



**1st Quarter 2009**  
**29.05.2009**

**MICHAEL MALLING, CEO**  
**HARALD DAHL, COB**

# Agenda

## Topic

## Speaker

### 1. Highlights Q1/ 2009

Harald Dahl, COB

### 2. Financials

- key highlights
- cash & liquidity situation

Michael Malling, CEO

### 3. Business update

- Cod Juveniles AS
- Cod Farming
- Cod Processing

Michael Malling, CEO

### 4. Market update

Harald Dahl, COB

# Highlights Q1 / 2009

- ✓ Q1/09 revenues of **31.9 MNOK** compare to **1.1 MNOK** in Q1/08. Total harvest of 1 290 tons (r.w) own production and 500 tons (r.w) for other producers in the Nordland region
- ✓ The average FOB sales price in Q1/09 ended at 24,7 NOK/kg. Low average price and large volume of small fish from Hammarvika location as a consequence of forced harvesting imposed by the Fish Health Authorities. COD regained its position as price leader in March.
- ✓ Codfarmers had **58% of exported volume** of fresh farmed cod from Norway.
- ✓ EBIT of -6.3 MNOK in Q1/09 compare to -8.6 MNOK in Q1/08. Limited loss on fish sold as a result of biomass write off in 2008
- ✓ Cash position of 33,7 MNOK per Q1/09. Cashflow positive in Q1/09 as a result of loans & grants from Innovasjon Norge
- ✓ Continued focus on cash and cost control
  - Reduced production & sales/adm cost
  - Revised growth plan based on Marin Breed F1/F2 juveniles release
  - Finalized negotiating with Innovation Norway to secure extra loans, grants and bank guarantees

# Financial – key figures

Key Financials Figures NOK (1000`)	Q1 2009	Q1 2008	Year 2008
Revenue	31 929	1 147	74 215
EBITDA	-894	-6 153	-121 952
EBIT before biomass adj	-6 330	-8 662	-138 809
EBIT after biomass adj	-6 330	-8 662	-138 809
Net profit	-10 744	-9 167	-147 950
Total assets	345 702	449 243	334 417
Totalt Equity	180 374	329 564	191 095
Equity ratio	52 %	73 %	57 %
Interest bearing debt	127 879	89 766	107 240
Cash and cash equivalents	33 773	179 837	15 397

Key Biological Figures	Q1 2009	Q1 2008	Year 2008
Juveniles relase (1000)	0	700	3 467
Harvesting tons (r.w)	1 290	0	2 843
Net growth tons (r.w)	950	570	4 544
Biomass in sea tons (r.w)	4 494	3 600	4 950
Average weight (kg)	1,0	0,9	1,0

- ✓ **Q1/09 sales revenue of 31.9 MNOK** compare to 1.1 MNOK in Q1/08. Totalharvest of 1 290 tons (r.w) own production and 500 tons (r.w) for other producers in the Nordland region.
- ✓ **EBIT of –6.3 MNOK** in Q1/09 compare to -8.6 MNOK in Q1/08  
EBIT result of total **NOK - 3,5 pr kg (r.w)** is mainly explained by the following factors:
  - (1) reduced admin/sales cost to 3.3 MNOK in Q1/09 compare to avg. cost per quarter of 5,0 MNOK in 2008
  - (2) 0.4 MNOK in negative results from fish sold in the period. Biomass write down in 2008 reflecting limited loss in the quarter
  - (3) Negative result from subsidiaries with 1,7 MNOK
- ✓ **Total assets of 346 MNOK**, reflecting 164 MNOK in non current assets and 182 MNOK in current assets. Estimated biomass value of 119 MNOK.
- ✓ **Total equity of 180 MNOK** with an **equity ratio of 52%** and 128 MNOK of interest bearing debt.
- ✓ **No losses** on trade debtors in Q1/09

# Cashflow – liquidity position as expected

CASHFLOW	IFRS	
Unaudited (NOK 1000)	Q1 2009	Q1 2008
<b>Cash generated from operating activities</b>		
Profit for the period	-6 330	-8 662
Interest paid	-2 062	-130
Depreciation and amortisation	5 436	2 509
Change in inventories	-15 144	-22 916
Change in trade receivables/payables	2 250	8 084
Change in other	7 836	-152
<b>Net cash generated from opert.activities</b>	<b>-8 015</b>	<b>-16 928</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-4 440	-20 863
Governments grants related to investments	11 750	0
Interest received	406	2 085
<b>Net cash used in investing activities</b>	<b>7 716</b>	<b>-18 779</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowings	-532	-37
Proceeds from new borrowings	19 183	0
Share option costs	23	127
<b>Net cash used in financing activities</b>	<b>18 675</b>	<b>90</b>
<b>Cash at end of the period</b>	<b>33 773</b>	<b>179 837</b>

