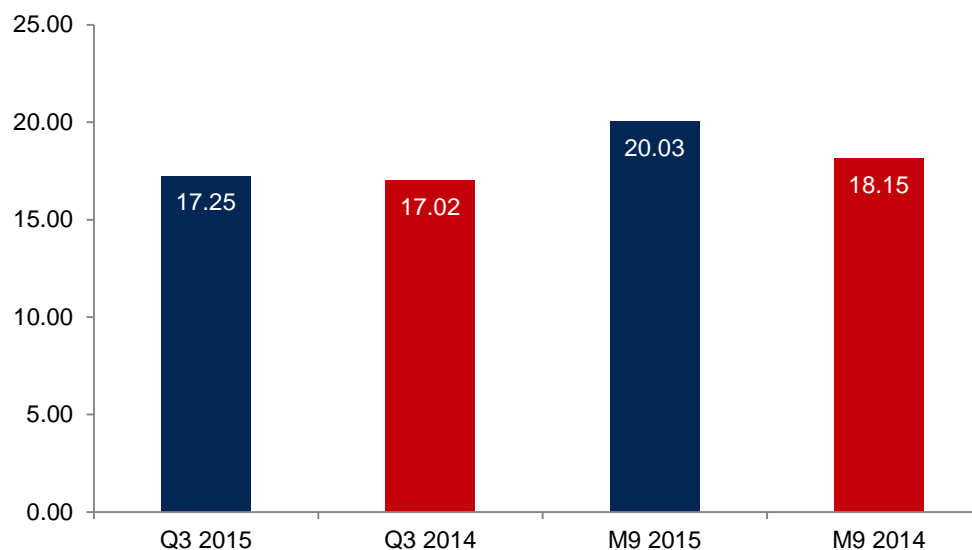


## SEGMENT FARMING – OPERATIONAL PERFORMANCE

### Operation

- Farming EBIT of NOK 17.25 per kg in Q3 2015 compared to 17.02 in Q3 2014
- Lower EBIT/kg in DKK, but marginal higher EBIT/kg in NOK
- EBIT/kg negatively affected by DKK 0.50 per kg due to operation costs of testing of Hans á Bakka
- A71 Funningsfjørður empty by end of Q3 2015

Margin - EBIT per kg total harvested quantity [NOK/kg]



(NOK/kg)	Q3 2015		
	Farming North	Farming West	Farming
Operational EBIT/kg gw	18.03	16.92	17.25

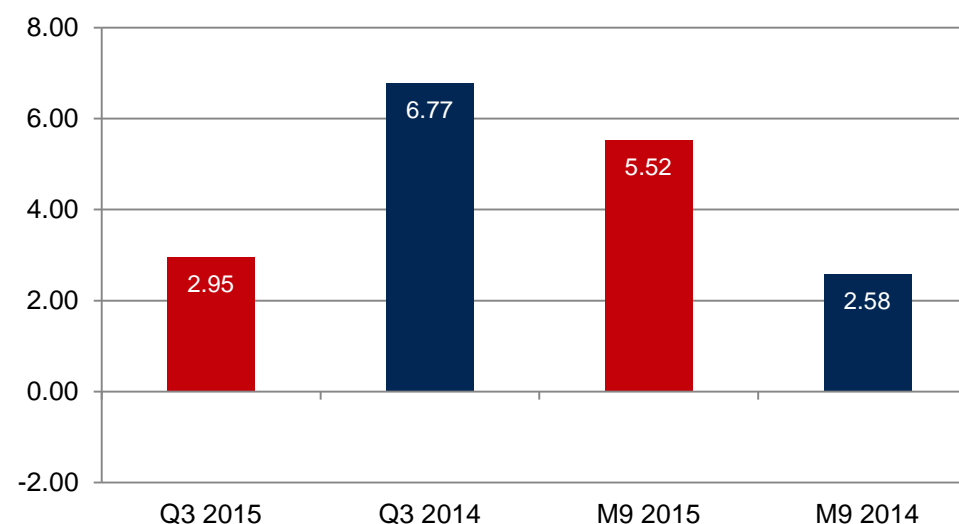
## SEGMENT VALUE ADDED PRODUCTS (VAP)

### VAP revenues and margin

- Stable market conditions
- Revenues increased by 8% from DKK 155 million in Q3 2014 to DKK 167 million in Q3 2015
- Operating EBIT in Q3 2015 DKK 9 million, compared with DKK 27 million in Q3 2014
- Margin decreased from 17% to 5%, because of higher prices of raw material (spot prices on fresh salmon) used in VAP segment
- Contract period is normally between 6 and 12 months
- Bakkafrost has 78% of VAP capacity for the rest of 2015 committed in contracts

(DKK million)	Q3 2015	Q3 2014	M9 2015	M9 2014
Operating revenues	167	155	547	654
Operational EBIT	9	27	62	38
Operational EBIT margin	5%	17%	11%	6%
VAP produced volumes (tgw)	3,745	4,350	13,334	16,122

