

AUSTEVOLL SEAFOOD  
ASA  
4th Quarter 2007

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*Quality for the World*

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# Agenda

- **Overview of AUSS**
- Key figures 4Q
- Market Outlook



# Company Overview

	 Peru	 Chile	 Norway	<b>Austevoll Seafood (Group)</b>
<b>Activities</b>				
<b>Harvesting capacity</b>	15.794m <sup>3</sup> of anchovy hold capacity - 38 vessels	9.1% of pelagic fishing quota - 5 vessels	- 2 vessels (2 licenses) Thru' (Br Birkeland AS) + 7 salmon licenses	<b>650-700,000 tons of fish</b> <b>-45 vessels</b>
<b>Primary Processing</b>	9 meal & oil plants 2 canning plants 2 freezing plants	2 meal & oil plants 2 canning plants 1 freezing plant	5 meal & oil plants 1 storage/blending 1 meal and oil plant (associated) 2 freezing plants 1 freezing plant (associated)	<b>28 processing plants</b> <b>Handling over 1.45 mill tons of fish annually</b>
<b>Secondary Processing</b>			High Concentrate Omega-3 Fish Oil Plant	<b>6500mt of crude fish oil</b> <b>= 1650mt Of HCO3</b>
<b>Sales &amp; Distribution</b>	Own sales organisation	Own sales organisation	Own sales organisation	<b>Wholesale with global distribution</b>



- **Austevoll Seafood ASA through its subsidiary Alumrock Overseas Inc signed on November 14th 2007 a closure agreement with Locksley Capital Corporation for the acquisition of 100% of the shares of the holding companies of Corporacion del Mar (Cormar).**
  - ✓ Cormar has a total pelagic fishing fleet of around 4,414 m3 capacity, and 244 ton/hr. production capacity in 6 plants along the Peruvian coast.
  
- **Increase share holding in Lerøy Seafood Group (LSG)**
  - ✓ AUSS now owns and controls 17 860 300 shares in LSG, corresponding to 33,34% of the total share capital.
  
- **Acquisition of 40% shares in Bodø Sildoljefabrikk AS.**
  
- **Austevoll Seafood ASA (AUSS) and Origin Enterprises plc (Origin) commence discussions to combine our European fishmeal and fishoil businesses. *(subject to final board approval)***



- **Among the leading Chilean pelagic fishing and processing companies**
  - 5 catching vessels with 9.1% of Chilean total chilean horse mackerel quota (*South*)
  - 2 fish meal plants, 2 canning plants, 1 freezing plant
- **Fish input in 2007:**
  - FoodCorp own fleet catch: 139.000 tons (*2006: 126.000 tons*)
    - » *250.000 ton of total Chilean quota not utilised due to colder seawater.*
    - » *10,000 tons of Foodcorp's quota remained*
  - Purchase from third parties: 59.000 tons / 9.3% of industry share.
- **Fish input 2008:**
  - FoodCorp own fleet catch 149.000 tons
  - Purchase from third parties: 59.000 tons



## ONGOING PROJECTS

### 1. Increase in blast tunnel capacity

- This USD 1,4 million investment is in progress and will be finished by mid-March 2008. Will increase our freezing capacity from 344 to 504 tons per day.

### 2. Spiral IQF freezing system:

- USD 1 million investment also in progress and scheduled to be running also by mid-March 2008.
- Allows freezing fish for later use in cannery and to develop frozen sardine and anchovy products. off season, creating employment in low season and increasing total cannery production.

### 3. Replacement of canning plant sterilizers:

- A USD 1,3 million investment under development, scheduled to be finished by the end of April 2008.
- This automated system will increase the canning plant sterilization capacity from 16'000 to 20'000 cases/day.



All of these projects are being developed in parallel to existing operations, and it is not necessary to stop production while they are in progress.

# Austral Group S.A.A (Peru)

First in Latin America to have all factories ISO 14001 certified



Austevoll  
Seafood ASA

- **One of the leading Peruvian pelagic fishing and processing companies**
  - 89% owned by Austevoll Seafood
  - 32 fishing vessels
  - 6 fish meal plants, 2 canning plants, 2 freezing plants, and 1 fresh fish reception area.
- **Fish input 4Q**
  - Approx; 155.000 tons own catch and 40.000 tons purchased.
- **Fish input in 2007:**
  - Total Peruvian quota: 6.083.000,00 tons (anchovy)
  - 415,000 tons own catch pelagic
    - 370,000 tons of anchovy (338,000 tons 2006)
    - 45,000 horse mackerel. (75,000 tons 2006) 23% of total catch.
  - 191,000 tons purchased externally (*133,000 tons in 2006*).





