




**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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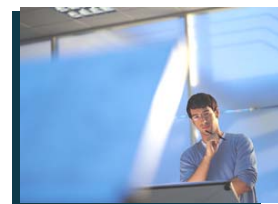
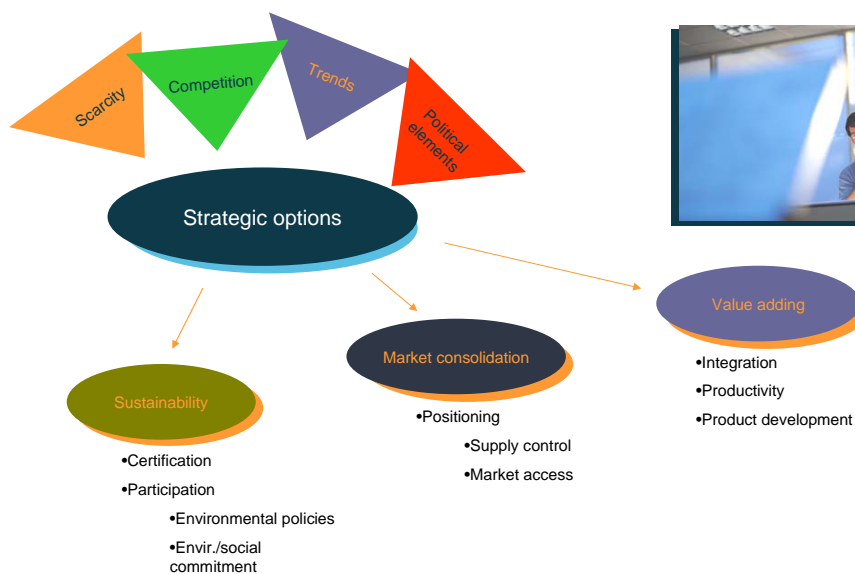
Objectives and Strategy



- 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



Analysis from FORTUNE: Plugged in

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

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 that the cost of bread will also increase.

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.

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)
Activities				
Harvesting capacity	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
Primary Processing	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
Secondary Processing			High Concentrate Omega-3 Fish Oil Plant	5000mt of crude fish oil = 1500mt Of HCO3
Sales & Distribution	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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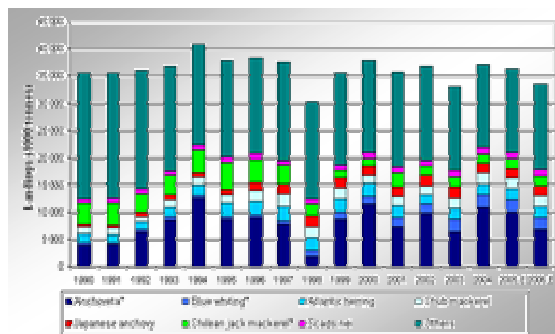
- **Market Outlook**
- **Omega-3**



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

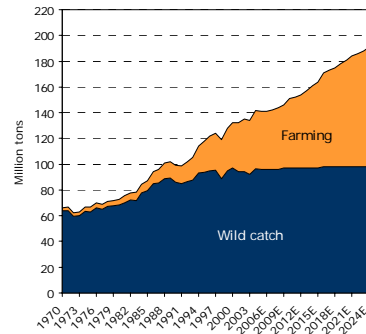
Expected growth in seafood consumption



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

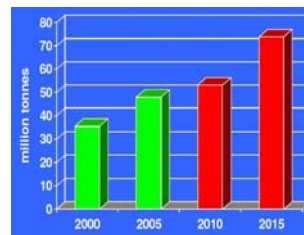
- Increase in aquaculture production = increase in demand of Fishmeal.
- The health and growth of all the young farmed species depend on high quality fishmeal.

Pig Farming

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

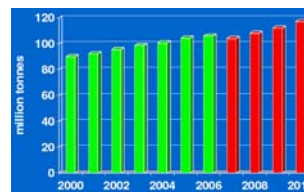


FAO predicts growth in aquaculture in the next 7 years



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

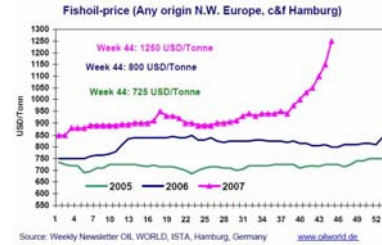
Limit on Substitution by Veg. oils

- 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.