### Margin - EBIT per kg total harvested quantity [NOK/kg]

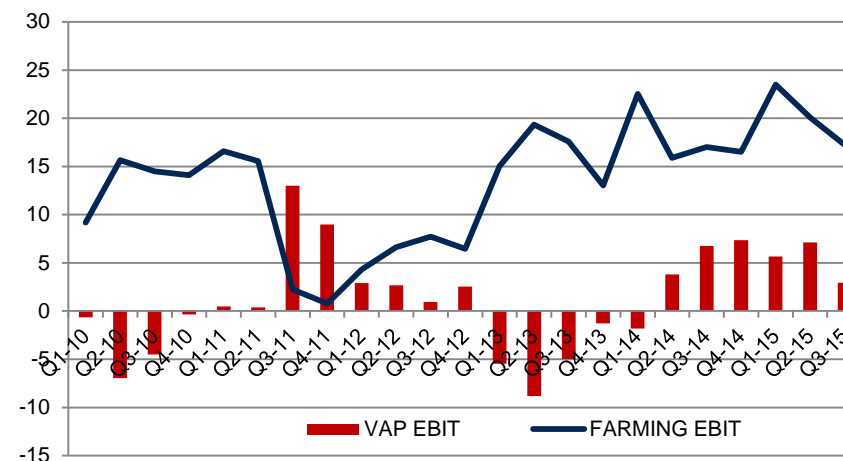


# SEGMENT VALUE ADDED PRODUCTS (VAP)

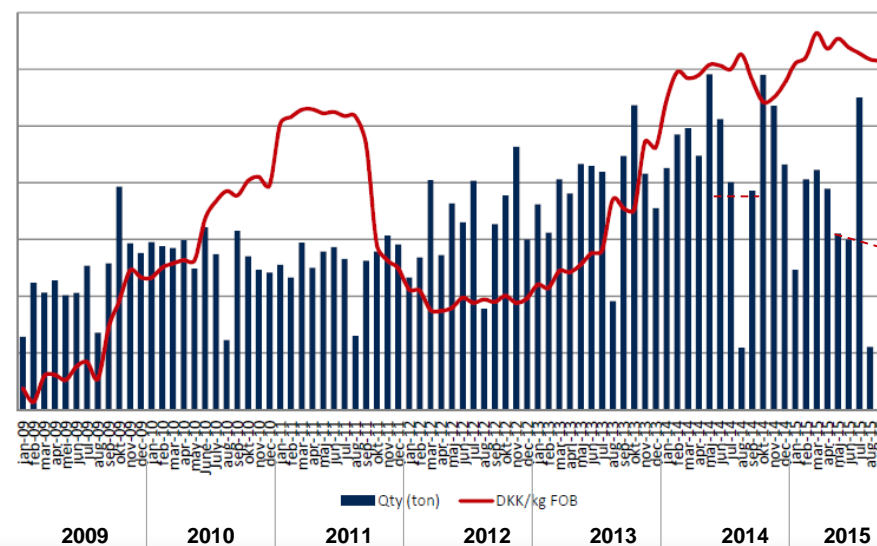
## Lower combined margin from VAP and Farming

- VAP operational EBIT was 2.95 NOK/kg and Farming operational EBIT was 17.25 NOK/kg in Q3 2015
- Combined VAP/Farming operational EBIT was 18.10 NOK/kg in Q3 2015, compared with 19.73 NOK/kg in Q3 2014
- Bakkafrøst's strategy is to sell 40-50% of our products as VAP products
- Losses during periods with high increase in spot prices and gains during periods with drop in spot prices is quite normal.
- Long-term strategy, optimizing markets
  - stabilizes cash flow – benefitting in periods with spot prices under pressure

Margin - EBIT per kg total harvested quantity [NOK/kg]



VAP Products, sales prices and volumes



## Reduced volumes y/y

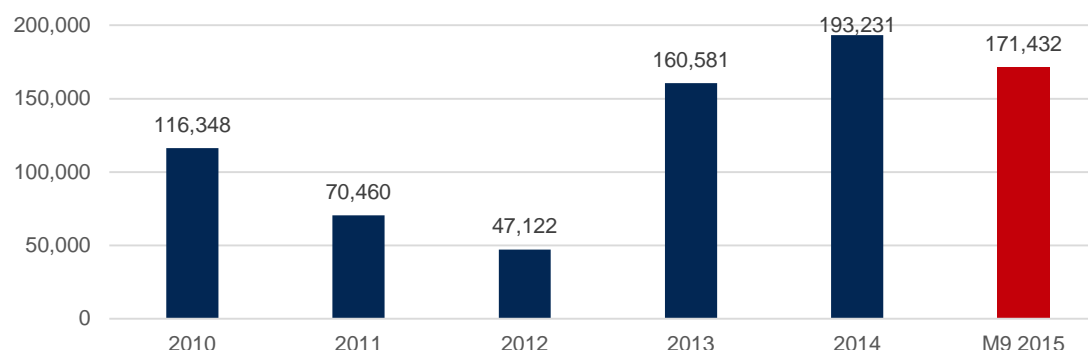
- EBITDA DKK 42 million in Q3 2015, compared with DKK 62 million in Q3 2014
- EBITDA margin of 13.0% in Q3 2015, compared with 21.5% in Q3 2014
- Raw material intake for fishmeal and oil in Q3 2015 was 10,417 tonnes, compared with 19,782 tonnes in Q3 2014
- Quantity of Feed was 27,011 tonnes in Q3 2015, compared with 29,808 tonnes in Q3 2014, corresponding to a decrease of 9%
  - Internal feed sales increased
  - External feed sales decreased

\*Including sales to Bakkafrost, corresponding to ~89% of feed volumes in Q3 2015 (Q3 2014: 79%)

## Fishmeal, Oil and Feed

(DKK million)	Q3 2015	Q3 2014	M9 2015	M9 2014
Operating revenues	320	287	809	746
EBITDA	42	62	157	141
EBITDA margin	13.0%	21.5%	19.4%	18.9%
Feed sold (tonnes)*	27,011	29,808	59,068	62,591
Fishmeal sold external (tonnes)	4,701	1,201	19,952	15,884
Fish Oil sold external (tonnes)	6	35	11	3,364

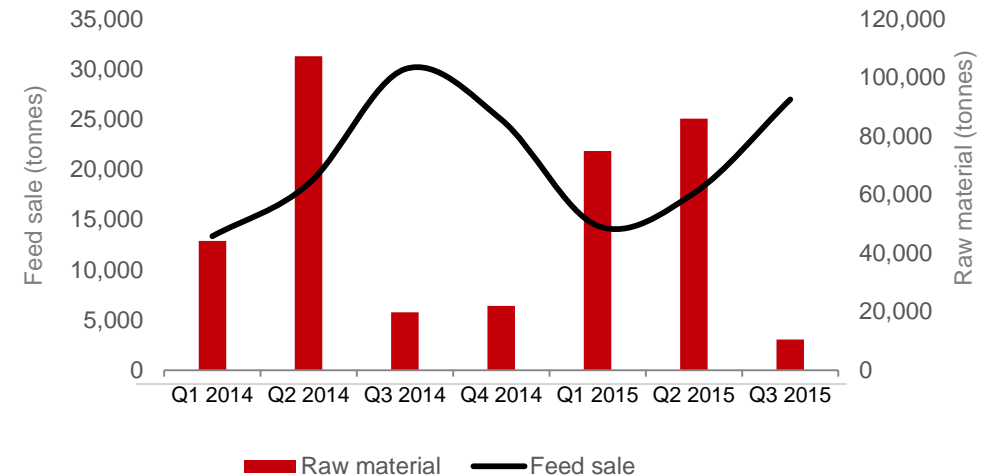
## Sourcing of raw material (tonnes)