- **50% of Cormar was purchased on the 16th Nov 2007.**
  - 6 vessels approx.  $2.200 m^3$  license capacity.
  - a steam dried plant (45mt/hr) in Chicama
  - 35mt/hr plant capacity in Chimbote
  - Joint management of 115mt/hr in plants in Tambo de Mora, and Paita.
- **Total Peru operation:**
  - 38 fishing vessels with total licensed hold capacity of;
    - $15,794 m^3$  of anchovy
    - $5,474 m^3$  license capacity for human consumption.
  - 9 fish meal plants
  - 2 canning plants
  - 2 freezing plants
  - 1 fresh fish reception area
- **Total fish input 2008:**
  - Own catch: 465.000 tons (*415.000 tons 2007*)
  - Purchase: 206.000 tons (*191.000 tons 2007*)



## Operational input 2007

- Increased our landings from 397.000 tons (2006) to 487.000 tons (2007)
- Result affected by increased raw material cost in 1h 07 together with reduced fishmeal price in 2h 07.

## Operational input 2008

- 535.000 tons (E) raw material
- Current raw material prices is reflecting current fishmeal prices.

## Bodø Sildoljefabrikk AS

- Ownership: 40%
- Strategic location; close proximity to NVG herring catching area.
- Input: 80.000 tons (E) raw material



Karmsund



Bodø Sildoljefabrikk AS

# AUSS and Origin commence discussions to combine their European fishmeal and fish oil businesses.

## Industrial strategic consolidation in the North Atlantic.

- Strong geographical spread
- Access to new markets.
- This partnership consist of two of the top three producers in the North Atlantic Region.

## Combined business.

- 9 facilities
- Production capacity: 8900mt/day

\*Subject to final board approval.



Map from CIA World Factbook

Sales Volume (mt)	2007	2008(E)
High concentrates	1130	1550
Low concentrates	283	350

- Backlog orders transferred to 2008 created lower sales volumes in 2007.
- Positive synergies towards Austevoll Seafood ASA, utilized raw material access.
- Strong growth in North America, increased share from 24% to 34% of total EPAX business.
- Strong growth in Germany.
- Saturated Nordic market, steady business.
- Production capacity utilized 100%, bottleneck hurts production of some products.





## Capacity investment according to plan.

- New technology on purification;
  - *1750 MT installed and in operation from early Q2 2008.*
- Increase tank capacity;
  - *2000 MT from mid Q3 2008*

## Innovation;

- G3 to be launched in May 2008.
- New antioxidants for launch Q4
- Valuable R&D programs running internally as well as with several EU universities





- Improved bioavailability - Enhances effect of Omega-3
- Third animal study in final stage, measuring various physiological effects.
- First small scale industrial batches planned in March.
- Step-by-step introduction in the market during Q4 promoted through medical professionals and specialists in US, central EU and Nordic.
- Overwhelming interests from EPAX customers.



## 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 (*from 1 Febr. 2008*)

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

- Austevoll Fiskeindustri A/S – 100%
- Sir Fish AS – 60%
- Modolv Sjøset AS (associated company, 49%)
- Shetland Catch Ltd (associated company, 25%)



# Agenda

- **Key figures 4Q**
- **Market outlook**



# Volume by products

Figures in 1.000 tons

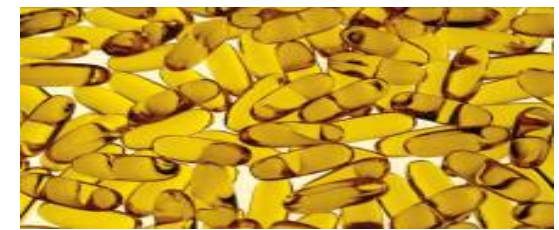
## Catch and purchase

	Q1 07	Q2 07	Q3 07	Q4 07	2007	Q1 06	Q2 06	Q3 06	Q4 06	2006
Chile own catch	36	63	36	4	139	16	56	38	16	126
Chile purchase	26	26	3	4	59	63	31	8	6	107
Peru own catch	24	212	24	155	415	61	189	25	138	413
Peru purchase	62	76	13	40	191	50	41	14	28	133
Norway purchase	309	108	20	49	487	264	74	15	44	397
<b>TOTAL</b>	<b>457</b>	<b>486</b>	<b>96</b>	<b>251</b>	<b>1 290</b>	<b>453</b>	<b>391</b>	<b>100</b>	<b>232</b>	<b>1 176</b>

Figures in 1.000 tons/cases

## Volumes sold

	Q1 07	Q2 07	Q3 07	Q4 07	2007	Q1 06	Q2 06	Q3 06	Q4 06	2006
Fishmeal-oil	60	83	107	49	300	57	76	96	59	288
Frozen	8	9	6	5	28	-	7	2	5	14
Canning (cases)	1 194	1 134	804	889	4 022	579	1 230	1 074	1 215	4 097
High concentrate Omega 3	0,267	0,289	0,263	0,310	1,130					
Low concentrate Omega 3	0,115	0,069	0,049	0,051	0,283					





# Catch and Purchase 2008

Figures in 1.000 tons

## Catch and purchase

	2006	2007	2008
Chile own catch	126	139	149
Chile purchase	107	59	59
Peru own catch *	413	415	465
Peru purchase	133	191	206
Norway purchase	397	487	535
<b>TOTAL</b>	<b>1 176</b>	<b>1 290</b>	<b>1 414</b>