- ✓ **Cashflow from operations**
  - - 8,0 MNOK in Q1/09 compare to -17,0 MNOK in Q1/08
  - Mainly reflects YTD result and investment in biomass/inventories
- ✓ **Cashflow from investing activities**
  - 7,7 MNOK in Q1/09 compare to – 18,8 MNOK in Q1/08
  - Capex 4,4 MNOK
  - Grants from Innovasjon Norge 11,8 MNOK
- ✓ **Cash flow from financing activities**
  - 18,6 MNOK in Q1/09 compare to 0 MNOK in Q1/08
- ✓ **Cash position per Q1/09 33,8 MNOK**
- ✓ **Other cash & liquidity position**
  - 20 MNOK in undrawn revolving credit facility, DnB NOR
  - 17,4 MNOK in receivables
  - Factoring facility undrawn
- ✓ **Potential cash & liquidity**
  - Grant/loans from Innovasjon Norge 30 MNOK
- ✓ **COD is fully financed for 2009 based on today's cash position**



# Cod Juveniles AS – hatchery in operation

## Main investments finalized

- ✓ 66 MNOK invested
- ✓ Planned 7 MNOK investment in hatchery in 2009 subject to financing from Innovation Norway

## Brood stock – spawning from Marin Breed (F1) top selection started

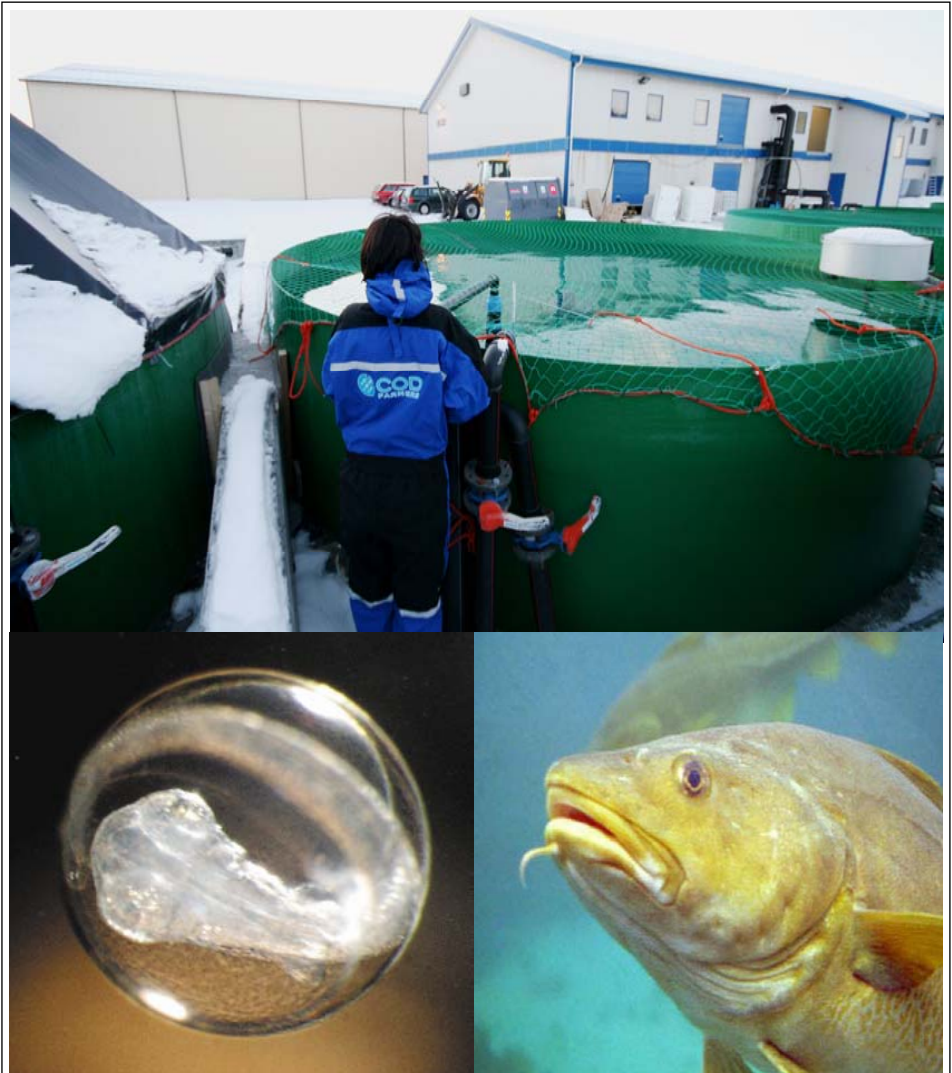
- ✓ Egg production started from Marin Breed (F1) broodstock, spawning period from April - June
- ✓ Benchmarking as today this group shows more than 35% better growth compared to offspring from wild fish commonly used in production today.