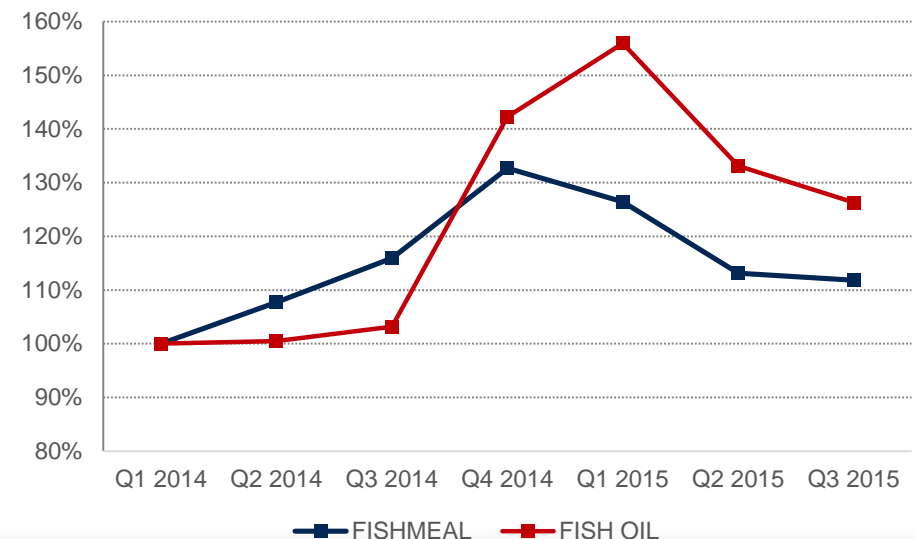
## Timing of raw material purchase affects profit

- Raw material intake YTD 2015 similar to YTD 2014 at 171 thousands tonnes
- Prices on fishmeal and fish oil have decreased during 2015
- Lower margins in Q3 2015 caused by higher costs on inventory of fishmeal and fish oil from 2015
- Price of salmon feed is based on actual and expected raw material prices at the beginning of the quarter
- Havsbrún's high quality salmon feed is based on high contents of marine raw material

## Volumes of raw material purchase and feed sale [tonnes]



## Fishmeal and fish oil price index (Q1 2014 =100)



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## GROUP PROFIT AND LOSS

- Revenues increased DKK 93 million or 16%. The increase is due to higher volumes in Q3 2015, than corresponding period 2014
- Operational EBIT decreased from DKK 209 million to DKK 206 million due to lower margins in all segments
- Decrease in fair value of biomass due to lower spot prices in DKK at the end of Q3 2015
- No provision for onerous contracts and no income from associates
- Financial items positive by DKK 23 million, whereof DKK 33 million positive unrealised currency gain relates to the bond loan of NOK 500 million
- Profit after tax decreased from DKK 211 million in Q3 2014 to DKK 168 million in Q3 2015

(DKK million)	Q3 2015	Q3 2014	M9 2015	M9 2014
Operating revenues	677	584	2,091	1,926
<b>Operational EBITDA*</b>	<b>232</b>	<b>233</b>	<b>823</b>	<b>676</b>
<b>Operational EBIT*</b>	<b>206</b>	<b>209</b>	<b>744</b>	<b>606</b>
Fair value adjustment on biological assets	-18	60	-111	-63
Onerous contracts	0	0	0	71
Income from associates	0	0	-14	3
<b>EBIT</b>	<b>188</b>	<b>269</b>	<b>620</b>	<b>617</b>
Net Financial items	23	-14	-5	-32
<b>EBT</b>	<b>212</b>	<b>255</b>	<b>615</b>	<b>585</b>
Taxes	-43	-44	-123	-160
<b>Profit for the period</b>	<b>168</b>	<b>211</b>	<b>492</b>	<b>425</b>
<b>Operational EBITDA margin</b>	<b>34.3%</b>	<b>39.9%</b>	<b>39.4%</b>	<b>35.1%</b>
<b>Operational EBIT margin</b>	<b>30.4%</b>	<b>35.7%</b>	<b>35.6%</b>	<b>31.5%</b>
<b>Operational EBIT/kg (Farming and VAP) (NOK)</b>	<b>18.10</b>	<b>19.73</b>	<b>22.03</b>	<b>19.48</b>
<b>EBITDA margin (fishmeal, oil and feed)</b>	<b>13.0%</b>	<b>21.5%</b>	<b>19.4%</b>	<b>18.9%</b>

\* Operational EBITDA and EBIT adjusted for non-operational related items such as fair value adjustment of biomass, onerous contracts, income/loss from associates etc.

# BALANCE SHEET

- Investments in PPE of DKK ~ 204 million in Q3 2015. The final part of the Hans á Bakka investment was in Q3 2015
- Financial assets are unchanged in Q3 2015, compared to end Q2 2015
- The carrying amount of biological assets has decreased, compared to end 2014
- Increase in inventory due to intake and prices of raw material in FOF
- Increase in equity because of positive results in the period
- NIBD at DKK 182 million down from DKK 233 million at end 2014\*
- Equity ratio 63% (Covenants 40%)

(DKK million)	End M9 2015	End M9 2014	End 2014
Intangible assets	295	295	295
Property, plant and equipment	1,346	973	1,041
Financial assets	113	132	125
Long-term receivables	0	14	1
Biological assets	947	960	1,014
Inventory	297	286	267
Receivables	128	184	172
Other receivables	194	114	142
Cash and cash equivalents	250	368	405
<b>Total Assets</b>	<b>3,570</b>	<b>3,327</b>	<b>3,463</b>
Equity	2,260	1,892	2,064
Deferred tax and other taxes	530	451	414
Long-term interest bearing debt	389	583	505
Financial derivatives	127	54	117
Short-term interest bearing debt	0	100	100
Accounts and other payables	263	245	263
<b>Total Equity and Liabilities</b>	<b>3,570</b>	<b>3,327</b>	<b>3,463</b>

\* Incl. unrealised exchange gain, losses and deposits on financial derivatives related to the debt

- Cash flow from operations improved because of good operational EBIT and changes in working capital affected the cash flow positively in Q3 2015
- Cash flow from investments represents investments in property, plant and equipment
- Cash flow from financing is affected negatively by decreased interest bearing debt and by financing of associated company
- Undrawn loan facilities of DKK 802 million, of which DKK 18 million is restricted

(DKK million)	Q3 2015	Q3 2014	M9 2015	M9 2014
Cash flow from operations	367	280	773	697
Cash flow from investments	-204	-47	-382	-153
Cash flow from financing	-208	-127	-546	-357
Net change in cash	-46	106	-155	186
Cash at the end of the period	250	368	250	368
Undrawn facilities	802	921	802	921

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# OUTLOOK

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## Market

- 0% global supply growth in 2016
- Forward prices increased to around NOK 44 per kg next 12 months

## Farming

- 2015 estimated harvest volumes unchanged at 49,000 - 51,000 tonnes HOG
- 2016 estimated harvest volumes at 48,000 tonnes
- Expected smolt release
  - in 2015 total 10.4 million pieces
  - in 2016 total 10.5 million pieces