Figures in 1.000 tons/cases

## Volumes sold

	2006	2007	2008
Fishmeal/oil	288	300	347
Frozen	14	28	45
Canning (cases)	4 097	4 022	5 000 - 5 500
High concentrate Omega 3		1,130	1,550
Low consenstrate Omega 3		0,283	0,350



# Result 4Q 2007

All figures in NOK 1.000

	Q4 2007	Q4 2006	2007	Pro forma 2006
Operating income	719 978	887 377	3 468 957	3 480 828
Operating expenses	-697 349	-719 963	-2 985 546	-2 780 982
<b>Operating profit before deprec. (EBITDA)</b>	<b>22 629</b>	<b>167 414</b>	<b>483 411</b>	<b>699 846</b>
Depreciation and amortisation	-53 181	-39 699	-201 939	-183 931
Depreciation of excess value inventory		-16 519	-3 000	
<b>Operating profit (EBIT)</b>	<b>-30 552</b>	<b>111 196</b>	<b>278 472</b>	<b>515 915</b>
Income from associated companies	51 276	6 222	65 758	16 072
Net financial items	-27 657	-11 087	-128 613	-70 924
<b>Pre-tax profit</b>	<b>-6 933</b>	<b>106 331</b>	<b>215 617</b>	<b>461 063</b>
Taxes	50 527	-30 716	-32 343	-86 897
Net profit from discontinued operations	10 623	10 029	324 273	102 541
<b>Net profit</b>	<b>54 217</b>	<b>85 644</b>	<b>507 547</b>	<b>476 707</b>
Profit to minority interests	1 552	6 075	8 563	15 546
Profit attribut. to equity holders of parent	52 664	79 569	498 983	461 161
Earnings per share	0,29	0,45	2,77	2,83

# Balance 31.12.2007

All figures in NOK 1.000

	31.12.2007	31.12.2006
Intangible assets	1 624 499	1 385 261
Fixed assets	2 575 773	2 520 097
Financial assets	2 451 590	241 946
Inventories	528 055	434 604
Biological assets	0	224 771
Receivables	592 202	628 135
Bank balance	1 040 911	1 411 492
<b>Total assets</b>	<b>8 813 030</b>	<b>6 846 306</b>
Total equity	4 228 611	3 637 000
Provisions for commitment	532 851	639 668
Other long term liabilities	2 401 053	1 383 008
Current liabilities *	1 650 515	1 186 630
<b>Total equity and liabilities</b>	<b>8 813 030</b>	<b>6 846 306</b>

\* MNOK 330 will be transferred to long term debt in 2008

# Cash Flow Statement

## Consolidated Cash Flow Statement

All figures in NOK 1.000

	Q4 2007	Q4 2006	2007	2006
Net cash flow from operating activities	33 415	358 391	277 166	935 647
Net cash flow from investing activities	-668 626	-155 619	-2 195 459	-1 005 463
Net cash flow from financing activities	259 572	492 683	1 547 710	1 354 816
Net change in cash and cash equivalents	-375 639	695 455	-370 583	1 285 000
Cash and cash equivalents at beginning of period	1 416 549	716 038	1 411 493	126 493
Cash and cash equivalents at period end	1 040 910	1 411 493	1 040 910	1 411 493