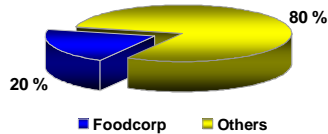


Source: Kontali

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

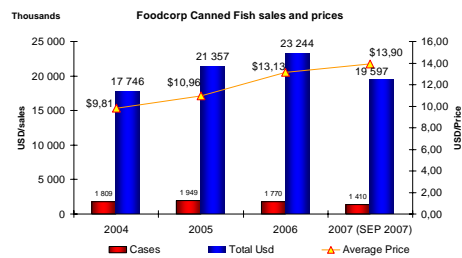


Frozen fish

- 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.



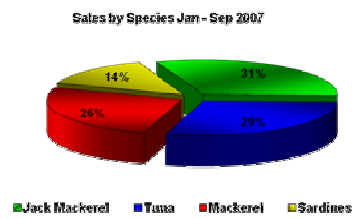
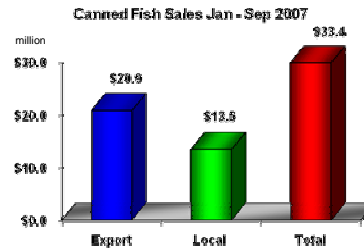
Source: Foodcorp SA

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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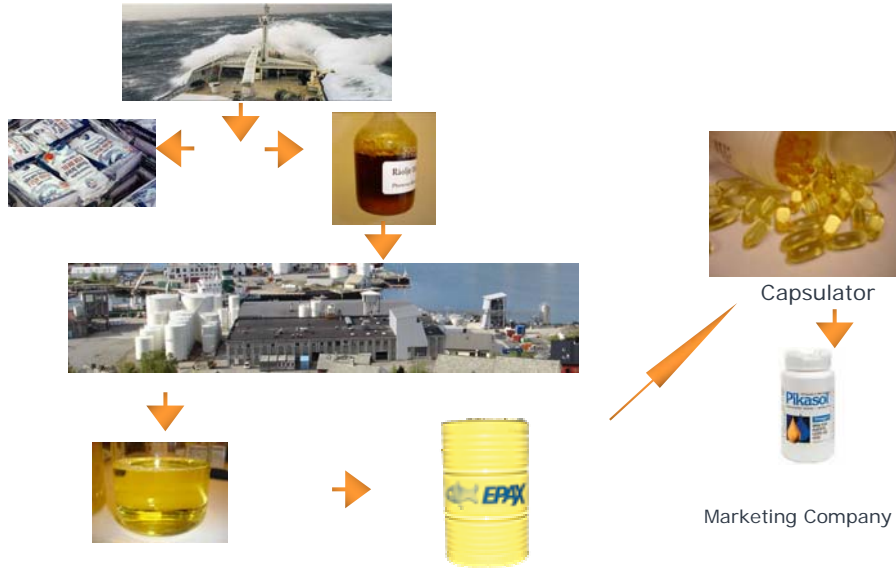


- **Omega-3**



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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:



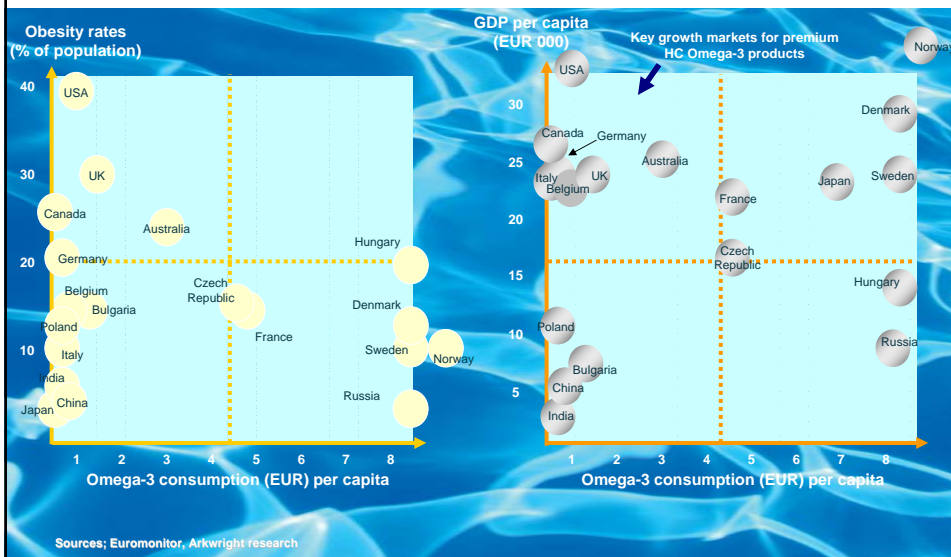
World's best documented Omega-3 products Over 100 Clinical studies

- **Cardiovascular**
 - Preventative (EPAX5500TG)
 - Therapeutic (EPAX5500TG)
 - Arytmier (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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