## VAP

- Contracted 78% of available capacity for 2015

## Fishmeal, oil and feed

- Forecast for feed sales
  - 79,000 tonnes in 2015
  - 80,000 tonnes in 2016

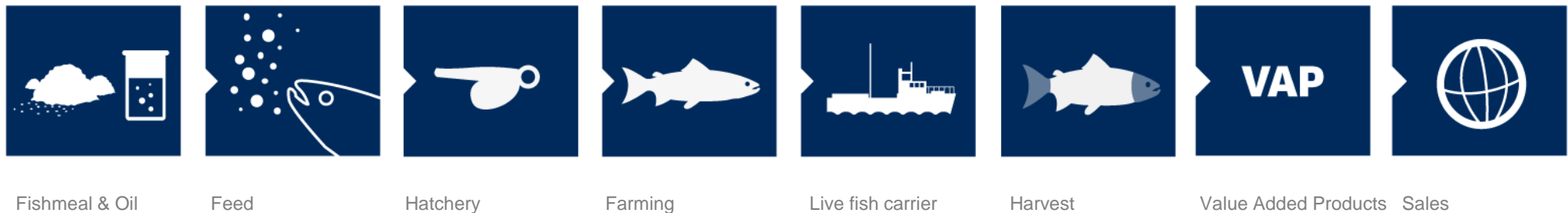
## Business development

- Optimizing of the Value Chain according to the announced investment plan continues
- Pursue Organic Growth
- Financial flexibility enables M&A

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**The investments will be made step by step in the relevant parts in the value chain to secure:**

- Efficiency
- Biological risk
- Organic growth

## INVESTMENTS – PROGRAMME 2015 - 2017

### Status on main investments

#### ■ Harvest/VAP factory

- Construction of buildings in progress - expected finalized in Jan-2016
- Installation of machinery started, testing in March-2016
- Operation to start up in Q2 2016

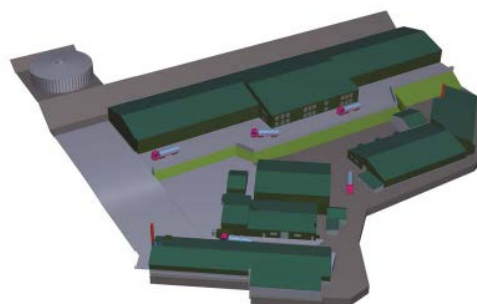
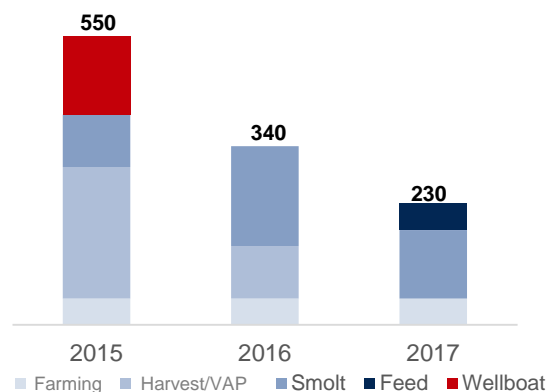
#### ■ New 8,000m<sup>3</sup> Hatchery at Viðareiði

- Construction in progress
- To start operation in Q2 2016

#### ■ Live fish carrier *Hans á Bakka*

- Testing
- Focus on non-chemical treatments
- Operation started
- Main activity to supply new Harvest facility from 2016

Total investment programme 2015 – 2017  
1,120 million DKK



Drawing of Bakkafrost's new Hatchery in Viðareiði. New Hatchery on top and existing facilities below



## BUILDING NEW HARVEST & VAP FACTORY

### New Harvest & VAP factory in Glyvrar

#### Merging 7 factories into one facility

- Improve efficiency and create synergies
- Double capacity
- Significant reduction of internal transportation between own factories
- New products
- Reduce risk in farming
- Start-up in Q2 2016

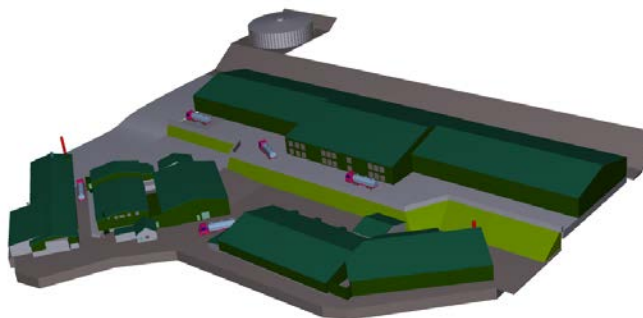


Building new Harvest & VAP factory to be completed in Q2 2016

## BUILDING NEW HATCHERIES

### New Hatchery in Viðareiði (S-21)

- **Significant capacity expansion in progress**
  - Recycling of 99% of water
    - saving water and heating
  - The goal is to increase average size of smolts from 100g to 300g in 2018
  - Reduce risk in farming
  - Reduce total time of production cycle at sea
  - Viðareiði facility to start-up in Q2 2016
  - New hatchery project to start-up in Q4 2015 to be finalized in Q2 2017



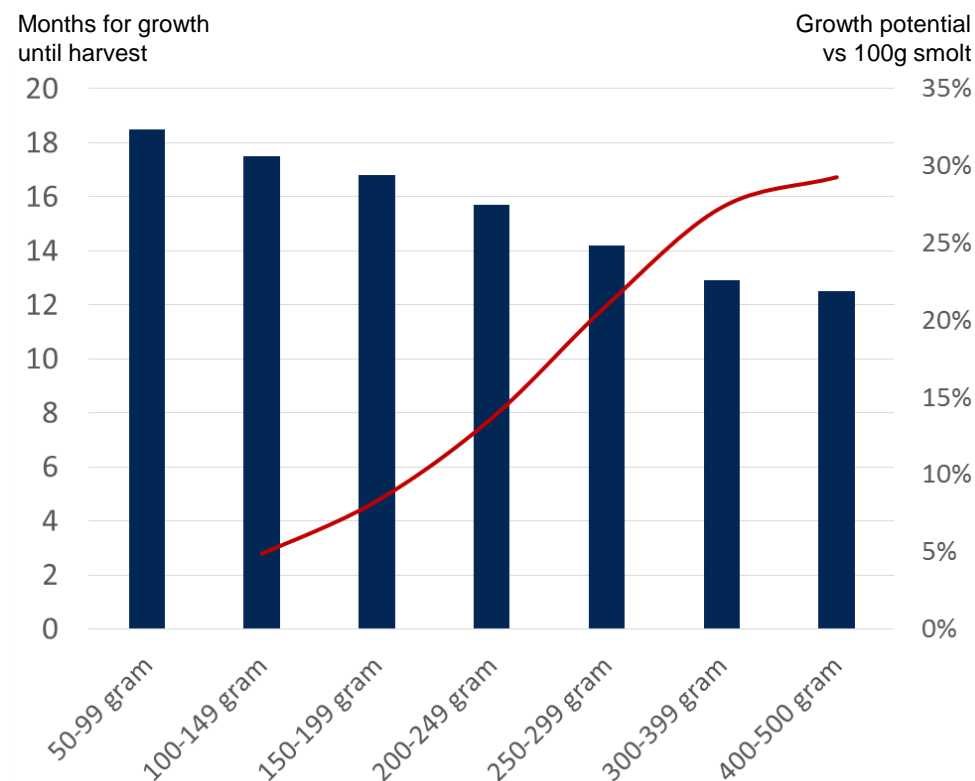
Building new 8,000m<sup>3</sup> Hatchery in Viðareiði to be finalized in summer 2016