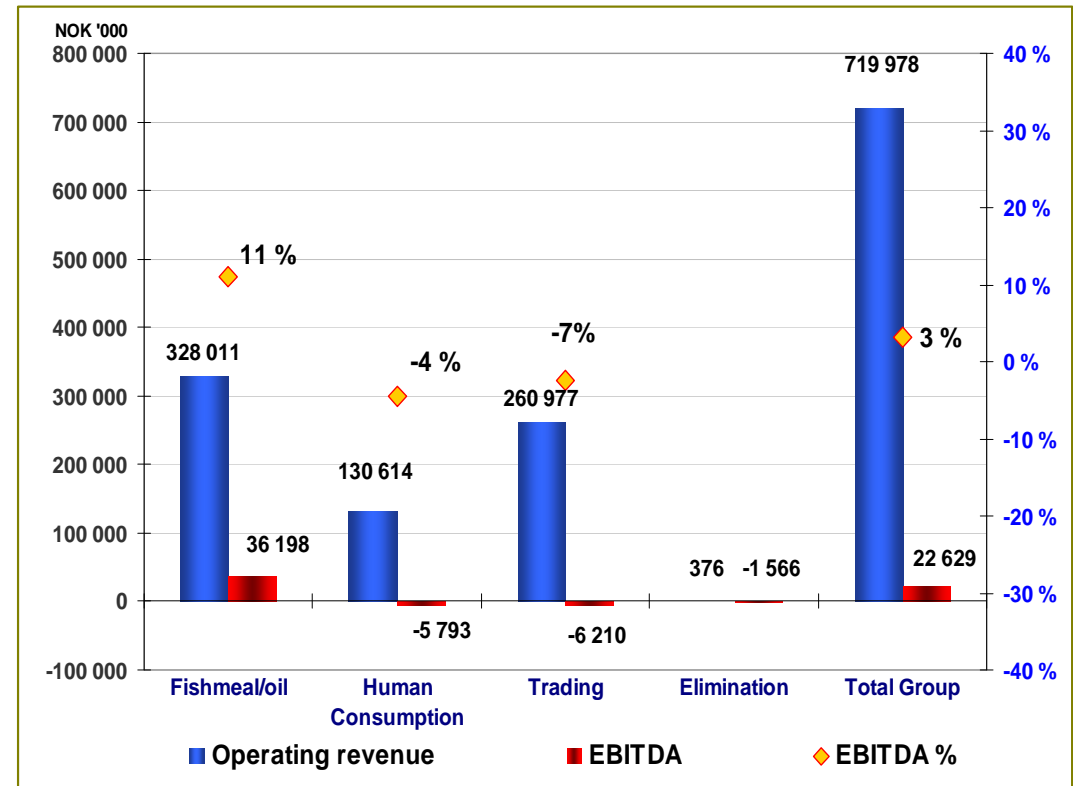
# 4Q 2007 EBITDA by Segments

## Fishmeal- and fish oil

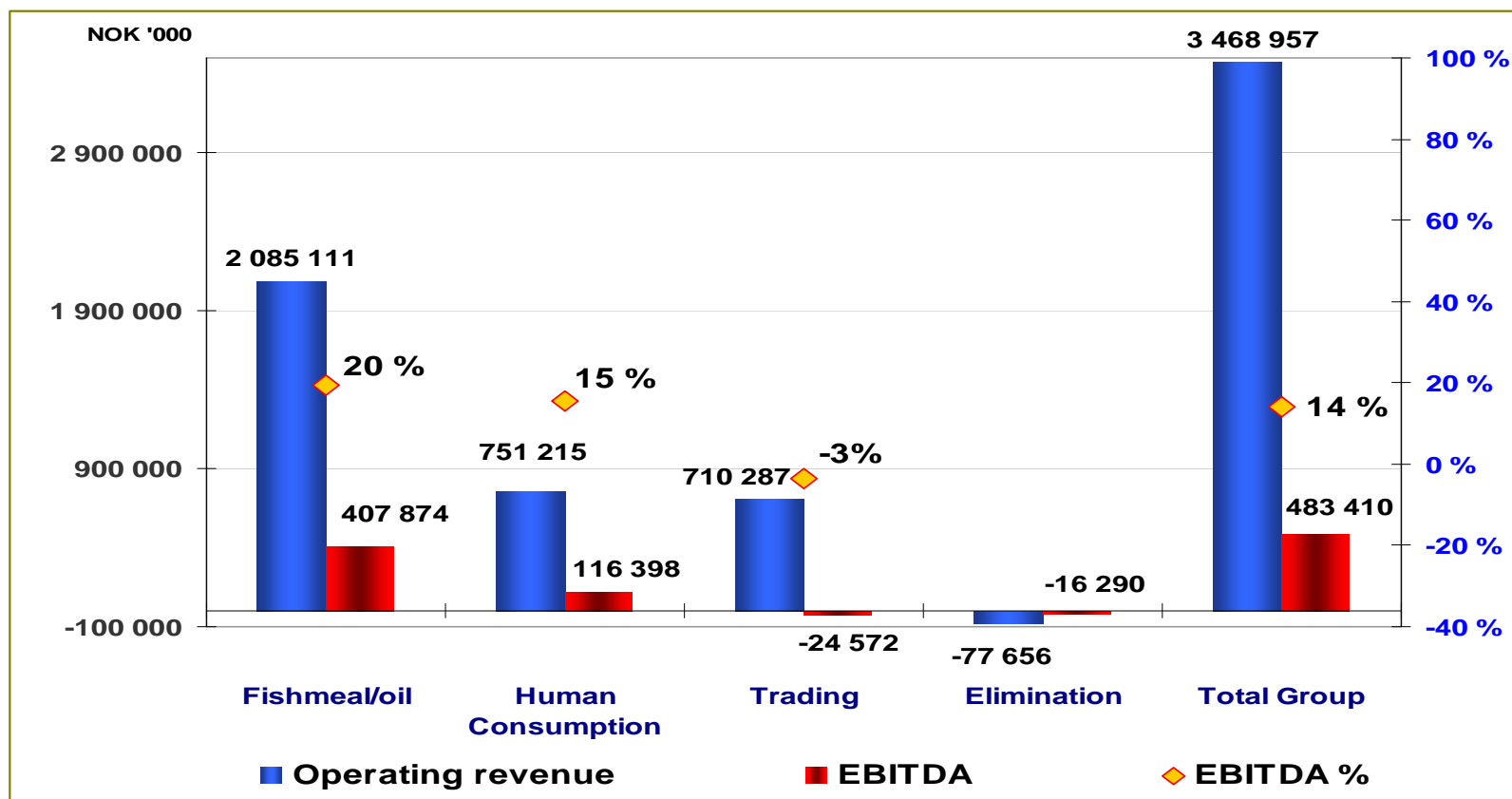
- Good production in Peru.
- Lower production in Norway.
- Lower fishmeal prices vs 2006.
- Some backlog shipments in Peru.