## Hatchery – Full scale production planned

- ✓ Hatchery up-graded and scaled for 2 mill. juveniles per batch.
- ✓ Expected first delivery for juveniles on-growing in 03/09

## Juvenile facility – Production of 0,8 mill. in Q1/09

- ✓ First group of 0,3 mill delivered for farming at Sjetnes location



# Cod Juveniles – integrated brood stock, hatchery and juveniles facility



# Cod Farming – production according to plan

## All capex. invested; capacity of 27.000 MTB

- ✓ Capital expenditure for production at 6 large scale locations completed
- ✓ 5 locations in operation in 2009

## Location Hammarvika fully harvested

- ✓ Low harvesting weight of 2,4 kg due to forced harvesting according to Fish Health Authorities
- ✓ Production cost of NOK/kg 31,9 (r.w). Limited loss in Q1/09 due to write off in 2008

## New release of 1,4 mill juveniles at Sjetnes location

- ✓ Release of high quality sorted juveniles, at low juveniles cost (NOK 10,50)
- ✓ Shows good performance in sea, early high feeding ratio

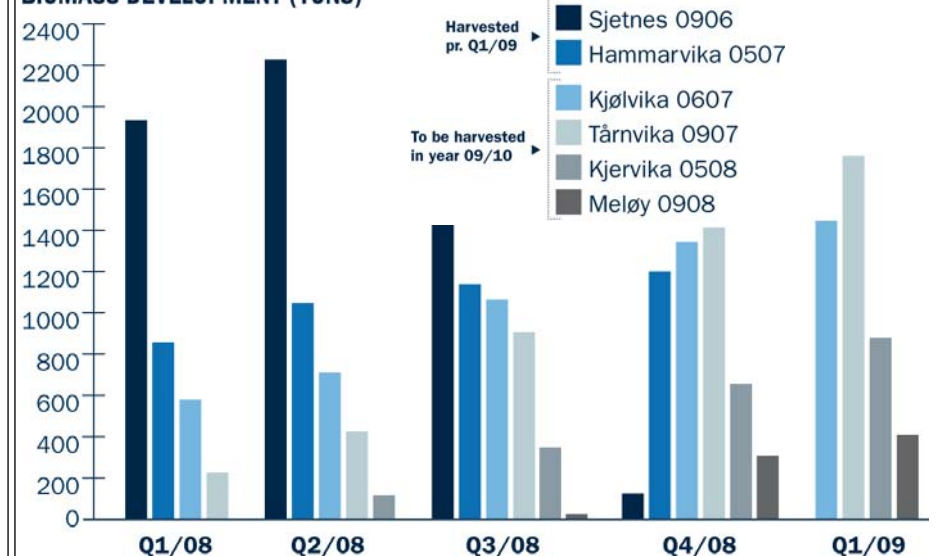
## Standing biomass of 4500 tons (r.w)

- ✓ Biomass value of 119 MNOK (written down to market value)
- ✓ Total of 6 mill. fish in sea
- ✓ Expected harvesting volumes of 5000t in 2009, mainly from Kjølvika & Tårnvika location.

## COD PERFORMANCE INDICATORS PER MARCH 2009

	Sjetnes Gen.Sept 2006	Hammarvika Gen.May 2007	Kjølvika Gen.June 2007	Tårnvika Gen.Sept 2007	Kjervika Gen.May 2008	Meløysjøen Gen.Sept 2008
Harvest %	100%	100%	5%	0%	0%	0%
Growth from 100g to 1,5kg	14 months	14 months	15 months	-	-	-
Growth from 100g to harvested weight	20 months	23 months	22 months	-	-	-
Avg. harvested weight	3,1 kg	2,4 kg	2,7 kg	-	-	-
Current avg. weight	-	-	1,9 kg	1,3 kg	0,7 kg	0,4 KG
No. of fish (1000)	-	-	771	1 376	1 201	1 114
Biological feed factor (FCR)	1,16	1,25	1,11	1,02	0,98	0,90
Economic feed factor (EFCR)	1,27	1,42	1,22	1,07	1,00	0,96
Mortality (%) based on start number	13,9 %	15,8 %	14,5 %	12,7 %	3,1 %	5,8 %
Production Cost per kg (r.w.)	NOK 21,9	NOK 31,9	NOK 28,0	NOK 30,6	NOK 33,2	NOK 53,4