## LARGER SMOLT – REDUCED RISK AND ORGANIC GROWTH

### Actual growth period with larger smolt

- Reduced risk
  - Up to 6 months reduced growth period will reduce risk significantly
  - Reduced mortality
  - Fewer treatments and lower treatment costs
- Organic growth
  - Shorter production cycle in farms will increase production
  - Around 30% theoretical growth potential with size increase from 100g to 500g

### Results with large smolt in the Faroe Islands



The graph shows actual growth period until harvest at 6 kg wfe in Faroe Islands in the period 2005-2014



### Financing of the investments 2015-2017

- Use free cash flow from operations
- Unused financing of approximately DKK 802 million
- Partly new financing if advantageous
- Flexibility to postpone investment in case of adverse events



### Unchanged dividend policy



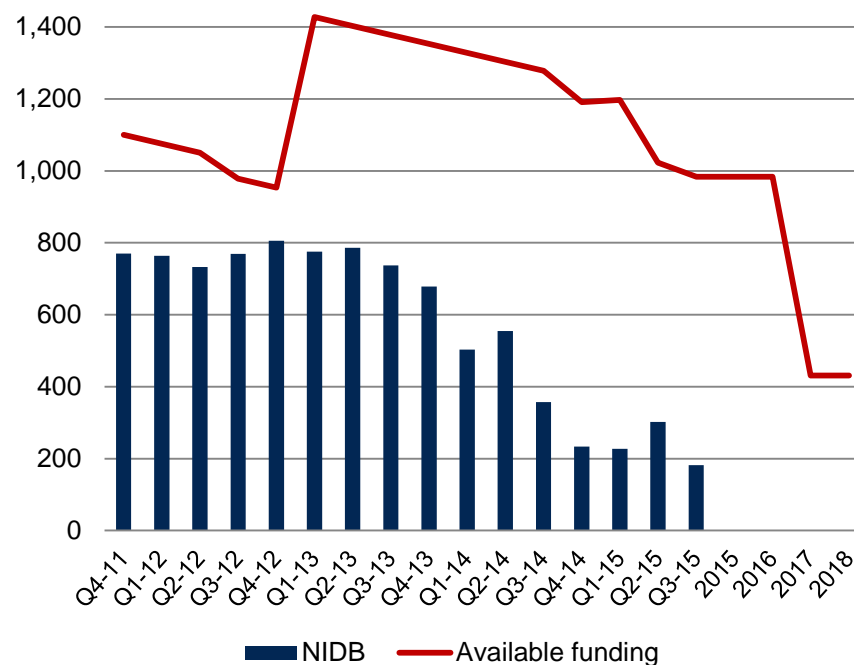
## Financing of the Group

- Total funding to DKK ~ 984 million
  - Bonds NOK 500 million due Feb 2018 (swapped into DKK)
  - Revolving credit facility of DKK 553 million due in 2017
- NIBD end Q3 2015: DKK 182 million

## Financial covenants

- NIBD/ EBITDA max 3.5 over 12 months (Bonds 4.0)
- Equity ratio of 40.0%

## NIBD and available funding



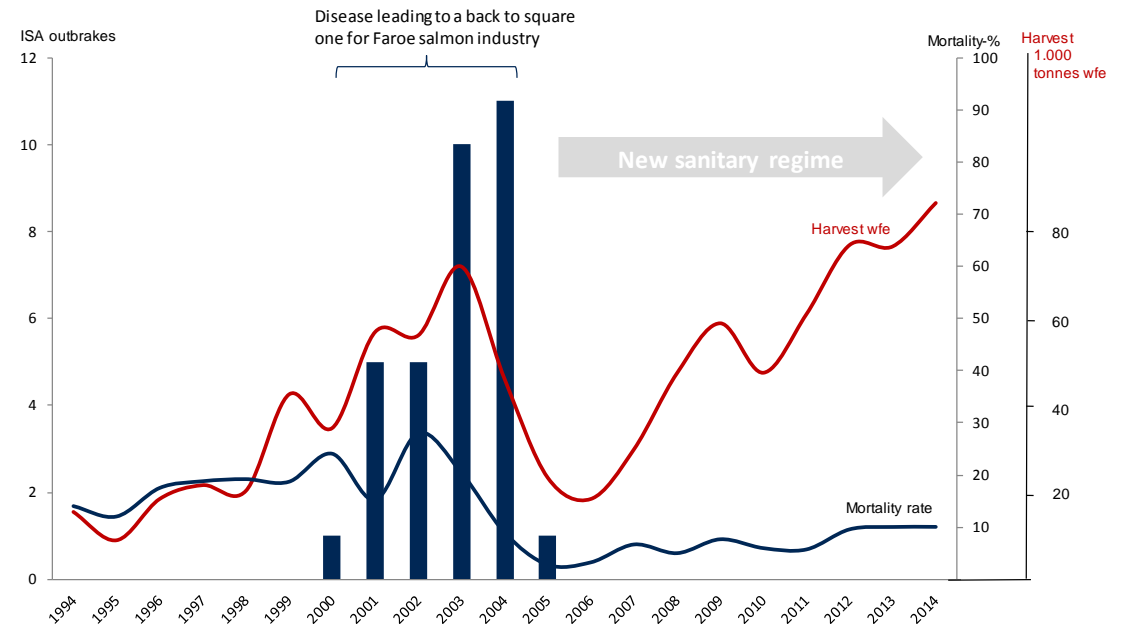
During the period 2001-2004 the Faroe Islands were severely struck by ISA outbreaks

New legislation and regulation was introduced in 2003 known as "The Faroese Veterinary Model":

- One generation based farming model
- Following periods between each generation
- Immunisation and vaccination programs
- Restricting movement of equipment and fish
- Density limits introduced
- Brood stock facilities allowed on land only
- Fish for harvest not allowed in open waiting cages at harvest station
- Minimum distances between farms and hatcheries
- Rules to fight and control sea-lice introduced

The Model has resulted in one of the most predictable fish production environments in the world with good KPI for salmon farming, such as FCR, Mortality and Growth rate

### Key Performing Indicators developed positively post New Veterinary System



Source: Bakkafrost

The mortality rate with the Faroese Veterinary Model has been between 5 and 10%, compared to 20 to 25% before – even though the annual production has never been higher than now.