## Human Consumption

- Low production Chile due to difficult catching situation (*la nínja*).
- Low production in Peru due to anchovy fishing for fishmeal and fish oil. (seasonal).
- Lower sales of canned products vs. 4Q 2006
- Increased HC Omega 3 sales by 18% Vs 3Q.



# Preliminary 2007 EBITDA by Segments



## Fishmeal- and fish oil

- The results for the 2h 2007 suffered from extremely high raw material prices in 1h 2007.
- low fishmeal prices in 2h 2007.

## Human Consumption

- Lower input volume.
- Stable HCO<sup>3</sup> production.



# Agenda

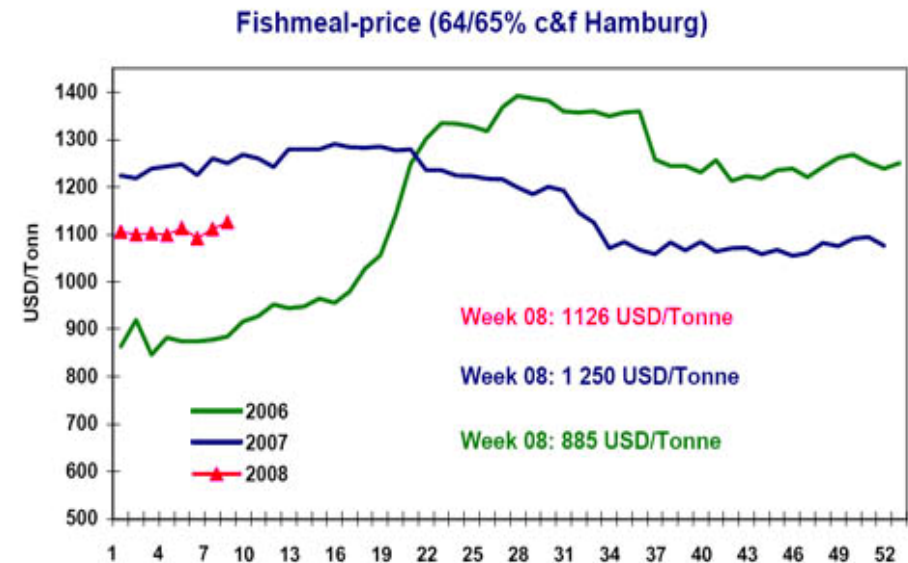
- **Market Outlook**



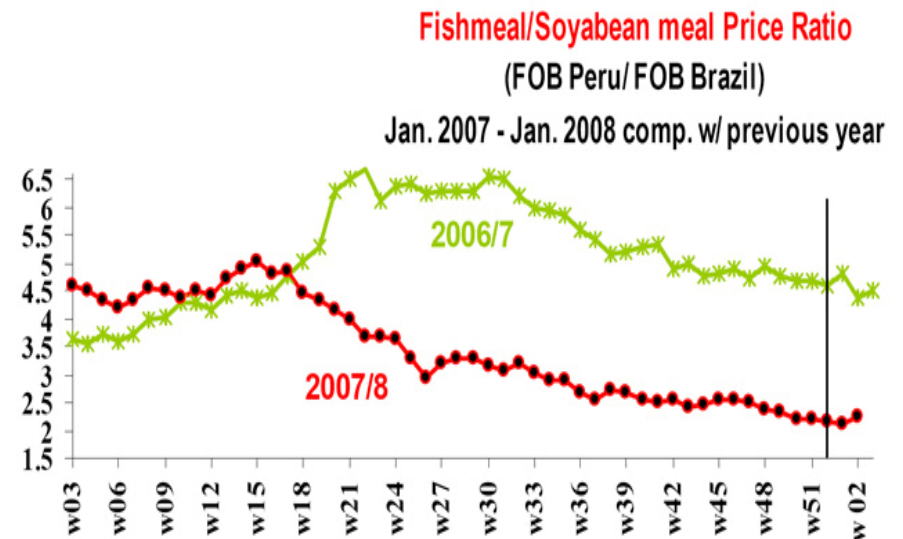
# Fishmeal

## Short term is positive:

- Price recovery. Reduced stock availability in South America coupled with strong buying pressure are pushing prices up.
  - ✓ Future sales in Peru amounting to approx 200,000MT with still 1 ½ month to go before the opening of the season.
  - ✓ Low catches in China reduce domestic production.
  - ✓ Fishmeal/Soymeal ratio now below 2.0 (2004 level)
  - ✓ US dollar remains weak.
  
- Unsold stock in China at around 145,000MT with demand seasonably weak.
- Logistics real issue with freight rates x 2 and space restrictions.
  