## BIOMASS DEVELOPMENT (TONS)





# Cod Processing – increased volumes from internal & external volumes

## Increased efficiency & high capacity

- ✓ Invested 25 MNOK in securing 10,000 tons (r.w) annual harvest capacity
- ✓ Average capacity of 12,000 fish per day
- ✓ BRC classification for both fresh processing and fillet line in Q1/09

## Pre-rigor fillet line in operation – scaling up for high volumes in Q3

- ✓ Planned investment of MNOK 4 subject to financing from Innovasjon Norge
- ✓ Scaling up pre-rigor fillet capacity for handling up to 50% of daily production
- ✓ Ultra fresh fillets produced within 4 hours after harvesting

## Production of Omega 3 oil for Denomega

- ✓ Increase liver yield up to 100% and secure stable prices
- ✓ Good feedback on oil quality in Q1

## Increased harvesting of external volumes

- ✓ Halså has been a central hub for several producers in the Nordland region
- ✓ External harvesting volumes of 500 tons (r.w) in Q1/09



# Cod Market – growing contract volumes & external sales

## Low prices and difficult market

- ✓ FOB price of 24,72 NOK/kg
- ✓ So far this year 14 out of 20 weeks; average price above market average
- ✓ 1-2 kg fish accounted for 62% of fish sold

## Increased volumes and market share

- ✓ Norwegian farmed cod export tripled compared to Q1/08
- ✓ 58% COD market share in the quarter

## Contract sales continue to grow

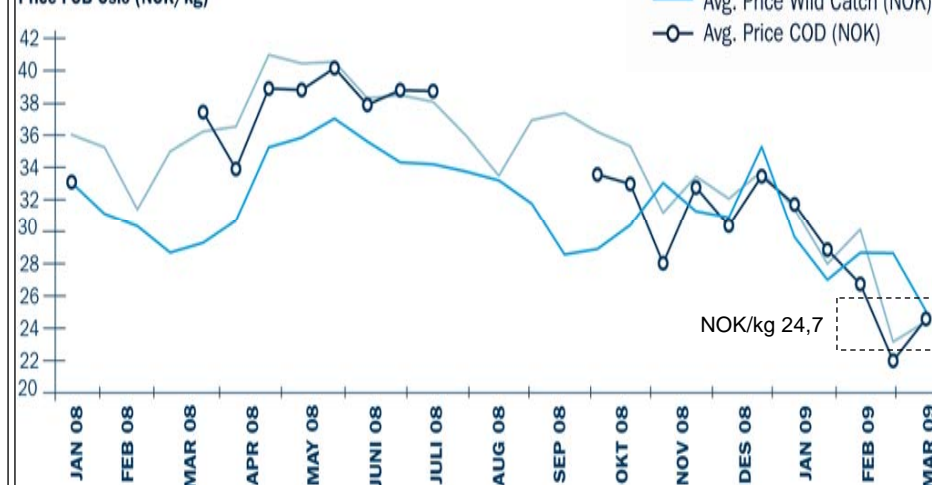
- ✓ 57% of sales sold in spot market to processors and exporters at average prices between NOK/kg 16-20 the majority of which was 0-2kg. fish
- ✓ 7% sold in spot market directly to wholesalers at prices around NOK/kg 30
- ✓ 35% sold on long-term contracts directly to end customers at prices between NOK/kg 35 - 38
- ✓ 1% Strøm, our best fish sold at prices above NOK/kg 50

## Fillet production helps win new markets and customers

- ✓ COD's soft launch of Ultra Fresh fillets opens new overseas opportunities. The wider product range generally positions the company as a more attractive trading partner
- ✓ Expansion of fillet product range planned in line with further development of the production line
- ✓ Filets and loins will gradually become main products

## SALES PRICE BENCHMARK :

Price FOB Oslo (NOK/kg)



## PRICE BENCHMARK SIZE DISTRIBUTION