- 18 islands – 1,387 km<sup>2</sup>
- 48,788 inhabitants (April 2015)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, Danish krone (DKK)

## Key sectors (% of wage earners, 2014)

- Service/public admin.: ~40%
  - Private service: ~31%
  - Construction: ~12%
  - Fishing : ~17%
  - Unemployment rate (March 2015): 3.1%
  - Total working force (number of people 2014): 28,707
- 
- GDP: DKK 14.7bn (2013)
  - GDP/capita: DKK 305,000 (2013) (Norway: 360,000) (2013)

## Total export of fish products (2013)

- DKK 6,171 million
- whereof farmed fish accounts for 48%

## TAXES

- Total Percent of GDP: 42.4% (2013)
- Corporate Tax: 18%
- Farming Licence Tax : 4.5% plus 0.5% of revenues
- Restriction on a single foreign ownership of 20% in farming companies
- One company may max. control 50% of licences in the Faroe Islands



Source: Hagstova Føroya

# FAROE ISLANDS

## – EXCELLENT CONDITIONS FOR COST EFFECTIVE FARMING

### GEOGRAPHY

- Natural growth area for wild salmon
- 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 European, US and Far Eastern markets

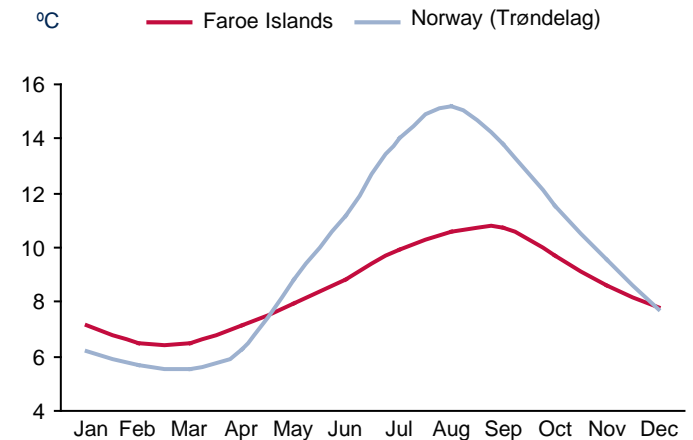
### BIOMASS

- Biological sustainability setting the biomass target per license

### FEED

- Sustainable feed, based on local marine raw materials. High on Omega-3, proved track record with best performance on high SGR and low FCR

### Average Seawater Temperatures

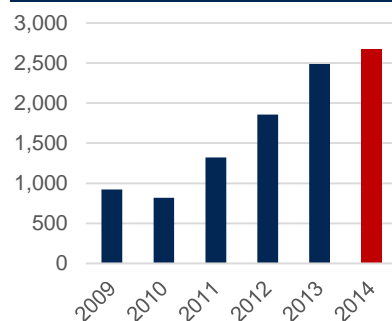


Source: Company material, Havforskningsinstituttet

## DEVELOPMENT PER QUARTER Q1 2012 – Q3 2015

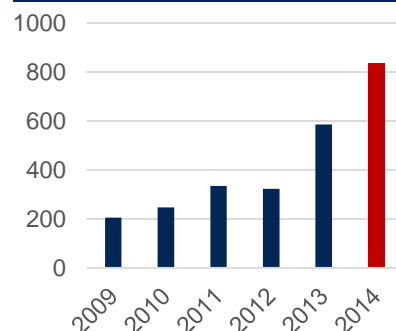
(mDKK)	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	677	800	613	757	584	711	631	667	741	610	473	582	457	416	400
Op. EBIT	206	303	235	227	209	212	186	124	187	169	105	99	86	78	60
Profit/Loss	168	191	132	222	211	126	87	138	200	184	67	148	26	91	16
Harvest (tgw)	12,982	14,182	9,726	12,651	10,881	11,212	9,269	11,097	11,335	10,540	8,296	13,044	9,730	10,219	11,348
Op. EBIT Farming & VAP (NOK/kg)	18.10	22.62	26.12	19.48	19.73	17.66	21.37	12.44	15.76	15.29	12.16	7.25	8.00	7.78	5.42
Equity ratio	63%	61%	61%	60%	57%	53%	57%	54%	52%	49%	48%	49%	47%	47%	43%
NIBD	182	302	227	233	357	555	503	641	728	786	775	807	770	733	764

Turnover (mDKK)



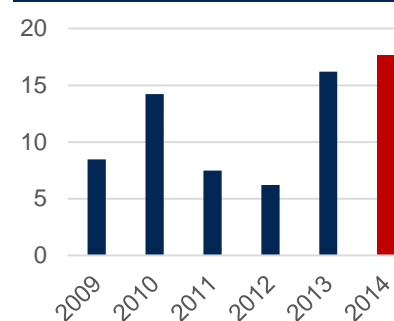
Turnover for the Bakkafrost Group has increased from 820 mDKK in 2010 to 2.7 bDKK in 2014.

Operational EBIT (mDKK)



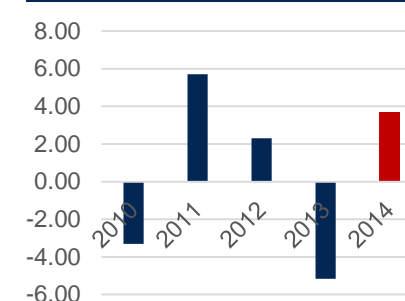
Operational EBIT for the Bakkafrost Group has increased from 247 mDKK in 2010 to 834 mDKK in 2014.

Farming margin Op. EBIT (NOK/kg)



The margin in Farming was NOK 17.65 per kg in 2014 – the highest ever.

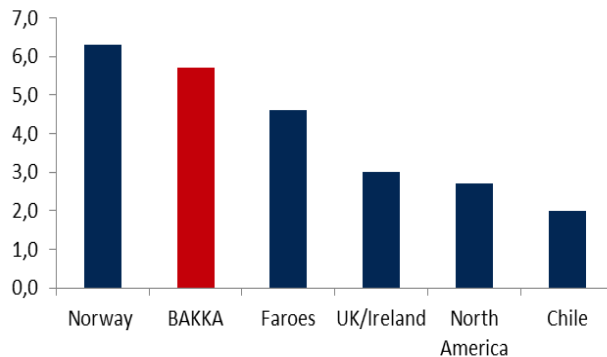
VAP margin Op. EBIT (NOK/kg)



The margin in VAP was NOK 3.69 per kg in 2014 – at the same time as Farming margin was record high.