- **FAQ 64-65% price > USD 930/MT FOB Peru**
- **Super & Prime prices > USD 1040/MT FOB Peru**

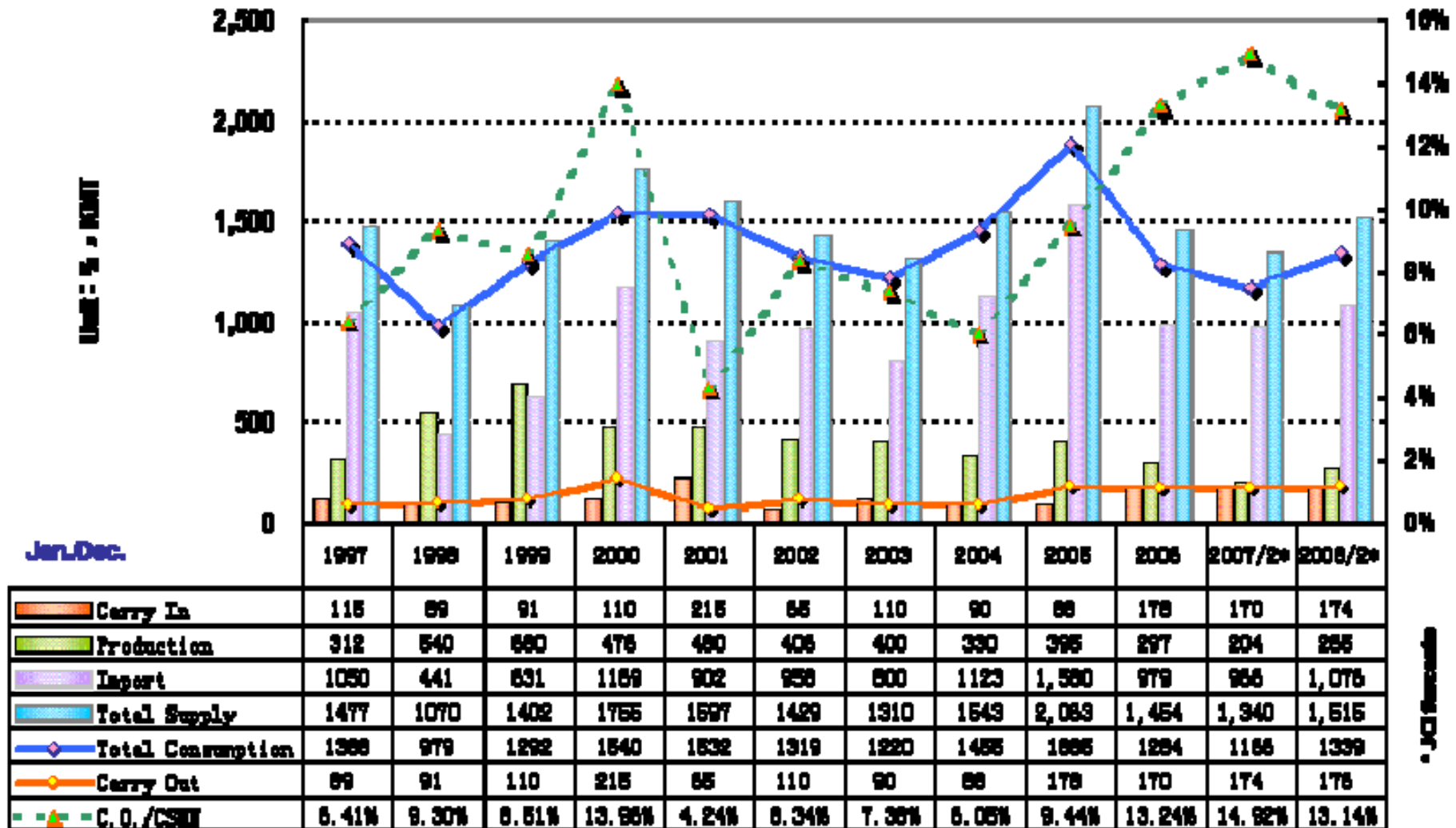


Source: Kontali





## China Fishmeal Supply & Demand ( Feb, 2008 )



WWW.CHINAJCI.COM © 1997-2008

## Long Term is unchanged : Stable supply vs. Inquiring markets

- **Fundamental remains the same.**
  - ✓ Decreasing production worldwide.
  - ✓ Focus remains on human consumption.
  - ✓ Sustainability issues and quota systems limiting production.
- **Markets still growing :**
  - ✓ Cheaper imports into China with regards to RMB re-evaluation vs USD.
  - ✓ China will still grow in a foreseeable future. Pig farming on the rise expected to give an additional boost.
  - ✓ Aquaculture expected to increase with 8% annually.
  - ✓ Pet food industry is also expected to grow in US and European market.
  - ✓ Prices on all other proteins are increasing dramatically.

**Prices expected to follow historical upward trend.**

	2006	2007	2008
<b>IFFO-6</b>	<b>2 782</b>	<b>2 680</b>	<b>2 754</b>
<b>South Africa</b>	<b>73</b>	<b>90</b>	<b>95</b>
<b>USA Menh.</b>	<b>164</b>	<b>172</b>	<b>166</b>
<b>TOTAL</b>	<b>3 018</b>	<b>2 941</b>	<b>3 014</b>

Source: IFFO

Record high price registered from end year and extending into 2008.