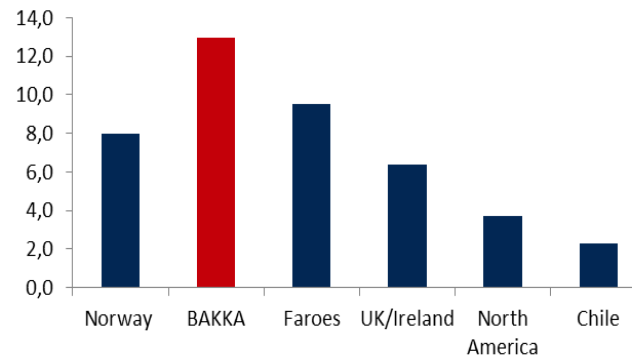
# THE VALUE OF A STRICT SANITARY REGIME

Margin EBIT/kg last 15 years (NOK/kg)



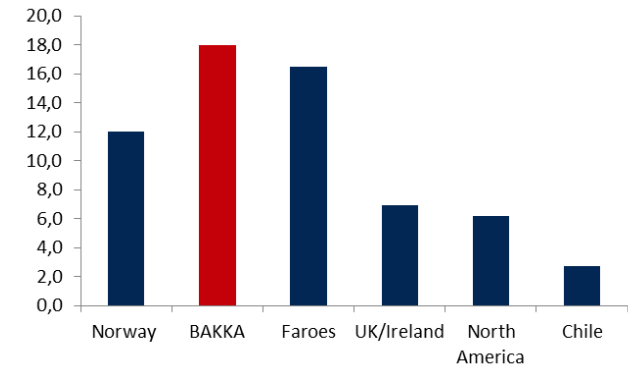
During the last 15 years, 2000 - 2014 Norway had the highest margin of the farming countries with 6.3 NOK/kg in average, while BAKKA had 5.7 NOK/kg.

Margin EBIT/kg last 5 years (NOK/kg)



The last five years - 2010-2014 BAKKA had a strong average margin of 13.00 NOK/kg.

Margin EBIT/kg 2014E (NOK/kg)



In 2014, BAKKA had a farming margin of 17.7 NOK/kg.

Higher value from:

- a good regulatory farming environment
- the new structure of the industry in the Faroe Islands
- company specific strategy

Source: Kontali

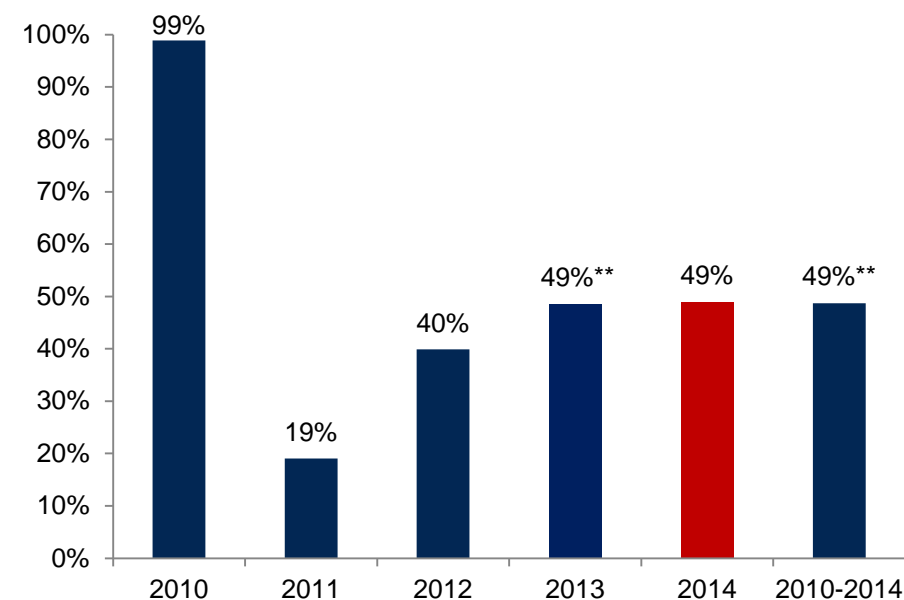
## Dividend

- Dividend of DKK 6.00 (NOK 6.78) per share paid in April 2015

## Dividend policy

- Competitive return through:
  - Dividends
  - Increase in the value of the equity
- Generally, the company shall pay dividends to its shareholders
- A long-term goal for the Board of Directors is that 30–50% of EPS shall be paid out as dividend

**DPS in % of adj. EPS \***



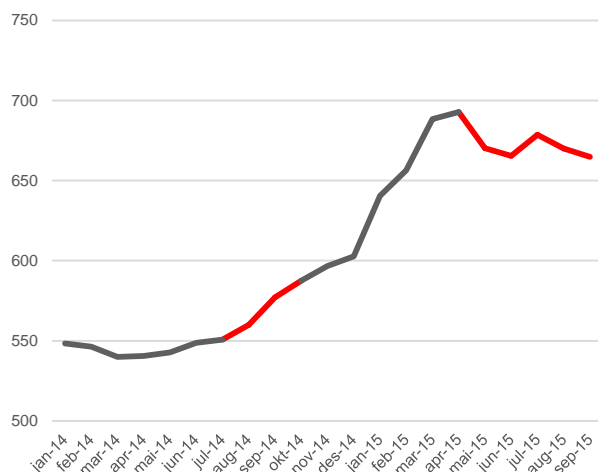
\* Operational EBIT is EBIT adjusted for fair value adjustment of biomass, onerous contracts, income/loss from associates, acquisition costs and goodwill.