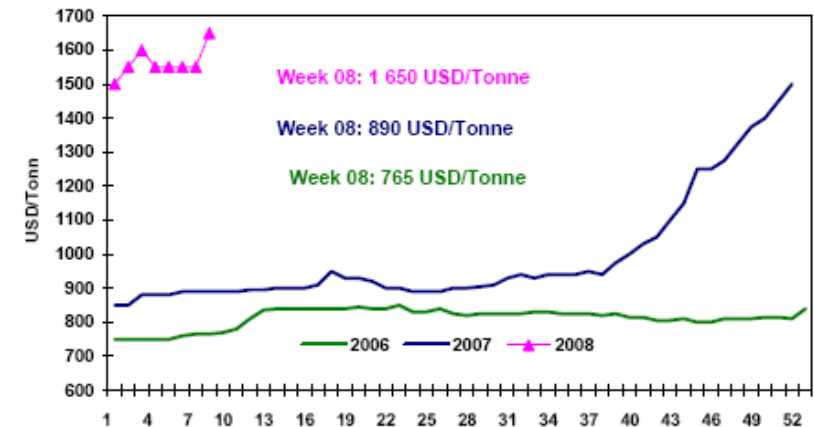
## Limit on Substitution by Veg. oils

- 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
  - Increase of premium received for specific profiles on crude oils.
- Current pricing over **USD 2200/MT** FOB Peru for 18/12 profile from Southern Peru.
  - Pricing for salmon feed usage for next season still unclear due to low level of closure in both Peru and Chile.
  - Current price level in Chile and Peru USD1700~1800/MT

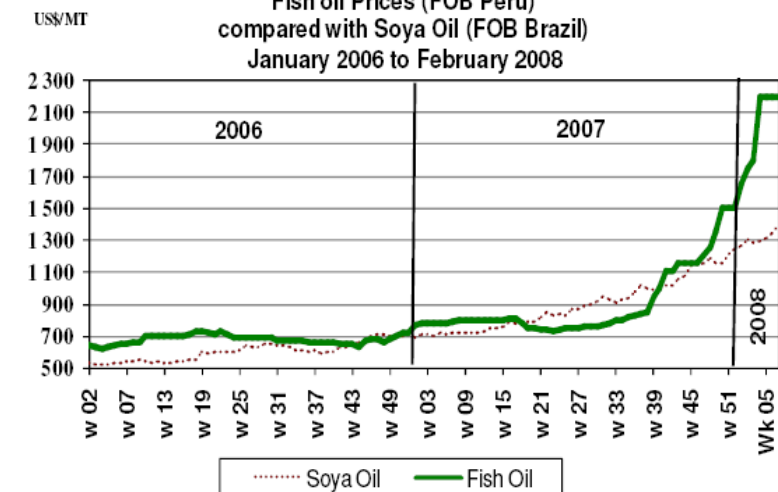
Fishoil-price (Any origin N.W. Europe, c&f Hamburg)



Source: Weekly Newsletter OIL WORLD, ISTA, Hamburg, Germany

[www.oilworld.de](http://www.oilworld.de)

Fish oil Prices (FOB Peru)  
compared with Soya Oil (FOB Brazil)  
January 2006 to February 2008

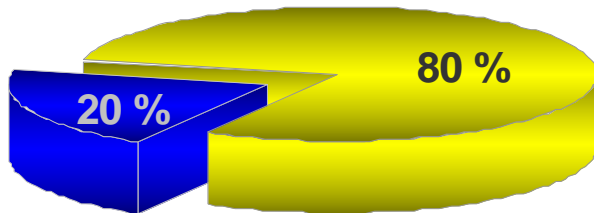


*Long Term: Prices expected to remain strong in the short term although sustainable level remains to be seen. Fish oil definitively into new age.*



# Human consumption market – FoodCorp

**Total Jack Mackerel Export 2007**



■ Foodcorp    ■ Others

## Canned fish

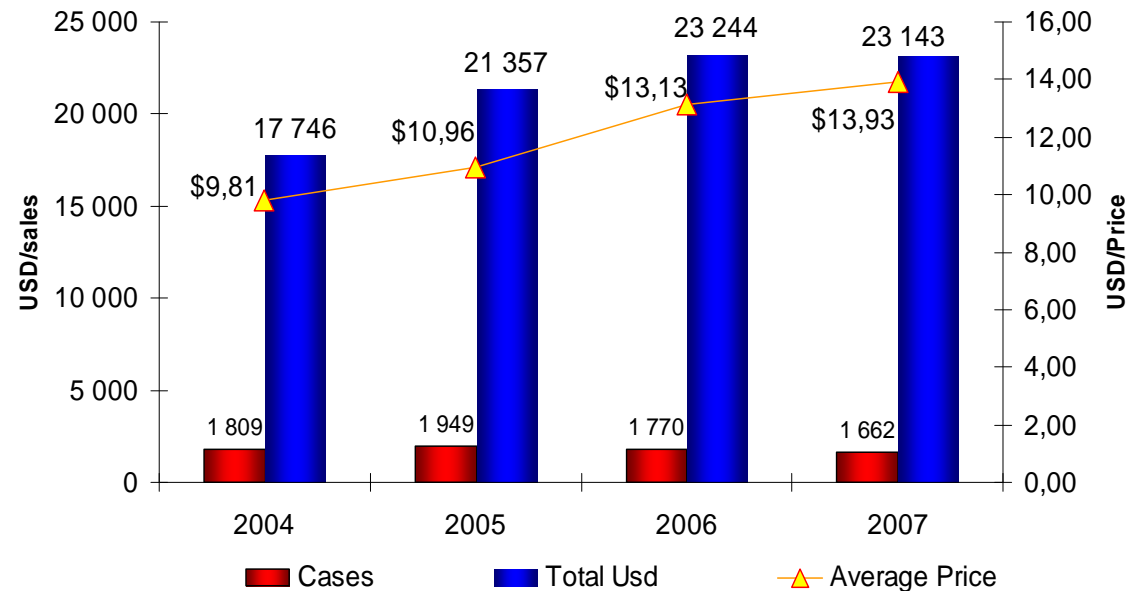
- Firm market trend with good price level.
- Price levels is expected to increase during 2008.
- Sales are based in frame contracts with long term clients.

## Frozen fish

- Avg price USD 538/MT (2006: 574)
- Total 28,193 tons sold (2006: 11.020 tons)
- Main market West Africa.

Thousands

**Foodcorp Canned Fish sales and prices**



Source: FoodCorp SA

## CANNED FISH

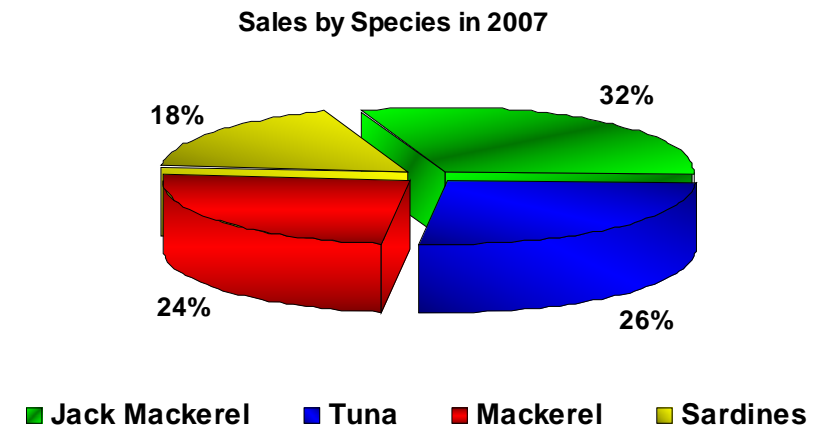
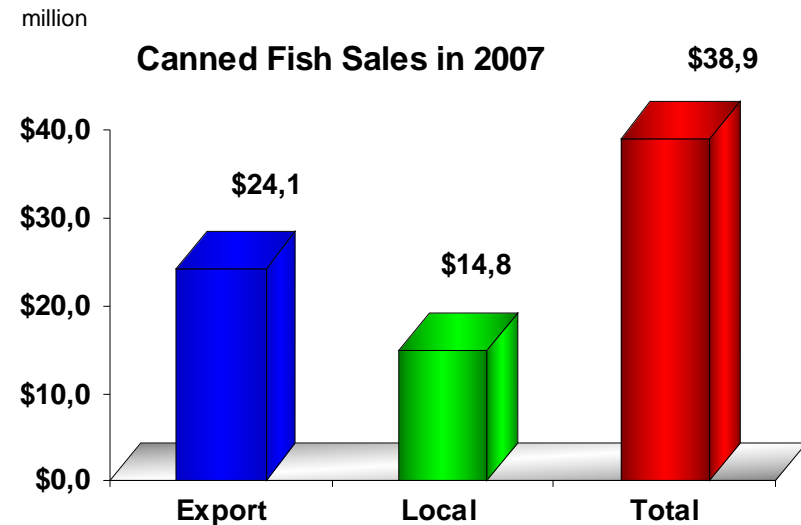
- Main highlights of the canned fish market are the situation in Chile and the strong domestic market in Peru.
  - Jackmackerel:
 

Lack of fishing in Chile combined with increased frozen production in Peru have a dramatic impact on cans supply. Many markets short of stocks and prices soaring.
  - Mackerel:
 

Landings remain reduced in Peru and *Scomber Japonicus* still at a significant discount vs. *Scomber Scombrus* in Europe inducing substitutions. Further demand seen on account of tuna shortage. Prices are holding very firm.
  - Sardines:
 

Sales in 2007 topped 500,000 cases exceeding US\$ 7m. Peruvian sardine is a hit with markets growing from Peru to Australia !
  - Tuna:
 

Market still very tight on account of reduced catches especially on western coast of South America. Prices maintaining at high level.



Source: Austral Group SAA

- Strong growth in North America (~ 30%)
- Good growth in rest EU (~ 14%)
- Slower development in France and Nordic area
- North American share of total EPAX business continue to increase, from 34% to 40%
- Global market continue to increase, estimated to ~ 14%
- Still scarce situation on Crude fish oil, EPAX in excellent position supplied through Austevoll Seafood ASA
- Marketing companies hesitate to increase retail prices on Omega-3 products.



*Thank you.*