\*\* Dividend and acquisition of treasury shares

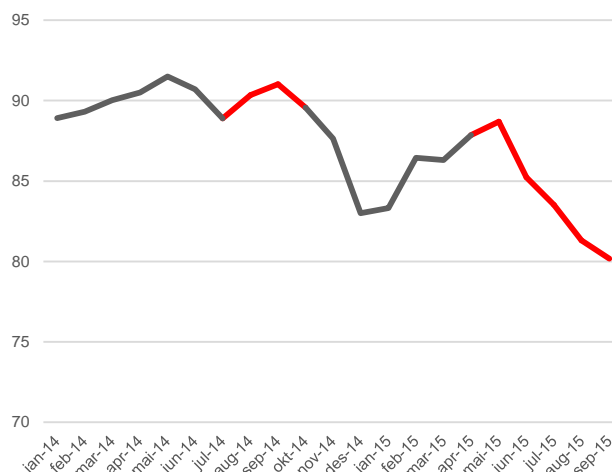


# MONTHLY EXCHANGE RATES

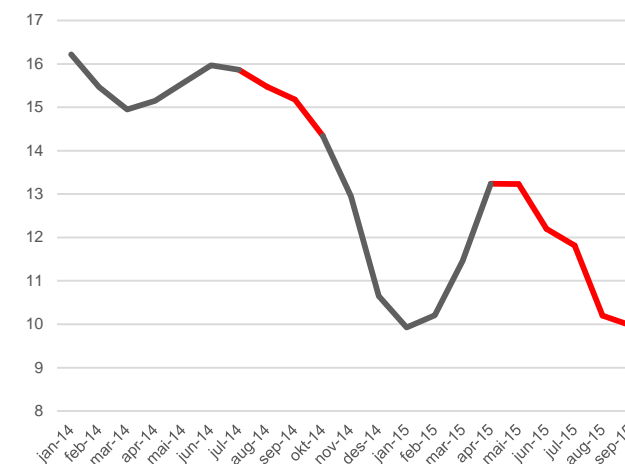
## USD/DKK



## NOK/DKK



## RUB/DKK



- USD increased very much in value 2H 2014 and 1Q 2015. The trend in Q3 2015 has been slightly negative
- More than 50% of the revenue of Bakkafrøst is in USD
- Bakkafrøst has to some extent a natural hedge with large import of raw materials in USD
- So far Bakkafrøst has not been hedging currency risks
- NOK has reduced value especially in Q3 2015 against most currencies. This means Norwegian export has gained competitive advantage, as a big share of costs are priced in NOK
- RUB has lost value since April 2015, and is now on same low level as in Jan-15
- The consumption in Russia is negatively affected by the development

# LARGEST SHAREHOLDERS

## 20 largest shareholders

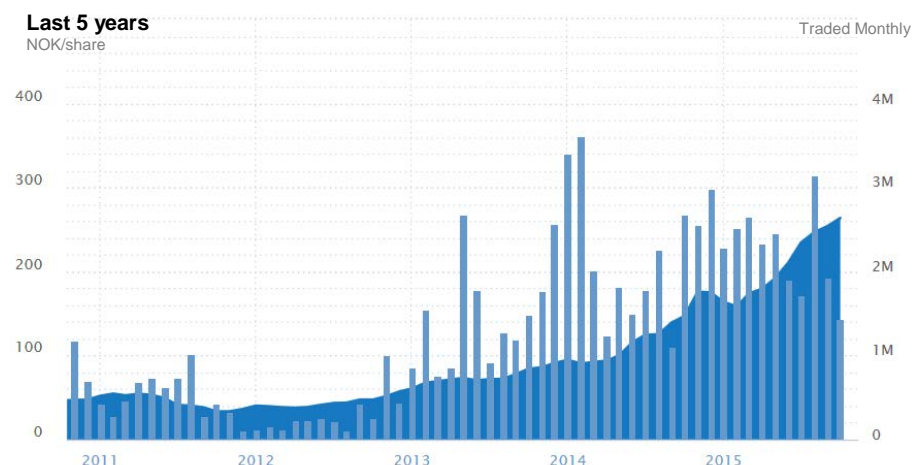
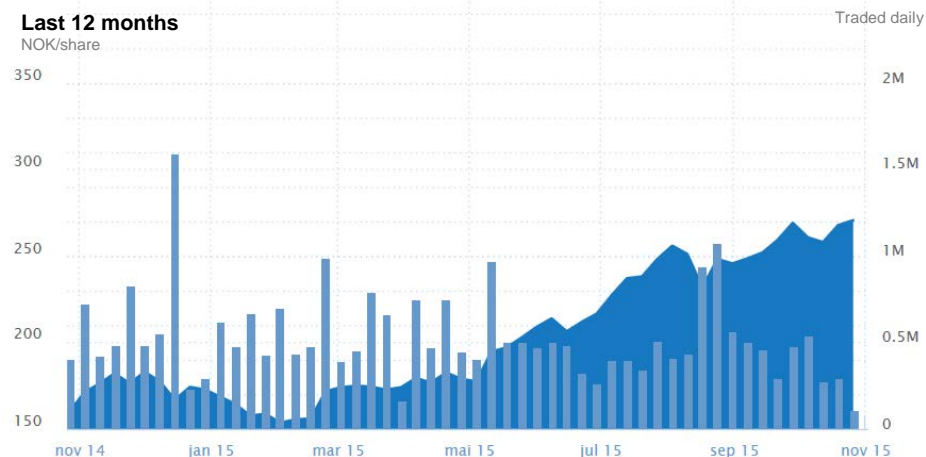
No of shares		Account name	type	Citizenship
4.594.437	9,4%	Jacobsen Oddvør		FRO
4.491.217	9,2%	Jacobsen Johan Regin		FRO
1.856.508	3,8%	SPAR NORD BANK A/S S/A CLIENT ACC	NOM	DNK
1.508.860	3,1%	DANSKE BANK 3993 NORDIC SETTLEM	NOM	DNK
1.413.833	2,9%	Skandinaviska Enskil A/C CLIENTS ACCO	NOM	SWE
1.216.483	2,5%	JP Morgan Bank Luxem JPML SA RE CLT	NOM	LUX
1.052.168	2,2%	VERDIPAPIRFONDET DNB		NOR
926.904	1,9%	SWEDBANK ROBUR SMABO NORDEN		SWE
850.988	1,7%	J.P. Morgan Chase Ba A/C US RESIDENT	NOM	USA
789.277	1,6%	STATE STREET BANK AN A/C CLIENT OI	NOM	USA
754.214	1,5%	Morgan Stanley & Co. MS & CO INTL PLC I	NOM	GBR
680.931	1,4%	STATE STREET BANK AN A/C EXEMPT L	NOM	USA
654.089	1,3%	The Bank of New York BNY MELLON	NOM	USA
599.783	1,2%	J.P. Morgan Chase Ba EUROPEAN RESID	NOM	GBR
574.217	1,2%	UBS (LUXEMBOURG) S.A UBS(LUXEMBO	NOM	LUX
572.653	1,2%	STATE STREET BANK & A/C CLIENT FUN	NOM	USA
569.112	1,2%	SEB Private Bank S.A	NOM	LUX
536.903	1,1%	FOLKETRYGDFONDET		NOR
470.256	1,0%	SKANDINAVISKA ENSKIL A/C CLIENTS A	NOM	DNK
466.490	1,0%	VERDIPAPIRFONDET ALF		NOR
<b>24.579.323</b>	<b>51,44</b>			
<b>48.858.063</b>		<b>100 Total number of shares as per October 28th 2015</b>		
<b>302.352</b>		<b>0,7 Wherof own shares</b>		
<b>48.555.713</b>		<b>99,3 Total number of outstanding shares</b>		

## Origin of shareholders, 5 largest countries

No of shares	% Origin	No of shareholders
12.822.363	26,2% Faroe Isl	946
10.851.527	22,2% UK	97
9.022.995	18,5% Norway	2.267
6.422.450	13,1% USA	79
1.508.877	3,1% Belgium	38

Total number of shareholders: 3,587 - from 22 different countries

## Share development



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